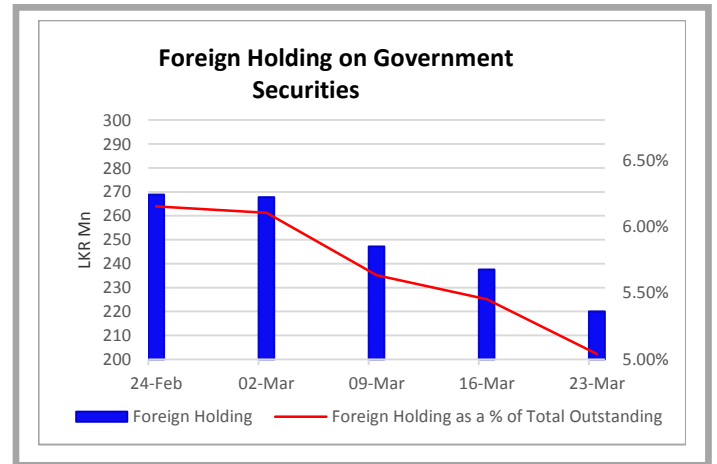
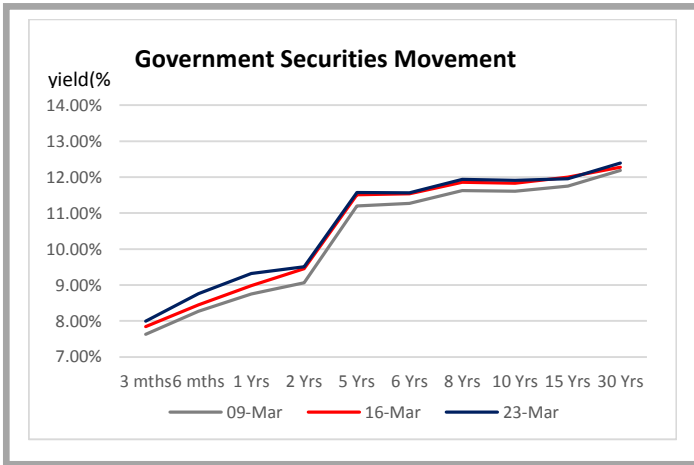
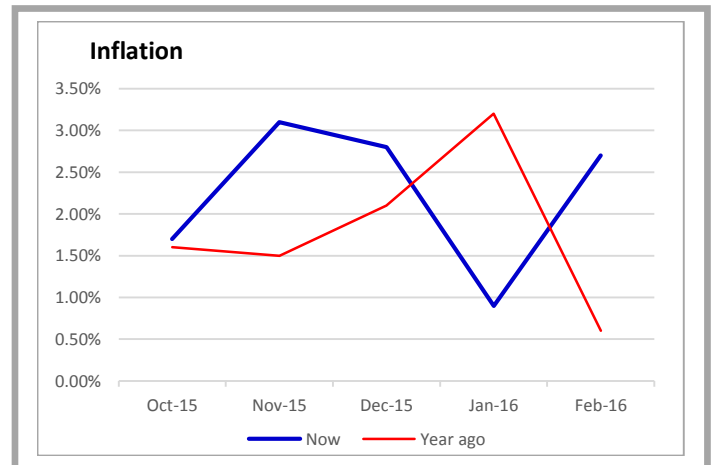
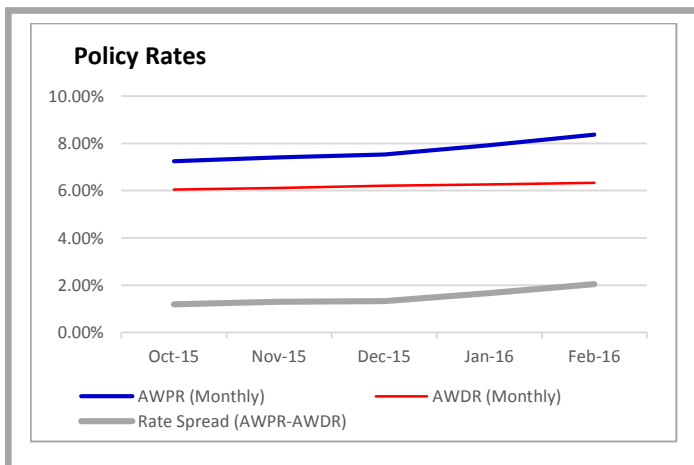


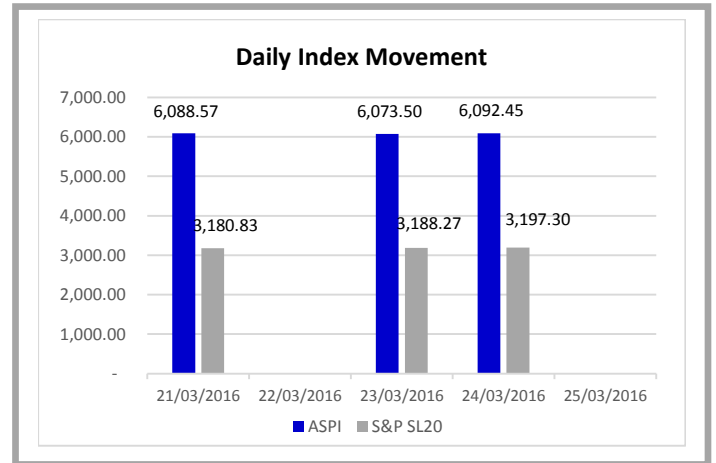
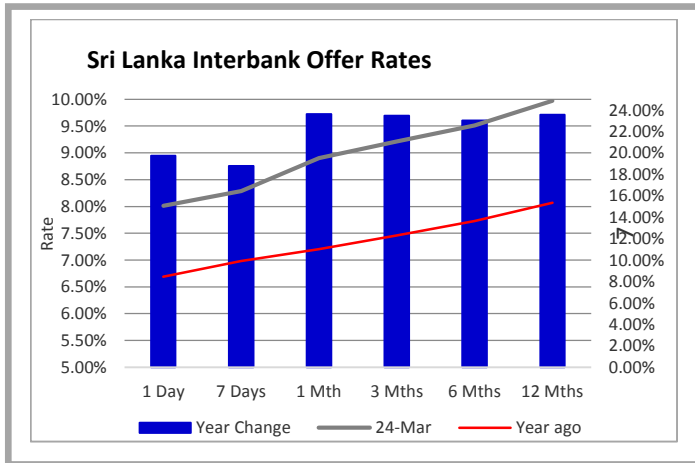
Economic Indicators: LKR/USD 145.89(0.60% WoW) AWPR: 9.12% (3.52% WoW) AWDR: 6.33% (1.11% MoM) ASPI: 6,092 (0.57% WoW) S&P SL20: 3,197 (0.94% WoW)



Market	Period	23-Mar	16-Mar	Change %
Secondary Market	3 months	7.99%	7.84%	1.91%
	6 months	8.76%	8.45%	3.67%
	1 Year	9.32%	8.98%	3.79%
	2 Years	9.51%	9.45%	0.63%
	5 Years	11.57%	11.51%	0.52%
	6 Years	11.56%	11.54%	0.17%
	8 Years	11.94%	11.86%	0.67%
	10 Years	11.91%	11.83%	0.68%
	15 Years	11.96%	12.00%	-0.33%
	30 Years	12.39%	12.28%	0.90%

- Average Weighted Prime Lending Rate (AWPR): 9.12%. It has reduced by 31 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 : 8.01% (1Day), 8.29%(7Days), 8.90%(1Month), 9.21%(3Months), 9.51%(6Months), 9.97%(1Yr).
- Inflation (Annual average change): 0.9% (Feb) and 0.7% (Jan).

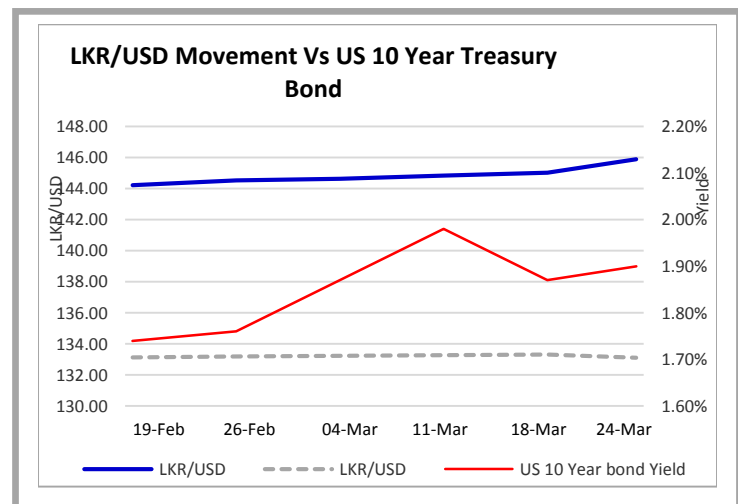




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.60% against USD from LKR/USD 145.02 to 145.89.
- One month forward rate of LKR/USD is 145.18 (Last week 145.19).

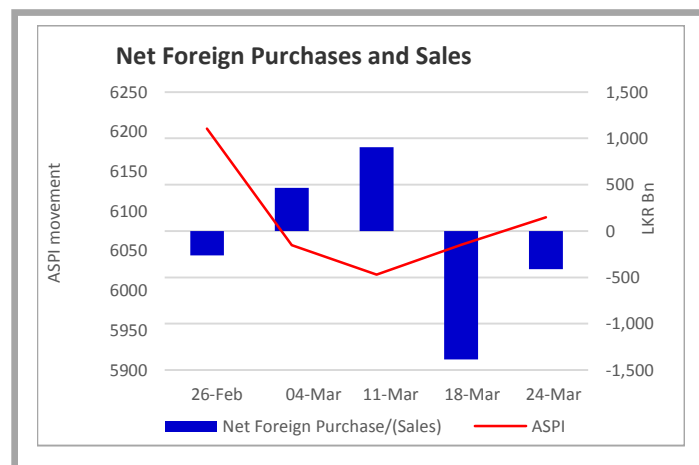
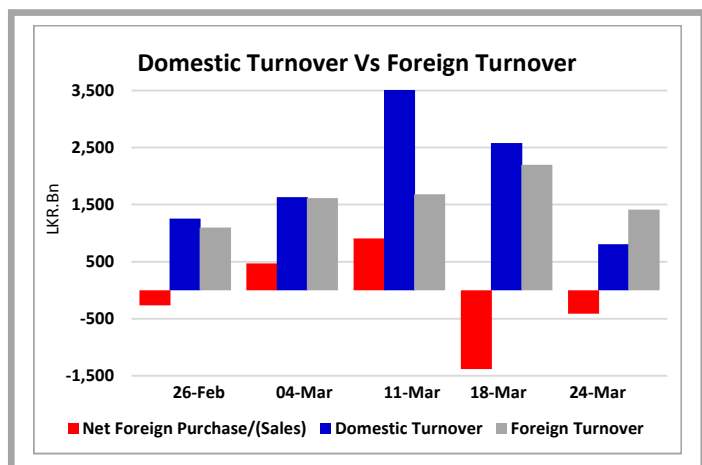
	26-Feb	04-Mar	11-Mar	18-Mar	24-Mar
INR 16	2.09	2.14	2.14	2.16	2.15
INR 15	2.14	2.14	2.11	2.11	2.13
RM 16	34.22	34.79	35.09	35.50	35.80
RM 15	36.84	36.62	35.78	35.96	36.23



Colombo Stock Exchange

- All Share Price Index: 6,092 points as at 24th Mar 2016.
- S&P 20: 3,197 points as at 24th Mar 2016.
- ASPI increased by 34 points WoW which is 0.57%.
- S&P 30 increased WoW by 13 points, reflecting a 0.94% positive variation.
- Net Foreign Outflow: LKR. 410 Mn.
- Last week recorded a Net foreign Outflow: LKR. 1,385 Mn.
- Market capitalization: LKR.2,604Bn which is 0.58% increase compared to last week.
- Market PE: PE recorded as 15.38 in this week and it has increased by 0.59% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
INVESTMENT TRUSTS	13,156.48	12,742.40	3.25%
HEALTHCARE	877.01	852.42	2.88%
FOOTWEAR AND TEXTILES	890.16	866.82	2.69%
MOTORS	16,573.19	16,205.38	2.27%
DIVERSIFIED HOLDINGS	1,561.10	1,540.94	1.31%
Top Losers			
OIL PALMS	77,171.12	79,381.71	-2.78%
TRADING	14,764.21	15,023.30	-1.72%
TELECOMMUNICATIONS	170.49	173.22	-1.58%
LAND AND PROPERTY	650.14	653.70	-0.54%
SERVICES	20,308.26	20,333.39	-0.12%


Local News

The Tourist Hotels Association of Sri Lanka (THASL) thought it is necessary to change, redraft and upgrade the classification system. THASL set up a subcommittee to work on this and I had the privilege of serving on this committee, where we studied many classification systems of other countries including Singapore, India, USA and UK. It was important to find a balance and to set up the requirements to suit Sri Lanka and its product offering. A whole new section on staff facilities has been included, including quality staff changing rooms, toilets, dormitories being specified, as well as the number of such units that needed to be available, depending on the number of staff on the pay roll. In addition, there is a new section titled 'Environment, Community and Sustainability'.

(Source: Daily News - 24.03.2016)

India will invest Rs. 50 million to build two craft villages in the South and the North in a bid to assist the craft industry in Sri Lanka. According to an official from the Indian Embassy the first craft village which has already been built will be opened in Tissamaharama next month. The second village will be built in the Jaffna city on a half an acre land. This facility is expected to be ready by the end of the year and it will also have hostel facilities for craftsmen. Former National Crafts Council Chairman Buddhi Keerthisena said he has been lobbying for this for a long time and thanked India for shouldering the financial burden. He said that he hopes the Tourism Ministry too would come forward to popularize the two centres among foreign visitors.

(Source: Daily News - 21.03.2016)

Sri Lanka's consumer prices as measured by National Consumer Price Index rose 1.7 percent in February from the 0.7 percent deflation reported a month earlier on year-on-year basis. The main contributor towards the increase was the Non-food category, the state statistics office said. The change in the NCPI measured on an annual average basis decreased to 2.6 percent in February from 2.9 percent recorded in January. When the monthly change in the NCPI is considered, the NCPI decreased by 1.1 percent from January to February. This monthly decline was mainly due to the decrease in prices of the items in the Food and Non Alcoholic Beverages category. Prices of vegetables, rice, green chilies, big onions, red onions, potatoes and limes decreased during the month.

(Source: LBO - 21.03.2016)

Foreign News

Orders for durable goods fell in February for the third time in four months, reflecting a broad-based slowdown that underscores lingering softness in U.S. capital investment. Bookings for goods and materials meant to last at least three years declined 2.8 percent after a 4.2 percent gain that was less the previously reported, Commerce Department data showed. Bookings for non-military capital goods excluding aircraft dropped 1.8 percent, more than estimated. Limited progress by companies in bringing inventories more in line with sales has led to thinner order books at the nation's factories. Tepid global markets, the dollar's advance and a slump in commodity prices also have led overseas customers to pare bookings as manufacturing remains a weak spot of the economy.

(Source: Bloomberg - 24.03.2016)

China's financial and taxation authorities announced it would expand its value-added tax (VAT) pilot program to all industries on Thursday in order to deepen the country's fiscal and taxation reform. Starting from May 1, the replacement of business tax with VAT will be extended to construction, real estate, finance and consumer services, to ensure that the tax burdens on all industries be reduced, said a joint statement from the Ministry of Finance and the State Administration of Taxation. Eleven percent VAT will be levied on construction and real estate companies, while a 6 percent rate will be imposed on finance and consumer service sectors, according to the statement.

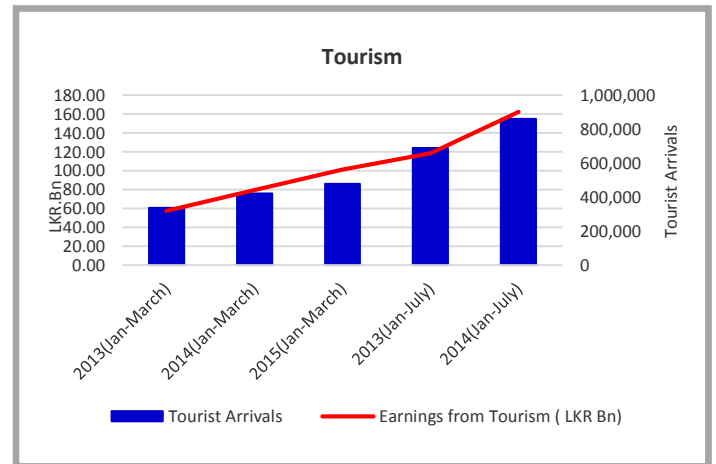
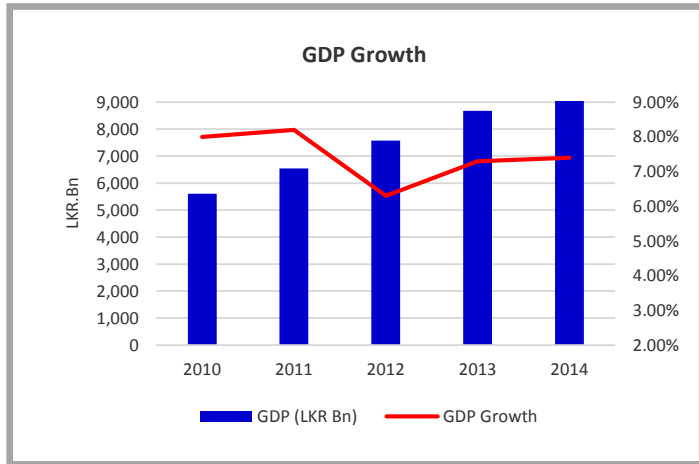
(Source: xinhuanet.com (China) - 24.03.2016)

Japan's consumer prices were flat in February from a year earlier for the second straight month, the government said last Friday, as the trend fell well short of the Bank of Japan's 2 percent inflation target amid continued falls in energy-related prices. Energy prices dropped 10.9 percent from a year earlier, with electricity fees sliding 7.6 percent and gasoline prices plunging 15.8 percent due to lower crude oil prices. The core consumer price index, which excludes volatile fresh food prices, stood at 102.5 against the 2010 base of 100, the Ministry of Internal Affairs and Communications said. Meanwhile, food prices excluding fresh produce climbed 2.1 percent, while prices of television sets surged 15.7 percent.

(Source: Nikkei Asian Review - 25.03.2016)

GDP and Economy

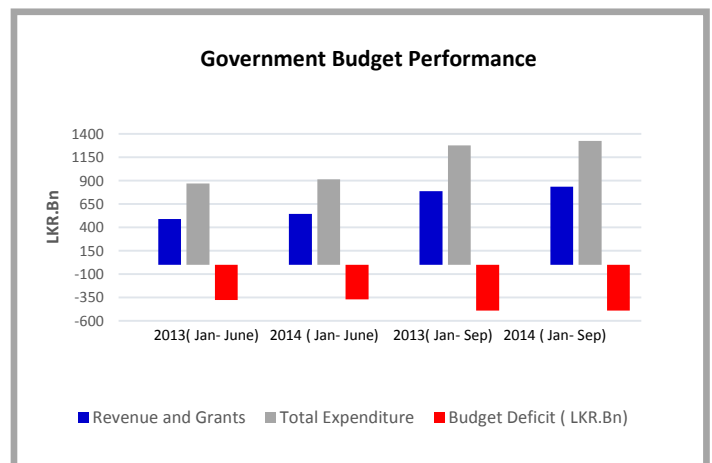
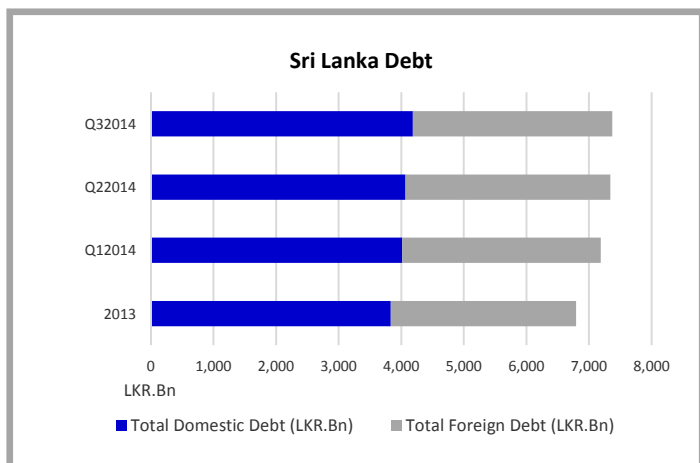
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

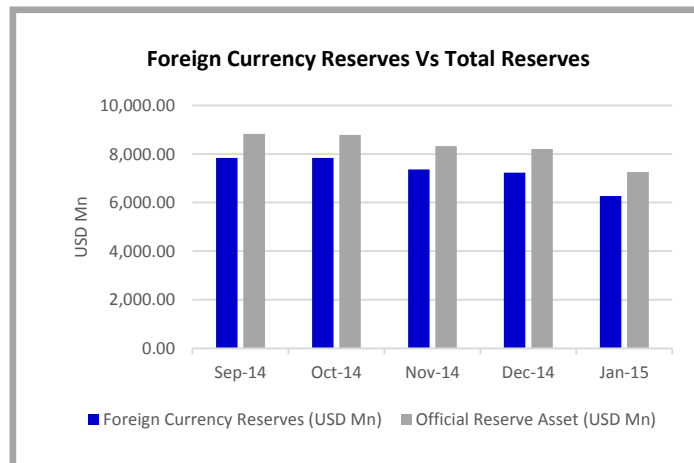
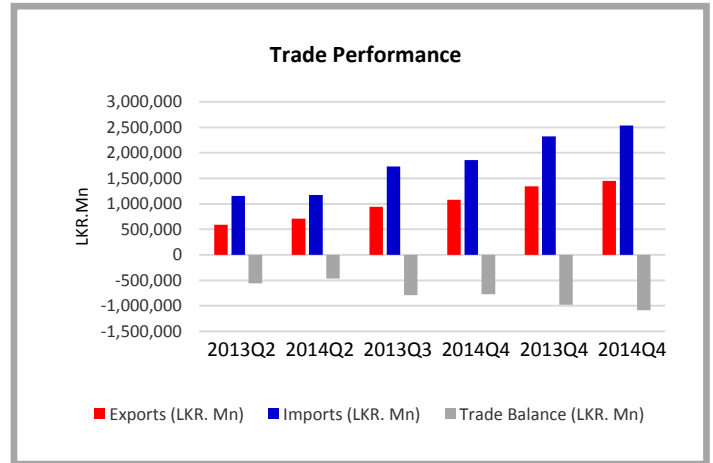
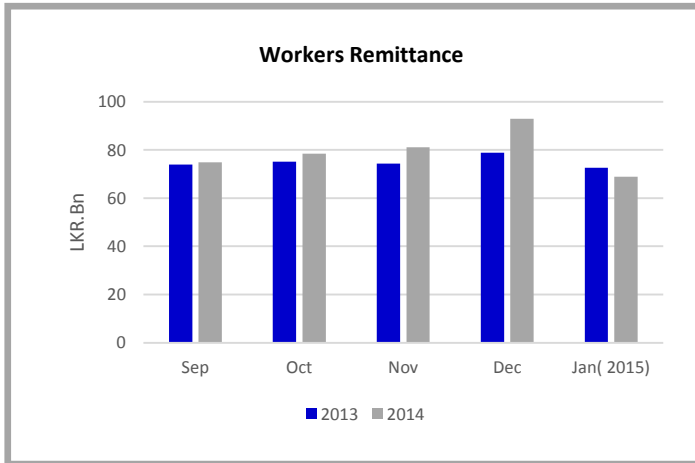


Sri Lanka Fiscal Performance

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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- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- Balance Sheet Restructuring
- Corporate Restructuring

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