

364 day bill weighted average dips sharply to over 41-month low

■ Secondary bond market yields follow suit
 ■ Inflation dips to seven-month low

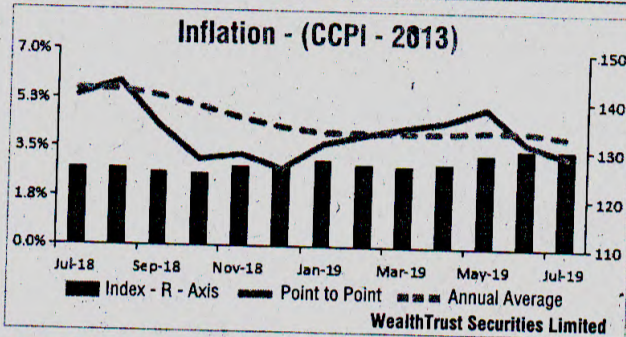
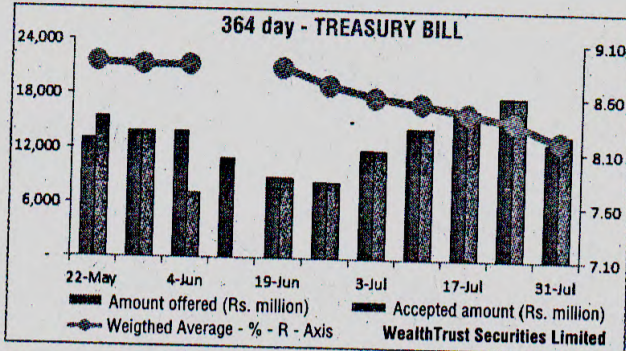
BY WEALTH TRUST SECURITIES

THE weighted average yield of the 364 day bill decreased sharply by 17 basis points to an over 3 year and 5 month low of 8.21% at yesterday's weekly bill auction, while the weighted average yields of the 91 day and 182 day bills were seen decreasing further to 7.85% and 7.94% respectively as well, registering drops of 04 and 02 basis points. The total offered amount of Rs. 22 billion was successfully subscribed at the auction as the bids to offer ratio stood at 2.74%.

Activity in the secondary bond market increased yesterday, mainly during the pre-auction session where yields of the liquid maturities of 2021's (i.e. 01.03.21, 01.05.21, 01.08.21, 15.10.21 and 15.12.21), the two 2023's (i.e. 15.03.23 and 15.07.23) and three 2024's (i.e. 15.03.24, 15.06.24 and 01.08.24) were seen decreasing to hit intraday lows of 8.60%, 8.65%, 8.70%, 8.75%, 8.80%, 9.35%, 9.45%, 9.74%, 9.77% and 9.85% respectively. Furthermore, the 01.10.22 and 01.09.23 maturities were traded at lows of 9.00% and 9.55% as well.

Inflation or the Colombo Consumer Price Index (CCPI) for the month of July was seen decreasing further to hit a seven month low of 3.3% on its point to point while its annual average decreased to a low of 4.0%.

The total secondary market Treasury bond/bill



Maturity	Offered amount	Bids received	Amount accepted	Weighted Average
91 days	Rs. 6.500 Billion	Rs.12.896 Billion	Rs. 6.500 Billion	7.85%
182 days	Rs. 2.500 Billion	Rs. 4.616 Billion	Rs. 1.166 Billion	7.94%
364 days	Rs.13.000 Billion	Rs.42.716 Billion	Rs.14.334 Billion	8.21%
	Rs.22.000 Billion	Rs.60.228 Billion	Rs.22.000 Billion	

transacted volumes for 30 July was Rs. 4.18 billion.

In the money market, the overnight call money and repo rates averaged at 7.70% and 7.80% respectively as the OMO Department of the Central Bank refrained from conducting any auction yesterday to drain out excess liquidity. The overnight net liquidity surplus stood at a high of Rs. 42.54 billion yesterday.

Rupee loses further

In the Forex market, the USD/LKR rate on spot contracts depreciated further yesterday to close the day at a level of Rs. 176.30/35 against its previous day's closing level of Rs. 176.28/32 on the back of continued buying interest by Banks. The total USD/

Treasury Bills

91 Day Bills	-	7.60 / 7.80
182 Day Bills	-	7.75 / 7.90
364 Day Bills	-	8.10 / 8.25

Treasury Bonds

15/10/21	-	8.70 / 8.75
01/10/22	-	8.85 / 10.00
15/07/23	-	9.42 / 9.47
15/06/24	-	9.76 / 9.78
01/08/25	-	9.87 / 9.95
01/08/26	-	9.85 / 9.93
15/01/27	-	9.90 / 9.93
01/09/28	-	9.90 / 10.00
01/05/29	-	9.95 / 10.02
15/05/30	-	9.95 / 10.10
15/01/33	-	10.00 / 10.15
15/03/35	-	10.10 / 10.30

LKR traded volume for 30 July was \$97.71 million.

Some of the forward USD/LKR rates that prevailed in the market were 1 month - 176.80/95; 3 months - 178.00/20 and 6 months - 179.80/00.