

Report Date: 07th June 2016 (SL Time 06.00pm)

Market Report

The secondary bond market yields took a pause from the recent market rally as local investors realized some gains ahead of the crucial bond auction. At the close of trading the liquid 5year maturity was quoted as 11.80/11.85 while the 8year maturity 01st Jan 2024 was traded between 12.30 to 12.40 levels. Foreign investors remained active on the short tenors with considerable volumes being exchanged on the 2018 & 2020 maturities.

In the overnight money market repo and call money were exchanged at an average of 8.02% & 8.17% respectively. The market liquidity recorded a deficit figure of Rs 3.13bn. CBSL continued with its OMO activities by injecting Rs 10bn worth of money to the system at an average rate of 8.00%.

The Colombo All Share Price Index moved up marginally by 0.08% to close at 6524 while the S&P SL20 gained 10.01points to finish at 3424.49. The market turnover for the day was around Rs 596mn. Foreign investors remained on the selling side with a net foreign outflow of Rs 25.47mn.

Economic News

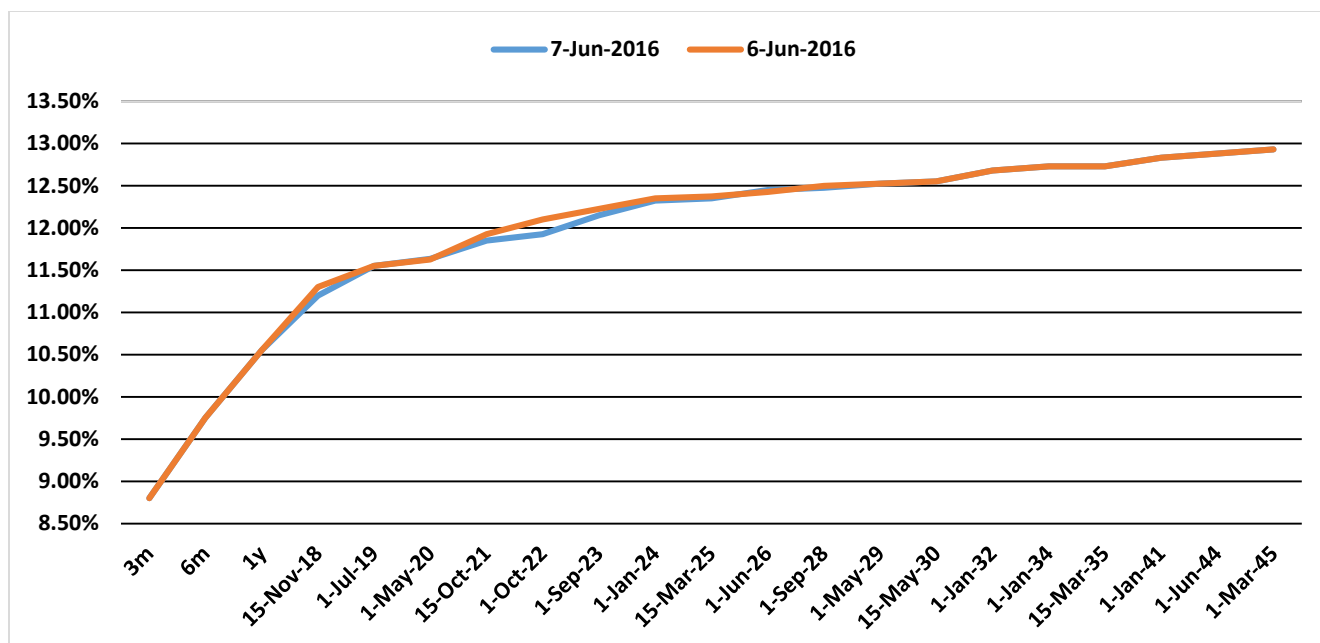
- Sri Lanka's tourist arrivals rose 10.1% in May this year compared to the same period last year, the data released by the Sri Lanka Tourism Development Authority (SLTDA) showed. In the first five months of this year 846,229 tourists visited the island compared to the 714,584 visited in May 2015, recording an increase of 18.4%.
- The Asian Development Bank said that it will assist Sri Lanka's goal to make Colombo into an international financial center. In addition the ADB will also offer technical assistance to develop a comprehensive master plan for the Sri Lanka capital market.(dailynews.lk)
- Saudi Arabia has summoned bankers to meetings in Riyadh next week as the oil exporter seeks to launch its debut international bond of about \$15 billion as early as July.(Reuters)

Market Calendar

- Treasury Bill Auction (CBSL)- **08th June 2016** (Total 30bn)
(3months-13bn, 6months- 10bn, 12months- 7bn)
- Treasury Bond Auction (CBSL)- **09th June 2016** (Total 18bn)
(15th Oct 2018- 8bn, 15th Oct 2021- 5bn, 01st Jan 2024- 3bn, 01st June 2026-2bn)
- Sri Lanka Development Bonds Auction(CBSL)- **07th June – 13th June 2016**
(USD 200mn of 1year, 2years, 3years & 5years)

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Sri Lanka Yield Curve

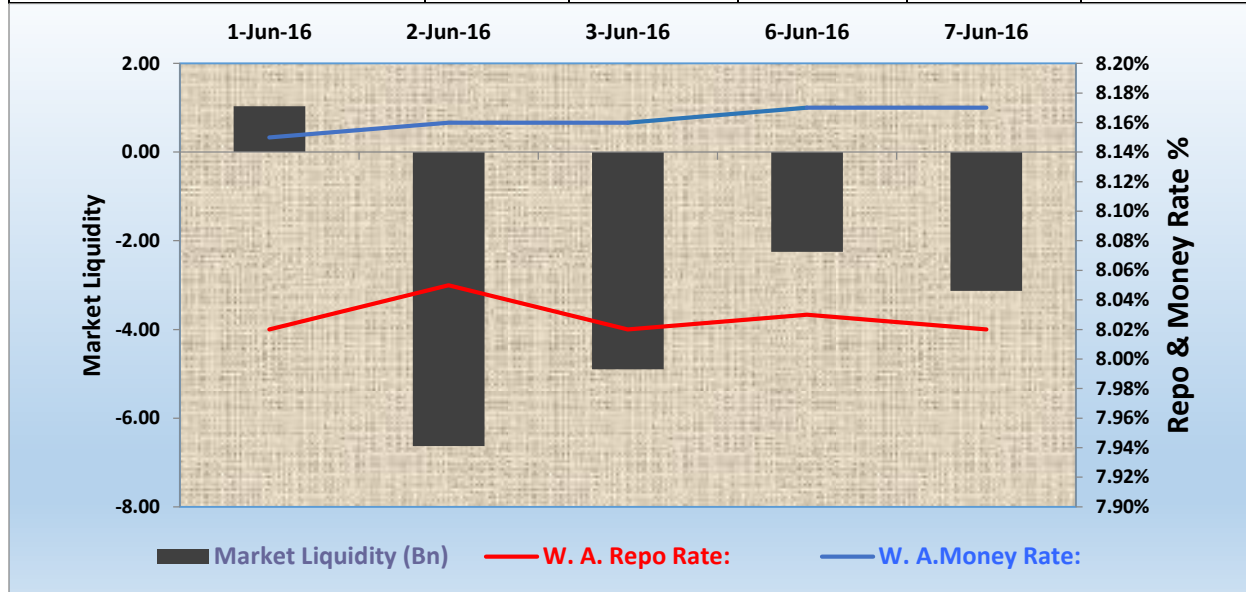


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>7-Jun-2016</u>	<u>6-Jun-2016</u>
3m	8.70%	8.90%		8.80%	8.80%
6m	9.65%	9.85%	0.95%	9.75%	9.75%
1y	10.45%	10.65%	0.80%	10.55%	10.55%
15-Nov-18	11.15%	11.25%	0.65%	11.20%	11.30%
1-Jul-19	11.50%	11.60%	0.35%	11.55%	11.55%
1-May-20	11.60%	11.67%	0.09%	11.64%	11.63%
15-Oct-21	11.80%	11.90%	0.21%	11.85%	11.93%
1-Oct-22	11.85%	12.00%	0.08%	11.93%	12.10%
1-Sep-23	12.10%	12.20%	0.23%	12.15%	12.23%
1-Jan-24	12.30%	12.35%	0.18%	12.33%	12.35%
15-Mar-25	12.30%	12.40%	0.03%	12.35%	12.38%
1-Jun-26	12.40%	12.50%	0.10%	12.45%	12.43%
1-Sep-28	12.45%	12.50%	0.03%	12.48%	12.50%
1-May-29	12.50%	12.55%	0.05%	12.53%	12.53%
15-May-30	12.50%	12.60%	0.03%	12.55%	12.55%
1-Jan-32	12.63%	12.73%	0.13%	12.68%	12.68%
1-Jan-34	12.68%	12.78%	0.05%	12.73%	12.73%
15-Mar-35	12.68%	12.78%	0.00%	12.73%	12.73%
1-Jan-41	12.78%	12.88%	0.10%	12.83%	12.83%
1-Jun-44	12.83%	12.93%	0.05%	12.88%	12.88%
1-Mar-45	12.88%	12.98%	0.05%	12.93%	12.93%

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Market Liquidity	1-Jun-16	2-Jun-16	3-Jun-16	6-Jun-16	7-Jun-16
Standing Deposit Facility(Bn)	32.356	32.768	32.988	38.898	35.475
Standing Lending Facility(Bn)	(26.322)	(29.400)	(27.885)	(31.150)	(28.606)
Repo/Reverse Repo Auction (Bn)	(5.000)	(10.000)	(10.000)	(10.000)	(10.000)
Market Liquidity (Bn)	1.034	(6.632)	(4.897)	(2.252)	(3.131)
CBSL Holdings: (Bn)	248.302	256.438	254.914	258.353	255.870

Overnight Money Market	1-Jun-16	2-Jun-16	3-Jun-16	6-Jun-16	7-Jun-16
Repo					
W. A. Repo Rate:	8.02%	8.05%	8.02%	8.03%	8.02%
Gross Amount:(LKR Bn)	31.17	25.48	39.29	36.26	40.27
Call Money					
W. A. Money Rate:	8.15%	8.16%	8.16%	8.17%	8.17%
Gross Amount:(LKR Bn)	21.62	16.37	12.13	12.69	15.25



U.S. \$ Yield	1-Jun-16	2-Jun-16	3-Jun-16	6-Jun-16	7-Jun-16
U.S. 10 Year Yield	1.839%	1.835%	1.794%	1.721%	1.732%
Sri Lanka Int Sovereign Yield 2025	7.414%	7.422%	7.379%	7.286%	7.152%

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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	145.80/20				
Forex Volumes (06-Jun-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	5.00	145.8750		ASPI	S & P SL 20
TOM	7.00	145.8943	Index	6,524.00	3,424.49
Spot	13.00	145.9000	Day Return %	0.08%	0.29%
Forwards	50.80				
Total	75.80				

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