

Report Date: 03rd April 2017 (SL Time 06.00pm)

Market Report

The secondary bond market was at rest with less amount of activities. At the close of trading the longer tenors were quoted wide as the maturity 01st Aug 2024 and 01st Aug 2026 were quoted as 12.80/13.00 and 12.85/13.05 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.84% & 8.75% respectively. The CBSL continued with its OMO activities by injecting Rs 20bn worth of overnight money to the system through a Re-repo Auction at the rate of 8.74%. At the close of trading the market liquidity recorded a deficit figure of Rs 15.36bn

The Colombo All Share Price Index gained 0.30% for the day to close at 6,080.01 points as gains in the Information Technology, Services and Diversified Holdings sectors led shares higher. Foreign investors remained net buyers for the day with net foreign inflow of Rs 67mn. The turnover for the day was around Rs 1bn.

Economic News

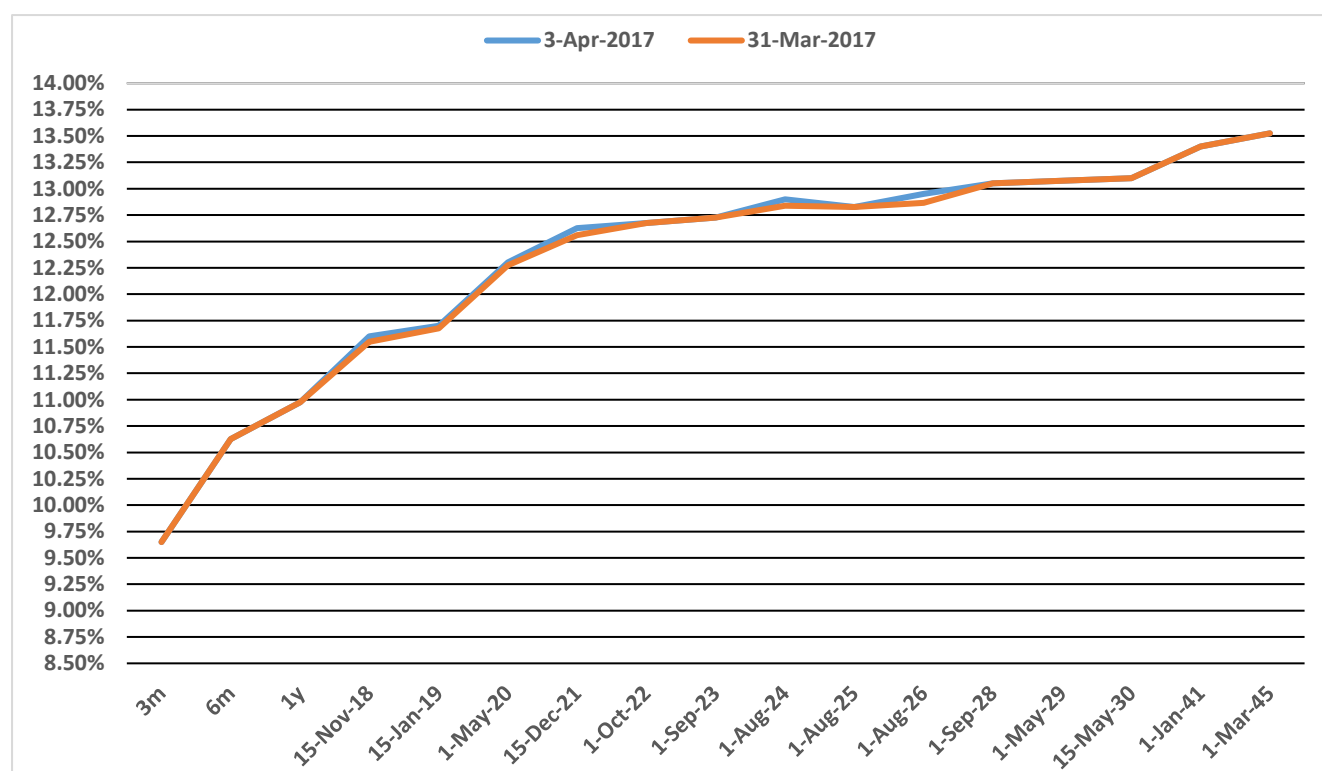
- Sri Lanka's unemployment has dropped to 4.2 percent in the fourth quarter of 2016 from 4.4 percent a year earlier, and also from 4.5 percent in the third quarter of 2016. Most of the jobs were created in the services and industrial sectors, while the agriculture sector was flat amid a drought. However for long term prosperity people have to move out of agriculture into industry and service, pushing up mechanization and labour productivity in agriculture.
- The Sri Lankan rupee was steady in dull trade on Monday as mild importer dollar demand was offset by inward remittances and exporter dollar sales ahead of the festival season. Rupee forwards were active, with two week forwards trading steady at 152.45/50 per dollar.
- Oil futures held steady on Monday as a rebound in Libyan oil production over the weekend weighed against upbeat economic data from Asia that pointed to strong energy demand from the region. International benchmark Brent futures climbed 4 cents to \$53.57 a barrel, U.S. West Texas Intermediate crude futures were 8 cents higher at \$50.68 a barrel.
- Factories across Europe and much of Asia posted another month of solid growth in March, rounding off a strong quarter for manufacturers, even though exporters fear a rise in U.S. protectionism could snuff out a global trade recovery. China led the way, with an official manufacturing index expanding at the fastest pace in nearly five years. Surveys on Monday also showed encouraging growth in Europe, Japan, India and much of emerging Asia.

Market Calendar

- CBSL Treasury bond auction - **04th April 2017** (Total offered Rs 11.5bn)
(15th Dec 2021 - Rs 4bn, 01st Jan 2024 - Rs 4bn, 01st Aug 2026 - Rs 3.5bn)
- CBSL T-bill auction - **05th April 2017** (Total offered Rs 25bn)
(91days - Rs 8bn, 182days - Rs 8.5bn, 364days - Rs 8.5bn)

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Sri Lanka Yield Curve

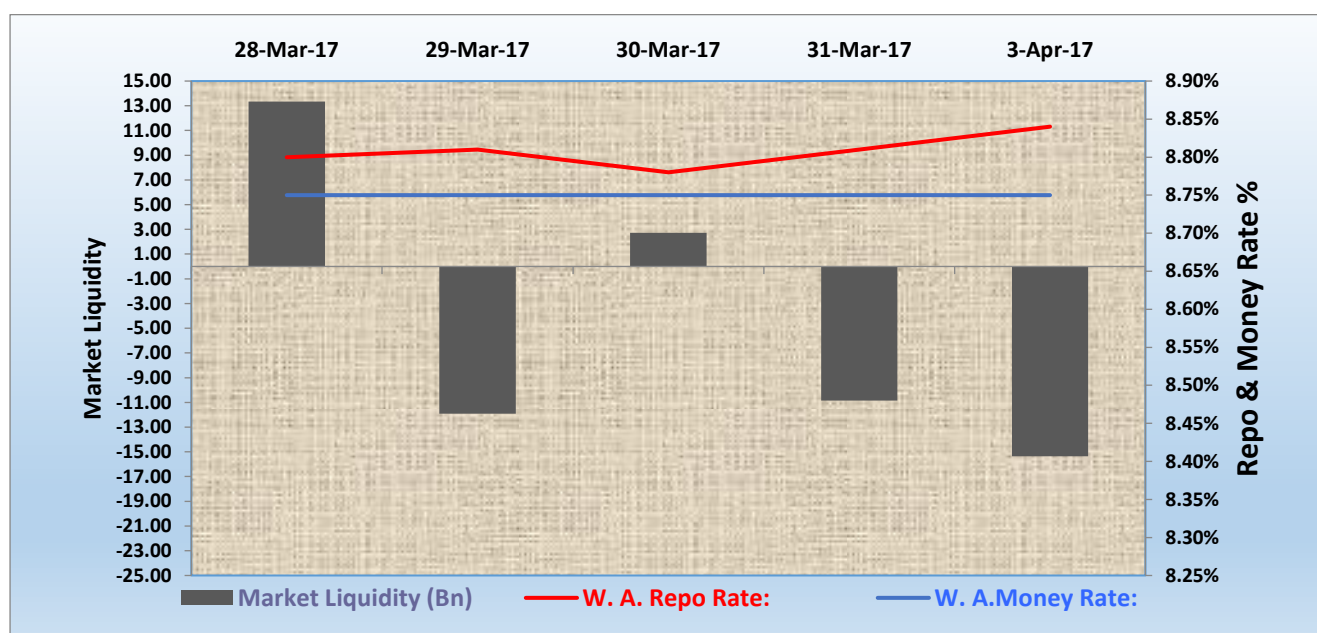


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>3-Apr-2017</u>	<u>31-Mar-2017</u>
3m	9.55%	9.75%		9.65%	9.65%
6m	10.55%	10.70%	0.97%	10.63%	10.63%
1y	10.90%	11.05%	0.35%	10.98%	10.98%
15-Nov-18	11.50%	11.70%	0.63%	11.60%	11.55%
15-Jan-19	11.60%	11.80%	0.10%	11.70%	11.68%
1-May-20	12.20%	12.40%	0.60%	12.30%	12.28%
15-Dec-21	12.55%	12.70%	0.33%	12.63%	12.56%
1-Oct-22	12.60%	12.75%	0.05%	12.68%	12.68%
1-Sep-23	12.65%	12.80%	0.05%	12.73%	12.73%
1-Aug-24	12.80%	13.00%	0.18%	12.90%	12.84%
1-Aug-25	12.75%	12.90%	-0.08%	12.83%	12.83%
1-Aug-26	12.85%	13.05%	0.13%	12.95%	12.87%
1-Sep-28	12.95%	13.15%	0.10%	13.05%	13.05%
1-May-29	13.00%	13.15%	0.03%	13.08%	13.08%
15-May-30	13.00%	13.20%	0.03%	13.10%	13.10%
1-Jan-41	13.30%	13.50%	0.30%	13.40%	13.40%
1-Mar-45	13.40%	13.65%	0.13%	13.53%	13.53%

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Market Liquidity	28-Mar-17	29-Mar-17	30-Mar-17	31-Mar-17	3-Apr-17
Standing Deposit Facility(Bn)	15.024	13.757	17.690	26.950	28.912
Standing Lending Facility(Bn)	(16.682)	(19.659)	(14.968)	(27.787)	(24.277)
Repo/Reverse Repo Auction (Bn)	15.000	(6.000)	-	(10.000)	(20.000)
Market Liquidity (Bn)	13.342	(11.902)	2.722	(10.837)	(15.365)
CBSL Holdings: (Bn)	230.710	254.707	244.086	263.197	269.857

Overnight Money Market	28-Mar-17	29-Mar-17	30-Mar-17	31-Mar-17	3-Apr-17
Repo					
W. A. Repo Rate:	8.80%	8.81%	8.78%	8.81%	8.84%
Gross Amount:(LKR Bn)	30.57	28.72	36.71	31.67	21.76
Call Money					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:(LKR Bn)	17.88	19.92	22.29	13.68	26.38



U.S. \$ Yield	28-Mar-17	29-Mar-17	30-Mar-17	31-Mar-17	3-Apr-17
U.S. 10 Year Yield	2.373%	2.396%	2.418%	2.413%	2.380%
Sri Lanka Int Sovereign Yield 2026	6.374%	6.375%	6.375%	6.361%	6.353%

Spot rate	151.70	151.70	151.70	151.70	151.70
2 Weeks	152.70/80	152.55/65	152.55/65	152.45/50	152.45/50

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Forex Volumes (31-Mar-2017)	USD (Mn)	Average	Colombo Stock Exchange (03-April-2017)		
Cash	4.50	151.6056		ASPI	S & P SL 20
TOM	-	-	Index	6,080.01	3,443.12
Spot	3.00	151.6000	Day Return %	0.30%	0.12%
Forwards	30.50				
Total	38.00				

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