

## TREASURY COMMENTARY – 19<sup>th</sup> September 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 300.25 and 307.25. The rupee has appreciated by approximately 6.27% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 18.09.2024

Cash	17.45
Tom	0.50
Spot	13.75
Forward	19.90

#### MONEY

Overnight call-money traded at 8.63% on Wednesday (18.09.2024). Net market liquidity was a deficit of Rs 31.81 Bn on Wednesday from a surplus of Rs 38.58 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar rose broadly in Asian Trading on Thursday, recovering from an earlier tumble in the immediate aftermath of the Federal Reserve's outsized interest rate cut that had been largely priced in by markets.

Against the yen, the greenback gained 0.58% to 143.12. The euro fell 0.04% to \$1.1113, away from a three-week high hit in the previous session.

Sterling fell 0.11% to \$1.3199 after scaling a peak of \$1.3298 in the previous session, its strongest level since March 2022.

The Australian dollar recouped early losses on Thursday as an upbeat jobs report helped offset broad gains in its U.S. counterpart, while news on the New Zealand economy proved slightly less dire than feared. The Aussie was back at \$0.6765, off a low of \$0.6738. It had briefly been as high as \$0.6820 overnight after the Federal Reserve cut U.S. rates by 50 basis points. Support lies around \$0.6690 and \$0.6621. The kiwi dollar was a fraction lower at \$0.6203, having also failed to sustain a pop to \$0.6267 overnight. It has support at \$0.6180 and \$0.6107.

The loonie was trading 0.3% higher at 1.3560 to the U.S. dollar, or 73.75 U.S. cents, after touching its strongest level since Sept. 6 at 1.3542.

#### COMMODITIES

Gold struggled for momentum on Thursday as market participants digested Federal Reserve Chair Jerome Powell's comments after the U.S. central bank delivered a super-sized rate cut.

Oil prices fell in Asian trading on Thursday after a larger-than-expected Federal Reserve interest rate cut sparked concerns about the U.S. economy.

# ECONOMIC INDICATORS

## Bond Curve



### AWPLR %

Week ending 09/13 **9.23**  
 Week ago 9.32  
 Year ago 15.21

### AWDR %

August **2024** 7.87  
 July **2024** 8.04  
 Year ago 14.15

### T BILL%

**3M** 10.49  
**6M** 10.76  
**1Y** 10.07

### INFLATION (%)

(Base:2021=100)

	June 2024	July 2024	August 2024	Year ago
NCPI (YoY)	2.4	2.5	-	4.6
NCPI (core)	3.9	3.0	-	6.3
CCPI(YoY)	1.7	2.4	0.5	4.0
CCPI (core)	4.4	4.4	3.6	4.6

CBSL reserves (USD) – August 24"	5.954 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	(31.81) Bn
Foreign holding LKR bills/bonds	39.38 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3800	4.9609	4.8135	4.4438	3.8645
EUR ESTR	3.4120	3.4160	3.3720	3.1530	2.6730
GBP SONIA	4.9500	4.9249	4.8163	4.6239	4.2409

### TREASURY DIVISION

Level-11

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