

## Institutional & HNI Investors Dominate Activity ...

### Urban Inflation Hits a High in October

ASPI  $\wedge$  0.13% | S&P SL20  $\wedge$  0.67%

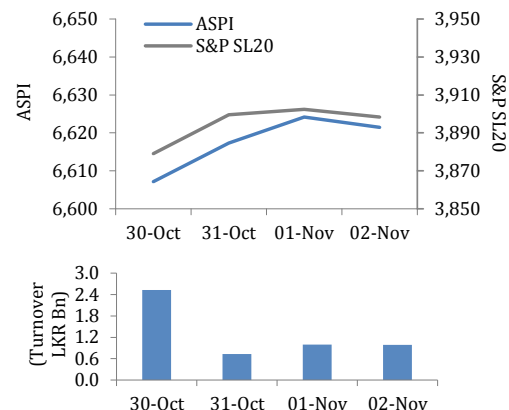
The Bourse continued ... *Cont. P2*

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

Institutional & HNI investors... *Cont. P5*

Economic Snapshot..... *P6*

### Indices vs. Turnover (30<sup>th</sup> Oct – 02<sup>nd</sup> Nov)



### KEY STATISTICS

Week ending	02-Nov	27-Oct	+/-
ASPI	6,621.47	6,612.91	0.13%
S&P SL20	3,898.41	3,872.50	0.67%
Banking & Finance	17,659.81	17,620.32	0.22%
Food & Beverage	22,894.43	23,096.70	-0.88%
Diversified	1,743.07	1,750.21	-0.41%
Hotel & Travel	2,887.89	2,909.67	-0.75%
Plantations	1,053.75	1,049.18	0.44%
Manufacturing	4,134.84	4,168.23	-0.80%
Turnover (LKR Bn)	5.25	4.17	26.10%
Foreign Buying (LKR Mn)	3,225.52	2,248.15	43.47%
Foreign Selling (LKR Mn)	2,498.16	1,712.92	45.84%
Daily Average Turnover (LKR Bn)	1.31	0.83	57.63%
Daily Average Foreign Buying (LKR Mn)	806.38	449.63	79.34%
Daily Average Foreign Selling (LKR Mn)	624.54	342.58	82.30%

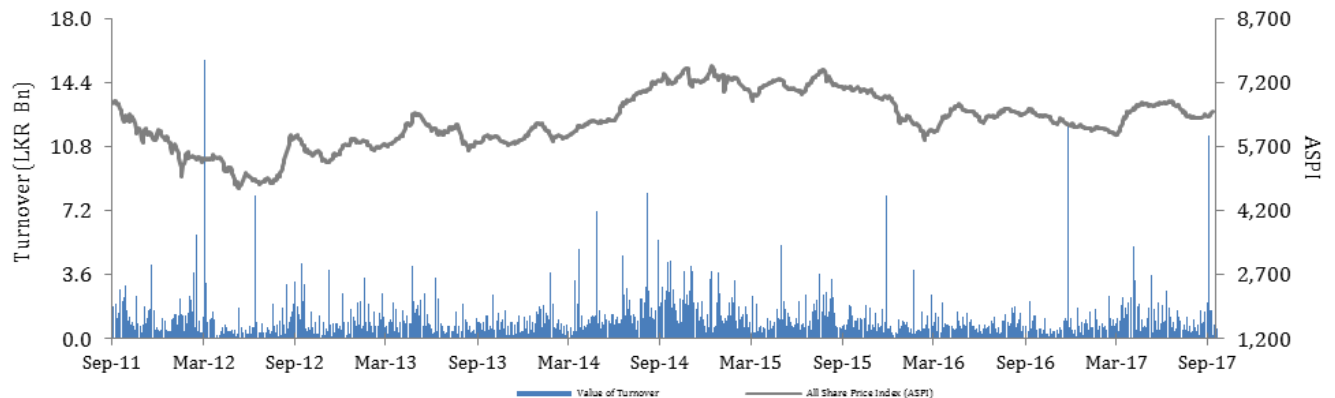
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
CENTRAL FINANCE	CFINN	93.0	101.9	9.6%
HUNAS FALLS	HUNAN	46.1	49.9	8.2%
CARGO BOAT	CABON	85.0	92.0	8.2%
BANSEI RESORTS	BRR N	7.3	7.9	8.2%
BUKIT DARAH	BUKIN	212.7	230.0	8.1%
LUCKY LANKA[NV]	LLMPX	1.3	1.4	7.7%
SIGIRIYA VILLAGE	SIGVN	44.0	47.0	6.8%
HAYLEYS FIBRE	HEXPN	75.1	80.1	6.7%
LEE HEDGES	SHAW N	85.0	90.0	5.9%
SAMSON INTERNAT.	SIL N	85.0	90.0	5.9%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
ADAM INVESTMENTS	AINVN	0.5	0.4	-20.0%
NATION LANKA	CSF N	1.5	1.3	-13.3%
CONVENIENCE FOOD	SOY N	377.3	335.0	-11.2%
BRAC LNKA FNANCE	NIFLN	38.0	34.1	-10.3%
A I A INSURANCE	CTCEN	347.4	312.3	-10.1%
CIFL	CIFLN	1.0	0.9	-10.0%
ARPICO INSURANCE	AINSN	18.0	16.5	-8.3%
MULLERS	MULLN	1.2	1.1	-8.3%
LANKA CEMENT	LCEMN	7.3	6.7	-8.2%
STANDARD CAPITAL	SINGN	64.8	60.0	-7.4%

## Market Review



### Indices |

The Bourse continued its upward momentum as the ASPI increased by 8.56 points (or +0.13%) to close at 6,621.47 points, while the S&P SL20 Index also increased by 25.91 points (or +0.67%) to close at 3,898.41 points.

### Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR 1.53Bn or 29.20% of total turnover value. JKH followed suit, accounting for 15.86% of turnover (value of LKR 0.83Bn) while Sampath Bank contributed LKR 0.64Bn to account for 12.14% of the week's turnover. Total turnover value amounted to LKR 5.25Bn (cf. last week's value of LKR 4.17Bn), while daily average turnover value amounted to LKR 1.31Bn (+57.63% W-o-W) compared to last week's average of LKR 0.83Bn. Market capitalization meanwhile, increased by 0.13% W-o-W (or LKR 3.89Bn) to LKR 3,010.62Bn cf. LKR 3,006.73Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 56.51% (or LKR 2.97Bn) of market turnover. Sector turnover was driven primarily by Commercial Bank, Sampath Bank, Central Finance, HNB & Orient Finance which accounted for 89.78% of the sector's total turnover. The Diversified Sector meanwhile accounted for 20.01% (or LKR 1.05Bn) of the total turnover value with turnover driven primarily by JKH & Hemas Holdings which accounted for 88.31% of the sector turnover. The Beverage, Food & Tobacco Sector was also amongst the top sectorial contributors, contributing 8.84% (or LKR 0.46Bn) to the market driven by Lion Brewery Stores which accounted for 91.49% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banking, Finance & Insurance sector dominated the market in terms of share volume, accounting for 40.61% (or 38.52Mn shares) of total volume, with a value contribution of LKR 2.97Bn. The Diversified sector followed suit, adding 16.06% to total turnover volume as 15.23Mn shares were exchanged. The sector's volume accounted for LKR 1.05Bn of total market turnover value. The Manufacturing Sector meanwhile, contributed 9.03Mn shares (or 9.52%), amounting to LKR 0.32Bn.

### Top Gainers & Losers |

Central Finance was the week's highest price gainer; increasing 9.6% W-o-W from LKR 93.00 to LKR 101.90. Hunas Falls gained 8.2% W-o-W to close at LKR 49.90. Cargo Boat (+8.2% W-o-W) and Bansei Resorts(+8.2% W-o-W) were also amongst the gainers.

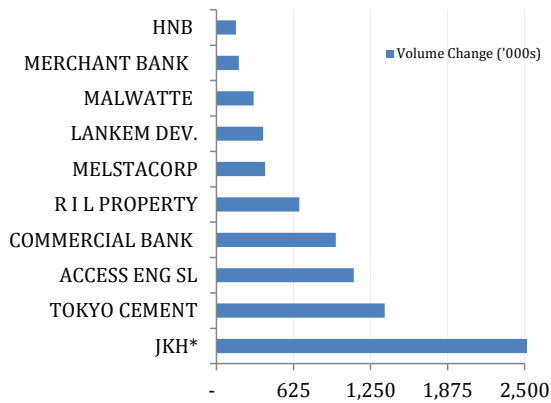
Adam Investments was the week's highest price losers, declining 20.0% W-o-W to close at LKR 0.40 while Nation Lanka (-13.3% Y-o-Y), Convenience Food (-11.2% W-o-W) & Brac Lanka Finance (-10.3% W-o-W) were also amongst the top losers over the week.

### TOP 10 TURNOVERS

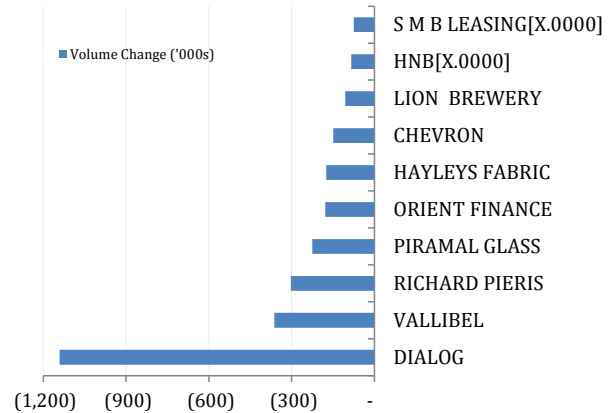
Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
COMMERCIAL BANK	COMBN	143.6	147.5	1,534.57
JKH	JKH N	161.0	161.1	833.66
SAMPATH	SAMPN	335.7	344.5	638.12
LION BREWERY	LIONN	525.2	525.0	424.93
CENTRAL FINANCE	CFINN	93.0	101.9	207.69
HNB	HNB N	265.0	265.0	198.45
TOKYO CEMENT	TKYON	72.0	71.1	138.74
HEMAS HOLDINGS	HHL N	129.9	131.0	95.03
ORIENT FINANCE	ORINN	15.2	16.6	86.85
DIALOG	DIALN	13.3	13.4	85.99

## Market Review (Cont'd)

Net Foreign Purchases (27 Oct-02 Nov)



Net Foreign Sales (27 Oct-02 Nov)



\*Volume change of JKH (2.74Bn shares) from 27<sup>th</sup> Oct -02<sup>nd</sup> Nov not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.73Bn relative to last week's total net inflow of LKR 0.54Bn (+35.9% W-o-W). Total foreign purchases increased by 43.47% W-o-W to LKR 3.23Bn from last week's value of LKR 2.25Bn, while total foreign sales amounted to LKR 2.50Bn relative to LKR 1.71Bn recorded last week (+45.84% W-o-W). In terms of volume, JKH & Tokyo Cement led foreign purchases while Dialog & Vallibel led foreign sales. In terms of value JKH & Commercial Bank led foreign purchases while Lion Brewery & Chevron led foreign sales.

### Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	02/11/17	27/10/17		
JKH	57.53%	57.33%	2,737,353	440.99
COMMERCIAL BANK	36.11%	36.01%	968,507	142.85
TOKYO CEMENT	25.51%	25.00%	1,363,850	96.97
HNB	31.73%	31.69%	157,856	41.83
ACCESS ENG SL	9.23%	9.12%	1,113,417	28.17
MELSTACORP	25.61%	25.57%	394,135	22.86
SAMPATH	20.47%	20.45%	43,531	15.00
LANKEM DEV.	1.80%	1.17%	377,432	5.13
R I L PROPERTY	17.29%	17.18%	670,907	4.83
COMMERCIAL BANK[X.0000]	25.93%	25.87%	35,283	3.99

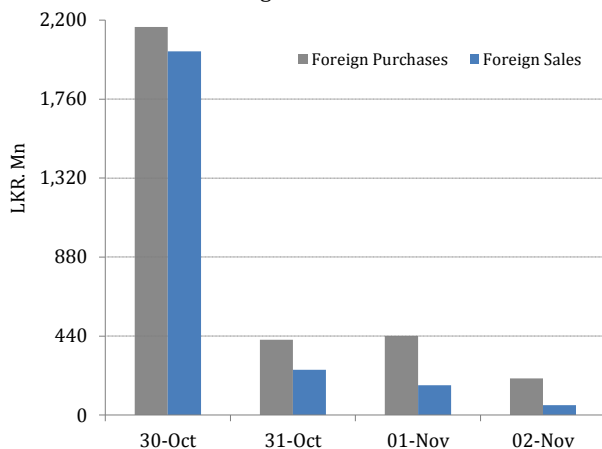
### Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	02/11/17	27/10/17		
LION BREWERY	37.35%	37.48%	(105,853)	(55.57)
CHEVRON	22.33%	22.39%	(149,384)	(18.54)
HNB[X.0000]	45.53%	45.62%	(84,405)	(17.30)
DIALOG	94.54%	94.55%	(1,140,579)	(15.28)
CENTRAL FINANCE	11.33%	11.36%	(54,888)	(5.59)
RICHARD PIERIS	72.94%	72.95%	(303,000)	(4.21)
ALLIANCE	1.36%	1.51%	(51,579)	(3.52)
ORIENT FINANCE	0.05%	0.17%	(177,910)	(2.95)
VALLIBEL	1.29%	1.34%	(362,350)	(2.94)
HAYLEYS FABRIC	0.82%	0.91%	(175,000)	(2.71)

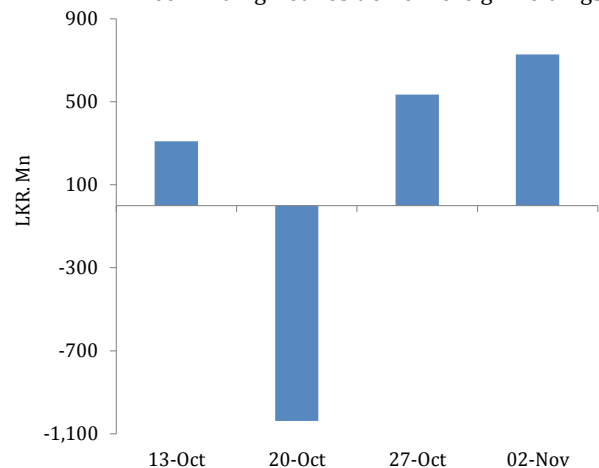
Note: \*Value based on closing price and not on actual traded price

Please note that the foreign shares data displayed above include private transfers done outside of the market.

Foreign Purchases Vs. Sales



Week Ending Net Position of Foreign Holdings



## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
VALLIBEL POWER ERATHNA PLC	0.40	Interim Dividend	10/11/2017
NATIONAL DEVELOPMENT BANK PLC	2.00	Interim Dividend	10/11/2017
COMMERCIAL BANK OF CEYLON PLC	1.50	First Interim Dividend	09/11/2017
BAIRAHA FARMS PLC	3.00	Interim Dividend	09/11/2017

### Point of View

Institutional & HNI investors dominated market activity this week, accounting for ~56% of total market turnover amid strong interest in Blue-chip counters. Average market turnover levels consequently hit a 3-week high of LKR1.3Bn, ~58% higher than last week's average of LKR0.83Bn but ~55% lower than the YTD high of LKR2.95Bn (when Hayley's acquired Singer Sri Lanka). Strong foreign buying in Commercial Bank pushed up Monday's daily turnover levels to LKR2.5Bn, with crossings in the counter accounting for 54% of the day's turnover. The interest in the stock resulted in it accounting for ~46% of the week's total crossings. Interest in Blue-chip JKH (26% of total crossings) and Sampath Bank (14% of total crossings) also drove crossings over the week while crossings in mid-caps LION, HHL, TKYO & SUN accounted for the remaining 14% of crossings for the week. Despite the robust Institutional and HNI activity however, the broad-share Index closed flat over the holiday-shortened trading week, closing just 9 points above last week to hold at the 6620-levels. Helped in part by the heavy buying in JKH and COMB, net foreign flows to the Bourse remained positive for the 2<sup>nd</sup> consecutive week since Oct 20<sup>th</sup> when the CSE last recorded net foreign outflows. The CSE has recorded net foreign outflows just 6 times (ie: 6-weeks out of the years 44-weeks) this year with the largest of them being due to the strategic sale by Singer BV of Singer Sri Lanka to conglomerate Hayleys. The CBSL's monetary policy decision and the National Budget for 2018 are likely to drive markets in the week ahead.

### Urban Inflation Hits a High in October

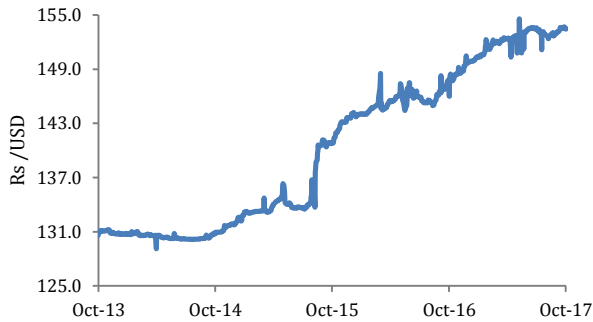
Urban headline inflation levels hit a 3-year high in October, with the CPI (Base Year=2013) hitting 7.8% Y-o-Y amid increases in both food and non-food inflation. Food inflation rose to 12.6% Y-o-Y (cf. 10.4% in September) amid adverse supply condition due to the drought/floods that prevailed in the months prior, with prices of key items such as Rice & Coconuts rising notably. On a Y-o-Y basis, the contribution of food commodities to inflation was 3.71%. The contribution of Non Food items to inflation meanwhile was 4.05%, and non-food inflation for the month increased to 5.8% Y-o-Y (cf. 5.5% in September) mainly due to increases Education (0.87%), Health (0.55%), Restaurants & Hotels (0.51%), Communication (0.41%), and Transport (0.39%). Despite the increase in headline inflation over the month, core inflation - which excludes energy and key food items and levels out short term volatility to indicate underlying inflation- in October fell 0.1% M-o-M to reach 5.8% Y-o-Y (cf. 6.0% Y-o-Y in September). Moving Average Inflation (which measures the change between the average Price Index of last 12 months & the average Price Index of previous 12 months) meanwhile rose marginally to 6.1% (CPI) and 6.0% (core CPI). The increase in inflation levels largely reflects supply-side factors such as the VAT changes and drought-induced supply disruptions. Demand-driven inflation levels by contrast have been largely stable as evidenced by the decline in core inflation levels over the month.

## Economic Snapshot

	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sep'17
<b>Interest Rates</b>								
Prime Lending Rate	11.55	11.56	11.74	11.67	11.84	11.88	11.67	11.42
Ave. Wtd. Deposit Rates	8.66	8.81	8.89	8.99	9.13	9.19	9.21	9.25
Ave. Wtd. Fixed Dep. Rates	11.15	11.38	11.43	11.52	11.66	11.78	11.78	11.81
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>6.8</b>	<b>7.3</b>	<b>6.9</b>	<b>6.0</b>	<b>6.1</b>	<b>4.8</b>	<b>6.0</b>	<b>7.1</b>
<b>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>			
	9.1%	3.4%	4.9%	4.8%	4.4%			

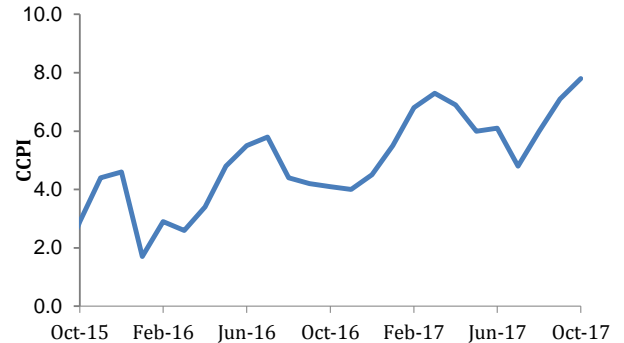
Source Central Bank

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



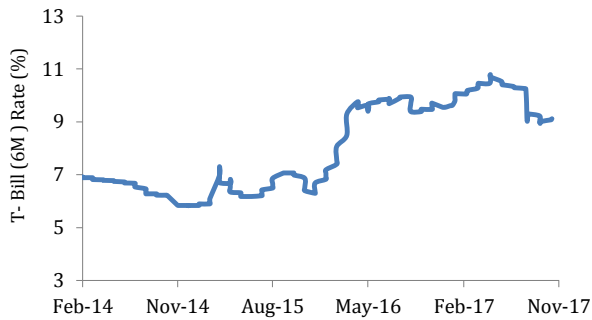
Source: Central Bank

### Inflation (CCPI-N) YoY%



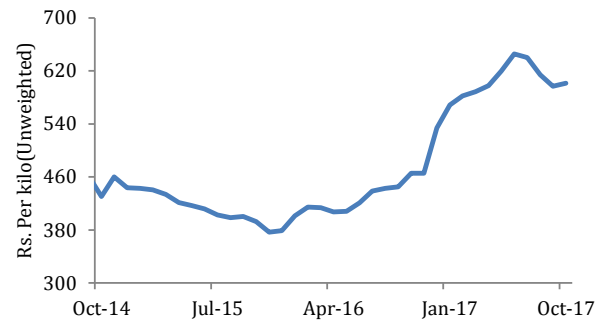
Source: Central Bank

### 6 Month T-Bill Yield



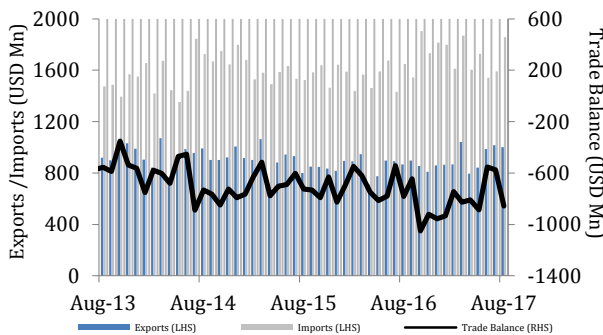
Source: Central Bank

### Tea Prices



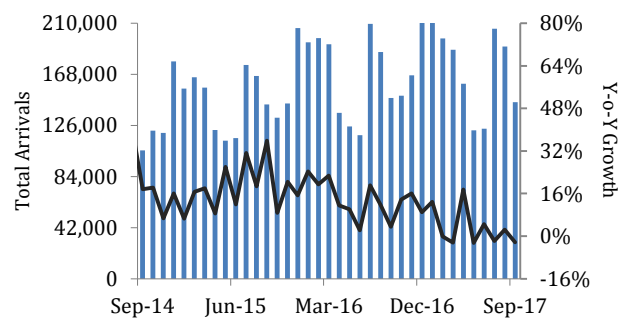
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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