



First Capital

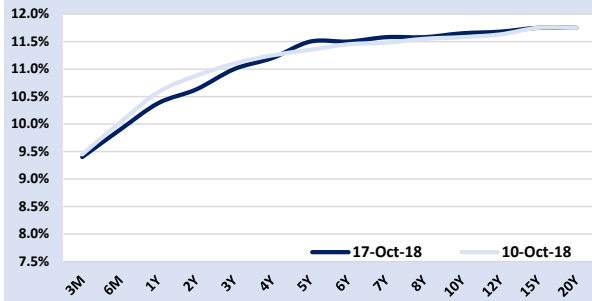
DAILY MARKET WATCH

First Capital Research

October 17, 2018

FIXED INCOME

YIELD CURVE BASED ON MID RATES & MARKET COMMENTARY



The secondary market yield curve shifted downwards with Sri Lanka receiving the long-awaited foreign currency term financing facility by China Development Bank creating a buying interest on mid-term maturities. Amidst buying interest was seen on 01.03.21, 15.10.21, 15.12.21, 15.07.23 at intraday lows of 10.85%, 11.00%, 11.00% and 11.45% respectively. However, the primary bill auction saw 1Y spiking to a 15-month high as 3M & 1-Yr to record a weighted average of 9.48% (+25bps) and 10.44% (+25bps), while the 6M was accepted at 9.75% after a lapse of 8 weeks. Post bill auction, 15.07.23 traded at 11.50%-60% and settled at 11.45%/55% while overall market witnessed high volumes.

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

Tenure	Bid	Offer	Today	Last Week	Change (bps)
< 91 Days < 3M	9.50%	9.30%	9.40%	9.45%	-5
< 182 Days < 6M	10.10%	9.70%	9.90%	10.03%	-13
< 364 Days < 1Y	10.50%	10.25%	10.38%	10.58%	-20
01-May-20 < 2Y	10.75%	10.50%	10.63%	10.88%	-25
15-Oct-21 < 3Y	11.10%	10.90%	11.00%	11.10%	-10
01-Oct-22 < 4Y	11.30%	11.10%	11.20%	11.25%	-5
15-Jul-23 < 5Y	11.55%	11.45%	11.50%	11.35%	15
01-Aug-24 < 6Y	11.55%	11.45%	11.50%	11.45%	5
15-Oct-25 < 7Y	11.65%	11.50%	11.58%	11.48%	10
01-Aug-26 < 8Y	11.65%	11.50%	11.58%	11.55%	3
01-Sep-28 < 10Y	11.75%	11.55%	11.65%	11.58%	7
15-May-30 < 12Y	11.80%	11.55%	11.68%	11.63%	5
15-Jan-33 < 15Y	11.90%	11.60%	11.75%	11.75%	0
15-Mar-35 < 20Y	11.90%	11.60%	11.75%	11.75%	0

PRIMARY AUCTION

T-BILL AUCTION

Tenor	Current	Previous	Change
	17-Oct-18	10-Oct-18	(bps)
91 days	9.48%	9.28%	20
182 Days	9.75%	N/A	N/A
364 Days	10.44%	10.19%	25

	WEEK ENDING 19-Oct-18	
	Offered	Bids
	LKR ('Mn)	LKR ('Mn)
Accepted		LKR ('Mn)
91 days	2,000	5,323
182 Days	1,000	2,950
364 Days	5,000	19,192
TOTAL	8,000	27,465

T-BOND AUCTION

Bond Type	Yield	Offered	Bids	Accepted
10.20%2023'A'	11.69%	20,000	48,625	20,000
11.20%2033'A'	11.90%	20,000	55,049	20,000
TOTAL		40,000	103,674	40,000

MATURITY TABLE FOR NEXT WEEK

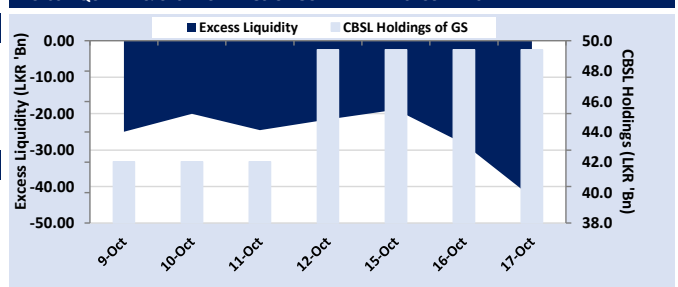
Type	LKR ('Mn)	USD ('Mn)
T-Bills	5,498	
T-Bonds	0	
T-Bond Interest	0	
SLDBs/Sovereign Bonds		0
TOTAL	5,498	0

LIQUIDITY, CBSL HOLDINGS & MARKET INTEREST RATES

MARKET LIQUIDITY

	17-Oct-18	Repo	Reverse Repo
Mid-day Auction		[LKR 'Bn]	[LKR 'Bn]
Offered		0.0	20.0
Bids		N/A	12.3
Accepted		N/A	12.3
Weighted Average Rate (%)		N/A	8.34%
Standing Facility		SDF	SLF
Rate		7.25%	8.50%
Value [LKR 'Bn]		3.0	13.7
O/N Surplus/(Deficit)			-43.0
CBSL Holdings of Government Securities [LKR 'Bn]			49.4

EXCESS LIQUIDITY & CBSL HOLDINGS OF GOVERNMENT SECURITIES



MONEY MARKET RATES

	High	Low	W.Avg	Value [LKR 'Bn]	
Call Money	17-Oct-18	8.50%	8.35%	8.44%	12.2
Repo Rates	17-Oct-18	8.49%	8.35%	8.42%	7.8

OUTSTANDING STOCK

	10-Oct-18	Previous Week	Change (%)
T-Bills [LKR 'Mn]	789,357	789,357	0.0%
T-Bonds [LKR 'Mn]	4,238,799	4,238,799	0.0%
TOTAL	5,028,155	5,028,155	0.0%
Foreign Holding [LKR 'Mn]	241,346	247,623	-2.5%
Foreign Holding (%)	4.8%	4.9%	

MARKET INTEREST RATES

	10-Oct-18	Last Month	Change (bps)
AWPLR	12.34%	11.74%	60
FD Ceiling Rate (1 Year)	2H2018 12.46%		

GLOBAL OUTLOOK FOR INTEREST RATES AND EXCHANGE RATES

US TREASURIES

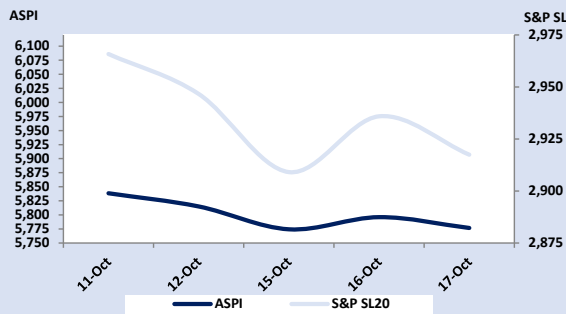
	12-Oct-18	5-Oct-18	Change (bps)	Last Month	Change (bps)
1 Year	2.66%	2.64%	2	2.59%	7
2 Year	2.85%	2.88%	-3	2.81%	4
5 Year	3.00%	3.07%	-7	2.94%	6
10 Year	3.15%	3.23%	-8	3.05%	10
30 Year	3.32%	3.40%	-8	3.19%	13

EXCHANGE RATES

	17-Oct-18	Last Month	Change (%)
USA Dollar	170.92	169.24	-1.0%
UK Pound	225.27	221.36	-1.7%
EU Euro	197.70	197.09	-0.3%
Japan Yen	1.52	1.49	-2.0%
Australia Dollar	121.95	122.09	0.1%

EQUITY

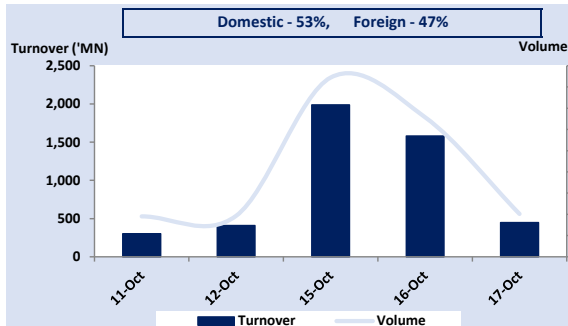
MARKET INDICES



MARKET PERFORMANCE

	Today	Previous	Change (%)
ASPI	5,776.75	5,796.02	-0.33%
S&P SL20	2,917.45	2,935.90	-0.63%
Turnover (LKR 'Mn)	448.34	1,580.75	-71.64%
Volume ('Mn)	10.09	32.87	-69.30%
Market Cap. (LKR 'Bn)	2,712.75	2,721.80	-0.33%
Market Cap. (USD 'Bn)	15.87	15.92	-0.33%
Traded Companies	221	214	3.27%
Foreign Purchases (LKR 'Mn)	153.30	894.21	-82.86%
Foreign Sales (LKR 'Mn)	263.73	1,394.16	-81.08%
Net Foreign flow (LKR 'Mn)	-110.43	-499.95	77.91%

MARKET TURNOVER & VOLUME



MTD Net Foreign Flow (LKR 'Mn)

-3,122.63

YTD Net Foreign Flow (LKR 'Mn)

-8,953.00

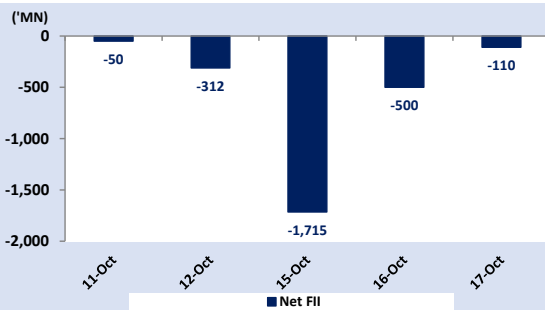
MARKET COMMENTARY

The bourse ended in red dragged down by HNB.N and DIAL negating the positive sentiment witnessed yesterday. ASPI witnessed a surge during the first half an hour of trading reaching an intraday high of 5,823 followed by a continuous downtrend, closing at the day's low of 5,777 losing 19 points. More than 29% of turnover was derived from crossings. A net foreign outflow was witnessed for the fifth consecutive day with high foreign participation.

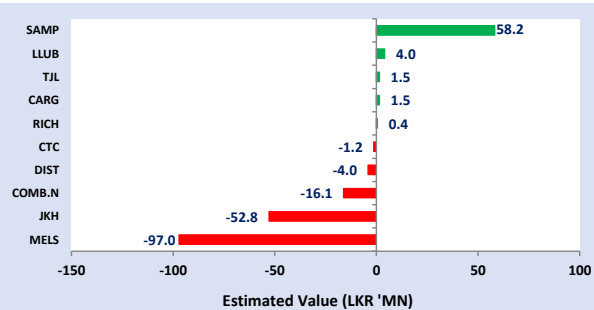
MAJOR CROSSINGS

Stock	No. of Crossings	Price [LKR]	Quantity	Total Crossings
MELS	1	50.50	1,940,000	2
COMB.N	1	110.00	300,000	

NET FOREIGN FLOW



ESTIMATED LARGEST FOREIGN FLOW



TOP 5 GAINERS

	Today	Previous	Change (%)
ADAM CAPITAL	0.50	0.40	25.00%
RENUKA HOTELS	48.80	41.10	18.73%
HOTEL SIGIRIYA	58.50	52.50	11.43%
THE FINANCE CO. [X]	1.10	1.00	10.00%
UDAPUSSELLAWA	35.00	32.00	9.38%

TOP 5 LOSERS

	Today	Previous	Change (%)
BERUWALA RESORTS	0.60	0.70	-14.29%
LANKA TILES	75.40	86.80	-13.13%
PRIME FINANCE	17.50	19.80	-11.62%
PEOPLE'S INS	18.70	20.00	-6.50%
BROWNS INVSTMNTS	1.80	1.90	-5.26%

TOP 5 TURNOVER

	Price	Volume ('Mn)	Turnover ('Mn)
COMMERCIAL BANK	110.00	0.9	100.58
MELSTACORP	50.00	2.0	100.24
SAMPATH	220.00	0.4	87.15
JKH	129.30	0.5	70.87
ACCESS ENG SL	13.90	1.6	22.19

TOP 5 VOLUME

	Price	Volume ('Mn)	Turnover ('Mn)
MELSTACORP	50.00	2.0	100.24
ACCESS ENG SL	13.90	1.6	22.19
COMMERCIAL BANK	110.00	0.9	100.58
JKH	129.30	0.5	70.87
VIDULLANKA	4.50	0.5	2.26

GLOBAL MARKETS & COMMODITIES

GLOBAL COMMODITY PRICES

	Current	Last Month	Change (%)
Crude Oil USD/bbl	71.7	72.1	-0.6%
Gold USD/t oz	1,230.1	1,186.7	3.7%
Copper USd/lb.	280.1	277.6	0.9%
Cotton USd/lb.	78.5	77.4	1.4%
Aluminum USD/MT	2,034.0	2,030.0	0.2%

CRUDE OIL MOVEMENT



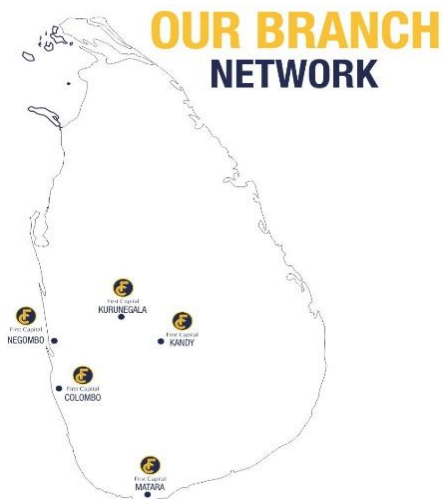
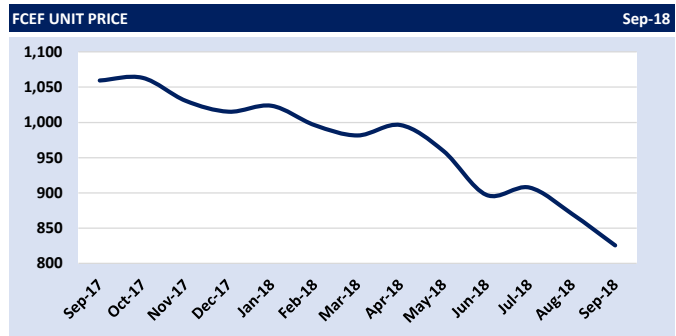
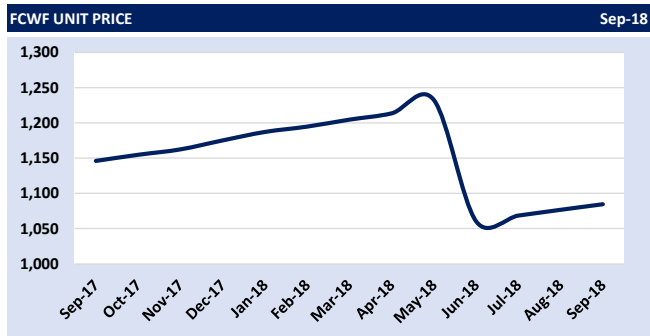
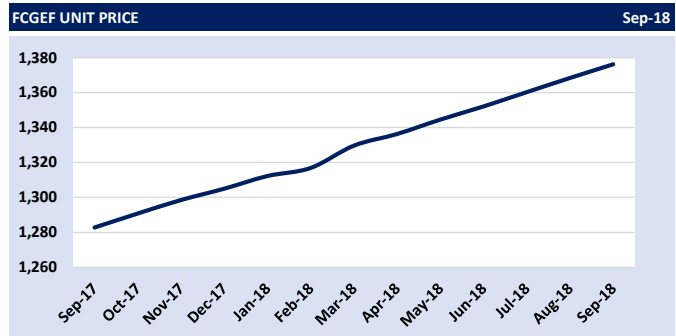
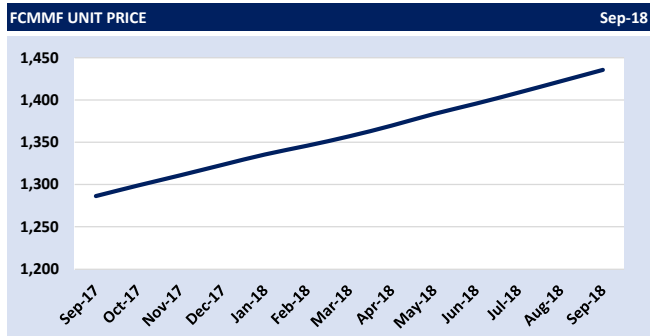
GLOBAL MARKETS

	Current	Last Month	Change (%)
DOW JONES	25,798.4	26,439.9	-2.4%
EURO STOXX 50	3,257.3	3,404.9	-4.3%
FTSE 100	7,073.8	7,497.3	-5.6%
NIKKEI 225	22,841.1	24,120.0	-5.3%

UNIT TRUSTS

	Sell Price	Buy Price	AUM LKR 'Mn	Avg. Yield	Information on Fees		
	LKR	LKR	As at Sep 2018		Mgmt Fee	Trustee fee	Performance Fee
First Capital Money Market Fund	1,442.93	1,442.93	1,244	11.87%	0.50% p.a.	0.15% p.a.	N/A
First Capital Gilt Edge Fund	1,380.47	1,380.47	46	0.00%	0.50% p.a.	0.15% p.a.	N/A
First Capital Wealth Fund	1,087.67	1,087.64	601	10.26%	1.10% p.a.	0.225% p.a.	N/A
First Capital Equity Fund	806.52	766.19	53	N/A	1.00% p.a.	0.23% p.a.	25% over ASTRI

TRAILING RETURNS (%)					Performance as of			Sep-18
FIXED INCOME FUNDS	YTD	2017/18	2016/17	2015/16	2014/15	2013/14	Since Inception	
First Capital Money Market Fund	11.53%	11.92%	10.39%	7.92%	7.20%	N/A	11.53%	
First Capital Gilt Edge Fund	6.98%	9.14%	19.06%	4.17%	-3.46%	N/A	9.36%	
First Capital Wealth Fund	9.77%	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	-5.11%	-7.99%	-15.89%	-22.08%	N/A	-17.44%		
ASTRI*	-3.58%	-5.30%	-9.34%	-8.59%	N/A	-16.99%		
Out/(Under) Performance	-1.53%	-2.69%	-6.55%	-13.49%	N/A	-0.46%		



Download the **FC CAPITAL MARKET APP**

Your complete insight into the Sri Lankan capital market

Available on Google Play and the App Store.

An alternative to your savings account from First Capital Money Market Fund

11.36%*

Per Annum | Current Yield | as at 09/09/18

Call : +94 11 2 639 841 / +94 771 764 799

* Flexibility to withdraw funds at anytime

First Capital

No. 02, Deal Place, Colombo 03, Sri Lanka.



First Capital

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000
Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Hiruni Perera	+94 11 2639 864
Atchuthan Srirangan	+94 11 2639 863	Nisansala Kuruppumudali	+94 11 2639 866
Amanda Lokugamage	+94 11 2639 868		

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	Mahesh Amarasinghe	+94 77 0073 684
Nethalie De Mel	+94 11 2639 854	Dharshanie Vasanthajothy	+94 77 9159 878

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

Kavin Karunamoorthy	+94 77 0328 060	Thiruni Gooneratne	+94 77 5077 695
Imali Abeygunawardena	+94 77 1764 799	Deepal Pathmaperuma	+94 77 9159 878

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	Manager:	Manager: Rohana Jayakody	Manager: Buddhika Edirisinghe
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 2233 299

Disclaimer:

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the correctness, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or its principal, their respective Directors, or Employees may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.