

ASPI Crosses 5,000 Mark amid ~173 Point Gain... Trade Deficit Widens as Exports Fall Sharply...

ASPI ^ 3.47% | S&P SL20 ^ 6.23%

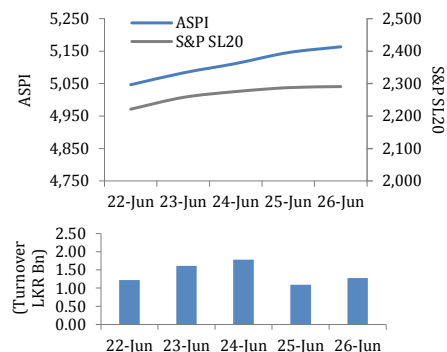
The Bourse ended the week... *Cont. P2*

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

An extended rally in domestic equities *Cont. P4*

Economic Snapshot..... *P5*

Indices vs. Turnover (22nd Jun – 26th Jun)



KEY STATISTICS

Week ending	26-June	19-June	+/-
ASPI	5,163.35	4,990.42	3.47%
S&P SL20	2,290.85	2,156.53	6.23%
Banks	548.64	513.82	6.78%
Capital Goods	703.58	664.09	5.95%
Food, Beverage & Tobacco	740.95	722.51	2.55%
Consumer Durables & Apparel	786.55	729.40	7.84%
Materials	590.30	553.45	6.66%
Diversified Financials	745.17	740.07	0.69%
Turnover (LKR Bn)	6.98	7.08	-1.32%
Foreign Buying (LKR Mn)	214.62	704.66	-69.54%
Foreign Selling (LKR Mn)	1,694.40	3,351.25	-49.44%
Daily Average Turnover (LKR Bn)	1.40	1.42	-1.32%
Daily Average Foreign Buying (LKR Mn)	42.92	140.93	-69.54%
Daily Average Foreign Selling (LKR Mn)	338.88	670.25	-49.44%

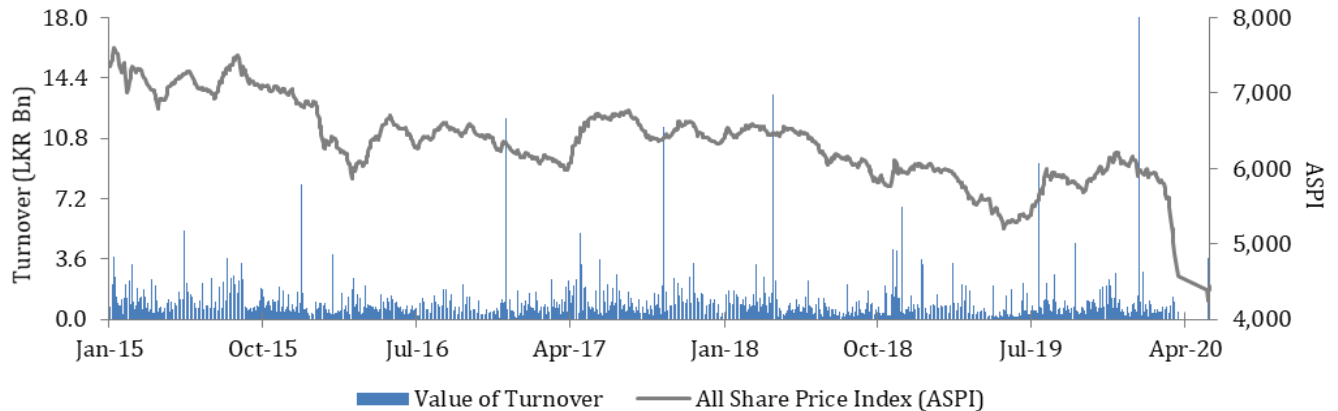
TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING[NV]	SEMBX	0.2	0.3	50.0%
RAIGAM SALTERNS	RWSLN	2.4	3.0	25.0%
TESS AGRO	TESSN	0.4	0.5	25.0%
EQUITY TWO PLC	ETWON	41.3	50.8	23.0%
CIC	CIC N	47.4	57.4	21.1%
CHEMANEX	CHMXN	44.0	53.2	20.9%
DOLPHIN HOTELS	STAFN	15.4	18.6	20.8%
LAUGFS GAS[NV]	LGL X	9.2	11.0	19.6%
HVA FOODS	HVA N	2.6	3.1	19.2%
LION BREWERY	LIONN	500.0	595.9	19.2%

TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
S M B LEASING	SEMBN	0.4	0.3	-25.0%
SHALIMAR	SHALN	1497.6	1158.3	-22.7%
AMANA LIFE	ATLLN	7.8	6.4	-17.9%
BROWNS INVSTMNTS	BIL N	2.9	2.5	-13.8%
ANILANA HOTELS	ALHPN	0.8	0.7	-12.5%
SINGHE HOSPITALS	SINH	1.6	1.4	-12.5%
BERUWALA RESORTS	BERUN	0.8	0.7	-12.5%
ROYAL PALMS	RPBHN	15.8	14.2	-10.1%
HOTELS CORP.	CHOTN	9.5	8.6	-9.5%
SEYLAN DEVTS	CSD N	11.4	10.5	-7.9%

Market Review



Indices |

The Bourse ended the week on a positive note as the ASPI increased by 172.93 points (or 3.47%) to close at 5,163.35 points, while the S&P SL20 Index also increased by 134.32 points (or 6.23%) to close at 2,290.85 points.

Turnover & Market Capitalization |

Commercial Bank was the highest contributor to the week's turnover value, contributing LKR 0.94Bn or 13.49% of total turnover value. HNB followed suit, accounting for 11.32% of turnover (value of LKR 0.79Bn) while Hemas Holdings contributed LKR 0.53Bn to account for 7.54% of the week's turnover. Total turnover value amounted to LKR 6.98Bn (cf. last week's value of LKR 7.08), while daily average turnover value amounted to LKR 1.40Bn (-1.32% W-o-W) compared to last week's average of LKR 1.42Bn. Market capitalization meanwhile, increased by 3.47% W-o-W (or LKR 80.75Mn) to LKR 2,411.11Bn cf. LKR 2,330.36Bn last week.

Liquidity (in Value Terms) |

The Banks Industry Group was the highest contributor to the week's total turnover value, accounting for 44.17% (or LKR 3.08Bn) of market turnover. Industry Group's turnover was driven primarily by Commercial Bank, HNB, Nations Trust, HNB[NV] & Sampath Bank which accounted for 89.51% of the sector's total turnover. The Capital Goods Industry Group meanwhile accounted for 22.76% (or LKR 1.59Bn) of the total turnover value, with turnover driven primarily by Hemas Holdings, JKH & Royal Ceramics which accounted for 76.72% of the sector turnover. The Diversified Financials Industry Group was also amongst the top sectorial contributors, contributing 10.55% (or LKR 0.74Bn) to the total turnover, with turnover driven primarily by LOLC Holdings accounting for 60.70% of the total turnover.

Liquidity (in Volume Terms) |

The Materials Industry Group dominated the market in terms of share volume, accounting for 17.80% (or 48.30Mn shares) of total volume, with a value contribution of LKR 0.50Bn. The Food Beverage & Tobacco Industry Group followed suit, adding 15.46% to total turnover volume as 41.94Mn shares were exchanged. The Industry Group's volume accounted for LKR 0.32Bn of total market turnover value. The Banks Industry Group meanwhile, contributed 39.53Mn shares (or 14.57%), amounting to LKR 3.08Bn.

Top Gainers & Losers |

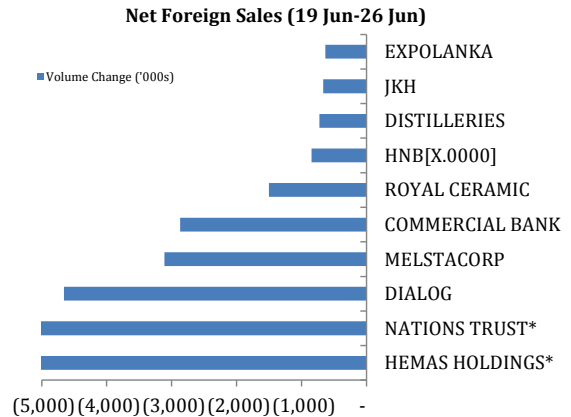
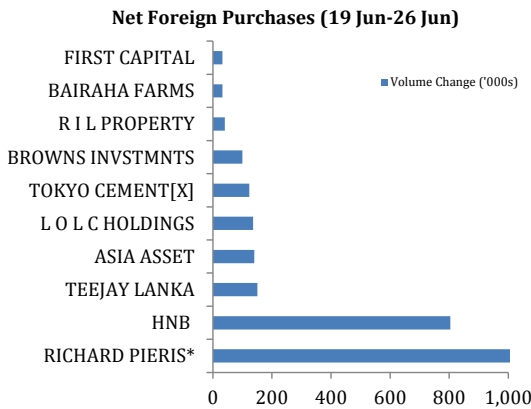
S M B Leasing [NV] was the week's highest price gainer; increasing 50.0% W-o-W from LKR20.00 to LKR30.00 while Raigam Salterns (+25.0% W-o-W), Tess Agro (+25.0% W-o-W) and Equity Two PLC (+23.0% W-o-W) were also amongst the top gainers.

S M B Leasing was the week's highest price loser; declining 25.0% W-o-W to close at LKR0.30. Shalimar (-22.7% W-o-W), Amana Life (-17.9% W-o-W) and Browns Invstmnts (-13.8% 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	71.0	76.7	942.3
HNB	HNB N	108.5	114.5	790.4
HEMAS HOLDINGS	HHL N	61.0	62.3	526.8
L O L C HOLDINGS	LOLCN	123.3	125.3	447.3
NATIONS TRUST	NTB N	62.0	63.0	389.8
JKH	JKH N	117.0	128.2	370.8
HNB[NV]	HNB X	81.9	88.4	334.4
ROYAL CERAMIC	RCL N	64.9	71.6	321.7
SAMPATH	SAMPN	119.2	125.8	304.1
TOKYO CEMENT	TKYON	31.0	33.7	174.6

Market Review (Cont'd)



*Volume change of Richard Pieris(25.98Mn shares), Hemas Holdings(8.07Mn shares) & Nations Trust(5.89Mn shares) from 19th June – 26th June not displayed.

Foreign investors closed the week in a net selling position, with the total net outflow amounting to LKR 1.48Bn relative to a net outflow of LKR 2.65Bn recorded last week(+44.1% W-o-W). Total foreign purchases decreased by 69.5% W-o-W to LKR 0.21Bn from a value of LKR 0.70Bn last week, while total foreign sales amounted to LKR 1.69Bn relative to LKR 3.35Bn recorded last week(-49.4% W-o-W). In terms of volume, Richard Pieris & HNB led foreign purchases while Hemas Holdings & Nations Trust led foreign sales. In terms of value, Richard Pieris & HNB led foreign purchases while Hemas Holdings & Nations Trust led foreign sales.

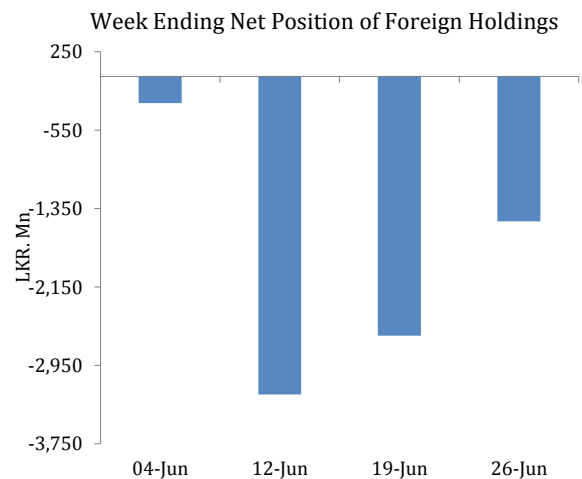
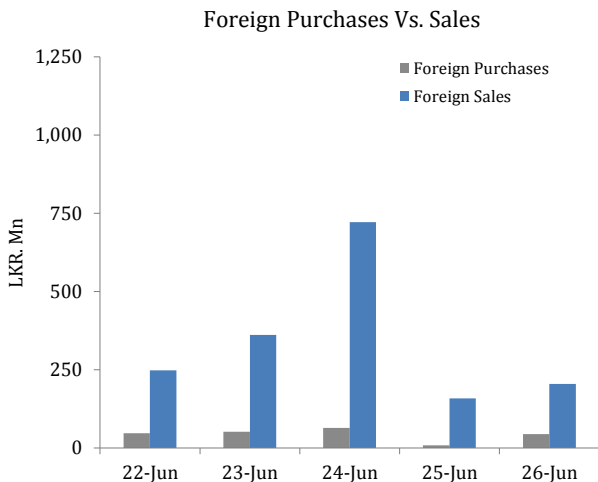
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	26/06/20	19/06/20		
RICHARD PIERIS	75.60%	74.32%	25,984,500	259.85
HNB	27.50%	27.30%	803,616	92.01
L O L C HOLDINGS	0.53%	0.50%	136,000	17.04
TEEJAY LANKA	47.38%	47.36%	151,017	4.80
TOKYO CEMENT[X.0000]	38.22%	38.13%	122,991	3.68
BAIRAHA FARMS	3.68%	3.48%	32,826	3.19
UNION ASSURANCE	1.11%	1.10%	8,932	2.74
SAMPATH	16.03%	16.02%	12,611	1.59
FIRST CAPITAL	0.32%	0.28%	32,562	1.58
SEYLAN BANK	1.60%	1.59%	26,137	1.28

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	26/06/20	19/06/20		
HEMAS HOLDINGS	24.15%	25.51%	(8,069,118)	(502.71)
NATIONS TRUST	19.67%	22.08%	(5,892,970)	(371.26)
COMMERCIAL BANK	18.42%	18.72%	(2,868,469)	(220.01)
ROYAL CERAMIC	3.08%	4.44%	(1,504,556)	(107.73)
MELSTACORP	25.43%	25.70%	(3,109,800)	(96.40)
JKH	45.18%	45.23%	(667,215)	(85.54)
HNB[X.0000]	35.23%	36.06%	(848,259)	(74.99)
DIALOG	93.55%	93.61%	(4,656,232)	(55.87)
HNB ASSURANCE	1.18%	1.57%	(193,361)	(22.24)
AITKEN SPENCE	21.34%	21.47%	(542,146)	(20.06)

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>
CENTRAL INDUSTRIES	2.00	Final	04-08-2020
SRI LANKA TELECOM	1.06	First & Final	16-07-2020

<u>Company</u>	<u>Proportion</u>	<u>Shares to be Issued</u>	<u>Type</u>
CENTRAL INDUSTRIES	21.25:1	930,279	Scrip

Point of View

An extended rally in domestic equities pushed the ASPI above the key psychological mark of 5,000 points this week as the benchmark index gained ~173 index points or 3.5% W-o-W to close at 5,163.35 points. Equity markets opened on a positive note, gaining ~56 points on Monday supported by an uptick in heavyweights JKH, COMB and LOLC amid stronger retail driven momentum. Consequently, the benchmark index crossed the 5,000 mark for the first time since mid-March at its close on Monday. This week's gain on the index was predominantly supported by index heavyweight JKH amid an announcement stating that the International Finance Corporation had entered into a long-term financial agreement with the Group to support its investment pipeline. Renewed investor confidence in the blue chip consequently led JKH to rise 9.6% W-o-W to Rs. 128.20, contributing 31.63 index points or 18.3% to the total market gain for the week. Furthermore, this week's ~173 point gain helped trim the YTD loss on the ASPI to 15.5%. Activity levels on the Colombo Bourse fell marginally however with average daily turnover levels amounting to Rs. 1.40Bn (cf. Rs. 1.42Bn last week) as local HNI and institutional participation remain muted this week. Consequently, crossings contributed a mere 11% to total turnover for the week (cf. last week's 22%). Interest remained concentrated mainly on Hemas Holdings (32% of total crossing) and select Banking sector stocks (COMB, HNB, & NTB accounted for 41% of total crossings this week). Meanwhile, the foreign sell-off on Sri Lankan continued this week albeit at a slower pace, with net foreign outflow for the week totalling to Rs. 1.48Bn relative to a net outflow of Rs. 2.65Bn last week. This week's net selling position on equities increased the YTD outflow from the Colombo Bourse to Rs. 19.8Bn. Markets in the week ahead are likely to take cues from further economic and political developments.

Trade Deficit Widens as Exports Fall Sharply

Sri Lanka's trade deficit widened in Apr'20, to \$840Mn from a deficit of \$797Mn in Apr'19 as a result of a sharp decline in export earnings (-64.6% Y-o-Y) compared to a drop in import expenditure (-29.6% Y-o-Y) during the month. The drop in exports was largely due to disruptions in domestic production and export related services caused by a nationwide lockdown during the month amid containment measures taken by global value chain hub regions. Consequently, export earnings fell from \$798Mn in Apr'19 to \$282Mn in Apr'20 with all major export categories recording significant declines (particularly in textile & garments, rubber products and tea). Meanwhile, import expenditure also experienced a decline in Apr'20 led by a significant fall in intermediate and investment goods amid import restrictions, an island-wide curfew, and lower commodity prices due to the Covid-19 pandemic. Consequently, import expenditure fell from \$1.6Bn in Apr'19 to \$1.1Bn in Apr'20 led by lower expenditure on fuel (due to lower import volumes and crude oil prices). In terms of service inflows meanwhile, the suspension of all passenger flights to and from Sri Lanka since mid-Mar'20 led to a fall in Tourism receipts to zero in Apr'20 from \$315Mn last year while Workers' Remittances fell 32.3% Y-o-Y to \$375Mn. Meanwhile, the significant outflow from capital markets moderated in Apr'20 as net outflows from Government securities amounted to \$90Mn (cf. a net outflow of \$261Mn in Mar'20 in the aftermath of the pandemic) while no foreign flows were recorded in equity markets due to the suspension of trading from mid-Mar'20. Meanwhile, long term loans to GoSL created inflows amounting to \$137Mn in Apr'20. Gross official reserves at the end of Apr'20 stood at \$7.2Bn (cf. \$7.5Bn in Jan'20) while the LKR depreciated ~2.8% against the USD so far this year, recovering from a sharp decline in Apr'20.

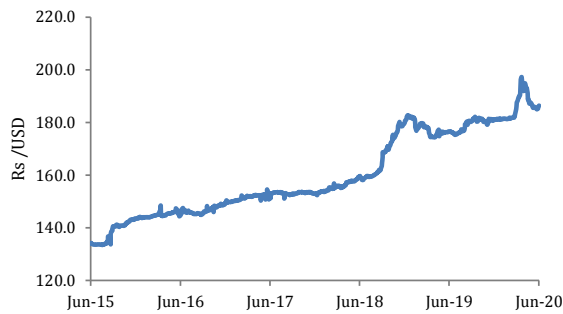
Sources: CBSL

Economic Snapshot

	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20
Interest Rates								
Prime Lending Rate	10.42	10.21	10.00	9.68	9.51	9.35	9.38	9.28
Ave. Wtd. Deposit Rates	8.37	8.27	8.20	8.14	8.06	7.90	7.77	7.57
Ave. Wtd. Fixed Dep. Rates	10.27	10.14	10.05	9.97	9.83	9.65	9.51	9.26
CCPI Inflation Y-o-Y % (Base 2013)	5.4	4.4	4.8	5.7	6.2	5.4	5.2	5.2
GDP Growth (Base 2010)								
	2013	2014	2015	2016	2017	2018	2019	
	3.4%	5.0%	5.0%	4.5%	3.6%	3.3%	2.3%	

Source Central Bank

Exchange Rate, Rs. vs. US\$



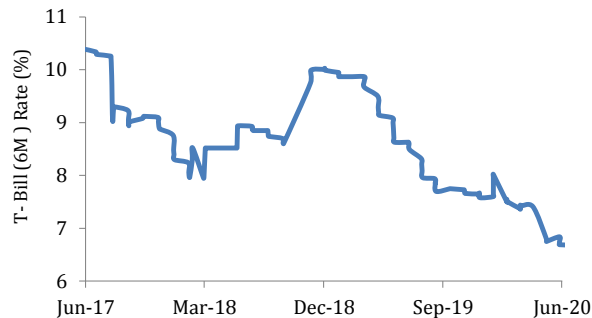
Source: Central Bank

Inflation (CCPI-N) YoY%



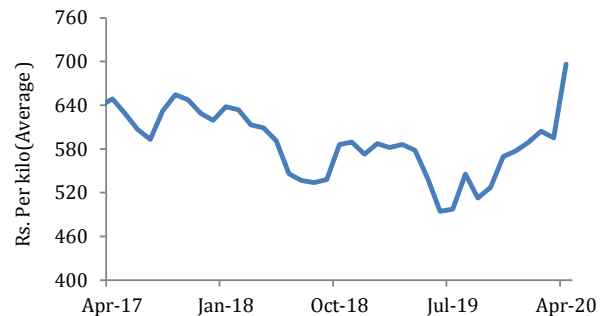
Source: Central Bank

6 Month T-Bill Yield



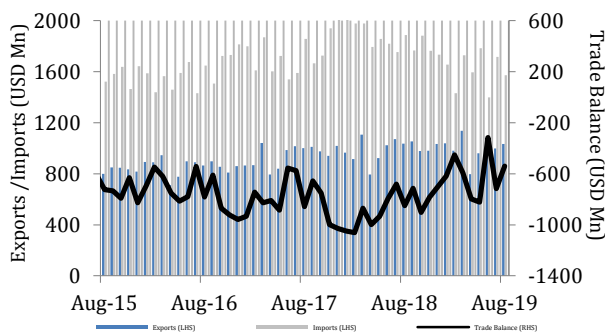
Source: Central Bank

Tea Prices



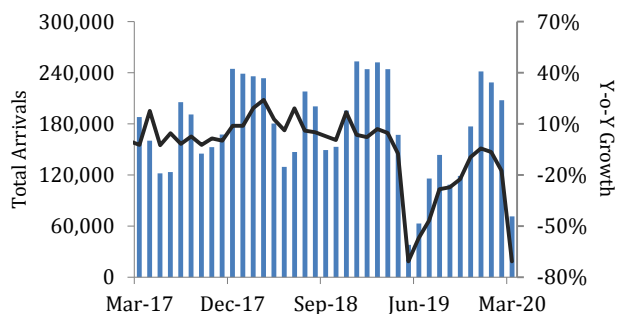
Source: Sri Lanka Tea Board

Export & Trade Balance



Source: Central Bank

Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

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