



Economic Indicators: LKR/USD 133.95 (0.18% WoW)

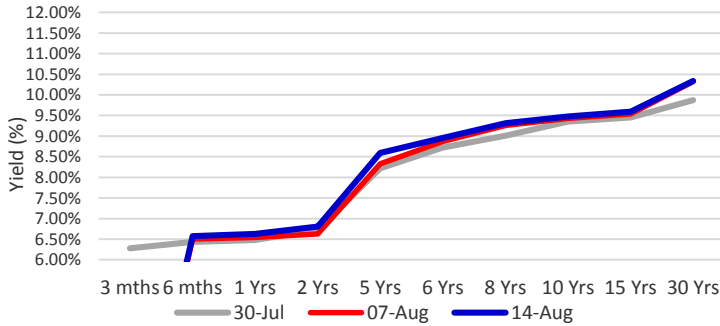
AWPR: 6.79% (0.88%)

AWDR: 6.00% (0.33% MoM)

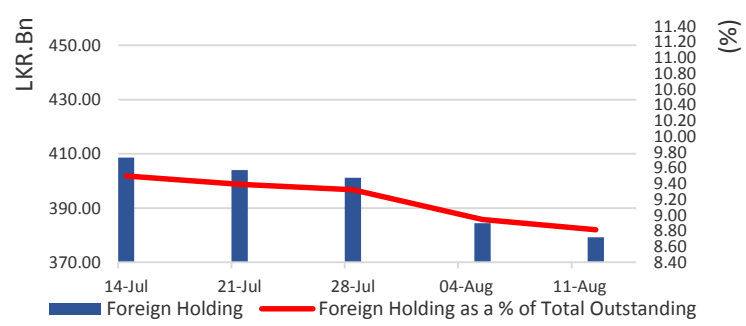
ASPI: 7,462 (1.23% WoW)

S&P SL20: 4,149 (1.27% WoW)

Government Securities movement



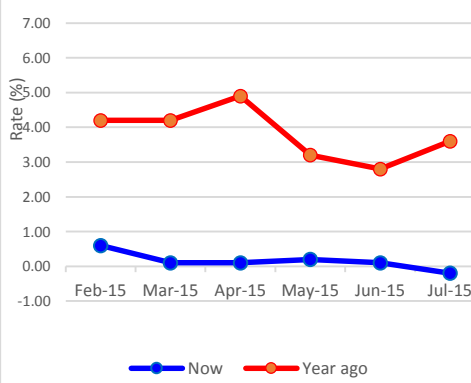
Foreign holding on Government securities



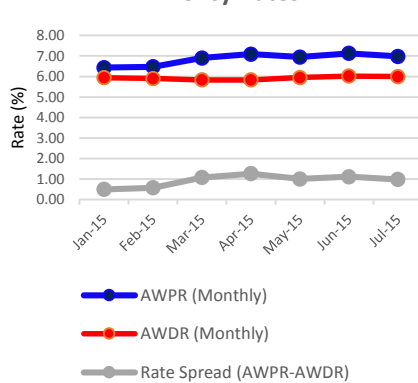
Market	Period	14-Aug	07-Aug	Change %
Primary Market	3 mths	0.00%	0.00%	0.00%
	6 mths	6.57%	6.50%	1.08%
	1 Yr	6.63%	6.54%	1.38%
Secondary Market	2 Yrs	6.81%	6.63%	2.71%
	5 Yrs	8.59%	8.33%	3.12%
	6 Yrs	8.96%	8.87%	1.01%
	8 Yrs	9.31%	9.26%	0.54%
	10 Yrs	9.48%	9.43%	0.53%
	15 Yrs	9.59%	9.54%	0.52%
	30 Yrs	10.34%	10.32%	0.19%

- Average Weighted Prime Lending Rate (AWPR): 6.79%. It has reduced by 0.88% 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 : 6.14% (1Day), 6.29%(7Days), 6.49%(1Month), 6.78%(3Months), 7.08%(6Months), 7.35%(1Yr).
- Inflation (Annual average change): 1.3% (Jul) and 1.7% (Jun).

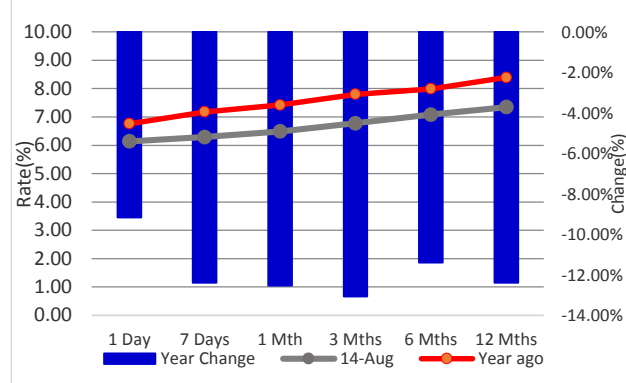
Inflation



Policy Rates



Sri Lanka Interbank Offer rates

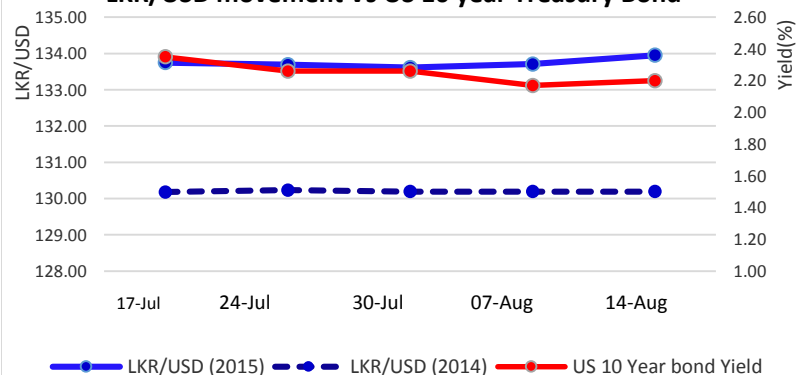


LKR EXCHANGE RATE MOVEMENT

- LKR depreciated over the week by 0.18% against USD from LKR/USD 133.71 to 133.95.
- One month forward rate of LKR/USD is 134.38 (Last week 134.18), three month forward rate is 135.57 (Last week 135.10)

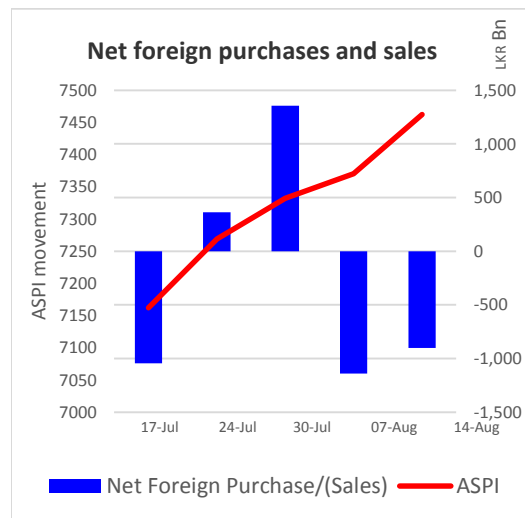
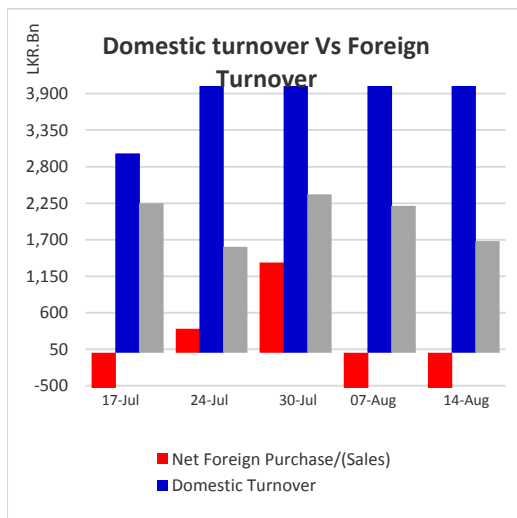
	17-Jul	24-Jul	30-Jul	07-Aug	14-Aug
INR 2015	2.11	2.09	2.09	2.10	2.05
INR 2014	2.17	2.17	2.17	2.12	2.13
RM 2015	35.13	35.12	35.03	34.12	32.90
RM 2014	40.88	41.12	40.97	40.64	40.95

LKR/USD movement Vs US 10 year Treasury Bond



Colombo Stock Exchange

- All Share Price Index: 7,462 points as at 14th Aug 2015.
- S&P 20: 4,149 points as at 14th Aug 2015.
- ASPI increased by 91 points WoW which is 1.23%.
- S&P 20 increased WoW by 52 points, reflecting a 1.27% positive variation.
- Net Foreign outflow: LKR. 902Mn.
- Last week recorded a Net foreign outflow LKR. 1,139Mn.
- Market capitalization: LKR.3,170Bn which is 1.25% increase compared to last week.
- Market PE: PE recorded as 19.52 in this week and it has increased by 2.31% from the last week.



LOCAL NEWS

The new Government's plan to restructure the loss-making State Owned Enterprises (SOEs) to be self-financed without depending on the general Treasury will be a reality soon said Minister of Finance Ravi Karunanayake. At present Sri Lanka has around 245 public corporations, institutions and boards classified as SOEs of which 55 have been identified by the Government as strategically important enterprises that are engaged in commercial, industrial and financial activities. Actions had been taken to make SriLankan Airlines, Mihin Lanka, the Ceylon Petroleum Corporation and the Water Board self-financed entities with capital infusion from the general Treasury. Under this major restructuring program, the Government will make a capital infusion of Rs. 65 billion to the Water Board, Rs. 100 billion to the Ceylon Petroleum Corporation, \$ 125 million to SriLankan and \$ 25 million to Mihin Lanka in 2015 by way of Treasury bonds.

(Source: Daily FT - 12.08.2015)

Hemas Holdings Plc announced an earnings growth of 68% in the first quarter. CEO Steven Enderby said Hemas Group has performed well in the quarter recording revenue growth of 22.9%, with Group revenues of Rs. 8.8 billion. Group earnings stood at Rs. 415 million, a growth of 68.2% over the corresponding period last year.

Enderby said first quarter performance reflected "Overall a solid start to the financial year." From a sectoral perspective the key highlights for the business during this first quarter have been as per Enderby's review accompanying interim results: "FMCG sector achieved revenues of Rs. 3.8 b, a growth of 33.2%.

(Source: Daily FT - 13.08.2015)

Germany's famous car-maker Volkswagen has signed an agreement with the Sri Lanka Board of Investment (BOI) to establish a USD 26.5 million investment motorcar assembling plant in the island. This assembling plant is to be set up on a 30 acre land at Kuliyapitiya and would provide some 200 employment opportunities, said the BOI. German specialists would set up a training centre within this assembling plant to train the Sri Lankans in motorcar assembling. An eight year tax concession has been provided for this project while the USD 21.5 million would be a direct foreign investment.

(Source: Adaderana- 14.08.2015)

GLOBAL NEWS

Crude oil prices continued to fall on 12th August as China allowed its currency to drop for a second day, triggering concerns over its economic health just as oil production hit multi-year highs. China's yuan hit a four-year low on Wednesday (12th August), slipping further a day after authorities devalued it to support its struggling economy. Analysts noted that China's overall currency fall was relatively low by historical standards in foreign exchange markets, but were quick to add that China's case was different. "It is China – the largest consumer of most commodities and a large producer of many – and it's the yuan, which rarely moves much against the US-dollar and when it does, it traditionally appreciates not depreciates," Australian bank Macquarie said in a note to clients.

(Source: Reuters- 13.08.2015)

The euro zone is ready to take action, including extending loan maturities, to ensure the sustainability of Greek debt and the involvement of the International Monetary Fund in a rescue program for Greece, a Greek official said on 14th August. Euro zone finance ministers gave their approval on Friday to a new aid program worth up to 86 billion euros to pull Greece from the verge of financial meltdown and ensure it remains in the single currency bloc. "The Eurogroup meeting reaffirmed... that the finance ministers are ready to take action such as longer repayment periods to ensure the viability of the Greek loan program."

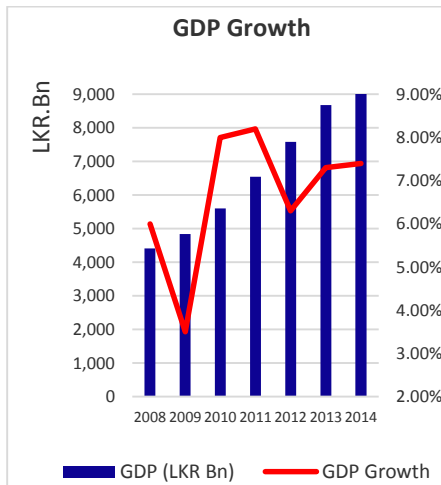
(Source: Reuters - 14.08.2015)

Citigroup Inc (C.N) agreed to pay \$13.5 million to settle a lawsuit accusing the bank of deceiving investors into remaining in its Corporate Special Opportunities hedge fund, only to suffer big losses when the fund was liquidated in November 2008, court papers filed on Monday (10th August) show. The lawsuit accused Citigroup and its Citigroup Alternative Investments affiliate of misleading investors in a Dec. 14, 2007 letter about the status of the fund's leveraged, 558 million euro (\$756 million at the time) original investment in a syndicated loan arranged for ProSiebenSat1 SE (PSMGn.DE), a large German broadcaster

(Source: Bloomberg- 10.08.2015)

GDP and Economy

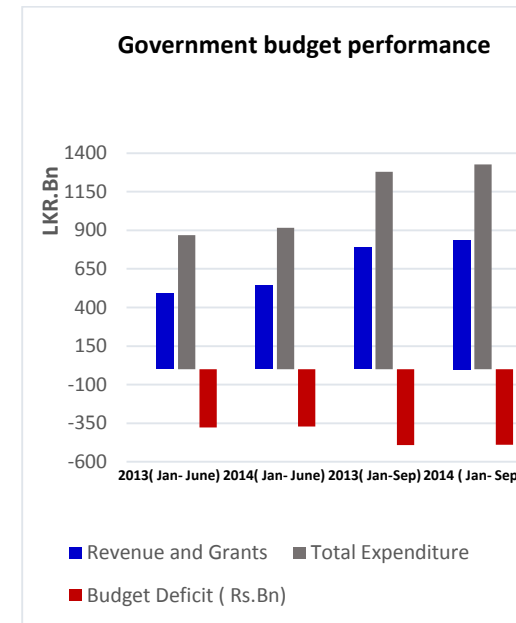
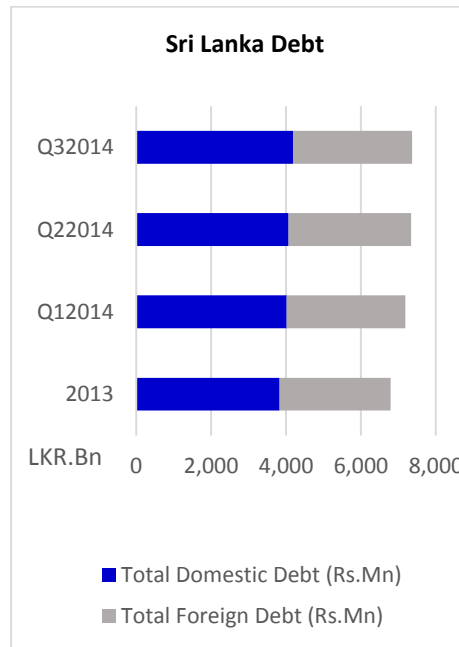
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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



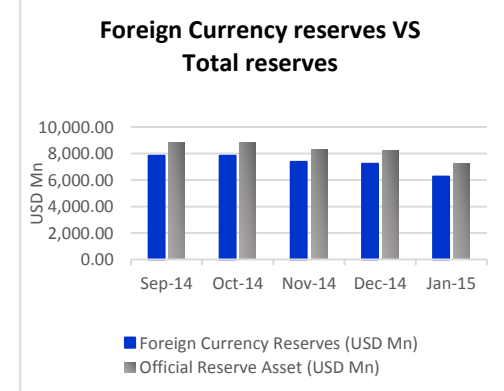
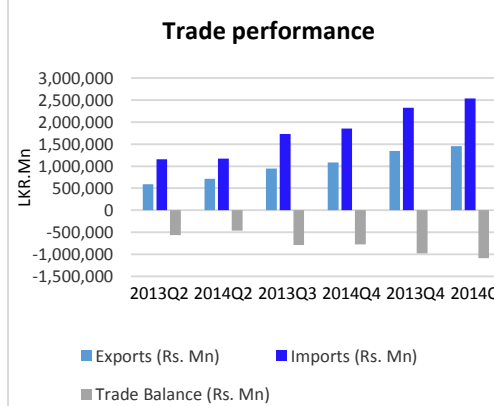
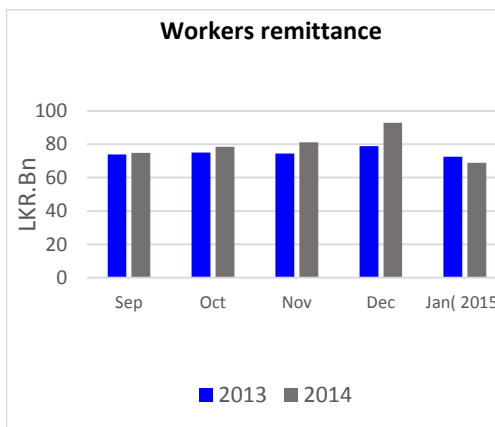
SRI LANKA FISCAL PERFORMANCE

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.

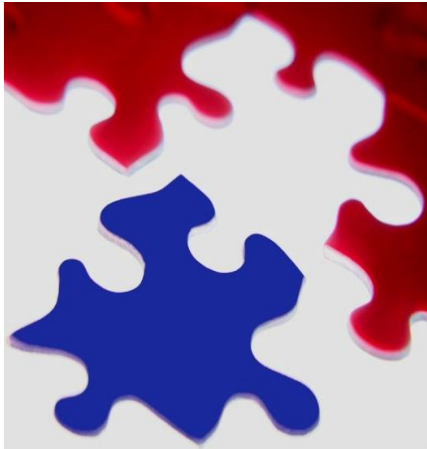
	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



SRI LANKA EXTERNAL SECTOR



DISCLAIMER: This document is a Research Report available to clients of Kenanga Investment Corp Ltd., The information contained in the document has been compiled from sources that we believe to be reliable; however we do not hold ourselves responsible for its completeness or accuracy. All opinions and estimates included in this report constitute of our judgment on the data available to us as at this date and as such are liable to change. Information contained in this document is not and should not be construed as an offer, or a solicitation of an offer to buy or sell any commodity or security or other financial instruments. Kenanga Investment Corporation Ltd, or its affiliates and/ or its directors, officers and employees shall not be in any way be responsible or liable for loss or damage which any person or party may sustain or incur by relying on the content of this document.



OUR SERVICES

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

CAPITAL MARKET ACTIVITIES

- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

PORTFOLIO MANAGEMENT

- Listed Equity
- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

KENANGA INVESTMENT CORPORATION LTD

4th Floor Landmark Building,
No 385, Galle Road,
Colombo 03

Web: www.kenangasl.com
Email: info@kenangasl.com

Tel: 011 523 8441
Fax: 011 523 8442



KENANGA RETIREMENT PLAN (KRP)

A smart investment idea

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

Kenanga Retirement Plan-retirement for any age

Kenanga Investment Corporation Ltd (KICL)--the investment banking and fund management expert introduces the Kenanga Retirement Plan (KRP), which affords an opportunity for individuals to invest for their retirement from early on.

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
Web Link : www.Kenangasl.com