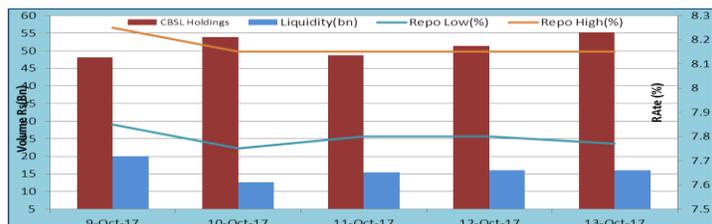


**Weekly review for the week ending 13 October 2017**

**Money Market: Gross value of CBSL holdings increases this week.**

Market recorded a surplus of Rs.16.1billion at the end of the week and overnight repo was exchanged between 7.85%-8.15% levels. Central bank was seen conducting Repo auctions and absorbed Rs.29.3billion from the system.

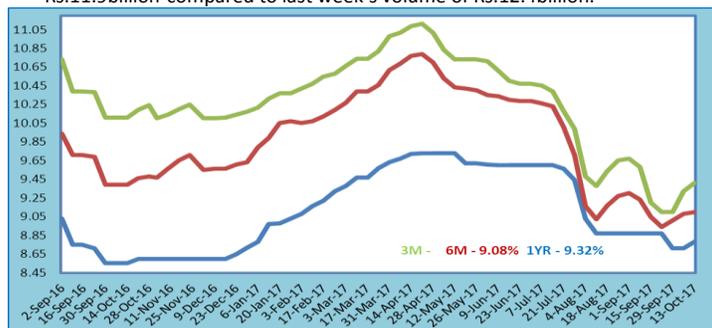


**Government Securities Market Review**

**Treasury bill Market: Yields increase for the third consecutive week.**

Total amount accepted through auction was Rs.16.3billion to the offered amount of Rs.20.5billion showing a decrease in investor appetite for T-bills for the third consecutive week. 3months bills were accepted at the rate of 8.78% after a lapse of 1week while the 6 months bill increased by 2 basis points to 9.10% and was accepted the greatest of Rs.8.1billion. The benchmark 1 year bill increased the most by 9 basis points to 9.41%.

Total secondary market T-bills transacted amount during this week was Rs.11.9billion compared to last week's volume of Rs.12.4billion.



**Bond Market: Yields decrease with moderate activity within the week.**

Yields were seen decreasing 5-10basis points as foreign investors appetite on treasury bonds increased within the week.

The liquid maturities 15/10/2021 ,01/10/2022 ,15/05/2023, 01/08/2026 , 15/06/2027, 01/09/2028 and 15/05/2030 saw yields decreasing up to 10.08%, 10.13% ,10.23%, 10.32%, 10.32%, 10.40% and 10.61% compared to weeks opening of 10.10/15%, 10.15/25%,10.15/25%,10.40/45%, 10.37/47%,10.50/75 and 10.65/70% respectively.

Total secondary market T-bonds transacted amount during this week was Rs.15.5billion compared to last week's volume of Rs.9.2billion.

The liquid 2 year bond was quoted 9.80/10.00%.

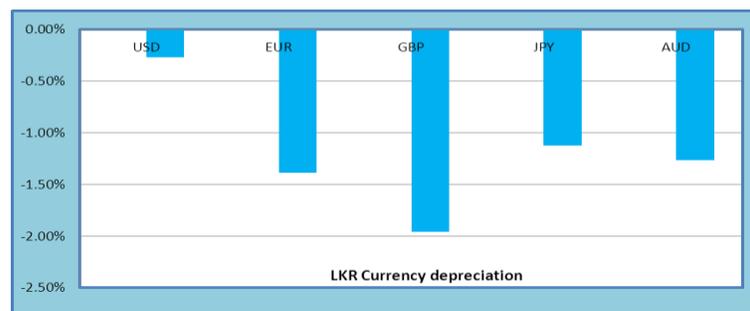


**International Forex Market**

The U.S. dollar held steady near two-week lows against other major counterparts on Friday, as investors remained cautious ahead of a highly-anticipated U.S. inflation report due later in the day. The U.S. dollar index was steady at 92.89 not far from the previous session's two-week trough of 92.64..

**Local Forex Market**

The rupee ended weaker as banks bought dollars on behalf of state-run Ceylon Petroleum Corp, which stocked up crude ahead of an expected fuel price hike. The spot rupee ended at 153.60/70 per dollar, weaker from last week's close of 153.20/28. The rupee was seen depreciating against all other major currencies 1%-2% this week with global conditions improving.



**Commodity Markets**

- **Oil:** Crude oil prices rallied on Friday, supported by news in the previous session of a third weekly decline in U.S. crude stockpiles and amid global signs the market is tightening. Brent oil for December delivery on the ICE Futures Exchange in London was up about 1.44% at \$57.06 a barrel
- **Gold:** Gold prices moved higher on Friday, as sentiment on the greenback remained vulnerable ahead of highly-anticipated data on U.S. inflation due later in the day. Comex gold futures were up \$2.55 at \$1,299.05 a troy ounce just off a two-and-a-half week high of \$1,300.73 hit overnight.

**Economic updates - Local & Foreign**

- Sri Lanka's cabinet approves National Audit Bill.
- Sri Lanka's GDP growth to reach 5-pct in 2018: ADB.
- Fed minutes: Increase in Rates Likely to be Warranted.

**Stock Market – Review**



At the end of the week the ASPI has gained 116.46 points to finish at 6,632.30 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also gained 118.78 points and ended at 3,915.42. The average turnover for the week ending 13/10/2017 was around Rs.1.4Billion.