

NEWS ROUND UP

Thursday, 30th, 2019

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Sri Lanka stocks close 0.50-pct higher, buying interest in CLC, LLUB

Sri Lanka's stocks closed 0.50 percent higher with buying interest in Commercial Leasing and Finance (CLC) and Chevron Lubricants (LLUB).

The All Share Price Index closed 26.34 points up at 5,319.83. The index gained throughout the day, reaching an intra-day high of 5,322.23, before shedding 2 points minutes before closing.

The S&P SL20 Index closed 15.24 points or 0.62 percent up at 2,479.39.

Market turnover was 181.37 million rupees, with 88 stocks gaining and 27 falling.

Moderate foreign participation saw net inflows of 35.3 million rupees into the market.

CLC closed 20 cents up at 2.50 rupees a share, and LLUB closed 4.80 rupees up at 61.10 rupees a share, contributing to the ASPI gain.

Central Finance Company and John Keells Holdings contributed towards half the day's turnover.

Central Finance closed 10 cents up at 83.10 rupees a share and John Keells Holdings ended 40 cents up at 138.90 rupees a share. (EconomyNext)

Sri Lanka gets nod to sell US\$1.5bn sovereign bond

Sri Lanka's Cabinet of ministers has approved government borrowing of 1.5 billion US dollars through an International Sovereign Bond, the state information office said.

Sri Lanka will go to market as conditions permit.

In 2019, Sri Lanka had already sold 2.4 billion US dollars, through a sovereign bond.

The requirement to issue the International Sovereign Bond was proposed by Finance Minister Mangala Samaraweera, a statement said.

The decision to issue the ISB takes into account current international bond market conditions as well as government borrowing limits, it said. (EconomyNext)

Sri Lanka commerce returning to normal, more tourists by August

Germany has removed a travel ban on Sri Lanka, imposed after Easter Sunday's suicide bombings, along with other key markets like India and China, while the country's commerce was returning to normal Prime Minister Ranil Wickremesinghe said.

The government was striving to quickly revive tourism, which was the worst hit by the suicide bombings of three churches and three hotels by Islamist extremists which killed over 250 people, he told a meeting of parliamentarians and local government councillors.

"The Cabinet of ministers has activated a plan to increase the number of tourists from India, China and Europe by August," Wickremesinghe said.

"We expect that by December the number of tourists would reach our target."

Wickremesinghe also said commerce had revived after a downturn triggered by the attacks and subsequent curfews to quell communal violence against Muslims with the noticeable recovery in sales in the last two weeks. (EconomyNext)

Sri Lanka approves post-Easter Sunday tourism promotion plans

Sri Lanka's cabinet of ministers has approved a public relations and advertising campaign to help the country recover from the Easter Sunday bombings.

A proposal was approved to procure an internationally reputed public relations firm to conduct a 45-day communications and sales campaign, the cabinet office said.

Approval was also given to conduct a 6-month advertising campaign.

Meanwhile the cabinet also approved to re-start the joint tourism development program.

The Sri Lanka Tourism Development Authority has been allocated 150 million rupees for the program, to partner with foreign travel agents who bring more than 250 tourists to the country in a year.

Previously the SLTDA had said that the program would involve it paying a 10 US dollar fee to travel agents for each tourist that it brings Sri Lanka, which should be matched by a 10 US dollar contribution from the agents. The funds would be used by the travel agent to promote Sri Lanka in their country. (EconomyNext)

Global stocks tumble on worries over trade, slowing growth

World stock markets tumbled Wednesday on mounting worries over US-China trade tensions amid talk that China could limit exports of rare earths in another escalation of the months-long fight.

Troubling movements on bond markets also heightened fears of a global slowdown, while a public appearance by US Special Counsel Robert Mueller sparked further speculation on whether US President Donald Trump could face impeachment in Congress.

Asian equities mostly slid as investors grew anxious about a possible economic slowdown in the absence of progress in resolving the US-China trade spat.

That was followed by declines of more than one percent in London, Paris and Frankfurt. Wall Street also finished solidly lower for a second straight session.

"Due to the unquantifiable potential outcome of the increasingly heated trade dispute with China, investors recently concluded it better to retreat rather than rotate," CFRA Research chief investment strategist Sam Stovall said in a research note.

The conflict between Beijing and Washington threatened to deteriorate further as Chinese state media dangled the threat of cutting exports of rare earths to the United States as a counter-strike in the trade war, potentially depriving Washington of a key resource used to make smartphones, military hardware and other crucial goods.

The state-owned Global Times warned in an editorial that the "US will rue forcing China's hand on rare earths."

"It is believed that if the US increasingly suppresses the development of China, sooner or later, China will use rare earths as a weapon," the nationalist tabloid said.

- China's 'secret weapon'? -

Spreadex analyst Connor Campbell rated the threat as the catalyst for Wednesday's selloff, calling rare earths China's "not-so-secret weapon in the trade war."

In a sign of intensifying concern over economic growth, the yield, or rate of return for investors, on the 10-year US Treasury notes hit 2.208 percent, the lowest level since September 2017.

Adding to the mix of market headwinds, Mueller made his first public appearance since releasing a report on Russian interference in the 2016 presidential election, saying that a decision not to charge Trump of obstruction of justice was due to Justice Department policy against indicting a sitting president; Mueller pointedly refused to clear the US president of wrongdoing.

Art Hogan, chief market strategist at National Securities, said Mueller's statement was sure to keep alive talk of impeachment, even though US congressional leaders have so far not embraced that option.

"The market now wrestles with two things at the forefront of uncertainty," Hogan said, citing the worsening US-China trade conflict and a possible impeachment, an event he said would be "nearly impossible" to model for stocks.

- Key figures around 2045 GMT -

New York - Dow: DOWN 0.9 percent at 25,126.41 (close)

New York - S&P 500: DOWN 0.7 percent at 2,783.02 (close)

New York - Nasdaq: DOWN 0.8 percent at 7,547.31 (close)

London - FTSE 100: DOWN 1.2 percent at 7,185.30 points (close)

Frankfurt - DAX 30: DOWN 1.6 percent at 11,837.81 (close)

Paris - CAC 40: DOWN 1.7 percent at 5,222.12 (close)

EURO STOXX 50: DOWN 1.5 percent at 3,297.81 (close)

Tokyo - Nikkei 225: DOWN 1.2 percent at 21,003.37 (close)

Hong Kong - Hang Seng: DOWN 0.6 percent at 27,235.71 (close)

Shanghai - Composite: UP 0.2 percent at 2,914.70 (close)

Pound/dollar: DOWN at \$1.2628 from \$1.2653 at 2100 GMT

Euro/pound: DOWN at 88.16 pence from 88.20 pence

Euro/dollar: DOWN at \$1.1134 from \$1.1160

Dollar/yen: UP at 109.62 yen from 109.38 yen

Oil - Brent Crude: DOWN 66 cents at \$69.45 per barrel

Oil - West Texas Intermediate: DOWN 33 cents at \$58.81 per barrel. (AFP)