

**Report Date: 21<sup>st</sup> September 2016 (SL Time 06.00pm)**

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### **Market Report**

The secondary bond market yields continued with the upward momentum mainly driven by the selling pressure on the 2022, 2023 and 2026 maturities. At the close of trading the liquid 10year maturity 01<sup>st</sup> Aug 2026 was quoted as 11.68/11.70 while the 01<sup>st</sup> Oct 2022 was exchanged between 11.49 and 11.54.

At this week's bill auction the yield for 3months fell by 4bps & 6months by 2bps to 8.71% & 9.69% respectively while the 12months declined by 1bps to 10.38%. The CBSL offered 16bn worth of bills and accepted 15.91bn with more being taken from the 6months.

In the overnight money market total 31.7bn worth of repo and call money were exchanged at an average of 8.76% & 8.42% respectively. The CBSL continued with its OMO activities by infusing Rs 32.7bn to the overnight market at an average rate of 8.49%.

The Colombo All Share Price Index moved up by 0.34% for the day to close at 6451.61 points as gains in the Construction & Engineering, Telecoms and Plantations sectors led shares higher. Foreign investors remained net buyers with a net inflow of Rs 28.9mn.

### **Economic News**

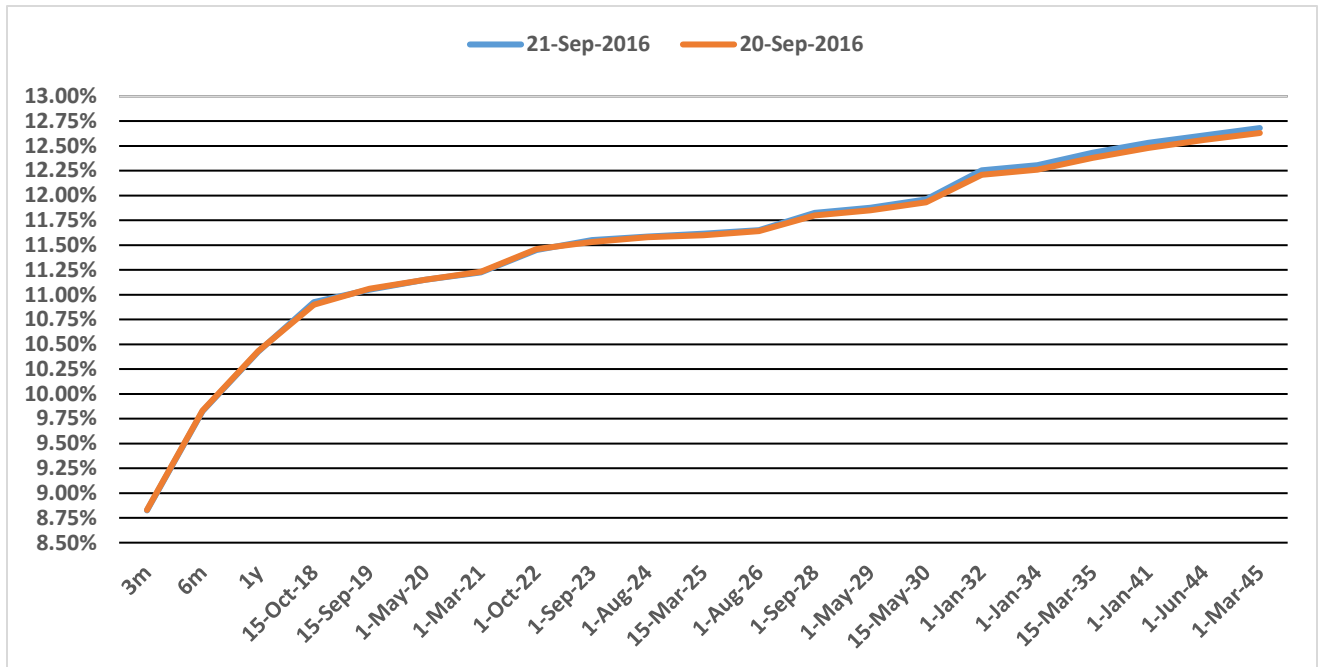
- Tourist stays in unregistered accommodation grew by 37.53 percent Year-on-Year (YoY) for 2015, but recorded a slowdown compared to 2013-14, official data from the Sri Lanka Tourism Development Authority showed. Foreign tourist nights in unregistered accommodation units increased to 4.87 million in 2015, from 3.54 million nights YoY. The growth had been 192 percent YoY from 2013 to 2014.
- Sri Lanka national consumer price index rose by 4.5% for the month of August 2016 data published by Sri Lanka statistic department said.
- The Bank of Japan shifted key policies on Wednesday to target interest rates instead of its money-printing program, and recommitted to reaching its elusive 2 percent inflation goal as quickly as possible.
- Oil prices jumped over 1 percent on Wednesday, pushed by a reported draw in U.S. crude inventories and an oil service worker strike in Norway which may impact output.
- The yen fell on Wednesday after the Bank of Japan altered its policy framework and pledged to keep rates lower for longer to generate inflation, while investors bought the dollar ahead of the outcome of the Federal Reserve's policy meeting.

### **Market Calendar**

- U.S. Federal Reserve Interest Rate Decision : **21<sup>st</sup> September 2016**
- U.S. 2<sup>nd</sup> Quarter GDP data : **29<sup>th</sup> September 2016**

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## Sri Lanka Yield Curve

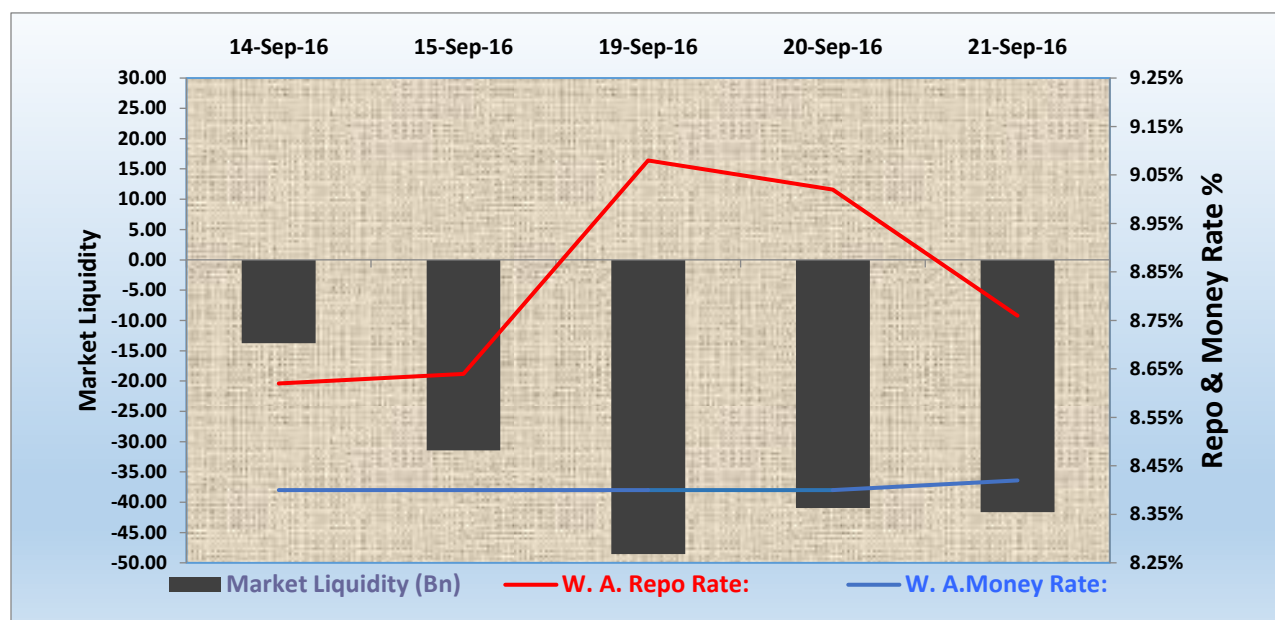


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>21-Sep-2016</u>	<u>20-Sep-2016</u>
3m	8.70%	8.80%		8.75%	8.83%
6m	9.70%	9.80%	1.00%	9.75%	9.83%
1y	10.35%	10.42%	0.63%	10.39%	10.43%
15-Oct-18	10.90%	11.00%	0.57%	10.95%	10.93%
15-Sep-19	11.05%	11.15%	0.15%	11.10%	11.05%
1-May-20	11.12%	11.20%	0.06%	11.16%	11.15%
1-Mar-21	11.25%	11.30%	0.12%	11.28%	11.23%
1-Oct-22	11.50%	11.60%	0.28%	11.55%	11.45%
1-Sep-23	11.55%	11.62%	0.04%	11.59%	11.55%
1-Aug-24	11.60%	11.65%	0.04%	11.63%	11.59%
15-Mar-25	11.62%	11.70%	0.04%	11.66%	11.62%
1-Aug-26	11.68%	11.70%	0.03%	11.69%	11.65%
1-Sep-28	11.75%	11.90%	0.13%	11.83%	11.83%
1-May-29	11.80%	11.90%	0.03%	11.85%	11.88%
15-May-30	11.94%	12.05%	0.15%	12.00%	11.96%
1-Jan-32	12.25%	12.30%	0.28%	12.28%	12.26%
1-Jan-34	12.31%	12.36%	0.06%	12.34%	12.31%
15-Mar-35	12.41%	12.48%	0.11%	12.45%	12.43%
1-Jan-41	12.45%	12.50%	0.03%	12.48%	12.53%
1-Jun-44	12.55%	12.70%	0.15%	12.63%	12.61%
1-Mar-45	12.60%	12.80%	0.08%	12.70%	12.68%

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<b>Market Liquidity</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>	<b>20-Sep-16</b>	<b>21-Sep-16</b>
Standing Deposit Facility(Bn)	12.871	11.583	12.921	12.030	9.620
Standing Lending Facility(Bn)	(6.601)	(8.035)	(11.491)	(9.480)	(18.479)
Repo/Reverse Repo Auction (Bn)	(20.000)	(35.000)	(50.000)	(43.488)	(32.776)
Market Liquidity (Bn)	(13.730)	(31.452)	(48.570)	(40.938)	(41.635)
<b>CBSL Holdings: (Bn)</b>	<b>201.825</b>	<b>207.687</b>	<b>226.256</b>	<b>217.848</b>	<b>216.187</b>

<b>Overnight Money Market</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>	<b>20-Sep-16</b>	<b>21-Sep-16</b>
<b>Repo</b>					
W. A. Repo Rate:	8.62%	8.64%	9.08%	9.02%	8.76%
Gross Amount:( LKR Bn)	31.33	23.03	7.22	8.15	15.81
<b>Call Money</b>					
W. A. Money Rate:	8.40%	8.40%	8.40%	8.40%	8.42%
Gross Amount:( LKR Bn)	10.75	14.43	14.06	14.68	15.90

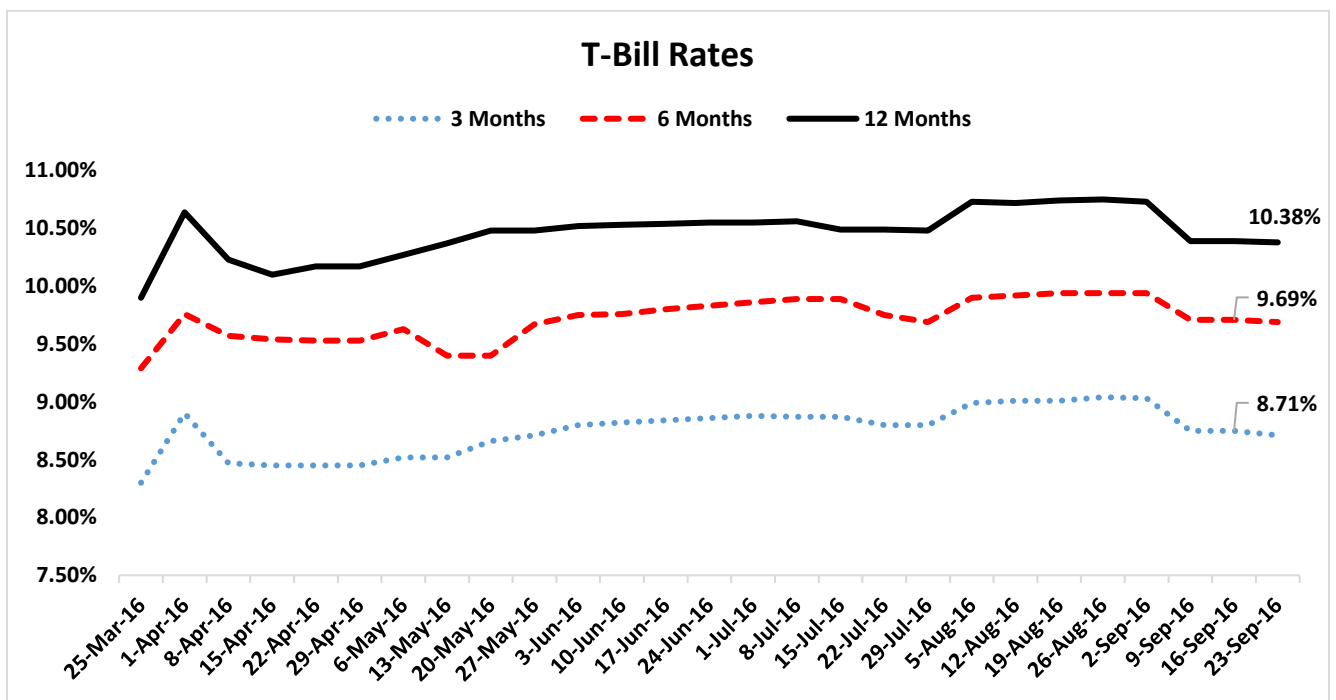


<b>U.S. \$ Yield</b>	<b>14-Sep-16</b>	<b>15-Sep-16</b>	<b>19-Sep-16</b>	<b>20-Sep-16</b>	<b>21-Sep-16</b>
U.S. 10 Year Yield	1.713%	1.703%	1.689%	1.684%	1.691%
Sri Lanka Int Sovereign Yield 2026	6.134%	6.199%	6.191%	6.120%	5.968%

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Spot Opening :	145.35/50	145.55/75	145.75/90	145.80/146.00	145.80/146.00
Spot Closing :	145.60/70	145.75/90	145.92/98	145.95/146.10	145.95/146.10
Spot Next	146.45/75				

Forex Volumes (20-Sep-2016)	USD (Mn)	Average	Colombo Stock Exchange (21-Sep-2016)		
Cash	2.00	145.7500		ASPI	S & P SL 20
TOM	11.00	145.7391	Index	6,451.61	3,565.88
Spot	4.25	145.7706	Day Return %	0.34%	0.39%
Forwards	15.70				
<b>Total</b>	<b>32.95</b>				



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