

## TREASURY COMMENTARY – 13<sup>th</sup> 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 11.02.2025

Cash	10.83
Tom	11.50
Spot	21.25
Forward	16.47

#### MONEY

Overnight call-money traded at 8.00% on Tuesday (11.02.2025). Net market liquidity was a surplus of Rs 163.50 Bn on Tuesday from a surplus of Rs 153.52 Bn on Monday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar held near a one-week high against the Japanese yen on Thursday after a hotter-than-expected consumer prices reading, while the euro was shored up by news that Washington aims to begin talks with Russia to end the war in Ukraine. U.S. President Donald Trump also said he would soon impose reciprocal tariffs on every country that charges duties on U.S. imports, keeping alive fears of a widening global trade war that threatens to accelerate U.S. inflation.

The euro edged up 0.14% to \$1.0398, buoyed as Trump ordered top U.S. officials to begin talks on ending the war in Ukraine. Sterling stood at \$1.2456, up 0.09% so far on the day.

Against the yen, the dollar was down 0.06% at 154.33, not far off Wednesday's high of 154.80 hit as U.S. Treasury yields climbed following inflation reading. The offshore yuan traded at 7.3105 yuan per dollar, up about 0.02% in early Asian trade.

The Australian and New Zealand dollars steadied on Thursday after a volatile ride as talk of a possible pause in the Russian-Ukraine war boosted risk sentiment and helped offset a spike in U.S. Treasury yields.

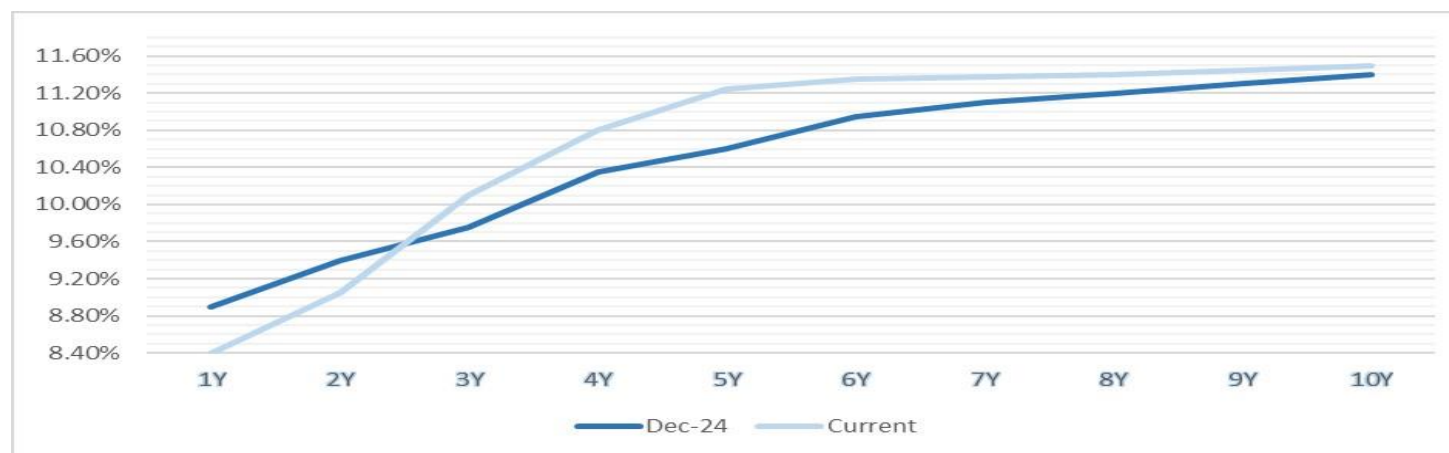
#### COMMODITIES

Gold prices edged up on Thursday, as markets tracked developments in U.S. President Donald Trump's tariff plans, which could ignite a global trade war, while investors awaited U.S. inflation data due later in the day.

Oil prices fell on Thursday on expectations a potential peace deal between Ukraine and Russia would mean the end of sanctions that have disrupted supply flows and U.S. President Donald Trump's intention to introduce reciprocal tariffs stoked inflation jitters.

# 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** 07.69  
**6M** 07.94  
**1Y** 08.42

**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	163.50 Bn
Foreign holding LKR bills/bonds	77.95 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3400	4.3143	4.3180	4.2923	4.2439
EUR ESTR	2.6660	2.6580	2.4570	2.2810	2.0900
GBP SONIA	4.4541	4.4636	4.4349	4.3209	4.1722

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**Level-11**

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(Sources: Reuters, Bloomberg)