

Report Date: 05th May 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields rose for the first time in last three trading session as local investors remained on the selling side realizing profits from the recent market rally. At the close of trading the liquid 10year maturity 01st June 2026 was quoted as 11.75/85 a 10bps increase from yesterdays close while the 01st Sep 2028 moved up by 5bps to 12.15%.

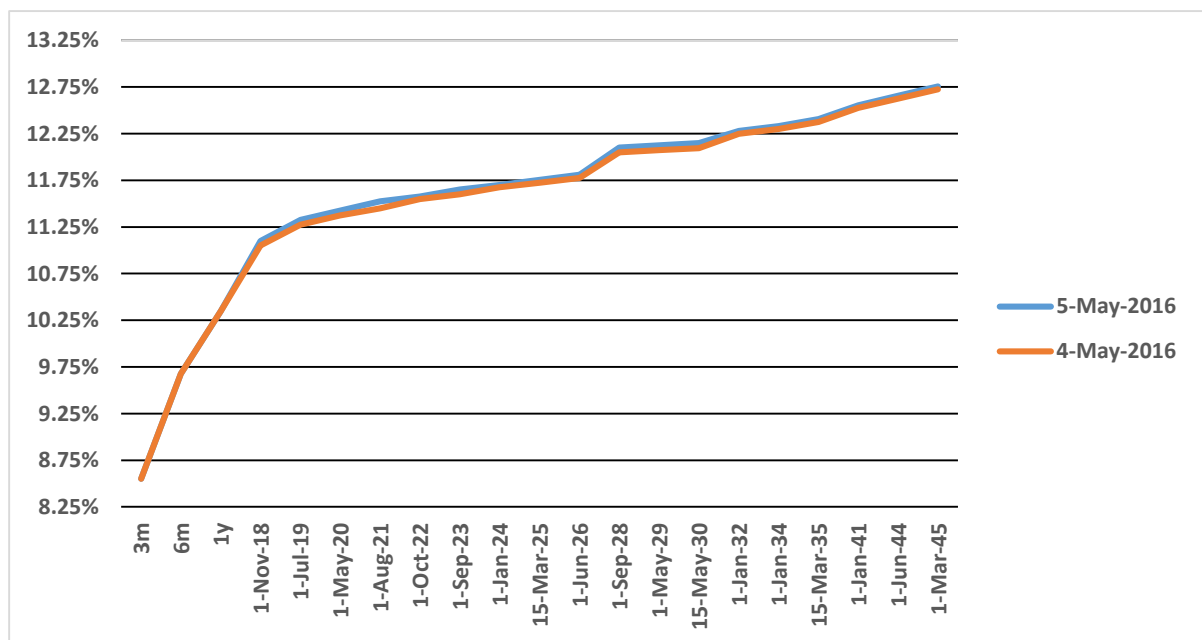
In the overnight money market the repo & call money were exchanged at an average of 8.01% & 8.15% respectively. The market liquidity recorded a deficit figure of Rs 12.7bn. CBSL continued with its open market operations (OMO) by infusing Rs10bn worth of money through a Reverse Repo auction at the rate of 7.97%.

Sri Lanka stocks ended higher on Thursday, as gains in the Telecom, Information Technology and Diversified Holdings led the market higher. At the close the All Share Price Index rose by 0.14% to 6578.34points. The market turnover recorded Rs 708mn with a net foreign inflow of Rs 116mn.

Local Market News

- The Cabinet of Ministers have approved a proposal made by Finance Minister Ravi Karunanayake to instruct the Legal Draftsman to redraft the Inland Revenue Act according to international standards improving clarity and transparency. (www.lbo.lk)
- The executive members of the Turkey Sri Lanka Business Council of the Foreign Economic Relations Board of Turkey is expected to visit Sri Lanka from 8th to 11th of May to sign a MoU with the Ceylon Chamber of Commerce to facilitate trade, investment and tourism between the two countries, and to explore investment opportunities in Sri Lanka.
- Sri Lanka will host the Annual Congress of the National Union of Travel Agents in France (SNAV) that represent about 1,300 travel related entrepreneurs of France in Colombo from 31st October to 02nd November 2016.

Sri Lanka Yield Curve



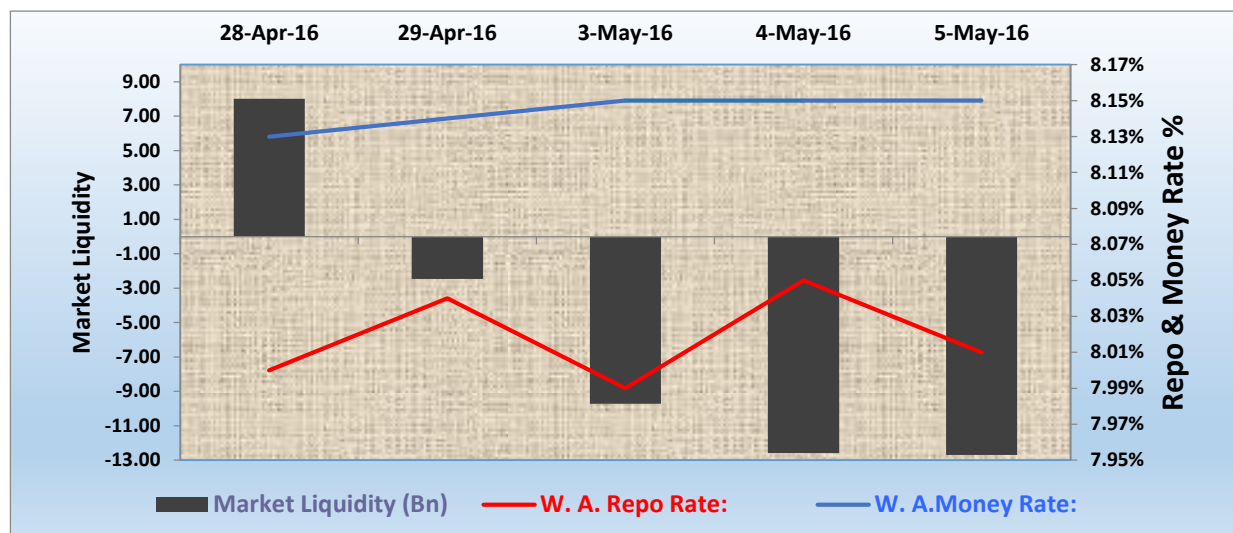
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<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>5-May-2016</u>	<u>4-May-2016</u>
3m	8.45%	8.65%		8.55%	8.55%
6m	9.60%	9.75%	1.13%	9.68%	9.68%
1y	10.25%	10.45%	0.67%	10.35%	10.35%
1-Nov-18	11.05%	11.15%	0.75%	11.10%	11.05%
1-Jul-19	11.30%	11.35%	0.23%	11.33%	11.28%
1-May-20	11.40%	11.45%	0.10%	11.43%	11.38%
1-Aug-21	11.45%	11.60%	0.10%	11.53%	11.45%
1-Oct-22	11.50%	11.65%	0.05%	11.58%	11.55%
1-Sep-23	11.60%	11.70%	0.08%	11.65%	11.60%
1-Jan-24	11.65%	11.75%	0.05%	11.70%	11.68%
15-Mar-25	11.73%	11.78%	0.06%	11.76%	11.73%
1-Jun-26	11.77%	11.85%	0.05%	11.81%	11.78%
1-Sep-28	12.05%	12.15%	0.29%	12.10%	12.05%
1-May-29	12.10%	12.15%	0.03%	12.13%	12.08%
15-May-30	12.10%	12.20%	0.03%	12.15%	12.10%
1-Jan-32	12.23%	12.33%	0.13%	12.28%	12.25%
1-Jan-34	12.28%	12.38%	0.05%	12.33%	12.30%
15-Mar-35	12.33%	12.48%	0.08%	12.41%	12.38%
1-Jan-41	12.48%	12.63%	0.15%	12.56%	12.53%
1-Jun-44	12.58%	12.73%	0.10%	12.66%	12.63%
1-Mar-45	12.68%	12.83%	0.10%	12.76%	12.73%

<u>Market Liquidity</u>	<u>28-Apr-16</u>	<u>29-Apr-16</u>	<u>3-May-16</u>	<u>4-May-16</u>	<u>5-May-16</u>
Standing Deposit Facility(Bn)	15.801	29.098	10.235	11.128	15.037
Standing Lending Facility(Bn)	(7.786)	(31.556)	(9.948)	(13.717)	(17.737)
Repo/Reverse Repo Auction (Bn)	-	-	(10.000)	(10.000)	(10.000)
Market Liquidity (Bn)	8.015	(2.458)	(9.713)	(12.589)	(12.700)
<u>CBSL Holdings: (Bn)</u>	230.574	239.314	227.936	231.765	235.839

<u>Overnight Money Market</u>	<u>28-Apr-16</u>	<u>29-Apr-16</u>	<u>3-May-16</u>	<u>4-May-16</u>	<u>5-May-16</u>
Repo					
W. A. Repo Rate:	8.00%	8.04%	7.99%	8.05%	8.01%
Gross Amount:(LKR Bn)	31.50	17.71	29.76	22.00	24.42
Call Money					
W. A. Money Rate:	8.13%	8.14%	8.15%	8.15%	8.15%
Gross Amount:(LKR Bn)	23.17	10.12	16.15	16.59	10.28

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<u>U.S. \$ Yield</u>	28-Apr-16	29-Apr-16	3-May-16	4-May-16	5-May-16
U.S. 10 Year Yield	1.831%	1.844%	1.809%	1.798%	1.793%
Sri Lanka Int Sovereign Yield 2025	7.089%	7.087%	7.313%	7.406%	7.424%
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	146.15/25				
Forex Volumes (04-May-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	15.00	145.6740		ASPI	S & P SL 20
TOM	-	-	Index	6,578.34	3,475.03
Spot	0.25	145.7300	Day return %	0.14%	0.03%
Forwards	37.50				
Total	52.75				

(Sources: Bloomberg, , cbsl.gov.lk)

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