NEWS ROUND UP

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Sri Lanka stocks retreat for fourth day

Sri Lanka stocks closed 0.62 percent lower on Wednesday, falling for the fourth straight day, brokers said.

Colombo's All Share Price Index (ASPI) closed 35.71 points down at 5,697.93.

The index reached an intra-day high of 5,738.75 just after market open and reached a daily low of 5,693.52 in the afternoon.

The S&P SL20 Index of more liquid stocks closed 0.51 percent or 14.10 points down at 2,746.82.

Market turnover was 500 million rupees with 33 stocks gaining and 64 declining.

There was 53.6 million rupees in net selling amidst high foreign investor participation.

Ceylon Tobacco Company of Sri Lanka closed 26.40 rupees down at 1,074.90 rupees a share, contributing most to the fall of the ASPI.

There were two crossings (negotiated trades) totalling 213.7 million rupees in CTC shares.

Hemas Holdings fell 3.50 rupees to 70.00 rupees a share and Melstacorp fell 1.70 rupees to 43.10 rupees a share, also pushing the ASPI down. (EconomyNext)

Sri Lanka rupee ends stronger, bond yields stable

Sri Lanka's rupee closed stronger at 181.80/95 to the US dollar on Wednesday and bond yields were flat, dealers said.

The rupee closed at 182.30/40 against the greenback in the spot market on Tuesday.

Liquidity in the overnight money market was 17.54 billion rupees, falling from 23.85 billion rupees on Tuesday.

Banks deposited 21.33 billion rupees through Central Bank window, down from 38.50 billion rupees yesterday.

The public debt office sold 12 billion rupees in treasury bills at an auction on Wednesday, with the 12-month bill yield flat at 8.41 percent.

In the secondary bond market yields remained unchanged with no foreign transactions for the day, dealers said.

A bond maturing on 15.12.2021 closed at 8.75/82 percent, unchanged from Tuesday.

A bond maturing 15.07.2023 closed flat at 9.85/90 percent.

A bond maturing on 15.09.2024 closed at 10.24/29 percent on Wednesday, edging up from 10.23/30 percent at Tuesday's close.

A 15-year bond maturing on 15.09.2034 closed at 10.73/80 percent, falling from 10.78/85 percent. (EconomyNext)

Sri Lanka 01-yr Treasury yield flat at 8.41-pct

Sri Lanka's 01-year Treasury Bill yield remained unchanged at 8.41 percent at Wednesday's auction while shorter tenor bills fell slightly, data from the debt office showed.

The 03-month bill yield fell 02 basis points to 7.60 percent and the 06-month bill yield also fell 02 bp to 7.73 percent.

The debt office, a unit of the central bank, accepted a total of 12 billion rupees of bill across all tenors, the exact amount offered.

It accepted 5.5 billion rupees in 01-year bills, having offered 8.5 billion rupees worth and accepted more of the shorter tenors. (EconomyNext)

Sri Lanka close to ending land restrictions on foreign invested listed firms

Sri Lanka's cabinet of ministers had cleared a draft law aimed at ending controls on land ownership imposed on listed companies with foreign ownership.

In 2014, barely three years after expropriating several domestic and foreign companies, and undermining the FDI landscape, Sri Lanka brought new legislation to further block foreign investors from owning land in Sri Lanka amid rising nationalism.

The Land (Restrictions and Alienation) Amendment Bill, ended full freehold of Sri Lankan citizens, by ending their right to sell land to anyone they wished.

After independence from British rule, property rights of both citizens and foreign investors had been systematically violated through several expropriations of both businesses and land, unlike fast growing nations in East Asia.

The cabinet has approved changes to the Land (Restrictions and Alienation) Amendment Bill, exempting listed companies from the law.The changes still have to be passed by parliament. (EconomyNext)

Dow dives nearly 500 points as US economy worries investors

The Dow and the broader stock market went deep into the red on Wednesday, as worries about the economy continued to rattle investors.

At its lowest point, the Dow fell nearly 600 points, dropping below 26,000 for the first time since the beginning of September, when new trade tariffs came into effect and soured market sentiment.

It was the second down day in a row. Tuesday's decline was set off after a worse-than-expected report on America's manufacturing sector.

The Dow (INDU) closed a little below 500 points, some 1.9% lower.

The S&P 500 (SPX) fell 1.8%, while the Nasdaq (COMP) dropped 1.6%.

All three indexes posted their worst one-day drops since August 23, when China announced retaliatory tariffs on US imports.

Investors are now worried that weaker-than-expected private payrolls data and Friday's jobs report could also disappoint, making matters worse. There has been no good news to offset these concerns.

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Elsewhere, the 10-year US Treasury yield tumbled, falling below 1.59%. Treasuries are a safe haven investment, and demand for them goes up in times of uncertainty, leading to lower yields.

Stocks began selling off Tuesday, after a report by the Institute of Supply Management showed America's manufacturing sector contracted for a second month in a row in September. The index, which measures month-to-month changes in the industry, dropped to its lowest level since June 2009.

"I think yesterday's US manufacturing PMI report was a game changer," said Fawad Razaqzada, technical analyst at Forex.com, in emailed comments.

Even though consumers are a more important component of the US economy than manufacturing, investors can't ignore the slowdown. Now the worry is whether it could spill over to weaken the consumer.

"Up until now, the US manufacturing and other sectors of the economy had remained resilient despite weakness in other economic regions like the Eurozone and China... but now investors are worried that the largest economy has also caught the cold," Razaqzada said.

Trump blamed the market selloff on the impeachment inquiry and the Federal Reserve's monetary policy in a tweet earlier.

So far, markets have shrugged off the inquiry, but it adds to the risks on investors' minds. Other global risks also include the uncertainty surrounding Brexit and geopolitical concerns in the Middle East, which together paint a bleak outlook for global growth.

The market is turning into a "sell first and ask question later market," said Ryan Detrick, senior market strategist for LPL Financial.

"October is known for being one of the most volatile months and after two days, it is living up to that reputation," Detrick added.

The disappointing data mounted early Wednesday, when private payrolls for September undercut expectations. The report also sharply revised the August numbers down, which is adding some nervous tensions ahead of Friday's US jobs report.

So far, American consumers have kept the economy roaring, in part because the country is near full employment. Should this change, GDP growth could get hit. (CNN)