

IMF representatives review extended loan facility to Sri Lanka

➤ International Monetary Fund (IMF) representatives met Minister of Finance for a mission review of the US\$ 1.5Bn loan approved for Sri Lanka under the Extended Fund Facility (EFF) to support the country’s economic reform agenda. IMF Representative and Country Representative for Sri Lanka and Maldives reviewed the progress of the reforms agenda of the government. The Executive Board of the International Monetary Fund (IMF) approved this 36 month extended arrangement in June 2016.

Government calls investors for US\$ 48Mn east coast oil search

➤ Petroleum Resources Development Minister on 15th September 2016 invited investors, preferably local companies, to consider a US\$ 48Mn fuel oil exploration project to be opened up along Sri Lanka’s east coast. Cabinet approval has been given to Singapore-based Company Bonavista Energy to explore potential deposits of petroleum and gas on the east coast and the Government is in search of a local party to fund the exploration study.

Sri Lanka takes action to access US\$ 100Mn WB funding

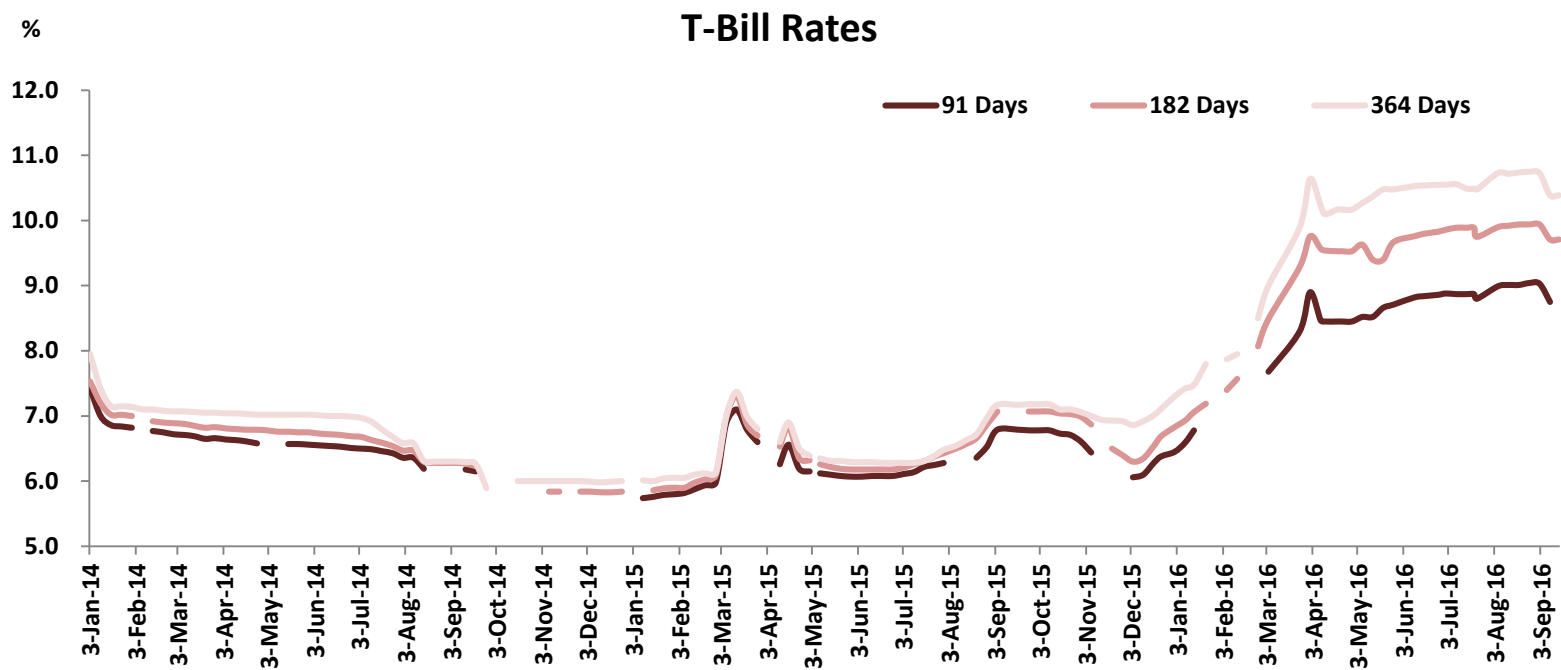
➤ Sri Lanka has put in place several actions in order to receive US\$ 100Mn Development Policy Financing (DPF) from the World Bank (WB) for the long term development of economy through policy reforms. The recently-signed DPF will support the long term development of the Sri Lankan economy through a renewed engagement on reforms to eliminate obstacles to private sector competitiveness, enhance transparency and public sector management and improve fiscal sustainability, as per the World Bank. In order to move towards achieving these objectives the Government of Sri Lanka has put in place eight actions under three pillars – Enabling Private Sector Competitiveness, Enhancing Transparency and Public Sector Management, and Improving fiscal sustainability.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields remained unchanged across most maturities at Wednesday's auction with the 06 month and 12 month bills remaining at 9.71% and 10.39% respectively, data from the state debt office showed. The 03 month bills were rejected at the auction. The state offered Rs. 26.0Bn of bills for re-issue and accepted Rs. 13.4Bn of bids.

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

Chart of the Week



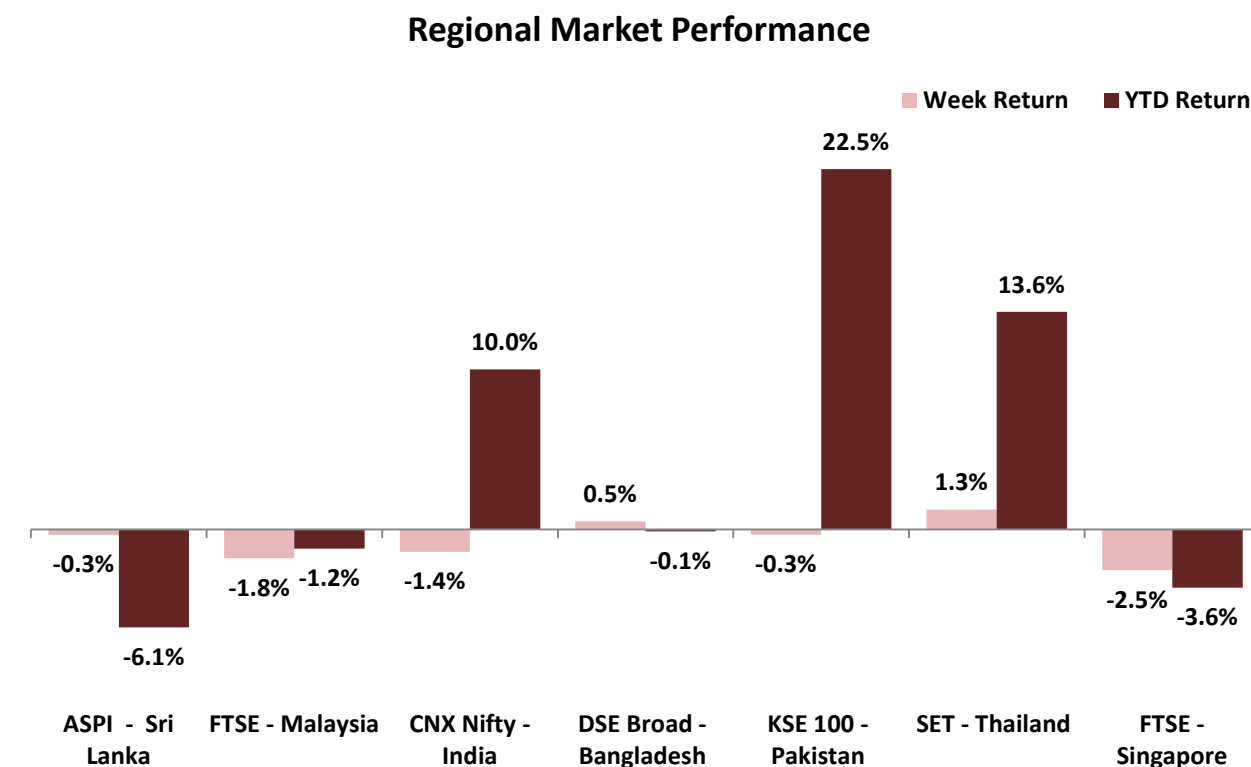
Picture Story



KLM, the flag carrier airline of the Netherlands will resume its direct services to Sri Lanka from 1st November 2016 Lanka after a lapse of nearly two decades giving a big boost for in-bound and out-bound tourism. The airline last week announced its resumption of Amsterdam-Colombo services initially for the upcoming winter season with two flights per week. Colombo will now be among 140 countries and 320 destinations served by KLM. The carrier will deploy a brand new Boeing 787 Dreamliner which has 30 seats in World Business Class, 48 seats in Economy Comfort and 216 seats in Economy Class.

				LKR			
Economic Indicators	2015	2016	Change	Currencies	Year Ago	Pre. Week	This Week
Tourist Arrivals: Aug(16)	166,610	186,288	11.81%	US\$	139.74	144.95	145.41
Tourist Arrivals: Aug(16)-YTD	1,172,465	1,359,906	15.99%	STG	215.43	193.15	192.88
Credit-Pvt Sec Rs.Bn-Jun(16)-YTD	2,963	3,798	28.18%	Yen	1.16	1.42	1.43
				Euro	157.99	163.42	163.52
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%	T - Bills	Year Ago	Pre. Week	This Week
Intermediate Goods	909.7	909.7	0.00%	3 Months	6.79	8.75	-
Exports (US\$ Mn) - Jun	944.1	896.8	-5.01%	6 Months	7.07	9.71	9.71
Agricultural	226.7	214.1	-5.56%	12 Months	7.17	10.39	10.39
Textiles and Apparel	424.3	430.2	1.39%				
	Levels				Price per Share (LKR)		
	2014	2015	2016	Top 5 Gainers	Pre. Week	This Week	Change
Quarterly GDP Real Growth	Q1 - 1.3%	Q1 - 4.4%	Q1 - 5.5%	JKH.W	2.90	3.40	17.24%
	Q2 - 2.2%	Q2 -7.0%	Q2 -2.6%	PALM	32.20	35.70	10.87%
	Q3 - 5.0%	Q3 - 5.6%		ASHO	1,280.00	1,397.80	9.20%
	Q4 - 10.3%	Q4 - 2.5%		SINS	121.20	132.00	8.91%
Annual GDP Real Growth (%)	4.90%	4.80%		MULL	1.20	1.30	8.33%
	Levels						
Inflation -CCPI	Year Ago	Jul-16	Aug-16	Top 5 Losers			
Year on Year	-0.20%	5.50%	4.00%	SEMB.X	0.40	0.30	-25.00%
Annual Average	1.00%	2.70%	3.00%	KOTA	15.50	12.70	-18.06%
Inflation -NCPI	Year Ago	Jun-16	Jul-16	MARA	2.50	2.30	-8.00%
Year on Year	1.80%	6.40%	5.80%	SING	90.00	83.00	-7.78%
Annual Average	-	3.10%	3.40%	KZOO	1,100.00	1,017.00	-7.55%

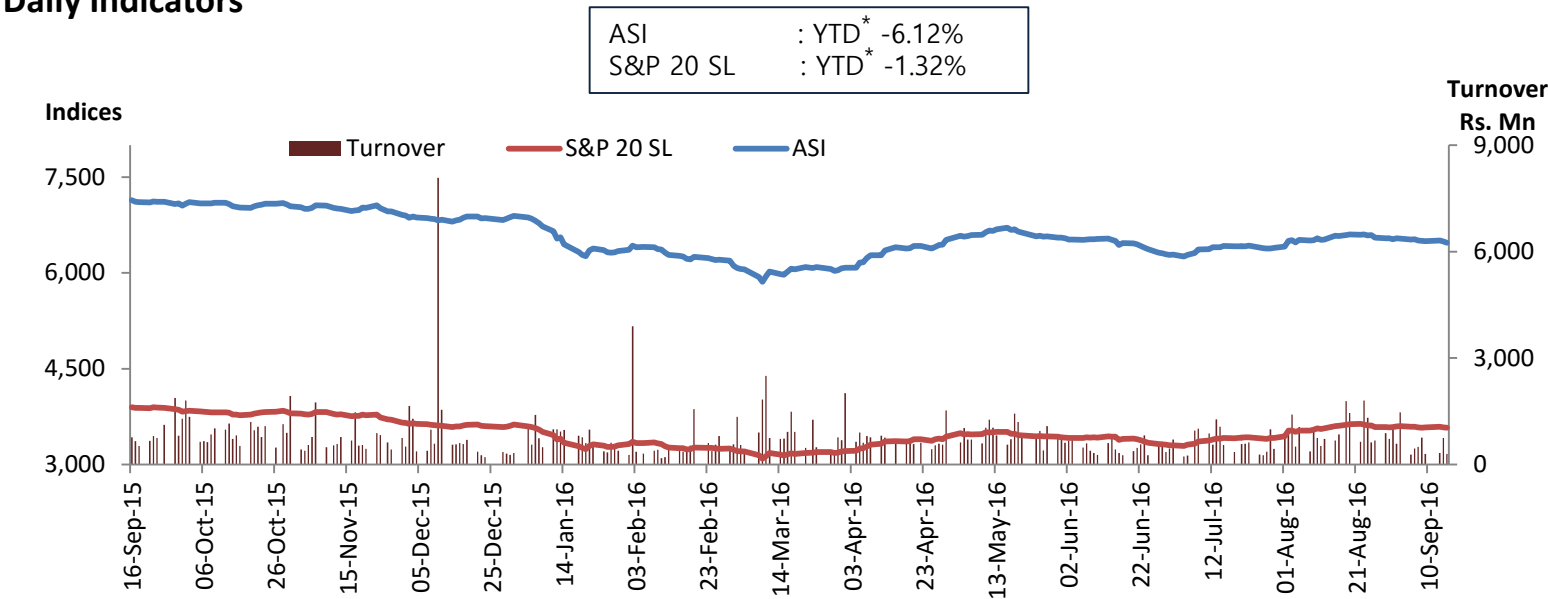
	Levels		
CSE Data	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,494.9	6,472.5	-0.3%
S&P Sri Lanka 20 Index (S&P SL 20)	3,581.4	3,578.0	-0.1%
Total turnover (LKR Mn)	2,292.1	1,374.9	-40.0%
Market PER	13.05	13.01	-0.3%
Market PBV	1.5	1.5	-0.7%
Dividend Yield	3.0	3.1	0.7%
Market Capitalization (LKR Bn)	2,768.6	2,759.1	-0.3%
Foreign Purchases (LKR Mn)	752.8	617.1	-18.0%
Foreign Sales (LKR Mn)	566.4	132.9	-76.5%
Net Foreign (LKR Mn)	186.4	484.2	159.7%



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

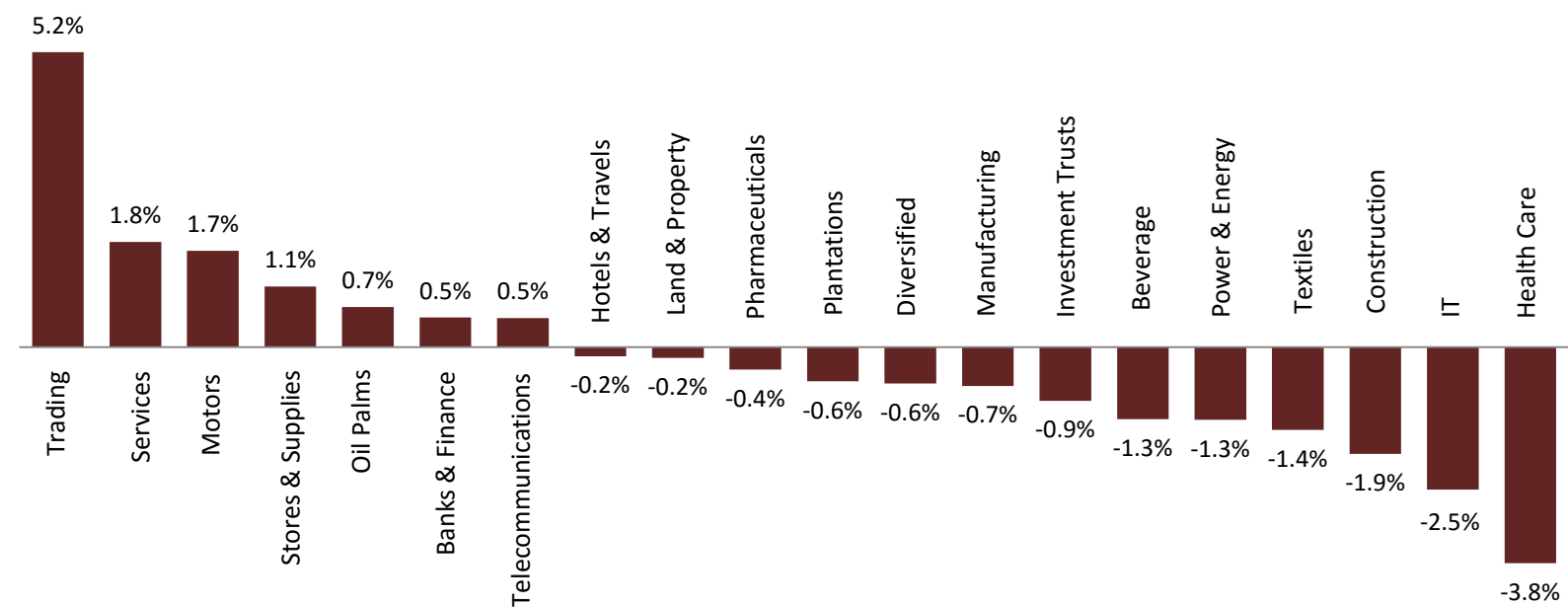
- The Colombo Stock Exchange (CSE) remained flat during the week ended Thursday 15th September 2016. The All Share Price Index (ASPI) was at 6,472.5 while the S&P Sri Lanka 20 Index was at 3,578.0. Total turnover for the week was Rs. 1.4Bn, a decrease of 40.0% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 484.2Mn during the week. Year to date net foreign investment amounted to a negative Rs. 2,311.3Mn.
- Logistics International Limited, the inland container depot of Hayleys Advantis Limited, commissioned a purpose built 3,500 TEU inland container depot spread across 5.5 acres in Sedawatte, Colombo. Hayleys Advantis Limited is a subsidiary of the diversified conglomerate Hayleys PLC. Logistics International Limited operates a 6 acre, 3,000 TEU depot in Welisara and with this move they doubles their overall container handling capacity.
- The Lanka Indian Oil Corporation (LIOC), one of the two leading Gasoline and Diesel distributors in Sri Lanka is getting into new areas such as petrochemicals as it seeks to diversify its business as per LIOC Managing Director. The company, a subsidiary of the Indian Oil Corporation Limited India, announced their big new investments to expand business, including refining and petrochemicals, has been trying to reduce reliance on auto fuels whose prices are controlled by the government, forcing it to incur losses on retail sales from time to time.

Daily Indicators



* YTD- 01st Jan 2016 to 15th Sep 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers