

Weekly Return on ASPI turns Negative... Brent Crude

Oil Falls 2% from 3M High

ASPI v 1.42% | S&P SL20 v 2.40%

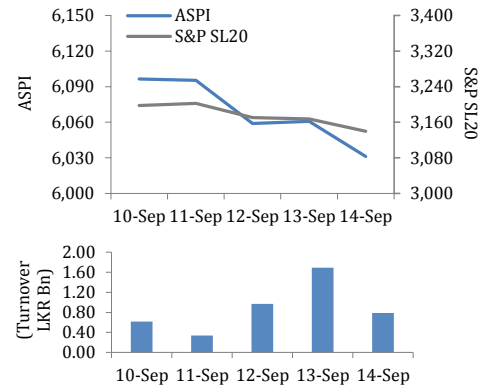
The Bourse ended the week... *Cont. P2*

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

Equities ended the week *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (10th Sep – 14th Sep)



KEY STATISTICS

Week ending	14-Sep	07-Sep	+/-
ASPI	6,031.26	6,117.89	-1.42%
S&P SL20	3,139.77	3,216.82	-2.40%
Banking & Finance	16,136.84	16,413.67	-1.69%
Food & Beverage	24,857.80	25,227.03	-1.46%
Diversified	1,496.86	1,515.98	-1.26%
Hotel & Travel	2,668.55	2,692.12	-0.88%
Plantations	734.33	739.45	-0.69%
Manufacturing	2,884.97	2,948.62	-2.16%
Turnover (LKR Bn)	4.40	1.35	226.97%
Foreign Buying (LKR Mn)	1,004.14	647.33	55.12%
Foreign Selling (LKR Mn)	1,568.44	711.28	120.51%
Daily Average Turnover (LKR Bn)	0.88	0.27	226.97%
Daily Average Foreign Buying (LKR Mn)	200.83	129.47	55.12%
Daily Average Foreign Selling (LKR Mn)	313.69	142.26	120.51%

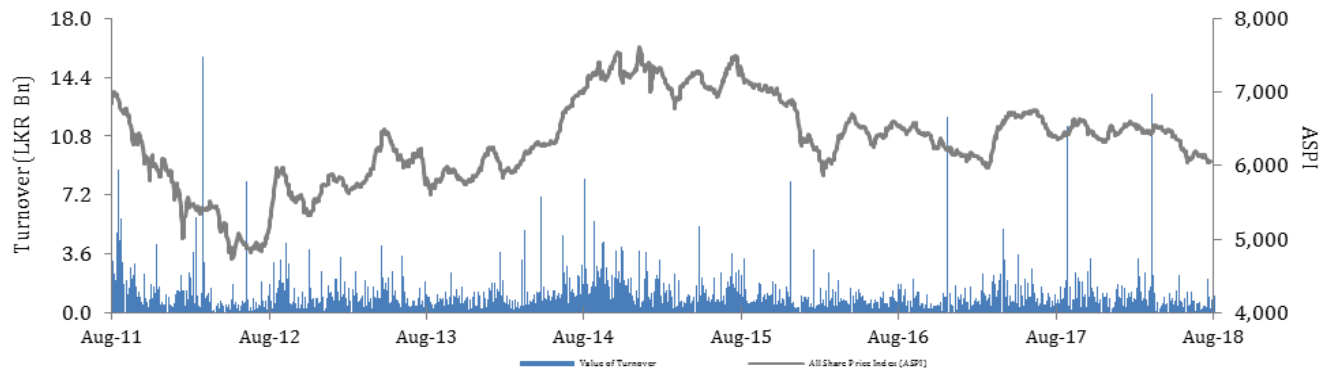
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
ADAM INVESTMENTS	AINVN	0.1	0.2	100.0%
DUNAMIS CAPITAL	CSECN	18.8	34.5	83.5%
LUCKY LANKA[NV]	LLMPX	0.6	0.7	16.7%
SINGHE HOSPITALS	SINH	1.3	1.5	15.4%
SATHOSA MOTORS	SMOTN	380.0	430.0	13.2%
UNION ASSURANCE	UAL N	285.0	321.0	12.6%
AMBEON CAPITAL	TAP N	4.4	4.9	11.4%
BANSEI RESORTS	BRR N	5.5	6.1	10.9%
MILLENNIUM HOUSE	MHDLN	9.4	10.4	10.6%
LVL ENERGY	LVEFN	7.9	8.7	10.1%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
SINGER IND.	SININ	169.3	73.6	-56.5%
AMANA LIFE	ATLLN	12.4	9.4	-24.2%
BLUE DIAMONDS	BLUEN	0.6	0.5	-16.7%
ASCOT HOLDINGS	ASCN	24.8	21.0	-15.3%
BERUWALA RESORTS	BERUN	0.7	0.6	-14.3%
MTD WALKERS	KAPIN	13.0	11.2	-13.8%
LANKA ASHOK	ASHON	927.0	818.1	-11.7%
SUNSHINE HOLDING	SUN N	55.0	49.0	-10.9%
RENUKA FOODS	COCON	14.5	13.1	-9.7%
KELANI CABLES	KCABN	78.1	70.7	-9.5%

Market Review



Indices |

The Bourse ended the week on a negative note as the ASPI increased by 86.63 points (or -1.42%) to close at 6,031.26 points, while the S&P SL20 Index decreased by 77.05 points (or -2.40%) to close at 3,139.77 points.

Turnover & Market Capitalization |

Dunamis Capital was the highest contributor to the week's turnover value, contributing LKR 1.46Bn or 33.16% of total turnover value. JKH followed suit, accounting for 16.89% of turnover (value of LKR 0.74Bn) while Cargills contributed LKR 0.41Bn to account for 9.31% of the week's turnover. Total turnover value amounted to LKR 4.40Bn (cf. last week's value of LKR 1.35Bn), while daily average turnover value amounted to LKR 0.88Bn (-226.97% W-o-W) compared to last week's average of LKR 0.27Bn. Market capitalization meanwhile, decreased by 1.18% W-o-W (or LKR 33.81Bn) to LKR 2,832.34Bn cf. LKR 2,866.15Bn last week.

Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 51.78% (or LKR 2.28Bn) of market turnover. Sector turnover was driven primarily by Dunamis Capital & JKH which accounted for 96.66% of the sector's total turnover. The Banks, Finance & Insurance sector meanwhile accounted for 28.79% (or LKR 1.27Bn) of the total turnover value, with turnover driven primarily by Sampath Bank, HNB, Central Finance, Union Assurance & Commercial Bank which accounted for 81.70% of the sector turnover. The Beverage, Food & Tobacco sector was also amongst the top sectorial contributors, contributing 11.77% (or LKR 0.52Bn) to the market driven by Cargills & Ceylon Tobacco which accounted for 90.39% of the sector turnover.

Liquidity (in Volume Terms) |

The Diversified sector dominated the market in terms of share volume, accounting for 39.76% (or 50.39Mn shares) of total volume, with a value contribution of LKR 2.28Bn. The Banking, Finance & Insurance sector followed suit, adding 20.61% to total turnover volume as 26.12Mn shares were exchanged. The sector's volume accounted for LKR 1.27Bn of total market turnover value. The Hotels & Travels sector meanwhile, contributed 18.60Mn shares (or 14.68%), amounting to LKR 0.03Bn.

Top Gainers & Losers |

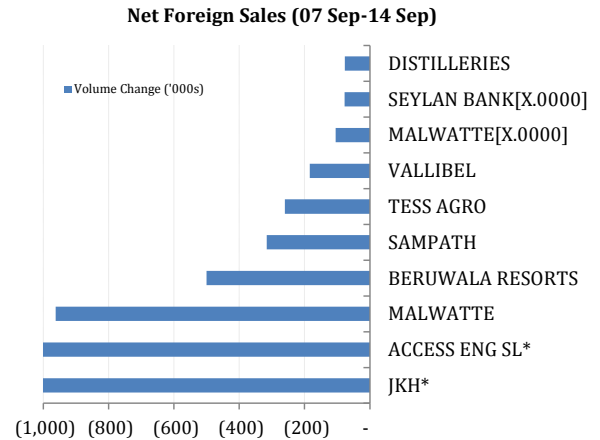
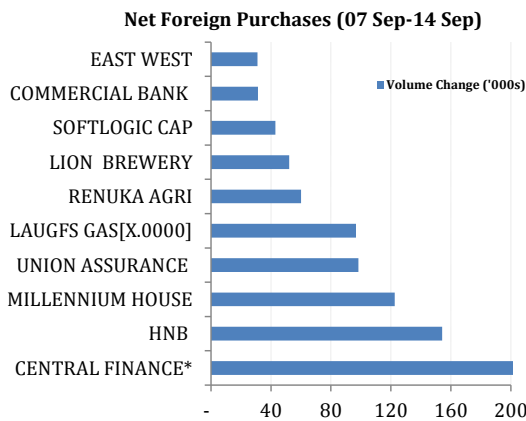
Adam Investments was the week's highest price gainer; increasing 100.0% W-o-W from LKR 0.10 to LKR 0.20 while Dunamis Capital (+83.5% W-o-W), Lucky Lanka[NV] (+16.7% W-o-W) and Singhe Hospitals (+15.4% W-o-W) were also amongst the top gainers.

Singer Industries was the week's highest price loser; declining 56.5% W-o-W to close at LKR 73.60 while Amana Life (-24.2% W-o-W), Blue Diamonds (-16.7% W-o-W) and Ascot Holdings (-15.3% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
DUNAMIS CAPITAL	CSECN	18.8	34.5	1,458.62
JKH	JKH N	138.2	133.7	742.75
CARGILLS	CARGN	205.0	207.5	409.60
SAMPATH	SAMPN	275.5	265.0	350.82
HNB	HNB N	224.8	222.4	225.45
CENTRAL FINANCE	CFINN	96.0	96.0	221.64
DIALOG	DIALN	12.4	12.3	130.71
UNION ASSURANCE	UAL N	285.0	321.0	128.45
COMMERCIAL BANK	COMBN	123.9	119.8	108.01
CEYLON TOBACCO	CTC N	1350.3	1326.0	58.18

Market Review (Cont'd)



*Volume change of Central Finance(1.15Mn Shares), JKH(4.78Mn shares)and Access Engineering (1.13Mn Shares) from 07th Sep – 14th Sep not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.56Bn relative to last week's total net outflow of LKR 0.06Bn (-782.5% W-o-W). Total foreign purchases increased by 55.12% W-o-W to LKR 1.00Bn from last week's value of LKR 0.65Bn, while total foreign sales amounted to LKR 1.57Bn relative to LKR 0.71Bn recorded last week (+120.5% W-o-W). In terms of volume, HNB & Central Finance led foreign purchases while JKH & Access Engineering led foreign sales. In terms of value, Central Finance & HNB led foreign purchases while JKH & Sampath Bank led foreign sales.

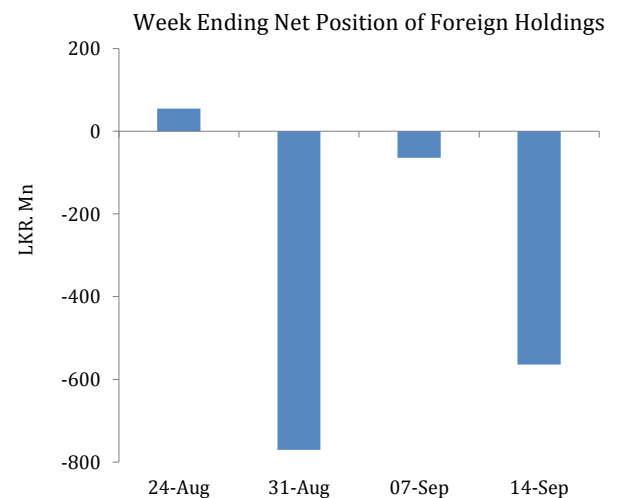
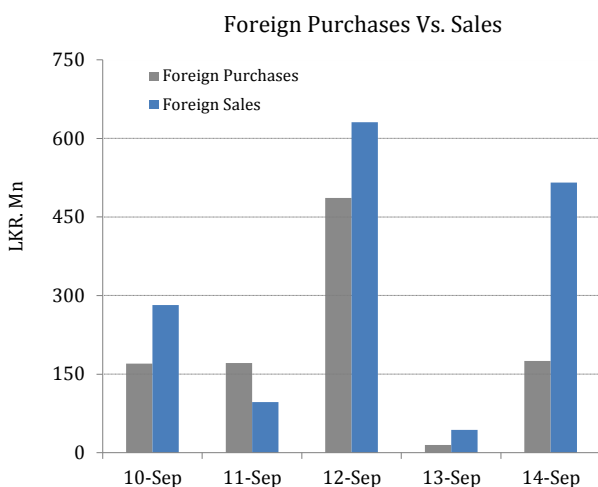
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	14/09/18	07/09/18		
CENTRAL FINANCE	14.10%	13.57%	1,151,566	110.55
HNB	36.03%	35.99%	154,278	34.31
LION BREWERY	37.40%	37.34%	52,095	33.60
UNION ASSURANCE	0.31%	0.14%	98,328	31.56
CARGILLS	6.94%	6.93%	29,888	6.20
COLD STORES	10.70%	10.70%	5,916	5.03
COMMERCIAL BANK	33.85%	33.85%	31,332	3.75
NATIONS TRUST	24.44%	24.42%	29,928	2.72
LAUGFS GAS[X.0000]	10.82%	10.63%	96,700	1.60
MILLENNIUM HOUSE	29.57%	29.48%	122,527	1.27

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	14/09/18	07/09/18		
JKH	56.05%	56.39%	(4,781,983)	(639.35)
SAMPATH	22.53%	22.64%	(316,057)	(83.76)
ACCESS ENG SL	8.97%	9.08%	(1,125,938)	(16.89)
CEYLON TOBACCO	97.47%	97.47%	(9,645)	(12.79)
NAT. DEV. BANK	14.15%	14.19%	(62,197)	(6.71)
MALWATTE	1.58%	2.06%	(961,815)	(6.06)
ROYAL CERAMIC	11.36%	11.42%	(60,262)	(5.15)
HNB[X.0000]	46.99%	47.01%	(23,401)	(3.86)
SEYLAN BANK[X.0000]	6.49%	6.54%	(77,503)	(3.18)
CHEVRON	21.01%	21.02%	(42,271)	(3.03)

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>
LAKE HOUSE PRINTERS	1.50	First & Final	01-10-18

Point of View

Equities ended the week on a negative note for the 1st time in 4 weeks as concerns over a currency crisis (prompted by a report from Japanese investment bank Nomura) spooked investors. Despite a healthy recovery of ~108 points since 28th August (from its 17-Month low of 6010.23 points), the W-o-W loss on heavy weight stocks such as JKH(-3.26%), Commercial Bank (-3.31%), Distilleries(-6.28%) & Sampath Bank(-3.81%) dragged the ASPI down by ~87 points (or 1.42%) during the week. The YTD loss on the ASPI consequently widened further to 5.9% (cf. 4.6% till last week). A subsequent correction by the Nomura regarding an error in its short term external debt repayment calculation for Sri Lanka however, helped calm markets to some extent and despite the losses on the Index, activity levels in the market recovered during the week. Weekly turnover consequently increased ~227% to Rs.4.4Bn from Rs.1.3Bn last week, helped by Janashakthi's acquisition of 31.14% of Dunamis Capital on Wednesday at Rs.36.60. Meanwhile, Local HNI and Institutional investors returned to equities during the week, resulting in crossings for the week rising to ~64% of total market turnover (cf. 30% last week). Transactions on Dunamis Capital accounted for ~50% of the week's total crossings and 33% of the weekly turnover. In addition, Local HNI and Institutional investors were also interested in blue-chip JKH (~13% of the crossings) and Sri Lanka's largest retailer Cargills (~14% of the crossings). The foreign equity sell-off on the bourse meanwhile increased during the week as foreign investors recorded a net outflow of Rs.564Mn cf. Rs.64Mn last week. JKH lead the net foreign sales with ~Rs.640Mn while Sampath bank accounted for Rs.84Mn. Markets in the week ahead are likely look for cues from economic and political developments, including Q2'18 GDP growth figures.

Brent Crude Oil Falls 2% from 3M High

Global oil price headed for a weekly gain, with benchmark Brent crude oil reaching its highest level of \$80.13/bbl. since mid-May 2018 on Wednesday. Although commodity prices have been on a declining trend since early-July, oil prices were buoyed by a fresh round of global oil supply concerns as U.S. crude oil inventories dwindled to a 31/2 year low, falling by 5.3Mn barrels last week. Risks to demand (such as heightening trade tensions between the U.S. China) were overshadowed by the oil market's focus on fears of supply shortages (due to slowing crude oil production growth) and threats of Iranian sanctions. Iranian production has fallen to its lowest since July 2016, at 3.63Mn barrels a day. Despite Wednesday's 3-month high, shifting oil market perceptions led Brent crude oil falling 2% on Thursday to settle at \$78.18 per barrel as investors focused on the International Energy Agency's (IEA) warning of mounting global economic risks for oil demand from challenges in emerging markets such as currency depreciation versus the dollar and trade disputes. In its latest monthly oil report, IEA warned that the oil market is entering a "very crucial period" and predicted that the market could break out above \$80 a barrel unless oil producers meet the shortfall from Iran and Venezuela. The upward movement in oil prices is likely to further worsen Sri Lanka's trade deficit which rose to \$5.7Bn between Jan-Jun 2018(cf. \$4.8Bn in Jan-Jun'17) amid higher import prices and volumes of crude oil and refined petroleum products. CPC import prices of crude in July rose to \$78.76/bbl compared to an average of \$74.96/bbl between Jan-Jun'18 reflecting the upwards movement in oil prices and the potential impact on the country's Q3'18 trade deficit.

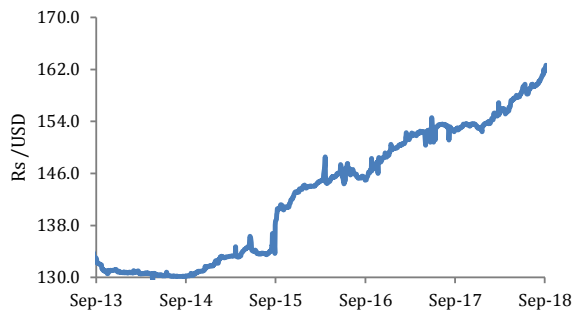
Source: Bloomberg & Reuters

Economic Snapshot

	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18	Jul'18	Aug'18
Interest Rates								
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
CCPI Inflation Y-o-Y % (Base 2013)	5.8	4.5	4.2	3.8	4.0	4.4	5.4	5.9
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016	2017	Q1'18	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	3.2%	

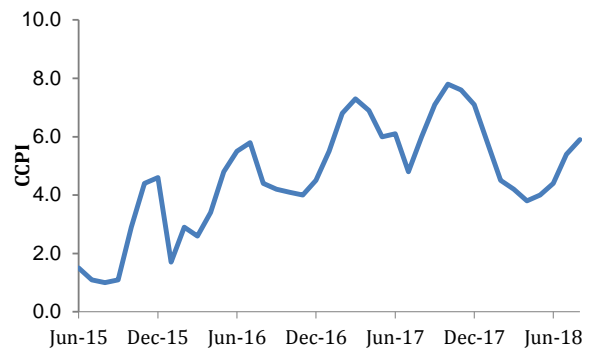
Source Central Bank

Exchange Rate, Rs. vs. US\$



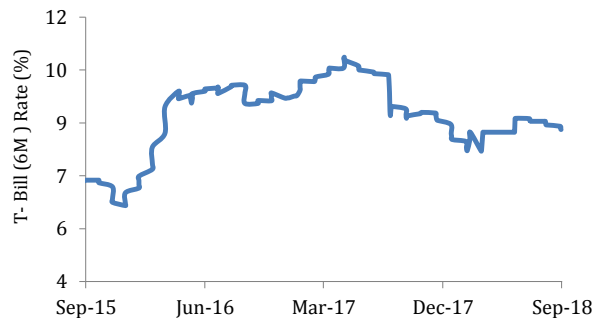
Source: Central Bank

Inflation (CCPI-N) YoY%



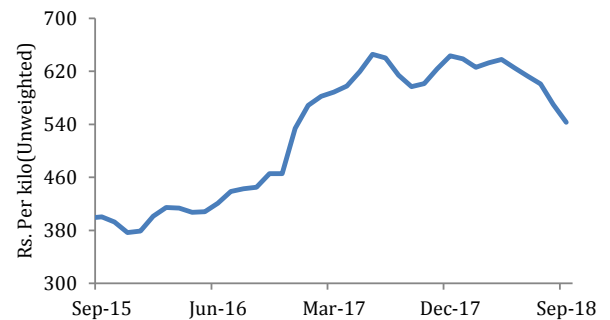
Source: Central Bank

6 Month T-Bill Yield



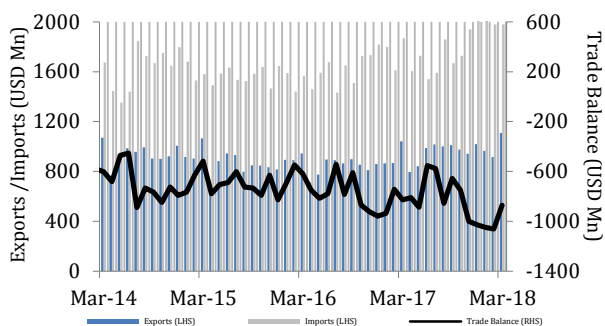
Source: Central Bank

Tea Prices



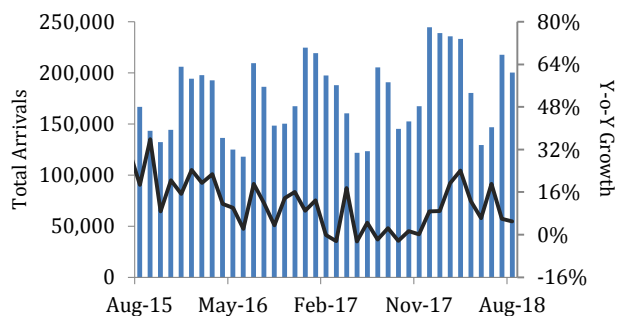
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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