

Markets Gather Pace Days Before the Polls... Manufacturing & Services PMI Increases in October

ASPI ^ 1.15% | S&P SL20 ^ 1.17%

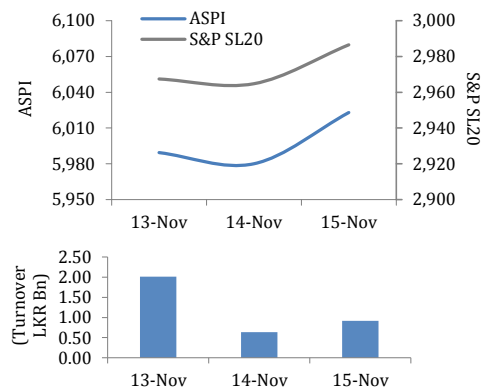
The Bourse ended the week... *Cont. P2*

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

Markets Closed *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (13th Nov – 15th Nov)



KEY STATISTICS

| Week ending | 15-Nov | 08-Nov | +/- |
|--|-----------|-----------|---------|
| ASPI | 6,023.02 | 5,954.62 | 1.15% |
| S&P SL20 | 2,986.52 | 2,951.99 | 1.17% |
| Banking & Finance | 15,895.96 | 15,798.10 | 0.62% |
| Food & Beverage | 22,019.79 | 21,876.72 | 0.65% |
| Diversified | 1,582.68 | 1,548.38 | 2.22% |
| Hotel & Travel | 2,728.59 | 2,703.51 | 0.93% |
| Plantations | 789.67 | 774.19 | 2.00% |
| Manufacturing | 3,295.46 | 3,197.19 | 3.07% |
| Turnover (LKR Bn) | 3.57 | 4.95 | -27.91% |
| Foreign Buying (LKR Mn) | 179.05 | 909.32 | -80.31% |
| Foreign Selling (LKR Mn) | 2,014.63 | 2,257.69 | -10.77% |
| Daily Average Turnover (LKR Bn) | 1.19 | 0.99 | 20.15% |
| Daily Average Foreign Buying (LKR Mn) | 59.68 | 181.86 | -67.18% |
| Daily Average Foreign Selling (LKR Mn) | 671.54 | 451.54 | 48.72% |

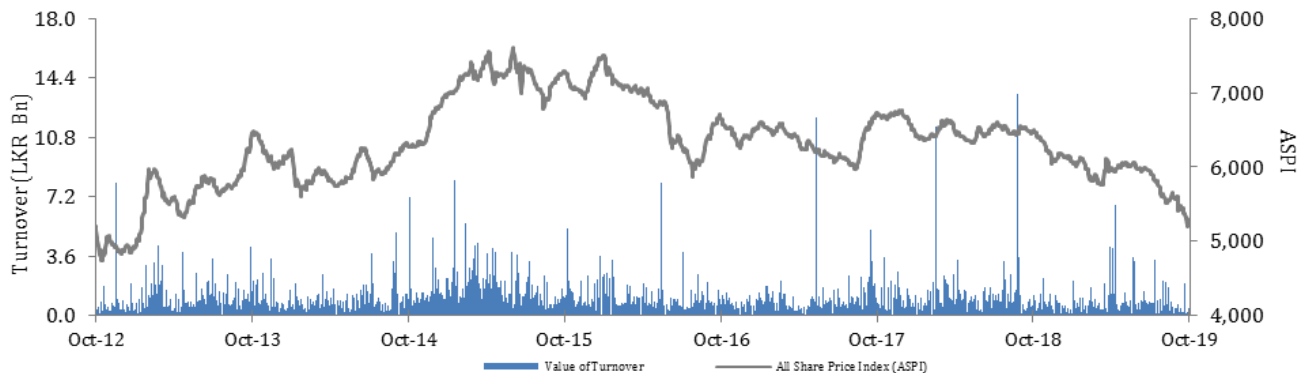
TOP 10 GAINERS

| Company | Code | Opening Price | Closing Price | WoW % Change |
|------------------|-------|---------------|---------------|--------------|
| TESS AGRO[NV] | TESSX | 0.5 | 0.6 | 20.0% |
| TESS AGRO | TESSN | 0.6 | 0.7 | 16.7% |
| CHEMANEX | CHMXN | 50.6 | 59.0 | 16.6% |
| MERC. SHIPPING | MSL N | 45.0 | 51.9 | 15.3% |
| SERENDIB HOTELS | SHOTN | 19.2 | 21.7 | 13.0% |
| BLUE DIAMONDS | BLUEN | 0.8 | 0.9 | 12.5% |
| BERUWALA RESORTS | BERUN | 0.9 | 1.0 | 11.1% |
| AMAYA LEISURE | CONNN | 33.0 | 36.4 | 10.3% |
| RICH PIERIS EXP | REXP | 238.6 | 259.9 | 8.9% |
| ACME | ACMEN | 4.8 | 5.2 | 8.3% |

TOP 10 LOSERS

| Company | Code | Opening Price | Closing Price | WoW % Change |
|-------------------|-------|---------------|---------------|--------------|
| S M B LEASING[NV] | SEMBX | 0.4 | 0.3 | -25.0% |
| ROYAL PALMS | RPBHN | 18.8 | 16.7 | -11.2% |
| DURDANS[NV] | CHL X | 72.0 | 65.2 | -9.4% |
| RENUKA HOTELS | RCHN | 49.8 | 45.1 | -9.4% |
| EDEN HOTEL LANKA | EDENN | 17.6 | 16.0 | -9.1% |
| RESUS ENERGY | HPWRN | 26.9 | 24.6 | -8.6% |
| AMANA BANK | ABL N | 2.6 | 2.4 | -7.7% |
| LAUGFS POWER[NV] | LPLX | 4.3 | 4.0 | -7.0% |
| PALM GARDEN HOTL | PALMN | 29.0 | 27.0 | -6.9% |
| AGALAWATTE | AGALN | 16.9 | 16.0 | -5.3% |

Market Review



Indices |

The Bourse ended the week on a positive note as the ASPI increased by 68.40 points (or +1.15%) to close at 6,023.02 points, while the S&P SL20 Index also increased by 34.35 points (or +1.17%) to close at 2,986.52 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.39Bn or 39.09% of total turnover value. Access Engineering followed suit, accounting for 9.83% of turnover (value of LKR 0.35Bn) while Commercial Bank contributed LKR 0.24Bn to account for 6.73% of the week's turnover. Total turnover value amounted to LKR 3.57Bn (cf. last week's value of LKR 4.95Bn), while daily average turnover value amounted to LKR 1.19Bn (+20.15% W-o-W) compared to last week's average of LKR 0.99Bn. Market capitalization meanwhile, increased by 1.17% W-o-W (or LKR 32.42Bn) to LKR 2,801.90Bn cf. LKR 2,769.48Bn last week.

Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 42.53% (or LKR 1.52Bn) of market turnover. Sector turnover was driven primarily by JKH which accounted for 91.92% of the sector's total turnover. The Bank, Finance & Insurance sector meanwhile accounted for 22.02% (or LKR 0.79Bn) of the total turnover value, with turnover driven primarily by Commercial Bank, Sampath Bank, HNB and HNB[NV] which accounted for 81.20% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 11.19% (or LKR 0.40Bn) to the total turnover, with turnover driven primarily by Tokyo Cement[NV] & Royal Ceramic accounting for 56.83% of the total turnover.

Liquidity (in Volume Terms) |

The Power & Energy sector dominated the market in terms of share volume, accounting for 20.26% (or 23.08Mn shares) of total volume, with a value contribution of LKR 0.11Bn. The Banks, Finance & Insurance sector followed suit, adding 17.21% to total turnover volume as 19.60Mn shares were exchanged. The sector's volume accounted for LKR 0.79Bn of total market turnover value. The Diversified sector meanwhile, contributed 17.01Mn shares (or 14.93%), amounting to LKR 1.52Bn.

Top Gainers & Losers |

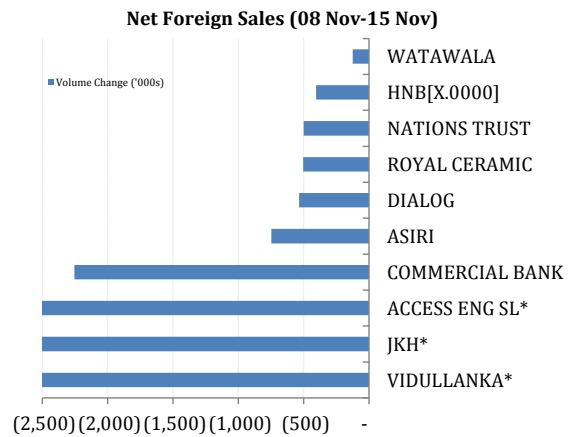
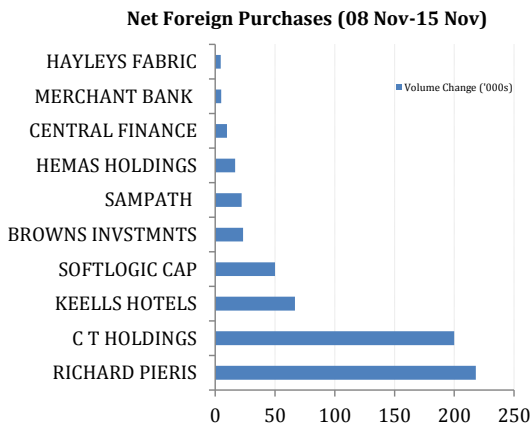
Tess Agro [NV] was the week's highest price gainer; increasing 20.0% W-o-W from LKR0.60 to LKR0.50 while Tess Agro (+16.7% W-o-W), Chemanex (+16.6% W-o-W) and Merc Shipping (+15.3% W-o-W) were also amongst the top gainers.

SMB Leasing was the week's highest price loser; declining 25.0% W-o-W to close at LKR0.30 while Royal Palms (-11.2% W-o-W), Durdans [NV] (-9.4% W-o-W) and Renuka Hotels (-9.4% 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 | 154.0 | 158.2 | 1,394.9 |
| ACCESS ENG SL | AEL N | 21.8 | 22.0 | 350.8 |
| COMMERCIAL BANK | COMBN | 98.8 | 99.0 | 240.3 |
| SAMPATH | SAMPN | 166.9 | 169.7 | 239.7 |
| TOKYO CEMENT[NV] | TKYOX | 34.6 | 35.6 | 116.2 |
| ROYAL CERAMIC | RCL N | 74.2 | 80.3 | 110.7 |
| VIDULLANKA | VLL N | 4.9 | 4.8 | 92.8 |
| DIALOG | DIALN | 12.6 | 12.7 | 90.2 |
| HNB | HNB N | 182.1 | 182.4 | 80.8 |
| HNB[NV] | HNB X | 139.1 | 139.0 | 77.1 |

Market Review (Cont'd)



*Volume change of Vidullanka(20.0Mn Shares),JKH(8.20Mn shares)& Access Engineering(3.10Mn Shares) from 08th Nov – 15th Nov not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 1.84Bn relative to last week’s total net outflow of LKR 1.35Bn (-36.13% W-o-W). Total foreign purchases decreased by 80.31% W-o-W to LKR 0.18Bn from last week’s value of LKR 0.91Bn, while total foreign sales amounted to LKR 2.01Bn relative to LKR 2.26Bn recorded last week (-10.77% W-o-W). In terms of volume, Richard Pieris & CT Holdings led foreign purchases while Vidullanka & JKH led foreign sales. In terms of value, CT Holdings and Sampath Bank led foreign purchases while JKH & Commercial Bank led foreign sales.

Net Foreign Purchases (By Transaction Value)

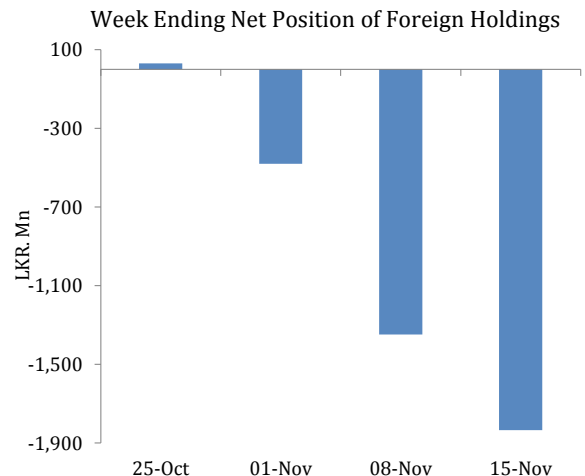
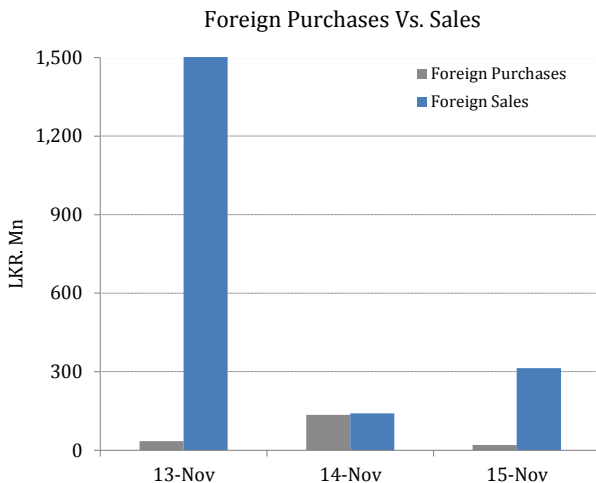
| Company | Foreign Holding (%) | | Net Change | Value* (LKR. Mn) |
|-----------------|---------------------|----------|------------|------------------|
| | 15/11/19 | 08/11/19 | | |
| C T HOLDINGS | 15.45% | 15.35% | 199,890 | 34.38 |
| SAMPATH | 20.96% | 20.96% | 22,000 | 3.73 |
| RICHARD PIERIS | 74.12% | 74.11% | 217,967 | 2.42 |
| HEMAS HOLDINGS | 27.55% | 27.55% | 16,748 | 1.39 |
| CENTRAL FINANCE | 14.21% | 14.21% | 9,754 | 0.92 |
| KEELLS HOTELS | 2.00% | 1.99% | 66,700 | 0.71 |
| CARSONS | 23.01% | 23.00% | 3,709 | 0.67 |
| HAYLEYS | 4.05% | 4.04% | 3,000 | 0.47 |
| SOFTLOGIC CAP | 1.04% | 1.04% | 50,000 | 0.28 |
| CENTRAL IND. | 2.36% | 2.34% | 3,000 | 0.14 |

Net Foreign Sales (By Transaction Value)

| Company | Foreign Holding (%) | | Net Change | Value* (LKR. Mn) |
|-----------------|---------------------|----------|--------------|------------------|
| | 15/11/19 | 08/11/19 | | |
| JKH | 45.68% | 46.30% | (8,199,321) | (1,297.13) |
| COMMERCIAL BANK | 30.85% | 31.09% | (2,254,069) | (223.15) |
| VIDULLANKA | 33.33% | 35.72% | (20,000,000) | (96.00) |
| ACCESS ENG SL | 4.20% | 4.51% | (3,103,899) | (68.29) |
| HNB[X.0000] | 46.09% | 46.49% | (404,804) | (56.27) |
| COLD STORES | 10.89% | 10.95% | (55,695) | (43.44) |
| ROYAL CERAMIC | 6.02% | 6.48% | (503,728) | (40.45) |
| NATIONS TRUST | 26.79% | 26.99% | (500,000) | (40.00) |
| ASIRI | 35.72% | 35.78% | (747,000) | (15.84) |
| NESTLE | 95.08% | 95.09% | (5,438) | (7.07) |

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> |
|--------------------|------------------|---------------|----------------|
| DISTILLERIES | 0.65 | First Interim | 25-11-2019 |
| ACCESS ENGINEERING | 0.25 | First Interim | 22-11-2019 |

Point of View

Markets gathered pace ahead of Saturday's key Presidential elections, as investors picked up stocks in anticipation of a post-election rally. The benchmark ASPI gained 68 index points over the three-day trading week, helping trim last week's 78 point loss when investors sought to book profits from the ASPI's 6% gain in the one month prior to the elections. Investor interest remained concentrated on key blue-chips and Index heavy-weights such as JKH, DIST, CARS and SLT which accounted for ~42% of the Index's 68-point gain over the week. The ASPI consequently hit an 8-day peak of 6,023 points. Despite starting 2019 at the 6,022-6,067 range, the ASPI has remained staunchly at the 5,000-5,900 range for the majority of this year. Anticipation surrounding this year's key Presidential election however, pushed up the Index to a high of 6,032 two weeks prior to the polls, prompting investors to book profits and pushing the Index back to the 5,900 levels. This week's 68 point gain however, tipped the all-share index back over the 6,000-mark one day before the country's 16 million strong voting population goes to the polls to choose the country's next President. This week's gains were partially driven by renewed interest by local HNI and institutional investors, who collectively accounted for 45% of the week's total market turnover (cf. YTD average of 32%). Investor interest remained concentrated on bellwether stock JKH, and the counter accounted for 81% of the week's total crossings and 39% of the week's total turnover. Despite the renewed investor appetite by local retail, HNI and institutional investors, foreigners continued to exit domestic equities for the 3rd consecutive week, and net outflows from the Colombo bourse totaled Rs. 1.8Bn (cf. last week's Rs. 1.3Bn) days ahead of the Presidential elections. Markets next week will look for direction from the outcome of this weekend's Presidential elections.

Manufacturing & Services PMI Increases in October

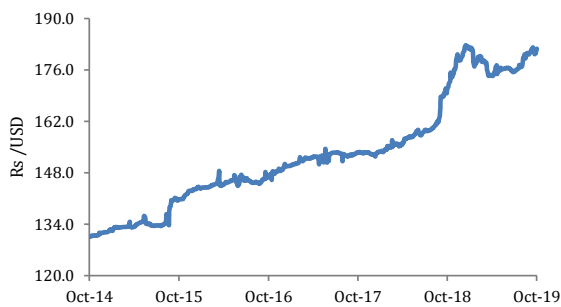
Sri Lanka's Purchasing Managers Index (PMI) rose in October driven by increased values in both the Manufacturing and Services sectors. The Index which is aimed at providing information about current and future business conditions in the manufacturing and service sectors is based on a 'diffusion' index that summarizes whether market conditions (as viewed by purchasing managers) are expanding, unchanged, or contracting. The increase in the Manufacturing PMI (to 57.6 points cf. 54.7 points in Sept'19) was mainly due to an increase in Production and New Orders particularly in the F&B sector ahead of the upcoming festive season demand. However, all sub-indices of PMI Manufacturing exceeded the neutral 50.0 threshold, signaling an overall expansion in manufacturing activities during the period. The Services PMI meanwhile also rose over the month (to 56.9 points cf. 52.7 points in Sep'19) mainly due to strong growth in New Businesses and Business Activities. New Businesses reached a 19-month high with Financial Services and Insurance sectors dominating in securing new businesses. Business Activities also posted a notable growth over October, partly helped by advertising campaigns ahead of the presidential election and increased promotional activities of banks. However, Service sector employment continued to remain below the 50-threshold level for the 7th consecutive month, amid delays in recruitments and automation of manual work. Meanwhile the Backlogs of Work increased in October 2019 (after 20 months of contraction), indicating both that the excess capacity in the sector is diminishing and that employment levels are contracting amidst the strong growth in New Businesses/Business Activities. Meanwhile in terms of Service providers' expectations for the next 3M, expectations have improved due to the upcoming peak season for tourism, the festive season and the expected stability on the political front.

Economic Snapshot

| | Mar'19 | Apr'19 | May'19 | Jun'19 | Jul'19 | Aug'19 | Sep'19 | Oct'19 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Interest Rates | | | | | | | | |
| 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 |
| CCPI Inflation Y-o-Y % (Base 2013) | 4.3 | 4.5 | 5.0 | 3.8 | 3.3 | 3.4 | 5.0 | 5.4 |
| GDP Growth (Base 2010) | | | | | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | |
| | 9.1% | 3.4% | 5.0% | 5.0% | 4.5% | 3.4% | 3.2% | |

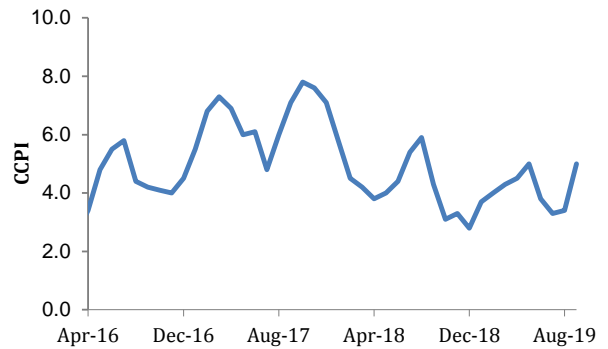
Source Central Bank

Exchange Rate, Rs. vs. US\$



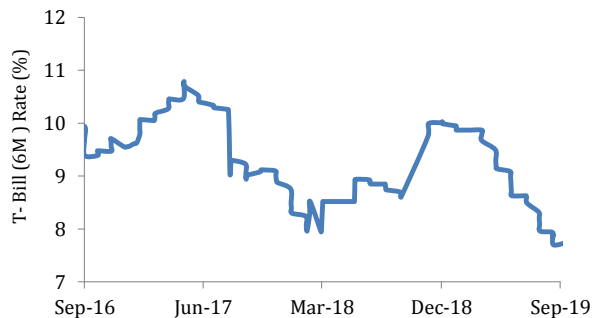
Source: Central Bank

Inflation (CCPI-N) YoY%



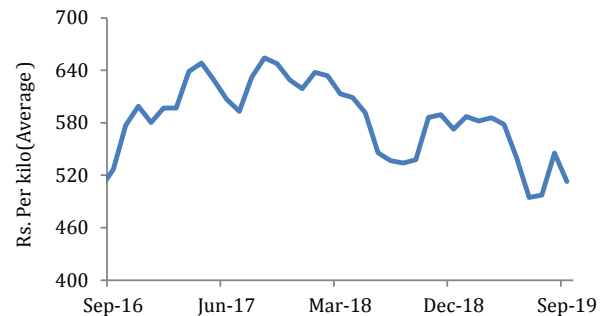
Source: Central Bank

6 Month T-Bill Yield



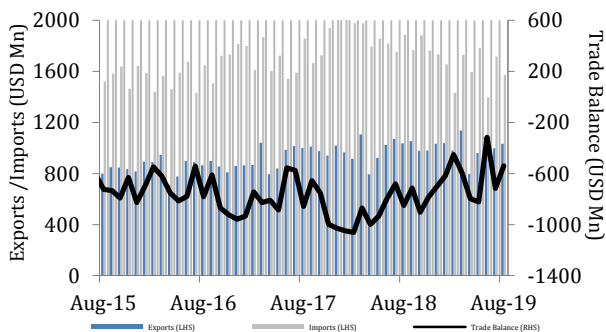
Source: Central Bank

Tea Prices



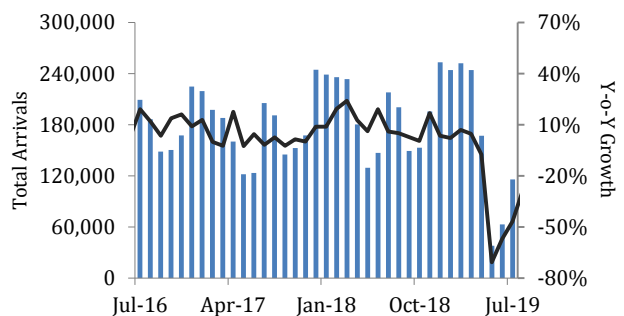
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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