



## "Mixed to subdued activities in the secondary market"

### Weekly Yield Movement & Volume

The secondary market activities shifted from a mixed sentiment to a standstill over the week, amidst limited participation while auction yields continued decline at the weekly auction recording sharper dips in 03M and 06M tenors.

The week opened on a bearish note following the SRR cut of 200bps while gradually buying interest surfaced. Activities spanned on short to mid tenors, primarily 2026 and 2027 tenors which surged by 25bps and 37bps in the midst of continuous profit booking that persisted till mid-week. However, towards the latter part of the week, market came to a standstill as investors adopted a wait-and-see approach ahead of the upcoming monetary policy review meeting.

Meanwhile, weighted average yields continued to budge down at the weekly auction with 03M and 06M tenors plunging significantly by over 200bps. Moreover, the total raised amount of LKR 180.0Bn was fully accepted while weighted average yield of 03M closed at 17.55% (-223bps) while 06M dipped further down to 14.87% (-224bps). Meanwhile, 1Yr displayed a shallow dip and closed at 13.19% (-75bps).

In the Forex market, LKR slightly depreciated against the greenback with rupee being recorded at LKR 321.2 compared to LKR 320.3 recorded during the beginning of the week.

### Liquidity & CBSL Holdings

Market Liquidity continued to remain negative but improved during the week. At the beginning, excess liquidity was recorded at LKR -187.0Bn and improved to LKR -87.8Bn by the end of the week. Meanwhile, CBSL holdings declined to LKR 2,678.7Bn compared to LKR 2,699.8Bn held at the beginning of the week.

### Foreign Interest

Foreign holding in government securities decreased by LKR 1.9Bn to LKR 174.6Bn whilst foreign holding percentage remained at 1.2%.

### Maturities for next week

The Government Securities market has to settle a Treasury bill amounting to LKR 323.1Bn for the week ending 25<sup>th</sup> Aug-23.

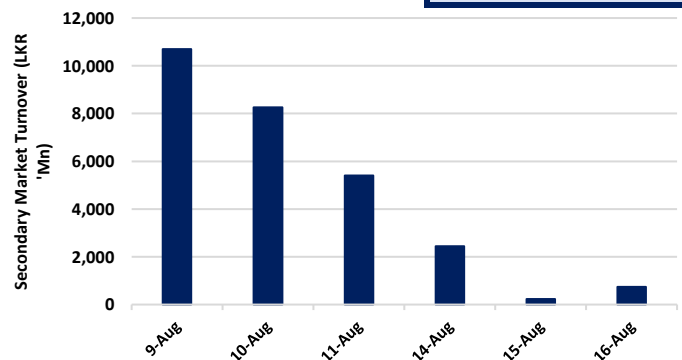
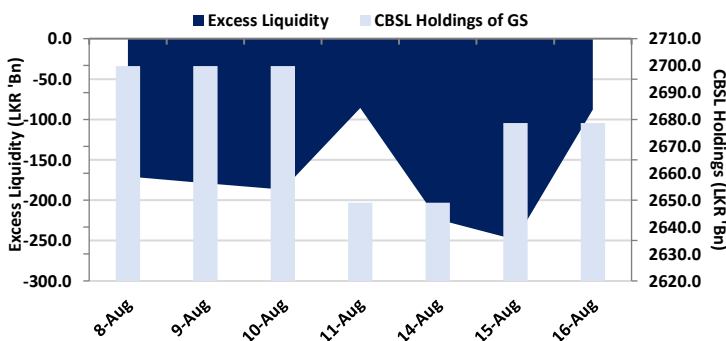
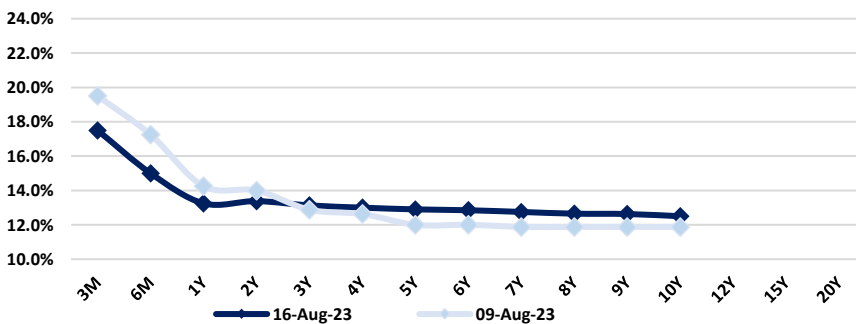
TENURE	BID	OFFER
< 91 Days < 3M	18.00%	17.00%
< 182 Days < 6M	15.50%	14.50%
< 364 Days < 1Y	13.50%	13.00%
07-Jan-25 < 2Y	13.75%	13.00%
15-May-26 < 3Y	13.25%	13.00%
15-Sep-27 < 4Y	13.10%	12.90%
01-May-28 < 5Y	13.00%	12.80%
15-Jul-29 < 6Y	13.00%	12.70%
15-May-30 < 7Y	13.00%	12.50%
15-May-31 < 8Y	13.00%	12.30%
01-Jul-32 < 9Y	13.00%	12.25%
15-Jan-33 < 10Y	13.00%	12.00%
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	11-Aug-23	4-Aug-23
1 Year	5.36%	5.33%
2 Year	4.89%	4.78%
5 Year	4.31%	4.15%
10 Year	4.16%	4.05%
30 Year	4.27%	4.21%

MARKET INTEREST RATES	11-Aug-23	Last Month
AWPLR	16.67%	17.18%

	This Week	Last Week
FD Ceiling Rate (1Yr)	15.90%	16.19%

MONEY MARKET RATES	High	Low
Call Money	11.75%	11.20%
Repo Rates	12.00%	11.64%



## Daily Summary

**Thursday (10.08.23):** The secondary market witnessed profit taking amidst the surprise Statutory Reserve Ratio (SRR) cut by 200bps. Moreover, amidst mixed activities, trades were primarily observed on the mid tenor maturities, where 15.05.26, 15.09.27, 01.05.28 and 15.05.30 maturities traded at 13.00%, 13.40%-12.75%, 12.75% and 12.50%, respectively. Meanwhile, in the forex market the LKR appreciated against the green back, closing at LKR 320.3.

**Friday (11.08.23):** The secondary market yield curve remained broadly steady during the day while mixed activities were observed amidst low volumes. Accordingly, 15.05.2026 and 15.01.2028 traded at 13.00% and 12.90%, respectively. Meanwhile, 2027 tenors 01.05.2027 and 15.09.2027 traded at 12.85% during the day. Moreover, renewed demand on T-Bills were witnessed in the market which stirred the yields across all bills to decline approximately by 1%. On the external side, rupee marginally appreciated against the greenback as it closed at LKR 320.0 compared to yesterday's rate of LKR 320.3.

**Monday (14.08.23):** The yield curve adjusted upwards backed by selling pressure amidst profit taking during the day. Moreover, 15.05.26 maturity traded at 13.00% whilst 15.09.27 traded at 13.10%. Furthermore, 01.05.28 tenor traded at 13.15%. Meanwhile, 01.07.32 tenor traded at 13.25%. In the forex market the LKR slightly appreciated against the green back as it was recorded at LKR 320.0.

**Tuesday (15.08.23):** The secondary market was on a complete standstill and continued to be inactive during the day, ahead of the LKR 180.0Bn weekly T-bill auction, out of which LKR 90.0Bn is to be raised from 91-day maturities, LKR 50.0Bn is expected to be raised from 182-day maturities while LKR 40.0Bn is to be raised from 364-day maturities. Meanwhile, in the forex market LKR depreciated against the greenback and closed at LKR 320.94 against the previous closing of 319.98.

**Wednesday (16.08.23):** Weighted average yields continued to budge down at the weekly auction with 03M and 06M tenors plunging significantly by over 200bps. Moreover, the total raised amount of LKR 180.0Bn was fully accepted while weighted average yield of 03M closed at 17.55% (-223bps) while 06M dipped further down to 14.87% (-224bps). Meanwhile, 1Yr displayed a shallow dip and closed at 13.19% (-75bps). Post auction, thin buying interest surfaced in the secondary market with interest enticed on 15.09.2027, which traded at 13.00% while 01.05.2028 traded at 12.90%. However, activities remained subdued, as investors took a wait-and-see stance ahead of the monetary policy announcement. On the external side, LKR depreciated relative to yesterday and closed at LKR 321.2.

OUTSTANDING STOCK	10-Aug-23	Previous Week	Change (%)
T-Bills [LKR 'Mn]	5,660,766	5,638,956	0.4%
T-Bonds [LKR 'Mn]	9,023,735	9,023,735	0.0%
<b>TOTAL</b>	<b>14,684,500</b>	<b>14,662,691</b>	<b>0.1%</b>
T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	174,550	176,489	-1.1%
Foreign Holding (%)	1.2%	1.2%	
MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	25-Aug-23
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	323,098		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds			
<b>TOTAL</b>	<b>323,098</b>		

T-BILL AUCTION				Auction Date 16-Aug-23		
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	16-Aug-23	9-Aug-23	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	17.55%	19.78%	-223	90,000	136,393	97,838
182 Days	14.87%	17.11%	-224	50,000	89,947	50,000
364 Days	13.19%	13.94%	-75	40,000	63,325	32,162
<b>Date of Settlement</b>	<b>18-Aug-23</b>			<b>180,000</b>	<b>289,665</b>	<b>180,000</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
Vinodhini Rajapooopathy	+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	Anjelo LaBrooy	+94 77 7546 645
Isuru Jayawardena	+94 76 7084 953	Dillon Lowe	+94 76 616 0647
Nishantha Mudalige	+94 70 2910 041	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

<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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