

TREASURY COMMENTARY – 10th March 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 0.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 07.03.2025

Cash	3.55
Tom	3.25
Spot	33.00
Forward	7.50

MONEY

Overnight call-money traded at 7.98% on Friday (07.03.2025). Net market liquidity was a surplus of Rs 166.80 Bn on Friday from a surplus of Rs 160.97 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar began Monday on a weak note after significant losses last week due to a potentially weakening U.S. labour market, while concerns over a global trade war led investors to safe havens, lifting the yen and the Swiss franc.

Risk-averse investors have sought the Japanese yen and Swiss franc instead sending both currencies to multi-month highs. On Monday, the yen was 0.5% firmer at 147.27 per dollar, just shy of the five-month high it touched on Friday. The Swiss franc hit a three-month high of \$0.87665 in early trading.

The euro was 0.3% higher at \$1.086725 after clocking its best weekly performance since 2009 last week boosted by Germany's game-changing fiscal reforms. Sterling rose 0.16% to \$1.2941

That left the dollar index, which measures the U.S. currency against six others, at 103.59 on Monday, stuck near a four-month low touched last week.

The Australian and New Zealand dollars eked out small gains on Monday after U.S. President Donald Trump refused to rule out a recession from his trade policies, triggering a flight to safety into bonds, which constrained the U.S. dollar. The Aussie rose 0.1% to \$0.6314, having finished 1.6% higher last week. The Kiwi dollar was up 0.2% at \$0.5717, after gaining 2% last week to \$0.5760.

COMMODITIES

Gold prices eased on Monday but were poised for a weekly gain due to safe-haven inflows and a U.S. jobs report revealing lower-than-expected job growth in February, suggesting that the Federal Reserve is on track to cut interest rates this year.

Oil prices gained on Monday but retreated from session highs after U.S. President Donald Trump threatened sanctions on Russia if it fails to reach a cease-fire with Ukraine.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 03/07 **8.33**
 Week ago 8.36
 Year ago 11.42

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) – Feb. 25"	6.095 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	166.80 Bn
Foreign holding LKR bills/bonds	78.94 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3222	4.2924	4.1837	3.9993
EUR ESTR	2.6660	2.4350	2.3620	2.2450	2.1430
GBP SONIA	4.5570	4.4591	4.4135	4.3340	4.2291

TREASURY DIVISION Level-11

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