

Report Date: 25<sup>th</sup> May 2016 (SL Time 06.00pm)

### Market Report

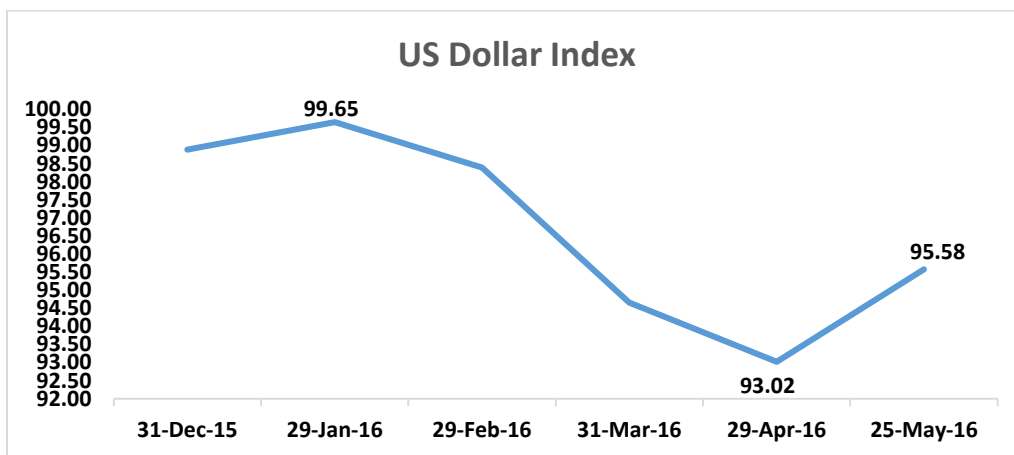
The bond market yields were kept in check as resistance were seen mainly on the 2026 & 2030 maturities around 13.00%. The liquid 10year maturity recorded an intra-day high of 13.00% before closing at 12.98% while the 15<sup>th</sup> May 2030 maturity was exchanged between 12.95%- 13.00%.

At this week's bill auction the yield for 3months moved up by 5bps to 8.71% while the 6months rose sharply by 27bps to 9.67%. CBSL refrained from taking 12months from the auction and accepted more than Rs 21bn from the 6months maturity.

The Colombo All Share Price Index recovered from a one week low posting a 0.20% gain to close at 6583.49points as gains in the Power, Motors and Telecoms sectors led shares higher. Rising stocks outnumbered declining ones by 87 to 82 and 53 ended unchanged.

### Economic News

- Sri Lanka is in the process of borrowing up to \$3.5 billion from foreign sources via syndicated loans, sovereign bonds, and sukuk, the country's finance minister said on Wednesday.
- Tea production in Sri Lanka for April saw a considerable decline to 26.47 million kilogrammes, compared to 31.62 M/kg year-on year, data from Ceylon Tea Brokers PLC showed. Production for the first 4 months of 2016 declined to 96.84 M/kg compared to 110.98 M/kg yoy.(dailymirror.lk)
- The dollar held steady at two-month highs against the other major currencies on Wednesday, as expectations for a June rate hike in the U.S. continued to lend broad support to the greenback.(Reuters)

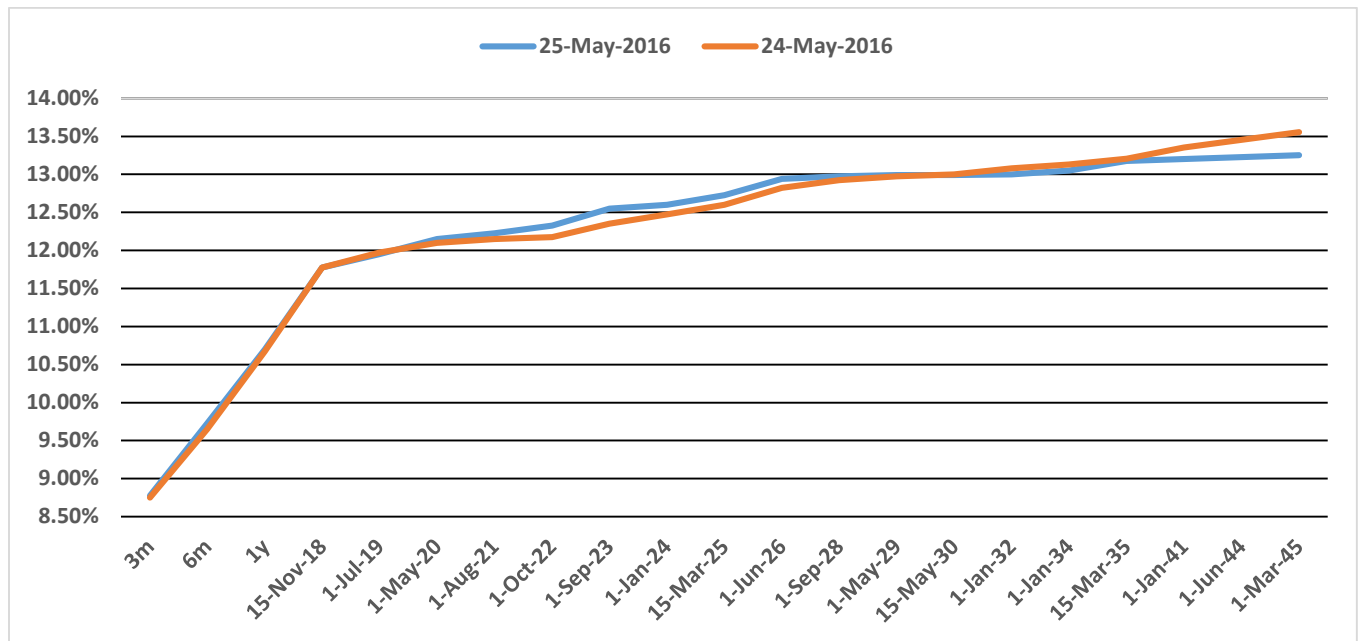


### Market Calendar

- Treasury Bond Auction (CBSL)- **26<sup>th</sup> May 2016** (Total Rs 45bn)  
(15<sup>th</sup> October 2018- 10bn, 15<sup>th</sup> October 2021- 15bn, 01<sup>st</sup> January 2024- 12bn, 01<sup>st</sup> June 2026- 8bn)

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## Sri Lanka Yield Curve

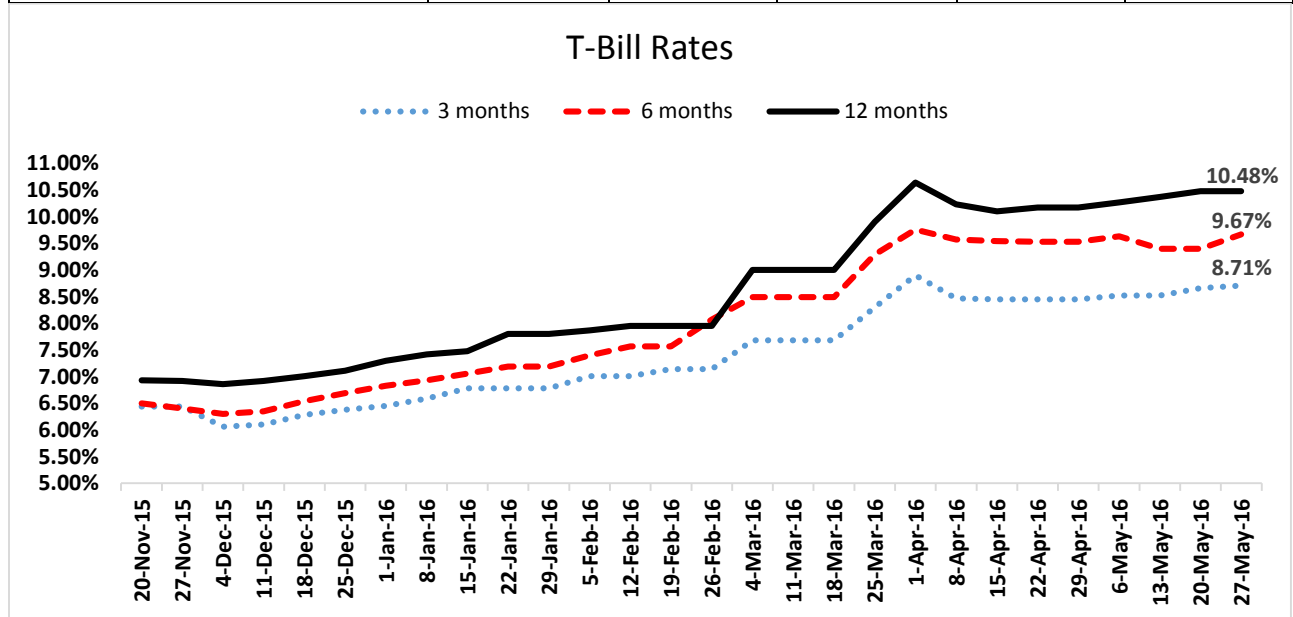


| <u>Maturity</u> | Offer % | Bid %  | GAP   | 25-May-2016 | 24-May-2016 |
|-----------------|---------|--------|-------|-------------|-------------|
| 3m              | 8.70%   | 8.85%  |       | 8.78%       | 8.75%       |
| 6m              | 9.65%   | 9.80%  | 0.95% | 9.73%       | 9.65%       |
| 1y              | 10.65%  | 10.75% | 0.97% | 10.70%      | 10.68%      |
| 15-Nov-18       | 11.75%  | 11.80% | 1.08% | 11.78%      | 11.78%      |
| 1-Jul-19        | 11.90%  | 12.00% | 0.18% | 11.95%      | 11.98%      |
| 1-May-20        | 12.10%  | 12.20% | 0.20% | 12.15%      | 12.10%      |
| 1-Aug-21        | 12.15%  | 12.30% | 0.08% | 12.23%      | 12.15%      |
| 1-Oct-22        | 12.25%  | 12.40% | 0.10% | 12.33%      | 12.18%      |
| 1-Sep-23        | 12.45%  | 12.65% | 0.23% | 12.55%      | 12.35%      |
| 1-Jan-24        | 12.50%  | 12.70% | 0.05% | 12.60%      | 12.48%      |
| 15-Mar-25       | 12.65%  | 12.80% | 0.13% | 12.73%      | 12.60%      |
| 1-Jun-26        | 12.90%  | 12.98% | 0.22% | 12.94%      | 12.83%      |
| 1-Sep-28        | 12.95%  | 13.00% | 0.03% | 12.98%      | 12.93%      |
| 1-May-29        | 12.98%  | 13.00% | 0.02% | 12.99%      | 12.98%      |
| 15-May-30       | 12.98%  | 13.00% | 0.00% | 12.99%      | 13.00%      |
| 1-Jan-32        | 12.95%  | 13.05% | 0.01% | 13.00%      | 13.08%      |
| 1-Jan-34        | 13.00%  | 13.10% | 0.05% | 13.05%      | 13.13%      |
| 15-Mar-35       | 13.15%  | 13.20% | 0.13% | 13.18%      | 13.21%      |
| 1-Jan-41        | 13.15%  | 13.25% | 0.03% | 13.20%      | 13.36%      |
| 1-Jun-44        | 13.15%  | 13.30% | 0.03% | 13.23%      | 13.46%      |
| 1-Mar-45        | 13.15%  | 13.35% | 0.03% | 13.25%      | 13.56%      |

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| <b>Market Liquidity</b>        | <b>18-May-16</b> | <b>19-May-16</b> | <b>20-May-16</b> | <b>24-May-16</b> | <b>25-May-16</b> |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Standing Deposit Facility(Bn)  | 9.813            | 9.230            | 14.520           | 15.768           | 22.217           |
| Standing Lending Facility(Bn)  | (4.676)          | (3.397)          | (3.165)          | (9.441)          | (8.541)          |
| Repo/Reverse Repo Auction (Bn) | -                | -                | -                | -                | -                |
| Market Liquidity (Bn)          | 5.137            | 5.833            | 11.355           | 6.327            | 13.676           |
| <b>CBSL Holdings: (Bn)</b>     | <b>220.911</b>   | <b>219.693</b>   | <b>219.515</b>   | <b>226.043</b>   | <b>225.197</b>   |

| <b>Overnight Money Market</b> | <b>18-May-16</b> | <b>19-May-16</b> | <b>20-May-16</b> | <b>24-May-16</b> | <b>25-May-16</b> |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Repo</b>                   |                  |                  |                  |                  |                  |
| W. A. Repo Rate:              | 8.01%            | 8.02%            | 7.99%            | 8.00%            | 7.99%            |
| Gross Amount:( LKR Bn)        | 34.38            | 33.50            | 54.37            | 46.21            | 53.45            |
| <b>Call Money</b>             |                  |                  |                  |                  |                  |
| W. A. Money Rate:             | 8.15%            | 8.15%            | 8.15%            | 8.15%            | 8.15%            |
| Gross Amount:( LKR Bn)        | 22.68            | 18.97            | 21.05            | 19.28            | 16.44            |



| <b>U.S. \$ Yield</b>               | <b>18-May-16</b> | <b>19-May-16</b> | <b>20-May-16</b> | <b>24-May-16</b> | <b>25-May-16</b> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| U.S. 10 Year Yield                 | 1.786%           | 1.873%           | 1.858%           | 1.842%           | 1.866%           |
| Sri Lanka Int Sovereign Yield 2025 | 7.392%           | 7.597%           | 7.535%           | 7.532%           | 7.537%           |

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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 147.00/15

Forex Volumes (24-May-2016) USD (Mn) Average Colombo Stock Exchange

|          |       |          |                |          |             |
|----------|-------|----------|----------------|----------|-------------|
| Cash     | 6.00  | 145.6913 |                | ASPI     | S & P SL 20 |
| TOM      | 2.00  | 145.7300 | Index          | 6,583.49 | 3,446.48    |
| Spot     | 14.00 | 145.7500 | Daily Return % | 0.20%    | 0.09%       |
| Forwards | 36.25 |          |                |          |             |
| Total    | 58.25 |          |                |          |             |

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