

Net Foreign Flows into CSE Jump to a >2-Year High

... Urban Inflation in March Hits a High of 7.3%

ASPI ^ 1.10% | S&P SL20 ^ 0.65%

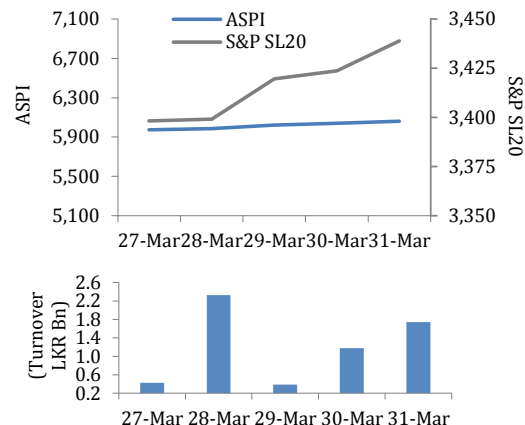
The Bourse ended in... *Cont. P2*

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

Markets reverted five consecutive weeks ... *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (27th Mar – 31st Mar)



KEY STATISTICS

Week ending	31-Mar	24-Mar	+/-
ASPI	6,061.94	5,996.28	1.10%
S&P SL20	3,438.88	3,416.68	0.65%
Banking & Finance	14,575.46	14,544.68	0.21%
Food & Beverage	21,893.28	21,531.40	1.68%
Diversified	1,521.51	1,506.40	1.00%
Hotel & Travel	2,907.84	2,896.08	0.41%
Plantations	685.37	681.67	0.54%
Manufacturing	4,164.35	4,078.40	2.11%
Turnover (LKR Bn)	6.06	4.31	40.81%
Foreign Buying (LKR Mn)	4,447.90	2,790.82	59.38%
Foreign Selling (LKR Mn)	2,626.62	1,474.06	78.19%
Daily Average Turnover (LKR Bn)	1.21	0.86	40.81%
Daily Average Foreign Buying (LKR Mn)	889.58	558.16	59.38%
Daily Average Foreign Selling (LKR Mn)	525.32	294.81	78.19%

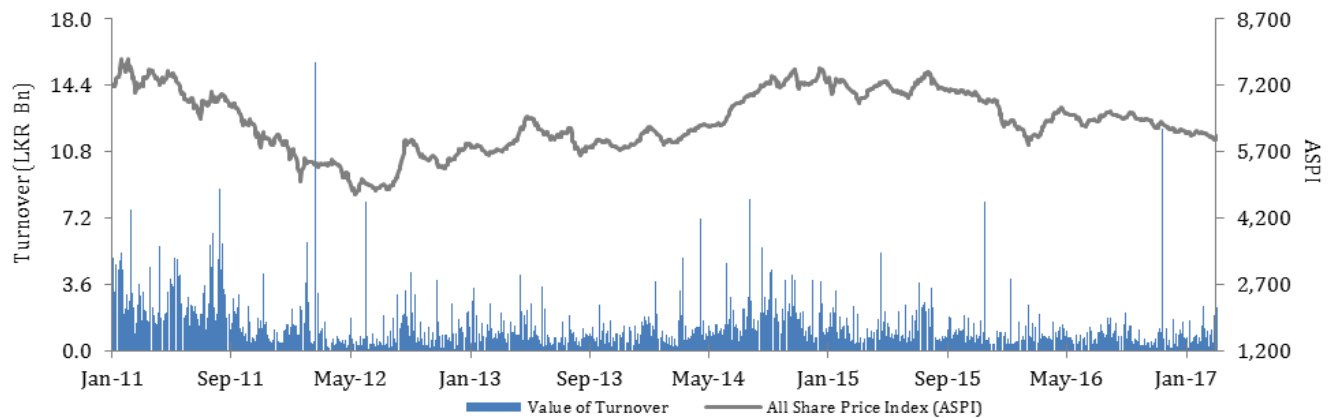
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
BROWNS CAPITAL	FLCHN	0.9	1.5	66.7%
HAPUGASTENNE	HAPUN	16.6	21.9	31.9%
KELSEY	KDL N	38.3	50.0	30.5%
PEOPLE'S MERCH	PMB N	10.7	13.9	29.9%
BIMPUATH FINANCE	BLI N	47.0	59.3	26.2%
ODEL PLC	ODELN	20.0	25.0	25.0%
ASIA CAPITAL	ACAPN	6.0	7.3	21.7%
ADAM INVESTMENTS	AINVN	0.5	0.6	20.0%
BANSEI RESORTS	BRR N	7.1	8.5	19.7%
LAXAPANA	LITEN	9.7	11.5	18.6%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.3	0.2	-33.3%
PC PHARMA	PCP N	0.4	0.3	-25.0%
SWARNAMAHAL FIN	SFS N	0.8	0.7	-12.5%
KEGALLE	KGALN	58.9	52.0	-11.7%
KOTMALE HOLDINGS	LAMBN	101.0	90.4	-10.5%
NAMUNUKULA	NAMUN	82.5	74.0	-10.3%
ADAM CAPITAL	PCHHN	1.0	0.9	-10.0%
ARPICO INSURANCE	AINSN	13.5	12.4	-8.1%
LOTUS HYDRO	HPFLN	5.2	4.8	-7.7%
DOLPHIN HOTELS	STAFN	34.0	31.5	-7.4%

Market Review



Indices |

The Bourse took a turn and ended in the green as the ASPI increased by 65.66 points (or 1.10%) to close at 6,061.94 points, while the S&P SL20 Index too increased by 22.20 points (or 0.65%) to close at 3,438.88 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.43Bn or 23.51% of total turnover value. Singer Sri Lanka followed suit, accounting for 22.35% of turnover (value of LKR 1.36Bn) while Sunshine Holdings contributed LKR 0.75Bn to account for 12.44% of the week's turnover. Total turnover value amounted to LKR 6.06Bn (cf. last week's value of LKR 4.31Bn), while daily average turnover value amounted to LKR 1.21Bn (+40.81% W-o-W) compared to last week's average of LKR 0.86Bn. Market capitalization meanwhile, increased by 1.21% W-o-W (or LKR 29.51 Bn) to LKR 2,662.86 Bn cf. LKR 2,633.35 Bn last week.

Liquidity (in Value Terms) |

The Diversified Sector was the highest contributor to the week's total turnover value, accounting for 41.22% (or LKR2.50Bn) of market turnover. Sector turnover was driven primarily by JKH, Sunshine Holdings & Melstacorp which accounted for 93.01% of the sector's total turnover. The Trading Sector meanwhile accounted for 22.39% (or LKR 1.36Bn) of the total turnover value with turnover driven primarily by Singer Sri Lanka which accounted for 99.82% of the sector turnover. The Banks, Finance & Insurance Sector was also amongst the top sectorial contributors, contributing 15.86% (or LKR 0.96Bn) to the market. The sector turnover was driven by Commercial Bank, Bimputh Finance & Sampath Bank which accounted for 67.79% of the sector turnover.

Liquidity (in Volume Terms) |

The Diversified Sector dominated the market in terms of share volume too, accounting for 42.57% (or 94.68Mn shares) of total volume, with a value contribution of LKR2.50Bn. The Banking, Finance & Insurance sector followed suit, adding 18.30% to total turnover volume as 40.70Mn shares were exchanged. The sector's volume accounted for LKR0.96Bn of total market turnover value. The Telecommunications Sector meanwhile, contributed 17.91Mn shares (or 8.05%), amounting to LKR0.20Bn.

Top Gainers & Losers |

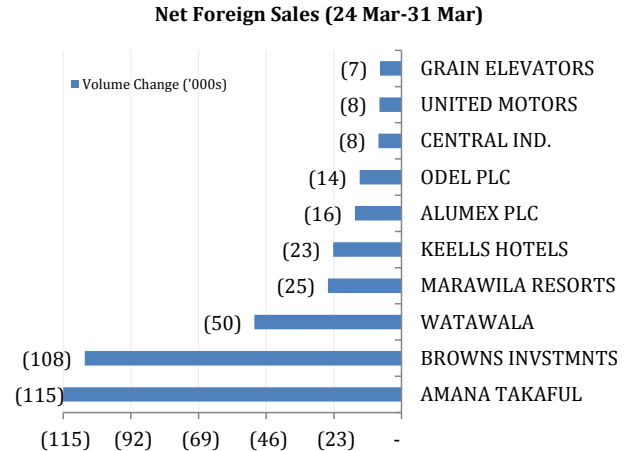
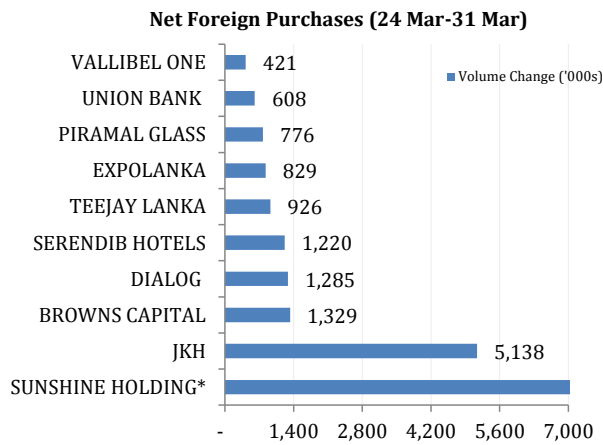
Browns Capital was the week's highest price gainer; increasing 66.67% W-o-W from LKR 0.90 to LKR 1.50. Hapugastenne Plantations gained 31.93% W-o-W to close at LKR 21.90 while Kelsey Developments gained 30.55% W-o-W to close at LKR 50.00. People's Merchant (+29.91% W-o-W) and Bimputh Finance (+26.17% W-o-W) were also amongst the gainers.

SMB Leasing[X] was the week's highest price loser, declining 33.33% W-o-W to close at LKR 0.20. PC Pharma(-25.00% W-o-W), Swarnamahala Finance (-12.50% W-o-W) and Kegalle Plantations (-11.71% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVER

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	134.9	137.9	1425.5
SINGER SRI LANKA	SINSN	140.0	139.9	1355.5
SUNSHINE HOLDING	SUN N	46.8	46.1	754.7
COMMERCIAL BANK	COMBN	132.1	130.4	329.7
AGALAWATTE	AGALN	16.1	17.8	274.9
DIALOG	DIALN	11.1	11.3	203.7
BIMPUTH FINANCE	BLI N	47.0	59.3	179.7
ACCESS ENG SL	AEL N	23.7	23.8	146.6
MELSTACORP	MELSN	62.0	59.2	144.6
SAMPATH	SAMPN	259.3	259.0	142.5

Market Review (Cont'd)



* Volume Change in Sunshine Holdings (14.85 Mn shares) from 24th -31st Mar is not displayed.

Foreign investors closed the week in a net buying position with total net inflows amounting to LKR 1.82Bn relative to last week's total net inflow of LKR 1.32Bn (+38.32% W-o-W). Total foreign purchases increased by 59.38% W-o-W to LKR 4.45Bn from last week's value of LKR 2.79Bn, while total foreign sales amounted to LKR 2.63Bn relative to LKR 1.47Bn recorded last week (+78.19% W-o-W). In terms of volume, Sunshine Holdings and JKH led foreign purchases while Amana Takaful & Browns Investments led foreign sales. In terms of value, JKH & Sunshine Holdings led foreign purchases while Dimo & Watawala led foreign sales.

Net Foreign Purchases (By Transaction Value)

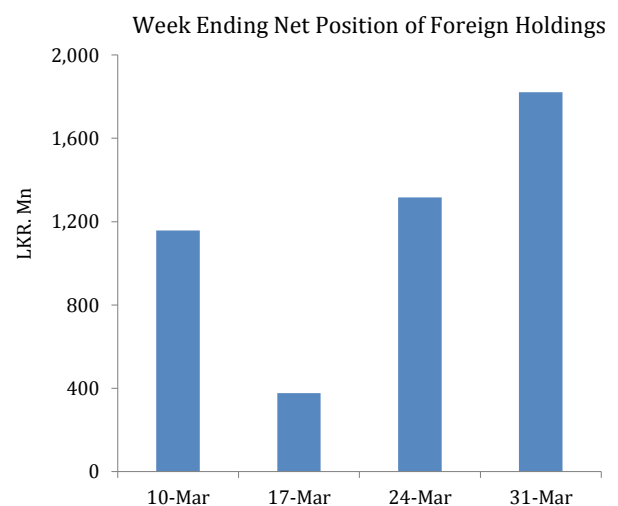
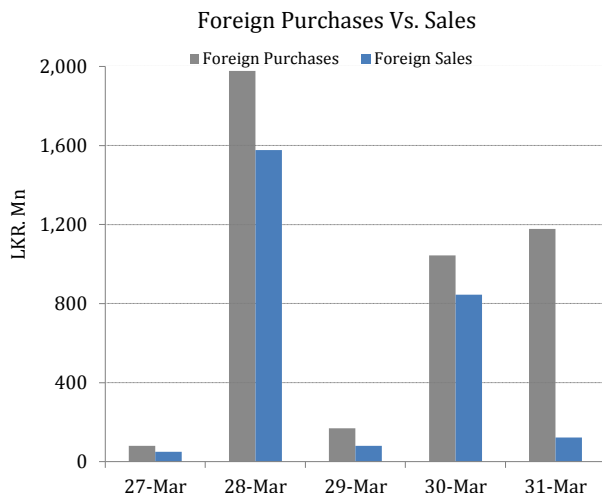
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	31/03/17	24/03/17		
JKH	52.19%	51.82%	5,138,158	708.55
SUNSHINE HOLDING	48.69%	37.70%	14,849,500	684.56
HEMAS HOLDINGS	31.04%	30.97%	416,667	45.29
TEEJAY LANKA	45.27%	45.13%	925,720	34.25
SERENDIB HOTELS	25.64%	24.02%	1,220,285	28.19
HNB	27.42%	27.40%	79,626	17.94
DIALOG	94.07%	94.05%	1,285,325	14.52
TOKYO CEMENT	23.27%	23.18%	206,487	12.60
COLD STORES	10.05%	10.04%	11,000	8.92
UNION BANK	79.31%	79.26%	608,343	8.64

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	31/03/17	24/03/17		
DIMO	1.35%	1.41%	(5,000)	(2.80)
WATAWALA	1.25%	1.27%	(50,000)	(1.22)
SINGER SRI LANKA	87.71%	87.71%	(7,247)	(1.01)
SEYLAN BANK	5.33%	5.33%	(6,764)	(0.59)
UNITED MOTORS	56.79%	56.79%	(7,500)	(0.59)
GRAIN ELEVATORS	61.14%	61.15%	(7,304)	(0.50)
ODEL PLC	0.11%	0.11%	(14,219)	(0.36)
CENTRAL IND.	2.81%	2.85%	(7,850)	(0.35)
ALUMEX PLC	0.84%	0.84%	(15,820)	(0.30)
MELSTACORP	25.26%	25.26%	(5,028)	(0.30)

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.



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>
CEYLON GRAIN ELEVATORS PLC	DPS: 2.50	First & Final Dividend	XD: 04.May.2017
THREE ACRE FARMS PLC	DPS: 4.00	First & Final Dividend	XD: 04.May.2017
AITKEN SPENCE PLANTATION MANAGERMENTS PLC	DPS: 3.00	Interim Dividend	XD: 11.Apr.2017
DANKOTUWA PORCELAIN PLC	DPS: 0.40	Interim Dividend	XD: 07.Apr.2017
COMMERCIAL CREDIT AND FINANCE PLC	DPS: 0.50	First Interim Dividend	XD: 07.Apr.2017
PEOPLE'S INSURANCE PLC	DPS: 0.25	Final Dividend	Dates to be notified
ASIRI HOSPITAL HOLDINGS PLC	DPS: 0.50	Interim Dividend	XD: 06.Apr.2017
DIALOG AXIATA PLC	DPS: 0.39	Final Dividend	XD: 12.May.2017

Point of View

Markets reverted five consecutive weeks of W-o-W losses this week as the Bourse bottomed-out from its over-sold position aided largely by foreign investors & HNIs. Despite hitting a 1-year low of 5974.9 points on Monday, the benchmark index recovered ~87 points over the week to close ~61 points above the key psychological barrier of 6000 points. Average turnover levels too reflected similar positive momentum, averaging a 4-week high of LKR 1.21Bn, ~40% higher than the Y-T-D average turnover level of LKR 0.73Bn, and 29% higher than last weeks' average turnover level of LKR 0.86Bn. The revived market momentum stemmed partially from HNI and Institutional buying interest which contributed to 37% of the market turnover amid strong interest in counters as JKH (41% of the crossings) & Sunshine Holdings (33% of the crossings). Significant foreign interest was also a major contributor to momentum, and the net foreign position on the bourse improved for the 9th consecutive week, with net buying increasing 38% W-o-W to end at LKR 1.82Bn. Foreign inflows to the CSE have remained largely consistent since Jul'16 (excluding a brief outflow in Jan), hitting a >2-year high of LKR 4.6Bn in Mar'17. Net inflows to the CSE over Q1'17 was LKR 4.6Bn (cf. an outflow of LKR 2.2Bn in Q1'16) as fund flows towards EM/FM assets have resumed as the recovery in the global economy has relieved earlier pessimism over the potential for the new U.S. administration to impose protectionist trade policies¹. Markets in the week ahead are likely to maintain similar positive direction

Note:1.Nikkei Asian Review

Urban Inflation in March Hits a High of 7.3%

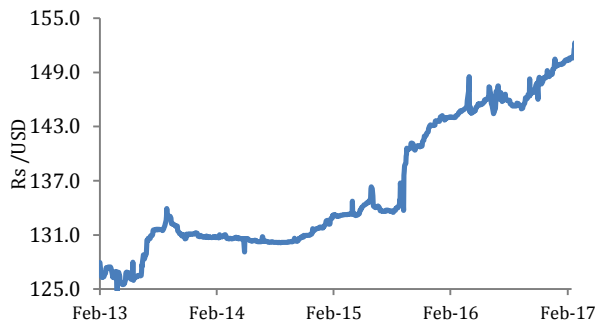
Urban inflation levels in March rose to a high of 7.3% Y-o-Y (cf. 6.8% Y-o-Y in Feb), mainly driven by base effects from low inflation in March 2016. While both Food and Non-food inflation contributed to the Y-o-Y increase in headline inflation in March, food inflation declined M-o-M over March (-0.7%) while non-food inflation rose marginally (+0.1%) over the month. Given that the impact from tax-structure adjustments should wane over the coming months and assuming the prevailing drought conditions ease, inflation is expected to revert back to mid-single digits over the near-term. The CBSL last week raised policy rates ~25bps as a 'precautionary move' in order to contain inflation expectations and demand side inflationary pressures. However, the Monetary Authority raised policy rates by 25bps (as opposed to the widely anticipated 50bps) citing improved fiscal conditions and the upward adjustment that has already occurred in market rates. The CBSL's delivery of a lower-than-expected rate hike and less hawkish tone in its policy statement thus implies that growth remains a concern and that the CBSL is unlikely to raise rates further if they can shore-up additional FX reserves and inflation remains within the IMF-recommended targets.

Economic Snapshot

	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17
Interest Rates								
Prime Lending Rate	10.87	11.76	12.29	12.25	11.98	11.73	11.48	11.55
Ave. Wtd. Deposit Rates	7.10	7.32	7.56	7.79	8.00	8.17	8.42	8.66
Ave. Wtd. Fixed Dep. Rates	8.99	9.31	9.67	9.95	10.25	10.46	10.84	11.15
CCPI Inflation Y-o-Y % (Base 2013)	5.8	4.4	4.2	4.1	4.0	4.5	5.5	6.8
GDP Growth (Base 2010)								
	2012	2013	2014	2015	2016			
	9.1%	3.4%	4.9%	4.8%	4.4%			

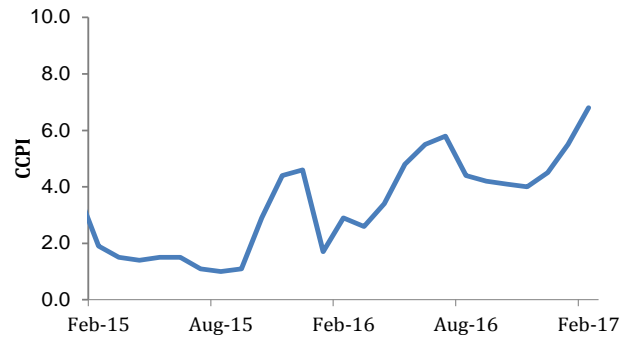
Source Central Bank

Exchange Rate, Rs. vs. US\$



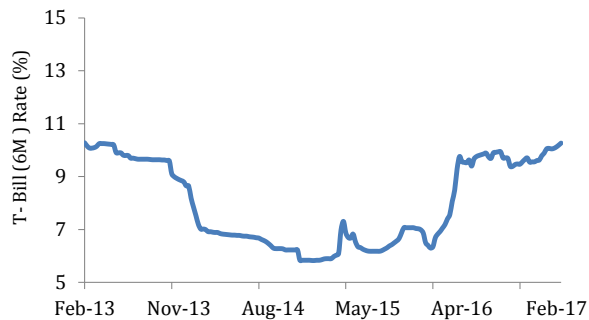
Source: Central Bank

Inflation (CCPI-N) YoY%



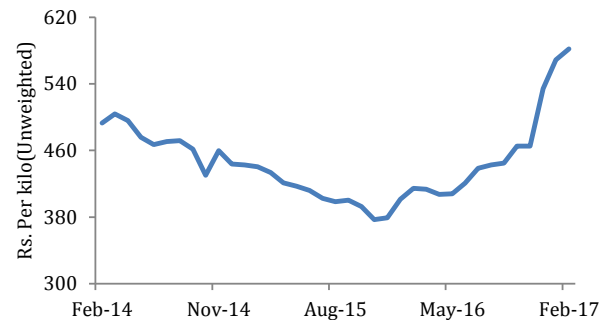
Source: Central Bank

6 Month T-Bill Yield



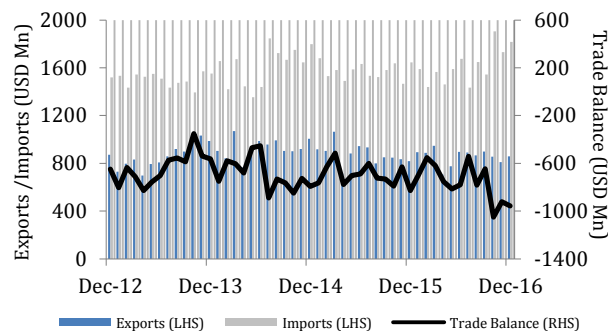
Source: Central Bank

Tea Prices



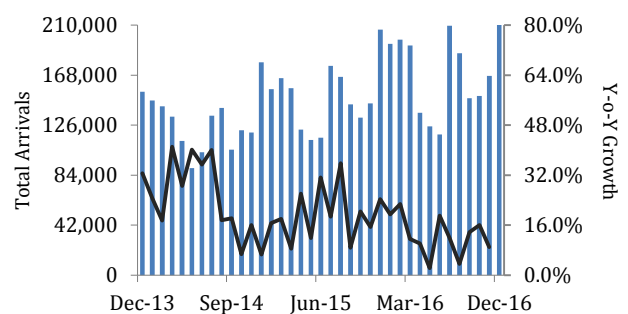
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

Research Team

Chethana Ellepola
(+94) 112 206 256
chethana@acuitystockbrokers.com

Anjula Nawarathna
(+94) 112 206 255
anjula@acuitystockbrokers.com

Shara Kulasiri
(+94) 112 206 253
shara@acuitystockbrokers.com

Maxtina Fernando
(+94) 112 206 251
maxtina@acuitystockbrokers.com

Sales Team

Deva Ellepola
(+94) 112 206 220/221
deva.e@acuitystockbrokers.com

Prashan Fernando
(+94) 112 206 222
prashan@acuitystockbrokers.com

Arjuna Dasanayake
(+94) 112 206 235
arjuna@acuitystockbrokers.com

Kapila Pathirage
(+94) 112 206 227/228
kapila.p@acuitystockbrokers.com

Naren Godamunne
(+94) 112 206 225
naren@acuitystockbrokers.com

Chathura Siyambalapatiya
(+94) 112 206 232
chathura.s@acuitystockbrokers.com

Dhammika Wanniarachchi
(+94) 112 206 229
dhammika.w@acuitystockbrokers.com

Shivane Wijyaratnam
(+94) 112 206 236
shivane@acuitystockbrokers.com

Kumar Dias Desinghe
(+94) 814 474 443
hnbkandy@slt.net.lk

Susil Fernando
(+94) 112 206 234
susil@acuitystockbrokers.com

S. Vasanthakumar
(+94) 112 206 250/251
vasantha.k@acuitystockbrokers.com

Prasanna Semasinghe
(+94) 814 474 443
hnbkandy@slt.net.lk

Sameera Rajawatte
(+94) 112 206 279
sameera@acuitystockbrokers.com

Thehani Weerasinghe
(+94) 112 206 224
thehani.w@acuitystockbrokers.com

Disclaimer:

"Distributed in Sri Lanka and abroad by Acuity Stockbrokers (Private) Limited (ASB) and its authorized representatives. ASB is fully owned by Acuity Partners (Pvt) Ltd (APL) and APL is a joint venture of DFCC Bank and Hatton National Bank PLC. The Information contained herein has been compiled from sources that ASB ("The Research Institution") believes to be reliable but None of the Research Institution holds itself responsible for its completeness or accuracy. It is not an offer to sell or a solicitation of an offer to buy any securities. The Research Institution and its affiliates and its officers and employees may or may not have a position in or with respect to the securities mentioned herein.

The Research Institution and its affiliates may from time to time have consulting relationship with any company, which is being reported upon. This may involve the Research Institution providing significant corporate finance services or acting as the company's official or sponsoring broker.

All opinions and estimates included in this report constitute judgment as of this date of the Research Institution and are subject to change or amendment without notice. The Research Institution has the copyright for this report and the views herein cannot be reproduced and/or distributed in any form without the explicit (written or otherwise) permission from Research Institution.
