

Report Date: 27th January 2017 (SL Time 06.00pm)

Market Report

Today's Treasury bond auction yields were lower than the secondary market yields, with Rs 10.5bn worth of 4 year and 8 year maturities being accepted at an average rate of 12.19% and 12.39% respectively. The net foreign outflow from government securities for the week ended 25th January 2017 was recorded as Rs 1.2bn.

In the overnight money market repo & call money were exchanged at an average rate of 8.46% & 8.37% respectively. The CBSL continued with its OMO activities by absorbing Rs 46bn worth of overnight money from the system through a Repo Auction at the rate of 7.53% as the market liquidity stood at a surplus figure of Rs 41bn.

The Colombo All Share Price Index gained 0.12% for the day to close at 6137.70 points as gains in the Diversified Holdings, Land & Property and Beverages & Tobacco sectors led shares higher. Foreign investors were net buyers for the day with net inflow of 7.2mn. The total turnover for the day was around Rs 555mn.

Economic News

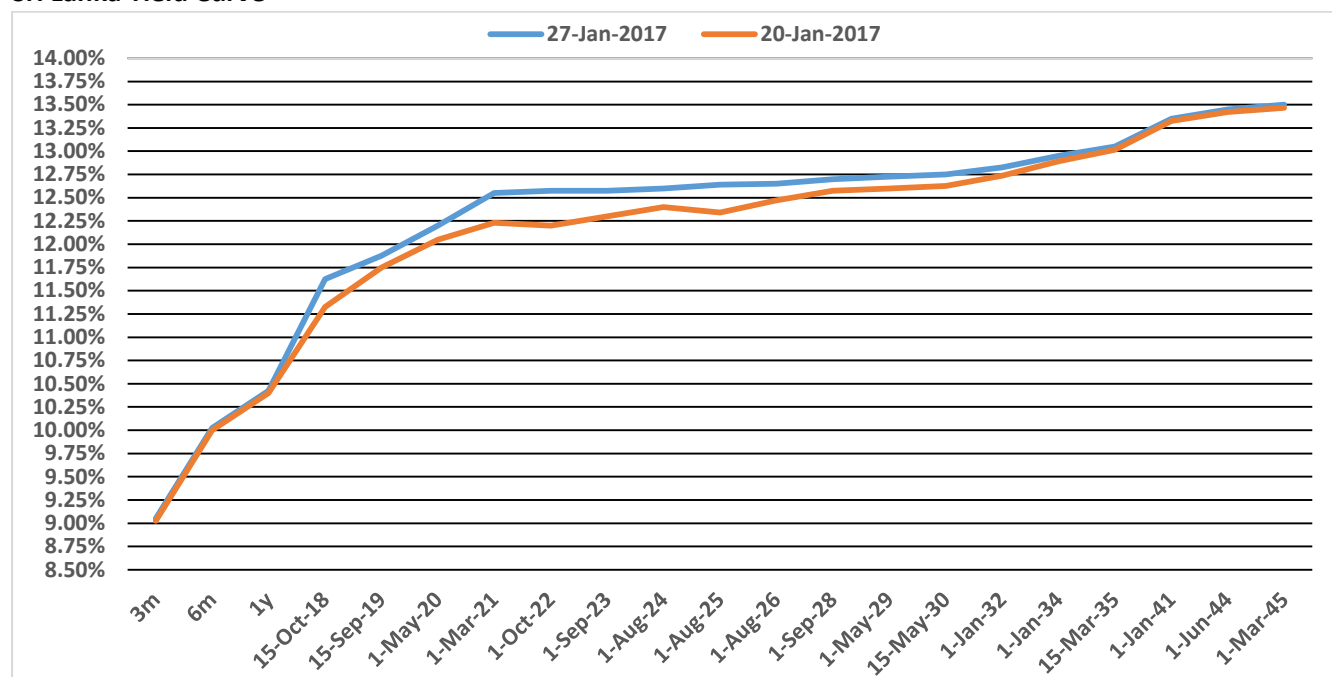
- The Sri Lankan rupee traded steady in thin volume on Friday as dollar selling by exporters and inward remittances outpaced demand for the U.S. currency from importers. Rupee forwards were active, with two week forwards were trading at 150.85/95 per dollar. The spot rupee was quoted around the central bank's revised reference level of 150.25.
- Oil prices firmed on Friday as rising crude output from the United States was offsetting efforts by OPEC and other producers to prop up the market by cutting supplies. Brent crude oil futures were trading at \$56.41 per barrel, up 17 cents from their last close. U.S. West Texas Intermediate (WTI) crude futures were at \$53.99 a barrel, up 21 cents.
- A trade accord that will boost global exports by \$1 trillion should come into force within two weeks, the head of the World Trade Organization said on Thursday, just as the rhetoric of U.S. President Donald Trump clouds the outlook for global trade.
- The value of international yuan payments, released by payments processor Swift on Thursday, fell 29.5 percent in 2016, while the yuan's share as an international payments currency dropped by 0.63 percentage points to 1.68 percent at the year's end.

Market Calendar

- Treasury bill Auction (CBSL) - **01st Feb 2017** (Total offered Rs 28bn)
(91days: Rs 5bn, 182days: Rs 13bn, 364days: Rs 10bn)
- Fed Interest rate decision - **01st Feb 2017**

Next Page =>

Sri Lanka Yield Curve

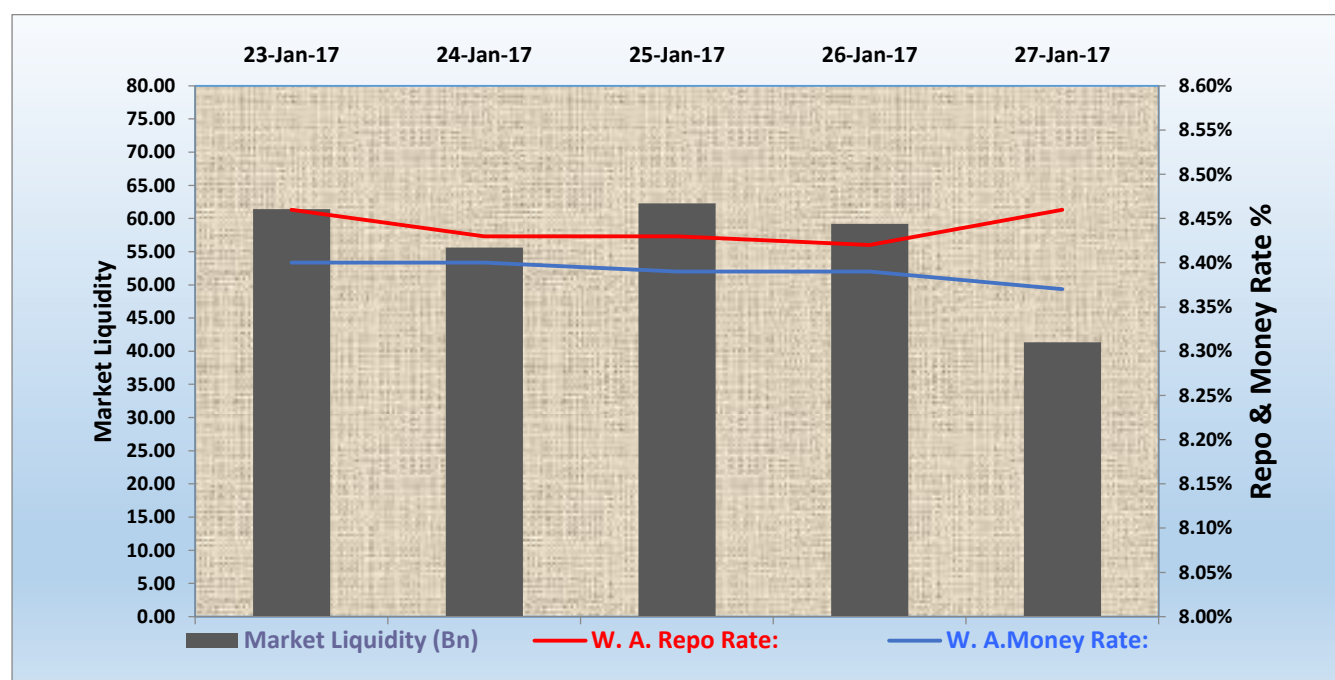


Maturity	Offer %	Bid %	GAP	27-Jan-2017	20-Jan-2017
3m	9.00%	9.10%		9.05%	9.03%
6m	9.90%	10.15%	0.98%	10.03%	10.00%
1y	10.35%	10.50%	0.40%	10.43%	10.40%
15-Oct-18	11.55%	11.70%	1.20%	11.63%	11.33%
15-Sep-19	11.75%	12.00%	0.25%	11.88%	11.75%
1-May-20	12.05%	12.35%	0.33%	12.20%	12.05%
1-Mar-21	12.50%	12.60%	0.35%	12.55%	12.23%
1-Oct-22	12.50%	12.65%	0.03%	12.58%	12.20%
1-Sep-23	12.50%	12.65%	0.00%	12.58%	12.30%
1-Aug-24	12.50%	12.70%	0.03%	12.60%	12.40%
1-Aug-25	12.58%	12.70%	0.04%	12.64%	12.34%
1-Aug-26	12.55%	12.75%	0.01%	12.65%	12.47%
1-Sep-28	12.60%	12.80%	0.05%	12.70%	12.58%
1-May-29	12.65%	12.80%	0.03%	12.73%	12.60%
15-May-30	12.65%	12.85%	0.03%	12.75%	12.63%
1-Jan-32	12.70%	12.95%	0.08%	12.83%	12.74%
1-Jan-34	12.85%	13.05%	0.13%	12.95%	12.89%
15-Mar-35	12.95%	13.15%	0.10%	13.05%	13.02%
1-Jan-41	13.25%	13.45%	0.30%	13.35%	13.33%
1-Jun-44	13.35%	13.55%	0.10%	13.45%	13.42%
1-Mar-45	13.40%	13.60%	0.05%	13.50%	13.47%

Next Page =>

Market Liquidity	23-Jan-17	24-Jan-17	25-Jan-17	26-Jan-17	27-Jan-17
Standing Deposit Facility(Bn)	9.503	9.073	4.914	7.712	4.232
Standing Lending Facility(Bn)	(5.946)	(8.071)	(5.625)	(8.521)	(8.871)
Repo/Reverse Repo Auction (Bn)	57.871	54.624	63.000	60.000	46.000
Market Liquidity (Bn)	61.428	55.626	62.289	59.191	41.361
CBSL Holdings: (Bn)	209.394	214.821	204.084	210.066	205.063

Overnight Money Market	23-Jan-17	24-Jan-17	25-Jan-17	26-Jan-17	27-Jan-17
Repo					
W. A. Repo Rate:	8.46%	8.43%	8.43%	8.42%	8.46%
Gross Amount:(LKR Bn)	25.37	28.99	28.31	30.77	23.99
Call Money					
W. A. Money Rate:	8.40%	8.40%	8.39%	8.39%	8.37%
Gross Amount:(LKR Bn)	14.54	13.06	5.65	6.40	8.45



U.S. \$ Yield	23-Jan-17	24-Jan-17	25-Jan-17	26-Jan-17	27-Jan-17
U.S. 10 Year Yield	2.469%	2.428%	2.482%	2.545%	2.514%
Sri Lanka Int Sovereign Yield 2026	6.648%	6.651%	6.660%	6.729%	6.765%

2 Weeks			150.85/151.00	150.80/150.90	150.90/150.95
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Next Page =>

Forex Volumes (26-Jan-2017)	USD (Mn)	Average	Colombo Stock Exchange (27-Jan-2017)		
Cash	5.00	150.1300		ASPI	S & P SL 20
TOM	7.50	150.1677	Index	6,137.70	3,483.67
Spot	22.20	150.2500	Week Return %	-0.52%	-0.70%
Forwards	42.30				
Total	77.00				

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