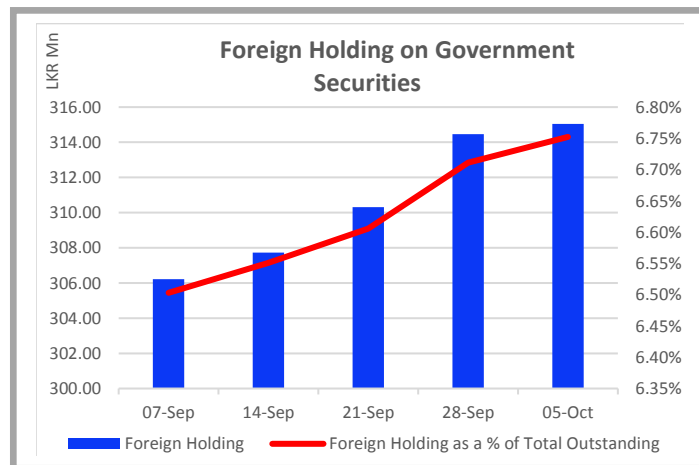
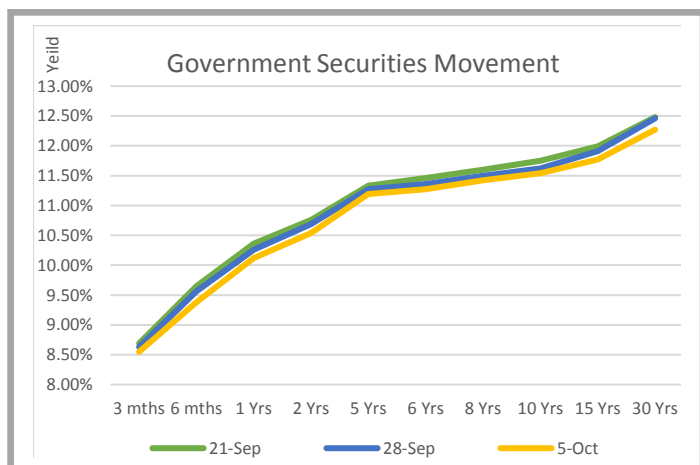
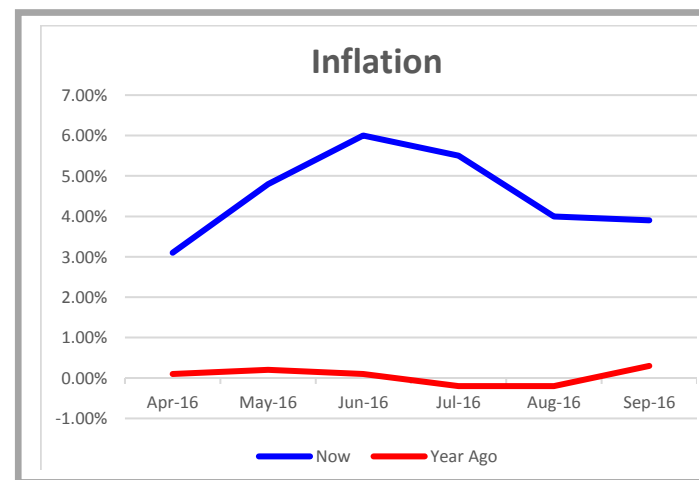
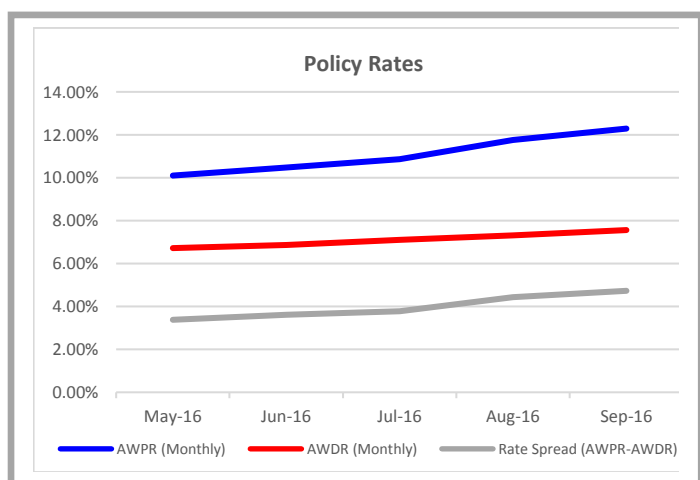


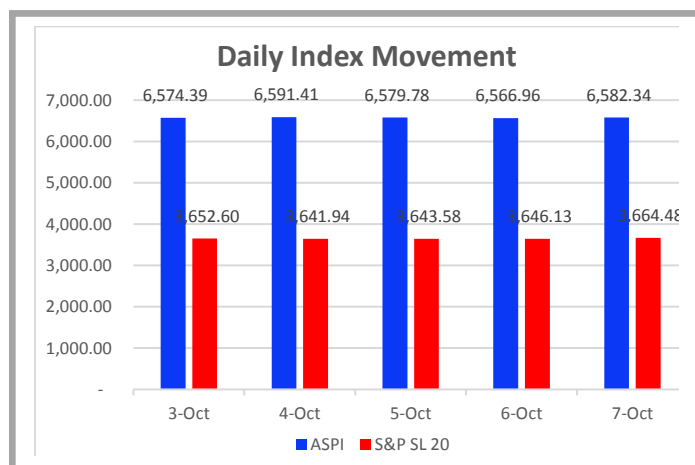
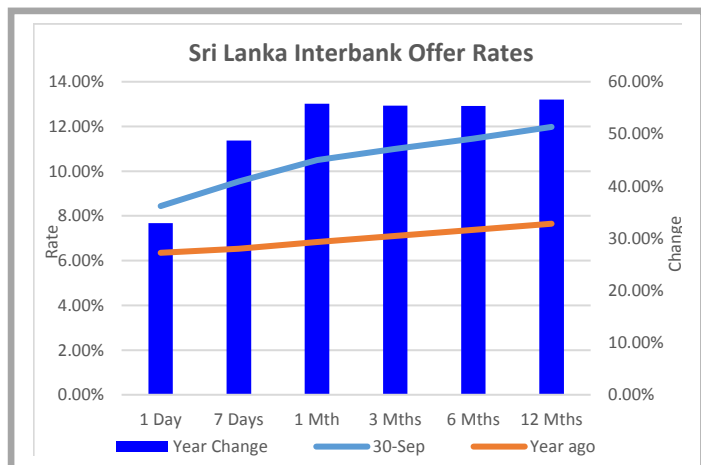
Economic Indicators: LKR/USD 146.62 (0.32% WoW) AWPR: 12.43% (2.56% WoW) AWDR: 7.56% (3.28% MoM) ASPI: 6,582 (0.73% WoW) S&P SL20: 3,664 (1.304% WoW)



Market	Period	05-Oct	28-Sep	Change bps
Secondary Market	3 months	8.55%	8.63%	-0.08
	6 months	9.38%	9.56%	-0.18
	1 Year	10.12%	10.26%	-0.14
	2 Years	10.54%	10.69%	-0.15
	5 Years	11.19%	11.27%	-0.08
	6 Years	11.27%	11.36%	-0.09
	8 Years	11.42%	11.50%	-0.08
	10 Years	11.54%	11.62%	-0.08
	15 Years	11.77%	11.91%	-0.14
30 Years	12.27%	12.46%	-0.19	

- Average Weighted Prime Lending Rate (AWPR): 12.43%. It has increased by 31 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 7.56% (Sep), 7.32% (Aug).
- Average Weighted Fixed Deposit Rate (AWFDR): 9.67% (Sep) and 9.31% (Aug).
- SLIBOR Rates: 8.44% (1Day), 9.71% (7Days), 10.64% (1Month), 11.05% (3Months), 11.45% (6Months), 11.98% (1Yr).
- Inflation (Annual average change): 5.0% (Sep) and 5.0% (Aug).

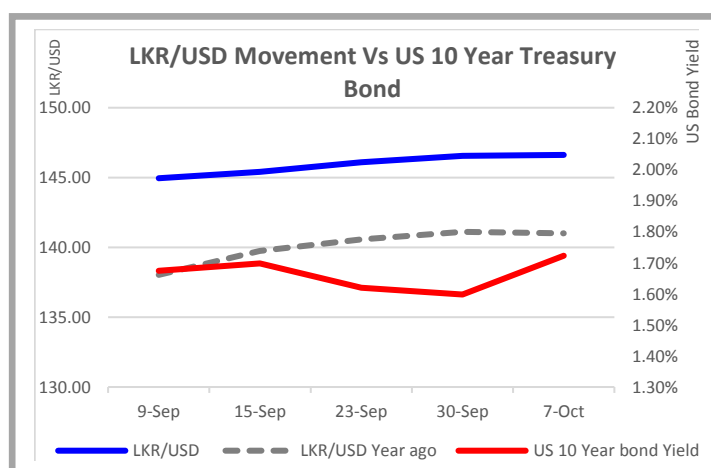




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.32% against USD from LKR/USD 146.56 to 146.62
- One month forward rate of LKR/USD is 147.55 (Last week 147.24).
- Three months forward rate of LKR/USD is 149.35 (Last week 148.95).

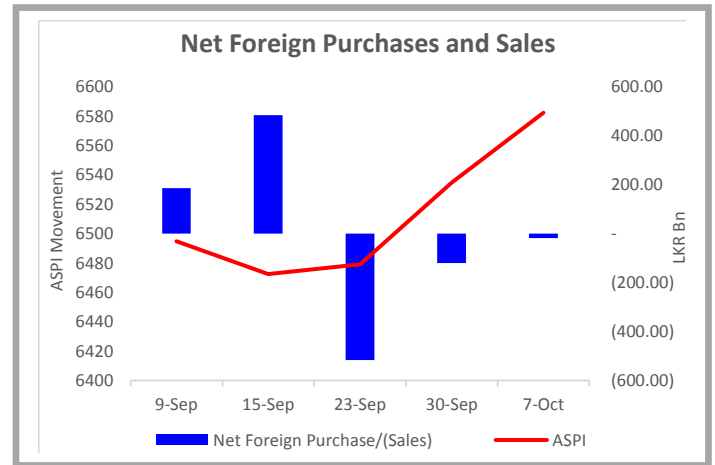
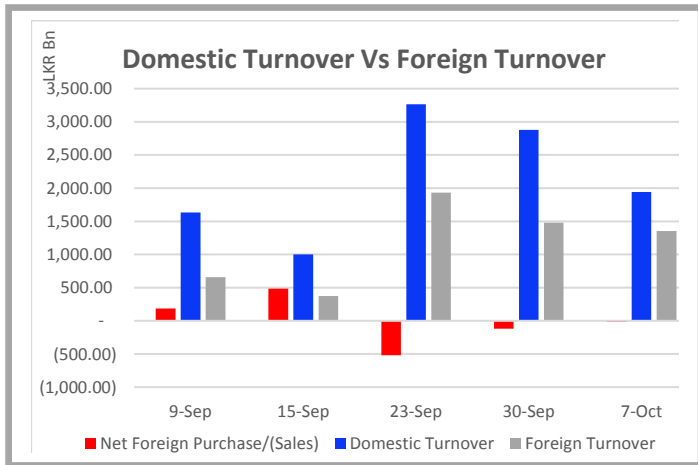
	09-Sep	15-Sep	23-Sep	30-Sep	07-Oct
INR 16	2.19	2.18	2.19	2.21	2.20
INR 15	2.08	2.11	2.14	2.14	2.16
RM 16	35.74	35.27	35.40	35.56	35.34
RM 15	32.09	32.42	32.48	31.77	32.51



Colombo Stock Exchange

- All Share Price Index: 6,582.34 points as at 07th October 2016.
- S&P 20: 3,664.48 points as at 07th October 2016.
- ASPI increased by 47.77 points WoW which is 0.73%.
- S&P 20 increased WoW by 47.16 points, reflecting a 1.30% positive variation.
- Net Foreign Outflow: LKR. 17.94 Mn.
- Last week recorded a Net Foreign Outflow: LKR. 120.70 Mn.
- Market capitalization: LKR. 2,805.97 Bn which is 0.73% increase compared to last week.
- Market PE: PE recorded as 13.51 in this week and it has increased by 0.60% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
PLANTATIONS	656.68	638.58	2.83%
DIVERSIFIED HOLDINGS	1,714.84	1,686.31	1.69%
BANKS FINANCE AND INSURANCE	16,733.53	16,485.93	1.50%
MOTORS	16,626.80	16,446.83	1.09%
MANUFACTURING	4,684.16	4,640.86	0.93%
Top Losers			
INFORMATION TECHNOLOGY	46.13	49.47	-6.75%
LAND AND PROPERTY	648.63	662.93	-2.16%
OIL PALMS	68,061.74	68,558.40	-0.72%
STORES AND SUPPLIES	28,810.96	28,986.01	-0.60%
CONSTRUCTION AND ENGINEERING	2,815.28	2,828.05	-0.45%



Local News

“We have five telecommunication companies in Sri Lanka which is too much,” Harin Fernando, Minister of Digital Infrastructure and Telecommunication said. “We are trying to look at ways that they can merge and bring it down to two or three operators so that a better service could be provided,” he said. “And if Google loon works then we can also cut the CAPEX (capital expenditures) cost of the companies and get value addition instead and more content can be provided.” Fernando said Sri Lanka was going through a “digital transformation” with a range of initiatives started by his ministry to digitize a host of activities enabling citizens to get their work and transactions done “with their fingertips.”

(Source: <http://www.lankabusinessonline.com/> - 10.10.2016)

The International Monetary Fund (IMF) said it remains positive of Sri Lanka’s growth prospects. In its latest Asia and Pacific Regional Economic Outlook Update released during the on-going Annual Meeting in Washington, the IMF said Sri Lanka’s economic momentum remains positive with GDP growth projected to remain robust at 5% in 2016-17. It said the Extended Fund Facility approved in June 2016 focuses on strengthening public finances to create space for Sri Lanka’s social and development program. IMF projects Sri Lanka’s GDP to grow by 5% in both 2016 and 2017. The inflation is expected to rise by 4.1% in 2016. The headline inflation is projected to rise by 5.3% in 2017 as the drag from low commodity prices wanes. The IMF projected a Current Account Balance of 1.5% for this year and 2.8% for 2017. (Source: <http://www.ft.lk> - 08.10.2016)

Sri Lanka will build a second refinery with a capacity of at least 100,000 barrels per day (bpd) in a tie-up with Indian Oil Corp, a top Sri Lankan official said on Thursday, a move that strengthens New Delhi’s engagement with Colombo. India has been vying for major projects in the island nation where China has secured multi-billion dollar infrastructure projects including a \$1.4 billion high-end property development and others ranging from a coal plant to ports. T.G. Jayasinghe, the head of state-run Ceylon Petroleum Corp (CPC) said the new refinery will be built at the eastern port city of Trincomalee with the aim of exporting fuel. “Usually it takes four years to build a refinery,” he told Reuters adding that oil tanks for storage were already in place.

Source: <http://www.lankabusinessonline.com/> - 07.10.2016)

Foreign News

The Bank of England and other central banks are scrutinising the dramatic dive in the pound on Friday to establish what drove sterling to new 31-year low in a trading incident that has had repercussions across global markets. The trading incident appears to have lasted for about 4 minutes in early Asian trading, compounding the losses that sterling had already suffered following speculation that Britain is heading for a “hard Brexit”. The Bank, which had been on alert for the impact of computer trading on markets, said: “We are looking at the causes of the sharp falls overnight.” Governor Mark Carney has asked the Bank for International Settlements - which represents the world’s central banks - to review the events which took place in the early hours of Friday morning.

(Source: <https://www.theguardian.com/> - 07.10.2016)

The International Civil Aviation Organization (ICAO) announced on Thursday that its member states had agreed to cut global aviation carbon emissions by 2035 to 2020 levels in support of efforts to keep global warming in check. Coming after six years of negotiations, the deal includes a voluntary phase from 2021 to 2026 and becomes mandatory in 2027 for states with larger aviation industries. Currently, some 64 countries covering about 85% of international aviation activity are participating in what's the world's first aviation pollution agreement, including North America and Europe. Only the world's poorest nations, small island states and countries with global passenger travel of less than 0.5% will be exempted.

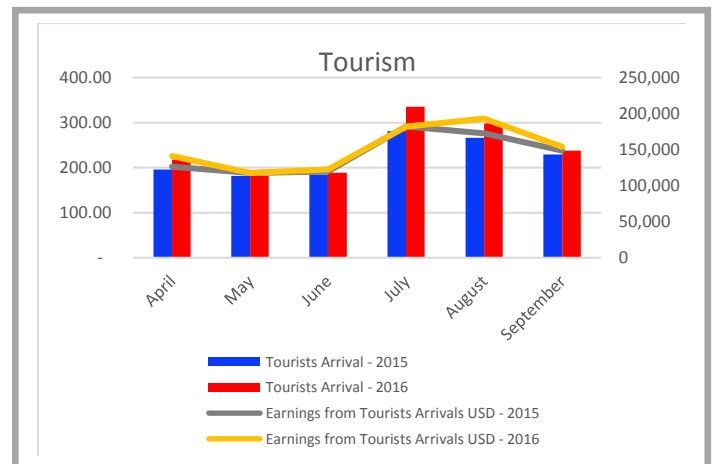
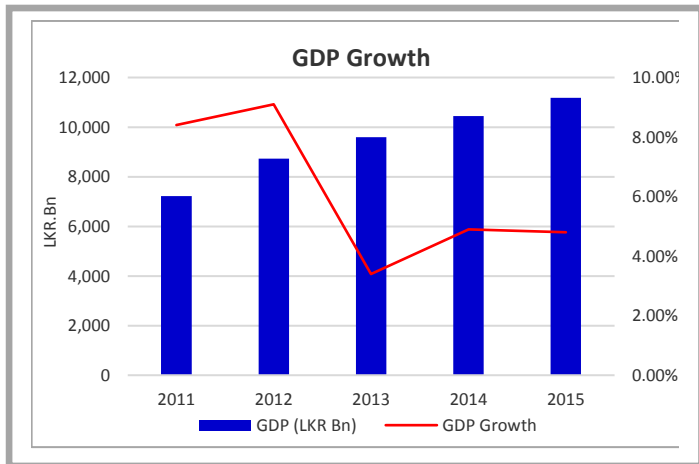
(Source: <http://www.dw.com/> - 06.10.2016)

Oct 6 The European Commission is likely to propose that European banks hold capital equal to at least 3% of their debt in a planned overhaul of EU banking rules, due in the next few weeks, an EU official said on Thursday. That ratio tallies with a recommendation in August from the European Banking Authority (EBA) and is also in line with proposals by the Basel Committee of global banking regulators. “We are likely to propose a 3% leverage ratio,” the official said. “We think the 3%, or slightly above, is a good figure for what is after all a backstop.” Deutsche Bank, ABN Amro and Societe Generale were among European banks found with a leverage ratio slightly below 3% in the latest EU-wide banking stress test published by the EBA in July.

(Source: <http://uk.reuters.com/> - 06.10.2016)

GDP and Economy

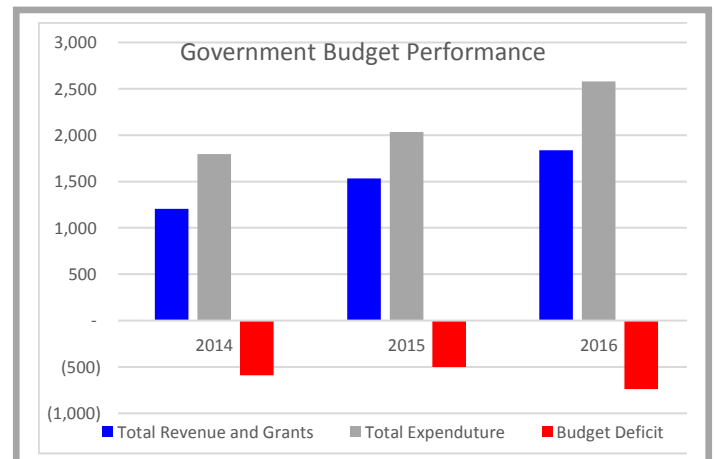
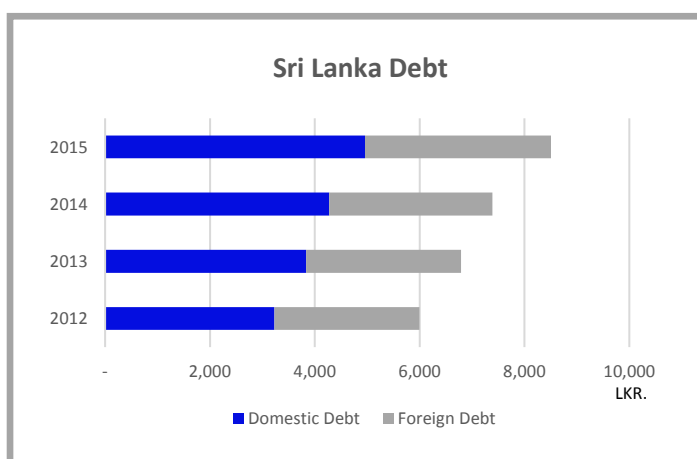
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR. 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.

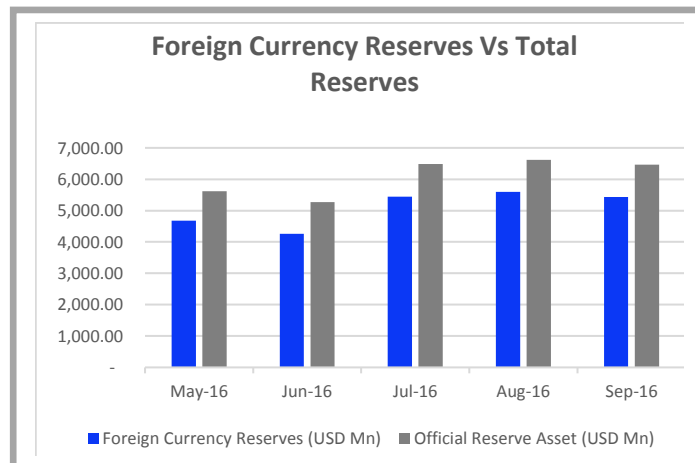
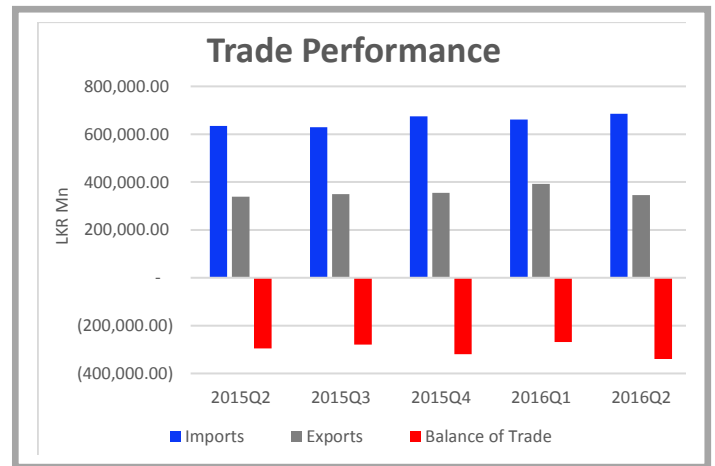
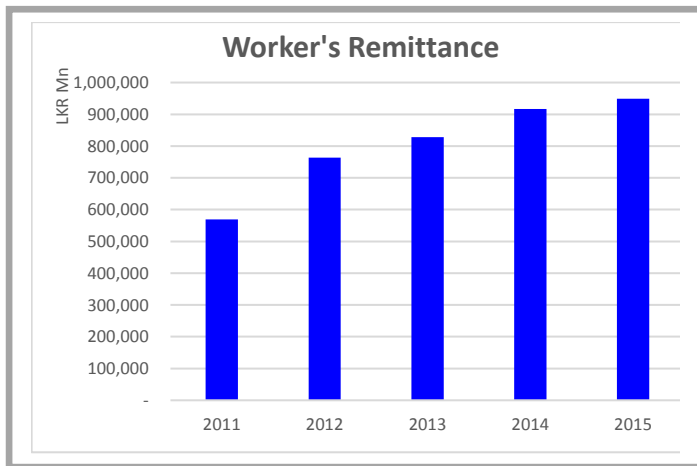


Sri Lanka Fiscal Performance

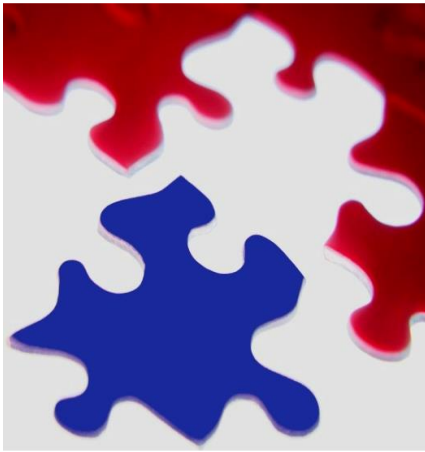
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments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

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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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