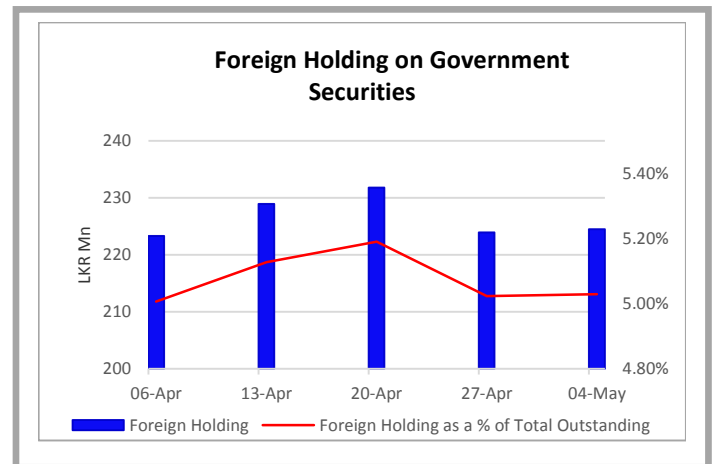
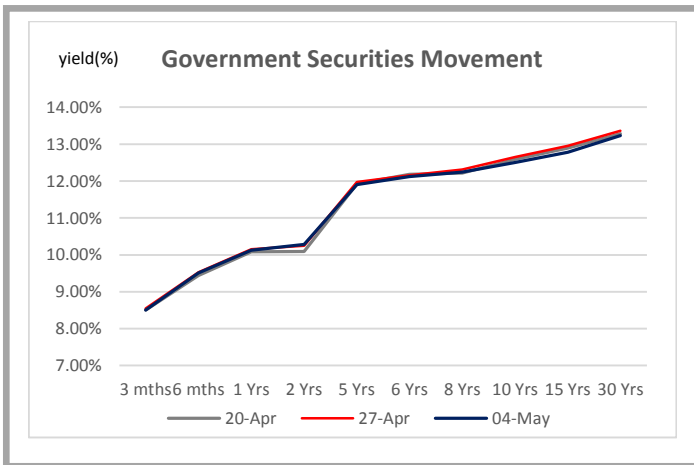
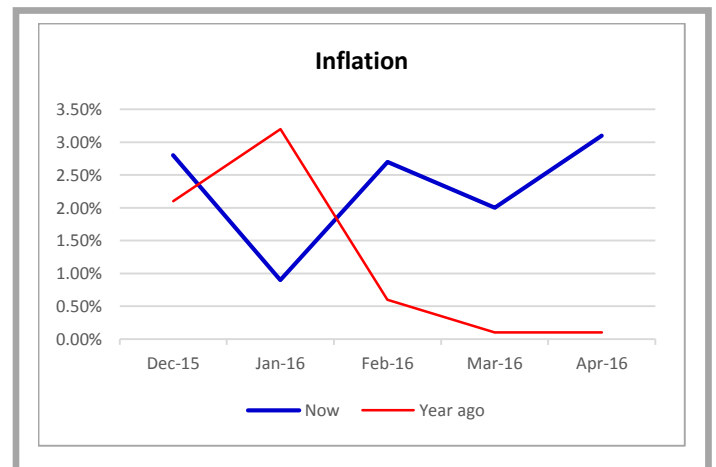
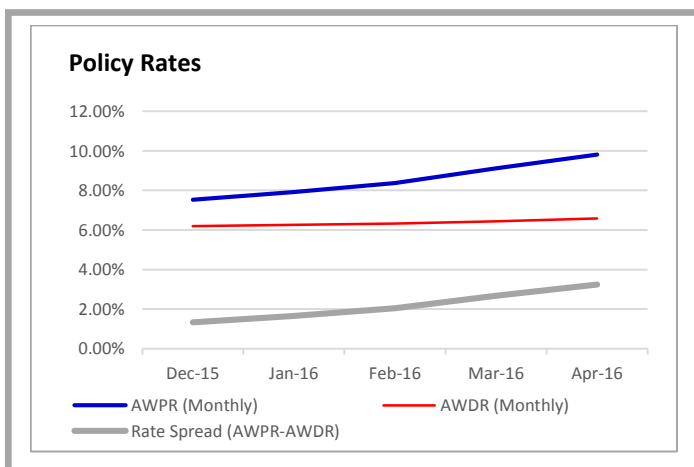


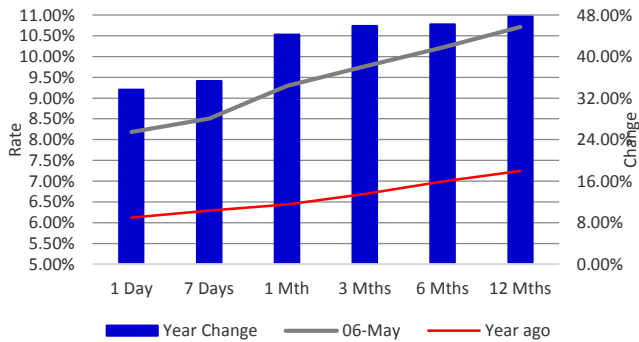
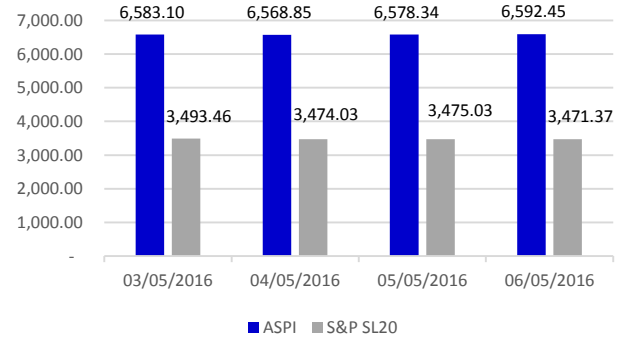
Economic Indicators: LKR/USD 145.50 (0.01% WoW) AWPR: 10.01% (1.93% WoW) AWDR: 6.58% (2.17% MoM) ASPI: 6,592 (1.17% WoW) S&P SL20: 3,471 (1.04% WoW)



Market	Period	04-May	27-Apr	Change %
Secondary Market	3 months	8.50%	8.55%	-0.58%
	6 months	9.51%	9.53%	-0.21%
	1 Year	10.13%	10.15%	-0.20%
	2 Years	10.28%	10.25%	0.29%
	5 Years	11.90%	11.97%	-0.58%
	6 Years	12.12%	12.16%	-0.33%
	8 Years	12.24%	12.31%	-0.57%
	10 Years	12.50%	12.65%	-1.19%
	15 Years	12.78%	12.95%	-1.31%
	30 Years	13.23%	13.36%	-0.97%

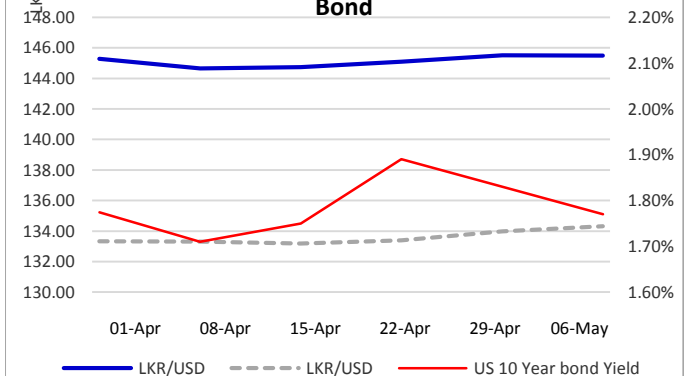
- Average Weighted Prime Lending Rate (AWPR): 10.01%. It has increased by 19 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.58% (Apr), 6.44% (Mar).
- Average Weighted Fixed Deposit Rate (AWFDR): 8.18% (Apr) and 7.92% (Mar).
- SLIBOR Rates : 8.18% (1Day), 8.51%(7Days), 9.29%(1Month), 9.76%(3Months), 10.22%(6Months), 10.71%(1Yr).
- Inflation (Annual average change): 1.3% (Apr) and 1.1% (Mar).



Sri Lanka Interbank Offer Rates

Daily Index Movement

LKR Exchange Rate Movement

- LKR appreciated over the week by 0.01% against USD from LKR/USD 145.51 to 145.50.
- One month forward rate of LKR/USD is 146.23 (Last week 146.45).
- Three months forward rate of LKR/USD is 147.17 (Last week 147.70).

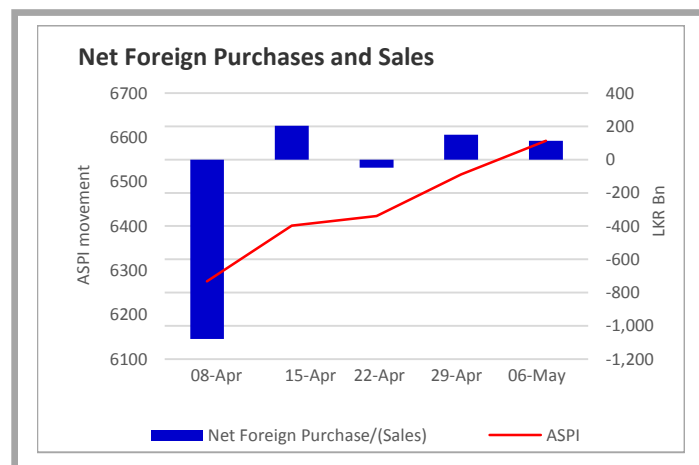
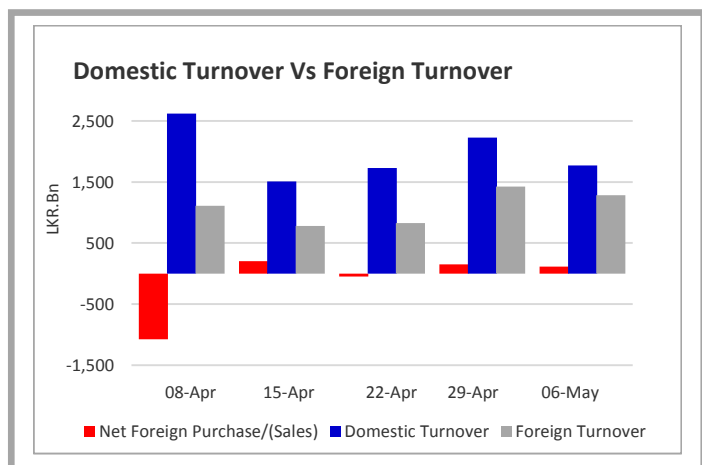
	01-Apr	08-April	15-April	22-April	29-April
INR 16	2.15	2.16	2.16	2.16	2.18
INR 15	2.13	2.13	2.11	2.10	2.09
RM 16	36.59	36.96	36.90	36.99	36.35
RM 15	36.45	36.90	35.60	37.33	37.15

LKR/USD Movement Vs US 10 Year Treasury Bond

Colombo Stock Exchange

- All Share Price Index: 6,592 points as at 06th May 2016.
- S&P 20: 3,471 points as at 06th May 2016.
- ASPI increased by 76 points WoW which is 1.17%.
- S&P 30 increased WoW by 35 points, reflecting a 1.04% positive variation.
- Net Foreign Inflow: LKR. 112 Mn.
- Last week recorded a Net foreign Inflow: LKR. 150 Mn.
- Market capitalization: LKR.2,809 Bn which is 1.17% increase compared to last week.
- Market PE: PE recorded as 14.13 in this week and it has reduced by 13.95% from the last week.

Price Index by Sector

Top Gainers	This week	Pre. week	Change %
TELECOMMUNICATIONS	185.35	177.98	4.14%
INVESTMENT TRUSTS	16,587.13	15,957.96	3.94%
CHEMICALS AND PHARMACEUTICALS	7,500.09	7,320.91	2.45%
POWER AND ENERGY	172.44	169.03	2.02%
BANKS FINANCE AND INSURANCE	16,493.11	16,239.97	1.56%
Top Losers			
STORES AND SUPPLIES	25,573.63	26,960.75	-5.14%
INFORMATION TECHNOLOGY	57.83	60.06	-3.71%
PLANTATIONS	694.14	708.79	-2.07%
LAND AND PROPERTY	690.66	703.78	-1.86%
SERVICES	22,662.71	23,058.84	-1.72%


Local News

Credit growth to Sri Lanka's private sector by commercial banks is a key variable followed in determining monetary policy. This number has been running high in recent months, rising to 26.5 percent in February, compared with 25.7 percent in January on a year-on-year basis, although the figure is down from 27 percent in November. Governor of the Central Bank of Sri Lanka, Arjuna Mahendran, told that it was difficult to identify a trend yet. In absolute terms, credit granted to the private sector grew by 53.7 billion rupees during the month of February, compared with 43.6 billion rupees in January. The expansion in credit to the private sector was 691 million rupees in 2015, compared with 224 million rupees in 2014.

(Source: LBO - 05.05.2016)

Foreign News

China's central bank on Thursday pumped more money into the market to ease a liquidity strain. The People's Bank of China (PBOC) conducted 130 billion yuan (20 billion U.S. dollars) in seven-day reverse repurchase agreements (repo), a process in which central banks purchase securities from banks with an agreement to resell them in the future. The reverse repo was priced to yield 2.25 percent, unchanged from Wednesday's injection of 100 billion yuan, according to a PBOC statement. The move followed a net injection of 100 billion yuan into the financial system on last Tuesday. On last Thursday's interbank market, the benchmark overnight Shanghai Interbank Offered Rate (Shibor), was up by 0.1 basis points to 2.001 percent.

(Source: Xhuanet.com - 05.05.2016)

Sri Lanka's exports fell 2.5 percent to 893.9 million US dollars in January 2016 from a year earlier while imports fell at a faster 5.5 percent to 1,589.1 million US dollars, official data showed. The deficit in the trade account contracted in January 2016, by 9.1 percent from a year earlier to 695 million US dollars compared to 765 million US dollars in January last year. The Central Bank said earnings from exports declined for the eleventh consecutive month in January largely reflecting continuous decline recorded in commodity prices in the international market. Export earnings from textiles and garments, which contributed nearly 52 percent to the total exports, improved by 13.3 percent in January 2016, reversing the declining trend prevailed in last quarter of 2015.

(Source: LBO - 06.05.2016)

Singapore firms posted a slight deterioration in operating conditions in April, with the headline Nikkei Singapore purchasing managers' index (PMI) falling to 49.4 from March's 52.0. This signalled a renewed decline in the health of the private sector, said Markit, the financial information services provider which compiles the index. "Though only slight, it was the first time that operating conditions had deteriorated since May 2015," Markit added. Said Markit economist Annabel Fiddes: "Companies also recorded further falls in purchasing activity and employment - albeit marginal - while stocks of inputs declined markedly, indicating that expectations for growth in the coming months remain relatively muted."

(Source: The Business Times (Singapore) - 05.05.2016)

Sri Lanka's Colombo Stock Exchange has announced a revision in the methodology of calculating Price Multiples (P/E, P/BV and DY). The Price-Earnings Ratio (P/E Ratio) and Dividend Yield Ratio (DY) will be calculated taking into consideration "Rolling Four Quarterly Earnings" instead of the current practice of sourcing earnings from the annual results of respective listed companies. The Price to Book Value Ratio (P/BV) will now be calculated based on the latest quarterly results instead of annual results of listed companies. The change was implemented with effect from Tuesday, the 3rd of May 2016.

Reporting dates in terms of year-end may vary based on the company and could therefore mean that ratios such as P/E, P/BV and DY that are based on annual data have the potential to be out of date.

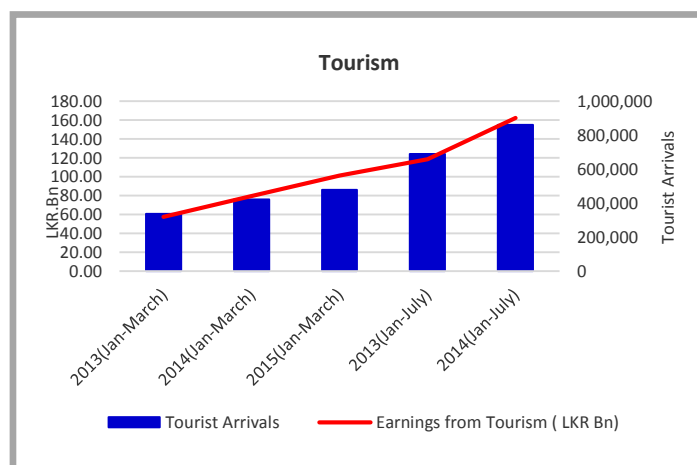
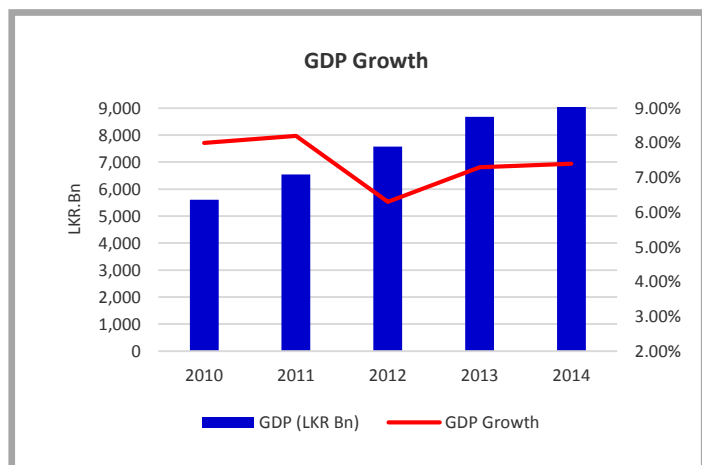
(Source: Daily News - 05.05.2016)

Philippine inflation rate remained at 1.1 percent in April, similar to the previous month, but lower from a year ago's 2.2 percent, the Philippine Statistics Authority (PSA) said Thursday. The April inflation was below the market expectation of 1.2 percent but within the local central bank's forecast of 0.7-1.5 percent. From January to April, average inflation stood at 1.1 percent, lower than the 2.3 percent of the same period a year ago. "This supports favourable demand prospects and is broadly in line with the expectation of brisker operations during the election period and anticipated pick-up in the economic activity during the summer season," said Socioeconomic Planning Secretary Emmanuel Esguerra.

(Source: Xhuanet.com - 05.05.2016)

GDP and Economy

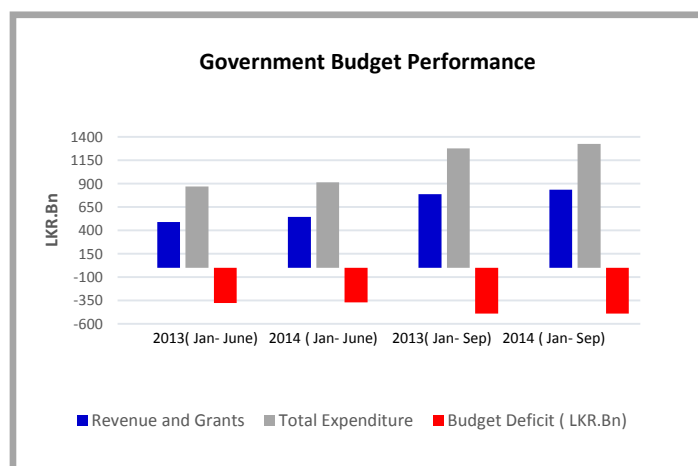
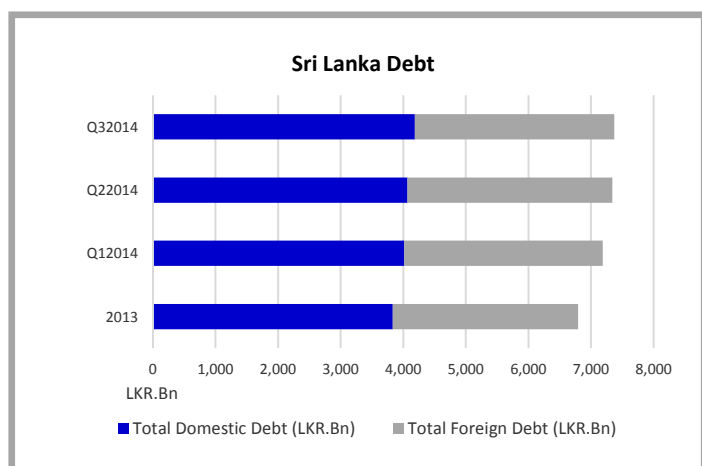
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

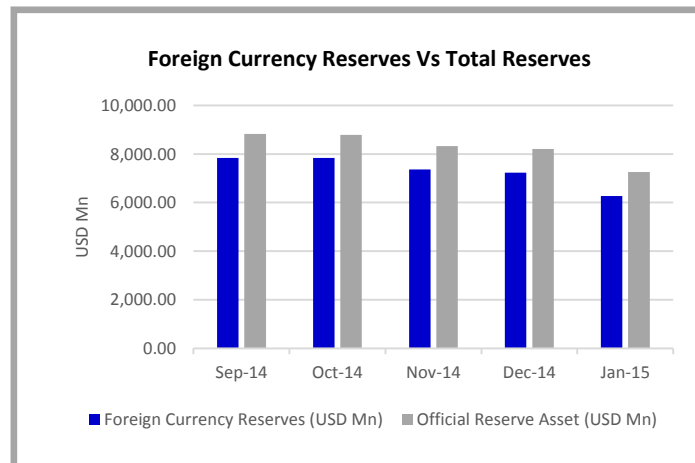
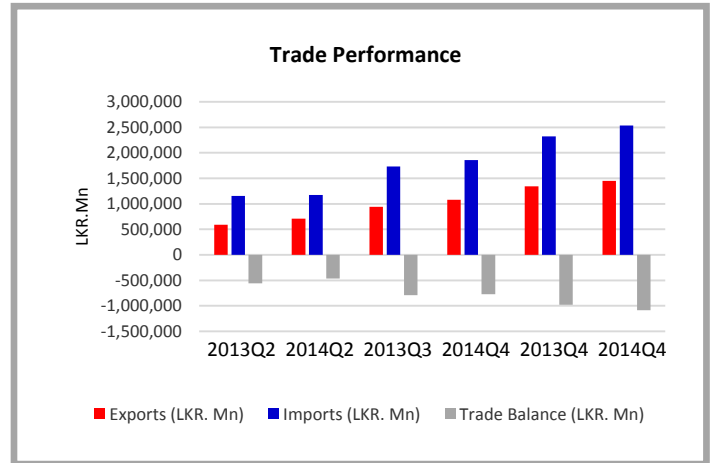
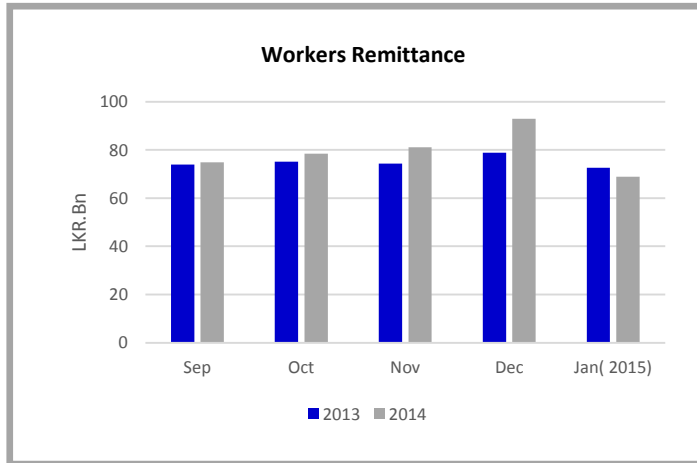


Sri Lanka Fiscal Performance

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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