

**Impact of Macro - Economic Factors on the Performance of Stocks and Treasury Bonds in Sri Lanka**

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**ABSTRACT**

**Introduction** - The purpose of this study is to identify the impact of macroeconomic factors on the performance of Stocks and Treasury bonds.

**Design/Methodology/Approach** - Data is collected from secondary data sources by referring annual reports of Central Bank in Sri Lanka, Data library CD which is issued by CSE and economic statistical tables presented on World Bank website. The sample is monthly time series data over the period of 2009 to 2018 and multiple regression model is used to analyze the data from Eviews (9th version).

**Findings** - Interest rate has a negative effect and inflation rate has a positive effect on the performance of stocks while interest rate having a positive impact on the performance of bonds.

**Conclusion** - Paying more attention towards the macroeconomic policies and suggest to use quantitative as well as qualitative factors affecting to the performance of stocks and bonds for further researches.

**Keywords:** *Interest Rate, Exchange Rate, Inflation Rate, Money Supply, Foreign Direct Investment, ASPI, Bond Yield.*