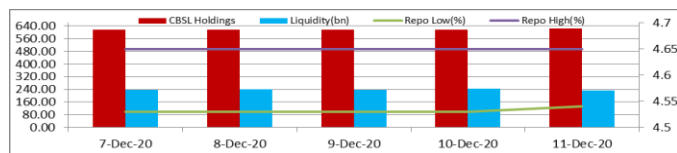


Weekly review for the week ending 11 December 2020

Money Market: Liquidity surplus continues during the week.

Overnight liquidity recorded a surplus of Rs.232billion at the end of the week compared to a surplus of Rs.234billion by the end of last week and overnight repo was exchanged between 4.50%- 4.70% levels in the market.

CBSL holding of government securities increased to Rs.625billion from Rs.616billion last week.

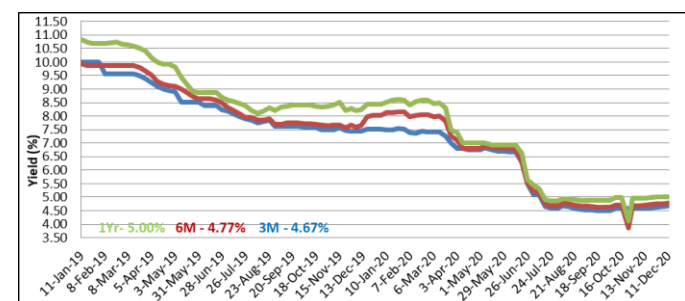


Government Securities Market Review

Treasury bill Market: Auction undersubscribed for the seventh consecutive week.

The total accepted amount was Rs.25.8billion to the offered amount of Rs.40billion. Bids received for 3M and 6M bills was accepted two and one basis points higher at the rate of 4.67% and 4.77% respectively. Weighted average of 1YR bill remained unchanged at the rate of 5.00% and bids amounts to Rs17.2billion was accepted at auction.

Rs.40billion worth of treasury bills is to be issued through an auction on 16 December 2020.



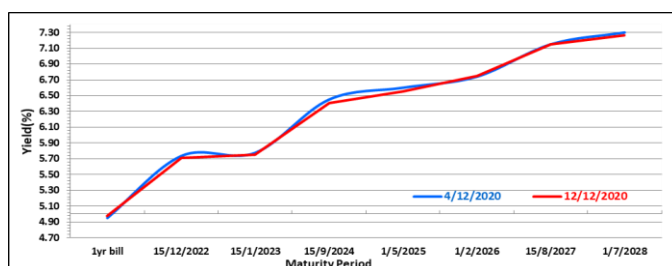
Bond Market: Yields remain broadly steady ahead of auction.

Moderate activity was witnessed ahead of bond auction as most participants opted stay on the sidelines.

Results of the bond auction on 11/12/2020 are as follows:-

- 01/10/2023 – Off Rs.40.0billion Max yield set by CBSL – 6.01%
Acc Rs.39.3billion @ 5.99%
- 01/03/2026 – Off Rs.40.0billion Max yield set by CBSL – 6.80%
Acc Rs.29.8billion @ 6.79%
- 01/01/2032 – Off Rs.20.0billion Max yield set by CBSL – 7.85%
Acc Rs.15.3billion @ 7.84%

Foreign holding in Rupee bonds recorded an outflow for the week ending 09 Dec 2020 of Rs. 990million and the outstanding stock of T-bills and T-bonds held by foreigners is Rs. 7.5billion. Total outflow for the year is Rs.97billion.

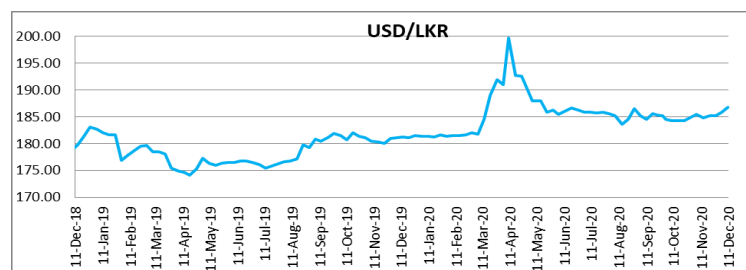


International Forex Market

The dollar weakened in early European trade Friday, with optimism of a recovery from the Covid-19 pandemic weighing on this safe haven, while the pound weakened on growing Brexit uncertainty. The Dollar Index was down at 90.797.

Local Forex Market

The rupee has devalued to 186.50/187.00 compared to last week's closing of 185.80/186.00 against the dollar. During the year up to 12 Dec 2020 the Sri Lankan rupee depreciated against the US dollar 2.99%. The gross official reserves were estimated at US dollars 5,549.3 mn as at 30th November 2020.



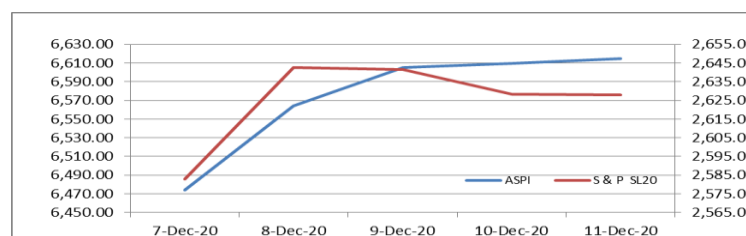
Commodity Markets

- Oil:** Oil clinches 6th winning week. New York-traded West Texas Intermediate settled Friday's trade up at \$46.57. London's Brent finished the day's trade at \$49.97.
- Gold:** Gold ended a rollercoaster week higher, eking out a weekly gain, as talks in the U.S. Congress for a COVID-19 fiscal stimulus package hung in the balance. Spot gold was at \$1,838.61.

Economic updates

- S&P downgrades Sri Lanka sovereign rating to 'CCC+', over budget, excess liquidity.
- Sri Lanka eyeing post GSP+ relationship with EU.
- Government unveils Budget loan bonanza.
- Global financial giant Citi's research arm is forecasting Sri Lanka's economy to contract by 4% this year before rebounding to a 3% growth in 2021.

Stock Market – Review



At the end of the week the ASPI has gained 140.80 points to finish at 6,614.56 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also gained 45.06 points and ended at 2,627.81. The average turnover for the week ending 11.12.2020 was around Rs.3.9billion.