

**Report Date: 20<sup>th</sup> March 2017 (SL Time 06.00pm)**

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### **Market Report**

The first trading day of the week was quiet with less amount of activities in the secondary market with the maturity 1<sup>st</sup> Jan 2024 was traded at 13.25 while the maturity 15<sup>th</sup> March 2025 was traded at 13.35. At the close of trading the liquid 7year maturity 1st Aug 2024 and benchmark 9year maturity 1st Aug 2026 were quoted as 13.20/35 & 13.25/35 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.55% & 8.50% respectively. The CBSL continued with its OMO activities by injecting Rs 12.73bn worth of overnight money to the system through a Re-repo Auction at the rate of 8.50%. At the close of trading the market liquidity recorded a deficit figure of Rs 16.19bn.

The Colombo All Share Price Index lost 0.11% for the day to close at 6,041.17 points as losses in the Construction & Engineering, Healthcare and Palm Oil sectors led shares lower. Foreign investors remained net sellers for the day with net foreign outflow of Rs 3.7mn. The turnover for the day was around Rs 439mn.

### **Economic News**

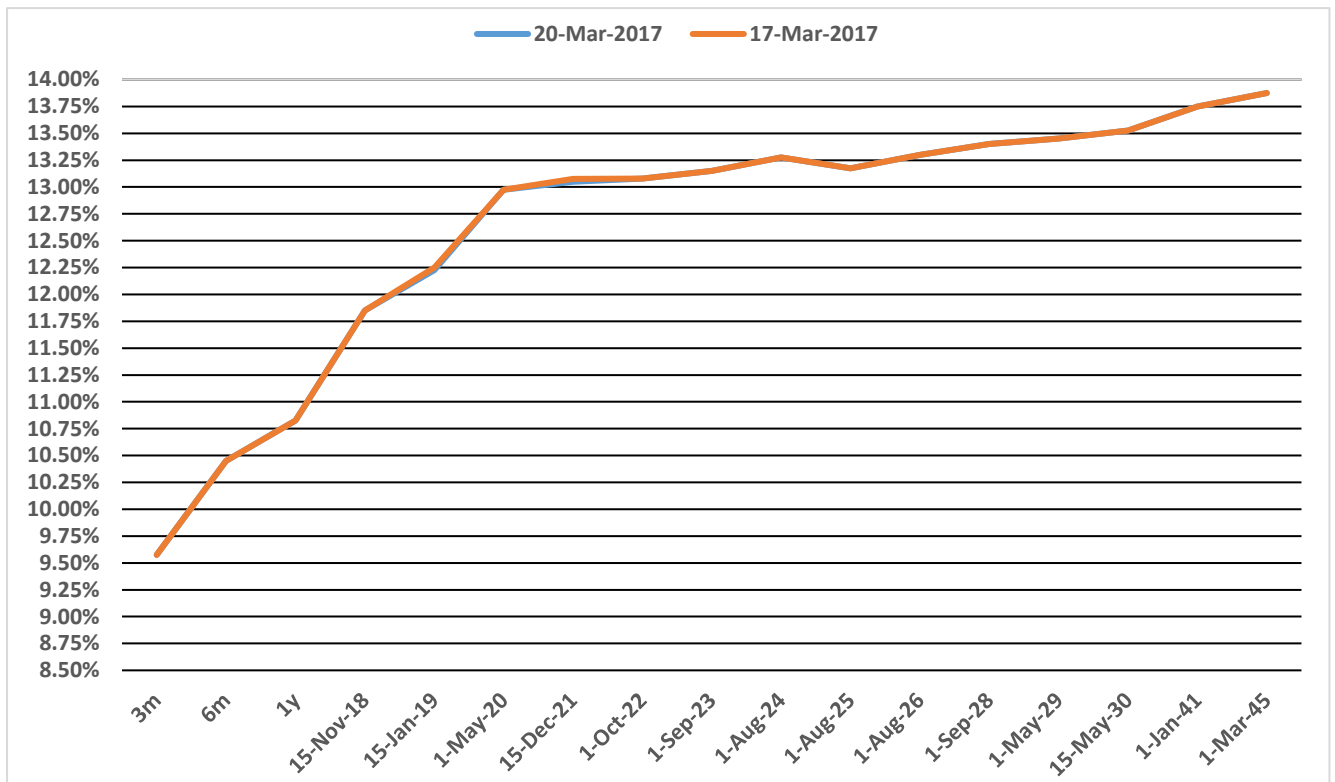
- The Securities and Exchange Commission of Sri Lanka (SEC) has released its 'Capital Market Strategy 2020', a transformative plan for the capital market that is being rolled out along with a new SEC Act. "The significance of ensuring the capital market's resilience has become more apparent during recent years of sustained global economic and market uncertainty, divergent growth, volatility, and other emergent challenges," the SEC said in a statement.
- The Sri Lankan rupee edged down on Monday due to dollar demand from importers, while increased imports and foreign selling in rupee bonds weakened the outlook for the currency. Rupee forwards were active, with two week forwards trading at 152.80/153.10 per dollar, compared with Friday's close of 152.60/80. The spot currency was quoted at 151.25/75 per dollar, but was not traded.
- Oil prices fell on Monday, with already bloated markets pressured by rising U.S. drilling activity and steady supplies from OPEC countries despite touted production cuts. Prices for benchmark Brent crude futures were down 34 cents, or 0.66 percent, at \$51.42 per barrel. U.S. West Texas Intermediate (WTI) crude futures slipped 48 cents, or 0.98 percent, to \$48.30 a barrel.
- Sri Lanka's unit trusts, once a blessed industry with lax taxes, is likely to be in for a rude shock with the proposed imposition of a slew of new and increased taxes, which will soon find their way into the industry, threatening its survival.

### **Market Calendar**

- Treasury bill auction (CBSL) - **22<sup>nd</sup> March 2017** (Total offered Rs 27bn)  
(91 days - Rs 9.5bn, 182 days - Rs 9.5bn, 364 days - Rs 8bn)
- CBSL Monetary Policy meeting - **24<sup>th</sup> March 2017**

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## Sri Lanka Yield Curve

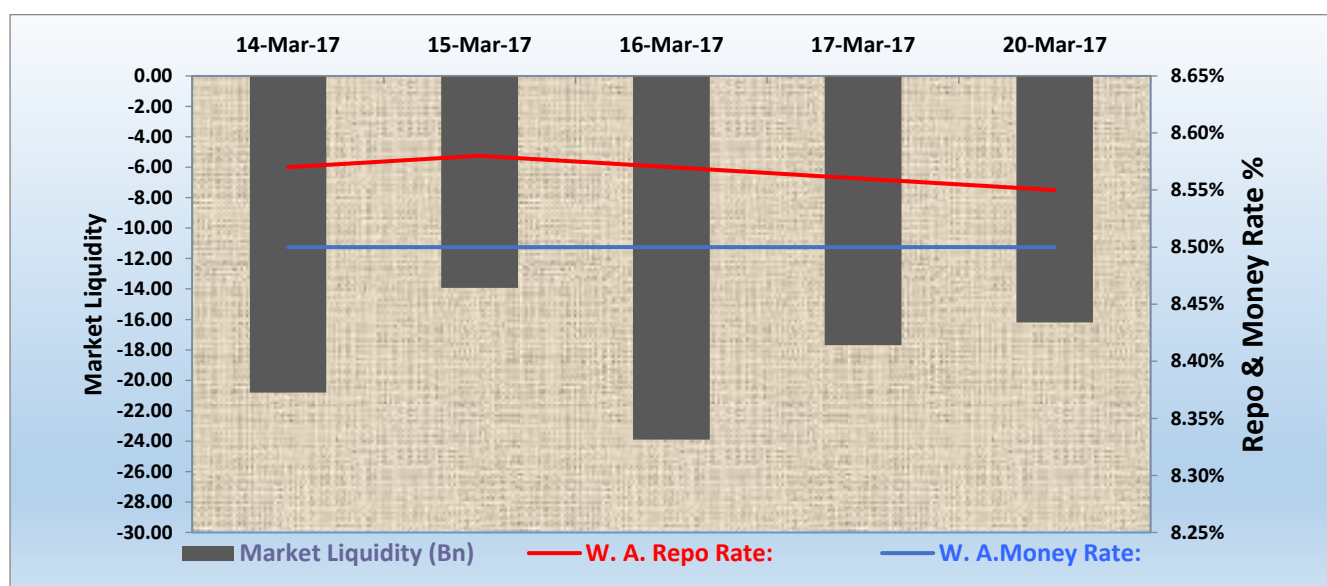


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>20-Mar-2017</u>	<u>17-Mar-2017</u>
3m	9.40%	9.75%		9.58%	9.58%
6m	10.25%	10.65%	0.87%	10.45%	10.45%
1y	10.70%	10.95%	0.38%	10.83%	10.83%
15-Nov-18	11.75%	11.95%	1.03%	11.85%	11.85%
15-Jan-19	12.20%	12.25%	0.38%	12.23%	12.25%
1-May-20	12.90%	13.05%	0.75%	12.98%	12.98%
15-Dec-21	13.00%	13.10%	0.08%	13.05%	13.08%
1-Oct-22	13.02%	13.14%	0.03%	13.08%	13.08%
1-Sep-23	13.00%	13.30%	0.07%	13.15%	13.15%
1-Aug-24	13.20%	13.35%	0.13%	13.28%	13.28%
1-Aug-25	13.05%	13.30%	-0.10%	13.18%	13.18%
1-Aug-26	13.25%	13.35%	0.13%	13.30%	13.30%
1-Sep-28	13.30%	13.50%	0.10%	13.40%	13.40%
1-May-29	13.40%	13.50%	0.05%	13.45%	13.45%
15-May-30	13.45%	13.60%	0.08%	13.53%	13.53%
1-Jan-41	13.50%	14.00%	0.23%	13.75%	13.75%
1-Mar-45	13.75%	14.00%	0.13%	13.88%	13.88%

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<u>Market Liquidity</u>	14-Mar-17	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17
Standing Deposit Facility(Bn)	11.669	18.070	10.403	8.429	12.151
Standing Lending Facility(Bn)	(14.290)	(18.004)	(15.300)	(12.335)	(15.610)
Repo/Reverse Repo Auction (Bn)	(18.181)	(14.000)	(19.000)	(13.777)	(12.736)
Market Liquidity (Bn)	(20.802)	(13.934)	(23.897)	(17.683)	(16.195)
<b><u>CBSL Holdings: (Bn)</u></b>	<b>240.954</b>	<b>240.548</b>	<b>242.906</b>	<b>235.128</b>	<b>237.554</b>

<u>Overnight Money Market</u>	14-Mar-17	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17
<b>Repo</b>					
W. A. Repo Rate:	8.57%	8.58%	8.57%	8.56%	8.55%
Gross Amount:( LKR Bn)	27.23	24.31	29.10	32.39	37.39
<b>Call Money</b>					
W. A. Money Rate:	8.50%	8.50%	8.50%	8.50%	8.50%
Gross Amount:( LKR Bn)	14.21	11.27	14.06	14.39	13.49



<u>U.S. \$ Yield</u>	14-Mar-17	15-Mar-17	16-Mar-17	17-Mar-17	20-Mar-17
U.S. 10 Year Yield	2.613%	2.577%	2.524%	2.528%	2.506%
Sri Lanka Int Sovereign Yield 2026	6.690%	6.658%	6.522%	6.491%	6.468%

Spot rate	151.25	151.25	151.25	151.35	151.35
2 Weeks	152.50/75	152.90/153.10	153.05/15	152.50/75	152.80/153.10

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Forex Volumes (17-Mar-2017)	USD (Mn)	Average	Colombo Stock Exchange (20-Mar-2017)		
Cash	13.00	151.2127		ASPI	S & P SL 20
TOM	12.00	151.2967	Index	6,041.17	3,448.52
Spot	12.00	151.3138	Day Return %	-0.11%	-0.09%
Forwards	58.50				
Total	95.50				

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