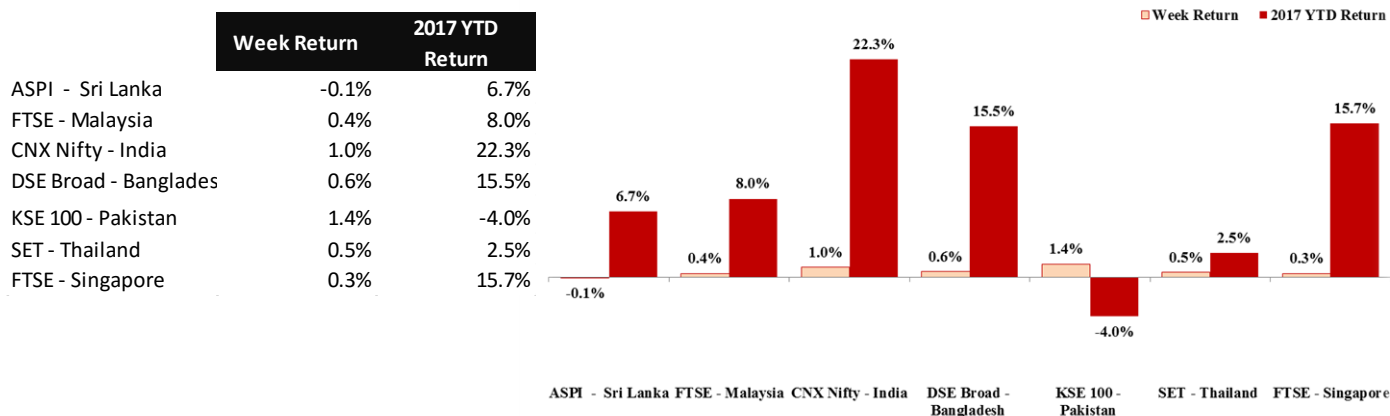


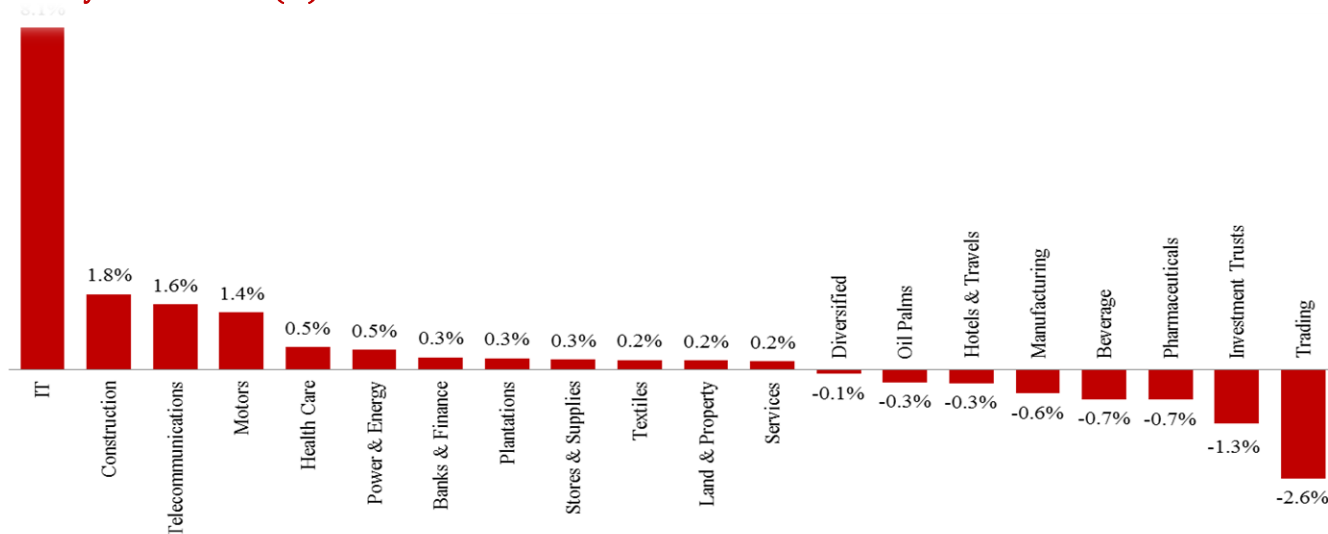
- During the week ending Friday 28th July CSE kept stagnant. The All Share Price Index (ASPI) ended at 6,666.1 (0.1% down) while the S&P SL 20 Index remained at 3,822.9 (0.1% up) as gains in financials and telecom shares were offset by losses in beverage stocks, even as foreign investors continued to be net buyers. Total turnover for the week was Rs. 2,588.1Mn, a decline of 39.7% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 886.7Mn during the week. 2017 annual net foreign investment amounted to a positive Rs. 25,657Mn. It was an all-time high for foreign purchases in the first half of a calendar year.
- Hayleys Advantis which is backed by the diversified blue-chip conglomerate Hayleys PLC, that provides integrated logistics services through its wide network of offices across the region, said they will construct a Mega Distribution Center (DC) in Kotugoda with a Rs 3.2Bn investment for the first phase. The Company broke ground for the 500,000 sq:ft: center paving the way for the construction of the largest facility of this nature in the country. The move is part of the company's expansion strategy with emphasis on consolidating operations for greater efficiency.
- Sri Lanka's Sampath Bank is to raise Rs 7.6Bn by way of a rights issue. The director board of the bank on Thursday resolved to increase the Tier 1 capital of the bank through this rights issue in order to comply with Basel III requirements. Subjected to the stock exchange and shareholder approvals, the bank is to issue 31,031,748 new ordinary voting shares at Rs 245 each in the ratio of one new share for every six existing shares.

MARKET INDICATORS

Regional Market Performance



CSE Weekly Sector Returns (%)



STORY OF THE WEEK

Sri Lanka private credit subdued for second month in May: Inflation slows in July

- Sri Lanka's commercial banks loaned Rs 30.9Bn to private borrowers in May 2017, higher than the low of Rs 18.9Bn in April, but sharply down from the Rs 60Bn to 80Bn seen during a recent balance of payments crisis. Credit to government rose Rs 33.4Bn in May, and state corporations also borrowed Rs 4.3Bn.
- Further, Sri Lanka's inflation slowed to 4.8% in July 2017 from 6.1% in June, with the Colombo Consumer Price Index also falling during the month, data from the state statistics office said.

IN OTHER NEWS

- **Sri Lanka Parliament passes foreign exchange bill with amendments**
 - Sri Lanka's Parliament on Tuesday passed the new foreign exchange law, a more rule-based regulatory system. It is said the bill will see the promotion and regulation of foreign exchange through the Central Bank and provide for the repeal of the previous Exchange Control Act (Chapter 423).
- **Sri Lanka expects 4.7 percent growth in 2017**
 - Sri Lanka expects an economic growth rate of 4.7% this year, up from 4.4% last year, despite a prolonged drought and devastating floods in many parts of the country. It is said policy rates were likely to follow a downward trend in the international markets, but the exchange rate was likely to remain favourable to exporters to ensure competitiveness of Sri Lankan manufacturers.
- **Sri Lanka finance company ratings affirmed: Fitch**
 - Fitch Ratings said it has confirmed the ratings of seven Sri Lankan finance companies, many of which are backed by large parent firms, but that it expects capitalisation in the sector to come under pressure as a result of asset quality pressures stemming from a challenging operating environment and unfavourable weather conditions and declining profitability due to higher funding and credit costs.
- **China-Sri Lanka deal on deep water port signed**
 - China-Sri Lanka deal on deep water port was signed on Saturday. China will invest USD 1.12Bn for its 70% stake and will also manage the operations of the port. Sri Lanka will manage the security of the port along with the movement in the port. The Harbor Master and the pilots will be under the control of the SLPA.
 - It is said all foreign naval vessels could call at Hambantota Port as they did at the main port in the capital Colombo, but only with the permission of the Sri Lankan government. Further after 10 years, if Sri Lanka wished to purchase an additional 20% stake of the Port, they could do so by purchasing it, resulting in China and Sri Lanka owning an equal share of 50% each.

UPDATE ON GOVERNMENT SECURITIES

- At the T:bill auction held on 26th Wednesday, the weighted averages of treasuries saw a significant decline over the week. The yield on the 03 month bill dipped 12bps to 9.44%.
- The 06 month bill dropped 30bps to 9.71% and the 01 year bill yield also dropped 19bps to 9.99%.
- The state offered Rs. 27.5Bn of bills at the auction for re-issue and accepted Rs. 27.31Bn.

ECONOMIC DATA

Credit-Pvt Sec Rs.Bn- Apr (17)-YTD	2016	2017	Change
Tourist Arrivals: June (17)	118,038	123,351	4.50%
Tourist Arrivals: June(17)-YTD	964,267	1,010,444	4.79%
Credit-Pvt Sec Rs.Bn- May (17)-YTD	3,722	4,425	18.88%
Trade Balance (US\$ Mn) – Apr	(754.3)	(809.2)	-7.28%
Imports (US\$ Mn) – Apr	1,460.9	1,603.9	9.79%
Investment Goods	364.3	372.5	2.25%
Intermediate Goods	778.9	885.7	13.71%
Exports (US\$ Mn) - Apr	706.6	794.7	12.47%
Agricultural	159.5	195.8	22.76%
Textiles and Apparel	340.5	350.5	2.94%

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	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	May 17	June 17
Year on Year	6.40%	7.10%	6.30%
Annual Average	3.10%	6.10%	6.10%

Currencies	Year Ago	Pre. Week	This Week
US\$	145.88	153.56	153.56
STG	192.95	199.17	200.96
Yen	1.39	1.37	1.38
Euro	161.43	178.61	179.45

T - Bills	Year Ago	Pre. Week	This Week
3 Months	8.80	9.56	9.44
6 Months	9.69	10.01	9.71
12 Months	10.48	10.18	9.99

CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,669.51	6,666.05	-0.1%
S&P Sri Lanka 20 Index (S&P SL 20)	3,819.23	3,822.92	0.1%
Total Turnover (LKR Mn)	4,290.76	2,588.13	-39.7%
Market PER	10.88	10.80	-0.7%
Market PBV	1.49	1.43	-4.0%
Dividend Yield	2.80	2.88	2.9%
Market Capitalization (LKR Bn)	3,024.51	3,023.15	0.0%
Foreign Purchases (LKR Mn)	2,672.19	1,289.25	-51.8%
Foreign Sales (LKR Mn)	1,392.52	401.62	-71.2%
Net Foreign (LKR Mn)	1,279.68	887.63	-30.6%

Top 5 Gainers	Pre. Week	This Week	Change
COLOMBO TRUST	12.50	16.10	29%
LAKE HOUSE PRIN.	115.00	135.00	17%
SINGHE HOSPITALS	1.70	1.90	12%
RADIANT GEMS	23.20	25.90	12%
TEA SMALLHOLDER	36.00	40.00	11%

Top 5 Losers	Pre. Week	This Week	Change
CIFL	1.20	0.90	-25%
ADAM CAPITAL	1.20	1.00	-17%
HARISCHANDRA	1,617.00	1,355.00	-16%
CEYLON PRINTERS	88.10	76.00	-14%
LUCKY LANKA [X]	1.50	1.30	-13%

LICENSED COMMERCIAL BANKS

	May 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
	Jun-17	Month Ago	Year Ago
AWDR	9.13	8.99	6.87
AWFDR	11.66	11.52	8.64
	May-17	Month Ago	Year Ago
AWLR	13.57	13.52	11.89