

TREASURY COMMENTARY – 20th January 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 292.50 and 299.50. The rupee has depreciated by approximately 0.85% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 16.01.2025

Cash	36.00
Tom	-
Spot	39.00
Forward	47.20

MONEY

Overnight call-money traded at 8.00% on Friday (17.01.2025). Net market liquidity was a surplus of Rs 126.30 Bn on Friday from a surplus of Rs 131.47 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was hovering near a more than two-year high at the start of a pivotal week on Monday, as Donald Trump re-enters the White House with an inauguration speech that will be of primary focus for investors hoping to decipher his immediate policies.

The Japanese yen strengthened slightly on Monday, clinging to a one-month high hit last week, as traders wager the Bank of Japan will hike its policy interest rate this week. Still, trading is likely to be thin with U.S. markets closed.

The dollar index, which measures the U.S. currency against six peers, was at 109.28 in early trade, near the 26 month high of 110.17 touched last week.

The euro was 0.14% higher at \$1.0285 in early trade but still rooted near a two-year low touched last week, while sterling rose 0.12% to \$1.21825 as traders contended with gloomy British economic outlook.

The Australian and New Zealand dollars remained very much on the defensive on Monday as their U.S. counterpart benefited from a run of upbeat economic data and relatively high bond yields. The Aussie edged up slightly to \$0.6202, but was still uncomfortably close to last week's five-year trough of \$0.6131. Resistance comes in at \$0.6248 and \$0.6302, with support at \$0.6165. The kiwi dollar stood at \$0.5594, again near the recent low of \$0.5543. Resistance lies at \$0.5651, with support at \$0.5564.

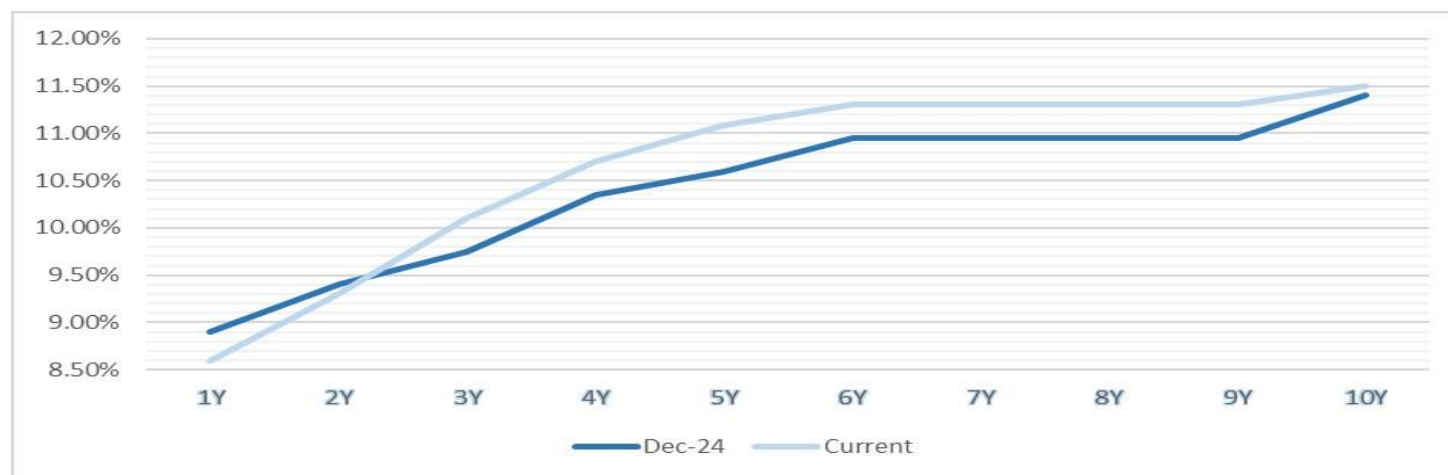
COMMODITIES

Gold prices fell in early Asian trading on Monday as easing tensions in the Middle East tempered safe-haven demand, while investors awaited Donald Trump's inauguration and clarity on the incoming administration's policies.

Oil prices recovered on Monday as supply concerns persisted after Washington imposed two rounds of sanctions in the past two weeks on Russia's energy sector over the Ukraine war.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 01/17 **8.65**
 Week ago 8.74
 Year ago 11.87

AWDR %
 December **2024** 7.53
 November **2024** 7.59
 Year ago 11.64

T BILL%
3M 08.33
6M 08.44
1Y 08.80

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	2,511.92 Bn
Market liquidity	126.30 Bn
Foreign holding LKR bills/bonds	72.23Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.2900	4.3004	4.2900	4.2538	4.1942
EUR ESTR	2.9180	2.8000	2.6140	2.4270	2.2440
GBP SONIA	4.7000	4.6277	4.5332	4.4576	4.3530

TREASURY DIVISION
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