

# DAILY STOCK MARKET HIGHLIGHTS

Thursday, 24 January 2019



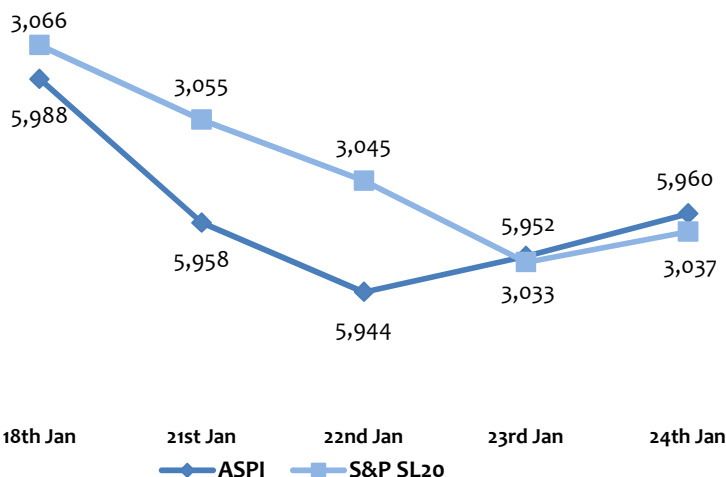
**ASHA PHILLIP  
SECURITIES LTD**

Sri Lanka

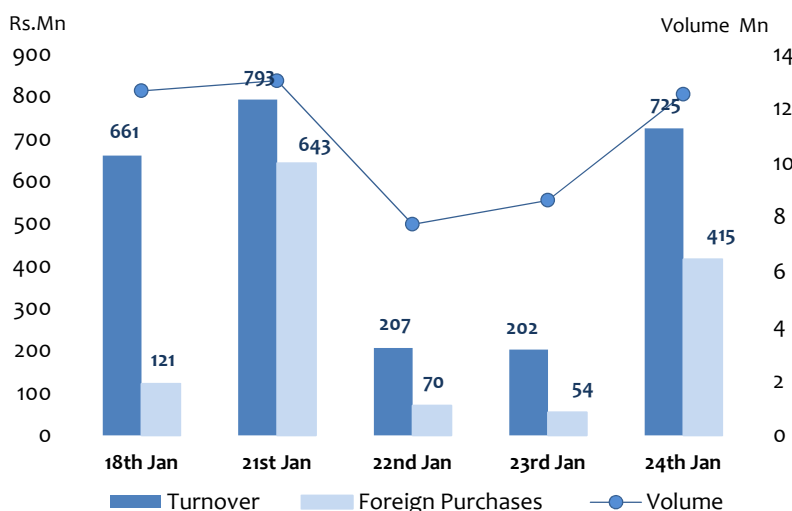
## Daily Market Statistics

Index	24th Jan	23rd Jan	Change	% Change
ASPI	5,960.34	5,951.56	↑ 8.78	↑ 0.15%
S&P SL20	3,037.46	3,032.73	↑ 4.73	↑ 0.16%
Market Stats (LKR, Mn)		24th Jan	23rd Jan	% Change
Turnover		725.16	202.46	↑ 258.2%
Domestic Purchases		309.69	147.97	↑ 109.3%
Domestic Sales		620.36	168.91	↑ 267.3%
Foreign Purchases		415.47	54.49	↑ 662.5%
Foreign Sales		104.80	33.55	↑ 212.4%
Share Volume		12.52	8.63	↑ 45.1%
Market capitalization (Bn)		2,796.27	2,792.15	↑ 0.15%
PER		9.47	9.45	↑ 0.21%
PBV		1.18	1.18	↓ 0.00%

## Market Indices



## Turnover, Volume and Foreign Purchase



## Performance of the Market

- Improvements noted in institutional investor participation, especially foreign investors. First "Finance sector" quarterly result was from SFIN; reported better earnings and slightly relaxed the worried investors.
- Benchmark index ASPI moved between 5,948.79 - 5,966.22 points and settled the day at 5,960.34 with a gain of 8.78 points (+0.15%).
- Major contributors for the movement in ASPI were **CTC (+6.6)**, **CTCE (+4)**, **DIST (+2.9)**, **SAMP (+2.5)**, **CARG (+2)**, **CINS (-3.2)**, **HHL (-2.7)**, **SLTL (-2.3)**, **LOLC (-1.8)** & **SPEN (-1.7)**
- S&P SL20 index also followed a same trend and settled the day at 3,037.46 with a gain of 4.73 points (+0.16%).
- The day's turnover was recorded as LKR 725.16Mn, up by 258% from its previously recorded LKR 202.46Mn. Foreign investors remained net buyers for the day.
- The total market capitalization stood at LKR 2.8Tn, indicating an YTD loss of 1.52%.
- The market PER & PBV were at 9.47x & 1.18x respectively.

## Top Contributors - Turnover

1. Central Finance Company PLC (CFIN) contributed 58% (421.30Mn) of the turnover. CFIN traded between LKR 89.80 & 90 and settled the day at LKR 89.90 with a loss of LKR 0.10 (-0.11%); majority (421.18Mn) of its turnover was contributed through 3 off board trades of 4.43Mn shares negotiated at the price of LKR 95.00
2. Sampath Bank PLC (SAMP) had contributed LKR 106.32Mn. SAMP traded between LKR 225.20 & 232.00 and settled the day at LKR 230.00 with a gain of LKR 4.20 (+1.86%); about 43% (45.8Mn) of its turnover was contributed through an off board trades of 0.2Mn shares negotiated at the price of LKR 229.00
3. John Keells Holdings PLC (JKH) contributed LKR 51.04Mn. JKH traded between LKR 152.00 & 154.000 and settled the day at LKR 153.10 with a gain of LKR 0.10 (+0.07%).

**Top contributors - Traded Volume**

1. Central Finance Company PLC traded a total of 4.43Mn shares.
2. Hayleys Fabric PLC (1.15Mn shares)
3. Maskeliya Plantations PLC (0.7Mn shares).

**Sectorial Overview**

1. Bank Finance & Insurance (BFI) stood on top providing LKR 588.4Mn capturing 81% of the total turnover.
2. Diversified Holdings (DIV) provided LKR 55.19Mn to the daily aggregated turnover.
3. Manufacturing (MFG) provided LKR 23.48Mn

**Daily Foreign Transactions**

**Net Foreign Purchases**

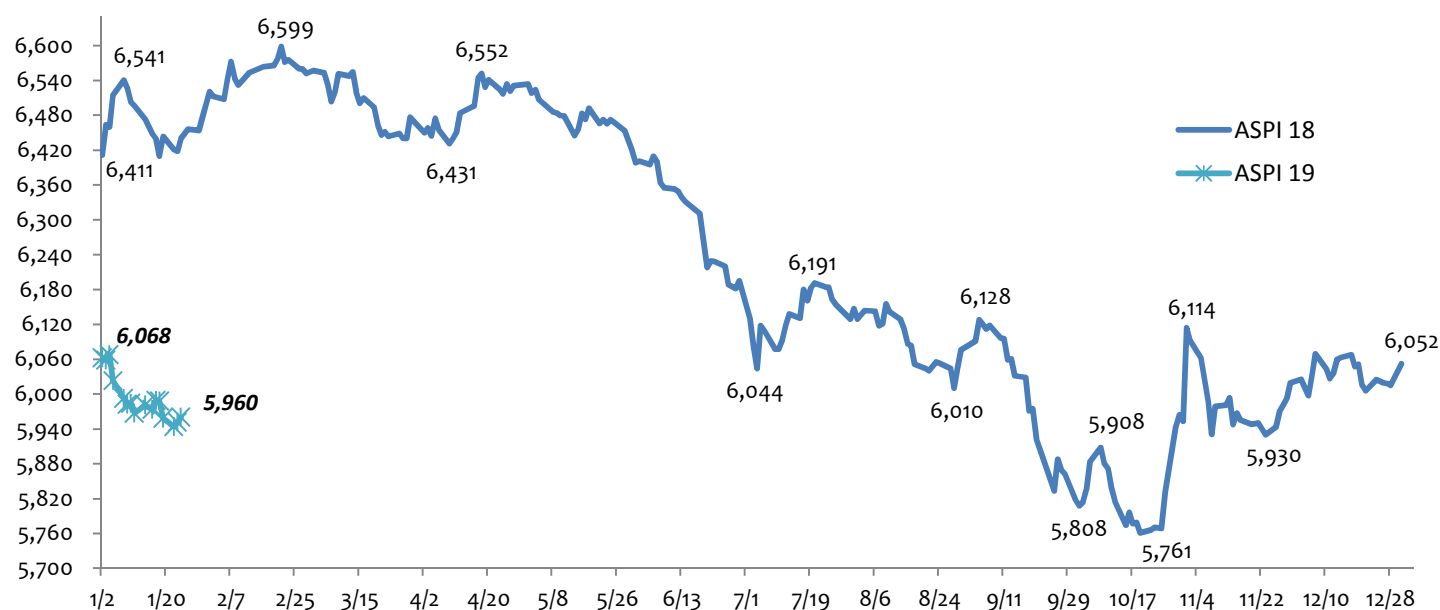
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
CENTRAL FINANCE	95.00	4,183,496	397,432,120
Softlogic Life (+)	49.00	160,831	7,880,719
THREE ACRE FARMS (+)	100.30	30,150	3,024,045
HUNTERS	400.00	3,000	1,200,000
MASKELIYA	11.80	46,823	552,511
UNION BANK (+)	10.80	16,000	172,800
COMMERCIAL BANK[X.000]	97.9	1,240	121,396
MULTI FINANCE	17.00	4,998	84,966
CEYLON BEVERAGE	730.00	100	73,000
KOTAGALA	7.30	2,649	19,338

**Net Foreign Sales**

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
SAMPATH (+)	229.00	(212,408)	(48,641,432)
JKH	153.00	(269,749)	(41,271,597)
HAYLEYS FABRIC	9.50	(712,132)	(6,765,254)
RICH PIERIS EXP	228.90	(7,256)	(1,660,898)
ROYAL CERAMIC	72.60	(8,068)	(585,737)
BALANGODA (+)	15.00	(26,611)	(399,165)
JANASHAKTHI INS. (+)	28.40	(12,000)	(340,800)
DOCKYARD (+)	54.00	(2,205)	(119,070)
RENUKA FOODS[X.0000]	11.00	(9,000)	(99,000)
DFCC BANK PLC	79.10	(361)	(28,555)

- **Aggregate foreign buying** for the day totaled up to **LKR 415.47Mn.**
- **Foreign sales** for the day amounted to **LKR 104.80Mn.**
- **Net foreign inflow** for the day was **LKR 310.67Mn**, **YTD net foreign outflow** presently stands at **LKR 2.05Bn.**
- **CFIN** notched the “Top Net Purchasers” slot with a net inflow of **LKR 397.43Mn** whilst **SAMP** notched the “Top net Sellers” slot with a net outflow of **LKR 48.64Mn.**

**Year-to-Date ASPI Movement - 2018 & 2019**



## Key Announcements

- **Citizens Development Business Finance PLC (CDB)** has received applications for the subscription of 7.89Mn debentures for the issue of 12.5Mn debentures, as at 4:30 p.m. on the 23<sup>rd</sup> January 2019.
- **Candor Opportunities Fund (COF.U)** said, The Net Asset Value of COF.U as at 31st December 2018 has been amended to LKR 9.19. Earlier it was reported as LKR 9.20.
- **Hatton National Bank PLC (HNB)** further to the disclosure made on Sep 26, 2018 said, its Board at today's meeting has decided to increase the number of Debentures to be issued. Accordingly, 50Mn **Basel III** compliant Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable **Debentures** with a non-viability conversion feature, amounting to LKR 5Bn with the option to issue further 20Mn and 30Mn debentures at an issue price of LKR 100 per debenture in the event of each tranches are oversubscribed.

## 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)						EGMs			
Company	Date	Company	Date	Company	Date	Company	Date	Company	Date
BLUE	28-Jan-19	DFCC	28-Mar-19	HNB	29-Mar-19	AAIC	25-Jan-19	AAF	31-Jan-19
RGEM	29-Jan-19	HASU	28-Mar-19	SAMP	29-Mar-19	SAMP	25-Jan-19	ASCO	8-Feb-19
COMB	28-Mar-19	SEYB	29-Mar-19	PABC	29-Mar-19	SINH	31-Jan-19	ALUF	15-Feb-19
								NDB	18-Feb-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
Hatton National Bank PLC (HNB)	LKR 10Bn	To be notified	100.00	To be notified	5, 7 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	10.24
JOHN KEELLS HOLDINGS PLC	JKH.No000	153.10	1,387,528,658	212,430,637,540	8.18
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	113.00	945,709,403	106,865,162,539	4.11
NESTLE LANKA PLC	NEST.No000	1,710.00	53,725,463	91,870,541,730	3.54
DIALOG AXIATA PLC	DIAL.No000	10.00	8,143,778,405	81,437,784,050	3.14
HATTON NATIONAL BANK PLC	HNB.No000	205.70	395,451,248	81,344,321,714	3.13
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.40	4,600,000,000	75,440,000,000	2.90
CEYLON COLD STORES PLC	CCS.No000	688.90	95,040,000	65,473,056,000	2.52
SAMPATH BANK PLC	SAMP.No000	230.00	280,902,248	64,607,517,040	2.49
MELSTACORP PLC	MELS.No000	46.50	1,165,397,072	54,190,963,848	2.09

### Highest Volume

Company Name	Turnover (Rs)	Share Vol.
CENTRAL FINANCE COMPANY PLC	421,296,728	4,434,772
HAYLEYS FABRIC PLC	10,899,472	1,147,817
MASKELIYA PLANTATIONS PLC	8,204,340	703,661
SERENDIB ENGINEERING GROUP PLC	4,824,910	515,806
BERUWALA RESORTS PLC	355,040	507,200
SAMPATH BANK PLC	106,318,357	464,222
JOHN KEELLS HOLDINGS PLC	51,038,847	333,440
BROWNS INVESTMENTS PLC	558,862	311,034
LANKEM DEVELOPMENTS PLC	1,101,425	249,335
DIALOG AXIATA PLC	2,378,950	240,230

### Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
CENTRAL FINANCE COMPANY PLC	4,434,772	421,296,728
SAMPATH BANK PLC	464,222	106,318,357
JOHN KEELLS HOLDINGS PLC	333,440	51,038,847
CEYLINCO INSURANCE PLC	18,731	35,963,500
HAYLEYS FIBRE PLC	118,653	12,281,890
HAYLEYS FABRIC PLC	1,147,817	10,899,472
MASKELIYA PLANTATIONS PLC	703,661	8,204,340
SOFTLOGIC LIFE INSURANCE PLC	166,937	8,173,945
SERENDIB ENGINEERING GROUP PLC	515,806	4,824,910
THREE ACRE FARMS PLC	42,486	4,261,950

### Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
TESS AGRO [X]	0.50	0.10	25.00	451
PEOPLE'S MERCH	11.00	1.60	17.02	1,111
RENUKA FOODS [X]	11.00	1.00	10.00	228,430
HORANA	16.90	1.40	9.03	46,651
BOGAWANTALAWA	12.00	0.90	8.11	1,080,805
HAYLEYS FIBRE	107.00	7.90	7.97	12,281,890
BALANGODA	15.00	1.10	7.91	2,635,381
RAMBODA FALLS	19.80	1.40	7.61	56,083
SERENDIB ENG.GRP	9.40	0.60	6.82	4,824,910
E - CHANNELLING	4.80	0.30	6.67	4,512

### Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS [X]	0.20	(0.10)	(33.33)	2,006
TESS AGRO	0.40	(0.10)	(20.00)	7,411
BLUE DIAMONDS	0.50	(0.10)	(16.67)	10,651
MULLERS	0.60	(0.10)	(14.29)	16,047
AMF CO LTD	441.00	(61.60)	(12.26)	205,819
SERENDIB HOTELS [X]	12.10	(1.00)	(7.63)	2,420
SUNSHINE HOLDING	50.00	(3.80)	(7.06)	501,072
LANKA ALUMINIUM	55.20	(3.80)	(6.44)	11,152
HOTEL SIGIRIYA	61.20	(3.80)	(5.85)	151,447
MARAWILA RESORTS	1.70	(0.10)	(5.56)	18,704

### Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
Central Finance Company PLC	CFIN.No000	95.00	3	4,433,496	421,182,120.00
Sampath Bank PLC	SAMP.No000	229.00	1	200,000	45,800,000.00

## Market Highlights & Statistics

### Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,125.78	16,109.82	588,398,023	5,688,868	1,023	4.90	0.90
BEVERAGE FOOD AND TOBACCO	24,320.91	24,121.34	7,619,801	298,851	205	17.60	6.00
CONSTRUCTION AND ENGINEERING	1,417.18	1,415.29	3,876,075	416,959	302	15.70	0.50
CHEMICALS AND PHARMACEUTICALS	5,272.38	5,273.55	470,310	33,088	45	7.80	0.80
DIVERSIFIED HOLDINGS	1,528.28	1,535.43	55,194,827	848,487	256	11.00	0.90
FOOTWEAR AND TEXTILE	909.37	879.64	10,904,948	1,148,018	76	53.90	0.90
HOTELS AND TRAVELS	2,654.53	2,653.05	4,265,478	866,285	416	98.70	1.70
HEALTH CARE	817.30	802.82	37,574	5,423	25	16.60	1.80
INVESTMENT TRUSTS	9,476.68	9,515.64	202,607	4,877	19	0.00	0.40
INFORMATION TECHNOLOGY	28.31	26.63	4,512	940	3	0.00	0.00
LAND AND PROPERTY	542.14	550.30	8,547,417	773,898	443	5.60	0.60
MANUFACTURING	2,847.18	2,852.81	23,476,429	431,047	723	8.80	0.90
MOTORS	12,377.88	12,377.88	32,168	63	16	17.10	0.50
OIL PALMS	49,335.27	49,335.27	1,030	1	1	59.10	1.30
POWER & ENERGY	102.14	102.38	2,061,446	165,333	111	89.90	1.20
PLANTATIONS	784.37	772.41	16,268,590	1,537,748	1,045	32.80	0.80
STORES SUPPLIES	28,408.28	28,408.28	1,200,381	3,001	3	17.60	0.50
SERVICES	15,762.85	15,712.25	152,906	41,778	30	14.60	1.20
TELECOMMUNICATIONS	139.31	139.61	2,434,881	240,234	57	6.10	0.90
TRADING	11,190.07	11,192.57	11,430	19,858	22	51.40	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	36,073	1,002	3	5.00	0.60
Banks	805.73	805.05	113,752,048	578,380	469	5.50	0.70
Capital Goods	829.46	832.39	62,360,008	1,120,162	704	11.00	0.80
Commercial & Professional Services	763.45	763.45	76,940	2,062	7	0.00	1.00
Consumer Durables & Apparel	814.72	812.88	25,377,916	1,376,703	499	42.50	1.10
Consumer Services	250.90	250.49	4,265,478	866,285	418	104.60	1.70
Diversified Financials	757.20	760.00	424,234,016	4,764,072	353	5.20	1.00
Energy	575.66	577.00	1,449,366	67,677	74	0.00	0.90
Food & Staples Retailing	1,264.81	1,251.58	50,233	19,625	20	22.90	2.20
Food, Beverage & Tobacco	928.62	923.83	27,436,364	2,431,732	1,426	16.60	2.80
Health Care Equipment & Services	878.64	863.16	58,134	30,745	41	16.70	1.80
Household & Personal Products	1,001.26	1,017.43	102,277	9,051	9	13.70	1.90
Insurance	2,153.63	2,138.28	50,638,540	357,347	249	3.90	1.70
Materials	539.61	540.20	6,876,106	166,384	222	8.70	1.00
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	7,055	12	4	5.20	1.40
Real Estate	738.01	748.78	3,722,419	258,089	161	5.20	0.60
Retailing	752.15	745.65	1,331,718	38,819	40	17.20	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	727.85	729.42	2,434,881	240,234	57	6.10	0.90
Transportation	685.99	685.99	16,425	4,025	8	7.50	0.70
Utilities	733.36	734.93	612,080	97,656	38	10.30	0.70

# Economic Indicators & Other Statistics

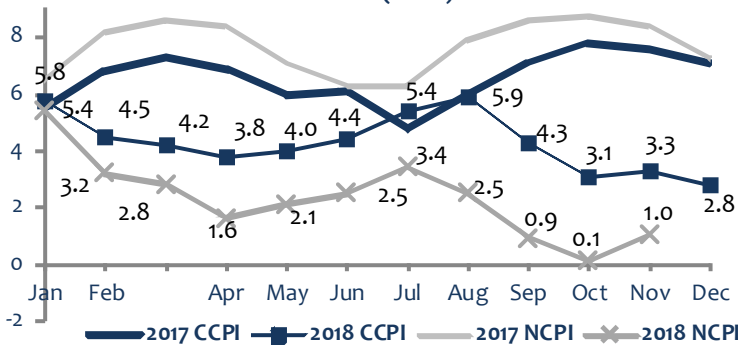
## Exchange Rates

Currency	24th Jan		23rd Jan	
	Buying	Selling	Buying	Selling
Dollar (USA)	180.08	183.96	180.01	183.89
Pound (UK)	234.41	241.86	232.16	239.56
Euro (EU)	203.75	210.85	203.30	210.38
Dollar (Australia)	127.32	132.68	127.17	132.52
Dollar (Canada)	134.12	139.04	134.16	139.08
Franc (Switzerland)	180.04	186.32	179.37	185.66
Renminbi (China)	26.23	27.46	26.16	27.39
Yen (Japan)	1.6343	1.6934	1.6313	1.6904
Dollar (Singapore)	131.96	136.38	131.80	136.23

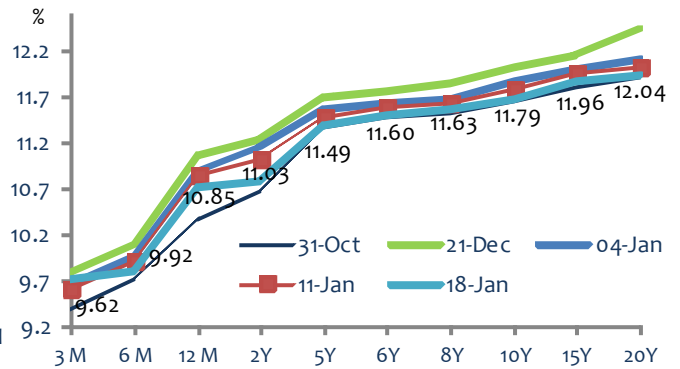
## Indicative Rates

Currency	24th Jan	23rd Jan
	Ind: Value	Ind: Value
Yuan (Offshore)	26.8271	26.7157
Rupee (India)	2.5612	2.5544
Won (Korean)	0.1616	0.1613
Dinar (Kuwait)	600.6360	600.2641
Ringgit (Malay)	44.0515	44.0048
Rial (Oman)	473.4104	472.3377
Riyal (Qatar)	50.0551	49.9485
Riyal (KSA)	48.5963	48.4869
Dirham (UAE)	49.6204	49.5079

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



## Government Securities - Secondary Market Yield



## Central Bank's Policy Rates

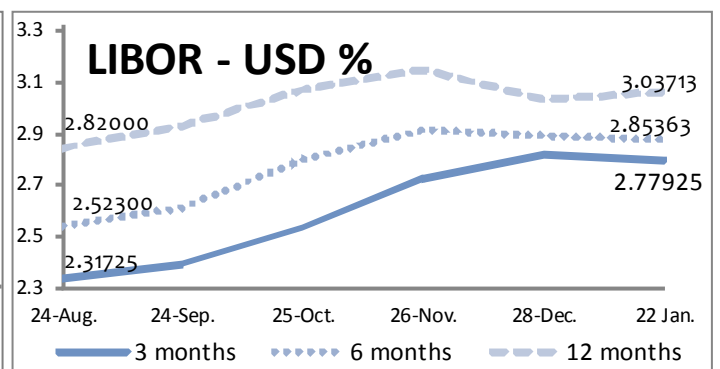
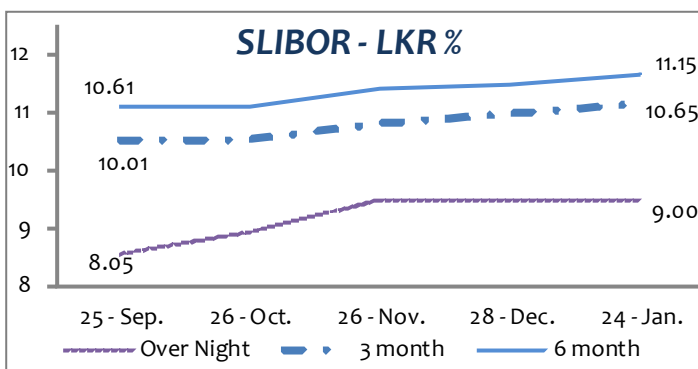
Description	Present	Previous		23.01.2019	16.01.2019	09.01.2019	02.01.2019
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	na	na
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	9.87	9.87	9.94	9.95
Bank Rate	15.00%	15.00%	364 Days %	10.70	10.75	10.85	10.99
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	23.5Bn	26Bn	20Bn	18Bn

## Treasury Bill Issuance

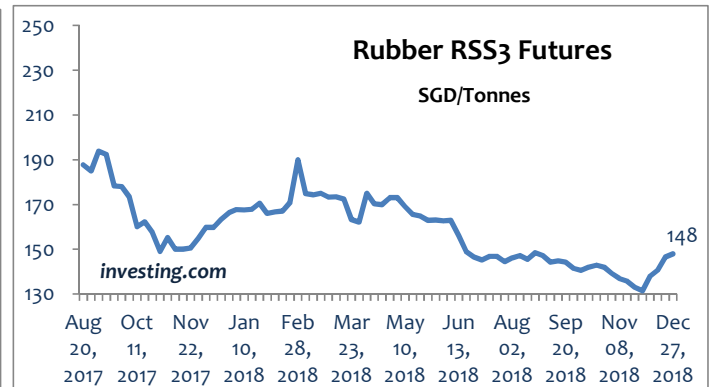
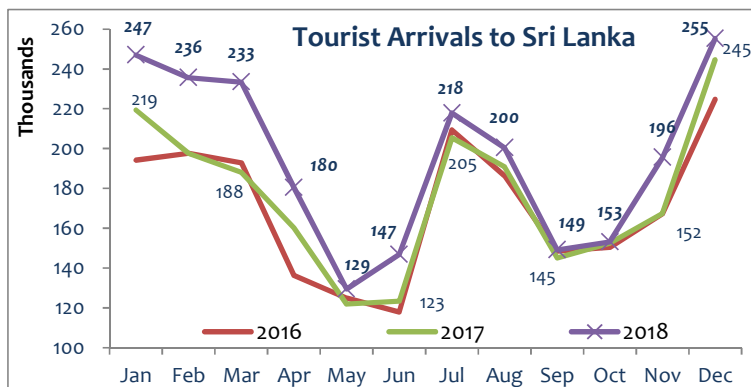
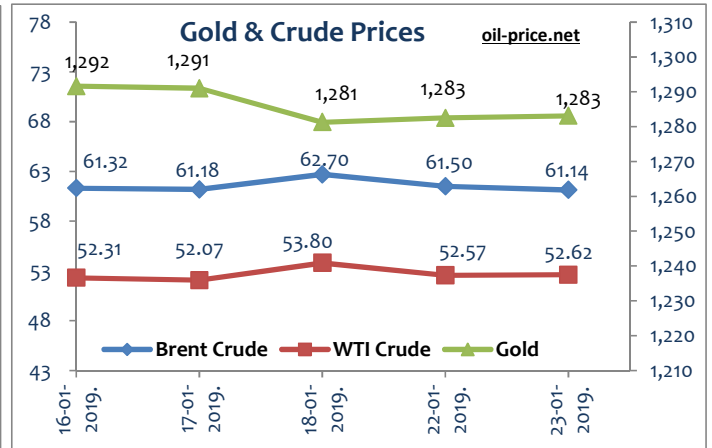
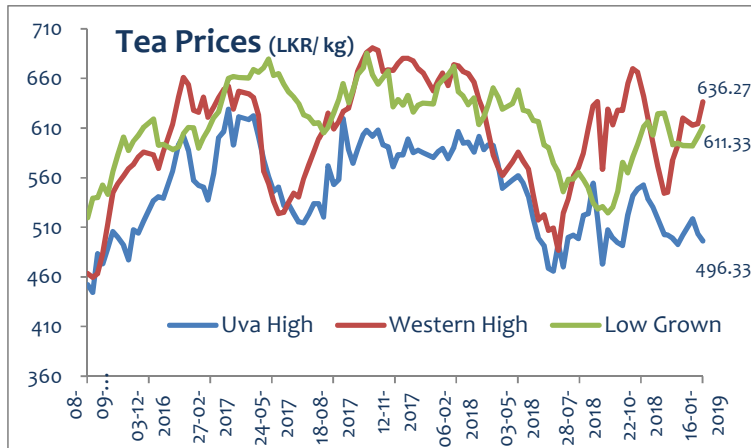
Date	13.12.2018	17.07.2016	11.01.2019	17.07.2016	17.09.2018	13.12.2018	11.01.2019	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	11.88	11.14	11.58	11.21	10.32	12.23	11.73	11.90
Previous Auction	17.09.2018	15.06.2017	15.10.2018	15.06.2017	16.07.2018	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

### Apparel cracks \$ 5 b target

Sri Lanka’s apparel industry has benchmarked itself at new heights, surpassing \$5Bn in export earnings in 2018, and is setting its eyes on hitting \$8Bn by 2025. The total earnings from export of apparel products falling under HS chapters 61, 62 and 63 amounted to \$5050Mn in 2018, registering an increase of 4.79% compared to the export turnover of \$4,819Mn in 2017. The USA and the EU continued to be the two largest buyers of Sri Lankan garments, in both volume and value terms, the Joint Apparel Association Forum (JAAF) said in a statement.

The Sri Lankan Textile and Apparel industry employs nearly 350,000 workers directly and twice as many indirectly. Total employment is estimated to be in the region of 15% of the country’s workforce. The contribution of the textile and apparel industry to the GDP is in the region of 6%, based on re-based GDP estimates. *(ft.lk)*

### Cabinet approves more exemptions to VAT regulations

The Cabinet this week approved an Amendment to the Value Added Tax Act, to enable the Minister to determine and prescribe by regulation the basis for the imposition of VAT on certain goods, the Government announced yesterday. The proposal presented by Finance Minister Mangala Samaraweera amends the Value Added Tax (VAT) Act “enabling to re-introduce the tax exemptions imposed on importation of aircrafts and accessories, sawn timber and fabrics and locally manufactured rice bran oil,” the Office of Cabinet of Ministers announced. Further the amendment enables the Minister of Finance “to determine and prescribe by regulation the basis for the imposition of VAT on certain goods”. The VAT exemption which was earlier applicable on certain goods and services was removed under the Value Added Tax (Amendment) Act, No. 25 of 2018. However, considering the requests made by the relevant stakeholders in these fields, a proposal was made to reintroduce the exemptions for aircrafts and accessories, sawn timber and fabrics, and locally manufactured rice bran oil. *(ft.lk)*



### **\$200m WB funding for healthcare**

Sri Lanka has signed up for \$200Mn in funding from the International Bank for Reconstruction and Development (IBRD) of the World Bank to implement the Primary Healthcare System Strengthening Project, the Finance Ministry said in a statement yesterday. The development objective of the proposed project is “to increase the utilisation and quality of primary health care services, with an emphasis on detection and management of non-communicable diseases in high-risk population groups, in selected areas of the country.” (*ft.lk*)

## **Foreign News**

### **Asian shares edge up; ECB decision awaited**

Asian shares inched up in subdued trade on Thursday after Wall Street ended higher, but political uncertainty in the United States and worries about weakening global economic growth kept many investors on the sidelines.

Japan’s Nikkei average eased 0.1 percent. China’s benchmark Shanghai Composite and the blue-chip CSI 300 climbed 0.5 percent and 0.6 percent, respectively, taking positive cues from financial firms’ profits and the approval for a new technology board in Shanghai. Hong Kong’s Hang Seng index rose 0.3 percent.

On Wednesday, Wall Street ended slightly higher after a spate of upbeat earnings reports, including International Business Machines, but lingering concerns about trade tensions and the longest U.S. government shutdown ever limited the advance.

President Donald Trump said on Wednesday that the United States was doing well in trade talks with China, saying that China “very much wants to make a deal.” But sources familiar with the talks say the two sides are still far apart on key, structural elements critical for a deal.

The ECB is widely expected to stay on hold at a policy meeting that ends later on Thursday, but may acknowledge a sharp slowdown in growth, raising the prospect that any further policy normalization could be delayed.

The ECB’s meeting will come a day after the Bank of Japan cut its inflation forecasts on Wednesday but maintained its massive stimulus program, with Governor Haruhiko Kuroda warning of growing risks to the economy from trade protectionism and faltering global demand.

The U.S. Federal Reserve will hold its first policy meeting of 2019 next week, with investors hoping for more clues on how patient it will be before raising interest rates again. Fed officials have left little doubt in recent weeks that they want to stop raising rates - at least for a while.

In commodity markets, oil prices declined on Thursday amid lingering concerns over slowing global economic growth that may limit fuel demand and after a surprise build in U.S. crude inventories. U.S. West Texas Intermediate (WTI) crude futures fell 0.5 percent to \$52.38 a barrel, while Brent crude futures were last down 0.4 percent at \$60.87. Gold held steady, supported by a softer dollar. Spot gold was last traded at \$1282.10 per ounce. (*reuters.com*)

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