

DAILY STOCK MARKET HIGHLIGHTS

Thursday, 15 November 2018



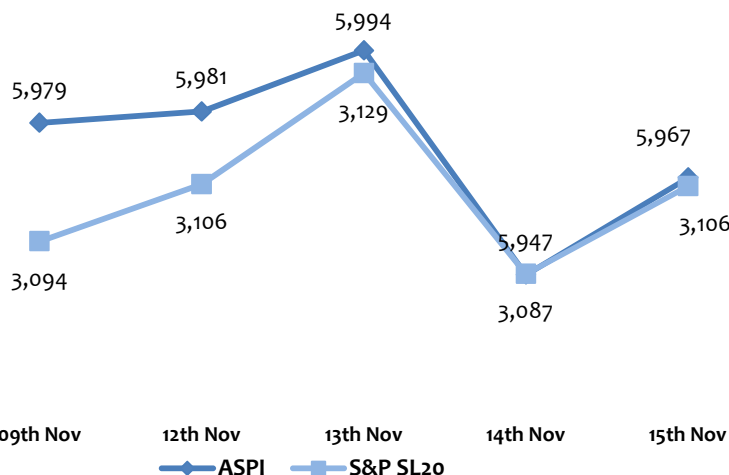
**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

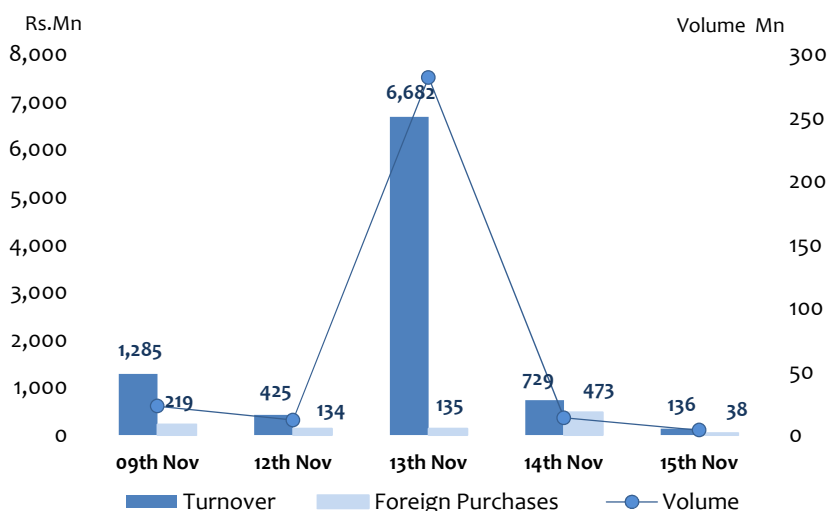
Daily Market Statistics

Index	15th Nov	14th Nov	Change	% Change
ASPI	5,967.34	5,947.36	↑ 19.98	↑ 0.34%
S&P SL20	3,105.57	3,087.48	↑ 18.09	↑ 0.59%
Market Stats (LKR, Mn)	15th Nov	14th Nov	% Change	
Turnover	135.77	729.25	↓	-81.4%
Domestic Purchases	97.93	256.22	↓	-61.8%
Domestic Sales	121.32	283.08	↓	-57.1%
Foreign Purchases	37.84	473.03	↓	-92.0%
Foreign Sales	14.44	446.17	↓	-96.8%
Share Volume	3.82	13.46	↓	-71.6%
Market capitalization (Bn)	2,799.56	2,790.18	↑	0.34%
PER	9.41	9.38	↑	0.32%
PBV	1.17	1.16	↑	0.86%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Bourse turned positive, turnover slide to two month lows. Volatile political and economic environment kept investors on cautious stance. The benchmark index ASPI moved between 5,945.57 - 5,971.30 points and settled the day at 5,967.34 with a gain of 19.98 points (+0.34%).
- Major contributors for the movement in ASPI were **LOLC (+2)**, **MELS (+2)**, **DIST (+2)**, **NDB (+1.7)**, **DIAL(+1.7)**, **SPEN (-1.4)**, **ODEL (-1.3)**, **RICH (-1.3)**, **LHCL (-1.3)** & **HAYL (-0.8)**
- S&P SL20 index also followed the same trend and settled the day at 3,105.57 with a gain of 18.09 points (+0.59%).
- The day's turnover was recorded as LKR 135.77Mn, down by 81% from its previously recorded LKR 729.25Mn. Foreign investors remained net buyers for the day.
- The total market capitalization stood at LKR 2.8Tn, indicating an YTD loss of 3.44%.
- The market PER & PBV were at 9.41x & 1.17x respectively.

Top Contributors – Turnover

- Cargills (Ceylon) PLC (CARG) topped the turnover list with 33% (44.6Mn) contribution to the day's total turnover. CARG traded between LKR 195.30 & 200 and settled the day at LKR 200 on par with the previous closing.
- John Keells Holdings PLC (JKH) stood second by adding LKR 24.1Mn to the day's total turnover. JKH traded between LKR 151.50 & 152.50 and settled the day at LKR 152.30 with a gain of LKR 0.10 (+0.07%).
- Commercial Bank of Ceylon PLC (COMB) contributed LKR 10.06Mn to the total turnover and secured the third slot. COMB traded between LKR 114.00 & 115.10 and settled the day at LKR 114.00 with a gain of LKR 0.30 (+0.26%)

Traded Volume

- MTD Walkers PLC traded a total of 0.66Mn shares dominating the traded volumes.
- Access Engineering PLC (0.41Mn shares) and SMB Leasing PLC [X] (0.3Mn shares) were next in line under the top contributors to the daily volumes.

Sectorial Overview

- Beverage Food & Tobacco (BFT) stood on top providing LKR 47.82Mn capturing 35% of the day’s total turnover.
- Diversified Holdings (DIV) and Bank Finance & Insurance (BFI) provided LKR 27.48Mn and LKR 24.63Mn respectively to the daily aggregated turnover.

Daily Foreign Transactions

Net Foreign Purchases

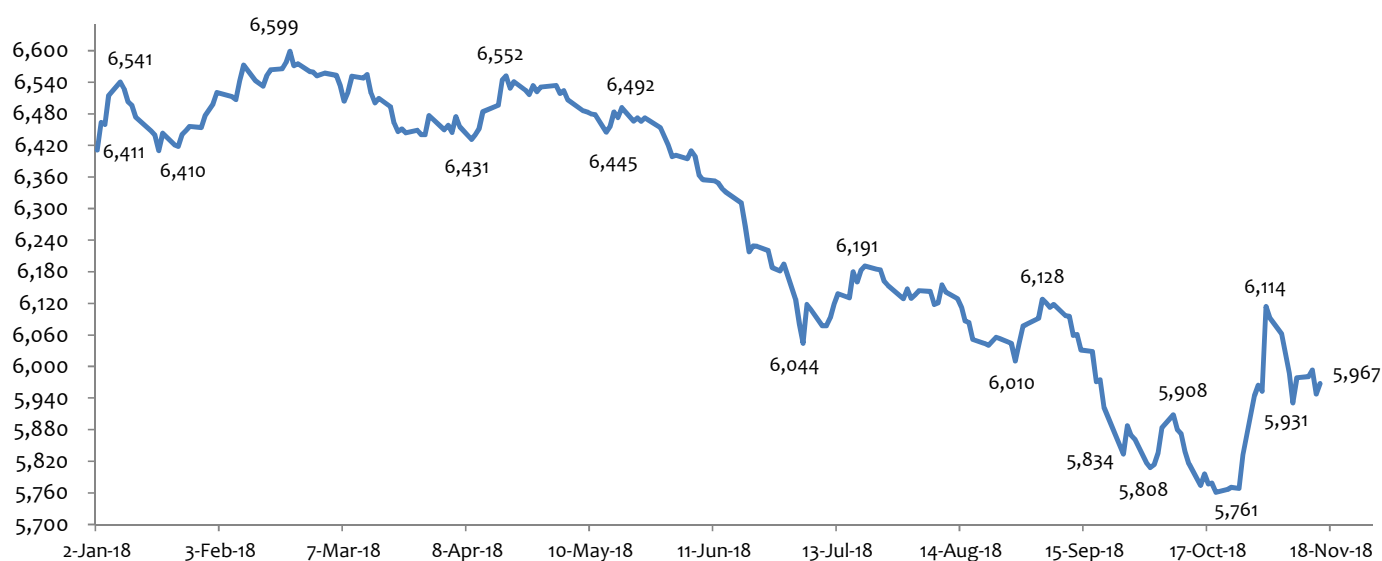
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
CARGILLS	200.00	162,983	32,596,600
CEYLON GUARDIAN	66.00	38,836	2,563,176
HAYLEYS	190.00	5,000	950,000
CARSONS	163.80	1,188	194,594
DIPPED PRODUCTS	83.10	2,282	189,634
HAYCARB	128.10	1,021	130,790
ACL PLASTICS	70.0	508	35,560
RENUKA CAPITAL	4.00	2,000	8,000
EXPOLANKA	4.00	250	1,000

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
COMMERCIAL BANK (+)	114.00	(82,207)	(9,371,598)
DIALOG (+)	11.60	(175,065)	(2,030,754)
DISTILLERIES	17.00	(34,135)	(580,295)
RENUKA CITY HOT.	240.00	(1,630)	(391,200)
ACL	39.20	(8,391)	(328,927)
HDFC (+)	26.80	(8,750)	(234,500)
JKH	152.30	(1,356)	(206,519)
NAT. DEV. BANK (+)	104.20	(794)	(82,735)
PRIME FINANCE	21.00	(1,545)	(32,445)
WATAWALA	20.00	(1,070)	(21,400)

- **Aggregate foreign buying** for the day totaled up to **LKR 37.84Mn.**
- **Foreign sales** for the day amounted to **LKR 14.44Mn.**
- **Net foreign inflow** for the day was **LKR 23.4Mn**, **YTD net foreign outflow** presently stands at **LKR 17.04Bn.**
- **CARG** notched the “Top Net Purchasers” slot with a net inflow of **LKR 32.6Mn** whilst **COMB** notched the “Top net Sellers” slot with a net outflow of **LKR 9.37Mn.**

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						
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	Company	Date	Company	Date	Company	Date
COMB	28-Mar-19	DFCC	28-Mar-19	HASU	28-Mar-19	HNB	29-Mar-19
PABC	29-Mar-19	SAMP	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	CTHR	1.80	Interim	16.Nov.2018	29.Nov.2018
JKH	2.00	Interim	08.Nov.2018	19.Nov.2018	CTLD	1.00	Interim	16.Nov.2018	29.Nov.2018
COMB	1.50	1st Interim	09.Nov.2018	21.Nov.2018	CTC	19.00	Interim	21.Nov.2018	29.Nov.2018
NAVF	1.00		12.Nov.2018	26.Nov.2018	HHL	0.40	Interim	26.Nov.2018	05.Dec.2018
LVEF	0.34	Interim	14.Nov.2018	26.Nov.2018	BFL	4.00	Interim	27.Nov.2018	06.Dec.2018
VLL	0.15	Interim	15.Nov.2018	27.Nov.2018	ONAL	1.20	Interim	28.Nov.2018	07.Dec.2018
CARG	1.90	Interim	15.Nov.2018	28.Nov.2018	COMD	2.00	Interim	28.Nov.2018	07.Dec.2018

Capitalization of Reserves

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

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

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

Repurchase of Shares

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

Rights Issues with pending dates

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

Market Highlights & Statistics

Market Capitalisation

Company Name	Symbol	Price	Issued Quantity	Market Capitalisation	(as a % of MKT Cap.)
CEYLON TOBACCO COMPANY PLC	CTC.No000	1,424.00	187,323,751	266,749,021,424	10.25
JOHN KEELLS HOLDINGS PLC	JKH.No000	152.30	1,387,528,658	211,320,614,613	8.12
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	114.00	945,709,403	107,810,871,942	4.14
DIALOG AXIATA PLC	DIAL.No000	11.60	8,143,778,405	94,467,829,498	3.63
NESTLE LANKA PLC	NEST.No000	1,642.20	53,725,463	88,227,955,339	3.39
HATTON NATIONAL BANK PLC	HNB.No000	214.80	395,451,248	84,942,928,070	3.27
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	17.00	4,600,000,000	78,200,000,000	3.01
CEYLON COLD STORES PLC	CCS.No000	730.00	95,040,000	69,379,200,000	2.67
SAMPATH BANK PLC	SAMP.No000	229.50	280,902,248	64,467,065,916	2.48
MELSTACORP PLC	MELS.No000	51.90	1,165,397,072	60,484,108,037	2.32

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
MTD WALKERS PLC	8,628,410	655,733
ACCESS ENGINEERING PLC	6,698,635	413,853
SMB LEASING PLC [X]	60,031	300,102
CARGILLS (CEYLON) PLC	44,597,581	222,988
DIALOG AXIATA PLC	2,458,555	211,788
SIERRA CABLES PLC	360,099	179,664
JOHN KEELLS HOLDINGS PLC	24,104,328	158,499
ANILANA HOTELS AND PROPERTIES PLC	120,068	100,052
ADAM CAPITAL PLC	36,200	90,501
COMMERCIAL BANK OF CEYLON PLC	10,062,524	88,233

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
CARGILLS (CEYLON) PLC	222,988	44,597,581
JOHN KEELLS HOLDINGS PLC	158,499	24,104,328
COMMERCIAL BANK OF CEYLON PLC	88,233	10,062,524
MTD WALKERS PLC	655,733	8,628,410
ACCESS ENGINEERING PLC	413,853	6,698,635
CEYLON GUARDIAN INVESTMENT TRUST PLC	62,216	4,086,219
HATTON NATIONAL BANK PLC	14,736	3,169,058
DIALOG AXIATA PLC	211,788	2,458,555
AIA INSURANCE LANKA PLC	2,514	2,388,300
BAIRAHA FARMS PLC	11,394	1,450,420

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
S M B LEASING [X]	0.30	0.10	50.00	60,031
ADAM CAPITAL	0.40	0.10	33.33	36,200
MULLERS	0.70	0.10	16.67	10,480
MTD WALKERS	13.60	1.60	13.33	8,628,410
LOTUS HYDRO	5.00	0.40	8.70	10,110
COM.CREDIT	30.30	2.30	8.21	404,092
ASIA CAPITAL	6.70	0.50	8.06	32,789
ARPICO	169.80	9.80	6.13	38,926
MERCHANT BANK	8.70	0.50	6.10	146,473
SINHAPUTHRA FIN [P]	5.50	0.30	5.77	58,112

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS [X]	0.20	(0.10)	(33.33)	63
ACL PLASTICS	70.00	(8.00)	(10.26)	692,817
CHEMANEX	49.00	(4.50)	(8.41)	69,161
ODEL PLC	26.90	(2.30)	(7.88)	8,272
PRINTCARE PLC	29.20	(2.10)	(6.71)	14,600
LANKA HOSPITALS	40.00	(2.70)	(6.32)	399,823
DIPPED PRODUCTS	83.10	(4.90)	(5.57)	355,970
DOCKYARD	52.60	(2.90)	(5.23)	83,123
RAIGAM SALTERNS	1.90	(0.10)	(5.00)	111,447
SOFTLOGIC FIN	25.00	(1.20)	(4.58)	25,048

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	15,730.63	15,622.16	24,625,306	734,702	487	5.20	0.90
BEVERAGE FOOD AND TOBACCO	24,339.08	24,301.73	47,816,454	360,447	101	18.10	6.00
CONSTRUCTION AND ENGINEERING	1,550.35	1,505.06	15,503,460	1,092,348	726	20.60	0.60
CHEMICALS AND PHARMACEUTICALS	5,187.01	5,221.79	1,277,462	35,471	45	5.30	0.60
DIVERSIFIED HOLDINGS	1,553.73	1,552.33	27,481,778	401,896	288	10.00	0.90
FOOTWEAR AND TEXTILE	903.45	956.22	33,836	2,998	14	106.50	0.90
HOTELS AND TRAVELS	2,642.11	2,639.97	1,208,625	200,790	166	59.90	1.60
HEALTH CARE	801.65	811.63	401,090	10,207	21	14.90	1.80
INVESTMENT TRUSTS	9,260.53	9,412.33	4,829,933	120,789	73	19.70	0.40
INFORMATION TECHNOLOGY	27.75	27.75	11,750	2,500	2	0.00	0.00
LAND AND PROPERTY	555.11	548.23	636,092	19,840	35	5.40	0.60
MANUFACTURING	2,845.15	2,827.78	6,580,270	384,722	370	6.90	0.90
MOTORS	12,904.51	12,904.51	1,579	20	2	11.20	0.50
OIL PALMS	49,590.48	49,590.48	3,600	5	1	28.40	0.90
POWER & ENERGY	108.12	108.24	1,043,931	98,459	94	0.00	1.30
PLANTATIONS	722.64	724.16	347,229	31,783	57	5.80	0.70
STORES SUPPLIES	28,580.25	28,580.25	0	0	0	14.00	0.50
SERVICES	16,293.14	16,166.84	75,167	24,306	15	17.30	1.20
TELECOMMUNICATIONS	149.84	148.73	2,463,931	212,033	38	8.50	1.00
TRADING	12,312.16	11,813.63	1,426,257	86,920	48	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	495.98	500.00	456,490	12,305	7	5.10	0.60
Banks	821.28	816.21	18,436,696	220,824	212	5.90	0.80
Capital Goods	838.99	836.93	45,947,568	1,685,598	1,082	10.30	0.80
Commercial & Professional Services	743.28	784.42	14,600	500	1	0.00	0.90
Consumer Durables & Apparel	797.34	793.02	810,446	55,512	69	26.30	1.10
Consumer Services	247.47	246.88	1,208,625	200,790	166	62.00	1.60
Diversified Financials	771.89	765.25	7,153,699	550,314	252	5.40	0.80
Energy	629.81	629.42	727,053	36,375	46	0.00	1.00
Food & Staples Retailing	1,258.97	1,262.45	44,765,060	284,088	37	15.30	2.20
Food, Beverage & Tobacco	937.69	934.78	5,294,316	233,938	190	15.30	2.50
Health Care Equipment & Services	862.36	872.42	423,320	27,807	27	15.10	1.80
Household & Personal Products	1,038.99	1,038.99	0	0	0	14.80	2.00
Insurance	1,707.75	1,701.96	3,155,494	19,160	67	3.50	1.40
Materials	533.24	533.09	3,706,813	136,923	262	6.00	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,806.84	1,806.84	570	1	1	4.60	1.50
Real Estate	751.94	743.07	636,106	19,840	35	5.10	0.60
Retailing	796.86	798.02	92,198	25,366	31	14.90	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	782.89	777.08	2,463,931	212,033	38	8.50	1.00
Transportation	685.99	685.99	71,749	17,941	16	33.50	0.70
Utilities	740.34	742.78	316,878	62,084	49	11.50	0.70

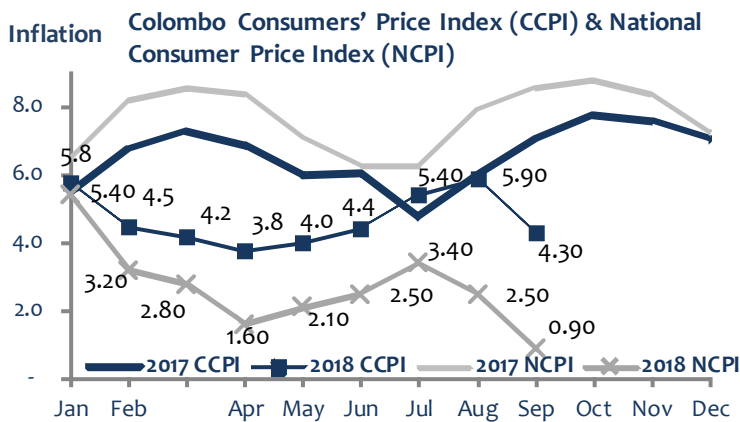
Economic Indicators & Other Statistics

Exchange Rates

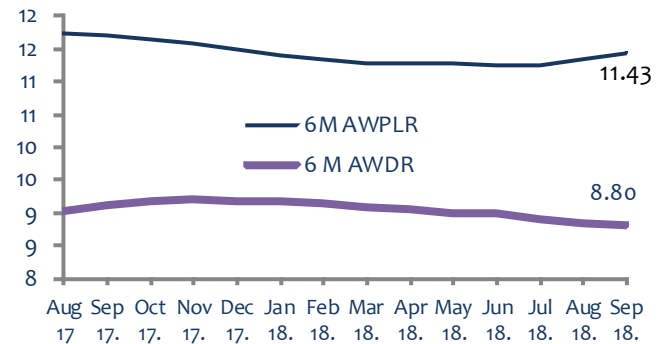
Currency	15th Nov		14th Nov	
	Buying	Selling	Buying	Selling
Dollar (USA)	174.18	178.11	173.73	177.63
Pound (UK)	225.37	232.79	224.88	232.31
Euro (EU)	196.02	203.06	195.08	202.11
Dollar (Australia)	125.41	130.78	124.24	129.58
Dollar (Canada)	130.72	135.68	130.42	135.36
Franc (Switzerland)	171.81	178.39	171.33	177.87
Renminbi (China)	24.79	25.99	24.69	25.89
Yen (Japan)	1.5248	1.5817	1.5155	1.5722
Dollar (Singapore)	125.88	130.23	125.31	129.65

Indicative Rates

Currency	15th Nov	14th Nov
	Ind: Value	Ind: Value
Yuan (Offshore)	25.3993	25.3322
Rupee (India)	2.4371	2.4245
Won (Korean)	0.1557	0.1553
Dinar (Kuwait)	578.9271	578.3597
Ringgit (Malay)	42.0034	41.9923
Rial (Oman)	457.7283	457.2916
Riyal (Qatar)	48.3970	48.3495
Riyal (KSA)	46.9703	46.9349
Dirham (UAE)	47.9779	47.9296



Average Weighted Prime Lending & Deposit Rate

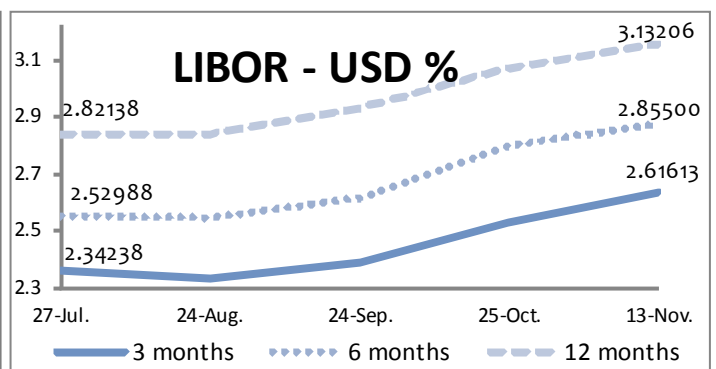
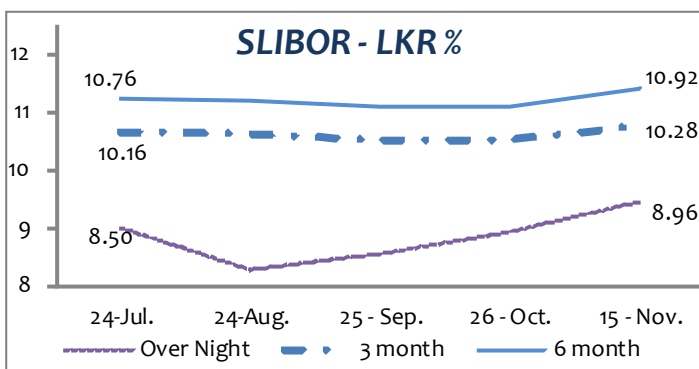


Central Bank's Policy Rates

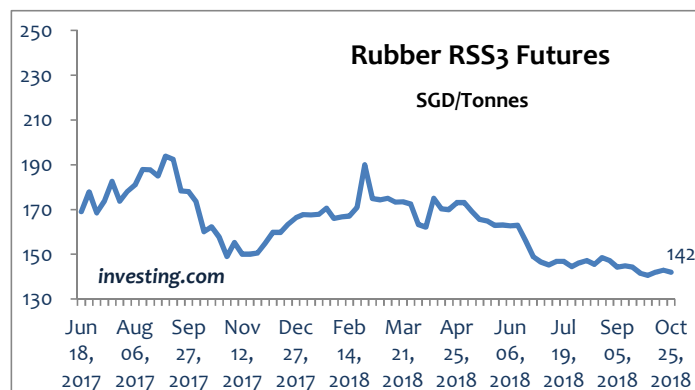
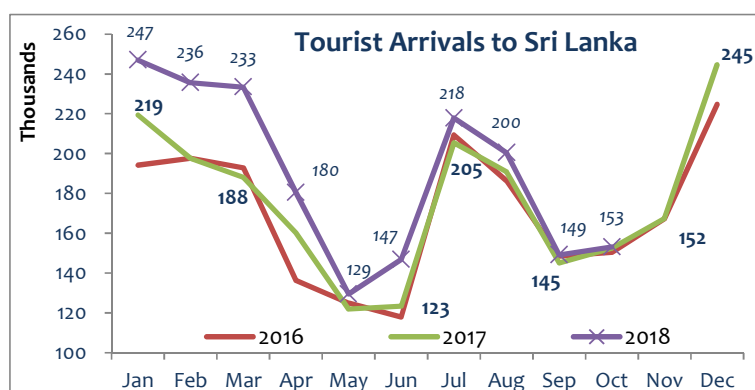
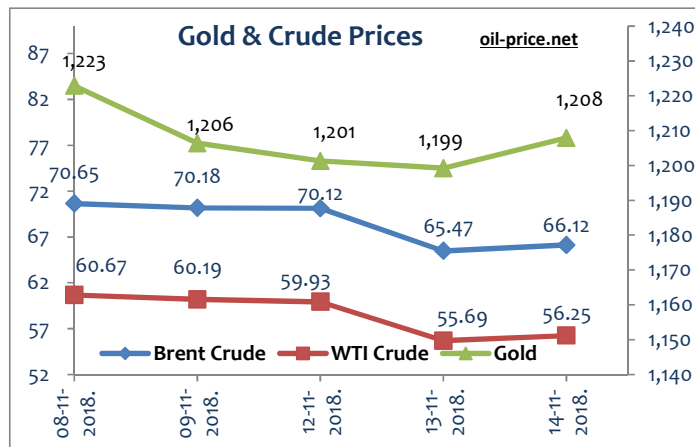
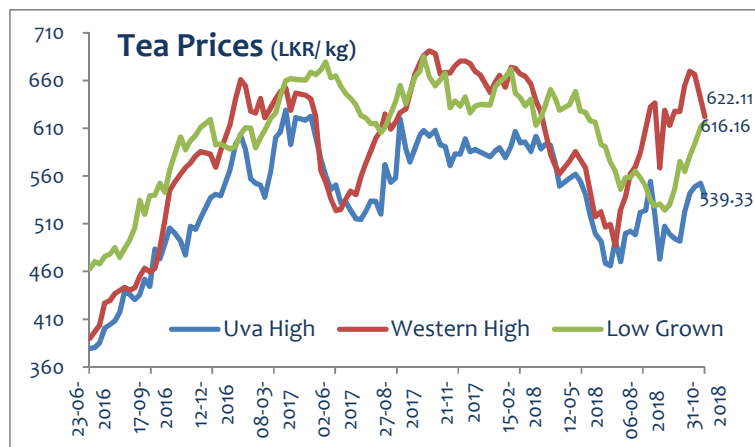
Description	Present	Previous	Treasury Bill				
			14.11.2018	07.11.2018	23.10.2018	17.10.2018	
Standing Deposit Facility (SDF)	7.25%	7.00%	91 Days %	10.07	9.65	na	9.48
Standing Lending Facility (SLF)	8.50%	8.75%	182 Days %	na	9.99	na	9.75
Bank Rate	15.00%	15.00%	364 Days %	11.25	10.89	10.39	10.44
Statutory Reserve Ratio (SRR)	7.50%	7.50%	Amount	9.86Bn	15.37Bn	7.5Bn	7.9Bn

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 growth expected to recover to 4 – 4.5-pct in 2019: CB Gov

(LBO) – There are some positive signs with FDI and exports probably going to be record numbers this year and we envisage Sri Lanka’s growth to be somewhere between 4 -4.5% for 2019, the Central Bank Governor said. Growth is expected to remain below envisaged levels in 2018. As per the available economic indicators, real GDP growth is likely to remain subdued, Governor Indrajit Coomaraswamy said. “However, Sri Lanka’s economy could accelerate to over 4.0 to 4.5% in 2019, from an expected 3.6% in 2018,” he said. The Central Bank says that a significant output gap remained in the economy that called for loosening monetary policy. It is essential to implement growth enhancing structural reforms within a coherent and transparent framework to accelerate growth on a sustainable basis, rather than relying on unsustainable short term monetary and fiscal stimulus, which leads to overheating of the economy.

Longer-term loans could reduce Sri Lanka repayment risk: Moody’s

ECONOMYNEXT – Sri Lanka’s government could reduce risks associated with repaying foreign loans by going for longer term borrowings, Moody’s rating agency has said. Sri Lanka’s large external financing needs and substantial foreign currency government debt raise its vulnerability, Moody’s Investors Service said in a new report. External payments due over the next year are materially higher than foreign exchange reserves, the rating agency said in its 2019 Global Emerging Market Outlook report. The government’s gross borrowing requirement of about 16%-20% of GDP and significant foreign currency borrowing on commercial terms also make Sri Lanka sensitive to external financing conditions, it said.

Sri Lanka IMF program on hold in final lap

ECONOMYNEXT - A deal with the International Monetary Fund is in limbo until the any new administration confirms that it wants to go ahead with a deal hammered out recently or make changes, Central Bank Governor Indrajit Coomaraswamy said. Sri Lanka had agreed on a staff level agreement for the final phase of a three year deal which ends next year by October 26 when President Maithripala Sirisena suddenly appointed Mahinda Rajapaksa as Prime Minister, triggering a political crisis. "The IMF would want to see what the government is, whether the government is in place, and whether they would want to change elements of what was agreed on the 26th," Coomaraswamy told reporters. "Until the government is in a position to tell the IMF it is on hold."

Foreign News

Asia stocks lifted by China-U.S. trade hopes; oil resumes retreat

Asian stocks rose on Thursday, cheered by a bounce in Chinese equities on signs China and the United States may be taking steps to de-escalate their bitter trade dispute, while oil prices resumed their retreat on fears of oversupply.

U.S. oil futures CLc1 fell 0.3 percent to \$56.08 a barrel, after a slight bounce overnight that followed 12 straight losing sessions. Brent LCOc1 was down 0.1 percent at \$66.04.

Traders have cautiously welcomed news in recent days that Washington and Beijing have resumed informal discussions ahead of a meeting between presidents Donald Trump and Xi Jinping late this month. Few market watchers expect a trade agreement at that meeting but hopes are growing that they may agree on a de-escalation while the two sides pursue more detailed talks.

Elsewhere, Australian stocks inched up 0.05 percent and Japan's Nikkei .N225 shed 0.2 percent. The S&P 500 .SPX fell for a fifth straight day overnight as financial stocks were hit by fears that banking industry regulations would tighten once the Democratic Party takes control of the House of Representatives.

U.S. equities were also pressured by concerns that earnings growth might be peaking, trade tensions and a slowing global economy - factors that had triggered a rout in riskier assets in October.

In currencies, the pound and euro kept gains made after British Prime Minister May's cabinet backed her draft Brexit deal. May now has to gain the support of parliament, though it is unclear whether she has enough votes to clinch approval.

Italy on Wednesday re-submitted its draft 2019 budget to the European Commission with the same growth and deficit assumptions as a draft rejected for breaking European Union rules, stepping up its showdown with the EU over its fiscal policy. (reuters.com)

UK's Brexit Secretary Raab resigns thrusting May's government into turmoil

British Brexit Secretary Dominic Raab resigned on Thursday thrusting Prime Minister Theresa May's government into turmoil just two days after she clinched an EU divorce deal that was mauled by opponents, allies and mutinous members of her party. "Above all, I cannot reconcile the terms of the proposed deal with the promises we made to the country in our manifesto at the last election," Raab said. "This is, at its heart, a matter of public trust," Raab said. "I cannot support the proposed deal." (reuters.com)

Draft Brexit deal ends Britain's easy access to EU financial markets

The United Kingdom and the European Union have agreed a deal that will give London's vast financial centre only a basic level of access to the bloc's markets after Brexit.

The agreement will be based on the EU's existing system of financial market access known as equivalence - a watered-down relationship that officials in Brussels have said all along is the best arrangement that Britain can expect.

The EU grants equivalence to many countries and has so far not agreed to Britain's demands for major concessions such as offering broader access and safeguards on withdrawing access, neither of which is mentioned in the draft deal. "It is appalling," said Graham Bishop, a former banker and consultant who has advised EU institutions on financial services. The draft text "is particularly vague but emphasises the EU's ability to take decisions in its own interests.... This is code for the UK being a pure rule taker." Many top bankers fear Brexit will slowly undermine London's position. Global banks have already reorganised some operations ahead of Britain's departure from the European Union, due on March 29.

Britain is currently home to the world's largest number of banks, and about six trillion euros (£5.2 trillion) or 37 percent of Europe's financial assets are managed in the UK capital, almost twice the amount of its nearest rival, Paris. London also dominates Europe's 5.2 trillion euro investment banking industry. (reuters.com)

Contact Information

Head Office

Sales

Thakshila Hulangamuwa
Upul Priyantha
Shanmugam Sudhagar
Vasanth Wicramasinghe

thakshi@ashaphillip.net
upul@ashaphillip.net
sudha@ashaphillip.net
vasantha@ashaphillip.net

+94 11 2429108
+94 11 2429106
+94 11 2429107
+94 11 2429114

Research

Visahan Arumainayaham
Nishani Ruwanpathirana

visahan@ashaphillip.net
nishani@ashaphillip.net

+94112429139
+94 112429137

Regional Offices

Colombo (H/O)

60, 5th Lane,
Colombo 03.
Tel - 94 112429100
Fax - 94 112429199
www.ashaphillip.net

Matara

#24-1/3A,
E.H. Cooray Tower, 2nd Floor,
Anagarika Dharmapala Mw,
Matara.
Tel: 041 2235191-5

Jaffna

#147, 2/3
K.K.S. Road,
Jaffna.
Tel: 021 2221614

Kiribathgoda

#94, Udeshi City Shopping Complex,
2nd Floor, #2/12, Makola Road,
Kiribathgoda.
Tel. 011 2908511

Negombo

#72 A 2/1,
Old Chilaw Road,
Negombo.
Tel. 031 2227474

Kandy

88, Ceybank House,
Dalada Vidiya,
Kandy.
Tel. 081 2204750

Gampaha

#116,
Sanasa Ideal Complex,
Bauddhaloka Mawatha,
Gampaha.
Tel. 033 2234888

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