



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

May 11, 2022

For the week 05.05.2022-11.05.2022

"Activities remained subtle amidst hovering uncertainties"

Weekly Yield Movement & Volume

The secondary market yield curve remained broadly unchanged as the overall market witnessed limited activities. Towards the latter part of the week, market was at a complete standstill amidst the island wide curfew imposed following the emergence of the violence.

In the midst of the economic uncertainty, secondary market activities were mainly witnessed on the short end of the curve where 3M maturity was seen changing hands at 21.00%. Meanwhile, CBSL announced an issue of LKR 35.0Bn through an auction to be held on 12th May 2022.

Moreover, at the bill auction, total offered amount of LKR 92.5Bn was only partially accepted. Accordingly, weighted average yields of 03M, 06M and 01Y T-Bills advanced to 24.07% (+59bps), 24.69% (+84bps) and 24.50% (+58bps), respectively.

In the Forex market, LKR depreciated against the greenback with the rupee recording at LKR 364.8 towards the end of the week compared to LKR 349.9 at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative although it slightly improved during the week. At the beginning, excess liquidity was recorded at LKR -587.6Bn and improved to LKR -567.72Bn by the end of the week. Meanwhile, CBSL holdings slightly increased to LKR 1,869.8Bn compared to LKR 1,864.6Bn 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 61.5Bn for the week ending 20th May 2022.

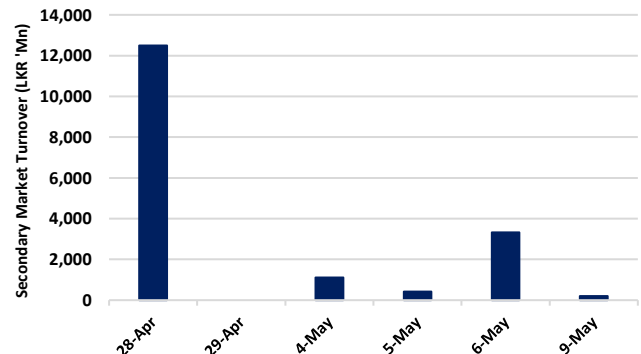
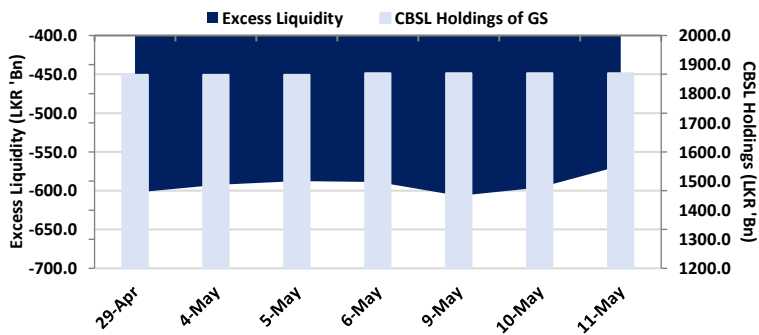
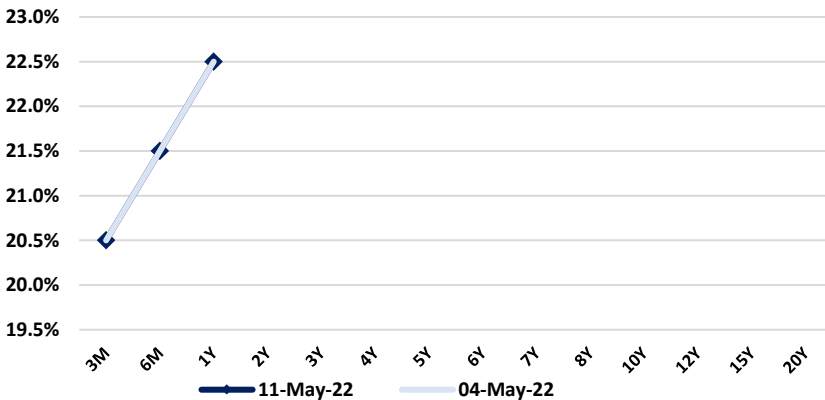
TENURE	BID	OFFER
< 91 Days < 3M	21.00%	20.00%
< 182 Days < 6M	22.00%	21.00%
< 364 Days < 1Y	23.00%	22.00%
15-Mar-24 < 2Y	N/A	N/A
15-Mar-25 < 3Y	N/A	N/A
01-Feb-26 < 4Y	N/A	N/A
15-Jan-27 < 5Y	N/A	N/A
15-Mar-28 < 6Y	N/A	N/A
01-Jan-29 < 7Y	N/A	N/A
15-May-30 < 8Y	N/A	N/A
01-Oct-32 < 10Y	N/A	N/A
01-Jan-34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

US TREASURIES	6-May-22	29-Apr-22
1 Year	2.08%	2.10%
2 Year	2.72%	2.70%
5 Year	3.06%	2.92%
10 Year	3.12%	2.89%
30 Year	3.23%	2.96%

MARKET INTEREST RATES	6-May-22	Last Month
AWPLR	19.55%	16.38%

	This Week	Last Week
FD Ceiling Rate(1Yr)	25.93%	23.88%

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



Daily Summary

Thursday (05.05.22): The secondary market yield curve remained unchanged with activities being limited. During the day, Treasury bill of less than 3M maturity traded at 21.0%.

Friday (06.05.22): The secondary market yield curve remained broadly unchanged while the overall market witnessed limited activities. During the day, 03M T-Bill traded at 21.00% while 15.01.26 and 01.05.26 maturities changed hands at 21.50% and 22.05%, respectively.

Monday (09.05.22): In the midst of hovering uncertainty, the secondary market witnessed a lackluster trading sentiment with overall market recording ultra-thin volumes. In the midst of thin trading, 01.05.27 maturity was seen changing hands at 22.0%. Meanwhile, CBSL announced an issue of LKR 35.0Bn through an auction to be held on 12th May 2022.

Wednesday (11.05.22): Amidst the aggravating crisis in the country, secondary market yield curve remained unchanged as no activities were witnessed in the market. Meanwhile, at the bill auction, total offered amount of LKR 92.5Bn was only partially accepted. Accordingly, weighted average yields of 03M, 06M and 01Y T-Bills advanced to 24.07% (+59bps), 24.69% (+84bps) and 24.50% (+58bps), respectively.

OUTSTANDING STOCK	4-May-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,847,981	2,845,697	0.1%
T-Bonds [LKR 'Mn]	7,916,233	7,885,125	0.4%
TOTAL	10,764,214	10,730,822	0.3%
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 20-May-22	
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	61,487		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds		0	
TOTAL	61,487	0	

T-BILL AUCTION				Week Ending 13-May-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	11-May-22	04-May-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	24.07%	23.48%	59	46,500	91,297	66,027
182 Days	24.69%	23.85%	84	23,000	25,730	4,225
364 Days	24.50%	23.92%	58	23,000	34,495	15,147
Date of Settlement	13-May-22			92,500	151,522	85,399

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