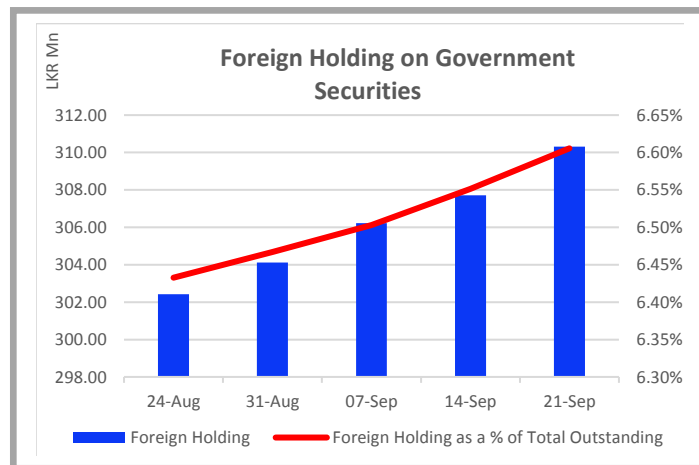
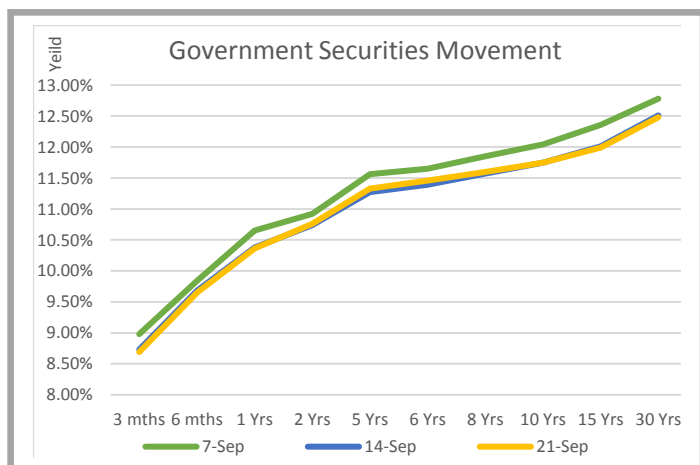
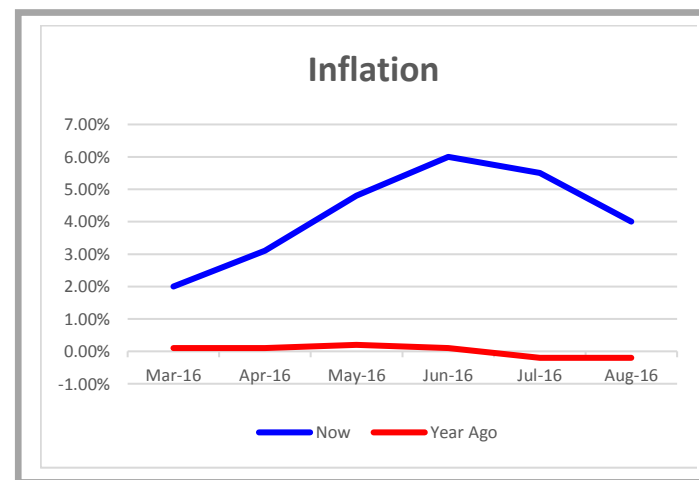
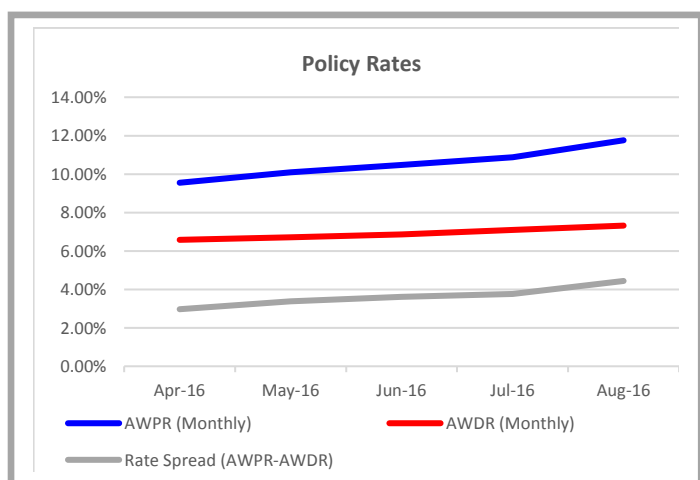


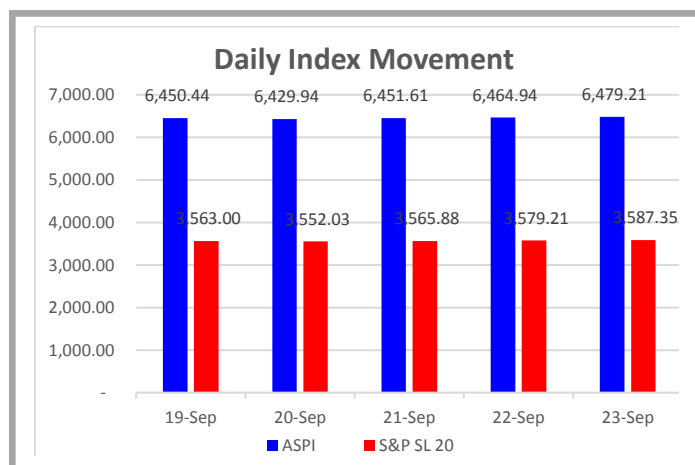
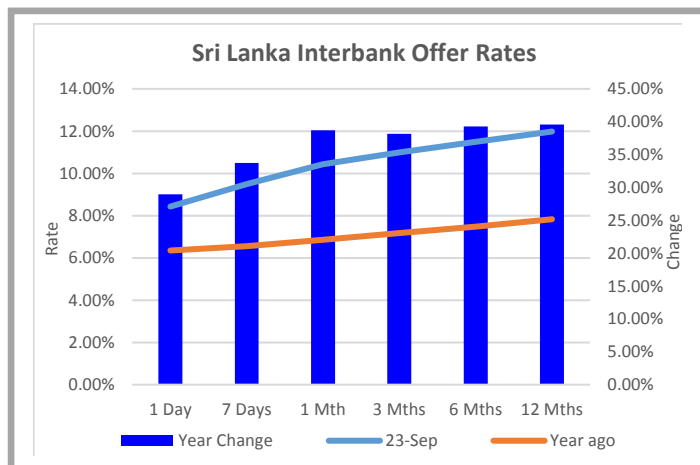
Economic Indicators: LKR/USD 146.09 (0.47% WoW) AWPR: 12.26% (2.47% WoW) AWDR: 7.32% (3.01% MoM) ASPI: 6,479 (0.10% WoW) S&P SL20: 3,587 (0.26% WoW)



Market	Period	23-Sep	14-Sep	Change bps
Secondary Market	3 months	8.69%	8.73%	-0.04
	6 months	9.65%	9.68%	-0.03
	1 Year	10.36%	10.38%	-0.02
	2 Years	10.76%	10.74%	0.02
	5 Years	11.33%	11.27%	0.06
	6 Years	11.46%	11.39%	0.07
	8 Years	11.60%	11.57%	0.03
	10 Years	11.75%	11.75%	0.00
	15 Years	11.99%	12.01%	-0.02
30 Years	12.48%	12.51%	-0.03	

- Average Weighted Prime Lending Rate (AWPR): 12.26%. It has declined by 31 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: 8.43% (1Day), 9.50% (7Days), 10.43% (1Month), 11.00% (3Months), 11.50% (6Months), 11.98% (1Yr).
- Inflation (Annual average change): 5.0% (Aug) and 4.9% (July).

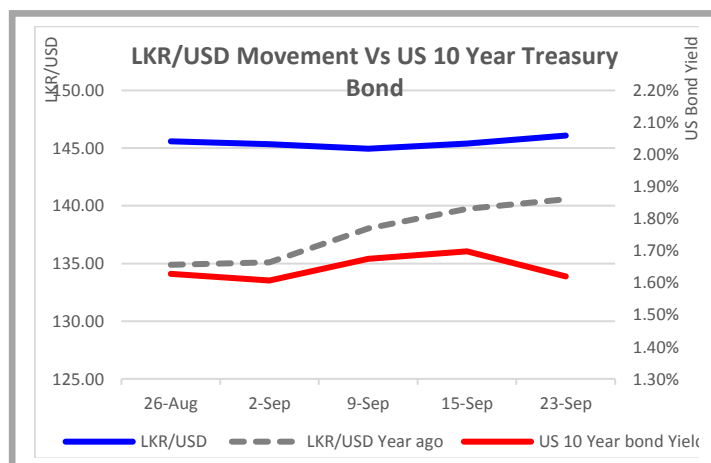




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.47% against USD from LKR/USD 145.41 to 146.09
- One month forward rate of LKR/USD is 146.83 (Last week 146.08).
- Three months forward rate of LKR/USD is 148.28 (Last week 147.39).

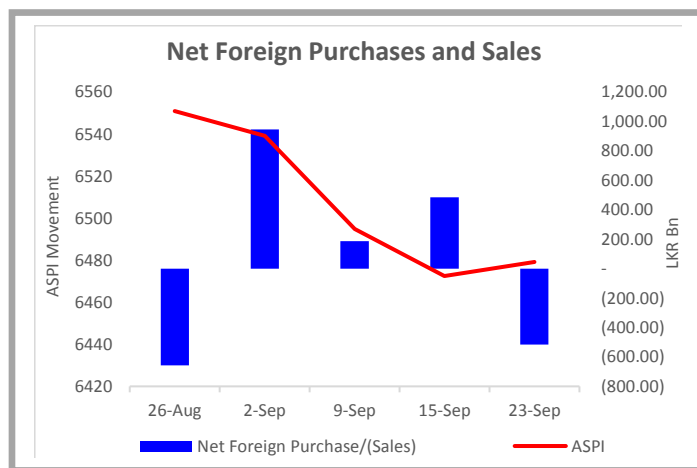
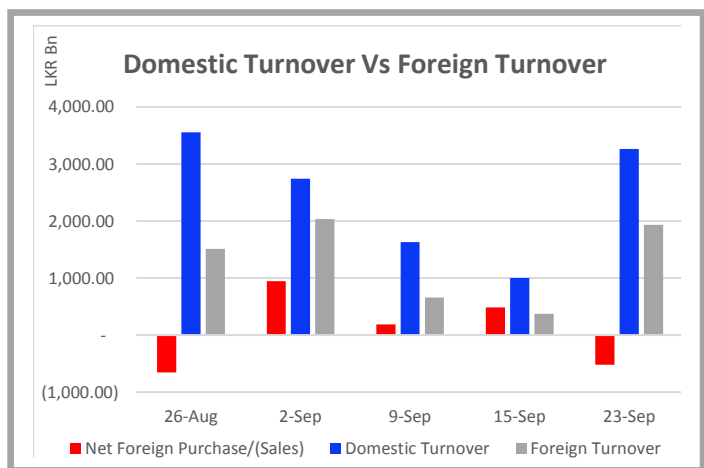
	26-Aug	02-Sep	09-Sep	15-Sep	23-Sep
INR 16	2.18	2.18	2.19	2.18	2.19
INR 15	2.03	2.02	2.08	2.11	2.14
RM 16	36.29	35.60	35.74	35.27	35.40
RM 15	31.32	31.87	32.09	32.42	32.48



Colombo Stock Exchange

- All Share Price Index: 6,479.21 points as at 23rd September 2016.
- S&P 20: 3,587.35 points as at 23rd September 2016.
- ASPI increased by 6.74 points WoW which is 0.10%.
- S&P 20 increased WoW by 9.40 points, reflecting a 0.26% negative variation.
- Net Foreign Outflow: LKR. 517.02 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 484.20 Mn.
- Market capitalization: LKR. 2,761.98 Bn which is 0.11% increase compared to last week.
- Market PE: PE recorded as 13.31 in this week and it has increased by 0.15% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
STORES AND SUPPLIES	28,250.54	27,035.27	4.50%
MANUFACTURING	4,597.88	4,487.35	2.46%
CONSTRUCTION AND ENGINEERING	2,736.08	2,672.72	2.37%
PLANTATIONS	647.77	640.51	1.13%
DIVERSIFIED HOLDINGS	1,669.25	1,662.76	0.39%
Top Losers			
INFORMATION TECHNOLOGY	41.12	43.90	-6.33%
CHEMICALS AND PHARMACEUTICALS	6,790.83	7,126.51	-4.71%
MOTORS	16,116.58	16,749.02	-3.78%
HEALTH CARE	1,081.38	1,105.89	-2.22%
SERVICES	18,730.86	18,963.08	-1.22%



Local News

“In Sri Lanka, the role of the transport sector has gradually changed from moving agricultural commodities to providing more diversified services and catering to the value-added manufacturing industry,” said ADB Senior Transport Specialist Chen Chen. “The transport network needs to better serve the towns and cities where new economic activities are being established.” With \$24.42 million in ADB technical assistance, the Road Development Authority will formulate an expressway development program and prepare priority projects, such as a port access road to link the Colombo Port area to the highway network. The funds will also help the Government to work on studies and designs for priority railway and port projects.

(Source: <http://www.ft.lk> - 24.09.2016)

Foreign News

China’s foreign exchange regulator has pledged to up the ante in its clampdown of what it calls “fake” overseas investments, after some individuals and companies were found to be using false deals to move assets out of the country. But officials insist capital outflow levels are easing. Guo Song, the State Administration of Foreign Exchange (SAFE) director-general of Capital Account Management, said on Thursday that in the past year it had found cases of assets being moved overseas, which were falsely claimed as being for mergers or acquisitions. Aggressive outbound deals by wealthy Chinese have been encouraged by the government, as part of its “going global” economic initiatives.

(Source: <http://www.scmp.com/> - 22.09.2016)

An International Monetary Fund (IMF) mission winding up their review of the Sri Lankan economy yesterday warned a second tranche of the \$ 1.5 billion Extended Fund Facility (EFF) would be dependent on the implementation of the proposed VAT hike. Head of the IMF staff team Jaewoo Lee told reporters after completing the first review mission that they could not “in good conscience” recommend the release of the second tranche to the Executive Board of the IMF in November unless the Government was able to pass the VAT increase of 15% through Parliament as it would be unlikely Sri Lanka would meet its revenue target otherwise.

(Source: <http://www.ft.lk> - 24.09.2016)

The west’s leading economic thinktank has backtracked on its warning that the UK would suffer instant damage from a Brexit vote and has thrown its weight behind plans by Theresa May to provide fresh post-referendum support to growth in November’s autumn statement. The Paris-based Organisation for Economic Cooperation and Development, which issued strong warnings about the likely impact of a vote to leave the EU ahead of the 23 June vote, has revised up its forecast for growth this year as a result of a stronger-than expected performance in the first half of 2016 and action by the Bank of England in August to spur activity.

(Source: <https://www.theguardian.com/> - 21.09.2016)

Sustainable city development will need to entail alternative housing for urban poor as they are service providers for city dwellers, industrial hub and the ports while also looking at affordability for the middle income earner, a senior official said. “A paradigm shift is required. We need to rethink key areas of housing policy and be engaged and be guided by a set of common core principles,” Nayana Mawilmada, head of investments, Western Region Megapolis Planning Project said. “We need to uplift the under-privileged and middle class and ensure integration rather than segregation across communities.”

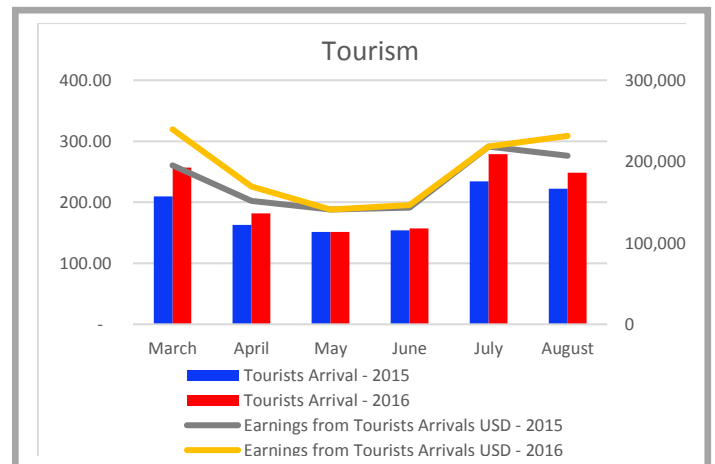
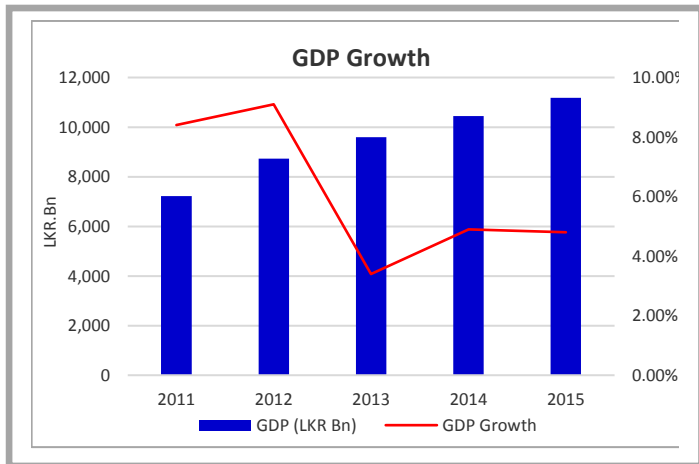
(Source: <http://www.lankabusinessonline.com/> - 23.09.2016)

Financial services are shifting away from banks in the euro zone to the so-called 'shadow banking' sector, requiring fresh rules across a range of areas to mitigate risk, European Central Bank President Mario Draghi said on Thursday. With traditional lenders suffering from weak profitability and stringent regulation, activity is shifting from banks to financial intermediaries, not subject to traditional bank regulation and not covered by usual deposit insurance schemes. "As financial intermediation continues to shift from banks to non-banks, we need to adapt our policy framework," Draghi said in his capacity as the head of the European Systemic Risk boards. "We need to identify migrating risks and develop tools to mitigate them."

(Source: <http://www.reuters.com> - 22.09.2016)

GDP and Economy

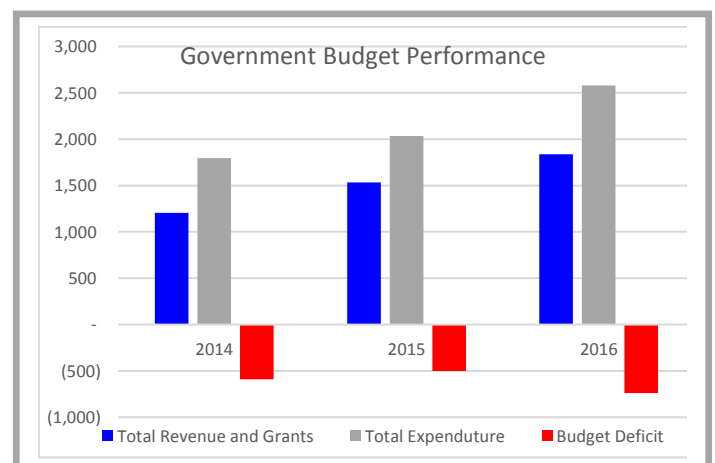
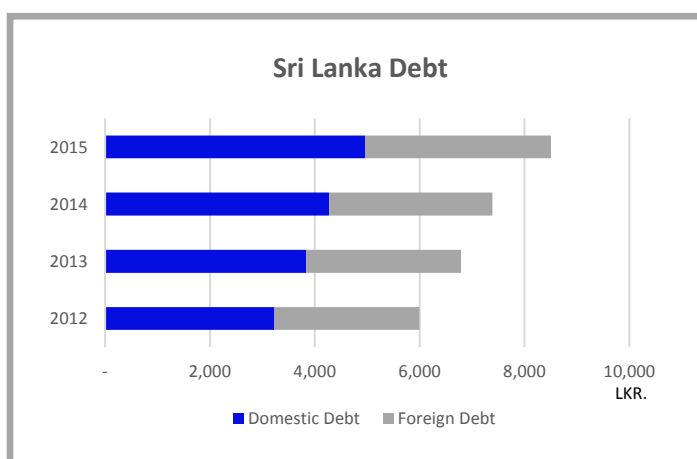
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

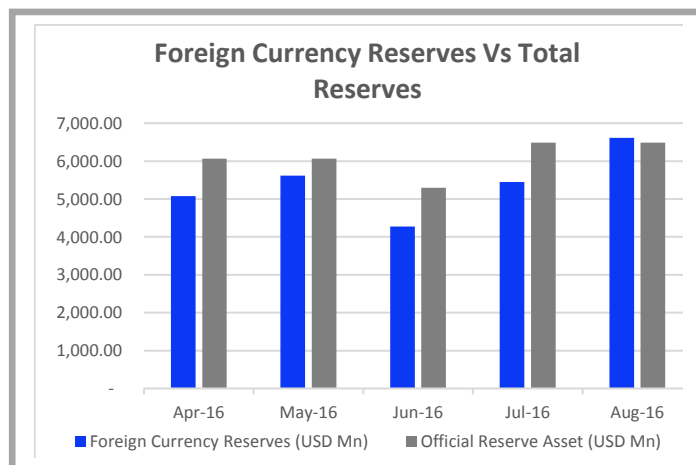
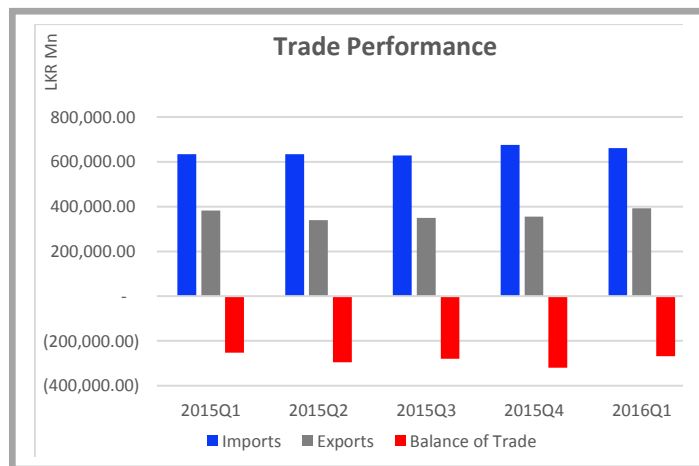
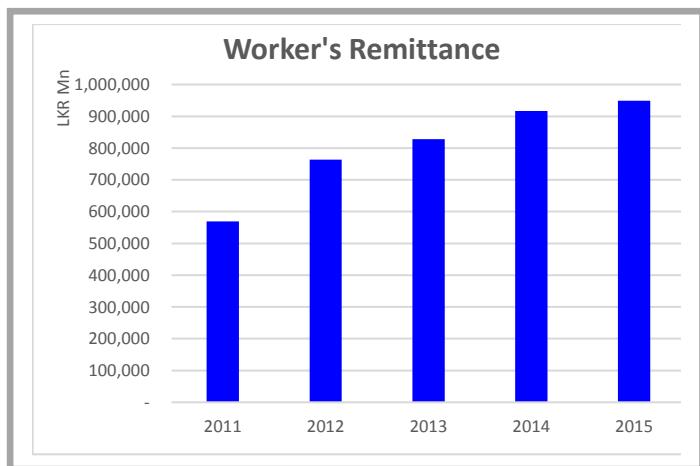


Sri Lanka Fiscal Performance

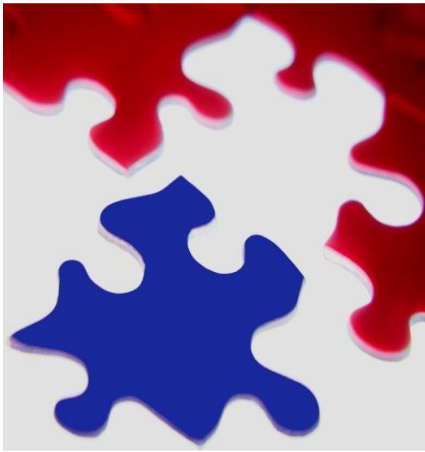
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments 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.



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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