

TREASURY COMMENTARY – 24th January 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 294.50 and 301.50. The rupee has depreciated by approximately 1.53% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 23.01.2025

Cash	9.00
Tom	17.25
Spot	32.25
Forward	45.50

MONEY

Overnight call-money traded at 8.00% on Thursday (23.01.2025). Net market liquidity was a surplus of Rs 156.13 Bn on Thursday from a surplus of Rs 148.47 Bn on Wednesday

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was headed for its worst weekly fall in two months, after U.S. President Donald Trump's widely expected tariff announcements did not materialise following his inauguration, unlike what he had threatened during his campaign.

The greenback was set to lose 1.2% against a basket of currencies, its steepest decline since November. The dollar index was last 0.06% lower at 108.08 on Friday.

The euro meanwhile, rose 0.03% to \$1.0419 and was headed for a 1.4% weekly gain, which would mark its best performance since November.

Sterling bought \$1.2353 and was similarly poised for a rise of 1.5% for the week, snapping three straight weeks of losses.

Elsewhere, the Australian dollar dipped 0.05% to \$0.6282, though it was on track for the best week since September with a rise of 1.5%. The New Zealand dollar eased 0.04% to \$0.5674, but was likewise headed for a 1.6% weekly gain, also its best since September.

COMMODITIES

Gold prices edged higher and were on track for a fourth straight weekly gain on Friday, as uncertainty about U.S. President Donald Trump's trade plans took wind out of the dollar's sail, boosting demand for the safe-haven asset.

Oil markets sank on Friday, a day after U.S. President Donald Trump pressured OPEC and its de facto leader Saudi Arabia to lower prices in a broad push to drive up crude production.

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 08.12
6M 08.25
1Y 08.63

INFLATION (%) (Base:2021=100)	October 2024	November 2024	December 2024	Year ago
NCPI (YoY)	-0.7	-1.7	-2.0	4.2
NCPI (core)	1.7	1.5	1.3	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	156.13 Bn
Foreign holding LKR bills/bonds	72.23 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3000	4.3106	4.3000	4.2632	4.2060
EUR ESTR	2.9200	2.7690	2.5970	2.4050	2.2160
GBP SONIA	4.7000	4.5788	4.5125	4.4361	4.3333

TREASURY DIVISION Level-11

Tel: FX: 2664843-6 (Vajira/Chaaminda/Manjuli/Madhushani/Anjula/Chandike)
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