

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

Market Report

The secondary bond market yields fell across the board after the bond auction outcome as average yields came below the market expectation. The local investors started buying on the 01st Jan 2024 and 01st June 2026 maturities with both recording an intraday low of 12.20% & 12.29% respectively.

Treasury bond Results

	Rs Mn			
	15-Nov-18	15-Oct-21	1-Jan-24	1-Jun-26
Offered	8,000	5,000	3,000	2,000
Accepted	8,647	6,230	3,475	2,271
Average Yield	11.42%	11.97%	12.36%	12.50%

In the overnight money market repo and call money were exchanged at an average of 8.05% & 8.18% respectively. The market liquidity recorded a surplus figure of Rs 3.02bn with CBSL continuing with its OMO activities by injecting Rs 5bn to the system at an average of 8.00%.

Economic News

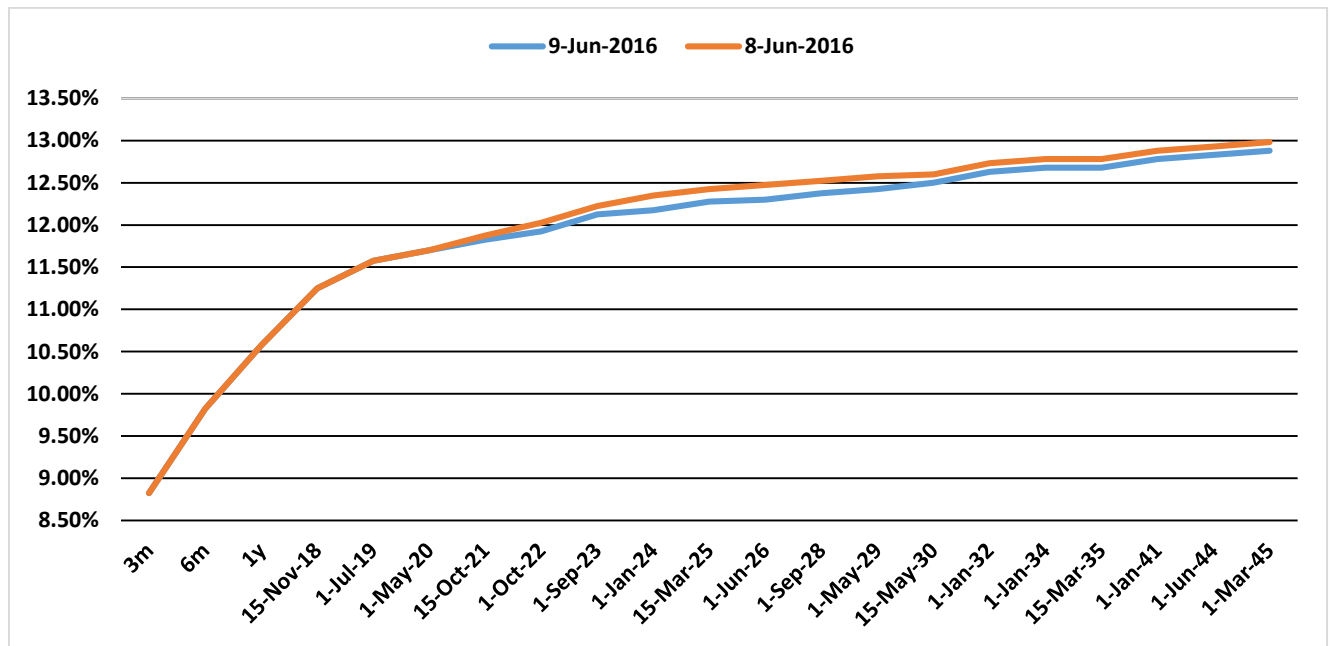
- In its latest Global Economic Prospects report, the World Bank predicts Sri Lanka's economic growth will pick up to 5.3% in this year and in both 2017 and 2018 despite monetary and fiscal tightening. Growth will be supported by infrastructure spending financed by sizable FDI flows as part of the governments Port City and Western Province Megapolis initiatives.
- Crude oil prices edged lower to \$50.50 a barrel on Thursday as traders took profits after three sessions of gains, though prices remained close to their highest this year thanks to a fall in U.S. crude inventories and supply disruptions.
- The Euro extended recent gains against the U.S. dollar to briefly clear 1.14 for the first time in three weeks, as the European Central Bank launched a comprehensive corporate bond buying program on Wednesday.

Market Calendar

- Sri Lanka Development Bonds Auction(CBSL)- **07th June – 13th June 2016**
(USD 200mn of 1year, 2years, 3years & 5years)
- U.S Fed Interest Rate Decision- **15th June 2016**
- United Kingdom Interest Rate Decision for the month of June 2016- **16th June 2016**

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Sri Lanka Yield Curve

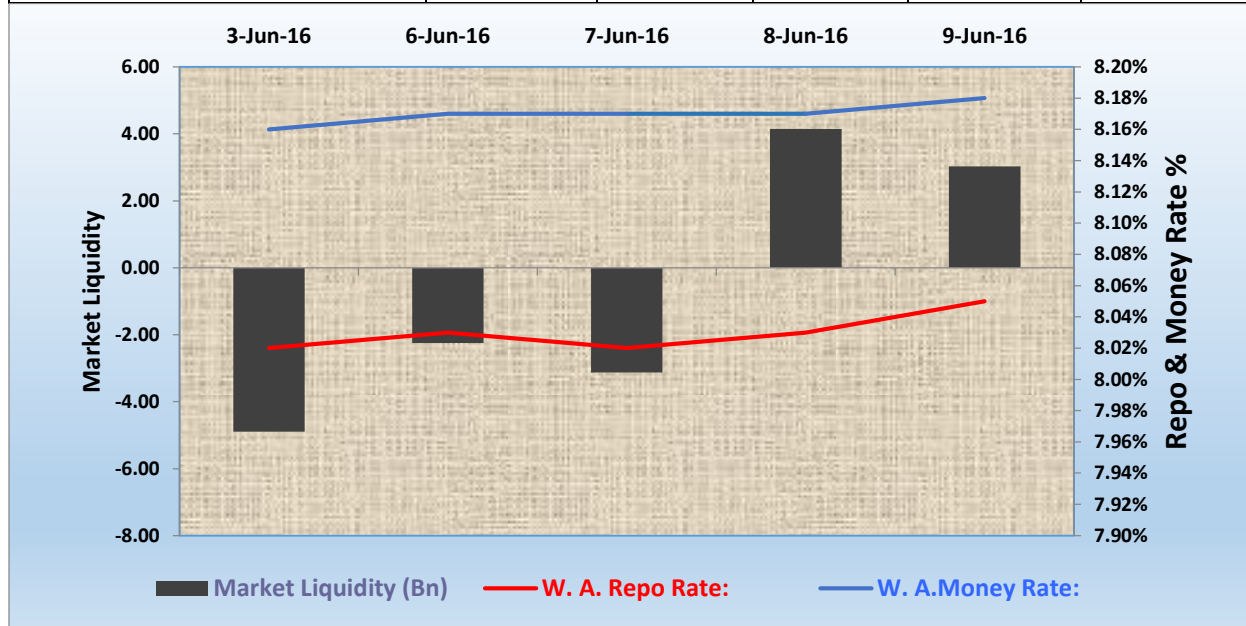


Maturity	Offer %	Bid %	GAP	9-Jun-2016	8-Jun-2016
3m	8.75%	8.90%		8.83%	8.83%
6m	9.75%	9.90%	1.00%	9.83%	9.83%
1y	10.50%	10.65%	0.75%	10.58%	10.58%
15-Nov-18	11.20%	11.30%	0.68%	11.25%	11.25%
1-Jul-19	11.50%	11.65%	0.33%	11.58%	11.58%
1-May-20	11.65%	11.75%	0.12%	11.70%	11.70%
15-Oct-21	11.75%	11.90%	0.13%	11.83%	11.88%
1-Oct-22	11.85%	12.00%	0.10%	11.93%	12.03%
1-Sep-23	12.05%	12.20%	0.20%	12.13%	12.23%
1-Jan-24	12.15%	12.20%	0.05%	12.18%	12.35%
15-Mar-25	12.25%	12.30%	0.10%	12.28%	12.43%
1-Jun-26	12.28%	12.32%	0.03%	12.30%	12.48%
1-Sep-28	12.35%	12.40%	0.08%	12.38%	12.53%
1-May-29	12.40%	12.45%	0.05%	12.43%	12.58%
15-May-30	12.45%	12.55%	0.08%	12.50%	12.60%
1-Jan-32	12.58%	12.68%	0.13%	12.63%	12.73%
1-Jan-34	12.63%	12.73%	0.05%	12.68%	12.78%
15-Mar-35	12.63%	12.73%	0.00%	12.68%	12.78%
1-Jan-41	12.73%	12.83%	0.10%	12.78%	12.88%
1-Jun-44	12.78%	12.88%	0.05%	12.83%	12.93%
1-Mar-45	12.83%	12.93%	0.05%	12.88%	12.98%

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Market Liquidity	3-Jun-16	6-Jun-16	7-Jun-16	8-Jun-16	9-Jun-16
Standing Deposit Facility(Bn)	32.988	38.898	35.475	35.786	35.985
Standing Lending Facility(Bn)	(27.885)	(31.150)	(28.606)	(21.636)	(27.962)
Repo/Reverse Repo Auction (Bn)	(10.000)	(10.000)	(10.000)	(10.000)	(5.000)
Market Liquidity (Bn)	(4.897)	(2.252)	(3.131)	4.150	3.023
CBSL Holdings: (Bn)	254.914	258.353	255.870	248.960	250.338

Overnight Money Market	3-Jun-16	6-Jun-16	7-Jun-16	8-Jun-16	9-Jun-16
Repo					
W. A. Repo Rate:	8.02%	8.03%	8.02%	8.03%	8.05%
Gross Amount:(LKR Bn)	39.29	36.26	40.27	42.30	32.31
Call Money					
W. A. Money Rate:	8.16%	8.17%	8.17%	8.17%	8.18%
Gross Amount:(LKR Bn)	12.13	12.69	15.25	19.76	20.51



U.S. \$ Yield	3-Jun-16	6-Jun-16	7-Jun-16	8-Jun-16	9-Jun-16
U.S. 10 Year Yield	1.794%	1.721%	1.732%	1.716%	1.675%
Sri Lanka Int Sovereign Yield 2025	7.379%	7.286%	7.152%	7.081%	7.077%

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Spot Opening :	143.90/50	143.90/50	143.90/50	143.90/50	145.50/60
Spot Closing :	143.90/50	143.90/50	143.90/50	143.90/50	145.50/60

Spot Next 145.55/65

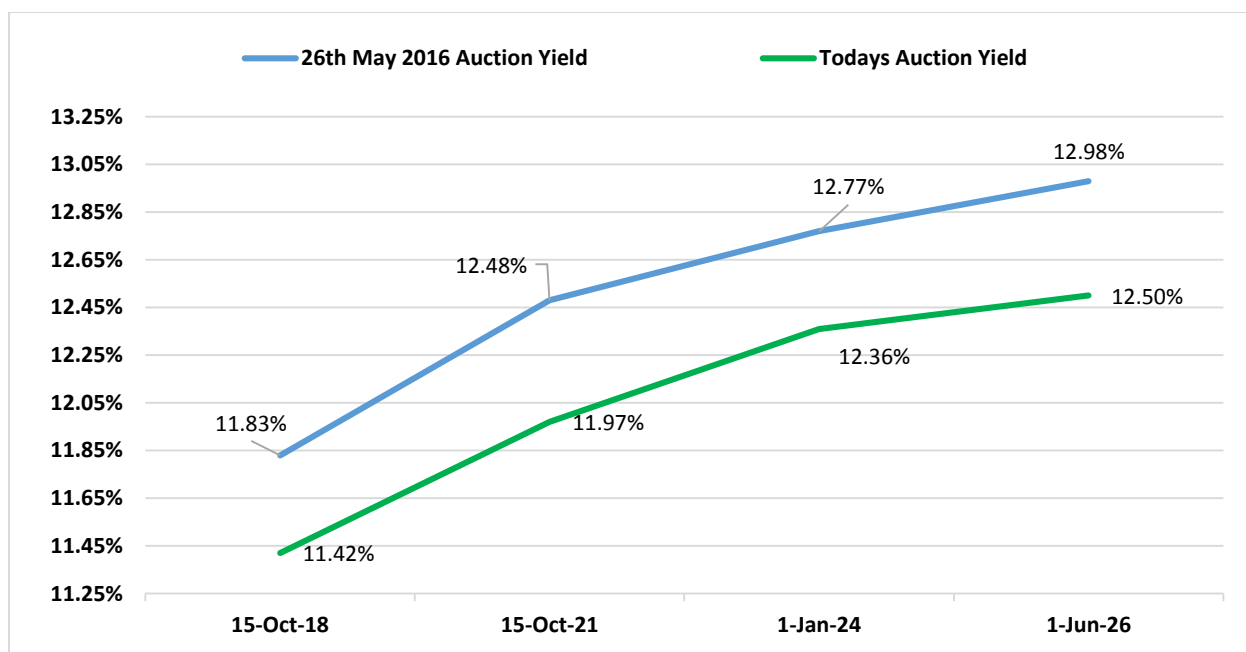
Forex Volumes (08-Jun-2016)

USD (Mn)

Average

Colombo Stock Exchange

Cash	7.00	145.7000		ASPI	S & P SL 20
TOM	2.50	145.7200	Index	6,528.03	3,426.44
Spot	31.00	145.7458	Day return %	0.03%	0.10%
Forwards	52.75				
Total	93.25				



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