



Media Release

July 18, 2017

Colombo:

Stock Market breaks through with strong showing in 2017 first half

- ASPI up by 8.23% and S&P SL 20 up by 11.03% in 2017
- Foreign Purchases in 2016 first half doubled in 2017, an all-time high for foreign purchases in the first half of a calendar year
- Year-to-date net foreign inflow of 23 Billion (Rs. 36 Billion including primary and secondary market)
- 24 consecutive weeks of net foreign inflows from the first week of February onwards

The Colombo Stock Exchange (CSE) has recorded a noteworthy turnaround in the first half of 2017, having started the year on the back of a slow-moving 2016. The Benchmark All Share Price Index (ASPI) has made consistent gains to record an 8.23% gain year-to-date, and as of 17th July stands at 6,741.07. The S&P SL 20 index, which features the CSE's 20 largest and most liquid stocks has also improved consistently, making a 11.03% gain in 2017 (year-to-date) and closing at 3,882.14 points as of 17th July. The growth of the indices in 2017 reflects a reversal of the declining trend from a 9.66% and 5.54% decline in the Benchmark ASPI index in 2016 and 2015 respectively.

Overall trading activity has also improved in 2017, with the Daily Average Turnover recorded for 2017 (year-to-date) marking an improvement to Rs. 911 Million from Rs.737 Million in 2016.

Spurred by Foreign Activity

The market in 2017 has garnered a keen interest among foreign investors, with net foreign inflows for 24 consecutive weeks recorded from the first week of February onwards. In another remarkable development, the foreign purchases figure recorded for the first half of 2016 (January – June) amounting to Rs. 31.5 Billion has doubled during the first half of 2017 to Rs. 62.6 Billion - an all-time high for foreign purchases in the first half of a calendar year.

2017 so far, has marked a net foreign inflow of Rs. 23 Billion, an improvement compared to previous years, which recorded an inflow of Rs. 383.5 Million in 2016 and an outflow of Rs. 5.3 Billion in 2015. The year 2012 holds the record for the highest ever net foreign inflow recorded in a calendar year, where net foreign inflows of Rs. 23.2 Billion after the first six months went on to improve to a record Rs. 38.6 Billion by the end of 2012.

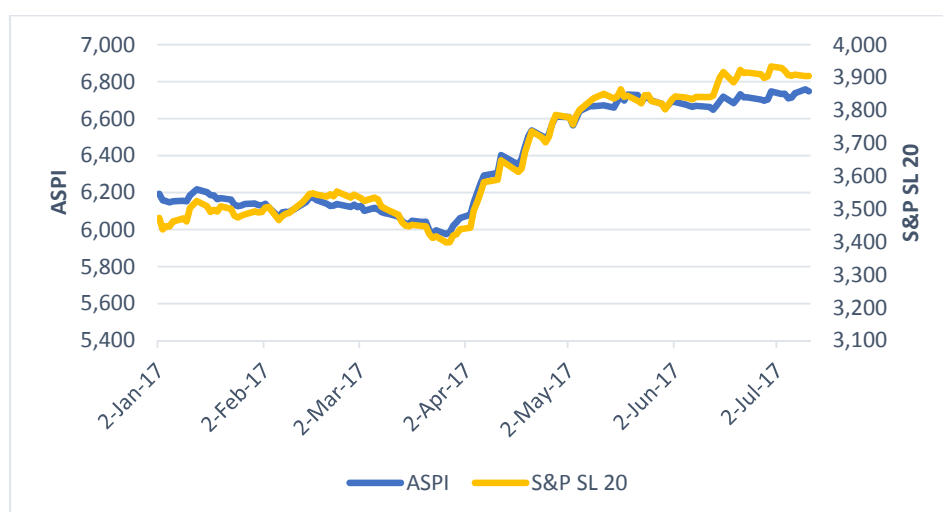
The Central Bank of Sri Lanka, in a recent release on the external sector performance has acknowledged that the financial account of the Balance of Payments was supported by continued foreign inflows to the CSE and the government securities market in April 2017.

Where do Foreign Investors stand in terms of the larger picture?

Foreign investor contribution to total turnover in 2017 stands at 47%, an improvement in comparison with 42% in 2016 and 34% in 2015 and having crossed the 50% mark for the first time since 2008 in April this year. An attractive market valuation (P/E) compared to regional peers, growing corporate earnings among listed entities and a strong performance of the ASPI compared to leading indices are defining factors in attracting foreign investments to the Sri Lankan capital market.

Commenting on the development, CSE CEO Mr. Rajeeva Bandaranaike stated “Growth in foreign activity is certainly encouraging and goes on to indicate that foreign investors have identified an opportunity in the Sri Lankan stock market. Such interest is an expression of confidence in the future potential and growth of our market and makes a strong case for improved involvement among local institutional and retail investors.”

Graphical Illustration of Year-to-date performance of ASPI and S&P SL 20 Indices



January - June Foreign Activity Comparison 2008 – 2017

Jan - Jun	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Foreign Purchases	51.9	15.9	42.6	31.2	38.3	53.4	43.3	36.8	31.5	62.6
Foreign Sales	47.1	16.4	59.6	38.6	15.1	38.3	37.6	35.3	37.8	41.1
Net	4.7	-0.5	-16.9	-7.4	23.2	15.1	5.7	1.5	-6.3	21.5

About CSE

The Colombo Stock Exchange (CSE) operates the only stock market in Sri Lanka and is responsible for providing a transparent and regulated environment where companies and investors can come together. The CSE is a company that is limited by guarantee established under the Laws of Sri Lanka.

The CSE is licensed by the Securities and Exchange Commission of Sri Lanka (SEC) and is a mutual exchange consisting of 15 Members and 19 Trading Members. All Members and Trading Members are licensed by the SEC to operate as Stockbrokers. For more information, please visit: www.cse.lk.

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