

DAILY STOCK MARKET HIGHLIGHTS

Wednesday, 05 December 2018



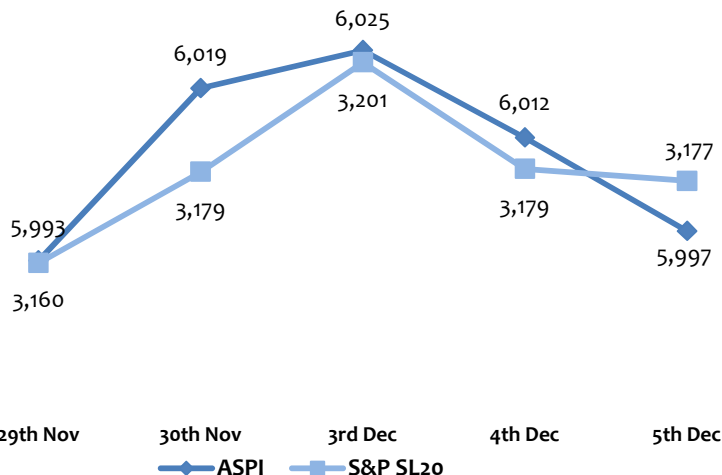
ASHA PHILLIP
SECURITIES LTD

Sri Lanka

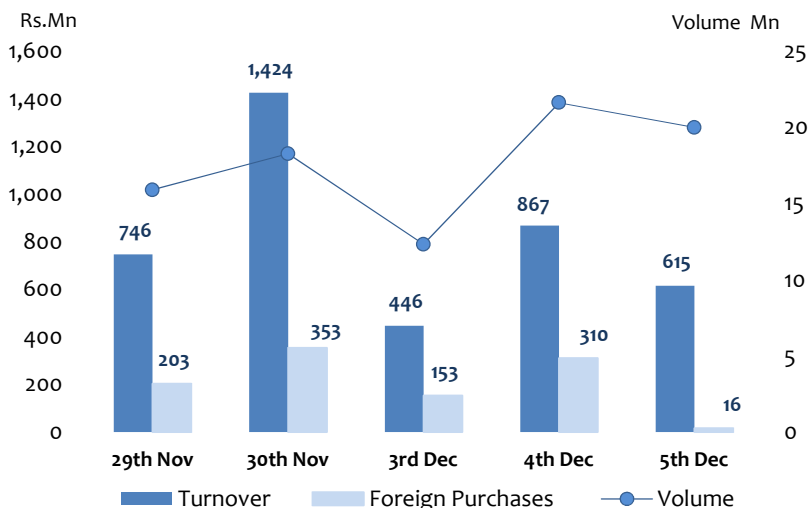
Daily Market Statistics

Index	5th Dec	4th Dec	Change	% Change
ASPI	5,997.23	6,011.68	↓ (14.45)	↓ -0.24%
S&P SL20	3,176.65	3,179.11	↓ (2.46)	↓ -0.08%
Market Stats (LKR, Mn)		5th Dec	4th Dec	% Change
Turnover		614.66	867.02	↓ -29.1%
Domestic Purchases		599.09	556.70	↑ 7.6%
Domestic Sales		357.28	201.81	↑ 77.0%
Foreign Purchases		15.57	310.32	↓ -95.0%
Foreign Sales		257.38	665.22	↓ -61.3%
Share Volume		19.99	21.61	↓ -7.5%
Market capitalization (Bn)		2,813.58	2,820.35	↓ -0.24%
PER		9.47	9.49	↓ -0.21%
PBV		1.17	1.17	↓ 0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Colombo Bourse started the session on a positive note, driven by retail investors; JINS, BFN, AAIC & MGT contributed 41% of the total trades. Later market turned negative due to selling pressure on DIAL; steady buying from local interest were noted on JKH. The benchmark index ASPI moved between 5,997.23-6,017.02 points and settled the day at 5,997.23 with a loss of 14.45 points (-0.24%).
- Major contributors for the movement in ASPI were COMB (+4), CLC (+2.7), AAIC (+2.2), JINS (+1.1), HNB (+0.9), DIAL (-6.9), DIST (-4.9), LOLC (-2.5), CINS (-2.1) & AHUN (-1.2)
- S&P SL20 index also followed a same trend and settled the day at 3,176.65 with a loss of 2.46 points (-0.08%).
- The day's turnover was recorded as LKR 614.66Mn, down by 29% from its previously recorded LKR 867.02Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.81Tn, indicating an YTD loss of 2.96%.
- The market PER & PBV were at 9.47x & 1.17x respectively.

Top Contributors – Turnover

- John Keells Holdings PLC (JKH) topped the turnover list with 59% (363.01Mn) contribution to the day's total turnover. JKH traded between LKR 160.00 & 160.50 and settled the day at LKR 160.00 with a loss of LKR 0.20 (-0.12%)
- Janashakthi Insurance Company PLC (JINS) stood second by adding LKR 57.63Mn to the day's total turnover. JINS traded between LKR 26.80 & 29.00 and settled the day at LKR 28.80 with a gain of LKR 2.20 (+8.27%)
- Hayleys Fabric PLC (MGT) contributed LKR 42.95Mn to the total turnover and secured the third slot. MGT traded between LKR 9.20 & 9.60 and settled the day at LKR 9.30 on par with the previous closing.

Traded Volume

- Hayleys Fabric PLC traded a total of 4.61Mn shares dominating the traded volumes.
- Dialog Axiata PLC (3.16Mn shares) and John Keells Holdings PLC (2.27Mn shares) were next in line under the top contributors to the daily volumes.

Sectorial Overview

- Diversified Holdings (DIV) stood on top providing LKR 365.25Mn capturing 59% of the day's total turnover.
- Bank Finance & Insurance (BFI) and Footwear & Textile (F&T) provided LKR 145.08Mn and LKR 43.25Mn respectively to the daily aggregated turnover.

Daily Foreign Transactions

Net Foreign Purchases

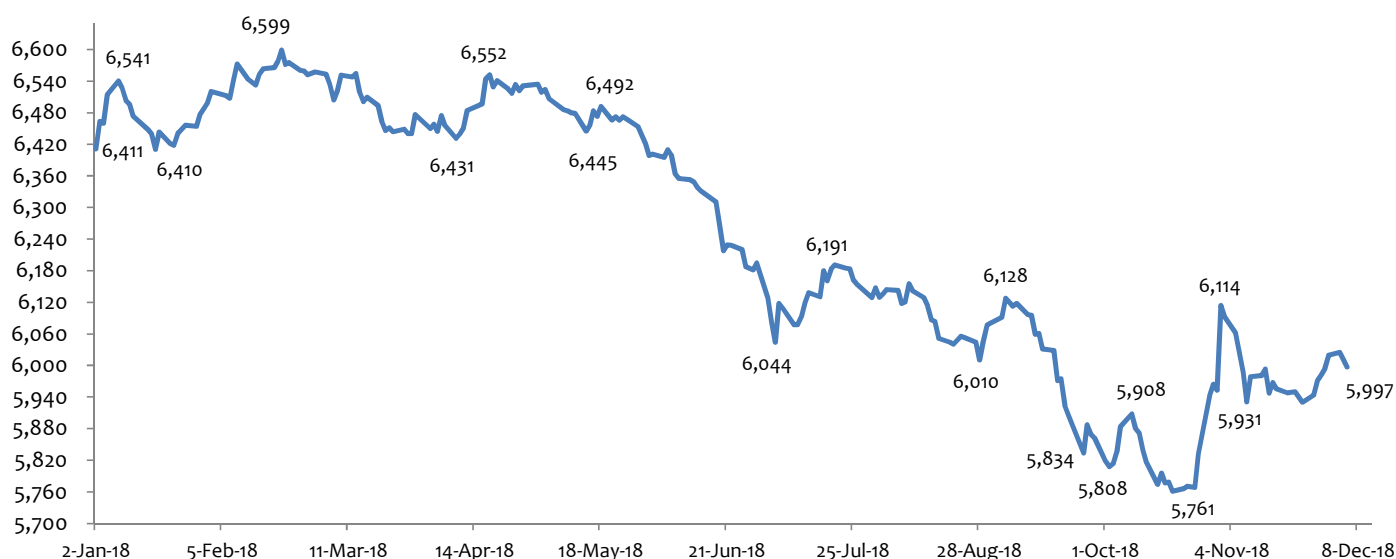
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
NAT. DEV. BANK (+)	107.00	43,145	4,616,515
HAYLEYS FABRIC	9.30	300,000	2,790,000
ORIENT FINANCE	15.40	125,000	1,925,000
Softlogic Life (+)	39.30	47,000	1,847,100
ELPITIYA	18.20	8,000	145,600
EXPOLANKA	4.00	29,599	118,396
LVL ENERGY	8.0	7,500	60,000
SOFTLOGIC CAP	6.00	7,706	46,236
CENTRAL FINANCE	90.00	500	45,000
DANKOTUWA PORCEL	6.30	5,000	31,500

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	160.00	(1,339,478)	(214,316,480)
DIALOG (+)	11.00	(3,142,576)	(34,568,336)
AMANA BANK (+)	3.00	(1,116,000)	(3,348,000)
CEYLINCO INS.[X] (+)	960.00	(760)	(729,600)
JANASHAKTHI INS. (+)	28.80	(14,036)	(404,237)
EAST WEST	13.30	(10,000)	(133,000)
NESTLE (+)	1,699.70	(10)	(16,997)
CHEVRON (+)	75.10	(195)	(14,645)
SOFTLOGIC	20.20	(10)	(202)

- **Aggregate foreign buying** for the day totaled up to **LKR 15.57Mn**.
- **Foreign sales** for the day amounted to **LKR 257.38Mn**.
- **Net foreign outflow** for the day was **LKR 241.81Mn**, **YTD net foreign outflow** presently stands at **LKR 18.69Bn**.
- **NDB** notched the "Top Net Purchasers" slot with a net inflow of **LKR 4.62Mn** whilst **JKH** notched the "Top net Sellers" slot with a net outflow of **LKR 214.32Mn**.

Year-to-Date ASPI Movement



Key Announcements

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	HVA	PMB	MBSL	SHAW	TFC
SIRA	IDL	CHOU	MSL						
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 Closing
[V] Janashakthi PLC		Dunamis Capital PLC (CSEC)	10-Dec-2018.
			Offer Price per Share
			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	10.13
JOHN KEELLS HOLDINGS PLC	JKH.No000	160.00	1,387,528,658	222,004,585,280	8.49
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	119.50	945,709,403	113,012,273,659	4.32
NESTLE LANKA PLC	NEST.No000	1,699.70	53,725,463	91,317,169,461	3.49
DIALOG AXIATA PLC	DIAL.No000	11.00	8,143,778,405	89,581,562,455	3.43
HATTON NATIONAL BANK PLC	HNB.No000	217.10	395,451,248	85,852,465,941	3.28
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.80	4,600,000,000	77,280,000,000	2.95
CEYLON COLD STORES PLC	CCS.No000	720.00	95,040,000	68,428,800,000	2.62
SAMPATH BANK PLC	SAMP.No000	238.90	280,902,248	67,107,547,047	2.57
MELSTACORP PLC	MELS.No000	52.00	1,165,397,072	60,600,647,744	2.32

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
HAYLEYS FABRIC PLC	42,946,927	4,611,399
DIALOG AXIATA PLC	34,766,861	3,158,636
JOHN KEELLS HOLDINGS PLC	363,007,100	2,268,774
JANASHAKTHI INSURANCE COMPANY PLC	57,632,158	2,078,453
ORIENT FINANCE PLC	20,689,940	1,300,117
AMANA BANK PLC	3,494,440	1,164,780
PEOPLE'S LEASING & FINANCE PLC	10,436,362	652,272
SOFTLOGIC CAPITAL PLC	3,573,378	590,338
ANILANA HOTELS AND PROPERTIES PLC	436,000	396,000
SOFTLOGIC LIFE INSURANCE PLC	14,615,708	369,297

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	2,268,774	363,007,100
JANASHAKTHI INSURANCE COMPANY PLC	2,078,453	57,632,158
HAYLEYS FABRIC PLC	4,611,399	42,946,927
DIALOG AXIATA PLC	3,158,636	34,766,861
ORIENT FINANCE PLC	1,300,117	20,689,940
SOFTLOGIC LIFE INSURANCE PLC	369,297	14,615,708
NATIONAL DEVELOPMENT BANK PLC	110,117	11,796,081
PEOPLE'S LEASING & FINANCE PLC	652,272	10,436,362
FIRST CAPITAL HOLDINGS PLC	189,056	5,650,686
HATTON NATIONAL BANK PLC	25,015	5,403,528

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS [X]	0.30	0.10	50.00	13,500
THE FINANCE CO. [X]	1.20	0.10	9.09	16,080
JANASHAKTHI INS.	28.80	2.20	8.27	57,632,158
COMM LEASE & FIN	2.70	0.20	8.00	400
Softlogic Life	39.30	2.70	7.38	14,615,708
ORIENT FINANCE	16.40	1.10	7.19	20,689,940
EAST WEST	13.30	0.70	5.56	3,710,583
LANKA REALTY	20.20	0.70	3.59	5,027
KINGSBURY	15.00	0.50	3.45	212,568
FIRST CAPITAL	30.00	0.90	3.09	5,650,686

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS	0.50	(0.10)	(16.67)	960
NATION LANKA	0.60	(0.10)	(14.29)	2,952
BERUWALA RESORTS	0.60	(0.10)	(14.29)	420
ELPITIYA	18.20	(2.30)	(11.22)	319,689
EASTERN MERCHANT	4.20	(0.50)	(10.64)	16,520
ASIA ASSET	0.90	(0.10)	(10.00)	139,330
LUCKY LANKA	1.00	(0.10)	(9.09)	60,684
ANILANA HOTELS	1.10	(0.10)	(8.33)	436,000
MALWATTE	7.50	(0.50)	(6.25)	13,125
A.SPEN.HOT.HOLD.	26.30	(1.70)	(6.07)	37,181

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
Nil					

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	15,976.92	15,922.54	145,084,365	7,188,322	2,270	5.20	0.90
BEVERAGE FOOD AND TOBACCO	24,324.67	24,409.40	1,319,040	112,422	81	17.70	6.00
CONSTRUCTION AND ENGINEERING	1,503.24	1,507.00	4,168,547	359,440	248	21.60	0.60
CHEMICALS AND PHARMACEUTICALS	5,212.71	5,220.54	851,978	16,478	49	5.70	0.70
DIVERSIFIED HOLDINGS	1,582.73	1,586.28	365,248,212	2,845,457	484	10.40	0.90
FOOTWEAR AND TEXTILE	981.42	976.13	43,250,984	4,621,290	326	78.60	1.00
HOTELS AND TRAVELS	2,642.54	2,651.20	3,654,738	652,820	202	63.90	1.60
HEALTH CARE	814.51	819.48	61,275	1,615	13	15.60	1.80
INVESTMENT TRUSTS	9,381.10	9,435.01	632,343	47,666	36	21.80	0.40
INFORMATION TECHNOLOGY	26.08	26.63	11,775	2,650	10	0.00	0.00
LAND AND PROPERTY	548.87	547.77	4,476,938	352,192	151	5.40	0.60
MANUFACTURING	2,844.89	2,857.64	8,920,258	388,746	315	7.00	0.90
MOTORS	12,962.21	12,962.21	82,725	1,103	4	11.30	0.50
OIL PALMS	50,765.67	50,765.67	2,059	10	3	29.00	1.00
POWER & ENERGY	108.23	109.66	1,115,230	101,428	96	0.00	1.30
PLANTATIONS	710.81	720.58	525,155	31,616	84	6.10	0.70
STORES SUPPLIES	28,044.84	28,044.84	950	6	3	13.70	0.50
SERVICES	15,770.37	15,770.37	157,992	62,143	17	11.00	1.20
TELECOMMUNICATIONS	142.76	146.41	34,774,271	3,158,986	234	8.10	0.90
TRADING	11,494.04	11,478.75	319,258	46,642	27	27.80	0.80

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	21,835	601	8	5.00	0.60
Banks	838.46	844.76	24,899,772	1,365,778	258	6.10	0.80
Capital Goods	860.72	867.86	369,275,008	2,852,350	429	10.80	0.90
Commercial & Professional Services	765.29	765.04	500	5	2	0.00	1.00
Consumer Durables & Apparel	788.52	796.07	44,727,684	4,829,726	365	26.10	1.00
Consumer Services	249.98	252.09	3,654,738	652,820	202	66.40	1.60
Diversified Financials	767.60	766.61	41,810,548	3,247,299	803	5.30	0.80
Energy	646.84	647.79	604,371	26,794	62	0.00	1.00
Food & Staples Retailing	1,231.43	1,225.14	111,981	36,835	20	15.00	2.20
Food, Beverage & Tobacco	939.85	939.90	2,467,578	253,528	236	15.30	2.50
Health Care Equipment & Services	880.80	868.63	76,619	9,363	28	15.70	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	78,690,752	2,602,670	1,235	3.60	1.40
Materials	551.84	554.78	6,852,922	175,175	227	6.10	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,745.59	1,745.59	3,790	6	2	4.60	1.40
Real Estate	746.21	747.61	4,481,901	352,439	160	5.10	0.60
Retailing	774.17	769.26	661,194	61,960	60	14.50	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	764.94	763.89	34,774,272	3,158,986	234	8.10	0.90
Transportation	702.71	685.99	254,027	63,453	16	19.80	0.70
Utilities	737.24	747.43	510,859	74,634	34	11.40	0.70

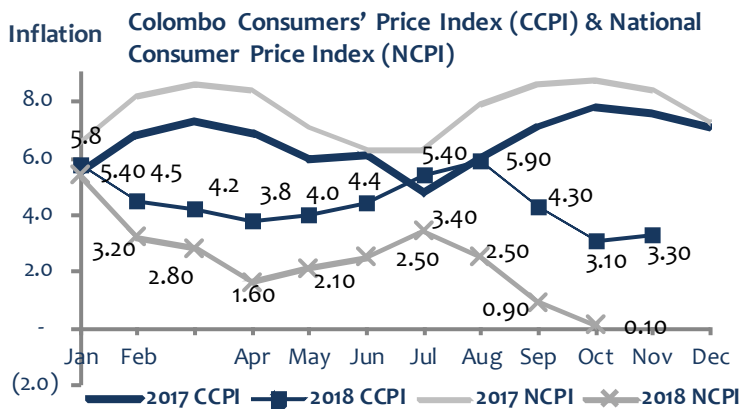
Economic Indicators & Other Statistics

Exchange Rates

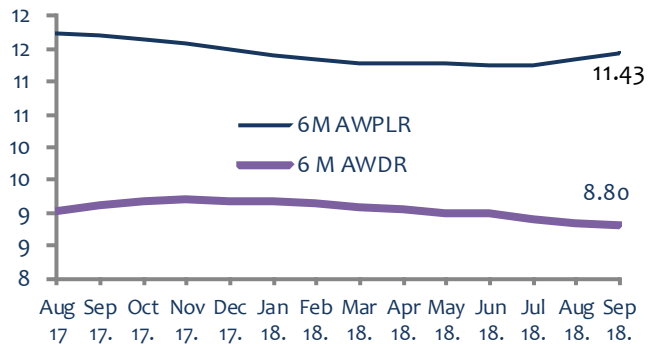
Currency	5th Dec		4th Dec	
	Buying	Selling	Buying	Selling
Dollar (USA)	176.88	180.84	176.61	180.57
Pound (UK)	223.64	231.01	223.88	231.27
Euro (EU)	199.15	206.28	199.48	206.62
Dollar (Australia)	128.04	133.50	128.75	134.23
Dollar (Canada)	132.37	137.34	133.07	138.08
Franc (Switzerland)	175.76	182.45	175.94	182.61
Renminbi (China)	25.47	26.70	25.43	26.66
Yen (Japan)	1.5562	1.6141	1.5488	1.6065
Dollar (Singapore)	128.75	133.19	128.72	133.18

Indicative Rates

Currency	5th Dec	4th Dec
	Ind: Value	Ind: Value
Yuan (Offshore)	26.0921	26.0595
Rupee (India)	2.5369	2.5387
Won (Korean)	0.1609	0.1609
Dinar (Kuwait)	588.1684	587.7509
Ringgit (Malay)	43.0578	42.9605
Rial (Oman)	464.7567	464.4879
Riyal (Qatar)	49.1388	49.1138
Riyal (KSA)	47.6915	47.6614
Dirham (UAE)	48.7121	48.6839



Average Weighted Prime Lending & Deposit Rate

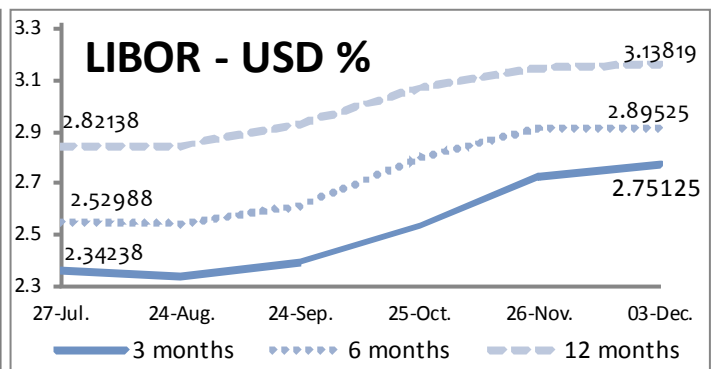
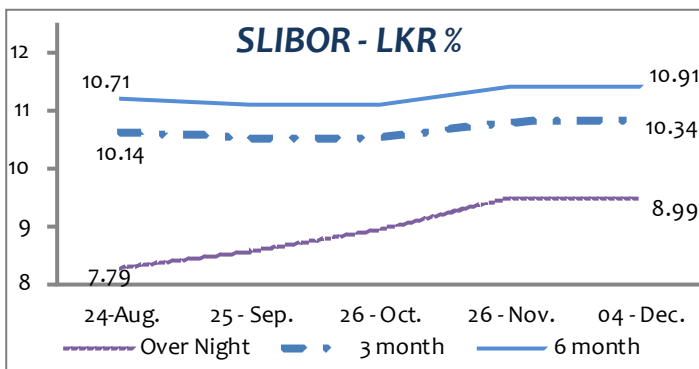


Central Bank's Policy Rates

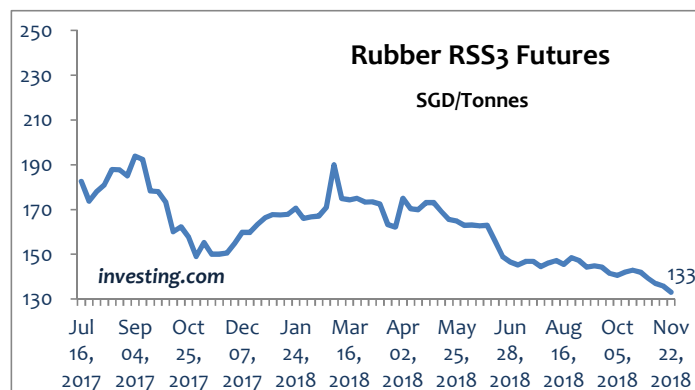
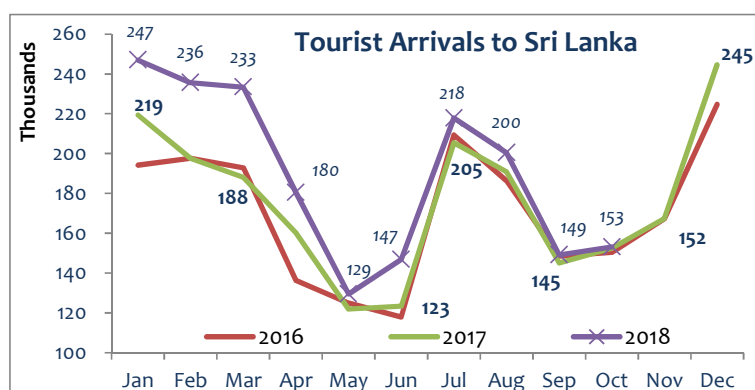
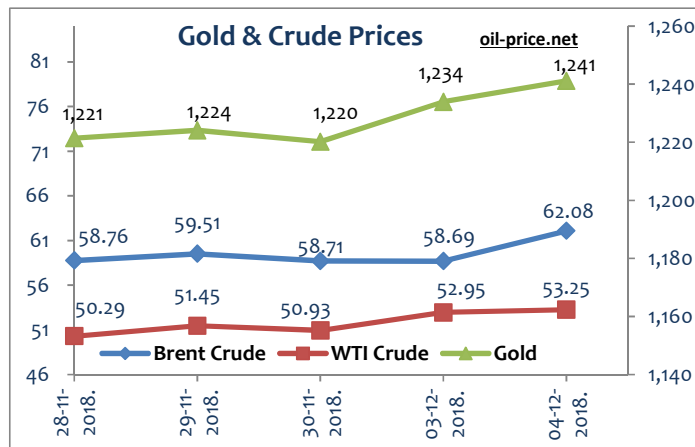
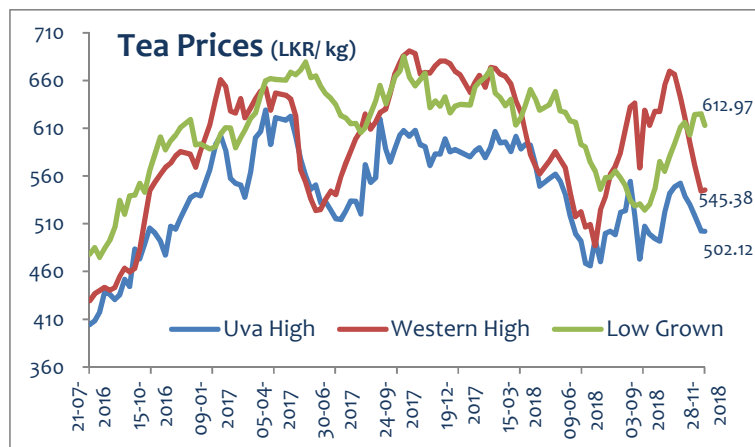
Description	Present	Previous		Treasury Bill			
				05.12.2018	28.11.2018	19.11.2018	14.11.2018
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	10.01	10.07
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	10.01	na	na	na
Bank Rate	15.00%	15.00%	364 Days %	11.20	11.20	11.21	11.25
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	19Bn	18Bn	15.5Bn	9.86Bn

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

National Savings Bank, People's Leasing Downgraded to Reflect Heightened Economic Risk

Dec. 4, 2018--S&P Global Ratings said, "We have lowered our long-term sovereign credit rating on Sri Lanka by one notch to 'B', reflecting reduced prospects of reform under the fractious political environment, which we expect to be protracted. The country's external financing conditions has also deteriorated as a weak rupee and high yields constrain the government's access to international capital markets. In our view, a slow economy, fractious political environment, and the sovereign's weakened external position have led to heightened economic risk for Sri Lankan financial institutions. We are lowering the long-term issuer credit rating on NSB and PLC to 'B' from 'B+'. At the same time, we are affirming the long-term issuer credit rating on DFCC Bank at 'B'. We are also affirming the 'B' short-term ratings on the three Sri Lankan financial institutions. The outlook on the long-term rating for all these entities are stable, reflecting the stable outlook on the sovereign. (adaderana.lk)

CB disputes ratings agency decision

The Central Bank yesterday said it disagreed with the decisions by Fitch Ratings and other agencies to downgrade Sri Lanka's Long-Term Rating from 'B+' (Stable) to 'B' (Stable), which the monetary authority insisted were based on "uncorroborated facts" of the country's macroeconomic fundamentals. In spite of the recent developments in the country's political sphere, an array of measures have been taken by the Central Bank and the Government to minimise any potential impact from the recent political developments on the economy, especially with regard to external financing requirements and debt payment obligations, a statement by the Central Bank said yesterday.

In meeting the Government's external liabilities of International Sovereign Bond (ISB) maturities of \$ 1 billion in January 2019 and \$ 500 million in April 2019, the authorities have already built a buffer fund from proceeds of non-strategic asset divestment and recently contracted a Syndicated loan, in addition to the space provided under the Active Liability Management (ALM) initiative not exceeding a limit of Rs. 310 billion. (ft.lk)

Hutch, Etisalat complete merger deal

Emirates Telecommunications Group Company PJSC (Etisalat Group) has completed the sale of its 100% shareholding in Etisalat Lanka Ltd. to Hutchison Telecommunications Lanka Ltd. Upon completion of the sale, the CK Hutchison Holdings Ltd. group will have a majority and controlling stake of 85% whilst the Etisalat Group will have 15% ownership of Hutch Lanka. The deal was done on 30 November after the move was first announced in April 2018. ([ft.lk](#))

Foreign News

Stocks retreat as falling U.S. yields, trade worries sour mood

Asian stocks slid across the board on Wednesday, dragged down by Wall Street's tumble as sharp declines in long-term U.S. Treasury yields and resurgent trade concerns stoked investor worries about global economic growth.

Global equities have been shaken as a flattening U.S. Treasury yield curve fans worries about a recession, and on growing doubts that Washington and Beijing will be able to clinch a substantive trade deal during a temporary cease-fire agreed at the weekend.

The Shanghai Composite Index .SSEC slipped 0.6 percent and Japan's Nikkei .N225 dropped 0.5 percent. Australian stocks lost 0.8 percent, pressured by global losses. The mood further soured after data showed Australia's third-quarter growth fell short of expectations. The Australian dollar AUD=D4 was down 0.7 percent at \$0.7288.

The Dow .DJI retreated 3.1 percent and the Nasdaq .IXIC sank 3.8 percent on Tuesday. U.S. financial shares .SPSY, which are particularly sensitive to bond market swings, dropped 4.4 percent.

Signals from the **Federal Reserve** last week that it may be **nearing an end to its three-year rate hike** cycle has pushed the 10-year U.S. Treasury yield US10YT=RR to three-month lows below 3 percent. Concerns about slowing U.S. growth have accelerated the flattening of the yield curve, a phenomenon in which longer-dated debt yields fall faster than their shorter-dated counterparts.

British Prime Minister Theresa May suffered embarrassing defeats on Tuesday at the start of five days of debate over her plans to leave the European Union that could determine the future of Brexit and the fate of her government.

Risk markets were also weighed down as optimism faded over a truce made over the weekend between U.S. President Donald Trump and Chinese President Xi Jinping. Trump threatened on Tuesday to place “major **tariffs**” **on Chinese goods** imported into the United States if his administration is unable to reach an effective trade deal with Beijing.

Oil prices fell, weighed down by swelling U.S. inventories and concerns that slowing economic activity will sap demand for commodities. U.S. crude futures CLC1 were down 1.65 percent at \$52.37 per barrel and Brent LCOc1 shed 1.75 percent to \$61.00 per barrel. ([reuters.com](#))

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