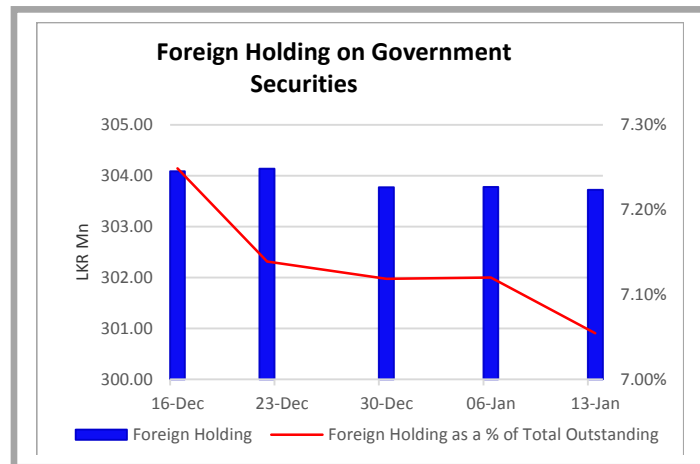
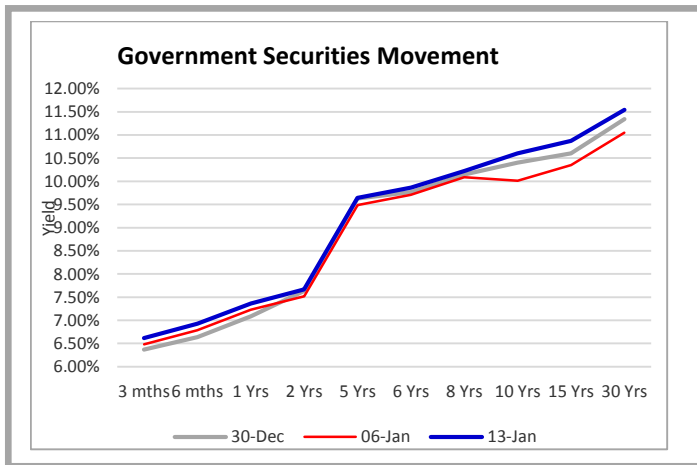
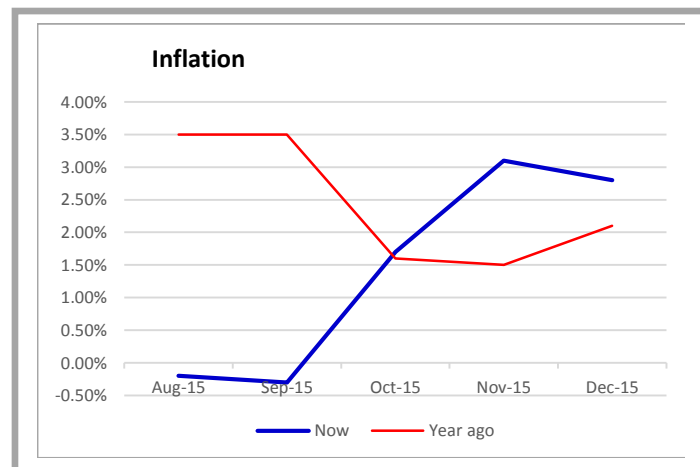
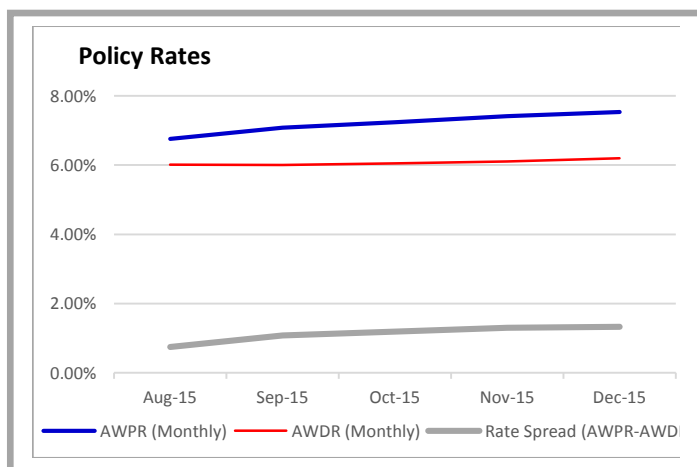


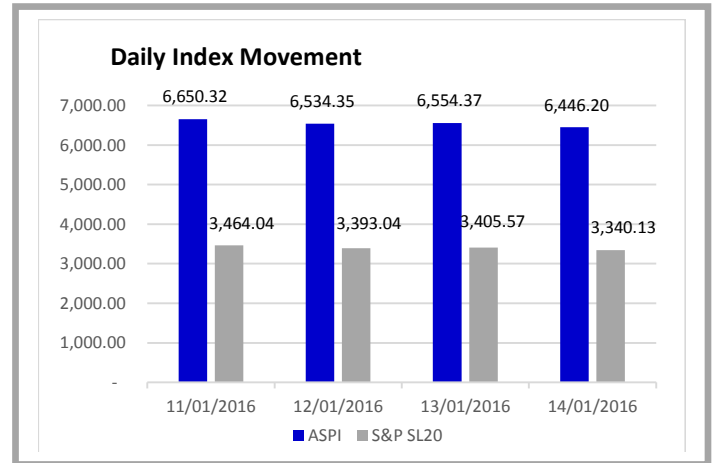
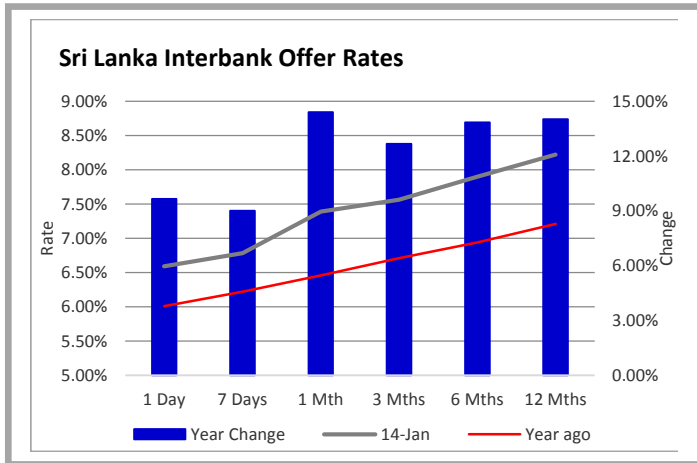
Economic Indicators: LKR/USD 143.82 (0.71% WoW) AWPR: 7.76% (2.37% WoW) AWDR: 6.20% (1.47% MoM) ASPI: 6,446 (4.16% WoW) S&P SL20: 3,340 (4.96% WoW)



Market	Period	13-Jan	06-Jan	Change %
Secondary Market	3 months	6.62%	6.48%	2.16%
	6 months	6.93%	6.79%	2.06%
	1 Year	7.36%	7.23%	1.80%
	2 Years	7.67%	7.52%	1.99%
	5 Years	9.64%	9.49%	1.58%
	6 Years	9.86%	9.71%	1.54%
	8 Years	10.22%	10.09%	1.29%
	10 Years	10.60%	10.01%	5.89%
	15 Years	10.87%	10.35%	5.02%
	30 Years	11.54%	11.05%	4.43%

- Average Weighted Prime Lending Rate (AWPR): 7.76%. It has increased by 18 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 : 6.59% (1Day), 6.78%(7Days), 7.39%(1Month), 7.56%(3Months), 7.90%(6Months), 8.22%(1Yr).
- Inflation (Annual average change): 0.9% (Dec) and 0.9% (Nov).

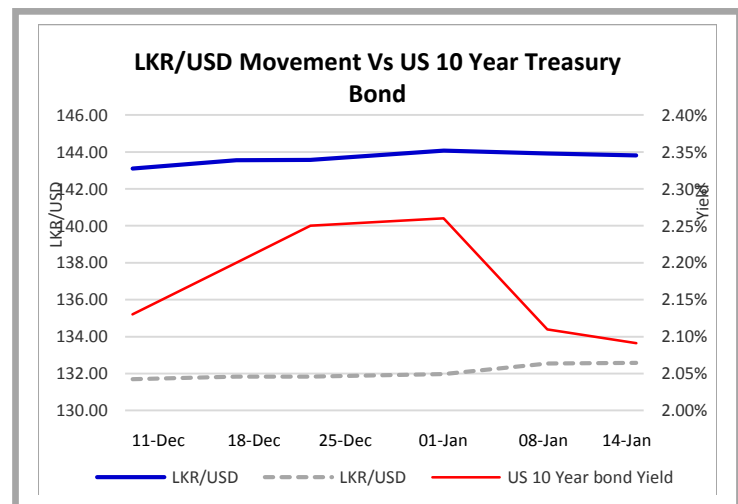




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.71% against USD from LKR/USD 144.86 to 143.82.
- One month forward rate of LKR/USD is 144.44 (Last week 144.93), three month forward rate is 145.59 (Last week 145.82)

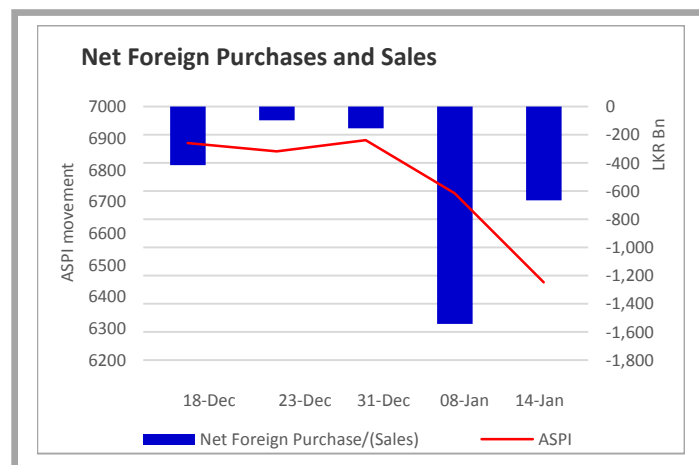
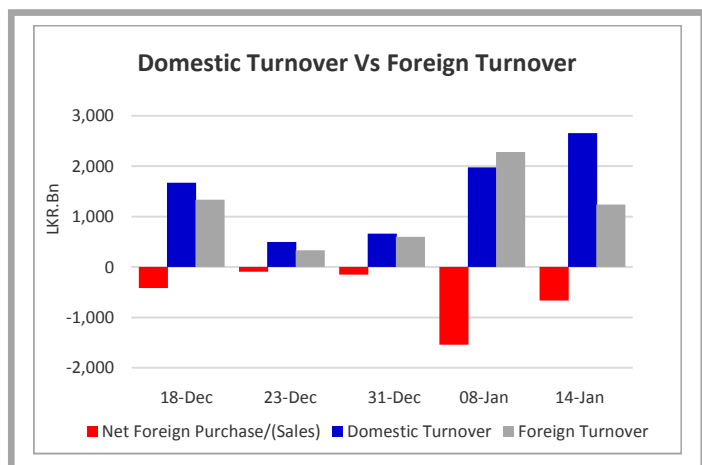
	18-Dec	23-Dec	01-Jan	08-Jan	08-Jan
INR 15/16	2.16	2.16	2.17	2.15	2.14
INR 14/15	2.06	2.07	2.07	2.07	2.11
RM 15/16	33.27	33.32	33.55	32.97	32.76
RM 14/15	37.72	37.46	37.49	36.75	36.68



Colombo Stock Exchange

- All Share Price Index: 6,446 points as at 14th Jan 2016.
- S&P 20: 3,340 points as at 14th Jan 2016.
- ASPI reduced by 280 points WoW which is 4.16%.
- S&P 20 reduced WoW by 174 points, reflecting a 4.96% negative variation.
- Net Foreign Outflow: LKR. 666 Mn.
- Last week recorded a Net foreign Outflow: LKR. 15,42Mn.
- Market capitalization: LKR.2,751Bn which is 4.01% reduction compared to last week.
- Market PE: PE recorded as 16.84 in this week and it has reduced by 3.99% from the last week.

Price Index by Sector			
Top Losers	This week	Pre. week	Change %
INFORMATION TECHNOLOGY	52.16	58.84	-11.35%
OIL PALMS	87,324.56	93,800.54	-6.90%
FOOTWEAR AND TEXTILES	921.75	988.81	-6.78%
MANUFACTURING	3,991.93	4,273.63	-6.59%
TELECOMMUNICATIONS	174.13	186.04	-6.40%
TRADING	16,495.77	17,599.11	-6.27%
BANKS FINANCE AND INSURANCE	15,811.82	16,666.87	-5.13%
PLANTATIONS	670.96	707.06	-5.11%
CONSTRUCTION AND ENGINEERING	2,710.96	2,840.99	-4.58%
POWER AND ENERGY	156.82	163.71	-4.21%



Local News

The Sri Lankan economy is forecast to grow 6 percent 2016 with fiscal proposals to stimulate manufacturing, export and construction offering growth prospects in the medium term, CT CLSA Securities said in its Sri Lanka Outlook 2016 report. In terms of sectors, the banking sector is expected to undergo another challenging year in 2016 with the authorities expected to tighten credit expansion, and due to increased effective tax rates which increased by 5.5 percent in the 2016 National Budget. The manufacturing sector is expected to rebound in 2016, amid recommencement of large scale government led infrastructure projects, such as the Colombo port city project, and the Central Expressway.

(Source: LBO- 12.01.2016)

Foreign News

The number of applications for unemployment benefits in U.S. unexpectedly increased last week, a sign labour market momentum may be starting to cool. Initial jobless claims rose by 7,000 to 284,000 in the week ended Jan. 9, the second-highest level since July, a report from the Labour Department showed on Thursday. The median forecast in a Bloomberg survey of economists called for a decline to 275,000. Concerns that a slowdown in China and other emerging economies will limit prospects for U.S. growth have roiled equity markets and may make some employers more cautious about their staffing levels. A sustained pickup in the pace of dismissals that takes claims well above 300,000 will probably be needed to confirm demand for workers is waning.

(Source: Bloomberg - 14.01.2016)

Gross official reserves, which stood at US dollars 6.5 billion at end October 2015, are estimated to have increased to around US dollars 7.3 billion by end November 2015, according to the Central Bank. Reflecting domestic and global developments, the Sri Lanka rupee has depreciated by 8.8 percent against the US dollar in 2015. Notwithstanding these developments, the Monetary Board is of the view that external sector policies already implemented need to be further supported by some monetary policy tightening. The year-on-year growth of broad money (M2b) continued to expand at a high rate of 17.0 percent in October 2015 compared to 16.0 percent recorded in the previous month, driven by the expansion of credit extended to both private and public sectors by the banking system.

(Source: Daily News - 14.01.2016)

China's new yuan-denominated lending in 2015 hit 11.72 trillion yuan (1.79 trillion U.S. dollars), up 1.81 trillion yuan from one year earlier, latest data showed on last Friday. In December, banks' new lending reached 597.8 billion yuan, down 345.3 billion yuan from the same month of 2014, said the People's Bank of China (PBOC), the central bank. M2, a broad measure of money supply that covers cash in circulation and all deposits, increased 13.3 percent year on year to 139.23 trillion yuan at the end of December, according to the PBOC. The narrow measure of money supply (M1), which covers cash in circulation plus demand deposits, rose 15.2 percent year on year to 40.1 trillion yuan at the end of December.

(Source: Xinhuanet.com - 14.01.2016)

Sri Lanka's Finance Ministry has suspended implementing the budget proposals on VAT and NBT until the relevant legislative enactments are passed by Parliament. However, considering the cost of living impact, restriction on the exempt supplies applicable on wholesale and retail trade (deemed VAT) is removed with effect from 01.01.2016, the ministry said in a statement. Budget 2016 proposed several amendments to Value Added Tax (VAT) and Nation Building Tax (NBT). Meanwhile the ministry further stated that vehicle importers who have imported motor vehicles for personal use on LCs opened before Budget 2016 are permitted to be cleared from the Customs by paying the Duties under the rate prevailed at 20.11.2015, without paying any demurrage.

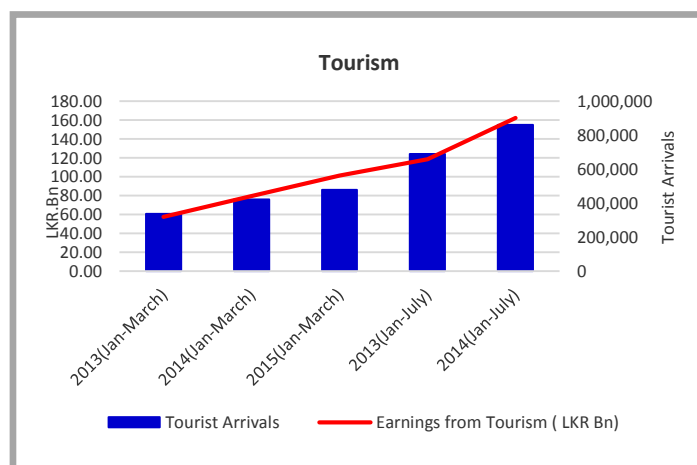
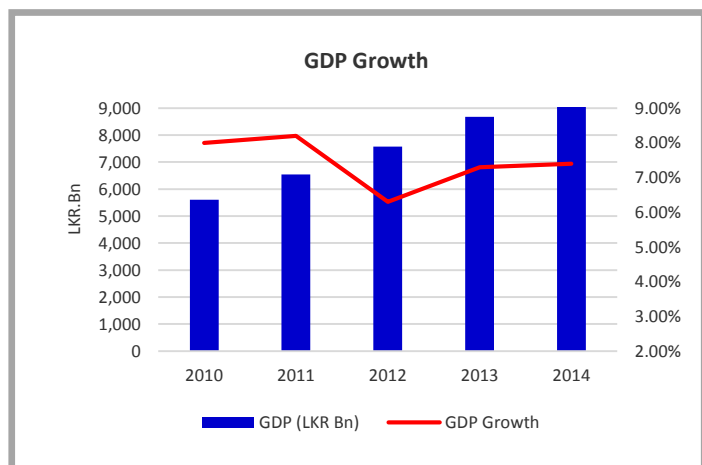
(Source: LBO - 13.01.2016)

French Finance Minister Michel Sapin said last Thursday that France's central state budget deficit was E70.5 billion last year, E3.9 billion less than forecast. Speaking to journalists in Paris, Sapin said it was too early to give definitive figures for France's total deficit in 2015 but he stressed that the government would meet its public deficit targets both in 2016 and 2017. At E70.5 billion, the central state deficit is E15 billion less than in 2014. It is only part of France's total deficit, however, which also includes deficits in the Social Security system and in local governments. France has pledged to cut its total deficit from a projected 3.8% of GDP in 2015 to 3.3% this year and 2.7% in 2017

(Source: Market News International - 14.01.2016)

GDP and Economy

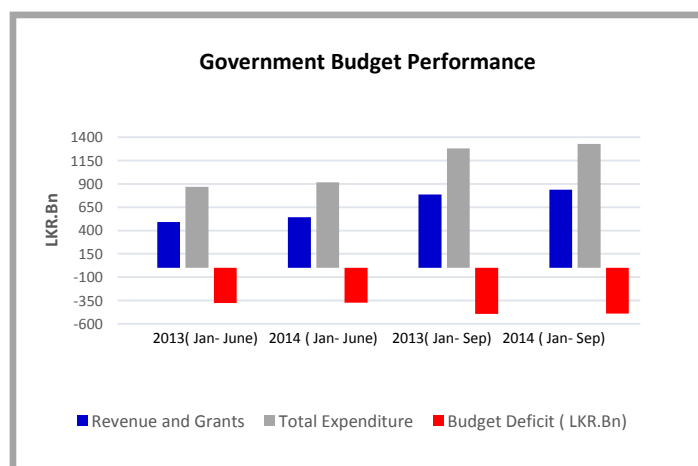
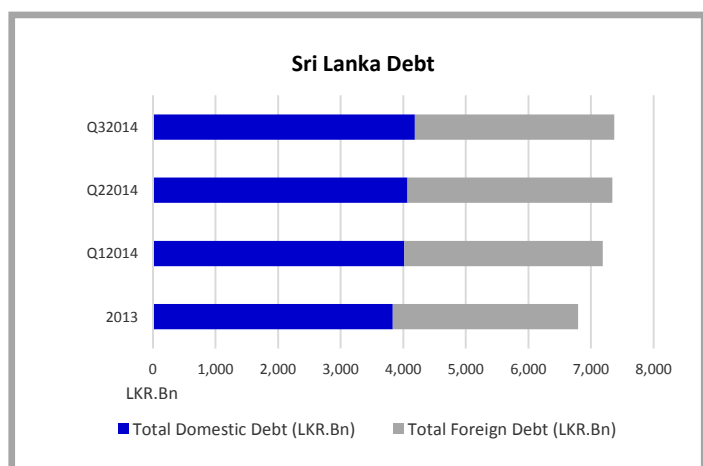
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

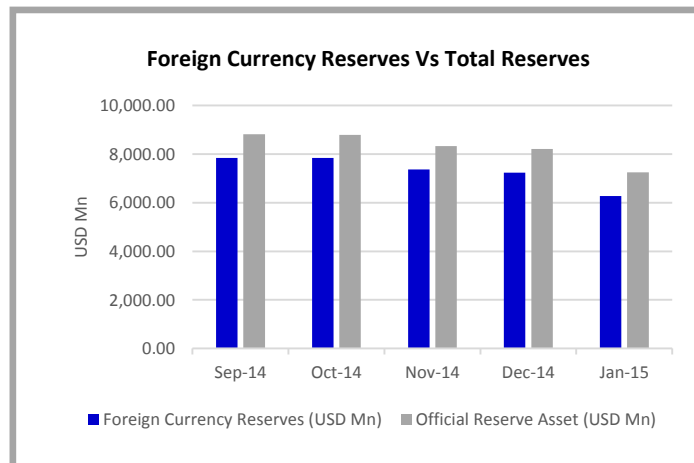
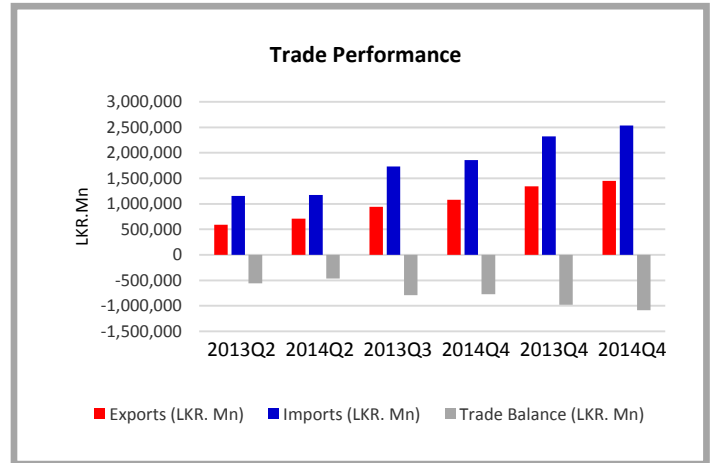
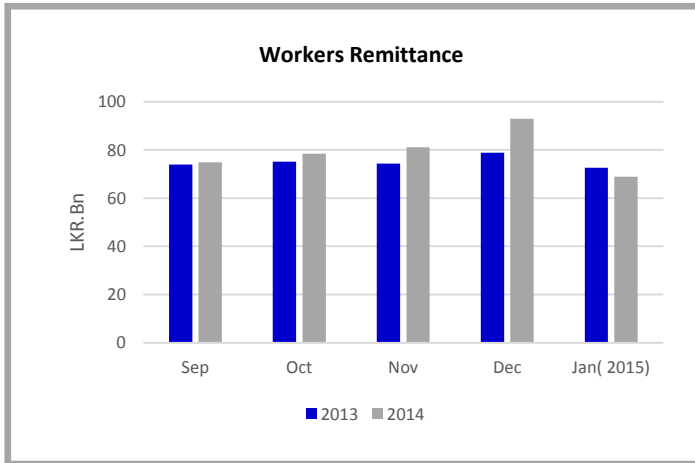


Sri Lanka Fiscal Performance

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 Syndicated Loan Facilities

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- Balance Sheet Restructuring
- Corporate Restructuring

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