

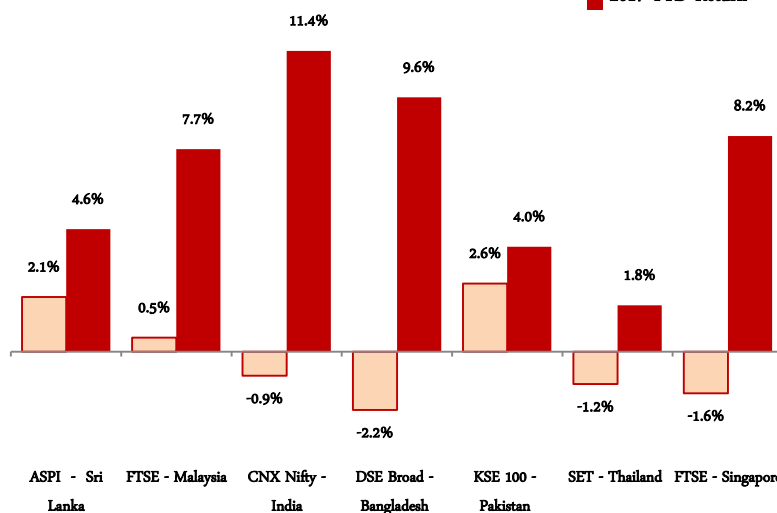
- The Colombo Stock Exchange (CSE) reported an improvement during the week ended Friday 21st April 2017. The All Share Price Index (ASPI) increased by 2.1% to report at 6,535.5 while the S&P Sri Lanka 20 Index ended at 3,735.8 recording a 2.4% upward. Total turnover for the week was Rs. 11,086.7mn, an increase of 33.5% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 6,554mn, which is reported as the six-month closing high on foreign buying. Continuous foreign buying in John Keells Holdings helped this net inflow. 2017 annual net foreign investment amounted to a positive Rs. 14,267mn. Foreign investors have been net buyers for the last 21 sessions, acquiring equities worth a net Rs 11.77 bn
- Sri Lankan retail investors who applied for up to 12,500 or 100,000 rupees worth of shares in the share issue by RIL Property Limited (RIL) have been given full allotments, a stock exchange filing said. 692 retail investors had applied for a total of 1.6 million shares in the initial public offer of RIL Property, the owner and operator of commercial office space in the Sri Lankan capital Colombo who offered 120mn ordinary voting shares in the IPO to raise Rs 960mn.
- Merchant Bank of Sri Lanka & Finance PLC (MBSL), a subsidiary of state banking giant Bank of Ceylon, is raising Rs. 2bn via a five-year listed debenture issue, first for 2017. MBSL will offer 10 million unsecured subordinated redeemable debentures of Rs. 100 each and a further 10 million debentures will be issued in the event of an oversubscription of the first tranche. The debenture has been rated 'A-' by ICRA Lanka Ltd. Issue was opened on 20 April.

Regional Market Performance

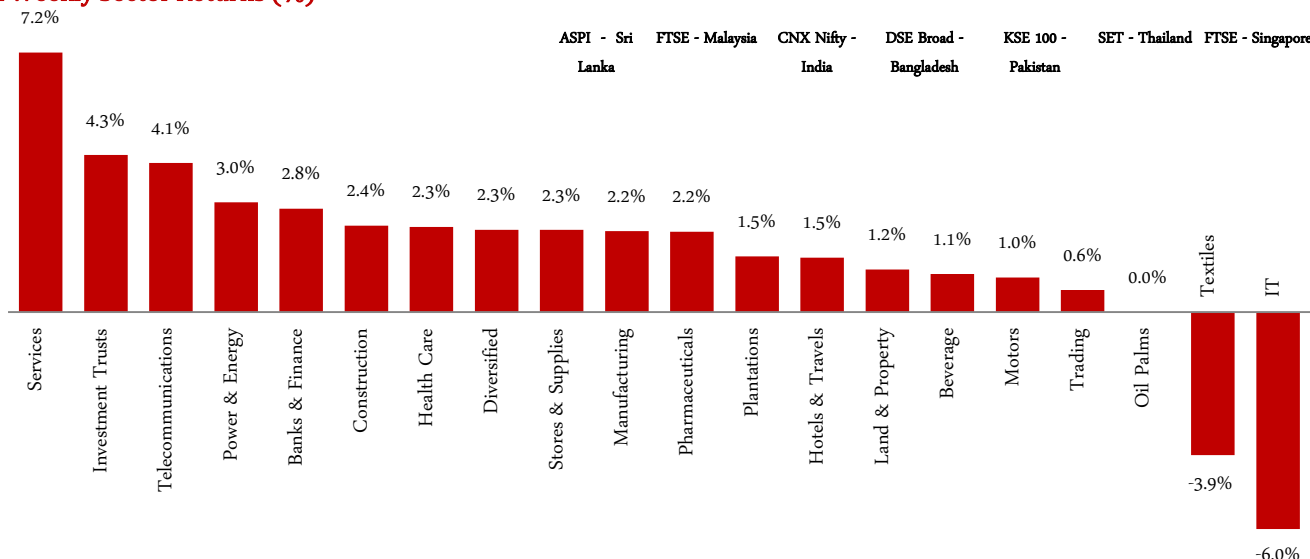
MARKET INDICATORS

Week Return
2017 YTD Return

	Week Return	2017 YTD Return
ASPI - Sri Lanka	2.1%	4.6%
FTSE - Malaysia	0.5%	7.7%
CNX Nifty - India	-0.9%	11.4%
DSE Broad - Bangladesh	-2.2%	9.6%
KSE 100 - Pakistan	2.6%	4.0%
SET - Thailand	-1.2%	1.8%
FTSE - Singapore	-1.6%	8.2%



CSE Weekly Sector Returns (%)



STORY OF THE WEEK

Inflation spikes to 8.6% in March

- Inflation, as measured by the change in the National Consumer Price Index (NCPI), which is compiled by the Department of Census and Statistics, increased to 8.6% in March 2017 from 8.2% in February 2017, on a year-on-year (YoY) basis.
- Both the Food and Non-food categories contributed towards the YoY inflation in the month. Contributions to the inflation from Food and Non-food categories in March 2017 were 4.9% and 3.8% respectively, compared to the contributions of these groups to the inflation in March 2016 which were as low as 0.2% and 2.0% respectively, reflecting prevailed lowest price levels in March 2016.

IN OTHER NEWS

■ **SL economy to grow 4.7% in 2017: WB**

- The World Bank's recent South Asia Economic Focus report indicated that the recent policy reforms including monetary tightening and revenue-led fiscal consolidation have improved Sri Lanka's outlook.
- It is said that continuation of the IMF programme will add to the confidence and support fiscal sustainability while structural reforms supported by the World Bank are expected to yield benefits in the medium term.
- According to the report the economy is projected to grow by 4.7% in 2017 and marginally exceed 5.0% growth in the medium term, driven by private consumption and investment.

■ **South Korea's SK Group to invest in SL**

- SK Group, a Fortune 500 company and South Korea's 3rd largest diversified conglomerate announced that it will be making a US\$ 30-40mn equity investment in local car manufacturing and assembly pioneer Micro Holdings (Pvt) Ltd aiming to help Micro expand its production facilities, its industry related clusters and new projects Micro is investing in.
- Micro Holdings Chairman Dr. Lawrence Perera, who is currently the only shareholder of the company he founded, said that he is hoping to divest around 25-30 percent of shares

UPDATE ON GOVERNMENT SECURITIES

- At the two T:bill auctions held on 19th Wednesday, the weighted averages of all three maturities continued to increase slightly, with the 3 months bill reflecting a up tick of 1bps to 9.73% compared to week before, data from the state debt office showed.
- The yield of 06 month and 12 month bills also increased by 2bps each to 10.79% and 11.11%.
- The state offered Rs. 21bn of bills at the two auctions for re-issue and accepted Rs. 21.4bn of bids.

ECONOMIC DATA

Economic Indicators	2016	2017	Change
Tourist Arrivals: Mar (17)	192,841	188,076	-2.47%
Tourist Arrivals: Mar (17)-YTD	584,818	604,953	3.44%
Credit-Pvt Sec Rs.Bn-Jan (17)-YTD	3,493	4,222	20.88%
Trade Balance (US\$ Mn) – Nov	(629.7)	(922.4)	-46.48%
Imports (US\$ Mn) – Nov	1,464.9	1,732.1	18.24%
Investment Goods	382.6	460.5	20.36%
Intermediate Goods	690.6	882.9	27.85%
Exports (US\$ Mn) - Nov	835.2	809.7	-3.05%
Agricultural	199.4	182.9	-8.27%
Textiles and Apparel	410.2	383.1	-6.61%

Quarterly GDP Real Growth	2014	2015	2016
Q1	1.30%	4.40%	5.50%
Q2	2.20%	7.00%	2.60%
Q3	5.00%	5.60%	4.10%
Q4	10.60%	2.80%	5.30%
Annual GDP Real Growth (%)	5.00%	4.80%	4.40%

Based on new base year-2010

Inflation -CCPI	Year Ago	Feb 17	Mar 17
Year on Year	2.60%	6.80%	7.30%
Annual Average	2.20%	4.60%	5.00%

Inflation -NCPI	Year Ago	Feb 17	Mar 17
Year on Year	2.20%	8.20%	8.60%
Annual Average	2.40%	5.10%	5.60%

Currencies	Year Ago	Pre. Week	This Week
US\$	145.09	152.30	152.41
STG	209.07	190.28	195.19
Yen	1.33	1.39	1.40
Euro	165.10	161.55	163.36

T - Bills	Year Ago	Pre. Week	This Week
3 Months	8.45	9.72	9.73
6 Months	9.53	10.77	10.79
12 Months	10.17	11.09	11.11

CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,402.99	6,535.54	2.1%
S&P Sri Lanka 20 Index (S&P SL 20)	3,647.82	3,735.83	2.4%
Total Turnover (LKR Mn)	8,307.68	11,086.73	33.5%
Market PER	11.48	11.78	2.6%
Market PBV	1.43	1.46	2.1%
Dividend Yield	3.38	3.30	-2.4%
Market Capitalization (LKR Bn)	2,818.18	2,875.80	2.0%
Foreign Purchases (LKR Mn)	5,977.84	8,901.89	48.9%
Foreign Sales (LKR Mn)	3,901.71	2,347.14	-39.8%
Net Foreign (LKR Mn)	2,076.13	6,554.75	215.7%

Top 5 Gainers	Pre. Week	This Week	Change
KOTMALE HOLDINGS	111.20	195.10	75%
BLUE DIAMONDS [X]	0.40	0.50	25%
MADULSIMA	5.40	6.60	22%
GUARDIAN CAPITAL	35.60	43.00	21%
HVA FOODS	4.90	5.90	20%

Top 5 Losers	Pre. Week	This Week	Change
PC HOUSE	0.20	0.10	-50%
PC PHARMA	0.30	0.20	-33%
S M B LEASING [X]	0.40	0.30	-25%
SERENDIB LAND	1,661.20	1,335.10	-20%
PARAGON	68.00	60.00	-12%

LICENSED COMMERCIAL BANKS

	Jan 17	Month Ago	Year Ago
Saving Deposits	0.50-9.00	0.50-9.00	0.50-8.50
One Year Fixed Deposits	4.89-15.00	4.50-15.00	3.95 - 15.00
	Mar-17	Month Ago	Year Ago
AWDR	8.81	8.66	6.44
AWFDR	11.38	11.15	7.92
	Feb-17	Month Ago	Year Ago
AWLR	13.29	13.28	11.30