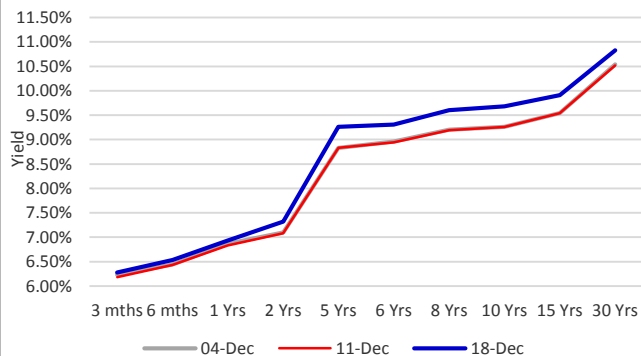
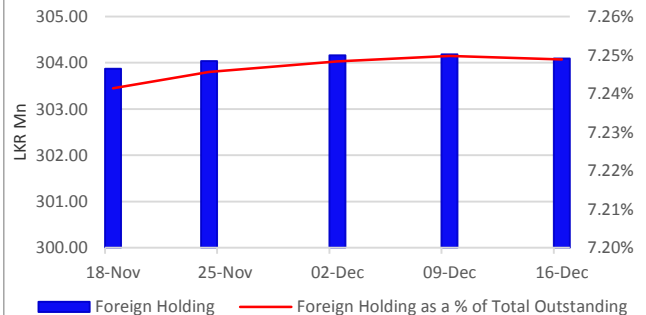
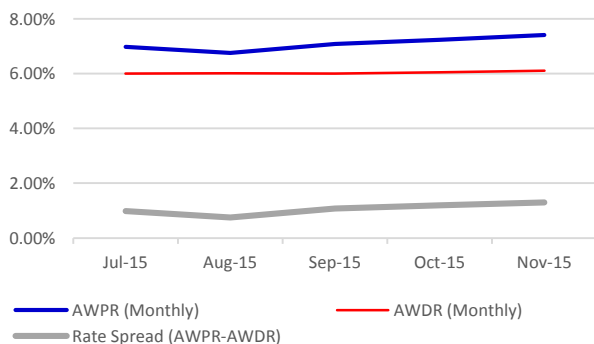
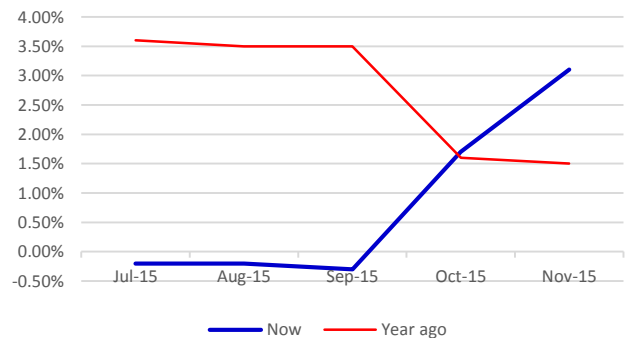


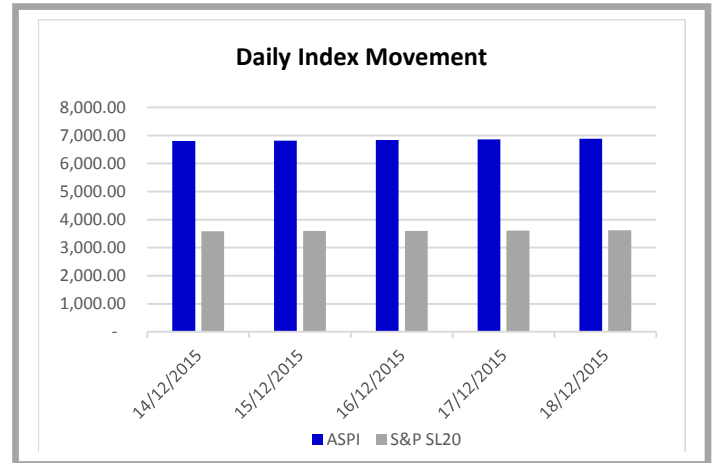
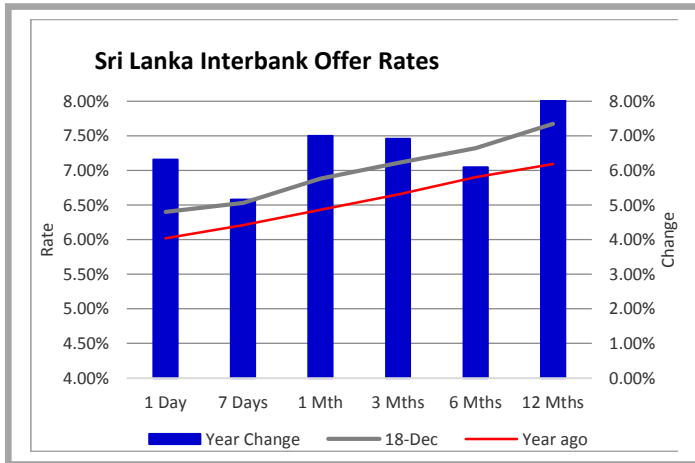
Economic Indicators: LKR/USD 143.56 (0.03% WoW) AWPR: 7.34% (0.13 % WoW) AWDR: 6.11% (0.99% MoM) ASPI: 6,884 (0.77% WoW) S&P SL20: 3,623 (0.46% WoW)

Government Securities Movement

Foreign Holding on Government Securities


Market	Period	18-Dec	11-Dec	Change %
Secondary Market	3 months	6.28%	6.18%	1.62%
	6 months	6.53%	6.43%	1.56%
	1 Year	6.93%	6.83%	1.46%
	2 Years	7.32%	7.08%	3.39%
	5 Years	9.26%	8.83%	4.87%
	6 Years	9.31%	8.94%	4.14%
	8 Years	9.60%	9.19%	4.46%
	10 Years	9.68%	9.26%	4.54%
	15 Years	9.91%	9.54%	3.88%
	30 Years	10.83%	10.52%	2.95%

- Average Weighted Prime Lending Rate (AWPR): 7.34%. 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 : 6.40% (1Day), 6.53%(7Days), 6.88%(1Month), 7.11%(3Months), 7.32%(6Months), 7.67%(1Yr).
- Inflation (Annual average change): 0.9% (Nov) and 0.7% (Oct).

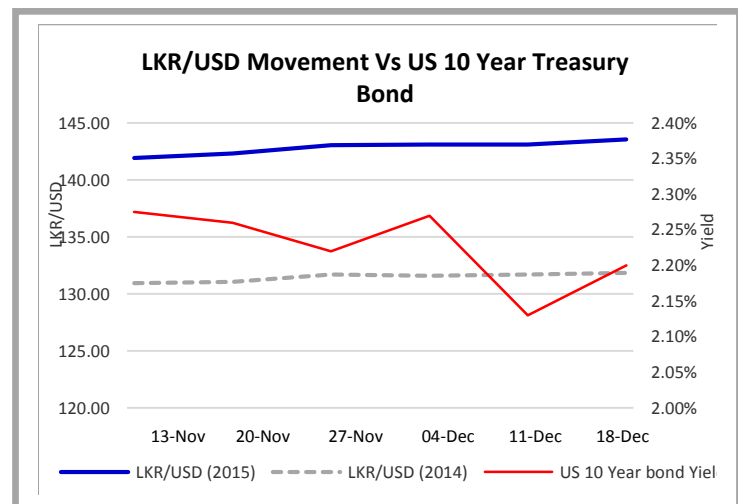
Policy Rates

Inflation




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.01% against USD from LKR/USD 143.11 to 143.56.
- One month forward rate of LKR/USD is 144.15 (Last week 143.72), three month forward rate is 144.90 (Last week 144.46)

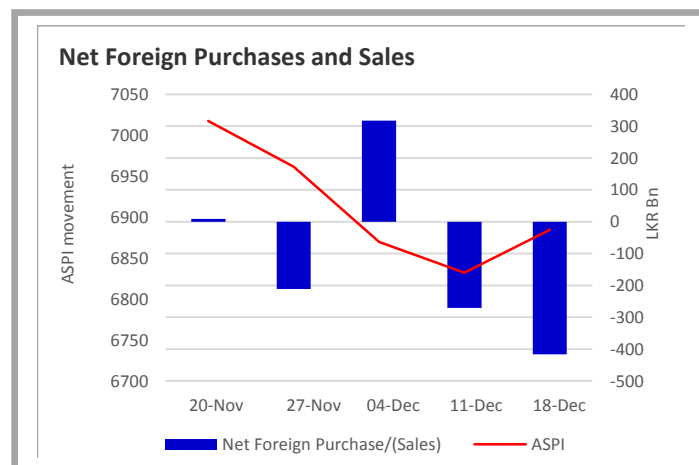
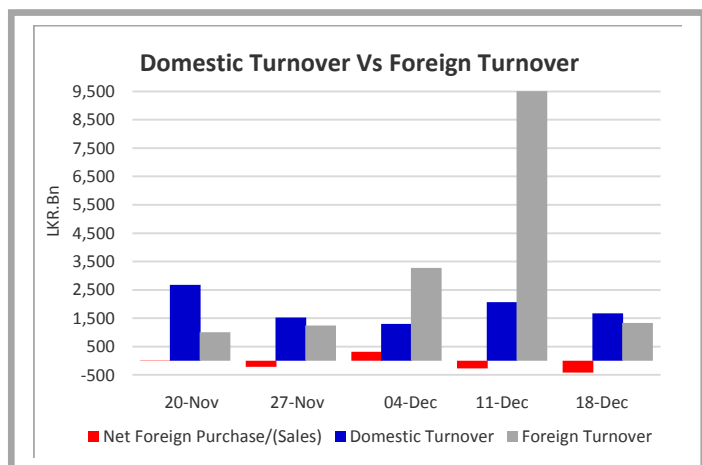
	20-Nov	27-Nov	04-Dec	11-Dec	18-Dec
INR 2015	2.15	2.12	2.14	2.14	2.16
INR 2014	2.11	2.14	2.11	2.11	2.06
RM 2015	32.97	33.77	33.95	33.57	33.27
RM 2014	38.99	39.16	38.00	37.50	37.72



Colombo Stock Exchange

- All Share Price Index: 6,832 points as at 18th Dec 2015.
- S&P 20: 3,623 points as at 18th Dec 2015.
- ASPI increased by 52 points WoW which is 0.77%.
- S&P 20 increased WoW by 16 points, reflecting a 0.46% positive variation.
- Net Foreign Outflow: LKR. 416Mn.
- Last week recorded a Net foreign Outflow: LKR. 271Mn.
- Market capitalization: LKR.2,933Bn which is 0.75% increase compared to last week.
- Market PE: PE recorded as 17.91 in this week and it has increased by 0.73% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
CONSTRUCTION AND ENGINEERING	2,931.75	2,821.78	3.90%
MOTORS	17,597.40	17,091.07	2.96%
POWER AND ENERGY	169.07	164.58	2.73%
LAND AND PROPERTY	691.94	675.30	2.46%
TRADING	17,802.31	17,462.37	1.95%
Top Losers			
INFORMATION TECHNOLOGY	61.63	64.31	-4.17%
HEALTHCARE	920.42	938.48	-1.92%
BEVERAGE FOOD AND TOBACCO	22,391.31	22,599.82	-0.92%
CHEMICALS AND PHARMACEUTICALS	7,467.24	7,523.04	-0.74%
SERVICES	23,620.93	23,789.21	-0.71%



Local News

Total motor cars registrations recorded 10,054 units in Nov slightly down from 10,349 units in Oct but significantly higher than 2,419 units recorded 12 months ago. Brand new car registrations recorded 6,682 units in Nov, the second highest number on record slightly higher than 6,225 units recorded in Oct but lower than the all-time record set in Sept of 9,427 units, the figure 12 months ago was 672 units showing a YoY growth of almost 1,000%. Almost 95% of the total are from small cars, i.e. less than 1,000cc, mainly Marutis accounting for 5,578 units (Alto – 5,105, Celerio – 459) followed by Panda Micro with 543 units. Hyundai recorded 176 mainly from Eon – this is a stylish looking car and expect its segment share to go up in future.

(Source: LBO- 09.12.2015)

Incentive payments to attract low skilled migrants are rare. But in the case of Sri Lankan female domestic workers, employers of several Middle Eastern (ME) countries such as Saudi Arabia, Qatar and Bahrain are willing to bear an exorbitant incentive payment. With regard to Saudi Arabia, it is estimated that the employer makes a payment of around Rs 875,000 (or SAR 23,000), to source a housemaid from Sri Lanka. Out of this amount, Rs 275,000 to 375,000 is retained by the foreign employment agent in SA to cover costs and commissions, while the balance is sent to Sri Lanka. Apart from about Rs 100,000 of the amount sent, the remaining Rs 500,000 to 600,000 is shared by migration stakeholders as incentives.

(Source: Daily News - 18.12.2015)

Sri Lanka might need IMF funds as money flow tightens in the future with global economic complexity but the government cannot expect a bail out by the IMF after acting irresponsibly, Professor Razeen Sally said in a forum held last Thursday. "This may be unavoidable sometime during the course of next year, especially as money tightens and as global interest rates rise," he said. "The Sri Lankan culture of acting irresponsibly in terms of the nation's finance ministry and expecting to be bailed out by the IMF, so the cycle can continue, is very damaging. "He said the international institutes play their part in this and in another words there is too much aid money in prospects for Sri Lanka.

(Source: LBO- 18.12.2015)

Foreign News

Dec 17 Just weeks after disappointing investors with smaller-than-expected stimulus, the European Central Bank has got a helping hand from the Federal Reserve with a U.S. rate hike that could limit the need for further action of its own. The Fed and the ECB are moving in opposite policy directions as the U.S. economy strengthens while Europe struggles with tepid growth, high unemployment and anaemic inflation far from the ECB's target despite its best efforts so far to boost it. The U.S. hike, the first in almost a decade, immediately started weakening the euro - a move which if prolonged would be a double-blessing for the ECB as it boosted the currency zone's exporters.

(Source: Reuters -17.12.2015)

China's real estate sector saw positive signs in November as new home prices rose monthly in an increasing number of surveyed cities. Of 70 large and medium-sized cities surveyed in November, new home prices climbed month on month in 33, up from 27 in the previous month, the National Bureau of Statistics (NBS) said Friday. Meanwhile, 27 reported month-on-month price declines, down from 33 in October, according to NBS data. On a yearly basis, China's housing market continued to warm in November, with 21 cities posting new home price increases, up from October's 16. New home prices surged 44.6 percent year on year in Shenzhen City, the sharpest increase last month among the country's major cities.

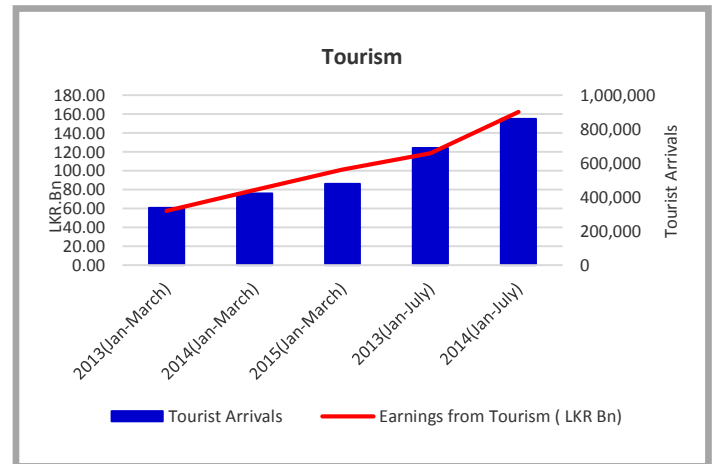
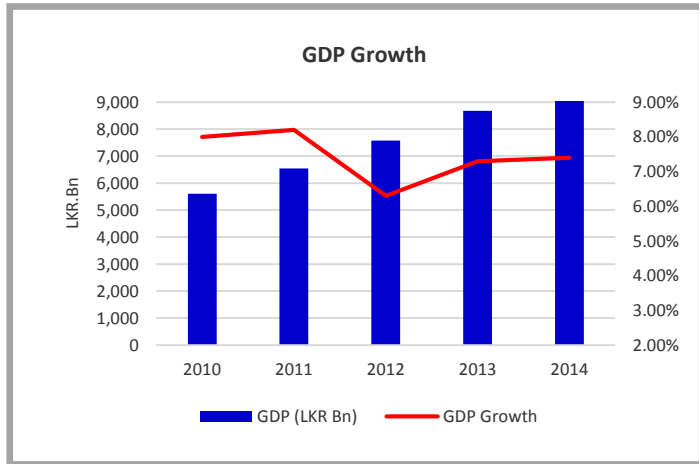
(Source: Xinhuanet.com - 18.12.2015)

Major markets in Asia closed mostly lower on Friday after wavering between positive and negative territory as investors focused on economic data, central bank decisions and commodity prices. The Japanese market took a wild ride, erasing early losses and spiking higher briefly after the Bank of Japan said it will increase purchases of exchange-traded funds (ETFs), before retreating back into negative territory. The BOJ kept monetary policy unchanged as expected, but the central bank announced a new program to purchase ETFs at annual pace of 300 billion yen (\$2.45 billion). This is in addition to the bank's existing ETF purchase program which increases ETF holdings at an annual pace of about 3 trillion yen.

(Source: CNBC - 18.12.2015)

GDP and Economy

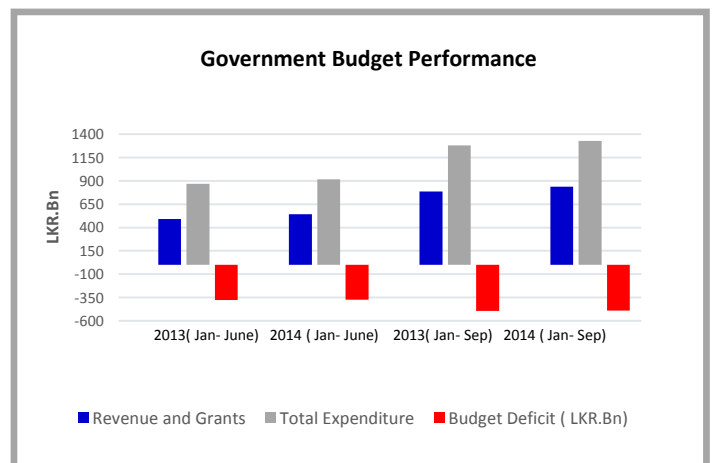
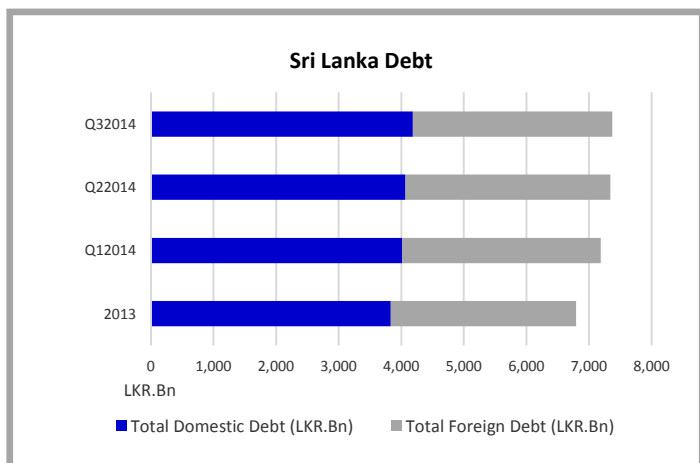
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

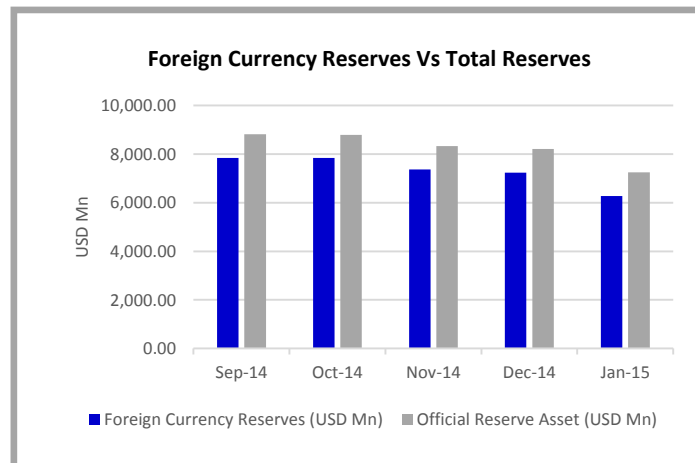
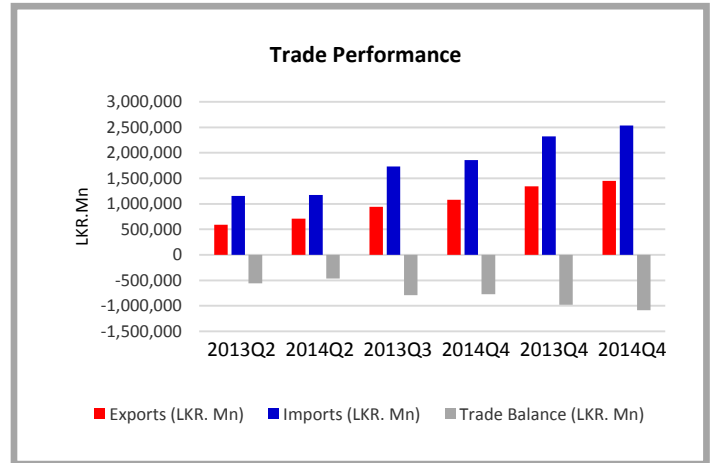
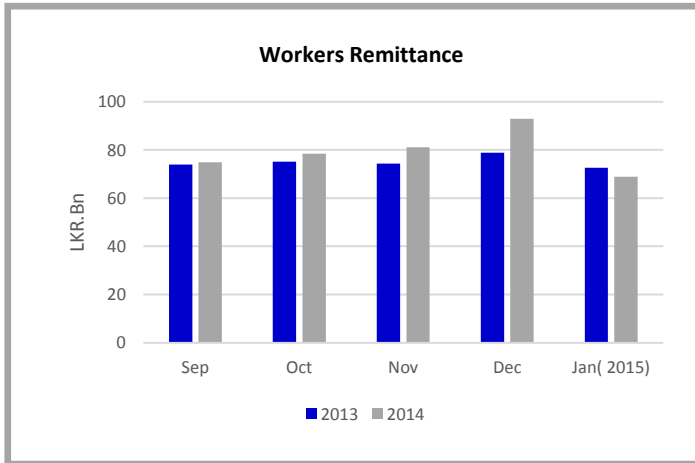


Sri Lanka Fiscal Performance

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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- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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