

## Markets Revive on Expectations of Renewed IMF Support... IMF to Resume EFF-Program Discussions

ASPI ^ 0.35% | S&P SL20 ^ 0.98%

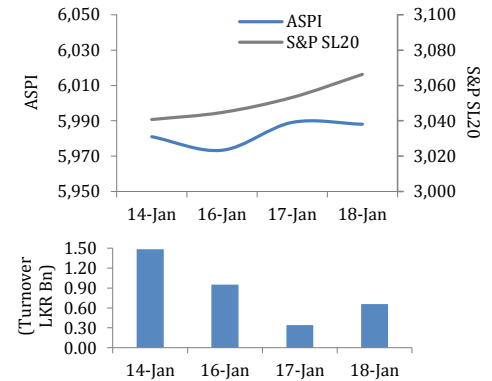
The Bourse ended the week... *Cont. P2*

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

Equity markets regained some momentum ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (14<sup>th</sup> Jan – 18<sup>th</sup> Jan)



## KEY STATISTICS

Week ending	18-Jan	11-Jan	+/-
ASPI	5,988.07	5,967.27	0.35%
S&P SL20	3,066.29	3,036.61	0.98%
Banking & Finance	16,306.91	16,173.41	0.83%
Food & Beverage	24,259.18	24,319.88	-0.25%
Diversified	1,543.49	1,532.43	0.72%
Hotel & Travel	2,684.27	2,661.04	0.87%
Plantations	735.74	731.60	0.57%
Manufacturing	2,844.54	2,835.19	0.33%
Turnover (LKR Bn)	3.44	2.76	24.68%
Foreign Buying (LKR Mn)	616.57	1,301.63	-52.63%
Foreign Selling (LKR Mn)	2,073.38	2,053.90	0.95%
Daily Average Turnover (LKR Bn)	0.86	0.55	55.85%
Daily Average Foreign Buying (LKR Mn)	154.14	260.33	-40.79%
Daily Average Foreign Selling (LKR Mn)	518.35	410.78	26.19%

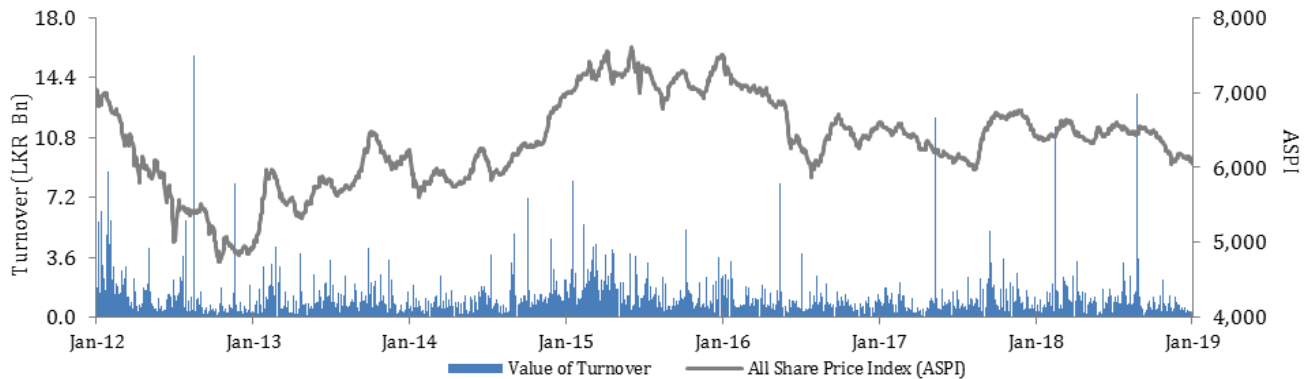
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
AMF CO LTD	AMF N	400.0	631.8	58.0%
MTD WALKERS	KAPIN	10.0	15.5	55.0%
BLUE DIAMONDS[NV]	BLUEX	0.2	0.3	50.0%
EDEN HOTEL LANKA	EDENN	13.0	16.5	26.9%
ARPICO	ARPIN	159.1	199.2	25.2%
SERENDIB ENG.GRP	IDL N	6.8	8.3	22.1%
BLUE DIAMONDS	BLUEN	0.5	0.6	20.0%
DOLPHIN HOTELS	STAFN	24.0	28.5	18.8%
MULTI FINANCE	MFL N	13.9	16.5	18.7%
RENUKA HOTELS	RCHN	54.0	63.5	17.6%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING	SEMBN	0.5	0.4	-20.0%
TESS AGRO[NV]	TESSX	0.5	0.4	-20.0%
AMAYA LEISURE	CONNN	50.8	42.2	-16.9%
COMM LEASE & FIN	CLC N	3.0	2.5	-16.7%
SERENDIB HOTELS[NV]	SHOTX	16.7	14.0	-16.2%
SATHOSA MOTORS	SMOTN	534.5	450.0	-15.8%
EASTERN MERCHANT	EMERN	4.5	4.1	-8.9%
ANILANA HOTELS	ALHPN	1.2	1.1	-8.3%
KEELLS FOOD	KFP N	147.0	136.0	-7.5%
CIC	CIC N	44.2	41.0	-7.2%

## Market Review



### Indices |

The Bourse ended the week on a positive note as the ASPI increased by 20.80 points (or +0.35%) to close at 5,988.07 points, while the S&P SL20 Index also increased by 29.68 points (or +0.98%) to close at 3,066.29 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.73Bn or 50.34% of total turnover value. Hunas Falls followed suit, accounting for 25.09% of turnover (value of LKR 0.86Bn) while Commercial Bank contributed LKR 0.20Bn to account for 5.83% of the week's turnover. Total turnover value amounted to LKR 3.44Bn (cf. last week's value of LKR 2.76Bn), while daily average turnover value amounted to LKR 0.86Bn (+55.85% W-o-W) compared to last week's average of LKR 0.55Bn. Market capitalization meanwhile, increased by 0.35% W-o-W (or LKR 9.76Bn) to LKR 2,809.28Bn cf. LKR 2,799.52Bn last week.

### Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 51.77% (or LKR 1.78Bn) of market turnover. Sector turnover was driven primarily by JKH & Aitken Spence which accounted for 98.31% of the sector's total turnover. The Hotels & Travel sector meanwhile accounted for 25.83% (or LKR 0.89Bn) of the total turnover value, with turnover driven primarily by Hunas Falls which accounted for 97.17% of the sector turnover. The Banks, Finance & Insurance sector was also amongst the top sectorial contributors, contributing 12.27% (or LKR 0.42Bn) to the market driven by Commercial Bank and Sampath Bank which accounted for 70.06% of the sector turnover.

### Liquidity (in Volume Terms) |

The Diversified sector dominated the market in terms of share volume, accounting for 27.45% (or 14.61Mn shares) of total volume, with a value contribution of LKR 1.78Bn. The Hotels & Travel sector followed suit, adding 20.82% to total turnover volume as 11.08Mn shares were exchanged. The sector's volume accounted for LKR 0.89Bn of total market turnover value. The Banks, Finance & Insurance sector meanwhile, contributed 8.38Mn shares (or 15.76%), amounting to LKR 0.42Bn.

### Top Gainers & Losers |

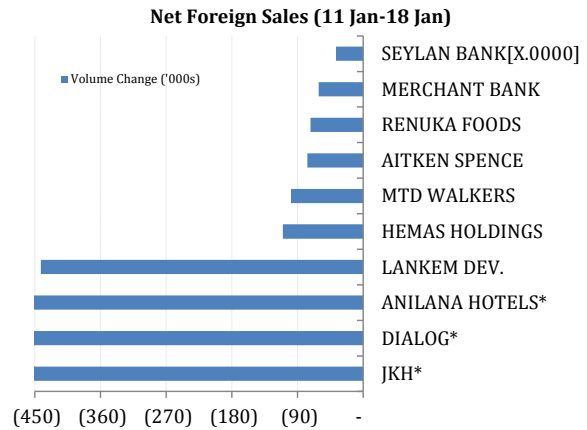
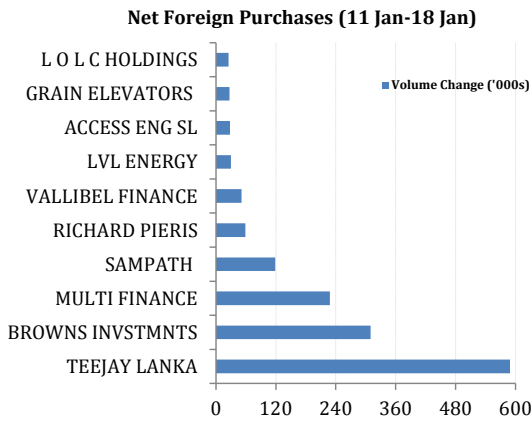
AMF Co was the week's highest price gainer; increasing 58.0% W-o-W from LKR400.00 to LKR631.80 while MTD walker (+55.0% W-o-W), Blue diamonds (NV) (+50.0% W-o-W) and Eden Hotel Lanka (+26.9% W-o-W) were also amongst the top gainers.

SMB Leasing & Tess Agro [NV] were the week's highest price loser; declining 20.0% W-o-W to close at LKR0.40 while Amaya Leisure (-16.9% W-o-W), and Commercial Leasing & Finance (-16.7% 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	153.0	154.5	1,731.36
HUNAS FALLS	HUNAN	160.1	186.5	863.10
COMMERCIAL BANK	COMBN	114.0	114.5	200.53
SAMPATH	SAMPN	218.1	230.0	95.16
LION BREWERY	LIONN	556.3	570.0	88.16
MTD WALKERS	KAPIN	10.0	15.5	61.88
JANASHAKTHI INS.	JINSN	29.7	29.9	27.54
DIALOG	AAICN	10.1	10.0	26.59
TEEJAY LANKA	TJLN	33.9	34.0	25.67
AITKEN SPENCE	SPENN	45.0	44.0	19.20

Market Review (Cont'd)



\*Volume change of JKH (9.7Mn Shares), Dialog (1.4Mn Shares), and Anilana Hotels (1.0Mn Shares) from 11<sup>th</sup> Jan – 18<sup>th</sup> Jan not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 1.46Bn relative to last week's total net outflow of LKR 0.75Bn (-93.65% W-o-W). Total foreign purchases decreased by 52.63% W-o-W to LKR 0.6Bn from last week's value of LKR 1.3Bn, while total foreign sales amounted to LKR 2.1Bn relative to LKR 2.1Bn recorded last week (+0.95% W-o-W). In terms of volume, Teejay & Browns Investments led foreign purchases while JKH & Dialog led foreign sales. In terms of value, Sampath & Teejay led foreign purchases while JKH & Dialog led foreign sales.

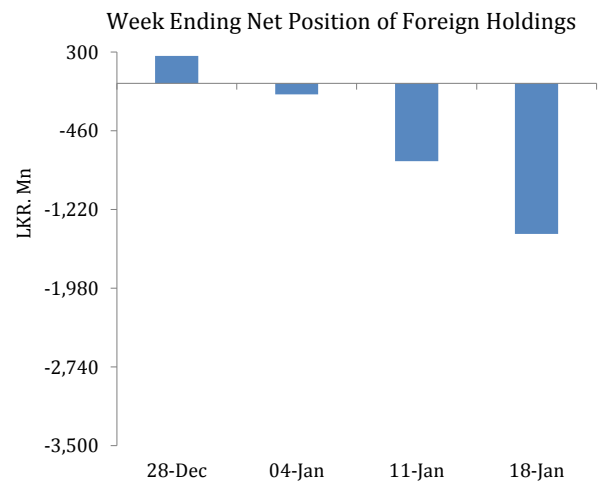
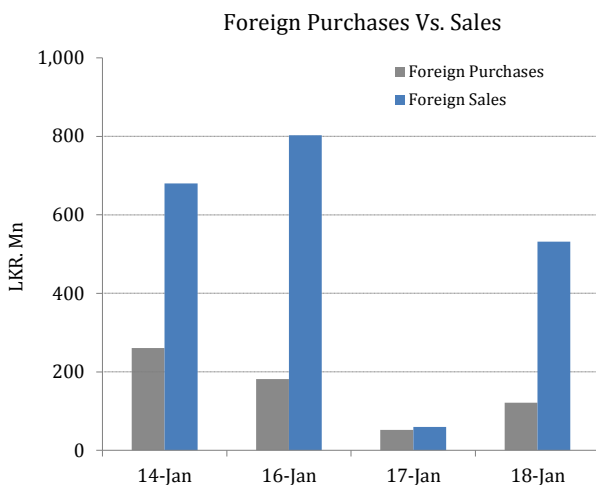
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	18/01/19	11/01/19		
SAMPATH	22.86%	22.81%	118,706	27.30
TEEJAY LANKA	46.65%	46.57%	589,331	20.04
LION BREWERY	37.12%	37.10%	20,400	11.63
MULTI FINANCE	0.42%	0.06%	228,395	3.77
VALLIBEL FINANCE	2.13%	2.05%	51,217	3.59
LOLC HOLDINGS	5.17%	5.17%	25,227	2.23
GRAIN ELEVATORS	61.50%	61.46%	27,156	1.60
HUNTERS	87.72%	87.65%	3,605	1.48
NAT. DEV. BANK	14.78%	14.78%	8,000	0.84
RICHARD PIERIS	74.07%	74.07%	58,760	0.60

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	18/01/19	11/01/19		
JKH	47.43%	48.13%	(9,746,042)	(1,505.76)
DIALOG	94.04%	94.06%	(1,432,335)	(14.32)
HEMAS HOLDINGS	29.98%	30.00%	(110,000)	(9.64)
AITKEN SPENCE	23.90%	23.92%	(76,355)	(3.36)
LANKEM DEV.	5.20%	5.57%	(441,702)	(1.94)
HAYCARB	5.98%	6.03%	(14,754)	(1.92)
COMMERCIAL BANK	32.82%	32.83%	(15,965)	(1.83)
BAIRAHA FARMS	3.95%	4.04%	(13,124)	(1.70)
SEYLAN BANK[X.0000]	7.34%	7.36%	(37,365)	(1.64)
MTD WALKERS	91.77%	91.83%	(98,838)	(1.53)

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



## Announcements for the Week

### Dividend Announcements

No Dividends announcements for the week

### Point of View

Equity markets regained some momentum this week as investors were buoyed by news that the IMF would resume its EFF-program discussions (which were delayed by 3-months following the political turmoil in Oct'18) next month. The broad-share market Index gained ~21 points over the week to close just 12-points shy of the key 6000-mark as the IMF signaled its willingness to support Sri Lanka's economic reform agenda once again while the CBSL noted that the IMF could potentially be willing to grant greater flexibility in the fiscal targets it sets for the country under the EFF-program. Market activity levels too revived over the week, with interest in key blue-chip JKH and the strategic sale of Hayley's owned Hunas Fall accounting for ~59% of total market turnover and 92% of the week's total crossings. Crossings in JKH accounted for 55% of the week's total crossings (and ~35% of total market turnover) while the sale of Hayley's controlling-stake (~66.2%) in Hunas Falls to Japanese investor backed Serenity Lake Leisure (Pvt.) for Rs.696.3Mn accounted for ~37% of the week's total crossings. Daily average market turnover levels for the week consequently rose 56% Wo-W while off-market transactions (ie: crossings) rose sharply to 64% relative to the average of 21% so far this year and 2018 average of 43%. Foreign investor outflows from the Colombo bourse however widened notably this week (to Rs.1.5Bn cf. last week's Rs.0.8Bn) as net sales in JKH resulted in the foreign holding on the share reducing by 0.7% W-o-W (to 47.43%). Last year's sell off on domestic equities has extended into 2019, with the YTD sell-off totaling Rs.2.3Bn in the 1<sup>st</sup> 3-weeks of this year (cf. inflows of Rs. 2.7Bn in the 1<sup>st</sup> 3-weeks of 2018). Markets in the week ahead are likely to take cues from political and economic developments.

### IMF to Resume EFF-Program Discussions with SL

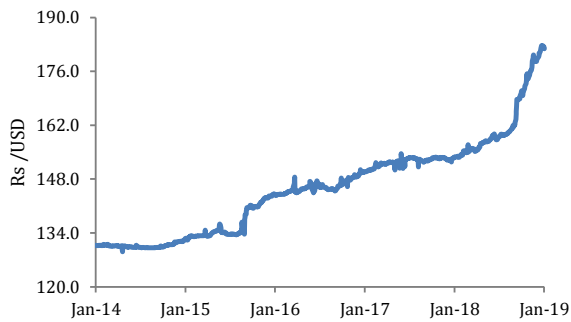
The IMF this week confirmed that it would resume its EFF program discussions with Sri Lanka in February, adding that the GoSL had assured its continued commitment to the country's economic reform agenda under the IMF-supported program. The IMF added that it believes a "strong policy mix, with effective implementation of that agenda, is key to strengthening confidence, while putting Sri Lanka on a sustainable, high-quality growth path". The Central Bank Governor meanwhile further added that the GoSL and CBSL are in discussions with the IMF to shift fiscal targets in such a way that it would provide adequate space to channel funds to development programs such as "Gamperaliya" and social security networks such as Samurdhi. The Governor added that while Sri Lanka needs continued engagement with the IMF, a greater flexibility on the part of the IMF targets was also necessary as macro-economic conditions on the ground have changed significantly post the political turmoil in Oct 2018. The CBSL Governor added that the IMF's response to the request for greater flexibility in fiscal targets was favorable, but that details on how much flexibility could be afforded would need to be ironed out. The CBSL also added that it hopes to raise the bulk of the country's \$5.9Bn debt repayments in Q1'19 from a variety of sources, including currency swaps from India, loans from Chinese banks, a \$2Bn international sovereign bond, lines of credit from State banks, as well as Panda and Samurai bonds. The Governor noted that of the total external debt repayment of \$5.9Bn, \$1.2Bn were SLDBs which could be rolled over, implying that the effective money to be borrowed this year (excluding this week's \$1Bn repayments) would be approx. \$3.5-4Bn.

## Economic Snapshot

	May'18	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18
<b>Interest Rates</b>								
Prime Lending Rate	11.34	11.20	11.41	11.65	11.72	12.34	12.12	11.94
Ave. Wtd. Deposit Rates	8.91	8.92	8.64	8.66	8.69	8.73	8.77	8.81
Ave. Wtd. Fixed Dep. Rates	11.23	11.26	10.82	10.81	10.84	10.78	10.81	10.85
<b>CCPI Inflation Y-o-Y % (Base 2013)</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>2.8</b>
<b>GDP Growth (Base 2010)</b>								
	2012	2013	2014	2015	2016	2017	Q3'18	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	2.9%	

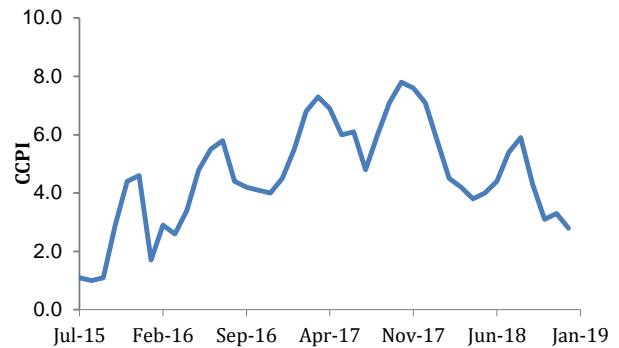
Source Central Bank

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



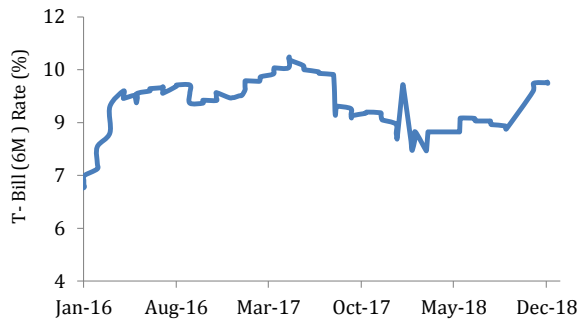
Source: Central Bank

### Inflation (CCPI-N) YoY%



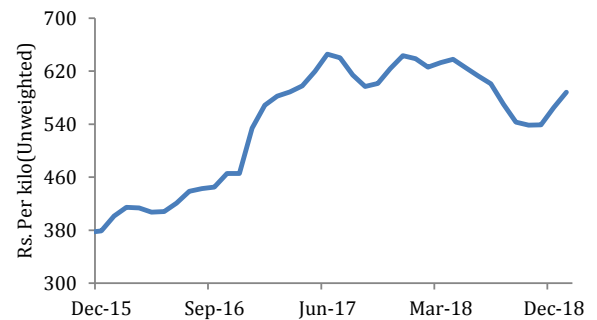
Source: Central Bank

### 6 Month T-Bill Yield



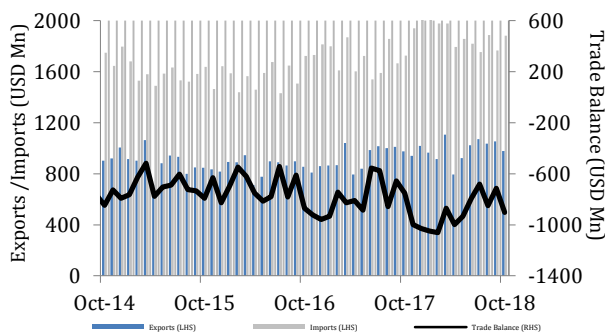
Source: Central Bank

### Tea Prices



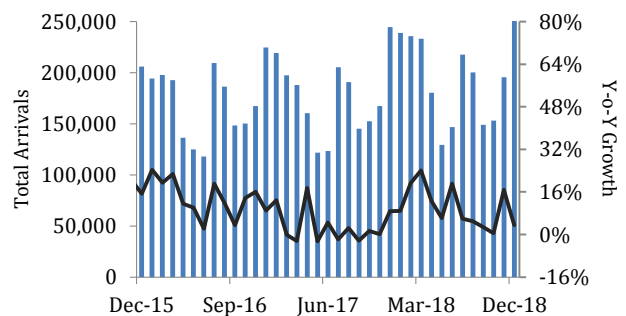
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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