

NEWS ROUND UP

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Sri Lanka stocks close 0.43-pct lower, rupee steady

The Sri Lanka rupee closed steady against the US dollar Wednesday on export conversions and falling excess liquidity in money markets dampening import demand, as stocks closed 0.43 percent lower on foreign selling in John Keells Holdings, brokers and dealers said.

The rupee closed at 160.15/25 rupees against the US dollar in the spot market, unchanged from the previous close, on export conversions strengthening the currency after it hit an intra-day low of 160.20/30 rupees on importer demand, dealers said.

Excess liquidity in money markets was seen fuelling importer demand in recent days, but overnight liquidity fell 13.9 billion rupees to 40.7 billion rupees on Wednesday.

The Central Bank mopped-up 24.4 billion via a repo auction during the day.

Banks with excess liquidity also parked 22.63 billion rupees in the Central Bank's overnight window.

Excess liquidity was 27.71 billion rupees a month earlier. (EconomyNext)

Sri Lanka's 01-yr Treasury Bill yield falls to 9-pct

Sri Lankan Treasury Bill yields fell across maturities at an auction Wednesday with the 01-year bill yield falling 16 basis points to 9.00 percent from last week, data from the Public Debt Department of the central bank showed.

It raised 11 billion rupees from 01-year bills, the exact amount offered, after getting bids worth almost 56 billion rupees.

The 03-month bill yield fell 06 basis point to 8.10 percent while the 06-month bill yield fell 08 basis points to 8.62 percent.

The debt office raised 20 billion rupees from all tenors, the same amount offered, having got bids worth 84 billion rupees. (EconomyNext)

Sri Lanka's Melstacorp June net down 30.8-pct

Profits at Sri Lanka's listed conglomerate Melstacorp Plc fell 30.8 percent from a year earlier to 789.3 million rupees in the June 2018 quarter on rising finance costs from a surge in borrowings and losses in telecommunications and lower profits from financial services.

Melstacorp is the parent company of liquor producer listed Distilleries Company of Sri Lanka

and other businesses ranging from insurance, plantations, financial services and telecommunications.

Earnings in the quarter amounted to 68 cents a share, according to interim accounts filed with the Colombo Stock Exchange.

The share closed unchanged at 50 rupees Wednesday.

Revenue grew 102 percent to 20.8 billion rupees, cost of sales increased 75 percent to 13.3 billion rupees leading to a 178 percent increase in gross profits of 7.5 billion rupees.

Net finance cost surged 941 percent to 413 million rupees as borrowings increased to 26.7 billion rupees at end June 2018, from 3.6 billion rupees a year earlier.

Administrative expenses ballooned 367.6 percent to 4.6 billion rupees.

-Segment Results-

The group's beverages segment which includes listed Distilleries saw revenue decline 10 percent from a year earlier to 20.8 billion rupees in the June 2018 quarter, but profits grew 31 percent to 1.7 billion rupees.

Telecommunications which includes voice and broadband service provider Lanka Bell saw revenue growing 8 percent to 763 million rupees but losses deepened 22 percent to 437 million rupees.

Financial services which include businesses in insurance (Continental Insurance) and lending (Melsta Regal Finance) reported a 12 percent decline in revenue to 751 million rupees with earnings falling 29 percent to 88 million rupees.

Tea and rubber plantations revenue grew 45 percent to 1.2 billion rupees leading to a 60 percent growth in profits to 40 million rupees.

A segment classified as other which includes a BPO, hotels, logistics, energy, textiles and media saw revenue surge to 11 billion rupees in the June 2018 quarter, up from 485 million rupees a year earlier, with combined profits of 611 million rupees, an increase of 50 percent from a year earlier. (EconomyNext)

Gulf Petrochem gets Sri Lanka refined petroleum products deal

Gulf Petrochem FZC of the United Arab Emirates is to be given contracts for supplying refined petroleum products to Sri Lanka, a government spokesman said.

The Cabinet of ministers this week approved the proposal made by Arjuna Ranatunga, Minister of Petroleum Resources Development, to award the procurement contracts to Petrochem.

The government is to enter into term contracts to buy refined petroleum products from Petrochem with the aim of maintaining petroleum stocks at an optimal level, according to the proposal.

Cabinet approval was given to enter into two term contracts for buying refined petroleum products within a period of 10 months from 01st of September 2018 up to 30th of June 2019.

The proposal was recommended by the Special Standing Cabinet Appointed Procurement Committee. (EconomyNext)

China: Trade talks with the US are back on

The Chinese Commerce Ministry announced Thursday that a delegation will travel to the United States later this month for talks.

The visit is at the invitation of the United States, the ministry said in a short statement.

Previous rounds of talks between the two sides failed to make much progress, resulting in the outbreak of a trade war. The countries imposed steep tariffs on billions of dollars of each other's exports this summer and have threatened more.

The Chinese delegation will be led by Vice Commerce Minister Wang Shouwen, who will hold talks with David Malpass, the US Treasury Department's under secretary for international affairs, according to the Chinese statement. (CNN)

Uber cuts its losses, and revenue soars 63%

Uber's financial picture improved in the second quarter: Its revenue jumped and its losses narrowed.

According to a copy of Uber's latest results, viewed by CNNMoney, Uber's quarterly revenue was \$2.8 billion, up 63% over last year. The company lost \$891 million, down from \$1.1 billion a year ago.

Gross bookings from customers increased 41% to about \$12 billion.

In May, the company reported a rare profit during the first quarter, because it had given up two of its operations abroad to competitors.

Uber regularly releases its financial results, even though as a private company it's not required to do so.

"We had another great quarter, continuing to grow at an impressive rate for a business of our scale," Uber CEO Dara Khosrowshahi said in a statement. "Going forward, we're deliberately investing in the future of our platform."

Khosrowshahi took over as CEO last year amid turmoil at the company. Uber has invested in areas beyond cars, such as bike sharing and scooters. Other investments include food delivery and what Khosrowshahi calls "high-potential" markets in the Middle East and India.

The company has said it is considering an initial public offering in 2019.

But Uber continues to face challenges, such as regulatory hurdles. Last week, New York became the first American city to limit the number of ride-sharing vehicles and to require companies like Uber and Lyft to pay drivers a minimum rate.

Its self-driving car efforts have also faced setbacks. Earlier this year, an autonomous Uber SUV struck and killed a pedestrian in Tempe, Arizona. (CNN)