



Economic Indicators: LKR/USD 133.69 (0.04% WoW)

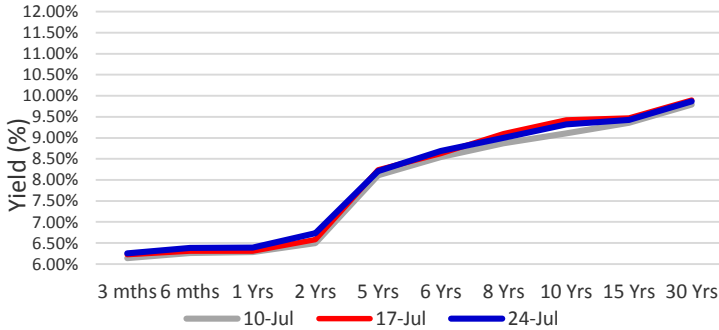
AWPR: 6.98% (2.35% WoW)

AWDR: 6.02% (1.18% MoM)

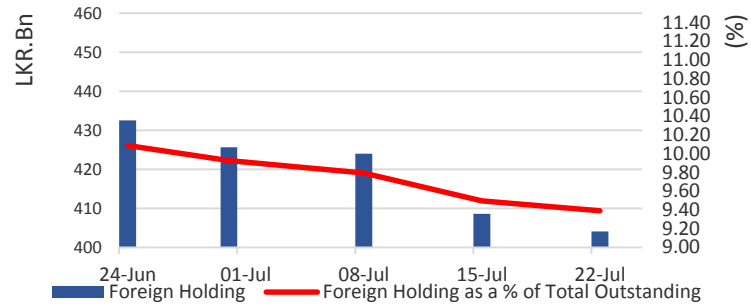
ASPI: 7,269 (1.49% WoW)

S&P SL20: 4,072 (1.44% WoW)

### Government Securities movement



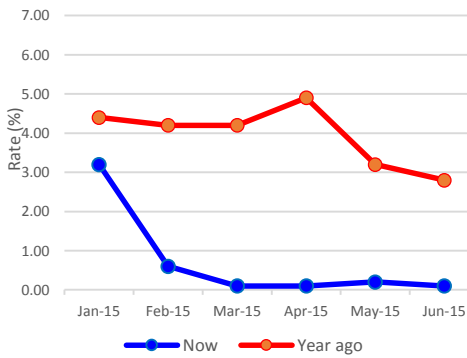
### Foreign holding on Government securities



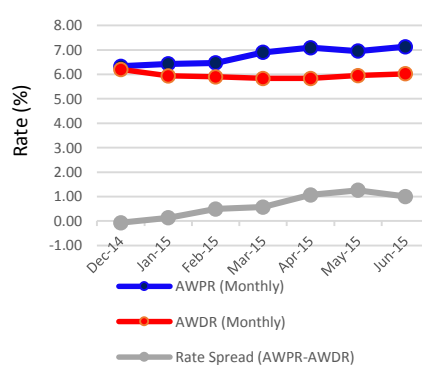
Market	Period	24-Jul	17-Jul	Change %
Primary Market	3 mths	6.25%	6.22%	0.48%
	6 mths	6.38%	6.31%	1.11%
	1 Yr	6.39%	6.31%	1.27%
Secondary Market	2 Yrs	6.73%	6.58%	2.28%
	5 Yrs	8.21%	8.24%	-0.36%
	6 Yrs	8.69%	8.63%	0.70%
	8 Yrs	9.00%	9.10%	-1.10%
	10 Yrs	9.32%	9.43%	-1.17%
	15 Yrs	9.43%	9.47%	-0.42%
	30 Yrs	9.87%	9.90%	-0.30%

- Average Weighted Prime Lending Rate (AWPR): 6.98%. It has increased by 2.35% 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), 6.30%(7Days), 6.59%(1Month), 6.80%(3Months), 7.09%(6Months), 7.39%(1Yr).
- Inflation (Annual average change): 1.7% (Jun) and 1.9% (May).

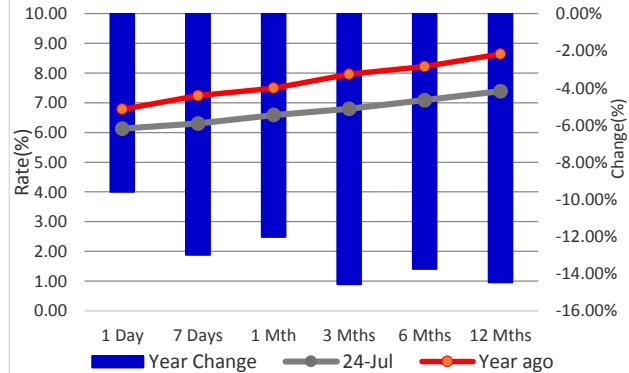
### Inflation



### Policy Rates



### Sri Lanka Interbank Offer rates

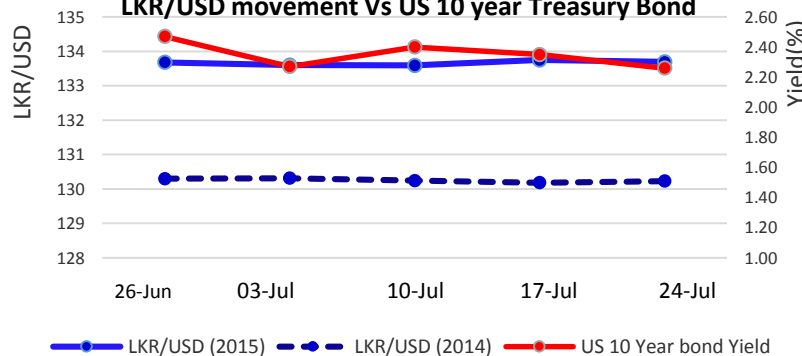


### LKR EXCHANGE RATE MOVEMENT

- LKR appreciated over the week by 0.04% against USD from LKR/USD 133.75 to 133.69.
- One month forward rate of LKR/USD is 134.33 (Last week 134.33), three month forward rate is 135.46 (Last week 135.44)

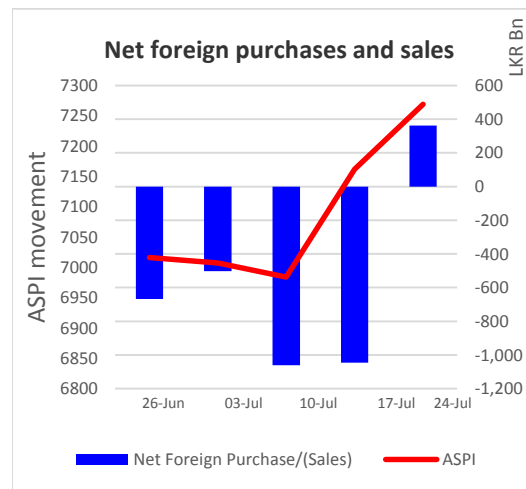
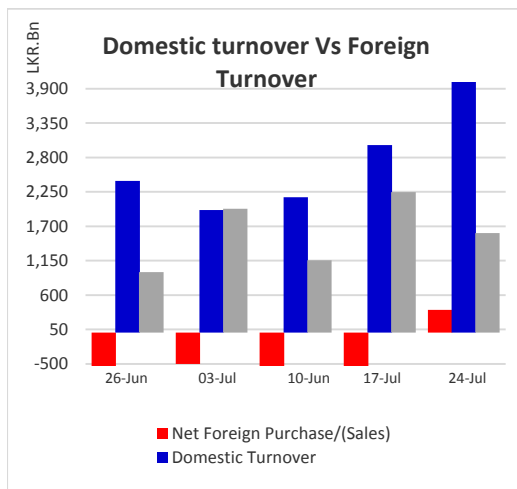
	26-Jun	03-Jul	10-Jul	17-Jul	24-Jul
INR 2015	2.10	2.11	2.11	2.11	2.09
INR 2014	2.17	2.19	2.18	2.17	2.17
RM 2015	35.56	35.32	35.31	35.13	35.12
RM 2014	40.47	40.63	41.06	40.88	41.12

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



## Colombo Stock Exchange

- All Share Price Index: 7,269 points as at 24<sup>th</sup> July 2015.
- S&P 20: 4,072 points as at 24<sup>th</sup> July 2015.
- ASPI increased by 107 points WoW which is 1.49%.
- S&P 20 increased WoW by 58 points, reflecting a 1.44% positive variation.
- Net Foreign inflow: LKR. 362Mn.
- Last week recorded a Net foreign outflow LKR. 1,045Mn.
- Market capitalization: LKR.3,089Bn which is 1.51% increase compared to last week.
- Market PE: PE recorded as 18.81 in this week and it has increased by 1.46% from the last week.



## LOCAL NEWS

The country's exports sector continue to struggle, with May data showing an overall marginal decline though apparels have outperformed as soaring imports further widened the trade deficit. In April, exports slumped to their lowest level in two years and in May, the performance couldn't turn positive as the sector ended with a 0.1% decline. This was despite the apparel sector reporting an encouraging 7.5% growth. Some viewed the flat growth in May as an encouragement especially after the dip in April. On a cumulative basis, export earnings during the first five months of 2015 increased marginally by 0.2%, year-on-year, to \$ 4.47 billion. Whilst exports struggled, imports continue to soar, recording a 17.2%, year-on-year, to \$1.58 billion in May led by vehicle imports. (Source: Daily FT - 23.07.2015)

The Central Bank has kept policy rates unchanged following the July monetary policy review taking into account recent developments and near term outlook. It said inflation, as measured by the year-on-year change in the Colombo Consumers' Price Index (CCPI), remained at near-zero levels recording 0.1% in June 2015 compared to 0.2% in the previous month. Annual average inflation also continued to moderate further to 1.7% in June 2015 from 1.9% in the previous month. Meanwhile, indicating well contained underlying demand pressures, core inflation also remained low at 2.8% in June 2015 on a year-on-year basis compared to 2.6% in the previous month. . It is expected that the current level of inflation will continue in the next few months mainly reflecting the benefit of downward adjustments in administered prices of fuel and energy. (Source: Daily FT - 24.07.2015)

Fitch Ratings Lanka has upgraded MCSL Financial Services Limited's (MFSL) national long-term rating of 'BBB(lka)' to 'A+(lka)'. Fitch has simultaneously removed the rating from Rating Watch Positive and withdrawn the rating as the company no longer exists. Accordingly, Fitch will no longer provide ratings or analytical coverage for MFSL. The rating action follows the public announcement on January 2, 2015 by Merchant Bank of Sri Lanka and Finance PLC (MBSF) that it has merged with MFSL and MBSL Savings Bank Limited (MSB). The merger of the three companies was registered with the Registrar-General of Companies in Sri Lanka on January 1, 2015. (Source: Daily Mirror- 24.07.2015)

## GLOBAL NEWS

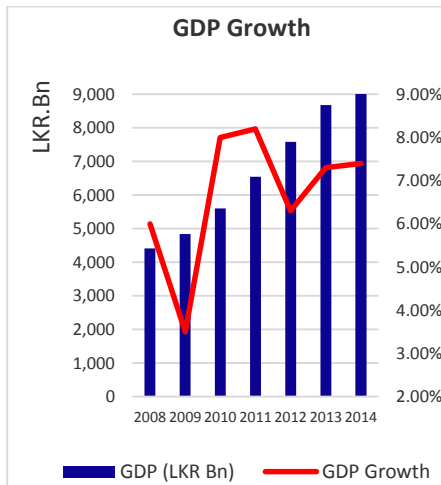
Hedge funds and private-equity firms are on track to lease a record amount of space in London's Mayfair & St James's neighbourhoods this year as an influx of wealthy investors makes the city a more attractive location. Alternative-investment firms have been increasing their share of London's financial-services leasing market since 2011 as investment-banking employment shrinks and asset management grows. They accounted for 29 percent of all new office space rented in Mayfair and St James's this year, 1 percentage point more than in 2014, the data show. The private-equity firms and hedge funds typically lease space in the West End district, which includes Mayfair and St James's, because they want to be based in a prestigious area (Source: Reuters- 24.07.2015)

Anthem Inc has decided to buy Cigna Corp for about \$54.2 billion, creating the largest U.S. health insurer by membership and accelerating the industry's consolidation from five national players to three. The proposed acquisition, the health insurance industry's largest, comes three weeks after Aetna Inc agreed to buy Humana Inc for \$37 billion. Health insurers are finding it tougher to raise prices following the roll-out of President Barack Obama's healthcare law, while grappling with soaring expenses of medications including cancer drugs that can cost each patient more than \$100,000 a year. Anthem said buying Cigna would help it reduce costs and negotiate lower prices with doctors and hospitals. (Source: Reuters - 24.07.2015)

Gold slid more than 1% on 24th July to its lowest since early 2010 as fresh strength in the dollar prompted another wave of selling, putting the metal on course for its biggest weekly loss in nine months. Prices have been under pressure since tumbling more than 3%, their biggest one-day drop in nearly two years, in a selloff accompanied by heavy trading volumes in New York and Shanghai. Spot gold hit a low of \$ 1,077.00 an ounce on Friday and was down 0.7% at \$1,083.25. US gold futures for August delivery were down \$ 11.70 an ounce at \$ 1,082.40. (Source: Reuters- 25.07.2015)

## GDP and Economy

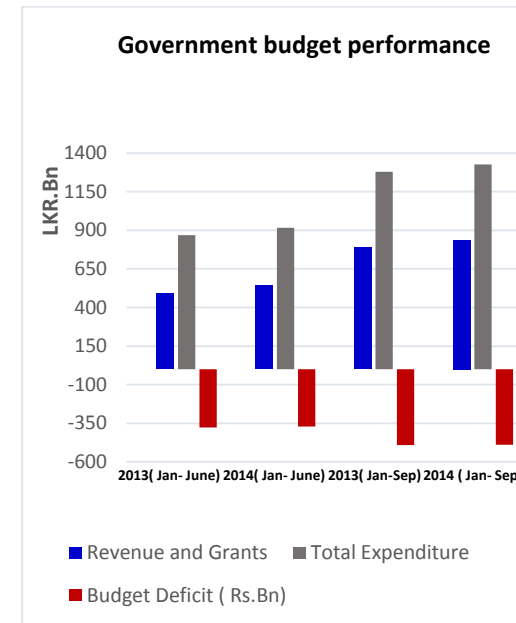
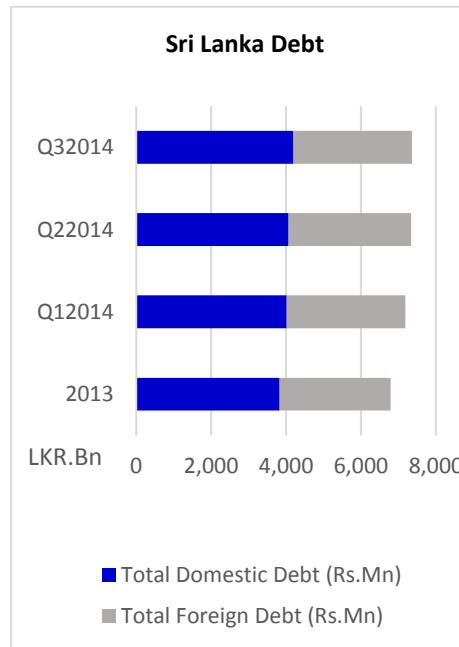
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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



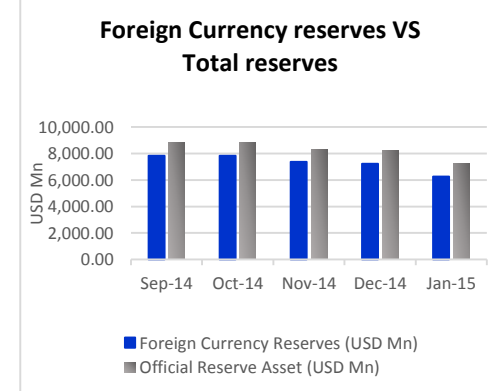
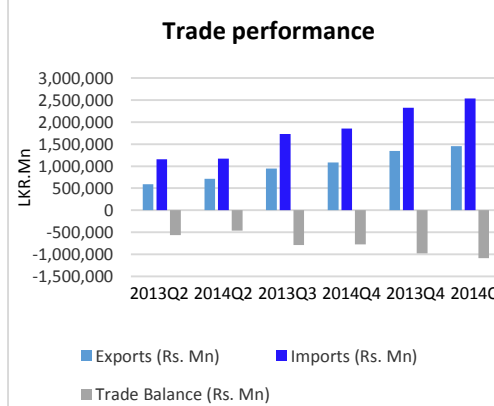
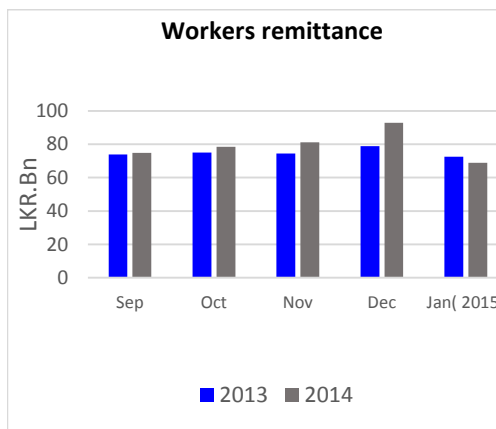
## SRI LANKA FISCAL PERFORMANCE

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.

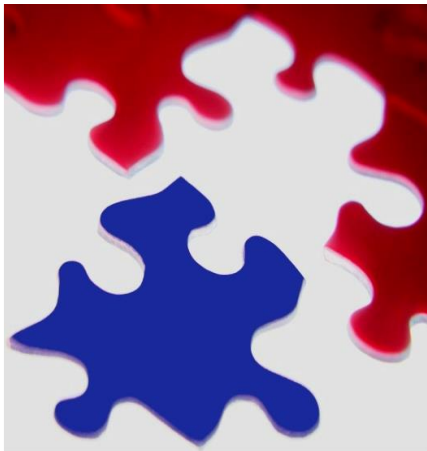
	2011	2012	2013	2014
<b>GOVERNMENT DEBT/GDP (%)</b>	78.5	79.2	78.3	75.5
<b>DOMESTIC DEBT/ GDP (%)</b>	42.9	42.7	44.2	43.7
<b>FOREIGN DEBT % OF GDP</b>	35.6	36.5	34.1	31.8
<b>BUDGET DEFICIT/GDP (%)</b>	-6.9	-6.5	-5.9	-5.2



## SRI LANKA EXTERNAL SECTOR



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2. PORTFOLIO MANAGEMENT
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*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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- Listed Equity
- Fixed Income Securities
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- Balance Sheet Restructuring
- Corporate Restructuring

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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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