



May 22, 2025

"Policy easing flattens the yield curve across the board"

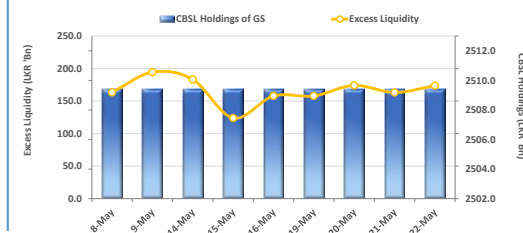
The Central Bank of Sri Lanka, at its meeting held on 21st May 2025, decided to reduce the Overnight Policy Rate by 25bps to 7.75%. The CBSL stated that; "this measured easing of monetary policy stance will support steering inflation towards the target of 5%, amidst global uncertainties and current subdued inflationary pressures". Following the monetary policy announcement, participants in the secondary market responded positively, with buying interest emerging in the market. As a result, the yield curve declined by an average of c.10bps across the board. Consequently, amongst the traded maturities, the 15.02.2028, 15.03.2028 and 01.07.2028 maturities traded in the rates of 9.57% to 9.75% while, 15.10.2028 and 15.12.2028 traded between the rates of 9.72% to 9.80%. Further ahead of the curve, 15.06.2029, 15.09.2029, and 15.12.2029 traded between the rates of 10.05% to 10.15%. Finally, going ahead of the curve, the 15.03.2031, 01.10.2032 and 01.11.2033 maturities were seen changing hands at the rates of 10.55% to 10.85%. In the forex market, the LKR appreciated against the greenback, closing at LKR 299.8/USD, compared to the previously seen rate of 300.6/USD. Meanwhile, overnight liquidity in the banking system expanded to LKR 173.78n from LKR 163.28n in the previous session.

UNIT TRUSTS

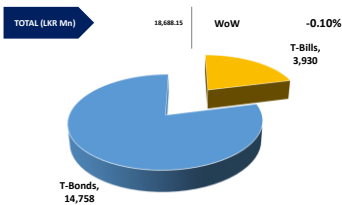
21-May-25

First Capital Unit Trust Funds			Sell Price	Buy Price	Avg. Yield
			LKR	LKR	
First Capital Money Market Fund	FCMMF		3,392.63	3,392.63	8.22%
First Capital Gilt Edge Fund	FCGEF		2,546.91	2,546.91	6.99%
First Capital Wealth Fund	FCWF		2,128.21	2,128.16	9.22%
First Capital Equity Fund	FCEF		3,321.25	3,271.43	2.86%
First Capital Money Plus Fund	FCMPF		1,096.18	1,096.18	7.62%

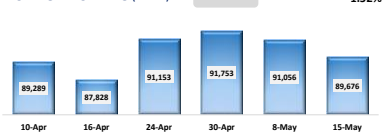
EXCESS LIQUIDITY AND CBSL HOLDINGS



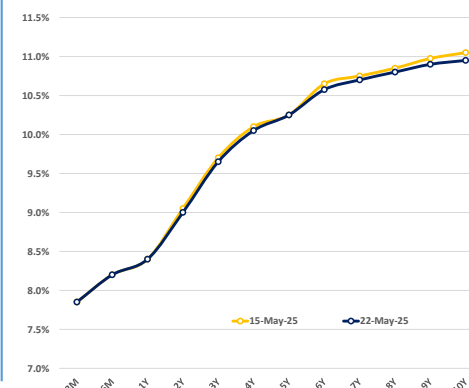
OUTSTANDING STOCK [GSEC]



FOREIGN HOLDING (LKR MN)

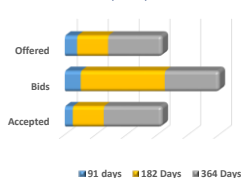


BILLS AND BONDS YIELDS



Tenure		Bid	Offer	Today	Last Week	Change (bps)
< 91 Days	< 3M	8.00%	7.70%	7.85%	7.85%	0
< 182 Days	< 6M	8.30%	8.10%	8.20%	8.20%	0
< 364 Days	< 1Y	8.50%	8.30%	8.40%	8.40%	0
01-May-27	< 2Y	9.05%	8.95%	9.00%	9.05%	-5
15-May-28	< 3Y	9.60%	9.70%	9.65%	9.70%	-5
15-Jun-29	< 4Y	10.00%	10.10%	10.05%	10.10%	-5
15-May-30	< 5Y	10.30%	10.20%	10.25%	10.25%	0
15-Mar-31	< 6Y	10.60%	10.55%	10.58%	10.65%	-8
15-Dec-32	< 7Y	10.75%	10.65%	10.70%	10.75%	-5
01-Jun-33	< 8Y	10.85%	10.75%	10.80%	10.85%	-5
01-Jan-34	< 9Y	10.95%	10.85%	10.90%	10.98%	-8
15-Mar-35	< 10Y	11.00%	10.90%	10.95%	11.05%	-10
15-Jan-37	< 12Y	N/A	N/A	N/A	N/A	N/A
15-Aug-39	< 15Y	N/A	N/A	N/A	N/A	N/A
01-Jan-41	< 20Y	N/A	N/A	N/A	N/A	N/A

T-BILL AUCTION (LKR MN)



Auction Date

21-May-25

Settlement Date

23-May-25

91 days	7.65%	0	bps
184 days	7.97%	-1	bps
364 days	8.29%	-1	bps

T-BOND AUCTION (LKR MN)

Auction Date

9-May-25



MATURITY TABLE (LKR MN)

Week ending

30-May-25

T-Bill

