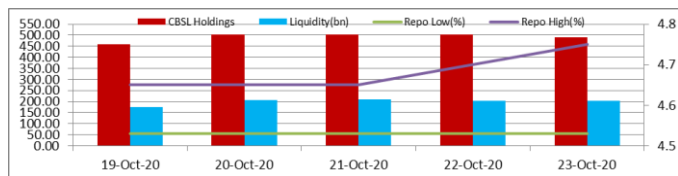


Weekly review for the week ending 23 October 2020

Money Market: CBSL holdings increases end of the week.

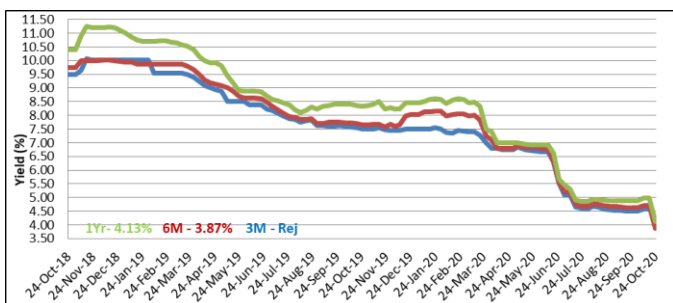
Market recorded a surplus of Rs.203.11billion at the end of the week and overnight repo was exchanged between 4.50%- 4.75% levels in the market. The total outstanding market liquidity was a surplus of Rs.150.66billion by the end of the week, compared to a surplus of Rs.123.11billion by the end of last week.



Government Securities Market Review

Treasury bill Market: Yields plummet at auction.

The total amount offered and accepted was Rs.40.0billion. Bids received for 3M bills were rejected whilst the weighted average yield of 6M decreased by 84 basis points to 3.87%. The benchmark 1 year bill decreased the most by 86 basis points to 4.13% and bids amounting to Rs.25.3billion was accepted. Rs.40billion worth of treasury bills is to be issued through an auction on 27 Oct 2020

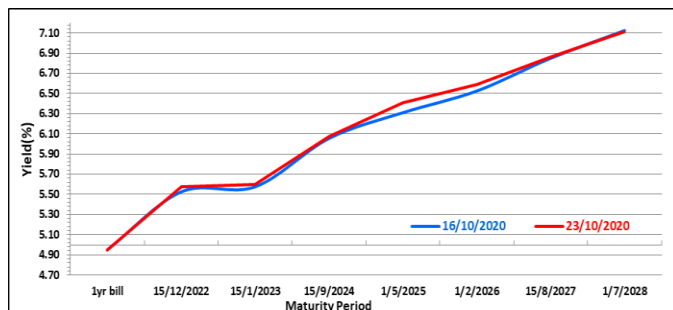


Bond Market: Yields increase along the yield curve.

Yields during the beginning of the week decreased in anticipation of a rate cut as traders purchased bonds in the hope of making near term gains but was stopped dead in the tracks as policy rates were unchanged and selling pressure led to the end results of yields increasing.

The liquid maturities 15/12/2022, 15/01/2023, 15/09/2024, 01/05/2025, 01/02/2026 and 15/08/2027 saw yields decreasing up to 5.55/60%, 5.58/65%, 6.05/10%, 6.37/45%, 6.58/60% and 6.93/95% compared to last week's closing of 5.50/55%, 5.55/60%, 6.05/06%, 6.27/35%, 6.51/54% and 6.82/88% respectively.

Foreign holding in Rupee bonds recorded an outflow of Rs.3billion for the week ending 21 Oct 2020. Total outflow for the year is Rs.94.3billion.



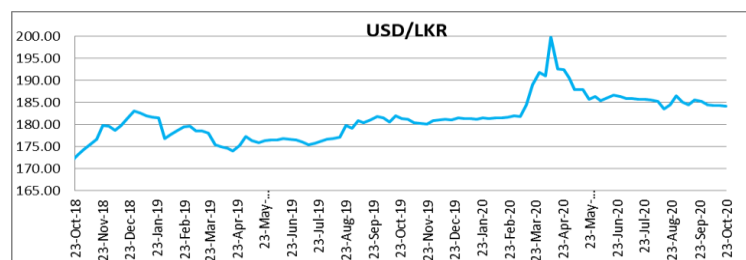
International Forex Market

The dollar was up on Friday morning in Asia, ending a tough week as it saw losses against the euro and its largest weekly drop against the yen in a month. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up to 93.043.

Local Forex Market

The rupee closed at 184.20/30 compared to last week's closing of 184.25/35 against the dollar.

During the year up to 23 Oct 2020 the Sri Lankan rupee depreciated against the US dollar 1.4%. The gross official reserves were estimated at US dollars 6.652.8 mio as at 30 Sep 2020.



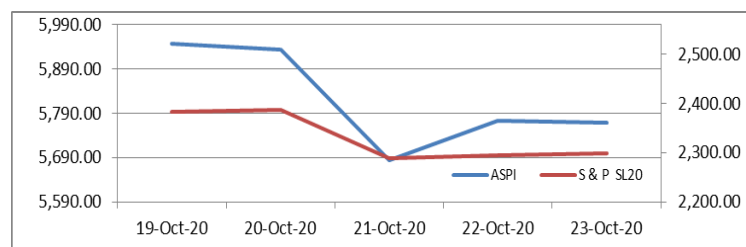
Commodity Markets

- Oil:** U.S. crude draw numbers aren't helping oil prices as investors zero in on the climbing rig count and prospects of Libyan supplies returning in a big way. Brent oil futures was at \$41.77 and WTI futures was at down to \$39.85
- Gold:** Gold rose in Friday's trade but settled down a second week in a row as the yellow metal tried to find a floor after the White House and Congress hit the pause button on the Covid-19 stimulus. Gold futures for December delivery settled at \$1,905.20 on New York's Comex.

Economic updates

- Sri Lanka keeps policy rates unchanged amid Covid-19 spike.
- Sri Lanka central bank urged to take pre-emptive action on debt.
- Sri Lanka import substitution should be temporary: economist.
- Sri Lanka GDP growth negative 4.6-pct in 2020, Bangladesh among fastest to grow: IMF.

Stock Market – Review



At the end of the week the ASPI has lost 177.14 points to finish at 5,768.94 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 84.84 points and ended at 2,297.88. The average turnover for the week ending 23/10/2020 was around Rs.2.4billion.