

## TREASURY COMMENTARY – 23<sup>th</sup> December 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 291.50 and 298.50. The rupee has appreciated by approximately 8.97% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 20.12.2024

Cash	29.00
Tom	-
Spot	15.00
Forward	45.00

#### MONEY

Overnight call-money traded at 8.00% on Friday (20.12.2024). Net market liquidity was a surplus of Rs 171.15 Bn on Friday from a surplus of Rs 186.66 Bn on Thursday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar was steady on Monday after U.S. inflation data showed only a modest rise last month, easing some concerns about the pace of U.S. rate cuts next year, while the yen loitered near 156 per dollar, raising the possibility of intervention. Investor sentiment was also lifted when a U.S. government shutdown was averted by congress' passage of spending legislation early on Saturday. Friday's data on the Fed's preferred gauge of inflation showed moderate monthly rises in prices, with a measure of underlying inflation posting its smallest gain in six months. That left the dollar index, which measures the U.S. currency against six of its largest peers, steady at 107.78 on Monday, near a two-year high of 108.54 touched on Friday.

The euro was languishing at \$1.0434, near a two-year low it touched in November, and is down 5.5% this year.

In other currencies, sterling was little changed at \$1.25715, while the Australian and New Zealand dollars were on steadier footing after touching two-year lows last week. The Aussie fetched \$0.6247, while the kiwi was 0.2% lower at \$0.5645.

The yen was easier at 156.65 per dollar, near a five-month low it touched on Friday. The yen's slide has brought out verbal warnings from authorities in Tokyo, with analysts expecting more jawboning through the end of the year.

#### COMMODITIES

Gold edged higher on Monday, supported by short covering after a weekly loss on Friday due to the Federal Reserve's cautious stance on rate cuts in the upcoming year.

Oil prices inched higher on Monday, along with other risk assets, after U.S. data showed cooling inflation, reviving hopes of further policy easing next year that will support global economic growth and oil demand.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
 Week ending 12/20 **8.72**  
 Week ago 8.82  
 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 171.15 Bn  
 Foreign holding LKR bills/bonds 66.55Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3000	4.3365	4.3274	4.2762	4.2239
EUR ESTR	2.9130	2.9150	2.7350	2.4480	2.1590
GBP SONIA	4.7000	4.7092	4.6442	4.5699	4.4528

**TREASURY DIVISION**  
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