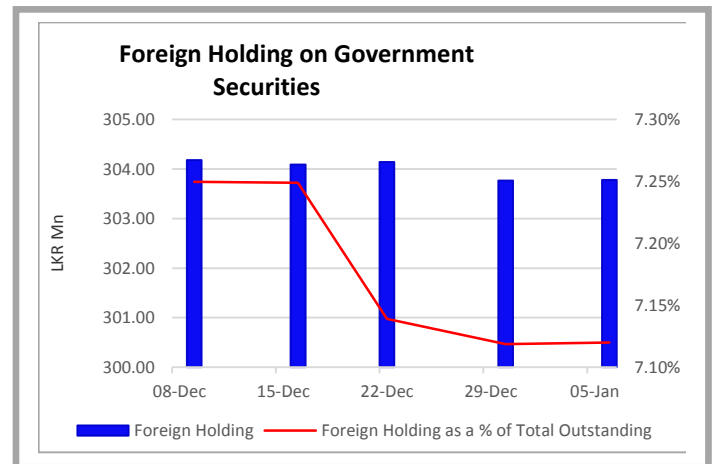
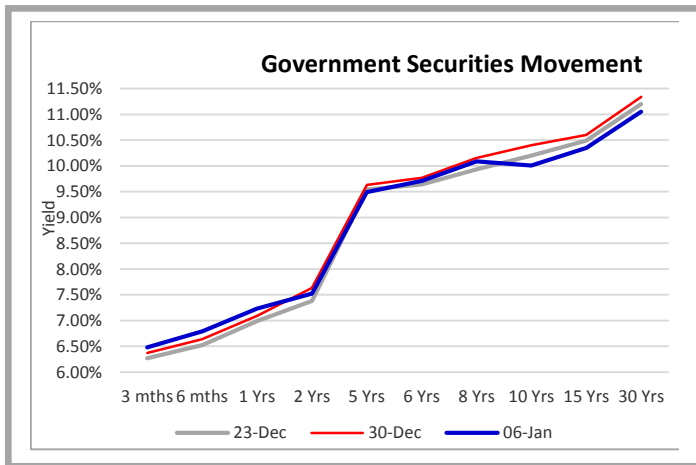
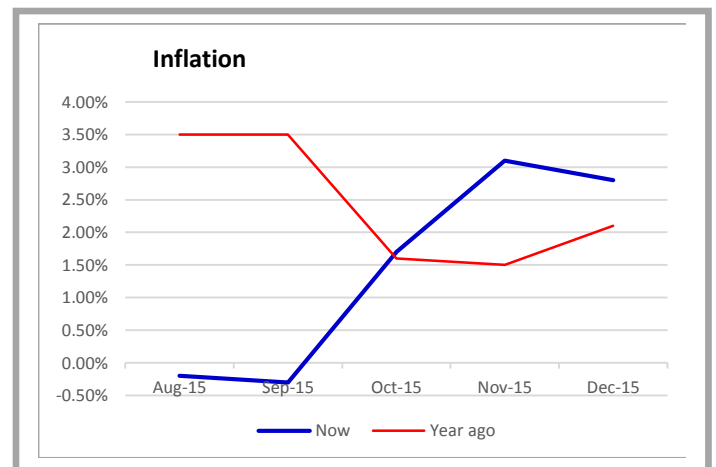
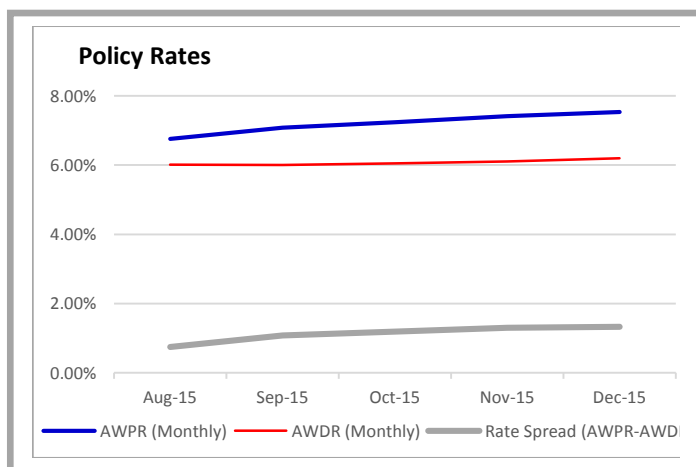


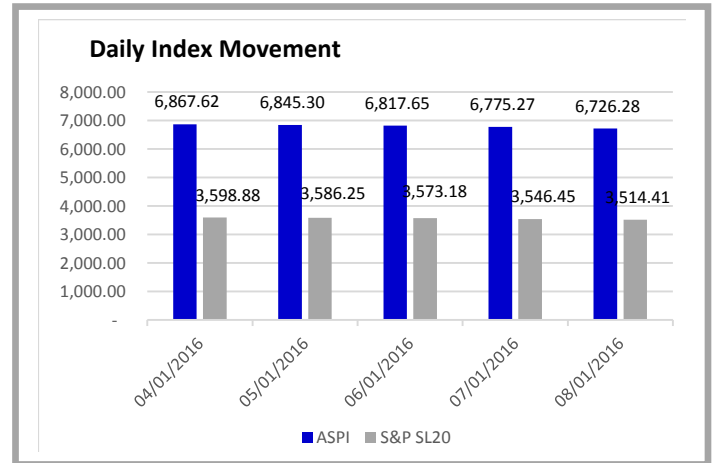
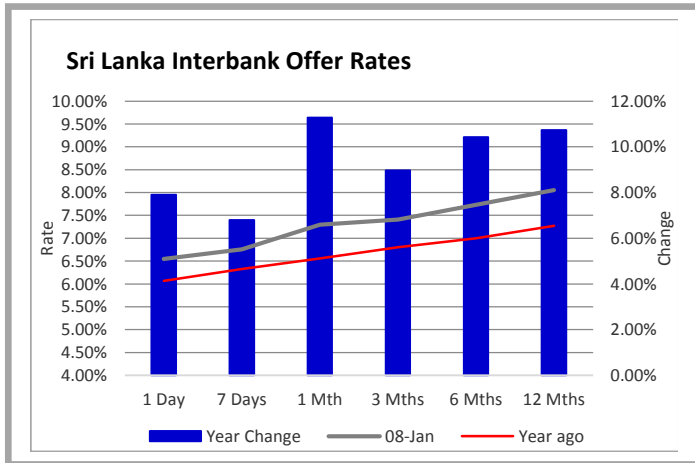
Economic Indicators: LKR/USD 143.93 (0.11% WoW) AWPR: 7.58% (0.66% WoW) AWDR: 6.20% (1.47% MoM) ASPI: 6,726 (2.44% WoW) S&P SL20: 3,514 (3.07% WoW)



Market	Period	06-Jan	30-Dec	Change %
Secondary Market	3 months	6.48%	6.37%	1.73%
	6 months	6.79%	6.64%	2.26%
	1 Year	7.23%	7.09%	1.97%
	2 Years	7.52%	7.63%	-1.44%
	5 Years	9.49%	9.63%	-1.45%
	6 Years	9.71%	9.77%	-0.61%
	8 Years	10.09%	10.15%	-0.59%
	10 Years	10.01%	10.40%	-3.75%
	15 Years	10.35%	10.60%	-2.36%
	30 Years	11.05%	11.34%	-2.56%

- Average Weighted Prime Lending Rate (AWPR): 7.58%. It has increased by 05 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.20% (Dec), 6.11% (Nov).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.57% (Dec) and 7.43% (Nov).
- SLIBOR Rates : 6.55% (1Day), 6.76%(7Days), 7.30%(1Month), 7.41%(3Months), 7.73%(6Months), 8.05%(1Yr).
- Inflation (Annual average change): 0.9% (Dec) and 0.9% (Nov).

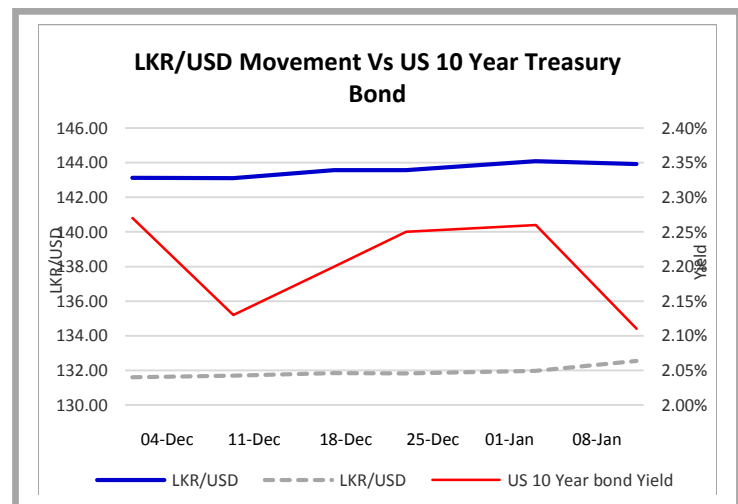




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.11% against USD from LKR/USD 144.08 to 143.92.
- One month forward rate of LKR/USD is 144.93 (Last week 144.61), three month forward rate is 145.82 (Last week 145.67)

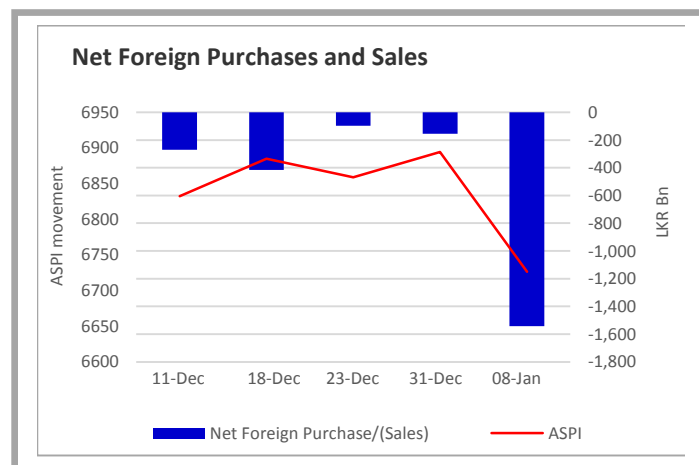
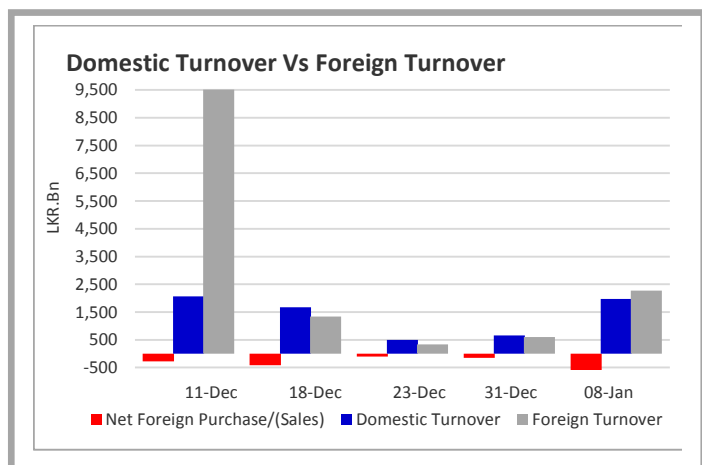
	11-Dec	18-Dec	23-Dec	01-Jan	08-Jan
INR 2015	2.14	2.16	2.16	2.17	2.15
INR 2014	2.11	2.06	2.07	2.07	2.07
RM 2015	33.57	33.27	33.32	33.55	32.97
RM 2014	37.50	37.72	37.46	37.49	36.75



Colombo Stock Exchange

- All Share Price Index: 6,726 points as at 08th Jan2016.
- S&P 20: 3,514 points as at 08th Jan 2016.
- ASPI reduced by 168 points WoW which is 2.44%.
- S&P 20 reduced WoW by 111 points, reflecting a 3.07% negative variation.
- Net Foreign Outflow: LKR. 1,542Mn.
- Last week recorded a Net foreign Outflow: LKR. 154Mn.
- Market capitalization: LKR.2,866Bn which is 2.41% reduction compared to last week.
- Market PE: PE recorded as 17.54 in this week and it has reduced by 2.44% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
CHEMICALS AND PHARMACEUTICALS	7,606.90	7,499.80	1.43%
STORES AND SUPPLIES	25,766.40	25,606.99	0.62%
MOTORS	17,637.77	17,630.78	0.04%
OIL PALMS	93,800.54	94,336.14	-0.57%
HOTELS AND TRAVELS	3,247.35	3,277.35	-0.92%
Top Losers			
INFORMATION TECHNOLOGY	58.84	63.75	-7.70%
FOOTWEAR AND TEXTILES	988.81	1,050.53	-5.88%
INVESTMENT TRUSTS	16,901.29	17,727.51	-4.66%
HEALTHCARE	895.92	935.07	-4.19%
POWER AND ENERGY	163.71	170.23	-3.83%


Local News

The Central Bank will issue 75 million US dollars of development bonds of one year, two years and three months, and four years and five months to local and foreign investors. The Debt Department said the subscription will be at a floating rate of US dollar six month LIBOR plus a margin (floating rate) or at a fixed rate to be determined through competitive bidding. Minimum investment is 100,000 US dollars with additional investments in multiples of 10,000 US dollars. The issue will be open for subscription from 11 to 18 January and has a date of settlement of 21 January 2015. Development bonds are to be issued by the Public Debt Department of Central Bank and exempted from income tax paid in Sri Lanka. (Source: LBO- 08.01.2016)

Foreign News

WisdomTree Investments, Inc., the fifth-largest U.S. issuer of exchange-traded funds and the largest issuer of currency-hedged ETFs, expanded its lineup of those products on Thursday. The issuer introduced four new ETFs that have the ability to use complete or partial currency hedging depending on market environment. The new WisdomTree ETFs are the WisdomTree Dynamic Currency Hedged International Equity Fund (DDWM), WisdomTree Dynamic Currency Hedged International SmallCap Equity Fund (DDL), WisdomTree Dynamic Currency Hedged Europe Equity Fund (DDEZ) and the WisdomTree Dynamic Currency Hedged Japan Equity Fund (DDJP). (Source: Benzinga.com - 07.01.2016)

Renowned economist Joseph Stiglitz, speaking at the Sri Lanka Economic Forum, explained some of the ways the government could raise tax revenue by taxing environmental pollution, inelastic goods, land, consumption and road congestion. "What is the best way to increase tax revenue?" the nobel laureate asked a packed forum of government and private sector officials at forum in Colombo. He said there are several principles of taxation, one of which is to tax bads over goods such as environmental pollution. Carbon taxes help to address the problem of emitters of greenhouse gases not facing the full social cost of their actions. Taxing inelastic goods, was another way to raise tax revenue that leads to less distortions, he said. (Source: LBO - 08.01.2016)

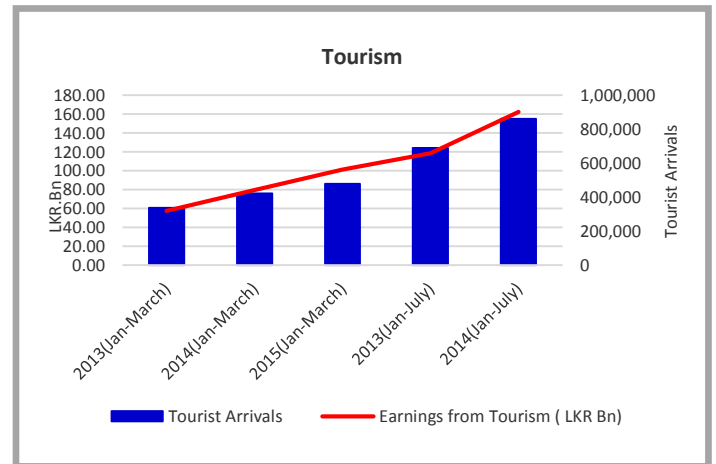
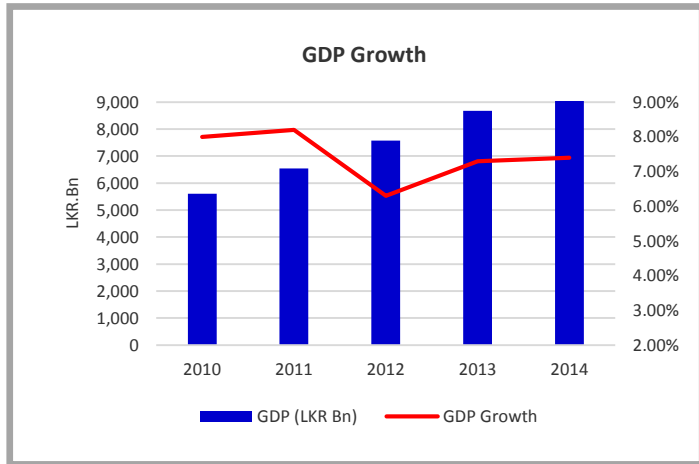
The continued depreciation of the yuan has prompted several Chinese companies to take active measures to cut their dollar-denominated debt. On last Thursday, the People's Bank of China, the central bank, surprised markets by setting the official midpoint rate on the yuan at 6.5646 per dollar, the lowest since March 2011. With more currency depreciation expected in the next few months, companies that have piled up dollar debt in the past are looking to reduce their debt burdens at a time when the economy is slowing sharply. Head of transportation and industrial research at BOCOM International Holdings Ltd, said: "Reduction of dollar debt is the best option for Chinese companies to cut foreign exchange losses." (Source: China Daily (Beijing) - 08.01.2016)

The recently released Supplementary Environmental Impact Assessment (SEIA) has revealed that the Port City will have a minimal impact on granite resources in the Western Province. In a detailed study in the recently released Supplementary Environmental Impact Assessment (SEIA) report of the Port City Project, it says that when considering the quarry material requirement for the Port City Project in relation to the total quarry production capacity in the identified existing quarries in the Districts of Colombo, Gampaha and Kalutara, the required quantum is negligible. Out of the total 250 quarries surveyed by the Geological Survey and Mines Bureau's Technical Services (GSMBS) in these three districts, only 11 quarries will be used for the supply of granite for the Port City Project. (Source: Daily News - 08.01.2016)

Euro zone money markets priced in on Thursday around a 50 percent chance that the European Central Bank lowers its deposit rate deeper into negative territory at its March meeting. Forward EONIA rates dated for the ECB's meeting on March 10 are trading at -0.30 percent, around 5 basis points below the overnight rate of -0.25 percent. Analysts said this indicated around half of a further 10 basis point cut is priced. "Markets are reconsidering the ECB's stance and further rate cuts are entering expectations again," said Commerzbank strategist Benjamin Schroeder, expecting the ECB to cut its depo rate to -0.40 percent in March from its current -0.30 percent. (Source: Reuters - 07.01.2016)

GDP and Economy

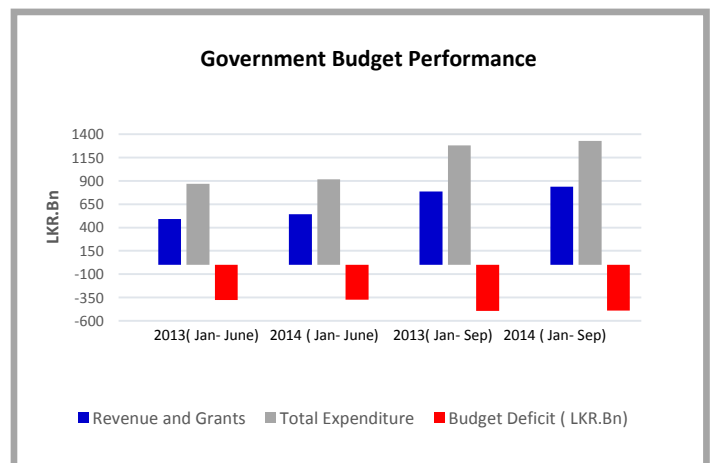
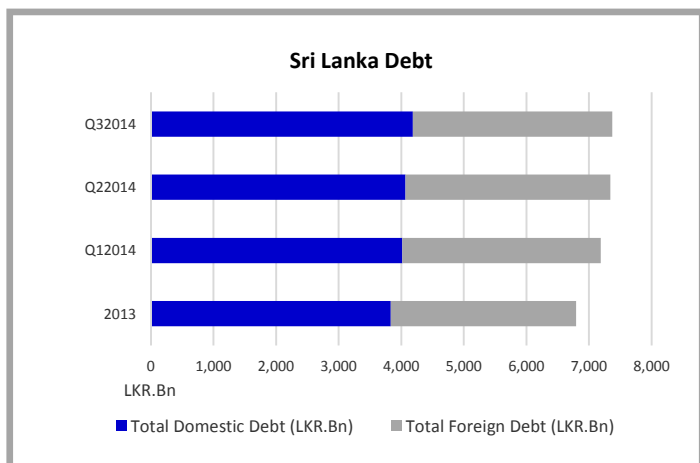
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

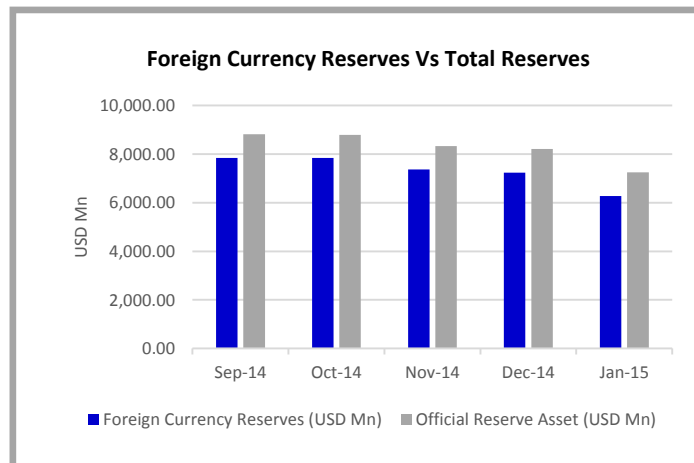
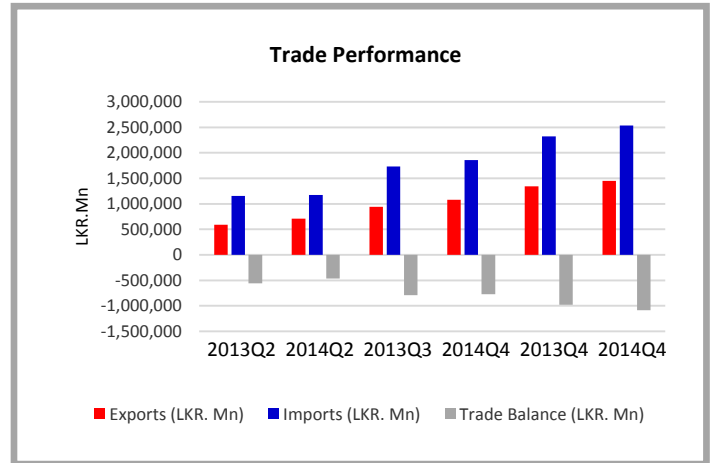
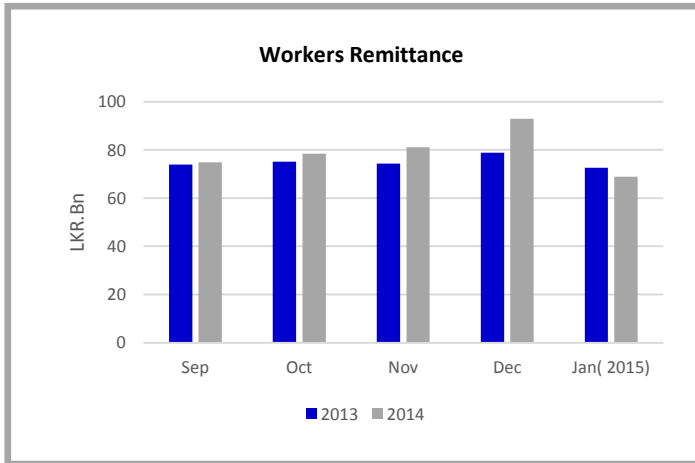


Sri Lanka Fiscal Performance

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


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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.

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- Corporate Restructuring

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