



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

May 10, 2023

For the week 04.05.2023-10.05.2023

"Short-mid tenor yields edge up over intensified selling"

Weekly Yield Movement & Volume

The secondary market yield curve continued to budge higher mainly on the short to mid end of the curve as selling interest persisted yet another week on the back of rising concerns on the DDR. Meanwhile, at the weekly bill auction, 3M T-Bill oversubscribed and the weighted average yields of the maturity edged down marginally after 4-week.

The secondary market displayed dull performance as investor interest was seen to be toned down while activities were limited and volumes remained thin. As the week progressed, selling pressure intensified mainly on 2026 and 2027 maturities which traded consecutively during the week within a range of 29.00%-30.50% and 27.75%-28.85%, respectively.

Meanwhile at the weekly treasury bill auction, CBSL accepted LKR 132.4Bn bids from offered LKR 140.0Bn, with 74.5% of bids accepted from the 3M bill. Furthermore, slight drop in yields was also observed in the 3M bill to 25.80% (-2bps) whilst 6M and 12M yields remained unchanged at 25.42% and 23.14%, respectively at the auction.

In the Forex market, LKR appreciated further against the greenback with rupee being recorded at LKR 318.1 compared to LKR 320.0 recorded during the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained volatile and deteriorated during the week. At the beginning, excess liquidity was recorded at LKR -88.6Bn and declined to LKR -121.3Bn by the end of the week. Meanwhile, CBSL holdings slightly decreased to LKR 2,651.1Bn compared to LKR 2,724.3Bn held at the beginning of the week.

Foreign Interest

Foreign holding in government securities continued to rise and increased by LKR 1.0Bn to LKR 126.2Bn whilst foreign holding percentage was maintained at 0.9%.

Maturities for next week

The Government Securities market has to settle a Treasury bill amounting to LKR 277.7Bn and T-Bond interest amounting to LKR 45.2Bn for the week ending 19th May-23.

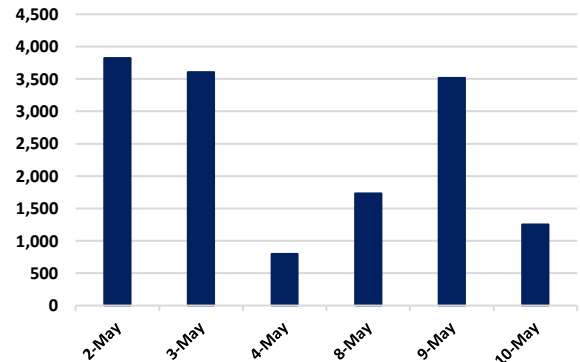
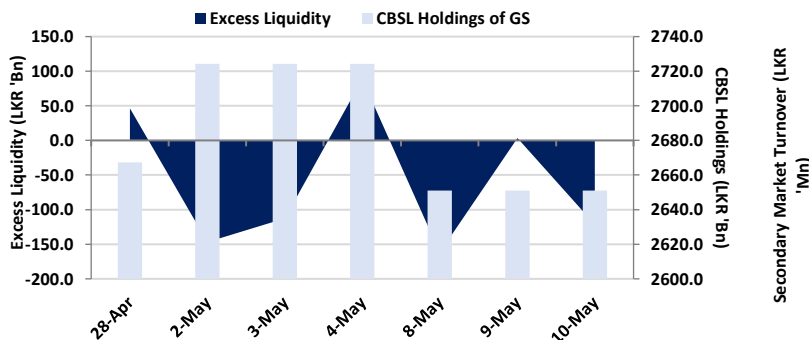
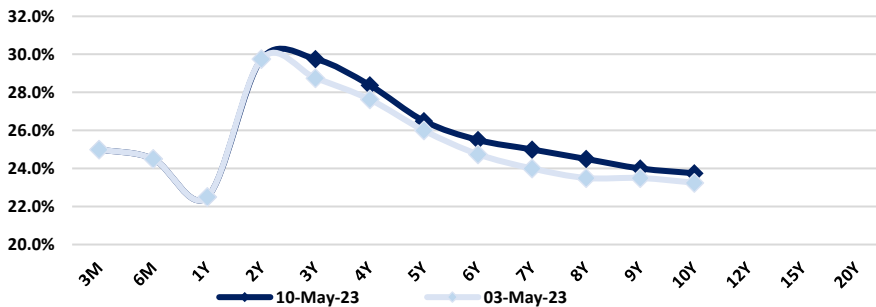
TENURE	BID	OFFER
< 91 Days < 3M	25.50%	24.50%
< 182 Days < 6M	25.00%	24.00%
< 364 Days < 1Y	23.00%	22.00%
01-Jul-25 < 2Y	30.00%	29.50%
15-May-26 < 3Y	30.00%	29.50%
15-Sep-27 < 4Y	28.50%	28.25%
15-Jan-28 < 5Y	27.00%	26.00%
01-Jan-29 < 6Y	26.00%	25.00%
15-May-30 < 7Y	25.50%	24.50%
15-May-31 < 8Y	25.00%	24.00%
01-Jul-32 < 9Y	24.50%	23.50%
15-Jan-33 < 10Y	24.25%	23.25%
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	05-May-23	28-Apr-23
1 Year	4.73%	4.80%
2 Year	3.92%	4.04%
5 Year	3.41%	3.51%
10 Year	3.44%	3.44%
30 Year	3.76%	3.67%

MARKET INTEREST RATES	04-May-23	Last Month
AWPLR	20.84%	21.03%

	This Week	Last Week
FD Ceiling Rate(1Yr)	25.06%	24.94%

MONEY MARKET RATES	High	Low
Call Money	16.50%	16.00%
Repo Rates	16.50%	16.50%



Daily Summary

Thursday (04.05.23): The secondary market enticed dull activity during the trading session with very limited activities observed on 01.05.27 maturity, with trades taking place at 27.75%. The dull sentiment prevailed during the day was largely attributable to the uncertainty surrounding DDR, which kept investors at bay.

Monday (08.05.23): Secondary market continued to witness selling pressure among market participants as DDR worries persisted amidst the absence of clear direction on the same. Accordingly, in the midst of mounting selling interest, rates of 01.05.2027 and 15.09.2027 further moved up. During the day, 15.05.2026 traded at 29.00% while 15.09.2027 traded at 28.25%.

Tuesday (09.05.23): The secondary market yield curve continued to inch up mainly on the short to mid end of the curve despite generating limited activities, as selling pressure intensified among the investors over rising concerns on DDR. In the midst of selling interest, 15.05.26 maturity was seen changing hands at 30.00% while 01.05.27 and 15.09.27 maturities were trading in the range of 28.05%-28.50%. . Meanwhile, CBSL announced an issue of LKR 140.0Bn T-Bills through an auction on 10th May 2023.

Wednesday (10.05.23): The secondary market continued to witness selling interest during the day as 15.05.26 maturity traded at 30.50% whilst 01.05.27 and 15.09.27 maturities traded between 28.50%-28.85%. Moreover, thin volumes and limited activities were also observed on the 01.07.32 maturity which recorded trades between 24.00%-25.00%. Meanwhile at the weekly treasury bill auction, CBSL accepted LKR 132.4Bn bids from offered LKR 140.0Bn, with 74.5% of bids accepted from the 3M bill. Furthermore, slight drop in yields was also observed in the 3M bill to 25.80% (-02Bps) whilst 6M and 12M yields remained unchanged at 25.42% and 23.14%, respectively at the auction.

OUTSTANDING STOCK	03-May-23	Previous Week	Change (%)
T-Bills [LKR 'Mn]	4,818,435	4,740,466	1.6%
T-Bonds [LKR 'Mn]	9,135,718	9,135,718	0.0%
TOTAL	13,954,153	13,876,184	0.6%
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	126,150	125,126	0.8%
Foreign Holding (%)	0.9%	0.9%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	19-May-23
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	277,710		
T-Bonds			
T-Bond Interest	45,238		
SLDBs/Sovereign Bonds			
TOTAL	322,948		

T-BILL AUCTION				Auction Date 10-May-23		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	10-May-23	03-May-23	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	25.80%	25.82%	-2	80,000	157,409	98,676
182 Days	25.42%	25.42%	0	30,000	49,416	16,715
364 Days	23.14%	23.14%	0	50,000	59,621	17,030
Date of Settlement	12-May-23			160,000	266,446	132,421

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
Vinodhini Rajapoopathy	+94 11 2639 866	Nethmi Fernando	+94 11 2639 863

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 Jayawardana	+94 76 7084 953	Anjelo LaBrooy	+94 77 7546 645
Nishantha Mudalige	+94 70 2910 041	Dillon Lowe	+94 76 616 0647
Anushka Buddhika	+94 71 4310 600	Evelyn John	+94 77 779 2452
Thushara Pathiraja	+94 70 2910 037	Yudheshan Kannadasan	+94 77 415 5809

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, 1st 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.