

## TREASURY COMMENTARY – 21<sup>st</sup> January 2025

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 293.50 and 300.50. The rupee has depreciated by approximately 1.19% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 20.01.2025

Cash	-
Tom	9.50
Spot	15.10
Forward	13.50

#### MONEY

Overnight call-money traded at 8.00% on Monday (20.01.2025). Net market liquidity was a surplus of Rs 134.69 Bn on Monday from a surplus of Rs 126.30 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar rebounded in choppy Asian trade on Tuesday after U.S. President Donald Trump suggested the United States could impose tariffs on Canada and Mexico in the near future, though details were lacking.

The dollar index bounced 0.6% to 108.65, having shed 1.2% overnight in what had been the sharpest daily loss since late 2023.

The euro fell back to \$1.0364, from an early top of \$1.0434. The EU runs a sizable trade surplus with the United States and has been seen as a major target for Trump's tariffs.

The dollar regained 0.3% on the Japanese yen to 156.06, after earlier touching a five-week trough at 154.90.

The Australian and New Zealand dollars were standing near two-week highs on Tuesday after U.S. President Donald Trump stopped short of imposing new tariffs on his first day in office, triggering a broad correction in the greenback. The Aussie edged up 0.1% to \$0.6282, having rallied 1.4% overnight to a two-week top of \$0.6287. The bounce likely saved it from testing new five-year low in the near-term, with resistance now at \$0.6302. The kiwi dollar had better luck and hit a fresh two-week high of \$0.5683, after gaining 1.6% overnight. Resistance lies at \$0.5692, with support at \$0.5539.

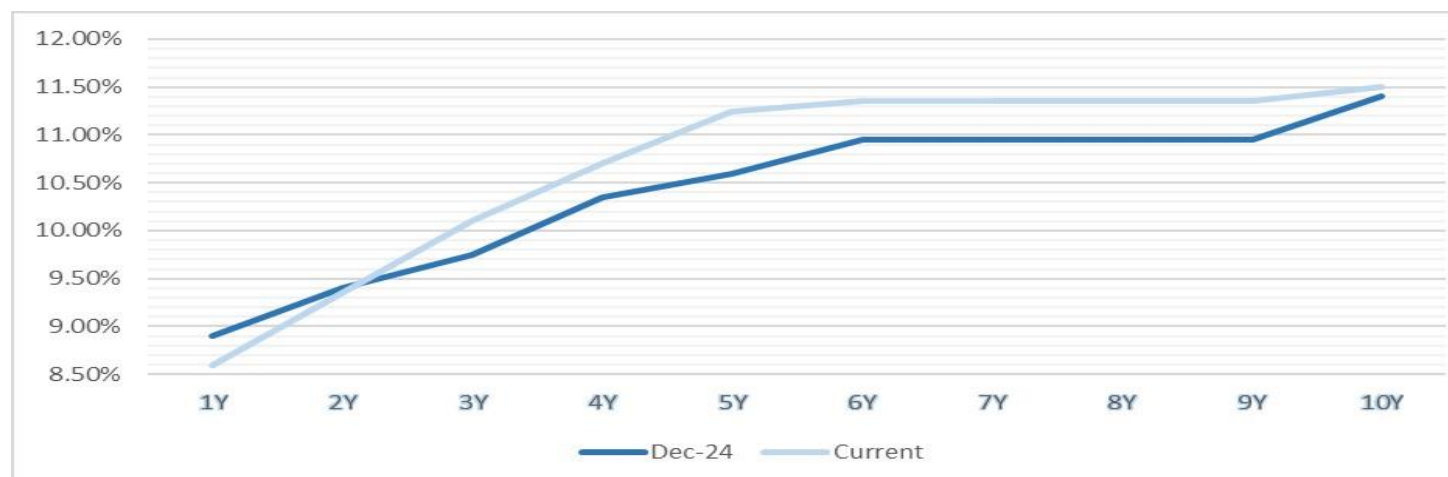
#### COMMODITIES

Gold prices edged higher on Tuesday, bolstered by a weaker U.S. dollar, as markets assessed the potential economic impact of U.S. President Donald Trump's second-term policies following his inauguration.

Oil prices slipped in Asian trading on Tuesday after President Donald Trump announced a plan to boost U.S. oil and gas production and held off on applying new tariffs.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
 Week ending 01/17 **8.65**  
 Week ago 8.74  
 Year ago 11.87

**AWDR %**  
 December **2024** 7.53  
 November **2024** 7.59  
 Year ago 11.64

**T BILL%**  
**3M** 08.33  
**6M** 08.44  
**1Y** 08.80

**INFLATION (%)**  
 (Base:2021=100)

	October 2024	November 2024	December 2024	Year ago
NCPI (YoY)	-0.7	-1.7	-	4.2
NCPI (core)	1.7	1.5	-	0.9
CCPI(YoY)	-0.8	- 2.1	-1.7	4.0
CCPI (core)	3.0	2.7	2.7	0.6

CBSL reserves (USD) – Dec. 24"	6.091 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	134.69 Bn
Foreign holding LKR bills/bonds	67.22 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.2900	4.3004	4.2900	4.2538	4.1942
EUR ESTR	2.9180	2.7930	2.6100	2.4100	2.2150
GBP SONIA	4.7000	4.6065	4.5250	4.4544	4.3667

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