

TREASURY COMMENTARY – 04th 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 03.12.2024

Cash	12.30
Tom	1.75
Spot	32.50
Forward	19.80

MONEY

Overnight call-money traded at 8.15% on Tuesday (03.12.2024). Net market liquidity was a surplus of Rs 127.89 Bn on Tuesday from a surplus of Rs 163.93 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar recovered from a three-week low versus the yen on Wednesday and held its ground against other major rivals as traders pondered the chances of a Federal Reserve interest-rate cut this month.

The U.S. dollar index, which measures the currency against six top counterparts including the yen and the euro, added 0.07% to 106.39 at 0120 GMT.

The dollar added 0.18% to 149.90 yen, continuing its recovery after dipping to 148.65 yen in the previous session for the first time since Oct. 11.

The euro was little changed at \$1.0506, where it has been making a home this week as the political crisis in France comes to a head. On Nov. 22, it had tumbled as low as \$1.03315.

Sterling was steady at \$1.26645.

The Australian dollar slipped on Wednesday as disappointing economic data added slightly to the case for an eventual cut in interest rates, though markets still think a move is unlikely in the next few months. The Aussie fell 0.4% to \$0.6460, and back toward chart support at \$0.6443. Resistance lies around \$0.6527 and \$0.6550.

The kiwi dollar eased a fraction to \$0.5873, having found bids around \$0.5865 overnight. Major support comes in at \$0.5797 with resistance at \$0.5928.

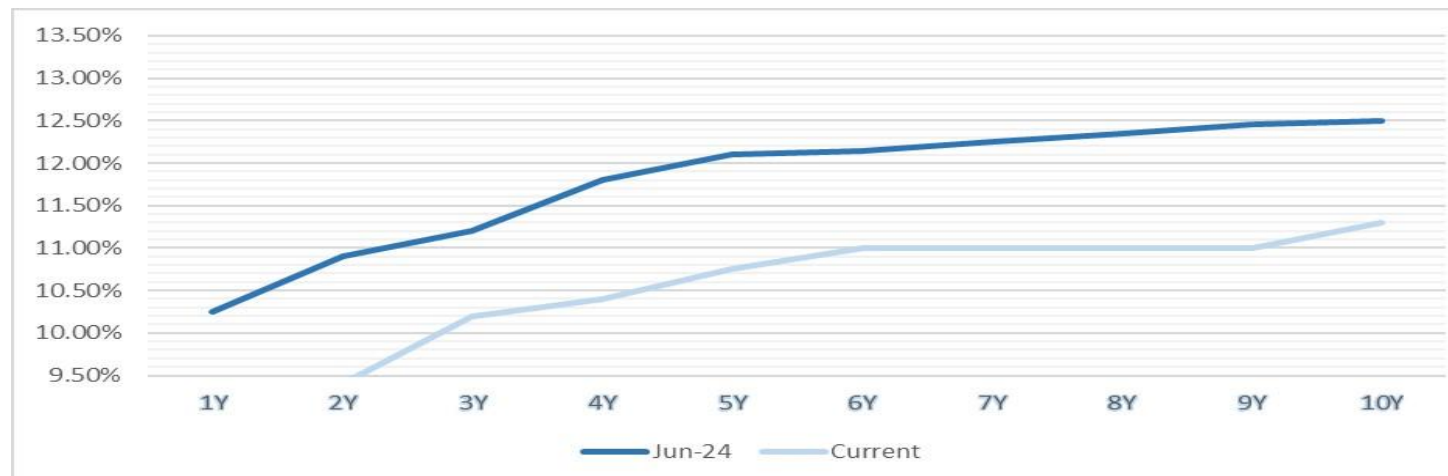
COMMODITIES

Gold prices steadied on Wednesday as markets awaited more jobs data and comments from Federal Reserve Chair Jerome Powell for further clarity on the U.S. rate outlook.

Oil prices were little changed in early Asia trade on Wednesday as market participants weighed higher U.S. crude oil and fuel inventories as well as the likelihood of OPEC+ extending supply cuts.

ECONOMIC INDICATORS

Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 11/29 9.10	November 2024 7.59	3M 08.73
Week ago 9.08	October 2024 7.61	6M 08.97
Year ago 13.05	Year ago 12.11	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	127.89 Bn
Foreign holding LKR bills/bonds	58.41 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.6400	4.5254	4.4719	4.3934	4.2609
EUR ESTR	3.1660	2.9970	2.8260	2.4760	2.0760
GBP SONIA	4.7000	4.6962	4.6479	4.5348	4.3477

TREASURY DIVISION Level-11

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