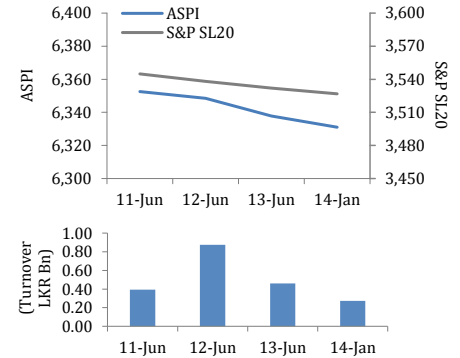


Equities Continue to Tumble for 4th Consecutive Week.....
Indices vs. Turnover (11th Jun-14th Jun)
March 2018 Quarter Earnings Rise 25% Y-o-Y
ASPI v 0.37% | S&P SL20 v 0.37%

 The Bourse ended... *Cont. P2*

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

 Sri Lankan Equities continued *Cont. P4*

 Economic Snapshot..... *P5*

KEY STATISTICS

Week ending	14-June	08-June	+/-
ASPI	6,331.10	6,354.92	-0.37%
S&P SL20	3,526.93	3,539.93	-0.37%
Banking & Finance	16,899.50	17,014.59	-0.68%
Food & Beverage	24,217.77	24,096.33	0.50%
Diversified	1,677.96	1,685.62	-0.45%
Hotel & Travel	2,753.86	2,755.00	-0.04%
Plantations	841.04	833.25	0.93%
Manufacturing	3,096.11	3,101.78	-0.18%
Turnover (LKR Bn)	2.00	2.83	-29.32%
Foreign Buying (LKR Mn)	880.93	1,365.73	-35.50%
Foreign Selling (LKR Mn)	1,099.92	778.08	41.36%
Daily Average Turnover (LKR Bn)	0.50	0.57	-11.64%
Daily Average Foreign Buying (LKR Mn)	220.23	273.15	-19.37%
Daily Average Foreign Selling (LKR Mn)	274.98	155.62	76.70%

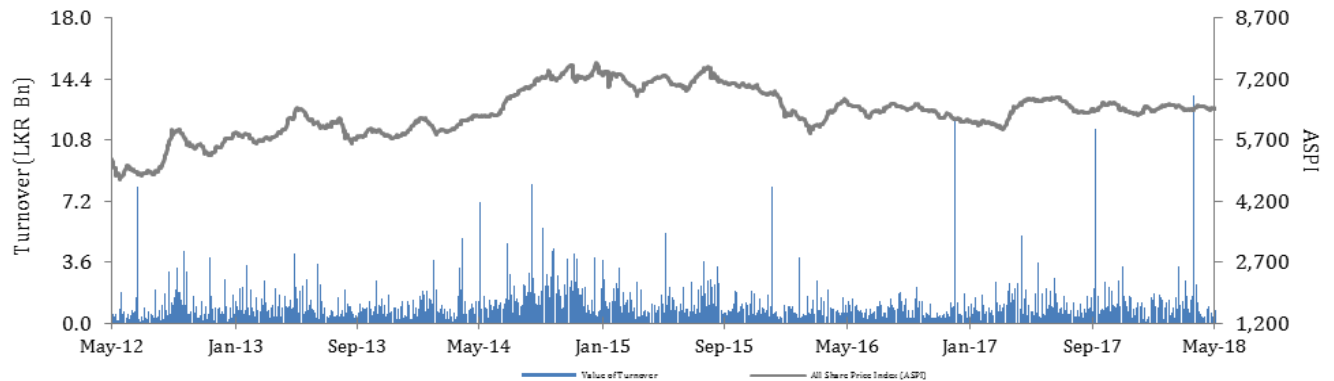
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
SWARNAMAHAL FIN	SFS N	1.5	1.8	20.0%
ADAM CAPITAL	PCHHN	0.5	0.6	20.0%
TESS AGRO[NV]	TESSX	0.6	0.7	16.7%
ROYAL PALMS	RPBHN	16.2	18.6	14.8%
E B CREASY	EBCRN	1200.0	1375.5	14.6%
NATION LANKA	CSF N	0.7	0.8	14.3%
MULLERS	MULLN	0.8	0.9	12.5%
ANILANA HOTELS	ALHPN	1.1	1.2	9.1%
ABANS	ABANN	81.5	88.9	9.1%
PEOPLE'S MERCH	PMB N	11.1	12.0	8.1%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.3	0.2	-33.3%
BLUE DIAMONDS[NV]	BLUEX	0.4	0.3	-25.0%
RAMBODA FALLS	RFL N	20.0	17.3	-13.5%
BLUE DIAMONDS	BLJEN	0.8	0.7	-12.5%
BERUWALA RESORTS	BERUN	0.8	0.7	-12.5%
AGSTAR PLC	AGSTN	3.8	3.4	-10.5%
AMBEON CAPITAL	TAP N	4.8	4.3	-10.4%
ASCOT HOLDINGS	ASCON	35.0	31.6	-9.7%
CFT	CFT N	4.5	4.1	-8.9%
DURDANS	CHL N	80.1	73.0	-8.9%

Market Review



Indices |

The Bourse ended the week on a negative note as the ASPI decreased by 23.82 points (or -0.37%) to close at 6,331.10 points, while the S&P SL20 Index also decreased by 13.00 points (or -0.37%) to close at 3,526.93 points.

Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR0.52Bn or 25.86% of total turnover value. Hemas Holdings followed suit, accounting for 19.84% of turnover (value of LKR0.40Bn) while HNB contributed LKR0.08Bn to account for 4.13% of the week's turnover. Total turnover value amounted to LKR2.00Bn (cf. last week's value of LKR2.83Bn), while daily average turnover value amounted to LKR0.50Bn (-11.64% W-o-W) compared to last week's average of LKR 0.57Bn. Market capitalization meanwhile, decreased by 0.37% W-o-W (or LKR 11.06Bn) to LKR 2,956.65Bn cf. LKR 2,967.70Bn last week.

Liquidity (in Value Terms) |

The Banking, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 47.26% (or LKR 0.95Bn) of market turnover. Sector turnover was driven primarily by Commercial Bank, HNB, Sampath Bank and Sanasa Development Bank which accounted for 75.71% of the sector's total turnover. The Diversified sector meanwhile accounted for 29.15% (or LKR 0.58Bn) of the total turnover value, with turnover driven primarily by Hemas Holdings, Melstacorp and JKH which accounted for 88.56% of the sector turnover. The Beverage, Food & Tobacco sector was also amongst the top sectorial contributors, contributing 9.19% (or LKR 0.18Bn) to the market driven by Renuka Agri Foods and Ceylon Tobacco which accounted for 62.35% of the sector turnover.

Liquidity (in Volume Terms) |

The Beverage, Food & Tobacco sector dominated the market in terms of share volume, accounting for 41.83% (or 36.71Mn shares) of total volume, with a value contribution of LKR 0.18Bn. The Banking, Finance & Insurance sector followed suit, adding 17.75% to total turnover volume as 15.58Mn shares were exchanged. The sector's volume accounted for LKR0.95Bn of total market turnover value. The Diversified sector meanwhile, contributed 12.26Mn shares (or 13.97%), amounting to LKR0.58Bn.

Top Gainers & Losers |

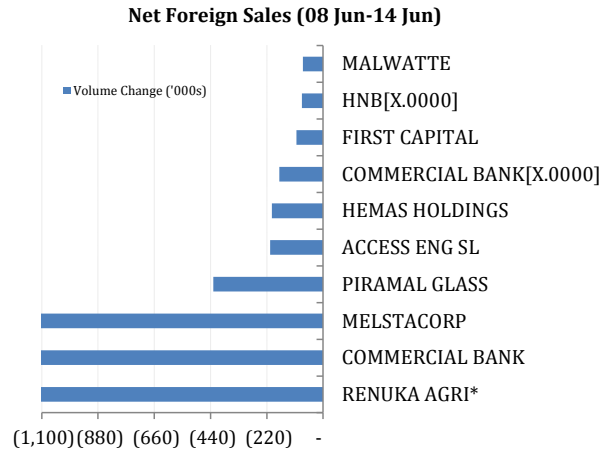
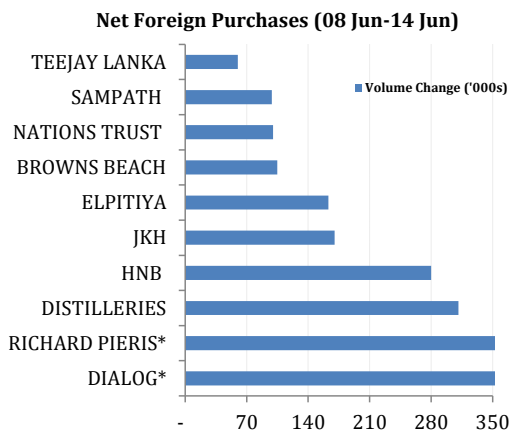
Swarnamahal Finance and Adam Capital were the week's highest price gainers; Swarnamahal Finance increased by 20.0% W-o-W from LKR1.50 to LKR1.80. Adam Capital gained 20.0% W-o-W to close at LKR0.60. Tess Agro [NV] (+16.7% W-o-W) and Royal Palms (+14.8% W-o-W) were also amongst the top gainers.

SMB Leasing [NV] was the week's highest price loser, declining 33.3% W-o-W from LKR0.30 to LKR0.20. Blue Diamonds' Voting (-25.0% W-o-W) & Non-Voting shares (-12.5% W-o-W) and Ramboda Falls (-13.5% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
COMMERCIAL BANK	COMBN	128.3	128.0	518.20
HEMAS HOLDINGS	HHL N	115.1	114.0	397.41
HNB	HNB N	240.2	241.1	82.68
RENUKA AGRI	RAL N	2.1	2.1	73.35
SAMPATH	SAMPN	316.4	313.6	71.43
MELSTACORP	MELSN	55.0	54.7	60.78
DIALOG	DIALN	14.2	14.1	60.59
JKH	JKH N	156.1	156.0	59.06
SANASA DEV. BANK	SDB N	94.0	94.1	44.60
CEYLON TOBACCO	CTC N	1100.0	1118.7	41.40

Market Review (Cont'd)



*Volume change of Dialog (3.80Mn shares), Richard Pieris(2.12Mn shares)& Renuka Agri(34.69Mn shares)from 08th Jun May - 14th Jun not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.22Bn relative to last week's total net inflow of LKR 0.59Bn (-137.3% W-o-W). Total foreign purchases decreased by 35.5% W-o-W to LKR 0.88Bn from last week's value of LKR 1.37Bn, while total foreign sales amounted to LKR 1.10Bn relative to LKR 0.78Bn recorded last week (41.36% W-o-W). In terms of volume Dialog & Richard Pieris led foreign purchases while Renuka Agri & Commercial Bank led foreign sales. In terms of value HNB & Dialog led foreign purchases while Commercial Bank & Renuka Agri led foreign sales.

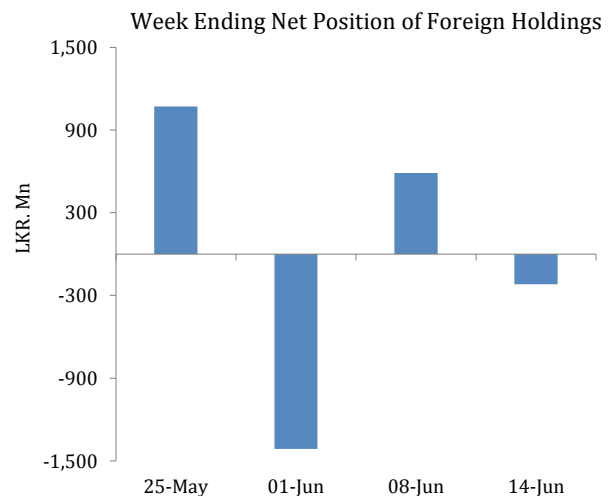
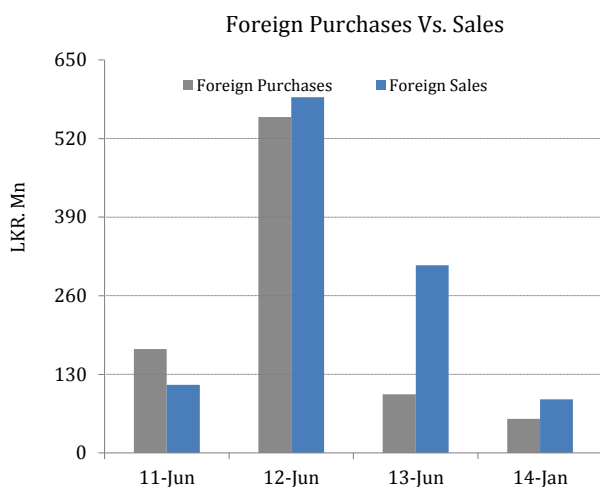
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	14/06/18	08/06/18		
HNB	35.91%	35.84%	279,980	67.50
DIALOG	94.32%	94.27%	3,795,775	53.52
SAMPATH	22.89%	22.85%	98,579	30.91
LION BREWERY	37.04%	36.98%	48,829	27.83
JKH	58.01%	57.99%	170,231	26.56
RICHARD PIERIS	73.81%	73.71%	2,119,472	25.43
NATIONS TRUST	24.17%	24.12%	100,000	9.10
DISTILLERIES	1.92%	1.92%	311,198	6.69
HNB ASSURANCE	1.40%	1.30%	51,120	5.63
ELPITIYA	1.22%	1.00%	162,963	3.72

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	14/06/18	08/06/18		
COMMERCIAL BANK	34.36%	34.59%	(2,250,818)	(288.10)
RENUKA AGRI	6.02%	12.19%	(34,687,433)	(72.84)
MELSTACORP	26.31%	26.41%	(1,106,160)	(60.51)
HEMAS HOLDINGS	31.13%	31.16%	(199,800)	(22.78)
COMMERCIAL BANK[X.0000]	25.30%	25.57%	(171,139)	(17.03)
HNB[X.0000]	46.36%	46.45%	(83,153)	(15.22)
ACCESS ENG SL	9.28%	9.30%	(206,875)	(3.33)
FIRST CAPITAL	0.62%	0.72%	(104,584)	(3.04)
PIRAMAL GLASS	64.02%	64.07%	(428,742)	(2.06)
LANKA IOC	78.64%	78.65%	(48,440)	(1.62)

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>
HORANA PLANTATIONS	0.50	Interim	22-06-18

Point of View

Sri Lankan Equities continued to dip for the 4th consecutive week as the benchmark ASPI lost ~24 points (0.37% W-o-W) to close the week at a YTD low of 6,331.10. Continued losses in local equities were mainly driven by lower activity levels as most major categories of investors remained on the sidelines. Activity levels on the bourse hit a 9-week low as the turnover declined ~29% W-o-W to Rs.2.0Bn (cf. Rs.2.8Bn last week) while daily average turnover for the week declined to a 6-week low of Rs.0.5Bn (cf. Rs.0.6Bn last week). 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 ~17% of the week's turnover with Commercial Bank accounting for ~27% of the crossings. Negative investor sentiment has continued to drag domestic equities since May'18, resulting in the ASPI dropping ~3.1% between May-June to convert the positive return on the ASPI (up to April) down to a negative -0.6% YTD. The YTD loss on the more liquid S&P20 Index meanwhile, widened further during the week to 3.9% indicating the persistent negative investor sentiment. Foreign investor flows to the Bourse meanwhile turned negative this week, despite a net inflow of Rs.60Mn on Monday. Net foreign outflows over the week consequently totaled Rs.219Mn (cf. inflow of Rs.588Mn last week), reducing the net foreign inflows to CSE so far in Jun'18 down to Rs.603Mn. Despite this week's foreign equity sell-off though, so far in Q2'18, foreign appetite for Sri Lankan equities has remained positive with total net inflows in Q2'18 totaling ~Rs1.7Bn (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.

March 2018 Quarter Earnings Rise 25% Y-o-Y

Total¹ market earnings for the recently concluded earnings season indicated Y-o-Y growth, with earnings² for the Mar'18 quarter rising 25% to Rs.99.3Bn. This compares to the Rs. 79.3Bn recorded by the full market a year ago in Mar'17 and the Rs. 85.4Bn recorded last quarter (in Dec'17). Growth over the quarter was driven largely by sectors such as Banks, Finance & Insurance, (+31% Y-o-Y), F&B (+71% Y-o-Y), Teleco (+34% Y-o-Y), Diversified (+32% Y-o-Y) and Construction (+60% Y-o-Y). While the growth over the quarter was notable, it is also largely reflected i) the traditionally stronger March quarter which remains the financial year end for most companies and ii) exceptional gains from several Insurance companies. Stronger Mar'18 quarter earnings also boosted the overall market's full year earnings, and overall corporate earnings for the FY'17/18³ rose 7% Y-o-Y to Rs. 284Bn (cf. Rs. 265Bn last year). Despite the Y-o-Y growth, the pace of growth was slower at 7% compared to 26% Y-o-Y growth last year, largely reflecting the general slowdown in overall GDP growth which fell to 3.1% Y-o-Y in 2017 (cf. 4.5% Y-o-Y in 2016). On a trailing 12M basis meanwhile, Sri Lanka's corporate earnings growth rose 12% Y-o-Y to Rs. 299.8Bn. Growth was driven by the largest three contributors to market earnings, Banks, Finance & Insurance (+28% Y-o-Y), Diversified (+20% Y-o-Y) and F&B (+22% Y-o-Y). The improvement in market earnings helped maintain the CSE's current low PER level of 10.09x, the lowest among its Frontier and Emerging market peers which currently trade at 13x (MSCI FM Index) and 14x (MSCI EM Index).

Notes:

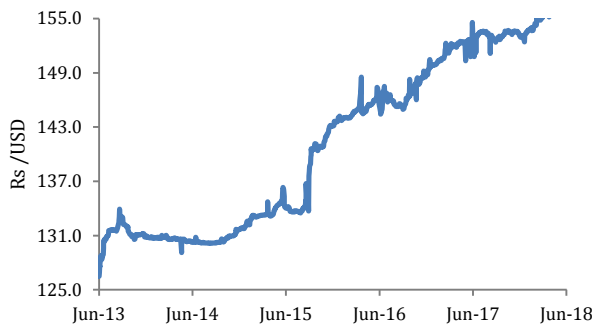
1. 93% of companies.
2. Includes exceptional gains and losses
3. Represents unaudited earnings between Jan'17- Dec'17 for December year-ending companies and between Jun'17-Mar'18 for March year-ending companies.

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%		

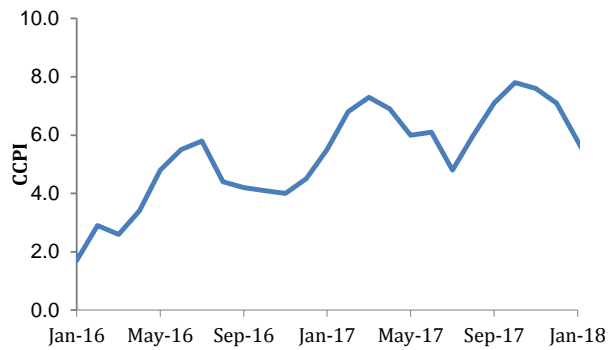
Source Central Bank

Exchange Rate, Rs. vs. US\$



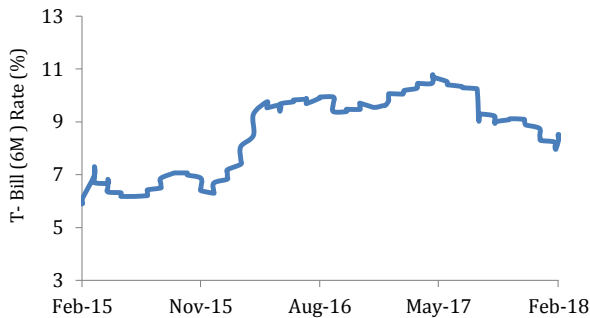
Source: Central Bank

Inflation (CCPI-N) YoY%



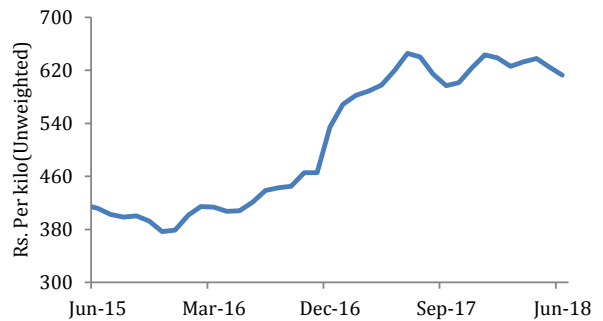
Source: Central Bank

6 Month T-Bill Yield



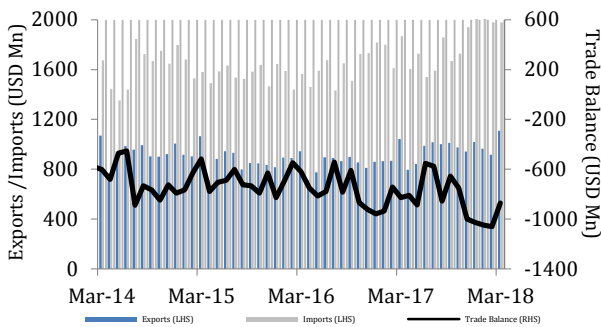
Source: Central Bank

Tea Prices



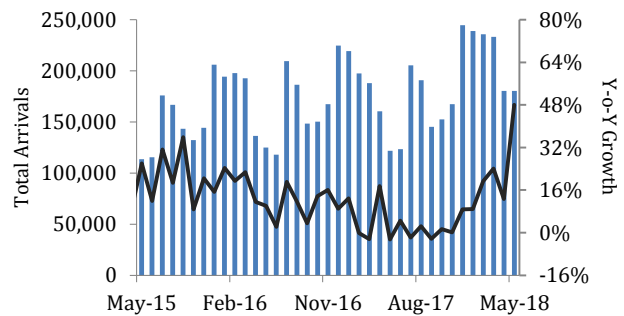
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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