

TREASURY COMMENTARY – 21st February 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 294.50 and 297.00. The rupee has depreciated by approximately 0.85% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 20.02.2025

Cash	19.00
Tom	3.50
Spot	19.00
Forward	23.25

MONEY

Overnight call-money traded at 7.98% on Thursday (20.02.2025). Net market liquidity was a surplus of Rs 153.19 Bn on Thursday from a surplus of Rs 164.76 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen shot to a 2-1/2 month high on Friday on the back of a jump in Japanese inflation, while the dollar was set for a third weekly drop in a row as traders calculated the start of Donald Trump's second term has been mostly bluster on the tariff front. The dollar nursed broad losses as bulls who had built up big long positions in anticipation of a trade war have backed off while Trump equivocates about tariffs.

The euro was up 0.8% overnight and was steady in Asia at \$1.0498 with traders awaiting an election in Germany on the weekend where polls point to a conservative coalition win. Sterling touched its highest since mid-December at \$1.2674.

The yen broke through chart resistance at 150 per dollar overnight and it strengthened as far as 149.285 per dollar in the Asia morning after Japan recorded core inflation running at its fastest pace for 19 months in January. Trump said Chinese President Xi Jinping would visit the U.S., without giving a timeline, which sent up the yuan to a one-month high in onshore trade on Thursday. In offshore trade it was steady at 7.2419 per dollar on Friday.

The Australian and New Zealand dollars hovered near two-month highs on Friday as worries about a global trade war abated a little, while Australia's central bank sounded a hawkish tone on future rate cuts.

COMMODITIES

Gold prices were little changed on Friday but remained on track for an eighth successive weekly gain, driven by concerns over U.S. President Donald Trump's tariff plans, which could spark trade wars and stoke inflation.

Oil prices extended gains on Friday, headed for a weekly increase, as falling inventories of U.S. gasoline and distillate raised expectations of solid demand while concerns over supply disruptions in Russia lent support.

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	153.19 Bn
Foreign holding LKR bills/bonds	77.98 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3500	4.3223	4.3285	4.3050	4.2444
EUR ESTR	2.6650	2.5900	2.4380	2.2960	2.1500
GBP SONIA	4.4543	4.4640	4.4402	4.3441	4.2279

TREASURY DIVISION Level-11

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