

Report Date: 06th December 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields on longer tenors remained unchanged with less amount of activities while large volumes of short tenors such as 2018s & 2019s were sold by foreign investors. The 2year maturity was traded between 11.00 and 11.30 while the 3year maturity was traded between 11.60 and 11.85.

In the overnight money market repo & call money were exchanged at an average of 8.56% & 8.40% respectively. The overall market liquidity recorded a deficit figure of Rs 6.5bn as Rs 28.5bn worth of overnight money was borrowed by market participants through the CBSL standing lending facility.

The Colombo All Share Price Index lost 0.28% for the day to close at 6350.40 points as losses in the Manufacturing, Banking, Financials & Insurance and Construction & Engineering sectors led shares lower. The total turnover for the day was around Rs 493mn

Economic News

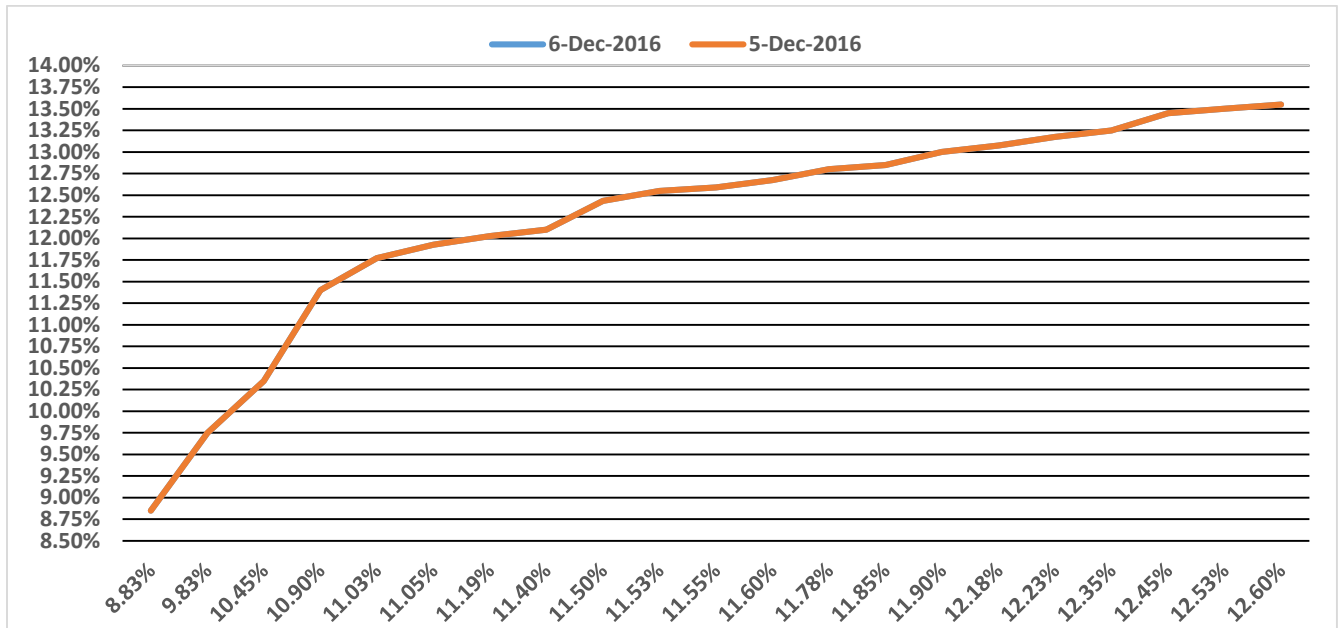
- Sri Lanka's tourist arrivals increased by 16.0 percent in November this year compared to the same period last year exceeding 1.8 million tourists' arrivals so far this year. The Sri Lanka Tourism Development Authority (SLTDA) showed the month recording 167,217 tourist arrivals to the country compared to the 144,147 arrived in November 2015.
- The Reserve Bank of Australia held its benchmark cash rate at a record low 1.50% as expected, while noting a stronger Aussie could complicate efforts to rebalance the economy.
- The euro held steady near a 3-week high on Tuesday while bets on market volatility stayed close to their highest since June's Brexit vote ahead of this week's European Central Bank meeting due to give new guidance on its quantitative easing program.
- Oil prices slipped on Tuesday as crude output rose in virtually every major export region despite plans by OPEC and Russia to cut production, triggering fears that a fuel glut that has dogged markets for over two years might last well into 2017.

Market Calendar

- Reserve Bank of India Interest Rate Decision- **7th Dec 2016**
- T-Bill auction (CBSL)- **07th Dec 2016** (Total offered Rs 25bn)
(91days- 9bn, 182days- 9bn, 364days- 7bn)

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Sri Lanka Yield Curve

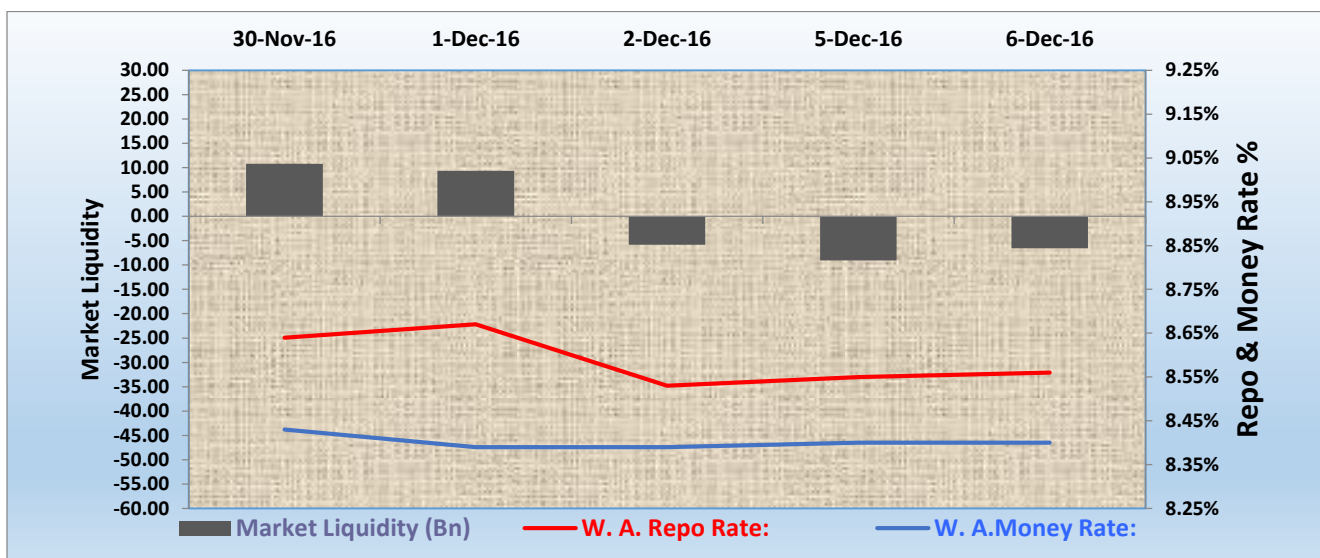


Maturity	Offer %	Bid %	GAP	6-Dec-2016	5-Dec-2016
3m	8.70%	9.00%		8.85%	8.85%
6m	9.60%	9.90%	0.90%	9.75%	9.75%
1y	10.20%	10.50%	0.60%	10.35%	10.35%
15-Oct-18	11.30%	11.50%	1.05%	11.40%	11.40%
15-Sep-19	11.72%	11.82%	0.37%	11.77%	11.77%
1-May-20	11.85%	12.00%	0.16%	11.93%	11.93%
1-Mar-21	11.95%	12.10%	0.10%	12.03%	12.03%
1-Oct-22	12.00%	12.20%	0.08%	12.10%	12.10%
1-Sep-23	12.40%	12.47%	0.34%	12.44%	12.44%
1-Aug-24	12.50%	12.60%	0.12%	12.55%	12.55%
15-Mar-25	12.55%	12.63%	0.04%	12.59%	12.59%
1-Aug-26	12.60%	12.75%	0.08%	12.68%	12.68%
1-Sep-28	12.70%	12.90%	0.13%	12.80%	12.80%
1-May-29	12.75%	12.95%	0.05%	12.85%	12.85%
15-May-30	12.80%	13.20%	0.15%	13.00%	13.00%
1-Jan-32	13.00%	13.15%	0.08%	13.08%	13.08%
1-Jan-34	13.10%	13.25%	0.10%	13.18%	13.18%
15-Mar-35	13.15%	13.35%	0.08%	13.25%	13.25%
1-Jan-41	13.30%	13.60%	0.20%	13.45%	13.45%
1-Jun-44	13.35%	13.65%	0.05%	13.50%	13.50%
1-Mar-45	13.40%	13.70%	0.05%	13.55%	13.55%

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Market Liquidity	30-Nov-16	1-Dec-16	2-Dec-16	5-Dec-16	6-Dec-16
Standing Deposit Facility(Bn)	24.775	35.616	19.702	20.843	21.990
Standing Lending Facility(Bn)	(25.946)	(36.245)	(25.510)	(29.927)	(28.538)
Repo/Reverse Repo Auction (Bn)	12.000	10.000	-	-	-
Market Liquidity (Bn)	10.829	9.371	(5.808)	(9.084)	(6.548)
CBSL Holdings: (Bn)	232.941	245.294	234.098	238.684	237.353

Overnight Money Market	30-Nov-16	1-Dec-16	2-Dec-16	5-Dec-16	6-Dec-16
Repo					
W. A. Repo Rate:	8.64%	8.67%	8.53%	8.55%	8.56%
Gross Amount:(LKR Bn)	27.43	23.94	39.30	35.12	32.18
Call Money					
W. A. Money Rate:	8.43%	8.39%	8.39%	8.40%	8.40%
Gross Amount:(LKR Bn)	4.62	16.25	18.90	19.12	20.10



U.S. \$ Yield	30-Nov-16	1-Dec-16	2-Dec-16	5-Dec-16	6-Dec-16
U.S. 10 Year Yield	2.341%	2.412%	2.390%	2.410%	2.392%
Sri Lanka Int Sovereign Yield 2026	6.806%	6.806%	6.876%	6.981%	6.981%

Spot Next closing :	149.00/10	148.85/95	148.70/75	148.80/90	148.85/95
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Forex Volumes (05-Dec-2016)	USD (Mn)	Average	Colombo Stock Exchange (06-Dec-2016)		
Cash	-	-		ASPI	S & P SL 20
TOM	-	-	Index	6,350.40	3,540.05
Spot	17.00	148.3000	Day Return %	-0.28%	-0.44%
Forwards	26.64				
Total	43.64				

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