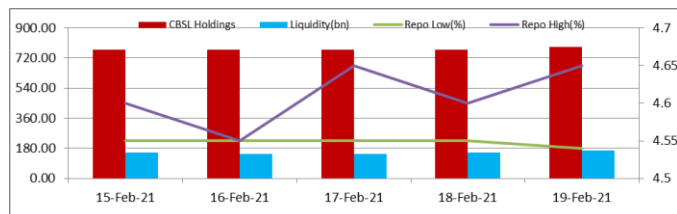


Weekly review for the week ending 19 February 2021

Money Market: O/n liquidity and CBSL holdings increase end of the week.

Overnight liquidity recorded a surplus of Rs.165billion at the end of the week compared to a surplus of Rs.154billion by the end of last week and overnight Repo was exchanged between 4.50% - 4.65% levels in the market. CBSL holding of government securities increased to Rs.784billion from Rs.769billion last week.

Weekly AWPR for the week ending 19th February 2021 decreased by 14 bps to 5.69% compared to the previous week.

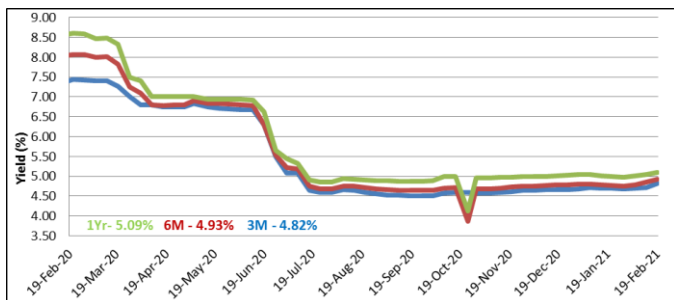


Government Securities Market Review

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

The total accepted amount was Rs.16.7billion to the offered amount of Rs.40billion. Weighted average yield of 3M and 6M bills increased by ten and eight basis points to 4.82% and 4.93% respectively. The benchmark 1 year bill increased by five basis points to 5.09% and bids' amounting to Rs.2.9billion was accepted.

Rs.42.5billion worth of treasury bills is to be issued through an auction on 23 February 2021.

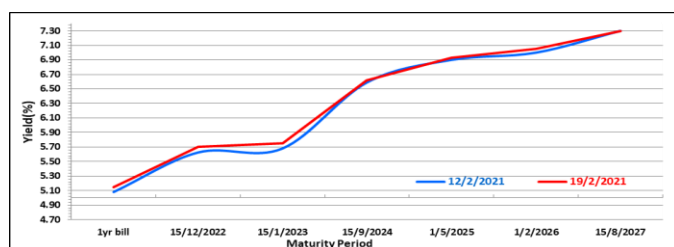


Bond Market: Yields increase ahead of bond auction.

Yields during the beginning of the week increased drastically as most market participants and investors opted to stay on the side lines but towards the latter part of the week fresh buying were witnessed bringing yields to previous levels.

Details of the bond auction which is to be held on 24/02/2021 are as follows:-

- 15/11/2023 – Off Rs.25billion Max yield set by CBSL – 6.25%.
- 15/09/2024 – Off Rs.30billion Max yield set by CBSL – 6.70%.
- 15/01/2026 – Off Rs.30billion Max yield set by CBSL – 7.10%.
- 01/07/2028 – Off Rs.40billion Max yield set by CBSL – 7.60%.



International Forex Market

The dollar edged lower in early European trading Friday, after disappointing labor market data diluted optimism over a quick U.S. economic recovery. The Dollar Index, which tracks the greenback against a basket of six other currencies, was down at 90.483.

Local Forex Market

Sri Lanka rupee closed weaker at 195/195.75 to the US dollar in the one-week market compared to last week's closing of 194.50/195.50. The gross official reserves were estimated at US dollars 4,814.6 mn as at 29th January 2021.



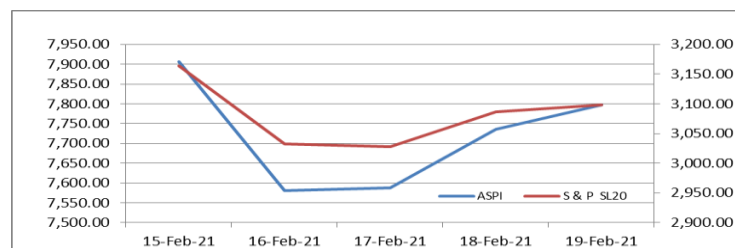
Commodity Markets

- Oil:** Crude prices tumbled more than 2% Friday for their biggest slump since January on worries that an Arctic blast that disrupted production in Texas. New York-traded West Texas Intermediate crude settled down at \$59.26 per barrel. London-traded Brent, the global benchmark for crude, settled down at \$62.91.
- Gold:** Gold prices advanced for a second straight day on Friday, halting a six-day slide that took it to June lows. At Friday's settlement, gold for April delivery on Comex settled up at \$1,777 per ounce

Economic updates.

- SL banks to surrender part of converted export dollars to central bank.
- Sri Lanka forex interventions rise to US\$72mn amid credit pick-up in Jan.
- Sri Lanka FDI slows to US\$528mn up to Sept 2020.

Stock Market – Review



At the end of the week the ASPI has lost 109.33 points to finish at 7,797.94 while the S & P SL20 index which tracks the largest capitalized stocks traded on the CSE has also lost 65.47 points and ended at 3,098.12. The average turnover for the week ending 19.02.2021 was around Rs.4.0billion.