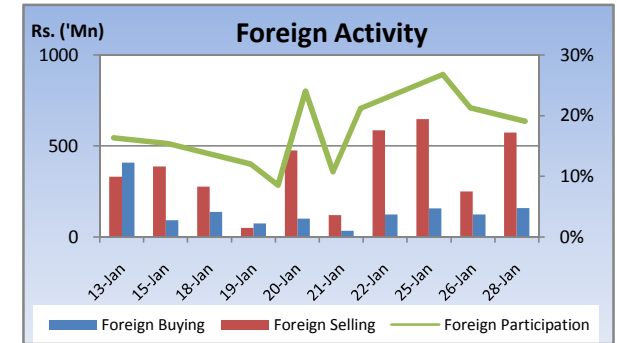
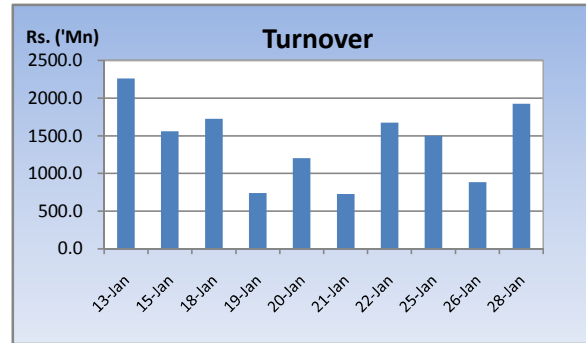
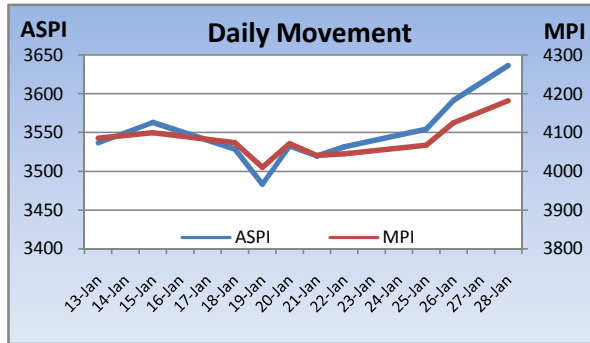


Weekly Market Update

Week Ending: January 28th, 2010



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	3636.41	3531.73	2.96%	SEYLAN MERCHANT	6.25	9.25	48.00%	9.50	6.00	7,485,500	57,791,898
MPI	4181.79	4044.83	3.39%	LANKA CEMENT	21.75	29.75	36.78%	31.50	22.00	5,193,400	140,992,275
MARKET CAP. (Rs. 'Bn)	1171.24	1137.19	2.99%	SEYLAN MERCHANT[NON VOTING]	0.80	1.00	25.00%	1.20	0.80	43,508,200	41,850,320
MARKET PER(x)	17.75	17.23	3.02%	TOUCHWOOD	93.25	116.25	24.66%	118.75	92.75	3,604,100	399,891,647
MARKET PBV(x)	1.79	1.74	2.87%	MALWATTE	36.00	44.50	23.61%	45.00	35.00	422,900	17,041,025
Average Daily				Top 5 Losers							
TURNOVER	1437.09	1213.96	18.4%	EASTERN MERCHANT	200.00	176.25	-11.88%	245.00	130.00	3,200	659,620
VOLUME	48.76	41.41	17.7%	MULLERS	1.00	0.90	-10.00%	1.00	0.90	235,900	227,990
FOREIGN PURCHASES	147.90	95.32	55.2%	ON'ALLY	41.00	37.00	-9.76%	37.00	37.00	600	22,200
FOREIGN SALES	491.35	302.45	62.5%	COCO LANKA	44.25	41.00	-7.34%	45.50	39.50	399,200	16,790,198
NET FOREIGN	-343.45	-207.13	-65.8%	CFI	37.75	35.00	-7.28%	35.25	35.00	8,400	294,075
FOREIGN PARTICIPATION	22.2%	16.4%	35.8%	Top 5 by Turnover							
Sector Summary				JKH	173.75	176.50	1.58%	178.00	172.50	3,061,500	533,041,413
TRADING	5,929.15	5,494.51	7.91%	TOUCHWOOD	93.25	116.25	24.66%	118.75	92.75	3,604,100	399,891,647
PLANTATIONS	718.14	676.95	6.08%	COMMERCIAL BANK	185.00	190.25	2.84%	195.00	185.00	1,853,200	344,011,844
HOTELS AND TRAVELS	3,512.45	3,315.47	5.94%	ENVI. RESOURCES	119.00	134.00	12.61%	136.00	117.00	1,305,900	167,587,900
DIVERSIFIED HOLDINGS	1,204.44	1,150.25	4.71%	RICHARD PIERIS	44.25	53.00	19.77%	53.75	45.00	3,163,300	158,806,722
CONSTRUCTION AND ENGI	4,125.51	3,949.65	4.45%	Top 5 by Volume							
FOOTWEAR AND TEXTILES	738.48	737.85	0.09%	SEYLAN MERCHANT[NON VOTING]	0.80	1.00	25.00%	1.20	0.80	43,508,200	41,850,320
STORES AND SUPPLIES	11,357.16	11,357.16	0.00%	KSHATRIYA HOLD.	8.00	8.75	9.38%	9.00	8.00	10,609,900	90,879,781
SERVICES	12,562.12	12,562.12	0.00%	SEYLAN MERCHANT	6.25	9.25	48.00%	9.50	6.00	7,485,500	57,791,898
POWER AND ENERGY	83.90	84.31	-0.49%	SEYLAN BANK[NON VOTING]	17.50	20.00	14.29%	20.25	17.50	6,433,800	122,284,721
TELECOMMUNICATIONS	146.24	148.26	-1.36%	LANKA CEMENT	21.75	29.75	36.78%	31.50	22.00	5,193,400	140,992,275

Market Review

Market climbed sharply with the Presidential elections as a strong gain was witnessed after the elections due to the political uncertainty ended with the election results. The benchmark ASPI declined 104.68 points or 2.96% week on week while the more sensitive MPI reported a week on week decline of 136.96 points or 3.39%.

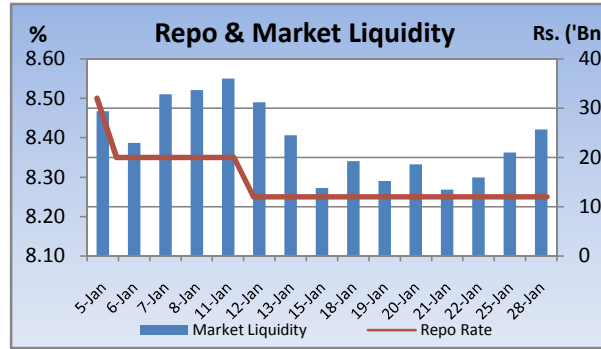
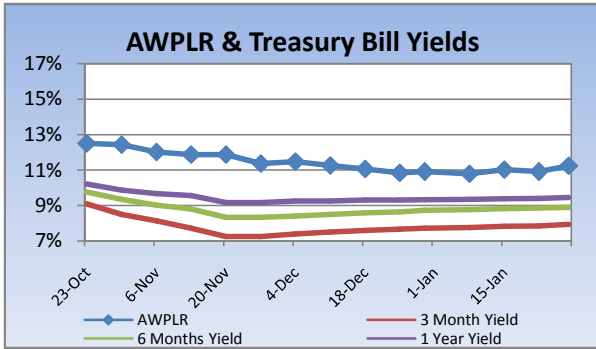
Compared to previous week's closing levels the market gained Rs.34 billion approximately or 2.99% in value this week to close at Rs.1171.24 Bn on Thursday.

Total market turnover for the week amounted to Rs.4.3 Bn with an average daily turnover of Rs.1.4Bn. Turnover for the week witnessed 29% decrease compared to the last week's market turnover of Rs.6.06 Bn.

Heavily traded shares of the week under review were Seylan Merchant (X) and Kshatriya Holdings with the former being highest in terms of volume for the week, trading over 43m shares. The counter gained 25% during the week in value on a Week on Week basis. JKH 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.533m.

FII participation gained to 22.2% of total turnover this week, from 16.4% reported last week. FII interest was negative during the week with a net outflow of Rs.1.03Bn, a 0.5% increase compared to last week's net outflow of Rs.1.035Bn.

Company	Price	P/BV	PER 10E	PER 11E
BANKING				
COMMERCIAL BANK	190.25	1.68	11.50	10.76
DFCC	171.75	1.14	10.48	9.76
HNB	177.00	1.68	13.40	11.90
NDB	206.75	1.23	8.07	6.71
NTB	39.00	1.42	9.32	7.40
SAMPATH BANK	220.00	1.27	8.26	6.69
BEVERAGE, FOOD & TOBACCO				
CTC	201.50	11.97	12.49	11.68
DISTILLERIES	117.50	1.49	14.45	12.46
CHEMICALS & PHARMACEUTICALS				
CIC	63.25	1.29	18.05	14.55
CONSTRUCTION & ENGINEERING				
DOCKYARD	300.25	3.51	9.52	8.28
DIVERSIFIED HOLDINGS				
AITKEN SPENCE	1,386.25	2.13	17.37	14.32
CARSONS	549.50	2.99	17.52	15.67
HAYLEYS	190.25	1.11	17.79	21.69
HEMAS HOLDINGS	123.25	1.75	17.12	15.18
JOHN KEELLS HOLDINGS	176.50	2.34	35.32	31.55
HOTELS & TRAVELS				
AITKEN SPENCE HOTEL HOLDINGS	421.00	3.54	23.72	16.15
ASIAN HOTELS AND PROPERTIES	121.00	2.25	41.99	19.29
KEELLS HOTELS	31.75	5.10	72.09	40.37
MANUFACTURING				
ACL CABLES	82.75	1.33	14.37	11.94
CHEVRON LUBRICANTS	153.50	6.46	14.49	13.13
LANKA TILES	67.25	1.67	9.00	6.67
ROYAL CERAMICS	74.50	1.23	6.37	5.06
TOKYO CEMENT	331.75	1.71	15.26	8.13
PLANTATIONS				
AGALAWATTE	24.50	1.20	6.59	8.02
KEGALLE	43.75	0.81	4.45	3.54
KELANI VALLEY	52.25	1.29	5.37	4.42
POWER & ENERGY				
LANKA IOC	16.75	1.16	22.30	19.82
TELECOMMUNICATIONS				
DIALOG	6.75	1.81	(49.88)	22.09

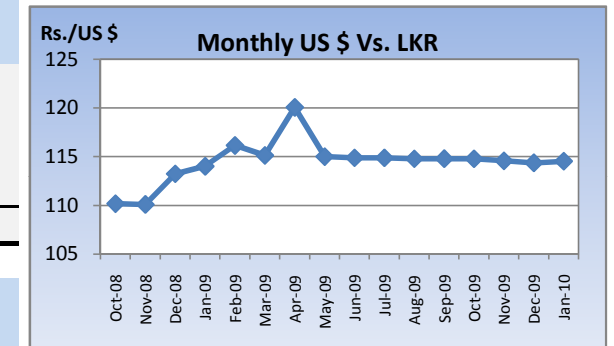


Currency Board

	Current	Previous	Change
USD EXCHANGE RATE			
- AVERAGE MIDDLE RATE	114.44	114.38	0.05%
- FORWARD 1 MONTH	115.11	114.86	0.22%
- FORWARD 3 MONTHS	115.70	115.70	0.00%
BRITISH POUND	185.25	185.40	-0.08%
EURO	160.17	161.62	-0.89%
JAPANESE YEN	1.27	1.27	-0.19%
INDIAN RUPEE	2.48	2.49	-0.17%
AUSTRALIAN DOLLAR	102.60	103.15	-0.53%
SINGAPORE DOLLAR	81.51	81.47	0.05%

Treasury Bill Auction

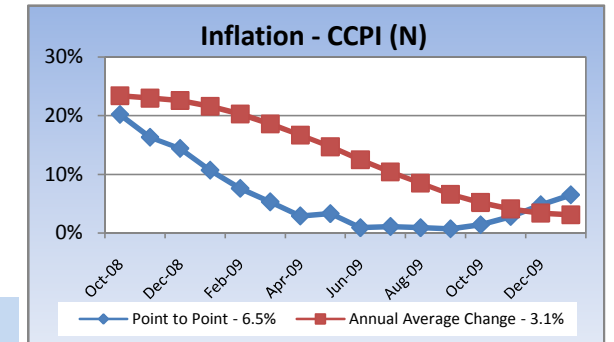
Maturity	Weighted Average Yield			Amount Offered Rs. ('Mn)	Bids Received Rs. ('Mn)	Amount Accepted Rs. ('Mn)
	Current Week	Previous Week	Change Basis Points			
3 MONTHS	7.95%	7.86%	9.00	2,500	3,260	905
6 MONTHS	8.90%	8.86%	4.00	3,750	8,440	6,235
12 MONTHS	9.46%	9.41%	5.00	4,750	5,950	1,108
				11,000	17,650	8,248



Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	11.24	10.91	19.31
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.50
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.04	9.10	15.14
- 7 DAYS	9.30	9.27	16.56
- 1 MONTH	9.50	9.54	17.73
- 3 MONTHS	9.71	9.70	18.25
- 6 MONTHS	9.95	9.94	18.88
- 1 YEAR	10.22	10.23	19.46

Inflation



	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

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 04-2010	Sale 03-2010		2010	2009	
HIGH GROWN	995,985	1,475,958	-32.52%	5,340,627	5,142,399	3.85%
MEDIUM GROWN	830,027	1,097,685	-24.38%	4,127,893	3,577,313	15.39%
LOW GROWN	3,891,294	4,573,821	-14.92%	16,748,581	14,388,916	16.40%
TOTAL	5,717,306	7,147,464	-20.01%	26,217,101	23,108,628	13.45%

PRICES (Rs./kg)

	2009	Dec-09	Jan-10	Sale 04-2010	Sale 03-2010	Change
HIGH GROWN	321.28	373.51	378.77	366.08	377.61	-3.05%
MEDIUM GROWN	316.79	343.16	354.84	356.97	351.60	1.53%
LOW GROWN	388.44	381.81	401.89	411.33	400.99	2.58%
TOTAL	362.70	373.50	389.77	395.55	388.57	1.80%

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	Year to date
	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%

Rs./kg

Tea Prices



Tourism

SRI LANKA

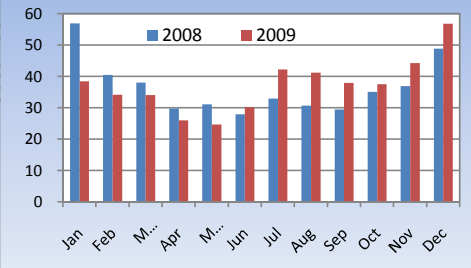
ARRIVALS	2009	2008	Change
December	56,862	48,925	16.22%
Year to date	447,890	438,475	2.15%
Occupancy	53.0%	39.1%	35.55%
Foreign Guest Night	256,575	201,821	27.13%

Crude Oil

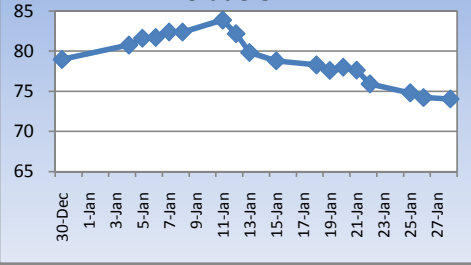
NYMEX CRUDE OIL FUTURES

	28-Jan	22-Jan	Change
US\$/BBL	74.05	75.92	-2.46%

Tourist Arrivals



Crude Oil



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