

## TREASURY COMMENTARY – 18<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 296.75. The rupee has depreciated by approximately 0.76% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 17.02.2025

Cash	-
Tom	8.85
Spot	35.65
Forward	8.85

#### MONEY

Overnight call-money traded at 7.98% on Monday (17.02.2025). Net market liquidity was a surplus of Rs 159.72 Bn on Monday from a surplus of Rs 175.09 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar wobbled near two-month lows on Tuesday as traders weighed tariff worries and the path to U.S. rate cuts, while the Australian dollar managed to stay close to its highest level in two months even as markets bet on an imminent rate cut.

The dollar index, which measures the U.S. currency against six other major rivals, was 0.1% higher at 106.83 but still near the two-month low of 106.56 it touched on Friday. The euro was steady on the day at \$1.04735, while sterling bought \$1.2608 as traders braced for talks in Saudi Arabia later on Tuesday aimed at ending the Ukraine war. Sterling held steady and traded at just below its highest level in two months, as investors looked towards employment and inflation data later in the week.

The yen held on to its recent gains as strong growth data bolstered odds of the Bank of Japan raising interest rates again this year, with July seen as a live meeting.

The Australian dollar eased 0.17% to \$0.63459 on the day, but still close to the two-month high of \$0.6374 it touched on Monday ahead of the policy decision from the Reserve Bank of Australia, with markets pricing in a 25 bp rate cut. The kiwi dollar held at \$0.5740, the highest since Dec. 18, after bouncing 1.2% last week. It also cleared major resistance at \$0.5723 and bulls are targeting \$0.5750/60.

#### COMMODITIES

Gold prices edged higher on Tuesday as uncertainty over U.S. President Donald Trump's tariffs continued to dominate sentiment, reinforcing bullion's appeal as a safe-haven asset amid fears of a potential global trade war.

Oil prices strengthened on Monday as an attack on an oil pipeline pumping station in the Caspian Sea slowed flows from Kazakhstan, while investors monitored developments of a possible Moscow-Kiev ceasefire agreement that could ease sanctions and increase global supplies.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
 Week ending 02/14 **8.42**  
 Week ago 8.59  
 Year ago 11.83

**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	159.72 Bn
Foreign holding LKR bills/bonds	77.98 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3136	4.3229	4.3109	4.2748
EUR ESTR	2.6660	2.6150	2.4370	2.2830	2.1180
GBP SONIA	4.4543	4.4646	4.4328	4.3293	4.1950

### TREASURY DIVISION Level-11

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(Sources: Reuters, Bloomberg)