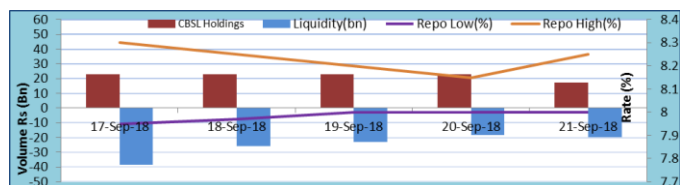


Weekly review for the week ending 21 September 2018

Money Market: Liquidity crunch continues throughout the week.

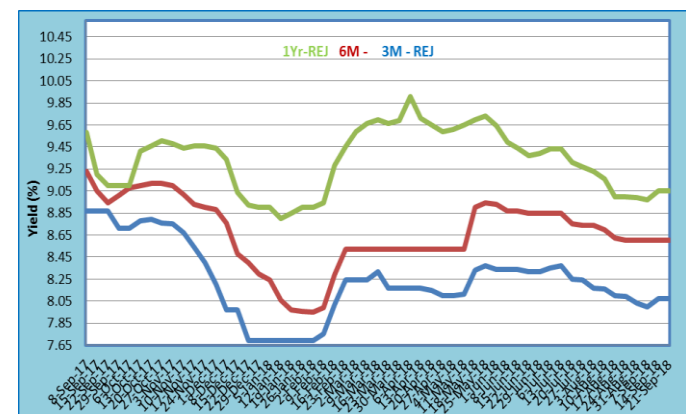
Market recorded a deficit of Rs.19.9billion at the end of the week and overnight repo was exchanged between 7.95-8.25% levels in the market. Central bank was seen injecting Rs.104.3billion, Rs 48.6billion through O/n and term repo auctions and further Rs.34.6billion by SLF @8.50% to the market while absorbing Rs49.8billion by SDF @7.25%.



Government Securities Market Review

Treasury bill Market: CBSL rejects bids received at auction.

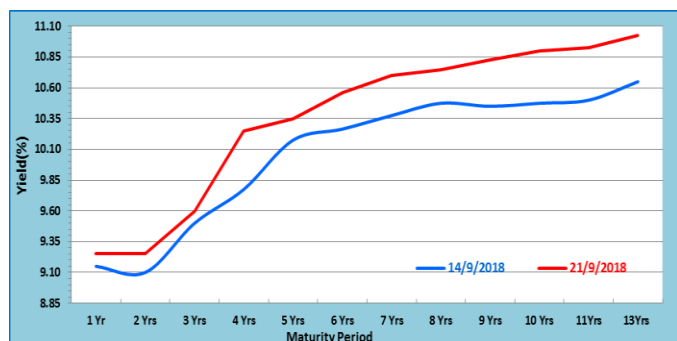
First time in 79 weeks CBSL rejects all bids received at auction due to market participants demanding high yields for short tenor maturities. Rs.8 billion treasury bills are to be issued through an auction on 26 Sep 2018 for the maturing amount of Rs.18.7billion.



Bond Market: Selling spree continues this week.

The upward momentum noticed last couple of weeks continued as yields increased 15-35 basis points during the week with perception of traders remaining negative.

The liquid maturities 15/10/2021, 15/03/2023, 15/07/2023, 01/08/2024 and 01/09/2028 saw yields closing at 10.45/50%, 10.50/60%, 10.55/62%, 10.65/75% and 10.85/00% compared to last week's closing of 10.08/20%, 10.23/30%, 10.25/30%, 10.30/45 and 10.40/60% respectively. Foreign outflow from rupee bonds was Rs. 8.81 billion for the week ending 19 September.



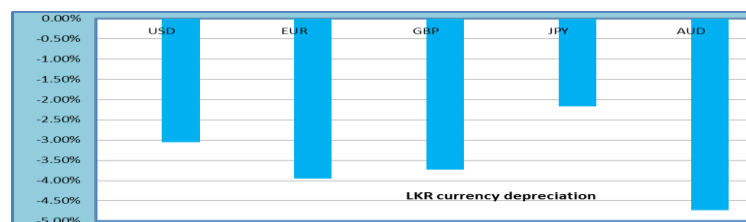
International Forex Market

The U.S. dollar was slightly higher against other currencies on Friday while the Japanese yen was lower as investors eyed trade war tensions.

The U.S. dollar index, which measures the greenback's strength against a basket of six major currencies, was at 93.56.

Local Forex Market

The rupee hits a record low of 168.50/169.00 per dollar on Friday compared to last week's closing of 163.60/90 as demand for the greenback increased rapidly. The rupee has weakened 4.13% this month, 3.05% this week and has depreciated against USD 9.9% so far this year.



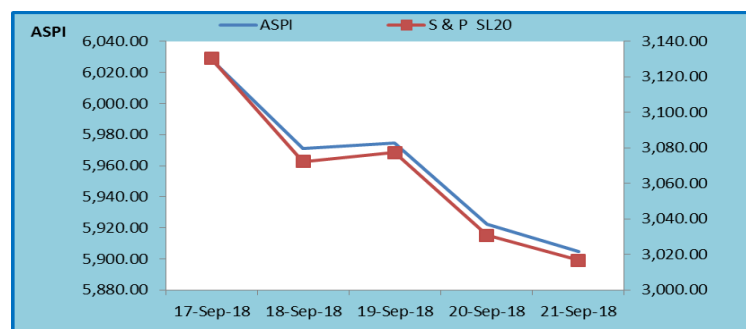
Commodity Markets

- **Oil:** Oil prices rose on Friday ahead of a meeting of OPEC and other large crude exporters that will focus on production increases as U.S. sanctions restrict Iranian exports. Brent crude oil (LCOc1) was at \$79.45 a barrel.
- **Gold:** Gold prices gained on Friday and is set to record its first weekly gain Gold futures for December delivery on the Comex division of the New York Mercantile Exchange inched up to \$1,214.00 a troy ounce.

Economic updates – Local & Foreign.

- Economy recovers to 3.7% growth – Census and stats.
- Appropriation Bill has been approved by Cabinet.
- The future budget will consider eradicating export barriers – President.
- China more confident after stabilizing yuan, seen cutting reserve ratio.
- Argentine peso strengthens on optimism over IMF talks.

Stock Market – Review



At the end of the week the ASPI has lost 123.59 points to finish at 5,904.90 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 113.52 points and ended at 3,016.76. The average turnover for the week ending 21/09/2018 was around Rs.701Million.