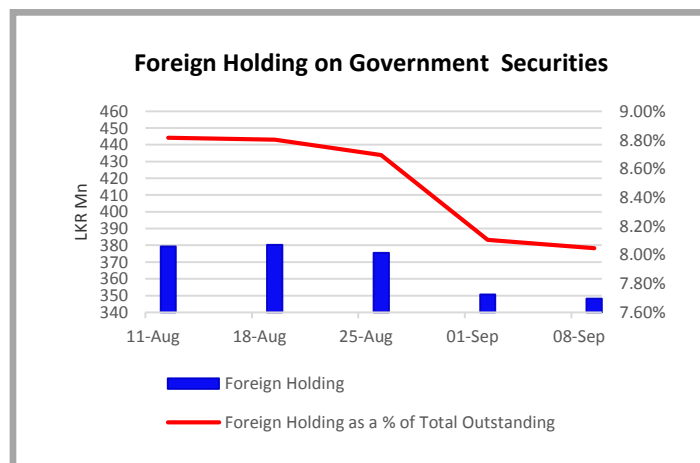
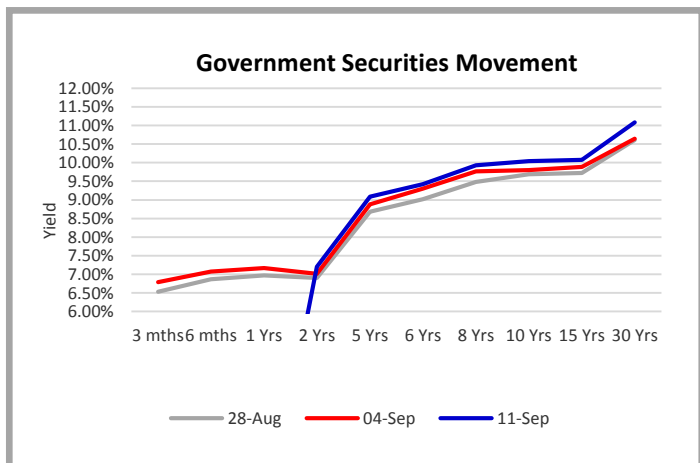
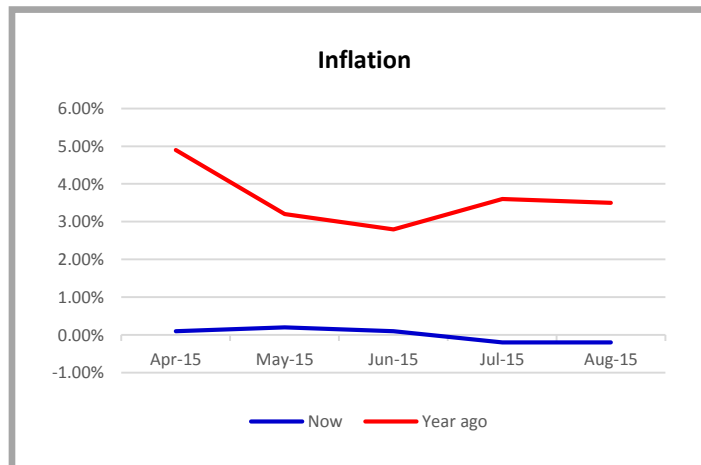
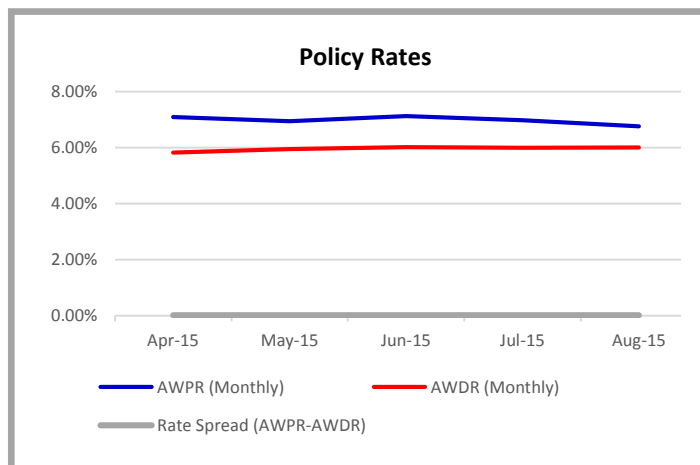


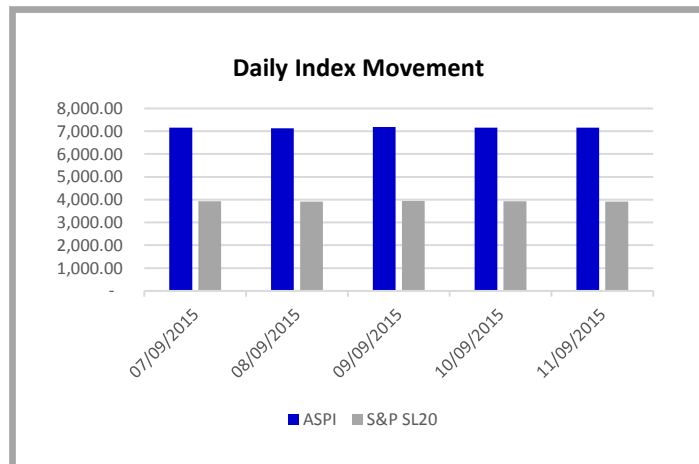
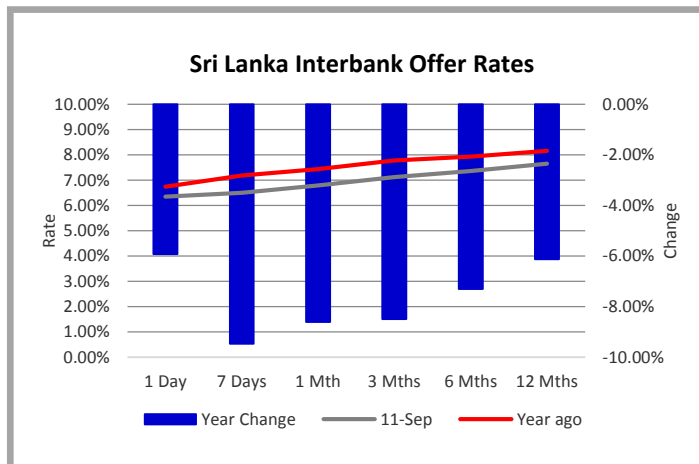
Economic Indicators: LKR/USD 138.78 (1.69% WoW) AWPR: 6.86% (0.73% WoW) AWDR: 6.01% (0.17% MoM) ASPI: 7,153 (0.86% WoW) S&amp;P SL20: 3,914 (1.11% WoW)



Market	Period	11-Sep	04-Sep	Change %
Primary Market	3 months	0.00%	6.79%	-100.00%
	6 months	0.00%	7.07%	-100.00%
	1 Year	0.00%	7.17%	-100.00%
Secondary Market	2 Years	7.20%	7.01%	2.71%
	5 Years	9.09%	8.88%	2.36%
	6 Years	9.42%	9.30%	1.29%
	8 Years	9.93%	9.77%	1.64%
	10 Years	10.04%	9.80%	2.45%
	15 Years	10.08%	9.89%	1.92%
	30 Years	11.08%	10.64%	4.14%

- Average Weighted Prime Lending Rate (AWPR): 6.86%. It has increased by 0.73% 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 : 6.34% (1Day), 6.50%(7Days), 6.79%(1Month), 7.11%(3Months), 7.35%(6Months), 7.65%(1Yr).
- Inflation (Annual average change): 1.0% (Aug) and 1.3% (Jul).

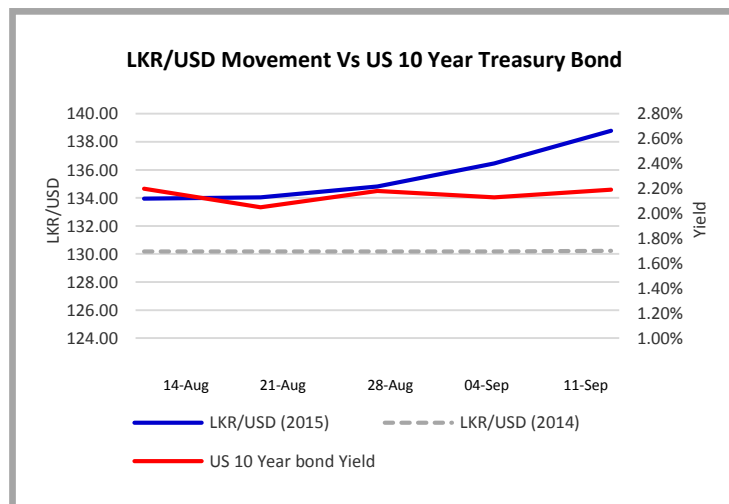




### LKR Exchange Rate Movement

- LKR depreciated over the week by 1.69% against USD from LKR/USD 136.47 to 138.78.
- One month forward rate of LKR/USD is 139.11 (Last week 135.14), three month forward rate is 140.16 (Last week 136.29)

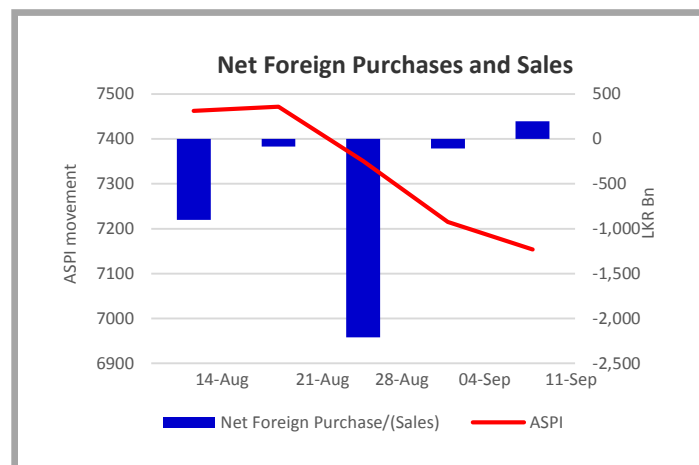
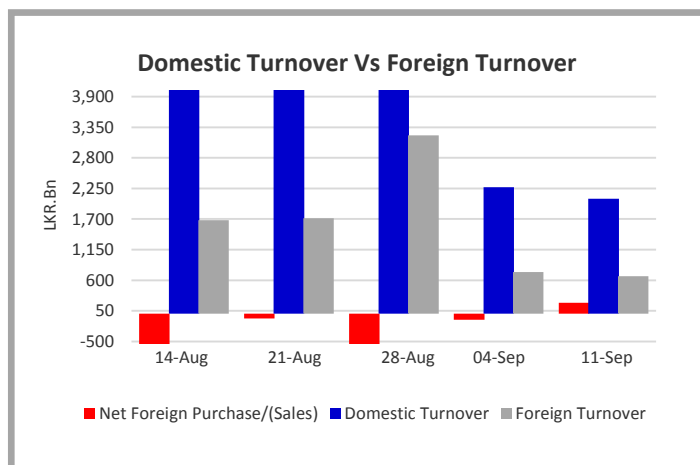
	14-Aug	21-Aug	28-Aug	04-Sep	11-Sep
INR 2015	2.05	2.04	2.03	2.04	2.09
INR 2014	2.13	2.15	2.15	2.15	2.14
RM 2015	32.90	32.21	31.74	31.64	32.19
RM 2014	40.95	41.06	41.40	41.00	40.69



### Colombo Stock Exchange

- All Share Price Index: 7,153 points as at 11<sup>th</sup> Sep 2015.
- S&P 20: 3,914 points as at 11<sup>th</sup> Sep 2015.
- ASPI decreased by 62 points WoW which is 0.86%.
- S&P 20 decreased WoW by 44 points, reflecting a 1.11% negative variation.
- Net Foreign inflow: LKR. 196Mn.
- Last week recorded a Net foreign outflow LKR. 108Mn.
- Market capitalization: LKR.3,039Bn which is 0.85% decrease compared to last week.
- Market PE: PE recorded as 18.99 in this week and it has decreased by 0.84% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
Stores And Supplies	25,954.93	25,776.52	0.69%
Telecommunications	197.26	196.66	0.31%
Oil Palms	109,899.74	110,006.86	-0.10%
Beverage Food And Tobacco	22,248.08	22,311.42	-0.28%
Health Care	873.67	876.57	-0.33%
Top Losers			
Services	24,821.27	26,176.76	-5.18%
Power And Energy	175.15	179.73	-2.55%
Footwear And Textiles	986.09	1,008.29	-2.20%
Information Technology	71.20	72.77	-2.16%
Investment Trusts	19,033.71	19,449.23	-2.14%



### Local News

Sri Lanka's forex reserves had dropped 420 million US dollars to 6,466 million US dollars by end August 2015, down from 6,887.22 billion in July. Without 400 million US dollar swap from the Reserve Bank of India, foreign reserves are down 34 percent from a peak of 9,185 million US dollar in August 2014. Last week Sri Lanka got another 1.1 billion US dollars from the Reserve Bank of India, which could help boost reserves closed to 7.0 billion US dollars or above. Sri Lanka's foreign reserves dropped to 8.05 billion rupees in February 2012, after the Central Bank printed money to accommodate credit for oil subsidies and sterilize forex sales and keep interest rates down.

(Source: Economy Next- 07.09.2015)

Global packers are looking to buy tea at 2 – 2.5 US dollars a kilo, making a guaranteed floor price unviable and the need to move up to high-end niche products more urgent, an industry official said. "We're at a very critical juncture in the entire industry," said Niraj de Mel, former chairman of the Sri Lanka Tea Exporters Association at its annual general meeting. These prices were below the cost of production of many estates but multinational firms that pack teas meant mainly for supermarket shelves were looking for cheap origins for their blends. Tea prices had fallen sharply at the Colombo auctions owing to problems in key export markets like Russia and the Middle East.

(Source: Economy Next- 07.09.2015)

All bids at weekly Treasury bill primary auction on Wednesday (09<sup>th</sup> Sep) were rejected for the first time in 11 months, because, according to market sources, the rates submitted were too high. Subsequent to the outcome of the auction results, the increasing trend in secondary market bond yields witnessed during the morning hours of trading, reversed, with yields dipping considerably. Activity continued to remain high with the liquid maturities of 01.07.19, 01.05.20, 01.08.21, 01.09.23 and 01.06.26 changing hands at daily highs of 9.45%, 9.65%, 9.90%, 10.25%, 10.45% and lows of 9.25%, 9.45%, 9.75%, 10.00% and 10.35%. Furthermore, a limited amount of activity was also witnessed on the maturities of 15.09.19 and 01.08.25 within a range of 9.35% to 9.55% and 10.20% to 10.35%.

(Source: Daily FT- 10.09.2015)

### Foreign News

The first comprehensive global code of conduct to regulate the scandal-hit foreign exchange market will come into force in May 2017, US central bank officials said on Wednesday (09<sup>th</sup> Sep). Three years of revelations over the conduct of major banks in the world's single biggest financial market have seen dozens of traders suspended or fired and lenders fined billions of dollars for manipulating currency market benchmarks. It will deal with issues including how to deal with automatic stop loss orders, and the difference between when banks are making markets themselves and when they are acting as agents for clients, Reserve Bank of Australia assistant governor Guy Debelle told a briefing at the Bank of England.

(Source: Reuters- 11.09.2015)

Crude oil fell on Friday (11<sup>th</sup> Sep) after Goldman Sachs slashed its price forecast through next year, while global equity markets traded mixed as investors assessed the economic outlook and a potential move by the Federal Reserve next week to raise interest rates. A drop in U.S. consumer sentiment in September to its lowest in a year initially weighed on Wall Street, as the University of Michigan's preliminary reading for the month slid to 85.7, compared with the final reading of 91.9 in August and much lower than the median forecast of 91.2 of economists polled by Reuters. Stocks in Europe fell but still recorded the biggest weekly rise since July.

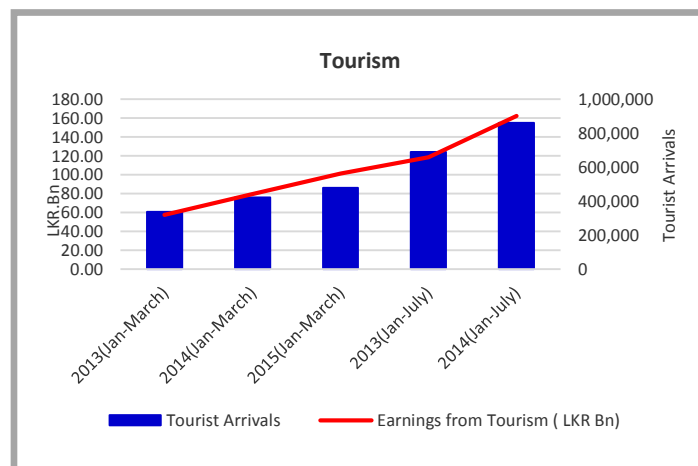
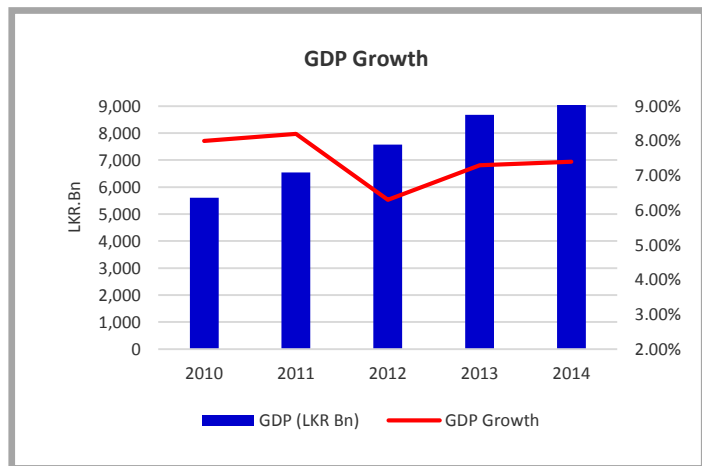
(Source: Reuters - 11.09.2015)

Russia's ruble has lost 45 percent of its value this year tied to collapse in oil prices, and volatility is likely to continue, analysts say. With Brent crude oil prices plunging more than 50 percent, the world's biggest energy exporter has struggled to maintain its currency. 12 months ago, the ruble was at 36.98 against the dollar. Today the ruble is at 68.79, down from 59.98 at the end of last year. This week USD/RUB fell 1.2 percent after Russia ruled out the possibility of cooperating with OPEC on production cuts. The Bank of Russia let the ruble float in 2014, after daily interventions of 200 million dollars around mid-May, as the weaker currency helps to offset the impact of low oil prices on the budget.

(Source: LBO - 08.09.2015)

## GDP and Economy

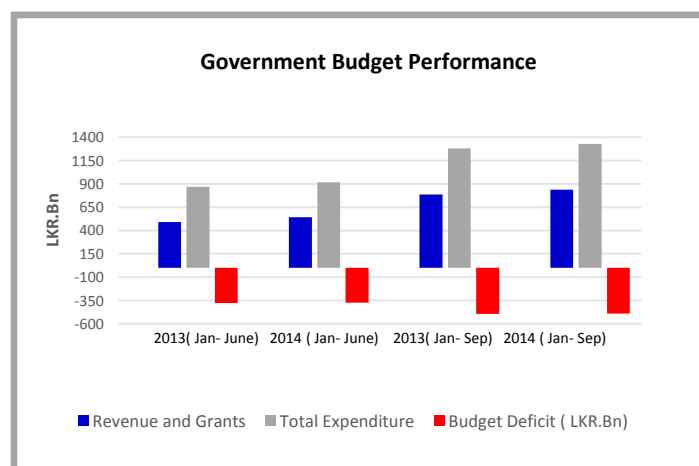
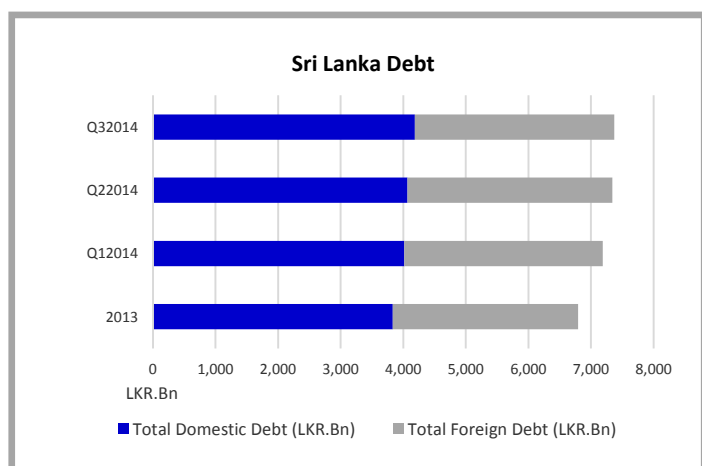
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

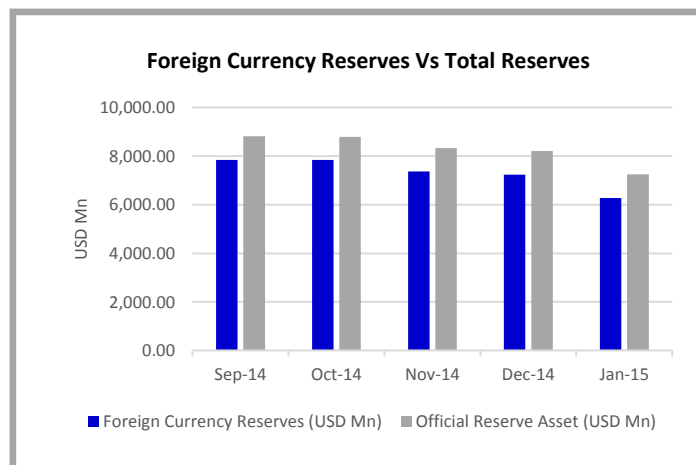
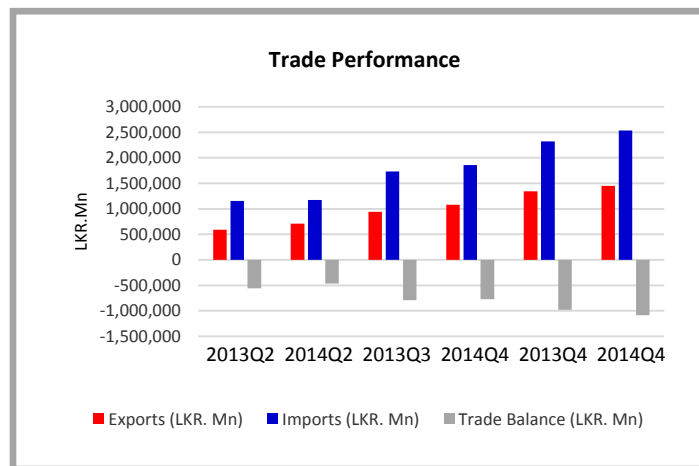
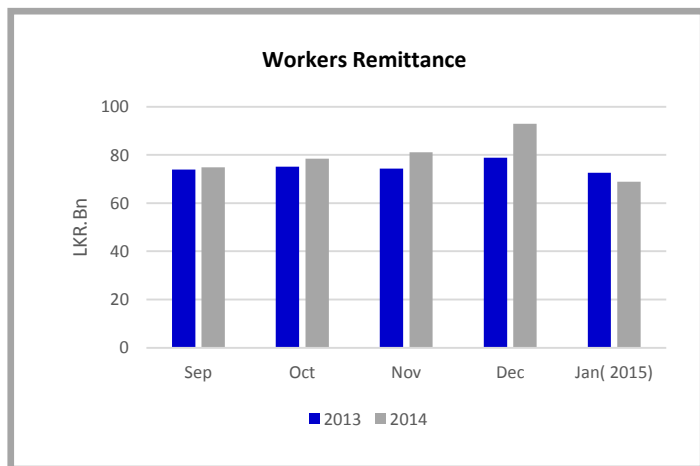


## Sri Lanka Fiscal Performance

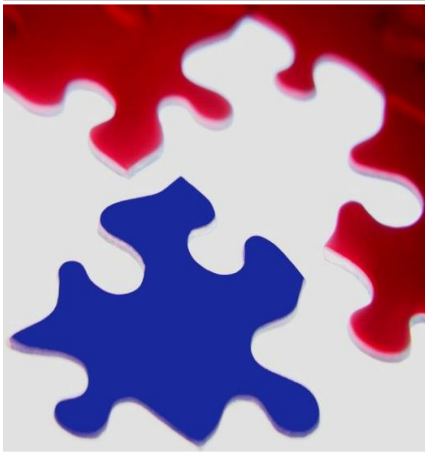
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent 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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