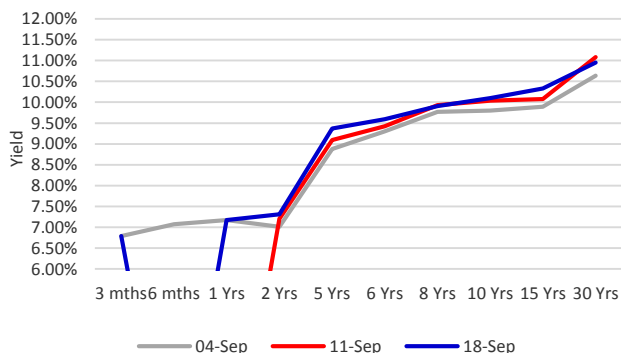
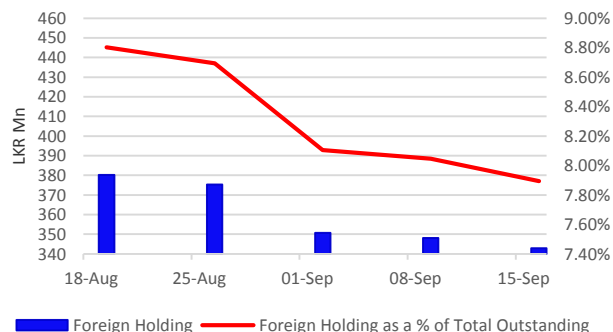
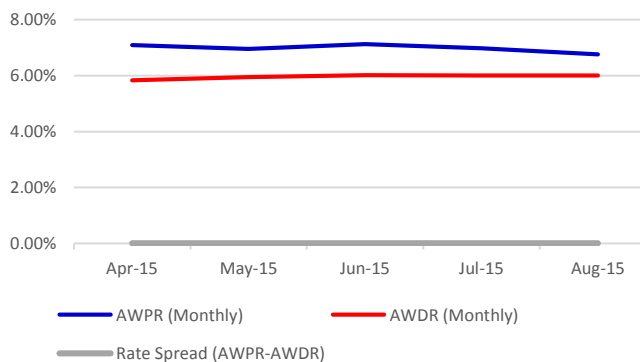
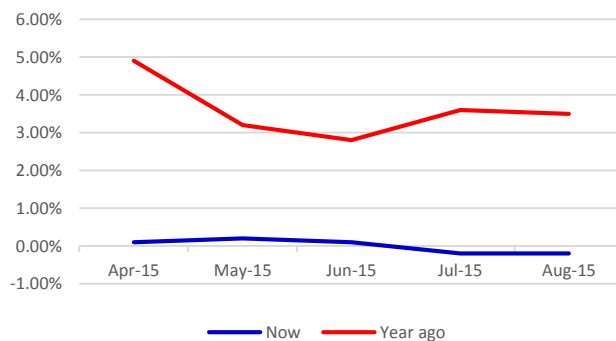


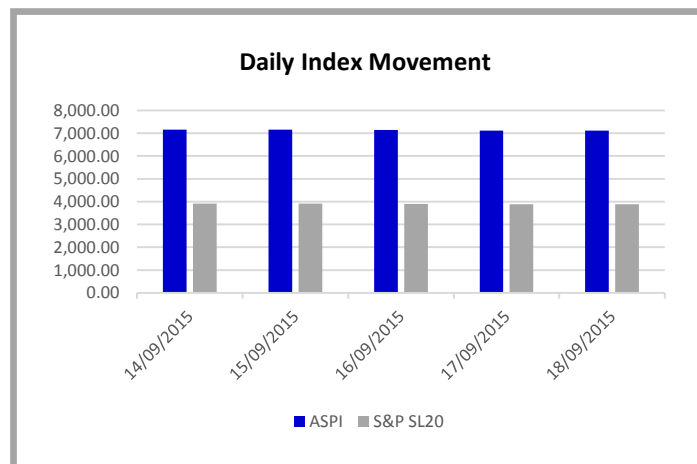
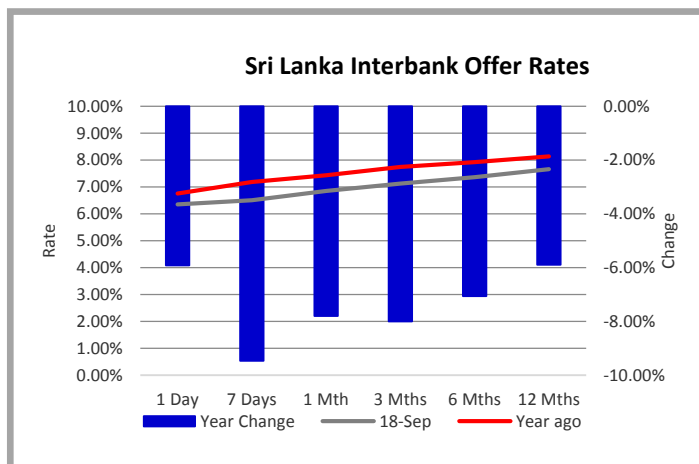
Economic Indicators: LKR/USD 140.35 (1.13% WoW) AWPR: 6.89% (0.44% WoW) AWDR: 6.01% (0.17% MoM) ASPI: 7,108 (0.63% WoW) S&P SL20: 3,886 (0.72% WoW)

Government Securities Movement

Foreign Holding on Government Securities


Market	Period	18-Sep	11-Sep	Change %
Primary Market	3 months	6.79%	0.00%	-
	6 months	0.00%	0.00%	-
	1 Year	7.17%	0.00%	-
Secondary Market	2 Years	7.31%	7.20%	1.53%
	5 Years	9.37%	9.09%	3.08%
	6 Years	9.59%	9.42%	1.80%
	8 Years	9.91%	9.93%	-0.20%
	10 Years	10.10%	10.04%	0.60%
	15 Years	10.33%	10.08%	2.48%
30 Years	10.95%	11.08%	-1.17%	

- Average Weighted Prime Lending Rate (AWPR): 6.89%. It has increased by 0.44% 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), 6.50% (7Days), 6.85% (1Month), 7.12% (3Months), 7.36% (6Months), 7.65% (1Yr).
- Inflation (Annual average change): 1.0% (Aug) and 1.3% (Jul).

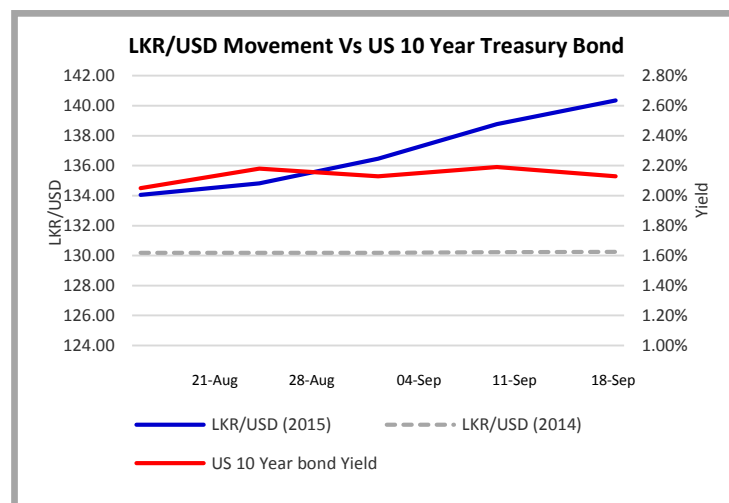
Policy Rates

Inflation




LKR Exchange Rate Movement

- LKR depreciated over the week by 1.13% against USD from LKR/USD 138.78 to 140.35.
- One month forward rate of LKR/USD is 140.54 (Last week 139.11), three month forward rate is 142.30 (Last week 140.16)

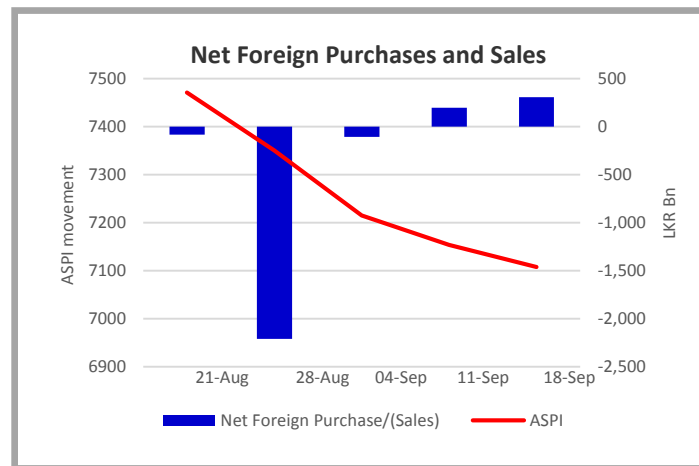
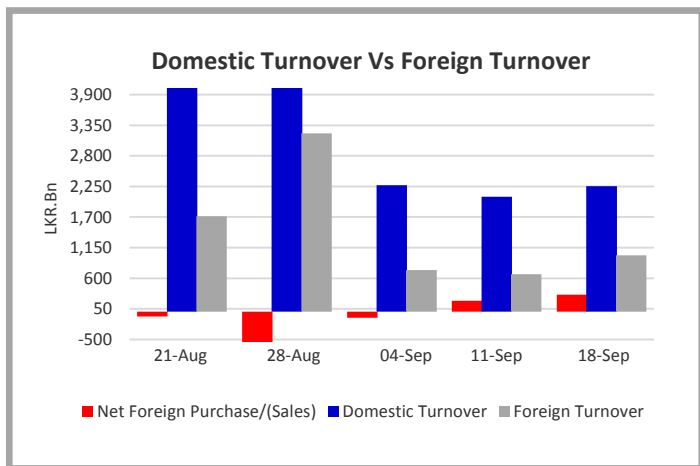
	21-Aug	28-Aug	04-Sep	11-Sep	18-Sep
INR 2015	2.04	2.03	2.04	2.09	2.13
INR 2014	2.15	2.15	2.15	2.14	2.14
RM 2015	32.21	31.74	31.64	32.19	33.25
RM 2014	41.06	41.40	41.00	40.69	40.26



Colombo Stock Exchange

- All Share Price Index: 7,108 points as at 18th Sep 2015.
- S&P 20: 3,886 points as at 18th Sep 2015.
- ASPI decreased by 45 points WoW which is 0.63%.
- S&P 20 decreased WoW by 28 points, reflecting a 0.72% negative variation.
- Net Foreign inflow: LKR. 307Mn.
- Last week recorded a Net foreign inflow LKR. 196Mn.
- Market capitalization: LKR.3,020Bn which is 0.63% decrease compared to last week.
- Market PE: PE recorded as 18.95 in this week and it has decreased by 0.21% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
Services	27,065.28	24,821.27	9.04%
Telecommunications	200.59	197.26	1.69%
Health Care	877.37	873.67	0.42%
Beverage Food And Tobacco	22,270.61	22,248.08	0.10%
Oil Palms	109,899.74	109,899.74	0.00%
Top Losers			
Trading	18,091.35	18,776.60	-3.65%
Stores And Supplies	25,232.44	25,954.93	-2.78%
Chemicals And Pharmaceuticals	7,799.41	7,954.14	-1.95%
Banks Finance And Insurance	18,265.64	18,574.03	-1.66%
Diversified Holdings	1,868.99	1,890.39	-1.13%


Local News

“Sri Lanka has great potential to attract Japanese investors who are interested in investing in Sri Lanka,” said Ambassador for Japan Kenichi Suganuma, during his meeting with the Ceylon Chamber led Sri Lanka-Japan Business Co-operation Committee. The Ambassador further mentioned that ASEAN is now saturated. Although India is a big market it is not easy to do big business. Therefore, now the Japanese companies are looking at Sri Lanka as Gateway to Asia. ICT and Electronic component manufacturing are promising sectors to promote further between Sri Lanka and Japan as potential areas to establish joint ventures in Sri Lanka.

(Source: Daily FT- 18.09.2015)

Foreign News

The U.S. Federal Reserve kept interest rates unchanged on Thursday (17th September) in a bow to worries about the global economy, financial market volatility and sluggish inflation at home, but left open the possibility of a modest policy tightening later this year. In what amounted to a tactical retreat, Fed Chair Janet Yellen said developments in a tightly linked global economy had in effect forced the U.S. central bank's hand. She added that a recent fall in U.S. stock prices and a rise in the value of the dollar already were tightening financial market conditions, which could slow U.S. economic growth regardless of what the Fed does.

(Source: Reuters- 17.09.2015)

The weekly Treasury bill Weighted Averages (W. Avgs) were seen recording bullish returns of 6.79% and 7.17% on the 91-day and 364-day maturities respectively at its auction conducted on 16th September, following the rejection of all bids at its previous week's auction. However, all bids for the 182-day bill were rejected as only a total amount of Rs. 5.5 billion was accepted against a total offered amount of Rs. 24 billion. In secondary market bonds, following the outcome of the auction yields were seen dipping marginally mainly on the liquid maturities of 01.07.2019, 01.05.2020, 01.10.2022 and 01.09.2023 to daily lows of 9.15%, 9.50%, 10.00% and 9.98% respectively against its day's opening highs of 9.20%, 9.55%, 10.03% and 10.02%.

(Source: Daily FT- 17.09.2015)

Germany's Deutsche Bank (DBKGn.DE) posted a statement on Thursday (17th September) saying it would close its corporate banking services and securities business in Russia, where it has been hit by sanctions, a downturn and investigations into share trades. Deutsche is in the midst of a sweeping program to shrink the group's global footprint to a regional one under new Chief Executive John Cryan. Official investigations in Europe and the United States into share trades conducted by Deutsche's Moscow office have piled added pressure on the bank. Reuters reported on Monday (14th September), citing financial sources that Deutsche planned to close almost all of its Russian operations excluding transaction banking services.

(Source: Reuters - 17.09.2015)

Sri Lanka will extend a one year agreement with a Chinese company whose sea reclamation project is on hold by another six months pending final approvals being given, Ports Minister said. CHEC Port City Colombo (Pvt) Ltd, began a 1.4 billion US dollar project to reclaim land and build a city near Sri Lanka's main port on a one-year agreement during the ousted Rajapaksa administration which ended on 15.09.2015. The project was suspended by the new administration pending environmental clearances. The cabinet of ministers had decided to extend the agreement by another six months for the approvals to be given following a proposal made by Ports Minister Arjuna Ranatunga. According to the agreement, it is the responsibility of Sri Lanka to provide clearances for the project

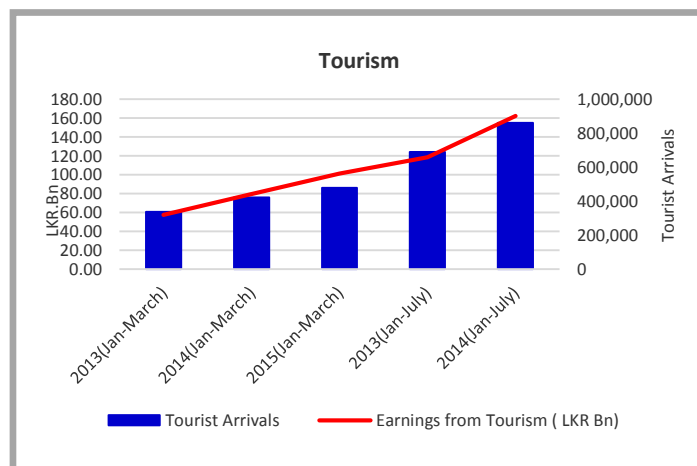
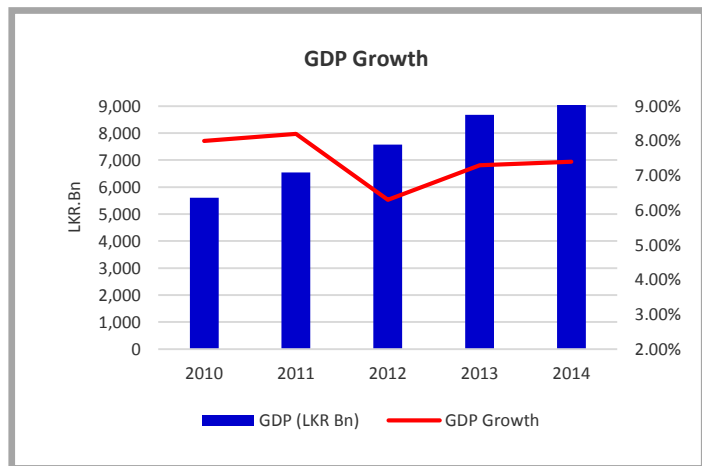
(Source: Economy Next- 17.09.2015)

Canadian consumer prices rose 1.3 percent in August, matching the fastest pace this year as higher costs for food, shelter and clothing offset cheaper gasoline. Food costs as measured by the consumer price index rose 3.6 percent, including a 6.3 percent increase for meat, Statistics Canada said on Friday (18th September). Gasoline prices fell 12.6 percent in August from a year earlier. The core inflation rate, which excludes eight volatile products, slowed to 2.1 percent from July's 2.4 percent reading that matched the fastest since 2008. Gains in the total and core consumer price indexes were in line with median estimates in a Bloomberg economist survey. The Bank of Canada kept its key interest rate at 0.5 percent on Sept. 9 after cuts in January and July.

(Source: Bloomberg - 18.09.2015)

GDP and Economy

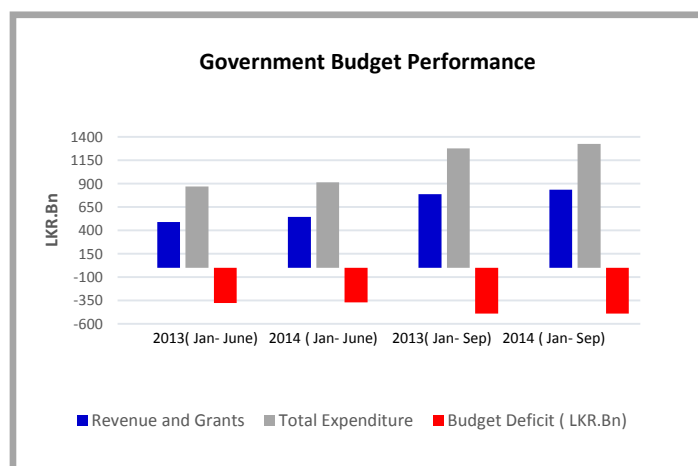
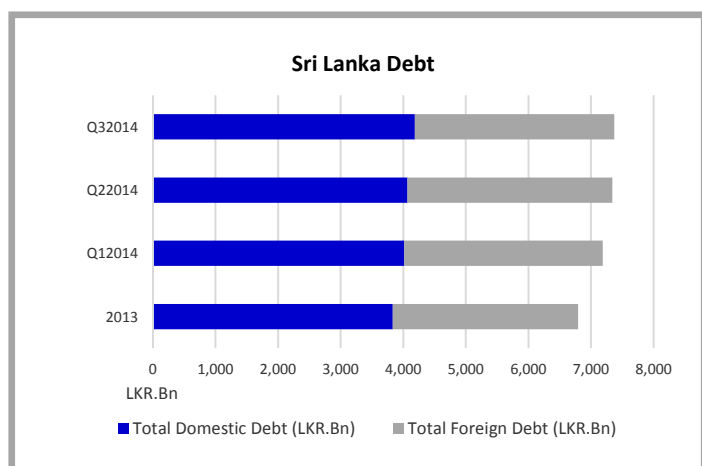
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

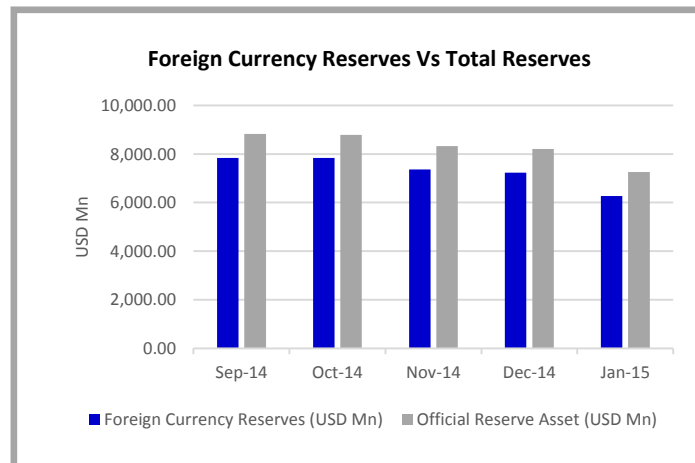
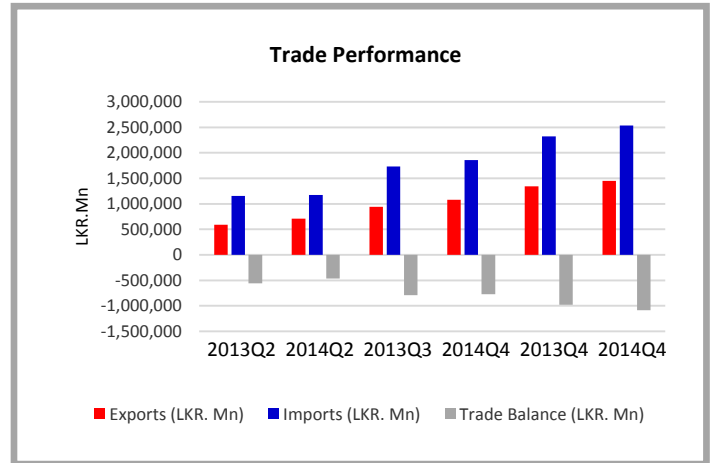
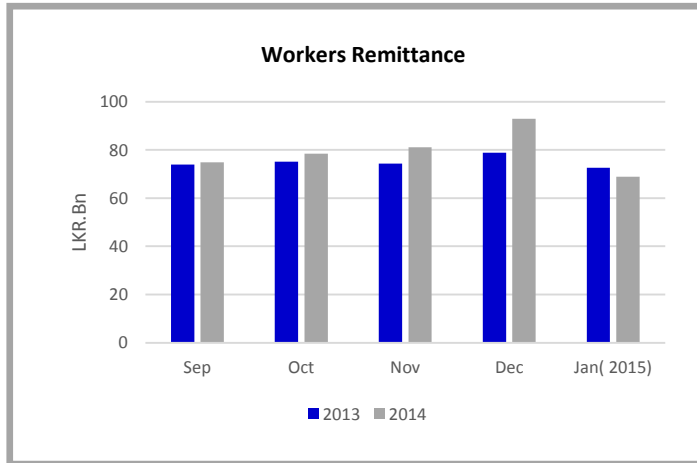


Sri Lanka Fiscal Performance

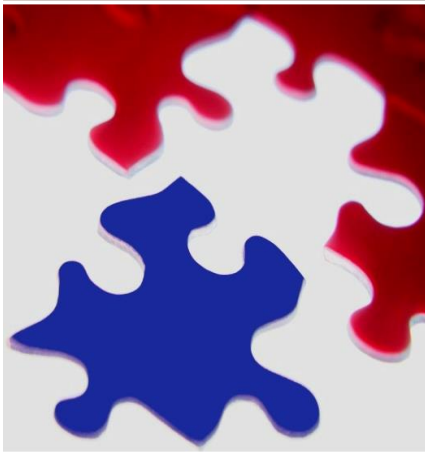
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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


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