

## Equities Reverse 7 Weeks of W-o-W Losses ... May Industrial Production Edges Higher

ASPI  $\uparrow$  0.48% | S&P SL20  $\uparrow$  0.34%

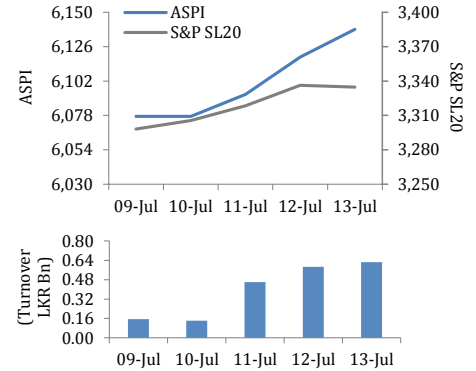
The Bourse ended the week ... *Cont. P2*

Foreign investors closed the week... *Cont. P3*

Sri Lankan equities reversed 7-consecutive ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (9<sup>th</sup> Jul - 13<sup>th</sup> Jul)



## KEY STATISTICS

Week ending	13-Jul	06-Jul	+/-
ASPI	6,138.08	6,108.71	0.48%
S&P SL20	3,334.82	3,323.52	0.34%
Banking & Finance	16,172.40	15,986.54	1.16%
Food & Beverage	24,024.44	23,837.76	0.78%
Diversified	1,578.41	1,588.13	-0.61%
Hotel & Travel	2,720.73	2,724.59	-0.14%
Plantations	801.60	786.83	1.88%
Manufacturing	3,064.26	3,043.53	0.68%
Turnover (LKR Bn)	1.97	2.85	-30.83%
Foreign Buying (LKR Mn)	675.42	845.54	-20.12%
Foreign Selling (LKR Mn)	896.68	1,745.93	-48.64%
Daily Average Turnover (LKR Bn)	0.39	0.57	-30.83%
Daily Average Foreign Buying (LKR Mn)	135.08	169.11	-20.12%
Daily Average Foreign Selling (LKR Mn)	179.34	349.19	-48.64%

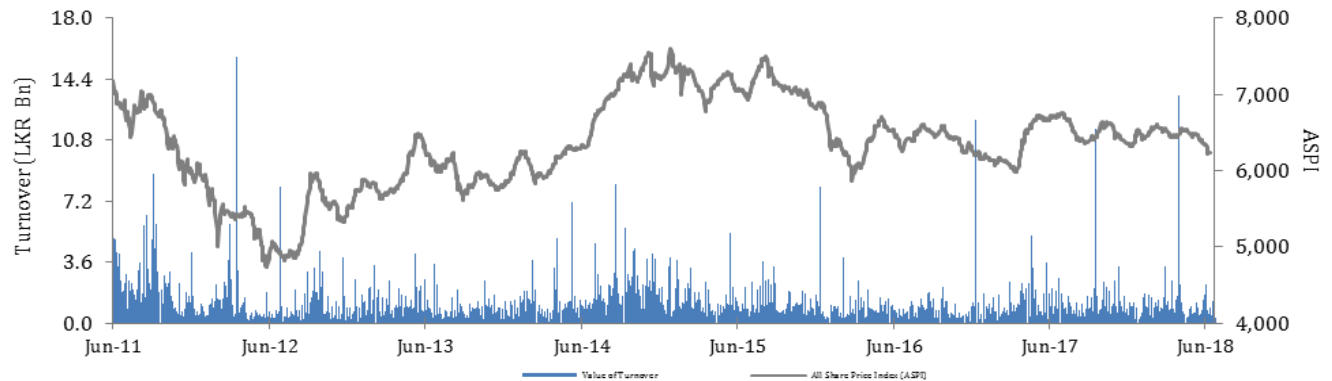
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
ADAM CAPITAL	PCHHN	0.3	0.5	66.7%
ADAM INVESTMENTS	AINVN	0.2	0.3	50.0%
S M B LEASING[NV]	SEMBX	0.2	0.3	50.0%
COLOMBO TRUST	CALFN	40.2	47.4	17.9%
BLUE DIAMONDS	BLUEN	0.6	0.7	16.7%
CEYLON PRINTERS	CPRTN	61.9	71.6	15.7%
BROWNS CAPITAL	FLCHN	3.9	4.5	15.4%
HUNTERS	HUNTN	403.2	462.4	14.7%
MULLERS	MULLN	0.7	0.8	14.3%
AMBEON HOLDINGS	GREGN	9.9	11.3	14.1%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
EQUITY TWO PLC	ETWON	69.3	55.0	-20.6%
TESS AGRO[NV]	TESSX	0.6	0.5	-16.7%
TESS AGRO	TESSN	0.7	0.6	-14.3%
NATION LANKA	CSFN	0.8	0.7	-12.5%
ASCOT HOLDINGS	ASCN	28.7	25.6	-10.8%
PRIME FINANCE	GSFN	19.9	18.0	-9.5%
AMANA LIFE	ATLLN	1.2	1.1	-8.3%
DIMO	DIMON	423.3	390.0	-7.9%
BANSEI RESORTS	BRRN	5.4	5.0	-7.4%
MELSTACORP	MELSN	53.6	50.0	-6.7%

## Market Review



### Indices |

The Bourse ended the week on a positive note as the ASPI increased by 29.37 points (or +0.48%) to close at 6,138.08 points, while the S&P SL20 Index also increased by 11.30 points (or +0.34%) to close at 3,334.82 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 0.29Bn or 14.74% of total turnover value. Jetwing Symphony followed suit, accounting for 13.38% of turnover (value of LKR 0.26Bn) while HNB contributed LKR 0.25Bn to account for 12.68% of the week's turnover. Total turnover value amounted to LKR 1.97Bn (cf. last week's value of LKR 2.85Bn), while daily average turnover value amounted to LKR 0.39Bn (-30.83% W-o-W) compared to last week's average of LKR 0.57Bn. Market capitalization meanwhile, decreased by 0.50% W-o-W (or LKR 14.35Bn) to LKR 2,867.97Bn cf. LKR 2,853.62Bn last week.

### Liquidity (in Value Terms) |

The Banking, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 39.65% (or LKR 0.78Bn) of market turnover. Sector turnover was driven primarily by HNB, Sampath, Commercial Bank & Ceylinco Insurance which accounted for 76.53% of the sector's total turnover. The Diversified sector meanwhile accounted for 22.20% (or LKR 0.44Bn) of the total turnover value, with turnover driven primarily by JKH and Hemas Holdings which accounted for 83.79% of the sector turnover. The Hotels & Travels sector was also amongst the top sectorial contributors, contributing 14.01% (or LKR 0.28Bn) to the market driven by Jetwing Symphony which accounted for 95.46% of the sector turnover.

### Liquidity (in Volume Terms) |

The Diversified Sector also dominated the market in terms of share volume, accounting for 33.16% (or 30.83Mn shares) of total volume, with a value contribution of LKR 0.44Bn. The Hotels & Travels sector followed suit, adding 25.45% to total turnover volume as 23.66Mn shares were exchanged. The sector's volume accounted for LKR 0.28Bn of total market turnover value. The Banks, Finance & Insurance sector meanwhile, contributed 15.50Mn shares (or 16.67%), amounting to LKR 0.78Bn.

### Top Gainers & Losers |

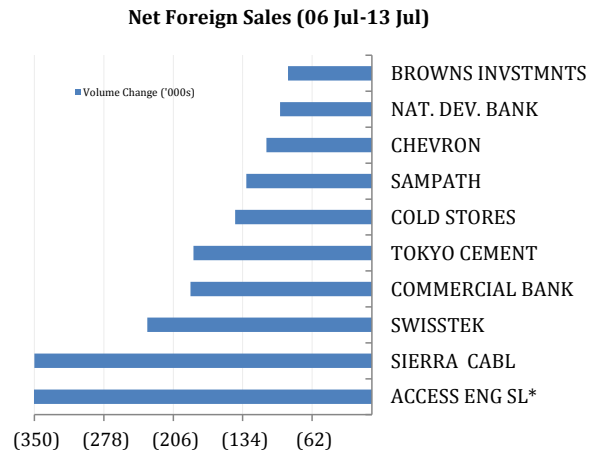
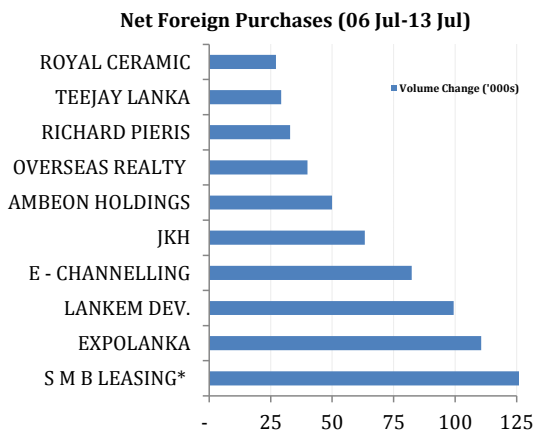
Adam Capital was the week's highest price gainer; increasing 66.7% W-o-W from LKR0.30 to LKR0.50. Adam Investments gained 50.0% W-o-W to close at LKR0.30. SMB Leasing[NV] (+50.0% W-o-W) and Colombo Trust (+17.9% W-o-W) shares were also amongst the top gainers.

Equity Two was the week's highest price loser; declining 20.6% W-o-W to close at LKR55.00 while Tess Agro[NV] (-16.7% W-o-W), Tess Agro(-14.3% W-o-W) and Nation Lanka (-12.5% W-o-W) were also amongst the top losers over the week.

### TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	142.0	142.0	290.65
JETWING SYMPHONY	JETSN	12.1	12.1	263.67
HNB	HNB N	220.1	223.0	249.86
SAMPATH	SAMPN	294.9	294.0	176.24
COLD STORES	CCS N	915.6	925.5	156.67
COMMERCIAL BANK	COMBN	124.0	127.0	139.66
HEMAS HOLDINGS	HHL N	109.0	108.0	75.97
HUNTERS	HUNTN	403.2	462.4	45.04
CEYLINCO INS.	CINSN	1680.0	1600.0	32.40
ACCESS ENG SL	AEL N	16.0	16.5	28.91

Market Review (Cont'd)



\*Volume change of S M B Leasing [NV] (1.0Mn Shares) and Access Engineering (0.73Mn Shares) from 06<sup>th</sup> July – 13<sup>th</sup> Jul not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.90Bn relative to last week's total net outflow of LKR 0.90Bn (-75.43% W-o-W). Total foreign purchases decreased by 20.12% W-o-W to LKR 0.68Bn from last week's value of LKR 0.85Bn, while total foreign sales amounted to LKR 0.90Bn relative to LKR 1.75Bn recorded last week (-48.64% W-o-W). In terms of volume S M B Leasing & Expolanka led foreign purchases while Access Engineering & Sierra Cables led foreign sales. In terms of value JKH & Cargills led foreign purchases while Cold Stores & Sampath Bank led foreign sales.

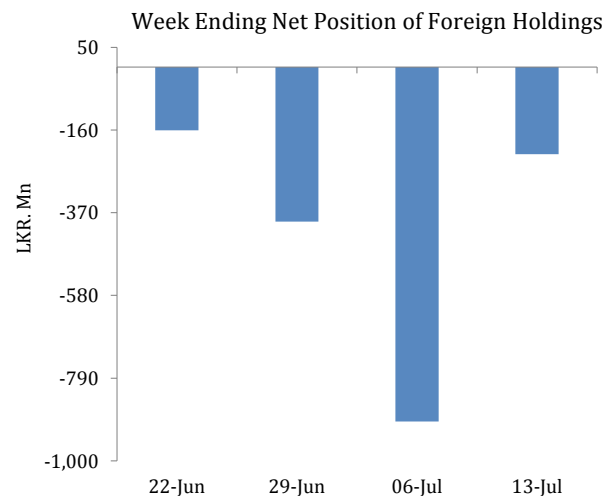
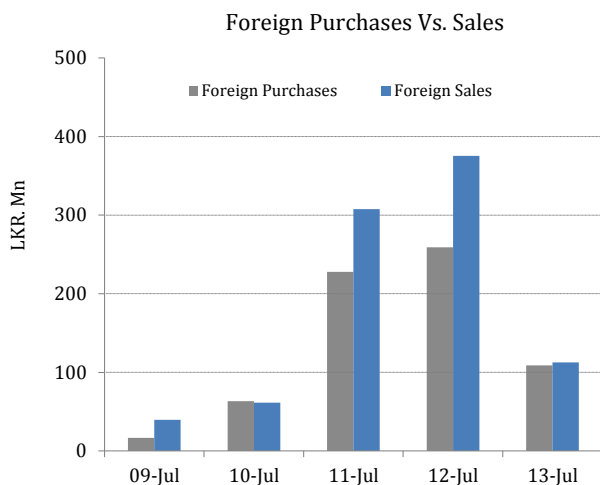
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	13/07/18	06/07/18		
JKH	57.64%	57.64%	63,231	8.98
CARGILLS	6.85%	6.84%	15,600	3.18
ROYAL CERAMIC	11.37%	11.35%	27,193	2.61
NATIONS TRUST	24.30%	24.29%	21,789	1.96
TEEJAY LANKA	45.45%	45.45%	29,320	0.91
OVERSEAS REALTY	92.10%	92.10%	40,000	0.63
LANKEM DEV.	5.87%	5.79%	99,388	0.58
AMBEON HOLDINGS	1.13%	1.11%	50,000	0.57
S M B LEASING	8.01%	7.92%	1,000,000	0.50
JANASHAKTHI INS.	0.80%	0.79%	19,666	0.45

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	13/07/18	06/07/18		
COLD STORES	10.60%	10.75%	(141,821)	(131.26)
SAMPATH	22.79%	22.84%	(130,186)	(38.27)
COMMERCIAL BANK	33.87%	33.89%	(188,101)	(23.89)
ACCESS ENG SL	9.13%	9.21%	(728,204)	(12.02)
SWISSTEK	3.37%	4.22%	(232,928)	(11.53)
NAT. DEV. BANK	14.21%	14.27%	(95,355)	(10.91)
CHEVRON	20.95%	20.99%	(109,436)	(8.54)
HNB	35.90%	35.91%	(33,986)	(7.58)
TOKYO CEMENT	24.83%	24.90%	(185,136)	(6.68)
LANKA WALLTILE	1.21%	1.24%	(16,005)	(1.40)

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

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
KELANI TYRES	2.50	Interim	23-07-18
AMBEON HOLDINGS	1.25	Interim	23-07-18
E B CREASY	36.00	First & Final	08-08-18
ACL PLASTICS	6.00	Interim	24-07-18

### Point of View

Sri Lankan equities reversed 7-consecutive weeks of negative returns this week, helping the ASPI end on a positive note for the 1<sup>st</sup> time since late-May'18. Despite temporarily falling below the key 6100 level, the benchmark Index gained ~29 points or 0.48% over the week (cf. -86 point loss last week). Similar to last week when the Index breached the 6100-mark to hit a 15-month low of 6044.03, the ASPI lost ~31 points on Monday to drag the index once again below this key 6100-mark. However, the ASPI rebounded notably over the latter half of the week, and the ASPI's ~61 point gain between Wednesday and Friday more than offset the losses recorded earlier in the week and helped push the Index safely above the 6100-mark for the 2<sup>nd</sup> consecutive week. The stronger performance on the Index was mainly attributable to the return of Institutional and HNI investors and crossings accounted for 46% of weekly turnover (cf. just 36% last week) with Jetwing Symphony and HNB accounting for 53% of the bulk parcels. Despite the Index's stronger performance, overall activity levels on the Bourse remained dull, with turnover decreasing 31% W-o-W to Rs.2.0Bn. Daily turnover levels subsequently hit a 12-week low on both Monday (Rs.155Mn) and Tuesday (Rs.143Mn) cf. the previous low of Rs.102Mn recorded in Mid-April amid the traditional New-Year holidays. The foreign equity sell-off on equities meanwhile, continued once again this week with net outflows from the CSE amounting to Rs.221Mn cf. Rs.900Mn last week. Net foreign outflows from the CSE widened further to Rs.2.8Bn, reflecting the heightened risk-aversion for EM/FM assets since Feb'18. Markets in the week ahead are likely to look for cues both from domestic political & economic developments.

### Industrial Production in May Edges Higher

The Index of Industrial Production (IIP) in May rose to 105.7 (from 97.7 in Apr'18) indicating greater manufacturing activity over the month. The IIP which is a leading economic indicator, measures short term changes in the volume of industrial production in the country's manufacturing sector and the higher index value indicates greater manufacturing sector activity over the month. However, on a year-on-year basis the index rose just 2%, as slower manufacturing activity in electrical equipment, machinery, paper and paper products and non-metallic minerals offset strong manufacturing activity in fabricated metals, chemicals, Coke and refined petroleum and pharmaceuticals. Meanwhile, the LMD-Nielsen Business Confidence Index (BCI) declined by four basis points to 102 in June, falling short of its 12-month average of 115 once again, as concerns over inflation heading higher (on the back of higher fuel prices) has impacted sentiment. The BCI also noted that high taxes, political interference and the value of the rupee are the main corporate concerns, with survey respondents believing that the "constant political interference and inconsistency in policy implementation" has negatively impacted the economy. LMD-Nielsen added that in terms of future projections of the Index, it believes that positive news to 'propel a major comeback of the barometer of corporate sentiment' remains scant and that several sectors remain vulnerable to the depreciating LKR, the prospect of higher inflation/cost structures and world events.

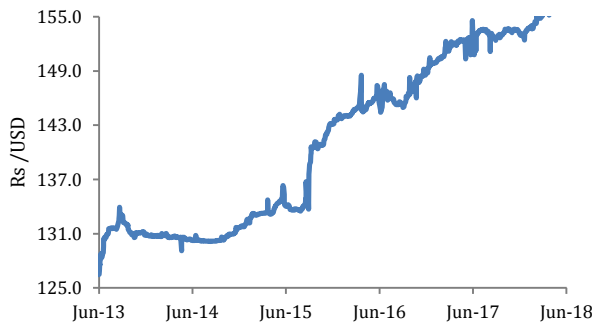
Sources: Daily FT, adaderana

## Economic Snapshot

	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18
<b>Interest Rates</b>								
Prime Lending Rate	11.40	11.33	11.29	11.27	11.10	11.27	11.34	11.20
Ave. Wtd. Deposit Rates	9.19	9.07	9.08	9.05	9.00	8.98	8.91	8.92
Ave. Wtd. Fixed Dep. Rates	11.69	11.48	11.54	11.45	11.41	11.38	11.23	11.26
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>7.6</b>	<b>7.1</b>	<b>5.8</b>	<b>4.5</b>	<b>4.2</b>	<b>3.8</b>	<b>4.0</b>	<b>4.4</b>
<b>GDP Growth (Base 2010)</b>								
	2012	2013	2014	2015	2016	2017	Q1'18	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	3.2%	

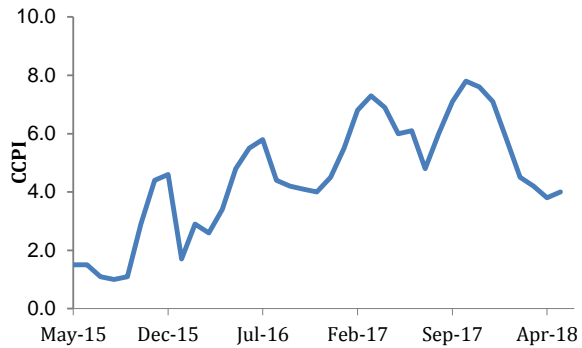
Source Central Bank

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



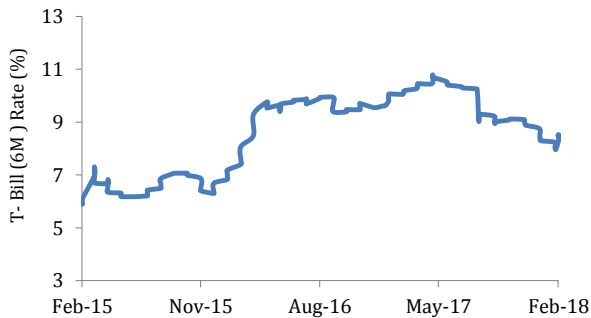
Source: Central Bank

### Inflation (CCPI-N) YoY%



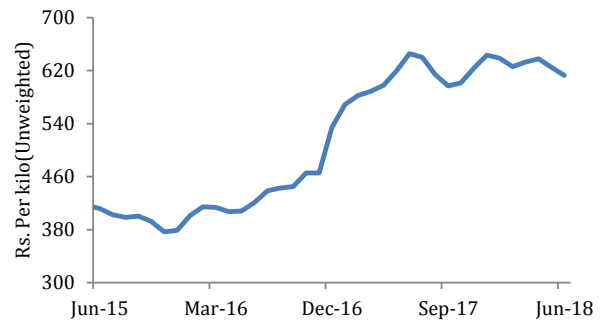
Source: Central Bank

### 6 Month T-Bill Yield



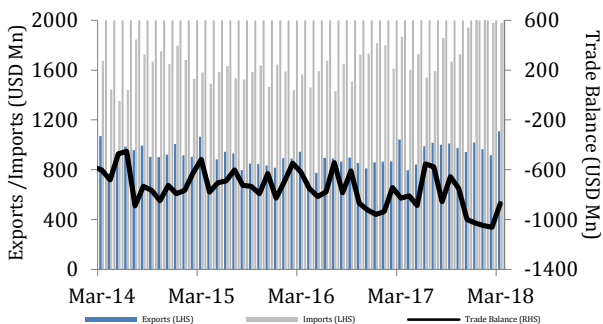
Source: Central Bank

### Tea Prices



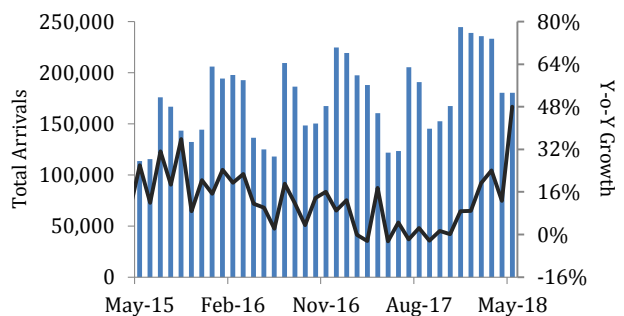
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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