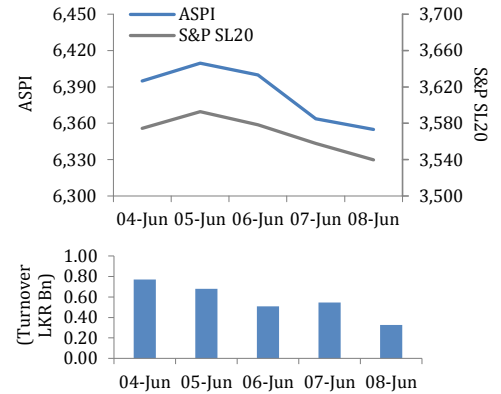


YTD return on ASPI turns negative.....
IMF Approves the 5th Disbursement Under EFF...
ASPI v 0.72% | S&P SL20 v 1.15%

 The Bourse ended... *Cont. P2*

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

 Negative investor sentiment *Cont. P4*

 Economic Snapshot..... *P5*
Indices vs. Turnover (04th Jun-08th Jun)

KEY STATISTICS

Week ending	08-June	01-June	+/-
ASPI	6,354.92	6,401.03	-0.72%
S&P SL20	3,539.93	3,581.23	-1.15%
Banking & Finance	17,014.59	17,217.85	-1.18%
Food & Beverage	24,096.33	23,765.82	1.39%
Diversified	1,685.62	1,705.60	-1.17%
Hotel & Travel	2,755.00	2,760.83	-0.21%
Plantations	833.25	860.70	-3.19%
Manufacturing	3,101.78	3,270.25	-5.15%
Turnover (LKR Bn)	2.83	5.22	-45.65%
Foreign Buying (LKR Mn)	1,365.73	2,201.56	-37.97%
Foreign Selling (LKR Mn)	778.08	3,616.07	-78.48%
Daily Average Turnover (LKR Bn)	0.57	1.30	-56.52%
Daily Average Foreign Buying (LKR Mn)	273.15	550.39	-50.37%
Daily Average Foreign Selling (LKR Mn)	155.62	904.02	-82.79%

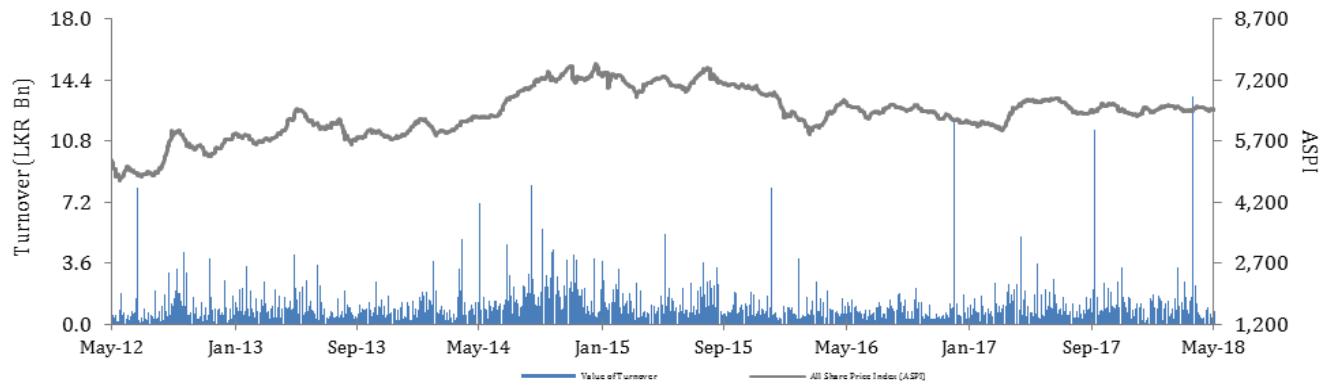
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING [NV]	SEMBX	0.2	0.3	50.0%
BLUE DIAMONDS [NV]	BLUJEX	0.3	0.4	33.3%
BERUWALA RESORTS	BERUN	0.7	0.8	14.3%
HNB ASSURANCE	HASUN	100.0	110.9	10.9%
ABANS FINANCIAL	AFSLN	20.6	22.5	9.2%
ASCOT HOLDINGS	ASCON	32.2	35.0	8.7%
OFFICE EQUIPMENT	OFEQN	65.0	70.0	7.7%
PRIME FINANCE	GSF N	19.6	21.0	7.1%
TRANS ASIA	TRANN	81.1	86.8	7.0%
CITRUS WASKADUWA	CITWN	2.9	3.1	6.9%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
ADAM INVESTMENTS	AINVN	0.3	0.2	-33.3%
ADAM CAPITAL	PCHHN	0.7	0.5	-28.6%
SWARNAMAHAL FIN	SFS N	1.9	1.5	-21.1%
CITRUS HIKKADUWA	CITHN	7.2	5.9	-18.1%
RADIANT GEMS	RGEM	25.2	21.1	-16.3%
MALWATTE [NV]	MAL X	6.8	5.7	-16.2%
MTD WALKERS	KAPIN	15.8	13.3	-15.8%
RENUKA FOODS [NV]	COCOX	12.9	11.0	-14.7%
TESS AGRO [NV]	TESSX	0.7	0.6	-14.3%
AMANA LIFE	ATLLN	1.4	1.2	-14.3%

Market Review



Indices |

The Bourse ended the week on a weaker note as the ASPI decreased by 46.11 points (or -0.72%) to close at 6,354.92 points, while the S&P SL20 Index also decreased by 41.30 points (or -1.15%) to close at 3,539.93 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR0.83Bn or 29.21% of total turnover value. Sampath Bank followed suit, accounting for 16.24% of turnover (value of LKR0.46Bn) while HNB contributed LKR0.16Bn to account for 5.70% of the week's turnover. Total turnover value amounted to LKR2.83Bn (cf. last week's value of LKR5.22Bn), while daily average turnover value amounted to LKR0.57Bn (-56.52% W-o-W) compared to last week's average of LKR 1.30Bn. Market capitalization meanwhile, decreased by 0.72% W-o-W (or LKR 21.53Bn) to LKR 2,967.70Bn cf. LKR 2,989.24Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 38.56% (or LKR 1.09Bn) of market turnover. Sector turnover was driven primarily by JKH, Richards Pieris & CT Holdings which accounted for 90.67% of the sector's total turnover. The Banking, Finance & Insurance Sector meanwhile accounted for 38.43% (or LKR 1.09Bn) of the total turnover value, with turnover driven primarily by Sampath Bank, HNB, Commercial Bank, HNB[NV] & DFCC Bank which accounted for 73.34% of the sector turnover. The Manufacturing Sector was also amongst the top sectorial contributors, contributing 8.95% (or LKR 0.25Bn) to the market driven by Chevron which accounted for 29.39% of the sector turnover.

Liquidity (in Volume Terms) |

The Diversified Sector dominated the market in terms of share volume, accounting for 34.74% (or 25.94Mn shares) of total volume, with a value contribution of LKR 1.09Bn. The Banking, Finance & Insurance sector followed suit, adding 1.09 to total turnover volume as 15.37Mn shares were exchanged. The sector's volume accounted for LKR20.59%Bn of total market turnover value. The Manufacturing sector meanwhile, contributed 14.84Mn shares (or 19.88%), amounting to LKR0.25Bn.

Top Gainers & Losers |

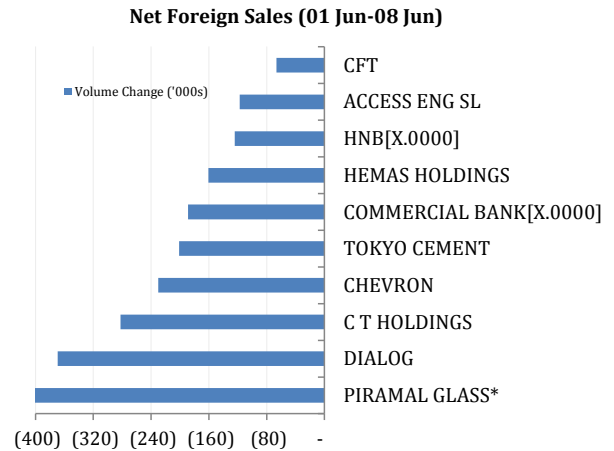
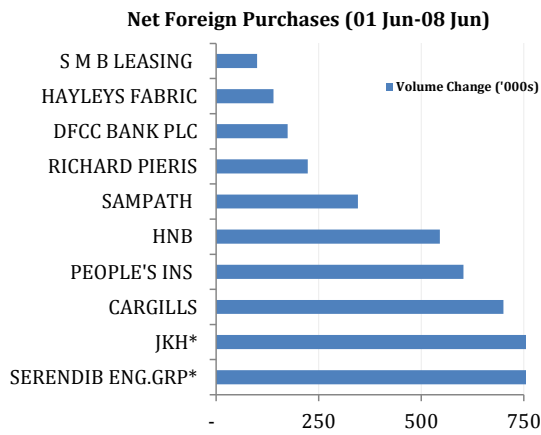
SMB Leasing[NV] was the week's highest price gainer; increasing 50.0% W-o-W from LKR0.20 to LKR0.30. Blue Diamond[NV] gained 33.3% W-o-W to close at LKR0.40. Beruwala Resorts (+14.3% W-o-W) and HNB Assurance (+10.9% W-o-W) were also amongst the top gainers.

Adam Investments was the week's highest price loser, declining 33.3% W-o-W to close at LKR0.20 while Adam Capital (-28.6% W-o-W), Swarnamahala Finance (-21.1% W-o-W) and Citrus Hikkaduwa (-18.1% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	156.0	156.1	827.98
SAMPATH	SAMPN	309.9	316.4	460.23
HNB	HNB N	242.5	240.2	161.60
CARGILLS	CARGN	198.0	200.0	145.52
RICHARD PIERIS	RICHN	12.1	11.9	94.01
CHEVRON	LLUBN	85.8	75.2	74.59
COMMERCIAL BANK	COMBN	130.8	128.3	74.38
C T HOLDINGS	CTHRN	180.0	180.0	68.91
HNB [NV]	HNB X	182.0	182.0	54.30
DFCC BANK PLC	DFCCN	112.7	112.5	48.45

Market Review (Cont'd)



*Volume change of Serendib Engineering (2.95Mn shares), JKH(1.99Mn shares)& Piramal Glass(3.03Mn shares)from 01st Jun May - 08th Jun not displayed.

Foreign investors closed the week in a net buying position with total net inflow amounting to LKR 0.59Bn relative to last week's total net outflow of LKR 1.41Bn (+141.54% W-o-W). Total foreign purchases decreased by 37.97% W-o-W to LKR 1.37Bn from last week's value of LKR 2.20Bn, while total foreign sales amounted to LKR 0.78Bn relative to LKR 3.62Bn recorded last week (-78.48% W-o-W). In terms of volume Serendib engineering & JKH led foreign purchases while Piramal Glass & Dialog led foreign sales. In terms of value JKH & Cargills led foreign purchases while CT Holdings & HNB[X] led foreign sales.

Net Foreign Purchases (By Transaction Value)

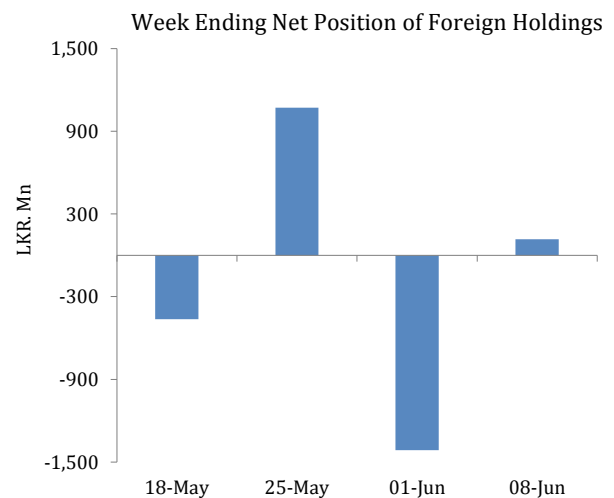
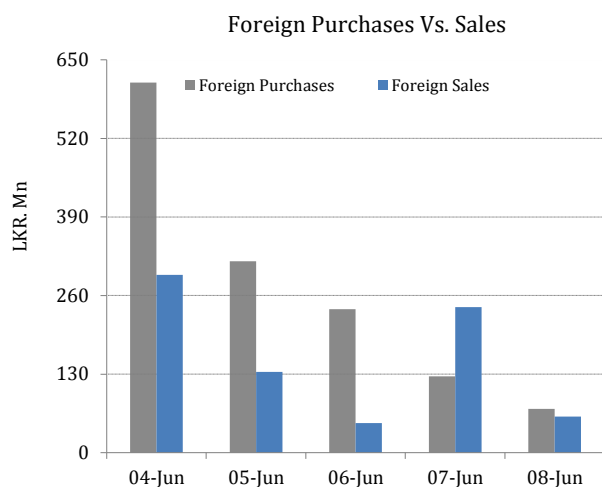
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	08/06/18	01/06/18		
JKH	57.99%	57.85%	1,993,232	311.14
CARGILLS	6.63%	6.36%	700,650	140.13
HNB	35.84%	35.70%	545,312	130.98
SAMPATH	22.85%	22.73%	345,573	109.34
SERENDIB ENG.GRP	89.10%	79.98%	2,953,287	23.92
DFCC BANK PLC	23.90%	23.84%	174,434	19.62
PEOPLE'S INS	1.03%	0.73%	603,283	14.06
HNB ASSURANCE	1.30%	1.11%	93,007	10.31
LMF	28.72%	28.60%	47,538	8.08
LION BREWERY	36.98%	36.97%	7,943	4.57

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	08/06/18	01/06/18		
CT HOLDINGS	15.67%	15.81%	(282,221)	(50.80)
HNB[X.0000]	46.45%	46.57%	(124,110)	(22.59)
COMMERCIAL BANK[X.0000]	25.57%	25.86%	(188,900)	(18.89)
HEMAS HOLDINGS	31.16%	31.19%	(160,790)	(18.51)
CHEVRON	20.86%	20.96%	(230,201)	(17.31)
PIRAMAL GLASS	64.07%	64.39%	(3,030,830)	(14.55)
TOKYO CEMENT	25.02%	25.10%	(201,153)	(7.64)
COLD STORES	10.89%	10.90%	(7,281)	(7.17)
DIALOG	94.27%	94.27%	(369,330)	(5.24)
COMMERCIAL BANK	34.59%	34.60%	(29,658)	(3.81)

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.



Announcements for the Week

Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
ALLIANCE FINANCE	2.25	Final	02-07-18
L B FINANCE	4.00	Final	02-07-18
SENKADAGALA FINANCE	0.95	Final	02-07-18
AGSTAR PLC	0.10	Final	02-07-18
CITIZENS DEVELOPMENT	5.00	First & Final	02-07-18
O DEL PLC	0.26	Interim	19-06-18

Point of View

Negative investor sentiment continued to drag domestic equities, with markets losing ground for the 3rd consecutive week to close at an YTD low 6,354.92. The benchmark ASPI lost ~46 points (0.72%) over the week (cf. ~67 points loss in the previous week) to close the week below the key 6400-mark for the 1st time in 5 months. Continued losses in local markets were driven mainly by lackadaisical buying interest by investors, with investors showing higher selling interest than buying interest which was reflected in the activity levels on the bourse. Activity levels on the CSE consequently hit a 3-week low as turnover declined ~46% W-o-W to Rs.2.8Bn (cf. 5.2Bn). Daily average turnover subsequently declined to Rs.0.57Bn (cf. 0.97Bn YTD daily average) with JKH accounting for ~29% of the weekly turnover and Sampath Bank accounted for 16% of the week's turnover. The low activity levels were primarily due to poor participation levels by Local Institutional and HNI investors who remained on the sidelines this week. Crossings for the week accounted for just ~31% of the week's turnover with blue-chip JKH accounting for the majority (67%) of the week's crossings. The continuous drop in Index value meanwhile converted the YTD return on the ASPI to negative (-0.2%), while the YTD loss on the more liquid S&P20 SL index widened further to 3.6%. Foreign investors however, indicated interest towards Sri Lanka's relatively undervalued equities, and net foreign inflows for the week amounted to Rs.0.6Bn, reversing last week's net outflows of Rs.1.4Bn. Foreign investors have poured in ~Rs.0.8Bn into the CSE so far in Jun'18 (reversing the net outflow of Rs.0.6Bn in May), and this has helped support Q2'18 net foreign inflows to the Bourse which have improved to Rs.1.9Bn (cf. outflow of Rs.2.6Bn in Q1'18). Markets in the week ahead are likely to look for cues from further economic and political developments.

IMF Approves the 5th Disbursement Under EFF

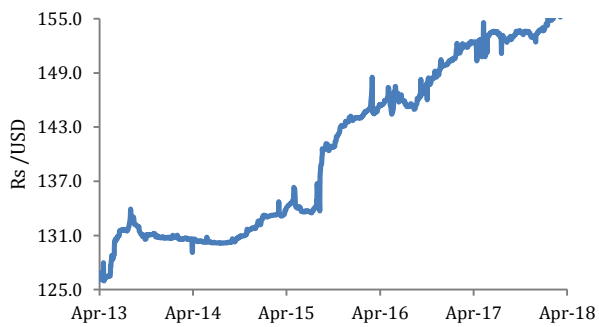
The IMF this week approved the 5th tranche (\$252Mn) under its Extended Fund Facility with Sri Lanka, adding that the country continues to make important progress under the program, with major achievements including the initiation of the new Inland Revenue Act and energy-pricing reforms. The IMF added that the authorities' efforts to improve the policy mix through fiscal consolidation, prudent monetary policy, and landmark structural reforms are supporting the economic recovery, despite recent shocks. The Group noted, that sustaining this reform momentum remains critical if the country is to strengthen its resilience to shocks, particularly given the 'still sizable public debt and low external buffers'. The IMF also welcomed the Sri Lankan authority's recent approval of an automatic fuel pricing formula, adding that this was a 'major achievement towards reducing fiscal risks' from loss-making state-owned enterprises (SOEs). The Group added however, that an automatic pricing formula for electricity along with a restructuring plan for Sri Lankan Airlines, and further strengthening SOE governance and transparency remains vital for a continued fiscal reform process. The Group also encouraged the CBSL to continue to manage the monetary policy prudently despite the price shocks and market volatility while continuing the efforts to improve international reserves with exchange rate flexibility as first line of defense in response to volatile global capital flow. The IMF estimates Sri Lanka's GDP growth in 2018 at 4.0% while inflation to stabilize around mid-single digit.

Economic Snapshot

	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18	Apr'18	May'18
Interest Rates								
Prime Lending Rate	11.30	11.40	11.33	11.29	11.27	11.10	11.27	11.34
Ave. Wtd. Deposit Rates	9.22	9.19	9.07	9.08	9.05	9.00	8.98	8.91
Ave. Wtd. Fixed Dep. Rates	11.72	11.69	11.48	11.54	11.45	11.41	11.38	11.23
CCPI Inflation Y-o-Y % (Base 2013)	7.8	7.6	7.1	5.8	4.5	4.2	3.8	4.0
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016	2017		
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%		

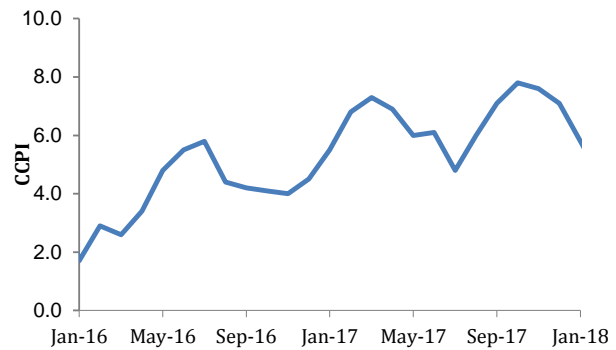
Source Central Bank

Exchange Rate, Rs. vs. US\$



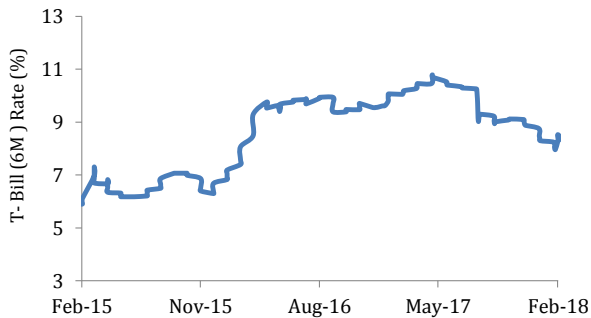
Source: Central Bank

Inflation (CCPI-N) YoY%



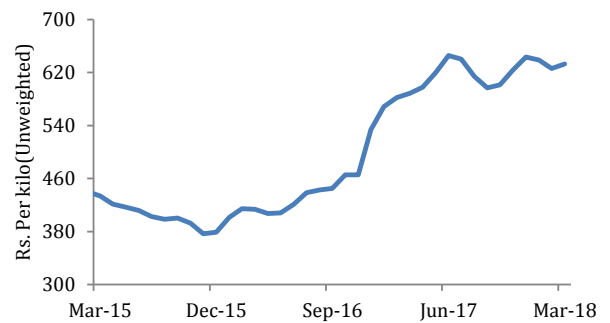
Source: Central Bank

6 Month T-Bill Yield



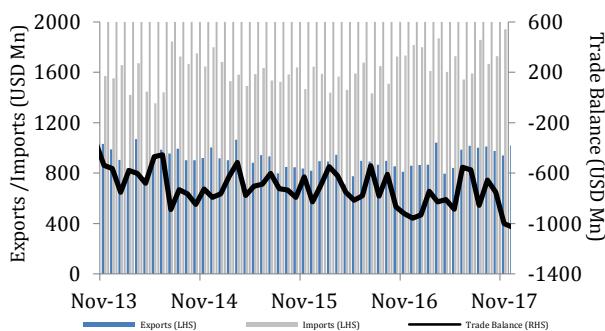
Source: Central Bank

Tea Prices



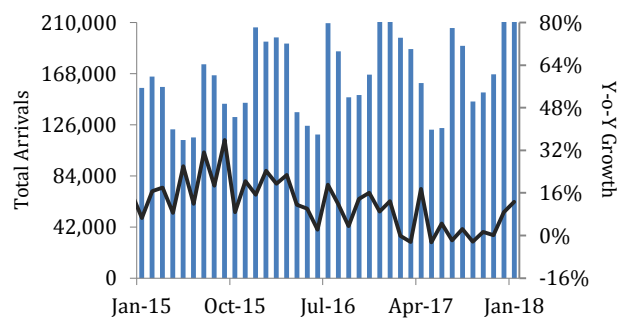
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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