

TREASURY COMMENTARY – 17th March 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.50 and 298.25. The rupee has depreciated by approximately 0.85% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 14.03.2025

Cash	6.10
Tom	1.50
Spot	37.00
Forward	20.25

MONEY

Overnight call-money traded at 7.94% on Friday (14.03.2025). Net market liquidity was a surplus of Rs 188.61 Bn on Friday from a surplus of Rs 189.50 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar hovered close to a five-month low against its major peers on Monday, pressured by President Donald Trump's erratic trade policies and a run of soft macroeconomic data.

The euro stood not far from a five-month peak after German parties on Friday agreed on a fiscal deal that could boost defence spending and revive growth in Europe's largest economy. The euro fetching \$1.0881, slightly off the \$1.0947 level it hit last Tuesday for the first time since October 11. While Sterling slipped 0.08% to \$1.2927.

The dollar index, which measures the currency against the euro, yen and four other counterparts, was little changed at 103.71 early in the Asian morning, less than 0.5% away from a five-month trough of 103.21 reached last Tuesday.

Elsewhere, the Japanese yen stuck close to a five-month top, buoyed by hawkish signals from the Bank of Japan, although the central bank is widely expected to retain the status quo in a policy decision on Wednesday. The U.S. Federal Reserve is also expected to leave policy unchanged on Wednesday. The Chinese yuan edged back towards the strongest level in four months in offshore trading, ahead of a highly anticipated press conference on steps to boost domestic consumption. The Australian dollar, which often acts as a more liquid proxy of the yuan, added 0.06% to \$0.6328.

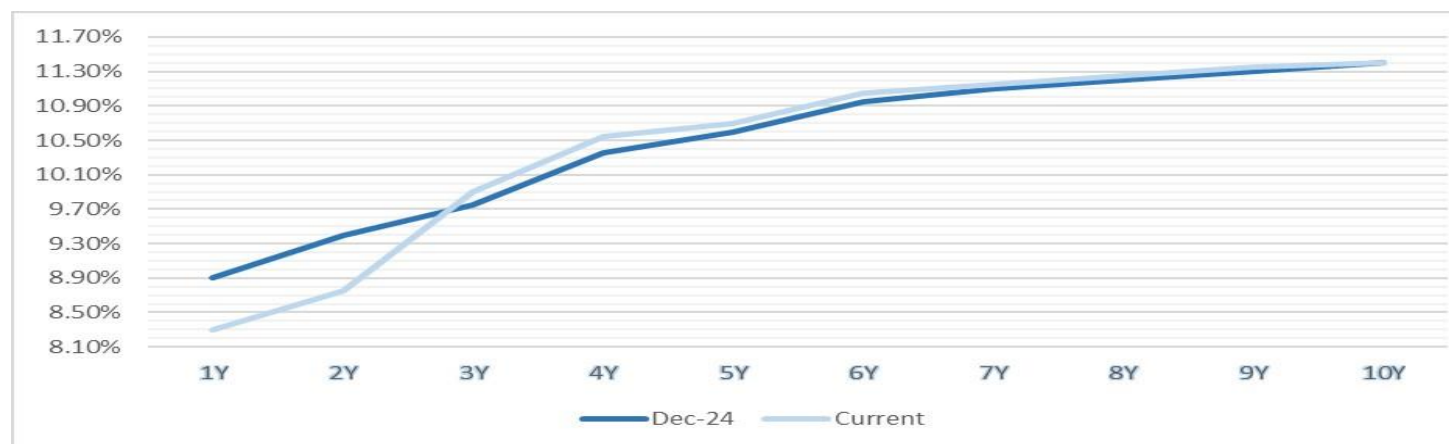
COMMODITIES

Gold firmed on Monday after touching a historic milestone last week, as geopolitical tensions, jitters about tariffs escalating trade frictions, and increased hopes of interest rate cuts from the Federal Reserve continued to fuel safe-haven demand.

Oil prices opened about 1% higher on Monday after the United States vowed to keep attacking Yemen's Houthis until the Iran-aligned group ends its assaults on shipping.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 03/14 **8.37**
 Week ago 8.33
 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	188.61 Bn
Foreign holding LKR bills/bonds	79.26 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3000	4.3164	4.2950	4.1983	4.0178
EUR ESTR	2.4130	2.4160	2.3390	2.2290	2.1200
GBP SONIA	4.4550	4.4557	4.3948	4.3088	4.1863

TREASURY DIVISION Level-11

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