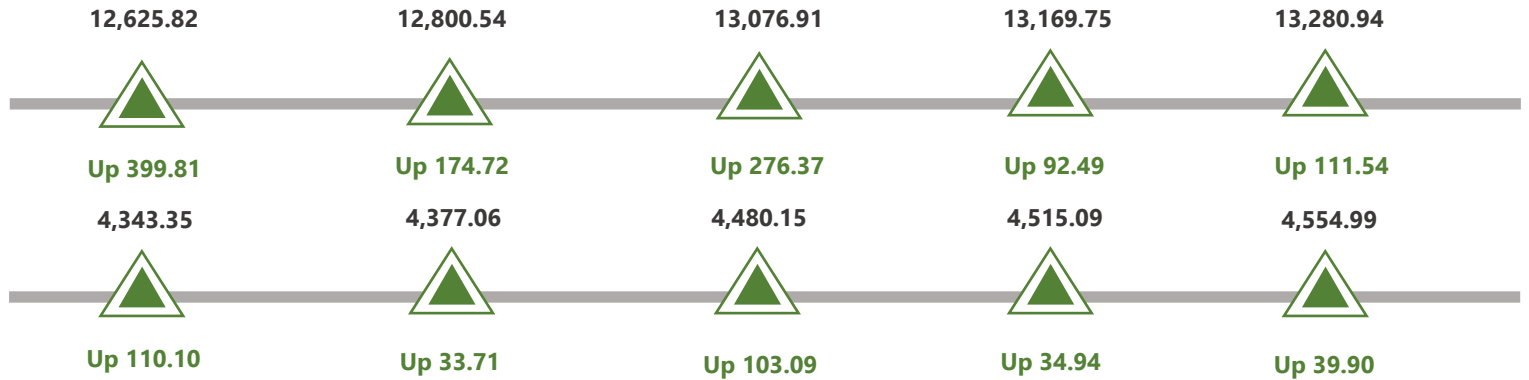


Stock Market Sustains a Greater Positivism for 2022: ASPI Surpassed the Benchmark 13,000

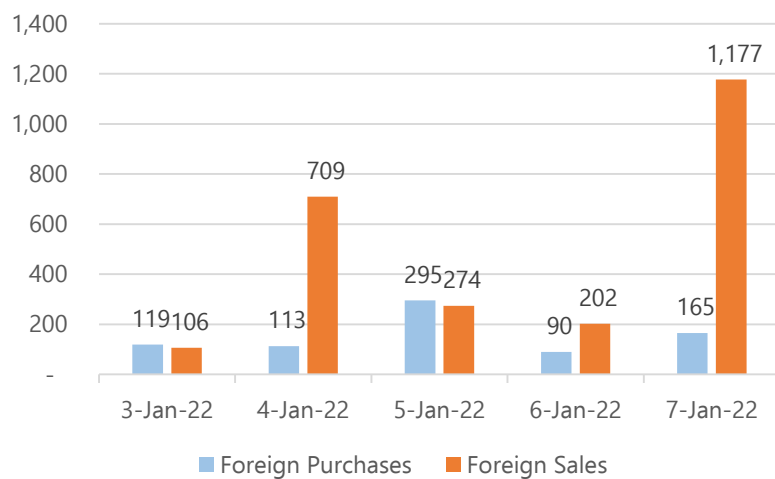
ASPI and S&P SL 20 Weekly Movement 03<sup>rd</sup> January – 07<sup>th</sup> January

Source: CSE



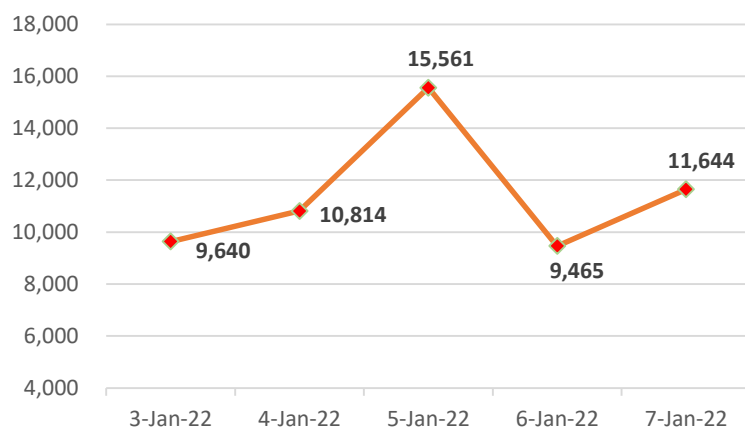
Foreign Purchases vs. Foreign Sales (in LKR Mn)

Source: CSE



Daily Turnover for the Week (in LKR Mn)

Source: CSE



- The ASPI increased by 5.19% this week.
- The S&P increased by 4.87% this week.
- The net foreign outflows for the week stood at LKR 1.68 Bn.
- The Colombo Stock Market began 2022 with its best ever daily gain of close to 400 points in All share price index. The said gain was boosted by strong retail and HNI buying in index heavyweights EXPO, LOLC group's LOFC, CLC, LOLC & BIL.
- The All share index renewed its previous all-time high on Tuesday crossing 12,800 benchmark after the government's recent announcement on providing a 229 billion worth of relief package. Turnover touched a one month high on the back of LOFC, BIL & PLR.
- Stock Market has surpassed the 13,000 benchmark level on Wednesday to close at 13,076.91 along with a turnover of 15 billion involving 951.5 million shares. BIL's acquisition of Sierra Cables PLC & Agstar PLC pushed the said turnover which is a four month high. HNI and Institutional investor participation could have observed in JKH, TJL & SCAP.
- The same bullish investor sentiment pushed market up on Thursday as well for the fourth consecutive session of the week. Despite the initial downfall during the morning session ASPI bounced back to close at 13,169.75. Foreigners however recorded a net outflow of LKR. 11.7 million.
- Stock market ended the very first trading week of the new year with All share price index touching another fresh all-time high on Friday with gaining 111.54 to close at 13,280.94. Looking at all the positives in the market ahead of the quarterly results release we could positively expect the bourse to remain bullish in the coming week as well.

## CPC-LIOC Joint Venture Successfully Initiated: Crop Exports Topped Amid Disruptions

- The agreement to establish a joint venture between Sri Lanka's state run Ceylon Petroleum Corporation (CPC) and Lanka IOC, the subsidiary of Indian Oil Corporation was signed on last Thursday amid allegations from several other stakeholder parties. This agreement sees the establishment of Trinco Petroleum Terminals Ltd, with the intention of jointly developing the Trincomalee oil tank farm which said to be difficult to carry all alone by CPC with the prevailing financial difficulties. CPC will hold 51% controlling stake in the company where LIOC will hold the remaining 49%. With this new establishment the ownership of tank complex will be divided among three institutions for 50 years which was previously operated under the control of LIOC. Accordingly, majority of the 99 tanks will be under Sri Lanka's control with 24 under the direct control of CPC, 61 to be brought under the established joint venture and remaining 14 will be held by LIOC. It said that the government seeks to reap the full potential of existing infrastructure with the development of old 99 tanks which were built at the times of British.
- Sri Lanka's crop exports said to be witnessed a significant growth in 2021 and expect it to be further encouraged. The revenue from coconut exports have risen to \$ 900 million, rubber to \$ 1 billion and spices to \$ 500 million in 2021, the highest figures reported in history. As per the data available, the total export proceeds from crops including minor crops increased to \$ 12 billion last years from \$ 10 billion in previous year. Tea cultivation was disturbed by the sudden import ban of fertilizer in 2021 but expects to see a great revival in 2022 with the initiatives rolled out. Further the government believes Coconut and allied products will soon to become the leading export crop in the country and said a new coconut export zone will be created in Hambantota to cater the foreign demand.

## Treasury Yields Edged Up for The Week: Higher Demand for 3-month

### Spot Rates

	Current	Previous Week	Change
LKR/USD	201.33	200.43	<b>+0.90</b>
LKR/GBP	272.79	270.60	<b>+2.19</b>
LKR/EUR	227.50	226.86	<b>+0.64</b>
LKR/JPY	1.74	1.74	<b>-0.00</b>

- Treasury bill auction for the very first week in the year 2022 held last Wednesday and Central Bank has accepted a total worth of 74.5 Bn bills, the entire lot offered. Yield for 3-month T-bills further went up by 10 basis points to 8.26% from 8.16%, whilst 6-month yield declined to 8.30% from 8.33%, down by 03 basis points and 12-month yield again advanced to 8.39% from 8.24% by 14 basis points.

## Escalating Protests in Kazakhstan Hit Oil Prices: Gold & Copper Fell Over Fed Signals

### Commodity Prices

	Current	Previous Week	Change
Oil, Brent (USD per Barrel)	82.80	78.77	<b>+4.03</b>
Gold (USD per Troy Ounce)	1,791.20	1,819.85	<b>-28.65</b>
Copper (USD per Pound)	4.38	4.39	<b>-0.01</b>
Aluminium (USD per Tonne)	2,921.50	2,818.00	<b>+103.50</b>

Source: Gold Council, LME, Reuters

- Oil prices edged up, heading for their biggest weekly gains since mid-December, supported by supply worries amid rising agitations in Kazakhstan and supply shortages in Libya.
- Gold prices further declined during the week and set its worst since late November upon the firmer bond yields as traders looking forward for sooner than anticipated rates hike by Federal Reserve by at least 25 basis points.
- Copper prices in London Metal Exchange rose on Friday, majorly supported by a rebound in equities and tight supply but firmer dollar and possible rate hike caused the metal to report its biggest weekly decline.
- Aluminium has headed towards its best weekly performance in 2 months over surging power prices in Europe that led to output reductions at smelters in the region.

### Markets Weigh Over Hawkish Fed Signals: Investors to Shift into Banks from Tech Stocks

- Asian shares behaved on a mixed note on Friday. Several Asian markets continued the rally from Thursday as investors waited to see whether U.S. job data due later in the day would reinforce the need for faster interest rate hike.
- The higher yields hurt majority of the tech shares since investors shifted into companies like banks which would do well in higher rate environment.
- Wall Street too fell on Thursday. The Dow Jones fell 170.64 points or 0.47%, S&P 500 dropped by 4.53 points or 0.10% and Nasdaq by 19.31 points or 0.13% due to the potentially fast pullback from stimulus.
- The Nikkei market closed 0.03% or 9.31 points down from previous close on Friday as investors tend to avoid making big bets ahead of a key U.S. jobs report and a three-day weekend in Japan.
- European bank rose on Thursday on the same reason where investors expecting banking sector companies to outperform in the anticipated high interest rate environment.

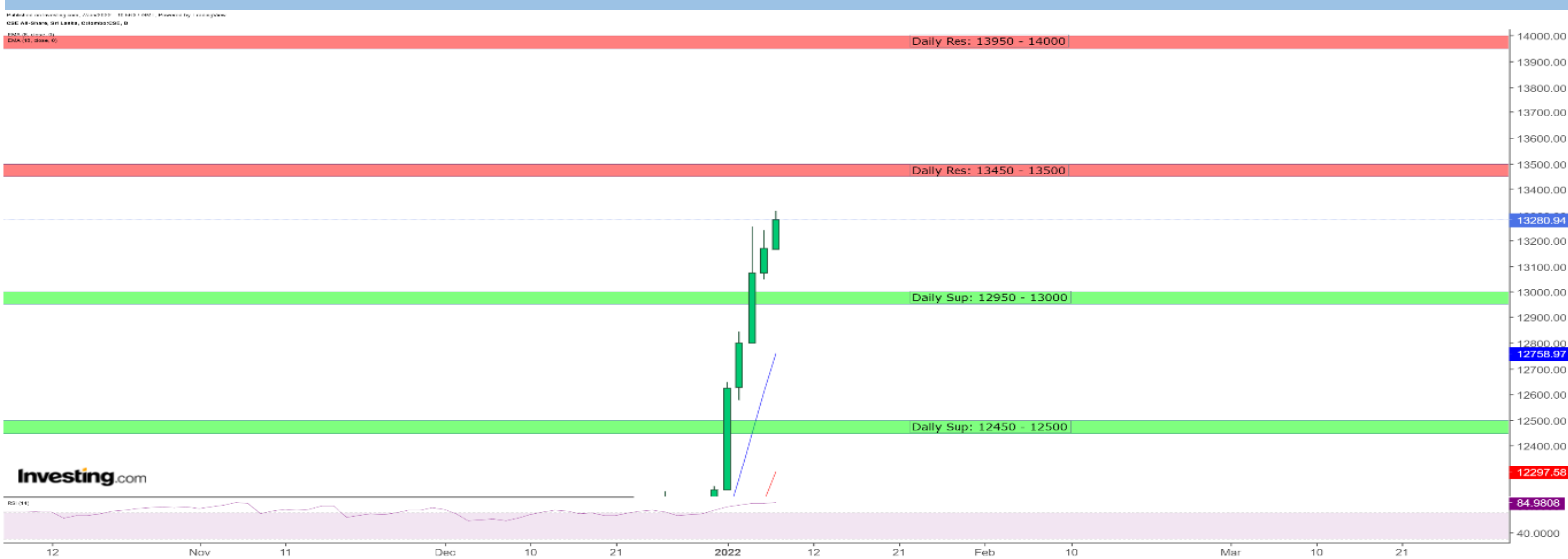
### Commodity Watch: USOIL



Source: Trading View

- The daily RSI of USOIL is in the mid-range.
- The price broke the previous daily resistance level of \$74.00 - 76.00 and made it a daily support level trading above the level of \$74.00 - 76.00. Moreover, the price is trading in an inclining trend. Therefore, the price next daily resistance at \$83.00 - 86.00 could be tested.
- Since there was a bullish crossing from EMA's 18 and 8 the OIL price is now trading in a bullish trend.

## Notions on the ASPI



Source: Investing.com

- The daily RSI of ASPI closed at 84.98 which is in the overbought region for the trading week ended on 7th January 2022.
- The index made a new high of 13,314.94 on 7th January 2022. The next daily resistance is 13,450 - 13,500.
- 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: MELS



Source: Investing.com

- The weekly RSI of MELS closed at 67.41 which is in the mid-range.
- The price of MELS is trading above the daily support LKR 60.00 - 62.00. The next key resistance is LKR 70.00 - 72.00. The price has currently broken the symmetrical triangle formation. Therefore, the price could incline and test the daily resistance LKR 72.00 - 72.00.
- The 18 & 8 Exponential moving averages indicate a bullish momentum since the price is trading above both the EMAs'.

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