

## TREASURY COMMENTARY – 14<sup>th</sup> 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 12.03.2025

Cash	11.65
Tom	6.00
Spot	87.10
Forward	20.66

#### MONEY

Overnight call-money traded at 7.97% on Wednesday (12.03.2025). Net market liquidity was a surplus of Rs 189.50 Bn on Wednesday from a surplus of Rs 181.38 Bn on Tuesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar was broadly firmer on Friday with the euro pulling further away from a five-month peak as markets grappled with escalating global trade tensions and risks of a sharp economic downturn.

Sowing more volatility across markets, U.S. President Donald Trump threatened to hit Europe with a 200% tariff on wine, cognac and other alcohol imports.

The euro edged down to \$1.0847 after sliding further off Tuesday's five-month peak the previous day as the EU-U.S. trade spat rattled markets and Germany struggled to pass a massive spending proposal. Elsewhere, the pound drifted around \$1.2945 ahead of the release of gross domestic product figures for January, after falling in the previous session from Wednesday's high of \$1.2990, its highest against the dollar since early November. The Canadian dollar wallowed at 1.4440 per U.S. dollar, with Canada caught in the tariff crossfire.

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.1% to 103.95 after two straight days of gains.

The yen walked back some of its gains on Friday, with the dollar trading at 148.32 yen, up 0.35%. The Japanese currency strengthened to as high as 146.545 per dollar earlier this week, buoyed by safe-haven bids and bets that the Bank of Japan (BOJ) will raise interest rates again later this year.

The risk-sensitive Australian dollar steadied at \$0.6284 after slipping on Thursday, while the New Zealand dollar was up 0.1% at \$0.5702.

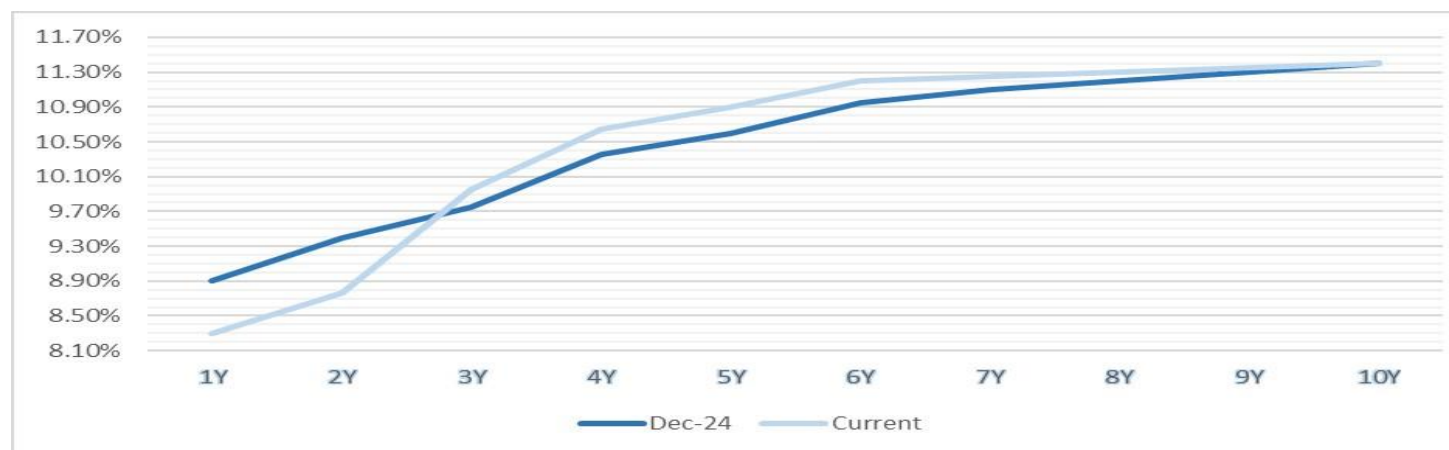
#### COMMODITIES

Gold hit a record high on Friday, as uncertainty over U.S. tariffs and fears of trade tensions propelled prices, along with increased expectations of monetary policy easing by the Federal Reserve.

Oil prices fell over 1% on Thursday as markets weighed macroeconomic concerns, including the risk that tariff wars between the U.S. and other countries could hurt global demand as well as uncertainty stemming from a U.S. proposal for a Russia-Ukraine ceasefire.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
 Week ending 03/07 **8.33**  
 Week ago 8.36  
 Year ago 11.35

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

**T BILL%**  
 3M 07.52  
 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	189.50 Bn
Foreign holding LKR bills/bonds	78.94 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3100	4.3191	4.2992	4.2023	4.0227
EUR ESTR	2.4120	2.4180	2.3520	2.2420	2.1380
GBP SONIA	4.4545	4.4567	4.3993	4.3156	4.2135

### TREASURY DIVISION Level-11

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