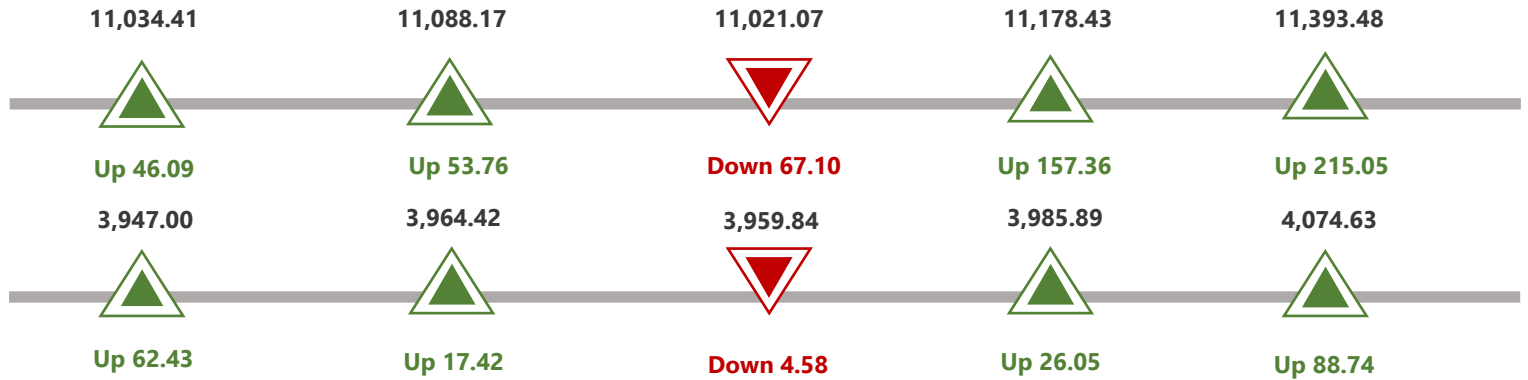


Index Weighed Down by LOLC Shares: EXPO's Market Capital Outstripped 600 Billion

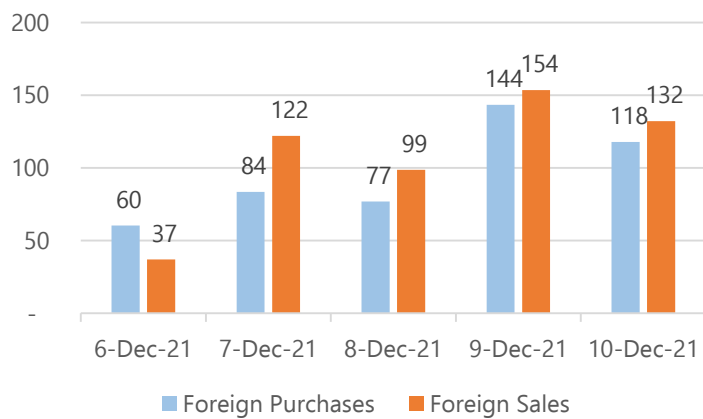
ASPI and S&P SL 20 Weekly Movement 06th December – 10th December

Source: CSE



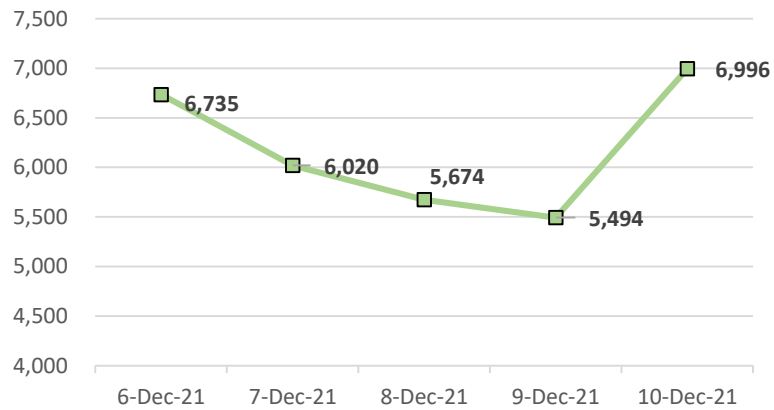
Foreign Purchases vs. Foreign Sales (in LKR Mn)

Source: CSE



Daily Turnover for the Week (in LKR Mn)

Source: CSE



- The ASPI increased by 3.25% this week.
- The S&P increased by 3.23% this week.
- The net foreign outflows for the week stood at LKR 62 Mn.
- All share price index on Monday managed to close green after a sharp dip incurred during early morning trade. Index heavy EXPO dominated the late bull run whilst CLC acted as the biggest laggard to reduce index by 110 points. Market breadth remained positive with 108 stocks gaining and 84 declining on contrary.
- Bourse survived a lumpy day to close at 11,088, up by 0.5% for the second straight session on Tuesday. Turnover marked 6.02 Mn, well above year's daily average turnover. The gain was majorly supported by counters like EXPO, RICH and MELS.
- Sri Lanka stock market closed at a negative note on Wednesday due to the weighing effect created by LOLC group related shares, coupled with investor profit taking mood. The all share price index declined by 67 points together with S&P SL20 by around 5 points. Foreigners exit with a net cash outflow of LKR 22 Mn.
- Colombo stock market on Thursday regained with improved investor sentiment, even though turnover reported a comparatively lesser value. Index went up on the back of EXPO, TKYO shares while volatile CLC and LOLC also managed to recover some from the steepest losses made during previous sessions.
- Both indices on Friday went up by 2% while S&P SL20 surpassed 4,000 points for the first time. A strong retail and HNI participation could have been observed in EXPO where the share price managed to touch an intra-day high of LKR 340.
- We could expect ASPI to continue its bull run after getting rejected from the psychological area of 11,000.

Official Reserves Declined to 1.6 Billion, Lowest Since May 2009: Exporters Confident with Future Potentials

- Statistics from Central Bank of Sri Lanka revealed that country's foreign debt has exceeded reserves by 1.2 billion US dollars by October 2021, amid continuing low interest rates regime and liquidity injections. Sri Lanka's gross official reserves declined to 1.6 billion US dollars in November from 2.3 billion in October. The Central Bank owes about 1.4 billion US dollars to IMF with a negative SDR allocation of about 859 million. Other than that Central Bank agreed upon several swap arrangements with China and Bangladesh which were not necessarily count as gross international assets. Sri Lanka kept on printing money, loosing reserves and convertibility is artificially provided to stop exchange rate fall. Forex reserves are now lowest since May 2009 which was of 1.4 billion US dollars. When situation seems that critical, recent voice from government's side spoke out that Sri Lanka will be entitled to further swap facilities worth of 400 million US dollars with Qatar and another 1 billion with India, which are yet to be finalised. Finance Minister at a recent press conference stressed over the criticality of existing reserves levels and proposed several measures to tighten current import restriction policy.
- Exports will continue to be a determining factor for Sri Lanka to recover from its prevailing crisis. Even amid the number of challenges irrupted from global pandemic and supply chain disruptions, majority of the export oriented companies well doing for the year so far. BOI enterprises recently said that total export earnings from enterprises under purview managed to surpass 2019 figures. 15 export sectors have outgrown where 7 industries managed to grow by double digits. Further, Sri Lankan exporters are confident with their growth potentials as of a survey results from Ceylon Chamber of Commerce conducted collaboratively with a US based agency.

Sri Lanka Treasury Yields Declined: Highest Sold Out from 6-month T-bills

Spot Rates			
	Current	Previous Week	Change
LKR/USD	201.06	200.45	-0.62
LKR/GBP	266.00	266.38	+0.38
LKR/EUR	227.14	226.40	-0.73
LKR/JPY	1.77	1.77	+0.00

Source: CBSL

- This week's Treasury bill auction of Central Bank closed with accepting 66 Bn worth of bids. Yields dropped with the 3-month yield further going down by 18 basis points from 7.23% to 7.05%, whilst 6-month yield dropped from 7.97% to 7.84%, down by 13 basis points. The 12-month yield alongside came down to 8.11% from 8.12%, down by 01 basis point. Official data from Central Bank seemed prioritizing treasury bills with longer maturities than previous whereas, 31.66 Bn worth of 6- month treasury bills have sold out during the auction held last Wednesday.

Oil Prices Topped On the Back of Easing Omicron Worries; Ahead of U.S. Inflation Data

Commodity Prices			
	Current	Previous Week	Change
Oil, Brent (USD per Barrel)	75.43	70.91	+4.52
Gold (USD per Troy Ounce)	1,785.20	1,773.50	+11.70
Copper (USD per Pound)	4.31	4.30	+0.01
Aluminium (USD per Tonne)	2,626.50	2,600.00	+26.50

Source: Gold Council, LME, Reuters

- Oil prices were on track by the end of the week reporting its biggest weekly gain since late August over market easing concerns on Omicron variant's impact on global economic and fuel demand. The Brent & WTI were both went up about 8%.
- Gold prices were marginally down on Friday ahead of inflation statistics from U.S. having clues on what would be the Federal Reserve's next policy move. Investors expect to fasten the stimulus tapering before next policy meeting.
- Copper prices slightly dropped on Thursday due to signs of easing tightness in nearby supplies weighed the market coupled with heightened dollar.
- Aluminium prices continued an upward trend and bound to increase next year too over demand and supply concerns subject to power crisis especially in China.

Investors Cheered for the "Devil" Being Not So Black as Painted: US Consumer Prices Reached Higher Since 1982

- Global Markets closed higher during the middle of the week after laboratory test results showed that the latest Covid-19 variant named "Omicron" can be somewhat neutralized from Pfizer and Biontech Covid-resistant vaccines.
- U.S. Consumer prices rose solidly during the month of November, leading towards the largest gain in prices reported since 1982.
- Wall Street edged higher on Friday since the statistics rose in line with the estimates last month, taking some pressure off about Federal Reserve's aggressive tightening of monetary policy. Dow Jones Industrial Average advanced almost 0.3%, S&P 500 by 0.6% and Nasdaq went up by 0.3% to reach 15,477.85
- However, majority of the Asian market stocks fell on Friday ahead of U.S. inflation data and renewed concerns over Covid-19. Japanese Nikkei dropped by 1.0% with Hang Seng has fallen down by 1.07%.
- London stocks slipped on Friday after data pointed to stalling economic growth in Britain, even prior to the emergence of Omicron. FTSE 100 eased 0.4% pressured by healthcare sector.

Notions on the ASPI



Source: Investing.com

- The daily RSI of ASPI closed at 66.69 which is in the mid-range for the trading week ended on 11th December 2021.
- The index made a new high of 11,649.64 on 1st December 2021 and declined to the daily support level of 10,950 - 11,000. On 10th December, the index managed to test the daily resistance of 11,450 - 11,500 therefore, if the index manages to break the current resistance of 11,450 - 11,500 further the index would continue its bullish momentum to the daily resistance of 11,950 - 12,000. However, if the index fails to break out from the daily resistance of 11,450 - 11,500 the index would consolidate between the area of 11,000 - 11,500.
- Looking at the EMA's the index is currently trading above the 8 EMA and 18 EMA which indicates bullish momentum.

Pick of the Week: RCL

P. Provided by Investing.com. 563000301 - 1323000 (GMT) Powered by TradingView
 RCL (LSE) - Sri Lanka, Colombo:RCL.L
 LSE (LSE) - Sri Lanka, Colombo:RCL.L
 LSE (LSE) - Sri Lanka, Colombo:RCL.L



Source: Investing.com

- The daily RSI of RCL closed at 81.51 which is in the overbought region.
- After reaching the previous daily resistance of LKR 70.00 - 71.00 the price made a higher-low formation by making a low of LKR 67.50 on 9th December 2021. The price managed to break the previous daily resistance of LKR 70.00 - 71.00 and make it a support level by closing above LKR 70.00 - 71.00. The next daily resistance level is at LKR 75.00 - 76.00.
- 18 & 8 Exponential moving averages indicate a bullish momentum since the price is trading above both the EMAs'.

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