NEWS ROUND UP

Thursday, 17th July, 2019

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Sri Lanka stocks close 1.04-pct up, back at pre-Easter attack level

Sri Lanka stocks closed 1.04 percent higher on Wednesday, with the market recovering to the pre-Easter Sunday suicide attacks level, brokers said.

Colombo's All Share Price index (ASPI) closed 58.29 points up at 5,645.65.

The S&P SL20 index of more liquid stocks closed 2.31 percent or 61.15 points up at 2,704.17.

Index-wise the market hit the level that it was operating on before the Easter Sunday attacks, reaching a three-month high from 04 April 2019, brokers said.

The market turnover 738 million rupees with 125 stocks gaining and 35 stocks declining.

There were two crossings seen in Commercial Bank of Ceylon stocks amounting to 57 million rupees.

Retail activity was mainly centered on Access Engineering (746 trades) and Dialog Axiata (431 trades).

Dialog Axiata closed 60 cents up at 10.70 rupees a share contributing most to the gain of the ASPI.

John Keells Holdings closed 2.50 rupees up at 148.10 rupees a share and Commercial Bank of Ceylon closed 2.90 rupees up at 97.10 rupees a share, also pushing the ASPI up.(EconomyNext)

Sri Lanka's Treasury Bill yields continue fall across maturities

Sri Lanka's Treasury bills yields continued to fall across maturities for the third week at Wednesday’s auction, with the 12-month yield down 08 basis points to 8.46 percent, data from the data office showed.

The debt office, a unit of the central bank, sold only 23.5 billion rupees, the exact amount offered.

The 3-month yield fell 10 basis points to 7.99 percent and the 6-month yield fell 12 basis points to 8.09 percent.

The debt office offered 16.5 billion rupees of 12-month bills, 03 billion rupees of 03-month bills and 04 billion rupees of 06-month bills. (EconomyNext)

Sri Lanka's rupee ends stronger, bond yields gain

Sri Lanka's rupee closed firmer at 175.65/70 rupees against the US dollar in the spot market on Wednesday while bond yields gained in an active market, brokers and dealers said.

Sri Lanka's rupee closed at 175.70/75 rupees against greenback on Monday.

In the bond market, yields were marginally up in an active market.

Dealers said liquidity was seen especially on shorter maturities such as the 2021 and 2023, dealers said.

The debt office offered 23.5 billion rupees in bills, split into 3 billion rupees in 3-month bills, 4 billion rupees in 6-months bills and 16.5 billion rupees in 12-months maturities.

Dealers said the auction rates fell below weighted average rates after 3-years.

In the secondary market, a bond maturing on 15.10.2021 closed at 8.80/88 percent on Wednesday, down from 8.70/80 percent at Monday's close.

A bond maturing on 15.03.2023 closed at 9.47/50 percent, down from 9.50/60 percent.

A bond maturing on 05.06.2024 closed at 9.75/78 percent, up from 9.72/78 percent.

A bond maturing on 01.08.2026 closedflat at 9.90/10.00 percent.

A bond maturing on 15.01.2027 closed at 10.00/10.07 percent, gaining from 9.97/05 percent.

A 10-year bond maturing on 01.05.2029 closed at 10.05/15 percent, steady from 10.05/12 percent.(EconomyNext)

Sri Lanka hotels winter bookings picking up

Sri Lanka's central bank said that winter bookings at Sri Lankan hotels are picking up, after the initial setback due to the Easter Sunday terror attack.

"I was speaking to Tourism Ministry officials, and they said that bookings for the winter season are not bad at all," Governor Coomaraswamy said.

"They [bookings] are picking up, but of course, at discounted rates," he said.

Coomaraswamy said he had also spoken to a large hotel chain, which had attested to a fast recovery.

"There seems to be signs that the recovery may be going faster than expected and the factor there is the removal of the travel advisories," he said.

Initial expectation were for the industry to recover in 12-13 months, based on experiences of other terror-hit destinations globally.

Most countries had removed their travel advisories fast to help accelerate Sri Lanka's recovery, Coomaraswamy said

However, revenue of hotel firms are likely to remain lower than usual due to discounts, he said.

Regional hotel associations which spoke to EconomyNext said that highly discount rates could be expected to remain for at least one year, especially for locals during off-peak seasons.

In May, immediately after the bombings, occupancy rates at hotels nationally had fallen to around 10 percent, while arrivals had fallen 71 percent.

The attacks had hit just as an off-peak season from April to October was starting, when occupancies at hotels fall to around 65-70 percent, compared to the peak season 70-80 percent.

There was some recovery seen in June, when the arrivals fall was 57 percent. Further recovery was seen in the first week of July, when the fall was 54 percent.

The Jetwing Group, one of Sri Lanka's largest hotel chains, said that its occupancy rates for July and August are expected to reach 50-60 percent, augmented with deals for local tourists.

Hotels, tourism and related industries are being given a debt moratorium and working capital loans to help manage through the crisis. (EconomyNext)

Wall Street stocks retreat further from records

Wall Street stocks retreated further from record levels on Wednesday, with industrial, transport and energy shares falling especially hard as earnings season picked up.

The losses in New York ran in parallel to declines in Europe, while the British pound steadied after hitting two-year lows in the prior session.

After notching records last week, analysts have cautioned that stocks could be challenged to push higher, in part because lackluster corporate earnings are expected this quarter.

Weak US housing data also weighed on sentiment, along with lingering angst over US-China trade relations.

"Investors are clearly worried that the ongoing trade standoff between the US and China may hurt economic growth and require a looser monetary policy now rather than later," Fawad Razaqzada of Forex.com said in a note.

Shares of Dow members Caterpillar, United Technology and Honeywell International fell more than two percent on the dimming outlook of the sector's prospects amid slowing global growth.

Transport shares were another weak spot, with freight rail company CSX plunging more than 10 percent after it cut its full-year revenue forecast, in part due to a softer industrial environment.

"We've been watching this throughout the first half (of the year) hoping as everyone did that things would turn around and business levels would start to tick up," chief executive James Foote said on a conference call, describing the decline as "a very slow drift from the beginning of the year."

Rival freight rail companies Union Pacific and Norfolk Southern also fell sharply.

Petroleum-linked shares also tumbled, with Halliburton losing nearly five percent and Apache dropping three percent as oil prices fell following a surprise increase in gasoline supplies in a weekly US inventory report.

- Sterling steadies -

On the foreign exchange front, the British pound rallied modestly from Tuesday's plunge, but uncertainties about Brexit continued to loom over the currency.

"The risk of a hard Brexit was amplified this week thanks to Boris Johnson and Jeremy Hunt both confirming they would not accept the Northern Irish Backstop," said Joshua Tadbir, corporate hedging manager at Western Union Business Solutions.

"All things considered, is the risk of a no-deal Brexit underpriced?"

- Key figures around 2050 GMT -

New York - Dow: DOWN 0.4 percent at 27,219.85 (close)

New York - S&P 500: DOWN 0.7 percent at 2,984.42 (close)

New York - Nasdaq: DOWN 0.5 percent at 7,888.76 (close)

London - FTSE 100: DOWN 0.6 percent at 7,535.46 (close)

Frankfurt - DAX 30: DOWN 0.7 percent at 12,341.03 (close)

Paris - CAC 40: DOWN 0.8 percent at 5,571.71 (close)

EURO STOXX 50: DOWN 0.6 percent at 3,501.58 (close)

Tokyo - Nikkei 225: DOWN 0.3 percent at 21,469.18 (close)

Hong Kong - Hang Seng: DOWN 0.1 percent at 28,593.17 (close)

Shanghai - Composite: DOWN 0.2 percent at 2,931.69 (close)

Pound/dollar: UP at $1.2431 from $1.2407 at 2100 GMT

Euro/pound: DOWN at 90.27 from 90.36 pence

Euro/dollar: UP at $1.1222 from $1.1211

Dollar/yen: DOWN at 108.11 yen from 108.24 yen

Brent North Sea crude: DOWN 1.1 percent at $63.66 per barrel

West Texas Intermediate: DOWN 1.5 percent at $56.78 per barrel. (AFP)