

Report Date: 16th June 2016 (SL Time 06.00pm)

Market Report

During the day's trading activities the market yields edged up on thin volume as local investors continued to remain on the sideline. The foreign investors were on the buying side mainly on the 2018, 2019 & 2020 maturities. At the close of trading the traders' favorite maturities 01st Jan 2024 and 01st June 2026 was quoted as 12.40/12.50 & 12.60/12.65 respectively.

In the overnight money market repo and call money were exchanged at an average of 8.07% & 8.17% respectively. The market liquidity recorded a deficit figure of Rs 8.07bn with CBSL holding on government securities declining by 9bn to Rs 249.17bn.

The Colombo All Share Price Index declined by 1% to 6435.77points while the S&P SL 20 lost 41.62points to close at 3385.06. Falling stocks outnumbered advancing ones by 134 to 51 and 42 ended unchanged. The overall market turnover recorded only Rs 325.90mn.

Economic News

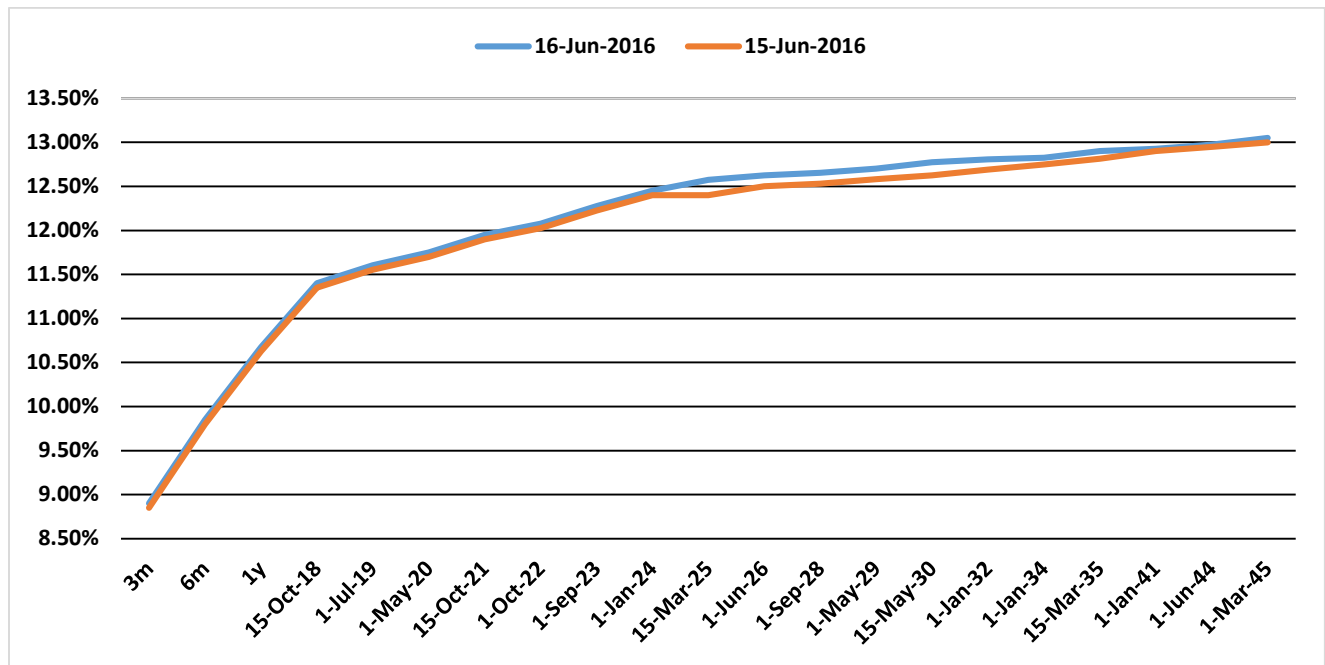
- Sri Lanka's Board of Investment said they entered into 37 new investment agreements during the period of April to May 2016 with a total estimated investment of \$579mn that will generate 6,000 direct employments opportunities.
- Sri Lanka's economy grew at a positive rate of 5.5 percent during the first quarter of this year, the Census and Statistics Department said on Wednesday releasing the GDP Summary Indicators for the 1st Quarter 2016.
- The Federal Reserve, as expected, held short-term interest rates steady on Wednesday afternoon, leaving rates unchanged for the fourth consecutive meeting since their historic rate hike last December. Citing a slowing labor market and subdued inflation, the Federal Open Market Committee (FOMC) left the target range on its benchmark Federal Funds Rate unchanged at a level between 0.25 and 0.50%.

Market Calendar

- United Kingdom Interest Rate Decision for the month of June 2016- **16th June 2016**
- Brexit Referendum -**23rd June 2016**

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Sri Lanka Yield Curve

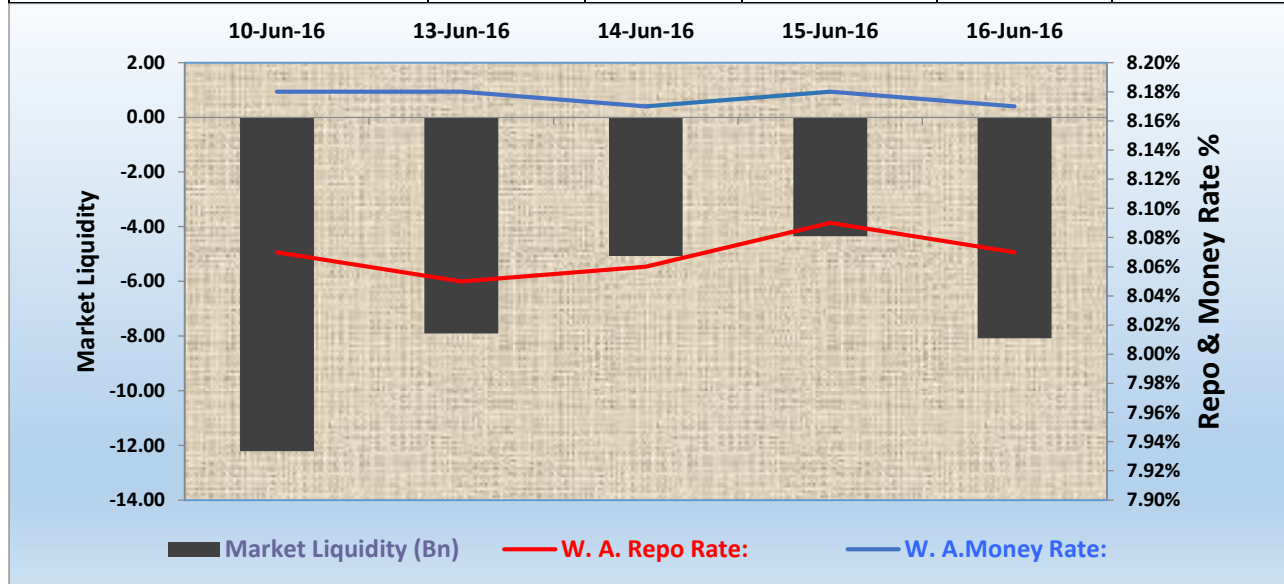


Maturity	Offer %	Bid %	GAP	16-Jun-2016	15-Jun-2016
3m	8.85%	8.95%		8.90%	8.85%
6m	9.75%	9.95%	0.95%	9.85%	9.80%
1y	10.60%	10.75%	0.82%	10.68%	10.63%
15-Oct-18	11.35%	11.45%	0.73%	11.40%	11.35%
1-Jul-19	11.53%	11.68%	0.21%	11.61%	11.56%
1-May-20	11.70%	11.80%	0.14%	11.75%	11.70%
15-Oct-21	11.90%	12.00%	0.20%	11.95%	11.90%
1-Oct-22	12.00%	12.15%	0.13%	12.08%	12.03%
1-Sep-23	12.20%	12.35%	0.20%	12.28%	12.23%
1-Jan-24	12.40%	12.50%	0.18%	12.45%	12.40%
15-Mar-25	12.55%	12.60%	0.13%	12.58%	12.40%
1-Jun-26	12.60%	12.65%	0.05%	12.63%	12.50%
1-Sep-28	12.63%	12.68%	0.03%	12.66%	12.53%
1-May-29	12.65%	12.75%	0.05%	12.70%	12.58%
15-May-30	12.70%	12.85%	0.08%	12.78%	12.63%
1-Jan-32	12.73%	12.88%	0.03%	12.81%	12.69%
1-Jan-34	12.75%	12.90%	0.02%	12.83%	12.75%
15-Mar-35	12.80%	13.00%	0.08%	12.90%	12.82%
1-Jan-41	12.80%	13.05%	0.03%	12.93%	12.90%
1-Jun-44	12.85%	13.10%	0.05%	12.98%	12.95%
1-Mar-45	12.90%	13.20%	0.08%	13.05%	13.00%

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Market Liquidity	10-Jun-16	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16
Standing Deposit Facility(Bn)	22.387	25.435	27.695	32.852	19.333
Standing Lending Facility(Bn)	(19.597)	(18.345)	(27.766)	(32.202)	(22.410)
Repo/Reverse Repo Auction (Bn)	(15.000)	(15.000)	(5.000)	(5.000)	(5.000)
Market Liquidity (Bn)	(12.210)	(7.910)	(5.071)	(4.350)	(8.077)
<u>CBSL Holdings: (Bn)</u>	251.839	255.111	250.241	258.968	249.176

Overnight Money Market	10-Jun-16	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16
Repo					
W. A. Repo Rate:	8.07%	8.05%	8.06%	8.09%	8.07%
Gross Amount:(LKR Bn)	25.24	30.42	24.92	19.97	26.30
Call Money					
W. A. Money Rate:	8.18%	8.18%	8.17%	8.18%	8.17%
Gross Amount:(LKR Bn)	16.49	17.38	20.59	18.11	16.13



U.S. \$ Yield	10-Jun-16	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16
U.S. 10 Year Yield	1.673%	1.627%	1.582%	1.632%	1.567%
Sri Lanka Int Sovereign Yield 2025	7.077%	7.086%	7.094%	7.126%	7.124%

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Spot Opening :	144.70/00	144.50/60	144.75/90	144.75/90	144.50/00
Spot Closing :	144.70/00	144.50/60	144.80/90	144.80/90	144.50/00

Spot Next 144.90/40

Forex Volumes (15-Jun-2016) **USD (Mn)** **Average** **Colombo Stock Exchange**

Cash	9.00	144.7000		ASPI	S & P SL 20
TOM	11.00	144.7245	Index	6,435.77	3,385.06
Spot	19.00	144.7500	Day Return %	-1.00%	-1.21%
Forwards	36.70				
Total	75.70				

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