

## TREASURY COMMENTARY – 18<sup>th</sup> March 2025

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 295.00 and 297.50. The rupee has depreciated by approximately 0.85% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 17.03.2025

Cash	9.70
Tom	19.50
Spot	29.00
Forward	29.50

#### MONEY

Overnight call-money traded at 7.96% on Monday (17.03.2025). Net market liquidity was a surplus of Rs 181.72 Bn on Monday from a surplus of Rs 188.61 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar wallowed near a five-month trough against the euro and other major peers on Tuesday as investors grappled with the potential economic impact of growing global trade tensions. Fears that U.S. President Donald Trump's aggressive tariff policies could trigger a broader economic slowdown has undermined the greenback amid a string of soggy sentiment surveys.

The dollar index, which measures the currency against six key rivals, has dropped around 6% from the more than two-year peak of 110.17 hit in mid-January. It was at 103.44, struggling to make a decisive move away from a five-month low of 103.21 touched last Tuesday.

The euro hovered around \$1.0919 ahead of an expected vote on Germany's massive stimulus package, not far off its highest level since October 11 at \$1.0947 touched last week. Sterling traded at \$1.2985 to hold just under Monday's high of \$1.2999, its strongest since November 7.

BOJ policymakers start their two-day meeting on Tuesday and are expected to discuss just how much of a risk the escalating U.S. trade war poses to Japan's economy, which will be key to the timing of its next rate hike. The dollar was up 0.07% at 149.3 yen after earlier touching a little less than a two-week high of 149.46.

Elsewhere, Australia's central bank said on Tuesday it remained more cautious than the market about the prospects for further policy easing, after it cut interest rates for the first time in over four years last month. The Australian dollar steadied at \$0.6383, while the New Zealand dollar ticked up to its highest since December 10 at \$0.58265 on Tuesday.

#### COMMODITIES

Gold prices scaled a record peak above the key \$3,000 mark on Tuesday for the second time within a week, as investors sought cover from economic concerns fuelled by U.S. President Donald Trump's tariff policies.

Oil prices were little changed in early trading on Tuesday as global growth concerns, U.S. tariffs and Russia-Ukraine ceasefire talks offset increased instability in the Middle East that could impact supply.

# 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	181.72 Bn
Foreign holding LKR bills/bonds	79.26 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3000	4.3167	4.2952	4.1998	4.0309
EUR ESTR	2.4170	2.4160	2.3270	2.2150	2.1120
GBP SONIA	4.4549	4.4545	4.3897	4.3065	4.1923

### TREASURY DIVISION Level-11

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