

TREASURY COMMENTARY – 4th December 2023

DOMESTIC MARKET

USD/LKR

The USD/LKR interbank market is active and is trading in the range of 323.00 and 332.00 today. However, the volatility is continuing in the market. The rupee has appreciated by approximately 10.76% against the USD during the year up to 04 December 2023.

USD/LKR Market Volume (USD Mn) on 01.12.2023

Cash	11.85
Tom	7.5
Spot	23.05
Forward	20.5

MONEY

Overnight call-money traded at 9.26% on Friday (01.12.2023). Net market liquidity was a surplus of Rs 140.39 Bn on Friday from a surplus of Rs 7.01 Bn on Thursday.

FOREIGN MARKET

FOREX

The dollar started the week on a shaky footing in Asian trading on Monday as markets took stock of cautious remarks from Federal Reserve Chair Jerome Powell as they waited on a key employment report that could influence the outlook for U.S. interest rates.

The U.S. dollar index, which tracks the currency against six major counterparts, was last hovering around Friday's close at 103.28.

Against the yen, the dollar was fetching \$146.58 yen, after falling to 146.24 earlier in the session, its lowest since Sept. 11. The yen has recently pulled away from the near 33-year low of 151.92 per dollar touched in the middle of November.

The Australian dollar rose to a fresh four-month high against the greenback of \$0.669, while the kiwi ticked up to as high as \$0.6222, its strongest level since late July.

Sterling was last trading around \$1.2682, easing off a three-month high against the greenback of \$1.2733 hit last week.

The euro was mostly flat on Monday at \$1.0874 after ticking down to as low as \$1.0829 in the wake of last week's inflation data.

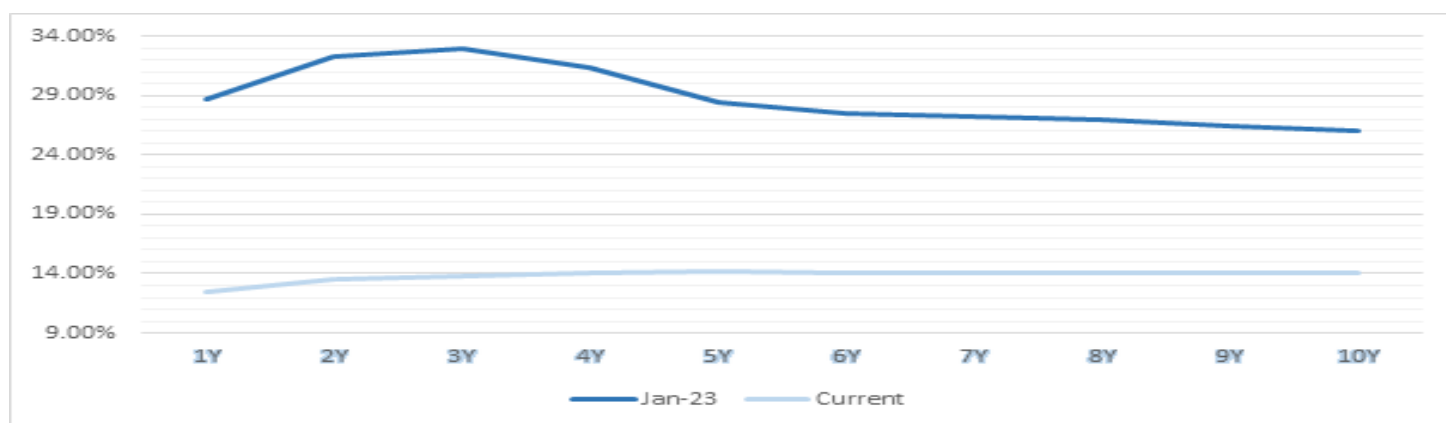
COMMODITIES

Gold prices extended gains to climb a record high on Monday, as Federal Reserve Chair Jerome Powell's remarks elevated traders' confidence that the U.S. central bank could cut interest rates early next year.

Oil futures rose on Monday as geopolitical tension in the Middle East returned to focus, spurring concerns about supply from the region, but uncertainty over OPEC+ voluntary output cuts and global fuel demand growth clouded the sector's outlook.

ECONOMIC INDICATORS

Bond Curve



AWPLR %		AWDR %		T BILL%	
Week ending 01/12	13.03	Nov 2023	12.11	3M	14.86
Week ago	13.05	Oct 2023	12.75	6M	14.52
Year ago	27.89	Year ago	13.37	1Y	12.89

INFLATION (%) (Base:2021=100)	Sep 2023	Oct 2023	Nov 2023	Year ago
NCPI (YoY)	0.8	1.0	-	70.6
NCPI (core)	1.7	0.6	-	62.4
CCPI(YoY)	1.3	1.5	3.4	61.0
CCPI (core)	1.9	1.2	0.8	49.4

CBSL reserves (USD) – Oct 23"	3,569 Bn
CBSL T-bill/bond holding	2,759.35 Bn
Market liquidity	140.39 Bn
Foreign holding LKR bills/bonds	124.88 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3300	5.3459	5.3752	5.3409	5.1184
EUR ESTR	3.9000	3.9010	3.9070	3.8360	3.5610
GBP SONIA	5.1881	5.2005	5.2300	5.2485	5.1504

TREASURY DIVISION Level-11

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