

# NEWS ROUND UP

*Tuesday, 18th June, 2019*

## Contents

Senthilverl drives stock turnover to 4-month high.....	2
Sri Lanka rupee, bond yields stable at close .....	2
Panasian Power to raise Rs400mn for solar power from Emerald Sri Lanka fund.....	3
SriLankan Airlines says govt-backed loans not defaulted, but extended.....	4
Global stocks mostly rise ahead of key Fed meeting .....	4

## ***Senthilverl drives stock turnover to 4-month high***

Sri Lanka's stock market turnover reached 2.2 billion rupees on Monday, reaching a four month high on the back of high net worth investor Thirugnanasambandar Senthilverl transferring some equity stakes from a personal account to a holding company, brokers said.

Monday's turnover surpassed the 2.1 billion rupee turnover mark on February 28, to reach the highest turnover seen since the 3.3 billion rupees which traded hands on February 11.

Senthilverl was seen moving shares from his personal account at Seylan Bank to a company named Senthilverl Holdings (Pvt) Ltd.

The high net worth investor had in the past invested in stocks through two personal accounts at Seylan Bank and Sampath Bank.

Some of the biggest crossings on Monday were in Printcare Plc (614 million rupees), Sanasa Development Bank Plc (381 million rupees) and C. W. Mackie Plc (359 million rupees), according to disclosures made by the firms where Senthilverl is a director, or when the trades exceeded 10 percent of the total shares issued.

Crossings were seen across stocks of 10 firms, in which Senthilverl has large shareholdings, contributing to 79 percent of the turnover on Monday.

Some of the other larger crossings were in Samson International Plc, Asia Asset Finance Plc, Colombo Fort Land & Building Plc, Laxapana Batteries Plc and Sunshine Holdings Plc.

The crossings were happening at or slightly below market prices.

Senthilverl began reorganizing his portfolio on Friday where large crossings helped turnover surpass 1.1 billion rupees.

Brokers said Senthilverl, who has stakes in over 70 companies, is expected to continue trades over the rest of the week, moving the remainder of his equities portfolio held in his personal Seylan Bank account to the holding company account.

Brokers said a prolonged period of high turnover may bring momentum to a market which has been experiencing low turnover. (EconomyNext)

## ***Sri Lanka rupee, bond yields stable at close***

The Sri Lanka rupee closed steady at 176.75/85 rupees against the US dollar in the spot market Monday while bond yields ended unchanged, dealers said.

The rupee closed on Friday at 176.75/90 against the greenback.

Overnight liquidity in money markets fell to 13.17 billion rupees from 25.73 billion rupees on Friday.

There were no overnight repo auctions. A 7 billion rupee 8-day term repo auction at a weighted average yield of 7.9 percent will be settled on Tuesday.

In the secondary bond market, gilt yields ended holding the same level, dealers said.

A bond maturing on 15.10.2021 closed at 9.75/78 percent, easing from 9.77/80 percent at Friday's close.

A bond maturing on 15.03.2023 closed at 10.15/20 percent, steady from 10.15/19 percent.

A bond maturing on 15.03.2024 ended at 10.25/35 percent, stable from 10.25/33 percent at the previous close.

A bond maturing on 01.08.2026 closed at 10.50/60 percent, gaining from 10.48/53 percent.

A bond maturing on 15.01.2027 closed at 10.58/55 percent, up from 10.52/57 percent.

A 10-year bond maturing on 01.05.2029 closed at 10.60/70 percent, easing from 10.65/70 percent. (EconomyNext)

## ***Panasian Power to raise Rs400mn for solar power from Emerald Sri Lanka fund***

Panasian Power Plc, said it plans to raise 400 million rupees from Emerald Fund, which is dedicated to investing in Sri Lanka to part finance 9 MegaWatts of solar power plants in several parts of the country.

The firm will privately place 125 million shares at 3.20 rupees per share to with Emerald Fund, which is incorporated in Mauritius, amounting to 20 percent of the stock.

Panasian Power has called a shareholders' meeting to get clearance.

Emerald Fund is managed by NDB Zephyr Partners Limited, which is a 60/40 joint venture between Sri Lankas NDB Capital Holdings Limited and Zephyr Management LP of USA.

Panasian Power said each 1MW ground solar plan will cost 148 million rupees to build.

It will build a 1MW plant in Beliaththa for 148 million rupees, 2MW in Matara for 296 million rupees.

Plants of 1MW each will be build it Panna, Ampara, Maho, Matara and two plants of 1MW each in Habarana through another unit.

The total estimated cost will be 1,332 million rupees. The firm said there could be cost overruns.(EconomyNext)

## ***SriLankan Airlines says govt-backed loans not defaulted, but extended***

State-run SriLankan Airlines said it had not defaulted on loans guaranteed by the government, which the Treasury said it had not been able to repay, but they have been extended, referring to an EconomyNext story quoting a finance ministry report published on June 15.

"The Government bears contingent liabilities over the provision of guarantees for loans obtained from People's Bank and Bank of Ceylon as well as Sovereign Guarantee issued for the International Bond," the finance ministry report said.

"These have become obvious liabilities for the government as the company was unable to repay at least a single instalment for 2 consecutive (sic) using internally generated funds of SLA."

SriLankan Airlines wishes to categorically deny the facts stated in the Economy Next news story titled "SriLankan Airlines defaults on some state bank loans."

The article is misleading the general public and the stakeholders. SriLankan Airlines has not defaulted any of its loans.

The said article in Economy Next states quoting the Finance Ministry's annual report that "State-run SriLankan Airlines has defaulted on loans which have been backed by government".

SriLankan Airlines wishes to state that this is a misinterpretation of a specific section of the Finance Ministry's annual report on SriLankan Airlines. The Airline clarifies that that all loans from the state banks have been extended on maturity." (EconomyNext)

## ***Global stocks mostly rise ahead of key Fed meeting***

The world's stock markets mostly ticked upwards on Monday as investors moved cautiously at the start of a busy week packed with key interest rate decisions, in particular from the US Federal Reserve.

The indices in London and Paris closed modestly ahead after Hong Kong stocks rallied, with investors there cheering a decision by the city to suspend plans to push through a controversial extradition law.

Wall Street also advanced as traders took a breather ahead of the Group of 20 summit next week, where US President Donald Trump and his Chinese counterpart Xi Jinping are due to hold hotly-awaited talks on their long-running trade war.

One of those swirling headlines is the ongoing tension between the US and Iran. On Monday Tehran announced its uranium stockpile will soon pass the limit set under a nuclear deal that Washington abandoned last year.

The news exacerbated an already strained relationship after the US blamed Iran for two tanker

attacks in the Gulf of Oman last week, claims that Tehran calls "baseless."

"Tensions in relation to trade and the Iranian situation still persist and they are hanging over stock markets," said analyst David Madden at trading firm CMC Markets UK.

- Fed U-turn? -

Naeem Aslam at London-based trading firm ThinkMarkets said this week "the focus is going to remain on central banks and their monetary policies."

The US central bank will unveil its monetary policy announcement on Wednesday, followed by both the Bank of Japan and the Bank of England on Thursday.

The Fed is not expected to shift course this week, but could signal a rate cut down the road.

"Anything less than a clear signal that the Fed is open to cutting rates soon in response to building downside risks to the US economic outlook could leave financial markets disappointed," noted MUFG currency analyst Lee Hardman.

"The US rate market is well priced for at least a (quarter-point) rate cut to be delivered by July."

- 'Cooler heads' in Hong Kong -

In Hong Kong, investors returned to buying after three days of losses that saw the Hang Seng drop more than two percent following protests against the law -- which would have allowed extradition to China -- turned violent on Wednesday.

Another peaceful demonstration Sunday saw around two million people take to the streets, according to organizers.

The plan had also spooked business leaders who feared it would damage the city's reputation as an international business hub.

Traders "will breathe a loud sigh of relief today, as on Wednesday when tear gas and rubber bullets were filling the air, the markets were getting extremely jittery that this ticking time bomb was about to explode", said Stephen Innes, managing partner at Vanguard Markets.

"Fortunately, cooler heads prevailed."

Among individual stocks, shares in Sotheby's auction house soared by more than 58 percent after the company announced it would be acquired by French telecoms and media mogul Patrick Drahi.

Facebook shares rose 4.2 percent as the world's biggest social network prepares to outline details on Tuesday of a virtual currency launching next year.

- Key figures around 2050 GMT -

New York - Dow: UP 0.1 percent at 26,112.53 (close)

New York - S&P: 500: UP 0.1 percent at 2,889.67 (close)

New York - Nasdaq: UP 0.6 percent at 7,845.02 (close)

London - FTSE 100: DOWN 0.2 percent at 7,357.31 (close)

Frankfurt - DAX 30: DOWN 0.1 percent at 12,085.82 (close)

Paris - CAC 40: UP 0.4 percent at 5,390.95 (close)

EURO STOXX 50: UP 0.1 percent at 3,383.21 (close)

Tokyo - Nikkei 225: UP less than 0.1 percent at 21,124.00 (close)

Hong Kong - Hang Seng: UP 0.4 percent at 27,227.16 (close)

Shanghai - Composite: UP 0.20 percent at 2,887.62 (close)

Euro/dollar: UP at \$1.1217 from \$1.1208 at 2100 GMT

Pound/dollar: DOWN at \$1.2532 from \$1.2589

Dollar/yen: DOWN at 108.53 yen from 108.56 yen

Oil - Brent North Sea: DOWN \$1.07 at \$60.94 per barrel

Oil - West Texas Intermediate: DOWN 58 cents at \$51.93 per barrel. (AFP)