

TREASURY COMMENTARY – 25 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 287.25 and 294.25. The rupee has appreciated by approximately 10.30% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 22.11.2024

Cash	8.13
Tom	3.50
Spot	29.25
Forward	18.75

MONEY

Overnight call-money traded at 8.57% on Friday (22.11.2024). Net market liquidity was a surplus of Rs 133.29 Bn on Friday from a surplus of Rs 143.37 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The greenback gave up a little of its recent gains on Monday along with U.S. yields, as President-elect Donald Trump's choice of Bessent as U.S. treasury secretary was welcomed by the bond market as an old Wall Street hand and a fiscal conservative.

The dollar was likely due some consolidation having risen for eight weeks in a row for only the third time this century and many technical indicators were flashing overbought.

The index was down 0.5% at 106.950, having hit a two-year peak of 108.090 on Friday. The dollar dipped 0.4% on the Japanese yen to 154.18, and further away from its recent peak of 156.76.

The euro edged up 0.7% to \$1.0496 and away from Friday's two-year trough of \$1.0332. Resistance is up at \$1.0555 and \$1.0610.

The Australian dollar rose 0.6% to \$0.6542, about the highest level in two weeks. It gained 0.6% last week to pull away from a three-month low of \$0.6441 but resistance now lies around \$0.6550.

The kiwi dollar rallied 0.5% to \$0.5862, having slumped 0.6% last week to hit a one-year low of \$0.5817. It has been dragged lower as market bets for a 75 bp rate cut from RBNZ keep climbing to 38% on Monday, although the majority of economists still tip for a 50 bp move.

COMMODITIES

Gold prices ticked higher on Monday, nearing a three-week high, supported by a weaker U.S. dollar and safe-haven demand amid rising geopolitical tensions, as investors awaited more data to gauge the U.S. Federal Reserve's policy outlook.

Oil prices hovered near two-week highs on Monday following 6% gains last week, as geopolitical tensions heightened between western powers and major oil producers Russia and Iran, raising risks of supply disruption.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 11/22 **9.08**
 Week ago 9.11
 Year ago 13.14

AWDR %
 October **2024** 7.61
 September **2024** 7.70
 Year ago 12.75

T BILL%
3M 09.30
6M 09.60
1Y 09.78

INFLATION (%) (Base:2021=100)	August 2024	September 2024	October 2024	Year ago
NCPI (YoY)	1.1	-0.2	-0.7	1.0
NCPI (core)	2.3	1.9	1.7	0.6
CCPI(YoY)	0.5	-0.5	-0.8	1.5
CCPI (core)	3.6	3.3	3.0	1.2

CBSL reserves (USD) – Oct. 24"	6.467 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	133.29 Bn
Foreign holding LKR bills/bonds	55.54 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5700	4.5885	4.5209	4.4371	4.2995
EUR ESTR	3.1600	3.0820	2.8820	2.5770	2.2380
GBP SONIA	4.7000	4.7051	4.6669	4.5681	4.3920

TREASURY DIVISION Level-11

Tel: FX: 2664843-6 (Vajira/Chaaminda/Manjuli/Madhushani/Anjula/Chandike)
 Interest Rates: 2664850-3 (Vajira/Sanka/Pasan/Manjuli/Anjula)
 E-mail: forex@hnb.lk Fax: 2664854 Fitch Rating: A(lka.)