

TREASURY COMMENTARY – 06th March 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 0.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 05.03.2025

Cash	11.38
Tom	-
Spot	27.10
Forward	22.00

MONEY

Overnight call-money traded at 7.98% on Wednesday (05.03.2025). Net market liquidity was a surplus of Rs 172.98 Bn on Wednesday from a surplus of Rs 148.99 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The euro extended four-month highs to the U.S. dollar on Thursday, following a surge in European bond yields on Germany's proposed 500 billion euro (\$539.85 billion) infrastructure fund and overhaul in borrowing limits.

The euro was flat at \$1.0792 in the Asian morning, after earlier touching \$1.0803 for the first time since November 8. Sterling edged as high as \$1.2906, a level last seen on November 11. The dollar gained 0.2% against the safe-haven yen, however, to be last at 149.17 yen. The U.S. currency eased 0.1% to C\$1.4327, the lowest since February 27.

The U.S. dollar index was little changed at 104.31, after easing to 104.25 overnight for the first time since November 8.

The Australian and New Zealand currencies clung onto gains on Thursday after the U.S. offered some tariff relief for automakers, while the surprising strength of the euro pinned the greenback at four-month lows. The Aussie rose 0.3% to hit a one-week high of \$0.6354, having surged 1% overnight. It marks the fourth straight session of gains, which has lifted it off a recent low of \$0.6185 and close to the 2025 high of \$0.6408. The kiwi dollar was also up 0.3% to touch a one-week top of \$0.5743, after rallying 1.1% overnight. It has risen for four straight sessions, with resistance now at the 2025 high \$0.5770.

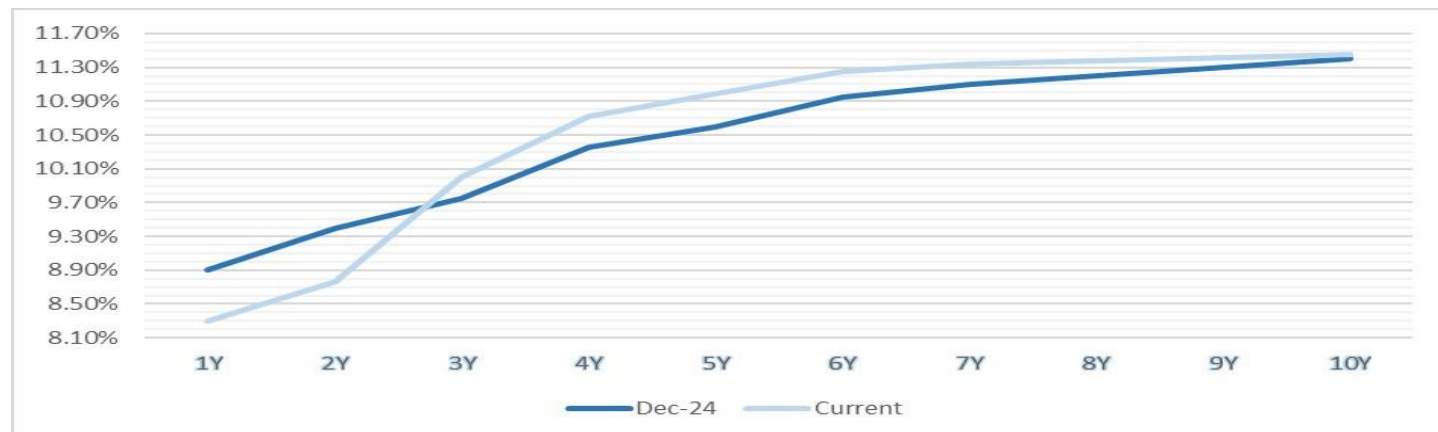
COMMODITIES

Gold prices edged lower on Thursday despite a lower dollar as investors held back from making large bets ahead of the release of U.S. payrolls data later this week, although trade war jitters kept prices above the key level of \$2,900 per ounce.

Oil prices steadied on Thursday after falling over the past four sessions as U.S. tariffs on Canadian crude supply may be eased but investors remain wary of remaining tariffs on Mexico and major producers' plans to increase output.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 02/28 **8.36**
 Week ago 8.39
 Year ago 11.50

AWDR %
 January **2025** 7.31
 December **2024** 7.53
 Year ago 11.15

T BILL%
 3M 07.53
 6M 07.86
 1Y 08.34

INFLATION (%) (Base:2021=100)	December 2024	January 2025	February 2025	Year ago
NCPI (YoY)	-2.0	-4.0	-	5.1
NCPI (core)	1.3	-0.2	-	2.7
CCPI(YoY)	-1.7	-4.0	-4.2	5.9
CCPI (core)	2.7	1.2	0.7	2.8

CBSL reserves (USD) – Jan. 25"	6.065 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	172.98 Bn
Foreign holding LKR bills/bonds	80.43 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3140	4.2859	4.1757	3.9740
EUR ESTR	2.6640	2.4660	2.3600	2.2040	2.0440
GBP SONIA	4.4551	4.4567	4.4114	4.3229	4.2090

TREASURY DIVISION Level-11

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