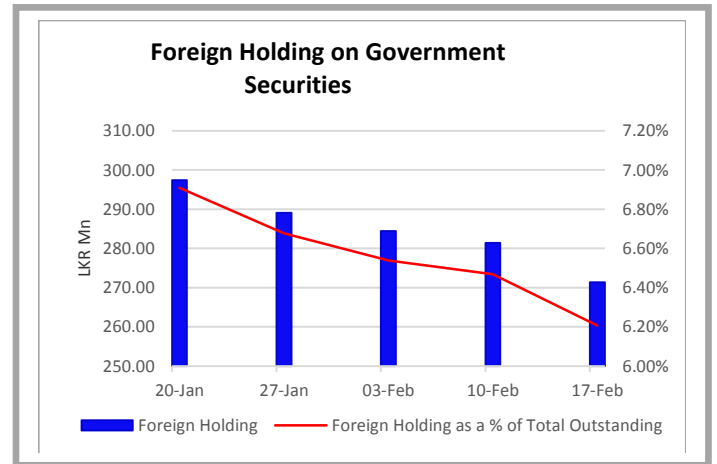
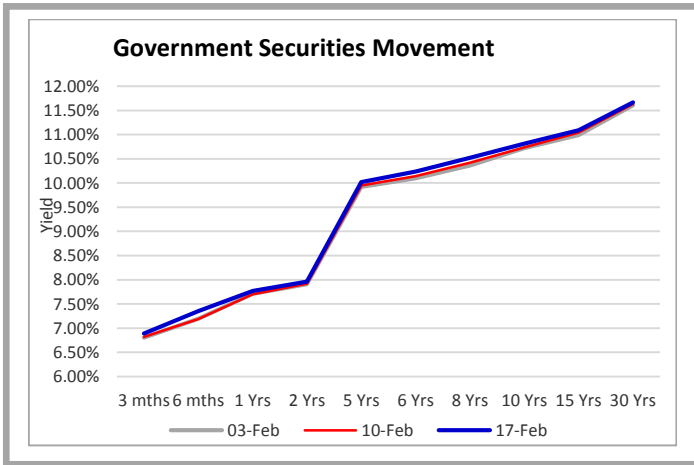
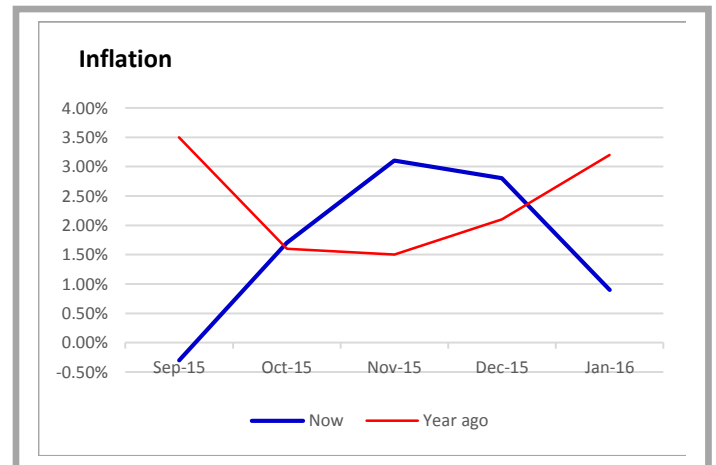
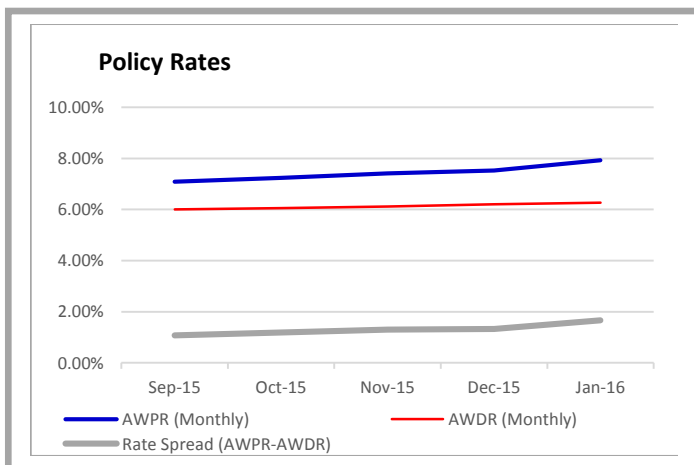


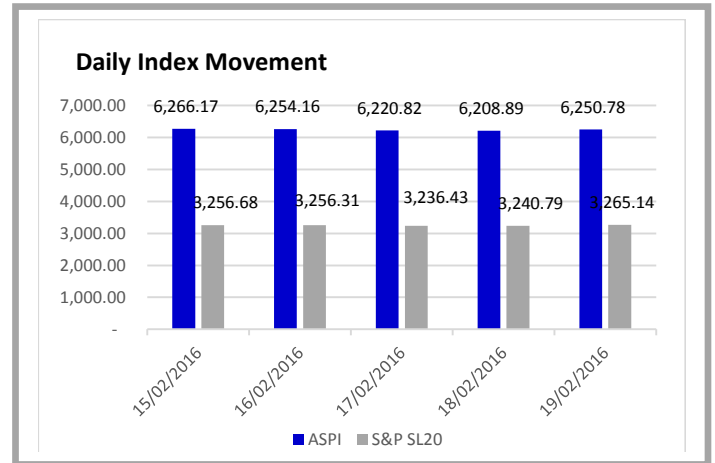
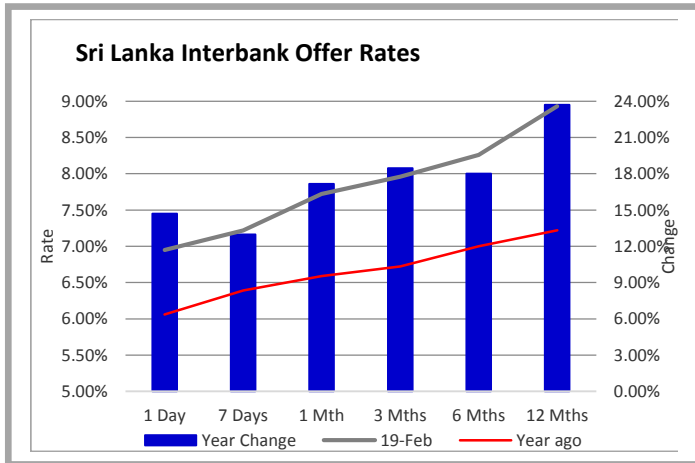
Economic Indicators: LKR/USD 144.23 (0.15% WoW) AWPR: 8.35% (0.95% WoW) AWDR: 6.26% (0.96% MoM) ASPI: 6,250 (0.51% WoW) S&P SL20: 3,265 (0.01% WoW)



Market	Period	17-Feb	10-Feb	Change %
Secondary Market	3 months	6.89%	6.82%	1.03%
	6 months	7.35%	7.19%	2.23%
	1 Year	7.77%	7.70%	0.91%
	2 Years	7.96%	7.92%	0.51%
	5 Years	10.02%	9.95%	0.70%
	6 Years	10.24%	10.14%	0.99%
	8 Years	10.52%	10.42%	0.96%
	10 Years	10.81%	10.74%	0.65%
	15 Years	11.09%	11.04%	0.45%
	30 Years	11.67%	11.63%	0.34%

- Average Weighted Prime Lending Rate (AWPR): 8.35%. It has increased by 06 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 : 6.95% (1Day), 7.22%(7Days), 7.72%(1Month), 7.96%(3Months), 8.26%(6Months), 8.93%(1Yr).
- Inflation (Annual average change): 0.7% (Jan) and 0.9% (Dec).

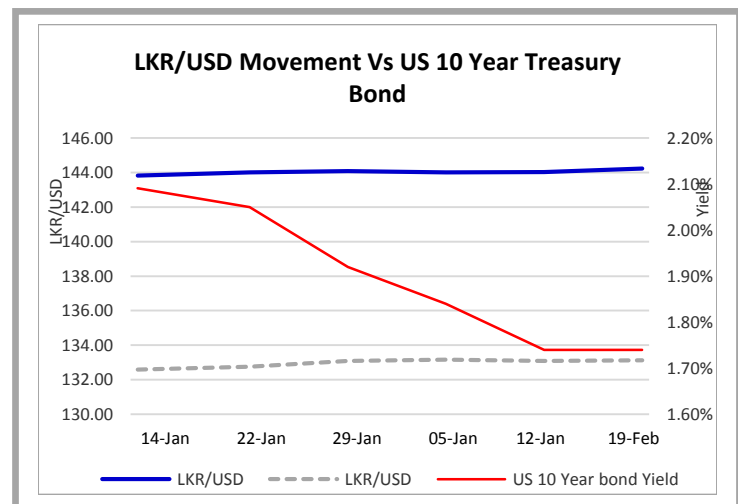




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.15% against USD from LKR/USD 144.02 to 144.23.
- One month forward rate of LKR/USD is 144.62 (Last week 144.72), three month forward rate is 145.96 (Last week 145.82)

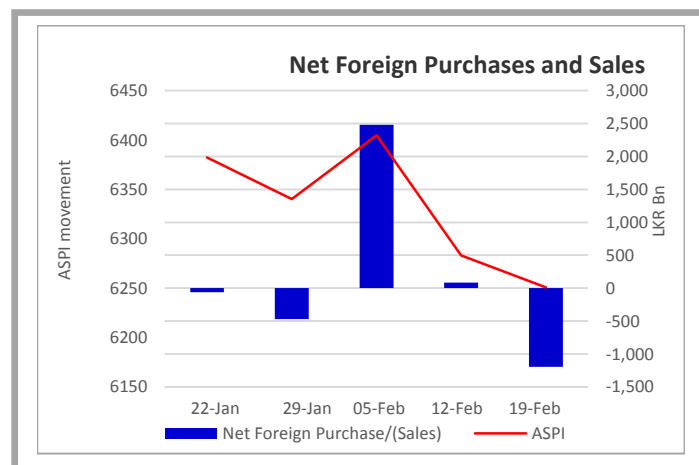
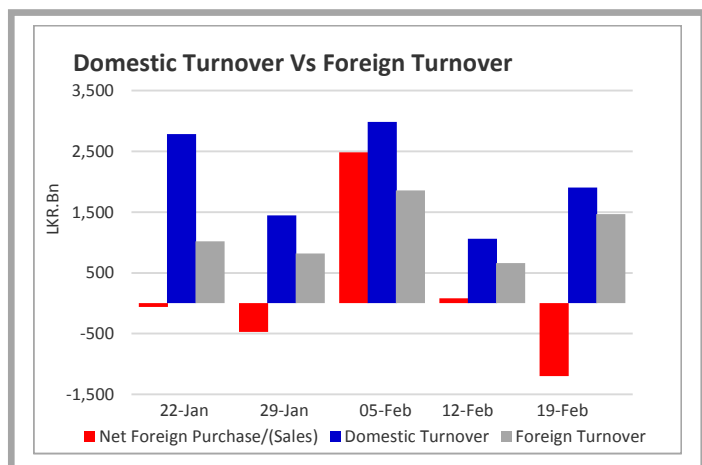
	22-Jan	29-Jan	05-Feb	12-Feb	19-Feb
INR 16	2.12	2.11	2.12	2.10	2.09
INR 15	2.14	2.15	2.13	2.12	2.13
RM 16	33.13	34.60	34.78	34.52	34.12
RM 15	36.48	36.37	36.93	36.69	36.68



Colombo Stock Exchange

- All Share Price Index: 6,250 points as at 19th Feb 2016.
- S&P 20: 3,265 points as at 19th Feb 2016.
- ASPI reduced by 32 points WoW which is 0.51%.
- S&P 20 increased WoW by 0.20 points, reflecting a 0.01% positive variation.
- Net Foreign Outflow: LKR. 1,196 Mn.
- Last week recorded a Net foreign Inflow: LKR. 83Mn.
- Market capitalization: LKR.2,671Bn which is 0.41% reduction compared to last week.
- Market PE: PE recorded as 16.35 in this week and it has reduced by 0.43% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
BEVERAGE FOOD AND TOBACCO	21,432.01	21,166.96	1.25%
CHEMICALS AND PHARMACEUTICALS	7,123.18	7,047.92	1.07%
DIVERSIFIED HOLDINGS	1,642.31	1,639.19	0.19%
SERVICES	22,201.01	22,190.42	0.05%
INFORMATION TECHNOLOGY	47.80	47.80	0.00%
Top Losers			
TRADING	15,505.86	16,090.92	-3.64%
INVESTMENT TRUSTS	14,337.23	14,876.32	-3.62%
CONSTRUCTION AND ENGINEERING	2,512.22	2,598.60	-3.32%
MANUFACTURING	3,833.38	3,941.19	-2.74%
PLANTATIONS	652.04	667.90	-2.37%



Local News

Sri Lanka's state tax collector will gradually move out of manual tax administration by launching the first phase of RAMIS next month. Starting from March, six tax types namely VAT, SVAT, CT, NBT, PAYE and WHT will be collected under the Revenue Administration Management Information System (RAMIS). The Inland Revenue Department expects to collect over 95 percent of the total tax revenue through the first phase of this project which covers large and corporate tax payers in the island. As per the IRD information, filing frequency for WHT has been changed from yearly to quarterly in the new system. Phase two will be rolled out in October for non-corporate tax payers where four more tax types namely non-corporate tax, SD, ESC and BGL will be collected.

(Source: LBO - 19.02.2016)

Foreign Investors taking part in the upcoming 'Sri Lanka Investment & Business Conclave 2016,' has shown a keen interest to explore a diverse areas of businesses in the country, with the biggest interest going into the areas of infrastructure development, export manufacturing and agriculture. Out of over 70 overseas investors registered so far, 19 investors have shown an interest in the area of 'Export Manufacturing' while 18 of them have shown an interest to explore opportunities in the Infrastructure sector. 15 investors have confirmed that they are coming to explore options available in the Agriculture sector. In the meantime, high number of investors have also shown an interest to look at sectors such as the local Knowledge Services, Power and Energy, and Tourism and Leisure sectors.

(Source: Daily News - 18.02.2016)

Sri Lanka's Central Bank hiked interest rates after a monthly policy meeting due to risks to the macro economy from excessive money supply growth and a continued trend in inflation, a statement said. The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank were hiked by 50 basis points each to 6.50 percent and 8.00 percent, respectively. In particular, the Monetary Board was of the view that the excessive growth of broad money fuelled by domestic credit expansion in the midst of continued upward trend in underlying inflation requires pre-emptive policy measures in order to contain further build-up of demand driven inflationary pressures

(Source: LBO - 19.02.2016)

Foreign News

Turmoil in stock markets and fresh worries about the economy aren't putting a big hurt on the U.S. labour market: New jobless claims fell in mid-February to a three-month low. Initial claims declined by 7,000 to 262,000 in the seven days stretching from Feb. 7 to Feb. 13, the government said last Thursday. That's the lowest level since the last week of November. Claims, a proxy for layoffs, are running at a 42-year low. Even though hiring slowed in January, companies are retaining the vast majority of their workers in anticipation of steady sales, at least for now. The average of new claims over the past month declined by 8,000 to 273,250, the Labour Department said. That's the lowest level since the week before Christmas.

(Source: www.Marketwatch.com - 18.02.2016)

POBC is moving permanently to daily open-market operations to make its liquidity management "better targeted and more efficient," the central bank said in a brief statement on its website. The PBOC previously conducted OMO twice a week, but announced on Jan. 28 it would temporarily undertake OMO every working day until Feb. 19 to ensure adequate liquidity in the run-up to the Chinese New Year holiday when demand for cash surges. That change is now being made permanent. The central bank is increasingly turning to open-market operations as part of its monetary-policy management toolkit as it reforms its interest-rate regime and tries to guide the cost of borrowing through money-market interest rates.

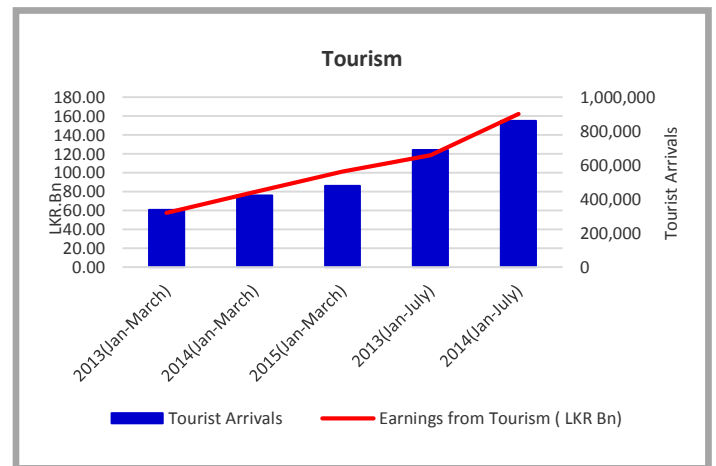
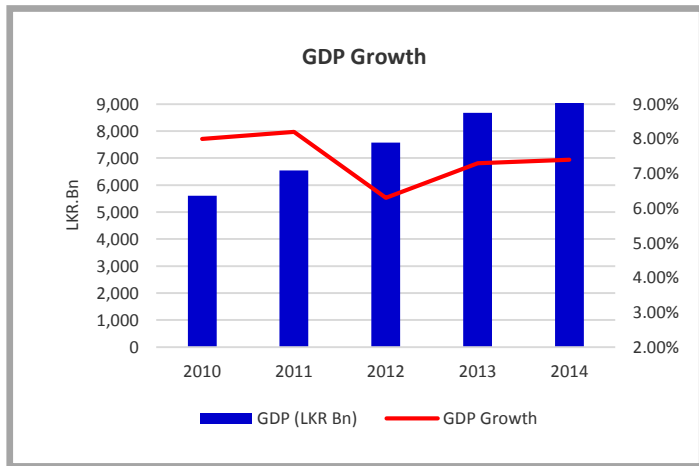
(Source: Market News International - 18.02.2016)

Members of the European Central Bank's governing council were divided at the January policy meeting on the future path of growth and inflation in the euro area, although most agreed that the outlook had darkened since the start of the year, according to a summary of the meeting. The ECB left its interest rates unchanged at its last meeting. Still, most members agreed that the outlook for the Eurozone economy had darkened due to a slowdown in emerging economies such as China, and renewed volatility in financial and commodity markets. Most also agreed that inflation in the euro area was likely to fall below zero "for a number of months," far below the ECB's target of just below 2%.

(Source: www.Marketwatch.com - 04.02.2016)

GDP and Economy

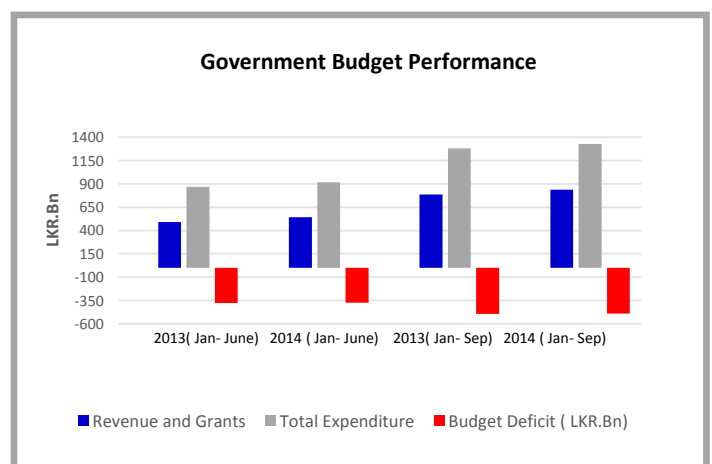
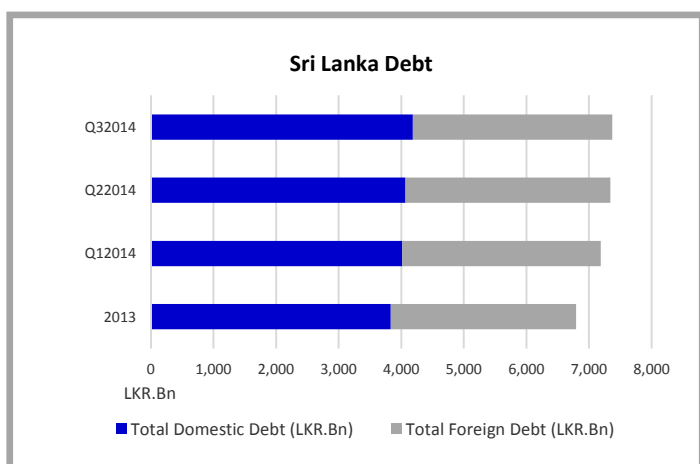
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

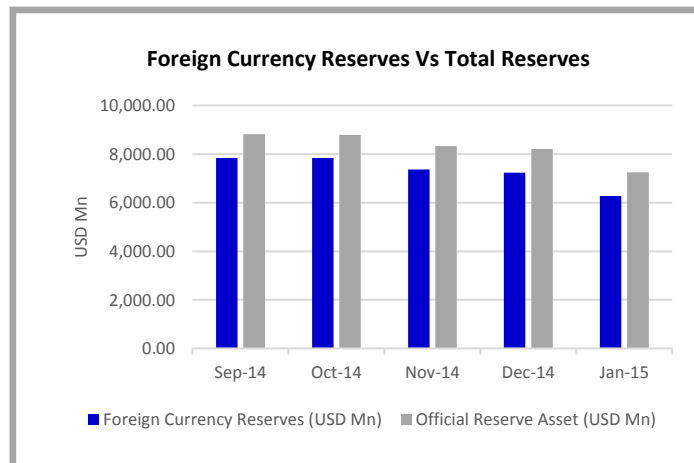
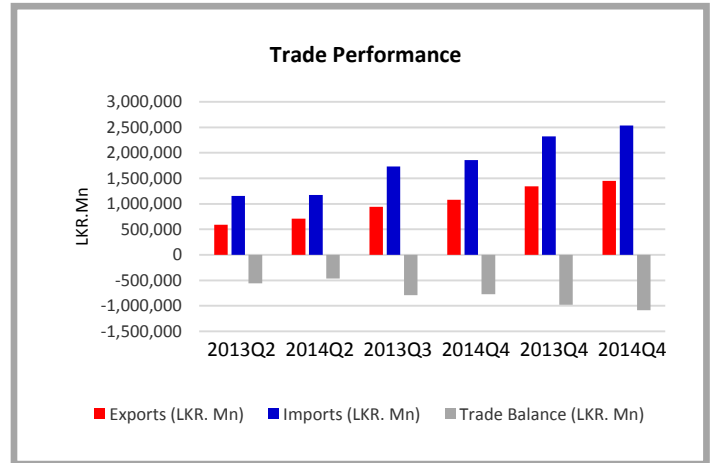
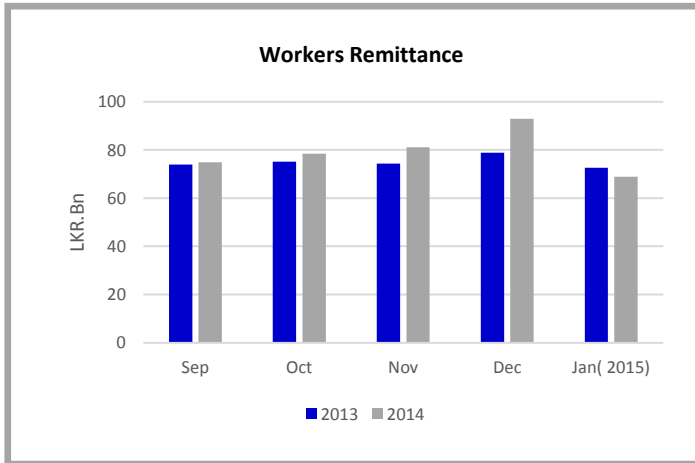


Sri Lanka Fiscal Performance

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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- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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