



First Capital

DAILY MARKET WATCH

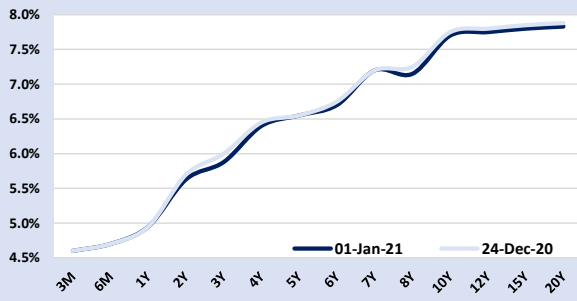
First Capital Research

January 1, 2021

FIXED INCOME

"New Year brings forth renewed buying"

YIELD CURVE BASED ON MID RATES & MARKET COMMENTARY



Breaking the lackluster cycle witnessed in the last two weeks of December, renewed buying interest pulled through resulting in the secondary market yield curve shifting slightly downwards. Activity was predominantly centered on 2022 and 2023 maturities while overall market witnessed moderate volumes. Buying interest was seen on 15.11.22 and 15.12.22 maturities trading in the range of 5.63%-5.60% levels while 15.01.23 traded at 5.70%, 15.09.23 at 5.90%, 01.10.23 traded in the range of 5.97%-5.93% levels, 15.06.24 at 6.35% and 15.09.24 at 6.40%.

T-BILLS & T-BONDS 2 WAY QUOTE AND CHANGE OVER LAST WEEK

Tenure	Bid	Offer	Today	Last Week	Change (bps)
< 91 Days < 3M	4.65%	4.55%	4.60%	4.60%	0
< 182 Days < 6M	4.75%	4.65%	4.70%	4.70%	0
< 364 Days < 1Y	5.00%	4.90%	4.95%	4.95%	0
15-Dec-22 < 2Y	5.65%	5.60%	5.63%	5.70%	-7
01-Sep-23 < 3Y	5.90%	5.85%	5.88%	6.00%	-12
15-Sep-24 < 4Y	6.45%	6.35%	6.40%	6.45%	-5
01-May-25 < 5Y	6.60%	6.50%	6.55%	6.55%	0
01-Feb-26 < 6Y	6.75%	6.65%	6.70%	6.75%	-5
15-Oct-27 < 7Y	7.25%	7.15%	7.20%	7.20%	0
01-Sep-28 < 8Y	7.20%	7.10%	7.15%	7.25%	-10
15-May-30 < 10Y	7.75%	7.65%	7.70%	7.75%	-5
01-Jan-32 < 12Y	7.85%	7.65%	7.75%	7.80%	-5
15-Sep-34 < 15Y	7.95%	7.65%	7.80%	7.85%	-5
15-Aug-39 < 20Y	8.00%	7.65%	7.83%	7.88%	-5

PRIMARY AUCTION

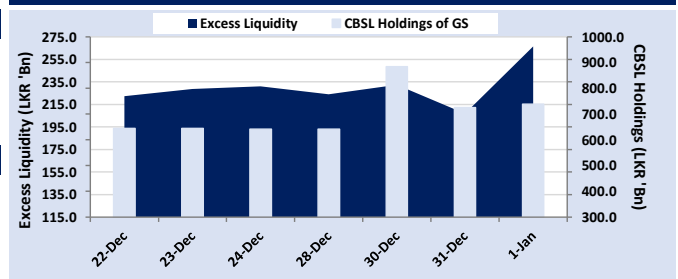
T-BILL AUCTION				WEEK ENDING 1-Jan-21		
Tenor	Current	Previous	Change	Offered	Bids	Accepted
	30-Dec-20	22-Dec-20	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	4.69%	4.67%	2	10,000	10,015	510
182 Days	4.80%	4.78%	2	11,000	17,083	9,783
364 Days	5.05%	5.03%	2	19,000	26,226	8,476
Date of Settlement	1-Jan-21			40,000	53,324	18,769

T-BOND AUCTION					WEEK ENDING 18-Dec-20		
Bond Type	Yield	Offered	Bids	Accepted	Type	LKR ('Mn)	USD ('Mn)
07.00%2023'A'	5.99%	40,000	48,346	39,346	T-Bills	34,865	
05.35%2026'A'	6.79%	40,000	60,800	29,800	T-Bonds	0	
08.00%2032'A'	7.84%	20,000	33,800	15,300	T-Bond Interest	0	
					SLDBs/Sovereign Bonds		0
TOTAL		100,000	142,946	84,446	TOTAL	34,865	0

LIQUIDITY, CBSL HOLDINGS & MARKET INTEREST RATES

MARKET LIQUIDITY	1-Jan-21	Repo	Reverse Repo
Mid-day Auction		[LKR 'Bn]	[LKR 'Bn]
Offered		0.0	0.0
Bids		N/A	N/A
Accepted		N/A	N/A
Weighted Average Rate (%)		N/A	N/A
Standing Facility		SDF	SLF
Rate		4.50%	5.50%
Value [LKR 'Bn]		266.6	0.1
O/N Surplus/(Deficit)			266.5
CBSL Holdings of Government Securities [LKR 'Bn]			738.4

EXCESS LIQUIDITY & CBSL HOLDINGS OF GOVERNMENT SECURITIES



MONEY MARKET RATES	High	Low	W.Avg	Value [LKR 'Bn]
Call Money	1-Jan-21 4.55%	4.52%	4.54%	23.2
Repo Rates	1-Jan-21 4.68%	4.53%	4.57%	9.7

MARKET INTEREST RATES	24-Dec-20	Last Month	Change (bps)
AWPLR	5.83%	5.83%	0
FD Ceiling Rate (1 Year)	4Q2020 6.88%		

OUTSTANDING STOCK [GSEC]	23-Dec-20	Previous Week	Change (%)
T-Bills [LKR 'Mn]	1,528,892	1,524,406	0.3%
T-Bonds [LKR 'Mn]	5,470,711	5,470,711	0.0%
TOTAL	6,999,603	6,995,117	0.1%
Foreign Holding [LKR 'Mn]	6,832	6,833	0.0%
Foreign Holding (%)	0.1%	0.1%	

GLOBAL OUTLOOK FOR INTEREST RATES AND EXCHANGE RATES

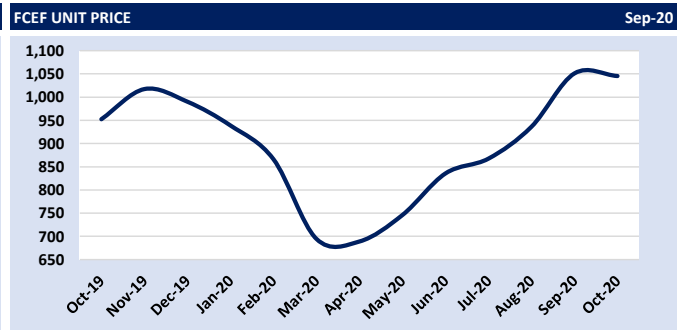
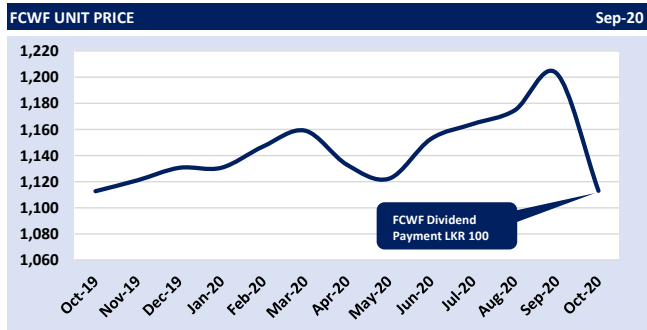
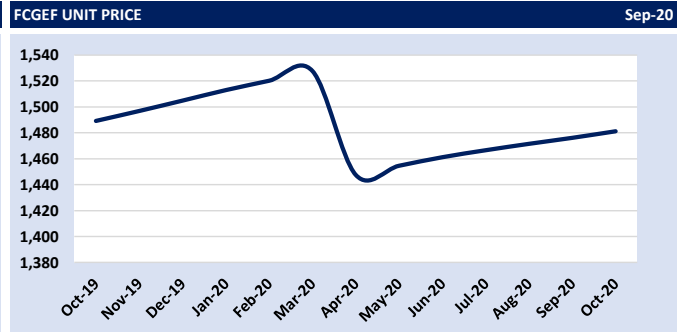
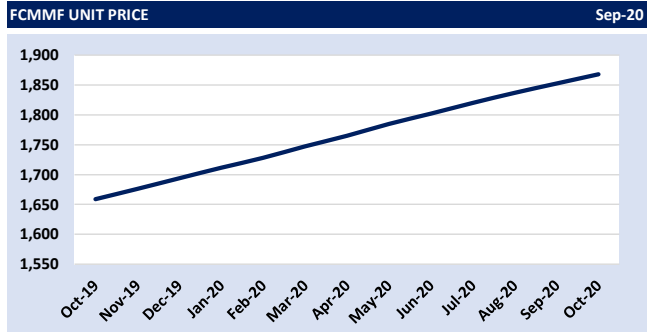
US TREASURIES	24-Dec-20	18-Dec-20	Change (bps)	Last Month	Change (bps)
1 Year	0.10%	0.09%	1	0.11%	-1
2 Year	0.13%	0.13%	0	0.16%	-3
5 Year	0.37%	0.39%	-2	0.36%	1
10 Year	0.94%	0.95%	-1	0.84%	10
30 Year	1.66%	1.70%	-4	1.58%	8

EXCHANGE RATES	1-Jan-21	Last Month	Change (%)
USA Dollar	185.39	186.41	0.5%
UK Pound	253.53	254.35	0.3%
EU Euro	226.44	229.42	1.3%
Japan Yen	1.80	1.81	0.7%
Australia Dollar	142.84	143.66	0.6%

UNIT TRUSTS

	Sell Price	Buy Price	AUM LKR 'Mn	Avg. Yield	Information on Fees		
	LKR	LKR	As at Oct 2020		Mgmt Fee	Trustee fee	Performance Fee
First Capital Money Market Fund	1,896.88	1,896.88	12,599	9.59%	0.50% p.a.	0.15% p.a.	N/A
First Capital Gilt Edge Fund	1,490.13	1,490.13	53	-5.19%	0.50% p.a.	0.15% p.a.	N/A
First Capital Wealth Fund	1,123.35	1,123.32	257	7.94%	1.10% p.a.	0.225% p.a.	N/A
First Capital Equity Fund	1,229.88	1,168.39	64	N/A	1.00% p.a.	0.23% p.a.	25% over ASTRI

TRAILING RETURNS (%)							Performance as of	Sep-20
	YTD	2018/19	2017/18	2016/17	2015/16	2014/15	Since Inception	
FIXED INCOME FUNDS								
First Capital Money Market Fund	11.78%	12.96%	11.92%	10.39%	7.92%	7.20%	11.10%	
First Capital Gilt Edge Fund	-5.19%	7.56%	9.14%	19.06%	4.17%	-3.46%	7.88%	
First Capital Wealth Fund	7.94%	11.40%	11.32%	10.63%	4.90%	15.48%	11.13%	
BALANCED FUND								
First Capital Equity Fund	50.50%	-19.47%	0.96%	1.62%	-4.33%	0.00%	4.54%	
ASTRI*	7.46%	-1.37%	7.30%	0.33%	-14.94%	0.00%	-18.44%	
Out/(Under) Performance	43.04%	-18.10%	-6.34%	1.30%	10.61%		22.98%	

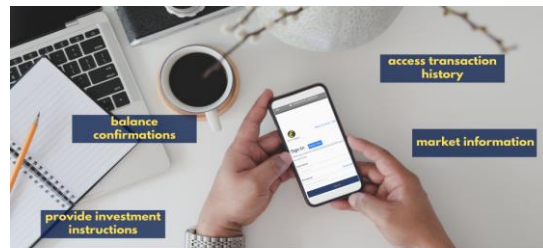


9.28% P.A.
Current yield as at 06/12/2020

THE FIRST CAPITAL MONEY MARKET FUND
AS ATTRACTIVE AS A FIXED DEPOSIT WITH THE FLEXIBILITY OF A SAVINGS ACCOUNT

*The current yield is variable and subject to change. Past performance is not an indicator of future performance. Investors are advised to read and understand the contents of the Explanatory Memorandum before investing.

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