

Bourse hovers near 11-week closing high; rupee firmer *

REUTERS: Sri Lankan shares closed slightly firmer on Tuesday, hovering near an 11-week closing high hit last week, as investors bought banking stocks ahead of a key policy rates announcement later this week.

Sri Lanka's Central Bank is expected to leave its key interest rates unchanged on Thursday, a Reuters poll showed, after cutting them in May to support the economy as tourism and investment plummeted in the wake of Easter Sunday bombings.

The benchmark stock index hit its highest close since 18 April on Friday, buoyed by the Government's decision to launch a \$2.2 billion Japan-funded Light Railway Transit (LRT) project and

some other stalled infrastructure projects, brokers said.

The index ended up 0.18% at 5,514.40 on Tuesday. It rose 2.67% last week, notching its second consecutive weekly gain. However, it is down 8.9% so far this year.

Shares in Melstacorp Ltd. rose 6.4%, while DFCC Bank PLC ended 9.52% firmer.

Stock market turnover was Rs. 550.1 million (\$3.13 million), in line with this year's daily average of about Rs. 542.2 million. Last year's daily average came in at Rs. 834 million.

Foreign investors sold a net Rs. 63.8 million worth of shares on Tuesday, extending the year-to-date net foreign outflow to Rs. 6.97 billion, the index data showed.

The Government's launch of central highway and light railway projects helped lift hopes that the country's transformation would result in a faster economic growth rate, stockbrokers said.

Sri Lanka is unlikely to hit its full-year economic growth target of 3-4% following the Easter Sunday bombings and a Reuters poll has forecast growth to slump to its lowest in nearly two decades this year.

Meanwhile, the currency closed firmer at 175.70/80 per dollar, compared with Monday's close of 176.05/15, as dollar sales by banks surpassed importer greenback demand. The rupee rose 0.17% last week, and is up 3.93% so far this year.

The rupee dropped 16% in 2018 and was one of the worst-performing currencies in Asia.

The island nation raised \$2 billion via five-year and 10-year sovereign bond sales last month, tapping global capital markets for the second time in three months.

Foreign investors sold a net Rs. 3.93 billion worth of Government securities in the week ended 3 July, extending the year-to-date net foreign outflow to Rs. 22.4 billion, the Central Bank data showed.

The Central Bank cut its key interest rates on 31 May to support a faltering economy as overall business and consumer confidence slumped following deadly bomb attacks in April.