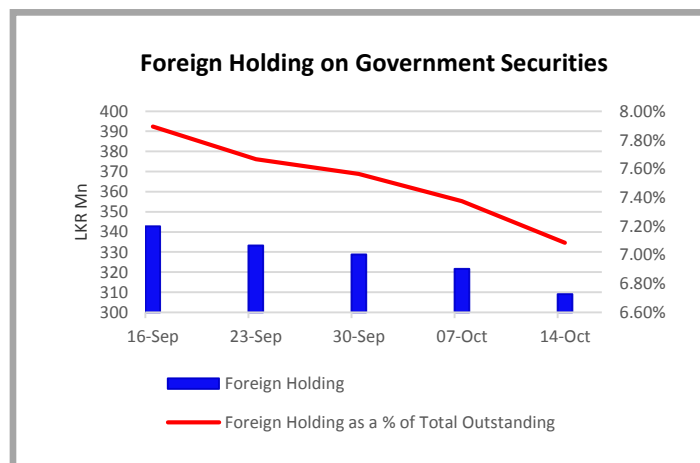
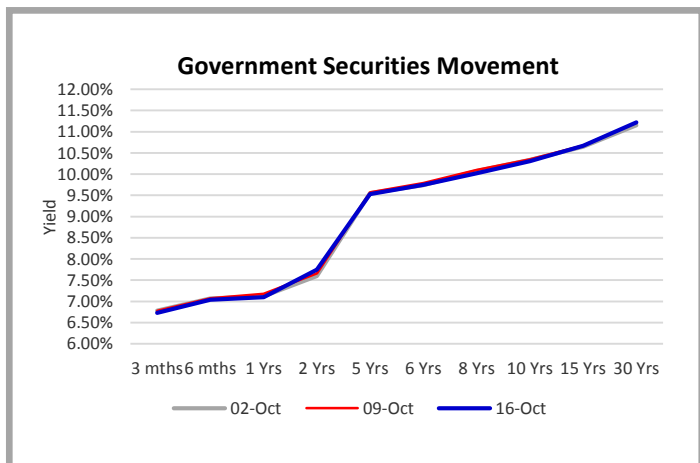
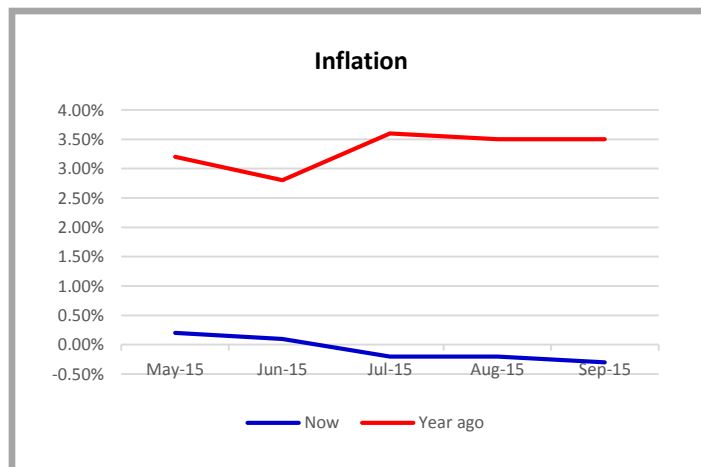
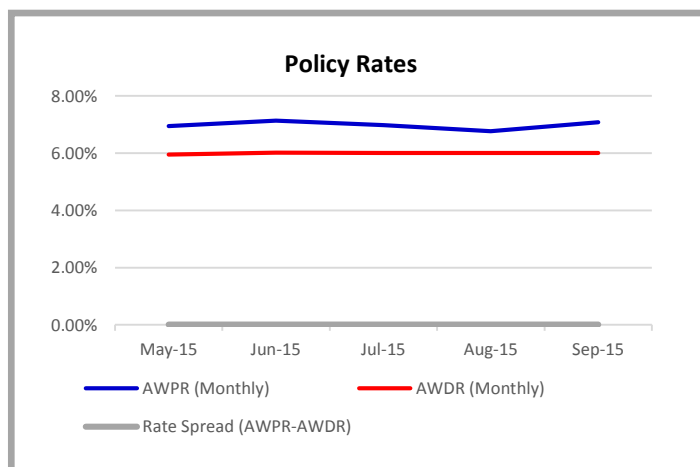


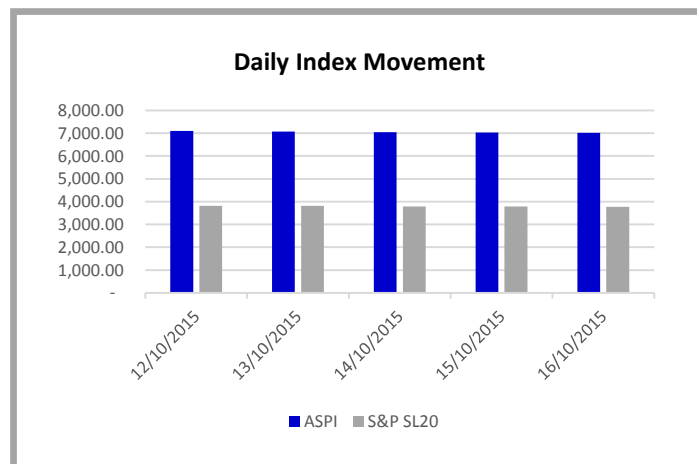
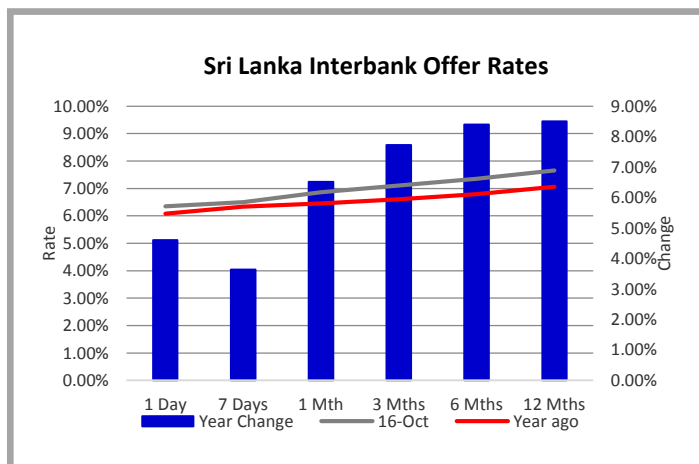
Economic Indicators: LKR/USD 140.82 (0.20% WoW) AWPR: 7.17% (0.28% WoW) AWDR: 6.00% (0.17% MoM) ASPI: 7,021 (1.06% WoW) S&P SL20: 3,774 (1.22% WoW)



Market	Period	16-Oct	09-Oct	Change %
Primary Market	3 months	6.73%	6.78%	-0.74%
	6 months	7.04%	7.07%	-0.42%
	1 Year	7.10%	7.18%	-1.11%
Secondary Market	2 Years	7.75%	7.66%	1.17%
	5 Years	9.53%	9.57%	-0.42%
	6 Years	9.75%	9.79%	-0.41%
	8 Years	10.02%	10.10%	-0.79%
	10 Years	10.31%	10.35%	-0.39%
	15 Years	10.67%	10.67%	0.00%
	30 Years	11.22%	11.22%	0.00%

- Average Weighted Prime Lending Rate (AWPR): 7.17%. It has increased by 0.28% 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), 6.50%(7Days), 6.86%(1Month), 7.11%(3Months), 7.35%(6Months), 7.65%(1Yr).
- Inflation (Annual average change): 0.7% (Sep) and 1.0% (Aug).

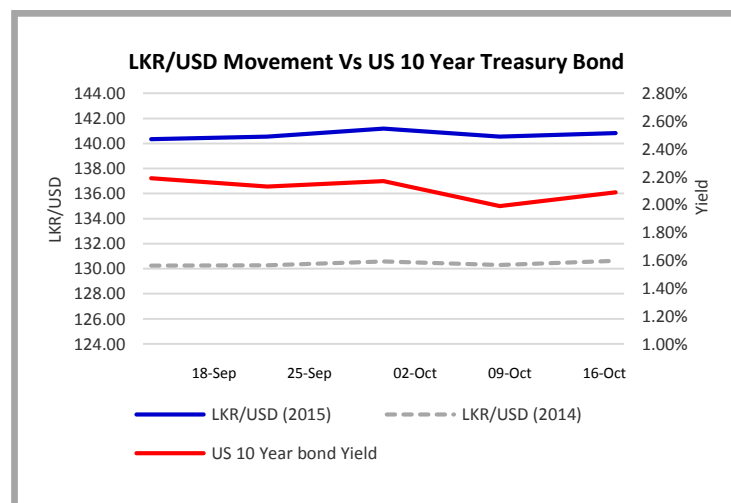




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.20% against USD from LKR/USD 140.54 to 140.82.
- One month forward rate of LKR/USD is 141.10 (Last week 141.70), three month forward rate is 142.53 (Last week 142.72)

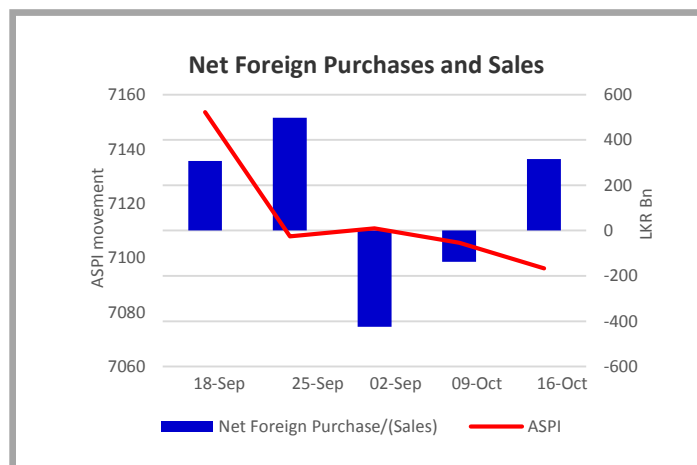
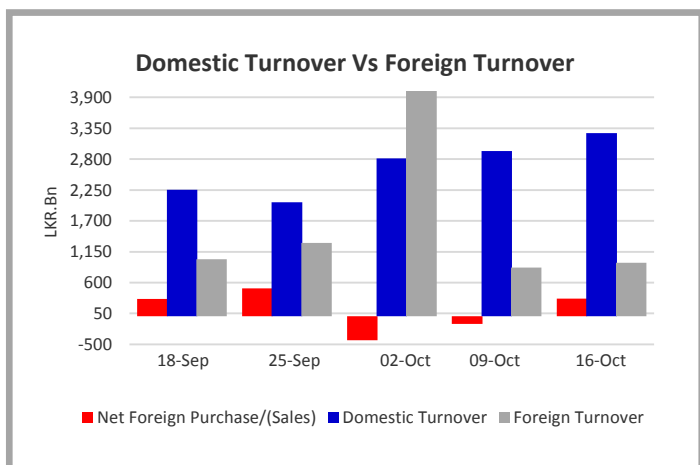
	18-Sep	25-Sep	02-Oct	09-Oct	16-Oct
INR 2015	2.13	2.13	2.15	2.17	2.17
INR 2014	2.14	2.14	2.12	2.12	2.13
RM 2015	33.25	32.14	31.77	34.03	33.92
RM 2014	40.26	40.14	40.06	40.22	39.89



Colombo Stock Exchange

- All Share Price Index: 7,021 points as at 16th Oct 2015.
- S&P 20: 3,774 points as at 16th Oct 2015.
- ASPI decreased by 75 points WoW which is 1.06%.
- S&P 20 decreased WoW by 46 points, reflecting a 1.22% negative variation.
- Net Foreign inflow: LKR. 316Mn.
- Last week recorded a Net foreign outflow: LKR. 138Mn.
- Market capitalization: LKR.2,978Bn which is 1.06% decrease compared to last week.
- Market PE: PE recorded as 18.18 in this week and it has decreased by 1.09% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
Footwear And Textiles	1,049.28	1,027.99	2.07%
Investment Trusts	19,111.44	18,752.37	1.91%
Telecommunications	197.66	196.15	0.77%
Power And Energy	184.75	183.80	0.52%
Stores And Supplies	27,057.21	27,084.02	-0.10%
Top Losers			
Information Technology	64.41	69.42	-7.22%
Land And Property	669.17	694.96	-3.71%
Trading	17,693.10	18,300.28	-3.32%
Oil Palms	105,062.63	108,558.68	-3.22%
Construction And Engineering	3,039.40	3,137.62	-3.13%



Local News

The secondary bond market continued its bullish run on 15th October for a seventh consecutive day as yields were seen dipping further in morning hours of trading. Buying on the liquid maturities of the two 2018s (i.e. 1 April 2018 and 15 November 2018), the two 2019s (i.e. 1 July 2019 and 15 August 2019), the 1 May 2020, the two 2021s (i.e. 1 May 2021 and 1 August 2021), the 1 September 2023 and the 1 August 2025 saw its yields dip to intraday lows of 8.60%, 8.75%, 8.90% each, 9.05%, 9.20% each, 9.30% and 9.40% respectively. In addition, the 2017 maturities were seen changing hands within the range of 7.80% to 7.97% while on the long end of the curve the 01.09.2028 changed hands within the range of 10.05% to 10.20%.

(Source: Daily FT- 16.10.2015)

Foreign News

Crude oil futures slipped on Wednesday (14th October), extending losses from the prior session when an International Energy Agency report said the market would stay oversupplied for at least another year. Front-month Brent for November delivery edged down 15 cents at \$49.09 a barrel after it ended at \$49.24 per barrel, down 1.24 percent, or 62 cents on Tuesday (13th October). U.S. crude edged down 5 cents at \$46.61 a barrel after settling 0.93 percent, or 44 cents, lower at \$46.66 a barrel. Crude futures rose 15 percent in early October but have since fallen back by almost 10 percent as global production continues to outpace demand and concerns over China's slowing economy prevail despite the strong import figures published this week.

(Source: Reuters- 14.10.2015)

Fitch Ratings Lanka has assigned Sri Lanka-based Bimputh Finance PLC (Bimputh) a National Long-Term Rating of 'BB(lka)' with a Stable Outlook. Bimputh's rating reflects its developing franchise and limited track record as a recent entrant to the non-bank financial institution sector in Sri Lanka. The rating also captures its relatively high risk appetite, which is evident from the dominance of micro-financing in its exposures; limited funding diversity with high dependency on wholesale funding; and pressure on capitalization through above-average loan growth. These are counterbalanced by wide net interest margins (NIMs).

(Source: Daily FT- 15.10.2015)

JPMorgan Chase & Co, the biggest U.S. bank by assets, reported a 6.4 percent decline in revenue and profit declines in three of its four main businesses, underscoring how weak trading markets and low interest rates have hurt banks in recent months. Like other banks, JPMorgan has been struggling to increase revenue in the face of weak demand for loans and low interest rates, which have been stuck near zero for overnight funds since December 2008. Trading was particularly volatile during the quarter as worries about the impact of an economic slowdown in China roiled financial markets, discouraging investors from making big bets and muddying the outlook for U.S. interest rates.

(Source: Reuters - 13.10.2015)

In a bid to further bolster its position in the market, Janashakthi Insurance PLC., signed a share purchase agreement with AIA Insurance Lanka PLC., to acquire 100 percent of the shares of AIA General Insurance Lanka Limited on 9th October 2015. Janashakthi's entrepreneurial spirit, innovative products and steadfast growth momentum have helped the company establish itself as a formidable force in Sri Lanka's insurance sector. Janashakthi Insurance PLC., received the formal go ahead from its shareholders to raise over Rs.3.357 billion by way of a Rights Issue of over 181.5 million new ordinary shares at its Extraordinary General Meeting (EGM) held on 16th October 2015.

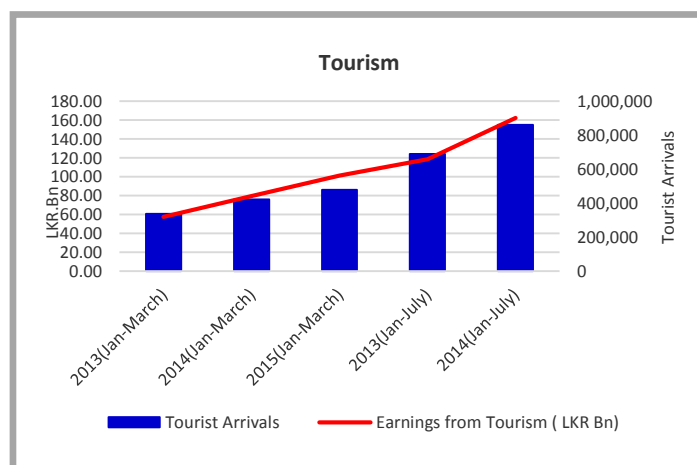
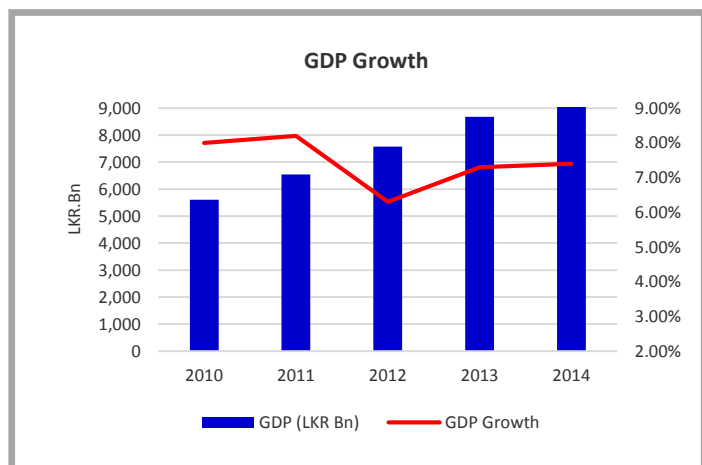
(Source: Daily Mirror- 17.10.2015)

India's biggest coffee chain operator Coffee Day Enterprises received nearly twice as many orders for its up to \$177 million initial public offering before the Friday (16th October) deadline as investors sought to buy into a rapidly growing cafe culture. The IPO, the biggest in India in nearly three years, would value Coffee Day at as much as \$1 billion. The company is backed by private equity firm KKR & Co and counts Starbucks Corp's India joint venture as its main rival. "The pricing was pretty fair and that got the institutional demand going," said an investor whose fund bought shares, and who declined to be named as he was not authorized to speak to the media. Coffee Day had received bids for 45.7 million shares, more than the 25.8 million shares on offer, according to exchange data.

(Source: Economy Next - 18.10.2015)

GDP and Economy

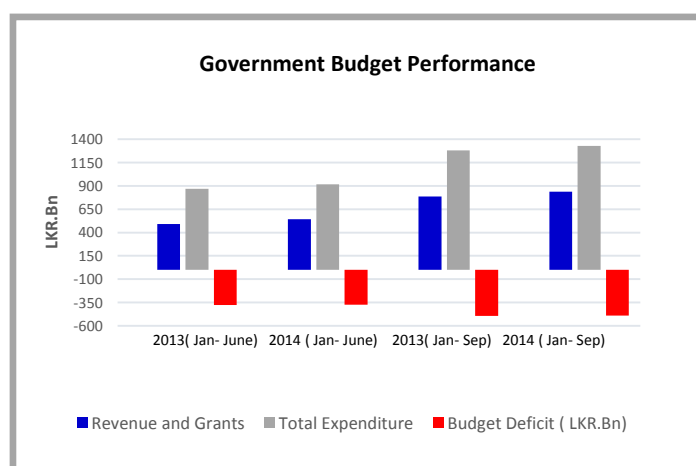
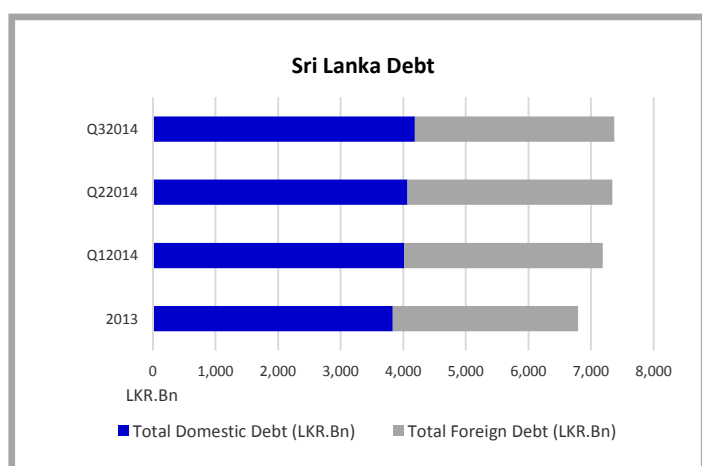
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

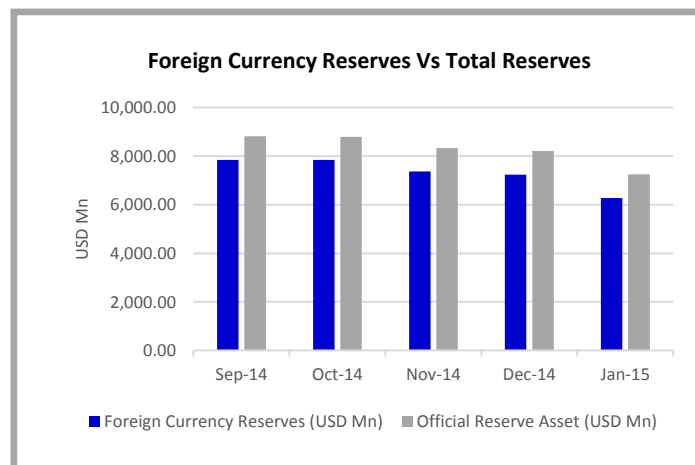
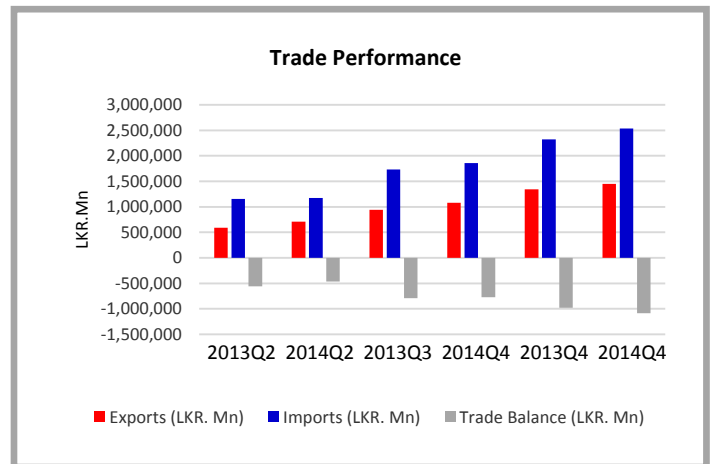
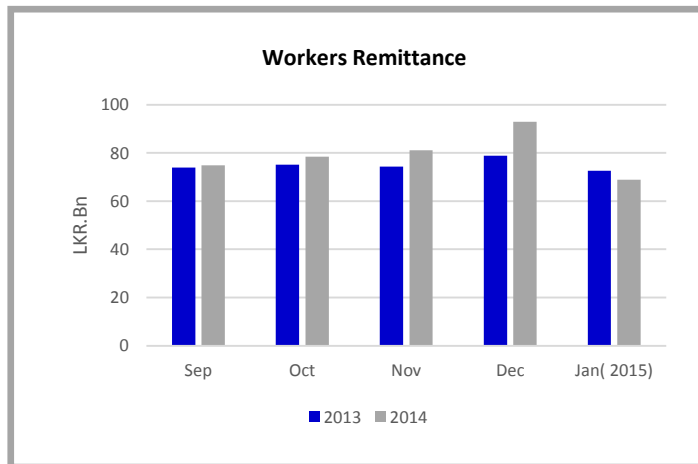


Sri Lanka Fiscal Performance

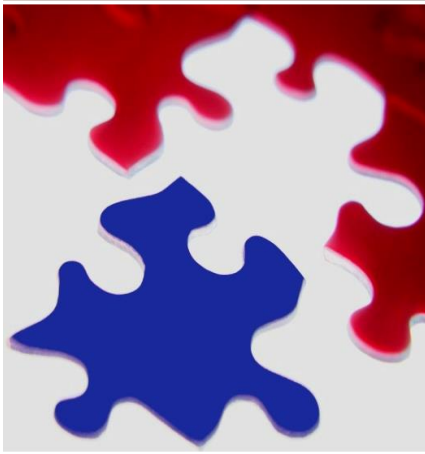
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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


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