

DAILY STOCK MARKET HIGHLIGHTS

Friday, 18 January 2019



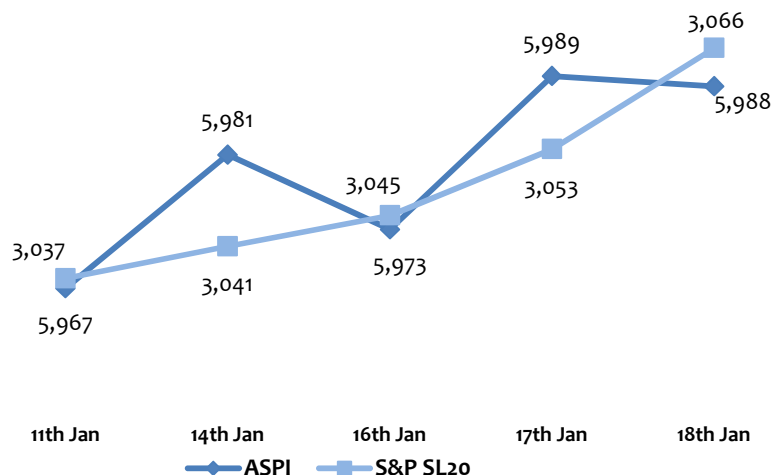
**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

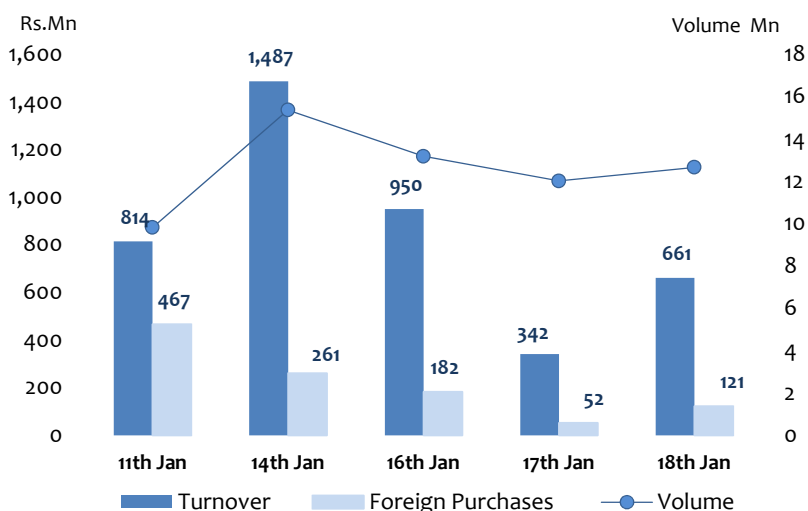
Daily Market Statistics

Index	18th Jan	17th Jan	Change	% Change
ASPI	5,988.07	5,989.12	↓ (1.05)	↓ -0.02%
S&P SL20	3,066.29	3,053.25	↑ 13.04	↑ 0.43%
Market Stats (LKR, Mn)		18th Jan	17th Jan	% Change
Turnover		660.80	341.69	↑ 93.4%
Domestic Purchases		539.46	289.43	↑ 86.4%
Domestic Sales		129.41	282.24	↓ -54.1%
Foreign Purchases		121.34	52.26	↑ 132.2%
Foreign Sales		531.39	59.45	↑ 793.8%
Share Volume		12.66	12.01	↑ 5.4%
Market capitalization (Bn)		2,809.28	2,809.77	↓ -0.02%
PER		9.57	9.57	↓ 0.00%
PBV		1.16	1.16	↓ 0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Agreements with foreign lenders and positive statement from CB chief, added positiveness to investor sentiments and local currency. Activities improved on fundamentally sound counters. Price decline on few large caps made the ASPI to settle on negative terrain.
- Benchmark index ASPI moved between 5,985.15-6,004.60 points and settled the day at 5,988.07 with a loss of 0.05 points (-0.02%).
- Major contributors for the movement in ASPI were **SAMP (+3.5)**, **NTB (+1.5)**, **CTCE (+1.1)**, **ODEL (+1)**, **DIST (+1)**, **CLC (-4.1)**, **MELS (-2.5)**, **SPEN (-1.3)**, **AMF (-1.1)** & **SINS (-0.9)**
- S&P SL20 index also followed a same trend and settled the day at 3,066.29 with a gain of 13.04 points (+0.43%).
- The day's turnover was recorded as LKR 660.8Mn, up by 93% from its previously recorded LKR 341.69Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.81Tn, indicating an YTD loss of 1.06%.
- The market PER & PBV were at 9.57x & 1.16x respectively.

Top Contributors – Turnover

1. John Keells Holdings PLC (JKH) contributed 74% (489.59Mn) of the turnover. JKH traded between LKR 154.00 & 155.00 and settled the day at LKR 154.50 on par with the previous closing; about 65% (319.82Mn) of its turnover was contributed through 6 off board trades of 2.07Mn shares negotiated at the price of LKR 154.50
2. Sampath Bank PLC (SAMP) had contributed LKR 31.64Mn. SAMP traded between LKR 224.90 & 238.00 and settled the day at LKR 230.00 with a gain of LKR 5.90 (+2.63%).
3. Commercial Bank of Ceylon PLC (COMB) contributed LKR 23.68Mn. COMB traded between LKR 114.50 & 115.00 and settled the day at LKR 114.50 with a loss of LKR 0.30 (-0.26%).

Top contributors - Traded Volume

1. John Keells Holdings PLC traded a total of 3.17Mn shares.
2. Lankem Developments PLC (2.76Mn shares)
3. Dialog Axiata PLC (1.18Mn shares).

Sectorial Overview

1. Diversified Holdings (DIV) stood on top providing LKR 503.55Mn capturing 76% of the total turnover.
2. Bank Finance & Insurance (BFI) provided LKR 75.81Mn to the daily aggregated turnover.
3. Construction & Engineering (C&E) provided LKR 29.66Mn

Daily Foreign Transactions

Net Foreign Purchases

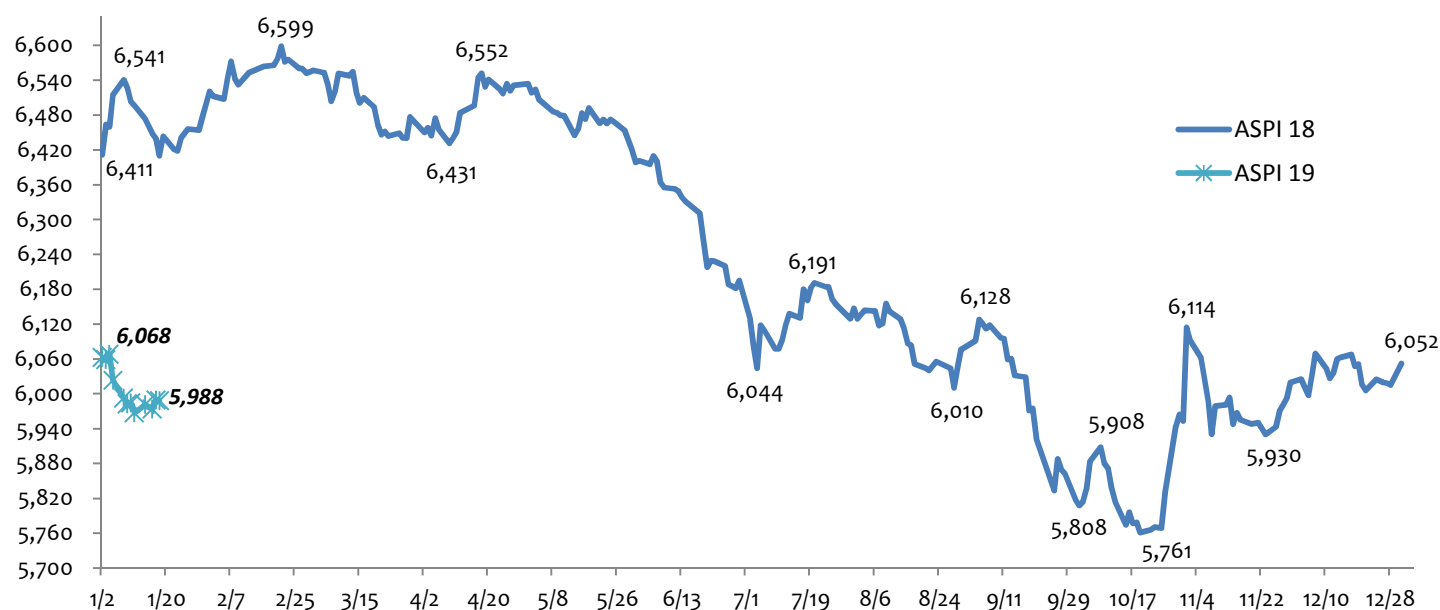
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
HUNTERS	410.00	3,553	1,456,730
NAT. DEV. BANK (+)	105.00	8,000	840,000
MULTI FINANCE	16.50	44,742	738,243
MTD WALKERS	15.50	10,000	155,000
RICHARD PIERIS	10.20	10,000	102,000
EXPOLANKA	4.00	9,130	36,520
PEOPLE'S INS (+)	18.9	1,750	33,075
LO LC HOLDINGS	88.50	296	26,196
SEYLAN DEVTS (+)	10.70	2,000	21,400
LANKA ALUMINIUM	60.00	110	6,600

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
JKH	154.50	(2,543,128)	(392,913,276)
DIALOG (+)	10.00	(1,057,185)	(10,571,850)
SAMPATH (+)	230.00	(14,816)	(3,407,680)
TEEJAY LANKA	34.00	(75,983)	(2,583,422)
LANKEM DEV.	4.40	(441,702)	(1,943,489)
RICH PIERIS EXP	229.70	(2,414)	(554,496)
CIC	41.00	(13,128)	(538,248)
CDB	82.70	(5,000)	(413,500)
COMMERCIAL BANK (+)	114.50	(2,895)	(331,478)
TOKYO CEMENT[X.0000]	21.10	(8,651)	(182,536)

- **Aggregate foreign buying** for the day totaled up to **LKR 121.34Mn**.
- **Foreign sales** for the day amounted to **LKR 531.39Mn**.
- **Net foreign outflow** for the day was **LKR 410.05Mn**, **YTD net foreign outflow** presently stands at **LKR 2.35Bn**.
- **HUNT** notched the “Top Net Purchasers” slot with a net inflow of **LKR 1.46Mn** whilst **JKH** notched the “Top net Sellers” slot with a net outflow of **LKR 392.91Mn**.

Year-to-Date ASPI Movement - 2018 & 2019



Key Announcements

- **Citizens Development Business Finance PLC (CDB)** has received applications for the subscription of 7.4Mn debentures for the issue of 12.5Mn debentures, as at 4:30 p.m. on the 17th January 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	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
BLUE	28-Jan-19
RGEM	29-Jan-19

Company	Date
COMB	28-Mar-19
DFCC	28-Mar-19
HASU	28-Mar-19

Company	Date
HNB	29-Mar-19
SEYB	29-Mar-19

Company	Date
SAMP	29-Mar-19
PABC	29-Mar-19

EGMs

Company	Date
AAIC	25-Jan-19
SAMP	25-Jan-19
SINH	31-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
CTC	19.00	4 th Interim	10.Jan.2019	22.Jan.2019	HEXP	3.00	Interim	14.Jan.2019	23.Jan.2019
HAYC	2.00	Interim	14.Jan.2019	23.Jan.2019	DIPD	1.00	Interim	14.Jan.2019	23.Jan.2019

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	31 Jan 2019.	01 FEB to 06 FEB 2019	7th Feb 2019

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

Company,	Issue P	Issue Price	Proportion	XR Date	Letter Dispatch	Trading of Rights	Acceptance
Asia Asset Finance PLC (AAF.N) - TR-1		LKR 10.00	03 for 10	14 Feb 2019.	20 Feb 2019.	26 Feb - 06 Mar.	07 Mar 19.
Asia Asset Finance PLC (AAF.N) - TR-2		LKR 10.00	02 for 10	3 Apr 2019.	8 Apr 2019.	12 Apr - 23 Apr.	24 Apr 19.

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

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)	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	1,420.00	187,323,751	265,999,726,420	10.19
JOHN KEELLS HOLDINGS PLC	JKH.No000	154.50	1,387,528,658	214,373,177,661	8.21
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	114.50	945,709,403	108,283,726,644	4.15
NESTLE LANKA PLC	NEST.No000	1,700.10	53,725,463	91,338,659,646	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	205.40	395,451,248	81,225,686,339	3.11
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.20	4,600,000,000	74,520,000,000	2.85
CEYLON COLD STORES PLC	CCS.No000	699.20	95,040,000	66,451,968,000	2.55
SAMPATH BANK PLC	SAMP.No000	230.00	280,902,248	64,607,517,040	2.48
MELSTACORP PLC	MELS.No000	47.00	1,165,397,072	54,773,662,384	2.10

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
JOHN KEELLS HOLDINGS PLC	489,592,498	3,168,886
LANKEM DEVELOPMENTS PLC	12,306,959	2,759,664
DIALOG AXIATA PLC	11,773,474	1,180,779
MTD WALKERS PLC	14,032,142	881,946
LVL ENERGY FUND PLC	6,386,000	830,469
AITKEN SPENCE PLC	10,340,732	235,011
ACCESS ENGINEERING PLC	3,207,056	230,130
COMMERCIAL BANK OF CEYLON PLC	23,676,955	206,254
SOFTLOGIC CAPITAL PLC	1,091,160	181,250
SMB LEASING PLC [X]	34,061	170,202

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
JOHN KEELLS HOLDINGS PLC	3,168,886	489,592,498
SAMPATH BANK PLC	137,042	31,637,206
COMMERCIAL BANK OF CEYLON PLC	206,254	23,676,955
MTD WALKERS PLC	881,946	14,032,142
LANKEM DEVELOPMENTS PLC	2,759,664	12,306,959
DIALOG AXIATA PLC	1,180,779	11,773,474
AITKEN SPENCE PLC	235,011	10,340,732
HAYLEYS FIBRE PLC	99,358	8,931,996
LVL ENERGY FUND PLC	830,469	6,386,000
NATIONAL DEVELOPMENT BANK PLC	43,606	4,579,359

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
LANKEM DEV.	4.40	0.50	12.82	12,306,959
RENUKA CAPITAL	4.00	0.30	8.11	464,841
AMANA LIFE	10.80	0.80	8.00	2,112
HAYLEYS FIBRE	91.60	6.40	7.51	8,931,996
ODEL PLC	27.30	1.80	7.06	18,689
BALANGODA	13.10	0.80	6.50	422,220
MARAWILA RESORTS	1.80	0.10	5.88	25,285
HOTEL SIGIRIYA	62.70	3.40	5.73	373,179
LANKEM CEYLON	28.00	1.40	5.26	5,713
MASKELIYA	10.00	0.50	5.26	769,219

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
S M B LEASING	0.40	(0.10)	(20.00)	321
SERENDIB HOTELS [X]	14.00	(2.70)	(16.17)	2,800
AMF CO LTD	631.80	(88.50)	(12.29)	221,957
COMM LEASE & FIN	2.50	(0.30)	(10.71)	2,773
MTD WALKERS	15.50	(1.30)	(7.74)	14,032,142
SINHAPUTHRA FIN [P]	4.90	(0.40)	(7.55)	274,492
GUARDIAN CAPITAL	22.10	(1.50)	(6.36)	33,881
NAMUNUKULA	60.00	(3.40)	(5.36)	80,405
RAIGAM SALTERNS	2.00	(0.10)	(4.76)	334,630
KINGSBURY	14.20	(0.70)	(4.70)	12,792

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
John Keells Holdings PLC	JKH.No000	154.50	6	2,070,000	319,815,000.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,306.91	16,292.40	75,812,308	1,394,011	1,176	5.30	0.90
BEVERAGE FOOD AND TOBACCO	24,259.18	24,238.39	3,294,658	221,189	103	16.90	6.10
CONSTRUCTION AND ENGINEERING	1,414.60	1,420.45	29,661,877	3,871,979	1,250	16.80	0.60
CHEMICALS AND PHARMACEUTICALS	5,253.28	5,246.90	589,270	14,046	32	7.30	0.70
DIVERSIFIED HOLDINGS	1,543.49	1,549.40	503,547,591	3,642,831	215	10.80	0.90
FOOTWEAR AND TEXTILE	914.03	864.40	373,917	38,289	28	56.40	0.90
HOTELS AND TRAVELS	2,684.27	2,683.52	1,723,557	180,536	222	81.00	1.70
HEALTH CARE	806.51	803.93	1,077,811	31,648	19	16.40	1.80
INVESTMENT TRUSTS	9,563.33	9,540.32	751,125	31,952	30	30.30	0.40
INFORMATION TECHNOLOGY	26.08	26.08	0	0	0	0.00	0.00
LAND AND PROPERTY	545.76	548.20	1,402,320	104,271	120	5.40	0.60
MANUFACTURING	2,844.54	2,836.42	18,497,647	566,964	669	7.90	0.90
MOTORS	12,506.46	12,442.80	238,310	2,318	22	12.20	0.50
OIL PALMS	49,335.27	49,335.27	17,805	89	9	28.10	0.90
POWER & ENERGY	102.63	103.20	7,690,066	960,369	150	77.10	1.20
PLANTATIONS	735.74	735.39	2,121,935	205,761	204	11.40	0.70
STORES SUPPLIES	28,616.17	28,408.28	1,459,592	3,564	3	13.20	0.50
SERVICES	15,964.96	15,813.16	677,965	189,420	71	11.00	1.20
TELECOMMUNICATIONS	137.49	137.69	11,816,031	1,182,629	158	7.30	0.90
TRADING	11,551.45	11,739.46	47,546	15,707	23	28.40	0.80

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	482.57	482.57	0	0	0	4.80	0.60
Banks	816.75	811.34	62,052,136	416,963	450	5.80	0.80
Capital Goods	836.53	838.42	519,604,416	4,652,422	863	10.90	0.80
Commercial & Professional Services	763.45	763.45	462	5	1	0.00	1.00
Consumer Durables & Apparel	814.73	812.94	12,799,336	340,591	393	36.50	1.10
Consumer Services	259.10	258.89	1,723,557	180,536	223	84.90	1.70
Diversified Financials	762.41	769.26	8,198,403	891,812	606	5.20	0.80
Energy	582.22	587.49	571,408	28,031	63	0.00	0.90
Food & Staples Retailing	1,244.20	1,244.20	1,240,459	15,303	19	15.10	2.20
Food, Beverage & Tobacco	928.91	929.54	18,692,834	3,290,666	1,009	15.60	2.50
Health Care Equipment & Services	866.86	864.12	1,077,811	31,649	20	16.60	1.80
Household & Personal Products	1,017.43	1,001.26	1,155	100	2	13.90	1.90
Insurance	2,177.70	2,173.31	6,219,448	153,704	169	4.40	1.70
Materials	537.59	536.30	5,826,201	215,901	266	7.60	1.00
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	585	1	1	4.70	1.40
Real Estate	743.17	745.54	1,359,884	98,953	103	5.10	0.60
Retailing	758.71	754.65	1,906,810	87,365	42	15.00	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	718.36	719.42	11,816,031	1,182,629	159	7.30	0.90
Transportation	685.99	685.99	243,730	60,930	10	19.80	0.70
Utilities	730.65	731.21	7,118,658	932,338	91	8.60	0.70

Economic Indicators & Other Statistics

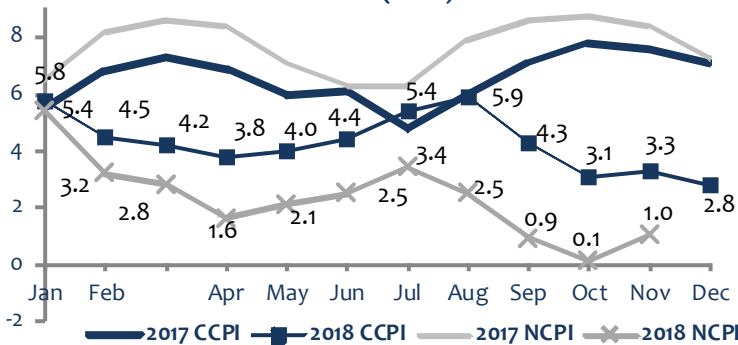
Exchange Rates

Currency	18th Jan		17th Jan	
	Buying	Selling	Buying	Selling
Dollar (USA)	179.79	183.66	180.22	184.10
Pound (UK)	232.24	239.66	231.01	238.39
Euro (EU)	203.58	210.68	204.00	211.11
Dollar (Australia)	128.14	133.52	127.89	133.27
Dollar (Canada)	134.53	139.46	134.97	139.91
Franc (Switzerland)	179.83	186.10	180.75	187.07
Renminbi (China)	26.21	27.44	26.34	27.58
Yen (Japan)	1.6342	1.6934	1.6439	1.7033
Dollar (Singapore)	131.98	136.41	132.30	136.74

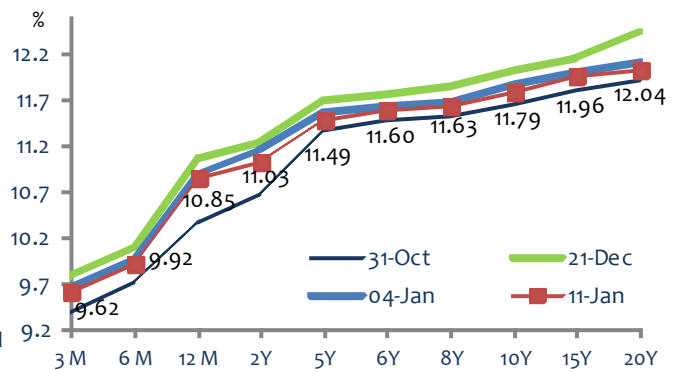
Indicative Rates

Currency	18th Jan	17th Jan
	Ind: Value	Ind: Value
Yuan (Offshore)	26.8699	26.9587
Rupee (India)	2.5665	2.5695
Won (Korean)	0.1626	0.1627
Dinar (Kuwait)	601.6504	601.9704
Ringgit (Malay)	44.2935	44.3975
Rial (Oman)	473.4887	473.7396
Riyal (Qatar)	50.0644	50.0954
Riyal (KSA)	48.6042	48.6224
Dirham (UAE)	49.6337	49.6536

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



Government Securities - Secondary Market Yield



Central Bank's Policy Rates

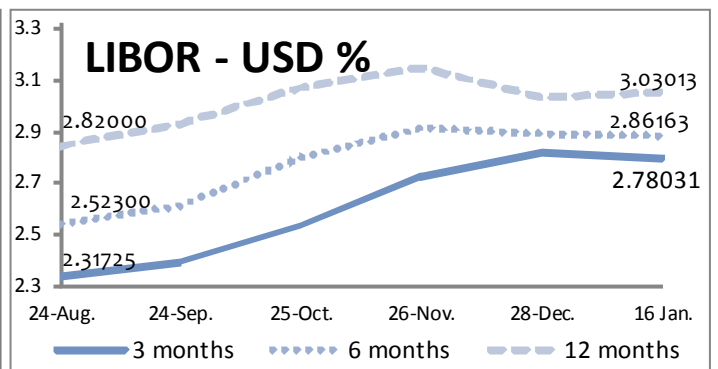
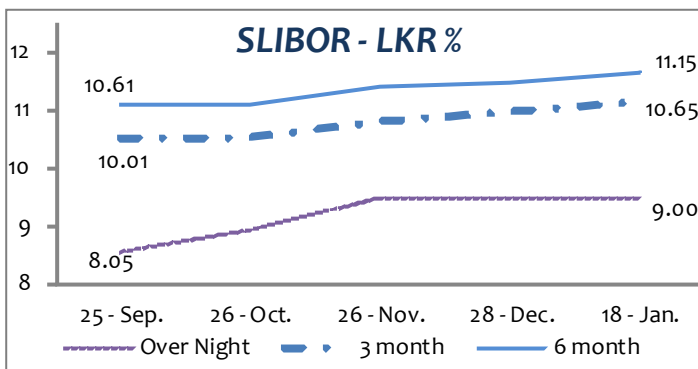
Description	Present	Previous		16.01.2019	09.01.2019	02.01.2019	19.12.2018
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	na	na
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	9.87	9.94	9.95	9.99
Bank Rate	15.00%	15.00%	364 Days %	10.75	10.85	10.99	11.20
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	26Bn	20Bn	18Bn	18Bn

Treasury Bill Issuance

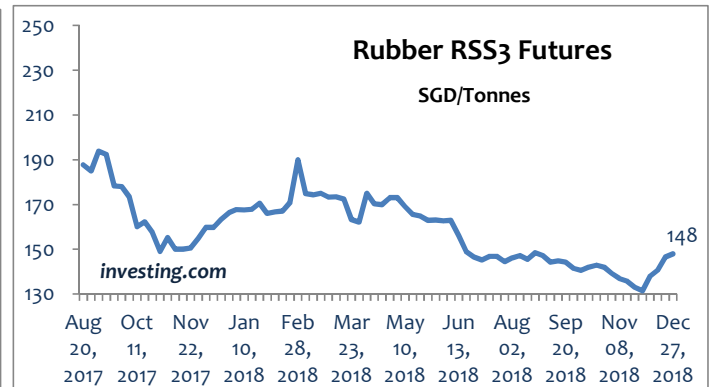
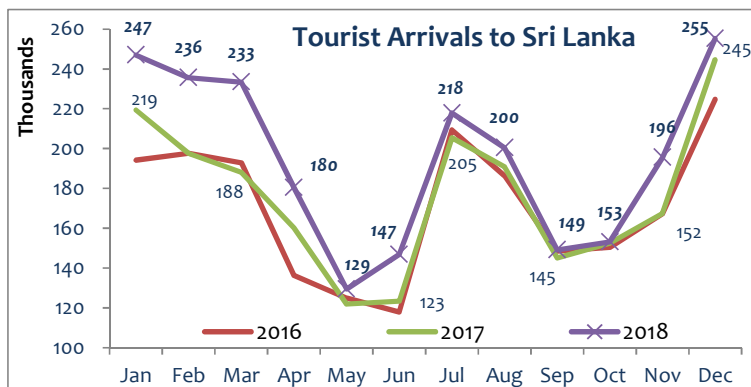
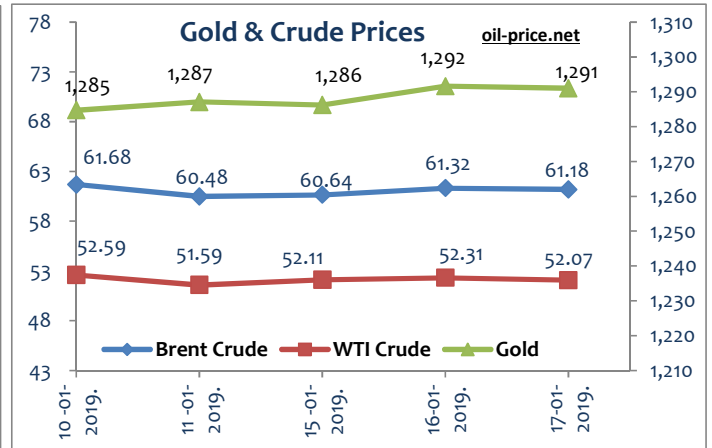
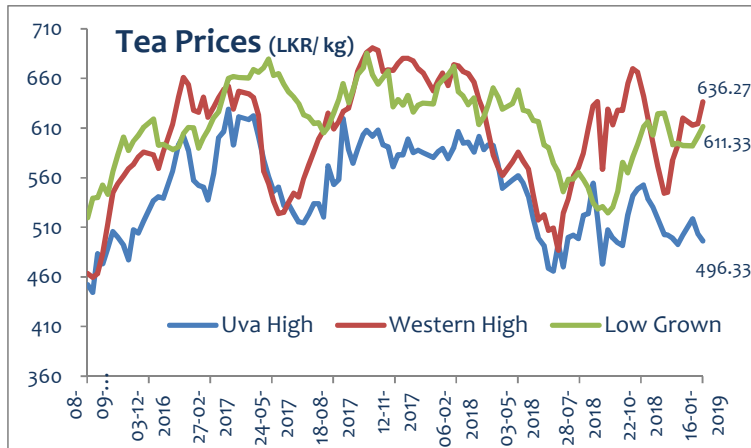
Date	13.12.2018	17.07.2016	11.01.2019	17.07.2016	17.09.2018	13.12.2018	11.01.2019	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	11.88	11.14	11.58	11.21	10.32	12.23	11.73	11.90
Previous Auction	17.09.2018	15.06.2017	15.10.2018	15.06.2017	16.07.2018	02.01.2018	15.08.2018	16.07.2018
Previous Yield	10.03	11.37	11.69	11.38	10.53	10.06	10.20	10.88

Treasury Bond Issuance

Date	13.12.2018	17.07.2016	11.01.2019	17.07.2016	17.09.2018	13.12.2018	11.01.2019	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	11.58	11.21	10.32	12.23	11.73	11.90
Previous Auction	17.09.2018	15.06.2017	15.10.2018	15.06.2017	16.07.2018	02.01.2018	15.08.2018	16.07.2018
Previous Yield	10.03	11.37	11.69	11.38	10.53	10.06	10.20	10.88



Economic Indicators & Other Statistics



Local News

Govt. signs ADB loans worth \$ 455m

The Government and the Asian Development Bank (ADB) yesterday signed three loan agreements totaling \$455Mn for projects in higher education and transport as well as a technical assistance loan in the urban sector. The move coincided with President Maithripala Sirisena’s first visit to the ADB headquarters in Manila, Philippines, where he is on a five-day State visit. Sirisena also met with ADB President Takehiko Nakao. The first of the three loans were signed for a \$145Mn project to support the development of science and technology faculties in four universities to nurture a new breed of technology-oriented graduates; \$300Mn to finance construction of about 5.3 km of an elevated toll highway to link Colombo’s international port with the country’s expressway network and \$10Mn technical assistance loan to finance the establishment of a facility that will help improve the design and implementation of urban projects. **(ft.lk)**

Sri Lanka manufacturing activities decrease in Dec 2018

(LBO) – Manufacturing activities increased at a slower rate in December compared to November mainly driven by the slowdown in employment and production, especially in manufacturing of textiles, wearing apparels, leather and related activities, the Central Bank said. “A significant decline in employment was experienced as some employees moved to seasonal jobs for better salaries. This partly impacted on decrease in production,” the bank added issuing a statement. However, new orders increased mainly driven by the manufacturing of food and beverages activities with the continued festival season demand.

IMF willing to revise fiscal targets, says CB

The Central Bank Governor Dr.Indrajit Coomaraswamy said the International Monetary Fund (IMF) has agreed for flexibility to revise fiscal targets set for this year, following the discussions held in Washington, early this week. Delivering the keynote speech at the Economy and Sector Review and Outlook 2019 organised by the Ceylon Chamber of Commerce (CCC), Coomaraswamy said an IMF team will visit Sri Lanka on February 14 to resume discussions on the stalled US \$1.5Bn Extended Fund Facility (EFF), of which US \$1Bn has been already disbursed. “The IMF understood our situation and they are willing to be more flexible. Now it’s about how much flexibility they can show. The main area we are asking flexibility is in terms of fiscal targets. Primary account surplus target was to be 1.8% of GDP for this year; the government thinks it’s too high and we are trying to negotiate it down,” he said. **(dailymirror.lk)**

Sri Lanka gets ready to raise US\$2bn in sovereign bonds

ECONOMYNEXT - Sri Lanka's cabinet of ministers has given the nod to raise up to 2Bn US dollars in sovereign bonds in 2019, State Minister of Finance Eran Wickramaratne said. Sri Lanka will go to market with differed tenors and volumes at opportune times, he said. On January 14 Sri Lanka repaid a billion US dollar bond without rolling it over. Sri Lanka bond yields have fallen sharply close to level seen before the so-called constitutional coup in October.

Foreign News

Asia stocks rise broadly on U.S.-China trade relief

Asian stocks rose across the board on Friday as a report of progress in U.S.-China trade talks stirred hopes of a deal in their tariff dispute and supported risk sentiment. The Wall Street Journal reported on Thursday that U.S. Treasury Secretary Steven Mnuchin discussed lifting some or all tariffs imposed on Chinese imports and suggested offering a tariff rollback during trade discussions scheduled for Jan. 30.

U.S. stocks rallied following the report, but pared some of those gains after a Treasury spokesperson told CNBC that Mnuchin had not made any such recommendations. For the day, all three major U.S. indexes were up, led by a surge in industrial stocks.

The Shanghai Composite Index .SSEC was up 1 percent. Australian stocks rose 0.5 percent, South Korea's KOSPI .KS11 advanced 0.6 percent while Japan's Nikkei .N225 gained more than 1 percent to a one-month high.

Chinese Vice Premier Liu He will visit the United States on Jan. 30 and 31 for the latest round of trade talks aimed at resolving the dispute between the world's two largest economies. In December, Washington and Beijing agreed to a 90-day truce in a trade war that has disrupted the flow of hundreds of billions of dollars of goods.

British Prime Minister Theresa May's Brexit deal suffered a heavy defeat in parliament this week but she survived a subsequent vote of confidence, removing some political uncertainty for now. Still, longer-term prospects for Britain and its markets remained far from clear.

U.S. crude oil futures extended gains after rising the previous day on a bounce in Wall Street and news that OPEC sharply curtailed production in December. U.S. crude futures CLc1 added 1.1 percent to \$52.65 per barrel. The contracts have gained more than 2 percent this week. Brent crude LCOc1 was up 0.95 percent at \$61.76 per barrel and on track to gain roughly 2 percent on the week.

Spot gold XAU= was steady at \$1,290.71 an ounce, having relinquished its spot as the most expensive precious metal to palladium early in December. (reuters.com)

Shutdown clouds outlook for consumer-driven U.S. economic growth

After tax cuts, rising incomes and buoyant stock markets set off a consumer boom in 2018, signs are emerging that the main engine of U.S. economic growth could sputter, and a record-long government shutdown further muddies the waters.

Federal Reserve officials and many economists have long counted on continued robust consumer spending to keep the economy chugging along, despite headwinds from recent financial markets turbulence, trade conflicts and weakening global growth. Now they fear the consumer boom could be on the cusp of a reversal.

Economists are also not certain, for example, whether last year's personal income tax cut will lead to higher refunds and boost big-ticket purchases, such as home appliances, typical for this time of year, or whether the windfall was already spent last year when paycheck withholding declined. The shutdown, now in its 28th day, could delay refunds and hit companies that rely on consumers spending.

The government shutdown clouds the outlook for spending, retailers and the economy at large because executives and policymakers weigh not the direct impact of 800,000 federal workers going without pay, but also how much it can hurt consumer and business confidence.

Chicago Federal Reserve President Charles Evans said last week that while the immediate effects of the shutdown on the U.S. \$20.7-trillion economy would be small, the indirect, psychological impact could be substantial. (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

Important Information

This document has been prepared and issued by Asha Phillip Securities Ltd, on the basis of publicly available information, internally developed data and other sources, believed to be reliable. Whilst all responsible care has been taken to ensure that the facts stated are accurate and the opinions given are fair and reasonable neither Asha Phillip Securities Ltd, nor any Director Officer or employee, shall in any way be responsible for any decisions made on its contents. Asha Phillip Securities Ltd may act as a Broker in the investments which are the subject of this document or related investments and may have acted upon or used the information contained in this document, or the research or analysis on which it is based, before its publication. Asha Phillip Securities Ltd., Its Directors, Officers or Employees may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document.