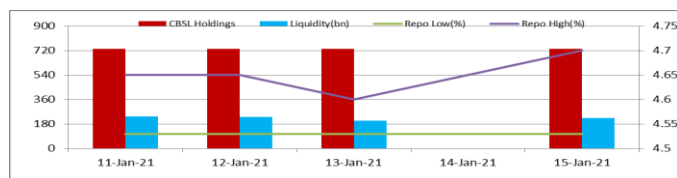


Weekly review for the week ending 15 January 2021

Money Market: Market records a surplus during the week.

Overnight liquidity recorded a surplus of Rs.222billion at the end of the week compared to a surplus of Rs.238billion by the end of last week and overnight repo was exchanged between 4.60%- 4.70% levels in the market.

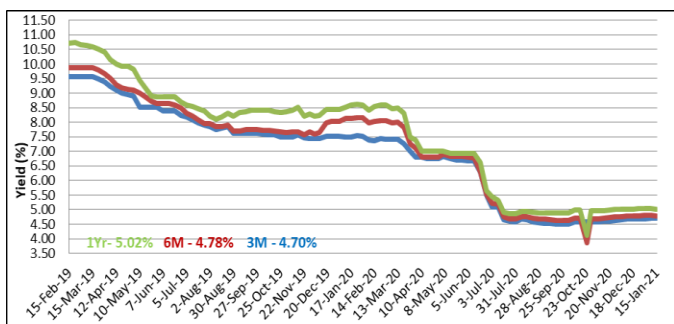
Weekly AWPR for the week ending 15th January 2021 increased by 13 bps to 5.88% compared to the previous week.



Government Securities Market Review

Treasury bill Market: Auction subscribed for the second consecutive week.

Total amount offered and accepted was Rs.40billion. Bids received for 3M and 6M bills were accepted one and two basis points lower at the rate of 4.70% and 4.78% respectively. The benchmark 1 year bill also reduced by three basis points to 5.02% and bids amounting to Rs.22billion was accepted. Rs.40billion worth of treasury bills is to be issued through an auction on 20 Jan 2021.

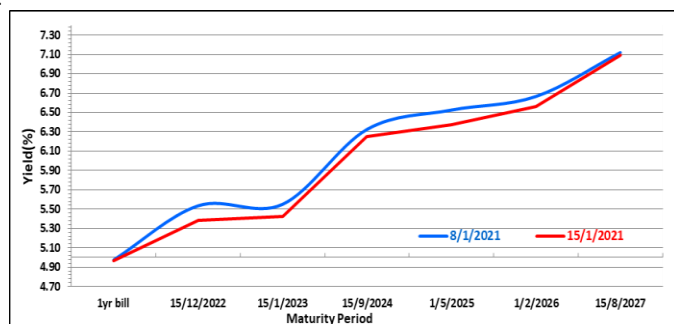


Bond Market: Yields decrease on positive sentiment.

Yields during the week reduced by 5-15 basis points as investors and traders purchased bonds backed by robust Treasury bill and bond auctions.

The liquid maturities 15/12/2022, 01/10/2023, 15/09/2024, 01/05/2025, 01/02/2026 and 15/08/2027 saw yields decreasing up to 5.35/42%, 5.63/70%, 6.22/28%, 6.32/42%, 6.53/60% and 7.05/13% compared to last week's closing of 5.52/55%, 5.85/90%, 6.30/35%, 6.50/55%, 6.63/70% and 7.07/17% respectively.

Foreign holding in Rupee bonds recorded an inflow for the week ending 16 Jan 2020 of Rs. 550million and the outstanding stock of T-bills and T-bonds held by foreigners is Rs. 7.4billion. Total inflow for the year is Rs.549million.

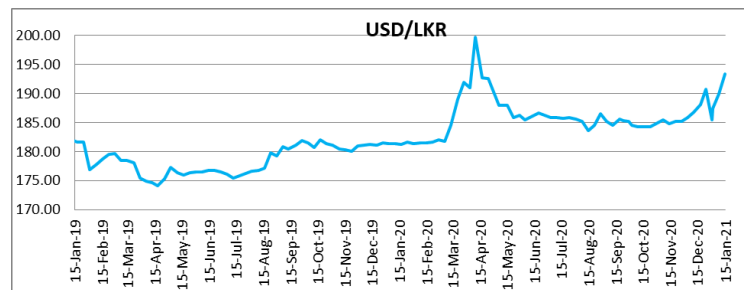


International Forex Market

The dollar edged higher Friday after President-elect Joe Biden outlined his plans for additional stimulus, but gains are likely to be limited after Federal Reserve Chairman Jerome Powell declined to join any discussion about reducing monetary stimulus. The Dollar Index was at 90.267.

Local Forex Market

Sri Lanka rupee closed weaker at 195.20/195.70 in the one week forward market amid CBSL intervention against the US dollar on Friday. The gross official reserves were estimated at US dollars 5,549.3mn as at 30th November 2020.



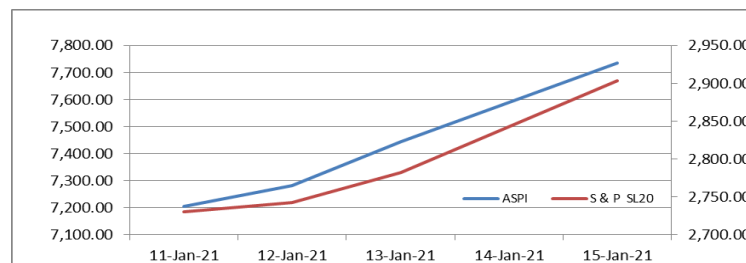
Commodity Markets

- **Oil:** As investors weighing strong import data from China against a COVID-19 outbreak in the world's biggest crude importer that has seen several Chinese cities impose lockdown measures. Brent oil futures were down to \$56.27 while WTI futures was at \$53.59.
- **Gold:** Another week of lost luster for gold at the expense of a charging dollar as President-elect Joe Biden's proposed \$2 trillion coronavirus stimulus. Gold for February delivery was at \$1,829.90 an ounce

Economic updates.

- Sri Lanka exports down 16%, imports 20% in November.
- Sri Lanka to repay US\$6,865mn foreign debt in 2021.
- Services PMI turns positive in Dec. 2020 after two months.

Stock Market – Review



At the end of the week the ASPI has gained 530.94 points to finish at 7,734.57 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also gained 172.13 points and ended at 2,902.98. The average turnover for the week ending 15.01.2021 was around Rs.9.4billion.