

MARKET SUMMARY REPORT

Date: 09.01.2026

1. Liquidity and Monetary Conditions

Domestic liquidity conditions improved further, with overnight market liquidity rising to **Rs. 168.5 bn**, an increase of **Rs. 9.7 bn** from the previous day on net basis. The aggregate deposits placed with the CBSL Standing Deposit Facility (SDF) amounted to **Rs. 216.6 bn**, while borrowings through the Standing Lending Facility (SLF) stood at **Rs. 48.1 bn**, indicating that excess liquidity remains unevenly distributed and is concentrated among a limited number of market participants... The **CBSL's holding of government securities remained unchanged at Rs. 2,508.9 bn**, indicating no additional liquidity absorption or injection through outright operations.

Market Liquidity & SLF Borrowing



2. Money Market Rates & Lending Rates

Short-term money market rates eased marginally, reflecting comfortable liquidity conditions.

- The **WA Call Money Rate** declined to **7.97%** (−2 bps).
- The **WA Repo Rate** edged down to **7.99%** (−3 bps).

In contrast, the **AWPR** increased to **9.07%**, rising by **13 bps** on a weekly basis, suggesting a lagged pass-through of prior funding conditions to lending rates.

3. Government Securities Market

The comparison of the current and previous yield curves indicates a **broad-based downward shift across most maturities**, reflecting easing yield conditions in the secondary market.

- Short-term segment (3–12 months):**

Yields were largely stable to marginally lower. The 3-month yield remained unchanged at **8.00%**, while the 6-month and 12-month yields declined by **2 bps**

and **5 bps** respectively, suggesting steady short-term funding conditions supported by ample liquidity.

- **Medium-term segment (2026–2029):**

The decline in yields was more pronounced in this segment.

Maturities from **December 2026**

to December 2029 recorded yield compressions ranging from **5 to 7 bps**, indicating improved demand and a moderation in medium-term rate expectations.

- **Long-term segment (2030–2034):**

Long-end yields also trended lower, though at a more measured pace. Bonds maturing between **2030 and 2034** saw yield declines of **3–6 bps**, reflecting stable inflation expectations and continued confidence in the long-term macroeconomic outlook.

- **Ultra-long end (2035):**

The **15.06.2035** maturity remained unchanged at **10.75%**, indicating that long-term rate expectations are broadly anchored.

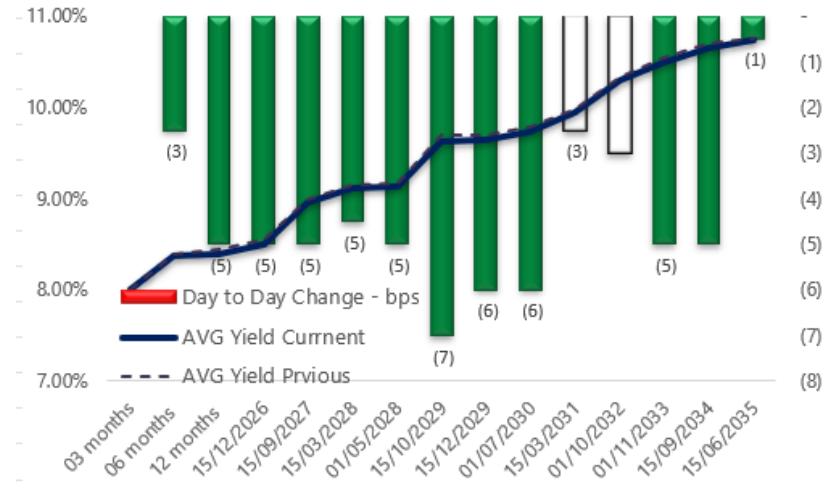
Overall Assessment:

The yield curve retains its **upward-sloping structure**, but the parallel downward movement across most tenors suggests a **slight easing bias** in the market. The relatively larger adjustments in the medium segment point to stronger investor demand and expectations of stable monetary conditions in the near to medium term.

4. Government Securities Outstanding

Outstanding Treasury bill stock declined by **Rs. 10.8 bn** on a weekly basis to **Rs. 3,137.9 bn**, while Treasury bond stock increased by **Rs. 45.7 bn** to **Rs. 15,613.2 bn**. Foreign holdings in government securities rose marginally by **Rs. 1.0 bn**, indicating a slight improvement in foreign investor participation.

Secondary Market Yield Curve & Yield Changes



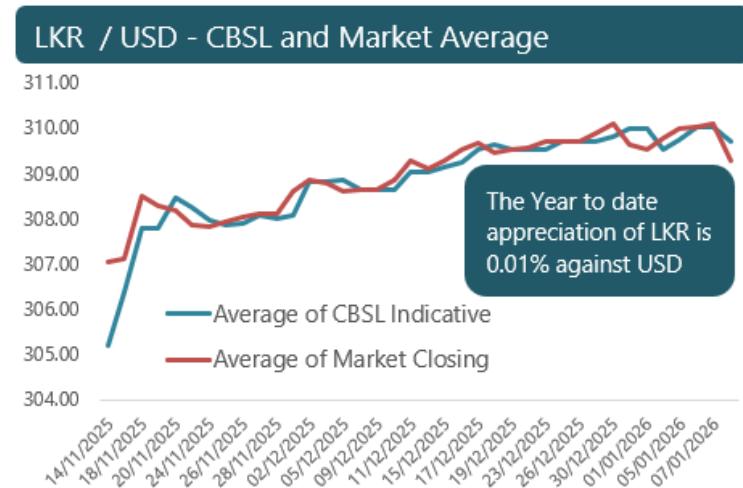
G.Sec Outstanding



5. Foreign Exchange Market

The Sri Lankan Rupee remained broadly stable.

- The **CBSL reference rate** stood at **LKR 306.32 / 313.85** per USD (buy/sell).
- Market closing rates appreciated slightly to **LKR 309.10 / 309.50**, compared to the previous close of **LKR 310.05 / 310.15**, reflecting mild appreciation pressures.



6. Inflation

Headline inflation remained subdued. **NCPI inflation** declined to **2.4%** from **2.7%**, while **CCPI inflation** remained unchanged at **2.1%**, supporting expectations of a broadly accommodative monetary environment.

7. Equity Market

The Colombo Stock Exchange closed on a positive note.

- The **ASPI** gained **1.01%** to **23,527.13**.
- The **S&P SL20** outperformed, rising **1.48%** to **6,458.03**, supported by renewed investor interest in large-cap counters.

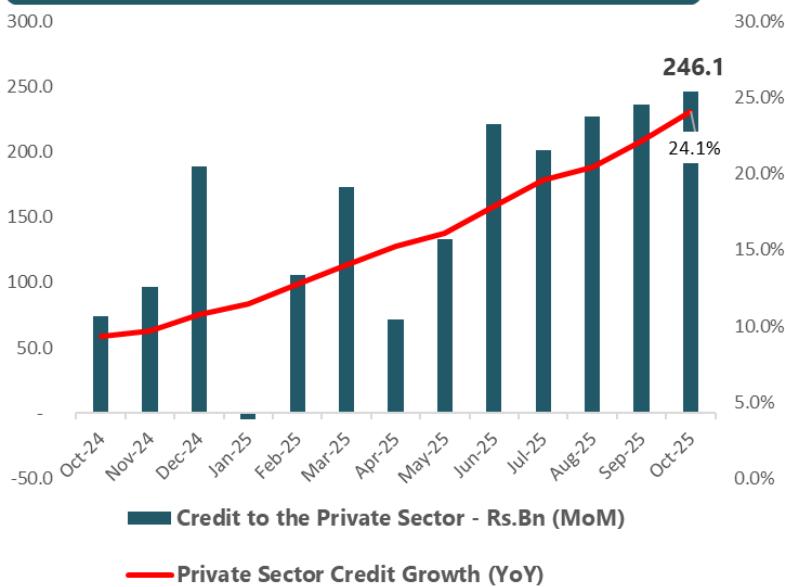
All Share Index



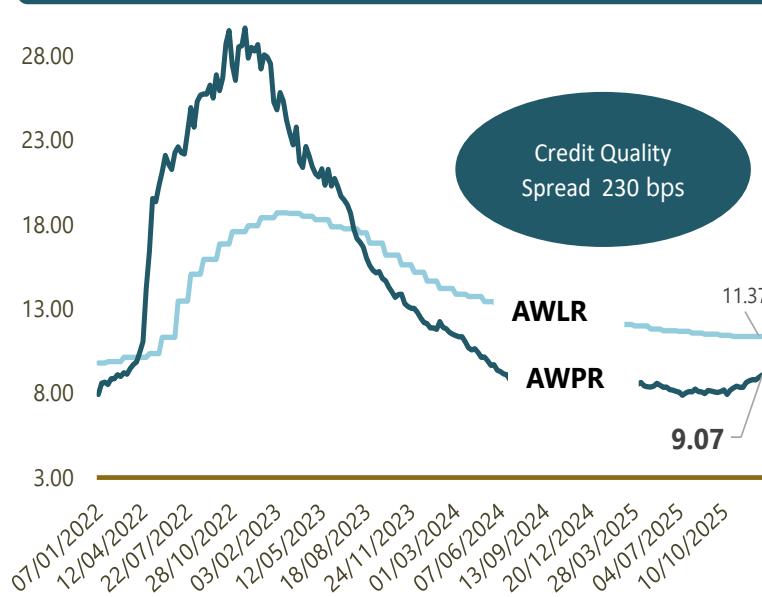
8. Commodities

- **Gold (USD forward)** eased to **USD 4,477.00** from USD 4,485.39, while **gold in LKR terms** increased in line with exchange rate movements.
- **Crude oil (futures)** edged up to **USD 62.39** per barrel, reflecting firm global demand expectations.

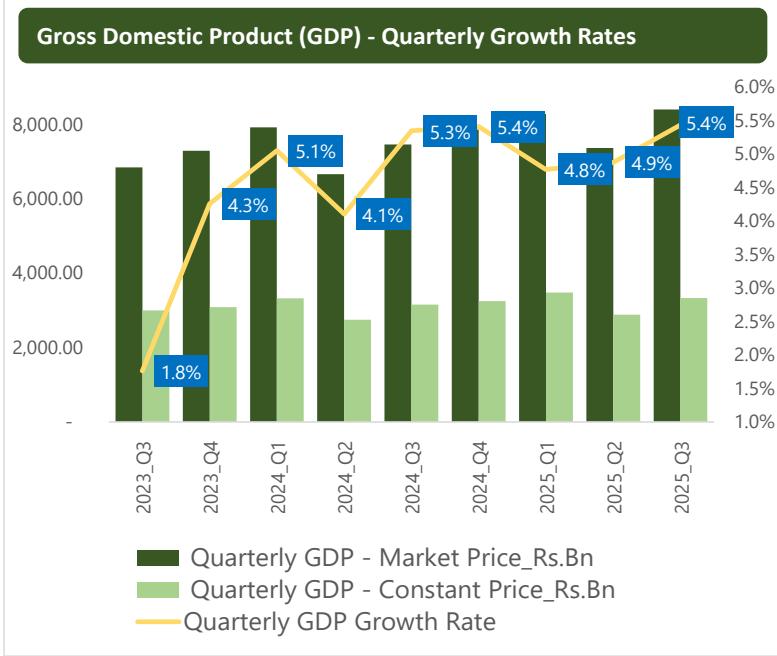
Credit to Private Sector



Credit Quality Spread Narrowing with AWPR Increase



Gross Domestic Product (GDP) - Quarterly Growth Rates



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