

## Equities Fall to 5-Week Low Amid Communal Tensions ... Cumulative 9M Earnings Fall 3.8% Y-o-Y

ASPI v 0.09% | S&P SL20 v 0.51%

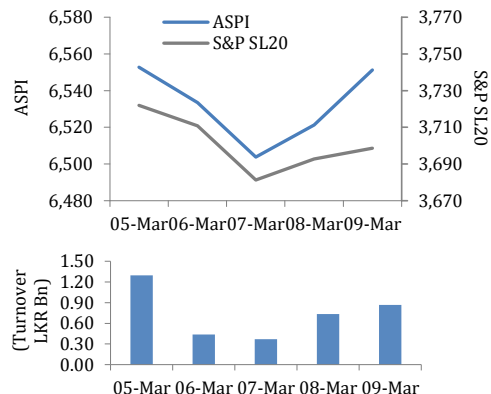
The Bourse ended on a mixed note... *Cont. P2*

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

Sri Lankan equity markets closed largely flat ... *Cont. P5*

Economic Snapshot..... *P6*

### Indices vs. Turnover (05<sup>th</sup> Mar – 09<sup>th</sup> Mar)



### KEY STATISTICS

Week ending	09-Mar	02-Mar	+/-
ASPI	6,551.19	6,557.02	-0.09%
S&P SL20	3,698.57	3,717.55	-0.51%
Banking & Finance	17,074.71	17,162.30	-0.51%
Food & Beverage	23,834.64	23,890.46	-0.23%
Diversified	1,790.78	1,796.24	-0.30%
Hotel & Travel	2,828.46	2,812.29	0.57%
Plantations	957.13	961.18	-0.42%
Manufacturing	3,764.59	3,743.08	0.57%
Turnover (LKR Bn)	3.71	7.04	-47.37%
Foreign Buying (LKR Mn)	1,582.77	3,408.19	-53.56%
Foreign Selling (LKR Mn)	1,389.33	3,897.27	-64.35%
Daily Average Turnover (LKR Bn)	0.74	1.76	-57.90%
Daily Average Foreign Buying (LKR Mn)	316.55	852.05	-62.85%
Daily Average Foreign Selling (LKR Mn)	277.87	974.32	-71.48%

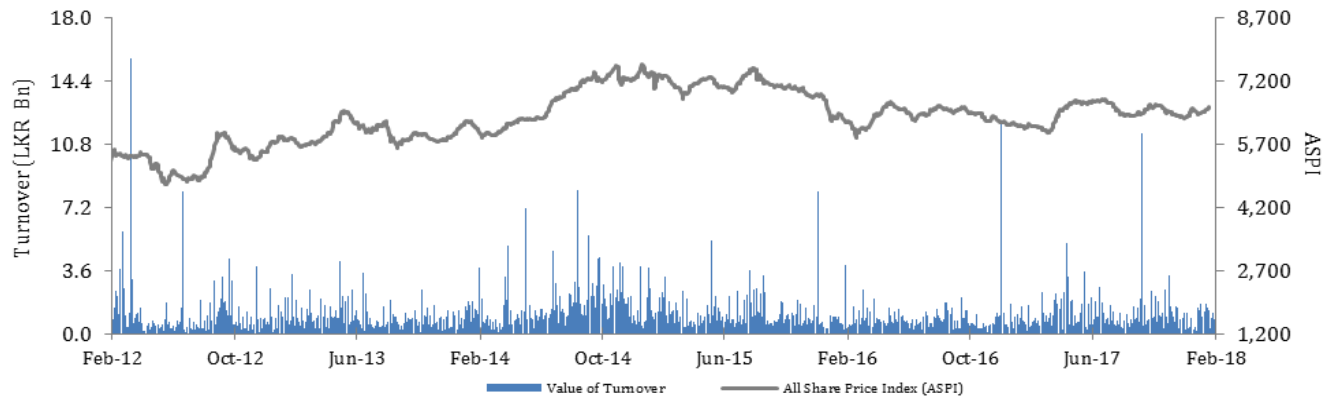
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
EAST WEST	EASTN	17.0	23.4	37.6%
ASIA CAPITAL	ACAPN	7.5	9.7	29.3%
HOTEL SIGIRIYA	HSIGN	58.8	73.4	24.8%
OFFICE EQUIPMENT	OFEQN	54.2	67.6	24.7%
RENUKA FOODS	COCON	15.7	19.1	21.7%
COLOMBO TRUST	CALFN	30.7	37.3	21.5%
ANILANA HOTELS	ALHPN	1.1	1.3	18.2%
TRADE FINANCE	TFILN	58.6	69.0	17.7%
PEGASUS HOTELS	PEG N	26.3	30.9	17.5%
ADAM CAPITAL	PCHHN	0.6	0.7	16.7%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
PC PHARMA	PCP N	0.2	0.1	-50.0%
BLUE DIAMONDS[NV]	BLUEX	0.5	0.4	-20.0%
UNION ASSURANCE	UAL N	173.5	148.0	-14.7%
SINGHE HOSPITALS	SINH	1.9	1.7	-10.5%
MULLERS	MULLN	1.0	0.9	-10.0%
TESS AGRO[NV]	TESSX	1.1	1.0	-9.1%
CITRUS HIKKADUWA	CITHN	7.8	7.1	-9.0%
AMAYA LEISURE	CONNN	56.0	51.0	-8.9%
LUCKY LANKA[NV]	LLMPX	1.2	1.1	-8.3%
PEOPLE'S MERCH	PMB N	13.0	12.0	-7.7%

## Market Review



### Indices |

The Bourse ended on a negative note this week as the ASPI decreased by 5.83 points (or -0.09%) to close at 6,551.19 points, while the S&P SL20 Index also decreased by 18.98 points (or -0.51%) to close at 3,698.57 points.

### Turnover & Market Capitalization |

HNB was the highest contributor to the week's turnover value, contributing LKR0.91Bn or 24.54% of total turnover value. JKH followed suit, accounting for 12.38% of turnover (value of LKR0.46Bn) while East West contributed LKR0.25Bn to account for 6.76% of the week's turnover. Total turnover value amounted to LKR3.71Bn (cf. last week's value of LKR7.04Bn), while daily average turnover value amounted to LKR0.74Bn (-57.9% W-o-W) compared to last week's average of LKR 1.76Bn. Market capitalization meanwhile, increased by 0.33% W-o-W (or LKR 9.99Bn) to LKR 3,058.78 Bn cf. LKR 3,048.79Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 50.06% (or LKR 1.86Bn) of market turnover. Sector turnover was driven primarily by HNB, Sampath, Nations Trust & NDB which accounted for 76.26% of the sector's total turnover. The Diversified Sector meanwhile accounted for 20.0% (or LKR 0.74Bn) of the total turnover value with turnover driven primarily by JKH, Softlogic Holdings & Vallibel One which accounted for 81.78% of the sector turnover. The Land & Property Sector was also amongst the top sectorial contributors, contributing 6.98% (or LKR 0.26Bn) to the market driven by East West which accounted for 96.88% of the sector turnover

### Liquidity (in Volume Terms) |

The Banks, Finance & Insurance sector dominated the market in terms of share volume, accounting for 31.69% (or 37.38Mn shares) of total volume, with a value contribution of LKR 1.86Bn. The Diversified Sector followed suit, adding 16.96% to total turnover volume as 20.01Mn shares were exchanged. The sector's volume accounted for LKR0.74Bn of total market turnover value. The Hotel & Travel Sector meanwhile, contributed 14.86Mn shares (or 12.60%), amounting to LKR0.06Bn.

### Top Gainers & Losers |

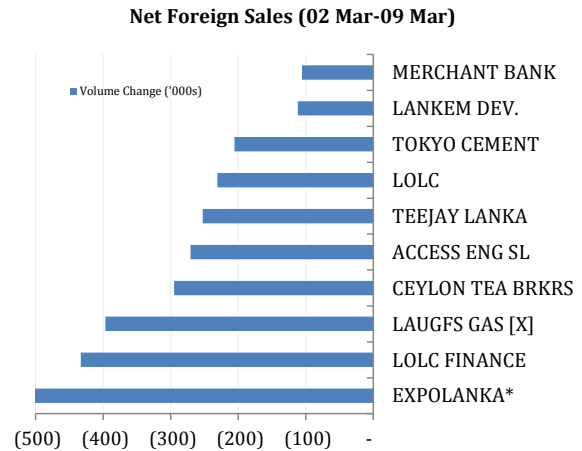
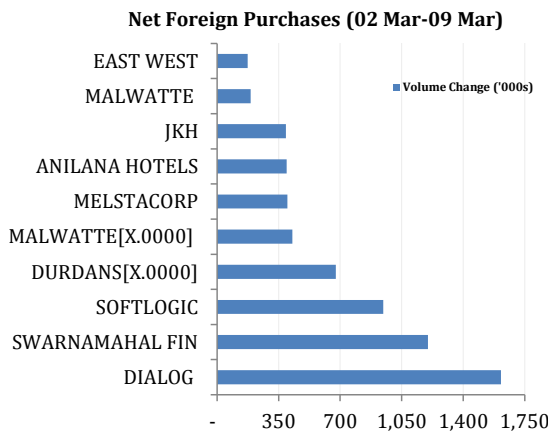
East West was the week's highest price gainer; increasing 37.6% W-o-W from LKR 17.00 to LKR 23.40. Asia Capital gained 29.3% W-o-W to close at LKR9.70. Hotel Sigiriya (+24.8% W-o-W) and Office Equipment (+24.7% W-o-W) were also amongst the gainers.

PC Pharma was the week's highest price loser, declining 50.0% W-o-W to close at LKR0.10 while Blue Diamonds[NV] (-20.0% W-o-W), Union Assurance (-14.7% W-o-W), Singhe Hospitals (-10.5% W-o-W) were also amongst the top losers over the week.

### TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
HNB	HNB N	242.0	241.5	909.37
JKH	JKH N	163.0	163.8	458.71
EAST WEST	EASTN	17.0	23.4	250.61
SAMPATH	SAMPN	330.9	307.3	234.14
NATIONS TRUST	NTB N	79.0	80.4	186.86
TEEJAY LANKA	TJL N	32.5	32.5	165.63
LION BREWERY	LIONN	551.5	551.0	100.31
SOFTLOGIC	SHL N	25.5	25.9	88.20
NAT. DEV. BANK	NDB N	139.6	136.6	84.42
VALLIBEL ONE	VONEN	23.7	24.2	59.12

## Market Review (Cont'd)



\*Volume change of Expolanka Holdings (1.1Mn shares) 2<sup>nd</sup> Mar - 9<sup>th</sup> Mar not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.19Bn relative to last week's total net outflow of LKR 0.49Bn (+139.55% W-o-W). Total foreign purchases decreased by 53.6% W-o-W to LKR 1.58Bn from last week's value of LKR 3.41Bn, while total foreign sales amounted to LKR 1.39Bn relative to LKR 3.90Bn recorded last week (-64.35% W-o-W). In terms of volume Dialog & Swarnamahal Finance led foreign purchases while Expolanka & LOLC Finance led foreign sales. In terms of value JKH & Durdans[X] led foreign purchases while LOLC & Tokyo Cement led foreign sales.

### Net Foreign Purchases (By Transaction Value)

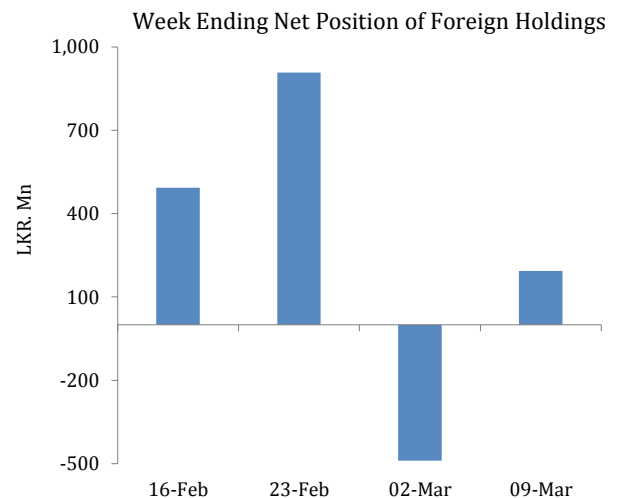
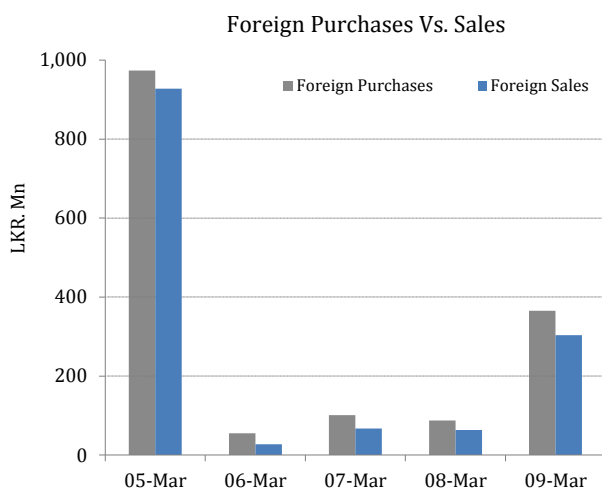
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	09/03/18	02/03/18		
JKH	58.34%	58.31%	390,959	64.04
DURDANS[X.0000]	10.56%	2.47%	675,000	46.91
MELSTACORP	26.28%	26.25%	400,254	24.82
SOFTLOGIC	14.27%	14.15%	944,791	24.47
DIALOG	94.53%	94.51%	1,614,375	22.44
COMMERCIAL BANK	35.00%	35.00%	149,136	20.30
HEMAS HOLDINGS	31.62%	31.60%	158,864	19.70
SAMPATH	21.77%	21.74%	62,114	19.09
LION BREWERY	37.16%	37.13%	19,929	10.98
CENTRAL FINANCE	12.79%	12.76%	74,800	7.99

### Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	09/03/18	02/03/18		
LOLC	35.12%	35.17%	(230,945)	(25.91)
TOKYO CEMENT	24.71%	24.78%	(205,731)	(11.95)
LAUGFS GAS[X.0000]	10.87%	11.64%	(396,629)	(11.50)
TEEJAY LANKA	46.45%	46.49%	(252,738)	(8.21)
DOCKYARD	52.86%	52.97%	(79,949)	(6.82)
ACCESS ENG SL	9.12%	9.15%	(270,630)	(5.90)
CARGILLS	6.29%	6.30%	(28,901)	(5.78)
EXPOLANKA	81.73%	81.79%	(1,051,526)	(5.26)
HAYLEYS	4.04%	4.05%	(12,285)	(2.69)
RESUS ENERGY	0.94%	1.08%	(80,000)	(1.88)

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.



Source: Colombo Stock Exchange

## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
R I L PROPERTY PLC	0.10	Interim	14.03.18
CEYLON BEVERAGE HOLDINGS PLC	7.00	First Interim	14.03.18
LION BREWERY CEYLON PLC	4.00	First Interim	14.03.18
ACCESS ENGINEERING PLC	0.50	Second Interim Dividend	14.03.18
ELPITIYA PLANTATIONS PLC	1.25	Interim Dividend	14.03.18
CEYLON TEA BROKERS PLC	0.325	Interim Dividend	14.03.18
CEYLON INVESTMENT	2.00	First Interim	15.03.18
EQUITY TWO	2.25	First Interim	15.03.18
TALAWAKELLE TEA ESTATES	4.00	Interim	15.03.18
PEGASUS HOTELS	0.55	First Interim	15.03.18
LANKA ALUMINIUM	1.50	Interim	16.03.18
CEYLON GUARDIAN	3.00	First Interim	16.03.18
TRANS ASIA	2.00	Interim	16.03.18
LANKA TILES	6.00	Second Interim	16.03.18
CARSON CUMBERBATCH PLC	2.00	First Interim	19.03.18
LANKA WALLTILES PLC	5.50	Second Interim	19.03.18
RESUS ENERGY PLC	2.00	Interim	19.03.18
NESTLE LANKA(Amended)	25.00	Final	08.05.18
KOTMALE HOLDINGS PLC	16.00	Interim	19.03.18
RICHARD PIERIS EXPORTS PLC	16.00	Interim	19.03.18
CIC HOLDINGS PLC	1.00	Interim	20.03.18
CHEMANEX PLC	1.00	Interim	20.03.18
VALLIBEL FINANCE PLC	3.50	Interim	20.03.18
ASIRI HOSPITAL HOLDINGS PLC	0.60	Interim	20.03.18
ASIAN HOTELS & PROPERTIES PLC	1.00	Interim	20.03.18
BUKIT DARAH PLC	1.35	First Interim	20.03.18
MORISON PLC	15.00	Interim	20.03.18
UNITED MOTORS LANKA PLC	3.50	Interim	20.03.18
ALLIANCE FINANCE COMPANY PLC	4.15	Interim	20.03.18

<u>Company</u>	<u>Proportion</u>	<u>Type</u>	<u>XD Date</u>
SEYLAN BANK	1:40	Scrip	To be notified
SEYLAN BANK[NV]	1:24	Scrip	To be notified

## Point of View

Sri Lankan equity markets closed largely flat this week, as communal violence clouded sentiment and investors opted to remain on the sidelines. The main share price Index fell for three consecutive days at the start of the week, falling to a 5-week low of 6503 points on Wednesday as communal riots failed to ease even by midweek. The Index consequently lost 53 points but gained 47 points on Thursday and Friday as the racial violence dissipated by week end, helping the Index close at 6,551.19 points, just 6 points lower than last week's close. Foreign investors who were a major driver of equities in 2017 meanwhile, remained cautious on domestic equities this week, and while this week's communal tensions didn't trigger a major equity selloff, net foreign inflows fell to a 2018 low of Rs. 193.4Mn by end week. Although the net inflow position was a reversal from last week's net outflows of Rs. 489Mn, this week's net inflow was notably lower than average weekly net foreign inflows recorded over 2018 so far (Rs. 801Mn). Local institutional and HNI investors also remained relatively subdued this week, with crossings for the week falling to 43% cf. last week's exceptional participation levels of 74% of market activity. Institutional and HNI interest was driven mainly by blue-chips such as HNB (57% of total crossings) and JKH (14%) which cumulatively accounted for 70% of the week's total crossings, while the remainder was driven by interest in mid-caps such as NTB (10%), TJL (9%), SAMP (6%) and LION (5%). Markets in the week ahead are likely to look for directional cues from political developments in the upcoming week.

## Market Earnings Rise 15% Y-o-Y over Dec'17

Total<sup>1</sup> market earnings for the recently concluded earnings season indicated a Quarter-on-Quarter growth in earnings, as earnings<sup>2</sup> for the Dec'17 quarter rose 41% Q-o-Q to Rs.84.4Bn. This compares to the Rs. 75.8Bn recorded by the full market in Mar'17 and the Rs. 53.7Bn recorded in Jun'17 and Rs. 59.9Bn recorded in Sept'17. Growth over the quarter was driven largely by sectors such as Banks, Finance & Insurance, (+61% Y-o-Y), F&B (+41% Y-o-Y), Teleco (+182% Y-o-Y), Land & Property (+306% Y-o-Y) and Healthcare (+13% Y-o-Y). While the growth in Q-o-Q earnings is notable, it is also largely reflective of the traditionally stronger Dec quarter; indeed, market earnings over the Dec'17 quarter on a Y-o-Y basis was a more restrained 15%, reflecting the general slowdown in overall GDP growth which is estimated to be <4% in 2017 (GDP growth over 9M'17 was 3.7% Y-o-Y). On a cumulative<sup>3</sup> 9M basis too, corporate earnings over the period fell 3.8% Y-o-Y to Rs. 174Bn relative to Rs. 182Bn reported by the total market in Dec'16. The decline was driven mainly by lower corporate earnings in sectors such as Manufacturing (-22% Y-o-Y), Construction (-135% Y-o-Y), Teleco (-13% Y-o-Y), Hotels & Travels (-99% Y-o-Y), Motors (-23% Y-o-Y) and Power & Energy (-99% Y-o-Y). Nevertheless, stronger corporate earnings growth in sectors such as Banks (+16% Y-o-Y), Insurance & Other (+43% Y-o-Y), Diversified (+12% Y-o-Y), Land & Property (+65% Y-o-Y), Healthcare (+53% Y-o-Y) and F&B (+3% Y-o-Y) helped prop cumulative market earnings. On a trailing 12M basis meanwhile, market earnings rose 10% Y-o-Y to Rs.274Bn helping push the PER levels down to 11.63x relative to 11.96x in the comparable period in 2016.

### Notes:

1. 95% of companies.

2. includes exceptional gains and losses

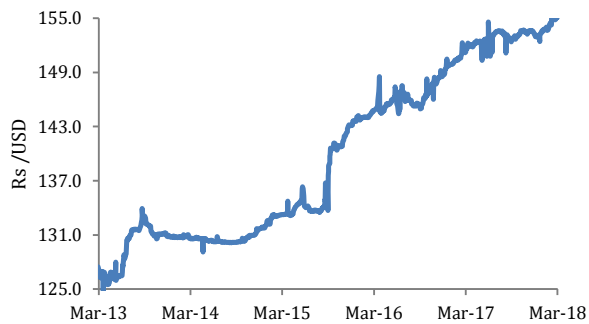
3. Represents unaudited earnings between Jan'17- Sept'17 for December year-ending companies and between Jun'17-Dec'17 for March year-ending companies.

## Economic Snapshot

	Jun'17	Jul'17	Aug'17	Sep'17	Oct'17	Nov'17	Dec'17	Jan'18
<b>Interest Rates</b>								
Prime Lending Rate	11.84	11.88	11.67	11.42	11.30	11.40	11.33	11.29
Ave. Wtd. Deposit Rates	9.13	9.19	9.21	9.25	9.22	9.19	9.07	9.08
Ave. Wtd. Fixed Dep. Rates	11.66	11.78	11.78	11.81	11.72	11.69	11.48	11.54
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>6.1</b>	<b>4.8</b>	<b>6.0</b>	<b>7.1</b>	<b>7.8</b>	<b>7.6</b>	<b>7.1</b>	<b>5.8</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%			

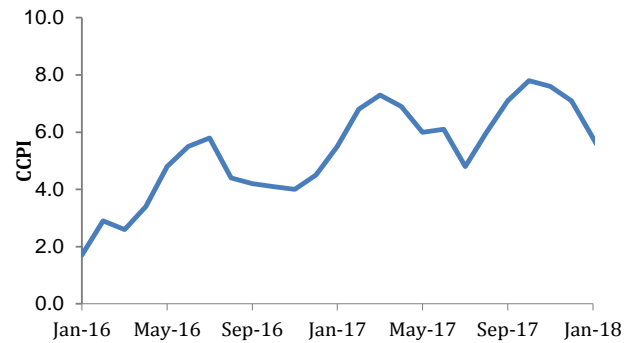
Source Central Bank

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



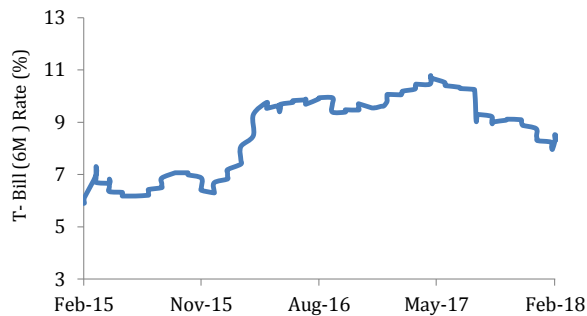
Source: Central Bank

### Inflation (CCPI-N) YoY%



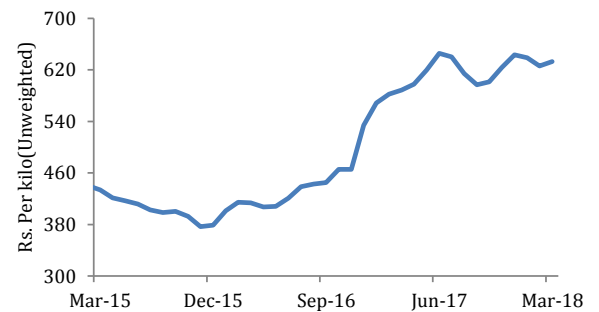
Source: Central Bank

### 6 Month T-Bill Yield



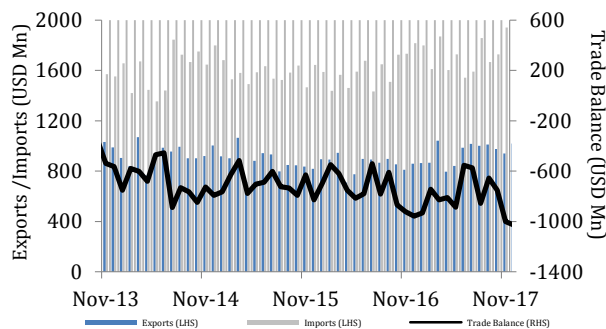
Source: Central Bank

### Tea Prices



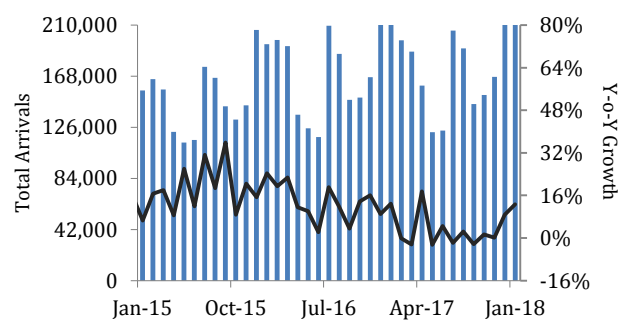
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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