

DAILY STOCK MARKET HIGHLIGHTS

Monday, 12 November 2018



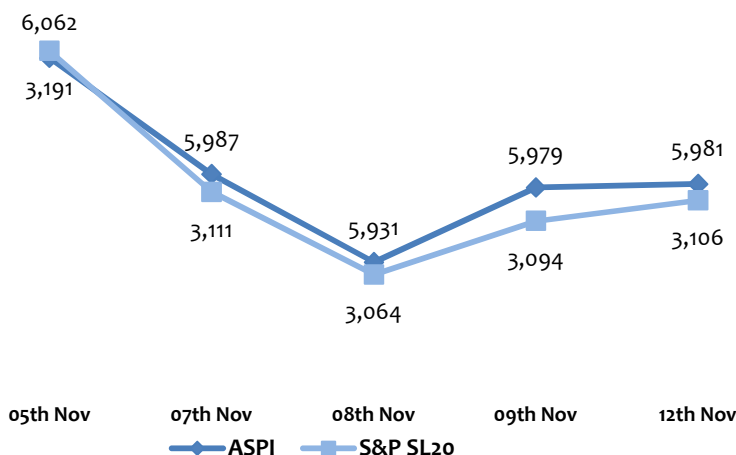
ASHA PHILLIP
SECURITIES LTD

Sri Lanka

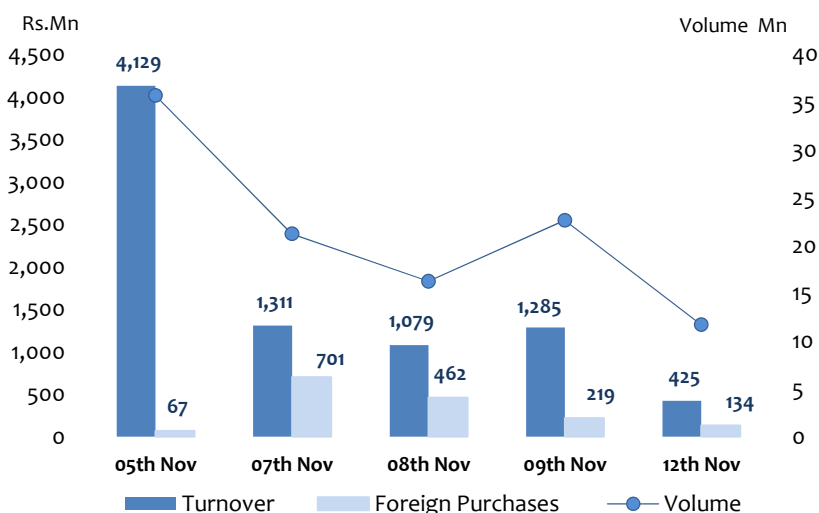
Daily Market Statistics

Index	12th Nov	09th Nov	Change	% Change
ASPI	5,980.94	5,978.63	↑ 2.31	↑ 0.04%
S&P SL20	3,105.98	3,094.21	↑ 11.77	↑ 0.38%
Market Stats (LKR, Mn)	12th Nov	09th Nov	% Change	
Turnover	424.82	1,284.74	↓	-66.9%
Domestic Purchases	290.62	1,065.32	↓	-72.7%
Domestic Sales	371.86	404.53	↓	-8.1%
Foreign Purchases	134.20	219.41	↓	-38.8%
Foreign Sales	52.96	880.20	↓	-94.0%
Share Volume	11.71	22.63	↓	-48.2%
Market capitalization (Bn)	2,805.93	2,804.85	↑	0.04%
PER	9.43	9.43	↓	0.00%
PBV	1.17	1.17	↓	0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Colombo bourse started the session on negative note; announcement of share repurchase by JKH, triggered the retail activity and wiped the losses; foreign investor participation was relatively lower, compared to the recent sessions. The benchmark index ASPI moved between 5,935.60 - 5,982.15 points and settled the day at 5,980.94 with a marginal gain of 2.31 points (+0.04%).
- Major contributors for the movement in ASPI were **JKH (+17.7)**, **CTC (+3.4)**, **BRWN (+2)**, **MELS (+2)**, **HHL (+1.8)**, **LOLC (-3.3)**, **DIST (-2.9)**, **SHL (-2.8)**, **CARS (-2.2)** & **HNB (-2)**
- S&P SL20 index also followed the same trend and settled the day at 3,105.98 with a gain of 11.77 points (+0.38%).
- The day's turnover was recorded as LKR 424.82Mn, down by 67% from its previously recorded LKR 1.28Bn. Foreign investors turned net buyers for the day.
- The total market capitalization stood at LKR 2.81Tn, indicating an YTD loss of 3.22%.
- The market PER & PBV were at 9.43x & 1.17x respectively.

Top Contributors – Turnover

- John Keells Holdings PLC (JKH) topped the turnover list with 36% (154.47Mn) contribution to the day's total turnover. JKH traded between LKR 149.90 & 152 and settled the day at LKR 151 with a gain of LKR 6 (+4.14%); about 27% (42Mn) of its turnover was contributed through an off board trade of 0.28Mn shares negotiated at the price of LKR 150.
- Hatton National Bank PLC (HNB) stood second by adding LKR 108.09Mn to the day's total turnover. HNB traded between LKR 210 & 212 and settled the day at LKR 210 with a loss of LKR 2.40 (-1.13%); about 77% (83.09Mn) of its turnover was contributed through 2 off board trades of 0.4Mn shares negotiated at the price of LKR 210.
- Access Engineering PLC (AEL) contributed LKR 30.36Mn to the total turnover and secured the third slot. AEL traded between LKR 16.50 & 17.50 and settled the day at LKR 16.90 with a loss of LKR 0.10 (-0.59%).

Traded Volume

- Dialog Axiata PLC traded a total of 3.08Mn shares dominating the traded volumes.
- Access Engineering PLC (1.79Mn shares) and John Keells Holdings PLC (1.03Mn shares) were next in line under the top contributors to the daily volumes.

Sectorial Overview

- Bank Finance & Insurance (BFI) stood on top providing LKR 175.6Mn capturing 41% of the day's total turnover.
- Diversified Holdings (DIV) and Construction & Engineering (C&E) provided LKR 158.7Mn and LKR 37.32Mn respectively to the daily aggregated turnover.

Daily Foreign Transactions

Net Foreign Purchases

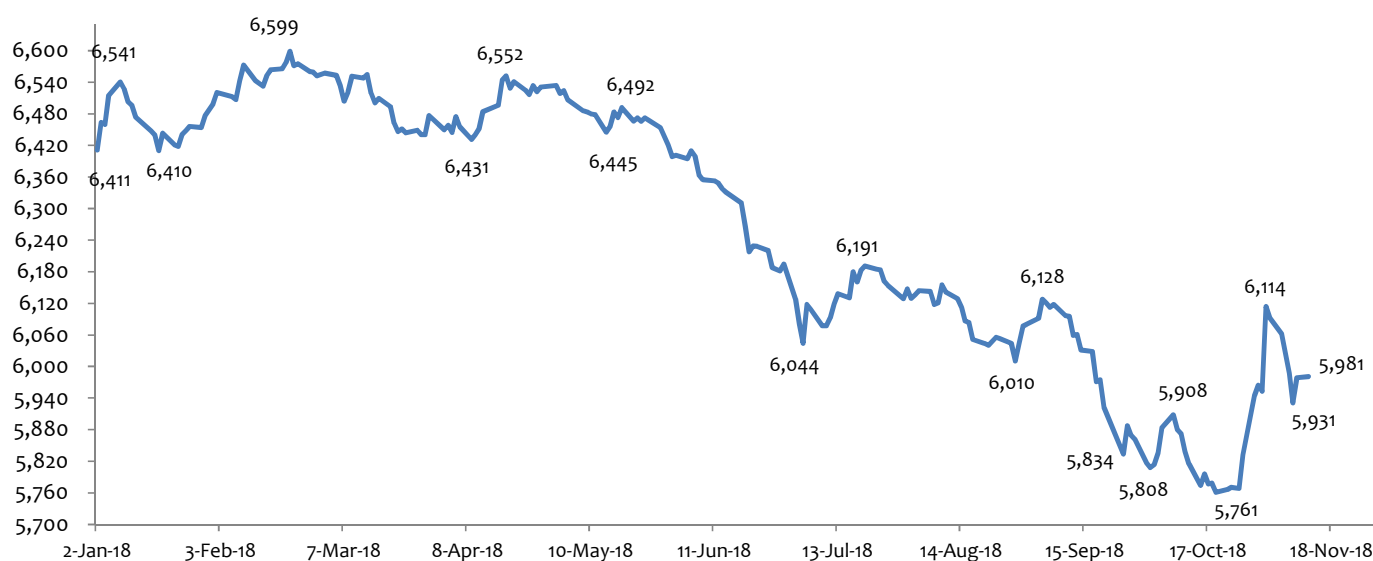
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
HNB (+)	210.00	369,142	77,519,820
L O L C HOLDINGS	92.00	150,000	13,800,000
VALLIBEL FINANCE	70.00	173,000	12,110,000
UNION ASSURANCE (+)	325.00	5,026	1,633,450
ACCESS ENG SL	16.90	47,000	794,300
HNB ASSURANCE (+)	108.00	7,126	769,608
NAMAL ACUITY VF[U]	82.0	2,000	164,000
SOFTLOGIC CAP	5.60	14,535	81,396
CARSONS	162.80	260	42,328
NATION LANKA	0.70	59,230	41,461

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	150.00	(91,029)	(13,654,350)
COMMERCIAL BANK (+)	115.00	(83,258)	(9,574,670)
DIALOG (+)	11.50	(129,367)	(1,487,721)
JANASHAKTHI INS. (+)	21.00	(27,200)	(571,200)
WATAWALA	20.00	(15,020)	(300,400)
RENUKA CITY HOT.	244.50	(280)	(68,460)
CEYLON TOBACCO (+)	1,425.00	(40)	(57,000)
DISTILLERIES	17.20	(2,054)	(35,329)
PEOPLE'S MERCH	10.60	(2,881)	(30,539)
RENUKA CAPITAL	3.80	(1,000)	(3,800)

- **Aggregate foreign buying** for the day totaled up to **LKR 134.20Mn.**
- **Foreign sales** for the day amounted to **LKR 52.96Mn.**
- **Net foreign inflow** for the day was **LKR 81.24Mn**, **YTD net foreign outflow** presently stands at **LKR 17.15Bn.**
- **HNB** notched the "Top Net Purchasers" slot with a net inflow of **LKR 77.52Mn** whilst **JKH** notched the "Top net Sellers" slot with a net outflow of **LKR 13.65Mn.**

Year-to-Date ASPI Movement



Key Announcements

- **John Keels Holdings PLC's (JKH)** Board has resolved to **repurchase** a maximum of 69.38Mn of its Ordinary **Shares** at a price of **LKR 160.00 per share** on a Pro Rata basis of **1 share for every 20 shares held**. This would amount to a maximum value of LKR 11.1Bn. Board is of the view that the JKH share is not reflective of the value of the company and does not adequately represent the growth prospects of the company and therefore presents an opportunity for the company to repurchase its shares. Further, the strength of the JKH Balance Sheet, along with **existing cash reserves**, is **more than adequate to fund the Company's planned investment pipeline** (Cinnamon Life project, etc) while retaining its track record of dividend payout.
- Board of **Seylan Bank PLC (SEYB)** has obtained consent of its **employees and ex-employees** who would become eligible for **enhanced gratuity** to make payments by utilizing proceeds expected from disposal of shares held by Share Trust companies. As at 9th November 2018, **maximum financial impact** to the Bank (net of tax) arising from such payment, would be approximately **LKR 1,138Mn**. This sum may change based on the consents received subsequent to this date and the movements in the price of the Bank's shares. The **cost would be accounted for as an expense** in the Income Statement of the Bank for the **4th quarter ending 31st December 2018**.
- **Balance Sheet date of Singer Industries (Ceylon) PLC (SINI)** has been **changed** from the 31st December to **31st March**. The change would be effective from the Financial Year 2018/2019. The next Annual Financial Statements of the Company would be prepared for a 15 month period up to 31st March 2019.

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						
From	7-Sep 18.		25-Sep 18.						
Reason	Qualified Opinion on Auditor's Report								

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
EMER	IDL	CHOU	MSL	HVA	SIRA				
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
COMB	28-Mar-19
PABC	29-Mar-19

Company	Date
DFCC	28-Mar-19
SAMP	29-Mar-19

Company	Date
HASU	28-Mar-19

Company	Date
HNB	29-Mar-19

EGMs

Company	Date
Nil	

Key Announcements

Cash Dividends

CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE	CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE
LLUB	2.00	3rd Interim	08.Nov.2018	19.Nov.2018	VLL	0.15	Interim	15.Nov.2018	27.Nov.2018
JKH	2.00	Interim	08.Nov.2018	19.Nov.2018	CARG	1.90	Interim	15.Nov.2018	28.Nov.2018
COMB	1.50	1st Interim	09.Nov.2018	21.Nov.2018	CTHR	1.80	Interim	16.Nov.2018	29.Nov.2018
NAVF	1.00		12.Nov.2018	26.Nov.2018	CTLD	1.00	Interim	16.Nov.2018	29.Nov.2018
LVEF	0.34	Interim	14.Nov.2018	26.Nov.2018	CTC	19.00	Interim	21.Nov.2018	29.Nov.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)	To be notified
			LKR 36.60

Rights Issues

Company,	Issue Price	Issue Size	Proportion	XR Date	Letter Dispatch	Trading of Rights	Acceptance
Agalawatte Plantations (AGAL)	LKR 15.3	LKR 2.01Bn	21 for 4			Postponed	

Rights Issues with pending dates

Company,	Issue Price	Proportion	Company,	Issue Price	Proportion
Adam Capital PLC (PCHH)	LKR 1.50	02 for 01	Blue Diamonds Jewellery (BLUE)	LKR 1.00	01 for 04
Adam Investments PLC (AINV)	LKR 1.00	01 for 01			

Market Highlights & Statistics

Market Capitalisation

Company Name	Symbol	Price	Issued Quantity	Market Capitalisation	(as a % of MKT Cap.)
CEYLON TOBACCO COMPANY PLC	CTC.No000	1,425.00	187,323,751	266,936,345,175	10.24
JOHN KEELLS HOLDINGS PLC	JKH.No000	151.00	1,387,528,658	209,516,827,358	8.03
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	115.00	945,709,403	108,756,581,345	4.17
DIALOG AXIATA PLC	DIAL.No000	11.70	8,143,778,405	95,282,207,339	3.65
NESTLE LANKA PLC	NEST.No000	1,649.80	53,725,463	88,636,268,857	3.40
HATTON NATIONAL BANK PLC	HNB.No000	210.00	395,451,248	83,044,762,080	3.18
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	17.20	4,600,000,000	79,120,000,000	3.03
CEYLON COLD STORES PLC	CCS.No000	730.00	95,040,000	69,379,200,000	2.66
SAMPATH BANK PLC	SAMP.No000	232.00	280,902,248	65,169,321,536	2.50
MELSTACORP PLC	MELS.No000	51.90	1,165,397,072	60,484,108,037	2.32

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
DIALOG AXIATA PLC	23,897,069	3,078,748
ACCESS ENGINEERING PLC	30,356,733	1,791,538
JOHN KEELLS HOLDINGS PLC	154,473,682	1,027,324
HATTON NATIONAL BANK PLC	108,091,836	514,679
MTD WALKERS PLC	6,542,685	501,826
ASIA ASSET FINANCE PLC	365,992	365,998
PANASIAN POWER PLC	1,037,650	346,050
EXPOLANKA HOLDINGS PLC	1,397,017	340,503
HVA FOODS PLC	1,664,253	339,148
SOFTLOGIC CAPITAL PLC	1,689,478	306,395

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	1,027,324	154,473,682
HATTON NATIONAL BANK PLC	514,679	108,091,836
ACCESS ENGINEERING PLC	1,791,538	30,356,733
DIALOG AXIATA PLC	3,078,748	23,897,069
LOLC HOLDINGS PLC	227,284	20,916,240
VALLIBEL FINANCE PLC	173,081	12,126,141
COMMERCIAL BANK OF CEYLON PLC	98,036	11,282,124
MTD WALKERS PLC	501,826	6,542,685
SOFTLOGIC LIFE INSURANCE PLC	135,138	4,539,984
TOKYO CEMENT COMPANY (LANKA) PLC	145,334	4,000,108

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
KOTMALE HOLDINGS	178.20	26.30	17.31	56,222
MERC. SHIPPING	69.70	8.50	13.89	18,749
BROWNS	57.40	4.40	8.30	390,104
RENUKA HOLDINGS	17.20	1.00	6.17	36,806
MARAWILA RESORTS	1.90	0.10	5.56	197,972
JKH	151.00	6.00	4.14	154,473,682
TRADE FINANCE	67.40	2.40	3.69	6,877
GUARDIAN CAPITAL	22.80	0.80	3.64	2,277
CENTRAL IND.	30.00	1.00	3.45	2,725,256
KEELLS FOOD	132.00	4.40	3.45	39,600

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
S M B LEASING [X]	0.20	(0.10)	(33.33)	5,601
CONVENIENCE FOOD	385.20	(100.40)	(20.68)	38,520
PALM GARDEN HOTL	20.90	(4.20)	(16.73)	23,267
SAMSON INTERNAT.	85.60	(13.90)	(13.97)	12,845
LAKE HOUSE PRIN.	133.00	(14.00)	(9.52)	416,689
THE FINANCE CO. [X]	1.00	(0.10)	(9.09)	57,203
RENUKA FOODS	12.80	(1.20)	(8.57)	77,039
COLOMBO LAND	15.60	(1.40)	(8.24)	25,220
EASTERN MERCHANT	4.60	(0.40)	(8.00)	18,405
AGALAWATTE	14.40	(1.10)	(7.10)	14,350

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
Hatton National Bank PLC	HNB.No000	210.00	2	395,687	83,094,270.00
John Keells Holdings PLC	JKH.No000	150.00	1	280,000	42,000,000.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	15,728.11	15,807.90	175,600,618	2,699,057	845	5.20	0.90
BEVERAGE FOOD AND TOBACCO	24,433.86	24,413.03	4,428,863	549,800	208	18.10	6.10
CONSTRUCTION AND ENGINEERING	1,596.97	1,603.55	37,316,463	2,351,099	975	21.30	0.60
CHEMICALS AND PHARMACEUTICALS	5,271.09	5,261.24	1,228,224	28,640	40	5.40	0.70
DIVERSIFIED HOLDINGS	1,555.41	1,537.10	158,704,249	1,846,876	538	10.00	0.90
FOOTWEAR AND TEXTILE	883.06	881.04	157,430	16,199	16	104.10	0.90
HOTELS AND TRAVELS	2,637.17	2,644.00	1,587,293	505,651	197	59.70	1.60
HEALTH CARE	809.54	819.67	57,456	7,638	12	15.10	1.80
INVESTMENT TRUSTS	10,112.22	10,114.13	1,187,457	89,391	63	21.60	0.50
INFORMATION TECHNOLOGY	28.31	28.31	49	10	1	0.00	0.00
LAND AND PROPERTY	554.19	557.45	1,837,991	34,692	49	5.40	0.60
MANUFACTURING	2,846.90	2,874.97	13,495,536	715,844	498	7.00	0.90
MOTORS	12,978.76	12,978.76	36,402	81	12	11.30	0.50
OIL PALMS	49,590.48	49,590.48	2,373	2	2	28.40	0.90
POWER & ENERGY	110.15	109.53	1,938,604	457,590	67	0.00	1.30
PLANTATIONS	732.22	744.24	1,742,864	102,156	113	5.90	0.70
STORES SUPPLIES	28,914.03	28,914.03	0	0	0	14.20	0.50
SERVICES	16,389.34	16,261.64	683,210	46,269	39	17.40	1.20
TELECOMMUNICATIONS	149.54	148.94	23,923,507	2,079,158	72	8.50	1.00
TRADING	12,334.65	12,045.48	724,141	179,841	32	30.10	0.90

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	505.36	509.38	75,250	2,000	8	5.20	0.60
Banks	819.97	822.41	129,807,896	946,226	347	5.90	0.80
Capital Goods	841.15	825.18	197,595,424	3,756,581	1,600	10.40	0.80
Commercial & Professional Services	786.02	795.39	416,689	3,133	1	0.00	1.00
Consumer Durables & Apparel	800.72	819.43	4,561,914	265,776	155	26.40	1.10
Consumer Services	246.11	247.99	1,587,293	505,651	203	61.90	1.60
Diversified Financials	778.49	784.90	37,539,368	1,561,959	401	5.40	0.90
Energy	651.22	645.18	181,108	8,195	18	0.00	1.00
Food & Staples Retailing	1,262.45	1,262.85	159,852	163,611	27	15.40	2.20
Food, Beverage & Tobacco	940.90	941.62	7,553,040	986,128	395	15.40	2.50
Health Care Equipment & Services	870.91	881.64	58,205	8,648	14	15.30	1.80
Household & Personal Products	1,038.99	1,044.38	1,200	100	1	14.80	2.00
Insurance	1,700.52	1,706.40	8,367,597	195,698	134	3.40	1.40
Materials	535.81	541.31	6,789,945	235,209	296	6.00	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,806.84	1,806.84	1,380	2	1	4.60	1.50
Real Estate	754.75	759.54	1,907,993	37,800	57	5.10	0.60
Retailing	796.04	799.97	355,623	23,287	35	14.90	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	781.33	778.16	23,923,508	2,079,158	72	8.50	1.00
Transportation	702.71	700.64	1,415,767	340,772	41	34.30	0.70
Utilities	737.86	737.86	1,757,497	449,395	51	11.50	0.70

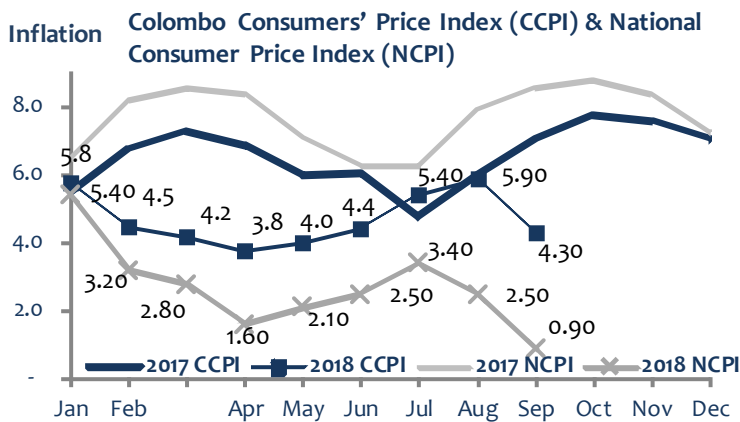
Economic Indicators & Other Statistics

Exchange Rates

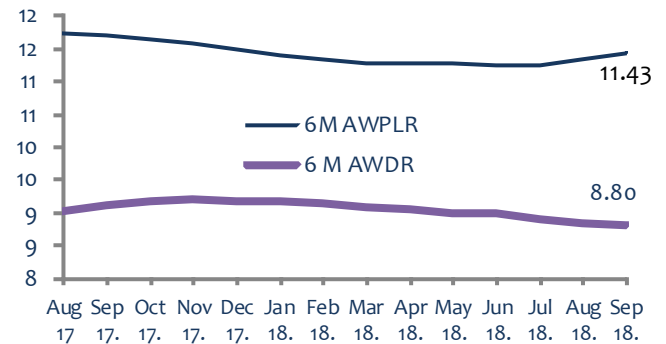
Currency	12th Nov		09th Nov	
	Buying	Selling	Buying	Selling
Dollar (USA)	172.97	176.87	172.82	176.72
Pound (UK)	222.75	230.14	224.56	231.99
Euro (EU)	194.66	201.69	194.99	202.02
Dollar (Australia)	123.91	129.23	124.01	129.34
Dollar (Canada)	130.46	135.41	130.35	135.30
Franc (Switzerland)	170.72	177.25	170.43	176.98
Renminbi (China)	24.58	25.77	24.58	25.77
Yen (Japan)	1.5080	1.5645	1.5079	1.5645
Dollar (Singapore)	124.87	129.20	124.94	129.28

Indicative Rates

Currency	12th Nov	09th Nov
	Ind: Value	Ind: Value
Yuan (Offshore)	25.2236	25.2173
Rupee (India)	2.4181	2.4197
Won (Korean)	0.1550	0.1555
Dinar (Kuwait)	576.4230	576.8699
Ringgit (Malay)	41.8735	41.9341
Rial (Oman)	455.1771	454.9031
Riyal (Qatar)	48.1322	48.1048
Riyal (KSA)	46.7233	46.6903
Dirham (UAE)	47.7142	47.6805



Average Weighted Prime Lending & Deposit Rate

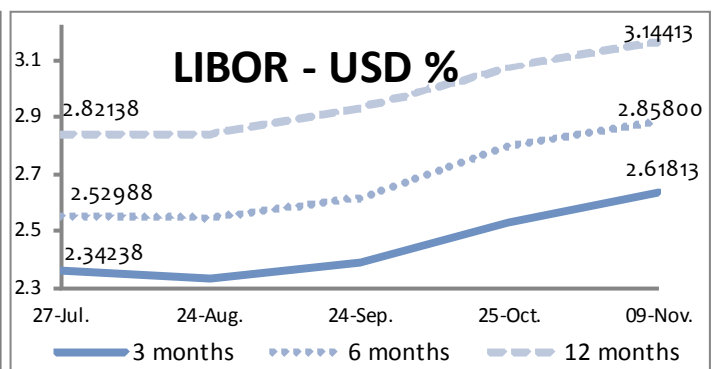
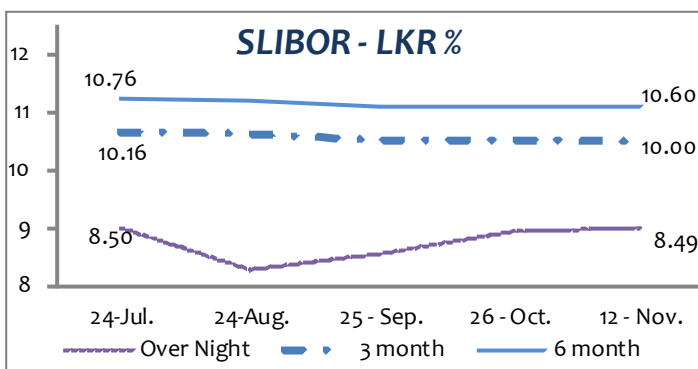


Central Bank's Policy Rates

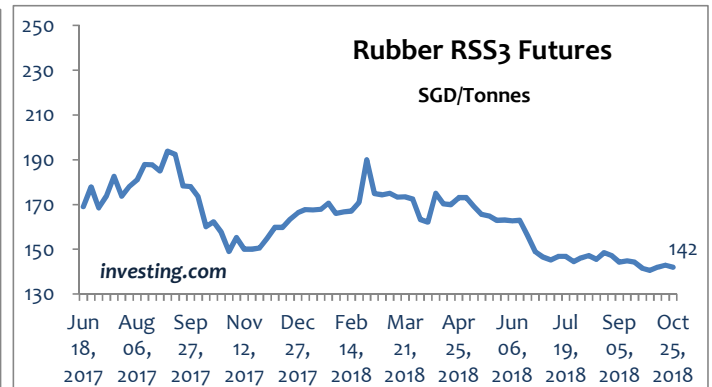
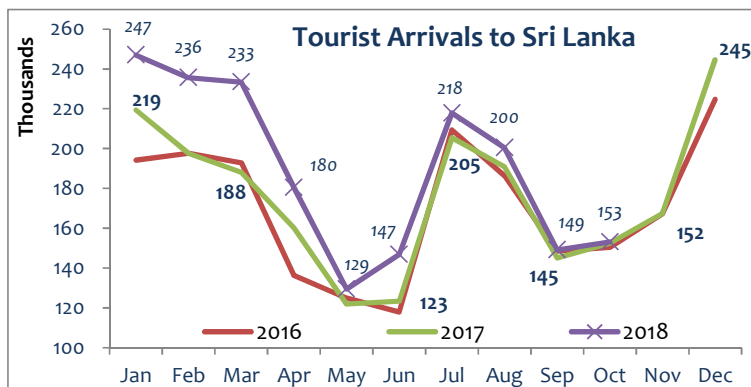
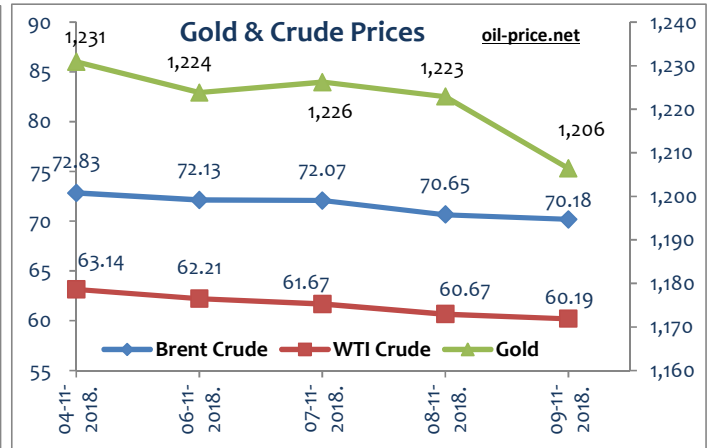
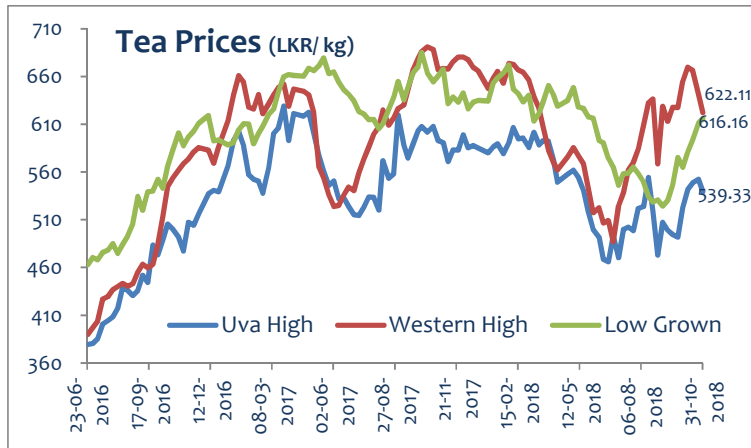
Description	Present	Previous	Treasury Bill				
			07.11.2018	23.10.2018	17.10.2018	10.10.2018	
Standing Deposit Facility (SDF)	7.25%	7.00%	91 Days %	9.65	na	9.48	9.28
Standing Lending Facility (SLF)	8.50%	8.75%	182 Days %	9.99	na	9.75	na
Bank Rate	15.00%	15.00%	364 Days %	10.89	10.39	10.44	10.19
Statutory Reserve Ratio (SRR)	7.50%	7.50%	Amount	15.37Bn	7.5Bn	7.9Bn	11Bn

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

JCT Transshipment Volumes Increase By 23.3%

The state owned Jaya Container Terminal (JCT) of Sri Lanka Ports Authority (SLPA), witnessed the highest growth of 23.3% in transshipment container throughput for the first 9 months (from Jan to Sep) in 2018. During the first nine months of 2018, the transshipment volume handled by Jaya Container Terminal (JCT) reached 1.45Mn TEUs compared to 1.17Mn TEUs handled in 2017. Meanwhile, the Port of Colombo has witnessed the highest growth of 19.4% in transshipment container throughput for the first 9 months in 2018 as against the corresponding period in 2017. During the first 9 months of 2018, the Port of Colombo handled 4.2Mn TEUs of transshipment containers as against 3.5Mn TEUs handled in 2017. The Port of Colombo expects to reach the 7Mn TEU target by the end this year. ([adaderana.lk](#))

Sri Lanka's Ceypetco seeks gasoil, jet fuel cargoes for 2019

SINGAPORE, Nov 12 (Reuters) - Sri Lanka's Ceylon Petroleum Corp (Ceypetco) is seeking a total of 1.2 million barrels of 500ppm gasoil for 2019, according to a tender notice issued on Friday. The total volumes comprise four 300,000-barrel cargoes of 500ppm gasoil to be delivered between March 1 and Oct. 31, 2019. The contracted volumes would be destined for dual berth delivery on a DAP basis. Ceypetco is also seeking a combined cargo of 2.25 million barrels of 500ppm sulphur gasoil and 1.44 million barrels of jet fuel, over March 1-Oct. 31, 2019 on a DAP basis. The total volumes would comprise twelve cargoes of 187,500 barrels of 500ppm gasoil and 120,000 barrels of jet fuel. Both the tenders close on Dec. 7 and will be valid for a period of 62 days therefrom.

Sri Lanka forex reserves rise in October with China loan

ECONOMYNEXT - Sri Lanka's forex reserves rose 736Mn US dollars to 7,900Mn US dollars in October 2018 from a month earlier, helped by a loan from China, official data shows. In September forex reserves fell 1.4Bn US dollars to 7,180Mn US dollars. In October Sri Lanka received the proceeds of a billion US dollar loan from China, boosting forex reserves. Interventions have also continued in forex markets, with sales of stocks and bond by foreign investors amid a political crisis. The pressure on the rupee began before the current political crisis. Sri Lanka is now sterilizing forex sales or printing money to fill liquidity shortages coming from dollar sales and maintain the monetary base. The central bank said its Treasury bill stock acquired outright and through reverse repo deals, had risen to 224.4Bn rupees by November 02.

Constitutional Crisis – Rs28bn foreign capital flees Sri Lanka in 2 weeks

(LBO) – Foreign selling of Sri Lanka’s stocks and bonds continued at a brisk pace in the second full week of Sri Lanka’s constitutional crisis. Net foreign selling of government securities was Rs9.9bn for the week, while net foreign selling of equities was Rs 3.9bn. In the previous week the figures were strikingly similar with a net Rs 10.9bn coming out of the bond market and Rs 3.8bn coming out of the stock market. Since the start of the constitutional crisis a total of Rs 28.5bn (US\$165mn) has fled Sri Lanka’s stock and bond markets. Year to date over Rs 130bn has fled Sri Lanka’s capital markets, a key contributor to weakness in the Sri Lanka Rupee in 2018.

Foreign News

Sterling tumbles on Brexit turmoil; dollar, oil jump

(Reuters) - Sterling fell on Monday, helping to boost the dollar to a 16-month high, amid mounting doubts over whether Prime Minister Theresa May can come up with a Brexit deal that would win the backing of the European Union and her own party. The retreat in the pound and euro helped push the dollar index, which tracks the greenback against a basket of six major rivals, to its highest level in 16 months.

In Asia, investors reduced exposure to riskier assets following weakness on Wall Street on Friday and ahead of a brace of Chinese activity data this week which could give further clues on the extent of its economic slowdown. Japan’s Nikkei stock index ended 0.09 percent higher. Australian shares closing up 0.33 percent and Chinese blue chips gaining 1.2 percent after the government and regulators announced more measures to support the private sector.

E-commerce giant Alibaba Group Holding Ltd added to the uncertain outlook in China, recording the slowest-ever annual growth in sales for its annual “**Singles’ Day**” event.

A spike in U.S. bond yields, driven by the Federal Reserve’s commitment to keep raising borrowing costs, has also shaken emerging markets as investors poured money into U.S. dollar assets.

The Dow Jones Industrial Average fell 0.77 percent on Friday, the S&P 500 lost 0.92 percent and the Nasdaq Composite dropped 1.65 percent. The Wall Street losses came after the Fed held rates steady earlier in the week but stayed on track to tighten policy next month.

The Fed’s stance disappointed some investors who had hoped that October’s rout in equities might have prompted policy makers to take a more cautious approach on interest rates.

In commodities, Saudi Arabia’s energy minister took some pressure off a sharp drop in oil prices last week with comments on Sunday that **Riyadh plans to reduce its oil supply** to world markets by 500,000 barrels per day in December, a global reduction of about 0.5 percent. That jolted oil prices higher on Monday, with U.S. crude rising 1.43 percent to \$61.05 a barrel and Brent crude gushing 2.07 percent higher to \$71.12 per barrel.

However, Saudi Arabia’s supply cut may prove to be a temporary solution to falling prices as global growth slows, with two of the world’s biggest economies - Germany and Japan - expected to report a contraction in output in coming days.

Spot gold fell on the strengthening dollar, dropping 0.19 percent to \$1,206.88 per ounce.

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