

NEWS ROUND UP

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Sri Lanka stocks end 0.37-pct down

Sri Lankan stocks ended weaker Wednesday with the main index down 0.37 percent.

The All Share Price Index fell 21.88 points to end at 5,861.54 while the more liquid S&P SL20 index closed at 2,878.99, down 10.95 points or 0.38 percent. Turnover was 721 million rupees.

Browns Investments was the most actively traded stock closing at 4.60 rupees, down 20 cents or 4.17 percent.

Losses in Ceylon Tobacco Company, Lanka Orix Leasing Co. and Browns Investments dragged down the main index.

Ceylon Tobacco Plc closed 15.10 rupees down at 1200.00 rupees a share contributing most to the fall of the ASPI.

LOLC holdings plc closed 2.20 rupees down at 126.80 rupees a share. Browns Investment Plc, closed 0.20 rupees down at 4.60 rupees a share. (EconomyNext)

Sri Lanka 01-yr Treasury Bill yield up 11bp to 8.33-pct

Sri Lanka's 01-year Treasury Bill yield rose 11 basis points to 8.33 percent at Wednesday's auction with the debt office rejecting bids for shorter maturities.

The public debt department, a unit of the central bank, sold 15 billion rupees of bills, having offered 13 billion rupees of 01-year bills.

It had also offered 03-month and 06-month bills worth a billion rupees each but rejected offers, data from the debt office showed. (EconomyNext)

State funds to buy Sri Lanka Telecom stocks for minimum public float

Sri Lanka's cabinet has cleared the way for state-run funds and banks to buy Sri Lanka Telecom stock to meet a public float requirement, the state information office said.

Ministers of Telecom and Finance had submitted a joint proposal to allow state-management funds and state bank to buy stock in Sri Lanka Telecom.

It is proposed that the Employees Provident Fund, Employees Trust Fund Board, Sri Lanka Insurance, National Savings Bank, Bank of Ceylon to buy stock on Sri Lanka Telecom proposed to buy stock in SLT subject to the approval of their respective boards.

The Securities and Exchange Commission has set a minimum 10 percent public float.

According to the last stock exchange filing the minimum public float of Sri Lanka Telecom was 5.52 percent.

The Treasury had 49.5 percent of SLT stock and Global Telecommunications Holdings NV, a unit of Malaysia's UT group had 48.9 percent of the stock.(EconomyNext)

Sri Lanka to call investors for convention hotel, hospital on China reclaimed land

Sri Lanka is to call proposals for investors to build a hotel, convention centre, hospital and international school in land newly reclaimed by China.

Sri Lanka's National Agency for Public Private Partnership will assist in the process, the state information office said.

The cabinet of ministers had cleared the proposal by Sri Lanka's Megapolis and Western Development Minister to set up negotiation committee and project committee.

Proposals will be called to build a hotel, convention and exhibition centre, and international hospital. An international school will also come up.

The land Sri Lanka's capital Colombo was reclaimed by CHEC Port City Colombo (Pvt) Ltd, a unit of China Communication and Construction group in a 1.4 billion US dollar investment.

Under the agreement with Sri Lanka, CHEC Port City has given a part of the land to the government of Sri Lanka to develop. (EconomyNext)

Pound extends recovery amid Brexit drama

The pound rebounded further on Wednesday but its gains were capped as Brexit turmoil set the stage for a potential snap British election next month.

Global stocks rose as well, with major indices surging higher as the city's leader Carrie Lam prepared to shelve a loathed extradition bill that had sparked months of unrest.

In London, the pound shot back above \$1.22 to show an increase of almost one percent from late on Tuesday.

Having dived Tuesday to \$1.1959 — the pound’s weakest level since 1985 except for a 2016 “flash crash” — it has since rallied on rising hopes that Britain will not exit the European Union without a deal.

“Sterling was thrown a lifeline by a parliament determined to avoid a no-deal Brexit,” said analyst Connor Campbell at trading firm Spreadex, but he also injected a note of caution.

“The complicating factor here, and the reason that sterling’s gains... are not even greater, is the potential for a general election.”

Prime Minister Boris Johnson has proposed holding a snap general election on October 15 if lawmakers vote against him late on Wednesday and force him to seek a three-month Brexit extension from Brussels.

However, later on Wednesday lawmakers rejected Johnson’s motion for a general election, holding off the at least for now.

Many economists argue that a no-deal departure could hammer the British economy, which already risks falling into recession this quarter.

British business activity shrank in August, slammed by weakness in the construction, manufacturing and services sectors, a survey showed Wednesday.

The purchasing managers’ index figures “are so far indicating a 0.1-percent contraction of GDP in the third quarter,” which would mean Britain had fallen into recession, noted Chris Williamson, chief business economist at IHS Markit, which compiles the data.

Britain’s economy declined in the second quarter of the year, and one standard definition of recession is two successive quarters of economic contraction.

– Hong Kong stocks soar –

The other big story on Wednesday was in Asia, where Hong Kong’s stock market surged by 3.9 percent.

Shares rallied on the Hang Seng Index, with property and retail firms among the best performers, having taken a hiding over the past few weeks as demonstrations were increasingly marred by violence.

Later in the day, Hong Kong’s embattled leader confirmed that she would permanently shelve an extradition bill that lit the fuse for three months of pro-democracy protests.

“The government will formally withdraw the bill in order to fully allay public concerns,” pro-Beijing chief executive Lam said in a video statement.

Withdrawing the bill is one of the five key demands of protesters, who have taken to the streets in their millions in the biggest challenge to China's rule of Hong Kong since its handover from the British in 1997.

Meanwhile, oil prices surged as well in late European trading.

– Key figures around 2100 GMT –

Pound/dollar: UP at \$1.2241 from \$1.2081 at 2100 GMT

Euro/pound: DOWN at 90.13 pence from 90.83 pence

Euro/dollar: UP at \$1.1033 from \$1.0974

Dollar/yen: UP at 106.41 yen from 105.94 yen

New York – Dow: UP 0.9 percent at 26,355.47 (close)

New York – S&P 500: UP 1.1 percent at 2,937.78 (close)

New York – Nasdaq: UP 1.3 percent at 7,976.88 (close)

London – FTSE 100: UP 0.6 percent at 7,311.26 points (close)

Frankfurt – DAX 30: UP 1.0 percent at 12,025.04 (close)

Paris – CAC 40: UP 1.2 percent at 5,532.07 (close)

EURO STOXX 50: UP 0.9 percent at 3,450.83 (close)

Hong Kong – Hang Seng: UP 3.9 percent at 26,523.23 (close)

Shanghai – Composite: UP 0.9 percent at 2,957.41 (close)

Tokyo – Nikkei 225: UP 0.1 at 20,649.14 (close)

Brent North Sea crude: UP \$2.44 at \$60.70 per barrel

West Texas Intermediate: UP \$2.32 at \$56.26 (AFP)