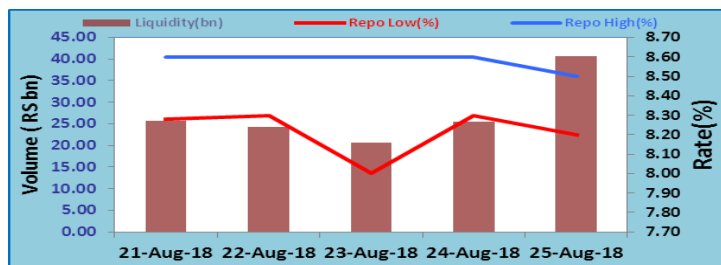


Weekly review for the week ending 25 August 2017

Money Market: Liquidity improves drastically end of the week.

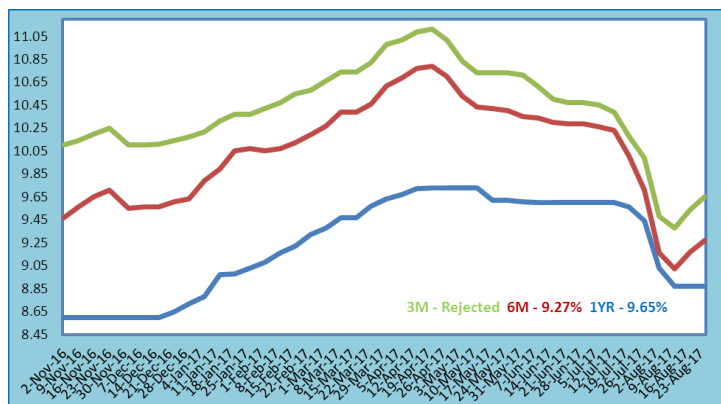
Market recorded a surplus of Rs.40billion at the end of the week and overnight repo was exchanged between 8.20%-8.50% levels. Central bank was seen conducting Repo, outright auctions and absorbed Rs.74billion from the system.



Government Securities Market Review

Treasury bill Market: Yields continue to rise for the second consecutive week.

Total amount accepted and offered through auction was Rs.20billion. 3months bills were rejected through auction while the 6 months bill increased by 10 basis points to 9.27% and was accepted the most of Rs.15billion. The benchmark 1 year bill increased the greatest by 11 basis points to 9.65%.



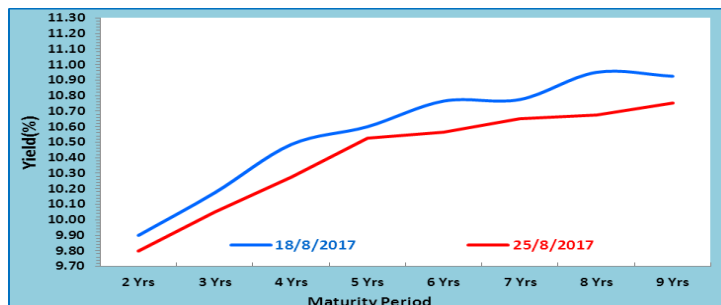
Bond Market: Renewed bullish sentiment brings down market yields.

During the beginning of the week yields were seen edging upward but with renewed buying interest from traders yields were seen decreasing 10–20 basis points compared to last week.

Liquid maturities 15/12/2021, 15/05/5023 and 01/08/2026 maturities saw yields' dropping to week's low of 10.27%, 10.58% and 10.75% and settled on Friday at 10.25/30%, 10.55/60% and 10.70/80% respectively.

Total secondary market transacted amount during this week was Rs.31.9billion compared to last week's volume of Rs.29billion.

The liquid 2 year bond was quoted 9.70/90 on Fridays closing.

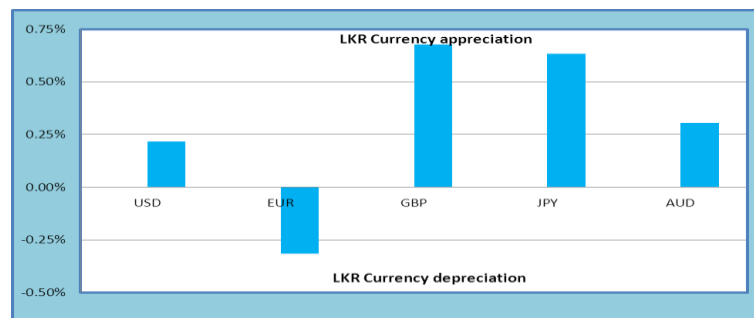


International Forex Market

The dollar was little changed against the other major currencies on Friday, as investors remained cautious ahead of speeches by Federal Reserve Chair Janet Yellen and European Central Bank President Mario Draghi at Jackson Hole. The U.S. dollar index was steady at 93.21.

Local Forex Market

The rupee appreciated compared to last week as exporter dollar sales and inward remittances surpassed mild importer demand for the US currency in the absence of dollar buying by state-run banks. The spot rupee ended at 152.98/02 per dollar on Friday. The rupee was seen appreciating against GBP, JPY and AUD while depreciating against the EUR this week.



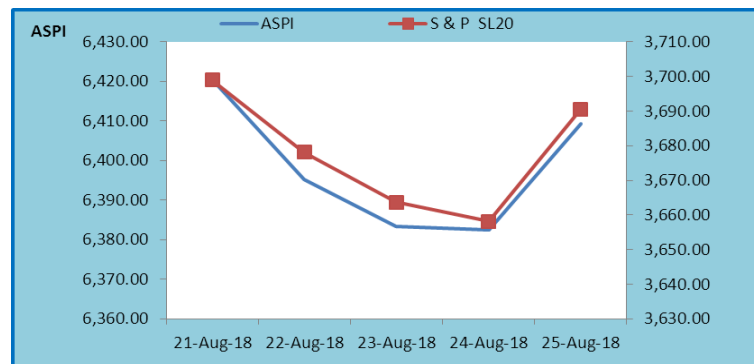
Commodity Markets

- **Oil:** Crude oil prices moved higher on Friday, as energy companies pulled workers from offshore oil platforms and halted onshore drilling in south Texas in preparation for Hurricane Harvey. Brent oil for October delivery on the ICE Futures Exchange in London advanced 35 cents to \$52.38 a barrel.
- **Gold:** Gold prices were little changed on Friday, as investors remained cautious ahead of comments by Federal Reserve Chair Janet Yellen and European Central Bank President Mario Draghi at Jackson Hole later in the day. Comex gold futures were steady at \$1,292.06 a troy ounce.

Economic updates - Local & Foreign

- Sri Lanka to get US\$5bn from ADB up to 2022.
- Sri Lanka NCPI inflation flat at 6.3 % in July.
- Sri Lanka wraps up US\$1000mn syndicated loan.
- Low world inflation dogs central bankers, even as economies grow.

Stock Market – Review



At the end of the week the ASPI has lost 11.16 points to finish at 6,409.37 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 8.42 points and ended at 3,690.57. The average turnover for the week ending 25/08/2017 was around Rs.53Million.