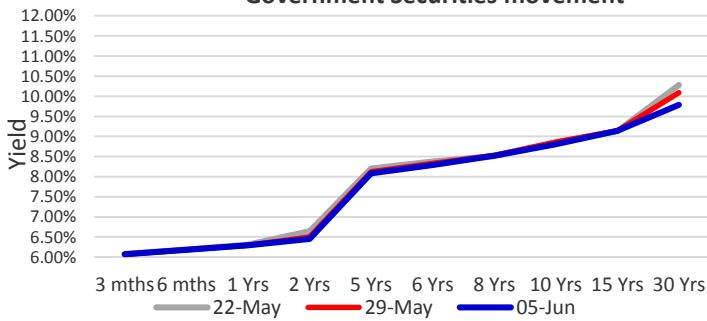
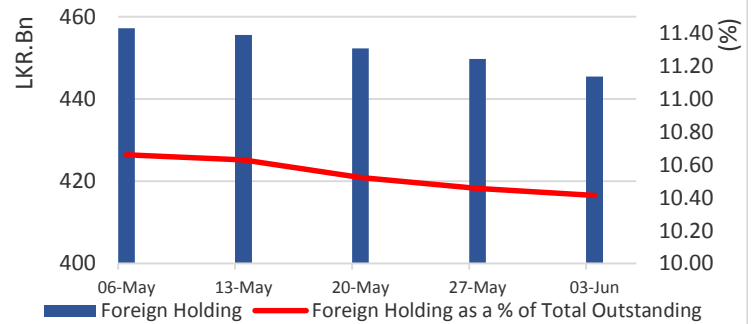


Economic Indicators: LKR/USD 134.16 (1.60% WoW) | AWPR: 7.08% (1.87% WoW) | AWDR: 5.95% (2.06% MoM) | ASPI: 7,123 (1.34% WoW) | S&P SL20: 3,964 (0.92% WoW)

### Government Securities movement



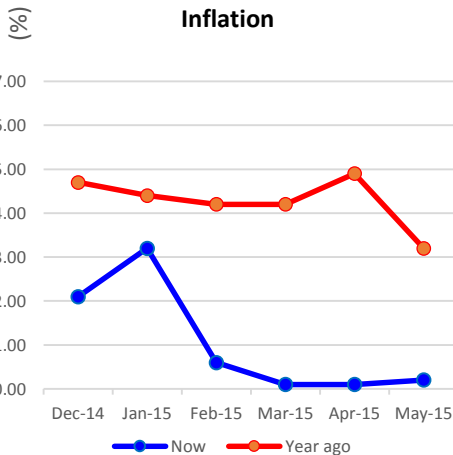
### Foreign holding on Government securities



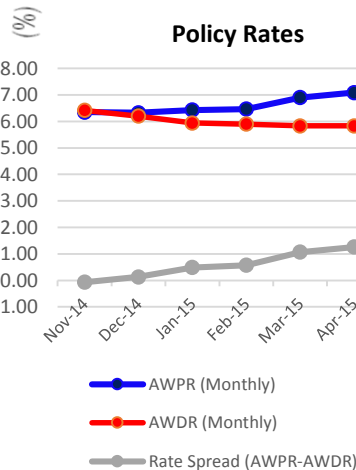
Market	Period	05-Jun	29-May	Change %
Primary Market	3 mths	6.07%	6.07%	0.00%
	6 mths	6.18%	6.18%	0.00%
	1 Yrs	6.29%	6.29%	0.00%
Secondary Market	2 Yrs	6.45%	6.50%	-0.77%
	5 Yrs	8.08%	8.12%	-0.49%
	6 Yrs	8.29%	8.33%	-0.48%
	8 Yrs	8.52%	8.53%	-0.12%
	10 Yrs	8.81%	8.86%	-0.56%
	15 Yrs	9.14%	9.14%	0.00%
30 Yrs	9.79%	10.09%	-2.97%	

- Average Weighted Prime Lending Rate (AWPR): 7.08%. It has increased by 1.87% compared to last week.
- Average Weighted Deposit Rate (AWDR): 5.95% (May), 5.83% (Apr).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.12% (May) and 6.87% (Apr).
- SLIBOR Rates : 6.11% (1Day), 6.27%(7Days), 6.50%(1Month), 6.71%(3Months), 7.02%(6Months), 7.33%(1Yr).
- Inflation (YoY change): 0.2% (May) and 0.1% (Apr).

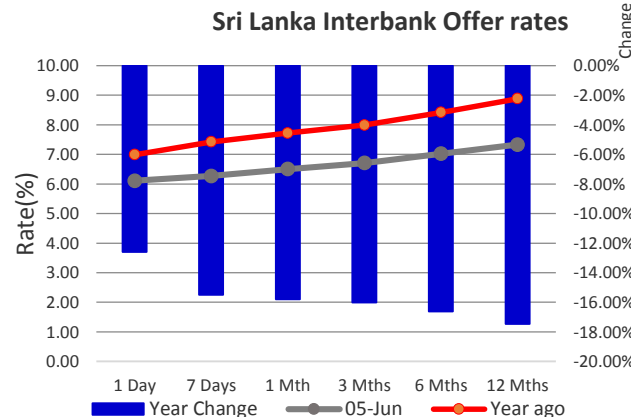
### Inflation



### Policy Rates



### Sri Lanka Interbank Offer rates

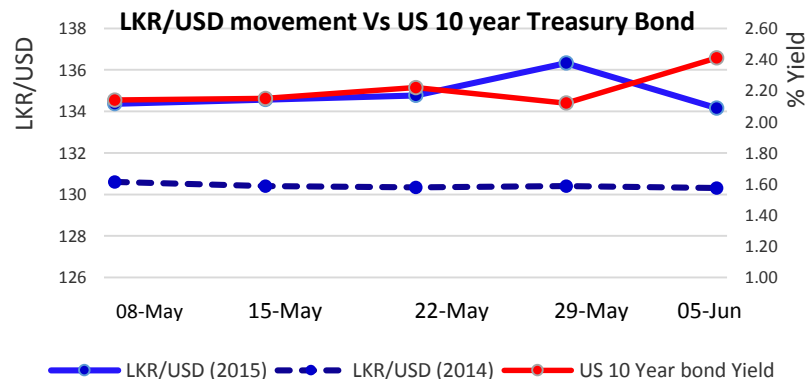


## LKR EXCHANGE RATE MOVEMENT

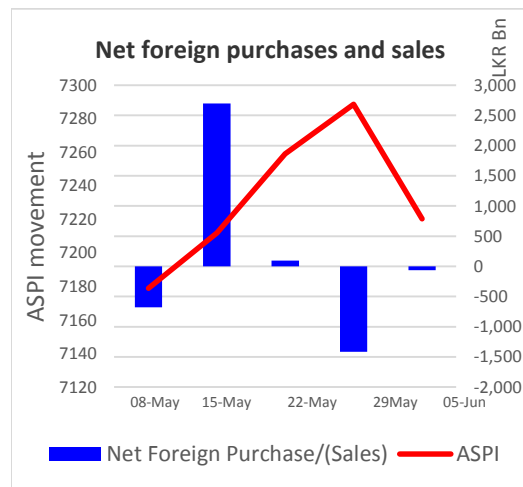
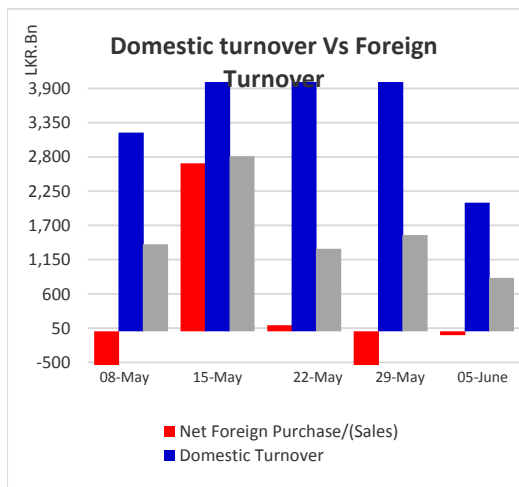
- LKR appreciated over the week by 1.60% against USD from LKR/USD 136.33 to 134.16.
- One month forward rate of LKR/USD is 134.44 (Last week 134.43), three month forward rate is 136.70 (Last week 136.64 )

	08-May	15-May	22-May	29-May	05-Jun
INR 2015	2.08	2.10	2.10	2.10	2.10
INR 2014	2.16	2.20	2.22	2.21	2.20
RM 2015	36.93	37.33	37.26	36.76	36.10
RM 2014	40.19	40.35	40.65	40.45	40.30

### LKR/USD movement Vs US 10 year Treasury Bond



- All Share Price Index: 7,123 points as at 05<sup>th</sup> June 2015.
- S&P 20: 3,964 points as at 05<sup>th</sup> June 2015.
- ASPI decreased by 97 points WoW which is 1.34%.
- S&P 20 decreased WoW by 37 points, reflecting a 0.92% negative variation.
- Net Foreign outflow: LKR. 62Mn.
- Last week recorded a Net foreign outflow LKR. 1415Mn.
- Market capitalization: LKR.3,026Bn which is 1.34% decreased compared to last week.
- Market PE: PE recorded as 19.13 in this week and it has decreased by 1.75% from the last week.



LOCAL NEWS

John Keells Hotels PLC posted a revenue of LKR. 11.38Bn for the financial year 2014/2015, which is a 4% increase compared to the previous financial year. Group profit before tax (PBT) was LKR. 2.19Bn compared to the corresponding figure of LKR. 1.89Bn in 2013/14. The profit attributable to the equity holders of the parent was LKR. 1.85Bn, an 18% increase over the LKR. 1.57Bn reported in the previous financial year. The Sri Lankan Resorts sector posted a revenue of LKR. 5.09Bn, representing an increase of 4% over the previous financial year (2013/14: LKR. 4.88Bn)  
**(Source: Daily FT - 03.06.2015)**

Sri Lanka's ornamental fish sector has gained international attention after winning top awards at the Aquarama 2015 trade exhibition which is the leading international ornamental fish aquatic plant and fish accessories trade exhibition in the world. Sri Lanka's ornamental fish sector participants have won 29 awards at this year's event In 2014 Sri Lanka's ornamental fish exports stood at USD 12.5Mn , an increase of 17% from 2013's figure of USD 10.7Mn. This was a significant increase of 34% from 2012's figure of USD 7.57Mn  
**(Source: Daily FT - 05.06.2015)**

Commercial Bank of Ceylon (ComBank) has been adjudged the 'Best Bank' in Sri Lanka in 2015 by Hong Kong-based 'FinanceAsia' This is the fifth 'FinanceAsia Country Award for Achievement' presented to Commercial Bank in the seven years since the bank became the first entity in Sri Lanka to receive this prestigious honour in 2009. "The FinanceAsia awards are decided principally on performance and follow a stringent evaluation of key performance indicators," Commercial Bank Managing Director/CEO Jegan Durairatnam said. The FinanceAsia award is based on the respective banks' financial performance and considers capital adequacy, liquidity and cost income ratios, pre and post-tax profits, provisions for possible losses, return on equity and network of branches, agents and correspondents.  
**(Source: Daily Mirror- 04.06.2015)**

GLOBAL NEWS

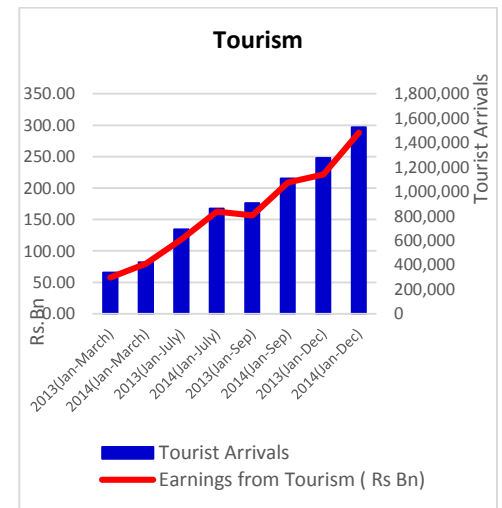
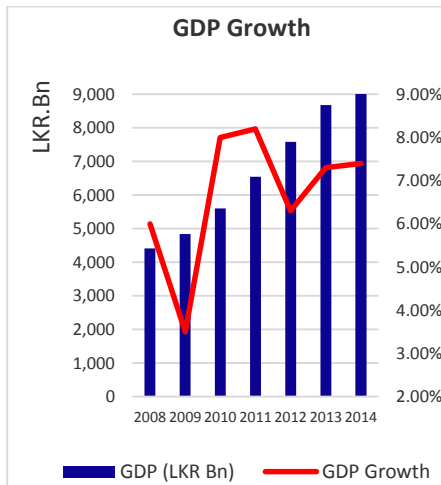
Wal-Mart Stores has been losing fewer number workers since it raised its minimum wage in April. The company has increased its minimum pay to \$9 an hour for its U.S. staff in April, resulted in a increment for half a million workers, and promised to hike it again to \$10 an hour next year. "Our job applications are going up and we are seeing some relief in turnover," Wal-Mart's chief executive, Doug McMillon, told a media briefing after the company's annual shareholders' meeting on 5th June 2015. The company is expecting to raise wages in the future beyond next year's \$10 minimum rate to stay competitive in attracting and retaining workers.  
**(Source: Reuters- 05.06.2015)**

Greece has deferred a payment to the International Monetary Fund since the 1980s as its game of maneuvering with creditors goes down to the wire. Greece's current crisis has led the country run out of money after four months of deadlock. Stocks and bonds have whipsawed this week amid a flurry of political activity starting with a late-night meeting in Berlin between European leaders and the IMF on Monday. Greece rejected the latest proposal from its international creditors, with the Finance Ministry saying the plan "can't solve the riddle" and an agreement requires "immediate convergence of the institutions to more realistic" proposals.  
**(Source: Bloomberg - 05.06.2015)**

The U.S. Securities and Exchange Commission is investigating whether some activist investors secretly acted jointly to target companies. The SEC's enforcement division recently carried out multiple investigations and sent requests for information to a number of hedge funds. Federal securities regulations require investors who jointly agree to buy, sell or vote securities to disclose those arrangements, and to designate themselves as a group if they together own at least 5 percent of a company's stock or are soliciting votes from other shareholders.  
**(Source: Reuters- 04.06.2015)**

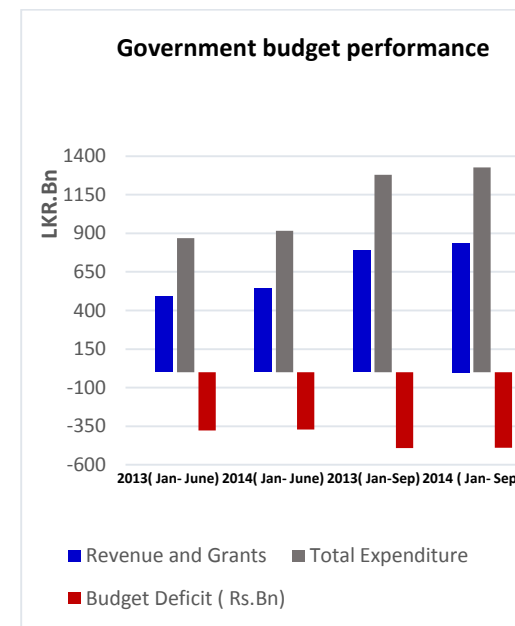
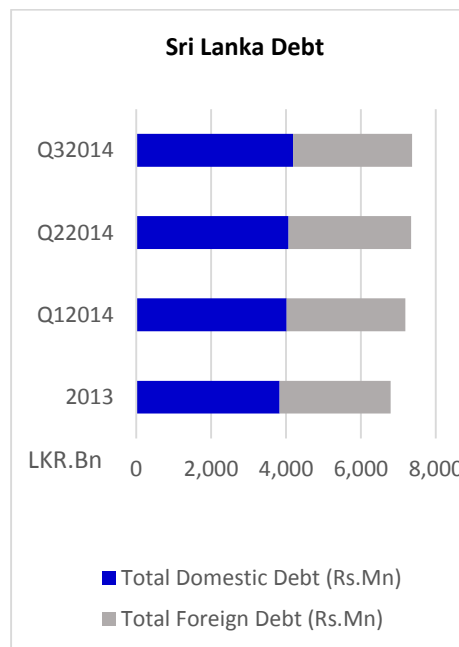
## GDP and Economy

- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 353,799Mn, LKR.1,132,892Mn and LKR. 2,019,973Mn respectively.
- Unemployment rate was 4.3% in 2014 compared to 4.4% in the previous year.



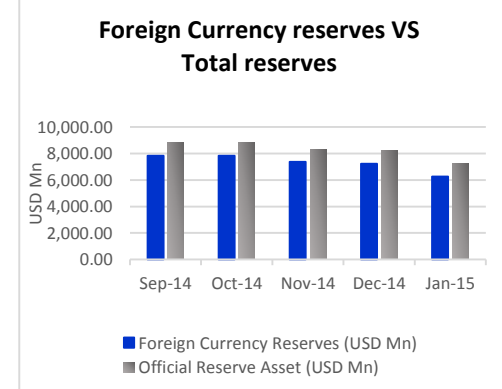
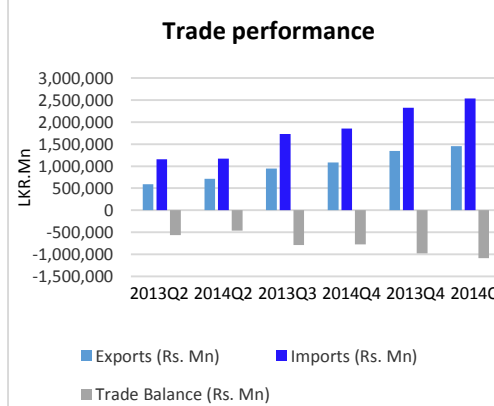
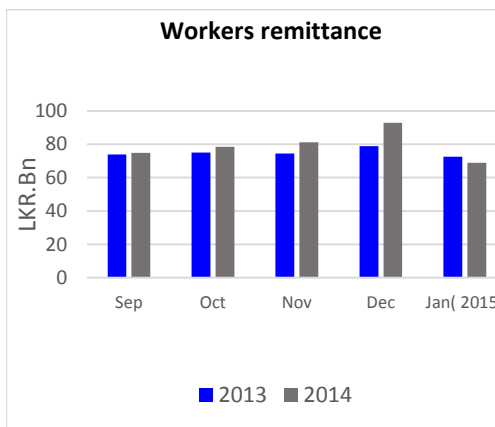
## SRI LANKA FISCAL PERFORMANCE

According to the quarterly financial economic indicators, the Total Outstanding Government debt increased by LKR. 575.7Bn to LKR. 7368.9Bn in 2014. The domestic debt was increased by LKR. 353.2Bn in 2014 whereby the majority of the domestic debt comprised of Treasury bonds. The Foreign debt increased by LKR. 222.5Bn mainly due to the issuance of International Sovereign Bond in USD. 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 LKR. 2.1Bn in first nine months of 2014 compared to 2013.

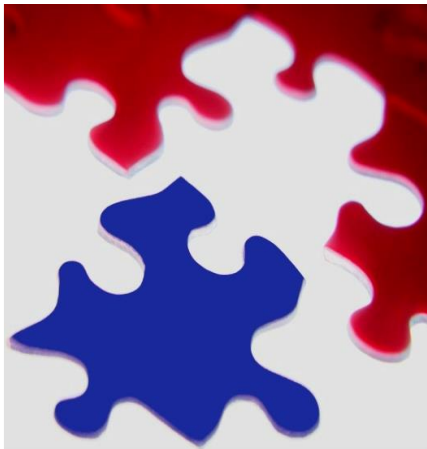


	2011	2012	2013
<b>GOVERNMENT DEBT/GDP (%)</b>	78.5	79.2	78.3
<b>DOMESTIC DEBT/ GDP (%)</b>	42.9	42.7	44.2
<b>FOREIGN DEBT % OF GDP</b>	35.6	36.5	34.1

## 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





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A smart investment idea

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

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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)