



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

May 4, 2022

For the week 28.04.2022-04.05.2022

"Bill auction yields dive across the board"

Weekly Yield Movement & Volume

The short end of the secondary market yield curve remained broadly unchanged while no quotes were recorded for maturities beyond 1 year, as the market participants opted to stay on the sidelines despite limited activity on the auction bond, post auction.

In the beginning of a short week, secondary market activities were mainly witnessed on 01.06.25 maturity in ultra-thin volumes post the bond auction and remained muted during the rest of the week. At the bond auction, 80.3% of the offered amount of LKR 35.0Bn got accepted while the weighted average yield of 01.06.25 maturity recorded at 22.01% and 01.05.27 maturity at 22.16%.

Moreover, at the bill auction, total offered amount of LKR 97.5Bn was fully accepted. However, yields of all maturities dropped across the board while the weighted average yields of 03M, 06M and 01Y T-Bills were recorded at 23.48% (-5bps), 23.85% (-11bps), 23.92% (-17bps), respectively.

In the Forex market, LKR marginally appreciated against the greenback with the rupee recording at LKR 340.0 towards the end of the week compared to LKR 341.9 at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative and although it slightly improved during the week. At the beginning, excess liquidity was recorded at LKR -610.7Bn and improved to LKR -592.5Bn by the end of the week. Meanwhile, CBSL holdings slightly declined during the week and recorded at LKR 1,864.6Bn compared to LKR 1,870.7Bn held at the beginning.

Foreign Interest

Foreign holding in government securities remained unchanged at LKR 2.7Bn whilst foreign holding percentage was maintained at 0.03%.

Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 138.1Bn and a Treasury bond interest amounting to LKR 22.2Bn for the week ending 13th May 2022.

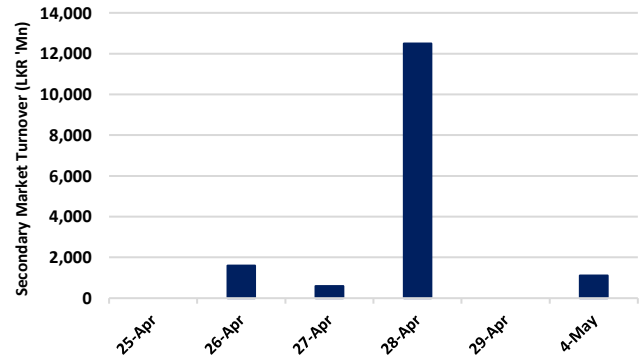
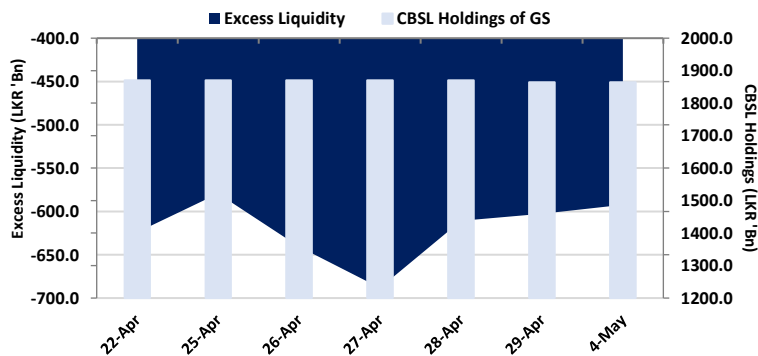
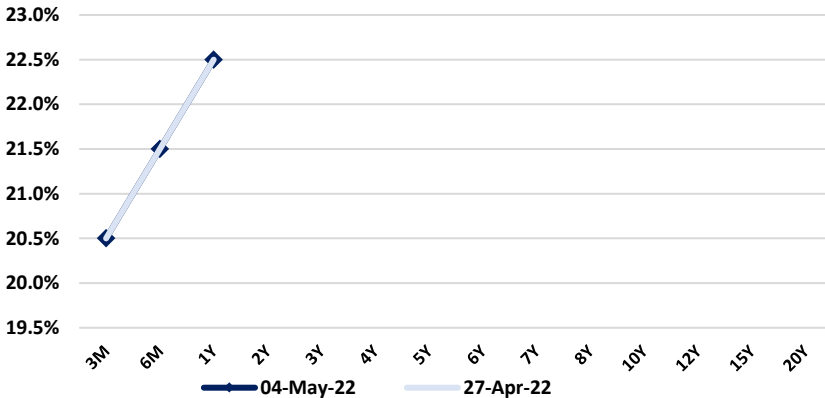
TENURE	BID	OFFER
< 91 Days < 3M	21.00%	20.00%
< 182 Days < 6M	22.00%	21.00%
< 364 Days < 1Y	23.00%	22.00%
15-Mar-24 < 2Y	N/A	N/A
15-Mar-25 < 3Y	N/A	N/A
01-Feb-26 < 4Y	N/A	N/A
15-Jan-27 < 5Y	N/A	N/A
15-Mar-28 < 6Y	N/A	N/A
01-Jan-29 < 7Y	N/A	N/A
15-May-30 < 8Y	N/A	N/A
01-Oct-32 < 10Y	N/A	N/A
01-Jan-34 < 12Y	N/A	N/A
15-Mar-35 < 15Y	N/A	N/A
01-Jan-41 < 20Y	N/A	N/A

US TREASURIES	29-Apr-22	22-Apr-22
1 Year	2.10%	2.06%
2 Year	2.70%	2.72%
5 Year	2.92%	2.94%
10 Year	2.89%	2.90%
30 Year	2.96%	2.95%

MARKET INTEREST RATES	29-Apr-22	Last Month
AWPLR	16.38%	14.20%

	This Week	Last Week
FD Ceiling Rate(1Yr)	23.88%	20.92%

MONEY MARKET RATES	High	Low
Call Money	14.50%	14.50%
Repo Rates	14.50%	14.50%



Daily Summary

Thursday (28.04.22): The secondary market yield curve remained broadly unchanged while overall market witnessed ultra-thin volumes as market participants opted to stay on the sidelines. Meanwhile, at the bond auction, 80.3% of the offered amount of LKR 35.0Bn got accepted while the weighted average yield of 01.06.25 maturity recorded at 22.01% and 01.05.27 maturity at 22.16%. Post auction, in the secondary market, 01.06.25 maturity changed hands at 21.90% in ultra-thin volumes.

Friday (29.04.22): The secondary market yield curve remained unchanged as overall market activities were at a complete standstill.

Wednesday (04.05.22): The secondary market yield curve remained unchanged during the day as the market participants continued to be on the side-lines. Meanwhile, at the bill auction, total offered amount of LKR 97.5Bn was fully accepted. However, yields of all maturities dropped across the board while the weighted average yields of 03M, 06M and 01Y T-Bills were recorded at 23.48% (-5bps), 23.85% (-11bps), 23.92% (-17bps), respectively.

OUTSTANDING STOCK	27-Apr-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,845,697	2,877,128	-1.1%
T-Bonds [LKR 'Mn]	7,885,125	7,784,679	1.3%
TOTAL	10,730,822	10,661,806	0.6%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	2,710	2,710	0.0%
Foreign Holding (%)	0.03%	0.03%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	13-May-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	138,102		
T-Bonds			
T-Bond Interest	22,207		
SLDBs/Sovereign Bonds		0	
TOTAL	160,309	0	

T-BILL AUCTION				Week Ending 6-May-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	04-May-22	27-Apr-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	23.48%	23.53%	-5	40,000	111,372	74,069
182 Days	23.85%	23.96%	-11	30,000	33,548	9,568
364 Days	23.92%	24.09%	-17	27,500	44,265	13,863
Date of Settlement	6-May-22			97,500	189,185	97,500

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