

Report Date: 20th June 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields continued with the upward trend mainly driven by the 2024 & 2026 maturities. These maturities were quoted as 12.70/12.80 & 12.77/12.89 respectively. The market participation remained at a low level as investors were cautious ahead of the June monetary policy decision which will be released on the 26th June 2016.

The market liquidity recorded a deficit figure of Rs 31.29bn with overnight repo and call money being exchanged at an average rate of 8.07% & 8.18% respectively. CBSL continued with its OMO activities by infusing Rs 17bn through a reverse repo auction at an average of 7.96% while further Rs 19bn was accessed from the standing facility at the rate of 8.00%.

The Colombo All Share Price Index lost marginally by 0.08% to close at 6461.12points while the S&P SL20 gained 2.13points to 3404.34. The market turnover recorded Rs 382.61mn with a net foreign sale of Rs 137.80mn

Economic News

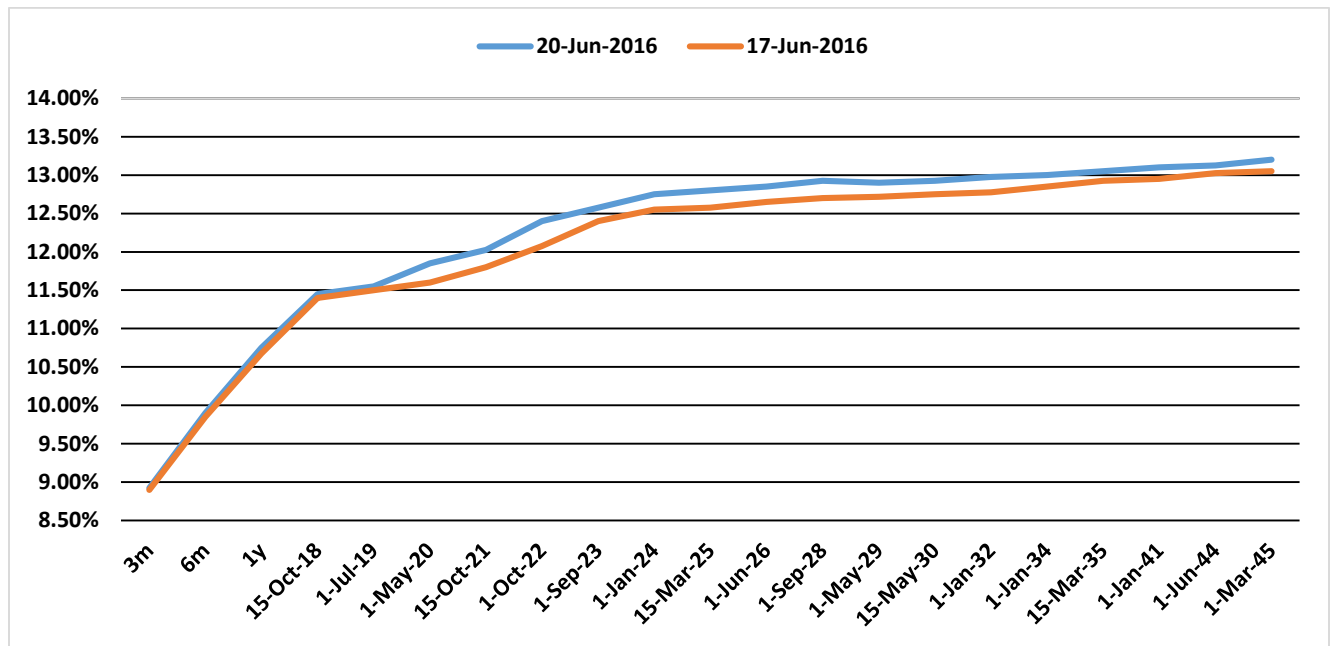
- The Vice Minister of Korea's Ministry of Land, Infrastructure and Transport will visit Sri Lanka from 19 to 21 June. He is being accompanied by high-level officials and a large business delegation comprising of both state-owned and private corporations representing the infrastructure sector, including Korea Expressway Corporation, Korea Land and Housing Corporation, and Korea Water Resources Corporation.
- The German economy had a good start to the second quarter and its upswing is likely to continue albeit at a slower pace than in the first three months of the year, the Finance Ministry said on Monday. Europe's largest economy grew 0.7% between January and March, its strongest quarterly rate in two years.
- Sterling rallied on Monday as opinion polls swung in favor of British voters opting to remain in the European Union at this week's referendum, underpinning risk sentiment and sending the perceived safe-haven yen tumbling.

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**
- Monetary Policy Decision (CBSL) - **24th June 2016 (06.00pm SL Time)**

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Sri Lanka Yield Curve

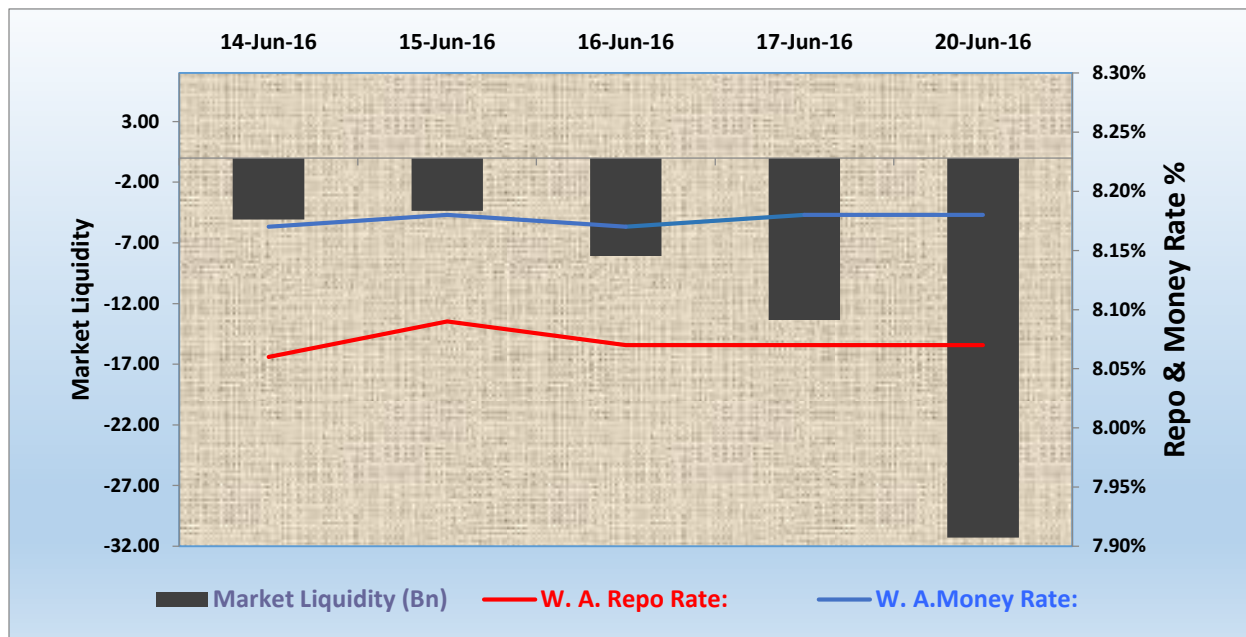


Maturity	Offer %	Bid %	GAP	20-Jun-2016	17-Jun-2016
3m	8.85%	9.00%		8.93%	8.90%
6m	9.80%	10.00%	0.98%	9.90%	9.85%
1y	10.60%	10.90%	0.85%	10.75%	10.68%
15-Oct-18	11.40%	11.50%	0.70%	11.45%	11.40%
1-Jul-19	11.50%	11.60%	0.10%	11.55%	11.50%
1-May-20	11.80%	11.90%	0.30%	11.85%	11.60%
15-Oct-21	11.95%	12.10%	0.18%	12.03%	11.80%
1-Oct-22	12.30%	12.50%	0.38%	12.40%	12.08%
1-Sep-23	12.50%	12.65%	0.18%	12.58%	12.40%
1-Jan-24	12.70%	12.80%	0.18%	12.75%	12.55%
15-Mar-25	12.75%	12.85%	0.05%	12.80%	12.58%
1-Jun-26	12.80%	12.90%	0.05%	12.85%	12.65%
1-Sep-28	12.90%	12.95%	0.08%	12.93%	12.70%
1-May-29	12.85%	12.95%	-0.03%	12.90%	12.72%
15-May-30	12.90%	12.95%	0.03%	12.93%	12.75%
1-Jan-32	12.95%	13.00%	0.05%	12.98%	12.78%
1-Jan-34	12.95%	13.05%	0.03%	13.00%	12.85%
15-Mar-35	13.00%	13.10%	0.05%	13.05%	12.93%
1-Jan-41	13.05%	13.15%	0.05%	13.10%	12.95%
1-Jun-44	13.05%	13.20%	0.03%	13.13%	13.03%
1-Mar-45	13.10%	13.30%	0.08%	13.20%	13.05%

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Market Liquidity	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16	20-Jun-16
Standing Deposit Facility(Bn)	27.695	32.852	19.333	12.997	4.850
Standing Lending Facility(Bn)	(27.766)	(32.202)	(22.410)	(16.351)	(19.062)
Repo/Reverse Repo Auction (Bn)	(5.000)	(5.000)	(5.000)	(10.000)	(17.083)
Market Liquidity (Bn)	(5.071)	(4.350)	(8.077)	(13.354)	(31.295)
CBSL Holdings: (Bn)	250.241	258.968	249.176	231.724	241.686

Overnight Money Market	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16	20-Jun-16
Repo					
W. A. Repo Rate:	8.06%	8.09%	8.07%	8.07%	8.07%
Gross Amount:(LKR Bn)	24.92	19.97	26.30	25.81	26.79
Call Money					
W. A. Money Rate:	8.17%	8.18%	8.17%	8.18%	8.18%
Gross Amount:(LKR Bn)	20.59	18.11	16.13	18.50	16.78



U.S. \$ Yield	14-Jun-16	15-Jun-16	16-Jun-16	17-Jun-16	20-Jun-16
U.S. 10 Year Yield	1.582%	1.632%	1.567%	1.603%	1.671%
Sri Lanka Int Sovereign Yield 2025	7.094%	7.126%	7.124%	7.172%	7.209%

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

Spot Next 144.75/25

Forex Volumes (17-Jun-2016)

USD (Mn)

Average

Colombo Stock Exchange

Cash	13.00	144.4196		ASPI	S & P SL 20
TOM	4.00	144.4650	Index	6,461.12	3,404.34
Spot	19.00	144.5000	Day Return %	-0.08%	0.06%
Forwards	25.00				
Total	61.00				

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