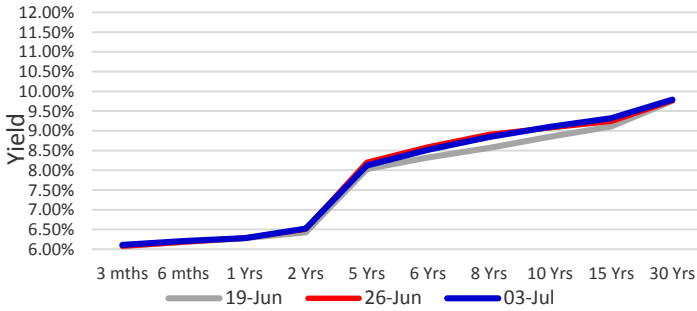
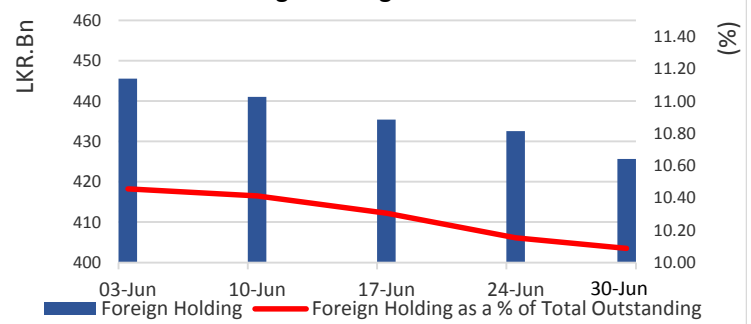


Economic Indicators: LKR/USD 133.60 (0.06% WoW) | AWPR: 7.00% (1.82% WoW) | AWDR: 6.02% (1.18% MoM) | ASPI: 7,007 (0.13% WoW) | S&P SL20: 3,915 (0.36% WoW)

### Government Securities movement



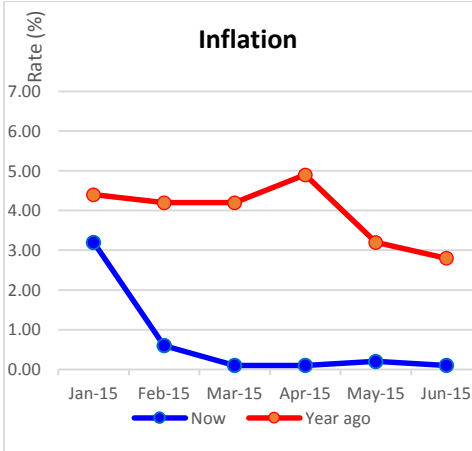
### Foreign holding on Government securities



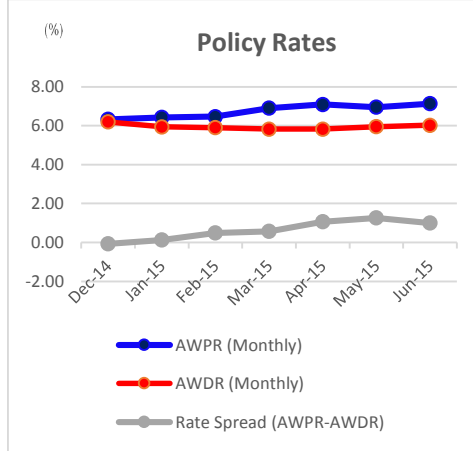
Market	Period	03-Jul	26-Jun	Change %
Primary Market	3 mths	6.11%	6.08%	0.49%
	6 mths	6.21%	6.18%	0.49%
	1 Yr	6.28%	6.28%	0.00%
Secondary Market	2 Yrs	6.52%	6.51%	0.15%
	5 Yrs	8.12%	8.20%	-0.98%
	6 Yrs	8.52%	8.59%	-0.81%
	8 Yrs	8.84%	8.91%	-0.79%
	10 Yrs	9.10%	9.08%	0.22%
	15 Yrs	9.32%	9.24%	0.87%
30 Yrs	9.79%	9.77%	0.20%	

- Average Weighted Prime Lending Rate (AWPR): 7.00%. It has decreased by 1.82% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.02% (Jun), 5.95% (May).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.29% (Jun) and 7.12% (May).
- SLIBOR Rates : 6.13% (1Day), 6.28%(7Days), 6.54%(1Month), 6.80%(3Months), 7.06%(6Months), 7.37%(1Yr).
- Inflation (Annual average change): 1.7% (Jun) and 1.9% (May).

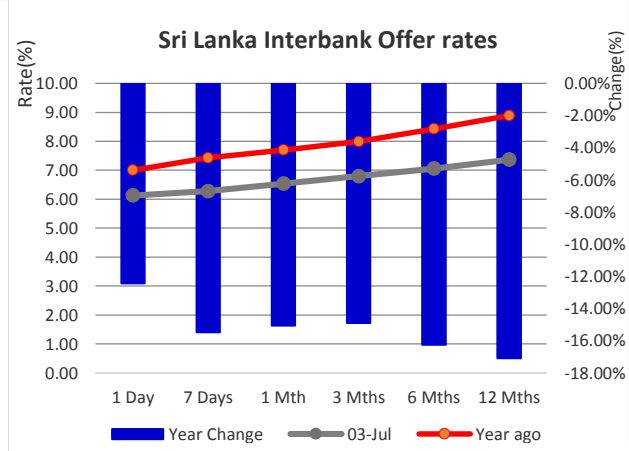
### Inflation



### Policy Rates



### Sri Lanka Interbank Offer rates

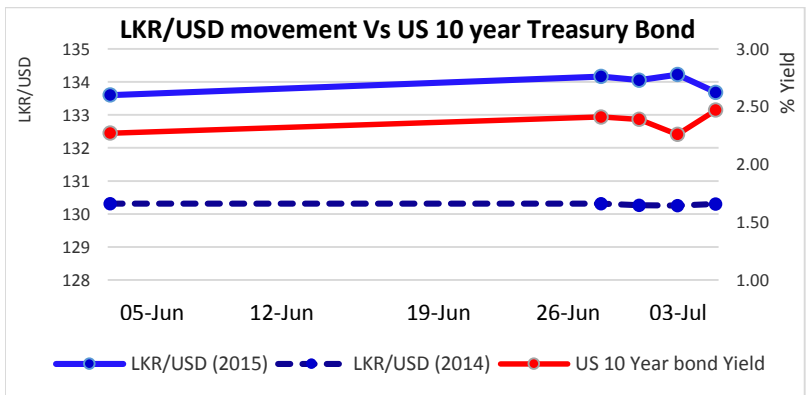


### LKR EXCHANGE RATE MOVEMENT

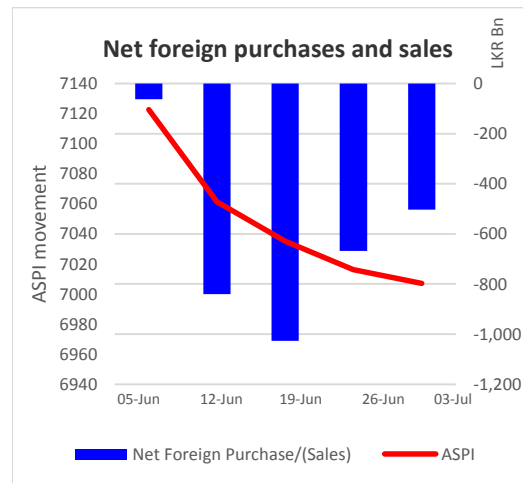
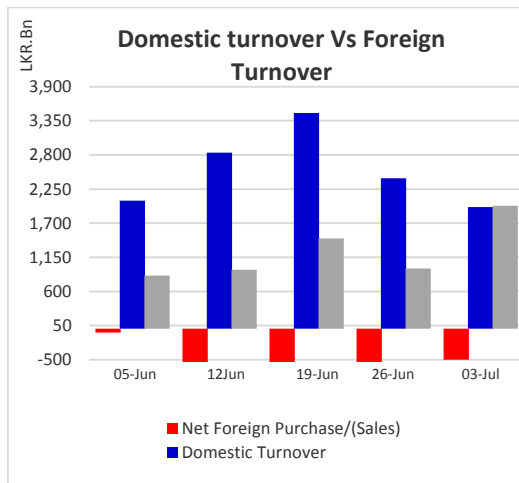
- LKR appreciated over the week by 0.06% against USD from LKR/USD 133.68 to 133.60.
- One month forward rate of LKR/USD is 134.19 (Last week 134.45), three month forward rate is 135.36 (Last week 135.48)

	05-Jun	12-Jun	19-Jun	26-Jun	03-Jul
INR 2015	2.10	2.09	2.11	2.10	2.11
INR 2014	2.20	2.20	2.16	2.17	2.19
RM 2015	36.10	35.79	36.11	35.56	35.32
RM 2014	40.30	40.56	40.48	40.47	40.63

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



- All Share Price Index: 7,007 points as at 03<sup>rd</sup> July 2015.
- S&P 20: 3,915 points as at 03<sup>rd</sup> July 2015.
- ASPI decreased by 09 points WoW which is 0.13%.
- S&P 20 increased WoW by 14 points, reflecting a 0.36% positive variation.
- Net Foreign outflow: LKR. 503Mn.
- Last week recorded a Net foreign outflow LKR. 668Mn.
- Market capitalization: LKR.2,977Bn which is 0.13% decreased compared to last week.
- Market PE: PE recorded as 18.00 in this week and it has increased by 0.95% from the last week.



LOCAL NEWS

Just weeks after being crowned overall victor and ‘International Textile Firm of the Year’ at the World Textile Awards in London, Textured Jersey Lanka PLC (TJL), a local weft knit manufacturer is eyeing an overseas acquisition. It has announced its intent to acquire Ocean India (Pvt) Ltd, further to the disclosure made last February with regard to the initiation of independent valuations and due diligence studies with a view to acquiring a controlling stake in that company. Ocean India (Private) Limited, is a knit fabric manufacturing operation in Visakhapatnam, India (Ocean India). The TJL director board has decided to acquire, subject to obtaining the necessary corporate and regulatory approvals.  
**(Source: Daily Mirror - 01.07.2015)**

The Central Bank said on Tuesday (30th June) that inflation, as measured by the change in the Colombo Consumers’ Price Index (CCPI) (2006/07=100), which is compiled by the Department of Census and Statistics, declined marginally to 0.1%, on an year-on-year basis in June 2015, from 0.2% recorded in May 2015. Annual average inflation declined from 1.9% in May 2015 to 1.7% in June 2015. However, CCPI increased by 1.0% from May to June 2015. The monthly increase in CCPI was mainly caused by the increase in food prices. Prices of some varieties of vegetables, fresh fish, green chilies, red onions, limes, dhal, potatoes and sprats increased during June 2015.  
**(Source: Daily FT - 02.07.2015)**

The agreement with SupremeSAT to introduce ‘ExactFarming’ will be marked as a major step forward to uplift the local agriculture and agrarian community, said Minister of Agriculture Duminda Dissanayake. ‘ExactFarming’ is a platform jointly developed by SupremeSAT and Silicon Valley’s ExactFarming Inc. The platform will offer high quality, most frequent, processes satellite imagery to the agrarian community of Sri Lanka through the Ministry of Agriculture. This very innovative step taken by the Ministry will introduce precision farming techniques in Sri Lanka. Using ‘ExactFarming,’ the Ministry will be able to have precise information of each and every agrarian land in Sri Lanka and will also be directly linked with every farmer in Sri Lanka.  
**(Source: Daily FT- 03.07.2015)**

GLOBAL NEWS

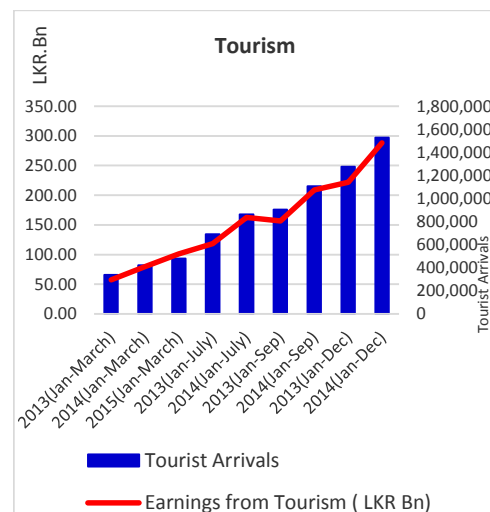
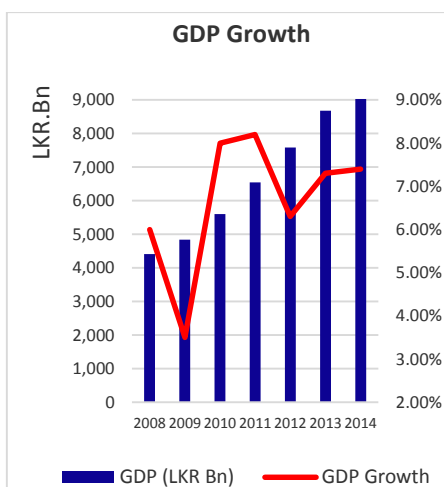
The U.S. government sued to block Electrolux AB from taking over General Electric Co.’s appliance business, warning that the \$3.3 billion deal would hurt consumers. The sale “would leave millions of Americans vulnerable to price increases for ranges, cooktops and wall ovens, products that serve an important role in family life and represent large purchases for many households,” Leslie Overton, a deputy assistant U.S. attorney general, said in a statement. Electrolux agreed in September 2014 to acquire the century-old GE unit in a deal that would put the Swedish company on par with industry leader Whirlpool Corp. in the U.S. The sale would add GE brands such as Hotpoint to an Electrolux lineup that includes AEG stoves and Frigidaire refrigerators.  
**(Source: Bloomberg- 02.07.2015)**

H.J. Heinz Co on Thursday completed its purchase of Kraft Foods Group Inc, creating the third largest food and beverage company in North America and fifth largest worldwide. The new company, Kraft Heinz Co, will have roughly \$28 billion of annual revenue from brands such as Oscar Mayer, Philadelphia, Velveeta, Maxwell House, Ore-Ida and Jell-O, as well as Kraft cheese and Heinz ketchup. Berkshire Hathaway Inc and Brazilian investment firm 3G Capital, which together bought Heinz in 2013, own 51 percent of Kraft Heinz and control six of its 11 board seats, including one for Berkshire chairman Warren Buffett. Alex Behring, 3G’s managing partner, is Kraft Heinz’s chairman.  
**(Source: Reuters - 02.07.2015)**

Greece voted against yielding to further austerity demanded by creditors, leaving Europe’s leaders to determine if the renegade nation can remain in the euro. Sixty-one percent of voters backed Prime Minister Alexis Tsipras’s rejection of further spending cuts and tax increases in an unprecedented referendum that’s also taken the country to the brink of financial collapse. Tsipras described the result as a “great victory”, and said Athens would return to the negotiating table on Monday with a strengthened hand. The result turns the tables on Merkel and Greece’s other creditors, who must now decide if a financial rescue of the region’s most-indebted country is still possible. It significantly raises the chances of a Greek exit from the single currency, as the country’s banks run out of cash and its economy staggers toward all-out collapse  
**(Source: Bloomberg- 06.07.2015)**

## GDP and Economy

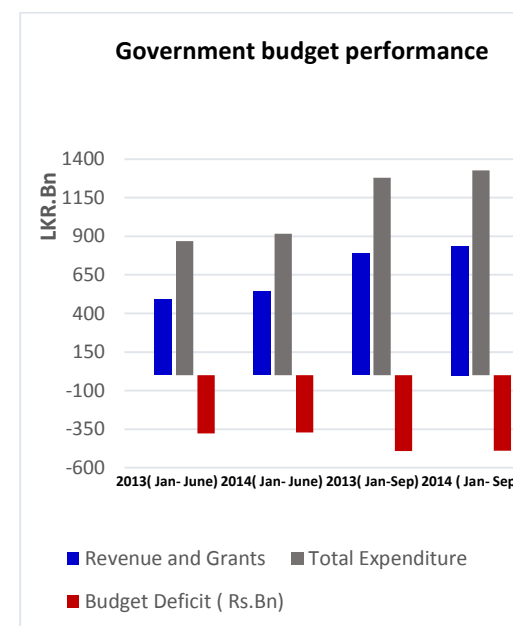
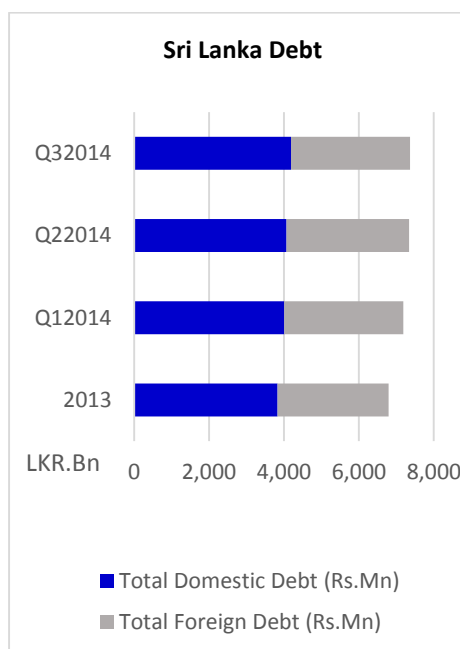
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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



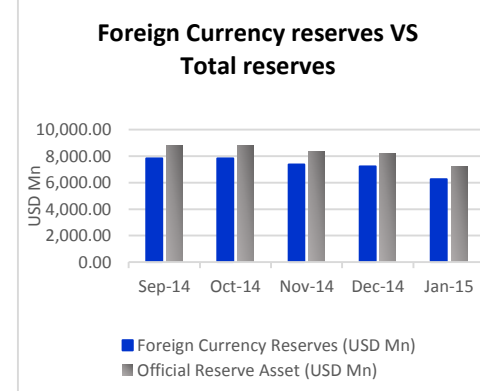
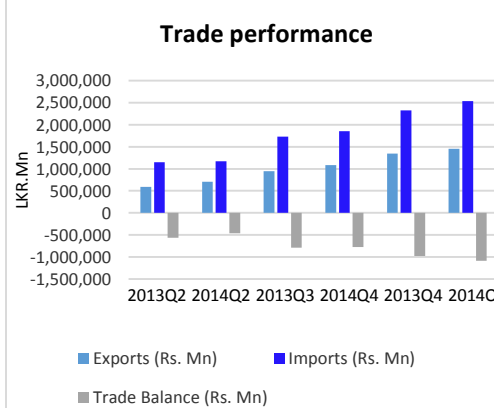
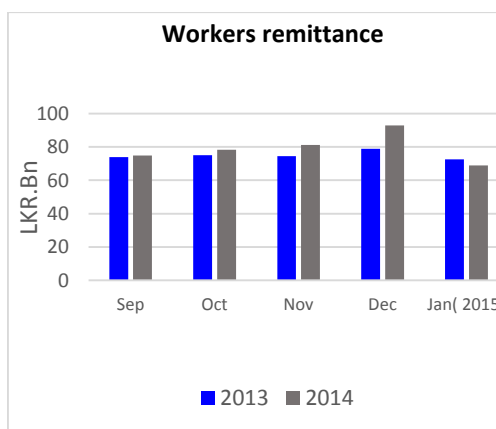
## SRI LANKA FISCAL PERFORMANCE

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.

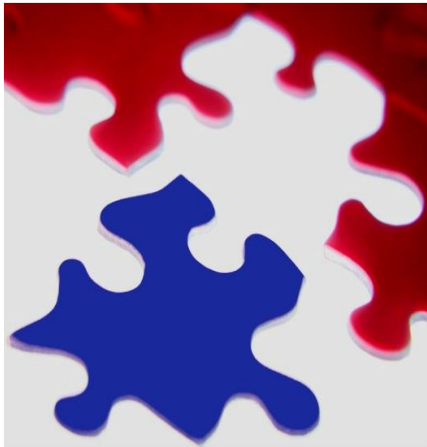
	2011	2012	2013	2014
<b>GOVERNMENT DEBT/GDP (%)</b>	78.5	79.2	78.3	75.5
<b>DOMESTIC DEBT/ GDP (%)</b>	42.9	42.7	44.2	43.7
<b>FOREIGN DEBT % OF GDP</b>	35.6	36.5	34.1	31.8
<b>BUDGET DEFICIT/GDP (%)</b>	-6.9	-6.5	-5.9	-5.2



## SRI LANKA EXTERNAL SECTOR



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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,*



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**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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A smart investment idea

**AN  
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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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