

**Report Date: 02<sup>nd</sup> January 2017 (SL Time 06.00pm)**

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### **Market Report**

The secondary market yields declined slightly from Fridays closing levels with 01<sup>st</sup> March 2021 maturity closing at 12.05% & 01<sup>st</sup> August 2024 at 12.28% as foreign banks showed some interest on both maturities.

In the overnight money market repo & call money were exchanged at an average of 8.66% & 8.42% respectively. The CBSL continued with its OMO activities by absorbing Rs 50bn worth of overnight money from the system through a Repo Auction at the rate of 7.42% while further Rs 1bn worth of 8days repo was taken at 7.44%. The market liquidity recorded a surplus figure of Rs 108bn as Rs 70bn worth of bond maturity and coupon proceeds were repaid.

The Colombo All Share Price Index lost 0.57% for the day to close at 6192.87 points as losses in the Diversified Holdings, Telecoms and Hotels & Travel sectors led shares lower. The total turnover for the day was around Rs 329mn with a net foreign outflow of Rs 26.42mn.

### **Economic News**

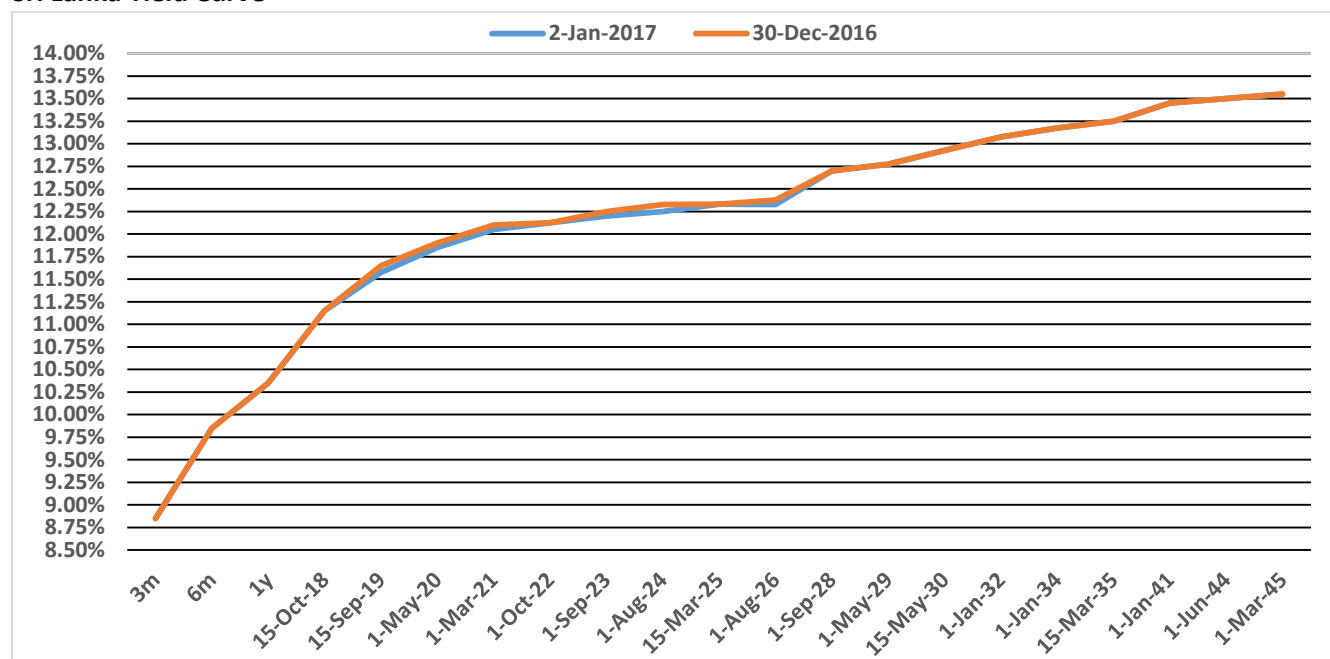
- Sri Lankan rupee eased slightly in its first session of the year on Monday as a lack of inflows weighed on sentiment. The currency fell 3.9 percent in 2016. Rupee forwards were active, with one month forwards slightly weaker at 150.95/151.00 per dollar compared with Friday's close of 150.75/85, One week forwards traded at 150.15/25 per dollar while spot next forwards and the spot rupee were hardly traded.
- Oil futures finished with modest losses in the final trading session of 2016 on Friday, but scored the biggest annual gain since 2009 in wake of the landmark deal reached by the Organization of the Petroleum Exporting Countries and several non OPEC members to reduce their output. Crude for February delivery on the New York Mercantile Exchange rose 0.24% to \$53.90 a barrel. Global benchmark Brent crude traded on London's Intercontinental Exchange was last quoted at \$56.74 a barrel.
- China's new rules on overseas currency transfers are not capital controls, the official Xinhua news agency reported, even as some banks told customers that purchases of foreign currency for property, securities and life insurance were not allowed. Regulations allow Chinese nationals a foreign exchange quota of \$50,000 a year.

### **Market Calendar**

- Sri Lanka Tourist Arrival Data - **04<sup>th</sup> Jan 2017**
- CBSL T-Bill Auction - **04<sup>th</sup> Jan 2017** (Total offered Rs 31.5bn)  
(91 days – 4.5bn, 182 days – 15bn, 364 days – 12bn)

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## Sri Lanka Yield Curve

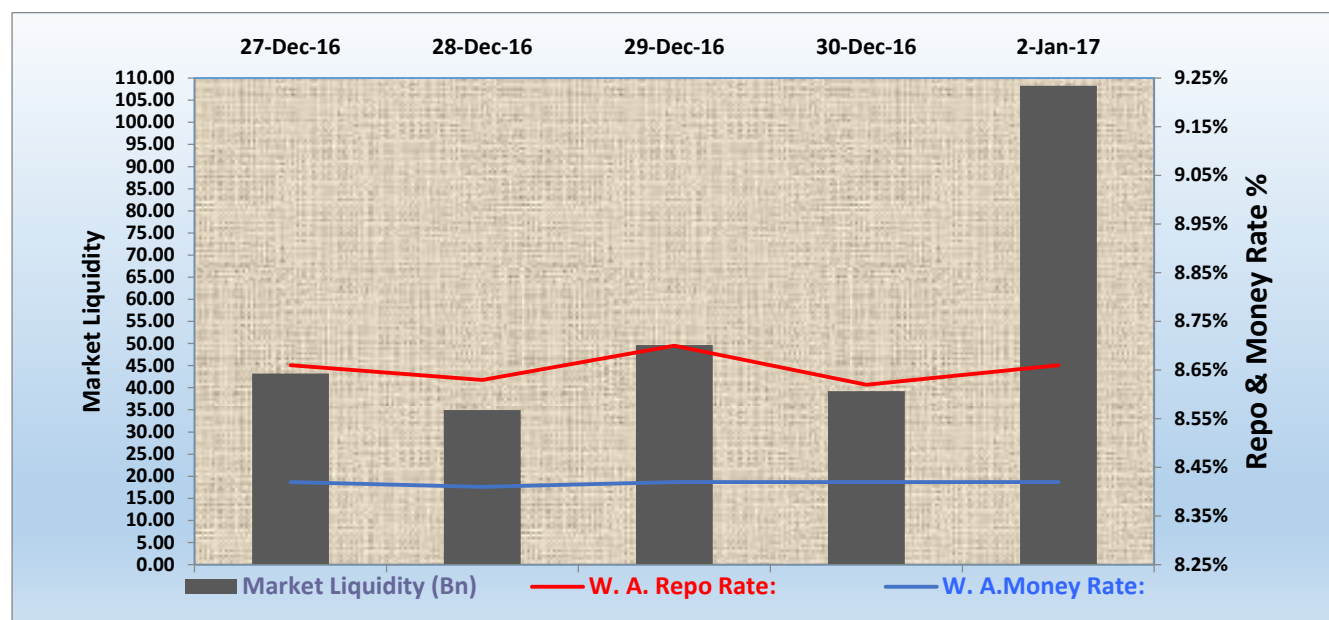


Maturity	Offer %	Bid %	GAP	2-Jan-2017	30-Dec-2016
3m	8.70%	9.00%		8.85%	8.85%
6m	9.70%	10.00%	1.00%	9.85%	9.85%
1y	10.20%	10.50%	0.50%	10.35%	10.35%
15-Oct-18	11.05%	11.25%	0.80%	11.15%	11.15%
15-Sep-19	11.50%	11.65%	0.43%	11.58%	11.65%
1-May-20	11.80%	11.90%	0.27%	11.85%	11.90%
1-Mar-21	12.00%	12.10%	0.20%	12.05%	12.10%
1-Oct-22	12.00%	12.25%	0.08%	12.13%	12.13%
1-Sep-23	12.15%	12.25%	0.08%	12.20%	12.25%
1-Aug-24	12.20%	12.30%	0.05%	12.25%	12.33%
15-Mar-25	12.28%	12.38%	0.08%	12.33%	12.33%
1-Aug-26	12.25%	12.40%	0.00%	12.33%	12.38%
1-Sep-28	12.60%	12.80%	0.38%	12.70%	12.70%
1-May-29	12.70%	12.85%	0.08%	12.78%	12.78%
15-May-30	12.75%	13.10%	0.15%	12.93%	12.93%
1-Jan-32	13.00%	13.15%	0.15%	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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<b>Market Liquidity</b>	<b>27-Dec-16</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>
Standing Deposit Facility(Bn)	22.230	22.007	36.488	48.652	66.886
Standing Lending Facility(Bn)	(14.541)	(13.554)	(19.547)	(30.807)	(8.622)
Repo/Reverse Repo Auction (Bn)	35.515	26.475	32.700	21.375	50.000
Market Liquidity (Bn)	43.204	34.928	49.641	39.220	108.264
<b>CBSL Holdings: (Bn)</b>	<b>211.264</b>	<b>219.365</b>	<b>232.356</b>	<b>330.078</b>	<b>279.609</b>

<b>Overnight Money Market</b>	<b>27-Dec-16</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.66%	8.63%	8.70%	8.62%	8.66%
Gross Amount:( LKR Bn)	24.32	28.26	22.93	30.40	22.81
<b>Call Money</b>					
W. A. Money Rate:	8.42%	8.41%	8.42%	8.42%	8.42%
Gross Amount:( LKR Bn)	11.40	15.45	15.17	9.98	15.81



<b>U.S. \$ Yield</b>	<b>27-Dec-16</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>
U.S. 10 Year Yield	2.561%	2.560%	2.475%	2.455%	2.446%
Sri Lanka Int Sovereign Yield 2026	7.097%	7.102%	7.084%	7.075%	7.076%

1 Week Closing	150.05/15	150.00/25	150.05/20	150.20/40	150.05/15
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Forex Volumes (30-Dec-2016)	USD (Mn)	Average	Colombo Stock Exchange (02-Jan-2017)		
Cash	18.50	149.8177		ASPI	S & P SL 20
TOM	-	-	Index	6,192.87	3,472.50
Spot	14.50	149.9747	Week Return %	-0.57%	-0.68%
Forwards	24.11				
Total	57.11				

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