

DAILY STOCK MARKET HIGHLIGHTS

Thursday, 06 December 2018



**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

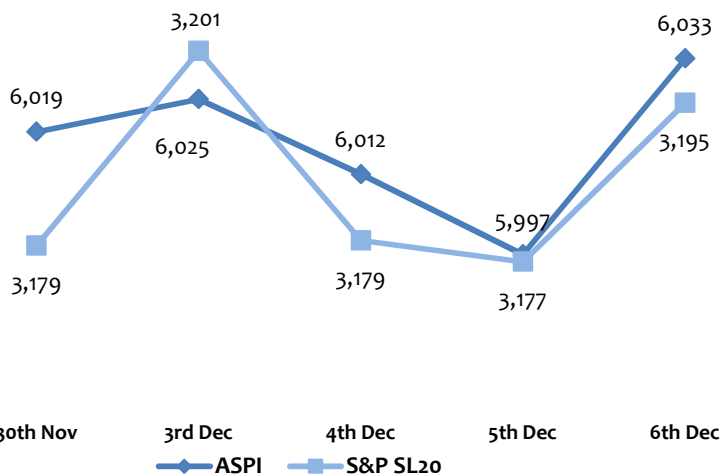
Daily Market Statistics

Index	6th Dec	5th Dec	Change	% Change
ASPI	6,032.54	5,997.23	↑ 35.31	↑ 0.59%
S&P SL20	3,195.06	3,176.65	↑ 18.41	↑ 0.58%
Market Stats (LKR, Mn)		6th Dec	5th Dec	% Change
Turnover		533.31	614.66	↓ -13.2%
Domestic Purchases		463.95	599.09	↓ -22.6%
Domestic Sales		338.67	357.28	↓ -5.2%
Foreign Purchases		69.36	15.57	↑ 345.5%
Foreign Sales		194.64	257.38	↓ -24.4%
Share Volume		25.07	19.99	↑ 25.4%
Market capitalization (Bn)		2,830.14	2,813.58	↑ 0.59%
PER		9.61	9.47	↑ 1.48%
PBV		1.17	1.17	↓ 0.00%

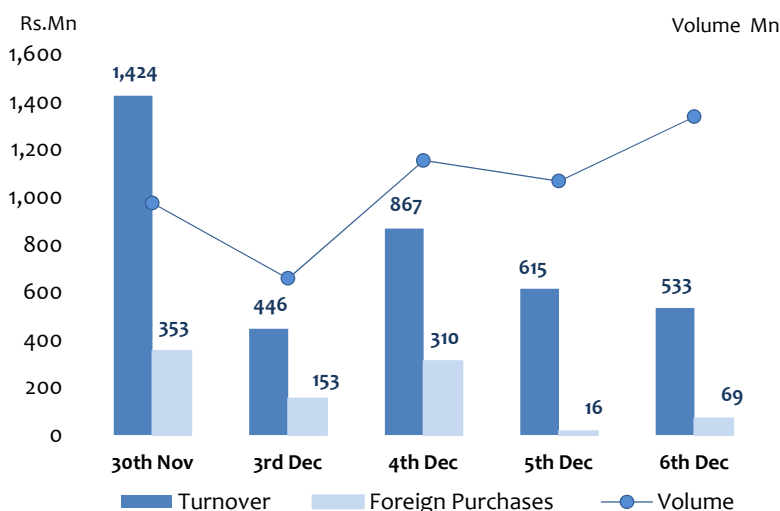
Performance of the Market

- Improved interest from retail investors directed the Bourse to positive terrain, ahead of tomorrow's court decision on Parliament dissolution. Previous day's bullish counters JINS, BFN, AAIC & MGT were seen with faded momentum during latter part of the session. The benchmark index ASPI moved between 5,998.93-6,035.33 points and settled the day at 6,032.54 with a gain of 35.31 points (+0.59%).
- Major contributors for the movement in ASPI were **LOLC (+5.6)**, **JKH (+3.3)**, **SEYB (+2.7)**, **CINS (+1.9)**, **BRWN (+1.8)**, **DIST (-)**, **DIAL (-1.7)**, **COMB (-1.4)**, **CTHR (-0.5)** & **SPEN (-0.3)**
- S&P SL20 index also followed a same trend and settled the day at 3,195.06 with a gain of 18.41 points (+0.58%).
- The day's turnover was recorded as LKR 533.31Mn, down by 13% from its previously recorded LKR 614.66Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.83Tn, indicating an YTD loss of 2.38%.
- The market PER & PBV were at 9.61x & 1.17x respectively.

Market Indices



Turnover, Volume and Foreign Purchase



Top Contributors - Turnover

- John Keells Holdings PLC (JKH) topped the turnover list with 39% (209.59Mn) contribution to the day's total turnover. JKH traded between LKR 159.50 & 161.20 and settled the day at LKR 161.10 with a gain of LKR 1.10 (+0.69%); about 55% (116.26Mn) of its turnover was contributed through two off board trades of 0.73Mn shares negotiated at the price of LKR 160.00
- Janashakthi Insurance Company PLC (JINS) stood second by adding LKR 55.21Mn to the day's total turnover. JINS traded between LKR 28.30 & 30.00 and settled the day at LKR 28.70 with a loss of LKR 0.10 (-0.35%)
- Access Engineering PLC (AEL) contributed LKR 37.72Mn to the total turnover and secured the third slot. AEL traded between LKR 15.80 & 16.20 and settled the day at LKR 16.00 with a gain of LKR 0.10 (+0.63%).

Traded Volume

- SMB Leasing PLC traded a total of 9.25Mn shares dominating the traded volumes.
- Access Engineering PLC (2.36Mn shares) and Janashakthi Insurance Company PLC (1.89Mn shares) were next in line under the top contributors to the daily volumes.

Sectorial Overview

- Diversified Holdings (DIV) stood on top providing LKR 214.96Mn capturing 40% of the day's total turnover.
- Bank Finance & Insurance (BFI) and Construction & Engineering (C&E) provided LKR 211.86Mn and LKR 41.42Mn respectively to the daily aggregated turnover.

Daily Foreign Transactions

Net Foreign Purchases

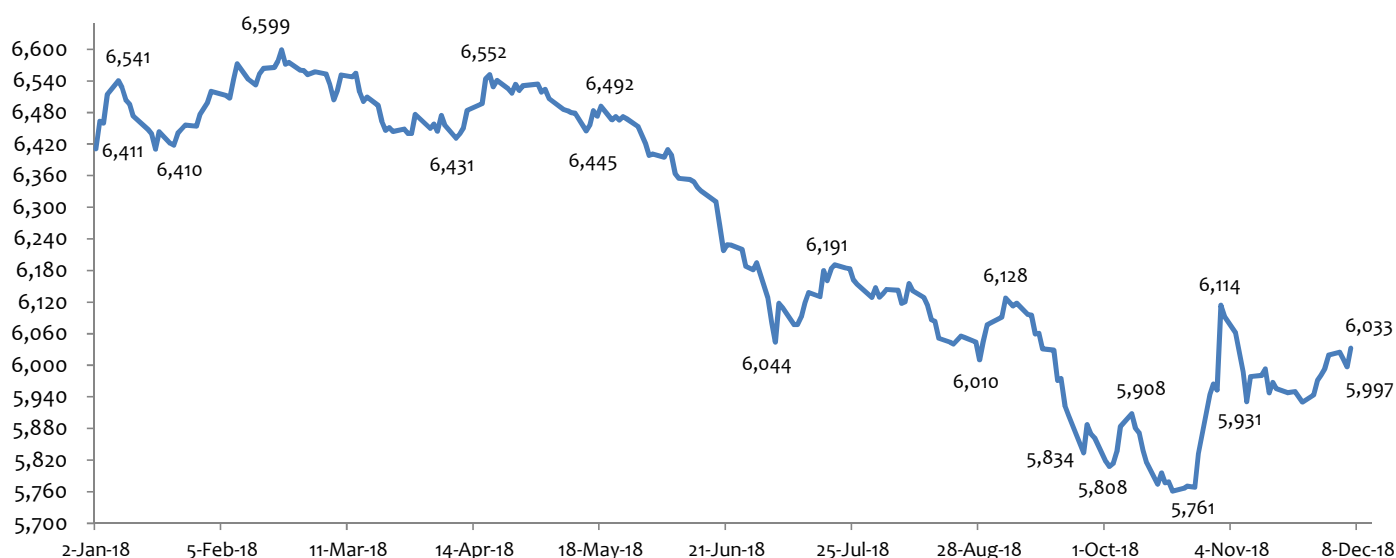
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
SEYLAN BANK[X] (+)	44.50	505,561	22,497,465
SAMPATH (+)	242.00	61,707	14,933,094
SEYLAN BANK (+)	77.40	132,263	10,237,156
NAT. DEV. BANK (+)	108.00	49,099	5,302,692
DOCKYARD (+)	56.00	20,000	1,120,000
MERCHANT BANK (+)	9.10	65,718	598,034
CENTRAL FINANCE	91.9	5,184	476,410
SOFTLOGIC CAP	6.00	35,000	210,000
LVL ENERGY	8.00	7,891	63,128
LAUGFS GAS[X.0000]	15.00	4,000	60,000

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	160.40	(887,741)	(142,393,656)
ACCESS ENG SL	16.00	(1,650,593)	(26,409,488)
LION BREWERY	555.00	(10,140)	(5,627,700)
DIALOG (+)	10.90	(189,943)	(2,070,379)
LOLC FINANCE	3.70	(400,000)	(1,480,000)
JANASHAKTHI INS. (+)	28.70	(36,883)	(1,058,542)
EAST WEST	14.50	(44,905)	(651,123)
C M HOLDINGS	49.70	(6,176)	(306,947)
COMMERCIAL BANK (+)	118.80	(2,100)	(249,480)
HNB (+)	218.80	(1,100)	(240,680)

- **Aggregate foreign buying** for the day totaled up to **LKR 69.36Mn.**
- **Foreign sales** for the day amounted to **LKR 194.64Mn.**
- **Net foreign outflow** for the day was **LKR 125.28Mn**, **YTD net foreign outflow** presently stands at **LKR 18.82Bn.**
- **SEYB.X** notched the "Top Net Purchasers" slot with a net inflow of **LKR 22.5Mn** whilst **JKH** notched the "Top net Sellers" slot with a net outflow of **LKR 142.39Mn.**

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	10.07
JOHN KEELLS HOLDINGS PLC	JKH.No000	161.10	1,387,528,658	223,530,866,804	8.49
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	118.80	945,709,403	112,350,277,076	4.27
NESTLE LANKA PLC	NEST.No000	1,699.70	53,725,463	91,317,169,461	3.47
DIALOG AXIATA PLC	DIAL.No000	10.90	8,143,778,405	88,767,184,615	3.37
HATTON NATIONAL BANK PLC	HNB.No000	218.80	395,451,248	86,524,733,062	3.29
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.60	4,600,000,000	76,360,000,000	2.90
CEYLON COLD STORES PLC	CCS.No000	720.00	95,040,000	68,428,800,000	2.60
SAMPATH BANK PLC	SAMP.No000	241.70	280,902,248	67,894,073,342	2.58
MELSTACORP PLC	MELS.No000	52.00	1,165,397,072	60,600,647,744	2.30

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
SMB LEASING PLC	4,622,196	9,245,589
ACCESS ENGINEERING PLC	37,716,299	2,357,252
JANASHAKTHI INSURANCE COMPANY PLC	55,209,213	1,892,827
JOHN KEELLS HOLDINGS PLC	209,585,372	1,306,567
PANASIAN POWER PLC	3,370,683	1,123,561
ORIENT FINANCE PLC	15,244,193	922,335
EAST WEST PROPERTIES PLC	13,078,347	910,214
SEYLAN BANK PLC [X]	36,752,617	824,832
DIALOG AXIATA PLC	8,104,597	736,945
LOLC FINANCE PLC	2,318,325	630,727

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	1,306,567	209,585,372
JANASHAKTHI INSURANCE COMPANY PLC	1,892,827	55,209,213
ACCESS ENGINEERING PLC	2,357,252	37,716,299
SEYLAN BANK PLC [X]	824,832	36,752,617
SAMPATH BANK PLC	135,891	32,783,086
SEYLAN BANK PLC	362,624	27,832,626
ORIENT FINANCE PLC	922,335	15,244,193
EAST WEST PROPERTIES PLC	910,214	13,078,347
NATIONAL DEVELOPMENT BANK PLC	97,651	10,546,545
LION BREWERY CEYLON PLC	18,825	10,447,891

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
LUCKY LANKA [X]	0.90	0.20	28.57	27,899
S M B LEASING	0.50	0.10	25.00	4,622,196
BLUE DIAMONDS	0.60	0.10	20.00	124,695
AMANA LIFE	11.90	1.70	16.67	1,190
ABANS FINANCIAL	19.00	2.00	11.76	3,518
LANKEM CEYLON	27.40	2.80	11.38	11,787
CFT	3.20	0.30	10.34	227,572
SOFTLOGIC FIN	25.90	2.40	10.21	526,633
SEYLAN BANK	77.40	7.00	9.94	27,832,626
C M HOLDINGS	49.70	4.20	9.23	521,717

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
RENUKA FOODS [X]	9.80	(1.40)	(12.50)	1,920
KELSEY	26.00	(3.50)	(11.86)	26,000
CHEMANEX	50.10	(5.70)	(10.22)	147,269
UDAPUSSELLAWA	28.10	(2.80)	(9.06)	18,832
PALM GARDEN HOTL	22.00	(1.80)	(7.56)	2,750
HUNAS FALLS	75.00	(4.00)	(5.06)	25,125
ARPICO	160.00	(8.30)	(4.93)	48,640
SERENDIB ENG.GRP	6.00	(0.30)	(4.76)	5,400
RESUS ENERGY	22.60	(1.00)	(4.24)	7,860
AMAYA LEISURE	42.70	(1.70)	(3.83)	12,982

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
John Keells Holdings PLC	JKH.No000	160.00	2	726,614	116,258,240.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,201.26	15,976.92	211,858,658	15,372,635	2,447	5.30	0.90
BEVERAGE FOOD AND TOBACCO	24,292.64	24,324.67	13,588,201	87,582	94	17.70	6.00
CONSTRUCTION AND ENGINEERING	1,525.48	1,503.24	41,424,979	2,637,234	384	22.00	0.60
CHEMICALS AND PHARMACEUTICALS	5,214.39	5,212.71	162,653	8,275	21	5.70	0.70
DIVERSIFIED HOLDINGS	1,591.32	1,582.73	214,959,953	2,605,783	412	10.60	0.90
FOOTWEAR AND TEXTILE	985.46	981.42	291,166	30,281	36	78.90	1.00
HOTELS AND TRAVELS	2,649.07	2,642.54	1,609,209	285,834	131	64.60	1.60
HEALTH CARE	814.98	814.51	406,890	6,742	19	15.60	1.80
INVESTMENT TRUSTS	9,555.20	9,381.10	858,104	57,300	56	32.20	0.40
INFORMATION TECHNOLOGY	27.19	26.08	4,829	1,050	2	0.00	0.00
LAND AND PROPERTY	557.70	548.87	13,757,104	987,321	410	5.50	0.60
MANUFACTURING	2,856.97	2,844.89	17,006,260	775,357	412	7.70	0.90
MOTORS	13,006.96	12,962.21	576,766	10,641	37	12.20	0.50
OIL PALMS	50,765.67	50,765.67	0	0	0	28.90	1.00
POWER & ENERGY	109.34	108.23	4,114,585	1,172,606	100	129.50	1.30
PLANTATIONS	716.31	710.81	914,579	62,240	124	6.50	0.70
STORES SUPPLIES	28,044.84	28,044.84	5,226	7	4	12.90	0.50
SERVICES	15,717.27	15,770.37	319,900	97,877	17	10.90	1.20
TELECOMMUNICATIONS	142.26	142.76	8,180,357	740,545	172	8.10	0.90
TRADING	11,893.84	11,494.04	3,271,301	133,832	97	28.90	0.80

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	486.60	486.60	0	0	0	4.80	0.60
Banks	850.50	842.58	112,748,752	1,507,846	501	6.20	0.80
Capital Goods	866.47	859.42	258,016,752	4,624,842	745	11.10	0.90
Commercial & Professional Services	765.29	765.29	0	0	0	0.00	1.00
Consumer Durables & Apparel	783.50	782.37	1,309,662	304,603	120	25.10	1.00
Consumer Services	249.39	247.59	1,609,209	285,834	133	67.10	1.60
Diversified Financials	782.78	767.67	36,851,476	11,975,809	949	5.40	0.80
Energy	640.60	632.82	640,544	34,136	62	0.00	1.00
Food & Staples Retailing	1,228.35	1,231.23	729,965	85,609	69	15.00	2.20
Food, Beverage & Tobacco	936.57	936.45	17,842,964	460,108	299	15.60	2.50
Health Care Equipment & Services	876.25	875.33	415,151	12,695	23	15.70	1.80
Household & Personal Products	1,022.82	1,038.99	12,521	1,070	5	14.00	1.90
Insurance	1,790.08	1,761.45	62,625,052	1,979,704	1,056	3.60	1.40
Materials	550.28	546.46	12,737,684	420,094	249	7.20	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,745.59	1,745.59	0	0	0	4.60	1.40
Real Estate	760.43	748.07	13,731,112	985,437	412	5.10	0.60
Retailing	774.67	774.09	922,841	108,929	63	15.10	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	743.26	745.91	8,180,357	740,545	172	8.10	0.90
Transportation	702.71	685.99	55,875	13,628	12	20.30	0.70
Utilities	742.04	737.24	3,474,041	1,138,470	38	9.60	0.70

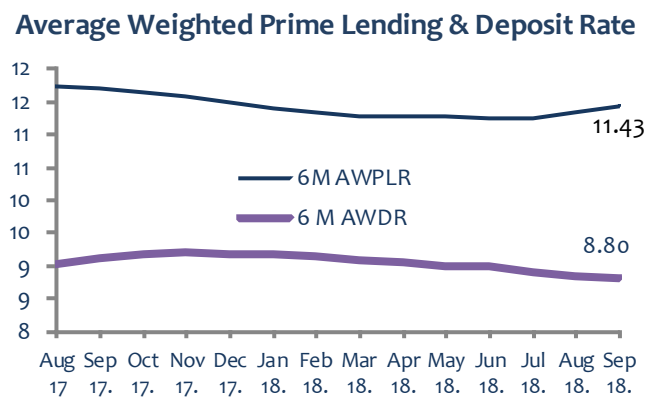
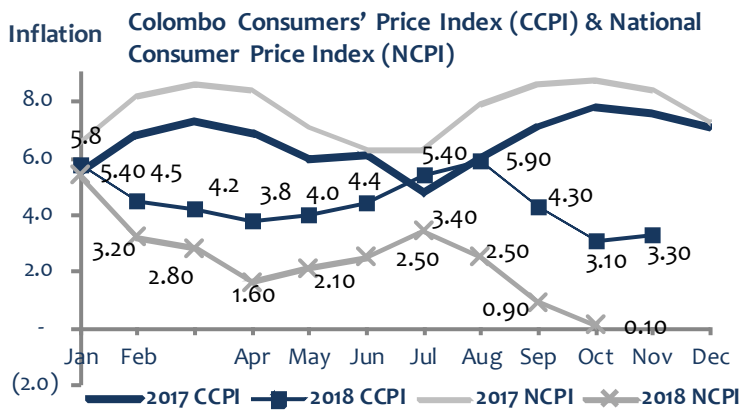
Economic Indicators & Other Statistics

Exchange Rates

Currency	6th Dec		5th Dec	
	Buying	Selling	Buying	Selling
Dollar (USA)	177.06	181.02	176.88	180.84
Pound (UK)	224.21	231.60	223.64	231.01
Euro (EU)	199.61	206.74	199.15	206.28
Dollar (Australia)	126.75	132.17	128.04	133.50
Dollar (Canada)	131.35	136.29	132.37	137.34
Franc (Switzerland)	176.38	183.09	175.76	182.45
Renminbi (China)	25.46	26.68	25.47	26.70
Yen (Japan)	1.5602	1.6181	1.5562	1.6141
Dollar (Singapore)	128.69	133.13	128.75	133.19

Indicative Rates

Currency	6th Dec	5th Dec
	Ind: Value	Ind: Value
Yuan (Offshore)	26.0506	26.0921
Rupee (India)	2.5383	2.5369
Won (Korean)	0.1603	0.1609
Dinar (Kuwait)	588.9619	588.1684
Ringgit (Malay)	43.0330	43.0578
Rial (Oman)	465.2275	464.7567
Riyal (Qatar)	49.1873	49.1388
Riyal (KSA)	47.7405	47.6915
Dirham (UAE)	48.7615	48.7121

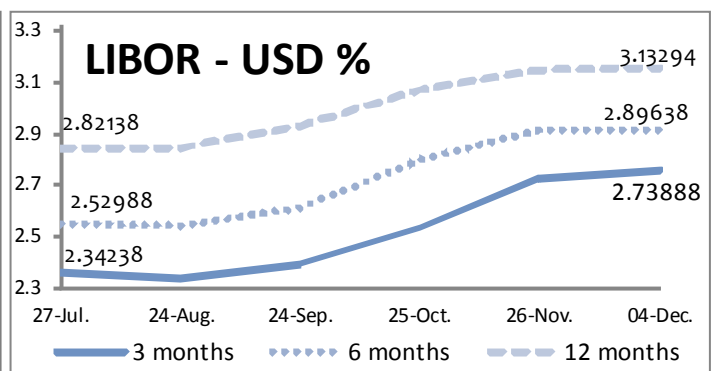
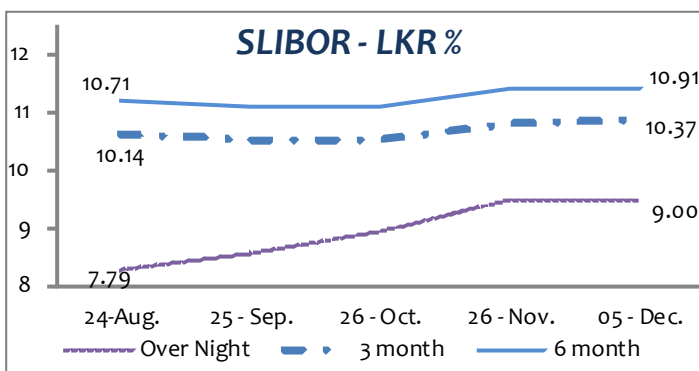


Central Bank's Policy Rates

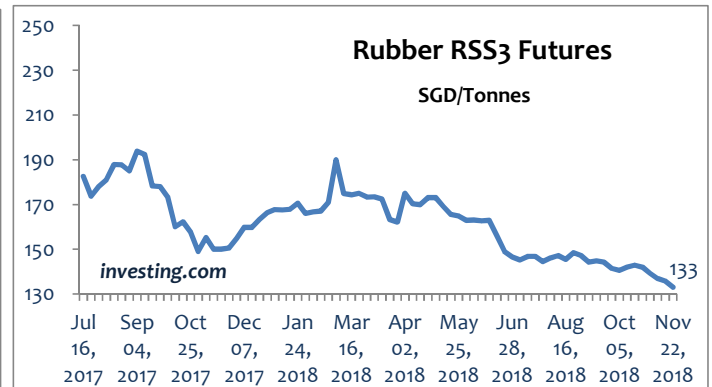
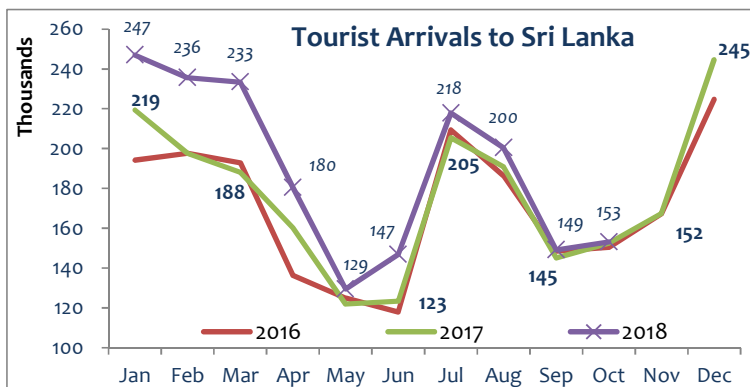
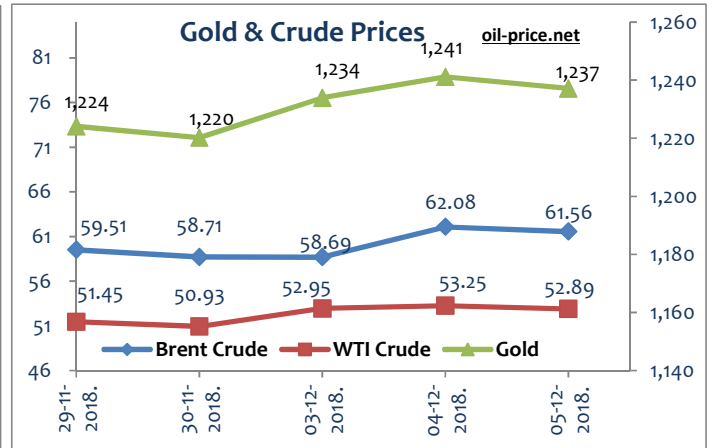
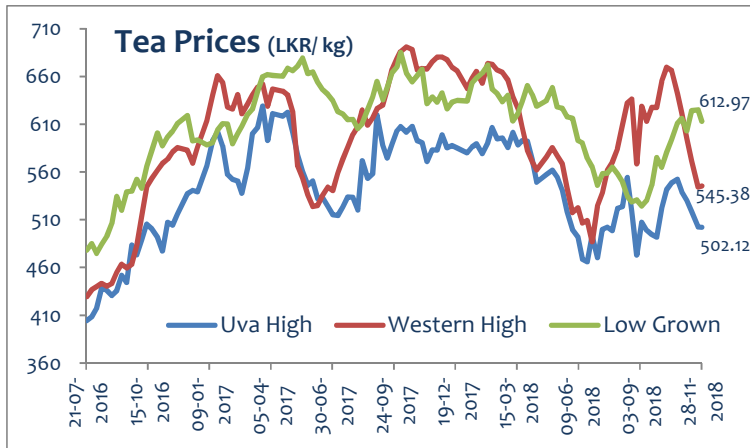
Description	Present	Previous		Treasury Bill			
				05.12.2018	28.11.2018	19.11.2018	14.11.2018
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	10.01	10.07
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	10.01	na	na	na
Bank Rate	15.00%	15.00%	364 Days %	11.20	11.20	11.21	11.25
Statutory 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

Sri Lanka’s macro economic conditions stable, Fiscal discipline required: CB Gov

(LBO) – Central Bank Governor Dr. Indrajit Coomaraswamy says that the islands debt situation is manageable and that no major destruction to the on-going economy development activities are foreseen, even though international rating agencies have downgraded Sri Lanka. “We are not going to crash, it can be managed through maintaining financial discipline,” he said. “There are signs that the much needed political stability is likely be restored and there is no doubt that these challenges and the country’s situation are still manageable.” The Governor was speaking at the 54th Annual Report Awards ceremony, organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in Colombo, Wednesday. However, he says that if like in the past, there are populist policies for an election, then things could get very serious. Moody’s, Standard and Poor’s and Fitch have downgraded Sri Lanka’s already speculative grade B+ debt to B+. “The political developments have increased the risk premium with higher costs and shorter tenors,” Coomaraswamy said. “Room to maneuver we have had become less.”

National Tea Sales average static

National Tea Sales average for the **month of November** 2018 totaled Rs. 584.58 vis-à-vis Rs. 586.19 of October 2018, showing a **marginal decrease** of Rs. 1.61 month on month. However, in comparison to the November 2017 average of Rs. 626.85, it shows a decrease of Rs. 42.27, Forbes and Walker Tea Brokers revealed yesterday. It said **High Growns** totaling Rs. 547.64, lowest since July this year, has recorded a **sharp decrease** of Rs. 64.40 vis-à-vis Rs. 612.04 of October 2018. When compared to November 2017 a substantial decrease of Rs. 96.42 is recorded YOY. **Mediums**, averaging Rs. 516.22, has **recorded a decrease** of Rs. 24.02 vis-à-vis Rs. 540.24 recorded in October 2018. However against November 2017, which recorded Rs. 565.86, it shows a decrease of Rs. 49.64. Meanwhile, **Low Growns** totaling Rs. 615.56 have **recorded an increase** of Rs. 24.57 vis-à-vis Rs. 590.99 of October 2018. When compared to Rs. 636.12 of October 2017, it shows a decrease only of Rs. 20.56 YOY.

"Both the month and cumulative **averages continues to show a greater decrease in USD terms**, compared to the corresponding periods of 2017, with the Sri Lankan Rupee depreciating sharply particularly in the months of September, October, and November," Forbes and Walker added. (ft.lk)

Plantation worker strike over higher wages continues

Trade union action demanding Rs. 1,000 daily wage in the plantation sector continued for the second day, dimming hopes for a breakthrough, with Regional Plantation Companies (RPCs) insisting on an alternative productivity-based wage model, and politicians calling for fair reasoning. United National Front (UNF)-linked MPs, National Union of Workers (NUW) Leader MP Palany Thigambaram, Up-Country People's Front (UCPF) Leader V. S. Radhakrishnan, and UNP MP Vadivel Suresh yesterday called on the estate workers to think before they take part in the strike, noting that they would have to face issues in January without a proper salary.

Sources said that the **impact for the RPCs** for the proposed wage package of Rs. 940 is, for wages alone, Rs. 6.3Bn, and for gratuity, Rs. 5.5Bn, totalling to Rs. 11.8Bn. Furthermore, annually the companies have to absorb Rs. 6.5Bn every year, as the cost of the wage increase and the annual gratuity impact of Rs. 218Mn. **(ft.lk)**

Foreign News

Stocks slide as Huawei arrest risks new strains in U.S.-China ties

(Reuters) - U.S. stock futures and Asian shares slumped on Thursday after Canadian authorities arrested a top executive of Chinese tech giant Huawei for extradition to the United States, feeding fears of a fresh flare-up in tensions between the two superpowers.

The news came as Washington and Beijing are set to begin negotiations aimed at de-escalating their bruising trade war, which is adding to deepening worries over higher U.S. interest rates and other risks to global growth.

Japan's Nikkei shed 1.9 percent, closing at its lowest level since Oct. 30, with semi-conductor related shares leading the losses. Huawei is one of the world's largest makers of smartphones and telecommunications network equipment. MSCI's ex-Japan Asia-Pacific index lost 2.0 percent. Hong Kong's Hang Seng dropped 2.9 percent while Shanghai shares dipped 1.7 percent.

Canadian authorities said they had **arrested Huawei's global chief financial officer** in Vancouver, where she is facing extradition to the United States. The arrest is related to violations of U.S. sanctions, a person familiar with the matter said, though officials have so far stayed mum on her allegations.

The arrest heightened the sense of a major collision between the world's two largest economic powers not just over tariffs but also over technological hegemony. Britain's BT Group said it was removing Huawei's equipment from the core of its existing 3G and 4G mobile operations. Australia and New Zealand have also rejected Huawei's products.

Shares of China's second-largest telecom equipment maker ZTE Corp sank 9.1 percent in Hong Kong and 6.5 percent in Shenzhen. ZTE had to temporarily halt much of its business earlier this year after the U.S. imposed an export ban on the company related to it illegally shipping U.S.-origin goods to Iran and North Korea.

Markets had initially brightened this week after U.S. and Chinese leaders agreed a temporary trade truce at a meeting on Saturday. But the mood quickly soured on scepticism that the two sides can reach a substantive deal on a host of hugely divisive issues within the tight 90-day time frame set out.

The benchmark Treasury 10-year yield hit a three-month low of 2.874%, its lowest level since Sept. 7, before pulling up to 2.884%. U.S. markets were closed on Wednesday to mark the death of former President George H.W. Bush.

Oil prices fell ahead of a meeting by producer group OPEC that is expected to result in a supply cut aimed at draining a glut that has pulled down crude prices by 30 percent since October. A monitoring committee of OPEC and its allies, including Russia, agreed on the need to cut oil output in 2019, two sources familiar with the discussions said. Still, lack of details could suggest such an agreement could be elusive, some analysts also said. U.S. West Texas Intermediate (WTI) crude futures fell 1 percent, or 51 cents a barrel, to \$52.38 by 0612 GMT. Brent crude oil futures were down 0.8 percent, or 49 cents, at \$61.07.

In the **currency market, the dollar fell 0.4 percent** against the yen to 112.77 yen on a risk-averse mood while the Australian dollar shed 0.6 percent to \$0.7229. The yuan eased 0.3 percent to 6.8835 per dollar in offshore trade while the euro held steady at \$1.1338. Sterling dipped 0.2 percent to \$1.2708 as Prime Minister Theresa May's Brexit deal faced fresh criticism from allies and opponents alike.

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