Issued By	Market Operations Department
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The Central Bank of Sri Lanka Publishes the Market Operations Report - December 2025

The Central Bank of Sri Lanka (CBSL) released its latest Market Operations Report (MOR) on 30 January 2026. The MOR aims to enhance stakeholder understanding of the monetary and foreign exchange operations undertaken by the CBSL in the pursuit of implementation of monetary policy under the Flexible Inflation Targeting (FIT) framework, supported by the flexible exchange rate regime.

The latest MOR provides an overview of the policy stance of the CBSL, liquidity conditions, short-term interest rate and exchange rate developments, as well as money market and domestic foreign exchange market operations of the CBSL, with a particular focus on the second half of 2025. The MOR also presents two feature articles on timely topics and includes selected indicators of market operations and transactions.

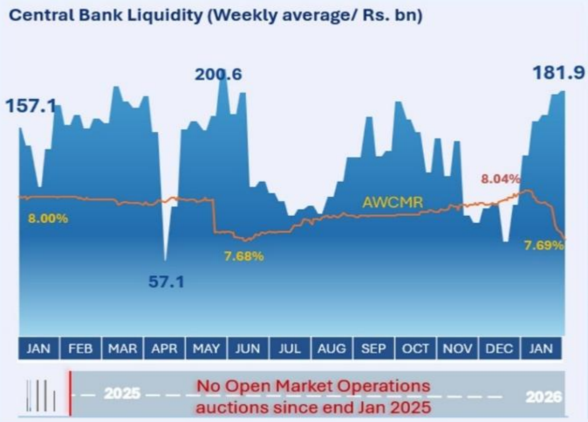
Key Highlights:

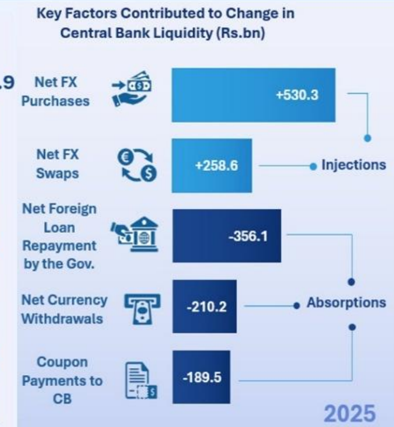
- Liquidity in the domestic money market has consistently remained at surplus levels throughout 2025.
- The CBSL did not intervene in the domestic money market through Open Market Operations (OMOs) from end January 2025 to inject additional liquidity, in view of persistent surplus liquidity conditions.
- The Average Weighted Call Money Rate (AWCMR) remained broadly aligned with the Overnight Policy Rate (OPR) in the first half 2025, but diverged from mid-July due to liquidity concentration. However, the AWCMR realigned with the OPR in January 2026.
- The Sri Lanka rupee depreciated modestly against the US dollar, reflecting demand and supply conditions in the domestic foreign exchange market.
- The CBSL intervened in the domestic foreign exchange market to build foreign reserves, when required and, intervened to curtail undue volatility in the exchange rate.
- The CBSL's total net purchase of US dollars 2.0 billion (on value date basis) during the year, contributed the gross official reserves reaching US dollars 6.8 billion by end 2025, which is the highest level recorded in the post-crisis period.
- The interbank markets have shown signs of normalisation, with improved market activities.

The MOR is available in electronic form on the CBSL website:
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/market_operations_report_december_2025_e.pdf and a snapshot of the market operations and market dynamics is presented as an infographic:
https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/market_operations_report_december_infographic_2025_e.pdf

Snapshot of the Monetary Operations and Market Dynamics

Money Market Trends





Money Market remained in a continued surplus throughout 2025…

…AWCMR picked up in the 2nd half 2025, but was reversed in January 2026

Liquidity Distribution

A persistent asymmetry in liquidity distribution was observed in 2025

Domestic Banks

Domestic banks showed a mixed liquidity condition

Foreign Banks

Major foreign banks held the largest share of liquidity

Standalone Primary Dealers

Liquidity of Standalone Primary Dealers improved

Reserve Money & Currency in Circulation

2025 : Rs. 1,796.5 bn | Growth : 17% y-o-y

Reserve Money grew notably

2024 : Rs. 1,539.3 bn | Growth : 16% y-o-y

2025 : Rs. 1,568.9 bn | Growth : 15% y-o-y

Currency in Circulation (CIC) increased

2024 : Rs. 1,358.7 bn | Growth : 15% y-o-y

Exchange Rate Movements, FX Intervention and Gross Official Reserves

Movement of LKR per 1 US$

Over the year, Sri Lanka rupee depreciated by 5.6 % against US$

CBSL FX Intervention on Value Date Basis (US$)

	Purchases	Sales
1st Half 2025	1.1 bn	0.06 bn
2nd Half 2025	1.0 bn	0.05 bn

Net Absorption US$2.0bn

Gross Official Reserves increased to **US$ 6.8 bn** by end of 2025 (with PBOC swap proceeds of US$ 1.4 bn)

Net foreign exchange purchases of **US$ 2 bn** helped gross official reserves to reach **highest level since crisis**