

Daily Turnover Level Hits 2-Month Low... Prime Minister Releases Economic Policy Statement

ASPI v 0.35% | S&P SL20 v 0.62%

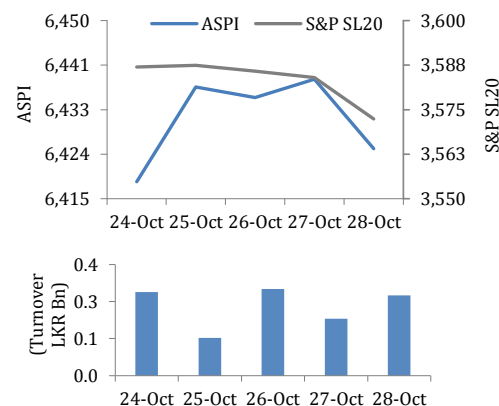
The Bourse continued to remain in the ... [Cont. P2](#)

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Indices vs. Turnover (24th Oct – 28st Oct)



KEY STATISTICS

Week ending	28 th October	21 st October	+/-
ASPI	6,424.85	6,447.53	-0.35%
S&P SL20	3,572.36	3,594.59	-0.62%
Banking & Finance	16,220.43	16,392.35	-1.05%
Food & Beverage	21,014.28	20,893.82	0.58%
Diversified	1,645.73	1,654.49	-0.53%
Hotel & Travel	3,107.73	3,116.95	-0.30%
Plantations	645.14	642.39	0.43%
Manufacturing5	4,518.79	4,582.95	-1.40%
Turnover (LKR Bn)	1.24	2.68	-53.66%
Foreign Buying (LKR Mn)	320.54	1,297.35	-75.29%
Foreign Selling (LKR Mn)	236.25	778.61	-69.66%
Daily Average Turnover (LKR Bn)	0.25	0.54	-53.66%
Daily Average Foreign Buying (LKR Mn)	64.11	259.47	-75.29%
Daily Average Foreign Selling (LKR Mn)	47.25	155.72	-69.66%

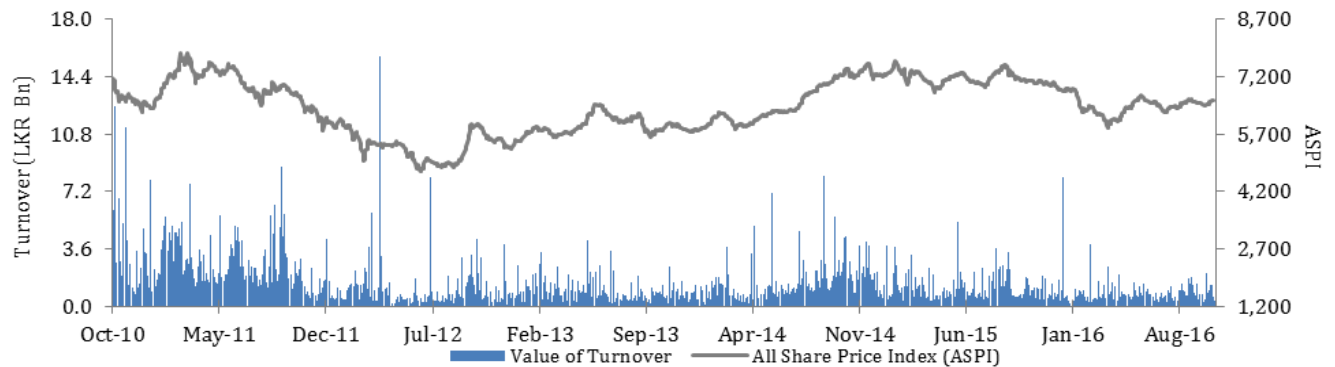
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUJEX	0.50	0.60	20.0%
SERENDIB HOTELS[NV]	SHOTX	21.50	24.00	11.6%
DURDANS	CHL N	98.00	108.70	10.9%
UDAPUSSELLAWA	UDPL	17.80	19.70	10.7%
RESUS ENERGY	HPWRN	21.30	23.50	10.3%
DUNAMIS CAPITAL	CSECN	23.70	26.00	9.7%
BUKIT DARAH	BUKIN	267.00	290.00	8.6%
PARAGON	PARAN	52.20	56.60	8.4%
MALWATTE	MAL N	2.70	2.90	7.4%
INDUSTRIAL ASPH.	ASPHNN	320.00	341.20	6.6%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
CEYLON PRINTERS	CPRTN	73.00	60.80	-16.7%
CITRUS HIKKADUWA	CITHN	14.50	12.50	-13.8%
ADAM INVESTMENTS	AINVN	2.30	2.00	-13.0%
CHILAW FINANCE	CFL N	21.00	19.00	-9.5%
CITRUS LEISURE	REEFN	11.50	10.50	-8.7%
KELSEY	KDL N	44.20	40.50	-8.4%
ASIA CAPITAL	ACAPN	9.90	9.10	-8.1%
KELANI CABLES	KCABN	141.20	130.00	-7.9%
TESS AGRO[NV]	TESSX	1.40	1.30	-7.1%
KANDY HOTELS	KHC N	7.70	7.20	-6.5%

Market Review



Indices |

The Bourse continued to remain in negative territory for the third consecutive week as the ASPI decreased by 22.68 points (or 0.35%) to close at 6,424.85 points while the S&P SL20 Index decreased by 22.23 points (or 0.62%) to close at 3,572.36 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 0.12 Bn or 10.1% of total turnover value. Sampath followed suit, accounting for 6.43% of turnover (value of LKR 0.08 Bn) while Access Engineering contributed LKR 0.07 Bn to account for 5.7% of the week's turnover. Total turnover value amounted to LKR 1.24 Bn (cf. last week's value of LKR 2.68 Bn), while daily average turnover value amounted to LKR 0.25 Bn (-53.66% W-o-W) compared to last week's average of LKR 0.54 Bn. Market capitalization meanwhile, decreased by 0.35% W-o-W (or LKR 9.59 Bn) to LKR 2,739.04 Bn cf. LKR 2,748.63 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 25.33% (or LKR 0.31 Bn) of market turnover. Sector turnover was driven primarily by SAMP, HNB (NV), COMB & LOLC which accounted for 65.58% of the sector's total turnover. The Beverage Food Tobacco Sector meanwhile accounted for 15.07% (or LKR 0.19 Bn) of the total turnover value with turnover driven primarily by Lion Brewery, Renuka Agri & Cargills which accounted for 60.34% sector turnover. Diversified Sector was also amongst the top sectorial contributors, contributing 14.26% (or LKR 0.18 Bn). The sector turnover was driven by JKH which accounted to 70.52% of the sector turnover.

Liquidity (in Volume Terms) |

The Beverage Food Tobacco sector dominated the market in terms of share volume, accounting for 19.92% (or 10.92 Mn shares) of total volume, with a value contribution of LKR 0.19 Bn. Banking, Finance & Insurance Sector followed suit, adding 15.87% to total turnover volume as 8.70 Mn shares were exchanged. The sector's volume accounted for LKR 0.31 Bn of total market turnover value. The Manufacturing Sector meanwhile, contributed 8.45 Mn shares (or 15.40%), amounting to LKR 0.17Bn.

Top Gainers & Losers |

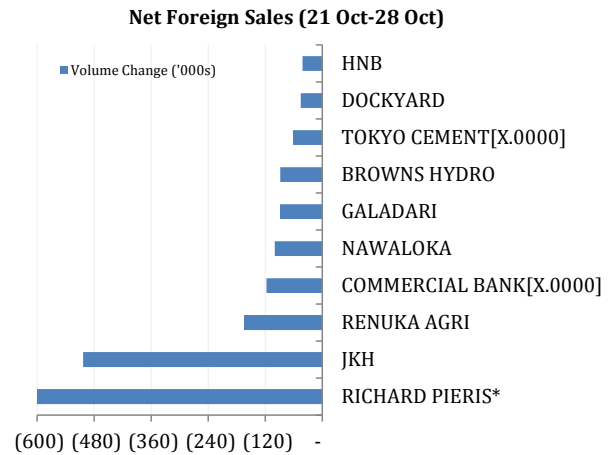
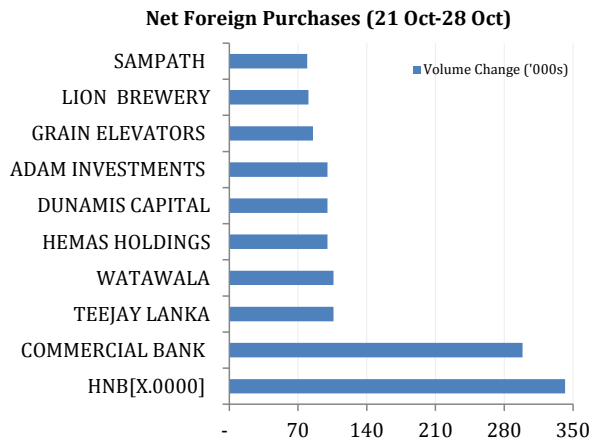
Blue Diamonds (NV) was the week's highest price gainer; increasing 20.00% W-o-W from LKR 0.50 to LKR 0.60. Serendib Hotel (NV) gained 11.63% W-o-W to close at LKR 24.00 while Durdans gained 10.92% W-o-W to close at LKR 108.70. Udapussellewa (+10.67% W-o-W) and Resus Energy (+10.33% W-o-W) were also amongst the gainers.

Ceylon Printers was the week's highest price loser, declining 16.71% W-o-W to close at LKR 60.80, Citrus Hikkaduwa (-13.79% W-o-W), Adam Investments (-13.04% W-o-W) and Chilaw Finance (-9.52%) also declined.

TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	150.0	149.1	124.9
SAMPATH	SAMPN	259.4	260.0	79.9
ACCESS ENG SL	AEL N	26.1	26.0	70.8
HNB(NV)	HNB X	190.0	190.2	69.9
COMMERCIAL BANK	COMBN	147.0	144.6	56.5
LION BREWERY	LIINN	408.0	410.0	43.4
TEEJAY LANKA	TJL N	46.1	45.3	38.8
LOLC	LOLCN	81.0	80.1	35.7
RENUKA AGRI	RAL N	3.0	3.0	34.8
CARGILLS	CARGN	171.7	172.1	34.7

Market Review (Cont'd)



*Richard Pieris volume change of 2.06 Mn shares not displayed between 21st October -28th not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.08 Bn relative to last week's total net inflow of LKR 0.52 Bn (-84% W-o-W). Total foreign purchases decreased by 75.29% W-o-W to LKR 0.32 Bn from last week's value of LKR 1.30 Bn, while total foreign sales amounted to LKR 0.24 Bn relative to LKR 0.78 Bn recorded last week (-69.66% W-o-W). In terms of volume, HNB(X) & Commercial Bank led foreign purchases, while Richard Pieris & JKH led foreign sales. In terms of value, HNB(X) & Commercial Bank led foreign purchases while JKH & Richard Pieris led foreign sales.

Net Foreign Purchases (By Transaction Value)

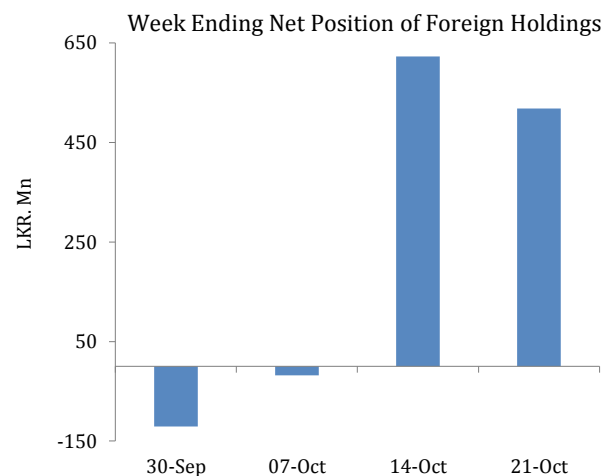
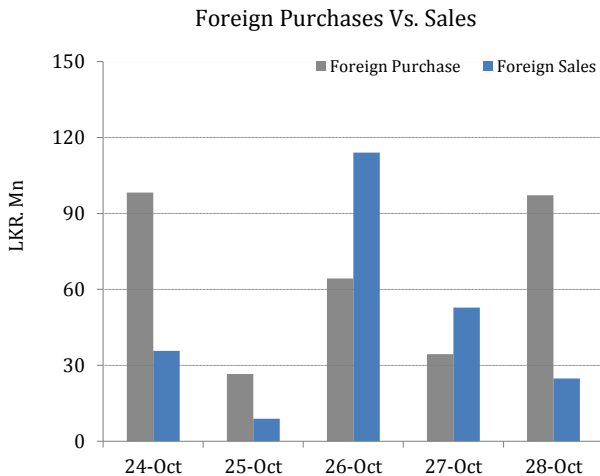
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	28/10/16	21/10/16		
HNB[X.0000]	42.4%	42.0%	342,022	65.1
COMMERCIAL BANK	30.1%	30.0%	298,733	43.2
LION BREWERY	36.7%	36.6%	80,760	33.1
SAMPATH	16.3%	16.3%	79,430	20.7
COLD STORES	9.7%	9.6%	25,000	16.0
HEMAS HOLDINGS	29.5%	29.5%	100,081	10.7
GRAIN ELEVATORS	60.4%	60.2%	85,203	7.9
TEEJAY LANKA	45.9%	45.9%	106,206	4.8
C T HOLDINGS	16.0%	15.9%	26,692	3.2
CEYLON TOBACCO	97.2%	97.2%	3,727	3.2

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	28/10/16	21/10/16		
JKH	51.9%	51.9%	(503,226)	(75.0)
RICHARD PIERIS	72.3%	72.4%	(2,058,000)	(16.3)
COMMERCIAL BANK[X.0000]	23.5%	23.7%	(117,387)	(13.6)
HNB	27.2%	27.2%	(41,585)	(9.5)
CHEVRON	28.0%	28.0%	(24,100)	(4.0)
DOCKYARD	53.9%	53.9%	(45,426)	(3.6)
TOKYO CEMENT[X.0000]	29.7%	29.8%	(61,511)	(3.2)
GALADARI	91.8%	91.8%	(89,000)	(1.1)
AITKEN SPENCE	33.4%	33.4%	(12,000)	(0.8)
NAT. DEV. BANK	16.6%	16.6%	(4,909)	(0.8)

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>
BAIRAHA FARMS PLC	DPS: 3.50	Interim	XD: 04/11/2016
WATAWALA PLANTATIONS PLC	DPS: 0.65	Interim	XD: 03/11/2016
LANKA WALLTILES PLC	DPS: 2.0	Interim	XD: 02/11/2016

Point of View

Markets failed to react to the Prime Minister's long-anticipated economic policy statement, with investors opting to remain on the sidelines ahead of the Budget speech on November 10th. The benchmark ASPI fell ~22 points over the week (cf. 35 point drop last week), hitting a near 3-month low amid sporadic retail buying and as Institutional and HNI investors continued to adopt a watchful stance. Crossing for the week amounted to a paltry LKR 195Mn, representing just 16% of total market turnover and far below the weekly average of around 35-40%. Investor inclination to remain on the sidelines has been evident since late-September, and this week's average daily turnover levels fell to an over two year low of LKR 0.25Bn. Despite remaining net buyers for the 3rd consecutive week, Foreign inflows to the bourse fell ~84% this week, amid a general decline in Emerging market equities this week as rating downgrade fears in South Africa and a fall in oil prices below \$50 weighed on Russian markets. Markets in the week ahead are likely to remain dull as investors continue to adopt a watchful stance ahead of the Budget.

PM Releases Economic Policy Statement

In his economic policy statement on Thursday, the Prime Minister highlighted the GoSL's aim to double personal income levels by 2025 and generate sustainable economic growth. The PM added that the focus of the country's medium-term policy would be to create multifaceted economic linkages to global supply chains and increase trade development. To this end, the GoSL plans to create a positive investment climate that will generate jobs and transition Sri Lanka into a logistical and business hub. The PM added that in line with these targets, the GoSL will establish a single window for investment approval, remove obstacles that prevent business start-up growth, repeal The Export and Import Control Act and incentivize domestic market enterprises to connect to the Global Value Chain through measures such as Capital Allowance for new equipment. The PM also stated that the country would continue to focus on drawing in FDIs and creating new markets for exports via FTAs. The Prime Minister further added that a debt-equity swap with Chinese investors had been negotiated for the debt-strapped Hambantota Port and Mattala airport, while a Public Commercial Enterprise Board would be established to manage SOEs & enable them to become more commercially viable.

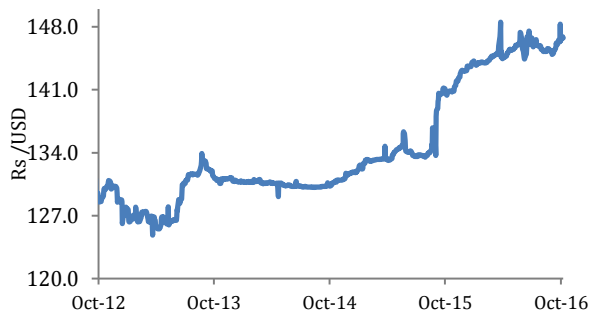
Source: Prime Minister's economic statement in parliament_27.10.16

Economic Snapshot

	Feb'16	Mar'16	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16
Interest Rates								
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
CCPI Inflation Y-o-Y %	2.7	2.0	3.1	4.8	6.0	5.5	4.0	3.9
GDP Growth (Base 2010)								
	2012	2013	2014	2015				
	9.1%	3.4%	4.9%	4.8%				

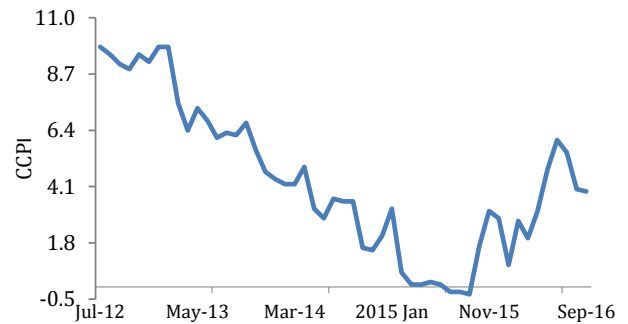
Source Central Bank

Exchange Rate, Rs. vs. US\$



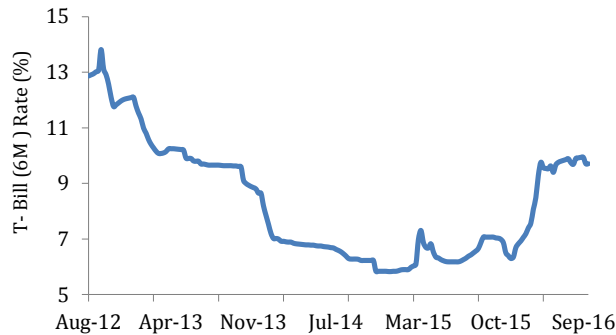
Source: Central Bank

Inflation (CCPI-N) YoY%



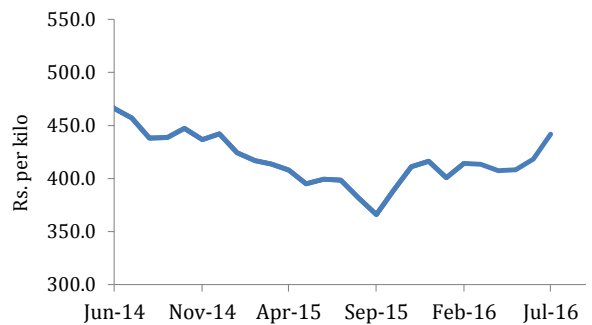
Source: Central Bank

6 Month T-Bill Yield



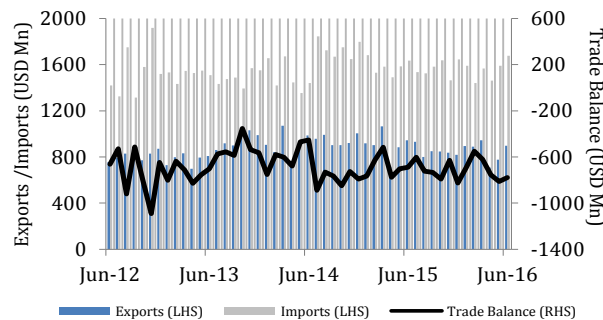
Source: Central Bank

Tea Prices



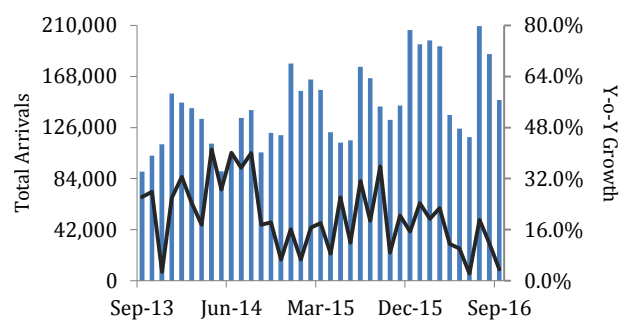
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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