

## TREASURY COMMENTARY – 20<sup>th</sup> December 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 289.50 and 296.50. The rupee has appreciated by approximately 9.59% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 19.12.2024

Cash	5.00
Tom	-
Spot	21.40
Forward	7.50

#### MONEY

Overnight call-money traded at 8.00% on Thursday (19.12.2024). Net market liquidity was a surplus of Rs 186.66 Bn on Thursday from a surplus of Rs 187.85 Bn on Wednesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar was set to cap the week on a stronger note on Friday as it was perched near a two-year high bolstered by a hawkish U.S. rate outlook, while the yen struggled to stay afloat as it again weakened to a new low. Currencies took a breather after huge moves in the previous session sparked by a broad rally in the greenback. That drove its peers to milestone lows with the South Korean won sinking to a 15-year trough, the Canadian dollar tumbling to its weakest in more than four years and the Australian and New Zealand dollars hitting two-year lows.

The BOJ kept interest rates unchanged on Thursday and its governor stayed vague on how soon it could push up borrowing costs, just a day after the Federal Reserve pointed to fewer U.S. rate cuts next year. Sterling also slipped to a one-month low of \$1.2490 early in the session.

Moves in the early Asian session on Friday were more subdued, though that did not stop the yen from weakening to a five-month low of 157.93 per dollar, as it continues to remain under pressure from the Bank of Japan's (BOJ) reluctance to further raise rates.

The Aussie wavered at \$0.6232, after sinking 2% for the week so far to as deep as \$0.6199. The next major bear target is a trough from October 2022 at \$0.65170, while it needs to recover \$0.6337 to be on steadier ground. The kiwi dollar was pinned at \$0.5626, having shed 3% for the week to as low as \$0.5620. Support lies at its 2022 nadir at \$0.5512, with resistance up at \$0.5750.

#### COMMODITIES

Gold prices were poised for a weekly fall on Friday after the Federal Reserve's verdict on its monetary policy-easing cycle noted a slowdown in cuts, while market focus shifted to the U.S. Personal Consumption Expenditure data due later in the day.

Oil prices fell on Friday after central bankers in the U.S. and Europe signaled caution over further easing of monetary policy, fanning concerns that weak economic activity could dent demand for oil next year.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
**Week ending 12/13** 8.82  
**Week ago** 9.09  
**Year ago** 12.46

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

**T BILL%**  
**3M** 08.66  
**6M** 08.81  
**1Y** 09.02

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	186.66 Bn
Foreign holding LKR bills/bonds	66.05Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5700	4.3560	4.3373	4.2802	4.2111
EUR ESTR	2.9110	2.9140	2.7580	2.4590	2.1500
GBP SONIA	4.7000	4.7089	4.6616	4.6015	4.5195

### TREASURY DIVISION Level-11

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