

Report Date: 04th May 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields continued with the downward trend as foreign investors remained on the buying side accumulating more positions on 2025, 2026 & 2030 maturities. The traders' favorite maturities 01st June 2026, 01st Sep 2028 and 15th May 2030 recorded an intraday low of 11.72%, 12.00% & 12.03% respectively.

At this week's bill auction the yield for 6 & 12months moved up by 10bps to 9.63% & 10.27% respectively while the 3months rose by 7bps to 8.52%. CBSL offered 35bn worth of bills and accepted only Rs 33bn with more being taken from the 12months.

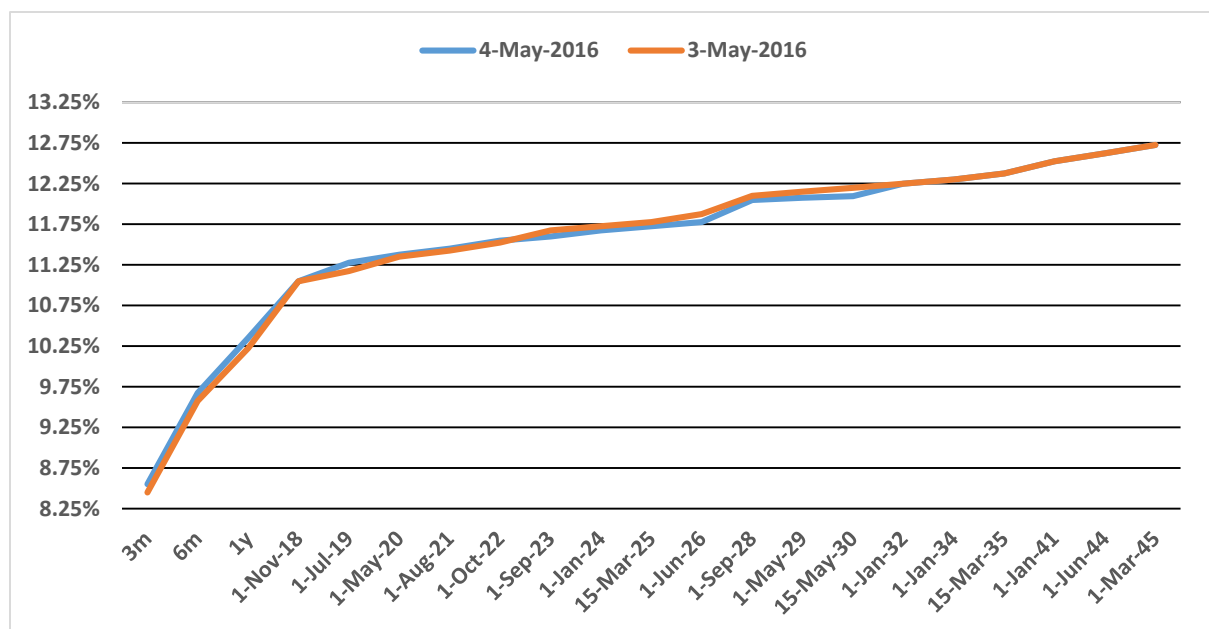
In the overnight money market the repo & call money were exchanged at an average of 8.05% & 8.15% respectively. The market liquidity recorded a deficit figure of Rs 12.59bn as CBSL injected Rs10bn worth of money through a Reverse Repo auction at the rate of 7.95%.

Sri Lanka stocks ended lower on Wednesday, as losses in the Information Technology, Land & Property & Trading sectors led shares lower. At the close of trading the CSE All-Share Price Index lost 0.22% to close at 6568.85points.

Local Market News

- Sri Lanka is planning to raise \$500 million through a syndicated loan and terms are being discussed, the Central Bank Governor said. Citi, Emirates NDB, HSBC and Mashreq bank are expected to be mandated to arrange a 3-year term loan that will be repaid in installments, Bloomberg reported citing sources. (www.lbo.lk).
- The Colombo Stock Exchange (CSE) announces a revision in the methodology of calculating Price Multiples (P/E, P/BV and DY). The Price-Earnings Ratio (P/E Ratio) and Dividend Yield Ratio (DY) will be calculated taking into consideration "Rolling Four Quarterly Earnings" instead of the current practice of sourcing earnings from the annual results of respective listed companies.
- The Sri Lanka Tea Board will spend over Rs 4.8 billion for 2016 and a further Rs.2 billion in 2017 to promote Sri Lankan tea globally, Plantations Minister Naveen Dissanayake said.

Sri Lanka Yield Curve

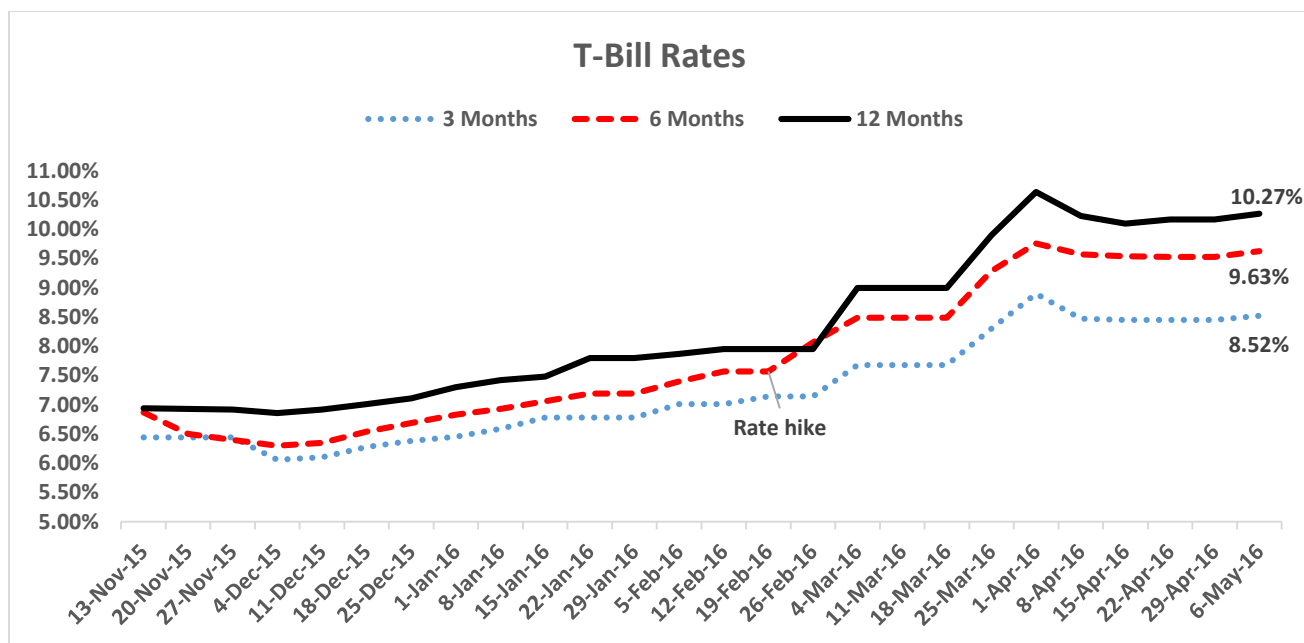


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>4-May-2016</u>	<u>3-May-2016</u>
3m	8.45%	8.65%		8.55%	8.45%
6m	9.60%	9.75%	1.13%	9.68%	9.58%
1y	10.25%	10.45%	0.67%	10.35%	10.23%
1-Nov-18	11.00%	11.10%	0.70%	11.05%	11.05%
1-Jul-19	11.20%	11.35%	0.23%	11.28%	11.18%
1-May-20	11.35%	11.40%	0.10%	11.38%	11.35%
1-Aug-21	11.40%	11.50%	0.08%	11.45%	11.43%
1-Oct-22	11.50%	11.60%	0.10%	11.55%	11.53%
1-Sep-23	11.55%	11.65%	0.05%	11.60%	11.68%
1-Jan-24	11.60%	11.75%	0.07%	11.68%	11.73%
15-Mar-25	11.70%	11.75%	0.05%	11.73%	11.78%
1-Jun-26	11.75%	11.80%	0.05%	11.78%	11.88%
1-Sep-28	12.00%	12.10%	0.28%	12.05%	12.10%
1-May-29	12.05%	12.10%	0.03%	12.08%	12.15%
15-May-30	12.06%	12.13%	0.02%	12.10%	12.20%
1-Jan-32	12.20%	12.30%	0.16%	12.25%	12.25%
1-Jan-34	12.25%	12.35%	0.05%	12.30%	12.30%
15-Mar-35	12.30%	12.45%	0.08%	12.38%	12.38%
1-Jan-41	12.45%	12.60%	0.15%	12.53%	12.53%
1-Jun-44	12.55%	12.70%	0.10%	12.63%	12.63%
1-Mar-45	12.65%	12.80%	0.10%	12.73%	12.73%

<u>Market Liquidity</u>	<u>27-Apr-16</u>	<u>28-Apr-16</u>	<u>29-Apr-16</u>	<u>3-May-16</u>	<u>4-May-16</u>
Standing Deposit Facility(Bn)	14.552	15.801	29.098	10.235	11.128
Standing Lending Facility(Bn)	(8.502)	(7.786)	(31.556)	(9.948)	(13.717)
Repo/Reverse Repo Auction (Bn)	-	-	-	(10.000)	(10.000)
Market Liquidity (Bn)	6.050	8.015	(2.458)	(9.713)	(12.589)
<u>CBSL Holdings: (Bn)</u>	231.241	230.574	239.314	227.936	231.765

<u>Overnight Money Market</u>	<u>27-Apr-16</u>	<u>28-Apr-16</u>	<u>29-Apr-16</u>	<u>3-May-16</u>	<u>4-May-16</u>
Repo					
W. A. Repo Rate:	8.02%	8.00%	8.04%	7.99%	8.05%
Gross Amount:(LKR Bn)	32.61	31.50	17.71	29.76	22.00
Call Money					
W. A. Money Rate:	8.15%	8.13%	8.14%	8.15%	8.15%
Gross Amount :(LKR Bn)	15.36	23.17	10.12	16.15	16.59

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<u>U.S. \$ Yield</u>	27-Apr-16	28-Apr-16	29-Apr-16	3-May-16	4-May-16
U.S. 10 Year Yield	1.906%	1.831%	1.844%	1.809%	1.798%
Sri Lanka Int Sovereign Yield 2025	7.096%	7.089%	7.087%	7.313%	7.406%

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	146.05/25				
Forex Volumes (03-May-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	-	-		ASPI	S & P SL 20
TOM	11.00	143.8800	Index	6,568.85	3,474.03
Spot	0.25	145.7300	Day return %	-0.22%	-0.56%
Forwards	39.27				
Total	50.52				

(Sources: Bloomberg, , cbsl.gov.lk)



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