

## Markets Decline ~69 Points for 3<sup>rd</sup> Consecutive Week... S&P Revises Up Credit Outlook to Stable

ASPI v 1.08% | S&P SL20 v 1.71%

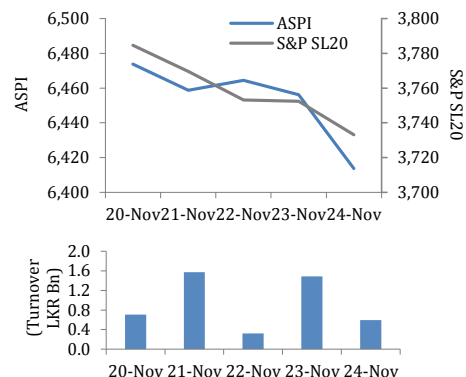
The Bourse continued ... *Cont. P2*

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

Equity markets continued to lose steam ... *Cont. P5*

Economic Snapshot..... *P6*

### Indices vs. Turnover (20<sup>th</sup> Nov – 24<sup>th</sup> Nov)



### KEY STATISTICS

Week ending	24-Nov	17-Nov	+/-
ASPI	6,413.68	6,483.55	-1.08%
S&P SL20	3,733.10	3,798.00	-1.71%
Banking & Finance	16,889.72	17,149.64	-1.52%
Food & Beverage	22,452.37	22,961.00	-2.22%
Diversified	1,695.14	1,698.01	-0.17%
Hotel & Travel	2,842.91	2,859.88	-0.59%
Plantations	960.50	973.17	-1.30%
Manufacturing	3,985.31	4,044.26	-1.46%
Turnover (LKR Bn)	4.69	4.62	1.61%
Foreign Buying (LKR Mn)	1,986.51	2,994.01	-33.65%
Foreign Selling (LKR Mn)	3,199.64	1,580.02	102.51%
Daily Average Turnover (LKR Bn)	0.94	0.92	1.61%
Daily Average Foreign Buying (LKR Mn)	397.30	598.80	-33.65%
Daily Average Foreign Selling (LKR Mn)	639.93	316.00	102.51%

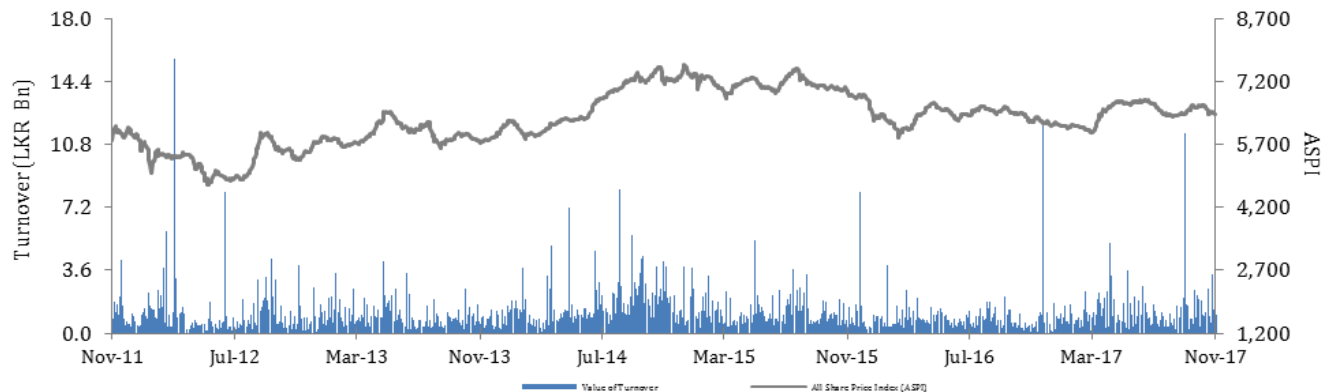
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
PEOPLE'S MERCH	PMB N	12.7	14.3	12.6%
BIMPUTH FINANCE	BLI N	34.5	38.0	10.1%
CARSONS	CARSN	160.0	175.0	9.4%
RENUKA FOODS	COCON	17.1	18.7	9.4%
PRINTCARE PLC	CAREN	31.3	34.0	8.6%
TRADE FINANCE	TFILN	39.5	42.9	8.6%
CEYLON BEVERAGE	BREWN	649.9	700.2	7.7%
CIC	CIC N	65.0	69.9	7.5%
INDUSTRIAL ASPH.	ASPHNN	280.7	300.0	6.9%
ARPICO	ARPIN	150.0	160.0	6.7%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
ADAM INVESTMENTS	AINVN	0.4	0.3	-25.0%
KELSEY	KDL N	45.6	36.1	-20.8%
SELINSING	SELIN	875.0	702.8	-19.7%
PARAGON	PARAN	65.0	53.8	-17.2%
LANKEM DEV.	LDEVN	13.1	11.0	-16.0%
CEYLON TEA BRKRS	CTBLN	4.7	4.0	-14.9%
LUCKY LANKA[NV]	LLMPX	1.4	1.2	-14.3%
STANDARD CAPITAL	SINGN	60.1	52.1	-13.3%
BERUWALA RESORTS	BERUN	0.8	0.7	-12.5%
CIFL	CIFLN	0.9	0.8	-11.1%

## Market Review



### Indices |

The Bourse continued to lose ground as the ASPI decreased by 69.87 points (or -1.08%) to close at 6,413.68 points, while the S&P SL20 Index also decreased by 64.90 points (or -1.71%) to close at 3,733.10 points.

### Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR1.32Bn or 28.07% of total turnover value. Dialog Axiata followed suit, accounting for 18.40% of turnover (value of LKR0.86Bn) while JKH contributed LKR0.40Bn to account for 8.49% of the week's turnover. Total turnover value amounted to LKR4.69Bn (cf. last week's value of LKR4.62Bn), while daily average turnover value amounted to LKR0.94Bn (+1.61% W-o-W) compared to last week's average of LKR 0.92Bn. Market capitalization meanwhile, decreased by 0.87% W-o-W (or LKR 25.65Bn) to LKR2,923.50Bn cf. LKR2,949.15Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 41.75% (or LKR 1.96Bn) of market turnover. Sector turnover was driven primarily by Commercial Bank, Sampath Bank & HNB which accounted for 88.59% of the sector's total turnover. The Telecom Sector meanwhile accounted for 18.42% (or LKR 0.86Bn) of the total turnover value with turnover driven primarily by Dialog Axiata which accounted for 99.89% of the sector turnover. The Diversified Sector was also amongst the top sectorial contributors, contributing 12.19% (or LKR 0.57Bn) to the market driven by JKH which accounted for 69.67% of the sector turnover.

### Liquidity (in Volume Terms) |

The Telecom sector dominated the market in terms of share volume, accounting for 44.85% (or 66.50Mn shares) of total volume, with a value contribution of LKR 0.86Bn. The Banking, Finance & Insurance sector followed suit, adding 16.60% to total turnover volume as 24.61Mn shares were exchanged. The sector's volume accounted for LKR1.96Bn of total market turnover value. The Health Care Sector meanwhile, contributed 15.64Mn shares (or 10.55%), amounting to LKR0.18Bn.

### Top Gainers & Losers |

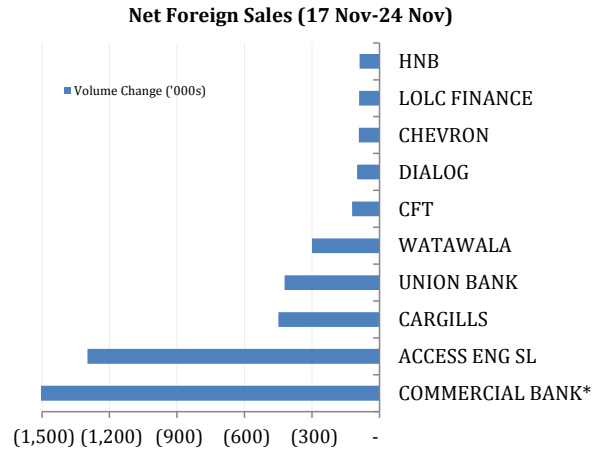
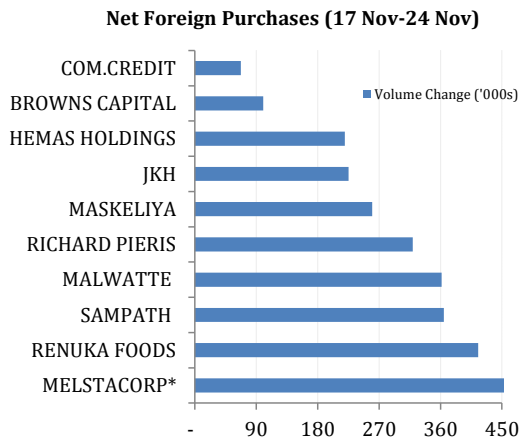
People's Merchant Finance was the week's highest price gainer; increasing 12.60% W-o-W from LKR12.70 to LKR14.30. Bimpu Finance gained 10.1% W-o-W to close at LKR38.00. Carsons (+9.4% W-o-W) and Renuka Foods (+9.4% W-o-W) were also amongst the gainers.

Adam Inv. was the week's highest price loser, declining 25.00% W-o-W to close at LKR0.30 while Kelsey Developments (-20.8% Y-o-Y), Selinsing (-19.7% W-o-W) & Paragon (-17.2% 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	140.0	136.1	1,317.83
DIALOG	DIALN	12.8	13.0	864.05
JKH	JKH N	154.0	153.5	398.80
SAMPATH	SAMPN	345.0	345.0	357.94
TEEJAY LANKA	TJL N	37.2	37.1	199.61
NESTLE	NESTN	1650.0	1625.0	199.57
ASIRI SURG	AMSLN	11.1	10.9	168.49
CARGILLS	CARGN	201.0	204.0	104.29
RENUKA HOTELS	RCHN	159.0	159.0	93.57
HNB	HNB N	257.5	255.0	60.56

Market Review (Cont'd)



\*Volume change of Melstacorp(1.0Mn shares)& Commercial Bank(9.5Mn shares) from 17<sup>th</sup> Nov - 24<sup>th</sup> Nov not displayed.

Foreign investors closed the week in a net selling position with total net outflows amounting to LKR 1.21Bn relative to last week's total net inflow of LKR 1.41Bn (-185.8% W-o-W). Total foreign purchases decreased by 33.7% W-o-W to LKR 1.99Bn from last week's value of LKR 2.99Bn, while total foreign sales amounted to LKR 3.20Bn relative to LKR 1.58Bn recorded last week (-102.51% W-o-W). In terms of volume, Melstacorp & Renuka Foods led foreign purchases while Commercial Bank & Access Engineering led foreign sales. In terms of value Sampath Bank & Melstacorp led foreign purchases while Commercial Bank & Cargills led foreign sales.

Net Foreign Purchases (By Transaction Value)

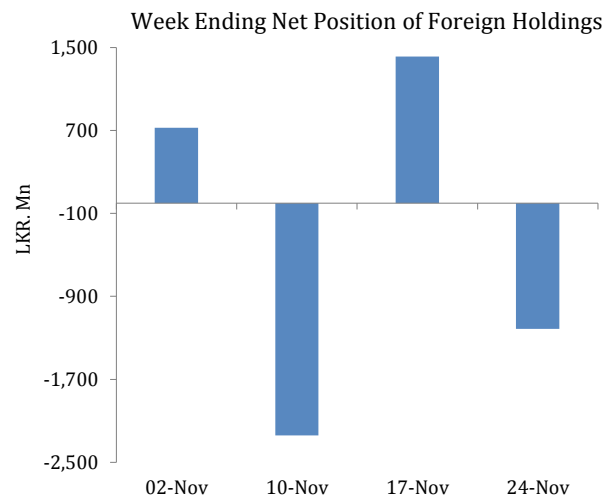
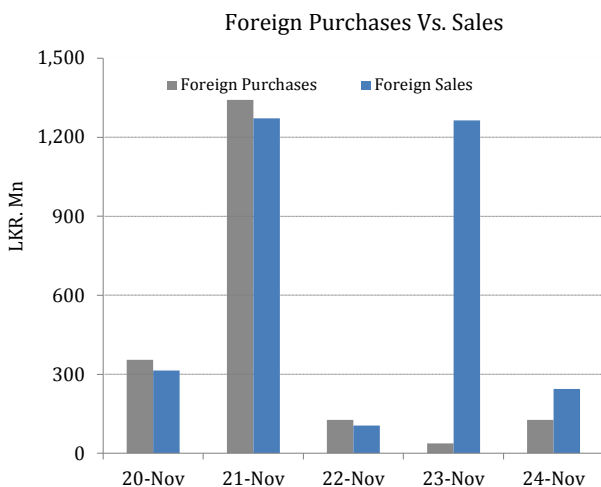
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	24/11/17	17/11/17		
SAMPATH	20.98%	20.78%	364,895	125.89
MELSTACORP	25.88%	25.79%	1,000,600	57.23
JKH	57.86%	57.85%	225,103	34.55
HEMAS HOLDINGS	31.80%	31.77%	219,744	27.47
RENUKA FOODS	24.90%	24.55%	415,220	7.76
MASKELIYA	0.87%	0.38%	259,925	5.56
RICHARD PIERIS	72.94%	72.92%	319,419	4.31
LOLC	34.91%	34.90%	34,379	4.17
MALWATTE	1.91%	1.73%	361,469	3.90
TOKYO CEMENT	25.49%	25.47%	49,808	3.39

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	24/11/17	17/11/17		
COMMERCIAL BANK	35.06%	36.08%	(9,477,939)	(1,289.95)
CARGILLS	6.46%	6.66%	(449,500)	(91.70)
ACCESS ENG SL	9.23%	9.36%	(1,298,131)	(30.90)
NESTLE	95.44%	95.48%	(17,985)	(29.23)
HNB	31.94%	31.96%	(88,427)	(22.55)
CEYLON TOBACCO	97.44%	97.45%	(16,465)	(15.48)
CHEVRON	22.23%	22.27%	(91,554)	(10.69)
WATAWALA	0.94%	1.07%	(300,000)	(8.70)
UNION BANK	79.06%	79.09%	(422,500)	(5.83)
TOKYO CEMENT[X.0000]	43.32%	43.35%	(38,095)	(2.15)

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.



## Announcements for the Week

### Dividend Announcements

Company	DPS (Rs.)	Type	XD Date
COMMERCIAL DEVELOPMENT COMPANY	2.00	Interim Dividend	30/11/2017
OFFICE EQUIPMENT PLC	1.00	Final Dividend	14/12/2017

### Point of View

Equity markets continued to lose steam, losing ~69 points yet again this week as investors opted to remain on the sidelines amid expectations of amendments to the Budget. Since the presentation of the 2018 Budget 3-weeks ago, markets have lost a cumulative 208 points, with the ASPI wiping off ~69 points in each of the subsequent 3-weeks since the 1<sup>st</sup> reading of the Budget. Turnover levels meanwhile, remained broadly unchanged from last week with average daily turnover totaling LKR0.94Bn relative to LKR0.92Bn last week. Lower retail and institutional participation accounted for the lower turnover levels, with lower institutional and HNI participation in particular resulting in lower activity. Crossings over the week accounted for just 36% of total market turnover in contrast to the last five weeks when crossings have averaged ~50% of total market turnover levels. Net foreign flows to the CSE meanwhile reverted to a net selling this position as net sales of LKR1.34Bn on Thursday and Friday offset the net buying of LKR 0.13Bn at the start of the week. Nevertheless, the net selling position on the Bourse was ~46% lower than that of two-weeks ago when net sales for the week totaled LKR2.2Bn (cf.LKR1.2Bn this week). YTD net foreign inflows to the CSE meanwhile totaled LKR 17.6Bn by end-week, the highest net buying since 2014 when net buying totaled LKR21Bn. Growing foreign interest in the market has contributed to a 30% improvement in the Daily Average Turnover YTD (LKR .95Bn cf. LKR.73Bn in 2016). Markets in the week ahead are likely to consolidate at the current levels.

### S&P Revises Up Sri Lanka's Credit Outlook to Stable

S&P Global Ratings revised its credit outlook on Sri Lanka to Stable from Negative citing expectations the country would maintain its reform momentum over the next 12 months while smoothing its higher debt repayments especially in 2019. The ratings agency also affirmed its 'B+' long-term and 'B' short-term sovereign credit ratings on the country. S&P cautioned however, that downward pressure on the rating could occur in the event of a more fractious political environment which could derail legislative reform particularly its liability management reform. The Group also noted that although a higher rating is unlikely in the next 12 months, a significant improvement in the country's external and fiscal indicators along with a substantive improvement in Sri Lanka's institutional settings could result in upward pressure on the ratings. S&P also noted that Sri Lanka's growth outlook remains robust and expects the country to record a 4.9% real GDP growth rate over 2017-2020. According to S&P, GDP growth will be underpinned by rising tourist arrivals, a uniquely specialized garment sector, strong potential in business process outsourcing, and moderate inflation but stronger growth would require improved institutional settings and a recovery in export markets.

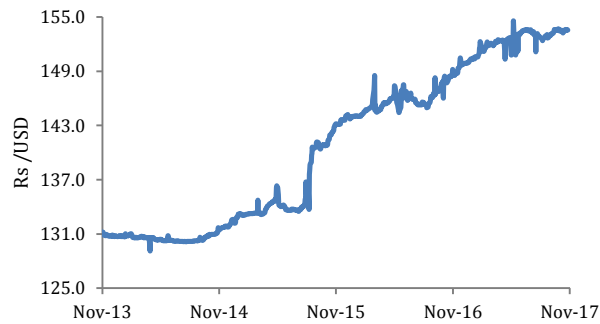
*Source: Daily FT*

## Economic Snapshot

	Mar'17	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sep'17	Oct'17
<b>Interest Rates</b>								
Prime Lending Rate	11.56	11.74	11.67	11.84	11.88	11.67	11.42	11.30
Ave. Wtd. Deposit Rates	8.81	8.89	8.99	9.13	9.19	9.21	9.25	9.22
Ave. Wtd. Fixed Dep. Rates	11.38	11.43	11.52	11.66	11.78	11.78	11.81	11.72
<b>CCPI Inflation Y-o-Y % (Base 2013)</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>7.8</b>
<b>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>			
	<b>9.1%</b>	<b>3.4%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>4.4%</b>			

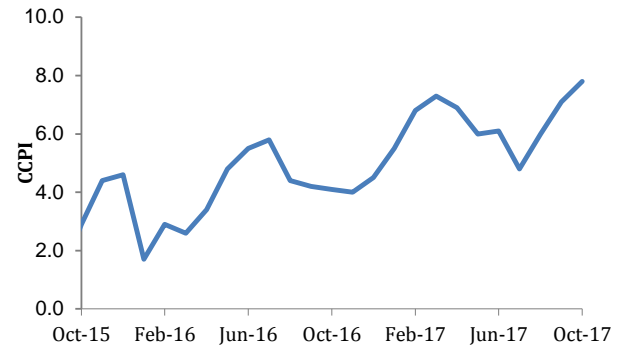
Source Central Bank

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



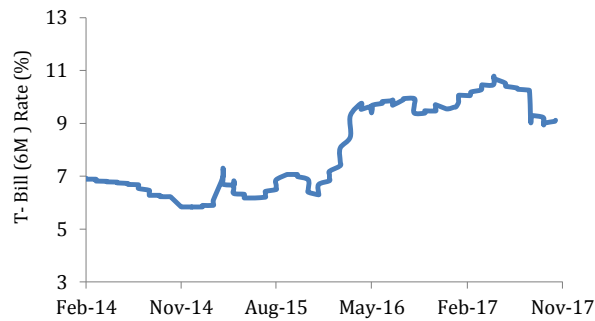
Source: Central Bank

### Inflation (CCPI-N) YoY%



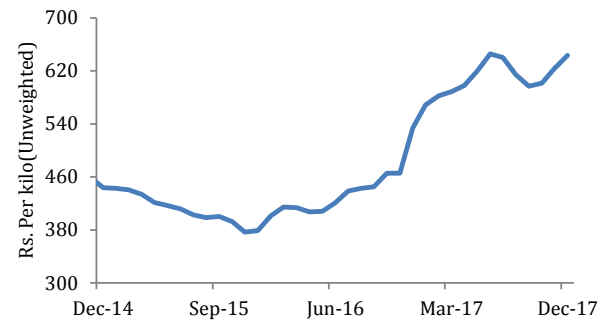
Source: Central Bank

### 6 Month T-Bill Yield



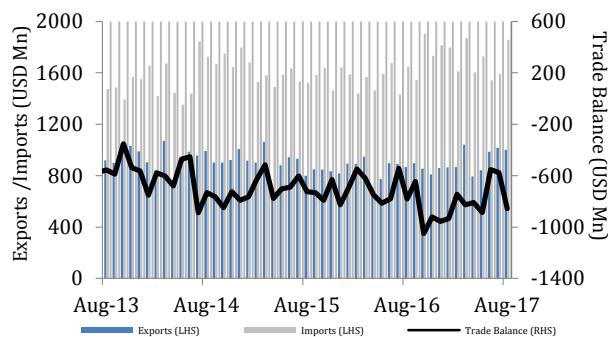
Source: Central Bank

### Tea Prices



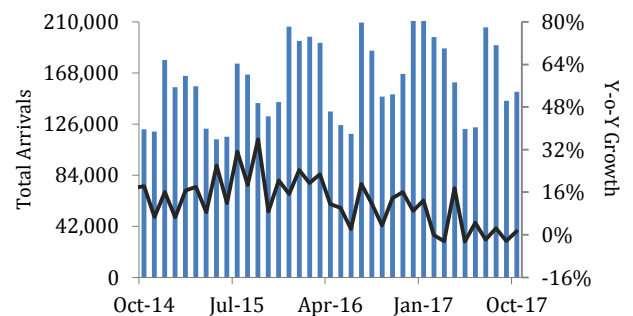
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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