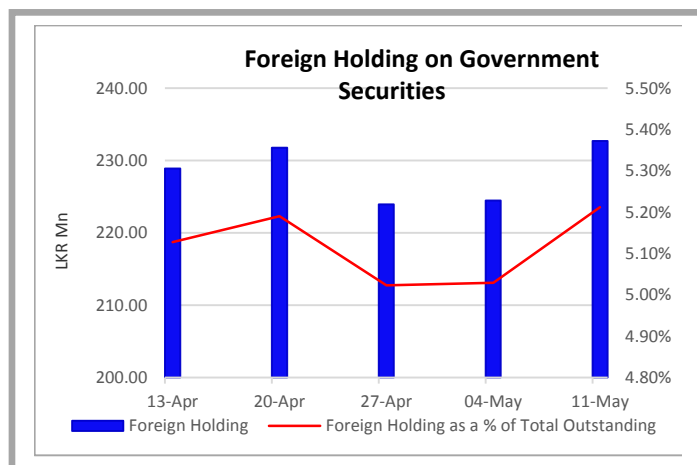
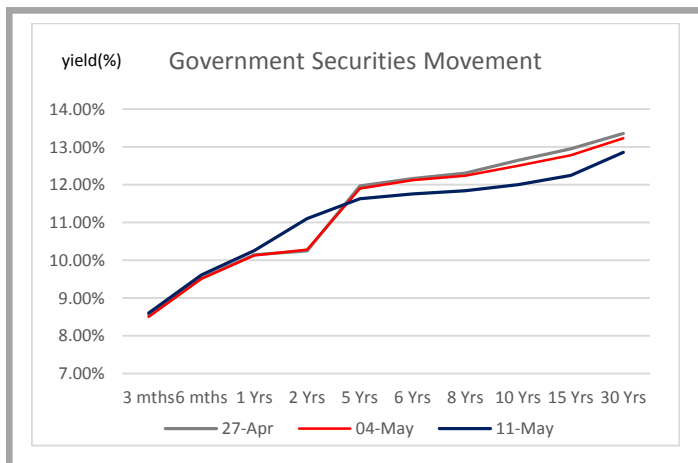
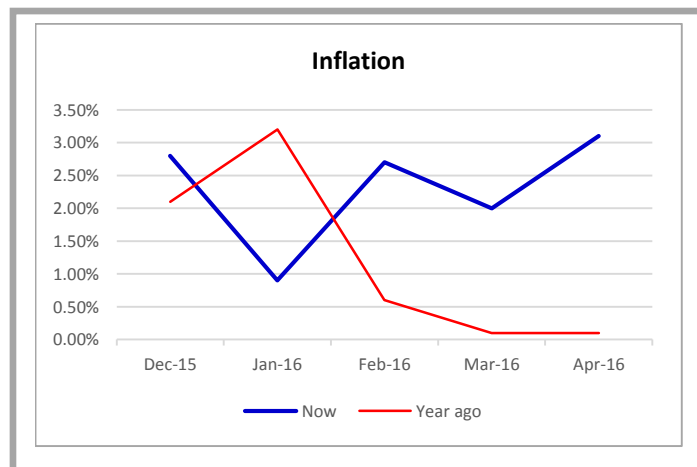
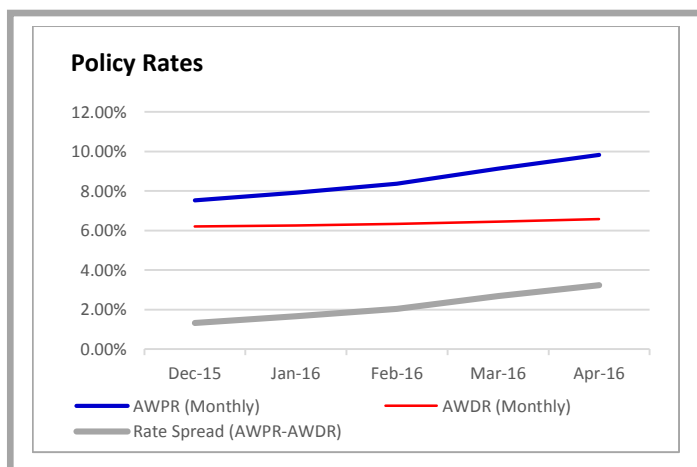


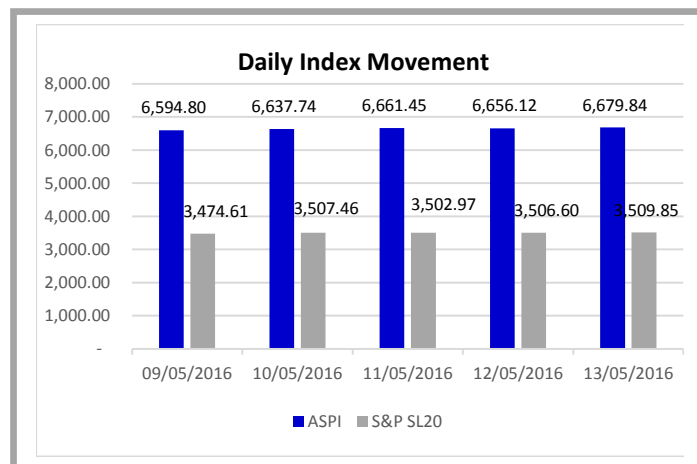
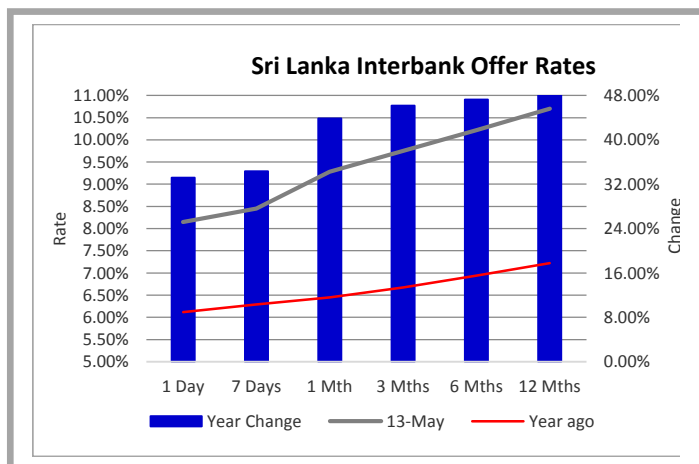
Economic Indicators: LKR/USD 145.66 (0.11% WoW) AWPR: 10.12% (1.10% WoW) AWDR: 6.58% (2.17% MoM) ASPI: 6,679(1.33% WoW) S&P SL20: 3,471 (1.11% WoW)



Market	Period	11-May	04-May	Change %
Secondary Market	3 months	8.60%	8.50%	1.18%
	6 months	9.61%	9.51%	1.05%
	1 Year	10.26%	10.13%	1.28%
	2 Years	11.10%	10.28%	7.98%
	5 Years	11.63%	11.90%	-2.27%
	6 Years	11.76%	12.12%	-2.97%
	8 Years	11.84%	12.24%	-3.27%
	10 Years	12.00%	12.50%	-4.00%
	15 Years	12.25%	12.78%	-4.15%
	30 Years	12.86%	13.23%	-2.80%

- Average Weighted Prime Lending Rate (AWPR): 10.12%. It has increased by 11 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 : 8.15% (1Day), 8.45%(7Days), 9.28%(1Month), 9.75%(3Months), 10.22%(6Months), 10.70%(1Yr).
- Inflation (Annual average change): 1.3% (Apr) and 1.1% (Mar).

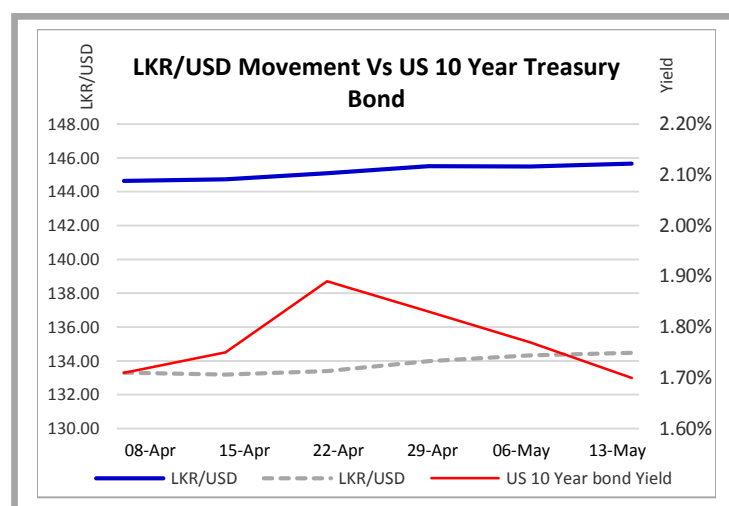




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.11% against USD from LKR/USD 145.50 to 145.66.
- One month forward rate of LKR/USD is 146.82 (Last week 146.23).
- Three months forward rate of LKR/USD is 148.29 (Last week 147.17).

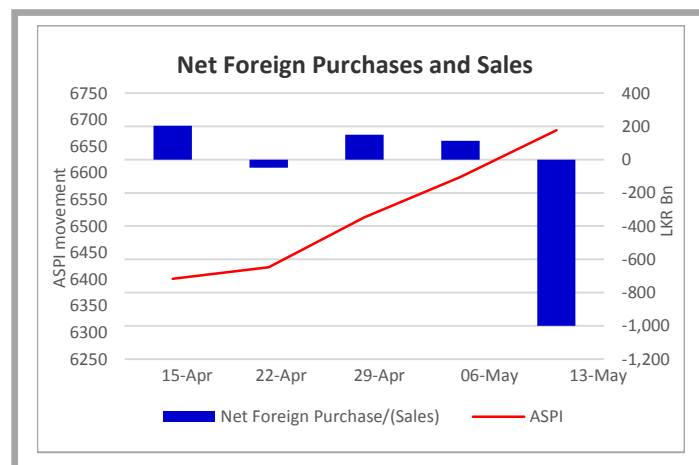
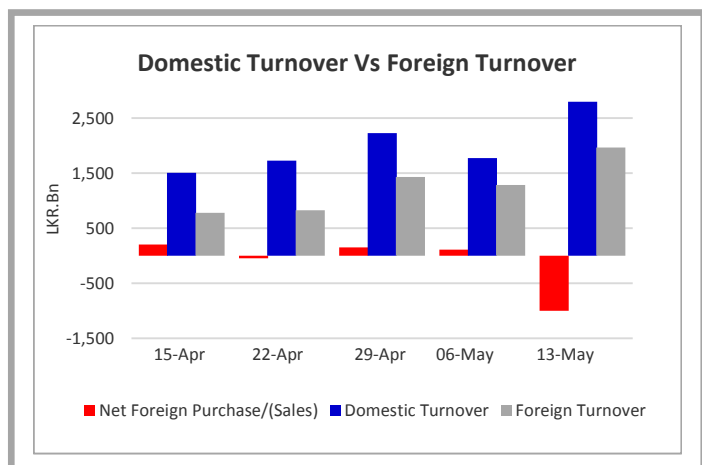
	15-Apr	22-April	29-April	06-May	13-May
INR 16	2.16	2.16	2.18	2.19	2.18
INR 15	2.11	2.10	2.09	2.10	2.08
RM 16	36.90	36.99	36.35	36.35	36.12
RM 15	35.60	37.33	37.15	37.15	37.05



Colombo Stock Exchange

- All Share Price Index: 6,679 points as at 13th May 2016.
- S&P 20: 3,471 points as at 13th May 2016.
- ASPI increased by 87 points WoW which is 1.33%.
- S&P 30 increased WoW by 38 points, reflecting a 1.11% positive variation.
- Net Foreign Outflow: LKR. 999 Mn.
- Last week recorded a Net foreign Inflow: LKR. 112 Mn.
- Market capitalization: LKR.2,846 Bn which is 1.33% increase compared to last week.
- Market PE: PE recorded as 14.31 in this week and it has increased by 1.27% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
STORES AND SUPPLIES	27,685.66	25,573.63	8.26%
HEALTHCARE	1,103.47	1,031.96	6.93%
LAND AND PROPERTY	723.06	690.66	4.69%
MOTORS	17,495.15	16,905.61	3.49%
PLANTATIONS	716.40	694.14	3.21%
Top Losers			
INFORMATION TECHNOLOGY	57.27	57.83	-0.97%
HOTELS AND TRAVELS	3,183.28	3,187.73	-0.14%
CHEMICALS AND PHARMACEUTICALS	7,493.43	7,500.09	-0.09%
BANKS FINANCE AND INSURANCE	16,490.14	16,493.11	-0.02%
TELECOMMUNICATIONS	185.35	185.35	0.00%



Local News

Sri Lanka's Cabinet has approved to use funds granted China amounting 85 million US dollars to develop the healthcare sector. "The scope of the project is to purchase essential equipment and to construct buildings in selected hospitals including provincial hospitals," a statement on cabinet approvals said. The proposal was made Rajitha, Minister of Health Nutrition and Indigenous Medicine, to use the funds granted by the Government of China subject to a financial limit of 85 million US dollars, in improving health facilities covering the whole island. Meanwhile the Government of Japan has agreed to grant assistance including a 30 metre long 2 petrol vessels to the Department of Coast Guard for broadening operations undertaken by the Department in Sri Lankan Coasts.

(Source: LBO - 12.05.2016)

The EU is expected to take up to six months to give a response after a formal application for GSP +, and Sri Lanka is currently preparing the application. They welcomed that as a result of Sri Lanka's successful reform of its fisheries governance system, the Commission has proposed to Council on 21 April 2016 the lifting of the import ban related to illegal unreported and unregulated (IUU) fishing, it added. They also discussed bilateral matters and noted progress related to investment dialogue, customs valuation and exports of fruits and vegetables from Sri Lanka to the EU.

(Source: LBO - 12.05.2016)

Members of the main committee of the Ceylon Chamber of Commerce has observed that consistency in policy should be a top priority of the government in order to build confidence and boost private sector investment. Ceylon Chamber said in a statement that the members of the Committee at its latest meeting has observed that while there is greater interest among government officials to address, private sector concerns, it is yet to translate into a stable economic policy environment. The group has asserted that the most critical concern right now is tax policy uncertainty and ad hoc policy changes.

(Source: LBO - 09.05.2016)

Foreign News

The U.S. Federal Reserve will likely wait until September before raising interest rates again, stretching to nine months the time since its first hike in nearly a decade, as it waits for clear signs inflation is picking up, a Reuters poll found. This is the second time this year that economists have delayed their rate-hike expectations, casting doubt on the likelihood the Fed will be able to deliver two rate hikes this year as the U.S. Presidential election in November could make further policy changes sensitive. The U.S. central bank is now expected to push the fed funds target rate up to a range of 0.50 percent - 0.75 percent in the third quarter and to 0.75 - 1.00 percent by year-end, from 0.25 - 0.50 percent now, according to median forecasts in the poll.

(Source: reuters.com- 12.05.2016)

The number of Americans filing for unemployment benefits rose last week to a more than one-year high, but economists blamed striking telecommunications workers for the surge and said the data did not signal a deterioration in the overall labor market. Also import prices increased in April for a second straight month, suggesting the disinflationary impulse from a strong dollar and lower oil prices, which has helped to hold inflation well below the Federal Reserve's 2 percent target, was fading.

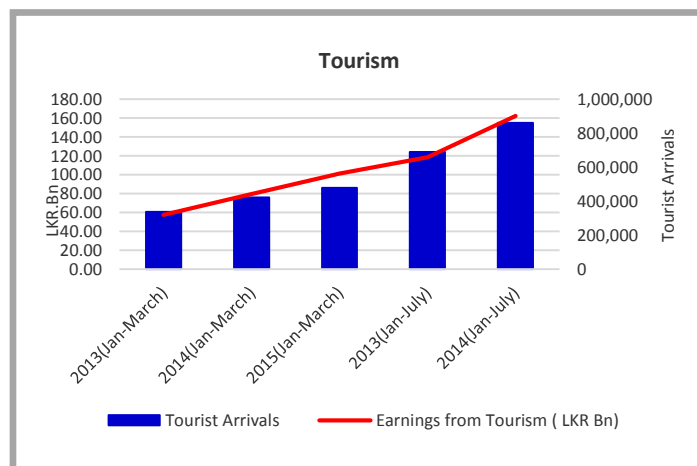
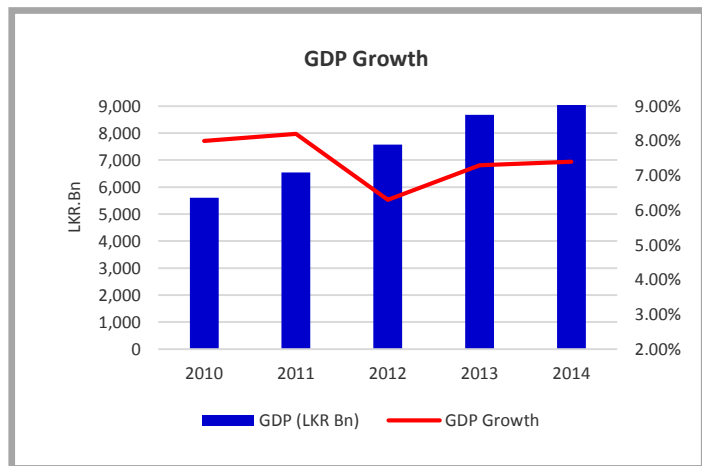
(Source: reuters.com) - 12.05.2016)

The Bank of England governor said on Thursday that Brexit -- which he called the "elephant in the room" -- means uncertainty over the outlook has risen to the highest since the euro-area debt crisis. The Monetary Policy Committee cut its growth forecasts, said inflation remains subdued and unanimously agreed to maintain their benchmark rate at a record-low 0.5 percent. In its quarterly Inflation Report, the BOE gave a detailed assessment of the risks surrounding a Brexit, judging that it could lead to a prolonged period of uncertainty, hurt capital inflows, raise risk premia, increase bank funding costs and threaten financial stability.

(Source: bloomberg.com - 12.05.2016)

GDP and Economy

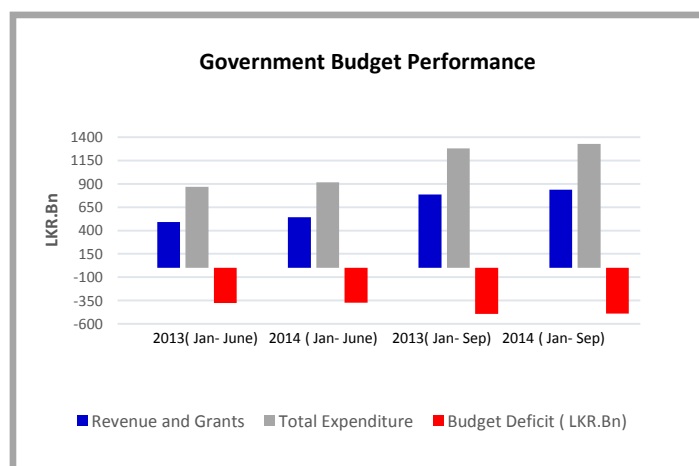
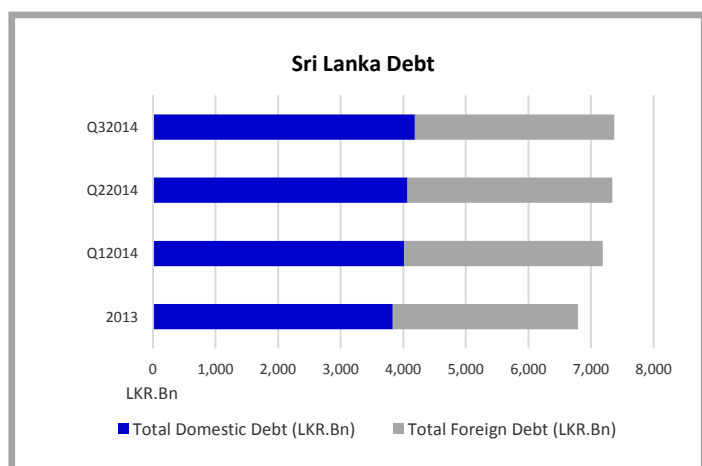
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

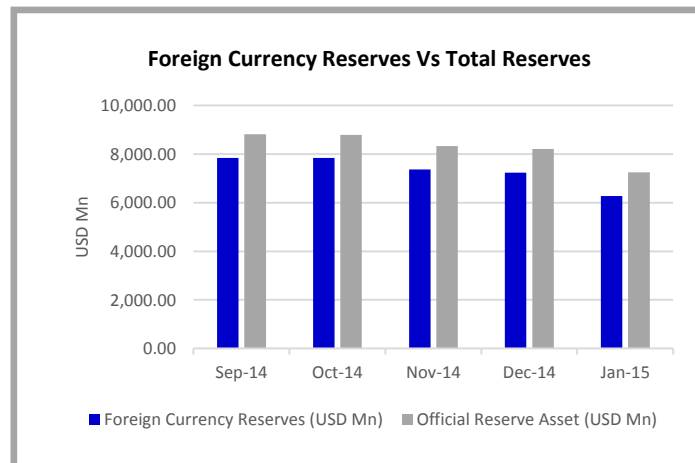
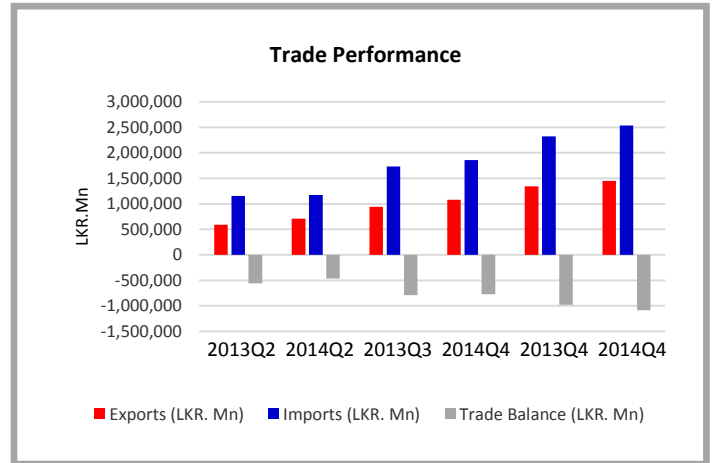
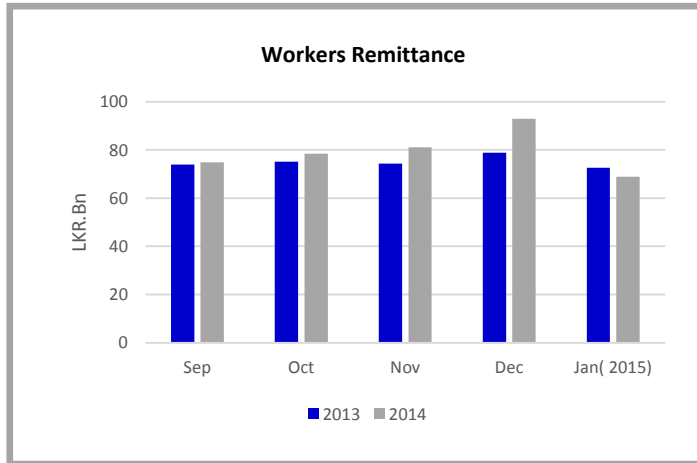


Sri Lanka Fiscal Performance

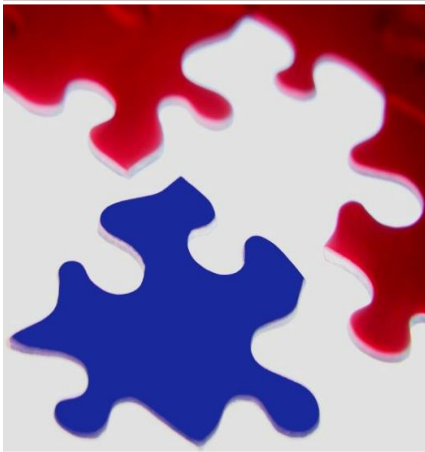
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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

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- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- Listed Equity
- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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A smart investment idea

AN
INVESTMENT
Plan that will give you
peace of mind during
RETIREMENT

Kenanga Retirement Plan-retirement for any age

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The funds will be invested at the equity or corporate debt markets depending on the client's preference. This could be structured according to a period desired by the customer--be it five, ten or 15 years or a period specified by the investor.



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