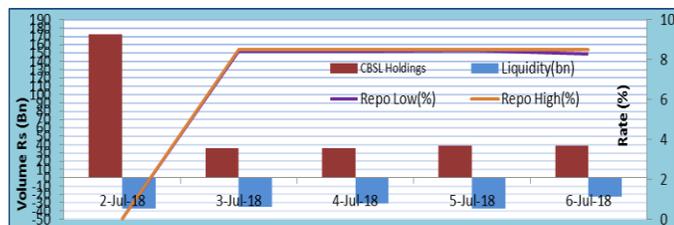


Weekly review for the week ending 06 July 2018

Money Market: Liquidity shortage reduces end of the week.

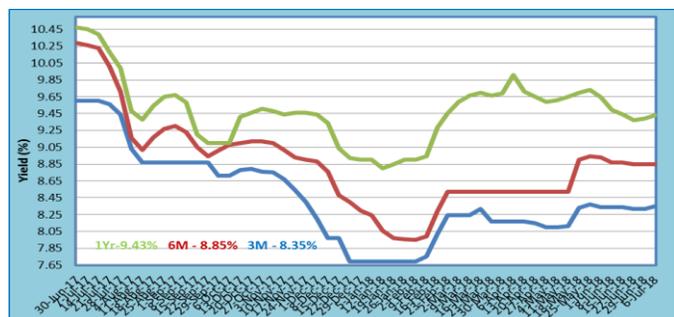
Market recorded a deficit of Rs.22.8billion at the end of the week and overnight repo was exchanged between 8.30-8.50% levels in the market. Central bank was seen conducting reverse repo auctions and injecting Rs.196.8billion further Rs78.6billion through SLF to the market while absorbing Rs112billion by SDF. The OMO dept. infused a total amount of Rs.4.4billion by way of outright auctions to purchase Treasury bills from the market.



Government Securities Market Review

Treasury bill Market: 1Year bill increases for the second consecutive week.

Total amount accepted through auction was Rs.11billion dropping short of the offered amount of Rs.15billion. 3M bills was accepted at 8.35% 3 basis points higher than the previous weighted average while 6M bills were accepted at a weighted average of 8.85%.The benchmark 1 year bill increased 4basis points to 9.43% and total amount of Rs.9.4billion was accepted at auction. Rs.14 billion Treasury bills are to be issued through an auction on 11 July 2018 for the maturing amount of Rs.22.8billion.



Bond Market: Traders on a wait and see approach.

Activity during the week remained subdued as most traders opted to stay on the side lines in the hope of getting a clear direction from the monetary policy. Continued decrease in the foreign holding of rupee bonds for the tenth consecutive week was witnessed, recording an outflow of Rs.674million for the week ending 6th July 2018.

The liquid 5year bond was quoted 10.45/50 on Fridays closing.

Tentative bond auction is to be held on 12Jul 2018 amounting to Rs.80Billion



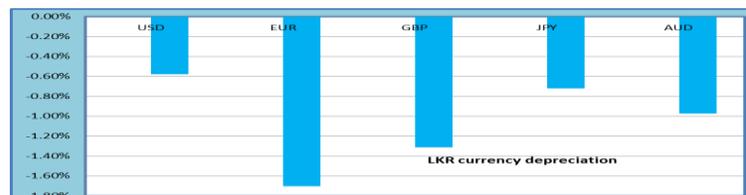
International Forex Market

The dollar slumped against its rivals Friday, on mixed U.S. economic data showing the economy created more jobs than expected but wage growth undershot estimates.

The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, fell by 0.34% to 93.81.

Local Forex Market

The rupee depreciated to 159.10/30 per dollar on Friday compared to last week's closing of 158.20/35 as demand from importers for the greenback surpassed inflows from inward remittances. The spot rupee is down 3.68% so far this year. The rupee depreciated against all major currencies this week in comparison to last week.



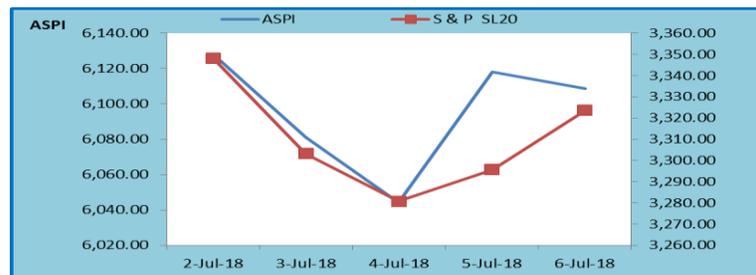
Commodity Markets

- **Oil:** WTI crude oil prices settled higher despite data showing a ramp up in the number of U.S. oil rigs. On the New York Mercantile Exchange crude futures for August delivery rose to settle at \$73.80 a barrel, while on London's Intercontinental Exchange, Brent fell at \$77.16 a barrel.
- **Gold:** Gold prices fell Friday, but remained on track to snap a three-week losing streak amid dollar weakness. Gold futures for August delivery on the Comex division of the New York Mercantile Exchange fell to \$1,255.90 a troy ounce.

Economic updates – Local and foreign.

- \$18 billion flowed out of EM equity and debt funds in June after an \$8 billion outflow in May- LONDON (Reuters) .
- China central bank to keep policy neutral.
- Indonesia Surprises with Half-Point Hike to Bolster Rupiah.
- June consumer prices to rise 4.1% from 4.0% in May, Annual avg. 5.6%.
- Central Bank issues US\$ 700 mn in 3 - 4 year bonds.
- Sri Lanka formula fuel price on 5th of every third month.

Stock Market – Review



At the end of the week the ASPI has lost 19.63 points to finish at 6,108.71 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 24.76 points and ended at 3,323.52. The average turnover for the week ending 06/07/2018 was around Rs.570Million.