

## ASPI Tracks Global Financial Market Slump ... Global Market Rout Pulls Oil Prices Lower

ASPI v 1.17% | S&P SL20 v 2.12%

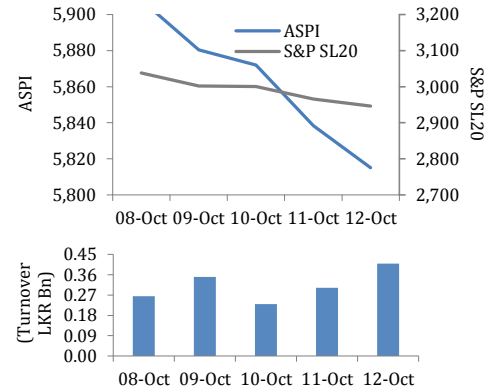
The Bourse ended the week... *Cont. P2*

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

Sri Lankan equity markets tracked ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (08<sup>th</sup> Oct - 12<sup>th</sup> Oct)



## KEY STATISTICS

Week ending	12-Oct	05-Oct	+/-
ASPI	5,815.03	5,883.77	-1.17%
S&P SL20	2,946.63	3,010.60	-2.12%
Banking & Finance	15,252.40	15,487.60	-1.52%
Food & Beverage	24,321.06	24,506.00	-0.75%
Diversified	1,444.77	1,476.95	-2.18%
Hotel & Travel	2,628.42	2,652.75	-0.92%
Plantations	739.85	748.56	-1.16%
Manufacturing	2,760.34	2,768.24	-0.29%
Turnover (LKR Bn)	1.56	2.03	-23.32%
Foreign Buying (LKR Mn)	319.05	1,052.19	-69.68%
Foreign Selling (LKR Mn)	807.06	1,361.08	-40.70%
Daily Average Turnover (LKR Bn)	0.31	0.41	-23.32%
Daily Average Foreign Buying (LKR Mn)	63.81	210.44	-69.68%
Daily Average Foreign Selling (LKR Mn)	161.41	272.22	-40.70%

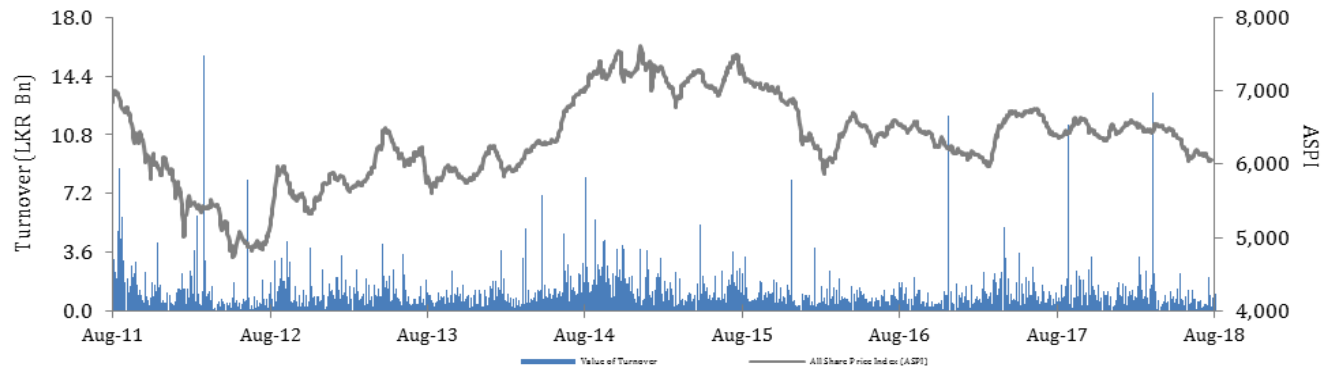
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
HUEJAY	HUEJN	20.5	25.5	24.4%
LIGHTHOUSE HOTEL	LHL N	29.6	33.7	13.9%
THE FINANCE CO.	TFC N	2.1	2.3	9.5%
LANKA TILES	TILEN	80.0	86.8	8.5%
SINGHE HOSPITALS	SINH	1.3	1.4	7.7%
COM.CREDIT	COCRN	25.2	27.1	7.5%
DOCKYARD	DOCKN	53.0	56.5	6.6%
TAL LANKA	TAJ N	12.4	13.2	6.5%
MTD WALKERS	KAPIN	8.6	9.1	5.8%
YORK ARCADE	YORKN	89.9	95.0	5.7%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING [NV]	SEMBX	0.3	0.2	-33.3%
THE FINANCE CO [NV]	TFC X	1.2	1.0	-16.7%
RENUKA FOODS [NV]	COCOX	9.5	8.1	-14.7%
BERUWALA RESORTS	BERUN	0.7	0.6	-14.3%
LUCKY LANKA [NV]	LLMPX	0.7	0.6	-14.3%
MULLERS	MULLN	0.7	0.6	-14.3%
RADIANT GEMS	RGEM	23.5	20.5	-12.8%
NATION LANKA	CSF N	0.8	0.7	-12.5%
HUNAS FALLS	HUNAN	70.2	62.0	-11.7%
RENUKA FOODS	COCON	13.9	12.3	-11.5%

## Market Review



### Indices |

The Bourse turned around to end the week on a negative note as the ASPI decreased by 68.74 points (or -1.17%) to close at 5,815.03 points, while the S&P SL20 Index also decreased by 63.97 points (or -2.12%) to close at 2,946.63 points.

### Turnover & Market Capitalization |

Sampath Bank was the highest contributor to the week's turnover value, contributing LKR 0.33Bn or 21.18% of total turnover value. HNB followed suit, accounting for 17.55% of turnover (value of LKR 0.27Bn) while JKH contributed LKR 0.26Bn to account for 16.52% of the week's turnover. Total turnover value amounted to LKR 1.56Bn (cf. last week's value of LKR 2.03Bn), while daily average turnover value amounted to LKR 0.31Bn (-23.32% W-o-W) compared to last week's average of LKR 0.41Bn. Market capitalization meanwhile, decreased by 1.17% W-o-W (or LKR 32.28Bn) to LKR 2,730.72Bn cf. LKR 2,763.00Bn last week.

### Liquidity (in Value Terms) |

The Banks, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 48.37% (or LKR 0.75Bn) of market turnover. Sector turnover was driven primarily by Sampath Bank, HNB and Commercial Bank which accounted for 84.78% of the sector's total turnover. The Diversified sector meanwhile accounted for 29.84% (or LKR 0.46Bn) of the total turnover value, with turnover driven primarily by JKH, Melstacorp and C T Holdings which accounted for 84.64% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 6.53% (or LKR 0.10Bn) to the market driven by Teejay Lanka and Chevron which accounted for 61.85% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banks, Finance & Insurance sector dominated the market in terms of share volume, accounting for 42.63% (or 33.66Mn shares) of total volume, with a value contribution of LKR 0.75Bn. The Diversified sector followed suit, adding 17.98% to total turnover volume as 14.20Mn shares were exchanged. The sector's volume accounted for LKR 0.46Bn of total market turnover value. The Beverage, Food & Tobacco sector meanwhile, contributed 9.55Mn shares (or 12.10%), amounting to LKR 0.10Bn.

### Top Gainers & Losers |

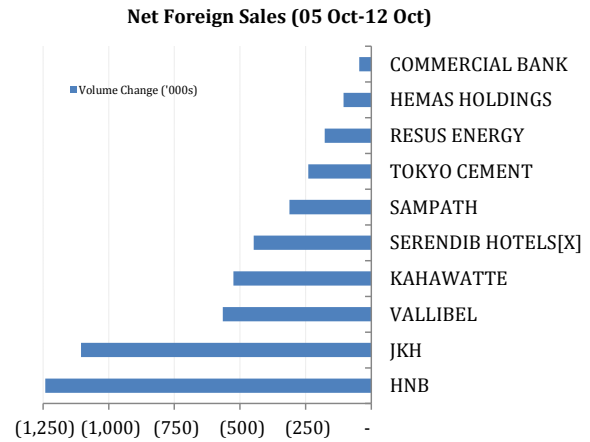
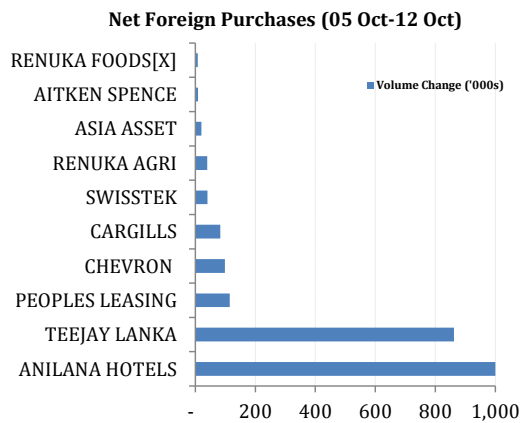
Huejay was the week's highest price gainer; increasing 24.4% W-o-W from LKR20.50 to LKR25.50 while Lighthouse Hotel (+13.9% W-o-W), The Finance Co. (+9.5% W-o-W) and Lanka Tiles (+8.5% W-o-W) were also amongst the top gainers.

SMB Leasing [NV] was the week's highest price loser; declining 33.3% W-o-W to close at LKR0.20 while The Finance Co. [NV] (-16.7% W-o-W), Renuka Foods [NV] (-14.7% W-o-W) and Beruwala Resorts and Lucky Lanka [NV] (-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)
SAMPATH	SAMPN	240.6	225.0	329.69
HNB	HNB N	207.0	208.0	273.14
JKH	JKH N	133.9	128.1	257.16
MELSTACORP	MELSN	50.0	50.0	104.49
CEYLON TOBACCO	CTC N	1374.7	1375.2	41.49
COMMERCIAL BANK	COMBN	113.5	111.6	35.67
TEEJAY LANKA	TJL N	29.4	30.1	34.76
RESUS ENERGY	HPWRN	22.5	22.5	33.81
C T HOLDINGS	CTHRN	180.0	180.0	31.57
CHEVRON	LLUBN	67.3	68.0	28.10

Market Review (Cont'd)



Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.49Bn relative to last week's total net outflow of LKR 0.31Bn (-58.0% W-o-W). Total foreign purchases decreased by 69.7% W-o-W to LKR 0.32Bn from last week's value of LKR 1.05Bn, while total foreign sales amounted to LKR 0.81Bn relative to LKR 1.36Bn recorded last week (-40.7% W-o-W). In terms of volume, Anilana Hotels & Teejay Lanka led foreign purchases while HNB & JKH led foreign sales. In terms of value, Teejay Lanka & Cargills led foreign purchases while HNB & JKH led foreign sales.

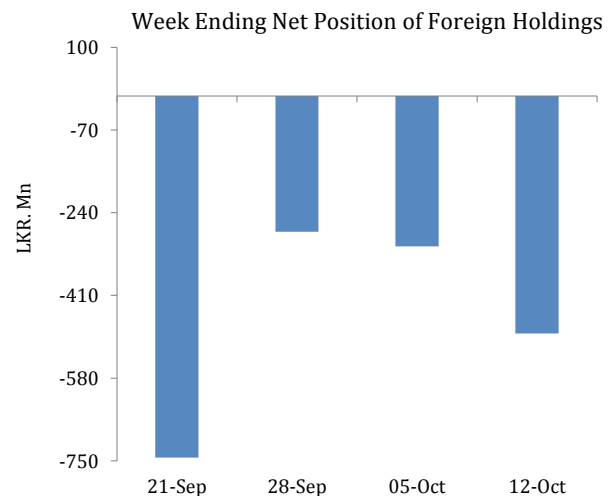
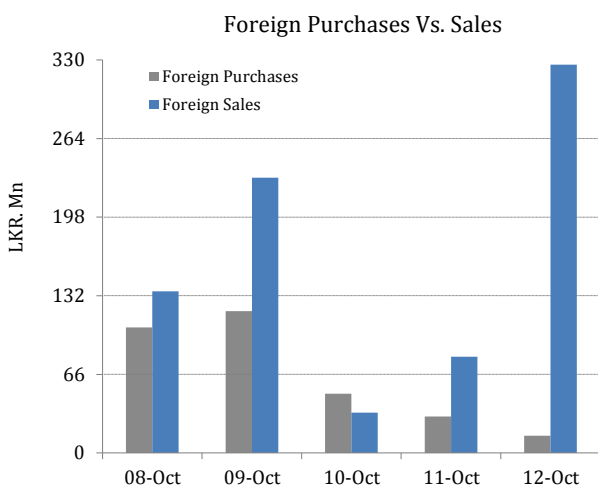
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	12/10/18	05/10/18		
TEEJAY LANKA	45.99%	45.87%	862,000	25.95
CARGILLS	6.97%	6.94%	83,467	16.52
CHEVRON	22.13%	22.09%	98,400	6.69
PEOPLES LEASING	6.52%	6.51%	114,795	1.66
SWISSTEK	2.40%	2.25%	40,481	1.54
ANILANA HOTELS	64.31%	64.21%	1,000,000	1.30
CARSONS	22.91%	22.91%	5,000	0.83
AITKEN SPENCE	24.04%	24.04%	8,550	0.37
SEYLAN BANK[X.0000]	6.51%	6.50%	5,200	0.20
NAT. DEV. BANK	14.16%	14.16%	1,500	0.15

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	12/10/18	05/10/18		
HNB	35.61%	35.92%	(1,240,925)	(258.11)
JKH	55.43%	55.51%	(1,105,081)	(141.56)
SAMPATH	22.15%	22.26%	(311,921)	(70.18)
CEYLON TOBACCO	97.46%	97.47%	(19,268)	(26.50)
KAHAWATTE	2.46%	3.11%	(525,000)	(19.95)
HEMAS HOLDINGS	30.27%	30.29%	(106,200)	(9.03)
SERENDIB HOTELS[X.0000]	20.51%	21.75%	(447,999)	(5.82)
TOKYO CEMENT	24.83%	24.92%	(240,280)	(5.69)
COMMERCIAL BANK	33.59%	33.60%	(46,544)	(5.19)
RESUS ENERGY	0.58%	0.88%	(177,662)	(4.00)

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>
RICHARD PIERIS AND COMPANY	0.60	Interim	17-10-18
SENKADAGALA FINANCE	0.40	Interim	17-10-18
UNION CHEMICALS LANKA	7.00	First Interim	17-10-18

### Point of View

Sri Lankan equity markets tracked the rout in global financial markets, losing ~69 points (-1.2% W-o-W) over the week to reverse last week's marginal gains on the Index. Global equity markets suffered their worst losses in months as a sharp slump on Wall Street reverberated across global financial markets. The rout in US stocks was driven by concerns that corporate earnings would have a hard time recovering from the cumulative effect of rising rates and intensifying trade tensions between US and China. The S&P 500<sup>1</sup> (-3.29%) and DJIA<sup>1</sup> (-3.15%) consequently marked their biggest daily losses since February'18, resulting in already battered EM stocks taking a further beating. EM stocks fell to a 17-month low as worries about growth and the future of the US equity market's 10-year bull-run further dampened investor appetite for risk. Reflecting these broader global themes and continued concerns over the depreciation of the LKR, activity levels on the ASPI also fell over the week with daily average turnover levels falling 23% W-o-W to hit a 5-week low of Rs.0.31Bn. Crossings over the week meanwhile accounted for just 24% of total market turnover, sharply lower than last week's 48% as Local HNI and Institutional investors remained staunchly on the sidelines. The Foreign equity sell-off on the Colombo Bourse meanwhile continued into this week, with the net foreign outflows from Sri Lankan equities rising 58% W-o-W to Rs. 488Mn and pushing the YTD outflow from domestic equity markets to Rs. 6.9Bn (cf. inflows of Rs. 17.7Bn in 2017). Markets in the week ahead are likely to continue taking cues from global market developments.

Notes: 1. As at market close on Thursday

### Global Market Rout Pulls Oil Prices Lower

Global crude oil prices continued its downtrend this week, with Brent crude oil (the benchmark for half the world's oil) prices falling 4.6% over the week to close at \$80.26 per barrel on Thursday. The commodity's two-week low was driven largely by the global stock market rout on the back of the US stock market's biggest daily sell-off since February 18. Bearish oil market sentiment was heightened further by a higher-than-expected build-up of U.S. crude inventories, resulting in Brent crude oil prices falling 8.1% from its near four year high of \$86.74 on October 3. Despite the downtrend in oil prices since late last week, global crude oil prices have been on a sharp uptrend this year, gaining ~20% YTD (cf. 18% in 2017) as geopolitical risk and inconsistent production in major oil suppliers Iran (3<sup>rd</sup> largest OPEC producer) and Venezuela (6<sup>th</sup> largest OPEC producer) have led to concerns over supply losses and more than offset the downward pressure on oil prices from a stronger USD. Oil importing countries such as Sri Lanka have consequently experienced further pressure on their currencies as oil imports have risen sharply over the year. Sri Lanka's fuel imports (which accounts for ~15-20% of Sri Lanka's total imports) between Jan-Jul'2018 have risen 29% Y-o-Y, as crude oil imports have risen 55% Y-o-Y and refined petroleum imports have risen 28% Y-o-Y amid a 41% Y-o-Y increase in CPC import prices\*. Stubbornly high oil prices have added to the sell-off on Emerging Market currencies and assets which have been buffeted by multiple factors including i) rising US rates, ii) the intensifying U.S.-China trade war and iii) contagion from country-specific events in Turkey and Argentina.

Sources; Bloomberg, Reuters, CNBC

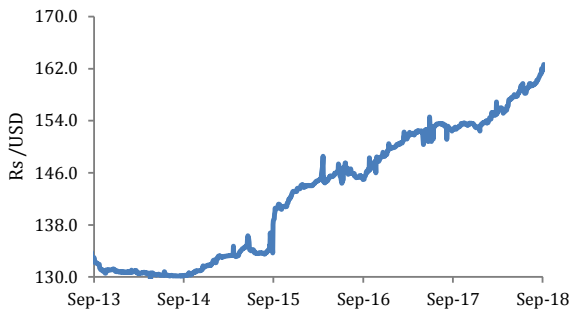
\*CPC import prices are not directly comparable with futures prices of WTI and Brent as CPC's import prices include freight charges and the price is weighted for average prices of different types of crude oil. Also part of the imports of CPC are on a term contract basis.

## Economic Snapshot

	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18	Jul'18	Aug'18
<b>Interest Rates</b>								
Prime Lending Rate	11.29	11.27	11.10	11.27	11.34	11.20	11.41	11.65
Ave. Wtd. Deposit Rates	9.08	9.05	9.00	8.98	8.91	8.92	8.64	8.66
Ave. Wtd. Fixed Dep. Rates	11.54	11.45	11.41	11.38	11.23	11.26	10.82	10.81
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>5.8</b>	<b>4.5</b>	<b>4.2</b>	<b>3.8</b>	<b>4.0</b>	<b>4.4</b>	<b>5.4</b>	<b>5.9</b>
<b>GDP Growth (Base 2010)</b>								
	2012	2013	2014	2015	2016	2017	Q2'18	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	3.7%	

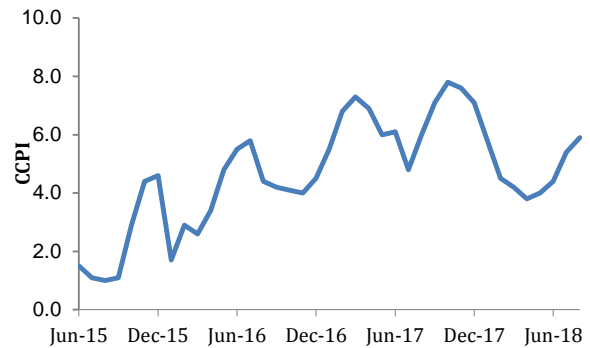
Source Central Bank

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



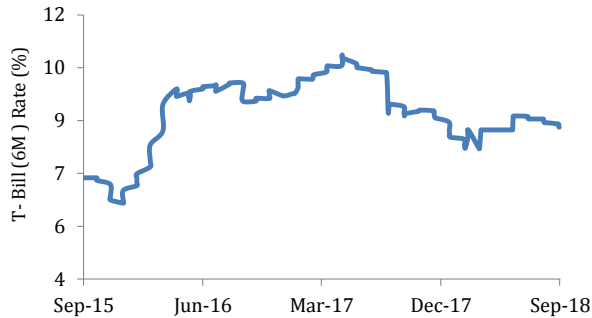
Source: Central Bank

### Inflation (CCPI-N) YoY%



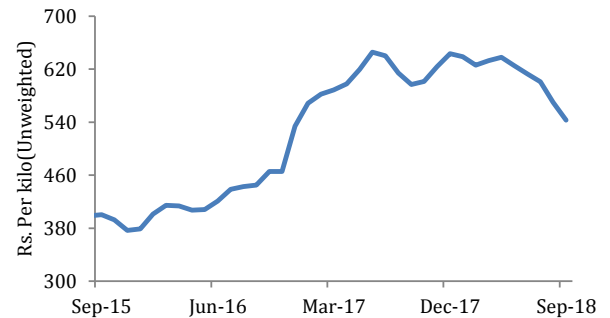
Source: Central Bank

### 6 Month T-Bill Yield



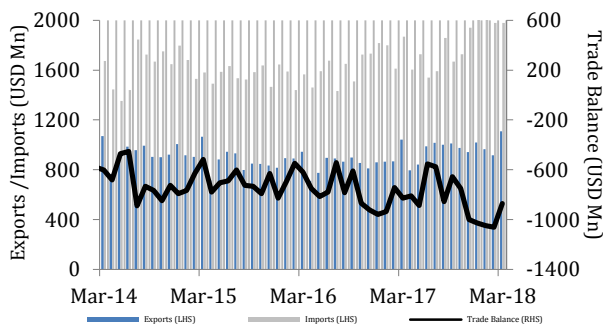
Source: Central Bank

### Tea Prices



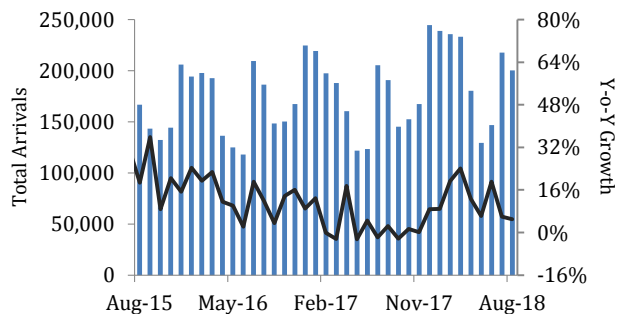
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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