

NEWS ROUND UP

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Sri Lanka stocks fall for third day on hotels, banks

Sri Lanka's stocks closed 0.43 percent lower on Monday, falling for the third straight day pushed down by hotels and banking stock, provisional data showed.

The All Share Price Index (ASPI) closed 25.44 points down at 5,869.07, falling throughout the day.

The more liquid S&P SL20 Index closed 0.33 percent or 9.67 points down at 2,896.14.

Market turnover was 622.8 million rupees with 30 stocks gaining and 100 stocks falling.

Asian Hotels and Properties (AHPL) contributed most to the ASPI fall, closing 3.30 rupees down at 38.50 rupees a share. AHPL's Cinnamon Grand was one of the hotels bombed during the Easter Sunday attacks.

The ASPI was pushed down by retailer and food producer Cargills (Ceylon) which closed 3.60 rupees down at 185.40 rupees a share and state-owned telco Sri Lanka Telecom which closed 50 cents down at 29.30 rupees a share.

Most banks also closed lower, with two of the three largest lenders (Hatton National Bank and Commercial Bank) also dragging the ASPI down.

Hatton National Bank closed 2.20 rupees down at 173 rupees a share and Commercial Bank closed 90 cents down at 105.10 rupees a share.

The banking and finance stocks closed 0.59 percent down on Monday. Banks have been posting lower profits in both the March and June quarter due to low credit growth and rising bad loans.

However, Sampath Bank, also one of the three largest lenders, closed 2.30 rupees up at 165.40 rupees a share despite reporting a 39.4 percent fall in profits for the June quarter.

There was a negotiated trade (crossing) in Sampath Bank totalling 180 million rupees.

There was also a 45 million rupee crossing in diversified group Hemas Holdings.

Hotel stock closed 0.77 percent down on Thursday. Most hotels are posting losses in the June quarter as tourist arrivals plummeted following the Easter Sunday attacks. (EconomyNext)

Sri Lanka rupee gains, bond yields up at close

Sri Lanka's rupee closed slightly stronger at 177.40/55 against the US dollar on Monday, while bond yields edged up, dealers said.

The rupee closed at 177.50/20 against the greenback on Friday.

Liquidity in the overnight money market was 14.18 billion rupees, up from Friday's close of 7.20 billion rupees.

The Central Bank injected 7.20 billion rupees in liquidity into the money market at 7.75 percent in an overnight reverse repo auction and a 4.5 billion rupees was offered in term reverse repo auction at 7.73 percent maturing in 7 days.

In the secondary bond market, bond yields were up in active trading.

Dealers said 2021 maturities were the most liquid.

A bond maturing on 15.10.2021 closed at 9.10/9.20 percent on Monday, up from 8.90/00 percent at Friday's close.

A bond maturing on 15.03.2023 closed at 9.70/80 percent, gaining from 9.60/70 percent.

A bond maturing on 15.06.2024 closed at 10.00/10.05 percent, edging up from 9.90/00 percent.

A bond maturing on 01.08.2026 closed at 10.15/22 percent, up from 10.02/12 percent.

A bond maturing on 15.01.2027 closed at 10.16/23 percent, edging up from 10.10/17 percent.

A bond maturing on 01.05.2028 closed at 10.15/30 percent, gaining from 10.10/20 percent.

A 20-year bond maturing on 15.08.2039 closed at 10.20/40 percent, stable from the previous close of 10.20/35 percent. (EconomyNext)

Sri Lanka's Janashakthi Insurance net down in June on higher claims

Sri Lanka's Janashakthi Insurance Plc, posted a net profit of 127.2 million rupees for the June quarter, down 5 percent from a year earlier on higher claims, the firm's interim financials showed.

The life insurer posted 35 cents in earnings per share for the quarter. For the six months ending in June the firm made 1.04 rupees in earnings per share.

Net written premiums after reinsurance costs grew 17.2 percent to 762.6 million rupees.

Investment income grew 21.8 percent to 420.3 million rupees.

Realised gains from the sale of assets added 201.3 million rupees in the quarter.

Finance costs for the quarter were 35.9 million rupees, from 35,000 rupees a year earlier.

Net benefits and claims grew 60 percent to 504.7 million rupees while transfers to the life insurance fund grew 120 percent to 265 million rupees.

The firm's financial investments grew to 16.4 billion rupees at end-June from 15.7 billion rupees in December.

Long term borrowings grew to 507.7 million rupees from none six months earlier.

The balance sheet grew to 21.7 billion rupees in June from 20.3 billion rupees in December. (EconomyNext)

Softlogic plans five more supermarkets in Sri Lanka

Sri Lanka's Softlogic Holdings Plc is planning to expand its new Glomark supermarket chain with five more outlets, a top official said.

"We will be opening a Glomark Flagship store in CR&FC, Colombo 07 along with outlets in Mount Lavinia, Negombo, Rajagiriya and Malabe," Chairman Ashok Pathirage said in a statement.

The opening of a 'Glomark Essential' store which sells daily groceries in June at the Orion City IT park was delayed till August, he said.

Two 'Glomark Essentials' outlets have been opened the group's Asiri hospitals in Colombo and Kandy, he said.

"Encouraging results of our Delkanda and Kottawa Glomark outlets and Glomark Essential stores in Asiri Hospitals has been convincing to pursue the planned expansions in the supermarket proposition," Pathirage said.

Sri Lanka's supermarket space is competitive with the market leaders Cargills (388 outlets), Keells (96 outlets) and Arpico (49 Supercentres and daily outlets), according to each firms' latest annual reports.

Glomark has been a new entrant, together with the competing SPAR brand run by Ceylon Biscuits Limited. (EconomyNext)

Stock markets rally on hopes for stimulus, trade progress

Global stocks rallied Monday on rising optimism about stimulus measures in China and Germany as investors welcomed more conciliatory signs in the long-running US-China trade war.

Germany's central bank, the Bundesbank, warned that Europe's biggest economy could enter a

recession in the third quarter, a statement that further fueled expectations that a stimulus program would be coming.

Market watchers also expect further stimulus measures by China to boost growth and are confident Federal Reserve Chair Jerome Powell will communicate dovish direction at a big central bank gathering at the end of the week in Jackson Hole, Wyoming.

Analysts also cited the Trump administration's decision to delay by 90 days a ban on US companies doing business with Huawei, seen as a conciliatory step in the running US-China trade fight and coming on the heels of statements from US President Donald Trump and other top administration officials emphasizing efforts to revive talks with Beijing.

"The market is looking at the positives out there," Manulife Asset Management's Nate Thooft told AFP, adding that the low trading volumes in the sleepy August period have sharpened market swings in recent sessions.

Major US indices gained more than one percent after European and Asian bourses earlier also finished solidly higher.

Germany's DAX index jumped 1.3 percent in spite of the downcast report from the central bank.

"The economy could contract again slightly" this summer, Germany's central bank said in its monthly report, following a 0.1-percent decline in gross domestic product (GDP) in the second quarter.

"According to data currently available, industrial production is expected to shrink markedly in the current quarter as well."

As US-China tensions intensify, economists have urged Berlin to fork out cash to avoid a recession, but Chancellor Angela Merkel's government has previously said things were not yet bad enough to warrant loosening the purse strings.

On Sunday, German Finance Minister Olaf Scholz hinted at a potential intervention, stating that Germany could "fully face up to" a new economic crisis.

"It is sometimes important, when things change completely, for example, for us to have enough strength to react," he said during an open house day at government offices.

China has meanwhile announced an interest rate reform that it said would lower borrowing costs for companies.

"The week is off to a pleasant start, with traders seemingly buoyed by Chinese lending rate reforms and the prospect of German fiscal stimulus," said Oanda analyst Craig Erlam.

- Key figures around 2015 GMT -

New York - Dow: UP 1.0 percent to 26,135.79 (close)

New York - S&P 500: UP 1.2 percent at 2,923.65 (close)

New York - Nasdaq: UP 1.4 percent at 8,002.81 (close)

London - FTSE 100: UP 1.0 percent at 7,189.65 (close)

Frankfurt - DAX 30: UP 1.3 percent at 11,715.37 (close)

Paris - CAC 40: UP 1.3 percent at 5,371.56 (close)

EURO STOXX 50: UP 1.2 percent at 3,369.19 (close)

Tokyo - Nikkei 225: UP 0.7 percent at 20,563.16 (close)

Hong Kong - Hang Seng: UP 2.2 percent at 26,291.84 (close)

Shanghai - Composite: UP 2.1 percent at 2,883.10 (close)

Euro/dollar: DOWN at \$1.1078 from \$1.1090 at 2100 GMT Friday

Pound/dollar: DOWN at \$1.2134 from \$1.2149

Euro/pound: UP at 91.30 pence from 91.29 pence

Dollar/yen: UP at 106.66 yen from 106.38 yen

Brent North Sea crude: UP 1.9% at \$59.74 per barrel

West Texas Intermediate: UP 2.4% at \$56.21 per barrel. (AFP)