

Report Date: 10th May 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields edged up on thin volume as local investors remained on the selling side ahead of the weekly bill auction. At the close of trading the liquid 10year maturity 01st June 2026 was quoted as 12.00/12.10 while the 15th May 2030 was sold up to 12.30%.

In the overnight money market Rs 54bn worth of repo and call money were exchanged at an average of 8.02% & 8.15% respectively. The market liquidity was around Rs 8.2bn with CBSL holding on government securities recording Rs 228.9bn.

The positive momentum continued in the Colombo Stock Exchange with All Share Price index gaining 0.65% to close at 6637.74 points. Rising stocks outnumbered declining ones by 134 to 45 and 39 ended unchanged. The turnover for the day was Rs 1.04bn. Foreign investors remained net sellers with a net foreign outflow of Rs 425mn.

Local Market News

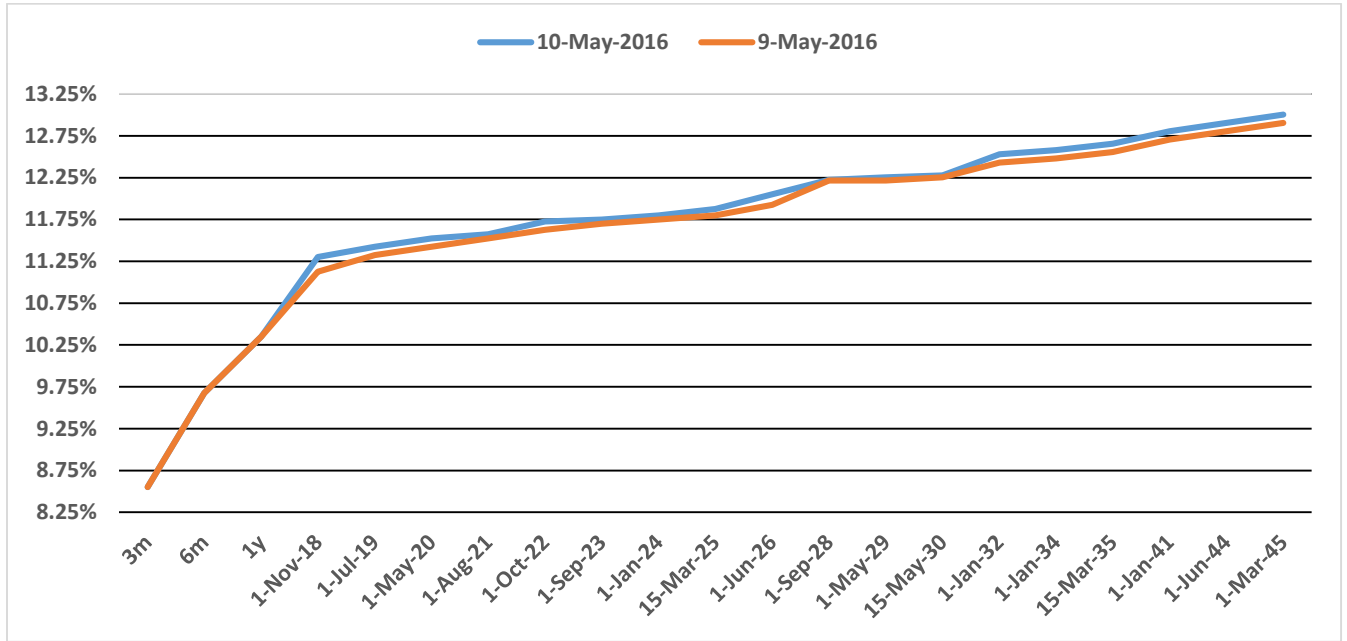
- KLM Royal Dutch Airlines says it will resume flights to Sri Lanka from October after almost 20 years of staying away due to the conflict in the island.(lbo.lk)
- Ceylon Petroleum corporation managed to import crude oil at an average price of \$ 35.50 in the month of February & March 2016 which is a 50% price decline compared to the same period in 2015.(CBSL)
- Sri Lanka's outstanding government debt rose by 15.05% in the year 2015 to Rs 8500bn with foreign debt recording 41% of the total.

Market Calendar

- Issue of Treasury Bills : **Auction Date 11th May 2016**
(91Days- 6Bn, 182Days- 12Bn & 364Days- 12Bn)
- Issue of Treasury Bonds: **Auction Date 12th May 2016**
(15th November 2018 – 5Bn, 01st May 2020 – 5Bn, 01st October 2022- 5Bn, 01st January 2024- 4bn.)

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Sri Lanka Yield Curve

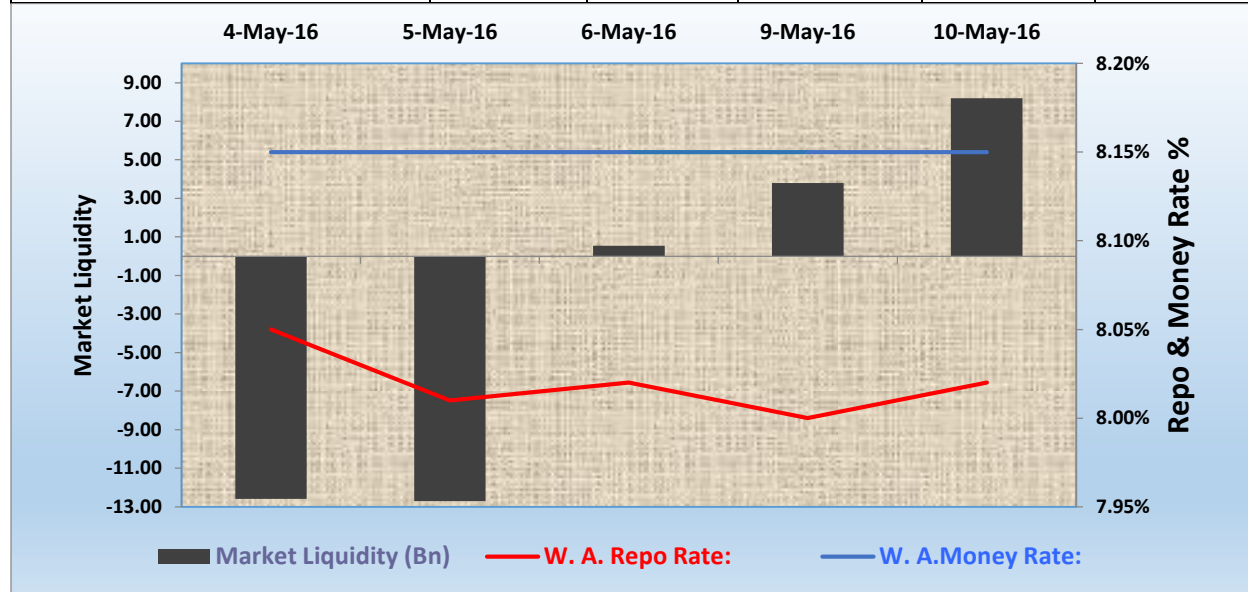


<u>Maturity</u>	Offer %	Bid %	GAP	10-May-2016	9-May-2016
3m	8.45%	8.65%		8.55%	8.55%
6m	9.60%	9.75%	1.13%	9.68%	9.68%
1y	10.25%	10.45%	0.67%	10.35%	10.35%
1-Nov-18	11.25%	11.35%	0.95%	11.30%	11.13%
1-Jul-19	11.35%	11.50%	0.13%	11.43%	11.33%
1-May-20	11.45%	11.60%	0.10%	11.53%	11.43%
1-Aug-21	11.55%	11.60%	0.05%	11.58%	11.53%
1-Oct-22	11.65%	11.80%	0.15%	11.73%	11.63%
1-Sep-23	11.70%	11.80%	0.03%	11.75%	11.70%
1-Jan-24	11.75%	11.85%	0.05%	11.80%	11.75%
15-Mar-25	11.80%	11.95%	0.08%	11.88%	11.80%
1-Jun-26	12.00%	12.10%	0.18%	12.05%	11.93%
1-Sep-28	12.20%	12.25%	0.18%	12.23%	12.22%
1-May-29	12.23%	12.28%	0.03%	12.26%	12.22%
15-May-30	12.25%	12.30%	0.02%	12.28%	12.26%
1-Jan-32	12.48%	12.58%	0.26%	12.53%	12.43%
1-Jan-34	12.53%	12.63%	0.05%	12.58%	12.48%
15-Mar-35	12.58%	12.73%	0.08%	12.66%	12.56%
1-Jan-41	12.73%	12.88%	0.15%	12.81%	12.71%
1-Jun-44	12.83%	12.98%	0.10%	12.91%	12.81%
1-Mar-45	12.93%	13.08%	0.10%	13.01%	12.91%

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Market Liquidity	4-May-16	5-May-16	6-May-16	9-May-16	10-May-16
Standing Deposit Facility(Bn)	11.128	15.037	21.064	15.652	18.852
Standing Lending Facility(Bn)	(13.717)	(17.737)	(20.529)	(11.861)	(10.650)
Repo/Reverse Repo Auction (Bn)	(10.000)	(10.000)	-	-	-
Market Liquidity (Bn)	(12.589)	(12.700)	0.535	3.791	8.202
CBSL Holdings: (Bn)	231.765	235.839	238.569	230.080	228.924

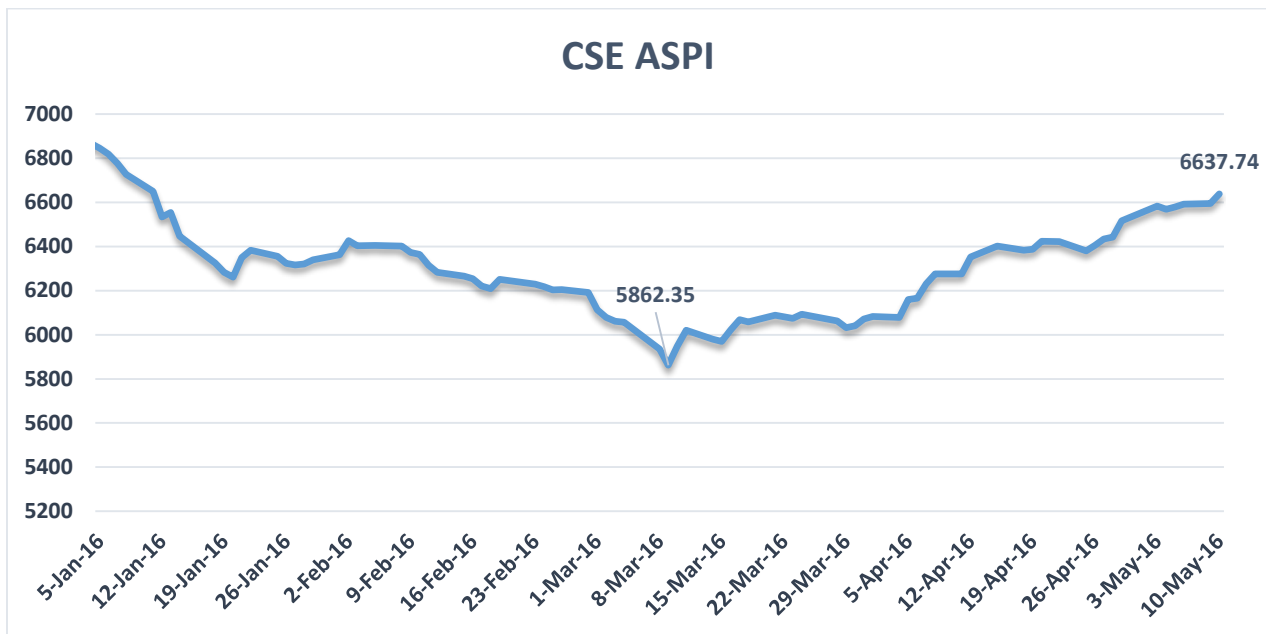
Overnight Money Market	4-May-16	5-May-16	6-May-16	9-May-16	10-May-16
Repo					
W. A. Repo Rate:	8.05%	8.01%	8.02%	8.00%	8.02%
Gross Amount:(LKR Bn)	22.00	24.42	35.48	34.69	36.32
Call Money					
W. A. Money Rate:	8.15%	8.15%	8.15%	8.15%	8.15%
Gross Amount:(LKR Bn)	16.59	10.28	14.68	17.88	18.55



U.S. \$ Yield	4-May-16	5-May-16	6-May-16	9-May-16	10-May-16
U.S. 10 Year Yield	1.798%	1.793%	1.742%	1.772%	1.760%
Sri Lanka Int Sovereign Yield 2025	7.406%	7.424%	7.428%	7.432%	7.350%

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Spot Opening :	143.90/50	143.90/50	143.90/50	143.90/50	143.90/50
Spot Closing :	143.90/50	143.90/50	143.90/50	143.90/50	143.90/50
Spot Next	146.25/27				
Forex Volumes (09-May-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	9.00	145.6833		ASPI	S & P SL 20
TOM	11.00	145.7000	Index	6,637.74	3,507.46
Spot	9.00	145.7150	Day return %	0.65%	0.95%
Forwards	44.81				
Total	73.81				



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