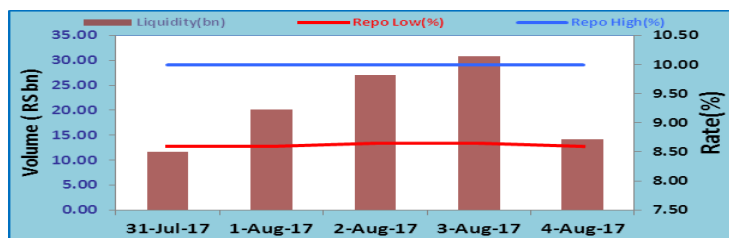


Weekly review for the week ending 04 August 2017

Money Market: Gross value of CBSL holdings reduces this week.

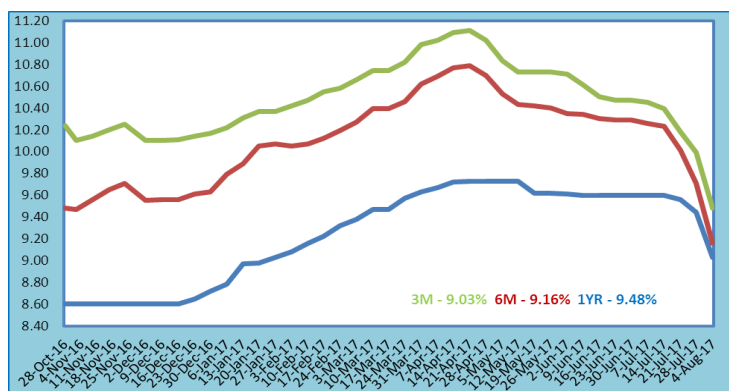
Market recorded a surplus of Rs.14.2billion at the end of the week .Market participants were seen borrowing Rs.3-14billion from CBSL-SLF at 8.75% and Central bank was seen conducting Repo auctions, outright sales and absorbing Rs.44.9billion from the system.



Government Securities Market Review

Treasury bill Market: Bill yields nosedive to a 17 month low.

Total amount accepted through auction was Rs.30.9billion to the offered amount of Rs.31billion. 3months bills decreased by 41 basis points to 9.03% while the 6 months bill decreased the most by 55 basis points to 9.16% and was accepted the most of Rs.15.9billion.The benchmark 1 year bill decreased by 51 basis points to 9.48%.



Bond Market: Inactive traders see yields attractive.

Market participants were seen trading aggressively bringing down yields 25-40 basis points backed by Hambantota Port deal with activity intensifying during the middle of the week with bill yields crashing during the primary auction. Liquid maturities 15/12/2021, 01/08/2024 and 01/08/2026 maturities saw yields' dropping to week's low of 10.17%, 10.45% and 10.48% but settled on Friday at 10.17/19%, 10.44/48% and 10.52/58% respectively. Total secondary market transacted amount during this week was Rs.66.8billion compared to last week's volume of Rs.48.9billion. The liquid 2 year bond was quoted 9.60/80 on Fridays closing.

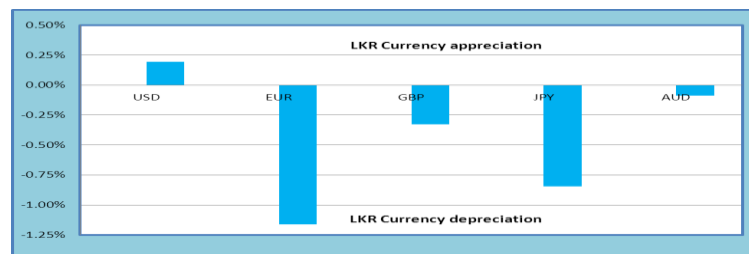


International Forex Market

The dollar remained broadly lower against the other major currencies on Friday, as investors eyed the release of key U.S. employment data due later in the day amid ongoing political tensions in Washington. The U.S. dollar index was down 0.09% at 92.62, just off Wednesday's 15-month low of 92.39.

Local Forex Market

The rupee ended firmer on Friday compared to last week as dollar supply due to exporter greenback sales and inward remittances surpassed importer demand for the US currency. The spot rupee ended at 153.35/45 per dollar. The rupee was seen depreciating against EUR, GBP, JPY and AUD this week.



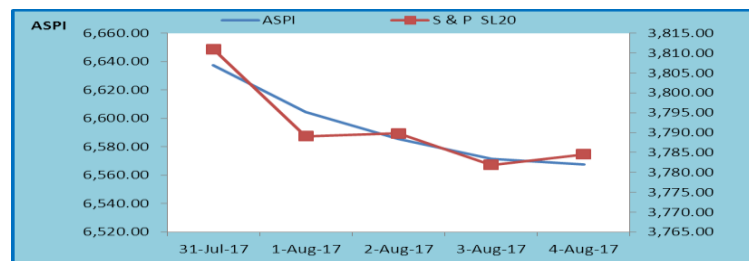
Commodity Markets

- **Oil:** U.S. oil moved lower on Friday, as concerns over rising production by the U.S. and OPEC members weighed on demand for the commodity. U.S. crude futures for September delivery were down 0.98% at \$48.55 a barrel, the lowest since August 1.
- **Gold:** Gold prices held steady on Friday, as investors awaited the release of highly-anticipated U.S. employment data due later in the day, although recent data and ongoing political tensions in the U.S. continued to weigh on the greenback. On the Comex division gold futures for August delivery were down steady at \$1,268.66, very close to Tuesday's seven-week highs of \$1,273.30.

Economic updates - Local & Foreign

- CBSL holds policy rates steady.
- Sri Lanka's parliament was told that parts of the proposed new Inland Revenue bill are not consistent with the islands constitution.
- Sri Lanka's inflation slowed to 4.8 percent in July 2017 from 6.1 percent in June.
- Sri Lanka's port deal boosts foreign reserves, a credit positive: Moody's.
- As expected, the Bank of England (BoE) decided on Thursday to hold interest rates steady at a record low as well as to make no changes to its asset purchase program

Stock Market - Review



At the end of the week the ASPI has lost 69.96 points to finish at 6,567.43 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 26.50 points and ended at 3,784.51. The average turnover for the week ending 04/08/2017 was around Rs.70Million.