

## Daily Activity Levels Hit a 10-Year Low on Friday... Equity & Debt Market Review for 2018...

ASPI  $\uparrow$  0.87% | S&P SL20  $\downarrow$  0.31%

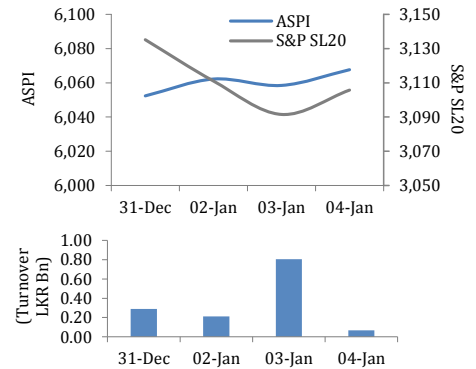
The Bourse ended the week... *Cont. P2*

Foreign investors closed the week... *Cont. P3*

Domestic equities continued ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (31<sup>st</sup> Dec – 04<sup>th</sup> Jan)



### KEY STATISTICS

Week ending	04-Jan	28-Dec	+/-
ASPI	6,067.66	6,015.23	0.87%
S&P SL20	3,105.75	3,115.42	-0.31%
Banking & Finance	16,474.18	16,469.35	0.03%
Food & Beverage	24,794.09	24,200.32	2.45%
Diversified	1,566.64	1,566.67	0.00%
Hotel & Travel	2,669.93	2,646.44	0.89%
Plantations	732.16	713.11	2.67%
Manufacturing	2,855.64	2,819.25	1.29%
Turnover (LKR Bn)	1.37	1.72	-20.36%
Foreign Buying (LKR Mn)	798.17	575.26	38.75%
Foreign Selling (LKR Mn)	905.28	311.55	190.57%
Daily Average Turnover (LKR Bn)	0.34	0.43	-20.36%
Daily Average Foreign Buying (LKR Mn)	199.54	143.82	38.75%
Daily Average Foreign Selling (LKR Mn)	226.32	77.89	190.57%

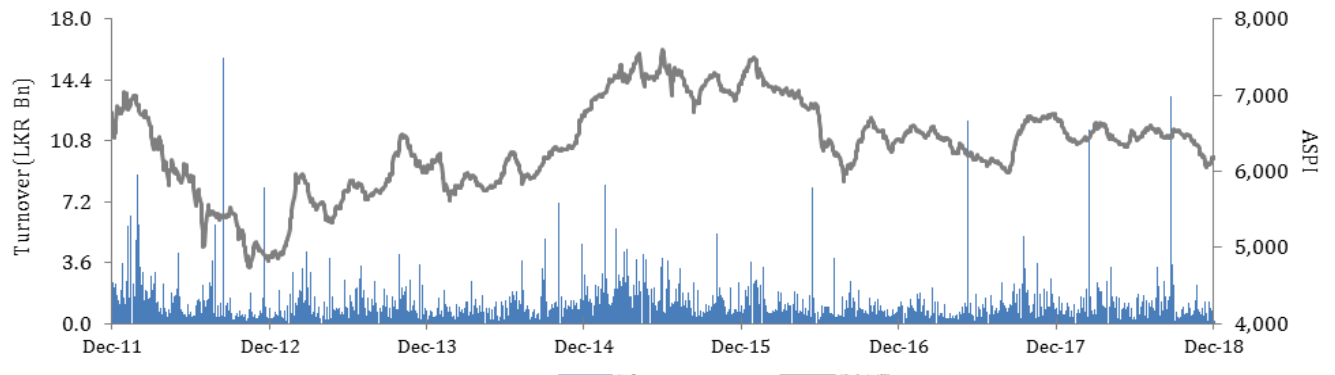
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
HUNAS FALLS	HUNAN	80.5	131.8	63.7%
KELANI VALLEY	KVALN	80.2	99.7	24.3%
AGSTAR PLC	AGSTN	3.8	4.7	23.7%
ODEL PLC	ODELN	25.0	29.5	18.0%
NATION LANKA	CSF N	0.6	0.7	16.7%
COMM LEASE & FIN	CLC N	2.6	3.0	15.4%
CEYLON PRINTERS	CPRTN	65.0	73.8	13.5%
CITRUS WASKADUWA	CITWN	2.5	2.8	12.0%
RENUKA HOLDINGS[NV]	RHLX	13.4	14.9	11.2%
KELSEY	KDLN	30.4	33.5	10.2%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING	SEMBN	0.5	0.4	-20.0%
TESS AGRO	TESSN	0.5	0.4	-20.0%
HARISCHANDRA	HARI N	1499.5	1252.3	-16.5%
BERUWALA RESORTS	BERUN	0.7	0.6	-14.3%
LAKE HOUSE PRIN.	LPRTN	162.9	140.0	-14.1%
SERENDIB HOTELS	SHOTN	17.0	15.0	-11.8%
ASIA ASSET	AAF N	0.9	0.8	-11.1%
LANKEM CEYLON	LCEYN	28.1	25.0	-11.0%
PRINTCARE PLC	CAREN	30.2	27.3	-9.6%
TRADE FINANCE	TFILN	60.9	56.0	-8.0%

## Market Review



### Indices |

The Bourse ended the week on a mixed note as the ASPI increased by 52.43 points (or +0.87%) to close at 6,067.66 points, while the S&P SL20 Index decreased by 9.67 points (or -0.31%) to close at 3,105.75 points.

### Turnover & Market Capitalization |

Hemas Holdings was the highest contributor to the week's turnover value, contributing LKR 0.50Bn or 36.67% of total turnover value. JKH followed suit, accounting for 14.04% of turnover (value of LKR 0.19Bn) while Commercial Bank contributed LKR 0.12Bn to account for 8.64% of the week's turnover. Total turnover value amounted to LKR 1.37Bn (cf. last week's value of LKR 1.72Bn), while daily average turnover value amounted to LKR 0.34Bn (-20.36% W-o-W) compared to last week's average of LKR 0.43Bn. Market capitalization meanwhile, increased by +0.87% W-o-W (or LKR 24.59Bn) to LKR 2,846.62Bn cf. LKR 2,822.02Bn last week.

### Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 54.73% (or LKR 0.75Bn) of market turnover. Sector turnover was driven primarily Hemas Holdings, JKH & Softlogic Holdings which accounted for 98.11% of the sector's total turnover. The Banks, Finance & Insurance sector meanwhile accounted for 34.01% (or LKR 0.47Bn) of the total turnover value, with turnover driven primarily by Commercial Bank, HNB, Sampath Bank, Janashakthi Insurance, Softlogic Life & Merchant Bank which accounted for 86.15% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 3.62% (or LKR 0.05Bn) to the market driven by Teejay Lanka which accounted for 38.72% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banks, Finance & Insurance sector dominated the market in terms of share volume, accounting for 47.02% (or 17.60Mn shares) of total volume, with a value contribution of LKR 0.47Bn. The Diversified sector followed suit, adding 27.67% to total turnover volume as 10.36Mn shares were exchanged. The sector's volume accounted for LKR 0.75Bn of total market turnover value. The Manufacturing sector meanwhile, contributed 1.84Mn shares (or 4.91%), amounting to LKR 0.05Bn.

### Top Gainers & Losers |

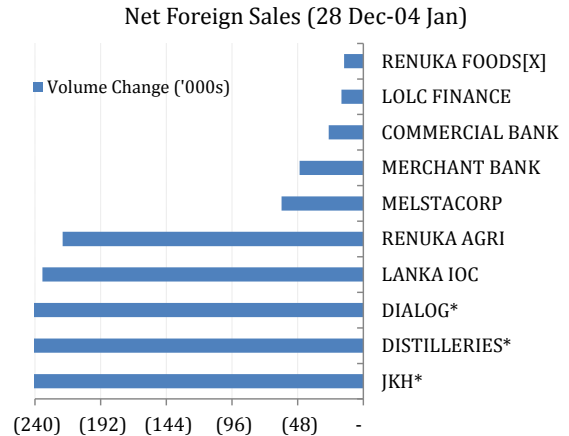
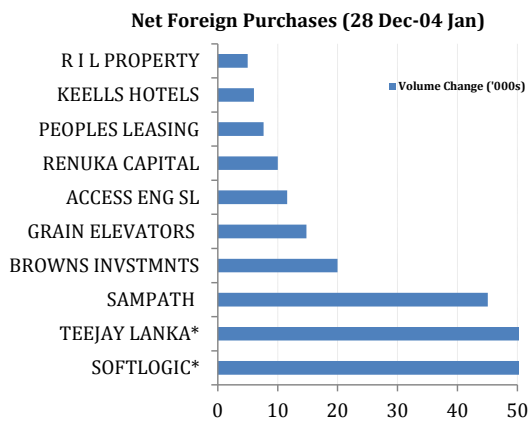
Hunnas Falls was the week's highest price gainer; increasing 63.7% W-o-W from LKR80.50 to LKR131.80 while Kelani Valley(+24.3% W-o-W), Agstar PLC (+23.7% W-o-W) and Odel PLC(+18.0% W-o-W) were also amongst the top gainers.

SMB Leasing was the week's highest price loser; declining 20.0% W-o-W to close at LKR0.40 while Tess Agro(-20.0% W-o-W), Harischandra Mills(-16.5% W-o-W), and Beruwala Resorts(-14.3% W-o-W) were also amongst the top losers over the week.

### TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
HEMAS HOLDINGS	HHL N	88.5	87.9	503.68
JKH	JKH N	156.0	157.5	192.86
COMMERCIAL BANK	COMBN	115.0	115.0	118.61
HNB	HNB N	214.1	208.0	103.16
SAMPATH	SAMPN	235.0	229.0	77.75
JANASHAKTHI INS.	JINSN	29.6	30.6	61.94
SOFTLOGIC	SHL N	21.4	20.1	40.97
SOFTLOGIC LIFE	AAICN	42.4	44.5	24.06
TEEJAY LANKA	TJLN	32.5	33.8	19.27
MERCHANT BANK	MBSLN	9.0	9.8	16.94

Market Review (Cont'd)



\*Volume change of Softlogic (1.50Mn Shares), Teejay Lanka (0.55Mn Shares), JKH (0.88Mn Shares), Distilleries (0.72Mn Shares) and Dialog (0.69Mn Shares) from 28<sup>th</sup> Dec – 4<sup>th</sup> Jan not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.11Bn relative to last week's total net inflow of LKR 0.26Bn (-140.61% W-o-W). Total foreign purchases increased by 38.75% W-o-W to LKR 0.80Bn from last week's value of LKR 0.58Bn, while total foreign sales amounted to LKR 0.91Bn relative to LKR 0.31Bn recorded last week (+190.57% W-o-W). In terms of volume, Softlogic Holdings & Teejay Lanka led foreign purchases while JKH & Distilleries led foreign sales. In terms of value, Softlogic Holdings & Teejay Lanka led foreign purchases while JKH & Distilleries led foreign sales.

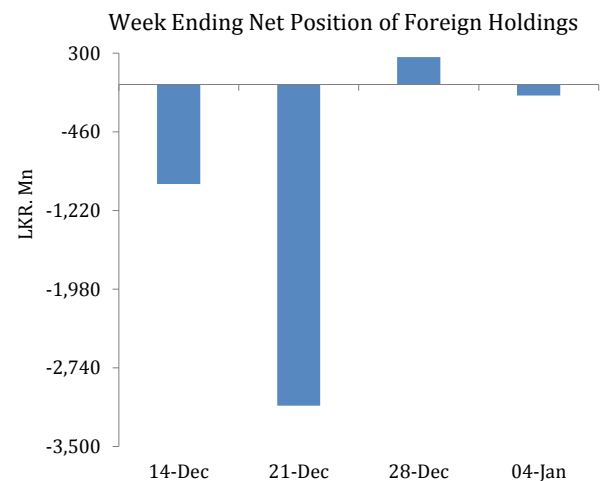
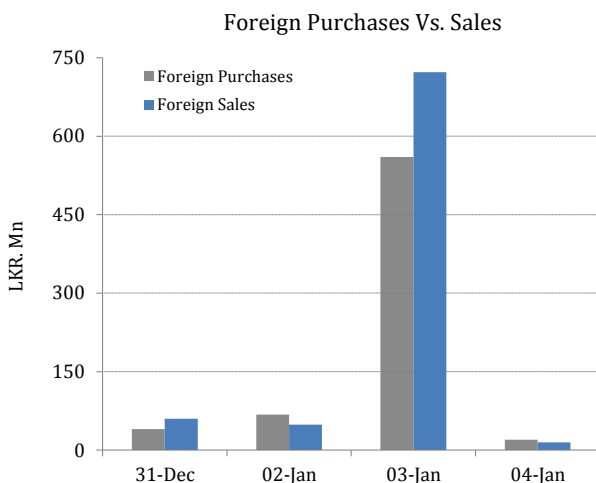
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/01/19	28/12/18		
SOFTLOGIC	32.17%	32.05%	1,500,000	30.15
TEEJAY LANKA	46.55%	46.47%	548,607	18.54
SAMPATH	22.94%	22.92%	45,066	10.32
GRAIN ELEVATORS	61.35%	61.32%	14,800	0.90
ACCESS ENG SL	7.24%	7.24%	11,600	0.16
PEOPLES LEASING	6.51%	6.51%	7,628	0.12
CENTRAL FINANCE	14.26%	14.26%	1,233	0.11
KEELLS HOTELS	0.77%	0.77%	6,050	0.05
TOKYO CEMENT[X.0000]	43.75%	43.75%	2,039	0.05
HAYLEYS	3.95%	3.95%	229	0.04

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/01/19	28/12/18		
JKH	48.38%	48.44%	(884,564)	(139.32)
DISTILLERIES	1.65%	1.66%	(718,655)	(11.86)
DIALOG	94.07%	94.07%	(691,588)	(6.99)
LANKA IOC	78.52%	78.57%	(234,485)	(5.53)
COMMERCIAL BANK	33.03%	33.03%	(25,257)	(2.90)
MELSTACORP	26.15%	26.15%	(59,815)	(2.85)
HNB	35.60%	35.60%	(6,639)	(1.38)
RENUKA AGRI	6.14%	6.18%	(219,826)	(0.46)
MERCHANT BANK	0.66%	0.69%	(46,524)	(0.46)
BAIRAHA FARMS	4.08%	4.10%	(2,233)	(0.29)

Note: \*Value based on closing price and not on actual traded price



## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
HAYCARB	2.00	Interim	14-01-2018
HAYLEYS FIBRE	3.00	Interim	14-01-2018
DIPPED PRODUCTS	1.00	Interim	14-01-2018

### Point of View

Domestic equities continued the positive momentum in the first week of 2019 as the Colombo bourse gained ~52 points or 0.9% W-o-W. On Friday, Sri Lankan equities hit a 10-Year low daily turnover of Rs.68.8Mn (cf. to a previous low of Rs.64.3 on 28<sup>th</sup> April 2009 at the height of the civil war). Consequently, weekly turnover levels amounted to Rs.1.4Bn cf. Rs.1.7Bn last week. Activity levels remained significantly lower as the Local institutional and HNI investors remained largely on the sidelines during this holiday shortened week. Crossings for the week accounted for just 8% of the total turnover cf. 42% in 2018. Local institutional and HNI investor interests were focused only on Commercial Bank as it accounted for the total (100%) crossings during the week. Although the ASPI gained ~52 over the week, most of the gains (~37 points) were on 31<sup>st</sup> December 2018 (Monday), and index gained only 15 points during the first three days of 2019 (cf. ~90 points gained in similar period of 2018). Dull market sentiments prevailed due to i) sluggish economic conditions and heightened political uncertainty domestically and, ii) volatile financial markets globally. Foreign investors reversed to a net sell-off position on the domestic equities this week despite recording a net buying position last week for the first time since Mid-Nov'18. Foreign investors recorded an outflow of Rs.107Mn cf. an inflow of Rs.264Mn last week. Markets in the week ahead are likely to be more active as investors return to markets following the holidays.

### Equity & Debt Market Review for 2018

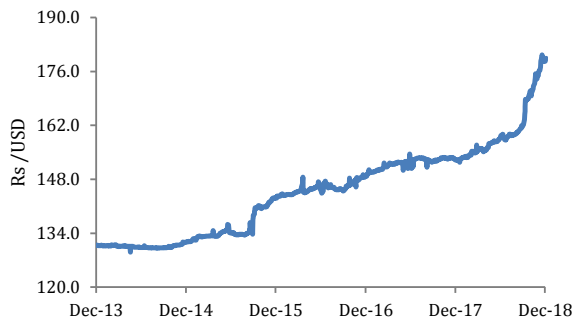
Sri Lankan capital markets faced a challenging 2018 as markets were buffeted by both external and domestic headwinds throughout the year. Although global capital markets entered 2018 on a bullish note as they were buoyed by expectations of synchronized global growth, i) tightening global market liquidity (on the back of the US Fed's interest rate hikes and the ECB's withdrawal of its QE program), ii) a stronger USD, iii) worsening US-China trade tensions and, iv) a weakening Chinese economy all coincided to result in significant capital flight from EM/FM assets and global stock market tumult. Wall Street which started the year on a strongly bullish note, closed 2018 as the worst year for U.S. stocks since 2008 (S&P 500: (-6%)) while EM/FM equity markets lost ~17% relative to 2017 when they recorded 7-year highs in the range of 24-34%. Sri Lankan equity markets meanwhile lost 5.0% over the year as domestic headwinds aggravated pressures stemming from global financial market volatility. Heightened political uncertainty along with weaker GDP growth depressed market sentiment and activity, with the broad share ASPI losing 2.7% in H1'18 and a further 2.3% in H2'18 as domestic political tensions and global geopolitical tensions (i.e.: US-China trade war, Brexit negotiations) progressively worsened over the year. The foreign sell-off on domestic equities meanwhile rose to its highest level since 2011 (outflow of Rs. 23.2Bn cf. Rs. 19Bn in 2011), with the majority of the sell-off (~73%) occurring during the last 3-months of the year amid the political crisis that started on Oct'26. Foreign holdings of Government securities meanwhile halved over 2018 (to Rs. 164.5Bn from Rs.330.2Bn in Jan) with outflows gathering pace since Oct'18 to account for 39% of the total outflow during the year.

## Economic Snapshot

	Apr'18	May'18	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18
<b>Interest Rates</b>								
Prime Lending Rate	11.27	11.34	11.20	11.41	11.65	11.72	12.34	12.12
Ave. Wtd. Deposit Rates	8.98	8.91	8.92	8.64	8.66	8.69	8.73	8.77
Ave. Wtd. Fixed Dep. Rates	11.38	11.23	11.26	10.82	10.81	10.84	10.78	10.81
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>3.8</b>	<b>4.0</b>	<b>4.4</b>	<b>5.4</b>	<b>5.9</b>	<b>4.3</b>	<b>3.1</b>	<b>3.3</b>
<b>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Q3'18</b>	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	2.9%	

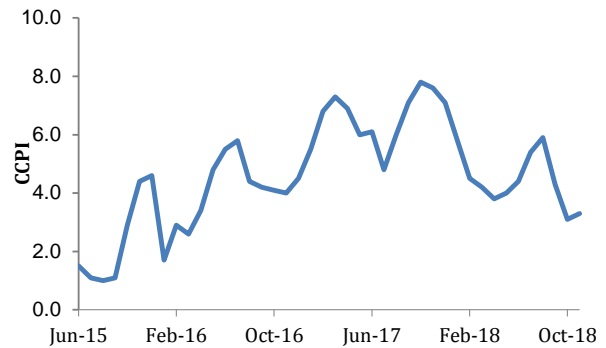
Source Central Bank

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



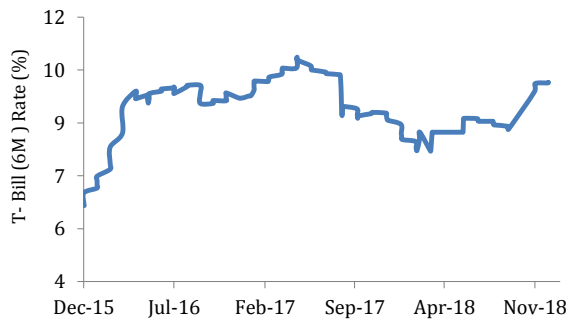
Source: Central Bank

### Inflation (CCPI-N) YoY%



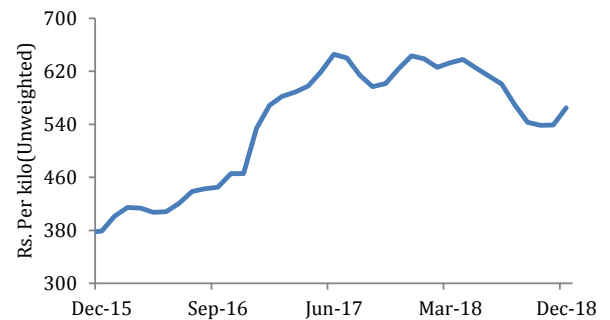
Source: Central Bank

### 6 Month T-Bill Yield



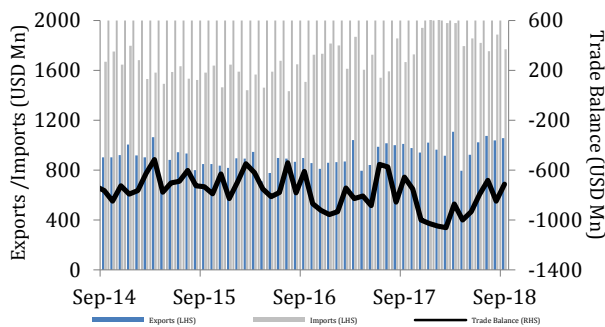
Source: Central Bank

### Tea Prices



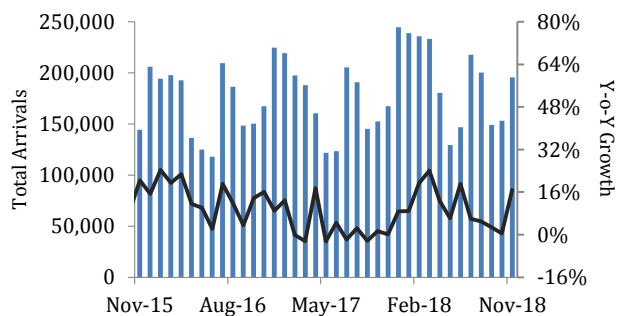
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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