

TREASURY COMMENTARY – 03rd December 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 10.33% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 02.12.2024

Cash	14.24
Tom	9.25
Spot	42.00
Forward	23.85

MONEY

Overnight call-money traded at 8.16% on Monday (02.12.2024). Net market liquidity was a surplus of Rs 163.93 Bn on Monday from a surplus of Rs 186.91 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was buoyant on Tuesday as political turmoil in France undermined the euro, while tariff risks and weakness in China's economy pushed the yuan to a one-year low.

The euro, which had been the weakest G10 currency through November, began this month with a 0.7% fall overnight and hovered at \$1.0489 early in the Asia morning, as France's government heads for collapse over a budget impasse.

The Australian dollar dropped 0.7% overnight and was marginally down to \$0.6470, with some mixed economic data showing a bigger-than-forecast current account deficit, but a jump in government spending that is likely to boost growth. The New Zealand dollar inched 0.2% lower to \$0.5874.

The yen, the only G10 currency to gain on the dollar last month, touched its strongest since late October on Monday at 149.09 to the dollar and was trading near there on Tuesday. Market pricing implies a near 60% chance of a 25 basis point rate hike in Japan later in December. The yen swam against the tide to trade near six-week peaks on growing bets that Japan is about to hike interest rates.

The Canadian dollar weakened against the greenback on Monday, and the yield on benchmark government debt slipped. The loonie was trading 0.3% lower at C\$1.4044 to the greenback, or 71.2 U.S. cents, after trading in a range of 1.3987 to 1.4089.

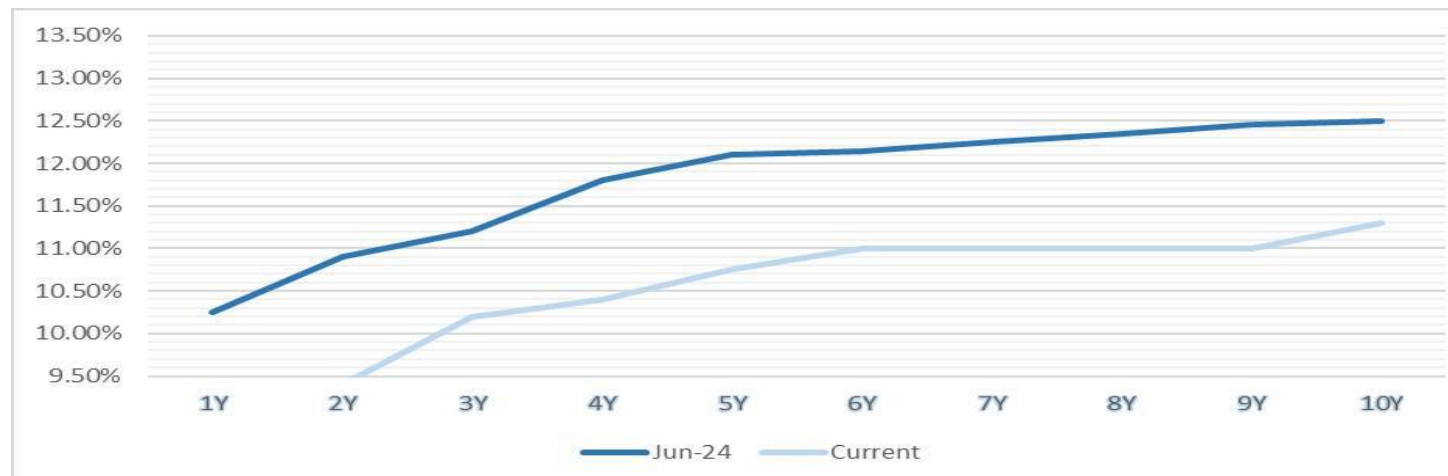
COMMODITIES

Gold prices edged higher on Tuesday, supported by growing expectations of a U.S. interest rate cut this month, as focus shifted to upcoming economic data for additional insights.

Oil prices inched down amid mixed market signals on Tuesday, with traders awaiting the outcome of an OPEC+ meeting this week.

ECONOMIC INDICATORS

Bond Curve



AWPLR %

Week ending 11/29 **9.10**
 Week ago 9.08
 Year ago 13.05

AWDR %

November **2024** 7.59
 October **2024** 7.61
 Year ago 12.11

T BILL%

3M 08.73
6M 08.97
1Y 09.08

INFLATION (%)

(Base:2021=100)

	September 2024	October 2024	November 2024	Year ago
NCPI (YoY)	-0.2	-0.7	-	2.8
NCPI (core)	1.9	1.7	-	0.8
CCPI(YoY)	-0.5	- 0.8	- 2.1	3.4
CCPI (core)	3.3	3.0	2.7	0.8

CBSL reserves (USD) – Oct. 24"	6.472 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	163.93 Bn
Foreign holding LKR bills/bonds	58.41 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5900	4.5240	4.4642	4.3754	4.2343
EUR ESTR	3.1660	3.0200	2.8410	2.5070	2.1380
GBP SONIA	4.7000	4.6981	4.6489	4.5403	4.3630

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