

**Report Date: 07<sup>th</sup> September 2016 (SL Time 06.00pm)**

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### **Market Report**

The secondary bond market yields continued with the downward momentum in the morning trade as benchmark 10year maturity recorded intraday low of 11.50% before closing at 11.58%. On the short end of the yield curve 2018s were exchanged between 10.70 and 10.80 while the 2019, 2020 & 2021s were traded between 10.85 to 11.00%.

At this week's bill auction the yield for 3months declined by 28bps and 6months by 23bps to 8.75% & 9.71% respectively while the benchmark 12months plunged 34bps to a four month low of 10.39%. The CBSL accepted only 11bn worth of bills for this week out of Rs 87bn total bids.

The Sri Lankan rupee traded steady on Wednesday as dollar sales by exporters and banks to convert inward remittances offset the demand from importers for the greenback. The spot rupee was flat at 145.45/50 per dollar, compared with Tuesday's close of 145.43/48. One-week rupee forwards were at 145.68/73, compared with the previous close of 145.60/70.

### **Economic News**

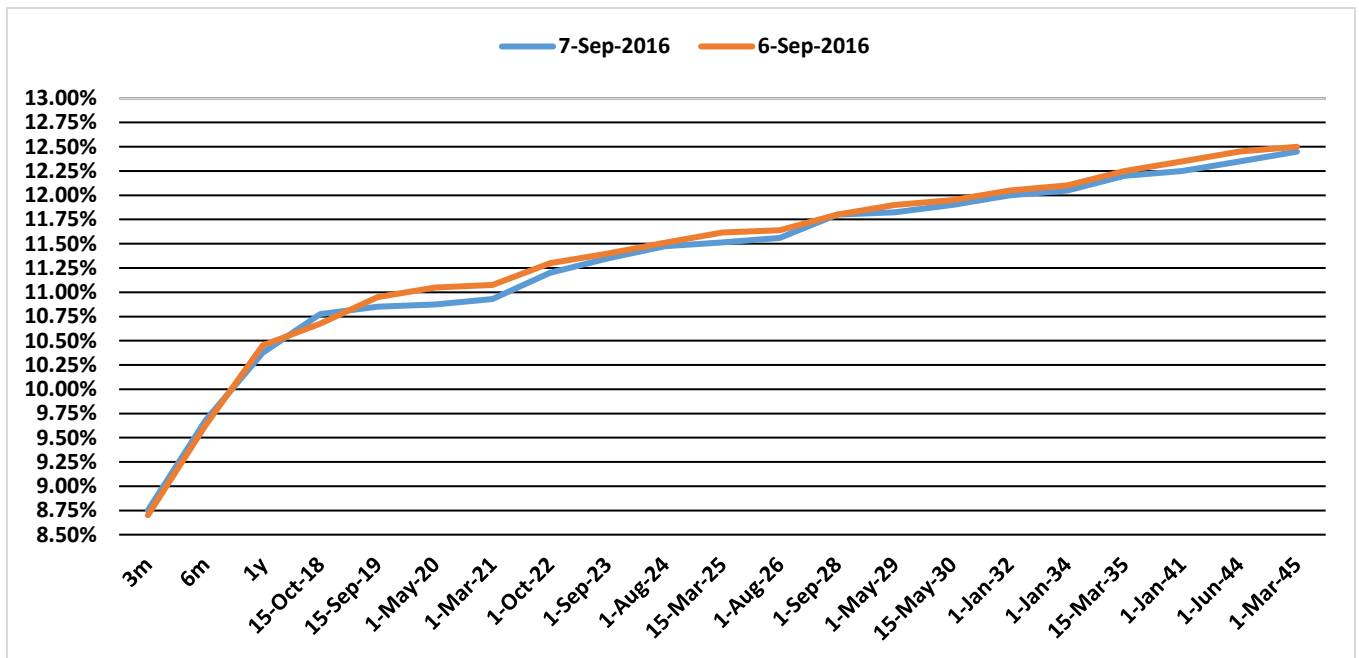
- Sri Lanka's Finance Ministry has sought the assistance of Asian Development Bank to develop the capital market in the island. Under this program 250 million US dollars will be borrowed at an annual interest rate of LIBOR plus 0.6 percent less a credit of 0.1 percent, a cabinet decision showed. The proposed loan will be disturbed in 2 tranches based on the accomplishments of the policy actions relevant for each tranches.
- The European Central Bank (ECB) kicked off its two-day policy meeting on Wednesday with investors focusing on whether the euro zone monetary authority's president Mario Draghi will announce an extension of the bond-purchase program.
- Oil rose on Wednesday to pare some of the previous day's losses, partly thanks to a weaker U.S. dollar, but the limited likelihood of a near-term agreement among the world's biggest exporters to rein in production kept gains in check.

### **Market Calendar**

- European Central Bank interest rate decision for September- **08<sup>th</sup> Sep 2016**
- Treasury bill auction (CBSL)- **13<sup>th</sup> Sep 2016** (Total offered 26bn)  
(3months- 5bn, 6months- 8bn, 12months- 13bn)

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## Sri Lanka Yield Curve

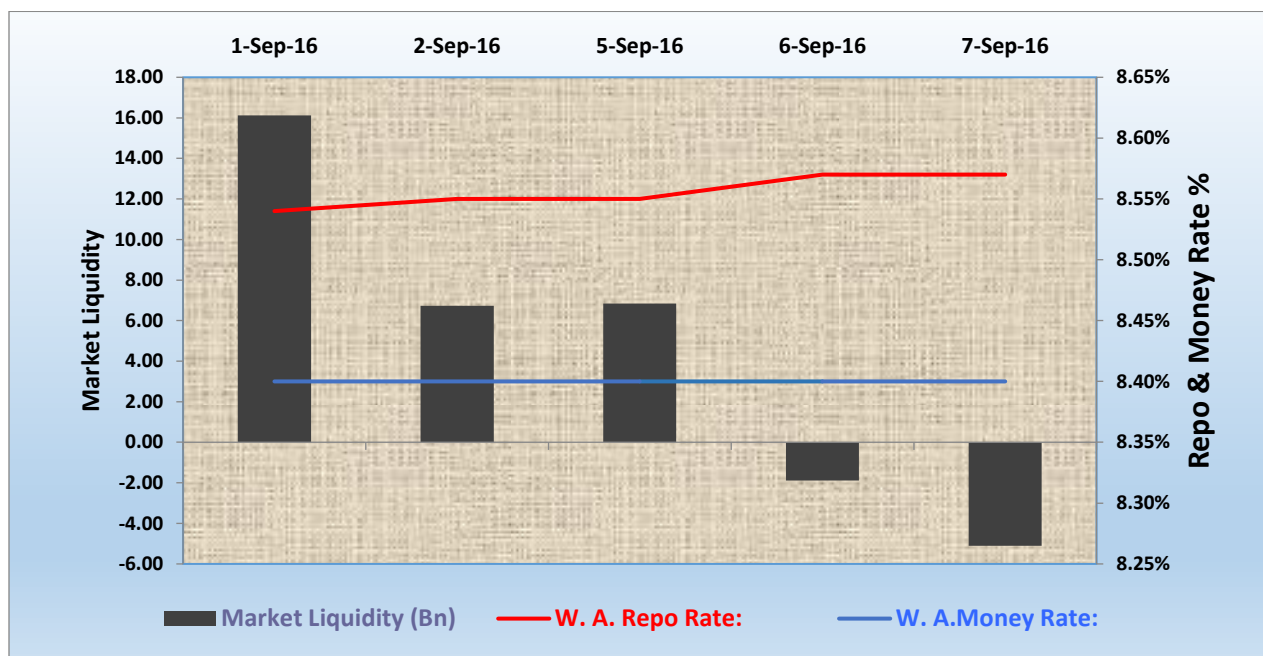


Maturity	Offer %	Bid %	GAP	7-Sep-2016	6-Sep-2016
3m	8.70%	8.80%		8.75%	8.70%
6m	9.60%	9.75%	0.93%	9.68%	9.63%
1y	10.30%	10.45%	0.70%	10.38%	10.45%
15-Oct-18	10.70%	10.85%	0.40%	10.78%	10.68%
15-Sep-19	10.80%	10.90%	0.08%	10.85%	10.95%
1-May-20	10.85%	10.90%	0.03%	10.88%	11.05%
1-Mar-21	10.90%	10.96%	0.06%	10.93%	11.08%
1-Oct-22	11.15%	11.25%	0.27%	11.20%	11.30%
1-Sep-23	11.30%	11.40%	0.15%	11.35%	11.40%
1-Aug-24	11.45%	11.50%	0.13%	11.48%	11.51%
15-Mar-25	11.48%	11.55%	0.04%	11.52%	11.62%
1-Aug-26	11.52%	11.60%	0.05%	11.56%	11.64%
1-Sep-28	11.70%	11.90%	0.24%	11.80%	11.80%
1-May-29	11.75%	11.90%	0.03%	11.83%	11.90%
15-May-30	11.85%	11.95%	0.08%	11.90%	11.95%
1-Jan-32	11.95%	12.05%	0.10%	12.00%	12.05%
1-Jan-34	12.00%	12.10%	0.05%	12.05%	12.10%
15-Mar-35	12.15%	12.25%	0.15%	12.20%	12.25%
1-Jan-41	12.20%	12.30%	0.05%	12.25%	12.35%
1-Jun-44	12.30%	12.40%	0.10%	12.35%	12.45%
1-Mar-45	12.40%	12.50%	0.10%	12.45%	12.50%

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<b>Market Liquidity</b>	<b>1-Sep-16</b>	<b>2-Sep-16</b>	<b>5-Sep-16</b>	<b>6-Sep-16</b>	<b>7-Sep-16</b>
Standing Deposit Facility(Bn)	25.578	18.642	19.206	15.930	14.035
Standing Lending Facility(Bn)	(9.457)	(11.914)	(12.366)	(17.813)	(19.138)
Repo/Reverse Repo Auction (Bn)	-	-	-	-	-
Market Liquidity (Bn)	16.121	6.728	6.840	(1.883)	(5.103)
<b>CBSL Holdings: (Bn)</b>	<b>211.938</b>	<b>207.451</b>	<b>208.066</b>	<b>213.569</b>	<b>214.948</b>

<b>Overnight Money Market</b>	<b>1-Sep-16</b>	<b>2-Sep-16</b>	<b>5-Sep-16</b>	<b>6-Sep-16</b>	<b>7-Sep-16</b>
<b>Repo</b>					
W. A. Repo Rate:	8.54%	8.55%	8.55%	8.57%	8.57%
Gross Amount:( LKR Bn)	41.29	39.22	38.98	35.71	36.48
<b>Call Money</b>					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.40%
Gross Amount:( LKR Bn)	13.75	15.46	14.88	15.02	16.23

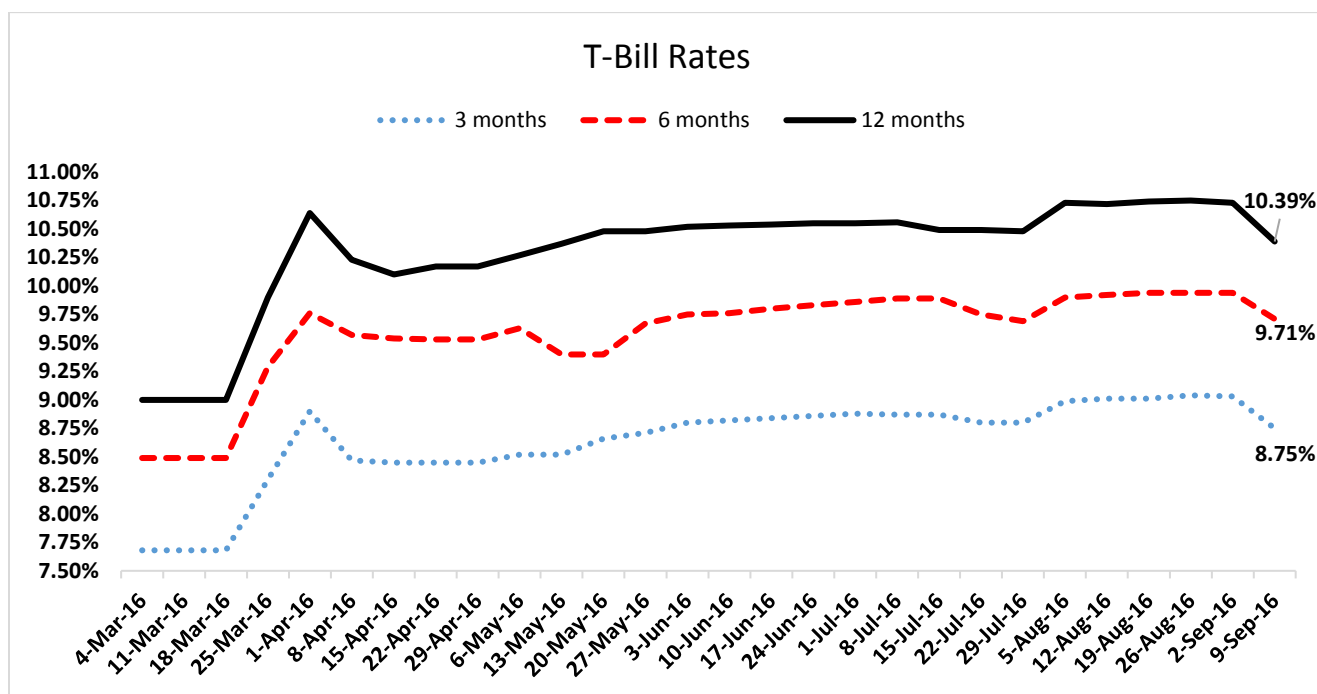


<b>U.S. \$ Yield</b>	<b>1-Sep-16</b>	<b>2-Sep-16</b>	<b>5-Sep-16</b>	<b>6-Sep-16</b>	<b>7-Sep-16</b>
U.S. 10 Year Yield	1.595%	1.585%	1.585%	1.599%	1.537%
Sri Lanka Int Sovereign Yield 2026	5.807%	5.822%	5.822%	5.821%	5.804%

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Spot Opening :	145.50/60	145.50/60	145.50/60	145.40/50	145.43/48
Spot Closing :	145.50/60	145.50/60	145.50/60	145.40/50	145.45/50

Forex Volumes (06-Sep-2016)	USD (Mn)	Average	Colombo Stock Exchange (07-Sep-2016)		
Cash	3.00	145.4150		ASPI	S & P SL 20
TOM	14.00	145.3871	Index	6,507.98	3,583.48
Spot	-	-	Day Return %	-0.25%	-0.27%
Forwards	20.08				
Total	37.08				



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