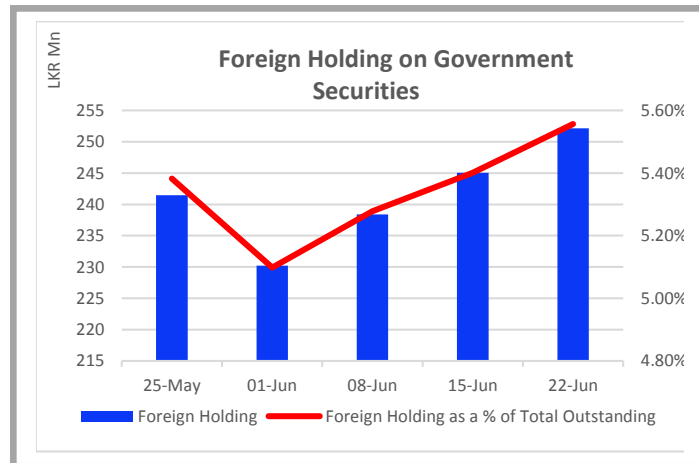
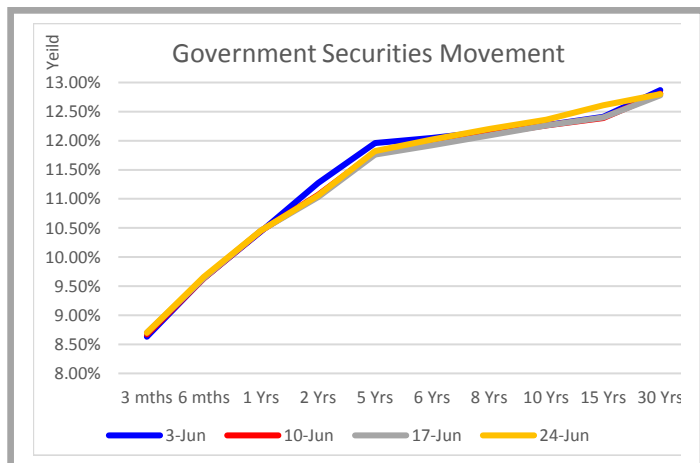
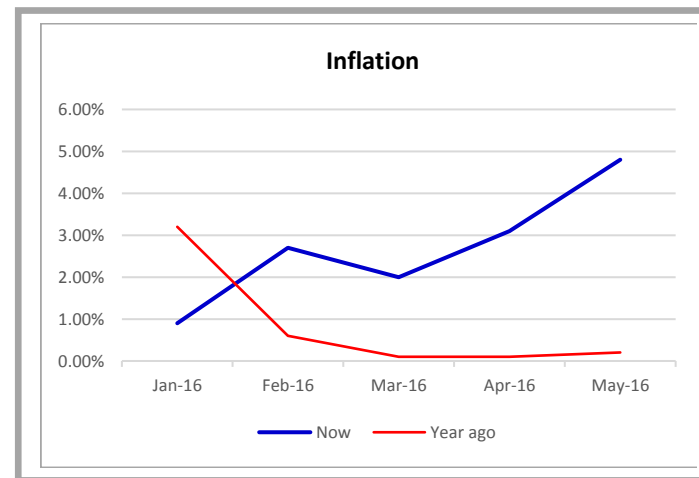
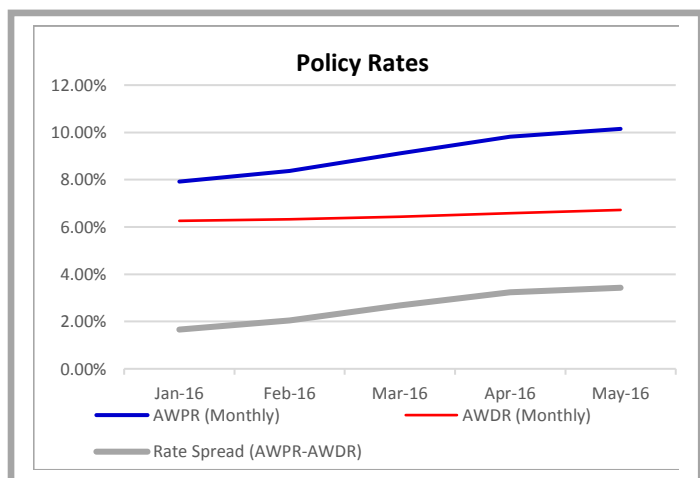


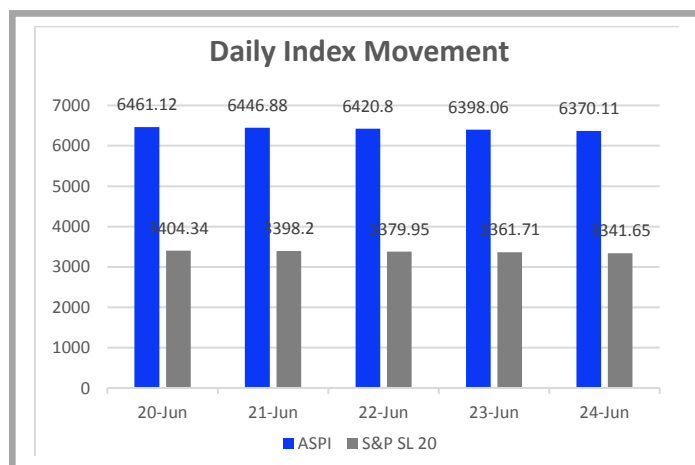
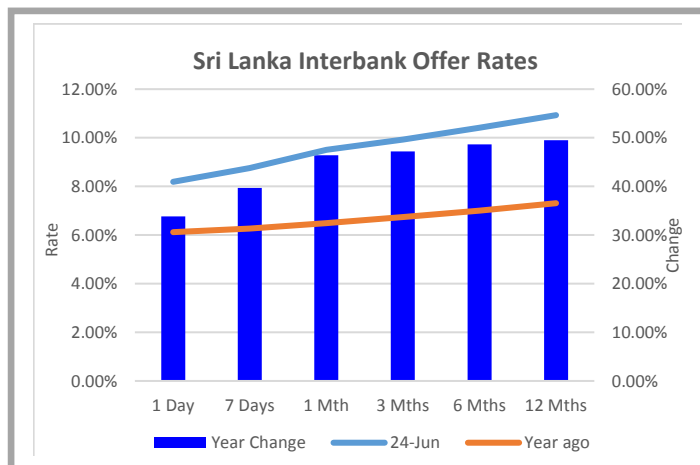
Economic Indicators: LKR/USD 146.91 (1.50% WoW) AWPR: 10.23% (0.27% WoW) AWDR: 6.72% (2.13% MoM) ASPI: 6,370 (1.48% WoW) S&P SL20: 3,342 (1.78% WoW)



Market	Period	24-Jun	17-Jun	Change %
Secondary Market	3 months	8.70%	8.70%	0.00%
	6 months	9.66%	9.64%	0.21%
	1 Year	10.46%	10.46%	0.00%
	2 Years	11.06%	11.03%	0.27%
	5 Years	11.82%	11.76%	0.51%
	6 Years	12.02%	11.92%	0.84%
	8 Years	12.20%	12.09%	0.91%
	10 Years	12.36%	12.26%	0.82%
	15 Years	12.61%	12.40%	1.69%
30 Years	12.80%	12.78%	0.16%	

- Average Weighted Prime Lending Rate (AWPR): 10.23%. It has declined by 27 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), 8.76% (7Days), 9.50% (1Month), 9.92% (3Months), 10.42% (6Months), 10.93% (1Yr).
- Inflation (Annual average change): 1.7% (May) and 1.3% (Apr).

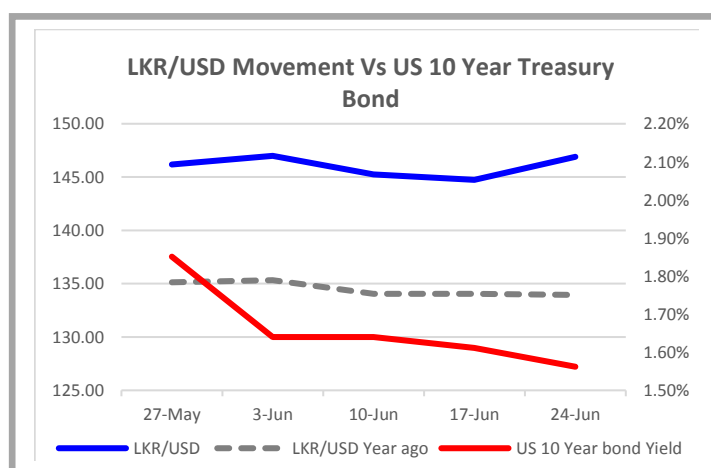




LKR Exchange Rate Movement

- LKR depreciated over the week by 1.50% against USD from LKR/USD 144.74 to 146.91.
- One month forward rate of LKR/USD is 145.87 (Last week 145.57).
- Three months forward rate of LKR/USD is 147.45 (Last week 146.98).

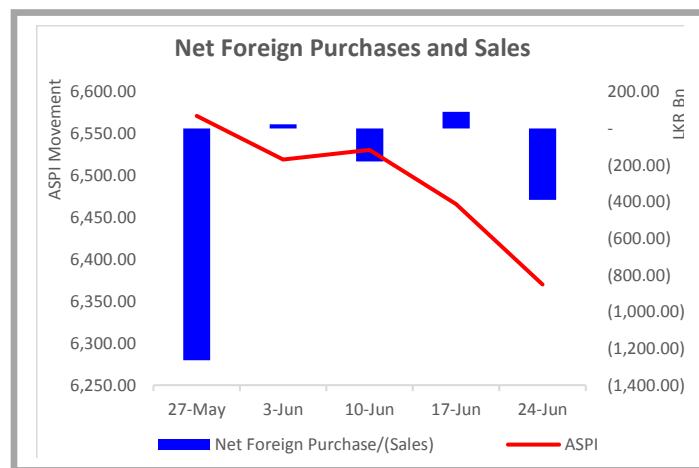
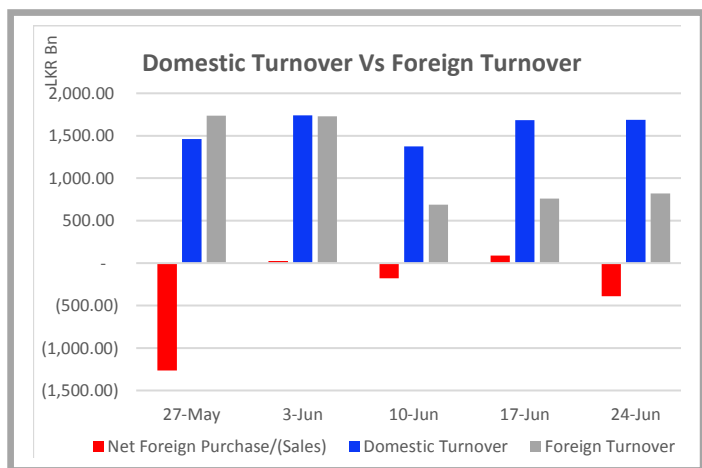
	27-May	03-June	10-June	17-June	24-June
INR 16	2.17	2.17	2.18	2.15	2.16
INR 15	2.09	2.10	2.09	2.09	2.10
RM 16	35.73	35.20	35.82	35.30	35.74
RM 15	36.82	36.43	36.65	35.81	35.65



Colombo Stock Exchange

- All Share Price Index: 6,370.11 points as at 24th June 2016.
- S&P 20: 3,341.65 points as at 24th June 2016.
- ASPI decreased by 95.88 points WoW which is 1.48%.
- S&P 20 decreased WoW by 60.56 points, reflecting a 1.78% negative variation.
- Net Foreign Outflow: LKR. 390 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 90 Mn.
- Market capitalization: LKR. 2,714 Bn which is 1.48% decrease compared to last week.
- Market PE: PE recorded as 13.13 in this week and it has decreased by 2.01% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
HEALTH CARE	1,019.44	1,017.37	0.20%
BEVERAGE FOOD AND TOBACCO	22,639.82	22,634.66	0.02%
CHEMICALS AND PHARMACEUTICALS	7,265.67	7,265.67	0.00%
OIL PALMS	78,361.25	78,361.25	0.00%
Top Losers			
INFORMATION TECHNOLOGY	49.47	51.70	-4.31%
LAND AND PROPERTY	658.82	680.54	-3.19%
MANUFACTURING	4,106.84	4,229.65	-2.90%
CONSTRUCTION AND ENGINEERING	2,404.03	2,473.22	-2.80%
INVESTMENT TRUSTS	14,403.43	14,739.60	-2.28%



Local News

Sri Lankan rupee one-week forwards fell on Friday as it faced pressure from a strengthening dollar after Britons voted to leave the European Union, cautioning importers, but selling of the U.S. currency by a state bank capped losses, dealers said. "The rupee is under pressure. The importer demand is there as the importers rushed in with the Brexit results," said a currency dealer asking not to be named. "With the Brexit, risk profile of countries like Sri Lanka will rise, and also, we will have to negotiate afresh trade preferences and other trade-related activities which might impact our exports apart from other global risks. Already the Indian rupee is reacting to it," the dealer said.

(Source: <http://www.lankabusinessonline.com> - 24.06.2016)

Foreign News

Global stock markets lost about \$2 trillion in value on Friday after Britain voted to leave the European Union, while sterling suffered a record one-day plunge to a 31-year low and money poured into safe-haven gold and government bonds. The blow to investor confidence and the uncertainty the vote sparked could keep the U.S. Federal Reserve from raising interest rates as planned this year, and even spark a new round of emergency policy easing from major central banks. The move blindsided investors, who had expected Britain to vote to stay in the EU, and sparked sharp repricing across asset classes. Mainland European equity markets took the brunt of selling as investors feared the vote could destabilize the 28-member bloc by prompting more referendums.

(Source: <http://www.bbc.com> - 24.06.2016)

Moody's Investors Service says that whether or not Sri Lanka's (B1 negative) credit profile demonstrates a temporary or more enduring improvement from its International Monetary Fund's (IMF) program will depend on how effectively the program's ambitious reforms are implemented. Moody's conclusions are outlined in its just released report: "Government of Sri Lanka: Reform Implementation Key to Lasting Fiscal, External Improvement from IMF Program". The IMF approved on 3 June 2016, a 1.5 billion US dollars three-year Extended Fund Facility program for Sri Lanka, with the main focus on fiscal reforms, as well as reforms to the country's state-owned enterprises.

(Source: <http://www.lankabusinessonline.com> - 23.06.2016)

"Global supply and demand recently have moved toward a better balance, and we expect this trend to continue into the second half of 2016 and probably reaching a balance by the end of the year on a daily basis," BP Plc, one of the largest oil producers in Alaska Chief Executive Officer Bob Dudley said in a speech to the Economic Club of Washington, D.C. As stockpiles are drawn down, oil prices will probably reach \$50 per barrel by the end of the year and \$50 to \$60 next year, he added. "We're not expecting the days of \$100 oil to return anytime soon, so we must maintain our discipline and continue to improve our productivity or we won't survive," he said.

(Source: <http://www.bloomberg.com> - 24.06.2016)

Sri Lanka's exports to Britain and the European Union could be affected by Britain's exit from the EU and the island's borrowing costs could rise, the Ceylon Chamber of Commerce said. But the full impact on international trade would take time to be felt with negotiations around the terms of Britain's new engagement with Europe likely to take a couple of years, it said in a statement. "The effect of Britain's EU referendum results on international financial markets would be a key channel of impact for Sri Lanka, as the external commercial borrowing environment becomes more volatile," it said.

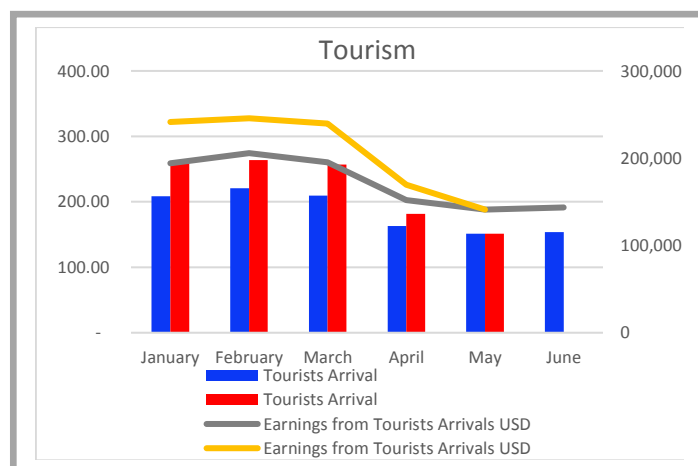
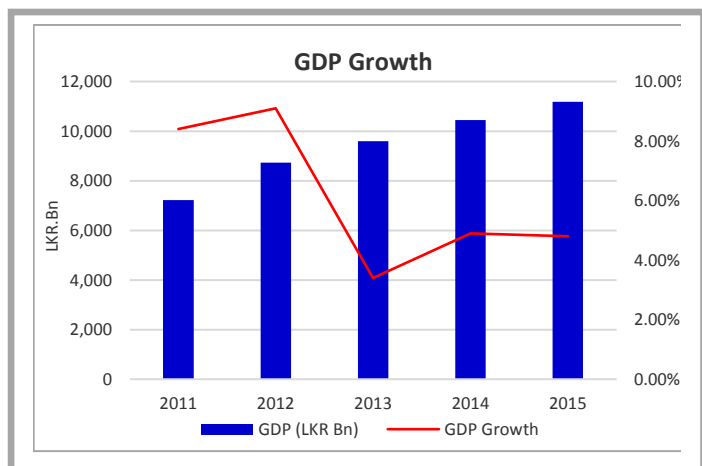
(Source: <http://economynext.com> - 24.06.2016)

Britain is set to be the first country to leave the EU since its formation - but the Leave vote does not immediately mean Britain ceases to be a member of the 28-nation bloc. That process could take a minimum of two years, with Leave campaigners suggesting during the referendum campaign that it should not be completed until 2020 - the date of the next scheduled general election. Once Article 50 has been triggered a country cannot re-join without the consent of all member states. The government will also have to negotiate its future trading relationship with the EU and fix trade deals with non-EU countries. There will now begin the massive task of unstitching the UK from more than 40 years of EU law, deciding which directives and regulations to keep, amend or ditch.

(Source: <http://www.reuters.com> - 24.06.2016)

GDP and Economy

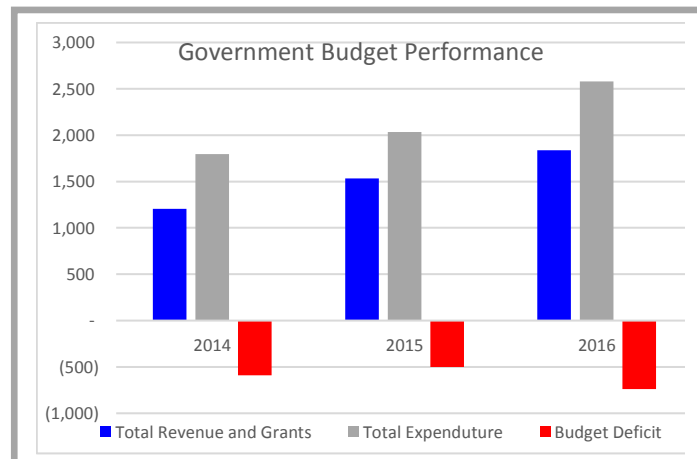
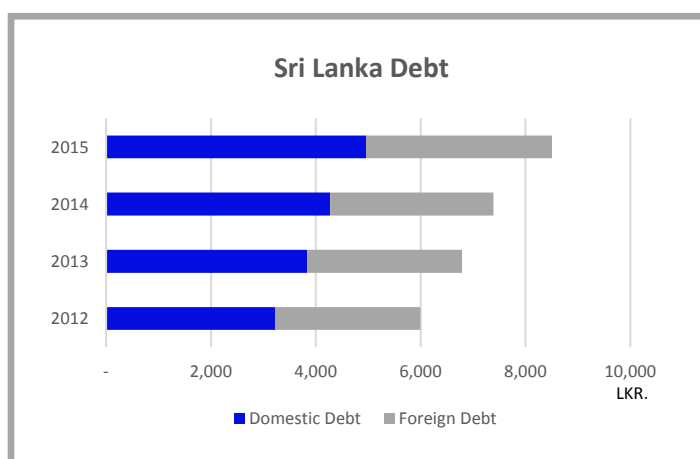
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 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.

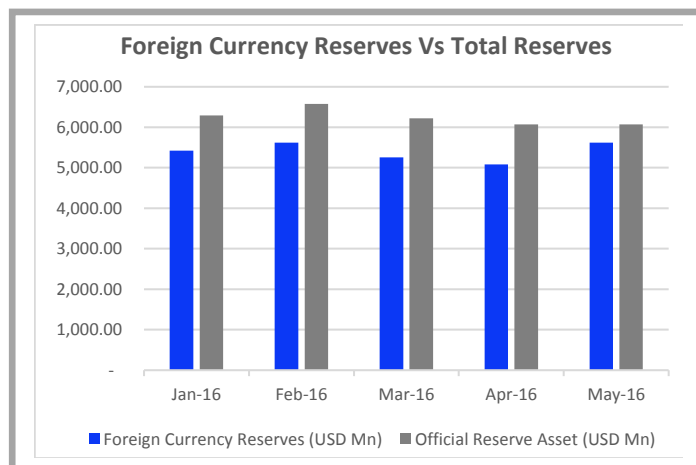
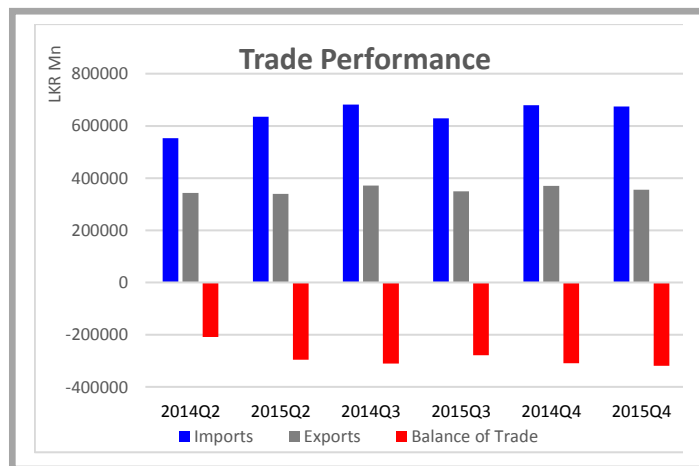
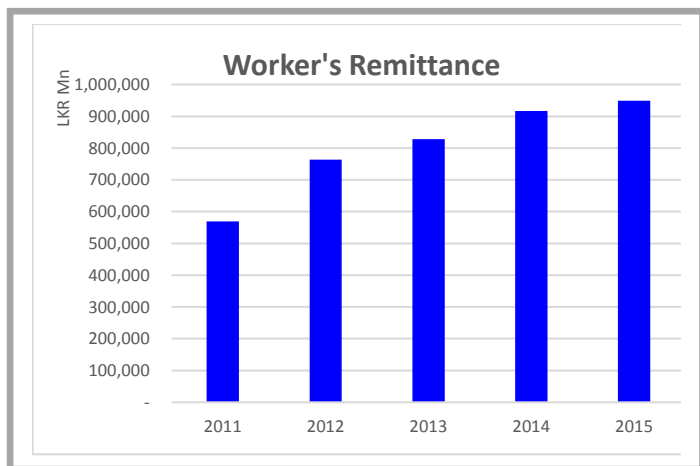


Sri Lanka Fiscal Performance

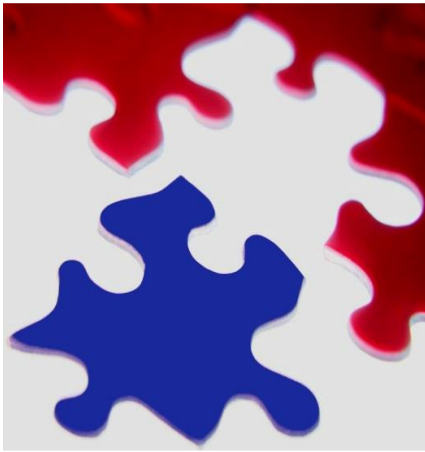
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments 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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- Mergers and Acquisitions
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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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