

## ASPI gains 158 points to hit 5M high...Inflation eases to 2.1% Y-o-Y in Jun'19

ASPI ^ 2.76% | S&P SL20 ^ 5.92%

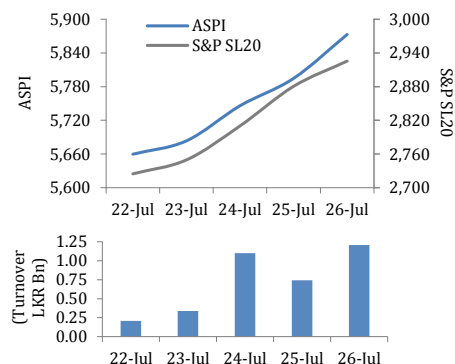
The Bourse ended the week... *Cont. P2*

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

Equity markets..... *Cont. P4*

Economic Snapshot..... *P5*

### Indices vs. Turnover (22<sup>nd</sup> Jul – 26<sup>th</sup> Jul)



### KEY STATISTICS

Week ending	26-Jul	19-Jul	+/-
ASPI	5,872.89	5,715.14	2.76%
S&P SL20	2,925.48	2,762.04	5.92%
Banking & Finance	15,749.71	14,936.05	5.45%
Food & Beverage	22,954.92	22,476.06	2.13%
Diversified	1,495.48	1,501.61	-0.41%
Hotel & Travel	2,607.08	2,590.84	0.63%
Plantations	778.60	748.66	4.00%
Manufacturing	2,959.88	2,826.39	4.72%
Turnover (LKR Bn)	3.60	11.43	-68.49%
Foreign Buying (LKR Mn)	840.11	9,399.82	-91.06%
Foreign Selling (LKR Mn)	1,123.15	627.20	79.07%
Daily Average Turnover (LKR Bn)	0.72	2.86	-74.79%
Daily Average Foreign Buying (LKR Mn)	168.02	2,349.96	-92.85%
Daily Average Foreign Selling (LKR Mn)	224.63	156.80	43.26%

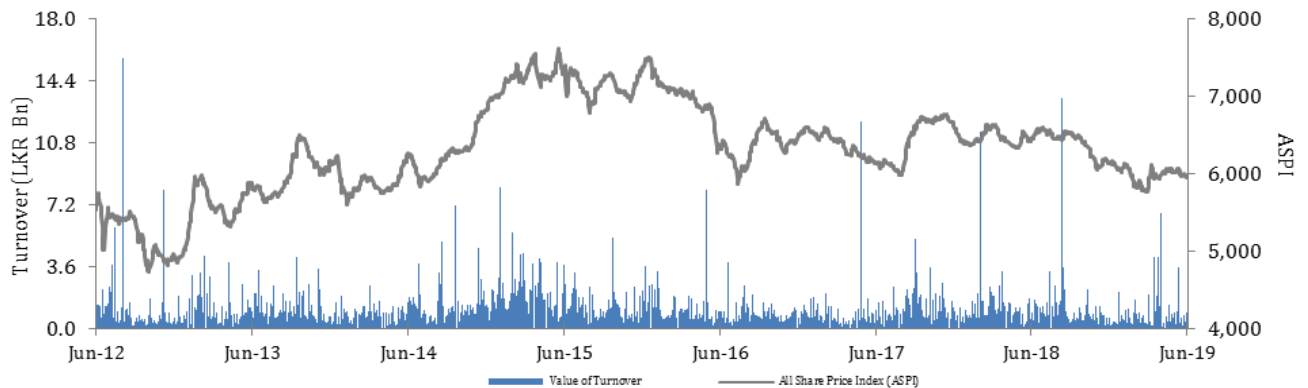
### TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
MACKWOODS ENERGY	MEL N	1.3	2.5	92.3%
ON'ALLY	ONALN	22.5	35.7	58.7%
KELSEY	KDL N	31.3	43.9	40.3%
FIRST CAPITAL	CFVFN	36.0	48.8	35.6%
CITRUS LEISURE	REEFN	4.9	6.3	28.6%
CITRUS HIKKADUWA	CITHN	3.6	4.6	27.8%
CITRUS WASKADUWA	CITWN	2.8	3.5	25.0%
HDFC	HDFCN	27.0	33.6	24.4%
EQUITY TWO PLC	ETWON	47.5	59.0	24.2%
CIT	CITN	58.4	72.0	23.3%

### TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.3	0.2	-33.3%
BERUWALA RESORTS	BERUN	0.8	0.6	-25.0%
MORISONS[NV]	MORIX	697.6	552.2	-20.8%
MULLERS	MULLN	0.8	0.7	-12.5%
TRANS ASIA	TRANN	75.0	67.0	-10.7%
NUWARA ELIYA	NEH N	1099.0	1000.0	-9.0%
SOFTLOGIC FIN	CRL N	23.9	22.0	-7.9%
AGALAWATTE	AGALN	15.4	14.2	-7.8%
MULTI FINANCE	MFL N	16.0	14.8	-7.5%
DIALOG FINANCE	CALFN	37.9	35.6	-6.1%

## Market Review



### Indices |

The Bourse ended the week on a positive note as the ASPI increased by 157.75 points (or +2.76%) to close at 5,872.89 points, while the S&P SL20 Index also increased by 163.44 points (or +5.92%) to close at 2,925.48 points.

### Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR 0.35Bn or 9.61% of total turnover value. Access Engineering followed suit, accounting for 6.81% of turnover (value of LKR 0.25Bn) while Sampath Bank contributed LKR 0.24Bn to account for 6.70% of the week's turnover. Total turnover value amounted to LKR 3.6Bn (cf. last week's value of LKR 11.43Bn), while daily average turnover value amounted to LKR 0.72Bn (-74.9% W-o-W) compared to last week's average of LKR 2.86Bn. Market capitalization meanwhile, increased by 2.78% W-o-W (or LKR 74.81Bn) to LKR 2,768.06Bn cf. LKR 2,693.25Bn last week.

### Liquidity (in Value Terms) |

The Banks, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 36.74% (or LKR 1.32Bn) of market turnover. Sector turnover was driven primarily by Commercial Bank, Sampath Bank & HNB which accounted for 58.12% of the sector's total turnover. The Diversified sector meanwhile accounted for 24.83% (or LKR 0.89Bn) of the total turnover value, with turnover driven primarily by JKH, Melstacorp, Hemas Holdings & Aitken Spence which accounted for 76.52% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 17.07% (or LKR 0.61Bn) to the total turnover, with turnover driven primarily by Chevron Lubricants & Tokyo Cement[NV] accounting for 43.32% of the total turnover.

### Liquidity (in Volume Terms) |

The Banks, Finance & Insurance sector dominated the market in terms of share volume, accounting for 29.89% (or 54.35Mn shares) of total volume, with a value contribution of LKR 1.32Bn. The Diversified sector followed suit, adding 23.10% to total turnover volume as 42.00Mn shares were exchanged. The sector's volume accounted for LKR 0.89Bn of total market turnover value. The Manufacturing sector meanwhile, contributed 27.87Mn shares (or 15.33%), amounting to LKR 0.61Bn.

### Top Gainers & Losers |

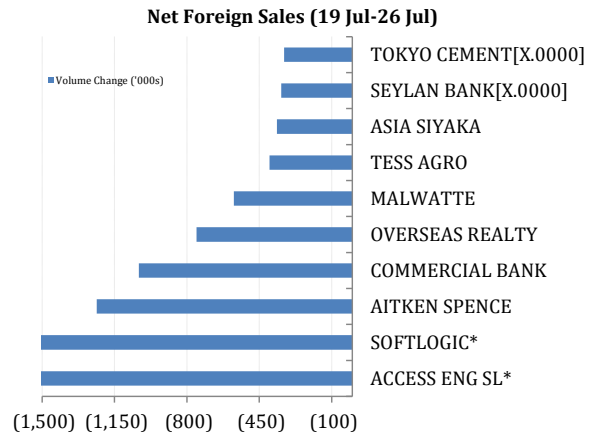
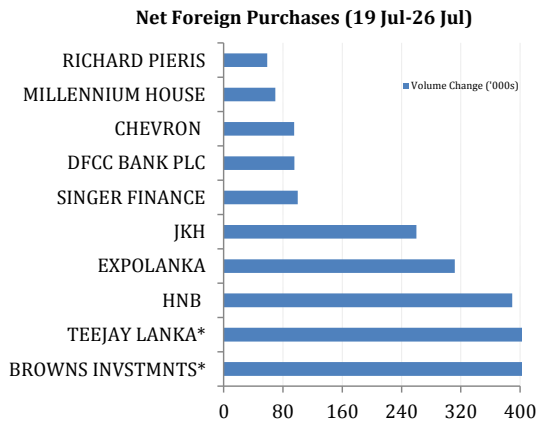
Mackwoods Energy was the week's highest price gainer; increasing 92.3% W-o-W from LKR1.30 to LKR2.50 while On'ally (+58.7% W-o-W), Kelsey (+40.3% W-o-W) and First Capital (+35.6% W-o-W) were also amongst the top gainers.

S M B Leasing[NV] were the week's highest price loser; declining 33.3% W-o-W to close at LKR0.20 while Beruwala Resorts (-25.0% W-o-W), Morisons[NV] (-20.8% W-o-W) and Mullers (-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)
COMMERCIAL BANK	COMBN	101.3	109.4	346.0
ACCESS ENG SL	AELN	16.6	18.3	245.1
SAMPATH	SAMPN	155.0	168.2	241.5
JKH	JKH N	150.0	149.0	208.4
MELSTACORP	MELSN	46.0	45.0	189.6
HNB	HNB N	144.9	169.9	181.7
HEMAS HOLDINGS	HHLN	71.9	73.8	170.3
CHEVRON	LLUBN	61.8	65.0	147.2
AITKEN SPENCE	SPENN	43.7	44.1	116.1
TOKYO CEMENT[NV]	TKYOX	21.1	24.6	113.0

Market Review (Cont'd)



\*Volume change of Browns Investments(2.29Mn Shares), Teejay Lanka(1.00Mn Shares), Access Engineering(4.82Mn shares), Softlogic Holdings(2.90Mn shares) from 19<sup>th</sup> Jul – 26<sup>th</sup> Jul not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.28Bn relative to last week's total net inflow of LKR 8.77Bn (-103.2% W-o-W). Total foreign purchases increased by 91.1% W-o-W to LKR 0.84Bn from last week's value of LKR 9.40Bn, while total foreign sales amounted to LKR 1.12Bn relative to LKR 0.63Bn recorded last week (+79.1% W-o-W). In terms of volume, Browns Investments & Teejay Lanka led foreign purchases while Access Engineering & Softlogic Holdings led foreign sales. In terms of value, HNB & JKH led foreign purchases while Commercial Bank & Access Engineering led foreign sales.

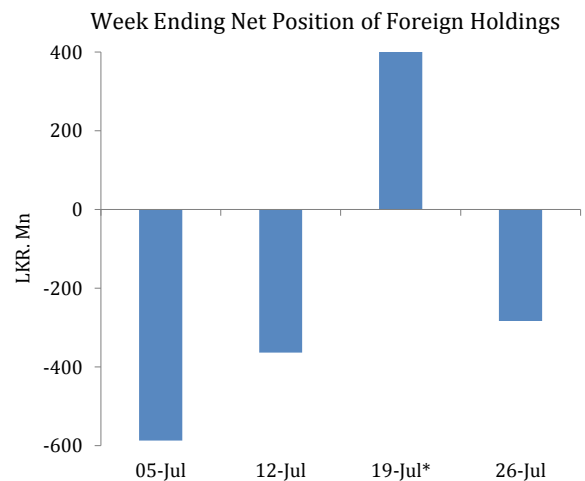
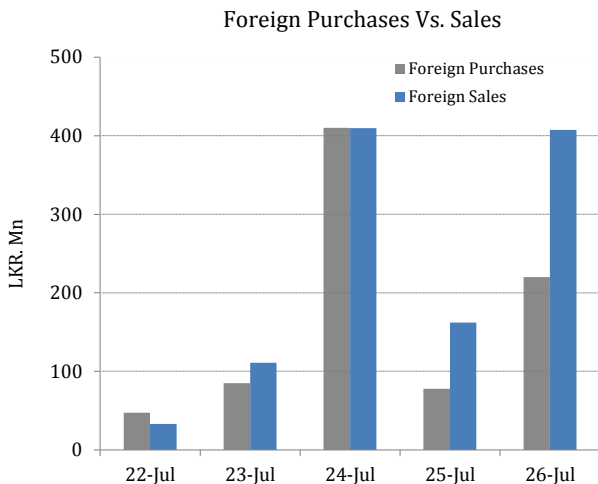
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	26/07/19	19/07/19		
HNB	35.04%	34.94%	389,282	66.14
JKH	47.82%	47.80%	260,232	38.77
TEEJAY LANKA	47.81%	47.66%	1,001,172	38.04
DFCC BANK PLC	27.95%	27.92%	95,600	8.99
CHEVRON	20.35%	20.31%	95,169	6.19
BROWNS INVSTMNTS	1.01%	0.96%	2,293,159	5.27
CARSONS	23.00%	22.98%	25,010	4.25
GESTETNER	57.82%	56.69%	30,000	3.30
EXPOLANKA	82.48%	82.47%	312,008	1.87
TRANS ASIA	0.06%	0.05%	25,000	1.68

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	26/07/19	19/07/19		
COMMERCIAL BANK	32.23%	32.34%	(1,031,647)	(112.86)
ACCESS ENG SL	5.41%	5.90%	(4,821,400)	(88.23)
NESTLE	95.36%	95.45%	(47,694)	(66.48)
AITKEN SPENCE	23.05%	23.36%	(1,235,766)	(54.50)
SOFTLOGIC	31.78%	32.03%	(2,903,523)	(45.88)
CARGILLS	7.57%	7.59%	(73,066)	(13.88)
SEYLAN BANK[X.0000]	6.96%	7.14%	(343,732)	(13.44)
OVERSEAS REALTY	92.00%	92.06%	(753,775)	(11.31)
SAMPATH	21.44%	21.45%	(62,473)	(10.51)
TOKYO CEMENT[X.0000]	44.73%	44.98%	(329,845)	(8.11)

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.



\*Note-Net Foreign Position of LKR 8.78Bn for the week ending 19-Jul not displayed

## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
HARISCHANDRA MILLS	30.00	Final	23-09-2019
COMMERCIAL CREDIT AND FINANCE	1.00	First & Final	26-08-2019
KELANI CABLES	3.50	First	02-08-2019
VIDULLANKA PLC	0.125	First Interim	05-08-2019
MAHAWELI COCONUT	0.50	Final	27-09-2019

<u>Company</u>	<u>Proportion</u>	<u>Shares to be Issued</u>	<u>Type</u>
COLOMBO INVESTMENT TRUST	1:52.50	127,907	Scrip
COLOMBO FORT INVESTMENT	1:45.83	147,545	Scrip
MAHAWELI COCONUT	1:0.03	1,163,830	Scrip

## Point of View

Equity markets continued to gain momentum this week, despite some profit taking, to record a weekly gain of over 100+ points for a 2<sup>nd</sup> consecutive week. Fuelled by gains in the banking sector amid anticipation of lower lending rates, the benchmark index gained 158 index points or +2.8% W-o-W this week. Heavy interest in banking sector stocks ahead of the corporate earnings releases led Commercial Bank, HNB, Sampath, DFCC and Seylan to collectively contribute ~58 points to the change in the ASPI this week. Markets snapped 8 consecutive days of gains as profit taking on Monday led the broad share index to lose ~55 points. However, the broadshare index was quick to recover, buoyed by recent political developments with regard to potential presidential candidates and coalition parties. The ASPI subsequently clawed back losses to record a gain of 213 index points over the rest of the week. Consequently, the ASPI touched a 5-month high to close for the week at 5,872.89 points; bringing the YTD loss down to 3.1% from 5.7% last week. Positive market sentiments meanwhile led average weekly turnover levels to remain elevated this week as average daily turnover for the week stood at Rs. 0.72Bn relative to the YTD average daily turnover of Rs. 0.62Bn. However, local HNI and institutional investors contributed only 15% to total market turnover this week with buying interest mainly focused on Commercial Bank (43% of crossings) and Melstacorp (33% of crossings) during the week. Meanwhile, foreign investors were net sellers this week, with a net foreign outflow of Rs. 283Mn compared to last week's inflow of Rs. 8.8Bn. Markets in the week ahead are likely to continue take cues from economic and political developments, although some profit taking is likely to take place amid upcoming corporate earnings releases for Q2'19 which would reflect the impact on earnings following the Easter Sunday attacks in April.

## Inflation eases to 2.1% Y-o-Y in Jun'19

National inflations levels decelerated during June'19 to 2.1% Y-o-Y (from 3.5% in May'19) largely due to the lower food prices during the month and a higher base effect during the corresponding period last year. Consequently, food inflation slowed to -2.9% Y-o-Y in June'19 from -0.4% Y-o-Y in May'19. Meanwhile, non-food inflation also eased during the month to 6.2% Y-o-Y in June'19 relative to 6.7% Y-o-Y in May'19, having reached its highest level in Apr'19 at 7.5% Y-o-Y. A decrease in expenditures on bus fares and diesel meanwhile, offset some pressure from higher transport costs (4.2% Y-o-Y in Jun'19 cf. 6.2% Y-o-Y in May'19) while communication costs also experienced a decline. Similar to headline inflation, urban inflation levels also fell to 3.8% Y-o-Y in Jun'19 compared to 5.0% Y-o-Y in May'19. In line with the decrease in national inflation, NCPI Core inflation, which reflects the underlying inflation in the economy, also decreased to 6.1% Y-o-Y in Jun'19 from 6.3% Y-o-Y in May'19. Meanwhile, the IMF cut its global growth estimates for the 4<sup>th</sup> time since Oct'18, as US-China trade tensions remain heightened and the prospects of a no-deal Brexit have increased. The Group warned that additional US-China tariffs or a disorderly Brexit amid high debt levels in several countries could further affect growth, weaken investment and disrupt supply chains. The IMF consequently revised global growth at 3.2% Y-o-Y in 2019 while next year's growth is set to pick up to 3.5% Y-o-Y (0.1% lower than in the April projections for both years). Emerging and developing Asia is expected to grow at 6.2% Y-o-Y in 2019-20, largely reflecting the impact of tariffs on trade and investment amid a slowdown in activity and weaker external demand. Meanwhile, the IMF stated that the recovery in 2020 remains 'precarious' and is subject to high uncertainty.

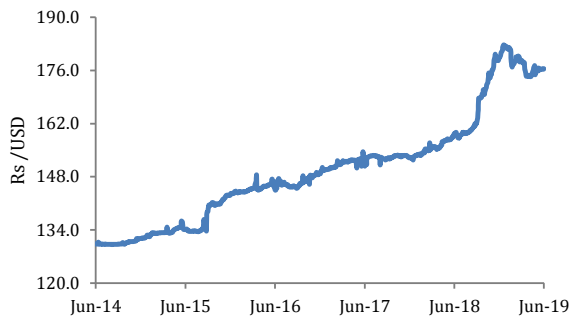
*Sources: Department of Census & Statistics, Reuters and IMF.*

## Economic Snapshot

	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19
<b>Interest Rates</b>								
Prime Lending Rate	12.12	11.94	12.05	12.30	12.23	12.07	12.01	11.45
Ave. Wtd. Deposit Rates	8.77	8.81	8.85	8.88	8.98	8.97	9.00	8.94
Ave. Wtd. Fixed Dep. Rates	10.81	10.85	10.91	10.96	11.11	11.15	11.19	11.07
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>3.3</b>	<b>2.8</b>	<b>3.7</b>	<b>4.0</b>	<b>4.3</b>	<b>4.5</b>	<b>5.0</b>	<b>3.8</b>
<b>GDP Growth (Base 2010)</b>								
	2012	2013	2014	2015	2016	2017	2018	
	9.1%	3.4%	5.0%	5.0%	4.5%	3.4%	3.2%	

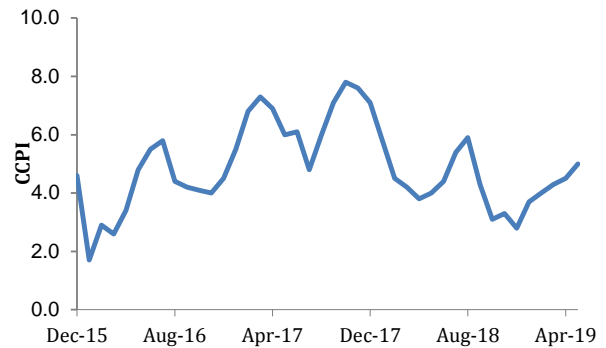
Source Central Bank

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



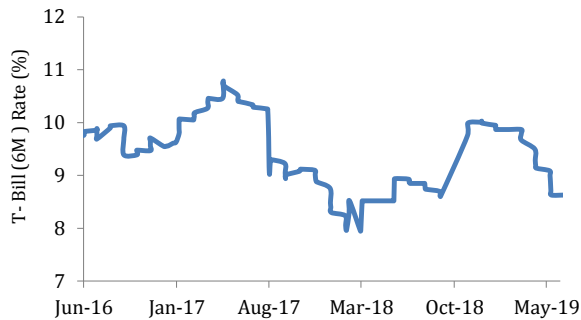
Source: Central Bank

### Inflation (CCPI-N) YoY%



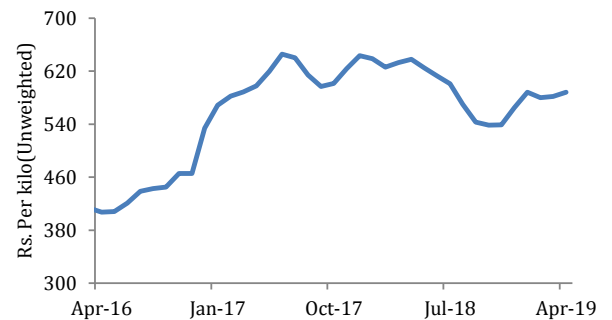
Source: Central Bank

### 6 Month T-Bill Yield



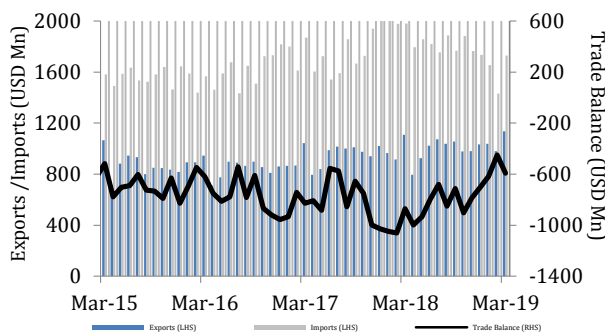
Source: Central Bank

### Tea Prices



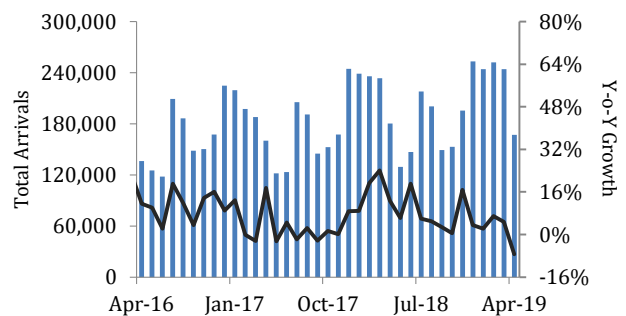
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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