

Equity Market Rally Continues for 3rd Consecutive Week ... M-o-M Outflows from G-Sec Bottoms Out

ASPI ^ 1.75% | S&P SL20 ^ 1.85%

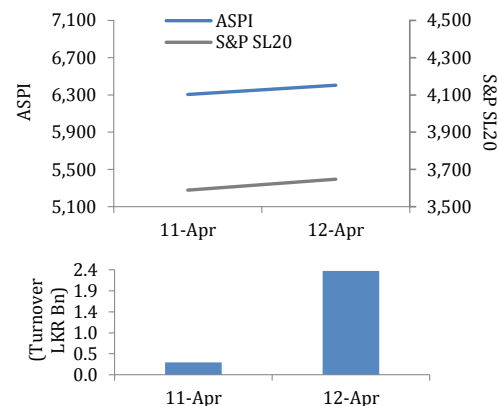
The Bourse continued... *Cont. P2*

Foreign Investors Closed the Week in a... *Cont. P3*

Domestic equity markets continued to ... *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (11th Apr - 12th Apr)



KEY STATISTICS

Week ending	12-Apr	07-Apr	+/-
ASPI	6,402.99	6,292.94	1.75%
S&P SL20	3,647.82	3,581.63	1.85%
Banking & Finance	15,602.81	15,288.95	2.05%
Food & Beverage	23,529.14	22,466.39	4.73%
Diversified	1,642.36	1,593.97	3.04%
Hotel & Travel	2,956.50	2,956.66	-0.01%
Plantations	749.05	704.94	6.26%
Manufacturing	4,373.18	4,321.32	1.20%
Turnover (LKR Bn)	2.66	5.65	-53.01%
Foreign Buying (LKR Mn)	1,538.40	4,439.44	-65.35%
Foreign Selling (LKR Mn)	1,170.12	2,731.59	-57.16%
Daily Average Turnover (LKR Bn)	1.33	1.13	17.48%
Daily Average Foreign Buying (LKR Mn)	769.20	887.89	-13.37%
Daily Average Foreign Selling (LKR Mn)	585.06	546.32	7.09%

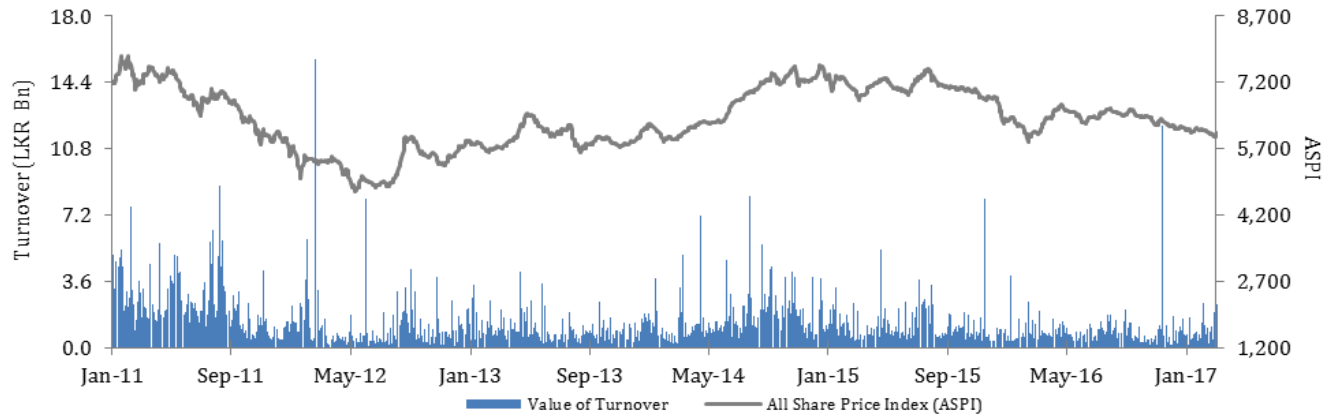
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.2	0.4	100.0%
AMANA TAKAFUL	ATLN	0.7	0.9	28.6%
BROWNS INVSTMNTS	BILN	1.4	1.7	21.4%
S M B LEASING	SEMBN	0.5	0.6	20.0%
BLUE DIAMONDS	BLUEN	1.1	1.3	18.2%
ELPITIYA	ELPLN	20.2	23.5	16.3%
CIFL	CIFLN	0.7	0.8	14.3%
CITRUS WASKADUWA	CITWN	3.5	4.0	14.3%
THE FINANCE CO.[NV]	TFCX	2.3	2.6	13.0%
COLOMBO CITY	PHARN	700.0	790.0	12.9%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
KOTMALE HOLDINGS	LAMBN	130.0	111.2	-14.5%
RADIANT GEMS	RGEM	27.0	23.9	-11.5%
RENUKA CITY HOT.	RENUN	300.0	275.0	-8.3%
MERC. SHIPPING	MSLN	70.1	65.0	-7.3%
MILLENNIUM HOUSE	MHDLN	7.4	6.9	-6.8%
CHEMANEX	CHMXN	64.0	60.1	-6.1%
TRANS ASIA	TRANN	78.6	75.0	-4.6%
LUCKY LANKA	LLMPN	2.4	2.3	-4.2%
KOTAGALA	KOTAN	10.9	10.5	-3.7%
MADULSIMA	MADUN	5.6	5.4	-3.6%

Market Review



Indices |

The Bourse continued its upward momentum as the ASPI increased by 110.05 points (or 1.75%) to close at 6,402.99 points, while the S&P SL20 Index too increased by 66.19 points (or 1.85%) to close at 3,647.82 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.61Bn or 43.61% of total turnover value. Browns Investments followed suit, accounting for 21.08% of turnover (value of LKR 0.56Bn) while Commercial Bank contributed LKR 0.28Bn to account for 10.51% of the week's turnover. Total turnover value amounted to LKR 2.66Bn (cf. last week's value of LKR 5.65Bn), while daily average turnover value amounted to LKR 1.33Bn (+17.48% W-o-W) compared to last week's average of LKR 1.13Bn. Market capitalization meanwhile, increased by 1.80% W-o-W (or LKR 49.76Bn) to LKR 2,818.18 Bn cf. LKR 2,768.42 Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 68.58% (or LKR 1.82 Bn) of market turnover. Sector turnover was driven primarily by JKH & Browns Investments which accounted for 94.34% of the sector's total turnover. The Banking, Finance & Insurance Sector meanwhile accounted for 14.72% (or LKR 0.39Bn) of the total turnover value with turnover driven primarily by Commercial Bank & LB Finance which accounted for 71.39% of the sector turnover. The Manufacturing Sector was also amongst the top sectorial contributors, contributing 6.34% (or LKR 0.17Bn) to the market. The sector turnover was driven by Regnis & Grain elevators which accounted for 46.35% of the sector turnover.

Liquidity (in Volume Terms) |

The Diversified Sector dominated the market in terms of share volume too, accounting for 91.37% (or 385.59Mn shares) of total volume, with a value contribution of LKR 1.82Bn. The Banking, Finance & Insurance sector followed suit, adding 2.86% to total turnover volume as 12.06Mn shares were exchanged. The sector's volume accounted for LKR0.39Bn of total market turnover value. The Manufacturing Sector meanwhile, contributed 8.33Mn shares (or 1.97%), amounting to LKR0.17Bn.

Top Gainers & Losers |

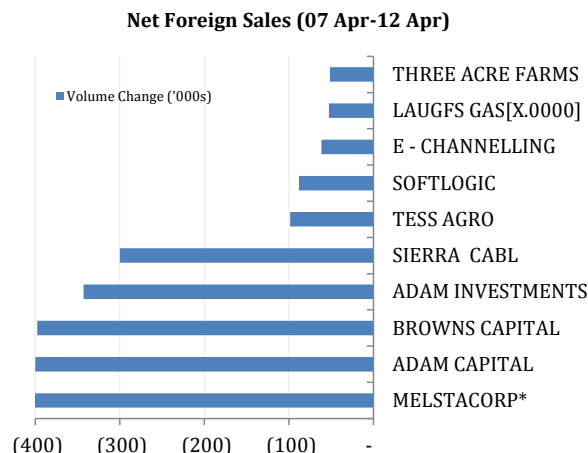
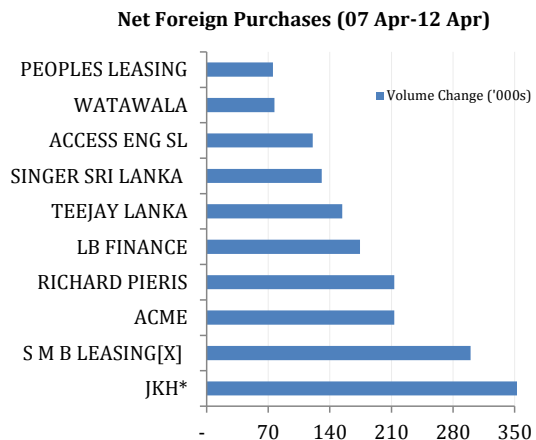
SMB Leasing[NV] was the week's highest price gainer; increasing 100.00% W-o-W from LKR 0.20 to LKR 0.40. Amana Takaful gained 28.57% W-o-W to close at LKR 0.90 while Browns Investments gained 21.43% W-o-W to close at LKR 1.70. SMB Leasing (+20.00% W-o-W) and Blue Diamonds(+18.18% W-o-W) were also amongst the gainers.

Kotmale Holdings was the week's highest price loser, declining 14.46% W-o-W to close at LKR 111.20. Radiant Gems(-11.48% W-o-W), Renuka city Hotels (-8.33% W-o-W) and Merc Shipping (-7.28% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	149.0	152.0	1158.3
BROWNS INVSTMNTS	BIL N	1.4	1.7	559.9
COMMERCIAL BANK	COMBN	135.1	139.1	279.0
CEYLON TOBACCO	CTC N	908.0	999.2	71.7
MELSTACORP	MELSN	64.0	65.0	70.5
REGNIS	REG N	137.2	149.3	51.5
SINGER SRI LANKA	SINSN	46.9	49.7	37.0
GRAIN ELEVATORS	GRANN	75.1	76.6	26.6
LB FINANCE	LFINN	123.3	126.0	25.9
THREE ACRE FARMS	TAFLN	132.7	132.4	18.0

Market Review (Cont'd)



* Volume Change in JKH (1.66Mn shares) & Melstacorp (0.47Mn shares) from 7th -12th April is not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.37Bn relative to last week's total net inflow of LKR 1.71Bn (-78.44% W-o-W). Total foreign purchases decreased by 65.35% W-o-W to LKR 1.54Bn from last week's value of LKR 4.44Bn, while total foreign sales amounted to LKR 1.17Bn relative to LKR 2.73Bn recorded last week (-57.16% W-o-W). In terms of volume, JKH & SMB Leasing (NV) led foreign purchases while Melstacorp and Adam Capital led foreign sales. In terms of value, JKH & Ceylon Tobacco led foreign purchases while Melstacorp & Three Acre Farm led foreign sales.

Net Foreign Purchases (By Transaction Value)

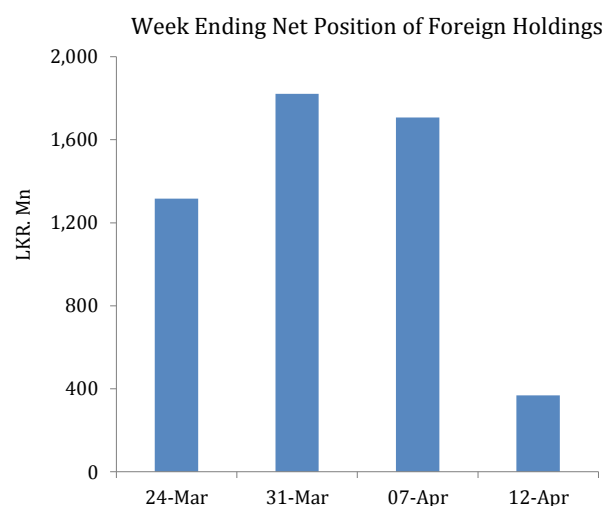
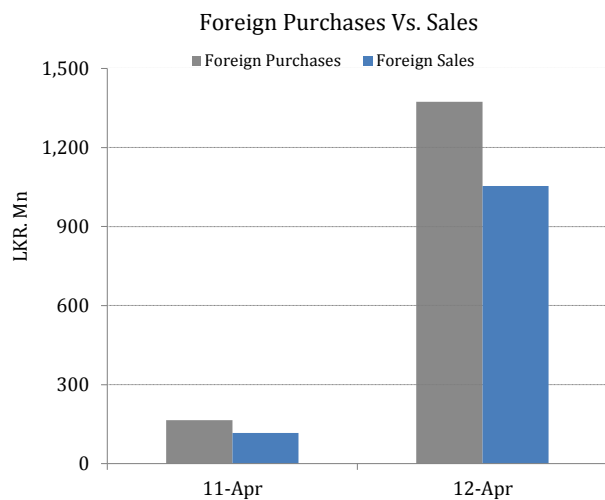
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	12/04/17	07/04/17		
JKH	53.04%	52.92%	1,660,924	252.46
CEYLON TOBACCO	97.37%	97.34%	61,627	61.58
LB FINANCE	2.21%	2.09%	174,230	21.95
SINGER SRI LANKA	87.75%	87.71%	130,907	6.51
TEEJAY LANKA	45.57%	45.55%	154,017	6.08
ACCESS ENG SL	6.24%	6.23%	120,473	3.04
NESTLE	95.61%	95.61%	1,180	2.46
TOKYO CEMENT[X.0000]	34.76%	34.72%	42,002	2.44
WATAWALA	1.30%	1.27%	77,098	2.26
RICHARD PIERIS	71.72%	71.71%	213,137	1.81

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	12/04/17	07/04/17		
MELSTACORP	25.21%	25.25%	(471,580)	(30.65)
THREE ACRE FARMS	21.59%	21.81%	(51,500)	(6.82)
CHEVRON	27.20%	27.21%	(33,905)	(5.80)
CENTRAL FINANCE	11.77%	11.78%	(24,820)	(2.21)
COM.CREDIT	36.50%	36.51%	(49,200)	(2.16)
CEYLON GUARDIAN	8.74%	8.77%	(20,000)	(2.05)
HAYLEYS	3.77%	3.78%	(6,421)	(1.80)
LAUGFS GAS[X.0000]	13.62%	13.72%	(52,533)	(1.41)
SANASA DEV. BANK	6.16%	6.19%	(12,767)	(1.34)
AITKEN SPENCE	31.60%	31.60%	(19,135)	(1.19)

Note: *Value based on closing 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

No Dividends Announcements for the week.

Point of View

Domestic equity markets continued to rally strongly despite this week's holiday-shortened trading week, gaining a sharp 110 points over the space of two days. Gains were led by index-heavy weights such as CTC (~39 points), JKH (9 points), COMB (8 points) and aided by mid-caps such as CCS and LOLC. Since late March, the benchmark ASPI has gained ~407 points, helping the Index recover from a 1-year low of 5974.9 points to hit a 4-month high of 6402.9 points this week. Index gains have been propelled by consistent foreign buying since early February and renewed interest by HNI and Institutional investors who have bargain-hunted fundamentally sound stocks. Despite Emerging Market stocks hitting 3-week lows on the back of heightened geo-political tensions in Syria and North Korea, Foreign investors remained net buyers in Sri Lankan equities this week, maintaining the momentum that has remained over the past 11-weeks. Net inflows to equities over Q1'17 have rallied strongly, totaling LKR 7.1Bn YTD relative to the net foreign outflows that dominated the market in H1'16 (Net outflows over H1'16 totaled LKR 6.3Bn). Markets in the week ahead are likely to retain its current positive momentum, although some profit-taking is likely over the course of the week.

M-o-M Outflows from G-Sec Bottoms Out

Inflows to Government Securities (G-Sec) remained positive in the 1st week of April, helping bottom-out the M-o-M outflows since Sept'16. Foreign investor holding of G-Secs by the 1st week of Apr'17 was LKR196.7Bn cf. LKR 196.1Bn in Feb'17, although ~57% lower than the holding of LKR 459Bn in Apr'15. In an analysis by the IMF on total capital flows to Emerging/Developing markets meanwhile, the Group noted that capital flows appear to differentiate among potential destinations, favoring on average, countries with higher output growth. The IMF noted that the future direction of capital flows will depend on numerous factors such as stronger growth and infrastructure needs in EM and developing economies, as well as structural changes such as population ageing in advanced economies¹. Monetary policy normalization in advanced economies meanwhile, could push capital flows in the opposite direction, especially if accompanied with expansionary fiscal policy in the US or negative balance sheet movements in EM and developing markets¹. The analysis also highlighted that a primary challenge for EM/developing economies was reaping the benefits of capital inflows, and that addressing this challenge requires stronger policy frameworks to address potential capital flow reversals triggered by higher U.S. interest rates and a stronger USD¹.

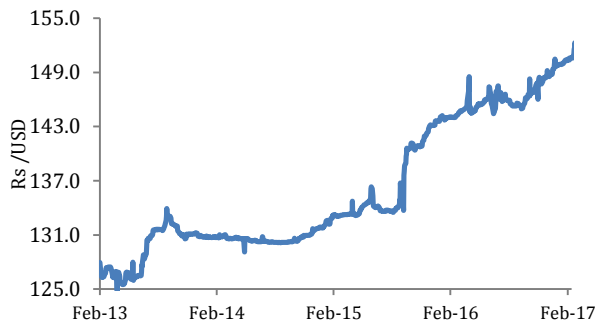
Notes: 1. Source: IMF_World Economic Outlook April 2017

Economic Snapshot

	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17
Interest Rates								
Prime Lending Rate	11.76	12.29	12.25	11.98	11.73	11.48	11.55	11.56
Ave. Wtd. Deposit Rates	7.32	7.56	7.79	8.00	8.17	8.42	8.66	8.81
Ave. Wtd. Fixed Dep. Rates	9.31	9.67	9.95	10.25	10.46	10.84	11.15	11.38
CCPI Inflation Y-o-Y % (Base 2013)	4.4	4.2	4.1	4.0	4.5	5.5	6.8	7.3
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016			
	9.1%	3.4%	4.9%	4.8%	4.4%			

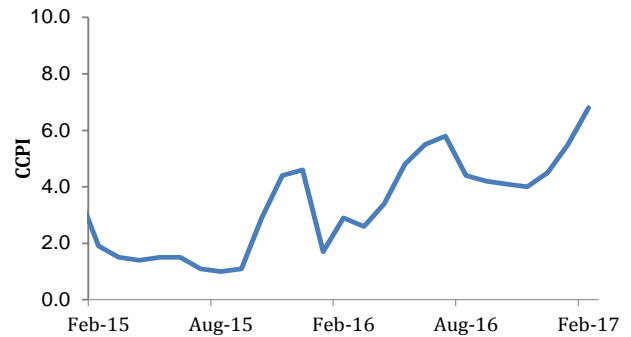
Source Central Bank

Exchange Rate, Rs. vs. US\$



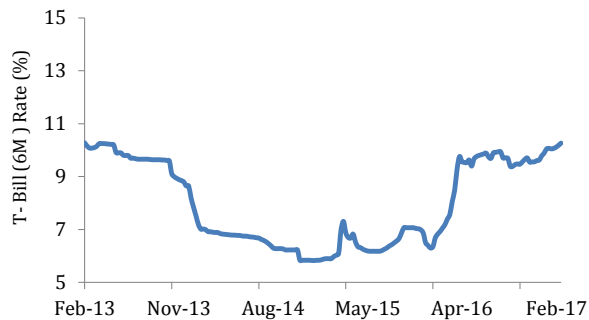
Source: Central Bank

Inflation (CCPI-N) YoY%



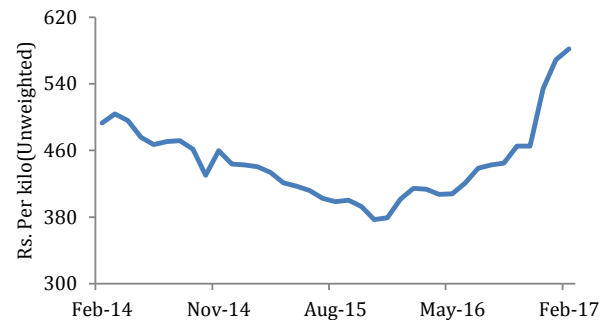
Source: Central Bank

6 Month T-Bill Yield



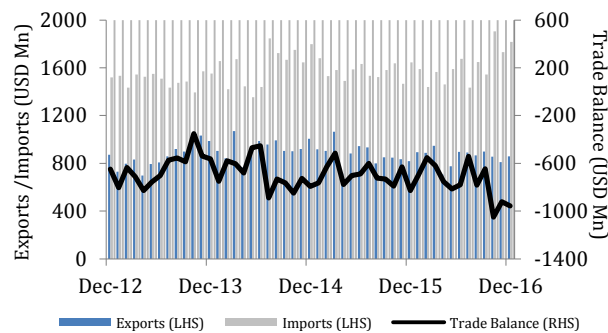
Source: Central Bank

Tea Prices



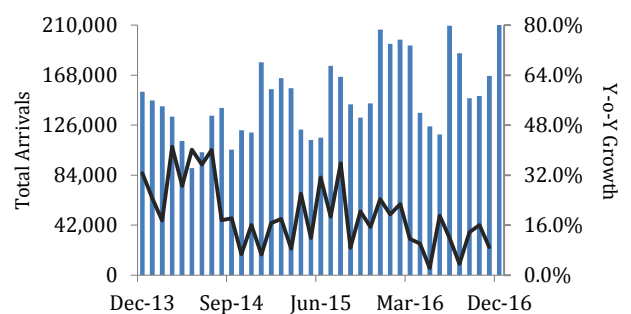
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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