



Share Market		Daily Exchange Rates			Policy Rates
		Currency	Buying	Selling	
<b>ASPI</b> ▼	10,279.09	<b>USD</b>	315.0324	324.8287	<b>SDFR – 9.00</b>
<b>S&amp;P</b> ▼	2,901.30	<b>GBP</b>	399.4883	414.9781	
<b>Turnover</b> -	Rs. 700,128,175.25	<b>EURO</b>	341.6349	355.5340	<b>SLFR - 10.00</b>
<b>Share Volume</b> -	29,754,013	<b>Yen</b>	2.1171	2.2018	

### 01. Central Bank keeps policy rates unchanged

The Monetary Policy Board of the Central Bank of Sri Lanka (CBSL) has decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 9.00 per cent and 10.00 per cent, respectively.

The Board arrived at this decision at its meeting held on 22 January following a comprehensive assessment of domestic and international macroeconomic developments in order to maintain inflation at the targeted level of 5 per cent over the medium term, while enabling the economy to reach its potential, a statement said.

The Board took note of the effects of the recent developments in taxation and supply-side factors that are likely to pose upside pressures on inflation in the near term. However, the Board viewed that the impact of these developments would not materially change the medium-term inflation outlook, the central bank said.

Further, the Board noted the space created by past monetary policy easing measures and the decline in the risk premia attached to government securities for further downward adjustment in market lending interest rates.

The Board underscored that the envisaged benefit of further reduction in market lending interest rates needs to be adequately and swiftly passed on to the businesses and individuals by financial institutions, it further said.

### 03. India tops Hong Kong as world's fourth-largest stock market

India's stock market capitalization has overtaken Hong Kong's for the first time as the South Asian nation's growth prospects and policy reforms make it an investor darling while global capital pours out of China.

The combined value of shares listed on Indian exchanges reached \$4.33 trillion as of Monday's close, versus \$4.29 trillion for Hong Kong, according to data compiled by Bloomberg. That makes India the fourth-biggest equity market globally. Its value crossed \$4 trillion for the first time on Dec. 5, with about half of that coming in the past four years.

Equities in India have been booming, thanks to a rapidly growing retail investor base and strong corporate earnings. The world's most populous country has positioned itself as an alternative to China, attracting fresh capital from global investors and companies alike, thanks to its stable political setup and a consumption-driven economy that remains among the fastest-growing of major nations.

### 02. SL inflation rate rises to 4.2% in December 2023

Sri Lanka's consumer price inflation rate rose to 4.2% year-on-year in December (2023) from 2.8% in November (2023), the Department of Census and Statistics said on Monday (22).

The National Consumer Price Index (NCPI) captures broader retail price inflation and is released with a lag of 21 days every month.

Food prices rose 1.6% in December after falling 2.2% in November of last year, the Department of Census and Statistics said in a statement. Prices for non-food items, however, fell 6.3% in December from 7.1% year-on-year in November.

### 04. World stocks pick up, China markets struggle

Global stocks neared one-month highs on Tuesday, after the Bank of Japan left monetary policy unchanged, bolstering the yen and Japanese stocks, while Chinese equity investors took little heart from speculation of a huge government rescue package.

The MSCI All-World index (.MIWD000000PUS) was up 0.2%, near one-month highs, thanks in part to a 3% rebound in Hong Kong stocks (.HSI) that slumped the previous day, when foreign outflows gathered pace and short selling surged.

Chinese stocks (SSEC) staged a more muted recovery, having touched their lowest in five years the previous day after the country's cabinet pledged to take more effective measures to stabilise market confidence. One option included mobilising some 2 trillion yuan (\$278.53 billion) to support the stock market, according to a Bloomberg News report.

Elsewhere, investors have been encouraged by the prospect of falling interest rates in other major economies, including the United States, the euro zone and Britain, which have seen the benchmark U.S. S&P 500 (.SPX) officially enter a bull market and Germany's DAX (.GDAXI) trade within sight of late 2023's all-time peaks.

## **05. China weighs stock market rescue package backed by \$278 billion**

Chinese authorities are considering measures to stabilise a slumping stock market, Bloomberg News reported on Tuesday citing people familiar with the matter, drawing a sceptical response from underwhelmed investors.

Policymakers are seeking to mobilise about 2 trillion yuan (\$278.53 billion), mainly from offshore accounts of state-owned enterprises, as part of a stabilisation fund to buy shares onshore through the Hong Kong exchange link, Bloomberg News reported.

The China Securities Regulatory Commission did not respond to a Reuters request for a comment.

Chinese stocks rose immediately after the report but reversed course later to slip lower and were last broadly flat. The bluechip CSI300 Index was rooted near a five-year low, while the Shanghai Composite Index remained below the psychologically key 2,800-point mark.

China's stock markets have had a wretched start to the year, with patchy economic growth and a renewed slump in home sales last week solidifying foreign investors' resolve to steer clear.

The report came after the cabinet, following a meeting chaired by Premier Li Qiang, on Monday said it would step up mid- and long-term fund injection in the capital market to strengthen stability and promote healthy development.

## **08. European share sales ramp up as firms shun debt for equity**

Companies are increasingly turning to equity markets to raise cash as they seek to fund growth and mitigate the cost of servicing debt in an elevated interest rate environment.

Over \$4 billion of follow-on offerings, stake sales and rights issues have been announced in Europe this month alone, more than double the tally for this time last year, according to data compiled by Bloomberg.

## **06. FSC Korea strengthens penalties on unfair trading activities in capital markets**

The Financial Services Commission announced that the revised Financial Investment Services and Capital Markets Act (FSCMA) and its subordinate statutes will go into effect on January 19.

The revision deals with (a) introducing a penalty surcharge system on unfair trading activities, (b) legislating a method for calculating the amount of unfairly gained profits, and (c) providing a leniency to those reporting violations committed by oneself or others.

The revised rules were prepared through close consultation and discussion with the Ministry of Justice, the Supreme Prosecutors' Office, the Financial Supervisory Service and the Korea Exchange. The authorities expect that the changed rules will help to more effectively detect and prevent unfair trading activities and more strictly apply sanctions on illegitimate activities.

## **07. Bangladesh regulator lifts floor price curbs on most stocks after 18 months**

The Bangladesh Securities and Exchange Commission (BSEC) yesterday withdrew the floor price for most of the stocks, 18 months after the measure was imposed, a move that is expected to bring back vibrancy to the market.

The floor will still be applicable for 35 companies, the regulator said in a notice January 18th 2024.

In July 2022, the commission set the floor price, which is the lowest price at which a stock can be traded, for every share to halt the free-fall of the indices amid uncertainties brought on by the lingering fallout of the coronavirus pandemic and the Russia-Ukraine war.

The BSEC lifted the floor price for 169 companies in December 2022. But in March last year, it brought back the price control for all firms as the economy continues to be clobbered by the macroeconomic crisis amid the sharp fall of foreign exchange reserves and the taka's value against the US dollar and an elevated level of inflation.