

TREASURY COMMENTARY – 06th December 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 286.65 and 293.65. The rupee has appreciated by approximately 10.48% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 05.12.2024

Cash	7.00
Tom	18.00
Spot	30.75
Forward	27.00

MONEY

Overnight call-money traded at 8.17% on Thursday (05.12.2024). Net market liquidity was a surplus of Rs 221.89 Bn on Thursday from a surplus of Rs 222.08 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

Major currencies steadied on Friday as markets considered the impact of a politically turbulent week that saw the collapse of France's government and the brief imposition of martial law in South Korea.

The Australian and New Zealand dollars nursed painful weekly losses on Friday after a run of soft domestic data, while markets awaited a U.S. jobs report that could decide whether there will be an interest rate cut this month. It has shed 1.1% so far this week to stand at \$0.6446, just off a four-month low of \$0.6399. Resistance lies around \$0.6475 and \$0.6527, with major support at the August trough of \$0.6349. The kiwi dollar eased further to \$0.5878, bringing losses for the week so far to 0.8%. Resistance comes in at \$0.5928, with support layered at \$0.5830 and \$0.5797.

Ahead of the data, the dollar index, which measures the U.S. currency against six rivals, rose 0.05% to 105.77 after slipping towards a three-week low in the previous session.

The euro was down 0.05% at \$1.0582 after bouncing on Thursday as French bonds stabilised, pulling further away from a two-year low of \$1.03315 hit at the end of November as traders braced for a drawn-out reckoning for France. Elsewhere, sterling traded at \$1.27545, down 0.04% so far on the day.

The Canadian dollar is expected to recoup only a small fraction of its recent losses over the coming year as the threat of U.S. trade tariffs hampers the outlook for Canada's export-dependent economy, a Reuters poll found.

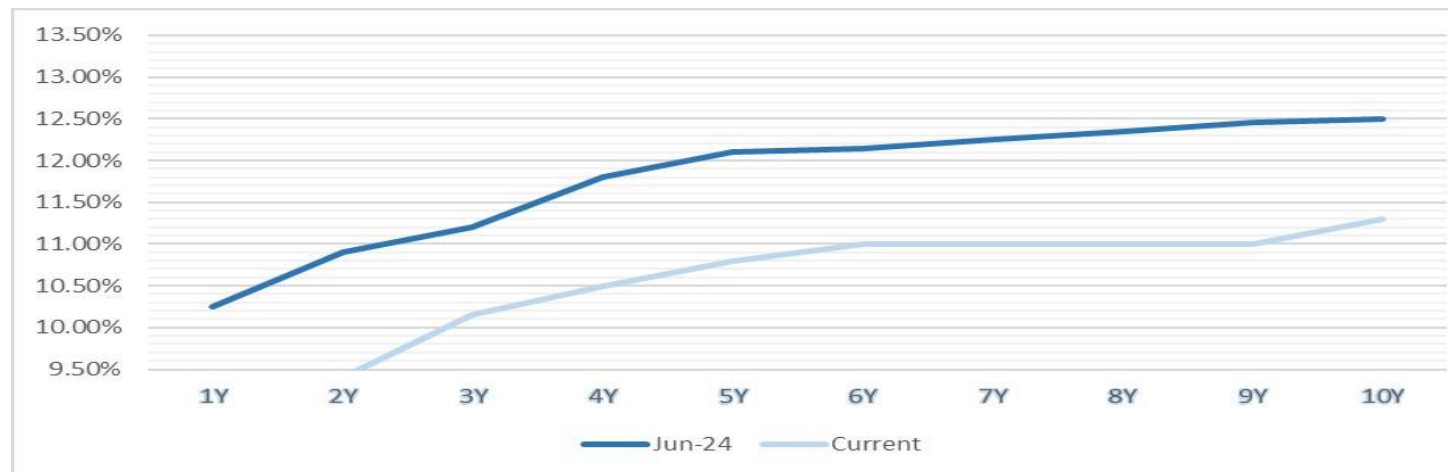
COMMODITIES

Gold prices held steady on Friday but were headed for a second straight week of decline, while focus shifted to the U.S. payrolls data due later in the day.

Oil prices slipped in early Asian trading on Friday, with weak demand in focus after the OPEC+ group postponed planned supply increases and extended deep output cuts to the end of 2026.

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 08.94
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	221.89 Bn
Foreign holding LKR bills/bonds	58.41 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5900	4.4825	4.4284	4.3304	4.1778
EUR ESTR	3.1660	3.0020	2.8350	2.5010	2.1150
GBP SONIA	4.7000	4.6975	4.6489	4.5402	4.3555

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(Sources: Reuters, Bloomberg)