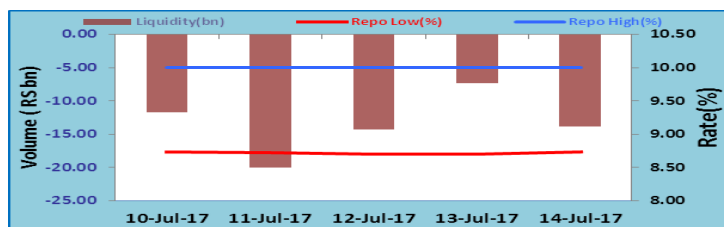
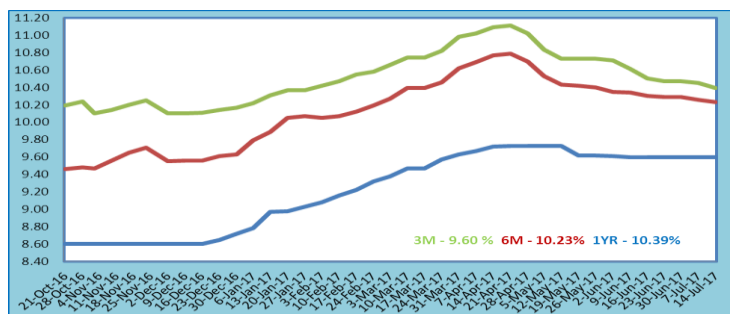


Weekly review for the week ending 14 July 2017
Money Market: Market records a deficit end of the week.

Market recorded a deficit of Rs.13.9billion at the end of the week .Market participants were seen borrowing Rs.6-19billion from CBSL-SLF at 8.75% and Central bank was seen conducting Rev.Repo auctions and injecting Rs.74billion to the system at the rate of 8.75%.


Government Securities Market Review
Treasury bill Market: Benchmark 1 year bill decreases.

Total amount accepted through auction was Rs.29.4billion to the offered amount of Rs.29.5billion. 3months bills remained unchanged at 9.60% while the 6 months bill decreased by 3 basis points to 10.23% and was accepted the most of Rs.15billion.The benchmark 1 year bill decreased the furthest by 6 basis points to 10.39%.

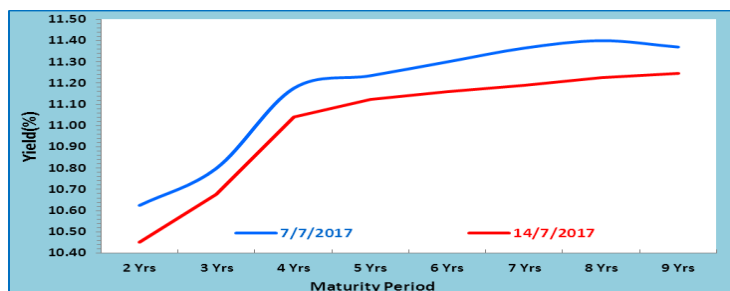

Bond Market: Yields decrease as a result of bond auction.

Market participants were seen buying aggressively into bonds as traders brought down the market by 10-20 basis points compared to last week's closing rates as weighted averages from the bond auction fell below secondary market rates. 15/12/2021, 01/08/2024 and 01/08/2026 maturities saw yields dropping to weeks low of 11.03/05%,11.17/21% and 11.23/26% compared to last week's closing of 11.17/20%, 11.35/38% and 11.35/48% respectively The weighted averages on the bond auction which was held on 11July are as follows:-

- 15/12/2021 – 14.5billion at 11.14%
- 15/05/2023 – 19.0billion at 11.21%
- 15/03/2025 – 15.0billion at 11.30%
- 15/06/2027 – 15.0billion at 11.37%

Total secondary market transacted amount during this week was Rs.62.3billion compared to last week's volume of Rs.32billion.

The liquid 2 year bond was quoted 10.40/50 on Fridays closing.

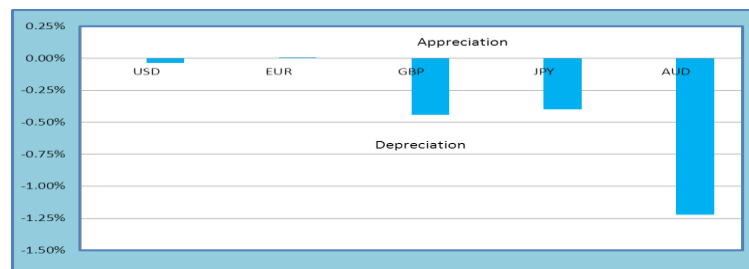

International Forex Market

The dollar edged lower Friday after Fed Chair Janet Yellen's two-day testimony to Congress.

The dollar index was off 0.09% at 95.47 at 04:15 ET, off a high of 95.61.

Local Forex Market

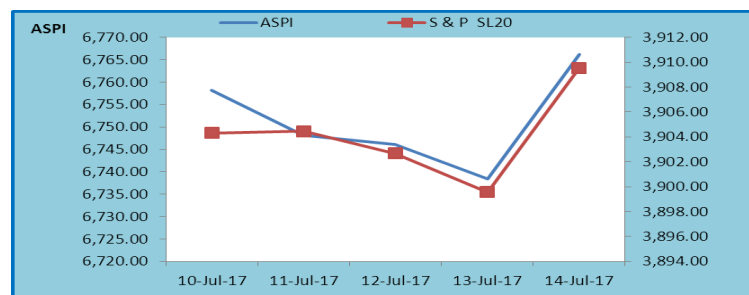
The Sri Lankan rupee depreciated slightly on Friday due to importer demand for dollars. The spot rupee ended at 153.70/75 per dollar compared to Thursday's close of 153.67/70. The spot rupee resumed trading on June 19 for the first time since May 5, when the central bank fixed its reference rate at 152.50.The rupee was seen depreciating against GBP, JPY and AUD this week compared to last week's appreciation.


Commodity Markets

- **Oil:** Oil prices edged higher in choppy trading on Friday and were on track for solid weekly gains following positive demand signals and a reported decline in stocks.Brent crude futures (LCOc1), the international benchmark for oil, were 27 cents higher at \$48.69 per barrel.
- **Gold:** Gold prices traded around the unchanged mark on Friday as investors looked ahead to key data on inflation and the state of the American consumer out later in the session.On the Comex division gold for August delivery slipped just 4 cents to \$1,217.25 a troy ounce.

Economic updates - Local & Foreign

- Sri Lanka will receive USD 1,340 million worth of financial and technical assistance from the World Bank Groups from July1, 2017 under the IDA.
- Sri Lanka is expecting paddy output during the minor Yala cropping season to fall 48 percent to 789,000 metric tonnes in 2017.
- Sri Lanka to grow 5.2-pct in next five years, risks from SOEs: Moody's.
- Investors jumped back into riskier assets this week as a more dovish tone from the Fed rekindled enthusiasm for stocks, which benefit from higher relative yield to bonds.

Stock Market – Review


At the end of the week the ASPI has gain 7.90 points to finish at 6,766.14while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also gain 5.22 points and ended at 3,909.54. The average turnover for the week ending 14/07/2017 was around Rs.73Million.