

NEWS ROUND UP

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Sri Lankan stocks close down, foreign selling in JKH

Sri Lankan shares closed lower Tuesday with heavy foreign selling in John Keells Holdings boosting turnover to 1.9 billion rupees, brokers said.

The All Share Price Index closed at 6,121.56, down 21.09 points or -0.34% while the more liquid SP SL20 index fell 16.13 points or -0.49% to close at 3,292.26.

Block deals dominated the day's activity accounting for 75% of the turnover with three crossings or off-the-floor negotiated deals in JKH where foreign investors sold and one each in Ceylinco Insurance and Seylan Bank.

JKH closed at Rs136.50, down Rs1.50 (-1.09%) while Ceylinco Insurance ended unchanged at Rs1,750.

Estimated net foreign buying was highest in Seylan Bank which closed at Rs80.90, up 20 cents (0.25%).(EconomyNext)

Sri Lanka's Talawakelle Tea June quarter profit flat

Sri Lanka's Talawakelle Tea Estates June 2018 quarter was virtually flat at 46 million rupees compared with a year ago, interim accounts showed.

Sales were also flat at 1.1 billion rupees, according to interim accounts filed with the Colombo stock exchange.

June quarter earnings per share were 1.95 rupees compared with 1.93 rupees a year ago. The stock was at 49.30 rupees Tuesday.

The accounts of the Hayleys group firm showed that earnings from tea fell slightly while rubber made a loss.

The firm's mini hydro power business made a profit of eight million rupees compared with a loss a year ago. (EconomyNext)

Sri Lanka CT Holdings to build multiplexes, mini-malls

Sri Lanka's CT Holdings Plc is planning to revive defunct single theatres as multiplexes and build mini-malls in several key towns with two-screen theatres.

“Plans will also be drawn up in future to expand the cinemas in Kandy and Negombo (presently closed down) to a multi-screen concept,” Chairman Louis Page told shareholders in the annual report.

C T Holdings is going for the expansion amidst the group’s entertainment segment, which includes the cinema operation and movie distribution businesses, which lost 33 million rupees in 2018, down from a net profit of 26 million rupees in 2017.

Page said the company has already converted one of its older single screen cinemas, Regal in Nuwara Eliya into a two-screen multiplex over the past year.

He said the response to the concept has been positive in Nuwara Eliya.

Multiplexes were first developed in Canada in the early 20th century as so-called uniscreen theatres faced a downturn, allowing the simultaneous screening of multiple movies or more flexible timings of the same film using the same ticket office and staff.

The concept has taken off, expanding into so-called 'megaplexes' with dozens of screens attracting more people.

CT Holdings will also build more 'mini-malls' which is made up of a two-screen theatre, a KFC restaurant and a Cargills Food City self-service supermarket, which are group franchises.

The first mini-mall branded 'Cargills Square' Gampaha was opened during the previous year.

“The success of this venture has given the Group the confidence to further expand on the Mini Mall concept and take it to other major towns and cities in the country,” Page said.

The report said that the group owns properties in Kandy, Negombo, Bandarawela, Dematagoda and Katubedda which would be used for similar developments.

The group currently operates a Cargills Square in Jaffna, which has related brands as well as third party outlets.

C T Holdings’ biggest mall is Majestic City, which was opened in 1988 and has 240 outlets.

The real estate sector of the group posted 1.1 billion rupees in net profits in the 2018 financial year, up from 200 million rupees a year earlier.

However, this was due to a one-off gain from selling a property in Colombo 02. Excluding the one off gain, segment profits were 132 million rupees in 2018. (EconomyNext)

Sri Lanka to add 31 factories to Mirigama export zone

Sri Lanka is expanding an industrial zone in Mirigama in the north central region to accommodate 31 more foreign invested factories, the country's investment promotion agency said.

The Mirigama Export Industrial zone, which is 35 kilometres away from the main international airport in Katunayake is on a 260.5 acre of land on which nine industries now occupy 50.69 acres.

The expansion will see 31 industrial slots added in a 108 acre area.

The existing nine enterprises produce apparel, marble, granite, lead ingots, oleo resins and plant propagation products, employing 2,752 staff.

Another firm, Aussee Oats Milling Pvt. Ltd, making rolled oats, steel cut oats, instant oats, quick oats, sweet and savory oats, oat flour, oat bran and muesli for export. (EconomyNext)

First round of US tariffs on Chinese goods to hit \$50 bn Aug 23

The first round of President Donald Trump's punitive tariffs on China will hit the full \$50 billion in goods starting August 23, the government announced Tuesday.

Washington already imposed 25 percent tariffs on \$34 billion in Chinese products on July 6. But it held off on a final \$16 billion as a result of concerns raised by US companies.

Although the move was expected, it cements the view that there appears to be no effort underway to defuse the dispute between the world's two largest economies that have continued to exchange threats.

China has already retaliated with duties of its own, and has pledged to match the United States dollar-for-dollar with new tariffs, including on the next \$16 billion.

Americans import far more from China than the other way around, however, meaning Beijing may at some point need to look for other means of retaliation.

Washington and Beijing are locked in battle over American accusations that China's export economy benefits from unfair policies and subsidies, and especially from the theft of American technological know-how.

Trump, who has boasted that trade wars are "easy to win," has threatened to ramp up the pressure and slap tariffs on virtually all of China's exports to the United States if Beijing does not back down and take steps to reduce the \$335 billion US trade deficit with that country.

The dispute has continued to escalate, as Trump last week threatened to jack up the tariff rate on the next \$200 billion in Chinese imports his administration plans to target to 25 percent, from the planned 10 percent.

Beijing has called on US officials to be "cool headed," but fired back warning it would impose duties on an additional \$60 billion in US goods, a threat the White House dismissed as "weak."

- 279 more products targeted -

The office of US Trade Representative Robert Lighthizer said its "exhaustive" investigation showed "China's acts, policies and practices related to technology transfer, intellectual property and innovation are unreasonable and discriminatory and burden US commerce."

USTR said there were 279 new goods to be targeted in the latest round of tariffs. Those include imports like motorcycles, tractors, railroad parts, electronic circuits, motors and farm equipment.

US industries and farmers have been caught in the crossfire, and the Trump administration announced \$12 billion in aid to help farmers hurt by Chinese duties on crops such as soybeans.

Trump's aggressive trade actions have drawn sharp criticism from business and from members of his own Republican party, as well as numerous warnings that an continuing to ramp up the trade war will harm the US and global economies.

In May, Chinese importers trying to beat Beijing's looming counter-tariffs led to a surge in US exports of crude oil and soybeans, temporarily driving down the trade deficit and helping boost GDP growth in the April-June period to 4.1 percent.

The growth rate was the strongest in nearly four years, and Trump said it was further proof his economic policies were working. (AFP)

India's biggest ride-hailing firm is coming to the UK

Uber's big Indian competitor Ola is expanding their rivalry to the United Kingdom.

The Bangalore-based ride-hailing firm said Tuesday it has obtained licenses in Manchester and South Wales. It will begin operating in South Wales within a month, and is aiming to take its services nationwide by the end of this year.

"We look forward to our continued engagement with policymakers and regulators as we expand across the country and build a company embedded in the UK," Ola CEO Bhavish Aggarwal said in a statement.

The company is "in constructive conversations" with Transport for London, the city's main transportation body, as well as other local authorities across the United Kingdom, an Ola spokeswoman told CNNMoney.

Uber has struggled with regulators in London, one of its most lucrative global markets with around 3.5 million riders and 45,000 drivers. It won the right to keep its cars on the roads of the British capital in June, when it was granted a 15-month license to continue operations. London transport authorities had declined to renew Uber's earlier license in September last year, citing several concerns with the company's policies.

Uber says it has changed the way it does business in the city, including introducing limits on the number of hours drivers can operate before taking a break, rolling out new insurance policies and opening a 24/7 helpline.

Now, it will have to contend with competition in Britain from Ola.

As well as allowing customers to book private hire vehicles like those offered by Uber, the Indian company's app will also feature Britain's iconic "Black Cabs," whose drivers have been some of Uber's most vocal opponents.

This is the second country outside India where Ola is looking to challenge its big American rival. The Indian company launched in Australia in February, its first overseas market, and now has 40,000 registered drivers across seven cities there. (CNN)