



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

June 15, 2022

For the week 09.06.2022-15.06.2022

"Yields shed across the board for the 4th consecutive week"

Weekly Yield Movement & Volume

The secondary market displayed lackluster sentiment over the week with limited activities and low volumes while in the primary market auction, T-bill yields fell across all maturities for the 4th straight week.

As the week started, activities remained dull ahead of the bond auction as investors sought for further clarity. Subsequently, limited activities were witnessed on short to mid tenor maturities in the midst of low volumes. However, towards the end of the week, yield curve slightly edged up on the back of selling interest that emerged with the motive of profit taking on mid tenor maturities.

The primary bond auction worth of LKR 50.0Bn held was fully accepted with weighted average yields on 01.06.25 and 15.01.28 maturities closing at 20.30% and 20.19% respectively.

Meanwhile, T-Bill weighted average yields continued to plunge down at the primary auction where the total offered T-Bill amount of LKR 98.0Bn was fully accepted while 03M maturity recorded a steep decline of -118bps to 20.73%. This was followed by, 06M and 01Y T-Bills declining to 21.90% (-99bps) and 22.04% (-109bps), respectively.

In the Forex market, LKR marginally appreciated against the greenback with the rupee recording at LKR 359.9 towards the end of the week compared to LKR 360.0 at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative and further deteriorated during the week. At the beginning, excess liquidity was recorded at LKR -550.4Bn and increased to LKR -566.6Bn by the end of the week. Meanwhile, CBSL holdings increased to LKR 1,997.7Bn compared to LKR 1,964.9Bn held at the beginning.

Foreign Interest

Foreign holding in government securities marginally improved to LKR 2.8Bn compared to 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 48.6Bn for the week ending 24th Jun 2022.

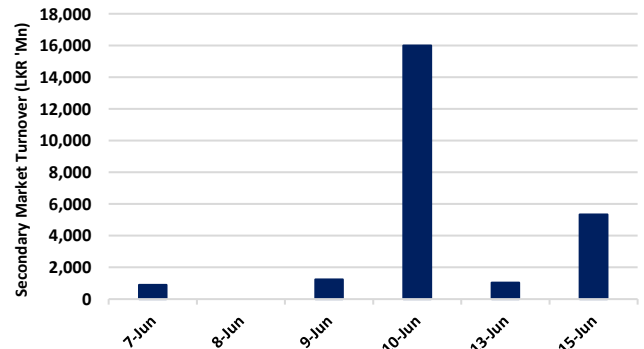
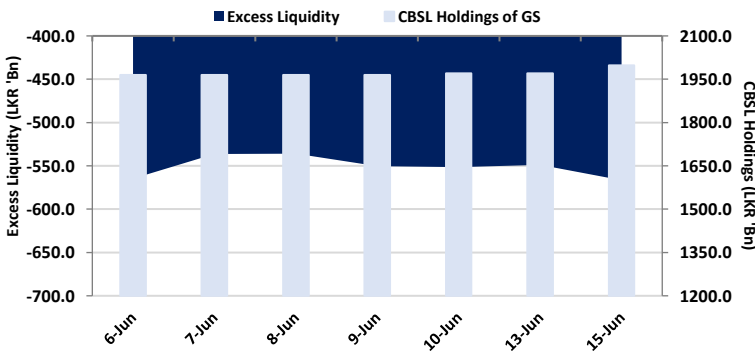
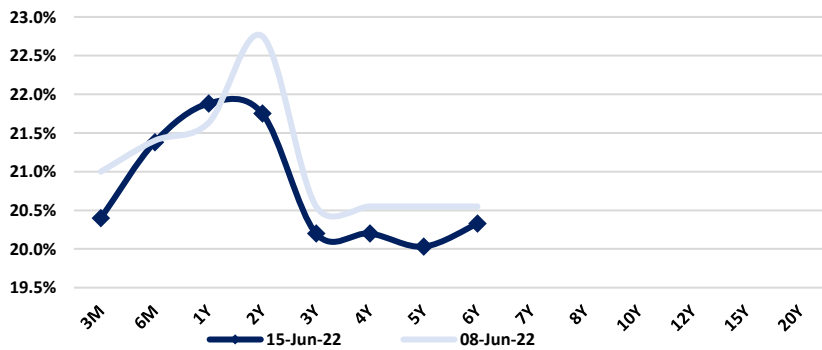
TENURE	BID	OFFER
< 91 Days < 3M	20.50%	20.30%
< 182 Days < 6M	21.50%	21.25%
< 364 Days < 1Y	22.00%	21.75%
15-Mar-24 < 2Y	22.00%	21.50%
01-Jun-25 < 3Y	20.25%	20.15%
01-Feb-26 < 4Y	20.25%	20.15%
15-Jan-27 < 5Y	20.25%	19.80%
15-Jan-28 < 6Y	20.40%	20.25%
01-Jan-29 < 7Y	N/A	N/A
15-May-30 < 8Y	N/A	N/A
01-Oct-32 < 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	10-Jun-22	3-Jun-22
1 Year	2.58%	2.18%
2 Year	3.06%	2.66%
5 Year	3.25%	2.95%
10 Year	3.15%	2.96%
30 Year	3.20%	3.11%

MARKET INTEREST RATES	10-Jun-22	Last Month
AWPLR	21.60%	21.12%

	This Week	Last Week
FD Ceiling Rate(1Yr)	25.92%	26.26%

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



Daily Summary

Thursday (09.06.22): Despite improved activities witnessed in previous trading days, the secondary market yields remained mostly unchanged ahead of the LKR 50.0Bn bond auction as market participants eyed for further direction on the weighted average yields. In the midst of low volumes, 01 Yr bill changed hands at 21.30% while 01.06.25 and 15.01.28 were quoted at 20.20% and 01.05.27 at 20.50%.

Friday (10.06.22): The primary bond auction worth of LKR 50.0Bn held was fully accepted with weighted average yields on 01.06.25 and 15.01.28 maturities closing at 20.30% and 20.19% respectively. Meanwhile on secondary market, thin volumes with lackluster activity was observed, with 15.01.28 maturity trading between 19.90%-20.05% and 1-month treasury bill trading between 16.50%-17.00%.

Monday (13.06.22): The secondary market yield curve slightly edged up on the back of selling interest that emerged with the motive of profit taking on 01.06.25 and 15.01.28 maturities upon the additional offering held, via a direct issuance window, up to 20% of the amount offered at the bond auction held on 10th Jun 2022. Accordingly, 01.06.25 maturity changed hands at 20.25% in the secondary market.

Wednesday (15.06.22): T-Bill weighted average yields continued to plunge down at the primary auction where the total offered T-Bill amount of LKR 98.0Bn was fully accepted while 03M maturity recorded a steep decline of -118bps to 20.73%. This was followed by, 06M and 01Y T-Bills declining to 21.90% (-99bps) and 22.04% (-109bps), respectively. In the secondary market, on the mid tenors, 01.05.27 and 15.01.28 maturities changed hands at 20.50% and 20.35%, respectively.

OUTSTANDING STOCK	8-Jun-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	2,927,757	2,917,207	0.4%
T-Bonds [LKR 'Mn]	8,003,451	8,003,451	0.0%
TOTAL	10,931,209	10,920,659	0.1%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	2,816	2,752	2.3%
Foreign Holding (%)	0.03%	0.03%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	24-Jun-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	48,615		
T-Bonds			
T-Bond Interest	0		
SLDBs/Sovereign Bonds		0	
TOTAL	48,615	0	

T-BILL AUCTION				Week Ending 17-Jun-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	15-Jun-22	08-Jun-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	20.73%	21.91%	-118	45,000	109,108	67,087
182 Days	21.90%	22.89%	-99	25,000	43,964	15,479
364 Days	22.04%	23.13%	-109	28,000	49,150	15,434
Date of Settlement	17-Jun-22			98,000	202,222	98,000

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