



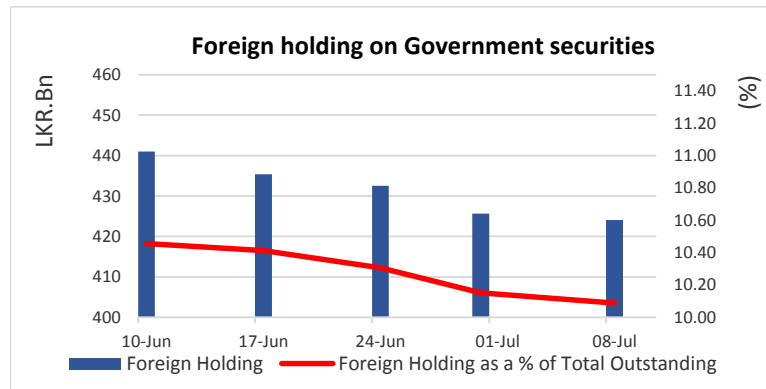
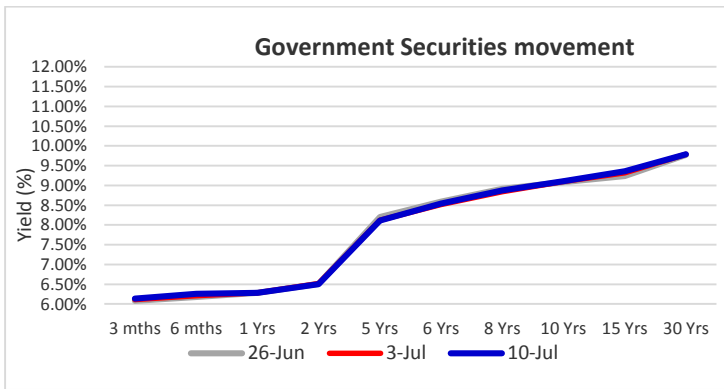
Economic Indicators: LKR/USD 133.59 (0.01% WoW)

AWPR: 6.85% (2.14% WoW)

AWDR: 6.02% (1.18% MoM)

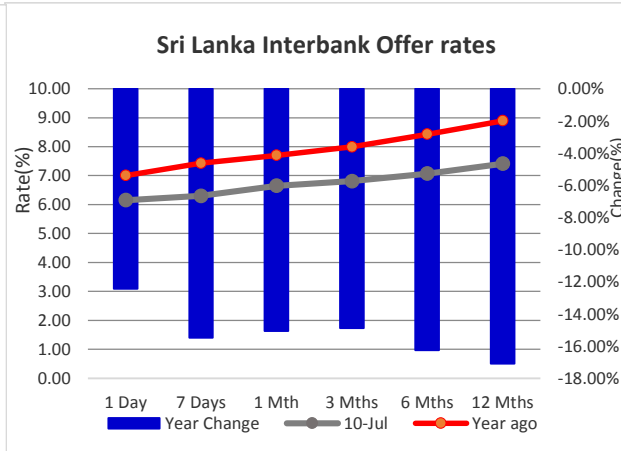
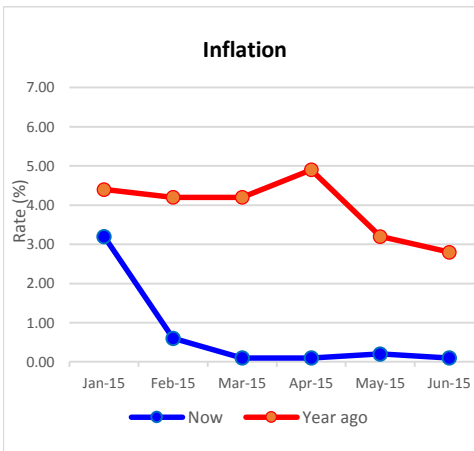
ASPI: 6,984 (0.33% WoW)

S&P SL20: 3,905 (0.26% WoW)



Market	Period	10-Jul	03-Jul	Change %
Primary Market	3 mths	6.14%	6.11%	0.49%
	6 mths	6.26%	6.21%	0.81%
	1 Yr	6.28%	6.28%	0.00%
Secondary Market	2 Yrs	6.50%	6.52%	-0.31%
	5 Yrs	8.11%	8.12%	-0.12%
	6 Yrs	8.54%	8.52%	0.23%
	8 Yrs	8.87%	8.84%	0.34%
	10 Yrs	9.11%	9.10%	0.11%
	15 Yrs	9.36%	9.32%	0.43%
30 Yrs	9.79%	9.79%	0.00%	

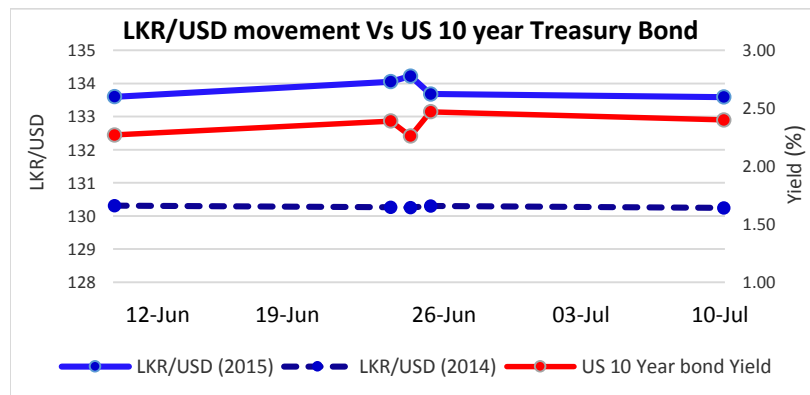
- Average Weighted Prime Lending Rate (AWPR): 6.85%. It has decreased by 2.14% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.02% (Jun), 5.95% (May).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.29% (Jun) and 7.12% (May).
- SLIBOR Rates : 6.15% (1Day), 6.30%(7Days), 6.65%(1Month), 6.81%(3Months), 7.07%(6Months), 7.41%(1Yr).
- Inflation (Annual average change): 1.7% (Jun) and 1.9% (May).



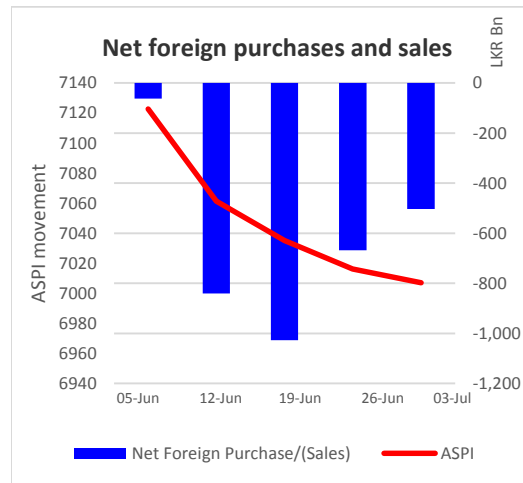
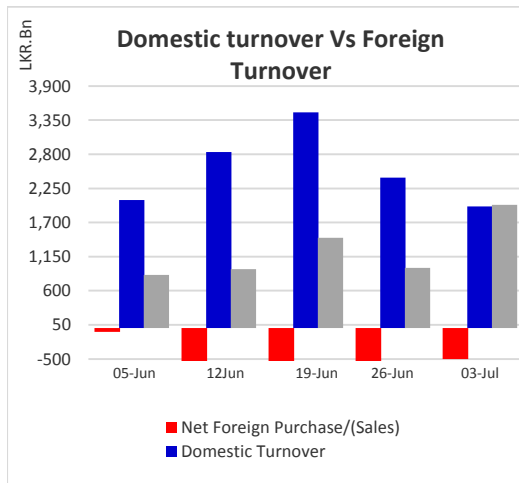
LKR EXCHANGE RATE MOVEMENT

- LKR appreciated over the week by 0.007% against USD from LKR/USD 133.60 to 133.59.
- One month forward rate of LKR/USD is 134.16 (Last week 134.19), three month forward rate is 135.29 (Last week 135.36)

	12-Jun	19-Jun	26-Jun	03-Jul	10-Jul
INR 2015	2.09	2.11	2.10	2.11	2.11
INR 2014	2.20	2.16	2.17	2.19	2.18
RM 2015	35.79	36.11	35.56	35.32	35.31
RM 2014	40.56	40.48	40.47	40.63	41.06



- All Share Price Index: 6,984 points as at 10th July 2015.
- S&P 20: 3,905 points as at 10th July 2015.
- ASPI decreased by 23 points WoW which is 0.33%.
- S&P 20 decreased WoW by 10 points, reflecting a 0.26% negative variation.
- Net Foreign outflow: LKR. 1,061Mn.
- Last week recorded a Net foreign outflow LKR. 503Mn.
- Market capitalization: LKR.2,967Bn which is 0.34% decreased compared to last week.
- Market PE: PE recorded as 18.08 in this week and it has increased by 0.44% from the last week.



LOCAL NEWS

Fitch Ratings has downgraded Sri Lanka-based retailer Abans Plc’s National Long-Term Rating to ‘BBB+(lka)’ from ‘A-(lka)’. Fitch has also downgraded the National Long-Term Rating on Abans’ unsecured redeemable debentures to ‘BBB+(lka)’ from ‘A-(lka)’. Fitch has affirmed Abans’ outstanding commercial paper at National Short-term Rating of ‘F2(lka)’. The one-notch downgrade reflects Fitch’s view that Abans’ medium-term net leverage is likely to remain above 4.5x, the level at which Fitch would consider negative rating action. The Negative Outlook reflects continued pressure on profitability stemming from a shift towards products with lower margins and risks associated with investments outside the company’s core business. Abans Plc changed its name from Abans Limited in January 2014.

(Source: Daily FT - 11.07.2015)

The weighted averages (W. Avg’s) on 09th July Treasury bond auctions increased considerably against market expectations ahead of a Rs. 86.4 billion bond maturity due on 15 July. The W. Avg on the 7.02-year maturity of 01.10.2022 was seen increasing the most by 57 basis points to 9.14% against its previously recorded average while the W.Avg on the 4.09 year maturity of 01.05.2020 was seen increasing by 19 basis points to 8.39% against its previously recorded average as well. The 6.03-year maturity of 15.10.2021 recorded a W. Avg of 9.08% as the total accepted amount on all three maturities fell below the total offered amount of Rs. 40 billion by Rs. 8.80 billion.

(Source: Daily FT - 10.07.2015)

A couple of rules are being contemplated to be introduced for future initial public offerings (IPOs) at the Colombo Stock Exchange (CSE) to empower potential investors to make better decisions in subscribing to new share issues. CSE Chairman Vajira Kulatilaka said that the rules are being adopted from the trend setting Dialog Axiata IPO, which took place 10 years ago. The offer was managed by NDB Securities, of which he is currently the Chairman. He said that the valuations rule, and the yet to be approved book building rule, will make IPOs more transparent by giving more information to potential investors.

(Source: Daily Mirror- 10.07.2015)

GLOBAL NEWS

Oil prices were little moved in early Asian trading 10th July after a volatile week that saw sharp falls along with Chinese equities followed by a strong rebound on the back of extreme government support measures. Meanwhile, oil traders were awaiting news of whether a compromise could be reached between major world powers and Iran that could lead to sharply increased oil flows if sanctions against Tehran are lifted, although the U.S. government said overnight that it was in no rush to reach a deal. Front-month U.S. crude futures were trading at \$52.79 per barrel, almost unchanged from their last settlement, although prices remain more than 7 percent below last Friday.

(Source: Reuters- 11.07.2015)

A bounce in mainland Chinese shares on 9th July lifted emerging equities off two-year lows, while currencies also got some respite, including the yuan which steadied slightly after days of volatility. The Shanghai index rose 6 percent, its biggest percentage gain in six years, as new government support measures curbed selling. Shenzhen shares jumped 6.4 percent and Hong Kong rose 4.6 percent. Those gains lifted MSCI equity index 1.6 percent after its near-5 percent plunge on 08th July, its biggest one-day loss since June 2013 during the so-called taper tantrum.

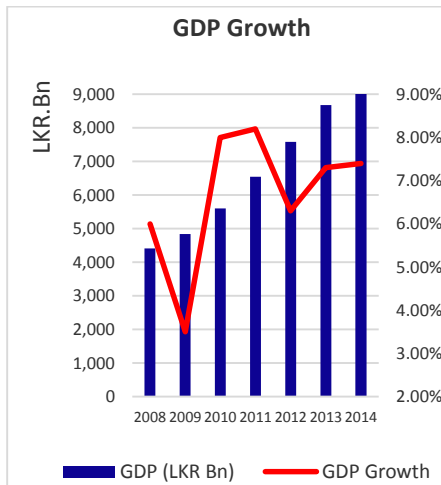
(Source: Reuters - 10.07.2015)

You wouldn’t know it given the noise from China and Greece, but the world economy is picking up steam. Morgan Stanley predicted on 09th July global expansion of almost 4 percent in the second half of this year, up from 2.9 percent in the first six months. The firm says monetary stimulus is taking hold and will even be extended by 18 central banks this year, enough reason for optimism despite it also forecasting a protracted slowdown in China and 75 percent risk of Greece leaving the euro. “The strength of domestic demand in developed economies will be the key engine of growth,” Chetan Ahya and Elga Bartsch, Morgan Stanley’s co-chief economists, told clients. “We expect the global economy to continue on the path of gradual recovery.”

(Source: Bloomberg- 10.07.2015)

GDP and Economy

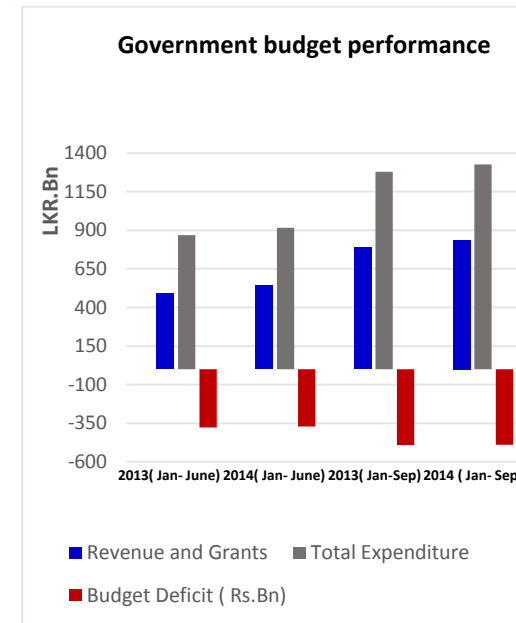
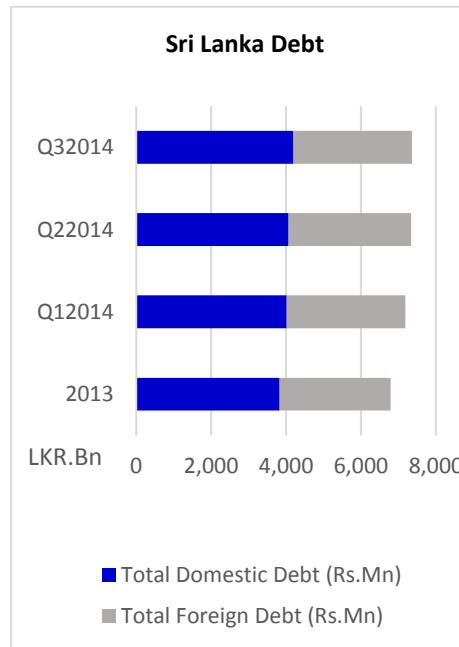
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 353,799Mn, LKR.1,132,892Mn and LKR. 2,019,973Mn respectively.
- Unemployment rate was 4.3% in 2014 compared to 4.4% in the previous year.



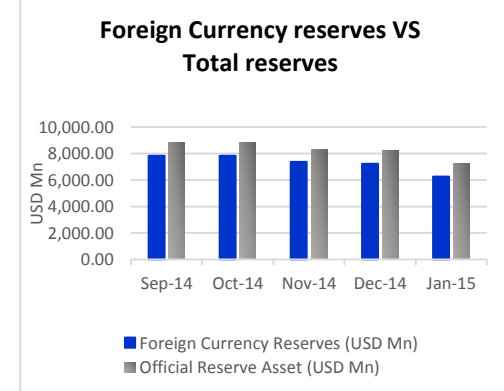
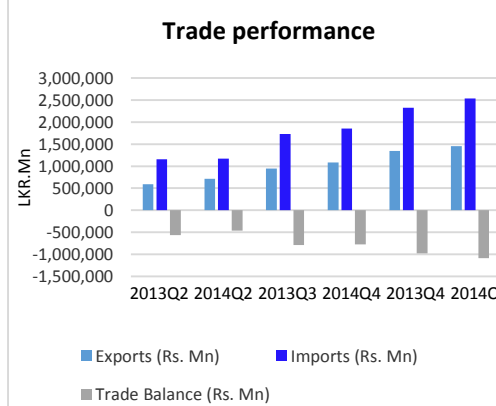
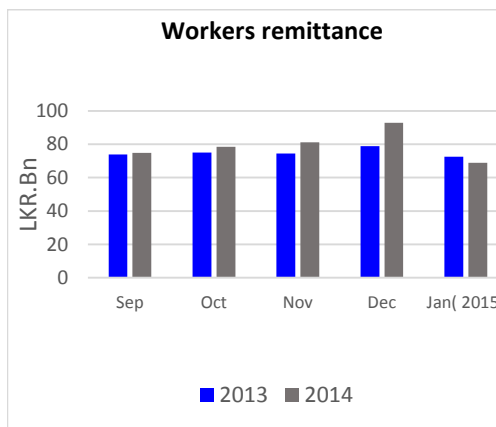
SRI LANKA FISCAL PERFORMANCE

Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent in 2013, mainly due to the decline in domestic interest payments with lower interest rates in the market. Domestic interest payments to GDP declined to 3.4 per cent in 2014 from 4.1 per cent in 2013.

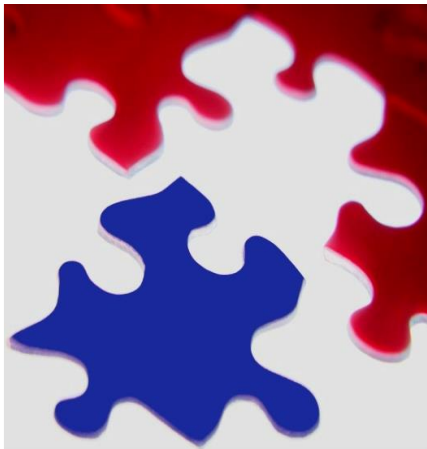
	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



SRI LANKA EXTERNAL SECTOR



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