



"Secondary market activities continue to stall"

Weekly Yield Movement & Volume

The secondary market yield curve edged higher on mid-long tenor maturities following the bond auction while activities in the secondary market continued to remain stagnant with limited participation.

Since the beginning of the week, secondary market activities were on a standstill as investors took a wait-and-see approach ahead of the primary market auctions. Moreover, impending developments on the fiscal side further prompted investors to remain sidelined.

At the bond auction, weighted average yields rose across the board whilst CBSL rejected part of the bids received. Thus, 01.07.25 maturity witnessed weighted average yields increase by 70bps to 32.63% whilst 15.01.28 maturity was fully subscribed and accepted at a weighted average yield of 31.78%.

Meanwhile at the T-Bill auction, total offered was marginally undersubscribed with an acceptance of 98% while investor interest clustered largely on the 03M maturity with 94% of the total being accepted from the 03M T-Bill. Amidst mixed results, weighted average yield of 03M maturity advanced marginally by 5bps to 33.10% while 1Yr maturity declined by 3bps to 29.57%. However, weighted average yield rate of the 06M maturity remained unchanged at 32.53% for the third straight week.

In the Forex market, LKR was held steady against the greenback with the rupee recorded at LKR 363.3 throughout 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 -359.0Bn and improved to LKR -329.1Bn by the end of the week. Meanwhile, CBSL holdings slightly increased to LKR 2,440.6Bn compared to LKR 2,413.3Bn held at the beginning.

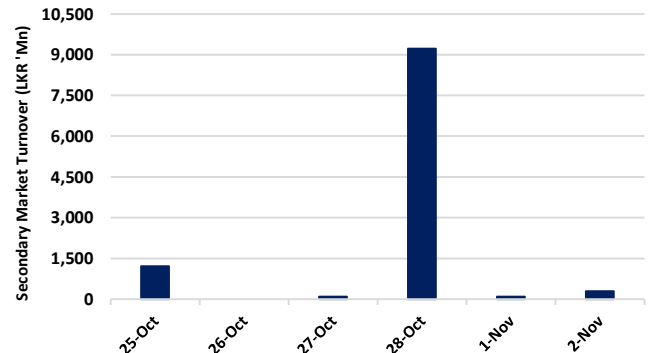
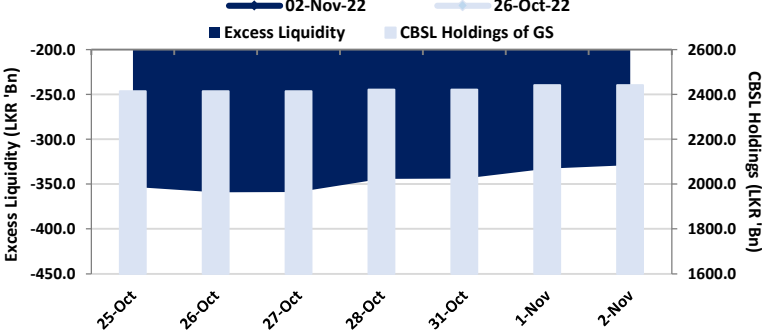
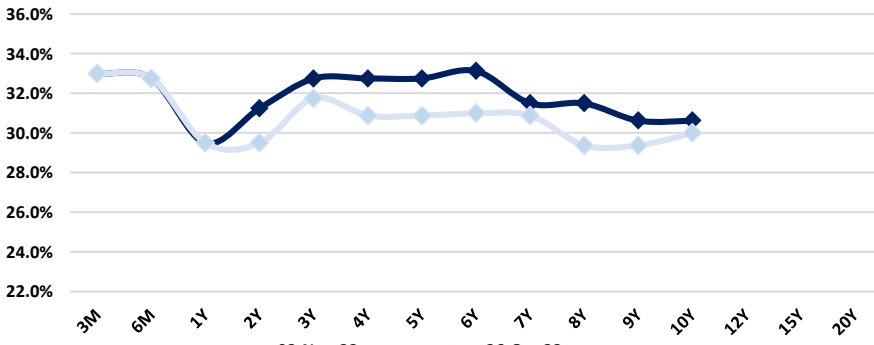
Foreign Interest

Foreign holding in government securities narrowly decreased by LKR 189.0Mn and recorded at LKR 24.9Bn 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 154.8Bn for the week ending 11th 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	32.00%	30.50%
01-Jul-25 < 3Y	33.00%	32.50%
01-Feb-26 < 4Y	33.00%	32.50%
15-May-27 < 5Y	33.00%	32.50%
15-Jan-28 < 6Y	33.50%	32.75%
15-Jul-29 < 7Y	32.00%	31.00%
15-May-30 < 8Y	32.00%	31.00%
15-May-31 < 9Y	31.50%	29.75%
01-Jul-32 < 10Y	31.50%	29.75%
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	28-Oct-22	21-Oct-22
1 Year	4.55%	4.58%
2 Year	4.41%	4.49%
5 Year	4.19%	4.34%
10 Year	4.02%	4.21%
30 Year	4.15%	4.33%



MARKET INTEREST RATES	28-Oct-22	Last Month
AWPLR	27.46%	25.95%
	This Week	Last Week
FD Ceiling Rate(1Yr)	31.64%	31.70%
MONEY MARKET RATES	High	Low
Call Money	15.50%	15.50%
Repo Rates	15.50%	15.50%

Daily Summary

Thursday (27.10.22): Secondary market activities came to a complete standstill ahead of the bond auction of LKR 30.0Bn. Further, investors are much likely to continue the wait-and-see approach as the budget for 2023 is expected to be presented to the parliament on the 14th Nov-22.

Friday (28.10.22): In-line with the previous bond auction results, weighted average yields rose across the board whilst CBSL rejected part of the bids received. Thus, 01.07.25 maturity witnessed weighted average yields increase by 70bps to 32.63% whilst 15.01.28 maturity was fully subscribed and accepted at a weighted average yield of 31.78%. Meanwhile, lackluster activity continued to persist in the secondary bond market during the trading session.

Monday (31.10.22): Secondary market remained at a complete standstill as investors were on the sidelines waiting for clarity on the policy front from the upcoming budget, which is scheduled to be tabled in the parliament on 14th Nov-22. Meanwhile, CCPI index decreased to 66% YoY in October, from 69.8% recorded in September with food inflation decreasing to 85.6% in October from 94.9% recorded in September 2022.

Tuesday (01.11.22): The secondary bond market activities registered a complete halt as the market participants continued to remain on the sidelines ahead of the weekly bill auction. Accordingly, a total of LKR 90.0Bn worth of bills are to be offered at the auction across 91 days, 182 days and 364 days maturities

Wednesday (02.11.22): At the T-Bill auction, total offered was marginally undersubscribed with an acceptance of 98%, which has improved compared to the last bill auction. Investor interest clustered largely on the 03M maturity with bids recorded at LKR 121.5Bn as opposed to the offer of LKR 35.0Bn. Accordingly, 94% of the total was accepted from the 03M T-Bill. Amidst mixed results, weighted average yield of 03M maturity advanced marginally by 5bps to 33.10% while 1Yr maturity declined by 3bps to 29.57%. However, weighted average yield rate of the 06M maturity remained unchanged at 32.53% for the third straight week. Meanwhile, secondary market activities remained stagnant recording limited trades during the day.

OUTSTANDING STOCK	26-Oct-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	3,746,911	3,731,557	0.4%
T-Bonds [LKR 'Mn]	8,540,976	8,540,976	0.0%
TOTAL	12,287,887	12,272,533	0.1%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	24,891	25,080	-0.8%
Foreign Holding (%)	0.2%	0.2%	

MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	11-Nov-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	154,770		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds		0	
TOTAL	154,770	0	

T-BILL AUCTION				Week Ending		4-Nov-22
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	02-Nov-22	26-Oct-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	33.10%	33.05%	5	35,000	121,509	83,480
182 Days	32.53%	32.53%	0	30,000	31,732	3,517
364 Days	29.57%	29.60%	-3	25,000	25,594	1,651
Date of Settlement	4-Nov-22			90,000	178,835	88,648

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.



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
--------------------	-----------------	--------------------	-----------------

UNIT TRUST SALES

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

BRANCHES

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