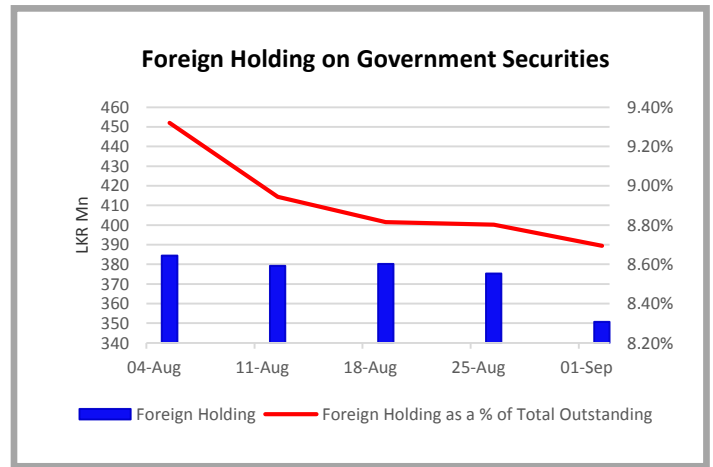
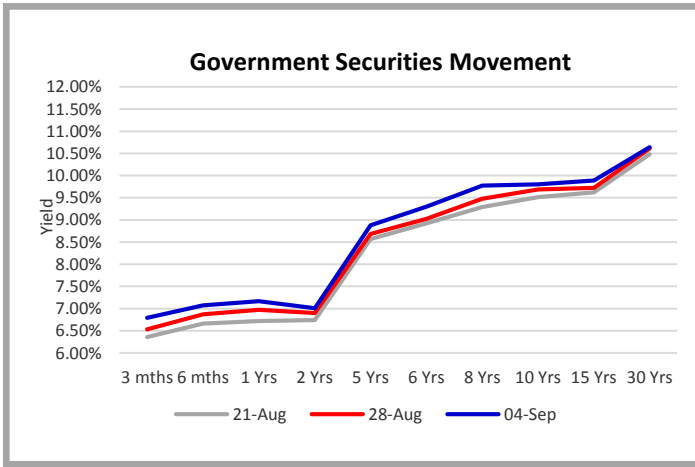


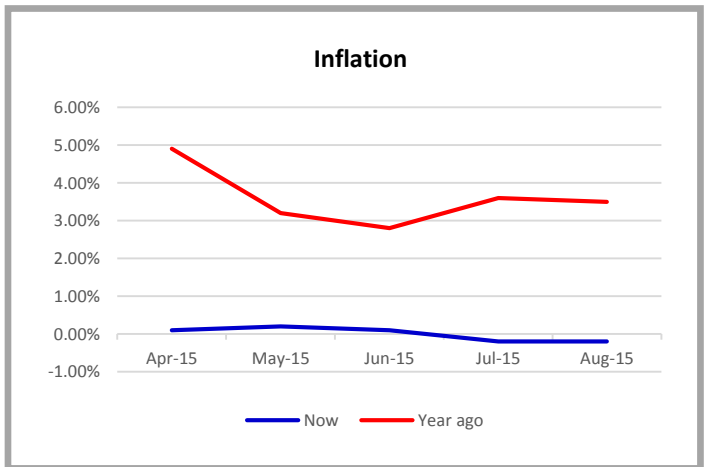
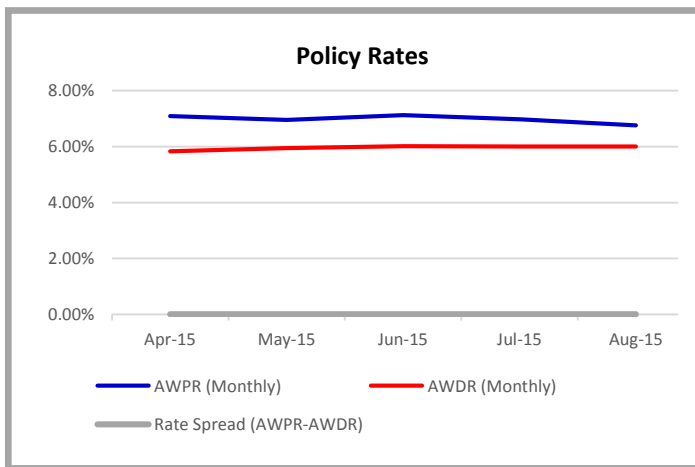


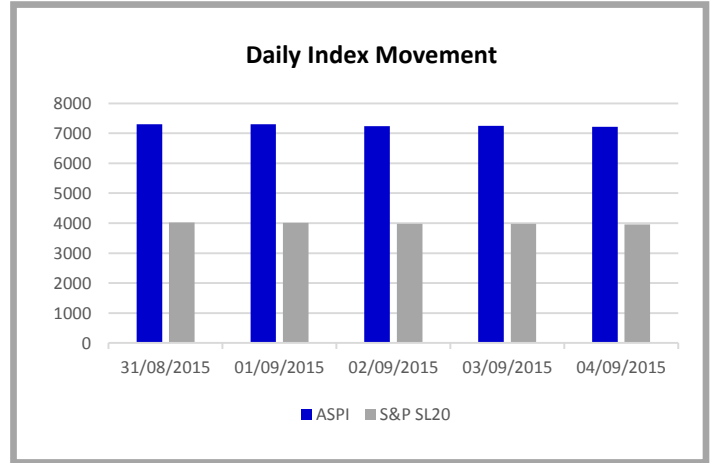
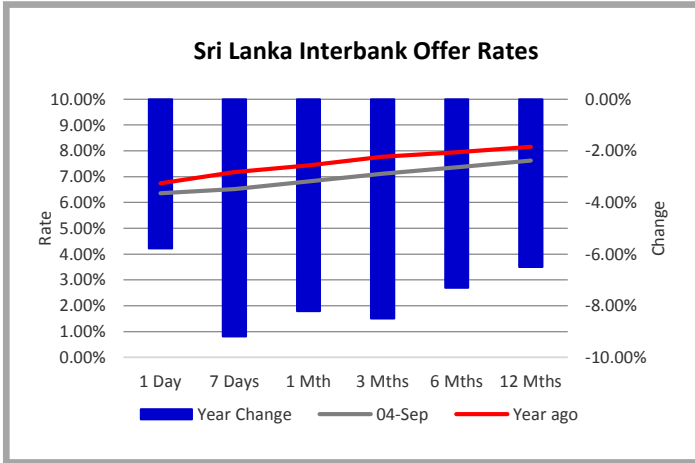
Economic Indicators: LKR/USD 136.47 (1.22% WoW) AWPR: 6.81% 0.74% WoW AWDR: 6.01% 0.17% MoM ASPI: 7,215 (1.85% WoW) S&P SL20: 3,958 (2.25% WoW)



Market	Period	04-Sep	28-Aug	Change %
Primary Market	3 months	6.79%	6.53%	3.98%
	6 months	7.07%	6.87%	2.91%
	1 Year	7.17%	6.97%	2.87%
Secondary Market	2 Years	7.01%	6.90%	1.59%
	5 Years	8.88%	8.68%	2.30%
	6 Years	9.30%	9.02%	3.10%
	8 Years	9.77%	9.48%	3.06%
	10 Years	9.80%	9.69%	1.14%
	15 Years	9.89%	9.72%	1.75%
	30 Years	10.64%	10.61%	0.28%

- Average Weighted Prime Lending Rate (AWPR): 6.81%. It has increased by 0.74% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.01% (Aug), 6.00% (Jul).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.23% (Aug) and 7.21% (Jul).
- SLIBOR Rates : 6.35% (1Day), 6.52%(7Days), 6.82%(1Month), 7.11%(3Months), 7.36%(6Months), 7.62%(1Yr).
- Inflation (Annual average change): 1.0% (Aug) and 1.3% (Jul).

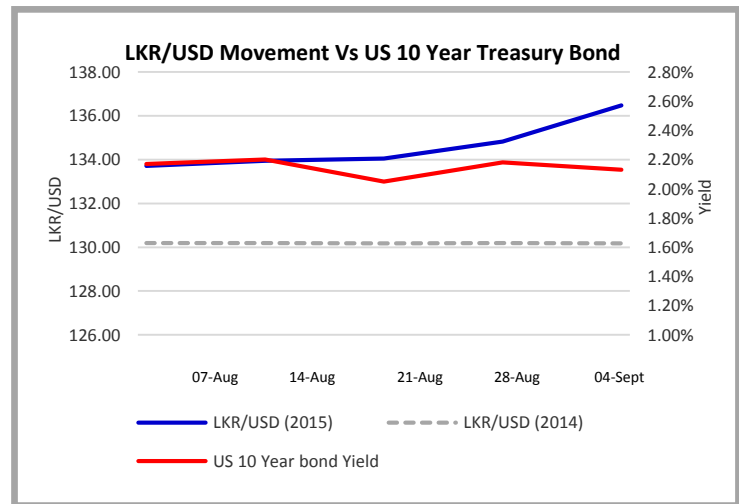




LKR Exchange Rate Movement

- LKR depreciated over the week by 1.22% against USD from LKR/USD 134.82 to 136.47.
- One month forward rate of LKR/USD is 135.14 (Last week 134.81), three month forward rate is 136.29 (Last week 135.84)

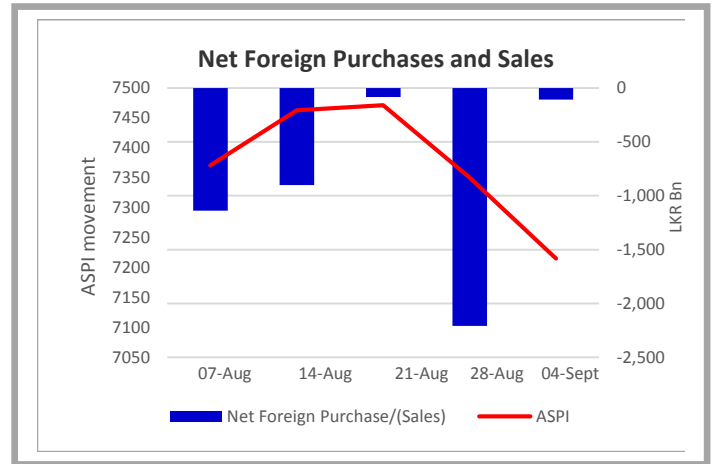
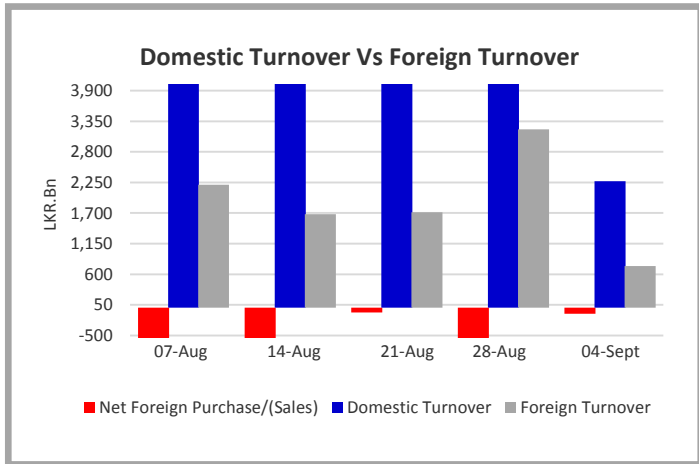
	07-Aug	14-Aug	21-Aug	28-Aug	04-Sep
INR 2015	2.10	2.05	2.04	2.03	2.04
INR 2014	2.12	2.13	2.15	2.15	2.15
RM 2015	34.12	32.90	32.21	31.74	31.64
RM 2014	40.64	40.95	41.06	41.40	41.00



Colombo Stock Exchange

- All Share Price Index: 7,215 points as at 04th Sep 2015.
- S&P 20: 3,958 points as at 04th Sep 2015.
- ASPI decreased by 136 points WoW which is 1.85%.
- S&P 20 decreased WoW by 91 points, reflecting a 2.25% negative variation.
- Net Foreign outflow: LKR. 108Mn.
- Last week recorded a Net foreign outflow LKR. 2,209Mn.
- Market capitalization: LKR.3,065Bn which is 1.86% decrease compared to last week.
- Market PE: PE recorded as 19.15 in this week and it has decreased by 1.85% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
Footwear And Textiles	1,008.29	972.30	3.70%
Oil Palms	110,006.86	109,909.48	0.09%
Health Care	876.57	875.87	0.08%
Plantations	778.26	780.98	-0.35%
Chemicals And Pharmaceuticals	8,065.54	8,108.17	-0.53%
Top Losers			
Trading	18,877.48	19,573.78	-3.56%
Telecommunications	196.66	202.82	-3.04%
Information Technology	72.77	75.00	-2.97%
Power And Energy	179.73	184.73	-2.71%
Diversified Holdings	1,913.91	1,961.50	-2.43%



Local News

Sri Lanka's Central Bank expects the rupee to stabilize in foreign exchange markets "in line with sound macroeconomic fundamentals and movements of other currencies of major trading partners." "The Central Bank said it had received 1.1 billion US dollars from a swap arrangement with the Reserve Bank of India on Thursday September 03." "With the enhanced level of official reserves, the CBSL expects that the exchange rate would stabilize in line with sound macroeconomic fundamentals and movements of other currencies of major trading partners," the Central Bank said in a statement. There are market expectations of an imminent float of the currency.

(Source: Economy Next- 04.09.2015)

Foreign News

American financial service company Standard & Poor's issued war-torn Iraq a credit rating for the first time Thursday (03rd Sep), with the country's conflict with Islamic State militants and low oil prices giving it a junk score. Iraq has been plagued by war and violence since the 2003 US invasion that toppled Saddam Hussein. Currently violent jihadists have taken over large parts of the country, something Standard & Poor's took into account when it handed out its B- rating. Rating agency Fitch also issued its first credit rating to Iraq last month, another B-.

(Source: Daily Mirror- 05.09.2015)

Trade volume between Sri Lanka and South Korea has increased by 6%, from \$ 387 million in 2013 to \$ 408 million last year, Korean Ambassador Chang Won Sam said this week, highlighting lags in attracting Korean investment to Sri Lanka over the same period. Speaking at the Annual General Meeting of the Sri Lanka-Korea Economic Cooperation Committee (SLKECC), Ambassador Chang said much needed to be done to boost Korean investment in the country, in light of which the Board of Investment (BoI) of Sri Lanka would dispatch a delegation in October to attract more investments.

(Source: Daily FT- 03.09.2015)

The European Central Bank this week cut its forecasts for both economic growth and inflation in the single currency area over the next few years. The ECB, in its regular staff projections, was penciling in growth of 1.4 percent for 2015, 1.7 percent for 2016 and 1.8 percent for 2017, President Mario Draghi said. That represented a reduction from the previous set of projections in June, when the bank had been forecasting growth of 1.5 percent, 1.9 percent and 2.0 percent, respectively. "The economic recovery is expected to continue, albeit at a somewhat weaker pace than expected earlier," the ECB said.

(Source: Daily Mirror - 05.09.2015)

The rupee ended steady for a second straight session on Wednesday (02nd Sep) amid importer dollar demand as a State-run bank, through which the Central Bank usually directs the market, sold the greenback at a flat rate of 134.50. Currency dealers said they expect the pressure on the rupee to ease as some dollar selling could be seen on the back of rising market interest rates. But they expect the Central Bank to let the rupee weaken due to importer dollar demand and a global trend of weakening currencies against the dollar. Yields on short-term Government securities rose 20 to 26 basis points at a weekly T-bill auction on Wednesday (02nd Sep), with the benchmark 91-day T-bill yield hitting a more than five-month high of 6.79%.

(Source: daily FT- 03.09.2015)

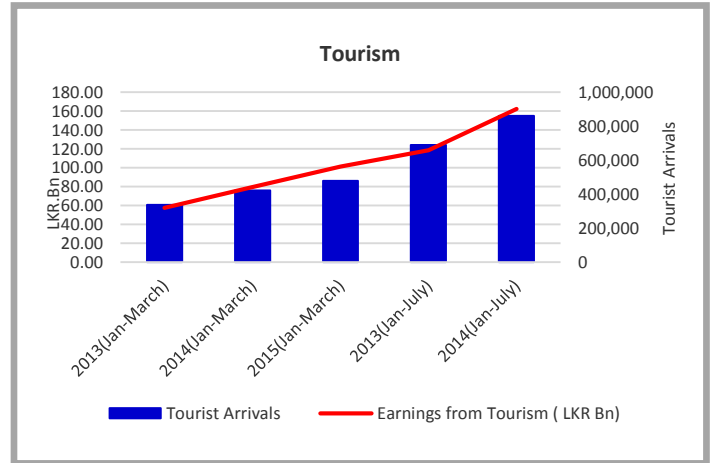
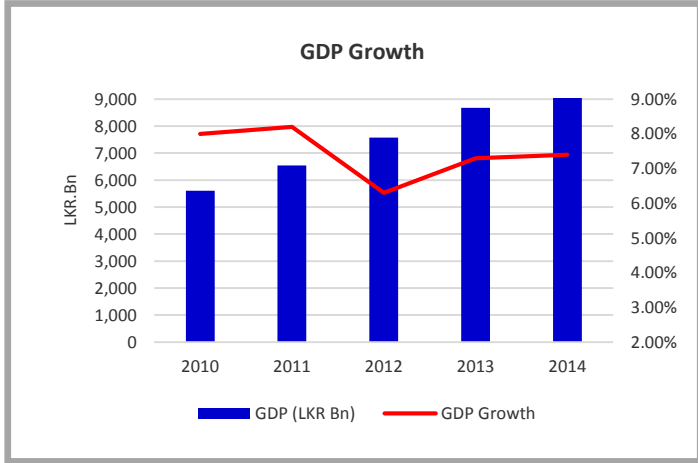
Data from China suggesting a contraction in factory activity threw global markets into a selling frenzy Tuesday (02nd Sep) with the U.S. S&P 500 plunging 2.9 percent and the London FTSE falling 3.03 percent. This was after Shanghai closed 1.2 percent earlier in the day. China's manufacturing sector shrank at its fastest pace in three years. The manufacturing purchasing managers' index (PMI) dropped to 49.7 from 50 in July, with a figure below 50 indicating a contraction. A slowdown in the world's second-largest economy has spooked markets with the possibility that companies selling in China will experience slower earnings growth.

(Source: LBO- 02.09.2015)



GDP and Economy

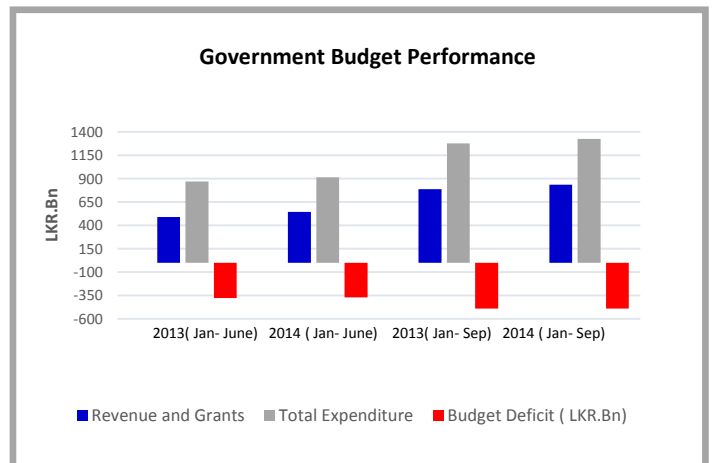
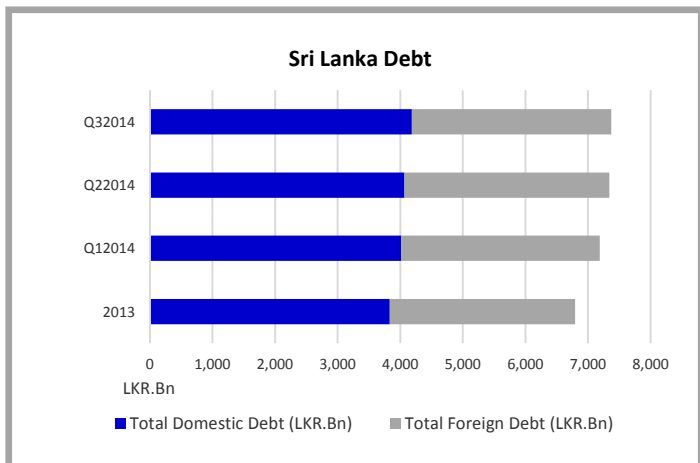
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

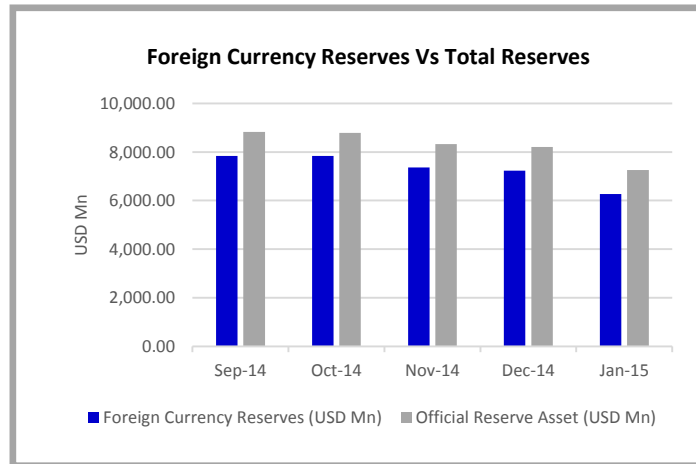
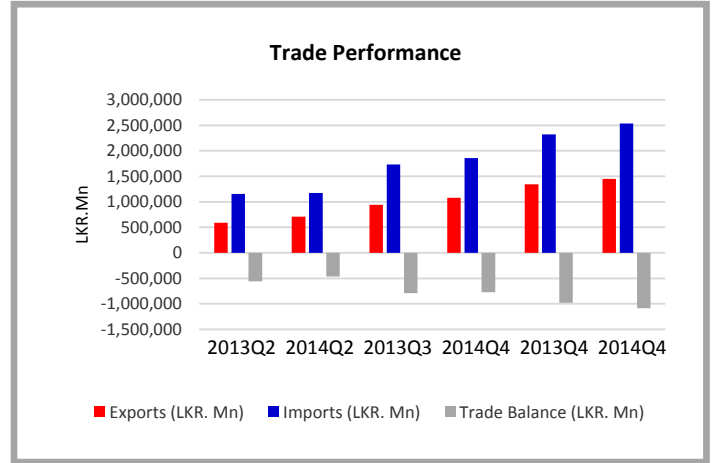
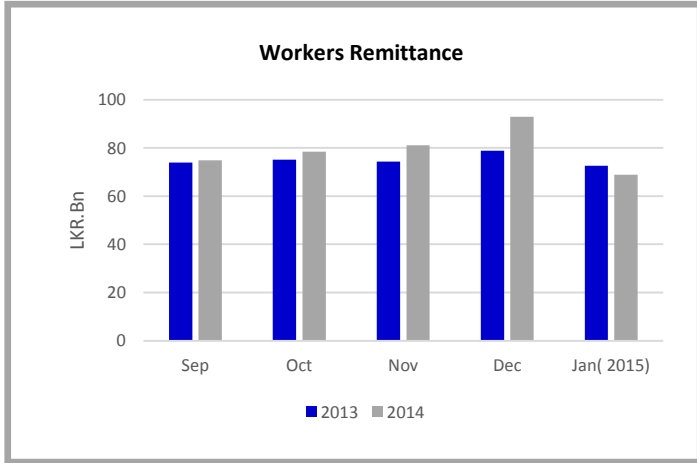
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent 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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- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- 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



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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