

# DAILY STOCK MARKET HIGHLIGHTS

Tuesday, 04 December 2018



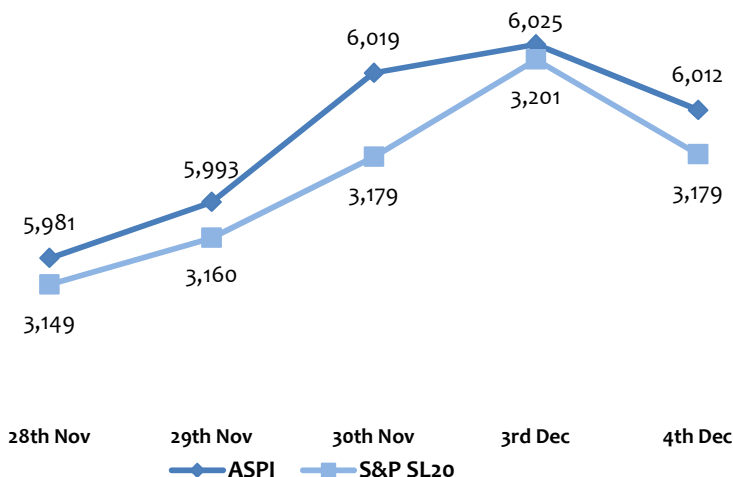
**ASHA PHILLIP  
SECURITIES LTD**

Sri Lanka

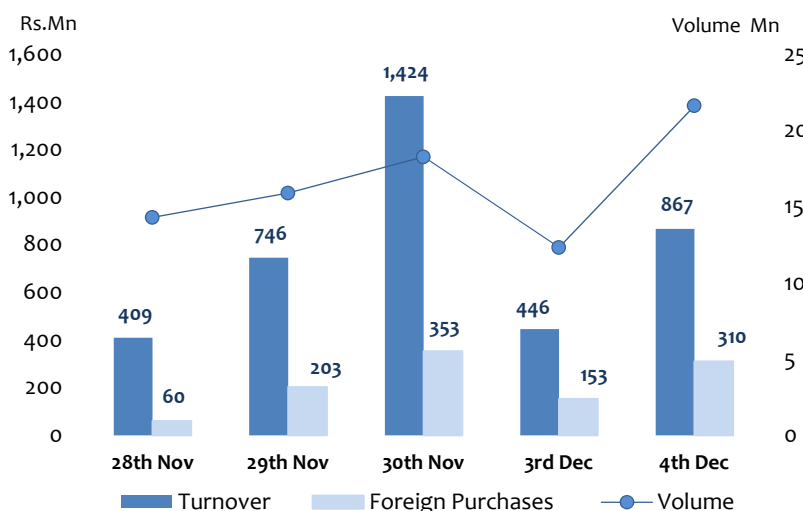
## Daily Market Statistics

Index	4th Dec	3rd Dec	Change	% Change
ASPI	6,011.68	6,025.20	↓ (13.52)	↓ -0.22%
S&P SL20	3,179.11	3,201.08	↓ (21.97)	↓ -0.69%
Market Stats (LKR, Mn)		4th Dec	3rd Dec	% Change
Turnover		867.02	445.93	↑ 94.4%
Domestic Purchases		556.70	293.27	↑ 89.8%
Domestic Sales		201.81	279.36	↓ -27.8%
Foreign Purchases		310.32	152.66	↑ 103.3%
Foreign Sales		665.22	166.57	↑ 299.4%
Share Volume		21.61	12.32	↑ 75.4%
Market capitalization (Bn)		2,820.35	2,826.70	↓ -0.22%
PER		9.49	9.50	↓ -0.11%
PBV		1.17	1.18	↓ -0.85%

## Market Indices



## Turnover, Volume and Foreign Purchase



## Performance of the Market

- Bank Stocks slipped following the Fitch Ratings' decision of downgrading Sri Lanka to 'B' from 'B+'; Colombo Bourse turned negative after a streak of 6 positive sessions. The benchmark index ASPI moved between 6,001.70-6,025.20 points and settled the day at 6,011.68 with a loss of 13.52 points (-0.22%).
- Major contributors for the movement in ASPI were **DIST (+3.9)**, **ODEL (+1.1)**, **LOLC (+1)**, **ASIR (+1)**, **RICH (+0.9)**, **MELS (-3.7)**, **COMB (-3.6)**, **BRWN (-2.5)**, **SHL (-1.8)** & **JKH (-1.8)**
- S&P SL20 index also followed a same trend and settled the day at 3,179.11 with a loss of 21.97 points (-0.69%).
- The day's turnover was recorded as LKR 867.02Mn, up by 94% from its previously recorded LKR 445.93Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.82Tn, indicating an YTD loss of 2.72%.
- The market PER & PBV were at 9.49x & 1.17x respectively.

## Top Contributors – Turnover

- John Keells Holdings PLC (JKH) topped the turnover list with 47% (409.14Mn) contribution to the day's total turnover. JKH traded between LKR 160.00 & 161.00 and settled the day at LKR 160.20 with a loss of LKR 0.60 (-0.37%); about 78% (320.4Mn) of its turnover was contributed through an off board trade of 2Mn shares negotiated at the price of LKR 160.20
- Sampath Bank PLC (SAMP) stood second by adding LKR 286.7Mn to the day's total turnover. SAMP traded between LKR 237 & 240 and settled the day at LKR 239.50 with a gain of LKR 0.10 (+0.04%); about 82% (271.6Mn) of its turnover was contributed through an off board trade of 1.16Mn shares negotiated at the price of LKR 235.00
- Janashakthi Insurance Company PLC (JINS) contributed LKR 36.69Mn to the total turnover and secured the third slot. JINS traded between LKR 25.90 & 27.00 and settled the day at LKR 26.60 with a gain of LKR 0.30 (+1.14%)

### Traded Volume

- Vidullanka PLC traded a total of 7.5Mn shares dominating the traded volumes.
- John Keells Holdings PLC (2.55Mn shares) and Dialog Axiata PLC (2Mn shares) were next in line under the top contributors to the daily volumes.

### Sectorial Overview

- Diversified Holdings (DIV) stood on top providing LKR 415.2Mn capturing 48% of the day's total turnover.
- Bank Finance & Insurance (BFI) and Power & Energy (P&E) provided LKR 365.63Mn and LKR 36.84Mn respectively to the daily aggregated turnover.

## Daily Foreign Transactions

### Net Foreign Purchases

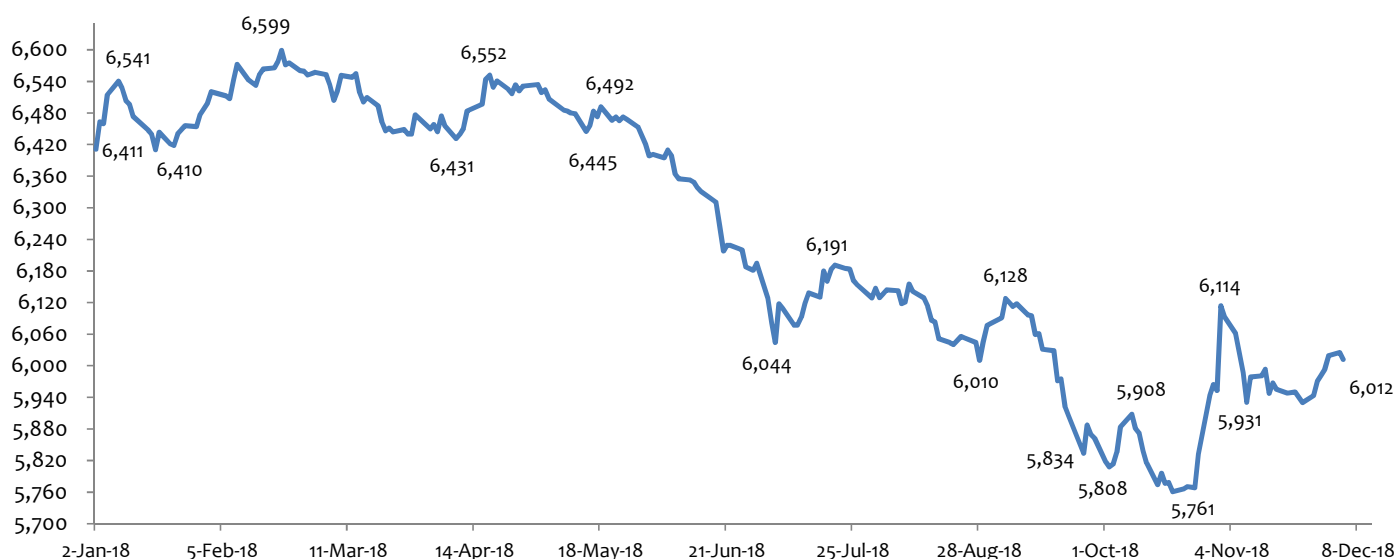
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
VIDULLANKA	4.70	3,000,000	14,100,000
Softlogic Life (+)	36.40	71,685	2,609,334
RICHARD PIERIS	10.50	28,920	303,660
SOFTLOGIC CAP	6.00	42,294	253,764
PEOPLES LEASING	16.10	10,000	161,000
A.SPEN.HOT.HOLD.	28.00	5,000	140,000
MERCHANT BANK (+)	8.8	15,211	133,857
COMMERCIAL BANK[X]	95.00	1,340	127,300
SEYLAN BANK (+)	71.50	1,046	74,789
UNION BANK (+)	11.20	4,880	54,656

### Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	160.20	(2,074,644)	(332,357,969)
SAMPATH (+)	236.10	(148,007)	(34,944,453)
AMANA BANK (+)	3.00	(1,037,053)	(3,111,159)
RENUKA FOODS	14.50	(150,000)	(2,175,000)
PEOPLE'S INS (+)	20.00	(13,250)	(265,000)
LOLC FINANCE	3.60	(72,995)	(262,782)
DIMO	343.00	(45)	(15,435)

- **Aggregate foreign buying** for the day totaled up to **LKR 310.32Mn**.
- **Foreign sales** for the day amounted to **LKR 665.22Mn**.
- **Net foreign outflow** for the day was **LKR 354.89Mn**, **YTD net foreign outflow** presently stands at **LKR 18.45Bn**.
- **VLL** notched the "Top Net Purchasers" slot with a net inflow of **LKR 14.1Mn** whilst **JKH** notched the "Top net Sellers" slot with a net outflow of **LKR 332.36Mn**.

## Year-to-Date ASPI Movement



## Key Announcements

- Board of **AgStar PLC (AGST)** said, their external auditors expressed a qualified opinion on deferred tax liability due to non-recognition of deferred tax on the revaluation surplus from land recorded in the financial statement as at 31st March 2018. Board having evaluated and considered the matters giving rise to the modified audit opinion, and decided to recognise the deferred tax liability on the revaluation surplus from land in the interim financial statement for the period ended 30th Sep 2018. Therefore, the **Modified Audit Opinion on the Financial Statements of AGST has been resolved.**

## Companies under Trading Suspension

Company	MIRA	CIFL	ESL	PCH	PCP	SING	CIFL	SFS
From	26-Feb-15	23-Nov-17	5-Jan-16	2-Apr-18			23-Nov-17	2-July 18.
Reason	SEC Directive	status	Weak position	as per CSE Listing Rules			CBSL	Listing Rules
Company	LCEM		MEL	HUEJ				
From	7-Sep 18.		25-Sep 18.	26-Nov-18.				
Reason	Qualified Opinion on Auditor's Report			Non-submission of Quartely FS				

## Companies on WATCH LIST

Non Submission of Annual Reports, Financial Statements									Default Board
MIRA	LCEM	CIFL	PCH	PCP	SING	HDEV	LLMP	PCHH	SFS
ALHP	LLMP	CFT	SFL	SINH	EAST				
Qualified Opinion in the Independent Auditor's Report									
AINV	ESL	RGEM	MEL	JANA	AGST	PMB	MBSL	SHAW	TFC
SIRA	IDL	CHOU	MSL	HVA					
Non-compliance of CSE Listing Rules, minimum public holding & Corporate Governance									
HUEJ	BLUE	ACAP	ARPI	ASPH	BBH	COMD	CPRT	DIST	CLC
ASPM	GOOD	HPFL	INDO	KAPI	LAMB	MADU	MORI	OFEQ	NIFL
PARA	PDL	SELI	MERC	SHAL	LHCL	SLND	AFSL	AMCL	ODEL
SFCL	TAP	MERC	TFIL	LOFC					

## Annual general Meetings (AGMs)

Company	Date	Company	Date	Company	Date	Company	Date
CPRT	12-Dec-18	COMB	28-Mar-19	SAMP	29-Mar-19	HNB	29-Mar-19
OFEQ	12-Dec-18	DFCC	28-Mar-19	PABC	29-Mar-19		
PARA	12-Dec-18	HASU	28-Mar-19				
SFL	20-Dec-18						

## EGMs

Company	Date
NIFL	10-Dec-18

## Key Announcements

### Cash Dividends

CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE	CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE
HHL	0.40	Interim	26.Nov.2018	05.Dec.2018	LHCL	1.00	Interim	05. Dec.2018	14.Dec.2018
BFL	4.00	Interim	27.Nov.2018	06.Dec.2018	OFEQ	1.50	Final	13.Dec.2018	21.Dec.2018
ONAL	1.20	Interim	28.Nov.2018	07.Dec.2018	HNB	1.50	Interim	10. Dec.2018	19. Dec.2018
COMD	2.00	Interim	28.Nov.2018	07.Dec.2018	AEL	0.25	Interim	11. Dec.2018	20. Dec.2018
RFL	0.50	Interim	30. Nov.2018	11.Dec.2018					
HPWR	1.50	Interim	05. Dec.2018	13. Dec.2018					

### Capitalization of Reserves

Company	Proportion	EGM / Allotment	XC Date	Consideration (RS.)
Ceylon & Foreign Trades PLC (CFT)	1 for 1	To be notified	To be notified	4.00

### Amalgamation [A] / De-Listing [D] / Mandatory Offer [M] / Voluntary Offer [V]

Transferee	Transferor	Proportion	Offer Closing Date
[A] Browns investments PLC (BIL)	Browns Capital PLC (FLCH)	2 BIL for every 1 FLCH	To be notified
Type	Offeror	Offeree	Offer Price per Share
[V] Janashakthi PLC		Dunamis Capital PLC (CSEC)	LKR 36.60

### Repurchase of Shares

Company	Price	Proportion	Entitle	Offer Open	Offer closing	Payment
John Keells Holdings PLC (JKH)	LKR 160.00	1 for 20	03 Dec 2018.	14 Dec 2018.	10 Jan 2018.	25 Jan 2019.

### Rights Issues with pending dates

Company,	Issue Price	Proportion	Company,	Issue Price	Proportion
Agalawatte Plantations (AGAL) LKR 15.3	LKR 2.01Bn	21 for 4	Adam Investments PLC (AINV)	LKR 1.00	01 for 01
Adam Capital PLC (PCHH)	LKR 1.50	02 for 01	Blue Diamonds Jewellery (BLUE)	LKR 1.00	01 for 04

## Market Highlights & Statistics

### Market Capitalisation

Company Name	Symbol	Price	Issued Quantity	Market Capitalisation	(as a % of MKT Cap.)
CEYLON TOBACCO COMPANY PLC	CTC.No000	1,415.00	187,323,751	265,063,107,665	10.11
JOHN KEELLS HOLDINGS PLC	JKH.No000	160.20	1,387,528,658	222,282,091,012	8.48
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	117.50	945,709,403	111,120,854,853	4.24
DIALOG AXIATA PLC	DIAL.No000	11.40	8,143,778,405	92,839,073,817	3.54
NESTLE LANKA PLC	NEST.No000	1,699.70	53,725,463	91,317,169,461	3.48
HATTON NATIONAL BANK PLC	HNB.No000	216.00	395,451,248	85,417,469,568	3.26
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	17.30	4,600,000,000	79,580,000,000	3.03
CEYLON COLD STORES PLC	CCS.No000	720.00	95,040,000	68,428,800,000	2.61
SAMPATH BANK PLC	SAMP.No000	239.50	280,902,248	67,276,088,396	2.57
MELSTACORP PLC	MELS.No000	52.00	1,165,397,072	60,600,647,744	2.31

### Highest Volume

Company Name	Turnover (Rs)	Share Vol.
VIDULLANKA PLC	35,250,000	7,500,000
JOHN KEELLS HOLDINGS PLC	409,142,922	2,552,833
DIALOG AXIATA PLC	22,806,945	2,000,650
JANASHAKTHI INSURANCE COMPANY PLC	36,693,452	1,389,918
SAMPATH BANK PLC	286,696,325	1,218,905
AMANA BANK PLC	3,298,041	1,099,273
BROWNS CAPITAL PLC	2,945,285	848,273
PIRAMAL GLASS CEYLON PLC	1,985,534	509,760
SOFTLOGIC CAPITAL PLC	2,717,116	456,084
ORIENT FINANCE PLC	5,236,607	348,284

### Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	2,552,833	409,142,922
SAMPATH BANK PLC	1,218,905	286,696,325
JANASHAKTHI INSURANCE COMPANY PLC	1,389,918	36,693,452
VIDULLANKA PLC	7,500,000	35,250,000
DIALOG AXIATA PLC	2,000,650	22,806,945
ORIENT FINANCE PLC	348,284	5,236,607
PEOPLE'S LEASING & FINANCE PLC	334,258	4,856,628
SOFTLOGIC LIFE INSURANCE PLC	106,904	3,885,857
NATIONAL DEVELOPMENT BANK PLC	34,688	3,740,362
FIRST CAPITAL HOLDINGS PLC	115,029	3,420,221

### Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS	0.60	0.10	20.00	37,250
TESS AGRO	0.60	0.10	20.00	125,566
BERUWALA RESORTS	0.70	0.10	16.67	152
NATION LANKA	0.70	0.10	16.67	271
RENUKA FOODS [X]	11.40	1.50	15.15	611,837
LUCKY LANKA	1.10	0.10	10.00	7,709
ANILANA HOTELS	1.20	0.10	9.09	1,201
HUNAS FALLS	79.00	5.90	8.07	7,900
ODEL PLC	29.80	1.90	6.81	489,629
MARAWILA RESORTS	1.80	0.10	5.88	13,178

### Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
S M B LEASING [X]	0.20	(0.10)	(33.33)	146
S M B LEASING	0.40	(0.10)	(20.00)	8,014
RENUKA CITY HOT.	240.90	(47.60)	(16.50)	24,087
RAMBODA FALLS	18.00	(3.20)	(15.09)	16,072
JETWING SYMPHONY	10.80	(1.20)	(10.00)	58,682
BROWNS	55.50	(5.50)	(9.02)	276,537
LANKEM CEYLON	24.60	(2.40)	(8.89)	9,875
THE FINANCE CO. [X]	1.10	(0.10)	(8.33)	57,886
KINGSBURY	14.50	(1.10)	(7.05)	73,555
RADIANT GEMS	24.00	(1.20)	(4.76)	2,400

### Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
John Keells Holdings PLC	JKH.No000	160.20	2	2,000,000	320,400,000.00
Sampath Bank PLC	SAMP.No000	235.00	3	1,155,758	271,603,130.00
Dialog Axiata PLC	DIAL.No000	11.40	1	1,951,624	22,248,514.00

## Market Highlights & Statistics

### Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	15,922.54	15,976.03	365,632,658	5,806,563	1,557	5.20	0.90
BEVERAGE FOOD AND TOBACCO	24,409.40	24,341.65	3,752,049	292,459	146	17.90	6.00
CONSTRUCTION AND ENGINEERING	1,507.00	1,532.75	4,869,185	387,649	340	20.40	0.60
CHEMICALS AND PHARMACEUTICALS	5,220.54	5,237.80	99,241	1,435	12	5.40	0.60
DIVERSIFIED HOLDINGS	1,586.28	1,596.28	415,202,682	3,594,098	343	10.40	0.90
FOOTWEAR AND TEXTILE	976.13	927.89	1,363,341	110,854	44	74.30	1.00
HOTELS AND TRAVELS	2,651.20	2,658.87	738,393	61,690	128	61.70	1.60
HEALTH CARE	819.48	808.18	199,819	25,380	34	15.50	1.80
INVESTMENT TRUSTS	9,435.01	9,403.84	253,125	6,683	29	20.00	0.40
INFORMATION TECHNOLOGY	26.63	26.08	1,800	400	1	0.00	0.00
LAND AND PROPERTY	547.77	548.86	1,875,696	135,401	92	5.30	0.60
MANUFACTURING	2,857.64	2,874.34	11,398,015	837,751	375	7.10	0.90
MOTORS	12,962.21	12,946.22	242,360	2,561	26	11.30	0.50
OIL PALMS	50,765.67	50,765.67	2,472	12	2	29.00	1.00
POWER & ENERGY	109.66	110.43	36,836,351	7,879,283	69	0.00	1.30
PLANTATIONS	720.58	718.87	315,652	25,998	79	6.10	0.70
STORES SUPPLIES	28,044.84	28,044.84	2,980	2	1	13.80	0.50
SERVICES	15,770.37	15,767.17	342,573	107,545	34	11.00	1.20
TELECOMMUNICATIONS	146.41	146.20	22,810,427	2,000,815	31	8.30	0.90
TRADING	11,478.75	12,122.55	1,085,824	334,230	83	29.40	0.90

### GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	479.89	483.91	758,349	21,151	32	4.90	0.60
Banks	838.46	844.76	302,157,184	2,486,514	337	6.10	0.80
Capital Goods	860.72	867.86	418,268,864	3,028,456	657	10.90	0.90
Commercial & Professional Services	765.29	765.04	23,257	411	9	0.00	1.00
Consumer Durables & Apparel	788.52	796.07	1,427,195	190,831	113	26.30	1.00
Consumer Services	249.98	252.09	738,393	61,690	128	66.60	1.60
Diversified Financials	767.60	766.61	21,998,796	1,793,786	759	5.30	0.80
Energy	646.84	647.79	18,371	1,132	11	0.00	1.00
Food & Staples Retailing	1,231.43	1,225.14	1,469,523	318,413	51	15.00	2.20
Food, Beverage & Tobacco	939.85	939.90	4,655,371	424,273	267	15.40	2.50
Health Care Equipment & Services	880.80	868.63	201,633	25,800	36	15.80	1.80
Household & Personal Products	1,038.99	1,038.99	0	0	0	14.70	1.90
Insurance	1,753.58	1,750.17	41,837,248	1,536,341	508	3.60	1.40
Materials	551.84	554.78	7,259,770	665,847	178	6.20	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,745.59	1,745.59	0	0	0	4.60	1.40
Real Estate	746.21	747.61	1,898,714	136,609	92	5.00	0.60
Retailing	774.17	769.26	1,516,306	144,696	83	14.50	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	764.94	763.89	22,810,428	2,000,815	31	8.30	0.90
Transportation	702.71	685.99	220,901	54,910	13	20.30	0.70
Utilities	737.24	747.43	36,817,980	7,878,151	58	11.40	0.70

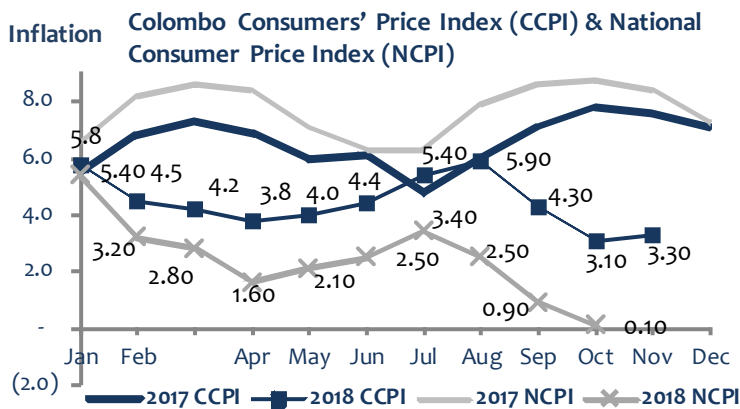
## Economic Indicators & Other Statistics

### Exchange Rates

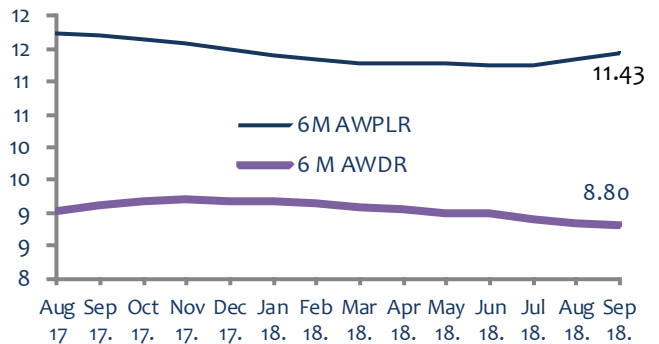
Currency	4th Dec		3rd Dec	
	Buying	Selling	Buying	Selling
Dollar (USA)	176.61	180.57	176.94	180.90
Pound (UK)	223.88	231.27	224.89	232.31
Euro (EU)	199.48	206.62	199.52	206.65
Dollar (Australia)	128.75	134.23	128.95	134.45
Dollar (Canada)	133.07	138.08	132.95	137.96
Franc (Switzerland)	175.94	182.61	176.06	182.74
Renminbi (China)	25.43	26.66	25.23	26.45
Yen (Japan)	1.5488	1.6065	1.5480	1.6056
Dollar (Singapore)	128.72	133.18	128.62	133.05

### Indicative Rates

Currency	4th Dec	3rd Dec
	Ind: Value	Ind: Value
Yuan (Offshore)	26.0595	25.9505
Rupee (India)	2.5387	2.5788
Won (Korean)	0.1609	0.1611
Dinar (Kuwait)	587.7509	590.5135
Ringgit (Malay)	42.9605	42.9807
Rial (Oman)	464.4879	466.4879
Riyal (Qatar)	49.1138	49.3283
Riyal (KSA)	47.6614	47.8716
Dirham (UAE)	48.6839	48.8999



### Average Weighted Prime Lending & Deposit Rate

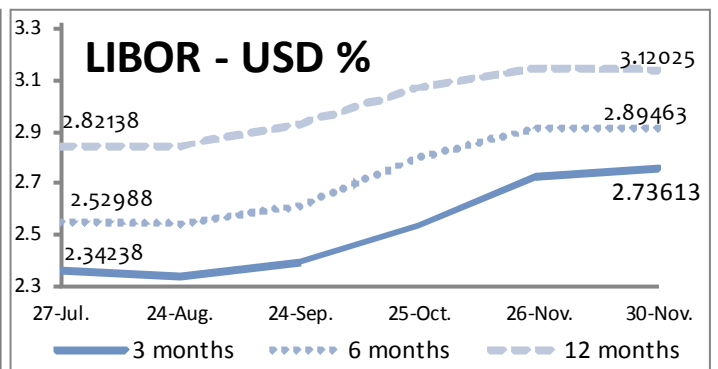
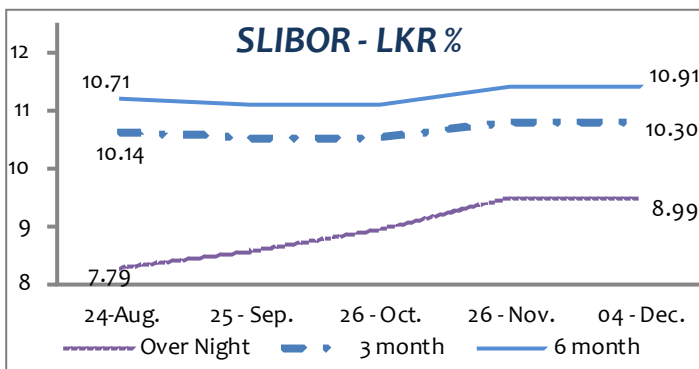


### Central Bank's Policy Rates

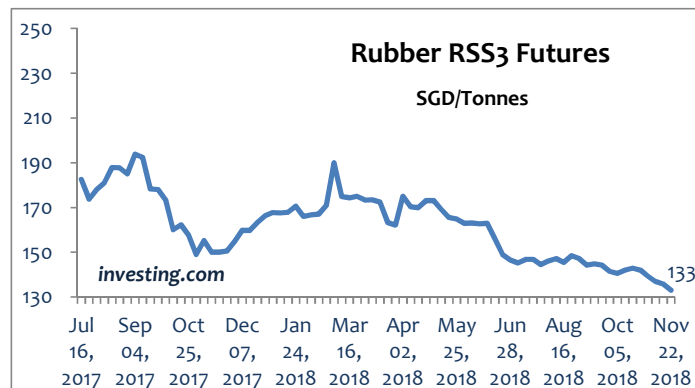
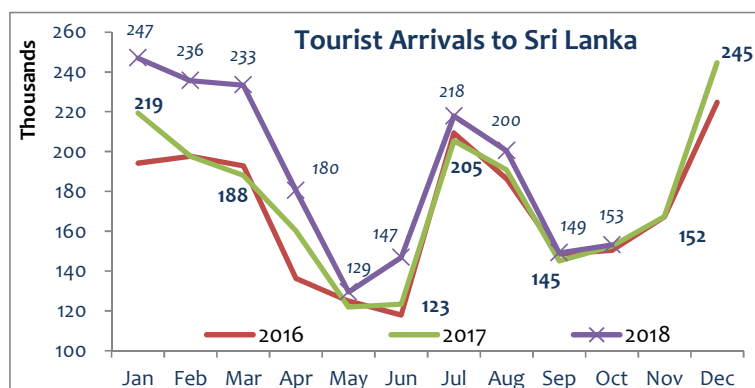
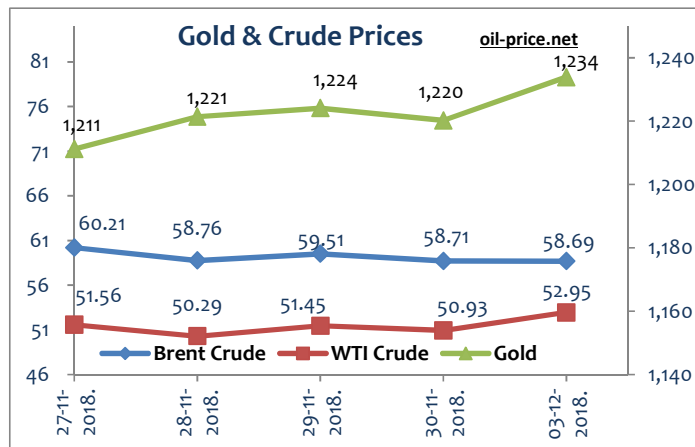
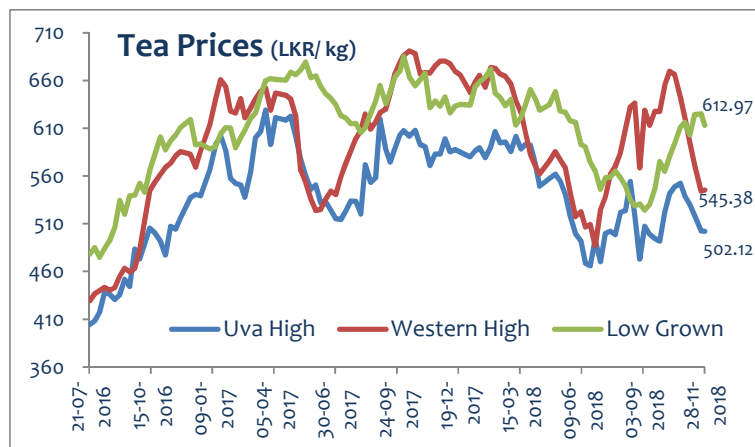
Description	Present	Previous	Treasury Bill				
			28.11.2018	19.11.2018	14.11.2018	07.11.2018	
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	10.01	10.07	9.65
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	na	na	na	9.99
Bank Rate	15.00%	15.00%	364 Days %	11.20	11.21	11.25	10.89
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	18Bn	15.5Bn	9.86Bn	15.37Bn

### Treasury Bond

Date	17.09.2018	17.07.2016	15.10.2018	17.07.2016	17.09.2018	02.01.2018	15.08.2018	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	10.03	11.14	11.69	11.21	10.32	10.06	10.20	11.90
Previous Auction	02.03.2018	15.06.2017	15.08.2018	15.06.2017	16.07.2018	01.11.2017	01.06.2018	16.07.2018
Previous Yield	9.85	11.37	9.91	11.38	10.53	10.33	10.72	10.88



## Economic Indicators & Other Statistics



## Local News

### Banks grant record loans in October despite rising interest rates

The new credit granted by Sri Lanka's banks marked a record growth for the year during the month of October, accelerating from the previous high in September, as the borrowings appear to be continuing defying the rising market interest rates. According to the latest Central Bank data, Sri Lanka's banks have given total loans worth of Rs.151Bn in October, which translated into a year-on-year (YoY) growth of 18.8%, up from 17.2% in September. This is nevertheless a slight decline from the Rs.161Bn loans given in September, on an absolute basis. In September, Sri Lanka's banks gave a significant Rs.107.3Bn in new private sector credit, out of the total bank credit of Rs.161 billion recorded for the month. And the Central Bank said the spike in such credit was short-lived and attributed the growth to businesses borrowing in advance in anticipation of further measures to curb excessive spending on imports. ([dailymirror.lk](http://dailymirror.lk))

### Fitch downgrades Sri Lanka to 'B' amidst political crisis; outlook stable

(LBO) – Fitch Ratings has downgraded Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B' from 'B+', with a stable outlook. Fitch Ratings said the downgrade reflects heightened external refinancing risks, an uncertain policy outlook, and the risk of a slowdown in fiscal consolidation as a result of an ongoing political crisis.

### Fitch maintains negative outlook for Sri Lankan banks

ECONOMYNEXT – Fitch Ratings has maintained its negative outlook for Sri Lankan banks, saying the macroeconomic fallout of the recent political crisis, looming elections and foreign debt repayments could dampen their prospects. But Fitch in a statement said it expects bank credit profiles to remain broadly intact, although it is "possible that some modest pressure will be brought to bear on the ratings of some banks in the absence of sufficient buffers against risks." We believe credit risks will linger in 2019, as reflected in a rise in rescheduled loans across banks alongside a surge in NPLs (non-performing loans) in 2018," it said. "Pressures should remain manageable alongside banks' increased focus, although a higher-than-expected level of loan impairments can lead to a re-assessment of these trends."



## Foreign News

### Asia shares slump as trade truce doubts gather

Asian shares fell on Tuesday as relief over a pause in escalation of the trade war between the U.S. and China gave way to doubt over the two countries' ability to resolve differences. Adding to market worries, an inversion at the short end of the U.S. yield curve raised the specter of a possible U.S. recession. The sell-off appeared likely to extend into European trading.

Australia shares gave up 1% for the day. Japan's Nikkei stock index tumbled, closing 2.4% lower on profit taking and as foreign investors and hedge funds reduced their positions on risky assets. But Chinese blue-chip shares in Shenzhen and Shanghai added 0.2% after struggling to break into positive territory for much of the day.

The temporary freeze on further hostilities in the trade war between the United States and China had sparked a **global rally in equity markets** on Monday, pushing MSCI's all-country world index up 1.3 percent. But even before the trading day ended, major U.S. indexes pulled back from intraday highs on scepticism that Washington and Beijing can resolve their deep-seated differences in the three-month negotiating window that was agreed, after which tariffs could escalate again.

In the currency market, the dollar index, which tracks the greenback against a basket of peers, softened 0.3 percent to 96.718. As the dollar weakened, China's yuan continued to surge, and was trading at 6.8419 to the dollar around 0700 GMT.

Federal Reserve Chairman Jerome Powell was scheduled to testify on Wednesday to a congressional Joint Economic Committee, but the hearing was postponed because of a national day of mourning for U.S. President George H.W. Bush, who died on Friday.

Spot gold jumped on the weaker dollar, trading up 0.5 percent at \$1,237.24 per ounce. ([reuters.com](https://www.reuters.com))

### Oil prices advance 1 percent on expectations of OPEC-led output cuts

Oil prices rose by more than 1% on Tuesday, extending bigger gains from the previous day amid expected OPEC-led supply cuts and a mandated reduction in Canadian output. U.S. West Texas Intermediate (WTI) crude futures CLc1 were at \$53.53 per barrel at 0742 GMT, up 58 cents, or 1.1%, from their last close. International Brent crude oil futures LCOc1 were up 70 cents, or 1.1%, at \$62.39 per barrel.

Both crude benchmarks climbed by around 4% the previous session after Washington and Beijing agreed a truce in their trade disputes and said they would negotiate for 90 days before taking any further action.

The Middle East-dominated Organization of the Petroleum Exporting Countries (OPEC) will on Dec. 6 meet at its headquarters in Vienna, Austria, to agree a joint output policy. OPEC will also discuss policy with non-OPEC production giant Russia.

OPEC's biggest problem is surging production in the United States, where output has grown by around 2Mn bpd in a year to more than 11.5Mn bpd C-OUT-T-EIA.

China in November resumed imports of U.S. crude oil, taking in one tanker at the end of last month, according to ship-tracking data, with another on order for delivery in January. Britain's Barclays bank pointed out that **production in the state of Texas alone "reached 4.69 million bpd** in September, compared with Iraqi output of 4.66 million by our estimates". Iraq is OPEC's second-biggest oil producer, behind only Saudi Arabia. ([reuters.com](https://www.reuters.com))

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