

Report Date: 03<sup>rd</sup> July 2017 (SL Time 06.00pm)

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### Market Report

The secondary bond market yields declined from Friday's closing levels as investors continued to buy longer tenors. During the day's trading the 01st Aug 2024 was taken up to 11.27 and 01st Aug 2026 was taken up to 11.30. At the close of trading the both maturities 01st Aug 2024 & 01st Aug 2026 were quoted as 11.27/30 and 11.30/35 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.83% & 8.75% respectively. The CBSL continued with its OMO activities by injecting Rs 4bn worth of overnight money to the system through a Re-repo Auction at the rate of 8.75%. At the close of trading the market liquidity deficit figure dropped from Rs 51bn to Rs 17.8bn.

The Colombo All Share Price Index lost 0.21% for the day to close at 6,733.06 points as losses in the Telecoms, Information Technology and Footwear & Textile sectors led shares lower. Foreign investors remained net buyers for the day with net foreign inflow of Rs 189mn. The turnover for the day was around Rs 640mn.

### Economic News

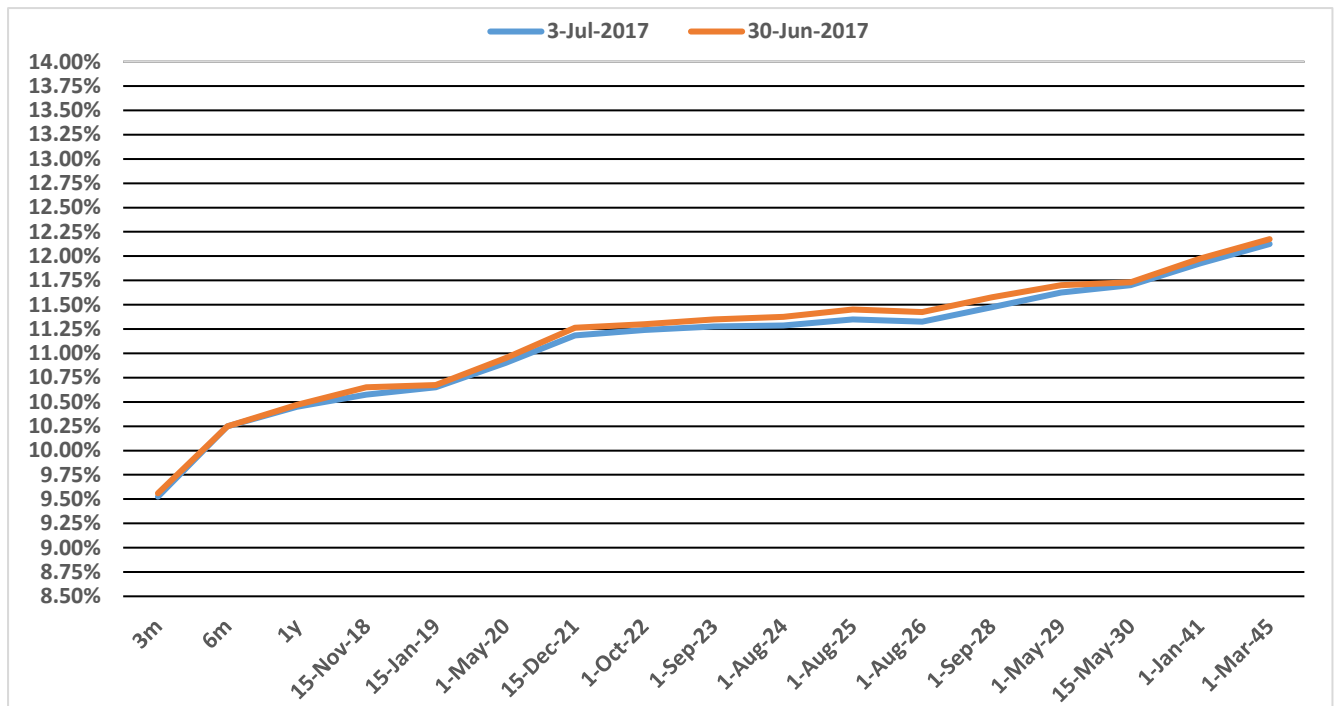
- The Sri Lankan rupee traded marginally higher on Monday as dollar sales by exporters and banks surpassed importer greenback demand. Expectations of a rise in imports weighed on the local currency. The spot rupee, which traded for a tenth straight session after being inactive for six weeks, was traded at 153.50/60 per dollar, tad firmer from Friday's close of 153.55/65.
- Oil prices eased on Monday after rising for seven sessions in a row, as evidence of increasing OPEC crude production snuffed out earlier gains made on the back of data that pointed to moderating U.S. output. Brent crude futures were down 13 cents on the day at \$48.64 a barrel. U.S. crude futures fell 4 cents to \$46.00 a barrel.
- Sri Lanka's inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI), marginally increased to 6.1 percent in June 2017 from 6.0 percent in May, the Department of Census and Statistics reported on Friday.
- The International Fund for Agricultural Development (IFAD) and Government of Sri Lanka signed a financing agreement on 26 June for the implementation of the Smallholder Agribusiness Partnership (SAP) Program. The program, financed through an IFAD loan of US\$33.7 million plus \$19.4 million from the Government.

### Market Calendar

- Tourist arrival data (June) - **04<sup>th</sup> July 2017**
- Treasury bill Auction (CBSL) - **05<sup>th</sup> July 2017** (Total Offered Rs 31bn)  
(91 days - Rs 7bn, 182 days - Rs 14bn, 364 days - Rs 10bn)

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## Sri Lanka Yield Curve

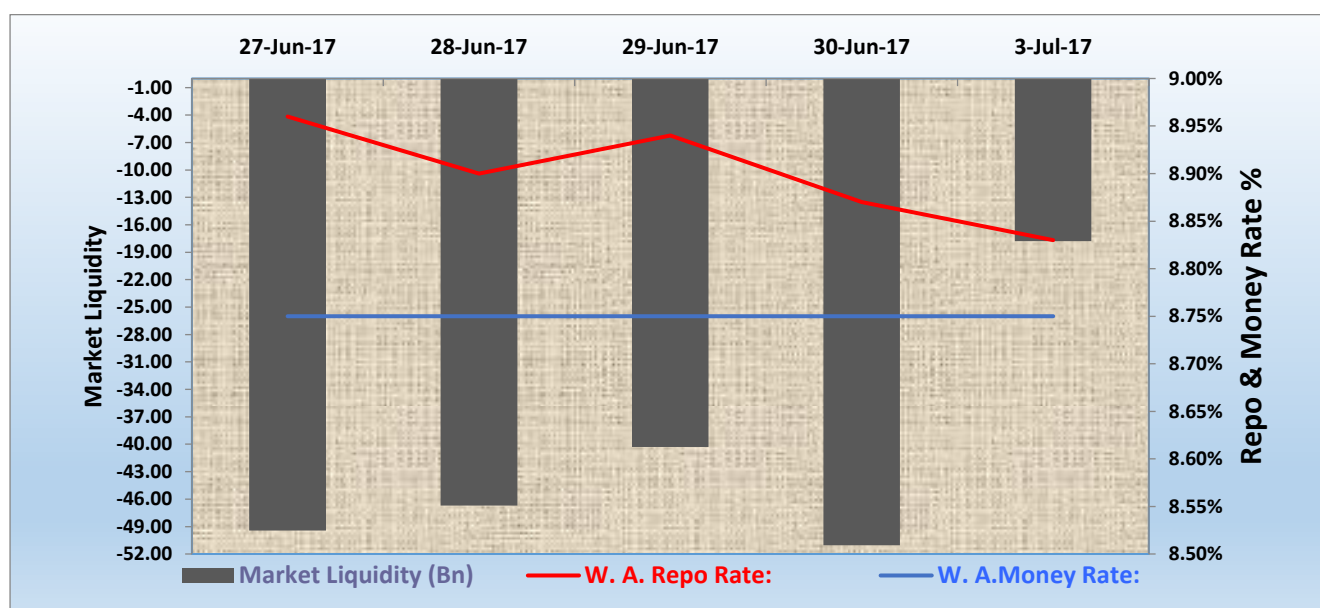


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>3-Jul-2017</u>	<u>30-Jun-2017</u>
3m	9.45%	9.60%		9.53%	9.56%
6m	10.20%	10.30%	0.72%	10.25%	10.25%
1y	10.40%	10.50%	0.20%	10.45%	10.47%
15-Nov-18	10.50%	10.65%	0.13%	10.58%	10.65%
15-Jan-19	10.60%	10.70%	0.08%	10.65%	10.68%
1-May-20	10.85%	10.95%	0.25%	10.90%	10.95%
15-Dec-21	11.17%	11.20%	0.29%	11.19%	11.27%
1-Oct-22	11.20%	11.28%	0.05%	11.24%	11.30%
1-Sep-23	11.25%	11.30%	0.04%	11.28%	11.35%
1-Aug-24	11.27%	11.30%	0.01%	11.29%	11.38%
1-Aug-25	11.30%	11.40%	0.06%	11.35%	11.45%
1-Aug-26	11.30%	11.35%	-0.03%	11.33%	11.43%
1-Sep-28	11.40%	11.55%	0.15%	11.48%	11.58%
1-May-29	11.55%	11.70%	0.15%	11.63%	11.70%
15-May-30	11.65%	11.75%	0.07%	11.70%	11.73%
1-Jan-41	11.85%	12.00%	0.23%	11.93%	11.98%
1-Mar-45	12.05%	12.20%	0.20%	12.13%	12.18%

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<b>Market Liquidity</b>	<b>27-Jun-17</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>
Standing Deposit Facility(Bn)	1.178	3.789	5.526	22.413	23.432
Standing Lending Facility(Bn)	(19.619)	(9.340)	(6.659)	(25.463)	(37.232)
Repo/Reverse Repo Auction (Bn)	(30.990)	(41.157)	(39.178)	(48.000)	(4.000)
Market Liquidity (Bn)	(49.431)	(46.708)	(40.311)	(51.050)	(17.800)
<b>CBSL Holdings: (Bn)</b>	<b>194.166</b>	<b>194.097</b>	<b>189.478</b>	<b>214.185</b>	<b>331.369</b>

<b>Overnight Money Market</b>	<b>27-Jun-17</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.96%	8.90%	8.94%	8.87%	8.83%
Gross Amount:( LKR Bn)	3.90	5.69	4.21	6.60	9.50
<b>Call Money</b>					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:( LKR Bn)	6.90	12.53	9.80	3.32	9.91



<b>U.S. \$ Yield</b>	<b>27-Jun-17</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>
U.S. 10 Year Yield	2.163%	2.245%	2.253%	2.284%	2.314%
Sri Lanka Int Sovereign Yield 2027	6.059%	6.117%	6.131%	6.211%	6.230%

Spot rate	153.25/35	153.32/40	153.45/55	153.55/65	153.50/60
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Forex Volumes (30-Jun-2017)	USD (Mn)	Average	Colombo Stock Exchange (3-Jul-2017)		
Cash	9.25	153.4405		ASPI	S & P SL 20
TOM	20.30	153.5414	Index	6,733.06	3,929.48
Spot	-	-	Week Return %	-0.21%	-0.10%
Forwards	24.25				
<b>Total</b>	<b>53.80</b>				

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