

CBSL Raises Rates for 1st Time Since Feb'16...July

CCPI Moderates by 0.5%

ASPI v 0.54% | S&P SL20 v 0.41%

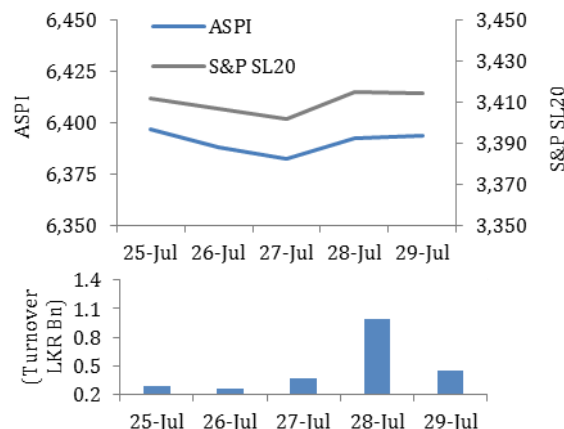
Markets closed the week on a negative note... *Cont. P2*

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

Markets continued to remain dull this ... *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (22nd July – 29th July)



KEY STATISTICS

Week ending	29 th July	22 nd July	+/-
ASPI	6,393.87	6,428.77	-0.54%
S&P SL20	3,414.39	3,428.58	-0.41%
Banking & Finance	15,771.07	15,781.30	-0.06%
Food & Beverage	21,893.14	22,187.28	-1.33%
Diversified	1,623.26	1,625.94	-0.16%
Hotel & Travel	3,111.51	3,137.09	-0.82%
Plantations	661.57	674.37	-1.90%
Manufacturing	4,281.21	4,253.50	0.65%
Turnover (LKR Bn)	2.35	2.14	10.01%
Foreign Buying (LKR Mn)	1,102.93	727.77	51.55%
Foreign Selling (LKR Mn)	895.12	534.59	67.44%
Daily Average Turnover (LKR Bn)	0.47	0.53	-11.99%
Daily Average Foreign Buying (LKR Mn)	220.59	181.94	21.24%
Daily Average Foreign Selling (LKR Mn)	179.02	133.65	33.95%

TOP 10 GAINERS

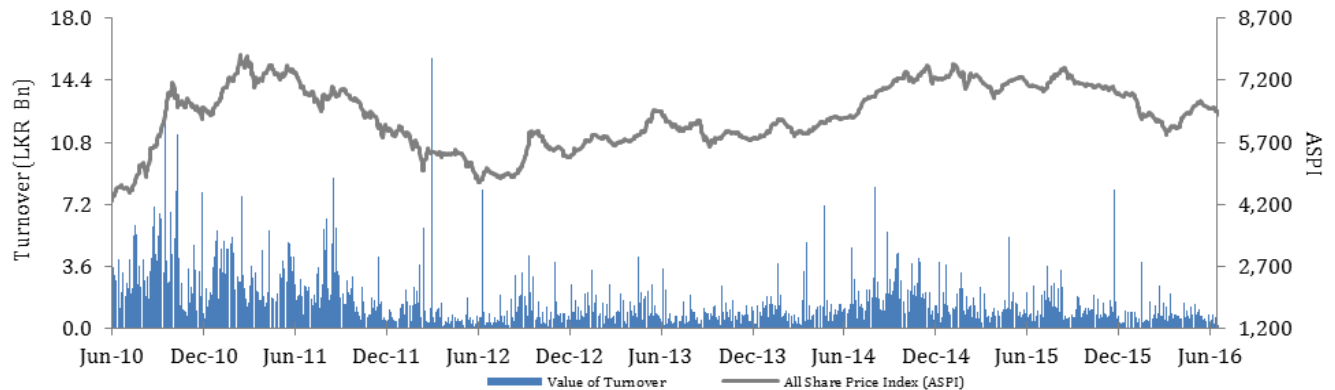
Company	Code	Opening Price	Closing Price	WoW % Change
GIFL	CIFLN	0.8	1.1	37.5%
NATION LANKA	CSFN	1.5	1.8	20.0%
CHEMANEX	CHMXN	55.7	64.5	15.8%
S M B LEASING	SEMBN	0.7	0.8	14.3%
SERENDIB ENG.GRP	IDLN	7.0	7.9	12.9%
BROWNS	BRWNN	91.2	99.8	9.4%
RENUKA AGRI	RALN	3.2	3.5	9.4%
PRINTCARE PLC	CAREN	37.5	41.0	9.3%
LANKEM DEV.	LDEVN	4.4	4.8	9.1%
MULLERS	MULLN	1.2	1.3	8.3%

TOP 10 LOSERS*

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.4	0.3	-25.0%
MASKELIYA	MASKN	9.1	7.7	-15.4%
KELANI VALLEY	KVALN	68.0	61.0	-10.3%
SINHAPUTHRA FIN	SFLN	16.8	15.1	-10.1%
LUCKY LANKA	LLMPN	4.0	3.6	-10.0%
COLOMBO TRUST	CALFN	11.5	10.4	-9.6%
ROYAL PALMS	RPBHN	31.5	28.6	-9.2%
HOTEL SIGIRIYA	HSIGN	120.0	109.0	-9.2%
SINGHE HOSPITALS	SINH	2.2	2.0	-9.1%
EDEN HOTEL LANKA	EDENN	19.5	17.8	-8.7%

*Please note that opening price of Central Finance in the Top Losers table of the Weekly Market Review on 22.7.2016 excluded the price adjustment for the company's share split & bonus. We apologize for the inconvenience caused.

Market Review



Indices |

Markets closed the week on a negative note with the ASPI declining by 34.90 points (or -0.54%) to close at 6,393.87 points while the S&P SL20 Index decreased by 14.19 points (or -0.41%) to close at 3,414.39 points.

Turnover & Market Capitalization |

Dialog was the highest contributor to the week's turnover value, contributing LKR 0.49Bn or 20.62% of total turnover value. Hemas Holdings followed suit, accounting for 9.86% of turnover (value of LKR 0.23Bn) while Distilleries contributed LKR 0.12Bn to account for 5.23% of the week's turnover. Total turnover value amounted to LKR 2.35Bn (cf. last week's value of LKR 2.14Bn), while daily average turnover value amounted to LKR 0.47Bn (-11.99% W-o-W) compared to last week's average of LKR 0.53Bn. Market capitalization meanwhile, decreased marginally by 0.54% W-o-W (or LKR 14.87Bn) to LKR 2724.76Bn cf. LKR 2739.64Bn last week.

Liquidity (in Value Terms) |

The Telecom Sector was the highest contributor to the week's total turnover value, accounting for 20.65% (or LKR 0.49Bn) of market turnover. Sector turnover was driven primarily by Dialog which accounted for 99.85% of the sector's total turnover. The Banking Finance & Insurance Sector meanwhile accounted for 19.76% (or LKR 0.47Bn) of the week's total turnover value with turnover driven primarily by People's Leasing, Nation Lanka and LOLC which accounted for 42.15% sector turnover. Manufacturing Sector was also amongst the top sectorial contributors, contributing 19.05% (or LKR 0.45Bn). The sector turnover was driven by Textured Jersey, Tokyo Cement (TKYO.N) & Tokyo Cement (TKYO.X) which accounted to 54.40% of the sector turnover.

Liquidity (in Volume Terms) |

The Banking Finance & Insurance Sector dominated the market in terms of share volume, accounting for 41.46% (or 86.01Mn shares) of total volume, with a value contribution of LKR 0.47Bn. Telecom sector followed suit, adding 21.27% to total turnover volume as 44.14Mn shares were exchanged. The sector's volume accounted for LKR 0.49Bn of total market turnover value. The Manufacturing sector meanwhile, contributed 19.85Mn shares (or 9.57%), amounting to LKR 0.45Bn.

Top Gainers & Losers |

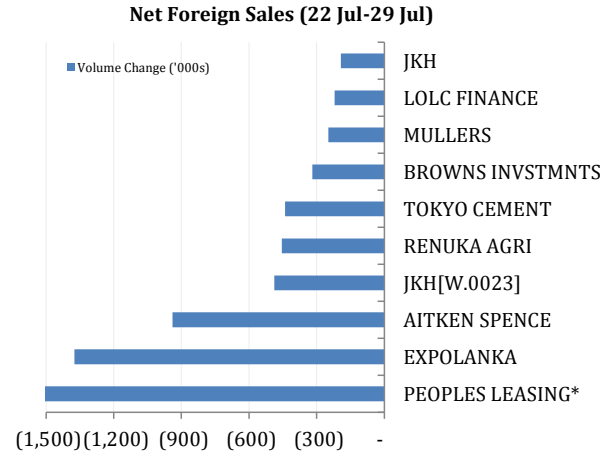
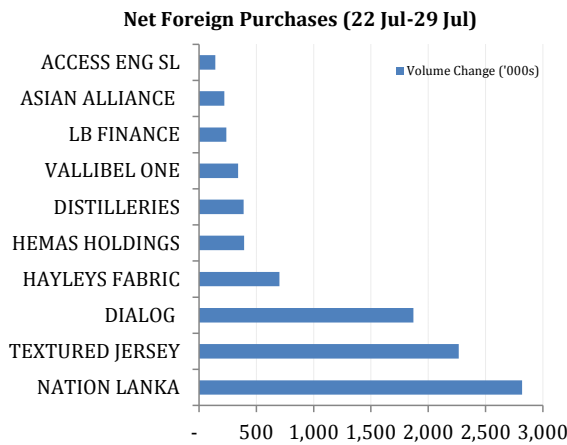
Central Investments & Finance PLC was the week's highest price gainer; increasing 37.50% W-o-W from LKR 0.80 to LKR 1.10. Nation Lanka gained 20.00% W-o-W to close at LKR 1.80 while Chemanex gained 15.80% W-o-W to close at LKR 64.50. SMB Leasing (SEMB.N) (+14.29% W-o-W) and Serendib Engineering Group PLC (+12.86% W-o-W) were also amongst the gainers.

SMB Leasing (SEMB.X) was the week's highest price loser, declining 25.00% W-o-W to close at LKR 0.30 Maskeliya (-15.38% W-o-W), Kelani Valley (-10.29% W-o-W) and Sinhaputhra Finance PLC (-10.12%) also declined.

TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
DIALOG	DIALN	11.0	11.0	485.3
HEMAS HOLDINGS	HHLN	89.5	89.0	232.0
DISTILLERIES	DISTN	234.9	240.1	123.2
TEXTURED JERSEY	TJLN	37.5	37.8	116.2
TOKYO CEMENT	TKYON	42.0	45.0	72.1
PEOPLES LEASING	PLCN	18.2	18.3	71.2
JKH	JKHN	143.0	140.8	64.8
NATION LANKA	CSFN	1.5	1.8	64.6
LOLC	LOLCN	82.0	82.2	60.2
TOKYO CEMENT[NV]	TKYOX	37.7	40.4	55.7

Market Review (Cont'd)



*Volume change of Peoples Leasing (3.1mn shares) between 22nd -29th Jul 2016 not displayed

Foreign investors closed the week in a net buying position with daily average net inflows amounting to LKR 0.02Bn relative to last week's daily average net inflow position of LKR 0.05Bn (-44.44% W-o-W). Daily average foreign purchases decreased 10.3% W-o-W to LKR 0.06Bn from last week's value of LKR 0.07Bn, while daily average foreign sales amounted to LKR 0.04Bn relative to LKR 0.02Bn recorded last week (+76.70% W-o-W). In terms of volume, Nation Lanka & Textured Jersey led foreign purchases, while Peoples Leasing and Expolanka led foreign sales. In terms of value, Distilleries & Textured Jersey led foreign purchases while Aitken Spence and Peoples Leasing led foreign sales.

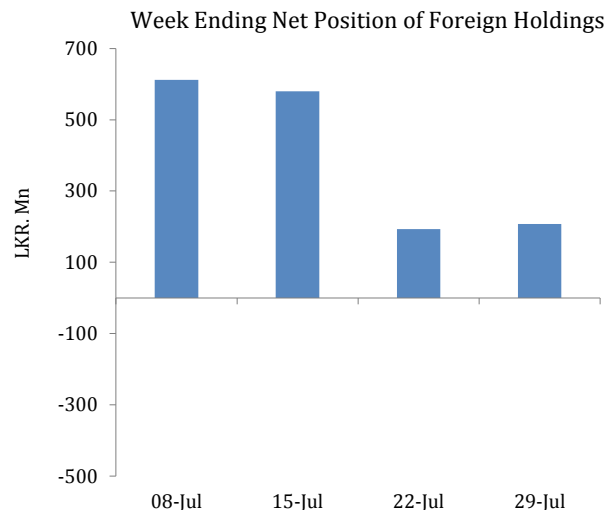
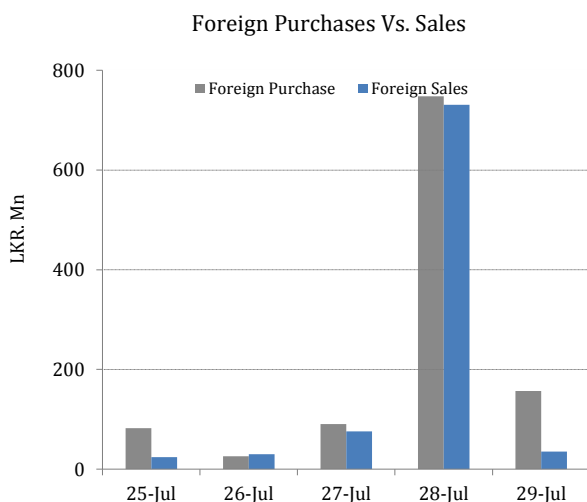
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	29/07/16	22/07/16		
DISTILLERIES	23.2%	23.1%	388,728	93.3
TEXTURED JERSEY	42.8%	42.5%	2,266,615	85.7
HEMAS HOLDINGS	28.7%	28.6%	392,774	35.0
LB FINANCE	0.8%	0.6%	238,897	30.2
DIALOG	93.9%	93.9%	1,870,282	20.6
COMMERCIAL BANK	29.2%	29.2%	99,858	13.0
HAYLEYS FABRIC	1.5%	1.1%	701,000	12.7
VALLIBEL ONE	0.7%	0.7%	340,417	7.1
TOKYO CEMENT[X.0000]	30.2%	30.0%	136,836	5.5
NATION LANKA	21.9%	21.5%	2,818,000	5.1

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	29/07/16	22/07/16		
AITKEN SPENCE	33.4%	33.7%	(939,000)	(68.8)
PEOPLES LEASING	6.7%	6.9%	(3,106,715)	(56.9)
JKH	51.1%	51.2%	(192,193)	(27.1)
TOKYO CEMENT	24.4%	24.6%	(440,109)	(19.8)
EXPOLANKA	72.0%	72.1%	(1,374,000)	(8.9)
UNITED MOTORS	56.8%	56.9%	(69,373)	(6.3)
A.SPEN.HOT.HOLD.	0.8%	0.9%	(102,277)	(5.3)
NESTLE	95.9%	95.9%	(1,783)	(4.2)
SAMPATH	16.2%	16.2%	(15,283)	(3.6)
JKH[W.0023]	38.3%	39.2%	(487,464)	(3.2)

Notes: Please note that the foreign shares data displayed above includes 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>Final/Interim</u>	<u>XD Date</u>
Convenience Foods (Lanka)Plc	DPS: 4.00	First & Final dividend	To be announced.
Textured Jersey Lanka Plc	DPS: 1.00	Final Dividend	18/08/2016
Colombo City Holdings Plc	DPS: 10.00	First & Final Dividend	07/09/2016
ACL Cables Plc	DPS: 1.50	Interim Dividend	04/08/2016
Chevron Lubricants Lanka Plc	DPS: 3.00	Third Interim Dividend	04/08/2016
Lanka Ventures Plc	DPS: 2.00	Final Dividend	23/09/2016
Swadeshi Industrial Works Plc	DPS: 1.00	First & Final Dividend	03/10/2016
Kelani Tyres Plc	DPS: 2.50	Interim Dividend	09/08/2016

Point of View

Markets continued to remain dull this week, losing 34 points W-o-W to hit a 2^{1/2} week low on Wednesday as investors remained largely on the sidelines. Retail interest in mid-caps such as TJL, TKYO and Hemas over the latter half of the week helped prop the benchmark index by ~10 points, but sentiment remained too dull to offset much of the ~46 point loss at the start of the week. Average daily turnover value meanwhile, hit a 6-week low, falling by ~12% over the week to an average of LKR 0.47Bn (cf. LKR 0.53Bn last week). Despite the sluggishness that has dominated the market over the month, the benchmark ASPI gained 1.8% over July, helping pare down some of the ~4.1% loss recorded over June. Foreign investors too retained their positive stance for the 4th consecutive week in July, with net inflows to the Colombo bourse reaching LKR 0.21Bn over the week. The net foreign inflows over July nevertheless have been declining steadily, falling ~66% since the start of the month when net inflows to the CSE was LKR 0.61Bn. Market sentiment in the week ahead is likely to depend largely on the outcome of June quarter earnings releases which are beginning to pick up pace.

CBSL Raises Rates; July CCPI Moderates by 0.5%

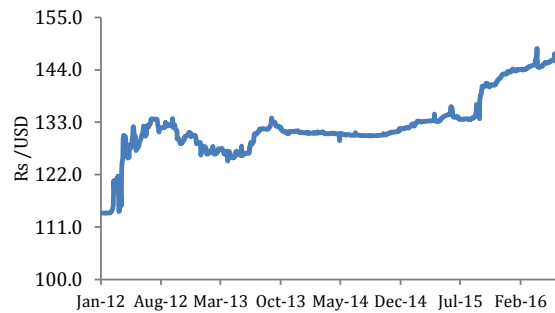
The CBSL raised policy rates by 50bps this week (SDFR:7.0% SLFR: 8.50%), reversing its stance over the last 4 months of holding rates steady. Policy rates, were last raised in February of this year, and the CBSL cited increasing headline and core inflation coupled with higher credit growth and a widening trade deficit as reasons for the change. The Monetary authority added that higher inflation levels were a result of both supply-side pressures (weather disruptions and tax revisions) and demand driven pressures stemming from the growth momentum in economic activities particularly in power generation, tourism and port related services, construction sector, investment goods imports and manufacturing. The CBSL added that despite higher market rates on the back of the tighter monetary policy stance adopted in Feb'16 and lower liquidity levels, credit growth levels continue to remain "above desired levels" and that provisional estimates of private credit growth in June indicate continued high growth (+28.0% Y-o-Y in May, and +28.1% Y-o-Y in April). Urban inflation figures released for July meanwhile, indicated a slight moderation in headline inflation levels to 5.5% cf. 6.0% in June.

Economic Snapshot

	Nov '15	Dec '15	Jan'16	Feb'16	Mar'16	Apr'16	May'16	Jun'16
Interest Rates								
Prime Lending Rate	7.32	7.40	7.76	8.28	8.87	9.55	10.10	10.10
Ave. Wtd. Deposit Rates	6.11	6.20	6.26	6.33	6.44	6.58	6.72	6.87
Ave. Wtd. Fixed Dep. Rates	7.43	7.57	7.66	7.75	7.92	8.18	8.40	8.64
CCPI (N) AA Inflation Y-o-Y %	3.1	2.8	0.9	2.7	2.0	3.1	4.8	6.0
GDP Growth (Base 2010)								
	2012	2013	2014	2015				
	9.1%	3.4%	4.9%	4.8%				

Source Central Bank

Exchange Rate, Rs. vs. US\$



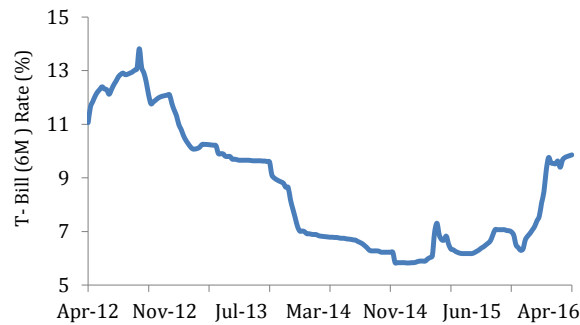
Source: Central Bank

Inflation (CCPI-N) YoY%



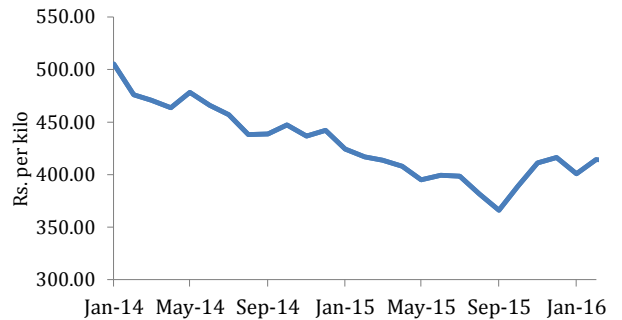
Source: Central Bank

6 Month T-Bill Yield



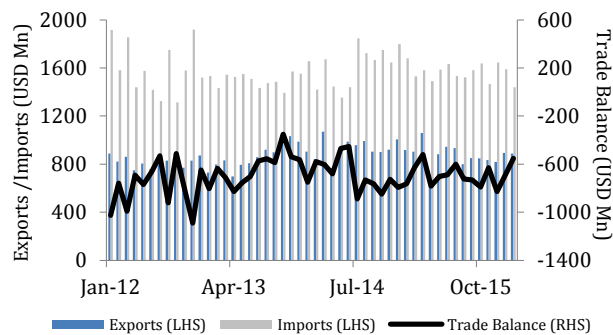
Source: Central Bank

Tea Prices



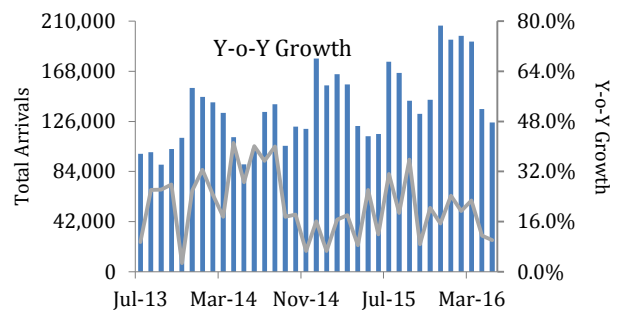
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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