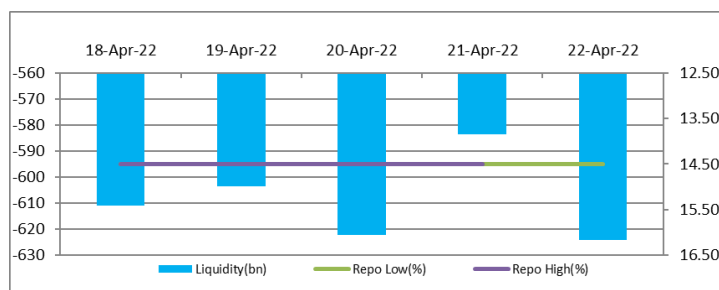


Weekly review for the week ending 22nd April 2022

Money Market: Money market liquidity shortage continues.

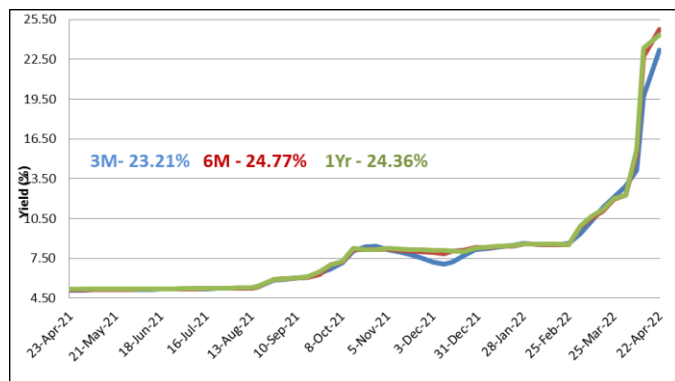
Overnight liquidity recorded a deficit of LKR 624.11 billion at the end of the week compared to the deficit of LKR 600.46 billion by the end of last week and overnight Repo was exchanged at 14.50% in the market. Total gross volume of Repo was Rs. 70.30Billion.



Government Securities Market Review

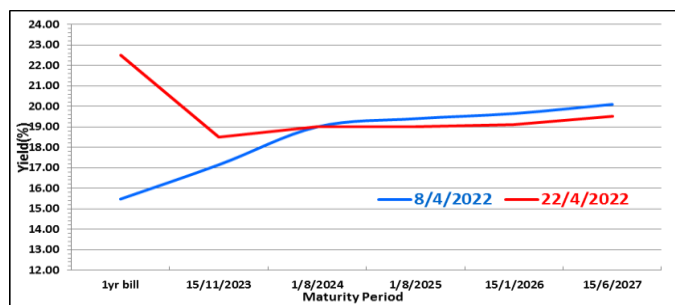
Treasury Bill Market: Upward trend in treasuries continue.

CBSL offered 97.5 billion and accepted only LKR 48.066 billion at the weekly T-Bill auction held on 20th April 2022. The Weighted average yield rate of 91-days maturity increased by 350 basis points to 23.21% and LKR 45.15Billion was accepted in 91-days maturity. 182-days and 364-days bills were accepted at the weighted average yield rates of 24.77% (up by 204bps) and 24.36% (up by 100bps) respectively.



Bond Market: Bond market activities dry amid economic crisis.

The yield curve becomes inverted as some long term Treasury bonds started trading below short term Treasury bills. Investors were seen investing heavily in short term Treasury bills amid the uncertainty prevailing in the economy. Traders stayed on sidelines awaiting more news regarding the IMF program.

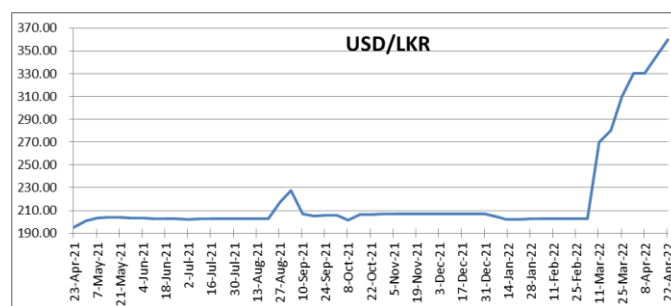


International Forex Market

The dollar index rose above 100.8 on Friday as investors digested hawkish remarks from Federal Reserve Chair Jerome Powell who hinted at more aggressive rate hikes ahead. The U.S. Dollar Index that tracks the greenback against a basket of other currencies was at 100.83 as of writing.

Local Forex Market

In the Forex market USD/LKR spot rate was quoted at LKR.340/380 (Offer rate is indicative). The total USD/LKR traded volume from 18th Apr to 21st Apr was \$ 94.82 million.



Commodity Markets

- Oil:** Crude oil prices fell during the week amid weaker global growth and slower demand from top importer China, even as the EU considered a ban on Russian oil. Crude oil WTI futures and Brent crude futures were trading at \$ 102.64 and \$ 107.18 as of writing.
- Gold:** Gold traded around \$1,930 an ounce on Friday pressured by a strong dollar and rising US Treasury yields as investors prepared for the Federal Reserve to aggressively raise interest rates to bring decades-high inflation under control. Gold futures were traded at \$ 1,935.14 as of writing.

Economic updates.

- Inflation (NCPI) in March soars to 21.5%; food inflation near 30%.
- Credit rating agencies (Moody's, Fitch and Standard and Poor's) downgraded Sri Lanka sovereign rating after default announcement.

Stock Market:

The Securities and Exchange Commission of Sri Lanka (SEC) has decided to direct the Colombo Stock Exchange (CSE) to temporarily close the stock market for a period of five business days commencing from 18th April 2022. The SEC is of the view that it would be in the best interests of investors as well as other market participants if they are afforded an opportunity to have more clarity and understanding of the economic conditions presently prevalent, in order for them to make informed investment decisions.