



"Yield curve plunges over buying interest"

Weekly Yield Movement & Volume

The secondary market yield curve edged down predominantly on the belly end of the curve with the emergence of modest buying interest, bringing about an inverted curve while volumes remained thin amidst limited activities.

In the beginning, as a buying interest emerged, 3M maturities traded at 22.0%. Subsequently, activities were mainly witnessed on mid tenor maturities as 01.06.25 maturity hovered in the range of 22.61% - 22.55% prior to the bond auction. However, post bond auction, 01.06.25 maturity changed hands at 21.90%. Towards the end of the week with heavy buying interest following the bill auction, 03M bill traded at 22.0% while 1Y bill changed hands within 23.25%-23.00%.

The primary bond auction worth of LKR 40.0Bn was fully accepted after 10 previous auctions of partially acceptance levels. Moreover, the weighted average yields of 01.06.25 and 15.01.28 maturities closed at 22.38% and 21.86%, respectively.

Meanwhile, the total offered T-Bill amount of LKR 83.0Bn was fully accepted with weighted average yields of 03M, 06M and 01Y T-Bills lowering to 22.75% (-90bps), 23.60% (-62bps) and 23.75% (-55bps), respectively.

In the Forex market, LKR depreciated against the greenback with the rupee recording at LKR 360.1 towards the end of the week compared to LKR 359.7 at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative and slightly fluctuated during the week. At the beginning, excess liquidity was recorded at LKR -524.7Bn and reduced to LKR -535.5Bn by the end of the week. Meanwhile, CBSL holdings declined to LKR 1,971.5Bn compared to LKR 1,974.1Bn held at the beginning.

Foreign Interest

Foreign holding in government securities remained broadly unchanged at LKR 2.7Bn whilst foreign holding percentage slightly increased to 0.03%.

Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 60.7Bn for the week ending 10th Jun 2022.

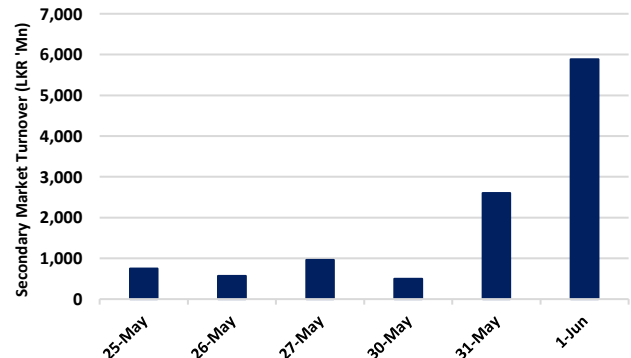
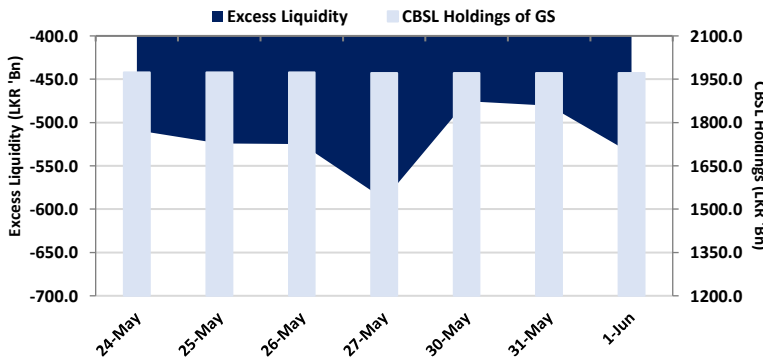
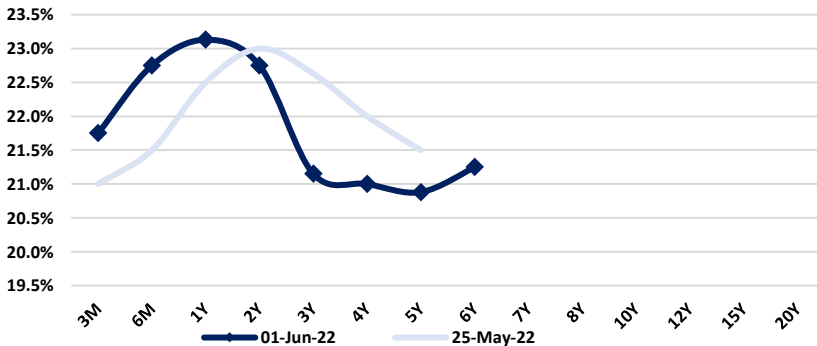
TENURE	BID	OFFER
< 91 Days < 3M	22.00%	21.50%
< 182 Days < 6M	23.00%	22.50%
< 364 Days < 1Y	23.50%	22.75%
15-Mar-24 < 2Y	23.00%	22.50%
01-Jun-25 < 3Y	21.30%	21.00%
01-Feb-26 < 4Y	21.20%	20.80%
01-May-27 < 5Y	21.00%	20.75%
15-Mar-28 < 6Y	21.50%	21.00%
01-Jan-29 < 7Y	N/A	N/A
15-May-30 < 8Y	N/A	N/A
01-Oct-32 < 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	27-May-22	20-May-22
1 Year	2.01%	2.07%
2 Year	2.47%	2.60%
5 Year	2.71%	2.80%
10 Year	2.74%	2.78%
30 Year	2.97%	2.99%

MARKET INTEREST RATES	27-May-22	Last Month
AWPLR	21.12%	20.32%

	This Week	Last Week
FD Ceiling Rate(1Yr)	26.31%	26.25%

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



Daily Summary

Thursday (26.05.22): Following the outcome of the bill auction, the secondary bond market yield curve remained broadly unchanged. With the slight buying interest, 3M T-Bill traded at 22.00% while displaying moderate volumes

Friday (27.05.22): The secondary market yield curve remained mostly unchanged ahead of the LKR 40.0Bn worth of bond auction held on 30th May 2022. The overall market delivered limited activities while generating thin volumes. During the day, 01.06.25 maturity hovered in the range of 22.61% - 22.55%.

Monday (30.05.22): The primary bond auction worth of LKR 40.0Bn was fully accepted after 10 previous auctions of partially acceptance levels. Moreover, the weighted average yields of 01.06.25 and 15.01.28 maturities closed at 22.38% and 21.86%, respectively. The secondary market activities remained mostly dried-up during the pre-auction session. However, with the re-emergence of buying interest following the bond auction, 01.06.25 maturity changed hands at 21.90% while overall trading volumes recorded at thin levels.

Tuesday (31.05.22): The secondary bond market yield curve saw no movements during the day while recording ultra-thin volumes as market participants opted to adopt a sideline approach ahead of the LKR 83.0Bn bill auction on 01st Jun 2022. In the midst of thin trading, 01.06.25 maturity was seen trading at 21.85%.

Wednesday (01.06.22): With the slight buying interest, 01.06.25 maturity traded in the range of 21.80%-21.20% while 15.01.28 maturity hovered in a range of 21.50%-21.20%. Accordingly, the total offered T-Bill amount of LKR 83.0Bn was fully accepted with weighted average yields of 03M, 06M and 01Y T-Bills lowering to 22.75% (-90bps), 23.60% (-62bps) and 23.75% (-55bps), respectively. Post auction, in the secondary market with the heavy buying interest, 03M bill traded at 22.0% while 1Y bill changed hands within 23.25%-23.00%.

OUTSTANDING STOCK	25-May-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,905,489	2,887,140	0.6%
T-Bonds [LKR 'Mn]	7,951,951	7,951,951	0.0%
TOTAL	10,857,440	10,839,092	0.2%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	2,736	2,703	1.2%
Foreign Holding (%)	0.03%	0.02%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	10-Jun-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	60,718		
T-Bonds			
T-Bond Interest	0		
SLDBs/Sovereign Bonds		0	
TOTAL	60,718	0	

T-BILL AUCTION				Week Ending		3-Jun-22
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	01-Jun-22	25-May-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	22.75%	23.65%	-90	40,000	116,954	37,199
182 Days	23.60%	24.22%	-62	23,000	51,826	25,227
364 Days	23.75%	24.30%	-55	20,000	74,931	20,574
Date of Settlement			3-Jun-22	83,000	243,711	83,000

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