

TREASURY COMMENTARY – 12th 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 11.03.2025

| | |
|---------|-------|
| Cash | 3.35 |
| Tom | 0.25 |
| Spot | 36.60 |
| Forward | 22.50 |

MONEY

Overnight call-money traded at 7.97% on Tuesday (11.03.2025). Net market liquidity was a surplus of Rs 181.38 Bn on Tuesday from a surplus of Rs 190.87 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar languished near a five-month low versus major peers on Wednesday, in Asian trading as worries about the U.S. economy continued to simmer under President Donald Trump's unpredictable trade policies. The U.S. dollar index, which measures the currency against a basket of six major peers, was flat at 103.47 in early Asian trade, following a 0.46% slide on Tuesday that took it as low as 103.21 for the first time since October 16. A run of softer U.S. economic data continued on Tuesday with small-business confidence dropping for a third straight month in February.

The euro hovered close to a five-month peak on increased optimism for an end to the war in Ukraine. The euro eased 0.05% to \$1.0913, but remained not far from the previous session's peak of \$1.0947, the highest level since October 11.

Sterling eased 0.11% to \$1.2933, but that followed a 0.53% rally on Tuesday. The pound rose 0.4% to \$1.2931, building on its 2.7% gain last week, as worries about a tariff-led slowdown in U.S. economic growth drive traders away from the greenback.

The dollar gained 0.17% to 148.01 yen, after sinking to a five-month trough at 146.545 yen in the prior session.

The greenback was steady at C\$1.44325, after swinging between gains of 0.5% and losses of 0.4% on Tuesday.

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.

The Indian rupee is expected to open flat-to-slightly lower on Wednesday as worries about a slowdown in the U.S. economy continue to dampen risk appetite, while persistent portfolio outflows also weigh on the currency.

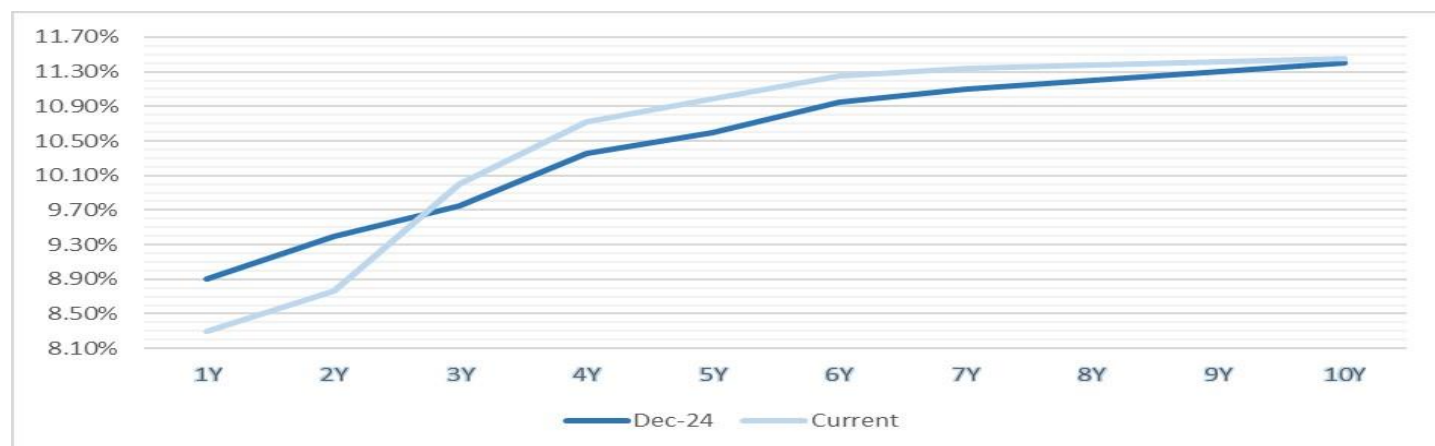
COMMODITIES

Gold eased on Wednesday on a possible ceasefire deal in Ukraine, while investors braced for a key U.S. inflation data later in the day to gauge the Federal Reserve's interest rate path amid trade tensions and economic slowdown fears.

Oil prices edged up early on Wednesday, helped by a weaker dollar, but mounting fears of a U.S. economic slowdown and the impact of tariffs on global economic growth capped gains.

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 | 181.38 Bn |
| Foreign holding LKR bills/bonds | 78.94 Bn |

| | O/N | 1M | 3M | 6M | 12M |
|-----------|--------|--------|--------|--------|--------|
| USD SOFR | 4.3300 | 4.3248 | 4.2969 | 4.1780 | 3.9757 |
| EUR ESTR | 2.6630 | 2.4190 | 2.3550 | 2.2390 | 2.1300 |
| GBP SONIA | 4.4547 | 4.4551 | 4.3993 | 4.3029 | 4.1699 |

TREASURY DIVISION Level-11

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