

TREASURY COMMENTARY – 29 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 287.00 and 294.00. The rupee has appreciated by approximately 10.36% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 28.11.2024

Cash	-
Tom	12.10
Spot	50.60
Forward	45.50

MONEY

Overnight call-money traded at 8.20% on Thursday (28.11.2024). Net market liquidity was a surplus of Rs 169.56 Bn on Thursday from a surplus of Rs 181.71 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar sagged against most major peers in trading thinned by the U.S. Thanksgiving holiday, with sterling at the highest since Nov. 20. The euro edged back toward Wednesday's one-week high after recovering from a small decline in the previous session to end that day little changed.

German consumer price data on Thursday was flat, despite expectations of a second consecutive increase. Dovish comments from a European Central Bank official overnight and budget wrangling in France also weighed on the shared currency. The euro added 0.13% to \$1.0568, nudging back towards Wednesday's peak of \$1.058775. While Sterling rose 0.16% to \$1.27085, after earlier touching \$1.2712.

The yen jumped as much as 1% to a six-week high at 150 per dollar on Friday, after faster than expected inflation in Tokyo supported bets for a Bank of Japan interest rate hike next month. The dollar drooped 0.93% to 150.09 yen. The dollar index was 0.18% weaker at 105.88.

The Australian and New Zealand dollars were becalmed on Friday as a U.S. holiday drained the market of liquidity, while investors pondered a diverging outlook for rates which is set to see Australia hold out for some more time. In a hawkish speech on Thursday, Reserve Bank of Australia (RBA) Governor Michele Bullock made it clear there was no prospect of a rate cut in the near term.

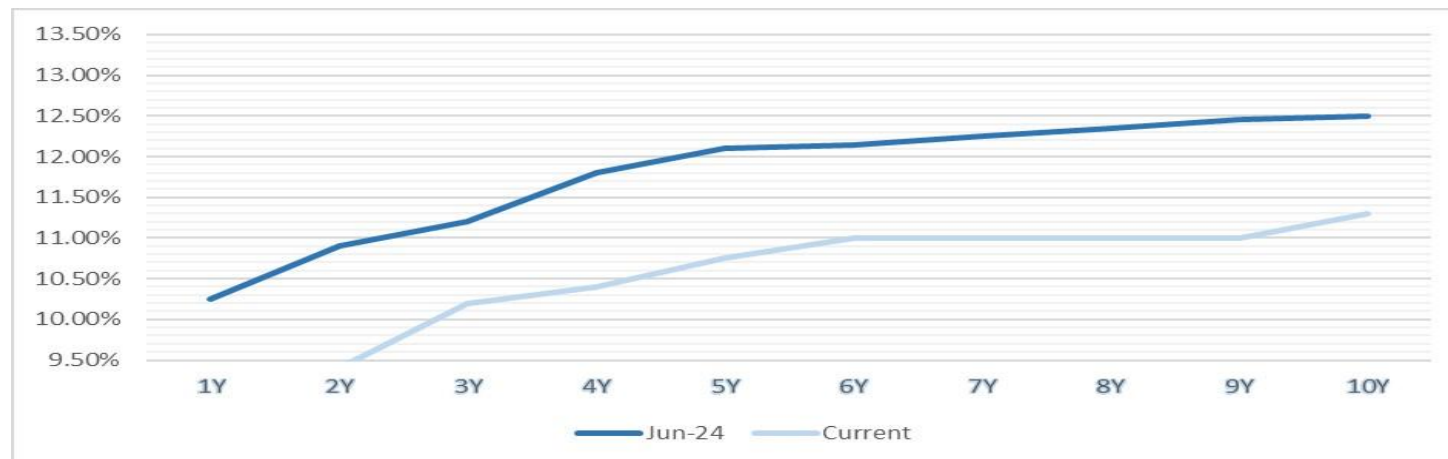
COMMODITIES

Gold traded flat on Friday and was poised for a weekly decline as markets awaited key U.S. economic data, which are expected to shape the Federal Reserve's monetary policy outlook and influence bullion demand.

Oil prices were mixed on Friday following a potential renewal of supply risk as Israel and Hezbollah traded accusations of ceasefire violations, and as a delay to an OPEC+ meeting left investors awaiting a decision on its output policy.

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 08.73
6M 08.97
1Y 09.08

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	169.56 Bn
Foreign holding LKR bills/bonds	55.54 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5800	4.5526	4.4993	4.4243	4.3050
EUR ESTR	3.1620	3.0490	2.8580	2.5340	2.1880
GBP SONIA	4.7000	4.6993	4.6581	4.5581	4.3979

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.)