

## TREASURY COMMENTARY – 07<sup>th</sup> February 2025

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 297.25 and 299.75. The rupee has depreciated by approximately 1.61% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 06.02.2025

Cash	15.93
Tom	10.50
Spot	45.75
Forward	65.03

#### MONEY

Overnight call-money traded at 8.00% on Thursday (06.02.2025). Net market liquidity was a surplus of Rs 159.89 Bn on Thursday from a surplus of Rs 146.95 Bn on Wednesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The yen climbed to a nine-week high as market players piled on bets for more interest rate hikes in Japan this year, while the U.S. dollar and other major currencies trod water ahead of U.S. monthly payrolls figures due later in the day. The strong rate-hike driven momentum, supported buy wage data earlier this week, has the yen on track for its best week against the dollar since late November.

The dollar index, which measures the U.S. currency against the yen, sterling and other major peers, stood flat at 107.69 after soaring as high as 109.88 on the back of U.S. tariff threats earlier this week.

The euro was mostly unchanged at \$1.0382. Sterling eased 0.1% to \$1.2426. The Bank of England forecast higher inflation and weaker growth at the conclusion of its monetary policy meeting on Thursday, with two officials calling for an even larger rate cut.

The Australian and New Zealand dollars were weathering a bad case of whiplash on Friday having rallied from dizzying lows hit early in the week, but remain vulnerable to a relapse should looming U.S. jobs data outpace expectations. For now the Aussie was holding at \$0.6282, just under \$0.6296 resistance. That left it up 1.2% for the week and well away from a five-year trough of \$0.6088 hit on Monday. A break of \$0.6330 is needed to extend the recovery. The kiwi dollar was flat at \$0.5675, off resistance at \$0.5702. It was 0.7% higher on the week and comfortably above Monday's low of \$0.5517.

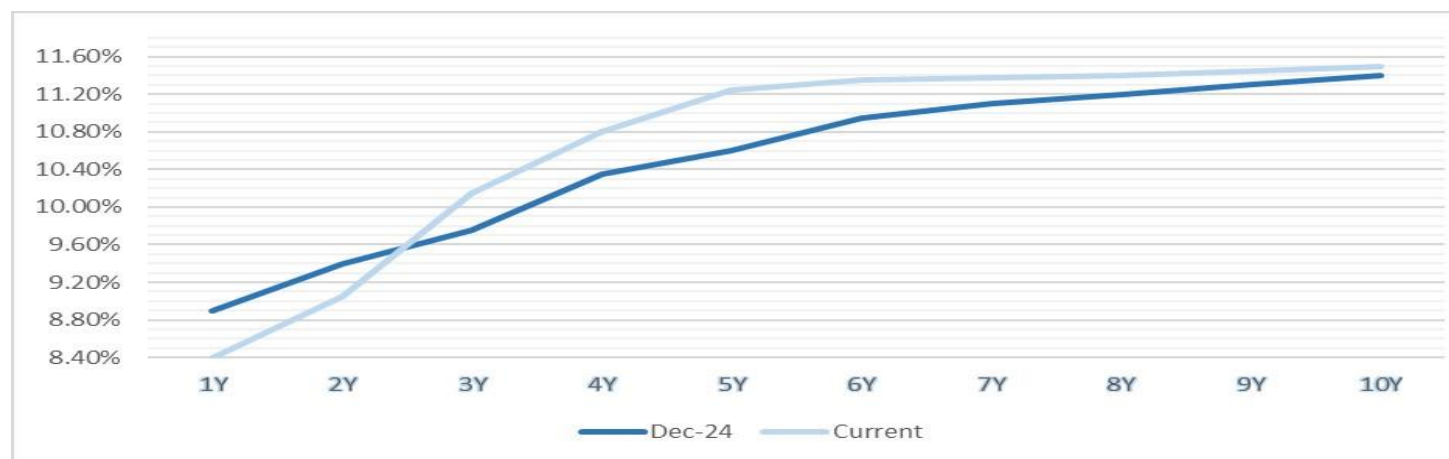
#### COMMODITIES

Gold prices steadied on Friday near record-high levels, and were headed to log their sixth successive weekly gain, as trade war jitters lifted safe-haven demand, while investors awaited the non-farm payrolls data for cues on the U.S. economic health.

Oil prices rose marginally in early Asian trade on Friday but were on track for a third straight week of decline, hurt by U.S. President Donald Trump's renewed trade war on China and threats of tariff hikes on other countries.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
**Week ending 01/31** 8.56  
**Week ago** 8.67  
**Year ago** 12.25

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

**T BILL%**  
**3M** 07.79  
**6M** 08.00  
**1Y** 08.43

### INFLATION (%) (Base:2021=100)

	November 2024	December 2024	January 2025	Year ago
NCPI (YoY)	-1.7	-2.0	-	6.5
NCPI (core)	1.5	1.3	-	2.2
CCPI(YoY)	-2.1	-1.7	-4.0	6.4
CCPI (core)	2.7	2.7	1.2	2.2

CBSL reserves (USD) – Dec. 24"	6.122 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	159.89 Bn
Foreign holding LKR bills/bonds	77.96 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3101	4.2974	4.2468	4.1606
EUR ESTR	2.6660	2.6720	2.4810	2.2890	2.0750
GBP SONIA	4.7045	4.4635	4.4487	4.3391	4.1793

### TREASURY DIVISION Level-11

**Tel: FX: 2664843-6 (Vajira/Chaaminda/Manjuli/Madhushani/Anjula/Chandike)**  
**Interest Rates: 2664850-3 (Vajira/Sanka/Pasan/Manjuli/Anjula)**  
**E-mail: [forex@hnb.lk](mailto:forex@hnb.lk) Fax: 2664854 Fitch Rating: A(Ika.)**

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(Sources: Reuters, Bloomberg)