

Report Date: 21st March 2017 (SL Time 06.00pm)

Market Report

Today's secondary market yields remained at the same levels with low volumes on 2024 & 2025 maturities. Accordingly 1st Jan 2024 was traded around 13.28 while the maturity 15th Mar 2025 and 1st Aug 2025 both were traded at 13.30. On the longer end of the yield curve 1st Aug 2024 & 1st Aug 2026 were quoted as 13.20/35 & 13.25/35 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.54% & 8.50% respectively. The CBSL continued with its OMO activities by injecting Rs 6.68bn 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 17.84bn.

The Colombo All Share Price Index gained 0.01% for the day to close at 6,041.59 points as gains in the Information Technology, Land & Property and Construction & Engineering sectors led shares higher. Foreign investors remained net buyers for the day with net foreign inflow of Rs 160mn. The turnover for the day was around Rs 283mn.

Economic News

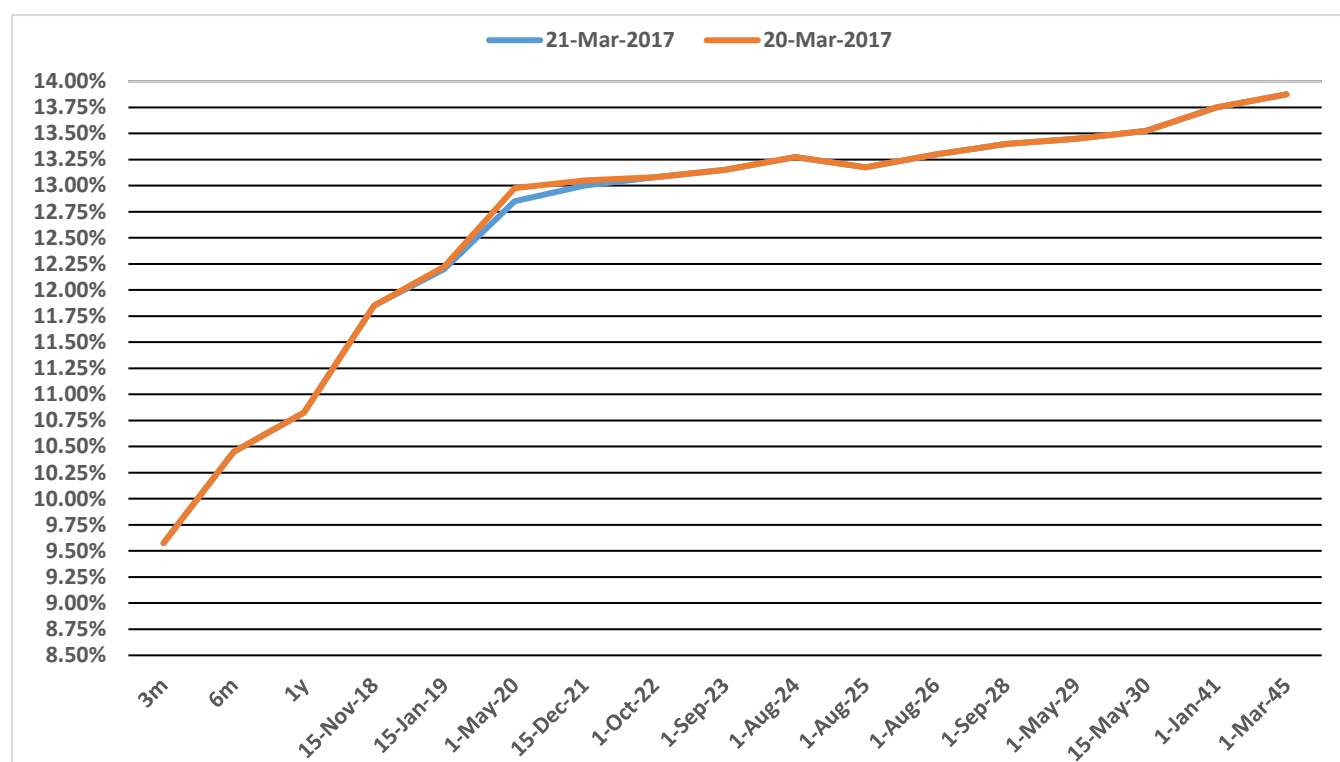
- The Sri Lankan rupee traded slightly lower on Monday due to dollar demand from importers, amid rising imports and selling of rupee bonds by foreign investors. The downward pressure on the rupee could ease if the central bank raises its key policy rates on Friday. Rupee forwards were active, with two week forwards trading at 152.50/60 per dollar, compared with Monday's close of 152.40/60.
- Oil prices climbed on Tuesday, helped by expectations that an OPEC led output cut would be extended beyond June but gains were pegged back by concerns about persistently high crude inventories. Brent crude, the international benchmark for oil, was up 42 cents at \$52.04 per barrel, U.S. West Texas Intermediate (WTI) crude rose 38 cents to \$48.60.
- The British government plans to formally notify the European Union on March 29 of its intention to leave the bloc, putting the country on track to complete a two year negotiated exit. David Davis, the cabinet minister responsible for negotiating the exit, said that Britain would send notice under Article 50 of the European Union's treaty.
- The Invest Sri Lanka Investor Forum hosted in Sydney by the Colombo Stock Exchange and Securities and Exchange Commission drew over 150 participants including institutional, high net worth and potential investors in Sri Lanka.

Market Calendar

- Treasury bill auction (CBSL) - **22nd March 2017** (Total offered Rs 27bn)
(91 days - Rs 9.5bn, 182 days - Rs 9.5bn, 364 days - Rs 8bn)
- CBSL Monetary Policy meeting - **24th March 2017**

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Sri Lanka Yield Curve

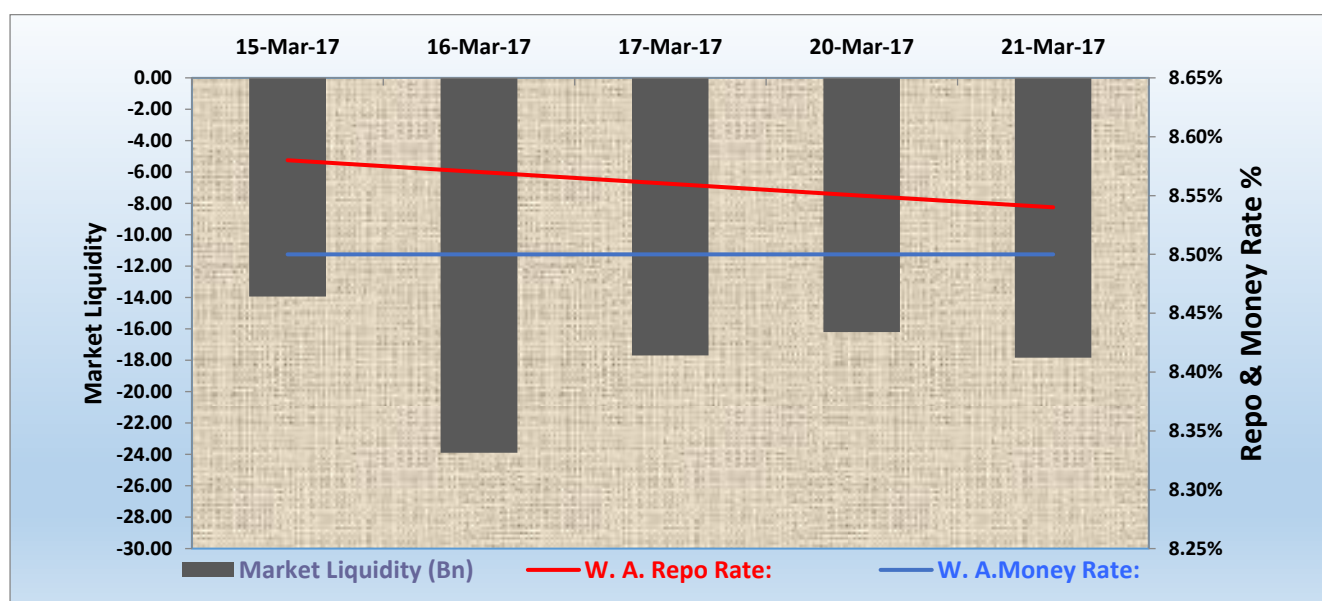


Maturity	Offer %	Bid %	GAP	21-Mar-2017	20-Mar-2017
3m	9.40%	9.75%		9.58%	9.58%
6m	10.25%	10.65%	0.87%	10.45%	10.45%
1y	10.70%	10.95%	0.38%	10.83%	10.83%
15-Nov-18	11.75%	11.95%	1.03%	11.85%	11.85%
15-Jan-19	12.15%	12.25%	0.35%	12.20%	12.23%
1-May-20	12.80%	12.90%	0.65%	12.85%	12.98%
15-Dec-21	12.95%	13.05%	0.15%	13.00%	13.05%
1-Oct-22	13.02%	13.14%	0.08%	13.08%	13.08%
1-Sep-23	13.00%	13.30%	0.07%	13.15%	13.15%
1-Aug-24	13.20%	13.35%	0.13%	13.28%	13.28%
1-Aug-25	13.05%	13.30%	-0.10%	13.18%	13.18%
1-Aug-26	13.25%	13.35%	0.13%	13.30%	13.30%
1-Sep-28	13.30%	13.50%	0.10%	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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Market Liquidity	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17	21-Mar-17
Standing Deposit Facility(Bn)	18.070	10.403	8.429	12.151	10.300
Standing Lending Facility(Bn)	(18.004)	(15.300)	(12.335)	(15.610)	(21.457)
Repo/Reverse Repo Auction (Bn)	(14.000)	(19.000)	(13.777)	(12.736)	(6.683)
Market Liquidity (Bn)	(13.934)	(23.897)	(17.683)	(16.195)	(17.840)
CBSL Holdings: (Bn)	240.548	242.906	235.128	237.554	237.412

Overnight Money Market	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17	21-Mar-17
Repo					
W. A. Repo Rate:	8.58%	8.57%	8.56%	8.55%	8.54%
Gross Amount:(LKR Bn)	24.31	29.10	32.39	37.39	42.47
Call Money					
W. A. Money Rate:	8.50%	8.50%	8.50%	8.50%	8.50%
Gross Amount:(LKR Bn)	11.27	14.06	14.39	13.49	11.24



U.S. \$ Yield	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17	21-Mar-17
U.S. 10 Year Yield	2.577%	2.524%	2.528%	2.506%	2.484%
Sri Lanka Int Sovereign Yield 2026	6.658%	6.522%	6.491%	6.468%	6.423%

Spot rate	151.25	151.25	151.35	151.35	151.35
2 Weeks	152.90/153.10	153.05/15	152.50/75	152.80/153.10	152.50/60

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Forex Volumes (20-Mar-2017)	USD (Mn)	Average	Colombo Stock Exchange (21-Mar-2017)		
Cash	26.50	151.2926		ASPI	S & P SL 20
TOM	4.00	151.5750	Index	6,041.59	3,447.59
Spot	10.50	151.3939	Day Return %	0.01%	-0.03%
Forwards	54.75				
Total	95.75				

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