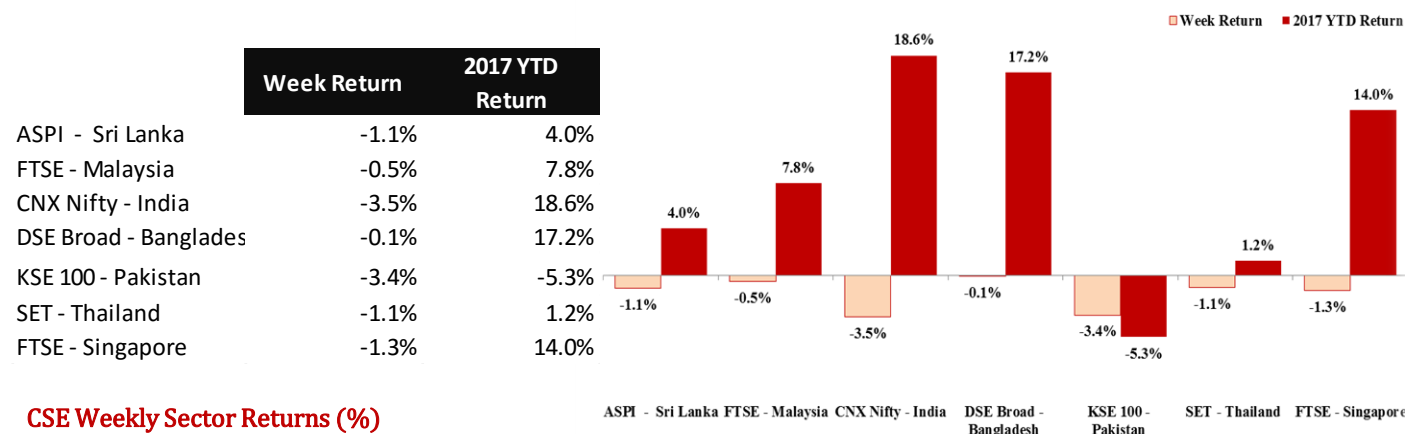


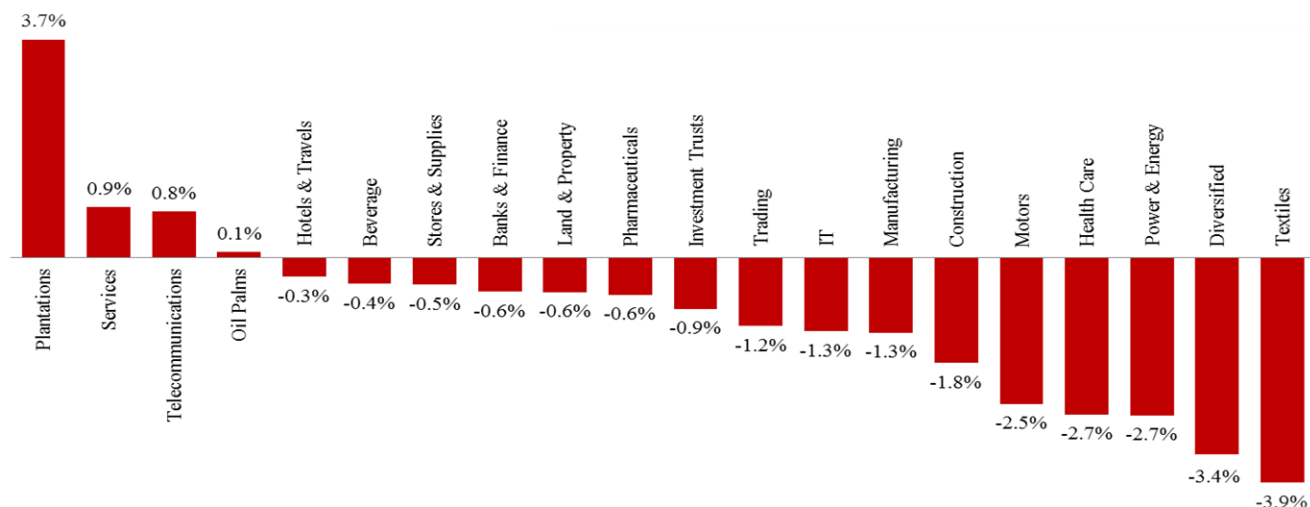
- During the week ending Friday 11th August CSE saw a decline for the 4th straight week. The All Share Price Index (ASPI) ended at 6,492.7 (1.1% down) while the S&P SL 20 Index contracted to 3,724.2 (1.6% down) led by diversified and beverage sectors. Total turnover for the week was Rs. 1,800.5 Mn, a 49% drop compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 198.7Mn during the week. 2017 annual net foreign investment amounted to a positive Rs. 26,733Mn.
- Access Group broke ground for its maiden property development venture, Access Residencies at 733, Pannipitiya Road, Thalawathugoda which comprises 63 units in nine floors. Extent of the property is 72.2 perches. The projected date of completion is set to end August 2019. Residences are available for purchase with prices ranging from Rs. 14 Mn – Rs. 29 Mn. The construction of the residencies will be undertaken by Access with architectural and structural work done by Design Consortium International Ltd.
- Ceylon Tobacco Company PLC (CTC), a member of the British American Tobacco (BAT) was recently recognized as the second most efficient factory among BAT's subsidiaries across the globe. CTC achieved its groundbreaking results in efficiency improvement following the launch of its distinctive management system, the Integrated Work System (IWS), which aims to deliver 'zero losses' along the process, which was adopted in 2015.

MARKET INDICATORS

Regional Market Performance



CSE Weekly Sector Returns (%)



STORY OF THE WEEK

Sri Lanka's public finances strengthening: IMF

- Sri Lanka's overall fiscal deficit decreased from 7% to 5.4% of GDP between 2015 and 2016, with public finances strengthening under an IMF supported program, as per IMF country report.
- The budget deficit is projected to fall to 5.2% of GDP in 2017, although the figure is up from a previously budgeted 4.8%. Sri Lanka's tax to GDP ratio, remained unchanged at 12.4% in 2016. The new target for 2017 is 13.1% of GDP, although this is a downward revision from the 13.9% projected in the budget. Public debt is expected to rise slightly to 85% of GDP in 2017 due to still large fiscal deficit and exchange rate depreciation and would lower ratio to 76% of GDP by 2020 under the programmed fiscal consolidation.

IN OTHER NEWS

▪ New Pricing Formula For Medicinal Drugs

- The Government will consider a five percent hike in the price of pharmaceuticals, Minister of Health said. Accordingly the Ministry together with the National Medicines Regulatory Authority (NMRA) will introduce a price formula to absorb the difference in foreign exchange.
- Once the new pricing structure comes into force, following its gazette notification, it will be effective for a period of one year, after which it will be revised.

▪ Massive electric train project to begin this year

- The Transport Ministry has shortlisted six countries including Japan, South Korea, France, Australia, China and Spain, to call for tenders for an electric train project due to begin by the end of 2017. Under the project estimated to cost USD 600Mn, a track of 158km will be developed covering the areas between Panadura and Polgahawela, Fort to Negombo and the Kelani Valley line.
- The project would involve building platforms, installing ticket machines, establishing a security fence along the track and providing engines and compartments. The control system also would be modernised.

UPDATE ON GOVERNMENT SECURITIES

- The Central Bank of Sri Lanka (CBSL) conducted its first Treasury Bond auction under the new transparent hybrid system on 27th July 2017, which draws on the strengths of a market based auction system, while accommodating the compulsions of having to raise Rs 1 Tn worth of bonds in a relatively thin market to meet the Government's borrowing requirement in 2018.
- Two maturities, i.e., 4 years 11 months and 9 years and 10 month were offered at the first auction to raise Rs 22Bn on a face value basis. A favorable bidding pattern was observed with a minimum number of off market bids showing a high competitiveness at the auction.
- At the T:bill auction held on 9th Wednesday, the weighted averages of treasuries saw a slight decline over the week. The yield on the 03 month bill dipped 16bps to 8.87%. The 06 month bill dropped 14bps to 9.02% and the 01 year bill yield also dropped 10bps to 9.38%. The state offered Rs. 30Bn of bills at the auction for re-issue and accepted Rs. 29.76Bn.

ECONOMIC DATA

Credit-Pvt Sec Rs.Bn- Apr (17)-YTD	2016	2017	Change
Tourist Arrivals: July (17)	209,351	205,482	-1.85%
Tourist Arrivals: July (17)-YTD	1,173,618	1,215,926	3.60%
Credit-Pvt Sec Rs.Bn- June (17)-YTD	3,798	4,505	18.62%
Trade Balance (US\$ Mn) – May	(813.5)	(886.0)	-8.91%
Imports (US\$ Mn) – May	1,589.8	1,726.8	8.62%
Investment Goods	408.8	427.3	4.53%
Intermediate Goods	851.4	864.7	1.56%
Exports (US\$ Mn) – May	776.3	841.2	8.36%
Agricultural	168.7	222.7	32.01%
Textiles and Apparel	374.7	359.2	-4.14%

CSE DATA

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,567.43	6,492.69	-1.1%
S&P Sri Lanka 20 Index (S&P SL 20)	3,784.51	3,724.21	-1.6%
Total Turnover (LKR Mn)	3,494.11	1,800.50	-48.5%
Market PER	10.66	10.54	-1.1%
Market PBV	1.40	1.39	-0.7%
Dividend Yield	3.06	3.10	1.3%
Market Capitalization (LKR Bn)	2,978.70	2,944.80	-1.1%
Foreign Purchases (LKR Mn)	1,974.10	928.72	-53.0%
Foreign Sales (LKR Mn)	1,097.11	730.05	-33.5%
Net Foreign (LKR Mn)	876.99	198.67	-77.3%

Quarterly GDP Real Growth	2015	2016	2017
Q1	4.40%	5.20%	5.50%
Q2	7.00%	2.70%	-
Q3	5.60%	4.10%	-
Q4	2.80%	5.30%	-
Annual GDP Real Growth (%)	4.80%	4.40%	-

Based on newbase year-2010

Top 5 Gainers	Pre. Week	This Week	Change
LANKA CERAMIC	127.90	167.00	31%
MADULSIMA	8.80	10.70	22%
BALANGODA	18.00	21.60	20%
UDAPUSSELLAWA	31.00	36.00	16%
S M B LEASING	0.70	0.80	14%

Inflation -CCPI	Year Ago	June 17	July 17
Year on Year	5.80%	6.10%	4.80%
Annual Average	3.40%	5.50%	5.40%

Inflation -NCPI	Year Ago	May 17	June 17
Year on Year	6.40%	7.10%	6.30%
Annual Average	3.10%	6.10%	6.10%

Top 5 Losers	Pre. Week	This Week	Change
PC HOUSE	0.10	0.20	100%
PC PHARMA	0.10	0.20	100%
ADAM CAPITAL	0.80	1.00	25%
ADAM INVESTMENTS	0.40	0.50	25%
BLUE DIAMONDS [X]	0.40	0.50	25%

LICENSED COMMERCIAL BANKS

Currencies	Year Ago	Pre. Week	This Week
US\$	145.44	153.24	153.02
STG	189.47	201.42	198.71
Yen	1.44	1.39	1.41
Euro	162.59	182.02	180.09

	June 17	Month Ago	Year Ago
Saving Deposits	0.50-09.00	0.50-9.00	0.50-9.00
One Year Fixed Deposits	4.89-15.00	4.89-15.00	4.50-15.00
	Jul-17	Month Ago	Year Ago
AWDR	9.13	9.13	7.10
AWFDR	11.66	11.66	8.99

T - Bills	Year Ago	Pre. Week	This Week
3 Months	9.01	9.03	8.87
6 Months	9.92	9.16	9.02
12 Months	10.72	9.48	9.38

	May-17	Month Ago	Year Ago
AWLR	13.73	13.57	12.09