



## "Auction yields remain static yet another week"

### Weekly Yield Movement & Volume

The secondary market yield curve remained broadly unchanged during the week, as the overall market witnessed a dull performance while generating thin volumes as the market participants opted to lie low, seeking more clarity on the economic front while also waiting for the budget 2023 to unfold.

In the beginning of the week, slight interest was witnessed towards the 01.07.25 and 01.07.32 maturities which traded at 32.25% and 29.50%, respectively. However, as the week progressed, secondary market remained at a complete standstill as investors adopted a wait and see approach ahead of the LKR 30.0Bn T-Bond auction scheduled to be held on 28th Oct 2022.

At the primary bill auction, only 87% of the total offered amount of LKR 80.0Bn was accepted with 96.3% being accepted from 03M T-Bill. Meanwhile, weighted average yields of 03M, 06M and 1 Year T-Bills remained unchanged at 33.05%, 32.53% and 29.60%, respectively for the second consecutive auction. Further, the 03M T-Bills observed a greater reception with bids recording more than 100% of the offer.

In the Forex market, LKR slightly appreciated against the greenback with the rupee recorded at LKR 363.3 at the end of the week compared to LKR 363.4 at the beginning of the week.

### Liquidity & CBSL Holdings

Market Liquidity remained negative but slightly improved during the week. At the beginning of the week, excess liquidity was recorded at LKR -367.0Bn and improved to LKR -359.2Bn by the end of the week. Meanwhile, CBSL holdings slightly increased to LKR 2,413.3Bn compared to LKR 2,389.5Bn held at the beginning.

### Foreign Interest

Foreign holding in government securities increased by LKR 2.5Bn and recorded at LKR 25.1Bn whilst foreign holding percentage remained constant at 0.2%.

### Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 160.6Bn and T-Bond coupon interest amounting to LKR 21.7Bn for the week ending 04<sup>th</sup> Nov 2022.

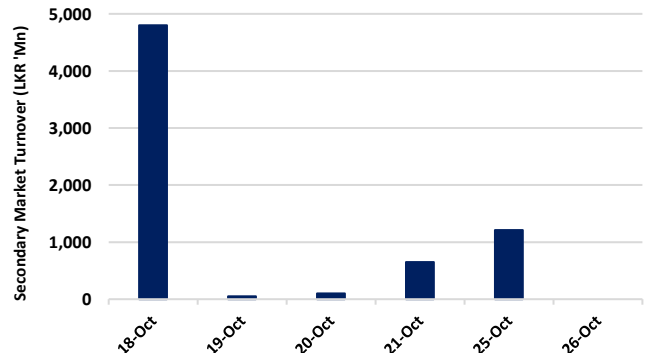
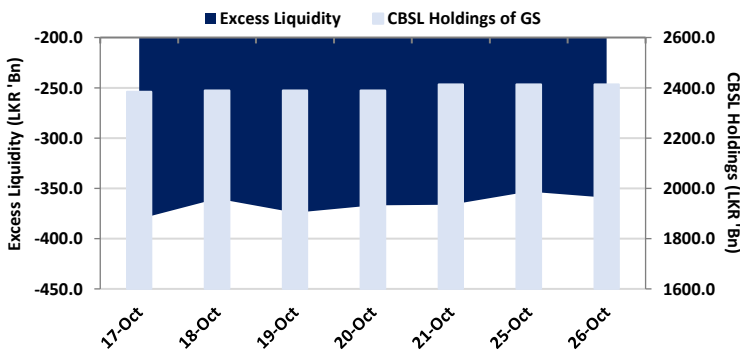
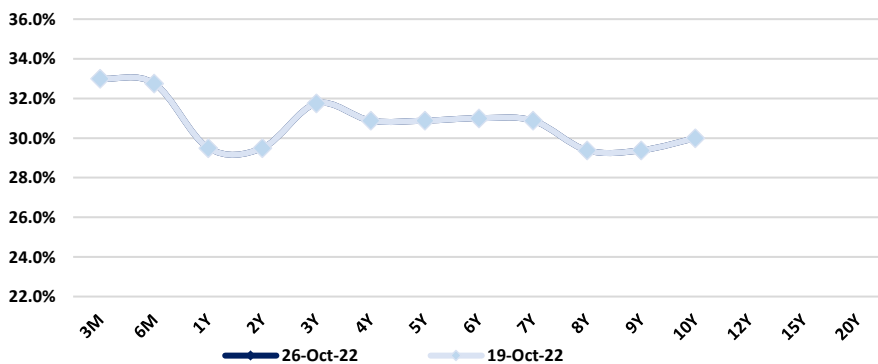
TENURE	BID	OFFER
< 91 Days < 3M	33.50%	32.50%
< 182 Days < 6M	33.00%	32.50%
< 364 Days < 1Y	30.00%	29.00%
15-Mar-24 < 2Y	30.00%	29.00%
01-Jul-25 < 3Y	32.00%	31.50%
01-Feb-26 < 4Y	31.00%	30.75%
15-May-27 < 5Y	31.00%	30.75%
15-Jan-28 < 6Y	31.25%	30.75%
15-Jul-29 < 7Y	31.00%	30.75%
15-May-30 < 8Y	29.50%	29.25%
15-May-31 < 9Y	29.50%	29.25%
01-Jul-32 < 10Y	30.20%	29.80%
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	21-Oct-22	14-Oct-22
1 Year	4.43%	4.31%
2 Year	4.58%	4.50%
5 Year	4.52%	4.47%
10 Year	4.28%	4.15%
30 Year	4.54%	4.26%

MARKET INTEREST RATES	21-Oct-22	Last Month
AWPLR	29.51%	25.95%

	This Week	Last Week
FD Ceiling Rate(1Yr)	31.70%	31.77%

MONEY MARKET RATES	High	Low
Call Money	N/A	N/A
Repo Rates	15.50%	15.50%



## Daily Summary

**Thursday (20.10.22):** The secondary bond market activities exhibited a complete standstill as the market participants opted to lie low in seeking more clarity over the proposed fiscal reforms while also waiting for the budget 2023 to unfold.

**Friday (21.10.22):** Secondary market witnessed mixed activities during the day with 01.07.25 trading at 32.25% in the midst of some selling interest while 01.07.32 attracted some buying interest and traded at 29.50%. However, activities continued to take a tedious note while volumes were recorded at ultra-thin levels as investors remained sidelined seeking further clarity on the economic front. Meanwhile, CBSL has announced an issue of LKR 80.0Bn via the weekly T-Bill auction.

**Tuesday (25.10.22):** The secondary bond market commenced the week on a dull note as the overall market activities showcased a complete standstill. Meanwhile, CBSL announced a LKR 30.0Bn bond auction, which is scheduled to be held on 28th Oct 2022. Accordingly, LKR 12.5Bn worth of bonds are to be issued under 01.07.25 maturity and LKR 17.5Bn worth of bonds are to be issued under 15.01.28 maturity. Moreover, foreign interest in rupee bonds resurfaced, and the T-Bonds and T-Bills held by foreigners increased by LKR 2.5Bn to LKR 25.1Bn during the previous week.

**Wednesday (26.10.22):** The secondary market activities remained mostly at a standstill ahead of the LKR 30.0Bn T-Bond auction scheduled to be held on 28th Oct 2022. At the bill auction, only 87% of the total offered amount of LKR 80.0Bn was accepted with 96.3% being accepted from 03M T-Bill. Meanwhile, weighted average yields of 03M, 06M and 1 Year T-Bills remained unchanged at 33.05%, 32.53% and 29.60%, respectively for the second consecutive auction. Further, the 03M T-Bills observed a greater reception with bids recording more than 100% of the offer.

OUTSTANDING STOCK	12-Oct-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	3,731,557	3,707,318	0.7%
T-Bonds [LKR 'Mn]	8,540,976	8,470,793	0.8%
<b>TOTAL</b>	<b>12,272,534</b>	<b>12,178,111</b>	<b>0.8%</b>
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	25,080	22,586	11.0%
Foreign Holding (%)	0.2%	0.2%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	4-Nov-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	160,649		
T-Bonds			
T-Bond Interest	21,711		
SLDBs/Sovereign Bonds		0	
<b>TOTAL</b>	<b>182,360</b>	<b>0</b>	

T-BILL AUCTION				Week Ending 28-Oct-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	26-Oct-22	19-Oct-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	33.05%	33.05%	0	30,000	87,789	67,057
182 Days	32.53%	32.53%	0	30,000	31,899	1,881
364 Days	29.60%	29.60%	0	20,000	20,941	706
<b>Date of Settlement</b>	<b>28-Oct-22</b>			<b>80,000</b>	<b>140,629</b>	<b>69,644</b>

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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
Ranjan Ranatunga	+94 11 2639 863	Zaeema Jihan	+94 11 2639 863
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
-----	------------------	-----------------

### Colombo

Rasika Indra Kumara	+94 77 7072 698	Chandika Jayawardana	+94 77 3940 070
Isuru Jayawardena	+94 76 7084 953	Anjelo LaBrooy	+94 77 7546 645
Nishantha Mudalige	+94 70 2910 041	Dillon Lowe	+94 76 616 0647
Ifadh Marikar	+94 77 9625 679	Evelyn John	+94 77 779 2452
Anushka Buddhika	+94 71 4310 600	Yudheshan Kannadasan	+94 77 415 5809
Thushara Pathiraja	+94 70 2910 037		

### Negombo

Priyanka Anuruddha	+94 70 2910 035	Priyantha Wijesiri	+94 70 2910 036
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## UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
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## BRANCHES

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