

**Report Date: 30<sup>th</sup> August 2016 (SL Time 06.00pm)**

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### **Market Report**

The secondary bond market yields were traded in a narrow band as local investors showed more interest on the 10year maturity with Rs 2.85bn worth of 01<sup>st</sup> August 2026 being exchanged between 12.35 and 12.37. In the short end of the yield curve the 2019s were traded around 11.40%.

In the overnight money market total Rs 65bn worth of repo and call money were exchanged at an average rate of 8.51% & 8.40% respectively. The market liquidity recorded a surplus figure of Rs 9.67bn its highest level since 30<sup>th</sup> June 2016.

The Colombo All Share Price Index gained marginally by 0.02% to close at 6541.80 points as rising stocks outnumbered declining ones by 100 to 82 and 42 ended unchanged. Foreign investors remained net sellers for the day with a net outflow of Rs 225.78mn. The market turnover was around Rs 727.30mn.

### **Economic News**

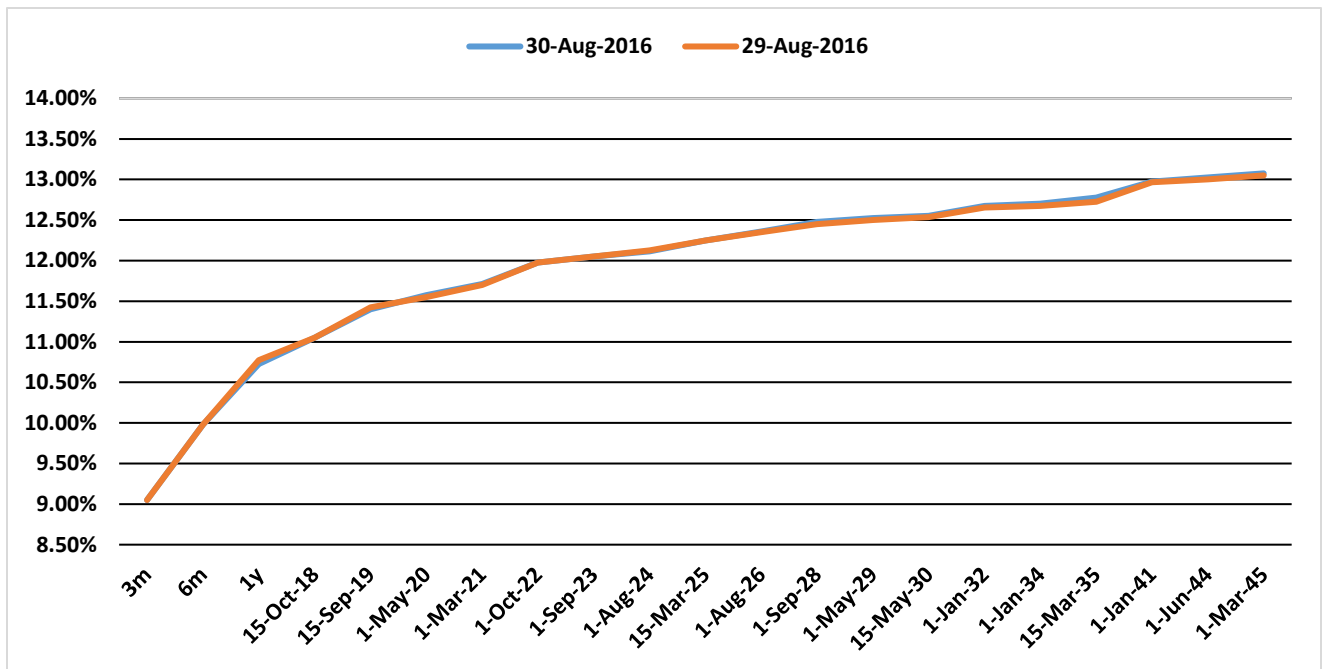
- The Monetary Board of the CBSL, at its meeting held on 30 August 2016, observed that the impact of the policy measures adopted during the first seven months of the year through increasing policy interest rates and the Statutory Reserve Ratio (SRR) is being transmitted to the economy gradually. As such, the growth in monetary and credit aggregates is likely to decelerate during the remainder of the year to a level supportive of maintaining mid-single digit inflation in the medium term.
- In the last financial year before Britain voted to leave the European Union, the country gained more foreign investment projects than ever before, the government said on Tuesday. Some 2,213 investments were made in the year ending in March, up 11 percent from the previous year
- Egypt's parliament approved on Monday a long-awaited law introducing a value-added tax of 13 percent, rising to 14 percent in the next fiscal year, a key part of the government's plan to reform the economy and cut its deficit.
- Gold gave up early gains in Asia on Tuesday as the dollar gained further and data sets from Japan showed noted improvement as investors looked ahead to nonfarm payroll figures in the U.S. at the end of the week for a clearer view of a possible Fed rate hike this year.

### **Market Calendar**

- Colombo Consumer Price Index for the month of August – **31<sup>st</sup> August (3.00pm)**
- Treasury bill auction (CBSL)- **31<sup>st</sup> August 2016** (Total offered 26bn)  
(3months- 6bn, 6months- 8bn, 12months- 12bn)

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## Sri Lanka Yield Curve

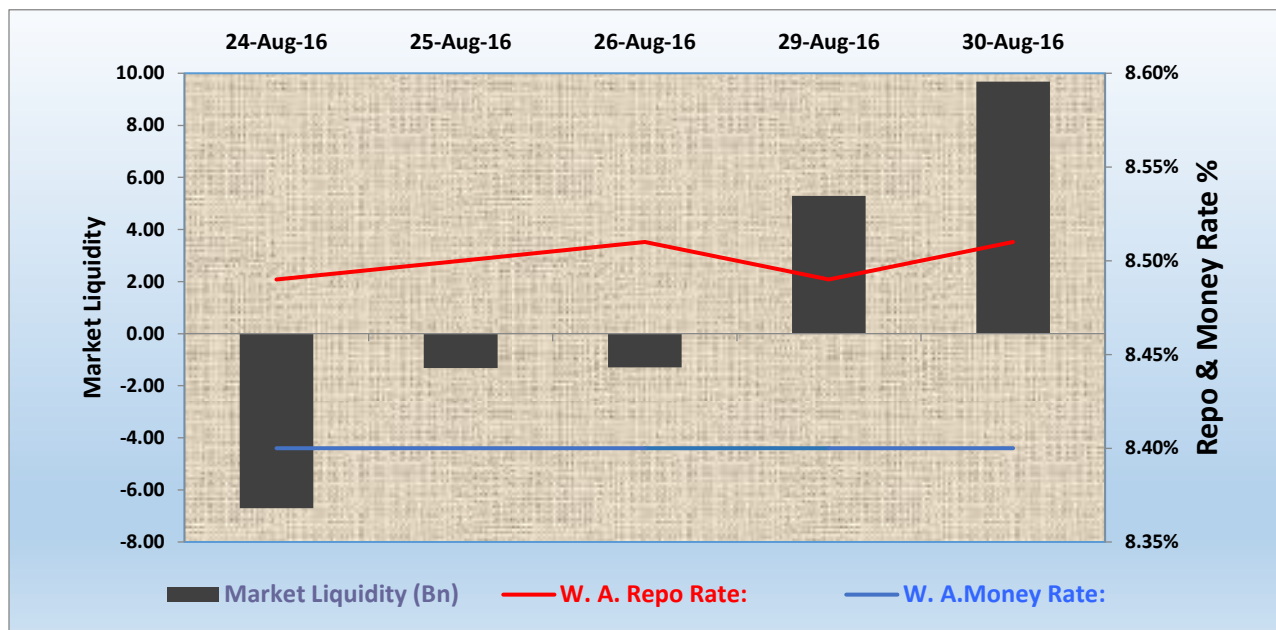


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>30-Aug-2016</u>	<u>29-Aug-2016</u>
3m	9.00%	9.10%		9.05%	9.05%
6m	9.90%	10.05%	0.93%	9.98%	9.98%
1y	10.70%	10.75%	0.75%	10.73%	10.78%
15-Oct-18	11.00%	11.10%	0.33%	11.05%	11.05%
15-Sep-19	11.35%	11.45%	0.35%	11.40%	11.43%
1-May-20	11.55%	11.60%	0.18%	11.58%	11.55%
1-Mar-21	11.70%	11.72%	0.14%	11.71%	11.70%
1-Oct-22	11.95%	12.00%	0.26%	11.98%	11.98%
1-Sep-23	12.00%	12.10%	0.08%	12.05%	12.05%
1-Aug-24	12.08%	12.15%	0.07%	12.12%	12.13%
15-Mar-25	12.20%	12.30%	0.13%	12.25%	12.25%
1-Aug-26	12.35%	12.37%	0.11%	12.36%	12.35%
1-Sep-28	12.45%	12.50%	0.12%	12.48%	12.45%
1-May-29	12.50%	12.55%	0.05%	12.53%	12.50%
15-May-30	12.50%	12.60%	0.03%	12.55%	12.54%
1-Jan-32	12.60%	12.75%	0.13%	12.68%	12.66%
1-Jan-34	12.65%	12.75%	0.03%	12.70%	12.68%
15-Mar-35	12.75%	12.80%	0.08%	12.78%	12.73%
1-Jan-41	12.90%	13.05%	0.20%	12.98%	12.97%
1-Jun-44	13.00%	13.05%	0.05%	13.03%	13.00%
1-Mar-45	13.05%	13.10%	0.05%	13.08%	13.05%

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<b>Market Liquidity</b>	<b>24-Aug-16</b>	<b>25-Aug-16</b>	<b>26-Aug-16</b>	<b>29-Aug-16</b>	<b>30-Aug-16</b>
Standing Deposit Facility(Bn)	15.659	16.172	19.266	17.437	<b>20.072</b>
Standing Lending Facility(Bn)	(7.363)	(7.498)	(5.562)	(2.147)	<b>(10.400)</b>
Repo/Reverse Repo Auction (Bn)	(15.000)	(10.000)	(15.000)	(10.000)	-
Market Liquidity (Bn)	(6.704)	(1.326)	(1.296)	5.290	<b>9.672</b>
<b>CBSL Holdings: (Bn)</b>	<b>227.697</b>	<b>222.890</b>	<b>222.700</b>	<b>214.460</b>	<b>212.769</b>

<b>Overnight Money Market</b>	<b>24-Aug-16</b>	<b>25-Aug-16</b>	<b>26-Aug-16</b>	<b>29-Aug-16</b>	<b>30-Aug-16</b>
<b>Repo</b>					
W. A. Repo Rate:	<b>8.49%</b>	<b>8.50%</b>	<b>8.51%</b>	<b>8.49%</b>	<b>8.51%</b>
Gross Amount:( LKR Bn)	<b>44.29</b>	<b>43.11</b>	<b>43.37</b>	<b>55.96</b>	<b>51.79</b>
<b>Call Money</b>					
W. A. Money Rate:	<b>8.40%</b>	<b>8.40%</b>	<b>8.40%</b>	<b>8.40%</b>	<b>8.40%</b>
Gross Amount:( LKR Bn)	<b>10.11</b>	<b>10.85</b>	<b>10.17</b>	<b>15.53</b>	<b>13.62</b>



<b>U.S. \$ Yield</b>	<b>24-Aug-16</b>	<b>25-Aug-16</b>	<b>26-Aug-16</b>	<b>29-Aug-16</b>	<b>30-Aug-16</b>
U.S. 10 Year Yield	<b>1.554%</b>	<b>1.558%</b>	<b>1.568%</b>	<b>1.614%</b>	<b>1.580%</b>
Sri Lanka Int Sovereign Yield 2026	<b>5.800%</b>	<b>5.818%</b>	<b>5.828%</b>	<b>5.849%</b>	<b>5.827%</b>

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Spot Opening :	145.50/60	145.50/60	145.50/60	145.50/60	145.50/60
Spot Closing :	145.50/60	145.50/60	145.50/60	145.50/60	145.50/60

**Spot Next** 145.60/70

Forex Volumes (29-Aug-2016)	USD (Mn)	Average	Colombo Stock Exchange (30-Aug-2016)		
Cash	13.00	145.5885		ASPI	S & P SL 20
TOM	1.50	145.6667	Index	6,541.80	3,579.59
Spot	7.25	145.6286	Day Return %	0.02%	-0.17%
Forwards	20.00				
<b>Total</b>	<b>41.75</b>				

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