

June 28, 2016	NAV/Index	YTD change
SLF	US\$ 0.84	-10.64%
ASI	6,307.04	-9.26%
S&P 20	3,318.71	-9.22%

External Sector Performance – March 2016

➤ Earnings from exports decreased by 11.2% YoY, to US\$ 945.4Mn in March 2016 from US\$ 1,064.7Mn in March 2015. The largest contribution to the decline in exports was from transport equipment followed by exports of spices. However, earnings from textile and garment exports increased reflecting growth in exports to USA and Non-traditional markets.

Expenditure on imports declined for the ninth consecutive month in March 2016, marginally by 0.9% YoY, to US\$ 1,566.0Mn. This decline was led by the reductions recorded in import expenditure on transport equipment categorized under investment goods, personal motor vehicles categorized under consumer goods and wheat and maize categorized under intermediate goods. However, import expenditure on machinery and equipment, building materials and textile and textile articles increased significantly indicating the possible expansion in future economic activities. By end March 2016, gross official reserves amounted to US\$ 6.2Bn compared to US\$ 7.5Bn reported in end March 2015 and US\$ 6.6Bn in end February 2016.

Tourist Arrivals Update – June 2016

➤ Sri Lanka's tourist arrivals rose 2.2% to 118,038 in June 2016. On a cumulative basis arrivals were up 16.2% for the first half of the year with the island welcoming 964,267 tourists for 2016. Neighbouring India became the lead contributor to the industry with a 17.9% contribution of the arrivals for the first half, reporting an increase of 18.8%. China became 2nd with a contribution of 13.8%, reporting an increase of 40.4%. 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 half reported an increase of 15.5% during the period. Sri Lanka targets 2.2Mn tourists in 2016.

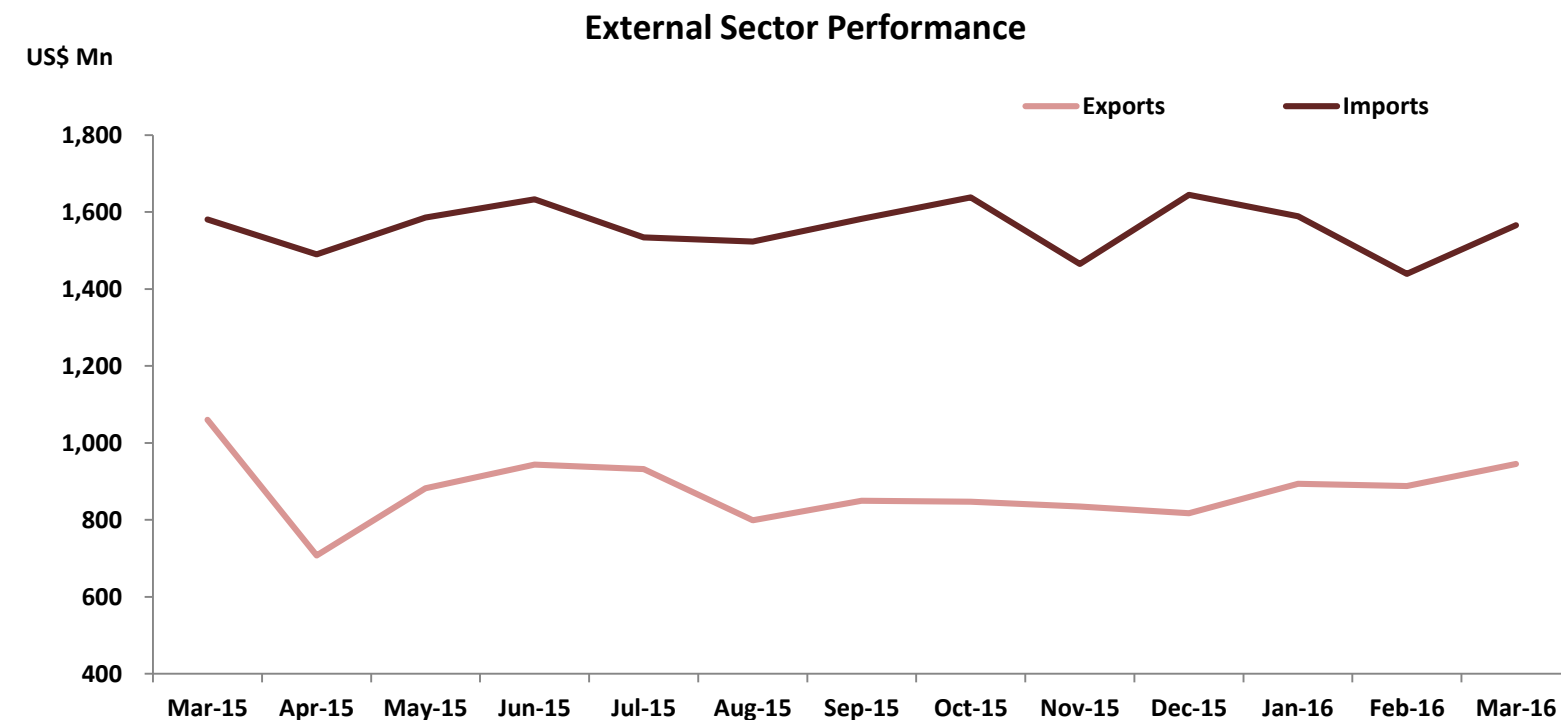
Private Sector Credit – April 2016

➤ Credit to the private sector from Sri Lanka's commercial banks increased by Rs.27.4Bn during the month of April 2016, following an increase of Rs. 87.8Bn in March 2016. Private credit was up by 15.2% in April 2016 from a year earlier and 0.8% from month ago. Private sector credit growth for 2015 calendar year was 25.1%.

Government Securities Update

➤ Weekly Sri Lanka's Treasuries yields increased across maturities at Wednesday's auction with the 3 months yield increasing by 02bps to 8.88%, data from the state debt office showed. The 6 month bills increased by 03bps to stand at 9.86% and 12 month bills remained unchanged at 10.55%. The state offered Rs. 22Bn of bills for re-issue and accepted Rs. 23.4Bn 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)

As the world reels from Brexit, Sri Lankan Prime Minister on 26th June 2016 outlined long-term plans to forge stronger ties with Asia to counter the potential fallout from Britain leaving the European Union, including fast-tracking negotiations with India on the Economic Technology Cooperation Agreement (ETCA) and implementing four Free Trade Agreements (FTAs) with key regional economies. A report on the possible effects of Brexit has already been handed over to the Prime Minister by the Central Bank and a fresh committee comprising leading professionals also being appointed to deal with the situation.

Economic Indicators

	2015	2016	Change
Tourist Arrivals: Jun(16)	115,467	118,038	2.23%
Tourist Arrivals: Jun(16)-YTD	830,051	964,267	16.17%
Credit-Pvt Sec Rs.Bn-Apr(16)-YTD	2,860	3,662	28.06%
Trade Balance(US\$ Mn) – Mar	(516.2)	(620.7)	-20.24%
Imports (US\$ Mn) – Mar	1,580.9	1,566.0	-0.94%
Investment Goods	397.5	430.2	8.23%
Intermediate Goods	741.0	715.2	-3.48%
Exports (US\$ Mn) - Mar	1,064.7	945.4	-11.21%
Agricultural	214.1	200.7	-6.26%
Textiles and Apparel	428.2	441.8	3.18%

Levels

	2014	2015	2016
Quarterly GDP Real Growth	Q1 - 1.3%	Q1 - 4.4%	Q1 - 5.5%
	Q2 - 2.2%	Q2 - 7.0%	
	Q3 - 5.0%	Q3 - 5.6%	
	Q4 - 10.3%	Q4 - 2.5%	

Annual GDP Real Growth (%)

4.90% **4.80%**

Levels

Inflation -CCPI

	Year Ago	May-16	Jun-16
Year on Year	0.10%	4.80%	4.80%
Annual Average	1.70%	1.70%	1.70%

Inflation -NCPI

	Year Ago	Apr-16	May-16
Year on Year	2.80%	4.30%	5.30%
Annual Average	-	2.60%	2.70%

Currencies

	Year Ago	Pre. Week	This Week
US\$	133.68	146.91	146.05
STG	208.63	200.10	194.93
Yen	1.08	1.45	1.42
Euro	147.78	162.24	162.20

Levels (%)

T - Bills

	Year Ago	Pre. Week	This Week
3 Months	6.11	8.86	8.88
6 Months	6.21	9.83	9.86
12 Months	6.28	10.55	10.55

Top 5 Gainers

	Pre. Week	This Week	Change
CFL	18.90	21.80	15.34%
SINI	186.20	202.60	8.81%
BERU	1.30	1.40	7.69%
AAF	1.50	1.60	6.67%
CALF	10.50	11.20	6.67%

Top 5 Losers

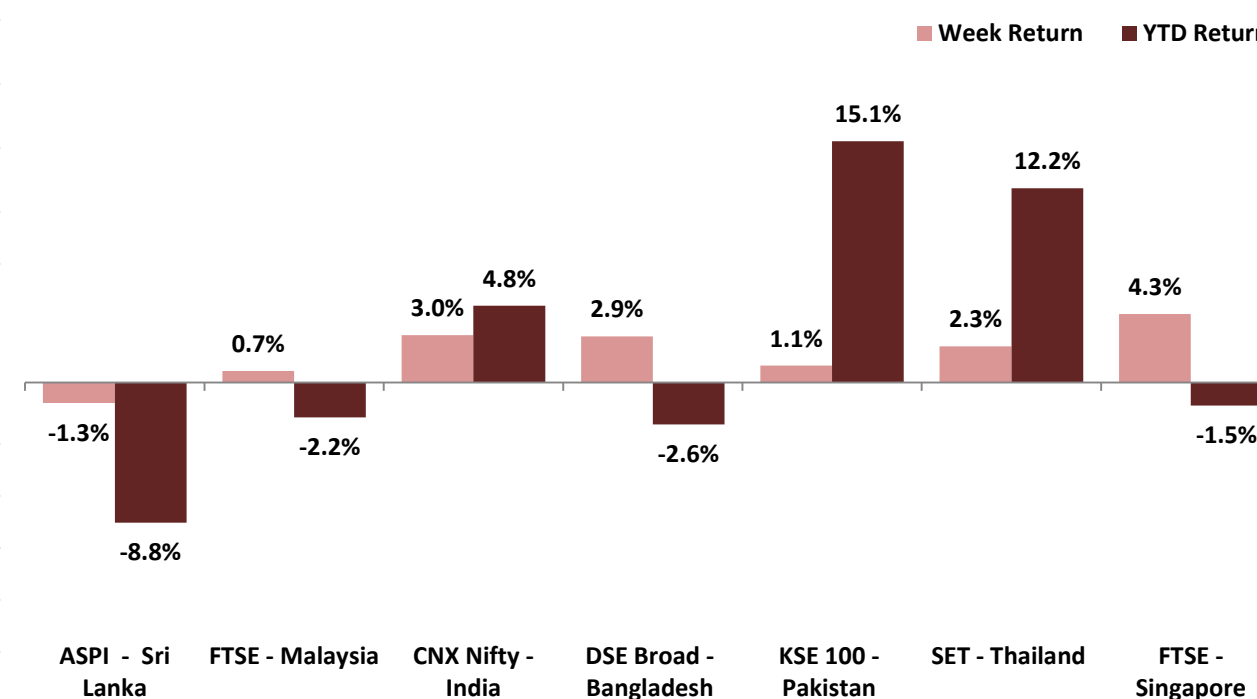
	Pre. Week	This Week	Change
JKH.W	7.60	4.80	-36.84%
PARA	58.00	46.10	-20.52%
HUEJ	55.60	45.10	-18.88%
BUKI	349.90	298.30	-14.75%
JKH	155.50	135.00	-13.18%

LKR

CSE Data

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,370.11	6,287.09	-1.3%
S&P Sri Lanka 20 Index (S&P SL 20)	3,341.65	3,302.51	-1.2%
Total turnover (LKR Mn)	2,510.23	2,719.04	8.3%
Market PER	13.21	12.84	-2.8%
Market PBV	1.47	1.45	-1.4%
Dividend Yield	3.01	3.06	1.7%
Market Capitalization (LKR Bn)	2,714.43	2,679.26	-1.3%
Foreign Purchases (LKR Mn)	626.63	1,216.10	94.1%
Foreign Sales (LKR Mn)	1,016.23	1,437.18	41.4%
Net Foreign (LKR Mn)	(389.60)	(221.08)	43.3%

Regional Market Performance

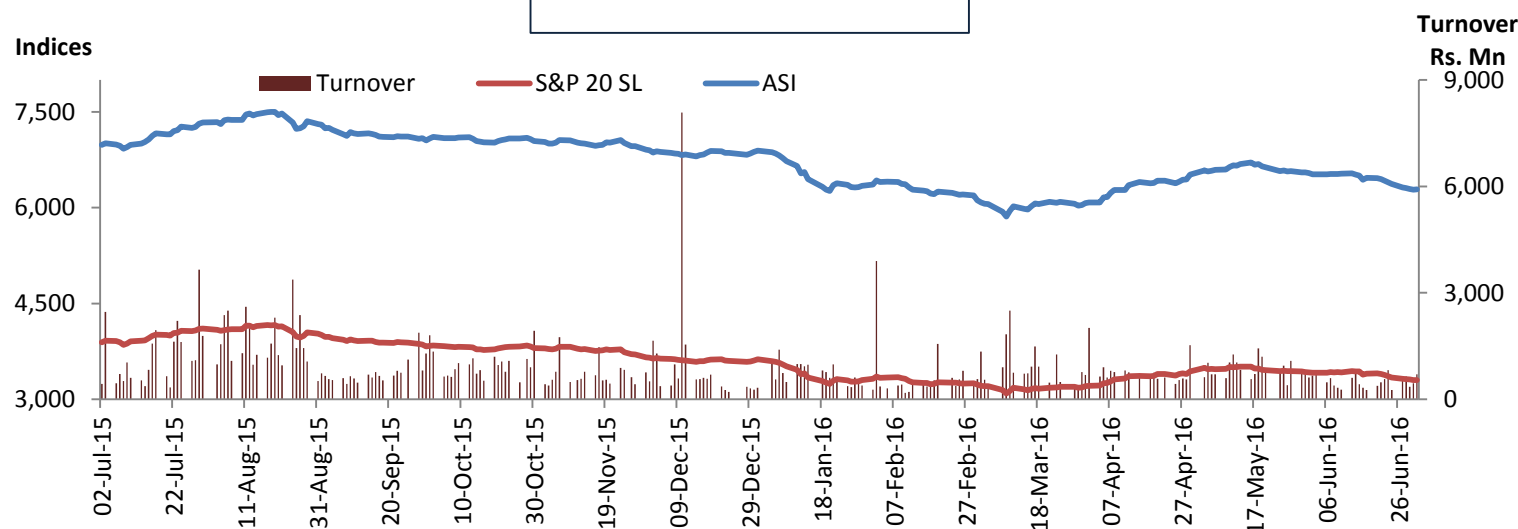


Sources: Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Bloomberg, FactSet

- The Colombo Stock Exchange (CSE) decreased during the week ended Friday 01st July 2016. The All Share Price Index (ASPI) decreased by 1.3% to report at 6,287.1 while the S&P Sri Lanka 20 Index decreased by 1.2% to report at 3,302.5. However, the total turnover for the week was Rs. 2.7Bn, an increase of 8.3% compared to previous week.
- Net foreign investments recorded a net outflow of Rs. 221.1Mn during the week. Year to date net foreign investment amounted to a negative Rs. 6,246.6Mn.
- Lanka Tiles PLC, manufacturer and a distributor of floor tiles is to set up a fiber cement plant in a 100 acre land in Divulapitiya, Sri Lanka in a bid to diversify its operations, as per officials. The company invested in Beyond Paradise Collection (Pvt) Ltd in FY 2016 which owns this property. Adding this firm was bought to solely develop the land. Company continues its focus to be on the local market with local sales as the core revenue generator to the company.
- Amana Takaful Life Limited (ATLL), a fully-owned subsidiary and the insurance arm of Amana Takaful PLC, announced an Initial Public Offering (IPO), via an Offer for Sale of Rs. 75Mn, thereby becoming the first segregated life insurer in Sri Lanka to do so following the mandatory segregation of Life and General insurance companies on 1st February 2015. Listing on the Diri Savi Board of the Colombo Stock Exchange (CSE), the company is offering 50Mn ordinary voting shares at a price of Rs. 1.50 per share, which represents a 10% stake in the company. The issue will open on 21st July 2016.

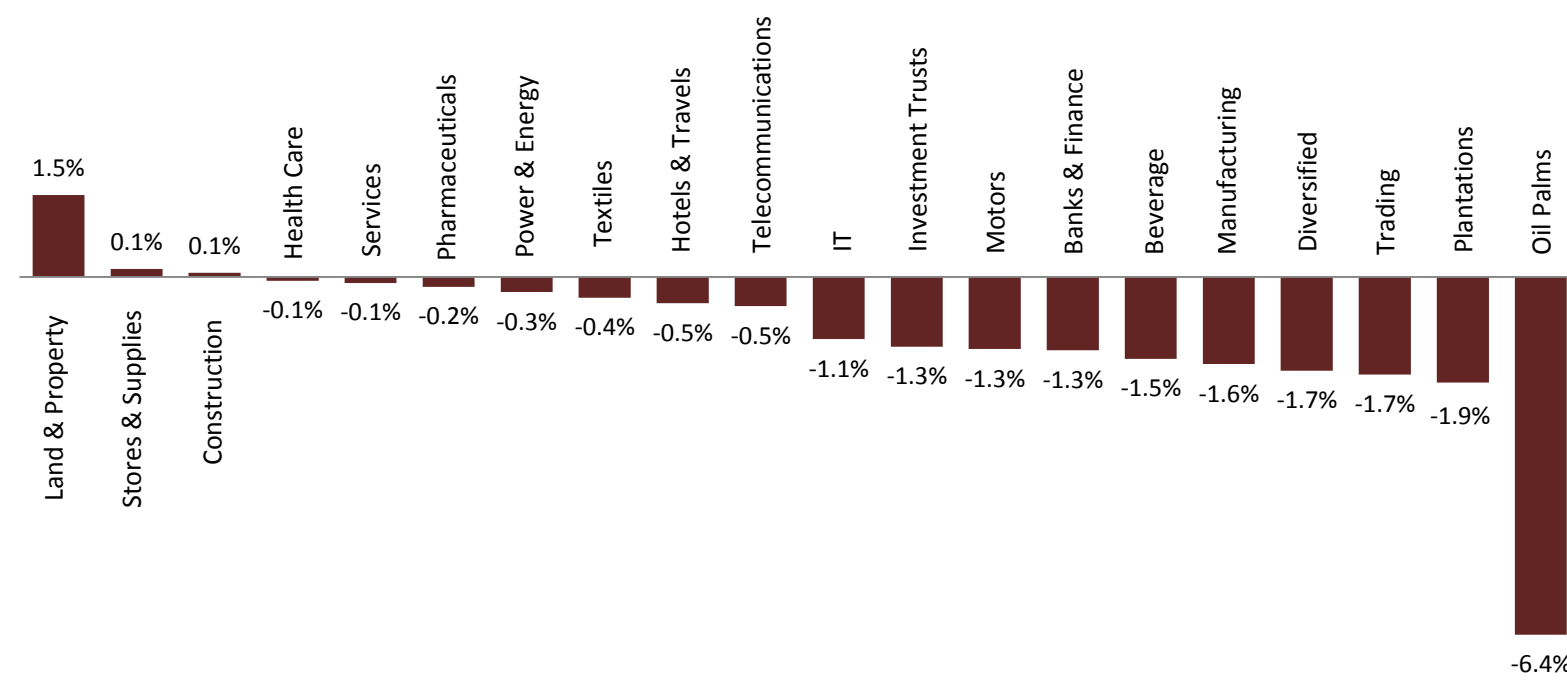
Daily Indicators

ASI : YTD* -8.81%
S&P 20 SL : YTD* -8.91%



* YTD- 01st Jan 2016 to 01st Jul 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers

