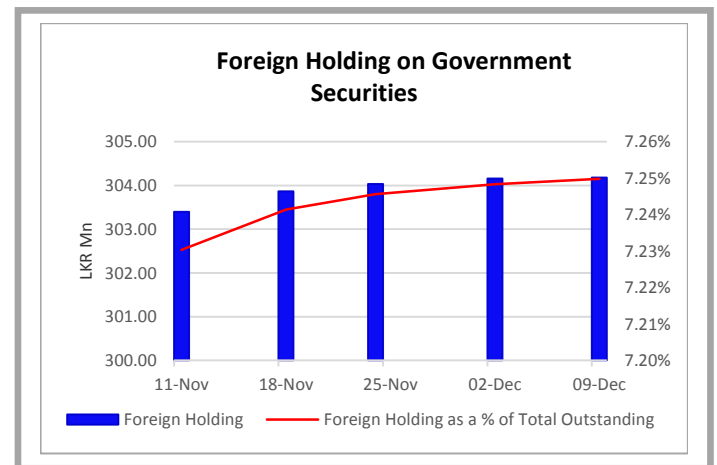
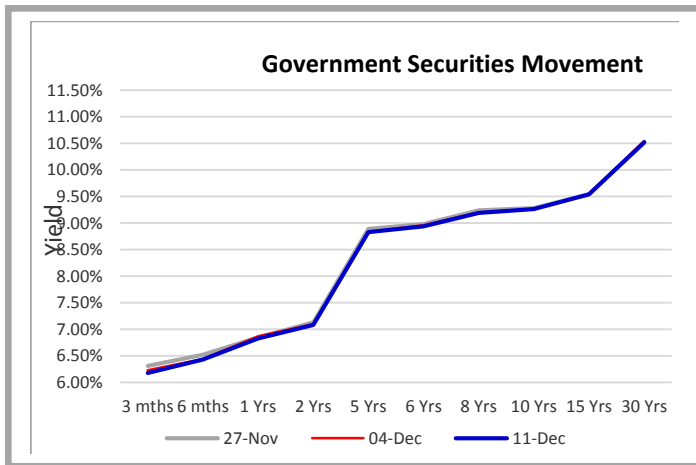
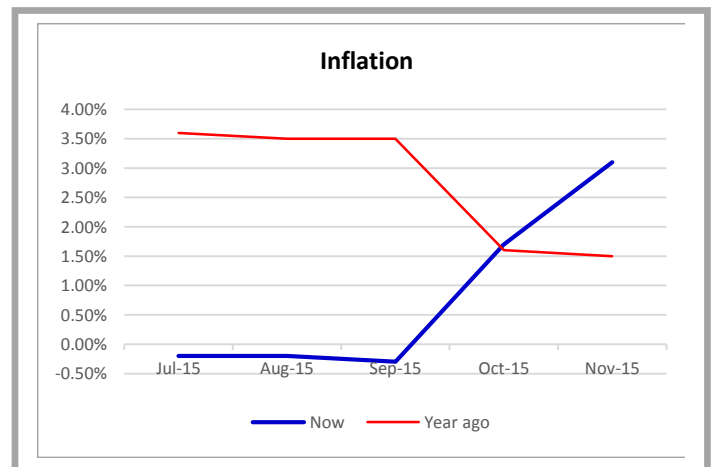
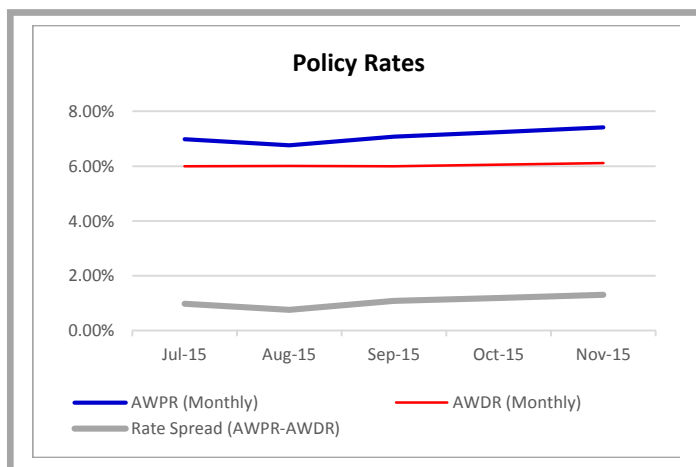


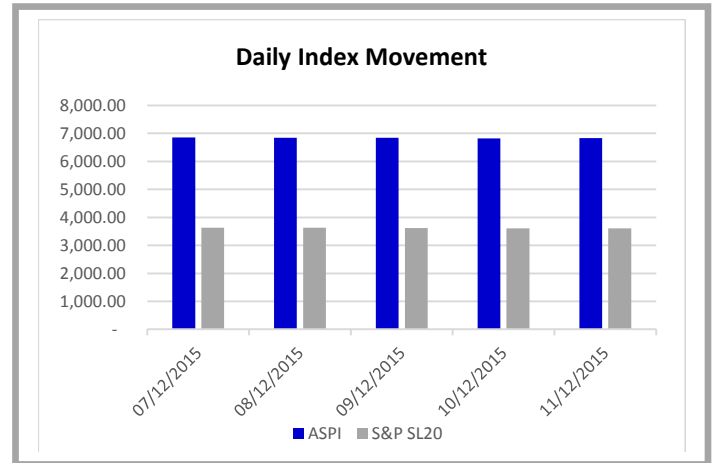
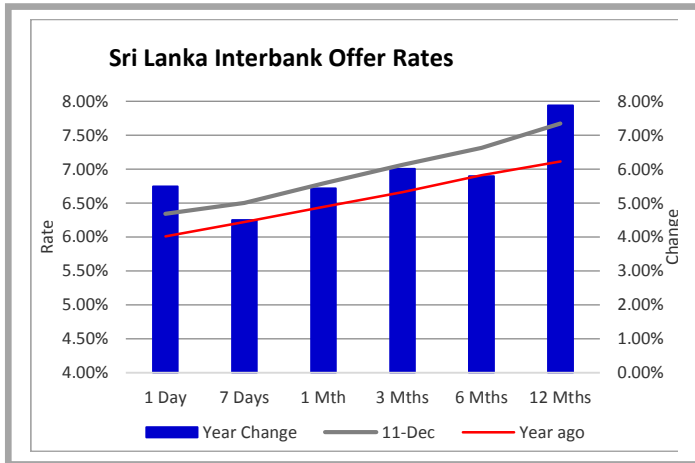
Economic Indicators: LKR/USD 143.11 (0.01% WoW) AWPR: 7.33% (0.13 % WoW) AWDR: 6.11% (0.99% MoM) ASPI: 6,832 (0.54% WoW) S&P SL20: 3,607 (0.86% WoW)



Market	Period	11-Dec	04-Dec	Change %
Secondary Market	3 months	6.18%	6.23%	-0.80%
	6 months	6.43%	6.44%	-0.16%
	1 Year	6.83%	6.87%	-0.58%
	2 Years	7.08%	7.10%	-0.28%
	5 Years	8.83%	8.83%	0.00%
	6 Years	8.94%	8.96%	-0.22%
	8 Years	9.19%	9.20%	-0.11%
	10 Years	9.26%	9.26%	0.00%
	15 Years	9.54%	9.54%	0.00%
	30 Years	10.52%	10.54%	-0.19%

- Average Weighted Prime Lending Rate (AWPR): 7.33%. It has increased by 01 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.11% (Nov), 6.05% (Oct).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.43% (Nov) and 7.33% (Oct).
- SLIBOR Rates : 6.34% (1Day), 6.50%(7Days), 6.79%(1Month), 7.06%(3Months), 7.31%(6Months), 7.67%(1Yr).
- Inflation (Annual average change): 0.9% (Nov) and 0.7% (Oct).

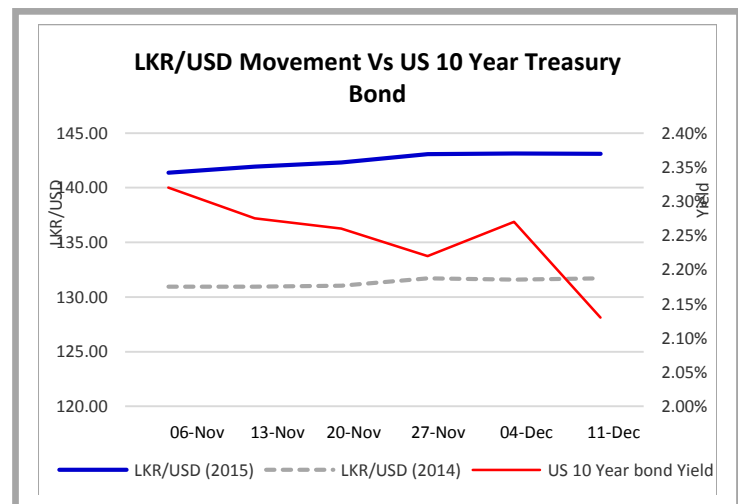




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.01% against USD from LKR/USD 143.12 to 143.11.
- One month forward rate of LKR/USD is 143.72 (Last week 143.66), three month forward rate is 144.46 (Last week 144.91)

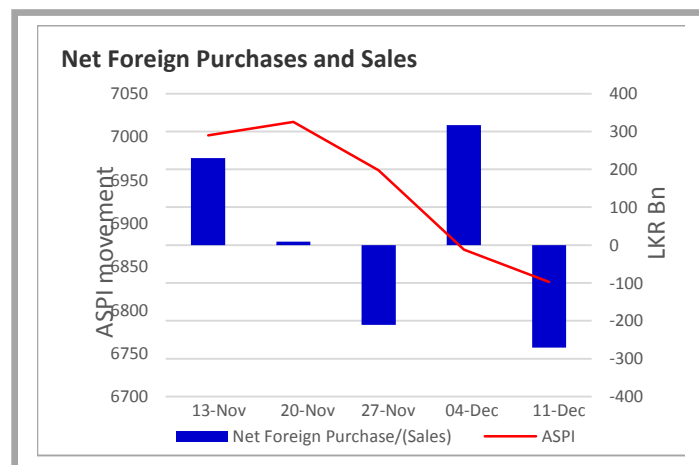
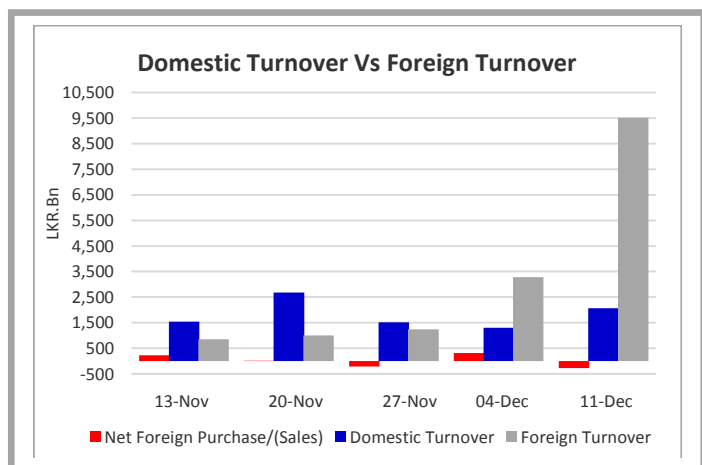
	13-Nov	20-Nov	27-Nov	04-Dec	11-Dec
INR 2015	2.14	2.15	2.12	2.14	2.14
INR 2014	2.13	2.11	2.14	2.11	2.11
RM 2015	32.43	32.97	33.77	33.95	33.57
RM 2014	39.23	38.99	39.16	38.00	37.50



Colombo Stock Exchange

- All Share Price Index: 6,832 points as at 11th Dec 2015.
- S&P 20: 3,607 points as at 11th Dec 2015.
- ASPI reduced by 37 points WoW which is 0.54%.
- S&P 20 reduced WoW by 31 points, reflecting a 0.86% negative variation.
- Net Foreign Outflow: LKR. 271Mn.
- Last week recorded a Net foreign Inflow: LKR. 317Mn.
- Market capitalization: LKR.2,911Bn which is 0.54% reduction compared to last week.
- Market PE: PE recorded as 17.78 in this week and it has reduced by 0.50% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
TRADING	17,462.37	17,129.21	1.94%
CHEMICALS AND PHARMACEUTICALS	7,523.04	7,392.56	1.77%
PLANTATIONS	716.97	711.34	0.79%
STORES AND SUPPLIES	25,847.64	25,676.15	0.67%
BANKS FINANCE AND INSURANCE	17,033.91	16,979.13	0.32%
Top Losers			
INVESTMENT TRUSTS	17,579.86	18,037.87	-2.54%
CONSTRUCTION AND ENGINEERING	2,821.78	2,886.15	-2.23%
HEALTHCARE	938.48	958.03	-2.04%
MOTORS	17,091.07	17,390.27	-1.72%
FOOTWEAR AND TEXTILES	1,006.80	1,022.53	-1.54%



Local News

The Executive Board of the International Monetary Fund (IMF) concluded the Fourth Post-Program Monitoring (PPM) with Sri Lanka on November 13. Despite continued access to international debt markets, these trends suggest that financial risks for Sri Lanka have increased. To mitigate these risks, the authorities should take appropriate corrective actions to safeguard macroeconomic stability and lay the foundation for durable and inclusive growth. Improvements in the business climate, reform of state owned enterprises, and a more open trade regime are key to boosting competitiveness and growth, the IMF said. The economic outlook remains uncertain, and will depend to a large extent on the course set for economic policies in the coming months.

(Source: Daily News - 11.12.2015)

Sri Lanka's government and "I Paid a Bribe Sri Lanka" has launched a "first of its kind" anti-corruption website www.ipaidabribe.lk to crowd source reports on corruption. The site, available to the public in Sinhalese, Tamil and English, will help CIABOC fight corruption and media can report on these incidents, officials said. Since the launch in several countries such as India, Pakistan and Greece, the site has helped to identify corruption in government sector, police departments and other institutions. The site will quantify the data and the public will be able to see the most corrupt district, department or police station etc. As of July 2015, IPAB has partnered with non-profits and transparency organizations in 25 countries to create similar IPaidabribe.com sites.

(Source: LBO- 11.12.2015)

Sri Lanka may go to international markets to raise up to 1.5 billion dollars next year for budgetary financing, in line with the amount raised this year, a central bank official said. Sri Lanka raised 1.5 billion dollars in a 10-year sovereign bond issue in October with a coupon of 6.85 percent for budgetary financing and to increase foreign reserves. This was Sri Lanka's ninth US Dollar benchmark as well as the largest offering in the international bond market since 2007. After ending a war with Tamil Tiger separatists in 2009, the island has increasingly gone to international markets for its borrowing program. This is also due to less opportunities for concessional borrowing tied to rising per capita incomes.

(Source: LBO- 09.12.2015)

Foreign News

The number of Americans filing for unemployment benefits rose to a five-month high last week, but this likely does not signal a deterioration in the labor market as the underlying trend remained consistent with tightening conditions. Initial claims for state unemployment benefits increased 13,000 to a seasonally adjusted 282,000 for the week ended Dec. 5, the highest level since early July, the Labor Department said. The four-week moving average of claims, considered a better measure of labor market trends as it strips out week-to-week volatility, rose only 1,500 to 270,750 last week. The labor market remains resilient, despite slowing consumer spending and housing market activity.

(Source: Reuters -10.12.2015)

The yuan fell for a fifth consecutive trading day last Thursday approaching the August low seen immediately after devaluation. People's Bank of China intervention may be imminent, traders said. The yuan fell as low as 6.4411 against the U.S. dollar. It's weakest since 6.4470 August 13. It fell to an intraday low of 6.4510 Aug. 12. Recent yuan movements are efforts by the PBOC for more volatility rather than its guiding sharp depreciation, traders said. The central bank may intervene at any time. The yuan was traded at 6.4383 against the U.S. dollar in the final hour of trading. If it ended there it would be its weakest close since August 5, 2011.

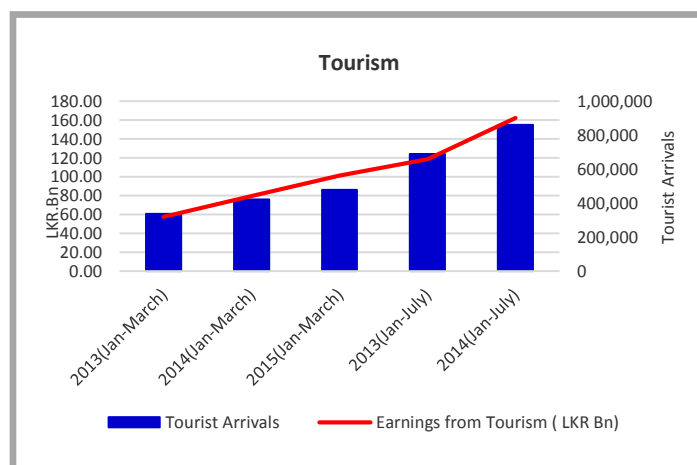
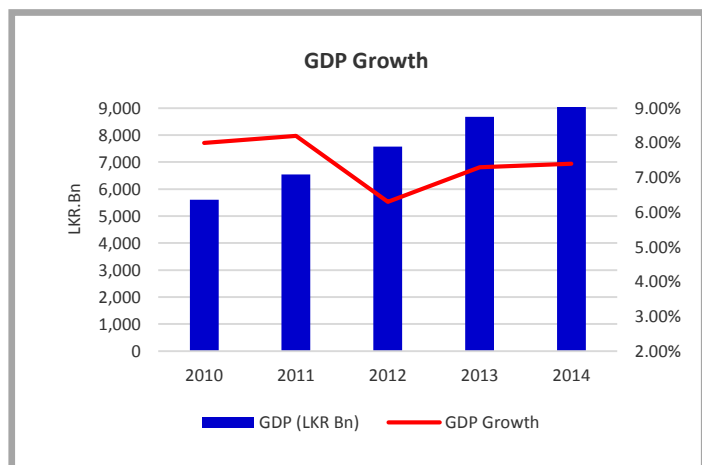
(Source: Market News International - 10.12.2015)

The Bank of England has opted to keep interest rates at a record low of 0.5 percent marking its sixth calendar year in a row in which there's been no change. The Monetary Policy Committee voted 8-1 on 10th December 2015 to keep rates steady. With inflation at minus 0.1 percent, there's little pressure to act. The bank last changed rates in March 2009. The bank suggested in its quarterly inflation report last month that a rise may be a year away. That contrasts with action from other central banks. The U.S. Federal Reserve is expected to raise interest rates next week, while the European Central Bank cut a key rate earlier this month.

(Source: The Associated Press - 10.12.2015)

GDP and Economy

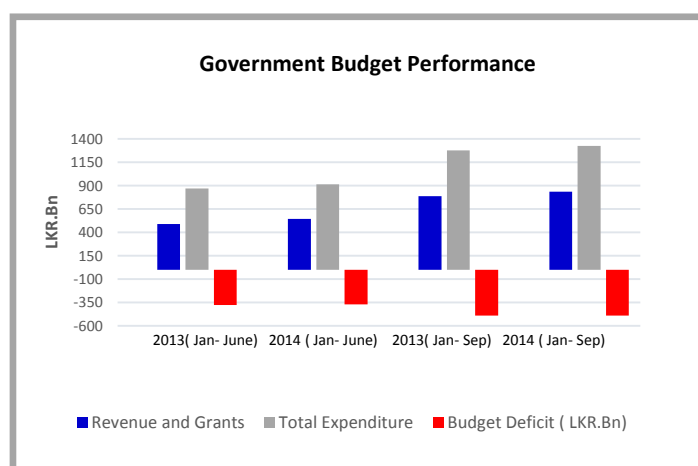
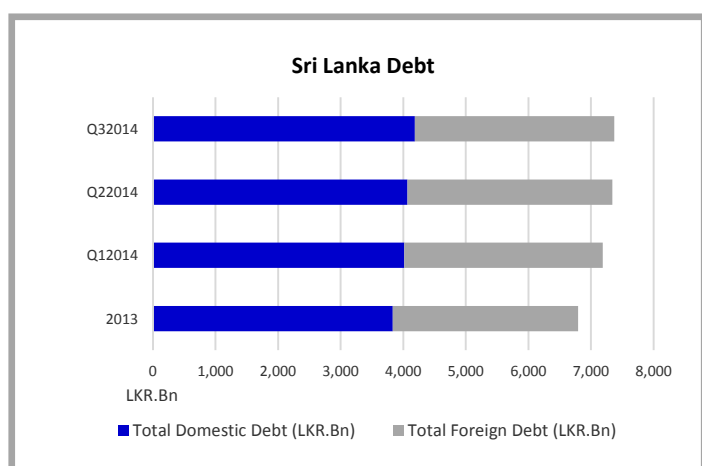
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

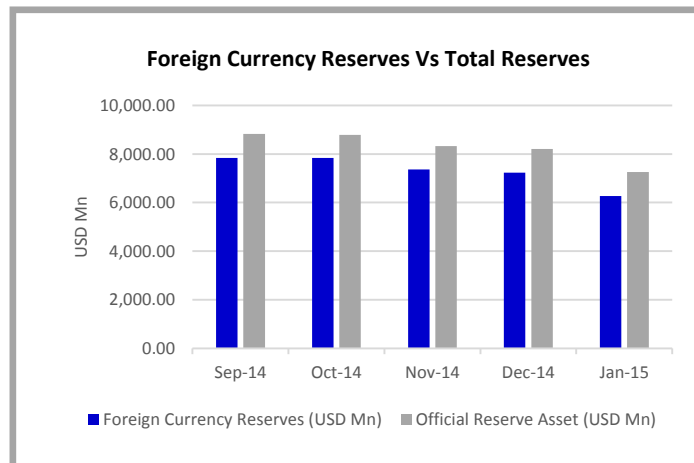
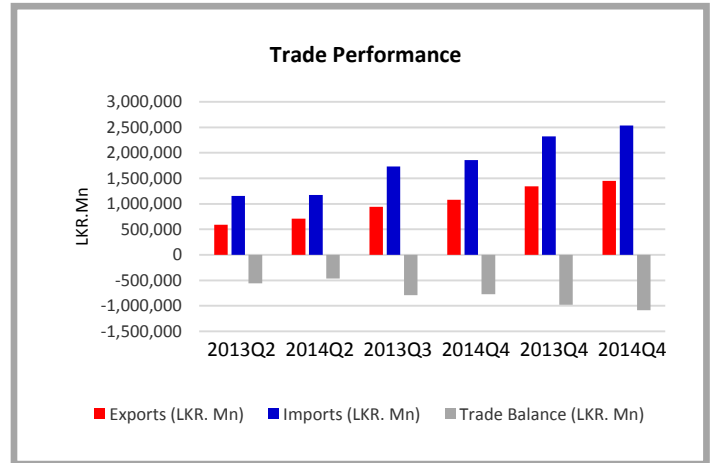
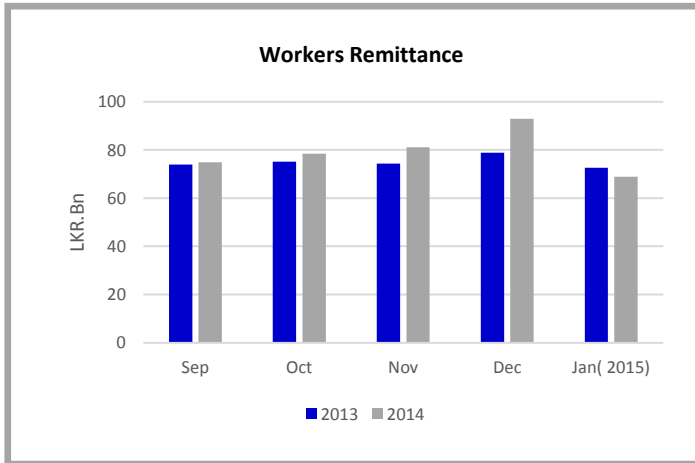


Sri Lanka Fiscal Performance

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

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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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