

## TREASURY COMMENTARY – 06<sup>th</sup> December 2022

### DOMESTIC MARKET

#### USD/LKR

CBSL announced interbank spot middle rate at 363.18, while the interbank market remained inactive with most banks using internal flows to manage client trades.

#### USD/LKR Market Volume (USD Mn) on 05.12.2022

Cash	3.45
Tom	-
Spot	1.85
Forward	0.75

#### MONEY

Overnight call-money traded at 15.50 % on Monday (05.12.2022). Net market liquidity was a deficit of Rs 243.86 Bn on Monday from a deficit of Rs 239.81 Bn on Friday.

### FOREIGN MARKET

#### FOREX

The U.S. dollar held firm against major peers in Asian trading on Tuesday, following its biggest rally in two weeks after strong services data in the United States fuelled bets the Federal Reserve may lift interest rates more than recently projected.

The Australian dollar languished near a one-week low ahead of a looming central bank rate decision, with market participants watching for signs of a pause in tightening after inflation unexpectedly cooled last month.

The U.S. dollar index - which measures the currency against six major peers - changed hands at 105.11 in early Asian trading, easing 0.1% after Monday's 0.7% rally, its biggest since Nov. 21.

U.S. long-term Treasury yields climbed the most since Oct. 20 overnight, sending the yield-sensitive dollar-yen pair 1.83% to as high as 136.835. The dollar eased 0.25% on Tuesday though to 136.46 yen.

The euro rebounded 0.13% to \$1.0505 following a 0.46% slide overnight. Sterling recovered 0.16% to \$1.22035 after Monday's 0.88% retreat.

The Aussie dollar rose 0.21% to \$0.6713, clawing back some of a 1.4% overnight tumble.

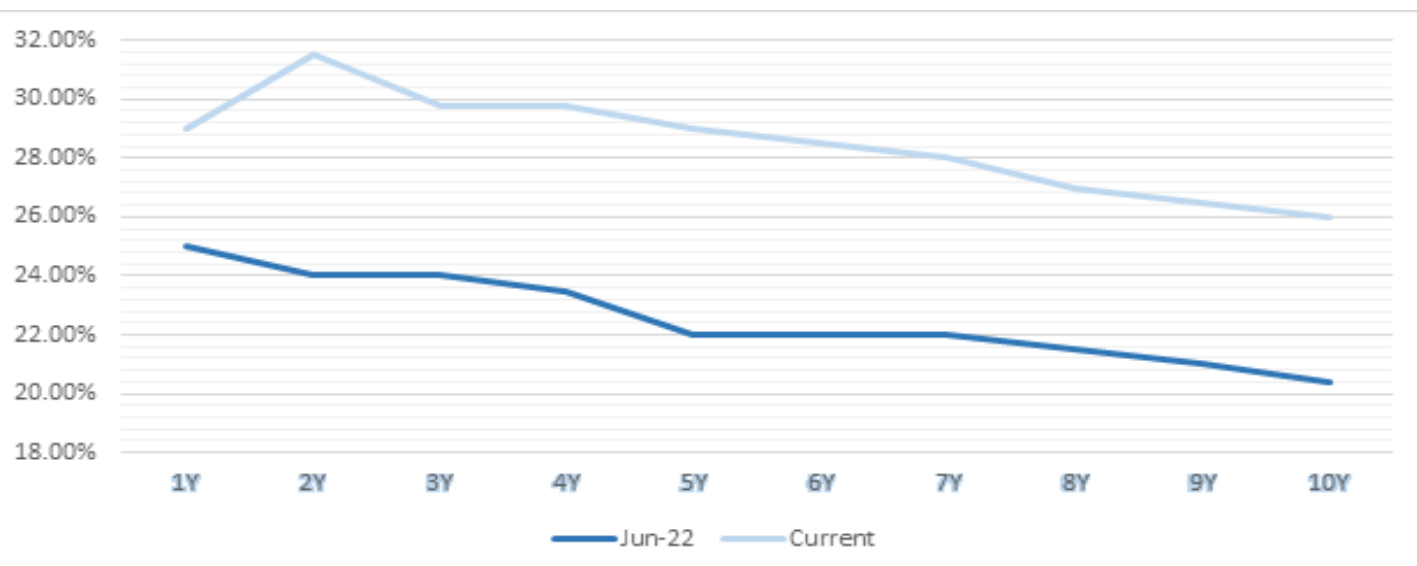
#### COMMODITIES

Gold prices edged up on Tuesday, helped by a slight pullback in the U.S. dollar, which makes the greenback-priced bullion less expensive for buyers holding other currencies.

Oil prices fell over 3% on Tuesday, following U.S. stock markets lower, after U.S. service sector data raised worries that the Federal Reserve could continue its aggressive policy tightening path.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
**Week ending 02/12** 27.89  
**Week ago** 29.67  
**Year ago** 8.00

**AWDR %**  
**Nov 2022** 13.37  
**Oct 2022** 12.60  
**Year ago** 4.82

**T BILL%**  
**3M** 32.91  
**6M** 32.27  
**1Y** 29.46

### INFLATION (%)

	September 2022	October 2022	November 2022	Year ago
NCPI (YoY)	73.7	70.6	-	8.3
NCPI (core)	64.1	62.4	-	7.2
NCPI (12m ave)	36.9	42.2	-	5.7
CCPI(YoY)	69.8	66.0	61.0	9.9
CCPI (core)	50.2	49.7	49.4	7.0
CCPI (12m ave)	33.4	38.3	42.6	5.3

	CBSL reserves	CBSL T-bill stock	Market liquidity	Foreign holding LKR bills/bonds	LIBOR	USD	EUR	JPY	GBP
	2543.05 Bn	3.979 Tn	(243.86) Bn	24.90 Bn	<b>1M</b>	4.22	1.51	(0.06)	3.33
					<b>3M</b>	4.72	1.98	(0.05)	3.71
					<b>6M</b>	5.19	2.41	0.03	4.24
					<b>1Y</b>	5.51	2.81	0.30	4.95

### TREASURY DIVISION

Level-11

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