

## Daily Turnover Hits 1-Month High... Q3'18 GDP

### Growth Slows to 2.9% Y-o-Y

ASPI v 0.94% | S&P SL20 v 1.31%

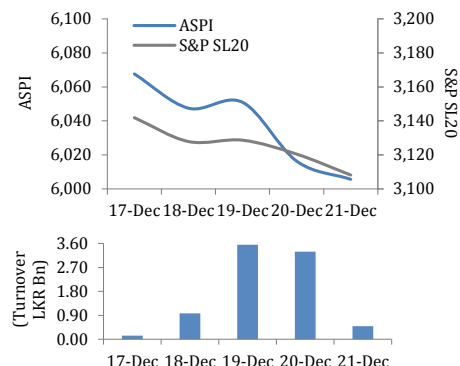
The Bourse ended the week... *Cont. P2*

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

Equity market sentiment ..... *Cont. P4*

Economic Snapshot..... *P5*

## Indices vs. Turnover (17<sup>th</sup> Dec – 21<sup>st</sup> Dec)



## KEY STATISTICS

Week ending	21-Dec	14-Dec	+/-
ASPI	6,005.65	6,062.55	-0.94%
S&P SL20	3,108.18	3,149.43	-1.31%
Banking & Finance	16,384.28	16,593.40	-1.26%
Food & Beverage	24,312.76	24,451.49	-0.57%
Diversified	1,572.39	1,586.76	-0.91%
Hotel & Travel	2,640.37	2,648.58	-0.31%
Plantations	702.82	716.27	-1.88%
Manufacturing	2,825.82	2,842.88	-0.60%
Turnover (LKR Bn)	8.46	3.14	169.92%
Foreign Buying (LKR Mn)	3,443.16	687.26	401.00%
Foreign Selling (LKR Mn)	6,548.70	1,650.72	296.72%
Daily Average Turnover (LKR Bn)	1.69	0.63	169.92%
Daily Average Foreign Buying (LKR Mn)	688.63	137.45	401.00%
Daily Average Foreign Selling (LKR Mn)	1,309.74	330.14	296.72%

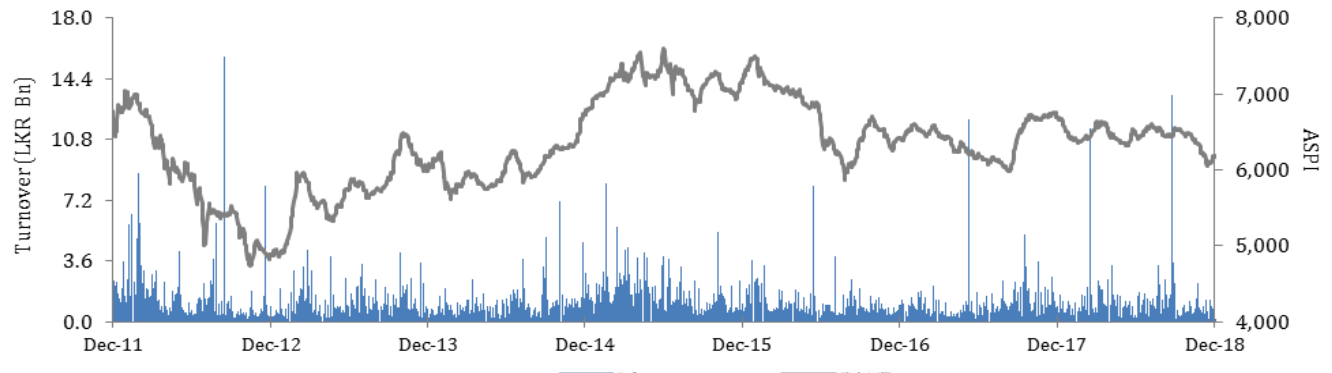
## TOP 10 GAINERS

Company	Code	Opening Price	Closing Price	WoW % Change
BLUE DIAMONDS[NV]	BLUEX	0.2	0.3	50.0%
S M B LEASING[NV]	SEMBX	0.2	0.3	50.0%
BLUE DIAMONDS	BLUEN	0.5	0.6	20.0%
LAKE HOUSE PRIN.	LPRTN	138.7	162.9	17.4%
MULLERS	MULLN	0.6	0.7	16.7%
TEA SMALLHOLDER	TSMLN	23.0	26.0	13.0%
RENUKA CITY HOT.	RENUN	236.2	265.0	12.2%
ON'ALLY	ONALN	92.8	103.0	11.0%
AGSTAR PLC	AGSTN	3.6	3.9	8.3%
SOFTLOGIC FIN	CRL N	24.5	26.4	7.8%

## TOP 10 LOSERS

Company	Code	Opening Price	Closing Price	WoW % Change
AMANA LIFE	ATLLN	11.8	9.1	-22.9%
TESS AGRO[NV]	TESSX	0.5	0.4	-20.0%
TESS AGRO	TESSN	0.6	0.5	-16.7%
AMAYA LEISURE	CONNN	42.7	37.7	-11.7%
DUNAMIS CAPITAL	CSECN	42.0	37.6	-10.5%
E - CHANNELLING	ECL N	4.7	4.3	-8.5%
LOTUS HYDRO	HPFLN	4.9	4.5	-8.2%
ANILANA HOTELS	ALHPN	1.3	1.2	-7.7%
CITRUS WASKADUWA	CITWN	2.7	2.5	-7.4%
LMF	LMF N	140.0	130.0	-7.1%

## Market Review



### Indices |

The Bourse ended the week on a negative note as the ASPI decreased by 56.9 points (or -0.94%) to close at 6,005.65 points, while the S&P SL20 Index also decreased by 41.25 points (or -1.31%) to close at 3,108.18 points.

### Turnover & Market Capitalization |

JKH was the highest contributor to the week's turnover value, contributing LKR 3.87Bn or 45.75% of total turnover value. Softlogic Life followed suit, accounting for 25.92% of turnover (value of LKR 2.19Bn) while Sampath Bank contributed LKR 1.13Bn to account for 13.29% of the week's turnover. Total turnover value amounted to LKR 8.46Bn (cf. last week's value of LKR 3.14Bn), while daily average turnover value amounted to LKR 1.69Bn (+169.9% W-o-W) compared to last week's average of LKR 0.63Bn. Market capitalization meanwhile, decreased by -0.94% W-o-W (or LKR 26.69Bn) to LKR 2,817.53Bn cf. LKR 2,844.22Bn last week.

### Liquidity (in Value Terms) |

The Banks, Finance & Insurance sector was the highest contributor to the week's total turnover value, accounting for 46.94% (or LKR 3.97Bn) of market turnover. Sector turnover was driven primarily Softlogic Life, Sampath Bank, NDB, Commercial Bank, HNB & Union Bank which accounted for 96.96% of the sector's total turnover. The Diversified sector meanwhile accounted for 46.54% (or LKR 3.94Bn) of the total turnover value, with turnover driven primarily by JKH & Richard Pieris which accounted for 99.46% of the sector turnover. The Beverage, Food & Tobacco sector was also amongst the top sectorial contributors, contributing 3.45% (or LKR 0.29Bn) to the market driven by Ceylon Tobacco which accounted for 87.71% of the sector turnover.

### Liquidity (in Volume Terms) |

The Banks, Finance & Insurance sector dominated the market in terms of share volume, accounting for 62.06% (or 95.63Mn shares) of total volume, with a value contribution of LKR 3.97Bn. The Diversified sector followed suit, adding 20.16% to total turnover volume as 31.07Mn shares were exchanged. The sector's volume accounted for LKR 3.94Bn of total market turnover value. The Telecom sector meanwhile, contributed 13.78Mn shares (or 8.94%), amounting to LKR 0.14Bn.

### Top Gainers & Losers |

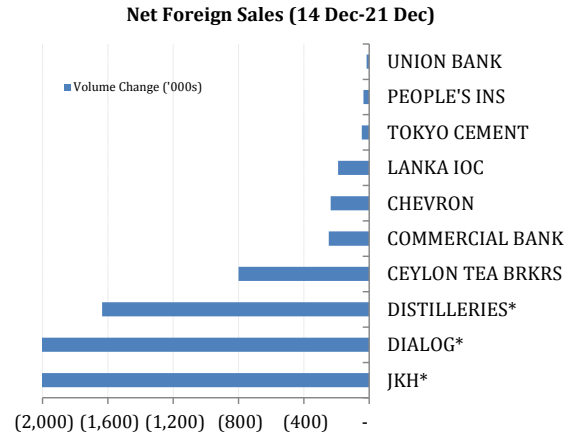
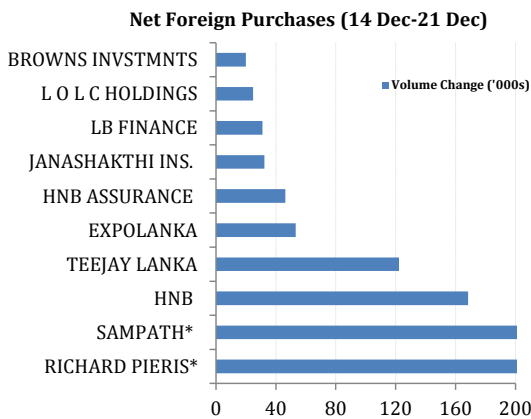
Blue Diamonds[NV] was the week's highest price gainer; increasing 50.0% W-o-W from LKR0.20 to LKR0.30 while SMB Leasing[NV] (+50.0% W-o-W), Blue Diamonds (+20.0% W-o-W) and Lake House Printing (+17.4% W-o-W) were also amongst the top gainers.

Amana Life was the week's highest price loser; declining 22.9% W-o-W to close at LKR9.10 while Tess Agro[NV] (-20.0% W-o-W), Tess Agro (-16.7% W-o-W), and Amaya Leisure (-11.7% 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	160.5	157.0	3,872.17
SOFTLOGIC LIFE	AAICN	37.9	36.6	2,193.89
SAMPATH	SAMPN	237.0	235.3	1,125.09
NAT. DEV. BANK	NDB N	106.9	105.2	289.10
CEYLON TOBACCO	CTC N	1435.0	1424.0	256.15
DIALOG	DIALN	10.3	10.0	137.73
COMMERCIAL BANK	COMBN	116.0	115.5	116.78
HNB	HNB N	215.0	211.0	81.01
UNION BANK	UBC N	11.1	11.5	46.43
RICHARD PIERIS	RICHN	10.3	10.3	45.30

Market Review (Cont'd)



\*Volume change of Richard Pieris (3.3Mn shares), Sampath Bank (0.85Mn shares), JKH (20.4Mn shares), Dialog Axiata (7.2Mn shares) & Distilleries (1.6Mn shares) from 14<sup>th</sup>Dec -21<sup>st</sup> Dec not displayed.

Foreign investors closed the week in a net selling position with total net outflow amounting to LKR 3.11Bn relative to last week's total net outflow of LKR 0.96Bn (-222.3% W-o-W). Total foreign purchases increased by 401.0% W-o-W to LKR 3.4Bn from last week's value of LKR 0.69Bn, while total foreign sales amounted to LKR 6.5Bn relative to LKR 1.65Bn recorded last week (+296.7% W-o-W). In terms of volume, Richard Pieris & Sampath Bank led foreign purchases while JKH & Dialog Axiata led foreign sales. In terms of value, Sampath Bank & HNB led foreign purchases while JKH & Dialog led foreign sales.

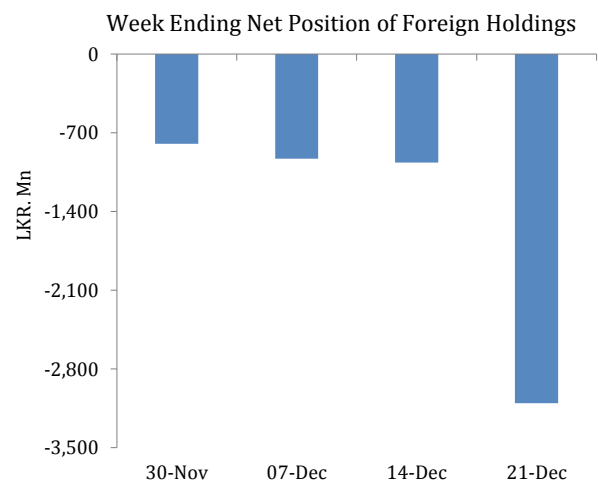
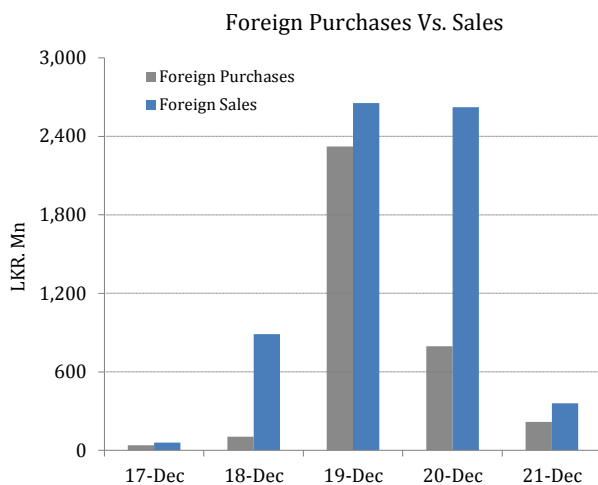
Net Foreign Purchases (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	21/12/18	14/12/18		
SAMPATH	22.92%	22.62%	845,044	198.84
HNB	35.60%	35.56%	168,350	35.52
RICHARD PIERIS	74.03%	73.87%	3,307,201	34.06
HNB ASSURANCE	1.92%	1.83%	46,403	5.85
TEEJAY LANKA	46.45%	46.43%	122,166	4.01
LB FINANCE	3.31%	3.29%	31,000	3.79
L O L C HOLDINGS	5.16%	5.16%	24,765	2.15
JANASHAKTHI INS.	0.77%	0.76%	32,302	0.94
NATIONS TRUST	24.95%	24.95%	6,936	0.61
VALLIBEL FINANCE	2.02%	2.01%	5,330	0.37

Net Foreign Sales (By Transaction Value)

Company	Foreign Holding (%)		Net Change	Value* (LKR. Mn)
	21/12/18	14/12/18		
JKH	48.51%	49.98%	(20,394,392)	(3,201.92)
DIALOG	94.08%	94.17%	(7,241,226)	(72.41)
COMMERCIAL BANK	33.03%	33.06%	(246,484)	(28.47)
DISTILLERIES	1.66%	1.70%	(1,634,563)	(26.48)
CHEVRON	22.15%	22.25%	(235,189)	(16.93)
LANKA IOC	78.57%	78.60%	(189,939)	(4.65)
CEYLON TEA BRKRS	0.09%	0.53%	(800,000)	(2.32)
CEYLON TOBACCO	97.45%	97.46%	(1,000)	(1.42)
RICH PIERIS EXP	1.13%	1.18%	(5,666)	(1.17)
TOKYO CEMENT	21.32%	21.34%	(45,377)	(1.16)

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



## Announcements for the Week

### Dividend Announcements

<u>Company</u>	<u>DPS (Rs.)</u>	<u>Type</u>	<u>XD Date</u>
PEOPLE'S LEASING & FINANCE	0.75	Interim	02-01-2018
CENTRAL FINANCE	2.00	Interim	27-12-2018

### Point of View

Equity market sentiment remained largely negative this week despite the conclusion of the political deadlock that began on Oct 26<sup>th</sup>, with investors remaining cautious in anticipation of new Cabinet appointees following the Supreme Court's ruling against the dissolution of Parliament last week. The broad-share Index fell ~57 points over the week as investors remained on the sidelines as Cabinet ministers and portfolios were announced and as news of a slower-than-anticipated GDP growth rate impacted sentiment. However, the ASPI remained above the psychological mark of 6000 points, to close at 6005.65 point. Activity levels meanwhile improved considerably compared to last week, with an average daily turnover of Rs. 1.7Bn (cf. to Rs. 0.6Bn last week), well above the YTD average of Rs. 0.8Bn. Local institutions and HNIs accounted for ~57% of total market activity, with buying interest focused mainly on heavyweight JKH (66% of total crossings) while interest was also seen in the Banking sector (27% of crossings). Activity levels were further bolstered by strategic investment (19% stake) in Softlogic Life by LeapFrog Investments on Wednesday. Although foreign investors recorded purchases of Rs. 3.4Bn this week, foreign investors were net sellers for the week with a total net outflow of Rs. 3.1Bn, bringing the Colombo bourse's YTD foreign selling position to ~Rs.23.5Bn relative to net foreign purchases of 17.7Bn last year. Markets in the holiday-shortened week ahead are likely to look for cues from the direction the new cabinet will take and any further political developments.

### Q3'18 GDP Growth Slows to 2.9% Y-o-Y

Sri Lanka's Q3 GDP growth dipped to a record 8-year low of 2.9% Y-o-Y (cf. 3.2% Y-o-Y in Q3'17 and 3.7% in Q2'18) which led to GDP growth for the cumulative 9M of 2018 remaining marginally higher than that of the comparable period last year (3.3% Y-o-Y in 9M'18 cf. 3.2% Y-o-Y in 9M'17). The marginal expansion in 9M'18 was due to expansion in all three sectors as the Agricultural sector grew 4.3% Y-o-Y in 9M'18 (cf. -3.5% in 9M'17) while Services sector growth rose to 4.4% Y-o-Y in 9M'18 (cf. 3.2% in 9M'17) and Industry Sector grew marginally 1.8% Y-o-Y in 9M'18 (cf. 4.8% in 9M'17). The Services sector recorded the highest growth (3.9% Y-o-Y) over Q3'18, with sub-sectors such as 'Telecommunication' recording a notable 14.8% Y-o-Y growth (cf. 15.5% last year) and 'Financial services' growing at 12.4% Y-o-Y. The 'Wholesale and retail trade' sub-sector (which accounts for ~11% of GDP) meanwhile recorded a 5.0% Y-o-Y growth while 'Other personal service activities' (~10% of GDP) recorded 4.8% Y-o-Y growth. Meanwhile, declines in sub-sectors such as 'Transportation' (-0.7% Y-o-Y) and 'Public administration and defense' (0.5% Y-o-Y) partially offset the growth recorded by the rest of the Service sector. In the Agriculture sector meanwhile, 'Growing of Rice' continued its recovery, with a notable 46.9% Y-o-Y growth over the period (cf. 32.8% Y-o-Y decline last year due to adverse weather conditions). The Industrial sector which accounts for 26.3% of total GDP meanwhile, grew marginally in Q3'18 (1.9% Y-o-Y growth cf. 5.3% Y-o-Y in Q3'17) as growth in 'Construction' (2.5% Y-o-Y), 'Manufacture of F & B' (3.7% Y-o-Y) and 'Manufacture of textiles' (3.2% Y-o-Y) was offset by contraction in sub-sectors such as 'Manufacture of wood' (-13.1% Y-o-Y) and 'Manufacture of furniture' (5.0% Y-o-Y). The CBSL indicated that growth is expected to remain below the predicted 4.0% - 4.5% levels in 2018.

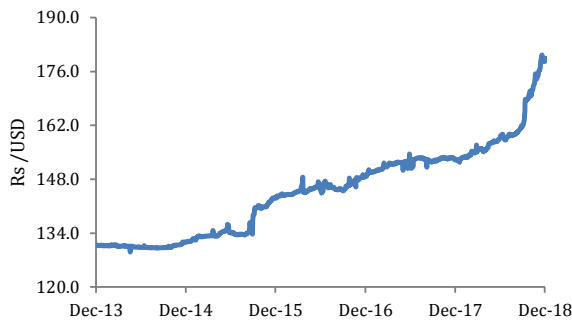
Source: Department of Census & Statistics

## Economic Snapshot

	Apr'18	May'18	Jun'18	Jul'18	Aug'18	Sep'18	Oct'18	Nov'18
<b>Interest Rates</b>								
Prime Lending Rate	11.27	11.34	11.20	11.41	11.65	11.72	12.34	12.12
Ave. Wtd. Deposit Rates	8.98	8.91	8.92	8.64	8.66	8.69	8.73	8.77
Ave. Wtd. Fixed Dep. Rates	11.38	11.23	11.26	10.82	10.81	10.84	10.78	10.81
<b>CCPI Inflation Y-o-Y % (Base 2013)</b>	<b>3.8</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>GDP Growth (Base 2010)</b>								
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Q3'18</b>	
	9.1%	3.4%	4.9%	4.8%	4.4%	3.1%	2.9%	

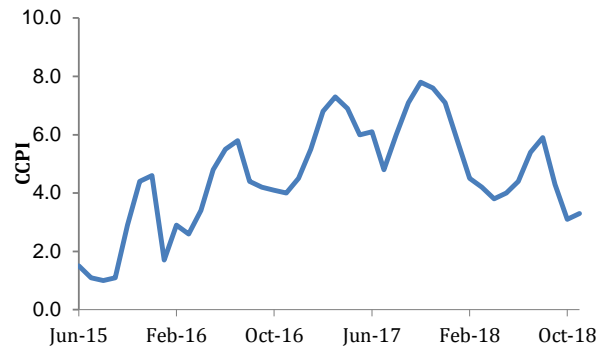
Source Central Bank

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



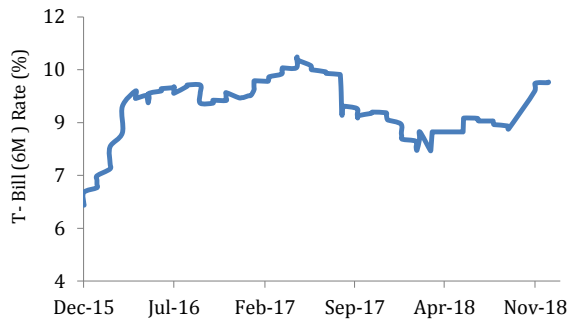
Source: Central Bank

### Inflation (CCPI-N) YoY%



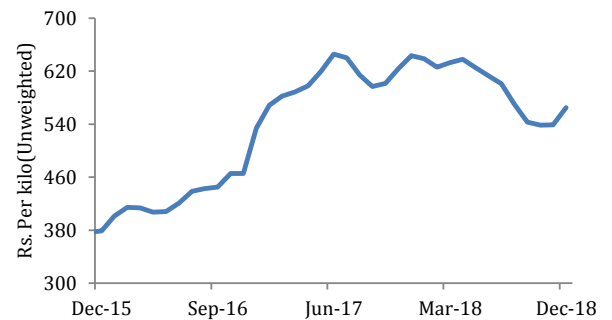
Source: Central Bank

### 6 Month T-Bill Yield



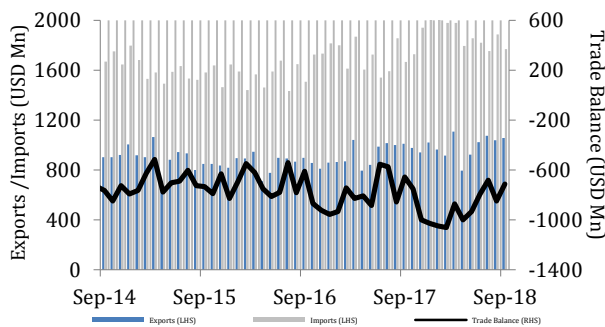
Source: Central Bank

### Tea Prices



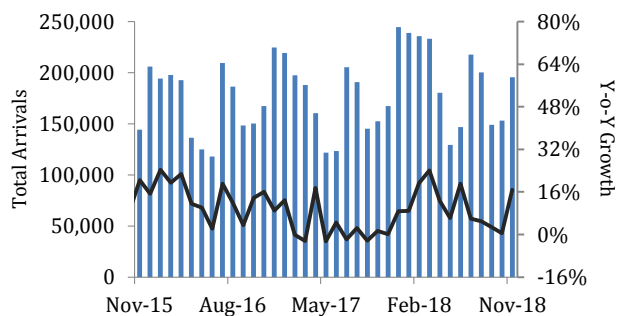
Source: Sri Lanka Tea Board

### Export & Trade Balance



Source: Central Bank

### Trends in Tourist Arrivals



Source: Sri Lanka Tourism Development Authority

## Research Team

**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

**Prashan Fernando**

(+94) 112 206 222

[prashan@acuitystockbrokers.com](mailto:prashan@acuitystockbrokers.com)**Arjuna Dasanayake**

(+94) 112 206 235

[arjuna@acuitystockbrokers.com](mailto:arjuna@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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