

TREASURY COMMENTARY – 31st December 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 288.75 and 295.75. The rupee has appreciated by approximately 9.82% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 30.12.2024

Cash	15.98
Tom	0.50
Spot	22.15
Forward	-

MONEY

Overnight call-money traded at 8.00% on Monday (30.12.2024). Net market liquidity was a surplus of Rs 158.37 Bn on Monday from a surplus of Rs 173.27 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was firm on the last trading day of the year, poised to clock strong gains in 2024 against most currencies as investors prepared for fewer U.S. rate cuts and the incoming Trump administration's policies.

The pound stood its ground in thinned-out holiday trading session on Monday and looked set to end the year as the best performing major currency against the relentlessly firming dollar. Sterling was up 0.1% against the greenback at \$1.2595.

The dollar's ascent, buoyed by rising Treasury yields, has pushed the yen toward its lowest levels since July, when the Japanese authorities last intervened. On Tuesday, it was at 157.02 per dollar, on course for a 10% drop in 2024, its fourth straight year of decline against the dollar. That has left the dollar index, which measures the U.S. currency versus six other major units, at 108.06, not far from the two-year high it touched this month. The index has risen 6.6% in 2024 as traders cut back on bets of deep rate cuts next year.

The AUD and NZD was flatlined on Tuesday after a tough few months, seeing them end the year with heavy losses, and the risk of more next year, depending on U.S. tariff policies. AUD huddled at \$0.6215, having shed 8.8% this year. It had been as high as \$0.6943 as recently as September but a broad surge in the U.S. dollar dragged it all the way down to a two-year trough of \$0.6199. The NZD was stuck at \$0.5637, for a loss of almost 11% for the year. It had been up at \$0.6379 in September, only to crumble as low as \$0.5608 earlier this month.

COMMODITIES

Gold prices were unchanged in early Asian hours on Tuesday, the last trading day of an eventful year that saw the metal post its best annual performance in more than a decade.

Oil prices rose in early trade on Tuesday after data showed China's manufacturing activity expanded in December, but for a second consecutive year oil was on track to end lower due to demand concerns in top consuming countries.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 12/27 **9.06**
 Week ago 8.72
 Year ago 12.19

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

T BILL%
3M 08.62
6M 08.77
1Y 08.96

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	1.5	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	158.37 Bn
Foreign holding LKR bills/bonds	69.26Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.4600	4.3370	4.3104	4.2623	4.2068
EUR ESTR	2.9080	2.9150	2.6810	2.3940	2.1310
GBP SONIA	4.7000	4.7106	4.6299	4.5744	4.4854

TREASURY DIVISION
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