

TREASURY COMMENTARY – 11th 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	3.74
Tom	18.25
Spot	35.80
Forward	25.50

MONEY

Overnight call-money traded at 7.98% on Friday (07.03.2025). Net market liquidity was a surplus of Rs 190.87 Bn on Friday from a surplus of Rs 166.80 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen was investors' safe harbour of choice on Tuesday and it traded near five-month highs as fears about a tariff-driven slowdown in U.S. growth have rattled U.S. stocks and the dollar.

The yen touched a five-month peak of 146.625 per dollar and was trading at 146.85. Sterling was holding on above its 200-day moving average at \$1.2875 and the euro was steady just above \$1.08. The Canadian dollar was steady around C\$1.44 per dollar and the peso was at 20.34 per dollar. China's yuan was steady at 7.26 per dollar in early offshore trade on Tuesday.

The dollar index, however, had already notched its largest weekly drop in more than two years last week as selling tracked a fall in U.S. bond yields and the euro leapt on German plans to reform a brake on borrowing.

The Aussie was struggling at \$0.6282, having eased 0.4% overnight to as far as \$0.6263. It has slipped away from the 2025 top of \$0.6409 over the past few sessions, with resistance now at \$0.6364. The kiwi dollar wobbled around \$0.5696, after slipping 0.2% overnight. It is now some distance away from its 2025 high of \$0.5772 and battling sellers at a critical level where the 7-day, 14-day, 21-day moving averages converge.

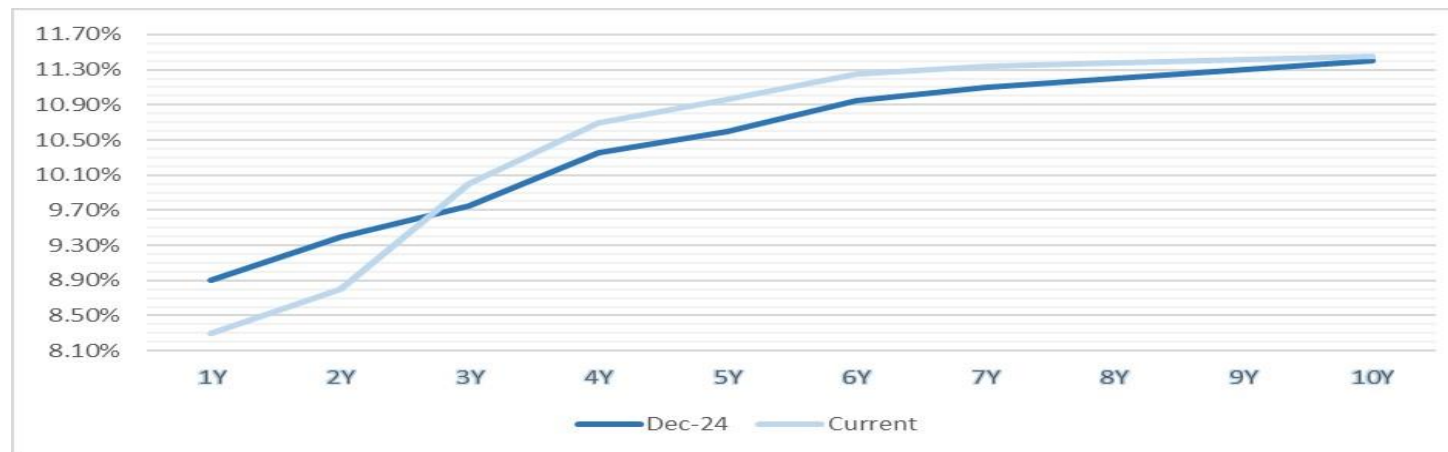
COMMODITIES

Gold held steady on Tuesday as investors awaited a key inflation print this week to assess the Federal Reserve's interest rate path, amid concerns of simmering trade tensions and slowing economic growth following U.S. President Donald Trump's tariffs.

Oil prices were down 1% on Tuesday on fears that U.S. tariffs on Canada, Mexico and China would slow economies around the world and slash energy demand while OPEC+ ramps up its supply.

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	190.87 Bn
Foreign holding LKR bills/bonds	78.94 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3254	4.2988	4.1850	3.9937
EUR ESTR	2.6650	2.4260	2.3620	2.2500	2.1460
GBP SONIA	4.4548	4.4554	4.3985	4.3008	4.1752

TREASURY DIVISION Level-11

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