



## Market Review

The market saw continuous declines this week with the big caps mainly from the banking sector losing ground. Heavy activity and sharp price appreciation of penny stocks were observed during the week. Turnover was boosted with EPF buying a stake of Dockyards and crossings in JKH. The benchmark ASPI declined 7.90 points or 0.17% week on week while the more sensitive MPI reported a week on week gained of 79.36 points or 1.50%.

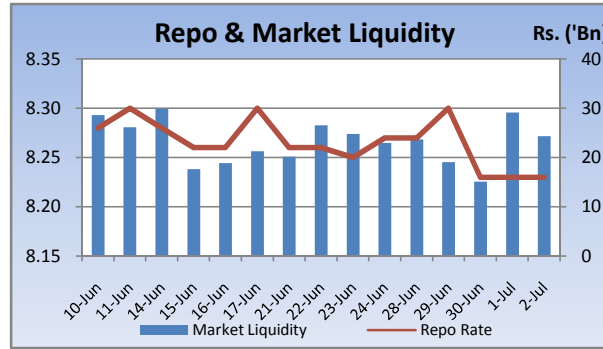
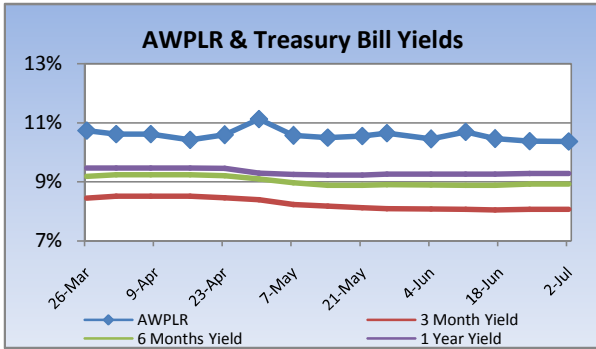
Compared to previous week's closing levels the market gained Rs.6.1 billion approximately or 0.41% in value this week to close at Rs.1506.09 Bn on Thursday.

Total market turnover for the week amounted to Rs.15.9 Bn with an average daily turnover of Rs.3.2 Bn. Turnover for the week witnessed 38% increase compared to the last week's market turnover of Rs.11.6 Bn.

Heavily traded shares of the week under review were Seylan Merchant and Blue Diamonds (NV) with the former being highest in terms of volume for the week, trading over 230m shares. The counter gained 35% during the week in value on a Week on Week basis. Dockyard and JKH contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.2Bn and gained 3% in value during the week.

FII participation gained to 21.7% of total turnover this week, from 20.2% reported last week. FII interest was negative during the week with a net outflow of Rs.940m, a 4.8% decrease compared to last week's net outflow of Rs.897m.

Company	Price	P/BV	PER 11E	PER 12E
<b>BANKING</b>				
COMMERCIAL BANK	179.75	1.59	9.65	9.37
DFCC	257.00	1.71	12.94	12.16
HNB	275.25	2.61	13.74	12.17
NDB	244.50	1.46	10.53	8.98
NTB	53.50	2.04	11.27	9.41
SAMPATH BANK	354.50	2.03	14.71	13.01
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	310.25	19.85	10.25	9.42
DISTILLERIES	129.00	1.63	11.62	10.13
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	74.25	1.39	9.61	8.92
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	270.00	3.13	10.60	9.77
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,604.50	2.39	16.58	13.75
CARSONS	526.00	2.49	14.71	12.84
HAYLEYS	303.00	1.48	18.21	14.98
HEMAS HOLDINGS	195.25	2.59	17.16	13.25
JOHN KEELLS HOLDINGS	204.50	2.51	19.87	18.32
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	426.25	3.16	20.15	15.56
ASIAN HOTELS AND PROPERTIES	155.00	2.82	19.31	14.53
KEELLS HOTELS				
<b>MANUFACTURING</b>				
ACL CABLES				
CHEVRON LUBRICANTS	162.25	8.77	14.73	17.35
LANKA TILES	108.50	2.40	10.76	9.55
ROYAL CERAMICS	160.00	2.28	8.39	7.77
TOKYO CEMENT				
<b>PLANTATIONS</b>				
AGALAWATTE				
KEGALLE				
KELANI VALLEY				
<b>POWER &amp; ENERGY</b>				
LANKA IOC	20.50	1.31	26.31	24.15
<b>TELECOMMUNICATIONS</b>				
DIALOG	9.75	2.76	21.02	16.26

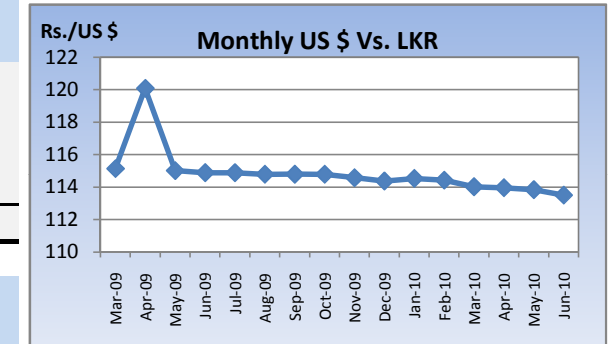


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	113.47	113.59	-0.11%
- FORWARD 1 MONTH	114.06	114.07	-0.01%
- FORWARD 3 MONTHS	114.99	115.06	-0.06%
<b>BRITISH POUND</b>	172.26	170.35	1.12%
<b>EURO</b>	142.06	140.19	1.34%
<b>JAPANESE YEN</b>	1.29	1.26	1.89%
<b>INDIAN RUPEE</b>	2.45	2.48	-1.12%
<b>AUSTRALIAN DOLLAR</b>	96.47	99.42	-2.97%
<b>SINGAPORE DOLLAR</b>	81.68	81.89	-0.25%

### Treasury Bill Auction

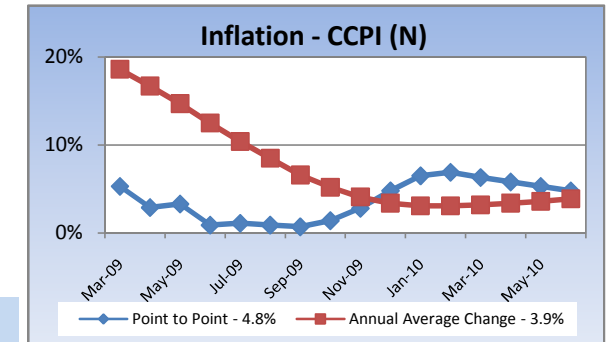
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.07%	8.07%	0.00	1,500	3,061	1,559
6 MONTHS	8.93%	8.93%	0.00	4,500	11,932	9,974
12 MONTHS	9.29%	9.29%	0.00	5,000	6,711	1,771
				<b>11,000</b>	<b>21,704</b>	<b>13,304</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.37	10.38	15.54
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	8.50
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.10	9.10	9.88
- 7 DAYS	9.24	9.25	10.35
- 1 MONTH	9.40	9.45	11.10
- 3 MONTHS	9.59	9.63	11.92
- 6 MONTHS	9.83	9.90	12.71
- 1 YEAR	10.09	10.18	13.42
	June 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.00	7.05	11.12
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	9.40	9.50	15.26

### Inflation



Point to Point - 4.8%  
Annual Average Change - 3.9%

## Tea Market

### Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 25-2010	Sale 24-2010		2010	2009	
HIGH GROWN	1,735,247	1,929,525	-10.07%	38,366,487	30,912,197	24.11%
MEDIUM GROWN	1,225,095	1,311,565	-6.59%	25,967,913	21,816,977	19.03%
LOW GROWN	3,831,239	3,662,481	4.61%	97,723,880	77,624,995	25.89%
<b>TOTAL</b>	<b>6,791,581</b>	<b>6,903,571</b>	<b>-1.62%</b>	<b>162,058,280</b>	<b>130,354,169</b>	<b>24.32%</b>

### PRICES (Rs./kg)

	2009	Apr-10	May-10	Sale 25-2010	Sale 24-2010	Change
HIGH GROWN	321.28	351.94	328.08	292.86	297.62	-1.60%
MEDIUM GROWN	316.79	345.86	333.37	295.75	292.07	1.26%
LOW GROWN	388.44	388.23	396.15	382.39	375.50	1.83%
<b>TOTAL</b>	<b>362.70</b>	<b>372.31</b>	<b>367.25</b>	<b>343.88</b>	<b>337.88</b>	<b>1.78%</b>

### PRODUCTION (kg) BY

ELEVATION	May			Year to date		
	2010	2009	Change	2010	2009	Change
HIGH GROWN	8,640,867	8,259,958	4.61%	33,621,292	31,703,845	6.05%
MEDIUM GROWN	6,283,840	4,136,714	51.90%	23,360,635	18,241,152	28.07%
LOW GROWN	15,366,590	14,440,680	6.41%	77,225,602	57,390,622	34.56%
<b>TOTAL</b>	<b>30,291,297</b>	<b>26,837,352</b>	<b>12.87%</b>	<b>134,207,529</b>	<b>107,335,619</b>	<b>25.04%</b>

### PRODUCTION (kg) BY

CATEGORY	May			Year to date		
	2010	2009	Change	2010	2009	Change
ORTHODOX	28,113,146	25,114,961	11.94%	125,459,099	99,506,423	26.08%
CTC	1,859,709	1,490,611	24.76%	7,539,466	6,844,105	10.16%
<b>TOTAL BLACK TEA</b>	<b>29,972,855</b>	<b>26,605,572</b>	<b>12.66%</b>	<b>132,998,565</b>	<b>106,350,528</b>	<b>25.06%</b>
GREEN TEA	318,442	231,780	37.39%	1,208,964	985,091	22.73%
<b>TOTAL</b>	<b>30,291,297</b>	<b>26,837,352</b>	<b>12.87%</b>	<b>134,207,529</b>	<b>107,335,619</b>	<b>25.04%</b>

### ANALYSIS OF TOTAL

TEA PRODUCTION	May 2010	Year to date 2010
HIGH GROWN	28.53%	25.05%
MEDIUM GROWN	20.74%	17.41%
LOW GROWN	50.73%	57.54%
<b>CTC AS A % OF BLACK TEA PRODUCTION</b>	<b>6.20%</b>	<b>5.67%</b>

### Rs./kg Tea Prices



## Tourism

### SRI LANKA

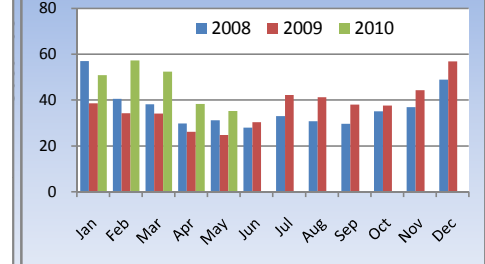
ARRIVALS	2010	2009	Change
May	35,213	24,739	42.34%
Year to date	233,922	157,495	48.53%
Occupancy	78.4%	41.6%	88.46%
Foreign Guest Night	372,202	220,780	68.59%

## Crude Oil

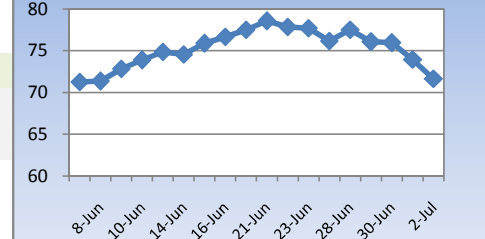
### NYMEX CRUDE OIL FUTURES

	02-Jul-10	24-Jun-10	Change
US\$/BBL	71.65	76.16	-5.92%

### Tourist Arrivals ('000)



### US\$/bbl Crude Oil



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