

Report Date: 20th May 2016 (SL Time 06.00pm)

Market Report

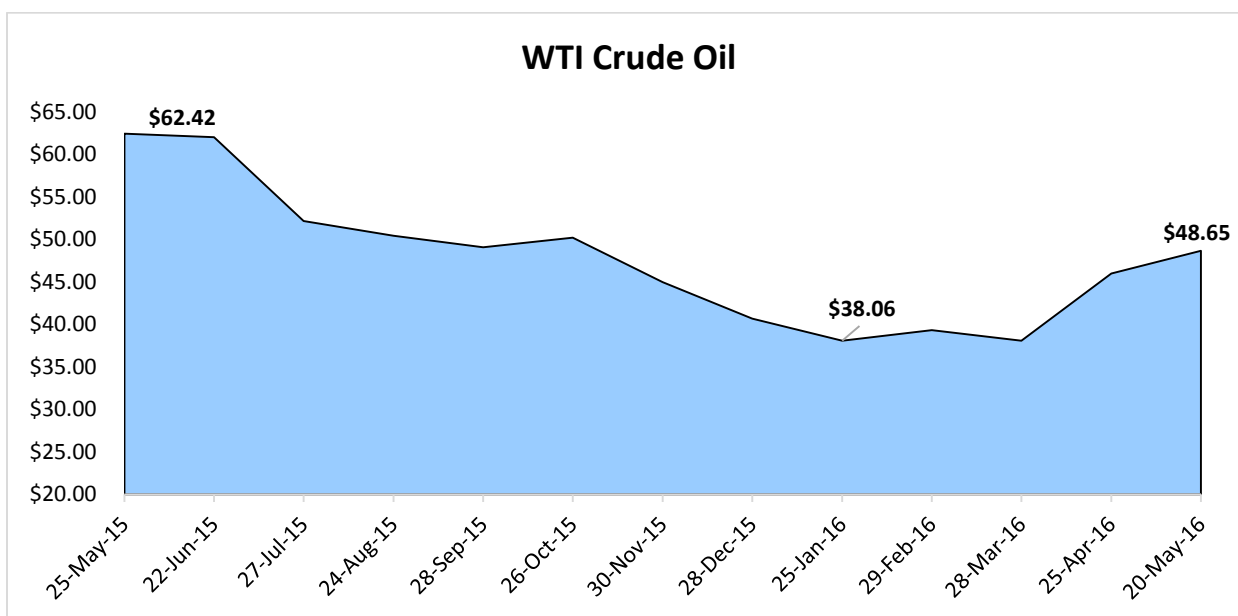
The bond prices recorded a decline for the 3rd week in a row as local investors continued with the selling momentum mainly on the liquid 4year, 10year & 14 year maturities. At the close of trading the 01st June 2026 was quoted as 12.80/85 while the 15th May 2030 was exchanged between 12.90%-13.00%.

In the overnight money market total Rs 75bn worth of repo and call money were exchanged at an average of 7.99% & 8.15% respectively. The market Liquidity recorded a surplus figure of Rs 11.35bn.

The Colombo All Share Price Index declined by 0.70% for the week to close at 6633.27 points. Average turnover was around Rs 947mn. Foreign investors remained net sellers for the week with a net foreign outflow of Rs 422.51mn.

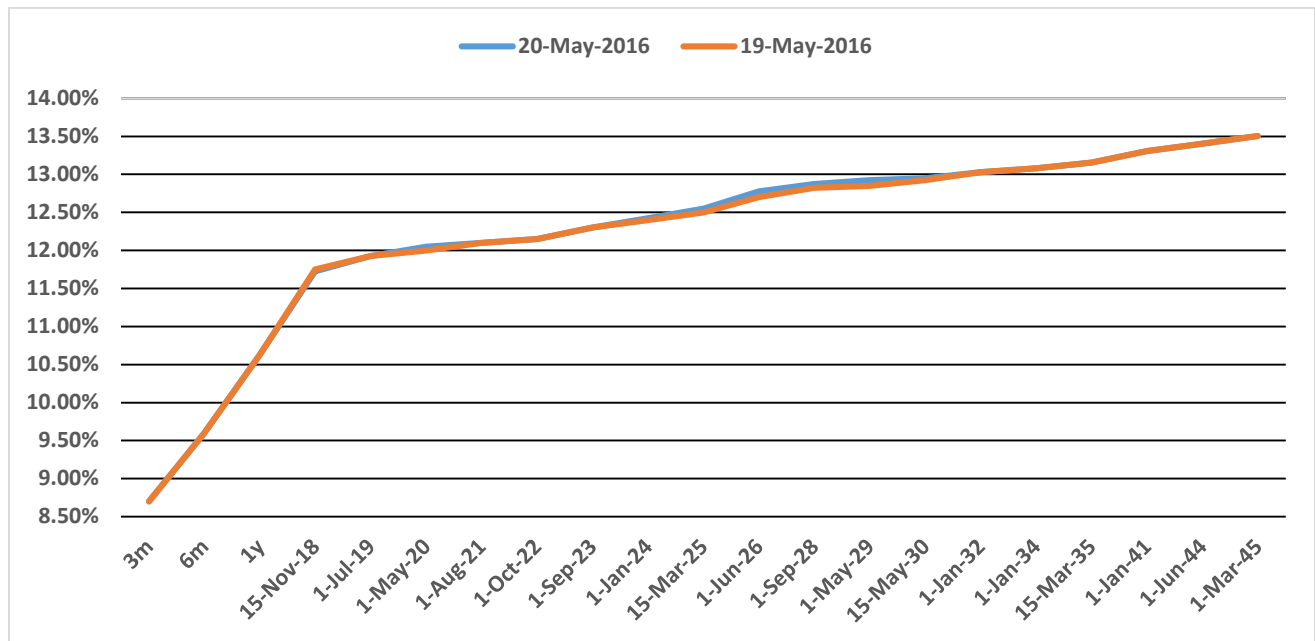
Economic News

- Sri Lanka's Minister of Plantation Industries Navin Dissanayake has proposed to reduce the CESS levied on raw rubber exports in order to increase the rubber price through making a competition between domestic rubber goods producers and raw rubber exporters.
- Japan will lend Sri Lanka more than \$3.5 billion, mostly to finance development, Finance Minister Ravi Karunanayake said on Thursday, as the island nation tries to reduce its debt costs and avert a balance of payments crisis. (Reuters)
- Oil prices rose in early trading on Friday as turmoil in Nigeria, shale bankruptcies in the United States and crisis in Venezuela all contributed to tightening supplies.



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Sri Lanka Yield Curve

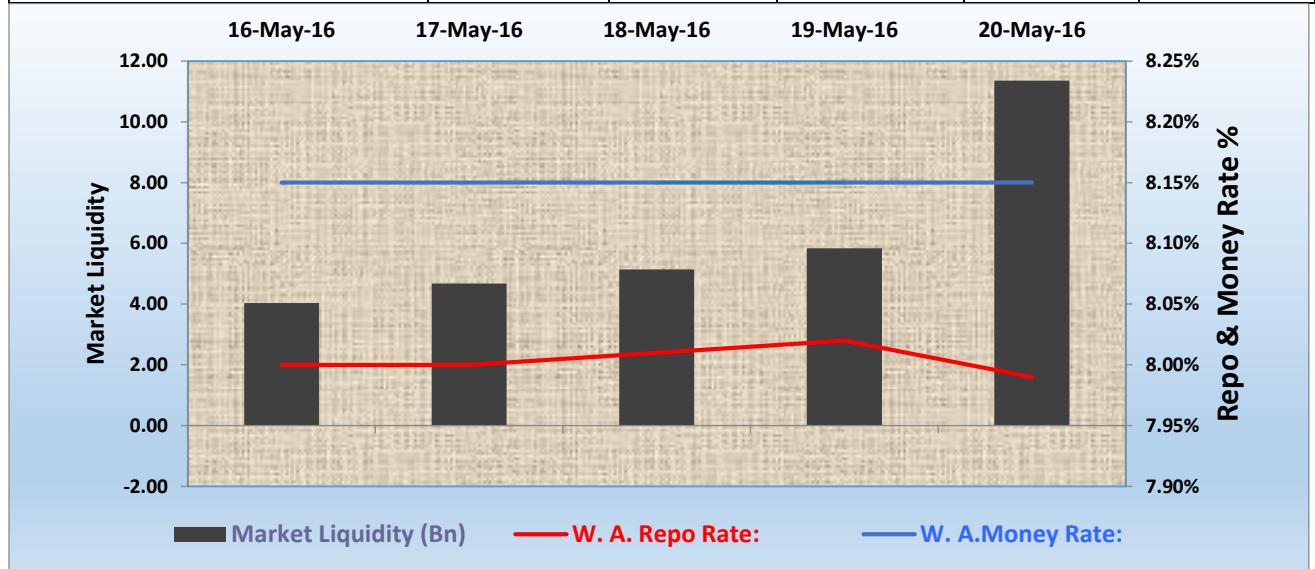


| <u>Maturity</u> | Offer % | Bid % | GAP | 20-May-2016 | 19-May-2016 |
|-----------------|---------|--------|-------|-------------|-------------|
| 3m | 8.60% | 8.80% | | 8.70% | 8.70% |
| 6m | 9.50% | 9.70% | 0.90% | 9.60% | 9.60% |
| 1y | 10.50% | 10.75% | 1.03% | 10.63% | 10.63% |
| 15-Nov-18 | 11.70% | 11.75% | 1.10% | 11.73% | 11.75% |
| 1-Jul-19 | 11.85% | 12.00% | 0.20% | 11.93% | 11.93% |
| 1-May-20 | 12.00% | 12.10% | 0.13% | 12.05% | 12.00% |
| 1-Aug-21 | 12.05% | 12.15% | 0.05% | 12.10% | 12.10% |
| 1-Oct-22 | 12.10% | 12.20% | 0.05% | 12.15% | 12.15% |
| 1-Sep-23 | 12.25% | 12.35% | 0.15% | 12.30% | 12.30% |
| 1-Jan-24 | 12.35% | 12.50% | 0.13% | 12.43% | 12.40% |
| 15-Mar-25 | 12.50% | 12.60% | 0.13% | 12.55% | 12.50% |
| 1-Jun-26 | 12.75% | 12.80% | 0.23% | 12.78% | 12.70% |
| 1-Sep-28 | 12.85% | 12.90% | 0.10% | 12.88% | 12.83% |
| 1-May-29 | 12.90% | 12.95% | 0.05% | 12.93% | 12.85% |
| 15-May-30 | 12.90% | 13.00% | 0.03% | 12.95% | 12.93% |
| 1-Jan-32 | 12.98% | 13.08% | 0.08% | 13.03% | 13.03% |
| 1-Jan-34 | 13.03% | 13.13% | 0.05% | 13.08% | 13.08% |
| 15-Mar-35 | 13.08% | 13.23% | 0.08% | 13.16% | 13.16% |
| 1-Jan-41 | 13.23% | 13.38% | 0.15% | 13.31% | 13.31% |
| 1-Jun-44 | 13.33% | 13.48% | 0.10% | 13.41% | 13.41% |
| 1-Mar-45 | 13.43% | 13.58% | 0.10% | 13.51% | 13.51% |

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| Market Liquidity | 16-May-16 | 17-May-16 | 18-May-16 | 19-May-16 | 20-May-16 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Standing Deposit Facility(Bn) | 9.194 | 9.826 | 9.813 | 9.230 | 14.520 |
| Standing Lending Facility(Bn) | (5.157) | (5.143) | (4.676) | (3.397) | (3.165) |
| Repo/Reverse Repo Auction (Bn) | - | - | - | - | - |
| Market Liquidity (Bn) | 4.037 | 4.683 | 5.137 | 5.833 | 11.355 |
| CBSL Holdings: (Bn) | 221.301 | 221.322 | 220.911 | 219.693 | 219.515 |

| Overnight Money Market | 16-May-16 | 17-May-16 | 18-May-16 | 19-May-16 | 20-May-16 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Repo | | | | | |
| W. A. Repo Rate: | 8.00% | 8.00% | 8.01% | 8.02% | 7.99% |
| Gross Amount:(LKR Bn) | 40.05 | 39.45 | 34.38 | 33.50 | 54.37 |
| Call Money | | | | | |
| W. A. Money Rate: | 8.15% | 8.15% | 8.15% | 8.15% | 8.15% |
| Gross Amount:(LKR Bn) | 19.09 | 19.36 | 22.68 | 18.97 | 21.05 |



| U.S. \$ Yield | 16-May-16 | 17-May-16 | 18-May-16 | 19-May-16 | 20-May-16 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| U.S. 10 Year Yield | 1.717% | 1.757% | 1.786% | 1.873% | 1.858% |
| Sri Lanka Int Sovereign Yield 2025 | 7.405% | 7.382% | 7.392% | 7.597% | 7.535% |

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|-----------------------------|-----------|-----------|------------------------|-----------|-------------|
| Spot Opening : | 143.90/50 | 143.90/50 | 143.90/50 | 143.90/50 | 143.90/50 |
| Spot Closing : | 143.90/50 | 143.90/50 | 143.90/50 | 143.90/50 | 143.90/50 |
| Spot Next | 146.80/95 | | | | |
| Forex Volumes (19-May-2016) | USD (Mn) | Average | Colombo Stock Exchange | | |
| Cash | 22.00 | 145.6636 | | ASPI | S & P SL 20 |
| TOM | 11.50 | 145.6643 | Index | 6,633.27 | 3,454.64 |
| Spot | 7.50 | 145.7500 | Weekly Return % | -0.70% | -1.57% |
| Forwards | 60.00 | | | | |
| Total | 101.00 | | | | |

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