

Aug 23, 2016	NAV/Index	YTD change
SLF	US\$ 0.91	-3.19%
ASI	6,603.76	-5.16%
S&P 20	3,627.96	-0.93%

CB Chief urges private sector to grab Sri Lanka’s best growth opportunity

➤ Central Bank Governor on 23rd August 2016 made a strong case for the private sector to step up their investments emphasizing that Sri Lanka’s best opportunity for growth was before them. Delivering the keynote address at the CIMA Sri Lanka Business Leaders Summit, the Governor said due to a host of factors the “best and most favorable set of circumstances were before Sri Lanka for the first time” since independence. In that context, he urged the private sector to be spirited and develop the appetite to make fresh investments, which he said were going to be critical in the next 12-24 months.

LSEG eyes Sri Lanka capital markets system

➤ London Stock Exchange Group (LSEG), a leader in global markets infrastructure, is keen on developing markets infrastructure business in Sri Lanka as the country is now ready with such initiatives. LSEG is currently in the process of setting up the new headquarters of the group’s Business Services Division at the Expert City precinct, formerly known as Tripoli Market. Colombo Stock Exchange (CSE) is a long standing client of LSEG and has benefitted from the LSEG technology. Currently CSE is having discussions with LSEG regarding the plans for new clearing house projects. These include enhancing the capacity and size of the capital market, developing the bond, derivatives and commodity markets, and improving legal and regulatory structures and electronic systems.

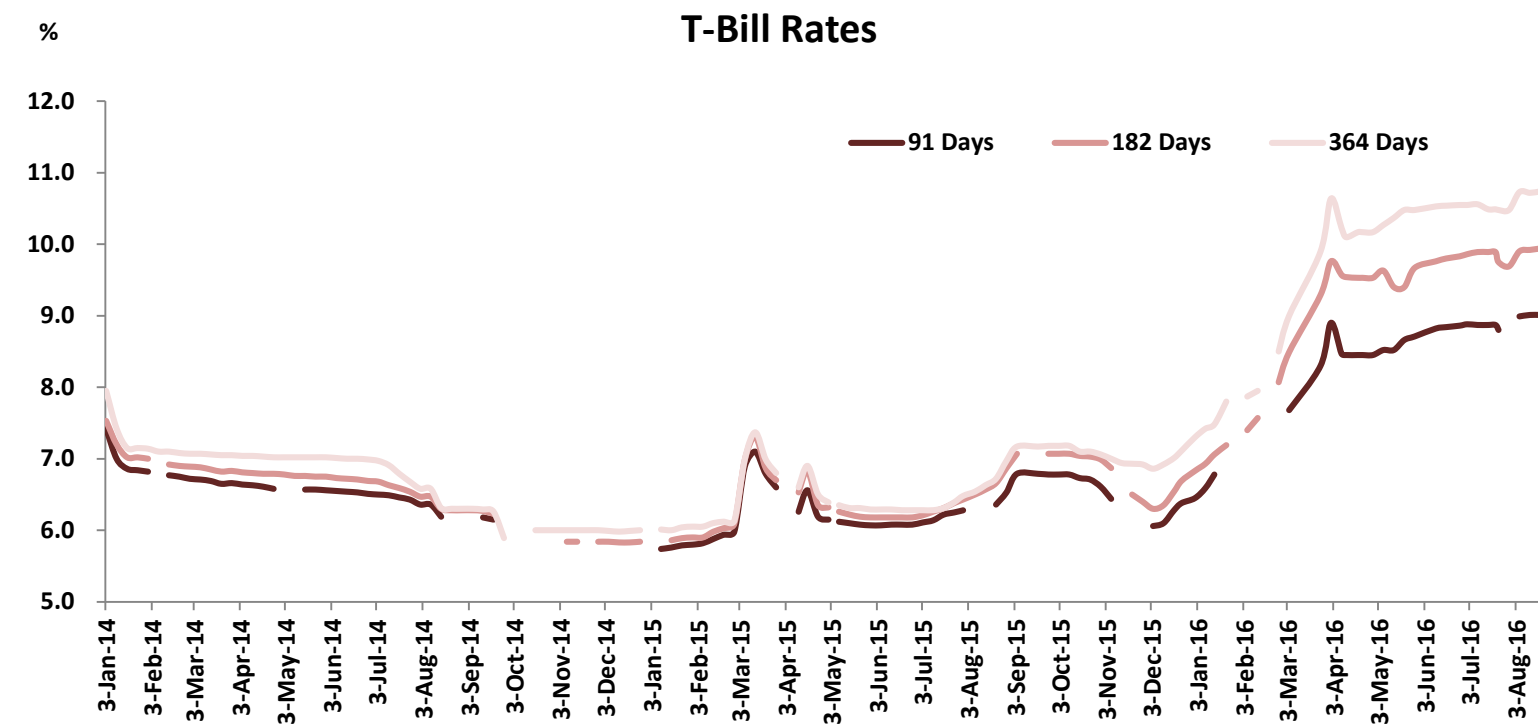
Visa finds more value in Sri Lanka

➤ Global leader in payments technology, Visa, on 25th August 2016 formally announced the opening of a fully-fledged office in Sri Lanka saying the move reflects growing confidence in the economy and future of electronic payments in the country. The company said that with electronic payments amounting to only around US\$ 2Bn out of a US\$ 45Bn personal consumption expenditure market, the future in Sri Lanka for digital commerce along with economic growth looked very promising. Visa operated for nearly three decades in Sri Lanka.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields increased across most maturities at Wednesday's auction with the 03 months yield increasing by 03bps to 9.04%, data from the state debt office showed. The 12 month bills increased by 01bp to stand at 10.75% and 06 month bills remained at 9.94%. The state offered Rs. 27.0Bn of bills for re-issue and accepted Rs. 23.8Bn 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)

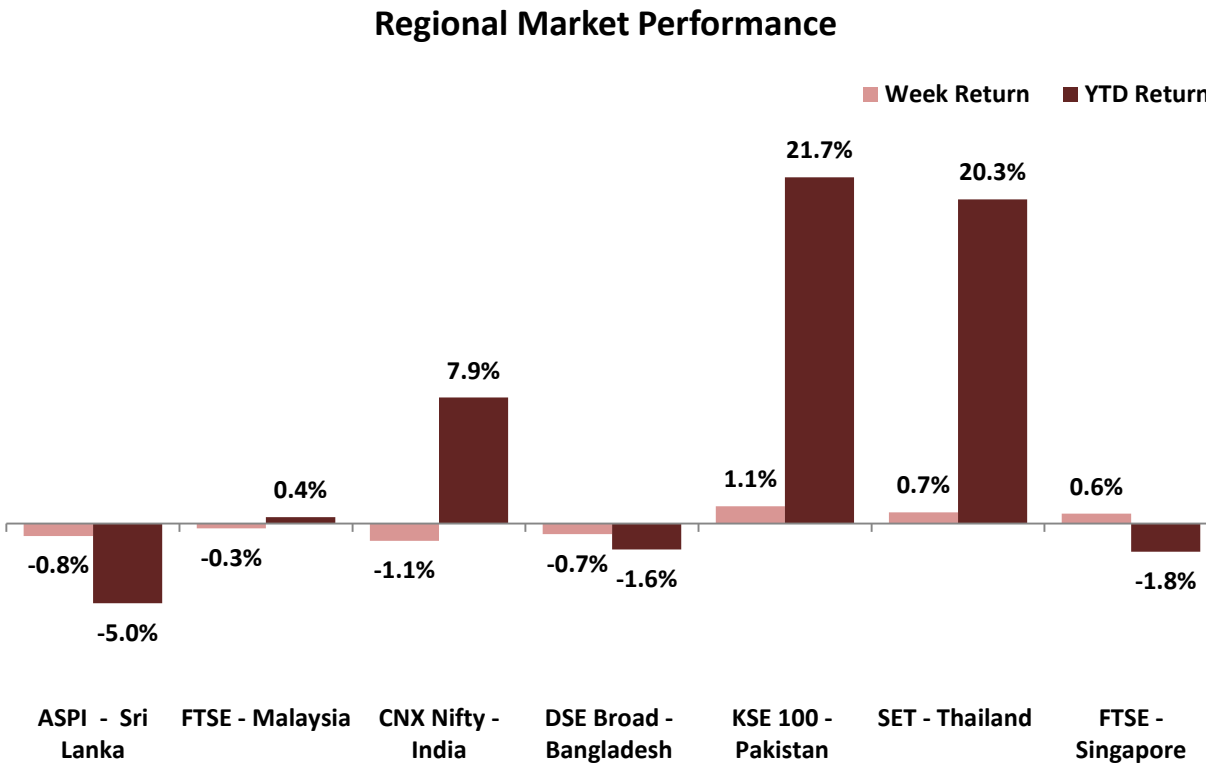
The Government on 22nd August 2016 enlightened over 100 potential local and foreign investors on what it called as “the endless opportunities” available to them through the Western Region Megapolis Development Master Plan. The Urban Development Authority (UDA) held the first business and investment forum targeting the Western Region Megapolis, titled ‘Investment Opportunities’, to attract \$ 16 billion within the next 10 years. The overall project is estimated to attract over \$ 40 billion in investments.



Economic Indicators	LKR		
	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	1.80%	6.40%	5.80%
Annual Average	-	3.10%	3.40%

Currencies	LKR		
	Year Ago	Pre. Week	This Week
US\$	134.89	145.28	145.58
STG	211.69	190.96	192.32
Yen	1.13	1.45	1.45
Euro	155.41	164.74	164.38
Levels (%)			
	Year Ago	Pre. Week	This Week
T - Bills			
3 Months	6.28	9.01	9.04
6 Months	6.43	9.94	9.94
12 Months	6.48	10.74	10.75
Price per Share (LKR)			
	Pre. Week	This Week	Change
Top 5 Gainers			
SEMB.X	0.30	0.40	33.33%
LPRT	105.00	124.60	18.67%
EMER	7.00	8.10	15.71%
ECL	7.80	8.90	14.10%
ATL	0.80	0.90	12.50%
Top 5 Losers			
JKH.W	7.60	6.10	-19.74%
BBH	30.30	25.30	-16.50%
CIFL	0.90	0.80	-11.11%
CITK	4.10	3.70	-9.76%
CPRT	80.40	72.80	-9.45%

CSE Data	Levels		
	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,602.2	6,550.9	-0.8%
S&P Sri Lanka 20 Index (S&P SL 20)	3,632.9	3,584.9	-1.3%
Total turnover (LKR Mn)	4,763.72	5,069.88	6.4%
Market PER	13.25	13.15	-0.8%
Market PBV	1.52	1.51	-0.7%
Dividend Yield	2.96	3.01	1.7%
Market Capitalization (LKR Bn)	2,814.32	2,792.45	-0.8%
Foreign Purchases (LKR Mn)	2,054.89	1,184.13	-42.4%
Foreign Sales (LKR Mn)	2,004.91	1,840.55	-8.2%
Net Foreign (LKR Mn)	49.98	(656.42)	-1413.3%

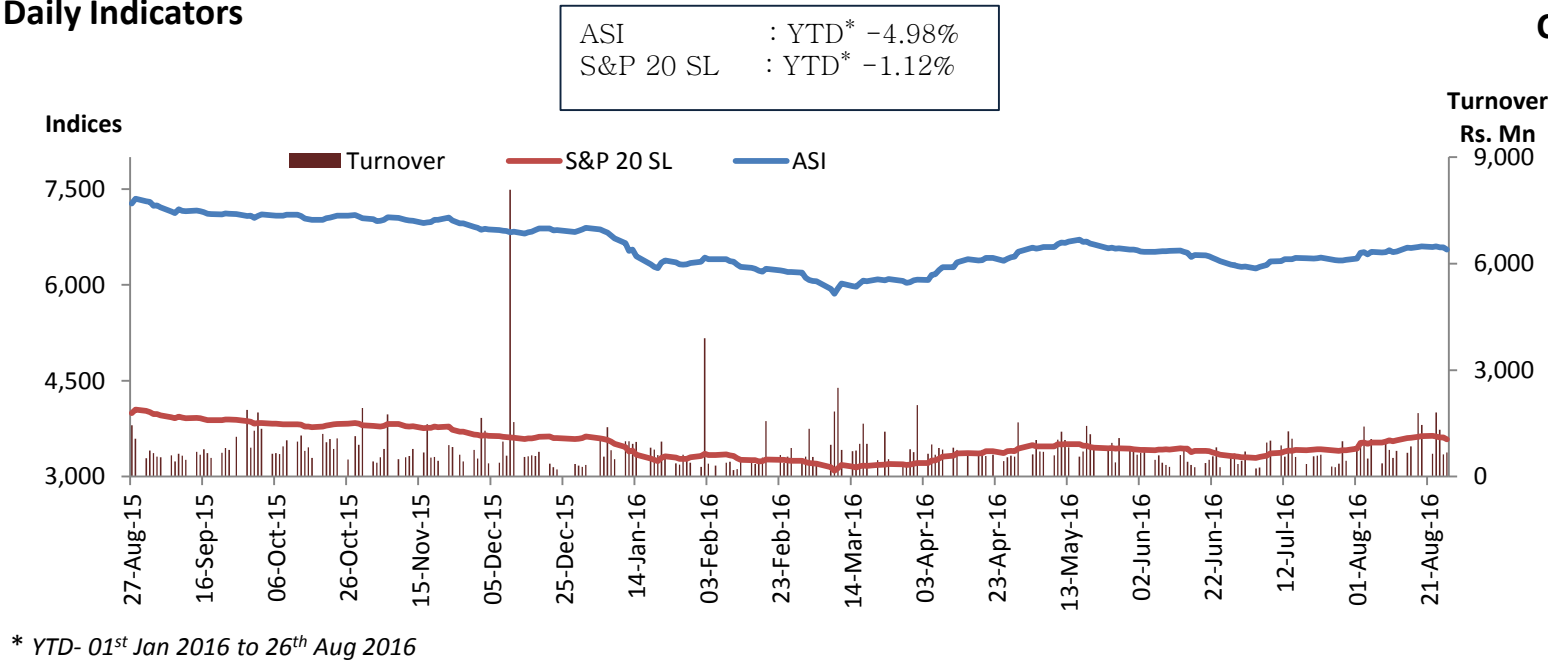


Sources: Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Bloomberg, FactSet

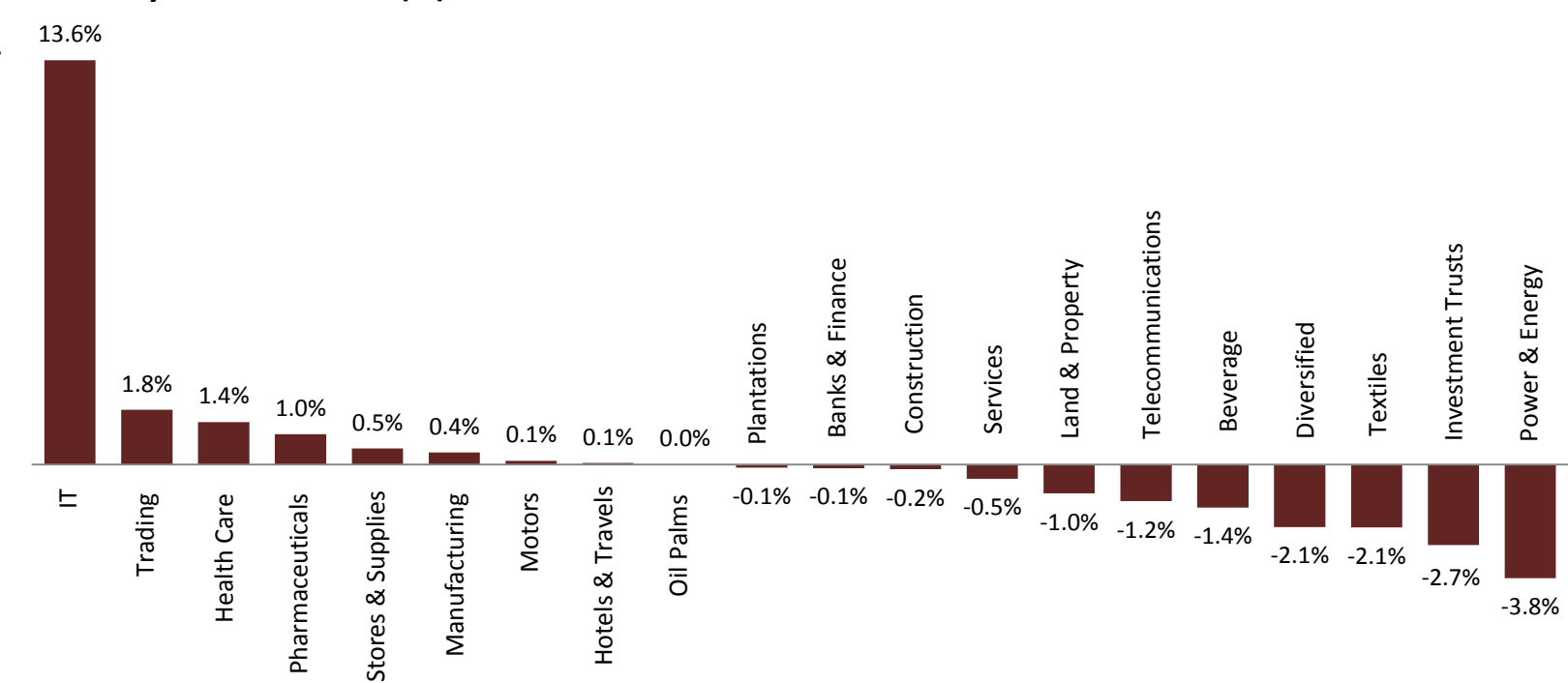


- The Colombo Stock Exchange (CSE) decreased during the week ended Friday 26th August 2016. The All Share Price Index (ASPI) decreased by 0.8% to report at 6,550.9 while the S&P Sri Lanka 20 Index decreased by 1.3% to report at 3,584.9. Total turnover for the week was Rs. 5.1Bn, an increase of 6.4% compared to previous week.
- Net foreign investments recorded a net outflow of Rs. 656.4Mn during the week. Year to date net foreign investment amounted to a negative Rs. 3,927.1Mn.
- Browns Beach Hotels PLC (BBH) which owns Heritance Negambo said it plans to raise Rs 1.4Bn through a rights issue to reduce debt and fund escalating building costs. The company will issue 54Mn new ordinary shares, with five new shares for every 12 existing shares at Rs 25.85 each. The current stated capital of the company is Rs 2.4Bn made up of 129.6Mn ordinary shares. The rights issue is subject to approvals by the stock exchange and shareholders.
- National Development Bank PLC (NDB), a leading bank in Sri Lanka is placing a lot of attention on expanding its investment banking in Bangladesh, a venture that was set up after NDB Group acquired a controlling stake in Capital Market Services Ltd, a licensed merchant bank in Bangladesh in 2009. NDB Bank has a 77.8% equity stake in the merchant bank. DB Capital has introduced many products including convertible bonds, preference shares, USD offshore syndications, convertible preference shares and private equity to Bangladesh.

Daily Indicators



CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers