

## ASPI Holds-On Above Key 6200 Level... Equity Markets Lose 9.7% Over 2016

ASPI ^ 0.19% | S&P SL20 ^ 0.41%

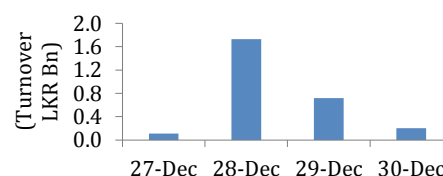
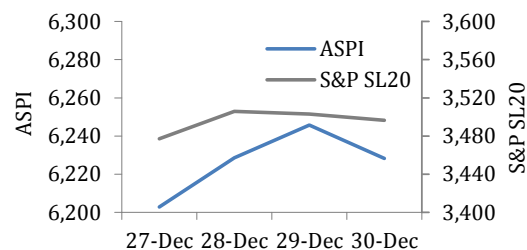
The Bourse took a turn ... [Cont. P2](#)

Foreign Investors Closed the Week in a... [Cont. P3](#)

The ASPI gained a marginal 11.7 points ... [Cont. P4](#)

Economic Snapshot..... [P5](#)

### Indices vs. Turnover (27<sup>th</sup> Dec – 30<sup>th</sup> Dec)



### KEY STATISTICS

Week ending	30 <sup>th</sup> December	23 <sup>rd</sup> December	+/-
ASPI	6,228.26	6,216.56	0.19%
S&P SL20	3,496.44	3,482.21	0.41%
Banking & Finance	15,816.94	15,631.88	1.18%
Food & Beverage	21,199.60	21,400.87	-0.94%
Diversified	1,545.70	1,571.94	-1.67%
Hotel & Travel	3,033.49	3,016.85	0.55%
Plantations	641.18	624.12	2.73%
Manufacturing	4,310.74	4,285.79	0.58%
Turnover (LKR Bn)	2.76	1.46	88.61%
Foreign Buying (LKR Mn)	997.64	855.55	16.61%
Foreign Selling (LKR Mn)	985.66	785.10	25.55%
Daily Average Turnover (LKR Bn)	0.69	0.29	135.76%
Daily Average Foreign Buying (LKR Mn)	249.41	171.11	45.76%
Daily Average Foreign Selling (LKR Mn)	246.41	157.02	56.93%

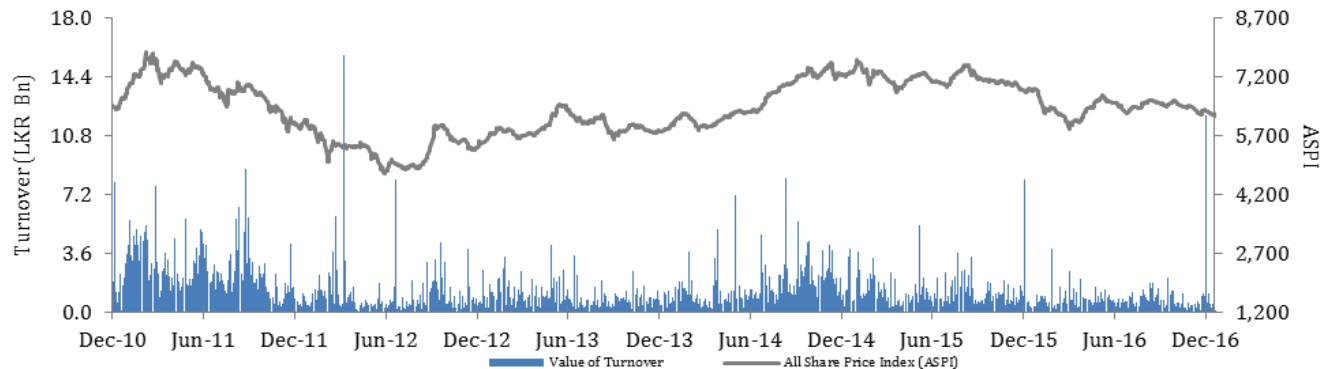
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
PDL	PDLN	71.90	104.50	45.3%
S M B LEASING[NV]	SEMBX	0.30	0.40	33.3%
PARAGON	PARAN	52.00	60.00	15.4%
COLOMBO TRUST	CALFN	10.50	12.10	15.2%
NAMUNUKULA	NAMUN	65.10	73.70	13.2%
AMANA TAKAFUL	ATLN	0.80	0.90	12.5%
CEYLINCO INS.	CINSN	1336.10	1490.00	11.5%
EAST WEST	EASTN	13.20	14.70	11.4%
ADAM INVESTMENTS	AINVN	1.80	2.00	11.1%
MASKELIYA	MASKN	7.20	7.90	9.7%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
ABANS FINANCIAL	AFSLN	35.00	30.20	-13.7%
MULTI FINANCE	MFLN	14.30	13.10	-8.4%
BROWNS CAPITAL	FLCHN	1.20	1.10	-8.3%
MULLERS	MULLN	1.20	1.10	-8.3%
AUTODROME	AUTON	76.20	70.10	-8.0%
KELSEY	KDLN	54.20	50.00	-7.7%
TESS AGRO[NV]	TESSX	1.30	1.20	-7.7%
HARISCHANDRA	HARI N	2700.20	2500.00	-7.4%
AMANA LIFE	ATLLN	1.40	1.30	-7.1%
SWARNAMAHAL FIN	SFSN	1.50	1.40	-6.7%

## Market Review



### Indices |

The Bourse took a turn and ended on the green as the ASPI increased by 11.70 points (or 0.19%) to close at 6,228.26 points, while the S&P SL20 Index also increased by 14.23 points (or 0.41%) to close at 3,496.44 points.

### Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR 0.87Bn or 31.59% of total turnover value. Sunshine Holding followed suit, accounting for 27.55% of turnover (value of LKR 0.76Bn) while Pan Asia Bank contributed LKR 0.62Bn to account for 22.33% of the week's turnover. Total turnover value amounted to LKR 2.76Bn (cf. last week's value of LKR 1.46Bn), while daily average turnover value amounted to LKR 0.69Bn (135.76% W-o-W) compared to last week's average of LKR 0.29Bn. Market capitalization meanwhile, decreased by 3.49% W-o-W (or LKR 92.47Bn) to LKR 2,745.41Bn cf. LKR 2,652.93Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance Sector was the highest contributor to the week's total turnover value, accounting for 59.58% (or LKR 1.65Bn) of market turnover. Sector turnover was driven primarily by Commercial Bank, Pan Asia, Seylan Bank, Nations Trust and HNB which accounted for 94.00% of the sector's total turnover. The Diversified Sector meanwhile accounted for 32.22% (or LKR 0.89Bn) of the total turnover value with turnover driven primarily by JKH, Sunshine Holding and Melstacrop which accounted for 98.55% sector turnover. Manufacturing Sector was also amongst the top sectorial contributors, contributing 2.93% (or LKR 0.08Bn). The sector turnover was driven by Chevron which accounted to 30.55% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banking, Finance & Insurance sector dominated the market in terms of share volume, accounting for 58.47% (or 40.52Mn shares) of total volume, with a value contribution of LKR 1.65Bn. Diversified sector followed suit, adding 26.29% to total turnover volume as 18.21Mn shares were exchanged. The sector's volume accounted for LKR 0.89Bn of total market turnover value. The Manufacturing Sector meanwhile, contributed 3.33Mn shares (or 4.81%), amounting to LKR 0.08Bn.

### Top Gainers & Losers |

PDL was the week's highest price gainer; increasing 45.34% W-o-W from LKR 71.90 to LKR 104.50. SMB leasing (NV) gained 33.33% W-o-W to close at LKR 0.40 while Paragon gained 15.38% W-o-W to close at LKR 60.00 Colombo Trust (+15.24% W-o-W) and Namunukula (+13.21% W-o-W) were also amongst the gainers.

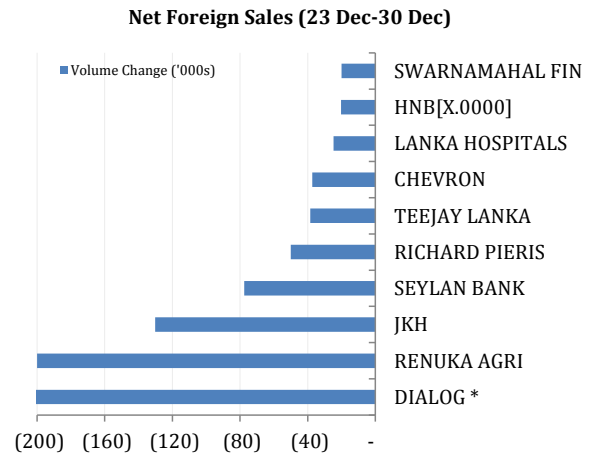
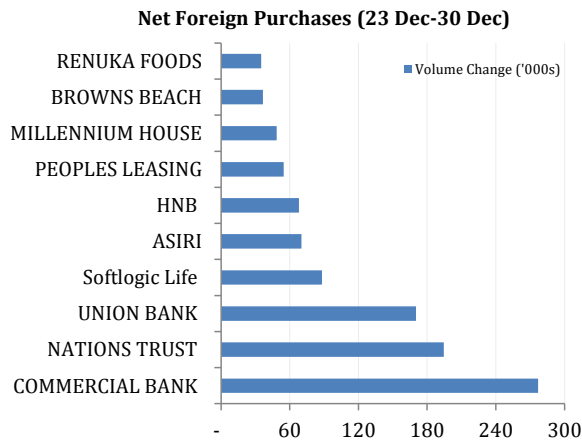
Abans Financial was the week's highest price loser, declining 13.71% W-o-W to close at LKR 30.20, Multi Finance (-8.39% W-o-W), Browns Capital (-8.33% W-o-W) and Mullers (-8.33% W-o-W) also declined.

### TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
COMMERCIAL BANK	MELSN	141.6	145.0	872.5
SUNSHINE HOLDING	AFSLN	46.6	46.6	760.7
PAN ASIA	MFLN	18.8	20.0	616.7
JKH	FLCHN	144.6	145.0	73.2
MELSTACROP	MULLN	69.0*	59.3	43.0
SEYLAN BANK	AUTON	85.8	90.0	37.4
CHEVRON	KDLN	158.3	157.1	24.7
NATIONS TRUST	TESSX	80.0	80.9	20.3
HAYLEYS FABRIC	HARI N	14.9	15.0	19.5
HNB	ATLLN	222.4	225.0	17.8

\*Reference Price

## Market Review (Cont'd)



\*Volume change of Dialog Axiata (0.70 Mn shares) not displayed between 23<sup>rd</sup> December -30<sup>th</sup> December 2016.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 0.01Bn relative to last week's total net inflow of LKR 0.07Bn (-82.99% W-o-W). Total foreign purchases increased by 16.61% W-o-W to LKR 1.00Bn from last week's value of LKR 0.86Bn, while total foreign sales amounted to LKR 1.00Bn relative to LKR 0.79Bn recorded last week (+25.55% W-o-W). In terms of volume, Commercial Bank & Nations Trust led foreign purchases while Dialog Axiata & Renuka Agri led foreign sales. In terms of value, Commercial Bank & Nations Trust led foreign purchases while JKH & Dialog led foreign sales.

### Net Foreign Purchases (By Transaction Value)

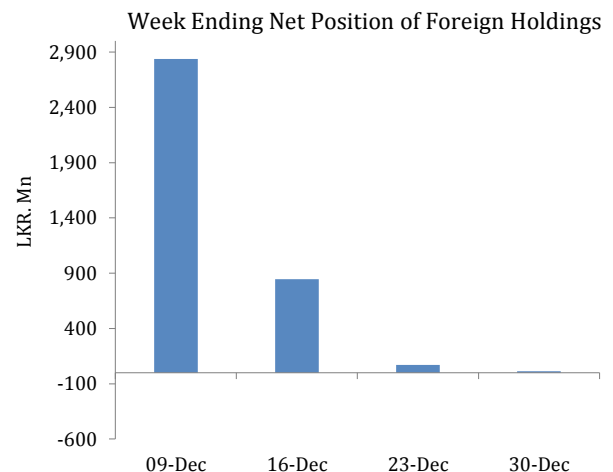
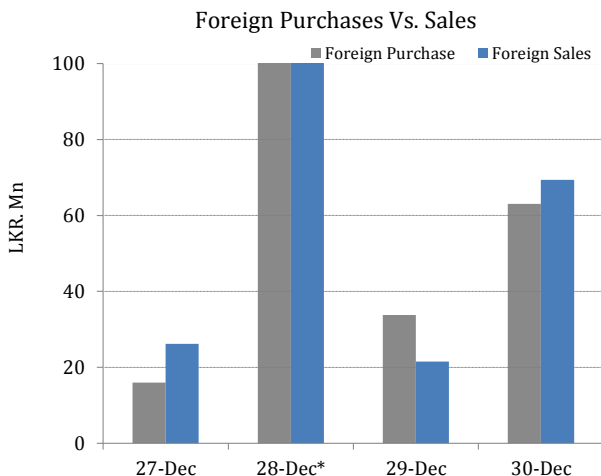
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	30/12/16	23/12/16		
COMMERCIAL BANK	30.4%	30.3%	277,015	40.2
NATIONS TRUST	23.6%	23.5%	194,550	15.7
HNB	27.2%	27.2%	68,040	15.3
COMMERCIAL BANK[X.0000]	23.6%	23.5%	26,030	3.0
THREE ACRE FARMS	21.8%	21.7%	20,000	2.7
UNION BANK	79.3%	79.2%	170,285	2.6
ASIRI	37.7%	37.7%	70,170	1.9
SOFTLOGIC LIFE	38.4%	38.4%	88,129	1.8
PEOPLES LEASING	6.7%	6.7%	54,767	0.9
BROWNS BEACH	2.1%	2.1%	36,676	0.8

### Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	30/12/16	23/12/16		
JKH	51.9%	51.9%	(130,207)	(18.9)
DIALOG	93.8%	93.8%	(679,319)	(7.1)
SEYLAN BANK	5.8%	5.8%	(77,517)	(7.0)
CHEVRON	26.4%	26.4%	(37,234)	(5.8)
HNB[X.0000]	42.5%	42.5%	(20,210)	(3.8)
CEYLON TOBACCO	97.3%	97.3%	(2,111)	(1.7)
TEEJAY LANKA	46.0%	46.0%	(38,446)	(1.6)
LANKA HOSPITALS	29.7%	29.8%	(24,764)	(1.6)
HAYLEYS	3.7%	3.7%	(4,700)	(1.3)
CDB	0.5%	0.5%	(10,375)	(0.7)

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 (LKR 884.82Mn) & Foreign Sales (LKR 868.61Mn) on 28<sup>th</sup> December 2016 not displayed.

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>
CARGILLS CEYLON PLC	1.80	Interim	05/01/2017
CEYLON TOBACCO COMPANY PLC	12.50	Fourth Interim	10/01/2017
C.T. HOLDINGS PLC	1.70	Interim	09/01/2017
PROPERTY DEVELOPMENT PLC	15.00	Interim	09/01/2017

### Point of View

The ASPI gained a marginal 11.7 points over the week, helping the Index close largely flat (-0.2%) over the month of December. Gains were driven primarily by buying interest in COMB and helped by a strategic transfer of a 9.88% stake in PABC. Although marginal, the gain on the Index was in contrast to the previous two weeks (when the index lost ~50 points each) and helped the broad-share index hold-on above the key support level of 6200. The transactions in COMB and PABC also helped boost average turnover levels, pushing the week's average daily turnover levels to LKR 0.69Bn cf. LKR0.29Bn recorded last week. Daily average turnover levels on the Bourse over 2016 has averaged LKR0.73Bn, helped largely by bargain-hunting by Institutional and HNIs in key blue-chip and mid-cap stocks along with Strategic buying in specific mid-cap counters. Retail investors however, have remained largely on the sidelines throughout most of the year. Foreign investors meanwhile, recorded a net buying position for the year, helped primarily by strategic buying (in Commercial Credit) in Mid-December and as the equity sell-off on Emerging market assets eased off between July-November as investors regained interest in Emerging Market Assets amid expectations that the US Fed would scale-back its monetary tightening cycle. Net foreign buying in domestic equities consequently totaled LKR 0.35Bn in 2016 relative to a sell-off totaling LKR 5.37Bn last year. Markets in the week ahead are likely to take cues from the Central Banks's Policy rate decision which is broadly expected to remain unchanged.

### Equity Market Loses 9.7% Over 2016

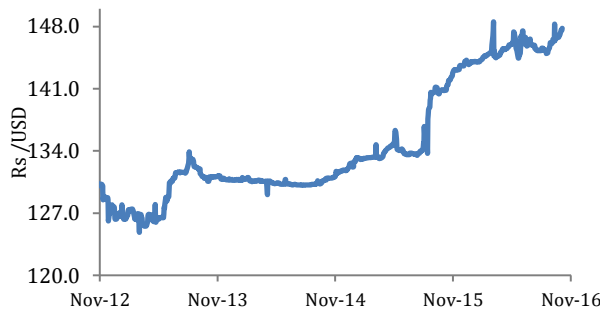
Equity market performance in 2016 has been mixed as markets have struggled for direction amid uncertain macro-fundamentals (particularly at start of the year), policy uncertainty and global market volatility. After a volatile Q1'16, markets recovered partially in Q2'16 and Q3'16 before paring down some of the gains over Q4'16. Q1'16 was particularly challenging for equities as Fiscal constraints and high external debt payments led to challenging domestic macro-fundamentals; domestic pressures were further exacerbated by the Global equity market rout on the back of the China slowdown, the Oil price collapse and capital-flow reversals back into safe-haven assets. The Benchmark ASPI consequently lost 11.9% over the quarter before recovering partially in Q2'16 (+3.5%) and Q3'16 (+4.0%) amid the presence of a credible, IMF-backed, economic reform program and as short-term macro-economic stability improved due to tighter monetary policy and greater currency flexibility. However, policy uncertainty (particularly surrounding taxes) re-emerged in the run-up to the National Budget in Q4'16, and the introduction of several new taxes along with the possibility of higher short-term interest rates has led to the Index paring down some of the gains made in the previous two quarters. The Index lost ~4.7% over Q4'16 with ~50% of this loss recorded in November (-2.6%). The overall performance of the ASPI for the full year was consequently -9.7%, higher than last year's loss of 5.5% but lower than the ~12% loss recorded at the start of 2016.

## Economic Snapshot

	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16
<b>Interest Rates</b>								
Prime Lending Rate	9.55	10.10	10.48	10.87	11.76	12.29	12.25	11.98
Ave. Wtd. Deposit Rates	6.58	6.72	6.87	7.10	7.32	7.56	7.79	8.00
Ave. Wtd. Fixed Dep. Rates	8.18	8.40	8.64	8.99	9.31	9.67	9.95	10.25
<b>CCPI Inflation Y-o-Y %</b>	<b>3.1</b>	<b>4.8</b>	<b>6.0</b>	<b>5.5</b>	<b>4.0</b>	<b>3.9</b>	<b>4.2</b>	<b>3.4</b>
<b>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>				
	<b>9.1%</b>	<b>3.4%</b>	<b>4.9%</b>	<b>4.8%</b>				

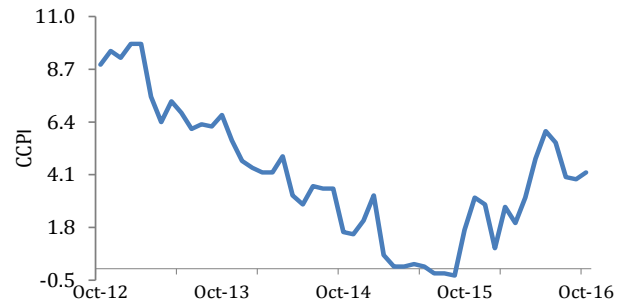
Source Central Bank

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



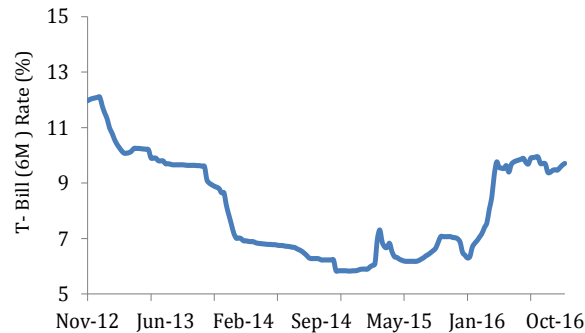
Source: Central Bank

### Inflation (CCPI-N) YoY%



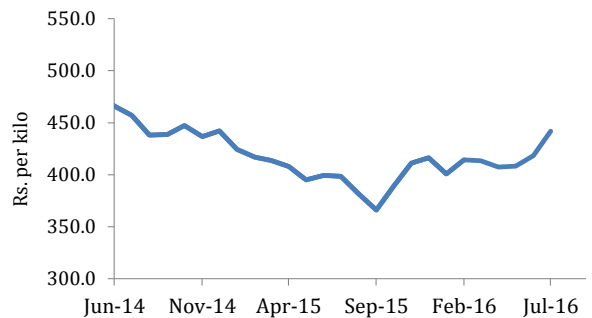
Source: Central Bank

### 6 Month T-Bill Yield



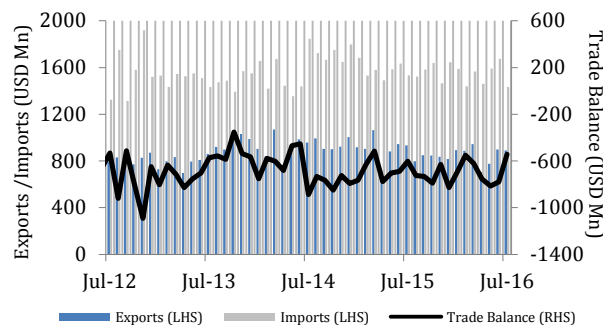
Source: Central Bank

### Tea Prices



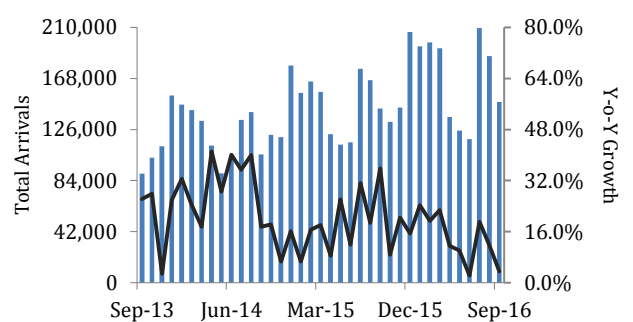
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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