

May 24, 2016	NAV/Index	YTD change
SLF	US\$ 0.87	-7.45%
ASI	6,570.58	-5.80%
S&P 20	3,443.34	-6.13%

**EU expands cooperation strategy with Sri Lanka**

➤ Following successful engagement on lifting the fisheries ban, expansion into reconciliation and governance will be part of the European Union’s (EU’s) wider strategy with Sri Lanka over the next four years, a statement said yesterday as both sides continued to work towards stronger governance. In line with the priorities of the Government of Sri Lanka, it was agreed that the focus of EU’s development strategy for Sri Lanka up until 2020 would be expanded. The EU will continue to support Integrated Rural Development in Sri Lanka in order to foster inclusive economic growth and sustainable development, while reducing poverty and addressing global issues such as climate change.

**BOI says London Stock Exchange Group investment reflects growing investor confidence**

➤ The Board of Investment (BOI) said on 30th May 2016 the decision by the London Stock Exchange Group (LSEG) to set up its global business services arm in Sri Lanka was very significant since it reflects the growing attractiveness of Sri Lanka as a destination for Foreign Direct Investments (FDIs). The new facility will directly employ 400 personnel in high technology jobs. LSEG will invest and recruit in Sri Lanka which will further boost the country’s IT Sector. The facility will be located in the ‘Tripoli Market’ district of Colombo.

**Japan to lend Sri Lanka US\$ 4.2Bn to help shore up forex reserves**

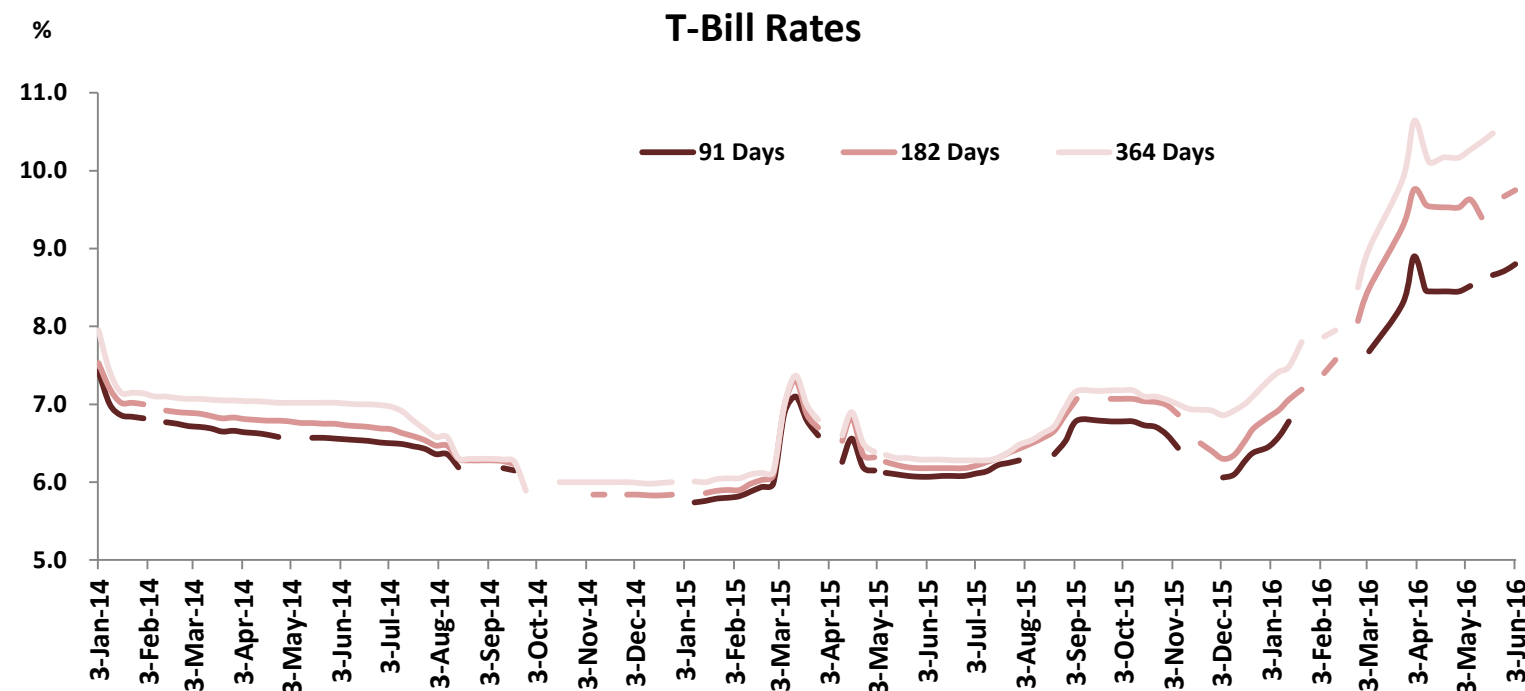
➤ Japan will lend US\$ 4.2Bn to Sri Lanka through both a loan and bond financing for budgetary support in the next two years, including infrastructure development, as per the Finance Minister. The borrowing comes as Sri Lanka seeks to resolve its precarious balance of payments position after a sharp depletion of foreign exchange reserves. Japan has committed US\$ 2.9Bn at a low interest rate of 0.01% over the next two years. He said the repayment period for the loan would be 40 years, adding that a US\$ 1.3Bn bond would also be issued in Japan.

**Government Securities Update**

➤ Weekly Sri Lanka's Treasuries yields increased across all maturities at Wednesday's auction with the 3 months yield increasing by 09bps to 8.80%, data from the state debt office showed. The 6 month bills increased by 08bps to stand at 9.75% and 12 month bills increased by 04bps to stand at 10.52% from 2 weeks earlier. The state offered Rs. 31.0Bn of bills for re-issue and accepted Rs. 24.5Bn of bids.

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

**Chart of the Week**



**Picture Story**



Norwegian State Secretary of the Ministry of Foreign Affairs, on his visit to Sri Lanka met the Minister of Development Strategies and International Trade of Sri Lanka at his ministry with the Norwegian delegation. They discussed various aspects of bilateral relations between the two countries, particularly areas such as fisheries, maritime services, renewable energy, and digitalization. The Norwegian Ambassador was also present at the discussion.

**Economic Indicators**

	2015	2016	Change
Tourist Arrivals: Apr(16)	122,217	136,367	11.58%
Tourist Arrivals: Apr(16)-YTD	601,055	721,185	19.99%
Credit-Pvt Sec Rs.Bn-Mar(16)-YTD	2,845	3,635	27.75%

Trade Balance(US\$ Mn) – Jan	(765.0)	(695.2)	9.12%
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**Imports (US\$ Mn) – Jan**

Investment Goods	441.8	443.9	0.48%
Intermediate Goods	841.6	801.2	-4.80%

**Exports (US\$ Mn) - Jan**

Agricultural	202.0	179.5	-11.14%
Textiles and Apparel	409.9	464.4	13.30%

**Levels**

	2013	2014	2015
Quarterly GDP Real Growth	Q1 -3.6%	Q1 - 1.3%	Q1 - 4.4%
	Q2 - 5.9%	Q2 - 2.2%	Q2 -7.0%
	Q3 - 4.0%	Q3 - 5.0%	Q3 - 5.6%
	Q4 - 0.5%	Q4 - 10.3%	Q4 - 2.5%
<b>Annual GDP Real Growth (%)</b>	<b>3.40%</b>	<b>4.90%</b>	<b>4.80%</b>

**Levels**

Inflation -CCPI	Year Ago	Apr-16	May-16
Year on Year	0.20%	3.10%	4.80%
Annual Average	1.90%	1.30%	1.70%
Inflation -NCPI	Year Ago	Mar-16	Apr-16
Year on Year	2.80%	2.20%	4.30%
Annual Average	-	2.40%	2.60%

**Currencies**

	Year Ago	Pre. Week	This Week
US\$	135.33	146.18	146.99
STG	207.84	214.62	211.95
Yen	1.09	1.33	1.35
Euro	151.10	163.64	163.96

**LKR**

	Year Ago	Pre. Week	This Week
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**Levels (%)**

T - Bills	Year Ago	Pre. Week	This Week
3 Months	6.07	8.71	8.80
6 Months	6.18	9.67	9.75
12 Months	6.29	-	10.52

**Price per Share (LKR)**

Top 5 Gainers	Pre. Week	This Week	Change
ACAP	7.20	10.00	38.89%
GSF	20.60	24.80	20.39%
CFL	18.70	22.50	20.32%
LCEM	6.70	8.00	19.40%
ASCO	29.80	35.00	17.45%

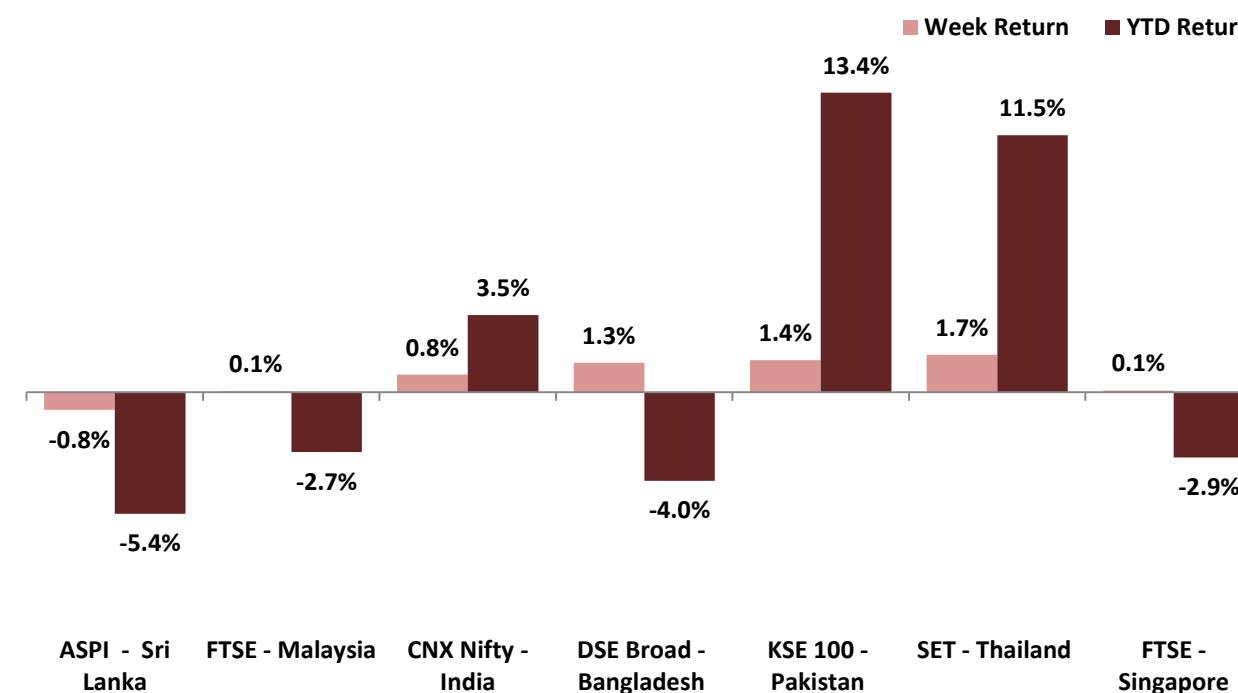
**Top 5 Losers**

CPRT	137.80	114.20	-17.13%
SOY	473.00	401.30	-15.16%
CLPL	81.00	71.30	-11.98%
GUAR	156.10	140.00	-10.31%
PDL	112.60	101.00	-10.30%

**CSE Data**

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,571.21	6,519.23	-0.8%
S&P Sri Lanka 20 Index (S&P SL 20)	3,441.26	3,416.47	-0.7%
Total turnover (LKR Mn)	3,198.12	3,470.32	8.5%
Market PER	13.71	13.48	-1.7%
Market PBV	1.52	1.51	-0.7%
Dividend Yield	2.63	2.66	1.1%
Market Capitalization (LKR Bn)	2,799.99	2,777.86	-0.8%
Foreign Purchases (LKR Mn)	1,105.45	1,739.83	57.4%
Foreign Sales (LKR Mn)	2,369.82	1,716.81	-27.6%
Net Foreign (LKR Mn)	(1,264.37)	23.02	-101.8%

**Regional Market Performance**

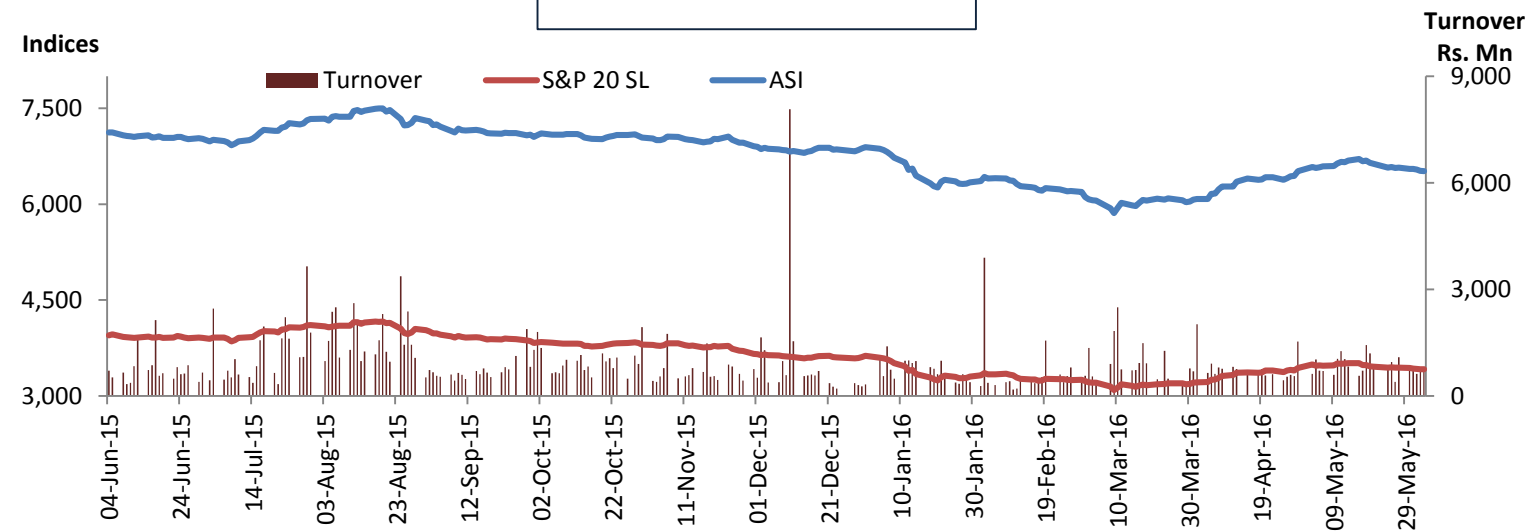


SOURCES: Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Bloomberg, FactSet

- The Colombo Stock Exchange (CSE) decreased during the week ended Friday 03<sup>rd</sup> June 2016. The All Share Price Index (ASPI) decreased by 0.8% to report at 6,519.2 while the S&P Sri Lanka 20 Index decreased by 0.7% to report at 3,416.5. However, the total turnover for the week was Rs. 3.5Bn, an increase of 8.5% over the previous week's turnover.
- Net foreign investments recorded a net inflow of Rs. 23.0Mn during the week. Year to date net foreign investment amounted to a negative Rs. 5,545.7Mn.
- Ceylon Cold Stores PLC, a company in to manufacturing and & Marketing of Carbonated Soft Drinks, Ice Cream and Processed Meats which owns the Elephant House ice cream brand said they are planning to construct a new factory with an investment of Rs. 3.0Bn (US\$ 20Mn) to expand capacity. The expansion will be at the Seethawaka industrial zone. Its existing factory is at Ranala, in the Colombo district.
- Industry giant in Finance business People's Leasing and Finance PLC (PLC) is foraying into Bangladesh to tap high growth prospects in the booming South Asian country with a near 200Mn population. PLC said it has entered into an agreement with Alliance Leasing and Finance Company of Bangladesh proposing to carry on the finance business. PLC will acquire 51% of the ordinary shares of the Bangladesh entity for Rs. 1Bn. The Company is yet again on the lookout for foreign financing facilities and aims to secure a syndicated loan in the range of US\$ 50 to US\$ 75Mn soon.

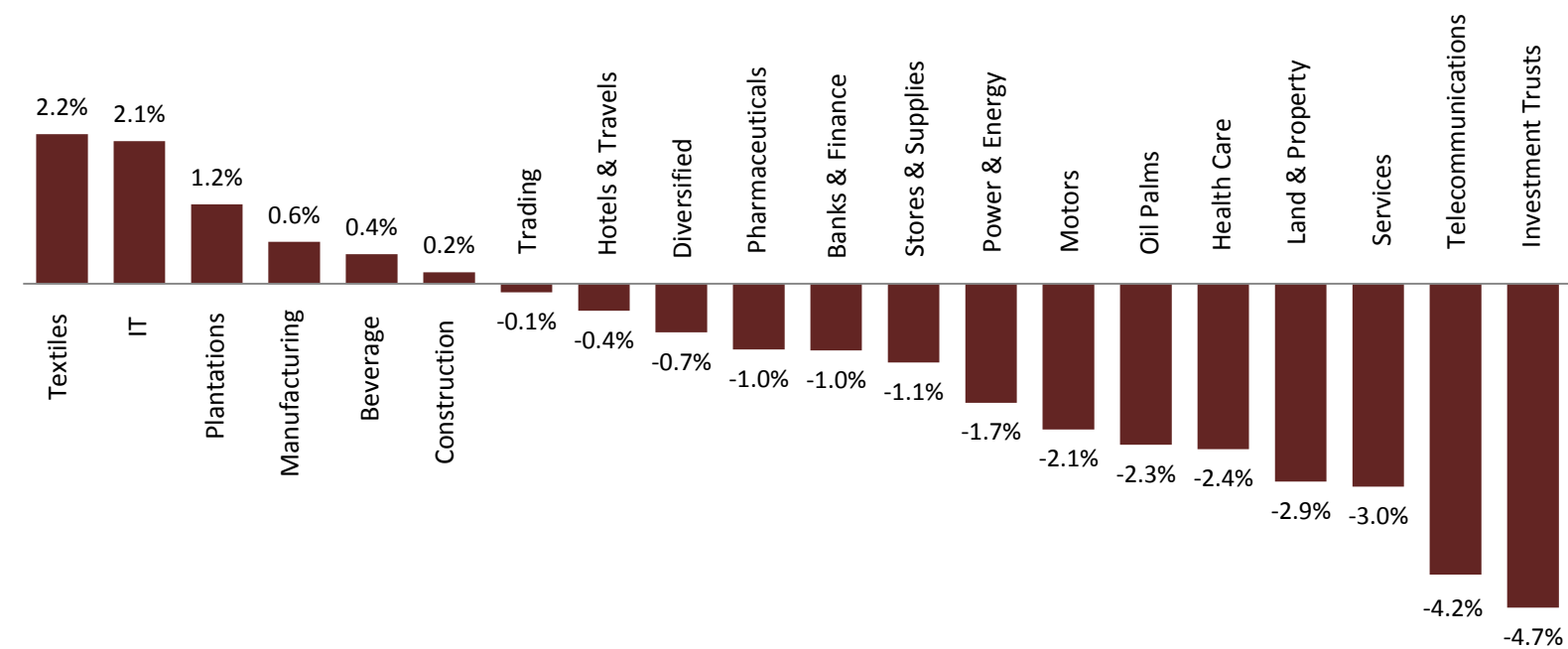
Daily Indicators

ASI : YTD\* -5.44%  
S&P 20 SL : YTD\* -5.77%



\* YTD- 01<sup>st</sup> Jan 2016 to 03<sup>rd</sup> Jun 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers