

Market Review

The market went through a heavy correction after continuous gains in preceding weeks. The big cap counters lost value due selling pressure while buying interest in selected stock with strong quarterly results was observed. Heavy decline in speculative counters was witnessed towards the latter part of the week. The benchmark ASPI gained 3.25 points or 0.09% week on week while the more sensitive MPI reported a week on week decline of 53.29 points or 1.25%.

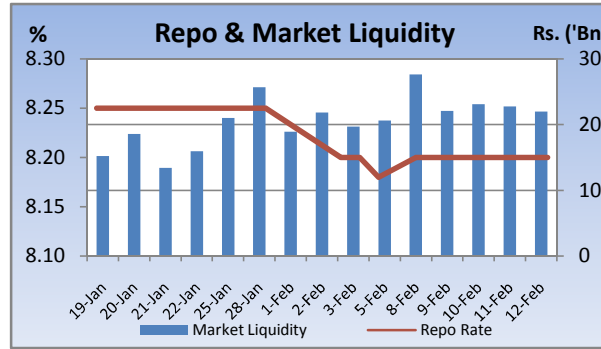
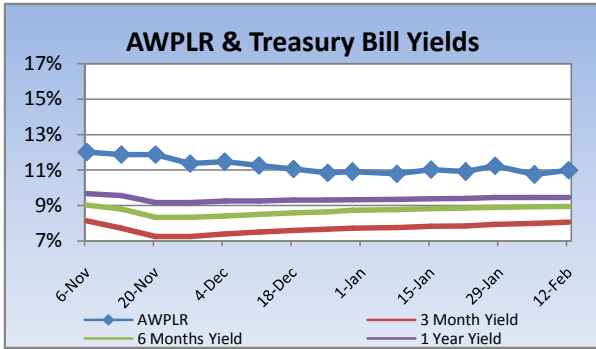
Compared to previous week's closing levels the market gained Rs.1.07 billion approximately or 0.09% in value this week to close at Rs.1195.37 Bn on Friday.

Total market turnover for the week amounted to Rs.7.2 Bn with an average daily turnover of Rs.1.8Bn. Turnover for the week witnessed 68% increase compared to the last week's market turnover of Rs.4.3 Bn.

Heavily traded shares of the week under review were Kshatriya Holdings and Asia Capital with the former being highest in terms of volume for the week, trading over 65m shares. The counter gained 29% during the week in value on a Week on Week basis. Env. Resources and Touchwood contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.1.07Bn.

FII participation declined to 13.4% of total turnover this week, from 21.4% reported last week. FII interest was negative during the week with a net outflow of Rs.223m, a 80.6% increase compared to last week's net outflow of Rs.1.1Bn.

Company	Price	P/BV	PER 10E	PER 11E
BANKING				
COMMERCIAL BANK	188.00	1.66	11.37	10.63
DFCC	176.25	1.17	10.75	10.02
HNB	173.00	1.64	13.10	11.64
NDB	218.00	1.30	8.51	7.07
NTB	37.25	1.36	8.90	7.07
SAMPATH BANK	215.75	1.25	8.10	6.56
BEVERAGE, FOOD & TOBACCO				
CTC	245.00	14.55	11.15	9.50
DISTILLERIES	115.75	1.47	14.23	12.27
CHEMICALS & PHARMACEUTICALS				
CIC	67.00	1.37	19.13	15.41
CONSTRUCTION & ENGINEERING				
DOCKYARD	293.25	3.43	9.30	8.09
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,339.00	2.06	16.78	13.83
CARSONS	570.25	3.10	18.18	16.26
HAYLEYS	210.75	1.23	19.71	24.02
HEMAS HOLDINGS	120.25	1.70	16.70	14.81
JOHN KEELLS HOLDINGS	162.50	2.16	32.52	29.05
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	403.50	3.39	22.74	15.48
ASIAN HOTELS AND PROPERTIES	115.25	2.14	39.99	18.37
KEELLS HOTELS	29.50	4.74	66.98	37.51
MANUFACTURING				
ACL CABLES	83.00	1.34	14.41	11.98
CHEVRON LUBRICANTS	157.00	6.61	14.82	13.43
LANKA TILES	74.00	1.84	9.91	7.34
ROYAL CERAMICS	96.00	1.59	6.06	5.05
TOKYO CEMENT	31.00	0.16	1.43	0.76
PLANTATIONS				
AGALAWATTE	29.25	1.43	7.86	9.58
KEGALLE	49.00	0.91	4.98	3.97
KELANI VALLEY	54.00	1.33	5.55	4.57
POWER & ENERGY				
LANKA IOC	19.00	1.31	25.30	22.48
TELECOMMUNICATIONS				
DIALOG	6.75	1.81	(49.88)	22.09

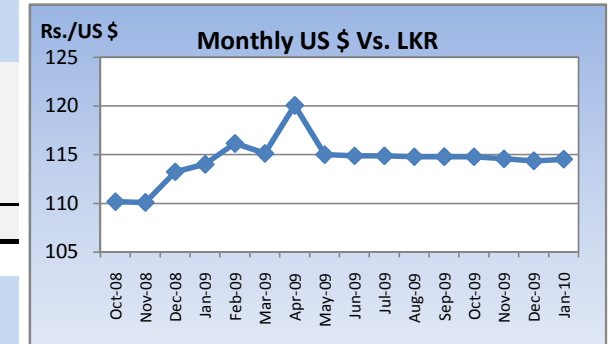


Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	114.64	114.64	0.00%
- FORWARD 1 MONTH	115.24	115.19	0.04%
- FORWARD 3 MONTHS	116.10	116.06	0.03%
BRITISH POUND	179.93	180.55	-0.35%
EURO	156.83	157.14	-0.20%
JAPANESE YEN	1.28	1.28	0.05%
INDIAN RUPEE	2.48	2.49	-0.12%
AUSTRALIAN DOLLAR	101.95	99.52	2.44%
SINGAPORE DOLLAR	81.16	80.76	0.49%

Treasury Bill Auction

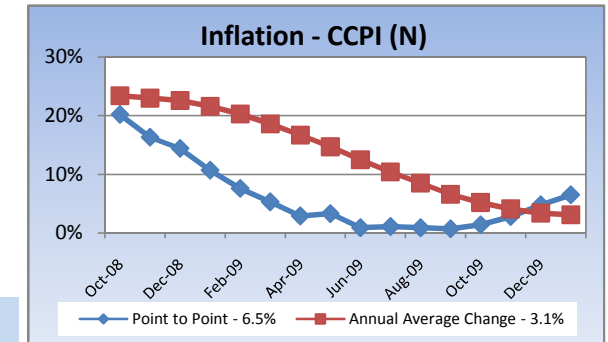
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	8.07%	7.99%	8.00	3,000	5,405	3,914
6 MONTHS	8.95%	8.93%	2.00	3,500	10,515	5,572
12 MONTHS	9.46%	9.46%	0.00	5,500	7,354	617
				12,000	23,274	10,103



Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	10.99	10.75	19.56
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.25
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	8.95	9.01	13.24
- 7 DAYS	9.25	9.30	14.88
- 1 MONTH	9.50	9.50	15.83
- 3 MONTHS	9.72	9.80	16.54
- 6 MONTHS	9.98	10.60	17.63
- 1 YEAR	10.23	10.24	18.46
	January 2010	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	7.73	8.01	11.74
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	10.46	10.91	16.92

Inflation



Point to Point - 6.5%
Annual Average Change - 3.1%

Tea Market

Colombo Tea Auction

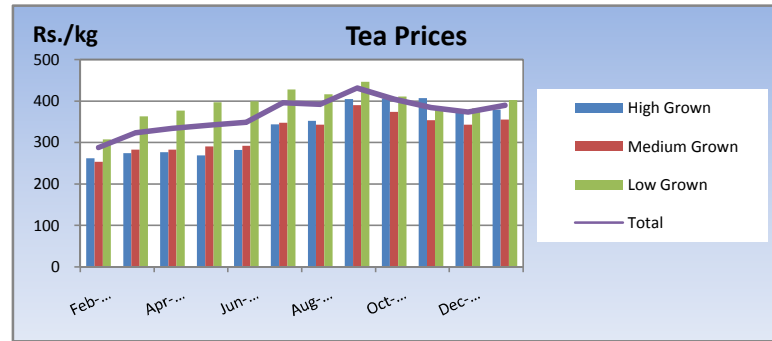
SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 05-2010	Sale 04-2010		2010	2009	
HIGH GROWN	1,261,624	1,384,549	-8.88%	8,000,617	7,289,155	9.76%
MEDIUM GROWN	837,123	1,010,208	-17.13%	5,975,445	5,347,218	11.75%
LOW GROWN	4,100,264	4,174,176	-1.77%	25,058,780	21,317,576	17.55%
TOTAL	6,199,011	6,568,933	-5.63%	39,034,842	33,953,949	14.96%

PRICES (Rs./kg)	2009	Dec-09	Jan-10	Sale 05-2010	Sale 04-2010	Change
HIGH GROWN	321.28	373.51	378.77	370.35	358.98	3.17%
MEDIUM GROWN	316.79	343.16	354.84	351.30	348.53	0.79%
LOW GROWN	388.44	381.81	401.89	395.30	393.04	0.58%
TOTAL	362.70	373.50	389.77	384.28	379.02	1.39%

PRODUCTION (kg) BY ELEVATION	December			Year to date		
	2009	2008	Change	2009	2008	Change
HIGH GROWN	5,917,943	5,396,974	9.65%	72,303,567	84,407,202	-14.34%
MEDIUM GROWN	3,242,651	2,537,040	27.81%	44,316,648	49,013,454	-9.58%
LOW GROWN	16,035,139	11,514,435	39.26%	173,157,734	185,276,798	-6.54%
TOTAL	25,195,732	19,448,448	29.55%	289,777,949	318,697,454	-9.07%

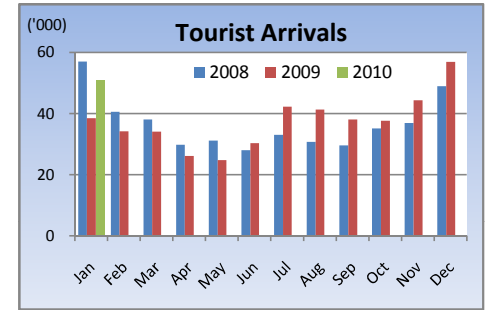
PRODUCTION (kg) BY CATEGORY	December			Year to date		
	2009	2008	Change	2009	2008	Change
ORTHODOX	23,895,566	17,950,202	33.12%	271,879,004	298,949,958	-9.06%
CTC	1,141,459	1,366,855	-16.49%	15,593,425	16,532,846	-5.68%
TOTAL BLACK TEA	25,037,025	19,317,057	29.61%	287,472,429	315,482,804	-8.88%
GREEN TEA	158,707	131,391	20.79%	2,305,520	3,214,650	-28.28%
TOTAL	25,195,732	19,448,448	29.55%	289,777,949	318,697,454	-9.07%

ANALYSIS OF TOTAL TEA PRODUCTION	December	
	2009	2009
HIGH GROWN	23.49%	24.95%
MEDIUM GROWN	12.87%	15.29%
LOW GROWN	63.64%	59.76%
	100.00%	100.00%
CTC AS A % OF BLACK TEA PRODUCTION	4.56%	5.42%



Tourism

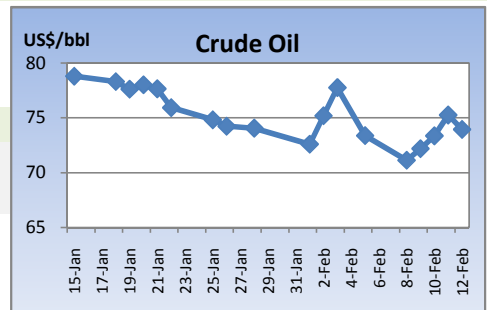
SRI LANKA ARRIVALS	2010	2009	Change
January	50,757	38,468	31.95%
Year to date	50,757	38,468	31.95%
Nov-09	Nov-08	Change	
Occupancy	57.4%	45.5%	26.15%
Foreign Guest Night	267,874	221,049	21.18%



Crude Oil

NYMEX CRUDE OIL FUTURES

	12-Feb	5-Feb	Change
US\$/BBL	73.93	73.37	0.76%



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