



"Auction yields tail off consecutively across the board"

Weekly Yield Movement & Volume

The secondary market witnessed mixed investor interest over the week while participation continued to be limited as holiday season approached. Meanwhile, primary T-Bill auction yields tailed off for the second consecutive week.

In the beginning of the week, selling interest emerged following the outcome of the bond auction where activities mainly took place on 2024, 2025, 2026 and 2029 maturities. However, buying interest too was witnessed on short term maturities during the week. As the week progressed, mixed interest was visible despite investor activity being slowed down amidst low participation.

At the weekly bill auction, total offered of LKR 85.0Bn, was fully accepted out of which 79.2% was accepted from the 3M maturity. Furthermore, auction yields continued on the previous trend and edged down lower with 3M maturity yield declining by 13bps whilst 6M and 12M maturities declined by 03bps and 02bps, respectively. Meanwhile post auction, selling interest was observed on 01.05.24 and 15.05.26 maturities which saw trades taking place between 32.07%-32.15% and 30.90%-31.10% respectively. Moreover, mixed investor activity was observed on 15.07.29 maturity which traded at 28.00%-28.25% on the back of limited activity and thin volumes.

In the Forex market, LKR was broadly held steady against the green back with rupee recorded at LKR 363.2 over the week.

Liquidity & CBSL Holdings

Market Liquidity remained negative and further declined during the week. At the beginning, excess liquidity was recorded at LKR -206.3Bn and declined to LKR -224.0Bn by the end of the week. Meanwhile, CBSL holdings slightly rose to LKR 2,602.9Bn compared to LKR 2,602.4Bn held at the beginning.

Foreign Interest

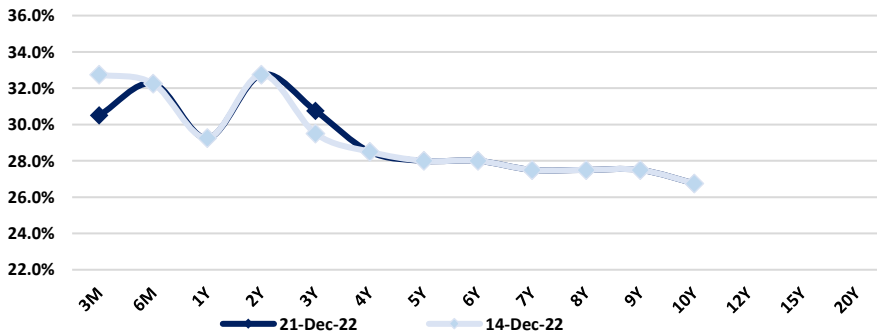
Foreign holding in government securities slightly increased by LKR 179.0Mn to LKR 25.1Bn whilst foreign holding percentage was maintained at 0.2%.

Maturities for next week

The Government Securities market has to settle a Treasury bill maturity amounting to LKR 95.7Bn for the week ending 30th Dec-22.

TENURE	BID	OFFER
< 91 Days < 3M	31.00%	30.00%
< 182 Days < 6M	32.50%	32.00%
< 364 Days < 1Y	29.50%	29.00%
15-Jan-25 < 2Y	33.00%	32.50%
01-Feb-26 < 3Y	31.00%	30.50%
01-May-27 < 4Y	29.00%	28.00%
15-Jan-28 < 5Y	28.50%	27.50%
01-Jan-29 < 6Y	28.50%	27.50%
15-May-30 < 7Y	28.00%	27.00%
15-May-31 < 8Y	28.00%	27.00%
01-Jul-32 < 9Y	28.00%	27.00%
15-Jan-33 < 10Y	27.50%	26.00%
15-Mar-35 < 12Y	N/A	N/A
15-Aug-39 < 15Y	N/A	N/A
01-Jan-41 < 20Y	N/A	N/A

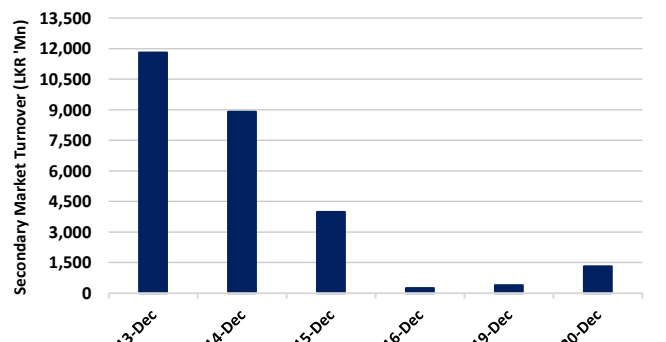
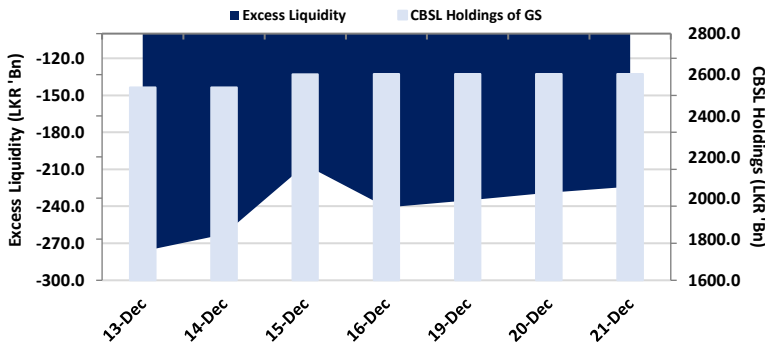
US TREASURIES	16-Dec-22	9-Dec-22
1 Year	4.61%	4.72%
2 Year	4.17%	4.33%
5 Year	3.61%	3.75%
10 Year	3.48%	3.57%
30 Year	3.53%	3.56%



MARKET INTEREST RATES	16-Dec-22	Last Month
AWPLR	28.31%	29.67%

	This Week	Last Week
FD Ceiling Rate(1Yr)	31.41%	31.46%

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



Daily Summary

Thursday (15.12.22): Following the outcome of the recent bond auction, the secondary market witnessed slight selling interest during the session where 01.05.24 and 15.01.25 maturities were seen trading at 31.75% and 32.80%, respectively while, 15.05.26 maturity was quoted between 30.70%-30.90%. Meanwhile, with some mixed activities, 15.07.29 maturity was traded at 28.00%. Subsequent to the bill auction results, where yields fell across the board, buying interest was witnessed on short term maturity mainly on 2M bill which was traded at 28.00%

Friday (16.12.22): Despite the marginal dip in auction yields from the weekly bill auction, coupled with buying interest observed on mid-tenure maturities though on thin volumes, the secondary market ended the week on a complete standstill during the day's proceedings.

Monday (19.12.22): Secondary market yield curve remained broadly unchanged as activities in the market continued to take a standstill position where no sizeable trades took place as investor participation was visibly less with the approaching holiday season.

Tuesday (20.12.22): Secondary market witnessed mixed activities during the day with 15.05.2026 trading at 31.00%. However, activities continued to remain subtle amidst thin volumes ahead of the LKR 85.0Bn T-Bill auction which is scheduled to take place on 21st Nov-22.

Wednesday (21.12.22): CBSL conducted its weekly bill auction and fully accepted the offered LKR 85.0Bn, of which 79.2% was accepted from the 3M maturity. Furthermore, auction yields continued on the previous trend and edged down lower with 3M maturity yield declining by 13bps whilst 6M and 12M maturities declined by 03bps and 02bps, respectively. Meanwhile post auction, selling interest was observed on 01.05.24 and 15.05.26 maturities which saw trades taking place between 32.07%-32.15% and 30.90%-31.10% respectively. Moreover, mixed investor activity was observed on 15.07.29 maturity which traded at 28.00%-28.25% on the back of limited activity and thin volumes.

OUTSTANDING STOCK	14-Dec-22	Previous Week	Change (%)
T-Bills [LKR 'Mn]	4,003,105	3,990,163	0.3%
T-Bonds [LKR 'Mn]	8,579,424	8,579,424	0.0%
TOTAL	12,582,529	12,569,587	0.1%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	25,068	24,889	0.7%
Foreign Holding (%)	0.2%	0.2%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	30-Dec-22
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	95,658		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds		0	
TOTAL	95,658	0	

T-BILL AUCTION				Week Ending 23-Dec-22		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	21-Dec-22	14-Dec-22	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	32.67%	32.80%	-13	40,000	86,643	67,311
182 Days	32.23%	32.26%	-3	25,000	31,534	10,065
364 Days	29.30%	29.32%	-2	20,000	25,374	7,624
Date of Settlement	23-Dec-22			85,000	143,551	85,000

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