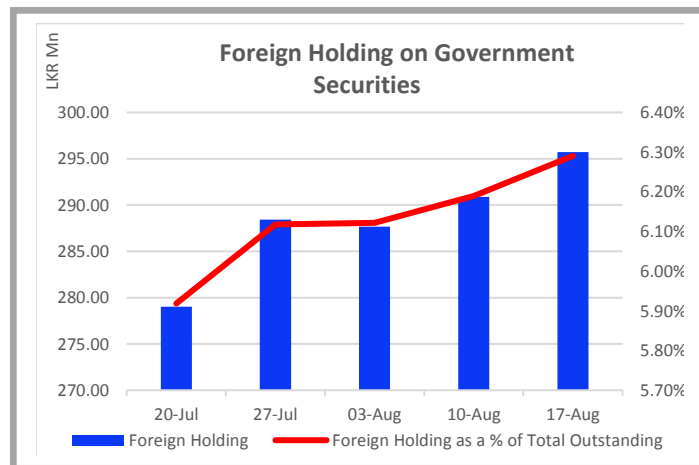
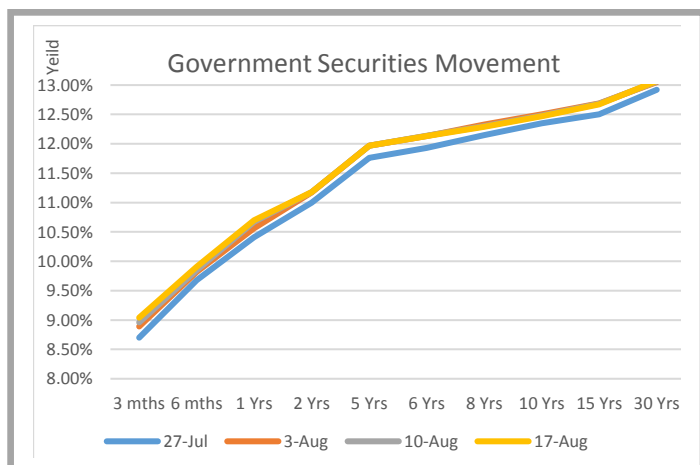
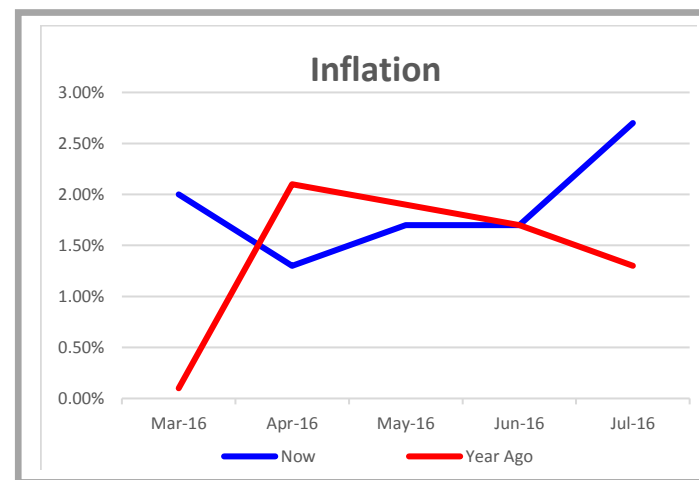
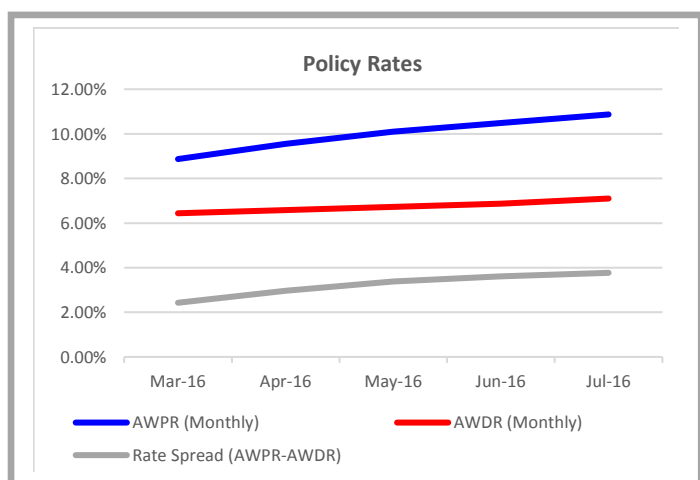


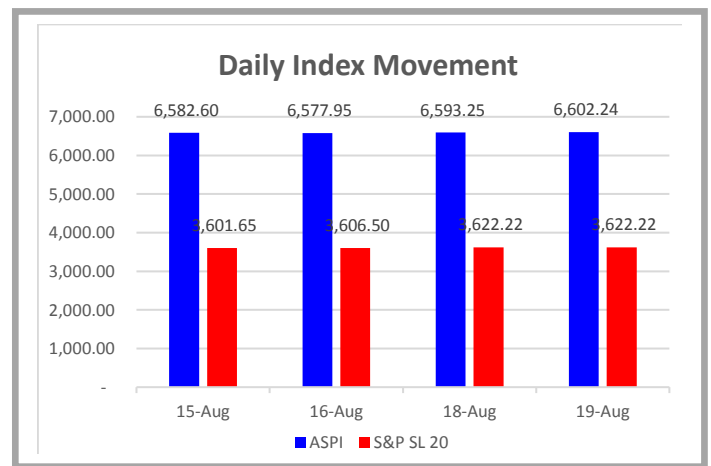
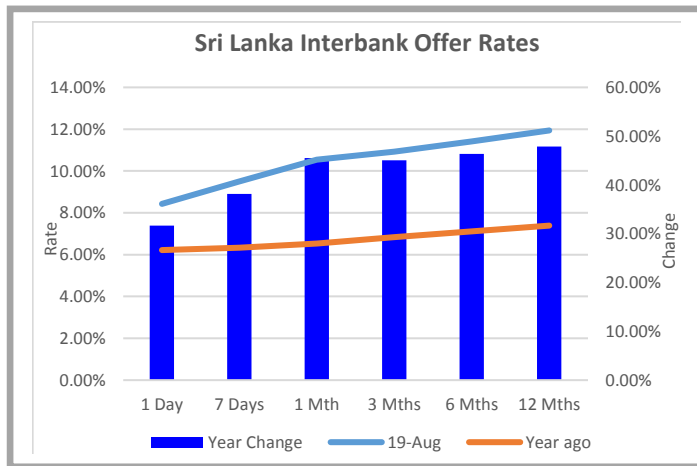
Economic Indicators: LKR/USD 145.28 (0.01% WoW) AWPR: 11.68% (0.51% WoW) AWDR: 7.10% (3.35% MoM) ASPI: 6,602 (1.23% WoW) S&P SL20: 3,632 (1.85% WoW)



Market	Period	17-Aug	10-Aug	Change %
Secondary Market	3 months	9.04%	8.96%	0.89%
	6 months	9.91%	9.85%	0.61%
	1 Year	10.70%	10.67%	0.28%
	2 Years	11.18%	11.18%	0.00%
	5 Years	11.97%	11.97%	0.00%
	6 Years	12.13%	12.14%	-0.08%
	8 Years	12.29%	12.30%	-0.08%
	10 Years	12.47%	12.48%	-0.08%
	15 Years	12.67%	12.68%	-0.08%
	30 Years	13.07%	13.06%	0.08%

- Average Weighted Prime Lending Rate (AWPR): 11.68%. It has declined by 06 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: 8.43% (1Day), 9.50% (7Days), 10.54% (1Month), 10.92% (3Months), 11.42% (6Months), 11.94% (1Yr).
- Inflation (Annual average change): 2.7% (July) and 2.2% (June).

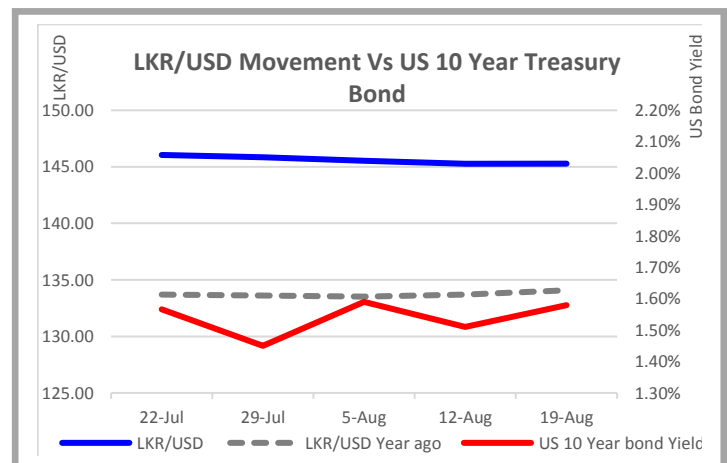




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.18% against USD from LKR/USD 145.27 to 145.28.
- One month forward rate of LKR/USD is 146.39 (Last week 146.52).
- Three months forward rate of LKR/USD is 148.15 (Last week 148.31).

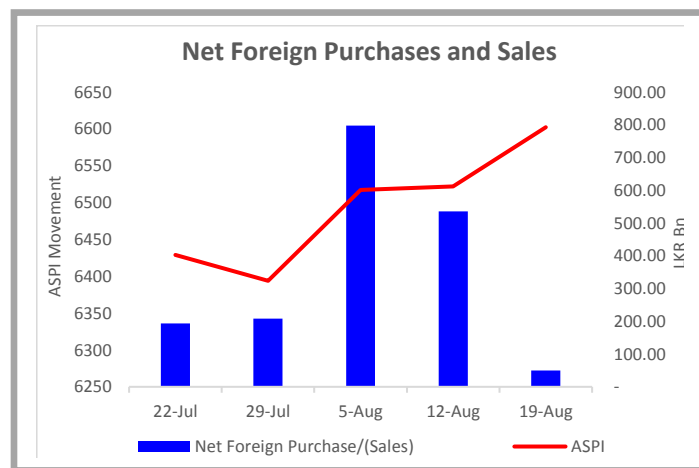
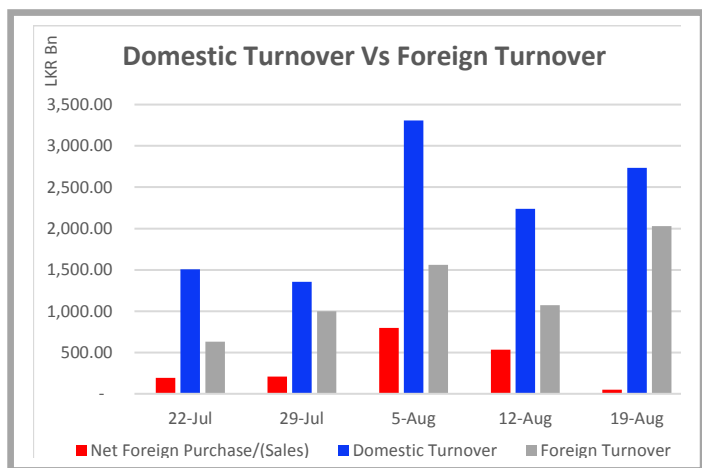
	22-July	29-July	05-Aug	12-Aug	19-Aug
INR 16	2.17	2.17	2.18	2.18	2.18
INR 15	2.10	2.09	2.09	2.08	2.04
RM 16	35.89	35.94	36.06	36.31	36.33
RM 15	35.23	35.03	34.43	33.49	32.77



Colombo Stock Exchange

- All Share Price Index: 6,602.24 points as at 19th August 2016.
- S&P 20: 3,632.86 points as at 19th August 2016.
- ASPI increased by 80.10 points WoW which is 1.23%.
- S&P 20 increased WoW by 66.02 points, reflecting a 1.85% positive variation.
- Net Foreign Inflow: LKR. 49.98 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 535.36 Mn.
- Market capitalization: LKR. 2,814.32 Bn which is 1.26% increase compared to last week.
- Market PE: PE recorded as 13.59 in this week and it has increased by 1.12% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
BEVERAGE FOOD AND TOBACCO	22,536.19	21,724.19	3.74%
TELECOMMUNICATIONS	180.72	174.45	3.59%
CONSTRUCTION AND ENGINEERING	2,671.88	2,588.74	3.21%
POWER AND ENERGY	170.44	165.21	3.17%
FOOTWEAR AND TEXTILES	979.01	962.93	1.67%
Top Losers			
TRADING	16,403.47	16,920.26	-3.05%
STORES AND SUPPLIES	26,852.12	27,289.68	-1.60%
OIL PALMS	71,587.19	72,424.68	-1.16%
MOTORS	16,584.19	16,767.31	-1.09%
PLANTATIONS	654.61	658.87	-0.65%



Local News

The World Bank in keeping pace with global trends has introduced a new procurement framework in South Asia including Sri Lanka to improve development impact and transparency. The new system helps its partner countries that procure goods and services under Bank-financed projects make the best use of their public spending, strengthen their national procurement policies, and improve their development objectives. Unveiling the new framework in Colombo, World Bank Director for governance global practice Robert Hunja said the framework will allow the World Bank to better respond to the needs of its client countries.

(Source: <http://www.lankabusinessonline.com> - 22.08.2016)

Sharp fluctuations in hotel revenues will prevent long term planning and investment in Sri Lanka's hotel sector, especially if minimum rates are abolished, says S. Ukwatte, chairman of Mt. Lavinia Hotel. Tourism Development ministry said last month it plans to abolish the minimum room rates for both luxury and normal rooms imposed on city hotels with effect from 31st March 2017. This was following a recommendation by the Tourism Advisory Council that minimum rates had "now served its purpose." Price competition could increase innovation and service diversification within the industry, according to some analysts. But Ukwatte believes a rate structure is required to support the significant human resources deployed by some hotels and to ensure this investment is sustainable.

(Source: <http://www.lankabusinessonline.com/> - 22.08.2016)

India and Sri Lanka began preliminary official level talks on an Economic and Technical Cooperation Agreement (ETCA) which the two countries hope to sign by year end. The four-member Indian delegation was led by Bhupinder Singh Bhalla, Joint Secretary of the Ministry of Commerce. The talks were held for two days in Colombo. Officials told Express that since this was the very first meeting, the two sides would only explore the broad contours of the ETCA in terms of what areas it should cover and what it should avoid. They will also state their needs and concerns in the light of the changing economic situation and the experience accruing from the India-Sri Lanka Free Trade Agreement (ISLFTA) which has been in existence since 2000.

(Source: <http://www.ft.lk/> - 19.08.2016)

Foreign News

The Chinese mainland, home to the world's biggest e-commerce market, is predicted to overtake the United States in annual retail sales by the end of this year, according to data released on Thursday by New York-based research firm eMarketer. Total retail spending on the mainland is forecast to grow 13.3% to reach US\$4.886 trillion this year, up from US\$4.313 trillion last year, to edge past the estimated US\$4.823 trillion expenditure in the US in the same period, eMarketer said. The milestone for China, which counts a potential 1.4 billion consumers, would come two years earlier than expected. Global professional services firm PwC last year forecast China to become the world's largest retail market overall by 2018, after overtaking the US as the global e-commerce leader in 2013.

(Source: <http://www.scmp.com/> - 19.08.2016)

European Central Bank rate setters agreed not to discuss any policy change at their July meeting and to keep market hopes for more stimulus in check, despite rising risks linked to Britain's vote to leave the European Union, minutes showed on Thursday. The Bank's rate setters highlighted that the main consequences of a Brexit would be political, and called on EU policy makers to tackle the uncertainty surrounding Britain's negotiations to leave the EU, which have not even started. "A strong call was made for European policymakers to contain political uncertainty surrounding the UK exit negotiations and to provide a clear vision for the future path of the European Union and its integration process," the ECB said.

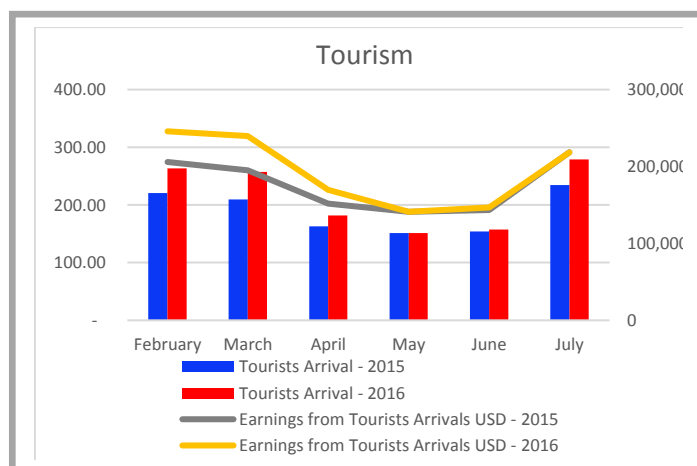
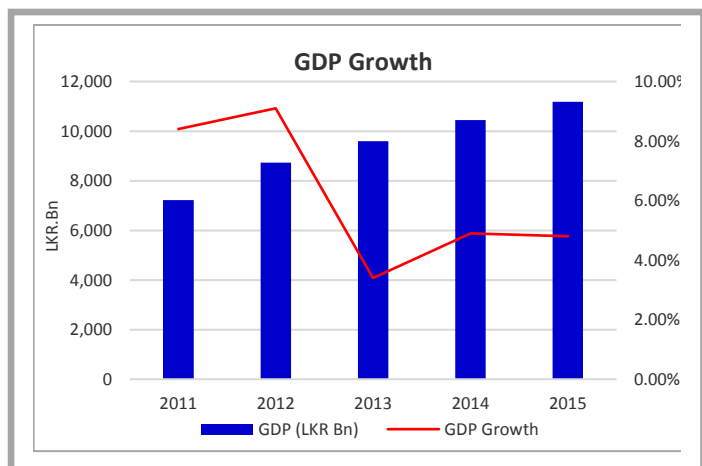
(Source: <http://www.reuters.com/> - 18.08.2016)

Global rating agency Moody's Investors Service on Sunday said it could consider India for a rating upgrade if the government is successful in introducing more growth enhancing economic and institutional reforms. Policies like relaxation of thresholds for FDI and a change in the monetary policy framework that fosters credibility will contribute to more stable economic environment, said Marie Diron, Senior VP (Sovereign Risk Group) Moody's Investors Service. "Evidence that India's policymakers are likely to be successful in their efforts to introduce growth-enhancing and growth-stabilising economic and institutional reforms would lead to the rating being considered for an upgrade," Diron told.

(Source: <http://www.business-standard.com/> - 18.08.2016)

GDP and Economy

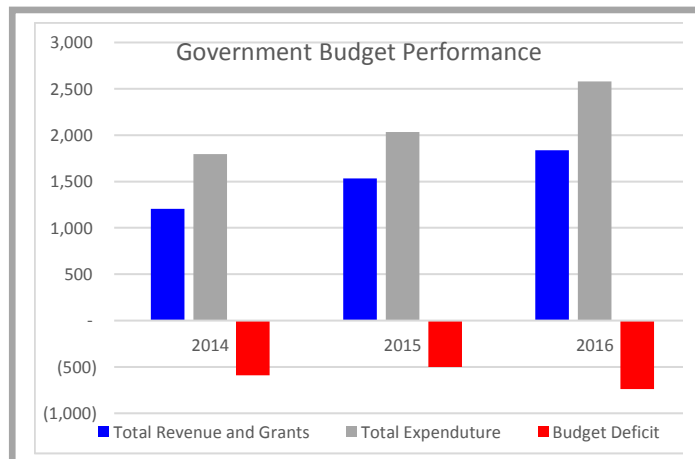
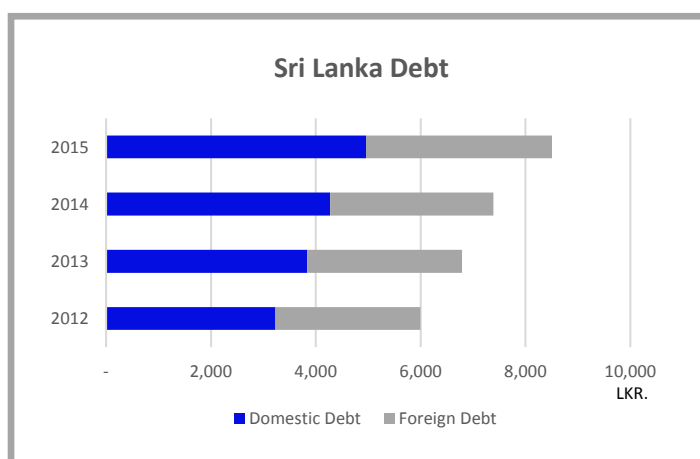
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 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.

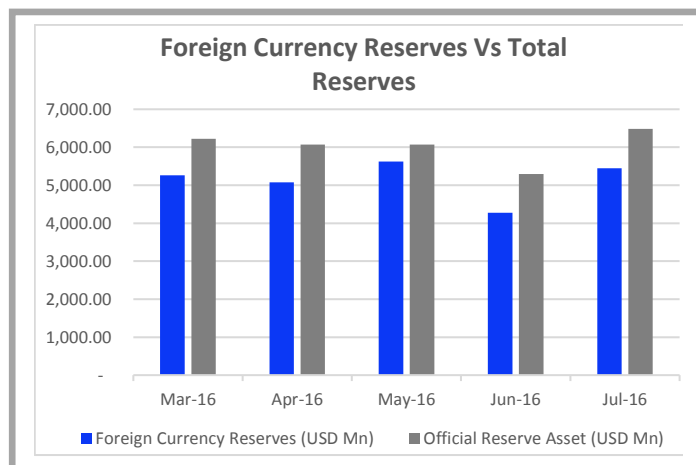
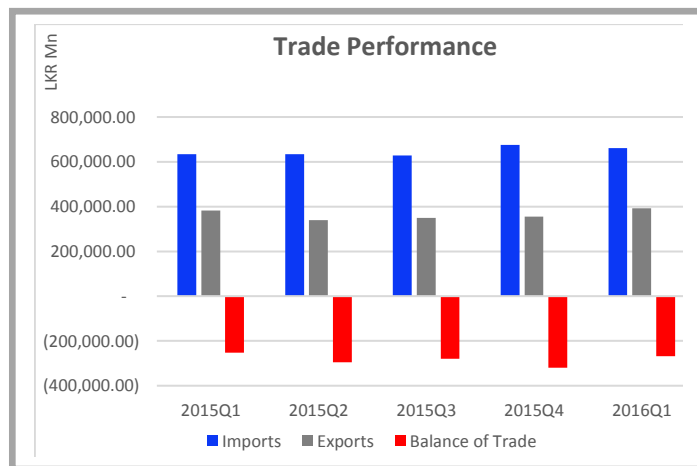
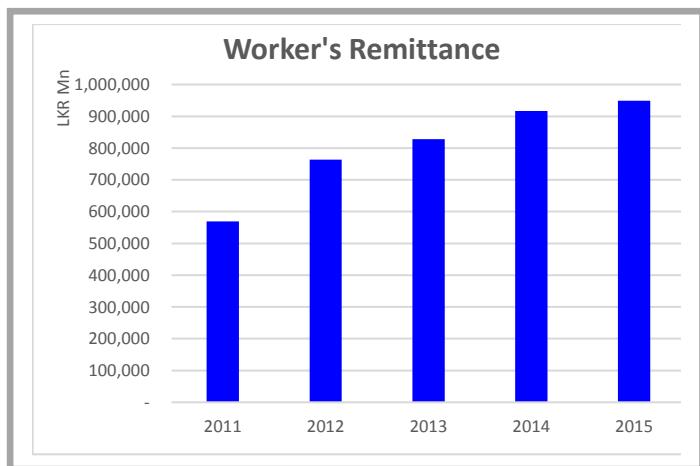


Sri Lanka Fiscal Performance

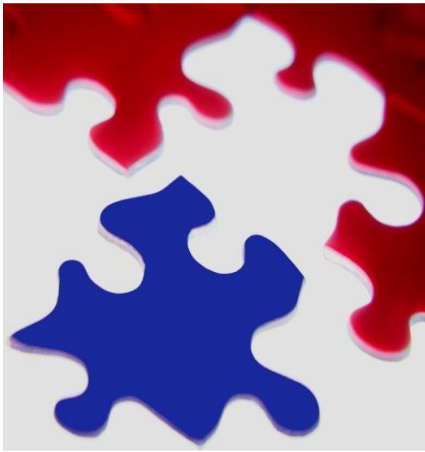
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments 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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