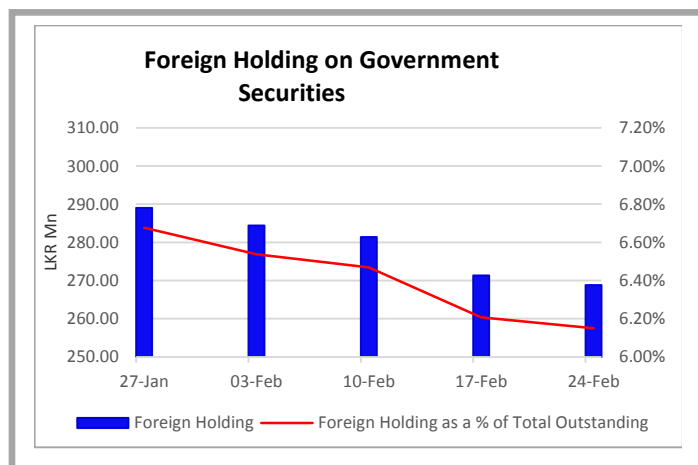
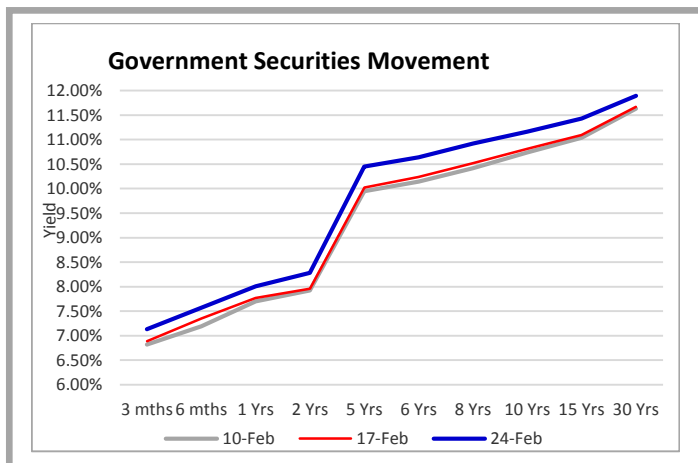
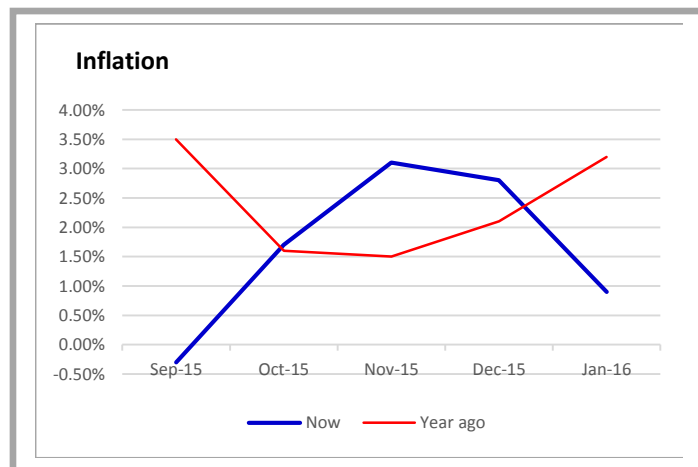
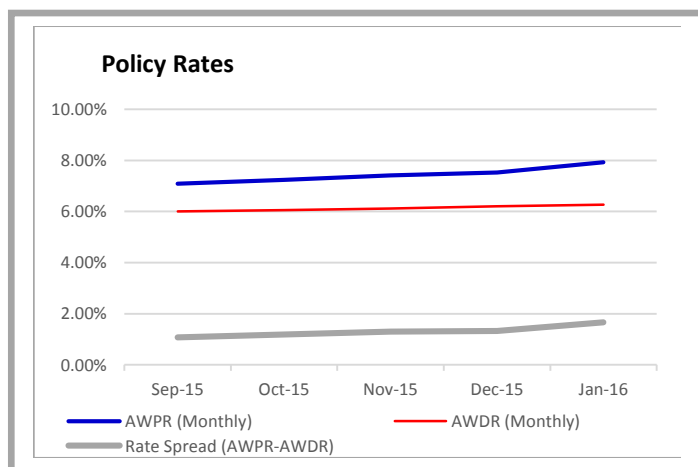


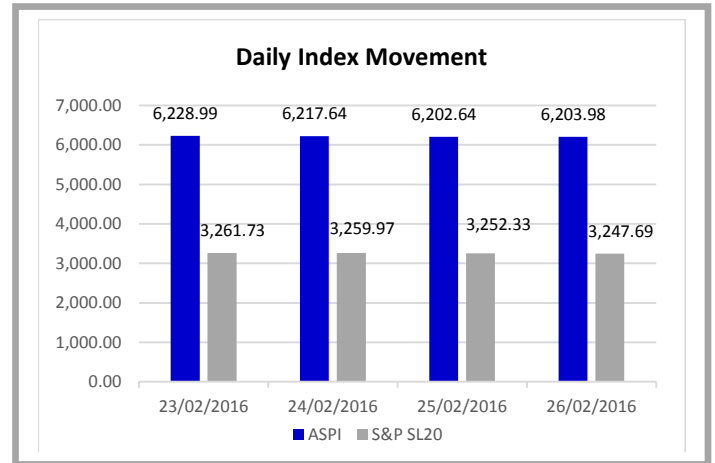
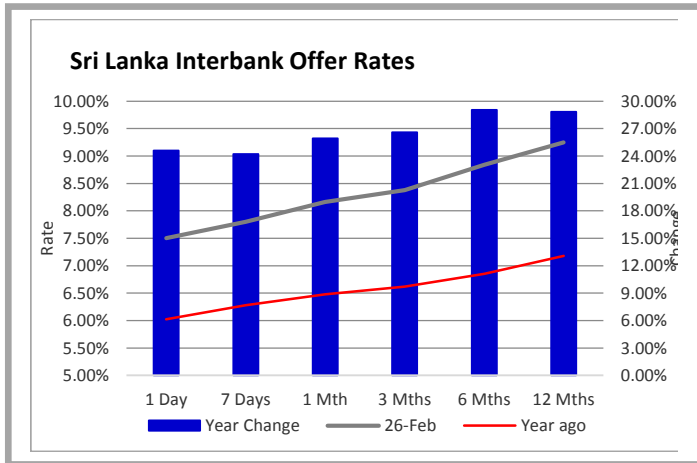
Economic Indicators: LKR/USD 144.53 (0.21% WoW) AWPR: 8.37% (0.24% WoW) AWDR: 6.26% (0.96% MoM) ASPI: 6,203 (0.75% WoW) S&P SL20: 3,247 (0.53% WoW)



Market	Period	24-Feb	17-Feb	Change %
Secondary Market	3 months	7.13%	6.89%	3.48%
	6 months	7.57%	7.35%	2.99%
	1 Year	8.01%	7.77%	3.09%
	2 Years	8.28%	7.96%	4.02%
	5 Years	10.45%	10.02%	4.29%
	6 Years	10.64%	10.24%	3.91%
	8 Years	10.92%	10.52%	3.80%
	10 Years	11.16%	10.81%	3.24%
	15 Years	11.43%	11.09%	3.07%
	30 Years	11.89%	11.67%	1.89%

- Average Weighted Prime Lending Rate (AWPR): 8.37%. It has increased by 02 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 : 7.50% (1Day), 7.80%(7Days), 8.16%(1Month), 8.38%(3Months), 8.84%(6Months), 9.25%(1Yr).
- Inflation (Annual average change): 0.7% (Jan) and 0.9% (Dec).

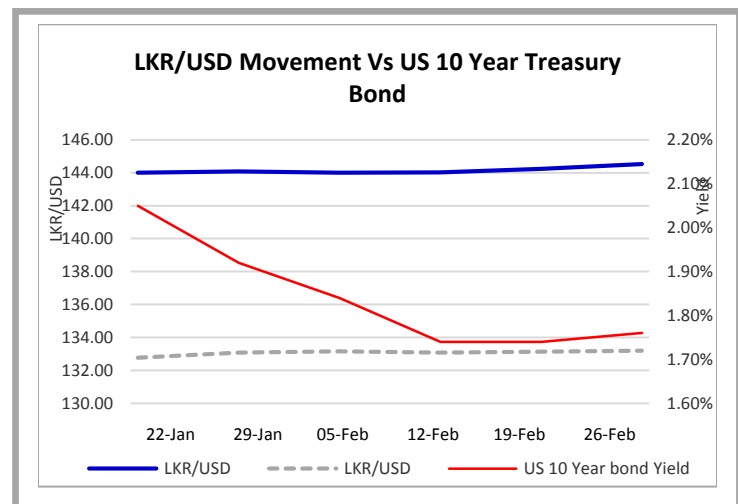




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.21% against USD from LKR/USD 144.23 to 144.53.
- One month forward rate of LKR/USD is 144.66 (Last week 144.62).

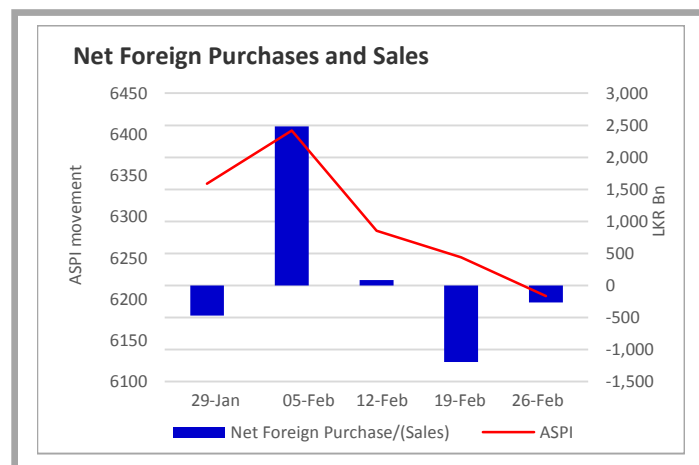
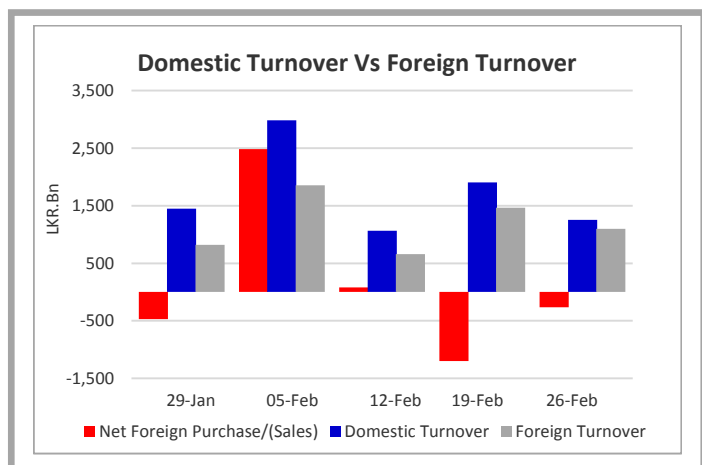
	29-Jan	05-Feb	12-Feb	19-Feb	26-Feb
INR 16	2.11	2.12	2.10	2.09	2.09
INR 15	2.15	2.13	2.12	2.13	2.14
RM 16	34.60	34.78	34.52	34.12	34.22
RM 15	36.37	36.93	36.69	36.68	36.84



Colombo Stock Exchange

- All Share Price Index: 6,203 points as at 26th Feb 2016.
- S&P 20: 3,247 points as at 26th Feb 2016.
- ASPI reduced by 46 points WoW which is 0.75%.
- S&P 20 reduced WoW by 17 points, reflecting a 0.53% negative variation.
- Net Foreign Outflow: LKR. 263 Mn.
- Last week recorded a Net foreign Outflow: LKR. 1,196 Mn.
- Market capitalization: LKR.2,651Bn which is 0.75% reduction compared to last week.
- Market PE: PE recorded as 16.23 in this week and it has reduced by 0.73% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
HEALTHCARE	874.68	847.66	3.19%
TRADING	15,733.52	15,505.86	1.47%
MOTORS	16,752.11	16,522.14	1.39%
CHEMICALS AND PHARMACEUTICALS	7,219.05	7,123.18	1.35%
LAND AND PROPERTY	652.48	646.07	0.99%
Top Losers			
FOOTWEAR AND TEXTILES	898.70	938.03	-4.19%
TELECOMMUNICATIONS	160.40	167.36	-4.16%
INVESTMENT TRUSTS	13,848.61	14,337.23	-3.41%
CONSTRUCTION AND ENGINEERING	2,464.11	2,512.22	-1.92%
SERVICES	21,882.51	22,201.01	-1.43%



Local News

Sri Lanka's government signed a loan agreement with the Asian Development Bank (ADB) to borrow 100 million US dollars to implement a small and medium enterprise credit line project, the Finance Ministry said. "The project aims to increase the employment opportunities by strengthening the SME's access to finance," the Finance Ministry said in a statement. The project agreements of the SME credit line was signed with the ADB and 10 local financial institutions: Peoples Bank, Bank of Ceylon, Commercial Bank, Sampath Bank, Hatton National Bank, DFFC, Regional Development Bank, National Development Bank, Nations Trust Bank and the Seylan Bank. The loans will be disbursed to participating financial institutions such as local banks through an auction system.

(Source: LBO - 23.02.2016)

The 11th round of Iran-Sri Lanka trade talks ended successfully in Colombo on last Wednesday. The first trade talks to be held with Sri Lanka by a post-sanctions Iranian administration, the tightly scheduled one-day Colombo sessions deliberated on a multitude -but critical- gamut of issues that spanned from trade, energy to mining, culture and health. "The five committees completed their work based on cooperation efforts of JCEC. The presence of the private sector in the formulation of articles is very effective" Iranian Energy and Water Minister Hamid Chitchian said in Colombo yesterday. Chitchian was delivering his closing remarks at the conclusion of the 11th Joint Commission for Economic Co-operation (JCEC) session at Kingsbury Hotel, Colombo.

(Source: Daily News - 26.02.2016)

Sri Lanka's central bank governor hopes interest rates can be maintained at current levels, after a 50 basis point rate hike last week, but this will be determined by external factors, he said. The island's policy rates are at 6.5 percent and 8 percent, while 10-year Treasury bond yields have increased to 11.75 percent. "We will certainly try our best to keep interest rates at this level, and not let them escalate much further, but it is to a large extent determined by international trends," Governor Arjuna Mahendran said, speaking to media on the state of the economy. Emerging markets continue to experience foreign selling, according to him. First it was in anticipation of a US rate hike. Now its Middle Eastern sovereign funds liquidating positions to cover low oil revenues.

(Source: LBO - 25.02.2016)

Foreign News

Japan's consumer prices were flat in January from a year earlier after rising for two consecutive months, the government said last Friday, weighed down by continued declines in energy-related prices. The core consumer price index, which excludes volatile fresh food prices, stood at 102.6 against the 2010 base of 100, the Ministry of Internal Affairs said. The inflation rate remains far below the 2 percent target set by the Bank of Japan. Amid lower crude oil prices, energy prices plunged 10.7 percent, with gasoline prices falling 16.7 percent and heating oil sliding 26.3 percent. Meanwhile, prices of televisions surged 15.8 percent, but the rise was smaller than a 22.4 percent gain in December.

(Source: Nikkei Asian Review/ Kyodo News - 26.02.2016)

Euro-area consumer prices rose less than initially estimated in January, increasing the pressure on the European Central Bank to take steps to sustain the region's recovery. The inflation rate was 0.3 percent, less than the 0.4 percent reported on Jan. 29. ECB policy makers will review their stimulus package at a monetary-policy meeting on March 9-10, when they'll also release revised economic projections. A commodity slump and a China-led emerging-market slowdown are weighing on global growth and damping price pressures. That's making the ECB's medium-term inflation goal of just under 2 percent harder to achieve, despite unprecedented measures including negative interest rates and a 1.5 trillion-euro (\$1.7 trillion) bond-buying program.

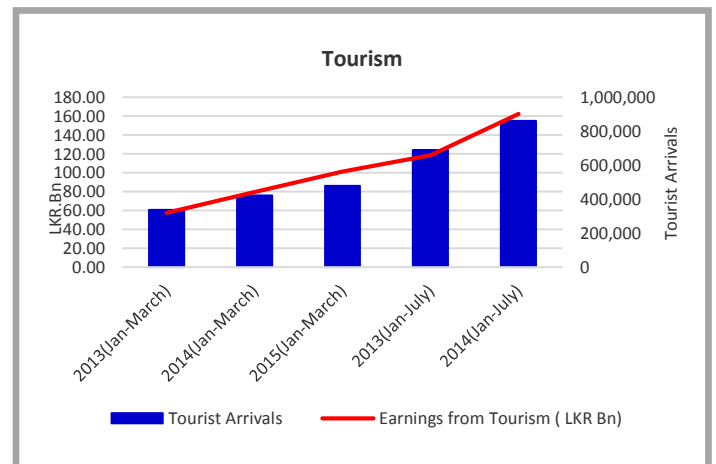
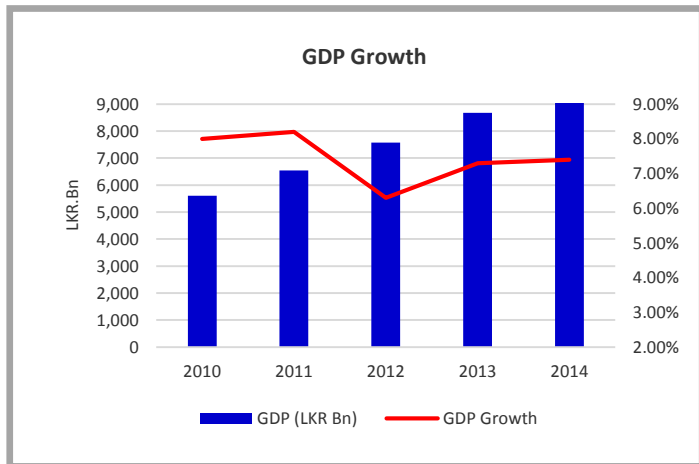
(Source: Bloomberg - 25.02.2016)

China's housing market continued to warm in January, with more than half of surveyed major cities reporting month-on-month rises in new home prices. Of 70 large and medium sized cities surveyed in January, new home prices climbed month on month in 38, compared with 39 the previous month, the National Bureau of Statistics (NBS) said last Friday. Meanwhile, 24 reported month-on-month declines, down from 27 in December, according to NBS data. On a yearly basis, 25 cities posted new-home price increases and 45 reported falls, compared with 21 and 49 in December. New-home prices soared 52.7 percent year on year in the southern city of Shenzhen, the sharpest increase last month among all the major cities.

(Source: Shanghai Daily (China)/Xinhuanet - 26.02.2016)

GDP and Economy

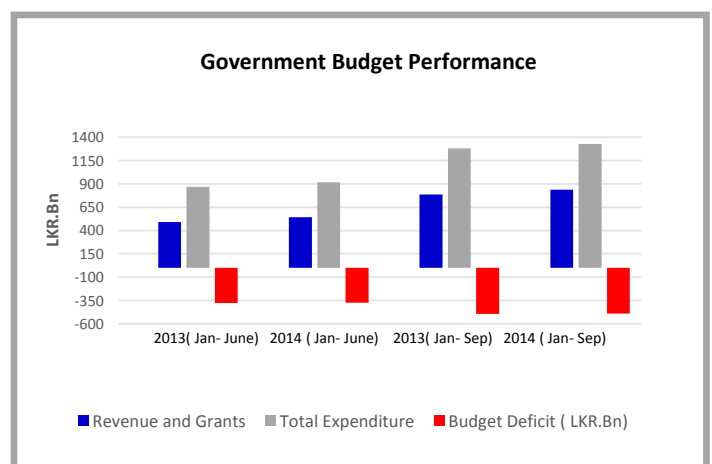
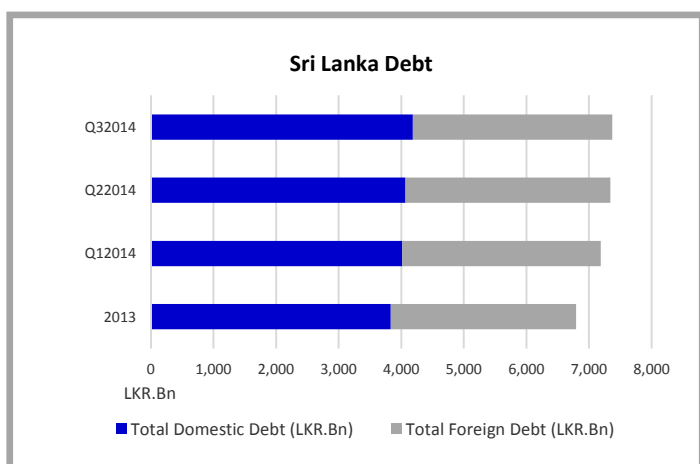
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

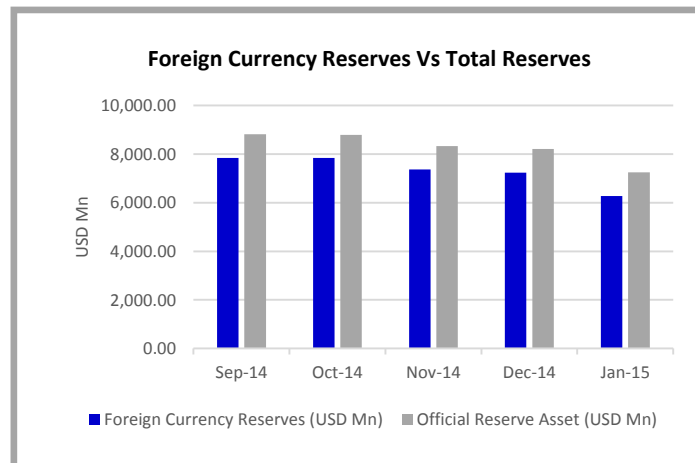
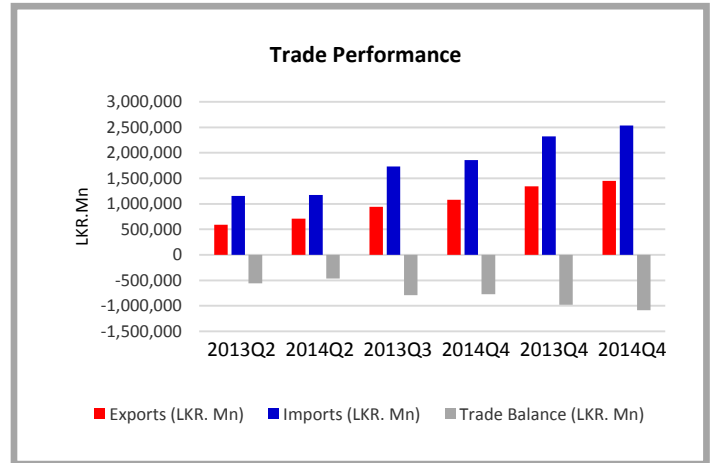
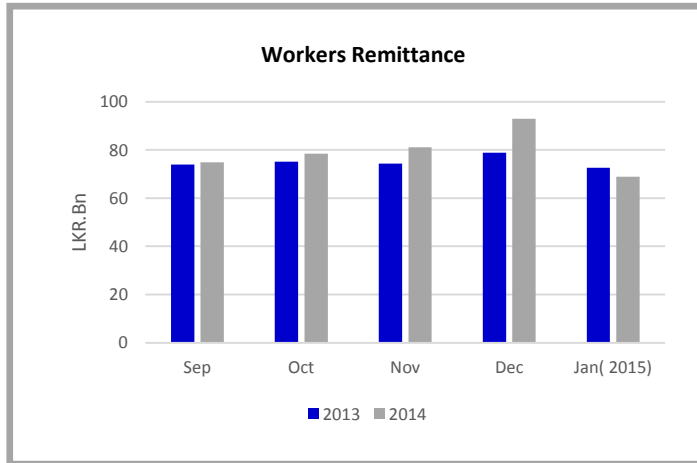


Sri Lanka Fiscal Performance

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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- Corporate Syndicated Loan Facilities

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- Balance Sheet Restructuring
- Corporate Restructuring

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