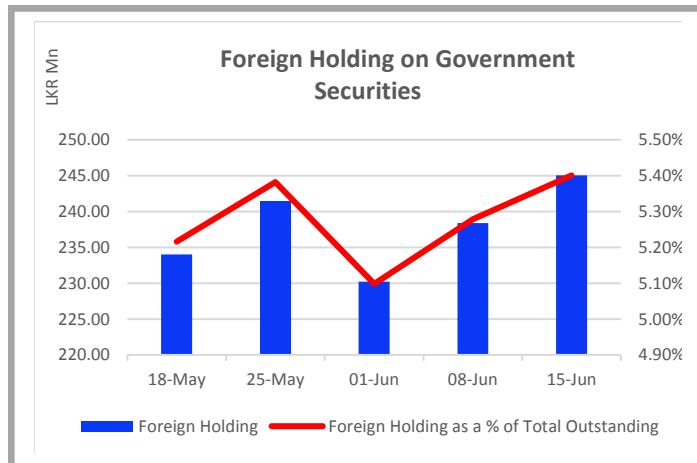
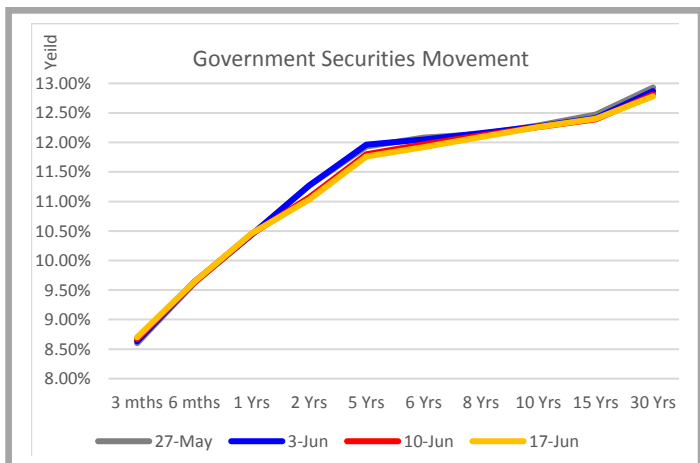
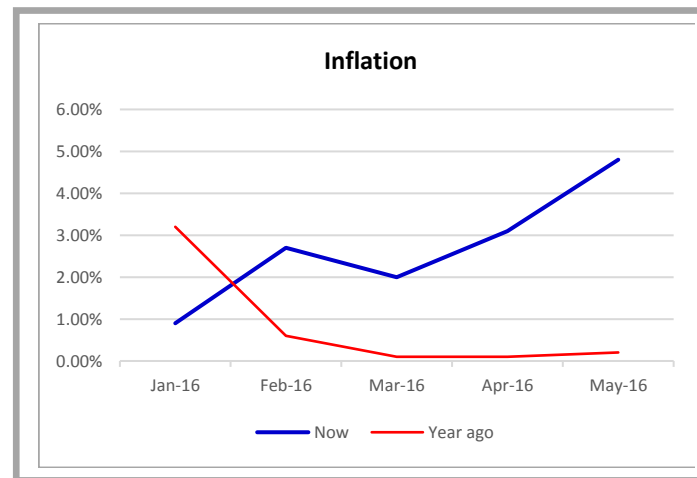
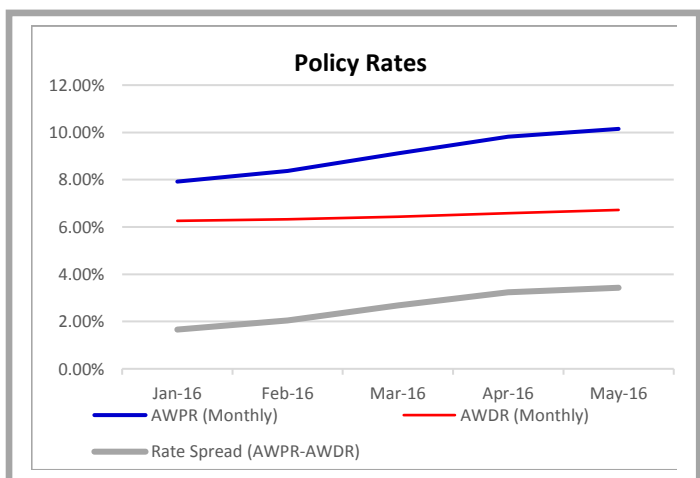


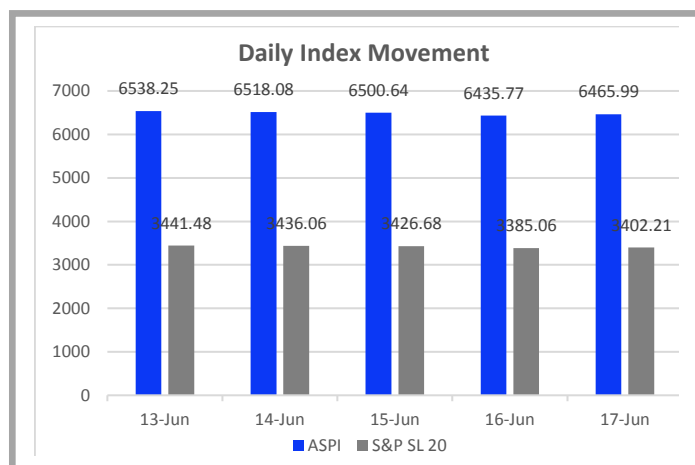
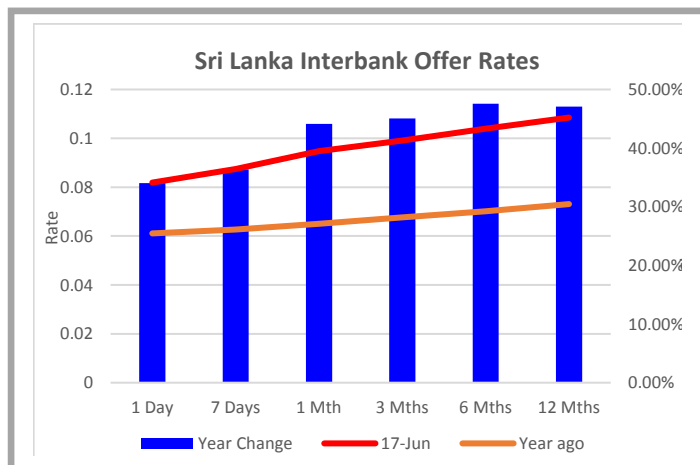
Economic Indicators: LKR/USD 144.74 (0.34% WoW) AWPR: 10.50% (0.27% WoW) AWDR: 6.72% (2.13% MoM) ASPI: 6,466 (0.99% WoW) S&P SL20: 3,402 (0.63% WoW)



Market	Period	17-Jun	10-Jun	Change %
Secondary Market	3 months	8.70%	8.67%	0.35%
	6 months	9.64%	9.63%	0.10%
	1 Year	10.46%	10.45%	0.10%
	2 Years	11.03%	11.07%	-0.36%
	5 Years	11.76%	11.80%	-0.34%
	6 Years	11.92%	11.97%	-0.42%
	8 Years	12.09%	12.12%	-0.25%
	10 Years	12.26%	12.26%	0.00%
	15 Years	12.40%	12.39%	0.08%
30 Years	12.78%	12.81%	-0.23%	

- Average Weighted Prime Lending Rate (AWPR): 10.50%. It has increased by 03 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.72% (May), 6.58% (Apr).
- Average Weighted Fixed Deposit Rate (AWFDR): 8.40% (May) and 8.18 % (Apr).
- SLIBOR Rates: 8.19% (1Day), 8.55% (7Days), 9.48% (1Month), 9.91% (3Months), 10.39% (6Months), 10.85% (1Yr).
- Inflation (Annual average change): 1.7% (May) and 1.3% (Apr).

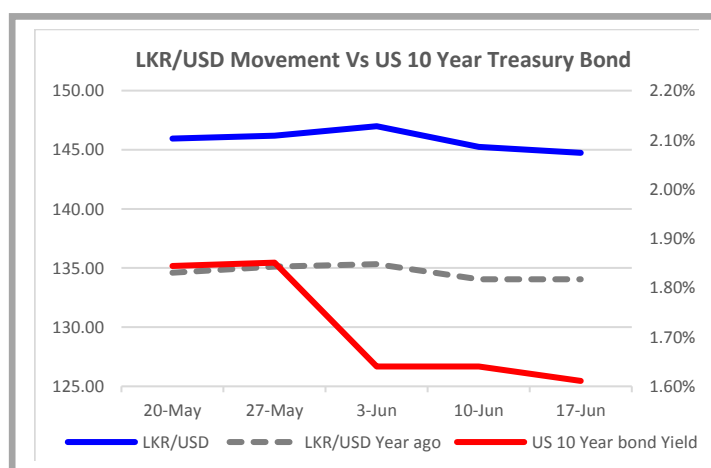




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.34% against USD from LKR/USD 145.24 to 144.74.
- One month forward rate of LKR/USD is 145.57 (Last week 146.95).
- Three months forward rate of LKR/USD is 146.98 (Last week 149.21).

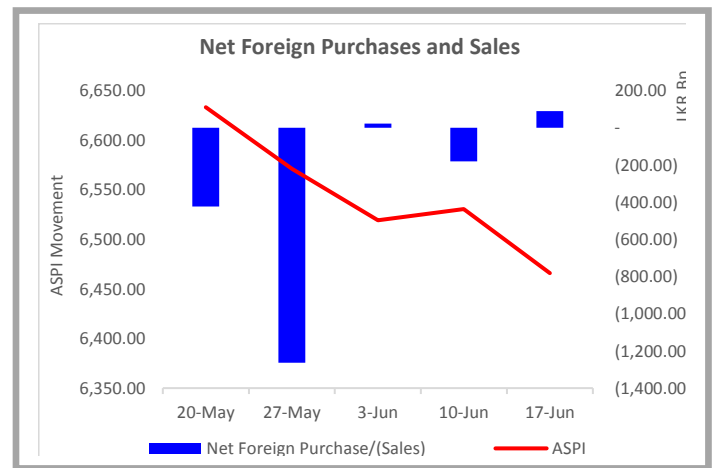
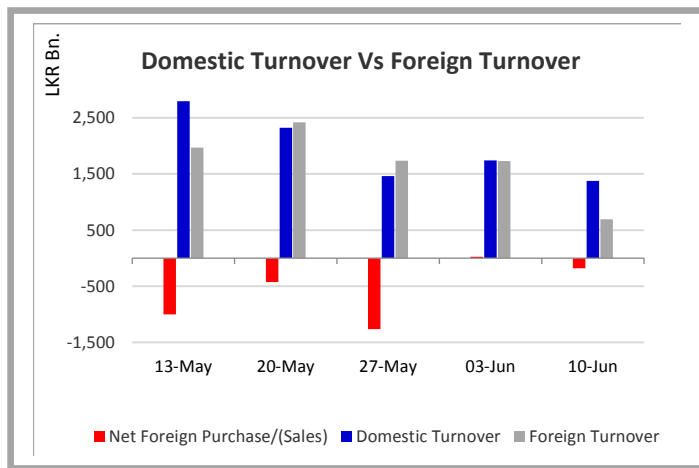
	20-May	27-May	03-June	10-June	17-June
INR 16	2.16	2.17	2.17	2.18	2.15
INR 15	2.09	2.09	2.10	2.09	2.09
RM 16	36.80	35.73	35.20	35.82	35.30
RM 15	37.02	36.82	36.43	36.65	35.81



Colombo Stock Exchange

- All Share Price Index: 6,465.99 points as at 17th June 2016.
- S&P 20: 3402.21 points as at 17th June 2016.
- ASPI decreased by 64.51 points WoW which is 0.99%.
- S&P 20 decreased WoW by 21.61 points, reflecting a 0.63% negative variation.
- Net Foreign Inflow: LKR. 90 Mn.
- Last week recorded a Net Foreign Outflow: LKR. 180 Mn.
- Market capitalization: LKR. 2,755 Bn which is 1% decrease compared to last week.
- Market PE: PE recorded as 13.40 in this week and it has decreased by 1.33% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
INFORMATION TECHNOLOGY	51.70	51.70	0.00%
Top Losers			
MOTORS	17,123.15	18,034.04	-5.05%
FOOTWEAR AND TEXTILES	949.00	989.38	-4.08%
CHEMICALS AND PHARMACEUTICALS	7,265.67	7,488.49	-2.98%
TRADING	15,227.50	15,666.73	-2.80%
LAND AND PROPERTY	680.54	699.64	-2.73%



Local News

Prime Minister Ranil Wickremesinghe says Sri Lanka is 'very concerned' about the probable impact of 'Brexit' - withdrawal of the United Kingdom from the European Union - on the global economy, on Sri Lanka, and on the UK. Prime Minister Wickremesinghe said the decision the voters must make on the referendum on Thursday, 23 June, to decide whether Britain should leave or remain in the European Union is a 'momentous one'. Explaining the impact of Britain leaving the EU on the global economy, the Premier said today the trade is not confined to national boundaries and, as a result, we are all dependent on the global economy recovering from the financial crisis of 2008.

(Source: <http://www.ft.lk> - 16.06.2016)

Foreign News

While the rest of the world wonders whether the U.K. will vote to leave the European Union, one group is confident it will not. Europe-based hedge funders overwhelmingly indicated in a recent survey that they believe a Brexit won't happen. Fully 79% say Britons will vote to stay in the June 23 referendum, according to a poll released Thursday by industry tracker Preqin. With other surveys indicating a growing possibility that Britain will quit the EU, the survey results may be a product of wishful thinking as well as observation. In the survey, which involved 270 fund managers and was taken in early June, 59 percent of U.K. managers expected negative Brexit ramifications, while the number was just 35 percent for the rest of Europe.

(Source: <http://www.cnb.com> - 16.06.2016)

Sri Lanka's Central Depository Systems is looking forward to introduce a fully-fledged electronic IPO and voting system during this year. During an interview, Head of CDS, Nalin Fonseka said the E-IPO system will facilitate inward and outward payments from investors efficiently and will offer other benefits such as facilitation of allotments for different categories of investors. E-Voting is another new project which is underway and has been planned to be implemented during this year. "This system will address the problems faced by investors who are unable to attend and vote in more than one meeting held by listed companies on the same day."

(Source: <http://www.lankabusinessonline.com> - 16.06.2016)

At first it seems illogical to buy bonds at prices practically guaranteed to lose money. But there are good reasons that the yields on 10-year German bonds dipped below zero percent on Tuesday for the first time, meaning investors are essentially paying Berlin to keep their money. Fear is probably paramount. A sluggish global economy and uncertainty surrounding the coming vote in Britain over whether to leave the European Union have some investors rushing for safe havens. The European Central Bank is also printing money to buy bonds in an effort to bolster the eurozone's weak growth. That has pushed prices higher, and made yields go down.

(Source: <http://www.nytimes.com> - 14.06.2016)

Sagarica Chandra Associate Director at Fitch said that securing the IMF program was positive for Sri Lanka. It could 'anchor policy predictability'. Stable policies could bring back lost investor confidence. Sri Lanka was facing tighter external funding conditions, with large rollovers over the short term. But the program has a series of reforms aimed at trade and tax reforms, which could improve the efficiency of the economy, make it more competitive and draw foreign direct investment as well. "The real challenge is meeting the criteria," Chandra said. "That is something we are waiting to see."

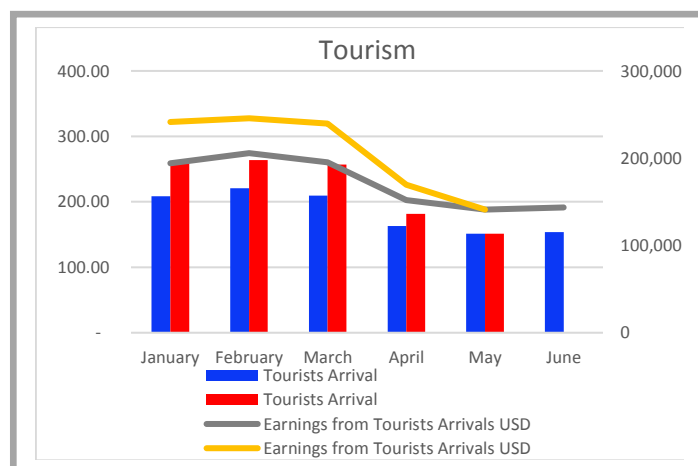
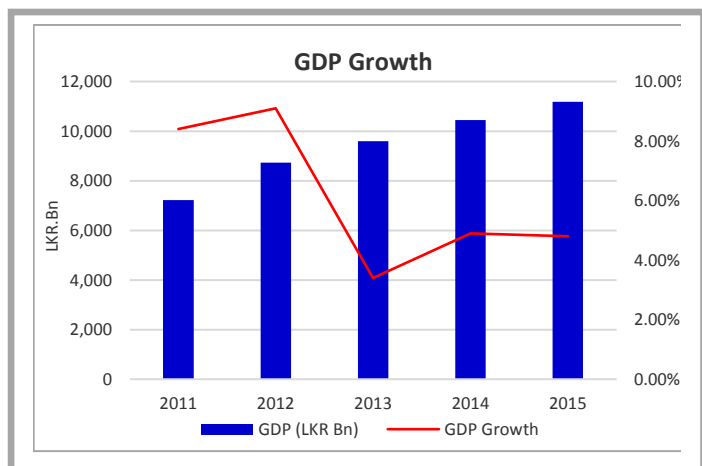
(Source: <http://economynext.com> - 17.06.2016)

Investors see a high chance of the European Central Bank cutting interest rates again this year as Britain's potential exit from the EU clouds the bloc's near-term economic prospects. ECB head Mario Draghi said in March he did not anticipate further rate cuts - one of the easing tools the ECB has used to try and shore up the bloc's recovery - would be necessary. But money market trading suggests investors anticipate another about-turn. Forward Eonia bank-to-bank lending rates dated for the ECB's meeting on Dec. 8 fell to minus 0.41% on Wednesday, 8 basis points below the overnight rate of minus 0.33%. This suggests roughly an 80% chance of a further 10 basis point cut to the ECB's deposit rate by the end of the year.

(Source: <http://www.reuters.com> - 15.06.2016)

GDP and Economy

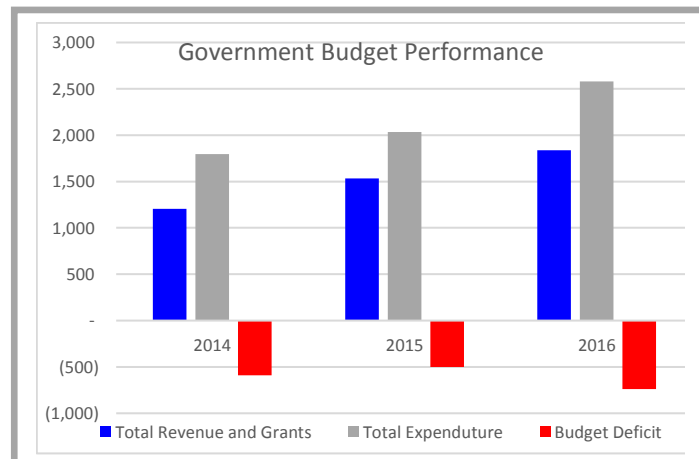
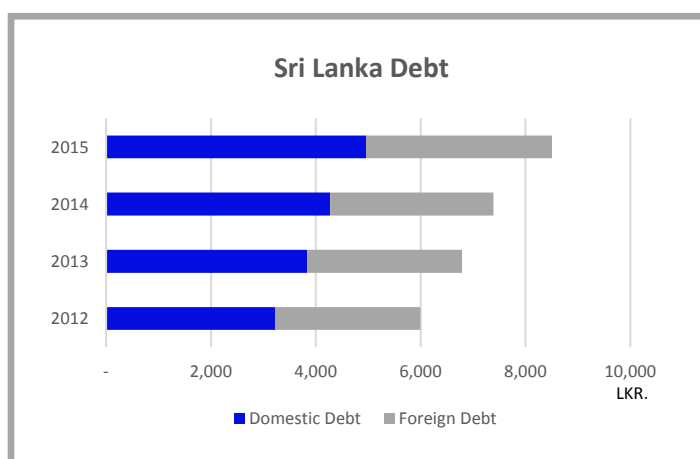
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 676,899Mn, LKR.2,259,223Mn and LKR. 4,881,273Mn respectively.
- Unemployment rate was 4.6% in 2015 compared to 4.3% in the previous year.

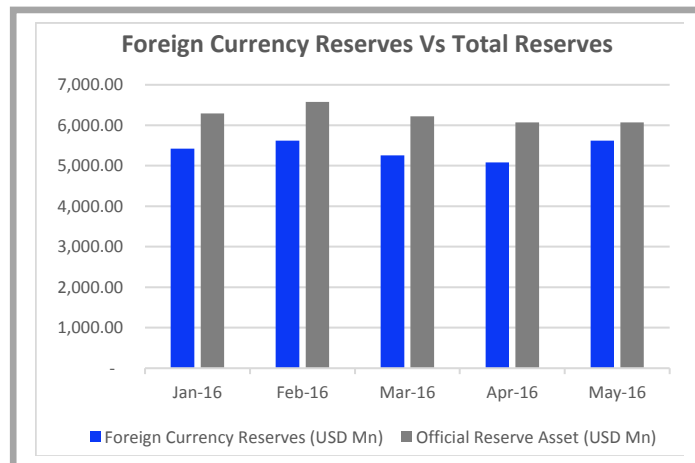
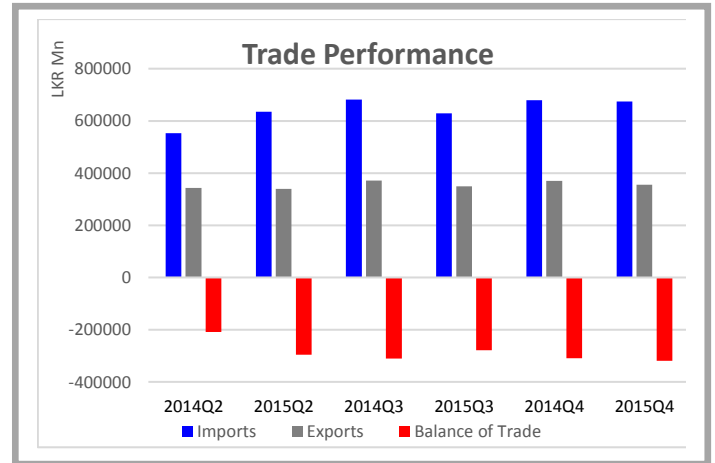
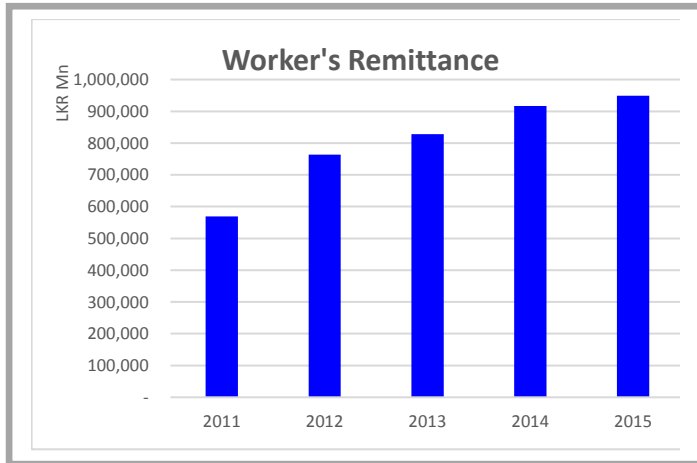


Sri Lanka Fiscal Performance

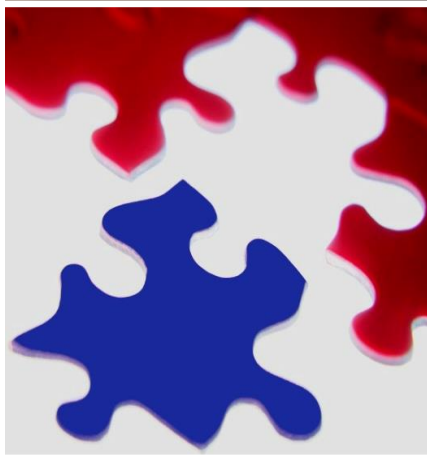
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments to GDP increased to 4.6 percent in 2015 from 4.2 percent in 2014. Although interest payments on domestic sources to GDP increased to 3.5 percent in 2015 from 3.1 percent in 2014, foreign interest payments to GDP declined marginally to 1.0 percent in 2015 from 1.1 percent in 2014.

	2011	2012	2013	2014	2015
Government Debt/GDP (%)	78.5	79.2	78.3	70.7	76
Domestic Debt/ GDP (%)	42.9	42.7	44.2	40.9	44.3
Foreign Debt % of GDP	35.6	36.5	34.1	29.8	31.7
Budget Deficit/GDP (%)	-6.9	-6.5	-5.9	-5.2	-7.4



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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- Corporate Syndicated Loan Facilities

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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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INVESTMENT
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peace of mind during
RETIREMENT**

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