

TREASURY COMMENTARY – 25th February 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 294.50 and 296.75. The rupee has depreciated by approximately 0.60% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 24.02.2025

Cash	1.55
Tom	1.40
Spot	17.80
Forward	2.25

MONEY

Overnight call-money traded at 7.98% on Monday (24.02.2025). Net market liquidity was a surplus of Rs 159.65 Bn on Monday from a surplus of Rs 150.59 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar rose on Tuesday after falling to its lowest in more than two months at the start of the week, buoyed by safe-haven flows after U.S. President Donald Trump said tariffs on Mexico and Canada would proceed as planned.

The stronger dollar in turn left the euro off a one-month high at \$1.0461, with future gains in the single currency likely to hinge on how soon a coalition government can be formed in Germany following the election victory of the country's conservatives.

Elsewhere, the dollar rose 0.35% against the yen to 150.22, recovering from a fall to its weakest level since early December against the Japanese currency on Monday.

Sterling drifted from Monday's two-month high and traded 0.06% lower at \$1.2618 in the early Asian session.

The loonie was trading unchanged at 1.4220 per U.S. dollar, or 70.32 U.S. cents, after moving in a range of 1.4183 to 1.4244.

The Aussie fell 0.17% to \$0.6339. The New Zealand dollar eased 0.13% to \$0.5725, while the dollar index was steady at 106.75, rebounding from a more than two-month trough of 106.12 hit in the previous session.

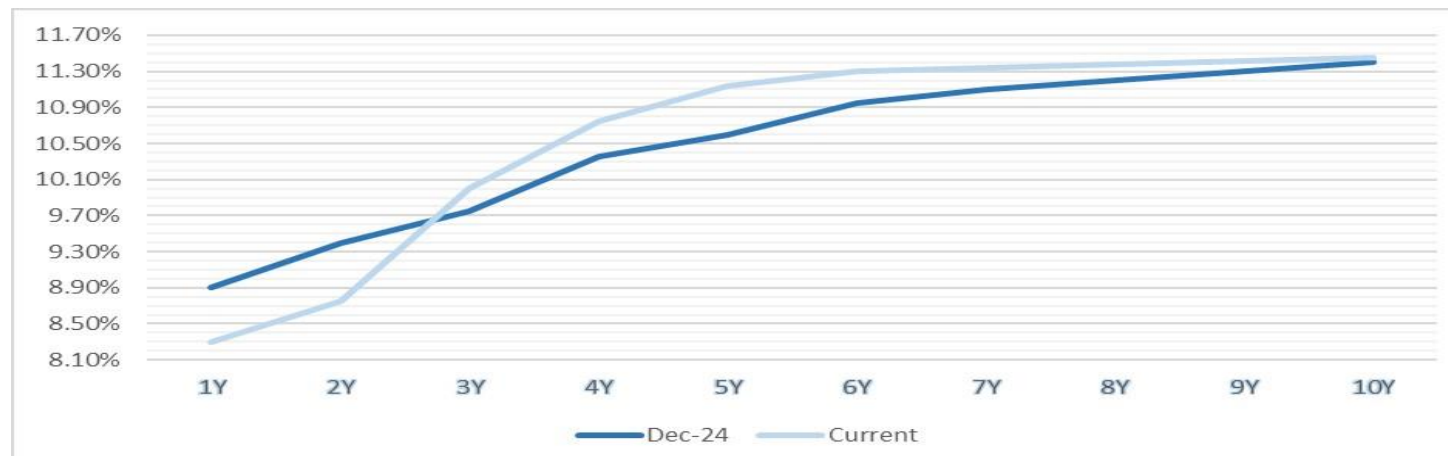
COMMODITIES

Gold prices hovered near a record high on Tuesday, supported by safe-haven demand amid concerns over U.S. President Donald Trump's tariff plans which could fuel inflation and escalate a global trade war.

Oil prices rose for a second day on Tuesday as the U.S. imposed fresh sanctions on Middle Eastern producer Iran that increased concerns supply might tighten.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 02/21 8.39
Week ago 8.42
Year ago 11.61

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	-4.0	6.5
NCPI (core)	1.5	1.3	-0.20	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	159.65 Bn
Foreign holding LKR bills/bonds	78.77 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3400	4.3236	4.3180	4.2752	4.1919
EUR ESTR	2.6660	2.5540	2.4100	2.2630	2.1100
GBP SONIA	4.4549	4.4601	4.4260	4.3333	4.2129

TREASURY DIVISION Level-11

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