

CSE remains attractive compared to regional markets: SC Securities

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- **Construction, plantation, food and beverage, renewable energy, textile, fertiliser and agri sectors are Budget 2022 positive**
- **Believes market will continue to offer attractive valuations, further buying opportunities for investors**
- **Opines investors remain hungry for IPOs despite economic concerns**

With the Budget 2022 benefiting several sectors amidst favourable policy and political environment, Sri Lanka's capital market remains attractive compared to others in the region, a top broking firm executive revealed yesterday.

"The Colombo Stock Exchange price-to-earnings (PE) is at 13 times, return-on-equity (ROE) is at 11 and the year-to-date (YTD) return is 57.5%. Our capital market is still very attractive compared to most in the region and the political stability in the country and room for higher economic growth are key factors in this regard," SC Securities CEO Roshantha Fernando told the post-Budget forum organised by the Daily FT and the University of Colombo MBA Alumni Association.



SC Securities CEO Roshantha Fernando

According to him, construction, plantation, food and beverage, renewable energy, textile, fertiliser and agri sectors will benefit from the Budget 2022.

From a macro sense, Fernando said the structural reforms implemented, particularly with the new Securities and Exchange Commission (SEC) Act and initiatives by the Colombo Stock Exchange, have enabled traction in the recent past.

He also said the implementation of the 'delivery versus payment' (DVP) mechanism, new instruments such as stock lending and borrowing followed by short selling as well as continued efforts to improve digitalisation have spurred higher market participation with over 60% of retailers during the past few months.

In terms of performance, amid a number of positives from Budget 2022, he believes the market will continue to offer attractive valuations and further buying opportunities for investors accompanied by an uptick in growth. The persistence of a relatively low-interest-rate environment is another key factor, according to him.

Fernando said investors remain hungry for Initial Public Offering (IPOs) despite economic concerns in the post-pandemic, adding that it was evident from the oversubscribed IPOs in the recent months with few more in the pipeline for the year.

SC Securities was the capital markets partner of the post-Budget forum.