

TREASURY COMMENTARY – 20th February 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.25 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 19.02.2025

Cash	7.00
Tom	6.00
Spot	39.60
Forward	30.25

MONEY

Overnight call-money traded at 7.99% on Wednesday (19.02.2025). Net market liquidity was a surplus of Rs 164.76 Bn on Wednesday from a surplus of Rs 146.71 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen firmed and the U.S. dollar held steady on Thursday as investors pondered what U.S. President Donald Trump's latest tariff agenda would mean for the global economy and how it could affect the interest rate outlook for major central banks. Geopolitics also loomed large after Trump referred to Ukrainian President Volodymyr Zelenskiy as a "dictator" amid talks to end the Russia-Ukraine war.

Against a basket of currencies, the dollar USD hovered near a one-week top at 107.15. Sterling retreated from a two-month top and stood around \$1.2594. The euro was flat around \$1.0422, having fallen in the previous session as top policymakers at the European Central Bank took opposing views on inflation risk and on how much the bank is holding back economic growth.

Currency movement was modest in cautious Asian trading save for the yen, which rose to an over two-month top of 150.62 a dollar, helped by flight to safety over worries about the impact of Trump's tariffs as well as bets of more Bank of Japan hikes this year.

The Australian dollar traded 0.07% higher at \$0.6350 after a mixed jobs report which showed employment outpaced forecasts for a second successive month in January, yet the unemployment rate still ticked higher. The New Zealand dollar was flat at \$0.5705.

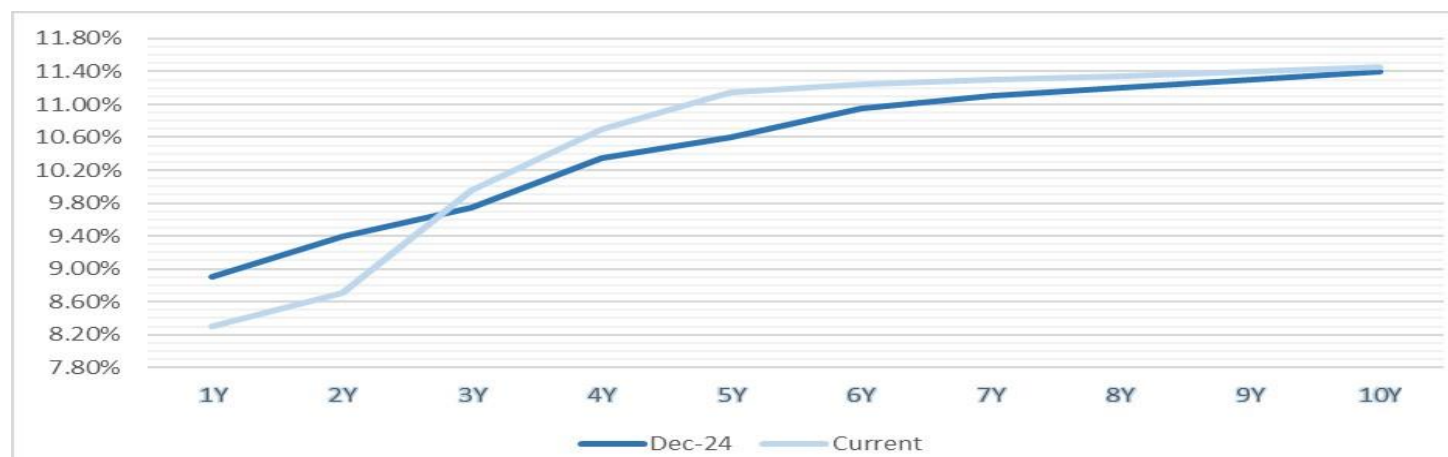
COMMODITIES

Gold prices edged higher on Thursday, hovering near their all-time highs as concerns persisted over U.S. President Donald Trump's tariff strategies, which could fuel inflation and escalate a global trade war.

Oil prices edged lower on Thursday after an industry report showed a build in U.S. crude stockpiles and as tariff concerns weighed on sentiment, falling back from gains made in the previous session on worries over supply disruptions in Russia.

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 07.61
6M 07.90
1Y 08.36

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	164.76 Bn
Foreign holding LKR bills/bonds	77.98 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3700	4.3202	4.3300	4.3066	4.2454
EUR ESTR	2.6660	2.5980	2.4380	2.2880	2.1330
GBP SONIA	4.4542	4.4629	4.4407	4.3423	4.2208

TREASURY DIVISION Level-11

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