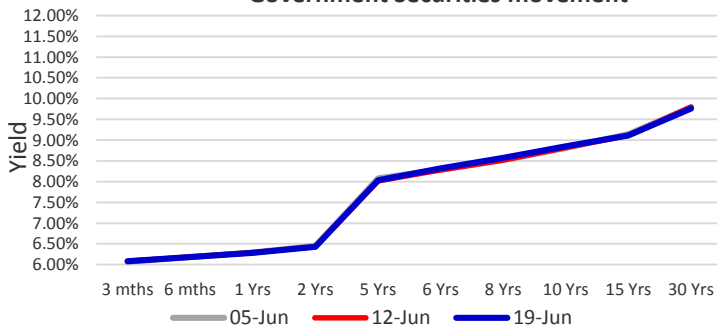


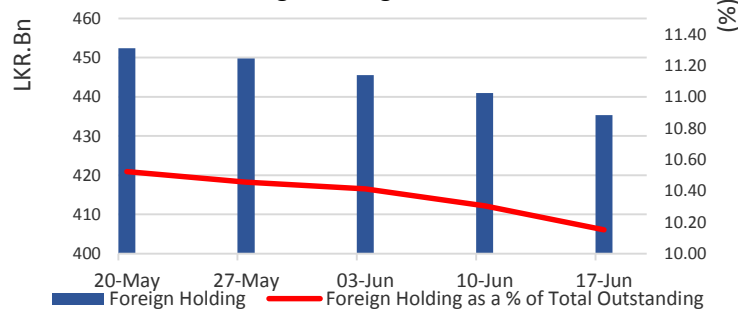
Economic Indicators: LKR/USD 134.22 (0.13% WoW) | AWPR: 6.93% (1.02% WoW) | AWDR: 5.95% (2.06% MoM) | ASPI: 7,035 (0.37% WoW) | S&P SL20: 3,906 (0.20% WoW)

### Government Securities movement



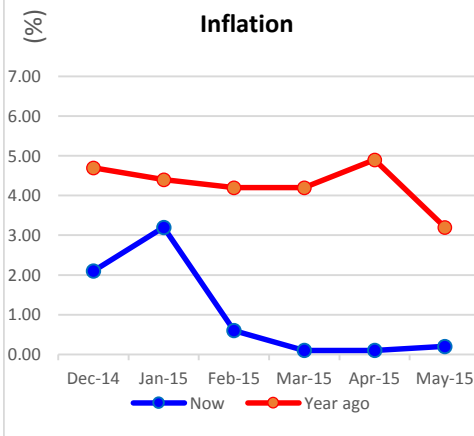
Market	Period	19-Jun	12-Jun	Change %
Primary Market	3 mths	6.08%	6.08%	0.00%
	6 mths	6.18%	6.18%	0.00%
	1 Yr	6.28%	6.29%	-0.16%
Secondary Market	2 Yrs	6.43%	6.43%	0.00%
	5 Yrs	8.03%	8.02%	0.12%
	6 Yrs	8.32%	8.28%	0.48%
	8 Yrs	8.57%	8.52%	0.59%
	10 Yrs	8.85%	8.82%	0.34%
	15 Yrs	9.11%	9.11%	0.00%
	30 Yrs	9.76%	9.80%	-0.41%

### Foreign holding on Government securities

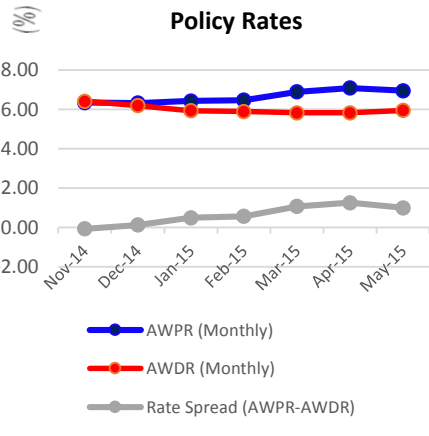


- Average Weighted Prime Lending Rate (AWPR): 6.93%. It has increased by 1.02% compared to last week.
- Average Weighted Deposit Rate (AWDR): 5.95% (May), 5.83% (Apr).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.12% (May) and 6.87% (Apr).
- SLIBOR Rates : 6.11% (1Day), 6.30%(7Days), 6.50%(1Month), 6.75%(3Months), 7.01%(6Months), 7.31%(1Yr).
- Inflation (Annual average change): 1.9% (May) and 2.1% (Apr).

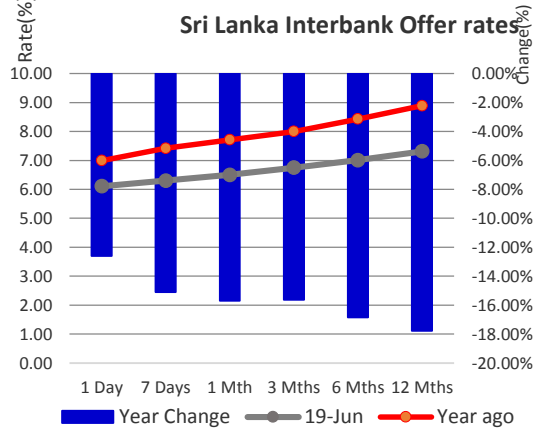
### Inflation



### Policy Rates



### Sri Lanka Interbank Offer rates

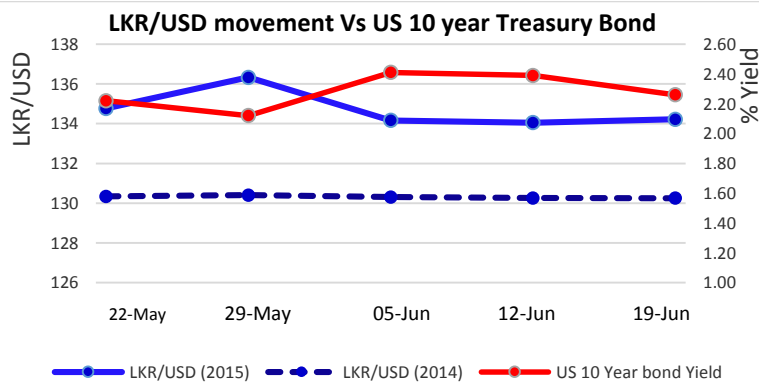


## LKR EXCHANGE RATE MOVEMENT

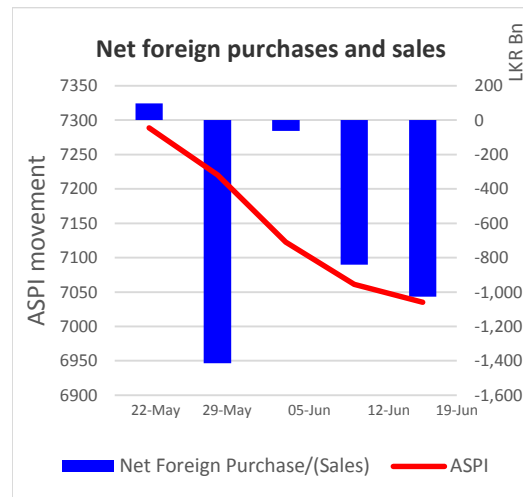
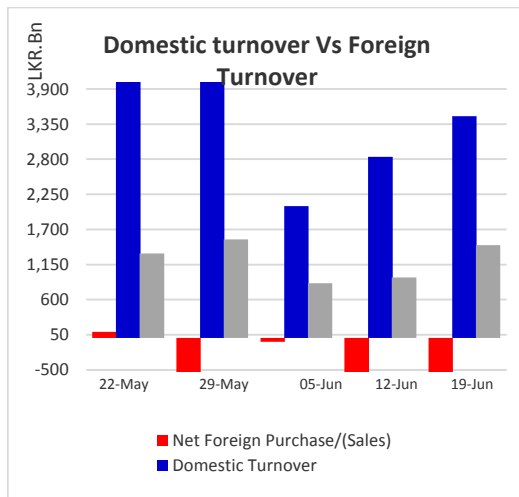
- LKR depreciated over the week by 0.13% against USD from LKR/USD 134.05 to 134.22.
- One month forward rate of LKR/USD is 134.59 (Last week 134.45), three month forward rate is 135.80 (Last week 0.00)

	22-May	29-May	05-Jun	12-Jun	19-Jun
INR 2015	2.10	2.10	2.10	2.09	2.11
INR 2014	2.22	2.21	2.20	2.20	2.16
RM 2015	37.26	36.76	36.10	35.79	36.11
RM 2014	40.65	40.45	40.30	40.56	40.48

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



- All Share Price Index: 7,035 points as at 19<sup>th</sup> June 2015.
- S&P 20: 3,906 points as at 19<sup>th</sup> June 2015.
- ASPI decreased by 26 points WoW which is 0.37%.
- S&P 20 decreased WoW by 08 points, reflecting a 0.20% negative variation.
- Net Foreign outflow: LKR. 1,027Mn.
- Last week recorded a Net foreign outflow LKR. 841Mn.
- Market capitalization: LKR.2,989Bn which is 0.37% decreased compared to last week.
- Market PE: PE recorded as 17.98 in this week and it has decreased by 2.76% from the last week.



LOCAL NEWS

As Sri Lankan annual apparel exports closed in on the crucial \$ 5 billion mark, South America’s largest apparel market was given a preview of Lankan fashion when the Brazil International Apparel Sourcing Show 2015 (BIAS 2015) opened in Sao Paulo on 27 May. Lanka’s EDB and Joint Apparel Association Forum (JAAF) officials led a delegation consisting of reps from six companies to BIAS 2015, the leading international apparel show of Brazil and South America showcasing leading Asian apparel manufacturers for worldwide exports.

**(Source: Daily FT - 15.06.2015)**

Janashakthi Insurance PLC, Sri Lanka’s pioneer in motor, non-motor and life insurance services, has come forward as the strategic partner for CIMA’s flagship event of the year: Business Leaders’ Summit 2015. The CIMA Business Leaders’ Summit is an annual business conference that renders a platform for high level executives from diverse sectors to share experiences and knowledge on a trending topic. This year the conference themed ‘Future Defined’ commenced on 16 June with its ceremonial inauguration followed by the intellectual connect event on 17 June 2015.

**(Source: Daily FT - 17.06.2015)**

The Sri Lankan economy is expected to expand 7.2 percent this year despite a sluggish increase in the first three months of 2015, on higher growth in tourism, banking and garment manufacturing, Finance Minister Ravi Karunanayake said on 17 June 2015. Mr. Karunanayake’s forecast is higher than what economists expect and is above the Central Bank’s estimate of 7 percent growth for the year. The Central Bank said in April it expected growth to slow from last year’s 7.4 percent year-on-year because of a slowdown in government-led construction and subdued private investment in the first quarter amid corruption probes on several Chinese-financed infrastructure projects.

**(Source: Reuters- 18.06.2015)**

GLOBAL NEWS

The National Association of Realtors is expected to report strong growth in existing home sales for May. On Wednesday (17th June), Lennar (LEN.N), the No. 2 U.S. homebuilder is expected to report that it had a strong second quarter. The housing recovery has been uneven. U.S. permits for future home construction surged to a near eight-year high in May, a sign of a build up of momentum, but housing starts fell. Permits were driven by multifamily construction plans, which jumped 24.9 percent, while single-family permits, the largest share of the market, increased only 2.6 percent.

**(Source: Reuters- 19.06.2015)**

U.S. stocks fell on Friday (19th June) ahead of a summit next week that could decide whether Greece will need to print its own currency and ditch the euro. Euro zone leaders are scheduled to meet in a last-ditch effort to reach a deal with Athens. As bank withdrawals across Greece ballooned to about 4.2 billion euros this week, the European Central Bank boosted its emergency funding for Greek banks. Friday's decline in stocks "has to do with the meeting on Monday," said King Lip, chief investment officer at Baker Avenue Asset Management in San Francisco. "It's sort of the last lifeline they are going to throw out to Greece and people are selling ahead of that because of the uncertainty." Lip said.

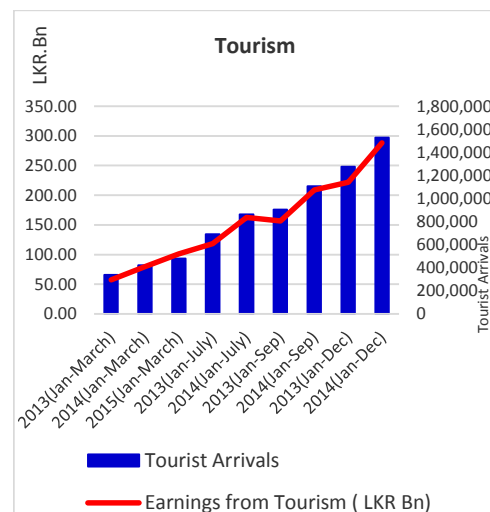
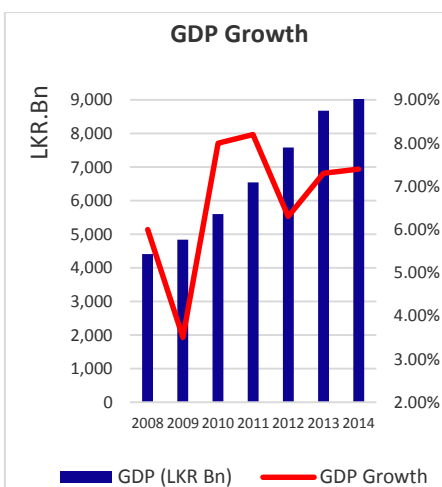
**(Source: Reuters - 19.06.2015)**

KB Home rose the most since 2012 after reporting fiscal second-quarter earnings that beat analysts’ estimates and a jump in orders for houses. Net income for the three months through May was \$9.6 million, or 10 cents a share, compared with \$26.6 million, or 27 cents, a year earlier, the Los Angeles-based homebuilder said in a statement Friday. The average estimate of 15 analysts was for earnings of 8 cents a share, according to data compiled by Bloomberg. Net orders rose 33 percent from a year earlier to 3,015 homes.

**(Source: Bloomberg- 19.06.2015)**

## GDP and Economy

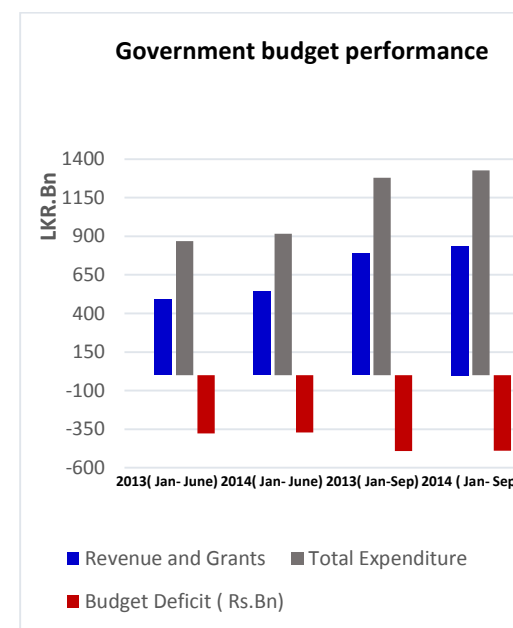
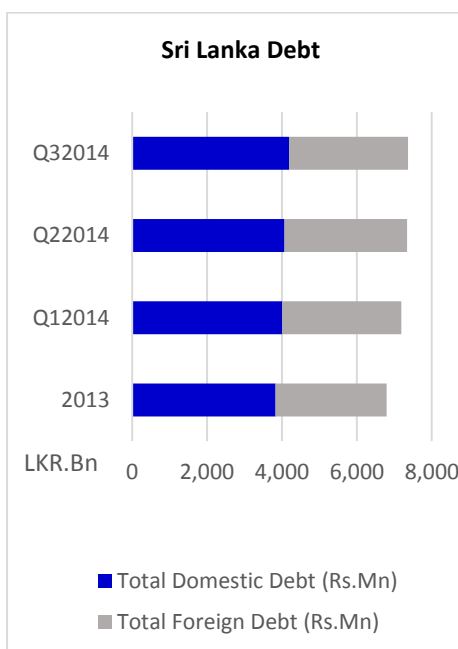
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 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.



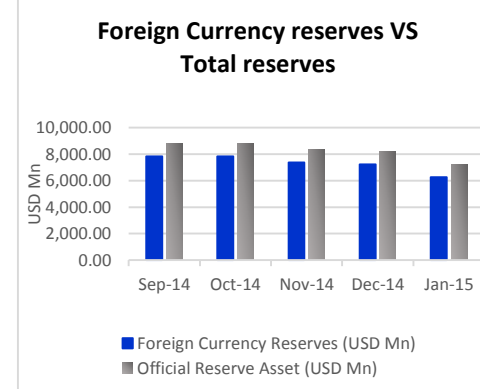
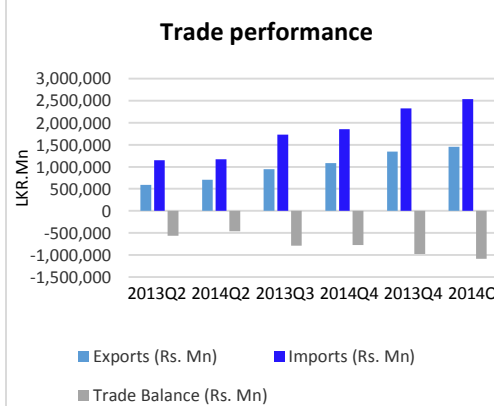
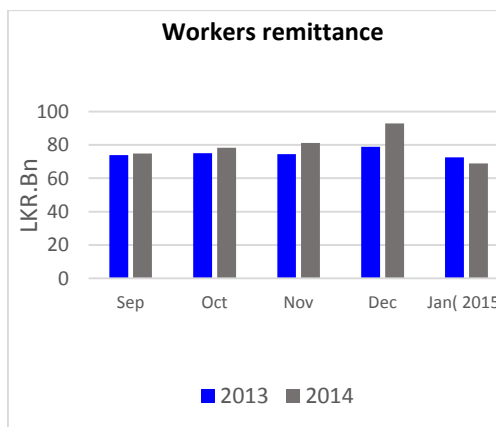
## SRI LANKA FISCAL PERFORMANCE

Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent in 2013, mainly due to the decline in domestic interest payments with lower interest rates in the market. Domestic interest payments to GDP declined to 3.4 per cent in 2014 from 4.1 per cent in 2013.

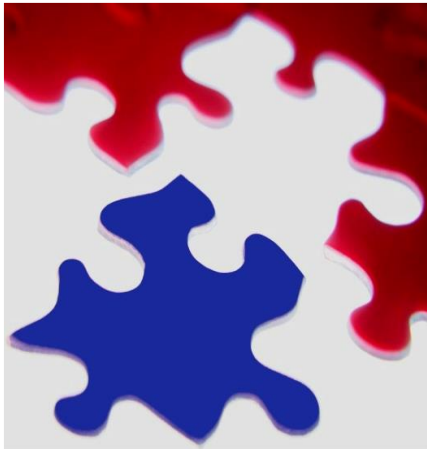
	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



## 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

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Fax: 011 523 8442



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A smart investment idea

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RETIREMENT**

Plan that will give you  
peace of mind during

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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.



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