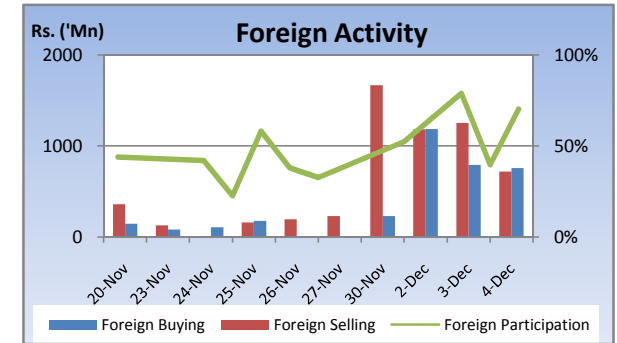
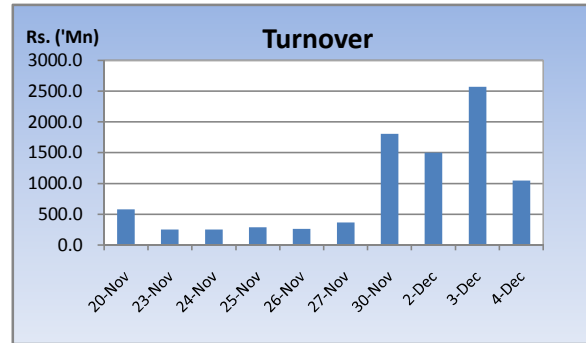
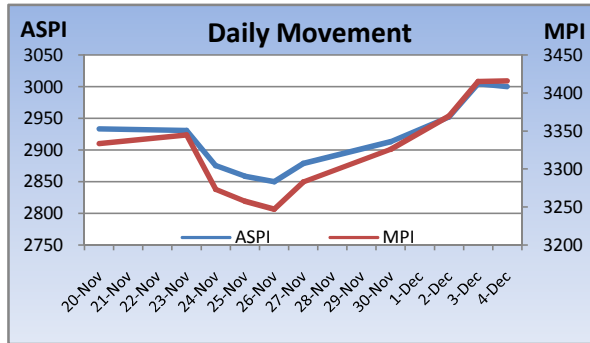


# Weekly Market Update

Week Ending: December 04<sup>th</sup>, 2009



Market Statistics	Current	Previous	Change	Top 5 Gainers	Previous	Current	Change	High	Low	Volume	Turnover (Rs. 'Mn)
ASPI	3000.33	2878.96	4.22%	RICH PIERIS EXP	18.00	27.75	54.17%	28.50	18.00	1,505,500	35,781,525
MPI	3415.96	3282.96	4.05%	WATAPOTA	477.00	700.00	46.75%	700.00	500.00	500	313,610
MARKET CAP. (Rs. 'Bn)	967.52	928.14	4.24%	HOTEL DEVELOPERS	95.00	126.50	33.16%	132.00	95.25	595,700	69,485,480
MARKET PER(x)	14.67	14.07	4.26%	UDAPUSSELLAWA	23.25	28.25	21.51%	32.25	22.50	51,000	1,461,200
MARKET PBV(x)	1.48	1.42	4.23%	KAHAWATTE	26.00	31.00	19.23%	33.00	23.75	28,900	840,830
<b>Average Daily</b>				<b>Top 5 Losers</b>							
TURNOVER	1732.47	287.48	502.6%	AUTODROME	265.00	145.00	-45.28%	145.00	145.00	200	29,000
VOLUME	21.77	9.78	122.6%	CENTRAL IND.	140.00	125.50	-10.36%	125.50	125.50	100	12,550
FOREIGN PURCHASES	743.30	78.21	850.4%	TOKYO CEMENT[NON VOTING]	17.00	16.25	-4.41%	17.00	16.25	216,400	3,577,075
FOREIGN SALES	1206.59	145.44	729.6%	NATION LANKA	17.50	16.75	-4.29%	22.50	16.00	651,200	13,108,763
NET FOREIGN	-463.29	-67.23	589.1%	BLUE DIAMONDS	2.70	2.60	-3.70%	2.80	2.60	1,879,400	5,009,263
FOREIGN PARTICIPATION	56.3%	38.9%	44.7%	<b>Top 5 by Turnover</b>							
<b>Sector Summary</b>				JKH	141.00	152.00	7.80%	153.00	141.00	17,495,098	2,689,197,267
SERVICES	9,730.06	8,854.46	9.89%	DFCC	141.00	145.00	2.84%	147.00	137.50	12,310,600	1,662,851,925
INFORMATION TECHNOLOG	77.49	71.53	8.33%	HNB	164.00	163.50	-0.30%	165.00	163.00	7,846,500	1,271,235,025
HOTELS AND TRAVELS	2,586.64	2,389.44	8.25%	DISTILLERIES	88.25	95.00	7.65%	96.00	88.50	1,642,100	154,359,050
TRADING	3,231.40	3,000.06	7.71%	ENVI. RESOURCES	37.75	43.25	14.57%	44.50	37.50	1,793,000	75,564,200
HEALTH CARE	422.50	394.14	7.20%	<b>Top 5 by Volume</b>							
TELECOMMUNICATIONS	148.52	144.48	2.80%	JKH	141.00	152.00	7.80%	153.00	141.00	17,495,098	2,689,197,267
BANKS FINANCE AND INSUR	6,150.73	5,987.02	2.73%	DFCC	141.00	145.00	2.84%	147.00	137.50	12,310,600	1,662,851,925
MOTORS	6,489.91	6,410.20	1.24%	MULLERS	0.90	1.00	11.11%	1.10	0.90	11,581,100	11,583,060
STORES AND SUPPLIES	10,766.67	10,668.66	0.92%	HNB	164.00	163.50	-0.30%	165.00	163.00	7,846,500	1,271,235,025
OIL PALMS	26,871.17	26,727.96	0.54%	SIERRA CABL	2.00	2.10	5.00%	2.20	2.00	3,413,500	7,157,610

## Market Review

Market picked up sharply throughout the week with heavy foreign interest in blue chip counters. During the week the Galleon Fund exited from his stake in DFCC. Strong buying interest in JKH was witnessed during the week. The benchmark ASPI gained 121.33 points or 4.22% week on week while the more sensitive MPI reported a week on week gained of 133.00 points or 4.05%.

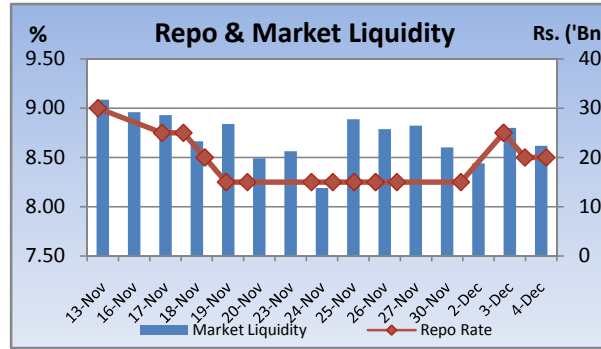
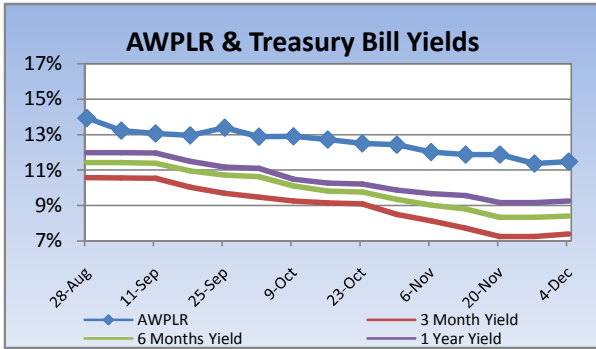
Compared to previous week's closing levels the market gained Rs.39 billion approximately or 4.24% in value this week to close at Rs.967.52 Bn on Friday.

Total market turnover for the week amounted to Rs.6.92 Bn with an average daily turnover of Rs.1.73 Bn. Turnover for the week witnessed 382% increase compared to the last week's market turnover of Rs.1.43 Bn.

Heavily traded shares of the week under review were JKH and DFCC with the former being highest in terms of volume for the week, trading over 17.5m shares. The counter gained 7.8% during the week in value on a Week on Week basis. JKH and DFCC contributed heavily to the week's market turnover, whilst the former being the highest contributor to the week's market turnover with Rs.2.69 Bn.

FII participation gained to 56.3% of total turnover this week, from 38.9% reported last week. FII interest was negative during the week with a net outflow of Rs.1.85Bn, a 451% increase compared to last week's net outflow of Rs.336m.

Company	Price	P/BV	PER 10E	PER 11E
<b>BANKING</b>				
COMMERCIAL BANK	176.00	1.56	10.64	9.95
DFCC	145.00	0.97	8.84	8.24
HNB	163.50	1.55	12.38	11.00
NDB	182.50	1.09	7.12	5.92
NTB	35.25	1.29	8.42	6.69
SAMPATH BANK	180.00	1.04	6.76	5.47
<b>BEVERAGE, FOOD &amp; TOBACCO</b>				
CTC	175.00	10.39	10.85	10.14
DISTILLERIES	95.00	1.21	11.68	10.07
<b>CHEMICALS &amp; PHARMACEUTICALS</b>				
CIC	59.25	1.21	16.91	13.63
<b>CONSTRUCTION &amp; ENGINEERING</b>				
DOCKYARD	198.00	2.31	6.28	5.46
<b>DIVERSIFIED HOLDINGS</b>				
AITKEN SPENCE	894.25	1.37	11.21	9.24
CARSONS	340.00	1.85	17.32	15.37
HAYLEYS	156.00	0.91	14.59	17.78
HEMAS HOLDINGS	120.50	1.71	16.74	14.84
JOHN KEELLS HOLDINGS	152.00	2.02	30.42	27.17
<b>HOTELS &amp; TRAVELS</b>				
AITKEN SPENCE HOTEL HOLDINGS	244.25	2.05	13.76	9.37
ASIAN HOTELS AND PROPERTIES	78.00	1.45	27.07	12.43
KEELLS HOTELS	19.50	3.13	44.27	24.79
<b>MANUFACTURING</b>				
ACL CABLES	68.50	1.10	11.89	9.89
CHEVRON LUBRICANTS	225.50	4.75	10.65	9.64
LANKA TILES	61.75	1.53	8.27	6.12
ROYAL CERAMICS	58.25	0.96	4.98	3.96
TOKYO CEMENT	258.50	1.33	11.89	6.33
<b>PLANTATIONS</b>				
AGALAWATTE	19.25	0.94	5.17	6.30
KEGALLE	32.75	0.61	3.33	2.65
KELANI VALLEY	50.50	1.25	5.19	4.28
<b>POWER &amp; ENERGY</b>				
LANKA IOC	17.00	1.18	22.63	20.12
<b>TELECOMMUNICATIONS</b>				
DIALOG	7.00	1.88	(51.73)	22.91

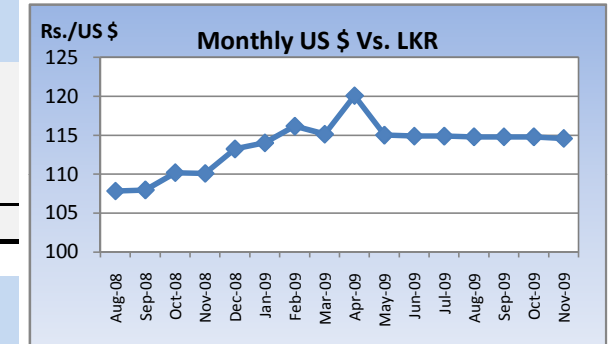


## Currency Board

	Current	Previous	Change
<b>USD EXCHANGE RATE</b>			
- AVERAGE MIDDLE RATE	114.34	114.48	-0.12%
- FORWARD 1 MONTH	114.76	114.85	-0.08%
- FORWARD 3 MONTHS	115.47	115.58	-0.10%
<b>BRITISH POUND</b>	188.96	187.56	0.74%
<b>EURO</b>	172.07	170.89	0.69%
<b>JAPANESE YEN</b>	1.29	1.33	-2.73%
<b>INDIAN RUPEE</b>	2.48	2.47	0.60%
<b>AUSTRALIAN DOLLAR</b>	105.46	103.34	2.05%
<b>SINGAPORE DOLLAR</b>	82.62	82.51	0.14%

## 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	7.40%	7.25%	15.00	2,000	2,573	1,543
6 MONTHS	8.42%	8.33%	9.00	3,500	5,567	3,500
12 MONTHS	9.26%	9.17%	9.00	6,500	7,409	1,213
				<b>12,000</b>	<b>15,549</b>	<b>6,256</b>

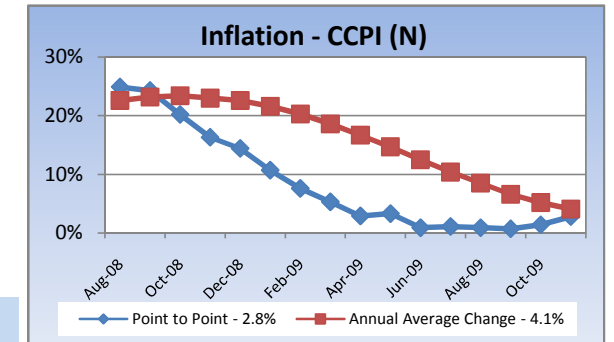


## Interest Rates

	Current Week	Previous Week	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED PRIME LENDING RATE [AWPLR]	11.48	11.37	19.58
OVERNIGHT RATE ON REPURCHASE AGREEMENTS	7.50	7.50	10.50
SRI LANKA INTER BANK OFFER RATE [SLIBOR]			
- OVERNIGHT	9.16	9.16	18.03
- 7 DAYS	9.33	9.40	18.31
- 1 MONTH	9.54	9.58	19.13
- 3 MONTHS	9.77	9.75	19.58
- 6 MONTHS	10.00	9.98	20.02
- 1 YEAR	10.25	10.24	20.25

	November 2009	Month Ago	Year Ago
COMMERCIAL BANK AVERAGE WEIGHTED DEPOSIT RATE [AWDR]	8.51	9.76	11.39
COMMERCIAL BANK AVERAGE WEIGHTED FIXED DEPOSIT RATE [AWFDR]	11.17	13.05	16.57

## Inflation



Point to Point - 2.8%
Annual Average Change - 4.1%

## Tea Market

### Colombo Tea Auction

SALES (kg)	Current	Previous	Change	Year to date	Year to date	Change
	Sale 47-2009	Sale 46-2009		2009	2008	
HIGH GROWN	1,335,053	1,409,264	-5.27%	53,621,979	58,258,741	-7.96%
MEDIUM GROWN	890,997	890,212	0.09%	40,227,142	40,121,476	0.26%
LOW GROWN	3,727,293	3,876,195	-3.84%	159,130,736	150,185,200	5.96%
<b>TOTAL</b>	<b>5,953,343</b>	<b>6,175,671</b>	<b>-3.60%</b>	<b>252,979,857</b>	<b>248,565,416</b>	<b>1.78%</b>

### PRICES (Rs./kg)

	2008	Oct-09	Nov-09	Sale 47-2009	Sale 46-2009	Change
HIGH GROWN	273.83	406.37	406.89	390.60	407.61	-4.17%
MEDIUM GROWN	270.13	373.90	353.90	349.60	360.47	-3.02%
LOW GROWN	336.38	410.84	383.69	386.85	387.23	-0.10%
<b>TOTAL</b>	<b>310.81</b>	<b>404.29</b>	<b>383.88</b>	<b>382.12</b>	<b>388.02</b>	<b>-1.52%</b>

### PRODUCTION (kg) BY

ELEVATION	October			Year to date		
	2009	2008	Change	2009	2008	Change
HIGH GROWN	5,937,710	6,716,999	-11.60%	58,907,790	70,829,997	-16.83%
MEDIUM GROWN	3,462,967	3,830,799	-9.60%	36,268,970	42,767,548	-15.20%
LOW GROWN	16,533,060	13,790,180	19.89%	139,613,001	160,820,734	-13.19%
<b>TOTAL</b>	<b>25,933,737</b>	<b>24,337,978</b>	<b>6.56%</b>	<b>234,789,761</b>	<b>274,418,279</b>	<b>-14.44%</b>

### PRODUCTION (kg) BY

CATEGORY	October			Year to date		
	2009	2008	Change	2009	2008	Change
ORTHODOX	24,506,892	22,437,743	9.22%	220,110,097	258,361,795	-14.81%
CTC	1,246,422	1,601,972	-22.19%	12,736,620	13,207,981	-3.57%
<b>TOTAL BLACK TEA</b>	<b>25,753,314</b>	<b>24,039,715</b>	<b>7.13%</b>	<b>232,846,717</b>	<b>271,569,776</b>	<b>-14.26%</b>
GREEN TEA	180,423	298,263	-39.51%	1,943,044	2,848,503	-31.79%
<b>TOTAL</b>	<b>25,933,737</b>	<b>24,337,978</b>	<b>6.56%</b>	<b>234,789,761</b>	<b>274,418,279</b>	<b>-14.44%</b>

### ANALYSIS OF TOTAL

TEA PRODUCTION	October 2009	Year to date 2009
HIGH GROWN	22.90%	25.09%
MEDIUM GROWN	13.35%	15.45%
LOW GROWN	63.75%	59.46%
<b>CTC AS A % OF BLACK TEA PRODUCTION</b>	<b>4.84%</b>	<b>5.47%</b>

### Tea Prices



## Tourism

### SRI LANKA

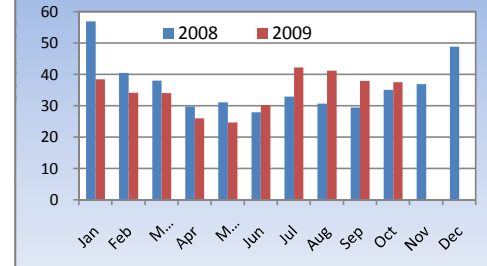
ARRIVALS	2009	2008	Change	
October	37,575	35,103	7.04%	
Year to date	346,717	352,649	-1.68%	
Sep-09	51.4%	Sep-08	40.0%	28.50%
Foreign Guest Night	424,434	210,867	101.28%	

## Crude Oil

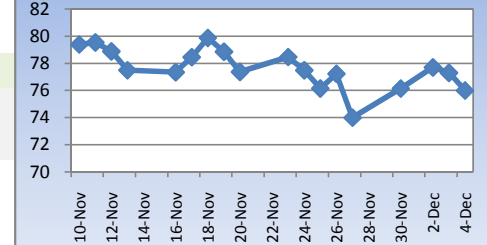
### NYMEX CRUDE OIL FUTURES

	4-Dec	27-Nov	Change
US\$/BBL	75.99	73.99	15.52%

### Tourist Arrivals



### Crude Oil



This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources, believed to be reliable. Capital Alliance Securities (Private) Limited however does not warrant its completeness or accuracy. Opinions and estimates given constitute a judgment as of the date of the material and are subject to change without notice. This report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The recipient of this report must make their own independent decision regarding any securities, investments or financial instruments mentioned herein. Securities or financial instruments mentioned may not be suitable to all investors. Capital Alliance Securities (Private) Limited its directors, officers, consultants, employees, outsourced research providers associates or business partner, will not be responsible, for any claims damages, compensation, suits, damages, loss, costs, charges, expenses, outgoing or payments including attorney's fees which recipients of the reports suffers or incurs directly or indirectly arising out actions taken as a result of this report. This report is for the use of the intended recipient only. Access, disclosure, copying, distribution or reliance on any of it by anyone else is prohibited and may be a criminal offence.

**Head Office**

5th Floor, Millennium House,  
 No.46/58, Nawam Mawatha,  
 Colombo 2, Sri Lanka  
 General: +94 11 2317777  
 Fax: +94 11 2317788  
 Email: info@capitalalliance.lk  
 Website: www.capitalalliance.lk

**Equity**

**CEO - Securities**

Harinlal Aturupane: +94 11 231 7760

**Colombo**

Dilruk A. Fernando +94 777 721 483  
 Lakshan Algama Perera: +94 777 447 407  
 Chanaka Sanoj: +94 773 850 227  
 Milanka Induruwage: +94 777 261 893  
 Buddhenia Narangoda: +94 777 453 640  
 Ifadh Marikar: +94 772 962 567  
 Janaka Palapathwala: +94 770 592 243

**Matara**

Lulith Karunaratne: +94 41 439 0610  
 Inok Wijesuriya: +94 41 439 0610  
 Mahi Liyanage: +94 772 962 557  
 Viraj Nanawatte: +94 772 962 541  
 Kithsiri Jayasinghe: +94 777 790 657

**Government Securities**

K. H. R. Thilakarathna: +94 11 231 7752  
 W. A. Susantha: +94 11 231 7757  
 Dumindu Silva: +94 11 231 7753  
 Milindu Arumawadu: +94 11 231 7758

**Research**

Dimantha Mathew: +94 777 345 679

**Branches**

**Matara**

No.38, Station Road,  
 Matara  
 Tel: +94 41 4390610  
 Fax: +94 41 4390611

**Jaffna**

Laxan Plaza,  
 No.356B, Kasthuriar Road,  
 Jaffna  
 Tel: +94 21 4591111  
 Fax: +94 21 4591111

**Kurunegala**

No.6, Rajapihilla Road,  
 1st Floor, Kurunegala  
 Tel: +94 37 2222034  
 Fax: +94 37 2222035

**Negombo**

Jude City Building,  
 No.142, Greens Road, Negombo  
 Tel: +94 31 2227843/4  
 Fax: +94 31 2227843

**Galle**

No.30, Sri Devamitta Mawatha,  
 Galle  
 Tel: +94 91 2227631/2  
 Fax: +94 91 2227632