

Aug 2017: Private sector credit growth down to 18 %; export up 15.5-pct.

- Private sector credit growth decelerated gradually to 18 % in August 2017 from 18.6% in June and July 2017. Gross official reserves improved to USD 7.7Bn by Aug 2017 from USD 6.7Bn by end July 2017. Both the government securities market and the Colombo Stock Exchange experienced foreign inflows in recent months.
- In the external sector, earnings from export maintained its positive growth for the sixth consecutive month in Aug 2017 recording 15.5% export growth YoY to USD 1,001Mn in August 2017 with growth seen in the industrial and agricultural exports. However, the cumulative trade deficit widened in Aug 2017 to USD 856Mn from USD 783Mn a year ago, with imports up 12.6% to USD 1.86Bn, partly attributed to weather related disruptions to power generation and food production. Fuel imports rose 73% YoY to USD 312Mn with expenditure on crude oil up 12.2%.

Sri Lanka national inflation hits 8.6-pct

- Inflation in Sri Lanka, measured by the change in the National Consumer Price Index (NCPI), rose to 8.6% in September 2017 from a year ago, the highest in six months compared with 7.9% in August 2017. the NCPI measured on an annual average basis increased from 6.5% in August 2017 to 6.8% in September 2017. Both Food and Nonfood categories contributed towards the year-on-year inflation in September 2017.

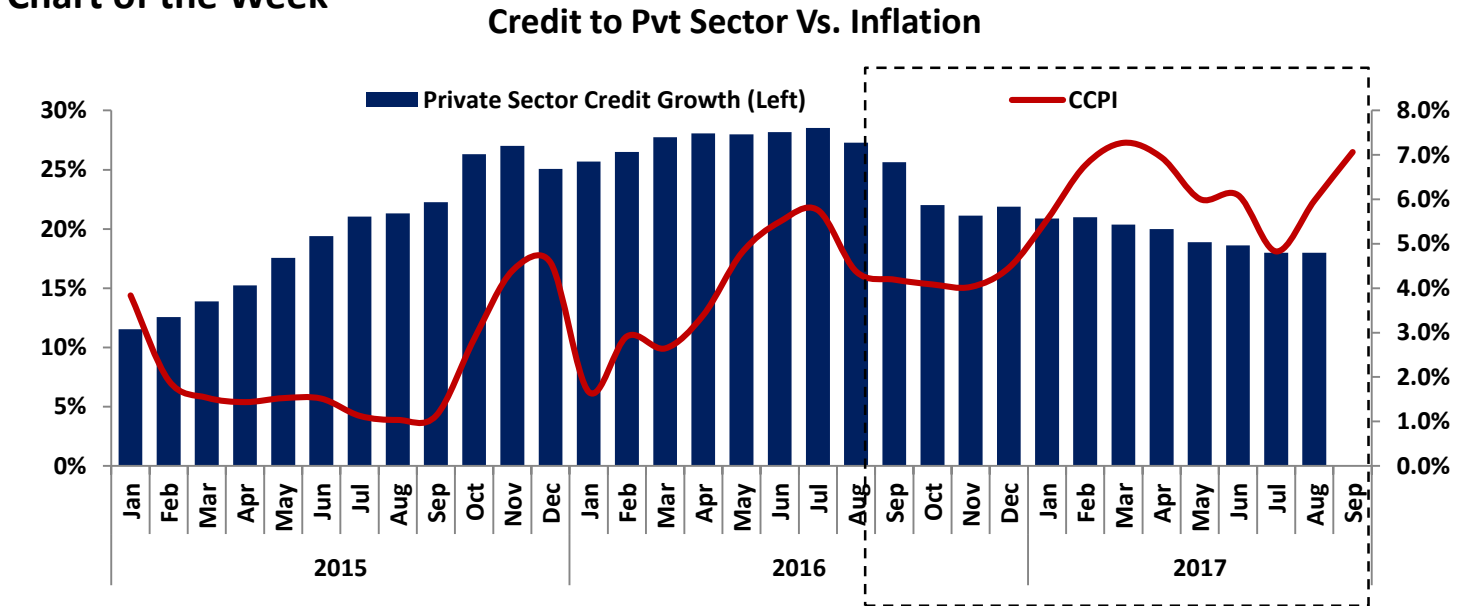
Port City to draw first investment of USD 1Bn in mid 2018

- The reclamation of the port city is expected to be completed by 2019 and the first investment on the reclaimed land was expected to begin by mid next year which would be an investment of USD 1Bn as per the GOSL. It is further said that the ground breaking of the Hambantota Industrial Zone was scheduled to take place on November 4<sup>th</sup>. The government is also working on setting up other industrial zones in Bingiriya and in Matugama area.

Government Securities Update

- At the T:bill auction held on 17<sup>th</sup> Wednesday, the weighted averages of treasuries improved slightly over the week. The 06 month bill up 2bps to 9.12% and the 01 year bill yield up 5bps to 9.46%. Three month treasuries traded at 8.79%. The state offered Rs. 20Bn of bills at the auction for re-issue and accepted the total Rs. 14.75Bn.

Chart of the Week



Picture Story



- Sri Lanka’s first ever dedicated performance arts center “Sri Dharanee Performance Theatre” for tourists is to open on the banks of the Diyawanna Oya on the outskirts of Colombo in November. Here the tourists will be treated to high quality performances of traditional Sri Lanka dance forms on a scheduled basis.
- Located in a scenic spot ideally suited to the arts, the massive facility has been constructed on the lines of similar attractions in cities such as Bangkok, Singapore, and Tokyo. Combined with the Diyawanna Oya, the Waters’ Edge Recreational Complex, restaurants and adjacent shopping attractions, it is expected to create a tourism enclave in close proximity to Colombo.

Economic Indicators	2016	2017	Change
Tourist Arrivals: Sep (17)	148,499	145,077	-2.30%
Tourist Arrivals: Sep (17)-YTD	1,508,405	1,551,931	2.89%
Credit-Pvt Sec Rs.Bn- Aug (17)-YTD	3,906	4,609	18.00%
Trade Balance (US\$ Mn) – Aug	(782.8)	(856.3)	-9.39%
<b>Imports (US\$ Mn) – Aug</b>	<b>1,649.1</b>	<b>1,856.9</b>	<b>12.60%</b>
Investment Goods	429.7	438.7	2.09%
Intermediate Goods	824.0	1,020.8	23.88%
<b>Exports (US\$ Mn) - Aug</b>	<b>866.3</b>	<b>1,000.6</b>	<b>15.50%</b>
Agricultural	208.0	255.4	22.79%
Textiles and Apparel	393.4	433.2	10.12%

	Levels		
Quarterly GDP Real Growth	2015	2016	2017
Q1	4.40%	5.20%	3.80%
Q2	7.00%	2.70%	4.00%
Q3	5.60%	4.10%	
Q4	2.80%	5.30%	
<b>Annual GDP Real Growth (%)</b>	<b>4.80%</b>	<b>4.40%</b>	

Based on new base year-2010

	Levels		
Inflation -CCPI	Year Ago	Aug-17	Sep-17
Year on Year	4.20%	6.00%	7.10%
Annual Average	3.90%	5.50%	5.80%
Inflation -NCPI	Year Ago	Aug-17	Sep-17
Year on Year	4.70%	7.90%	8.60%
Annual Average	3.80%	6.50%	6.80%

Sources: Central Bank of SL (CBSL), Colombo Stock Exchange (CSE), Bloomberg

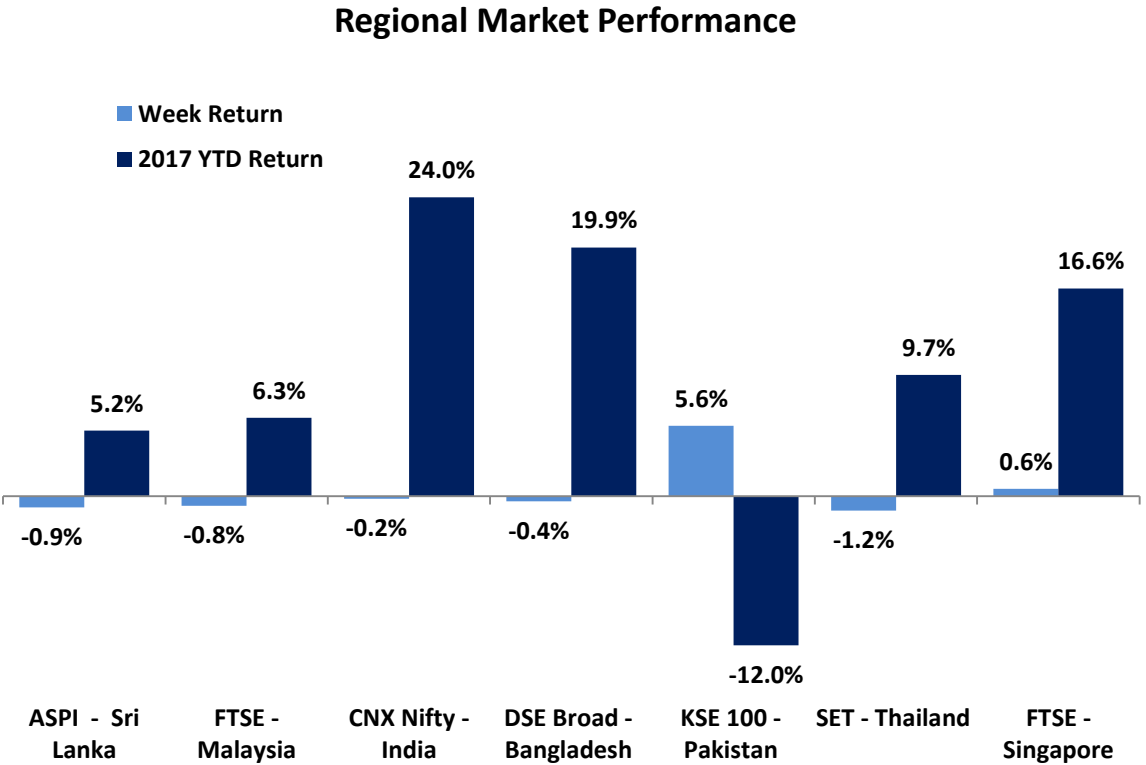
LKR		
Year Ago	Pre. Week	This Week
147.11	153.61	153.54
180.92	203.97	201.53
1.42	1.37	1.36
161.45	181.98	181.52
Levels (%)		
Year Ago	Pre. Week	This Week
8.60	8.78	8.79
9.46	9.10	9.12
10.19	9.41	9.46

Price per Share (LKR)		
Pre. Week	This Week	Change
37.70	47.10	24.93%
1.10	1.30	18.18%
1.20	1.40	16.67%
0.90	1.00	11.11%
0.90	1.00	11.11%
0.40	0.30	-25.00%
0.90	0.80	-11.11%
167.90	150.20	-10.54%
48.90	44.30	-9.41%
23.00	21.00	-8.70%

Top 5 Losers

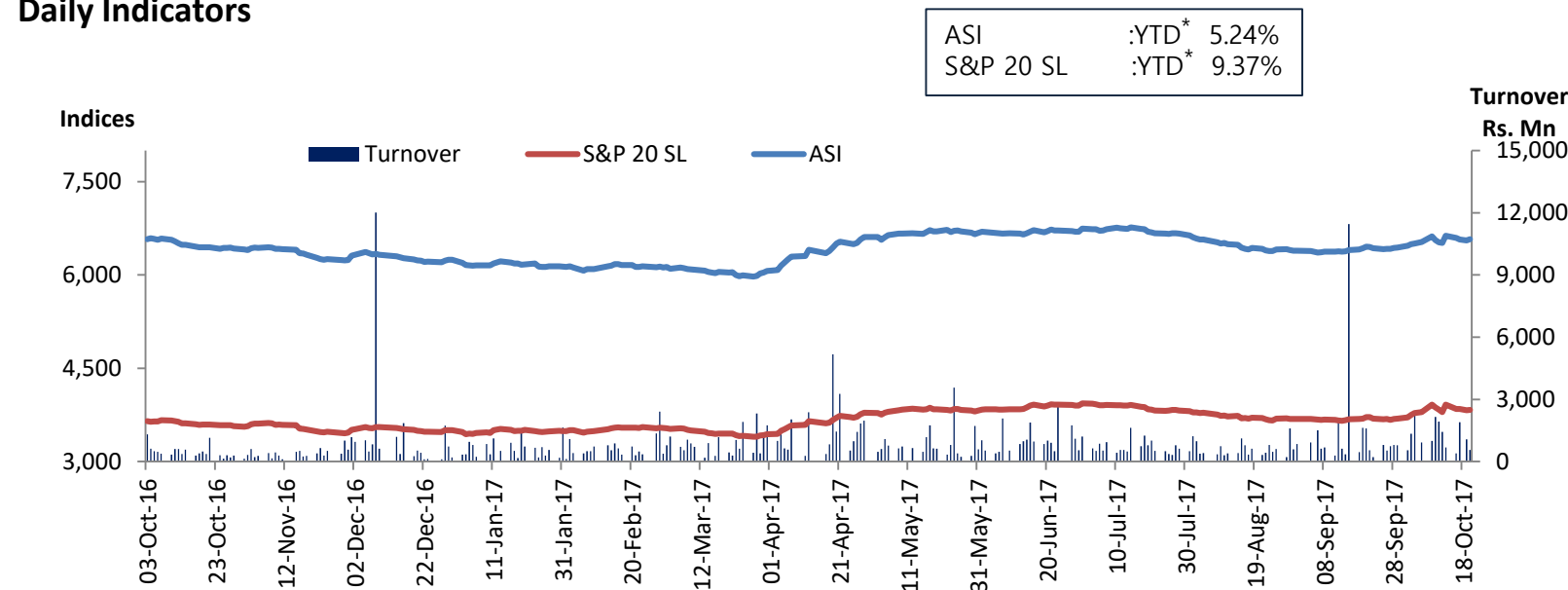
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ON'ALLY
COLOMBO LAND

	Levels		
	Pre. Week	This week	Change
CSE Data			
CSE All Share Index (ASI)	6,632.3	6,572.7	-0.9%
S&P Sri Lanka 20 Index (S&P SL 20)	3,915.4	3,831.4	-2.1%
Total Turnover (LKR Mn)	7,211.9	3,926.2	-45.6%
Market PER	11.03	10.93	-0.9%
Market PBV	1.42	1.41	-0.7%
Dividend Yield	2.85	2.88	1.1%
Market Capitalization (LKR Bn)	3,007.9	2,980.8	-0.9%
Foreign Purchases (LKR Mn)	3,161.6	1,001.7	-68.3%
Foreign Sales (LKR Mn)	2,852.8	2,039.6	-29%
Net Foreign (LKR Mn)	308.8	(1,037.9)	-436%



- During the week ended Friday 20<sup>th</sup> Oct CSE declined ending the recovery seen over recent three weeks. The All Share Price Index (ASPI) ended at 6,572.7 (0.9% down) while the S&P SL 20 Index grew to 3,831.4 (2.1% down) led by Banks & Finance and Healthcare sectors. Total turnover for the week was Rs. 3,926.2Mn, 46% up compared to previous week. Net foreign investments recorded a net outflow of Rs. 1,037 Mn during the week which diluted 2017 annual net foreign investment to positive Rs. 19,134Mn.
- The CSE has signed a memorandum of understanding (MoU) with Oxford Business Group (OBG) to use the global research and consultancy firm’s analysis of Sri Lanka’s capital markets as its primary information tool at a high-profile investment forum which was took place mid-October in New York.
- HNB PLC, announced a follow-up partnership with UnionPay International to enable ATM acceptance of UnionPay cards. UnionPay is currently the largest bankcard scheme in terms of cards issued in the world. The new agreement further consolidates on the relationship between UnionPay and HNB, which was the first domestic bank in Sri Lanka to commence POS acceptance on UnionPay Cards.
- L B Finance, a non-bank lender has received license on October 10<sup>th</sup> to engage in microfinance business in the Bago Region of the Republic of the Union of Myanmar. Bago Region is an independent administrative region in the southern central part of Myanmar with a population of 5 million.
- CIC Holdings Plc has acquired control of Unipower Ltd. for Rs. 238 million. The company said it purchased 70% stake (376,000 shares) in Unipower at Rs. 632.17 per share which is known for specialty fertilizers, agrochemicals and other high-end inputs. It has its head office in Pelawatte, Battaramulla and fertilizer repacking and warehousing units at the Ekala Industrial Estate. Unipower represents some of the world’s most trusted agricultural brands including Yara, Everris, Grow More, Farmcochem, Ginegar and Goizper.

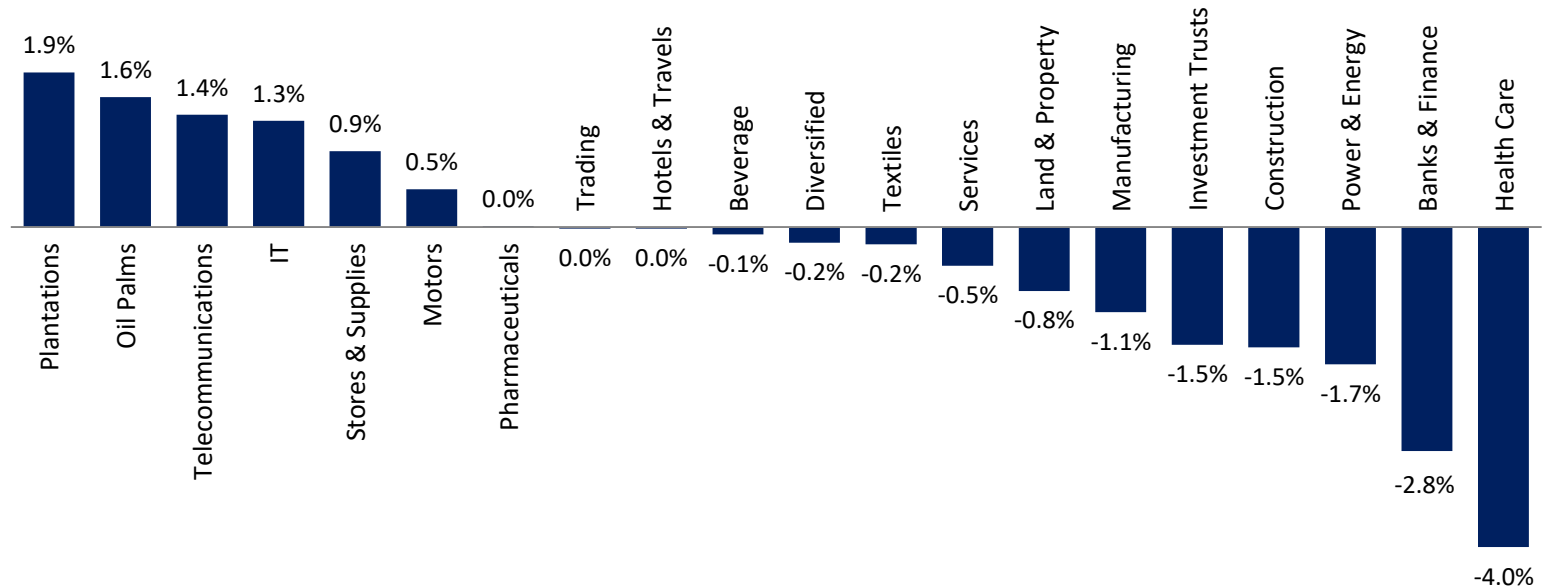
Daily Indicators



\* YTD- 02<sup>nd</sup> Jan 2017 to 20<sup>th</sup> Oct 2017

Sources: Colombo Stock Exchange (CSE), Business Newspapers

CSE Weekly Sector Returns (%)



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