

Report Date: 01st July 2016 (SL Time 06.00pm)

Market Report

The weekly trading activities ended on a negative note as local investors continued with the selling momentum mainly on the 2024, 2025 & 2026 maturities. At the close of trading the 01st Jan 2024 was quoted as 12.45/12.50 while the liquid 10year maturity 01st June 2026 was quoted as 12.50/12.65. On the long end of the yield curve the 15th May 2030 maturity was exchanged between 12.70 to 12.75 levels.

Foreign investors remained net buyers for the week with a net increase of Rs 1.25bn taking the cumulative holding on government securities to Rs 253.394bn.

In the overnight money market repo and call money were exchanged at an average of 8.04% & 8.20% respectively. The market liquidity recorded a deficit figure of Rs 21.9bn as CBSL infused overnight money to the system through a reverse repo auction at the rate of 7.99%.

The Colombo All Share Price Index declined by 1.3% for the week to close at 6287.09 points as foreign investors continued to exit from the emerging and frontier markets. The average market turnover for the week was around Rs 544mn.

Economic News

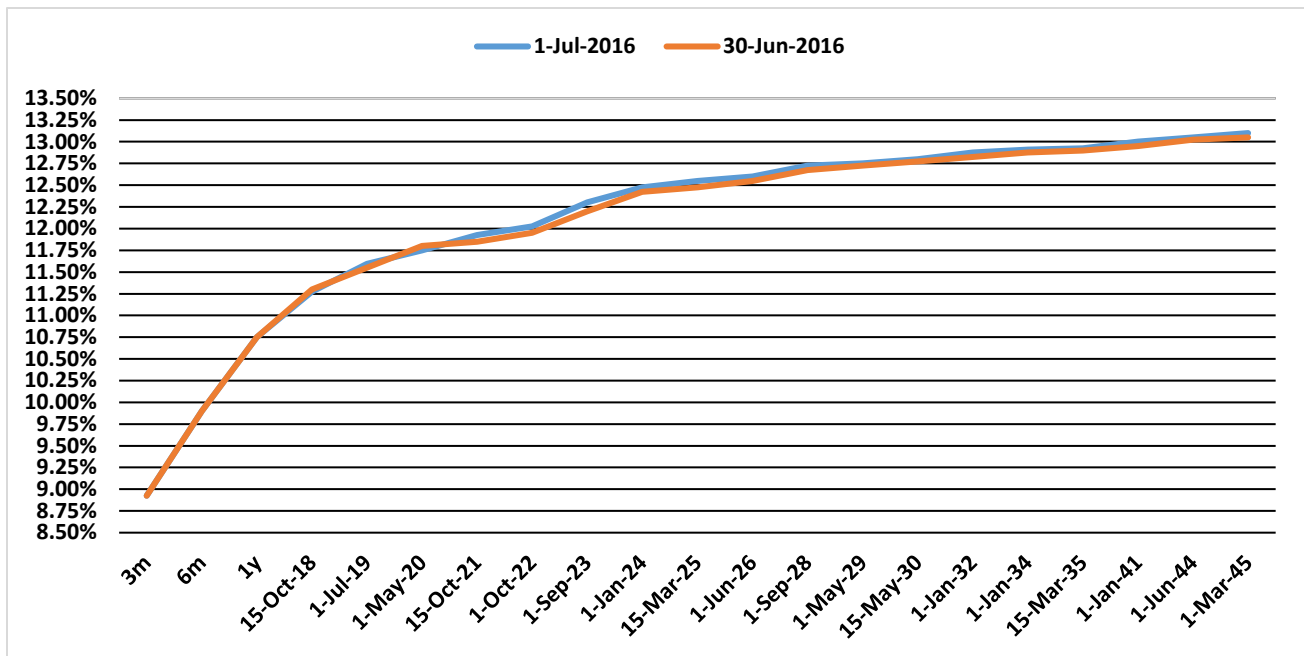
- Sri Lanka's state-owned Ceylon Electricity Board has recorded an operating loss of 5,781 million rupees in the first four months of 2016 compared to the profit of 1,837 million rupees recorded in the same period last year.
- By the end of April 2016, the total outstanding external debt of the Sri Lankan government stood at US\$ 23.1 billion, the Mid-Year Fiscal Position Report 2016 released Thursday by the Ministry of Finance said.
- Standard & Poor's said on Thursday it maintained its AA+ credit rating and stable outlook on the United States, saying positive and negative risks on its finances are balanced over the next two years.
- Oil prices rose early on Friday, with Brent jumping back above \$50 per barrel, as investors positioned themselves for more price increases this year in expectation of a tighter market.

Market Calendar

- Sri Lanka tourist arrival data for June 2016 – **04th July 2016**
- Treasury Bill auction (CBSL) – **05th July 2016** (Total offered- Rs 22bn)
(3months- 8.5bn, 6months – 8.5bn, 12months- 5bn)

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Sri Lanka Yield Curve

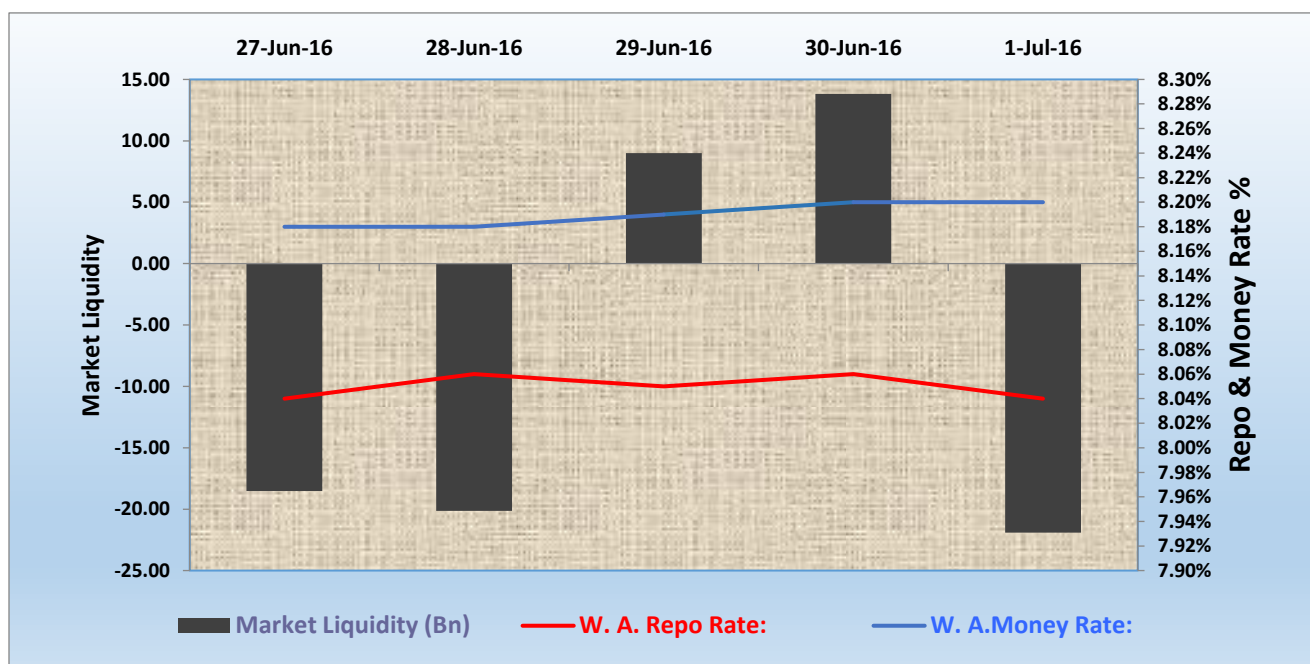


Maturity	Offer %	Bid %	GAP	1-Jul-2016	30-Jun-2016
3m	8.85%	9.00%		8.93%	8.93%
6m	9.80%	10.00%	0.98%	9.90%	9.90%
1y	10.60%	10.90%	0.85%	10.75%	10.75%
15-Oct-18	11.20%	11.35%	0.53%	11.28%	11.30%
1-Jul-19	11.57%	11.62%	0.32%	11.60%	11.55%
1-May-20	11.70%	11.80%	0.16%	11.75%	11.80%
15-Oct-21	11.85%	12.00%	0.18%	11.93%	11.85%
1-Oct-22	11.95%	12.10%	0.10%	12.03%	11.95%
1-Sep-23	12.20%	12.40%	0.28%	12.30%	12.20%
1-Jan-24	12.45%	12.50%	0.18%	12.48%	12.43%
15-Mar-25	12.50%	12.60%	0.08%	12.55%	12.48%
1-Jun-26	12.55%	12.65%	0.05%	12.60%	12.55%
1-Sep-28	12.65%	12.80%	0.13%	12.73%	12.68%
1-May-29	12.70%	12.80%	0.03%	12.75%	12.73%
15-May-30	12.75%	12.85%	0.05%	12.80%	12.78%
1-Jan-32	12.80%	12.95%	0.08%	12.88%	12.83%
1-Jan-34	12.82%	13.00%	0.03%	12.91%	12.88%
15-Mar-35	12.85%	13.00%	0.02%	12.93%	12.90%
1-Jan-41	12.90%	13.10%	0.08%	13.00%	12.95%
1-Jun-44	12.95%	13.15%	0.05%	13.05%	13.03%
1-Mar-45	13.00%	13.20%	0.05%	13.10%	13.05%

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Market Liquidity	27-Jun-16	28-Jun-16	29-Jun-16	30-Jun-16	1-Jul-16
Standing Deposit Facility(Bn)	18.493	21.541	29.300	34.211	14.364
Standing Lending Facility(Bn)	(15.523)	(21.680)	(20.305)	(20.380)	(16.275)
Repo/Reverse Repo Auction (Bn)	(22.000)	(20.000)	-	-	(20.000)
Market Liquidity (Bn)	(18.530)	(20.139)	8.995	13.831	(21.911)
CBSL Holdings: (Bn)	241.565	246.222	224.847	273.899	271.089

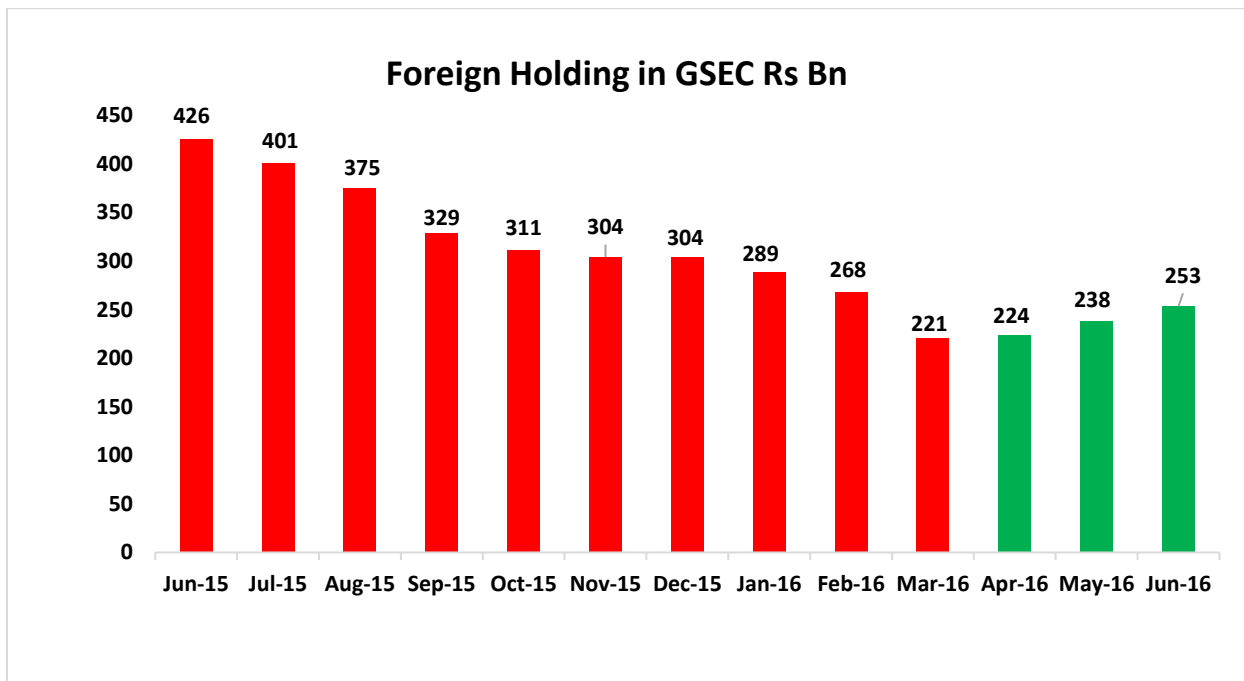
Overnight Money Market	27-Jun-16	28-Jun-16	29-Jun-16	30-Jun-16	1-Jul-16
Repo					
W. A. Repo Rate:	8.04%	8.06%	8.05%	8.06%	8.04%
Gross Amount:(LKR Bn)	33.46	27.29	30.30	29.60	25.44
Call Money					
W. A. Money Rate:	8.18%	8.18%	8.19%	8.20%	8.20%
Gross Amount:(LKR Bn)	17.20	12.79	12.89	10.75	19.70



U.S. \$ Yield	27-Jun-16	28-Jun-16	29-Jun-16	30-Jun-16	1-Jul-16
U.S. 10 Year Yield	1.473%	1.471%	1.471%	1.517%	1.431%
Sri Lanka Int Sovereign Yield 2025	7.285%	7.267%	7.225%	7.192%	7.165%

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Spot Opening :	144.50/00	144.50/00	144.50/00	144.50/00	144.50/00
Spot Closing :	144.50/00	144.50/00	144.50/00	144.50/00	144.50/00
Spot One Week	146.50/65				
Forex Volumes (30-Jun-2016)	USD (Mn)	Average	Colombo Stock Exchange		
Cash	8.75	145.1814		ASPI	S & P SL 20
TOM	4.75	145.2011	Index	6,287.09	3,302.51
Spot	4.00	145.2500	Weekly Return %	-1.30%	-1.17%
Forwards	14.60				
Total	32.10				



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