

## Mixed Sentiment Ahead of Budget 2016...

### Quarterly Market Earnings Decline 5.2% Y-o-Y

ASPI ^ 0.22% | S&P SL20 v 0.34%

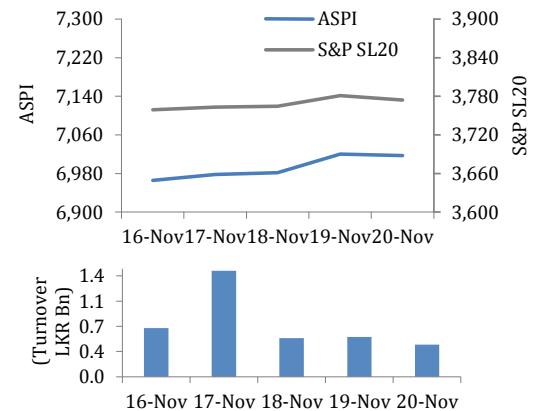
The Bourse closed on a mixed note ... *Cont. P2*

Foreign investors closed the week in a net buying... *Cont. P3*

Markets reverted last week's downward ... *Cont. P4*

Economic Snapshot..... *P5*

### Indices vs. Turnover (16<sup>th</sup> Nov - 20<sup>th</sup> Nov)



### KEY STATISTICS

Week ending	20th	13th	+/-
ASPI	7,017.44	7,001.81	0.22%
S&P SL20	3,774.11	3,787.00	-0.34%
Banking & Finance	17,671.31	17,593.49	0.44%
Food & Beverage	22,490.20	22,403.71	0.39%
Diversified	1,887.60	1,882.53	0.27%
Hotel & Travel	3,266.69	3,261.70	0.15%
Plantations	737.82	738.08	-0.04%
Manufacturing	4,516.81	4,486.76	0.67%
Turnover (LKR Bn)	3.68	2.40	53.76%
Foreign Buying (LKR Mn)	1,008.17	964.61	4.52%
Foreign Selling (LKR Mn)	999.14	734.87	35.96%
Daily Average Turnover (LKR Bn)	0.74	0.60	23.01%
Daily Average Foreign Buying (LKR Mn)	201.63	241.15	-16.39%
Daily Average Foreign Selling (LKR Mn)	199.83	183.72	8.77%

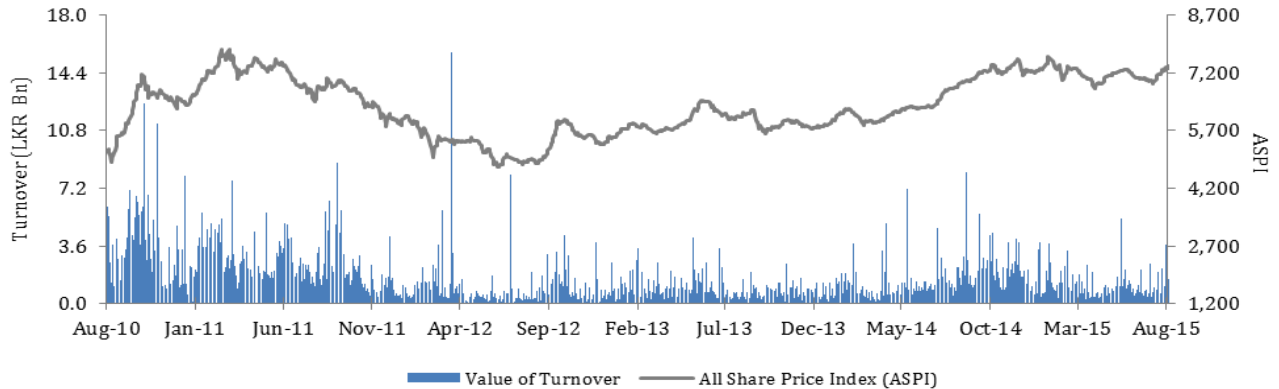
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
CITRUS WASKADUWA	CITWN	5.3	6.6	24.5%
E B CREAMY	EBCRN	1002.0	1174.2	17.2%
ROYAL PALMS	RPBHN	30.1	34.2	13.6%
SAMSON INTERNAT.	SIL N	105.0	117.4	11.8%
CITRUS KALPITIYA	CITKN	3.0	3.3	10.0%
PDL	PDL N	87.2	95.0	8.9%
AMANA TAKAFUL	ATL N	1.2	1.3	8.3%
BLUE DIAMONDS	BLUEN	1.2	1.3	8.3%
SINGER IND.	SININ	172.3	186.5	8.2%
EASTERN MERCHANT	EMERN	8.7	9.4	8.0%

### 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	0.5	0.4	-20.0%
EQUITY TWO PLC	ETWON	76.8	63.6	-17.2%
CEYLON PRINTERS	CPRTN	2100.3	1851.1	-11.9%
ORIENT GARMENTS	OGL N	12.0	10.7	-10.8%
ABANS FINANCIAL	AFSLN	38.0	34.1	-10.3%
LANKA ALUMINIUM	LALUN	114.1	104.1	-8.8%
STANDARD CAPITAL	SINGN	92.5	84.9	-8.2%
C T LAND	CTLDN	53.1	49.0	-7.7%
LANKA VENTURES	LVENN	49.3	46.0	-6.7%

## Market Review



### Indices |

The Bourse closed on a mixed note with the benchmark ASPI recording gains while the S&P SL20 Index declined. The ASPI gained 15.63 points (+0.22% W-o-W) to close at 7017.44 points while the S&P SL20 Index closed at 3774.11 points, down 12.89 points (-0.34% W-o-W).

### Turnover & Market Capitalization |

National Development Bank was the highest contributor to the week's turnover value, contributing LKR 0.61bn or 16.67% of total turnover value. Asiri Hospital Holdings followed suit, accounting for 10.08% of turnover (value of LKR 0.37bn) while Dialog contributed LKR 0.34bn to account for 9.34% of the week's turnover. Total turnover value amounted to LKR 3.68bn (cf. last week's value of LKR 2.40bn), while daily average turnover value amounted to LKR 0.74bn (+23.01% W-o-W) compared to last week's average of LKR 0.60bn. Market capitalization meanwhile, increased 0.26% W-o-W (or LKR 7.60bn) to LKR 2980.10bn cf. LKR 2972.49bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 30.82% (or LKR 1.14bn) of market turnover. Sector turnover was driven primarily by NDB, Commercial Bank and HNB which accounted for 72.58% of the sector's total turnover. The Manufacturing sector meanwhile accounted for 16.21% (or LKR 0.60bn) of the week's total turnover value with turnover driven primarily by Textured Jersey and Royal Ceramics which accounted for 47.27% sector turnover. The Diversified sector was also amongst the top sectoral contributors, contributing 13.66% (or LKR 0.50bn) driven mainly by JKH and Hayley's which accounted for 81.85% of sector turnover.

### Liquidity (in Volume Terms) |

The Banking, Finance & Insurance sector dominated the market in terms of share volume, accounting for 24.70% (or 36.11mn shares) of total volume, with a value contribution of LKR 1.14bn. The Telecommunications sector followed suit, adding 21.42% to total turnover volume as 31.31mn shares were exchanged. The sector's volume accounted for LKR 0.35bn of total market turnover value. The Healthcare sector meanwhile, contributed 15.66mn shares (or 10.71%), amounting to LKR 0.40mn.

### Top Gainers & Losers |

Citrus Waskaduwa was the week's highest price gainer, increasing 24.53% W-o-W from LKR 5.30 to LKR 6.60. E.B Creasy gained 17.19% W-o-W to close at LKR 1174.20 while Royal Palms gained 13.62% W-o-W to close at LKR 34.20. Samson International (+11.81% W-o-W) and Citrus Kalpitiya (+10.00% W-o-W) were also amongst the gainers.

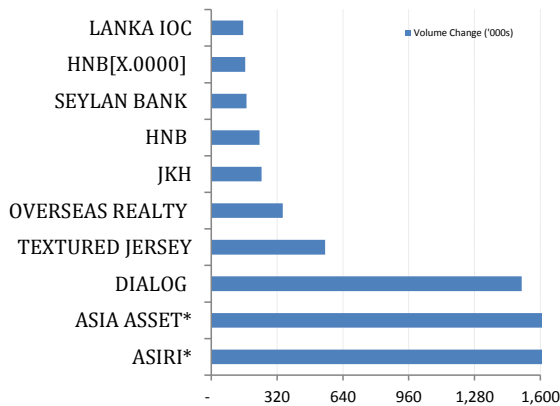
PC House was the week's highest price loser, declining 50.00% W-o-W to close at LKR 0.10. PC Pharma closed at LKR 0.40, representing a W-o-W decline of 20.00%, while Equity Two (-17.19% W-o-W) and Ceylon Printers (-11.86% W-o-W) also declined.

### TOP 10 TURNOVER

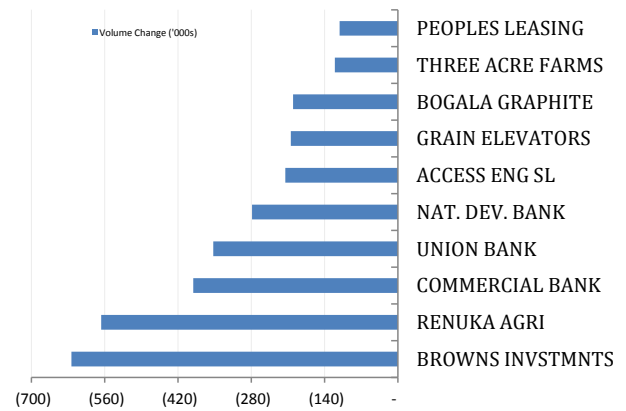
Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
NAT. DEV. BANK	NDB N	223.3	213.8	614.3
ASIRI	ASIRN	24.4	25.0	371.3
DIALOG	DIALN	11.1	11.0	344.2
JKH	JKH N	184.0	185.8	260.4
HAYLEYS	HAYLN	311.9	320.0	151.6
ROYAL CERAMIC	RCL N	110.5	112.9	144.4
TEXTURED JERSEY	TJL N	34.7	35.9	137.9
COMMERCIAL BANK	COMBN	153.0	151.5	120.3
HNB	HNB N	216.0	217.1	89.8
DISTILLERIES	DISTN	275.1	276.0	68.8

## Market Review (Cont'd)

Net Foreign Purchases (by Volume) (13 Nov-20 Nov)



Net Foreign Sales (by Volume) (13 Nov-20 Nov)



\*Volume change of Asiri Hospital Holdings (35.03mn shares) and Asia Asset (6.46mn shares) between 13<sup>th</sup>-20<sup>th</sup> Nov 2015 not displayed

Foreign investors closed the week in a net buying position with daily average net inflows amounting to LKR 1.80mn relative to last week's average net inflows of LKR 57.43mn (-96.86% W-o-W). Daily average foreign purchases declined 16.39% W-o-W to LKR 201.63mn from last week's value of LKR 241.15mn, while daily average foreign sales amounted to LKR 199.83mn relative to LKR 183.72mn recorded last week (+8.77% W-o-W). In terms of volume, Asiri Hospital Holdings and Asia Asset Finance led foreign purchases, while Browns Investments and Renuka Agri led foreign sales. In terms of value, Asiri Hospital Holdings and HNB led foreign purchases while National Development Bank and Commercial Bank led foreign sales.

### Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	20/11/15	13/11/15		
ASIRI	36.0%	34.0%	35,031,664	875.8
HNB	27.1%	27.0%	234,836	51.0
JKH	51.5%	51.5%	245,321	45.6
CEYLON TOBACCO	96.9%	96.9%	35,150	34.7
HNB[X.0000]	37.4%	37.2%	165,290	29.8
DISTILLERIES	23.2%	23.2%	84,451	23.3
TEXTURED JERSEY	42.1%	42.0%	553,769	19.9
SEYLAN BANK	6.6%	6.5%	171,380	17.3
DIALOG	94.5%	94.5%	1,508,692	16.6
COLD STORES	25.3%	25.3%	27,800	11.3

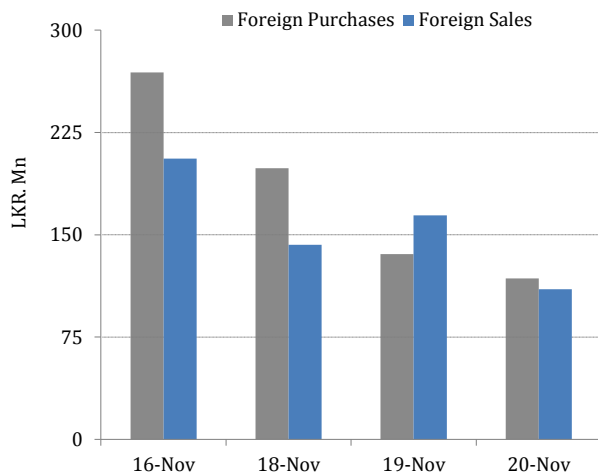
\* Value based on VWA price and not on actual traded price

### Net Foreign Sales (By Transaction Value)

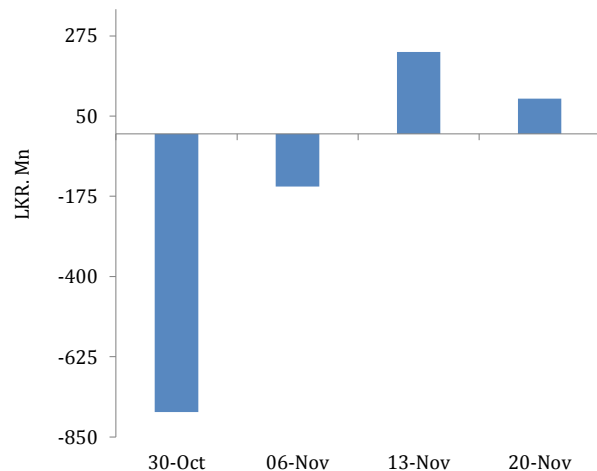
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	20/11/15	13/11/15		
NAT. DEV. BANK	31.1%	31.2%	(278,406)	(59.5)
COMMERCIAL BANK	33.8%	33.9%	(391,000)	(59.2)
GRAIN ELEVATORS	67.7%	68.1%	(204,625)	(19.8)
THREE ACRE FARMS	24.8%	25.3%	(120,506)	(15.9)
DFCC BANK PLC	25.3%	25.3%	(89,635)	(15.0)
UNION BANK	80.1%	80.1%	(352,775)	(7.9)
BOGALA GRAPHITE	90.0%	90.5%	(200,000)	(6.7)
ACCESS ENG SL	7.3%	7.3%	(214,858)	(5.1)
TOKYO CEMENT[X.0000]	33.4%	33.4%	(70,102)	(2.7)
PEOPLES LEASING	9.0%	9.0%	(111,278)	(2.5)

\* Value based on VWA price and not on actual traded price

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>Final/Interim</u>	<u>XD Date</u>
John Keells Holdings Plc	4.50	Interim	30-11-2015
United Motors Lanka Plc	3.00	Interim	02-12-2015
Access Engineering Plc	0.50	Interim	02-12-2015
Senkadagala Finance Plc	0.60	First Interim	01-12-2015
The Fortress Resorts Plc	1.00	Interim	01-12-2015
Finlays Colombo Plc	1.50	Second Interim	30-11-2015
Sathosa Motors Plc	5.00	Interim	30-11-2015
The Fortress Resorts Plc	1.00	Interim	01-12-2015

### Point of View

Markets reverted last week's downward trend with the main share index recording consecutive daily gains - except on Friday - to close the week 15.63 points stronger. Volumes too improved W-o-W driven by HNI and Institutional transactions via crossings which contributed 31.5% to total turnover value. Average turnover value thus increased 23.01% W-o-W from last week to LKR 0.74bn. Foreign investor activity meanwhile - despite declining W-o-W - continued to record net inflows. Counters such as JKH and ASIR nevertheless, continued to garner significant foreign buying interest. The GoSL meanwhile, proposed a relief-centered budget today while ensuring the new Unity Government's development initiatives would be pursued. The budget aims at higher revenue while targeting previously overlooked areas of economic activity for revenue generation. Additionally, the budget also aims at adopting a competitive foreign exchange policy that will encourage exports. We expect the sentiment surrounding sector-specific tax concessions and incentives proposed in today's Budget 2016 to determine market activity in the week ahead.

### Quarterly Market Earnings Decline 5.2% Y-o-Y

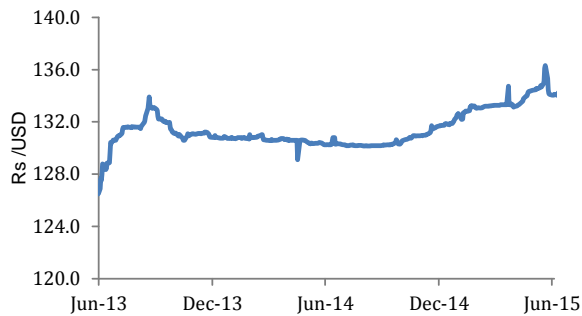
The September earnings season has come to a near-conclusion with approximately 94% of the market reporting earnings. Market earnings for Q3 2015 thus far have declined 5.2% Y-o-Y to LKR 47.94bn from LKR 50.57bn reported by all companies in the corresponding quarter last year. Trailing 12M market earnings however, increased 4.0% Y-o-Y to LKR 202.16bn (cf. LKR 194.37bn last year). Approximately 56% of the reported companies have recorded a Y-o-Y growth in earnings while on a sectoral level 8 sectors (out of 21 sectors) have recorded a Y-o-Y increase in quarterly earnings. On a trailing 12M basis meanwhile, strong growth was recorded in sectors such as Banking, Finance & Insurance (25.9% Y-o-Y), Chemicals & Pharmaceuticals (1021% Y-o-Y), Beverage, Food & Tobacco (18.3% Y-o-Y), Manufacturing (35.0% Y-o-Y), Motors (62.3% Y-o-Y) and Healthcare (30.4%). The Diversified sector however, recorded a 3.0% Y-o-Y decline in trailing 12M earnings while quarterly earnings for Sept'15 declined 7.0% Y-o-Y.

## Economic Snapshot

	Jan '15	Feb '15	Mar '15	Apr '15	May '15	Jun '15	Jul '15	Aug '15
<b>Interest Rates</b>								
Prime Lending Rate	6.36	6.45	6.90	7.16	7.05	7.00	6.91	6.82
Ave. Wtd. Deposit Rates	5.94	5.90	6.83	5.83	5.95	6.02	6.00	6.01
Ave. Wtd. Fixed Dep. Rates	7.02	6.95	6.87	6.87	7.12	7.29	7.21	7.23
CCPI (N) AA Inflation %	3.2	0.6	0.1	0.1	0.2	0.1	-0.2	-0.2
<b>GDP Growth</b>								
	2012	2013	2014					
	6.3%	7.3%	7.4%					

Source Central Bank

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



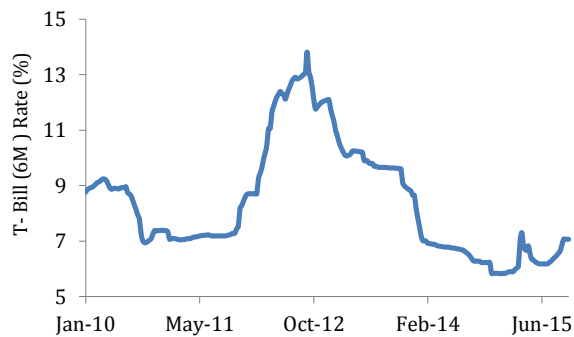
Source: Central Bank

### Inflation (CCPI-N) YoY%



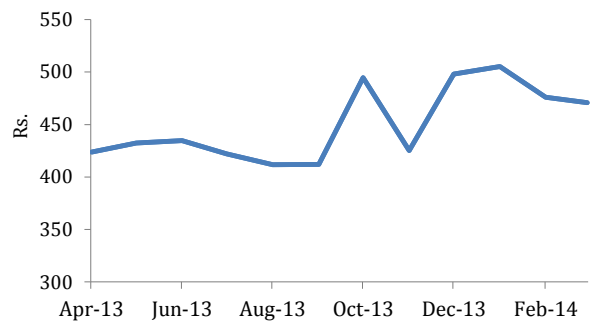
Source: Central Bank

### 6 Month T-Bill Yield



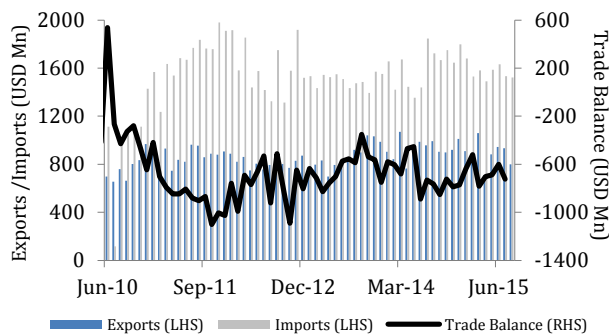
Source: Central Bank

### Tea Prices



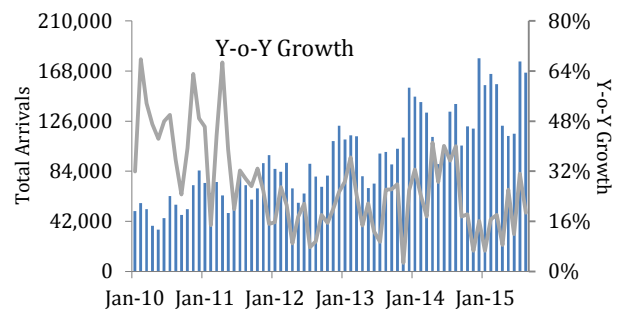
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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