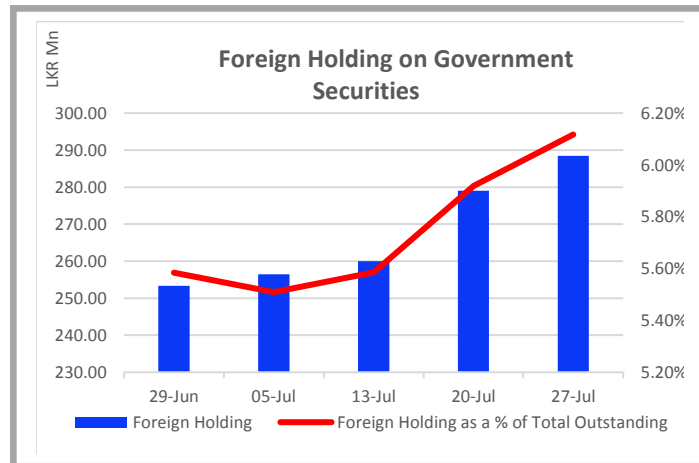
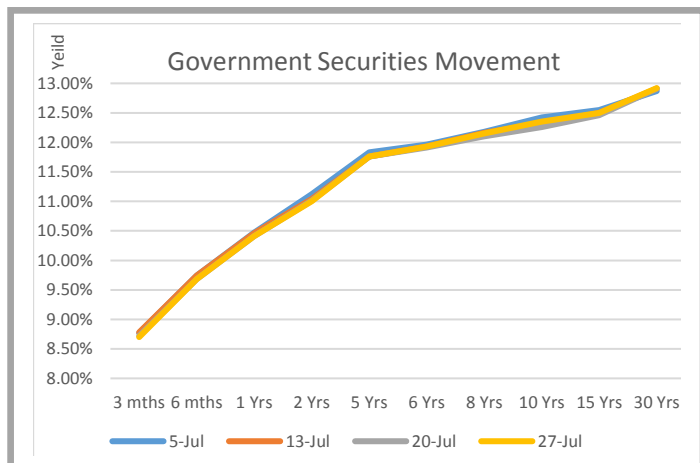
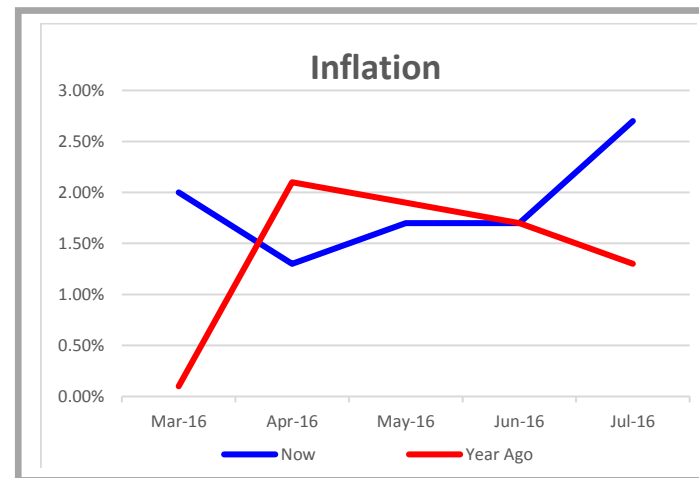
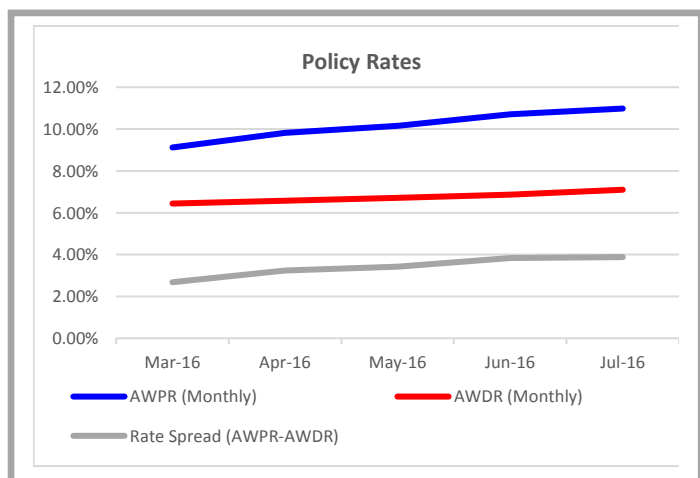


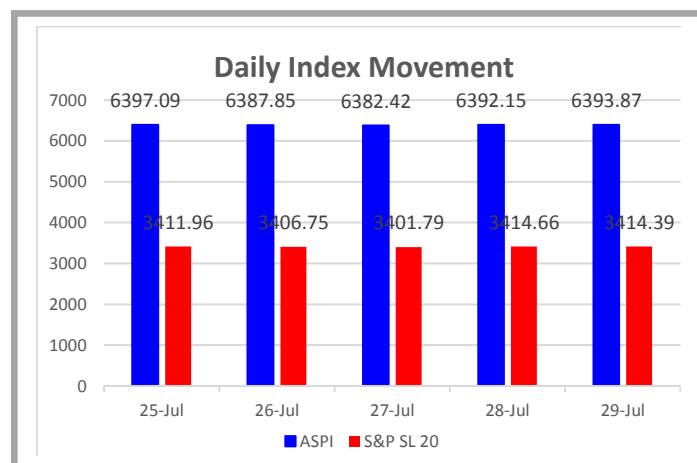
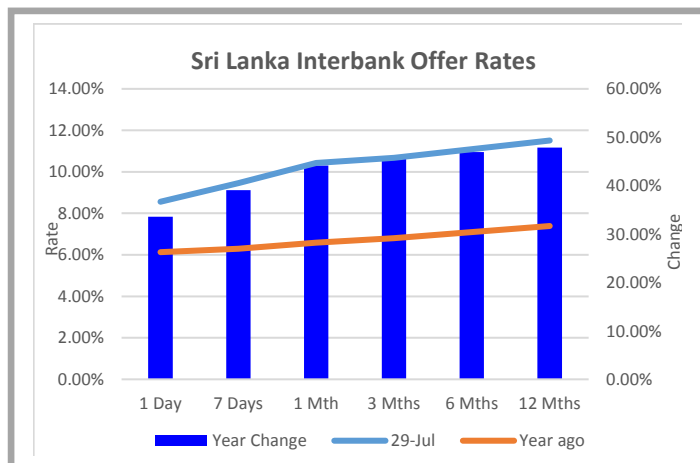
Economic Indicators: LKR/USD 145.86 (0.13% WoW) AWPR: 10.98% (0.02% WoW) AWDR: 7.10% (3.35% MoM) ASPI: 6,394 (0.54% WoW) S&P SL20: 3,414 (0.41% WoW)



Market	Period	27-Jul	20-Jul	Change %
Secondary Market	3 months	8.70%	8.72%	-0.23%
	6 months	9.68%	9.68%	0.00%
	1 Year	10.41%	10.41%	0.00%
	2 Years	11.00%	11.01%	-0.09%
	5 Years	11.76%	11.76%	0.00%
	6 Years	11.93%	11.91%	0.17%
	8 Years	12.15%	12.10%	0.41%
	10 Years	12.35%	12.26%	0.73%
	15 Years	12.50%	12.46%	0.32%
30 Years	12.92%	12.91%	0.08%	

- Average Weighted Prime Lending Rate (AWPR): 10.98%. It has increased by 02 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 7.10% (July), 6.87% (June).
- Average Weighted Fixed Deposit Rate (AWFDR): 8.99% (July) and 8.64 % (June).
- SLIBOR Rates: 8.56% (1Day), 9.45% (7Days), 10.43% (1Month), 10.67% (3Months), 11.09% (6Months), 11.51% (1Yr).
- Inflation (Annual average change): 2.7% (July) and 2.2% (June).

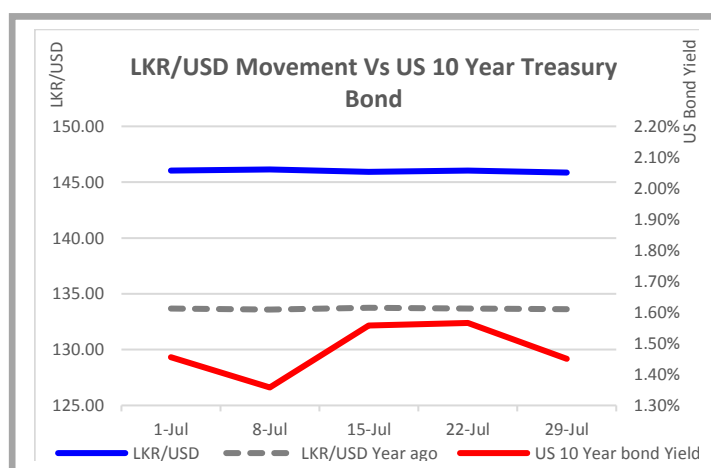




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.13% against USD from LKR/USD 146.05 to 145.86.
- One month forward rate of LKR/USD is 146.79 (Last week 146.29).
- Three months forward rate of LKR/USD is 148.29 (Last week 148.40).

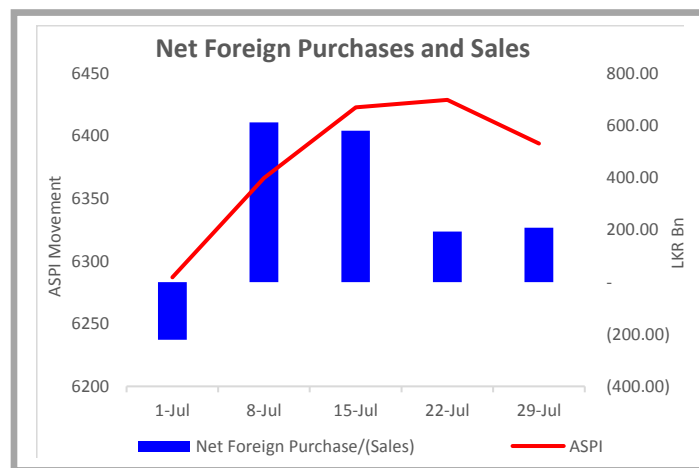
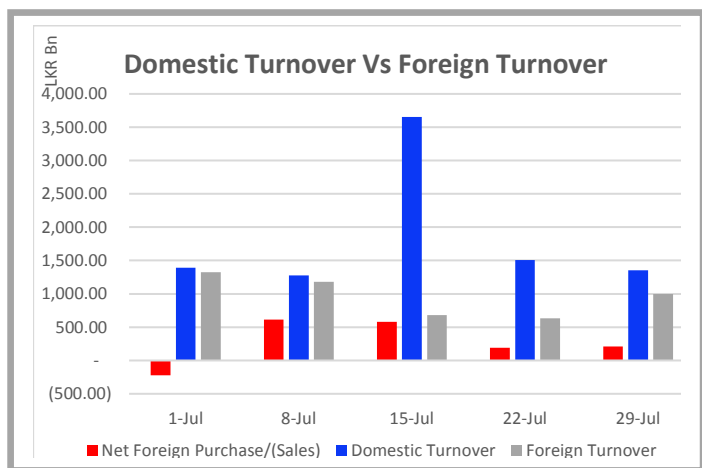
	01-July	08-July	15-July	22-July	29-July
INR 16	2.15	2.15	2.17	2.17	2.17
INR 15	2.10	2.10	2.11	2.10	2.09
RM 16	36.41	35.94	36.77	35.89	35.94
RM 15	35.46	35.10	35.18	35.23	35.03



Colombo Stock Exchange

- All Share Price Index: 6,393.87 points as at 29th July 2016.
- S&P 20: 3,414.39 points as at 29th July 2016.
- ASPI decreased by 34.90 points WoW which is 0.54%.
- S&P 20 decreased WoW by 14.19 points, reflecting a 0.41% positive variation.
- Net Foreign Inflow: LKR. 207.81 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 193.18 Mn.
- Market capitalization: LKR. 2724.76 Bn which is 0.54% decreased compared to last week.
- Market PE: PE recorded as 13.10 in this week and it has decreased by 0.83% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
TRADING	15,565.82	15,184.82	2.51%
INVESTMENT TRUSTS	14,908.40	14,744.76	1.11%
MOTORS	16,731.26	16,555.85	1.06%
MANUFACTURING	4,281.21	4,253.50	0.65%
INFORMATION TECHNOLOGY	46.13	46.13	0.00%
Top Losers			
TELECOMMUNICATIONS	173.44	178.89	-3.05%
PLANTATIONS	663.59	674.37	-1.60%
SERVICES	19,437.49	19,706.81	-1.37%
OIL PALMS	72,144.36	73,137.67	-1.36%
BEVERAGE FOOD AND TOBACCO	21,893.14	22,187.28	-1.33%



Local News

Sri Lanka's 50 basis point rate hike on Thursday was partly due to fiscal slippage arising from a delay in hiking the value added tax, Governor Indrajit Coomaraswamy said. Sri Lanka budgeted for a two percentage points of GDP reduction in the budget deficit this year, but delays to a VAT increase may affect that target, he said. "Fiscal performance was very good, but the delays that have been caused by some of the court cases related to the VAT adjustments means there will be some disruption to revenue collection," Coomaraswamy said. The government is expected to get Parliamentary approval for a VAT increase on 11 August, after initially expecting this on July 23rd. "When there is a slippage in fiscal policy, clearly monetary policy has to lean against it," he said.

(Source: <http://www.lankabusinessonline.com> - 29.07.2016)

Sri Lanka's government confirmed that the Japanese government will fund the islands proposed Light Rail Transit (LRT), ending a debate on monorail vs. LRT following the conclusion of a high level delegation visit from Japan. "The delegation, led by Hirofumi Katase the Vice Minister for Economy, Trade and Industry of the Government of Japan confirmed their government's willingness to finance Sri Lanka's landmark project on deeply concessional terms," a statement from the Ministry of Megapolis and Western Region development said. "The two governments have agreed to expedite the detailed technical feasibility in order to initiate the physical implementation of the LRT as soon as possible."

Source: <http://www.lankabusinessonline.com> - 29.07.2016)

"Apart from the Chinese Free Trade Agreement, Chinese officials are also in discussions with the Sri Lankan Government to secure 15,000 acres of land for a special investment zone. One million jobs we hope will be created here," Malik Samarawickrama, Minister of Development Strategies and International Trade said. "The Sri Lankan Government is currently assessing potential land for the venture and we are thinking of land allocation up to Monaragala and even Embilipitiya for this as well." The Chinese FTA will focus on apparel, tea, gems and jewellery, rubber, coconuts and spices as key industries, with plans to include a priority tariff line for competitive Sri Lankan products that would go into immediate effect on signing of the agreement.

(Source: <http://www.lankabusinessonline.com> - 26.07.2016)

Foreign News

The European Commission's Economic Sentiment Survey showed that the euro area remained resilient in the wake of Britain's June 23 decision to leave the EU. The Economic Sentiment Indicator rose 0.2 points to 104.6 in July, the survey released Thursday showed. A drop in the consumer confidence indicator was offset by increases in the industry, retail trade and construction sectors, the Commission's data showed. Confidence in services remained broadly flat. In a separate statement, the Commission reported that its Business Climate Indicator for the euro area also ticked up by 0.17 points to +0.39. The releases add to evidence that, at least for now, the euro area's economy is weathering the Brexit vote well.

(Source: <https://www.marketnews.com> - 28.07.2016)

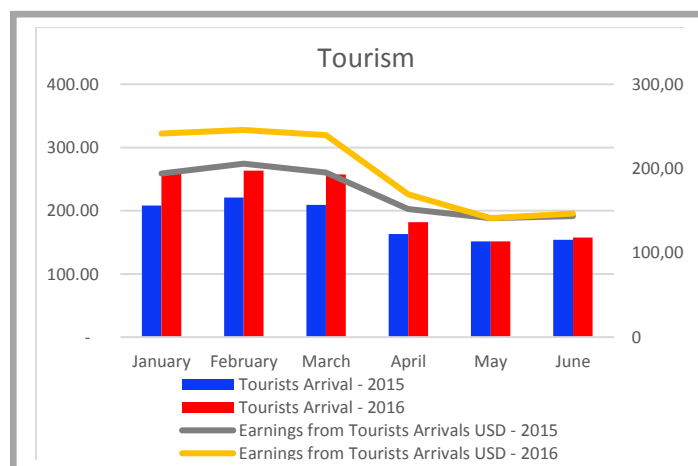
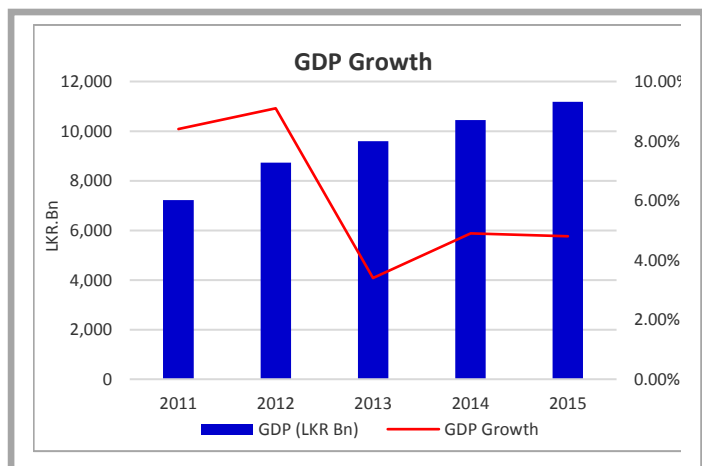
South Korea plans to sell 6.75 trillion won (US\$6 billion) worth of state bonds next month, the finance ministry said Thursday. The government will issue 1.65 trillion won worth of bonds with a maturity of three years and 1.45 trillion won worth of five-year bonds. It also plans to sell 1.85 trillion won worth of 10-year bonds and a combined 1.8 trillion won with a maturity between 20 and 30 years. The finance ministry said the government will repay state debt worth a combined 500 billion won on Aug. 17, with the detailed schedule to be released on Aug. 11. The ministry added that it sold 8.6 trillion won worth of Treasury in July.

(Source: <http://english.yonhapnews.co.kr> - 28.07.2016)

Six months after the monetary authority intervened to crush short sellers, Bank of America Merrill Lynch, Pacific Investment Management Co. and Societe Generale SA say the PBOC is more likely to guide the currency lower than to prop it up. Despite official pledges of exchange-rate stability last weekend, bears argue that China's leaders are growing more comfortable with yuan weakness after a 3.3% slump since March failed to spark a repeat of January's market turmoil. "If they need to weaken it, they'll weaken it further," said Spajic, the Singapore-based head of portfolio management for emerging Asia at Pimco, which oversees about \$1.5 trillion worldwide. "Going forward, we are very firm believers that the currency will be used as part of the toolkit to ease monetary conditions." (Source: <http://www.bloomberg.com> - 28.07.2016)

GDP and Economy

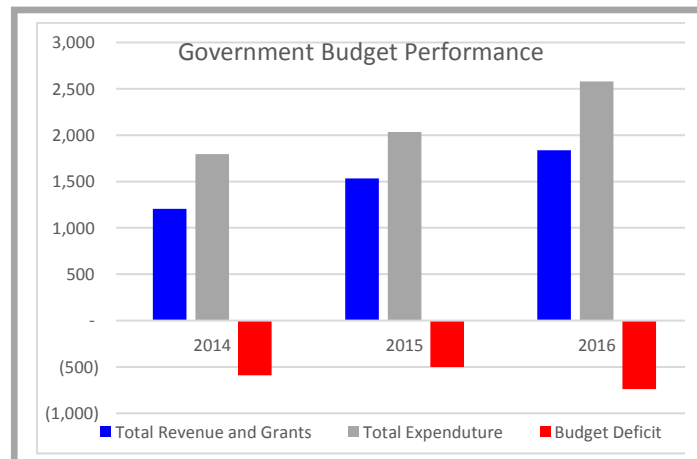
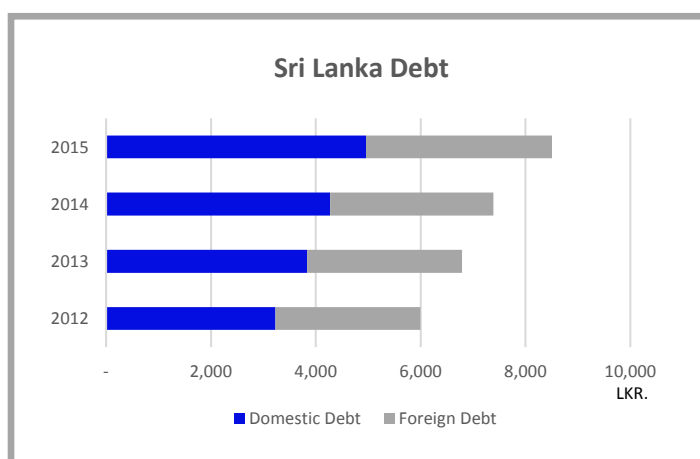
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 676,899Mn, LKR.2,259,223Mn and LKR. 4,881,273Mn respectively.
- Unemployment rate was 4.6% in 2015 compared to 4.3% in the previous year.

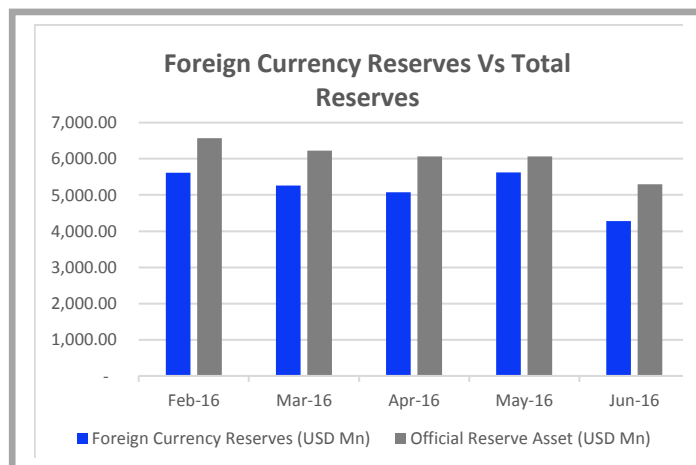
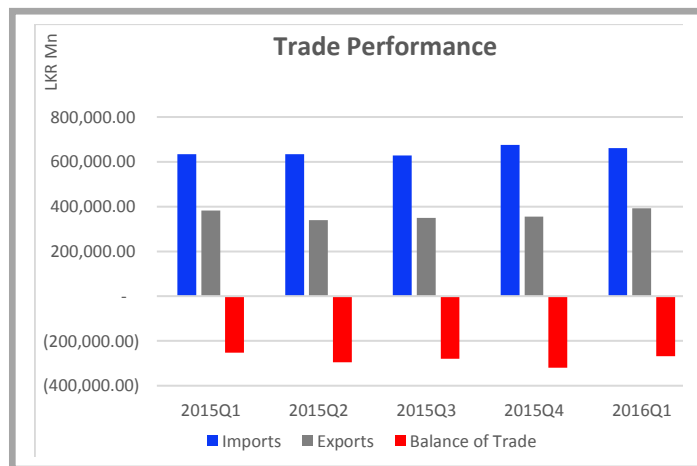
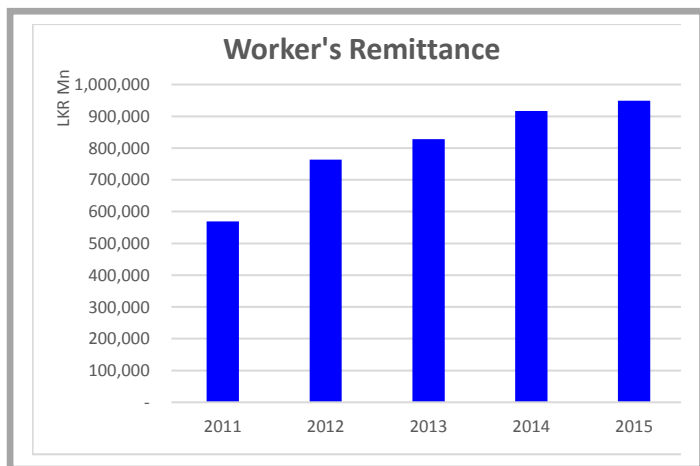


Sri Lanka Fiscal Performance

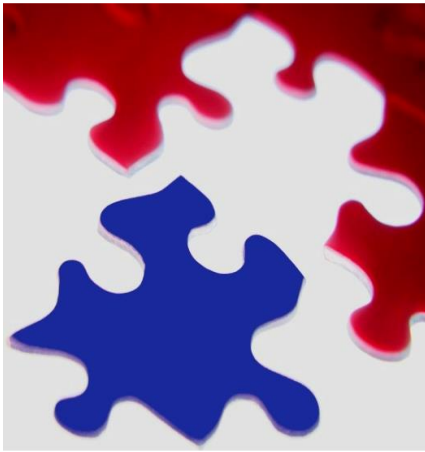
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments to GDP increased to 4.6 percent in 2015 from 4.2 percent in 2014. Although interest payments on domestic sources to GDP increased to 3.5 percent in 2015 from 3.1 percent in 2014, foreign interest payments to GDP declined marginally to 1.0 percent in 2015 from 1.1 percent in 2014.

	2011	2012	2013	2014	2015
Government Debt/GDP (%)	78.5	79.2	78.3	70.7	76
Domestic Debt/ GDP (%)	42.9	42.7	44.2	40.9	44.3
Foreign Debt % of GDP	35.6	36.5	34.1	29.8	31.7
Budget Deficit/GDP (%)	-6.9	-6.5	-5.9	-5.2	-7.4



Sri Lanka External Sector


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2. PORTFOLIO MANAGEMENT
3. CORPORATE RESTRUCTURING

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