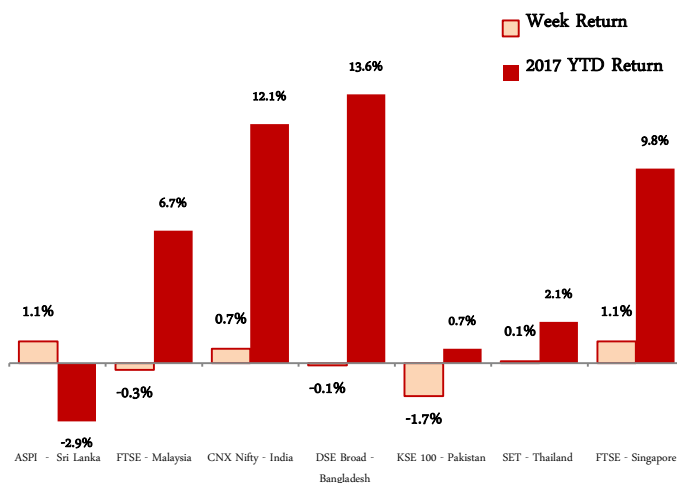


- The Colombo Stock Exchange (CSE) reported a improvement during the week ended Friday 31st Mar 2017. The All Share Price Index (ASPI) increased by 1.1% to report at 6,061.94 while the S&P Sri Lanka 20 Index ended at 3,438.9 recording a 0.6% upward. Total turnover for the week was Rs. 6,064.3mn, an increase of 40.8% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 1,821.3mn. 2017 annual net foreign investment amounted to a positive Rs. 5,636.3mn.
- Diversified Laugfs Holdings has invested US\$ 80mn in a Liquid Petroleum Gas (LPG) import and export terminal at the Hambantota Port. It is expected that around 200 jobs to be created at the terminal in the South which will store 30,000MT of LPG.
- D.R. Investment (Private) Limited announced the purchase of 15,274,527 ordinary voting shares of Agalawatte Plantations constituting 61.1% of the shares in issue of Agalawatte on March 27 at Rs. 18.00 per share. The Company offers to purchase from the shareholders of Agalawatte the remaining 9,725,473 shares constituting 38.9% at a price of Rs. 18.00 per share
- SBI Ven Holdings Pte Ltd., investment holding company that is part of Japan's SBI Holdings, Inc. private equity group, has bought 14.85 million shares of Sri Lanka's Sunshine Holdings at Rs50 a share. The acquisition gives SBI Ven Holdings an almost 11% stake in the Sunshine Holdings group.

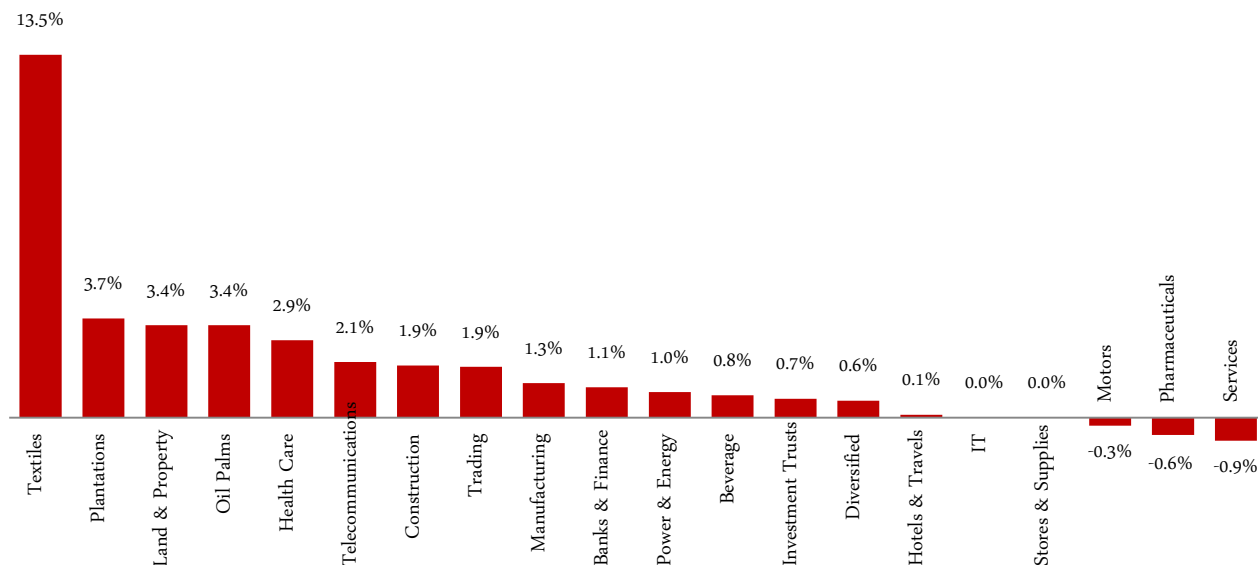
Regional Market Performance

MARKET INDICATORS

	Week Return	2017 YTD Return
ASPI - Sri Lanka	1.1%	-2.9%
FTSE - Malaysia	-0.3%	6.7%
CNX Nifty - India	0.7%	12.1%
DSE Broad - Bangladesh	-0.1%	13.6%
KSE 100 - Pakistan	-1.7%	0.7%
SET - Thailand	0.1%	2.1%
FTSE - Singapore	1.1%	9.8%



CSE Weekly Sector Returns (%)



STORY OF THE WEEK

Inflation hits record high on drought

- Sri Lanka's consumer price inflation, measured on the Colombo Consumer Price Index (CCPI) hit a record high of 7.3% in March accelerating from the previous month's 6.8%, which analysts attributed to the impact of a lingering drought, increase of VAT and a weaker rupee, besides the effect of a low base year.
- Inflation measured on a 12-month moving average basis also hit an all-time high of 5.0%, compared with the previous month's 4.6%. Core annual inflation, which excludes fresh food, energy, transport, rice and coconuts, rose to 7.3% in March, compared with the previous month's 7.1%, the index with a new base year of 2013 showed.

IN OTHER NEWS

▪ **Peace Air offers Euro 15 bn credit to govt**

- A credit line of € 15bn (US\$ 16.31bn) to the SL has been arranged by Peace Air Company. This loan is being arranged through Switzerland Bank and is coordinated by a Fund Management company in London. The loan will be for a period of 25 years with a grace period of 5 years. The interest rate will be less than 2%.
- Though this loan which amounts around US\$ 16bn the Hambantota Port loan too could be paid off and the balance could be used for development.

▪ **EIB pledges support for SL**

- The European Investment Bank (EIB) pledged to support SL with its new investments and in sectors that are crucial for the transformation of the country. The high level visiting delegation from the EIB, led by its Vice President, stressed that the organisation intended to strengthen relations with key partners in SL and to enable more engagement in supporting future projects in the country.
- Given the vision of the GOSL and fruitful discussions held, he expects the new projects to be identified and confirmed by the latter part of the year prioritizing additional infrastructure and private sector development across the country

▪ **Port City to attract US\$13 bn in investment from 2018**

- A Chinese backed real estate project Port city is expected to attract US\$ 13bn worth of investment from next year.
- The \$1.4 billion Port City project by China Communication Construction Company (CCCC) started late last year as part of Beijing's ambitious plans to create a modern-day 'Silk Road' across Asia. They expect to deliver the first site for construction by the end of 2018. 50% of the land would be allocated for housing, 30% for commercial offices and the rest for other activities.

UPDATE ON GOVERNMENT SECURITIES

- At the weekly Treasury bill auction held yesterday, the weighted averages of all three maturities continued to increase, with the 3 months bill reflecting the highest jump of 6bps to 9.63% compared to two weeks before, data from the state debt office showed.
- The yield of 06 month and 12 month bills also increased by 16bps reaching to 10.62% and 10.98%.
- The state offered Rs. 25.5bn of bills for re-issue and accepted Rs. 17bn of bids.

ECONOMIC DATA

Economic Indicators	2015	2016	Change
Tourist Arrivals: Feb(17)	197,697	197,517	-0.09%
Tourist Arrivals: Feb(17)-YTD	391,977	416,877	6.35%
Credit-Pvt Sec Rs.Bn-Jan (17)-YTD	3,493	4,222	20.88%
Trade Balance (US\$ Mn) – Nov	(629.7)	(922.4)	-46.48%
Imports (US\$ Mn) – Nov	1,464.9	1,732.1	18.24%
Investment Goods	382.6	460.5	20.36%
Intermediate Goods	690.6	882.9	27.85%
Exports (US\$ Mn) - Nov	835.2	809.7	-3.05%
Agricultural	199.4	182.9	-8.27%
Textiles and Apparel	410.2	383.1	-6.61%

Quarterly GDP Real Growth	2014	2015	2016
Q1	1.30%	4.40%	5.50%
Q2	2.20%	7.00%	2.60%
Q3	5.00%	5.60%	4.10%
Q4	10.60%	2.80%	
Annual GDP Real Growth (%)	5.00%	4.80%	

Based on new base year-2010

Inflation -CCPI	Year Ago	Feb 17	Mar 17
Year on Year	2.60%	6.80%	7.30%
Annual Average	2.20%	4.60%	5.00%

Inflation -NCPI	Year Ago	Jan 17	Feb 17
Year on Year	1.70%	6.50%	8.20%
Annual Average	2.60%	4.60%	5.10%

Currencies	Year Ago	Pre. Week	This Week
US\$	144.69	151.88	151.99
STG	207.90	189.77	189.96
Yen	1.29	1.37	1.36
Euro	163.95	163.52	162.36

T - Bills	Year Ago	Pre. Week	This Week
3 Months	8.90	9.57	9.63
6 Months	9.76	10.46	10.62
12 Months	10.64	10.82	10.98

CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	5,996.28	6,061.94	1.1%
S&P Sri Lanka 20 Index (S&P SL 20)	3,416.68	3,438.88	0.6%
Total Turnover (LKR Mn)	4,306.74	6,064.34	40.8%
Market PER	11.74	10.79	-8.1%
Market PBV	1.34	1.35	0.7%
Dividend Yield	3.22	3.61	12.1%
Market Capitalization (LKR Bn)	2,633.35	2,662.86	1.1%
Foreign Purchases (LKR Mn)	2,790.82	4,447.90	59.4%
Foreign Sales (LKR Mn)	1,474.06	2,626.62	78.2%
Net Foreign (LKR Mn)	1,316.76	1,821.29	38.3%

Top 5 Gainers	Pre. Week	This Week	Change
BROWNS CAPITAL	0.90	1.50	67%
HAPUGASTENNE	16.60	21.90	32%
KELSEY	38.30	50.00	31%
PEOPLE'S MERCH	10.70	13.90	30%
BIMPUTH FINANCE	47.00	59.30	26%

Top 5 Losers	Pre. Week	This Week	Change
S M B LEASING [X]	0.30	0.20	-33%
PC PHARMA	0.40	0.30	-25%
SWARNAMAHAL FIN	0.80	0.70	-13%
KEGALLE	58.90	52.00	-12%
KOTMALE HOLDINGS	101.00	90.40	-10%

LICENSED COMMERCIAL BANKS

	Jan 17	Month Ago	Year Ago
Saving Deposits	0.50-9.00	0.50-9.00	0.50-8.50
One Year Fixed Deposits	4.89-15.00	4.50-15.00	3.95 - 15.00
	Mar-17	Month Ago	Year Ago
AWDR	8.81	8.66	6.44
AWFDR	11.38	11.15	7.92
	Feb-17	Month Ago	Year Ago
AWLR	13.29	13.28	11.30