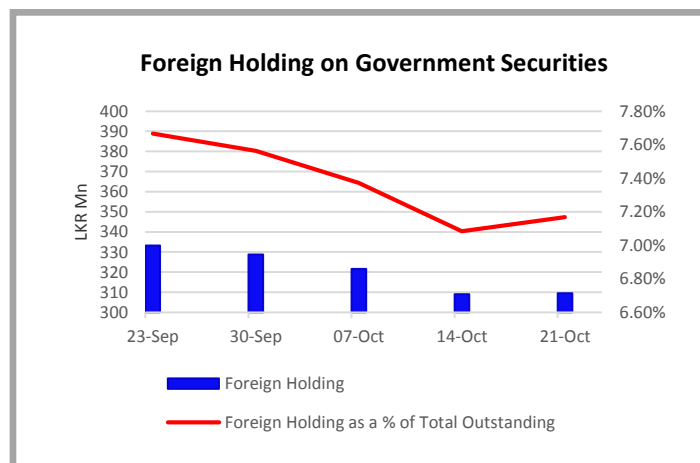
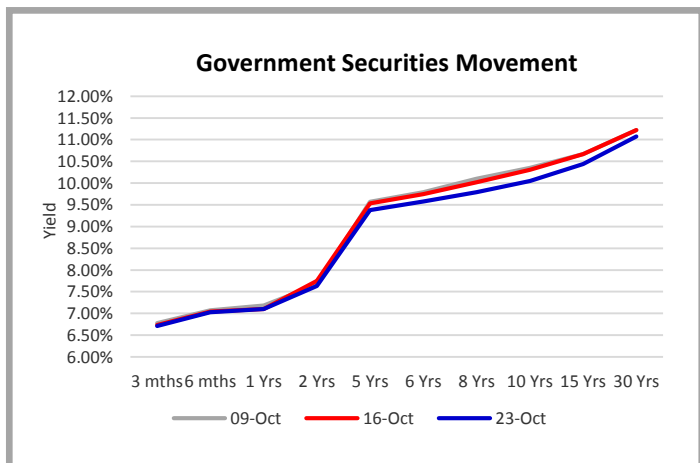
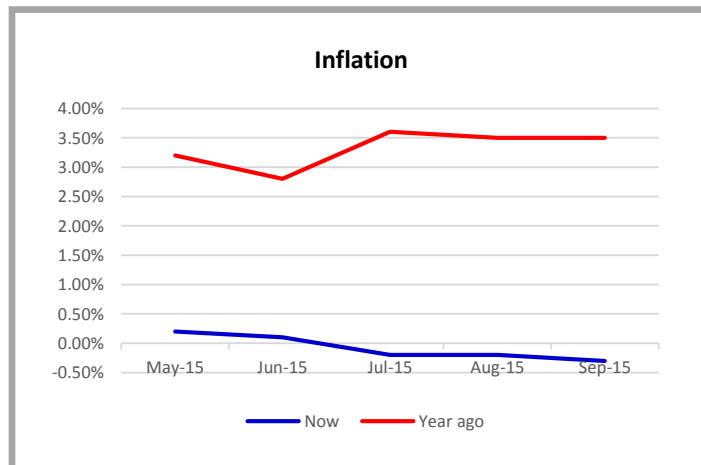
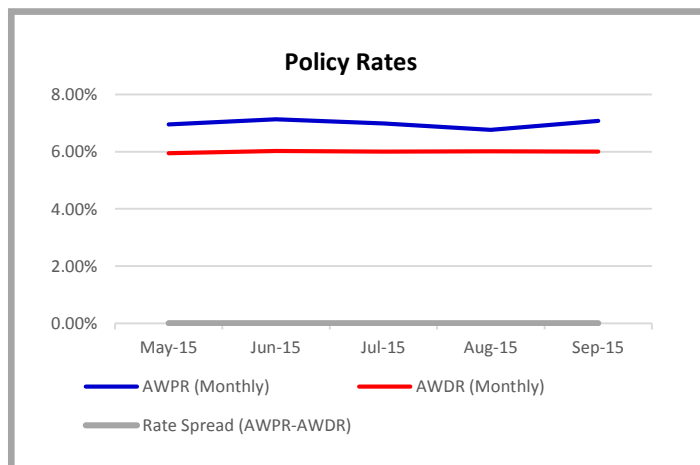


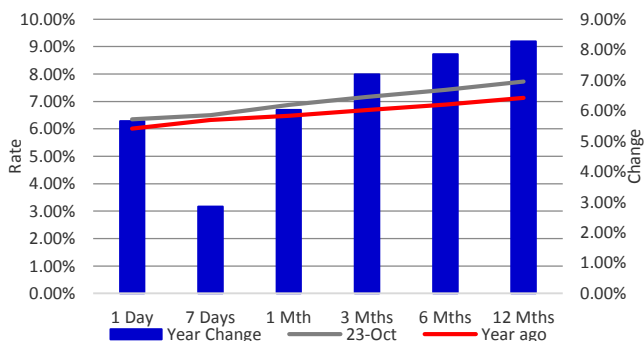
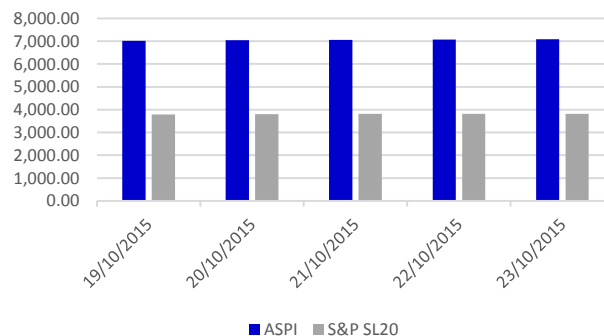
Economic Indicators: LKR/USD 140.87 (0.04% WoW) AWPR: 7.17% (0.00% WoW) AWDR: 6.00% (0.17% MoM) ASPI: 7,081 (0.85% WoW) S&P SL20: 3,822 (1.27% WoW)



Market	Period	23-Oct	16-Oct	Change %
Primary Market	3 months	6.71%	6.73%	-0.30%
	6 months	7.03%	7.04%	-0.14%
	1 Year	7.10%	7.10%	0.00%
Secondary Market	2 Years	7.63%	7.75%	-1.55%
	5 Years	9.38%	9.53%	-1.57%
	6 Years	9.58%	9.75%	-1.74%
	8 Years	9.79%	10.02%	-2.30%
	10 Years	10.05%	10.31%	-2.52%
	15 Years	10.44%	10.67%	-2.16%
	30 Years	11.07%	11.22%	-1.34%

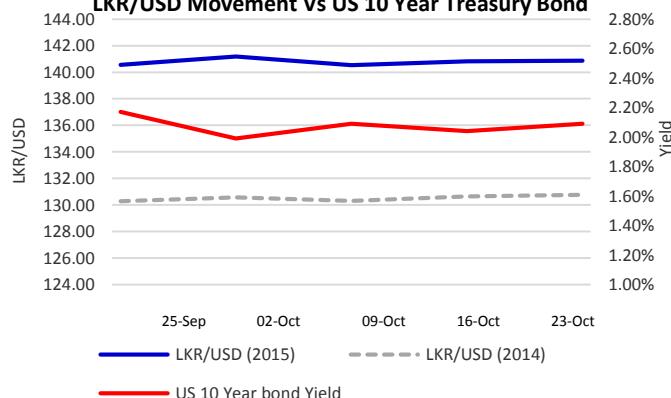
- Average Weighted Prime Lending Rate (AWPR): 7.17%. It has not changed compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.00% (Sep), 6.01% (Aug).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.22% (Sep) and 7.23% (Aug).
- SLIBOR Rates : 6.35% (1Day), 6.50%(7Days), 6.87%(1Month), 7.16%(3Months), 7.42%(6Months), 7.72%(1Yr).
- Inflation (Annual average change): 0.7% (Sep) and 1.0% (Aug).



Sri Lanka Interbank Offer Rates

Daily Index Movement

LKR Exchange Rate Movement

- LKR depreciated over the week by 0.04% against USD from LKR/USD 140.82 to 140.87.
- One month forward rate of LKR/USD is 141.59 (Last week 141.10), three month forward rate is 142.70 (Last week 142.53)

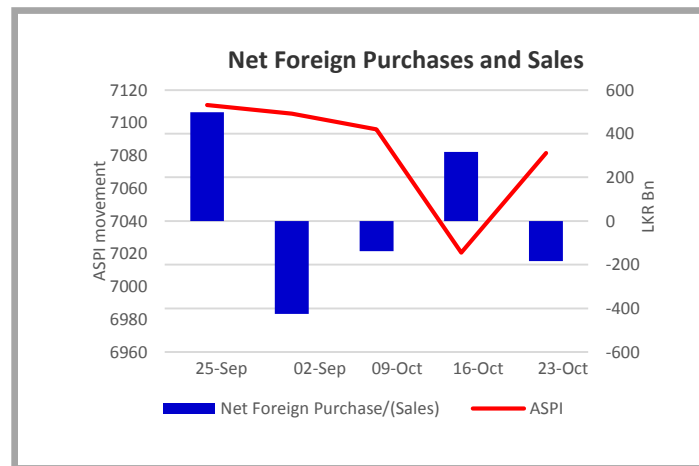
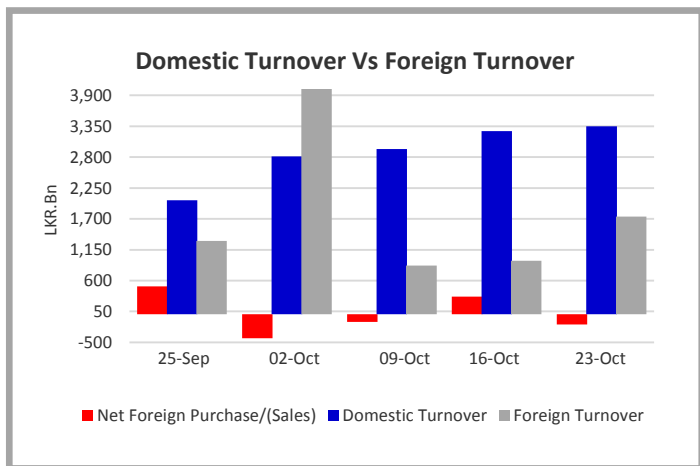
	25-Sep	02-Oct	09-Oct	16-Oct	23-Oct
INR 2015	2.13	2.15	2.17	2.17	2.18
INR 2014	2.14	2.12	2.12	2.13	2.14
RM 2015	32.14	31.77	34.03	33.92	33.36
RM 2014	40.14	40.06	40.22	39.89	40.02

LKR/USD Movement Vs US 10 Year Treasury Bond

Colombo Stock Exchange

- All Share Price Index: 7,081 points as at 23rd Oct 2015.
- S&P 20: 3,822 points as at 23rd Oct 2015.
- ASPI increased by 60 points WoW which is 0.85%.
- S&P 20 increased WoW by 48 points, reflecting a 1.27% positive variation.
- Net Foreign outflow: LKR. 184Mn.
- Last week recorded a Net foreign inflow: LKR. 316Mn.
- Market capitalization: LKR.3,007Bn which is 0.97% increase compared to last week.
- Market PE: PE recorded as 18.36 in this week and it has increased by 0.99% from the last week.

Price Index by Sector

Top Gainers	This week	Pre. week	Change %
Trading	18,690.23	17,693.10	5.64%
Information Technology	66.08	64.41	2.59%
Chemicals And Pharmaceuticals	8,217.85	8,013.31	2.55%
Manufacturing	4,615.82	4,508.39	2.38%
Footwear And Textiles	1,074.19	1,049.28	2.37%
Top Losers			
Stores And Supplies	25,618.68	27,057.21	-5.32%
Motors	18,087.79	18,333.57	-1.34%
Construction And Engineering	3,009.08	3,039.40	-1.00%
Beverage Food And Tobacco	22,284.88	22,472.74	-0.84%
Power And Energy	184.29	184.75	-0.25%



Local News

The decreasing trend in secondary market bond yields witnessed over the previous two days came to halt on 22nd October as yields were seen increasing across the yield curve driven by the announcement of Treasury bond auctions to the tune of Rs. 30 billion. Selling interest on the two 2019 maturities (i.e. 1 July 2019 and 15 September 2019), the 1 May 2020, the two 2021s, the 1 October 2022, the 1 September 2023 and the 1 August 2025 saw its yields increase to daily highs of 9.20% each, 9.35%, 9.53%, 9.50%, 9.67%, 9.70% and 9.75 respectively as activity continued to remain high. However, demand for 2018 maturities (i.e. 1 April 2018, 15 August 2018 and 15 November 2018) saw its yields dip to daily lows of 8.50%, 8.60% and 8.65% respectively.

(Source: Daily FT- 23.10.2015)

Fitch affirms ratings on five Sri Lankan banks. Nations Trust Bank PLC (NTB) has been affirmed at 'A(lka)', Pan Asia Banking Corporation PLC (PABC) at 'BBB(lka)', Sanasa Development Bank PLC (Sanasa) at 'BB+(lka)', Union Bank of Colombo PLC's (UB) at 'BB+(lka)' and Amana Bank PLC (Amana) at 'BB(lka)'. A full list of rating actions is at the end of this commentary. The ratings are all based on the banks' intrinsic strengths. The main development affecting their business profiles is the banks' initiatives to expand their small franchises. The banks' unique business models have led to growth in different areas. While UB has shifted to larger corporates, the other banks are more focused on the SME and retail segments.

(Source: LBO- 23.10.2015)

The Prime Minister, Ranil Wickremesinghe in his capacity as the Minister of National Policies and Economic Affairs has proposed the introduction of a National Consumer Price Index (NCPI) to replace the 'Colombo Consumer Price Index' (CCPI) and to consider its base year as 2013 and from November 21, 2015 to declare the proposed NCPI on the 21st of each month. Though the Colombo Consumer Price Index which is prepared by the Department of Census and Statistics for the calculation of changes in the price level and inflation depicts the price changes in Colombo and its municipal areas, it does not represent the national level changes.

(Source: Daily News- 23.10.2015)

Foreign News

Commodity-linked currencies such as Australian and New Zealand dollars fell on 21st October as Chinese stocks slid, while trade data from Japan raised the spectre of a recession enveloping the world's third-largest economy. The yen eased against the dollar and the euro after more evidence of the problems plaguing Asian trade flows, with Japanese exports growing at the slowest pace since mid-2014 mainly due to weakness in China. That also kept alive chances of more quantitative easing from the Bank of Japan, perhaps as early as the end of the month. The Australian dollar, which is used as a more liquid proxy for Chinese investments because of Australia's huge trade links with China, fell 0.5% to \$0.7225, while the New Zealand dollar shed 0.3% to trade at \$0.6725.

(Source: Reuters- 22.10.2015)

Investors pumped hundreds of millions in new dollars into U.S.-listed exchange-traded funds tracking emerging markets ahead of news suggesting central bankers will keep monetary policy loose to stimulate global economic growth. Fund companies recorded \$710 million in net emerging-market fund inflows on Thursday (22nd October) alone, according to FactSet Research Systems Inc, with one such product posting its largest single-day haul ever. The strong day advanced a three-week long period of inflows for the emerging-market funds, which track stocks in China, South Korea, India and a group of other developing countries. The figure doesn't include a group of so-called leveraged funds that traders use to amplify bets on index price moves.

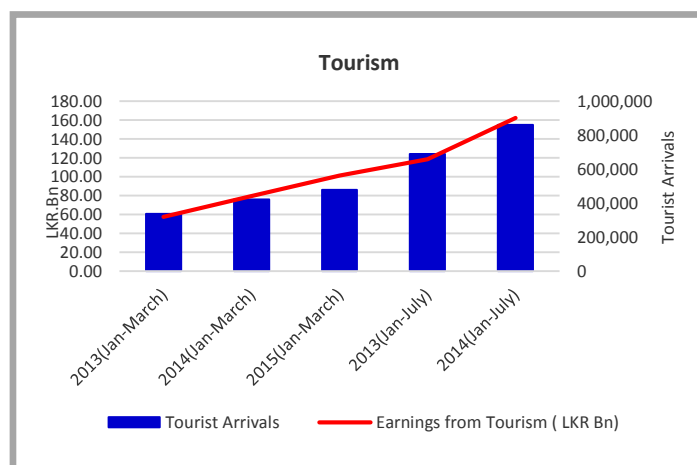
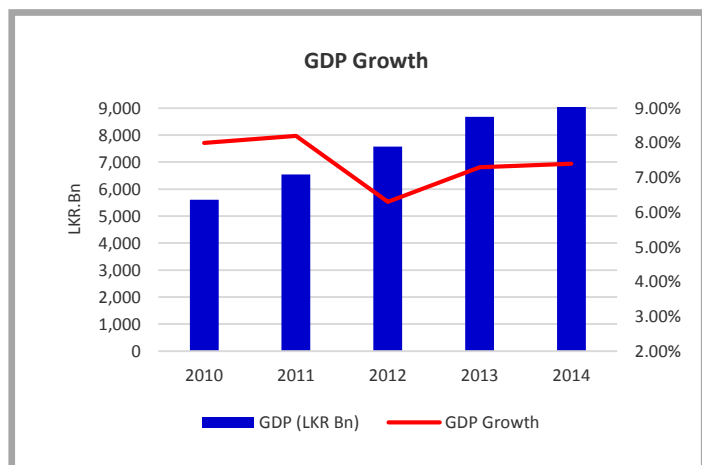
(Source: Economy Next - 23.10.2015)

Starwood Capital Group and Milestone Apartments Real Estate Investment Trust agreed to buy Landmark Apartment Trust Inc., an owner of multifamily properties in the southern U.S., in a deal valued at \$1.9 billion, including debt. A Starwood and Milestone-owned entity called Monument Partners will acquire the landlord for \$8.17 a share. The transaction marks a change of course for Richmond, Virginia-based Landmark, which filed for an initial public offering in May. The decision to scrap the IPO follows a rout in global markets amid concerns about slowing growth in China and the potential for an interest-rate increase in the U.S. For many REITs, properties are valued higher in the private market than publicly.

(Source: Bloomberg - 23.10.2015)

GDP and Economy

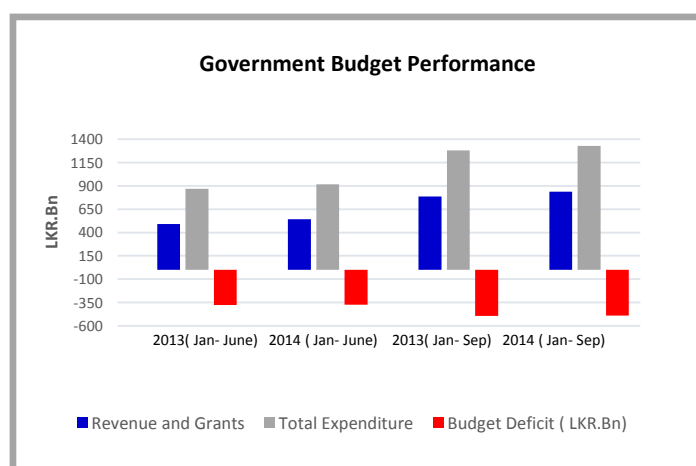
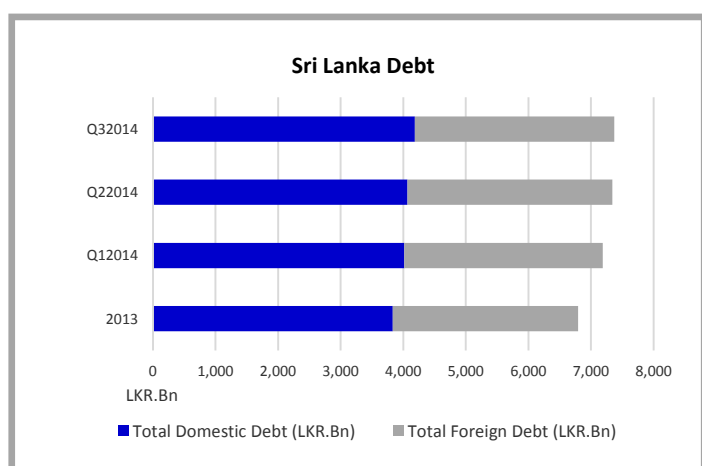
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

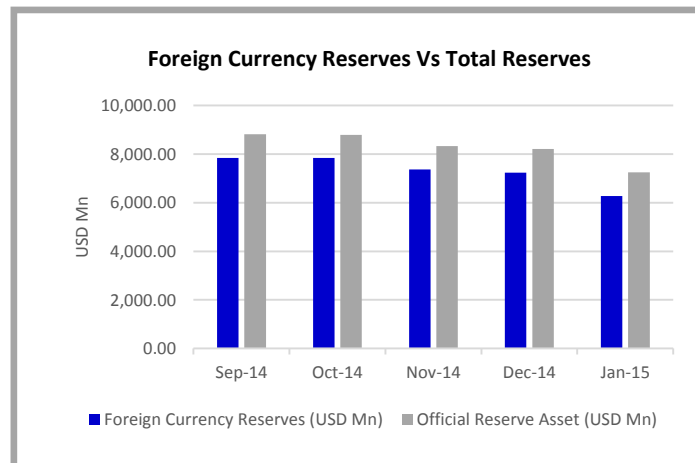
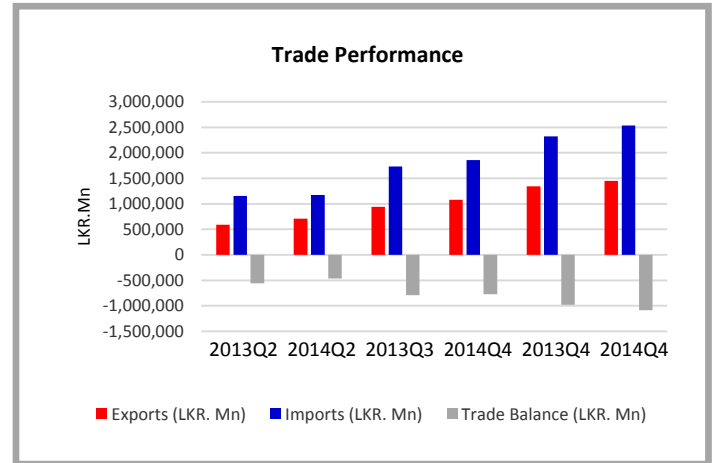
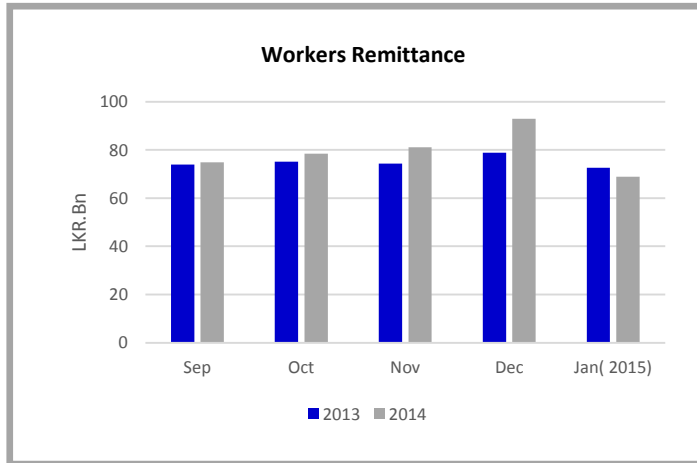


Sri Lanka Fiscal Performance

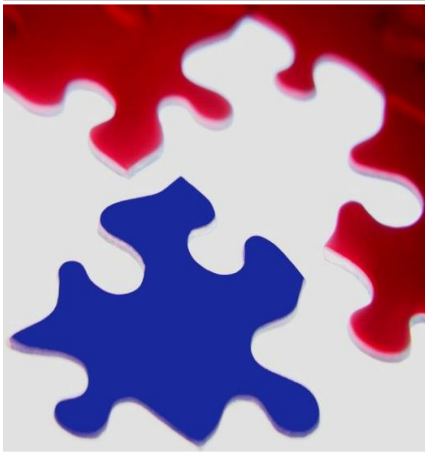
Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent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

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