

Net Foreign Inflow Surpass LKR 15Bn ... EU Grants GSP+, CB Forecasts 5.0% GDP Growth in 2017E

ASPI ^ 1.15% | S&P SL20 ^ 1.35%

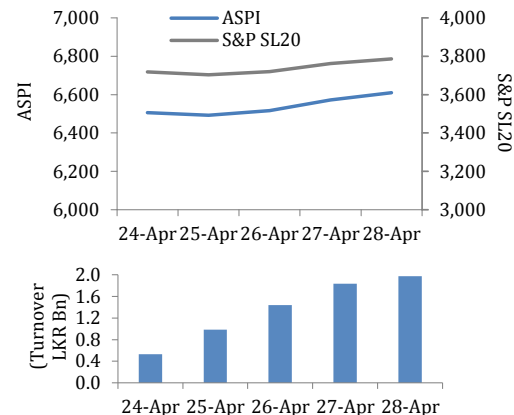
The Bourse continued its upward momentum ... *Cont. P2*

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

Last week's positive momentum led by ... *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (24th Apr – 28th Apr)



KEY STATISTICS

Week ending	28-Apr	21-Apr	+/-
ASPI	6,610.46	6,535.54	1.15%
S&P SL20	3,786.39	3,735.83	1.35%
Banking & Finance	16,098.32	15,758.54	2.16%
Food & Beverage	24,238.92	23,303.25	4.02%
Diversified	1,718.40	1,657.35	3.68%
Hotel & Travel	3,014.62	2,979.75	1.17%
Plantations	818.17	755.48	8.30%
Manufacturing	4,525.17	4,406.11	2.70%
Turnover (LKR Bn)	6.77	11.09	-38.96%
Foreign Buying (LKR Mn)	4,077.19	8,901.89	-54.20%
Foreign Selling (LKR Mn)	1,912.89	2,347.14	-18.50%
Daily Average Turnover (LKR Bn)	1.35	2.22	-38.96%
Daily Average Foreign Buying (LKR Mn)	815.44	1,780.38	-54.20%
Daily Average Foreign Selling (LKR Mn)	382.58	469.43	-18.50%

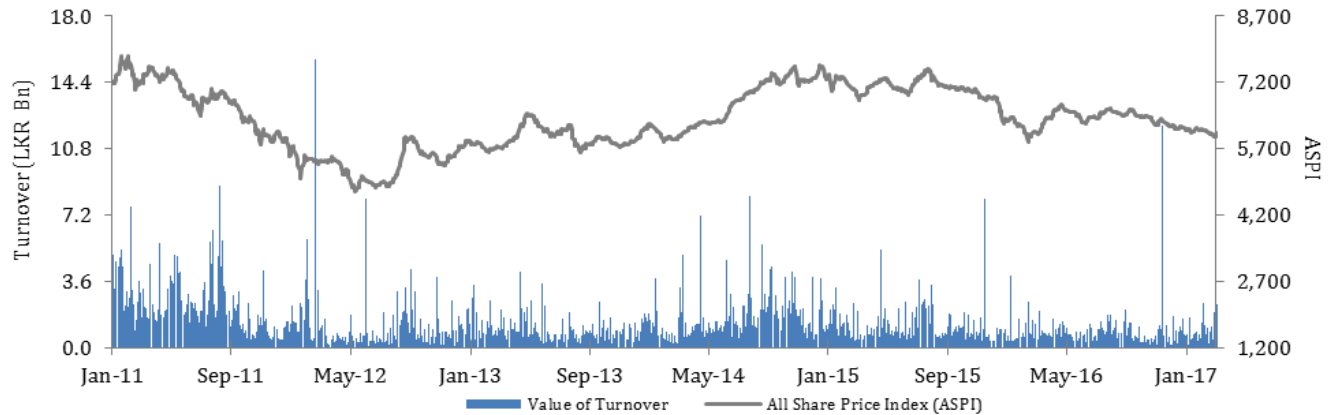
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
KOTMALE HOLDINGS	LAMBN	195.1	290.7	49.0%
HUEJAY	HUEJN	29.0	35.5	22.4%
RADIANT GEMS	RGEM	23.3	28.4	21.9%
BROWNS CAPITAL	FLCHN	1.6	1.9	18.8%
S M B LEASING	SEMBN	0.6	0.7	16.7%
EASTERN MERCHANT	EMERN	6.0	7.0	16.7%
MADULSIMA	MADUN	6.6	7.7	16.7%
KOTAGALA	KOTAN	11.7	13.4	14.5%
REGNIS	REG N	147.0	167.2	13.7%
HAPUGASTENNE	HAPUN	21.2	24.1	13.7%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEX	0.5	0.4	-20.0%
PRINTCARE PLC	CAREN	34.9	30.0	-14.0%
ADAM CAPITAL	PCHHN	0.9	0.8	-11.1%
LAKE HOUSE PRIN.	LPRTN	136.3	122.1	-10.4%
SERENDIB ENG.GRP	IDL N	7.1	6.4	-9.9%
BERUWALA RESORTS	BERUN	1.1	1.0	-9.1%
GESTETNER	GESTN	115.0	105.0	-8.7%
LUCKY LANKA	LLMPN	2.3	2.1	-8.7%
TAPROBANE	TAP N	4.7	4.3	-8.5%
MULLERS	MULLN	1.2	1.1	-8.3%

Market Review



Indices |

The Bourse continued its upward momentum as the ASPI increased by 74.92 points (or 1.15%) to close at 6,610.46 points, while the S&P SL20 Index too increased by 50.56 points (or 1.35%) to close at 3,786.39 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.88Bn or 27.77% of total turnover value. Melstacorp followed suit, accounting for 11.66% of turnover (value of LKR 0.79Bn) while Commercial Bank contributed LKR 0.59Bn to account for 8.73% of the week's turnover. Total turnover value amounted to LKR 6.77Bn (cf. last week's value of LKR 11.09Bn), while daily average turnover value amounted to LKR 1.35Bn (-38.96% W-o-W) compared to last week's average of LKR 2.22Bn. Market capitalization meanwhile, increased by 1.15% W-o-W (or LKR 32.97Bn) to LKR 2,908.77Bn cf. LKR 2,875.80Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 41.13% (or LKR 2.78Bn) of market turnover. Sector turnover was driven primarily by the JKH & Melstacorp which accounted for 95.87% of the sector's total turnover. The Banking, Finance & Insurance Sector meanwhile accounted for 32.51% (or LKR 2.20Bn) of the total turnover value with turnover driven primarily by Commercial Bank, HNB & Pan Asia which accounted for 78.43% of the sector turnover. The Manufacturing Sector was also amongst the top sectorial contributors, contributing 10.53% (or LKR 0.71Bn) to the market. The sector turnover was driven by Chevron, Teejay Lanka and Tokyo Cement which accounted for 65.72% of the sector turnover.

Liquidity (in Volume Terms) |

The Banking, Finance & Insurance Sector dominated the market in terms of share volume, accounting for 33.09% (or 80.36Mn shares) of total volume, with a value contribution of LKR 2.20Bn. The Diversified sector followed suit, adding 21.69% to total turnover volume as 52.66Mn shares were exchanged. The sector's volume accounted for LKR 2.78Bn of total market turnover value. The Hotels & Travels Sector meanwhile, contributed 44.39Mn shares (or 18.28%), amounting to LKR 0.32Bn.

Top Gainers & Losers |

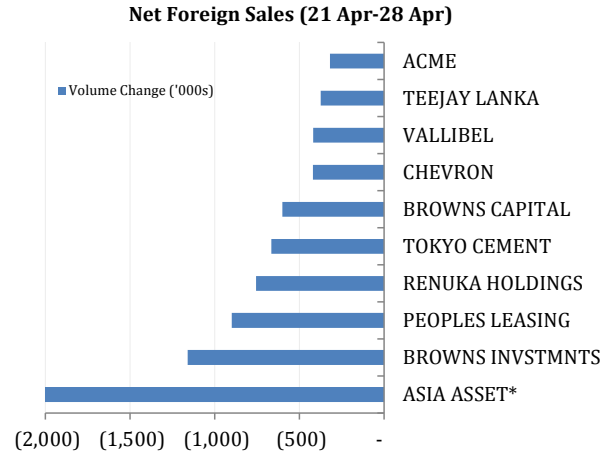
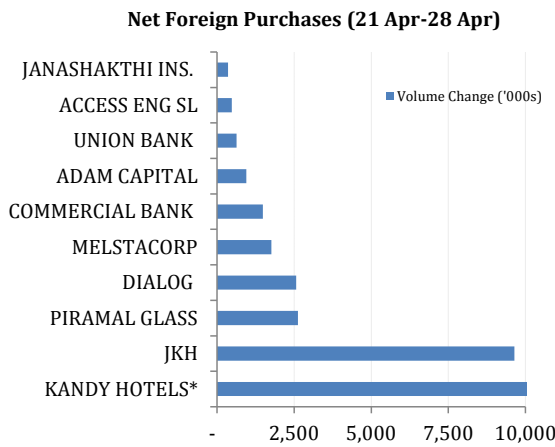
Kotmale Holdings was the week's highest price gainer; increasing 49.00% W-o-W from LKR 195.10 to LKR 290.70. Huejay International gained 22.41% W-o-W to close at LKR 35.50 while Radiant Gems gained 21.89% W-o-W to close at LKR 28.40. Browns Capital (+18.75% W-o-W) and SMB Leasing (+16.67% W-o-W) were also amongst the gainers.

Blue Diamonds[X] was the week's highest price loser, declining 20.00% W-o-W to close at LKR 0.40. Printcare (-14.04% W-o-W), Adam Capital (-11.11% W-o-W) and Lake House Printers (-10.42% 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	158.4	161.1	1,879.14
MELSTACORP	MELSN	65.0	69.4	789.05
COMMERCIAL BANK	COMBN	144.5	145.0	591.05
HNB	HNB N	230.4	230.0	571.55
PAN ASIA	PABCN	19.0	18.9	562.67
KANDY HOTELS	KHC N	5.5	5.8	287.68
CHEVRON	LLUBN	174.9	178.5	186.89
TEEJAY LANKA	TJL N	39.9	40.8	145.89
TOKYO CEMENT	TKYON	69.5	70.0	135.31
SAMPATH	SAMPN	268.5	271.8	92.08

Market Review (Cont'd)



* Volume Change in Kandy Hotels (40.78Mn shares) And Asia Assets (6.68Mn shares) from 21st -28th April is not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 2.16Bn relative to last week's total net inflow of LKR 6.55Bn (-66.98% W-o-W). Total foreign purchases decreased by 54.20% W-o-W to LKR 4.08Bn from last week's value of LKR 8.90Bn, while total foreign sales amounted to LKR 1.91Bn relative to LKR 2.35Bn recorded last week (-18.50% W-o-W). In terms of volume, Kandy Hotels & JKH led foreign purchases while Asia Assets and Browns Investments led foreign sales. In terms of value, JKH & Kandy Hotels led foreign purchases while Chevron & Tokyo Cement led foreign sales.

Net Foreign Purchases (By Transaction Value)

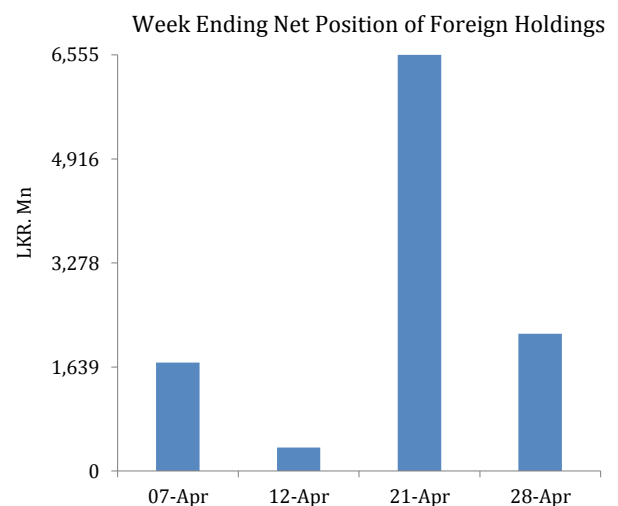
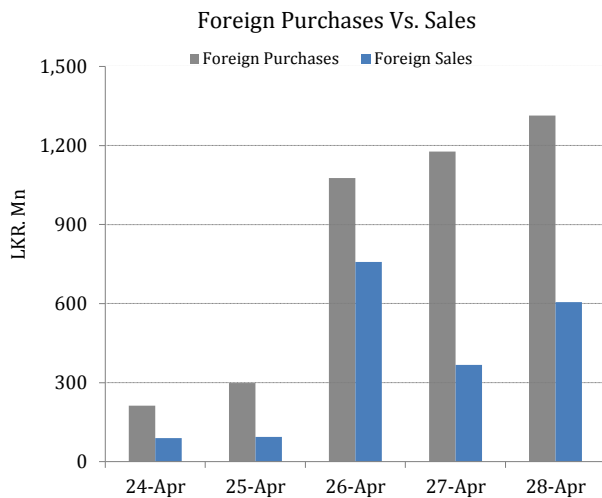
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	28/04/17	21/04/17		
JKH	54.44%	53.75%	9,639,343	1,552.90
KANDY HOTELS	19.07%	12.01%	40,775,000	236.50
COMMERCIAL BANK	34.59%	34.41%	1,488,876	215.89
MELSTACORP	25.40%	25.25%	1,761,329	122.24
SAMPATH	17.92%	17.83%	161,404	43.87
DIALOG	94.14%	94.11%	2,570,969	30.85
COMMERCIAL BANK[X.0000]	24.50%	24.15%	201,018	23.32
REGNIS	6.09%	4.96%	126,601	21.17
NESTLE	96.02%	96.00%	8,308	19.13
ROYAL CERAMIC	11.65%	11.53%	140,822	17.88

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	28/04/17	21/04/17		
CHEVRON	26.99%	27.16%	(420,184)	(75.00)
TOKYO CEMENT	22.88%	23.18%	(665,081)	(46.56)
RENUKA HOLDINGS	9.63%	10.48%	(755,000)	(19.25)
PEOPLES LEASING	6.71%	6.77%	(899,242)	(16.28)
TEEJAY LANKA	45.54%	45.60%	(372,977)	(15.22)
LOLC	34.24%	34.28%	(152,300)	(13.40)
COLD STORES	10.01%	10.02%	(13,396)	(12.46)
CENTRAL FINANCE	11.69%	11.75%	(129,202)	(11.63)
ASIA ASSET	60.54%	61.34%	(6,681,761)	(10.02)
WATAWALA	1.23%	1.32%	(219,930)	(6.75)

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

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
BAIRAHA FARMS PLC	DPS: 4.00	Second Interim Dividend	XD: 12.May.2017
GUARDIAN CAPITAL PARTNERS PLC	DPS: 0.25	First & Final Dividend	XD: 05.Jun.2017
UNION CHEMICALS LANKA PLC	DPS: 11.00	Final Dividend	XD: 02.Jun.2017
CEYLON TEA BROKERS PLC	DPS: 0.175	Interim Dividend	XD: 04.May.2017

Point of View

Last week's positive momentum led by blue chips continued this week too, helping push the benchmark ASPI to an ~11 month high. Sri Lanka defeating a motion to deny GSP+ trade concession, continued foreign buying, positive corporate earnings boosted the investor confidence this week helped the Index gain 75 points over the week to close at 6610.46 points. The market rally since late last March has led to the benchmark price index gain a cumulative ~550 points, which help improve gains to 6.1% Y-T-D (cf. 4.9% last week). Off board large parcels accounted for ~41% of market turnover for the week helping push average turnover for the week to LKR 1.35 Bn, ~48% higher than Y-T-D turnover of LKR 0.91Bn. Crossings in JKH accounted for ~28% of the week's total crossings while Melstacorp accounted for ~21% & of the week's total crossings. On the foreign investor side meanwhile, the net foreign position on the bourse continued in the green for the 11th consecutive week as the net buying position amounted to LKR 2.16Bn, bringing the total net inflows for the year to LKR 15.86Bn (cf. net outflow of LKR 3.19Bn Jan-Apr '16). Similar market momentum is likely to prevail in the week ahead amid some profit taking.

EU Grants GSP+, CB Forecasts 5.0% GDP Growth in '17E

Sri Lanka won the EU parliamentary vote on GSP+ yesterday (by 436) votes enabling tariff concessions across a wide range of exports to the EU. The GSP+ scheme is designed to help developing countries by granting full removal of tariffs on over 66% of tariff lines covering a wide array of products. The EU was Sri Lanka's main export destination in 2015, accounting for nearly 1/3 of the country's global exports and the restoration of GSP+ is expected to benefit listed entities in the Apparel, Rubber and Ceramics Industries In its Annual Report for 2016 meanwhile, the Central Bank (CB) noted that the country is expected to progress towards higher growth trajectory over the medium term upon addressing certain structural issues. The CB added that the formulation of policy frameworks with the help of multilateral agencies including the IMF, along with the swift and consistent implementation of these policies will be essential to improve the economy's productivity and efficiency. The CB also emphasized the importance of attracting Foreign Direct Investments, improving export income through diversified exports (eg: value added, technologically intensive products), attracting high spending tourists as key measures to reach a higher economic growth over the medium term. The Monetary Authority projects a GDP growth rate of 5.0% Y-o-Y in 2017E (cf. 4.4% in 2016) and a medium-term output target of ~6.5-7.0% Y-o-Y.

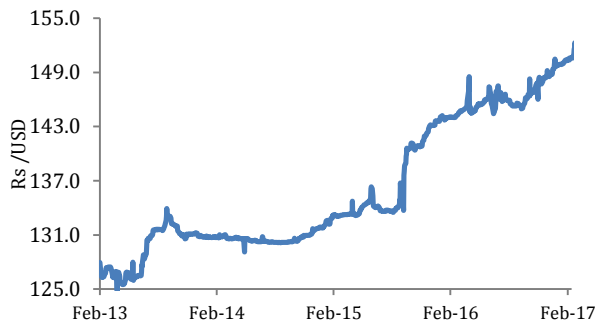
Source: LBO, Daily Mirror

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%			

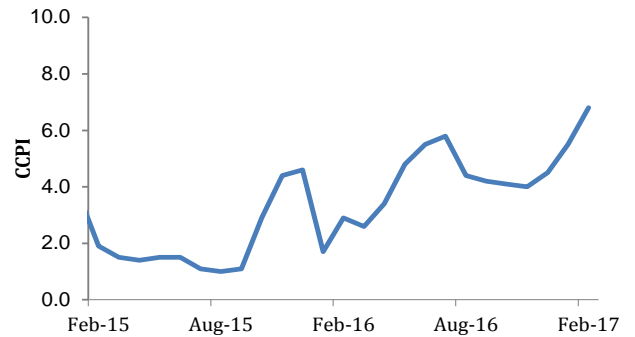
Source Central Bank

Exchange Rate, Rs. vs. US\$



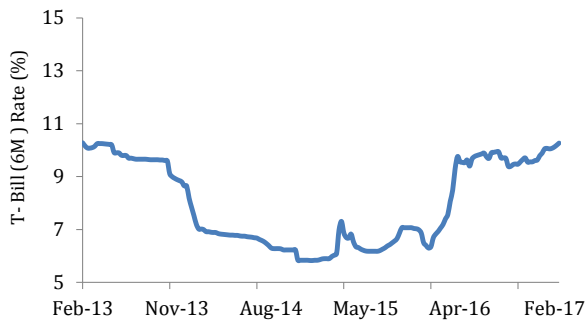
Source: Central Bank

Inflation (CCPI-N) YoY%



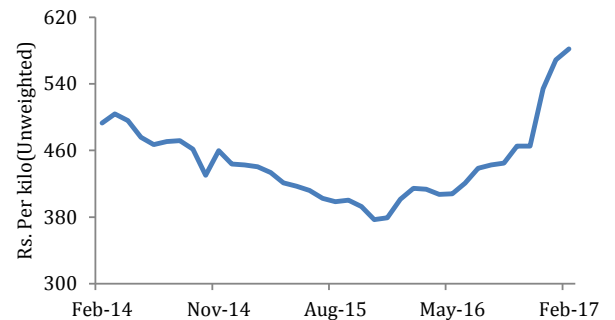
Source: Central Bank

6 Month T-Bill Yield



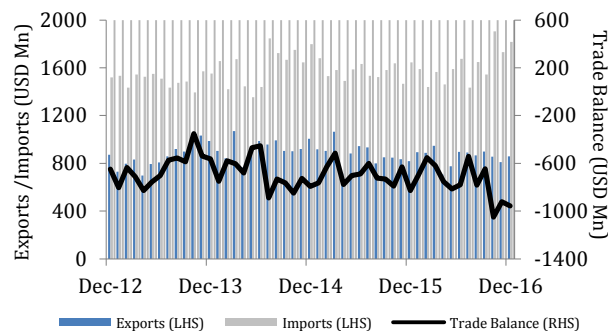
Source: Central Bank

Tea Prices



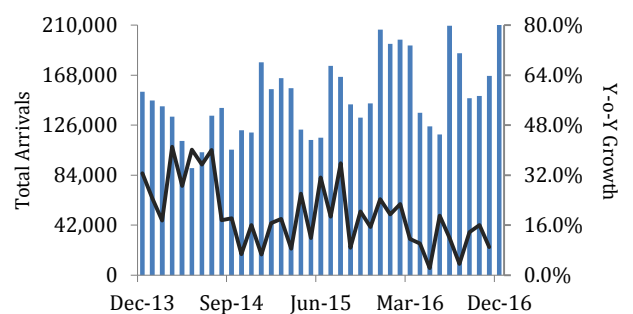
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

Research Team

Chethana Ellepola
(+94) 112 206 256
chethana@acuitystockbrokers.com

Anjula Nawarathna
(+94) 112 206 255
anjula@acuitystockbrokers.com

Shara Kulasiri
(+94) 112 206 253
shara@acuitystockbrokers.com

Maxtina Fernando
(+94) 112 206 251
maxtina@acuitystockbrokers.com

Sales Team

Deva Ellepola
(+94) 112 206 220/221
deva.e@acuitystockbrokers.com

Prashan Fernando
(+94) 112 206 222
prashan@acuitystockbrokers.com

Arjuna Dasanayake
(+94) 112 206 235
arjuna@acuitystockbrokers.com

Kapila Pathirage
(+94) 112 206 227/228
kapila.p@acuitystockbrokers.com

Naren Godamunne
(+94) 112 206 225
naren@acuitystockbrokers.com

Chathura Siyambalapatiya
(+94) 112 206 232
chathura.s@acuitystockbrokers.com

Dhammika Wanniarachchi
(+94) 112 206 229
dhammika.w@acuitystockbrokers.com

Shivane Wijyaratnam
(+94) 112 206 236
shivane@acuitystockbrokers.com

Kumar Dias Desinghe
(+94) 814 474 443
hnbkandy@slt.net.lk

Susil Fernando
(+94) 112 206 234
susil@acuitystockbrokers.com

S. Vasanthakumar
(+94) 112 206 250/251
vasantha.k@acuitystockbrokers.com

Prasanna Semasinghe
(+94) 814 474 443
hnbkandy@slt.net.lk

Sameera Rajawatte
(+94) 112 206 279
sameera@acuitystockbrokers.com

Thehani Weerasinghe
(+94) 112 206 224
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.