

TREASURY COMMENTARY – 13th 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 12.12.2024

Cash	10.99
Tom	6.00
Spot	36.50
Forward	15.05

MONEY

Overnight call-money traded at 8.01% on Thursday (12.12.2024). Net market liquidity was a surplus of Rs 230.86 Bn on Thursday from a surplus of Rs 234.79 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar rose to a 2 1/2-week high against major peers on Friday, on track for its best week in a month, amid bets that the Federal Reserve would cut interest rates next week but then take a patient approach to further reductions.

The dollar index, which measures the currency against the euro, yen and three other rivals, ticked up to 107.05 for the first time since Nov. 26. For the week, the index is up more than 1%. The dollar rose 0.19% to 152.935 yen as of 0132 GMT, and touched the highest since Nov. 27 at 152.965. The U.S. currency was steady at 0.89235 franc after a 0.93% surge overnight following the Swiss National Bank's shock half-point rate reduction. For the week, it's up 1.6%, also the best showing since September. The euro was little changed at \$1.0464 after sagging 0.27% overnight, extending a losing streak to five days. It's down close to 1% this week. Sterling slipped slightly to \$1.2665.

The Chinese yuan drifted down to 7.2811 per dollar in offshore trading, remaining under pressure after Reuters reported Beijing is considering allowing its currency to fall further to counter the impact from any U.S. trade war.

The Aussie dollar which tends to act as a liquid proxy for the currency of its top trading partner, China - sagged to \$0.6365, heading back towards Wednesday's more than one-year low after giving up all of Thursday's bounce from stronger-than-expected labour figures.

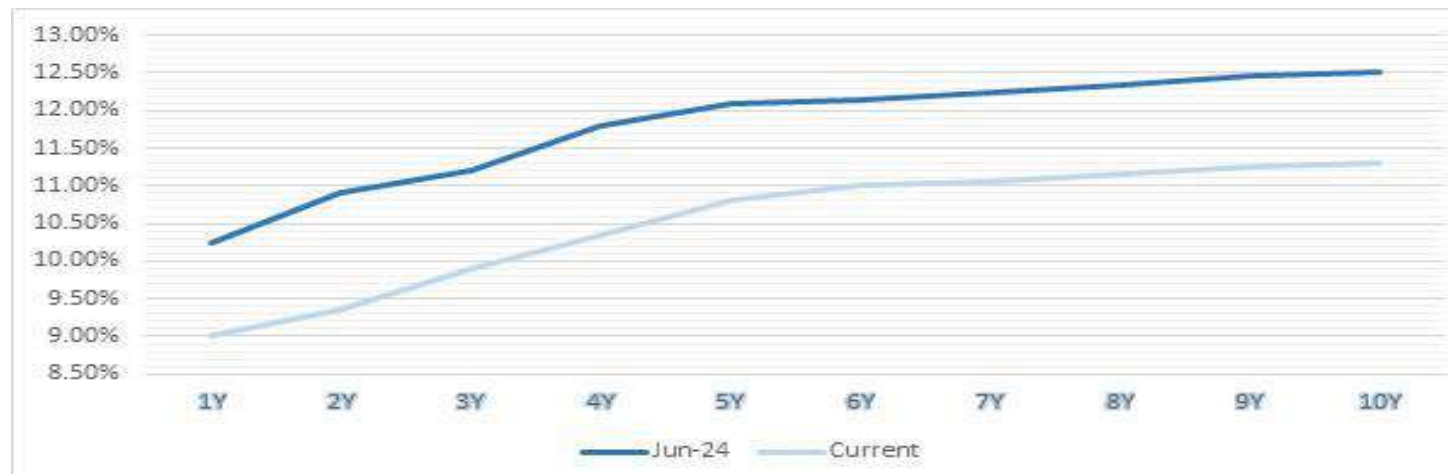
COMMODITIES

Gold prices were steady on Friday as investors refrained from making big bets, with attention turning to the Federal Reserve's upcoming decision on interest rates at next week's meeting.

Oil prices inched lower on Friday as investors focused on a forecast of ample supply and shrugged off expectations of higher demand next year from Chinese stimulus measures, while eyeing another Federal Reserve interest rate cut next week.

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	230.86 Bn
Foreign holding LKR bills/bonds	68.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.6200	4.3971	4.3586	4.2605	4.1214
EUR ESTR	3.0910	2.9490	2.7990	2.4640	2.1120
GBP SONIA	4.7000	4.6973	4.6384	4.5281	4.3510

TREASURY DIVISION Level-11

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