

**Report Date: 05<sup>th</sup> August 2016 (SL Time 06.00pm)**

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### **Market Report**

The secondary bond market yields declined across the board on Fridays trading activities as fresh round of buying was seen mainly by the local investors. At the close of trading the liquid 8year maturity 01<sup>st</sup> Aug 2024 was quoted 12.15/12.25 while the benchmark 10year maturity 01<sup>st</sup> Aug 2026 was exchanged between 12.44 to 12.59%. On the short end of the yield curve 3 year maturity was quoted as 11.48/11.52.

The overall market liquidity recorded a deficit figure of Rs 48bn as CBSL continued with its OMO operations by infusing Rs 48bn at an average rate of 8.30%. In the secondary market the overnight repo and call money were exchanged at an average rate of 8.55% & 8.40% respectively.

The Colombo All Share Price Index gained 1.93% for the week to close at 6517.13 points as gains in the Healthcare, Trading and Investment Trust sectors led shares higher. Foreign investors remained net buyers for the week with a net foreign inflow of Rs 798mn. The average market turnover for the week was around Rs 973mn.

### **Economic News**

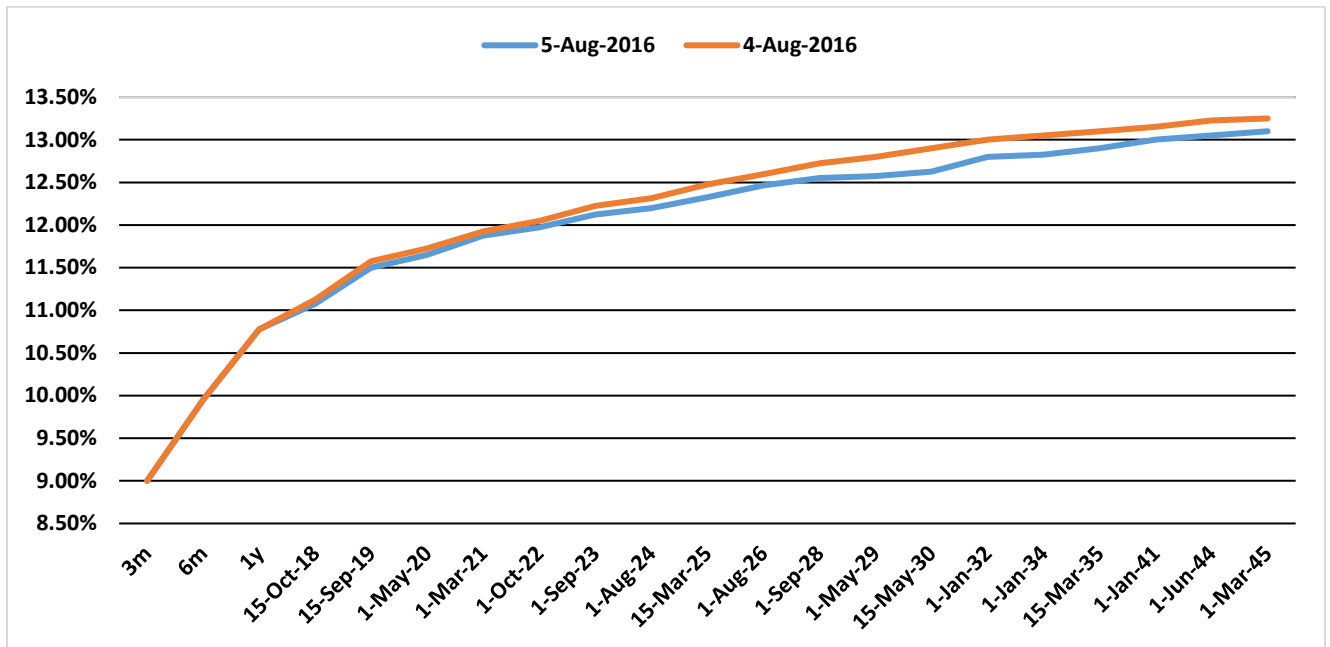
- Sri Lanka's tourist arrivals increased by 19.1 percent in July this year compared to the same period last year exceeding one million tourists' arrivals so far this year. The data released by the Sri Lanka Tourism Development Authority (SLTDA) showed the month recording 209,351 tourist arrivals to the country compared to the 175,804 arrived in July 2015.
- BoE Thursday cut its bank rate for first time since 2009 to historic low of 0.25% in response to Brexit. The bank cut its 2017 growth rate to 0.8% from 2.3%; 2018 to 1.8% from 2.3%.
- Indonesia's economy grew a faster-than-expected 5.18 percent in the second quarter from a year earlier, thanks to higher commodity prices and stronger consumption.
- Oil prices fell by 1 percent on Friday as a crude and refined product glut weighed on markets and investors eyed a possible stutter in China's imports, ending a two-day short-covering rally.

### **Market Calendar**

- China External Trade Data for the month of July- **07<sup>th</sup> August 2016**
- India Interest Rate Decision -**09<sup>th</sup> August 2016**
- Treasury bill auction CBSL – **10<sup>th</sup> Aug 2016** (Total Offered- Rs 25.5bn)  
(3months – Rs 5.5bn, 6months- Rs 10bn, 12months- Rs 10bn)

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## Sri Lanka Yield Curve

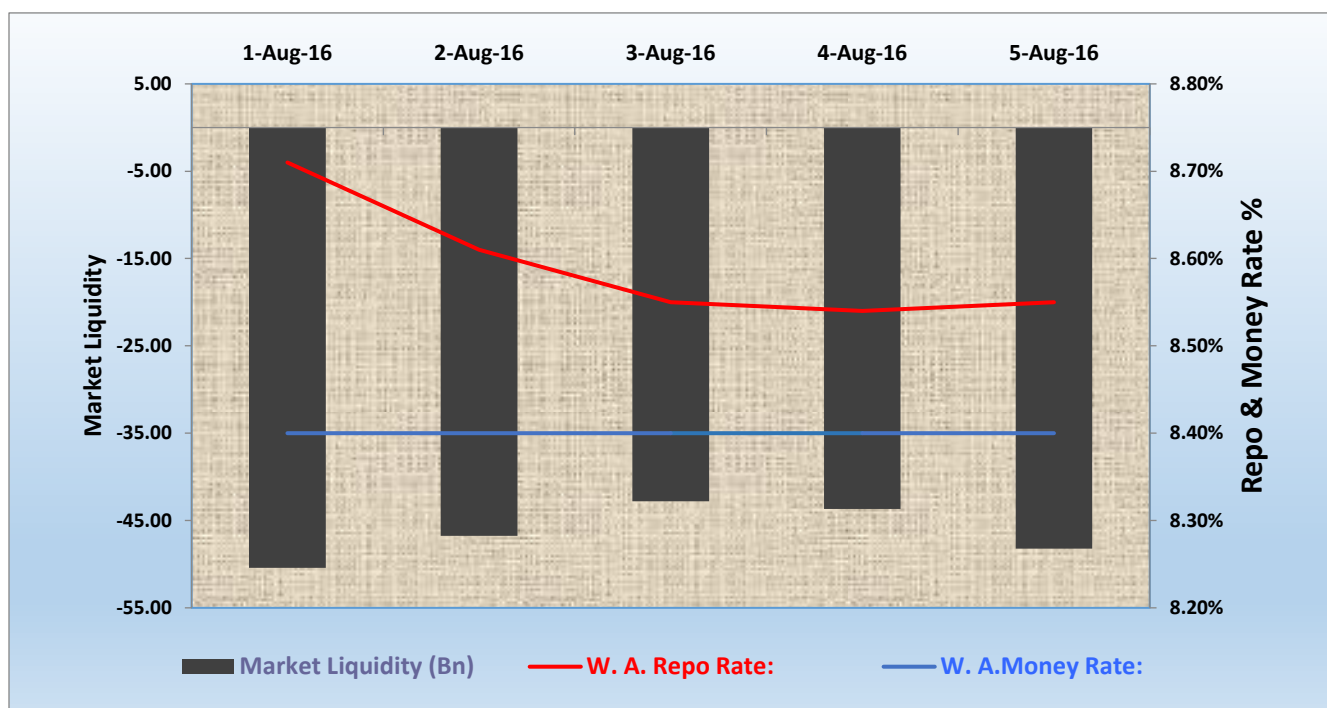


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>5-Aug-2016</u>	<u>4-Aug-2016</u>
3m	8.90%	9.10%		9.00%	9.00%
6m	9.85%	10.05%	0.95%	9.95%	9.95%
1y	10.70%	10.85%	0.82%	10.78%	10.78%
15-Oct-18	11.00%	11.15%	0.30%	11.08%	11.13%
15-Sep-19	11.45%	11.55%	0.43%	11.50%	11.58%
1-May-20	11.60%	11.70%	0.15%	11.65%	11.73%
1-Mar-21	11.85%	11.90%	0.22%	11.88%	11.93%
1-Oct-22	11.95%	12.00%	0.10%	11.98%	12.05%
1-Sep-23	12.10%	12.15%	0.15%	12.13%	12.23%
1-Aug-24	12.15%	12.25%	0.08%	12.20%	12.32%
15-Mar-25	12.30%	12.35%	0.13%	12.33%	12.48%
1-Aug-26	12.43%	12.50%	0.14%	12.47%	12.60%
1-Sep-28	12.50%	12.60%	0.09%	12.55%	12.73%
1-May-29	12.55%	12.60%	0.03%	12.58%	12.80%
15-May-30	12.55%	12.70%	0.05%	12.63%	12.90%
1-Jan-32	12.70%	12.90%	0.18%	12.80%	13.00%
1-Jan-34	12.70%	12.95%	0.03%	12.83%	13.05%
15-Mar-35	12.80%	13.00%	0.08%	12.90%	13.10%
1-Jan-41	12.90%	13.10%	0.10%	13.00%	13.15%
1-Jun-44	12.95%	13.15%	0.05%	13.05%	13.23%
1-Mar-45	13.00%	13.20%	0.05%	13.10%	13.25%

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<b>Market Liquidity</b>	<b>1-Aug-16</b>	<b>2-Aug-16</b>	<b>3-Aug-16</b>	<b>4-Aug-16</b>	<b>5-Aug-16</b>
Standing Deposit Facility(Bn)	13.160	12.937	14.368	16.831	15.269
Standing Lending Facility(Bn)	(19.408)	(14.677)	(17.155)	(15.511)	(16.488)
Repo/Reverse Repo Auction (Bn)	(44.188)	(45.000)	(40.000)	(45.000)	(47.000)
Market Liquidity (Bn)	(50.436)	(46.740)	(42.787)	(43.680)	(48.219)
<b>CBSL Holdings: (Bn)</b>	<b>273.462</b>	<b>269.544</b>	<b>267.081</b>	<b>270.486</b>	<b>276.564</b>

<b>Overnight Money Market</b>	<b>1-Aug-16</b>	<b>2-Aug-16</b>	<b>3-Aug-16</b>	<b>4-Aug-16</b>	<b>4-Aug-16</b>
<b>Repo</b>					
W. A. Repo Rate:	8.71%	8.61%	8.55%	8.54%	8.55%
Gross Amount:( LKR Bn)	14.45	18.47	21.53	21.84	21.87
<b>Call Money</b>					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.40%
Gross Amount:( LKR Bn)	12.32	16.09	15.38	14.34	10.09

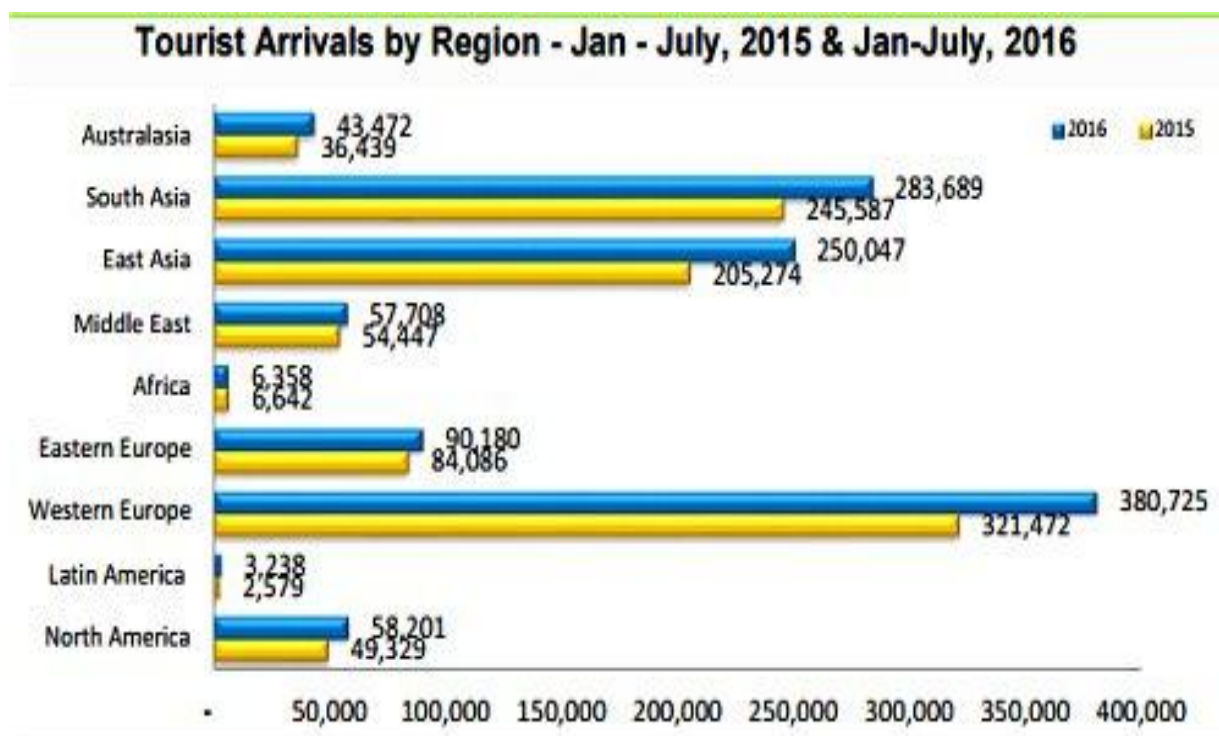


<b>U.S. \$ Yield</b>	<b>1-Aug-16</b>	<b>2-Aug-16</b>	<b>3-Aug-16</b>	<b>4-Aug-16</b>	<b>5-Aug-16</b>
U.S. 10 Year Yield	1.484%	1.558%	1.549%	1.518%	1.497%
Sri Lanka Int Sovereign Yield 2026	6.184%	6.192%	6.211%	6.190%	6.150%

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Spot Opening :	144.50/00	144.50/00	144.50/00	145.60/65	145.50/65
Spot Closing :	144.50/00	144.50/00	144.50/00	145.60/65	145.70/80

Forex Volumes (04-Aug-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	22.00	145.5295		ASPI	S & P SL 20
TOM	8.75	145.5494	Index	6,517.13	3,511.02
Spot	3.00	145.6167	Weekly Return %	1.93%	3.43%
Forwards	39.25				
Total	73.00				



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