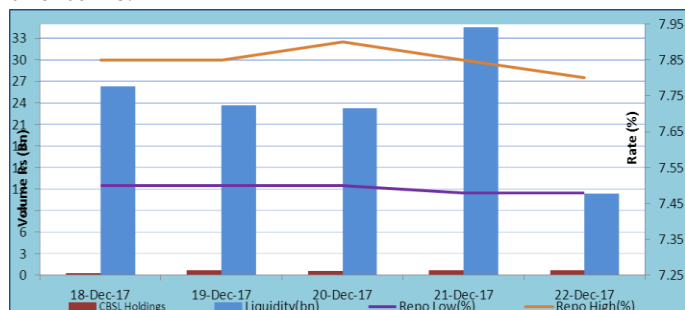


Weekly review for the week ending 22 December 2017

Money Market: CBSL holdings lower than a billion.

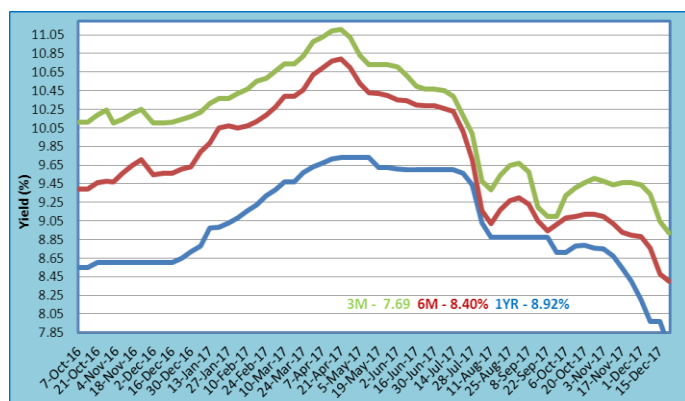
Market recorded a surplus of Rs.11.3billion at the end of the week and overnight repo was exchanged between 7.45%-7.90% levels in the market. Central bank was seen conducting Repo auctions and absorbed Rs.50.9 billion at 7.25%.



Government Securities Market Review

Treasury bill Market: The declining trend continued for the 5th consecutive week.

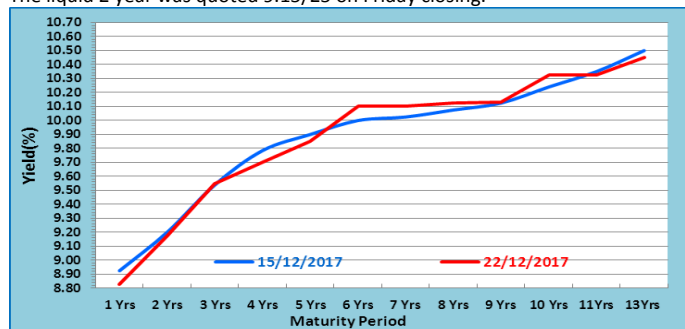
Demand on t bills continues as investors cautious on the short term volatility. Total issued amount accepted through auction was Rs.22.5 billion & 3month bills being issued, demand on 3m pushed w.avg down to 7.69% and 6m decreased by 8 basis points to 8.40% while the benchmark 1year bill decreased by 12basis points to 8.92% well below 9% for the year.



Bond Market: Seasonal mood dries up the bond market.

Sluggish market during the week noticed where trader's side lined from there trading activity.

The liquid 2 year was quoted 9.15/25 on Friday closing.

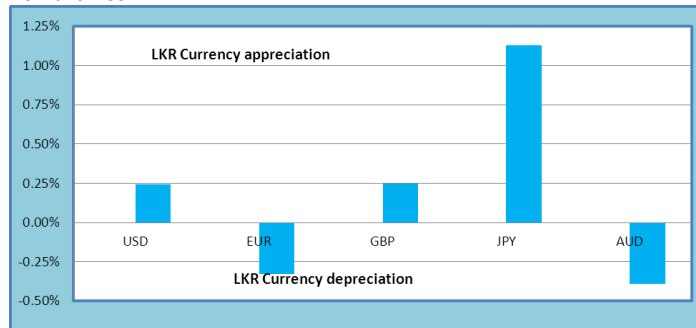


International Forex Market

The dollar edged higher against other majors currencies on Friday, as U.S. data and the vote of a major U.S. tax reform plan lent some support to the greenback. The U.S. dollar index was up at 92.95.

Local Forex Market

The rupee appreciated to 152.80/85 compared to last week's closing of 153.15/25 as exporter dollar sales and inward remittances exceeded demand for the US currency by importers. The rupee was seen appreciating against GBP and JPY while depreciating against EUR and AUD this week.



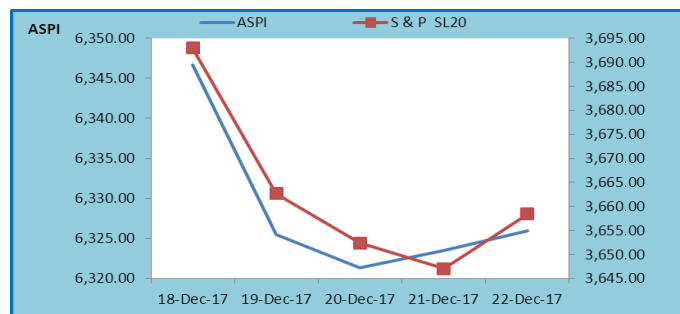
Commodity Markets

- **Oil:** Oil prices on Friday dipped away from 2015 highs reached the previous session, weighed down by rising U.S. output and the expected January re-opening of the Forties pipeline in the North Sea. Brent crude futures the international benchmark for oil prices, were at \$64.77 a barrel.
- **Gold:** Gold prices remained at two-week highs on Friday, amid continued dollar weakness as the US economy expanded less than expected in the third quarter. Comex gold futures were up at \$1,269.70 a troy ounce.

Economic updates - Local & Foreign.

- The Bank of Japan kept monetary policy steady.
- Euro zone inflation rose in November but still came in below the European Central Bank's target rate.
- US labor markets continued to strengthen.
- Sri Lanka's national consumer price inflation in November fell for the first time in six months to 8.4 percent.
- Moody's says high general government debt levels in Sri Lanka, rated B1 negative, very low debt affordability.

Stock Market - Review



At the end of the week the ASPI has lost 20.71 points to finish at 6,325.99 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 34.50 points and ended at 3,658.45. The average turnover for the week ending 22/12/2017 was around Rs.347Million.