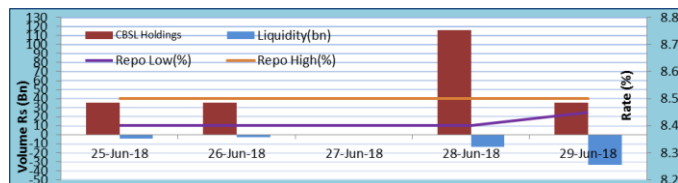


Weekly review for the week ending 29 Jun 2018

Money Market: Liquidity shortage surges end of the week.

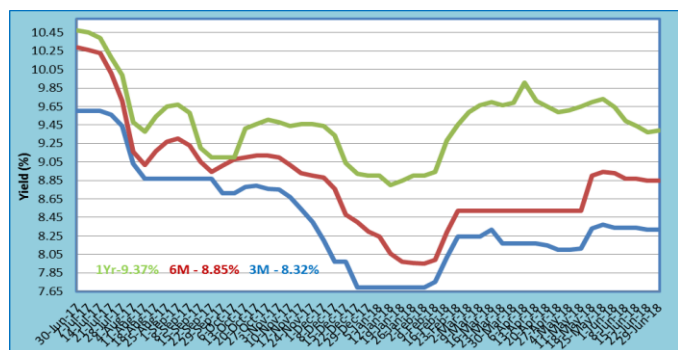
Market recorded a deficit of Rs.33.7billion at the end of the week and overnight repo was exchanged between 8.40-8.50% levels in the market. Central bank was seen conducting reverse repo auctions and injecting Rs.64billion further Rs69billion through SLF to the market while absorbing Rs59.4billion by SDF.



Government Securities Market Review

Treasury bill Market: Benchmark 1Year bill increases after 5weeks.

Total amount accepted through auction was Rs.10.1billion falling short of the offered amount of Rs.14billion. 3M and 6M bids were rejected at auction while the 1Year bill increased by 2basis points to 9.39% reversing the upward trend noticed during last couple of weeks. Rs.15 billion Treasury bills are to be issued through an auction on 04 July 2018 for the maturing amount of Rs.23.9billion.

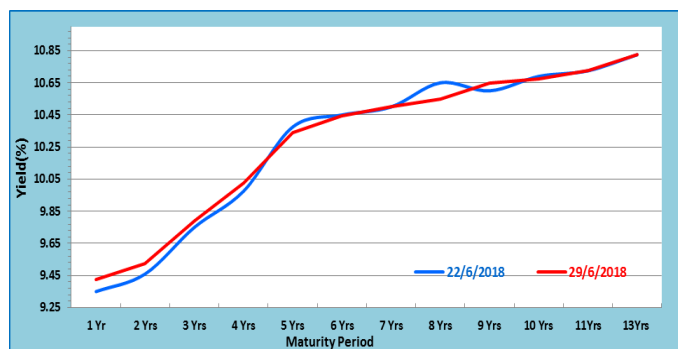


Bond Market: Mixed sentiment within the mind set of traders.

Market witnessed an increase in yields 5-10 basis points mainly on the short end of the yield curve during the week as yields through the primary T bill auction increased which had a knock on effect. Reversing from the upward trend noticed during last week traders were bullish on the mid to long end of the yield curve and purchased bonds in spite of foreign selling. The liquid 5 year was quoted 10.44/48 on Friday's closing.

Monetary policy to be held on 06July 2018

Tentative bond auction is to be held on 12Jul 2018 amounting to Rs.80Billion

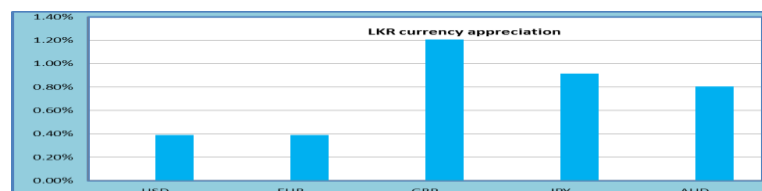


International Forex Market

Sterling rallied on Friday morning following the release of better than forecast growth figures for the first quarter, increasing chances of a rate hike in August. The US dollar index, which measures the strength of the greenback against a basket of six major currencies, was down to 94.56

Local Forex Market

The rupee appreciated to 158.20/35 per dollar on Friday compared to last week's closing of 158.75/159.05. Dollar selling by exporters and inward remittances surpassed mild importer demand for the greenback during the week. The rupee appreciated against all major currencies this week.



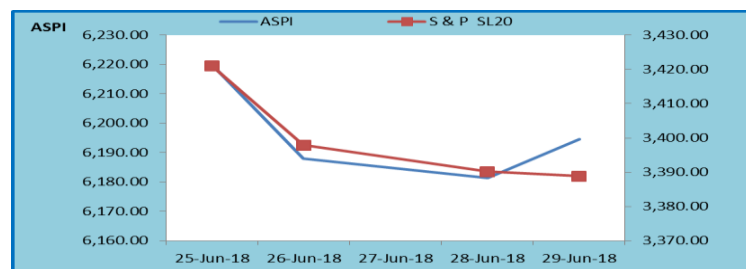
Commodity Markets

- **Oil:** Oil surged this week as Saudi Arabia's assurance of increased output failed to assuage concerns that disruptions from Canada to Libya and Iran will strain global markets. New York-traded West Texas Intermediate crude gained to \$73.45 a barrel while Brent crude traded up to \$78.60.
- **Gold:** Gold prices edged up on Friday on a weaker dollar, but still hovers near a more than six-month low. Gold futures for August delivery on the Comex division of the New York Mercantile Exchange climbed to \$1,252.90 a troy ounce.

Economic updates – Local and foreign.

- \$18 billion flowed out of EM equity and debt funds in June after an \$8 billion outflow in May- LONDON (Reuters) .
- China central bank to keep policy neutral.
- Indonesia Surprises with Half-Point Hike to Bolster Rupiah.
- June consumer prices to rise 4.1% from 4.0% in May, Annual avg. 5.6%.
- Central Bank issues US\$ 700 mn in 3 - 4 year bonds.
- Sri Lanka formula fuel price on 5th of every third month.

Stock Market – Review



At the end of the week the ASPI has lost 25.50 points to finish at 6,194.63 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 32.18 points and ended at 3,388.88. The average turnover for the week ending 29/06/2018 was around Rs.736Million.