

TREASURY COMMENTARY – 27 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 287.50 and 294.50. The rupee has appreciated by approximately 10.21% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 26.11.2024

Cash	14.88
Tom	5.00
Spot	33.85
Forward	19.25

The Central Bank of Sri Lanka implements a **Single Policy Interest Rate Mechanism** by introducing the **Overnight Policy Rate (OPR)**, with effect from 27 November 2024.

MONEY

Overnight call-money traded at 8.55% on Tuesday (26.11.2024). Net market liquidity was a surplus of Rs 140.65 Bn on Tuesday from a surplus of Rs 179.92 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar steadied against major peers on Wednesday as investors continued to take stock of President-elect Donald Trump's tariff pledges, while keeping an eye on a key inflation figure out of the U.S. later in the day.

The euro was little unchanged at \$1.0493, while sterling fetched \$1.25735, up 0.05%.

The yen, meanwhile, held onto gains made from safe-haven bids amid the turmoil. The dollar was down 0.19% at a two-week low of 152.81 yen. The U.S. currency also rose to its highest level since July 30 against China's yuan on Tuesday.

The New Zealand dollar popped higher on Wednesday after the central bank lowered interest rates for the third straight meeting, but the reduction was not as much as market doves had anticipated. The Reserve Bank of New Zealand chopped its cash rate by 50 basis points to 4.25%, marking 125 basis points of easing in just four months. Its Australian counterpart also edged higher after a reading on core inflation at home proved firmer than many had expected, lessening the chance of any rate cuts soon.

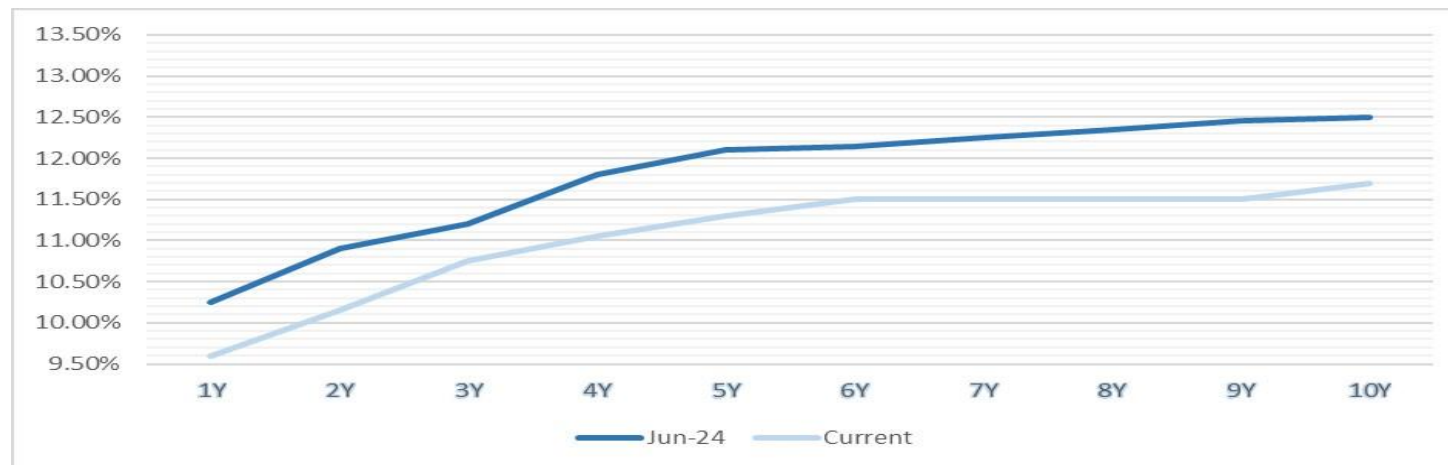
COMMODITIES

Gold was little changed on Wednesday, as investors awaited U.S. inflation data for clues on the scale of a possible Federal Reserve rate cut next month.

Oil prices steadied in early trade on Wednesday, with markets assessing the potential impact of a ceasefire deal between Israel and Hezbollah, and ahead of Sunday's OPEC+ meeting.

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	140.65 Bn
Foreign holding LKR bills/bonds	55.54 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5800	4.5725	4.5139	4.4328	4.3041
EUR ESTR	3.1620	3.0650	2.8270	2.4960	2.1410
GBP SONIA	4.7000	4.7024	4.6645	4.5576	4.3905

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.)