

Report Date: 09th February 2017 (SL Time 06.00pm)

Market Report

The secondary market yields declined slightly from yesterday's closing levels as investors were more confident about the market due to countries credit rating outlook being revised to stable from negative by Fitch rating. At the close of trading on Friday the 1st May 2021 & 01st Aug 2021 maturities were quoted as 12.35/12.40 & 12.45/12.50 respectively.

Foreign investors remained net sellers on the Government Securities market for the week ended 08th February 2017 with net foreign outflow of Rs 5bn. The overall foreign holding on government securities stood at Rs 229bn.

In the overnight money market repo & call money were exchanged at an average rate of 8.41% & 8.43% respectively. At the close of trading the market liquidity recorded a deficit figure of Rs 990mn.

The Colombo All Share Price Index lost 0.42% for the week ended 9th Feb 2017 to close at 6,094.15 points as losses in the telecoms, healthcare and manufacturing sectors led shares lower. The turnover for the day was around Rs 719mn.

Economic News

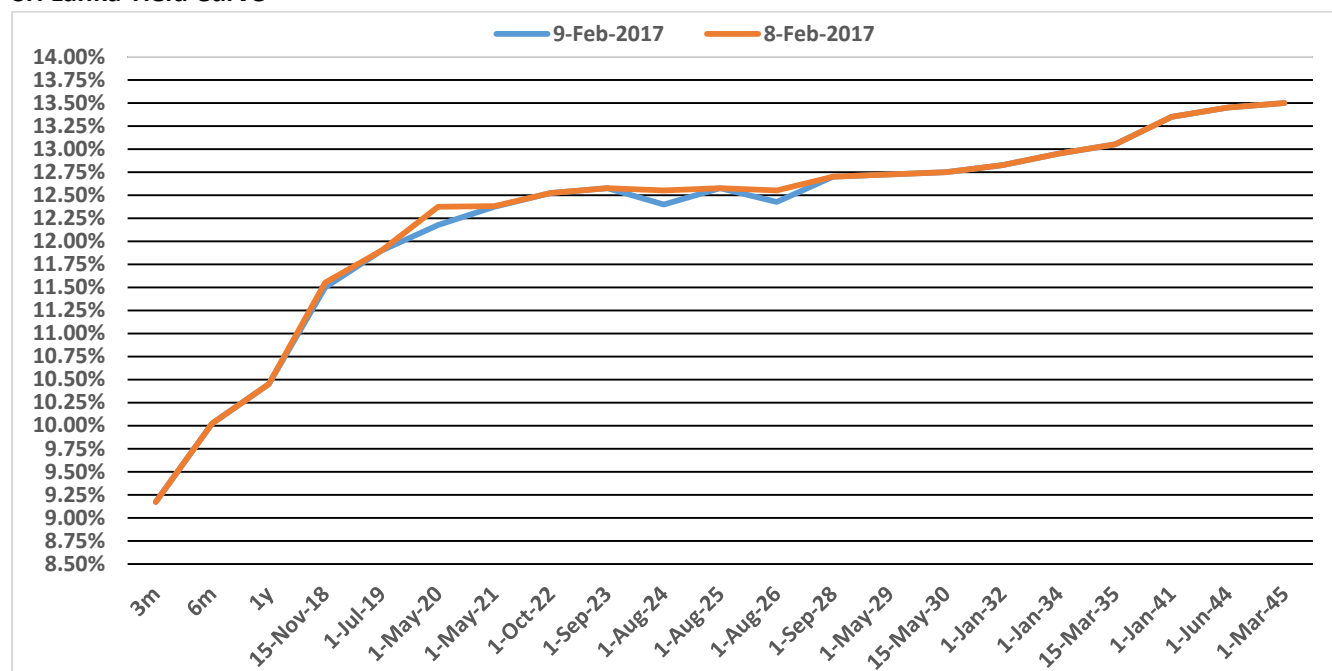
- Sri Lanka is planning to end 2017 with 7.4 billion US dollars of forex reserves or about 2.0 billion up from the 5.5 billion in January, Central Bank Governor Indrajit Coomaraswamy said.
- The Sri Lankan rupee traded steady on Thursday ahead of a long weekend as dollar sales by exporters offset the demand for the U.S. currency from banks to facilitate continuing exit of foreign investors from government securities. Rupee forwards were active and two-week forwards traded steady at 151.20/25 per dollar.
- Oil prices rose on Thursday, supported by an unexpected draw in U.S. gasoline inventories, although bloated crude supplies meant that fuel markets remain under pressure. Benchmark Brent crude was up 50 cents a barrel at \$55.62 per barrel. U.S. light crude was 50 cents higher at \$52.84 a barrel.
- Sri Lanka will target an inflation adjusted exchange rate index relative to competitors to keep the rupee competitive, while also targeting inflation through a flexible framework, Central Bank Governor Indrajit Coomaraswamy said.

Market Calendar

- Euro area 4th QTR 2016 GDP data - **14th Feb 2017**
- Treasury bill auction (CBSL) - **15th Feb 2017** (Total offered Rs 25.5bn)
(91 days: Rs 8.5bn, 182 days: Rs 8.5bn, 364 days: Rs 8.5bn)

Next Page =>

Sri Lanka Yield Curve

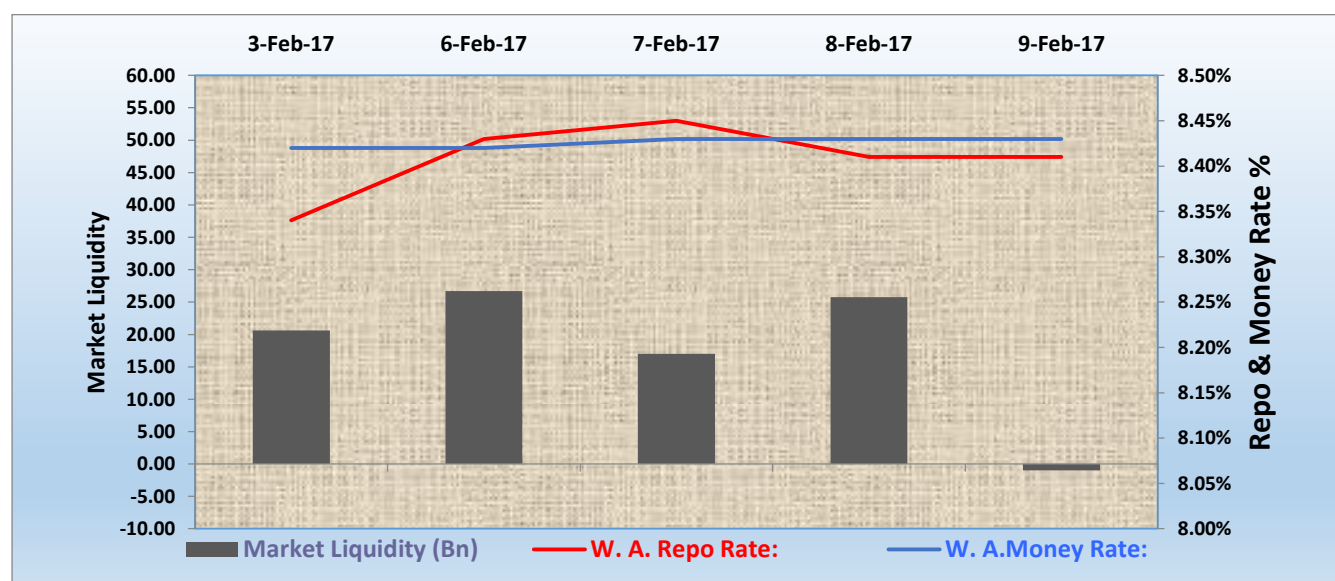


Maturity	Offer %	Bid %	GAP	9-Feb-2017	8-Feb-2017
3m	9.10%	9.25%		9.18%	9.18%
6m	9.95%	10.10%	0.85%	10.03%	10.03%
1y	10.40%	10.50%	0.42%	10.45%	10.45%
15-Nov-18	11.45%	11.55%	1.05%	11.50%	11.55%
1-Jul-19	11.85%	11.95%	0.40%	11.90%	11.90%
1-May-20	12.10%	12.25%	0.28%	12.18%	12.38%
1-May-21	12.35%	12.40%	0.20%	12.38%	12.38%
1-Oct-22	12.40%	12.65%	0.15%	12.53%	12.53%
1-Sep-23	12.50%	12.65%	0.05%	12.58%	12.58%
1-Aug-24	12.30%	12.50%	-0.18%	12.40%	12.55%
1-Aug-25	12.45%	12.70%	0.18%	12.58%	12.58%
1-Aug-26	12.35%	12.50%	-0.15%	12.43%	12.55%
1-Sep-28	12.60%	12.80%	0.28%	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%

Next Page =>

Market Liquidity	3-Feb-17	6-Feb-17	7-Feb-17	8-Feb-17	9-Feb-17
Standing Deposit Facility(Bn)	6.654	7.212	5.497	11.203	7.749
Standing Lending Facility(Bn)	(9.045)	(10.523)	(15.507)	(12.437)	(8.739)
Repo/Reverse Repo Auction (Bn)	23.000	30.000	27.000	27.000	-
Market Liquidity (Bn)	20.609	26.689	16.990	25.766	(0.990)
CBSL Holdings: (Bn)	213.555	208.244	216.289	213.288	226.739

Overnight Money Market	3-Feb-17	6-Feb-17	7-Feb-17	8-Feb-17	9-Feb-17
Repo					
W. A. Repo Rate:	8.34%	8.43%	8.45%	8.41%	8.41%
Gross Amount:(LKR Bn)	40.18	28.90	26.41	30.41	33.37
Call Money					
W. A. Money Rate:	8.42%	8.42%	8.43%	8.43%	8.43%
Gross Amount:(LKR Bn)	9.42	8.77	10.00	9.18	8.37



U.S. \$ Yield	3-Feb-17	6-Feb-17	7-Feb-17	8-Feb-17	9-Feb-17
U.S. 10 Year Yield	2.489%	2.454%	2.415%	2.386%	2.366%
Sri Lanka Int Sovereign Yield 2026	6.808%	6.767%	6.732%	6.686%	6.733%

2 Weeks	151.15/19	151.20/25	151.25/35	151.20/30	151.20/30
Spot Rate				150.75	150.75/85

Next Page =>

Forex Volumes (08-Feb-2017)	USD (Mn)	Average	Colombo Stock Exchange (09-Feb-2017)		
Cash	11.00	150.6605		ASPI	S & P SL 20
TOM	20.50	150.6556	Index	6,094.15	3,488.50
Spot	1.00	150.7500	Week Return %	-0.42%	-0.50%
Forwards	40.50				
Total	73.00				

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