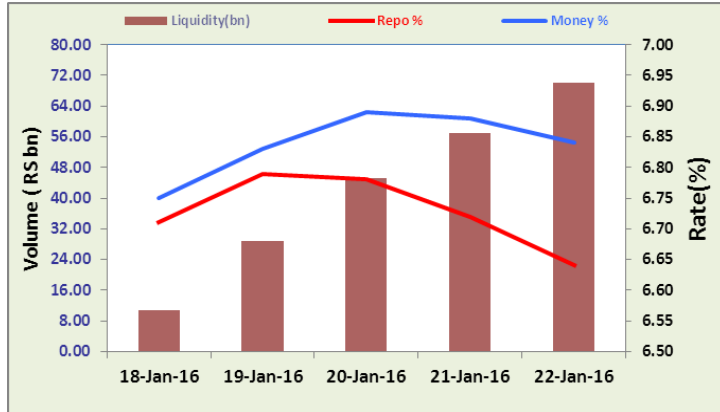


**WEEKLY REVIEW FOR THE WEEK ENDING 22<sup>nd</sup> January 2016**

**Money Market: liquidity showed a gradual increase for the week...**

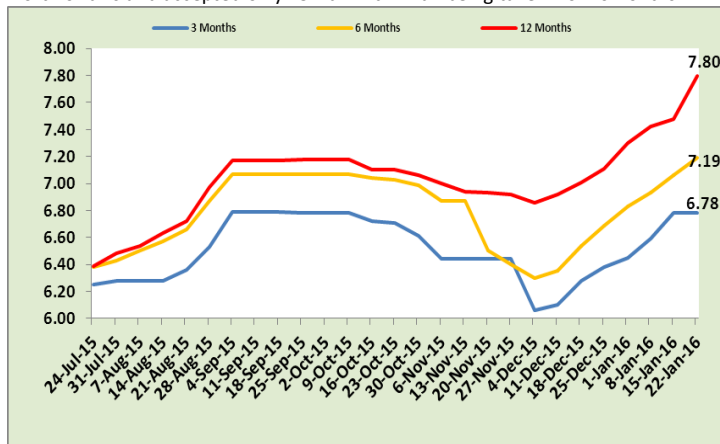
At the close of trading the market liquidity recorded a surplus figure of 70bn with overnight repo being exchanged between 6.55%-6.80% levels.



**Government Securities Market Review**

**Treasury bill Market: 12months yield recorded a sharp increase.....**

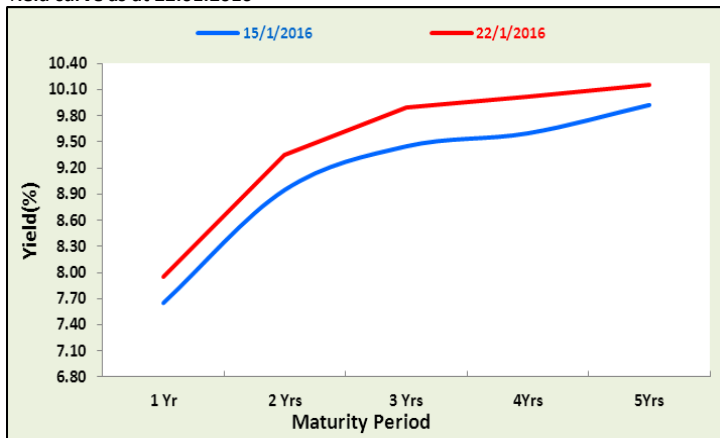
At this week's T-bill auction the yield for 6months moved up by 13bps to 7.19% while the benchmark 12months rose by 32bps to 7.80%. The CBSL offered 24bn worth of bills and accepted only 15.7bn with 12bn being taken from 6months.



**Bond Market: 5year maturity traded above 10.00% .....**

The secondary bond market yield on most of the maturities moved up by 30-50bps for the week as foreign investors remained on the selling side. At the close of trading the liquid 5 year maturity was quoted as 10.10/20.

Yield curve as at 22.01.2016

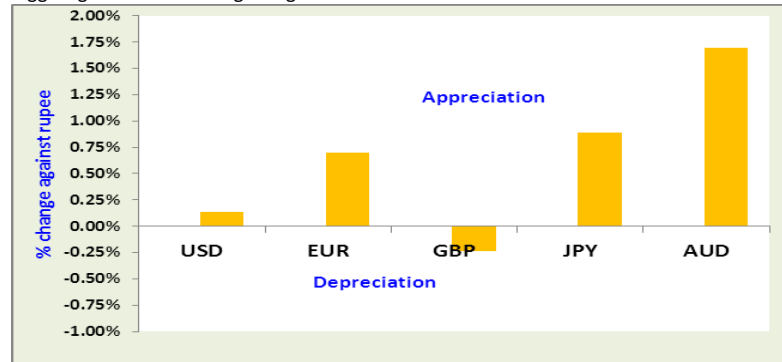


**International Forex Market**

The dollar firmed slightly against a basket of currencies on Friday, as traders were caught in a tug-of-war between rising expectations of monetary easing by major central banks and fading hopes for more rate hikes from the Federal Reserve.

**Local Forex Market...**

The Sri Lankan rupee ended at 144.10 against the dollar slightly weaker from last weeks close due to importer dollar demand. The Australian dollar recorded the biggest gain for the week gaining more than 1.5%.



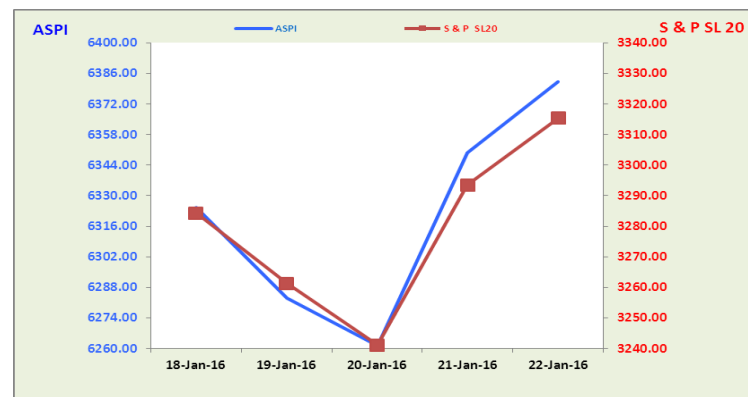
**Commodity Markets**

- **Oil:** Crude oil prices were stable in early Asian trading on Friday after bouncing away from 12-year lows the previous day as rallying financial markets gave some traders reason to cash in on record short positions.
- **Gold:** Gold prices rose modestly in Asia on Friday with investors noting an overall soft global economy spurring easy monetary policies that are likely to remain in place for some time.

**Economic updates -Local & Foreign**

- Following the launch of the Asian Infrastructure Investment Bank, Cabinet has approved Sri Lanka to subscribe around \$268 million and draft a fresh bill to allow the country to obtain formal membership.
- Sri Lanka's consumer prices nation-wide rose 4.2% in December 2015 from a year ago, according to a new national price index compiled using prices collected from all nine provinces, the statistics department said.
- European Central Bank head Mario Draghi said Thursday that financial market turmoil would make it necessary to reconsider its monetary policy stance in March, raising the prospect of further stimulus measures.

**Stock Market – Review**



At the end of the week the ASPI lost 63.96 points to finish at 6382.24 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE lost 24.77 points and ended at 3315.36. The average turnover for the week ending 22<sup>nd</sup> January 2016 was around Rs 760mn.