

TREASURY COMMENTARY – 11th February 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.75 and 298.00. The rupee has depreciated by approximately 1.02% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 10.02.2025

Cash	11.45
Tom	1.40
Spot	30.00
Forward	11.25

MONEY

Overnight call-money traded at 8.00% on Friday (10.02.2025). Net market liquidity was a surplus of Rs 153.52 Bn on Monday from a surplus of Rs 144.29 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar firmed on Tuesday after U.S. President Donald Trump moved to substantially raise tariffs on steel and aluminium imports and said he would announce plans to impose reciprocal tariffs on other countries over the coming days. Currencies held tight ranges in Asian trade in moves that were more modest than those of Monday's, as Trump formalised what he had pledged over the weekend. Trading was thin due to a holiday in Japan.

The U.S. dollar rose 0.13% against the Canadian dollar to C\$1.4332, extending gains made from the previous session, though the loonie was still some distance away from a 22-year low hit earlier this month.

Against a basket of currencies, the greenback was little changed at 108.35, holding to its slight gain from the previous session. The euro was down 0.05% at \$1.0300, while sterling dipped 0.07% to \$1.2355.

The Australian dollar fell 0.08% to \$0.6272. Australian Prime Minister Anthony Albanese said on Tuesday Trump has agreed to consider exempting Australia from his steel and aluminium tariffs. The New Zealand dollar slipped 0.17% to \$0.5633.

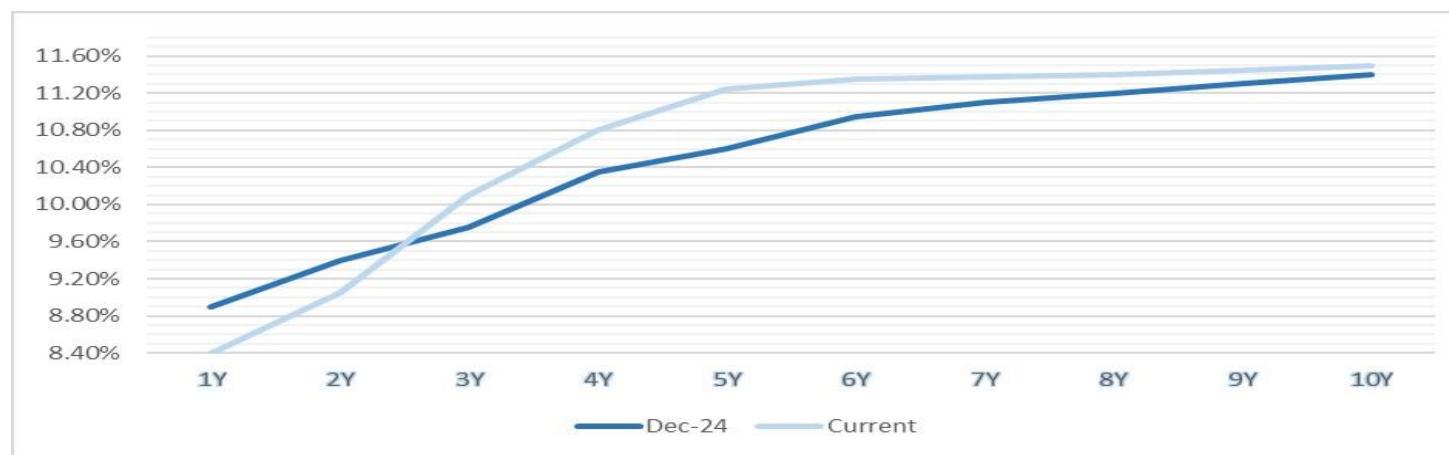
COMMODITIES

Gold prices soared to a record high on Tuesday, as investors flocked to the safe-haven asset after U.S. President Donald Trump imposed new 25% tariffs on steel and aluminium imports, fuelling concerns over a potential trade war and inflation.

Oil prices were steady on Tuesday as traders digested another round of trade tariffs, this time a 25% levy on all U.S. imports of steel and aluminium, which could weigh on global economic and energy demand in the world's biggest oil consumer.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 02/07 **8.59**
 Week ago 8.56
 Year ago 11.91

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) – Jan. 25"	6.065 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	153.52 Bn
Foreign holding LKR bills/bonds	77.95 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3500	4.3184	4.3146	4.2789	4.2197
EUR ESTR	2.6650	2.6690	2.4650	2.2880	2.0930
GBP SONIA	4.4540	4.4646	4.4291	4.3085	4.1510

TREASURY DIVISION
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(Sources: Reuters, Bloomberg)