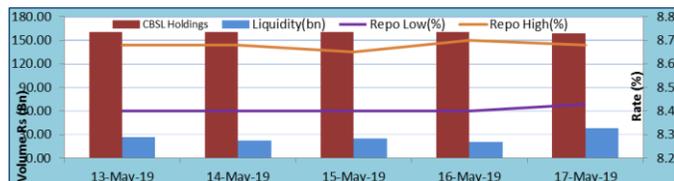


**Weekly review for the week ending 17 May 2019**

**Money Market: Overnight liquidity surplus increases end of the week.**

Market recorded a surplus of Rs.38.2billion at the end of the week and overnight repo was exchanged between 8.40%-8.70% levels in the market. Central bank was seen absorbing Rs.22.6billion, Rs142.7billion through O/n repo auctions and term auctions and further Rs.69.3billion by SDF @8.00% from the market while lending Rs69.3billion by SLF @9.00%.



**Government Securities Market Review**

**Treasury bill Market: Benchmark 1year yield decreases drastically.**

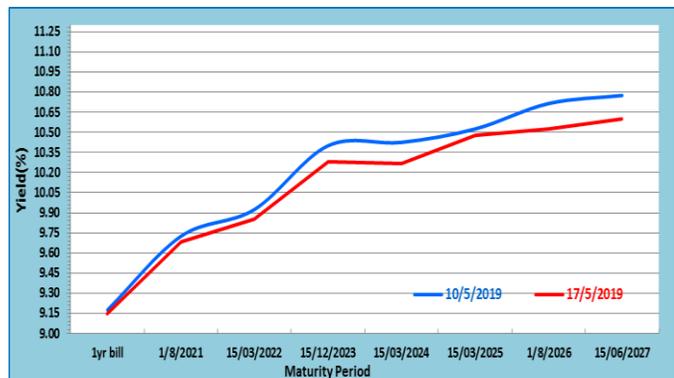
Total amount offered and accepted was Rs.21billion. The weighted average yield of 3M bill recorded an increase by 1basis point to 8.52% while 6M bills recorded a drop of 12 basis points to 8.88%.The benchmark 1 year bill weighted average recorded the highest drop of 26 basis points to 9.18% and bids amounting Rs13billion was accepted.



**Bond Market: Yields decrease on the back of trading activity.**

Trading activity intensified during the week and yields decreased 10-20 basis points mainly on the mid and long end of the yield curve on the back of positive outcome of Treasury bill and persistent liquidity surplus.

The liquid maturities 01/08/2021, 15/03/2022, 15/03/2024, 01/08/2026, 15/01/2027, 15/06/2027 and 01/05/2029 saw yields decreasing up to 9.67/70%, 9.80/90%, 10.25/28%, 10.50/55%, 10.59/60%,10.59/65% and 10.67/72% compared to last week's closing 9.70/75%, 9.90/95%,10.40/45%, 10.68/75%, 10.70/75%,10.75/80% and 10.85/95% respectively.



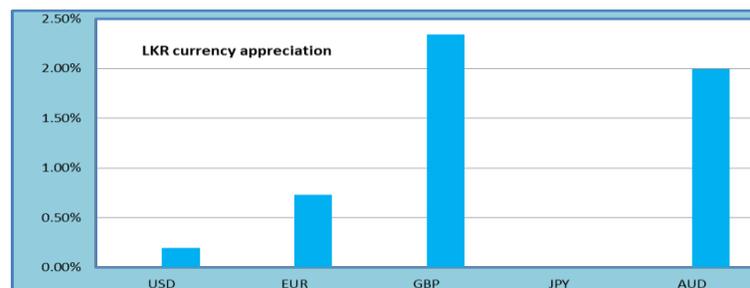
**International Forex Market**

The U.S. dollar edged down on Friday in Asia but still hovered near a two-week high following the release of robust U.S. housing data and a better-than-expected weekly jobless claims report.

The U.S. Dollar index that tracks the greenback against a basket of other currencies was trading at 97.640.

**Local Forex Market**

The rupee has appreciated to 175.90/00 compared to last week's closing of 176.20/40. LKR has appreciating against all major currencies compared to last week.



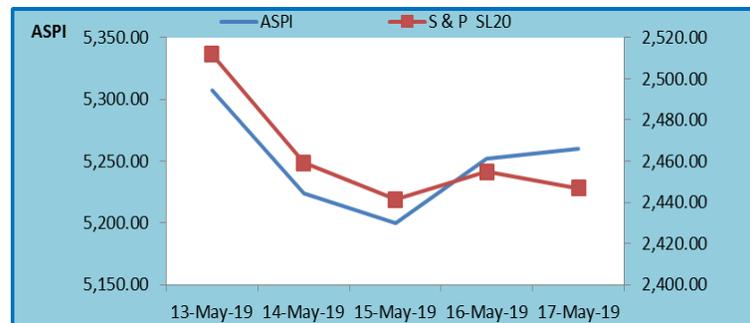
**Commodity Markets**

- **Oil:** Oil prices rose on Friday in Asia and extended gains into a fourth straight day amid intensifying Middle East tensions. U.S. Crude Oil WTI Futures rose to \$63.06. International Brent Oil Futures also gained to \$72.81.
- **Gold:** Gold turns lower for week after upbeat U.S. economic data. Gold futures for June delivery, traded \$1,286.20 per ounce.

**Economic updates – Local and Foreign.**

- CBSL to resume FX purchases to rebuild reserves to USD6.9bn by Dec.
- Sri Lanka bombings to slow economic growth, raise credit risks: Fitch .
- IMF keeps Sri Lanka's growth unchanged at 3.5% despite attacks.

**Stock Market – Review**



At the end of the week the ASPI has lost 47.49 points to finish at 5,259.71 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 64.96 points and ended at 2,446.90. The average turnover for the week ending 17.05.2019 was around Rs.617million.