

## Investors Book Profits Ahead of Elections... Business Confidence Rises to 8M High

ASPI v 1.28% | S&P SL20 v 1.28%

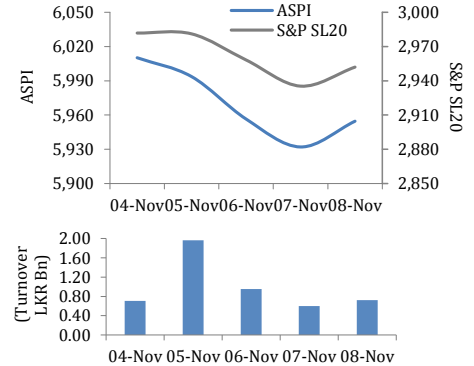
The Bourse ended the week... *Cont. P2*

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

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

Economic Snapshot..... *P5*

## Indices vs. Turnover (04<sup>th</sup> Nov – 08<sup>th</sup> Nov)



## KEY STATISTICS

Week ending	08-Nov	01-Nov	+/-
ASPI	5,954.62	6,032.08	-1.28%
S&P SL20	2,951.99	2,990.34	-1.28%
Banking & Finance	15,798.10	15,919.16	-0.76%
Food & Beverage	21,876.72	22,008.64	-0.60%
Diversified	1,548.38	1,580.41	-2.03%
Hotel & Travel	2,703.51	2,723.04	-0.72%
Plantations	774.19	779.55	-0.69%
Manufacturing	3,197.19	3,329.59	-3.98%
Turnover (LKR Bn)	4.95	4.85	2.10%
Foreign Buying (LKR Mn)	909.32	1,159.72	-21.59%
Foreign Selling (LKR Mn)	2,257.69	1,639.54	37.70%
Daily Average Turnover (LKR Bn)	0.99	0.97	2.10%
Daily Average Foreign Buying (LKR Mn)	181.86	231.94	-21.59%
Daily Average Foreign Selling (LKR Mn)	451.54	327.91	37.70%

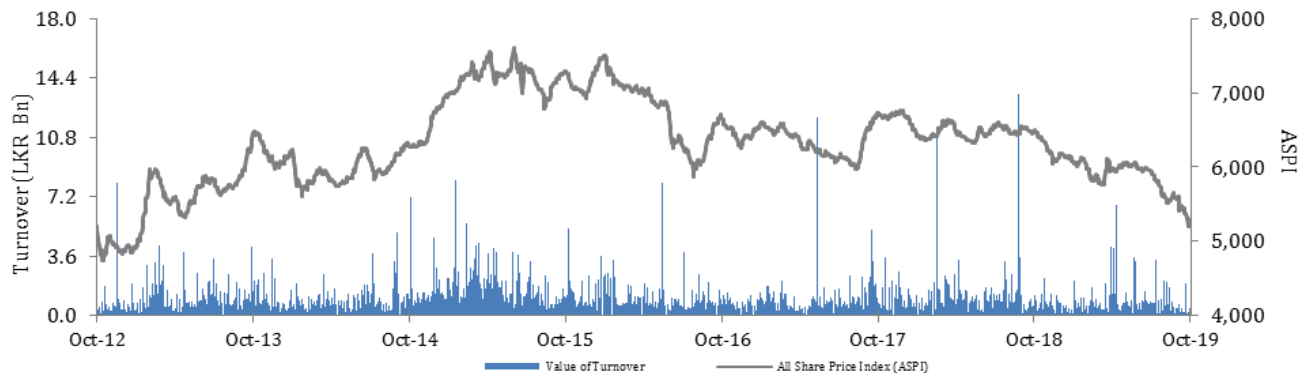
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.3	0.4	33.3%
LIGHTHOUSE HOTEL	LHLN	32.0	38.6	20.6%
RESUS ENERGY	HPWRN	23.1	26.9	16.5%
JETWING SYMPHONY	JETSN	10.6	11.8	11.3%
RADIANT GEMS	RGEM	24.3	27.0	11.1%
AGALAWATTE	AGALN	15.3	16.9	10.5%
EDEN HOTEL LANKA	EDENN	16.2	17.6	8.6%
AMANA LIFE	ATLLN	7.2	7.7	6.9%
ROYAL PALMS	RPBHN	17.7	18.8	6.2%
MILLENNIUM HOUSE	MHDLN	7.4	7.8	5.4%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BERUWALA RESORTS	BERUN	1.1	0.9	-18.2%
CHEMANEX	CHMXN	60.0	50.6	-15.7%
SEYLAN BANK[NV]	SEYBX	36.2	31.0	-14.4%
TESS AGRO	TESSN	0.7	0.6	-14.3%
LANKA REALTY	ASCON	41.1	36.5	-11.2%
BLUE DIAMONDS	BLUEN	0.9	0.8	-11.1%
KELANI TYRES	TYREN	49.5	44.2	-10.7%
ABANS FINANCIAL	AFSLN	27.3	24.5	-10.3%
SERENDIB HOTELS[NV]	SHOTX	12.8	11.5	-10.2%
RENUKA AGRI	RALN	3.0	2.7	-10.0%

## Market Review



### Indices |

The Bourse ended the week on a negative note as the ASPI decreased by 77.46 points (or -1.28%) to close at 5,954.62 points, while the S&P SL20 Index also decreased by 38.35 points (or -1.28%) to close at 2,951.99 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 2.14Bn or 43.26% of total turnover value. Sampath followed suit, accounting for 5.08% of turnover (value of LKR 0.25Bn) while Access Engineering contributed LKR 0.22Bn to account for 4.42% of the week's turnover. Total turnover value amounted to LKR 4.95Bn (cf. last week's value of LKR 4.85Bn), while daily average turnover value amounted to LKR 0.99Bn (+2.10% W-o-W) compared to last week's average of LKR 0.97Bn. Market capitalization meanwhile, decreased by 1.13% W-o-W (or LKR 31.62Bn) to LKR 2,769.48Bn cf. LKR 2,801.10Bn last week.

### Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 46.66% (or LKR 2.31Bn) of market turnover. Sector turnover was driven primarily by JKH and Browns Investments which accounted for 98.44% of the sector's total turnover. The Bank, Finance & Insurance sector meanwhile accounted for 19.08% (or LKR 0.94Bn) of the total turnover value, with turnover driven primarily by Sampath, LB Finance and HNB which accounted for 59.63% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 12.88% (or LKR 0.64Bn) to the total turnover, with turnover driven primarily by Royal Ceramic & Tokyo Cement accounting for 56.46% of the total turnover.

### Liquidity (in Volume Terms) |

The Diversified sector dominated the market in terms of share volume, accounting for 26.81% (or 45.25Mn shares) of total volume, with a value contribution of LKR 2.31Bn. The Manufacturing sector followed suit, adding 14.47% to total turnover volume as 24.42Mn shares were exchanged. The sector's volume accounted for LKR 0.66Bn of total market turnover value. The Banks, Finance & Insurance sector meanwhile, contributed 23.15Mn shares (or 13.32%), amounting to LKR 0.94Bn.

### Top Gainers & Losers |

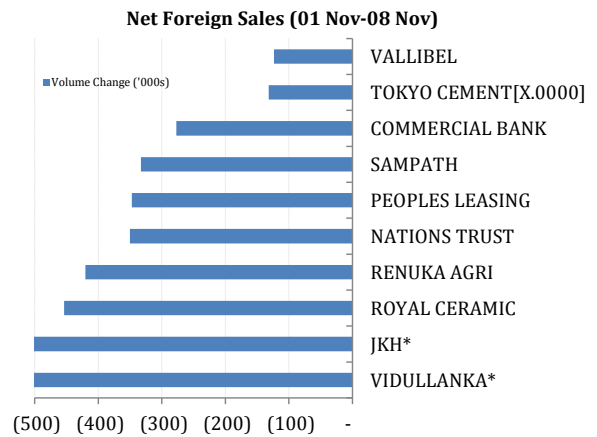
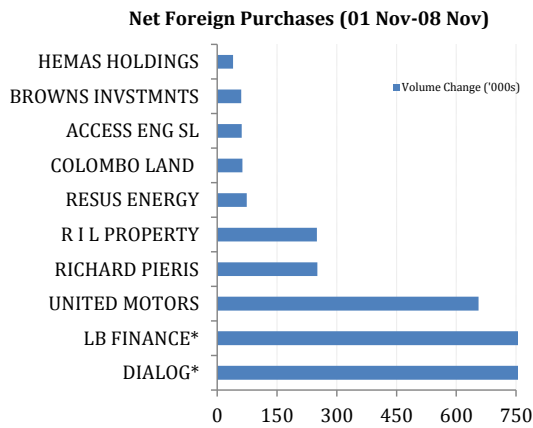
S M B Leasing [NV] was the week's highest price gainer; increasing 33.3% W-o-W from LKR0.30 to LKR0.40 while Lighthouse Hotel (+20.6% W-o-W), Resus Energy (+16.5% W-o-W) and Jetwing Symphony (+11.3% W-o-W) were also amongst the top gainers.

Beruwala Resorts was the week's highest price loser; declining 18.2% W-o-W to close at LKR0.90 while Chemanex (-15.7% W-o-W), Seylan Bank [NV] (-14.4% W-o-W) and Tess Agro (-14.3% 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	157.0	154.0	2,140.8
SAMPATH	SAMPN	170.5	166.9	251.3
ACCESS ENG SL	AEL N	22.0	21.8	218.8
ROYAL CERAMIC	RCL N	74.5	74.2	200.1
DIALOG	DIALN	12.9	12.6	189.8
LB FINANCE	LFINN	142.7	146.8	181.1
TOKYO CEMENT[NV]	TKYOX	36.9	34.6	161.6
TOKYO CEMENT	TKYON	45.9	43.1	159.7
BROWNS INVSTMENTS	BIL N	4.5	4.5	133.0
HNB	HNB N	182.0	182.1	130.9

Market Review (Cont'd)



\*Volume change of Dialog Axiata(12.76Mn Shares),LB Finance(1.08Mn shares),Vidullanka(15.00Mn Shares) & JKH(8.98Mn Shares) from 01<sup>st</sup> Nov – 08<sup>th</sup> Nov not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 1.35Bn relative to last week’s total net outflow of LKR 0.50Bn (-181.02% W-o-W). Total foreign purchases decreased by 21.59% W-o-W to LKR 0.91Bn from last week’s value of LKR 1.16Bn, while total foreign sales amounted to LKR 2.26Bn relative to LKR 1.64Bn recorded last week (+37.70% W-o-W). In terms of volume, Dialog Axiata & LB Finance led foreign purchases while Vidullanka & JKH led foreign sales. In terms of value, Dialog Axiata and LB Finance led foreign purchases while JKH & Vidullanka led foreign sales.

Net Foreign Purchases (By Transaction Value)

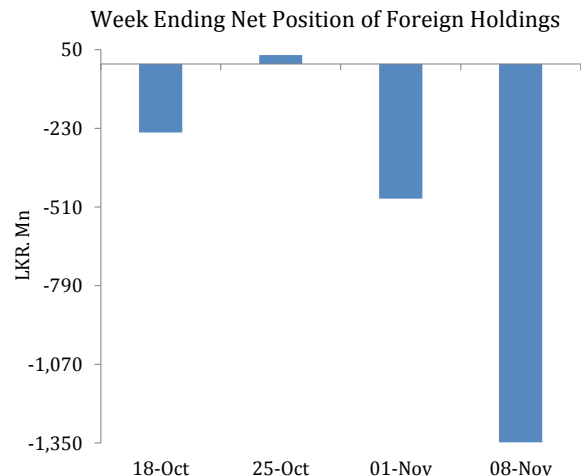
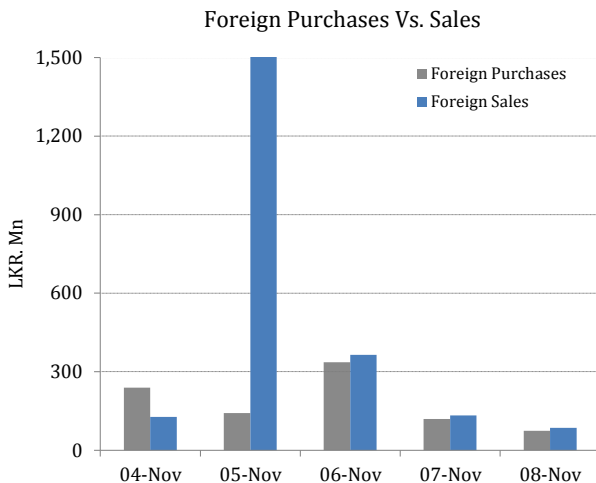
Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	08/11/19	01/11/19		
DIALOG	93.38%	93.23%	12,759,896	160.77
LB FINANCE	4.81%	4.03%	1,080,000	158.54
UNITED MOTORS	6.39%	5.74%	656,104	42.45
HEMAS HOLDINGS	27.55%	27.54%	40,000	3.24
RICHARD PIERIS	74.11%	74.10%	251,434	2.74
CENTRAL FINANCE	14.21%	14.19%	27,952	2.66
RESUS ENERGY	0.70%	0.60%	74,329	2.00
COLOMBO LAND	35.89%	35.86%	63,400	1.64
R I L PROPERTY	30.55%	30.52%	250,000	1.53
ACCESS ENG SL	4.51%	4.51%	61,601	1.34

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	08/11/19	01/11/19		
JKH	46.30%	46.98%	(8,975,891)	(1,382.29)
VIDULLANKA	35.72%	37.51%	(15,000,000)	(73.50)
NESTLE	95.09%	95.18%	(50,893)	(66.16)
SAMPATH	20.96%	21.04%	(332,816)	(55.55)
CEYLON TOBACCO	97.34%	97.36%	(37,133)	(41.59)
ROYAL CERAMIC	6.48%	6.89%	(453,500)	(33.65)
NATIONS TRUST	26.99%	27.14%	(350,000)	(27.65)
COMMERCIAL BANK	31.09%	31.12%	(277,132)	(27.38)
HNB	34.47%	34.48%	(57,405)	(10.45)
PEOPLES LEASING	6.42%	6.44%	(347,094)	(5.90)

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>
CEYLON TOBACCO	21.00	Third Interim	21-11-2019
DILMAH CEYLON	20.00	First Interim	18-11-2019

### Point of View

Markets closed in the red for the 1<sup>st</sup> time in a month as investors booked profits one week ahead of the country's 8<sup>th</sup> Presidential election. Domestic equities had gained 6% in the one month ahead of the Presidential elections, but this week's profit taking led to the ASPI closing 1.3% lower over the week. Nevertheless, the recovery in the ASPI in the run-up to the November 16<sup>th</sup> elections has helped trim the overall YTD loss on the Index. The ASPI lost close to 12% in H1'19 as losses over Q1'19 were exacerbated by the Easter Terror attacks and subsequent communal violence. The 11% gain on the Index between since July'19 in the run up to the elections however, have helped pare down the Index's losses, trimming the YTD loss on the Index to 1.8%. Foreign investors meanwhile remained net sellers of Sri Lankan equities this week as each of the key candidates' election pledges indicated greater pressure on the country's already strained fiscal balances. Net foreign outflows from the Bourse over the week consequently amounted to Rs. 1.3Bn (cf. outflow of Rs. 0.5Bn last week) as foreign investors sold off Rs.1.4Bn of premier blue-chip JKH. Local HNI and institutional investors however, mopped up the shares, resulting in crossings for the week in JKH accounting for ~77% of the week's total crossings. The transaction also helped daily turnover on the Colombo Bourse hit a 7-week high of Rs. 1.96Bn, and pushed average daily turnover levels up to Rs. 0.99Bn (cf. Rs. 0.97Bn last week and YTD average of Rs. 0.68Bn). Meanwhile, of the 30% of listed companies that have reported September quarter earnings, ~53% reported a decline in Y-o-Y earnings for the quarter reflecting the largely subdued macro-economic conditions over the quarter. Markets in the holiday-shortened week ahead are likely to take cues both from ongoing earnings releases and developments ahead of next weekend's Presidential elections.

### Business Confidence Rises to 8M High

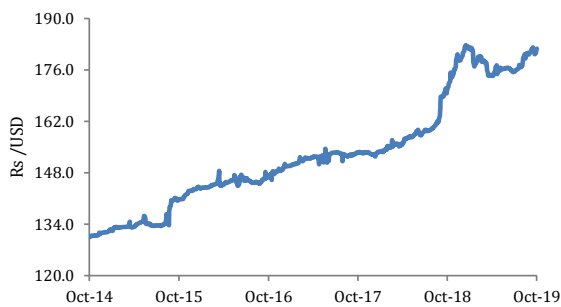
Business Confidence in Sri Lanka rose to an 8-month high in October, with the LMD-Nielsen Business Confidence Index (BCI) recording a 12 Bps increase since September to hit a value of 102. The Index provider noted that although Sri Lanka's GDP growth recorded its lowest value (1.6% in Q2'19) in 21 quarters due to the impact from the Easter Sunday bombings, micro and macro indicators have steadily improved since then helping push up the Index value (which fell to a 11 year low in June 19 following the attacks). LMD-Nielsen also noted that annual inflation has remained below 2% while imports have fallen sharply and tourist arrivals have recovered at a faster than anticipated pace, helping buffer FX reserves. The BCI provider also noted that while pre-poll positivity seems to have been sustained in October, politics remain a major national concern among businesses and consumers, with taxes, policies and inflation remaining the prime concerns for businesses. In its latest report on the South Asian region meanwhile, the IMF noted that while South Asia currently contributes to over 15% of global growth (largely due to India), the region is poised to play an even bigger role in the global economy, in both relative and absolute terms. The report noted that India has overtaken China as the fastest growing large economy and South Asia's contribution to global growth is set to increase amid greater economic diversification in the region along with an expansion of the service sector, improvements in education, and a 'still sizable' demographic dividend in the region. The IMF also noted that productivity-enhancing reforms in India could be expected to boost the level of GDP in the rest of Asia with the spillover to Sri Lanka and Bangladesh in particular being substantial. According to the IMF, the structural reform scenario in India would be expected to boost the level of GDP in Bangladesh and Sri Lanka by about 3%, relative to a no-reform baseline scenario.

## Economic Snapshot

	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19
<b>Interest Rates</b>								
Prime Lending Rate	12.23	12.07	12.01	11.45	10.93	10.69	10.57	10.42
Ave. Wtd. Deposit Rates	8.98	8.97	9.00	8.94	8.88	8.73	8.51	8.37
Ave. Wtd. Fixed Dep. Rates	11.11	11.15	11.19	11.07	10.97	10.74	10.46	10.27
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>4.3</b>	<b>4.5</b>	<b>5.0</b>	<b>3.8</b>	<b>3.3</b>	<b>3.4</b>	<b>5.0</b>	<b>5.4</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%	

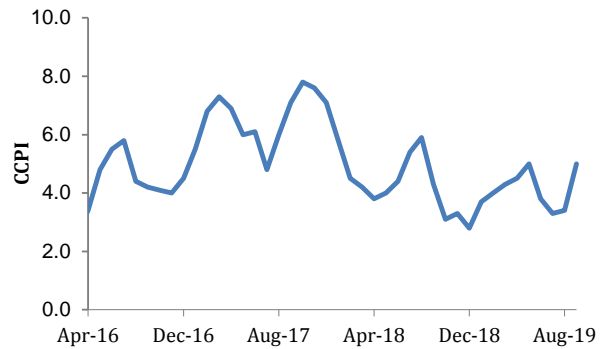
Source Central Bank

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



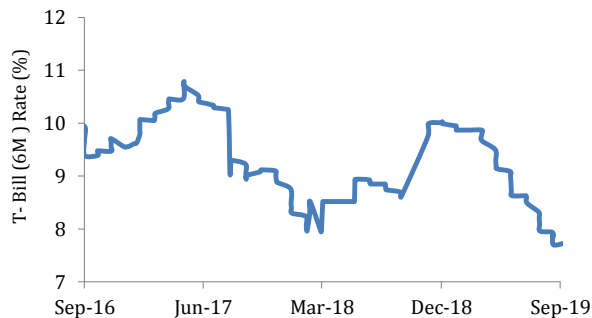
Source: Central Bank

### Inflation (CCPI-N) YoY%



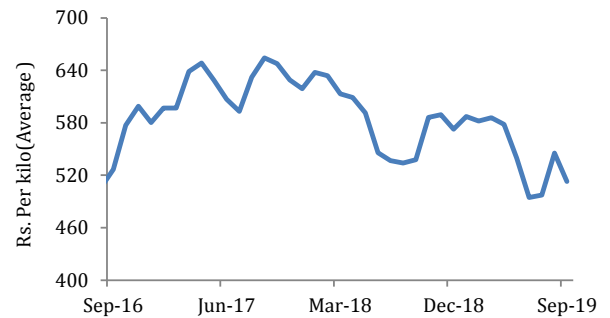
Source: Central Bank

### 6 Month T-Bill Yield



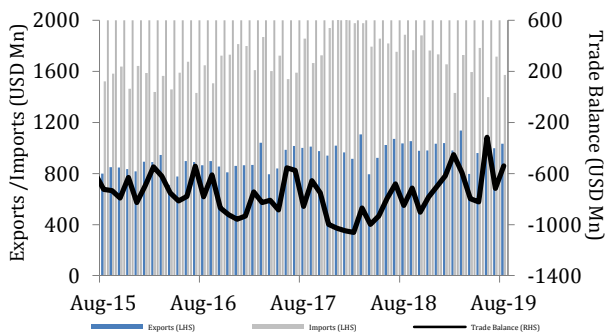
Source: Central Bank

### Tea Prices



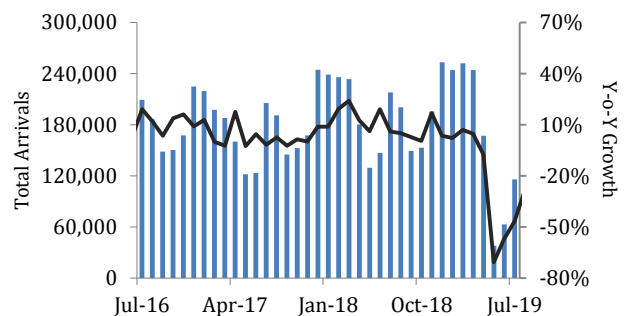
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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