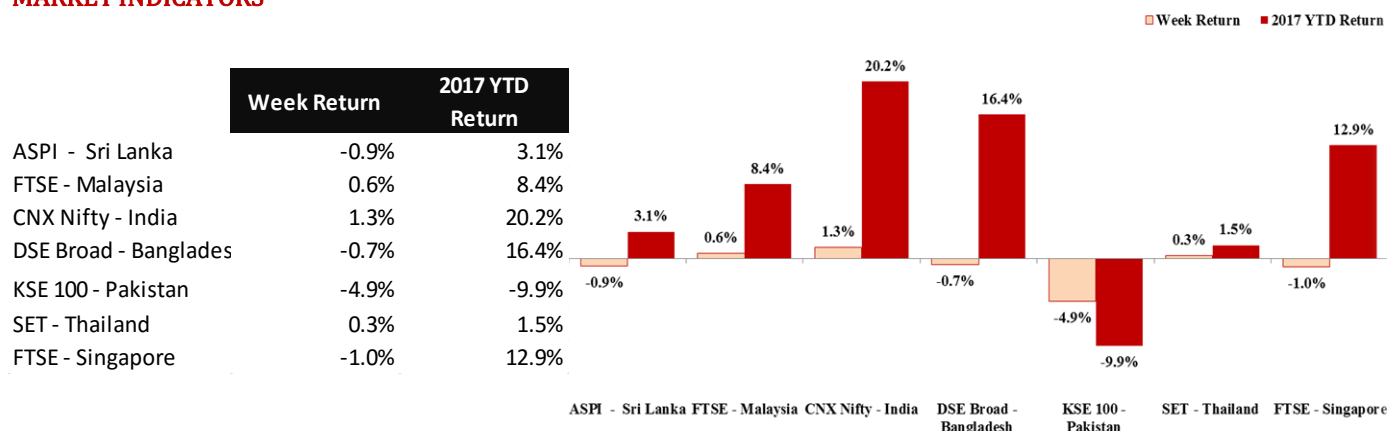


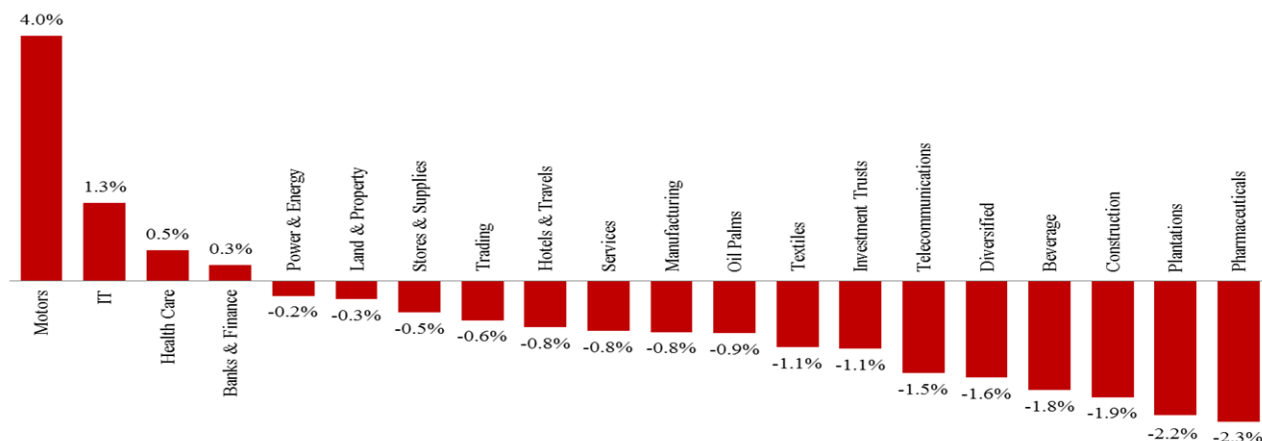
- During the week ending Friday 18<sup>th</sup> August CSE saw a decline for the 5<sup>th</sup> straight week. The All Share Price Index (ASPI) ended at 6,436.3 (0.9% down) while the S&P SL 20 Index contracted to 3,706.0 (0.5% down) led by diversified, manufacturing and beverage sectors. Total turnover for the week was Rs. 3,272.8 Mn, an 81% increase compared to previous week. Net foreign investments recorded a net inflow of Rs. 981.6 Mn during the week. 2017 annual net foreign investment amounted to a positive Rs. 27,714Mn.
- Sri Lanka's LAUGFS Gas and Standard Chartered have announced the first private sector financing facility of USD 20Mn supported by China Export and Credit Insurance Corporation (SINOSURE) for the 30,000MT import and export terminal at Hambantota. The liquid petroleum gas (LPG) storage terminals by LAUGFS Terminals Ltd., a subsidiary of LAUGFS Gas PLC, is being built with an investment of USD 80Mn and will be one of the largest LPG import and export terminals in South Asia. SINOSURE is a state funded policy oriented insurance company, which provides medium and long term export credit insurance, overseas investment (leasing) insurance, bonds and guarantees concerning foreign trade and a range of other related products. The first 30,000MT phase of terminal is on track to be commissioned by the second half of 2018. Another 45,000MT expansion is also planned.
- Amāna Bank's recently concluded 1:1 Rights Issue brought in Foreign Direct Investments valued at over USD 22Mn to Sri Lanka. Rights Issue which was oversubscribed increased the Bank's capital by Rs. 4.75Bn of which Rs.3.37Bn was from overseas shareholders. IB Growth Fund (Labuan) LLP an investment firm under the aegis of the Islamic Development Bank (IDB) was the main subscribers to the Rights Issue.

## MARKET INDICATORS

### Regional Market Performance



## CSE Weekly Sector Returns (%)



## STORY OF THE WEEK

### Sri Lanka's National Inflation stagnant in July

- The overall rate of inflation as measured by NCPI on YoY basis recorded at 6.3% in July 2017 and remained unchanged from June 2017. YoY inflation of food group reported for the month of July 2017 was 8.2% while that for non food group was 4.7%. The moving average inflation for the month of July 2017 was 6.2%. The corresponding rate for the month of June 2017 was 6.1%.

## IN OTHER NEWS

- **Talks with India for Mattala JV took off last week**
  - Negotiations on an Indian proposal for a Joint Venture to turn around the Mattala Airport (MRIA) took off last week. The ministry commenced negotiations on a ratio for the sharing of equity, starting at 49:51, for India and Sri Lanka respectively to counter the Indian Government's initial proposal of 70:30 for 40 years.
  - The proposal expressed interest to Operate, Manage, Maintain and Develop MRIA and was not limited to commercial aviation. The proposal also showed interest in developing aircraft maintenance repair and overhaul, and maintaining a flying school. According to the proposal, the Indian Government is ready to invest USD 205Mn as their equity share while expecting their Sri Lankan counterpart to share the balance USD 88Mn, totaling USD 293Mn as per their assessment value of the net worth of MRIA.
- **Sri Lanka cuts taxes on telecom data, small trucks and motorcycles**
  - GOSL announced a 10% tax cut on telecom data and small vehicles like Lorries and motor cycles on Thursday 17<sup>th</sup> to encourage entrepreneurship. The telecom tax cut will be effective from September 2017 whilst the excise tax cut on small vehicles was effective since mid-night last Thursday. Accordingly price of mini trucks & single cabs will drop by ~Rs 300,000, whilst bikes by ~Rs 50,000 – Rs 90,000.
  - it is also reported that the proposed Inland Revenue Bill will be presented to the parliament on Friday 25<sup>th</sup>.
- **Colombo among five biggest improved cities - Global Livability Report**
  - The City of Colombo has been selected among the five biggest improved cities during the last five years in terms of livability by the Global Livability Report 2017. Out of 140 cities, Colombo is ranked at 124<sup>th</sup> with an overall rating of 51 out of 100 points.
  - The Economist Intelligence Unit says that Colombo has showed relative improvement during this period, especially after the end of a separatist war.
  - For the seventh consecutive year, Melbourne in Australia is the Most Livable Urban Centre of the 140 cities surveyed, closely followed by the Austrian capital, Vienna.

## UPDATE ON GOVERNMENT SECURITIES

- At the T:bill auction held on 16<sup>th</sup> Wednesday, the weighted averages of treasuries saw a recovery over the week. The 06 month bill increased 15bps to 9.17% and the 01 year bill yield also increased 16bps to 9.54%.
- The state offered Rs. 28Bn of bills at the auction for re-issue and accepted Rs. 17.58Bn.
- Bids for 03 month bills were not accepted.

## ECONOMIC DATA

Credit-Pvt Sec Rs.Bn- Apr (17)-YTD	2016	2017	Change
Tourist Arrivals: July (17)	209,351	205,482	-1.85%
Tourist Arrivals: July (17)-YTD	1,173,618	1,215,926	3.60%
Credit-Pvt Sec Rs.Bn- June (17)-YTD	3,798	4,505	18.62%
Trade Balance (US\$ Mn) – May	(813.5)	(886.0)	-8.91%
<b>Imports (US\$ Mn) – May</b>	<b>1,589.8</b>	<b>1,726.8</b>	<b>8.62%</b>
Investment Goods	408.8	427.3	4.53%
Intermediate Goods	851.4	864.7	1.56%
<b>Exports (US\$ Mn) - May</b>	<b>776.3</b>	<b>841.2</b>	<b>8.36%</b>
Agricultural	168.7	222.7	32.01%
Textiles and Apparel	374.7	359.2	-4.14%

Quarterly GDP Real Growth	2015	2016	2017
Q1	4.40%	5.20%	3.80%
Q2	7.00%	2.70%	-
Q3	5.60%	4.10%	-
Q4	2.80%	5.30%	-
<b>Annual GDP Real Growth (%)</b>	<b>4.80%</b>	<b>4.40%</b>	-

Based on newbase year-2010

Inflation -CCPI	Year Ago	June 17	July 17
Year on Year	5.80%	6.10%	4.80%
Annual Average	3.40%	5.50%	5.40%

Inflation -NCPI	Year Ago	June 17	July 17
Year on Year	5.80%	6.30%	6.30%
Annual Average	3.40%	6.10%	6.20%

## CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,492.69	6,436.28	-0.9%
S&P Sri Lanka 20 Index (S&P SL 20)	3,724.21	3,706.02	-0.5%
Total Turnover (LKR Mn)	1,800.50	3,272.80	81.8%
Market PER	10.66	10.54	-1.1%
Market PBV	1.39	1.40	0.7%
Dividend Yield	3.06	3.10	1.3%
Market Capitalization (LKR Bn)	2,944.80	2,918.38	-0.9%
Foreign Purchases (LKR Mn)	928.72	1,742.82	87.7%
Foreign Sales (LKR Mn)	730.05	761.27	4.3%
Net Foreign (LKR Mn)	198.67	981.55	394.1%

Top 5 Gainers	Pre. Week	This Week	Change
PC HOUSE	0.10	0.20	100%
BERUWALA RESORTS	0.80	1.00	25%
LANKEM DEV.	2.80	3.40	21%
KELSEY	42.00	49.70	18%
ADAM CAPITAL	0.80	0.90	13%

Top 5 Losers	Pre. Week	This Week	Change
CITRUS HIKKADUWA	15.00	12.60	-16%
TRADE FINANCE	44.10	38.00	-14%
ACL PLASTICS	152.80	132.60	-13%
PARAGON	75.00	65.10	-13%
SERENDIB ENG.GRP	9.90	8.60	-13%

## LICENSED COMMERCIAL BANKS

Currencies	Year Ago	Pre. Week	This Week
US\$	145.29	153.02	153.09
STG	189.93	198.71	197.27
Yen	1.46	1.41	1.40
Euro	164.33	180.09	179.63

T - Bills	Year Ago	Pre. Week	This Week
3 Months	9.01	8.87	-
6 Months	9.94	9.02	9.17
12 Months	10.74	9.38	9.54

	June 17	Month Ago	Year Ago
Saving Deposits	0.50-09.00	0.50-9.00	0.50-9.00
One Year Fixed Deposits	4.89-15.00	4.89-15.00	4.50-15.00
	Jul-17	Month Ago	Year Ago
AWDR	9.13	9.13	7.10
AWFDR	11.66	11.66	8.99
	May-17	Month Ago	Year Ago
AWLR	13.73	13.57	12.09