



First Capital

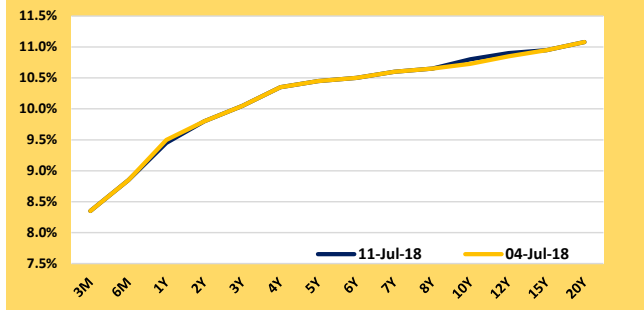
DAILY MARKET WATCH

First Capital Research

July 11, 2018

FIXED INCOME

YIELD CURVE BASED ON MID RATES & MARKET COMMENTARY



The secondary market yield curve remained almost unchanged with market witnessing ultra-thin volumes. Limited trades witnessed on mid tenure maturities as 15.03.23 traded at 10.45% levels. At the primary bill auction, low volumes of 3M bill was seen accepting at 8.37% rising 2bps while 6M bill was rejected and 1-Yr-bill was remained unchanged at 9.43%.

T-BILLS & T-BONDS 2 WAY QUOTE AND CHANGE OVER LAST WEEK

| Tenure | Bid | Offer | Today | Last Week | Change (bps) |
|-----------------|--------|--------|--------|-----------|--------------|
| < 91 Days < 3M | 8.40% | 8.30% | 8.35% | 8.35% | 0 |
| < 182 Days < 6M | 8.90% | 8.80% | 8.85% | 8.85% | 0 |
| < 364 Days < 1Y | 9.50% | 9.40% | 9.45% | 9.50% | -5 |
| 01-May-20 < 2Y | 9.85% | 9.75% | 9.80% | 9.80% | 0 |
| 01-May-21 < 3Y | 10.10% | 10.00% | 10.05% | 10.05% | 0 |
| 01-Jul-22 < 4Y | 10.40% | 10.30% | 10.35% | 10.35% | 0 |
| 15-Mar-23 < 5Y | 10.50% | 10.40% | 10.45% | 10.45% | 0 |
| 01-Aug-24 < 6Y | 10.55% | 10.45% | 10.50% | 10.50% | 0 |
| 01-Aug-25 < 7Y | 10.65% | 10.55% | 10.60% | 10.60% | 0 |
| 01-Jun-26 < 8Y | 10.70% | 10.60% | 10.65% | 10.65% | 0 |
| 01-Sep-28 < 10Y | 10.90% | 10.70% | 10.80% | 10.73% | 7 |
| 15-May-30 < 12Y | 11.00% | 10.80% | 10.90% | 10.85% | 5 |
| 15-Jan-33 < 15Y | 11.10% | 10.80% | 10.95% | 10.95% | 0 |
| 15-Mar-35 < 20Y | 11.25% | 10.90% | 11.08% | 11.08% | 0 |

PRIMARY AUCTION

T-BILL AUCTION

| Tenor | Current | Previous | Change |
|--------------------|------------------|------------------|--------------|
| | 11-Jul-18 | 04-Jul-18 | (bps) |
| 91 days | 8.37% | 8.35% | 2 |
| 182 Days | N/A | 8.85% | N/A |
| 364 Days | 9.43% | 9.43% | 0 |
| Date of Settlement | 13-Jul-18 | | |

WEEK ENDING 13-Jul-18

| Offered | Bids | Accepted |
|---------------|---------------|---------------|
| LKR ('Mn) | LKR ('Mn) | LKR ('Mn) |
| 3,000 | 8,374 | 5,111 |
| 4,000 | 5,520 | N/A |
| 7,000 | 32,247 | 8,889 |
| 14,000 | 46,141 | 14,000 |

T-BOND AUCTION

| Bond Type | Yield | Offered | Bids | Accepted |
|---------------|-------|---------------|--------------------------|------------|
| 10.35%2025'A' | | 35,000 | New Auction Announcement | |
| 11.20%2033'A' | | 45,000 | New Auction Announcement | |
| TOTAL | | 80,000 | N/A | N/A |

MATURITY TABLE FOR NEXT WEEK

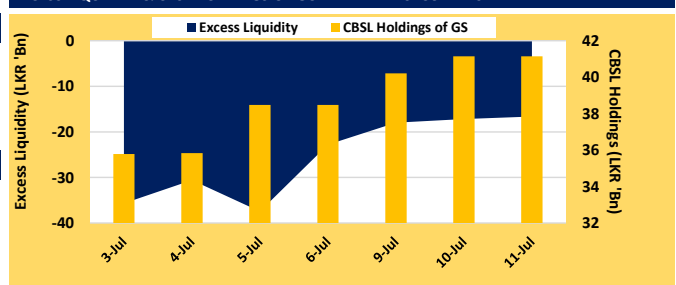
| Type | LKR ('Mn) | USD ('Mn) |
|-----------------------|---------------|-----------|
| T-Bills | 26,173 | |
| T-Bonds | 0 | |
| T-Bond Interest | | |
| SLDBs/Sovereign Bonds | | 0 |
| TOTAL | 26,173 | 0 |

LIQUIDITY, CBSL HOLDINGS & MARKET INTEREST RATES

MARKET LIQUIDITY

| 11-Jul-18 | Repo | Reverse Repo |
|---------------------------------------------------------|-----------|--------------|
| Mid-day Auction | [LKR 'Bn] | [LKR 'Bn] |
| Offered | 0.0 | 12.0 |
| Bids | N/A | 23.3 |
| Accepted | N/A | 12.0 |
| Weighted Average Rate (%) | N/A | 8.44% |
| Standing Facility | SDF | SLF |
| Rate | 7.25% | 8.50% |
| Value [LKR 'Bn] | 12.1 | 16.7 |
| O/N Surplus/(Deficit) | | -16.6 |
| CBSL Holdings of Government Securities [LKR 'Bn] | | 41.2 |

EXCESS LIQUIDITY & CBSL HOLDINGS OF GOVERNMENT SECURITIES



MONEY MARKET RATES

| | High | Low | W.Avg | Value [LKR 'Bn] |
|------------|-----------------|-------|-------|-----------------|
| Call Money | 11-Jul-18 8.50% | 8.35% | 8.49% | 28.9 |
| Repo Rates | 11-Jul-18 8.50% | 8.35% | 8.36% | 9.6 |

OUTSTANDING STOCK

| | 6-Jul-18 | Previous Week | Change (%) |
|----------------------------------|------------------|------------------|--------------|
| T-Bills [LKR 'Mn] | 837,088 | 833,166 | 0.5% |
| T-Bonds [LKR 'Mn] | 4,189,360 | 4,189,360 | 0.0% |
| TOTAL | 5,026,448 | 5,022,526 | 0.1% |
| Foreign Holding [LKR 'Mn] | 294,674 | 295,348 | -0.2% |
| Foreign Holding (%) | 5.9% | 5.9% | |

MARKET INTEREST RATES

| | 6-Jul-18 | Last Month | Change (bps) |
|--------------------------|---------------|------------|--------------|
| AWPLR | 11.33% | 11.33% | 0 |
| FD Ceiling Rate (1 Year) | 2H2018 12.46% | | |

GLOBAL OUTLOOK FOR INTEREST RATES AND EXCHANGE RATES

US TREASURIES

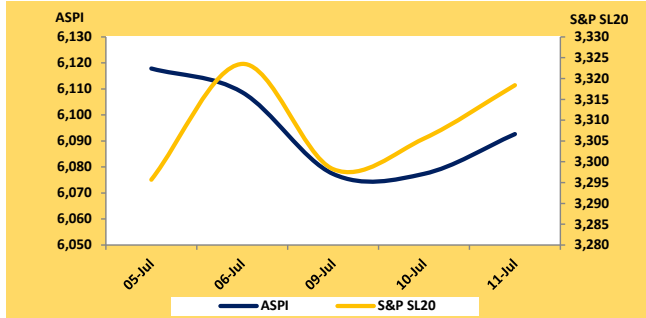
| | 6-Jul-18 | 29-Jun-18 | Change (bps) | Last Month | Change (bps) |
|---------|----------|-----------|--------------|------------|--------------|
| 1 Year | 2.34% | 2.33% | 1 | 2.33% | 1 |
| 2 Year | 2.53% | 2.52% | 1 | 2.52% | 1 |
| 5 Year | 2.71% | 2.73% | -2 | 2.73% | -2 |
| 10 Year | 2.82% | 2.85% | -3 | 2.85% | -3 |
| 30 Year | 2.94% | 2.98% | -4 | 2.98% | -4 |

EXCHANGE RATES

| | 11-Jul-18 | Last Month | Change (%) |
|------------------|-----------|------------|------------|
| USA Dollar | 159.33 | 158.26 | -0.7% |
| UK Pound | 211.29 | 206.91 | -2.1% |
| EU Euro | 186.93 | 183.10 | -2.0% |
| Japan Yen | 1.43 | 1.43 | -0.1% |
| Australia Dollar | 118.25 | 116.25 | -1.7% |

EQUITY

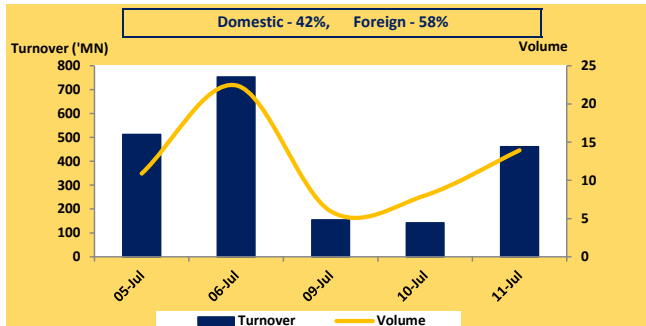
MARKET INDICES



MARKET PERFORMANCE

| | Today | Previous | Change (%) |
|-----------------------------------|---------------|-------------|------------------|
| ASPI | 6,092.65 | 6,077.37 | 0.25% |
| S&P SL20 | 3,318.40 | 3,305.59 | 0.39% |
| Turnover (LKR 'Mn) | 461.58 | 142.70 | 223.47% |
| Volume ('Mn) | 13.94 | 8.03 | 73.57% |
| Market Cap. (LKR 'Bn) | 2,846.12 | 2,838.98 | 0.25% |
| Market Cap. (USD 'Bn) | 17.86 | 17.82 | 0.25% |
| Traded Companies | 224 | 212 | 5.66% |
| Foreign Purchases (LKR 'Mn) | 227.77 | 63.25 | 260.08% |
| Foreign Sales (LKR 'Mn) | 307.54 | 61.51 | 400.00% |
| Net Foreign flow (LKR 'Mn) | -79.77 | 1.75 | -4667.22% |

MARKET TURNOVER & VOLUME



| | |
|---------------------------------------|------------------|
| MTD Net Foreign Flow (LKR 'Mn) | -1,001.31 |
| YTD Net Foreign Flow (LKR 'Mn) | -2,327.82 |

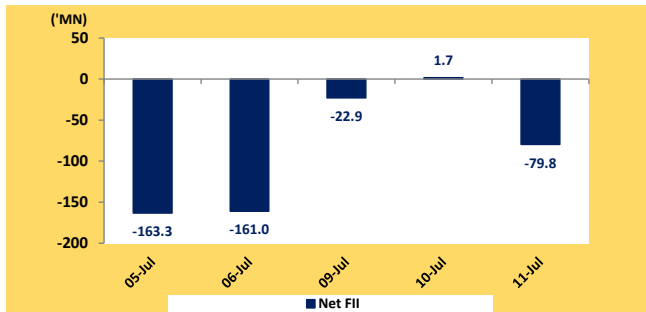
MARKET COMMENTARY

Market ended in green continuing yesterday's positive sentiment heavily supported by big cap CTC and COMB. ASPI witnessed an upward trend during the first half of the trading reaching an intraday high of 6,097 followed by a short lived dip, closing the day at 6,093 gaining 15 points. Turnover has increased more than two fold from yesterday and nearly 46% was derived by HNB. A net foreign outflow was recorded with high foreign participation.

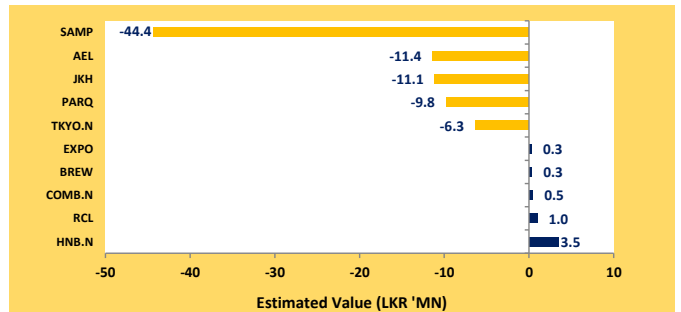
MAJOR CROSSINGS

| Stock | No. of Crossings | Price [LKR] | Quantity | Total Crossings |
|-------|------------------|-------------|----------|-----------------|
| HNB.N | 1 | 220.00 | 897,784 | 1 |

NET FOREIGN FLOW



ESTIMATED LARGEST FOREIGN FLOW



TOP 5 GAINERS

| | Today | Previous | Change (%) |
|-------------------|-------|----------|------------|
| BLUE DIAMONDS [X] | 0.30 | 0.20 | 50.00% |
| ADAM CAPITAL | 0.40 | 0.30 | 33.33% |
| S M B LEASING | 0.50 | 0.40 | 25.00% |
| TESS AGRO [X] | 0.60 | 0.50 | 20.00% |
| RADIANT GEMS | 21.50 | 18.00 | 19.44% |

TOP 5 LOSERS

| | Today | Previous | Change (%) |
|----------------|--------|----------|------------|
| TESS AGRO | 0.60 | 0.70 | -14.29% |
| LION BREWERY | 520.10 | 562.00 | -7.46% |
| BANSEI RESORTS | 5.00 | 5.40 | -7.41% |
| EQUITY TWO PLC | 55.10 | 59.30 | -7.08% |
| ASCOT HOLDINGS | 27.00 | 28.70 | -5.92% |

TOP 5 TURNOVER

| | Price | Volume | Turnover |
|----------------|----------|--------|----------|
| | | ('Mn) | ('Mn) |
| HNB | 220.20 | 1.0 | 213.58 |
| SAMPATH | 295.00 | 0.3 | 80.22 |
| JKH | 142.00 | 0.2 | 21.91 |
| ACCESS ENG SL | 16.40 | 1.0 | 16.61 |
| CEYLON TOBACCO | 1,130.00 | 0.0 | 11.30 |

TOP 5 VOLUME

| | Price | Volume | Turnover |
|------------------|--------|--------|----------|
| | | ('Mn) | ('Mn) |
| ADAM CAPITAL | 0.40 | 1.7 | 0.67 |
| ADAM INVESTMENTS | 0.20 | 1.4 | 0.28 |
| TESS AGRO | 0.60 | 1.3 | 0.76 |
| ACCESS ENG SL | 16.40 | 1.0 | 16.61 |
| HNB | 220.20 | 1.0 | 213.58 |

GLOBAL MARKETS & COMMODITIES

GLOBAL COMMODITY PRICES

| | Current | Last Month | Change (%) |
|-------------------|---------|------------|------------|
| Crude Oil USD/bbl | 73.5 | 73.2 | 0.3% |
| Gold USD/t oz | 1,249.8 | 1,252.8 | -0.2% |
| Copper USd/lb. | 275.6 | 298.4 | -7.6% |
| Cotton USd/lb. | 84.6 | 83.9 | 0.8% |

CRUDE OIL MOVEMENT



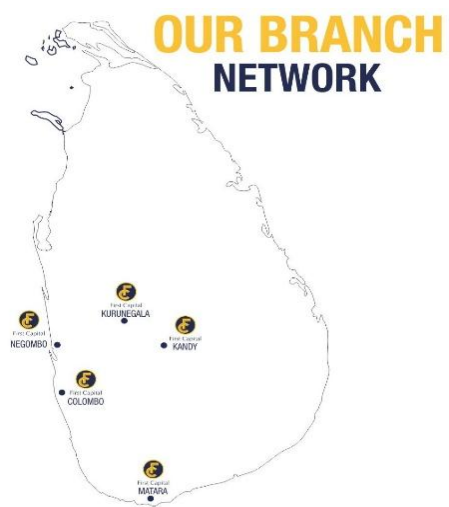
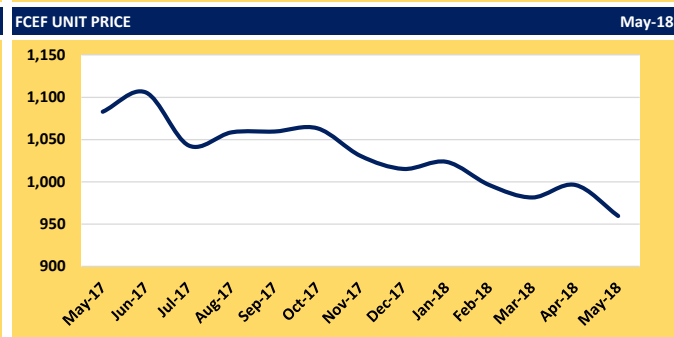
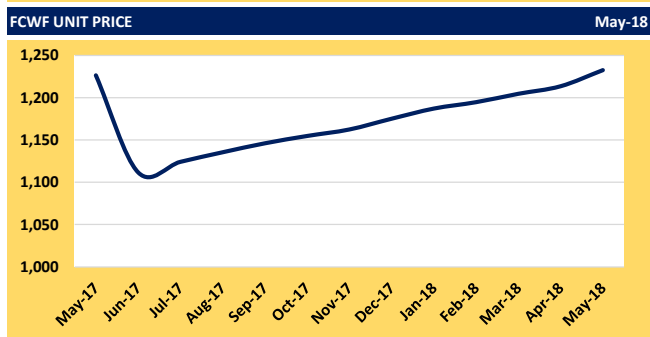
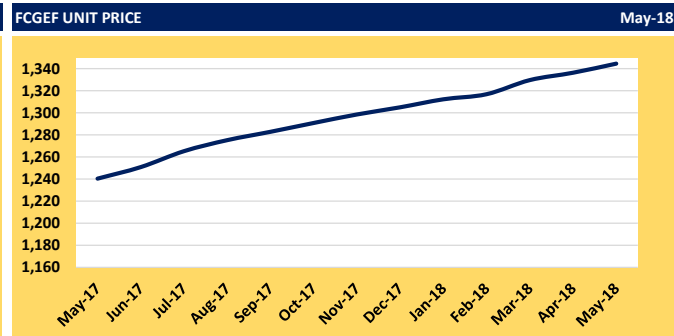
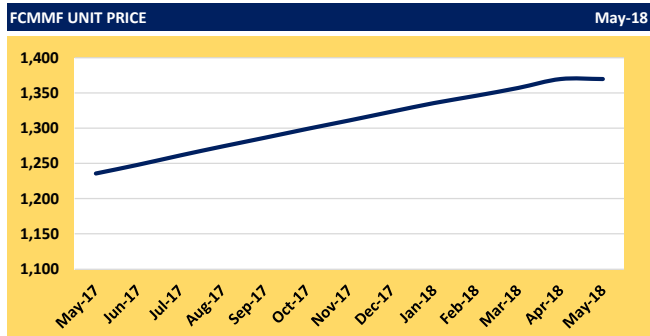
GLOBAL MARKETS

| | Current | Last Month | Change (%) |
|---------------|----------|------------|------------|
| DOW JONES | 24,919.7 | 24,216.1 | 2.9% |
| EURO STOXX 50 | 3,431.5 | 3,412.7 | 0.6% |
| FTSE 100 | 7,591.6 | 7,674.6 | -1.1% |
| NIKKEI 225 | 21,932.2 | 22,304.5 | -1.7% |

UNIT TRUSTS

| | Sell Price | Buy Price | AUM LKR 'Mn | Avg. Yield | Information on Fees | | |
|---------------------------------|------------|-----------|----------------|------------|---------------------|-------------|-----------------|
| | LKR | LKR | As at May 2018 | | Mgmt Fee | Trustee fee | Performance Fee |
| First Capital Money Market Fund | 1,399.86 | 1,399.86 | 790 | 11.07% | 0.50% p.a. | 0.15% p.a. | N/A |
| First Capital Gilt Edge Fund | 1,354.74 | 1,354.74 | 57 | 0.00% | 0.50% p.a. | 0.15% p.a. | N/A |
| First Capital Wealth Fund | 1,063.48 | 1,063.45 | 626 | 9.38% | 1.10% p.a. | 0.225% p.a. | N/A |
| First Capital Equity Fund | 903.17 | 858.01 | 62 | N/A | 1.00% p.a. | 0.23% p.a. | 25% over ASTRI |

| TRAILING RETURNS (%) | | | | | | | Performance as of | May-18 |
|---------------------------------|---------------|---------------|---------------|---------------|------------|---------|-------------------|--------------|
| FIXED INCOME FUNDS | YTD | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 | Since Inception | |
| First Capital Money Market Fund | 11.61% | 11.92% | 10.39% | 7.92% | 7.20% | N/A | | 11.13% |
| First Capital Gilt Edge Fund | 6.71% | 9.14% | 19.06% | 4.17% | -3.46% | N/A | | 9.35% |
| First Capital Wealth Fund | 9.38% | 11.32% | 10.63% | 4.90% | 15.48% | 17.60% | | 17.27% |
| BALANCED FUND | 1 Month | 3 Months | 6 Months | 12 Months | 2 Years | | Since Inception | |
| First Capital Equity Fund | -3.68% | -3.68% | -6.90% | -10.47% | N/A | | | -4.04% |
| ASTRI* | -1.97% | -0.99% | -3.03% | -2.74% | N/A | | | -9.48% |
| Out/(Under) Performance | -1.71% | -2.69% | -3.87% | -7.73% | N/A | | | 5.44% |



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RESEARCH

| | | | |
|---------------------|-----------------|-------------------------|-----------------|
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| Atchuthan Srirangan | +94 11 2639 863 | Nisansala Kuruppumudali | +94 11 2639 866 |

GOVERNMENT SECURITIES SALES

| | | | |
|---------------------|-----------------|---------------------|-----------------|
| Anjelo Simmons | +94 77 3031 636 | Neminda Jayawardena | +94 76 6644 080 |
| Anushka Dissanayake | +94 77 2220 021 | Arun Kandasamy | +94 75 4861 506 |
| Anushi Ranawaka | +94 77 3876 819 | | |

CORPORATE DEBT SALES

| | |
|-------------------------|-----------------|
| Sewwandi Kathriarachchi | +94 77 3461 734 |
| Nethalie De Mel | +94 11 2639 854 |

EQUITY SALES

| | | | | |
|----------------------|------------------|-----------------|--------------------|-----------------|
| CEO | Jaliya Wijeratne | +94 70 2910 042 | Negombo | |
| | | | Priyanka Anuruddha | +94 70 2910 035 |
| Colombo | | | Priyantha Wijesiri | +94 70 2910 036 |
| Damian Le Grand | | +94 70 2910 032 | | |
| Nishantha Mudalige | | +94 70 2910 041 | | |
| Isuru Jayawardana | | +94 70 2910 034 | | |
| Ifadh Marikar | | +94 77 9625 679 | | |
| Thushara Pathiraja | | +94 70 2910 037 | | |
| Anushka Buddhika | | +94 70 2910 030 | | |
| Gamini Hettiarachchi | | +94 70 2910 039 | | |

UNIT TRUST SALES

| | |
|-----------------------|-----------------|
| Imali Abeygunawardena | +94 77 1764 799 |
|-----------------------|-----------------|

BRANCHES

| Kandy | Kurunegala | Matara | Negombo |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 2nd Floor, No.121 Kotugodella Veediya (E L Senanayake Veediya) Kandy 20000. | Ground Floor No. 42, Mihindu Mawatha, Kurunegala 60000. | 2nd Floor, E.H. Cooray Building No: 24, 1/3, Anagarika Dharmapala Mawatha, Matara 81000. | 1st Floor No: 163B, Colombo Road, Negombo 11500. |
| Manager: Salinda Samarakoon Tel: +94 81 2236 010 | Manager: Menaka Wavegedara Tel: +94 37 2222 930 | Manager: Rohana Jayakody Tel: +94 41 2222 988 | Manager: Buddhika Edirisinghe Tel: +94 31 2233 299 |

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