

Markets Hits ~14W Closing Low..... CBSL Holds Policy Rates Steady for 3rd Time

ASPI v 1.48% | S&P SL20 v 1.00%

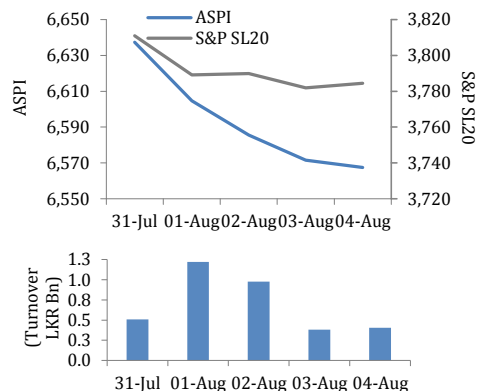
The Bourse continued to lose ... *Cont. P2*

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

Shares fell for the 3rd consecutive week ... *Cont. P5*

Economic Snapshot..... *P6*

Indices vs. Turnover (31st Jul – 04th Aug)



KEY STATISTICS

Week ending	04-Aug	28-Jul	+/-
ASPI	6,567.43	6,666.05	-1.48%
S&P SL20	3,784.51	3,822.92	-1.00%
Banking & Finance	16,547.83	16,605.28	-0.35%
Food & Beverage	22,356.18	22,827.97	-2.07%
Diversified	1,836.95	1,867.60	-1.64%
Hotel & Travel	2,933.48	2,965.95	-1.09%
Plantations	907.76	930.35	-2.43%
Manufacturing	4,435.32	4,564.26	-2.82%
Turnover (LKR Bn)	3.49	2.59	35.00%
Foreign Buying (LKR Mn)	1,974.10	1,289.25	53.12%
Foreign Selling (LKR Mn)	1,097.11	401.62	173.17%
Daily Average Turnover (LKR Bn)	0.70	0.52	35.00%
Daily Average Foreign Buying (LKR Mn)	394.82	257.85	53.12%
Daily Average Foreign Selling (LKR Mn)	219.42	80.32	173.17%

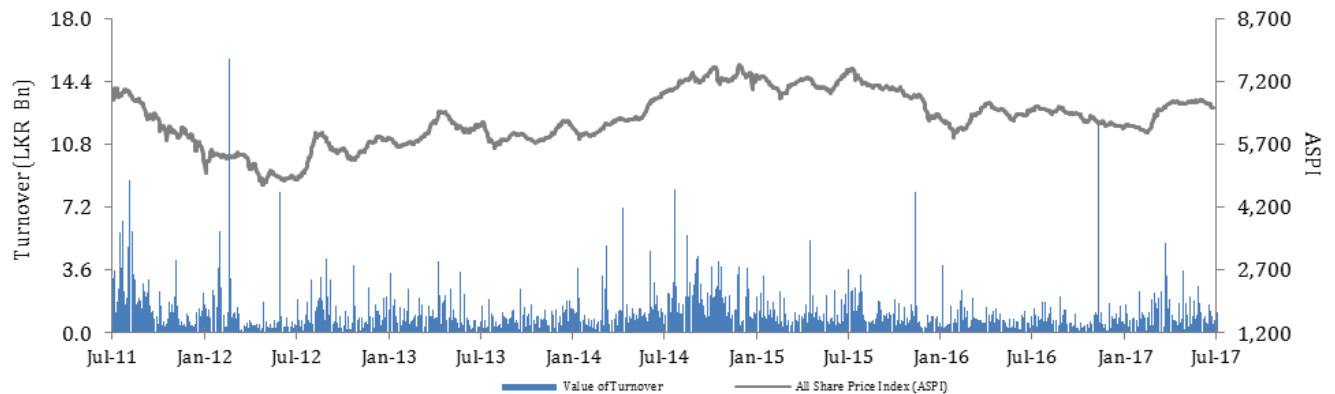
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
PC HOUSE	PCH N	0.1	0.2	100.0%
CIFL	CIFLN	0.9	1.2	33.3%
ROYAL PALMS	RPBHN	23.0	25.8	12.2%
TRADE FINANCE	TFILN	40.0	44.7	11.8%
RAIGAM SALTERNS	RWSLN	2.7	3.0	11.1%
CEYLON PRINTERS	CPRTN	76.0	83.7	10.1%
MILLENNIUM HOUSE	MHDLN	9.9	10.9	10.1%
CEYLON LEATHER	CLPLN	63.8	69.8	9.4%
TESS AGRO	TESSN	1.3	1.4	7.7%
YORK ARCADE	YORKN	15.0	16.1	7.3%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
KELSEY	KDL N	51.1	42.0	-17.8%
ADAM INVESTMENTS	AINVN	0.6	0.5	-16.7%
CITRUS HIKKADUWA	CITHN	16.8	14.1	-16.1%
UDAPUSSELLAWA	UDPL	36.4	31.0	-14.8%
DIPPED PRODUCTS	DIPDN	111.0	97.1	-12.5%
AMANA LIFE	ATLLN	1.6	1.4	-12.5%
SELINSING	SELIN	1102.3	965.2	-12.4%
SERENDIB HOTELS[NV]	SHOTX	19.9	17.5	-12.1%
SUMMIT FINANCE	GSF N	27.9	25.0	-10.4%
SINGER IND.	SININ	167.0	150.0	-10.2%

Market Review



Indices |

The Bourse continued to lose grounds as the ASPI decreased by 98.6 points (or 1.48%) to close at 6,567.43 points, while the S&P SL20 Index decreased by 38.4 points (or 1.00%) to close at 3,784.51 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.20Bn or 34.25% of total turnover value. Chevron Lubricants followed suit, accounting for 11.12% of turnover (value of LKR 0.39Bn) while Access Engineering contributed LKR 0.25Bn to account for 7.12% of the week's turnover. Total turnover value amounted to LKR 3.49Bn (cf. last week's value of LKR 2.59Bn), while daily average turnover value amounted to LKR 0.70Bn (35.0% W-o-W) compared to last week's average of LKR 0.52Bn. Market capitalization meanwhile, decreased by 1.47% W-o-W (or LKR 44.44Bn) to LKR 2,978.70 Bn cf. LKR 3,023.15 Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 42.87% (or LKR 1.50Bn) of market turnover. Sector turnover was driven primarily by JKH, Expolanka Holdings & Browns Capital which accounted for 93.42% of the sector's total turnover. The Manufacturing Sector meanwhile accounted for 20.98% (or LKR 0.73Bn) of the total turnover value with turnover driven primarily by Chevron, Tokyo Cement & Teejay Lanka which accounted for 82.84% of the sector turnover. The Banking, Finance & Insurance Sector was also amongst the top sectorial contributors, contributing 19.35% (or LKR 0.68Bn) to the market driven by commercial Bank & Sampath Bank which accounted for 41.52% of the sector turnover.

Liquidity (in Volume Terms) |

The Diversified Sector dominated the market in terms of share volume, accounting for 50.20% (or 68.24Mn shares) of total volume, with a value contribution of LKR 1.50Bn. The Banking, Finance & Insurance sector followed suit, adding 16.65% to total turnover volume as 22.64Mn shares were exchanged. The sector's volume accounted for LKR 0.68Bn of total market turnover value. The Manufacturing Sector meanwhile, contributed 14.69Mn shares (or 10.81%), amounting to LKR 0.73Bn.

Top Gainers & Losers |

PC House was the week's highest price gainer; increasing 100.0% W-o-W from LKR 0.10 to LKR 0.20. CIFL gained 33.3% W-o-W to close at LKR 1.20 while Royal Palms gained 12.2% W-o-W to close at LKR 25.80. Trade Finance (+11.8% W-o-W) and Raigam Saltners (+11.1% W-o-W) were also amongst the gainers.

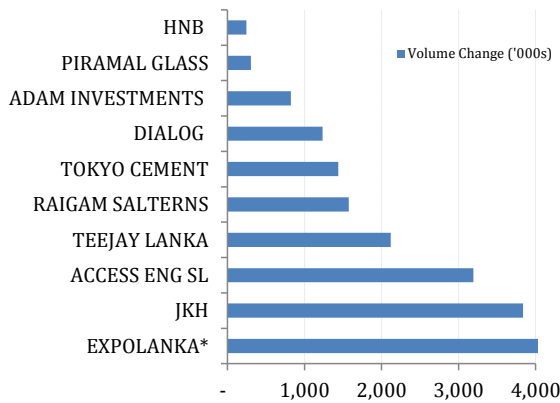
Kelsey Developments was the week's highest price loser, declining 17.8% W-o-W to close at LKR 42.00. Adam Investments (-16.7% W-o-W), Citrus Hikkaduawa (-16.1% W-o-W) & Udapussellawa Plantations (-14.8% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

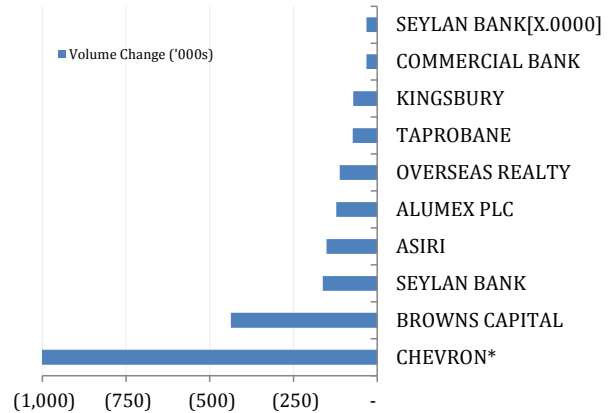
Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	174.0	169.8	1,196.80
CHEVRON	LLUBN	147.0	140.0	388.59
ACCESS ENG SL	AEL N	26.3	26.6	248.83
COMMERCIAL BANK	COMBN	138.5	137.6	146.31
SAMPATH	SAMPN	272.1	280.2	134.44
EXPOLANKA	EXPON	6.5	6.7	134.09
TOKYO CEMENT	TKYON	77.0	75.2	119.14
TEEJAY LANKA	TJL N	41.1	40.6	99.50
COLD STORES	CCS N	840.0	810.0	87.67
BROWNS CAPITAL	FLCHN	3.9	3.9	68.51

Market Review (Cont'd)

Net Foreign Purchases (28 Jul-04 Aug)



Net Foreign Sales (28 Jul-04 Aug)



*Volume change of Expolanka (20.50Mn shares) and Chevron (2.67Mn shares) 28th Jul -04th Aug not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.88Bn relative to last week's total net inflow of LKR 0.89Bn (-1.20% W-o-W). Total foreign purchases increased by 53.12% W-o-W to LKR 1.97Bn from last week's value of LKR 1.29Bn, while total foreign sales amounted to LKR 1.10Bn relative to LKR 0.40Bn recorded last week (+173.17% W-o-W). In terms of volume, Expolanka & JKH led foreign purchases while Chevron & Browns Capital led foreign sales. In terms of value, JKH and Expolanka led foreign purchases while Chevron and Seylan Bank led foreign sales.

Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/08/17	28/07/17		
JKH	56.76%	56.48%	3,836,472	651.43
EXPOLANKA	81.74%	80.69%	20,499,297	137.35
TOKYO CEMENT	24.34%	23.80%	1,439,242	108.23
TEEJAY LANKA	47.49%	47.18%	2,118,901	86.03
ACCESS ENG SL	8.62%	8.30%	3,191,664	84.90
HNB	28.04%	27.97%	246,459	57.42
DIALOG	94.40%	94.39%	1,235,290	14.08
CEYLON TOBACCO	97.42%	97.41%	14,232	13.53
LANKA TILES	10.27%	10.08%	100,000	11.11
SAMPATH	19.01%	18.99%	39,496	11.07

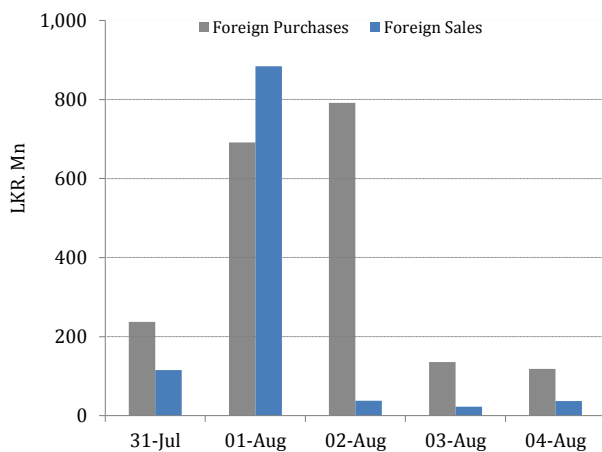
Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	04/08/17	28/07/17		
CHEVRON	23.71%	24.82%	(2,674,080)	(374.37)
SEYLAN BANK	1.65%	1.74%	(162,945)	(15.64)
COLD STORES	10.04%	10.04%	(5,793)	(4.69)
COMMERCIAL BANK	34.30%	34.30%	(32,035)	(4.41)
ASIRI	37.61%	37.63%	(151,800)	(3.90)
ALUMEX PLC	0.54%	0.58%	(122,411)	(2.75)
OVERSEAS REALTY	92.06%	92.07%	(112,322)	(2.08)
SEYLAN BANK[X.0000]	6.41%	6.43%	(31,900)	(1.88)
BROWNS CAPITAL	0.47%	0.51%	(437,138)	(1.70)
KINGSBURY	0.34%	0.37%	(72,100)	(1.07)

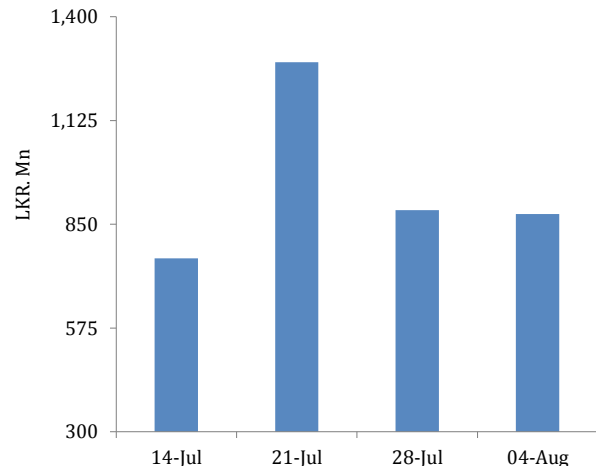
Note: *Value based on closing price and not on actual traded price

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



Source: Colombo Stock Exchange

Announcements for the Week

Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
ON'ALLY HOLDINGS PLC	Rs. 2.10	Final Dividend	15.Aug.2017
LANKA VENTURES PLC	Rs. 2.50	Final Dividend	26.Sep.2017
ACCESS ENGINEERING PLC	Rs. 0.20	Final Dividend	11.Aug.2017
TRADE FINANCE AND INVETMENTS PLC	Rs. 2.00	Final Dividend	08.Sep.2017

Point of View

Shares fell for the 3rd consecutive week, ending at an ~14-week low as profit-taking on the back of tax policy concerns and initial corporate earnings weighed down the Index. Concerns over the Inland Revenue Bill continued to dominate market sentiment, resulting in the Benchmark price index losing a cumulative of ~200 points over the past three weeks, and dragging down Y-T-D returns on ASPI to 5.4% (cf. 8.6% recorded three weeks ago). Although average turnover levels hovered around LKR ~0.70Bn (+35 W-o-W) due to active participation by foreigners and resulted in high turnover levels on Tuesday (Rs.1.22Bn) and Wednesday (Rs.0.98Bn), average turnover levels tumbled to ~LKR 0.43Bn during the rest of the week. Crossings meanwhile, amounted to 39% of total market turnover over the week, with active participation in conglomerate JKH (69% of crossings). Foreign buyers meanwhile, remained net buyers for the 27th consecutive week, and although net inflows for the week remained broadly the same as last week (LKR 0.88Bn), YTD net inflows on the CSE amount to LKR 25.8Bn compared to a net outflow of LKR ~5.0Bn recorded during the same period last year. Market momentum in the week ahead is likely to be influenced by remaining corporate earnings for the June Q1 2017.

CBSL Holds Policy Rates Steady for 3rd Time

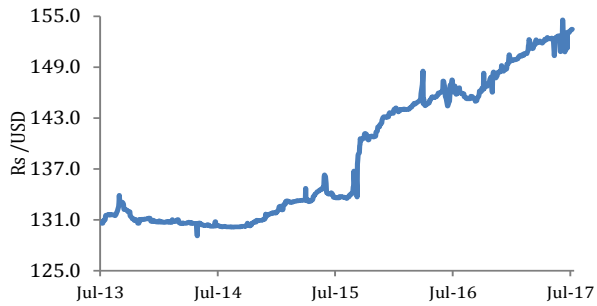
The Central Bank (CBSL) left policy rates unchanged for the 3rd consecutive month this year, citing waning inflation levels and stronger global growth prospects. The Monetary Authority noted that the domestic economy is expected to recover modestly over the remaining 3 quarters of 2017 amid the rebound in agriculture activity and the reinstatement of GSP+ to the EU. The CBSL also noted the positive developments in inflation, adding that inflation has moderated at a faster pace over the recent month despite supply-side disruptions on the back of floods in May. The CBSL added that inflation is forecasted to ease further towards Q4'17 due to the tighter monetary policy stance maintained since end of 2015 and as the 'one-off' impacts (particularly from the VAT revisions) ease. The CBSL also noted that although private credit growth remained high over May and June, signs of deceleration exist although at a slow pace. The Monetary Authority added though, that higher market interest rates should moderate this growth over the remained of the year and that the recent decline in G-Sec yields, should gradually transmit to other market interest rates in the next few month. The CBSL further noted that gross official reserves stood at US dollars 6.7 billion as at end July 2017 and that LKR depreciation (against the USD) so far this year has been 2.6%.

Economic Snapshot

	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Jul'17
Interest Rates								
Prime Lending Rate	11.73	11.48	11.55	11.56	11.74	11.67	11.84	11.88
Ave. Wtd. Deposit Rates	8.17	8.42	8.66	8.81	8.89	8.99	9.13	9.19
Ave. Wtd. Fixed Dep. Rates	10.46	10.84	11.15	11.38	11.43	11.52	11.66	11.78
CCPI Inflation Y-o-Y % (Base 2013)	4.5	5.5	6.8	7.3	6.9	6.0	6.1	4.8
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016			
	9.1%	3.4%	4.9%	4.8%	4.4%			

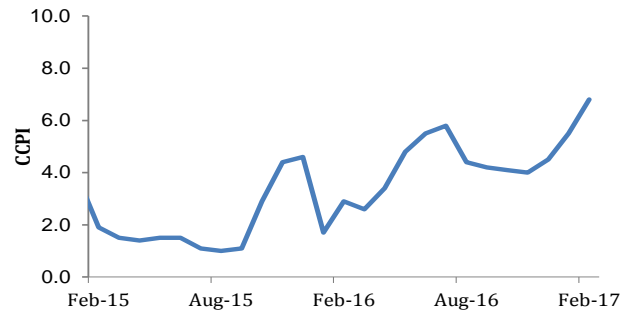
Source Central Bank

Exchange Rate, Rs. vs. US\$



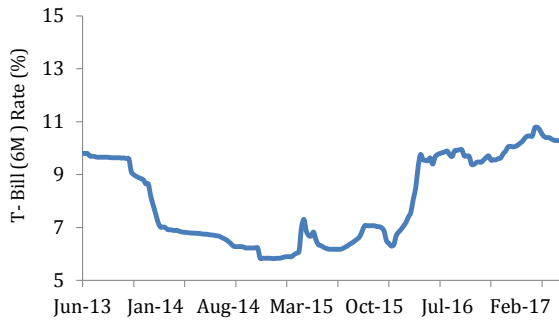
Source: Central Bank

Inflation (CCPI-N) YoY%



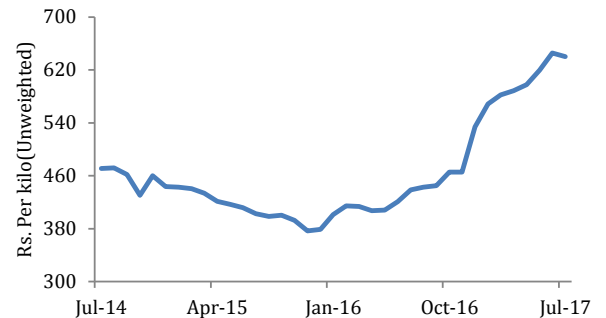
Source: Central Bank

6 Month T-Bill Yield



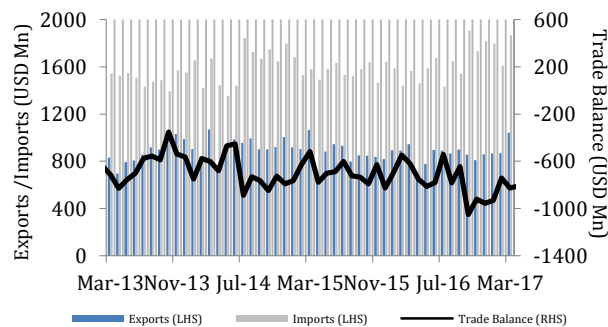
Source: Central Bank

Tea Prices



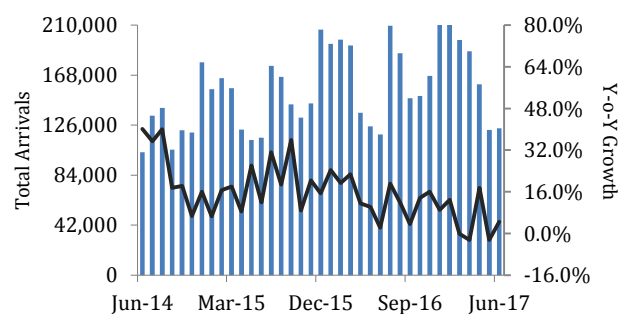
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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