

ASPI Falls 2.9% as Markets Open after 7-Week Lockdown... CBSL Introduces Extraordinary Measures

ASPI v 2.90% | S&P SL20 v 9.85%

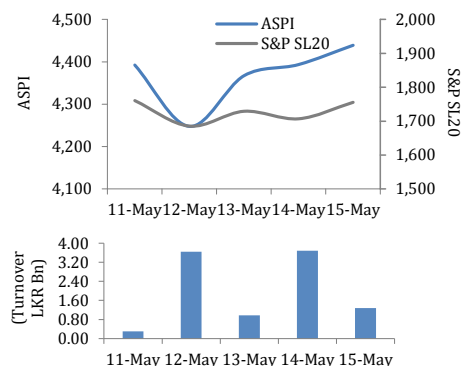
The Bourse ended the week... *Cont. P2*

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

Sri Lankan equities opened..... *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (20th Mar – 15th May)



KEY STATISTICS

Week ending	15-May	20-Mar	+/-
ASPI	4,439.04	4,571.63	-2.90%
S&P SL20	1,755.51	1,947.42	-9.85%
Banks	435.44	470.09	-7.37%
Capital Goods	528.92	610.14	-13.31%
Food, Beverage & Tobacco	667.23	697.73	-4.37%
Consumer Durables & Apparel	583.51	591.31	-1.32%
Materials	483.50	436.62	-10.74%
Diversified Financials	654.33	639.21	-2.37%
Turnover (LKR Bn)	9.61	0.42	-
Foreign Buying (LKR Mn)	1,588.91	35.20	-
Foreign Selling (LKR Mn)	5,098.28	143.51	-
Daily Average Turnover (LKR Bn)	1.92	0.42	-
Daily Average Foreign Buying (LKR Mn)	317.78	35.20	-
Daily Average Foreign Selling (LKR Mn)	1,019.66	143.51	-

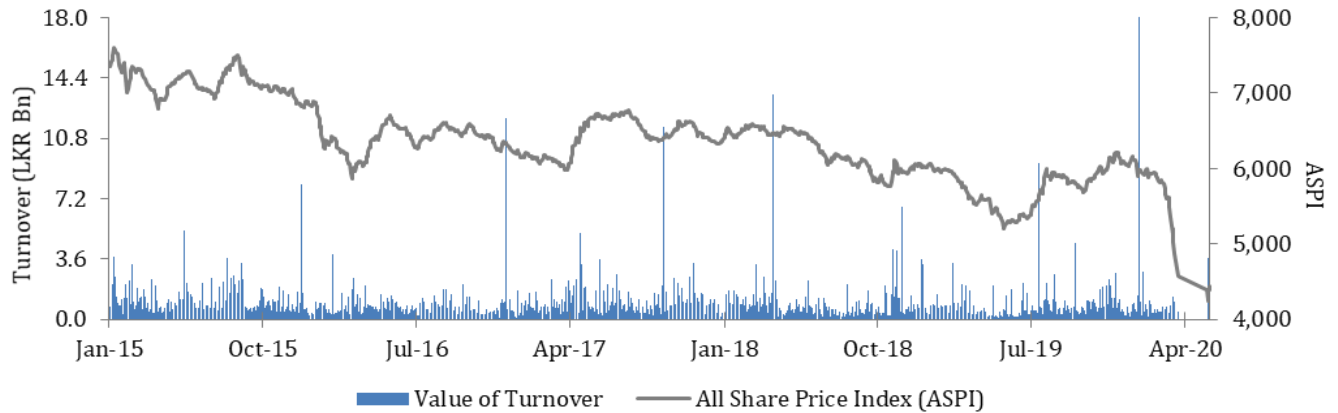
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
LAUGFS POWER[NV]	LPLX	1.6	3.0	87.5%
SMB LEASING[NV]	SEMBX	0.2	0.3	50.0%
BLUE DIAMONDS[NV]	BLUEX	0.2	0.3	50.0%
SINHAPUTHRA FIN	SFLN	5.5	8.2	49.1%
LVL ENERGY	LVEFN	4.2	6.0	42.9%
LANKEM DEV.	LDEVN	1.5	2.1	40.0%
RAIGAM SALTERNS	RWSLN	1.8	2.5	38.9%
DIPPED PRODUCTS	DIPDN	57.0	78.9	38.4%
LAUGFS POWER	LPLN	2.4	3.3	37.5%
LOLC FINANCE	LOFCN	2.2	3.0	36.4%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
JKH	JKH N	115.4	80.5	-30.2%
NATION LANKA	CSF N	0.7	0.5	-28.6%
BROWNS BEACH	BBH N	7.6	5.5	-27.6%
LIGHTHOUSE HOTEL	LHL N	24.0	18.0	-25.0%
UNION CHEMICALS	UCARN	400.0	300.8	-24.8%
ARPICO	ARPIN	125.1	96.6	-22.8%
RENUKA HOLDINGS[NV]	RHL X	9.7	7.5	-22.7%
HNB[NV]	HNB X	100.3	78.0	-22.2%
TANGERINE	TANGN	35.1	27.5	-21.7%
LANKA ASHOK	ASHON	702.0	560.4	-20.2%

Market Review



Indices |

The Bourse ended the week on a negative note as the ASPI decreased by 132.59 points (or -2.90%) to close at 4,439.04 points, while the S&P SL20 Index also decreased by 191.91 points (or -9.85%) to close at 1,755.51 points.

Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR 3.34Bn or 34.72% of total turnover value. Watawala followed suit, accounting for 31.42% of turnover (value of LKR 3.02Bn) while JKH contributed LKR 1.13Bn to account for 11.80% of the week's turnover. Total turnover value amounted to LKR 9.61Bn [cf. week ending 20th March value of LKR 0.42Bn (one trading day for the week)], while daily average turnover value amounted to LKR 1.92Bn (356.77% W-o-W) compared to the week ending 20th March average of LKR 0.42Bn. Market capitalization meanwhile, decreased by 2.90% W-o-W (or LKR 61.72Mn) to LKR 2,066.54Bn cf. LKR 2,128.27Bn during the previous traded week.

Liquidity (in Value Terms) |

The Banks Industry Group was the highest contributor to the week's total turnover value, accounting for 40.05% (or LKR 3.85Bn) of market turnover. Industry Group's turnover was driven primarily by Commercial Bank, Sampath and HNB which accounted for 97.17% of the sector's total turnover. The Food Beverage & Tobacco Industry Group meanwhile accounted for 39.54% (or LKR 3.80Bn) of the total turnover value, with turnover driven primarily by Watawala, Lion Brewery & Ceylon Tobacco which accounted for 94.41% of the sector turnover. The Capital Goods Industry Group was also amongst the top sectorial contributors, contributing 13.34% (or LKR 1.28Bn) to the total turnover, with turnover driven primarily by JKH accounting for 88.46% of the total turnover.

Liquidity (in Volume Terms) |

The Food, Beverage & Tobacco Industry Group dominated the market in terms of share volume, accounting for 51.32% (or 180.37Mn shares) of total volume, with a value contribution of LKR 3.80Bn. The Banks Industry Group followed suit, adding 22.30% to total turnover volume as 78.39Mn shares were exchanged. The Industry Group's volume accounted for LKR 3.85Bn of total market turnover value. The Capital Goods Industry Group meanwhile, contributed 24.10Mn shares (or 6.86%), amounting to LKR 1.28Bn.

Top Gainers & Losers |

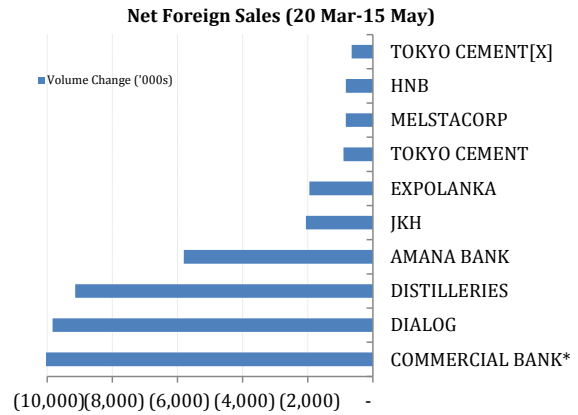
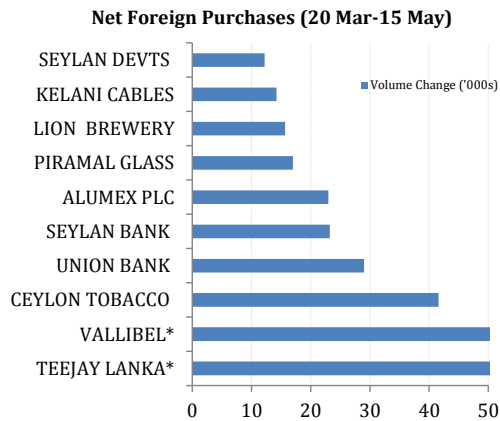
Laughs Power[NV] was the week's highest price gainer; increasing 87.5% W-o-W from LKR1.60 to LKR3.00 while SMB Leasing[NV] (+50.00% W-o-W), Blue Diamond[NV] (+50.00% W-o-W) and Sinhaputhra Finance (+49.1% W-o-W) were also amongst the top gainers.

JKH was the week's highest price loser; declining 30.2% W-o-W to close at LKR80.50. Nation Lanka (-28.6% W-o-W), Browns Beach (-27.6% W-o-W) and Lighthouse Hotel (-25.0% 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	60.1	54.8	3,336.0
WATAWALA	WATAN	20.0	22.6	3,019.5
JKH	JKH N	115.4	80.5	1,133.7
SAMPATH	SAMPN	119.0	109.0	301.4
LION BREWERY	LIONN	520.0	451.2	285.3
CEYLON TOBACCO	CTC N	1000.0	890.3	282.2
DISTILLERIES	DISTN	13.0	13.7	133.0
TEEJAY LANKA	TJL N	23.3	22.2	104.7
HNB	HNB N	105.1	95.0	102.6
DIALOG	DIALN	8.5	8.8	102.0

Market Review (Cont'd)



*Volume change of Teejay Lanka (0.93Mn Shares), Vallibel (0.23Mn Shares) & Commercial Bank (60.44Mn Shares) from 20th Mar – 15th May not displayed.

Foreign investors closed the week in a net selling position, with the total net outflow amounting to LKR 3.51Bn relative to a net outflow of LKR 0.11Bn on March 20th when markets closed for a 7-week period. Total foreign purchases increased to LKR 1.59Bn from a value of LKR 0.04Bn on March 20th, while total foreign sales amounted to LKR 5.10Bn relative to LKR 0.14Bn recorded on March 20th. In terms of volume, Teejay Lanka & Vallibel led foreign purchases while Commercial Bank & Dialog led foreign sales. In terms of value, Ceylon Tobacco & Teejay Lanka led foreign purchases while Commercial Bank & JKH led foreign sales.

Net Foreign Purchases (By Transaction Value)

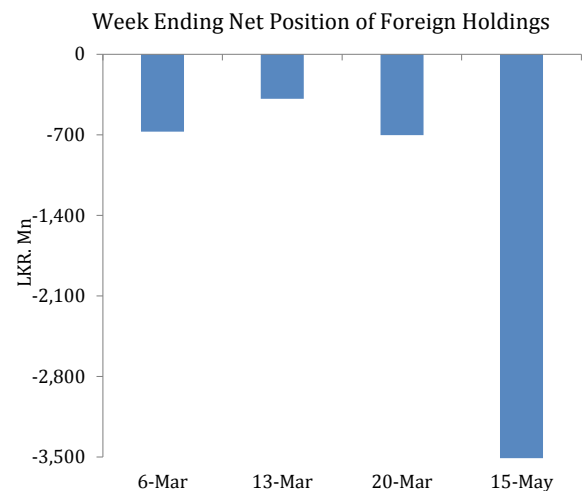
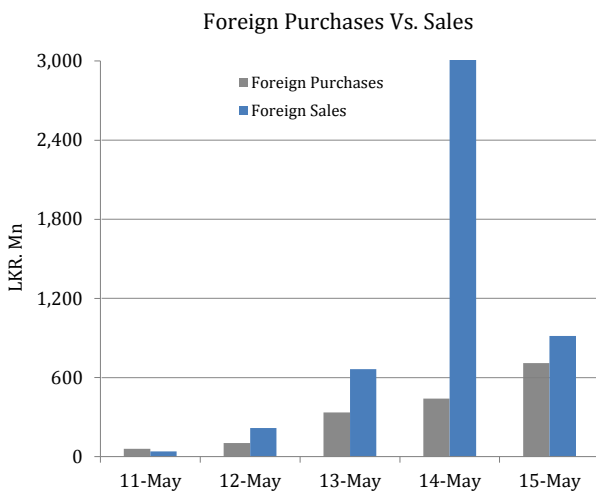
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	15/05/20	20/03/20		
CEYLON TOBACCO	97.18%	97.16%	41,610	37.05
TEEJAY LANKA	47.56%	47.43%	926,572	20.57
LION BREWERY	37.39%	37.37%	15,685	7.08
CEYLINCO INS.[X.0000]	54.08%	53.99%	6,196	4.49
VALLIBEL	1.28%	1.25%	234,541	1.24
KELANI CABLES	4.73%	4.66%	14,241	0.88
SEYLAN BANK	1.71%	1.70%	23,214	0.81
SANASA DEV. BANK	23.53%	23.52%	7,958	0.36
HAYLEYS	3.35%	3.35%	2,723	0.35
UNION BANK	79.73%	79.73%	29,000	0.26

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	15/05/20	20/03/20		
COMMERCIAL BANK	20.64%	26.93%	(60,435,546)	(3,311.87)
JKH	44.58%	44.74%	(2,052,089)	(165.19)
DISTILLERIES	0.84%	1.04%	(9,139,305)	(125.21)
DIALOG	93.64%	93.76%	(9,834,176)	(86.54)
HNB	33.63%	33.83%	(826,145)	(78.48)
SAMPATH	19.60%	19.67%	(258,317)	(28.16)
TOKYO CEMENT	21.70%	22.03%	(903,060)	(22.58)
MELSTACORP	25.71%	25.78%	(827,423)	(18.20)
TOKYO CEMENT[X.0000]	40.45%	40.93%	(647,890)	(14.25)
AMANA BANK	61.68%	61.91%	(5,800,000)	(11.02)

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>
THREE ACRE FARMA PLC	5.50	First and Final	20/05/2020
CEYLON GRAIN ELEVATORS PLC	4.50	First and Final	20/05/2020
CHEVRON LUBRICANTS LANKA PLC	1.00	First Interim	26/05/2020
CEYLON TOBACCO	19.00	First Interim	26/05/2020
SINGER INDUSTRIES (CEYLON) PLC	0.920	Final	27/05/2020
LVL ENERGY FUND PLC	0.180	Interim	27/05/2020
CEYLON TOBACCO	12.13	Final	30/06/2020

Point of View

Sri Lankan equities opened for the first time in 7 weeks after the GoSL decided to enforce an extended lock-down in order to curb the spread COVID-19 infections across the country. However, equity markets were forced to close early on Monday as the heavy sell-off on the S&P SL20 Index which fell 9.6% for the day triggered several index-based circuit breakers. The ASPI meanwhile lost 179 points for the day as blue chips JKH, DIST and key banking sector stocks (COMB, HNB, SAMP) fell due to panic selling. Meanwhile, due to the early closure, turnover for the day hit its lowest level since 2009. Equity markets continued to lose ground on Tuesday, weighed down by selling pressure in large caps CTC and JKH as the ASPI fell further 144.5 points to hit its lowest level of 4,247.95 points in a decade. However, some buying interest returned to the market thereafter as investors sought out undervalued stocks and fresh stimulus measures by the CBSL spurred on some buying interest in select banking sector stocks. Consequently, the ASPI recorded gains totaling to 191 points during the 3 trading days. The benchmark index therefore pared down earlier losses to record a W-o-W loss of ~133 points or -2.9% W-o-W at its close on Friday, bringing the YTD loss on the ASPI to -27%. The recommencement of trading after an extended shutdown of the equity market meanwhile led activity levels to surpass YTD average daily turnover of Rs. 1.2Bn as the Colombo Bourse recorded an average daily turnover of Rs. 1.9Bn for the week. Meanwhile, local HNI and Institutional investor participation contributed 33% to total turnover this week. Watawala Planation was the largest contributor (95%) to crossings this week as a majority stake of ~74% was sold to Sunshine Wilmar while investor buying interest was mainly focused on JKH, LION, DIST and COMB. Meanwhile, foreign investors continued to exit domestic equities to record net foreign outflow of Rs. 3.5Bn this week, bringing the total YTD outflow to Rs. 8.7Bn with heavy foreign selling in Commercial Bank throughout the week contributing a substantial amount to this week's sell-off on the Bourse. Markets in the week ahead are likely to take cues from the ongoing economic impact of the pandemic and continuing earnings releases amid the GoSL's efforts to ease the lock down and open the economy.

CBSL Brings New Regulatory Measures to Banks

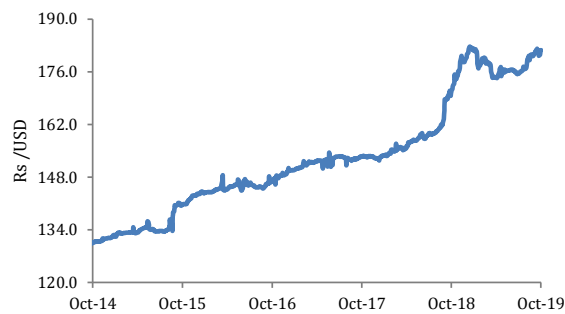
Across the world economies have been pumping massive rescue spending into their economies in order to soften the economic fallout from the pandemic and extended lockdowns, and the IMF estimates that as of early April, \$4.7Tn of emergency measures had been approved by countries around the world. Sri Lanka too initiated a series of Fiscal and Monetary measures to cushion the fallout. Fiscal measures include i) cash transfer payments to vulnerable groups (0.1% of GDP), ii) extension of tax payment deadlines and, iii) concessional loans and food allowances to low-income consumers. The CBSL meanwhile introduced a series of credit support schemes earlier this year to support businesses and consumers including i) debt repayment moratoriums for the tourism, garment, plantation and IT sectors, related logistics providers and SMEs, ii) low interest working capital loans/investment loans for these sectors, iii) 3M moratorium on small-value personal banking and leasing loans and, iv) caps on credit card interest rates/reductions in minimum monthly credit card repayments. On Thursday however, the CBSL introduced an additional series of extraordinary regulatory measures in an effort to stimulate the economy further and to mitigate the adverse impact of the COVID-19 outbreak on the banking sector. The move came partly in response to the liquidity pressures faced by Sri Lankan banks due to the implementation of credit support schemes earlier in the year. While the CBSL had already introduced some measures to aid Banks (rescheduling of non-performing loans, lower capital conservation buffer requirements and a relaxation of loan classification rules) the heightened pressures on the liquidity and other key performance indicators of Banks prompted the CBSL to introduce a further set of extraordinary measures to aid Banks in meeting their liquidity needs. Among the measures introduced yesterday was i) the reclassification of certain assets as liquid assets, ii) reducing the minimum required Liquidity Coverage Ratio and Net Stable Funding Ratio to 90% and, iii) enabling banks to get liquidity either through the Sri Lanka Deposit Insurance and Liquidity Support Scheme or the Framework of Emergency Loans and Advances to LCBs scheme. The CBSL also requested banks to restrict certain discretionary payments such as cash dividends, share buybacks, the repatriation of profits and increases in management allowances and payments to the Board of Directors until Dec'20.

Economic Snapshot

	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'19
Interest Rates								
Prime Lending Rate	11.45	10.93	10.69	10.57	10.42	10.21	10.00	9.68
Ave. Wtd. Deposit Rates	8.94	8.88	8.73	8.51	8.37	8.27	8.20	8.14
Ave. Wtd. Fixed Dep. Rates	11.07	10.97	10.74	10.46	10.27	10.14	10.05	9.97
CCPI Inflation Y-o-Y % (Base 2013)	3.8	3.3	3.4	5.0	5.4	4.4	4.8	5.7
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%	

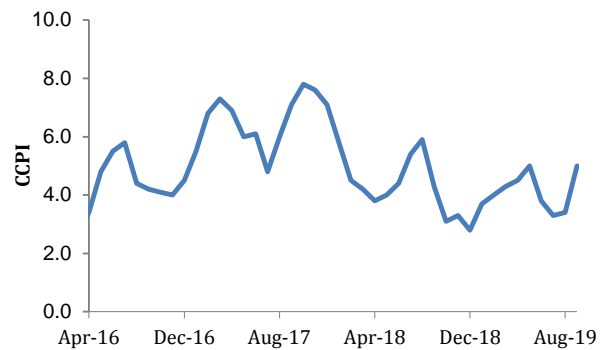
Source Central Bank

Exchange Rate, Rs. vs. US\$



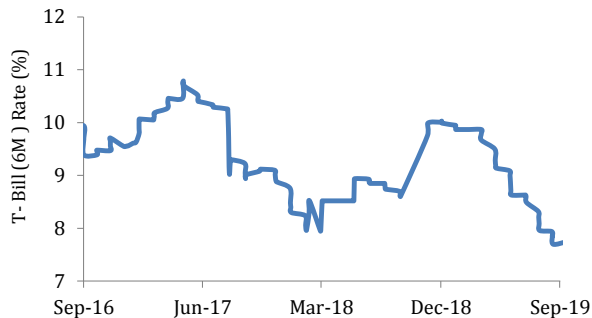
Source: Central Bank

Inflation (CCPI-N) YoY%



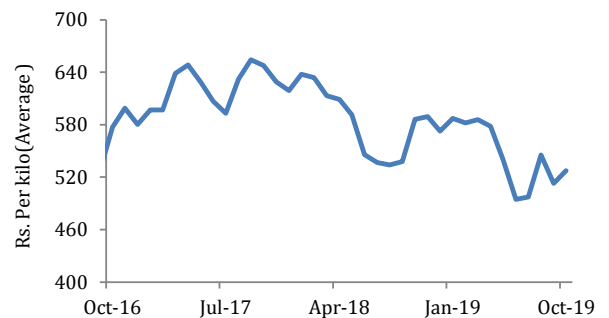
Source: Central Bank

6 Month T-Bill Yield



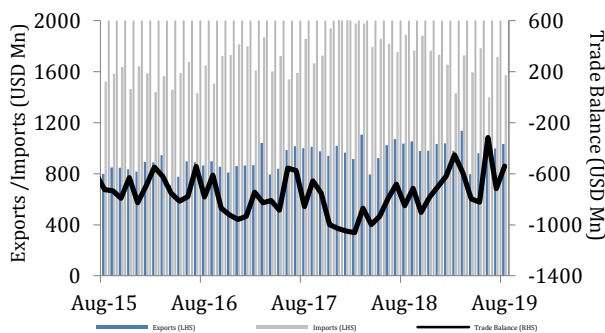
Source: Central Bank

Tea Prices



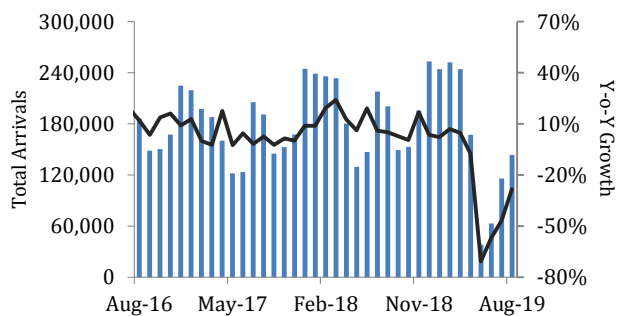
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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