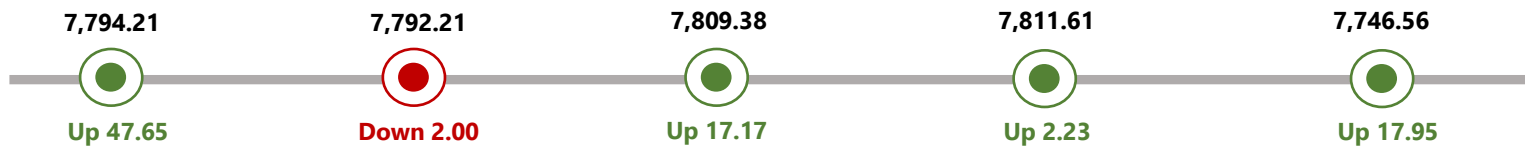
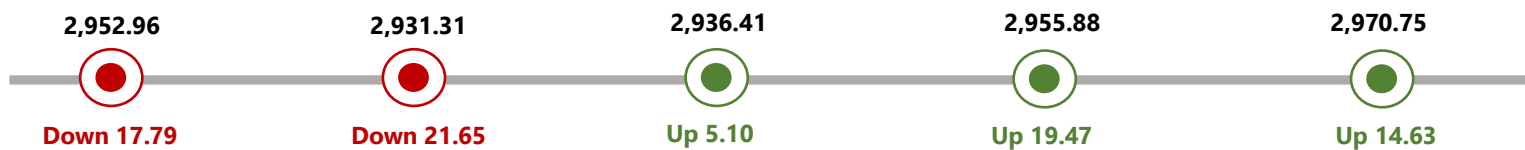


Market Recovers Whilst Turnover Comes in Stagnant

ASPI, 05th July – 09th July



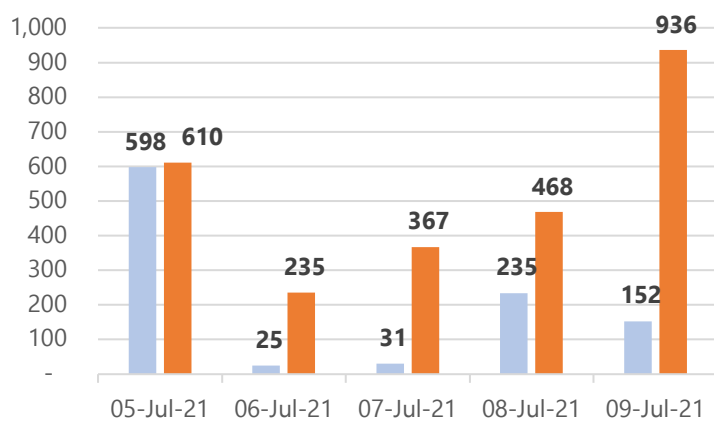
S&P SL 20, 05th July – 09th July



Source: CSE

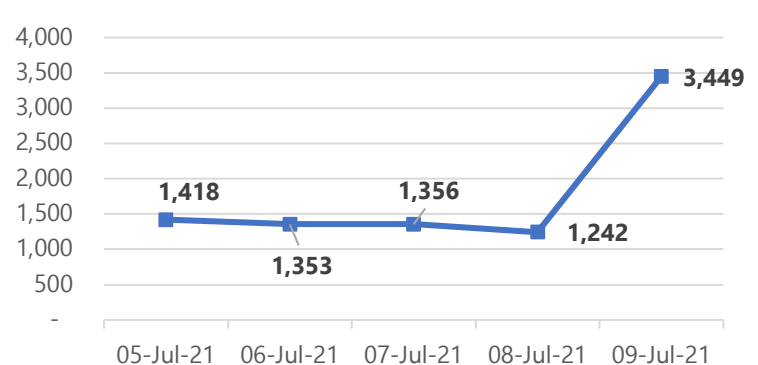
Foreign Purchases vs. Foreign Sales (in LKR Mn)

Source: CSE



Daily Turnover for the Week (in LKR Mn)

Source: CSE



- The ASPI rose 0.74% this week.
- The S&P SL 20 rose 0.88%.
- The index witnessed one of its quieter weeks with turnover lagging below 1.5 Bn over the first four days.
- Friday saw a significant uptick in turnover driven primarily by a significant stake being bought in Panasian Power (PAP).
- Foreign selling dominated activity this week as the country's macroeconomic situations grows murkier.

CBSL Maintains Low Interest Regime Citing Economic Recovery Demands as Such

- The Central Bank of Sri Lanka (CBSL) held its Monetary Policy Review yesterday (08th July) where it was decided to keep policy rates unchanged. The CBSL's view is that the low interest environment will help boost the economic recovery efforts via more local investors participating in the market. Whilst this rationale is sound, we still maintain that there needs to be an upward policy revision as the inflationary pressures mount. If Sri Lanka, in the worst-case scenario goes for an IMF bailout, one condition surely will be to raise policy rates.
- The CBSL are also discussing import controls on carefully selected items as liquidity injections triggered forex shortages and undermined the credibility of a 200 to the USD peg of the rupee. These potential controls have still been kept on a discussion level.
- JAT Holdings formally announced its LKR 2.23 Bn IPO scheduled for July 20 issuing 82.9 Mn voting shares. The company will utilise the proceeds to expand into South Asia and Africa having already cemented their place in Bangladesh as a leader in wood coatings.

Bond Markets Remain at a Lull, Whilst Dollar Markets Remained Inactive

Spot Rates

	Current	Previous Week	Change
LKR/USD	199.90	200.52	-0.62
LKR/ GBP	275.23	276.02	-0.79
LKR/EUR	236.60	237.46	-0.86
LKR/JPY	1.82	1.80	+0.02

Source: CBSL

- Sri Lanka rupee dollar markets remained inactive.
- Sri Lanka's interbank dollar yields rose sharply amid money printing coupled with credit downgrades as sovereign bond yields rose.
- In parallel markets, the rupee was quoted around 230 to the US dollar compared 225 a week earlier.

Oil Prices Fluctuate as Impasse Occurs Amongst OPEC+ Members, Gold Jumps as Covid Fears Mount

	Current	Previous Week	Change
Oil, Brent (USD per Barrel)	74.74	75.72	-0.98
Gold (USD per Troy Ounce)	1,802.70	1,782.60	+20.10
Copper (USD per pound)	4.25	4.26	-0.01
Aluminium (USD per Tonne)	2,435.00	2,481.00	-46.00

Source: Gold Council, London Metal Exchange, Reuters

- Oil Prices witnessed some fluctuations during the last week
- Brent crude oil futures were up 0.5% to USD 74.48 per barrel. US WTI futures were up 0.7% at USD 73.48 per barrel.
- Oil price flux was driven on the back of a collapse in talks between OPEC countries as worries mounted that member of OPEC could be tempted to abandon output limits that they had during the pandemic.
- Aluminium prices fell sharply towards the end of the week fuelled by talks of the US tapering its open market operations.
- Gold prices increased on the back of fears increasing due to delta variant spreading and negative sentiment stirring on slower economic growth.

Stocks Tumble as Fears of Delta Variant Grips Global Markets

- Asian markets came in the red on Friday on the back of US stocks also suffering a slight wobble as fears persists of the delta variant spreading curbing the economic recovery efforts and this period of uncertainty remaining.
- Asian stocks slumped to a two-month low with the Nikkei down 2.0%, the blue chip CSI300 index down 1.2% and Australian shares fell 1.6% with stay-at-home orders in Sydney.
- European stocks sank on Thursday, posting their worst session in over two months with all sectors in red as recovery fears maligned investors there as well.
- Pan-European STOXX 600 index dropped from 1.8% with the European Central Bank move to shift the inflation target to 2.0%.

Notions on the ASPI



Source: Investing.com

- The Relative Strength Index (RSI) closed at 68.04 – which is in the mid-range.
- The daily chart of the ASPI indicates the All Share is trading above Feb 2021 high which is 7,821.39. Therefore, if the index sustains above the key level of 7,821.39, the next daily resistance of 7,950 – 8,000 could be tested again.
- 18 & 8 Exponential Moving Averages (EMA's) indicates a bullish momentum as the price got rejected from the 8 EMA.

Pick of the Week – MGT



Source: Investing.com

- The monthly RSI closed at 67.80 – which is below the overbought territory.
- MGT trades above the monthly support level LKR 19.00 – LKR 20.00, could be test the next level of resistance which is the weekly resistance of LKR 22.00 – LKR 22.50.
- A breakout above the weekly resistance LKR 22.00 – LKR 22.50 could test the next monthly resistance LKR 24.00 – LKR 25.00.
- 18 & 8 EMA's indicate a bullish momentum as the price has got rejected from 8EMA.

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