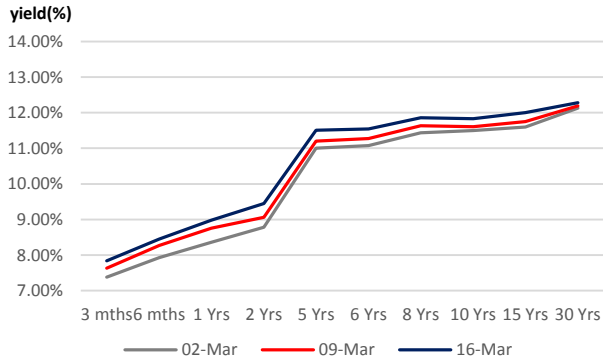
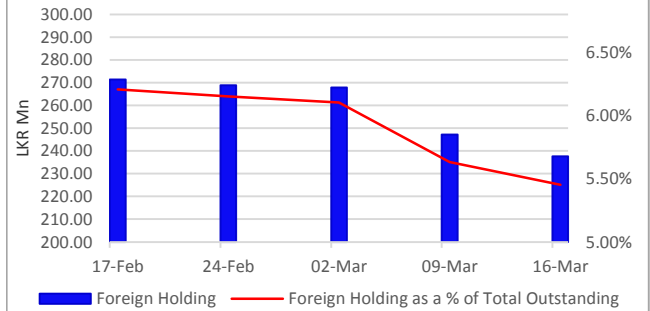
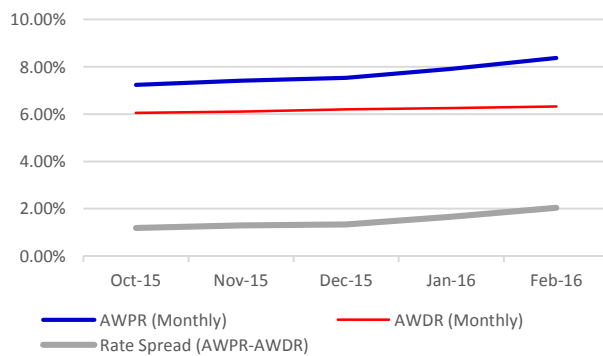
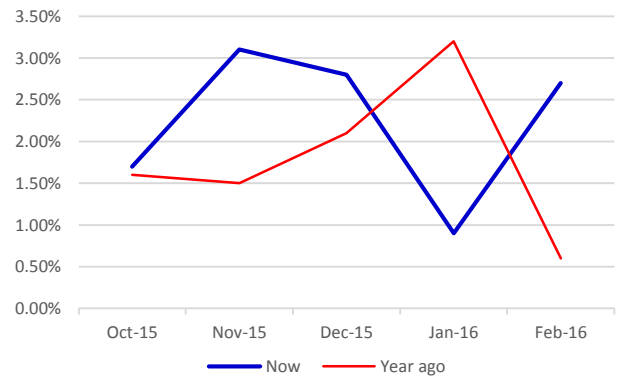


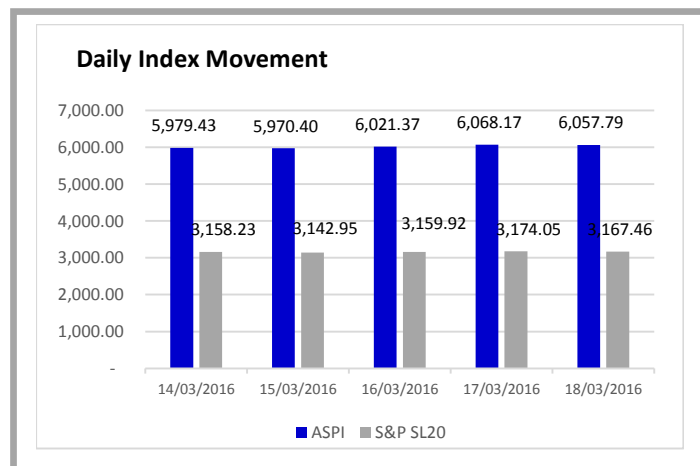
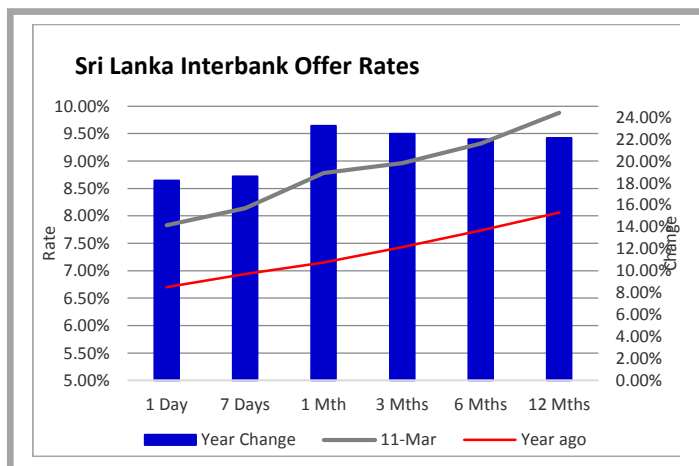
Economic Indicators: LKR/USD 145.02(0.12% WoW) AWPR: 8.81% (2.80% WoW) AWDR: 6.33% (1.11% MoM) ASPI: 6,057 (0.63% WoW) S&P SL20: 3,167 (0.42% WoW)

Government Securities Movement

Foreign Holding on Government Securities


Market	Period	16-Mar	09-Mar	Change %
Secondary Market	3 months	7.84%	7.63%	2.75%
	6 months	8.45%	8.27%	2.18%
	1 Year	8.98%	8.75%	2.63%
	2 Years	9.45%	9.06%	4.30%
	5 Years	11.51%	11.20%	2.77%
	6 Years	11.54%	11.27%	2.40%
	8 Years	11.86%	11.63%	1.98%
	10 Years	11.83%	11.61%	1.89%
	15 Years	12.00%	11.75%	2.13%
	30 Years	12.28%	12.19%	0.74%

- Average Weighted Prime Lending Rate (AWPR): 8.81%. It has reduced by 24 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 : 7.92% (1Day), 8.23%(7Days), 8.81%(1Month), 9.10%(3Months), 9.43%(6Months), 9.84%(1Yr).
- Inflation (Annual average change): 0.9% (Feb) and 0.7% (Jan).

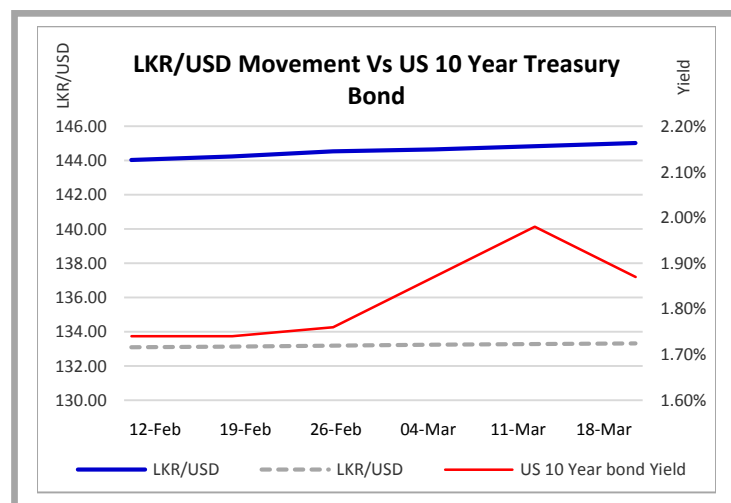
Policy Rates

Inflation




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.14% against USD from LKR/USD 144.84 to 145.02.
- One month forward rate of LKR/USD is 145.19 (Last week 145.21).

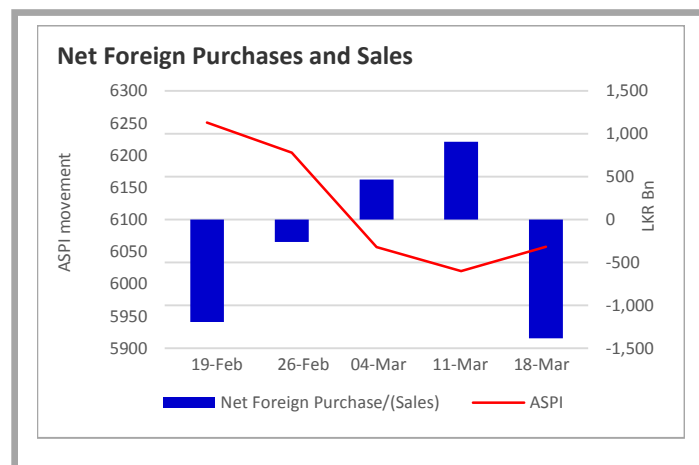
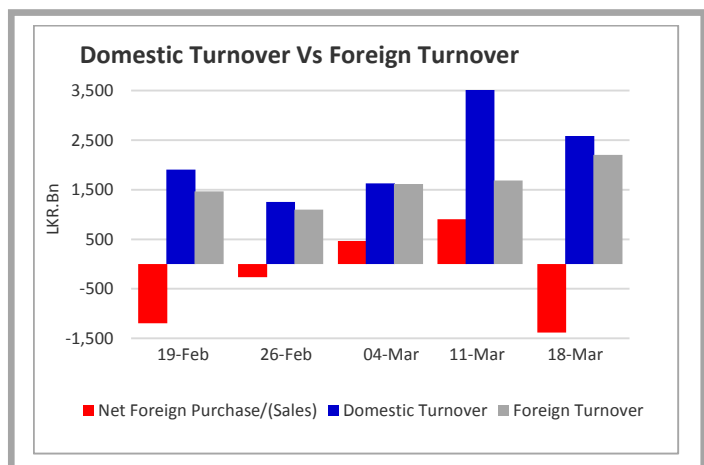
	19-Feb	26-Feb	04-Mar	11-Mar	18-Mar
INR 16	2.09	2.09	2.14	2.14	2.16
INR 15	2.13	2.14	2.14	2.11	2.11
RM 16	34.12	34.22	34.79	35.09	35.50
RM 15	36.68	36.84	36.62	35.78	35.96



Colombo Stock Exchange

- All Share Price Index: 6,057 points as at 18th Mar 2016.
- S&P 20: 3,167 points as at 18th Mar 2016.
- ASPI increased by 37 points WoW which is 0.63%.
- S&P 20 reduced WoW by 13 points, reflecting a 0.43% negative variation.
- Net Foreign Outflow: LKR. 1,385 Mn.
- Last week recorded a Net foreign Inflow: LKR. 905 Mn.
- Market capitalization: LKR.2,589Bn which is 0.66% increase compared to last week.
- Market PE: PE recorded as 15.29 in this week and it has reduced by 2.24% from the last week.

Top Gainers	This week	Pre. week	Change %
STORES AND SUPPLIES	26,451.38	24,019.44	10.12%
PLANTATIONS	655.22	614.42	6.64%
MOTORS	16,205.38	15,371.92	5.42%
TELECOMMUNICATIONS	173.22	168.17	3.00%
LAND AND PROPERTY	653.70	641.07	1.97%
Top Losers			
INFORMATION TECHNOLOGY	46.13	51.15	-9.81%
SERVICES	20,333.39	21,555.04	-5.67%
INVESTMENT TRUSTS	12,742.40	13,040.12	-2.28%
TRADING	15,023.30	15,370.74	-2.26%
HEALTHCARE	852.42	861.33	-1.03%



Local News

Sri Lanka's economy has grown 4.8 percent in 2015 against the 4.9 percent growth recorded in the previous year, the statistics department said. The Gross Domestic Product (GDP) of Sri Lanka for the year of 2015 (January to December) has reached up to 8,622,825 million rupees. The GDP value reported for the year 2014 was 8,228,986 million rupees resulting a positive growth rate of 4.8 percent for the year 2015. However, the economic growth rate of the country for the year 2014 has been revised from 4.5 to 4.9 percent. The GDP value at current prices for the year 2015 has been estimated as 11,183,220 rupees. In 2015, all the three major economic activities have expanded showing a significantly higher growth rates.

(Source: LBO - 15.03.2016)

Sri Lanka has climbed 15 places to rank at 117 position in the World Happiness Report published in 2016. Sri Lanka was ranked at No. 132 in the report published in 2015. Denmark has reclaimed its place as the world's happiest country followed by Iceland, Norway, Finland, Canada, the Netherlands, New Zealand, Australia and Sweden, while Burundi ranks as the least happy nation. The report found that inequality was strongly associated with unhappiness - a stark finding for rich countries like the United States, where rising disparities in income, wealth, health and well-being have fueled political discontent. Burundi, Syria, Togo, Afghanistan, Benin, Rwanda, Guinea, Liberia, Tanzania and Madagascar were among the least happy nations.

(Source: Daily News - 18.03.2016)

Sri Lanka's gross official reserves were estimated at 6.6 billion US dollars by today, Minister Sarath Amunugama said. Speaking at a media briefing Amunugama said it is sufficient for 4 months of imports. "It is recommended to keep at least 3 months of imports. So we are at a comfortable level now," Amunugama said. The Minister said current gross official reserves include 1.1 billion US dollars support received from the Asian region. Sri Lanka received a 700 million US dollars currency swap from the Indian Central Bank on 08 March 2016 for just four months and another 400 million US dollars from SAARC (South Asian Association for Regional Co-operation). "After receiving those two funds, our foreign reserves went up from 5.5 billion US dollars to 6.6 billion US dollars."

(Source: LBO - 16.03.2016)

Foreign News

UK interest rates have been held at 0.5% once again by the Bank of England. All nine members of the Bank's Monetary Policy Committee (MPC) voted to keep rates at their record low, where they have now been for seven years. The decision to freeze rates comes amid worries about global growth and uncertainty ahead of the EU referendum. The Bank said uncertainty in the run-up to the referendum on EU membership - to be held on 23 June - had hit sterling, and that UK economic growth could slow. "There appears to be increased uncertainty surrounding the forthcoming referendum," policymakers said. That uncertainty is likely to have been a significant driver of the decline in sterling.

(Source: BBC News - 17.03.2016)

Switzerland's central bank left interest rates unchanged at record lows, cut its economic outlook and forecast a deeper bout of deflation as cheaper oil and slowing global growth weigh on the economy. The Swiss National Bank now expects consumer prices to rise 0.1 percent in 2017, just within its target of above zero but less than 2 percent a year. "The global economic outlook has deteriorated slightly in recent months and the situation on international financial markets remains volatile," the SNB said in a statement. "Around the world, manufacturing and trade remained sluggish, contributing to a further sharp fall in oil prices. Currency markets shrugged off the rate decision."

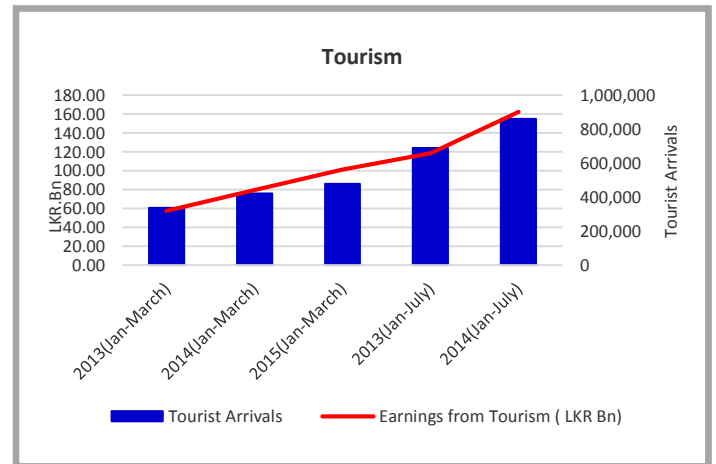
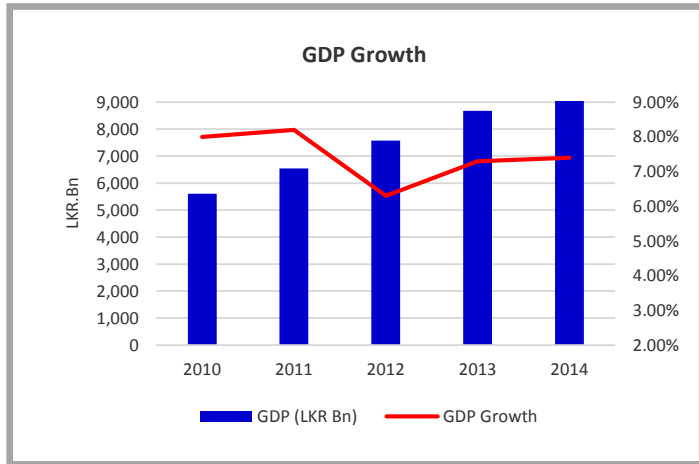
(Source: Reuters - 17.03.2016)

China's home prices rose at their fastest clip in almost two years in February thanks to red-hot demand in big cities, but risks of overheating in some places combined with weak growth in smaller cities threaten to put more stress on an already slowing economy. Average new home prices in 70 major cities climbed 3.6 percent in February from a year ago, quickening from January's 2.5 percent rise, according to Reuters calculations based on data released by the National Statistics Bureau (NBS) on last Friday. That was the quickest year-on-year increase since June 2014, and encouragingly, 32 of 70 major cities tracked by the NBS saw annual price gains, up from 25 in January.

(Source: Reuters - 18.03.2016)

GDP and Economy

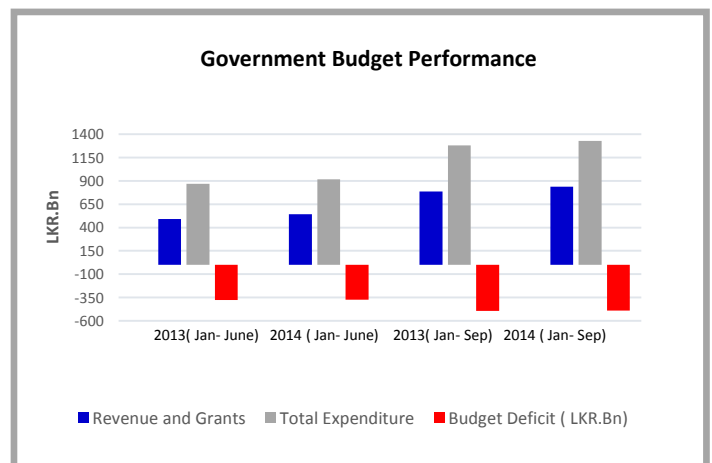
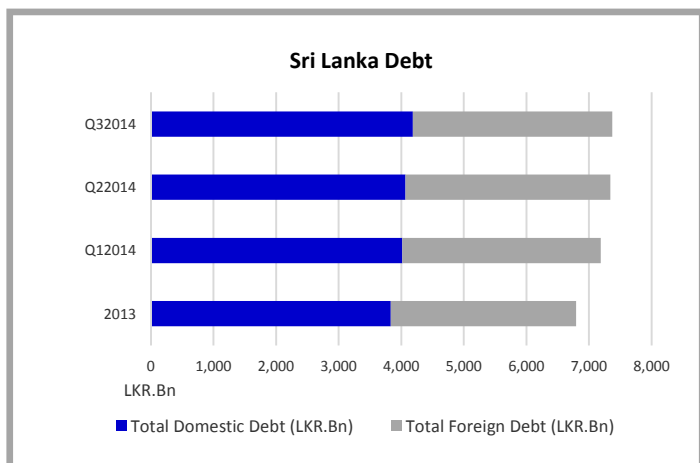
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

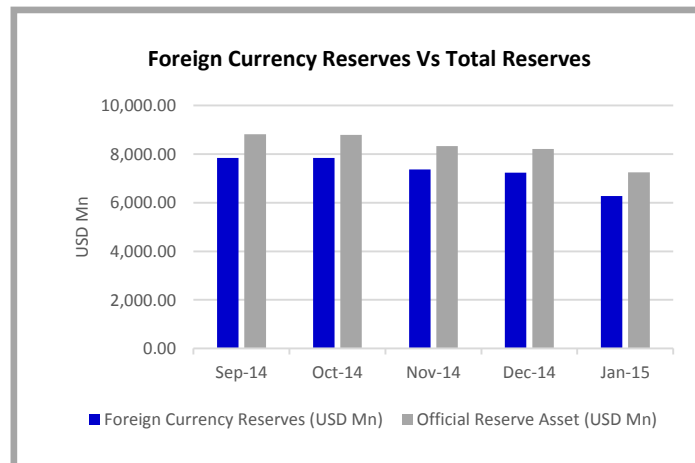
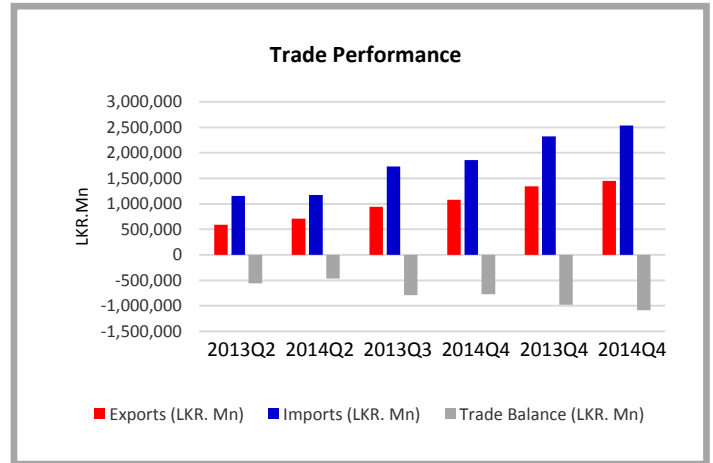
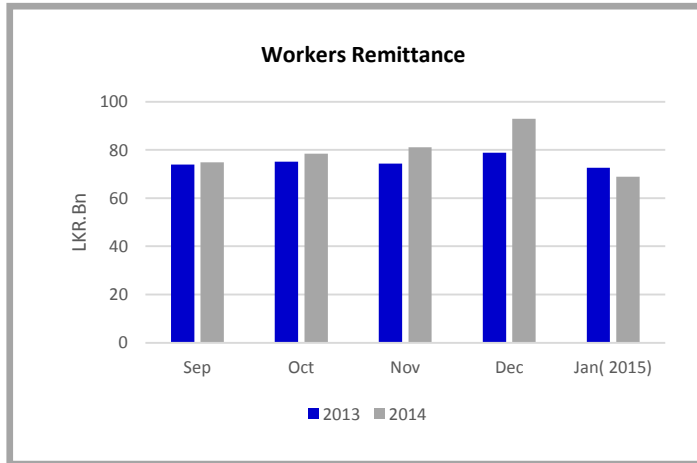


Sri Lanka Fiscal Performance

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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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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