

LKR volatile continued ...

USD/LKR volatility continued and traded around 298.00 – 301.00 and LKR depreciated against USD by 1.87% year to date. Excess liquidity in the Call Money market has decreased from the previous day. CBSL has reduced Overnight Policy Rate by 25 bps to 7.75% (meeting held on 21 May 2025)

Opening Closing	21.05.25		20.05.25	
	300.35	300.90	300.00	300.50
	299.60	299.75	300.75	301.20
Call Money Rate (%)	21.05.25		20.05.25	
	7.92	8.00	7.92	8.00
Repo Rate (%)	21.05.25		20.05.25	
	7.97	8.03	7.97	8.03
Liquidity (LKR)	21.05.25		20.05.25	
	163.15 Bn		174.11 Bn	

TREASURY BILL latest Auction on 21.05.2025

	This week	Last week	Year ago
03 Months	07.65	07.65	8.76
06 Months	07.97	07.98	9.17
12 Months	08.29	08.30	9.29

TREASURY BOND latest Auction on 09.05.2025

Maturity date	15.10.29	01.11.33
Yield (w.a) %	10.22	10.97
Coupon rate (p.a)(%)	10.35	9.00

BOND CURVE as at 21.05. 25



EQUITY

	21.05.25	20.05.25
Turnover	2,430Mn	1,511Mn
Net Foreign Inflow	510.38Mn	169.91Mn
S&P SL 20	4,816.36	4,811.19
ASPI	16,355.91	16,336.25

ECONOMIC INDICATORS

	This Week 16.05.25	Week ago	Year ago
AWPLR (%)	08.58	08.41	09.65
	Mar '25	Feb'25	Year ago
AWDR (%)	07.15	07.21	10.30

	Apr'25	Mar '25	Year ago
INFLATION (%)			
NCPI-YoY	-0.8	-1.9	2.7
NCPI-Core	-	-0.6	3.0
CCPI -YoY	-2.0	-2.6	1.5
CCPI -Core	0.8	0.7	3.4

Bench Mark Rates	O/N	1M	3M	6M	12M
USD SOFR	4.2700	4.3247	4.3285	4.2694	4.0595
EUR ESTR	2.1720	2.0840	1.9740	1.8780	1.7740
GBP SONIA	4.2108	4.2192	4.2105	4.1490	4.0306

USD Struggles ...

The US Dollar struggles after Moody's downgraded the US credit rating from Aaa to Aa1. This move aligns with similar downgrades by Fitch Ratings in 2023 and Standard & Poor's in 2011. Moody's now projects US federal debt to climb to around 134% of GDP by 2035. The US Dollar Index (DXY) as it continues trade 0.10% lower on the day near 99.50.

EUR/USD breaking through 1.1330...

EUR/USD breaking through the 1.1300 technical barrier and climbing for a third straight session after market sentiment turned away from the US Dollar following a pummeling of US Treasury markets. The euro was flat around \$1.1330.

The GBP reached highest in three years...

The pound hit its highest in three years, catching a brief lift from data that showed UK consumer inflation picked up faster than expected in April. Sterling rose as much as 0.58% to \$1.347, its highest since February 2022.

CAD strengthened...

The Canadian dollar strengthened to a nearly two-week high against its U.S. CAD was trading 0.6% higher at 1.3832.

USD/JPY holds losses ...

USD/JPY holds losses near 143.50, fading the early uptick to 144.00. A weaker risk tone and the divergent BoJ-Fed policy expectations underpin the safe-haven Japanese Yen amid sustained US Dollar weakness.

AUD and NZD regain some ground ...

The Australian and New Zealand dollars regained some ground on Wednesday as economic worries undermined their U.S. counterpart, while bonds basked in the afterglow of a surprisingly dovish cut in domestic interest rates. The shift initially pulled the Aussie down, but it edged up 0.3% on Wednesday against a broadly softer greenback to stand at \$0.6442 and away from support around \$0.6390.

GOLD prices rose...

Gold prices rose as investors leaned toward the safe-haven asset due to mounting concerns over the U.S. government's growing debt and a lukewarm demand for 20-year Treasury bonds, highlighting low appetite for U.S. assets.

OIL prices eased...

Oil prices eased as unexpected builds in U.S. crude and fuel inventories raised demand concerns, while investors stayed cautious, focusing on renewed Iran-U.S. nuclear talks.