

TREASURY COMMENTARY – 12th December 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 286.50 and 293.50. The rupee has appreciated by approximately 10.52% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 11.12.2024

Cash	4.08
Tom	4.00
Spot	19.00
Forward	8.00

MONEY

Overnight call-money traded at 8.01% on Wednesday (11.12.2024). Net market liquidity was a surplus of Rs 234.79 Bn on Wednesday from a surplus of Rs 188.91 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar traded in a narrow range on Thursday after hitting a two-week high in the previous session, supported by a rise in U.S. Treasury yields even as market players bet the U.S. Federal Reserve will cut interest rates next week.

The Aussie dollar surged after Australian employment beat forecasts, while the euro held steady ahead of the European Central Bank's (ECB) monetary policy decision later in the day. The Australian dollar was up 0.6% at \$0.64075, after sliding on Wednesday to \$0.63370 for the first time since November 2023. The kiwi gained 0.29% to sit at \$0.58010 after hitting its lowest since November 2022 on Wednesday at \$0.57625.

The dollar index, which measures the greenback against six major peers, fell 0.07% to 106.53, not far off a two-week high of 106.81 touched on Wednesday. The dollar eased 0.21% to 152.14 yen after rising to 152.845 yen on Wednesday, its strongest level since Nov. 27. The euro traded at \$1.0506, up 0.09% ahead of the ECB's monetary policy meeting later today, where it is widely expected to deliver a quarter-basis-point cut. Focus will be on any hints of the central bank's rate path outlook. Sterling was up 0.14% at \$1.2768. The Swiss franc traded at 0.88315 per dollar, with markets weighing the prospect of a half-point rate cut on Thursday from the Swiss National Bank. The dollar last fetched C\$1.41435 after the Bank of Canada slashed its key policy rate by 50 basis points to 3.25% on Wednesday to help address slower growth.

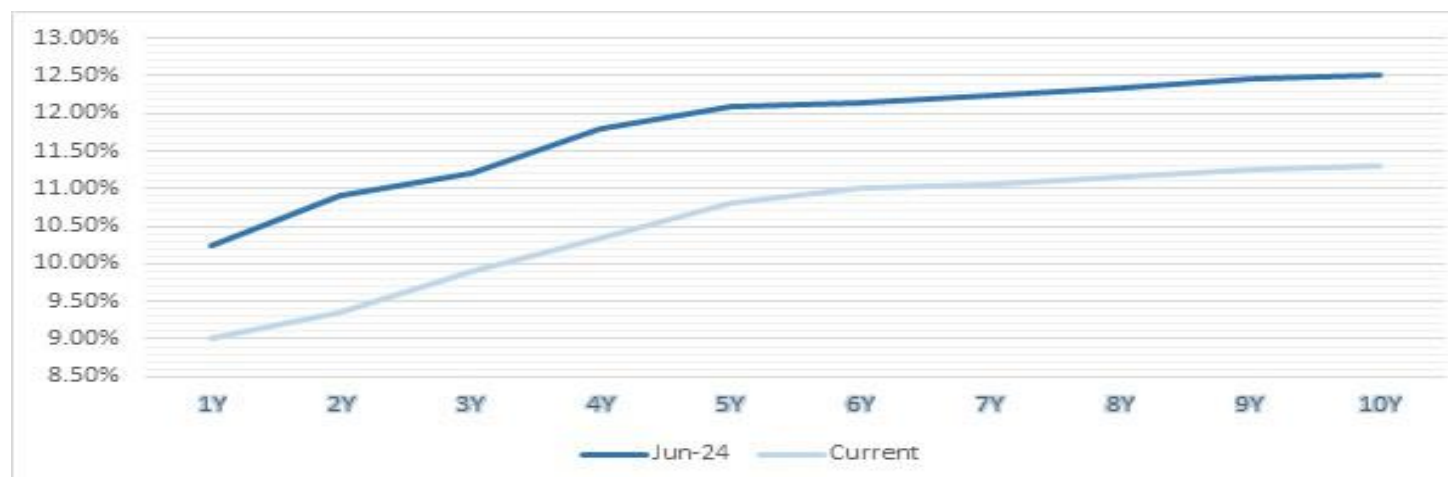
COMMODITIES

Gold slipped on Thursday as investors booked profits after prices hit more than one-month high earlier in the day on increased expectations of an interest rate cut by the Federal Reserve next week.

Oil prices were little changed in early Asian trade on Thursday as forecasts of weak demand and a higher-than-expected rise in U.S. gasoline and distillate inventories stemmed gains from an additional round of European Union sanctions that threatened Russian oil flows.

ECONOMIC INDICATORS

Bond Curve



AWPLR %		AWDR %		T BILL%	
Week ending 12/06	9.09	November 2024	7.59	3M	08.69
Week ago	9.10	October 2024	7.61	6M	08.88
Year ago	13.03	Year ago	12.11	1Y	09.07

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) – Nov. 24"	6.462 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	234.79 Bn
Foreign holding LKR bills/bonds	68.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.6400	4.4435	4.3955	4.2946	4.1487
EUR ESTR	3.1290	2.9550	2.8080	2.4720	2.1200
GBP SONIA	4.7000	4.6988	4.6404	4.5297	4.3518

TREASURY DIVISION Level-11

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