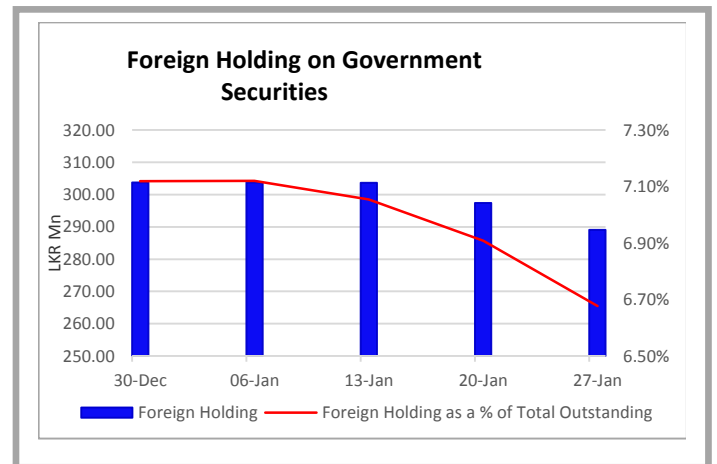
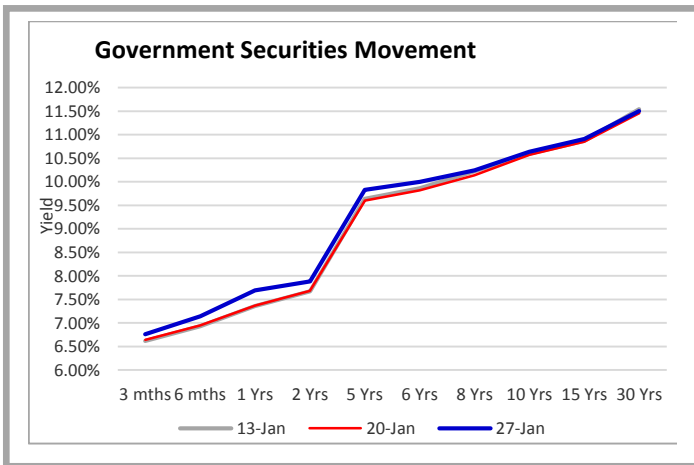
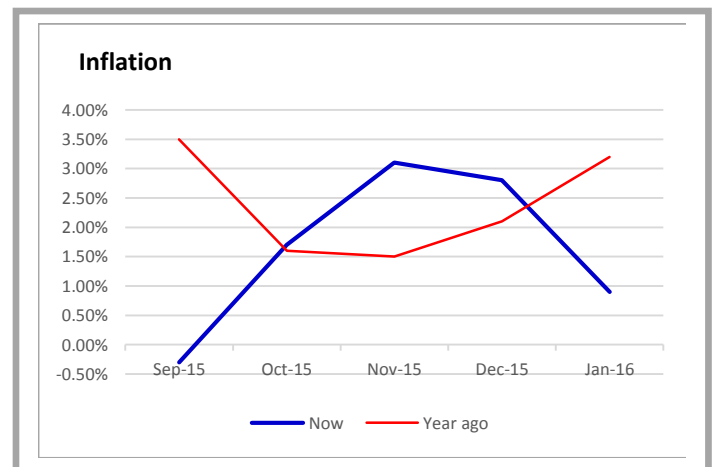
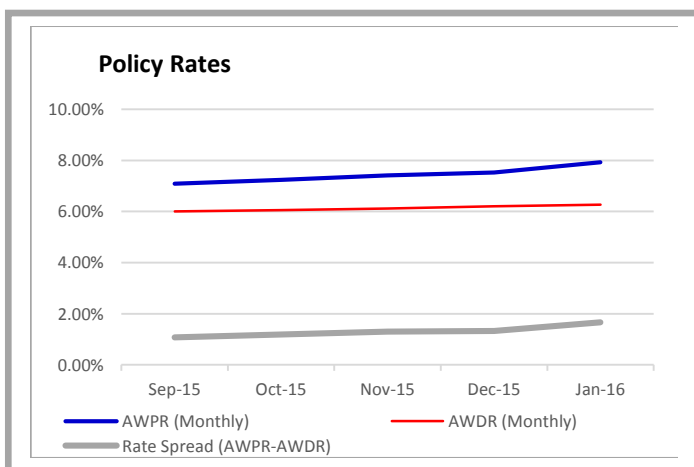


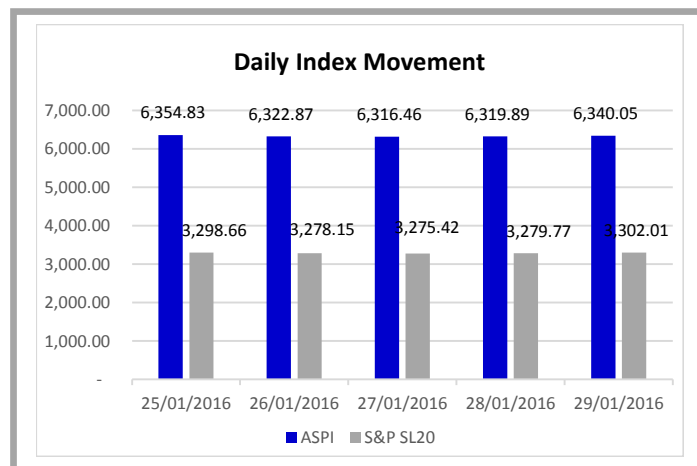
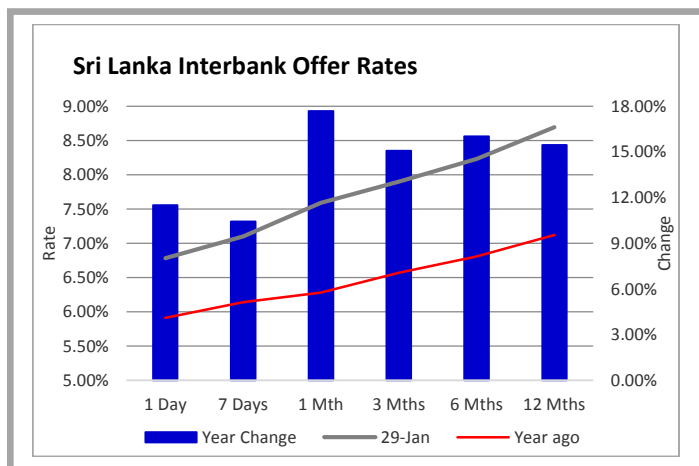
Economic Indicators: LKR/USD 144.08 (0.04% WoW) AWPR: 7.92% (1.66% WoW) AWDR: 6.26% (0.96% MoM) ASPI: 6,340 (0.66% WoW) S&P SL20: 3,302 (0.40% WoW)



Market	Period	27-Jan	20-Jan	Change %
Secondary Market	3 months	6.76%	6.64%	1.81%
	6 months	7.14%	6.95%	2.73%
	1 Year	7.69%	7.37%	4.34%
	2 Years	7.88%	7.68%	2.60%
	5 Years	9.83%	9.60%	2.40%
	6 Years	10.00%	9.82%	1.83%
	8 Years	10.24%	10.14%	0.99%
	10 Years	10.64%	10.57%	0.66%
	15 Years	10.91%	10.85%	0.55%
	30 Years	11.50%	11.46%	0.35%

- Average Weighted Prime Lending Rate (AWPR): 7.92%. It has increased by 13 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.26% (Jan), 6.20% (Dec).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.66% (Jan) and 7.57% (Dec).
- SLIBOR Rates : 6.78% (1Day), 7.10%(7Days), 7.58%(1Month), 7.90%(3Months), 8.23%(6Months), 8.69%(1Yr).
- Inflation (Annual average change): 0.7% (Jan) and 0.9% (Dec).

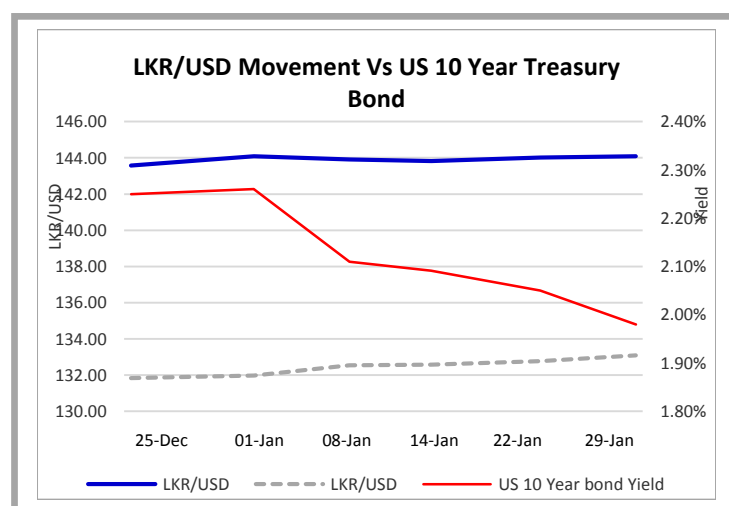




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.04% against USD from LKR/USD 144.01 to 143.08.
- One month forward rate of LKR/USD is 144.69 (Last week 144.64), three month forward rate is 145.80 (Last week 145.78)

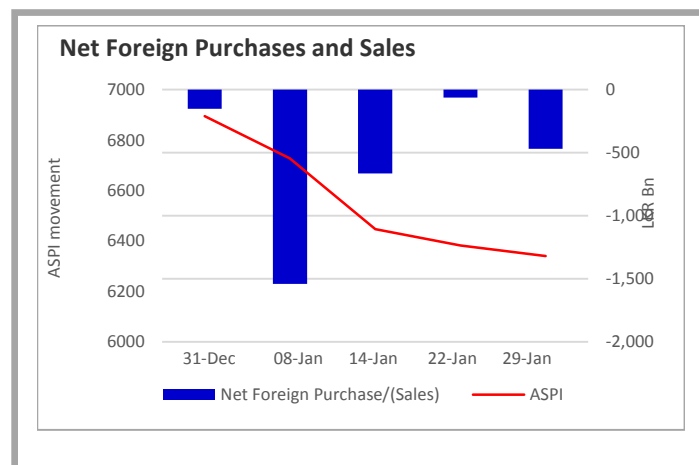
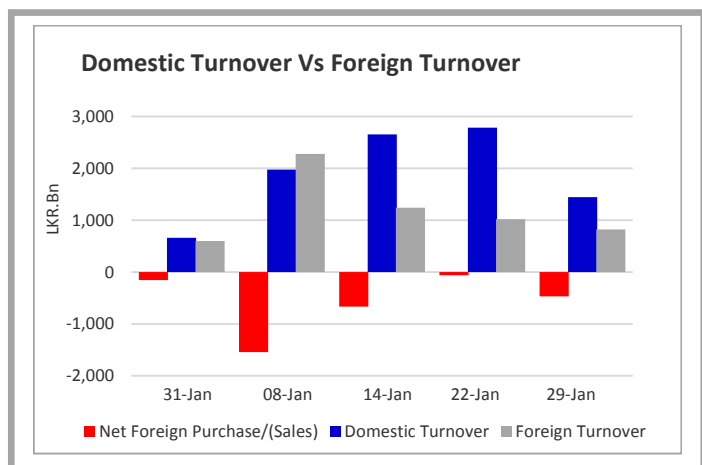
	01-Jan	08-Jan	14-Jan	22-Jan	29-Jan
INR 15/16	2.17	2.15	2.14	2.12	2.11
INR 14/15	2.07	2.07	2.11	2.14	2.15
RM 15/16	33.55	32.97	32.76	33.13	34.60
RM 14/15	37.49	36.75	36.68	36.48	36.37



Colombo Stock Exchange

- All Share Price Index: 6,340 points as at 29th Jan 2016.
- S&P 20: 3,302 points as at 29th Jan 2016.
- ASPI reduced by 42 points WoW which is 0.66%.
- S&P 20 reduced WoW by 13 points, reflecting a 0.40% negative variation.
- Net Foreign Outflow: LKR. 469 Mn.
- Last week recorded a Net foreign Outflow: LKR. 63Mn.
- Market capitalization: LKR.2,706Bn which is 0.66% reduction compared to last week.
- Market PE: PE recorded as 16.57 in this week and it has reduced by 0.59% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
STORES AND SUPPLIES	25,866.16	25,058.86	3.22%
TRADING	16,510.74	16,111.39	2.48%
FOOTWEAR AND TEXTILES	956.27	939.07	1.83%
TELECOMMUNICATIONS	173.62	171.80	1.06%
CONSTRUCTION AND ENGINEERING	2,681.73	2,654.45	1.03%
Top Losers			
INFORMATION TECHNOLOGY	51.15	53.93	-5.15%
INVESTMENT TRUSTS	15,714.82	16,291.62	-3.54%
DIVERSIFIED HOLDINGS	1,659.45	1,697.57	-2.25%
CHEMICALS AND PHARMACEUTICALS	6,997.59	7,134.41	-1.92%
OIL PALMS	82,040.27	83,361.07	-1.58%



Local News

Consumer prices in Sri Lanka's capital Colombo has dropped to 0.9 percent in January 2016 from a year earlier, down from 2.8 percent in December 2015 with the inflation index dropping 0.2 percent in the month, the state statistics office said. The CCPI for all items for the month of January 2016 was 184.9 recording a decrease of 0.16 percent compared to the previous month for which the index was 185.2. Year on year inflation of Food Group has decreased from 4.2 percent in December 2015 to - 0.2 percent in January 2016 while Non-food Group has increased by 1.5 percent to 2.0 percent during this period. The overall rate of inflation as measured by CCPI is 0.9 percent in January 2016 and inflation calculated for December 2015 was 2.8 percent.

(Source: LBO- 29.01.2016)

Foreign News

German consumer prices fell at the fastest monthly pace in a year in January as plummeting oil prices and weakness in emerging-market economies postpone a long hoped-for pickup in inflation. Prices declined 0.9 percent from December, the Federal Statistics Office in Wiesbaden said on Thursday. That's the largest decline since January 2015. Even so, the annual inflation rate rose to 0.4 percent from 0.2 percent the prior month, in line with the median estimate in a Bloomberg survey. While slightly faster inflation may seem like welcome news to the European Central Bank which is trying to fuel price pressures in the 19-nation euro area, the acceleration masks a deteriorating outlook.

(Source: Bloomberg - 14.01.2016)

The ground breaking ceremony for the Western Province Megalopolis project at a cost of Rs. 40 billion will be unveiled tomorrow with plans to merge Colombo, Gampaha and Kalutara districts. The project is expected to be completed in fifteen years. Megalopolis and Western Development Minister Patali Champika Ranawaka speaking to Daily News Business said that he was confident to raise this amount from both local and foreign investors with minimal financial constraints for the government. He said that this project will also help towards raising the per capita income of the country from \$4,000 US to \$12,000 by 2030. In a bid to promote IT and Research and Development and nano technology areas in Homagama and Malabe city limits have been identified.

(Source: Daily News - 28.01.2016)

The Bank of Japan unexpectedly cut a benchmark interest rate below zero on last Friday, stunning investors with another bold move to stimulate the economy as volatile markets and slowing global growth threaten its efforts to overcome deflation. Global equities jumped, the yen tumbled and sovereign bonds rallied after the BOJ said it would charge for a portion of bank reserves parked with the institution, an aggressive policy pioneered by the European Central Bank (ECB). In adopting negative interest rates Japan is reaching for a new weapon in its long battle against deflation, which since the 1990s have discouraged consumers from buying big because they expect prices to fall further.

(Source: Reuters - 29.01.2016)

Sri Lanka's trade deficit for the first eleven months of 2015 marginally increased by one percent to 7.6 billion dollars, the central bank said. Worker remittances declined 7.2 percent to 574.5 million dollars in November 2015, year-on-year, although cumulative inflow from remittances was up marginal 0.8 per cent to 6.4 billion during the first eleven months of 2015. "The comparatively low growth in workers' remittances during this period could be attributed to the drop in income in oil exporting Middle Eastern countries with decline in world oil prices," a statement said. BOP is estimated to have recorded a deficit of 1.3 billion dollars during the year to November, compared with a surplus of 1.6 billion during the corresponding period of 2014.

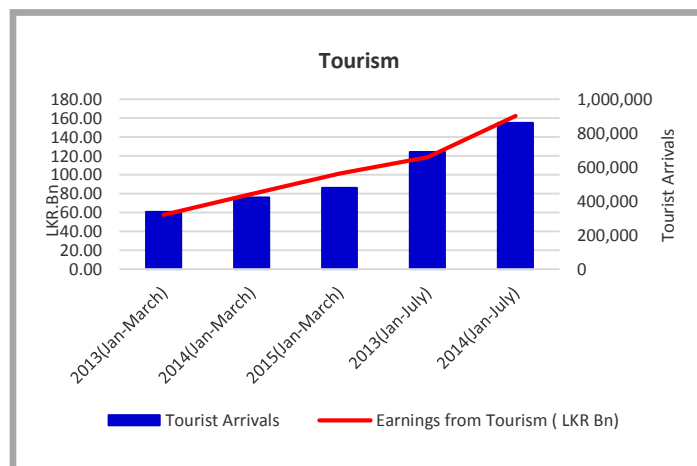
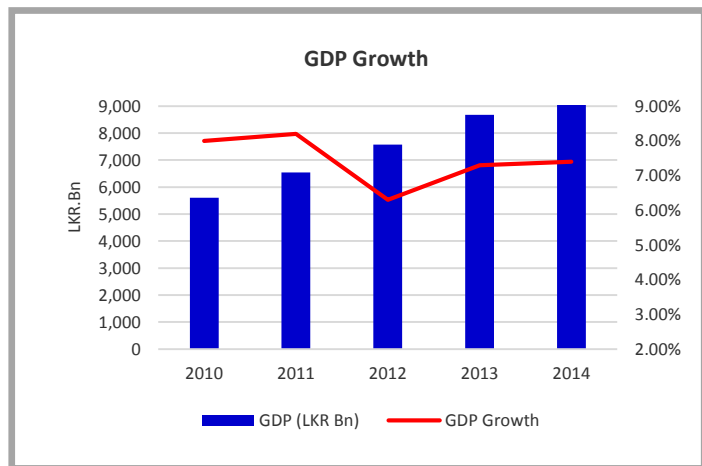
(Source: LBO - 28.01.2016)

Advisors have been cutting back on their allocations of assets to equities in the face of a long list of factors that have clients feeling uneasy. High among these concerns are worries about China and other global events, and the possibility of inflation in the wake of the Fed's interest rate increase, according to the 320 respondents in this month's Global Asset Allocation Tracker survey. "Due to a weak global economy and uncertainty surrounding issues in China, clients have been reluctant to invest in any foreign mutual funds," even those that are not tied to China, one advisor said. Many advisors noticed that their clients are holding on to cash. "Clients have been holding on to cash, waiting for a sell-off to put it back into U.S. equities," said one planner.

(Source: Financial-Planning.com - 28.01.2016)

GDP and Economy

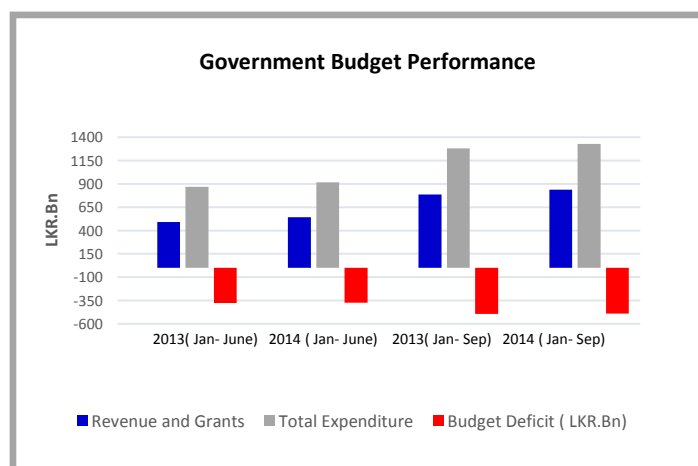
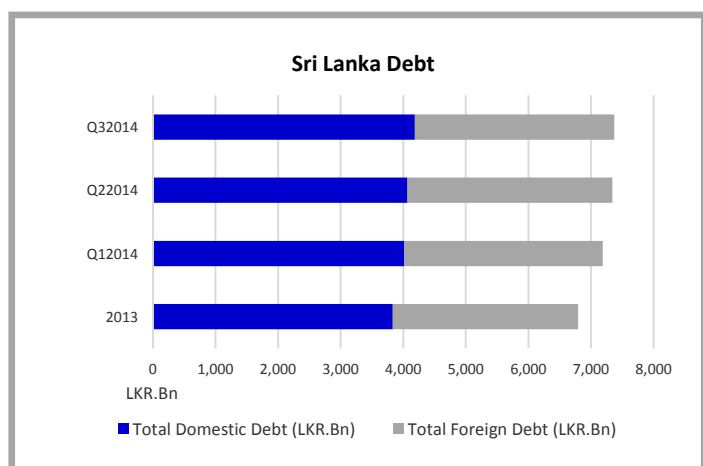
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

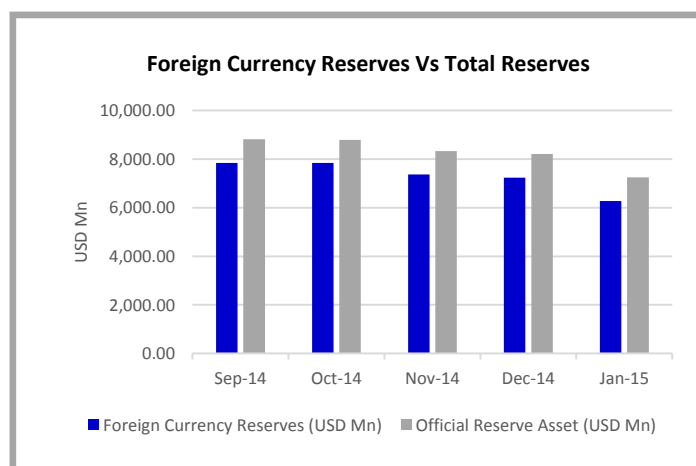
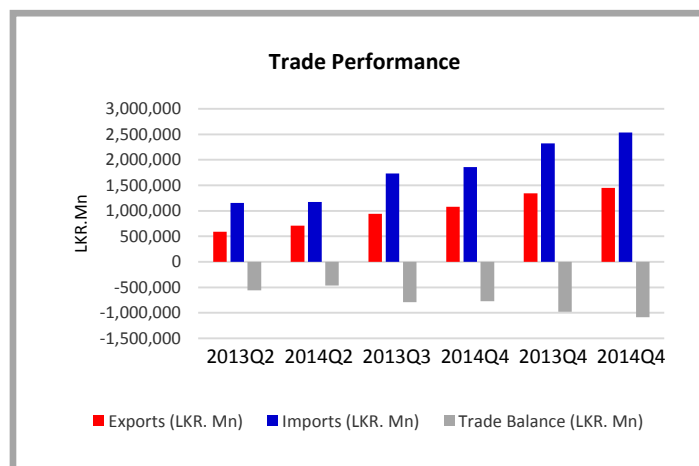
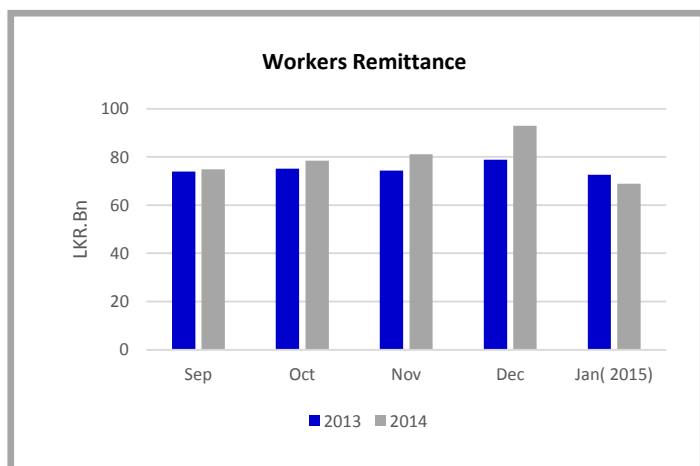


Sri Lanka Fiscal Performance

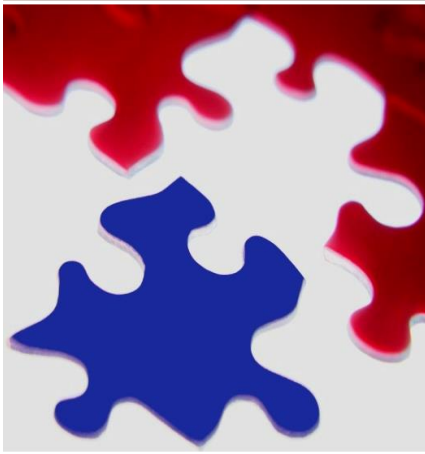
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent 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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