



"Bearish sentiment in the secondary market ensues"

Weekly Yield Movement & Volume

The secondary market yield curve remained broadly unchanged during the week as investors took a sidelined approach resulting in a complete halt in activities.

Throughout the week, activities in the secondary market remained stagnant as investors instilled a wait-and-see approach ahead of the upcoming budget which is scheduled to be tabled in parliament on 14th Nov-22. Volumes continued to remain ultra-thin whereas no notable trades took place during the week.

Meanwhile at the T-Bill auction, 99.4% of the total offered amount of LKR 85.0Bn was accepted with majority (>95.0%) of the bills accepted on 91 days maturity given the higher reception rate amidst the looming uncertainty on the economic front. Moreover, weighted average yield rate of 91 days bills edged up by 4bps to 33.14% while 365 days bills tripped by 2bps to 29.55%. However, weighted average yield rate on 182 days maturity held steady at 32.53% for the 5th consecutive week.

In the Forex market, LKR slightly depreciated against the greenback with the rupee recorded at LKR 363.5 at the end of the week compared to LKR 363.3 recorded at the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative broadly unchanged during the week. At the beginning of the week, excess liquidity was recorded at LKR -324.3Bn and narrowly rose to LKR -324.9Bn by the end of the week. Meanwhile, CBSL holdings slightly increased to LKR 2,442.7Bn compared to LKR 2,440.6Bn held at the beginning.

Foreign Interest

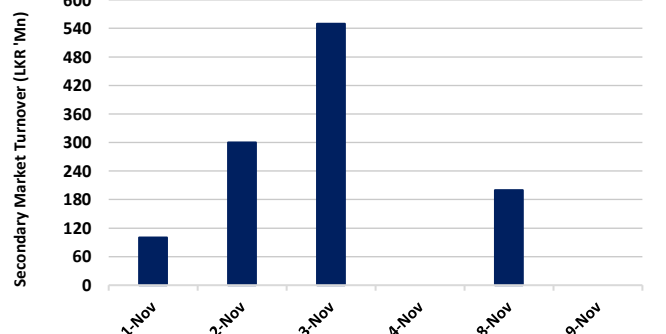
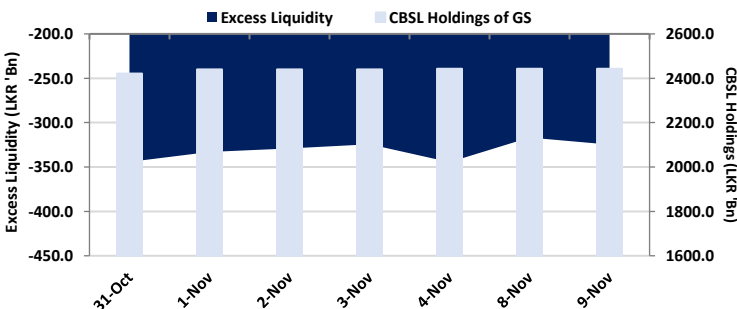
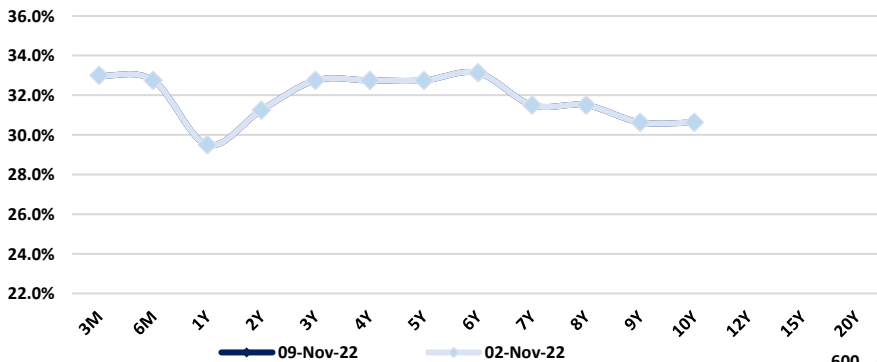
Foreign holding in government securities marginally dipped by LKR 47.0Mn and recorded at LKR 24.8Bn whilst foreign holding percentage remained constant at 0.2%.

Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 146.5Bn and T-Bond interest amounting to LKR 22.2Bn for the week ending 18th Nov-22.

| 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 | 4-Nov-22 | 28-Oct-22 |
|---------------|----------|-----------|
| 1 Year | 4.76% | 4.55% |
| 2 Year | 4.66% | 4.41% |
| 5 Year | 4.33% | 4.19% |
| 10 Year | 4.17% | 4.02% |
| 30 Year | 4.27% | 4.15% |



| MARKET INTEREST RATES | 4-Nov-22 | Last Month |
|-----------------------|----------|------------|
| AWPLR | 26.56% | 27.46% |

| | This Week | Last Week |
|----------------------|-----------|-----------|
| FD Ceiling Rate(1Yr) | 31.59% | 31.64% |

| MONEY MARKET RATES | High | Low |
|--------------------|--------|--------|
| Call Money | 15.50% | 15.50% |
| Repo Rates | 15.50% | 15.50% |

Daily Summary

Thursday (03.11.22): The secondary bond market activities exhibited a complete standstill as the market participants opted to be on the sidelines. Meanwhile, CBSL announced an issue of LKR 85.0Bn T-Bills through an auction to be held on 09th Nov-22.

Friday (04.11.22): Secondary market stalled completely as investors took a wait-and-see approach while fears on domestic debt restructuring resurfaced.

Tuesday (08.11.22): 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 parliament on 14th Nov-22. Meanwhile, weekly treasury bill auction for LKR 85.0Bn is scheduled for 09th Nov-22.

Wednesday (09.11.22): The secondary bond market preserved its bearish sentiment displaying a complete standstill of activities. Meanwhile, at the weekly bill auction held, 99.4% of the total offered amount of LKR 85.0Bn was accepted with majority (>95.0%) of the bills accepted on 91 days maturity given the higher reception rate amidst the looming uncertainty on the economic front. Moreover, weighted average yield rate of 91 days bills edged up by 4bps to 33.14% while 365 days bills tripped by 2bps to 29.55%. However, weighted average yield rate on 182 days maturity held steady at 32.53% for the 5th consecutive week. Furthermore, CBSL has announced to issue LKR 130.0Bn worth of bonds via an auction on 11th Nov-22. Accordingly, LKR 50.0Bn bonds and LKR 40.0Bn bonds are to be issued under 15.11.24 and 01.05.27 maturities while LKR 40.0Bn bonds are to be issued under 01.07.32 maturity.

| OUTSTANDING STOCK | 2-Nov-22 | Previous Week | Change (%) |
|---|-------------------|--------------------|------------------|
| T-Bills [LKR 'Mn] | 3,781,888 | 3,746,911 | 0.9% |
| T-Bonds [LKR 'Mn] | 8,559,173 | 8,540,976 | 0.2% |
| TOTAL | 12,341,061 | 12,287,887 | 0.4% |
| T-Bills & T-Bonds held by Foreigners | | | |
| Foreign Holding [LKR 'Mn] | 24,844 | 24,891 | -0.2% |
| Foreign Holding (%) | 0.2% | 0.2% | |
| MATURITY TABLE FOR NEXT WEEK | | WEEK ENDING | 18-Nov-22 |
| Type | LKR ('Mn) | USD ('Mn) | |
| T-Bills | 146,525 | | |
| T-Bonds | | | |
| T-Bond Interest | 22,207 | | |
| SLDBs/Sovereign Bonds | | 0 | |
| TOTAL | 168,732 | 0 | |

| T-BILL AUCTION | | | | Week Ending 11-Nov-22 | | |
|---------------------------|------------------|------------------|--------------|------------------------------|------------------|------------------|
| Tenure | Current | Previous | Change | Offered | Bids | Accepted |
| | 09-Nov-22 | 02-Nov-22 | (bps) | LKR ('Mn) | LKR ('Mn) | LKR ('Mn) |
| 91 days | 33.14% | 33.10% | 4 | 35,000 | 106,764 | 80,951 |
| 182 Days | 32.53% | 32.53% | 0 | 30,000 | 30,975 | 1,994 |
| 364 Days | 29.55% | 29.57% | -2 | 20,000 | 21,430 | 1,575 |
| Date of Settlement | 11-Nov-22 | | | 85,000 | 159,169 | 84,520 |

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