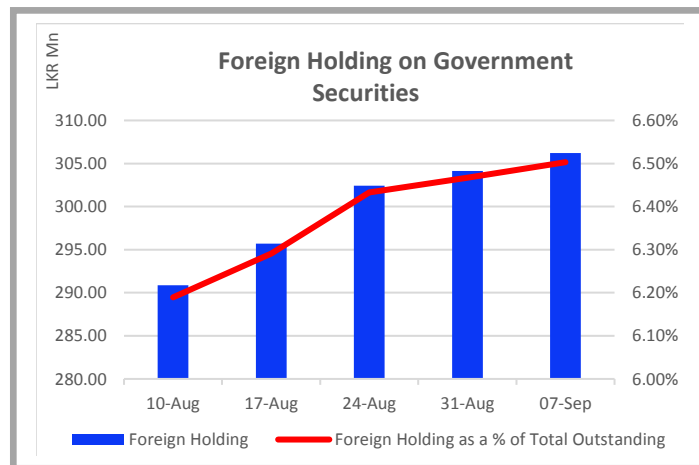
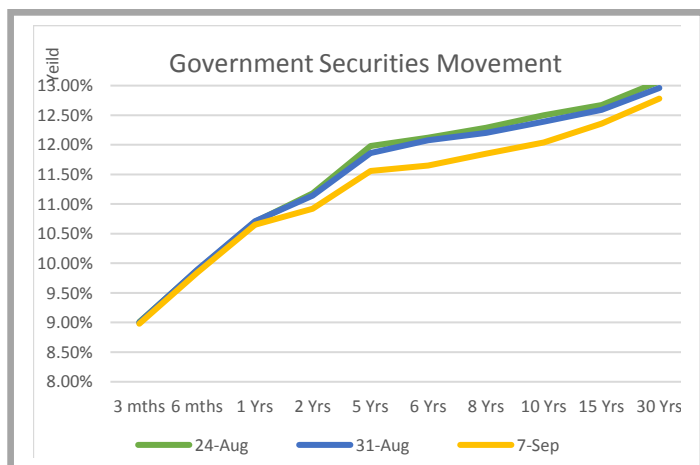
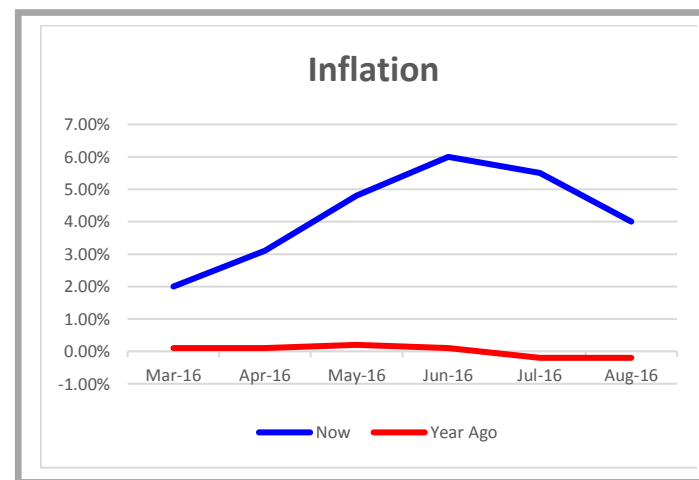
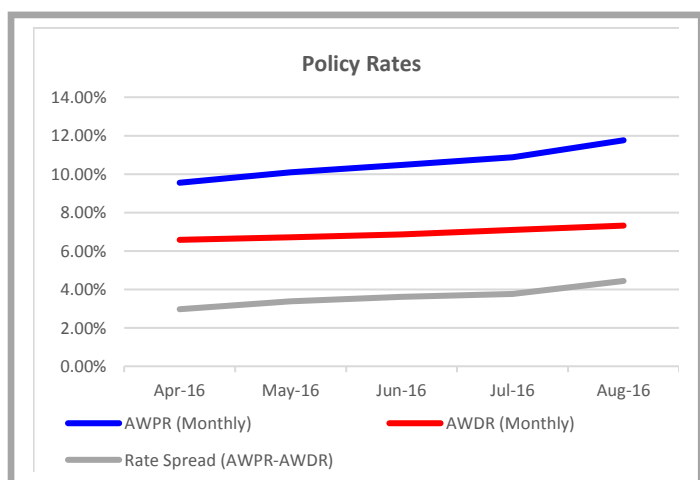


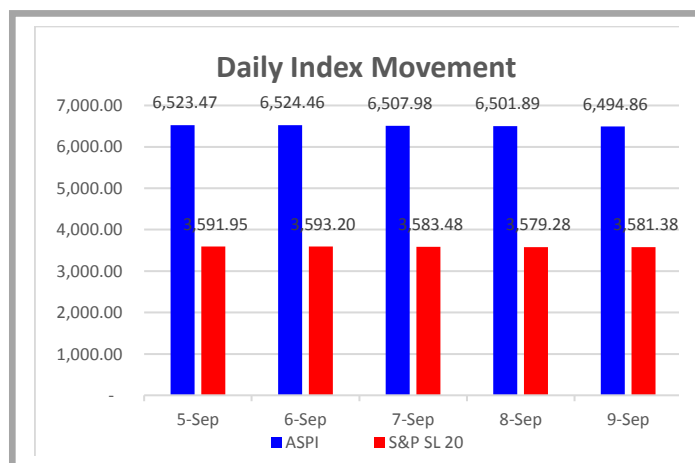
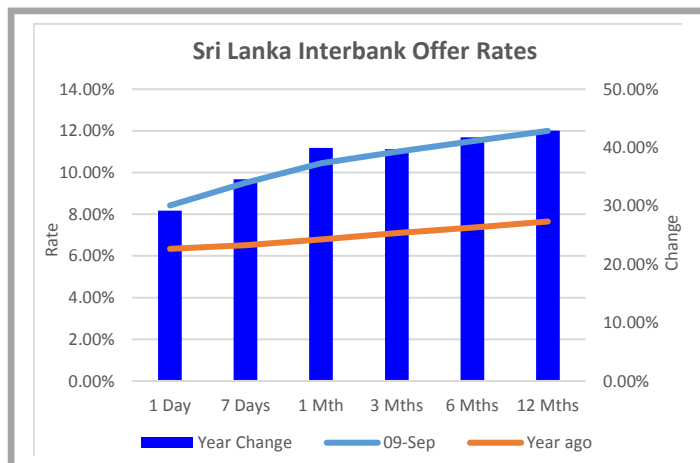
Economic Indicators: LKR/USD 144.95 (0.26% WoW) AWPR: 12.22% (1.58% WoW) AWDR: 7.32% (3.01% MoM) ASPI: 6,495 (0.68% WoW) S&P SL20: 3,581 (0.52% WoW)



Market	Period	07-Sep	31-Aug	Change bps
Secondary Market	3 months	8.98%	9.00%	-0.02
	6 months	9.84%	9.89%	-0.05
	1 Year	10.65%	10.71%	-0.06
	2 Years	10.92%	11.14%	-0.22
	5 Years	11.56%	11.86%	-0.30
	6 Years	11.65%	12.08%	-0.43
	8 Years	11.85%	12.20%	-0.35
	10 Years	12.04%	12.39%	-0.35
	15 Years	12.36%	12.59%	-0.23
30 Years	12.78%	12.96%	-0.18	

- Average Weighted Prime Lending Rate (AWPR): 12.22%. It has increased by 19 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 7.32% (Aug), 7.10% (July).
- Average Weighted Fixed Deposit Rate (AWFDR): 9.31% (Aug) and 8.99 % (July).
- SLIBOR Rates: 8.42% (1Day), 9.50% (7Days), 10.45% (1Month), 11.00% (3Months), 11.50% (6Months), 12.00% (1Yr).
- Inflation (Annual average change): 5.0% (Aug) and 4.9% (July).

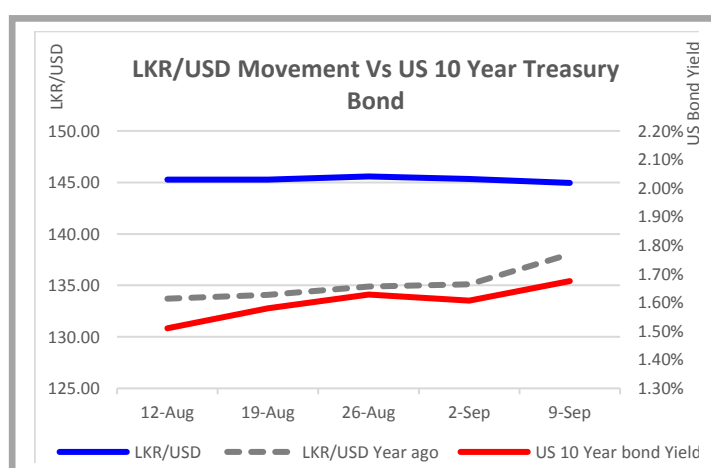




LKR Exchange Rate Movement

- LKR appreciated over the week by 0.26% against USD from LKR/USD 145.33 to 144.95.
- One month forward rate of LKR/USD is 146.30 (Last week 146.51).
- Three months forward rate of LKR/USD is 148.16 (Last week 148.16).

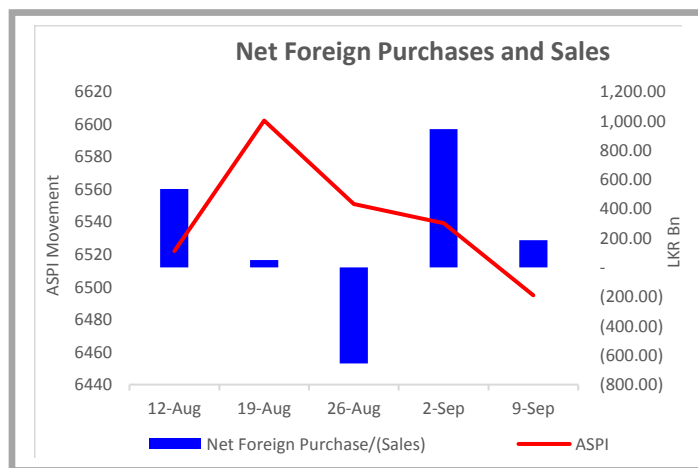
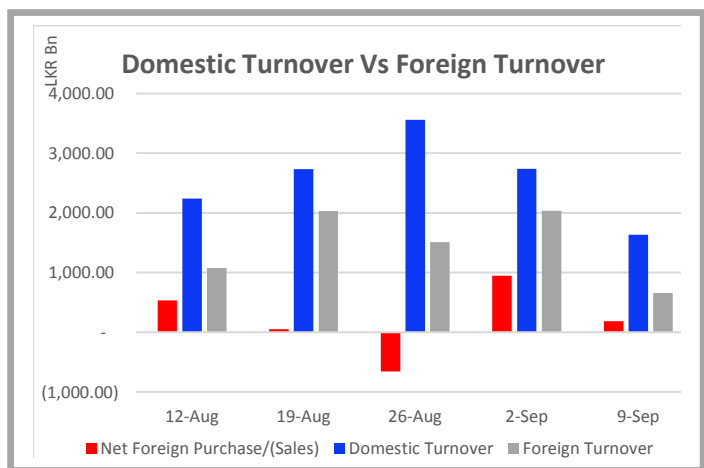
	12-Aug	19-Aug	26-Aug	02-Sep	09-Sep
INR 16	2.18	2.18	2.18	2.18	2.19
INR 15	2.08	2.04	2.03	2.02	2.08
RM 16	36.31	36.33	36.29	35.60	35.74
RM 15	33.49	32.77	31.32	31.87	32.09



Colombo Stock Exchange

- All Share Price Index: 6,494.86 points as at 09th September 2016.
- S&P 20: 3,581.38 points as at 09th September 2016.
- ASPI decreased by 44.23 points WoW which is 0.68%.
- S&P 20 decreased WoW by 18.56 points, reflecting a 0.52% negative variation.
- Net Foreign Inflow: LKR. 186.41 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 945.18 Mn.
- Market capitalization: LKR. 2,768.59 Bn which is 0.68% decrease compared to last week.
- Market PE: PE recorded as 13.37 in this week and it has declined by 0.74% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
TELECOMMUNICATIONS	177.49	176.17	0.75%
CHEMICALS AND PHARMACEUTICALS	7,154.60	7,106.81	0.67%
MANUFACTURING	4,517.86	4,509.55	0.18%
Top Losers			
INFORMATION TECHNOLOGY	45.02	50.03	-10.01%
TRADING	15,967.00	16,646.66	-4.08%
INVESTMENT TRUSTS	14,126.13	14,690.02	-3.84%
SERVICES	18,620.23	19,169.41	-2.86%
OIL PALMS	69,045.31	70,798.39	-2.48%



Local News

The filing for bankruptcy by South Korean container shipper Hanjin Shipping will have an indirect impact on Sri Lanka with reduced space for cargo originating from the island, an industry official said. Hanjin, ranked the seventh largest globally, with 98 ships and 2.9% share of trade, has about 14 billion dollars worth of cargo stranded after the collapse announced on August 31. "Hanjin's main hubs were Busan and Singapore within Asia, so there is little direct impact on Sri Lanka on the west bound trade," Captain Rakesh Suri, Global Head Ocean Freight for Expo Freight (EFL), part of conglomerate Expolanka Holdings, told.

(Source: <http://www.lankabusinessonline.com> - 10.09.2016)

Foreign News

The European Central Bank held interest rates at record lows and kept the door open to more stimulus on Thursday but gave few hints about its next move, disappointing markets that had priced in a decisively dovish tone. ECB President Mario Draghi said the ECB will study policy options to ensure it can pursue its unprecedented money-printing program but did not hint at the anticipated extension of its asset purchases, maintaining the March end-date in an unexpectedly balanced message. Facing anemic growth and inflation, the ECB is buying 1.74 trillion euros worth of bonds, holding rates deep in negative territory and giving banks free loans, hoping to end the bloc's nearly decade-long economic malaise with an infusion of cheap credit.

(Source: <http://www.reuters.com> - 08.09.2016)

Gearing up to face a possible energy shortage in 2 years, the Government has shifted its focus from large scale power plants to renewable energy generation. Prime Minister Ranil Wickremesinghe informed Parliament the recent ratification of Paris Convention on Climate Change will only allow constructing and operation of environmental friendly power plants forcing countries to look at renewable energy. A special committee appointed under the leadership of Prof. Sirimal Abeyratne is studying the possibilities of using LNG power plants in Sri Lanka. Once these studies are completed the Government will come out with its long-term generation plan for Sri Lanka for the period 2017 – 2036, the Prime Minister noted.

(Source: <http://www.ft.lk/> - 08.09.2016)

Britain has set up a trade working group with India to prepare for a future deal following Britain's exit from the European Union (EU), trade minister Liam Fox said on Thursday. Britain cannot formally agree trade deals with other countries until it has left the EU, a process which will take at least two years from when it kicks off divorce talks. But the government has said it can do preparatory work. "There is nothing to stop us having discussions and scoping out future agreements," Fox told parliament. "We have now concluded a deal to set up a trade working group with India to look at how we will remove barriers to trade before we negotiate a free trade agreement on our exit from the European Union," added Fox.

(Source: <http://www.business-standard.com/> - 08.09.2016)

Sri Lanka's Central Bank says it will not issue new licenses for finance companies and, as a result, licenses of existing companies will have a higher market value in the future. Releasing a statement, the Central Bank said this is a key factor in encouraging new investors. A good number of investors with overseas links are in negotiation with the bank to infuse fresh capital for troubled finance companies. "CB is aware that certain parties who have the vested interest in taking over the management of these companies or preventing recovery action on account of large loans defaulted by them are spreading such erroneous news for their personal and business interests at the expense of depositors' interests," the statement said.

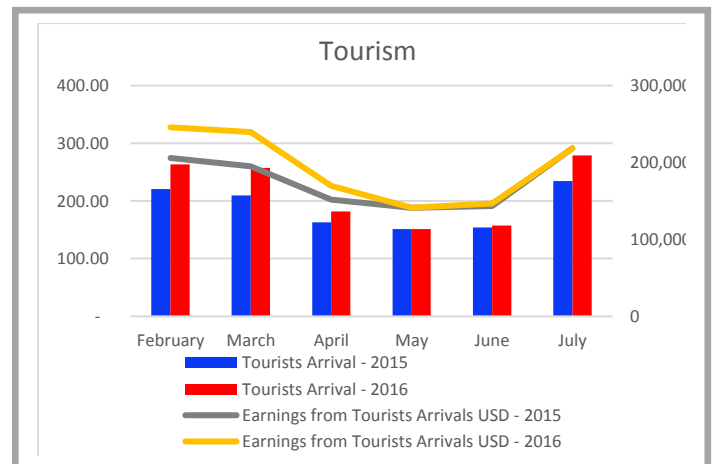
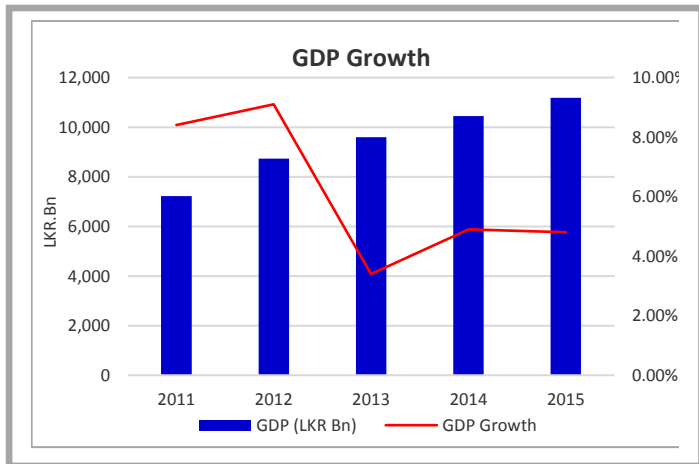
(Source: <http://www.lankabusinessonline.com/> - 09.09.2016)

U.S. commodities and derivatives firms, including exchanges and clearinghouses, would have to frequently test their information technology for vulnerabilities under final rules approved by the Commodity Futures Trading Commission (CFTC). The CFTC's rules are intended to promote flexibility as hacking methods evolve, and to help firms stay up-to-date on the best responses to cyber-attacks. The new rules also aim to help companies recover quickly from incursions. "They will apply to the core infrastructure in our markets - the exchanges, clearinghouses, trading platforms and trade repositories. And they will ensure that those private companies are adequately evaluating cyber risks and testing their cybersecurity and operational risk defenses," said CFTC Chairman Timothy Massad.

(Source: <http://www.reuters.com> - 08.09.2016)

GDP and Economy

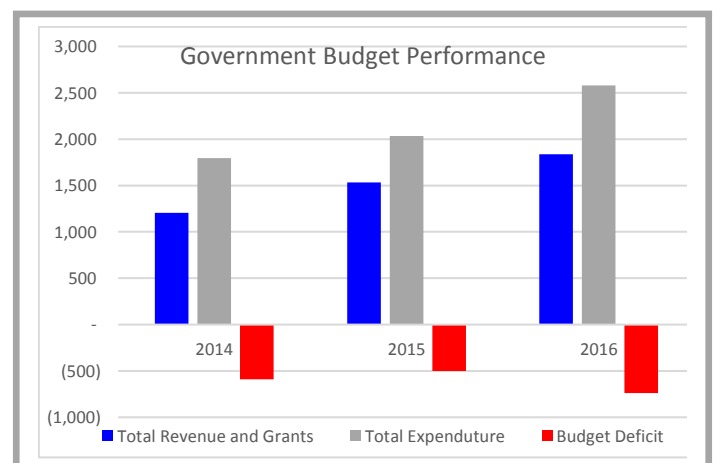
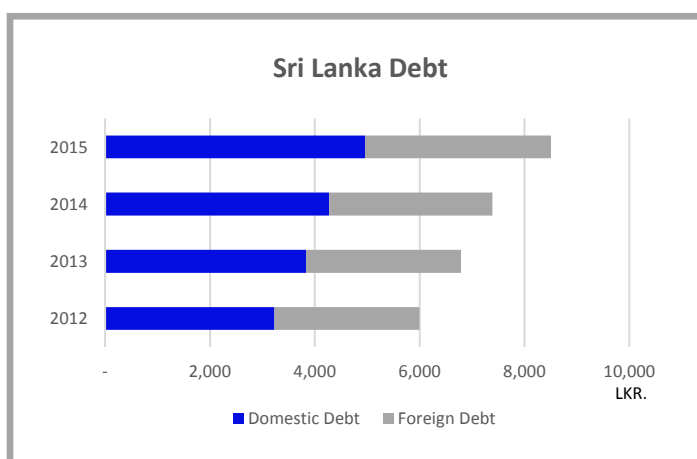
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 676,899Mn, LKR.2,259,223Mn and LKR. 4,881,273Mn respectively.
- Unemployment rate was 4.6% in 2015 compared to 4.3% in the previous year.

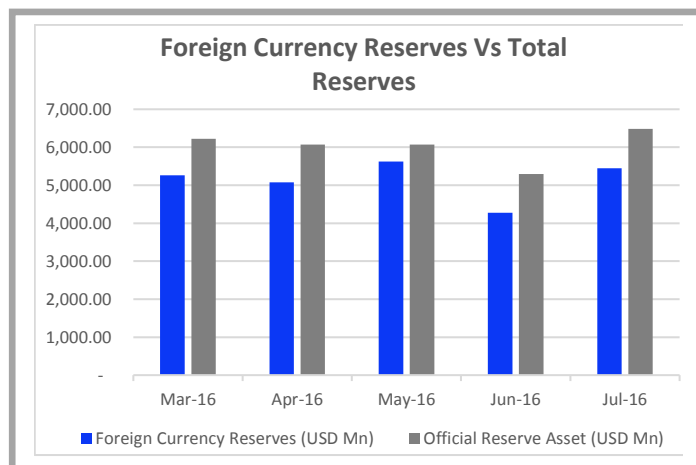
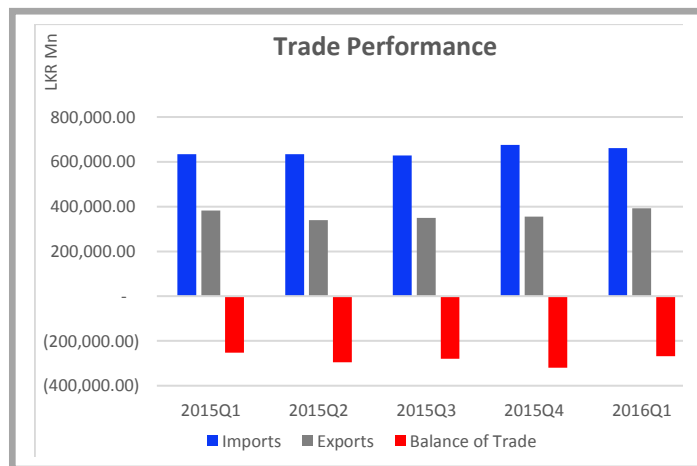
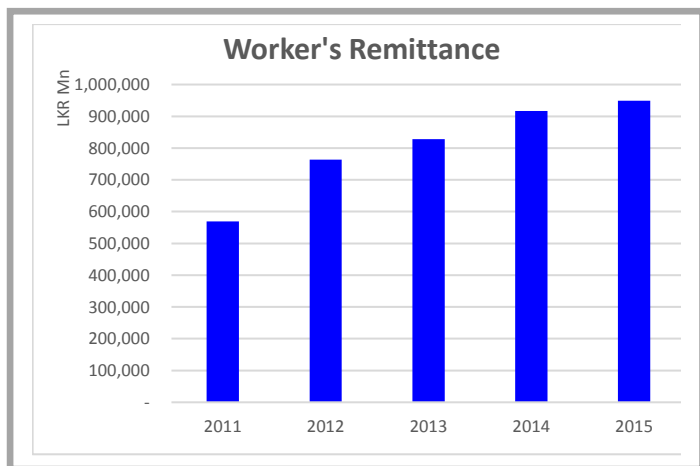


Sri Lanka Fiscal Performance

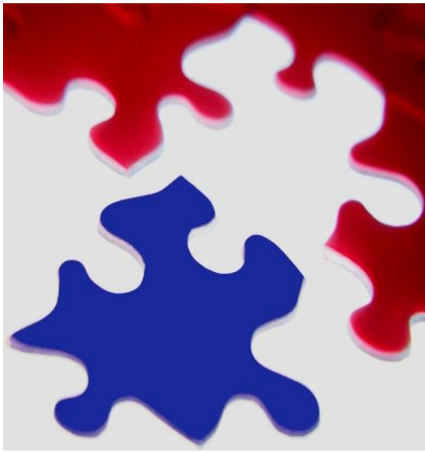
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments to GDP increased to 4.6 percent in 2015 from 4.2 percent in 2014. Although interest payments on domestic sources to GDP increased to 3.5 percent in 2015 from 3.1 percent in 2014, foreign interest payments to GDP declined marginally to 1.0 percent in 2015 from 1.1 percent in 2014.

	2011	2012	2013	2014	2015
Government Debt/GDP (%)	78.5	79.2	78.3	70.7	76
Domestic Debt/ GDP (%)	42.9	42.7	44.2	40.9	44.3
Foreign Debt % of GDP	35.6	36.5	34.1	29.8	31.7
Budget Deficit/GDP (%)	-6.9	-6.5	-5.9	-5.2	-7.4



Sri Lanka External Sector


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OUR SERVICES

1. CAPITAL MARKET ACTIVITIES
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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INVESTMENT FOR ALL

CAPITAL MARKET ACTIVITIES

- IPO – Equity and Debt
- Private Placements
- Rights Issues
- Mergers and Acquisitions
- Corporate Syndicated Loan Facilities

PORTFOLIO MANAGEMENT

- Listed Equity
- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

CORPORATE RESTRUCTURING

- Balance Sheet Restructuring
- Corporate Restructuring

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