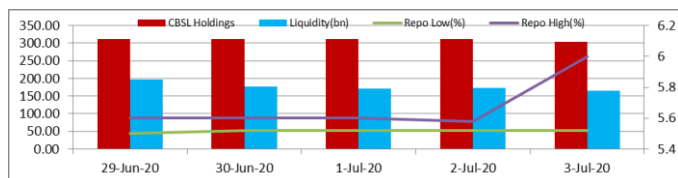


Weekly review for the week ending 03 Jul 2020

Money Market: Liquidity surplus decreases end of the week.

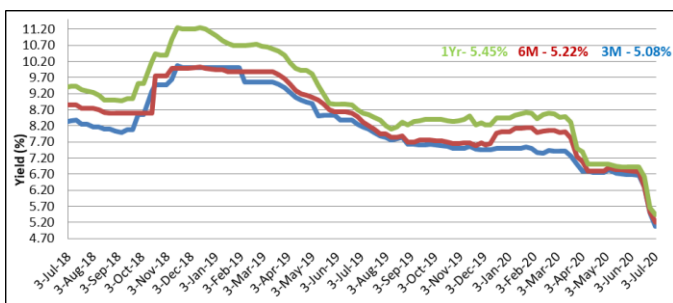
Market recorded a surplus of Rs.165.5billion at the end of the week and overnight repo was exchanged between 5.50%-6.00% levels in the market. The total outstanding market liquidity was a surplus of Rs.160.billion by the end of the week, compared to a surplus of Rs.185.3billion by the end of last week.



Government Securities Market Review

Treasury bill Market: Yields plummet to all time low as investor appetite surges.

Total amount offered and accepted was Rs.29billion. The weighted average yield of 3M and 6M bills recorded a decrease of 42 and 31 basis points to 5.08% and 5.22% respectively. The benchmark 1 year bill recorded a drop of 21 basis points to 5.45% and bids amounting to Rs.20.5billion were accepted. Rs.28.5billion worth of treasury bills is to be issued through an auction on 08 Jul 2020



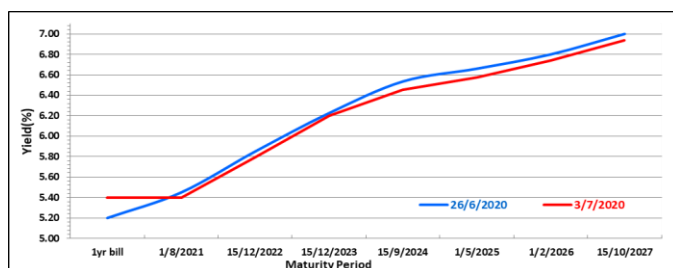
Bond Market: Robust outcome at auction energies yields further to decrease.

During the beginning of the week yields increased in preparation for the bond auction but were short-lived due to weighted averages at auction once more decreasing below maximum yields set by CBSL and decreasing secondary market yields successively

The liquid maturities 15/12/2022, 15/06/2024, 15/09/2024, 01/05/2025, 01/02/2026 and 15/10/2027 saw yields decreasing up to 5.78/80%, 6.43/45%, 6.43/45%, 6.52/60%, 6.72/82 and 6.92/98% compared to last week's closing of 5.80/90%, 6.45/55%, 6.45/55%, 6.62/70%, 6.75/85 and 6.95/7.05% respectively.

Results of the bond auction on 29/06/2020 are as follows:-

15/12/2022 – Off and Acc Rs.35billion @ 5.86 % Max yield set by cbsl – 6.20%
15/08/2027 – Off and Acc Rs.25billion @ 6.97 % Max yield set by cbsl – 7.30%

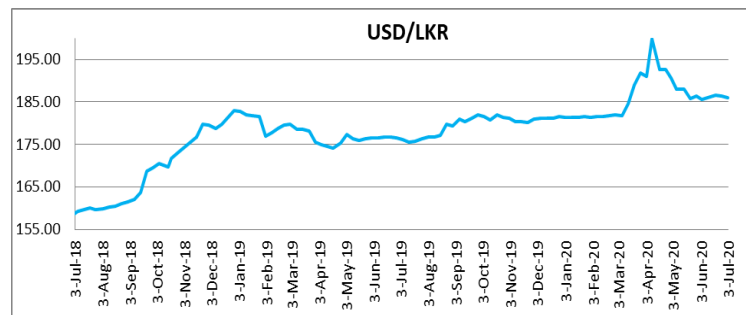


International Forex Market

The dollar edged lower in early European trade Friday, with volumes hit by the U.S. holiday and traders weighing the conflicting influences of positive economic data and the increasing number of coronavirus cases. The dollar index was at 97.203.

Local Forex Market

The rupee appreciated to 185.85/90 compared to last week's closing of 186.25/35 against the dollar.



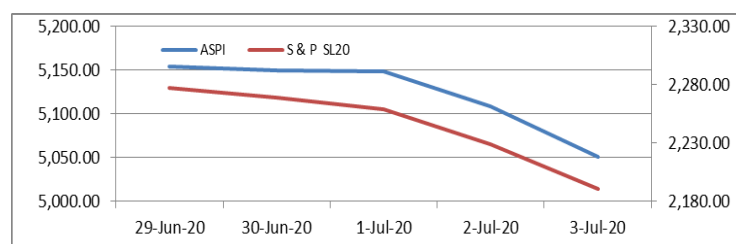
Commodity Markets

- **Oil:** Oil falls below \$43 on virus fears, still heads for weekly gain. U.S. crude futures traded at \$39.98 a barrel. The international benchmark Brent contract was at \$42.47.
- **Gold:** Gold Retreats Over Positive Data, But Losses Curbed Over Mounting COVID-19 Cases. Gold futures were down at \$1,787.50.

Economic updates – Local .

- Sri Lanka downgraded to World Bank lower middle income country as per capita income falls.
- Sri Lanka import controls extended indefinitely amid money printing.
- Sri Lanka inflation in June 2020 at to 3.9%.
- Sri Lanka debt relief, US\$400 swap line from India still under discussion.
- Sri Lanka remittances down 23%in May but up from April.
- Sri Lanka slaps import taxes on more fresh, dried fruits after printing money.

Stock Market – Review



At the end of the week the ASPI has lost 102.87 points to finish at 5,050.90 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 86.53 points and ended at 2,190.75. The average turnover for the week ending 03/07/2020 was around Rs.1.5billion.