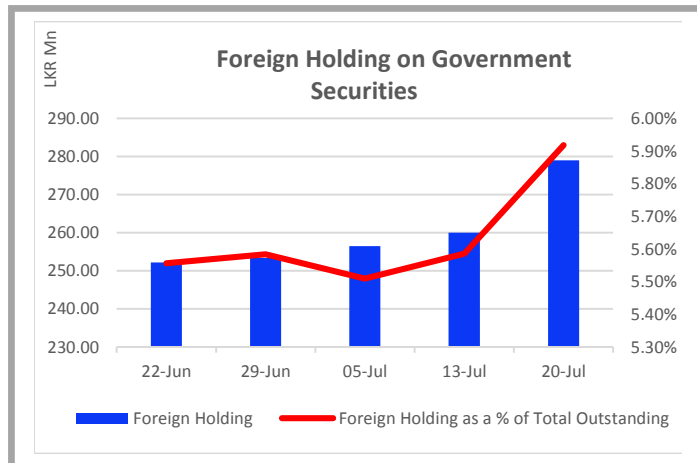
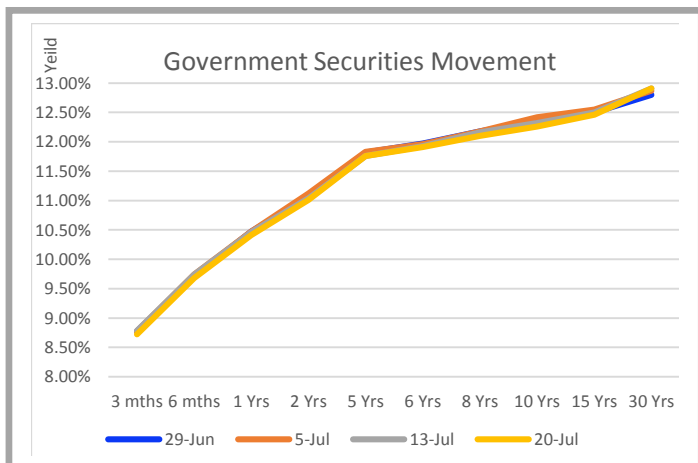
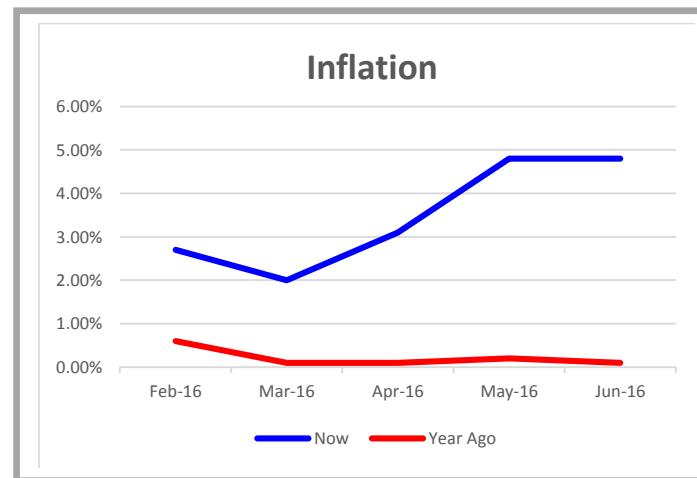
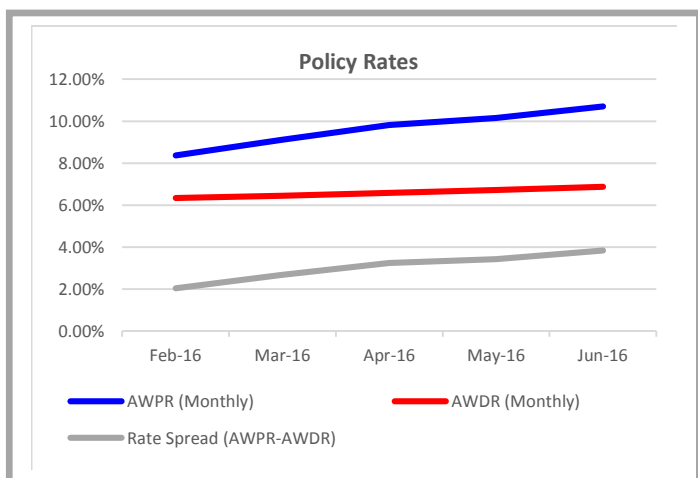


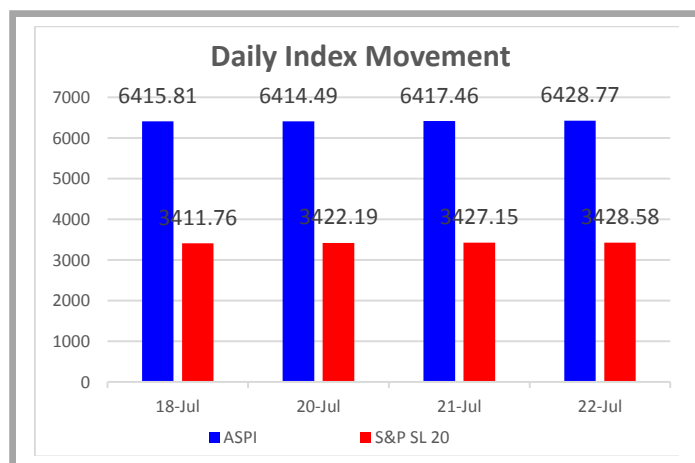
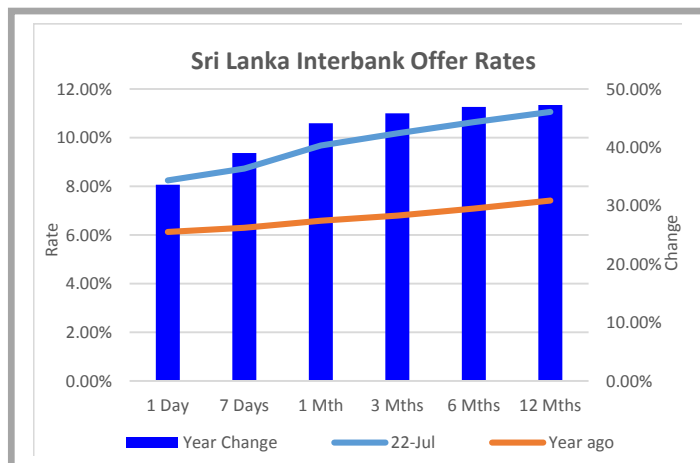
Economic Indicators: LKR/USD 146.05 (0.10% WoW) AWPR: 10.96% (0.07% WoW) AWDR: 6.87% (2.23% MoM) ASPI: 6,429 (0.09% WoW) S&P SL20: 3,429 (0.37% WoW)



Market	Period	20-Jul	13-Jul	Change %
Secondary Market	3 months	8.72%	8.78%	-0.68%
	6 months	9.68%	9.74%	-0.62%
	1 Year	10.41%	10.46%	-0.48%
	2 Years	11.01%	11.04%	-0.27%
	5 Years	11.76%	11.76%	0.00%
	6 Years	11.91%	11.93%	-0.17%
	8 Years	12.10%	12.16%	-0.49%
	10 Years	12.26%	12.32%	-0.49%
	15 Years	12.46%	12.50%	-0.32%
30 Years	12.91%	12.91%	0.00%	

- Average Weighted Prime Lending Rate (AWPR): 10.96%. It has increased by 07 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: 8.25% (1Day), 8.74% (7Days), 9.68% (1Month), 10.18% (3Months), 10.68% (6Months), 11.06% (1Yr).
- Inflation (Annual average change): 2.2% (June) and 1.7% (May).

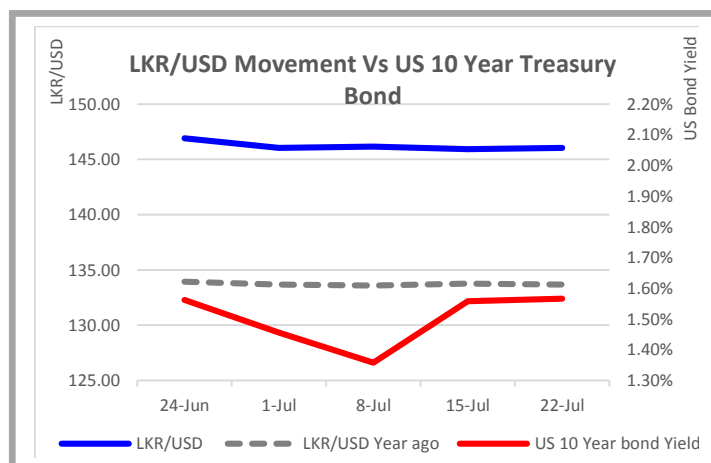




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.10% against USD from LKR/USD 145.91 to 146.05.
- One month forward rate of LKR/USD is 146.29 (Last week 146.52).
- Three months forward rate of LKR/USD is 148.40 (Last week 147.80).

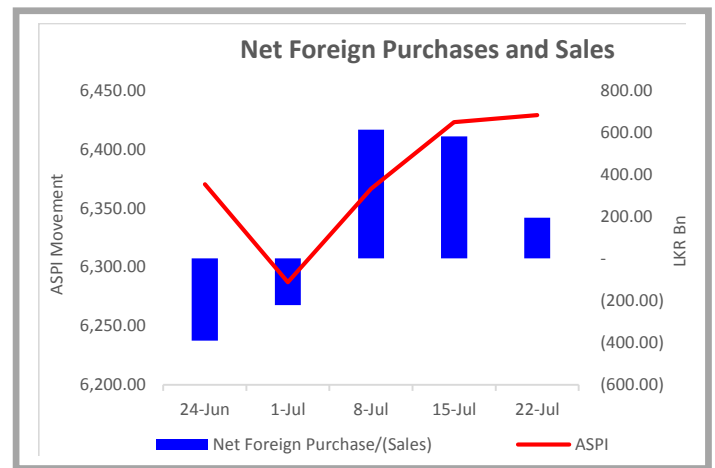
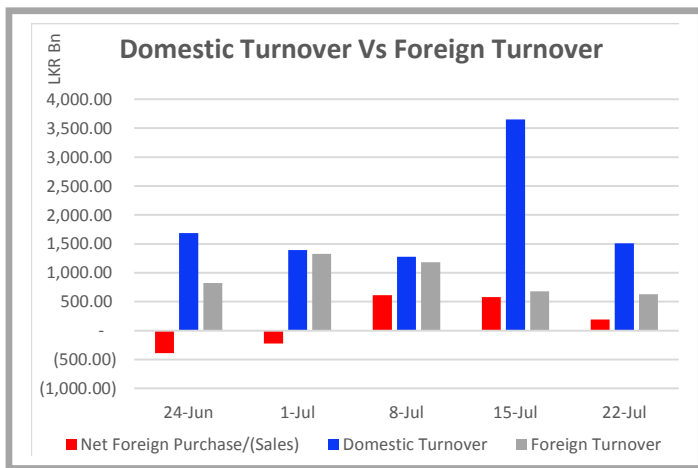
	24-June	01-July	08-July	15-July	22-July
INR 16	2.16	2.15	2.15	2.17	2.17
INR 15	2.10	2.10	2.10	2.11	2.10
RM 16	35.74	36.41	35.94	36.77	35.89
RM 15	35.65	35.46	35.10	35.18	35.23



Colombo Stock Exchange

- All Share Price Index: 6,428.77 points as at 22nd July 2016.
- S&P 20: 3,428.77 points as at 22nd July 2016.
- ASPI increased by 6.08 points WoW which is 0.09%.
- S&P 20 increased WoW by 12.58 points, reflecting a 0.37% positive variation.
- Net Foreign Inflow: LKR. 193 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 580 Mn.
- Market capitalization: LKR. 2,739.64 Bn which is 0.09% increase compared to last week.
- Market PE: PE recorded as 13.21 in this week and it has decreased by 0.97% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
FOOTWEAR AND TEXTILES	970.49	925.80	4.83%
TELECOMMUNICATIONS	178.89	172.12	3.93%
MANUFACTURING	4,253.50	4,101.47	3.71%
STORES AND SUPPLIES	27,329.76	26,527.80	3.02%
INVESTMENT TRUSTS	14,744.76	14,314.03	3.01%
Top Losers			
OIL PALMS	73,137.67	74,465.93	-1.78%
BEVERAGE FOOD AND TOBACCO	22,187.28	22,486.39	-1.33%
INFORMATION TECHNOLOGY	46.13	46.69	-1.20%
SERVICES	19,706.81	19,931.41	-1.13%
MOTORS	16,555.85	16,682.19	-0.76%



Local News

Sri Lanka's Prime Minister (PM) Ranil Wickremesinghe said the government needs some more loans from countries like China, Japan and India to keep macro-economic stability in the country. In an interview with Channel NewsAsia, PM said the recent 1.5 billion USD IMF loan is a major measure taken for macro-economic stability, "We'll have to take some more loans in time to come." PM anticipated that the global economic situation will be better so that the interest rates will be even more favourable to Sri Lanka. He added that the country is now facing a transitional period of three, four years to boost exports. "Once our export growth starts moving, and then we will be in a position to repay loans. You see this is a transition period of three, four years," he said.

(Source: <http://www.lankabusinessonline.com> - 22.07.2016)

The World Bank on Wednesday pledged a 55 million US dollars loan to improve urban services, preserve cultural and environment assets, and improve liveability in Jaffna. The credit will add development of rapidly urbanizing Jaffna to the existing Strategic Cities Development Project which is supported by the World Bank and was originally approved in 2014. "Well planned cities can be centers of innovation and job creation as experienced in many parts of the world and this is an opportunity for Sri Lanka to connect people to prosperity," Clottes said. "There is substantial potential for economic growth in Jaffna, now that peace has returned. An improved urban environment is a favourable habitat for the developing enterprises that one day will become the engines of growth."

(Source: <http://www.lankabusinessonline.com> - 21.07.2016)

Deputy Foreign Minister Dr. Harsha de Silva said that he met Chinese Ambassador to Sri Lanka Yi Xianliang and had a long and fruitful discussion on economic diplomacy between the two countries. "We discussed the multiple projects and investments that will soon be launched and about others in the pipeline. It was a frank exchange of views on how best we should align our interests to realise our dreams for our people," the Deputy Minister said. Chinese Foreign Minister Wang Yi who was in Sri Lanka recently had said that China is willing to help Sri Lanka to realise its national development vision and become the future shipping, logistics and financial center in the Indian Ocean, also said that both sides agreed to inherit the traditional friendship, consolidate political mutual trust and deepen practical cooperation. (Source: <http://www.ft.lk> - 20.07.2016)

Foreign News

The European Central Bank kept interest rates unchanged on Thursday but left the door open to more policy stimulus, highlighting "great" uncertainty and abundant risks to the economic outlook. Signalling a readiness to act, ECB President Mario Draghi argued that Britain's decision to leave the European Union and weak emerging market growth both dampen the euro zone's own outlook, leaving the balance of risks tilted firmly to the downside and possibly requiring action. But Draghi also noted that growth and inflation were both moving along the path projected in June so more evidence, including fresh staff projections in September, were needed before any decision.

(Source: <http://www.reuters.com> - 21.07.2016)

China expanded efforts to steady the currency markets, with the central bank adding verbal support to the exchange rate after a week that saw it slip past a key level against the dollar. The People's Bank of China will work hard to keep the yuan stable against a basket of currencies, Deputy Governor Chen Yulu said at a conference in Beijing, adding that the authority will improve the policy framework for the yuan's offshore market and cross-border services. Chen's comments come after the PBOC fuelled speculation that it was defending a level of 6.7 per dollar by strengthening its daily reference rate even as a gauge of the greenback rose.

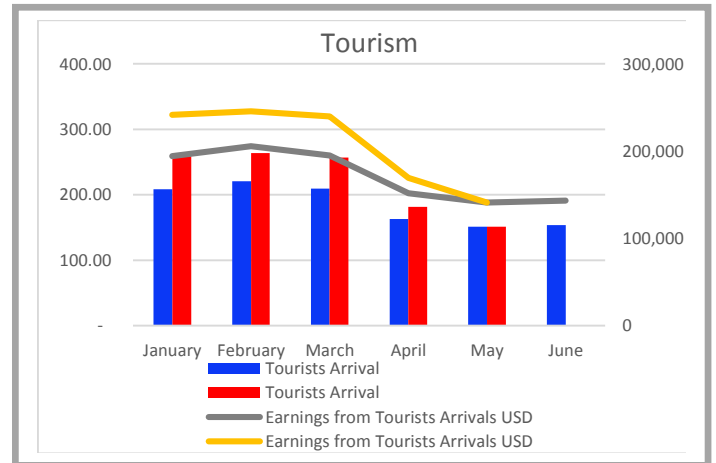
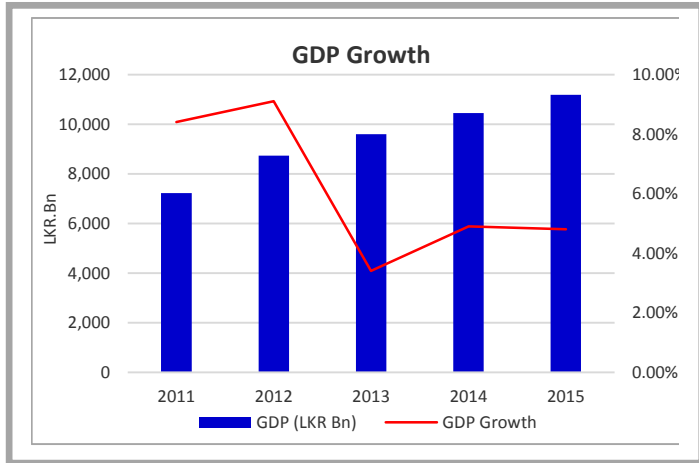
(Source: <http://www.bloomberg.com> - 24.07.2016)

The IMF has warned risks to the global economy are growing, as it called on some G20 nations to boost government spending. Central bank chiefs and finance ministers from the world's top 20 economies gathered in the southwestern Chinese city to tackle a slowing global economy facing new uncertainties with Britain voting to leave the European Union (EU). "Global growth remains weak, and downside risks have become more salient," the IMF said in a report released ahead of the G20 meeting. "Growth could be even lower if the current increases in economic and political uncertainty in the wake of the 'Brexit' vote continue." In an update to its April forecast, the IMF lowered its forecasts for global growth this year and next by 0.1%, to 3.1% and 3.5% respectively.

(Source: <http://www.businesstimes.com.sg> - 23.07.2016)

GDP and Economy

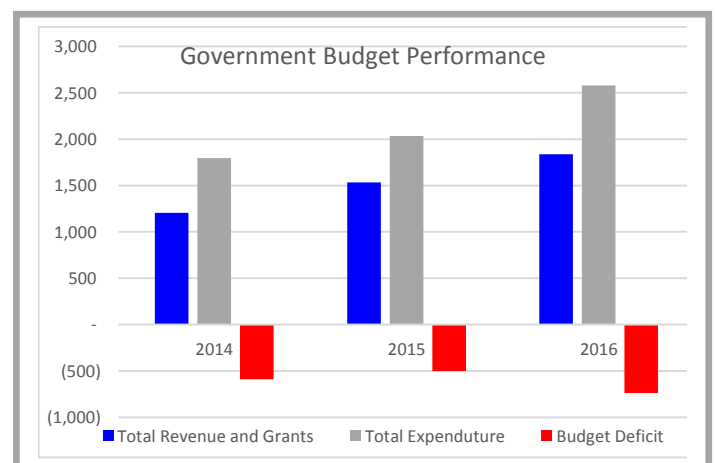
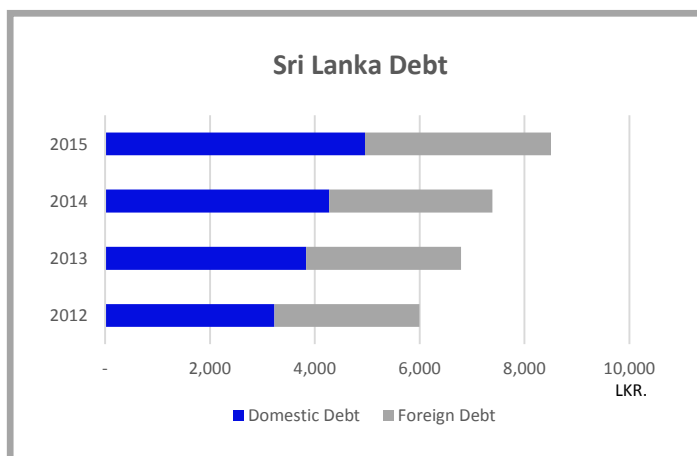
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

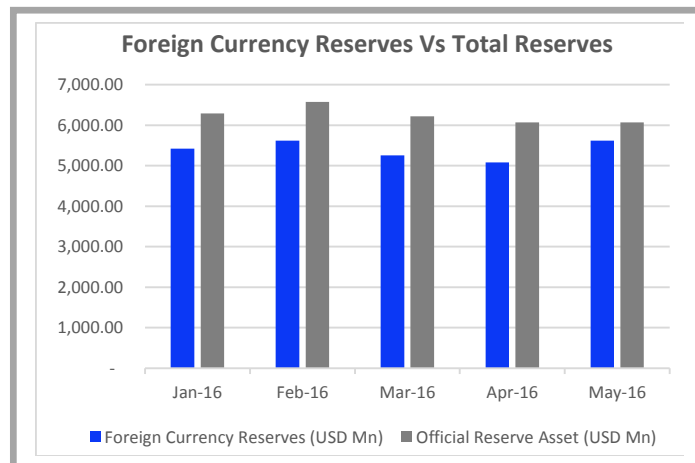
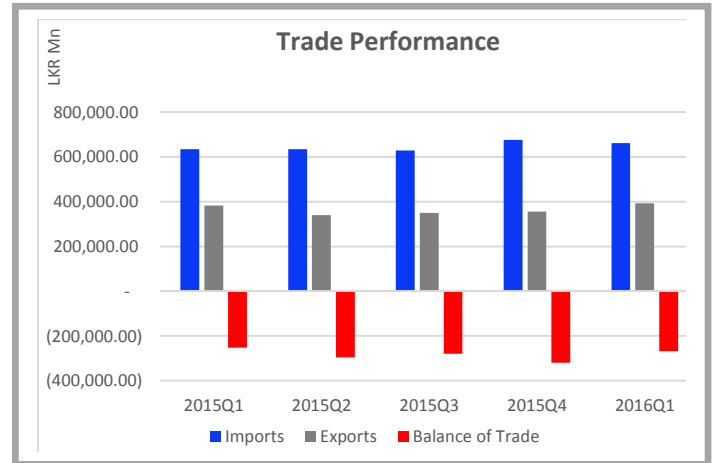
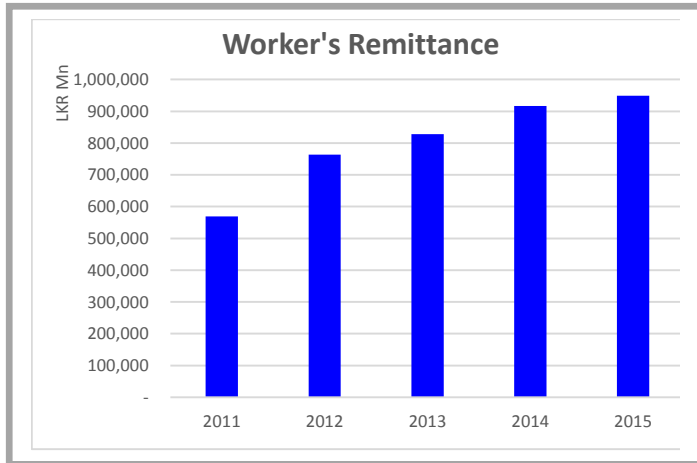


Sri Lanka Fiscal Performance

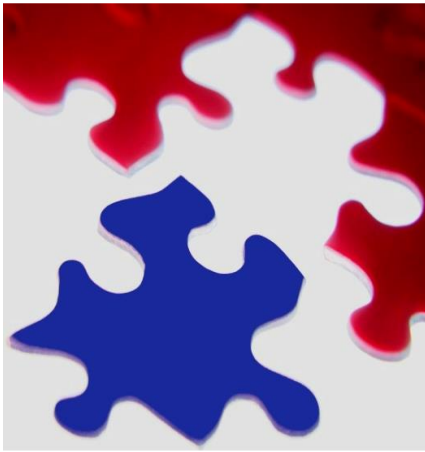
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments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


DISCLAIMER: This document is a Research Report available to clients of Kenanga Investment Corp Ltd., The information contained in the document has been compiled from sources that we believe to be reliable; however we do not hold ourselves responsible for its completeness or accuracy. All opinions and estimates included in this report constitute of our judgment on the data available to us as at this date and as such are liable to change. Information contained in this document is not and should not be construed as an offer, or a solicitation of an offer to buy or sell any commodity or security or other financial instruments. Kenanga Investment Corporation Ltd, or its affiliates and/ or its directors, officers and employees shall not be in any way be responsible or liable for loss or damage which any person or party may sustain or incur by relying on the content of this document.



OUR SERVICES

1. CAPITAL MARKET ACTIVITIES
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.

kenanga

INVESTMENT FOR ALL

CAPITAL MARKET ACTIVITIES

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

PORTFOLIO MANAGEMENT

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

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

KENANGA INVESTMENT CORPORATION LTD

4th Floor Landmark Building,
No 385, Galle Road,
Colombo 03

Web: www.kenangasl.com
Email: info@kenangasl.com

Tel: 011 523 8441
Fax: 011 523 8442



KENANGA RETIREMENT PLAN (KRP)

A smart investment idea

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

Kenanga Retirement Plan-retirement for any age

Kenanga Investment Corporation Ltd (KICL)--the investment banking and fund management expert introduces the Kenanga Retirement Plan (KRP), which affords an opportunity for individuals to invest for their retirement from early on.

Why should a customer choose KRP over other retirement products in the market? What differentiates KRP from the rest is the flexibility of the plan to individual needs. With a structure that delivers maximum convenience to the investor, KRP allows customers to monitor their portfolios online to maintain the deliverance of a transparent service. As the money is invested in different entities under the personal name of client, financial market risks can be mitigated, where the security of the investments are enhanced.

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.



CONTACT US

4th Floor, Landmark Building,
No. 385, Galle Road, Colombo 03.
Tel: 0094 115 238 441
Fax: 0094 115 238 442
E-mail: info@kenangasl.com
Web Link : www.Kenangasl.com