

Report Date: 19th January 2017 (SL Time 06.00pm)

Market Report

The secondary bond market was active during the day with Rs 2.7bn being traded on the maturity 1st Aug 2021 between 12.15% and 12.33% while another Rs 2.5bn worth of 1st Jan 2024 was exchanged between 12.36% and 12.47%. At the close of trading the liquid 7year maturity 1st Aug 2024 and benchmark 10year maturity 1st Aug 2026 was quoted as 12.35/45 & 12.42/52 respectively.

In the overnight money market repo & call money were exchanged at an average of 8.49% & 8.40% respectively. The CBSL continued with its OMO activities by absorbing Rs 67.927bn worth of overnight money from the system through a Repo Auction at the rate of 7.54% as the market liquidity recorded a surplus figure of Rs 91bn.

Colombo All Share Price Index lost 0.33% for the day to close at 6,164.90 as losses in the Healthcare, Land & Property and Trading sectors led shares lower. The total turnover for the day was around Rs 1.5bn with some high volume block trades.

Economic News

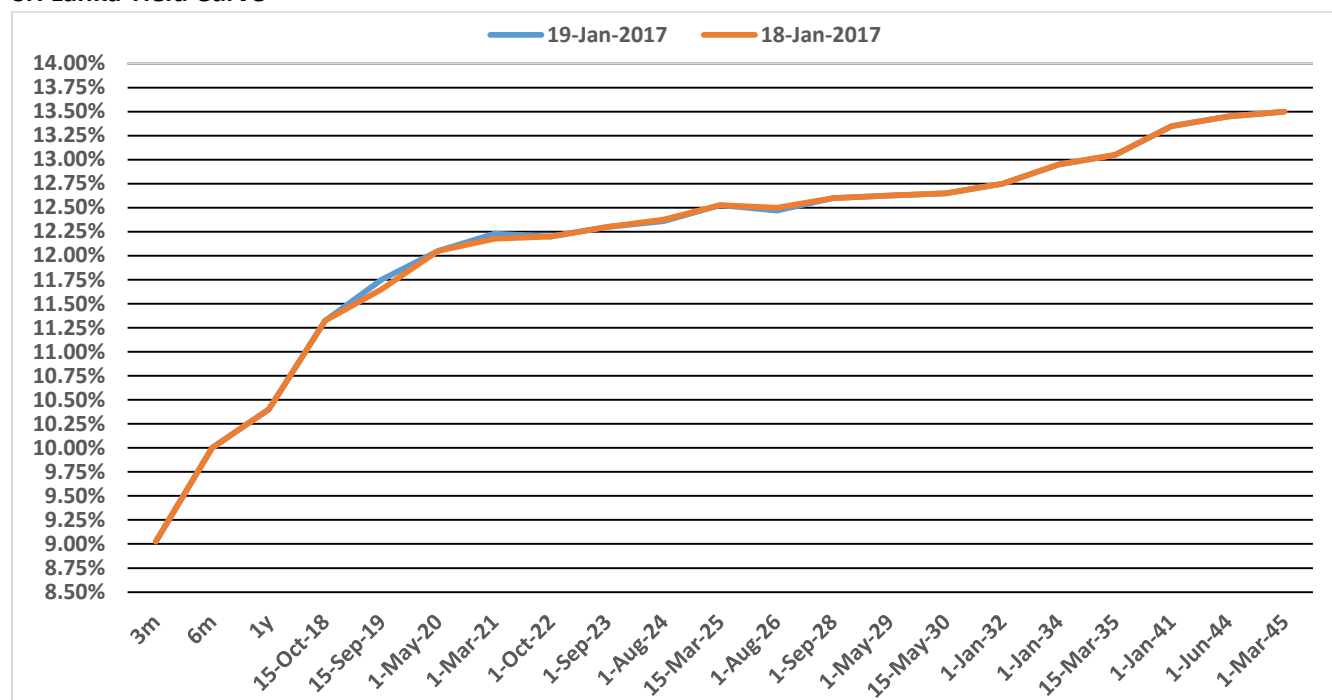
- Sri Lankan Cargo the freight handling arm of Sri Lankan Airlines, set a new record for the amount of cargo handled at the Cargo Centre of Colombo's Bandaranaike International Airport with a massive total of 239,636 tons in 2016, a remarkable growth of 12.88% over the 212,277 of the previous year.
- The Sri Lankan rupee traded weaker on Thursday due to dollar demand from importers while moral suasion by the central bank prevented a further fall in the currency. Rupee forwards were active on Thursday, with two-week forwards trading at 150.90/151.00 per dollar, weaker from Wednesday's close of 150.75/80. One month forwards were trading at 151.35/45, down from the previous day's close of 151.25/35.
- Oil bounced back from a one week low on Thursday as the International Energy Agency said global oil markets were tightening even before cuts promised by OPEC and other producers could take shape. Brent crude, the international benchmark for oil prices, was up 27 cents at \$54.19 a barrel after closing down 2.8 percent in the previous session, U.S. West Texas Intermediate crude oil was up 25 cents at \$51.33 per barrel.
- Sri Lanka has sold USD 458 million worth 1 year dollar denominated bonds on fixed and floating rates. The total amount offered for bids was USD 225 million worth bonds for settlement on 23rd Jan 2017. The CBSL sold USD 225mn of fixed rate bonds at an average rate of 4.2611% and USD 30mn worth floating rate bonds at 300 bps above the 6months LIBOR rate while the USD 85mn & USD 118mn worth bonds sold on 2 years, 3 years & 2months at 335 bps and 375.55 bps above LIBOR respectively.

Market Calendar

- Japan Trade Balance for the month of December - **24th Jan 2017**
- U.K GDP figures - **26th Jan 2017**

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Sri Lanka Yield Curve

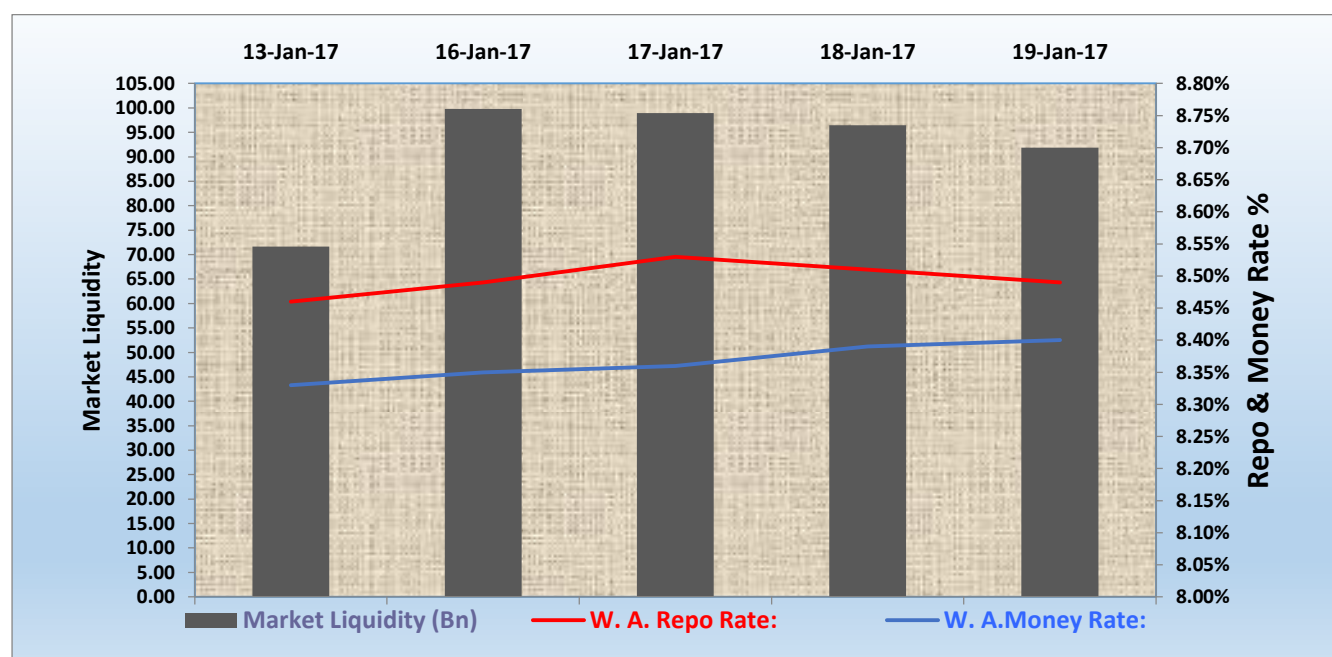


Maturity	Offer %	Bid %	GAP	19-Jan-2017	18-Jan-2017
3m	8.95%	9.10%		9.03%	9.03%
6m	9.90%	10.10%	0.98%	10.00%	10.00%
1y	10.30%	10.50%	0.40%	10.40%	10.40%
15-Oct-18	11.25%	11.40%	0.93%	11.33%	11.33%
15-Sep-19	11.60%	11.90%	0.42%	11.75%	11.65%
1-May-20	11.95%	12.15%	0.30%	12.05%	12.05%
1-Mar-21	12.18%	12.28%	0.18%	12.23%	12.18%
1-Oct-22	12.10%	12.30%	-0.03%	12.20%	12.20%
1-Sep-23	12.20%	12.40%	0.10%	12.30%	12.30%
1-Aug-24	12.35%	12.45%	0.10%	12.40%	12.38%
15-Mar-25	12.45%	12.60%	0.13%	12.53%	12.53%
1-Aug-26	12.42%	12.52%	-0.05%	12.47%	12.50%
1-Sep-28	12.50%	12.70%	0.13%	12.60%	12.60%
1-May-29	12.55%	12.70%	0.03%	12.63%	12.63%
15-May-30	12.60%	12.70%	0.03%	12.65%	12.65%
1-Jan-32	12.65%	12.85%	0.10%	12.75%	12.75%
1-Jan-34	12.80%	13.10%	0.20%	12.95%	12.95%
15-Mar-35	12.90%	13.20%	0.10%	13.05%	13.05%
1-Jan-41	13.20%	13.50%	0.30%	13.35%	13.35%
1-Jun-44	13.35%	13.55%	0.10%	13.45%	13.45%
1-Mar-45	13.40%	13.60%	0.05%	13.50%	13.50%

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Market Liquidity	13-Jan-17	16-Jan-17	17-Jan-17	18-Jan-17	19-Jan-17
Standing Deposit Facility(Bn)	18.726	38.325	12.776	14.295	32.299
Standing Lending Facility(Bn)	(4.215)	(6.084)	(7.186)	(8.544)	(8.372)
Repo/Reverse Repo Auction (Bn)	57.125	67.565	93.374	90.700	67.927
Market Liquidity (Bn)	71.636	99.806	98.964	96.451	91.854
CBSL Holdings: (Bn)	227.182	218.893	192.477	196.400	218.954

Overnight Money Market	13-Jan-17	16-Jan-17	17-Jan-17	18-Jan-17	19-Jan-17
Repo					
W. A. Repo Rate:	8.46%	8.49%	8.53%	8.51%	8.49%
Gross Amount:(LKR Bn)	22.33	21.58	19.30	19.89	20.64
Call Money					
W. A. Money Rate:	8.33%	8.35%	8.36%	8.39%	8.40%
Gross Amount:(LKR Bn)	23.49	25.09	15.48	15.13	14.77



U.S. \$ Yield	13-Jan-17	16-Jan-17	17-Jan-17	18-Jan-17	19-Jan-17
U.S. 10 Year Yield	2.351%	2.398%	2.333%	2.360%	2.439%
Sri Lanka Int Sovereign Yield 2026	6.647%	6.644%	6.594%	6.558%	6.579%

Spot Closing	150.30/40	150.30/35	150.30/40	150.15/25	150.15/25
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Forex Volumes (18-Jan-2017)	USD (Mn)	Average	Colombo Stock Exchange (19-Jan-2017)		
Cash	7.00	150.1000		ASPI	S & P SL 20
TOM	29.00	150.1158	Index	6,164.90	3,492.61
Spot	18.20	150.1500	Day Return %	-0.33%	-0.13%
Forwards	63.50				
Total	117.70				

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