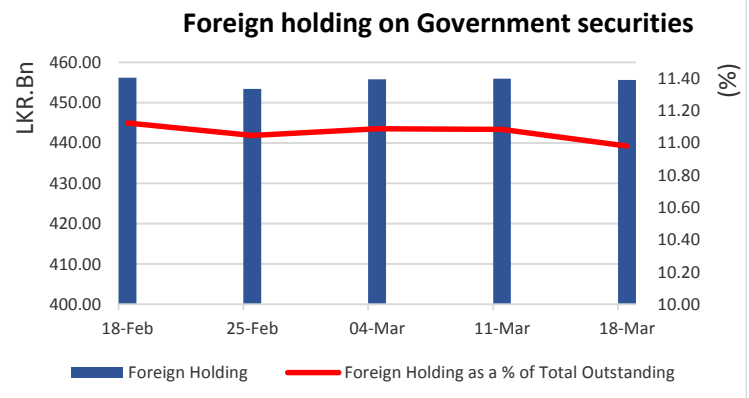
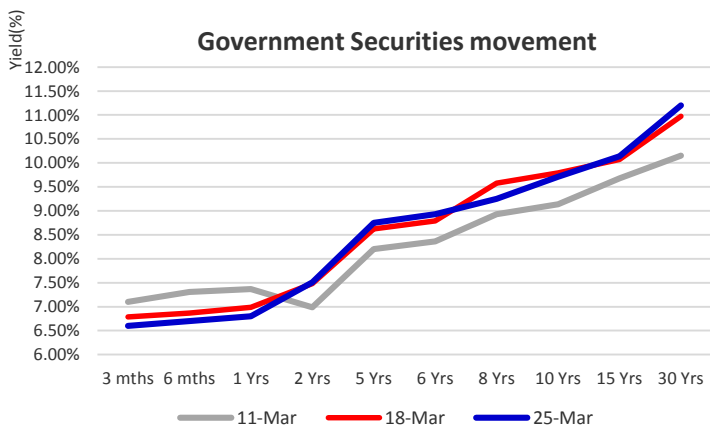


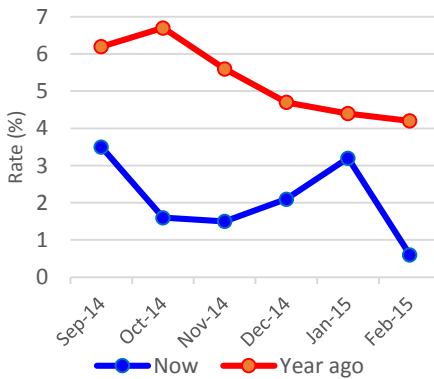
Economic Indicators: LKR/USD 133.32 (-0.01% WOW) | AWPR: 7.01% (0.86% WOW) | AWDR: 5.90% (-0.67% MPM) | ASPI: 6,874 (-2.57% WOW) | S&P SL20: 3,901 (-2.88% WOW)



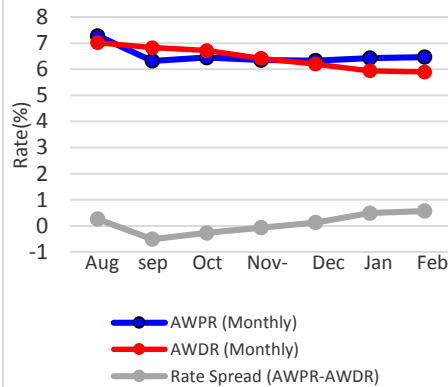
Market	Period	25-Mar	18-Mar	Change %
Primary Market	3 mths	6.60%	6.79%	-2.80%
	6 mths	6.70%	6.87%	-2.47%
	1 Yrs	6.80%	6.99%	-2.72%
Secondary Market	2 Yrs	7.51%	7.48%	0.40%
	5 Yrs	8.75%	8.62%	1.51%
	6 Yrs	8.93%	8.79%	1.59%
	8 Yrs	9.25%	9.58%	-3.44%
	10 Yrs	9.71%	9.79%	-0.82%
	15 Yrs	10.14%	10.07%	0.70%
	30 Yrs	11.20%	10.97%	2.10%

- Average Weighted Prime Lending Rate (AWPR): 7.01%. It has increased by 0.86% 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 : 6.62% (1Day), 6.90%(7Days), 7.15%(1Month), 7.37%(3Months), 7.66%(6Months), 8.02%(1Yr)
- Inflation (YOY change): 0.6% (Feb) and 3.2% (Jan).

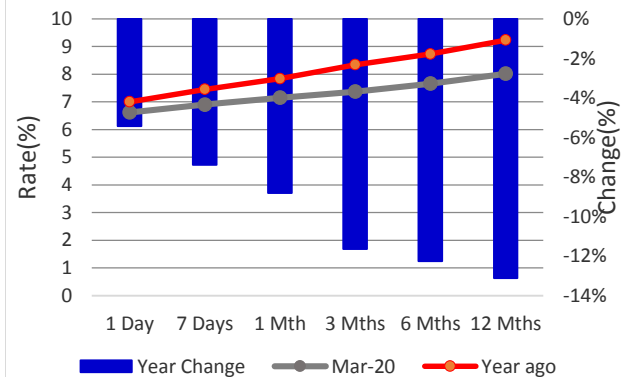
Inflation



Policy Rates



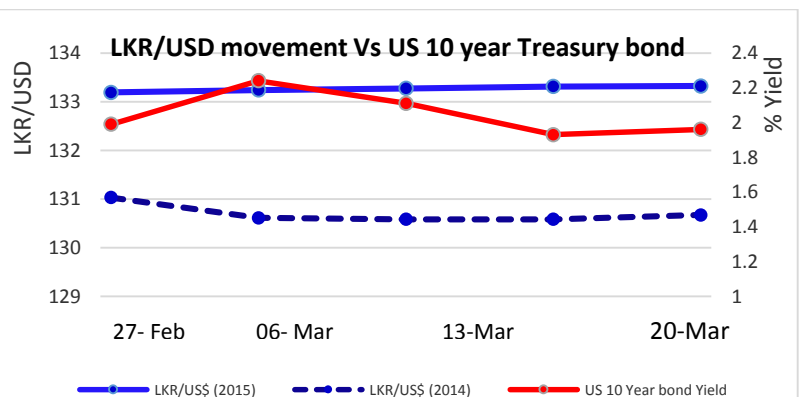
Sri Lanka Interbank Offer rates



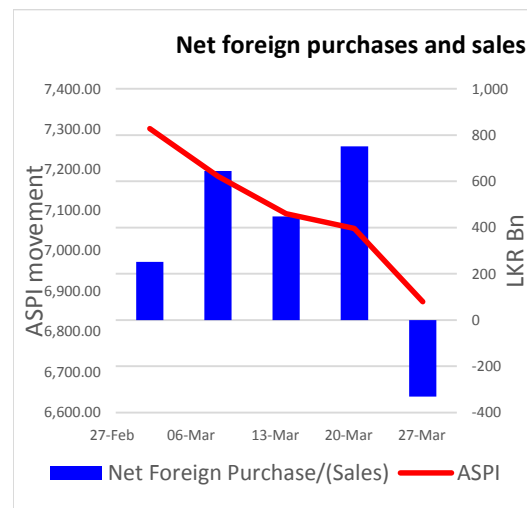
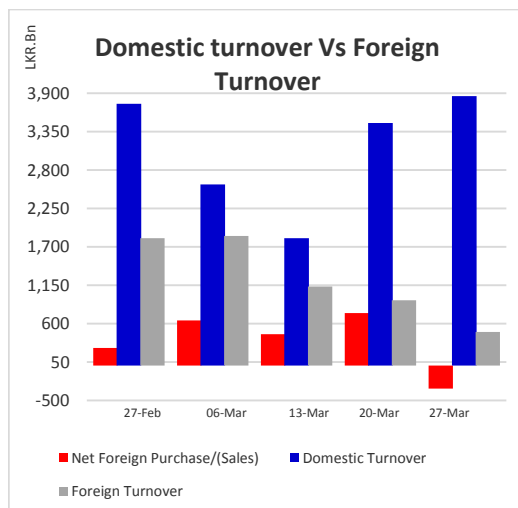
LKR EXCHANGE RATE MOVEMENT

- LKR depreciated over the week by 0.01% against USD from LKR/USD 133.31 to 133.32.
- One month forward rate of LKR/USD is 133.82 (Last week 133.69), three month forward rate is 134.84 (Last week 134.66)

	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: 6,874 points as at 27th March 2015.
- S&P 20: 3,901 points as at 27th March 2015.
- ASPI decreased WOW by 181 points which is 2.57%.
- S&P 20 declined WOW by 115 points, reflecting a 2.88% negative variation.
- Net Foreign inflow: Rs. Mn. 751.
- Last week recorded a Net foreign outflow Rs. Mn. 331.
- Market capitalization: Rs.Bn.2,913 which is 2.57% decline compared to last week.
- Market PE: PE recorded as 18.52 in this week and it has decreased by 2.57% from the last week.



LOCAL NEWS

Preparation of the Gazette notifications on the 'Super Gains Tax' and the 'Mansion Tax' proposed by the new government through its interim budget are reportedly in their final stages and are to be released shortly. Very reliable sources reveal that though work on the preparation of the bill and Gazette notification on the Super Gains Tax have been almost completed, the bill and Gazette notification on the Mansion Tax have not been finalized since there are certain issues to be resolved. Strong opposition has already arisen from the business community against the Super Gains Tax imposed on companies through the new government's interim budget.

(Source: Derana- 26.03.2015)

The University Grants Commission has recognized the Associateship of the Chartered Insurance Institute (ACII) qualification offered by the Chartered Insurance Institute, CII UK as a qualification equivalent to a degree for the purpose of entry to a postgraduate course in Sri Lanka. With this recognition, insurance professionals would now be able to pursue further academic qualifications. It will also strengthen the longstanding relationship Sri Lanka have with the Chartered Insurance Institute UK. The Chartered Insurance status which is the highest recognized status in the insurance industry worldwide is offered by the Chartered Insurance Institute – UK, incorporated under a Royal charter and celebrated its 100 years in 2013.

(Source: Daily Ft- 25.03.2015)

Actively traded two-week rupee forwards ended at 133.70/77 per dollar compared to Tuesday's close of 133.75/85. Dollar selling pressure is there as the seasonal remittances are picking up slowly. Sri Lanka sees a rise in inward remittances ahead of the Sinhala-Tamil New Year on 14 April as expatriates send money for their relatives in the country. Dealers expect the seasonal inward remittances to continue till the first week of April. Dealers also expect the central bank to defend the currency from a sharp appreciation.

(Source: Daily Ft- 26.03.2015)

GLOBAL NEWS

China's cross-border capital net inflows rose 38 percent year on year to a total of 55.1 billion U.S. dollars in the first two months this year. The surge reversed the capital net outflows which occurred between August and December last year. The foreign exchange settlement and sale of foreign-capital banks logged a total deficit of more than 25.4 billion U.S. dollars in the first two months. The deficit to increasing holdings of U.S. dollar-denominated assets among enterprises and individuals instead of capital outflows. Overall, there is no data available that supports predictions of an impending collapse of the Chinese economy or assertions of capital exodus.

(Source: Xinhuanet.com (china) - 26.03.2015)

Fewer people sought unemployment benefits last week in the United States, evidence that strong hiring should continue despite signs of slower economic growth at the start of 2015. The Labor Department said on Thursday that weekly applications for jobless aid fell 9,000 to a seasonally adjusted 282,000. The decrease suggests that a recent slowdown in manufacturing, housing starts and retail sales has not trickled into the job market, a possible indication that economic growth will rebound after a harsh winter. The four-week average, a less volatile measure, tumbled 7,750 to 297,000. Over the last 12 months, the average has fallen roughly 7 percent

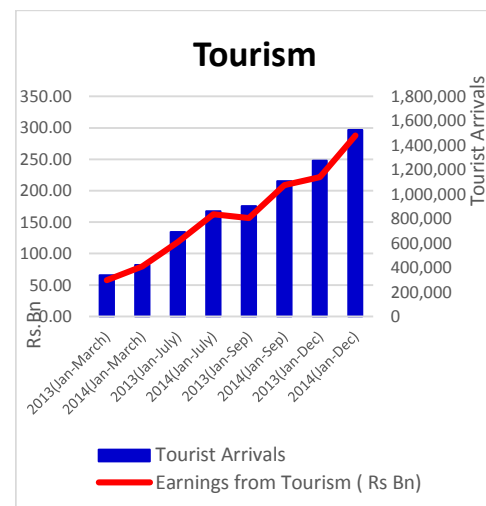
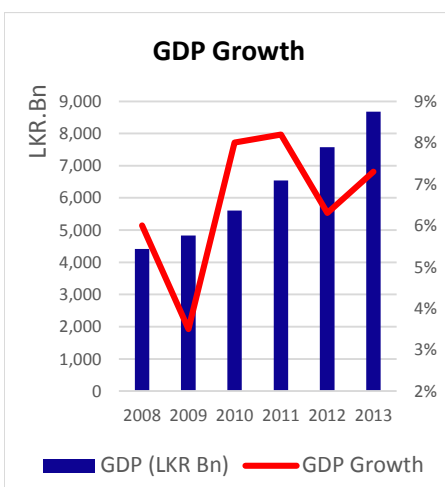
(Source: Bloomberg- 26.03.2015)

The Financial Stability Board coordinates financial regulation for the Group of 20 economies (G20) and has been introducing tougher rules for banks and markets to plug gaps highlighted by the 2007-09 financial crisis. The financial system was now safer, simpler and fairer but there were concerns about liquidity, or the ability of investors to sell holdings smoothly, in bond markets. Market adjustments to date have occurred without significant stress. However the risk of a sharp and disorderly reversal remains given the compressed credit and liquidity risk premium. As a result, market participants need to be mindful of the risks of diminished market liquidity, asset price discontinuities and contagion across asset markets.

(Source: Reuters- 26.03.2015)

GDP and Economy

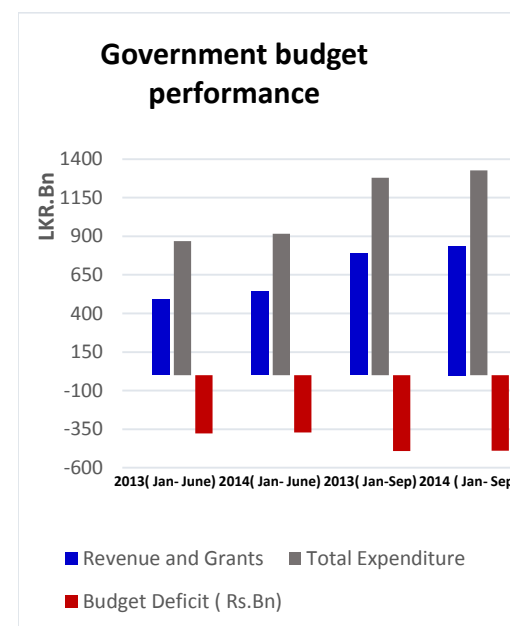
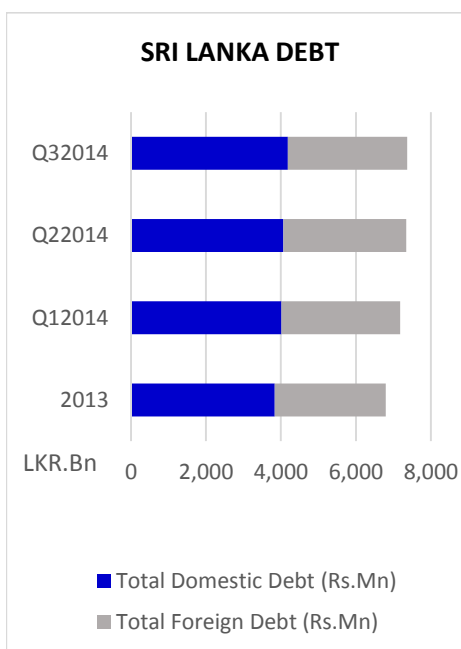
- The GDP of the third quarter of 2014 depicts a steady growth of 7.7% when compared with the second quarter. The Service sector contribution was higher than the other two sectors which is 53.9%.
- The agriculture sector, industry sector and Service sector GDP recorded in Q32014 were Rs. Mn 92,112, Rs. 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.



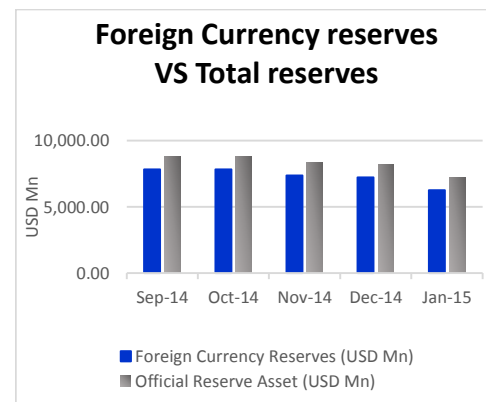
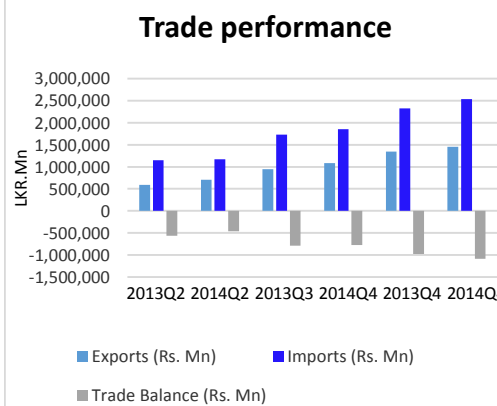
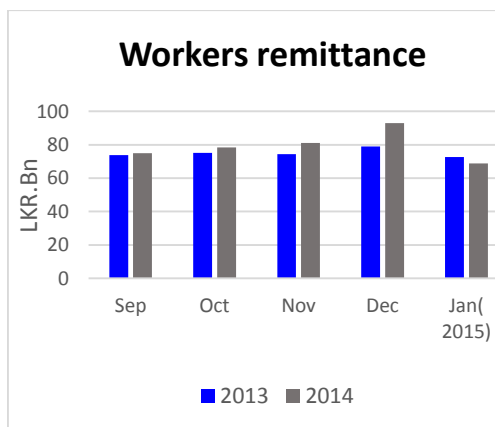
SRI LANKA FISCAL PERFORMANCE

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.

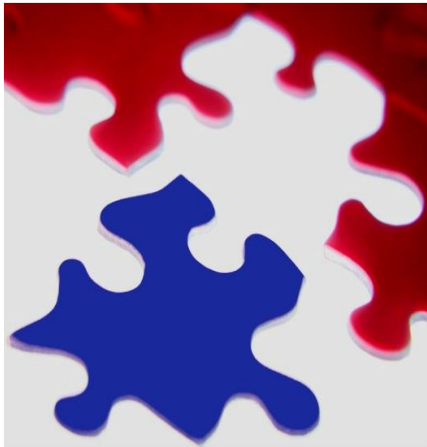
	2011	2012	2013
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2
FOREIGN DEBT % OF GDP	35.6	36.5	34.1



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

PORTFOLIO MANAGEMENT

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

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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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.



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