

DAILY STOCK MARKET HIGHLIGHTS

Tuesday, 08 January 2019



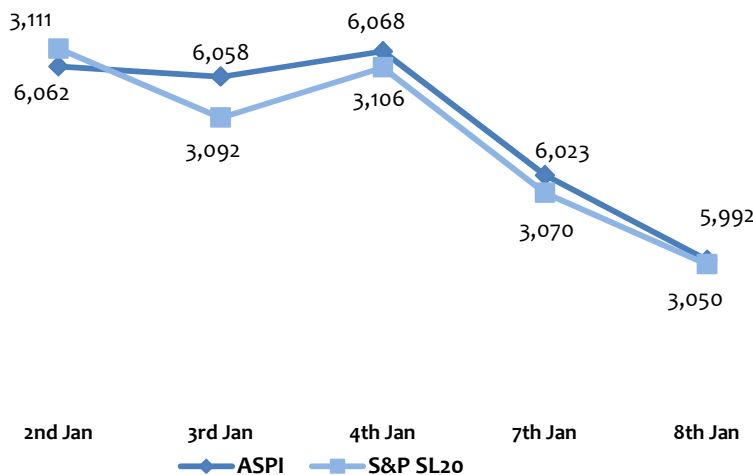
**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

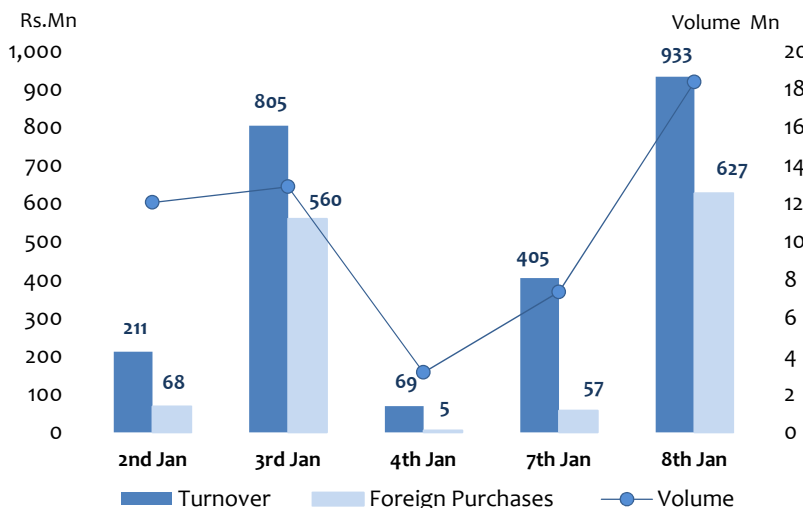
Daily Market Statistics

Index	8th Jan	7th Jan	Change	% Change
ASPI	5,992.36	6,022.99	↓ (30.63)	↓ -0.51%
S&P SL20	3,049.95	3,070.20	↓ (20.25)	↓ -0.66%
Market Stats (LKR, Mn)		8th Jan	7th Jan	% Change
Turnover		932.96	405.07	↑ 130.3%
Domestic Purchases		305.88	348.25	↓ -12.2%
Domestic Sales		181.10	142.33	↑ 27.2%
Foreign Purchases		627.08	56.81	↑ 1003.7%
Foreign Sales		751.86	262.74	↑ 186.2%
Share Volume		18.39	7.37	↑ 149.7%
Market capitalization (Bn)		2,811.29	2,825.67	↓ -0.51%
PER		9.58	9.60	↓ -0.21%
PBV		1.15	1.17	↓ -1.71%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Colombo Bourse witnessed panic selling following the surge in interest rates; increased level of foreign investor activities were noted, about 67% of the day's turnover was negotiated among foreign investors.
- Benchmark index ASPI moved between 5,986.70-6,026.47 points and settled the day at 5,992.36 with a loss of 30.63 points (-0.51%).
- Major contributors for the movement in ASPI were PLC (+1), HNB.X (+0.9), RIL (+0.5), LMF (+0.5), EXPO (+0.4), DIST (-3.9), SAMP (-3), JKH (-3), LION (-3) & MELS (-2.5)
- S&P SL20 index also followed a same trend and settled the day at 3,049.95 with a loss of 20.25 points (-0.66%).
- The day's turnover was recorded as LKR 932.96Mn, up by 130% from its previously recorded LKR 405.07Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.81Tn, indicating an YTD loss of 0.99%.
- The market PER & PBV were at 9.58x & 1.15x respectively.

Top Contributors – Turnover

1. John Keells Holdings PLC (JKH) contributed 53% (493.64Mn) of the turnover. JKH traded between LKR 152.5 & 155 and settled the day at LKR 154 with a loss of LKR 1 (-0.65%); about 62% (308Mn) of its turnover was contributed through an off board trade of 2Mn shares negotiated at LKR 154.
2. Teejay Lanka PLC (TJL) had contributed LKR 101.65Mn. TJL traded between LKR 33 & 33.80 and settled the day at LKR 33.60 on par with its previous closing; majority (101.4Mn) of its turnover was contributed through an off board trade of 3Mn shares negotiated at LKR 33.80
3. Asiri Hospital Holdings PLC (ASIR) contributed LKR 87.91Mn. ASIR traded between LKR 21.90 & 22 and settled the day at LKR 22 on par with its previous closing; majority (87.8Mn) of its turnover was contributed through 2 off board trades of 4Mn shares negotiated at 21.90 & 22.00

Top contributors - Traded Volume

1. Asiri Hospital Holdings PLC traded a total of 4Mn shares.
2. John Keells Holdings PLC (3.21Mn shares)
3. Richard Pieris and Company PLC (3.19Mn shares).

Sectorial Overview

1. Diversified Holdings (DIV) stood on top providing LKR 529.29Mn capturing 51% of the total turnover.
2. Bank Finance & Insurance (BFI) provided LKR 179.36Mn to the daily aggregated turnover.
3. Manufacturing (MFG) provided LKR 113.91Mn

Daily Foreign Transactions

Net Foreign Purchases

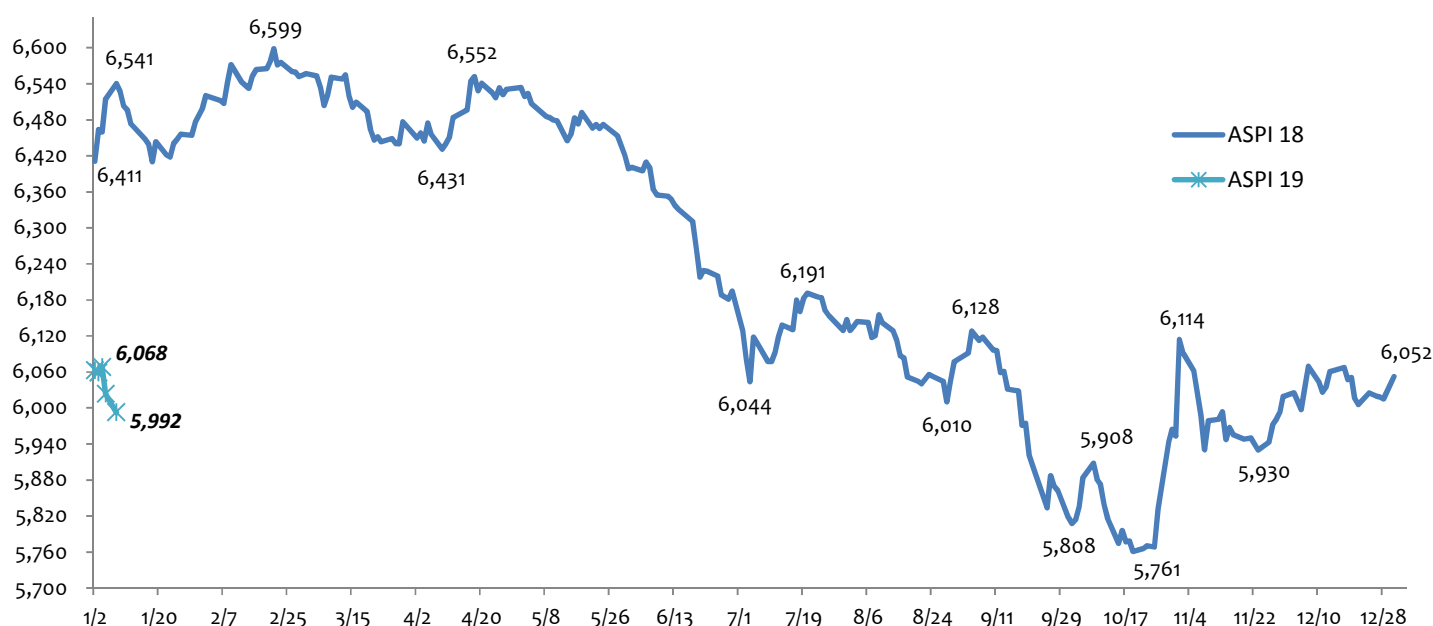
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
HNB (+)	204.00	241,874	49,342,296
CENTRAL FINANCE	87.90	52,342	4,600,862
CHEVRON (+)	73.50	25,640	1,884,540
DIPPED PRODUCTS	85.00	12,221	1,038,785
RICHARD PIERIS	10.30	90,189	928,947
Softlogic Life (+)	44.10	16,350	721,035
ALLIANCE	57.5	7,133	410,148
PEGASUS HOTELS	23.00	17,016	391,368
HNB ASSURANCE (+)	135.00	2,190	295,650
HUNAS FALLS	148.00	1,850	273,800

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	154.00	(949,482)	(146,220,228)
SAMPATH (+)	220.00	(76,294)	(16,784,680)
COMMERCIAL BANK (+)	114.00	(145,314)	(16,565,796)
DIALOG (+)	10.00	(570,000)	(5,700,000)
RICH PIERIS EXP	221.00	(870)	(192,270)
LANKA TILES	73.10	(42)	(3,070)
AITKEN SPENCE	46.00	(20)	(920)
MELSTACORP	46.10	(15)	(692)

- **Aggregate foreign buying** for the day totaled up to **LKR 627.08Mn**.
- **Foreign sales** for the day amounted to **LKR 751.86Mn**.
- **Net foreign outflow** for the day was **LKR 124.78Mn**, **YTD net foreign outflow** presently stands at **LKR 473.38Mn**.
- **HNB** notched the “Top Net Purchasers” slot with a net inflow of **LKR 49.34Mn** whilst **JKH** notched the “Top net Sellers” slot with a net outflow of **LKR 146.22Mn**.

Year-to-Date ASPI Movement - 2018 & 2019



Key Announcements

- Board of **People's Merchant Finance PLC (PMB)** has resolved to issue 16.85Mn ordinary voting shares of PMB by way of a **Private Placement to Sterling Capital Investments (Private) limited** at a consideration of **LKR 9.50 per share** and (post private placement) up to 126.53Mn ordinary voting shares in the proportion of **03 new** ordinary voting shares **for every 02** ordinary voting shares held at a consideration of **LKR 9.50 per share**, by way of a **Rights Issue** of shares respectively; to meet the minimum capital requirement of LKR 1.5Bn stipulated by the Monetary Board of the Central Bank of Sri Lanka. PMB intends to utilize up to LKR 825Mn of the funds raised to settle the Short-term facility obtained from People's Bank. Private placement shares once issued shall constitute 19.98% stake of PMB immediately after such issue. Proposed issues are subject to approvals.

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	AINV	CFT	LLMP	PCHH	
From	7-Sep 18.	25-Sep 18.	26-Nov-18.	10-Dec-2018 for Non-submission of				
Reason	Auditor's Qualified Opinion		***	Non-submission of Annual Reports				

***Non-submission of Interim Financial Statements 30th Jun 2018

Companies on WATCH LIST

Non Submission of Annual Reports, Financial Statements									Default Board
MIRA	LCEM	CIFL	PCH	PCP	SING	HDEV	LLMP	PCHH	SFS
SINH	LLMP	CFT	SFL						
Qualified Opinion in the Independent Auditor's Report									
AINV	ESL	RGEM	MEL	JANA	HVA	PMB	MBSL	ALHP	TFC
SIRA	MSL	CHOU	EAST						
Non-compliance of CSE Listing Rules, minimum public holding & Corporate Governance									
HUEJ	LOFC	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						

Annual general Meetings (AGMs)

Company	Date	Company	Date	Company	Date	Company	Date
EAST	17-Jan-19	COMB	28-Mar-19	HASU	28-Mar-19	SAMP	29-Mar-19
BLUE	28-Jan-19	DFCC	28-Mar-19	HNB	29-Mar-19	PABC	29-Mar-19
RGEM	29-Jan-19	SEYB	28-Mar-19				

EGMs

Company	Date
HPWR	18-Jan-19
AAIC	25-Jan-19
SAMP	25-Jan-19

Key Announcements

Cash Dividends

CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE	CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE
PLC	0.75	Interim	02.Jan.2019	11.Jan.2019	HEXP	3.00	Interim	14.Jan.2019	23.Jan.2019
CTC	19.00	4 th Interim	10.Jan.2019	22.Jan.2019	DIPD	1.00	Interim	14.Jan.2019	23.Jan.2019
HAYC	2.00	Interim	14.Jan.2019	23.Jan.2019					

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]

Transferee	Transferor	Proportion	Offer Closing Date
[A] Browns investments PLC (BIL)	Browns Capital PLC (FLCH)	2 BIL for every 1 FLCH	To be notified

Consolidation of Shares

Company	Proportion	EGM & Entitlement Date	Dealings Suspension	Trading start
Asia Asset Finance PLC (AAF.N)	10 into 1	To be notified	To be notified	To be notified

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 2019.	25 Jan 2019.

Rights Issues with pending dates

Company,	Issue Price	Proportion	Company,	Issue Price	Proportion
Agalawatte Plantations (AGAL)	LKR 15.3	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
Asia Asset Finance PLC (AAF.N) - TR-1	LKR 10.00	03 for 10	Asia Asset Finance PLC (AAF.N) - TR-2	LKR 10.00	02 for 10

Upcoming Listings

Company	Issue Size	Coupon Rate	Price	Issue Opening	Tenure	Nature
Citizens Development Business (CDB)	LKR 1.25Bn	15%, 15.5%	100.00	17 - Jan - 2019.	5Y (6M & 1Y int pay)	Normal
Commercial Bank of Ceylon PLC (COMB)	LKR 15Bn	To be notified	100.00	To be Notified	5 - 10 Years	BASEL III
National Development Bank (NDB)	LKR 6.5Bn	To be notified	100.00	To be Notified	5 Years	BASEL III
Seylan Bank PLC (SEYB)	LKR 5Bn	To be notified	100.00	To be Notified	5 Years	BASEL III
Sampath Bank PLC (SAMP)	LKR 7Bn	To be notified	100.00	To be Notified	5 Years	BASEL III
Bogawantalawa Tea Estates (BOPL)	LKR 0.85Bn	To be notified	85.00	To be notified	5, 6 & 7 Years	Normal

Market Highlights & Statistics

Market Capitalisation

Company Name	Symbol	Price	Issued Quantity	Market Capitalisation	(as a % of MKT Cap.)
CEYLON TOBACCO COMPANY PLC	CTC.No000	1,430.30	187,323,751	267,929,161,055	10.26
JOHN KEELLS HOLDINGS PLC	JKH.No000	154.00	1,387,528,658	213,679,413,332	8.18
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	114.00	945,709,403	107,810,871,942	4.13
NESTLE LANKA PLC	NEST.No000	1,700.00	53,725,463	91,333,287,100	3.50
DIALOG AXIATA PLC	DIAL.No000	10.00	8,143,778,405	81,437,784,050	3.12
HATTON NATIONAL BANK PLC	HNB.No000	204.00	395,451,248	80,672,054,592	3.09
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.50	4,600,000,000	75,900,000,000	2.91
CEYLON COLD STORES PLC	CCS.No000	729.80	95,040,000	69,360,192,000	2.66
SAMPATH BANK PLC	SAMP.No000	220.00	280,902,248	61,798,494,560	2.37
MELSTACORP PLC	MELS.No000	46.10	1,165,397,072	53,724,805,019	2.06

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
ASIRI HOSPITAL HOLDINGS PLC	87,905,590	4,004,800
JOHN KEELLS HOLDINGS PLC	493,638,795	3,205,464
RICHARD PIERIS AND COMPANY PLC	32,907,314	3,194,746
TEEJAY LANKA PLC	101,645,482	3,007,318
DIALOG AXIATA PLC	5,821,824	581,989
BROWNS CAPITAL PLC	1,517,985	433,880
SAMPATH BANK PLC	69,244,779	312,807
HATTON NATIONAL BANK PLC	62,452,556	306,126
THE FINANCE COMPANY PLC [X]	251,919	251,353
ACCESS ENGINEERING PLC	2,513,201	180,797

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	3,205,464	493,638,795
TEEJAY LANKA PLC	3,007,318	101,645,482
ASIRI HOSPITAL HOLDINGS PLC	4,004,800	87,905,590
SAMPATH BANK PLC	312,807	69,244,779
HATTON NATIONAL BANK PLC	306,126	62,452,556
RICHARD PIERIS AND COMPANY PLC	3,194,746	32,907,314
COMMERCIAL BANK OF CEYLON PLC	160,256	18,399,808
CHEVRON LUBRICANTS LANKA PLC	79,629	5,852,789
DIALOG AXIATA PLC	581,989	5,821,824
CENTRAL FINANCE COMPANY PLC	52,551	4,622,003

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS	0.60	0.10	20.00	2,120
MASKELIYA	9.90	0.60	6.45	2,810
ARPICO	159.10	8.10	5.36	240,542
SIERRA CABL	2.10	0.10	5.00	209,255
LMF	136.00	6.00	4.62	40,800
PEOPLE'S MERCH	11.50	0.50	4.55	236,074
R I L PROPERTY	6.90	0.30	4.55	20,586
LOTUS HYDRO	4.70	0.20	4.44	940
SEYLAN DEVTS	11.40	0.40	3.64	102,666
CEYLON TEA BRKRS	3.00	0.10	3.45	6,000

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BOGALA GRAPHITE	12.00	(1.30)	(9.77)	73,025
THE FINANCE CO. [X]	1.00	(0.10)	(9.09)	251,919
HORANA	13.70	(1.30)	(8.67)	3,362
GUARDIAN CAPITAL	22.00	(2.00)	(8.33)	8,800
A.SPEN.HOT.HOLD.	26.10	(1.90)	(6.79)	127,963
SEYLAN BANK	73.50	(4.50)	(5.77)	1,968,708
ODEL PLC	26.40	(1.60)	(5.71)	40,069
AUTODROME	75.60	(4.40)	(5.50)	10,963
HUNAS FALLS	148.00	(7.40)	(4.76)	1,771,012
ASIA SIYAKA	2.00	(0.10)	(4.76)	14,105

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
John Keells Holdings PLC	JKH.No000	154.00	1	2,000,000	308,000,000.00
TEEJAY LANKA PLC	TJL.No000	33.80	1	3,000,000	101,400,000.00
Asiri Hospital Holdings PLC	ASIR.No000	22.00	2	4,000,000	87,800,000.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,223.60	16,326.24	179,362,554	2,184,642	1,447	5.20	0.90
BEVERAGE FOOD AND TOBACCO	24,537.27	24,650.86	3,791,783	88,011	97	17.90	6.10
CONSTRUCTION AND ENGINEERING	1,362.13	1,373.87	3,239,759	304,112	159	16.20	0.50
CHEMICALS AND PHARMACEUTICALS	5,265.38	5,250.54	209,617	24,570	77	5.80	0.70
DIVERSIFIED HOLDINGS	1,536.57	1,543.65	529,294,070	6,905,231	240	10.60	0.90
FOOTWEAR AND TEXTILE	888.21	930.53	399,942	39,781	30	85.70	0.90
HOTELS AND TRAVELS	2,660.80	2,667.35	3,095,198	236,470	269	72.00	1.70
HEALTH CARE	799.80	801.35	88,131,160	4,015,878	21	16.20	1.80
INVESTMENT TRUSTS	9,473.78	9,448.54	1,007,307	64,861	37	30.70	0.40
INFORMATION TECHNOLOGY	25.52	25.52	0	0	0	0.00	0.00
LAND AND PROPERTY	551.09	548.53	1,671,453	146,799	100	5.50	0.60
MANUFACTURING	2,828.69	2,842.81	113,908,883	3,445,390	426	7.70	0.90
MOTORS	12,862.31	12,971.50	132,066	418	14	12.00	0.50
OIL PALMS	49,942.23	49,942.23	7,550	12	6	28.40	1.00
POWER & ENERGY	103.08	103.88	2,146,176	138,628	107	77.50	1.20
PLANTATIONS	733.15	732.32	461,536	22,187	63	9.60	0.70
STORES SUPPLIES	28,408.28	28,408.28	1,400	2	2	13.10	0.50
SERVICES	15,929.68	16,002.87	30,320	10,978	26	11.00	1.20
TELECOMMUNICATIONS	140.72	142.44	5,905,830	585,360	57	8.00	0.90
TRADING	12,158.02	12,342.14	158,568	180,415	33	29.90	0.80

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	478.55	482.57	7,140	200	1	4.80	0.60
Banks	808.46	816.66	155,643,200	925,024	702	5.70	0.80
Capital Goods	835.02	838.41	532,133,344	6,816,291	368	10.80	0.80
Commercial & Professional Services	710.55	710.55	2,932	45	9	0.00	0.90
Consumer Durables & Apparel	802.10	805.63	103,405,592	3,162,770	206	38.50	1.00
Consumer Services	252.63	254.43	3,095,198	236,470	270	75.10	1.60
Diversified Financials	773.00	773.72	15,318,948	1,056,478	477	5.20	0.80
Energy	585.58	591.92	2,046,854	112,820	94	0.00	0.90
Food & Staples Retailing	1,241.50	1,241.50	89,276	178,652	18	15.10	2.20
Food, Beverage & Tobacco	937.21	942.37	5,080,962	225,404	259	16.00	2.50
Health Care Equipment & Services	859.54	861.18	88,145,160	4,035,877	50	16.30	1.80
Household & Personal Products	1,017.43	1,017.43	0	0	0	13.90	1.90
Insurance	2,129.06	2,137.48	8,487,998	210,868	304	4.30	1.70
Materials	539.51	540.84	10,026,083	213,270	232	7.10	1.00
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	5,850	10	2	4.70	1.40
Real Estate	749.48	746.16	1,607,195	134,761	83	5.20	0.60
Retailing	764.40	782.55	195,734	5,648	38	15.10	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	735.24	744.21	5,905,830	585,360	57	8.00	0.90
Transportation	702.71	685.99	125,343	31,108	11	20.30	0.70
Utilities	732.25	734.58	99,322	25,808	15	8.60	0.70

Economic Indicators & Other Statistics

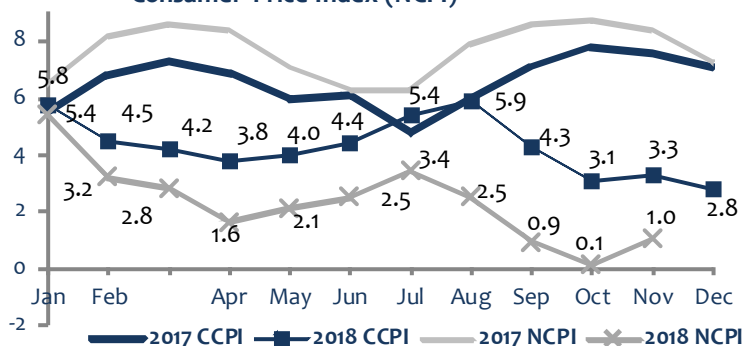
Exchange Rates

Currency	8th Jan		7th Jan	
	Buying	Selling	Buying	Selling
Dollar (USA)	180.12	184.10	180.52	184.50
Pound (UK)	228.95	236.41	228.94	236.41
Euro (EU)	204.97	212.20	204.85	212.07
Dollar (Australia)	127.35	132.78	127.40	132.83
Dollar (Canada)	134.67	139.68	134.23	139.21
Franc (Switzerland)	182.39	189.24	182.06	188.89
Renminbi (China)	25.98	27.22	26.05	27.29
Yen (Japan)	1.6478	1.7083	1.6567	1.7176
Dollar (Singapore)	132.14	136.65	132.33	136.85

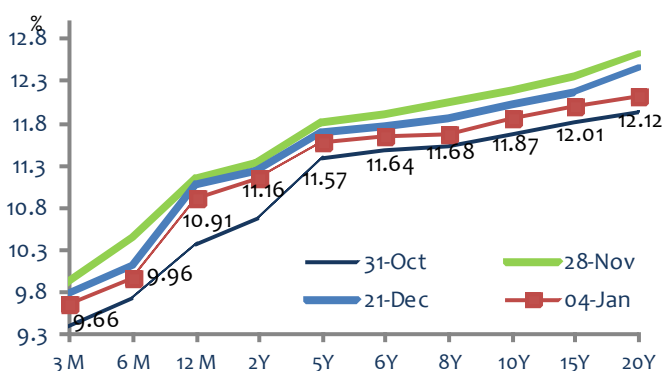
Indicative Rates

Currency	8th Jan	7th Jan
	Ind: Value	Ind: Value
Yuan (Offshore)	26.6379	26.6725
Rupee (India)	2.6152	2.6298
Won (Korean)	0.1628	0.1637
Dinar (Kuwait)	602.2535	602.6959
Ringgit (Malay)	44.3840	44.4566
Rial (Oman)	474.0501	474.8836
Riyal (Qatar)	50.1255	50.2102
Riyal (KSA)	48.6536	48.7417
Dirham (UAE)	49.6868	49.7741

Inflation Colombo Consumers' Price Index (CCPI) & National Consumer Price Index (NCPI)



Government Securities - Secondary Market Yield



Central Bank's Policy Rates

Description	Present	Previous		02.01.2019	19.12.2018	12.12.2018	05.12.2018
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	na	na
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	9.95	9.99	10.03	10.01
Bank Rate	15.00%	15.00%	364 Days %	10.99	11.20	11.24	11.20
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	18Bn	18Bn	23Bn	19Bn

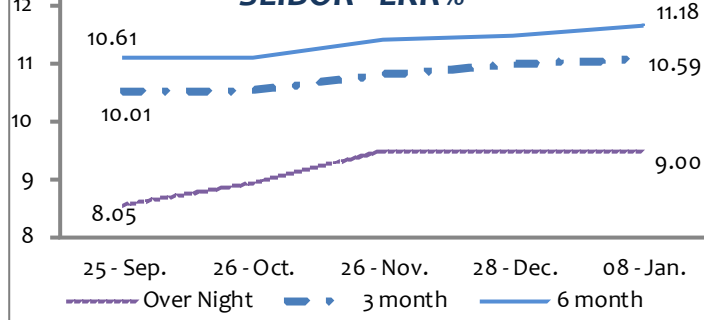
Treasury Bill Issuance

Date	13.12.2018	17.07.2016	15.10.2018	17.07.2016	17.09.2018	13.12.2018	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	11.88	11.14	11.69	11.21	10.32	12.23	10.20	11.90
Previous Auction	17.09.2018	15.06.2017	15.08.2018	15.06.2017	16.07.2018	02.01.2018	01.06.2018	16.07.2018
Previous Yield	10.03	11.37	9.91	11.38	10.53	10.06	10.72	10.88

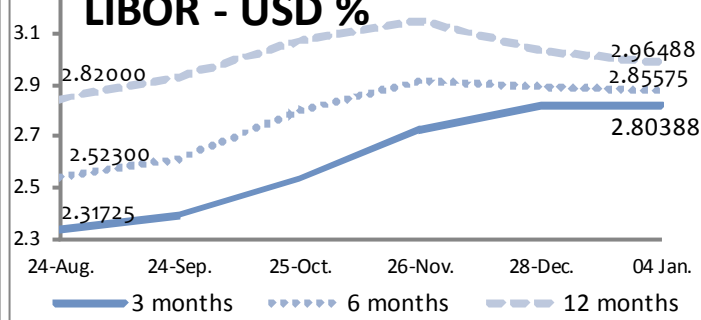
Treasury Bond Issuance

Date	13.12.2018	17.07.2016	15.10.2018	17.07.2016	17.09.2018	13.12.2018	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	11.88	11.14	11.69	11.21	10.32	12.23	10.20	11.90
Previous Auction	17.09.2018	15.06.2017	15.08.2018	15.06.2017	16.07.2018	02.01.2018	01.06.2018	16.07.2018
Previous Yield	10.03	11.37	9.91	11.38	10.53	10.06	10.72	10.88

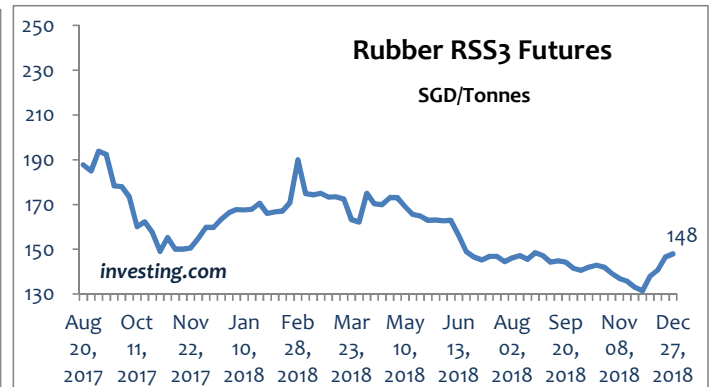
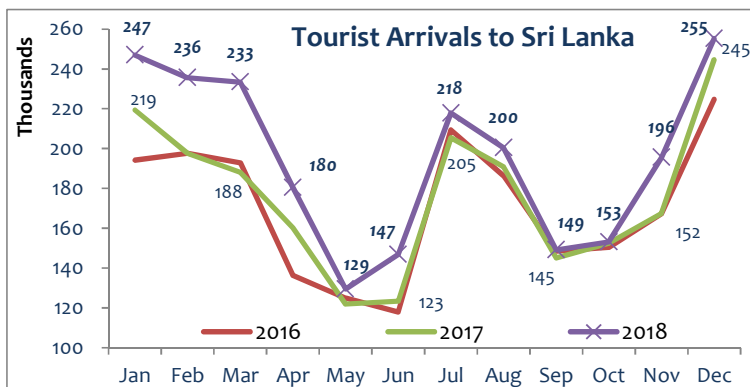
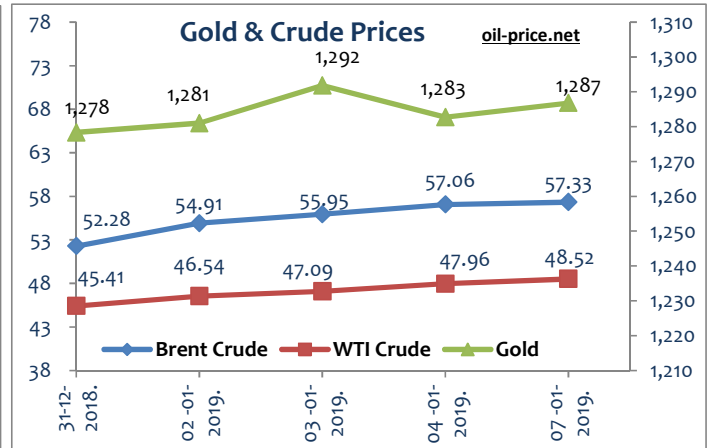
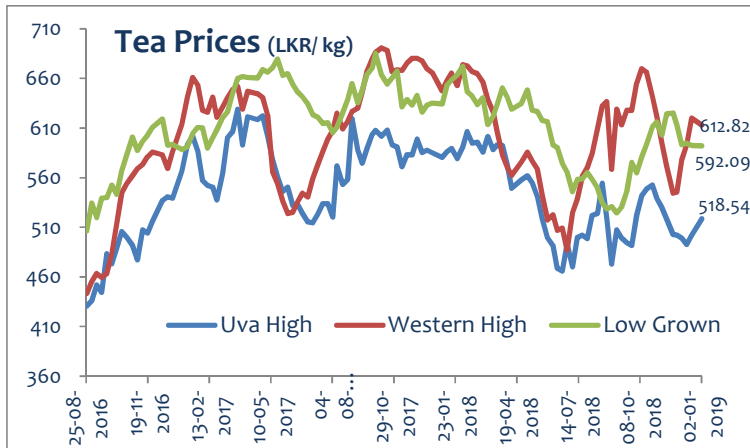
SLIBOR - LKR %



LIBOR - USD %



Economic Indicators & Other Statistics



Local News

Sri Lanka's 2019 budget targets 4.8-pct deficit

ECONOMYNEXT – The Sri Lankan government's budget for 2019 to be presented on March 05 is targeting a deficit of 4.8% of gross domestic product, up from 3.5% estimated earlier, the finance ministry said. The government had agreed to a budget deficit of 3.6% of GDP in its talks with the International Monetary Fund. The Cabinet of Ministers has approved the appropriation bill for 2019 with annual expenditure at 4,470Bn rupees, the finance ministry statement said. About half the spending - 2,200Bn rupees - has been allocated for debt servicing in 2019. Recurrent expenditure will be 1,425Bn rupees while capital expenditure will be 838Bn rupees. State revenue is expected to be increased to 15% of GDP this year, having been gradually increased after the present government came in to power in 2015 from 11.5% of the GDP in 2014. "The government is also aiming to achieve the target of increasing the state revenue to 17 percent and limiting the recurrent expenditure to 15% of the GDP in 2021."

Central Bank ceiling rate on finance company FDs revised up

The Central Bank has sharply raised the upper limit of interest rates that could be offered by non-bank lenders on deposits, Mirror Business learns. The increase in ceiling deposit rates at non-bank finance companies comes as part of the twice a year revision set by the Supervision of Non-Bank Financial Institutions Department of the Central Bank. With the latest revision, a non-bank finance company can offer up to 14.22% per annum on a 12-month term deposit, effective from Jan 1, significantly up from the hitherto available 12.46%. In addition, the non-bank lenders can offer up to further 1.0% for senior citizens. The ceiling rate is linked to the primary auction's weighted average yield rate (WAYR) of one-year treasury bill, an earlier directive issued by the Central Bank said. (dailymirror.lk)

Govt. loses Rs. 18 b tax revenue due to illicit cigs: Research

The Government incurs an estimated loss of Rs. 18Bn tax revenue due to thriving illicit cigarettes, which are smuggling into the country through container shipments and individuals in their luggage, as per the first ever baseline research on the matter released yesterday. According to the report findings, over 583Mn illicit cigarettes, which amounts to 15.57% of the total tobacco market, have entered the country incurring the Government a staggering revenue loss of estimated Rs. 17.98Bn in 2017. (ft.lk)

Unemployment in 3Q drops to 4.1%

Sri Lanka's unemployment rate for the third quarter (3Q18) edged down to 4.1%, from 4.2% a year earlier, although the participation of females in the labour force continues to remain low, according to the data released by the Census and Statistics Department. The unemployment rate recorded for 2Q18 was 4.6%. The total number of unemployed persons for the third quarter was recorded as 346,998, where males accounted for 2.8% of the overall unemployment rate and females 6.6%. Although the female participation continued to remain low, compared to males, the overall employment rate for both had dipped from 7.1% and 3.4%. (*dailymirror.lk*)

Sri Lanka cement use flat in 2018, but pick up in September

ECONOMYNEXT - Sri Lanka's cement production was down 3.2% to 2.086Mn tonnes in the first 9 months of the year and imports were also flat, but there has been a pick-up in September, official data shows. Total imports and production was flat at 6.204Mn tonnes in the first 9 months of the year, against 6.229Mn tonnes a year earlier, central bank data showed. In September domestic production picked up 11.4% to 262,000 metric tonnes. Imports also picked up 18% to 909,000 metric tonnes during the month. Imports however may vary over months, as stocks change. Sri Lanka's statistics office said the construction sector grew 2.5% in real terms during the third quarter of 2018, compared to a year earlier. Nominal growth was 7.5%. The central bank stopped a potential bubble from forming in the real estate sector in 2017 which contributed to the low growth.

Foreign News

Asian shares run out of gas; investors look to Sino-U.S. trade talks, Fed policy

Asian shares dipped on Tuesday, running out of steam after a brief rally sparked by hopes that Washington and Beijing may be inching towards a trade deal and that U.S. Federal Reserve would halt its tightening if economic growth slows further.

MSCI's broadest index of Asia-Pacific shares outside Japan .MIAPJ0000PUS reversed from early gains to slip 0.2 percent, dragged lower by falls in China .SSEC.CSI300 and Taiwan .TWII, while Japan's Nikkei .N225 rose 0.8 percent.

On Wall Street, the S&P 500 .SPX gained 0.7 percent on Monday following 3.4 percent surge on Friday, with Amazon.com (AMZN.O) and Netflix (NFLX.O) leading the rally. Gains in tech names allayed some fears, sparked by Apple's sales warnings last week (AAPL.O), that the high-flying sector is starting to be hurt by the Sino-U.S. trade war.

U.S. Commerce Secretary Wilbur Ross predicted on Monday that Beijing and Washington could reach a trade deal that "we can live with" as dozens of officials from the world's two largest economies resumed talks in a bid to end their trade dispute.

The dollar traded at 108.78 yen JPY=, struggling to extend gains after having recovered to its levels before its flash crash last week. The U.S. dollar is losing momentum as investors wind back expectations of rate hikes and a future widening in its yield advantage.

British and European officials are discussing the possibility of extending Britain's formal notice to withdraw from the European Union amid fears a Brexit deal will not be approved by March 29, The Daily Telegraph reported, citing unidentified sources. **Emerging market currencies also benefited from a weak dollar.**

Oil prices were stable on Tuesday, supported by hopes for Sino-U.S. trade talks in Beijing and a Wall Street Journal report that Saudi Arabia is planning to cut crude exports to around 7.1 million barrels per day (bpd) by the end of January. Both U.S. West Texas Intermediate (WTI) crude CLC1 futures and International Brent crude futures LCOc1 stayed flat at \$48.51 and \$57.30 per barrel, respectively. (*reuters.com*)

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