

## TREASURY COMMENTARY – 30 October 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 289.75 and 296.75. The rupee has appreciated by approximately 9.51% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 29.10.2024

Cash	14.90
Tom	7.30
Spot	31.25
Forward	21.50

#### MONEY

Overnight call-money traded at 8.55% on Tuesday (29.10.2024). Net market liquidity was a surplus of Rs 126.85 Bn on Tuesday from a surplus of Rs 186.62 Bn on Monday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar hovered close to a three-month peak on Wednesday in a big week for macroeconomic data that could reveal the path for U.S. monetary policy. Mixed U.S. indicators overnight, showing a loosening U.S. jobs market but a confident consumer, provided little clarity on the outlook for Federal Reserve easing, allowing the greenback to drift lower with Treasury yields on Tuesday following a strong seven-year note auction.

The U.S. dollar index, which measures the currency against six major rivals including the yen and euro, was little changed at 104.24, after reaching the highest since July 30 at 104.63 on Tuesday before finishing the day almost flat.

The euro edged up 0.06% to \$1.0824 ahead of the release of readings on gross domestic product across Europe later in the day, that could shed light on whether the European Central Bank will opt to cut rates by 25 or 50 basis points at its next meeting in December. While Sterling traded flat at \$1.3016 ahead of the Labour government's first budget on Wednesday.

The Reserve Bank of Australia's preferred inflation gauge, the trimmed mean measure, slowed to 3.5% from 4.0% in the third quarter, but service-sector inflation remained elevated. On a quarterly basis, the gauge increased by 0.8%, topping forecasts for a 0.7% rise. The Aussie was little changed at \$0.6562, not far from Tuesday's low of \$0.6545, a level that had last been seen on Aug. 8.

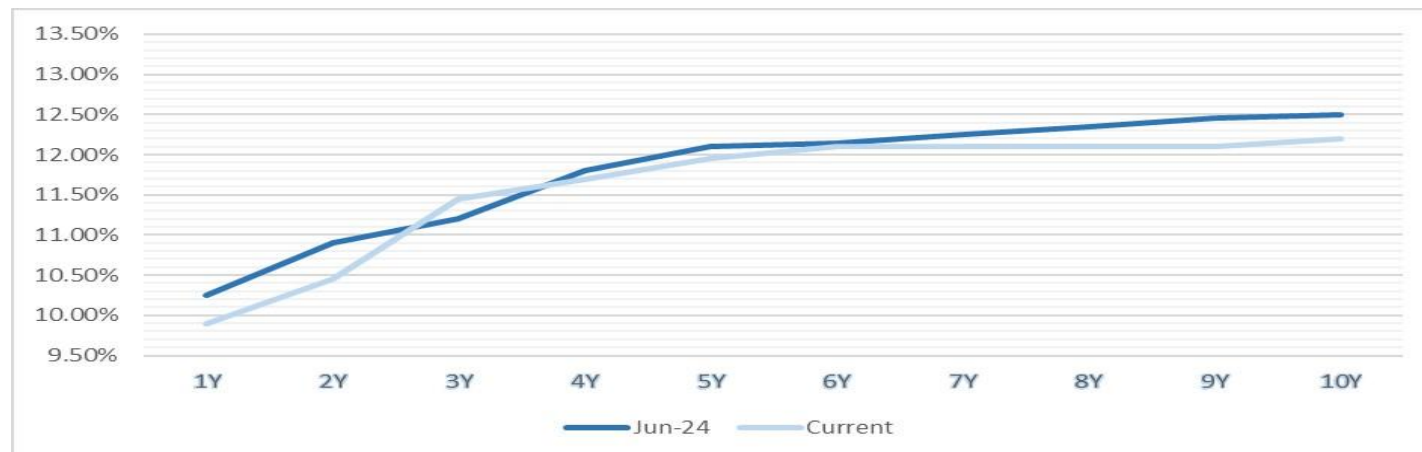
#### COMMODITIES

Gold touched a record high on Wednesday, with U.S. election jitters supporting bullion prices, while investors await a raft of U.S. economic data that could shed light on the Federal Reserve's interest rate trajectory.

Oil prices stabilised on Wednesday on industry data showing a surprise drop in U.S. crude and gasoline inventories, following two previous sessions of losses on the prospect of hostilities easing in the Middle East.

# ECONOMIC INDICATORS

## Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 10/25 9.17	September 2024 7.70	3M 09.35
Week ago 9.10	August 2024 7.87	6M 09.68
Year ago 13.68	Year ago 13.39	1Y 09.95

INFLATION (%) (Base:2021=100)	July 2024	August 2024	September 2024	Year ago
NCPI (YoY)	2.5	1.1	-0.2	1.0
NCPI (core)	3.0	2.3	1.9	0.6
CCPI(YoY)	2.4	0.5	- 0.5	1.3
CCPI (core)	4.4	3.6	3.3	1.9

CBSL reserves (USD) – Sept. 24"	5.992 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	126.85 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8200	4.6851	4.5853	4.4268	4.1854
EUR ESTR	3.1630	3.1670	3.0040	2.6880	2.2990
GBP SONIA	4.9500	4.7860	4.6869	4.5179	4.2580

## TREASURY DIVISION Level-11

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