

DAILY STOCK MARKET HIGHLIGHTS

Tuesday, 22 January 2019



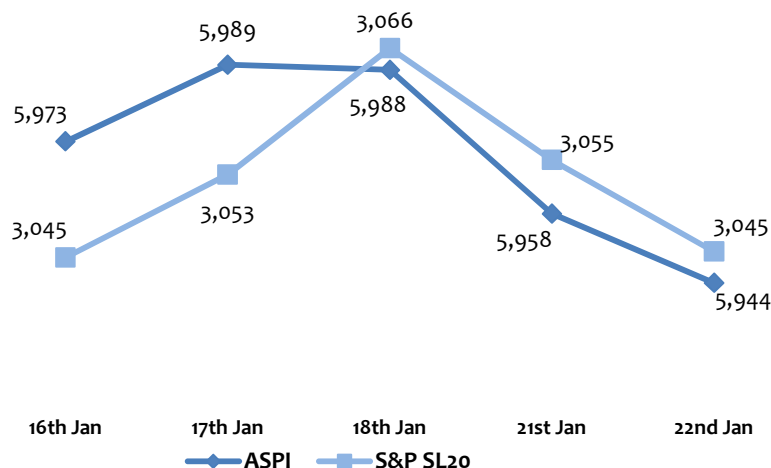
**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

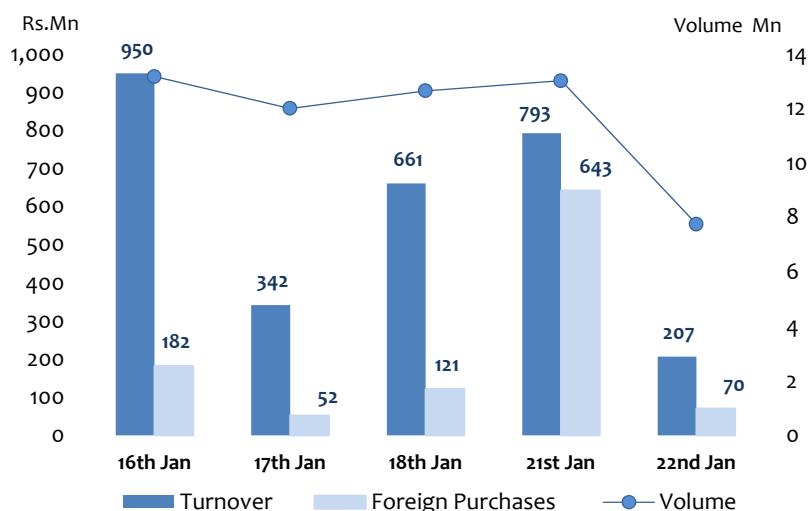
Daily Market Statistics

Index	22nd Jan	21st Jan	Change	% Change
ASPI	5,944.17	5,958.47	↓ (14.30)	↓ -0.24%
S&P SL20	3,045.32	3,054.76	↓ (9.44)	↓ -0.31%
Market Stats (LKR, Mn)	22nd Jan	21st Jan	% Change	
Turnover	206.59	793.29	↓	-74.0%
Domestic Purchases	136.56	150.70	↓	-9.4%
Domestic Sales	155.23	103.76	↑	49.6%
Foreign Purchases	70.03	642.59	↓	-89.1%
Foreign Sales	51.36	689.54	↓	-92.6%
Share Volume	7.75	13.03	↓	-40.5%
Market capitalization (Bn)	2,788.68	2,795.39	↓	-0.24%
PER	9.44	9.46	↓	-0.21%
PBV	1.18	1.18	↓	0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Institutional investors refrained from today's session, continuing net outflows from both government securities and equities increases the worries of investors.
- Benchmark index ASPI moved between 5,944.17 - 5,966.19 points and settled the day at 5,944.17 with a loss of 14.30 points (-0.24%).
- Major contributors for the movement in ASPI were **TJL (+1)**, **ASIR (+1)**, **OSEA (+0.8)**, **BIL (+0.8)**, **WATA (+0.7)**, **JKH (-7.4)**, **CARS (-2.1)**, **DIST (-2)**, **DIAL (-1.7)** & **AMF (-1.5)**
- S&P SL20 index also followed a same trend and settled the day at 3,045.32 with a loss of 9.44 points (-0.31%).
- The day's turnover was recorded as LKR 206.59Mn, down by 74% from its previously recorded LKR 793.29Mn. Foreign investors turned net buyers for the day.
- The total market capitalization stood at LKR 2.79Tn, indicating an YTD loss of 1.79%.
- The market PER & PBV were at 9.44x & 1.18x respectively.

Top Contributors - Turnover

1. Hatton National Bank PLC (HNB) contributed 15% (31.94Mn) of the turnover. HNB traded between LKR 205.50 & 209.00 and settled the day at LKR 205.90 on par with the previous closing.
2. LOLC Holdings PLC (LOLC) had contributed LKR 24.48Mn. LOLC traded between LKR 88.00 & 89.00 and settled the day at LKR 88.00 with a loss of LKR 0.60 (-0.68%).
3. National Development Bank PLC (NDB) contributed LKR 23.07Mn. NDB traded between LKR 103.90 & 105.10 and settled the day at LKR 105.00 with a gain of LKR 0.20 (+0.19%).

Top contributors - Traded Volume

1. Hayleys Fabric PLC traded a total of 1.82Mn shares.
2. MTD Walkers PLC (0.71Mn shares)
3. Teejay Lanka PLC (0.45Mn shares).

Sectorial Overview

1. Bank Finance & Insurance (BFI) stood on top providing LKR 111.43Mn capturing 54% of the total turnover.
2. Manufacturing (MFG) provided LKR 23.02Mn to the daily aggregated turnover.
3. Footwear & Textile (F&T) provided LKR 17.6Mn

Daily Foreign Transactions

Net Foreign Purchases

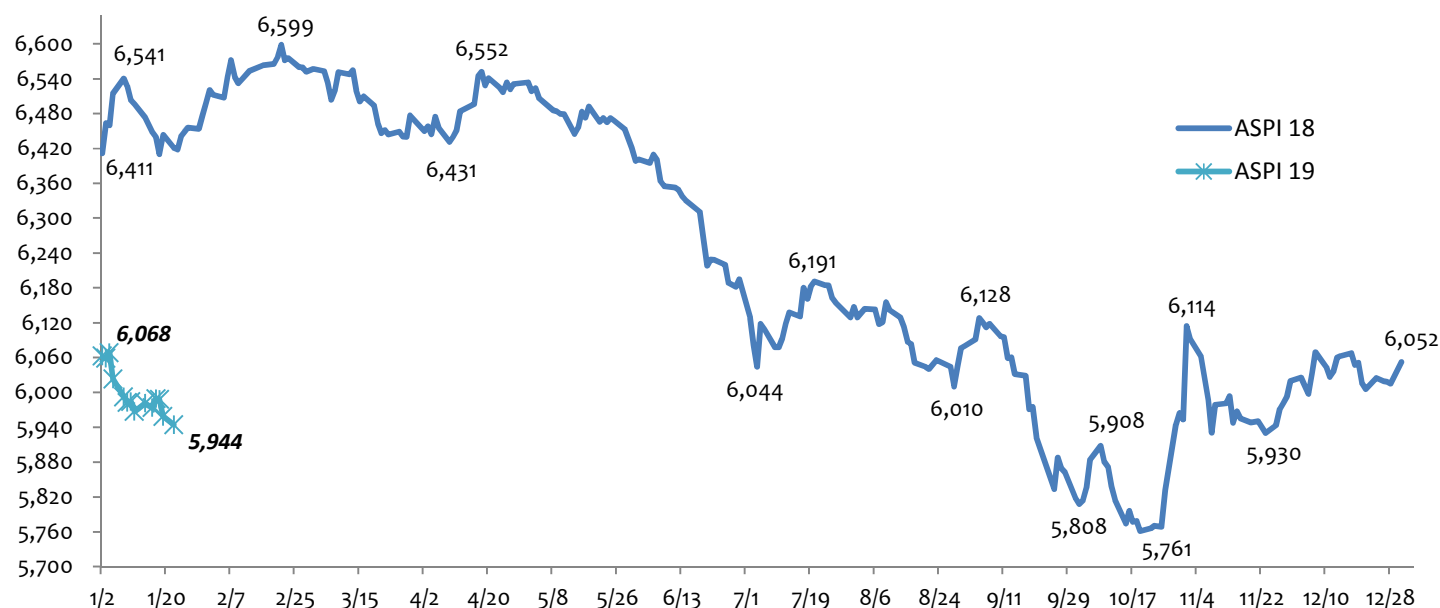
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
NAT. DEV. BANK (+)	104.80	203,677	21,345,350
SAMPATH (+)	224.90	22,462	5,051,704
BUKIT DARAH	200.00	21,245	4,249,000
L O L C HOLDINGS	88.00	11,021	969,848
PEOPLES LEASING	14.90	64,411	959,724
EAST WEST	13.70	62,490	856,113
CHEVRON (+)	72.8	10,000	728,000
RENUKA AGRI	2.10	109,031	228,965
EDEN HOTEL LANKA	16.00	9,794	156,704
HNB (+)	205.90	591	121,687

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
TEEJAY LANKA	34.00	(424,517)	(14,433,578)
HAYLEYS FABRIC	9.40	(128,870)	(1,211,378)
WATAWALA	21.80	(5,500)	(119,900)
PRIME FINANCE	17.70	(5,000)	(88,500)
DIPPED PRODUCTS	87.00	(1,000)	(87,000)
DISTILLERIES	16.00	(5,269)	(84,304)
MTD WALKERS	16.70	(5,000)	(83,500)
BROWNS INVSTMNTS	1.80	(4,456)	(8,021)
SLT (+)	22.10	(30)	(663)

- **Aggregate foreign buying** for the day totaled up to **LKR 70.03Mn.**
- **Foreign sales** for the day amounted to **LKR 51.36Mn.**
- **Net foreign inflow** for the day was **LKR 18.67Mn**, **YTD net foreign outflow** presently stands at **LKR 2.38Bn.**
- **NDB** notched the “Top Net Purchasers” slot with a net inflow of **LKR 21.35Mn** whilst **TJL** notched the “Top net Sellers” slot with a net outflow of **LKR 14.43Mn.**

Year-to-Date ASPI Movement - 2018 & 2019



Key Announcements

- **Citizens Development Business Finance PLC (CDB)** has received applications for the subscription of 7.86Mn debentures for the issue of 12.5Mn debentures, as at 4:30 p.m. on the 21st January 2019.
- **Anilana Hotels and Properties PLC (ALHP)** said, the remedial action taken / proposed to resolve the matters giving rise to the Emphasis of Matter on **Going Concern** are, ALHP has obtained a written undertaking from the Majority Shareholder Ms. **Somap International** that it **will continue to support** ALHP financially. Further, it has plans to infuse more Capital and Turn ALHP around and make it profitable. It is also in the process of repaying long outstanding Loans to reduce the interest burden and reduce the operational expenses.
- **Ceylon Tea Brokers PLC (CTBL)** has **settled the Commercial Paper** obtained for the short term working capital requirement from **Capital Alliance Investment Grade Fund**, of LKR 100Mn with Interest on 18-01-2019.
- **Nations Trust Bank PLC (NTB)** has published details with regard to conversion / re-classification of its **ordinary non-voting convertible shares (NTB.X)** to ordinary voting shares.
- **HVA Foods PLC (HVA)** has detailed the proposed remedial measures to be taken for the modified audit opinion.
- The Board of **Alufab PLC (ALUF)** has recommended that the **name of the Company be changed to 'Unisyst Engineering PLC'**. The reason for the said change of name is **to align the organization with developments in the facade industry** and to position it as an engineering organization which is involved in cutting edge aluminium and glazing system developers. EGM will be held at Hayleys Building, on Friday, 15th Feb 2019 at 3.00 p.m. to seek shareholder approval.

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
HAYC	2.00	Interim	14.Jan.2019	23.Jan.2019	DIPD	1.00	Interim	14.Jan.2019	23.Jan.2019
HEXP	3.00	Interim	14.Jan.2019	23.Jan.2019	SFCL	0.80	Interim	30.Jan.2019	11.Feb.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	1,403.40	187,323,751	262,890,152,153	10.15
JOHN KEELLS HOLDINGS PLC	JKH.No000	152.00	1,387,528,658	210,904,356,016	8.14
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	113.80	945,709,403	107,621,730,061	4.16
NESTLE LANKA PLC	NEST.No000	1,710.00	53,725,463	91,870,541,730	3.55
HATTON NATIONAL BANK PLC	HNB.No000	205.90	395,451,248	81,423,411,963	3.14
DIALOG AXIATA PLC	DIAL.No000	9.90	8,143,778,405	80,623,406,210	3.11
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.00	4,600,000,000	73,600,000,000	2.84
CEYLON COLD STORES PLC	CCS.No000	688.90	95,040,000	65,473,056,000	2.53
SAMPATH BANK PLC	SAMP.No000	224.90	280,902,248	63,174,915,575	2.44
MELSTACORP PLC	MELS.No000	46.50	1,165,397,072	54,190,963,848	2.09

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
HAYLEYS FABRIC PLC	17,598,087	1,823,996
MTD WALKERS PLC	11,652,715	710,199
TEEJAY LANKA PLC	15,385,634	452,342
RENUKA AGRI FOODS PLC	840,061	400,029
MALWATTE VALLEY PLANTATIONS PLC [X]	1,931,698	377,572
LANKEM DEVELOPMENTS PLC	1,664,170	374,115
EAST WEST PROPERTIES PLC	4,106,643	293,623
LOLC HOLDINGS PLC	24,483,052	278,215
NATIONAL DEVELOPMENT BANK PLC	23,065,191	220,123
TESS AGRO PLC [X]	80,600	201,200

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
HATTON NATIONAL BANK PLC	155,135	31,942,221
LOLC HOLDINGS PLC	278,215	24,483,052
NATIONAL DEVELOPMENT BANK PLC	220,123	23,065,191
HAYLEYS FABRIC PLC	1,823,996	17,598,087
TEEJAY LANKA PLC	452,342	15,385,634
MTD WALKERS PLC	710,199	11,652,715
JOHN KEELLS HOLDINGS PLC	67,237	10,223,712
SAMPATH BANK PLC	44,709	10,057,970
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC	97,260	8,082,306
BUKIT DARAH PLC	21,400	4,280,000

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
NATION LANKA	0.70	0.10	16.67	41,307
MTD WALKERS	16.70	1.70	11.33	11,652,715
WATAWALA	21.80	1.70	8.46	139,962
CITRUS HIKKADUWA	3.90	0.30	8.33	4,440
KELANI VALLEY	93.00	6.10	7.02	9,296
OFFICE EQUIPMENT	89.90	5.30	6.26	8,990
BROWNS INVSTMNTS	1.80	0.10	5.88	198,839
RENUKA AGRI	2.10	0.10	5.00	840,061
RAIGAM SALTERNS	2.10	0.10	5.00	4,048
FORTRESS RESORTS	9.90	0.40	4.21	22,159

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
AMF CO LTD	502.60	(129.20)	(20.45)	61,452
PEOPLE'S MERCH	9.40	(1.30)	(12.15)	80,271
THE FINANCE CO. [X]	0.90	(0.10)	(10.00)	27,775
MADULSIMA	6.80	(0.60)	(8.11)	830,252
ABANS FINANCIAL	15.20	(1.30)	(7.88)	28,666
COM.CREDIT	26.20	(1.80)	(6.43)	146,624
SERENDIB HOTELS [X]	13.10	(0.90)	(6.43)	2,610
MARAWILA RESORTS	1.70	(0.10)	(5.56)	30,860
ELPITIYA	18.90	(1.10)	(5.50)	111,531
KOTAGALA	7.10	(0.40)	(5.33)	84,332

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	16,189.86	16,246.57	111,427,108	1,256,226	702	4.90	0.90
BEVERAGE FOOD AND TOBACCO	24,041.54	24,074.72	1,347,945	423,324	119	17.40	5.90
CONSTRUCTION AND ENGINEERING	1,427.68	1,410.57	13,812,509	1,119,085	663	15.80	0.50
CHEMICALS AND PHARMACEUTICALS	5,186.94	5,186.94	1,825,847	184,020	50	7.60	0.80
DIVERSIFIED HOLDINGS	1,528.96	1,540.43	17,075,707	454,894	178	11.00	0.90
FOOTWEAR AND TEXTILE	904.08	904.08	17,598,087	1,823,996	410	53.60	0.90
HOTELS AND TRAVELS	2,653.96	2,658.36	1,594,625	121,230	189	98.70	1.70
HEALTH CARE	809.11	804.18	280,135	12,283	17	16.50	1.80
INVESTMENT TRUSTS	9,545.11	9,553.02	231,135	20,167	19	0.00	0.50
INFORMATION TECHNOLOGY	26.63	26.63	0	0	0	0.00	0.00
LAND AND PROPERTY	549.93	547.37	5,360,712	376,443	212	5.70	0.60
MANUFACTURING	2,849.19	2,832.89	23,017,100	718,853	406	8.80	0.90
MOTORS	12,463.51	12,477.02	393,885	5,822	59	17.30	0.50
OIL PALMS	49,335.27	49,335.27	4,280,701	21,401	9	59.10	1.30
POWER & ENERGY	102.54	101.84	1,356,152	173,480	75	90.30	1.20
PLANTATIONS	774.27	766.94	5,351,274	694,502	529	32.40	0.80
STORES SUPPLIES	28,616.17	28,616.17	5,720	8	1	17.70	0.50
SERVICES	15,838.55	16,018.07	1,045,054	44,768	18	14.70	1.20
TELECOMMUNICATIONS	134.76	135.47	170,065	16,564	53	5.90	0.90
TRADING	11,424.90	11,417.65	419,234	282,689	41	52.40	0.70

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	720	20	1	5.00	0.60
Banks	810.18	811.83	69,070,688	502,229	330	5.50	0.70
Capital Goods	830.14	835.19	26,359,560	1,055,482	785	11.00	0.80
Commercial & Professional Services	763.45	763.45	0	0	0	0.00	1.00
Consumer Durables & Apparel	814.01	806.82	36,330,960	2,392,404	628	42.40	1.10
Consumer Services	250.74	251.95	1,594,625	121,230	189	104.50	1.70
Diversified Financials	762.66	767.42	35,079,080	608,291	239	5.20	1.00
Energy	582.66	575.88	318,548	14,385	42	0.00	0.90
Food & Staples Retailing	1,223.55	1,223.55	83,326	207,263	14	22.20	2.10
Food, Beverage & Tobacco	923.84	925.29	16,335,941	1,651,467	819	16.50	2.80
Health Care Equipment & Services	869.82	864.61	397,596	180,534	43	16.50	1.80
Household & Personal Products	1,017.43	1,017.43	12	1	1	13.90	1.90
Insurance	2,145.24	2,149.36	7,300,173	147,107	143	3.90	1.70
Materials	533.87	535.46	5,683,542	172,420	205	8.60	1.00
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	9,430	15	3	5.20	1.40
Real Estate	748.45	745.24	4,767,855	306,122	150	5.30	0.60
Retailing	749.79	751.39	1,692,287	124,145	74	17.10	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	704.11	707.82	170,065	16,564	54	5.90	0.90
Transportation	685.99	685.99	330,207	82,370	21	7.50	0.70
Utilities	728.57	728.51	1,037,604	159,095	33	10.20	0.70

Economic Indicators & Other Statistics

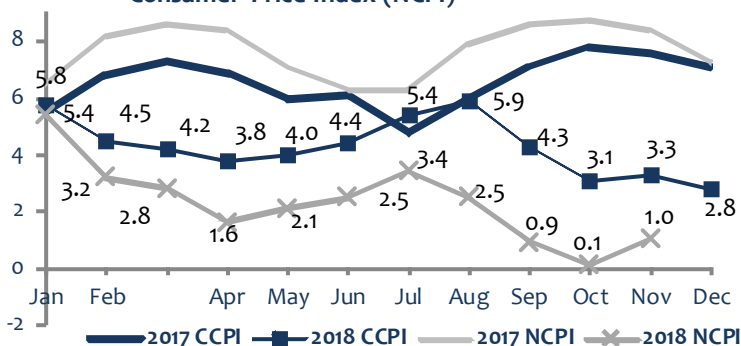
Exchange Rates

Currency	22nd Jan		21st Jan	
	Buying	Selling	Buying	Selling
Dollar (USA)	179.68	183.55	179.55	183.42
Pound (UK)	230.53	237.90	229.87	237.22
Euro (EU)	202.99	210.08	202.97	210.05
Dollar (Australia)	127.22	132.58	127.41	132.77
Dollar (Canada)	134.22	139.14	134.50	139.44
Franc (Switzerland)	179.03	185.29	179.33	185.60
Renminbi (China)	26.11	27.35	26.13	27.37
Yen (Japan)	1.6299	1.6890	1.6275	1.6865
Dollar (Singapore)	131.58	136.01	131.56	135.99

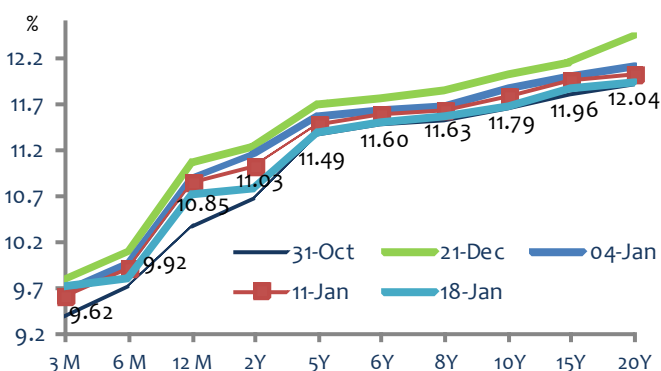
Indicative Rates

Currency	22nd Jan	21st Jan
	Ind: Value	Ind: Value
Yuan (Offshore)	26.7029	26.7501
Rupee (India)	2.5529	2.5508
Won (Korean)	0.1609	0.1616
Dinar (Kuwait)	599.4215	598.9536
Ringgit (Malay)	44.0527	44.1922
Rial (Oman)	472.0795	472.0042
Riyal (Qatar)	49.9143	49.7238
Riyal (KSA)	48.4571	48.4454
Dirham (UAE)	49.4809	49.4788

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

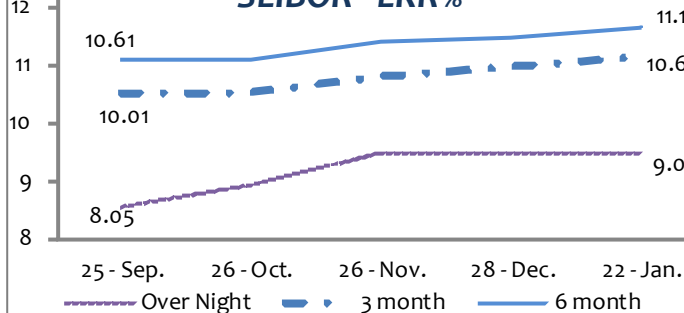
Treasury Bill Issuance

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

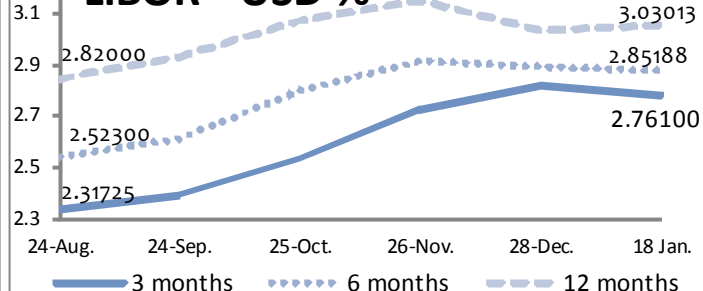
Treasury Bond Issuance

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

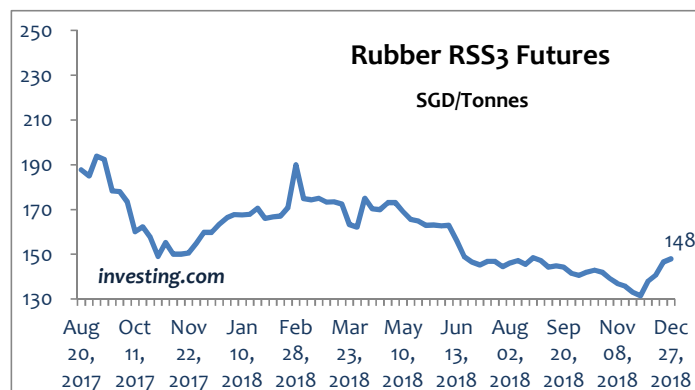
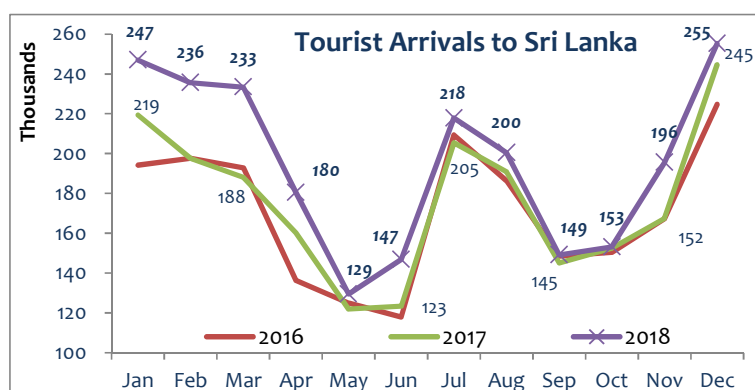
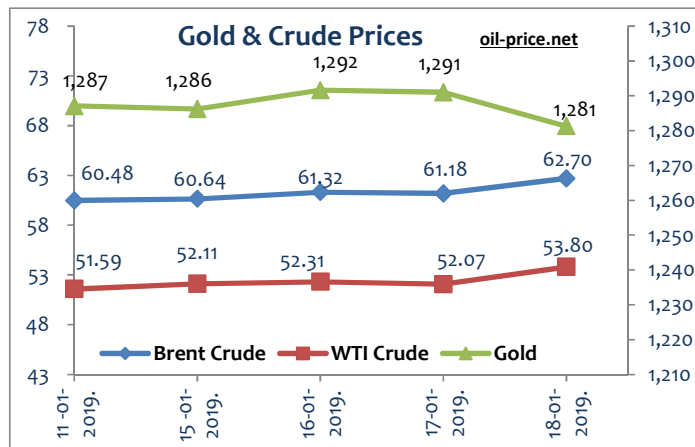
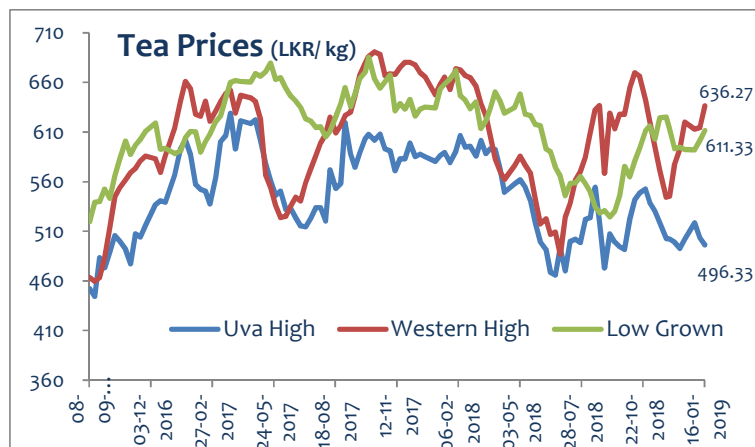
SLIBOR - LKR %



LIBOR - USD %



Economic Indicators & Other Statistics



Local News

Sri Lanka calls managers for US dollar, Euro, Panda and Samurai bonds

ECONOMYNEXT - Sri Lanka's central bank has called proposals from investment banks to sell up to 2.0Bn US dollars in sovereign bonds in 2019. The bonds could be sold in US dollars, Euro, Chinese Renminbi and Japanese Yen. Prospective managers were also asked to specify the cost of a currency swaps in the case the bonds are not denominated in US dollars, or guarantee fees. The bonds have to be issued for a fixed coupon with a tenor of at least 5 years. Sri Lanka's cabinet of ministers last week gave approval to sell up to 2.0Bn dollars of bonds in 2019.

Sri Lanka offers US\$200mn in dollar bonds

ECONOMYNEXT - Sri Lanka is offering 200Mn US dollars of bonds at an auction which will close on January 25. The dollar denominated bonds styled Sri Lanka Development Bonds are targeted mainly at domestic investors who are allowed to buy dollar assets. The debt office said bids could be made for fixed or floating rates based on the 6-month London Interbank Offered Rate. Bonds with 1-year 6-months, 2-years 6-months, 3-years 3-months and 4-years 3-months are offered.

Sri Lanka REER index 'undervalued' at 96 amid soft-peg collapse

ECONOMYNEXT - Sri Lanka's real effective exchange rate (REER) index has dropped below 100 amid a collapse of a soft-peg with the US dollar, forcing the central bank to spend 1.2Bn US dollars to prop up the currency while printing money. A REER index calculated by the central bank dropped from 102.24 in September to 98.10 in October and 96.29 in November, as credibility of Sri Lanka's dollar peg was lost making exporters hold dollars and borrow printed money and foreign holders of rupee bonds to flee.

Sri Lanka nationwide inflation slows to 0.4-pct in December

ECONOMYNEXT – Nationwide inflation in Sri Lanka slowed to 0.4% in December 2018 from 1.0% in November 2018, the central bank said. The decrease observed in YoY National Consumer Price Index compiled by the Department of Census and Statistics was driven by the decrease of prices of items in both Food and Non-food categories. A statement said YoY Food inflation decreased to -4.5% in December 2018 from -3.9% in November 2018 while year-on-year Non-food inflation also decreased from 5.2% in November 2018 to 4.7% in December 2018.

Foreign institutions dump over \$ 100mn of Sri Lanka bonds to start 2019

(LBO) – Foreign institutional investors have continued to sell Sri Lanka's bonds and stocks, even after Sri Lanka's constitutional crisis has been resolved. Figures up until the 18th of January 2019 show Rs19bn (US\$100mn) in net foreign selling out of Sri Lanka's government bond markets. These outflows come on the back of 2018's US\$1bn net foreign selling from Sri Lanka's capital markets. Only US\$800mn of foreign holdings remain in Sri Lanka's bond markets.

Foreign News

Asian shares, oil skid on global growth worries

Asian shares stumbled and oil prices fell on Tuesday as pessimism about world growth drove investors away from risky assets, while sterling ticked lower in the face of the latest twists and turns in the Brexit saga. China got the week off to a shaky start on Monday after Beijing reported 2018 growth in the world's second-largest economy slowed to its weakest pace in nearly 30 years.

In Asia, losses were led by Chinese shares, with the blue-chip index .CSI300 off 1.2 percent. Hong Kong's Hang Seng index .HSI was down more than 1 percent and Australia's main share index faltered 0.5 percent. Japan's Nikkei .N225, which had opened firmer, skidded 0.7 percent.

U.S. markets were closed on Monday for a holiday so trading was generally subdued overnight. However, equity prices in Europe and Latin America stumbled after the weak Chinese data. Those worries sent prices for copper, used in electrical wires and vehicles, drifting lower.

Sterling was a shade weaker at \$1.2872 as British Prime Minister Theresa May refused to rule out a no-deal Brexit. There are few signs she can break a deadlock with parliament after her Brexit deal was rejected last week.

May offered to tweak her defeated deal by seeking further concessions from the European Union on a backup plan to avoid a hard border in Ireland.

Analysts said investors were nervous about building positions in the pound, specially given the possibility of Britain leaving the EU without a deal.

Demand for the safe-haven yen kept the greenback under pressure with the Japanese currency last buying at 109.41 per dollar. The euro was near the floor of its recent trading range at \$1.1358 EUR=. Against a basket of currencies, the dollar was barely changed at 96.393 DXY.

In commodities, global growth worries pulled oil prices lower with Brent LCOc1 down 55 cents at \$62.19 and U.S. crude futures CLc1 off 39 cents at \$53.41. (reuters.com)

IMF warns trade tensions could hit growth

The International Monetary Fund has warned that escalating trade tensions could undermine global economic growth. In a new report on the world economic outlook, the IMF also warns of risks from a no-deal Brexit. For the world economy, the IMF is now predicting growth of 3.5% in 2019. In October, it forecast 3.7%. For the UK, the report predicts growth of about 1.5% this year and next, but it also says there is substantial uncertainty around that figure. The global figure represents weaker growth than last year. Tariff increases imposed by the Trump administration in the US and its counterpart in Beijing have already contributed to a previous downgrade. The IMF also expects China's slowdown to continue. The forecast for this year and next is 6.2%. (bbc.com)

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