

External Sector Performance – June 2016

➤ Earnings from exports declined by 5.0% to US\$ 896.8Mn in June 2016 mainly due to the substantial reduction in price levels of export commodities in the international market. Export earnings from petroleum products, transport equipment and spices are the main contributors for this decline. Further export earnings from gems, diamonds and jewellery, minor agricultural exports and rubber products also contributed to the overall decline. However, earnings from leather, travel goods and footwear showed a significant increase.

Expenditure on imports declined marginally by 0.2% to USD 1,675.8Mn in June 2016 recording the highest monthly import value so far for the year. Import expenditure on vehicles, wheat and fertilizer declined significantly during June 2016. Reflecting the impact of the policy measures taken by the government to curtail vehicle imports, personal motor vehicle imports, categorized under consumer goods, declined considerably in June 2016. However, import expenditure on machinery and equipment and building materials, which comprised around 22% of overall imports, increased noticeably during June 2016.

By end June 2016, gross official reserves amounted to US\$ 5.3Bn compared to US\$ 7.5Bn reported in end June 2015 and US\$ 5.6Bn in end May 2016.

Tourist Arrivals Update – August 2016

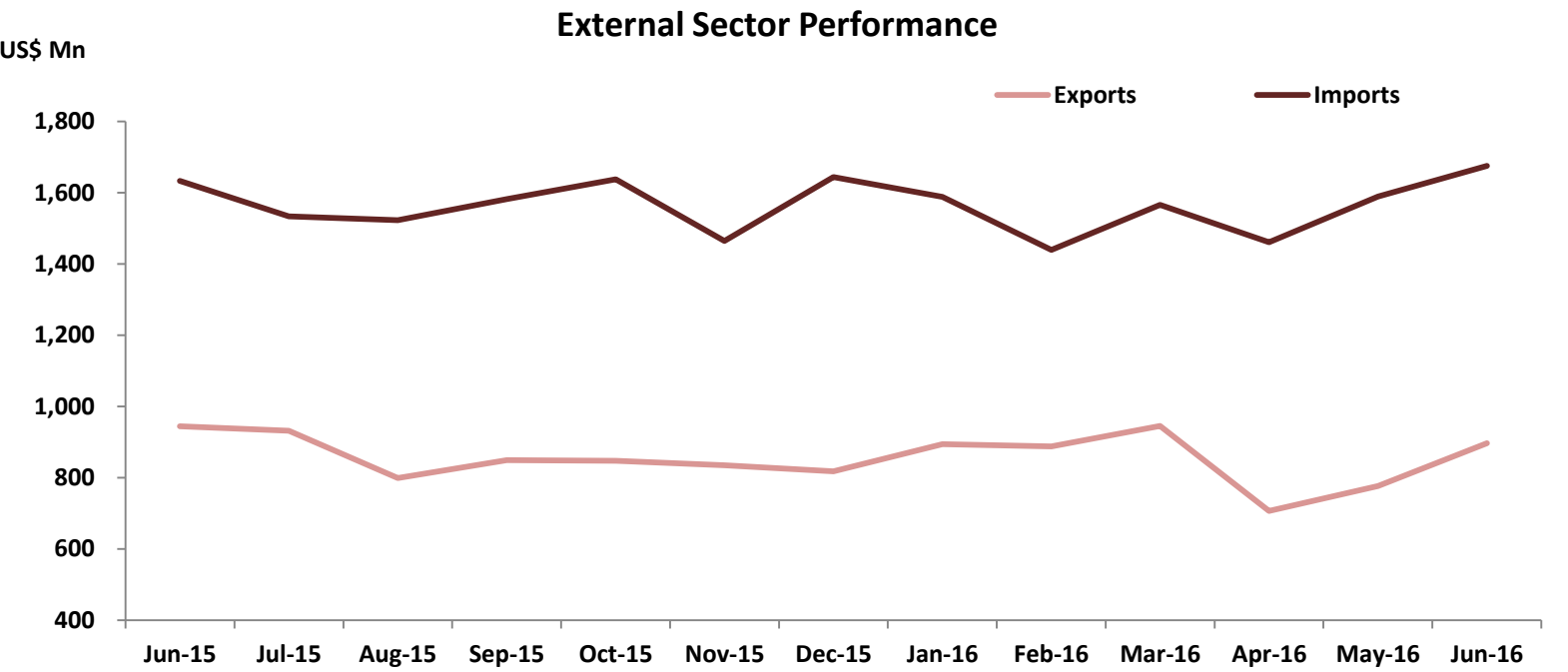
➤ Sri Lanka's tourist arrivals rose 11.8% to 186,288 in August 2016. On a cumulative basis arrivals were up 16.0% for the first eight months of the year with the island welcoming 1,359,906 tourists for 2016. India became the lead contributor to the industry with a 19.2% share of the arrivals for the first eight months, reporting an increase of 16.1%. China occupied the 2nd place with a contribution of 16.3%, reporting an increase of 32.2%. Arrivals from the more traditional markets such as United Kingdom, Germany and France which cumulatively accounted for 24.8% of the arrivals for the first eight months reported an increase of 15.8% during the period. Sri Lanka targets 2.2Mn tourists in 2016.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields decreased across all maturities at Wednesday's auction with the 03 month bills decreasing by 28bps to 8.75%, data from the state debt office showed. The 06 month bills decreased by 23bps to 9.71% and 12 month bills decreased by 34bps to 10.39%. The state offered Rs. 11.0Bn of bills for re-issue and accepted Rs. 11.0Bn 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



Economic relations between Sri Lanka and the United States will kick into high gear with both sides detailing plans to implement a five-year Joint Action Plan to increase trade and investment between two countries. In a Joint Statement released following the US-Sri Lanka Trade and Investment Framework (TIFA) Inter-Sessional Meeting held at the start of September 2016 both countries have decided to focus on tariff preference arrangements; plan for a US-Sri Lanka Business Opportunities Conference; support youth entrepreneurs; enhance Sri Lankan capacity to export food items to the United States; and further mechanisms to support Sri Lanka’s goal to serve as a regional services hub.

Economic Indicators	2015	2016	Change
Tourist Arrivals: Aug(16)	166,610	186,288	11.81%
Tourist Arrivals: Aug(16)-YTD	1,172,465	1,359,906	15.99%
Credit-Pvt Sec Rs.Bn-Jun(16)-YTD	2,963	3,798	28.18%

Trade Balance(US\$ Mn) – Jun	(734.6)	(779.0)	-6.04%
Imports (US\$ Mn) – Jun	1,678.7	1,675.8	-0.17%
Investment Goods	377.1	410.1	8.75%
Intermediate Goods	909.7	909.7	0.00%
Exports (US\$ Mn) - Jun	944.1	896.8	-5.01%
Agricultural	226.7	214.1	-5.56%
Textiles and Apparel	424.3	430.2	1.39%

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	Jul-16	Aug-16
Inflation -CCPI			
Year on Year	-0.20%	5.50%	4.00%
Annual Average	1.00%	2.70%	3.00%
Inflation -NCPI			
Year on Year	1.80%	6.40%	5.80%
Annual Average	-	3.10%	3.40%

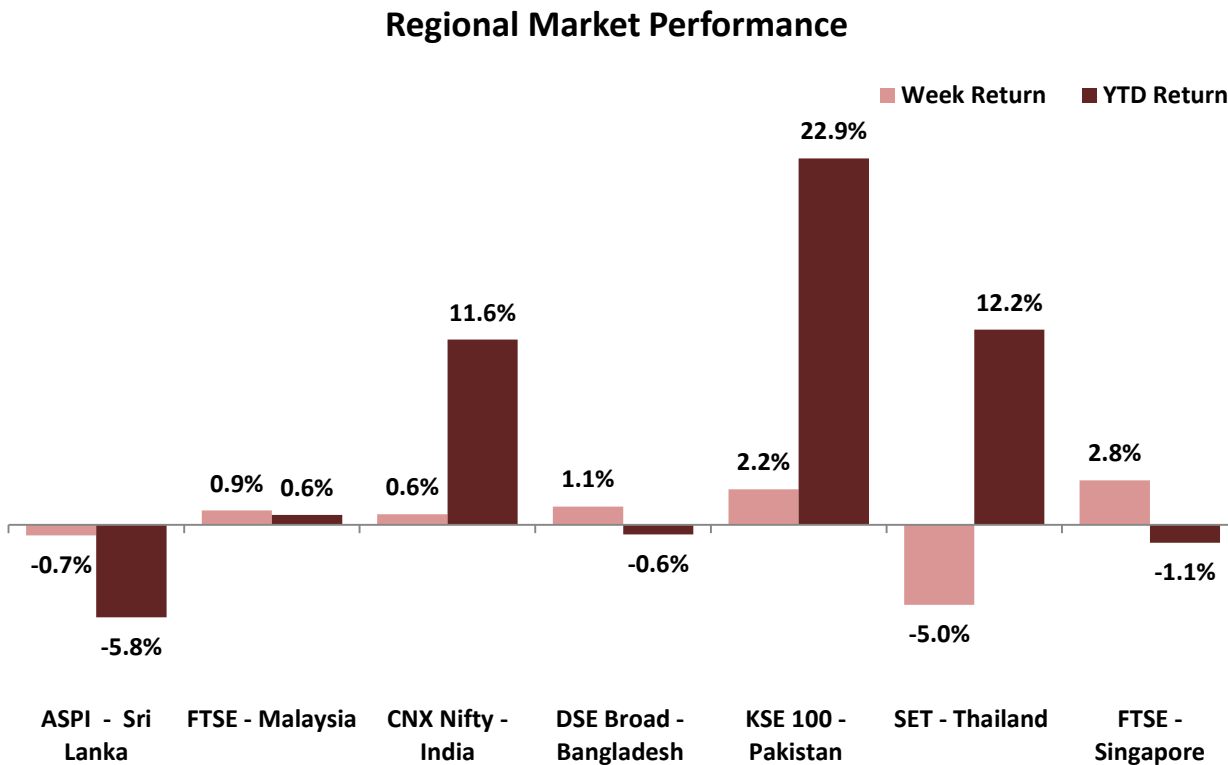
LKR			
Currencies	Year Ago	Pre. Week	This Week
US\$	138.03	145.33	144.95
STG	212.52	193.17	193.15
Yen	1.15	1.41	1.42
Euro	154.41	162.73	163.42

Levels (%)			
T - Bills	Year Ago	Pre. Week	This Week
3 Months	6.79	9.03	8.75
6 Months	7.07	9.94	9.71
12 Months	7.17	10.73	10.39

Price per Share (LKR)			
Top 5 Gainers	Pre. Week	This Week	Change
CFVF	23.90	31.50	31.80%
CSEC	22.20	25.40	14.41%
CIFL	0.90	1.00	11.11%
MBSL	13.50	14.80	9.63%
BBH	25.00	27.40	9.60%

Top 5 Losers			
JKH.W	6.00	2.90	-51.67%
KZOO	1,511.20	1,100.00	-27.21%
KDL	57.10	47.30	-17.16%
PALM	36.50	32.20	-11.78%
ATL	0.90	0.80	-11.11%

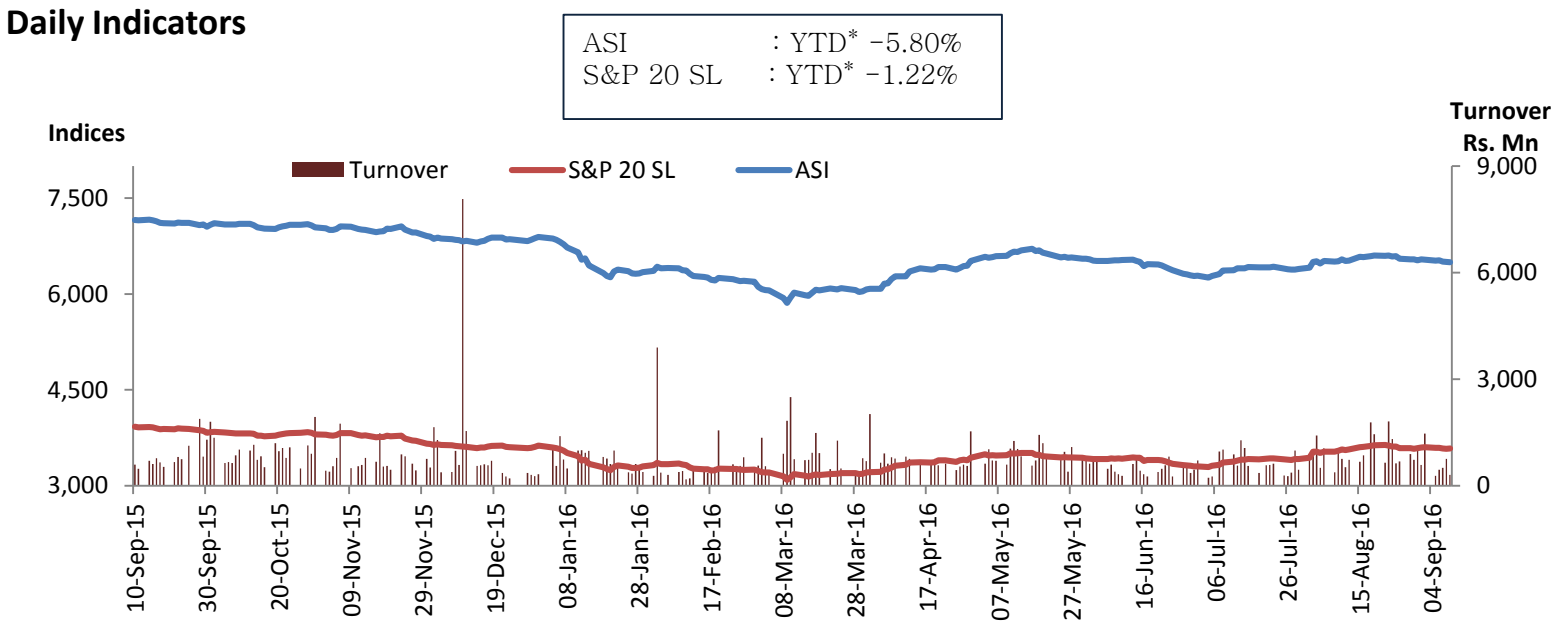
CSE Data			
	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,539.1	6,494.9	-0.7%
S&P Sri Lanka 20 Index (S&P SL 20)	3,599.9	3,581.4	-0.5%
Total turnover (LKR Mn)	4,774.84	2,292.06	-52.0%
Market PER	13.11	13.05	-0.5%
Market PBV	1.51	1.50	-0.7%
Dividend Yield	3.01	3.03	0.7%
Market Capitalization (LKR Bn)	2,787.43	2,768.59	-0.7%
Foreign Purchases (LKR Mn)	2,506.81	752.84	-70.0%
Foreign Sales (LKR Mn)	1,561.63	566.43	-63.7%
Net Foreign (LKR Mn)	945.18	186.41	-80.3%



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

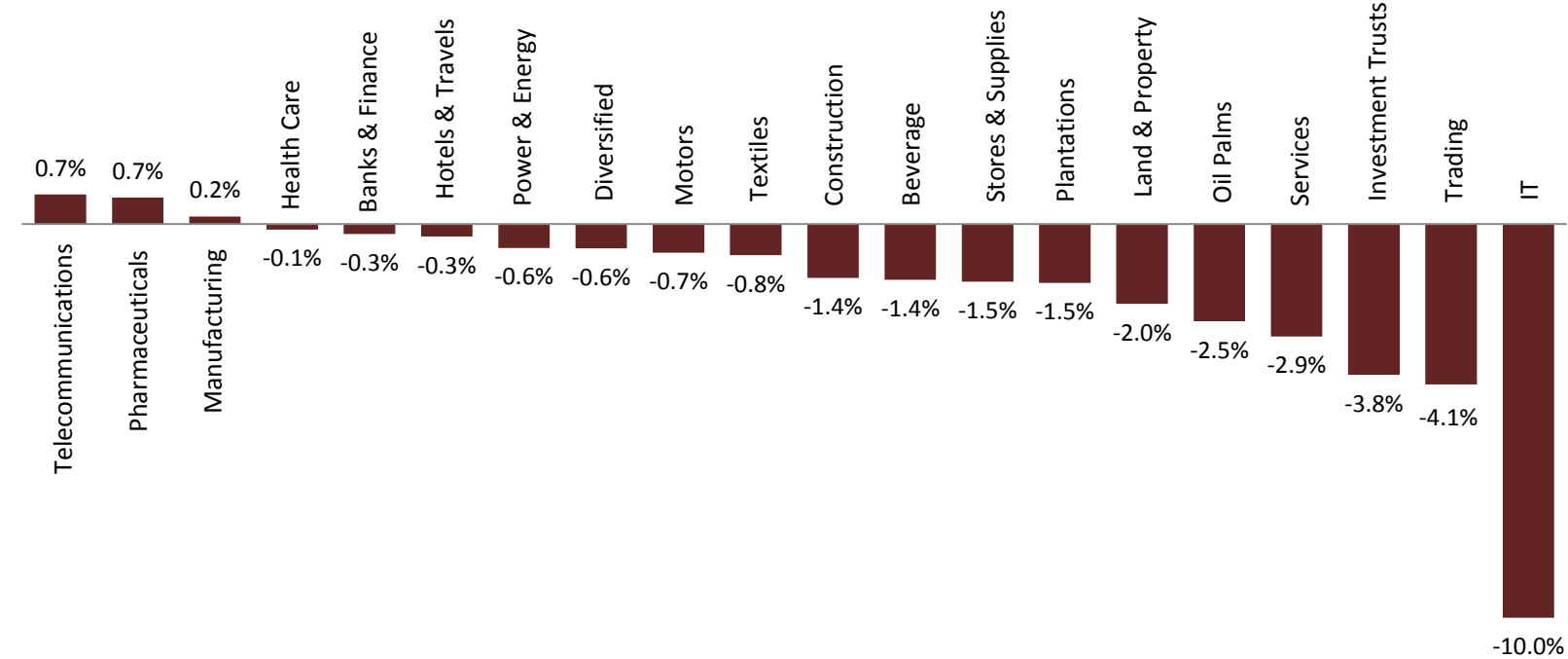
- The Colombo Stock Exchange (CSE) remained flat during the week ended Friday 09th September 2016. The All Share Price Index (ASPI) was at 6,494.6 while the S&P Sri Lanka 20 Index was at 3,581.4. Total turnover for the week was Rs. 2.3Bn, a decrease of 52.0% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 186.4Mn during the week. Year to date net foreign investment amounted to a negative Rs. 2,795.5Mn.
- Sri Lanka's People's Leasing and Finance PLC, country's largest non-bank lender, plans to sell up to Rs 8.0Bn of senior debt. The debt will be for three, four and five years, and will have fixed rates. The funds will be used for working capital and to reduce maturity mismatches.
- Hatton National Bank PLC (HNB), a leading bank in Sri Lanka is to hold an Extraordinary General Meeting (EGM) to obtain shareholder approval to allow the Asian Development Bank (ADB) to invest US\$ 50Mn in a private placement, taking a stake of up to 10% of the bank's ordinary voting shares. HNB plans to utilize these funds to strengthen the bank's balance sheet and support overall business growth, besides expanding its operations beyond the region.

Daily Indicators



* YTD- 01st Jan 2016 to 09th Sep 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers

