

TREASURY COMMENTARY – 15th January 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 291.50 and 298.50. The rupee has depreciated by approximately 0.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 10.01.2025

Cash	19.93
Tom	7.75
Spot	49.35
Forward	23.00

MONEY

Overnight call-money traded at 8.00% on Friday (10.01.2025). Net market liquidity was a surplus of Rs 130.26 Bn on Friday from a surplus of Rs 142.11 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar's towering rally hit a speed bump on Wednesday as traders turned cautious ahead of a closely watched U.S. consumer inflation report due later in the day, making them hesitant to take on new positions.

The greenback was stabilising in the early Asian session after falling overnight and edging away from a more than two-year peak hit against a basket of currencies at the start of the week. Its decline came in part due to a tame reading on U.S. producer prices, which pulled Treasury yields off their highs.

Against the dollar, the euro was some distance from a more than two-year trough and bought \$1.0301.

Sterling fell 0.09% to \$1.2205, as it continues to come under pressure from rising borrowing costs at home and worries about Britain's fiscal health.

The yen was little changed at 157.98 per dollar, having drawn some support from the prospect of a rate hike from the Bank of Japan next week.

Elsewhere, the Australian dollar held to some of its overnight gains and was trading at \$0.6186. The New Zealand dollar dipped 0.05% to \$0.5601.

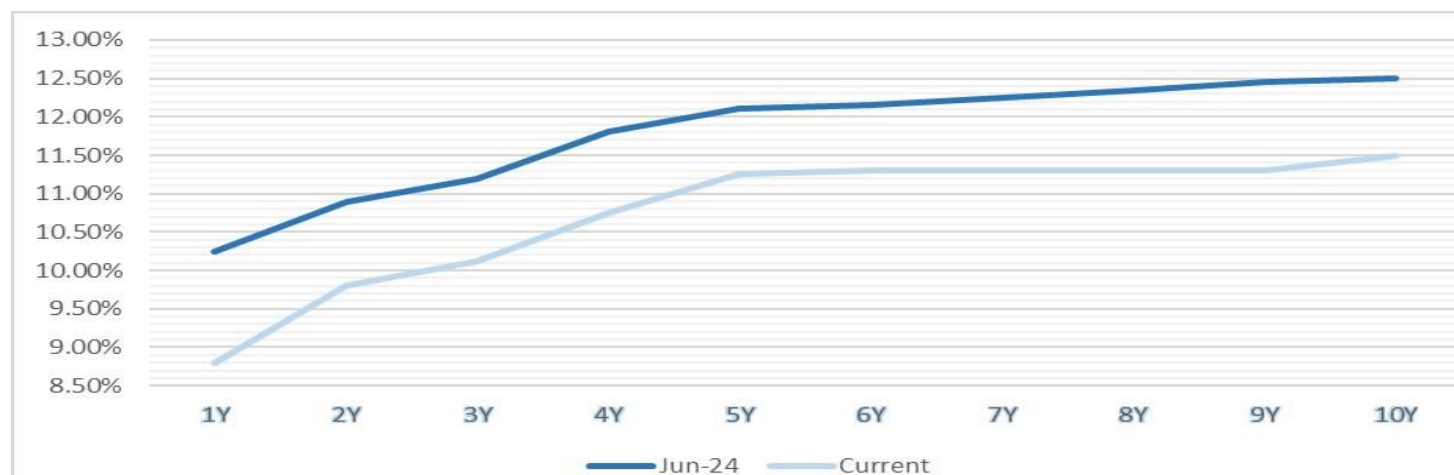
COMMODITIES

Gold prices were subdued on Wednesday as investors remained cautious ahead of the U.S. consumer price inflation data that could provide more clarity on the Federal Reserve's interest rate trajectory.

Oil prices slipped on Tuesday after a U.S. government agency forecast steady U.S. oil demand in 2025 while lifting its forecast for supply.

ECONOMIC INDICATORS

Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 01/10 8.74	December 2024 7.53	3M 08.47
Week ago 8.90	November 2024 7.59	6M 08.60
Year ago 12.79	Year ago 11.64	1Y 08.90

INFLATION (%) (Base:2021=100)	October 2024	November 2024	December 2024	Year ago
NCPI (YoY)	-0.7	-1.7	-	4.2
NCPI (core)	1.7	1.5	-	0.9
CCPI(YoY)	-0.8	- 2.1	-1.7	4.0
CCPI (core)	3.0	2.7	2.7	0.6

CBSL reserves (USD) – Dec. 24"	6.091 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	130.26 Bn
Foreign holding LKR bills/bonds	67.22 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.2900	4.3051	4.3075	4.2960	4.2778
EUR ESTR	2.9160	2.8330	2.6540	2.4700	2.2890
GBP SONIA	4.7000	4.6633	4.5867	4.5453	4.5028

TREASURY DIVISION Level-11

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