

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

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### **Market Report**

The secondary market yields declined from yesterday's closing levels mainly due to the buying pressure on longer tenors 15th Dec 2021, 01st Jan 2024 and 01st Aug 2026 which was taken up to 12.17, 12.50 & 12.55 respectively. At the close of trading 01st Jan 2024 & 01st Aug 2026 were quoted as 12.52/54 and 12.50/56.

In the overnight money market repo & call money were exchanged at an average rate of 8.77% & 8.75% respectively. The CBSL continued with its OMO activities by absorbing Rs 20bn worth of overnight money from the system through a Repo Auction at the rate of 7.70%. At the close of trading the market liquidity recorded a surplus figure of Rs 16.91bn.

The Colombo All Share Price Index gained 0.83% for the day to close at 6,250.04 points as gains in the Footwear & Textile, Land & Property and Construction & Engineering sectors led shares higher. Foreign investors remained net buyers for the day with net foreign inflow of Rs 256mn. The turnover for the day was around Rs 578mn.

### **Economic News**

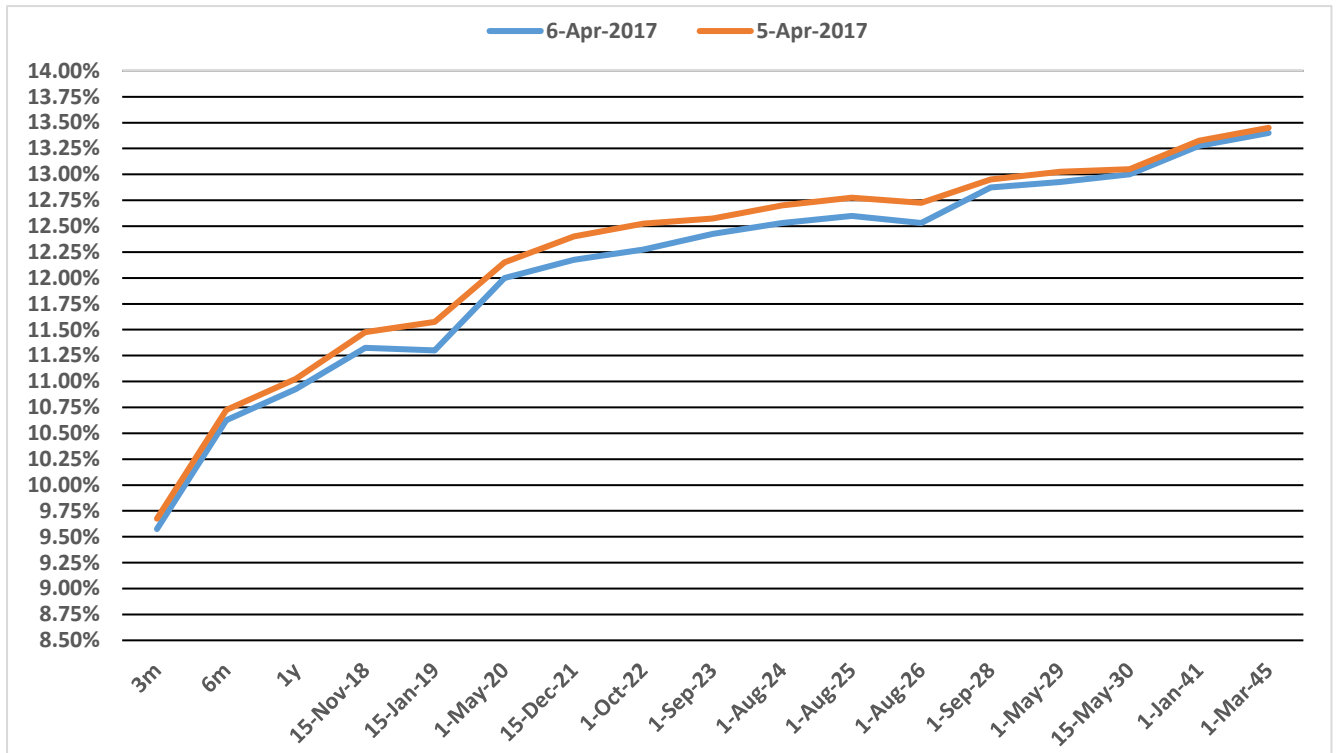
- Sri Lanka's tourist arrivals declined in March by 2.5 percent compared to the same period last year. The month recorded 188,076 tourists arriving in the country compared to the 192,841 arrived in March 2016. The marginal decline in the number of arrivals is attributed to the partial closure of the international airport during the first quarter and withdrawal of the national carrier from key markets in Europe.
- Sri Lanka's cabinet of ministers has given approval to the government to develop capital Colombo as a performing and exhibition hub in South Asia, in order to attract more tourists. Minister Gayantha Karunathilake said more than 2 million tourists have visited Sri Lanka in 2016 and 70% of them arrive with the purpose of recreation and 25 % for visiting their relatives or friends.
- The Sri Lankan rupee edged up in dull trade on Thursday as inward remittances and exporter dollar sales ahead of the festival season surpassed mild importer demand for greenback. Rupee forwards were active, with two week forwards trading at 152.45/65 per dollar, from Wednesday's close of 152.50/65. Spot-next was traded at 152.05/10 per dollar compared with Wednesday's close of 152.10/20.
- Oil prices rose on Thursday, on track for a fourth consecutive daily gain, after recovering from losses triggered by record high U.S. crude inventories. Brent crude futures were up by 20 cents on the day at \$54.56 a barrel, while U.S. West Texas Intermediate (WTI) crude futures were up 13 cents at \$51.28 a barrel.

### **Market Calendar**

- CBSL T-bill auction - **07<sup>th</sup> April 2017** (Total offered Rs 23bn)  
(91days - Rs 7bn, 182days - Rs 8bn, 364days - Rs 8bn)
- China Trade Balance (USD) - **13<sup>th</sup> April 2017**

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## Sri Lanka Yield Curve

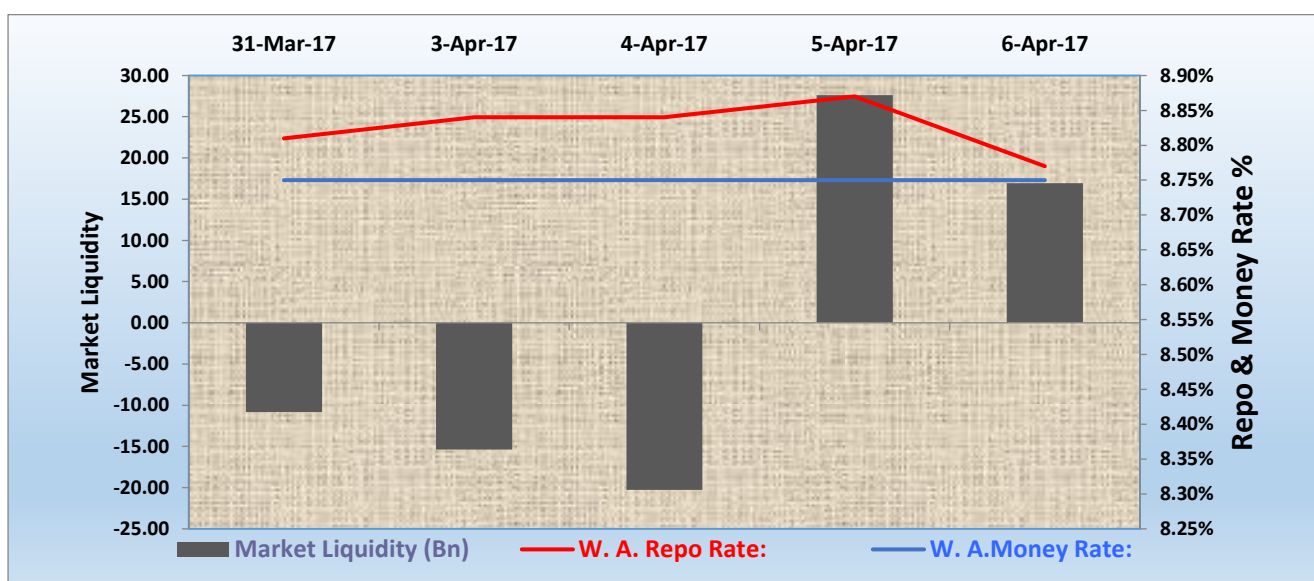


<b>Maturity</b>	<b>Offer %</b>	<b>Bid %</b>	<b>GAP</b>	<b>6-Apr-2017</b>	<b>5-Apr-2017</b>
3m	9.50%	9.65%		9.58%	9.68%
6m	10.55%	10.70%	1.05%	10.63%	10.73%
1y	10.85%	11.00%	0.30%	10.93%	11.03%
15-Nov-18	11.25%	11.40%	0.40%	11.33%	11.48%
15-Jan-19	11.25%	11.35%	-0.03%	11.30%	11.58%
1-May-20	11.90%	12.10%	0.70%	12.00%	12.15%
15-Dec-21	12.15%	12.20%	0.18%	12.18%	12.40%
1-Oct-22	12.20%	12.35%	0.10%	12.28%	12.53%
1-Sep-23	12.35%	12.50%	0.15%	12.43%	12.58%
1-Aug-24	12.48%	12.58%	0.11%	12.53%	12.70%
1-Aug-25	12.55%	12.65%	0.07%	12.60%	12.78%
1-Aug-26	12.50%	12.56%	-0.07%	12.53%	12.73%
1-Sep-28	12.80%	12.95%	0.35%	12.88%	12.95%
1-May-29	12.85%	13.00%	0.05%	12.93%	13.03%
15-May-30	12.90%	13.10%	0.08%	13.00%	13.05%
1-Jan-41	13.20%	13.35%	0.28%	13.28%	13.33%
1-Mar-45	13.30%	13.50%	0.13%	13.40%	13.45%

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<b>Market Liquidity</b>	<b>31-Mar-17</b>	<b>3-Apr-17</b>	<b>4-Apr-17</b>	<b>5-Apr-17</b>	<b>6-Apr-17</b>
Standing Deposit Facility(Bn)	26.950	28.912	20.198	41.092	16.001
Standing Lending Facility(Bn)	(27.787)	(24.277)	(19.452)	(35.759)	(19.082)
Repo/Reverse Repo Auction (Bn)	(10.000)	(20.000)	(21.000)	22.300	20.000
Market Liquidity (Bn)	(10.837)	(15.365)	(20.254)	27.633	16.919
<b>CBSL Holdings: (Bn)</b>	<b>263.197</b>	<b>269.857</b>	<b>266.092</b>	<b>299.265</b>	<b>284.939</b>

<b>Overnight Money Market</b>	<b>31-Mar-17</b>	<b>3-Apr-17</b>	<b>4-Apr-17</b>	<b>5-Apr-17</b>	<b>6-Apr-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.81%	8.84%	8.84%	8.87%	8.77%
Gross Amount:( LKR Bn)	31.67	21.76	20.93	18.14	35.05
<b>Call Money</b>					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:( LKR Bn)	13.68	26.38	30.09	27.19	23.67



<b>U.S. \$ Yield</b>	<b>31-Mar-17</b>	<b>3-Apr-17</b>	<b>4-Apr-17</b>	<b>5-Apr-17</b>	<b>6-Apr-17</b>
U.S. 10 Year Yield	2.413%	2.380%	2.319%	2.359%	2.346%
Sri Lanka Int Sovereign Yield 2026	6.361%	6.353%	6.340%	6.327%	6.291%

Spot rate	151.70	151.70	151.70	151.60	151.60
2 Weeks	152.45/50	152.45/50	152.35/50	152.40/50	152.45/65

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Forex Volumes (05-April-2017)	USD (Mn)	Average	Colombo Stock Exchange (06-April-2017)		
Cash	9.75	151.5754		ASPI	S & P SL 20
TOM	17.00	151.5847	Index	6,250.04	3,549.98
Spot	13.00	151.6000	Day Return %	0.83%	0.84%
Forwards	20.75				
<b>Total</b>	<b>60.50</b>				

*This document has been prepared and issued by Perpetual Treasuries Ltd, on the basis of publicly available information, internally developed data and other sources, believed to be reliable. Whilst all responsible care has been taken to ensure that the facts stated are accurate and the opinion given are fair and reasonable neither Perpetual Treasuries Ltd, nor any Director Officer or employee, shall in any way be responsible for any decisions made on its contents. (Sources : Reuters, Bloomberg, cse.lk, cbsl.gov.lk, cnbc.com, lbo.lk, dailymirror.lk economynext.com, colombopage.com)*