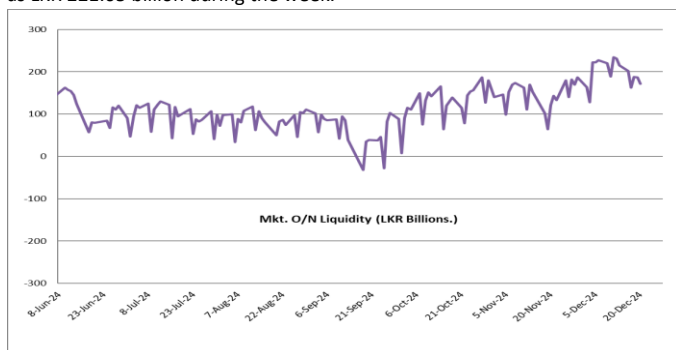


**Weekly review for the week ending 20<sup>th</sup> December 2024**

**Money Market: Overnight Money market liquidity recorded a surplus on Friday.**

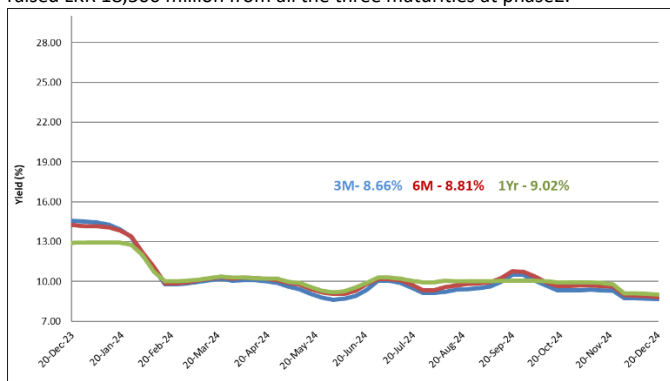
Overnight liquidity recorded a surplus of LKR 171.15 billion at the end of the week compared to the surplus of LKR 215.10 billion by the end of last week and overnight Repo was exchanged between 8.00%-8.30% in the market. The total gross volume of Repo transactions in the money market was recorded as LKR 221.05 billion during the week.



**Government Securities Market Review**

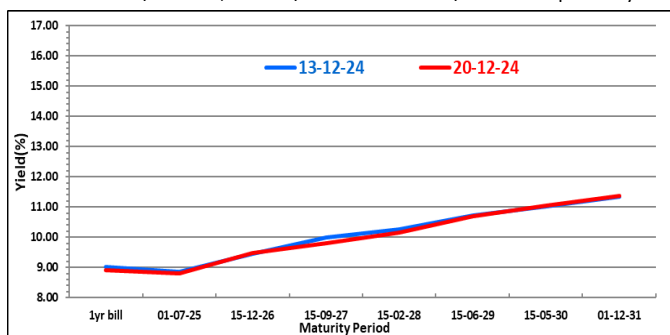
**Treasury Bill Market: Treasury bill auction fully subscribed, yields down across maturities.**

CBSL offered and accepted LKR 185 billion at the weekly T-Bill auction held on 18<sup>th</sup> December 2024. The weighted average rate of 91-days maturity reduced by 3 basis points to 8.66%, while 182-days and 364-days bills were accepted at weighted average rates of 8.81% (reduced by 7 basis points) and 9.02% (reduced by 5 basis points) respectively. Further to the T-bill auction, CBSL raised LKR 18,500 million from all the three maturities at phase2.



**Treasury Bond Market: Secondary Bond market yields closed broadly steady.**

The secondary bond market was active, mixed sentiment was observed as there were both buying and selling parties actively engaged in trading and yields closed broadly steady at the end of the week. Most liquid maturities were 15.09.2027, 01.05.2028 & 15.09.2029. Maturities were closed for the week at 09.78%/09.85%, 10.20%/10.30% & 10.67%/10.75% respectively.

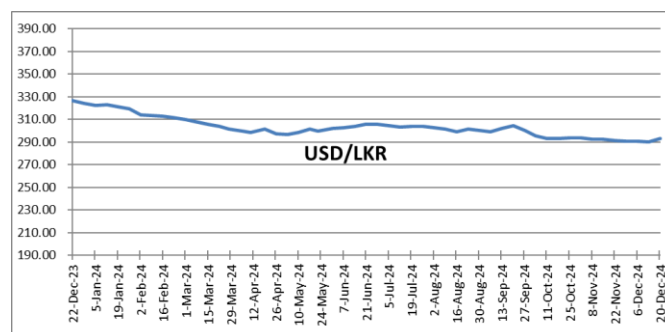


**International Forex Market**

The dollar index eased to 108 on Friday, pulling back from the two-year high of 108.5 from the two prior sessions as favorable inflation signals supported a backdrop for more interest rate cuts by the Federal Reserve. The dollar Index that tracks the greenback against a basket of other currencies was at 108.23 as of writing.

**Local Forex Market**

In the Forex market, the indicative middle rate for USD/LKR published by CBSL was Rs. 293.17 on Friday. The total USD/LKR traded volume from 13<sup>th</sup> December to 19<sup>th</sup> December 2024 was \$ 247.62 million.



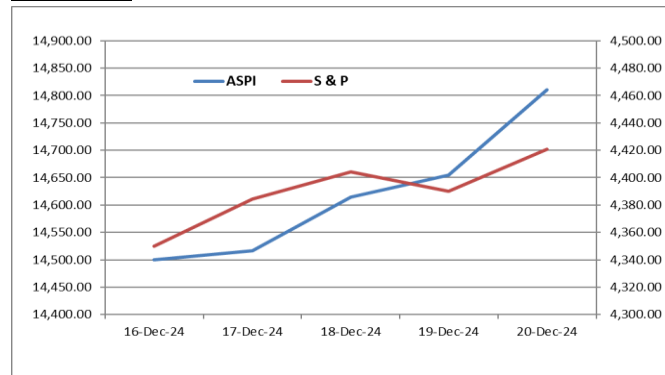
**Commodity Markets**

- **Oil:** Crude futures between \$69 - \$73 per barrel on Friday, as the US dollar softened from two-year highs, with data indicating cooling inflation just two days after the Federal Reserve's interest rate cut. Crude oil WTI futures and Brent crude futures were trading at \$69.02 and \$72.48 as of writing.
- **Gold:** Gold traded around \$2,600 per ounce on Friday, set for a weekly decline, pressured by a hawkish outlook from the Federal Reserve. On Wednesday, the Fed signaled a more cautious approach to further easing, with dot plot projections indicating only two rate cuts next year. Gold futures were traded at \$ 2,607 as of writing.

**Economic updates – Local**

- The government confirms 98% of ISB holders give consent for debt exchange.
- Private vehicle imports resume from 1<sup>st</sup> Feb 2025.
- Sri Lanka to hike withholding tax on deposits to 10-pct, low earners exempt.

**Stock Market:**



At the end of the week the ASPI had gained 605.36 points to close at 14,810.70 while the S & P SL20 index, which tracks the largest capitalized stocks traded in the CSE, gained 176.34 points, and ended at 4,420.79. The average turnover for the week ending 20.12.2024 was around LKR 7,145.43 million.