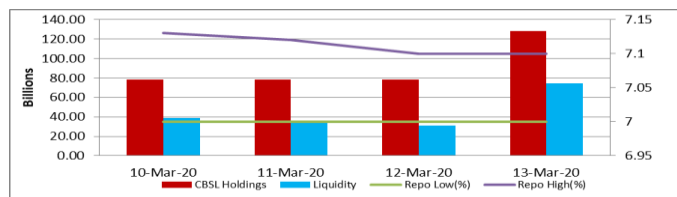


Weekly review for the week ending 13 March 2020

Money Market: CBSL holdings and liquidity increases end of the week.

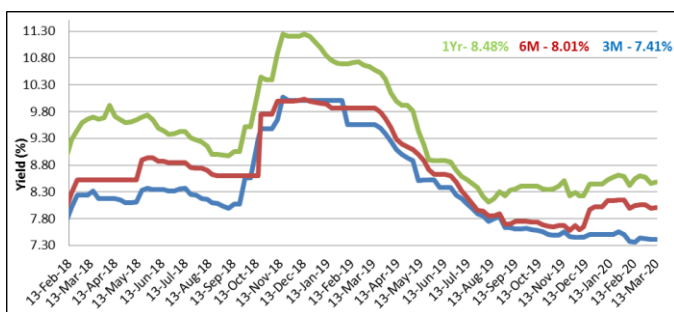
Market recorded a surplus of Rs.74.5billion at the end of the week and overnight repo was exchanged between 7.00%-7.13% levels in the market. Central bank was seen absorbing Rs179.9billion by SDF from the market and was seen lending Rs550million by SLF during the week.



Government Securities Market Review

Treasury bill Market: Benchmark 1year bill increases.

Total amount offered and accepted at auction was Rs.32billion. The weighted average yield of 3M was unchanged at 7.41% while 6M bills recorded an increase of 2 basis points to 8.01%. The benchmark 1 year bill increased by 2 basis points to 7.48% and bids amounting Rs16billion was accepted.

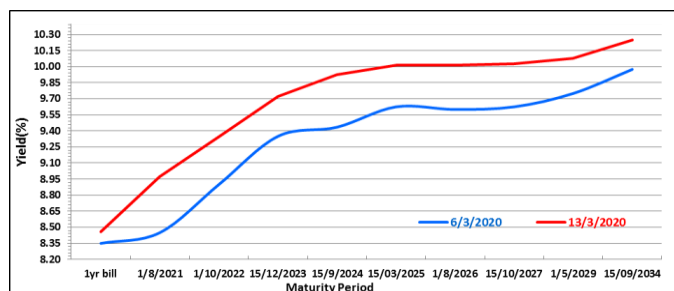


Bond Market: Global financial meltdown trickle downs to local market.

Reversing from the downward trend which was noticed last couple of week's yields increased during the span of the week as traders started a selling spree on negative sentiment whilst investors remained on the sidelines. The liquid maturities 01/09/2023, 15/06/2024, 15/09/2024, 15/10/2027 and 15/09/2034 saw yields increasing to 9.60/65%, 9.88/95%, 9.88/95%, 10.00/05% and 10.00/30% on Friday compared to last week's closing of 9.35/45%, 9.70/75%, 9.70/75%, 9.90/95% and 9.95/10.20% respectively.

Results of the bond auction which was held on 12/03/2020 are as follows:-
01/10/2022 – Off & Acc – 17.5 billion @ 9.33%
15/09/2024 – Off & Acc – 20.0 billion @ 9.81%
15/10/2027 – Off & Acc – 22.5 billion @ 9.99%

Foreign holding in Rupee bonds recorded an outflow for the seventh consecutive week of Rs.5.9billion for the week ending 11/03/2020.Total outflow for the year is Rs27.5billion.

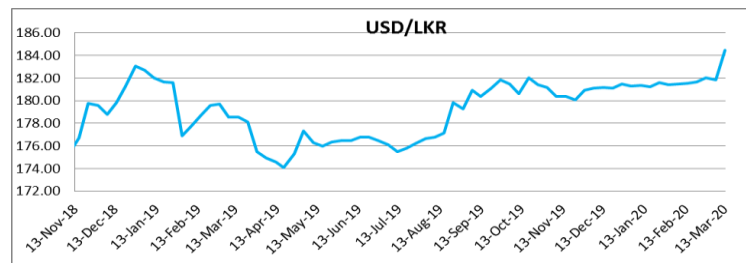


International Forex Market

The dollar drifted higher against developed-market peers but gave up gains against emerging currencies in early trading in Europe on Friday, as the market digested the Federal Reserve's pledge to inject \$1.5 trillion in reserves into the financial system late on Thursday. The dollar index that tracks the greenback against a basket of developed market currencies was essentially flat at 97.45..

Local Forex Market

The rupee depreciated during the week to 184.00/185.00 compared to last week's closing of 181.90/95 against the greenback due to dollar demand by importers and banks.



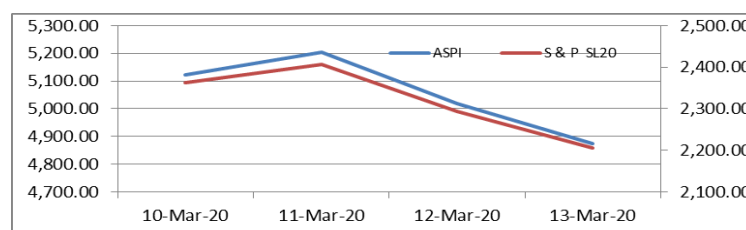
Commodity Markets

- **Oil:** Oil settled up about 1% or more on Friday, ending up with its worst week since the financial crisis, as investors braced for a recession amid declaration of a U.S. emergency by President Donald Trump to deal with the coronavirus crisis. West Texas Intermediate settled at \$31.73 per barrel. Brent, the London-traded global benchmark for crude, gained to settle at \$33.85.
- **Gold:** Gold Sees Worst Week in Nearly 9 Years Amid Run for Cash. Gold futures settled down at \$1516.70 per ounce.

Economic updates – Local and Foreign.

- SL bank credit to state surge in January 2020, private loans muted.
- Sri Lanka gives debt moratorium to finance company borrowers.
- Fitch warns SL on finance companies, ahead of tighter bad loan rule.
- Bank of Canada cuts rates by half point to 0.75%.
- Fed outlines treasury purchases as QE returns.
- China pumps \$79 billion into economy with bank cash reserve cut.

Stock Market – Review



At the end of the week the ASPI has lost 247.18 points to finish at 4,874.73 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 155.78 points and ended at 2,205.97. The average turnover for the week ending 13.03.2020 was around Rs.835million.