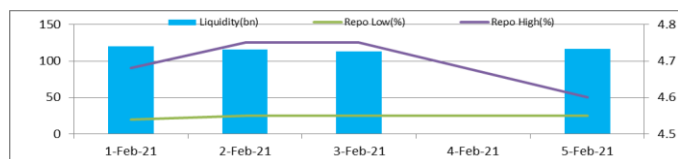


Weekly review for the week ending 05 February 2021

Money Market: Liquidity surplus continues during the week.

Overnight liquidity recorded a surplus of Rs.116billion at the end of the week and overnight repo was exchanged between 4.50%- 4.75% levels in the market.

Weekly AWPR for the week ending 05th February 2021 decreased by 31 bps to 5.59% compared to the previous week.

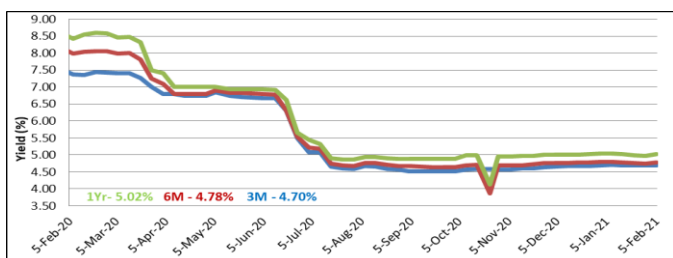


Government Securities Market Review

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

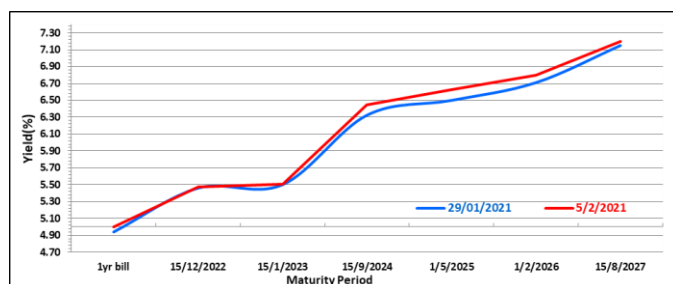
The total accepted amount was Rs.22.7billion to the offered amount of Rs.40billion. Weighted average yield of 3M and 6M bills increased by one and three basis points to 4.70% and 4.78% respectively. The benchmark 1 year bill increased the most by four basis points to 5.02% and bids amounting to Rs.16.7billion was accepted.

Rs.40billion worth of treasury bills is to be issued through an auction on 10 February 2021.



Bond Market: Yields increase along the yield curve.

During the week moderate activity was witnessed as traders realized gains whilst investors purchased bonds cautiously. Yields during the week increased by 5-10 basis points when compared with last week.



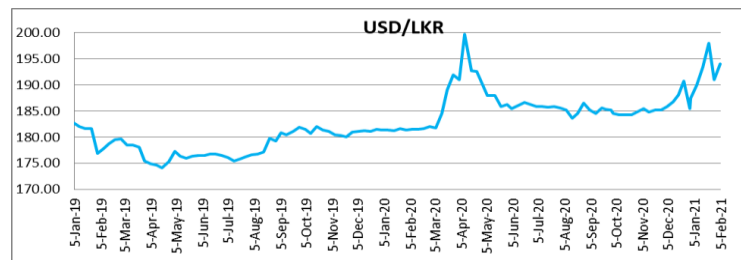
Security	Maturity Date	Coupon Rate %	Secondary Market %	
			This Week	Last Week
International Sovereign Bonds	27-Jul-21	6.25	23.05	23.66
	18-Jan-22	5.75	32.26	32.29
	25-Jul-22	5.88	31.87	32.45
	18-Apr-23	5.75	26.70	26.83
	14-Mar-24	6.85	23.24	23.71
	28-Jun-24	6.35	21.65	21.87
	03-Jun-25	6.13	18.88	19.11
	03-Nov-25	6.85	18.88	19.17
	18-Jul-26	6.83	17.92	18.14
	11-May-27	6.20	16.26	16.56
	18-Apr-28	6.75	15.95	16.22
	14-Mar-29	7.85	16.52	16.87
	28-Mar-30	7.55	15.50	15.86

International Forex Market

The dollar edged lower in early European trading Friday, consolidating after strong gains this week driven by growing confidence in the U.S. economic recovery. The Dollar Index was at 90.96.

Local Forex Market

Sri Lanka rupee closed weaker at 193.70/194.25 levels in the spot market on Friday. The gross official reserves were estimated at US dollars 5,665.1mn as at 31 Dec 2020.



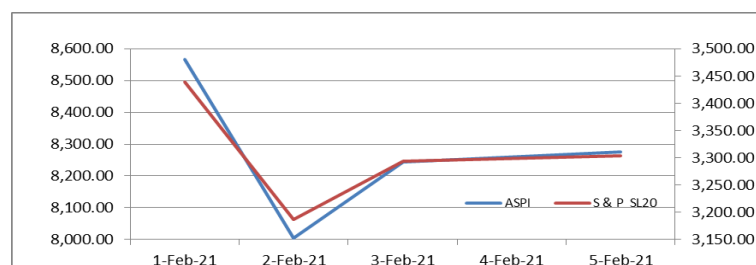
Commodity Markets

- **Oil:** Crude prices rose some 9% on the week but fell short of the \$60 per barrel mark targeted by oil bulls. New York-traded West Texas Intermediate, the key indicator for U.S. crude, settled at \$56.85 per barrel. Brent, the global benchmark for crude, settled at \$59.34.
- **Gold:** Gold returned to above \$1,800 an ounce on Friday after tumbling the week down some 2% due setbacks dealt by the dollar and surging U.S. bond yields. Benchmark gold futures for April delivery on New York's Comex settled at \$1,813.05.

Economic updates.

- Sri Lanka repays US\$400mn India swap, extension requires IMF deal.
- Sri Lanka to maintain fixed prices on 27 essential goods, subject to forex rates and taxes for some imports.
- Sri Lanka domestic borrowings exceed deficit, repays Rs352bn to foreign lenders by Oct 2020.
- Sri Lanka prints 505 billion rupees in 2020, bank borrowings top 11% of GDP

Stock Market – Review



At the end of the week the ASPI has lost 291.70 points to finish at 8,275.37 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 134.85 points and ended at 3,304.30. The average turnover for the week ending 05.02.2021 was around Rs.10.5billion.