

ASPI Rebounds to Push Past 6600-Levels ... 2017E

LKR to be Steady Despite Higher Oil Imports

ASPI \uparrow 0.61% | S&P SL20 \uparrow 1.07%

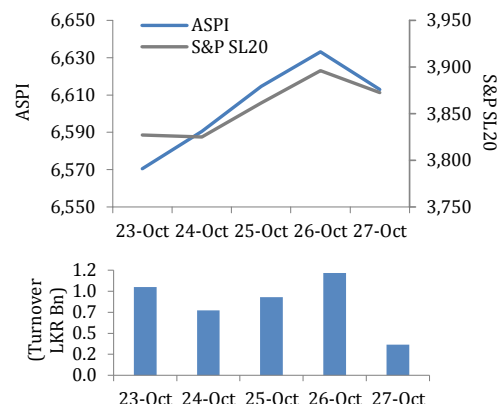
The Bourse continued ... *Cont. P2*

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

Equity markets rebounded ... *Cont. P5*

Economic Snapshot..... *P6*

Indices vs. Turnover (23rd Oct – 27th Oct)



KEY STATISTICS

Week ending	27-Oct	20-Oct	+/-
ASPI	6,612.91	6,572.70	0.61%
S&P SL20	3,872.50	3,831.42	1.07%
Banking & Finance	17,620.32	17,309.94	1.79%
Food & Beverage	23,096.70	22,815.65	1.23%
Diversified	1,750.21	1,750.10	0.01%
Hotel & Travel	2,909.67	2,905.21	0.15%
Plantations	1,049.18	1,054.84	-0.54%
Manufacturing	4,168.23	4,124.08	1.07%
Turnover (LKR Bn)	4.17	3.93	6.14%
Foreign Buying (LKR Mn)	2,248.15	1,001.70	124.43%
Foreign Selling (LKR Mn)	1,712.92	2,039.60	-16.02%
Daily Average Turnover (LKR Bn)	0.83	0.98	-15.09%
Daily Average Foreign Buying (LKR Mn)	449.63	250.42	79.55%
Daily Average Foreign Selling (LKR Mn)	342.58	509.90	-32.81%

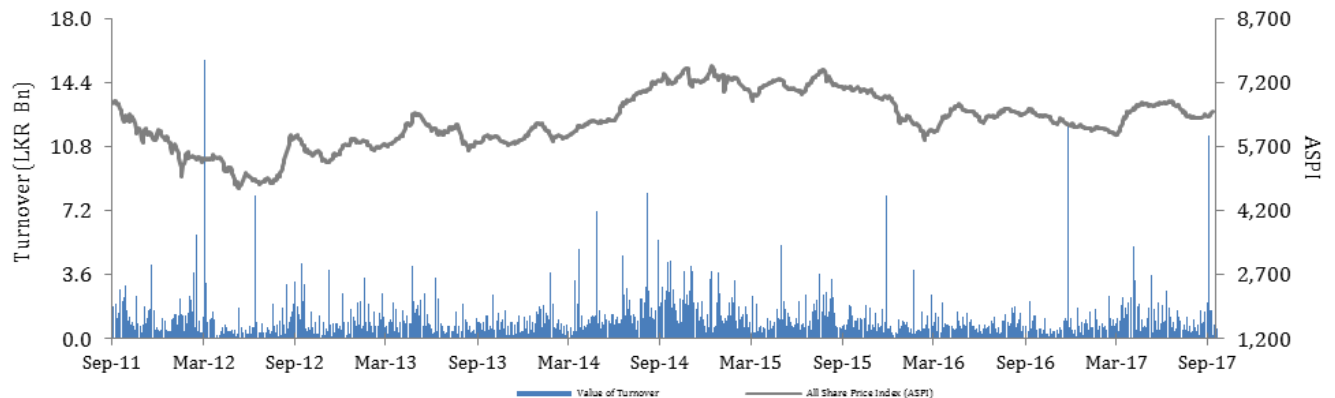
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
ASCOT HOLDINGS	ASCON	32.5	40.2	23.7%
PRIME FINANCE	GSF N	21.7	24.2	11.5%
ARPICO INSURANCE	AINSN	16.2	18.0	11.1%
CEYLON INV.	CINVN	50.5	55.8	10.5%
SATHOSA MOTORS	SMOTN	300.0	330.0	10.0%
SERENDIB HOTELS	SHOTN	20.2	22.0	8.9%
BOGAWANTALAWA	BOPLN	16.3	17.7	8.6%
LUCKY LANKA[NON-VOTIN]	LLMPX	1.2	1.3	8.3%
LUCKY LANKA[NV]	HEXPN	69.5	75.1	8.1%
STANDARD CAPITAL	SINGN	60.0	64.8	8.0%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEX	0.5	0.4	-20.0%
SERENDIB ENG.GRP	IDL N	10.5	8.9	-15.2%
KOTAGALA	KOTAN	17.5	15.6	-10.9%
KEELLS FOOD	KFP N	146.5	131.1	-10.5%
LANKA ASHOK	ASHON	1234.9	1110.9	-10.0%
ADAM CAPITAL	PCHHN	1.0	0.9	-10.0%
KOTMALE HOLDINGS	LAMB N	210.1	190.4	-9.4%
SIGIRIYA VILLAGE	SIGVN	48.3	44.0	-8.9%
MULLERS	MULLN	1.3	1.2	-7.7%
BLUE DIAMONDS	BLUEN	1.3	1.2	-7.7%

Market Review



Indices |

The Bourse continued its upward momentum as the ASPI increased by 40.21 points (or +0.61%) to close at 6,612.91 points, while the S&P SL20 Index also increased by 41.08 points (or +1.07%) to close at 3,872.50 points.

Turnover & Market Capitalization |

Sampath Bank was the highest contributor to the week's turnover value, contributing LKR 0.88Bn or 21.16% of total turnover value. Ceylon Cold Stores followed suit, accounting for 11.38% of turnover (value of LKR 0.47Bn) while JKH contributed LKR 0.36Bn to account for 8.75% of the week's turnover. Total turnover value amounted to LKR 4.17Bn (cf. last week's value of LKR 3.93Bn), while daily average turnover value amounted to LKR 0.83Bn (-15.09% W-o-W) compared to last week's average of LKR 0.98Bn. Market capitalization meanwhile, increased by 0.87% W-o-W (or LKR 25.89Bn) to LKR 3,006.73Bn cf. LKR 2,980.84Bn last week.

Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 38.70% (or LKR 1.61Bn) of market turnover. Sector turnover was driven primarily by Sampath Bank, Central Finance, HNB & Orient Finance which accounted for 76.54% of the sector's total turnover. The Diversified Sector meanwhile accounted for 17.91% (or LKR 0.75Bn) of the total turnover value with turnover driven primarily by JKH & Hemas Holdings which accounted for 79.11% of the sector turnover. The Beverage, Food & Tobacco Sector was also amongst the top sectorial contributors, contributing 12.70% (or LKR 0.53Bn) to the market driven by Ceylon Cold Stores which accounted for 89.65% of the sector turnover.

Liquidity (in Volume Terms) |

The Banking, Finance & Insurance sector dominated the market in terms of share volume, accounting for 31.43% (or 38.32Mn shares) of total volume, with a value contribution of LKR 1.61Bn. The Diversified sector followed suit, adding 15.21% to total turnover volume as 18.54Mn shares were exchanged. The sector's volume accounted for LKR 0.75Bn of total market turnover value. The Telecommunications Sector meanwhile, contributed 13.90Mn shares (or 11.40%), amounting to LKR 0.18Bn.

Top Gainers & Losers |

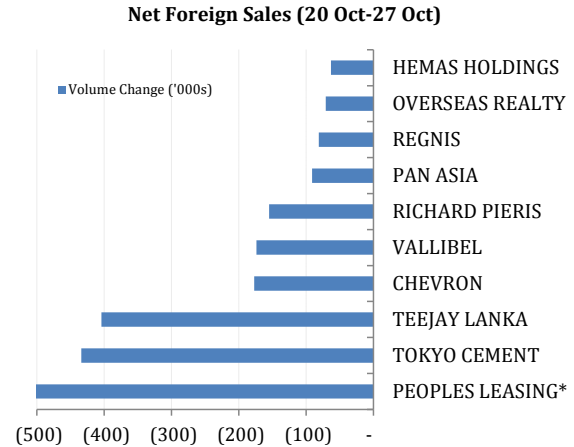
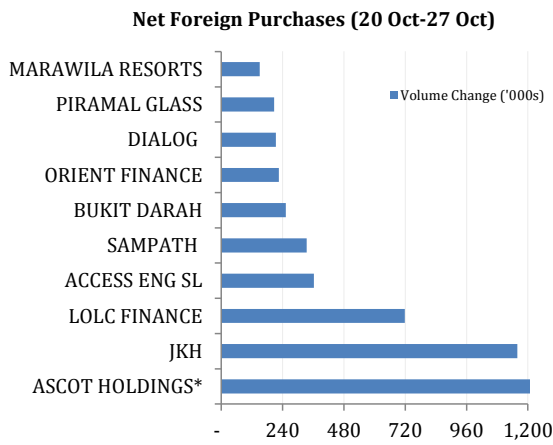
Ascot Holdings was the week's highest price gainer; increasing 23.7% W-o-W from LKR 32.50 to LKR 40.20. Prime Finance gained 11.5% W-o-W to close at LKR 24.20. Arpico Insurance (+11.1% W-o-W) and Ceylon Investments(+10.5% W-o-W) were also amongst the gainers.

Blue Diamonds[X] was the week's highest price losers, declining 20.0% W-o-W to close at LKR 0.40 while Serendib Engineering (-15.2% Y-o-Y), Kotagal Plantations (-10.9% W-o-W) & Keells Food (-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)
SAMPATH	SAMPN	338.1	335.7	881.65
COLD STORES	CCSN	950.6	952.0	474.32
JKH	JKHN	162.5	161.0	364.82
ASCOT HOLDINGS	ASCON	32.5	40.2	255.24
HEMAS HOLDINGS	HHLN	126.0	129.9	225.44
DIALOG	DIALN	12.7	13.3	179.28
CHEVRON	LLUBN	117.9	121.1	137.12
CENTRAL FINANCE	CFINN	87.0	93.0	135.52
HNB	HNB N	253.4	265.0	109.86
ORIENT FINANCE	ORINN	12.3	15.2	107.16

Market Review (Cont'd)



*Volume change of Ascot Holdings (5.00Mn shares) & Peoples Leasing (2.95Mn Shares) from 20th-27th Oct not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.54Bn relative to last week's total net outflow of LKR 1.04Bn (+151.6% W-o-W). Total foreign purchases increased by 124.4% W-o-W to LKR 2.25Bn from last week's value of LKR 1.00Bn, while total foreign sales amounted to LKR 1.71Bn relative to LKR 2.04Bn recorded last week (-16.02% W-o-W). In terms of volume, Ascot Holdings & JKH led foreign purchases while Peoples Leasing & Tokyo Cement led foreign sales. In terms of value Ascot Holdings & JKH led foreign purchases while Peoples Leasing & Tokyo Cement led foreign sales.

Net Foreign Purchases (By Transaction Value)

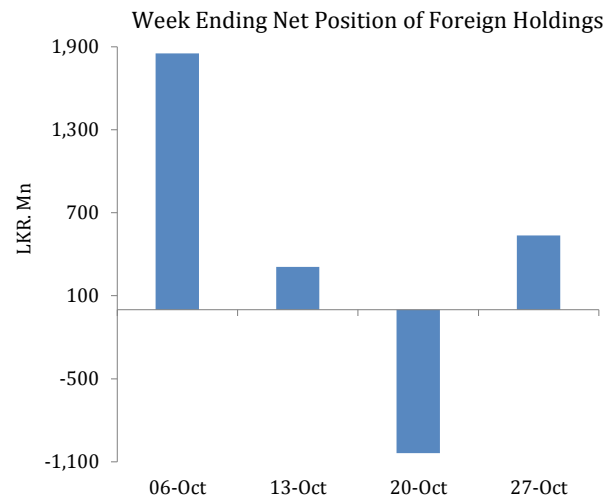
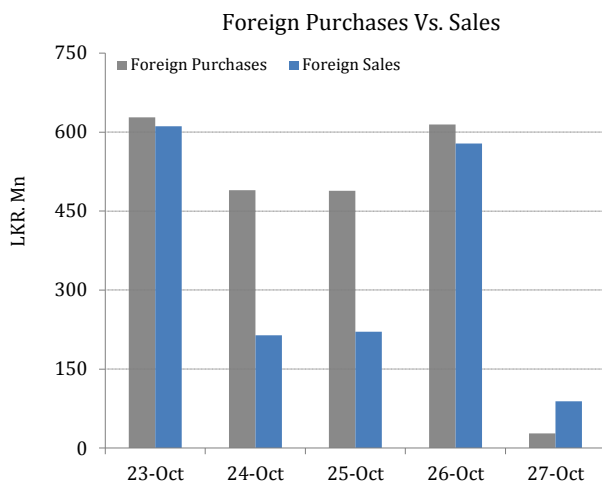
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	27/10/17	20/10/17		
ASCOT HOLDINGS	39.63%	0.16%	4,995,212	200.81
JKH	57.33%	57.25%	1,158,295	186.49
SAMPATH	20.45%	20.27%	334,180	112.18
COLD STORES	10.38%	10.29%	82,545	78.58
BUKIT DARAH	21.46%	21.21%	252,000	53.60
ACCESS ENG SL	9.12%	9.09%	361,979	9.16
NAT. DEV. BANK	14.30%	14.26%	60,461	8.17
COMMERCIAL BANK	36.01%	36.01%	36,308	5.21
MELSTACORP	25.57%	25.56%	83,000	4.90
SUNSHINE HOLDING	48.72%	48.67%	73,737	4.17

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	27/10/17	20/10/17		
PEOPLES LEASING	6.35%	6.53%	(2,953,400)	(51.68)
TOKYO CEMENT	25.00%	25.16%	(434,224)	(31.26)
CHEVRON	22.39%	22.47%	(177,090)	(21.45)
TEEJAY LANKA	47.65%	47.70%	(404,203)	(15.52)
REGNIS	5.02%	5.74%	(81,286)	(11.13)
HEMAS HOLDINGS	31.64%	31.66%	(63,002)	(8.18)
HNB	31.69%	31.70%	(24,617)	(6.52)
CEYLON GUARDIAN	8.08%	8.12%	(37,660)	(3.77)
KELANI CABLES	1.56%	1.72%	(35,033)	(3.64)
THREE ACRE FARMS	21.53%	21.64%	(26,287)	(3.16)

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

No Dividends Announcements for 27th October 2017

Point of View

Equity markets rebounded to a net positive position after a week's hiatus, gaining 40 index points W-o-W cf. last week's decline of 60 points. The ASPI consequently pushed past the 6600-level, to touch a one-week high of 6633 points as Retailers who have been largely on the side-lines over the past few weeks re-entered markets on expectations that the prevailing low interest rate environment would continue for longer. Equity markets over the month of October rose 2.7%, helping wipe-off some of the losses recorded at the start of Q3'17 (-5.5%) in the run up to parliamentary approval of the new IRD bill. The ASPI lost 4.6% over Q3'17 as tax concerns dominated markets, but the greater certainty post-approval of the tax reforms have led to markets rebounding strongly to gain ~250 points in the weeks following approval of the Act. Although lower than that of last week, Institutional and HNI activity also remained relatively strong, with crossings for the week accounting to 42% of total market turnover (cf. 55% last week) amid heavy activity in Sampath Bank, CCS and JKH which cumulatively accounted for ~25% of total market turnover for the week. Interest in Dialog and a strategic transaction in Ascot also helped propel turnover levels, with crossings in Dialog accounting for 10% of total crossings and Ascot accounting for 11% of the week's total crossings. Despite this activity though, average daily turnover levels (LKR 0.83Bn) fell 15% over the week to close 11% lower than the YTD average of LKR0.94Bn. Net foreign flows to the Bourse however, rebounded to a positive position this week, totaling LKR 535Mn cf. last week's outflows of LKR1.1Bn. Markets in the week ahead are likely to look for cues from Sept Quarter corporate earnings which have begun trickling in.

2017E LKR to be Steady Despite Higher Oil Imports

Sri Lanka's higher fuel import bill in Jan-Aug 2017 is in line with Acuity's predictions earlier this year that the country's fuel import bill will increase amid higher global oil prices and higher volumes due to drought-induced thermal-based power-generation. The Fuel import bill* in Jan-Aug 2017 rose 54% Y-o-Y to \$2,153Mn (cf. \$1,401Mn in Jan-Aug 2016) as oil prices have risen 26% and import volumes have increased 22% relative to the comparable period last year. We expect the year-end fuel import bill to be \$3.3Bn (in line with our earlier estimate of \$3.1Bn) as Brent crude oil prices are expected to close the year at \$ 54/bbl amid tightening supply and stronger demand fundamentals. Although this increase is expected to widen the trade deficit, the consistent capital inflows and an improved reserve position seen throughout 2017 will continue to support the year-end LKR value. Some movement is likely due to seasonal importer dollar demand, but overall, the Year-end LKR value is expected to be broadly stable. Nevertheless, external risks beyond 2017 have heightened amid increasing indications that Developed Market Central Banks (Fed, ECB, BoJ, BoE) are beginning to end an era of exceptional quantitative easing. The synchronized monetary policy normalization (ie: end of QE programs) by the these Central Banks' could increase Sri Lanka's external financing risks (external debt repayments due between 2019 and 2022 are expected to average \$3.6Bn p.a) as higher global rates could result in lower risk appetite for Sri Lanka's planned ISB issues in 2018/19 while simultaneously lowering foreign inflows to bonds & T-bills and pressurizing the LKR.

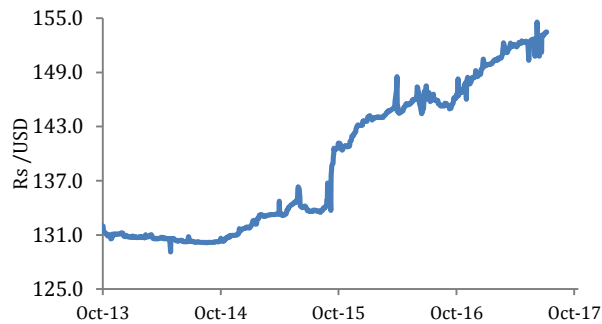
**excluding coal*

Economic Snapshot

	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sep'17
Interest Rates								
Prime Lending Rate	11.55	11.56	11.74	11.67	11.84	11.88	11.67	11.42
Ave. Wtd. Deposit Rates	8.66	8.81	8.89	8.99	9.13	9.19	9.21	9.25
Ave. Wtd. Fixed Dep. Rates	11.15	11.38	11.43	11.52	11.66	11.78	11.78	11.81
CCPI Inflation Y-o-Y % (Base 2013)	6.8	7.3	6.9	6.0	6.1	4.8	6.0	7.1
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016			
	9.1%	3.4%	4.9%	4.8%	4.4%			

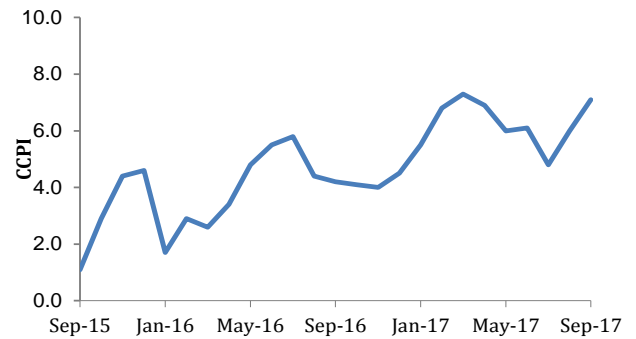
Source Central Bank

Exchange Rate, Rs. vs. US\$



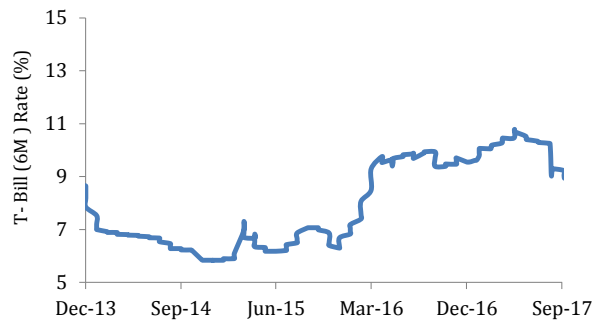
Source: Central Bank

Inflation (CCPI-N) YoY%



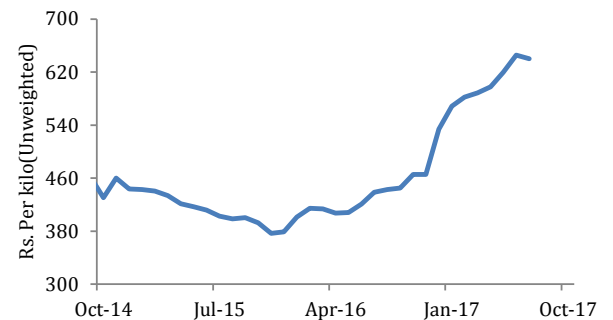
Source: Central Bank

6 Month T-Bill Yield



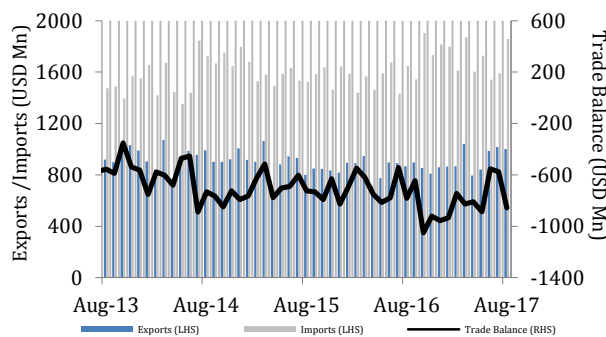
Source: Central Bank

Tea Prices



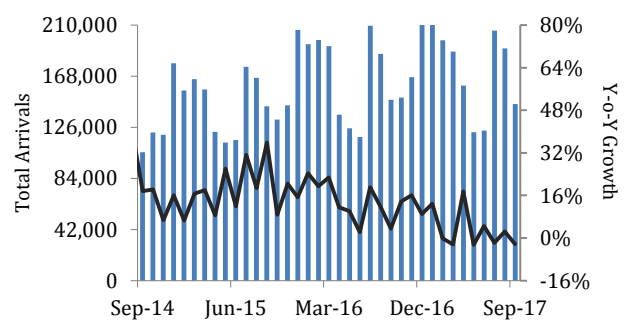
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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