

# NEWS ROUND UP

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## ***New hotel proposals almost double in Sri Lanka***

Sri Lanka's growing tourism industry has attracted a lot of investments during the first eight months of 2018, with new hotel proposals almost doubling, a report released by the Central Bank said.

Out of the 29 hotel projects that were granted approval in the first eight months, 24 have already started, the report said.

The projects that started will add 878 rooms in total.

The Sri Lanka Tourism Development Authority received 100 new hotel project proposals, worth 830 million dollars, for the first eight months, compared to the 53 projects worth 261 million dollars last year.

Tourist arrivals to Sri Lanka grew by 11.6 percent to 1.7 million in the first nine months of 2018.

Earnings from tourism also grew by 11.6 percent in the first nine months, compared to the previous year, to reach 3.2 million dollars.

Targeted promotion campaigns, improved service quality and a lower base the previous year were the reasons for the growth, the half yearly report on recent developments said. (Economy Next)

## ***Sri Lanka president suffers first major setback in 'coup***

President Maithripala Sirisena suffered a crucial setback Tuesday when a person appointed as a deputy minister defected to the United National Party reversing a string of crossovers and raising serious doubts about the viability of his disputed government.

Manusha Nanayakkara, who on November 1 was sworn in as deputy minister of Labour and Foreign Employment, did a back flip saying he accepted Speaker Karu Jayasuriya's position that Mahinda Rajapaksa was not the legitimate prime minister.

The latest defection came hours after Sirisena announced publicly that people should not doubt his majority – 113 in the 225-member legislature. By his own count, Sirisena is now down to 112 with the defection of Nanayakkara.

"Amidst the thundering applause of the massive crowds, the President also said that the new government headed by him without any doubt would have a majority of 113 in Parliament," the president's office said Tuesday releasing a report on his speech at a mass rally near parliament on Monday.

There had been media reports that MPs were offered up to 500 million rupees and an apartment in Malaysia to defect to the Sirisena-Rajapaksa camp.

A deputy minister under Wickremesinghe, Ranjan Ramanayake, accused China of bankrolling Rajapaksa's alleged buying of MPs, but the Chinese embassy vehemently denied the charge.

Nanayakkara noted that not a single country had recognized the government Sirisena controversially installed on October 26. Controversially sacked Wickremesinghe insists that he is still the prime minister, a position endorsed by the Speaker.

The Attorney-General Jayantha Jayasuriya too has refused to publicly endorse the actions of the President who had failed to consult the Attorney General's department before carrying out his actions on the night of October 26.

Sirisena had also issued a backdated gazette, a move that raises doubts about the legality of the exercise.

There was no immediate reaction to Nanayakkara's defection from the Sirisena - Rajapaksa camp.

UNP's Ajith Perera told reporters more defections are expected to follow.

Wickremesinghe's State Minister of Finance, Eran Wickramaratne, said Sirisena had been blocking corruption and murder investigations against members of the former Rajapaksa regime.

He said the Constitutional Council's rejection last month of Sirisena's nomination of a corrupt Rajapaksa loyalist judge to the Supreme Court also angered the president and precipitated the constitutional coup.

However, Wickramaratne said the UNP had more than 113 MPs to defeat Sirisena's coup when parliament is reconvened on November 14. (Economy Next)

### ***Global stocks mixed as investors await pivotal US election***

European stock markets slipped Tuesday on trepidation over US midterm elections seen as a referendum on Donald Trump's presidency, while US markets rose after a quiet session.

Key European markets were down by as much as one percent at the close, while Wall Street reversed early declines to post solid gains.

The S&P 500 ended up 0.6 percent. But trading volume was light as investors refrained from placing bets ahead of key election returns, which polls indicate are likely to show Democrats taking control of one house of the legislature.

Conventional market wisdom says that equity prices should fall if the Republicans lose both chambers of Congress, and should rise if they retain both, dealers said.

"It's not a surprise to see a mixed picture across global equity markets... as investors are very much in a 'wait-and-see mode' ahead of today's US midterm elections," noted Oanda analyst Dean Popplewell.

At stake are all 435 seats in the House of Representatives, 35 seats in the 100-member Senate, 36 governor's posts and seats in state legislatures across the country.

Polls are showing the voting is most likely to yield a Democratic win in the House of Representatives and a Republican victory in the Senate, but the margins are very close in many states.

That outcome is not expected to undo Trump's tax cuts and efforts to roll back regulations, initiatives investors have praised. Nor would it reverse Trump's aggressive efforts to remake international trade, a source of unease for investors.

However, a Democratic victory in either house would likely lead to extensive investigation of Trump's administration, creating new roadblocks for his agenda.

The vote represents the first major electoral test for Trump since he took the White House two years ago and embarked on an "America First" agenda that has split opinion across the country and globally, marked by aggressive trade confrontations.

A surprise outcome in either direction could lead to major market swings, including in the foreign exchange market. The dollar fell modestly on Tuesday against the euro.

"Today's vote wields the potential to shape the outlook for the president's growth-positive agenda that in turn has been positive for the greenback," said Joe Manimbo, senior market analyst at Western Union Business Solutions.

"The dollar would be vulnerable to a meaningful retreat from recent 16-month highs if the election outcome poses a threat to the president's agenda."

- Key figures around 2120 GMT -

New York - Dow: UP 0.7 percent at 25,635.01 (close)

New York - S&P 500: UP 0.6 percent at 2,755.45 (close)

New York - Nasdaq: UP 0.6 percent at 7,375.96 (close)

London - FTSE 100: DOWN 0.9 percent at 7,040.68 (close)

Frankfurt - DAX 30: DOWN 0.1 percent at 11,484.34 (close)

Paris - CAC 40: DOWN 0.5 percent at 5,075.19 (close)

EURO STOXX 50: DOWN 0.3 percent at 3,207.42 (close)

Tokyo - Nikkei 225: UP 1.1 percent at 22,147.75 (close)

Hong Kong - Hang Seng: UP 0.7 percent at 26,120.96 (close)

Shanghai - Composite: DOWN 0.2 percent at 2,659.36 (close)

Euro/dollar: UP at \$1.1416 from \$1.1407 at 2100 GMT on Monday

Pound/dollar: UP at \$1.3097 from \$1.3041

Dollar/yen: UP at 113.46 yen from 113.19 yen

Oil - Brent Crude: DOWN \$1.04 at \$72.13 per barrel

Oil - West Texas Intermediate: DOWN 89 cents at \$62.21 per barrel  
(Economy Next)

## ***Sri Lanka's AIA, Sampath Bank partnership for insurance premium payments***

AIA Insurance Lanka has entered into a partnership with Sampath Bank to enable customers make insurance premium payments through bank branches and online channels, a statement said.

AIA customers will now be able to make insurance premium payments at Sampath Bank's island wide network of 229 branches and 147 Cash Deposit Machines (CDMs) as well as through its Sampath payeasy.lk and Sampath Vishwa online portals.

The arrangement simplifies the payment of insurance premiums for customers, making the process faster and easier.

Anyone with a Mastercard or Visa credit or debit card issued by any bank can make AIA insurance premium payments, in real time, through Sampath payeasy.lk

Sampath Bank customers can also log in to their online banking portal, Sampath Vishwa, to make AIA Insurance premium payments and also place a standing order from their account on their own. (Economy Next)

## ***SriLankan Airlines traffic falls as newcomer steals market share***

State-owned national carrier SriLankan Airlines brought 641,634 tourists to the country in 2017, down 2.1 percent from a year earlier, with market share lost to other Asian carriers, the government tourism office said.

Total arrivals to Sri Lanka from flights, charter flights and ships had increased 3.2 percent from a year earlier to 2.1 million tourists in 2017, the Sri Lanka Tourism Development Authority said.

SriLankan's market share in bringing tourists to Sri Lanka either directly, or through connecting flights fell to 30.3 percent from 32 percent in 2016.

The fall in SriLankan's business came even after absorbing Mihin Lanka in November 2017, and reporting all of Mihin's traffic under the national carrier for the entire year. Mihin brought in 23,792 tourists to the country a year earlier.

Emirates remained the second, bringing 303,732 tourists, down 10.3 percent from 2016, while Qatar Airways stayed in the third position with 159,418 tourists, down 0.5 percent.

Sriwijaya Air, an Indonesian carrier which started operations to Sri Lanka in 2017 broke away 136,434 tourists from established carriers, pushing down Jet Airways to the fifth spot with 70,413 tourists, a 35.3 percent fall from a year earlier.

China Eastern, Air Asia, Air India, Korean Airlines and Royal Dutch Airlines were other carriers which grew strongly, while tourists coming on charter flights grew fourfold to 51,379.

Of the 680,901 Western Europeans who visited the country, up 5.8 percent from a year earlier, SriLankan brought in 126,740, down 19.1 percent from 2016. This was due to the airline stopping loss-making routes to Paris, Frankfurt and Milan.

SriLankan's market share for Western Europe fell to 18.6 percent from 24.4 percent a year earlier.

Emirates too saw tourist numbers slip 7.8 percent to 183,937 tourists.

The third largest supplier for Western Europe, Qatar Airways, gained marginally to 113,100 tourists, while fourth and fifth place Etihad and Oman Air stole market share away from other players.

Sriwijaya also broke market share away from other airlines, bringing 25,253 tourists.

SriLankan brought in 263,083 South Asian tourists to Sri Lanka in 2017, up 1.9 percent from 2016. This was a 50.8 percent market share, up from 50.3 percent in 2016.

SriLankan started a restructure to become a more regional airline in 2017. However, the South Asian tourism market fell 0.9 percent for Sri Lanka from a year earlier, with 518,085 tourists.

Sriwijaya was the closest competitor, bringing 53,862 South Asians.

Sriwijaya Air pushed down Jet Airways and SpiceJet from the number two and three spots to third and sixth place respectively, with the two Indian carriers losing around half their traffic from a year earlier.

Emirates and Air India managed to hold on to their numbers and market share in 2017.

The third largest market for SriLankan was East Asia, bringing in 155,136 tourists, up 27.2 percent from a year earlier.

The market share for SriLankan from East Asia grew to 34.9 percent from 28.7 percent a year earlier.

Total tourist arrivals to Sri Lanka from East Asia had been 444,310 in 2017, up 4.5 percent from 2016.

The national carrier began direct flights to Hong Kong and Guangzhou, China eliminating stopovers via Bangkok, and started flights to Bangkok with higher frequency during 2017.

Sriwijaya Airlines came second, breaking away 38,559 tourists from carriers with established flights to Sri Lanka.

Singapore Airlines, Malaysia Airlines, Korean Air, China Eastern, Air China and Cathay Pacific lost traffic to Sri Lanka.

The 161,967 Eastern European tourists (up 0.5 percent from 2016) preferred Middle Eastern carriers, with Emirates having an 18 percent share, and FlyDubai 17 percent.

SriLankan's market share for Eastern Europeans fell to 6.1 percent from 10.9 percent, with tourist numbers down 43.6 percent to 9,915.

SriLankan was the leading operator out of the Middle East, bringing 24,775 tourists, down 30.8 percent from a year earlier, while the market share fell to 25.9 percent from 33.3 percent.

Total arrivals from Middle East too had fallen 11.2 percent from 2016 to 95,581 tourists, with airlines based in the region, such as Emirates, Qatar Airways and Saudia also recording falls in tourist traffic.

Although arrivals to Sri Lanka from Australasia grew 9.7 percent from a year earlier to 92,003 tourists, SriLankan brought in 21,841 tourists, down 36.3 percent.

The market share for SriLankan fell to 23.7 percent from 32 percent a year earlier. This is despite SriLankan starting a new service to Melbourne in October 2017.

Emirates' volumes also slipped, while Singapore Airlines made some gains. The disruption in this region came from AirAsia, growing 479.4 percent from 2016 to bring 9,038 tourists. (Economy Next)

## ***National Savings Bank achieves milestone in international funding of \$ 100 m***

National Savings Bank has announced that it has recently raised a \$ 100 million loan facility supported by Commerzbank AG.

The excellent relationship that NSB enjoys with its banking partners has allowed NSB access to a competitive interest rate despite the current global trend of interest rate increases. The facility was arranged jointly by Alpen Capital of Dubai and NDBIB of Sri Lanka.

The funds were required as part repayment of \$ 750 million which NSB borrowed from international markets in 2013 through an international bond issuance.

Having followed a transparent process, Commerzbank AG was identified as the most appropriate international lending partner. NSB was able to leverage on its unique strengths of having a local credit rating of AAA (Ika), international rating of (B-) along with a strong financial and an operational track record of performance, in reaching a highly satisfactory agreement.

NSB's total capital adequacy ratio as at 30 September stands at 13.79% with an asset base of over Rs. 1 trillion. Its NPA ratio is also highly commendable at below 1.7%.

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments private and small business customers and corporate clients, the bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs.

Commerzbank finances approximately 30% of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the bank is a leading provider of capital market products.

Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks.

In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.1 billion with approximately 49,300 employees. (Daily FT)

## ***Fixed broadband in Sri Lanka cheapest in Asia, second globally: International survey***

The cost of fixed broadband in Sri Lanka is the cheapest within Asia and second globally, according to the latest survey conducted by Cable.co.uk with the assistance of international consumer insight consultancy BVA BDRC between 15 August and 20 September 2018.

Data from 3,303 fixed-line broadband deals in 195 countries was gathered and analysed to compile the latest rankings (available at [www.cable.co.uk/broadband/deals/worldwide-price-comparison/](http://www.cable.co.uk/broadband/deals/worldwide-price-comparison/)) released yesterday. Sri Lanka's average package price was quoted as \$ 5.65 per month.

"Sri Lankan broadband is supplied by incumbent provider Sri Lanka Telecom, providing 21 Mbps ADSL and 100 Mbps FTTH. It is incredibly cheap, with ADSL available from just \$ 3.19 per month," Cable.co.uk said.

It said Ukraine offers the world's cheapest broadband, with an average cost of \$ 5.00 per month. The West African nation of Mauritania is the most expensive, with an average package price of \$ 768.16.

Within Asia, Iran at \$ 8.20 came second followed by Nepal (\$ 16.47). The Maldives (\$ 81.55), Brunei Darussalam (\$ 123.29) and Laos (\$ 239.25) provide the most expensive package prices per month in Asia.

Four of the top six cheapest countries were formerly a part of the USSR (now collectively known as the Commonwealth of Independent States or CIS) including the Russian Federation itself, which is the world's fourth cheapest country, with an average package cost of just \$ 9.77 or around one-seventh the cost of broadband in the US.

Commenting on the findings of the research internationally, Dan Howdle, consumer telecoms analyst at Cable.co.uk, said: "Despite many countries providing faster access year-on-year, and the price of broadband fluctuating – sometimes wildly – from country to country, on average the price of broadband worldwide remains largely unchanged, falling just 1.64% since the fourth quarter of 2017.

"In our worldwide broadband speed comparison, released earlier this year, similar disparities were apparent to those seen here. The countries with slow, patchy broadband infrastructure that supplies only a fraction of the population tend to be the most expensive. Likewise, those with exceptional, often full-fibre (FTTH) infrastructure supplying the majority of the population tend to be the cheapest, if not in absolute terms, certainly on a cost-per-megabit basis.

Within Western Europe, Italy is the cheapest, with an average package price of \$ 29.48 per month, followed by France (\$ 31.14), Germany (\$ 36.68) and Monaco (\$ 37.00). The UK came in fifth cheapest out of 29 Western European nations (and 61st cheapest worldwide), with an average package price of \$ 39.58 per month.

In the Near East region, war-ravaged Syria came in cheapest with an average monthly price of \$ 13.00 per month (and ranked seventh overall), with Saudi Arabia (\$ 95.72), Bahrain (\$ 96.29), Qatar (\$ 140.58), Oman (\$ 150.63) and the United Arab Emirates (\$ 157.10) providing the most expensive connectivity in the region.

Mexico is the cheapest country in which to buy a broadband deal in Central America, with an average broadband package cost per month of \$ 33.32. Panama is the most expensive with an average package price of \$ 108.38 per month.

In North America, Canada offers the cheapest broadband on average (\$57.66), coming in 22 positions ahead of the United States globally (\$67.69). Bermuda provides the most expensive packages in the region with an average price of \$124.36 per month.

Saint-Martin (France) offers the cheapest broadband in the Caribbean, with an average package price of \$23.78 per month, with the British Virgin Islands (\$141.17), Cayman Islands (\$158.69), Antigua and Barbuda (\$177.15) and Haiti (207.39) at the most expensive end, both regionally and globally.



Sub-Saharan Africa fared worst overall with almost all of its countries in the most expensive half of the table. Réunion, off the east coast of Madagascar, was the cheapest in the region, coming in 48th overall with an average package price of \$35.45. Mauritania, meanwhile, charges residential users an average of \$768.16 per month and is the most expensive in the world. Mali (\$160.53), Tanzania (\$181.80), Burkina Faso (\$201.94) and Namibia (\$383.83) join Mauritania as the most expensive countries in the region, and sit among the ten most expensive countries in the world.

11 of the 12 countries studied in Oceania were found in the most expensive half of the global table (Australia being the only exception). Generally, larger landmasses such as Australia and New Zealand are cheaper than smaller islands states. Vanuatu (\$138.54), Cook Islands (\$171.34) and Papua New Guinea (\$571.67) are the most expensive in the region, with Papua New Guinea coming in second-most expensive in the world.

Despite significant year-on-year ups and downs in broadband pricing in various countries around the world, the average price of a broadband deal globally remains constant, dropping just \$0.12 overall, from \$73.04 to \$72.92, or around 1.64%, between the fourth quarter of 2017 and the fourth quarter of 2018.

In a previous report, Cable.co.uk analysed over 163 million broadband speed tests to rank 200 countries by the average internet speed they offer. (Daily FT)

### ***Rajapaksa says bond with Sirisena strong***

Former President Mahinda Rajapaksa, following his controversial accession to premiership, hailed the opportunity to share the same political platform with President Maithripala Sirisena, who appointed him to the position after four years of rivalries which began in 2014.

“Our separation was temporary,” Rajapaksa claimed amidst cheers of his supporters at the “Ratama Rakina Jana Mahimaya” rally, organised to show people the strength of the Sirisena-Rajapaksa alliance.

The new Prime Minister, speaking of a strong bond with his appointing authority and one-time election rival Sirisena, said that as the duo has known each other for decades, the bond will not be broken by anyone carrying tales.

Admiring President Maithripala Sirisena’s surprise move to remove the sitting Prime Minister Ranil Wickremesinghe and appoint him, Rajapaksa said the move was a “serious and grave” decision that he would not have been able to take. “This is a very serious grave decision. I told him that if I was him, I wouldn’t have done it, I would have tolerated the situation without taking action.”

Rajapaksa, who was also appointed as Finance Minister subsequent to Sirisena opting to form a new Cabinet, said that the taxes imposed by the United National Party-led Government had led to an increase in the cost of living, putting serious hardships on the common man. “I went to the Finance Ministry and checked if we could remove the taxes, it was possible, and we have done so. They could have done the same.”

Rajapaksa also claimed that Wickremesinghe did not care about the wellbeing of the citizens of the country. “We are together to work towards the prosperity of the country.” He also urged the minorities to work with him to form a government for the future.(Daily FT)