

Markets Hit ~4 Month Low... IMF Estimates Gradual Recovery in 2017 GDP

ASPI v 1.14% | S&P SL20 v 1.59%

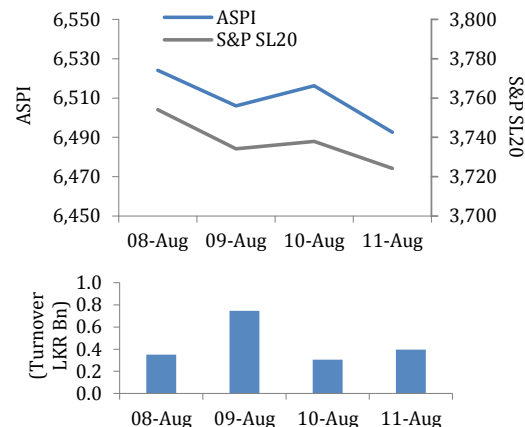
The Bourse continued to lose ... *Cont. P2*

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

Negative sentiment continued ... *Cont. P5*

Economic Snapshot..... *P6*

Indices vs. Turnover (08th Aug – 11th Aug)



KEY STATISTICS

Week ending	11-Aug	04-Aug	+/-
ASPI	6,492.69	6,567.43	-1.14%
S&P SL20	3,724.21	3,784.51	-1.59%
Banking & Finance	16,451.54	16,547.83	-0.58%
Food & Beverage	22,256.33	22,356.18	-0.45%
Diversified	1,775.25	1,836.95	-3.36%
Hotel & Travel	2,923.94	2,933.48	-0.33%
Plantations	941.62	907.76	3.73%
Manufacturing	4,378.39	4,435.32	-1.28%
Turnover (LKR Bn)	1.80	3.49	-48.47%
Foreign Buying (LKR Mn)	928.72	1,974.10	-52.95%
Foreign Selling (LKR Mn)	730.05	1,097.11	-33.46%
Daily Average Turnover (LKR Bn)	0.45	0.70	-35.59%
Daily Average Foreign Buying (LKR Mn)	232.18	394.82	-41.19%
Daily Average Foreign Selling (LKR Mn)	182.51	219.42	-16.82%

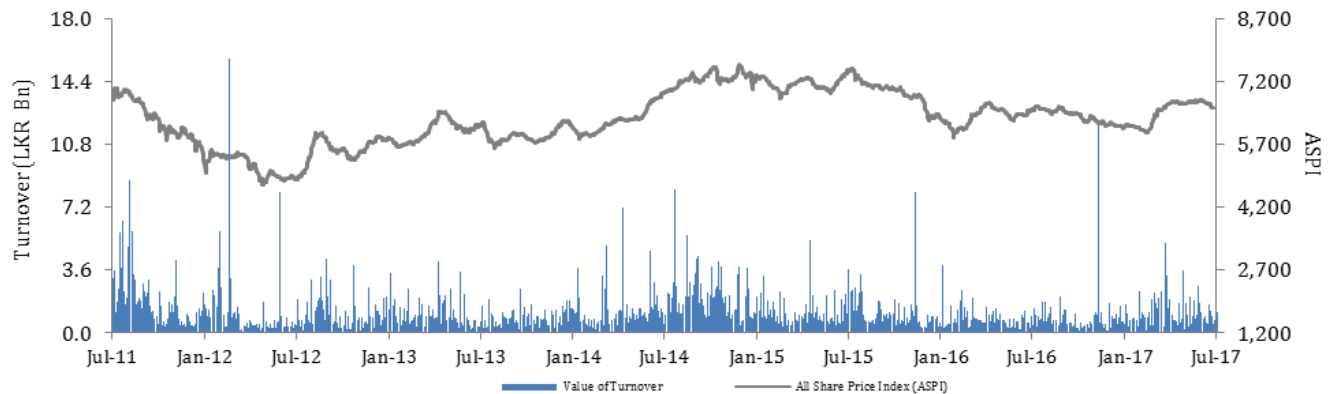
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
LANKA CERAMIC	CERAN	127.9	167.0	30.6%
MADULSIMA	MADUN	8.8	10.7	21.6%
BALANGODA	BALAN	18.0	21.6	20.0%
UDAPUSSELLAWA	UDPL	31.0	36.0	16.1%
S M B LEASING	SEMBN	0.7	0.8	14.3%
MALWATTE	MAL N	5.2	5.9	13.5%
RADIANT GEMS	RGEM	26.3	29.7	12.9%
KOTAGALA	KOTAN	14.5	15.8	9.0%
TANGERINE	TANGN	55.0	59.8	8.7%
LANKEM CEYLON	LCEYN	41.5	45.0	8.4%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
PC HOUSE	PCH N	0.2	0.1	-50.0%
PC PHARMA	PCP N	0.2	0.1	-50.0%
ADAM CAPITAL	PCHHN	1.0	0.8	-20.0%
ADAM INVESTMENTS	AINVN	0.5	0.4	-20.0%
BLUE DIAMONDS[NV]	BLUEX	0.5	0.4	-20.0%
BERUWALA RESORTS	BERUN	0.9	0.8	-11.1%
AMANA TAKAFUL	ATL N	0.9	0.8	-11.1%
ROYAL PALMS	RPBHN	25.8	23.0	-10.9%
ABANS FINANCIAL	AFSLN	27.6	24.7	-10.5%
CENTRAL IND.	CINDN	51.0	45.7	-10.4%

Market Review



Indices |

The Bourse continued to lose grounds further as the ASPI decreased by 74.74 points (or 1.14%) to close at 6,492.69 points, while the S&P SL20 Index decreased by 60.30 points (or 1.59%) to close at 3,724.21 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 0.73Bn or 40.54% of total turnover value. Chevron Lubricants followed suit, accounting for 9.85% of turnover (value of LKR 0.18Bn) while Tokyo Cement contributed LKR 0.12Bn to account for 6.52% of the week's turnover. Total turnover value amounted to LKR 1.80Bn (cf. last week's value of LKR 3.49Bn), while daily average turnover value amounted to LKR 0.45Bn (-35.59% W-o-W) compared to last week's average of LKR 0.70Bn. Market capitalization meanwhile, decreased by 1.14% W-o-W (or LKR 33.90Bn) to LKR 2,944.80Bn cf. LKR 2,978.70Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 45.14% (or LKR 0.81Bn) of market turnover. Sector turnover was driven primarily by JKH & Hemas Holdings which accounted for 93.76% of the sector's total turnover. The Manufacturing Sector meanwhile accounted for 26.47% (or LKR 0.48Bn) of the total turnover value with turnover driven primarily by Chevron, Tokyo Cement & Piramal Glass which accounted for 77.81% of the sector turnover. The Banking, Finance & Insurance Sector was also amongst the top sectorial contributors, contributing 15.00% (or LKR 0.27Bn) to the market driven by Sampath Bank, Commercial Bank & HNB which accounted for 49.28% of the sector turnover.

Liquidity (in Volume Terms) |

The Manufacturing Sector dominated the market in terms of share volume, accounting for 28.58% (or 18.00Mn shares) of total volume, with a value contribution of LKR 0.48Bn. The Diversified sector followed suit, adding 19.52% to total turnover volume as 12.29Mn shares were exchanged. The sector's volume accounted for LKR 0.81Bn of total market turnover value. The Banking, Finance & Insurance Sector meanwhile, contributed 10.70Mn shares (or 16.99%), amounting to LKR 0.27Bn.

Top Gainers & Losers |

Lanka Ceramic was the week's highest price gainer; increasing 30.6% W-o-W from LKR 127.90 to LKR 167.00. Madulsima gained 21.6% W-o-W to close at LKR 8.80 while Balangoda Plantations gained 20.0% W-o-W to close at LKR 21.60. Udapussellawa (+16.1% W-o-W) and SMB Leasing (+14.3% W-o-W) were also amongst the gainers.

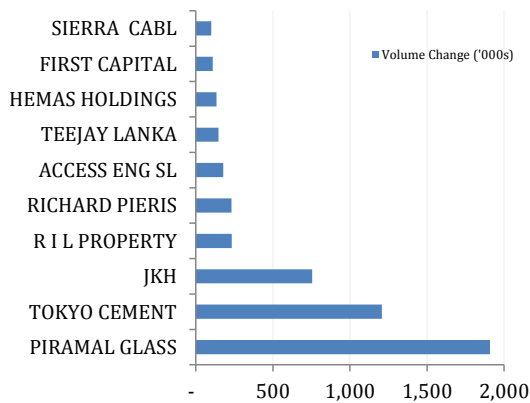
PC House and PC Pharma were week's highest price losers, declining 50.0% W-o-W to close at LKR 0.20 each. Adam Capital (-20.0% W-o-W) & Adam Investments (-20.0% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

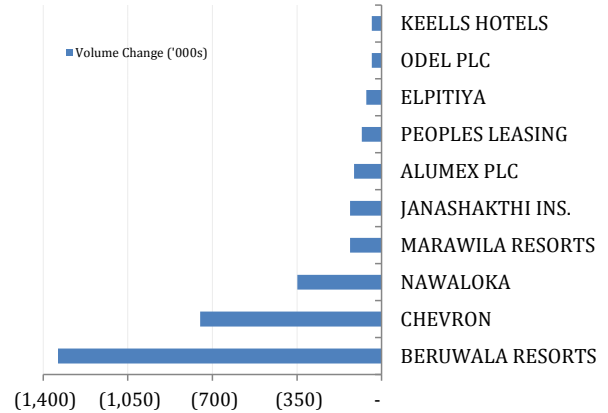
Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	169.8	163.0	729.99
CHEVRON	LLUBN	140.0	134.1	177.29
TOKYO CEMENT	TKYON	75.2	71.4	117.42
PIRAMAL GLASS	GLASN	6.1	6.2	76.20
SAMPATH	SAMPN	280.2	284.7	71.95
COMMERCIAL BANK	COMBN	137.6	137.5	38.88
HEMAS HOLDINGS	HHL N	147.4	140.0	31.94
NESTLE	NESTN	1933.2	1898.1	25.02
HNB	HNB N	233.0	231.0	22.24
COLD STORES	CCS N	810.0	788.3	21.71

Market Review (Cont'd)

Net Foreign Purchases (04 Aug-11 Aug)



Net Foreign Sales (04 Aug-11 Aug)



Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.20Bn relative to last week's total net inflow of LKR 0.88Bn (-77.35% W-o-W). Total foreign purchases decreased by 52.95% W-o-W to LKR 0.93Bn from last week's value of LKR 1.97Bn, while total foreign sales amounted to LKR 0.73Bn relative to LKR 1.10Bn recorded last week (-33.46% W-o-W). In terms of volume, Piramal Glass & Tokyo Cement led foreign purchases while Beruwala Resorts & Chevron led foreign sales. In terms of value, JKH and Tokyo Cement led foreign purchases while Chevron and Nestle led foreign sales.

Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/08/17	04/08/17		
JKH	56.81%	56.76%	753,926	122.89
TOKYO CEMENT	24.79%	24.34%	1,206,925	86.17
COLD STORES	10.07%	10.04%	26,483	20.88
HEMAS HOLDINGS	31.70%	31.68%	134,591	18.84
COMMERCIAL BANK	34.31%	34.30%	92,134	12.67
PIRAMAL GLASS	64.00%	63.80%	1,908,295	11.83
ROYAL CERAMIC	11.84%	11.76%	90,000	11.61
HNB	28.05%	28.04%	30,500	7.05
CEYLON TOBACCO	97.42%	97.42%	7,220	6.93
SAMPATH	19.03%	19.01%	22,780	6.49

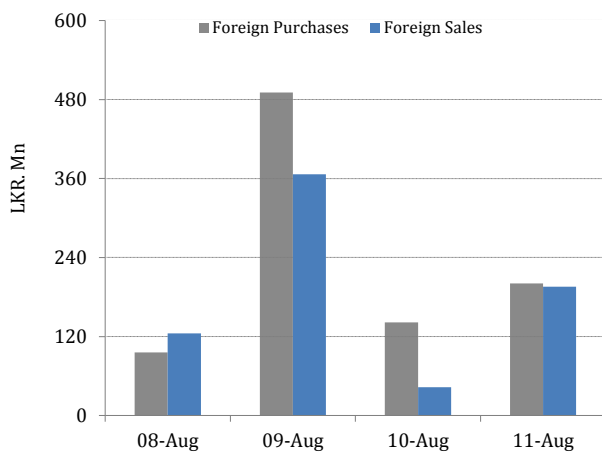
Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/08/17	04/08/17		
CHEVRON	23.40%	23.71%	(750,732)	(100.67)
NESTLE	95.94%	95.96%	(11,066)	(21.00)
ALUMEX PLC	0.50%	0.54%	(113,776)	(2.56)
JANASHAKTHI INS.	1.05%	1.08%	(130,000)	(2.04)
ELPITIYA	5.20%	5.28%	(63,571)	(1.87)
SWISSTEK	4.71%	4.81%	(27,000)	(1.85)
NAWALOKA	0.25%	0.27%	(348,200)	(1.60)
PEOPLES LEASING	6.92%	6.93%	(81,803)	(1.40)
BERUWALA RESORTS	1.25%	1.48%	(1,338,496)	(1.07)
ODEL PLC	0.09%	0.11%	(40,300)	(0.99)

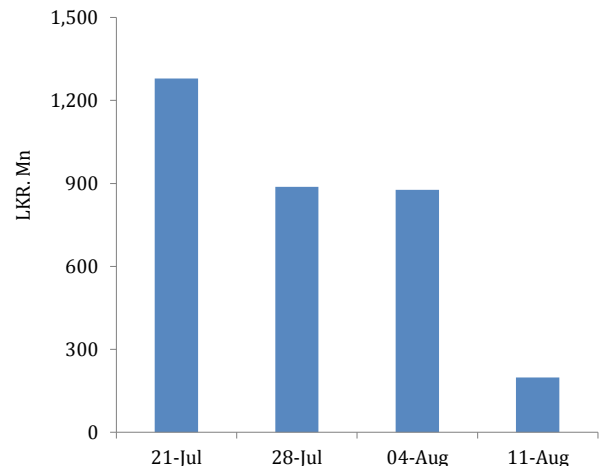
Note: *Value based on closing price and not on actual traded price

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>
SOFTLOGIC FINANCE PLC	Rs. 1.65	Interim Dividend	17.Aug.2017
KELSEY DEVELOPMENTS PLC	Rs. 1.00	Final Dividend	08.Sep.2017
RENUKA AGRI FOODS PLC	Rs. 0.12	Final Dividend	18.Sep.2017
SERENDIB LAND PLC	Rs. 25.00	First & Final Dividend	27.Sep.2017
C M HOLDINGS PLC	Rs. 6.00	First & Final Dividend	21.Sep.2017
DILMAH CEYLON TEA COMPANY PLC	Rs. 15.00	First & Final Dividend	15.Sep.2017

Point of View

Negative sentiment continued to cloud domestic equities, with equity markets losing steam for the 4th consecutive week as the benchmark ASPI lost ~74 points WoW (cf. ~98 point decline the previous week and the ~3 point loss the week prior). Institutional, HNI and Foreign interest which had been supporting Index gains over Q2'17 also waned this week, with crossings in three stocks (JKH, GLAS & NEST) accounting for just 30% of total market turnover. Heavy trading in JKH (crossings in JKH accounted for ~82% of total crossings and 25% of total market turnover) failed to stimulate markets and average turnover levels for the week consequently fell to LKR 0.45Bn, ~36% lower than last week's average of LKR 0.70Bn. Foreign inflows to the Bourse also slowed this week, with net foreign flows falling ~77% over the week to record a paltry LKR198Mn. Compared to the 11.3% gain on the Index in Q2'17, markets have fallen ~3.8% in the first half of Q3'17, halving the YTD gain on the Index to 4.8% cf. the gain of 8.9% in the H1'17. Markets in the week ahead are likely to continue to take cues from the incoming corporate earnings releases while some pressure from profit taking is also likely.

IMF Estimates Gradual Recovery in 2017 GDP

In its Country report released on Thursday, the IMF forecasted a gradual recovery in 2017 GDP (to 4.7%) citing continued momentum (since H2'16) in the Construction and Service sectors. The Group noted that headline inflation levels are likely to remain over 5% while the current account deficit is expected to widen slightly to 2.5% (cf. 2.4% in 2016) amid drought-driven increases in oil and food imports, and higher capital goods imports¹. The IMF noted though, that medium term growth is likely to reach 5.2%, in line with the country's potential GDP. The IMF highlighted however, that significant external and domestic downside risks exist, with further delays in revenue mobilization and SOE reforms, as well as pressures from the GoSL's large gross financing needs remaining the main domestic risks¹. The possible resumption of capital outflows due to further strengthening of the USD, higher rates or a weaker external position meanwhile pose significant external downside risks. The Group further noted that risks to public debt sustainability continue to remain high with public debt expected to rise marginally to 85% of GDP in 2017 due to the continued large fiscal deficit and exchange rate depreciation.

Source: IMF

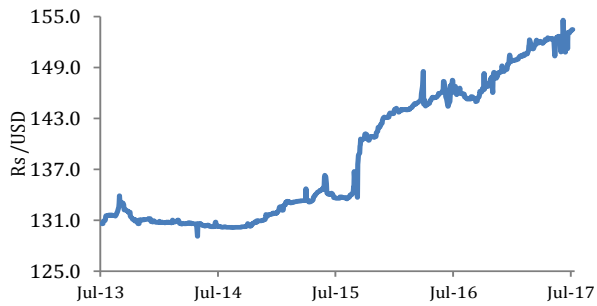
1. IMF Country Report No. 17/253

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%			

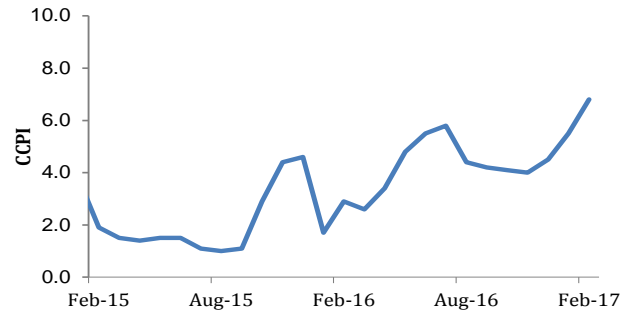
Source Central Bank

Exchange Rate, Rs. vs. US\$



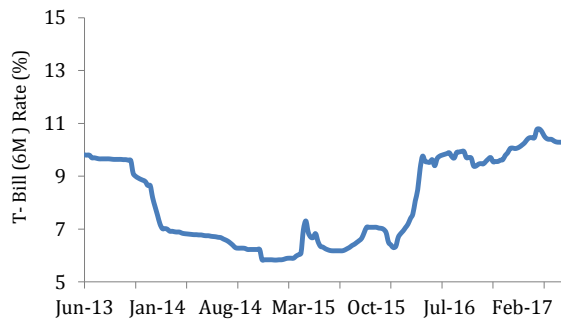
Source: Central Bank

Inflation (CCPI-N) YoY%



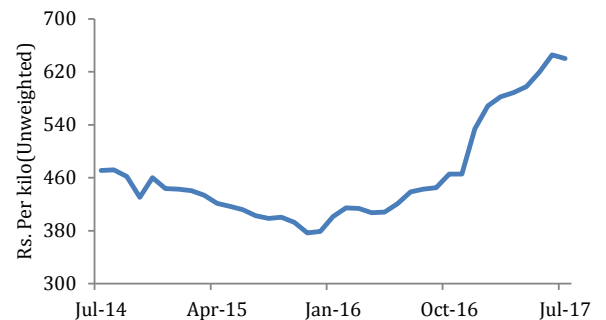
Source: Central Bank

6 Month T-Bill Yield



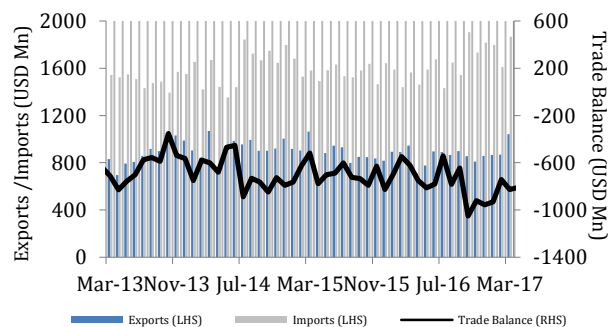
Source: Central Bank

Tea Prices



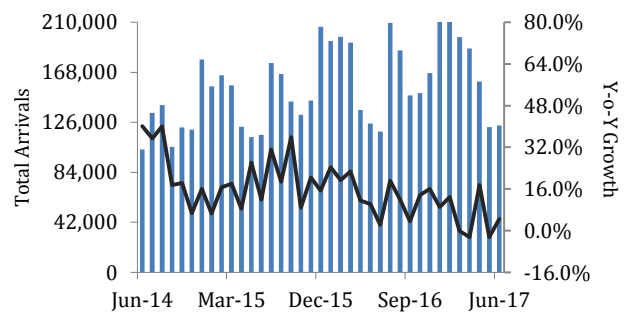
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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