

**Report Date: 08<sup>th</sup> March 2017 (SL Time 06.00pm)**

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### **Market Report**

Yields on treasury bills have risen on today's auction to a 6months high since last year August with 3months bill rose by 9 bps to 9.47% while the 6months and 1year bill rose by 12 & 8 bps to 10.39% and 10.74% respectively. The CBSL offered Rs 25bn worth of bills with more being taken from 6months bill.

In the overnight money market repo & call money were exchanged at an average rate of 8.58% & 8.50% respectively. The CBSL continued with its OMO activities by injecting Rs 14bn worth of overnight money to the system through a Re-repo Auction at the rate of 8.50%. At the close of trading the market liquidity recorded a deficit figure of Rs 14.76bn.

The Colombo All Share Price Index lost 0.21% for the day to close at 6,095.07 points as losses in the Construction & Engineering, Trading and Banking, Financials & Insurance sectors led shares lower. Foreign investors remained net buyers for the day with net foreign inflow of Rs 154mn. The turnover for the day was around Rs 1,064mn.

### **Economic News**

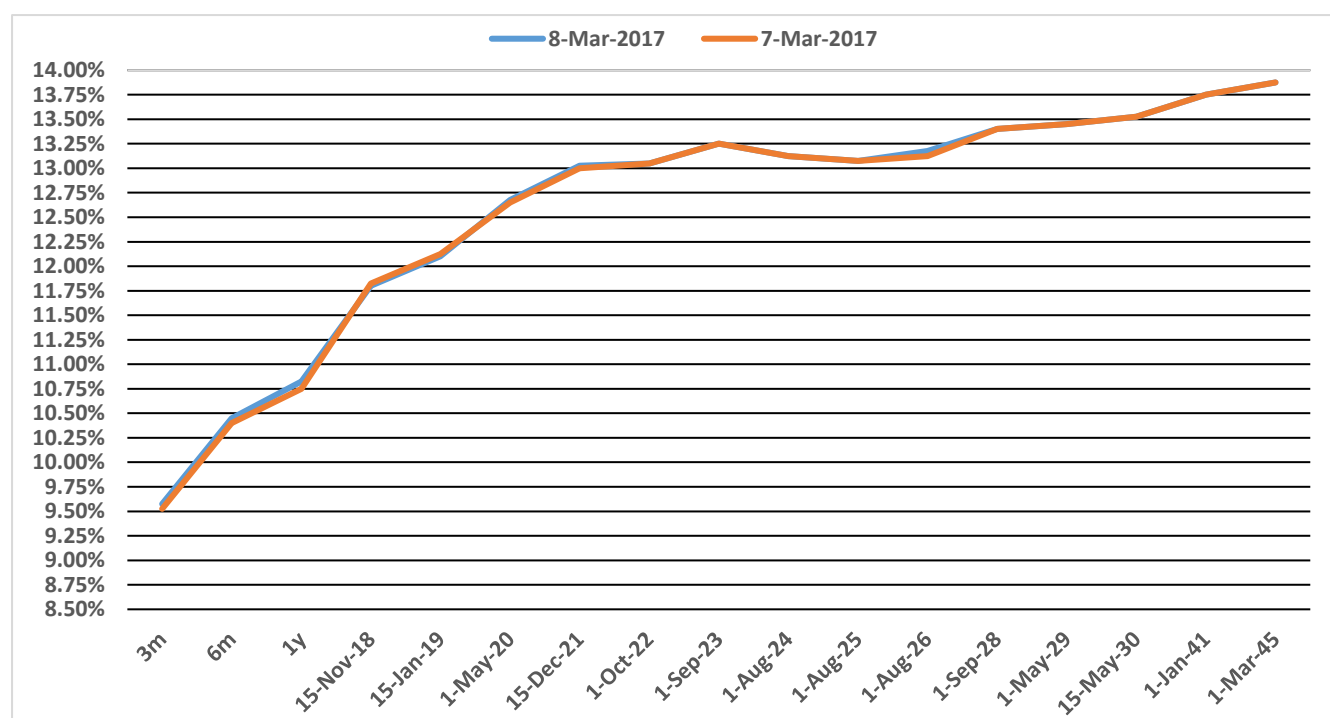
- Standard and Poor's has confirmed a 'B+' rating on Sri Lanka, keeping a 'negative' outlook unchanged, despite improvement in tax revenues, as policy making remained weak amid government infighting.
- The Government of New Zealand expects to broaden existing investment in Sri Lanka and is ready to assist in economic development activities in the island, the finance ministry said in a statement.
- The Sri Lankan rupee ended weaker on Wednesday on importer dollar demand, dealers said, and a day after the International Monetary Fund urged the country's central bank to rebuild foreign reserves while maintaining exchange rate flexibility. Rupee forwards were active, with two week forwards ending at 152.35/50 per dollar, compared with Tuesday's close of 151.85/95.
- U.S. oil prices rose in Asian trade on Thursday as high compliance with OPEC's production cuts lent support, although U.S. record crude inventories weigh on market sentiment. U.S. benchmark West Texas Intermediate (WTI) crude futures climbed 33 cents, or 0.66 percent, to \$50.61 a barrel, International Brent crude futures were yet to trade after closing 5 percent lower at \$53.11 a barrel.

### **Market Calendar**

- SLDB Auction - **8<sup>th</sup> Mar 2017 to 14<sup>th</sup> Mar 2017**  
(USD 830 million of 1 year, 2 years, 3 years and 5 years)
- Fed Interest Rate Decision - **15<sup>th</sup> March 2017**

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## Sri Lanka Yield Curve

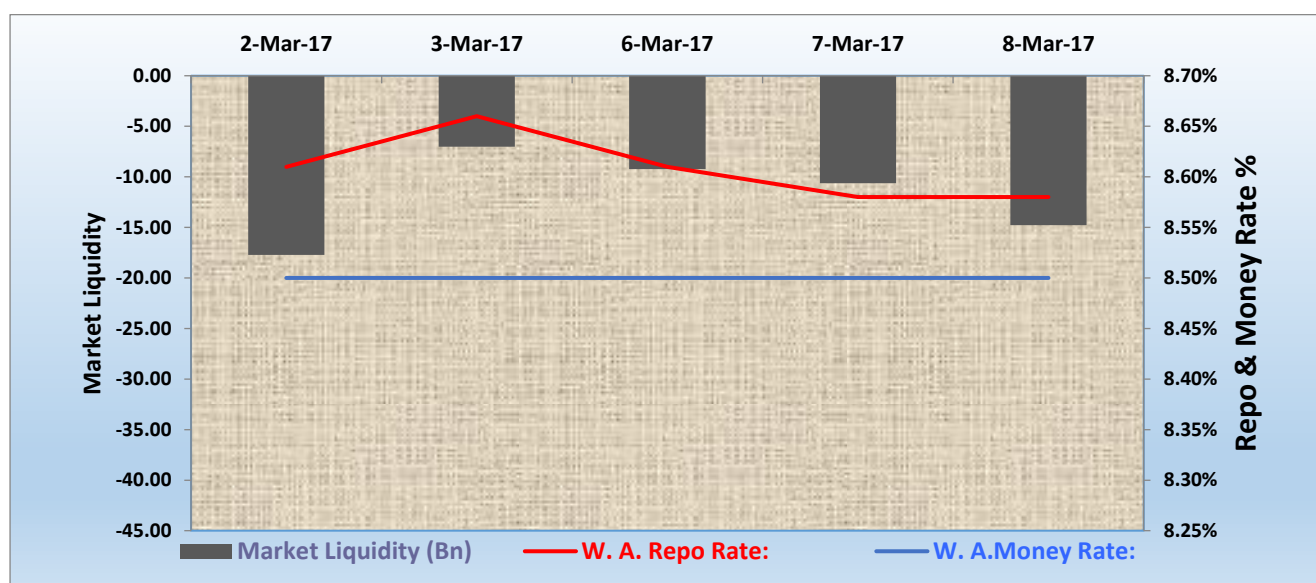


Maturity	Offer %	Bid %	GAP	8-Mar-2017	7-Mar-2017
3m	9.40%	9.75%		9.58%	9.53%
6m	10.25%	10.65%	0.87%	10.45%	10.40%
1y	10.70%	10.95%	0.38%	10.83%	10.75%
15-Nov-18	11.75%	11.85%	0.97%	11.80%	11.83%
15-Jan-19	12.05%	12.15%	0.30%	12.10%	12.13%
1-May-20	12.50%	12.85%	0.58%	12.68%	12.65%
15-Dec-21	12.95%	13.10%	0.35%	13.03%	13.00%
1-Oct-22	13.00%	13.10%	0.03%	13.05%	13.05%
1-Sep-23	13.00%	13.50%	0.20%	13.25%	13.25%
1-Aug-24	13.05%	13.20%	-0.13%	13.13%	13.13%
1-Aug-25	13.00%	13.15%	-0.05%	13.08%	13.08%
1-Aug-26	13.10%	13.25%	0.10%	13.18%	13.13%
1-Sep-28	13.30%	13.50%	0.23%	13.40%	13.40%
1-May-29	13.40%	13.50%	0.05%	13.45%	13.45%
15-May-30	13.45%	13.60%	0.08%	13.53%	13.53%
1-Jan-41	13.50%	14.00%	0.23%	13.75%	13.75%
1-Mar-45	13.75%	14.00%	0.13%	13.88%	13.88%

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<b>Market Liquidity</b>	<b>2-Mar-17</b>	<b>3-Mar-17</b>	<b>6-Mar-17</b>	<b>7-Mar-17</b>	<b>8-Mar-17</b>
Standing Deposit Facility(Bn)	10.997	21.425	12.686	9.583	5.949
Standing Lending Facility(Bn)	(17.721)	(24.458)	(12.933)	(15.197)	(6.715)
Repo/Reverse Repo Auction (Bn)	(11.000)	(4.000)	(9.000)	(5.000)	(14.000)
Market Liquidity (Bn)	(17.724)	(7.033)	(9.247)	(10.614)	(14.766)
<b>CBSL Holdings: (Bn)</b>	<b>232.848</b>	<b>237.549</b>	<b>231.204</b>	<b>229.524</b>	<b>230.103</b>

<b>Overnight Money Market</b>	<b>2-Mar-17</b>	<b>3-Mar-17</b>	<b>6-Mar-17</b>	<b>7-Mar-17</b>	<b>8-Mar-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.61%	8.66%	8.61%	8.58%	8.58%
Gross Amount:( LKR Bn)	30.65	21.85	27.02	34.37	35.01
<b>Call Money</b>					
W. A. Money Rate:	8.50%	8.50%	8.50%	8.50%	8.50%
Gross Amount:( LKR Bn)	19.71	21.33	19.83	21.22	16.73

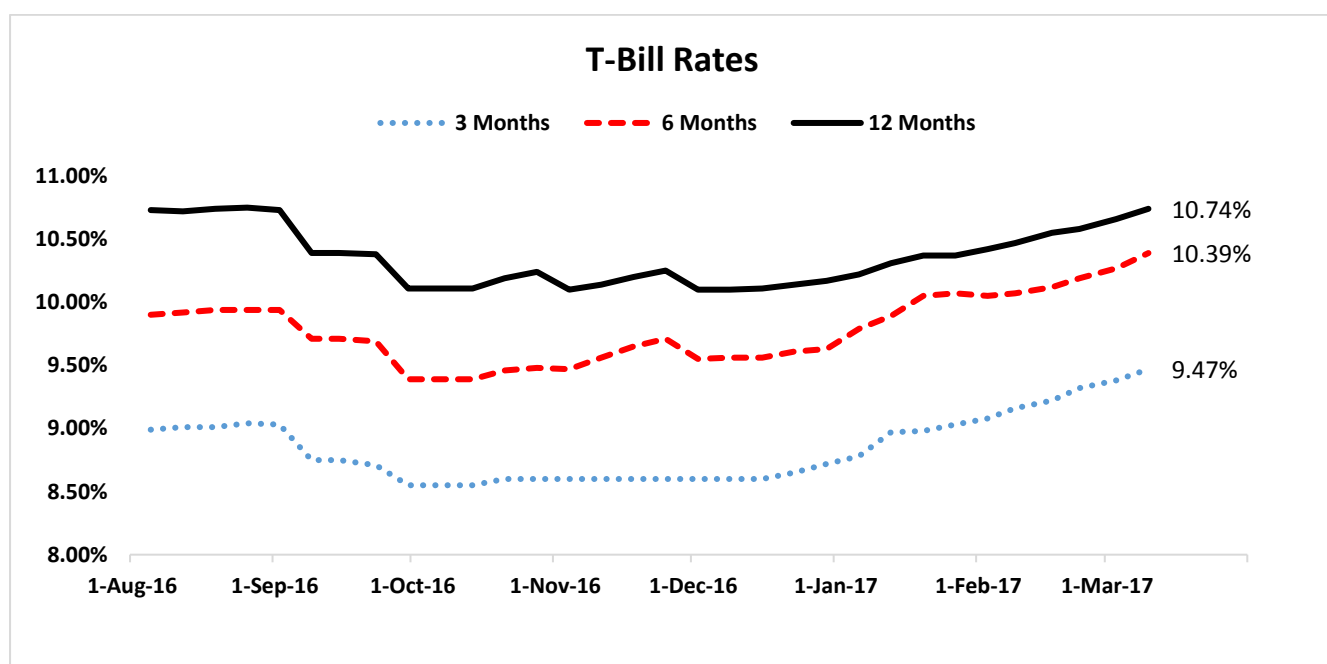


<b>U.S. \$ Yield</b>	<b>2-Mar-17</b>	<b>3-Mar-17</b>	<b>6-Mar-17</b>	<b>7-Mar-17</b>	<b>8-Mar-17</b>
U.S. 10 Year Yield	2.462%	2.487%	2.493%	2.511%	2.542%
Sri Lanka Int Sovereign Yield 2026	6.263%	6.271%	6.286%	6.394%	6.443%

Spot rate	151.25	151.25	151.25	151.25	151.25
2 Weeks	151.80/90	151.85/95	151.85/95	151.85/95	152.35/40

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Forex Volumes (07-Mar-2017)	USD (Mn)	Average	Colombo Stock Exchange (08-Mar-2017)		
Cash	13.75	151.1940		ASPI	S & P SL 20
TOM	22.00	151.2194	Index	6,095.07	3,507.77
Spot	5.24	151.2534	Day Return %	-0.21%	-0.61%
Forwards	24.01				
Total	65.00				



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