

## TREASURY COMMENTARY – 26<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 24.12.2024

Cash	11.48
Tom	8.75
Spot	58.65
Forward	50.00

#### MONEY

Overnight call-money traded at 8.00% on Tuesday (24.12.2024). Net market liquidity was a surplus of Rs 159.37 Bn on Tuesday from a surplus of Rs 197.51 Bn on Monday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

Trading was tepid as many global markets have headed into holiday season. The dollar edged higher on Tuesday in thin holiday trading as the expected slower path of interest rate cuts from the U.S. Federal Reserve compared with other global central banks continued to command market direction. The greenback has jumped more than 7% since the end of September, powered in part by growing expectations the U.S. economy will see accelerated growth under policies from President-elect Donald Trump, while sticky inflation has dampened expectations on how aggressive the Fed will be in reducing interest rates.

The dollar index, which measures the greenback against a basket of currencies, rose 0.14% to 108.24, with the euro down 0.15% at \$1.0389. The index is on track for its fifth gain in the past six sessions. Sterling weakened 0.06% to \$1.2527.

China's yuan slipped and traded near a 13-month low against the dollar on Wednesday, weighed down by broad greenback strength and widening yield differentials in the world's two largest economies. Against the yen, the dollar strengthened 0.1% to 157.34 as the Japanese currency remains near levels that have recently prompted Japanese authorities to intervene in an effort to support it.

The loonie was trading 0.1% lower at 1.4380 to the U.S. dollar, or 69.54 U.S. cents, after moving in a range of 1.4364 to 1.4419.

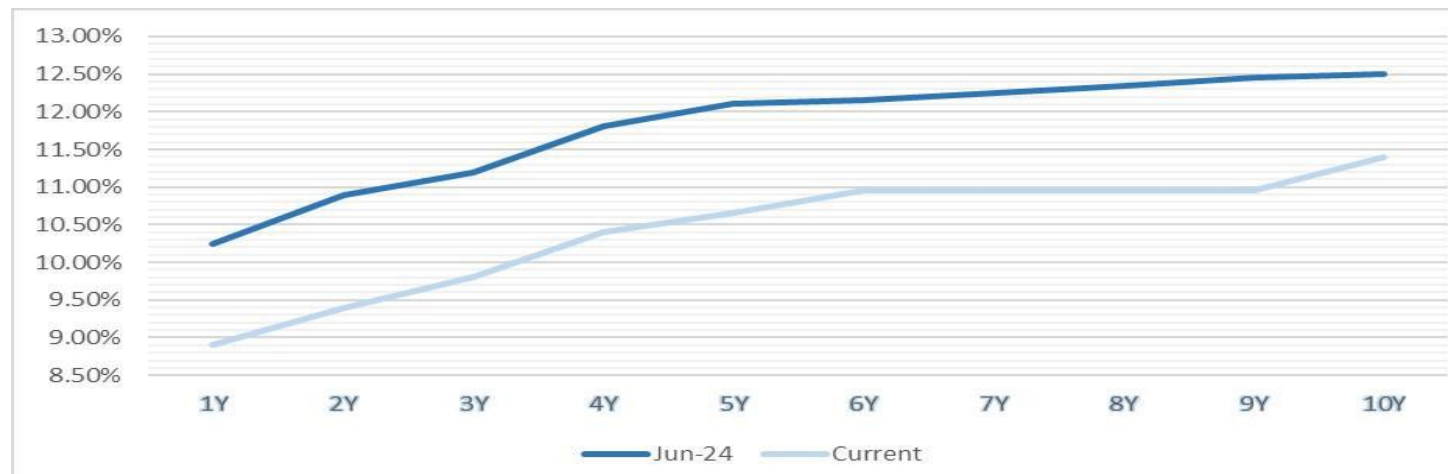
#### COMMODITIES

Gold inched higher on Thursday in holiday-thinned trade, as investors focused on the U.S. Federal Reserve's interest rate strategy and anticipated tariff policies under President-elect Donald Trump, both of which could influence the metal's direction in the coming year.

Oil prices edged higher on Thursday in thin holiday trading, driven by hopes for additional fiscal stimulus in China, the world's biggest oil importer, while an anticipated decline in U.S. crude inventories also provided support.

# 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 08.62  
 6M 08.77  
 1Y 09.96

INFLATION (%) (Base:2021=100)	September 2024	October 2024	November 2024	Year ago
NCPI (YoY)	-0.2	-0.7	-1.7	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	159.37 Bn
Foreign holding LKR bills/bonds	66.55Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3100	4.3377	4.3266	4.2846	4.2410
EUR ESTR	2.9070	2.9150	2.7140	2.4240	2.1330
GBP SONIA	4.7000	4.7088	4.6400	4.5785	4.4840

### TREASURY DIVISION Level-11

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