

DAILY STOCK MARKET HIGHLIGHTS

Monday, 24 December 2018



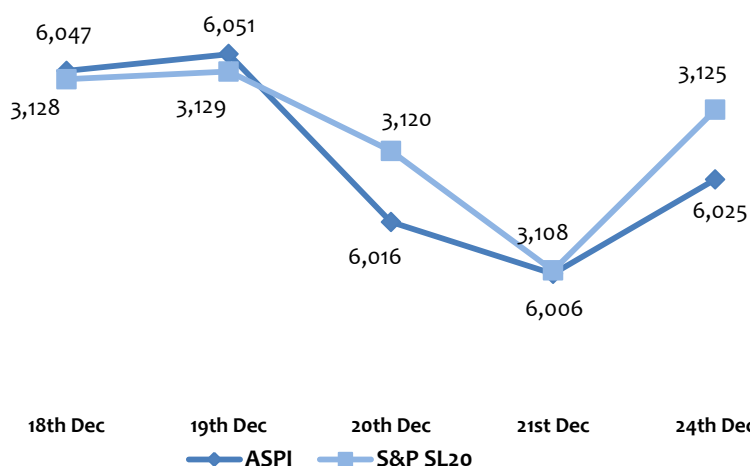
ASHA PHILLIP
SECURITIES LTD

Sri Lanka

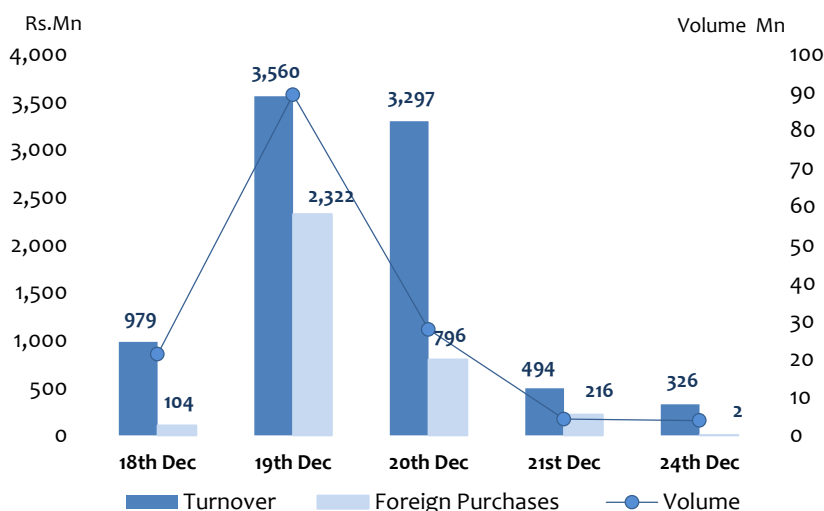
Daily Market Statistics

Index	24th Dec	21st Dec	Change	% Change
ASPI	6,025.12	6,005.65	↑ 19.47	↑ 0.32%
S&P SL20	3,124.73	3,108.18	↑ 16.55	↑ 0.53%
Market Stats (LKR, Mn)		24th Dec	21st Dec	% Change
Turnover		326.22	494.05	↓ -34.0%
Domestic Purchases		323.95	277.67	↑ 16.7%
Domestic Sales		318.40	134.63	↑ 136.5%
Foreign Purchases		2.26	216.38	↓ -99.0%
Foreign Sales		7.82	359.42	↓ -97.8%
Share Volume		3.85	4.25	↓ -9.3%
Market capitalization (Bn)		2,826.66	2,817.53	↑ 0.32%
PER		9.60	9.57	↑ 0.31%
PBV		1.17	1.17	↓ 0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Bourse continued to witness sluggish session as investors on holiday mood. Retail activities dropped to year to date low levels, off board deal on Ceylinco Insurance contributed 87% of the day's turnover. ASPI moved between 6,006.20 - 6,025.12 points and settled the day at 6,025.12 with a gain of 19.47 points (+0.32%).
- Major contributors for the movement in ASPI were **HNB (+4.1)**, **LOLC (+3)**, **LION (+2.6)**, **DFCC (+2)**, **ASIR (+1.7)**, **CTCE (-2.2)**, **COMB (-1.2)**, **BIL (-0.8)**, **JKH (-0.6)** & **MELS (-0.5)**
- S&P SL20 index also followed the same trend and settled the day at 3,124.73 with a gain of 16.55 points (+0.53%).
- The day's turnover was recorded as LKR 326.22Mn, down by 34% from its previously recorded LKR 494.05Mn. Foreign investors remained net sellers for the day.
- The total market capitalization stood at LKR 2.83Tn, indicating an YTD loss of 2.51%.
- The market PER & PBV were at 9.60x & 1.17x respectively.

Top Contributors - Turnover

- Ceylinco Insurance PLC (CINS) topped the turnover list with 87% (285.14Mn) contribution to the day's total turnover. CINS traded and settled the day at LKR 1,990.00 on par with its previous closing; majority of its turnover was contributed through an off board trade of 150,000 shares negotiated at the price of LKR 1,900.00
- Janashakthi Insurance Company PLC (JINS) stood second by adding LKR 9.24Mn to the day's total turnover. JINS traded between LKR 29.00 & 30.00 and settled the day at LKR 29.90 with a gain of LKR 0.70 (+2.4%).
- Dialog Axiata PLC (DIAL) contributed LKR 5.97Mn to the total turnover and secured the third slot. DIAL traded between LKR 10.00 & 10.20 and settled the day at LKR 10.00 on par with its previous closing.

Traded Volume

- Panasian Power PLC traded a total of 0.64Mn shares dominating the traded volumes.
- Dialog Axiata PLC (0.6Mn shares) and Renuka Agri Foods PLC (0.52Mn shares) were next in line under the top contributors to the daily volumes.

Sectorial Overview

- Bank Finance & Insurance (BFI) stood on top providing LKR 304.66Mn capturing 93% of the day’s total turnover.
- Telecommunications (TLE) and Footwear & Textile (F&T) provided LKR 6.41Mn and LKR 3.16Mn respectively to the daily aggregated turnover.

Daily Foreign Transactions

Net Foreign Purchases

Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
CENTRAL FINANCE	90.00	18,668	1,680,120
COMMERCIAL BANK (+)	114.90	4,000	459,600
ACL PLASTICS	73.20	440	32,208
VALLIBEL	6.50	3,500	22,750
ACL	36.10	506	18,267
SANASA DEV. BANK (+)	73.00	200	14,600
LANKA IOC	24.4	10	244

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
DIALOG (+)	10.00	(591,688)	(5,916,880)
RENUKA AGRI	2.10	(324,270)	(680,967)
RICH PIERIS EXP	210.00	(3,000)	(630,000)
JANASHAKTHI INS. (+)	29.90	(10,000)	(299,000)
KELANI CABLES	75.00	(2,000)	(150,000)
PEOPLE'S INS (+)	19.00	(5,467)	(103,873)

- **Aggregate foreign buying** for the day totaled up to **LKR 2.26Mn**.
- **Foreign sales** for the day amounted to **LKR 7.82Mn**.
- **Net foreign outflow** for the day was **LKR 5.55Mn**, **YTD net foreign outflow** presently stands at **LKR 23.09Bn**.
- **CFIN** notched the “Top Net Purchasers” slot with a net inflow of **LKR 1.68Mn** whilst **DIAL** notched the “Top net Sellers” slot with a net outflow of **LKR 5.92Mn**.

Year-to-Date ASPI Movement



Key Announcements

- Board of **Orient Finance PLC** (BFN) has **resolved to convert** the existing 4Mn **Preference Shares to Ordinary Shares** subject to approvals; to issue up to a maximum of 27.91Mn ordinary shares to the Preference Shareholders, by way of a Private Placement, at a consideration at LKR 19.59 per ordinary share. The new shares will be listed in CSE, in addition to the existing 148.02Mn Shares. Out of the said 27.91Mn Shares, 24Mn shares will be issued to the **existing preference shareholders** at a proportion of **06 ordinary shares to every 01 preference shares held**. The remaining 3.91Mn Shares will be issued in lieu of the **accrued dividends, due to the preference shareholders** as at 31st Oct 2018, accrued during the period 1st Apr 2017 to 31st Oct 2018, amounting to LKR 76.54Mn. The said conversion and Private Placement are to meet the Tier 2 Capital requirements of BFN.
- Board of **“The Lighthouse Hotel PLC”** (LHL) has decided to invest LKR 450Mn for the refurbishment / upgrade of rooms, public areas, service areas and plant & equipment at **Jetwing Lighthouse** (JL) and intends to leverage on the existing capital structure of LHL. JL has a total of 85 rooms out of which 63 will be under refurbishment from May to July 2019. The remaining will be in operation and the hotel will be fully operational by Aug 2019.
- Board **Resus Energy PLC** (HPWR), on 24th Dec 2018, decided that **HPWR be amalgamated with** its wholly owned **subsidiaries**, Giddawa Hydro Power (Private) Limited, Upper Agra Oya Hydro Power (Private) Limited and Okanda Power Grid (Private) Limited for centralizing and streamlining the operational and administrative functions. The effective date of the amalgamation will be 28th February 2019. An EGM will be held on 18th Jan 2019 to seek shareholders’ approval, which essentially has the effect of altering the nature of business carried on by Resus.

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

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

Companies on WATCH LIST

Non Submission of Annual Reports, Financial Statements									Default Board
MIRA	LCEM	CIFL	PCH	PCP	SING	HDEV	LLMP	PCHH	SFS
SINH	LLMP	CFT	SFL						
Qualified Opinion in the Independent Auditor's Report									
AINV	ESL	RGEM	MEL	JANA	HVA	PMB	MBSL	ALHP	TFC
SIRA	MSL	CHOU	EAST						
Non-compliance of CSE Listing Rules, minimum public holding & Corporate Governance									
HUEJ	LOFC	ACAP	ARPI	ASPH	BBH	COMD	CPRT	DIST	CLC
ASPM	GOOD	HPFL	INDO	KAPI	LAMB	MADU	MORI	OFEQ	NIFL
PARA	PDL	SELI	MERC	SHAL	LHCL	SLND	AFSL	AMCL	ODEL
SFCL	TAP	MERC	TFIL						

Annual general Meetings (AGMs)

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

EGMs

Company	Date
BOPL	31-Dec-18

Key Announcements

- Colombo Stock Exchange (CSE) has announced the following **changes in S&P Sri Lanka 20 index** constituents made by S&P Dow Jones Indices at the 2018 year-end index rebalance. The exclusions and inclusions as announced by S&P Dow Jones Indices, **effective from 24 December 2018**.

Exclusions			Inclusions		
No.	Company	TICKER	No.	Company	TICKER
1	Ceylinco Insurance PLC	CINS.N	1	Ceylon Tobacco Co. PLC	CTC.N
2	Hemas Holdings PLC	HHL.N	2	Lanka IOC PLC	LIOC.N
3	LOLC Holdings PLC	LOLC.N	3	Nations Trust Bank PLC	NTB.N
4	Melstacorp PLC	MELS.N	4	Softlogic Life Insurance PLC	AAIC.N
5	Vallibel One PLC	VONE.N	5	Union Bank of Colombo PLC	UBC.N

Effective from 24 December 2018 the stocks in the S&P Sri Lanka 20 in alphabetical order are as follows.

No.	COMPANY	TICKER	No.	COMPANY	TICKER
1	Access Engineering PLC	AEL.N	11	National Development Bank PLC	NDB.N
2	Aitken Spence PLC	SPEN.N	12	Nations Trust Bank PLC	NTB.N
3	Ceylon Tobacco Co. PLC	CTC.N	13	People's Leasing & Finance PLC	PLC.N
4	Chevron Lubricants Lanka PLC	LLUB.N	14	Richard Pieris & Company PLC	RICH.N
5	Commercial Bank of Ceylon PLC	COMB.N,X	15	Sampath Bank PLC	SAMP.N
6	DFCC Bank PLC	DFCC.N	16	Softlogic Holdings PLC	SHL.N
7	Dialog Axiata PLC	DIAL.N	17	Softlogic Life Insurance PLC	AAIC.N
8	Hatton National Bank PLC	HNB.N,X	18	Teejay Lanka PLC	TJL.N
9	John Keells Holdings PLC	JKH.N	19	Tokyo Cement Company (Lanka) PLC	TKYO.N,X
10	Lanka IOC PLC	LIOC.N	20	Union Bank of Colombo PLC	UBC.N

Cash Dividends

CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE	CODE	DIVIDEND PER SHARE (LKR)	TYPE	XD DATE	PAYMENT DATE
AEL	0.25	Interim	11. Dec.2018	20. Dec.2018	KHL	0.15	Interim	21. Dec.2018	03. Jan.2019
OFEQ	1.50	Final	13. Dec.2018	21. Dec.2018	CFIN	2.00	Interim	27. Dec.2018	01. Jan.2019
PAP	0.06	Interim	21. Dec.2018	02. Jan.2019	PLC	0.75	Interim	02. Jan.2019	11. Jan.2019

Capitalization of Reserves

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

Amalgamation [A]

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

Repurchase of Shares

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

Rights Issues with pending dates

Company,	Issue Price	Proportion	Company,	Issue Price	Proportion
Agalawatte Plantations (AGAL) LKR 15.3	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	10.15
JOHN KEELLS HOLDINGS PLC	JKH.No000	156.80	1,387,528,658	217,564,493,574	8.28
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	114.90	945,709,403	108,662,010,405	4.14
NESTLE LANKA PLC	NEST.No000	1,690.40	53,725,463	90,817,522,655	3.46
HATTON NATIONAL BANK PLC	HNB.No000	215.90	395,451,248	85,377,924,443	3.25
DIALOG AXIATA PLC	DIAL.No000	10.00	8,143,778,405	81,437,784,050	3.10
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.20	4,600,000,000	74,520,000,000	2.84
CEYLON COLD STORES PLC	CCS.No000	720.00	95,040,000	68,428,800,000	2.60
SAMPATH BANK PLC	SAMP.No000	235.00	280,902,248	66,012,028,280	2.51
MELSTACORP PLC	MELS.No000	50.00	1,165,397,072	58,269,853,600	2.22

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
PANASIAN POWER PLC	1,915,878	638,596
DIALOG AXIATA PLC	5,966,441	596,619
RENUKA AGRI FOODS PLC	1,096,000	523,000
HAYLEYS FABRIC PLC	3,153,147	349,003
JANASHAKTHI INSURANCE COMPANY PLC	9,235,455	310,800
SMB LEASING PLC	110,661	221,102
TESS AGRO PLC	81,601	161,001
CEYLINCO INSURANCE PLC	285,143,280	150,072
ANILANA HOTELS AND PROPERTIES PLC	100,918	84,098
LANKEM DEVELOPMENTS PLC	282,129	70,101

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
CEYLINCO INSURANCE PLC	150,072	285,143,280
JANASHAKTHI INSURANCE COMPANY PLC	310,800	9,235,455
DIALOG AXIATA PLC	596,619	5,966,441
HAYLEYS FABRIC PLC	349,003	3,153,147
PANASIAN POWER PLC	638,596	1,915,878
HNB ASSURANCE PLC	14,284	1,850,725
CENTRAL FINANCE COMPANY PLC	19,038	1,713,720
RENUKA AGRI FOODS PLC	523,000	1,096,000
JOHN KEELLS HOLDINGS PLC	6,164	967,710
ACCESS ENGINEERING PLC	64,973	933,148

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
S M B LEASING	0.60	0.10	20.00	110,661
NATION LANKA	0.70	0.10	16.67	3,890
BPPL HOLDINGS	12.50	1.20	10.62	1,250
RENUKA HOLDINGS [X]	13.40	1.10	8.94	241,750
PEOPLE'S MERCH	11.60	0.80	7.41	5,791
MASKELIYA	10.20	0.60	6.25	9,920
HDFC	27.40	1.40	5.38	2,740
MADULSIMA	6.30	0.30	5.00	1,878
RENUKA AGRI	2.10	0.10	5.00	1,096,000
MILLENNIUM HOUSE	8.90	0.40	4.71	890

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS	0.50	(0.10)	(16.67)	3,801
LANKA CERAMIC	130.90	(18.60)	(12.44)	14,395
THE FINANCE CO. [X]	1.10	(0.10)	(8.33)	13,601
SINGHE HOSPITALS	1.30	(0.10)	(7.14)	5,423
BANSEI RESORTS	5.80	(0.40)	(6.45)	4,353
SINHAPUTHRA FIN	8.00	(0.50)	(5.88)	42,283
BIMPUTH FINANCE	30.50	(1.80)	(5.57)	30,500
BROWNS INVSTMNTS	1.80	(0.10)	(5.26)	11,260
MALWATTE [X]	4.10	(0.20)	(4.65)	5,129
ALUFAB	16.60	(0.80)	(4.60)	29,930

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
Ceylinc Insurance PLC	CINS.No000	1,900.00	1	150,000	285,000,000.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,472.57	16,384.28	304,660,852	979,161	622	5.40	0.90
BEVERAGE FOOD AND TOBACCO	24,358.71	24,312.76	1,384,700	528,970	39	17.80	6.00
CONSTRUCTION AND ENGINEERING	1,390.22	1,390.54	1,344,610	146,837	131	22.30	0.60
CHEMICALS AND PHARMACEUTICALS	5,247.03	5,255.08	83,045	6,088	12	5.80	0.70
DIVERSIFIED HOLDINGS	1,574.19	1,572.39	1,786,793	55,458	89	10.60	0.90
FOOTWEAR AND TEXTILE	898.65	910.00	3,155,857	349,103	71	71.90	0.90
HOTELS AND TRAVELS	2,640.82	2,640.37	430,144	114,428	83	63.90	1.60
HEALTH CARE	817.35	796.24	215,022	15,815	34	15.70	1.80
INVESTMENT TRUSTS	9,486.24	9,414.42	865,713	45,927	78	31.90	0.40
INFORMATION TECHNOLOGY	25.52	25.52	0	0	0	0.00	0.00
LAND AND PROPERTY	550.42	540.83	220,612	20,476	17	5.40	0.60
MANUFACTURING	2,830.25	2,825.82	3,074,660	107,018	185	7.60	0.90
MOTORS	13,162.94	12,951.80	90,989	1,734	12	12.30	0.60
OIL PALMS	50,123.01	50,123.01	0	0	0	28.50	1.00
POWER & ENERGY	107.03	107.55	2,178,418	667,323	83	79.30	1.30
PLANTATIONS	703.72	702.82	175,026	17,660	35	6.40	0.70
STORES SUPPLIES	28,408.28	28,408.28	0	0	0	13.10	0.50
SERVICES	16,727.35	16,676.75	55,380	19,524	17	11.60	1.30
TELECOMMUNICATIONS	135.07	134.46	6,410,535	617,252	92	7.70	0.90
TRADING	12,212.92	12,212.92	83,091	161,152	17	31.50	0.90

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	471.85	471.85	0	0	0	4.70	0.60
Banks	836.48	829.99	3,391,973	56,270	140	6.10	0.80
Capital Goods	852.05	850.30	3,260,724	175,678	215	11.00	0.80
Commercial & Professional Services	781.51	781.51	0	0	0	0.00	1.00
Consumer Durables & Apparel	790.93	793.39	3,980,374	376,481	126	25.30	1.00
Consumer Services	247.12	246.99	430,144	114,428	83	66.30	1.60
Diversified Financials	779.50	773.59	3,797,648	421,780	175	5.30	0.80
Energy	622.12	624.88	119,387	6,010	20	0.00	1.00
Food & Staples Retailing	1,241.43	1,241.43	81,641	161,102	16	15.10	2.20
Food, Beverage & Tobacco	934.66	933.84	2,114,089	626,551	115	15.60	2.50
Health Care Equipment & Services	878.11	855.77	218,642	21,015	38	15.80	1.80
Household & Personal Products	1,065.93	1,001.26	1,250	100	1	14.60	2.00
Insurance	2,083.35	2,091.96	297,643,040	506,587	339	4.20	1.70
Materials	539.78	539.93	1,727,250	31,070	86	7.00	0.90
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	0	0	0	4.70	1.40
Real Estate	750.56	737.71	775,387	45,063	75	5.10	0.60
Retailing	780.65	776.07	145,099	19,108	29	15.50	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	705.71	702.54	6,410,535	617,252	92	7.70	0.90
Transportation	702.71	702.71	50,327	12,249	14	20.30	0.70
Utilities	735.61	739.33	2,059,031	661,313	65	8.70	0.70

Economic Indicators & Other Statistics

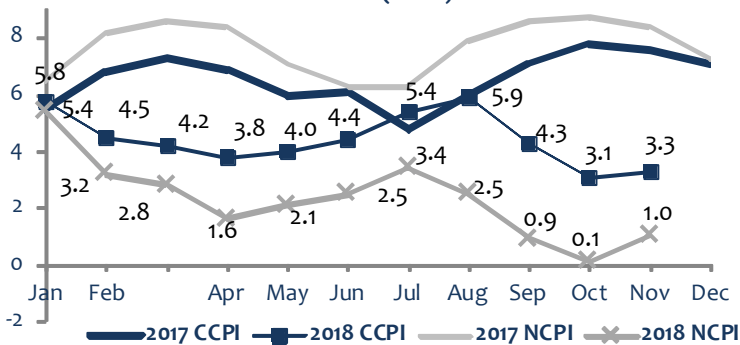
Exchange Rates

Currency	24th Dec		21st Dec	
	Buying	Selling	Buying	Selling
Dollar (USA)	178.98	182.95	178.75	182.71
Pound (UK)	225.65	233.06	225.25	232.65
Euro (EU)	202.48	209.67	203.38	210.60
Dollar (Australia)	125.11	130.48	125.95	131.35
Dollar (Canada)	130.95	135.85	131.54	136.46
Franc (Switzerland)	178.90	185.63	179.84	186.65
Renminbi (China)	25.61	26.84	25.63	26.86
Yen (Japan)	1.6016	1.6607	1.5972	1.6563
Dollar (Singapore)	129.78	134.22	129.95	134.42

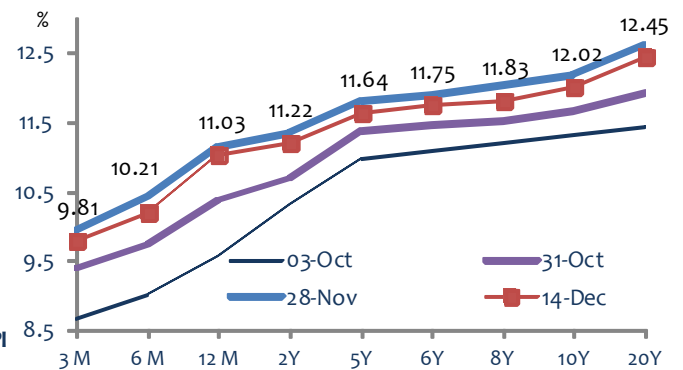
Indicative Rates

Currency	24th Dec	21st Dec
	Ind: Value	Ind: Value
Yuan (Offshore)	26.2342	26.2189
Rupee (India)	2.5837	2.5837
Won (Korean)	0.1612	0.1607
Dinar (Kuwait)	595.9663	594.7299
Ringgit (Malay)	43.2981	43.2583
Rial (Oman)	470.7250	469.4952
Riyal (Qatar)	49.7698	49.6527
Riyal (KSA)	48.2962	48.1826
Dirham (UAE)	49.3376	49.2215

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



Government Securities - Secondary Market Yield



Central Bank's Policy Rates

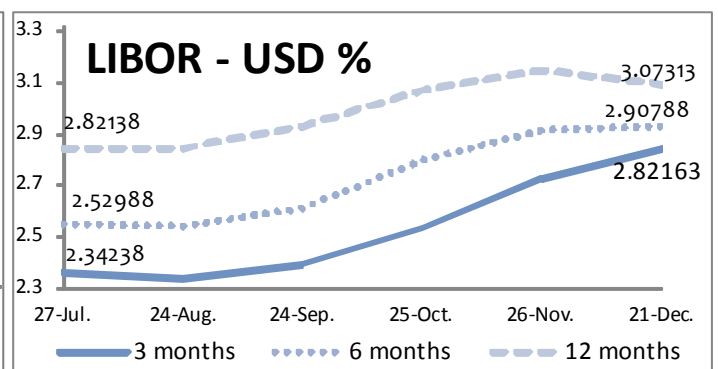
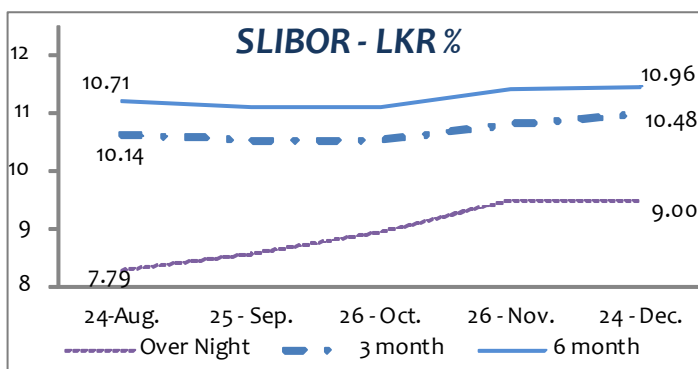
Description	Present	Previous		19.12.2018	12.12.2018	05.12.2018	19.11.2018
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	na	10.01
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	9.99	10.03	10.01	na
Bank Rate	15.00%	15.00%	364 Days %	11.20	11.24	11.20	11.21
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	18Bn	23Bn	19Bn	15.5Bn

Treasury Bill Issuance

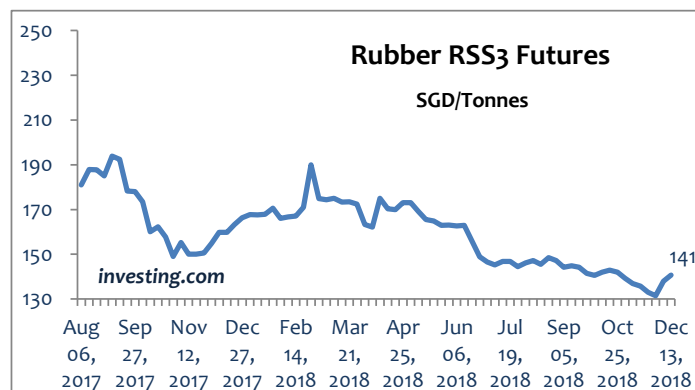
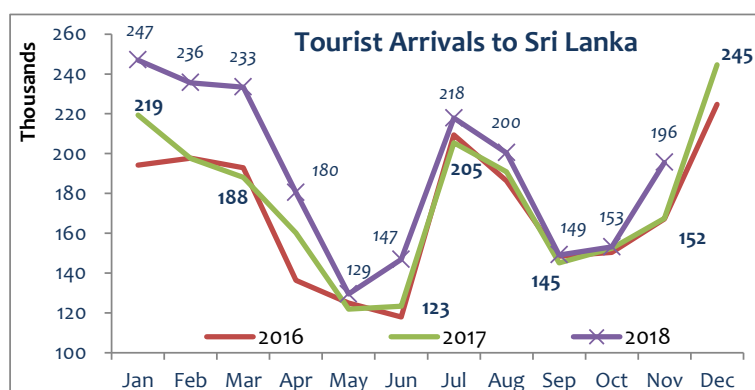
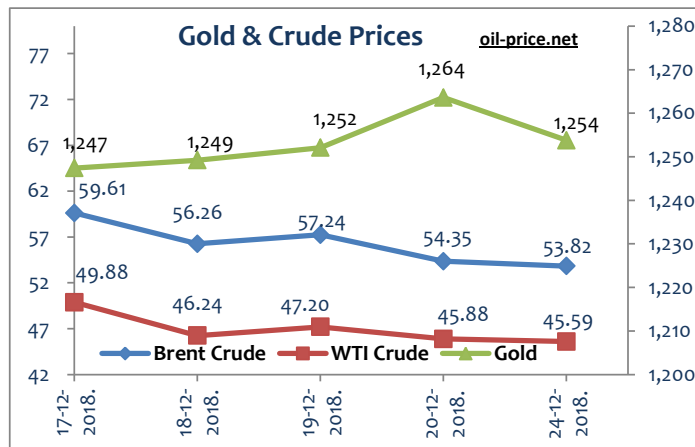
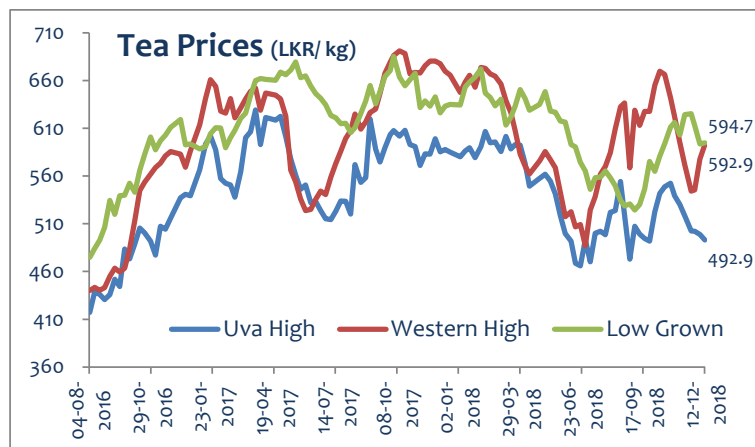
Date	13.12.2018	17.07.2016	15.10.2018	17.07.2016	17.09.2018	13.12.2018	15.08.2018	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	11.88	11.14	11.69	11.21	10.32	12.23	10.20	11.90
Previous Auction	17.09.2018	15.06.2017	15.08.2018	15.06.2017	16.07.2018	02.01.2018	01.06.2018	16.07.2018
Previous Yield	10.03	11.37	9.91	11.38	10.53	10.06	10.72	10.88

Treasury Bond Issuance

Date	13.12.2018	17.07.2016	15.10.2018	17.07.2016	17.09.2018	13.12.2018	15.08.2018	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	11.88	11.14	11.69	11.21	10.32	12.23	10.20	11.90
Previous Auction	17.09.2018	15.06.2017	15.08.2018	15.06.2017	16.07.2018	02.01.2018	01.06.2018	16.07.2018
Previous Yield	10.03	11.37	9.91	11.38	10.53	10.06	10.72	10.88



Economic Indicators & Other Statistics



Local News

Trade deficit soars on higher vehicle, fuel imports

Sri Lanka's (SL) trade deficit hit US \$ 903Mn in October expanding from US \$ 752Mn recorded in the same month in 2017, as the country's import bill rose significantly compared to languishing exports. SL **imported** US \$ 1,882Mn worth of goods during October, up 9.0% YoY, as the country spent a record high amount on personal vehicle imports. SL's exports for the month rose just 0.4% YoY to US \$ 979Mn while the 11.5% decline in agricultural sector exports offset the 4.5% increase in industrial exports. This brought the cumulative trade deficit for the 10 months of this year to US \$ 8,857Mn, up from US \$ 7,591Mn recorded last year.

People have spent US \$ 161Mn on personal vehicle imports in October compared to US \$ 55Mn a year ago, registering 193% growth despite the restrictions imposed by the government on vehicle imports. The Central Bank said these were motorcars less than 1,500 cylinder capacity and hybrid and electric motor vehicles. During the 10 months, Sri Lankans spent US \$ 1,391Mn on personal motorcar imports. Meanwhile, US \$ 266Mn spent on fuel imports—US \$ 62Mn on crude oil and US \$ 201Mn on refined petroleum in October, which together is up by 12.3% YoY. For the **10 months**, SL spent US \$ 3,431Mn on fuel imports, up 28% YoY.

In the **export front**, agricultural sector exports suffered the most during October led by all categories except seafood, vegetable & rubber. Earnings from tea exports dropped by 15.2% YoY to US\$ 115.5Mn with 10 months earnings declining by 5.3% YoY to US\$ 1.2Bn reflecting lower average export prices and volumes. Meanwhile textile exports rose by just 0.9% YoY to US\$ 396Mn due to lower demand from the U.S. For the 10 months, textile and garment exports rose by 5.2% YoY to US \$ 4,354.5Mn. Further the food, beverage and tobacco exports also rose by 21.7% YoY to US\$ 42.7Mn. (dailymirror.lk)

Net outflows from securities market & CSE surpasses USD200mn in October

(LBO) – Government securities market recorded a net outflow of 172Mn dollars in October while foreign investments in the CSE, including both secondary and primary markets, recording a net outflow of 36Mn dollars. Securities market recorded a net outflow of 640Mn by the end of the first 10 months of 2018 while the **CSE recorded a net inflow of 1Mn in the first 10 months** which comprised an inflow of 77Mn to the primary market and a net outflow of 76Mn from the secondary market. The major inflow to the financial account during October was a foreign currency term financing facility of 1Bn US dollars obtained by the government. Meanwhile, **Earnings from tourism** in October are estimated at 284Mn dollars with cumulative earnings at 3,496Mn US dollars during the first ten months of 2018. **Workers' remittances** at 599Mn US dollars recorded an increase of 9.7% YoY in October 2018, the Central Bank data showed.

National inflation accelerates in November on higher food prices

Sri Lanka's national inflation accelerated in November as the country's high food prices further rose in the month pushing the overall prices by 1.0% during the last 12 months. This is an increase from the 0.1% increase in the overall price index in October measured by the National Consumer Price Index. "The increase observed in YoY inflation in November 2018 is mainly driven by the increase of the prices of food items. Year-on-year food inflation increased to -3.9% in November 2018 from -6.6% in October 2018. (*dailymirror.lk*)

Foreign News

Asian markets a reluctant spectator to U.S. political theater

Asian stocks were subdued on Monday as investors fretted that political instability in the United States was leaving the country rudderless at a time when the global economy was showing signs of faltering.

Moves were limited by a holiday in Japan while many bourses are set to close early for Christmas. Yet Chinese blue chips .CSI300 managed to edge up 0.2 percent, while E-Mini futures for the S&P 500 ESC1 recouped early losses to rise 0.4 percent.

U.S. President Donald Trump's budget director and chief of staff on Sunday said the partial U.S. government shutdown could continue into January, when the new Congress convenes and Democrats take over the House of Representatives.

Trump on Sunday said he was replacing Defense Secretary Jim Mattis two months early, a move officials said was driven by the president's anger at Mattis' resignation letter and its rebuke of his foreign policy.

Sources also told Reuters Trump has privately discussed the **possibility of firing Federal Reserve Chairman Jerome Powell**, a move that would likely roil financial markets.

Treasury Secretary Steven Mnuchin felt it necessary to personally call the heads of the six largest U.S. banks to calm nerves and made plans to convene a group of officials known as the "Plunge Protection Team."

The political uncertainty has only added to the air of risk aversion, punishing equities to the benefit of bonds. The Nasdaq .IXIC has fallen nearly 22 percent from its Aug. 29 high and into bear territory, while the S&P 500 .SPX was on track for its worst December since the Great Depression.

At the same time 10-year Treasury yields were near their lowest since August at 2.79 percent US10YT=TWEB, having fallen over 40 basis points in just six weeks.

In **commodity markets**, gold held near its recent six-month peak as the dollar eased and the threat of higher U.S. interest rates waned. Spot gold XAU= stood at \$1,261.05 per ounce. Oil prices were near their lowest since the third quarter of 2017, having shed no less than 11 percent last week. U.S. crude was last unchanged at \$45.59 a barrel, while Brent LCOc1 dipped 12 cents to \$53.70. (*reuters.com*)

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