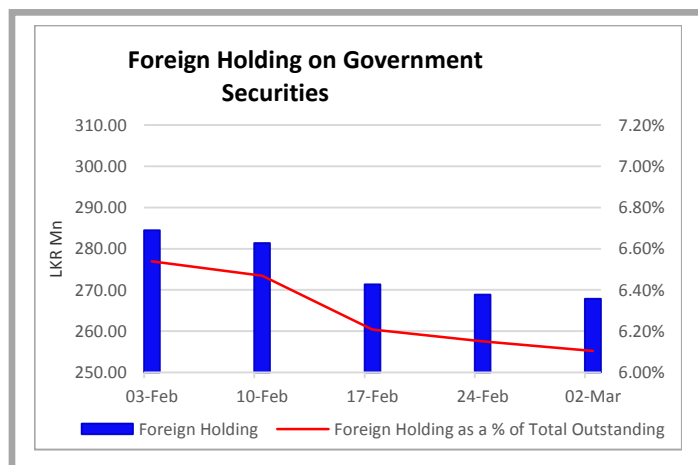
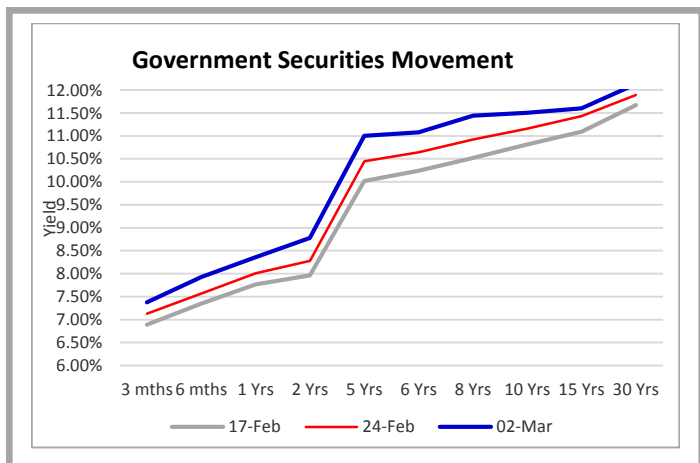
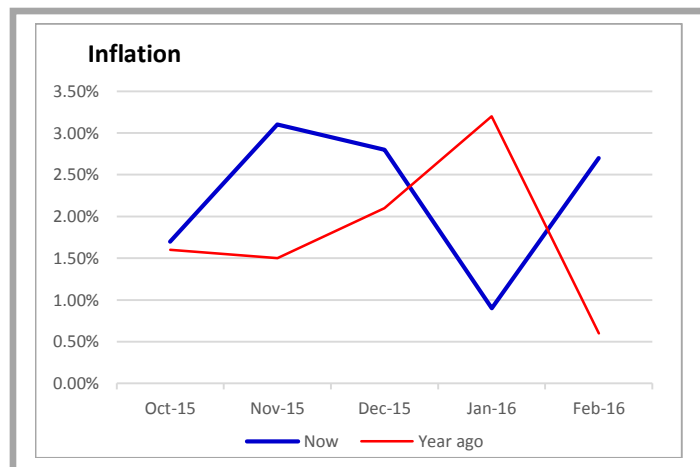
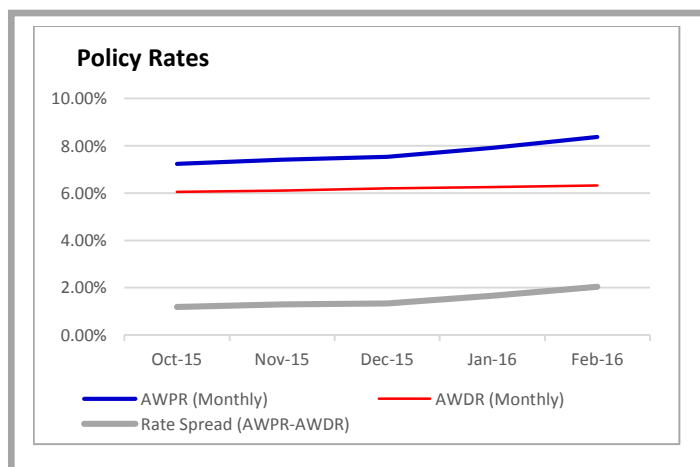


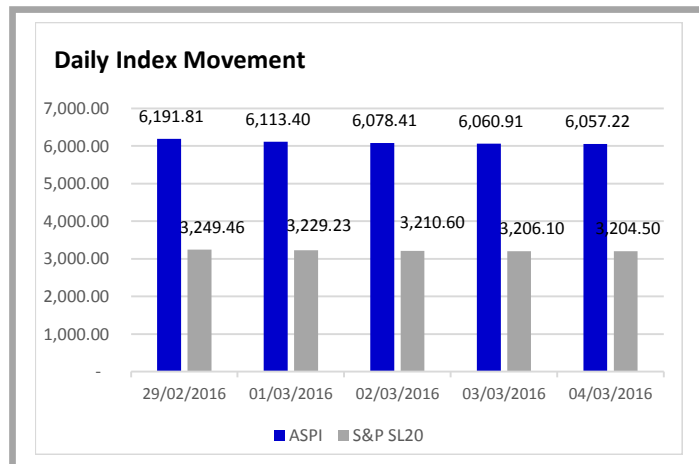
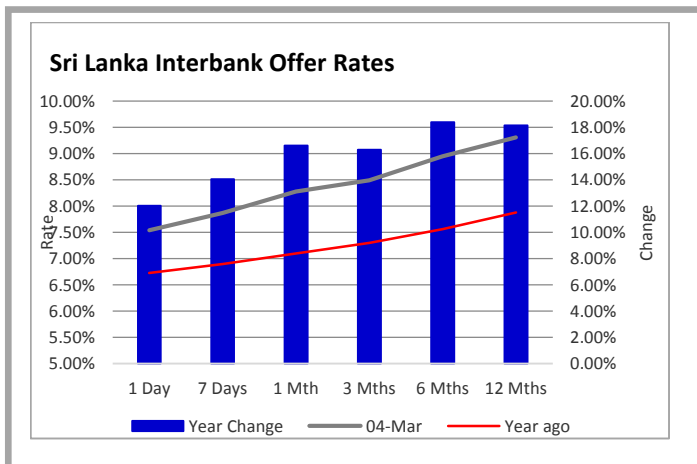
Economic Indicators: LKR/USD 144.64(0.08% WoW) AWPR: 8.65% (4.40% WoW) AWDR: 6.33% (1.11% MoM) ASPI: 6,057 (2.37% WoW) S&P SL20: 3,204 (1.33% WoW)



Market	Period	02-Mar	24-Feb	Change %
Secondary Market	3 months	7.38%	7.13%	3.51%
	6 months	7.93%	7.57%	4.76%
	1 Year	8.36%	8.01%	4.37%
	2 Years	8.78%	8.28%	6.04%
	5 Years	11.00%	10.45%	5.26%
	6 Years	11.08%	10.64%	4.14%
	8 Years	11.44%	10.92%	4.76%
	10 Years	11.50%	11.16%	3.05%
	15 Years	11.60%	11.43%	1.49%
	30 Years	12.13%	11.89%	2.02%

- Average Weighted Prime Lending Rate (AWPR): 8.65%. It has increased by 28 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.33% (Feb), 6.26% (Jan).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.75% (Feb) and 7.66% (Jan).
- SLIBOR Rates : 7.54% (1Day), 7.87%(7Days), 8.28%(1Month), 8.49%(3Months), 8.95%(6Months), 9.31%(1Yr).
- Inflation (Annual average change): 0.9% (Feb) and 0.7% (Jan).

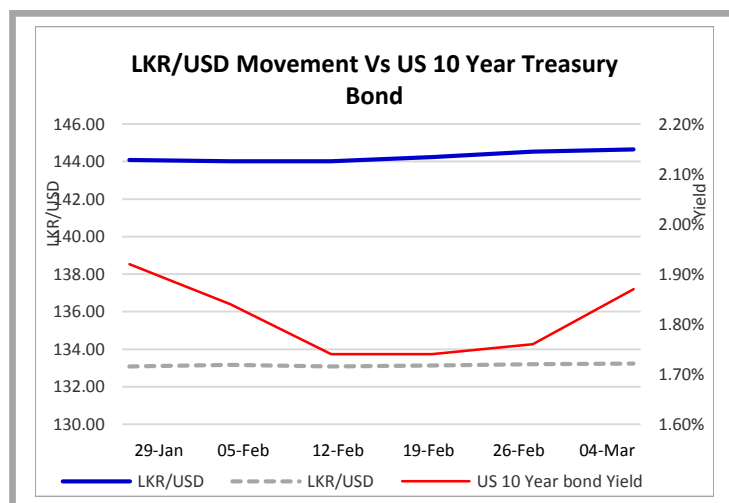




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.08% against USD from LKR/USD 144.53 to 144.64.
- One month forward rate of LKR/USD is 144.78 (Last week 144.66).
- Three month forward rate of LKR/USD is 146.11.

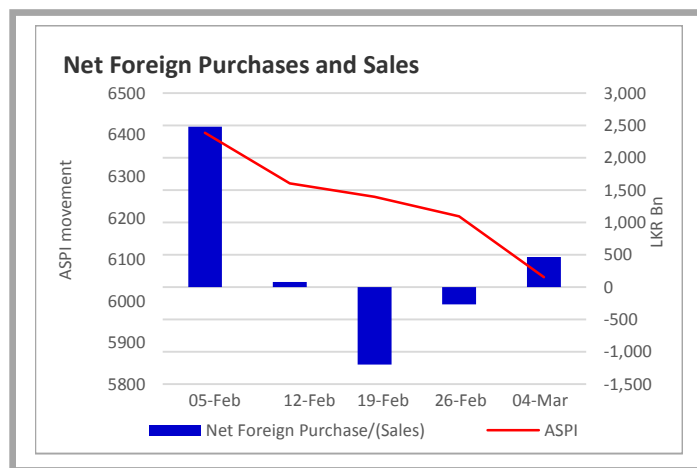
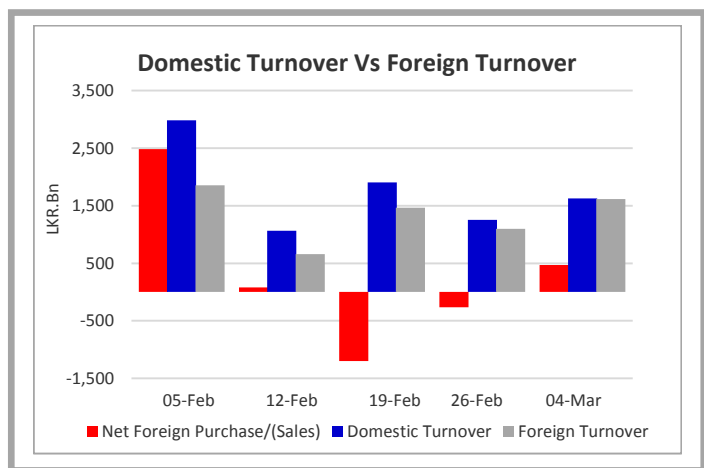
	05-Feb	12-Feb	19-Feb	26-Feb	04-Mar
INR 16	2.12	2.10	2.09	2.09	2.14
INR 15	2.13	2.12	2.13	2.14	2.14
RM 16	34.78	34.52	34.12	34.22	34.79
RM 15	36.93	36.69	36.68	36.84	36.62



Colombo Stock Exchange

- All Share Price Index: 6,057 points as at 04th Mar 2016.
- S&P 20: 3,204 points as at 04th Mar 2016.
- ASPI reduced by 146 points WoW which is 2.37%.
- S&P 20 reduced WoW by 43 points, reflecting a 1.33% negative variation.
- Net Foreign Inflow: LKR. 467 Mn.
- Last week recorded a Net foreign Outflow: LKR. 263 Mn.
- Market capitalization: LKR.2,588Bn which is 2.85% reduction compared to last week.
- Market PE: PE recorded as 15.84 in this week and it has reduced by 2.28% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
TELECOMMUNICATIONS	162.82	160.40	1.51%
Top Losers			
CONSTRUCTION AND ENGINEERING	2,317.17	2,464.11	-5.96%
DIVERSIFIED HOLDINGS	1,553.61	1,638.20	-5.16%
INVESTMENT TRUSTS	13,173.45	13,848.61	-4.88%
MOTORS	15,959.92	16,752.11	-4.73%
OIL PALMS	78,631.86	82,050.01	-4.17%
FOOTWEAR AND TEXTILES	864.73	898.70	-3.78%
CHEMICALS AND PHARMACEUTICALS	6,953.54	7,219.05	-3.68%
INFORMATION TECHNOLOGY	46.13	47.80	-3.49%
HEALTHCARE	846.18	874.68	-3.26%


Local News

The Port of Trincomalee has recorded Rs. 9 million of increased income during the last two months by re-establishing the weigh bridge system at port. The total income received by the port was reported as at Rs.71 million for the said period. The port introduced Weigh Bridge system first, in the year of 2006 but it was not been used properly until the system was restored in last December. Hence, the cargo volumes calculated for Coal, Clinker and Gypsum using the previous Weigh Bridge system were reported with inaccurate statistics. However, the shortages of the previous system have been revealed as one of the major reasons for the lost profit reported in the Port of Trincomalee. Hence, Ports Authority made arrangements to re-establish the Weigh Bridge system at the port. **(Source: Daily News- 04.03.2016)**

Foreign News

Investors poured nearly \$5 billion into riskier U.S.-based high-yield "junk" bond funds during the week that ended March 2, the largest inflows into these funds on record, according to data from Lipper on Thursday. It was the group's largest seven-day haul since at least 1992, when Lipper's record-keeping began, after prices on high yield bonds were pounded for months and average yields rose above 10 percent in February, Bank of America Merrill Lynch index data show. "People have been willing to put up with a bit more risk in hopes of getting a higher return." During the week, emerging-market debt funds also took in \$190 million and emerging-market stock funds took in \$153 million in new money. **(Source: Reuters - 04.03.2016)**

Sri Lanka's exports fell 18.7 percent to 817.5 million US dollars in December 2015 from a year earlier while imports fell at a slower 8.5 percent to 1,644.7 million US dollars, official data showed. The trade gap widens 4.4 percent to 827.3 million US dollars from a year earlier. On a cumulative basis, the trade deficit during 2015 expanded marginally by 1.7 percent to US dollars 8,430 million over 2014. Earnings from exports during 2015 decreased by 5.6 percent to 10,505 million US dollars while expenditure on imports declined by 2.5 percent to 18,935 million US dollars. The Central Bank said it reflected the subdued global demand and lower commodity prices. Lower performance in tea, rubber products, textile and garments and seafood exports contributed mainly for the drop in exports. **(Source: LBO- 04.03.2016)**

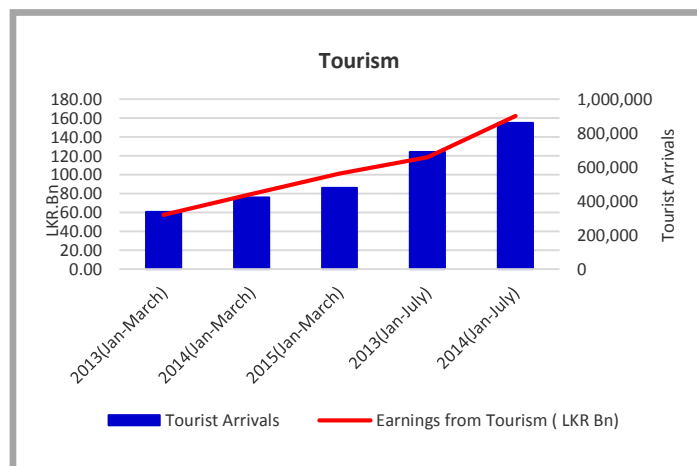
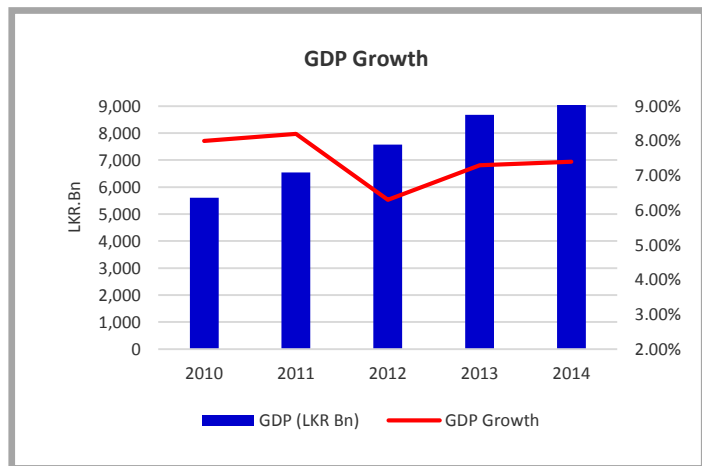
The Eurozone economy is stuttering along. That's the conclusion from economic reports last Thursday that are likely to cement expectations that the European Central Bank will bolster its stimulus efforts in a week's time. Financial Information Company Markit said its main gauge of business activity across the 19-country single currency bloc showed growth faltering for the second straight month. The so-called purchasing managers' index slipped to 53.0 points in February from 53.6 the month before. Though the February rate was higher than the 52.7 initial estimate and remains above the 50 level that marks the threshold between expansion and contraction, it points to muted growth, particularly in France, the Eurozone's second-largest economy. **(Source: The Associated Press - 03.03.2016)**

China is positive about Sri Lanka's prospects as a strategically located platform for trade, investment and tourism, a statement issued following Minister Malik Samarawickrama's recent visit to China said. "They saw opportunities for strengthening bilateral cooperation and looked forward to Prime Minister Ranil Wickramasinghe's visit to China in April to take the relationship to a new level," Malik Samarawickrama, Minister of Development Strategies and International Trade said. "We explored ways and means of mobilizing Exim Bank and China Development Bank investment for new projects, as well as strengthening cash flow and liability management of ongoing projects. He provided a briefing on a pipeline of new Chinese FDI projects. **(Source: LBO - 02.03.2016)**

Brazil's economy contracted sharply in 2015 as businesses slashed investment plans and laid off more than 1.5 million workers, official data showed on Thursday, setting the stage for what could be the country's deepest recession on record. Gross domestic product (GDP) shrank 3.8 percent last year, capped by another steep contraction in the fourth quarter, according to Brazilian statistics agency IBGE. It was the worst performance of any G20 nation in 2015. The annual contraction, which matched market expectations in a Reuters poll, was also Brazil's largest since 1990, when the country was struggling with hyperinflation and a debt default. The outlook for 2016 is nearly as bad, with a central bank survey forecasting a 3.45 percent contraction. **(Source: Reuters - 04.03.2016)**

GDP and Economy

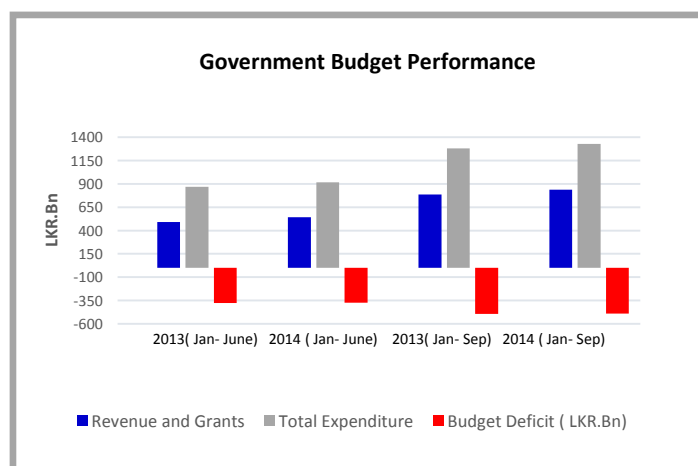
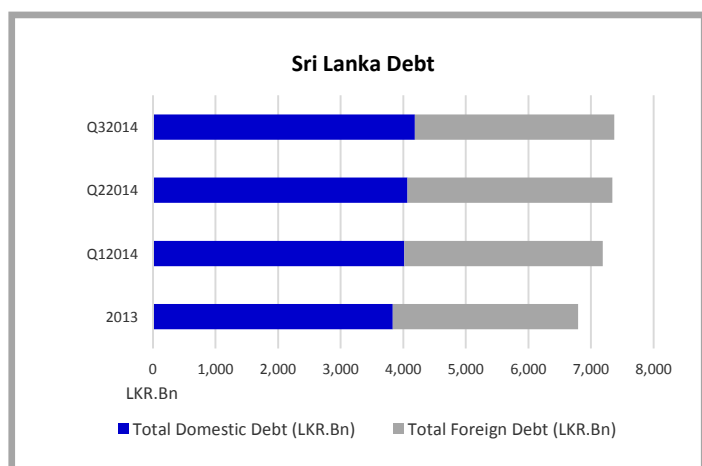
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

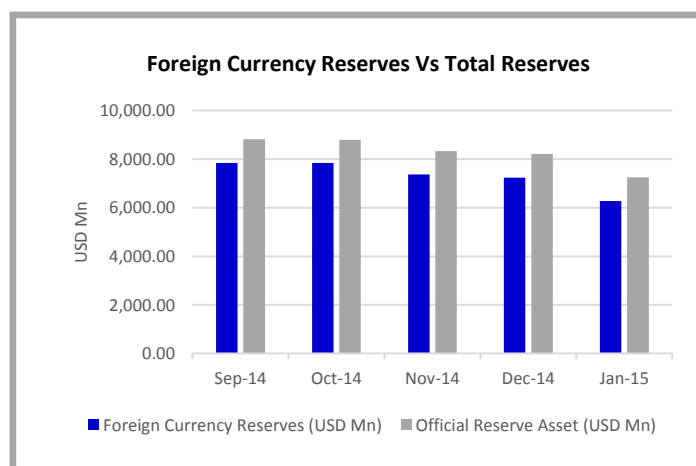
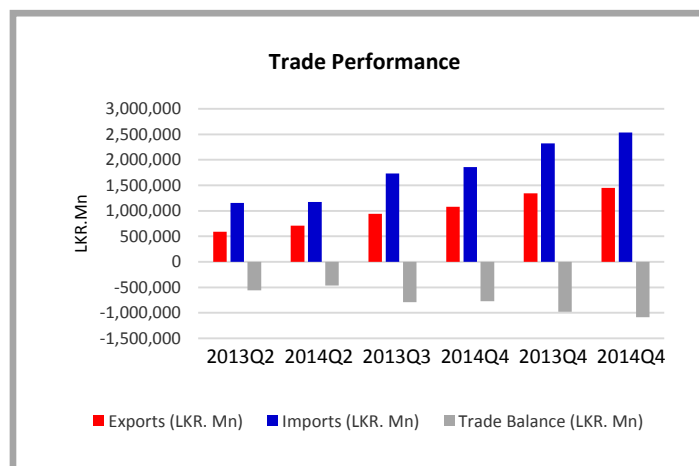
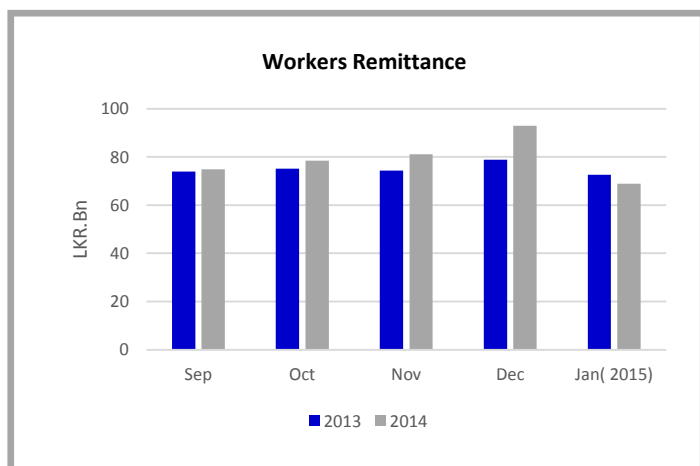


Sri Lanka Fiscal Performance

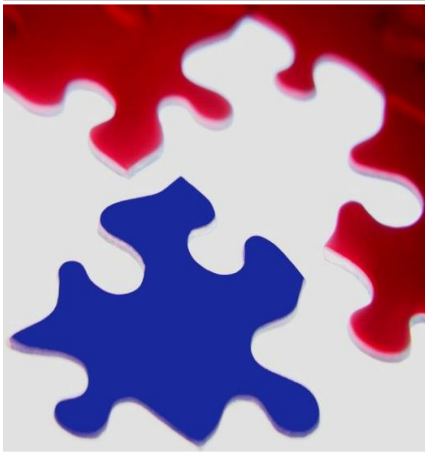
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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