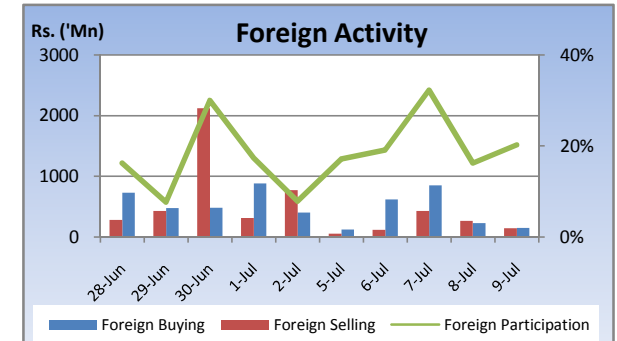
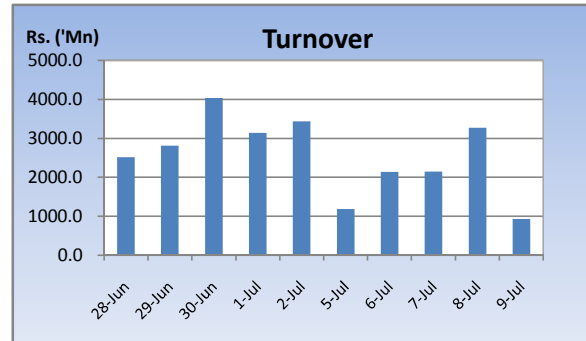
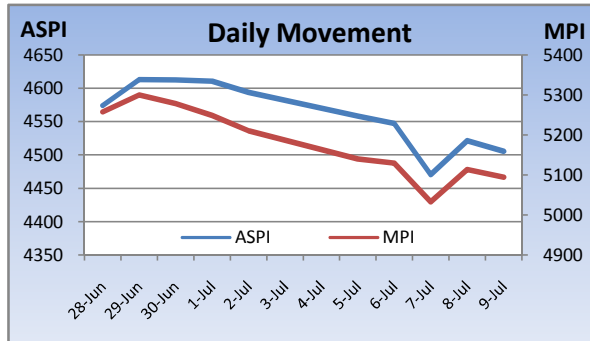


# Weekly Market Update

Week Ending: July 09<sup>th</sup>, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	4505.69	4593.65	-1.91%	ASIRI CENTRAL	140.00	190.25	35.89%	200.25	140.00	19,800	3,504,600
MPI	5094.79	5210.81	-2.23%	VIDULLANKA	45.00	55.75	23.89%	57.50	44.50	2,480,600	120,648,203
MARKET CAP. (Rs. 'Bn)	1477.33	1506.09	-1.91%	LANKA ASHOK	1,850.00	2,200.00	18.92%	2,200.00	1,990.00	200	567,830
MARKET PER(x)	22.28	23.34	-4.54%	LANKA HOSPITALS	23.00	25.50	10.87%	27.75	22.50	1,118,700	27,892,911
MARKET PBV(x)	2.22	2.27	-2.20%	DIMO	650.00	719.75	10.73%	740.00	675.00	28,000	19,859,415
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	1934.48	3188.04	-39.3%	HEMAS HOLDINGS	195.25	36.00	-81.56%	40.00	35.00	1,633,200	59,287,093
VOLUME	103.95	233.18	-55.4%	BLUE DIAMONDS	7.50	3.20	-57.33%	7.75	3.10	21,245,400	121,226,855
FOREIGN PURCHASES	397.76	598.64	-33.6%	BLUE DIAMONDS[NON VOTING]	3.70	1.70	-54.05%	3.70	1.60	73,261,200	214,230,623
FOREIGN SALES	207.04	786.61	-73.7%	BERUWELA WALKINN	89.00	72.00	-19.10%	72.00	72.00	100	7,200
NET FOREIGN	190.72	-187.97	201%	TALAWAKELLE	42.50	36.00	-15.29%	45.00	35.00	68,200	2,763,100
FOREIGN PARTICIPATION	15.6%	21.7%	-28.0%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				SAMPATH	354.50	334.50	-5.64%	351.00	330.00	6,863,400	2,263,773,350
MOTORS	14,651.24	13,390.76	9.41%	COMMERCIAL BANK	179.75	179.00	-0.42%	182.00	175.00	4,248,700	770,983,754
HEALTH CARE	496.87	471.70	5.34%	JKH	204.50	203.00	-0.73%	205.00	197.00	2,711,052	547,487,254
POWER AND ENERGY	106.83	104.97	1.77%	CHEVRON	162.25	160.25	-1.23%	162.00	160.00	2,773,300	455,833,475
OIL PALMS	52,571.61	52,275.64	0.57%	HOTELS CORP.	34.50	34.00	-1.45%	35.75	33.00	11,262,100	393,980,950
PLANTATIONS	950.47	952.28	-0.19%	<b>Top 5 by Volume</b>							
TELECOMMUNICATIONS	157.66	163.47	-3.55%	SEYLAN MERCHANT	1.90	1.70	-10.53%	2.10	1.60	79,437,500	143,761,100
HOTELS AND TRAVELS	3,859.53	4,013.99	-3.85%	BLUE DIAMONDS[NON VOTING]	3.70	1.70	-54.05%	3.70	1.60	73,261,200	214,230,623
INVESTMENT TRUSTS	21,716.65	22,586.54	-3.85%	SIERRA CABL	3.60	3.60	0.00%	4.20	3.50	53,013,300	207,564,774
FOOTWEAR AND TEXTILES	1,020.03	1,068.37	-4.52%	NAWALOKA	7.50	7.50	0.00%	8.50	7.25	27,700,400	217,740,887
INFORMATION TECHNOLO	158.96	174.85	-9.09%	SEYLAN MERCHANT[NON VOTING]	1.60	1.50	-6.25%	1.80	1.30	27,148,500	41,864,043

## Market Review

The bourse continued to decline with buying interest weakening considerably. Big caps in the banking sector saw heavy declines with the budget not announcing any tax concessions. 5.8m shares of Sampath Bank changed hands boosting turnover for the week. The benchmark ASPI declined 87.96 points or 1.91% week on week while the more sensitive MPI reported a week on week gained of 116.02 points or 2.23%.

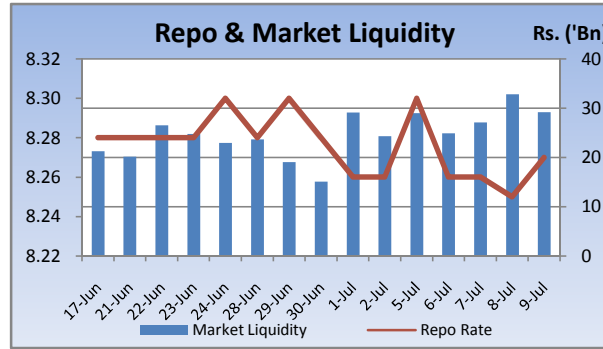
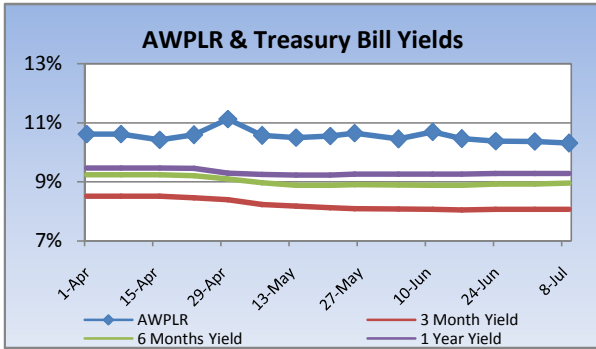
Compared to previous week's closing levels the market declined Rs.28 billion approximately or 1.91% in value this week to close at Rs.1477.33 Bn on Friday.

Total market turnover for the week amounted to Rs.9.6 Bn with an average daily turnover of Rs.1.9 Bn. Turnover for the week witnessed 39% decrease compared to the last week's market turnover of Rs.15.9 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 79m shares. The counter declined 10% during the week in value on a Week on Week basis. Sampath and Commercial Bank contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.2.2Bn and declined 6% in value during the week.

FII participation declined to 15.6% of total turnover this week, from 21.7% reported last week. FII interest was positive during the week with a net inflow of Rs.953m, a 201% increase compared to last week's net outflow of Rs.940m.

Company	Price	P/BV	PER 11E	PER 12E
<b>BANKING</b>				
COMMERCIAL BANK	179.00	1.58	9.61	9.33
DFCC	250.00	1.66	12.59	11.83
HNB	270.75	2.56	13.52	11.97
NDB	231.00	1.38	9.95	8.48
NTB	53.50	2.04	11.27	9.41
SAMPATH BANK	334.50	1.92	13.88	12.27
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	305.00	19.51	10.07	9.26
DISTILLERIES	126.00	1.59	11.35	9.89
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	72.50	1.36	9.39	8.71
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	260.00	3.01	10.21	9.40
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	1,500.25	2.23	15.50	12.86
CARSONS	525.00	2.49	14.68	12.82
HAYLEYS	300.00	1.47	18.03	14.83
HEMAS HOLDINGS	36.00	0.48	3.16	2.44
JOHN KEELLS HOLDINGS	203.00	2.50	19.72	18.18
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	410.00	3.04	19.38	14.96
ASIAN HOTELS AND PROPERTIES	149.50	2.72	18.63	14.02
KEELLS HOTELS				
<b>MANUFACTURING</b>				
ACL CABLES				
CHEVRON LUBRICANTS	160.25	8.66	14.55	17.14
LANKA TILES	107.00	2.37	10.61	9.42
ROYAL CERAMICS	152.50	2.17	7.99	7.40
TOKYO CEMENT				
<b>PLANTATIONS</b>				
AGALAWATTE				
KEGALLE				
KELANI VALLEY				
<b>POWER &amp; ENERGY</b>				
LANKA IOC	20.25	1.29	25.98	23.86
<b>TELECOMMUNICATIONS</b>				
DIALOG	9.50	2.69	20.48	15.85

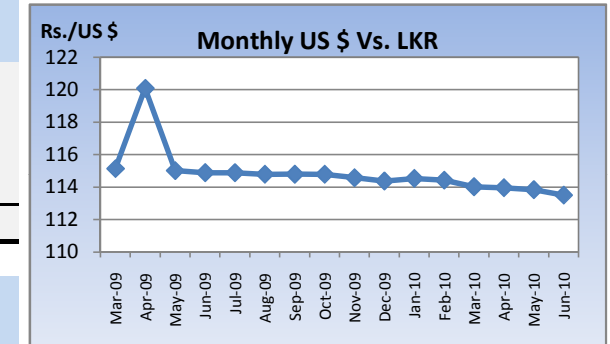


### Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	113.44	113.47	-0.03%
- FORWARD 1 MONTH	113.91	114.06	-0.13%
- FORWARD 3 MONTHS	114.70	114.99	-0.25%
<b>BRITISH POUND</b>	171.84	172.26	-0.25%
<b>EURO</b>	143.92	142.06	1.31%
<b>JAPANESE YEN</b>	1.28	1.29	-0.45%
<b>INDIAN RUPEE</b>	2.44	2.45	-0.64%
<b>AUSTRALIAN DOLLAR</b>	99.34	96.47	2.97%
<b>SINGAPORE DOLLAR</b>	82.29	81.68	0.74%

### Treasury Bill Auction

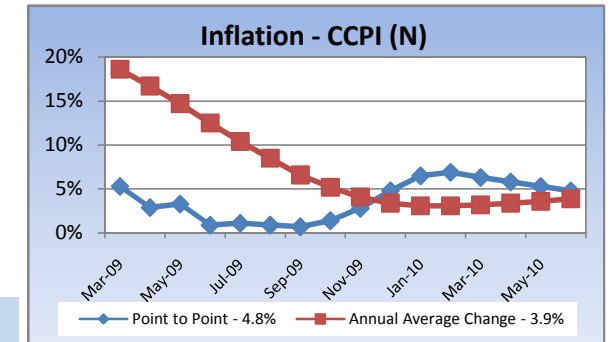
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.07%	8.07%	0.00	1,500	4,005	2,030
6 MONTHS	8.96%	8.93%	3.00	5,500	8,290	4,925
12 MONTHS	9.29%	9.29%	0.00	5,000	8,103	3,168
				<b>12,000</b>	<b>20,398</b>	<b>10,123</b>



### Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	113.44	113.47	114.90
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	8.50
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.10	9.10	10.23
- 7 DAYS	9.25	9.24	10.76
- 1 MONTH	9.46	9.40	11.43
- 3 MONTHS	9.63	9.59	12.28
- 6 MONTHS	9.89	9.83	12.90
- 1 YEAR	10.16	10.09	13.91

### Inflation



	June 2010	Month Ago	Year Ago
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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

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	1,473,103	1,735,247	-15.11%	39,843,757	31,970,243	24.63%
MEDIUM GROWN	1,206,487	1,225,095	-1.52%	27,390,806	23,060,732	18.78%
LOW GROWN	4,148,015	3,831,239	8.27%	101,677,897	81,057,603	25.44%
<b>TOTAL</b>	<b>6,827,605</b>	<b>6,791,581</b>	<b>0.53%</b>	<b>168,912,460</b>	<b>136,088,578</b>	<b>24.12%</b>

### PRICES (Rs./kg)

	2009	May-10	Jun-10	Sale 25-2010	Sale 24-2010	Change
HIGH GROWN	321.28	328.08	302.43	287.55	292.86	-1.81%
MEDIUM GROWN	316.79	333.37	302.28	288.46	295.75	-2.46%
LOW GROWN	388.44	396.15	372.63	370.81	382.39	-3.03%
<b>TOTAL</b>	<b>362.70</b>	<b>367.25</b>	<b>341.14</b>	<b>338.30</b>	<b>343.88</b>	<b>-1.62%</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

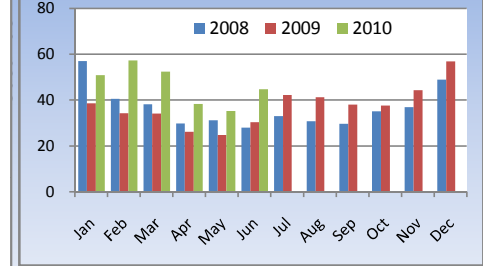
ARRIVALS	2010	2009	Change
June	44,730	30,234	47.95%
Year to date	278,652	187,729	48.43%
Occupancy	78.4%	41.6%	88.46%
Foreign Guest Night	372,202	220,780	68.59%

## Crude Oil

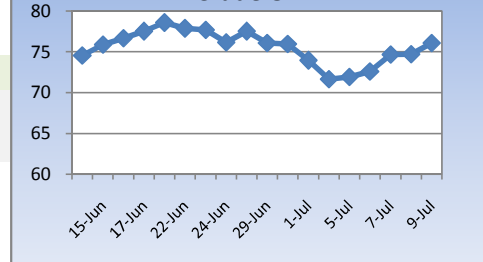
### NYMEX CRUDE OIL FUTURES

	09-Jul-10	02-Jul-10	Change
US\$/BBL	76.09	71.65	6.20%

### Tourist Arrivals ('000)



### US\$/bbl Crude Oil



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