

**Report Date: 06<sup>th</sup> February 2017 (SL Time 06.00pm)**

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### **Market Report**

The uncertainty in the bond market continued as market waits for the much expected monetary policy decision which will be released on Tuesday. Foreign investors continued to sell 01<sup>st</sup> May 2021 which was given up to 12.75 while the maturity 01<sup>st</sup> Aug 2021 was exchanged between 12.62 and 12.69.

In the overnight money market repo & call money were exchanged at an average rate of 8.43% & 8.42% respectively. The CBSL continued with its OMO activities by absorbing Rs 30bn worth of overnight money from the system through a Repo Auction at the rate of 7.50%. At the close of trading the market liquidity recorded a surplus figure of Rs 26bn.

The Colombo All Share Price Index lost 0.84% for the day to close at 6,068.31 points as losses in the services, plantations and power & energy sectors led shares lower. Foreign investors remained net buyers for the day with net foreign inflow of Rs 241mn. The turnover for the day was around Rs 394mn.

### **Economic News**

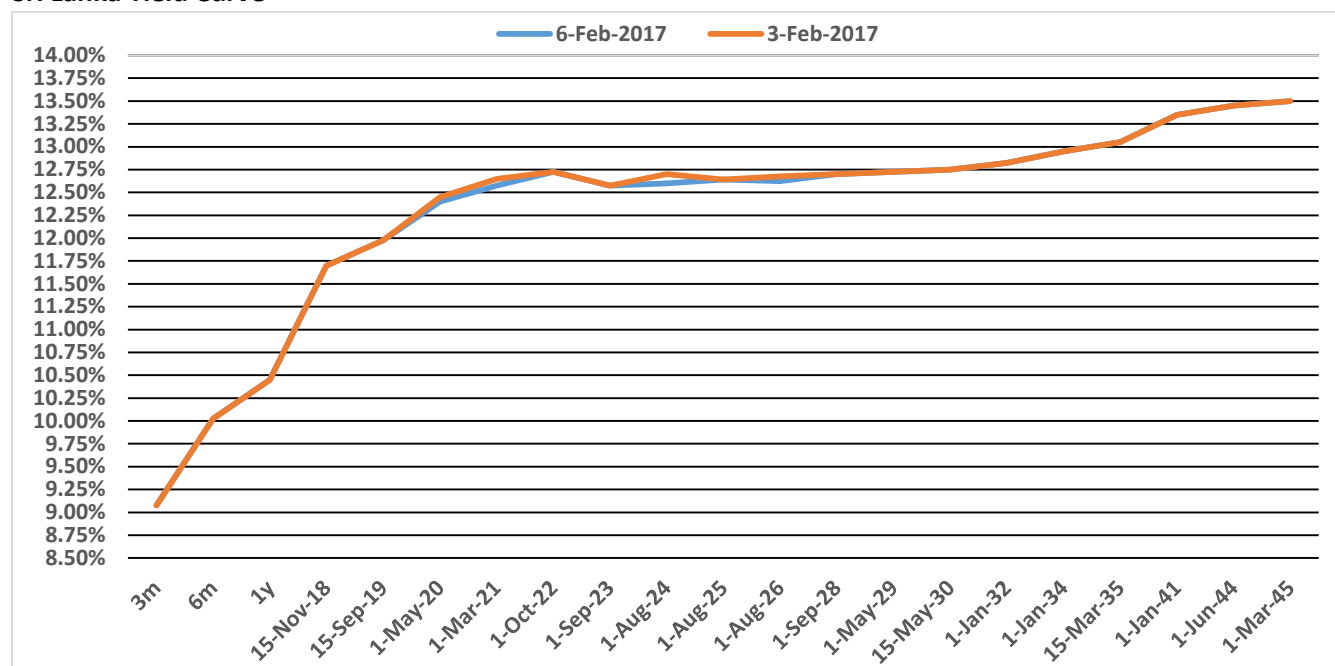
- The Sri Lankan rupee fell on Monday due to dollar demand from importers and banks as foreign investors continued to sell government securities. Rupee forwards were active with two week forwards were trading at 151.22/25, compared with Friday's close of 151.15/20.
- Oil prices rose on Monday, with traders shifting money into crude futures as the dollar weakened, and as concerns raised those new U.S. sanctions against Iran could be extended to affect crude supplies. International Brent crude futures were trading at \$56.96 per barrel, up 15 cents from their last close. U.S. West Texas Intermediate (WTI) futures were up 18 cents at \$54.01 a barrel.
- China is expected to report on Tuesday that foreign exchange reserves fell for the seventh straight month in January but at a much slower pace as authority's tightened controls on capital outflows and the surging U.S. dollar lost some steam. China's FX reserves likely fell about \$10.5 billion in January, roughly a quarter of the drop seen in December but leaving them hovering around the closely watched \$3 trillion level.
- Sri Lanka aims to finalize a free trade agreement with China this year and the country's Prime Minister will visit Beijing in May, the Sri Lankan Ambassador said on Saturday, amid rising concern in the South Asian nation about Chinese investment.

### **Market Calendar**

- Monetary Policy Meeting (CBSL) - **07<sup>th</sup> February 2017**
- Treasury bill Auction (CBSL) - **07<sup>th</sup> February 2017** (Total offered Rs 27bn)  
(91 days - Rs 11bn, 182 days - Rs 9bn, 364 days - Rs 7bn)

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## Sri Lanka Yield Curve

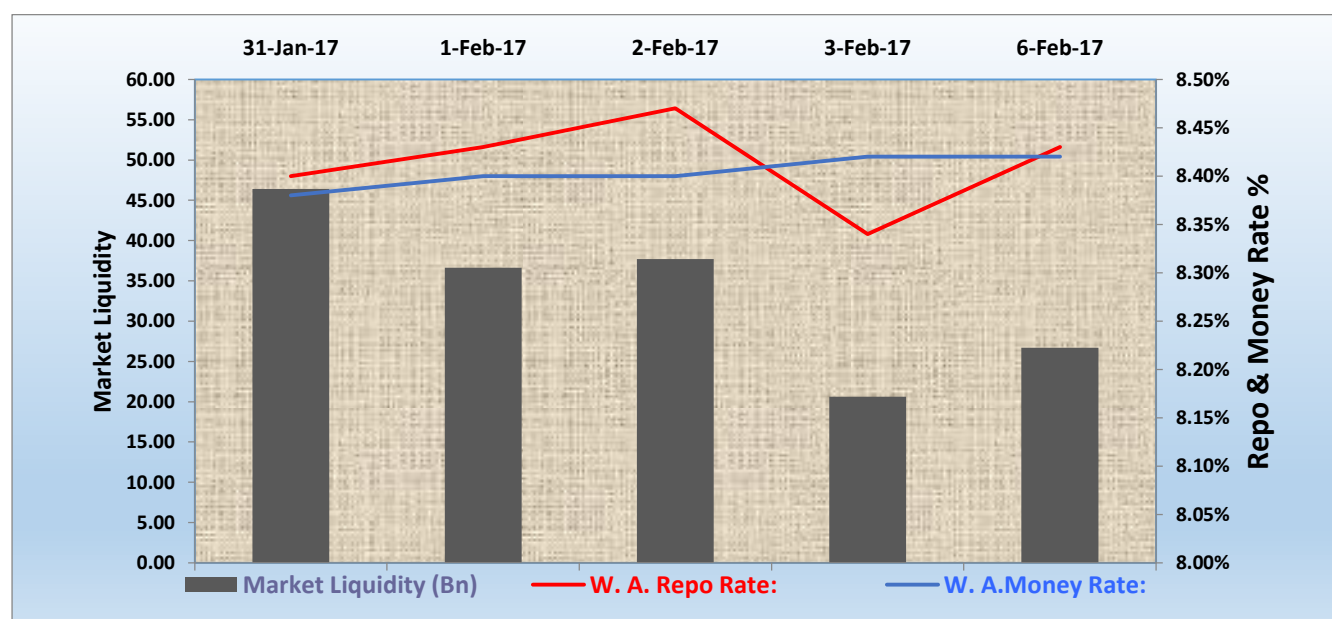


Maturity	Offer %	Bid %	GAP	6-Feb-2017	3-Feb-2017
3m	9.00%	9.15%		9.08%	9.08%
6m	9.90%	10.15%	0.95%	10.03%	10.03%
1y	10.35%	10.55%	0.42%	10.45%	10.45%
15-Nov-18	11.65%	11.75%	1.25%	11.70%	11.70%
15-Sep-19	11.90%	12.05%	0.28%	11.98%	11.98%
1-May-20	12.30%	12.50%	0.43%	12.40%	12.45%
1-Mar-21	12.50%	12.65%	0.18%	12.58%	12.65%
1-Oct-22	12.60%	12.85%	0.15%	12.73%	12.73%
1-Sep-23	12.50%	12.65%	-0.15%	12.58%	12.58%
1-Aug-24	12.50%	12.70%	0.03%	12.60%	12.70%
1-Aug-25	12.58%	12.70%	0.04%	12.64%	12.64%
1-Aug-26	12.50%	12.75%	-0.02%	12.63%	12.68%
1-Sep-28	12.60%	12.80%	0.08%	12.70%	12.70%
1-May-29	12.65%	12.80%	0.03%	12.73%	12.73%
15-May-30	12.65%	12.85%	0.03%	12.75%	12.75%
1-Jan-32	12.70%	12.95%	0.08%	12.83%	12.83%
1-Jan-34	12.85%	13.05%	0.13%	12.95%	12.95%
15-Mar-35	12.95%	13.15%	0.10%	13.05%	13.05%
1-Jan-41	13.25%	13.45%	0.30%	13.35%	13.35%
1-Jun-44	13.35%	13.55%	0.10%	13.45%	13.45%
1-Mar-45	13.40%	13.60%	0.05%	13.50%	13.50%

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<b>Market Liquidity</b>	<b>31-Jan-17</b>	<b>1-Feb-17</b>	<b>2-Feb-17</b>	<b>3-Feb-17</b>	<b>6-Feb-17</b>
Standing Deposit Facility(Bn)	11.471	3.989	7.375	6.654	7.212
Standing Lending Facility(Bn)	(11.458)	(10.359)	(11.670)	(9.045)	(10.523)
Repo/Reverse Repo Auction (Bn)	46.401	43.000	42.000	23.000	30.000
Market Liquidity (Bn)	46.414	36.630	37.705	20.609	26.689
<b>CBSL Holdings: (Bn)</b>	<b>207.427</b>	<b>209.781</b>	<b>212.123</b>	<b>213.555</b>	<b>208.244</b>

<b>Overnight Money Market</b>	<b>31-Jan-17</b>	<b>1-Feb-17</b>	<b>2-Feb-17</b>	<b>3-Feb-17</b>	<b>6-Feb-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.40%	8.43%	8.47%	8.34%	8.43%
Gross Amount:( LKR Bn)	35.32	28.61	22.17	40.18	28.90
<b>Call Money</b>					
W. A. Money Rate:	8.38%	8.40%	8.40%	8.42%	8.42%
Gross Amount:( LKR Bn)	12.38	12.40	13.38	9.42	8.77



<b>U.S. \$ Yield</b>	<b>31-Jan-17</b>	<b>1-Feb-17</b>	<b>2-Feb-17</b>	<b>3-Feb-17</b>	<b>6-Feb-17</b>
U.S. 10 Year Yield	2.483%	2.470%	2.463%	2.489%	2.454%
Sri Lanka Int Sovereign Yield 2026	6.794%	6.807%	6.816%	6.808%	6.767%

2 Weeks	150.95/151.05	151.00/05	151.02/10	151.15/19	151.20/25
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Forex Volumes (03-Feb-2017)	USD (Mn)	Average	Colombo Stock Exchange (06-Feb-2017)		
Cash	9.00	150.4161		ASPI	S & P SL 20
TOM	10.50	150.4786	Index	6,068.31	3,466.32
Spot	6.00	150.5000	Day Return %	-0.84%	-1.14%
Forwards	48.50				
Total	74.00				

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