

June 07, 2016	NAV/Index	YTD change
SLF	US\$ 0.87	-7.45%
ASI	6,524.00	-6.57%
S&P 20	3,424.49	-6.74%

**Economic Momentum – First Quarter 2016**

➤ Sri Lanka's gross domestic product (GDP) grew 5.5% in the first quarter of 2016 (1Q 2016) compared with 4.4% in the same period of the previous year, the data released by the Census and Statistics Department showed. The total economic output measured by the GDP for the quarter under review was Rs. 2,979.7Bn (US\$ 20.7Bn) against Rs. 2,724.5Bn (US\$ 20.6Bn) in the same period of the previous year.

Industry sector reported the highest growth of 8.3% for the quarter well above the 1.4% growth achieved a year ago. Services sector reported a 4.9% below the 5.4% growth achieved during 1Q 2015. Agricultural sector which expanded only 1.9% in 1Q 2015 compared to 5.9% growth achieved during 1Q 2014 resulted the GDP growth of 5.5% during 1Q 2016. The contribution of the three main pillars of the economy to the GDP – agriculture, industry and services – was at 8.0%, 31.0% and 56.4%, respectively during the period.

The contribution to growth in the Industry sector was spearheaded by the construction sub sector, which contributed 35.5% of the total sector growth and accounted for 16.0% of the overall economic growth. Apart from this, sizable contributions came from Manufacture of furniture and Manufacture of coke and refined petroleum products.

The contribution to growth in the Service sector was led by the Financial Service activities sub sector which increased by 15.9% in 1Q 2016. Contribution to the sector from Wholesale and retail trade stood at 27.8% and accounted for 14.0% of overall economic growth. This was further strengthened by the increase in other personal service activities and Wholesale and retail trade sub sectors.

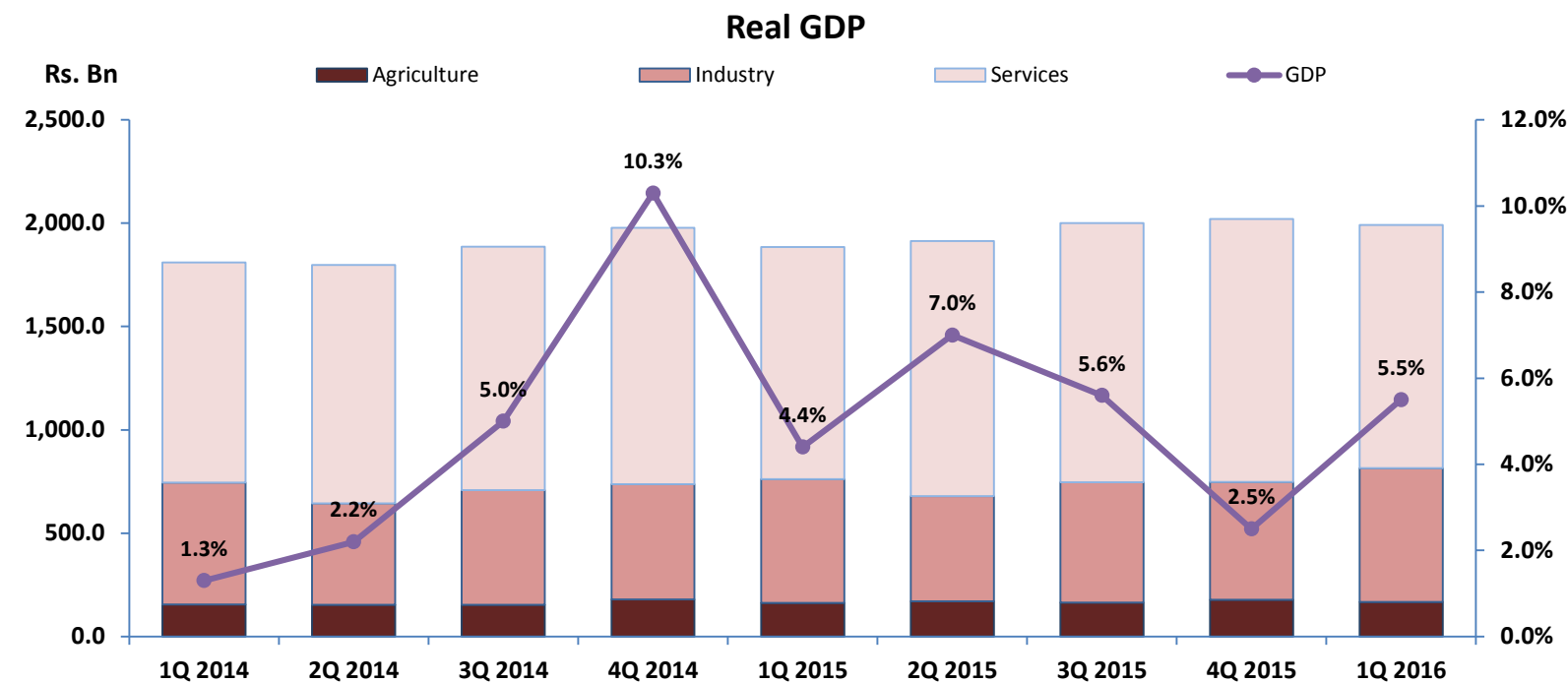
The expansion in the Agricultural sector was guided by the Growing of Vegetables which contributed 86.7% of sector growth during 1Q 2016. Growing of Cereals and Animal products also contributed to this.

**Government Securities Update**

➤ Weekly Sri Lanka's Treasuries yields increased across all maturities at Wednesday's auction with the 3 months yield increasing by 02bps to 8.84%, data from the state debt office showed. The 6 month bills increased by 04bp to stand at 9.80% and 12 month bills increased by 01bp to stand at 10.54%. The state offered Rs. 30.0Bn of bills for re-issue and accepted Rs. 18.3Bn 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**



Making a special statement on the European Union (EU) officially lifting its fisheries ban on Sri Lanka, Prime Minister on 17<sup>th</sup> June 2016 outlined a slew of measures to boost the economy including regaining GSP+ and signing the Economic and Technology Cooperation Agreement (ETCA) with India by end 2016. To uplift the local fisheries industry with advanced technology the government has requested assistance from Norway, one of the leading countries in the global fisheries industry and the Government also announced its plans to set up fisheries training institutes to advance fisheries education in the country.

**Economic Indicators**

	2015	2016	Change
Tourist Arrivals: May(16)	113,529	125,044	10.14%
Tourist Arrivals: May(16)-YTD	714,584	846,229	18.42%
Credit-Pvt Sec Rs.Bn-Mar(16)-YTD	2,845	3,635	27.75%

Trade Balance(US\$ Mn) – Feb (626.5) (551.7) 11.94%

**Imports (US\$ Mn) – Feb**

	2015	2016	Change
Investment Goods	362.3	369.4	1.96%
Intermediate Goods	814.3	724.0	-11.09%

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

	2015	2016	Change
Agricultural	202.9	182.1	-10.25%
Textiles and Apparel	419.9	463.1	10.29%

**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%	
<b>Annual GDP Real Growth (%)</b>	<b>4.90%</b>	<b>4.80%</b>	

**Levels**

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

**Currencies**

	Year Ago	Pre. Week	This Week
US\$	134.05	145.24	144.74
STG	209.71	210.10	206.59
Yen	1.09	1.36	1.39
Euro	150.84	164.16	163.08

**LKR**

**Levels (%)**

	Year Ago	Pre. Week	This Week
<b>T - Bills</b>			
3 Months	6.08	8.82	8.84
6 Months	6.18	9.76	9.80
12 Months	6.28	10.53	10.54

**Price per Share (LKR)**

	Pre. Week	This Week	Change
<b>Top 5 Gainers</b>			
TANG	58.60	71.00	21.16%
LHL	54.40	59.50	9.38%
SIGV	66.90	73.00	9.12%
MORI	350.20	379.80	8.45%
KVAL	57.00	61.80	8.42%

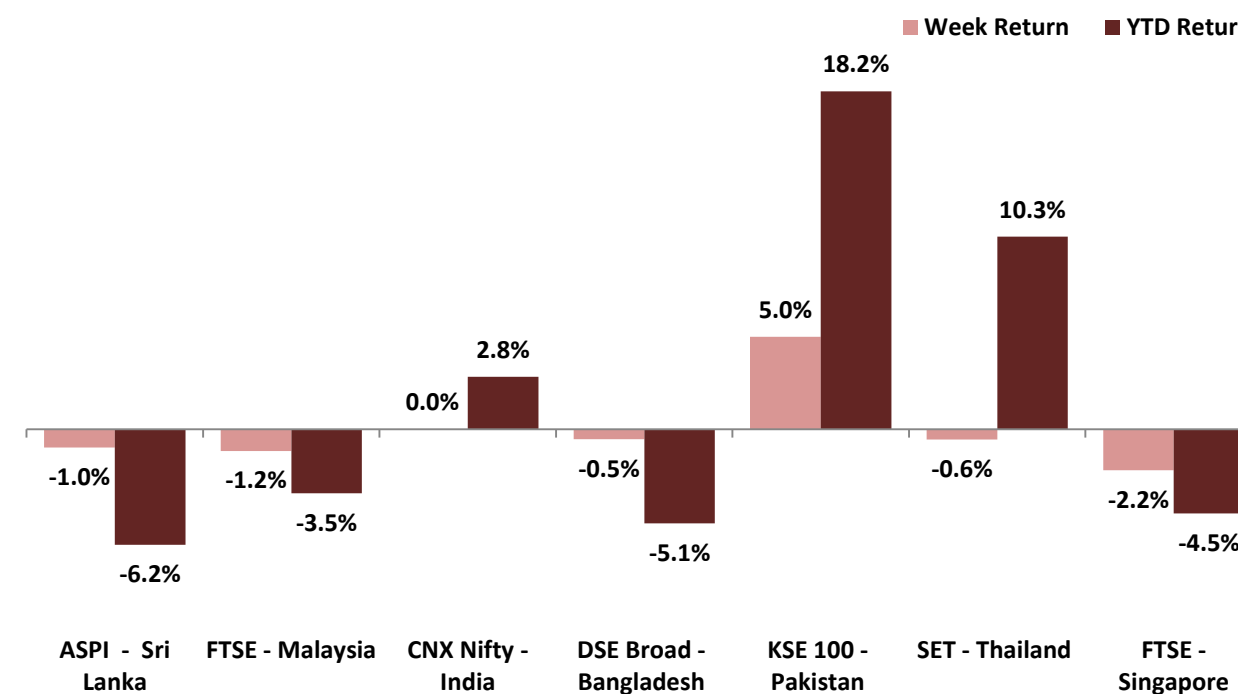
**Top 5 Losers**

LLUB	332.90	165.00	-50.44%
CPRT	114.00	90.50	-20.61%
MHDL	8.40	7.00	-16.67%
CITH	16.90	14.40	-14.79%
CSF	1.60	1.40	-12.50%

**CSE Data**

	Pre. Week	This Week	Change
CSE All Share Index (ASI)	6,530.50	6,465.99	-1.0%
S&P Sri Lanka 20 Index (S&P SL 20)	3,423.82	3,402.21	-0.6%
Total turnover (LKR Mn)	2,065.49	2,443.88	18.3%
Market PER	13.52	13.37	-1.1%
Market PBV	1.51	1.49	-1.3%
Dividend Yield	2.76	2.81	1.8%
Market Capitalization (LKR Bn)	2,782.75	2,755.29	-1.0%
Foreign Purchases (LKR Mn)	600.08	806.42	34.4%
Foreign Sales (LKR Mn)	780.29	716.47	-8.2%
Net Foreign (LKR Mn)	(180.21)	89.95	149.9%

**Regional Market Performance**

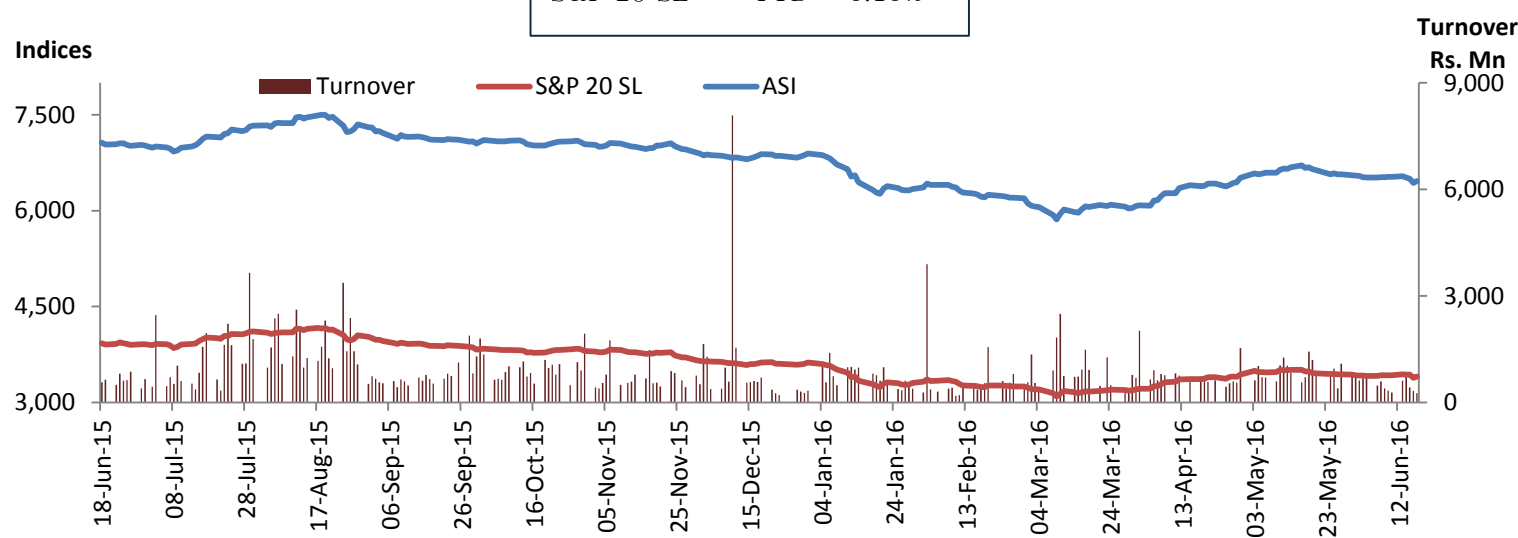


SOURCES: Central Bank of Sri Lanka (CBSL), Colombo Stock Exchange (CSE), Bloomberg, FactSet

- The Colombo Stock Exchange (CSE) decreased during the week ended Friday 17<sup>th</sup> June 2016. The All Share Price Index (ASPI) decreased by 1.0% to report at 6,466.0 while the S&P Sri Lanka 20 Index decreased by 0.6% to report at 3,402.2. However, the total turnover for the week was Rs. 2.4Bn, an increase of 18.3% compared to previous week.
- Net foreign investments recorded a net inflow of Rs. 90.0Mn during the week. Year to date net foreign investment amounted to a negative Rs. 5,635.9Mn.
- Alumex PLC, a subsidiary of Hayleys PLC which locally manufactures Aluminium extrusions for various industrial and architectural use, has plans to venture into the region, as per officials. They plan to go to Myanmar and aim to set up a plant there. Alumex PLC products are exported to India, Bangladesh, Maldives and Australia accounting for about 1% of its topline. The official added that they also want to export to more countries in the region.
- The Aitken Spence PLC (SPEN), a diversified company which is in to Leisure, Logistics and power plans to expand in the power sector to the region. Their subsidiary Ace Power Embilipitiya (Pvt) Ltd initially won a contract to set up a 150MW plant in Bangladesh four years ago. According to officials they are still in the process of setting it up. They said that the company has declared expressions of interest in the Fijian power sector as well.

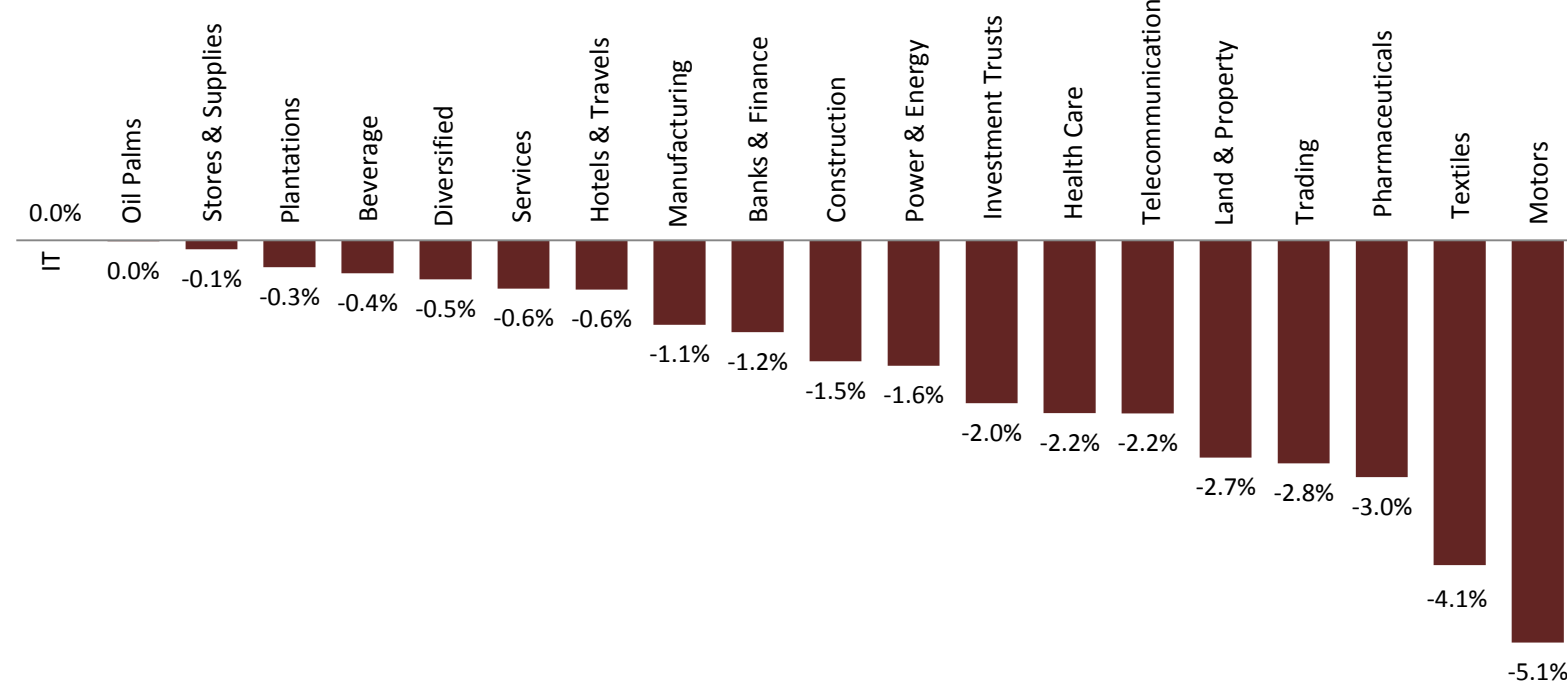
Daily Indicators

ASI : YTD\* -6.22%  
S&P 20 SL : YTD\* -6.16%



\* YTD- 01<sup>st</sup> Jan 2016 to 17<sup>th</sup> Jun 2016

CSE Weekly Sector Returns (%)



Sources: Colombo Stock Exchange (CSE), Business Newspapers

