

Aug 02, 2016	NAV/Index	YTD change
SLF	US\$ 0.89	-5.32%
ASI	6,503.30	-6.77%
S&P 20	3,529.67	-3.78%

External Sector Performance – May 2016

➤ Earnings from exports decreased by 12.9% YoY, to US\$ 776.3Mn in May 2016 from US\$ 882.5Mn in May 2015. The subdued performance in tea exports, rubber products and textiles and garments contributed mainly to the overall decline in export earnings. However, earnings from gems, diamonds and jewellery, plastics and articles thereof, transport equipment, rubber and unmanufactured tobacco exports showed some improvement in May 2016.

Reversing the year-on-year declining trend that prevailed during the last ten months, expenditure on imports grew marginally by 0.3% in May 2016 to US\$ 1,589.8Mn. This growth was largely contributed by the significant increase registered in import expenditure on investment goods, mainly expenditure on machinery and equipment and building materials. However, import expenditure on consumer goods and intermediate goods declined during the month.

By end May 2016, gross official reserves amounted to US\$ 5.6Bn compared to US\$ 6.8Bn reported in end May 2015 and US\$ 6.1Bn in end April 2016.

Government Seeks More Investments from USA, China

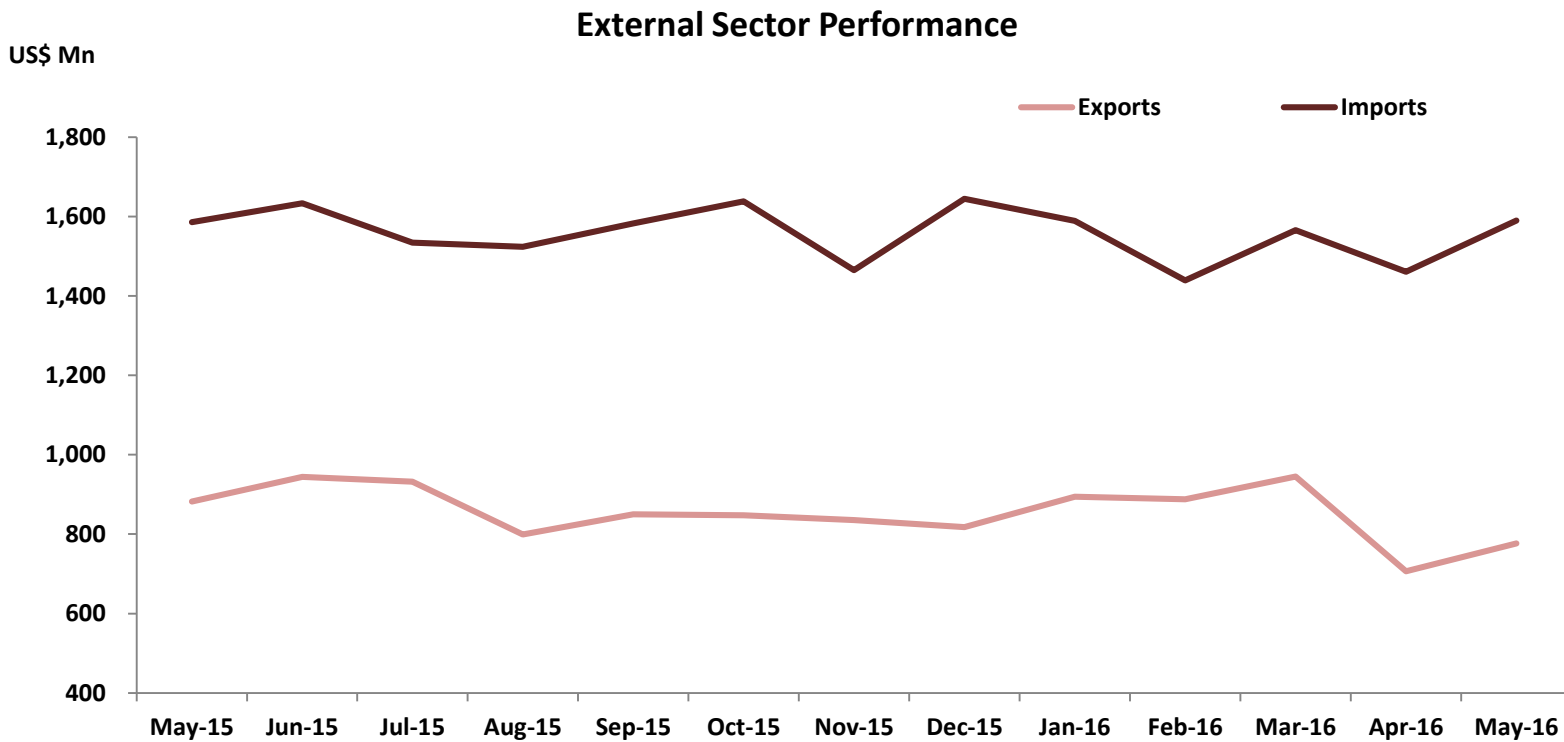
➤ The government has sought more investments from the US and China, as per the government officials. US officials in their meeting with Finance Minister had urged the government to formally invite US investors to the country. The government is also looking to create approximately 83,000 new employment opportunities in different sectors in the new Financial City in the Port City, attracting over US\$ 13Bn in Foreign Direct Investments (FDI) from investors and developers from countries including India, Singapore, Malaysia and China.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields increased across most maturities at Wednesday's auction with the 3 months yield increasing by 02bps to 9.01%, data from the state debt office showed. The 6 month bills increased by 02bps to stand at 9.92% and 12 month bills decreased by 01bp to stand at 10.72%. The state offered Rs. 25.0Bn of bills for re-issue and accepted Rs. 28.2Bn of bids.

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

Chart of the Week



Picture Story



Year-on-year bilateral trade between India and Sri Lanka surged by 6.3%, with overall trade volumes edging very close towards the US\$ 5Bn mark. At the same time India’s private sector Foreign Direct Investments (FDIs) close to US\$ 1Bn are in the pipeline for Sri Lanka. The Indo-Sri Lanka Free Trade Agreement (ISFTA) was signed in December 1998 and came into force on 2000.

Economic Indicators	2015	2016	Change
Tourist Arrivals: Jul(16)	175,804	209,351	19.08%
Tourist Arrivals: Jul(16)-YTD	1,005,855	1,173,618	16.68%
Credit-Pvt Sec Rs.Bn-May(16)YTD	2,908	3,722	27.99%
Trade Balance(US\$ Mn) – May	(702.9)	(813.5)	-15.73%
Imports (US\$ Mn) – May	1,585.5	1,589.8	0.27%
Investment Goods	345.8	408.8	18.22%
Intermediate Goods	889.2	851.4	-4.25%
Exports (US\$ Mn) - May	882.5	776.3	-12.03%
Agricultural	217.0	168.7	-22.26%
Textiles and Apparel	392.9	374.7	-4.63%

	Levels		
	2014	2015	2016
Quarterly GDP Real Growth	Q1 - 1.3%	Q1 - 4.4%	Q1 - 5.5%
	Q2 - 2.2%	Q2 -7.0%	
	Q3 - 5.0%	Q3 - 5.6%	
	Q4 - 10.3%	Q4 - 2.5%	
Annual GDP Real Growth (%)	4.90%	4.80%	

	Levels		
	Year Ago	Jun-16	Jul-16
Inflation -CCPI			
Year on Year	-0.20%	6.00%	5.50%
Annual Average	1.30%	2.20%	2.70%
Inflation -NCPI			
Year on Year	2.80%	5.30%	6.40%
Annual Average	-	2.70%	3.10%

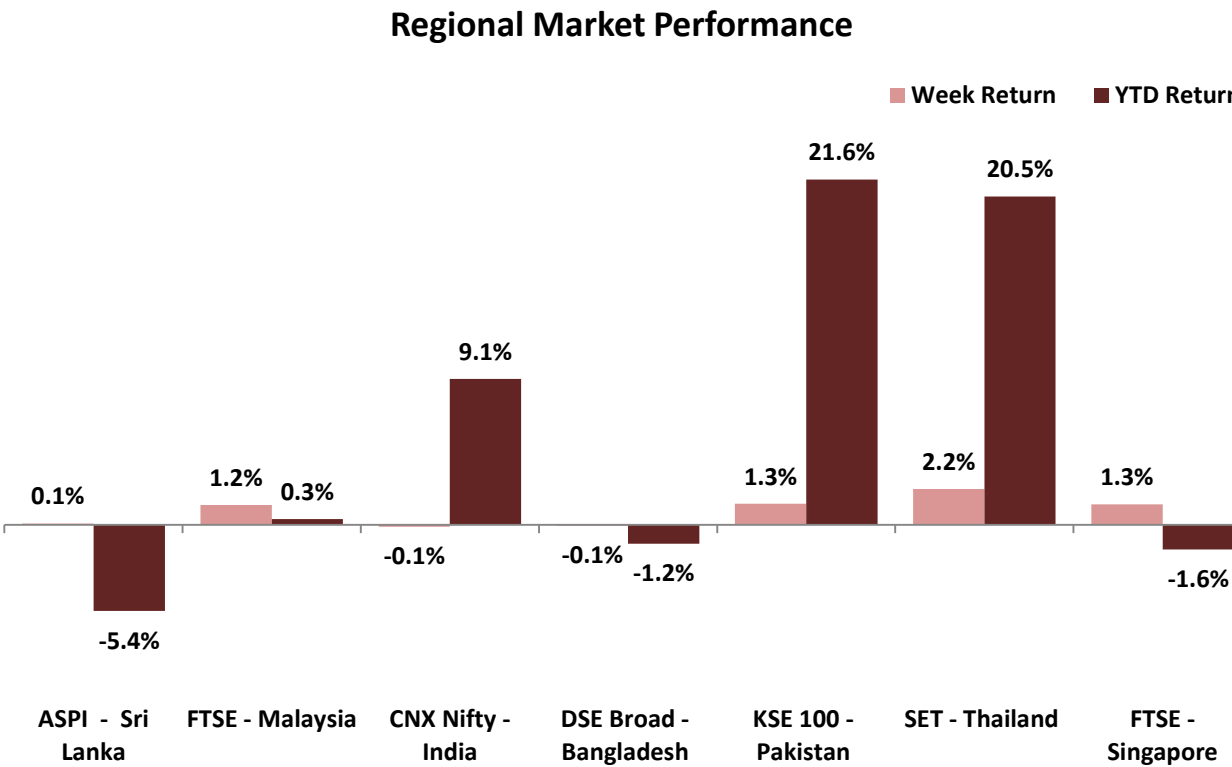
Currencies	LKR		
	Year Ago	Pre. Week	This Week
US\$	133.71	145.53	145.27
STG	208.01	191.18	188.55
Yen	1.07	1.44	1.43
Euro	147.77	162.01	161.82

T - Bills	Levels (%)		
	Year Ago	Pre. Week	This Week
3 Months	-	8.99	9.01
6 Months	6.57	9.90	9.92
12 Months	6.63	10.73	10.72

Top 5 Gainers	Price per Share (LKR)		
	Pre. Week	This Week	Change
ALLI	740.10	1,035.90	39.97%
SEMB	0.70	0.90	28.57%
LITE	8.30	10.30	24.10%
APLA	194.10	225.00	15.92%
SFL.P	8.50	9.60	12.94%

Top 5 Losers			
	Pre. Week	This Week	Change
SEMB.X	0.40	0.30	-25.00%
NEST	2,350.00	2,086.00	-11.23%
RPBH	33.50	30.00	-10.45%
ATL	1.00	0.90	-10.00%
BALA	16.30	14.70	-9.82%

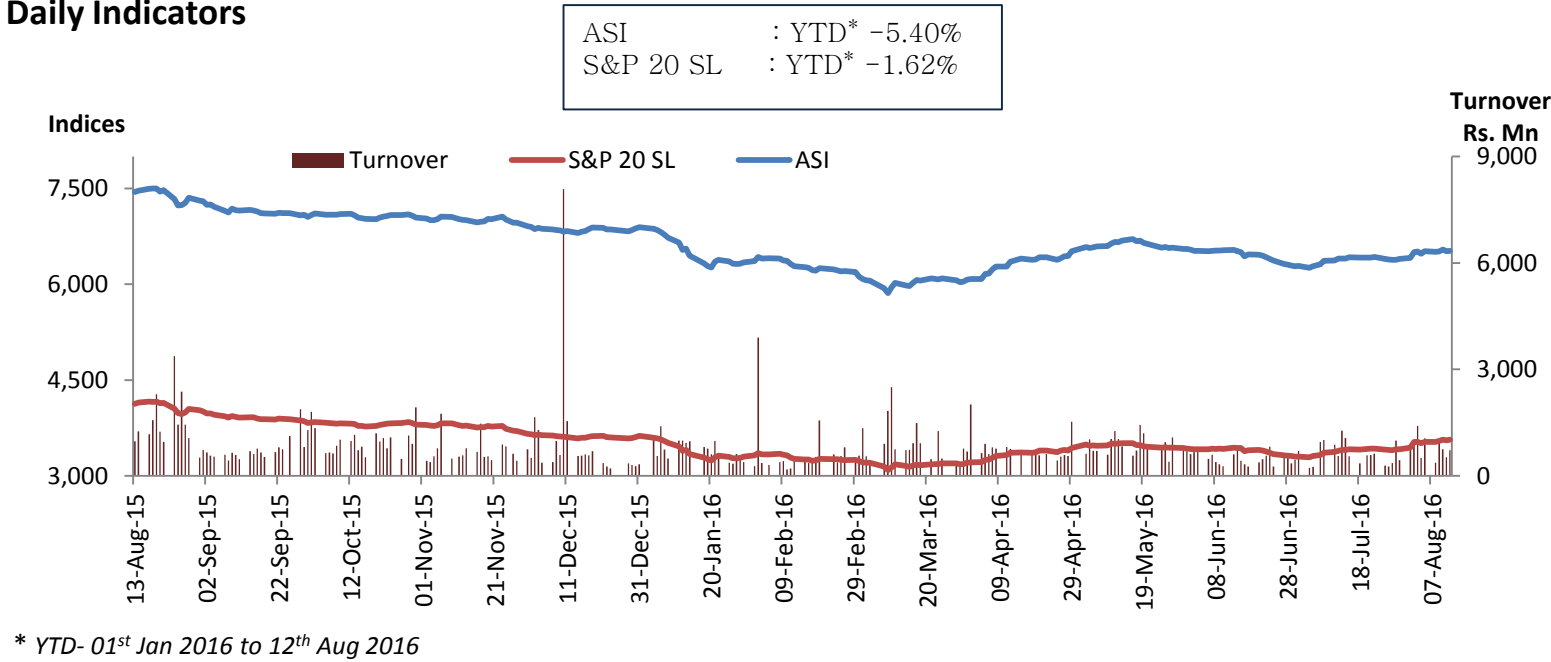
CSE Data	Levels		
	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,517.13	6,522.14	0.1%
S&P Sri Lanka 20 Index (S&P SL 20)	3,531.36	3,566.84	1.0%
Total turnover (LKR Mn)	4,869.43	3,313.22	-32.0%
Market PER	9.31	13.01	39.7%
Market PBV	1.50	1.50	0.0%
Dividend Yield	3.03	2.98	-1.7%
Market Capitalization (LKR Bn)	2,777.29	2,779.43	0.1%
Foreign Purchases (LKR Mn)	1,959.95	1,341.96	-31.5%
Foreign Sales (LKR Mn)	1,162.34	806.60	-30.6%
Net Foreign (LKR Mn)	797.61	535.36	-32.9%



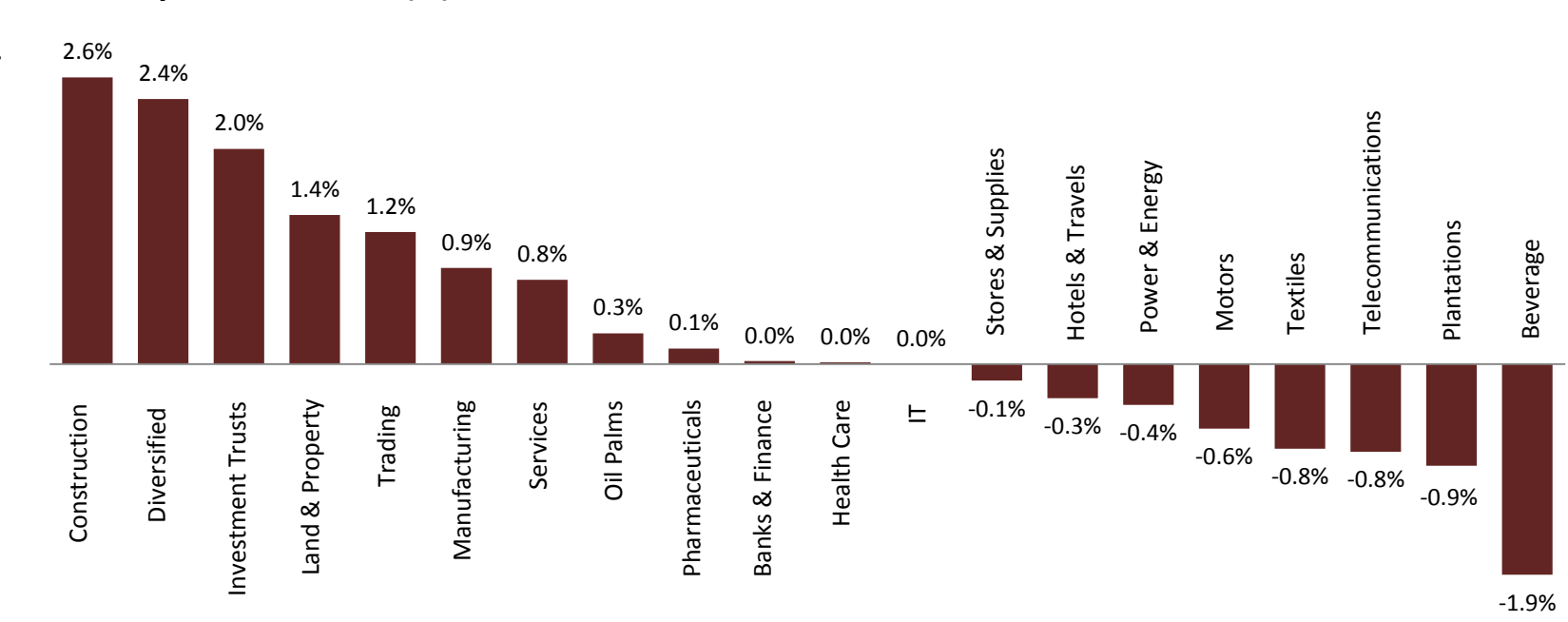
Sources: Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Bloomberg, FactSet

- The Colombo Stock Exchange (CSE) remained flat during the week ended Friday 12th August 2016. The All Share Price Index (ASPI) was at 6,522.1 while the S&P Sri Lanka 20 Index increased by 1.0% to report at 3,566.8. Total turnover for the week was Rs. 3.3Bn, a decrease of 32.0% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 535.4Mn during the week. Year to date net foreign investment amounted to a negative Rs. 3,320.6Mn.
- Glass bottle and container manufacturer Piramal Glass Ceylon PLC, a unit of India’s Piramal Group, said it would be closing its manufacturing facility in Horana during the second quarter (2Q17) for capacity enhancement and refurbishment. This expansion is expected to increase the capacity of glass production to 300 tonnes per day from the current 250 tonnes per day. Company plans to invest Rs. 3Bn in this project with the intention to build in-house manufactured stocks for proprietary bottles and to import generic bottles.
- Sri Lanka's LOLC group, which has interests in financial services and hotels, said it was planning to sell US\$ 150Mn (or 175Mn Singapore dollars) of medium-term bonds. The bonds will be listed in the Singapore stock exchange. Sri Lanka's central bank had already approved the proposal and it was awaiting the go ahead from the Securities and Exchange Commission.

Daily Indicators



CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers