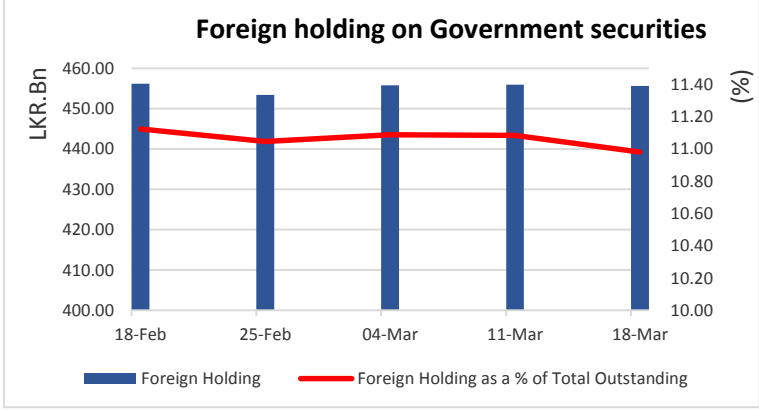
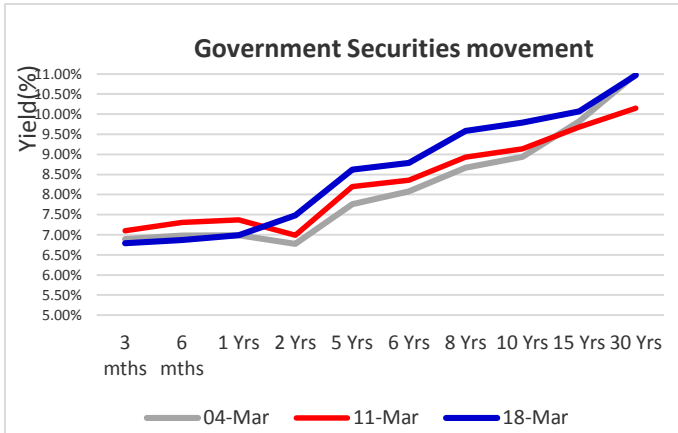
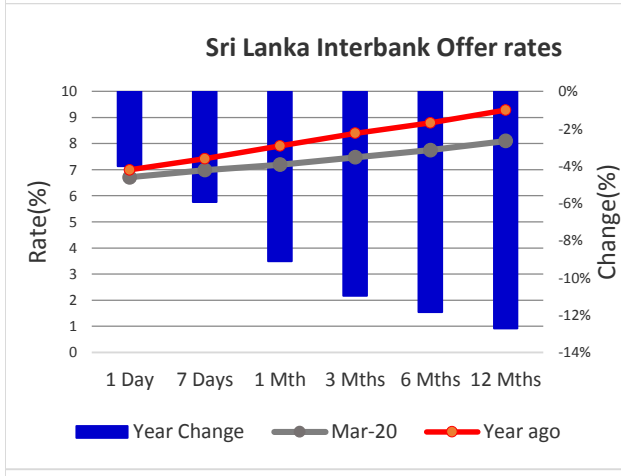
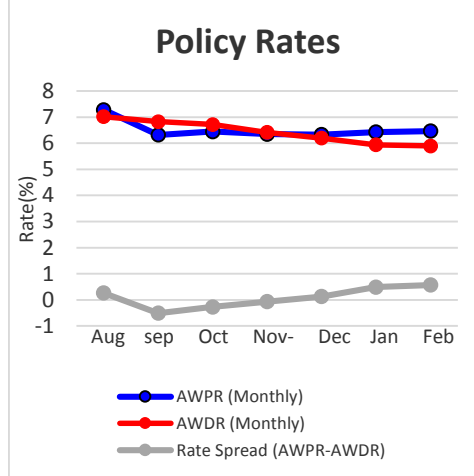
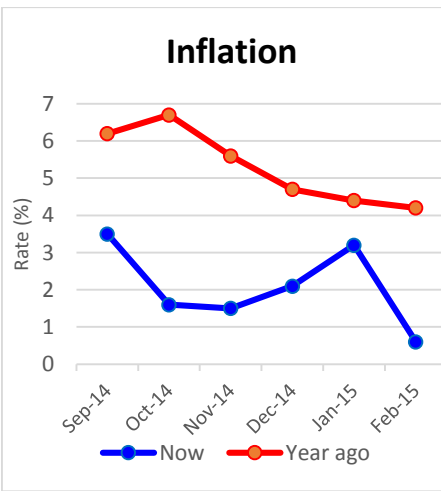


Economic Indicators: LKR/USD 133.31 (-0.03% WOW) | AWPR: 6.95% (1.16% WOW) | AWDR: 5.90% (-0.67% MPM) | ASPI: 7,055 (-0.51% WOW) | S&P SL20: 4,017 (-0.76% WOW)



Market	Period	18-Mar	11-Mar	Change %
Primary Market	3 mths	6.79%	7.10%	4.37%
	6 mths	6.87%	7.31%	6.02%
	1 Yrs	6.99%	7.37%	5.16%
Secondary Market	2 Yrs	7.48%	6.99%	-7.01%
	5 Yrs	8.62%	8.20%	-5.12%
	6 Yrs	8.79%	8.36%	-5.14%
	8 Yrs	9.58%	8.93%	-7.28%
	10 Yrs	9.79%	9.14%	-7.11%
	15 Yrs	10.07%	9.68%	-4.03%
	30 Yrs	10.97%	10.15%	-8.08%

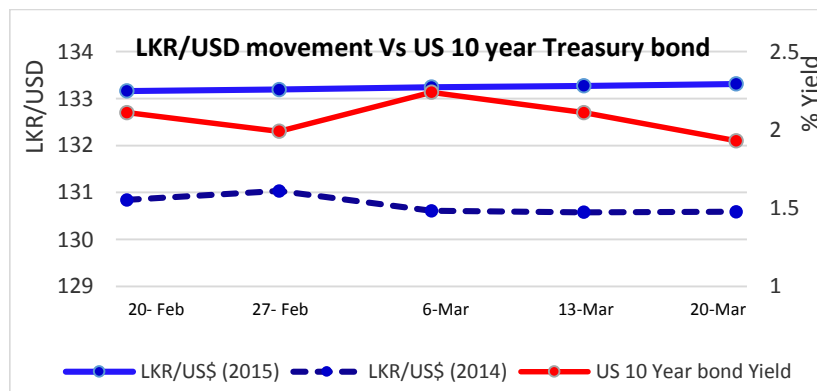
- Average Weighted Prime Lending Rate (AWPR): 6.95%. It has increased by 1.16% compared to last week.
- Average Weighted Deposit Rate (AWDR): 5.90% (Feb), 5.94% (Jan).
- Average Weighted Fixed Deposit Rate (AWFDR): 6.95% (Feb) and 7.02% (Jan).
- SLIBOR Rates : 6.71% (1Day), 6.98%(7Days), 7.19%(1Month), 7.47%(3Months), 7.75%(6Months), 8.10%(1Yr)
- Inflation (YOY change): 0.6% (Feb) and 3.2% (Jan).



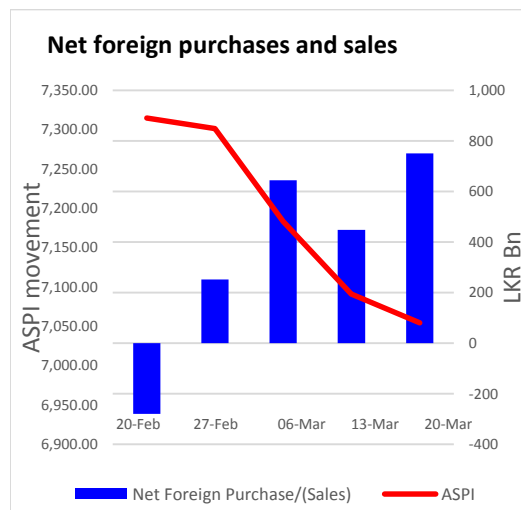
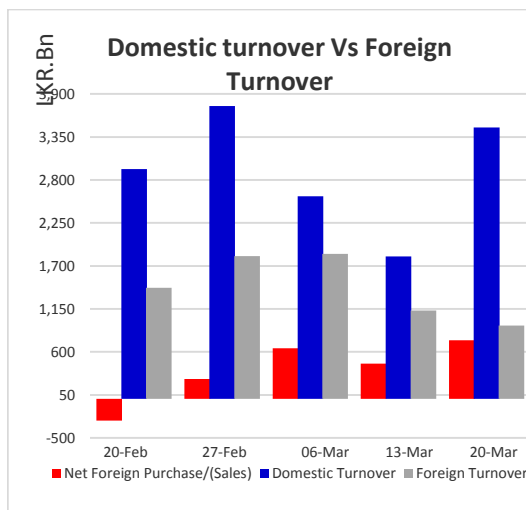
LKR EXCHANGE RATE MOVEMENT

- LKR depreciated over the week by 0.03% against USD from LKR/USD 133.31 to 133.27.
- One month forward rate of LKR/USD is 133.69 (Last week 133.79), three month forward rate is 134.66 (Last week 134.70)

	13-Feb	20-Feb	27-Feb	06-Mar	13-Mar
INR 2015	2.14	2.14	2.15	2.13	2.12
INR 2014	2.11	2.10	2.11	2.11	2.13
RM 2015	36.94	36.71	36.80	36.43	36.00
Rm 2014	39.3373	39.61	39.96	39.98	39.82



- All Share Price Index: 7,055 points as at 20th March 2015.
- S&P 20: 4,017 points as at 20th March 2015.
- ASPI decreased WOW by 36 points which is 0.51%.
- S&P 20 declined WOW by 31 points, reflecting a 0.76% negative variation.
- Net Foreign inflow: Rs .Mn. 751.
- Last week recorded a Net foreign Inflow Rs. Mn. 448.
- Market capitalization: Rs.Bn.2,990 which is 0.49% decline compared to last week.
- Market PE: PE recorded as 19.01% in this week and it has decreased by 2.06% from the last week.



LOCAL NEWS

A decision has been taken to cancel the USD 85 million contract to Access Engineering Limited for the extension of the Katunayake International Airport runway as Access Engineering did not have the required experience to handle this project. It has been confirmed that this contract had been offered without the necessary tender procedures being adhered to and without transparency. Hence, the Cabinet has approved the proposal submitted by Ports and Aviation Services Minister Arjuna Ranatunga to cancel this contract.

(Source: Derana- 20.03.2015)

It has been revealed that there are three accounts at the Dubai National Bank with over USD 02 billion worth of assets belonging to Sri Lankans and the government has handed over the task of getting them back to Sri Lanka to the relevant US and Indian authorities. A part of the money deposited at the Dubai National Bank has been withdrawn after the recent Presidential election and may have been taken away to some other country. Meanwhile, the government has set up a special Presidential task force to bring back to Sri Lanka such assets taken overseas from the country.

(Source: Derana- 19.03.2015)

Rupee forwards ended steady on Wednesday after falling in two sessions on moral suasion by the Central Bank amid importer dollar demand, while concerns over a Government probe into bond sales since 2012 hurt sentiment. Actively-traded two-week rupee forwards ended steady at 134.00/134.10. The Central Bank prevented trades in two-week forwards below 134.00 via moral suasion. The one-month forwards ended steady at 134.40/50 per dollar. Before the market opened, the Central Bank kept key policy rates steady at record lows for a 14th straight month as expected, and the low interest rate environment is expected to continue benefiting from lower inflation. The Central Bank also prevented a fall in the spot rupee and one-week forwards at 132.90/133.20 and 133.60/75, respectively, within the limits set by it.

(Source: Daily Ft- 19.03.2015)

GLOBAL NEWS

The United Kingdom government will seek to develop a corporate and tax structure that allows for insurance-linked securities (ILS) such as catastrophe bonds to be domiciled locally. The measure was announced in the 2015 Budget 18.03.2015. Chancellor George Osborne announced to Parliament that his government would “take steps to promote competition, back FinTech and encourage new business like global reinsurance.” The budget documents themselves explain that part of this would be an attempt to make the UK onshore financial market an attractive domicile for ILS structures in the future.

(Source: Artemis- 18.03.2015)

China will allow more miners, smelters and other participants in the gold market to import bullion as it tries to expand trade in the world’s second-largest market. Miners and smelters who meet certain production and investment conditions, as well as precious-metals coin makers and banks that are members of state-approved gold exchanges, will be able to import and export from China, according to rules jointly released Thursday by the country’s central bank and customs authority. China is pushing to broaden the country’s gold trade as part of its efforts to link the mainland to global markets. The country began offering international institutions access to yuan-denominated gold contracts in Shanghai’s free-trade zone in September.

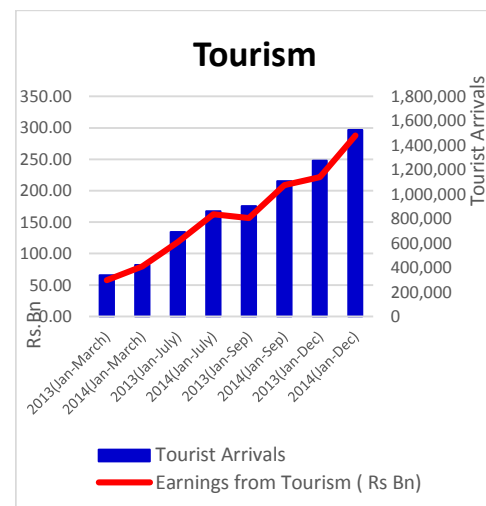
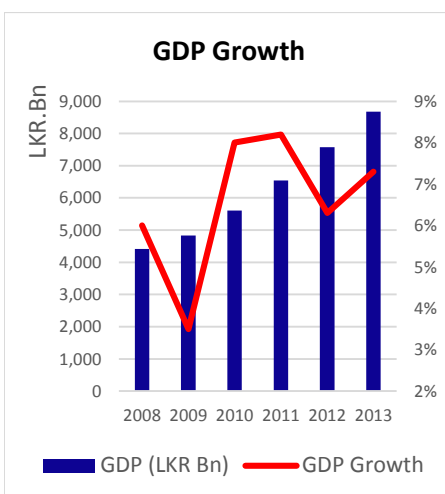
(Source: Bloomberg- 19.03.2015)

Central banks in India, China and Thailand are among more than 20 monetary authorities across the world that have lowered benchmark interest rates in 2015 to boost economic growth amid cooling inflation. BlackRock predicts the Bank of Korea will probably reduce its seven-day repurchase rate by another 25 basis points this year to 1.50 percent following a surprise 25 basis-point cut on March 12. China’s reserve requirement ratio could be lowered by another 50 to 100 basis points this year, while authorities will keep the yuan “relatively stable. The People’s Bank of China lowered borrowing costs for the second time in three months effective March 1, cutting the one-year deposit and lending rates by 25 basis points each to 2.5 percent and 5.35 percent, respectively. In February, it reduced the amount of reserves that banks have to keep on hand.

(Source: Bloomberg- 19.03.2015)

GDP and Economy

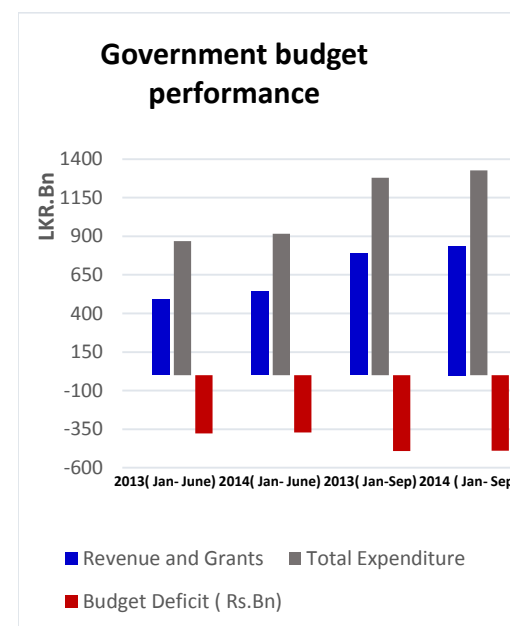
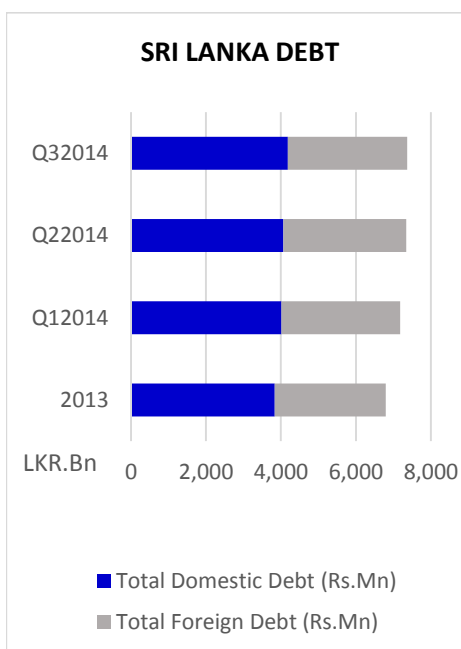
- The GDP of the third quarter of 2014 depicts a steady growth of 7.7% when compared with the second quarter. The Service sector contribution was higher than the other two sectors which is 53.9%.
- The agriculture sector, industry sector and Service sector GDP recorded in Q32014 were Rs. Mn 92,112, Rs. Mn 284,602 and Rs.Mn. 534,350 respectively.
- Unemployment rate is 4.5% in second quarter 2014 which is a 0.1% increment from the last year second quarter.



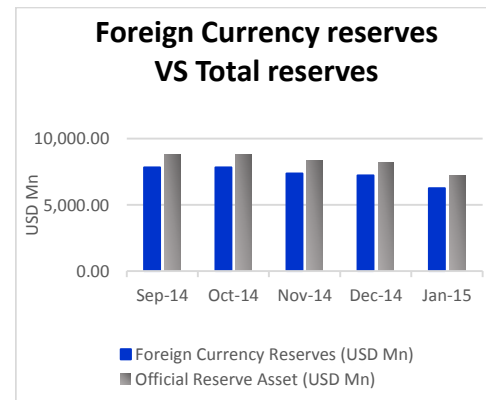
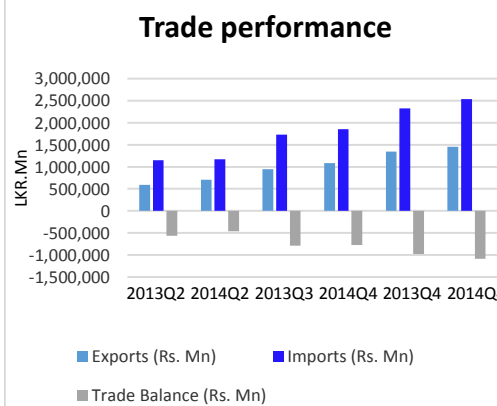
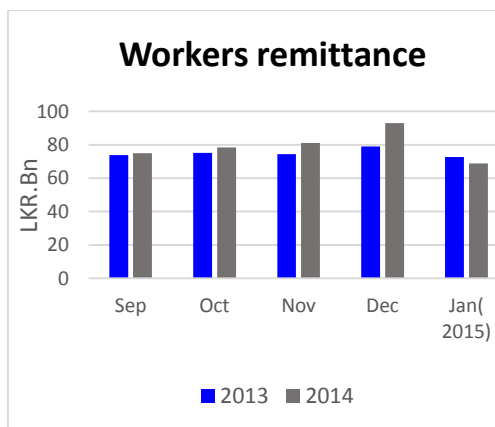
SRI LANKA FISCAL PERFORMANCE

According to the quarterly financial economic indicators, the Total Outstanding Government debt was increased by Rs. 575.7 Billion to Rs. 7368.9 Billion in 2014. The domestic debt was increased by Rs. 353.2 billion in 2014 whereby the majority of the domestic debts were comprised by Treasury bonds. The Foreign debts increased by Rs. 222.5 Billion mainly due to the issuance of International Sovereign Bond in US Dollars. The Government revenue increased by 5.6% in the first nine months of 2014, due to the tax revenue collected. The budget deficit was narrowed by Rs .Bn 2.1 in first nine months of 2014 compared to 2013.

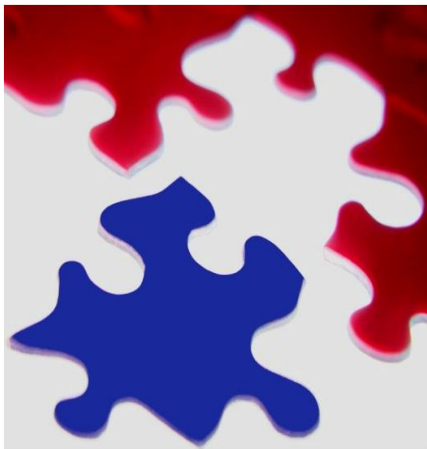
	2011	2012	2013
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2
FOREIGN DEBT % OF GDP	35.6	36.5	34.1



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,



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

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

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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A smart investment idea

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

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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.



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