

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

Market Report

The secondary bond market yields moved up from a 6months low as local investors cashed in some of the gains from the recent rally. At the close of trading the benchmark 10year maturity 01st August 2026 was quoted as 11.58/11.65 while the 01st August 2024 was exchanged between 11.50 and 11.55.

Foreign investors bought Rs 2.1bn worth of government securities for the week ended 07th Sep 2016 taking the cumulative holding to Rs 306.22bn.

The Sri Lankan rupee traded weaker on Friday as importer dollar demand surpassed inward remittances of the U.S. currency amid a lack of exporter conversions. The spot rupee closed at 145.20/30 per dollar, compared with Thursday's close of 145.00/15. One-week forwards were at 145.25/35, compared with the previous day's close of 145.15/30.

The Colombo All Share Price Index lost 0.67% for the week to close at 6494.86 points as losses in the Trading, Investment Trust and Information Technology sectors led shares lower. Foreign investors remained net buyers for the week with a net inflow of Rs 186.41mn.

Economic News

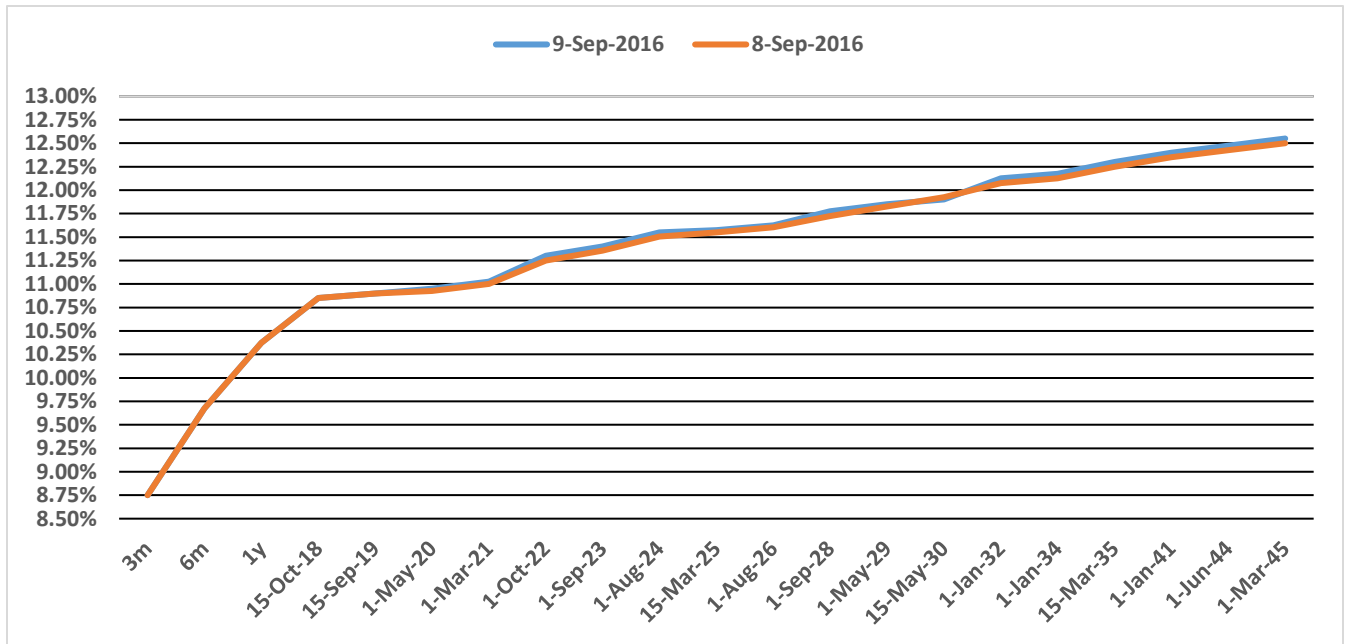
- The Maldives government on Thursday said it hoped to broaden trade links with Sri Lanka and invited Sri Lankan firms to invest in development projects in Maldives.
- One of the largest ships afloat is expected to call on Sri Lanka for the first time, setting a new benchmark and record for the Colombo Port terminal operator CICT. The company said it had secured a commitment for a scheduled service by the Panama registered MSC Maya, at 19,224 teus, the largest container ship to ever berth in Colombo.
- Oil prices pulled back on profit-taking on Friday after settling more than 4 percent higher a day earlier after government data confirmed a surprisingly huge drawdown in U.S. crude inventories.
- The European Central Bank held interest rates at record lows and kept the door open to more stimulus on Thursday but gave few hints about its next move, disappointing markets that had priced in a decisively dovish tone.
- The Federal Reserve Board recommended that Congress pare back Wall Street's ability to own physical commodities and engage in other aspects of merchant banking because of possible risks to the financial system, according to a report issued on Thursday.

Market Calendar

- Treasury bill auction (CBSL)- **13th Sep 2016** (Total offered 26bn)
(3months- 5bn, 6months- 8bn, 12months- 13bn)
- Bank of England interest rate decision for September- **15th Sep 2016**

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Sri Lanka Yield Curve

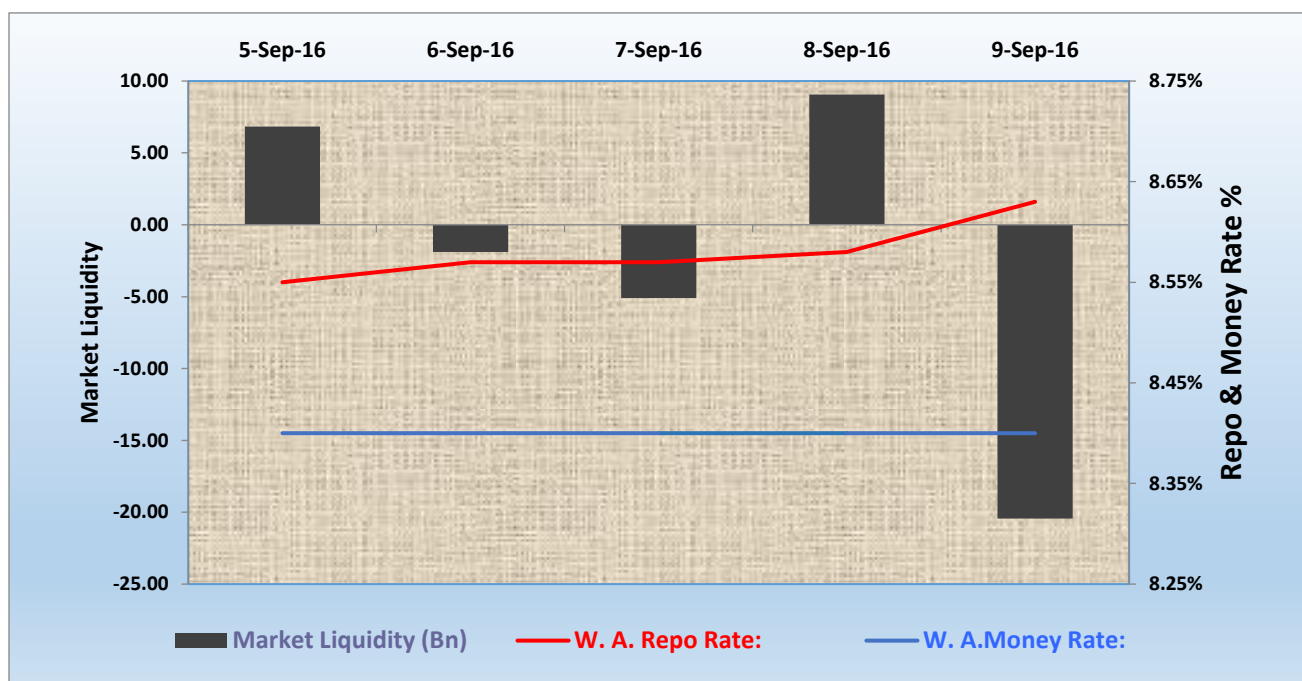


Maturity	Offer %	Bid %	GAP	9-Sep-2016	8-Sep-2016
3m	8.70%	8.80%		8.75%	8.75%
6m	9.60%	9.75%	0.93%	9.68%	9.68%
1y	10.30%	10.45%	0.70%	10.38%	10.38%
15-Oct-18	10.80%	10.90%	0.48%	10.85%	10.85%
15-Sep-19	10.85%	10.95%	0.05%	10.90%	10.90%
1-May-20	10.90%	11.00%	0.05%	10.95%	10.93%
1-Mar-21	11.00%	11.05%	0.08%	11.03%	11.00%
1-Oct-22	11.25%	11.35%	0.28%	11.30%	11.25%
1-Sep-23	11.35%	11.45%	0.10%	11.40%	11.36%
1-Aug-24	11.50%	11.60%	0.15%	11.55%	11.51%
15-Mar-25	11.55%	11.60%	0.03%	11.58%	11.55%
1-Aug-26	11.60%	11.65%	0.05%	11.63%	11.61%
1-Sep-28	11.75%	11.80%	0.15%	11.78%	11.73%
1-May-29	11.80%	11.90%	0.08%	11.85%	11.83%
15-May-30	11.85%	11.95%	0.05%	11.90%	11.93%
1-Jan-32	12.10%	12.15%	0.23%	12.13%	12.08%
1-Jan-34	12.15%	12.20%	0.05%	12.18%	12.13%
15-Mar-35	12.25%	12.35%	0.13%	12.30%	12.25%
1-Jan-41	12.35%	12.45%	0.10%	12.40%	12.35%
1-Jun-44	12.40%	12.55%	0.08%	12.48%	12.43%
1-Mar-45	12.45%	12.65%	0.08%	12.55%	12.50%

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Market Liquidity	5-Sep-16	6-Sep-16	7-Sep-16	8-Sep-16	9-Sep-16
Standing Deposit Facility(Bn)	19.206	15.930	14.035	23.005	12.544
Standing Lending Facility(Bn)	(12.366)	(17.813)	(19.138)	(13.940)	(16.980)
Repo/Reverse Repo Auction (Bn)	-	-	-	-	(16.000)
Market Liquidity (Bn)	6.840	(1.883)	(5.103)	9.065	(20.436)
CBSL Holdings: (Bn)	208.066	213.569	214.948	209.808	207.933

Overnight Money Market	5-Sep-16	6-Sep-16	7-Sep-16	8-Sep-16	9-Sep-16
Repo					
W. A. Repo Rate:	8.55%	8.57%	8.57%	8.58%	8.63%
Gross Amount:(LKR Bn)	38.98	35.71	36.48	42.08	28.50
Call Money					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.40%
Gross Amount:(LKR Bn)	14.88	15.02	16.23	15.23	11.91



U.S. \$ Yield	5-Sep-16	6-Sep-16	7-Sep-16	8-Sep-16	9-Sep-16
U.S. 10 Year Yield	1.585%	1.599%	1.537%	1.541%	1.632%
Sri Lanka Int Sovereign Yield 2026	5.822%	5.821%	5.804%	5.789%	5.789%

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Spot Opening :	145.50/60	145.40/50	145.45/50	145.40/50	145.10/20
Spot Closing :	145.50/60	145.40/50	145.45/50	145.25/35	145.20/30

Forex Volumes (08-Sep-2016)	USD (Mn)	Average	Colombo Stock Exchange (09-Sep-2016)		
Cash	39.05	145.2804		ASPI	S & P SL 20
TOM	10.75	145.2403	Index	6,494.86	3,581.38
Spot	25.35	145.4214	Weekly Return %	-0.68%	-0.52%
Forwards	16.50				
Total	91.65				

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