

Report Date: 23rd January 2017 (SL Time 06.00pm)

Market Report

The new trading week started with less amount of activities with long end of the yield curve being quoted wide, mainly 1st Aug 2024 at 12.35/50 and 1st Aug 2026 at 12.40/55. Foreign investors remained on the selling side on 2018s with 1st April 2018 being sold up to 11.02.

In the overnight money market repo & call money were exchanged at an average rate of 8.46% & 8.40% respectively. The CBSL continued with its OMO activities by absorbing Rs 57.871bn worth of overnight money from the system through a Repo Auction at the rate of 7.54%. At the close of trading the market liquidity recorded a surplus figure of Rs 61bn.

The Sri Lankan stocks were lower Monday, The All share price Index lost 0.12% for the day to close at 6162.05 points as losses in the Investment trust, motors and diversified holdings sectors led shares lower. Foreign investors were net sellers for the day with net outflow of Rs 22.26mn.

Economic News

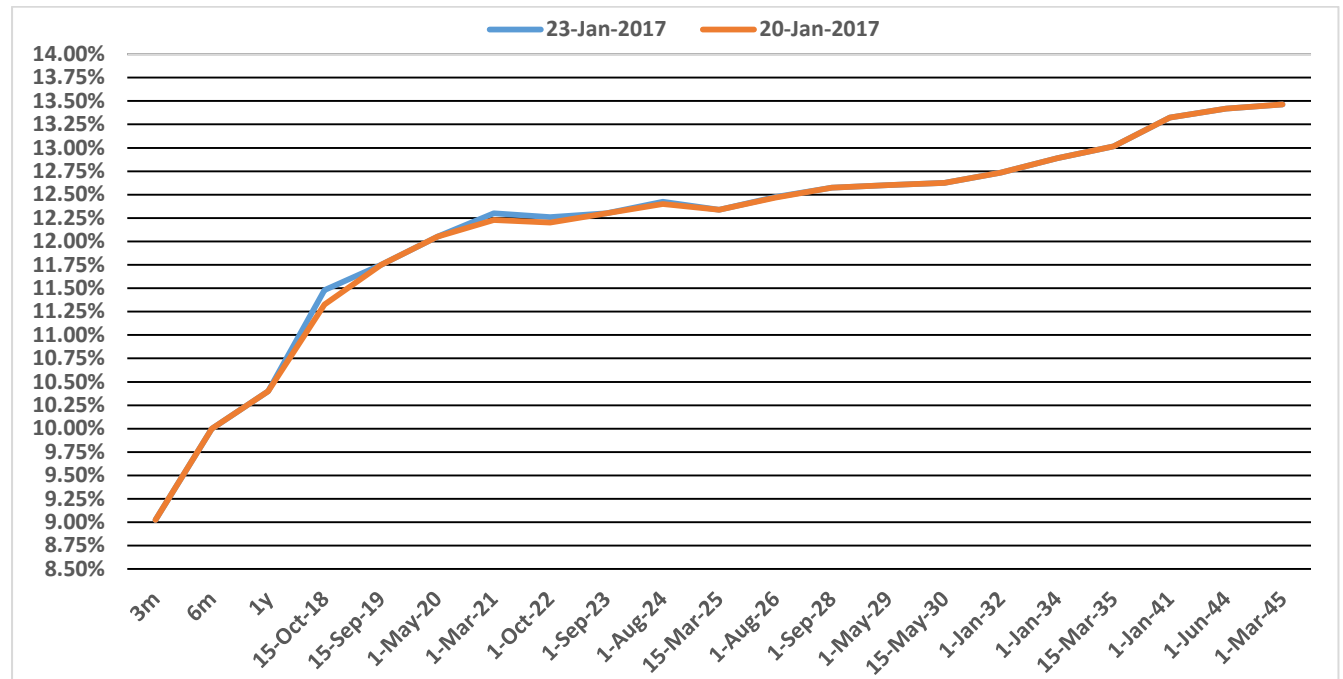
- Nationwide inflation in Sri Lanka in December 2016 rose to 4.2 percent in December from a year earlier, edging up from 4.1 percent the month before. The National Consumer Price Index (NCPI) rose 1.2% to 118 index points in December 2016, an increase of 1.4 index points compared to November.
- The Sri Lankan rupee fell on Monday as the importer dollar demand surpassed modest greenback sales by exporters. Rupee forwards were active, with two-week forwards trading at 150.90/151.10 per dollar, compared with Friday's close of 150.85/00.
- Oil prices fell one percent on Monday as signs of a strong recovery in U.S. oil drilling activity outweighed news that OPEC and non-OPEC producers were on track to meet output reduction goals set in December. Global benchmark Brent crude prices were down 53 cents to \$54.96 a barrel while U.S. West Texas Intermediate (WTI) crude futures traded at \$52.61 a barrel, down 61 cents, or 1.1 percent, on Friday's close.
- European stocks and bond yields dropped on Monday and the dollar hit a six-week low after U.S. President Donald Trump began his term in office with a protectionist speech that pushed a nervous market into safe-haven assets. World stocks hit multi year highs earlier this month on expectations Trump would boost growth and inflation with extraordinary fiscal spending measures.

Market Calendar

- Treasury bill Auction (CBSL) - **25th Jan 2017** (Total offered Rs 27.5bn)
(91 days - Rs 13bn, 182 days - Rs 9.5bn, 364 days - Rs 5bn)
- Japan Trade Balance for the month of December - **24th Jan 2017**

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Sri Lanka Yield Curve

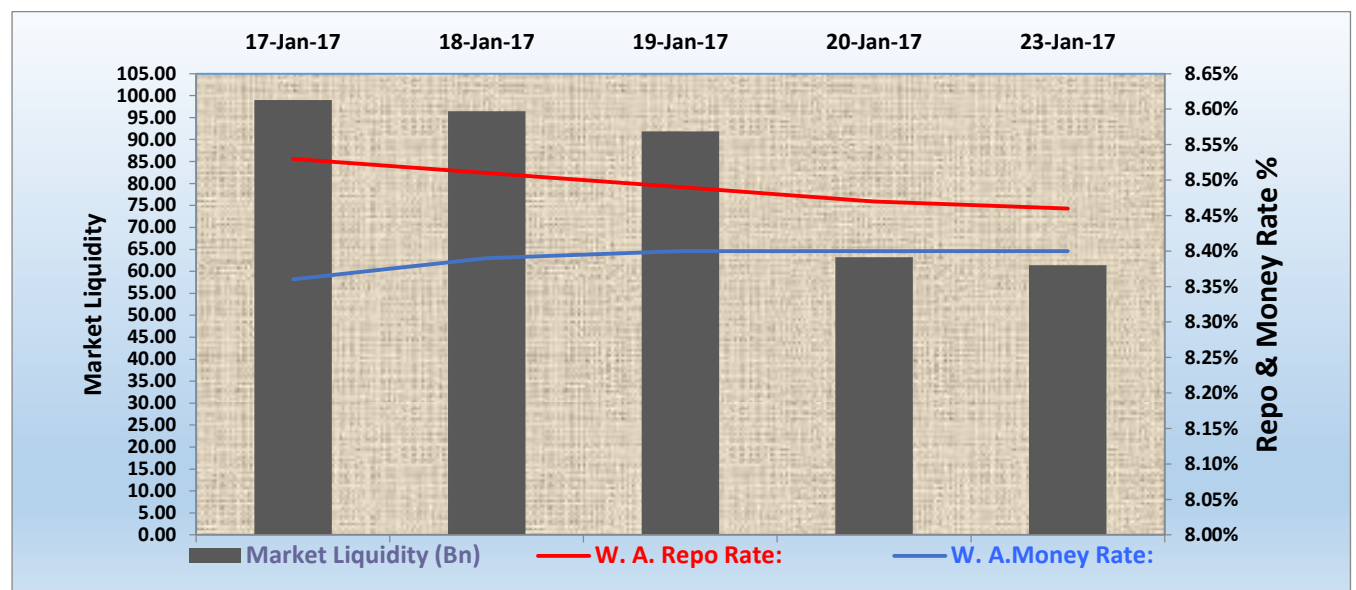


Maturity	Offer %	Bid %	GAP	23-Jan-2017	20-Jan-2017
3m	8.95%	9.10%		9.03%	9.03%
6m	9.90%	10.10%	0.98%	10.00%	10.00%
1y	10.30%	10.50%	0.40%	10.40%	10.40%
15-Oct-18	11.43%	11.53%	1.08%	11.48%	11.33%
15-Sep-19	11.60%	11.90%	0.27%	11.75%	11.75%
1-May-20	11.95%	12.15%	0.30%	12.05%	12.05%
1-Mar-21	12.25%	12.35%	0.25%	12.30%	12.23%
1-Oct-22	12.20%	12.32%	-0.04%	12.26%	12.20%
1-Sep-23	12.20%	12.40%	0.04%	12.30%	12.30%
1-Aug-24	12.35%	12.50%	0.13%	12.43%	12.40%
15-Mar-25	12.28%	12.40%	-0.08%	12.34%	12.34%
1-Aug-26	12.40%	12.55%	0.13%	12.48%	12.47%
1-Sep-28	12.50%	12.65%	0.10%	12.58%	12.58%
1-May-29	12.55%	12.65%	0.03%	12.60%	12.60%
15-May-30	12.55%	12.70%	0.03%	12.63%	12.63%
1-Jan-32	12.65%	12.82%	0.11%	12.74%	12.74%
1-Jan-34	12.78%	13.00%	0.16%	12.89%	12.89%
15-Mar-35	12.88%	13.15%	0.12%	13.02%	13.02%
1-Jan-41	13.20%	13.45%	0.31%	13.33%	13.33%
1-Jun-44	13.32%	13.52%	0.09%	13.42%	13.42%
1-Mar-45	13.38%	13.55%	0.05%	13.47%	13.47%

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Market Liquidity	17-Jan-17	18-Jan-17	19-Jan-17	20-Jan-17	23-Jan-17
Standing Deposit Facility(Bn)	12.776	14.295	32.299	23.814	9.503
Standing Lending Facility(Bn)	(7.186)	(8.544)	(8.372)	(4.614)	(5.946)
Repo/Reverse Repo Auction (Bn)	93.374	90.700	67.927	44.044	57.871
Market Liquidity (Bn)	98.964	96.451	91.854	63.244	61.428
CBSL Holdings: (Bn)	192.477	196.400	218.954	221.673	209.394

Overnight Money Market	17-Jan-17	18-Jan-17	19-Jan-17	20-Jan-17	23-Jan-17
Repo					
W. A. Repo Rate:	8.53%	8.51%	8.49%	8.47%	8.46%
Gross Amount:(LKR Bn)	19.30	19.89	20.64	23.17	25.37
Call Money					
W. A. Money Rate:	8.36%	8.39%	8.40%	8.40%	8.40%
Gross Amount:(LKR Bn)	15.48	15.13	14.77	17.41	14.54



U.S. \$ Yield	17-Jan-17	18-Jan-17	19-Jan-17	20-Jan-17	23-Jan-17
U.S. 10 Year Yield	2.333%	2.360%	2.439%	2.480%	2.469%
Sri Lanka Int Sovereign Yield 2026	6.594%	6.558%	6.579%	6.598%	6.648%

Spot Closing	150.30/40	150.15/25	150.15/25	151.00/10	150.15/25
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Forex Volumes (20-Jan-2017)	USD (Mn)	Average	Colombo Stock Exchange (23-Jan-2017)		
Cash	4.50	150.0200		ASPI	S & P SL 20
TOM	17.50	150.1057	Index	6,162.05	3,500.44
Spot	1.00	150.1500	Day Return %	-0.12%	-0.23%
Forwards	22.00				
Total	45.00				

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