

## TREASURY COMMENTARY – 14<sup>th</sup> February 2025

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 294.25 and 296.25. The rupee has depreciated by approximately 0.68% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 13.02.2025

Cash	7.18
Tom	21.20
Spot	37.65
Forward	20.00

#### MONEY

Overnight call-money traded at 7.99% on Thursday (13.02.2025). Net market liquidity was a surplus of Rs 171.55 Bn on Thursday from a surplus of Rs Rs 163.50 Bn on Tuesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar and major currencies steadied on Friday, as traders assessed the potential impact of Washington's reciprocal tariffs which will not be immediately implemented, while a U.S. producer price report eased inflation concerns.

The dollar index, which measures the greenback against a handful of peers, was nearly flat at 107.07. The euro loitered near its highest in more than two weeks at \$1.0469 in early Asian trade, supported by optimism around potential peace talks between Ukraine and Russia. Sterling touched \$1.2570, its firmest since January 7, and was down 0.07% at \$1.256. Data on Thursday showed that Britain's economy unexpectedly grew by 0.1% in the final quarter of last year.

The Japanese currency was up marginally at 152.64 on Friday but remained on track for its first weekly loss since early January.

The Australian and New Zealand dollars were nearing major resistance targets on Friday after a benign U.S. producer price report and a delay in some tariffs pulled Treasury yields lower and boosted risk sentiment.

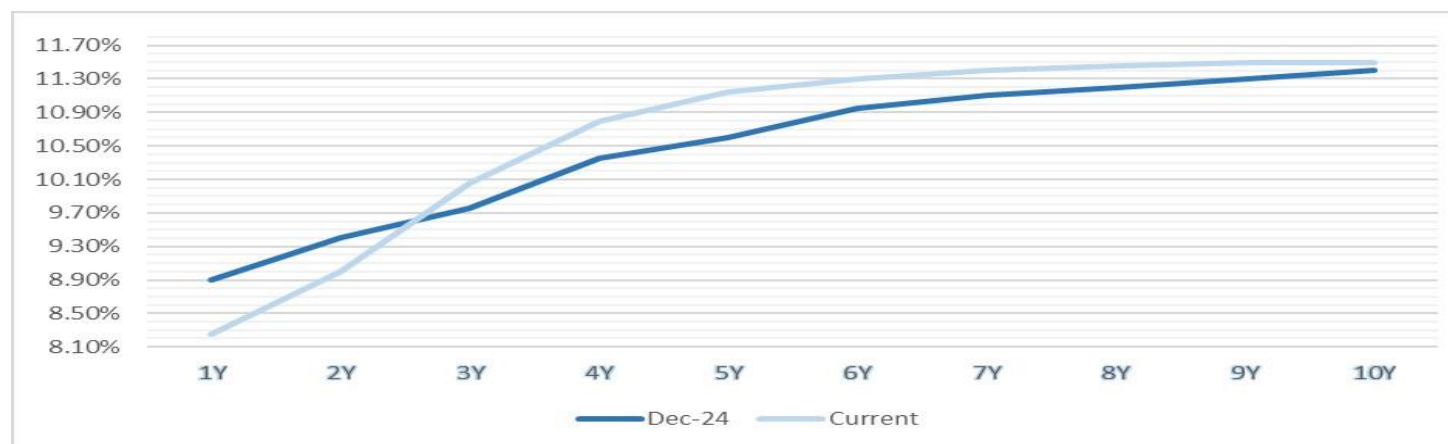
#### COMMODITIES

Gold prices held steady on Friday, and were poised for a seventh consecutive weekly gain, as U.S. President Donald Trump's plans to impose reciprocal tariffs on every country taxing U.S. imports fuelled concerns of a global trade war.

Oil prices settled flat on Thursday, paring early losses of more than 1% as U.S. tariff announcements were delayed until at least April, feeding hope that the world could avoid a trade war that would pressure economies and energy demand.

# 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	171.55 Bn
Foreign holding LKR bills/bonds	77.95 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3200	4.3118	4.3229	4.3150	4.2915
EUR ESTR	2.6650	2.6510	2.4590	2.2970	2.1270
GBP SONIA	4.4539	4.4639	4.4396	4.3297	4.1863

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(Sources: Reuters, Bloomberg)