

DAILY STOCK MARKET HIGHLIGHTS

Thursday, 31 January 2019



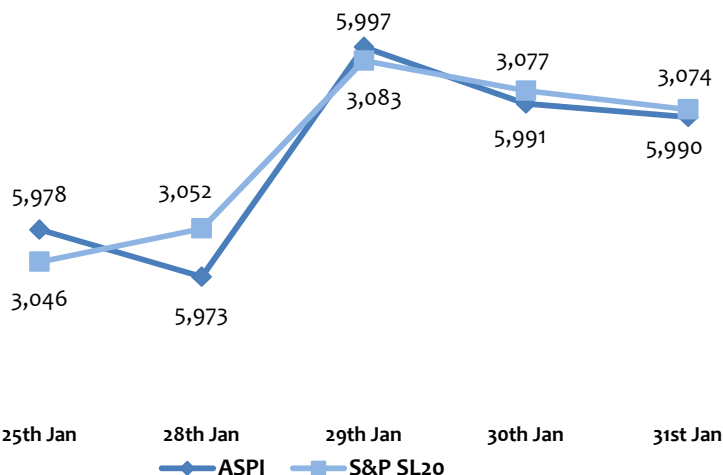
**ASHA PHILLIP
SECURITIES LTD**

Sri Lanka

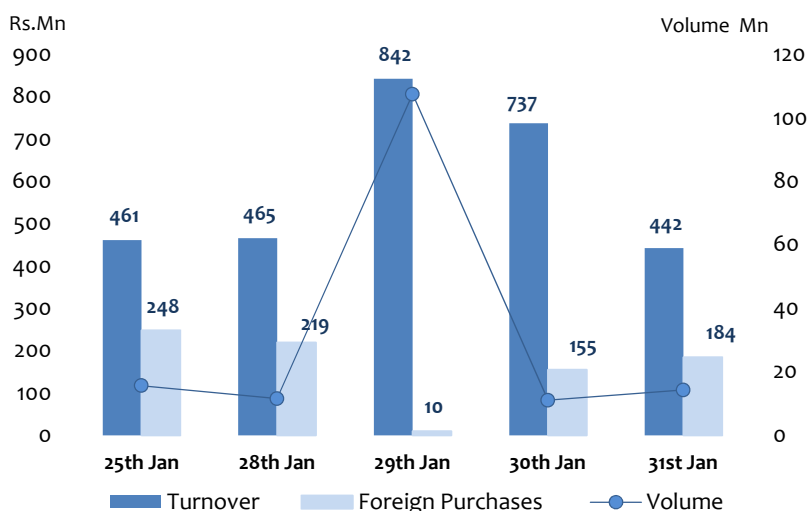
Daily Market Statistics

Index	31st Jan	30th Jan	Change	% Change
ASPI	5,989.90	5,991.29	↓ (1.39)	↓ -0.02%
S&P SL20	3,073.71	3,077.08	↓ (3.37)	↓ -0.11%
Market Stats (LKR, Mn)		31st Jan	30th Jan	% Change
Turnover		442.00	736.73	↓ -40.0%
Domestic Purchases		257.89	582.03	↓ -55.7%
Domestic Sales		175.40	605.38	↓ -71.0%
Foreign Purchases		184.11	154.70	↑ 19.0%
Foreign Sales		266.59	131.34	↑ 103.0%
Share Volume		14.28	11.02	↑ 29.6%
Market capitalization (Bn)		2,799.40	2,800.05	↓ -0.02%
PER		9.37	9.37	↓ 0.00%
PBV		1.18	1.18	↓ 0.00%

Market Indices



Turnover, Volume and Foreign Purchase



Performance of the Market

- Number of daily transactions increased by the rally on speculative counters. Plantation sector counters were volatile due to the political interference in wage issues. Overall investor sentiments remained positive.
- Benchmark index ASPI moved between 5,977.21 - 5,999.31 points and settled the day at 5,989.90 with a loss of 1.39 points (-0.02%).
- Major contributors for the movement in ASPI were CINS (+3.4), DIST (+3), LOLC (+2.3), DFCC (+2.2), NEST (+1.7), DIAL (-3.5), MELS (-2.7), CLC (-1.4), PLC (-1.4) & HHL (-1.2)
- S&P SL20 index also followed a same trend and settled the day at 3,073.71 with a loss of 3.37 points (-0.11%).
- The day's turnover was recorded as LKR 442Mn, down by 40% from its previously recorded LKR 736.73Mn. Foreign investors turned net sellers for the day.
- The total market capitalization stood at LKR 2.80Tn, indicating an YTD loss of 1.41%.
- The market PER & PBV were at 9.37x & 1.18x respectively.

Top Contributors - Turnover

1. Ceylon Tobacco Company PLC (CTC) contributed 27% (117.81Mn) of the turnover. CTC traded between LKR 1,400.00 & 1,420.00 and settled the day at LKR 1,400.00 on par with its previous closing; majority (117.75Mn) of its turnover was contributed through an off board trades of 82,926 shares negotiated at the prices of LKR 1,420.00
2. Asiri Hospital Holdings PLC (ASIR) had contributed LKR 83.74Mn. ASIR traded between LKR 22.00 & 22.50 and settled the day at LKR 22.00 with a loss of LKR 0.50 (-0.22%)
3. John Keells Holdings PLC (JKH) contributed LKR 34.56Mn. JKH traded between LKR 155.00 & 158.00 and settled the day at LKR 157.90 with a loss of LKR 0.40 (-0.25%)

Top contributors - Traded Volume

1. Asiri Hospital Holdings PLC traded a total of 3.81Mn shares.
2. MTD Walkers PLC (1.37Mn shares)
3. Orient Finance PLC (1.01Mn shares).

Sectorial Overview

1. Beverage Food & Tobacco (BFT) stood on top providing LKR 145.25Mn capturing 33% of the total turnover.
2. Bank Finance & Insurance (BFI) provided LKR 97.57Mn to the daily aggregated turnover.
3. Health Care (HLT) provided LKR 83.80Mn

Daily Foreign Transactions

Net Foreign Purchases

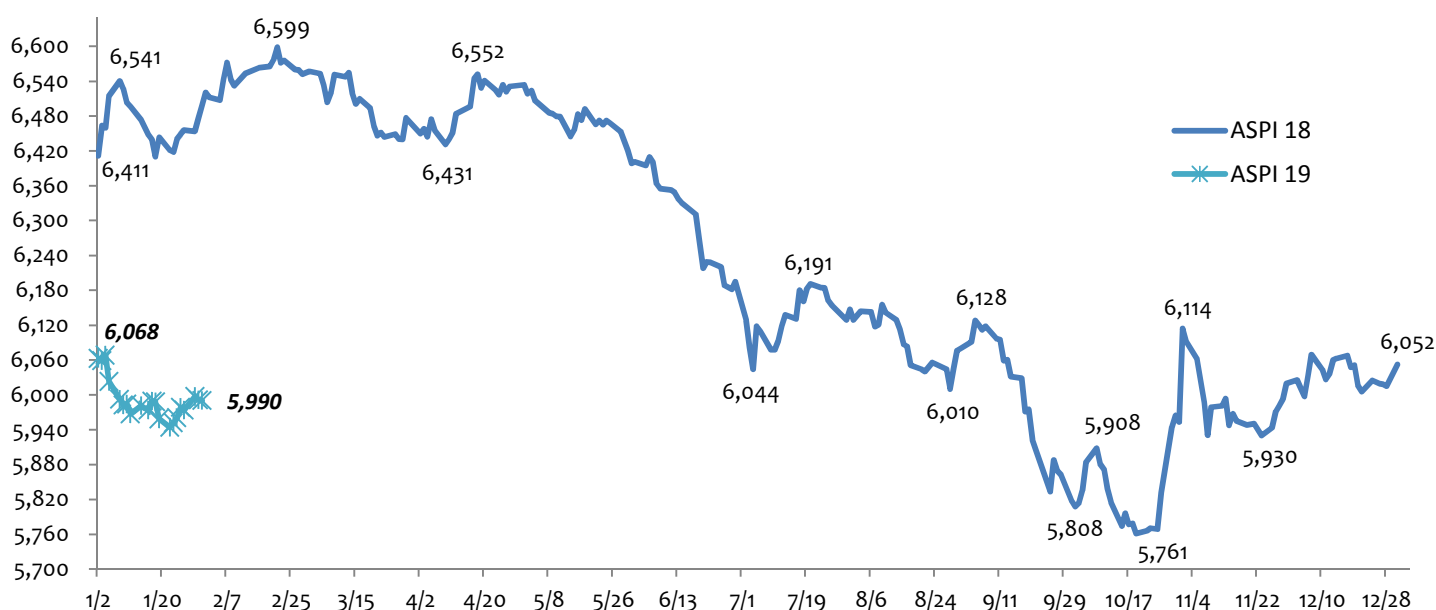
Company Name	Avg Price	Net change in Qty	Net Foreign Inflow
LION BREWERY	595.00	25,000	14,875,000
VALLIBEL FINANCE	70.00	52,343	3,664,010
RENUKA HOLDINGS	19.70	146,050	2,877,185
COLD STORES	620.00	1,726	1,070,120
RENUKA AGRI	2.40	327,575	786,180
BROWNS CAPITAL	3.50	150,000	525,000
PIRAMAL GLASS	3.7	50,000	185,000
UNION BANK (+)	10.90	10,449	113,894
CARSONS	167.10	607	101,430
THREE ACRE FARMS (+)	103.00	950	97,850

Net Foreign Sales

Company Name	Avg Price	Net change in Qty	Net Foreign Outflow
ASIRI	22.00	(3,800,000)	(83,600,000)
COMMERCIAL BANK (+)	114.00	(123,879)	(14,122,206)
NESTLE (+)	1,725.00	(1,753)	(3,023,925)
DIALOG (+)	9.90	(137,235)	(1,358,627)
MTD WALKERS	19.00	(54,850)	(1,042,150)
RENUKA FOODS	17.10	(57,725)	(987,098)
MERCHANT BANK (+)	10.30	(75,025)	(772,758)
CIC[X.0000]	31.10	(20,095)	(624,955)
SAMPATH (+)	239.10	(1,957)	(467,919)
JKH	157.90	(2,068)	(326,537)

- **Aggregate foreign buying** for the day totaled up to **LKR 184.11Mn**.
- **Foreign sales** for the day amounted to **LKR 266.59Mn**.
- **Net foreign outflow** for the day was **LKR 82.49Mn**, **YTD net foreign outflow** presently stands at **LKR 2.32Bn**.
- **LION** notched the “Top Net Purchasers” slot with a net inflow of **LKR 14.88Mn** whilst **ASIRI** notched the “Top net Sellers” slot with a net outflow of **LKR 83.6Mn**.

Year-to-Date ASPI Movement - 2018 & 2019



Key Announcements

- **Colombo City Holdings PLC (PHAR)** on 28 Jan 2019 has acquired all the shares held by **Ambeon Capital PLC (TAP - 28%)** and **Taprobane Investments (Private) Limited (TIPL - 72%)** in **Lexinton Holdings (Private) Limited (LEXH - property holding company and owns the commercial property at No. 10, Gothami Road, Colombo 8)** as part of Group's restructuring for a total consideration of LKR 414.83Mn.
- **Ambeon Holdings PLC (GREG)** has given **corporate Guarantee to People's Bank** to the value of USD 4.4Mn as security on behalf of its subsidiary **South Asia Textiles Limited** to obtain banking facilities.
- **Citizens Development Business Finance PLC (CDB)** said LKR 927.77Mn worth of 9.28Mn Debentures (2019 / 2024) were subscribed out of the proposed 12.5Mn Debentures.

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	EAST	MEL	JANA	HVA	PMB	MBSL	ALHP	TFC
SIRA	MSL	CHOU							
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
COMB	28-Mar-19	UBC	28-Mar-19	SEYB	29-Mar-19
DFCC	28-Mar-19	HNB	29-Mar-19	SAMP	29-Mar-19
HASU	28-Mar-19	PABC	29-Mar-19		

EGMs

Company	Date	Company	Date
ALUF	15-Feb-19	NDB	18-Feb-19
ASCO	8-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
SFCL	0.80	Interim	30.Jan.2019	11.Feb.2019	BPPL	0.24	2nd Interim	07.Feb.2019	18.Feb.2019
COMB	3.00	2nd Interim	06.Feb.2019	15.Feb.2019	JKH	2.00	2nd Interim	12.Feb.2019	22.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

Rights Issues

T = Tranche

Company,	Issue Price	Issue Value	Proportion	XR Date	Letter Dispatch	Trading of Rights	Acceptance
Asia Asset Finance (AAF) T-1 @ LKR 10.0		LKR 252Mn	03 for 10	14 Feb 2019.	20 Feb 2019.	26 Feb - 06 Mar.	07 Mar 19.
Asia Asset Finance (AAF) T-2 @ LKR 10.0		LKR 218Mn	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
DFCC Bank PLC (DFCC)	LKR 72.00	02 for 05			

Upcoming Listings

Company	Issue Size	Coupon Rate	Price	Issue Opening	Tenure	Nature
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	1,430.00	187,323,751	267,872,963,930	10.30
JOHN KEELLS HOLDINGS PLC	JKH.No000	157.90	1,318,152,225	208,136,236,328	8.00
COMMERCIAL BANK OF CEYLON PLC	COMB.No000	114.00	945,709,403	107,810,871,942	4.15
NESTLE LANKA PLC	NEST.No000	1,724.80	53,725,463	92,665,678,582	3.56
HATTON NATIONAL BANK PLC	HNB.No000	205.00	395,451,248	81,067,505,840	3.12
DIALOG AXIATA PLC	DIAL.No000	9.90	8,143,778,405	80,623,406,210	3.10
DISTILLERIES COMPANY OF SRI LANKA PLC	DIST.No000	16.30	4,600,000,000	74,980,000,000	2.88
SAMPATH BANK PLC	SAMP.No000	239.10	280,902,248	67,163,727,497	2.58
CEYLON COLD STORES PLC	CCS.No000	620.20	95,040,000	58,943,808,000	2.27
AIA INSURANCE LANKA PLC	CTCE.No000	1,840.80	30,749,370	56,603,440,296	2.18

Highest Volume

Company Name	Turnover (Rs)	Share Vol.
ASIRI HOSPITAL HOLDINGS PLC	83,735,259	3,806,107
MTD WALKERS PLC	25,903,201	1,365,096
ORIENT FINANCE PLC	16,146,948	1,013,858
SMB LEASING PLC [X]	300,000	1,000,000
SERENDIB ENGINEERING GROUP PLC	6,196,045	628,124
MERCHANT BANK OF SRI LANKA & FINANCE PLC	6,312,843	624,149
RENUKA AGRI FOODS PLC	1,496,925	601,517
BROWNS CAPITAL PLC	1,013,405	289,825
RENUKA HOLDINGS PLC	5,374,592	271,993
PIRAMAL GLASS CEYLON PLC	1,010,809	271,766

Highest Turnover

Company Name	Share Vol.	Turnover (LKR)
CEYLON TOBACCO COMPANY PLC	82,964	117,808,480
ASIRI HOSPITAL HOLDINGS PLC	3,806,107	83,735,259
JOHN KEELLS HOLDINGS PLC	218,914	34,562,439
MTD WALKERS PLC	1,365,096	25,903,201
CENTRAL FINANCE COMPANY PLC	250,252	25,024,983
COMMERCIAL BANK OF CEYLON PLC	208,734	23,795,970
ORIENT FINANCE PLC	1,013,858	16,146,948
LION BREWERY CEYLON PLC	25,182	14,935,582
MERCHANT BANK OF SRI LANKA & FINANCE PLC	624,149	6,312,843
SERENDIB ENGINEERING GROUP PLC	628,124	6,196,045

Top Gainers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
ORIENT FINANCE	16.60	2.10	14.48	16,146,948
EDEN HOTEL LANKA	15.10	1.90	14.39	3,639
LAXAPANA	12.30	1.50	13.89	192,354
MERCHANT BANK	10.30	0.90	9.57	6,312,843
CIC [X]	31.10	2.70	9.51	2,107,702
PALM GARDEN HOTL	23.90	1.90	8.64	41,323
KOTMALE HOLDINGS	169.00	12.70	8.13	53,095
CITRUS WASKADUWA	2.70	0.20	8.00	33,059
MTD WALKERS	19.50	1.10	5.98	25,903,201
PDL	120.00	5.90	5.17	60,000

Top Losers

Company Name	VWA Days Close	Change (LKR)	Change %	Turnover (LKR)
BLUE DIAMONDS [X]	0.20	(0.10)	(33.33)	807
THE FINANCE CO.	1.80	(0.20)	(10.00)	8,838
THE FINANCE CO. [X]	0.90	(0.10)	(10.00)	38,483
LANKA VENTURES	38.90	(4.10)	(9.53)	6,534
BALANGODA	14.90	(1.10)	(6.88)	1,107,519
HAPUGASTENNE	19.20	(1.40)	(6.80)	225,244
BOGALA GRAPHITE	12.50	(0.90)	(6.72)	2,631
BOGAWANTALAWA	12.60	(0.90)	(6.67)	64,457
SINHAPUTHRA FIN [P]	4.90	(0.30)	(5.77)	1,030
WATAWALA	21.30	(1.30)	(5.75)	15,917

Crossings

Name	Symbol	Price	Trades	T.Volume	Turnover
Ceylon Tobacco Company PLC	CTC.No000	1,420.00	2	82,926	117,754,920.00
Central Finance Company PLC	CFIN.No000	100.00	1	200,000	20,000,000.00

Market Highlights & Statistics

Sector Wise Summary

Sector	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
BANK FINANCE AND INSURANCE	16,388.67	16,340.74	97,568,214	3,767,725	1,842	4.90	0.90
BEVERAGE FOOD AND TOBACCO	24,255.17	24,129.59	145,254,742	1,106,266	583	17.40	5.90
CONSTRUCTION AND ENGINEERING	1,451.77	1,440.15	28,884,282	1,706,053	778	16.10	0.60
CHEMICALS AND PHARMACEUTICALS	5,277.94	5,233.75	3,448,038	90,222	91	7.80	0.80
DIVERSIFIED HOLDINGS	1,544.59	1,554.62	39,779,940	758,946	261	10.90	0.90
FOOTWEAR AND TEXTILE	909.37	907.35	555,389	57,830	45	53.90	0.90
HOTELS AND TRAVELS	2,654.93	2,655.13	2,128,535	321,951	270	98.70	1.70
HEALTH CARE	808.95	813.69	83,801,995	3,818,112	39	16.50	1.80
INVESTMENT TRUSTS	9,520.52	9,459.60	6,038,287	310,449	223	0.00	0.50
INFORMATION TECHNOLOGY	26.63	27.75	239,911	53,309	14	0.00	0.00
LAND AND PROPERTY	538.16	536.73	7,798,725	762,123	386	5.40	0.60
MANUFACTURING	2,861.86	2,863.74	18,682,805	747,731	613	8.80	0.90
MOTORS	12,408.37	12,408.37	752,671	9,982	17	17.20	0.50
OIL PALMS	49,418.58	49,418.58	8,623	25	7	59.20	1.30
POWER & ENERGY	99.36	99.58	1,346,071	147,441	80	87.50	1.20
PLANTATIONS	783.93	802.28	3,679,558	299,840	418	26.20	0.80
STORES SUPPLIES	28,152.16	28,152.16	2,368	5	3	17.40	0.50
SERVICES	15,598.12	15,598.12	270,841	98,163	38	14.50	1.20
TELECOMMUNICATIONS	136.58	139.01	1,473,708	147,914	62	5.80	0.90
TRADING	11,496.59	11,616.30	283,040	79,016	32	52.80	0.70

GICS Industry Group Statistics

Industry Group	Price Index		Turnover			Sector	
	Today	Previous	Value (Rs)	Volume	Trades	P/E	PBV
Automobiles & Components	478.55	487.94	35,700	1,000	2	4.90	0.60
Banks	814.72	813.87	30,721,176	301,008	355	5.60	0.70
Capital Goods	844.88	846.60	76,774,944	2,792,493	1,451	10.90	0.80
Commercial & Professional Services	859.44	859.44	32	1	1	0.00	1.10
Consumer Durables & Apparel	821.30	815.18	3,577,264	169,838	172	42.60	1.10
Consumer Services	251.01	251.06	2,128,535	321,951	270	104.60	1.70
Diversified Financials	772.10	773.04	58,938,256	3,357,078	1,337	5.40	1.00
Energy	553.30	552.96	563,291	27,791	46	0.00	0.90
Food & Staples Retailing	1,250.49	1,250.49	28,274	56,152	10	22.70	2.20
Food, Beverage & Tobacco	926.70	926.04	155,528,432	1,766,036	1,230	16.40	2.80
Health Care Equipment & Services	869.65	875.10	84,041,904	3,871,421	53	16.50	1.80
Household & Personal Products	1,006.65	985.10	1,254	110	2	13.70	1.90
Insurance	2,195.33	2,165.44	8,251,036	142,679	184	3.70	1.70
Materials	536.75	537.15	14,800,874	568,386	342	8.70	1.00
Pharmaceuticals, Biotechnology & Life Sciences	1,807.58	1,807.58	18,148	31	8	5.20	1.40
Real Estate	732.87	731.66	1,767,939	141,830	120	5.10	0.60
Retailing	757.59	762.47	1,125,985	104,132	61	17.30	0.70
Technology Hardware & Equipment	0.00	-	0	0	0	0.00	0.00
Telecommunication Services	713.60	726.28	1,473,708	147,914	62	5.80	0.90
Transportation	685.99	702.71	423,773	103,573	32	7.50	0.70
Utilities	725.88	729.65	782,779	119,650	34	10.20	0.70

Economic Indicators & Other Statistics

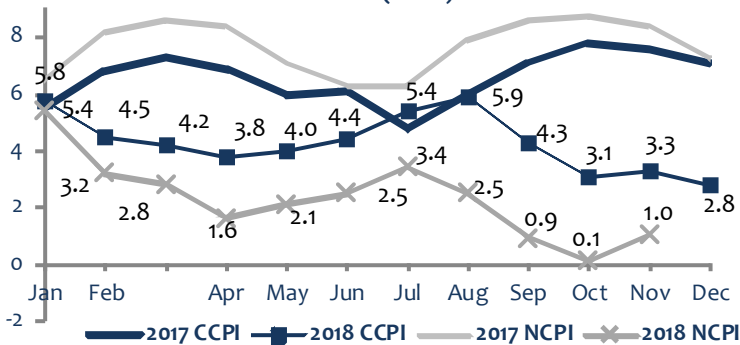
Exchange Rates

Currency	31st Jan		30th Jan	
	Buying	Selling	Buying	Selling
Dollar (USA)	177.42	181.28	178.84	182.70
Pound (UK)	231.80	239.24	233.08	240.52
Euro (EU)	202.73	209.84	203.28	210.37
Dollar (Australia)	127.60	132.98	127.34	132.70
Dollar (Canada)	134.20	139.16	133.96	138.90
Franc (Switzerland)	177.62	183.90	178.63	184.92
Renminbi (China)	26.14	27.38	26.31	27.55
Yen (Japan)	1.6195	1.6787	1.6260	1.6851
Dollar (Singapore)	131.12	135.57	131.70	136.14

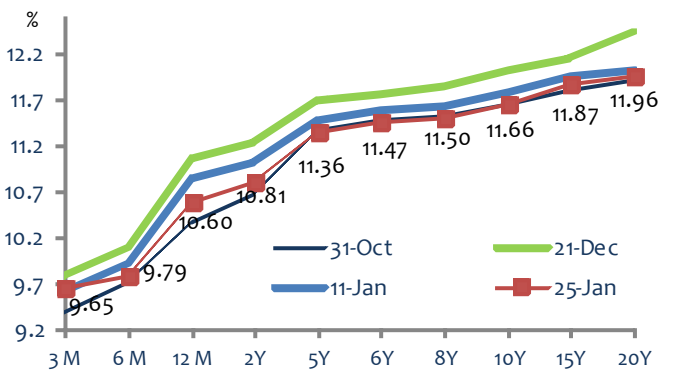
Indicative Rates

Currency	31st Jan	30th Jan
	Ind: Value	Ind: Value
Yuan (Offshore)	26.7893	26.9618
Rupee (India)	2.5252	2.5412
Won (Korean)	0.1616	0.1625
Dinar (Kuwait)	593.5723	598.7002
Ringgit (Malay)	43.9648	44.2045
Rial (Oman)	467.2262	471.4958
Riyal (Qatar)	49.3944	49.8526
Riyal (KSA)	47.9628	48.4011
Dirham (UAE)	48.9722	49.4197

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



Government Securities - Secondary Market Yield



Central Bank's Policy Rates

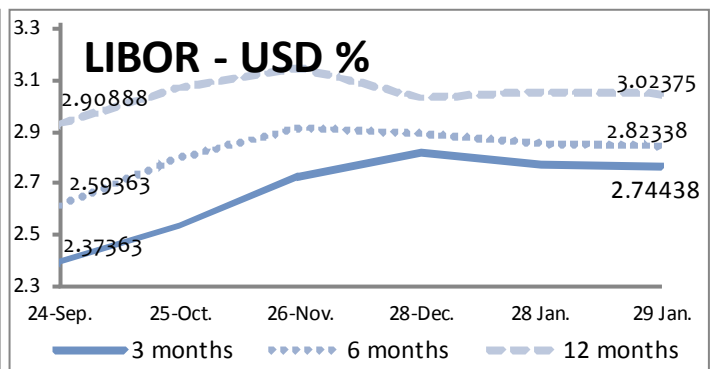
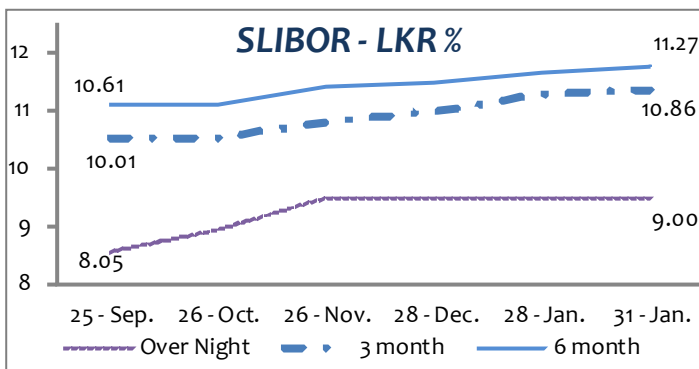
Description	Present	Previous		30.01.2019	23.01.2019	16.01.2019	09.01.2019
Standing Deposit Facility (SDF)	8.00%	7.25%	91 Days %	na	na	na	na
Standing Lending Facility (SLF)	9.00%	8.50%	182 Days %	na	9.87	9.87	9.94
Bank Rate	15.00%	15.00%	364 Days %	10.69	10.70	10.75	10.85
Statutory Reserve Ratio (SRR)	6.00%	7.50%	Amount	21Bn	23.5Bn	26Bn	20Bn

Treasury Bill Issuance

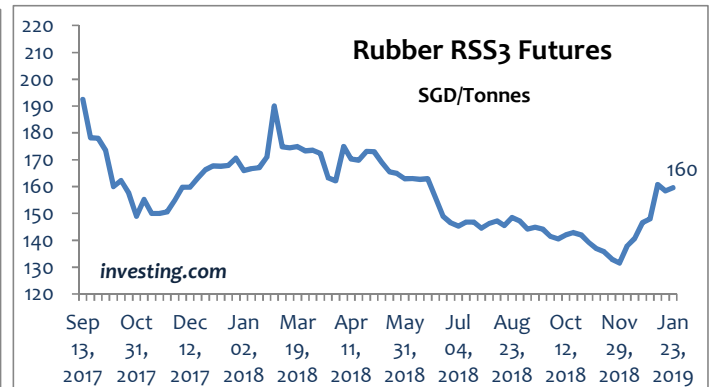
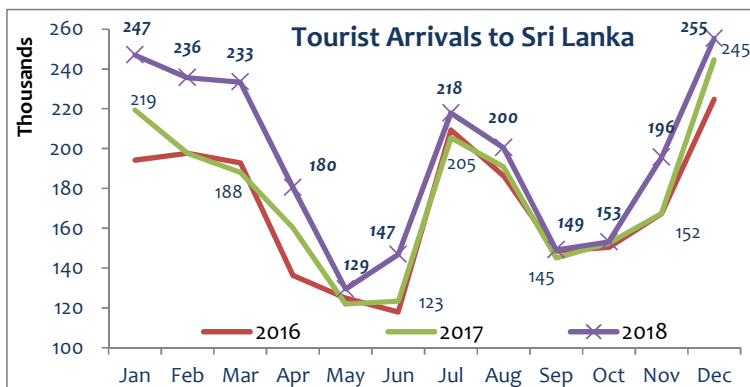
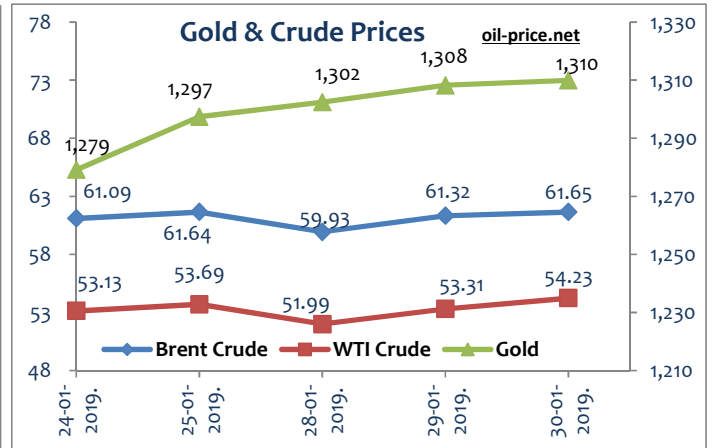
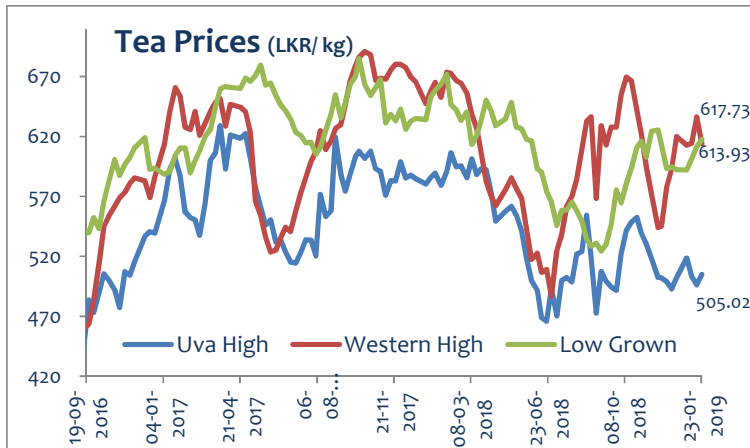
Date	13.12.2018	17.07.2016	11.01.2019	17.07.2016	17.09.2018	13.12.2018	11.01.2019	15.10.2018
Maturity	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	10 Years	15 Years
Current Yield	11.88	11.14	11.58	11.21	10.32	12.23	11.73	11.90
Previous Auction	17.09.2018	15.06.2017	15.10.2018	15.06.2017	16.07.2018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

Construction cash strapped

The National Construction Association of Sri Lanka (NCASL) appealed to the Government to release at least Rs. 500Mn from the outstanding payments to Provincial and District level projects, to provide some measure of relief to small- and medium-scale construction companies. The members noted that payments for some projects had been delayed since June or July last year, and despite several rounds of discussions and appeals to top Ministers, including Finance Minister Mangala Samaraweera, no payments had been disbursed. “It is estimated that there are about 3000 construction companies in Sri Lanka, of which the majority do Government projects. Many of these companies have taken loans, and they are now in danger of losing their homes and other assets to banks” said NCASL Chairman Athula Priyantha Galagoda. (ft.lk)

Fitch affirms Sri Lanka Telecom’s IDR at ‘B’; withdraws ratings

(LBO) – Fitch Ratings has affirmed Sri Lanka Telecom’s Long-Term Foreign and Local-Currency Issuer Default Ratings (IDRs) at ‘B’ with a stable outlook and the agency has simultaneously withdrawn the ratings for commercial reasons. Fitch’s outlook for the Sri Lankan telco sector is stable as we expect the mean net leverage for SLT and mobile market leader, Dialog Axiata PLC (AAA(lka)/Stable), to remain stable at around 1.4x in 2019. We expect the sector’s cash generation to improve, driven by higher mobile and broadband data usage, which will be insufficient, however, to fund the large capex requirement, leading to negative FCF. We also expect average operating EBITDAR margins to remain stable at around 34% (2018 estimate: 34%), driven by improving economies of scale in the data and home broadband segment, offsetting the negative impact of the changing revenue mix.

SLT has lower exposure to the crowded mobile market and more diverse service platforms than Dialog. However, Dialog has a larger revenue base, better operating EBITDAR margins, lower forecast FFO adjusted net leverage and a better FCF profile than SLT.

Rupee firmer on dollar sales; stocks end weaker

REUTERS: Sri Lanka's rupee rose 0.9% yesterday on banks' dollar sales from inward remittances, while foreign investors purchased short-term bills. Stocks ended weaker. The rupee closed at 179.30/60 per dollar, compared with Tuesday's close of 180.90/179.15, market sources said. On January 3, the rupee dropped to an all-time low of 183.00 against the dollar. The currency has appreciated 2% so far this year. Investor confidence in Sri Lanka is stabilising after the country repaid a US \$ 1 billion sovereign bond in mid-January, Central Bank of Sri Lanka Governor Indrajit Coomaraswamy told Reuters on Monday.

Foreign News

Asia stocks climb to four-month high as Fed turns more cautious; dollar sags

(Reuters) - Asia stocks rose to a four-month high on Thursday after the Federal Reserve pledged to be patient with further interest rate hikes, signaling a potential end to its tightening cycle amid signs of slowing global growth. The dollar struggled near a three-week trough against its major peers and U.S. Treasury yields were significantly lower as investors reacted to the Fed's change in tone.

Japan's Nikkei rose 1 percent. The Shanghai Composite Index climbed 0.3 percent despite data showing China's factory activity contracted for a second straight month amid weakening orders. South Korea's KOSPI added 0.3 percent.

The Fed on Wednesday held interest rates steady as expected, and also discarded its promises of "further gradual increases" in interest rates. The central bank said it would be "patient" before making any further moves amid a suddenly cloudy outlook for the U.S. economy due to global growth risks and impasses over trade and government budget negotiations.

On Wall Street, the Dow and the Nasdaq rallied 1.7 percent and 2.2 percent, respectively, on hopes the Fed's pause would give the U.S. economy and corporate profits more room to run.

The U.S. central bank also said on Wednesday that its balance sheet would remain larger than previously expected.

The benchmark 10-year U.S. Treasury yield extended its decline to as far as 2.674 percent, its lowest since Jan. 14.

Oil prices rose after U.S. government data showed signs of tightening supply and as investors remained concerned about supply disruptions following U.S. sanctions on Venezuela's oil industry. U.S. crude oil futures were up 0.7 percent at \$54.59 per barrel. ([reuters.com](#))

China's factory activity shrinks as slowdown worries rise

Chinese factory activity contracted for a second straight month in January, the official Purchasing Managers Index (PMI) showed. The index ticked up to 49.5, but remained below the 50-point level that separates growth from contraction. China reported its weakest economic expansion in 28 years in 2018, and growth is expected to slow further. Already, a number of multinationals have said sluggish growth in China has affected their bottom line. The manufacturing data was up slightly from the 49.4 level recorded in December. ([bbc.com](#))

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