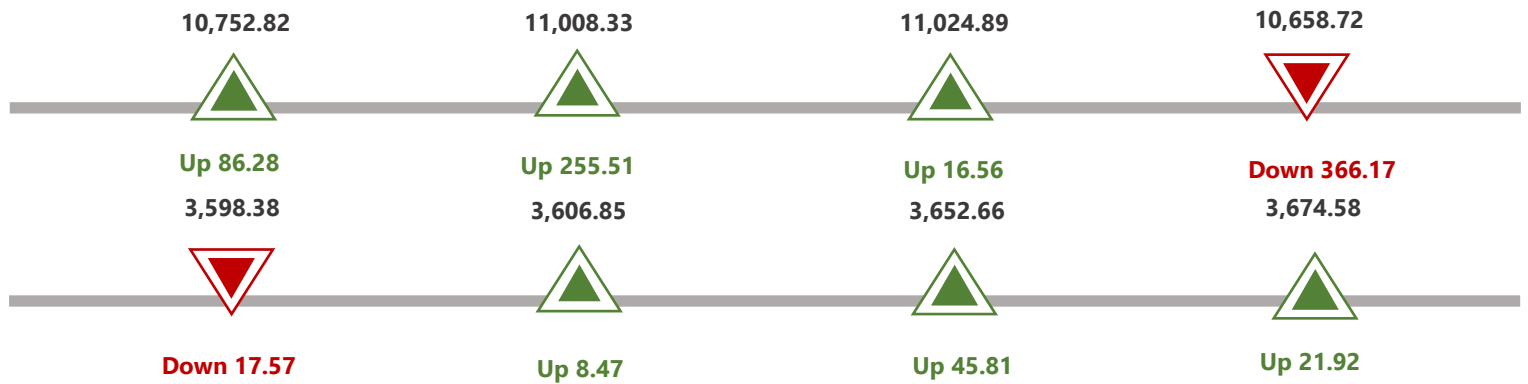


Stock Market Picked Up Despite the Foretold Budget Woes: ASPI Marked a Fresh Milestone

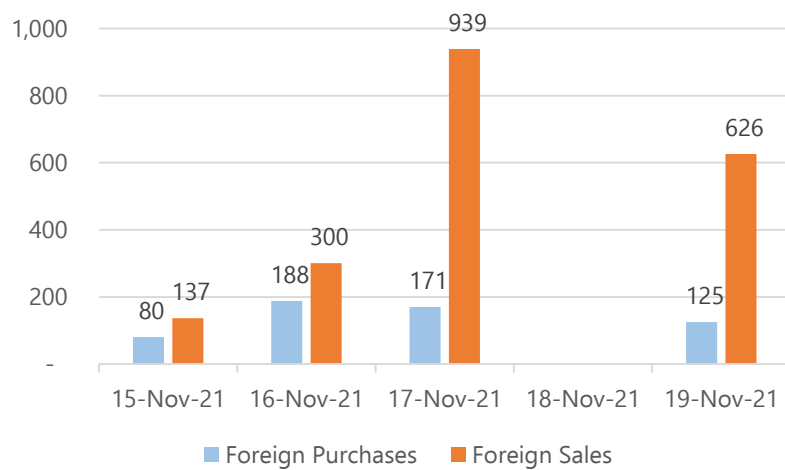
ASPI and S&P SL 20 Weekly Movement 15<sup>th</sup> November – 19<sup>th</sup> November

Source: CSE



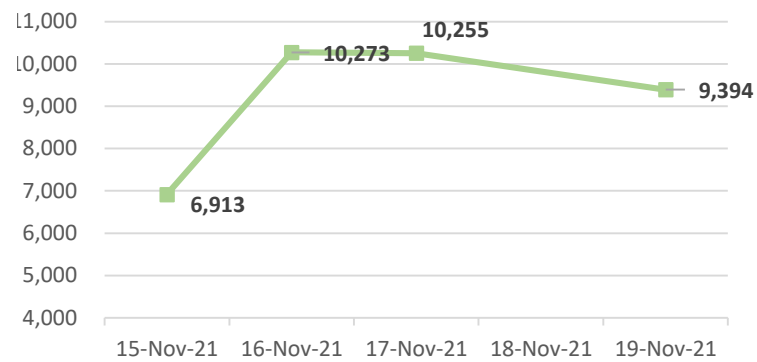
Foreign Purchases vs. Foreign Sales (in LKR Mn)

Source: CSE



Daily Turnover for the Week (in LKR Mn)

Source: CSE



- The ASPI declined by 0.88% this week.
- The S&P increased by 2.12% this week.
- The net foreign outflows for the week came in at LKR 14 Bn.
- All share price index on Monday closed at a fresh all-time high, recovering from the drop recorded during morning session due to panic selling in banks & financial sector over budget proposals. Day's turnover recorded as LKR 6.9 Mn, higher from this year's average turnover per day whereas the gain was majorly led by LOFC, LOLC & EXPO.
- Bourse reached to another record high on Tuesday, notwithstanding investor concerns over proposed tax increments from the budget and manage to surpass 11,000 benchmark level for the first time in CSE's history. Retail & HNI buying observed in LOFC and EXPO led its pathway to generate LKR 4.8 Bn. out of the day's total turnover of LKR 10.3 Bn.
- Sri Lanka stocks on Wednesday closed at 11,024.89 on the back of export sector price pickups due to continuous rupee depreciation can lead to gain more foreign currency. Foreign investors on contrary exit from the market recording a net worth of 769 Mn outlay.
- All share index on Friday closed at 10,658.72 in red territory with points down by 366.17. Nevertheless, the turnover stood at a level over LKR 9.3 Bn, which is higher than average of this year. Market prices were dragged down by index heavy counter LOFC, a keynote player in previous trading sessions.
- ASPI declined on Friday after touching 11,000 psychological level. If the index continues to be bearish in the coming week, we could possibly expect the index to test the support level of 10,450-10,500.

## Manufacturing Sector Recouped in October: Import Expenditures to Climb Up Further

- Sri Lanka's manufacturing sector recovered strongly to report a seven month high of 60.4 in October, mainly attributed from increased orders for local food & beverage sector and exports in apparel sector. The resulted increase in orders for these two sectors was majorly compensated by the customer enthusiasm over upcoming festive season and was considered to be the major contributing factors for overall improvement in Purchasing Manager's Index. Employment of the country too witnessed a considerable increase subject to the relaxation of travel restrictions. Services PMI alongside, increased to 57.9 with the increase in new businesses and business activities, especially in the sectors like financial services, transportation, education, wholesale & retail trade and other personal activities.
- Central Bank's statistics revealed that the current import soaring has accumulated to \$14.9 Bn during January to September this year compared to \$11.7 billion reported in last year comparative period. CBSL noted that expenditure on merchandise imports were the same as last year with the number being \$1,526 million. A rise in import expenditure was observed in consumer goods whereas a decline could observe in intermediate goods and investment goods. Importation of consumer goods rose by 16.6%, majorly led by a greater expenditure on non-food consumer goods due to the importations of vaccines. Export earnings in September expanded by 3.1% YoY to reach \$1,031 Mn. where earnings from industrial and mineral exports escalated whilst a shrink was reported in agricultural exports. Aggregated export earnings from January to September in 2021 rose up by 20%, amounting \$ 8,934 Mn over \$7,445 Mn. in the corresponding period of 2020.

### Yields Continued to Decline: 3-Month Yield Dipped by 21 Basis Points

Spot Rates			
	Current	Previous Week	Change
LKR/USD	202.19	202.35	+0.16
LKR/GBP	272.72	270.22	-2.50
LKR/EUR	229.61	231.45	+1.84
LKR/JPY	1.77	1.77	+0.00

Source: CBSL

- During Tuesday's Treasury bill auction, the Central Bank was successful in raising 53 billion rupees with the entire chunk of T-bills being sold. The 3-month yield experienced a fall of 21 basis points to reach 7.77% over 7.98% from last auction. 6-month yield moved from 8.12% to 8.03% whilst the 12-month yield too experienced a fall by 02 basis points to 8.17%. Despite the recent declining of yields, strong investor perception still relies for 3-month Treasury bills,

### Big Economies to Release Oil from Reserves: OPEC Members Call to Calm

Commodity Prices			
	Current	Previous Week	Change
Oil, Brent (USD per Barrel)	81.58	82.34	-0.76
Gold (USD per Troy Ounce)	1,853.50	1,857.90	-4.40
Copper (USD per Pound)	4.31	4.41	-0.10
Aluminium (USD per Tonne)	2,616.50	2,660.00	-43.50

Source: Gold Council, LME, Reuters

- Oil prices edged on this week after some major Asian countries with biggest economies convinced over releasing oil from their strategic reserves after US president's request on jointly moving forward to ease global energy prices. OPEC members alleged the decision to increase oil supply.
- Copper prices fell on Thursday due to increasing inventories at London Metal Exchange warehouses eased trader's concerns over tightness in metal supply.
- Gold prices continued to rise over rising inflation fears whereby investors tend to perceive metal's appeal as a perfect inflation hedge. Aluminium prices jumped up on Friday over supply chain disruption worries after a Chinese company reportedly stopped production after an explosion.

## Technology Upbeats Global Markets: Rising Covid Cases Alarms Europe

- US stocks in S&P 500 & Nasdaq went higher on Thursday subject to strong financial results from technology sector. Inflation fears of investors to remain the same despite the reported uptick after Federal Reserve's statement on expectations for future price increases are rising.
- European shares lowered on Thursday over the price declines in commodity-related stocks amid the declining trend of oil and metal prices. STOXX 600 fell for the first time in seven days. However, markets cleared its way for a positive open on Friday as investors keen on earnings despite the worries over rising numbers of Covid cases.
- Japan's Nikkei market rose up on Friday on the back of the rally made by chip making giants, combining with US peers whilst the energy shares picked up due to oil prices decline.
- Hong Kong's Hang Seng Index slipped on Friday due to investor worries over lower earnings reported by Alibaba than anticipated. Concerns led Alibaba shares to drop by over 10%.
- Chinese Evergrande group sells 18% stake in streaming services firm HengTen Network group for \$ 73.5 Mn with the aim of preventing possible defaults.

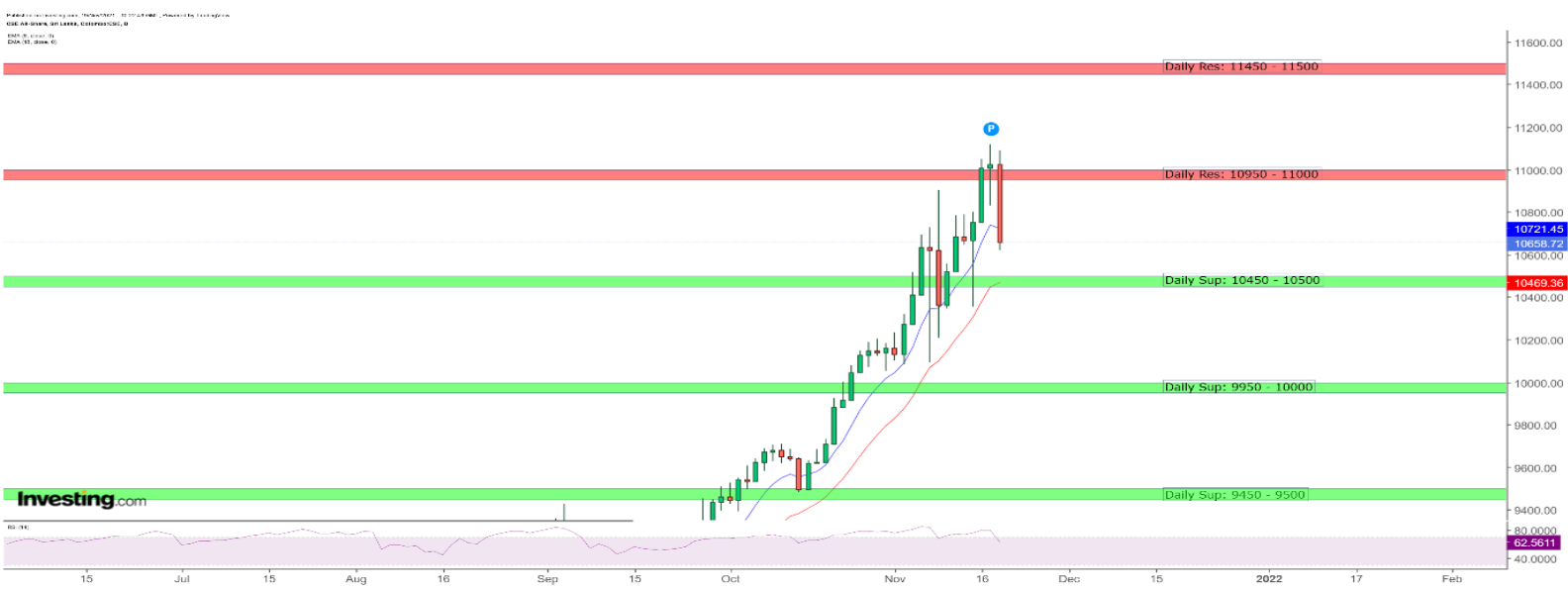
## Commodity Watch: Gold



Source: Trading view

- The Daily RSI of gold remains at the mid-range.
- The price of Gold is currently trading above the daily support level of \$1840 - 1860. If the price continues to remain bullish the price could test the 1st of June 2021 high which is \$1916.61. However, if the price becomes bearish the price could trade below the daily support level of \$1840 - 1860.
- On 13th October price of gold started trading above 8 and 18EMA's. This indicates a bullish momentum since there was a crossing on 8 and 18 EMA's. Further, the price is still trading above both EMA's.

## Notions on the ASPI



- The daily RSI of ASPI closed at 62.56 which is in the mid-range for the trading week ended on 19th November 2021.
- The index made a new high of 11,117.79 on 17th November 2021 and declined below the daily resistance level of 10,950 - 11,000. If the index manages to become bearish next week the daily support level of 10,450 - 10,500 could be tested. Else the index would consolidate in between 10,450 - 11,000.
- Looking at the EMA's the index is currently trading below the 8 EMA and above the 18 EMA. Since the index is trading below the 8EMA this indicates a short-term bearish momentum whereas the daily support level of 10,450 - 10,500 could be tested if the index continues to decline in the upcoming week.

## Pick of the Week: RCL



- The daily RSI of RCL closed at 57.22 which is in the mid-range.
- On the 1st of November, the price of RCL reached LKR 60.00 and started to decline below the daily resistance of LKR 55.00 - 56.00. After touching the daily support of LKR 50.00 - 51.00 the price managed to test the daily resistance of LKR 55.00 - 56.00 again. If the price makes a breakout from the daily resistance the price of RCL could again test the daily resistance LKR 60.00 - 61.00. However, failure to breakout from the current daily resistance could decline the price below the daily resistance LKR 55.00 - 56.00 again.
- 18 & 8 Exponential moving averages indicate a bullish momentum since the price is trading above both the EMAs'.

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