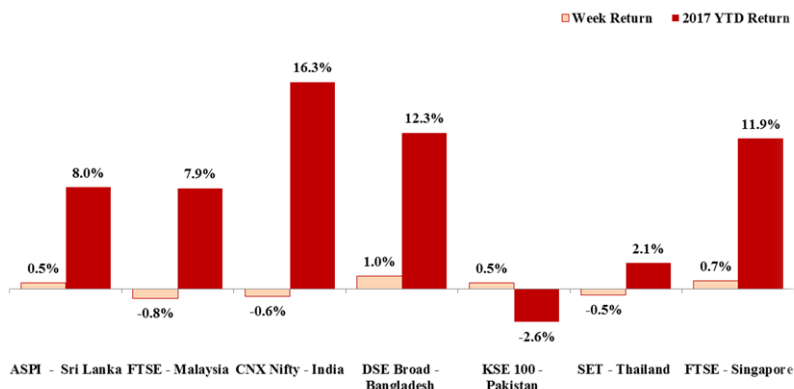


- During the week ending Friday 30th June CSE improved slightly. The All Share Price Index (ASPI) remained stagnant at 6,747.1 (0.5% up) while the S&P SL 20 Index improved slightly to 3,933.5 (0.5% up). Total turnover for the week was Rs. 4,599.6Mn, a drop of 15.6% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 1,059Mn. 2017 annual net foreign investment amounted to a positive Rs. 22,179Mn.
- Ube Singapore Holdings Pte Ltd. has acquired a 10% stake in Sri Lanka's Tokyo Cement Company (Lanka) (TKYO) in a deal worth Rs 769.8mn. Accordingly Ube Singapore Holdings Pte Ltd. bought 10,692,000 ordinary voting shares at Rs 72 each. Ube is a diversified Japanese group with the Singapore unit involved in sales of chemicals and building materials in Southeast Asia as well as materials purchasing.
- Watawala Plantations (WATA) is to separate its tea business and set up a new company that will be later listed on the Colombo bourse. WATA will segregate its operational assets and liabilities relating to the tea business from other assets and liabilities. These will be transferred into a new limited company which would be subsequently listed together with the continued employment of all employees involved in the tea business.
- Singapore's Somap International Pte Ltd bought a 51% stake in Sri Lanka's Anilana Hotels & Properties through an issue of new shares. Somap International is to make a total investment of Rs 667mn for 513mn shares at Rs1.30 each in Anilana Hotels & Properties subject to regulatory and shareholder approvals. Anilana Hotels & Properties said it had sought fresh capital to reduce borrowings and complete existing projects.

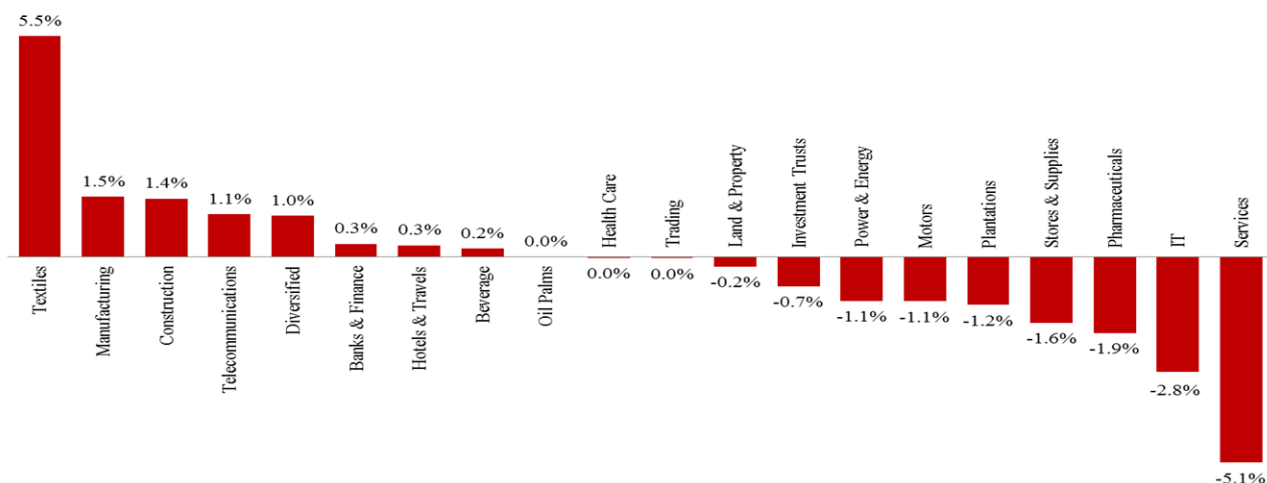
MARKET INDICATORS

	Week Return	2017 YTD Return
ASPI - Sri Lanka	0.5%	8.0%
FTSE - Malaysia	-0.8%	7.9%
CNX Nifty - India	-0.6%	16.3%
DSE Broad - Bangladesh	1.0%	12.3%
KSE 100 - Pakistan	0.5%	-2.6%
SET - Thailand	-0.5%	2.1%
FTSE - Singapore	0.7%	11.9%

Regional Market Performance



CSE Weekly Sector Returns (%)



STORY OF THE WEEK

Sri Lanka's June inflation edges up to 6.1-pct

- Sri Lanka's inflation as measured by the Colombo Consumer Price Index (CCPI) rose 6.1% in June from a year ago, edging up from the previous month's 6.0% increase.
- The Department of Census and Statistics said that on a month-on-month basis (MoM), the CCPI rose 1.6% in June, compared with last month's 0.9% increase.
- Core annual inflation, which excludes fresh food, energy, transport, rice and coconuts, rose 5.1% in June compared with the previous month's 5.2% gain, the index with a new base year of 2013 showed, the statement said.
- It said the YoY inflation of Food Group has decreased from 9.3% in May to 9.1% in June 2017 while that of Non-food Group increased from 4.6% to 4.8% during this period.

IN OTHER NEWS

▪ Sri Lanka USD 515mn development bond oversubscribed

- The issue of Sri Lanka Development Bonds (SLDB) amounting to USD 515mn has been oversubscribed with close to USD 1bn of bids received from investors.
- The Central Bank has received USD 452.55mn of bids for the one year seven months bond and the bank has accepted USD 73.93mn at a floating rate of six month LIBOR plus 274.93 bps. The bank has also received USD 181.29mn of bids for the three year bond and the bank has accepted USD 107.65mn at a floating rate of six month LIBOR plus 364.86bps. USD 181.15mn of bids has been received for the four year bond and the bank has accepted USD 158.10mn at a floating rate of six month LIBOR plus 387.69bps.
- SLDBs are issued by the Public Debt Department of Central Bank and exempted from income tax paid in Sri Lanka.

▪ Pharmaceutical Plant Opened at Pallekelle

- Celogen Lanka (Pvt) Ltd., has set up a plant, to manufacture pharmaceuticals, at the BOI Kandy Industrial Park at Pallekelle. It is a joint venture between Sri Lankan and Indian entrepreneurs with an investment of USD 6.6mn. It will create employment opportunities for 150 workers including 80 university graduates.
- The Company will produce a wide range of tablets, capsules and Soft Gel Vitamin A, E and A and D. At present, Sri Lanka imports pharmaceutical products worth approximately US\$ 1 billion and is almost entirely dependent on imports. The Government's ambitious target is to reduce imports of pharmaceuticals by 70% by 2020.

UPDATE ON GOVERNMENT SECURITIES

- At the T-bill auction held on 28th Wednesday, the weighted averages of treasuries remained steady over the week.
- The yield on the 03 month bill was unchanged at 9.60%, that on the 06 month bill remained at 10.29% and the 01 year bill yield was also steady at 10.47%.
- The state offered Rs. 29.5Bn of bills at the auction for re-issue and accepted Rs. 5.4bn.

ECONOMIC DATA

Economic Indicators	2016	2017	Change
Tourist Arrivals: May (17)	125,044	121,891	-2.52%
Tourist Arrivals: May (17)-YTD	846,229	887,093	4.83%
Credit-Pvt Sec Rs.Br- Apr (17)-YTD	3,662	4,394	19.99%
Trade Balance (US\$ Mn) – Feb	(620.7)	(827.5)	-33.32%
Imports (US\$ Mn) – Feb	1,566.0	1,869.3	19.37%
Investment Goods	430.2	449.6	4.51%
Intermediate Goods	715.2	948.5	32.62%
Exports (US\$ Mn) – Feb	945.4	1,041.8	10.20%
Agricultural	200.7	257.4	28.25%
Textiles and Apparel	441.8	453.3	2.60%

Quarterly GDP Real Growth	2015	2016	2017
Q1	4.40%	5.20%	5.50%
Q2	7.00%	2.70%	-
Q3	5.60%	4.10%	-
Q4	2.80%	5.30%	-
Annual GDP Real Growth (%)	4.80%	4.40%	-

Based on newbase year-2010

Inflation -CCPI	Year Ago	May 17	June 17
Year on Year	5.50%	6.00%	6.10%
Annual Average	3.00%	5.40%	5.50%

Inflation -NCPI	Year Ago	April 17	May 17
Year on Year	5.30%	8.40%	7.10%
Annual Average	2.70%	6.00%	6.10%

Currencies	Year Ago	Pre. Week	This Week
US\$	146.55	153.07	153.30
STG	196.62	194.38	199.74
Yen	1.43	1.38	1.37
Euro	162.86	170.78	175.38

T - Bills	Year Ago	Pre. Week	This Week
3 Months	8.88	9.60	9.60
6 Months	9.86	10.29	10.29
12 Months	10.55	10.47	10.47

CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,715.33	6,747.07	0.5%
S&P Sri Lanka 20 Index (S&P SL 20)	3,915.30	3,933.51	0.5%
Total Turnover (LKR Mn)	5,450.09	4,599.57	-15.6%
Market PER	11.43	11.48	0.4%
Market PBV	1.50	1.51	0.7%
Dividend Yield	3.00	2.84	-5.3%
Market Capitalization (LKR Bn)	3,026.87	3,041.23	0.5%
Foreign Purchases (LKR Mn)	3,667.38	2,683.54	-26.8%
Foreign Sales (LKR Mn)	3,244.72	1,624.52	-49.9%
Net Foreign (LKR Mn)	422.66	1,059.02	150.6%

Top 5 Gainers	Pre. Week	This Week	Change
MASKELIYA	11.40	13.90	22%
BRAC LNKA FNANCE	40.40	47.40	17%
INDUSTRIAL ASPH.	320.00	360.00	13%
ROYAL PALMS	22.00	24.50	11%
LANKA VENTURES	45.00	50.00	11%

Top 5 Losers	Pre. Week	This Week	Change
PC HOUSE	0.20	0.10	-50%
UDAPUSSELLAWA	28.00	19.50	-30%
S M B LEASING [X]	0.40	0.30	-25%
UNION CHEMICALS	600.10	463.80	-23%
RENUKA CAPITAL	844.00	692.60	-18%

LICENSED COMMERCIAL BANKS

	Apr 17	Month Ago	Year Ago
Saving Deposits	0.50-9.00	0.50-9.00	0.50-8.00
One Year Fixed Deposits	4.89-15.00	4.89-15.00	4.00-15.00
	May-17	Month Ago	Year Ago
AWDR	8.99	8.89	6.72
AWFDR	11.52	11.43	8.40
	Apr-17	Month Ago	Year Ago
AWLR	13.52	13.40	11.45