

## ASPI Recovers from 3-Month Low... Central Bank

### Holds Rates Steady in November

ASPI  $\uparrow$  0.16% | S&P SL20  $\uparrow$  1.01%

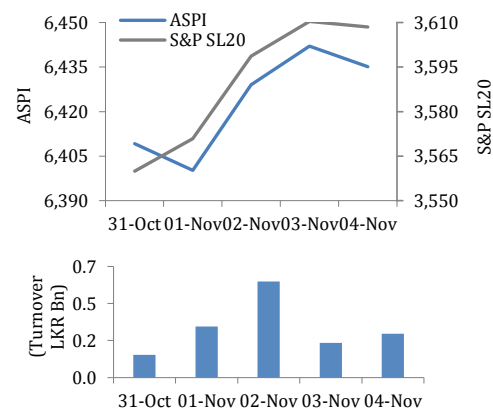
The Bourse took a turn and ended in the... [Cont. P2](#)

Foreign investors closed the week in a net... [Cont. P3](#)

The benchmark index reversed ... [Cont. P4](#)

Economic Snapshot..... [P5](#)

### Indices vs. Turnover (31<sup>st</sup> Oct – 04<sup>th</sup> Oct)



### KEY STATISTICS

Week ending	04 <sup>th</sup> November	28 <sup>th</sup> October	+/-
ASPI	6,435.17	6,424.85	0.16%
S&P SL20	3,608.55	3,572.36	1.01%
Banking & Finance	16,329.63	16,220.43	0.67%
Food & Beverage	20,956.49	21,014.28	-0.28%
Diversified	1,650.48	1,645.73	0.29%
Hotel & Travel	3,109.21	3,107.73	0.05%
Plantations	638.02	645.14	-1.10%
Manufacturing5	4,535.40	4,518.79	0.37%
Turnover (LKR Bn)	1.56	1.24	25.83%
Foreign Buying (LKR Mn)	767.21	320.54	139.35%
Foreign Selling (LKR Mn)	233.01	236.25	-1.37%
Daily Average Turnover (LKR Bn)	0.31	0.25	25.83%
Daily Average Foreign Buying (LKR Mn)	153.44	64.11	139.35%
Daily Average Foreign Selling (LKR Mn)	46.60	47.25	-1.37%

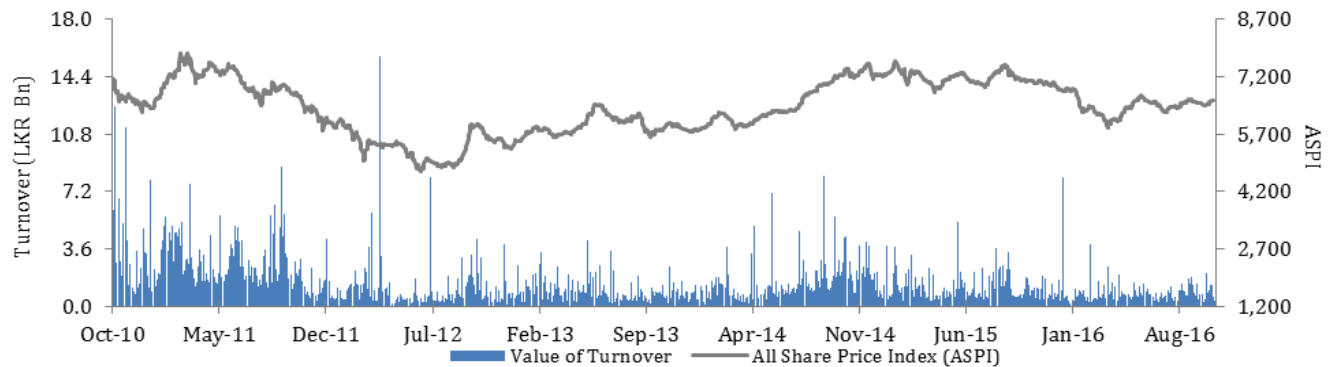
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
CITRUS HIKKADUWA	CITHN	12.50	13.80	10.4%
KAHAWATTE	KAHAN	31.90	34.90	9.4%
ARPICO INSURANCE	AINSN	12.50	13.40	7.2%
LUCKY LANKA[NV]	LLMPX	1.50	1.60	6.7%
SIERRA CABL	SIRAN	3.30	3.50	6.1%
CHEMANEX	CHMXN	61.20	64.80	5.9%
RENUKA HOLDINGS[NV]	RHL X	18.00	19.00	5.6%
SINGHE HOSPITALS	SINH	1.90	2.00	5.3%
TAL LANKA	TAJ N	27.30	28.70	5.1%
ANILANA HOTELS	ALHPN	2.00	2.10	5.0%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEX	0.60	0.50	-16.7%
CONVENIENCE FOOD	SOY N	381.10	332.00	-12.9%
MAHAWELI REACH	MRH N	23.00	20.30	-11.7%
MADULSIMA	MADUN	7.50	6.80	-9.3%
TEA SERVICES	CTEAN	716.00	650.10	-9.2%
DURDANS	CHLN	108.70	98.90	-9.0%
SINHAPUTHRA FIN	SFL N	18.00	16.40	-8.9%
HORANA	HOPLN	19.50	17.80	-8.7%
UDAPUSSELLAWA	UDPL	19.70	18.00	-8.6%
ALUFAB	ALUFN	43.40	39.90	-8.1%

## Market Review



### Indices |

The Bourse took a turn and ended in the positive territory as the ASPI increased by 10.32 points (or 0.16%) to close at 6,435.17 points while the S&P SL20 Index too increased by 36.19 points (or 1.01%) to close at 3,608.55 points.

### Turnover & Market Capitalization |

Sampath was the highest contributor to the week's turnover value, contributing LKR 0.20 Bn or 12.57% of total turnover value. NDB followed suit, accounting for 12.25% of turnover (value of LKR 0.19 Bn) while JKH contributed LKR 0.19 Bn to account for 12.10% of the week's turnover. Total turnover value amounted to LKR 1.56 Bn (cf. last week's value of LKR 1.24 Bn), while daily average turnover value amounted to LKR 0.31 Bn (25.83% W-o-W) compared to last week's average of LKR 0.25 Bn. Market capitalization meanwhile, increased by 0.09% W-o-W (or LKR 2.45 Bn) to LKR 2,741.49 Bn cf. LKR 2739.04 Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 47.12% (or LKR 0.74 Bn) of market turnover. Sector turnover was driven primarily by SAMP, NDB, COMB, HNB & Peoples Leasing which accounted for 55.92% of the sector's total turnover. The Manufacturing Sector meanwhile accounted for 19.24% (or LKR 0.30 Bn) of the total turnover value with turnover driven primarily by Teejay Lanka, Tokyo Cement & ACL which accounted for 69.31% sector turnover. Diversified Sector was also amongst the top sectorial contributors, contributing 13.59% (or LKR 0.21 Bn). The sector turnover was driven by JKH which accounted to 89.02% of the sector turnover.

### Liquidity (in Volume Terms) |

The Power and Energy sector dominated the market in terms of share volume, accounting for 25.92% (or 13.05 Mn shares) of total volume, with a value contribution of LKR 0.09 Bn. Manufacturing Sector followed suit, adding 21.30% to total turnover volume as 10.73 Mn shares were exchanged. The sector's volume accounted for LKR 0.30 Bn of total market turnover value. The Banking, Finance & Insurance Sector meanwhile, contributed 10.22 Mn shares (or 20.29%), amounting to LKR 0.74 Bn.

### Top Gainers & Losers |

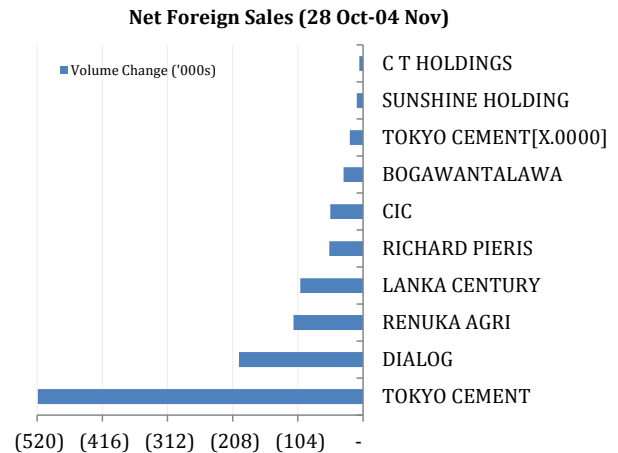
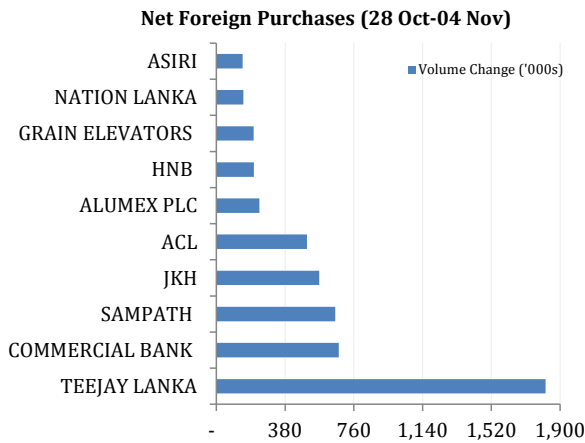
Citrus Hikkaduwa was the week's highest price gainer; increasing 10.40% W-o-W from LKR 12.50 to LKR 13.80. Kahawatte gained 9.40% W-o-W to close at LKR 34.90 while Arpico insurance gained 7.20% W-o-W to close at LKR 13.40. Lucky Lanka (NV) (+6.67% W-o-W) and Sierra Cable (+6.06% W-o-W) were also amongst the gainers.

Blue Diamonds (NV) was the week's highest price loser, declining 16.67% W-o-W to close at LKR 0.50, Convenience Food (-12.88% W-o-W), Mahaweli Reach (-11.74% W-o-W) and Madulsima (-9.33%) also declined.

### TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
SAMPATH	SAMPN	260.0	263.7	196.5
NAT. DEV. BANK	NDB N	163.0	161.5	191.5
JKH	JKH N	149.1	151.3	189.1
COMMERCIAL BANK	COMBN	144.6	151.0	119.7
TEEJAY LANKA	TJLN	45.3	46.7	110.8
HNB	HNB N	228.0	230.5	100.6
TOKYO CEMENT	TKYON	61.5	63.0	57.9
RESUS ENERGY	HPWRN	23.5	23.0	42.3
PEOPLES LEASING	PLC N	18.1	18.0	41.8
ACL	ACL N	63.3	63.1	39.8

## Market Review (Cont'd)



Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.53 Bn relative to last week's total net inflow of LKR 0.08 Bn (534% W-o-W). Total foreign purchases increased by 139.35% W-o-W to LKR 0.77 Bn from last week's value of LKR 0.32 Bn, while total foreign sales amounted to LKR 0.23 Bn relative to LKR 0.24 Bn recorded last week (-1.37% W-o-W). In terms of volume, Teejay Lanka & Commercial Bank led foreign purchases, while Tokyo Cement & Dialog led foreign sales. In terms of value, Sampath & Commercial Bank led foreign purchases while Tokyo Cement & CIC led foreign sales.

### Net Foreign Purchases (By Transaction Value)

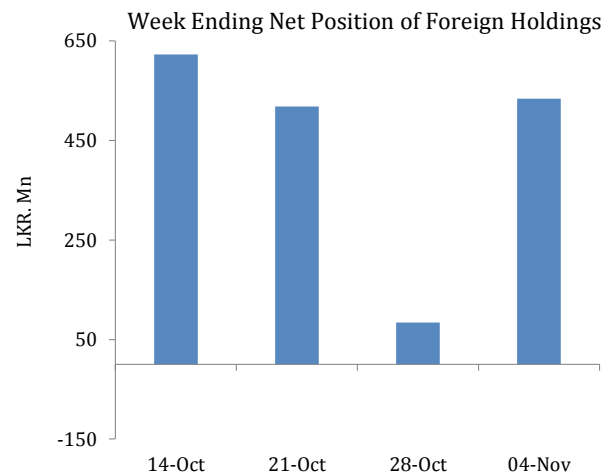
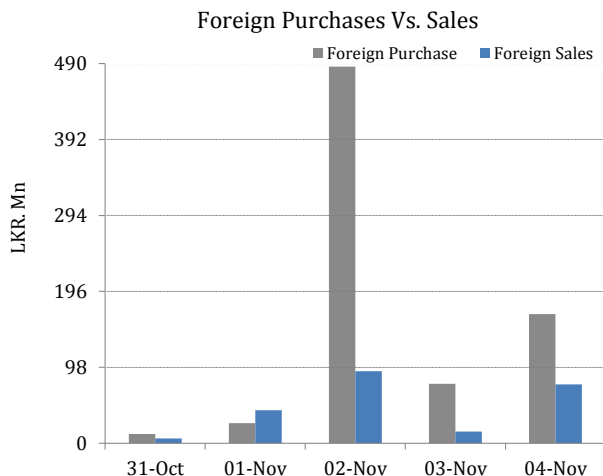
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/11/16	28/10/16		
SAMPATH	16.7%	16.3%	657,015	173.3
COMMERCIAL BANK	30.1%	30.1%	676,701	102.2
JKH	51.9%	51.9%	569,262	86.1
TEEJAY LANKA	46.2%	45.9%	1,820,264	85.0
HNB	27.2%	27.2%	207,264	47.8
ACL	3.4%	3.0%	500,395	31.6
GRAIN ELEVATORS	60.7%	60.4%	206,125	19.1
COLD STORES	9.7%	9.7%	9,279	6.2
ALUMEX PLC	0.9%	0.8%	238,723	4.9
ASIRI	37.7%	37.7%	145,448	4.3

### Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/11/16	28/10/16		
TOKYO CEMENT	23.3%	23.5%	(518,911)	(32.7)
CIC	0.9%	1.0%	(52,225)	(5.2)
DIALOG	93.8%	93.8%	(197,903)	(2.3)
NESTLE	95.9%	95.9%	(999)	(2.0)
LANKA CENTURY	0.9%	0.9%	(100,000)	(1.3)
TOKYO CEMENT[X.0000]	29.7%	29.7%	(21,206)	(1.1)
C T HOLDINGS	15.9%	16.0%	(6,000)	(0.7)
CARSONS	20.2%	20.2%	(3,860)	(0.7)
LANKA ASHOK	28.4%	28.4%	(500)	(0.6)
SUNSHINE HOLDING	37.7%	37.7%	(10,000)	(0.5)

Note: \*Value based on VWA price and not on actual traded price

Please note that the foreign shares data displayed above include private transfers done outside of the market.



Source: Colombo Stock Exchange

## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Final/Interim</u>	<u>XD Date</u>
LANKA HOSPITALS	DPS: 1.00	Interim	XD: 09/11/2016
ACCESS ENGINEERING	DPS: 0.50	Interim	XD: 11/11/2016
SENKADAGALA FINANCE PLC	DPS: 0.60	Interim	XD: 15/11/2016
KEELLS FOOD PRODUCTS PL	DPS: 5.75	Interim	XD: 25/11/2016
HEMAS HOLDINGS PLC	DPS: 0.40	Interim	XD: 15/11/2016

### Point of View

The benchmark Index reversed its 3-week losing streak, with the ASPI closing ~10 points above last week's closing to end at 6435.17. The Bourse lost grounds between Monday & Tuesday, falling to a 3-month low on Tuesday before recovering ~42 points between Wednesday and Thursday. Gains were aided largely by blue chips and bargain-hunting by foreign investors. Foreign interest in equities continued to remain in the green for the 4<sup>th</sup> consecutive week, helping narrowing the Y-T-D net outflow position to LKR 1.49bn (cf. net outflow of LKR 4.54bn in Jan-Oct 2015). Crossings for the week meanwhile, amounted to 31% of the total turnover value, with large parcels in NDB and SAMP helping boost Wednesday and Thursday's turnover levels and thereby helping increase weekly average turnover to LKR 0.31Bn (cf. 0.25Bn Last week). Initial corporate earnings for the September 2016 quarter meanwhile, indicate mixed performance and markets in the week ahead are expected to react to the upcoming Budget on Thursday and the outcome of the 2016 US Presidential elections.

### CB Holds Rates Steady in November

The CBSL adopted a dovish stance at its November monetary policy meeting, holding rates steady for the 4<sup>th</sup> consecutive month. The decision came amid easing growth in private credit and a reversal in the 17-month declining trend in export earnings. Credit to the private sector fell 1.22% to 27.3% Y-o-Y in August 2016 as market rates have gradually trended up. The moderation of private sector credit along with net repayments by the Government and public corporations to banks, resulted in a deceleration of overall domestic credit granted by commercial banks, and broad money (M2b) growth decelerated to 17.3% Y-o-Y (cf. 17.8% Y-o-Y in July). Meanwhile, although the August trade deficit increased 8% Y-o-Y, exports grew 8.4% Y-o-Y to reverse a declining trend since March 15. Earnings from tourism rose 14.6% Y-o-Y in 9M'16 while workers' remittances recorded a moderate growth of 3.9% Y-o-Y and net portfolio flows have rebounded since early March. The CBSL added meanwhile, that inflation is expected to remain in mid-single digit levels by year-end as the one-off impact from the increase/removal of exceptions in VAT & NBT are offset by normalizing domestic supply conditions, prudent monetary policy measures and fiscal sector improvements. The CBSL also indicated at a press conference, that the monetary authority expects to relinquish its role of managing Government debt<sup>1</sup>.

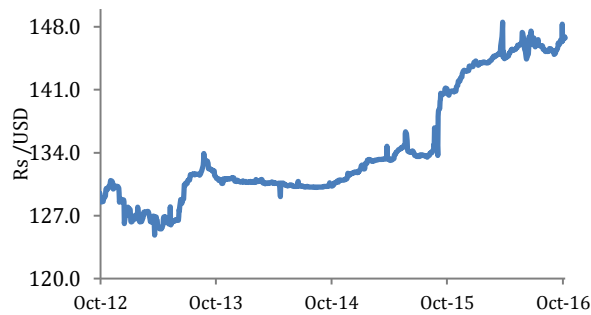
Notes: 1. Source: Daily Mirror

## Economic Snapshot

	Feb'16	Mar'16	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16
<b>Interest Rates</b>								
Prime Lending Rate	8.28	8.87	9.55	10.10	10.48	10.87	11.76	12.29
Ave. Wtd. Deposit Rates	6.33	6.44	6.58	6.72	6.87	7.10	7.32	7.56
Ave. Wtd. Fixed Dep. Rates	7.75	7.92	8.18	8.40	8.64	8.99	9.31	9.67
<b>CCPI Inflation Y-o-Y %</b>	<b>2.7</b>	<b>2.0</b>	<b>3.1</b>	<b>4.8</b>	<b>6.0</b>	<b>5.5</b>	<b>4.0</b>	<b>3.9</b>
<b>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>				
	<b>9.1%</b>	<b>3.4%</b>	<b>4.9%</b>	<b>4.8%</b>				

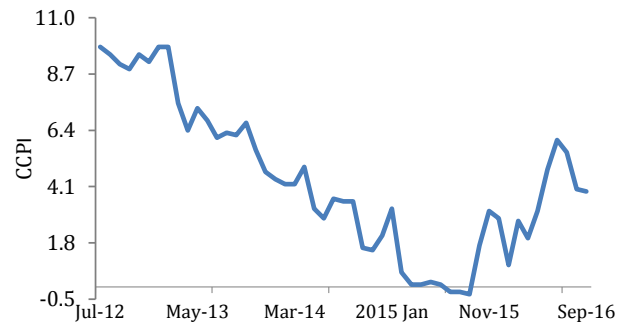
Source Central Bank

### Exchange Rate, Rs. vs. US\$



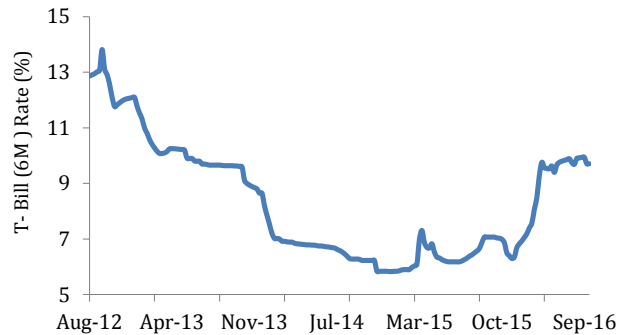
Source: Central Bank

### Inflation (CCPI-N) YoY%



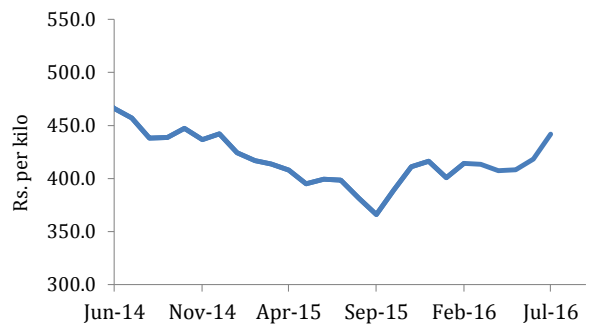
Source: Central Bank

### 6 Month T-Bill Yield



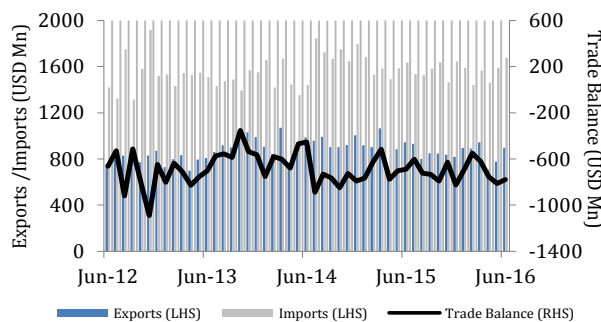
Source: Central Bank

### Tea Prices



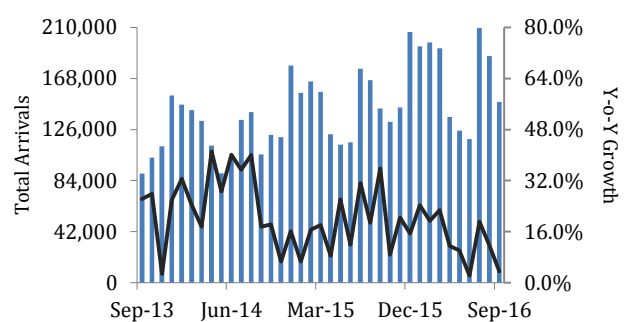
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

**Research Team**

**Chethana Ellepola**  
(+94) 112 206 256  
[chethana@acuitystockbrokers.com](mailto:chethana@acuitystockbrokers.com)

**Anjula Nawarathna**  
(+94) 112 206 255  
[anjula@acuitystockbrokers.com](mailto:anjula@acuitystockbrokers.com)

**Shara Kulasiri**  
(+94) 112 206 253  
[shara@acuitystockbrokers.com](mailto:shara@acuitystockbrokers.com)

**Maxtina Fernando**  
(+94) 112 206 251  
[maxtina@acuitystockbrokers.com](mailto:maxtina@acuitystockbrokers.com)

**Sales Team**

**Deva Ellepola**  
(+94) 112 206 220/221  
[deva.e@acuitystockbrokers.com](mailto:deva.e@acuitystockbrokers.com)

**Prashan Fernando**  
(+94) 112 206 222  
[prashan@acuitystockbrokers.com](mailto:prashan@acuitystockbrokers.com)

**Kapila Pathirage**  
(+94) 112 206 227/228  
[kapila.p@acuitystockbrokers.com](mailto:kapila.p@acuitystockbrokers.com)

**Naren Godamunne**  
(+94) 112 206 225  
[naren@acuitystockbrokers.com](mailto:naren@acuitystockbrokers.com)

**Arjuna Dasanayake**  
(+94) 112 206 235  
[arjuna@acuitystockbrokers.com](mailto:arjuna@acuitystockbrokers.com)

**Susil Fernando**  
(+94) 112 206 234  
[susil@acuitystockbrokers.com](mailto:susil@acuitystockbrokers.com)

**Chathura Siyambalapitiya**  
(+94) 112 206 232  
[chathura.s@acuitystockbrokers.com](mailto:chathura.s@acuitystockbrokers.com)

**S. Vasanthakumar**  
(+94) 112 206 250/251  
[vasantha.k@acuitystockbrokers.com](mailto:vasantha.k@acuitystockbrokers.com)

**Dhammika Wanniarachchi**  
(+94) 112 206 229  
[dhammika.w@acuitystockbrokers.com](mailto:dhammika.w@acuitystockbrokers.com)

**Shivane Wijyaratnam**  
(+94) 112 206 236  
[shivane@acuitystockbrokers.com](mailto:shivane@acuitystockbrokers.com)

**Sameera Rajawatte**  
(+94) 112 206 279  
[sameera@acuitystockbrokers.com](mailto:sameera@acuitystockbrokers.com)

**Kumar Dias Desinghe**  
(+94) 814 474 443  
[hnbkandy@slt.net.lk](mailto:hnbkandy@slt.net.lk)

**Prasanna Semasinghe**  
(+94) 814 474 443  
[hnbkandy@slt.net.lk](mailto:hnbkandy@slt.net.lk)

**Thehani Weerasinghe**  
(+94) 112 206 224  
[thehani.w@acuitystockbrokers.com](mailto:thehani.w@acuitystockbrokers.com)

**Disclaimer:**

"Distributed in Sri Lanka and abroad by Acuity Stockbrokers (Private) Limited (ASB) and its authorized representatives. ASB is fully owned by Acuity Partners (Pvt) Ltd (APL) and APL is a joint venture of DFCC Bank and Hatton National Bank PLC. The Information contained herein has been compiled from sources that ASB ("The Research Institution") believes to be reliable but None of the Research Institution holds itself responsible for its completeness or accuracy. It is not an offer to sell or a solicitation of an offer to buy any securities. The Research Institution and its affiliates and its officers and employees may or may not have a position in or with respect to the securities mentioned herein.

The Research Institution and its affiliates may from time to time have consulting relationship with any company, which is being reported upon. This may involve the Research Institution providing significant corporate finance services or acting as the company's official or sponsoring broker.

All opinions and estimates included in this report constitute judgment as of this date of the Research Institution and are subject to change or amendment without notice. The Research Institution has the copyright for this report and the views herein cannot be reproduced and/or distributed in any form without the explicit (written or otherwise) permission from Research Institution.

---