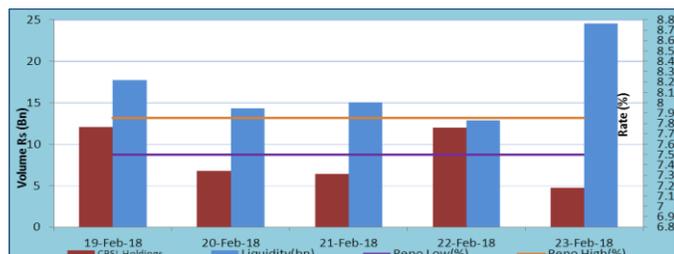


**Weekly review for the week ending 23 February 2018**

**Money Market: Market surplus increases end of the week.**

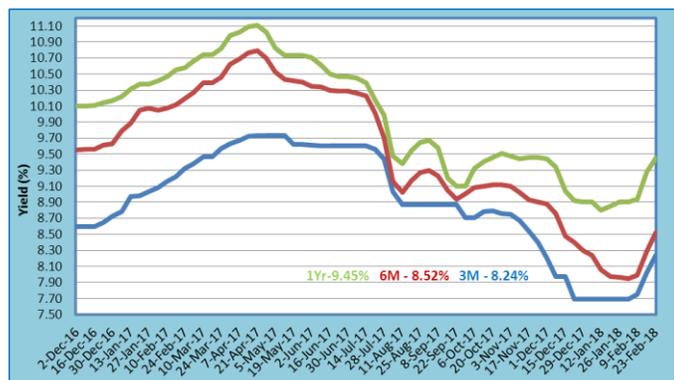
Market recorded a surplus of Rs.24.5billion at the end of the week and overnight repo was exchanged between 7.75%-8.00% levels in the market. Central bank was seen conducting o/n Repo and term repo auctions and absorbed Rs.40.3billion and 11.3billion respectively from the market.



**Government Securities Market Review**

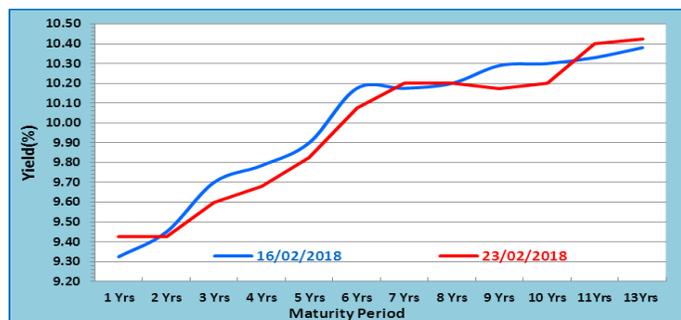
**Treasury bill Market: Yields continue to spike upward.**

Total issued and accepted amount from auction was Rs.30billion. The upward trend which was noticed last couple of weeks intensified this week as 3months and 6months bill recorded the sharpest increase of 22 and 23 basis points to 8.24% and 8.52% respectively. The benchmark 1year bill increased by 17basis points to 9.45%.



**Bond Market: Foreign buying brings down yields gradually.**

During the beginning of the week yields were seen increasing gradually as most market participants opted to stay on the sidelines but decreased at the end of the week as activity increased from traders backed by foreign buying. Activity was mostly concentrated on liquid maturities such as 01/03/2021, 01/08/2026 and 15/05/2030 as yields were seen decreasing from highs of 9.85/95%, 10.35/45% and 10.60/70% to 9.66/70%, 10.10/20% and 10.40/45% respectively.

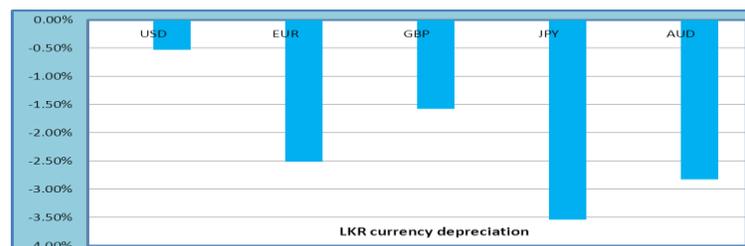


**International Forex Market**

The U.S. dollar continued to rise against other major currencies on Friday, after the minutes of the Federal Reserve's latest policy meeting and Thursday's upbeat data boosted optimism over the strength of the U.S. economy. The U.S. dollar index was up at 89.78.

**Local Forex Market**

The rupee depreciated to 155.18/23 compared to last week's closing of 155.00/15 as importer dollar demand outweighed selling of the greenback by exporters. The local currency has weakened 1.3% so far and is expected to be pressured by continued importer demand for dollars. The rupee was seen depreciating against all other major currencies this week also.



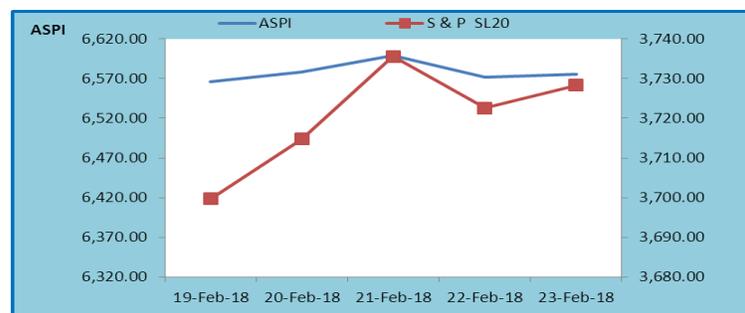
**Commodity Markets**

- **Oil:** Oil was under pressure from concerns that rising U.S. oil output and exports will offset OPEC-led attempts to erode stockpiles with output curbs. Brent crude was down at \$66.05.
- **Gold:** Gold prices slipped on Friday as the dollar rebounded from earlier losses. The US dollar index that measures the greenback against a basket of currencies stood at 89.78, up 0.13%, but dropped from an eight-day peak above the 90 mark yesterday

**Economic updates - Local & Foreign.**

- Sri Lanka's external sector improve, BOP record surplus: CB.
- ADB gives USD 75mn for lending to Sri Lanka's small businesses.
- Sri Lanka expects 2018 Maha paddy output to rise 57-pct after rains.
- Euro zone inflation slows in January, core measure picks up.
- Bank of England Stance Emboldens Bets for May Rate Increase.

**Stock Market – Review**



At the end of the week the ASPI has gain 9.76 points to finish at 6,575.39 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also gain points and ended at 3,728.31. The average turnover for the week ending 23/02/2018 was around Rs.865million.