

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

Market Report

At today's secondary bond market trading activities the yield on benchmark 10year maturity 01st Aug 2026 was exchanged between 11.90 and 11.95 levels while on the short end of the yield curve foreign investors remained on the selling side mainly on 15th Sep 2019 maturity which was sold up to 11.51%. The total market turnover for the day was around Rs 13.297bn.

The Sri Lankan rupee edged down on Thursday on importer dollar demand and as foreign investors sold bonds in the absence of central bank intervention. The Rupee forwards were active, with the spot-next at 147.45/55 per dollar, compared with its previous close of 147.40/50.

The Colombo All Share Price Index lost 2.03 points to close at 6442.36 as losses in the Investment, Motors and Chemicals & Pharmaceuticals sectors led shares lower.

Economic News

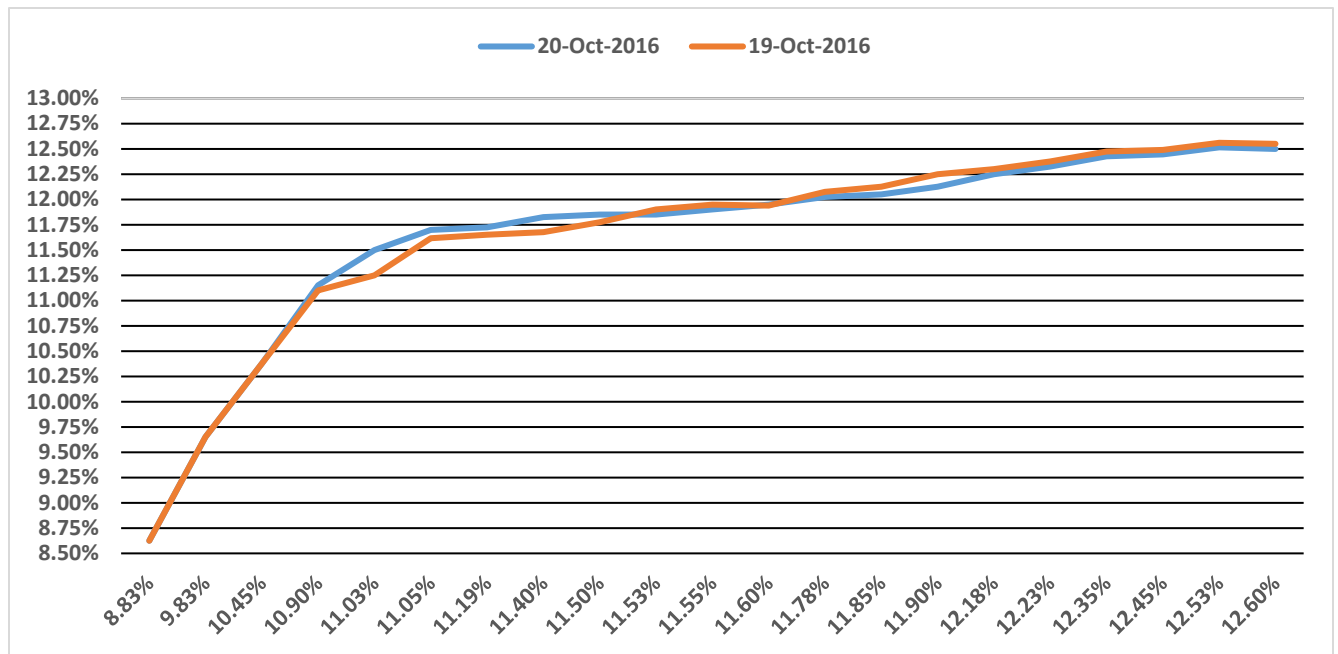
- The Appropriation Bill outlining allocations to be made for each ministry for year 2017 was presented to parliament this morning for its First Reading. Estimated expenditure for next year according to Appropriation Bill is Rs 1819bn with defense expenditure around Rs 284.04 billion.
- Sri Lanka will deploy new initiatives to become self-sufficient in sugar manufacture, Finance Minister Ravi Karunanayake said in a statement. Plans are underway to increase sugarcane cultivation and set up of 15 new manufacturing plants in the country, the statement said. The project will be implemented under two stages. Under the first stage the country expects to manufacture 50 percent of its sugar requirement locally by 2020.
- The Bank of England's 435 billion-pound (\$534 billion) government bond-buying program is likely to bring about a 300 billion-pound increase in overall spending in Britain, equivalent to three times annual public health spending, the BoE's chief economist said on Wednesday.
- Oil prices fell on Thursday as traders locked in profits following a rally in the previous session when the U.S. Energy Information Administration reported an unexpectedly large U.S. oil inventory drawdown last week.
- The dollar edged higher against the other majors currencies on Thursday, as investors were still digesting Wednesday's third U.S. presidential debate and were eyeing a string of U.S. data to be released later in the day.

Market Calendar

- U.S. 3rd Quarter GDP Data – **28th Oct 2016**
- Colombo Consumer Price Index for the month of October- **28th Oct 2016**

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Sri Lanka Yield Curve

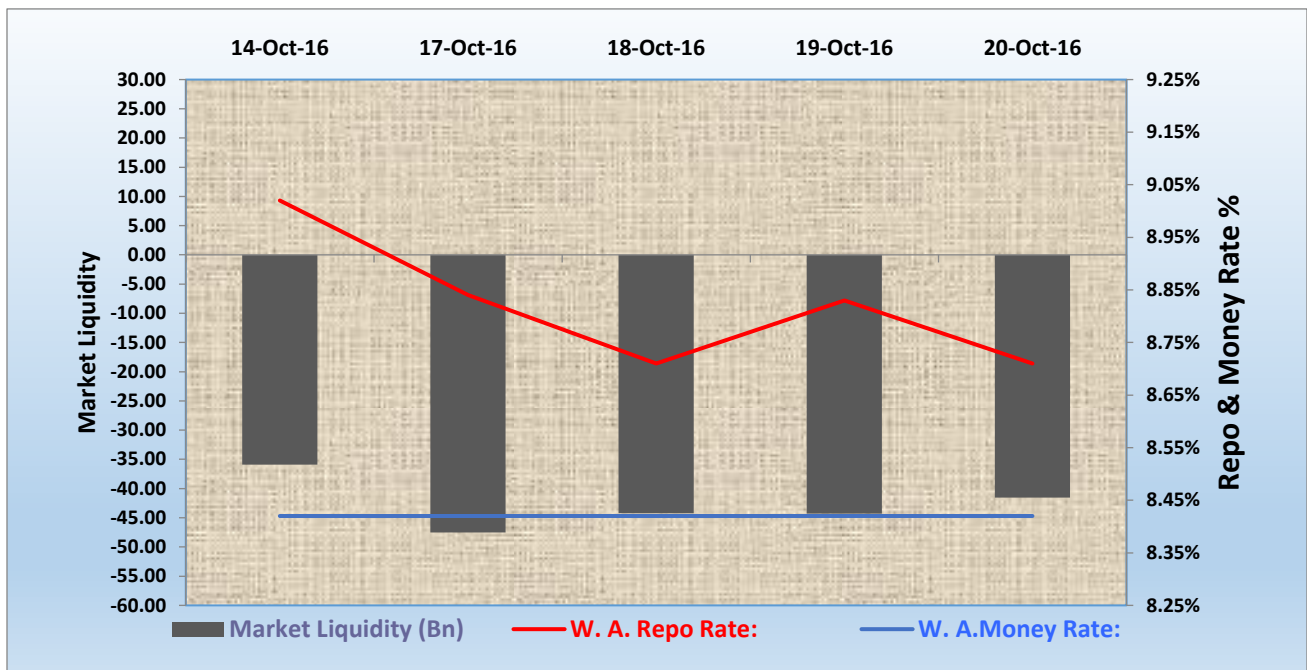


Maturity	Offer %	Bid %	GAP	20-Oct-2016	19-Oct-2016
3m	8.60%	8.65%		8.63%	8.63%
6m	9.60%	9.70%	1.03%	9.65%	9.65%
1y	10.35%	10.40%	0.72%	10.38%	10.38%
15-Oct-18	11.10%	11.20%	0.78%	11.15%	11.10%
15-Sep-19	11.45%	11.55%	0.35%	11.50%	11.25%
1-May-20	11.65%	11.75%	0.20%	11.70%	11.62%
1-Mar-21	11.70%	11.75%	0.03%	11.73%	11.65%
1-Oct-22	11.75%	11.90%	0.10%	11.83%	11.68%
1-Sep-23	11.80%	11.90%	0.03%	11.85%	11.78%
1-Aug-24	11.80%	11.90%	0.00%	11.85%	11.90%
15-Mar-25	11.85%	11.95%	0.05%	11.90%	11.95%
1-Aug-26	11.90%	12.00%	0.05%	11.95%	11.94%
1-Sep-28	11.95%	12.10%	0.08%	12.03%	12.08%
1-May-29	12.00%	12.10%	0.03%	12.05%	12.13%
15-May-30	12.05%	12.20%	0.08%	12.13%	12.25%
1-Jan-32	12.20%	12.30%	0.13%	12.25%	12.30%
1-Jan-34	12.25%	12.40%	0.08%	12.33%	12.38%
15-Mar-35	12.35%	12.50%	0.10%	12.43%	12.48%
1-Jan-41	12.34%	12.55%	0.02%	12.45%	12.49%
1-Jun-44	12.45%	12.58%	0.07%	12.52%	12.56%
1-Mar-45	12.40%	12.60%	-0.01%	12.50%	12.55%

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Market Liquidity	14-Oct-16	17-Oct-16	18-Oct-16	19-Oct-16	20-Oct-16
Standing Deposit Facility(Bn)	16.423	7.464	6.161	11.204	3.266
Standing Lending Facility(Bn)	(15.310)	(5.974)	(2.393)	(14.465)	(4.814)
Repo/Reverse Repo Auction (Bn)	(37.000)	(49.000)	(48.000)	(41.000)	(40.000)
Market Liquidity (Bn)	(35.887)	(47.510)	(44.232)	(44.261)	(41.548)
CBSL Holdings: (Bn)	209.934	212.724	208.183	212.997	202.687

Overnight Money Market	14-Oct-16	17-Oct-16	18-Oct-16	19-Oct-16	20-Oct-16
Repo					
W. A. Repo Rate:	9.02%	8.84%	8.71%	8.83%	8.71%
Gross Amount:(LKR Bn)	8.17	12.54	21.47	14.16	21.97
Call Money					
W. A. Money Rate:	8.42%	8.42%	8.42%	8.42%	8.42%
Gross Amount:(LKR Bn)	15.72	18.38	14.34	15.41	14.51



U.S. \$ Yield	14-Oct-16	17-Oct-16	18-Oct-16	19-Oct-16	20-Oct-16
U.S. 10 Year Yield	1.771%	1.793%	1.766%	1.752%	1.756%
Sri Lanka Int Sovereign Yield 2026	5.914%	5.966%	6.003%	6.004%	5.994%

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Spot Opening :	146.85/95	146.85/147.00	146.85/147.00	146.85/147.00	146.85/147.00
Spot Closing :	146.90/95	146.90/147.00	146.90/147.00	146.90/147.00	146.90/147.00
Spot Next :			147.25/35	147.40/50	147.37/47

Forex Volumes (19-Oct-2016)	USD (Mn)	Average	Colombo Stock Exchange (20-Oct-2016)		
Cash	11.00	146.8645		ASPI	S & P SL 20
TOM	6.00	146.8650	Index	6,442.36	3,593.17
Spot	3.00	146.9000	Day Return %	-0.03%	-0.11%
Forwards	44.60				
Total	64.60				

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