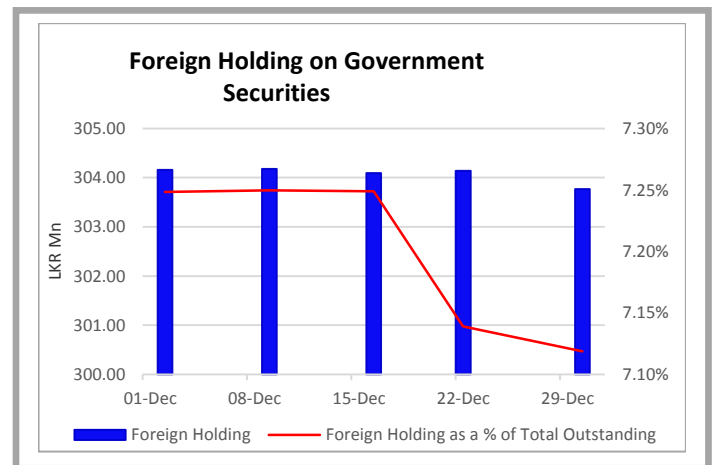
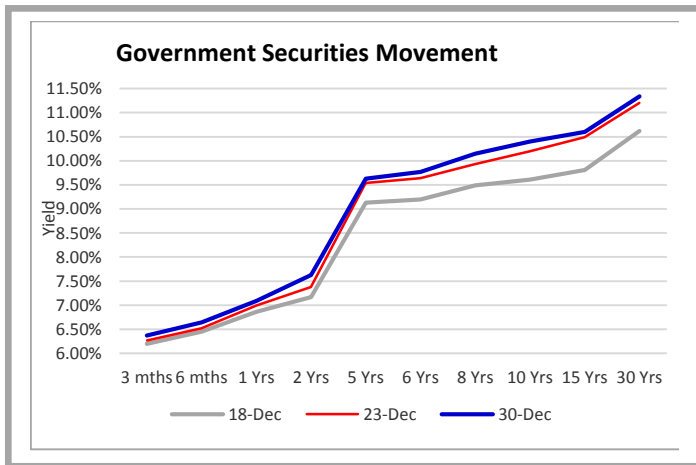
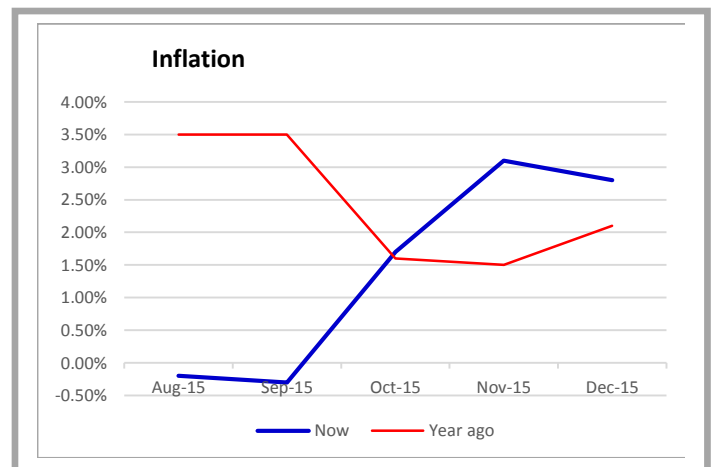
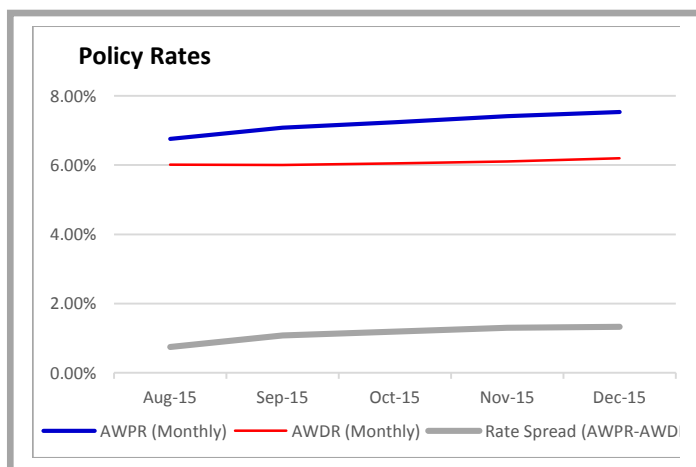


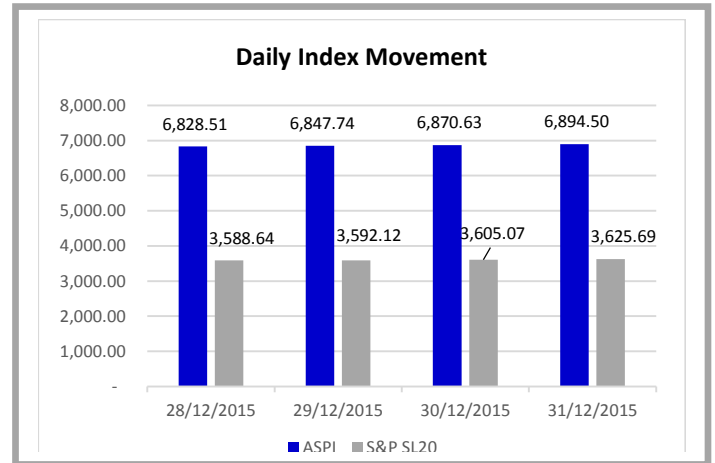
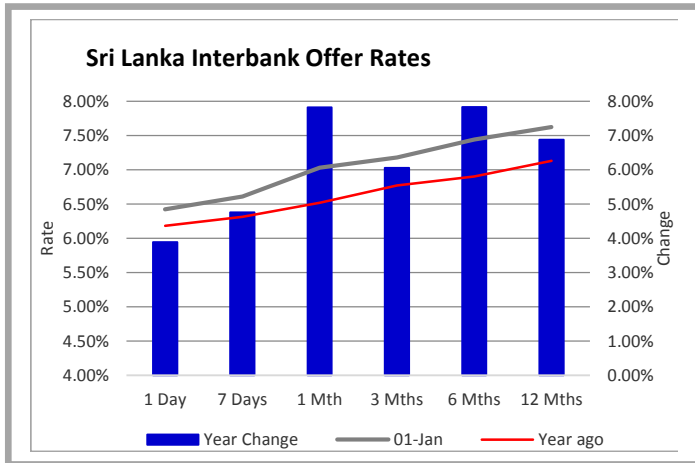
Economic Indicators: LKR/USD 144.08 (0.35% WoW) AWPR: 7.53% (0.04% WoW) AWDR: 6.20% (1.47% MoM) ASPI: 6,894 (0.52% WoW) S&amp;P SL20: 3,626 (0.60% WoW)



| Market           | Period   | 30-Dec | 23-Dec | Change % |
|------------------|----------|--------|--------|----------|
| Secondary Market | 3 months | 6.37%  | 6.27%  | 1.59%    |
|                  | 6 months | 6.64%  | 6.52%  | 1.84%    |
|                  | 1 Year   | 7.09%  | 6.99%  | 1.43%    |
|                  | 2 Years  | 7.63%  | 7.38%  | 3.39%    |
|                  | 5 Years  | 9.63%  | 9.54%  | 0.94%    |
|                  | 6 Years  | 9.77%  | 9.64%  | 1.35%    |
|                  | 8 Years  | 10.15% | 9.93%  | 2.22%    |
|                  | 10 Years | 10.40% | 10.20% | 1.96%    |
|                  | 15 Years | 10.60% | 10.49% | 1.05%    |
|                  | 30 Years | 11.34% | 11.20% | 1.25%    |

- Average Weighted Prime Lending Rate (AWPR): 7.53%. It has increased by 03 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.20% (Dec), 6.11% (Nov).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.57% (Dec) and 7.43% (Nov).
- SLIBOR Rates : 6.42% (1Day), 6.61%(7Days), 7.03%(1Month), 7.18%(3Months), 7.44%(6Months), 7.62%(1Yr).
- Inflation (Annual average change): 0.9% (Dec) and 0.9% (Nov).

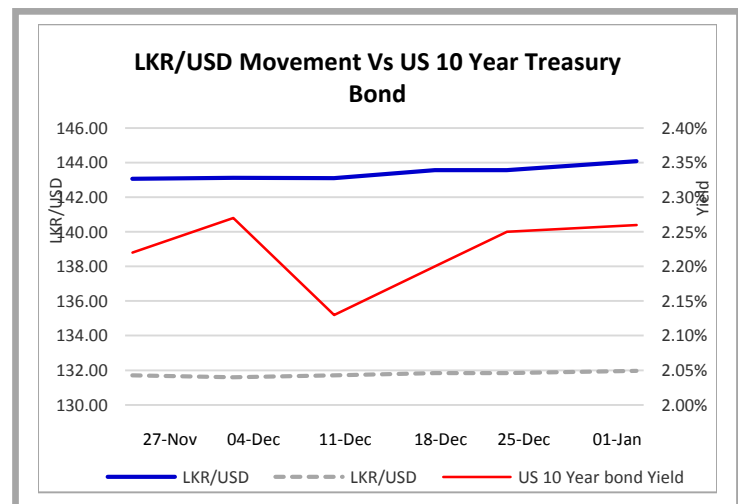




### LKR Exchange Rate Movement

- LKR depreciated over the week by 0.35% against USD from LKR/USD 143.57 to 144.08.
- One month forward rate of LKR/USD is 144.61 (Last week 144.20), three month forward rate is 145.67 (Last week 145.27)

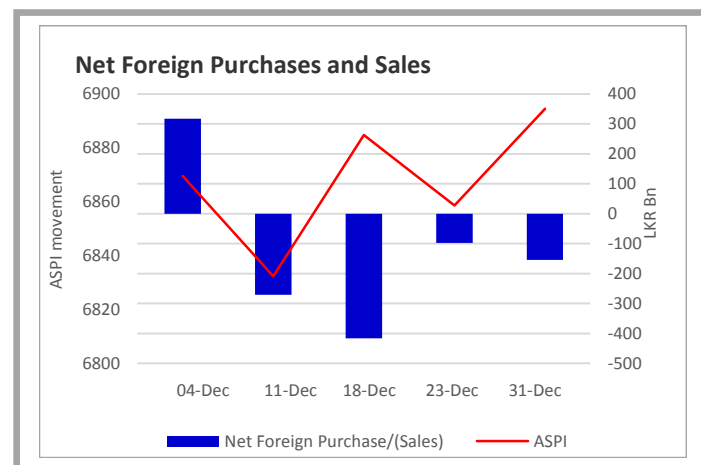
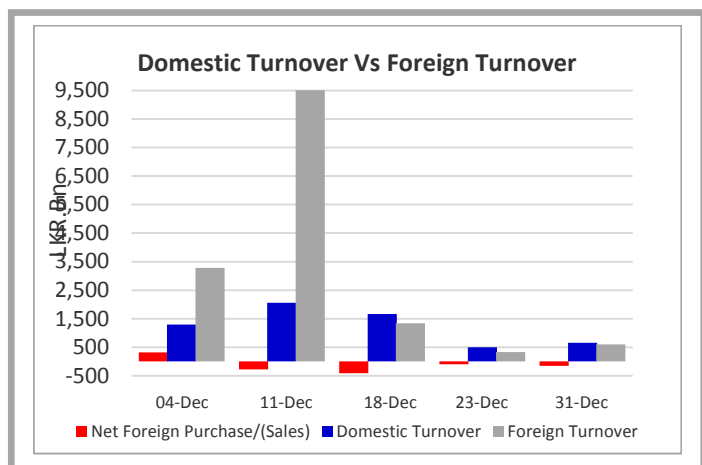
|          | 04-Dec | 11-Dec | 18-Dec | 23-Dec | 01-Jan |
|----------|--------|--------|--------|--------|--------|
| INR 2015 | 2.14   | 2.14   | 2.16   | 2.16   | 2.17   |
| INR 2014 | 2.11   | 2.11   | 2.06   | 2.07   | 2.07   |
| RM 2015  | 33.95  | 33.57  | 33.27  | 33.32  | 33.55  |
| RM 2014  | 38.00  | 37.50  | 37.72  | 37.46  | 37.49  |



### Colombo Stock Exchange

- All Share Price Index: 6,894 points as at 31<sup>st</sup> Dec 2015.
- S&P 20: 3,626 points as at 31<sup>st</sup> Dec 2015.
- ASPI increased by 36 points WoW which is 0.52%.
- S&P 20 increased WoW by 22 points, reflecting a 0.60% positive variation.
- Net Foreign Outflow: LKR. 154Mn.
- Last week recorded a Net foreign Outflow: LKR. 98Mn.
- Market capitalization: LKR.2,937Bn which is 0.57% increase compared to last week.
- Market PE: PE recorded as 17.98 in this week and it has increased by 0.50% from the last week.

| Price Index by Sector        |           |           |          |
|------------------------------|-----------|-----------|----------|
| Top Gainers                  | This week | Pre. week | Change % |
| TRADING                      | 18,058.45 | 17,503.04 | 3.17%    |
| FOOTWEAR AND TEXTILES        | 1,050.53  | 1,020.03  | 2.99%    |
| PLANTATIONS                  | 733.95    | 713.49    | 2.87%    |
| INFORMATION TECHNOLOGY       | 63.75     | 62.18     | 2.52%    |
| POWER AND ENERGY             | 170.23    | 166.38    | 2.31%    |
| Top Losers                   |           |           |          |
| STORES AND SUPPLIES          | 25,606.99 | 25,768.58 | -0.63%   |
| CONSTRUCTION AND ENGINEERING | 2,896.81  | 2,904.02  | -0.25%   |
| TELECOMMUNICATIONS           | 192.31    | 192.20    | 0.06%    |
| OIL PALMS                    | 94,336.14 | 94,240.67 | 0.10%    |
| MANUFACTURING                | 4,402.91  | 4,398.34  | 0.10%    |



### Local News

Sri Lanka's government will host its Sri Lanka Economic Forum next month with business magnate and philanthropist George Soros and nobel laureate Joseph Stiglitz as guest speakers. The conference, an initiative of Prime Minister Ranil Wickremesinghe, will bring together development specialists to advise the various arms of government on its development program. The Harvard University's Center for International Development will take a lead role in the conference to be held on January 7th and 8th, a media release said. The centre has identified macroeconomic and fiscal stability, structural transformation and competitiveness, urbanization and development, and regional development and social inclusion as key areas for the government to focus on.

(Source: LBO- 31.12.2015)

### Foreign News

Eurozone money supply slowed in November, data from the European Central Bank indicated Wednesday, but solid private sector loan data suggest steady improvements in credit creation around the single currency area in the final quarter of the year. The so-called broad money measure of money supply, M3, expanded by 5.1% last month, the ECB said during a teleconference release in Frankfurt, missing the MNI median forecast of 5.3% and slowing from the unrevised October reading of 5.3%. The three-month average rate remained steady at 5.1% during the September to November period compared to the previous three-month measure, the ECB said, while the annual growth rate of M1 slowed to 11.2% last month compared to 11.8% in October.

(Source: Market News International - 30.12.2015)

Gross official reserves, which stood at US dollars 6.5 billion at end October 2015, are estimated to have increased to around US dollars 7.3 billion by end November 2015, according to Central Bank. Reflecting domestic and global developments, the Sri Lanka rupee has depreciated by 8.8 percent against the US dollar so far in 2015. The year-on-year growth of broad money (M2b) continued to expand at a high rate of 17.0 percent in October 2015 compared to 16.0 percent recorded in the previous month, driven by the expansion of credit extended to both private and public sectors by the banking system. Amongst contributory factors, credit granted to the private sector by commercial banks increased by 26.3 percent, year-on-year, compared to 22.2 percent in the previous month.

(Source: Daily News - 31.12.2015)

China's outstanding foreign debt fell further during the past three months as Chinese companies reduced their exposure to foreign currency borrowing amid worries of a strengthening U.S. dollar. The State Administration of Foreign Exchange said the country's total outstanding foreign debt at the end of September fell to \$1.5298 trillion, down from \$1.6801 trillion at the end of June. The \$150.3 billion drop mainly came from short-term borrowing. The SAFE said outstanding short-term foreign debt declined to \$1.0235 trillion at the end of September from \$1.1701 trillion end June. Domestic banks were most aggressive in reducing their exposure to foreign borrowing. Their outstanding foreign debt was \$703.5 billion at the end of September, down from \$813.9 billion at the end of June.

(Source: Market News International - 30.12.2015)

Sri Lanka's Central Bank Governor Arjuna Mahendran said that they are examining the possibilities of an International Monetary Fund (IMF) loan facility next year. "Yes we are examining the possibilities and the government are in informal consultation with the IMF," Mahendran said. "A team is due here for regular discussions in February 2016." However, he added that at the moment the islands reserves sufficient. "Our reserves are quite comfortable and we have four and a half months of imports and the country is in no dire need of emergency funding." The Governor made these comments at a press conference held at the Central Bank, Last Thursday.

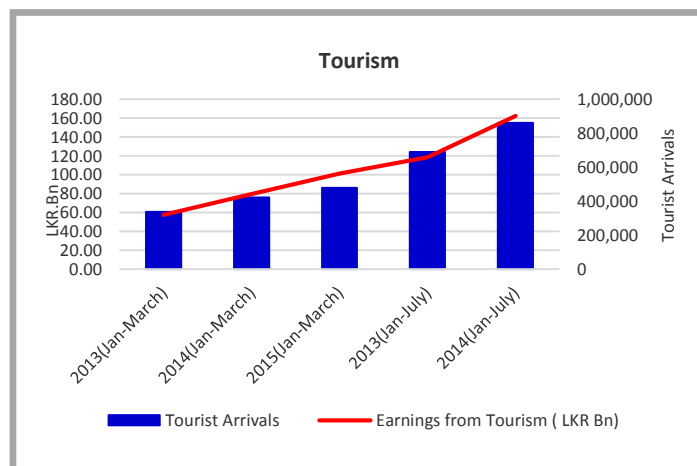
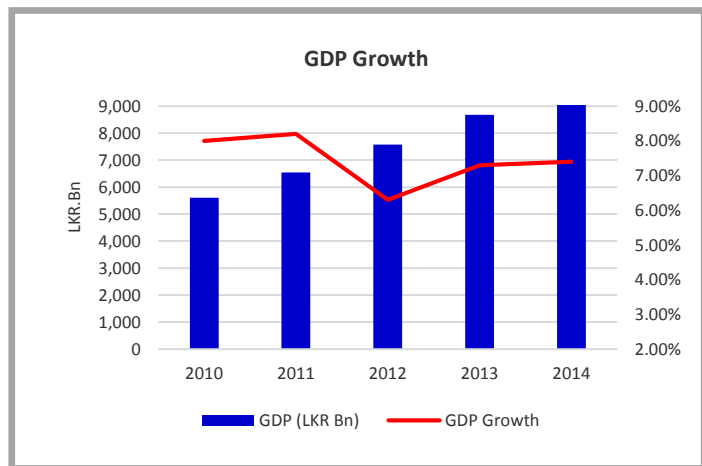
(Source: LBO- 31.12.2015)

The Brazilian president signed the 11.6 percent minimum wage hike in line with the 11 percent inflation this year. The raise will come into effect Jan. 1. About 40 million workers and retirees will see their income increase the first day of 2016 as President Dilma Rousseff announced a 11.6 percent minimum wage hike which is slightly higher than the 11 percent inflation reported in 2015. Rousseff signed off on the new wage plan on Tuesday confirming an increase from 788 Brazilian reals (US\$203) to 880 reals (US\$227) per month. In a statement, the government said the policy will have an impact on some 40 million workers and retirees and shows a continued commitment to raising wages to protect minimum wage earners from inflation.

(Source: Agencia EFE - 30.12.2015)

## GDP and Economy

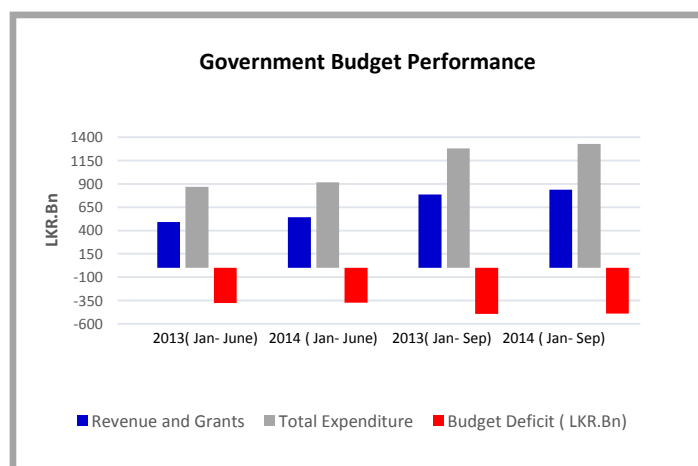
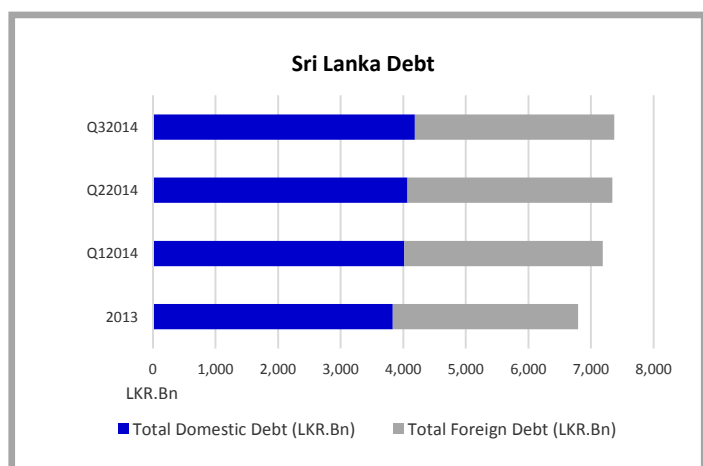
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR.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

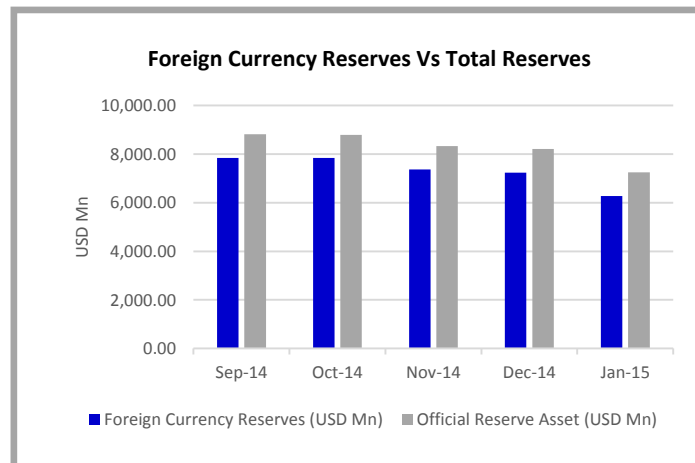
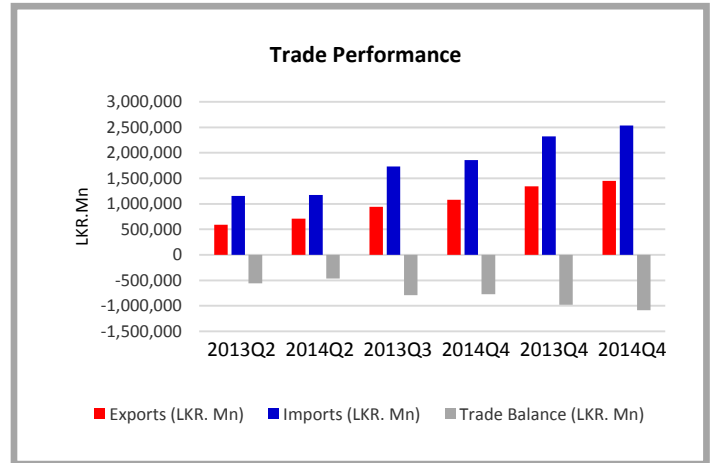
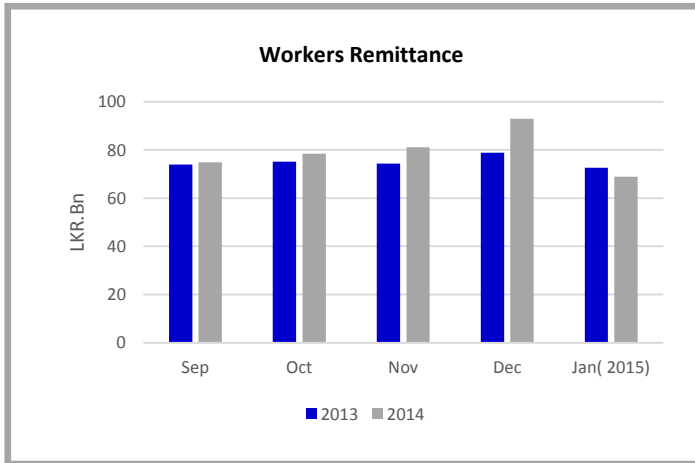


## Sri Lanka Fiscal Performance

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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