

Sri Lanka policy rates remain unchanged

➤ Sri Lanka’s central bank on 31st October 2016 decided to keep its key interest rates steady, a few days ahead of the national budget. Accordingly, the Standing Deposit Facility Rate and the Standing Lending Facility Rate of the Central Bank will be maintained at 7.00% and 8.50%, respectively.

Private Sector Credit – August 2016

➤ Credit to the private sector from Sri Lanka's commercial banks increased by Rs.45.0Bn during the month of August 2016, following an increase of Rs. 62.0Bn in September 2016. Private credit was up by 27.3% in August 2016 from a year earlier and 1.2% from month ago. Private sector credit growth for 2015 calendar year was 25.1%.

Tourist Arrivals Update – October 2016

➤ Sri Lanka's tourist arrivals rose 13.7% to 150,419 in October 2016. On a cumulative basis arrivals were up 14.6% for the first ten months of the year with the island welcoming 1,658,824 tourists for 2016. Neighbouring India became the lead contributor to the industry with a 17.4% contribution of the arrivals for the first ten months, reporting an increase of 14.8%. China occupied the 2nd place with a contribution of 14.1%, reporting an increase of 28.3%. Arrivals from the more traditional markets such as United Kingdom, Germany and France which cumulatively accounted for 20.9% of the arrivals for the first ten months reported an increase of 15.7% during the period. Sri Lanka targets 2.2Mn tourists in 2016.

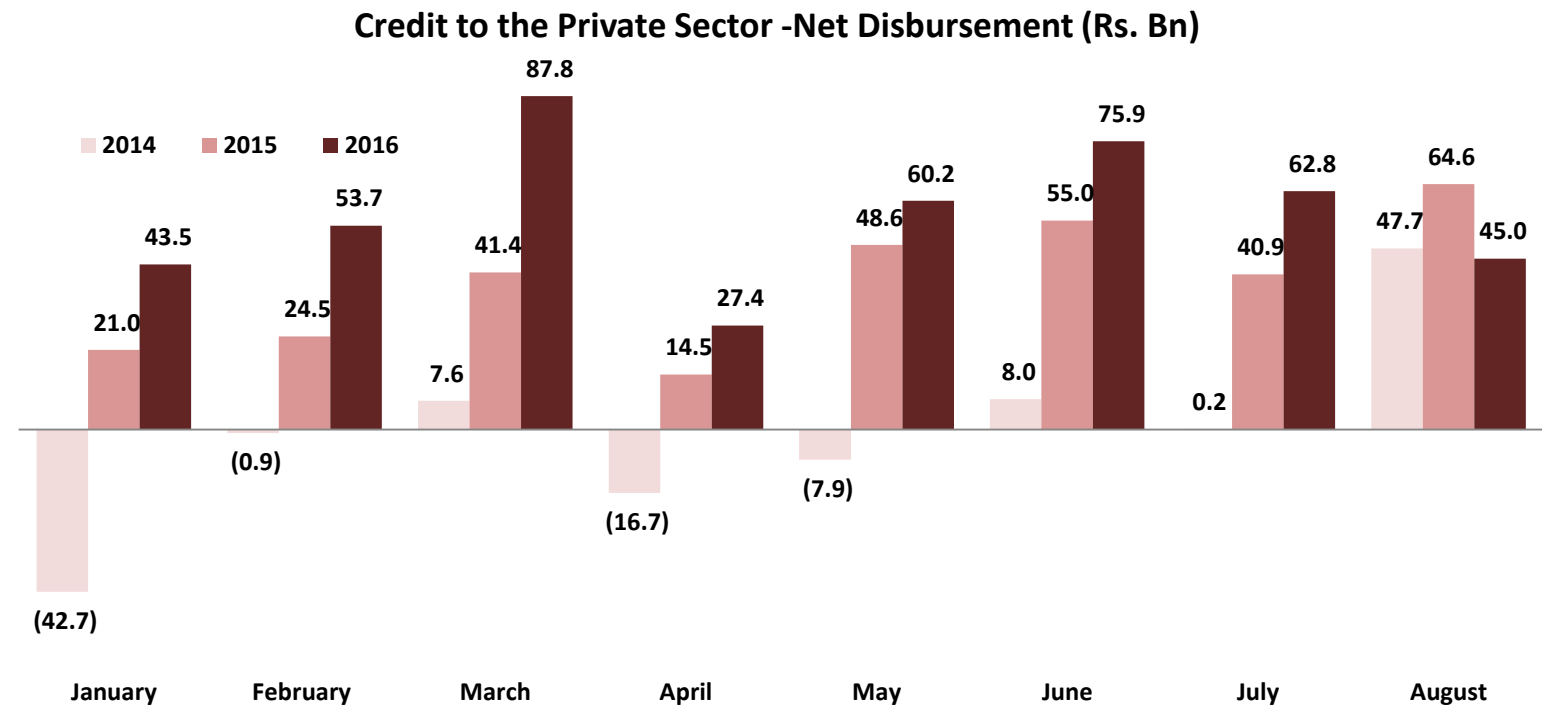
Inflation – October 2016

➤ Inflation, as measured by the change in the Colombo Consumers’ Price Index, which is computed by the Department of Census and Statistics, increased to 4.2% on year on year basis in October 2016, from 3.9% recorded in September 2016. Annual average inflation increased from 3.4% in September 2016 to 3.6% in October 2016. Core inflation, which reflects the underlying inflation in the economy, remained at 4.2% in October 2016 on year on year basis. Annual average core inflation declined to 4.9% in October 2016 from 5.0% in September 2016.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields decreased across maturities at Wednesday's auction with the 06 month bills decreasing by 01bp to 9.47%, data from the state debt office showed. The 12 month bills decreased by 14bps to 10.10% and 03 month bills remained at 8.60% from two weeks earlier. The state offered Rs. 22.5Bn of bills for re-issue and accepted Rs. 19.0Bn of bids.

Chart of the Week



Picture Story



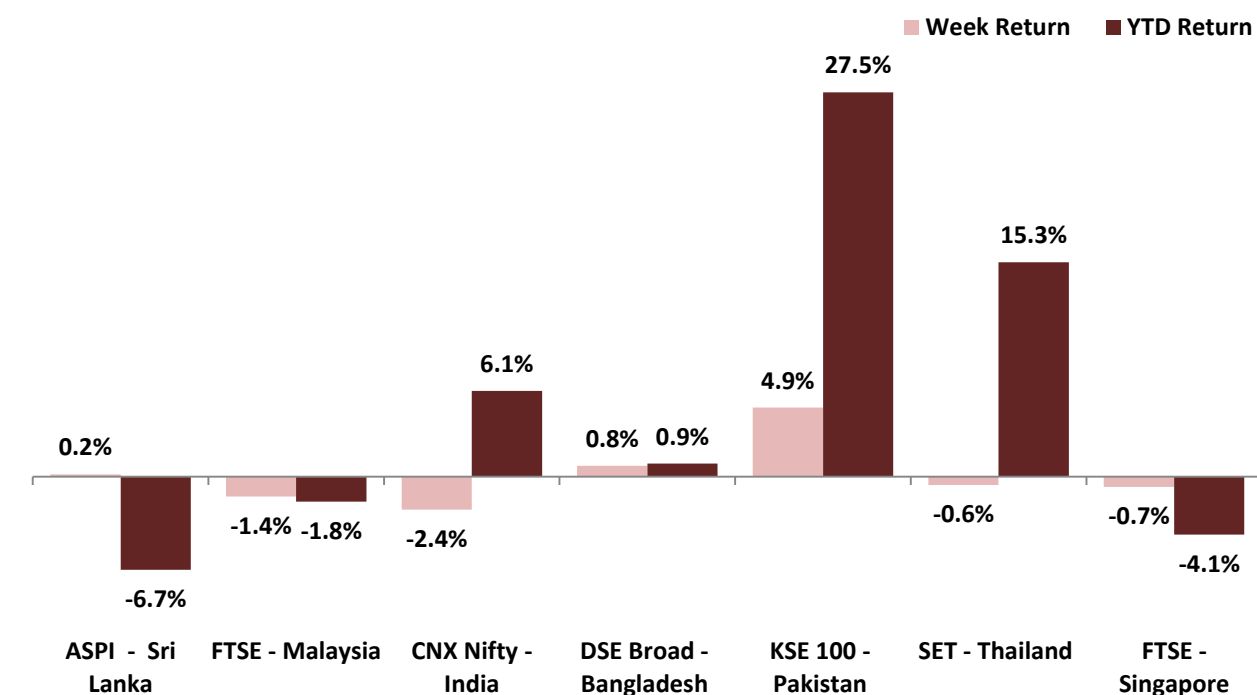
Sources: Daily FT SL (Business Newspaper), Lanka Business Online, The Sunday Leader, Central Bank of Sri Lanka (CBSL)

Cabinet on 02nd November 2016 approved the Port City venture to be adopted as a Strategic Development Project paving the way for significant tax exemptions. This includes 25 years of corporate tax income, tax on dividends and VAT on construction which are to be passed by Parliament. The Port City project, renamed the Colombo International Financial City (CIFC), was restarted by the Government after the signing of a fresh agreement in August 2016. The US\$ 1.3Bn project, expected to be implemented over the next eight years.

				LKR			
Economic Indicators	2015	2016	Change	Currencies	Year Ago	Pre. Week	This Week
Tourist Arrivals: Oct(16)	132,280	150,419	13.71%	US\$	140.89	147.81	148.45
Tourist Arrivals: Oct(16)-YTD	1,448,119	1,658,824	14.55%	STG	217.12	180.14	184.83
Credit-Pvt Sec Rs.Bn-Aug(16)-YTD	3,069	3,906	27.28%	Yen	1.16	1.41	1.44
				Euro	154.10	161.22	164.80
Trade Balance(US\$ Mn) – Jul	(601.8)	(541.6)	10.00%				
Imports (US\$ Mn) – Jul	1,533.9	1,432.8	-6.59%				
Investment Goods	365.8	403.1	10.20%	T - Bills	Year Ago	Pre. Week	This Week
Intermediate Goods	752.0	704.7	-6.29%	3 Months	6.44	-	8.60
Exports (US\$ Mn) - Jul	932.1	891.2	-4.39%	6 Months	6.87	9.48	9.47
Agricultural	245.3	207.9	-15.25%	12 Months	7.00	10.24	10.10
Textiles and Apparel	413.1	425.6	3.03%				
	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%	CITH	12.50	13.80	10.40%
	Q2 - 2.2%	Q2 -7.0%	Q2 -2.6%	KAHA	31.90	34.90	9.40%
	Q3 - 5.0%	Q3 - 5.6%		ARPI	12.50	13.40	7.20%
	Q4 - 10.3%	Q4 - 2.5%		LLMP.X	1.50	1.60	6.67%
Annual GDP Real Growth (%)	4.90%	4.80%		SIRA	3.30	3.50	6.06%
	Levels						
Inflation -CCPI	Year Ago	Sep-16	Oct-16	Top 5 Losers			
Year on Year	1.70%	3.90%	4.20%	BLUE.X	0.60	0.50	-16.67%
Annual Average	0.70%	3.40%	3.60%	SOY	381.10	332.00	-12.88%
Inflation -NCPI	Year Ago	Aug-16	Sep-16	MRH	23.00	20.30	-11.74%
Year on Year	1.90%	4.50%	4.70%	MADU	7.50	6.80	-9.33%
Annual Average	-	3.60%	3.80%	CTEA	716.00	650.10	-9.20%

CSE Data	Levels		
	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,424.9	6,435.2	0.2%
S&P Sri Lanka 20 Index (S&P SL 20)	3,572.4	3,608.6	1.0%
Total turnover (LKR Mn)	1,242.1	1,563.0	25.8%
Market PER	13.03	12.96	-0.5%
Market PBV	1.5	1.5	0.7%
Dividend Yield	3.1	3.0	-0.3%
Market Capitalization (LKR Bn)	2,739.0	2,741.5	0.1%
Foreign Purchases (LKR Mn)	320.5	767.2	139.4%
Foreign Sales (LKR Mn)	236.2	233.0	-1.4%
Net Foreign (LKR Mn)	84.3	534.2	533.8%

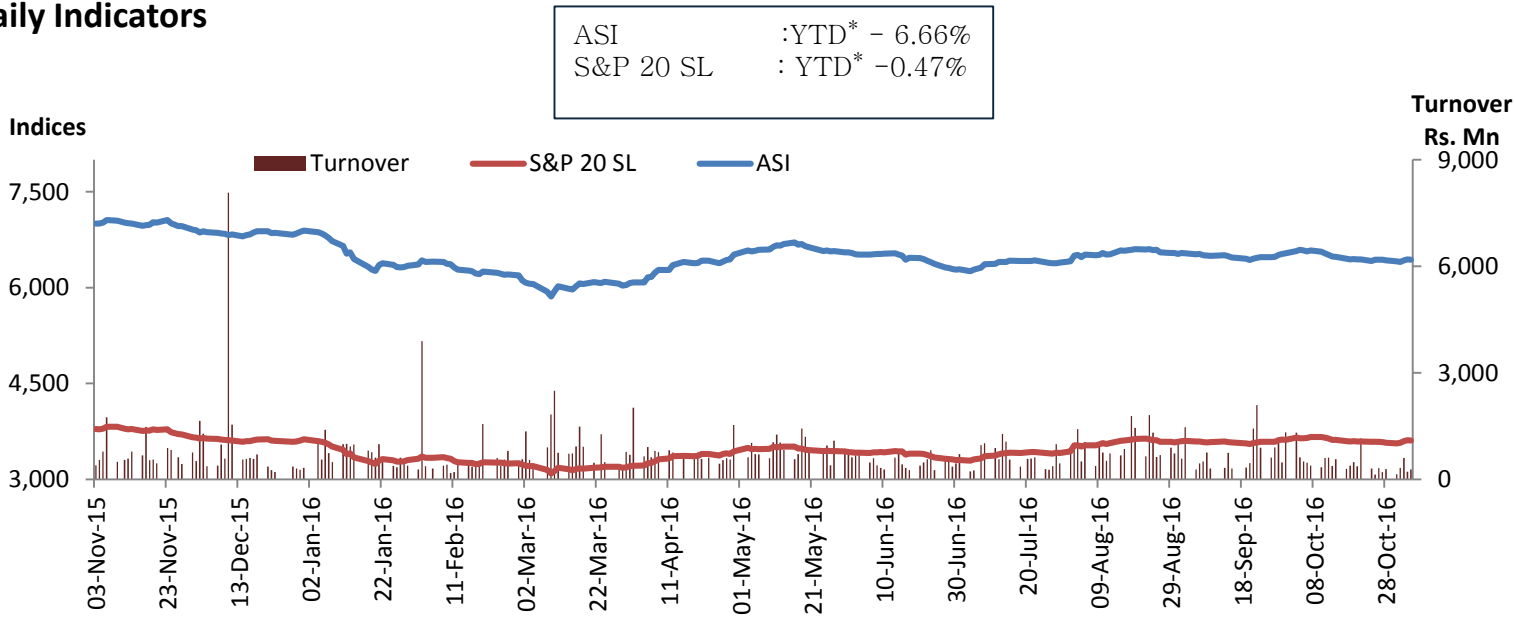
Regional Market Performance



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 04th November 2016. The All Share Price Index (ASPI) was at 6,435.2 while the S&P Sri Lanka 20 Index increased by 1% to stand at 3,608.6. Total turnover for the week was Rs. 1.6Bn, an increase of 25.8% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 534.2Mn during the week. Year to date net foreign investment amounted to a negative Rs. 1,206.6Mn.
- The Commercial Bank of Ceylon PLC, banking giant in Sri Lanka has tied up with some of Sri Lanka’s leading property developers to support the aspirations of Sri Lankans seeking to purchase apartments or houses at 44 popular locations in Colombo and Kandy. The Bank has announced it will provide up to 80% of the value of an apartment at competitive interest rates with flexible repayment options, and that the loans can be disbursed within a week from the date of application in cases where tripartite agreements exist between the Bank and the Developer.
- Sri Lanka’s diversified conglomerate John Keells Holdings PLC (JKH) will invest Rs.5.7Bn to set up new ice cream and beverage bottling plants to expand its frozen confectionery and beverage businesses which are seeing double digit sales growth and improved margins. JKH group’s Consumer Foods and Retail industry business reported a 55% increase in pre-tax profit during the second quarter of 2016/17.

Daily Indicators



* YTD- 01st Jan 2016 to 04th Nov 2016

Sources: Colombo Stock Exchange (CSE), Business Newspapers

CSE Weekly Sector Returns (%)

