

**Report Date: 19<sup>th</sup> September 2016 (SL Time 06.00pm)**

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### **Market Report**

The secondary bond market yields were traded in a narrow band as investors remained on the sideline with only Rs 2.5bn worth of deals being transacted in the Bloomberg trading platform. At the close of trading the benchmark 5year and 10year maturities were quoted as 11.20/11.25 & 11.62/11.66 respectively.

The Sri Lankan rupee traded weaker on Monday as importer dollar demand surpassed selling of the U.S. currency by exporters. The spot rupee was traded at 145.92/98 per dollar, slightly weaker from Thursday's close of 145.75/90. One-week forwards were at 146.05/20, compared with the previous close of 145.90/146.00.

The Colombo All Share Price Index lost 0.34% for the day to close at 6450.44 points as losses in the Information, Healthcare and Construction & Engineering sectors led shares lower. Falling stocks outnumbered advancing ones on the Colombo Stock Exchange by 107 to 67 and 57 ended unchanged. Foreign investors remained net buyers with a net inflow of Rs 63.9mn

### **Economic News**

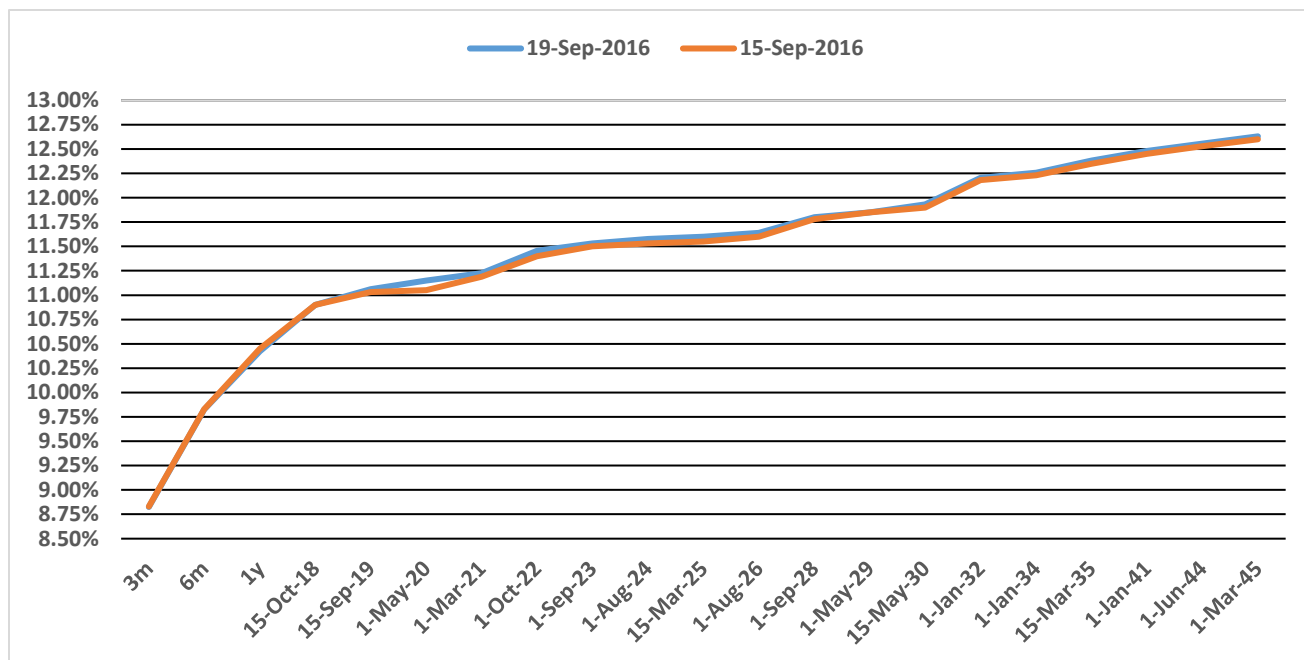
- Sri Lanka's President Maithripala Sirisena said that his government would take gradual steps to broaden revenue collection without levying any burden on lowest bracket of the taxable income earners. Speaking with the delegation of International Monetary Fund (IMF), the President said that it is essential to make the people, especially the small and medium trade and businesses, aware about the need for widening the tax base as a very small segment of income earners pay taxes now.
- Australia said on Monday it plans to update its foreign investment policy to ensure a level playing field for all countries, after it was criticized for rejecting bids from China and Hong Kong for a A\$10 billion (\$7.5 billion) energy grid.
- Global lending remained weak in 2016's first quarter, with dollar-denominated bank loans to non-U.S. borrowers worldwide falling for the first time since the 2007-09 financial crisis, the Bank for International Settlements said on Sunday.
- Oil prices rose sharply during European hours on Monday, recovering from last week's steep declines, as traders continued to monitor developments before the informal meeting of major oil producing countries later this month.

### **Market Calendar**

- Treasury Bill auction (CBSL) : **21<sup>st</sup> Sep 2016 (Total Rs 16bn)**  
(3months- 2bn, 6months- 3bn, 12months- 11bn)
- U.S. Federal Reserve Interest Rate Decision : **21<sup>st</sup> Sep 2016**

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## Sri Lanka Yield Curve

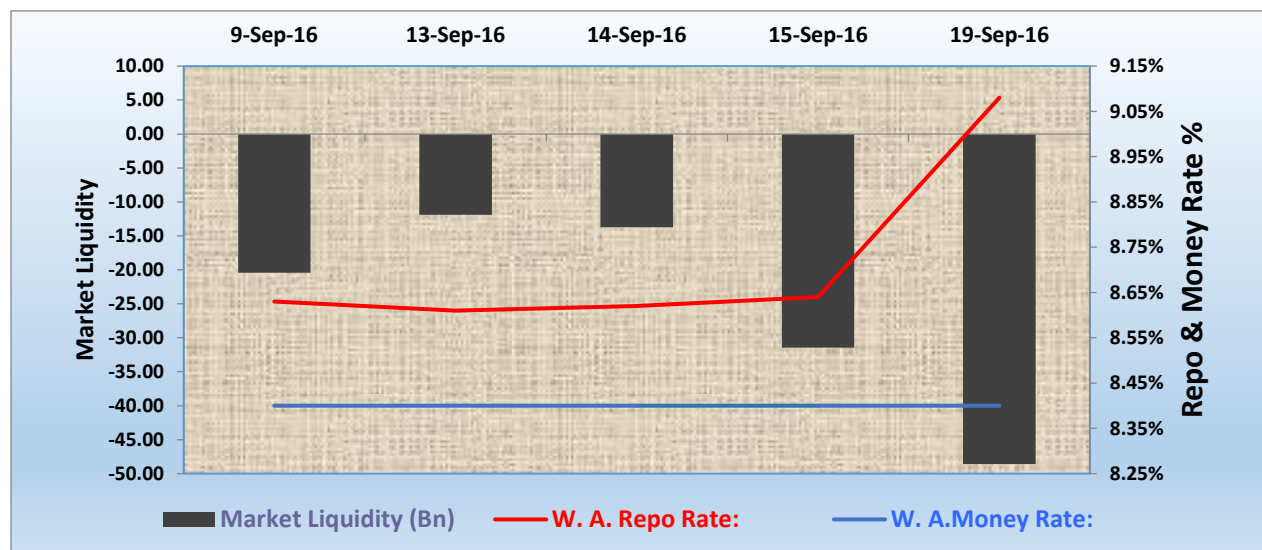


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>19-Sep-2016</u>	<u>15-Sep-2016</u>
3m	8.75%	8.90%		8.83%	8.83%
6m	9.75%	9.90%	1.00%	9.83%	9.83%
1y	10.35%	10.50%	0.60%	10.43%	10.45%
15-Oct-18	10.85%	10.95%	0.48%	10.90%	10.90%
15-Sep-19	11.00%	11.12%	0.16%	11.06%	11.03%
1-May-20	11.10%	11.20%	0.09%	11.15%	11.05%
1-Mar-21	11.20%	11.25%	0.08%	11.23%	11.19%
1-Oct-22	11.43%	11.48%	0.23%	11.46%	11.40%
1-Sep-23	11.48%	11.58%	0.08%	11.53%	11.50%
1-Aug-24	11.55%	11.60%	0.05%	11.58%	11.53%
15-Mar-25	11.55%	11.65%	0.03%	11.60%	11.55%
1-Aug-26	11.62%	11.66%	0.04%	11.64%	11.60%
1-Sep-28	11.75%	11.85%	0.16%	11.80%	11.78%
1-May-29	11.80%	11.90%	0.05%	11.85%	11.85%
15-May-30	11.90%	11.96%	0.08%	11.93%	11.90%
1-Jan-32	12.18%	12.23%	0.28%	12.21%	12.18%
1-Jan-34	12.23%	12.28%	0.05%	12.26%	12.23%
15-Mar-35	12.33%	12.43%	0.12%	12.38%	12.35%
1-Jan-41	12.43%	12.53%	0.10%	12.48%	12.45%
1-Jun-44	12.48%	12.63%	0.08%	12.56%	12.53%
1-Mar-45	12.53%	12.73%	0.08%	12.63%	12.60%

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<b>Market Liquidity</b>	<b>9-Sep-16</b>	<b>13-Sep-16</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>
Standing Deposit Facility(Bn)	12.544	13.755	12.871	11.583	12.921
Standing Lending Facility(Bn)	(16.980)	(5.922)	(6.601)	(8.035)	(11.491)
Repo/Reverse Repo Auction (Bn)	(16.000)	(19.727)	(20.000)	(35.000)	(50.000)
Market Liquidity (Bn)	(20.436)	(11.894)	(13.730)	(31.452)	(48.570)
<b>CBSL Holdings: (Bn)</b>	<b>207.933</b>	<b>200.794</b>	<b>201.825</b>	<b>207.687</b>	<b>226.256</b>

<b>Overnight Money Market</b>	<b>9-Sep-16</b>	<b>13-Sep-16</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>
<b>Repo</b>					
W. A. Repo Rate:	8.63%	8.61%	8.62%	8.64%	9.08%
Gross Amount:( LKR Bn)	28.50	32.83	31.33	23.03	7.22
<b>Call Money</b>					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.40%
Gross Amount:( LKR Bn)	11.91	10.25	10.75	14.43	14.06



<b>U.S. \$ Yield</b>	<b>9-Sep-16</b>	<b>13-Sep-16</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>
U.S. 10 Year Yield	1.632%	1.661%	1.713%	1.703%	1.689%
Sri Lanka Int Sovereign Yield 2026	5.789%	5.966%	6.134%	6.199%	6.191%

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Spot Opening :	145.10/20	145.25/35	145.35/50	145.55/75	145.75/90
Spot Closing :	145.20/30	145.40/50	145.60/70	145.75/90	145.92/98

Forex Volumes (15-Sep-2016)	USD (Mn)	Average	Colombo Stock Exchange (19-Sep-2016)		
Cash	22.00	145.5832		ASPI	S & P SL 20
TOM	21.25	145.7931	Index	6,450.44	3,563.00
Spot	4.35	145.8126	Day Return %	-0.34%	-0.42%
Forwards	41.77				
<b>Total</b>	<b>89.37</b>				

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