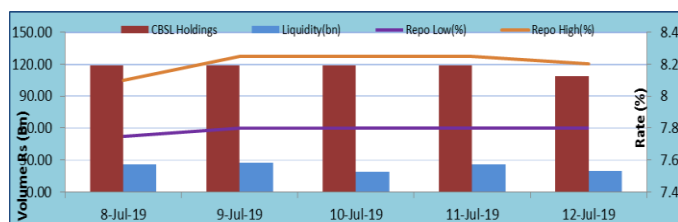


Weekly review for the week ending 12 July 2019

Money Market: Overnight liquidity decreases end of the week.

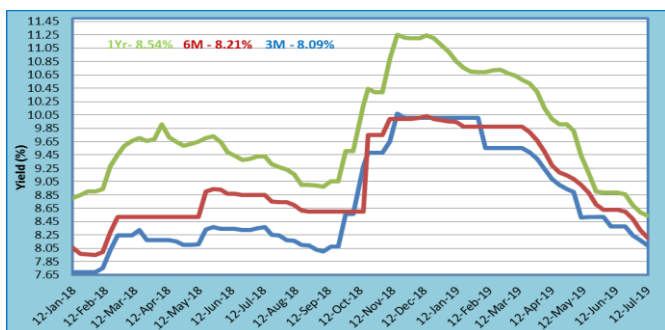
Market recorded a surplus of Rs.19.4billion at the end of the week and overnight repo was exchanged between 7.75%-8.25% levels in the market. Central bank was seen absorbing Rs.37.27billion, Rs11.4billion through O/n repo auctions and term auctions and further Rs.96.1billion by SDF @7.50% from the market while lending Rs26.86billion by SLF @8.50% during the week.



Government Securities Market Review

Treasury bill Market: Weighted averages decline across the board.

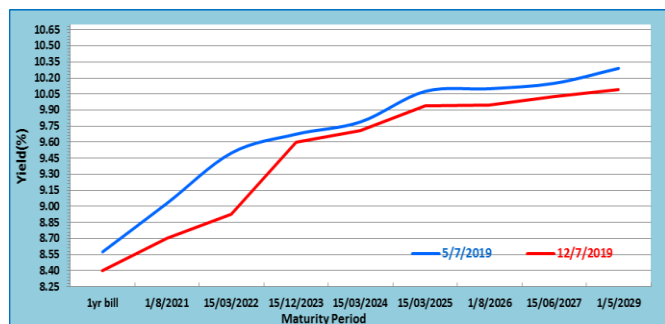
Total amount offered and accepted was Rs.22.5billion. 3M and 6M bills reduced by 8 and 11 basis points to 8.09% and 8.21% respectively. The benchmark 1 year bill weighted average recorded a drop of 5 basis points to 8.54% and bids amounting Rs14.5billion was accepted.



Bond Market: Bullish sentiment continues during the week.

During the week yields dropped by 15-40 basis points mainly on the short end of the yield curve whilst the long end of the yield curve dropped by 10-20 basis points due to investors and traders aggressively buying bonds as positive sentiment backed by primary T Bill weighted averages falling at auction and dovish stance of FED and CBSL.

The liquid maturities 15/10/2021, 15/12/2023, 15/03/2024, 01/08/2026, 15/01/2027, 15/06/2027 and 01/05/2029 saw yields decreasing up to 8.70/75%, 9.58/62%, 9.68/75%, 9.93/97%, 9.97/10.02%, 10.02/05% and 10.05/11% compared to last week's closing 9.03/10%, 9.65/70%, 9.78/83%, 10.05/15%, 10.15/20%, 10.17/27% and 10.27/33% respectively



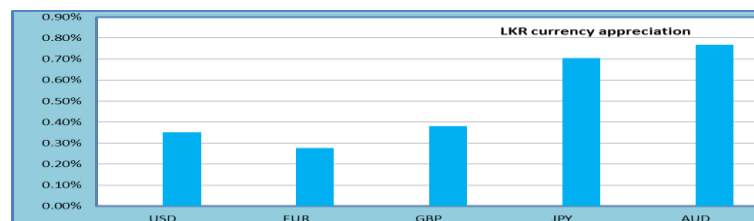
International Forex Market

Dollar Drops as Commodity Currencies Shine on Rate Outlook.

The U.S. dollar index that tracks the greenback against a basket of other currencies was at 96.54.

Local Forex Market

The rupee has appreciated to 175.45/55 compared to last week's closing of 176.12/20 against the dollar. Sri Lanka's gross official reserves have reached 8.9 billion US dollars by end June. LKR has appreciated against EUR, GBP, JPY and AUD compared to last week. The rupee has gained 4.12% so far this year from Dec2018 closing of 181.57.



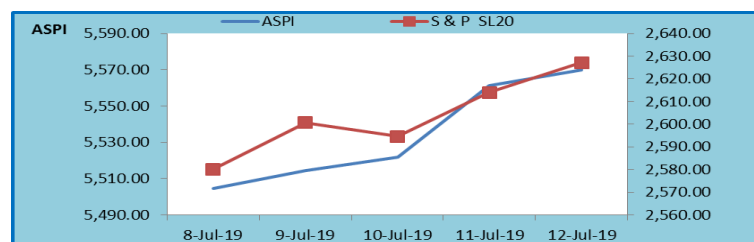
Commodity Markets

- **Oil:** Oil prices rise amid Gulf of Mexico storm, Middle East tensions. Brent crude futures were at \$67.09 a barrel. U.S. West Texas Intermediate (WTI) crude futures were at \$60.66 per barrel.
- **Gold:** Gold Prices Inch Up Despite Strong Inflation, Labor Data. Gold futures for August delivery on the Comex division of the New York Mercantile Exchange last traded at \$1,409.

Economic updates – Local & Foreign.

- Sri Lanka's possible fiscal slippage, main argument for not relaxing policy: CBSL Chief.
- Sri Lanka Central Bank maintains policy interest rates at current levels.
- Central bank wants lending rates in Sri Lanka to fall 200bp.
- Sri Lanka's growth downgraded to 3-pct for 2019: CBSL Chief.
- Sri Lanka eying 10-year Samurai bond sale in 2019: CBSL Chief.
- Fed's Powell bolsters rate cut view on trade, growth concerns.
- India-U.S. trade talks to restart Friday amid few signs of a compromise.
- China's June exports fall after U.S. tariff hike, imports shrink more than expected.

Stock Market – Review



At the end of the week the ASPI has gained 65.34 points to finish at 5,569.94 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also gained 47.10 points and ended at 2,627.19. The average turnover for the week ending 12/07/2019 was around Rs.425million.