

Financial Services

Bond market activity dries up ahead of weekly bill auction

BY WEALTH TRUST SECURITIES

THE trading week commenced on a sluggish note, as activity in the secondary bond market moderated, with most market participants opting to be on the sidelines.

Limited trades took place consisting of the 15.12.22, 15.01.23, 15.12.23, 15.09.24 and 01.02.26 maturities at levels of 5.53%, 5.56%, 5.87% to 5.88%, 6.10% and 6.53% to 6.54% respectively. In addition, the shorter end maturities of 01.03.21, 01.05.21, 01.08.21 and 15.12.21 changed hands at levels of 4.70% to 4.75% as well.

This week's Treasury bill auction will have on offer a total amount of Rs. 40.00 billion, consisting of Rs. 6 billion of the 91 day, Rs. 14 billion of the 182 day and Rs. 20 billion of the 364 day maturities. At last week's auction, the weighted average rates of the 91 day and 182 day maturities decreased by 03 basis points each to 4.56% and 4.68% respectively while the weighted average rate of the 364 day bill dipped by 01 basis point to 4.89%. The same weighted average rates were announced as stipulated cut off rates for this week's auction. In the secondary bill market,

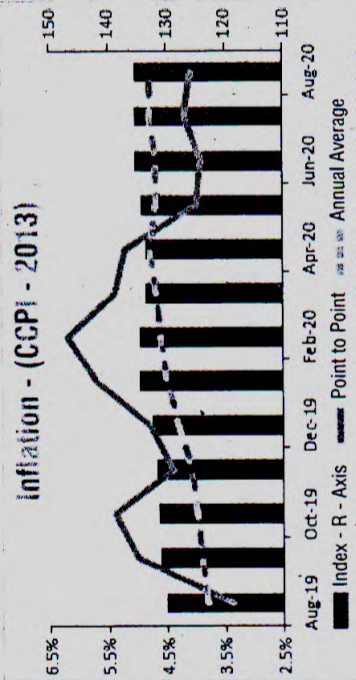
used average remained steady at 4.8%.

The total secondary market Treasury bond/bill transacted volumes for 28 August 2020 was Rs. 9.11 billion.

In the money market, the weighted average rate of overnight call money and Repo's was at 4.53% and 4.54% respectively with the surplus liquidity standing high at Rs. 190.85 billion.

Rupee appreciates

In the Forex market, USD/LKR rate on spot contracts was seen appreciating to close the day at Rs. 185.80/95 against



the 27 November 2020 maturity traded at a level of 4.56%.

The Colombo Consumer Price Index (CCPI) for the

Given below are the secondary market yields for the most frequently traded maturities

Maturity	Offer	Bid
91 Day Bills	4.50	4.70
182 Day Bills	4.65	4.70
364 Day Bills	4.80	4.85

Source: Bloomberg E-Bond trading platform, WTSL, Money broking companies

its previous day's closing level of Rs. 186.45/65 on the back of selling interest. It traded with the range of Rs. 185.85 to Rs. 186.40.

The total USD/LKR traded

volume for 28 August was \$ 33.56 million.

(References: Central Bank of Sri Lanka, Bloomberg E-Bond trading platform, Money broking companies)