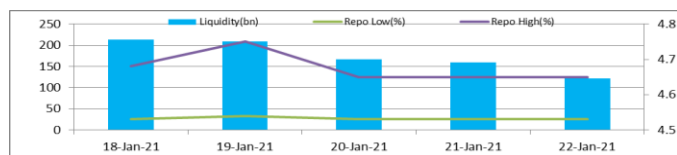


Weekly review for the week ending 22 January 2021

Money Market: Liquidity surplus reduces drastically end of the week.

Overnight liquidity recorded a surplus of Rs.121billion at the end of the week compared to a surplus of Rs.222billion by the end of last week and overnight repo was exchanged between 4.50%- 4.75% levels in the market.

Weekly AWPR for the week ending 22 January 2021 decreased by 12 bps to 5.76% compared to the previous week.

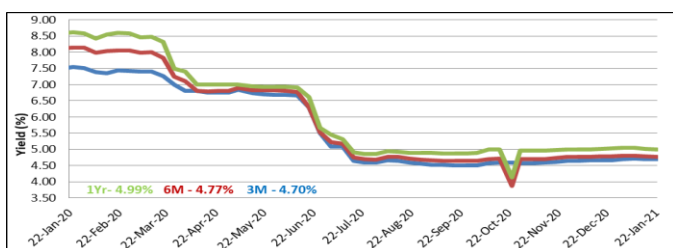


Government Securities Market Review

Treasury bill Market: Auction fully subscribed for the third consecutive week.

Total amount offered and accepted was Rs.40billion. Weighted average yield of 3M bills remained unchanged at the rate of 4.70% while bids received for 6M bills were accepted one basis point lower at the rate of 4.77%. The benchmark 1 year bill also reduced by three basis points to 4.99% and bids' amounting to Rs.23billion was accepted.

Rs.40billion worth of treasury bills is to be issued through an auction on 26 Jan 2021.



Bond Market: Yields increase on bond auction announcement.

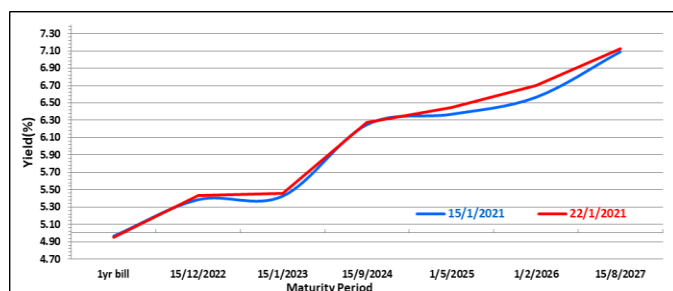
During the beginning of the week yields decreased as traders and investors purchased bonds backed by rates reducing on Tbill auction. This was to be short lived as selling pressure reemerged as maximum yields at T bond auction was higher than market prevailing rates which prompted traders to sell bonds in making near term gains.

The liquid maturities 15/12/2022, 01/10/2023, 15/09/2024, 01/05/2025, 01/02/2026 and 15/08/2027 saw yields increasing up to 5.40/47%, 5.68/78%, 6.25/30%, 6.40/50%, 6.65/75% and 7.10/20% compared to last week's closing Of 5.35/42% , 5.63/70% , 6.22/28% , 6.32/42% , 6.53/60% and 7.05/13% respectively.

Details of the bond auction which is to be held on 27/01/2021 are as follows:-

01/12/2024 – Off Rs.50billion Max yield set by CBSL – 6.35%.

15/08/2027 – Off Rs.25billion Max yield set by CBSL – 7.20%.

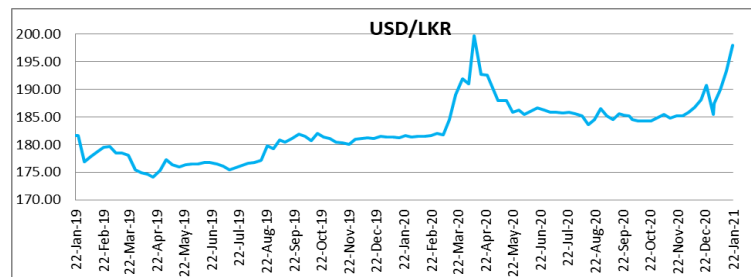


International Forex Market

The dollar edged higher in Europe Friday, but was still heading for a lower week as traders made bets on an economic recovery from the Covid-19 pandemic. The Dollar Index was at 90.243.

Local Forex Market

Sri Lanka rupee closed weaker at 197/200 in spot next market amid CBSL intervention against the US dollar on Friday. The gross official reserves were estimated at US dollars 5,665.1mn as at 31 Dec 2020.



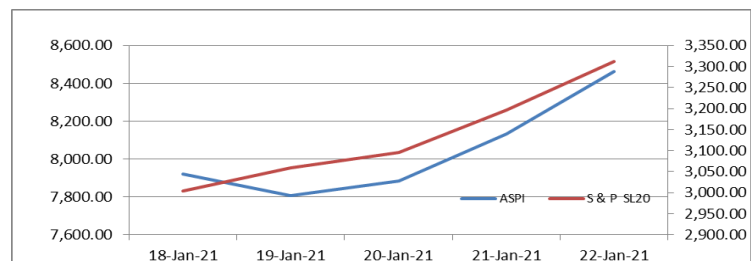
Commodity Markets

- **Oil:** Oil prices fell their most in a week as the lack of fuel demand amid the coronavirus pandemic. New York-traded West Texas Intermediate, was at \$52.27 per barrel. Brent the global benchmark for crude, settled at \$56.10.
- **Gold:** Volatile Gold shines in first week since christmas. February gold settled down at 1,856.20

Economic updates.

- Sri Lanka forex support on 'non-interventionist' basis, no IMF talks yet: CB Governor.
- Sri Lanka GDP to grow 6% in 2021: Central Bank.
- Sri Lanka China RMB swap may come in weeks, India in the works: Central Bank.
- Sri Lanka central bank keeps policy loose amid negative forward fx premiums.

Stock Market – Review



At the end of the week the ASPI has gained 540.77 points to finish at 8,463.43 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also gained 309.05 points and ended at 3,312.35. The average turnover for the week ending 22.01.2021 was around Rs.12billion.