

Report Date: 17th June 2016 (SL Time 06.00pm)

Market Report

The secondary bond market activities remained at a subdued level as less interest was shown by local participants. At the close of trading the liquid 10year maturity was quoted as 12.60/12.70 while on the short end of the yield curve 15th Oct 2018 ended at 11.45%.

Foreign investors remained net buyers for the week with a net foreign inflow of Rs 6.67bn taking the overall foreign holding on government securities to Rs 245.038bn.

The market liquidity recorded a deficit figure of Rs 13.35bn with overnight repo and call money being exchanged at an average of 8.07% & 8.18% respectively. The CBSL infused Rs 10bn worth of money to the system through a Reverse Repo auction at an average rate of 7.99%.

The Colombo All Share Price Index rebounded from a 1month low on thin volume to close at 6465.99 points gaining 0.47% for the day. Rising stocks outnumbered declining ones on by 133 to 49 and 39 ended unchanged. The market turnover for the day was around Rs 261mn with a net foreign outflow of Rs 45mn.

Economic News

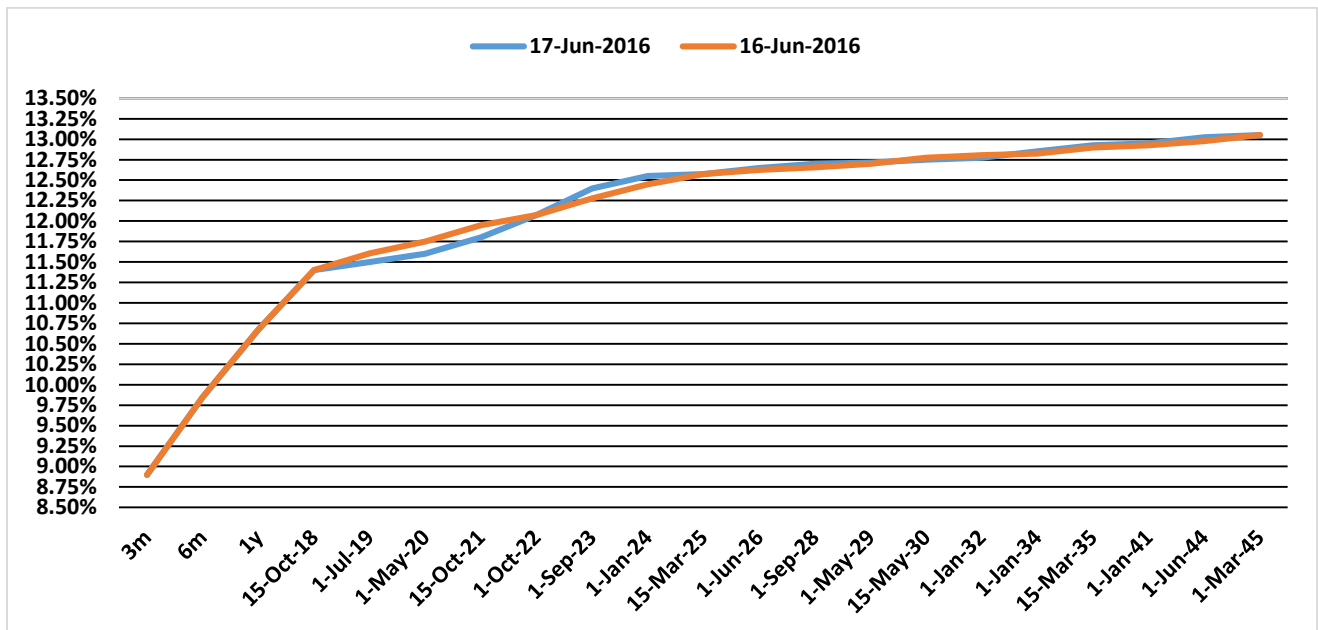
- The European Union (EU) has completely lifted the ban on fisheries exports from Sri Lanka, the Government Information Department said yesterday. Sri Lanka was one of the biggest exporters to the EU of high value fishery products such as fresh and chilled swordfish, tuna and tuna-like species.
- Global bonds rallied sharply this week, with yields on Japanese and German 10-year government bonds dropping deeper into negative territory on Thursday, as worries about a potential exit by the U.K. from the European Union left investors scrambling for safe haven assets.
- The dollar slipped lower against the euro and held steady near 22-month lows against the yen on Friday, as down beat U.S. data, as well as the Federal Reserve and the Bank of Japan's decision to leave monetary policies unchanged continued to weigh on the greenback.

Market Calendar

- T-Bill auction (CBSL)- **22nd June 2016** (Total offered-Rs 29bn, Maturity- Rs 29.35bn) (91days-10.5bn, 182days-10.5bn, 364days-8bn)
- Sri Lanka Development Bond auction- **21st June -27th June 2016** (\$ 250mn)
- Brexit Referendum -**23rd June 2016**

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Sri Lanka Yield Curve

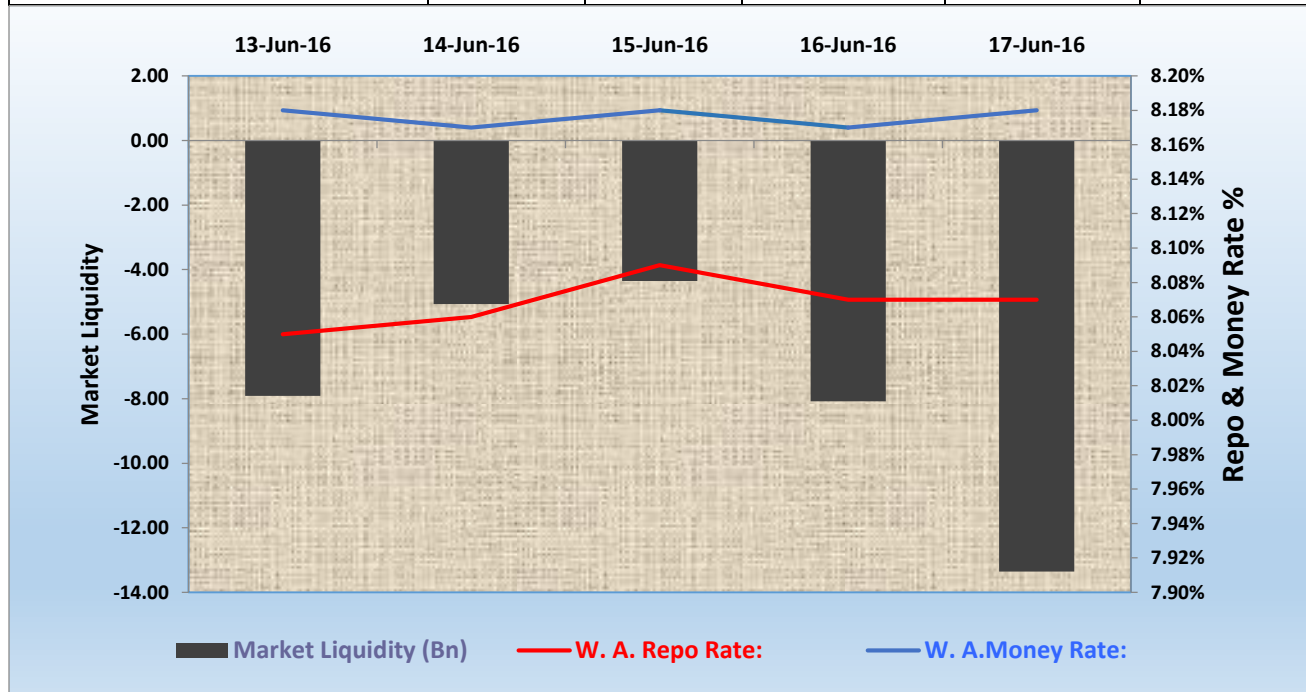


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>17-Jun-2016</u>	<u>16-Jun-2016</u>
3m	8.85%	8.95%		8.90%	8.90%
6m	9.75%	9.95%	0.95%	9.85%	9.85%
1y	10.60%	10.75%	0.82%	10.68%	10.68%
15-Oct-18	11.35%	11.45%	0.73%	11.40%	11.40%
1-Jul-19	11.45%	11.55%	0.10%	11.50%	11.61%
1-May-20	11.55%	11.65%	0.10%	11.60%	11.75%
15-Oct-21	11.75%	11.85%	0.20%	11.80%	11.95%
1-Oct-22	12.00%	12.15%	0.28%	12.08%	12.08%
1-Sep-23	12.35%	12.45%	0.33%	12.40%	12.28%
1-Jan-24	12.50%	12.60%	0.15%	12.55%	12.45%
15-Mar-25	12.55%	12.60%	0.03%	12.58%	12.58%
1-Jun-26	12.60%	12.70%	0.08%	12.65%	12.63%
1-Sep-28	12.65%	12.75%	0.05%	12.70%	12.66%
1-May-29	12.68%	12.75%	0.01%	12.72%	12.70%
15-May-30	12.70%	12.80%	0.04%	12.75%	12.78%
1-Jan-32	12.75%	12.80%	0.03%	12.78%	12.81%
1-Jan-34	12.80%	12.90%	0.08%	12.85%	12.83%
15-Mar-35	12.85%	13.00%	0.08%	12.93%	12.90%
1-Jan-41	12.90%	13.00%	0.03%	12.95%	12.93%
1-Jun-44	12.95%	13.10%	0.08%	13.03%	12.98%
1-Mar-45	13.00%	13.10%	0.03%	13.05%	13.05%

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Market Liquidity	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16
Standing Deposit Facility(Bn)	25.435	27.695	32.852	19.333	12.997
Standing Lending Facility(Bn)	(18.345)	(27.766)	(32.202)	(22.410)	(16.351)
Repo/Reverse Repo Auction (Bn)	(15.000)	(5.000)	(5.000)	(5.000)	(10.000)
Market Liquidity (Bn)	(7.910)	(5.071)	(4.350)	(8.077)	(13.354)
CBSL Holdings: (Bn)	255.111	250.241	258.968	249.176	231.724

Overnight Money Market	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16
Repo					
W. A. Repo Rate:	8.05%	8.06%	8.09%	8.07%	8.07%
Gross Amount:(LKR Bn)	30.42	24.92	19.97	26.30	25.81
Call Money					
W. A. Money Rate:	8.18%	8.17%	8.18%	8.17%	8.18%
Gross Amount:(LKR Bn)	17.38	20.59	18.11	16.13	18.50



U.S. \$ Yield	13-Jun-16	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16
U.S. 10 Year Yield	1.627%	1.582%	1.632%	1.567%	1.603%
Sri Lanka Int Sovereign Yield 2025	7.086%	7.094%	7.126%	7.124%	7.172%

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Spot Opening :	144.50/60	144.75/90	144.75/90	144.50/00	144.50/00
Spot Closing :	144.50/60	144.80/90	144.80/90	144.50/00	144.50/00
Spot Next	144.80/50				
Forex Volumes (16-Jun-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	15.00	144.5680		ASPI	S & P SL 20
TOM	2.00	144.4190	Index	6,465.99	3,402.21
Spot	28.00	144.5893	Weekly Return %	-0.99%	-0.63%
Forwards	16.25				
Total	61.25				

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