

**Report Date: 04<sup>th</sup> July 2017 (SL Time 06.00pm)**

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### **Market Report**

During the day, the secondary market yields continued with the downward trend mainly by the buying pressure on 15th Dec 2021, 01st Aug 2024 and 01st Aug 2026 which were taken down to 11.15, 11.25 and 11.33 respectively. At the close of trading the maturity 01st Aug 2024 and 01st Aug 2026 were quoted as 11.25/30 & 11.30/35 respectively.

In the overnight money market repo & call money were exchanged at an average rate of 8.79% & 8.75% respectively. The overall market liquidity recorded a deficit figure of Rs 1.5bn as Rs 25.63bn worth of overnight money was borrowed by market participants through the CBSL standing lending facility.

The Colombo All Share Price Index gained 0.02% for the day to close at 6,734.13 points as gains in the Telecoms, Investment Trust and Land & Property 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 509mn.

### **Economic News**

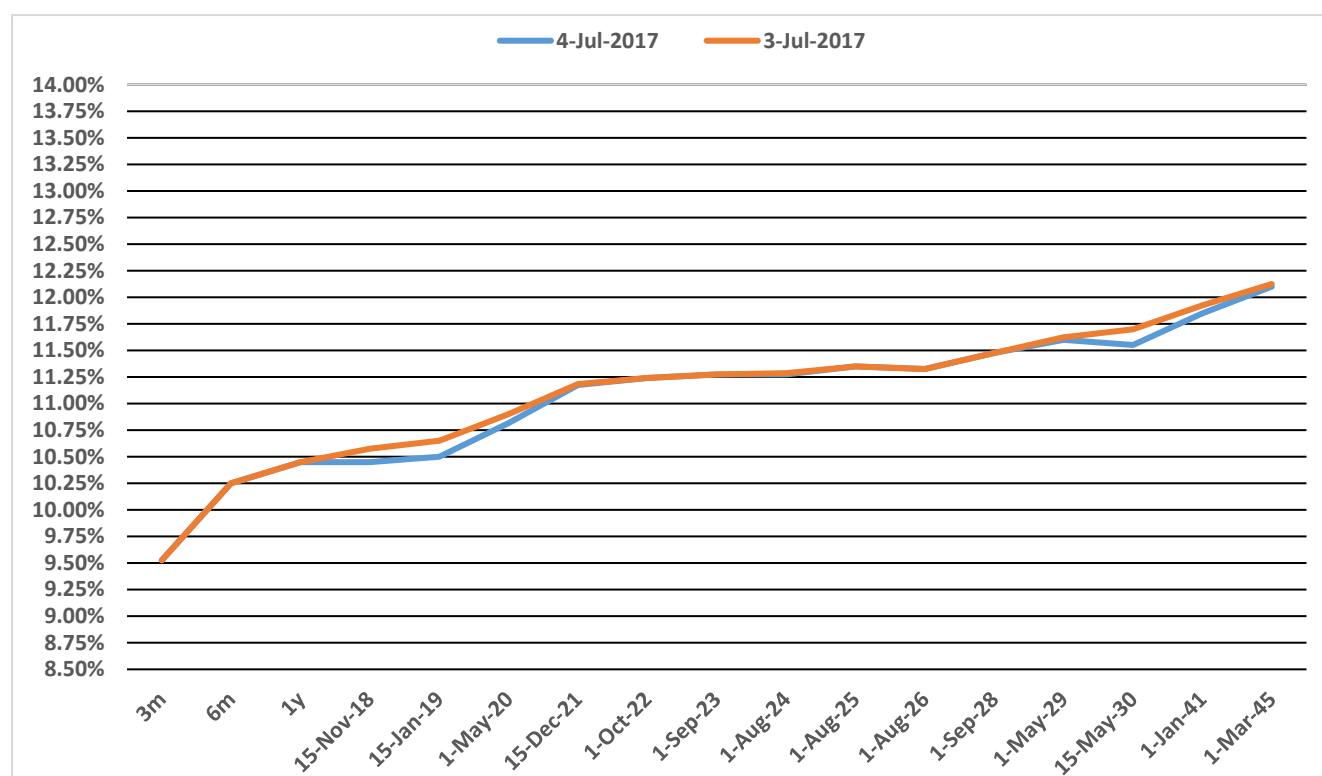
- Sri Lanka's new tax law is a 'credit positive', paving the way for revenue reforms critical for improving the island's credit profile and IMF loan disbursement, Moody's rating agency said. The implementation of revenue reforms that foster long-term fiscal consolidation will be critical to shoring up Sri Lanka's credit profile.
- The Sri Lankan rupee ended weaker on Tuesday as importer dollar demand outpaced greenback sales by exporters and banks. The spot rupee ended at 153.63/70 per dollar, weaker from Monday's close of 153.57/63.
- Oil prices fell on Tuesday, as investors booked profits on an eight-day rally that was triggered by tentative signs that a persistent rise in U.S. crude production may be slowing. Brent crude futures fell by 15 cents to \$49.53 per barrel. U.S. West Texas Intermediate (WTI) crude futures were trading down 12 cents at \$46.95 a barrel.
- China's central bank said on Tuesday that it would continue to implement a prudent and neutral monetary policy, and keep liquidity in the country's financial system basically stable. The People's Bank of China switched to a modest tightening stance at the start of this year to help cool explosive growth in debt, but it injected substantial liquidity last month to avoid a quarter-end cash crunch.

### **Market Calendar**

- Tourist arrival data (June) - **05<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

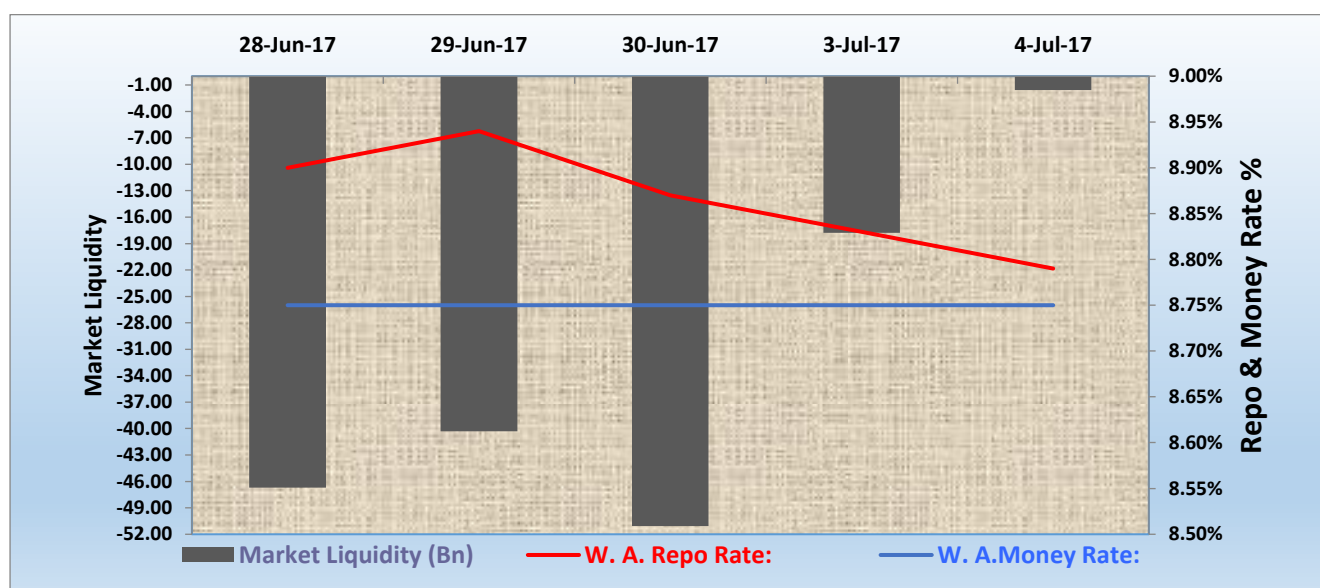


<u>Maturity</u>	<u>Offer %</u>	<u>Bid %</u>	<u>GAP</u>	<u>4-Jul-2017</u>	<u>3-Jul-2017</u>
3m	9.45%	9.60%		9.53%	9.53%
6m	10.20%	10.30%	0.72%	10.25%	10.25%
1y	10.40%	10.50%	0.20%	10.45%	10.45%
15-Nov-18	10.40%	10.50%	0.00%	10.45%	10.58%
15-Jan-19	10.45%	10.55%	0.05%	10.50%	10.65%
1-May-20	10.78%	10.85%	0.32%	10.82%	10.90%
15-Dec-21	11.15%	11.20%	0.36%	11.18%	11.19%
1-Oct-22	11.20%	11.28%	0.06%	11.24%	11.24%
1-Sep-23	11.25%	11.30%	0.04%	11.28%	11.28%
1-Aug-24	11.25%	11.30%	0.00%	11.28%	11.29%
1-Aug-25	11.30%	11.40%	0.08%	11.35%	11.35%
1-Aug-26	11.30%	11.35%	-0.03%	11.33%	11.33%
1-Sep-28	11.40%	11.55%	0.15%	11.48%	11.48%
1-May-29	11.50%	11.70%	0.13%	11.60%	11.63%
15-May-30	11.50%	11.60%	-0.05%	11.55%	11.70%
1-Jan-41	11.75%	11.95%	0.30%	11.85%	11.93%
1-Mar-45	12.00%	12.20%	0.25%	12.10%	12.13%

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<b>Market Liquidity</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>	<b>4-Jul-17</b>
Standing Deposit Facility(Bn)	3.789	5.526	22.413	23.432	24.044
Standing Lending Facility(Bn)	(9.340)	(6.659)	(25.463)	(37.232)	(25.633)
Repo/Reverse Repo Auction (Bn)	(41.157)	(39.178)	(48.000)	(4.000)	-
Market Liquidity (Bn)	(46.708)	(40.311)	(51.050)	(17.800)	(1.589)
<b>CBSL Holdings: (Bn)</b>	<b>194.097</b>	<b>189.478</b>	<b>214.185</b>	<b>331.369</b>	<b>196.825</b>

<b>Overnight Money Market</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>	<b>4-Jul-17</b>
<b>Repo</b>					
W. A. Repo Rate:	8.90%	8.94%	8.87%	8.83%	8.79%
Gross Amount:( LKR Bn)	5.69	4.21	6.60	9.50	13.89
<b>Call Money</b>					
W. A. Money Rate:	8.75%	8.75%	8.75%	8.75%	8.75%
Gross Amount:( LKR Bn)	12.53	9.80	3.32	9.91	9.75



<b>U.S. \$ Yield</b>	<b>28-Jun-17</b>	<b>29-Jun-17</b>	<b>30-Jun-17</b>	<b>3-Jul-17</b>	<b>4-Jul-17</b>
U.S. 10 Year Yield	2.245%	2.253%	2.284%	2.314%	2.348%
Sri Lanka Int Sovereign Yield 2027	6.117%	6.131%	6.211%	6.230%	6.230%

Spot rate	153.32/40	153.45/55	153.55/65	153.50/60	153.63/70
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Forex Volumes (3-Jul-2017)	USD (Mn)	Average	Colombo Stock Exchange (4-Jul-2017)		
Cash	32.30	153.4427		ASPI	S & P SL 20
TOM	-	-	Index	6,734.13	3,920.59
Spot	5.50	153.5427	Day Return %	0.02%	-0.23%
Forwards	25.00				
Total	62.80				

*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, WSJ, cse.lk, cbsl.gov.lk, cnbc.com, lbo.lk, dailymirror.lk economynext.com, colombopage.com, Daily FT)*