

Report Date: 06th September 2016 (SL Time 06.00pm)

Market Report

The secondary bond market continued with the bullish trend with yields on longer tenors recording a 6months low. At the close of trading the 2026s were quoted as 11.62/68 while 01st August 2024 and 01st Jan 2024 was quoted as 11.45/11.52. On the short end of the yield curve the 3year maturity 15th Sep 2019 was traded below 11.00% while the benchmark 5year maturity 01st March 2021 was exchanged between 11.06 and 11.25.

In the overnight money market total Rs 50bn worth of repo and call money were exchanged at an average rate of 8.57% & 8.40% respectively. The market liquidity turned negative again recording a deficit figure of Rs 1.88bn.

The Colombo All Share Price Index gained marginally by 0.02% to close at 6524.46 points as gains in the Palm Oil, Investment Trust and Telecoms sectors led shares higher. Foreign investors remained net buyers with a net inflow of Rs 157.47mn.

Economic News

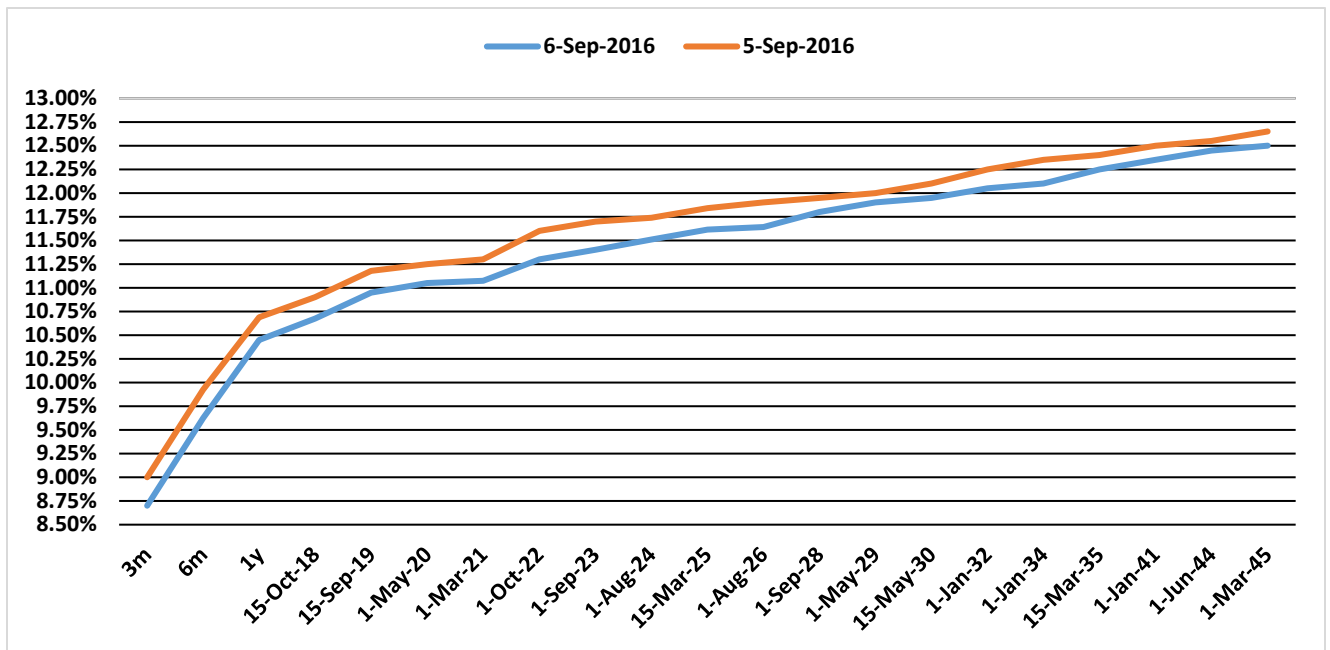
- Sri Lanka's tourist arrivals rose 11.81 percent in August this year compared to the same period last year, the data released today by the Sri Lanka Tourism Development Authority (SLTDA) showed. The month recorded 186,288 tourists arriving in the country compared to the 166,610 arrived in August 2015. In the first eight months of this year 1,359,906 tourists visited the island compared to the 1,172,465 visited in the corresponding period of 2015, recording an increase of 15.99%.
- The minimum wage of a migrant worker will be increased to USD 300 from January 2017 said the Minister of Foreign Employment Thalatha Athukorala. Minister Athukorala said that she is briefing other countries about increasing the minimum wage while some countries have signed agreements.
- Australia's central bank held interest rates steady on Tuesday, a month after cutting to a record low of 1.5 percent, and left open the question of further easing.
- Brent crude prices edged lower during Europe's session on Tuesday, as optimism surrounding an agreement between Saudi Arabia and Russia to stabilize the oil market began to fade.

Market Calendar

- Treasury bill auction (CBSL)- **7th Sep 2016** (Total offered 11bn)
(3months- 1bn, 6months- 2bn, 12months- 8bn)

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Sri Lanka Yield Curve

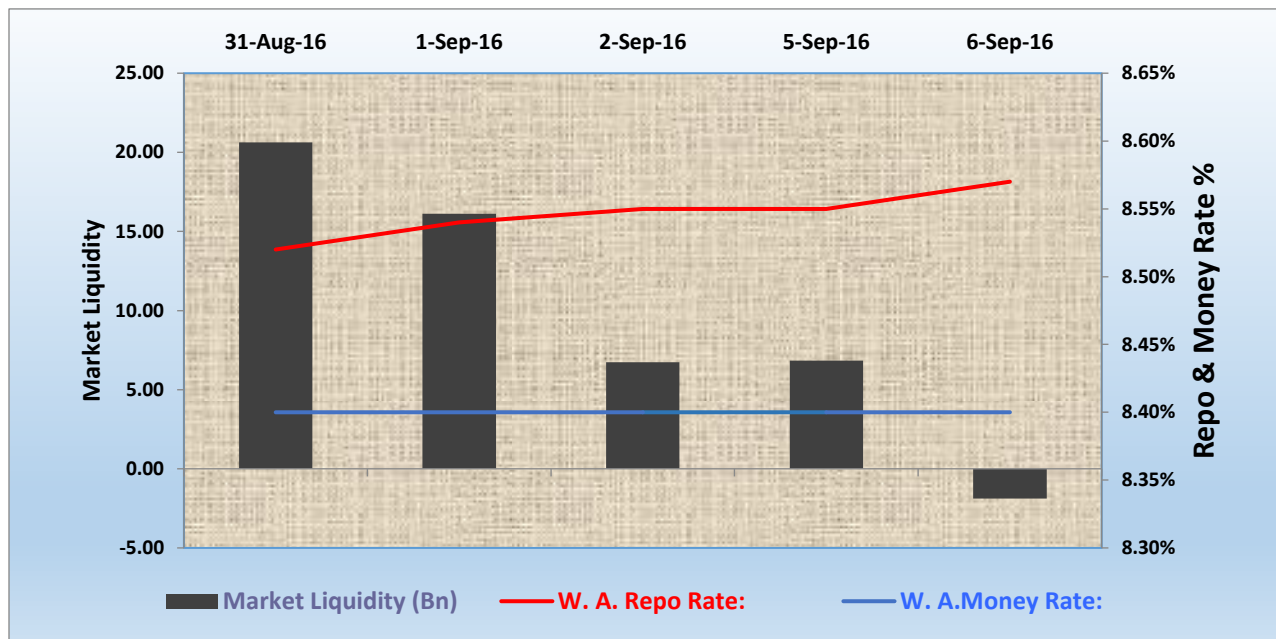


Maturity	Offer %	Bid %	GAP	6-Sep-2016	5-Sep-2016
3m	8.65%	8.75%		8.70%	9.00%
6m	9.50%	9.75%	0.93%	9.63%	9.93%
1y	10.40%	10.50%	0.82%	10.45%	10.69%
15-Oct-18	10.60%	10.75%	0.23%	10.68%	10.90%
15-Sep-19	10.90%	11.00%	0.28%	10.95%	11.18%
1-May-20	11.00%	11.10%	0.10%	11.05%	11.25%
1-Mar-21	11.05%	11.10%	0.03%	11.08%	11.30%
1-Oct-22	11.25%	11.35%	0.23%	11.30%	11.60%
1-Sep-23	11.38%	11.42%	0.10%	11.40%	11.70%
1-Aug-24	11.47%	11.55%	0.11%	11.51%	11.74%
15-Mar-25	11.58%	11.65%	0.11%	11.62%	11.84%
1-Aug-26	11.60%	11.68%	0.03%	11.64%	11.90%
1-Sep-28	11.75%	11.85%	0.16%	11.80%	11.95%
1-May-29	11.85%	11.95%	0.10%	11.90%	12.00%
15-May-30	11.90%	12.00%	0.05%	11.95%	12.10%
1-Jan-32	12.00%	12.10%	0.10%	12.05%	12.25%
1-Jan-34	12.05%	12.15%	0.05%	12.10%	12.35%
15-Mar-35	12.20%	12.30%	0.15%	12.25%	12.40%
1-Jan-41	12.30%	12.40%	0.10%	12.35%	12.50%
1-Jun-44	12.40%	12.50%	0.10%	12.45%	12.55%
1-Mar-45	12.45%	12.55%	0.05%	12.50%	12.65%

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Market Liquidity	31-Aug-16	1-Sep-16	2-Sep-16	5-Sep-16	6-Sep-16
Standing Deposit Facility(Bn)	30.632	25.578	18.642	19.206	15.930
Standing Lending Facility(Bn)	(10.001)	(9.457)	(11.914)	(12.366)	(17.813)
Repo/Reverse Repo Auction (Bn)	-	-	-	-	-
Market Liquidity (Bn)	20.631	16.121	6.728	6.840	(1.883)
CBSL Holdings: (Bn)	212.411	211.938	207.451	208.066	213.569

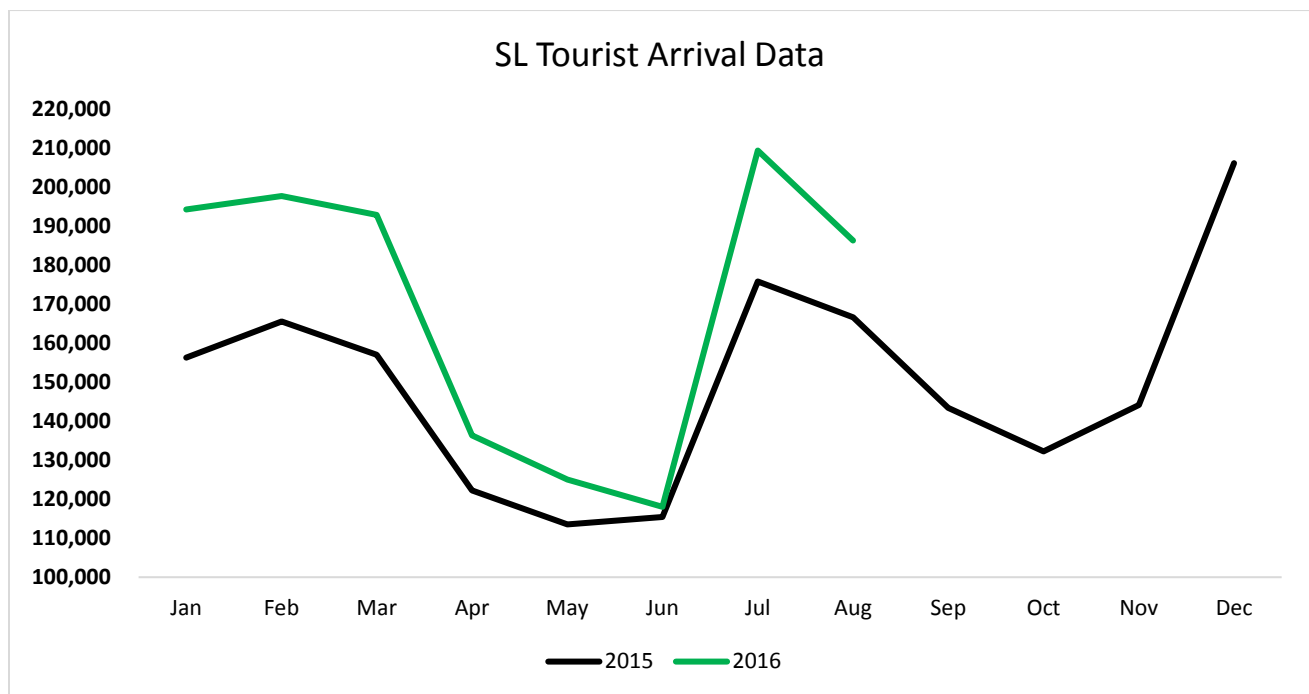
Overnight Money Market	31-Aug-16	1-Sep-16	2-Sep-16	5-Sep-16	6-Sep-16
Repo					
W. A. Repo Rate:	8.52%	8.54%	8.55%	8.55%	8.57%
Gross Amount:(LKR Bn)	60.89	41.29	39.22	38.98	35.71
Call Money					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.40%
Gross Amount:(LKR Bn)	8.75	13.75	15.46	14.88	15.02



U.S. \$ Yield	31-Aug-16	1-Sep-16	2-Sep-16	5-Sep-16	6-Sep-16
U.S. 10 Year Yield	1.577%	1.595%	1.585%	1.585%	1.599%
Sri Lanka Int Sovereign Yield 2026	5.791%	5.807%	5.822%	5.822%	5.821%

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Forex Volumes (05-Sep-2016)	USD (Mn)	Average	Colombo Stock Exchange (06-Sep-2016)		
Cash	-	-		ASPI	S & P SL 20
TOM	14.10	145.4338	Index	6,524.46	3,593.20
Spot	4.00	145.4175	Day Return %	0.02%	0.03%
Forwards	8.50				
Total	26.60				



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