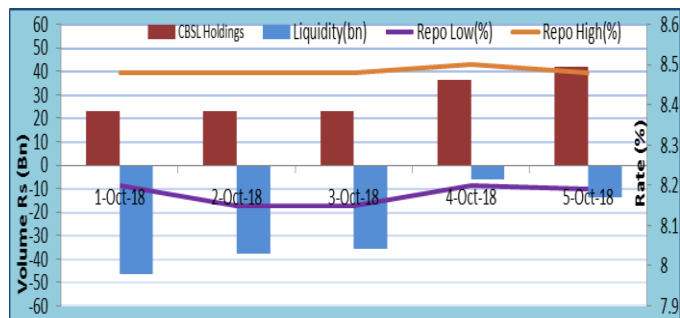


Weekly review for the week ending 05 October 2018

Money Market: Liquidity crunch decreases whilst holding increases.

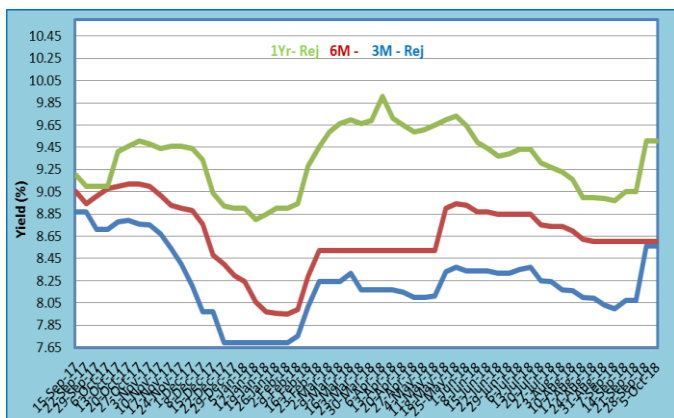
Market recorded a deficit of Rs.13.58billion at the end of the week and overnight repo was exchanged between 8.15%-8.50% levels in the market. Central bank was seen injecting Rs.70billion, Rs.93.7billion through O/n and term repo auctions and further Rs.76.3billion by SLF @8.50% to the market while absorbing Rs41.9billion by SDF @7.25%.



Government Securities Market Review

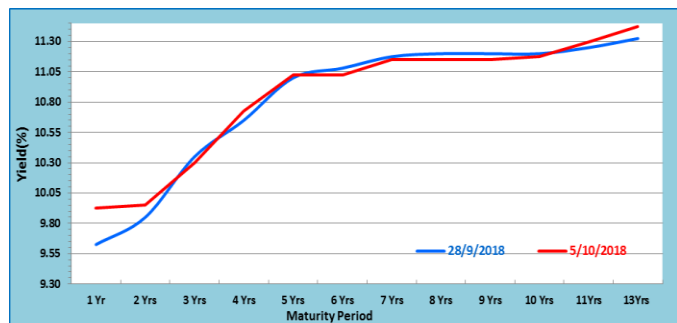
Treasury bill Market: CBSL rejects all bids received at auction.

Total amount offered through auction was Rs.6billion and bids amounting to Rs.13.9billion were rejected at auction for the second time in three weeks.



Bond Market: Mixed sentiment within the mindset of traders.

Yields fluctuated during the week as traders during the beginning of the week bought back into bonds as Monetary policy remained unchanged but was to be short lived as selling pressure backed by foreign selling pushed back yields to previous weeks closing levels.

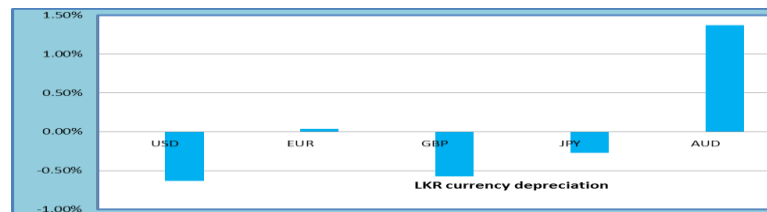


International Forex Market

The dollar edged toward a 10-week high on Friday before monthly U.S. jobs data that investors hope will shed light on how much longer the Fed's aggressive rate-hiking cycle will continue. The dollar index was higher on the day at 95.804

Local Forex Market

The rupee hit a fresh low to 170.45/50 per dollar compared to last week's closing of 169.35/45 as demand for the greenback increased fueled by foreign investor outflows from government securities. The rupee has weakened against USD 11.02% so far this year. The LKR has appreciated against EUR and AUD compared to last week.



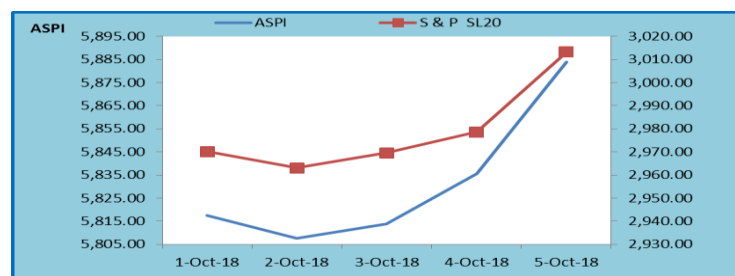
Commodity Markets

- **Oil:** Oil prices rise on Iran sanctions, outlook uncertain. West Texas Crude oil futures for November rose to \$74.64 a barrel and Brent crude futures increased to \$84.66.
- **Gold:** Gold prices increased while the dollar firmed as investors remained cautious ahead of the much-anticipated U.S. job data due later in the day. Gold futures for December delivery on the Comex division of the New York Mercantile Exchange was up at \$1,201.60 a troy ounce.

Economic updates – Local & Foreign.

- IMF revises Sri Lanka's 2018 growth to 'below 4%.
- Remittances down 1% - Jan-Aug.
- Tourism earnings up 12.5% Jan-Aug.
- Fitch affirms ratings on nine Sri Lankan banks; outlooks stable.
- CBSL decides maintain policy interest rates at their current levels.
- Sri Lanka reserves at USD7.3bn; used only USD184mn YTD to defend rupee: CBSL.
- India keeps policy rate unchanged, rupee tumbles on surprise inaction.

Stock Market – Review



At the end of the week the ASPI has gain 66.23 points to finish at 5,883.77 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also gain 43.11 points and ended at 3,013.17. The average turnover for the week ending 05/10/2018 was around Rs.406Million.