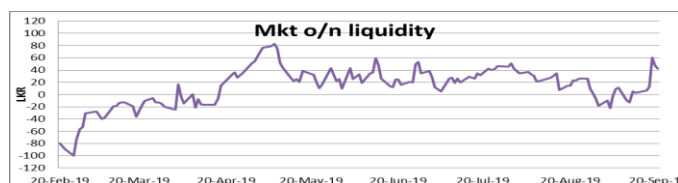


Weekly review for the week ending 20 September 2019

Money Market: Overnight liquidity recorded a surplus end of the week.

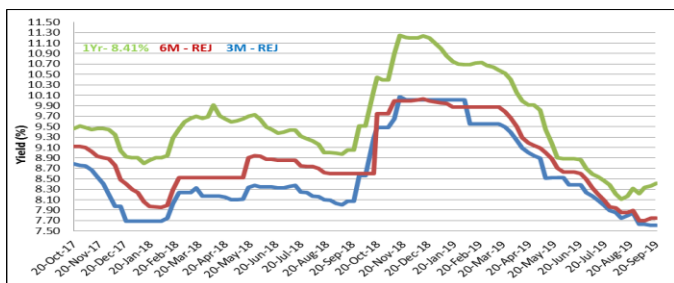
Market recorded a surplus of Rs.42.1billion at the end of the week and overnight repo was exchanged between 7.30%-7.95% levels in the market. Central bank was seen lending Rs.13.9billion and Rs31.1billion through O/n rev.repo and term auction respectively, further Rs.40.3billion by SLF to the market while absorbing Rs50.9billion and Rs.197.6billion by O/n repo auction and SDF during the week.



Government Securities Market Review

Treasury bill Market: Yields rise as investor appetite decreases.

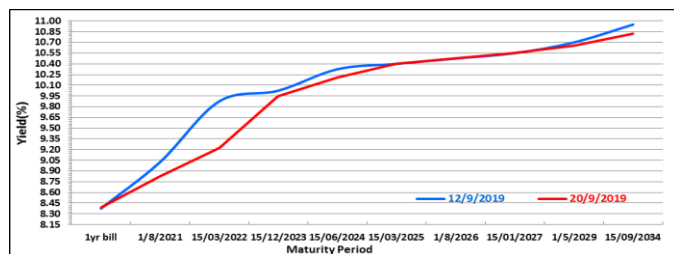
Total amount offered and accepted was Rs.8.5billion. Bids received for 3M and 6M bills were rejected at auction. The benchmark 1 year bill weighted average recorded an increase of 5 basis points to 8.41% and bids amounting Rs8.5billion was accepted.



Bond Market: Traders on a wait and see approach.

During the week yields on the short end of the yield curve decreased by 15-30 basis points due to liquidity surplus and intent of outright purchase of bonds by CBSL on 20 and 21 year maturities.

Foreign holding in Rupee bonds recorded an outflow for the week ending 18 September of Rs. 545million.Total outflow for the year is Rs 54.8Billion. The liquid 5year bond was quoted 10.25/30 on Fridays closing.

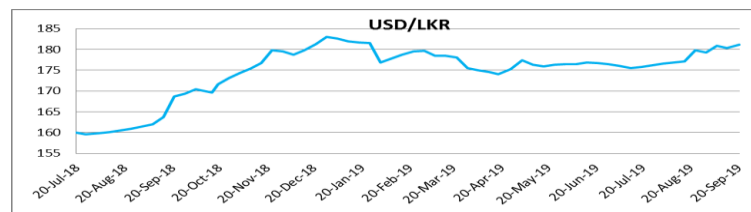


International Forex Market

Pound Rises on Brexit Hope.The U.S. dollar index was little changed at 97.835. This week, the Fed cut interest rates for a second time this year as expected.

Local Forex Market

The rupee has depreciated to 181.00/20 compared to last week's closing of 180.35/45 against the dollar to continued foreign fund outflows from government securities. LKR has appreciated 1.07% so far this year from Dec2018 closing of 183.05.



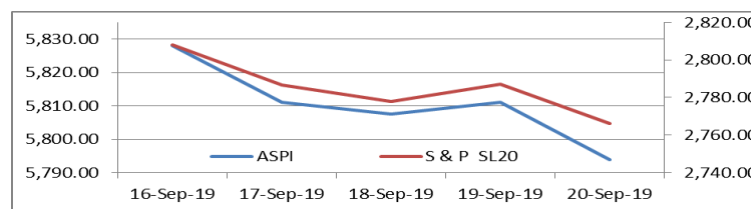
Commodity Markets

- **Oil:** Oil prices were on track to jump more than 7% this week, their biggest weekly rise in months, on rising Middle East tensions after a key Saudi Arabian supply hub was knocked out in an attack last weekend .Brent crude futures was at \$64.53 a barrel,U.S. West Texas Intermediate was at \$58.50 a barrel.
- **Gold:** Gold prices rose on Friday in Asia, recovering from losses suffered in the previous session following the conclusion of the U.S. Federal Reserve's latest policy meeting.Gold Futures for December delivery traded 0.4% higher at 1,512.25 per ounce on the Comex division of the New York Mercantile Exchange.

Economic updates – Local & Foreign.

- Sri Lanka GDP growth 1.6% in second quarter.
- Sri Lanka banks vulnerable to property market downturn: Fitch.
- Foreigners buy Treasuries in July after outflows for two straight months (Reuters).
- China cuts new loan rate for second month but struggling economy likely needs more (Reuters).
- India gives companies \$20.5 billion tax break to try to revive growth (Reuters).

Stock Market – Review



At the end of the week the ASPI has lost 34.25 points to finish at 5,793.89 while the S & P SL20 index which tracks the 20 largest capitalized stocks traded on the CSE has also lost 41.90 points and ended at 2,766.06. The average turnover for the week ending 20/09/2019 was around Rs.1.4billion.