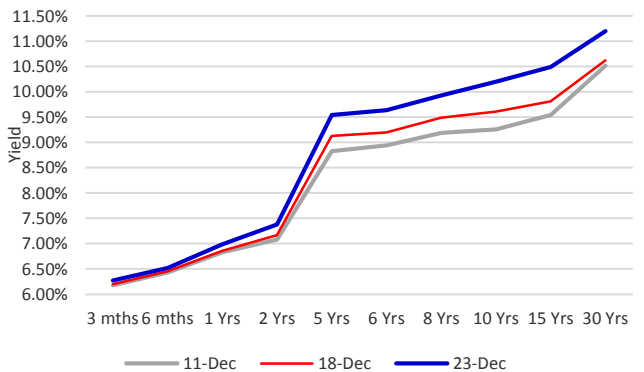
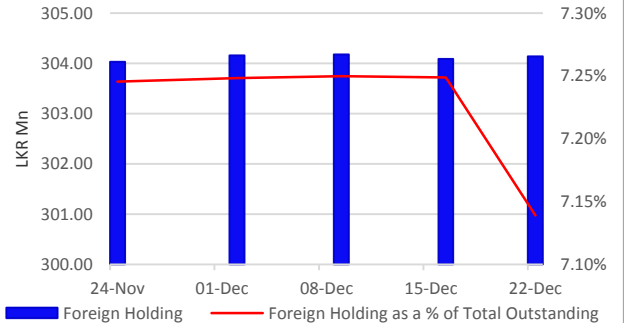
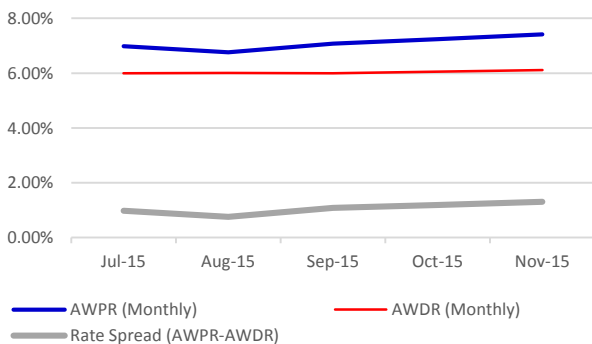
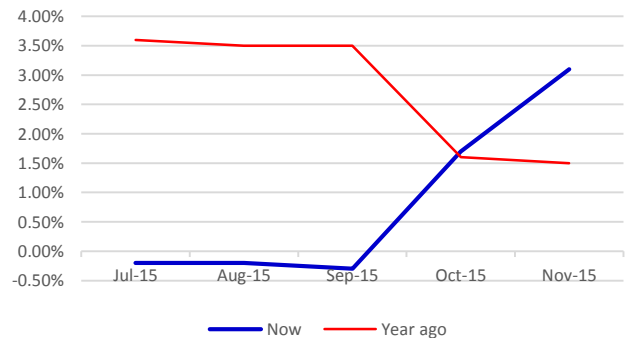


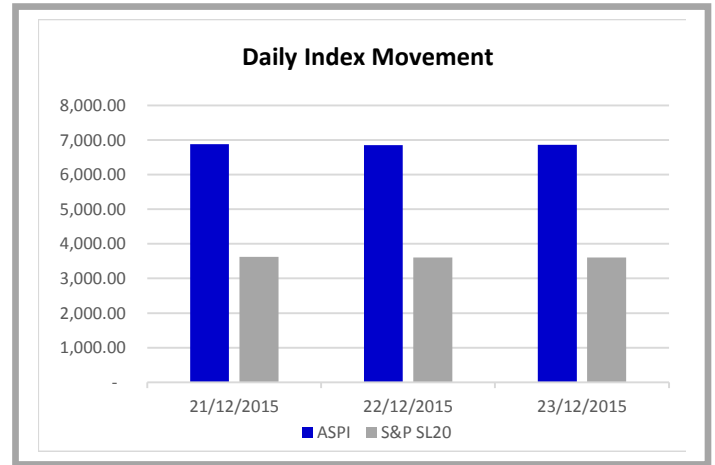
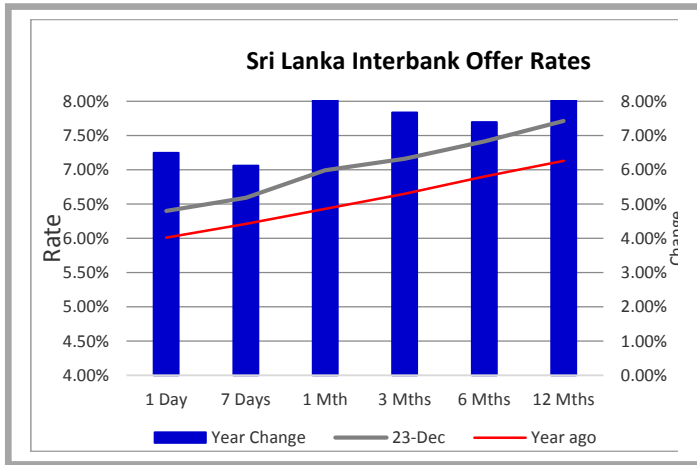
Economic Indicators: LKR/USD 143.57 (0.01% WoW) AWPR: 7.50% (0.21% WoW) AWDR: 6.11% (0.99% MoM) ASPI: 6,858 (0.38% WoW) S&P SL20: 3,603 (0.55% WoW)

Government Securities Movement

Foreign Holding on Government Securities


Market	Period	23-Dec	18-Dec	Change %
Secondary Market	3 months	6.27%	6.20%	1.13%
	6 months	6.52%	6.45%	1.09%
	1 Year	6.99%	6.86%	1.90%
	2 Years	7.38%	7.17%	2.93%
	5 Years	9.54%	9.13%	4.49%
	6 Years	9.64%	9.20%	4.78%
	8 Years	9.93%	9.49%	4.64%
	10 Years	10.20%	9.61%	6.14%
	15 Years	10.49%	9.81%	6.93%
	30 Years	11.20%	10.62%	5.46%

- Average Weighted Prime Lending Rate (AWPR): 7.50%. It has increased by 16 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), 6.59%(7Days), 6.99%(1Month), 7.16%(3Months), 7.41%(6Months), 7.71%(1Yr).
- Inflation (Annual average change): 0.9% (Nov) and 0.7% (Oct).

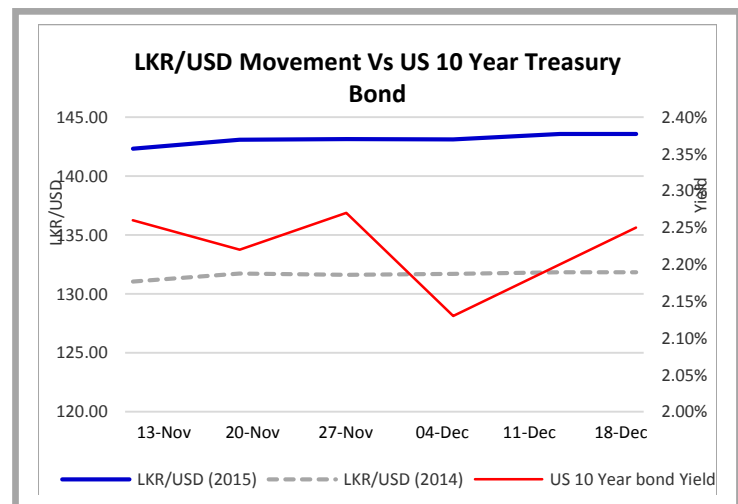
Policy Rates

Inflation




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.01% against USD from LKR/USD 143.56 to 143.57.
- One month forward rate of LKR/USD is 144.20 (Last week 144.15), three month forward rate is 145.27 (Last week 144.90)

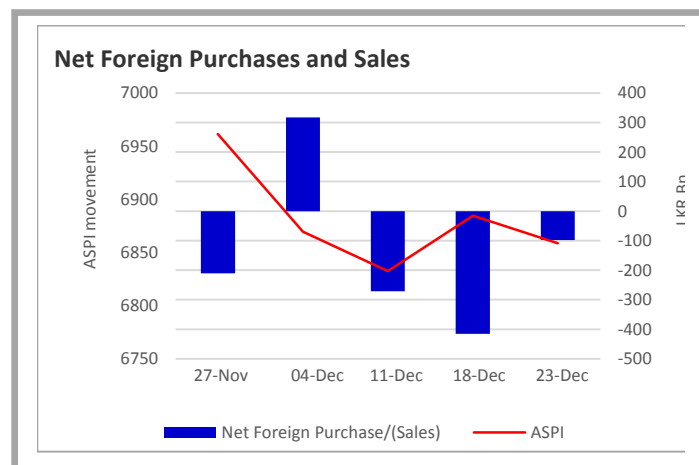
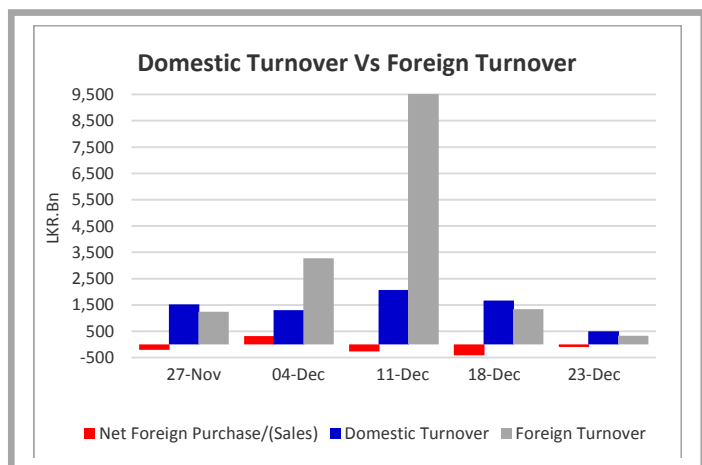
	27-Nov	04-Dec	11-Dec	18-Dec	23-Dec
INR 2015	2.12	2.14	2.14	2.16	2.16
INR 2014	2.14	2.11	2.11	2.06	2.07
RM 2015	33.77	33.95	33.57	33.27	33.32
RM 2014	39.16	38.00	37.50	37.72	37.46



Colombo Stock Exchange

- All Share Price Index: 6,858 points as at 23th Dec 2015.
- S&P 20: 3,603 points as at 23th Dec 2015.
- ASPI reduced by 26 points WoW which is 0.38%.
- S&P 20 reduced WoW by 20 points, reflecting a 0.55% negative variation.
- Net Foreign Outflow: LKR. 98Mn.
- Last week recorded a Net foreign Outflow: LKR. 416Mn.
- Market capitalization: LKR.2,922Bn which is 0.37% increase compared to last week.
- Market PE: PE recorded as 17.89 in this week and it has increased by 0.11% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
HEALTHCARE	934.05	920.42	1.48%
INFORMATION TECHNOLOGY	62.18	61.63	0.89%
HOTELS AND TRAVELS	3,268.04	3,251.76	0.50%
TELECOMMUNICATIONS	192.20	191.39	0.42%
CHEMICALS AND PHARMACEUTICALS	7,473.02	7,467.24	0.08%
Top Losers			
TRADING	17,503.04	17,802.31	-1.68%
POWER AND ENERGY	166.38	169.07	-1.59%
LAND AND PROPERTY	681.67	691.94	-1.48%
PLANTATIONS	713.49	722.00	-1.18%
INVESTMENT TRUSTS	17,618.92	17,818.04	-1.12%



Local News

Sri Lanka's labour force is about nine million in the third quarter of 2015, of which 64.5 percent are males and 35.5 percent are females. The working age for Sri Lanka is defined as age 15 years and above and the labour force is defined as the economically active population who are in working age. Labour force population expressed as a percentage of the working age population is the labour force participation rate which is 53.8 percent (74.7% for males and 35.7% for females) for the 3rd quarter. The estimated employed population is about 8.5 million for the quarter, of which, about 45.5 percent engaged in Services sector, 27.2 percent in Industries sector and 27.4 percent in Agriculture sector.

(Source: LBO- 23.12.2015)

Year 2015 will go down in history as one of the most challenging years for the tea industry. On the one hand Middle Eastern region where bulk of our teas are exported never recovered from the socio economic unrest. In fact conditions deteriorated even further resulting in at times restricting exports to the region. On the other hand destinations such as Russia, Ukraine and Turkey were faced with many economic challenges which led to currencies being constantly devalued thus impacting prices at the Colombo auctions. Hence the smooth run experienced by the tea industry since 2012 YOY where there was a growth in auction averages, earnings from exports and growth in production to a lesser extent is unlikely to be achieved this year.

(Source: Daily News - 23.12.2015)

Sri Lanka's consumer prices rose 4.8 percent in the 12-months to November from a year earlier, from the 3.0 percent a month earlier, data from the state statistics office showed. Year on year inflation of Food Group has increased from 2.3 percent in October 2015 to 4.6 percent in November while Non-food Group also increased by 3.5 percent to 4.9 percent during this period. The Department of Census and Statistics commenced releasing this new price index called 'National Consumer Price Index' from last month. The national consumer basket includes 407 items which represent the consumption expenditure of all households in Sri Lanka and the base year is 2013. However, the Department has been releasing Colombo Consumer Price Index from June 2011, covering Colombo district.

(Source: LBO- 21.12.2015)

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: ShanghaiDaily.com -24.12.2015)

Orders for U.S. capital goods dropped in November for the first time in three months, showing businesses began tempering new investment after a third-quarter surge. Bookings for non-military equipment excluding planes declined 0.4 percent after a 0.6 percent October gain that was about half as much as initially reported, data from the Commerce Department showed. The value of orders for all durable goods items meant to last at least three years was little changed. The pause in equipment orders represents one of several challenges facing American producers, who are contending with a strong dollar, tepid overseas demand and a recent inventory overhang.

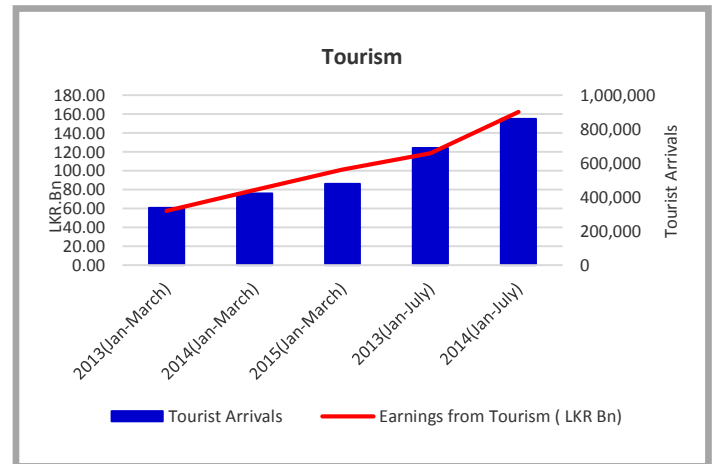
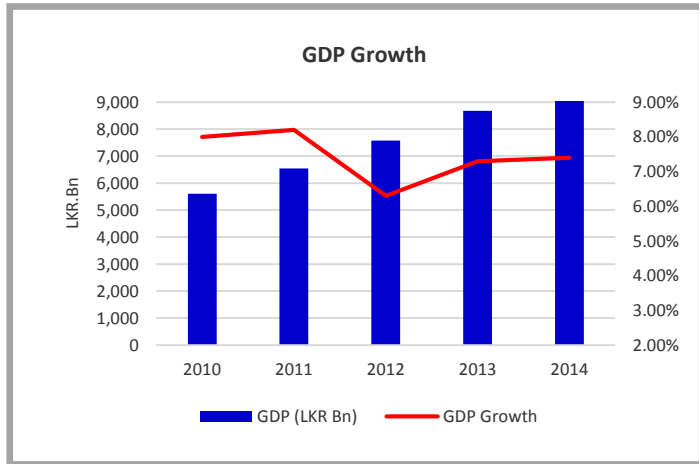
(Source: Bloomberg - 23.12.2015)

China's central bank has jumped onto the conservation bandwagon, launching a green bond market on 23rd December to support eco-friendly projects in the country. The People's Bank of China said projects that fall under green bond catalogue will be able to issue bonds in the market. The bonds will have to comply with strict investment plan and information disclosure requirements, but the rates will be lower because of their higher safety requirements and supporting measures. The first edition of the catalogue listed nearly 40 kinds of projects under five categories including energy-saving, pollution prevention, resources saving and recycle, clean transportation and clean energy.

(Source: Reuters - 23.12.2015)

GDP and Economy

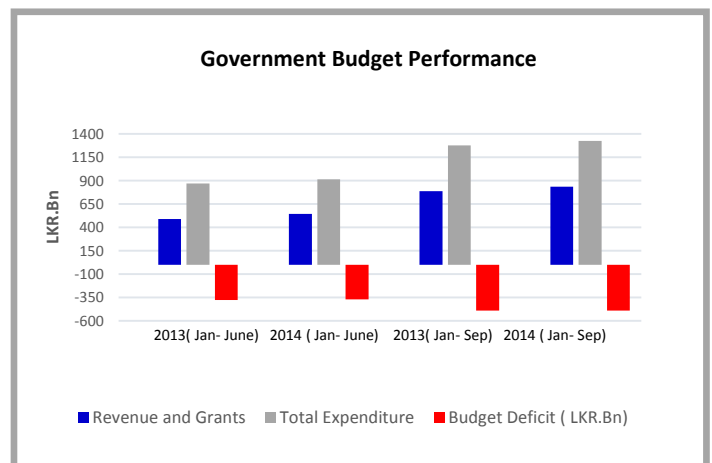
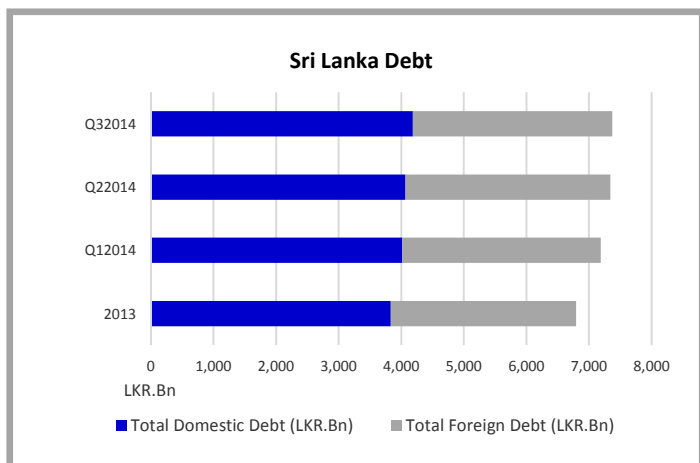
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

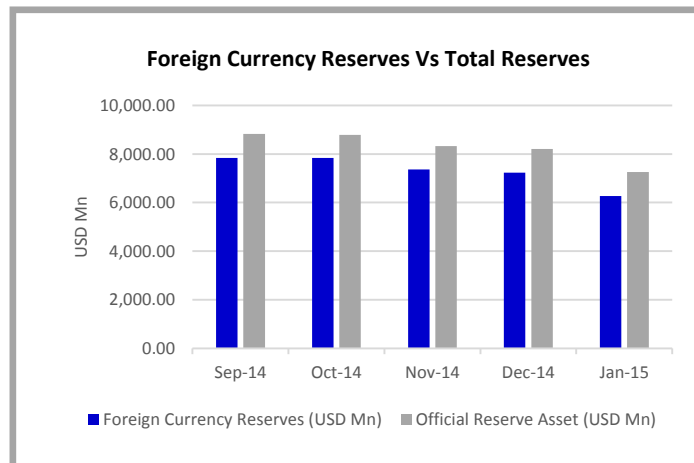
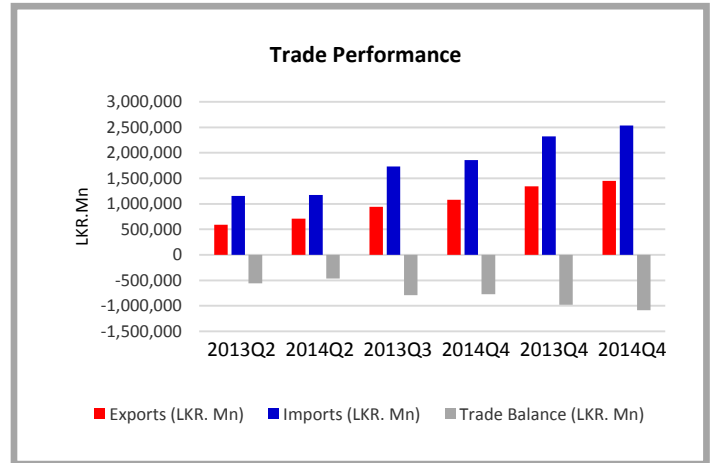
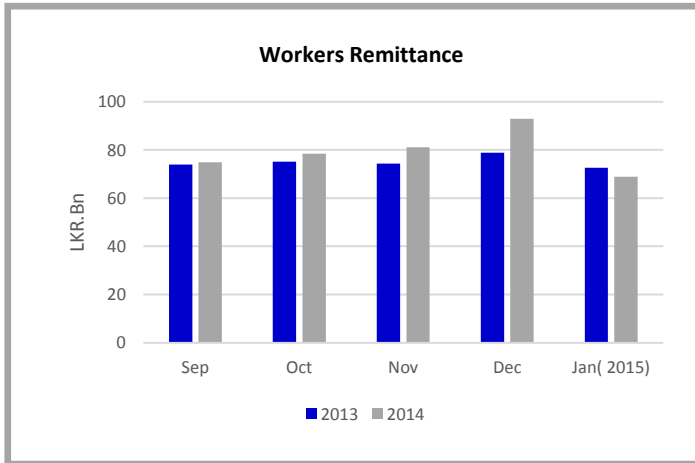


Sri Lanka Fiscal Performance

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

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



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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