

Report Date: 28th June 2017 (SL Time 06.00pm)

Market Report

The secondary market activities picked up during the day's trading with high volumes on 15th Dec 2021, 01st Sep 2023 and 01st Aug 2026 maturities while the secondary market yields declined from yesterday's closing levels due to the buying pressure on longer tenors. At the close of trading the maturity 15th May 2023 and 01st Aug 2026 were quoted as 11.35/45 and 11.50/60 respectively.

In the Treasury bill auction the yields steady across the board with 3 months, 6 months & 1 year bill yields unchanged at 9.60, 10.29 and 10.47 respectively. The CBSL offered Rs 29.5bn worth of bills and accepted only Rs 5.4bn with more being taken from 1 year bill.

In the overnight money market repo & call money were exchanged at an average rate of 8.90% & 8.75% respectively. The CBSL continued with its OMO activities by injecting Rs 41bn 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 46bn.

The Colombo All Share Price Index lost 0.09% for the day to close at 6,697.08 points as losses in the Plantations, Beverages & Tobacco and Investment Trust sectors led shares lower. Foreign investors remained net buyers for the day with net foreign inflow of Rs 208mn. The turnover for the day was around Rs 1bn.

Economic News

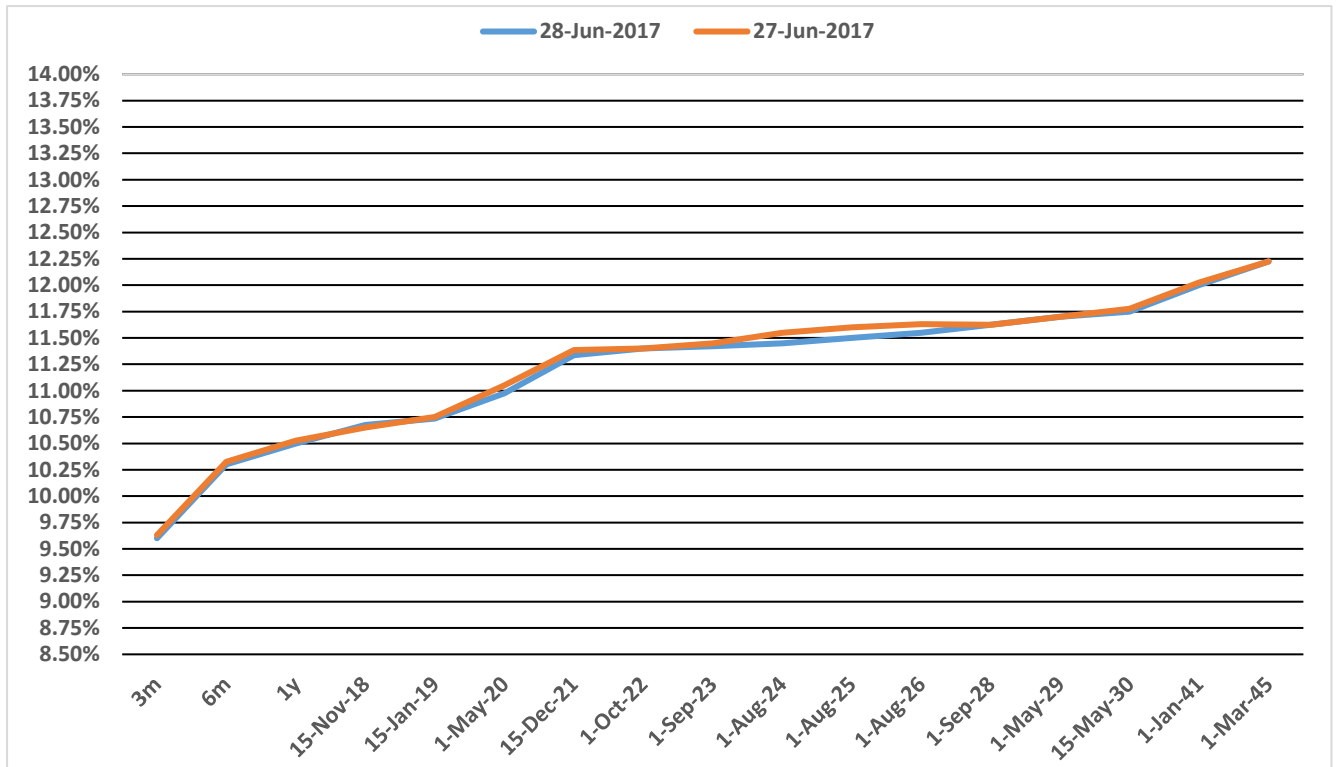
- The Sri Lankan rupee traded steady on Wednesday as dollar demand from importers offset greenback sales by exporters. However, the rupee was under pressure on an expected rise in imports. The spot rupee, which has been trading for the seventh straight session after being inactive for six weeks, traded at 153.32/40 per dollar, unchanged from Tuesday's close.
- Oil edged lower toward \$47 a barrel on Wednesday after an industry report said U.S. inventories increased, reviving concerns that a three year supply glut is far from over. Brent crude was down 9 cents at \$46.56 a barrel. It reached a seven month low of \$44.35 on June 21. U.S. crude fell 17 cents to \$44.07.
- If Sri Lanka can reach and maintain upper-middle-income country status in the next few years, the country's economy will benefit from regaining the European Union's Generalized Scheme of Preferences Plus (GSP+) for at least five years, the global publishing firm, Oxford Business Group (OBG) says.
- The Central Bank last week expressed concern over the prolonged diplomatic spat between Qatar and its Arab neighbors as the spillover effects of the development could hurt Sri Lanka's biggest foreign exchange earner, worker remittances.

Market Calendar

- US GDP (Q1) - 29th June 2017
- Colombo Consumer Price Index (June) - 30th June 2017

Next Page =>

Sri Lanka Yield Curve

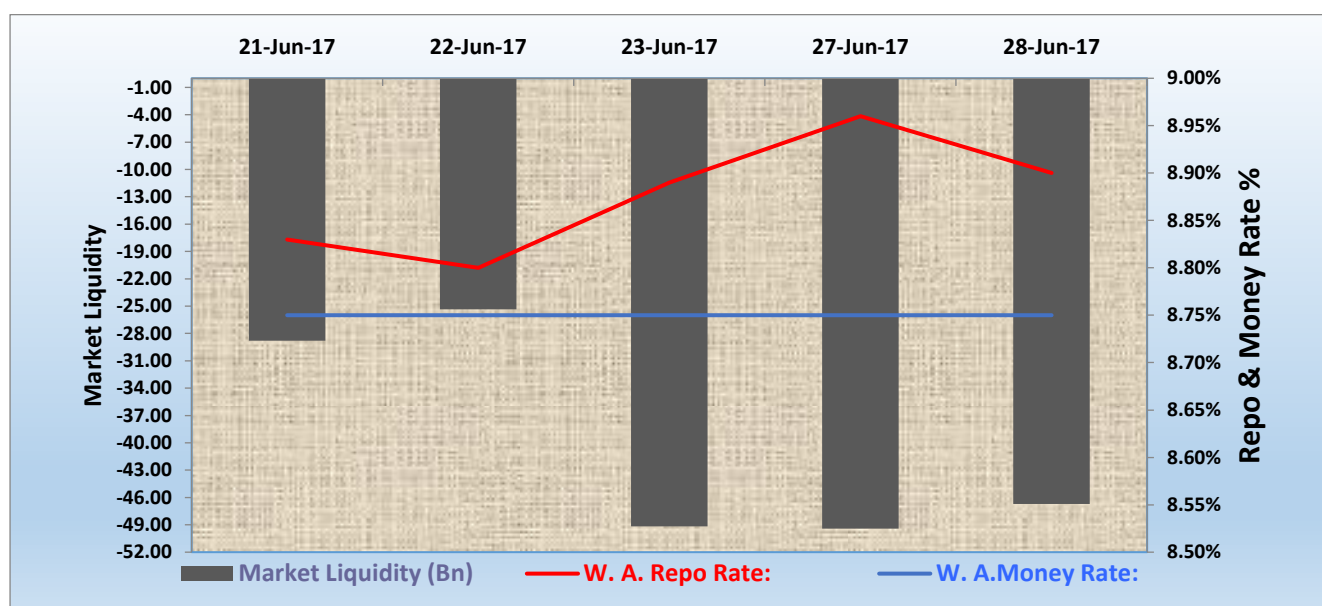


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>28-Jun-2017</u>	<u>27-Jun-2017</u>
3m	9.55%	9.65%		9.60%	9.63%
6m	10.25%	10.35%	0.70%	10.30%	10.33%
1y	10.45%	10.55%	0.20%	10.50%	10.53%
15-Nov-18	10.65%	10.70%	0.18%	10.68%	10.65%
15-Jan-19	10.72%	10.75%	0.06%	10.74%	10.75%
1-May-20	10.90%	11.05%	0.24%	10.98%	11.05%
15-Dec-21	11.32%	11.35%	0.36%	11.34%	11.39%
1-Oct-22	11.35%	11.45%	0.06%	11.40%	11.40%
1-Sep-23	11.38%	11.46%	0.02%	11.42%	11.45%
1-Aug-24	11.40%	11.50%	0.03%	11.45%	11.55%
1-Aug-25	11.45%	11.55%	0.05%	11.50%	11.60%
1-Aug-26	11.50%	11.60%	0.05%	11.55%	11.63%
1-Sep-28	11.55%	11.70%	0.08%	11.63%	11.63%
1-May-29	11.65%	11.75%	0.07%	11.70%	11.70%
15-May-30	11.70%	11.80%	0.05%	11.75%	11.78%
1-Jan-41	11.95%	12.05%	0.25%	12.00%	12.03%
1-Mar-45	12.15%	12.30%	0.23%	12.23%	12.23%

Next Page =>

Market Liquidity	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17
Standing Deposit Facility(Bn)	3.635	1.764	2.070	1.178	3.789
Standing Lending Facility(Bn)	(12.811)	(14.900)	(29.859)	(19.619)	(9.340)
Repo/Reverse Repo Auction (Bn)	(19.634)	(12.205)	(21.366)	(30.990)	(41.157)
Market Liquidity (Bn)	(28.810)	(25.341)	(49.155)	(49.431)	(46.708)
CBSL Holdings: (Bn)	199.888	194.597	194.615	194.166	194.097

Overnight Money Market	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17
Repo					
W. A. Repo Rate:	8.83%	8.80%	8.89%	8.96%	8.90%
Gross Amount:(LKR Bn)	9.00	13.67	5.85	3.90	5.69
Call Money					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:(LKR Bn)	10.49	8.06	8.76	6.90	12.53

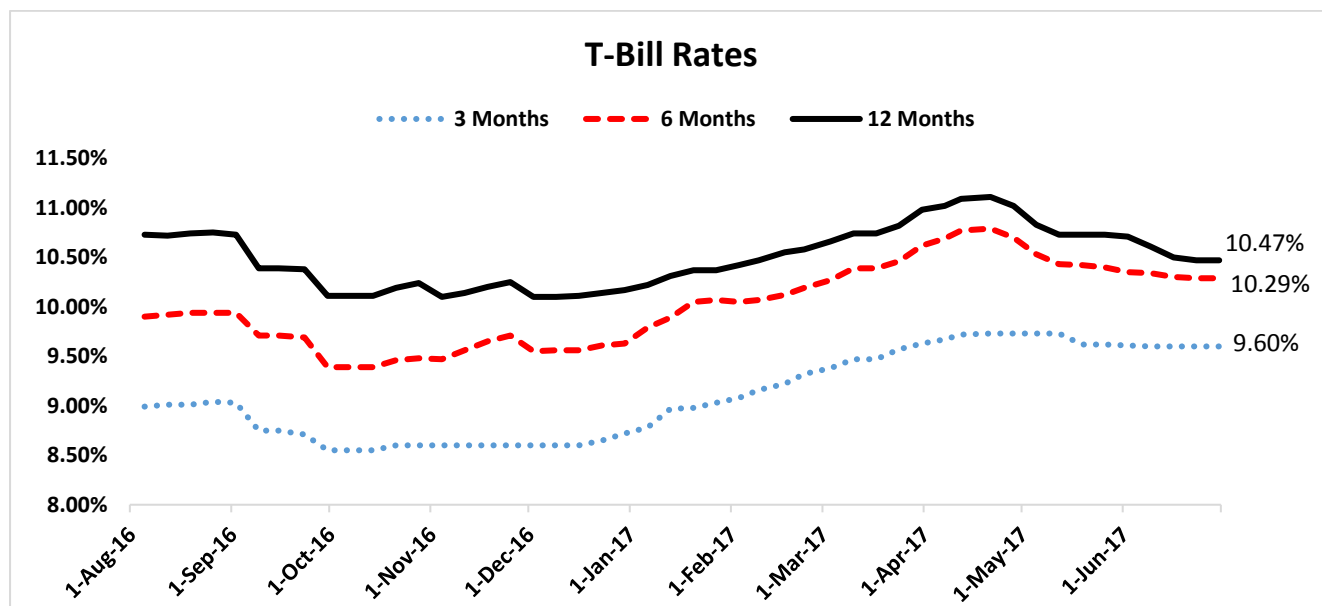


U.S. \$ Yield	21-Jun-17	22-Jun-17	23-Jun-17	27-Jun-17	28-Jun-17
U.S. 10 Year Yield	2.155%	2.163%	2.155%	2.163%	2.245%
Sri Lanka Int Sovereign Yield 2027	6.025%	6.173%	6.129%	6.059%	6.117%

Spot rate	153.30/35	153.15/25	153.22/30	153.25/35	153.32/40
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Next Page =>

Forex Volumes (27-Jun-2017)	USD (Mn)	Average	Colombo Stock Exchange (28-Jun-2017)		
Cash	23.35	153.1889		ASPI	S & P SL 20
TOM	19.00	153.2516	Index	6,697.08	3,898.48
Spot	15.75	153.2668	Day Return %	-0.09%	-0.29%
Forwards	29.00				
Total	87.10				



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