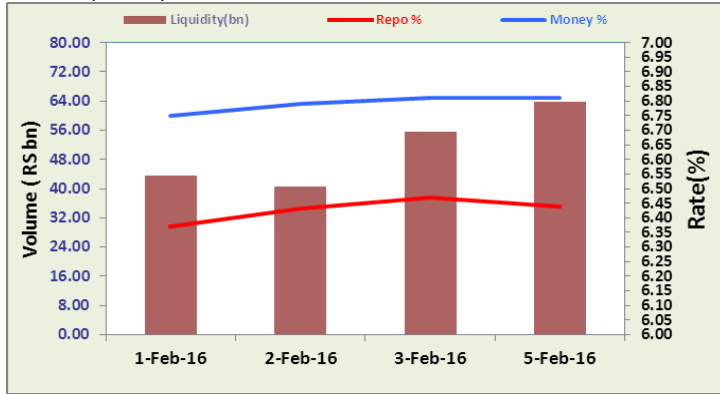


WEEKLY REVIEW FOR THE WEEK ENDING 05th February 2016

Money Market: CBSL absorbed 18bn through short term bills.....

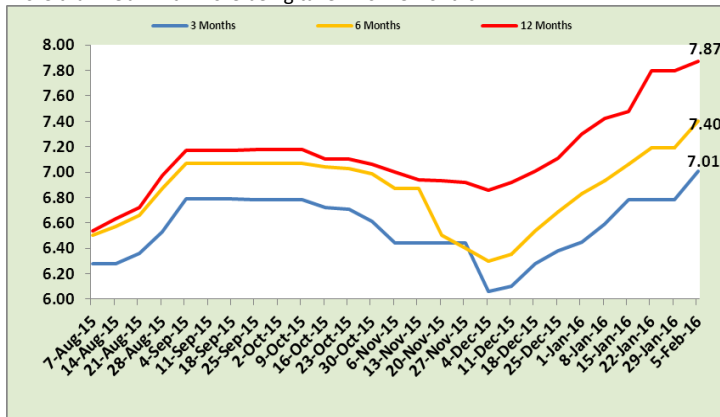
At the close of trading the market liquidity recorded a surplus figure of 64bn with overnight repo being exchanged between 6.25%-6.50% levels. CBSL absorbed 18bn worth of money through 2weeks and 3weeks bill at the rate of 6.48%, 6.65% respectively.



Government Securities Market Review

Treasury bill Market: CBSL accepted more than 16bn on 3months.....

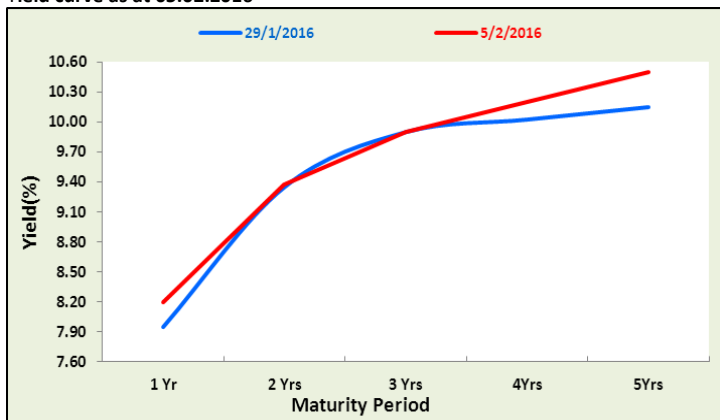
At this week's T-Bill auction the yield for 3months moved up by 23bps & 6months by 21bps to 7.01%, 7.40% respectively while the benchmark 12months rose by 7bps to 7.87%. The CBSL offered 22bn worth of bills for this week and accepted more than 28bn with more being taken from 3months.



Bond Market: yields spike on continuous foreign selling

The secondary bond market yield on long term maturities moved up by 20-30bps as foreign investors remained on the selling side throughout the week. At the close of trading the liquid 5year maturity was quoted as 10.50/55.

Yield curve as at 05.02.2016

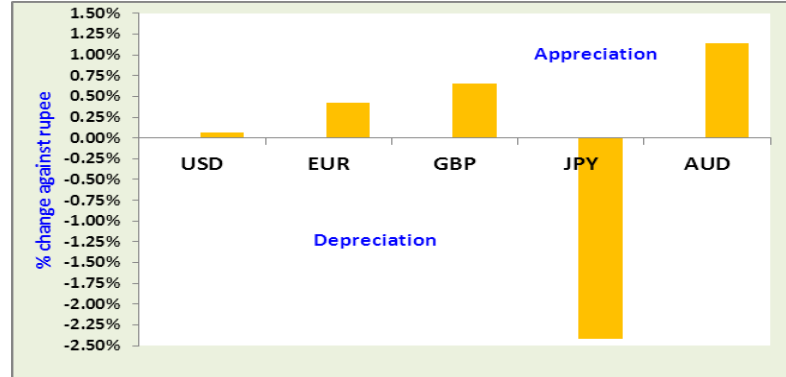


International Forex Market

The dollar extended losses against a basket of the other major currencies Thursday as the greenback remained under pressure amid uncertainty over how much the Federal Reserve will be able to raise interest rates this year.

Local Forex Market...

The Sri Lankan rupee ended at Rs 144.10 against the U.S dollar while the Japanese yen lost more than 2% for the week to trade below Rs 1.20.



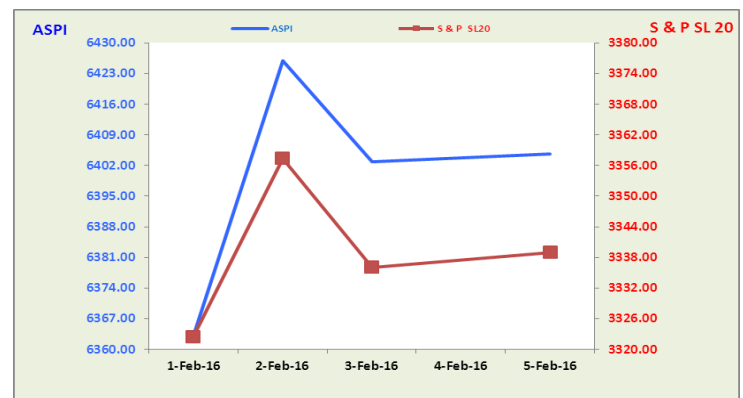
Commodity Markets

- Oil: Crude oil remained steady at \$31.50 a barrel in lackluster trading on Friday as Asian liquidity faded ahead of the Lunar New Year holiday across large parts of the region.
- Gold: Gold was trading near its highest since October on Friday, on track for its strongest weekly gain in a month as the dollar was pressured by growing doubts the Federal Reserve can stick to its interest rate hike campaign.

Economic updates -Local & Foreign

- Credit from Sri Lanka's banking system to the government fell from 1,108.8 billion rupees in October to 1,067.6 billion rupees in November.
- Indonesia, Malaysia and Thailand, which together produce around 70% of the world's rubber, have agreed to cut exports collectively by nearly 20% beginning next month in an effort to stem the steep decline in prices of the commodity.
- The Reserve Bank of Australia lowered its estimates of 2017 GDP growth, but kept inflation views unchanged in its latest monetary policy statement released on Friday.

Stock Market – Review



At the end of the week the ASPI gained 64.59 points to finish at 6404.64 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE gained 36.96 points and ended at 3338.97. The average turnover for the week ending 05th February 2016 was around Rs 1.21bn.