

Report Date: 09th May 2016 (SL Time 06.00pm)

Market Report

The secondary bond market activities remained at a subdued level as local investors were on the sideline awaiting for the bond auction outcome. At the close of trading the liquid 10year maturity 01st June 2026 was quoted as 11.90/12.00.

In the overnight money market Rs 52bn worth of repo and call money were exchanged at an average of 8.00% & 8.15% respectively. The market liquidity recorded a surplus figure of Rs 3.79bn. CBSL infused Rs 11.86bn through standing lending facility at the rate of 8.00%.

The Colombo All Share Price Index gained marginally by 0.04% to hit a new 3month high of 6594.80 points as gains in the Stores, Power & Energy and Motors sectors led shares higher. The turnover for the day recorded Rs 595mn with a net foreign inflow of Rs 27mn.

Local Market News

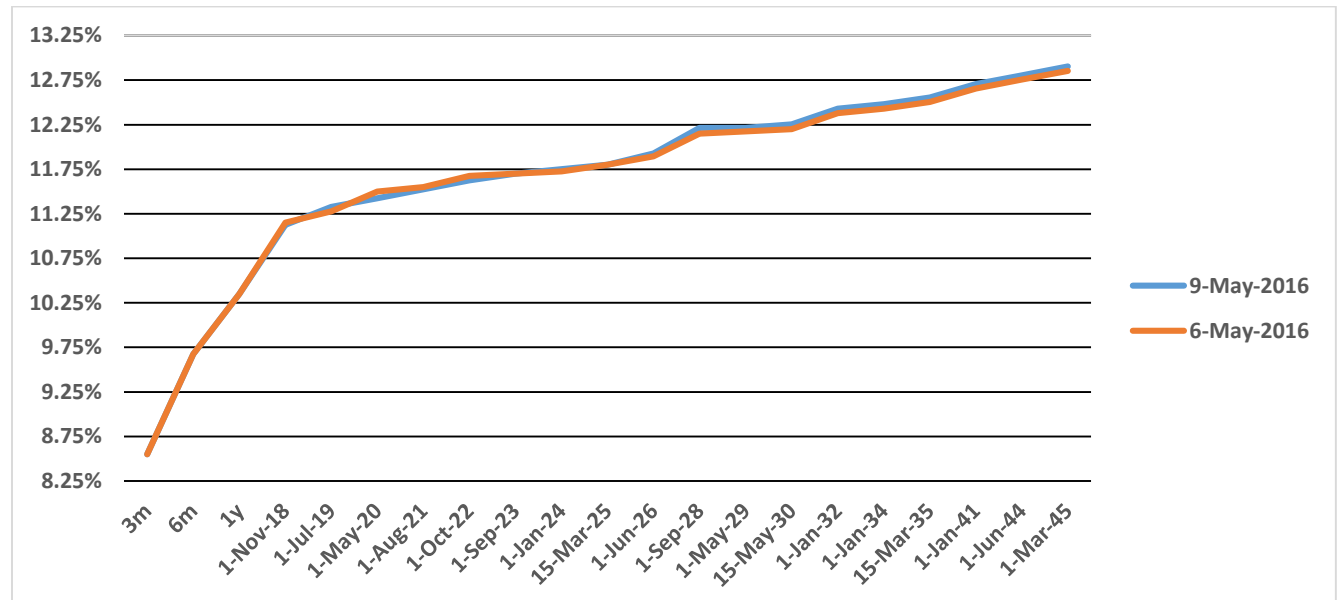
- Sri Lanka's official foreign reserves declined by \$155mn to \$6070mn in April 2016 an official data from CBSL showed. Out of the total reserves 15% was maintained as Gold.
- HSBC is turning positive on Sri Lanka as a frontier market pick, but its lowering exposure to Vietnam after the recent rally. While acknowledging Sri Lanka's rising fiscal and external vulnerabilities, it believes all the negative news is now priced in.(cnbc.com)
- Sri Lanka's government revenue rose 16.1% on year to Rs. 346 billion (\$2.38 billion) in the March quarter, a finance ministry official said on Friday, with the government expecting a growth in revenue after a tax hike early this week in line with an International Monetary Fund deal.(Reuters)

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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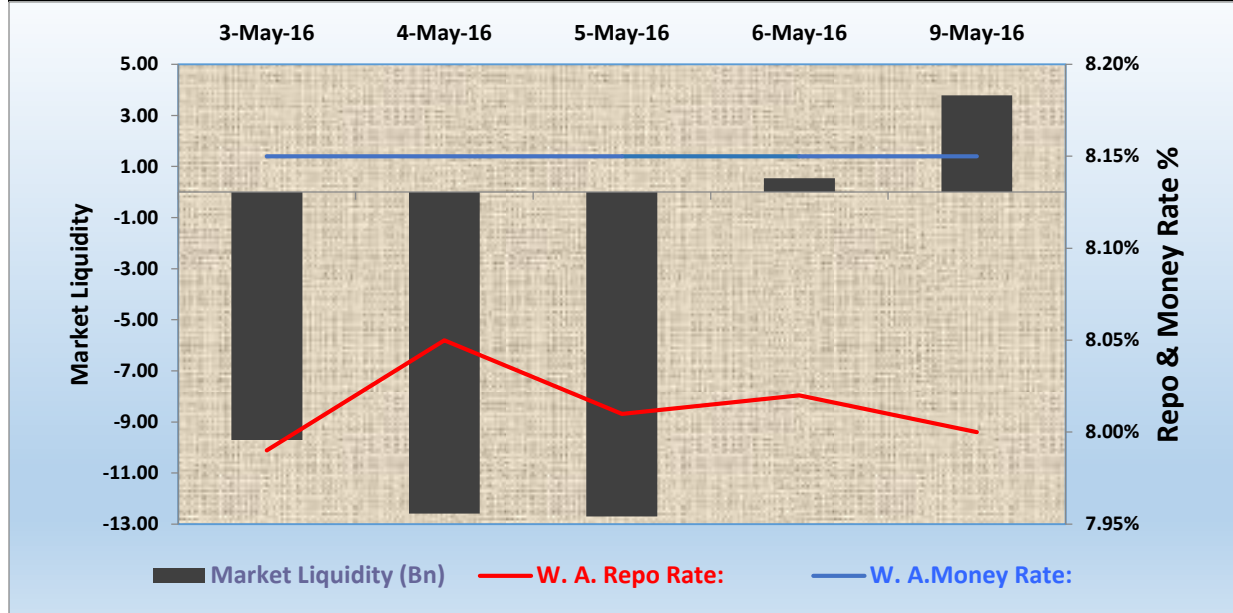
Sri Lanka Yield Curve



<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>9-May-2016</u>	<u>6-May-2016</u>
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	11.05%	11.20%	0.78%	11.13%	11.15%
1-Jul-19	11.25%	11.40%	0.20%	11.33%	11.28%
1-May-20	11.35%	11.50%	0.10%	11.43%	11.50%
1-Aug-21	11.45%	11.60%	0.10%	11.53%	11.55%
1-Oct-22	11.60%	11.65%	0.10%	11.63%	11.68%
1-Sep-23	11.65%	11.75%	0.07%	11.70%	11.70%
1-Jan-24	11.70%	11.80%	0.05%	11.75%	11.73%
15-Mar-25	11.75%	11.85%	0.05%	11.80%	11.80%
1-Jun-26	11.85%	12.00%	0.13%	11.93%	11.90%
1-Sep-28	12.18%	12.25%	0.29%	12.22%	12.15%
1-May-29	12.20%	12.23%	0.00%	12.22%	12.18%
15-May-30	12.23%	12.28%	0.04%	12.26%	12.20%
1-Jan-32	12.38%	12.48%	0.17%	12.43%	12.38%
1-Jan-34	12.43%	12.53%	0.05%	12.48%	12.43%
15-Mar-35	12.48%	12.63%	0.08%	12.56%	12.51%
1-Jan-41	12.63%	12.78%	0.15%	12.71%	12.66%
1-Jun-44	12.73%	12.88%	0.10%	12.81%	12.76%
1-Mar-45	12.83%	12.98%	0.10%	12.91%	12.86%

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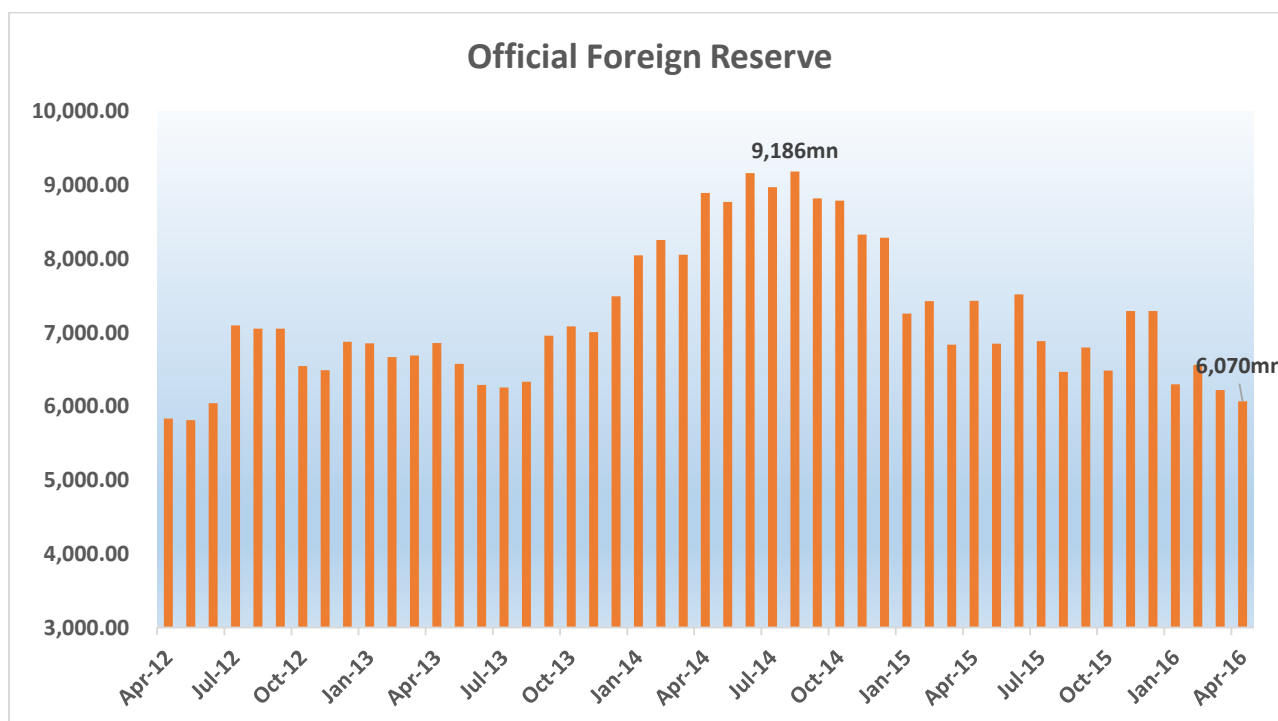
Market Liquidity	3-May-16	4-May-16	5-May-16	6-May-16	9-May-16
Standing Deposit Facility(Bn)	10.235	11.128	15.037	21.064	15.652
Standing Lending Facility(Bn)	(9.948)	(13.717)	(17.737)	(20.529)	(11.861)
Repo/Reverse Repo Auction (Bn)	(10.000)	(10.000)	(10.000)	-	-
Market Liquidity (Bn)	(9.713)	(12.589)	(12.700)	0.535	3.791
CBSL Holdings: (Bn)	227.936	231.765	235.839	238.569	230.080
Overnight Money Market	3-May-16	4-May-16	5-May-16	6-May-16	9-May-16
Repo					
W. A. Repo Rate:	7.99%	8.05%	8.01%	8.02%	8.00%
Gross Amount:(LKR Bn)	29.76	22.00	24.42	35.48	34.69
Call Money					
W. A. Money Rate:	8.15%	8.15%	8.15%	8.15%	8.15%
Gross Amount:(LKR Bn)	16.15	16.59	10.28	14.68	17.88



U.S. \$ Yield	3-May-16	4-May-16	5-May-16	6-May-16	9-May-16
U.S. 10 Year Yield	1.809%	1.798%	1.793%	1.742%	1.772%
Sri Lanka Int Sovereign Yield 2025	7.313%	7.406%	7.424%	7.428%	7.432%

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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	146.15/25				
Forex Volumes (06-May-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	12.00	145.6500		ASPI	S & P SL 20
TOM	-	-	Index	6,594.80	3,474.61
Spot	6.00	145.7617	Day return %	0.04%	0.09%
Forwards	39.18				
Total	57.18				



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