

TREASURY COMMENTARY – 02nd October 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 290.50 and 297.50. The rupee has appreciated by approximately 9.28% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 01.10.2024

Cash	10.10
Tom	7.25
Spot	53.60
Forward	21.00

MONEY

Overnight call-money traded at 8.65% on Tuesday (01.10.2024). Net market liquidity was a surplus of Rs 7.57 Bn on Tuesday from a surplus of Rs 88.65 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar held its sharpest gain in a week on Wednesday after an Iranian missile attack on Israel drove buying of safe assets as investors fretted about the widening of conflict in the Middle East.

The U.S. dollar index -USD rose about 0.5% overnight to 101.2, its largest rise since Sept. 25, which was also helped by a stronger-than-expected reading on U.S. job openings.

Sterling GBP fell 0.7% overnight and was steady at \$1.3278 in early Asia trade.

Early Asia moves were slight, leaving the euro below \$1.10 following its largest drop in nearly four months overnight.

The bid for safety kept the yen broadly steady at 143.45 per dollar and the Swiss franc at 0.8463 per dollar.

The mood has pushed the Australian dollar down to \$ 0.6883 though losses there were limited by some upbeat retail sales data released on Tuesday.

The New Zealand dollar was nursing a 1.1% overnight fall at \$0.6283 and oil prices had jumped 2.5%.

COMMODITIES

Gold prices were flat on Wednesday, as a firmer dollar partially offset safe-heaven demand amid heightened Middle East tensions, while investors awaited U.S. data for further economic cues.

Oil prices rose on Wednesday on fears conflict in the Middle East could turn into a wider war and disrupt oil supply from the key producing region after Iran fired ballistic missiles at Israel.

ECONOMIC INDICATORS

Bond Curve



AWPLR %		AWDR %		T BILL%	
Week ending 09/27	9.32	August 2024	7.87	3M	10.49
Week ago	9.38	July 2024	8.04	6M	10.72
Year ago	14.67	Year ago	14.15	1Y	10.05

INFLATION (%) (Base:2021=100)	July 2024	August 2024	September 2024	Year ago
NCPI (YoY)	2.5	1.1	-	0.8
NCPI (core)	3.0	2.3	-	1.7
CCPI(YoY)	2.4	0.5	- 0.5	1.3
CCPI (core)	4.4	3.6	3.3	1.9

CBSL reserves (USD) – August 24"	5.954 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	7.57 Bn
Foreign holding LKR bills/bonds	39.40 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.9600	4.8495	4.6095	4.2840	3.8212
EUR ESTR	3.4130	3.3440	3.2180	2.9660	2.5010
GBP SONIA	4.9500	4.9602	4.8087	4.6401	4.2802

TREASURY DIVISION Level-11

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