

Report Date: 27th June 2017 (SL Time 06.00pm)

Market Report

The secondary bond market yields moved up from Friday's closing levels mainly due to the selling pressure on longer tenors 15th Dec 2021, 01st Aug 2024 and 01st Aug 2026 which was given up to 11.31, 11.60 & 11.65 respectively. At the close of trading the maturity 01st Aug 2024 and 01st Aug 2026 were quoted as 11.50/60 and 11.58/68 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.96% & 8.75% respectively. The CBSL continued with its OMO activities by injecting Rs 30.99bn 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 49bn.

The Colombo All Share Price Index lost 0.18% for the day to close at 6,703.18 points as losses in the Information Technology, Trading and Telecoms sectors led shares lower. Foreign investors remained net buyers for the day with net foreign inflow of Rs 395mn. The turnover for the day was around Rs 1.7bn.

Economic News

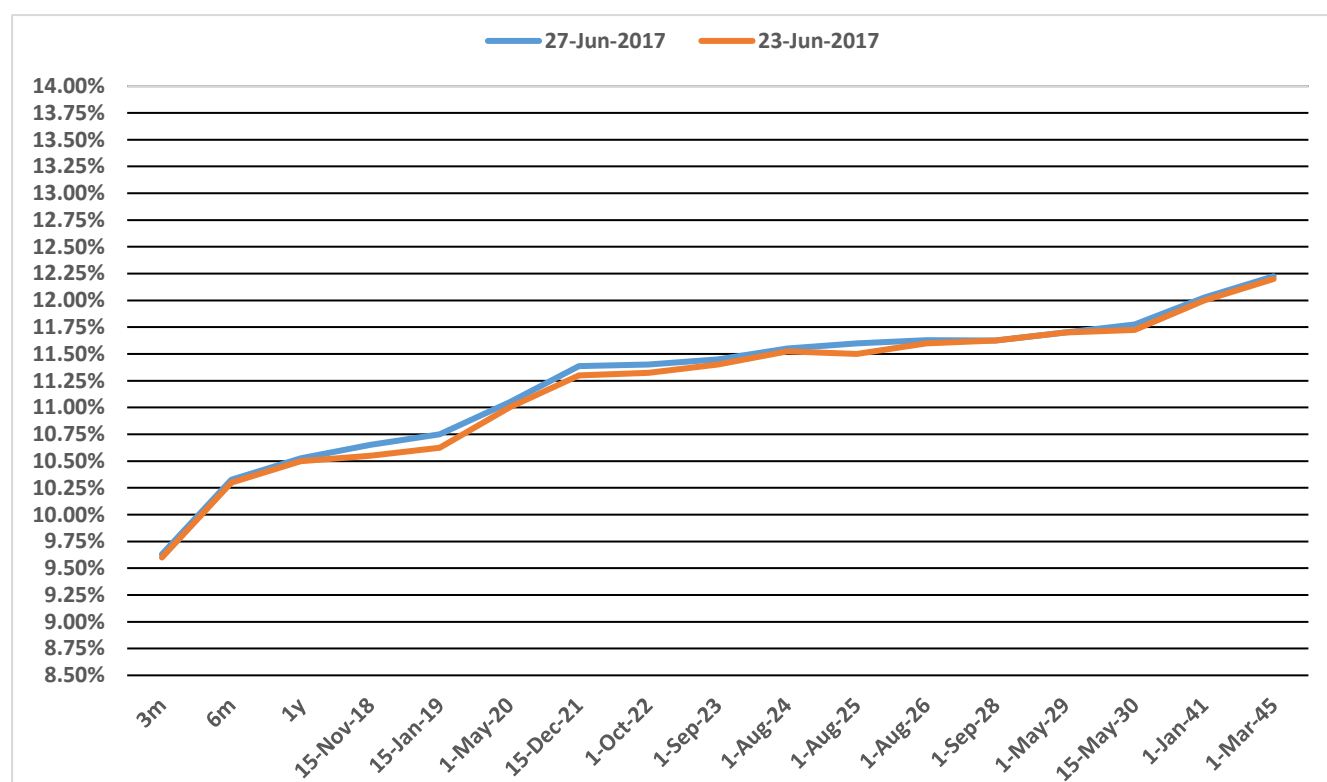
- The Sri Lankan rupee traded slightly weaker on Tuesday due to dollar demand from importers after the long weekend, and as investors shrugged off a policy rate decision by the central bank, which held key rates steady as expected. The spot rupee, which has been trading for the sixth straight session after being inactive for six weeks, traded at 153.25/35 per dollar.
- Oil prices rose for a fourth consecutive session on Tuesday boosted by a weaker dollar and investors covering short positions, but worries over persistent oversupply capped gains. Brent crude futures, the international benchmark for oil prices, had gained 25 cents to \$46.08 per barrel. U.S. West Texas Intermediate (WTI) crude futures were up 23 cents at \$43.61 per barrel.
- An economic summit to be held next month by the Ceylon Chamber of Commerce will discuss Sri Lanka's plans for free trade deals, reforms and tariff liberalization, aiming at promoting exports whose growth has slowed in recent years.
- Sri Lanka is expecting the International Monetary Fund to complete a stalled review in early July and disburse the next tranche under its program Central Bank Governor Indrajit Coomaraswamy said.

Market Calendar

- Treasury bill Auction (CBSL) - **28th June 2017** (Total Offered Rs 29.5bn)
(91 days - Rs 3bn, 182 days - Rs 14bn, 364 days - Rs 12.5bn)
- US GDP (Q1) - **29th June 2017**

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Sri Lanka Yield Curve

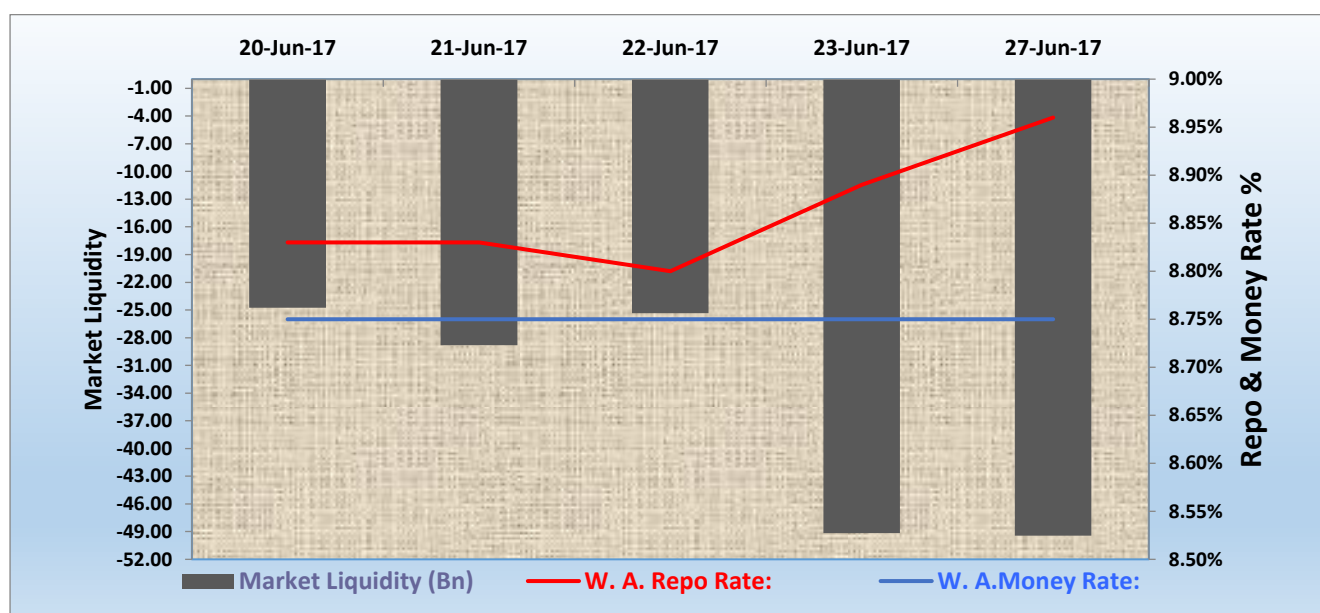


Maturity	Offer %	Bid %	GAP	27-Jun-2017	23-Jun-2017
3m	9.58%	9.68%		9.63%	9.60%
6m	10.25%	10.40%	0.70%	10.33%	10.30%
1y	10.45%	10.60%	0.20%	10.53%	10.50%
15-Nov-18	10.55%	10.75%	0.13%	10.65%	10.55%
15-Jan-19	10.70%	10.80%	0.10%	10.75%	10.63%
1-May-20	11.00%	11.10%	0.30%	11.05%	11.00%
15-Dec-21	11.35%	11.42%	0.34%	11.39%	11.30%
1-Oct-22	11.35%	11.45%	0.01%	11.40%	11.33%
1-Sep-23	11.40%	11.50%	0.05%	11.45%	11.40%
1-Aug-24	11.50%	11.60%	0.10%	11.55%	11.53%
1-Aug-25	11.55%	11.65%	0.05%	11.60%	11.50%
1-Aug-26	11.58%	11.68%	0.03%	11.63%	11.60%
1-Sep-28	11.55%	11.70%	0.00%	11.63%	11.63%
1-May-29	11.65%	11.75%	0.07%	11.70%	11.70%
15-May-30	11.70%	11.85%	0.08%	11.78%	11.73%
1-Jan-41	11.95%	12.10%	0.25%	12.03%	12.00%
1-Mar-45	12.15%	12.30%	0.20%	12.23%	12.20%

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<u>Market Liquidity</u>	20-Jun-17	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17
Standing Deposit Facility(Bn)	3.166	3.635	1.764	2.070	1.178
Standing Lending Facility(Bn)	(11.438)	(12.811)	(14.900)	(29.859)	(19.619)
Repo/Reverse Repo Auction (Bn)	(16.471)	(19.634)	(12.205)	(21.366)	(30.990)
Market Liquidity (Bn)	(24.743)	(28.810)	(25.341)	(49.155)	(49.431)
<u>CBSL Holdings: (Bn)</u>	195.305	199.888	194.597	194.615	194.166

<u>Overnight Money Market</u>	20-Jun-17	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17
Repo					
W. A. Repo Rate:	8.83%	8.83%	8.80%	8.89%	8.96%
Gross Amount:(LKR Bn)	9.50	9.00	13.67	5.85	3.90
Call Money					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:(LKR Bn)	11.62	10.49	8.06	8.76	6.90



<u>U.S. \$ Yield</u>	20-Jun-17	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17
U.S. 10 Year Yield	2.188%	2.155%	2.163%	2.155%	2.163%
Sri Lanka Int Sovereign Yield 2027	5.950%	6.025%	6.173%	6.129%	6.059%

Spot rate	153.20/25	153.30/35	153.15/25	153.22/30	153.25/35
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Forex Volumes (23-Jun-2017)	USD (Mn)	Average	Colombo Stock Exchange (27-Jun-2017)		
Cash	15.25	153.0702		ASPI	S & P SL 20
TOM	19.50	153.2005	Index	6,703.18	3,909.99
Spot	36.50	153.2334	Day Return %	-0.18%	-0.14%
Forwards	33.00				
Total	104.25				

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