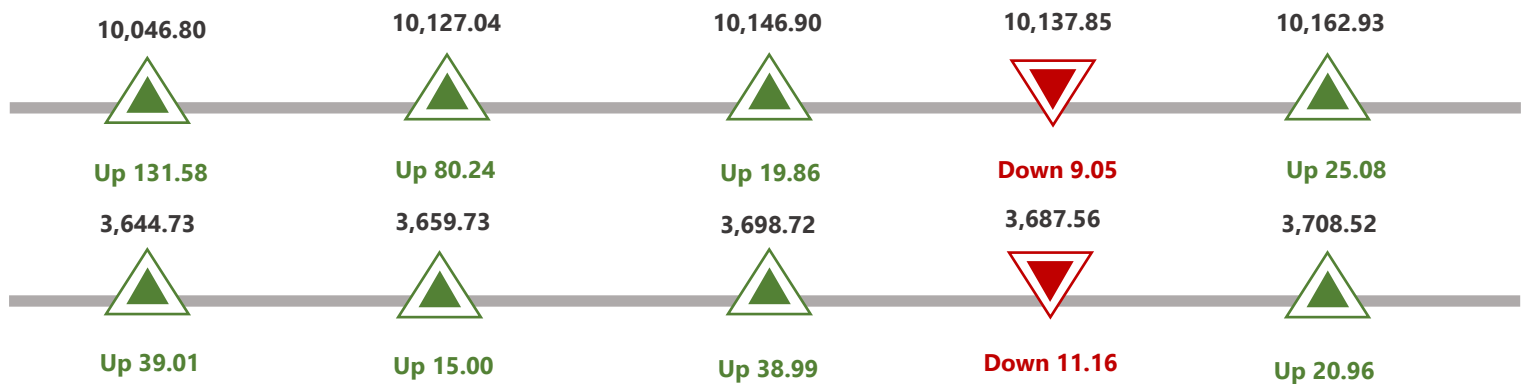


Share Prices Picked up on Corporate Optimism: ASPI Outstripped the Magical 10,000

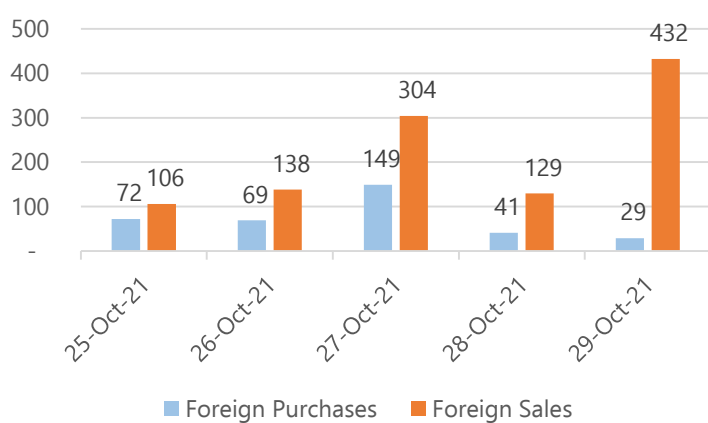
ASPI and S&P SL 20 Weekly Movement 25th October – 29th October

Source: CSE



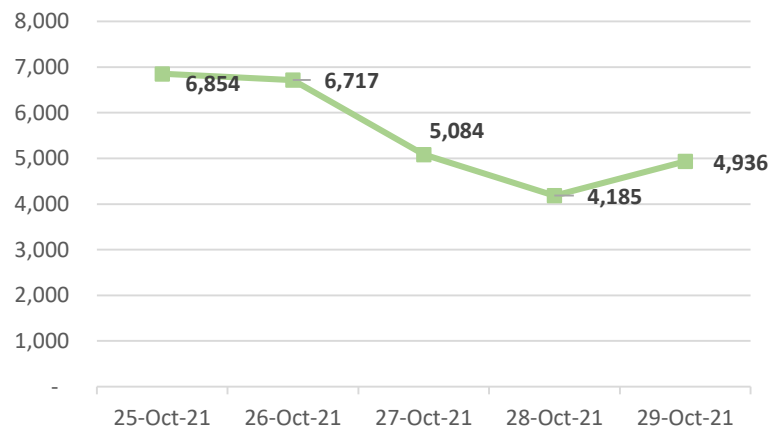
Foreign Purchases vs. Foreign Sales (in LKR Mn)

Source: CSE



Daily Turnover for the Week (in LKR Mn)

Source: CSE



- The ASPI declined by 1.16% this week.
- The S&P declined by 1.75% this week.
- The net foreign outflows for the week came in at LKR 750 Mn.
- Sri Lanka stock market's All-share index achieved a milestone on Monday, surpassing the benchmark level of 10,000 to close at 10,046.80. EXPO led the bull run as a keynote player contributing dominant 69 points to ASPI. HNI participation was observed in JKH, HNB (X) & EXPO counters.
- Investor perception on strong quarterly earnings steered the bullish momentum for Tuesday as well, gaining 0.8% increase in ASPI & 0.5% in S&P SL20. Foreign investors recorded a net outflow of LKR 69.4 million. CLC, BIL & JKH were the major contributors for the said uptick of 80.24 points in ASPI.
- Bourse hit a new record high of 10,146.90 on Wednesday, where ASPI gained 20 points or 0.2% while S&P SL20 gained 15 points to reach 3,698.72. Bourse remained in positive territory for the consecutive eighth session on the back of CLC, HNB & RCL. Market closed slightly edged on Thursday due to month-end profit taking by investors, resulting a decline in ASPI by 9.05 points.
- Bourse bounced to green zone, recording a fresh all time high of 10,162.93, whereas S&P SL20 gained 20.96 points to reach 3,708.52. Foreign selling amounted to be LKR 432 Mn, highest amount recorded for this week.
- Index could consolidate in between 10,000 and current all-time high as there was a slight decline in turnovers from Monday to Friday.

Moody's Concluded its Downgrade for Sri Lanka: Central Bank Alleged the Decision

- Moody's Investors Services has concluded the downgrade review initiated on July 19th by issuing Caa2 from Caa1 for senior unsecured debt and long-term currency issuer respectively while outlook remained to be stable. Review to downgrade was made highly due to the lack of comprehensive financing to meet the upcoming maturities over the persisting lower foreign exchange reserves which could possibly lead to default risks. Further it is mentioned that the external liquidity risks remain high with a negative view over country's move on relying on swap deals and bilateral loans regardless of the fact that non-debt generating inflows somewhat improved since Moody's decided to place Sri Lanka under review for downgrade. On contrary, Government of Sri Lanka has expressed their concern over the Moody's downgrade, citing the claims as unacceptable with Moody's lack of understanding over the nature of the upcoming budget, financing plans of the government and its latest improvements in measures undertaken to strengthen the economy.
- Sri Lanka earned remarkable export earnings of \$995.8 million for the month of September 2021 which is slightly less than the previous month of \$1 billion. Commodity exports resulted \$82.83 million for the quarter ended September which is a 5% increase on YoY basis. The apparel and textile industry accounted for \$457.05 million for the month of September 2021 with the apparel and woven fabrics improving by 7.71% and 62.73% respectively. Rubber segment managed to bring a total of \$ 96.09 million in September whilst the entire merchandise exports increased by 19.3% to \$ 8,881.93 million compared to corresponding period in 2020.

Auction Succeeded: Investor Interest Further Remarkd for 3-month T-Bills

Spot Rates

	Current	Previous Week	Change
LKR/USD	201.87	201.05	+0.82
LKR/GBP	278.39	277.31	+1.08
LKR/EUR	235.67	233.75	+1.93
LKR/JPY	1.78	1.76	+0.02

Source: CBSL

- Central Bank of Sri Lanka held its second successful Treasury bill auction for this month last Wednesday (27th) by selling off LKR 56.5 Billion worth of treasury bills as prescribed. Yields continued to rise, with the 12-month yield going up to 8.18% from 8.17% in previous week, whilst the 3-month yield rose to 8.43% from 8.39%. No 6-month treasury bills sold whereas LKR 56.4 million accepted from 3-month bills and the rest was from 12-month Treasury bills.

Oil Prices Slightly Declined: Aluminium Prices to Slip with Chinese Coal

Commodity Prices

	Current	Previous Week	Change
Oil, Brent (USD per Barrel)	84.66	85.05	-0.39
Gold (USD per Troy Ounce)	1,794.20	1,794.10	+0.10
Copper (USD per Pound)	4.41	4.59	-0.18
Aluminium (USD per Tonne)	2,746.50	2,868.00	-121.50

Source: Gold Council, LME, Reuters

- Oil prices lowered for this week as a result of stockpiles rose more than anticipated, even fuel inventories resulted a drop and tanks at the nation's largest storage in Oklahoma hub emptied further.
- Gold prices witnessed a slight increase on Friday, weighed upon the stronger U.S. Dollar, whilst investors are keen on the upcoming Federal Reserve Meeting to be held in next week, eying over inflation expectations.
- Aluminium prices were on decline as sliding coal prices eased concerns over supplies in the top producer China. Benchmark Aluminium on London Metal Exchange touched a lowest level since late August. China's coal prices showcased a sharp decline after a Chinese statement on possible space for a coal price re-adjustment.

Global Markets Fell on the Back of Lost Expectations: Euro Zone Inflation Twice the Target

- Amazon and Apple earnings took the fizz out of global stock markets on Friday. Amazon.com reported a fall in profits and the supply chain disruptions negatively caused on sales of Apple which missed the investor expectations for a possible price uptick.
- Chinese blue chips continued to gain yet the index of Chinese real estate firms lost 3.5% despite the fact that Evergrande managed to pay its second interest payment this Friday.
- Japan's Nikkei rose 0.25%, subject to optimism around domestic corporate earnings over worries on country's forthcoming general election period. Investor confidence improved upon overall Japanese companies to report positive earnings despite the negative outcomes arose from supply chain disruptions.
- Technology stocks dragged European stocks lower on Friday. Euro-zone inflation hits a record high in September mainly due to the prevailing energy crunch where the European Central Bank's pandemic stimulus package aren't expected until December.

Commodity Watch: Copper



Source: Trading view

- The daily RSI of Copper is in the mid-range.
- The price is trading at the daily support level: \$4.40 - 4.45 after a period of a couple of rejections from the daily resistance of \$4.80 - 4.85. If the price becomes bullish and if there are order blocks from the current support level the price would initially reach \$4.80 - 4.85 again. However, Failure to sustain at the current daily support level could lead the price to the next daily support level \$4.00 - 4.05.

Notions on the ASPI



Source: Investing.com

- The daily RSI of ASPI closed at 78.23 for the trading week ended on 29th October 2021.
- The index made a new high of 10,204.09 on 28th October 2021. If the index manages to break the current all-time high the next daily resistance of 10,450 - 10,500 could be tested. However, if the index becomes bearish in the next week the daily support 9,950 - 10,000 would be tested for a higher low formation.
- Looking at the EMA's the index is currently trading above the 18 and 8 periods this indicates bullish momentum.

Pick of the Week: LLUB



Source: Investing.com

- The monthly RSI closed at 62.08 for the week ended 29th October 2021.
- The price is currently trading above the monthly resistance: LKR 110.00 - 113.00. Once the price makes the monthly resistance as a new support zone the price could further incline towards the weekly resistance LKR 124.00 - 125.00. However, in January and August 2021, the price failed to break the monthly resistance: LKR 110.00 - 113.00. Therefore, a proper breakout is needed for the price to reach the weekly resistance LKR 124.00 - 125.00 else the price would get rejected from the monthly resistance again and consolidate between the weekly support of LKR 97.00 - 98.00 and monthly resistance LKR 110.00 - 113.00.
- The price is trading above the 18 and 8 EMA's and there was a bullish crossing in the month of December 2020. Therefore, the price could remain bullish over the next few months.

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