

## ASPI Stumbles Below 6000 as Debt Concerns

### Weigh... Global Growth to Moderate in 2019

ASPI v 1.65% | S&P SL20 v 2.23%

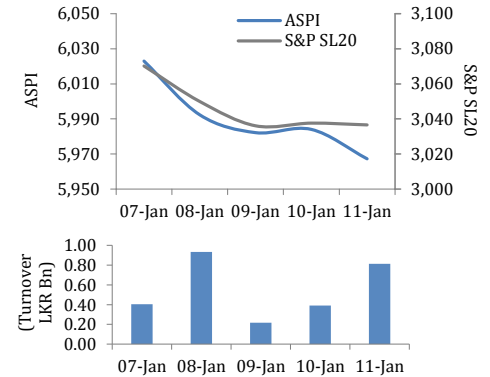
The Bourse ended the week... *Cont. P2*

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

Negative investor ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (07<sup>th</sup> Jan – 11<sup>th</sup> Jan)



## KEY STATISTICS

Week ending	11-Jan	04-Jan	+/-
ASPI	5,967.27	6,067.66	-1.65%
S&P SL20	3,036.61	3,105.75	-2.23%
Banking & Finance	16,173.41	16,474.18	-1.83%
Food & Beverage	24,319.88	24,794.09	-1.91%
Diversified	1,532.43	1,566.64	-2.18%
Hotel & Travel	2,661.04	2,669.93	-0.33%
Plantations	731.60	732.16	-0.08%
Manufacturing	2,835.19	2,855.64	-0.72%
Turnover (LKR Bn)	2.76	1.37	100.85%
Foreign Buying (LKR Mn)	1,301.63	798.17	63.08%
Foreign Selling (LKR Mn)	2,053.90	905.28	126.88%
Daily Average Turnover (LKR Bn)	0.55	0.34	60.68%
Daily Average Foreign Buying (LKR Mn)	260.33	199.54	30.46%
Daily Average Foreign Selling (LKR Mn)	410.78	226.32	81.51%

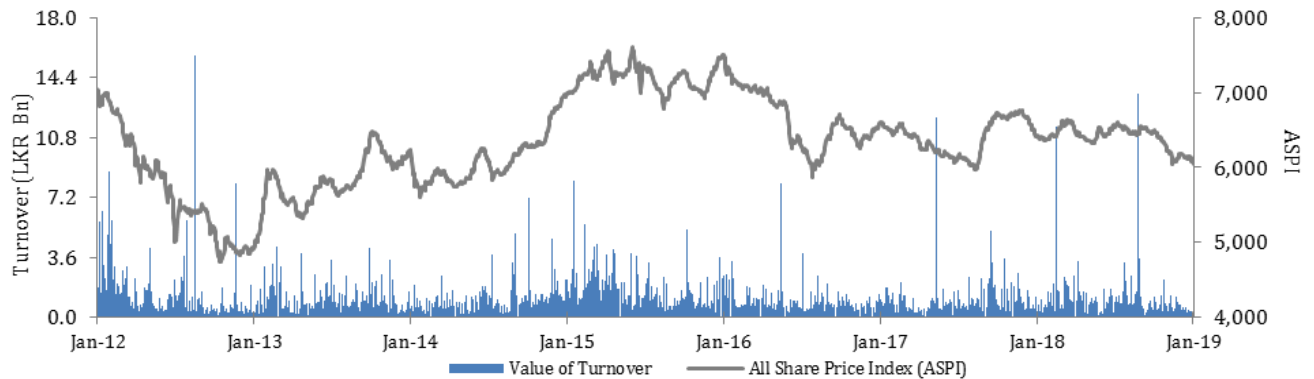
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
AMAYA LEISURE	CONN	40.0	50.8	27.0%
TESS AGRO	TESS	0.4	0.5	25.0%
S M B LEASING	SEMB	0.4	0.5	25.0%
HUNAS FALLS	HUNAN	131.8	160.1	21.5%
ASIA ASSET	AAF N	0.8	0.9	12.5%
PRINTCARE PLC	CAREN	27.3	30.0	9.9%
MAHAWELI REACH	MRH N	13.0	14.1	8.5%
SERENDIB ENG.GRP	IDL N	6.3	6.8	7.9%
HAPUGASTENNE	HAPUN	15.7	16.7	6.4%
ARPICO	ARPIN	150.0	159.1	6.1%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEN	0.3	0.2	-33.3%
THE FINANCE CO.[NV]	TFC X	1.1	0.9	-18.2%
BLUE DIAMONDS	BLUEN	0.6	0.5	-16.7%
NATION LANKA	CSF N	0.7	0.6	-14.3%
ODEL PLC	ODELN	29.5	25.4	-13.9%
RENUKA HOLDINGS[NV]	RHL X	14.9	13.0	-12.8%
PEOPLE'S MERCH	PMB N	11.0	9.7	-11.8%
BROWNS	BRWNN	61.0	54.0	-11.5%
RENUKA FOODS[NV]	COCOX	10.9	9.7	-11.0%
ORIENT FINANCE	ORINN	15.1	13.5	-10.6%

## Market Review



### Indices |

The Bourse ended the week on a negative note as the ASPI decreased by 100.39 points (or -1.65%) to close at 5,967.27 points, while the S&P SL20 Index also decreased by 69.14 points (or -2.23%) to close at 3,036.61 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 1.09Bn or 39.55% of total turnover value. Commercial Bank followed suit, accounting for 16.88% of turnover (value of LKR 0.47Bn) while Sampath Bank contributed LKR 0.29Bn to account for 10.34% of the week's turnover. Total turnover value amounted to LKR 2.76Bn (cf. last week's value of LKR 1.37Bn), while daily average turnover value amounted to LKR 0.55Bn (+60.68% W-o-W) compared to last week's average of LKR 0.34Bn. Market capitalization meanwhile, decreased by -1.65% W-o-W (or LKR 47.10Bn) to LKR 2,799.52Bn cf. LKR 2,846.62Bn last week.

### Liquidity (in Value Terms) |

The Diversified sector was the highest contributor to the week's total turnover value, accounting for 44.73% (or LKR 1.23Bn) of market turnover. Sector turnover was driven primarily JKH, Melstacorp & Richard Pieris which accounted for 98.06% of the sector's total turnover. The Banks, Finance & Insurance sector meanwhile accounted for 41.57% (or LKR 1.15Bn) of the total turnover value, with turnover driven primarily by Commercial Bank, Sampath Bank & HNB which accounted for 89.08% of the sector turnover. The Manufacturing sector was also amongst the top sectorial contributors, contributing 5.60% (or LKR 0.15Bn) to the market driven by Teejay Lanka which accounted for 69.71% of the sector turnover.

### Liquidity (in Volume Terms) |

The Diversified sector dominated the market in terms of share volume, accounting for 31.99% (or 14.48Mn shares) of total volume, with a value contribution of LKR 1.23Bn. The Banks, Finance & Insurance sector followed suit, adding 27.09% to total turnover volume as 12.27Mn shares were exchanged. The sector's volume accounted for LKR 1.15Bn of total market turnover value. The Manufacturing sector meanwhile, contributed 5.12Mn shares (or 11.32%), amounting to LKR 0.15Bn.

### Top Gainers & Losers |

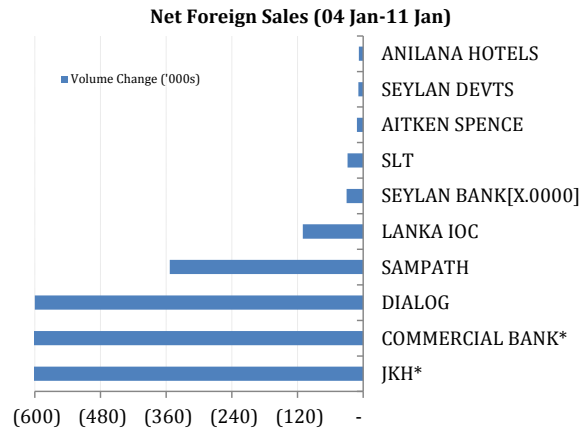
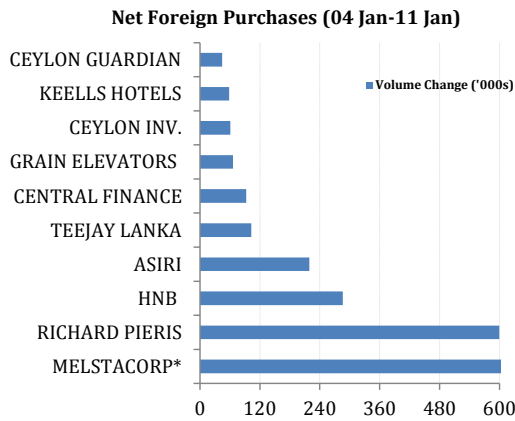
Amaya Leisure was the week's highest price gainer; increasing 27.0% W-o-W from LKR40.00 to LKR50.80 while Tess Agro (+25.0% W-o-W), SMB Leasing (+25.0% W-o-W) and Hunas Falls (+21.5% W-o-W) were also amongst the top gainers.

Blue Diamonds [NV] was the week's highest price loser; declining 33.3% W-o-W to close at LKR0.20 while The Finance [NV] (-18.2% W-o-W), Blue Diamonds (-16.7% W-o-W), and Nations Lanka (-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	157.5	153.0	1,090.96
COMMERCIAL BANK	COMBN	115.0	114.0	465.52
SAMPATH	SAMPN	229.0	218.1	285.31
HNB	HNB N	208.0	205.0	270.65
TEEJAY LANKA	TJL N	33.8	33.9	107.79
ASIRI	ASIRN	22.1	22.0	97.78
MELSTACORP	MELSN	47.6	47.0	78.96
RICHARD PIERIS	AAICN	10.5	10.2	39.98
HUNAS FALLS	HUNAN	131.8	160.1	18.09
CEYLON TOBACCO	CTC N	1460.0	1410.2	16.79

Market Review (Cont'd)



\*Volume change of Melstacorp (1.47Mn Shares), JKH (3.34Mn Shares), and Commercial Bank (1.91Mn Shares) from 4<sup>th</sup> Jan - 11<sup>th</sup> Jan not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 0.75Bn relative to last week's total net outflow of LKR 0.11Bn (-602.3% W-o-W). Total foreign purchases increased by 63.08% W-o-W to LKR 1.3Bn from last week's value of LKR 0.80Bn, while total foreign sales amounted to LKR 2.1Bn relative to LKR 0.91Bn recorded last week (+126.9% W-o-W). In terms of volume, Melstacorp & Richard Pieris led foreign purchases while JKH & Commercial Bank led foreign sales. In terms of value, Melstacorp & HNB led foreign purchases while JKH & Commercial Bank led foreign sales.

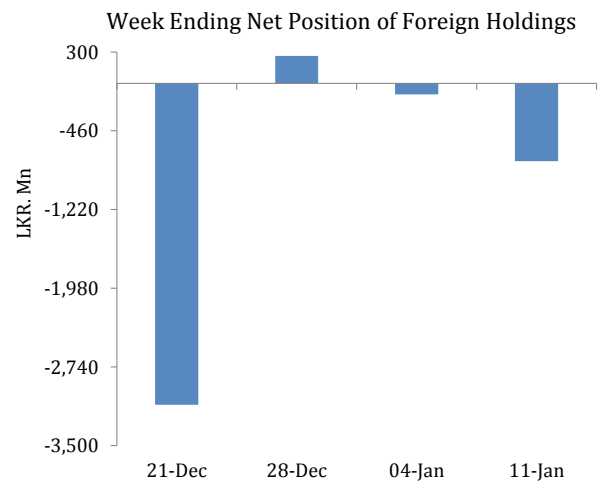
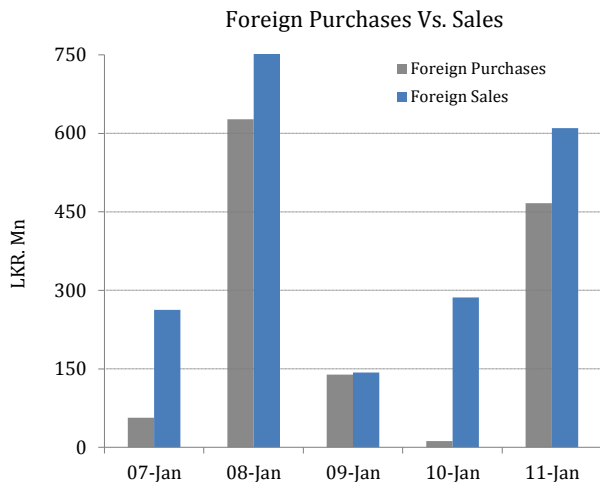
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/01/19	04/01/19		
MELSTACORP	26.27%	26.15%	1,467,149	68.96
HNB	35.67%	35.60%	286,017	58.63
CEYLON TOBACCO	97.46%	97.45%	10,385	14.64
UNION ASSURANCE	0.84%	0.79%	27,778	9.03
COLD STORES	10.65%	10.64%	11,051	8.29
CENTRAL FINANCE	14.31%	14.26%	92,780	8.07
RICHARD PIERIS	74.07%	74.04%	599,943	6.12
HNB[X.0000]	47.24%	47.21%	34,169	5.70
CARGILLS	7.22%	7.21%	28,178	5.58
HNB ASSURANCE	2.00%	1.92%	39,795	5.57

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	11/01/19	04/01/19		
JKH	48.13%	48.38%	(3,340,532)	(511.10)
COMMERCIAL BANK	32.83%	33.03%	(1,907,686)	(217.48)
SAMPATH	22.81%	22.94%	(353,337)	(77.06)
DIALOG	94.06%	94.07%	(599,800)	(6.06)
LANKA IOC	78.50%	78.52%	(110,281)	(2.54)
SEYLAN BANK[X.0000]	7.36%	7.38%	(30,365)	(1.32)
BAIRAHA FARMS	4.04%	4.08%	(7,733)	(1.00)
SLT	45.00%	45.00%	(28,748)	(0.68)
RICH PIERIS EXP	1.08%	1.10%	(2,655)	(0.58)
AITKEN SPENCE	23.92%	23.92%	(11,600)	(0.52)

Note: \*Value based on closing price and not on actual traded price



## Announcements for the Week

### Dividend Announcements

No Dividends announcements for the week

### Point of View

Negative investor sentiment heightened in the first full-week of trading in 2019 as concerns regarding the country's debt repayment obligations and a Moody's report on Sri Lanka's heightened vulnerability to tighter global market liquidity conditions concerned investors. The broad-share market index fell for three straight sessions during the week (-85.5 index points) to stumble below the psychological 6,000 mark for the first time in six-weeks as the country's Prime-Minister noted that Sri Lanka's highest ever loan installment (\$2.6Bn) is due next week despite the country's FX reserves declining by almost \$1Bn (to \$6.9Bn) during the political stalemate that lasted 51-days. A Moody's report highlighting Sri Lanka as one of four Asian countries especially 'vulnerable to shifts in global borrowing conditions' also impacted sentiment, pushing the Index a cumulative ~100 points lower over the week. Despite the dampened sentiment, market activity levels improved relative to the previous two holiday-shortened weeks (average daily turnover rose to Rs. 0.6Bn cf. an average of Rs. 0.4Bn in the last two weeks) as HNI and institutional participation improved over the week (33% of total market turnover cf. 8% last week). Investor interest in blue chips continued to dominate crossings with JKH accounting for 34% of the total weekly crossings while investor interest was also visible in banking sector stocks (36% of crossings). Despite renewed interest in EM/FM markets, foreign investors continued to be net sellers in the domestic market this week with net foreign selling increasing ~602% to Rs. 752Mn (cf. Rs. 107Mn last week). Markets in the week ahead are likely to assume a 'wait and see' approach in anticipation of next week's \$2.6Bn loan instalment which remains Sri Lanka's highest ever repayment thus far.

### Global Growth to Moderate in 2019

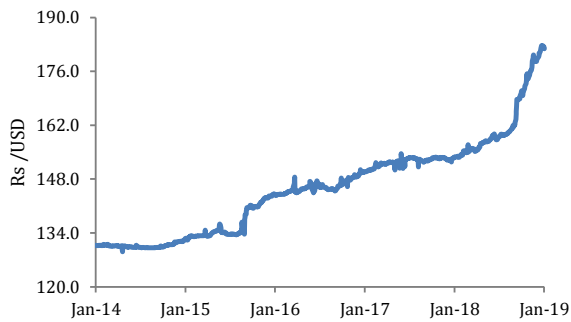
In its latest report outlining global economic prospects, the World Bank estimates global growth moderating (from a downwardly revised 3% in 2018) to 2.9% in 2019 and 2.8% in 2020-21, as economic slack dissipates, monetary policy accommodation in advanced economies is removed, and global trade gradually slows<sup>1</sup>. Growth in advanced-economies is expected to gradually decelerate toward potential (1.5% by 2021) as monetary policy is normalized and capacity constraints become increasingly stronger while Emerging Market and Developing Economy (EMDE) growth is expected to stall at 4.2% in 2019 (0.5 percentage point below previous forecasts) as softening global trade and tighter financing conditions results in a more challenging external environment. The Bank added that although i) the temporary pause in tariff hikes between the US and China in early Dec'18 and ii) successful negotiations of the new US-Mexico-Canada Agreement have tempered trade policy uncertainties to some extent, the risk of escalating trade restrictions involving major economies remains elevated and this uncertainty is likely to weigh on firms' willingness to invest, export, and engage in international value chains. Rising interest rates in advanced economies and economic rebalancing in China is also expected to contribute to slower global investment and trade growth. Meanwhile, although the increased headwinds to global growth are likely to imply that global interest rates will rise at a slower pace than previously expected, external financing conditions will nevertheless continue to tighten further in EMDE. Commodity prices meanwhile are expected to generally stabilize in 2019 (cf. the sharp fluctuations in H2'18) largely due to concerns about the effects of tariffs on global growth and trade.

## Economic Snapshot

	May'18	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18	Dec'18
<b>Interest Rates</b>								
Prime Lending Rate	11.34	11.20	11.41	11.65	11.72	12.34	12.12	11.94
Ave. Wtd. Deposit Rates	8.91	8.92	8.64	8.66	8.69	8.73	8.77	8.81
Ave. Wtd. Fixed Dep. Rates	11.23	11.26	10.82	10.81	10.84	10.78	10.81	10.85
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>4.0</b>	<b>4.4</b>	<b>5.4</b>	<b>5.9</b>	<b>4.3</b>	<b>3.1</b>	<b>3.3</b>	<b>2.8</b>
<b>GDP Growth (Base 2010)</b>								
	2012	2013	2014	2015	2016	2017	Q3'18	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	2.9%	

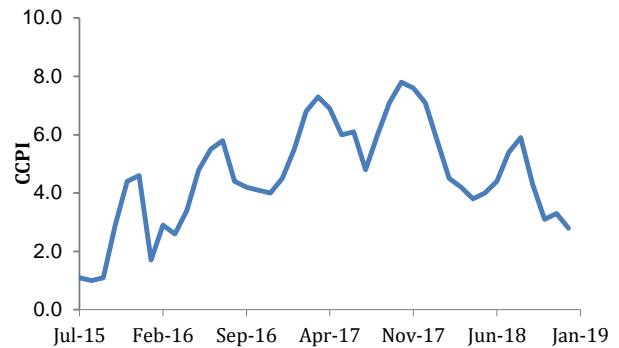
Source Central Bank

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



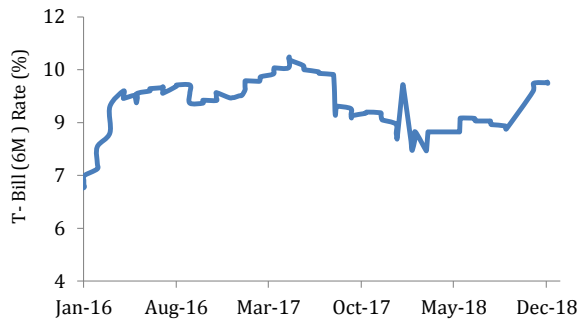
Source: Central Bank

### Inflation (CCPI-N) YoY%



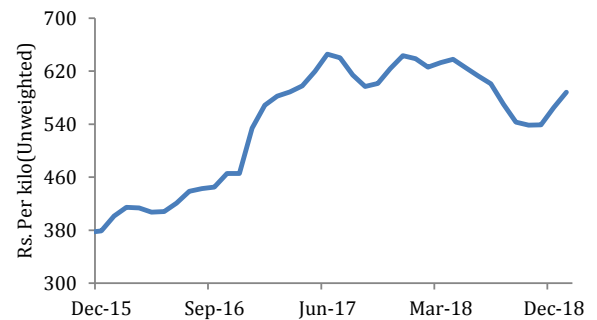
Source: Central Bank

### 6 Month T-Bill Yield



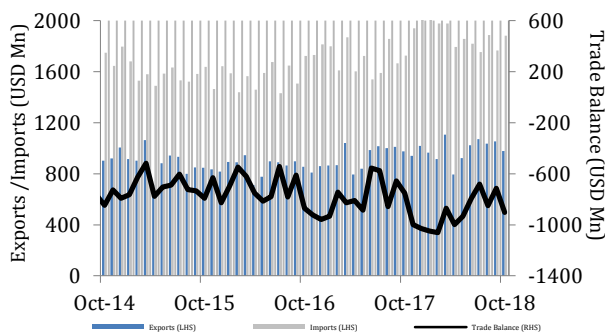
Source: Central Bank

### Tea Prices



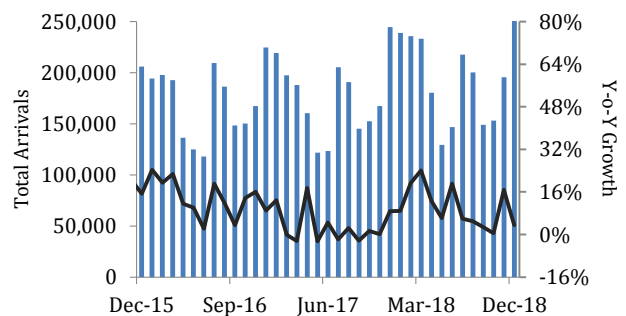
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

## Research Team

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**Chethana Ellepola, CFA**

(+94) 112 206 256

[chethana@acuitystockbrokers.com](mailto:chethana@acuitystockbrokers.com)**Sugirthan Alagesan, CFA**

(+94) 112 206 255

[sugirthan@acuitystockbrokers.com](mailto:sugirthan@acuitystockbrokers.com)**Sahrah Surajdeen**

(+94) 112 206 253

[Sahrah@acuitystockbrokers.com](mailto:Sahrah@acuitystockbrokers.com)**Maxtina Fernando**

(+94) 112 206 251

[maxtina@acuitystockbrokers.com](mailto:maxtina@acuitystockbrokers.com)

## Sales Team

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**Prashan Fernando**

(+94) 112 206 222

[prashan@acuitystockbrokers.com](mailto:prashan@acuitystockbrokers.com)**Kapila Pathirage**

(+94) 112 206 227/228

[kapila.p@acuitystockbrokers.com](mailto:kapila.p@acuitystockbrokers.com)**Naren Godamunne**

(+94) 112 206 225

[naren@acuitystockbrokers.com](mailto:naren@acuitystockbrokers.com)**Chathura Siyambalapitiya**

(+94) 112 206 232

[chathura.s@acuitystockbrokers.com](mailto:chathura.s@acuitystockbrokers.com)**Dhammika Wanniarachchi**

(+94) 112 206 229

[dhammika.w@acuitystockbrokers.com](mailto:dhammika.w@acuitystockbrokers.com)**Kumar Dias Desinghe**

(+94) 814 474 443

[hnbkandy@slt.net.lk](mailto:hnbkandy@slt.net.lk)**Susil Fernando**

(+94) 112 206 234

[susil@acuitystockbrokers.com](mailto:susil@acuitystockbrokers.com)**Auburn Senn**

(+94) 112 206 239

[auburn@acuitystockbrokers.com](mailto:auburn@acuitystockbrokers.com)**S. Vasanthakumar**

(+94) 112 206 250/251

[vasantha.k@acuitystockbrokers.com](mailto:vasantha.k@acuitystockbrokers.com)**Prasanna Semasinghe**

(+94) 814 474 443

[hnbkandy@slt.net.lk](mailto:hnbkandy@slt.net.lk)**Warana Sumanasena**

(+94) 112206 231

[warana@acuitystockbrokers.com](mailto:warana@acuitystockbrokers.com)**Dinuk Subasinghe**

(+94) 112206 237

[dinuk@acuitystockbrokers.com](mailto:dinuk@acuitystockbrokers.com)**Danuksha Koralage**

(+94) 112206 233

[danuksha@acuitystockbrokers.com](mailto:danuksha@acuitystockbrokers.com)**Nishanthi Ratnayake**

(+94) 112206 248

[nishanthi@acuitystockbrokers.com](mailto:nishanthi@acuitystockbrokers.com)

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