



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

April 27, 2022

For the week 21.04.2022-27.04.2022

"3M auction yield shoots up in a row"

Weekly Yield Movement & Volume

The secondary market yield curve remained broadly unchanged at the short end while no quotes were recorded for maturities beyond 1 year, as the market participants opted to stay on the sidelines. However, 3M auction yield witnessed a back to back rise and recorded at 23.53% at the bill auction while creating a sizable gap between primary and secondary markets.

In the midst of growing uncertainties, the overall market witnessed dried up activities throughout the week. However, on the short end of the curve, 3M maturity traded consecutively within a range of 20.5%-22.0%. Moreover, CBSL announced an issue of LKR 35.0Bn T-bonds through an auction to be held on 28th Apr 2022.

At the bill auction, total offered amount of LKR 87.5Bn was fully accepted with 90.0% being accepted from 03M bill. Yields of 03M, 06M and 01 Year T-Bills were recorded at 23.53% (+32bps), 23.96% (-81bps) and 24.09% (-27bps), respectively.

In the Forex market, LKR depreciated against the greenback with the rupee recording at LKR 337.9 towards the end of the week compared to LKR 335.0 at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative and deteriorated during the week. At the beginning, excess liquidity was recorded at LKR -583.5Bn and declined to LKR -688.3Bn by the end of the week. Meanwhile, CBSL holdings slightly increased during the week and recorded at LKR 1,870.7Bn compared to LKR 1,852.8Bn held at the beginning.

Foreign Interest

Foreign holding in government securities slightly improved by LKR 50.4Mn to LKR 2.7Bn whilst foreign holding percentage increased to 0.03%.

Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 142.5Bn for the week ending 06th May 2022.

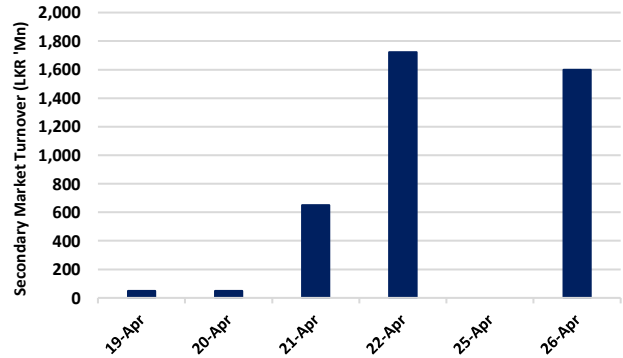
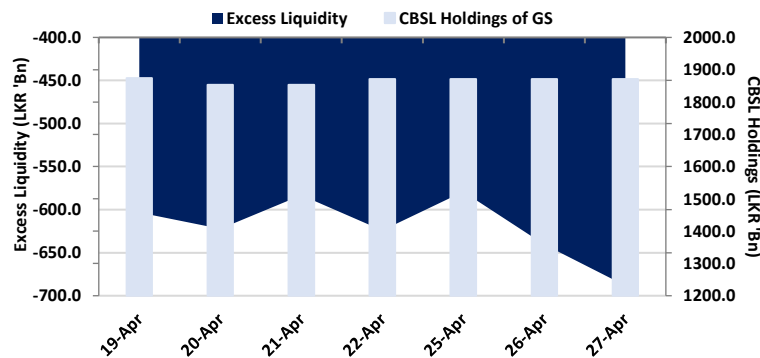
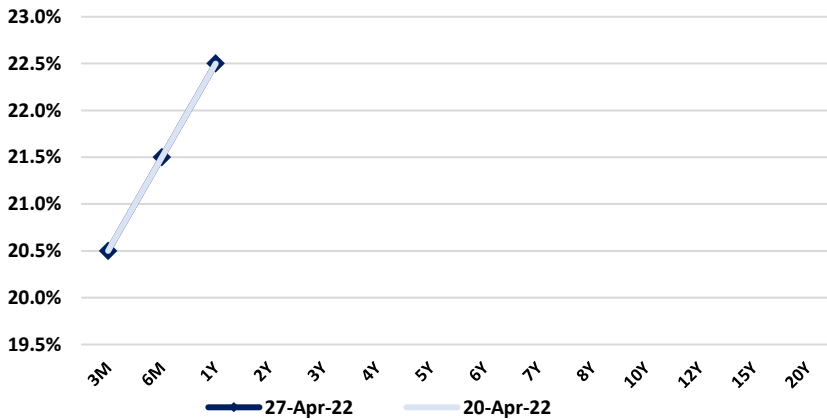
TENURE	BID	OFFER
< 91 Days < 3M	21.00%	20.00%
< 182 Days < 6M	22.00%	21.00%
< 364 Days < 1Y	23.00%	22.00%
15-Mar-24 < 2Y	N/A	N/A
15-Mar-25 < 3Y	N/A	N/A
01-Feb-26 < 4Y	N/A	N/A
15-Jan-27 < 5Y	N/A	N/A
15-Mar-28 < 6Y	N/A	N/A
01-Jan-29 < 7Y	N/A	N/A
15-May-30 < 8Y	N/A	N/A
01-Oct-32 < 10Y	N/A	N/A
01-Jan-34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

US TREASURIES	22-Apr-22	14-Apr-22
1 Year	2.06%	1.84%
2 Year	2.72%	2.47%
5 Year	2.94%	2.79%
10 Year	2.90%	2.83%
30 Year	2.95%	2.92%

MARKET INTEREST RATES	22-Apr-22	Last Month
AWPLR	14.20%	10.44%

	This Week	Last Week
FD Ceiling Rate(1Yr)	20.92%	17.83%

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



Daily Summary

Thursday (21.04.22): The secondary market yield curve remained broadly unchanged amidst thin volumes. During the day, 3M maturity was traded at 20.50% while 6M maturity traded at 22.0%.

Friday (22.04.22): The secondary bond market witnessed a complete standstill as the market participants opted to stay on the sidelines amidst the growing uncertainties in the country.

Monday (25.04.22): The secondary market yield curve remained unchanged at the short end while no quotes were recorded for maturities beyond 1 year. Market activities remained minimal with 3M T-Bill changing hands at 21.0%.

Tuesday (26.04.22): The secondary market yield curve remained unchanged, while the overall market activities witnessed a complete standstill. Moreover, CBSL announced an issue of LKR 35.0Bn T-bonds through an auction to be held on 28th Apr 2022.

Wednesday (27.04.22): The secondary market yield curve remained unchanged with dried up activities, as investors opted to remain on the sidelines. Meanwhile, at the bill auction, total offered amount of LKR 87.5Bn was fully accepted with 90.0% being accepted from 03M bill. Yields of 03M, 06M and 01 Year T-Bills were recorded at 23.53% (+32bps), 23.96% (-81bps) and 24.09% (-27bps), respectively. Post auction, in the secondary market, 03M bill traded at 22.0%.

OUTSTANDING STOCK	20-Apr-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,877,128	2,875,371	0.1%
T-Bonds [LKR 'Mn]	7,784,679	7,771,562	0.2%
TOTAL	10,661,806	10,646,933	0.1%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	2,710	2,659	1.9%
Foreign Holding (%)	0.03%	0.02%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	6-May-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	142,531		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds		0	
TOTAL	142,531	0	

T-BILL AUCTION				Week Ending 29-Apr-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	27-Apr-22	20-Apr-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	23.53%	23.21%	32	42,500	108,739	78,752
182 Days	23.96%	24.77%	-81	24,500	32,851	1,107
364 Days	24.09%	24.36%	-27	20,500	34,332	7,641
Date of Settlement	29-Apr-22			87,500	175,922	87,500

DISCLAIMER

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the correctness, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or its principal, their respective Directors, or Employees may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.



First Capital

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000
Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Tharusha Ashokgar	+94 11 2639 866
Hiruni Perera	+94 11 2639 864	Zaeema Jihan	+94 11 2639 866
Vidushika Perera	+94 11 2639 865		

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Neminda Jayawardena	+94 76 6644 080
Anushka Dissanayake	+94 77 2220 021	Arun Kandasamy	+94 75 4861 506
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Tharusha Ekanayake	+ 94 77 7 809 154
--------------------	-------------------

EQUITY SALES

CEO	Jaliya Wijeratne	+94 70 2910 042	Negombo	
			Priyanka Anuruddha	+94 70 2910 035
Colombo			Priyantha Wijesiri	+94 70 2910 036
Rasika Indra Kumara	+94 77 7072 698			
Isuru Jayawardena	+94 76 7084 953			
Nishantha Mudalige	+94 70 2910 041			
Ifadh Marikar	+94 77 9625 679			
Anushka Buddhika	+94 71 4310 600			
Thushara Pathiraja	+94 70 2910 037			
Chandika Jayawardana	+94 77 3940 070			

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
---------------------	-----------------	-----------------------	-----------------

BRANCHES

Kandy	Kurunegala	Matara	Negombo
CSE Branch Office, No. 88, Dalada Veediya, Kandy 20000.	No.174/B2, Negombo Road, Kurunegala. Kurunegala 60000.	CSE Branch Office, 1st Floor, E.H.Cooray Tower, No.24, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange Negombo Branch Office, No. 72 A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 4937 072

Disclaimer:

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the accuracy, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or a connected person or associated person may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.