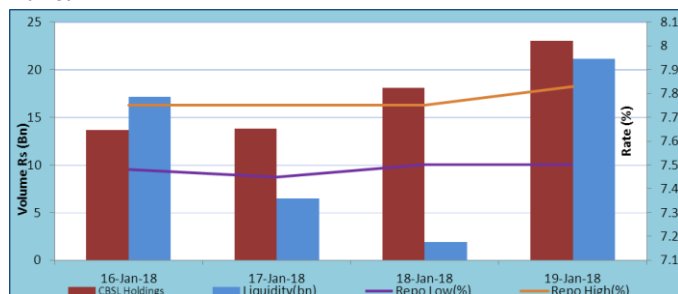


**Weekly review for the week ending 19 January 2018**

**Money Market: Liquidity and Govt holdings increases end of the week.**

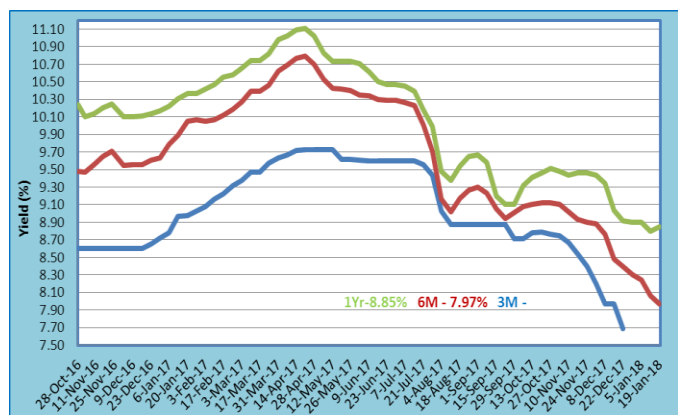
Market recorded a surplus of Rs.21.1billion at the end of the week and overnight repo was exchanged between 7.45%-7.85% levels in the market. Central bank was seen conducting o/n Repo, outright and term repo auctions and absorbed Rs.12.81billion, 2.15billion and 6billion respectively from the market.



**Government Securities Market Review**

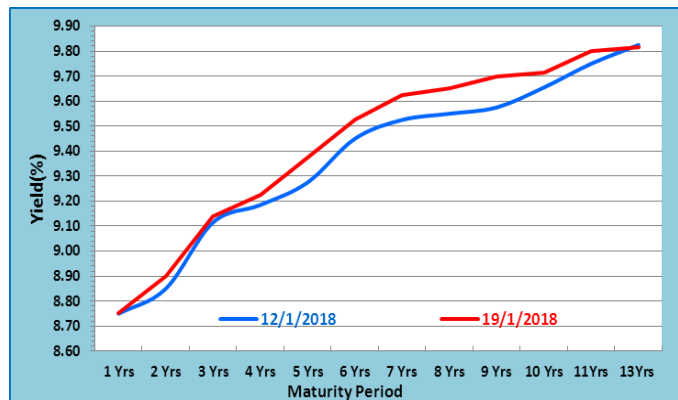
**Treasury bill Market: Mixed sentiment from investors at auction.**

Total issued and accepted amount through auction was Rs.21.5billion. 3months bills were not offered through auction. The 6months bill decreased by 9 basis points to 7.97% while the benchmark 1year bill increased by 5basis points to 8.85% shocking the market.



**Bond Market: Profit taking pushes yields upwards.**

Market witnessed yields increasing 5-10 basis points reversing the downward trend witnessed last week as local traders and foreign investors took the opportunity to realize gains for the beginning of the year. The liquid 10 year was quoted 9.68/75 on Fridays closing.

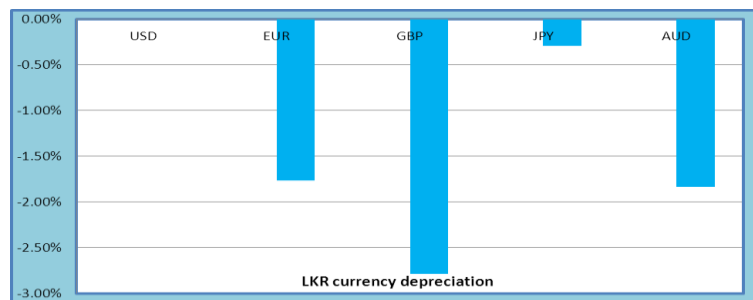


**International Forex Market**

The U.S. dollar re-approached recent three-year loss against other major currencies on Friday, amid fears of a potential government shutdown on Saturday and amid climbing U.S. Treasury yields. The U.S. dollar index was down to 90.06

**Local Forex Market**

The rupee was unchanged at 153.90/00 as last week's closing of 153.90/00 due to demand from importers was met with conversions by exporters. The rupee was seen depreciating against all other major currencies this week.



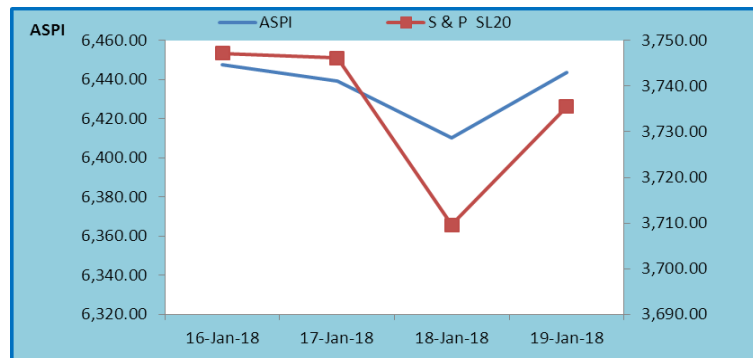
**Commodity Markets**

- **Oil:** Oil prices slid on Friday, putting them on course for the biggest weekly falls since October, as a bounce-back in U.S. production outweighed ongoing declines in crude inventories. Brent crude futures (LCOc1) were at \$68.70 a barrel
- **Gold:** Gold prices moved higher on Friday, as sentiment on the U.S. dollar weakened amid fears of an imminent U.S. government shutdown. Comex gold futures were up 0.53% at \$1,334.10 a tray ounce.

**Economic updates - Local & Foreign.**

- Sri Lanka's USD500mn development bond oversubscribed.
- Sri Lanka calls managers to sell up to US\$2bn in sovereign bonds.
- CMPort pays second tranche of \$ 97.3 m in Hambantota Port investment.
- Bank of Canada hikes rates, says accommodation still needed.
- South Korea holds key interest rate steady as won soars.

**Stock Market – Review**



At the end of the week the ASPI has lost 4.11 points to finish at 6,443.50 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 11.68 points and ended at 3,735.48. The average turnover for the week ending 19/01/2018 was around Rs.1.08Billion.