

ASPI Extends Gains for 2nd Consecutive Week... Oil on Track for Largest Monthly Gain in ~21 Years...

ASPI \uparrow 0.98% | S&P SL20 \downarrow 0.90%

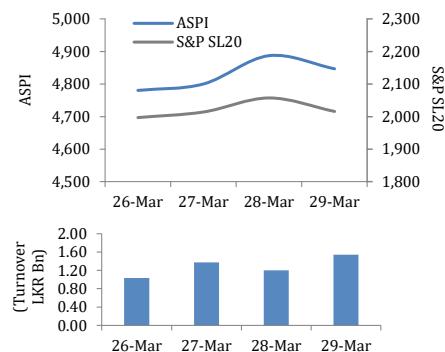
The Bourse ended the week... *Cont. P2*

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

Bargain hunting on *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (26th May – 29th May)



KEY STATISTICS

Week ending	29-May	22-May	+/-
ASPI	4,846.76	4,799.89	0.98%
S&P SL20	2,016.08	2,034.38	-0.90%
Banks	493.69	507.01	-2.63%
Capital Goods	649.04	613.52	5.79%
Food, Beverage & Tobacco	724.41	704.89	2.77%
Consumer Durables & Apparel	674.72	649.76	3.84%
Materials	526.28	514.33	2.32%
Diversified Financials	715.92	711.04	0.69%
Turnover (LKR Bn)	5.15	8.05	-36.00%
Foreign Buying (LKR Mn)	1,620.21	593.11	173.17%
Foreign Selling (LKR Mn)	1,532.22	3,996.15	-61.66%
Daily Average Turnover (LKR Bn)	1.29	1.61	-20.00%
Daily Average Foreign Buying (LKR Mn)	405.05	118.62	241.46%
Daily Average Foreign Selling (LKR Mn)	383.05	799.23	-52.07%

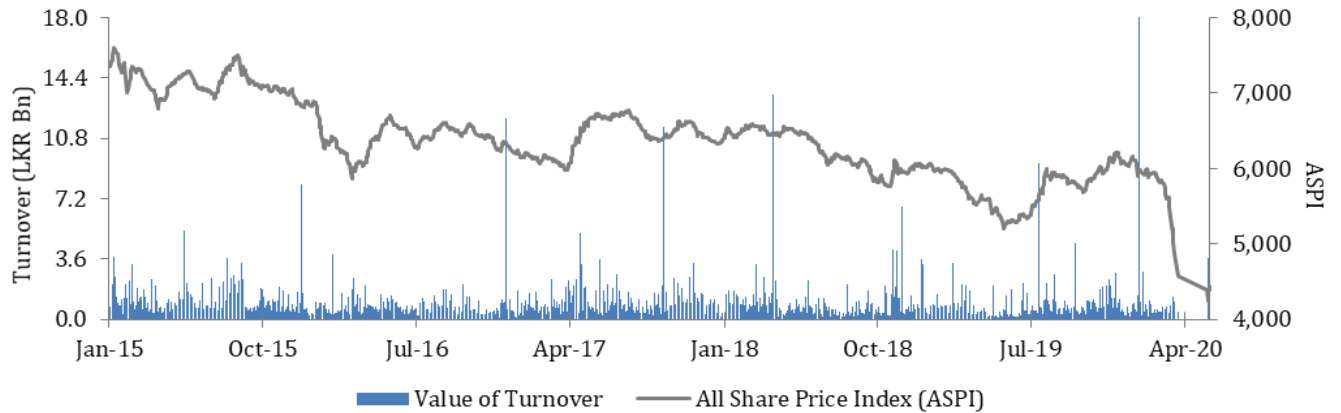
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUJEX	0.2	0.3	50.0%
S M B LEASING	SEMBN	0.3	0.4	33.3%
ARPICO INSURANCE	AINSN	15.4	20.3	31.8%
UNION CHEMICALS	UCARN	300.8	375.0	24.7%
JETWING SYMPHONY	JETSN	7.8	9.6	23.1%
SINGHE HOSPITALS	SINH	1.3	1.6	23.1%
TANGERINE	TANGN	27.5	33.2	20.7%
SERENDIB HOTELS	SHOTN	8.1	9.7	19.8%
FIRST CAPITAL	CFVFN	33.6	40.0	19.0%
RADIANT GEMS	RGEM	19.7	22.8	15.7%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
PRIME FINANCE	GSF N	13.1	10.2	-22.1%
MACKWOODS ENERGY	MEL N	1.5	1.3	-13.3%
LEE HEDGES	SHAW N	68.9	60.0	-12.9%
KELSEY	KDL N	25.0	22.0	-12.0%
PEGASUS HOTELS	PEG N	23.9	21.1	-11.7%
OVERSEAS REALTY	OSEAN	13.7	12.3	-10.2%
LAKE HOUSE PRIN.	LPRTN	128.1	115.1	-10.1%
BROWNS	BRWNN	55.0	49.5	-10.0%
PALM GARDEN HOTL	PALMN	21.1	19.0	-10.0%
PEOPLE'S MERCH	PMB N	9.9	9.0	-9.1%

Market Review



Indices |

The Bourse ended the week on a mixed note as the ASPI increased by 46.87 points (or 0.98%) to close at 4,846.76 points, while the S&P SL20 Index decreased by 18.30 points (or 0.90%) to close at 2,016.08 points.

Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 2.22Bn or 43.08% of total turnover value. HNB followed suit, accounting for 13.75% of turnover (value of LKR 0.71Bn) while Commercial Bank contributed LKR 0.44Bn to account for 8.46% of the week's turnover. Total turnover value amounted to LKR 5.15Bn (cf. last week's value of LKR 8.05), while daily average turnover value amounted to LKR 1.29Bn (-20.00% W-o-W) compared to last week's average of LKR 1.61Bn. Market capitalization meanwhile, increased by 0.98% W-o-W (or LKR 21.91Mn) to LKR 2,265.99Bn cf. LKR 2,244.08Bn last week.

Liquidity (in Value Terms) |

The Capital Goods Industry Group was the highest contributor to the week's total turnover value, accounting for 46.31% (or LKR 2.39Bn) of market turnover. Industry Group's turnover was driven primarily by JKH which accounted for 93.02% of the sector's total turnover. The Banks Industry Group meanwhile accounted for 35.77% (or LKR 1.84Bn) of the total turnover value, with turnover driven primarily by HNB, Commercial Bank, Sampath Bank, Sanasa Dev. Bank & HNB[NV] which accounted for 94.75% of the sector turnover. The Transportation Industry Group was also amongst the top sectorial contributors, contributing 4.39% (or LKR 0.23Bn) to the total turnover, with turnover driven primarily by Expolanka accounting for 100.0% of the total turnover.

Liquidity (in Volume Terms) |

The Transportation Industry Group dominated the market in terms of share volume, accounting for 37.20% (or 87.62Mn shares) of total volume, with a value contribution of LKR 0.23Bn. The Materials Industry Group followed suit, adding 19.07% to total turnover volume as 44.91Mn shares were exchanged. The Industry Group's volume accounted for LKR 0.16Bn of total market turnover value. The Capital Goods Industry Group meanwhile, contributed 33.47Mn shares (or 14.21%), amounting to LKR 2.39Bn.

Top Gainers & Losers |

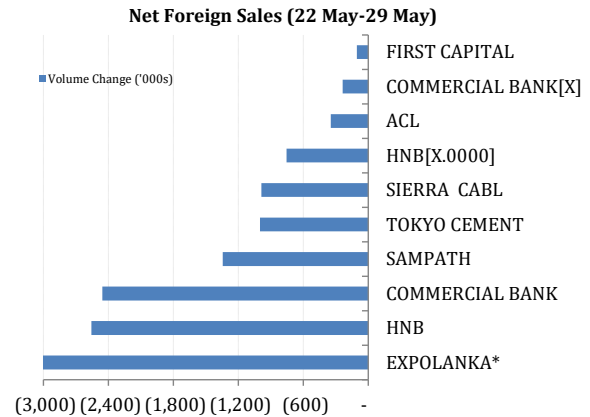
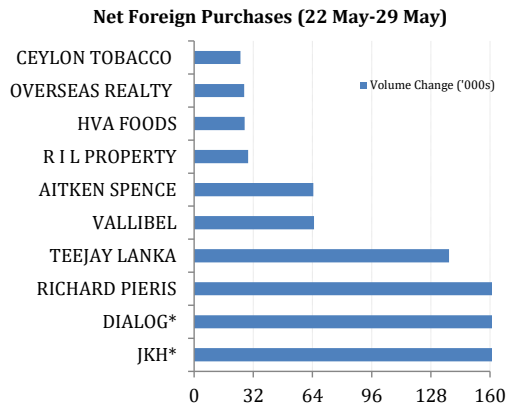
Blue Diamonds [NV] was the week's highest price gainer; increasing 50.0% W-o-W from LKR0.20 to LKR0.30 while SMB Leasing (+33.3% W-o-W), Arpico Insurance (+31.8% W-o-W) and Union Chemicals (+24.7% W-o-W) were also amongst the top gainers.

Prime Finance was the week's highest price loser; declining 22.1% W-o-W to close at LKR10.20. Mackwoods Energy (-13.3% W-o-W), Lee Hedges (-12.9% W-o-W) and Kelsey Developments (-12.0% W-o-W) were also amongst the top losers over the week.

TOP 10 TURNOVERS

Company	Code	Opening Price	Closing Price	Value (Rs. Mn)
JKH	JKH N	104.4	110.1	2,219.1
HNB	HNB N	107.2	101.8	708.0
COMMERCIAL BANK	COMBN	68.1	63.0	435.8
SAMPATH	SAMPN	121.9	118.6	386.0
EXPOLANKA	EXPON	2.5	2.6	226.3
DIALOG	DIALN	9.5	10.4	173.0
SANASA DEV. BANK	SDB N	49.3	50.0	124.1
HNB[NV]	HNB X	85.4	82.3	91.8
TOKYO CEMENT	TKYON	27.0	27.9	84.1
FIRST CAPITAL	CFVFN	33.6	40.0	45.6

Market Review (Cont'd)



*Volume change of JKH (8.38Mn Shares), Dialog Axiata(1.53Mn Shares) & Expolanka (66.52Mn Shares) from 22nd May – 29th May not displayed.

Foreign investors closed the week in a net buying position, with the total net inflow amounting to LKR 0.09Bn relative to a net outflow of LKR 3.5Bn recorded last week. Total foreign purchases increased to LKR 1.62Bn from a value of LKR 0.59Bn last week, while total foreign sales amounted to LKR 1.53Bn relative to LKR 4.00Bn recorded last week. In terms of volume, JKH & Dialog Axiata led foreign purchases while Expolanka & HNB led foreign sales. In terms of value, JKH & CTC led foreign purchases while HNB & Expolanka led foreign sales.

Net Foreign Purchases (By Transaction Value)

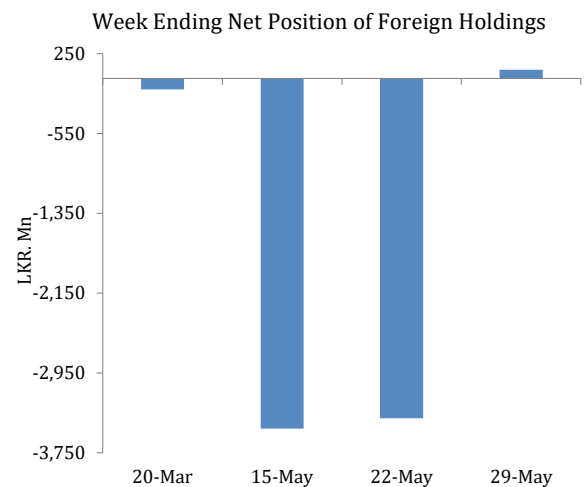
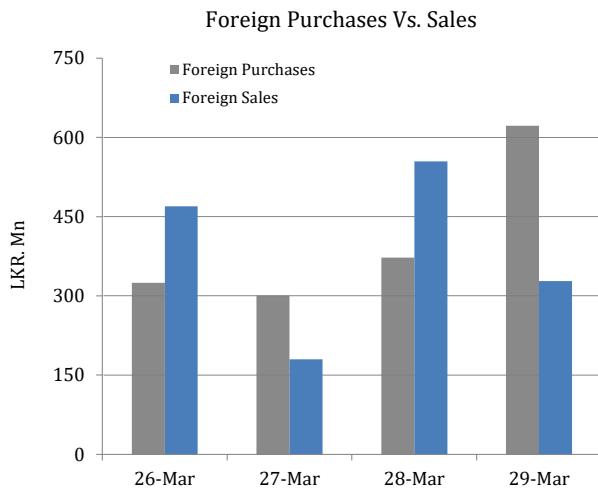
Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	29/05/20	22/05/20		
JKH	45.04%	44.41%	8,384,672	923.15
CEYLON TOBACCO	97.20%	97.18%	25,010	23.48
DIALOG	93.65%	93.63%	1,526,691	15.88
TEEJAY LANKA	47.29%	47.27%	137,834	3.69
L O L C HOLDINGS	4.11%	4.10%	22,003	2.52
RICHARD PIERIS	74.32%	74.31%	236,802	2.32
AITKEN SPENCE	20.72%	20.70%	64,485	2.06
CEYLON GUARDIAN	8.32%	8.30%	15,988	1.04
TOKYO CEMENT[X.0000]	39.83%	39.81%	20,000	0.49
WATAWALA	0.86%	0.85%	14,497	0.39

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	29/05/20	22/05/20		
HNB	28.87%	29.51%	(2,556,775)	(260.28)
EXPOLANKA	77.59%	80.99%	(66,522,163)	(172.96)
SAMPATH	18.03%	18.38%	(1,343,988)	(159.40)
COMMERCIAL BANK	19.57%	19.82%	(2,454,181)	(154.61)
HNB[X.0000]	43.66%	44.42%	(753,357)	(62.00)
TOKYO CEMENT	21.00%	21.38%	(999,443)	(27.88)
ACL	6.65%	6.94%	(346,719)	(13.38)
COMMERCIAL BANK[X.0000]	17.63%	17.99%	(237,081)	(12.71)
HEMAS HOLDINGS	26.69%	26.70%	(75,855)	(4.70)
C T HOLDINGS	14.50%	14.51%	(30,000)	(4.44)

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

Company	DPS (Rs.)	Type	XD Date
DFCC BANK	2.50	First & Final	25/06/2020
PROPERTY DEVELOPMENT	5.00	First and Final	01/07/2020
SUNSHINE HOLDINGS	0.75	Final	29/06/2020
WATAWALA PLANTATIONS	3.00	Final	29/06/2020
FIRST CAPITAL	5.00	Second Interim	04/06/2020
DISTILLERIES	0.55	Second Interim	04/06/2020

Point of View

Bargain hunting on select blue-chips and large-cap stocks supported this week's positive momentum as Sri Lankan equities continued to rise for a 2nd consecutive week. Strong buying interest in market heavyweights JKH, DIAL, CTC and DIST supported this week's ~47 point (1.0% W-o-W) index gain as the benchmark index crossed the 4,800-mark on Wednesday, edging up towards pre-lockdown levels. However, some profit taking amid concerns over Fitch Ratings' decision to recalibrate Sri Lanka's National Rating scale following the recent downgrade of the country's sovereign rating to 'B-' from 'B' affected the performance of equity markets on Friday. Consequently, losses stemming from selling pressure led the ASPI to pare down the week's earlier gains by ~40 points for the day. Meanwhile, activity levels on the Colombo Bourse remained in line with the YTD average turnover of Rs. 1.2Bn during the holiday shortened week as average daily turnover amounted to Rs. 1.3Bn for the week (cf. Rs. 1.6Bn last week). However, greater local HNI and institutional investor participation was observed as crossing for the week contributed 20% to total turnover relative to 15% last week. Index heavyweight JKH accounted for 68% of this week's crossings amid some foreign buying interest during the week. Investor buying interest was also visible in select banking sector stocks (HNB, Sanasa Development Bank, and Sampath), Expolanka and CTC. Gains on the index this week were also supported by a weekly net foreign inflow for the first time this year. Foreign investors were net buyers this week with an inflow of Rs. 88.0Mn (cf. an outflow of Rs. 3.4Bn last week) amid buying interest predominantly in JKH. Markets in the week ahead are likely to take cues from continuing earnings releases while monitoring developments regarding the COVID-19 outbreak in Sri Lanka.

Oil Records Largest Monthly Gain in ~21 Years...

Global oil prices are on track for its largest monthly gain in over 2 decades (since March 1999) as optimism over a recovery in demand after the easing of lockdowns across several countries and the OPEC+ decision to cut oil production buttressed the gain on benchmark Brent crude oil price by nearly 40% M-o-M as it rose from \$25.27/bbl. at the end of April to \$35.33/bbl. on Friday. Brent crude oil prices plummeted to \$19.33/bbl. in April to record its largest drop since the start of the Gulf War in 1991, driven by a combination of i) a price war between Saudi Arabia and Russia and, ii) demand losses stemming from government ordered lockdowns across the globe. Consequently, OPEC+ agreed to a historic supply cut of 9.7Mn barrels per day from the 1st of May in order to off-set the virus-induced slump in demand. Saudi Arabia further added that it would voluntarily cut an additional 1.0Mn barrels per day from June while Kuwait and UAE also followed suit. OPEC+ is set to meet between June 9th -10th to decide whether to extend output cuts beyond July. Improvements in both demand and supply have since pushed prices higher as Brent crude oil hit a 2-month high of \$36.17/bbl. on Tuesday. However, prices are still nearly 50% below January's high of \$68.91/bbl. Although the return of oil consumption to pre-COVID 19 levels is likely long and uncertain, major oil importers (India and China) have begun buying more oil. However, concerns still remain as a second global wave of the coronavirus could derail the fragile recovery while rising oil price could also lead to excess supply.

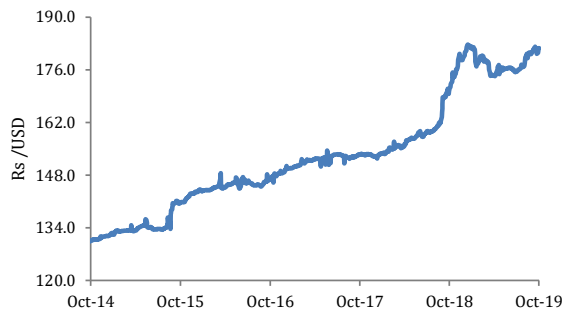
Sources: Bloomberg, CNBC, Reuters

Economic Snapshot

	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20
Interest Rates								
Prime Lending Rate	10.57	10.42	10.21	10.00	9.68	9.51	9.35	9.38
Ave. Wtd. Deposit Rates	8.51	8.37	8.27	8.20	8.14	8.06	7.90	7.77
Ave. Wtd. Fixed Dep. Rates	10.46	10.27	10.14	10.05	9.97	9.83	9.65	9.51
CCPI Inflation Y-o-Y % (Base 2013)	5.0	5.4	4.4	4.8	5.7	6.2	5.4	5.2
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%	

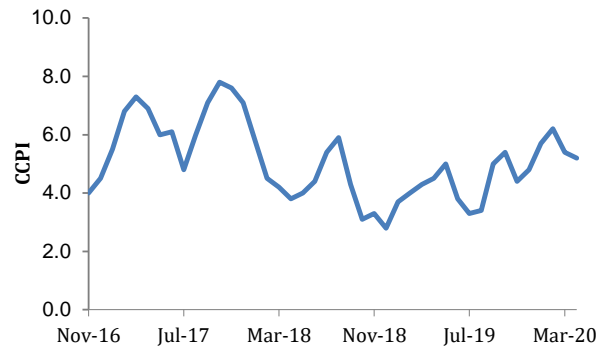
Source Central Bank

Exchange Rate, Rs. vs. US\$



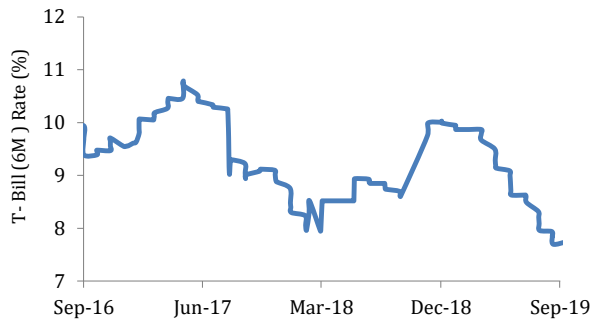
Source: Central Bank

Inflation (CCPI-N) YoY%



Source: Central Bank

6 Month T-Bill Yield



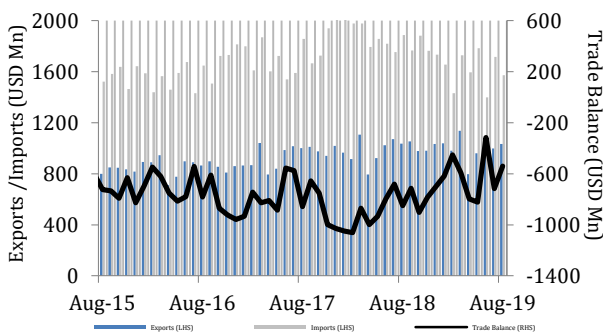
Source: Central Bank

Tea Prices



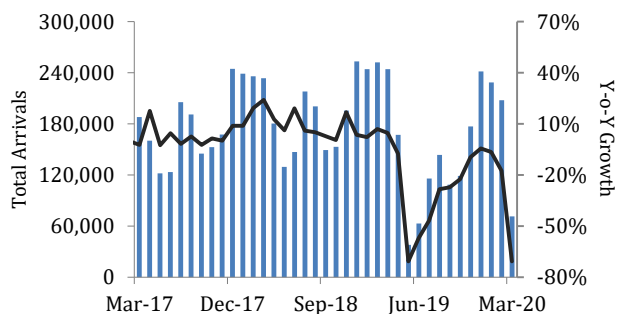
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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