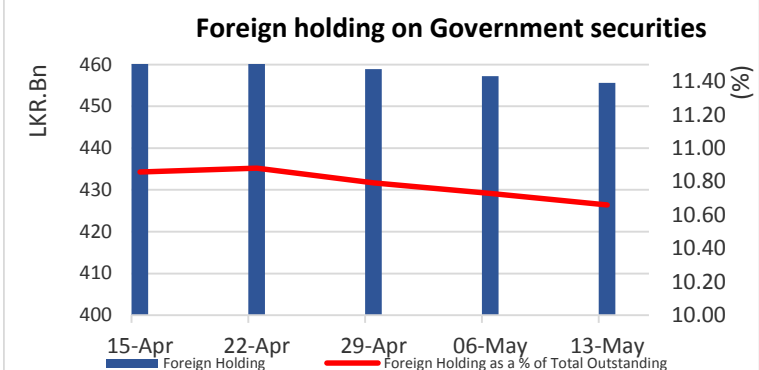
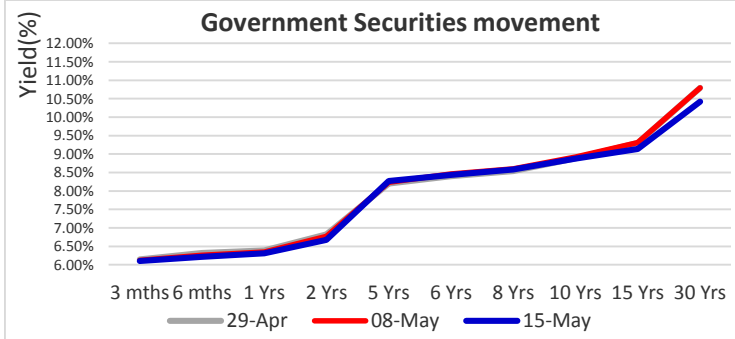
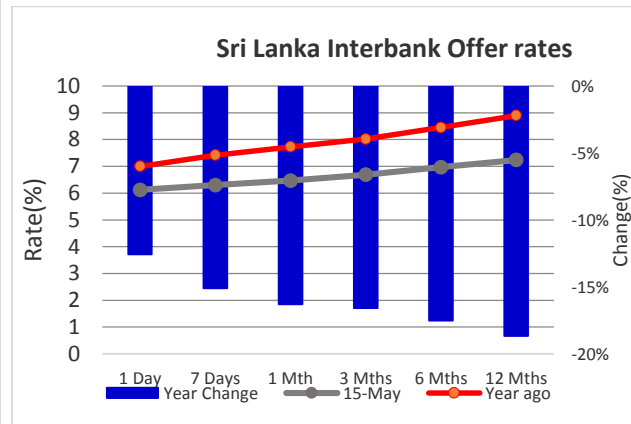
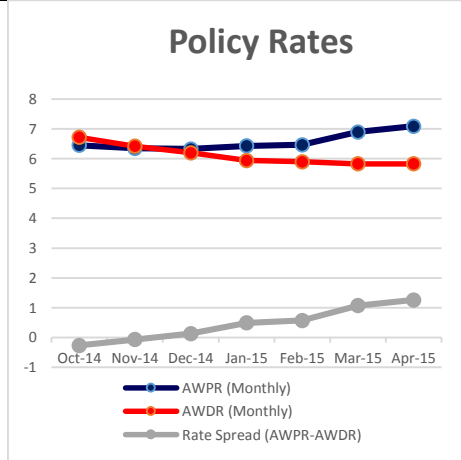
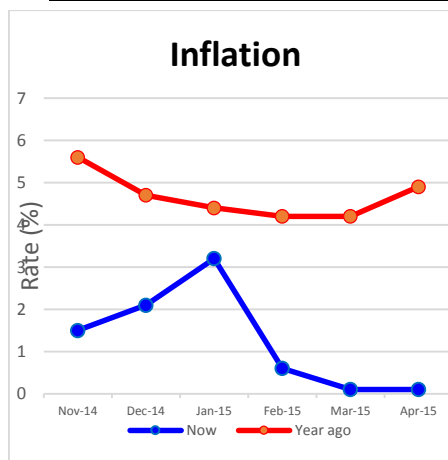


Economic Indicators: LKR/USD 134.57 (-0.15% WOW) | AWPR: 7.09% (0.00% WOW) | AWDR: 5.83% (0.00% MPM) | ASPI: 7,258 (0.64% WOW) | S&P SL20: 4,050 (-0.20% WOW)



Market	Period	15-May	08-May	Change %
Primary Market	3 mths	6.10%	6.12%	-0.33%
	6 mths	6.22%	6.26%	-0.64%
	1 Yrs	6.31%	6.35%	-0.63%
Secondary Market	2 Yrs	6.68%	6.77%	-1.33%
	5 Yrs	8.27%	8.24%	0.36%
	6 Yrs	8.44%	8.46%	-0.24%
	8 Yrs	8.58%	8.60%	-0.23%
	10 Yrs	8.88%	8.92%	-0.45%
	15 Yrs	9.14%	9.31%	-1.83%
	30 Yrs	10.42%	10.79%	-3.43%

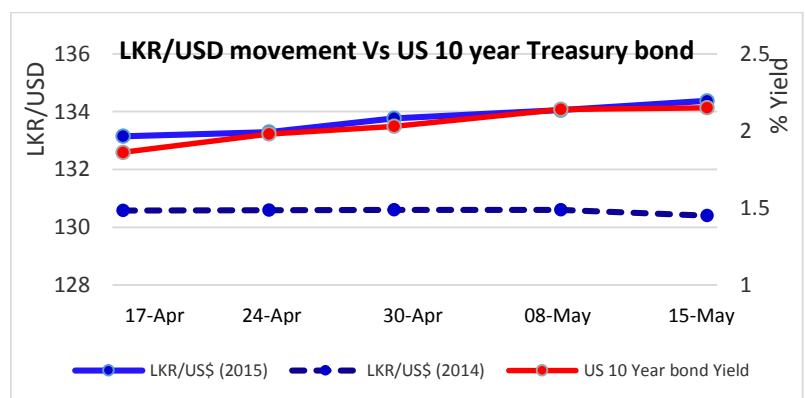
- Average Weighted Prime Lending Rate (AWPR): 7.09%. It has reduced by 0.56% compared to last week.
- Average Weighted Deposit Rate (AWDR): 5.83% (Apr), 5.83% (Mar).
- Average Weighted Fixed Deposit Rate (AWFDR): 6.87% (Apr) and 6.87% (Mar).
- SLIBOR Rates : 6.12% (1Day), 6.30%(7Days), 6.47%(1Month), 6.69%(3Months), 6.97%(6Months), 7.24%(1Yr)
- Inflation (YOY change): 0.1% (Apr) and 0.1% (Mar).



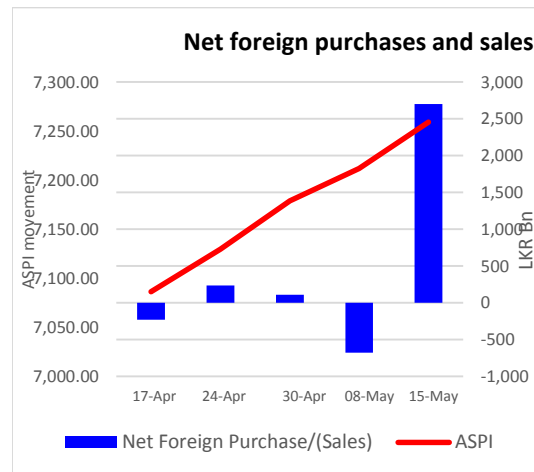
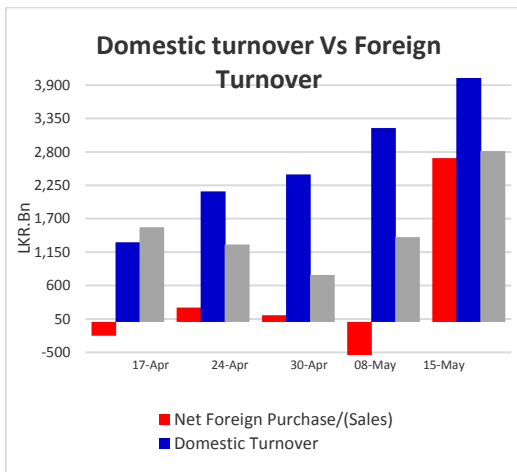
### LKR EXCHANGE RATE MOVEMENT

- LKR depreciated over the week by 0.15% against USD from LKR/USD 134.37 to 134.57.
- One month forward rate of LKR/USD is 134.11 (Last week 134.17), three month forward rate is 135.50 (Last week 135.03 )

	17-Apr	24-Apr	30-Apr	08-May	15-May
INR 2015	2.13	2.10	2.09	2.08	2.10
INR 2014	2.16	2.14	2.16	2.16	2.20
RM 2015	36.53	36.93	37.40	36.93	37.29
Rm 2014	40.33	40.02	40.00	40.19	40.35



- All Share Price Index: 7,258 points as at 15<sup>th</sup> May 2015.
- S&P 20: 4,050 points as at 15<sup>th</sup> May 2015.
- ASPI increased WOW by 46 points which is 0.64%.
- S&P 20 reduced WOW by 8 points, reflecting a 0.20% negative variation.
- Net Foreign inflow: Rs. Mn. 2699.
- Last week recorded a Net foreign outflow Rs. Mn. 676.
- Market capitalization: Rs.Bn.3,083 which is 0.62% increase compared to last week.
- Market PE: PE recorded as 19.55 in this week and it has increased by 0.31% from the last week.



LOCAL NEWS

Nestlé Lanka Plc said yesterday it had delivered revenue of Rs. 9.2 billion with a YoY growth of 7.3% for the first quarter ending 31 March 2015, despite a very challenging and volatile environment. The company posted a profit after tax of Rs. 1.2 billion. The first quarter of 2015 witnessed two new product launches, reflecting the company’s commitment to leveraging global R&D capabilities to address local taste preferences. Maggi Devilled X-Tra Green Chilli Noodles, containing real green chilli, was the first of its kind to enter the local market. Nestlé Professional continued to provide solutions to the out-of-home sector, with the introduction of Nestlé Docello, an exciting range of dessert solutions that offers great taste and convenience.

(Source: Daily FT - 13.05.2015)

An employee fund and the largest shareholder of Ceylinco Insurance divested 11% stake in the company for Rs. 3.5 billion on 14<sup>th</sup> May 2015, boosting the market’s turnover to top Rs. 5 billion, the highest in eight months. Ceylinco Insurance Employee Share Ownership Trust of Ceylinco Insurance (CIESOT) Ltd., which owns a 23% stake, sold down 11% amounting to 2.2 million shares at Rs. 1,602 each through six crossings. The counter closed at Rs. 1,600, up by 3.37% or Rs. 52.10. Chennai-based and listed Shriram City Union Finance, a non-banking financial company, bought 6.3% for Rs. 2 billion whilst an existing shareholder with a 10.68% stake Banque Pictet & Cie S.A picked up a further 2% shareholding.

(Source: Daily FT - 15.05.2015)

Trade between India and Sri Lanka has increased 10-fold after the Free Trade Agreement. But there is more to be explored, said Y.K. Sinha, High Commissioner of India to Sri Lanka. At an interactive meeting organised by the India-Asean-Sri Lanka Chamber of Commerce and Industry here on Thursday, he said his concern was that more than 70 per cent of India’s exports to Sri Lanka were outside the FTA route. “This needs to be addressed.” Bilateral trade between the two countries stood at \$4.6 billion in 2014. Mr. Sinha indicated that once the 250-MW power plants built by India went live, the island nation would have added capacity..

(Source: Daily Mirror- 15.05.2015)

GLOBAL NEWS

Greece will continue with efforts to privatize the country’s largest port and regional airports as it seeks ways to attract investment for other state assets, Economy Minister George Stathakis said, in a government concession in talks with its creditors. The privatization process that is already underway for the Piraeus Port Authority SA, operator of Greece’s largest harbor, and for 14 regional airports will continue, Stathakis said today in an interview in Tbilisi, Georgia. “We’re trying to revise some elements of these privatizations in order to improve them and I think we’ll get a sensible agreement for both.

(Source: Bloomberg - 14.05.2015)

Citigroup's magnum opus on market bubbles is a fine read, replete with asset price heat maps and many tulip references. But it also highlights a truism of markets - that the financial industry, by its very nature, is doomed to forever be blowing bubbles. The difficulty is that investment managers have to (ahem) invest in stuff. Not only that but their performance is almost inevitably judged against a benchmark which doesn't necessarily conform to their investment ideology. You think long-dated bonds are over-valued? Too bad! Your benchmark is full of 'em and they've been doing amazingly well so you better buy them or your clients (and boss) will be questioning your underperformance against the broader market this year.

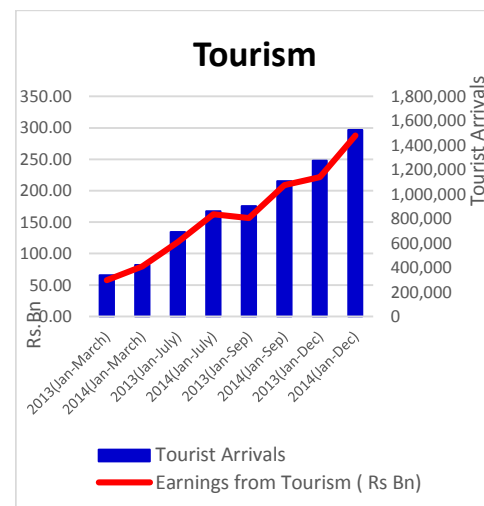
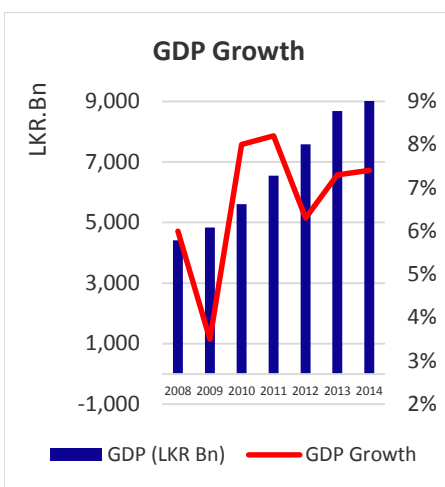
(Source: Bloomberg - 15.05.2015)

May 13 BHP Billiton and Rio Tinto face mounting political pressure in Australia over taxes and flooding the global iron ore market while the price of the steel-making commodity plummeted. Independent federal Senator Nick Xenophon has called for an inquiry into the impact on the Australian economy of falling prices caused by oversupply. Xenophon, who is on the powerful Economics Committee, said he will put the inquiry to a vote in the senate on Thursday. Australia's treasurer Joe Hockey says the slump has caused a A\$20 billion (\$16 billion) loss in government revenue in the past year and his fiscal 2016 budget released this week hinges on iron ore fetching at least \$48 a tonne over the next year.

(Source: Reuters- 13.05.2015)

## GDP and Economy

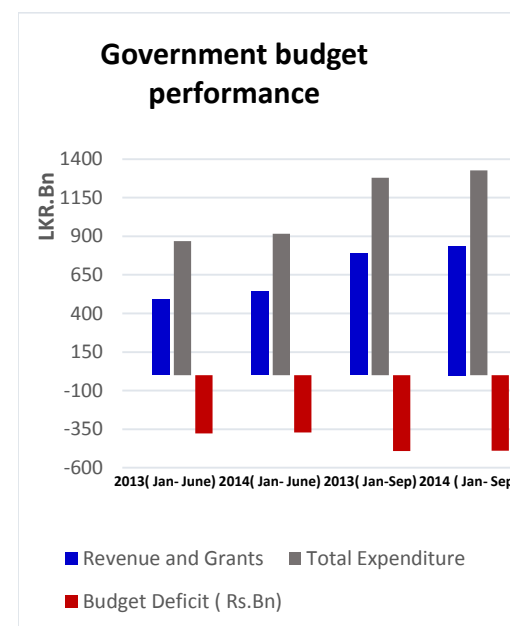
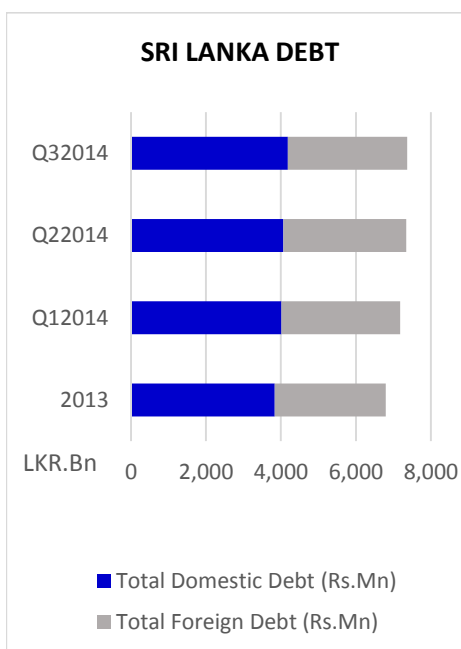
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the other two sectors which is 57.6%.
- The agriculture sector, industry sector and Service sector GDP recorded in 2014 were Rs. Mn 353,799, Rs. Mn 1,132,892 and Rs.Mn. 2,019,973 respectively.
- Unemployment rate is 4.3% in 2014 compared to 4.4% in the previous year.



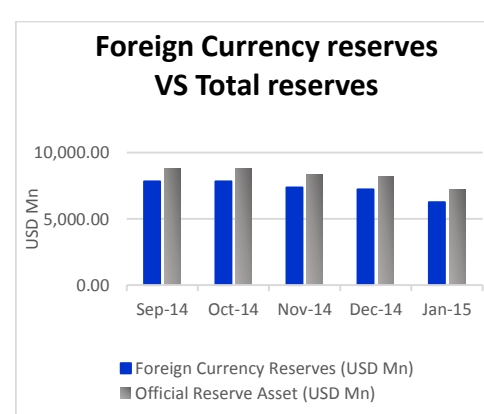
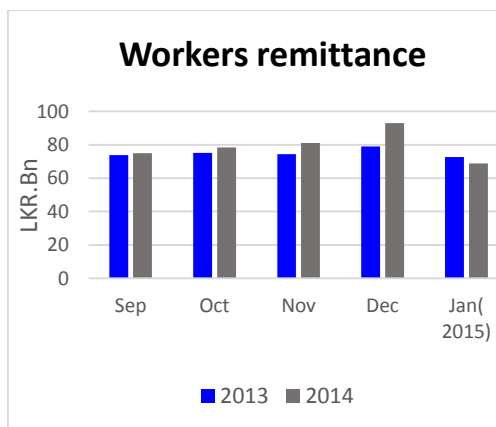
## SRI LANKA FISCAL PERFORMANCE

According to the quarterly financial economic indicators, the Total Outstanding Government debt was increased by Rs. 575.7 Billion to Rs. 7368.9 Billion in 2014. The domestic debt was increased by Rs. 353.2 billion in 2014 whereby the majority of the domestic debts were comprised by Treasury bonds. The Foreign debts increased by Rs. 222.5 Billion mainly due to the issuance of International Sovereign Bond in US Dollars. The Government revenue increased by 5.6% in the first nine months of 2014, due to the tax revenue collected. The budget deficit was narrowed by Rs .Bn 2.1 in first nine months of 2014 compared to 2013.

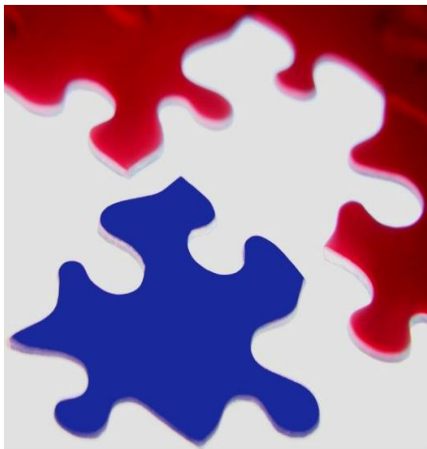
	2011	2012	2013
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2
FOREIGN DEBT % OF GDP	35.6	36.5	34.1



## SRI LANKA EXTERNAL SECTOR



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1. CAPITAL MARKET ACTIVITIES
2. PORTFOLIO MANAGEMENT
3. CORPORATE RESTRUCTURING

*Kenanga Investment Corporation Ltd (KICL) was established in Sri Lanka in 2007 and specializes in capital markets activities with core strengths in investment banking and fund management. KICL is the overseas investment arm of Malaysian listed company K & N Kenanga Holdings Berhad (KNKH), a long established financial group in Malaysia with 40 years of collective experience in equity broking,*



**KENANGA**  
**INVESTMENT FOR ALL**

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- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

## PORTFOLIO MANAGEMENT

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- Listed Equity
- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

## CORPORATE RESTRUCTURING

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- Balance Sheet Restructuring
- Corporate Restructuring

### KENANGA INVESTMENT CORPORATION LTD

4th Floor Landmark Building,  
No 385, Galle Road,  
Colombo 03

Web: [www.kenangasl.com](http://www.kenangasl.com)  
Email: [info@kenangasl.com](mailto:info@kenangasl.com)

Tel: 011 523 8441  
Fax: 011 523 8442



## **KENANGA RETIREMENT PLAN (KRP)**

A smart investment idea

**AN  
INVESTMENT  
RETIREMENT**  
Plan that will give you  
peace of mind during

### **Kenanga Retirement Plan-retirement for any age**

Kenanga Investment Corporation Ltd (KICL)--the investment banking and fund management expert introduces the Kenanga Retirement Plan (KRP), which affords an opportunity for individuals to invest for their retirement from early on.

Why should a customer choose KRP over other retirement products in the market? What differentiates KRP from the rest is the flexibility of the plan to individual needs. With a structure that delivers maximum convenience to the investor, KRP allows customers to monitor their portfolios online to maintain the deliverance of a transparent service. As the money is invested in different entities under the personal name of client, financial market risks can be mitigated, where the security of the investments are enhanced.

The funds will be invested at the equity or corporate debt markets depending on the client's preference. This could be structured according to a period desired by the customer--be it five, ten or 15 years or a period specified by the investor.



### **CONTACT US**

4th Floor, Landmark Building,  
No. 385, Galle Road, Colombo 03.  
Tel: 0094 115 238 441  
Fax: 0094 115 238 442  
E-mail: [info@kenangasl.com](mailto:info@kenangasl.com)  
Web Link : [www.Kenangasl.com](http://www.Kenangasl.com)