



First Capital

WEEKLY GOVERNMENT SECURITIES MARKET

First Capital Research

January 3, 2024

For the week 28.12.2023-03.01.2024

"Secondary market activities turn dreary amidst new year"

Weekly Yield Movement & Volume

The secondary market yield curve showed only marginal change over the week amidst dull participation as investors were mostly sidelined ahead of the new year. Meanwhile, weighted average yields remained steady except for 03M, which was marginally trimmed down by 06bps.

Market was on a persistent dreary sentiment over the week, owing to the year-end buzz, limiting investor participation. However, despite the poor participation, interest spanned on mid tenors 2026, 2027 and 2028 maturities which slightly edged higher by 15-20bps over the week.

Meanwhile, CBSL conducted its final T-Bond auction for 2023 expecting to raise LKR 155.0Bn where the yield rates marginally surged higher. Accordingly, 01.02.2026 was accepted at a WAYR of 13.87% (accepting the total offered of LKR 65.0Bn) whilst, 15.03.2028 was accepted at a WAYR of 14.21% (accepting the total offered of LKR 65.0Bn), 15.05.2030 was accepted at a WAYR of 14.22% (accepting only LKR 20.4Bn from LKR 25.0Bn offered).

CBSL conducted its first weekly bill auction for the year and partially accepted the total offered of LKR 160.0Bn, whilst auction yields marginally edged down on the 91-day bill. Furthermore the 91-day and 182-day maturities experienced higher reception with CBSL accepting LKR 65.0Bn for the 91-day at 14.45% (-06Bps) and LKR 88.6Bn for the 182-day maturity at 14.16% (0Bps). Additionally, LKR 1.6Bn was accepted from the 364-day maturity at a weighted average yield of 12.93% (0Bps).

In the Forex market, LKR appreciated against the USD with rupee being recorded at LKR 321.1 compared to LKR 324.2 recorded during the beginning of the week.

Liquidity & CBSL Holdings

Market Liquidity remained volatile and exhibited a decline during the week. At the beginning, excess liquidity was recorded at LKR -82.4Bn and further deteriorated to LKR -121.6Bn by the end of the week. Meanwhile, CBSL holdings remained steady at LKR 2,743.6Bn throughout the week.

Foreign Interest

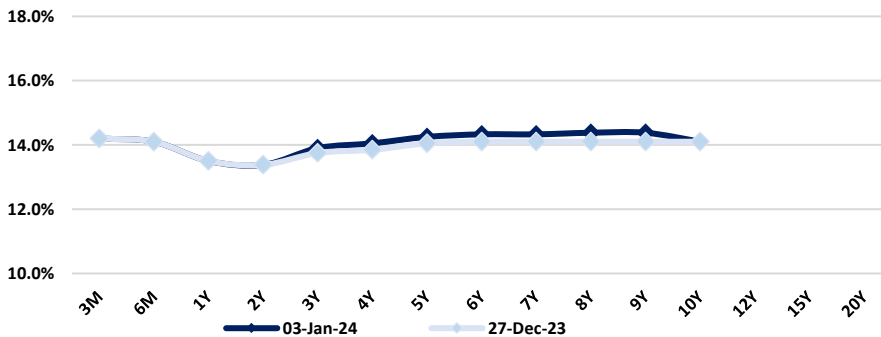
Foreign holding in government securities decreased narrowly by LKR 1.0Bn to LKR 117.4Bn whilst foreign holding percentage remained stagnant at 0.7%.

Maturities for next week

The Government Securities market has to settle a Treasury bill amounting to LKR 116.4Bn for the week ending 12th Jan-24.

TENURE	BID	OFFER
< 91 Days < 3M	14.30%	14.10%
< 182 Days < 6M	14.20%	14.00%
< 364 Days < 1Y	14.00%	13.00%
01-Jul-25 < 2Y	13.50%	13.25%
01-Jun-26 < 3Y	13.95%	13.85%
15-Sep-27 < 4Y	14.10%	14.00%
01-Jul-28 < 5Y	14.30%	14.20%
15-Jul-29 < 6Y	14.40%	14.25%
15-May-30 < 7Y	14.40%	14.25%
15-May-31 < 8Y	14.50%	14.25%
01-Jul-32 < 9Y	14.50%	14.25%
15-Jan-33 < 10Y	14.20%	14.00%
15-Mar-35 < 12Y	N/A	N/A
15-Aug-39 < 15Y	N/A	N/A
01-Jan-41 < 20Y	N/A	N/A

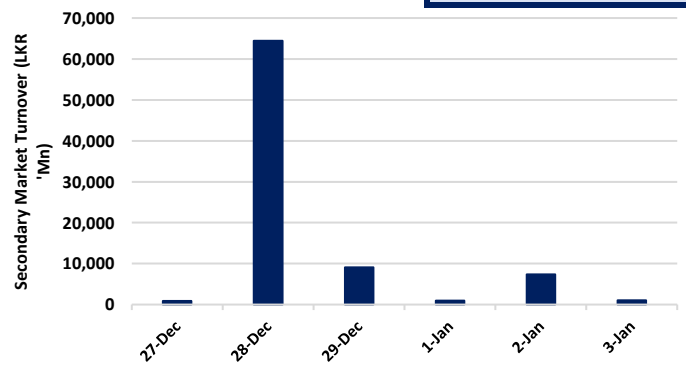
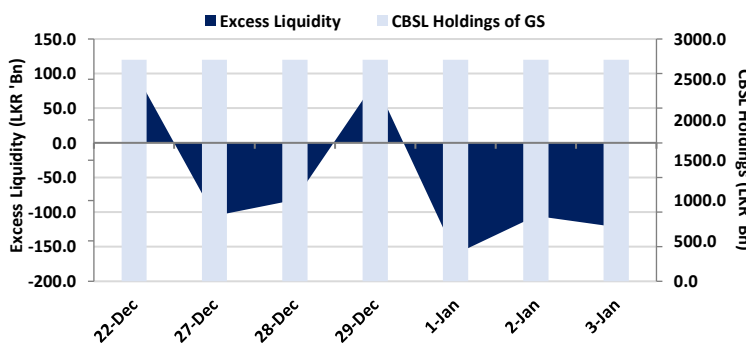
US TREASURIES	29-Dec-23	22-Dec-23
1 Year	4.79%	4.82%
2 Year	4.23%	4.31%
5 Year	3.84%	3.87%
10 Year	3.88%	3.90%
30 Year	4.03%	4.05%



MARKET INTEREST RATES	29-Dec-23	Last Month
AWPLR	12.10%	13.03%

	This Week	Last Week
FD Ceiling Rate (1Yr)	14.91%	14.89%

MONEY MARKET RATES	High	Low
Call Money	9.25%	9.10%
Repo Rates	10.00%	10.00%



Daily Summary

Thursday (28.12.2023): CBSL conducted its final T-Bond auction for the year expecting to raise LKR 155.0Bn where the yield rates marginally surged higher. Accordingly, 01.02.2026 was accepted at a WAYR of 13.87% (accepting the total offered of LKR 65.0Bn) whilst, 15.03.2028 was accepted at a WAYR of 14.21% (accepting the total offered of LKR 65.0Bn), 15.05.2030 was accepted at a WAYR of 14.22% (accepting only LKR 20.4Bn from LKR 25.0Bn offered). Furthermore, the secondary market displayed limited activities as investors were rather on a lethargic stance due to the holiday season. However, 2026 maturities traded between 13.80%-13.95%, whilst 2027 maturities traded at 14.09% and 2028 maturities traded between the bracket of 14.15%-14.20%. On the external side LKR slightly appreciated against the greenback recording at LKR 324.2 at the end of the day.

Friday (29.12.2023): The secondary market witnessed mixed activities during the final day of trading for 2023, with limited activities on the back of thin volumes. Few trades were observed on 15.01.26 and 15.09.27 maturities, with trades taking place between 13.95% - 14.00%. Meanwhile, CPI inflation for the month of December inclined to 4.0%YoY from 3.4%YoY recorded in Nov-23 with non-food inflation increasing by 5.8%YoY whilst food inflation also increased slightly by 0.3%YoY.

Monday (01.01.2024): The Secondary market yield curve remained broadly unchanged as activities took a dreary sentiment amidst the first day of the new year. In the midst of limited activities, 01.08.2026 enticed some trades at 13.85% during the day. Meanwhile, CBSL expects to raise LKR 160.0Bn at the weekly T-Bill auction scheduled to take place on the 03rd Jan-24 where LKR 40.0Bn is raised from 91 days maturity while LKR 70.0Bn and LKR 50.0Bn is to be raised from 182 days and 364 days maturities, respectively.

Tuesday (02.01.2024): The secondary market witnessed mixed activities on the back of thin volumes as the investors were on the sideline during the day. Despite the limited activities the yield curve edged up slightly during the day. Thus, 2026 tenors traded within the bracket of 13.90%-14.00% whilst, towards the mid end of the curve 15.09.27 traded at 14.00% and 01.07.28 traded at 14.25%. Meanwhile CBSL announced its weekly T-Bill auction worth of LKR 160.0Bn for 03rd of Jan-24. Furthermore, on the external side LKR slightly appreciated against USD recording LKR 323.2 at the end of the day.

Wednesday (03.01.2024): The secondary market exhibited mixed activities amidst ultra-thin volumes and limited participation for the day, where 2026 maturities including 01.02.26, 01.06.26 and 15.05.26 maturities traded in the range of 13.85%-14.00%, whilst both 15.03.28 and 15.05.30 traded at 14.20%. Meanwhile, CBSL conducted its first weekly bill auction for the year and partially accepted the total offered of LKR 160.0Bn, whilst auction yields marginally edged down on the 91-day bill. Furthermore the 91-day and 182-day maturities experienced higher reception with CBSL accepting LKR 65.0Bn for the 91-day maturity (surpassing the total offered of LKR 40.0Bn) at 14.45% (-06Bps) and LKR 88.6Bn for the 182-day maturity (above the total offered of LKR 70.0Bn) at 14.16% (0Bps). Additionally, LKR 1.6Bn was accepted from the 364-day maturity (below the total offered of LKR 50.0Bn) at a weighted average yield of 12.93% (0Bps). Furthermore, in the forex market, the LKR appreciated against the greenback and closed at LKR 321.1 at the end of the day.

OUTSTANDING STOCK	28-Dec-23	Previous Week	Change (%)
T-Bills [LKR 'Mn]	4,077,895	4,080,220	-0.1%
T-Bonds [LKR 'Mn]	12,044,359	12,044,359	0.0%
TOTAL	16,122,254	16,124,579	0.0%

T-Bills & T-Bonds held by Foreigners			
Foreign Holding [LKR 'Mn]	117,441	118,465	-0.9%
Foreign Holding (%)	0.7%	0.7%	

MATURITY TABLE FOR NEXT WEEK		WEEK ENDING	12-Jan-24
Type	LKR ('Mn)	USD ('Mn)	
T-Bills	116,395		
T-Bonds			
T-Bond Interest			
SLDBs/Sovereign Bonds			
TOTAL	116,395		

T-BILL AUCTION				Auction Date		3-Jan-23
Tenure	Current	Previous	Change	Offered	Bids	Accepted
	3-Jan-24	27-Dec-23	(bps)	LKR ('Mn)	LKR ('Mn)	LKR ('Mn)
91 days	14.45%	14.51%	-6	40,000	112,462	64,964
182 Days	14.16%	14.16%	0	70,000	122,797	88,646
364 Days	12.93%	12.93%	0	50,000	58,098	1,571
Date of Settlement	5-Jan-23			160,000	293,357	155,181

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

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Arun Kandasamy	+94 75 4861 506
Anushka Dissanayake	+94 77 2220 021		
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

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