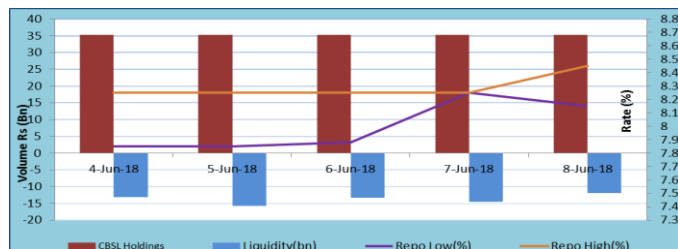


**Weekly review for the week ending 08 Jun 2018**

**Money Market: Liquidity scarcity continues throughout the week.**

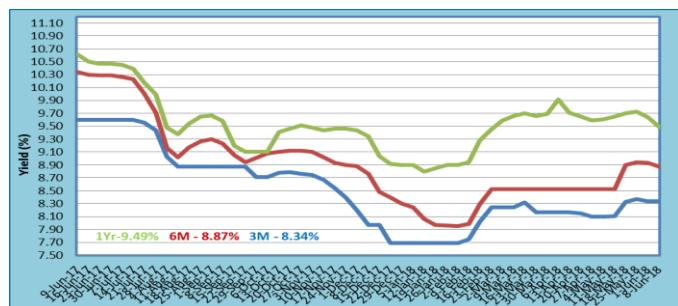
Market recorded a deficit of Rs.11.9billion at the end of the week and overnight repo was exchanged between 7.85%-8.45% levels in the market. Central bank was seen conducting reverse repo auctions and injecting Rs.58billion further Rs74.2billion through SLF to the market while absorbing Rs63.5billion by SDF.



**Government Securities Market Review**

**Treasury bill Market: 1year bill plummet driven by high demand.**

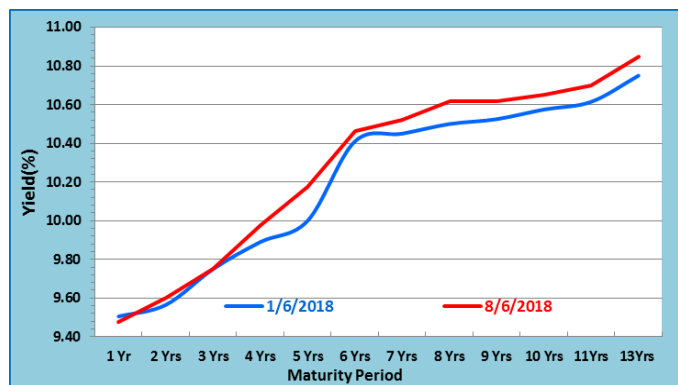
Total offered and accepted amount through auction was Rs.10billion.3Mbids amounting Rs312Million was accepted at8.34% while 6M bids amounting Rs4billion was accepted 6basis lower than previous week at 8.87%.Recording the highest drop of 15basis points the benchmark 1Year bill was accepted at 9.49% and bids amounting to Rs5.6billion was accepted at auction. Rs.12 billion Treasury bills are to be issued through an auction on 12 Jun 2018.



**Bond Market: Mixed signals from foreign investors perplex local traders.**

During the start of the week yields were seen increasing marginally due to local selling but with foreign investor appetite entering the market yields decreased with local investors rallying in purchasing bonds backed by decrease in T bill rates, further decrease of yields were prevented as foreign selling entered the market which pushed local investors to the side lines at the end of the week.

The liquid 5 year bond was quoted 10.45/48 on Friday



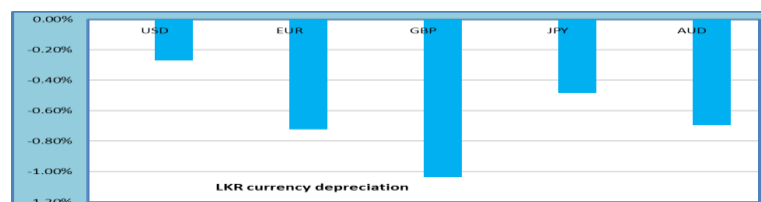
**International Forex Market**

The dollar was higher while the euro retreated from earlier gains on Friday, as traders looked ahead to the G7 summit.

The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was up to 93.61.

**Local Forex Market**

The rupee depreciated to a fresh low 158.95/15 per dollar on Friday compared to last week's closing of 158.60/65 as importer dollar demand surpassed mild selling of the greenback by exporters. The currency has declined 3.2% so far this year. The rupee was depreciating against major currencies this week.



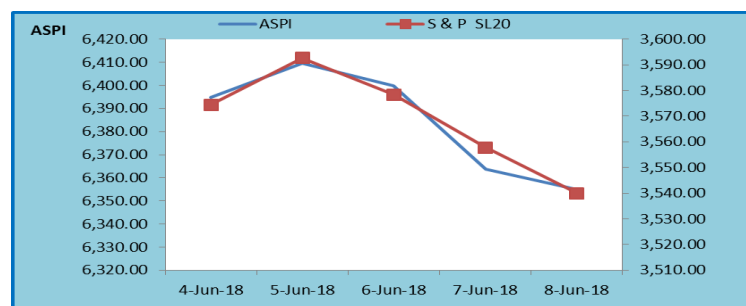
**Commodity Markets**

- **Oil:** Oil prices fell from earlier gains on Friday amid increasing U.S. output and signs of weakening demand in China. Crude oil futures decreased to \$65.64 a barrel. Meanwhile Brent crude futures fell to \$76.94.
- **Gold:** Gold prices were little changed in European morning trade on Friday as investors looked forward to the start of the Group of Seven summit. Gold futures for August delivery on the Comex division slipped to \$1,302.60 a troy ounce..

**Economic updates – Local and foreign .**

- Foreign investors dumped \$12.3 bln in EM assets in May –IIF.
- India Kicks Off Gradual Rate Hike Cycle Amid Global Market Rout.
- BoE to raise rates in August so long as economy over its slump.
- Increased rice yield to support Sri Lanka's agricultural rebound: OBG
- Sri Lanka tourist arrivals up 6.2-pct in May, Crosses 1Mn mark for 2018.

**Stock Market – Review**



At the end of the week the ASPI has lost 40.01 points to finish at 6,354.92 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 34.44 points and ended at 3,539.93. The average turnover for the week ending 08/06/2018 was around Rs.567Million.