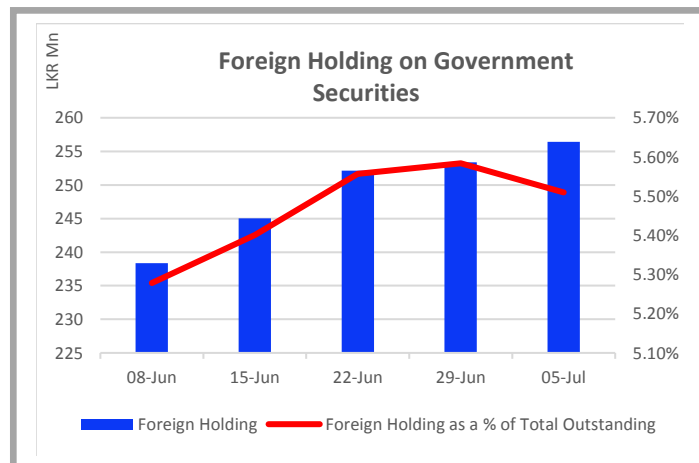
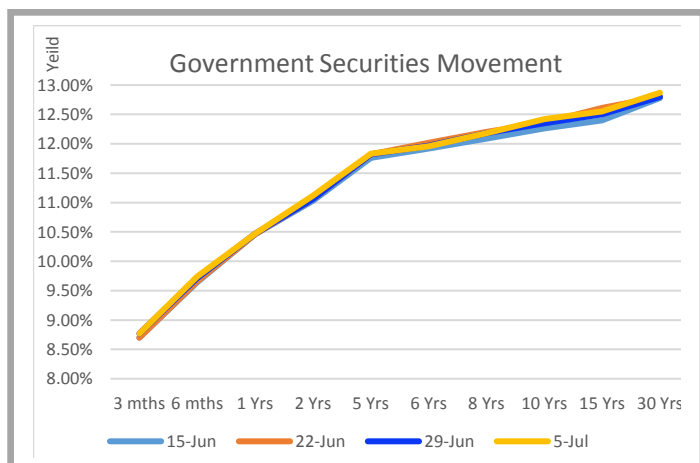
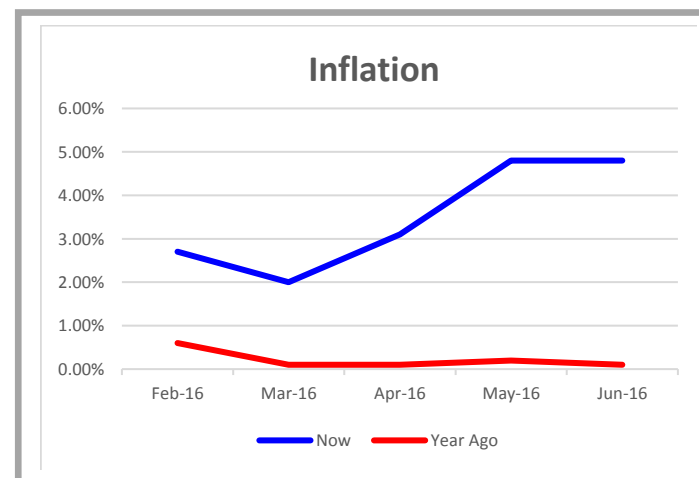
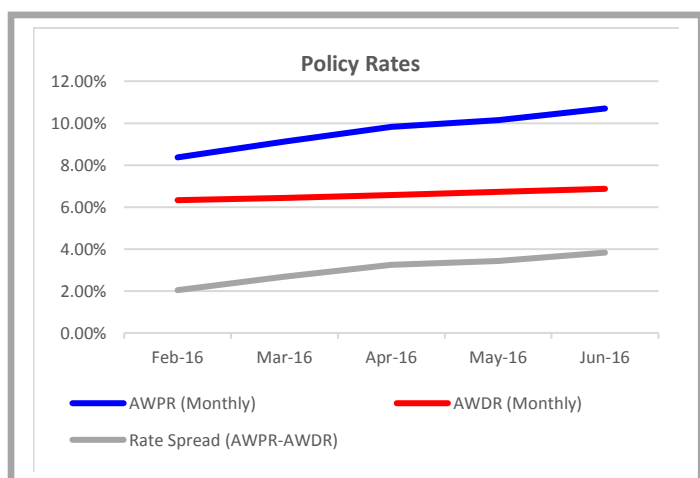


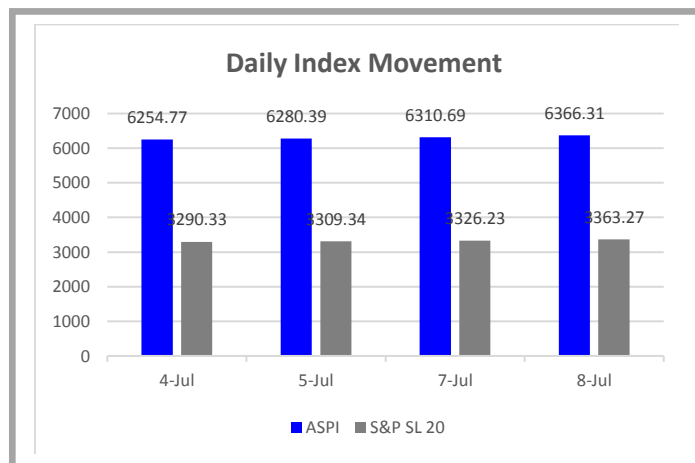
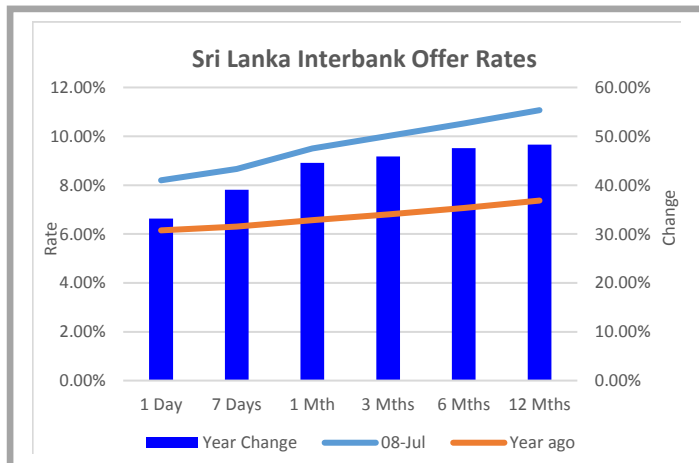
Economic Indicators: LKR/USD 146.14 (0.80% WoW) AWPR: 10.64% (0.56% WoW) AWDR: 6.87% (2.23% MoM) ASPI: 6,366 (1.26% WoW) S&P SL20: 3,363 (1.84% WoW)



Market	Period	05-Jul	01-Jul	Change %
Secondary Market	3 months	8.77%	8.77%	0.00%
	6 months	9.74%	9.71%	0.31%
	1 Year	10.47%	10.47%	0.00%
	2 Years	11.12%	11.06%	0.54%
	5 Years	11.83%	11.82%	0.08%
	6 Years	11.96%	11.97%	-0.08%
	8 Years	12.18%	12.18%	0.00%
	10 Years	12.42%	12.35%	0.57%
	15 Years	12.55%	12.50%	0.40%
	30 Years	12.87%	12.80%	0.55%

- Average Weighted Prime Lending Rate (AWPR): 10.64%. It has declined by 06 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.87% (June), 6.72% (May).
- Average Weighted Fixed Deposit Rate (AWFDR): 8.64% (June) and 8.4 % (May).
- SLIBOR Rates: 8.20% (1Day), 8.66% (7Days), 9.50% (1Month), 10.02% (3Months), 10.52% (6Months), 11.07% (1Yr).
- Inflation (Annual average change): 2.2% (June) and 1.7% (May).

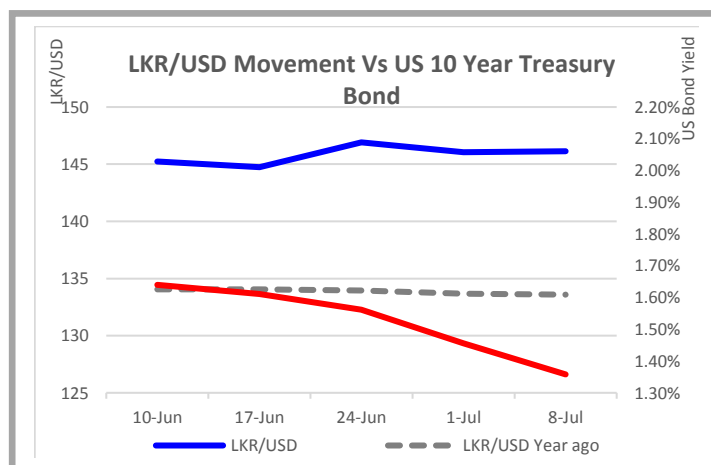




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.80% against USD from LKR/USD 146.05 to 146.14.
- One month forward rate of LKR/USD is 147.24 (Last week 146.91).
- Three months forward rate of LKR/USD is 147.64 (Last week 147.50).

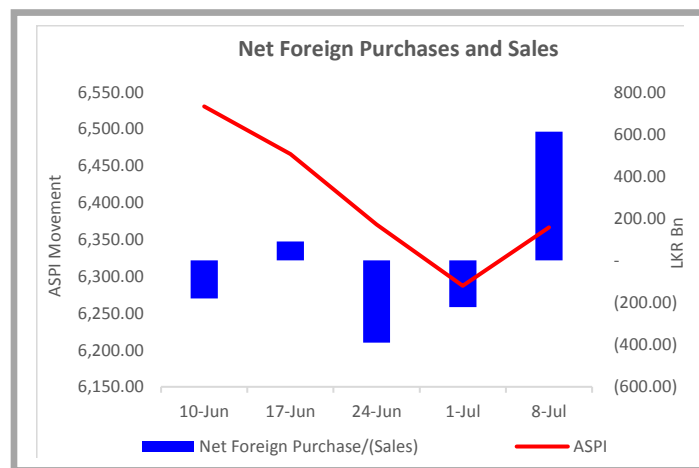
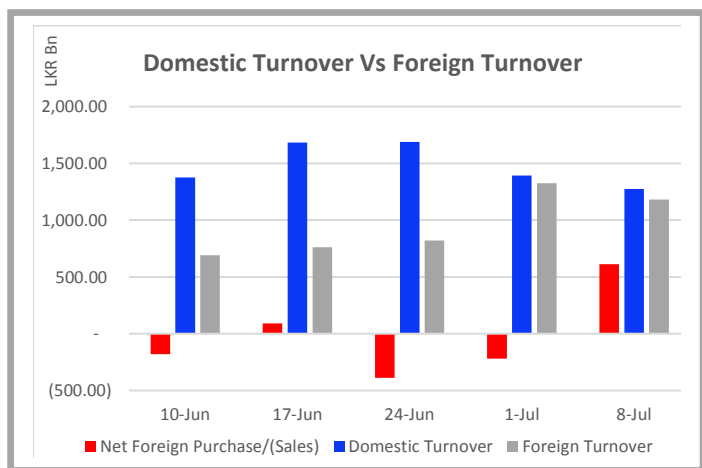
	10-June	17-June	24-June	01-July	08-July
INR 16	2.18	2.15	2.16	2.15	2.15
INR 15	2.09	2.09	2.10	2.10	2.10
RM 16	35.82	35.30	35.74	36.41	35.94
RM 15	36.65	35.81	35.65	35.46	35.10



Colombo Stock Exchange

- All Share Price Index: 6,366.31 points as at 08th July 2016.
- S&P 20: 3,363.27 points as at 08th July 2016.
- ASPI increased by 79.22 points WoW which is 1.26%.
- S&P 20 increased WoW by 60.56 points, reflecting a 1.84% positive variation.
- Net Foreign Inflow: LKR. 612 Mn.
- Last week recorded a Net Foreign Outflow: LKR. 221 Mn.
- Market capitalization: LKR. 2,713.02 Bn which is 1.26% increase compared to last week.
- Market PE: PE recorded as 13.12 in this week and it has increased by 1% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
POWER AND ENERGY	159.66	155.71	2.54%
HEALTH CARE	1,043.44	1,018.78	2.42%
PLANTATIONS	672.36	659.29	1.98%
DIVERSIFIED HOLDINGS	1,596.08	1,565.23	1.97%
BANKS FINANCE AND INSURANCE	15,563.13	15,273.62	1.90%
Top Losers			
INFORMATION TECHNOLOGY	46.69	48.92	-4.56%
CHEMICALS AND PHARMACEUTICALS	7,018.00	7,252.83	-3.24%
FOOTWEAR AND TEXTILES	925.80	941.08	-1.62%
STORES AND SUPPLIES	26,527.80	26,784.51	-0.96%
TELECOMMUNICATIONS	172.12	173.23	-0.64%



Local News

Asian Development Bank said it will scale up lending to Sri Lanka to 2 billion US dollars in loans and equity in 2017 through 2019, a senior official said. "ADB is re-orienting our operations internally and as a result have more capacity for lending programmes," Wencai Zhang, Vice President of the Asian Development Bank said at a press conference in Colombo. "The bank gave Sri Lanka around 600 million USD in 2015 and expects lending to reach 700 million USD in 2016." The Bank is now in the process of preparing a new country strategy for Sri Lanka for 2017-21. He says in addition to infrastructure, the bank is looking at a few new sectors like renewable energy, smart cities and water management as their key focus.

(Source: <http://www.lankabusinessonline.com> - 08.07.2016)

Sri Lanka needs to develop a strong local economy that is not vulnerable to changes caused by international incidents, president of Colombo Chamber of Commerce, Dr. Amila Kankanamge said expressing his views on Britain leaving the European Union. Even though Brexit may not have a large impact on the Sri Lankan economy, the island nation should empower the local business community further through an effective program, Kankanamge said. "It is true that Europe is one of the major importers of Sri Lankan apparels, however this does not imply that our national economic model should be created based on European political and economic factors." He said since clothing is a basic human necessity, a large number of countries around the world produce and buy apparels.

(Source: <http://www.lankabusinessonline.com> - 08.07.2016)

India and Sri Lanka on Tuesday have discussed various issues regarding overall development of the railway network in the island nation during the Sri Lankan Minister of Development Strategies and International Trade Malik Samarawickrama's visit to India. Upgrading of signalling and telecommunication systems and strengthening of existing railway lines in Sri Lanka were some of the areas discussed when the visiting Sri Lankan Minister met the Minister of State for Railways Manoj Sinha in New Delhi in the presence of senior Railway and Ministry of External Affairs officials, according to a Press Trust of India report. India has been extending a concessional Line of Credit (LoC) to Sri Lanka to support various infrastructure projects including railways and so far it has extended \$ 1 billion of the LoC for various railway projects. (Source: <http://www.ft.lk> - 07.07.2016)

Foreign News

Five U.S. investment banks promised British finance minister George Osborne on Thursday that they would try to help London keep its top spot as a financial center, but gave no commitment on jobs following Britain's vote to leave the European Union. One banker at the meeting with Osborne told the banks wanted to see concrete moves to ensure firms based in London would retain access to EU markets, however, because "no one in their right mind" would currently invest in Britain. Since the June 23 referendum there have been fears of an exodus from the City of London if access to the EU's single market becomes significantly harder. Banks like JPMorgan (JPM.N) have said they could move thousands of jobs.

(Source: <http://www.reuters.com> - 08.07.2016)

China's central bank has drained 615 billion yuan (92 billion U.S. dollars) from the market so far this week. The People's Bank of China (PBOC) conducted 175 billion yuan in seven-day reverse repos, a process by which central banks purchase securities from banks with an agreement to sell them back in the future. The reverse repos were all priced to yield 2.25%. Reverse repos worth 790 billion yuan matured from Monday through Thursday, so the central bank has effectively withdrawn 615 billion yuan from the market. The central bank's move shows that liquidity strain in the country's money market has eased. On Thursday's interbank market, the benchmark overnight Shanghai Interbank Offered Rate, known as Shibor, fell 0.2 basis point to 1.997%.

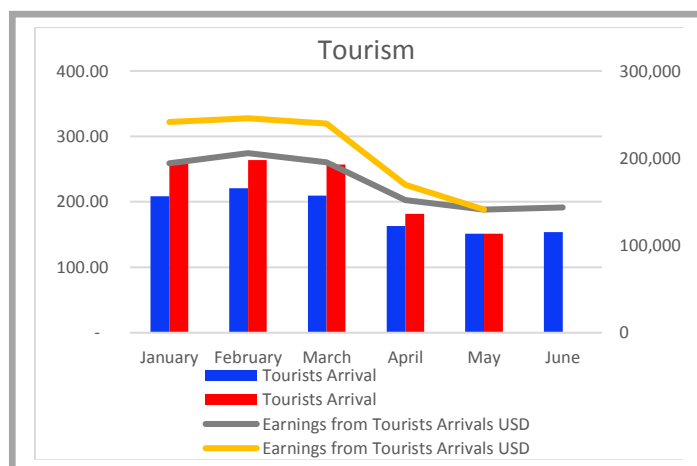
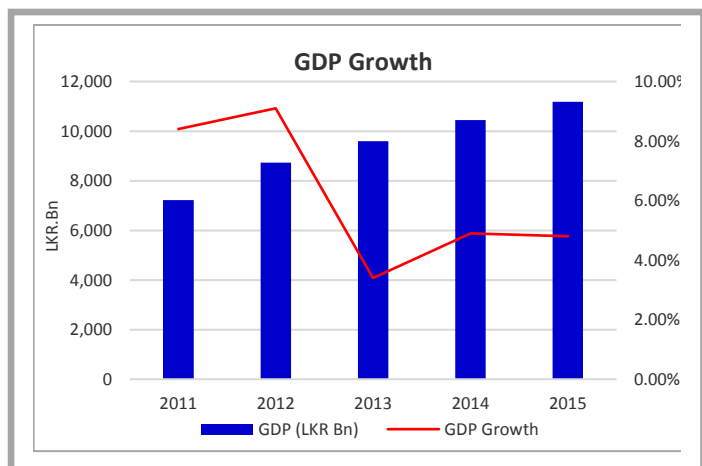
(Source: <http://news.xinhuanet.com> - 07.07.2016)

Global cross-border investment will probably decline by as much as 15% this year as trade remains sluggish, China's commerce minister said after a Group of 20 trade ministers meeting on Sunday. Britain's referendum in favor of leaving the European Union will crimp global trade in the short term, and a G-20 workshop will study the potential impact, China's Vice Commerce Minister Wang Shouwen said at the briefing. In February, finance chiefs and central bankers from the group agreed to consult closely on foreign-exchange markets and reiterated pledges to refrain from competitive devaluations. Since then, currency markets have been roiled by Brexit, which caused the pound to plunge and helped drag down China's yuan.

(Source: <http://www.businesstimes.com.sg> - 10.07.2016)

GDP and Economy

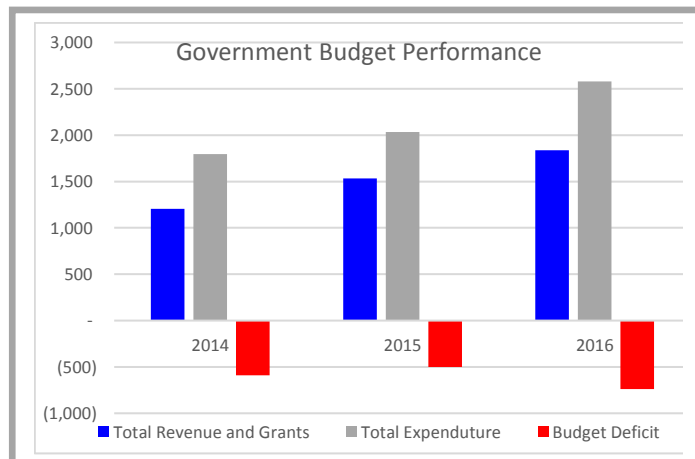
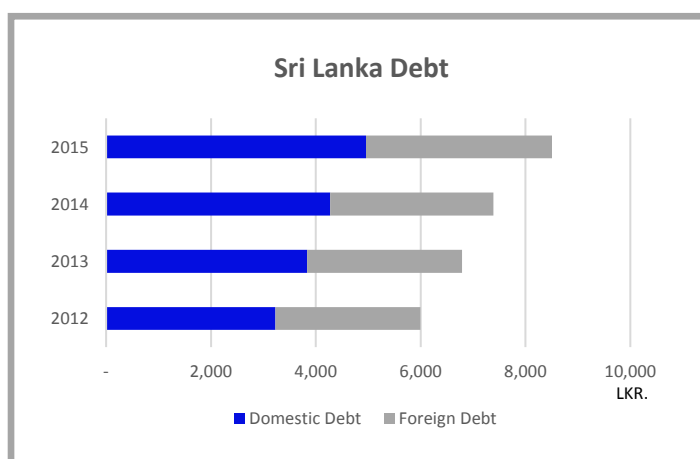
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

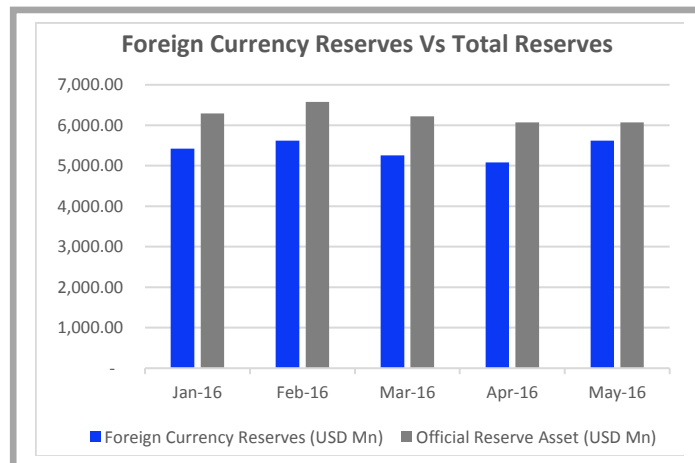
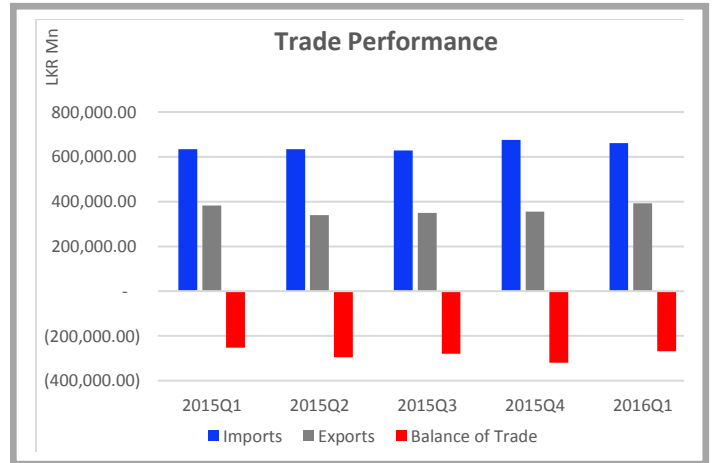
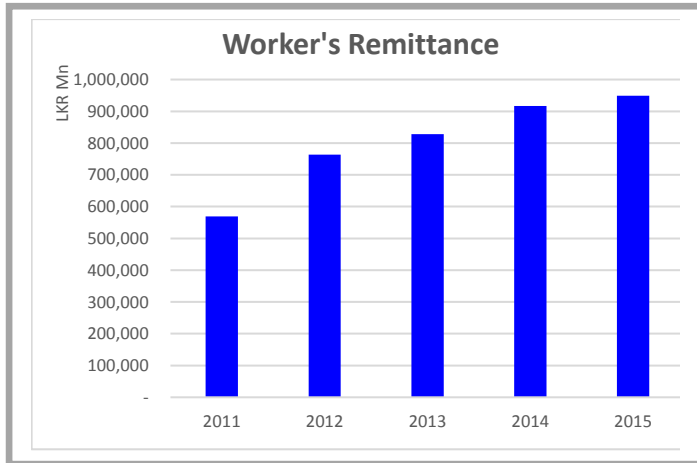


Sri Lanka Fiscal Performance

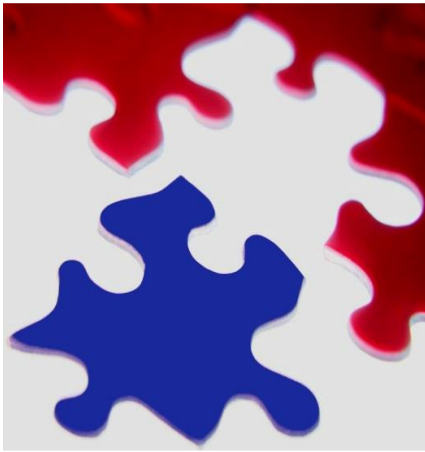
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments 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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- Rights Issues
- Mergers and Acquisitions
- 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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