

**Report Date: 03<sup>rd</sup> January 2017 (SL Time 06.00pm)**

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### **Market Report**

The secondary market activities picked up during the day's trading with high volumes on 15<sup>th</sup> Nov 2018 maturity and 01<sup>st</sup> Aug 2021 being sold by foreign investors. At the close of trading the liquid 5year maturity 01<sup>st</sup> March 2021 was quoted as 11.95/12.00 while the benchmark 10year maturity 01<sup>st</sup> Aug 2026 was quoted as 12.30/12.35.

In the overnight money market repo & call money were exchanged at an average of 8.62% & 8.39% respectively. The CBSL continued with its OMO activities by absorbing Rs 63bn worth of overnight money from the system through a Repo Auction at the rate of 7.42% while further Rs 20bn worth of 7days repo was taken at 7.43% and Rs 16bn worth of 9days repo was taken at 7.44%. The market liquidity recorded a surplus figure of Rs 121bn.

At the close of second trading day of stock market was dull with low trading volume and turnover for the day recorded 353.9mn, All Share Price Index lost 0.54% for the day to close at 6159.12 points as losses in the Footwear & Textile, Diversified Holdings and Investment Trust sectors led shares lower.

### **Economic News**

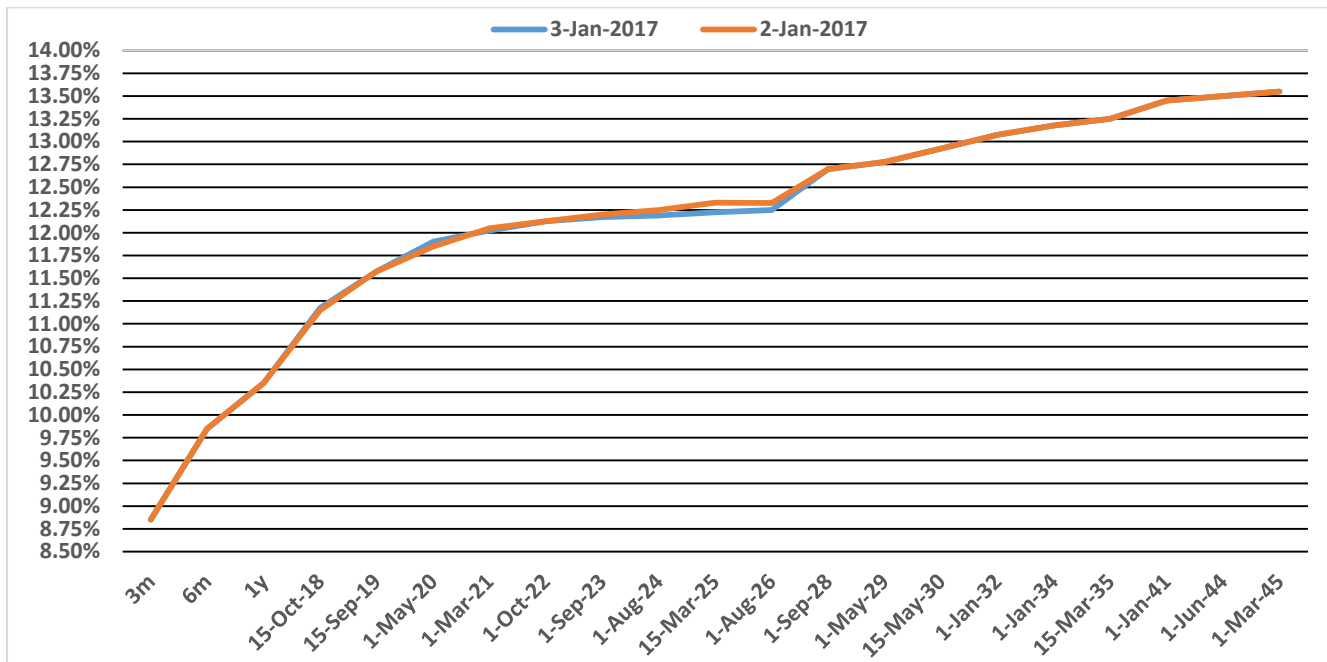
- Sri Lanka is planning to sell internationally traded rupee bonds cleared in Europe, which will increase the liquidity of the securities, Central Bank Governor said. Sri Lanka was also revamping the public debt law. The Treasury is expected to set up its own debt management unit, freeing the Central Bank from a longstanding conflict of interest.
- Sri Lanka's Central Bank will set up an 'Enforcement Unit' to prosecute the Board of Directors and senior management of failed finance companies who are involved in fraud and malpractices. The regulator will also crack down on illegal finance schemes by setting up a new unit.
- The Sri Lankan rupee edged down in thin trade on Tuesday amid worries over slowing foreign fund inflows, even as market players awaited central bank's key policy statement later in the day. Rupee forwards were active, with one month forwards quoting at 151.00/15 per dollar, compared with Monday's close of 150.95/151.00.
- Sri Lanka's tourist arrivals in 2016 rose 14.0 percent with the arrival of 2,050,832 tourists compared to the 1,798,380 tourists arrived in 2015. Most of the tourist arrivals were from Western Europe with 643,333 tourists visiting in 2016 recording a 16.5 percent increase over corresponding 2015 figures.

### **Market Calendar**

- CBSL T-Bond Auction - **09<sup>th</sup> Jan 2017**
- CBSL T-Bill Auction - **04<sup>th</sup> Jan 2017** (Total offered Rs 31.5bn)  
(91 days – 4.5bn, 182 days – 15bn, 364 days – 12bn)

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### Sri Lanka Yield Curve

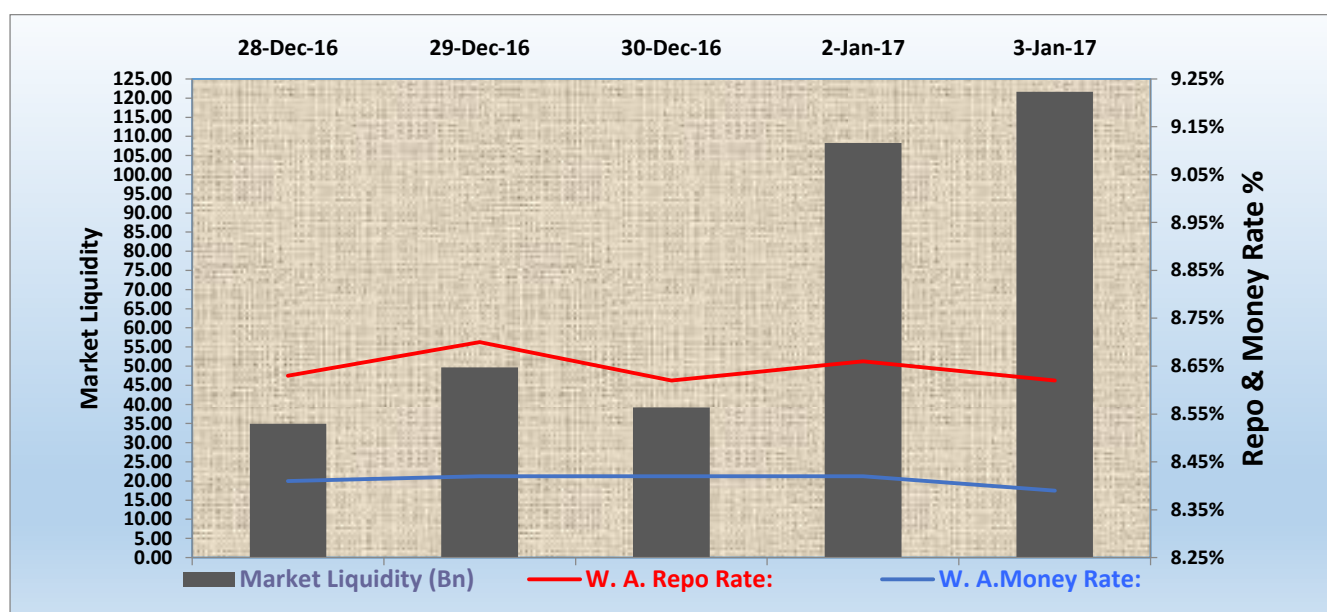


Maturity	Offer %	Bid %	GAP	3-Jan-2017	2-Jan-2017
3m	8.70%	9.00%		8.85%	8.85%
6m	9.70%	10.00%	1.00%	9.85%	9.85%
1y	10.20%	10.50%	0.50%	10.35%	10.35%
15-Oct-18	11.15%	11.20%	0.83%	11.18%	11.15%
15-Sep-19	11.50%	11.65%	0.40%	11.58%	11.58%
1-May-20	11.85%	11.95%	0.32%	11.90%	11.85%
1-Mar-21	12.00%	12.05%	0.13%	12.03%	12.05%
1-Oct-22	12.00%	12.25%	0.10%	12.13%	12.13%
1-Sep-23	12.12%	12.22%	0.05%	12.17%	12.20%
1-Aug-24	12.15%	12.23%	0.02%	12.19%	12.25%
15-Mar-25	12.15%	12.30%	0.03%	12.23%	12.33%
1-Aug-26	12.20%	12.30%	0.03%	12.25%	12.33%
1-Sep-28	12.60%	12.80%	0.45%	12.70%	12.70%
1-May-29	12.70%	12.85%	0.08%	12.78%	12.78%
15-May-30	12.75%	13.10%	0.15%	12.93%	12.93%
1-Jan-32	13.00%	13.15%	0.15%	13.08%	13.08%
1-Jan-34	13.10%	13.25%	0.10%	13.18%	13.18%
15-Mar-35	13.15%	13.35%	0.08%	13.25%	13.25%
1-Jan-41	13.30%	13.60%	0.20%	13.45%	13.45%
1-Jun-44	13.35%	13.65%	0.05%	13.50%	13.50%
1-Mar-45	13.40%	13.70%	0.05%	13.55%	13.55%

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<b>Market Liquidity</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>	<b>3-Jan-17</b>
Standing Deposit Facility(Bn)	22.007	36.488	48.652	66.886	44.754
Standing Lending Facility(Bn)	(13.554)	(19.547)	(30.807)	(8.622)	(6.139)
Repo/Reverse Repo Auction (Bn)	26.475	32.700	21.375	50.000	83.000
Market Liquidity (Bn)	34.928	49.641	39.220	108.264	121.615
<b>CBSL Holdings: (Bn)</b>	<b>219.365</b>	<b>232.356</b>	<b>330.078</b>	<b>279.609</b>	<b>243.262</b>

<b>Overnight Money Market</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>	<b>3-Jan-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.63%	8.70%	8.62%	8.66%	8.62%
Gross Amount:( LKR Bn)	28.26	22.93	30.40	22.81	21.55
<b>Call Money</b>					
W. A. Money Rate:	8.41%	8.42%	8.42%	8.42%	8.39%
Gross Amount:( LKR Bn)	15.45	15.17	9.98	15.81	9.43



<b>U.S. \$ Yield</b>	<b>28-Dec-16</b>	<b>29-Dec-16</b>	<b>30-Dec-16</b>	<b>2-Jan-17</b>	<b>3-Jan-17</b>
U.S. 10 Year Yield	2.560%	2.475%	2.455%	2.446%	2.513%
Sri Lanka Int Sovereign Yield 2026	7.102%	7.084%	7.075%	7.076%	6.977%

1 Week Closing	150.00/25	150.05/20	150.20/40	150.05/15	150.10/20
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Forex Volumes (02-Jan-2017)	USD (Mn)	Average	Colombo Stock Exchange (03-Jan-2017)		
Cash	-	-		ASPI	S & P SL 20
TOM	5.50	149.9800	Index	6,159.12	3,438.40
Spot	11.00	150.0000	Week Return %	-0.54%	-0.98%
Forwards	32.55				
Total	49.05				

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