Perpetual Treasuries Limited
For all your astute investments
Central Bank Appointed Primary Dealer

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Report Date: 13th June 2016 (SL Time 06.00pm)

Market Report

The new trading week started with yields moving up across the maturity on thin volume as local investors remained on the selling side mainly on 01st Jan 2024 and 01st June 2026 maturities. Accordingly these maturities recorded an intraday high of 12.40% & 12.50% respectively. On the short end of the yield curve the 15th Oct 2018 maturity was quoted as 11.35/11.45.

Foreign investors remained net buyers during the week ended 08th June 2016 with total foreign holding on government securities increasing by Rs 8bn to Rs 238bn.(Approx. $1.64bn)

In the overnight money market total Rs 47bn worth of repo and call money were exchanged at an average of 8.05% & 8.18% respectively. The overall market liquidity recorded a deficit figure of Rs 7.9bn as CBSL infused Rs 15bn in to the system at an average rate of 7.99%.

The Colombo Stock Exchange All Share Price Index rose by 0.12% to close at 6538.25points as gains in the Diversified Holdings, Services and Manufacturing sectors led shares higher. The market turnover recorded Rs 608mn. Foreign investors remained net sellers with a net outflow of Rs 111mn.

Economic News

- Sri Lanka's official reserves at the end of May 2016 amounted to US dollars 5.6 billion down by $450mn compared to April 2016. The CBSL purchased net $ 87mn from the secondary market transactions.
- China's foreign direct investment (FDI) rose 3.8% in January-May from a year earlier to 343.55 billion yuan ($54.19 billion), the Commerce Ministry said on Sunday.
- The British pound and the Euro fell to their lowest level since 2013 against the yen on worries a UK referendum later this month could pull Britain out of the European Union, possibly disrupting European political and economic affairs.

Market Calendar

- T-Bill auction (CBSL) -**15th June 2016 (Total offered- Rs 30bn, Amount maturing- Rs 30.54bn)** (91days- 11bn, 182days-11bn, 364days- 8bn)
- U.S Fed Interest Rate Decision- **15th June 2016**
- United Kingdom Interest Rate Decision for the month of June 2016- **16th June 2016**

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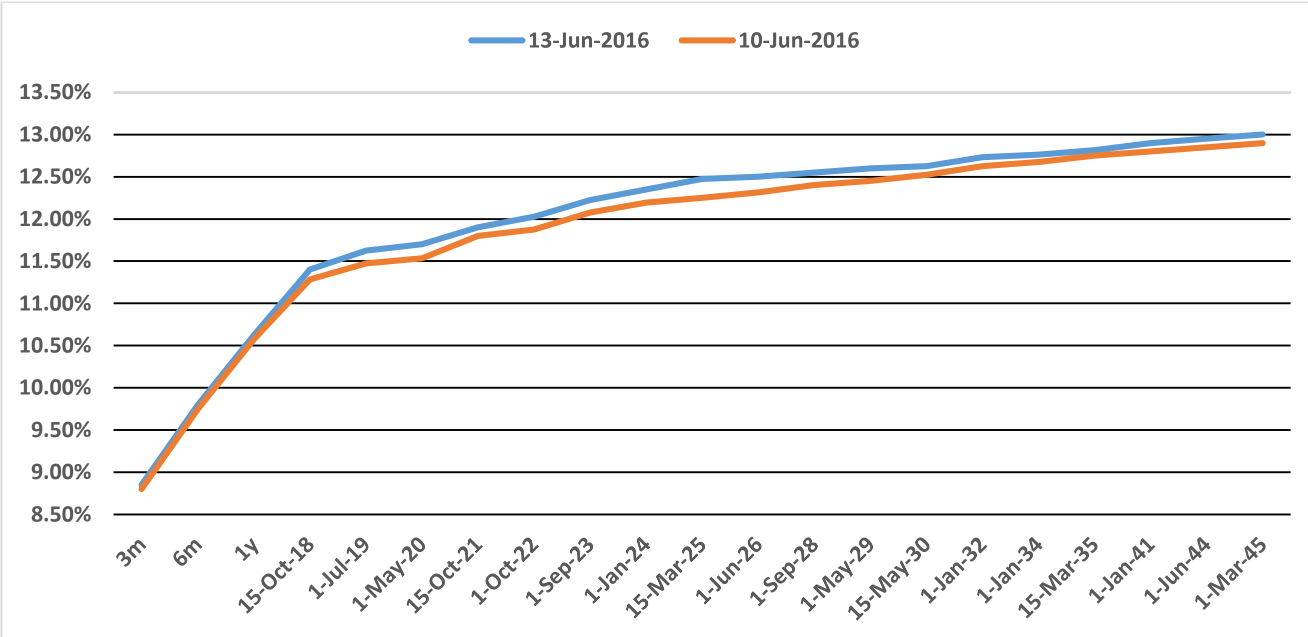
Sri Lanka Yield Curve



Maturity	Offer %	Bid %	GAP	13-Jun-2016	10-Jun-2016
3m	8.80%	8.90%		8.85%	8.80%
6m	9.70%	9.90%	0.95%	9.80%	9.75%
1y	10.55%	10.70%	0.82%	10.63%	10.58%
15-Oct-18	11.35%	11.45%	0.78%	11.40%	11.29%
1-Jul-19	11.55%	11.70%	0.23%	11.63%	11.48%
1-May-20	11.65%	11.75%	0.07%	11.70%	11.54%
15-Oct-21	11.85%	11.95%	0.20%	11.90%	11.80%
1-Oct-22	11.95%	12.10%	0.13%	12.03%	11.88%
1-Sep-23	12.15%	12.30%	0.20%	12.23%	12.08%
1-Jan-24	12.30%	12.40%	0.13%	12.35%	12.20%
15-Mar-25	12.45%	12.50%	0.13%	12.48%	12.25%
1-Jun-26	12.45%	12.55%	0.03%	12.50%	12.32%
1-Sep-28	12.50%	12.60%	0.05%	12.55%	12.40%
1-May-29	12.55%	12.65%	0.05%	12.60%	12.45%
15-May-30	12.55%	12.70%	0.03%	12.63%	12.53%
1-Jan-32	12.58%	12.88%	0.11%	12.73%	12.63%
1-Jan-34	12.60%	12.92%	0.03%	12.76%	12.68%
15-Mar-35	12.65%	12.98%	0.05%	12.82%	12.75%
1-Jan-41	12.75%	13.05%	0.09%	12.90%	12.80%
1-Jun-44	12.80%	13.10%	0.05%	12.95%	12.85%
1-Mar-45	12.85%	13.15%	0.05%	13.00%	12.90%

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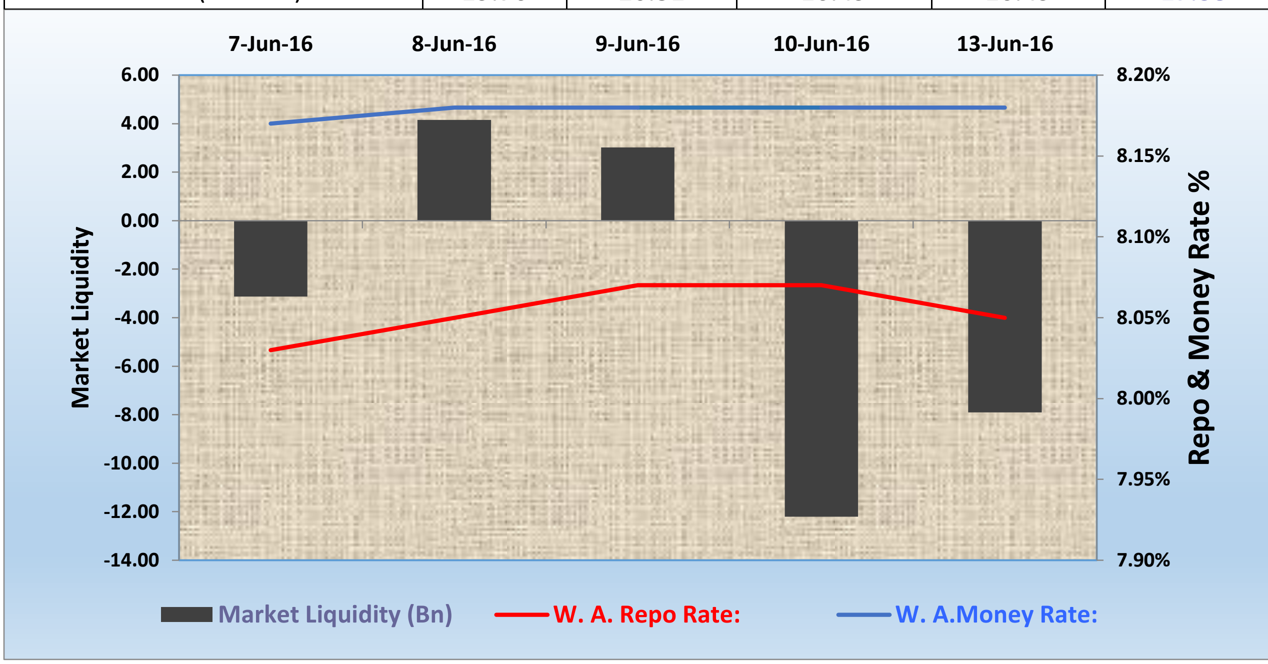
Market Liquidity	7-Jun-16	8-Jun-16	9-Jun-16	10-Jun-16	13-Jun-16
Standing Deposit Facility(Bn)	35.475	35.786	35.985	22.387	**25.435**
Standing Lending Facility(Bn)	(28.606)	(21.636)	(27.962)	(19.597)	**(18.345)**
Repo/Reverse Repo Auction (Bn)	(10.000)	(10.000)	(5.000)	(15.000)	**(15.000)**
Market Liquidity (Bn)	(3.131)	4.150	3.023	(12.210)	**(7.910)**
CBSL Holdings: (Bn)	**255.870**	**248.960**	**250.338**	**251.839**	**255.111**

Overnight Money Market	**8-Jun-16**	**9-Jun-16**	**10-Jun-16**	**10-Jun-16**	**13-Jun-16**
Repo					
W. A. Repo Rate:	**8.03%**	**8.05%**	**8.07%**	**8.07%**	**8.05%**
Gross Amount:(LKR Bn)	**42.30**	**32.31**	**25.24**	**25.24**	**30.42**
Call Money					
W. A.Money Rate:	**8.17%**	**8.18%**	**8.18%**	**8.18%**	**8.18%**
Gross Amount:(LKR Bn)	**19.76**	**20.51**	**16.49**	**16.49**	**17.38**



U.S. $ Yield	**7-Jun-16**	**8-Jun-16**	**9-Jun-16**	**10-Jun-16**	**13-Jun-16**
U.S. 10 Year Yield	**1.732%**	**1.716%**	**1.675%**	**1.673%**	**1.627%**
Sri Lanka Int Sovereign Yield 2025	**7.152%**	**7.081%**	**7.077%**	**7.077%**	**7.086%**

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Spot Opening :	**143.90/50**	**143.90/50**	**145.50/60**	**144.70/00**	**144.50/60**
Spot Closing :	**143.90/50**	**143.90/50**	**145.50/60**	**144.70/00**	**144.50/60**
Spot Next	**144.60/70**				
Forex Volumes (10-Jun-2016)	**USD (Mn)**	**Average**	**Colombo Stock Exchange**		
Cash	**8.50**	**145.1076**		**ASPI**	**S & P SL 20**
TOM	**-**	**-**	**Index**	**6,538.25**	**3,441.48**
Spot	**14.50**	**145.0131**	**Day Return %**	**0.12%**	**0.52%**
Forwards	**34.50**				
Total	**57.50**