

Report Date: 29th June 2017 (SL Time 06.00pm)

Market Report

The secondary market yields further declined due to the buying pressure on longer tenors such as 15th May 2023 and 01st Aug 2026 which was taken up to 11.35 and 11.485 respectively. At the close of trading the maturity 15th May 2023 & 01st Aug 2026 were quoted as 11.30/40 and 11.45/52 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.94% & 8.75% respectively. The CBSL continued with its OMO activities by injecting Rs 39bn worth of overnight money to the system through a Re-repo Auction at the rate of 8.74%. At the close of trading the market liquidity recorded a deficit figure of Rs 40bn.

The Colombo All Share Price Index gained 0.08% for the day to close at 6,702.53 points as gains in the Information Technology, Diversified Holdings and Power & Energy sectors led shares higher. Foreign investors remained net buyers for the day with net foreign inflow of Rs 22mn. The turnover for the day was around Rs 539mn.

Economic News

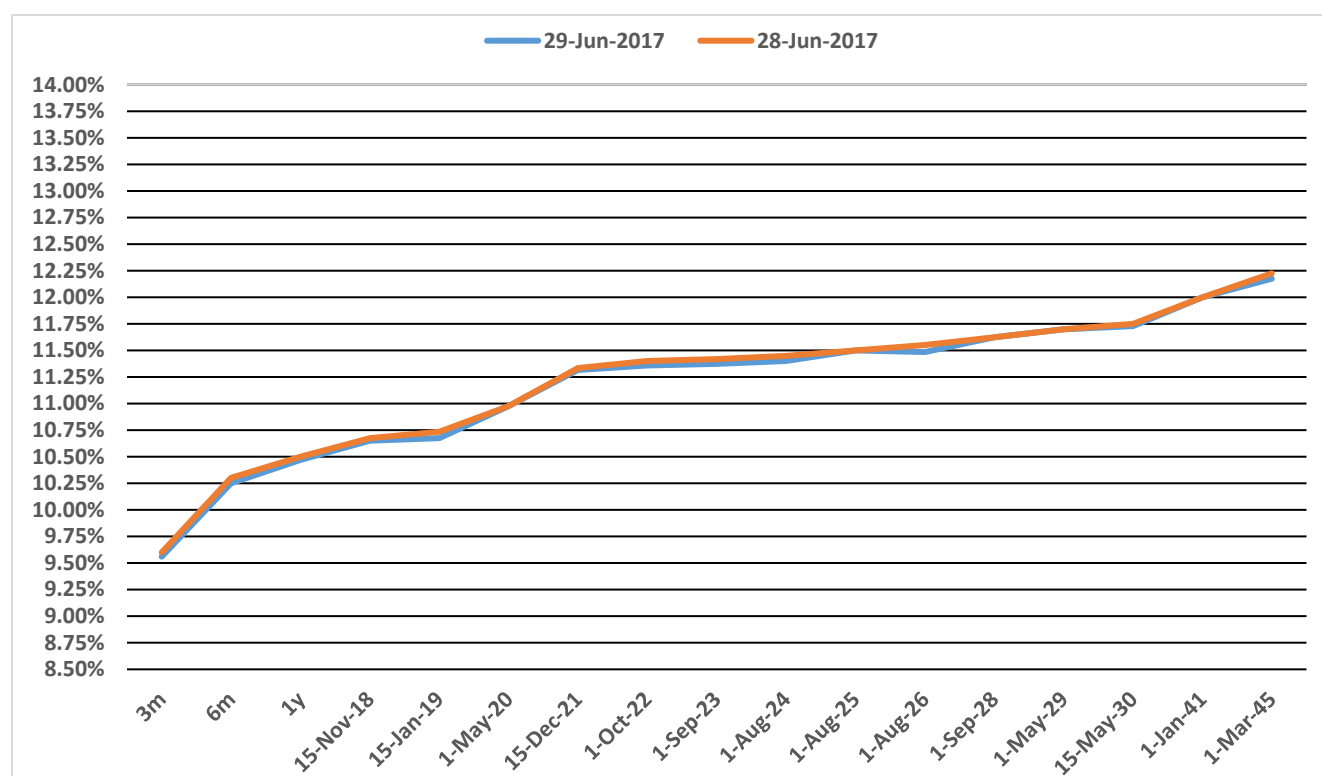
- The Sri Lankan rupee weakened on Thursday due to dollar demand from importers and as an expected rise in imports pressured the local currency. The spot rupee, which has been trading for the eighth straight session after being inactive for six weeks, was at 153.45/55 per dollar, slightly weaker from Wednesday's close of 153.40/50.
- Oil prices rose to a two week high on Thursday, extending a rally into a sixth straight session after a decline in weekly U.S. production eased concerns about deepening oversupply. Global benchmark Brent crude futures were up 35 cents at \$47.66 a barrel. U.S. West Texas Intermediate (WTI) crude was up 33 cents at \$45.07 a barrel.
- Financial Intelligence Unit of the Central Bank requests Designated Non-finance Businesses (DNFBs) to report about suspicious transactions which is an obligatory requirement under the law.
- Global debt levels have climbed \$500 billion in the past year to a record \$217 trillion, a new study shows, just as major central banks prepare to end years of super cheap credit policies. World markets were jarred this week by a chorus of central bankers warning about overpriced assets.

Market Calendar

- Colombo Consumer Price Index (June) - **30th June 2017**
- India FX Reserves (USD) - **30th June 2017**

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Sri Lanka Yield Curve

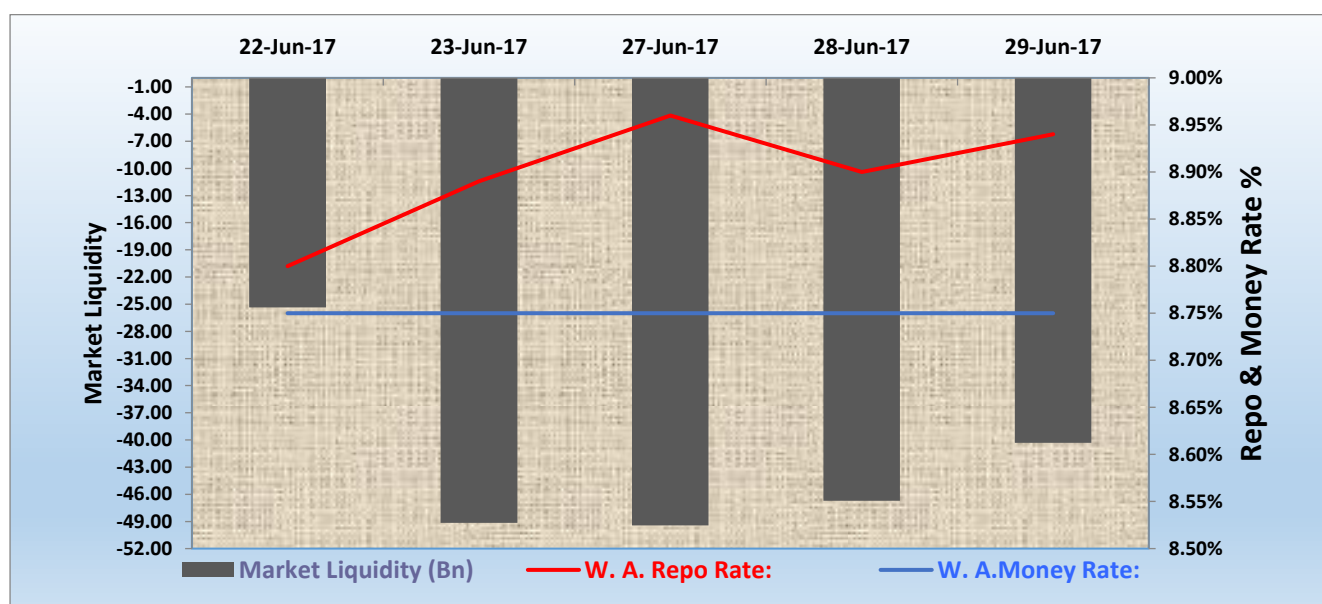


Maturity	Offer %	Bid %	GAP	29-Jun-2017	28-Jun-2017
3m	9.50%	9.62%		9.56%	9.60%
6m	10.20%	10.30%	0.69%	10.25%	10.30%
1y	10.42%	10.52%	0.22%	10.47%	10.50%
15-Nov-18	10.60%	10.70%	0.18%	10.65%	10.68%
15-Jan-19	10.65%	10.70%	0.03%	10.68%	10.74%
1-May-20	10.90%	11.05%	0.30%	10.98%	10.98%
15-Dec-21	11.30%	11.33%	0.34%	11.32%	11.34%
1-Oct-22	11.32%	11.40%	0.05%	11.36%	11.40%
1-Sep-23	11.35%	11.40%	0.01%	11.38%	11.42%
1-Aug-24	11.37%	11.43%	0.02%	11.40%	11.45%
1-Aug-25	11.45%	11.55%	0.10%	11.50%	11.50%
1-Aug-26	11.45%	11.52%	-0.01%	11.49%	11.55%
1-Sep-28	11.55%	11.70%	0.14%	11.63%	11.63%
1-May-29	11.65%	11.75%	0.07%	11.70%	11.70%
15-May-30	11.68%	11.78%	0.03%	11.73%	11.75%
1-Jan-41	11.95%	12.05%	0.27%	12.00%	12.00%
1-Mar-45	12.10%	12.25%	0.18%	12.18%	12.23%

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Market Liquidity	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17	29-Jun-17
Standing Deposit Facility(Bn)	1.764	2.070	1.178	3.789	5.526
Standing Lending Facility(Bn)	(14.900)	(29.859)	(19.619)	(9.340)	(6.659)
Repo/Reverse Repo Auction (Bn)	(12.205)	(21.366)	(30.990)	(41.157)	(39.178)
Market Liquidity (Bn)	(25.341)	(49.155)	(49.431)	(46.708)	(40.311)
CBSL Holdings: (Bn)	194.597	194.615	194.166	194.097	189.478

Overnight Money Market	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17	29-Jun-17
Repo					
W. A. Repo Rate:	8.80%	8.89%	8.96%	8.90%	8.94%
Gross Amount:(LKR Bn)	13.67	5.85	3.90	5.69	4.21
Call Money					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:(LKR Bn)	8.06	8.76	6.90	12.53	9.80



U.S. \$ Yield	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17	29-Jun-17
U.S. 10 Year Yield	2.163%	2.155%	2.163%	2.245%	2.253%
Sri Lanka Int Sovereign Yield 2027	6.173%	6.129%	6.059%	6.117%	6.131%

Spot rate	153.15/25	153.22/30	153.25/35	153.32/40	153.45/55
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Forex Volumes (28-Jun-2017)	USD (Mn)	Average	Colombo Stock Exchange (29-Jun-2017)		
Cash	11.00	153.2768		ASPI	S & P SL 20
TOM	19.25	153.3517	Index	6,702.53	3,903.23
Spot	31.25	153.3130	Day Return %	0.08%	0.12%
Forwards	38.75				
Total	100.25				

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