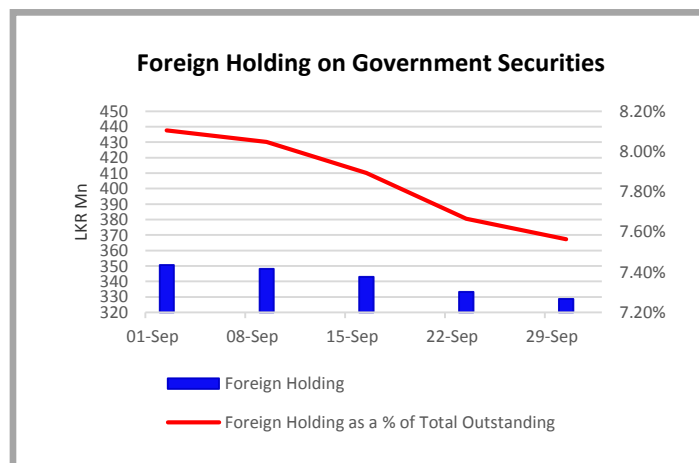
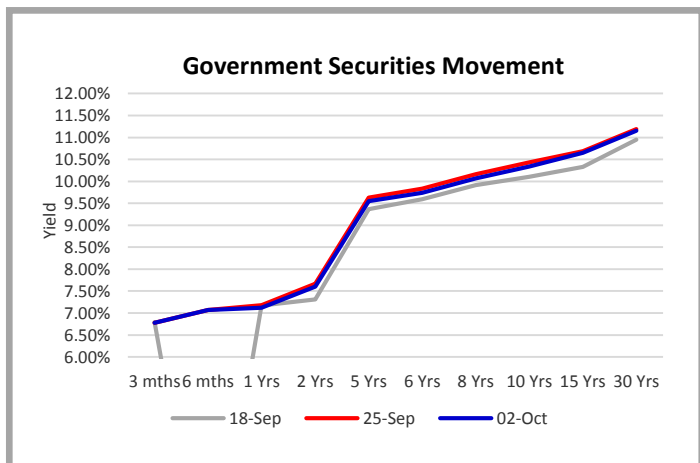
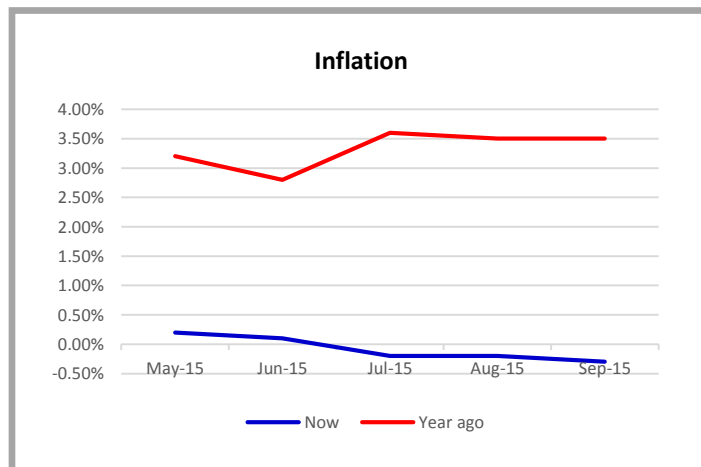
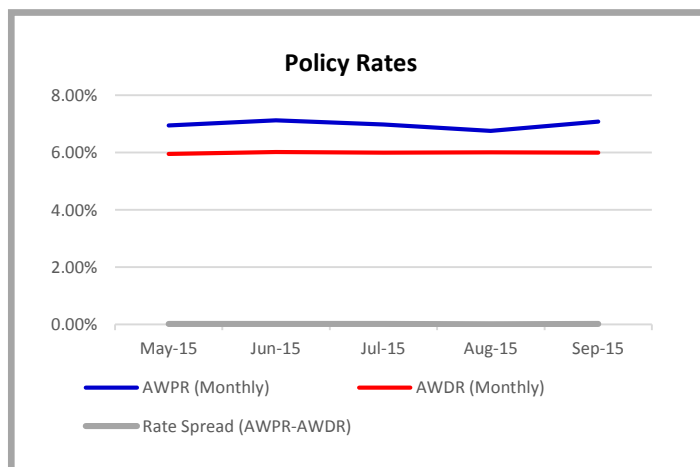


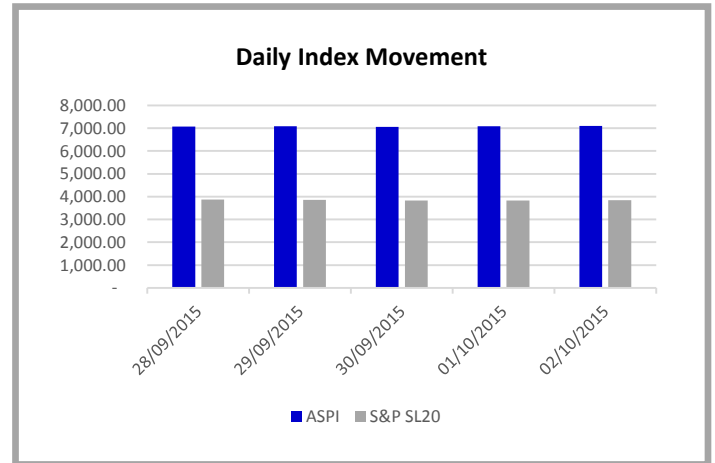
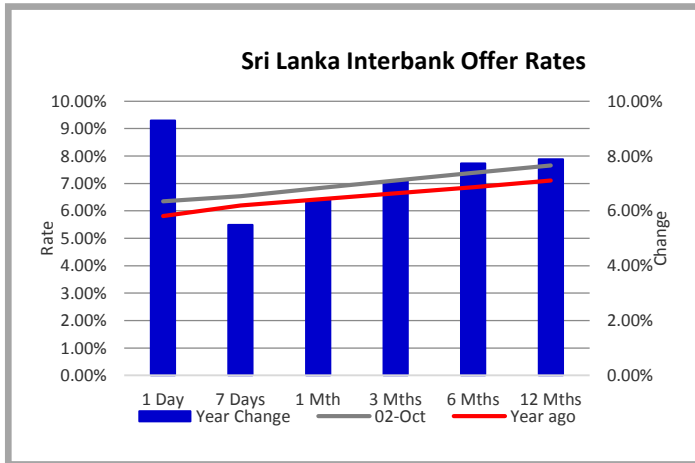
Economic Indicators: LKR/USD 141.19 (0.46% WoW) AWPR: 7.04% (0.56% WoW) AWDR: 6.00% (0.17% MoM) ASPI: 7,106 (0.07% WoW) S&P SL20: 3,841 (1.18% WoW)



Market	Period	02-Oct	25-Sep	Change %
Primary Market	3 months	6.78%	6.78%	-
	6 months	7.07%	7.07%	-
	1 Year	7.12%	7.18%	-0.84%
Secondary Market	2 Years	7.60%	7.67%	-0.91%
	5 Years	9.55%	9.63%	-0.83%
	6 Years	9.74%	9.83%	-0.92%
	8 Years	10.07%	10.16%	-0.89%
	10 Years	10.34%	10.43%	-0.86%
	15 Years	10.65%	10.69%	-0.37%
	30 Years	11.15%	11.19%	-0.36%

- Average Weighted Prime Lending Rate (AWPR): 7.04%. It has decreased by 0.56% compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.00% (Sep), 6.01% (Aug).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.22% (Sep) and 7.23% (Aug).
- SLIBOR Rates : 6.35% (1Day), 6.53%(7Days), 6.83%(1Month), 7.11%(3Months), 7.39%(6Months), 7.66%(1Yr).
- Inflation (Annual average change): 0.7% (Sep) and 1.0% (Aug).

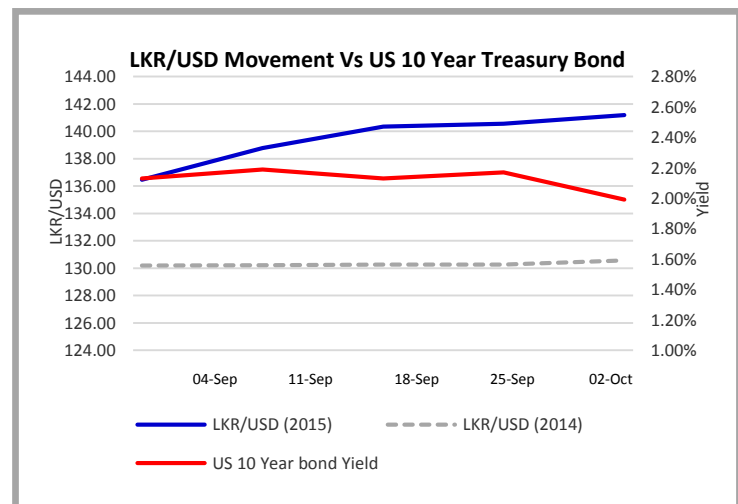




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.46% against USD from LKR/USD 140.55 to 141.19.
- One month forward rate of LKR/USD is 141.82 (Last week 141.59), three month forward rate is 143.08 (Last week 142.70)

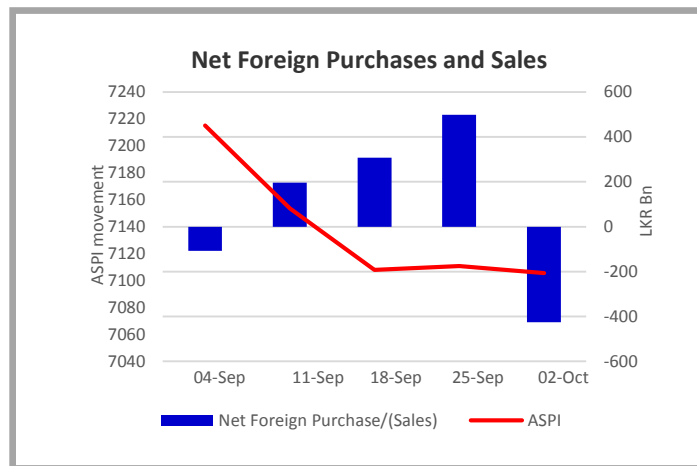
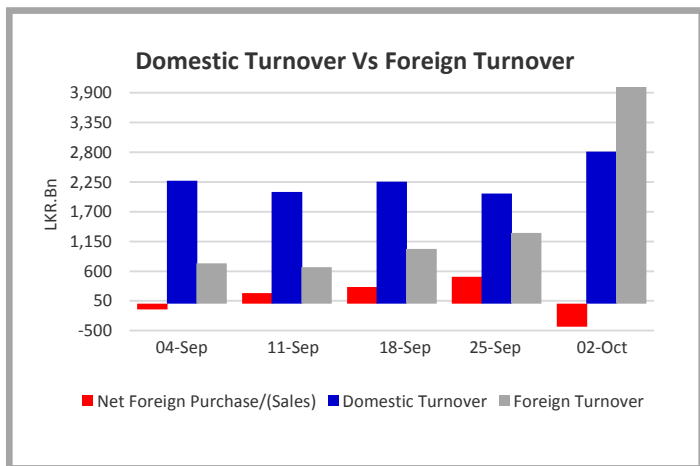
	04-Sep	11-Sep	18-Sep	25-Sep	02-Oct
INR 2015	2.04	2.09	2.13	2.13	2.15
INR 2014	2.15	2.14	2.14	2.14	2.12
RM 2015	31.64	32.19	33.25	32.14	31.77
RM 2014	41.00	40.69	40.26	40.14	40.06



Colombo Stock Exchange

- All Share Price Index: 7,106 points as at 02nd Oct 2015.
- S&P 20: 3,841 points as at 02nd Oct 2015.
- ASPI decreased by 05 points WoW which is 0.07%.
- S&P 20 decreased WoW by 46 points, reflecting a 1.19% negative variation.
- Net Foreign outflow: LKR. 425Mn.
- Last week recorded a Net foreign inflow: LKR. 498Mn.
- Market capitalization: LKR.3,014Bn which is 0.23% decrease compared to last week.
- Market PE: PE recorded as 18.40 in this week and it has decreased by 2.59% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
Stores And Supplies	25,844.89	25,232.44	2.43%
Land And Property	700.28	685.33	2.18%
Plantations	770.72	761.98	1.15%
Trading	18,284.83	18,091.35	1.07%
Chemicals And Pharmaceuticals	7,842.56	7,799.41	0.55%
Top Losers			
Services	25,826.27	27,065.28	-4.58%
Information Technology	68.42	70.54	-3.01%
Construction And Engineering	3,129.39	3,186.87	-1.80%
Motors	18,386.60	18,555.17	-0.91%
Investment Trusts	18,728.43	18,862.68	-0.71%


Local News

Fitch Ratings has assigned HNB Grameen Finance Ltd. (HGL) a National Long-Term Rating of 'A(lka)' with a Stable Outlook on 02nd October 2015. HGL's rating reflects Fitch's expectation of support from its parent, Hatton National Bank PLC (HNB; AA-(lka)/Stable). This view is based on HNB's majority shareholding (51%), its involvement in the strategic direction of HGL through board representation, and the common HNB brand. The two-notch differential reflects HGL's limited role in the group. HGL is mainly engaged in the provision of micro finance, which is not a significant product for HNB as it accounted for 2.7% of the bank's loan book at end-June 2015. HNB acquired 51% of HGL in November 2014 as part of a financial-sector consolidation program.

(Source: Daily FT- 02.10.2015)

The Sri Lankan rupee ended weaker near its record low on 01st October as importer dollar demand surpassed banks' dollar sales, dealers said. The rupee ended at 141.30/40 to the dollar near its record low of 141.40, falling from Wednesday's (30th September) close of 141.25/30. Dealers said one of the two State banks through which the Central Bank directs the market, sold dollars in the range of 141.25 to 141.30. "The rupee is weaker mainly because of importer demand. There are other outflows also. A State bank sold dollars today also, but I don't know whether it is their positions or not," said a dealer who declined to be identified. Dealers said the rupee would continue to slide if the correct policy measures were not taken at the right time.

(Source: Daily FT- 02.10.2015)

Sri Lanka has slapped a 100 percent margin on import letters of credit for car imports a standard move of authorities after triggering a balance of payment crisis by monetizing debt. Finance Minister Ravi Karunanayake said the margin will be effective from October 02, as spending on vehicle imports more than doubled to 700 million US dollars in 2015 from a year earlier. Analysts had warned that massive monetizing of debt and a rate cut by the Central Bank despite an expanding budget deficit will boost credit to unsustainable levels triggering imports. An earlier move to reduce the maximum value of a loan to 70 percent of the value of a car had been relaxed to 90 percent.

(Source: Economy Next- 02.10.2015)

Foreign News

The Reserve Bank of India cut its policy interest rate to a 4-1/2 year low of 6.75 percent on 29th September, in a bigger-than-expected move that, with inflation running at record lows, could help turn around an economy that has been slowing down. "I don't think we have been excessively aggressive," RBI Governor Raghuram Rajan told a news conference. The RBI cut its growth forecast for the fiscal year to 7.4 percent from 7.6 percent previously, well below the government's target of 8 to 8.5 percent, but still faster than China. The central bank said it expects inflation to rise from August's record low of 3.66 percent to 5.8 percent in January, just below its 6 percent target.

(Source: Economy Next- 30.09.2015)

Global equities ended their worst quarter since the 2011 euro zone crisis on an upbeat note with a rally on 30th September on hopes that Wall Street had bottomed and the commodities rout was over, while the dollar also rose. Major equity indexes around the world declined 10 percent or more from July through September as fears mounted of a global slowdown brought on by China. Slower Chinese growth also slammed commodity prices and countries that depend on their export. European stocks turned in their worst quarter since the depths of the euro zone debt crisis, when regional indices such as the blue-chip Euro STOXX 50 index slid 23.5 percent in the third quarter of 2011.

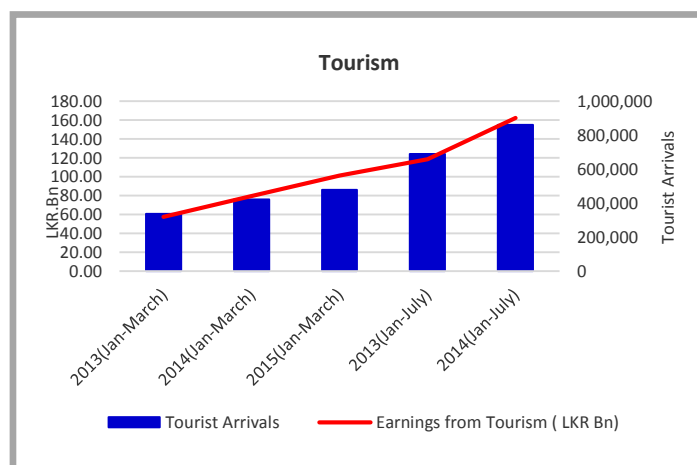
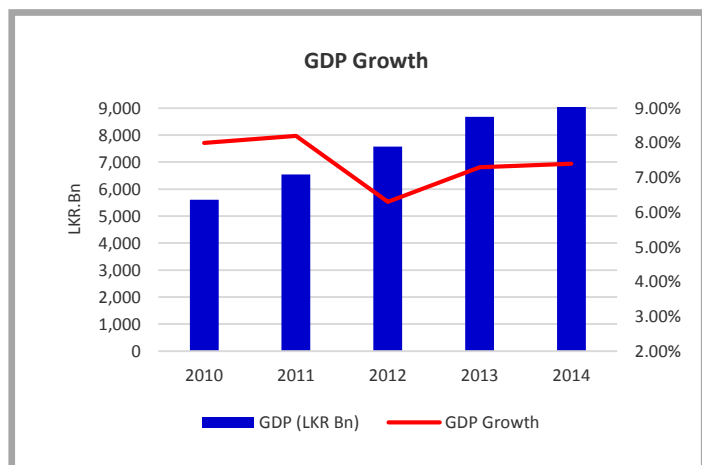
(Source: Reuters - 30.09.2015)

Albertsons Cos Inc [ABS.N], the No.2 U.S. grocery chain, said it hoped its initial public offering would raise \$1.7 billion, an ambitious target at a time of intensifying industry competition and uncertainty in global capital markets. The determination of Albertsons' majority owner, private equity firm Cerberus Capital Management LP, to carry out the IPO despite market volatility underscores confidence that it can fetch a high valuation. Albertsons said on Friday that it expected to price 65.3 million shares at between \$23 and \$26 each, valuing the company at up to \$12.35 billion. However, several companies that debuted in 2015 are trading below their IPO price, hit by weeks of market declines. Some firms have even delayed going public for the time being.

(Source: Reuters - 02.10.2015)

GDP and Economy

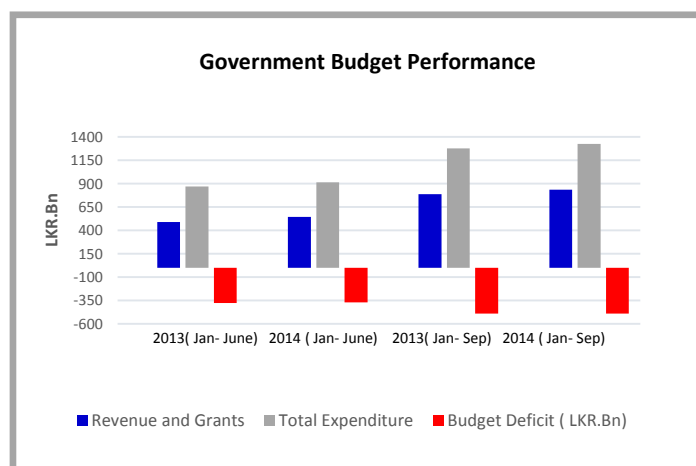
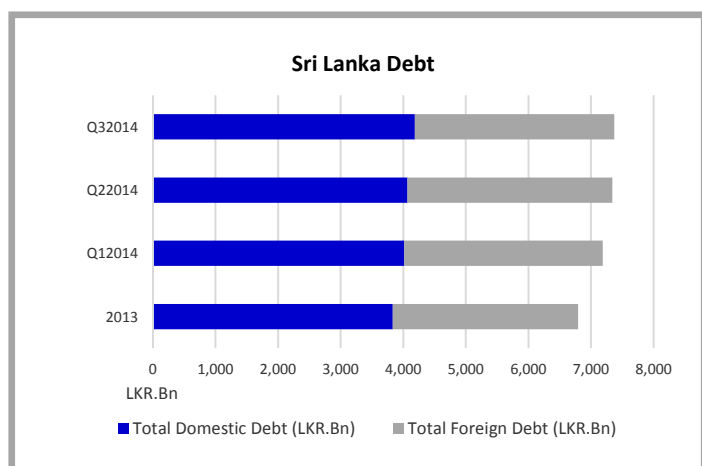
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

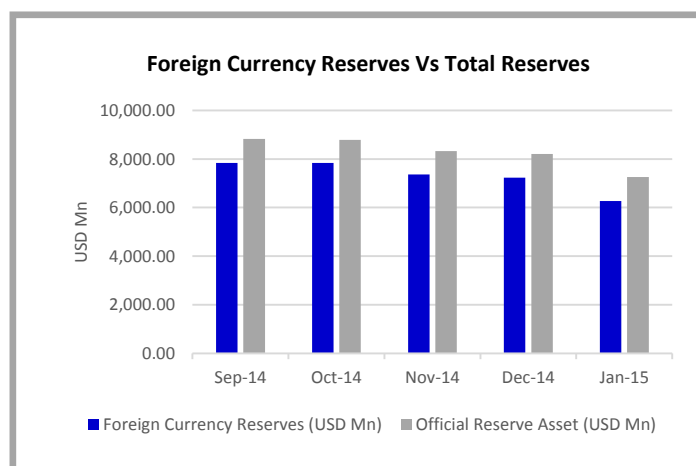
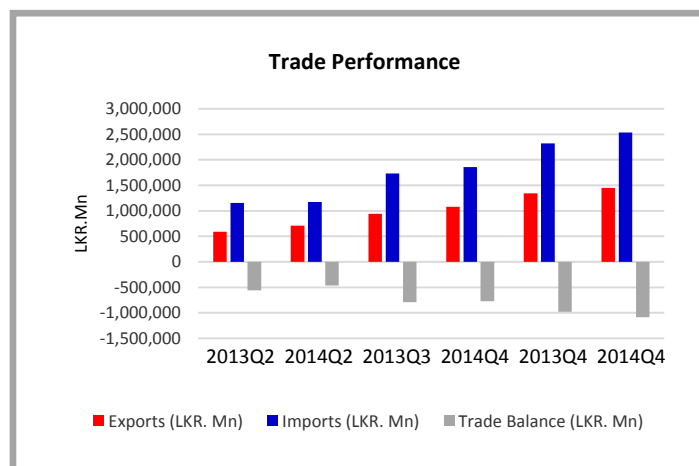
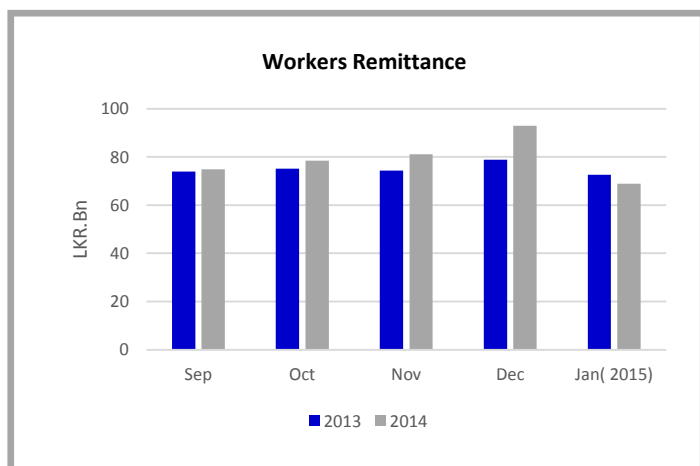


Sri Lanka Fiscal Performance

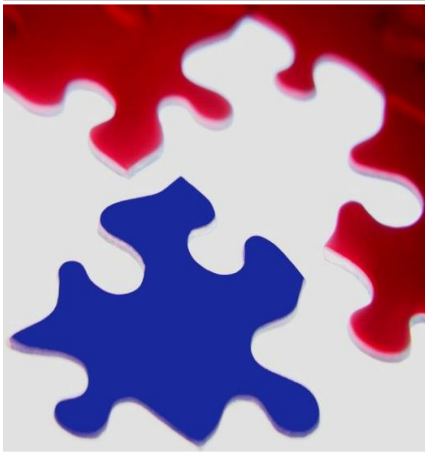
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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

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- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

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- 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



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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