

## Turnover Hit Near 3Yr Low.... GoSL Presents

### Socially Inclusive Budget

ASPI  $\downarrow$  0.30% | S&P SL20  $\downarrow$  0.51%

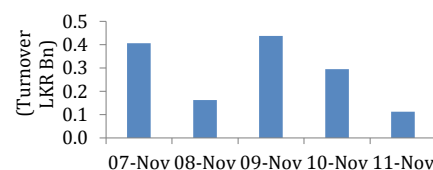
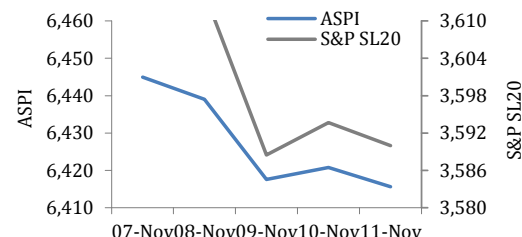
The Bourse ended in the... **Cont. P2**

Foreign investors closed the week in a net... **Cont. P3**

The Colombo Bourse struggled... **Cont. P4**

Economic Snapshot..... **P5**

### Indices vs. Turnover (07<sup>th</sup> Nov - 11<sup>th</sup> Nov)



### KEY STATISTICS

Week ending	11 <sup>th</sup> November	04 <sup>th</sup> November	+/-
ASPI	6,415.59	6,435.17	-0.30%
S&P SL20	3,589.97	3,608.55	-0.51%
Banking & Finance	16,240.37	16,329.63	-0.55%
Food & Beverage	21,283.40	20,956.49	1.56%
Diversified	1,630.60	1,650.48	-1.20%
Hotel & Travel	3,095.74	3,109.21	-0.43%
Plantations	638.65	638.02	0.10%
Manufacturing <sup>5</sup>	4,489.27	4,535.40	-1.02%
Turnover (LKR Bn)	1.41	1.56	-9.68%
Foreign Buying (LKR Mn)	472.21	767.21	-38.45%
Foreign Selling (LKR Mn)	148.56	233.01	-36.24%
Daily Average Turnover (LKR Bn)	0.28	0.31	-9.68%
Daily Average Foreign Buying (LKR Mn)	94.44	153.44	-38.45%
Daily Average Foreign Selling (LKR Mn)	29.71	46.60	-36.24%

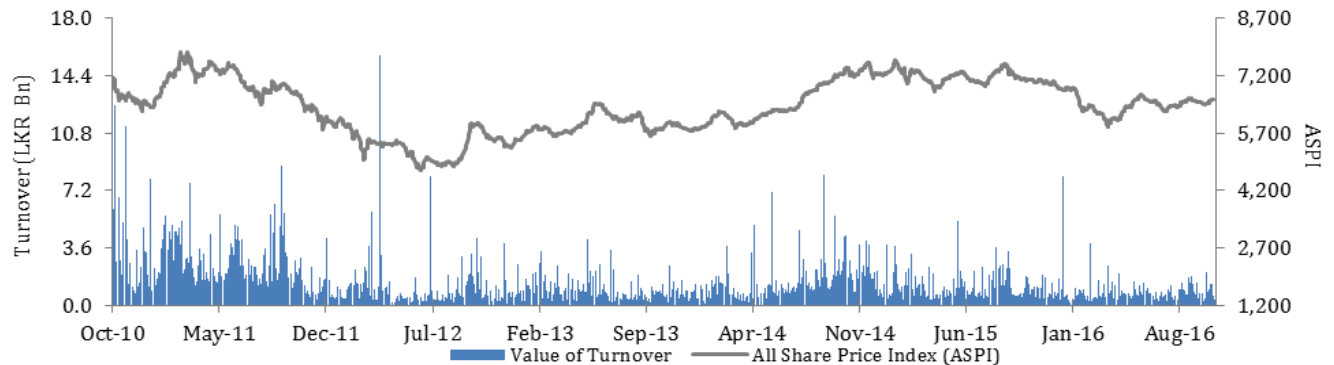
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
TEA SMALLHOLDER	TSMLN	23.00	27.00	17.4%
CHILAW FINANCE	CFL N	19.00	21.40	12.6%
A I A INSURANCE	CTCEN	269.10	296.40	10.1%
JOHN KEELLS	JKL N	58.40	62.90	7.7%
COLD STORES	CCS N	664.40	715.00	7.6%
MAHAWELI REACH	MRH N	20.30	21.80	7.4%
NAMUNUKULA	NAMUN	70.00	74.90	7.0%
SWARNAMAHAL FIN	SFS N	1.50	1.60	6.7%
TAL LANKA	TAJ N	28.70	30.60	6.6%
TAPROBANE	TAP N	4.60	4.90	6.5%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
TANGERINE	TANGN	67.00	54.50	-18.7%
MERC. SHIPPING	MSL N	82.60	70.10	-15.1%
KALAMAZOO	KZOOM	975.00	865.60	-11.2%
EQUITY TWO PLC	ETWON	55.10	50.00	-9.3%
MASKELIYA	MASKN	8.80	8.00	-9.1%
PDL	PDL N	90.90	82.70	-9.0%
ARPICO INSURANCE	AINSN	13.40	12.20	-9.0%
ORIENT FINANCE	ORINN	15.50	14.20	-8.4%
ASIA SIYAKA	ASIYN	2.40	2.20	-8.3%
CITRUS WASKADUWA	CITWN	5.20	4.80	-7.7%

## Market Review



### Indices |

The Bourse ended in the negative territory for the week as the ASPI decreased by -19.58 points (or 0.30%) to close at 6,415.59 points while the S&P SL20 Index too decreased by 18.58 points (or -0.51%) to close at 3,589.97 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 0.38 Bn or 27.09% of total turnover value. Access Engineering followed suit, accounting for 6.52% of turnover (value of LKR 0.09 Bn) while Nation Lanka contributed LKR 0.09 Bn to account for 6.51% of the week's turnover. Total turnover value amounted to LKR 1.41 Bn (cf. last week's value of LKR 1.56 Bn), while daily average turnover value amounted to LKR 0.28 Bn (-9.68% W-o-W) compared to last week's average of LKR 0.31 Bn. Market capitalization meanwhile, decreased by 0.30% W-o-W (or LKR 8.31 Bn) to LKR 2,733.18 Bn cf. LKR 2,741.49 Bn last week.

### Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 28.46% (or LKR 0.40 Bn) of market turnover. Sector turnover was driven primarily by JKH which accounted for 95.18% of the sector's total turnover. The Banking, Finance & Insurance Sector meanwhile accounted for 25.90% (or LKR 0.37 Bn) of the total turnover value with turnover driven primarily by Nation Lanka, COMB, Sampath & HNB which accounted for 68.15% sector turnover. Manufacturing Sector was also amongst the top sectorial contributors, contributing 10.82% (or LKR 0.15 Bn). The sector turnover was driven by Tokyo Cement [NV] & Tokyo Cement which accounted to 66.34% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banking, Finance & Insurance sector dominated the market in terms of share volume, accounting for 64.66% (or 61.20 Mn shares) of total volume, with a value contribution of LKR 0.37 Bn. Land & Property Sector followed suit, adding 5.63% to total turnover volume as 5.33 shares were exchanged. The sector's volume accounted for LKR 0.04 Bn of total market turnover value. The Diversified Sector meanwhile, contributed 4.44 Mn shares (or 4.69%), amounting to LKR 0.40 Bn.

### Top Gainers & Losers |

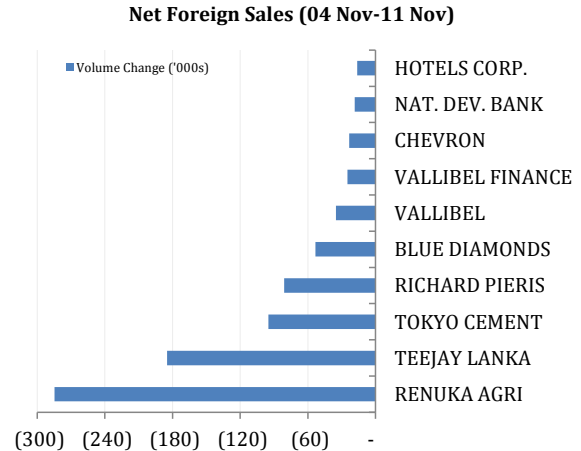
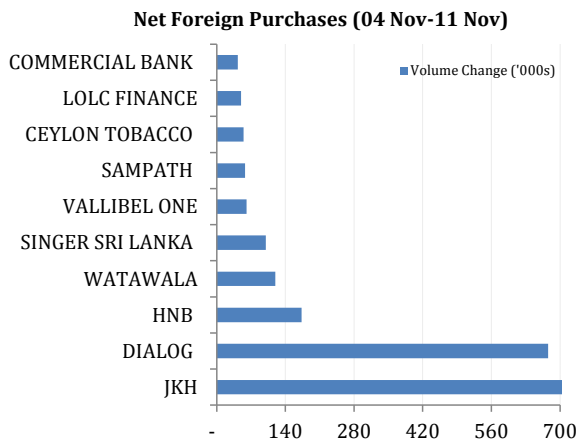
Tea Smallholder was the week's highest price gainer; increasing 17.40% W-o-W from LKR 23.00 to LKR 27.00. Chilaw Finance gained 12.6% W-o-W to close at LKR 21.40 while AIA insurance gained 10.1% W-o-W to close at LKR 296.40. John Keells (+7.7% W-o-W) and Cold stores (+7.6% W-o-W) were also amongst the gainers.

Tangerine was the week's highest price loser, declining 18.7% W-o-W to close at LKR 54.50, Merc Shipping (-15.1% W-o-W), Kalamazoo (-11.2% W-o-W) and Equity Two (-9.3%) also declined.

### TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	151.3	149.5	382.5
ACCESS ENG SL	AEL N	26.3	25.9	92.0
NATION LANKA	CSF N	1.7	1.6	92.0
COMMERCIAL BANK	COMBN	151.0	148.0	66.2
TOKYO CEMENT[NV]	TKYOX	52.5	53.5	60.8
CEYLON TOBACCO	CTC N	850.0	856.8	48.8
WATAWALA	WATAN	19.5	20.0	48.0
SAMPATH	SAMPN	263.7	265.0	45.8
HNB	HNB N	230.5	233.0	45.2
TOKYO CEMENT	TKYON	63.0	63.0	40.5

Market Review (Cont'd)



\*John Keells Holdings volume change of 1.36 Mn shares not displayed between 04<sup>th</sup> November -11<sup>th</sup> November not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.32 Bn relative to last week's total net inflow of LKR 0.53 Bn (-39.41% W-o-W). Total foreign purchases decreased by -38.45% W-o-W to LKR 0.47 Bn from last week's value of LKR 0.77 Bn, while total foreign sales amounted to LKR 0.15 Bn relative to LKR 0.23 Bn recorded last week (-36.24% W-o-W). In terms of volume, JKH & Dialog led foreign purchases, while Renuka Agri & Teejay Lanka led foreign sales. In terms of value, JKH & Ceylon Tobacco led foreign purchases while Teejay Lanka & Tokyo Cement led foreign sales.

Net Foreign Purchases (By Transaction Value)

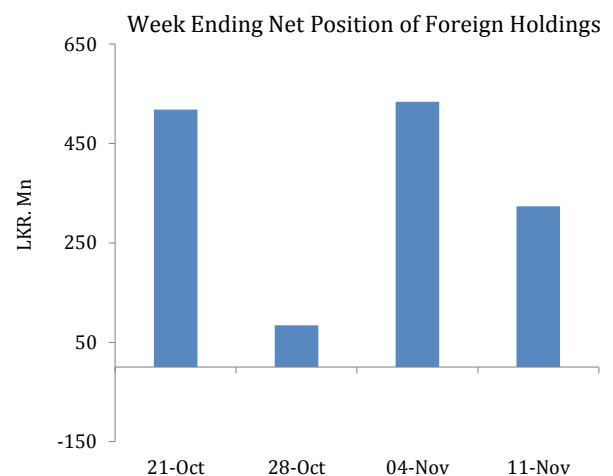
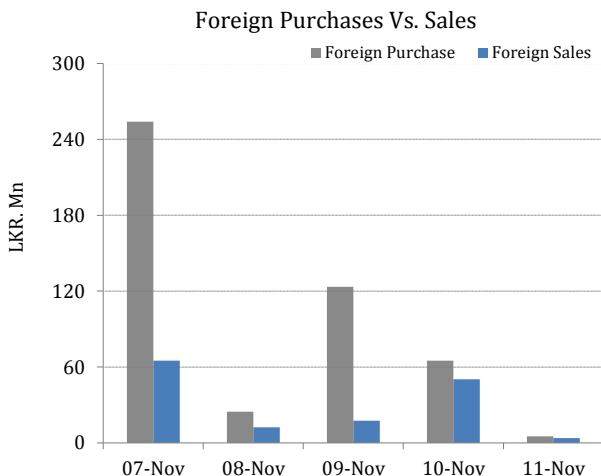
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/11/16	04/11/16		
JKH	52.0%	51.9%	1,355,292	202.6
CEYLON TOBACCO	97.2%	97.2%	54,773	46.9
HNB	27.3%	27.2%	172,930	40.3
SAMPATH	16.7%	16.7%	57,602	15.3
SINGER SRI LANKA	86.8%	86.7%	100,000	12.6
DIALOG	93.8%	93.8%	675,908	7.6
COMMERCIAL BANK	30.1%	30.1%	42,912	6.4
WATAWALA	1.6%	1.5%	119,761	2.4
HUNTERS	87.1%	87.0%	5,023	2.1
KEELLS FOOD	0.6%	0.6%	8,630	1.4

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/11/16	04/11/16		
TEEJAY LANKA	46.1%	46.2%	(184,815)	(8.3)
TOKYO CEMENT	23.3%	23.3%	(94,921)	(6.0)
CHEVRON	28.0%	28.0%	(23,400)	(3.8)
NAT. DEV. BANK	16.5%	16.6%	(18,469)	(3.0)
VALLIBEL FINANCE	0.7%	0.8%	(24,801)	(1.6)
RENUKA AGRI	14.8%	14.8%	(284,740)	(0.9)
RICHARD PIERIS	72.3%	72.3%	(81,000)	(0.6)
BROWNS	9.0%	9.0%	(5,397)	(0.5)
DOCKYARD	53.8%	53.9%	(5,777)	(0.5)
CIC[X.0000]	6.4%	6.4%	(5,700)	(0.4)

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

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### Dividend Announcements

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<u>Company</u>	<u>DPS (Rs.)</u>	<u>Final/Interim</u>	<u>XD Date</u>
CEYLON COLD STORES	DPS: 8.00	Interim	XD: 17/11/2016

### Point of View

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The Colombo Bourse struggled for momentum this week as local investors appeared unmoved by the much-anticipated Budget presented by the Coalition Government on Thursday. Dull sentiment continued to dominate the week despite an ~34% Q-o-Q increase in market earnings (~43% of companies have reported earnings thus far, and of this ~67% reported Q-o-Q growth in earnings) with the ASPI declining ~20 points over the week to close 85 points lower than the key 6500 mark. Although crossings amounted to ~31% of the turnover, lower investor participation as a whole dragged down the turnover throughout the week which hit a near 3Yr low on Friday (LKR 0.11Bn); average weekly turnover levels subsequently ended at LKR 0.28Bn, 60% lower than the Y-T-D turnover of LKR 0.7Bn. Foreign interest in equities however, continued to remain in the green for the 5<sup>th</sup> consecutive week, helping narrowing the Y-T-D net outflow position to LKR 1.19bn (cf. net outflow of LKR 2.02bn in Jan-Oct 2016).

### GoSL Presents Socially Inclusive Budget

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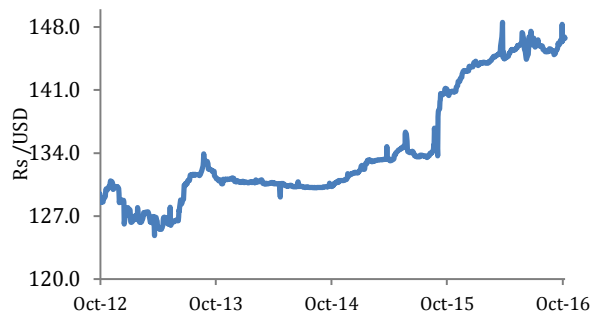
The Coalition Government presented their 2nd National Budget on Thursday, with the aim of boosting tax revenue (up 27% Y-o-Y) and cutting down the fiscal deficit to 4.6% of GDP (cf. 5.4%). As a measure of simplifying and broadening Income Taxes, Corporate Taxes were revised to a 3-tier structure (14%, 28% & 40%) while the withholding taxes (WHT) are proposed to be increased to 5.0% (cf. 2.5% currently). The changes in taxes are expected to generate ~42% of government's budgeted new revenue. Meanwhile, the budget also focused on encouraging entities to list on CSE with a proposal that if new firms list on CSE in FY 2017/18 they would be entitled to a grant equal to 25% of the total income tax paid in year prior to listing. The Budget also includes proposals to introduce a separate board for listing of SME with less stringent rules and the introduction of a new Securities & Exchange Act to provide SEC with enhanced enforcement capacity and greater flexibility in operations. A Bill to Demutualize the CSE along with measure to improve the outreach of Treasury bond markets to foreign investors were also proposals to broaden Sri Lanka's Capital markets.

## 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>				

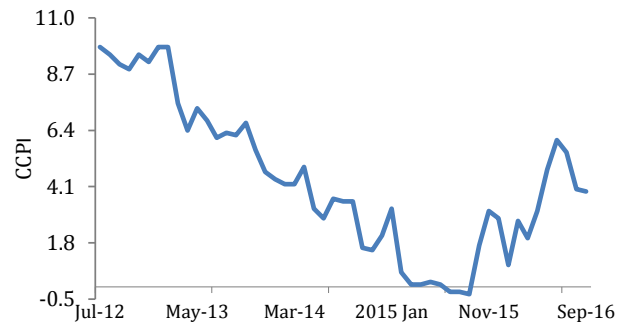
Source Central Bank

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



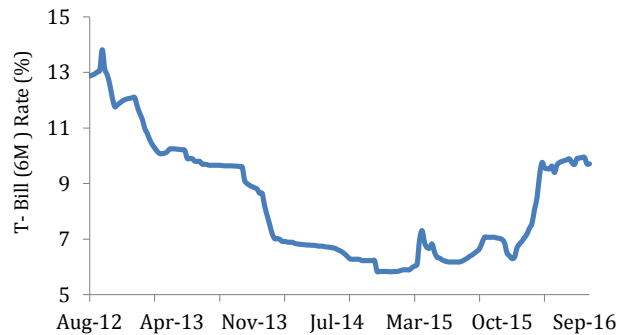
Source: Central Bank

### Inflation (CCPI-N) YoY%



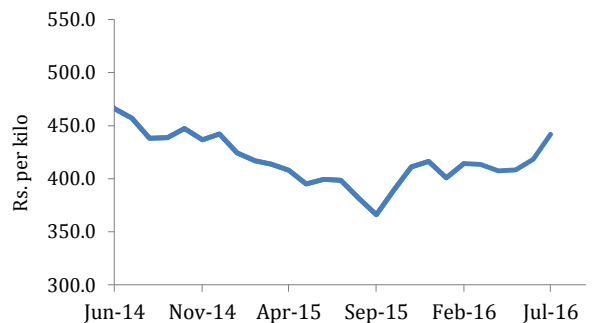
Source: Central Bank

### 6 Month T-Bill Yield



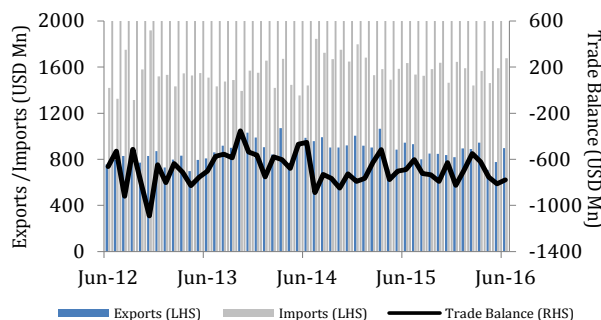
Source: Central Bank

### Tea Prices



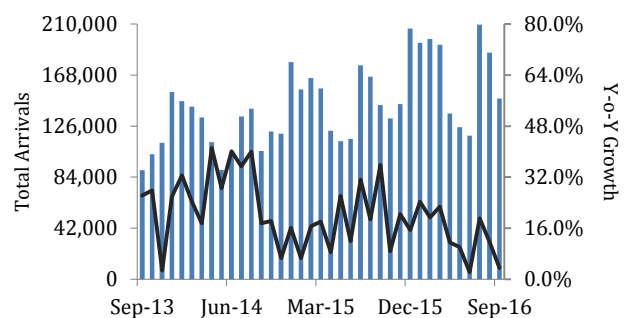
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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