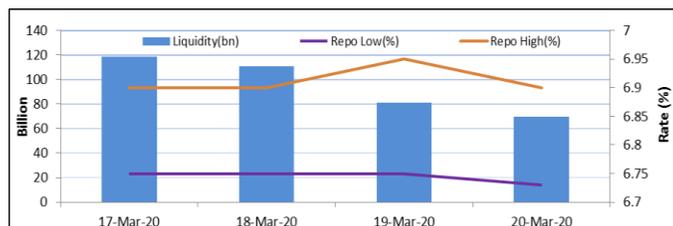


Weekly review for the week ending 20 March 2020

Money Market: Overnight liquidity surplus continues during the week.

Market recorded a surplus of Rs.69billion at the end of the week and overnight repo was exchanged between 6.73%-6.95% levels in the market. Central bank was seen absorbing Rs.239billion by SDF facility from the market and lending Rs.16.38billion by SLF during the week.



Government Securities Market Review

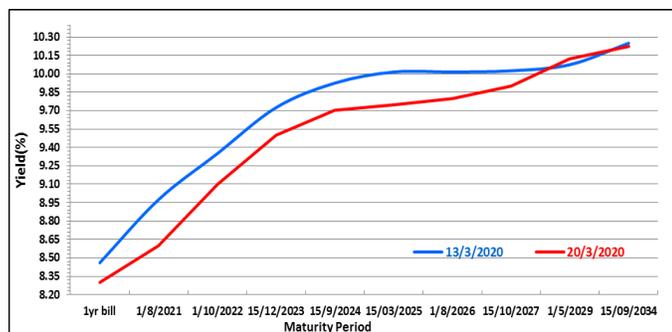
Treasury bill Market: Benchmark 1year bill decreases.

Total amount offered and accepted at auction was Rs.29billion. The weighted average yield of 3M decreased by 14bps to 7.27% while 6M bill also recorded a decrease of 19 basis points to 7.82%. The benchmark 1 year bill decreased by 16 basis points to 8.32% and bids amounting Rs.12billion was accepted.



Bond Market: CBSL sudden rate cut and SRR cut pushed the market down.

The bond market showed mixed movements pushing the yield curve down with the sudden rate cut by the CBSL in order to support the economy activities with the rapid global spread of the COVID-19 pandemic. The liquid maturities 01/09/2023, 15/06/2024, 15/09/2024 and 15/10/2027 saw yields decreased to 09.35/45%, 09.65/75%, 09.65/75% and 09.85/95% on Friday compared to last week's closing of 09.60/65%, 9.88/95%, 09.88/95% and 10.00/05% respectively.

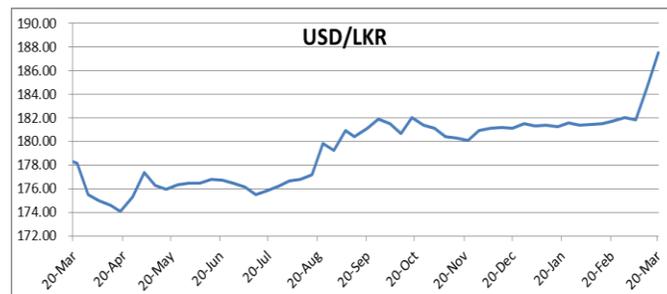


International Forex Market

The U.S. dollar was down on Friday in Asia, while the yen gained but liquidity was reduced amid a Japanese public holiday. The U.S. dollar index that tracks the greenback against a basket of other currencies dropped 0.7% to 102.865.

Local Forex Market

The rupee depreciated further during the week to 187.00/188.00 (indicative) compared to last week's closing of 184.00/185.00 against the greenback due to dollar demand by importers and banks.



Commodity Markets

- **Oil:** Oil prices continued to soar away on Friday morning in Asia from an 18-year low after U.S. President Donald Trump said he was prepared to intercede in the market. Brent crude rose to \$29.06 per barrel while U.S. West Texas Intermediate (WTI) was rose to \$26.99 per barrel.
- **Gold:** Gold prices were on the rise Friday morning even as investors reduce their risk in an increasingly unpredictable market. Gold Futures inched back towards the \$1,500 mark after taking huge swings between \$1,457.9 and \$1,486 in the last session. Gold futures were traded at \$1506.60 on Friday.

Economic updates – Local and Foreign.

- CB cuts rates 25bps, SRR by 100bps as emergency move over Coronavirus.
- China grants USD500mn concessionary loan to Sri Lanka.
- Sri Lanka halts imports of cars, electronics, perfumes, after soft-peg pressure.
- Sri Lanka's sovereign bond yields have risen sharply over the two weeks.
- US Federal Reserve slashed key interest rates by 100bps to a range of 0-0.25 percent.

Stock Market – Review

The stock market was closed for four days during this week (16.03.2020 – 19.03.2020) and opened for trading on Friday where Sri Lanka's stocks plunged over 11 percent measured by the Standard and Poor's SL 20 Index and All Share Index fell over 5 percent as the government slapped full days curfews over the weekend.

At the end of the week the ASPI has lost 303.10 points to finish at 4,571.63 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 258.55 points and ended at 1,947.42. The average turnover for the week ending 20.03.2020 was around Rs.420million.