



Economic Indicators: LKR/USD 133.61 (0.06% WoW)

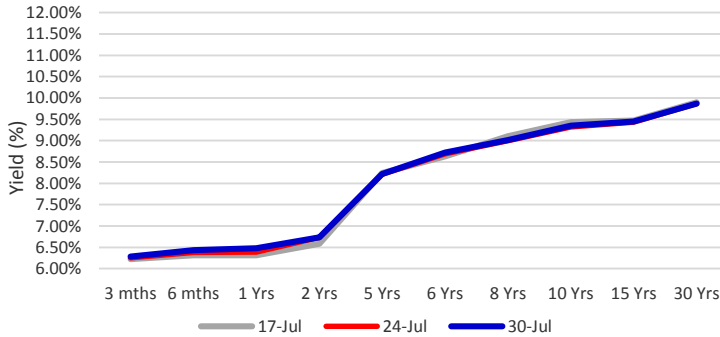
AWPR: 6.98% (0.00%)

AWDR: 6.00% (0.33% MoM)

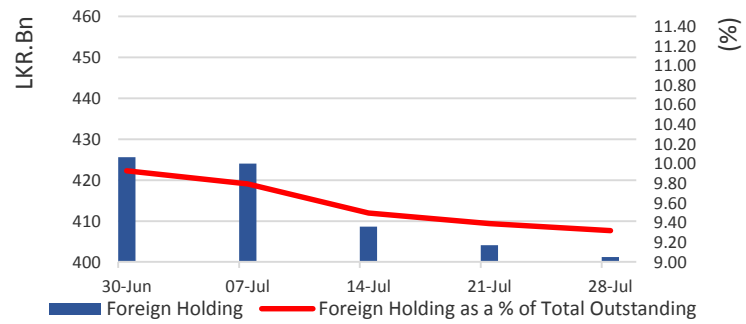
ASPI: 7,332 (0.87% WoW)

S&P SL20: 4,108 (0.88% WoW)

Government Securities movement



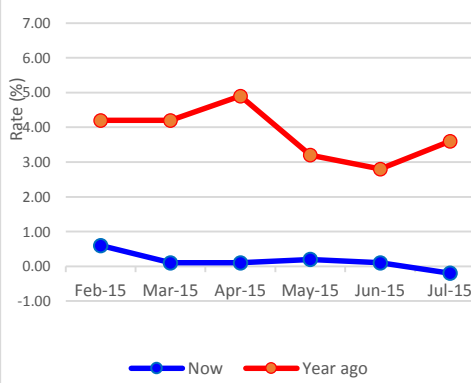
Foreign holding on Government securities



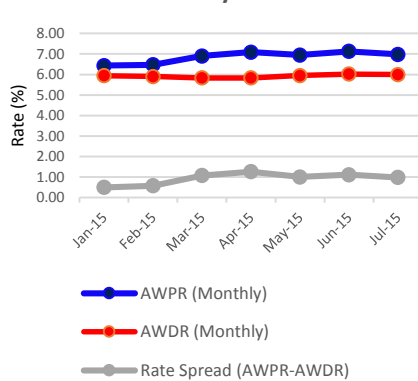
Market	Period	30-Jul	24-Jul	Change %
Primary Market	3 mths	6.28%	6.25%	0.48%
	6 mths	6.43%	6.38%	0.78%
	1 Yr	6.48%	6.39%	1.41%
Secondary Market	2 Yrs	6.73%	6.73%	0.00%
	5 Yrs	8.22%	8.21%	0.12%
	6 Yrs	8.72%	8.69%	0.35%
	8 Yrs	9.01%	9.00%	0.11%
	10 Yrs	9.35%	9.32%	0.32%
	15 Yrs	9.45%	9.43%	0.21%
	30 Yrs	9.87%	9.87%	0.00%

- Average Weighted Prime Lending Rate (AWPR): 6.98%. It has not changed compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.00% (Jul), 6.02% (Jun).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.21% (Jul) and 7.29% (Jun).
- SLIBOR Rates : 6.13% (1Day), 6.30%(7Days), 6.59%(1Month), 6.80%(3Months), 7.09%(6Months), 7.42%(1Yr).
- Inflation (Annual average change): 1.3% (Jul) and 1.7% (Jun).

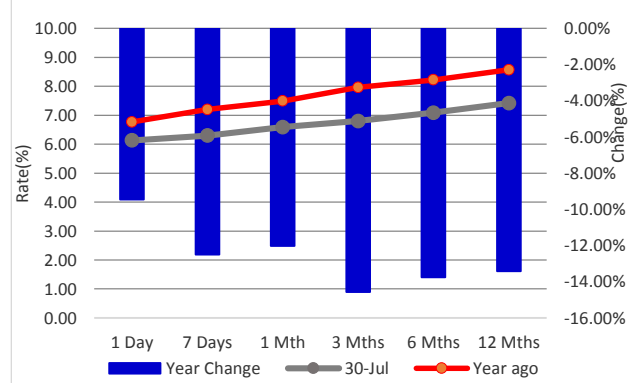
Inflation



Policy Rates



Sri Lanka Interbank Offer rates

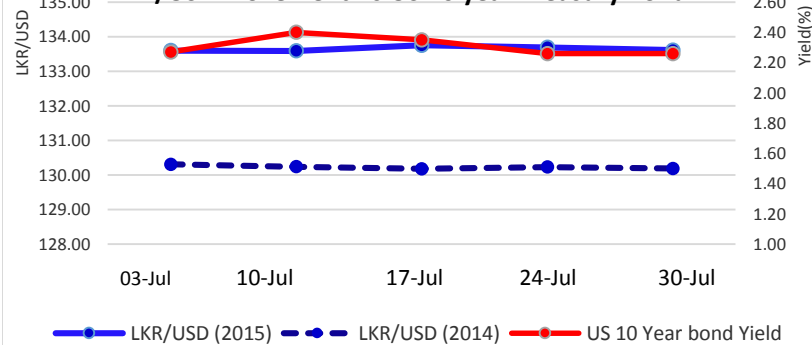


LKR EXCHANGE RATE MOVEMENT

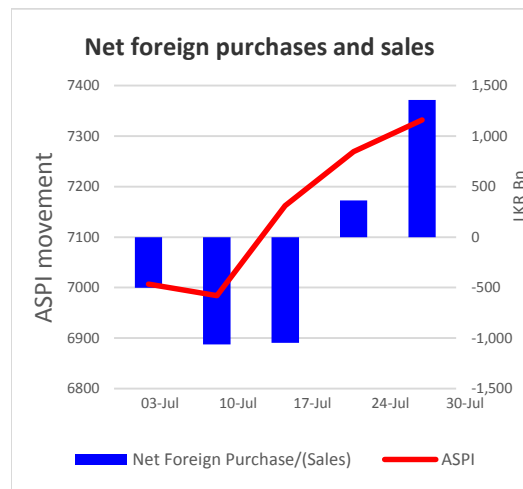
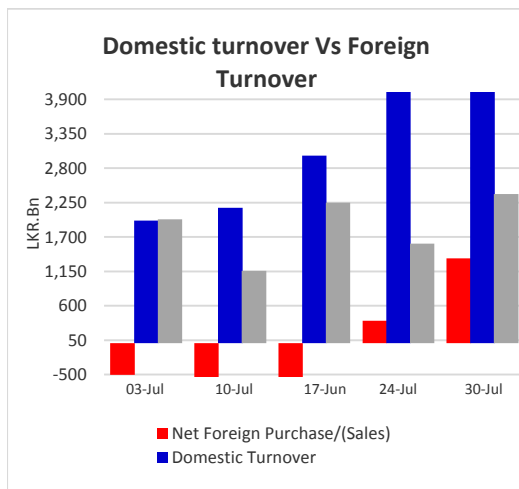
- LKR appreciated over the week by 0.06% against USD from LKR/USD 133.69 to 133.61.
- One month forward rate of LKR/USD is 134.22 (Last week 134.33), three month forward rate is 135.27 (Last week 135.46)

	03-Jul	10-Jul	17-Jul	24-Jul	30-Jul
INR 2015	2.11	2.11	2.11	2.09	2.09
INR 2014	2.19	2.18	2.17	2.17	2.17
RM 2015	35.32	35.31	35.13	35.12	35.03
RM 2014	40.63	41.06	40.88	41.12	40.97

LKR/USD movement Vs US 10 year Treasury Bond



- All Share Price Index: 7,332 points as at 30th July 2015.
- S&P 20: 4,108 points as at 30th July 2015.
- ASPI increased by 63 points WoW which is 0.87%.
- S&P 20 increased WoW by 36 points, reflecting a 0.88% positive variation.
- Net Foreign inflow: LKR. 1,357Mn.
- Last week recorded a Net foreign inflow LKR. 362Mn.
- Market capitalization: LKR.3,115Bn which is 0.84% increase compared to last week.
- Market PE: PE recorded as 18.98 in this week and it has increased by 0.90% from the last week.



LOCAL NEWS

Sri Lanka posted its first fall in consumer prices in July due to lower electricity, kerosene and transportation costs. The Department of Census and Statistics said on 30th July consumer prices in July fell 0.2% from a year earlier, the first time prices have been negative since March 1995. June inflation had hit a new low of 0.1%. "The main contributor for this decline was the major decrease in non-food prices," the department said. The Central Bank has estimated year-end annual inflation at 3%. Annual average inflation, measured on a 12-month moving average basis, eased to a fresh low of 1.3% from the previous low of 1.7% hit in June.

(Source: Reuters - 31.07.2015)

Mitsui Sumitomo Insurance Co Ltd. (MSI), the largest insurance company in Japan, bought 1.2 million shares amounting to 6% of CIESOT on 29th July, the employee share ownership trust of Ceylinco Insurance PLC. The shares were sold at Rs. 1,602 per share and the total transaction amounted to Rs. 1.92 billion (JPY 1.7 billion). MSI is considered as the largest insurance company in Asia and holds an A+ rating. Further, the Ceylinco Insurance maintained a strong business relationship with MSI for over 20 years fostering mutual trust and that Ceylinco Insurance will be able to offer an exemplary service with very competitive pricing particularly to the Japanese investors and projects here in Sri Lanka as well as others.

(Source: Daily FT - 30.07.2015)

Glass bottle and container manufacturer Piramal Glass Ceylon PLC posted a net profit of Rs. 146.8Mn for the 3 months ended June 30 (1Q16), up 70 percent year-on-year (YoY) drawing on the increased domestic food and beverage consumption. The handouts in the January Interim Budget increased the demand for the fast moving consumer goods sector and Piramal capitalized on the local market, at the expense of achieving the full export potential. Revenue increased 23 percent YoY to Rs. 1.52Bn. The domestic receipts increased 24 percent YoY to 1.23 billion, while export income too grew 15 percent YoY to Rs. 290Mn.

(Source: Daily Mirror- 30.07.2015)

GLOBAL NEWS

Idemitsu Kosan Co.'s agreement to purchase most of Royal Dutch Shell Plc's stake in Showa Shell Sekiyu KK and pursue a full merger may signal broader consolidation as Japan's refiners confront declining demand. Idemitsu Kosan on Thursday (30th July) said it will pay about 169 billion yen (\$1.36 billion) for a 33.24 percent stake in Showa Shell. A full combination of the two would create a company with about a third of the domestic gasoline market, putting it on par with JX Holdings Inc., the country's largest refiner. Oil demand in Japan has been declining as the nation's population shrinks and as a shift to more energy-efficient cars prompts refiners to lower output.

(Source: Bloomberg- 31.07.2015)

U.S. labour costs in the second quarter recorded their smallest increase in 33 years as workers earned less in commissions and bonuses, in what appeared to be a temporary wage growth setback against the backdrop of diminishing labour market slack. The job market is fast approaching full employment. The Employment Cost Index, the broadest measure of labour costs, edged up 0.2 percent in the second quarter, the Labour Department said. That was the smallest gain since the series started in the second quarter of 1982 and followed a 0.7 percent rise in the first quarter. Commissions and bonuses helped lift worker compensation at the start of the year.

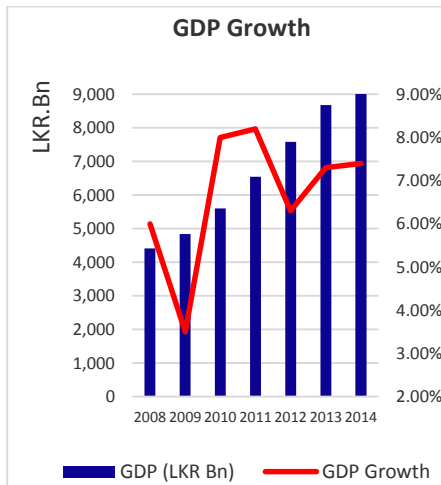
(Source: Reuters - 31.07.2015)

China's Bohai Leasing Co Ltd 000415.SZ has offered to buy Irish rival Avolon (AVOL.N) for \$2.55 billion, a 55 percent premium over its December initial public offering, the Irish firm said on 31st July. Avolon said it was considering Bohai's \$31 per share offer and a rival \$30 per share bid from an unidentified bidder was in contact with both parties. Shares in U.S.-listed Avolon opened up 20 percent on 31st July at \$29.8, before falling back to \$28, compared to a price of \$20 when it listed in December. Bohai, a unit of aviation and shipping conglomerate HNA Group, earlier this month offered to buy 20 percent of Avolon for \$429 million at \$26 per share, an offer that is now being put to shareholders. But it offered to buy the whole company when it was informed of the third party bid.

(Source: Reuters- 31.07.2015)

GDP and Economy

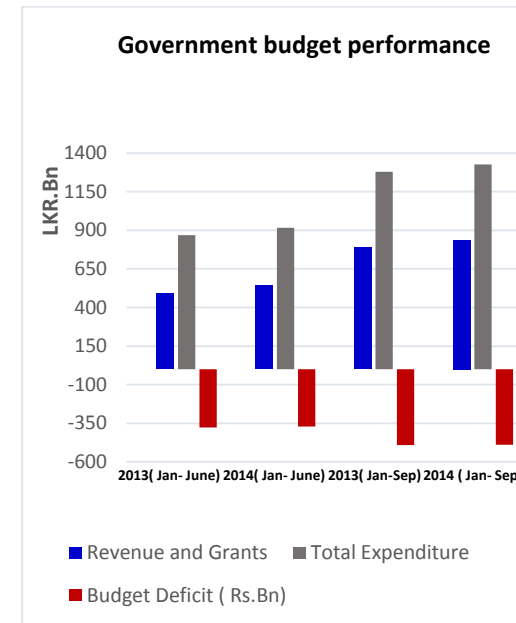
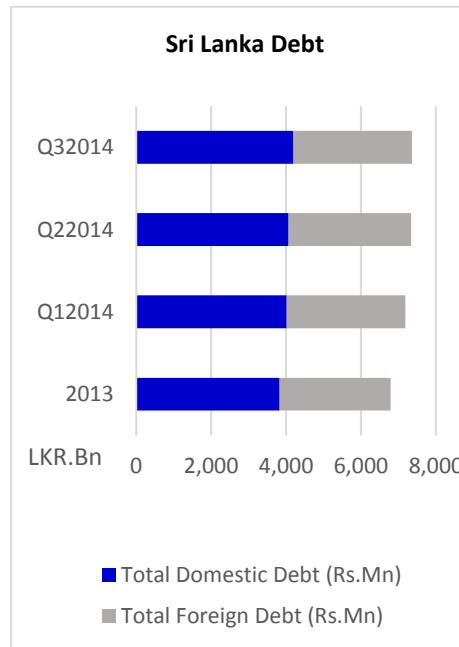
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 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.



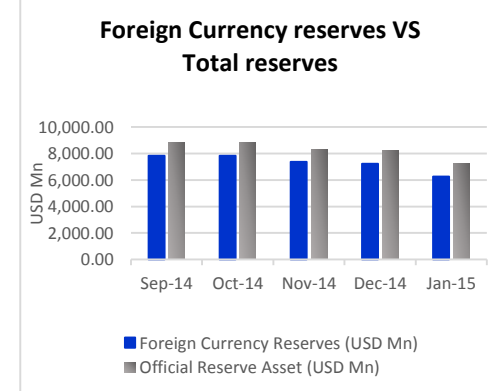
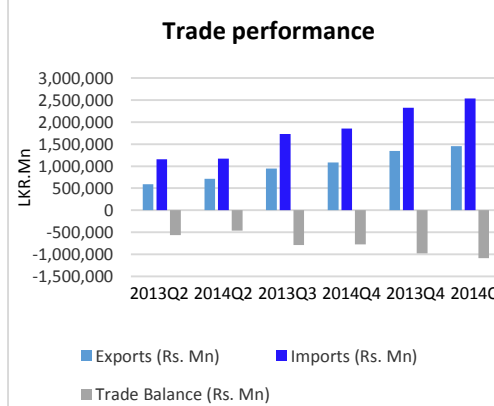
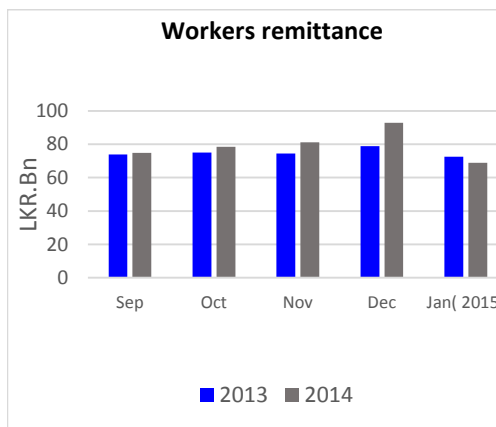
SRI LANKA FISCAL PERFORMANCE

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.

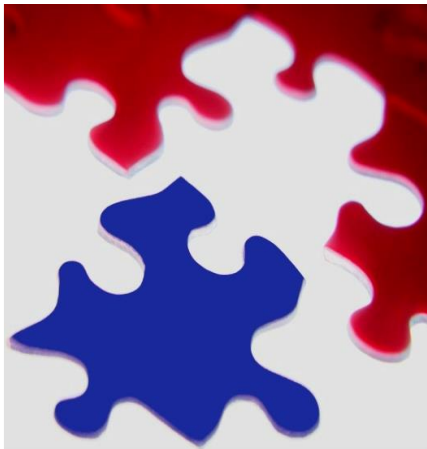
	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



SRI LANKA EXTERNAL SECTOR



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