



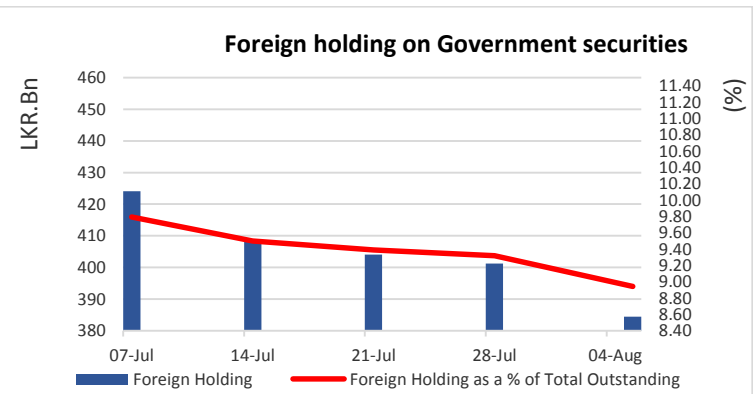
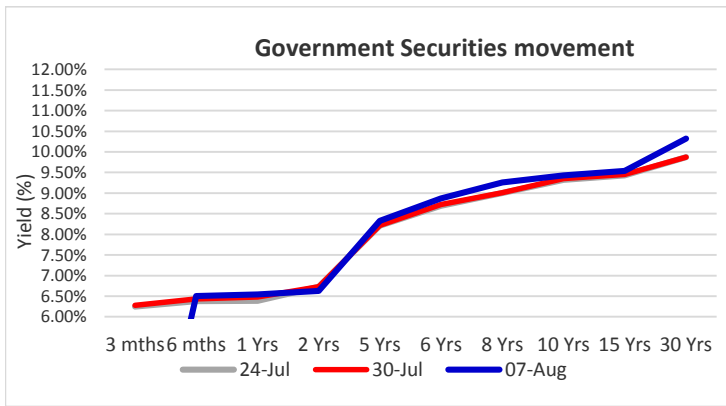
Economic Indicators: LKR/USD 133.71 (0.07% WoW)

AWPR: 6.85% (1.86%)

AWDR: 6.00% (0.33% MoM)

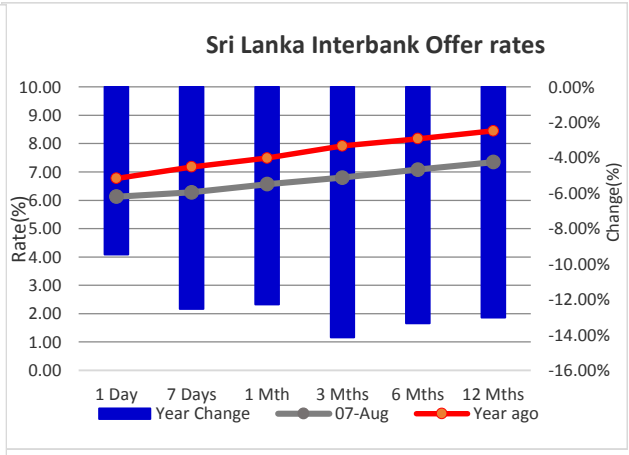
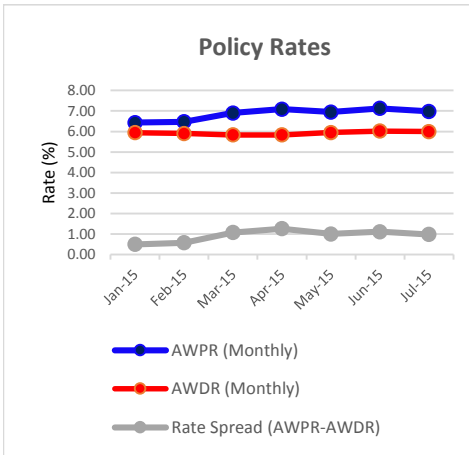
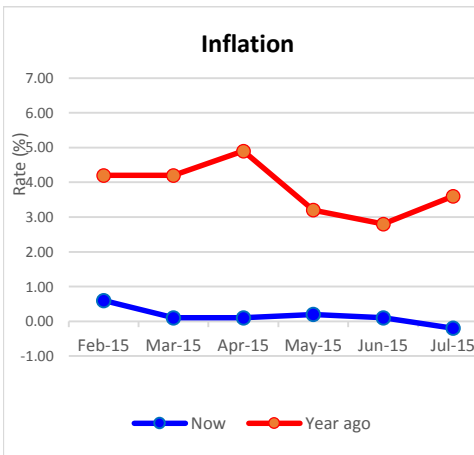
ASPI: 7,371 (0.53% WoW)

S&P SL20: 4,097 (0.27% WoW)



Market	Period	07-Aug	30-Jul	Change %
Primary Market	3 mths	0.00%	6.28%	-100.00%
	6 mths	6.50%	6.43%	1.09%
	1 Yr	6.54%	6.48%	0.93%
Secondary Market	2 Yrs	6.63%	6.73%	-1.49%
	5 Yrs	8.33%	8.22%	1.34%
	6 Yrs	8.87%	8.72%	1.72%
	8 Yrs	9.26%	9.01%	2.77%
	10 Yrs	9.43%	9.35%	0.86%
	15 Yrs	9.54%	9.45%	0.95%
	30 Yrs	10.32%	9.87%	4.56%

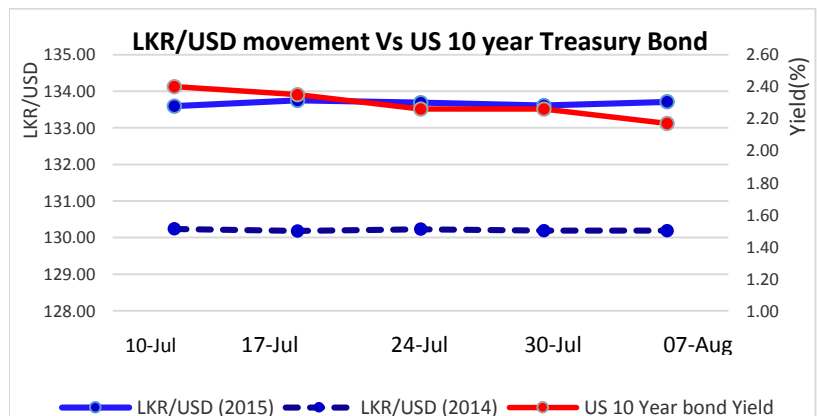
- Average Weighted Prime Lending Rate (AWPR): 6.85%. It has reduced by 1.86% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.00% (Jul), 6.02% (Jun).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.21% (Jul) and 7.29% (Jun).
- SLIBOR Rates : 6.13% (1Day), 6.28%(7Days), 6.57%(1Month), 6.80%(3Months), 7.08%(6Months), 7.35%(1Yr).
- Inflation (Annual average change): 1.3% (Jul) and 1.7% (Jun).



## LKR EXCHANGE RATE MOVEMENT

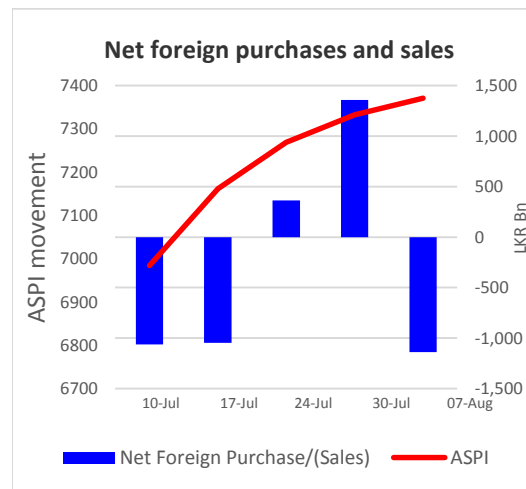
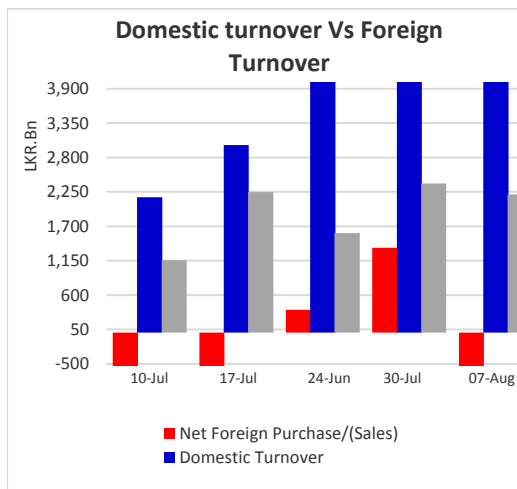
- LKR depreciated over the week by 0.07% against USD from LKR/USD 133.61 to 133.71.
- One month forward rate of LKR/USD is 134.18 (Last week 135.27), three month forward rate is 135.10 (Last week 135.31)

	10-Jul	17-Jul	24-Jul	30-Jul	07-Aug
INR 2015	2.11	2.11	2.09	2.09	2.10
INR 2014	2.18	2.17	2.17	2.17	2.12
RM 2015	35.31	35.13	35.12	35.03	34.12
RM 2014	41.06	40.88	41.12	40.97	40.64



## Colombo Stock Exchange

- All Share Price Index: 7,371 points as at 07<sup>th</sup> Aug 2015.
- S&P 20: 4,097 points as at 07<sup>th</sup> Aug 2015.
- ASPI increased by 39 points WoW which is 0.53%.
- S&P 20 decreased WoW by 11 points, reflecting a 0.27% negative variation.
- Net Foreign outflow: LKR. 1,139Mn.
- Last week recorded a Net foreign inflow LKR. 1,357Mn.
- Market capitalization: LKR.3,131Bn which is 0.51% increase compared to last week.
- Market PE: PE recorded as 19.08 in this week and it has increased by 0.53% from the last week.



## LOCAL NEWS

Weft knit manufacturer Textured Jersey Lanka PLC (TJL) reported a net profit of Rs.206 million for the quarter ended June 30, 2015 (1Q16), up 26 percent year-on-year (YoY). Basic earnings per share improved to 31 cents from 25 cents. According to TJL Chairman Bill Lam, the company achieved two key strategic milestones during the year; announcing the acquisitions of Ocean India (Private) Limited (OCI) and Quenby Lanka Prints (Private) Limited (QLP). During 1Q16, pursuant to the conclusion of all legal and regulatory formalities, TJL was able to consolidate QLP as a wholly owned subsidiary of TJL with effect from 1st June 2015. Accordingly, for 1Q16 TJL recorded consolidated revenue of Rs.2.8 billion.

(Source: Daily Mirror - 07.08.2015)

The Central Bank has announced that it plans to sell \$ 100 million worth of development bonds to foreign and local investors. The Public Debt Department of the Central Bank will issue \$ 100 million in Sri Lanka development bonds of one year and seven months and two years and five months tenors to eligible investors for subscription at a rate of either \$ 6 month LIBOR plus a margin determined through competitive bidding (floating rate) or at a fixed rate to be determined through competitive bidding. Minimum investment is \$ 100,000 with additional investments in multiples of \$ 10,000. The bonds are exempted from income tax paid in Sri Lanka.

(Source: Daily FT - 07.08.2015)

Standard & Poor's Ratings Services has affirmed its 'B+' long-term and 'B' short-term sovereign credit ratings on Sri Lanka with a stable outlook expecting Sri Lanka's growth prospects to be favorable. The global rating agency said the rating on Sri Lanka reflects the country's relatively low wealth, improving but still moderately weak external liquidity, and a high Government debt and interest burden while the stable outlook reflects its expectation that Sri Lanka's credit metrics will remain broadly unchanged in the next 12 months.

(Source: Daily FT- 08.08.2015)

## GLOBAL NEWS

Crude oil dipped on Friday (07th August), plumbing multi-month lows and heading for a sixth straight week of losses, as the approaching end of the U.S. summer driving season suggested a growing surplus in gasoline supply. Oilfield services firm Baker Hughes' report that the U.S. oil rig count rose by six this week added to the bearish sentiment for crude as it signalled production could creep up from higher drilling activity. Drillers have added a total of 32 oil rigs over the past three weeks. Hedge funds' net longs in U.S. crude fell to near five-year lows in the two previous weeks. Government data showing U.S. gasoline stocks exceeded market estimates by about 300,000 barrels last week has pushed global oil benchmark Brent to six-month lows and U.S. crude to a 4-1/2-month trough since Wednesday (5th August).

(Source: Reuters- 07.08.2015)

Bank of America Corp. is offering \$1.2 billion of mostly delinquent home loans, extending a series of sales by lenders seeking to pare holdings and meet demand by investment firms for soured mortgages. The company is selling five pools consisting of nonperforming debt, loans that have been modified and resumed payment, and some that haven't defaulted, according to a person with knowledge of the matter. Four of the pools are being serviced Bank of America and one is managed by Ocwen Financial Corp., said the person, who asked not to be identified because the planned sale is private. Banks, forced to pledge more capital for some assets they hold in the face of financial regulations, have sold or offered about \$18 billion of defaulted home loans so far this year, according to debt broker Mission Capital Advisors.

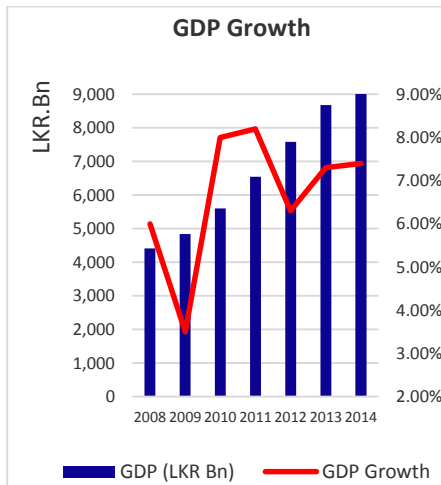
(Source: Bloomberg - 31.07.2015)

Pressure from sliding commodities prices is spreading from the junk-bond market to a broader gauge of U.S. corporate-credit risk. The cost to insure against default on high-grade bonds as measured by the Markit CDX North American Investment Grade Index rose to 75.1 basis points, the most since December 2014. The Bloomberg Commodity Index fell for the third straight day, touching its lowest level since 2002. Credit-default swaps on companies exposed to plunging commodity prices weighed on the swaps gauge, which typically rises as investor confidence deteriorates. Crude oil's decline to its lowest price since March 17 rekindled concern that energy companies will be less able to service their debt.

(Source: Reuters- 31.07.2015)

## GDP and Economy

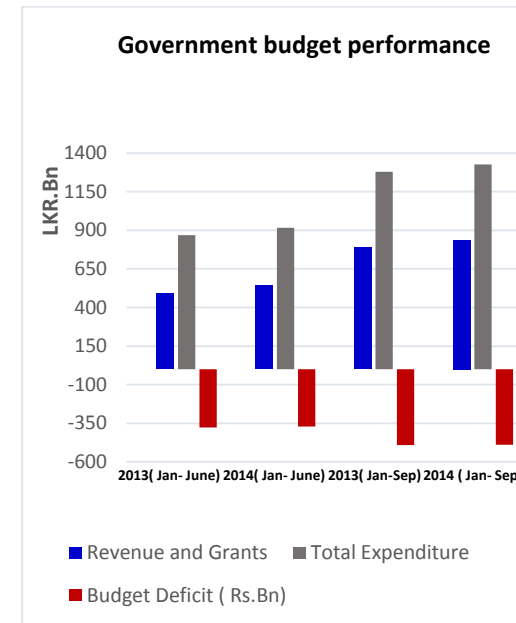
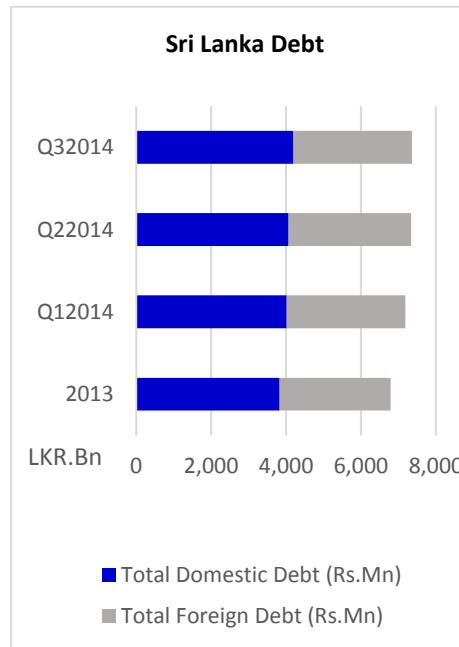
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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



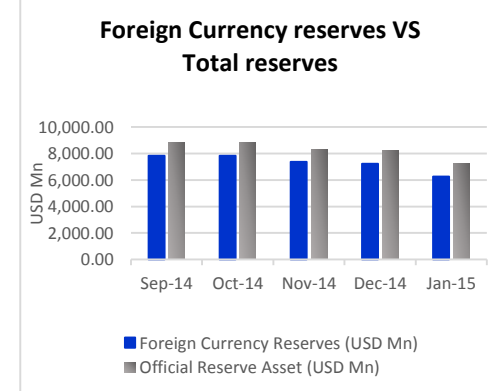
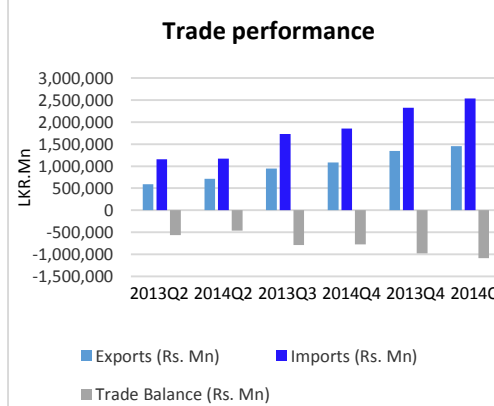
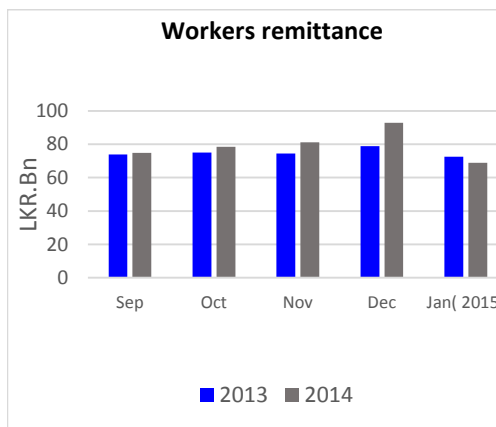
## SRI LANKA FISCAL PERFORMANCE

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.

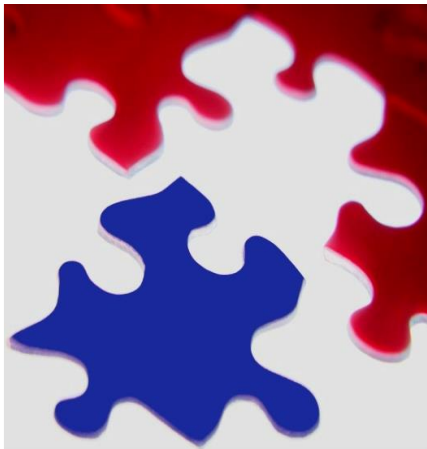
	2011	2012	2013	2014
<b>GOVERNMENT DEBT/GDP (%)</b>	78.5	79.2	78.3	75.5
<b>DOMESTIC DEBT/ GDP (%)</b>	42.9	42.7	44.2	43.7
<b>FOREIGN DEBT % OF GDP</b>	35.6	36.5	34.1	31.8
<b>BUDGET DEFICIT/GDP (%)</b>	-6.9	-6.5	-5.9	-5.2



## 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,*



**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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Plan that will give you  
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