

TREASURY COMMENTARY – 20th November 2023

DOMESTIC MARKET

USD/LKR

The USD/LKR interbank market is active and is trading in the range of 323.00 and 333.00 today. However, the volatility is continuing in the market. The rupee has appreciated by approximately 10.62% against the USD during the year up to 20 November 2023.

USD/LKR Market Volume (USD Mn) on 17.11.2023

Cash	20.5
Tom	40.5
Spot	5.5
Forward	42.26

MONEY

Overnight call-money traded at 10.39% on Friday (17.11.2023). Net market liquidity was a surplus of Rs 108.3 Bn on Friday from a surplus of Rs 25.49 Bn on Thursday.

FOREIGN MARKET

FOREX

The dollar languished near an over two-month low against its major peers in Asian trading on Monday, struggling to make headway on the view that U.S. rates have peaked, with attention now on how soon the Federal Reserve could begin easing monetary conditions.

A key rate decision from China meanwhile took centre stage in Asia, where expectations are for Beijing to leave lending benchmark rates unchanged at a monthly fixing on Monday.

Against the dollar, the euro stood near a more than two-month high hit on Friday and last bought \$1.0900, holding steady ahead of flash PMI readings in the euro zone due later this week.

The dollar index, which measures the greenback against a basket of six currencies, rose 0.04% to 103.95, but was struggling to break away from last week's two-month trough of 103.79.

The decline in the greenback brought some reprieve for the Japanese yen, which sat on the stronger side of 150 per dollar and was last at 149.90 per dollar.

Sterling slipped 0.06% to \$1.24545, but was not far from a two-month high of \$1.2506 hit last week.

The Australian dollar, often used as a liquid proxy for the yuan, fell 0.17% to \$0.6504, while the New Zealand dollar slipped 0.04% to \$0.5990.

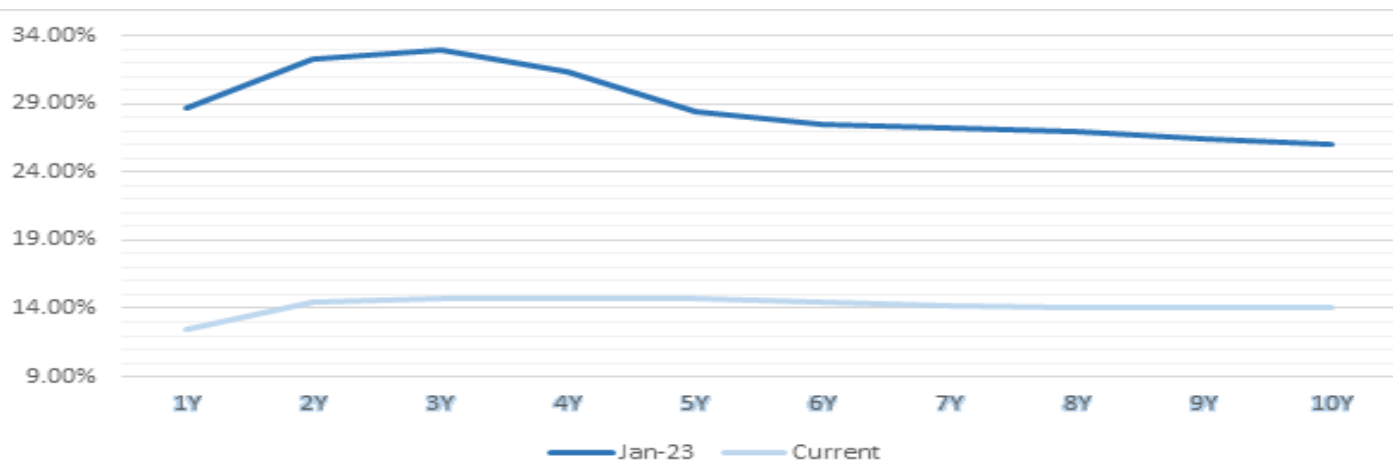
COMMODITIES

Gold prices edged lower in early Asian hours on Monday after hitting a two-week high in the last session, weighed by a slight uptick in U.S. Treasury yields, although expectations that U.S. rates have peaked underpinned bullion.

Oil futures nudged higher on Monday, extending gains on expectations of OPEC+ deepening supply cuts to shore up prices, which have fallen for four weeks on easing concern of Mid-East supply disruption brought about by the Israel-Hamas conflict.

ECONOMIC INDICATORS

Bond Curve



AWPLR %		AWDR %		T BILL%	
Week ending 17/11	13.14	Oct 2023	12.75	3M	15.39
Week ago	13.31	Sep 2023	13.39	6M	14.75
Year ago	28.61	Year ago	12.60	1Y	12.96

INFLATION (%) (Base:2021=100)	Aug 2023	Sep 2023	Oct 2023	Year ago
NCPI (YoY)	2.1	0.8	-	73.7
NCPI (core)	4.1	1.7	-	64.1
CCPI(YoY)	4.0	1.3	1.5	66.0
CCPI (core)	4.6	1.9	1.2	49.7

CBSL reserves (USD) – Oct 23"	3,562 Bn
CBSL T-bill/bond holding	2,799.35 Bn
Market liquidity	108.3 Bn
Foreign holding LKR bills/bonds	137.53 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3325	5.3669	5.3634	5.2007
EUR ESTR	3.8990	3.9030	3.9160	3.8840	3.6870
GBP SONIA	5.1874	5.1988	5.2257	5.2344	5.0970

TREASURY DIVISION

Level-11

Tel: FX: 2664843-6 (Thayalan/Priyantha/Chaaminda/Madhushani/Chandike)
 Interest Rates: 2664850-3 (Thayalan/Priyantha/Vajira/Sanka/Manjuli/Anjula/Pasan)
 E-mail: forex@hnb.lk Fax: 2664854 Fitch Rating: A(Ika.)