

External Sector Performance – April 2016

➤ Earnings from exports decreased marginally by 0.9% YoY, to US\$ 706.6Mn in April 2016 from US\$ 713.4Mn in April 2015. The largest contribution to the decline in exports was attributable to agricultural exports. However, earnings from textile and garment exports increased reflecting growth in exports to USA and EU markets.

Expenditure on imports declined in April 2016, by 2.0% YoY, to US\$ 1,460.9Mn. This decline was led by the reductions recorded in expenditure on consumer goods, particularly vehicles and rice imports. However, import expenditure on wheat and maize increased considerably in April 2016. By end April 2016, gross official reserves amounted to US\$ 6.1Bn compared to US\$ 7.5Bn reported in end April 2015 and US\$ 6.2Bn in end March 2016.

Tourist Arrivals Update – July 2016

➤ Sri Lanka's tourist arrivals rose 19.1% to 209,351 in July 2016. On a cumulative basis arrivals were up 16.7% for the first seven months of the year with the island welcoming 1,173,618 tourists for 2016. Neighbouring India became the lead contributor to the industry with a 17.1% contribution of the arrivals for the first seven months, reporting an increase of 17.9%. China became 2nd with a contribution of 13.9%, reporting an increase of 36.6%. Arrivals from the more traditional markets such as United Kingdom, Germany and France which cumulatively accounted for 21.1% of the arrivals for the first seven months reported an increase of 16.3% during the period. Sri Lanka targets 2.2Mn tourists in 2016.

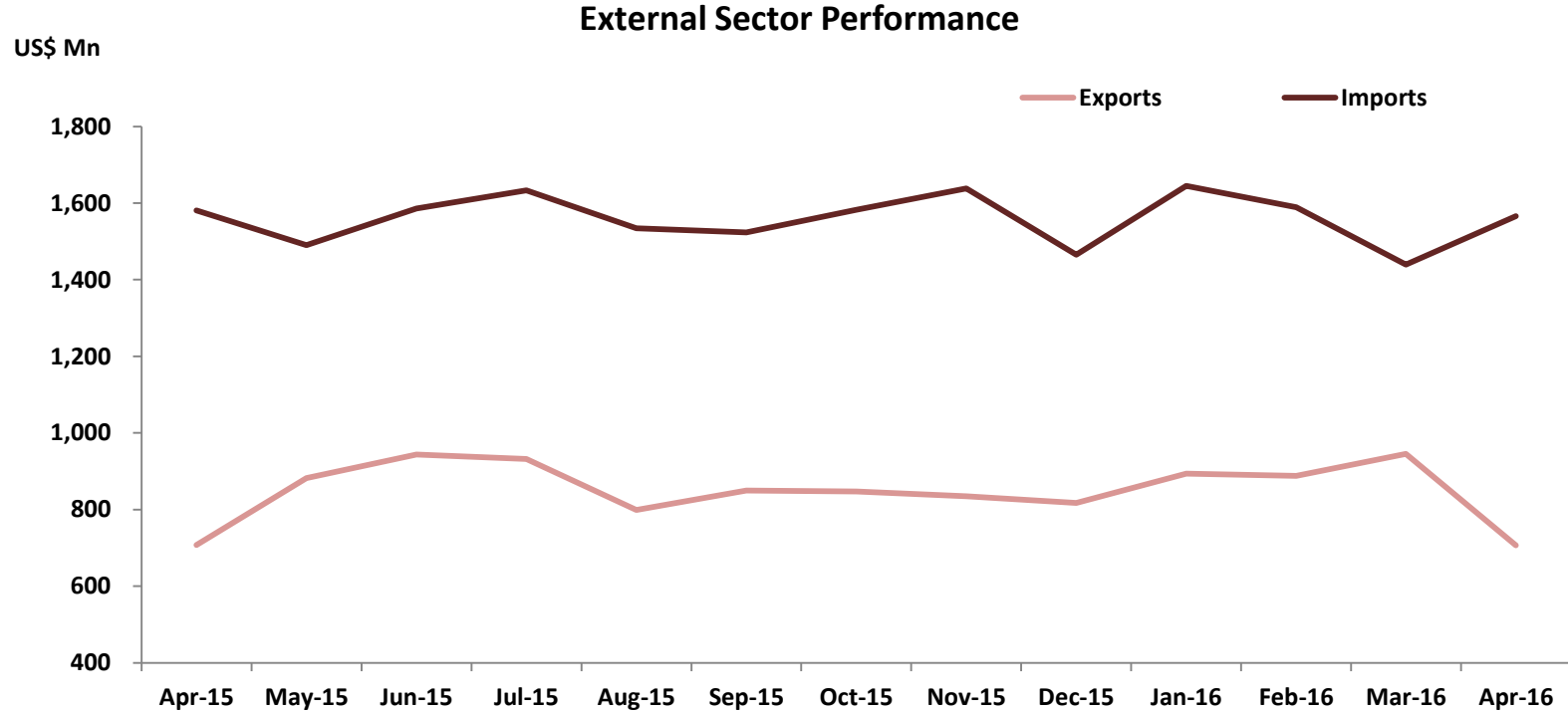
Private Sector Credit – May 2016

➤ Credit to the private sector from Sri Lanka's commercial banks increased by Rs.60.2Bn during the month of May 2016, following an increase of Rs. 27.4Bn in April 2016. Private credit was up by 28.0% in May 2016 from a year earlier and 28.1% from month ago. Private sector credit growth for 2015 calendar year was 25.1%.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields increased across maturities at Wednesday's auction with the 3 months yield increasing by 19bps to 8.99% from two weeks earlier, data from the state debt office showed. The 6 month bills increased by 21bps to stand at 9.90% and 12 month bills increased by 25bps to stand at 10.73%. The state offered Rs. 22.5Bn of bills for re-issue and accepted Rs. 18.2Bn of bids.

Chart of the Week



Picture Story



Sources: Daily FT SL (Business Newspaper), Lanka Business Online, The Sunday Leader, Central Bank of Sri Lanka (CBSL)

The World Bank Group’s Board of Directors has endorsed a new four-year strategy aimed at achieving greater prosperity for Sri Lanka and its people. The strategy emphasizes greater macroeconomic stability, creating more and better jobs, improving Sri Lanka’s global competitiveness, investing in underserved people and areas, and promoting green growth. The World Bank Group’s Country Partnership Framework (CPF) for Sri Lanka for the period ending June 2020, reflects the development vision of the Government. It draws on the priorities identified in an earlier World Bank analysis of the opportunities and challenges facing the country’s economy and Systematic Country Diagnostic.

				LKR			Levels				
Economic Indicators	2015	2016	Change	Currencies	Year Ago	Pre. Week	This Week	CSE Data	Pre. Week	This Week	Change
Tourist Arrivals: Jul(16)	175,804	209,351	19.08%	US\$	133.52	145.86	145.53	CSE All Share Index (ASI)	6,393.87	6,517.13	1.9%
Tourist Arrivals: Jul(16)-YTD	1,005,855	1,173,618	16.68%	STG	207.47	192.48	191.18	S&P Sri Lanka 20 Index (S&P SL 20)	3,414.39	3,531.36	3.4%
Credit-Pvt Sec Rs.Bn-May(16)YTD	2,908	3,722	27.99%	Yen	1.07	1.40	1.44				
				Euro	144.98	161.66	162.01	Total turnover (LKR Mn)	2,353.33	4,869.43	106.9%
Trade Balance(US\$ Mn) – Apr	(777.1)	(754.3)	2.93%					Market PER	13.05	9.31	-28.7%
Imports (US\$ Mn) – Apr	1,490.5	1,460.9	-1.99%					Market PBV	1.48	1.50	1.4%
Investment Goods	353.2	364.3	3.14%	T - Bills	Year Ago	Pre. Week	This Week	Dividend Yield	2.96	3.03	2.4%
Intermediate Goods	756.1	778.9	3.02%	3 Months	-	-	8.99	Market Capitalization (LKR Bn)	2,724.76	2,777.29	1.9%
Exports (US\$ Mn) - Apr	713.4	706.6	-0.95%	6 Months	6.50	9.69	9.90	Foreign Purchases (LKR Mn)	1,102.93	1,959.95	77.7%
Agricultural	182.1	159.5	-12.41%	12 Months	6.54	10.48	10.73	Foreign Sales (LKR Mn)	895.12	1,162.34	29.9%
Textiles and Apparel	330.2	340.5	3.12%					Net Foreign (LKR Mn)	207.81	797.61	283.8%
	Levels				Price per Share (LKR)			Regional Market Performance			
	2014	2015	2016	Top 5 Gainers	Pre. Week	This Week	Change				
Quarterly GDP Real Growth	Q1 - 1.3%	Q1 - 4.4%	Q1 - 5.5%	SEMB.X	0.30	0.40	33.33%				
	Q2 - 2.2%	Q2 -7.0%		AGST	4.80	6.20	29.17%				
	Q3 - 5.0%	Q3 - 5.6%		BRR	9.20	11.50	25.00%				
	Q4 - 10.3%	Q4 - 2.5%		RPBH	28.60	33.50	17.13%				
Annual GDP Real Growth (%)	4.90%	4.80%		ETWO	61.00	68.40	12.13%				
	Levels										
Inflation -CCPI	Year Ago	Jun-16	Jul-16	Top 5 Losers							
Year on Year	-0.20%	6.00%	5.50%	CIND	116.10	57.00	-50.90%				
Annual Average	1.30%	2.20%	2.70%	CIFL	1.10	0.90	-18.18%				
Inflation -NCPI	Year Ago	May-16	Jun-16	BLUE.X	0.70	0.60	-14.29%				
Year on Year	2.80%	5.30%	6.40%	TANG	70.90	62.00	-12.55%				
Annual Average	-	2.70%	3.10%	SEMB	0.80	0.70	-12.50%				

Week Return

YTD Return

ASPI - Sri Lanka

FTSE - Malaysia

CNX Nifty - India

DSE Broad - Bangladesh

KSE 100 - Pakistan

SET - Thailand

FTSE - Singapore

1.9%

-5.5%

0.8%

-0.9%

0.5%

9.3%

1.2%

-1.1%

-0.4%

20.0%

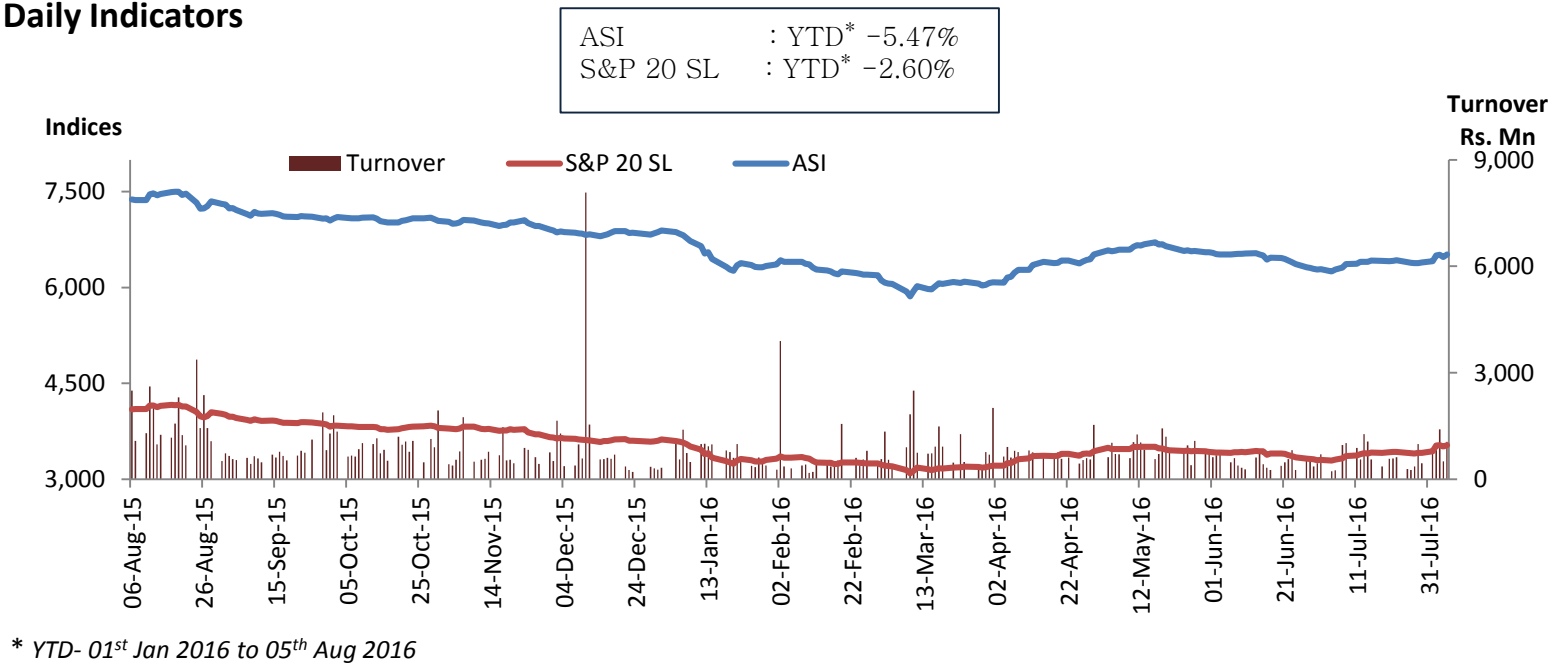
-0.4%

-1.3%

-2.8%

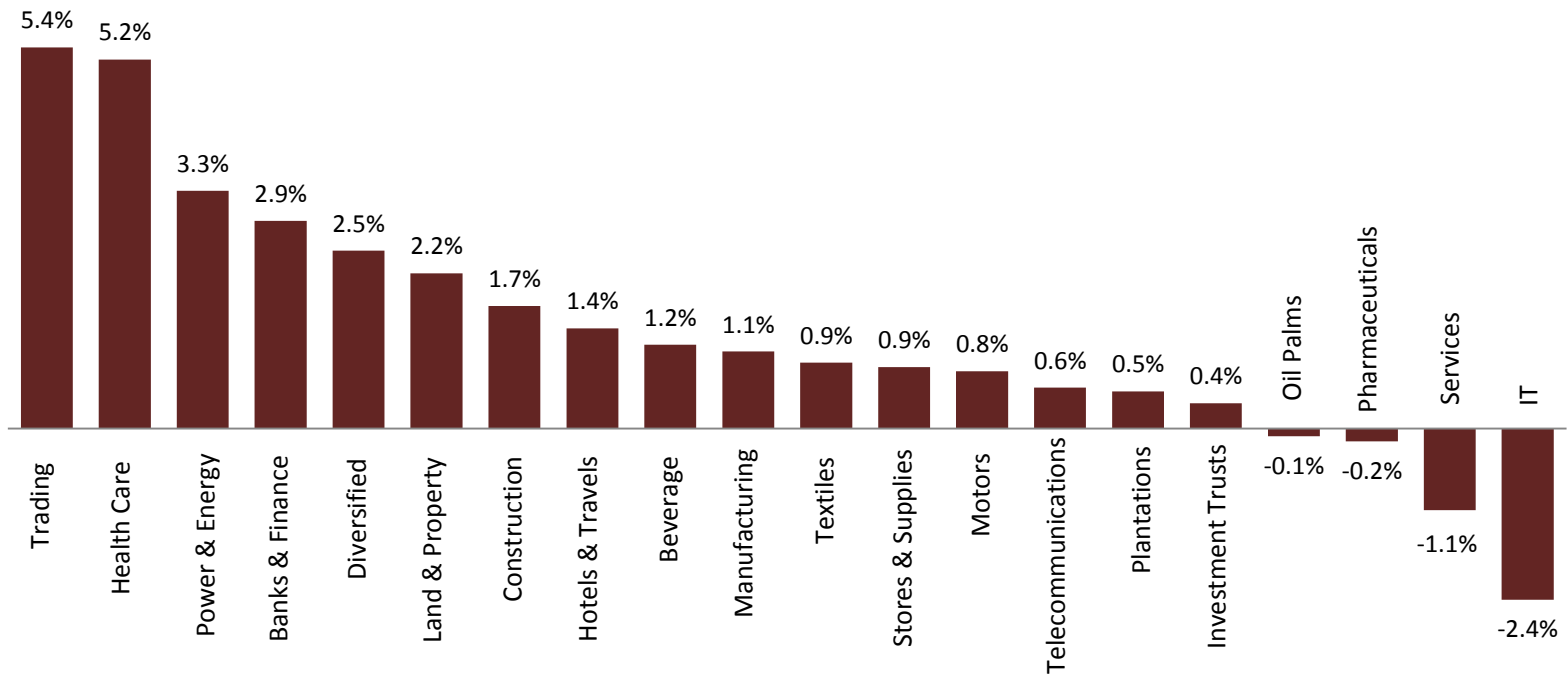
- The Colombo Stock Exchange (CSE) increased during the week ended Friday 05th August 2016. The All Share Price Index (ASPI) increased by 1.9% to report at 6,517.1 while the S&P Sri Lanka 20 Index increased by 3.4% to report at 3,531.4. Total turnover for the week was Rs. 4.9Bn, an increase of 106.9% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 797.6Mn during the week. Year to date net foreign investment amounted to a negative Rs. 3,856.0Mn.
- Distilleries Company of Sri Lanka PLC (DCSL), a diversified conglomerate announced a reorganization of the shares and stated capital of DCSL and its fully owned subsidiary Melstacorp Limited (Melstacorp). Melstacorp, which is a 100% owned subsidiary of DCSL will become the holding company while DCSL will become a subsidiary of Melstacorp. The shareholders of DCSL will be allotted shares in Melstacorp, in the proportion of four (4) Melstacorp shares in exchange for every one (1) share of DCSL. Subsequent to the swap 100% DCSL will be held by Melstacorp. Hence the group will issue fresh DCSL shares to the public with a preferential allotment to the shareholders of Melstacorp over third party applicants. This will restore the public float of the Company.
- People’s Leasing and Finance PLC, Leasing and Finance giant in Sri Lanka said it will amalgamate with People’s Merchant Finance PLC within this financial year subject to two conditions. People’s Leasing and Finance PLC said the first condition is the sale of People’s Merchant Finance PLC property located at Nawam Mawatha,Colombo 2. As the second condition, the company wants to receive all approvals required for the sale of the above property and the proposed amalgamation from People’s Merchant Finance PLC.

Daily Indicators



* YTD- 01st Jan 2016 to 05th Aug 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers

