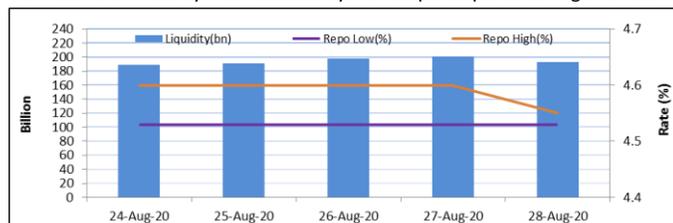


Weekly review for the week ending 28 August 2020

Money Market: Overnight liquidity surplus continues during the week.

Market recorded a surplus of Rs.193.04billion at the end of the week and overnight repo was exchanged between 4.53%-4.60% levels in the market. Central bank was seen absorbing Rs.971.87billion by SDF facility from the market and SLF facility was not used by market participants during the week.

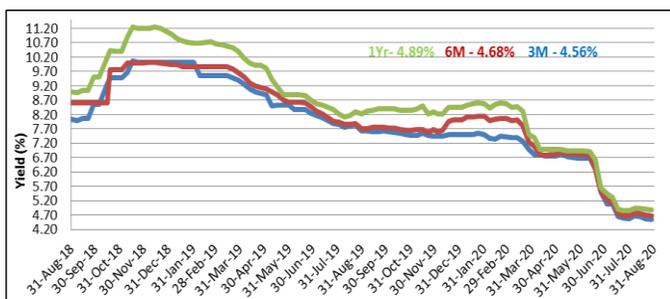


Government Securities Market Review

Treasury bill Market: Benchmark 1year bill decreases by 1 basis point.

Total amount offered and accepted at the auction was Rs.40billion. The weighted average yield of 3M recorded a decrease of 3 basis points to 4.56% while 6M weighted average yield also dropped by 3 basis points to 4.68%. The benchmark 1 year bill decreased by 1 basis point to 4.89% and bids amounting Rs.11billion was accepted.

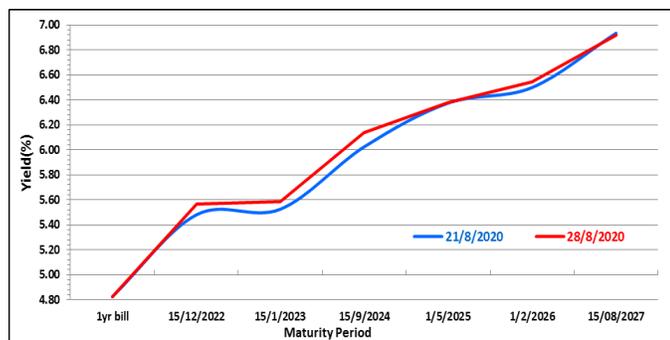
Rs.40billion Treasury Bills are to be issued through an Auction on 02-09-2020



Bond Market: Short tenor yields increased during the week.

In the secondary bond market, yields increased slightly in 2022, 2023 and 2024 maturities with average trading activities. Market participants were seen selling bonds at the beginning of the week but turned that into a buying interest after the bill auction was fully subscribed at lower rates.

The liquid maturities 15/12/2022, 15/09/2024, 01/05/2025 and 01/02/2026 saw yields increasing up to 5.56/57, 6.12/15%, 6.35/41 and 6.53/56 compared to last week's closing of 5.46/50%, 6.00/05%, 6.35/40% and 6.48/52% respectively.

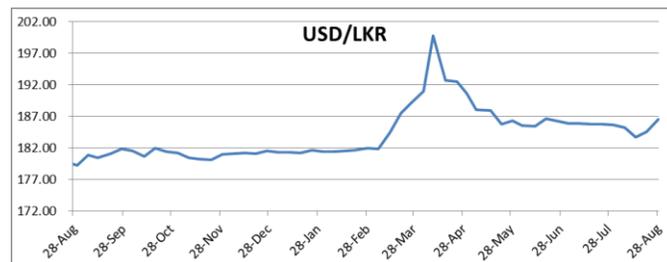


International Forex Market

The dollar index fell near 0.7% to around 92.3 on Friday, giving up some of its earlier gains as the U.S. Federal Reserve's new strategy to increase employment and to allow a more flexible inflation target, meaning rates can stay low for a longer period despite rising inflation.

Local Forex Market

The rupee depreciated during the week to 186.45/65 compared to last week's closing of 184.40/70 against the greenback. The total USD/LKR traded volume for 27 August was \$ 139.60 million.



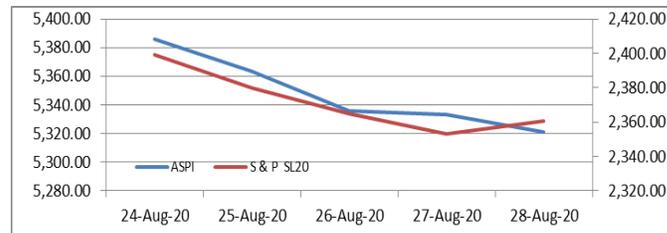
Commodity Markets

- Oil:** Brent crude futures traded around \$45 per barrel and headed for a weekly gain, as storm Laura hit Louisiana and Texas. US producers had shut 83% of the Gulf of Mexico's production ahead of the storm, while 9 refineries had shut 15% of US processing capacity. Brent crude traded at \$45.60 per barrel while U.S. West Texas Intermediate (WTI) traded at \$43.07 per barrel.
- Gold:** Gold prices rose more than 1.5% to around \$1,958 amid concerns over a global economic recovery from the ongoing Covid-19 crisis after macro data showed that the US economy contracted at a sharp rate of 31.7% in the second quarter while US weekly jobless claims remained above 1 million. Gold futures were traded at \$1,958.85 on Friday.

Economic updates – Local and Foreign.

- CBSL has approved over 100 billion rupees under a subsidized credit scheme for Coronavirus hit borrowers.
- Net foreign outflow from the Colombo stock market for this year reached Rs.30billion.
- Vote on Account to pass Rs.1.3 trillion in Parliament to cover government expenses from September to the end of this year.
- Euro zone's economic sentiment grew in August for the fourth consecutive month.

Stock Market – Review



At the end of the week the ASPI has declined 61.51 points to finish at 5,320.87 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also declined 33.80 points and ended at 2,360.38. The average turnover for the week ending 28.08.2020 was around Rs.1.7billion.