

Equity Markets Continue to Lose Momentum

Cumulative 6M Earnings Rise 12% Y-o-Y

ASPI v 1.17% | S&P SL20 v 1.09%

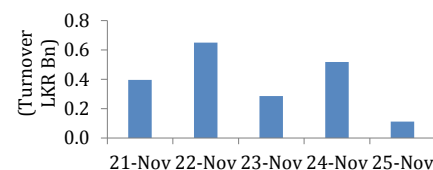
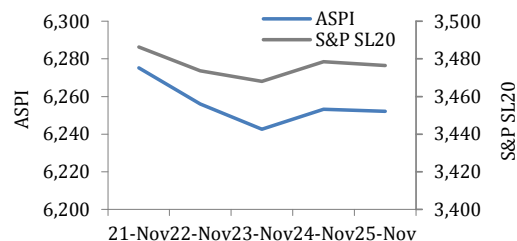
The Bourse continued to ... **Cont. P2**

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

Market momentum continued to decelerate ... **Cont. P4**

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

Indices vs. Turnover (21th Nov – 25th Nov)



KEY STATISTICS

Week ending	25 th November	18 th November	+/-
ASPI	6,252.12	6,326.11	-1.17%
S&P SL20	3,476.54	3,514.98	-1.09%
Banking & Finance	15,542.32	15,887.21	-2.17%
Food & Beverage	21,902.47	21,427.09	2.22%
Diversified	1,576.24	1,599.71	-1.47%
Hotel & Travel	3,044.00	3,076.98	-1.07%
Plantations	626.63	632.01	-0.85%
Manufacturing	4,304.39	4,410.15	-2.40%
Turnover (LKR Bn)	1.96	1.51	29.96%
Foreign Buying (LKR Mn)	625.19	500.69	24.86%
Foreign Selling (LKR Mn)	768.63	725.51	5.94%
Daily Average Turnover (LKR Bn)	0.39	0.38	3.97%
Daily Average Foreign Buying (LKR Mn)	125.04	125.17	-0.11%
Daily Average Foreign Selling (LKR Mn)	153.73	181.38	-15.24%

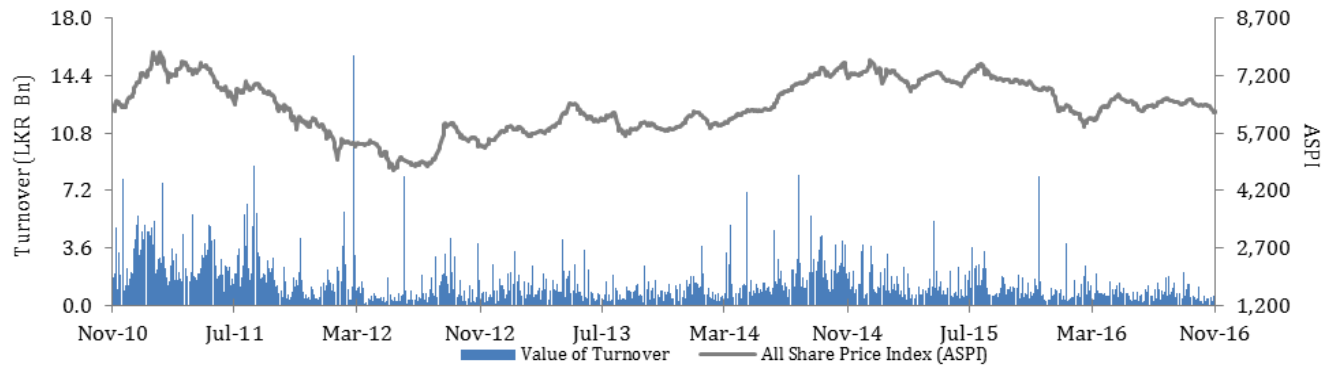
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
EQUITY TWO PLC	ETWON	48.40	54.90	13.4%
COLD STORES	CCS N	718.30	803.50	11.9%
C T LAND	CTLDN	52.10	58.20	11.7%
EAST WEST	EASTN	12.90	14.00	8.5%
RADIANT GEMS	RGEM	23.50	25.50	8.5%
TANGERINE	TANGN	54.20	57.90	6.8%
CEYLON TEA BRKRS	CTBLN	3.60	3.80	5.6%
CITRUS KALPITIYA	CITKN	3.70	3.90	5.4%
ARPICO INSURANCE	AINSN	11.50	12.00	4.3%
CARGILLS	CARGN	175.00	182.50	4.3%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEX	0.60	0.50	-16.7%
TEA SMALLHOLDER	TSMLN	27.00	22.50	-16.7%
BALANGODA	BALAN	13.80	11.90	-13.8%
ASIRI	ASIRN	28.90	25.00	-13.5%
TESS AGRO	TESSN	1.50	1.30	-13.3%
AMANA LIFE	ATLLN	1.50	1.30	-13.3%
CITRUS HIKKADUWA	CITHN	13.80	12.00	-13.0%
S M B LEASING	SEMBN	0.80	0.70	-12.5%
MASKELIYA	MASKN	8.00	7.10	-11.3%
PARAGON	PARAN	58.00	52.00	-10.3%

Market Review



Indices |

The Bourse continued to lose grounds as the ASPI decreased by 73.99 points (or 1.14%) to close at 6,252.12 points while the S&P SL20 Index too decreased by 38.44 points (or 1.09%) to close at 3,476.54 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 0.50 Bn or 25.83% of total turnover value. C T Land followed suit, accounting for 7.00% of turnover (value of LKR 0.14 Bn) while Access Engineering contributed LKR 0.12 Bn to account for 6.25% of the week's turnover. Total turnover value amounted to LKR 1.96 Bn (cf. last week's value of LKR 1.51 Bn), while daily average turnover value amounted to LKR 0.39 Bn (+3.97 W-o-W) compared to last week's average of LKR 0.38 Bn. Market capitalization meanwhile, decreased by 1.17% W-o-W (or LKR 31.47 Bn) to LKR 2,664.05 Bn cf. LKR 2,695.52 Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 27.53% (or LKR 0.54 Bn) of market turnover. Sector turnover was driven primarily by JKH which accounted for 93.86% of the sector's total turnover. The Banking, Finance & Insurance Sector meanwhile accounted for 20.93% (or LKR 0.41 Bn) of the total turnover value with turnover driven primarily by COMB, Central finance & HNB which accounted for 54.58% sector turnover. Manufacturing Sector was also amongst the top sectorial contributors, contributing 13.65% (or LKR 0.27 Bn). The sector turnover was driven by Alumex PLC which accounted to 31.03% of the sector turnover.

Liquidity (in Volume Terms) |

The Bank, Finance & Insurance sector dominated the market in terms of share volume, accounting for 24.47% (or 13.97 Mn shares) of total volume, with a value contribution of LKR 0.41 Bn. Manufacturing Sector followed suit, adding 16.04% to total turnover volume as 9.16 shares were exchanged. The sector's volume accounted for LKR 0.27 Bn of total market turnover value. The Diversified Sector meanwhile, contributed 6.44 Mn shares (or 11.27%), amounting to LKR 0.54 Bn.

Top Gainers & Losers |

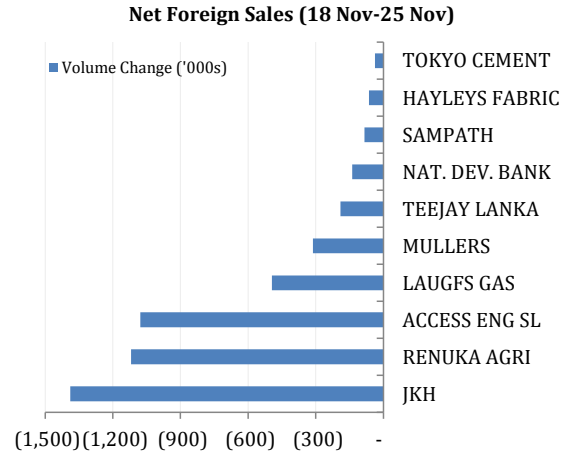
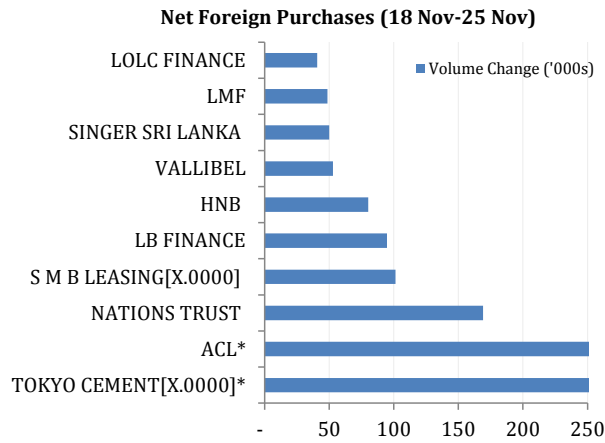
Equity Two was the week's highest price gainer; increasing 13.43% W-o-W from LKR 48.40 to LKR 54.90. Cold Stores gained 11.86% W-o-W to close at LKR 803.50 while CT Land gained 11.71% W-o-W to close at LKR 58.20. East West (+8.53% W-o-W) and Radiant Gems (+8.51% W-o-W) were also amongst the gainers.

Blue diamonds [NV] was the week's highest price loser, declining 16.67% W-o-W to close at LKR 0.50, Tea Smallholder (-16.16% W-o-W), Balangoda Plantations (-13.77% W-o-W) and Asiri Hospitals(-13.49%) also declined.

TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	146.0	145.4	505.4
C T LAND	CTLDN	52.1	58.2	137.0
ACCESS ENG SL	AEL N	24.6	24.2	122.4
COMMERCIAL BANK	COMBN	142.0	140.8	119.1
NESTLE	NESTN	2002.5	2046.2	99.0
ALUMEX PLC	ALUMN	20.0	19.9	82.9
HNB[NV]	CFINN	106.0	100.0	52.4
HNB	HNB N	229.0	222.9	52.0
CEYLON TOBACCO	CTC N	870.0	882.1	51.5
CARGILLS	CARGN	175.0	182.5	43.9

Market Review (Cont'd)



*Volume change of Tokyo Cement[x] (0.42 Mn shares) & ACL (0.30 Mn shares) not displayed between 18th November -25th November.

Foreign investors closed the week in a net selling position with total net outflows amounting to LKR 0.14 Bn relative to last week's total net outflow of LKR 0.22 Bn (+36% W-o-W). Total foreign purchases increased by 24.86% W-o-W to LKR 0.63 Bn from last week's value of LKR 0.50 Bn, while total foreign sales amounted to LKR 0.77 Bn relative to LKR 0.73 Bn recorded last week (+5.94% W-o-W). In terms of volume, ACL & Tokyo Cement[X] led foreign purchases, while JKH & Renuka Agri led foreign sales. In terms of value, Nestle & Tokyo Cement[X] led foreign purchases while JKH & Access Engineering led foreign sales.

Net Foreign Purchases (By Transaction Value)

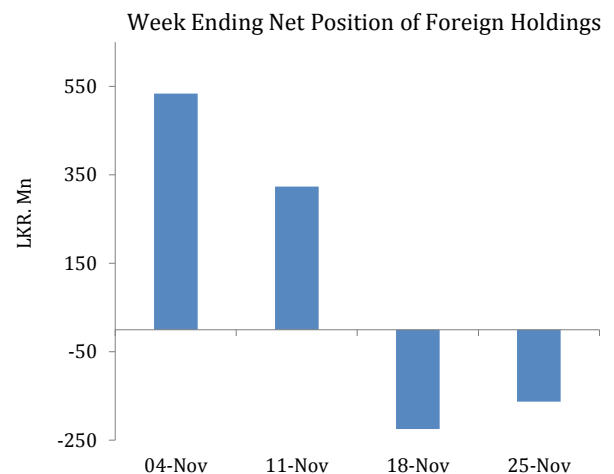
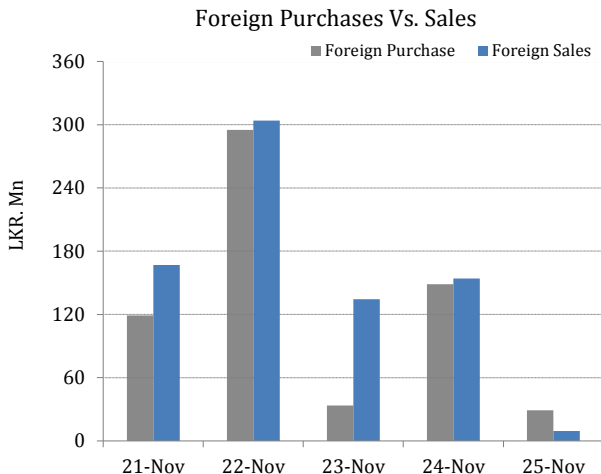
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	25/11/16	18/11/16		
NESTLE	96.0%	95.9%	23,653	48.4
TOKYO CEMENT[X.0000]	30.1%	29.7%	418,763	21.9
ACL	3.6%	3.4%	298,000	17.9
HNB	27.3%	27.3%	80,198	17.9
COLD STORES	9.7%	9.7%	17,999	14.5
NATIONS TRUST	23.4%	23.3%	169,054	13.5
LB FINANCE	2.1%	2.0%	94,690	11.5
SINGER SRI LANKA	86.8%	86.8%	50,000	6.2
LMF	25.1%	25.0%	48,635	5.3
SWISSTEK	2.6%	2.5%	31,290	2.2

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	25/11/16	18/11/16		
JKH	51.8%	51.9%	(1,388,253)	(201.9)
ACCESS ENG SL	5.7%	5.8%	(1,078,033)	(26.1)
NAT. DEV. BANK	16.5%	16.5%	(138,651)	(21.6)
SAMPATH	16.7%	16.7%	(83,479)	(21.2)
LAUGFS GAS	0.3%	0.5%	(493,902)	(16.3)
TEEJAY LANKA	46.1%	46.1%	(190,838)	(8.1)
CHEVRON	28.0%	28.0%	(32,261)	(5.1)
RENUKA AGRI	14.6%	14.8%	(1,118,909)	(3.4)
CENTRAL FINANCE	11.9%	11.9%	(23,510)	(2.4)
TOKYO CEMENT	23.3%	23.3%	(37,724)	(2.3)

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>
HATTON NATIONAL BANK PLC	1.50	Interim	06/12/2016
COMMERCIAL DEVELOPMENT COMPANY PLC	2.00	Interim	30/11/2016

Point of View

Market momentum continued to decelerate this week as concerns surrounding certain Budget 2017 proposals weighed on investor sentiment. The broad-share ASPI fell a further 73.9 points over the week, as retailers continued to look for direction and Institutional/HNI investors remained on the sidelines. Turnover levels meanwhile, continued to dwindle, with daily average turnover levels remaining in the LKR 0.32-0.39Bn range for the 5th consecutive week; turnover levels which have averaged ~LKR 0.75Bn over the first 9 months of the year, have fallen to ~LKR 0.4Bn over the months of October and November. Corporate earnings from the recently concluded earnings season however, indicated stronger performance over the September quarter, with ~95% of the market recording earnings totaling LKR 60Bn. The increase of ~25% Y-o-Y was helped largely by strong performance by Banks, Insurance, Manufacturing, Telecoms, F&B and Hotels & Travels. The Diversified sector however lost 27% Y-o-Y to LKR4.3Bn (cf. LKR 5.9Bn in Sept'15) while the Construction sector lost 15% Y-o-Y over the quarter to LKR 0.7Bn (cf. LKR 0.8Bn in Sept'15). Markets in the week ahead are likely to remain dull, with investor's looking for direction from next week's monetary policy decision.

Cumulative 6M Earnings Rise 12% Y-o-Y

Market earnings* for the cumulative 6-Months (Jan-Jun for December year-end companies & Apr-Sept for March year-end companies) rose 12% Y-o-Y to LKR 106Bn, relative to an 8.6% Y-o-Y increase in the comparable period last year and an increase of 32% Y-o-Y in the year prior. The earnings contribution from Banks, Finance & Insurance rose over the period helping offset a lower contribution from the Diversified sector. Sectors such as Manufacturing and Hotels & Travel and Power & Energy and Land & Property also contributed to the 12% growth in earnings. Market PER levels meanwhile, declined to 12.6x by end-September, lower than the 14.2x PER recorded in Sept'15. Sri Lanka's market PER in November, was 12.1x, lower than regional peer averages of 13.3x in Frontier Markets and 15.3x in Emerging Markets. The IMF meanwhile, approved the release of its 2nd tranche (\$162.6Mn) under the EFF agreement, adding that Sri Lanka's performance under the program has been broadly satisfactory as Macroeconomic and financial conditions have begun to stabilize, inflation has trended lower, and the B-o-P has improved. The Group noted that although international reserves remain below comfortable levels, Fiscal performance has been encouraging and that the reinstatement of the amendments to the VAT should help boost revenues while the proposed new inland Revenue Act should result in a more efficient, transparent, and broad-based tax system¹.

* 95% of Market

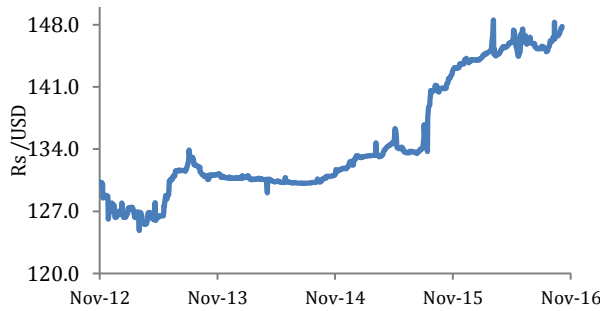
1. IMF Press Release No.16/515

Economic Snapshot

	Mar'16	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16	Oct'16
Interest Rates								
Prime Lending Rate	8.87	9.55	10.10	10.48	10.87	11.76	12.29	12.25
Ave. Wtd. Deposit Rates	6.44	6.58	6.72	6.87	7.10	7.32	7.56	7.79
Ave. Wtd. Fixed Dep. Rates	7.92	8.18	8.40	8.64	8.99	9.31	9.67	9.95
CCPI Inflation Y-o-Y %	2.0	3.1	4.8	6.0	5.5	4.0	3.9	4.2
GDP Growth (Base 2010)								
	2012	2013	2014	2015				
	9.1%	3.4%	4.9%	4.8%				

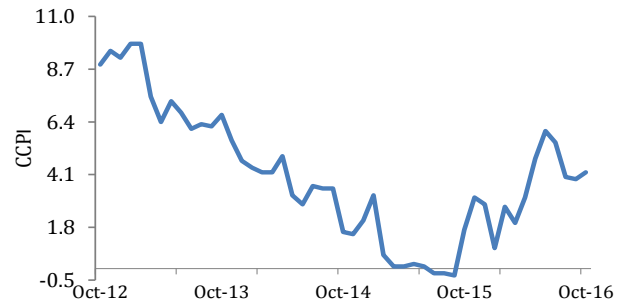
Source Central Bank

Exchange Rate, Rs. vs. US\$



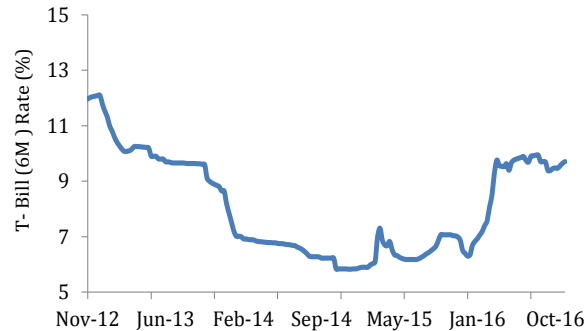
Source: Central Bank

Inflation (CCPI-N) YoY%



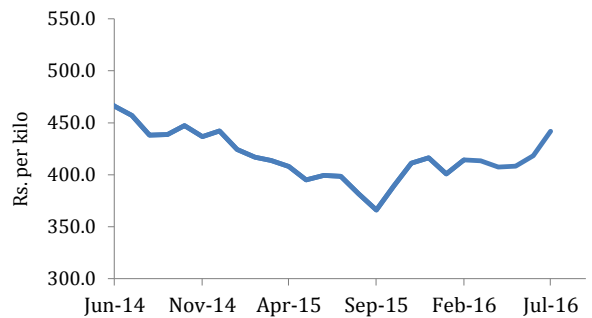
Source: Central Bank

6 Month T-Bill Yield



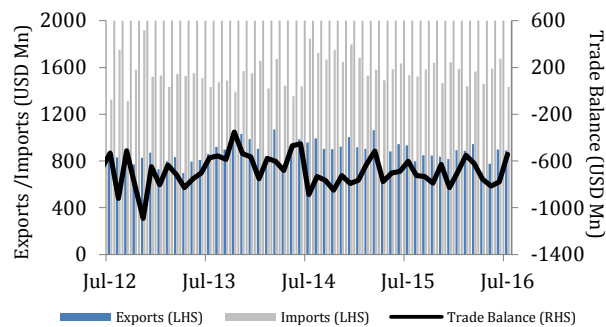
Source: Central Bank

Tea Prices



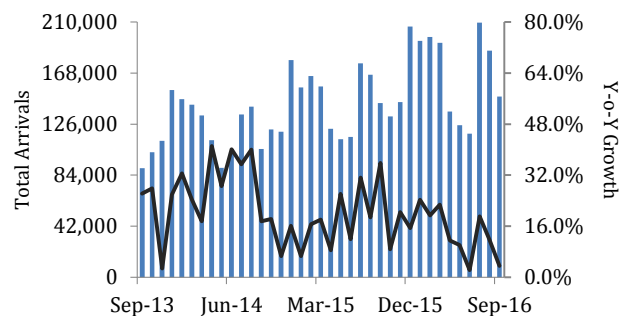
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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