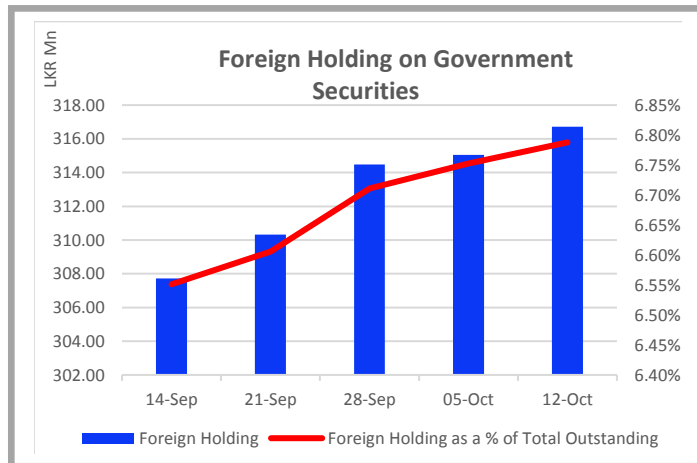
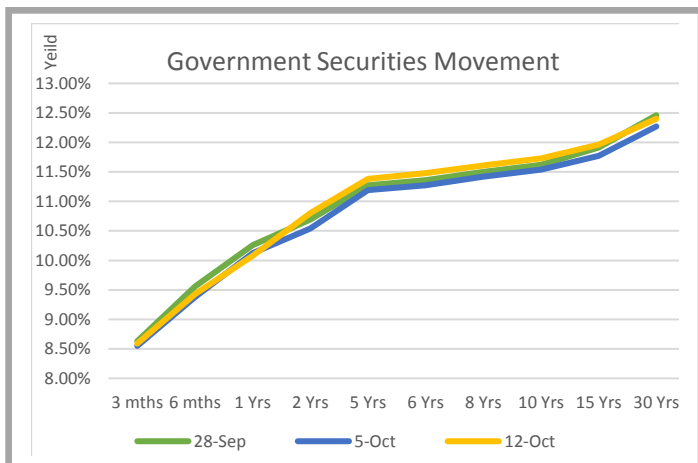
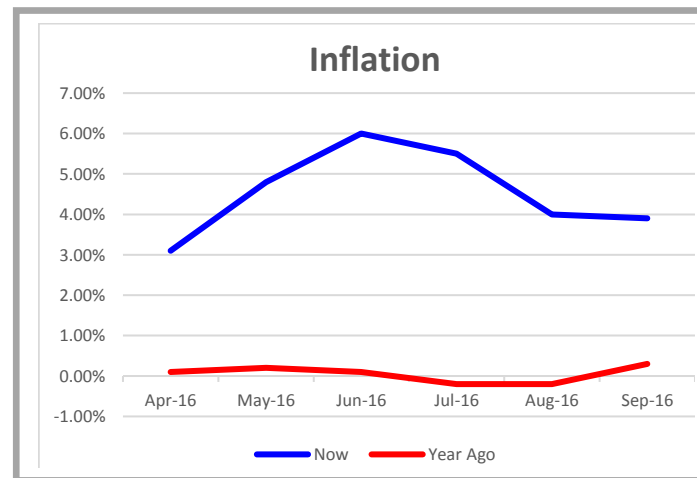
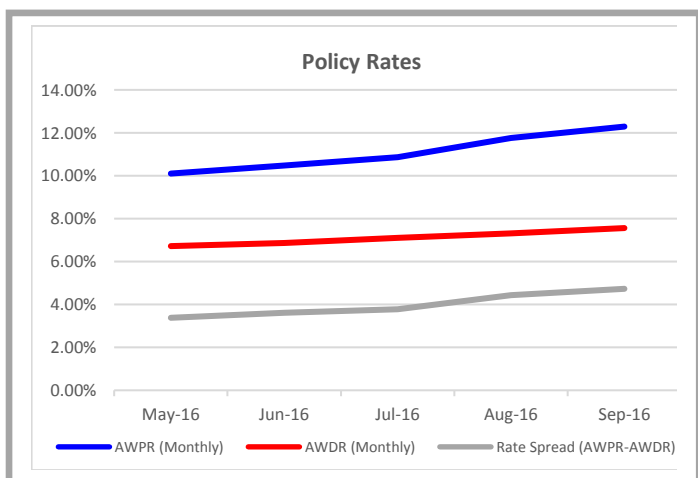


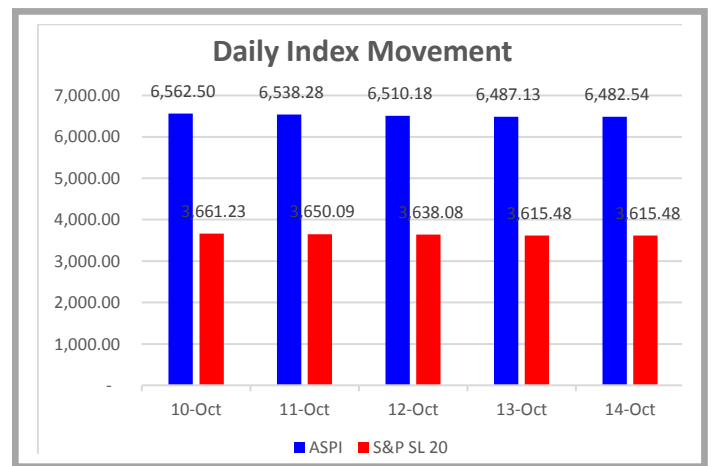
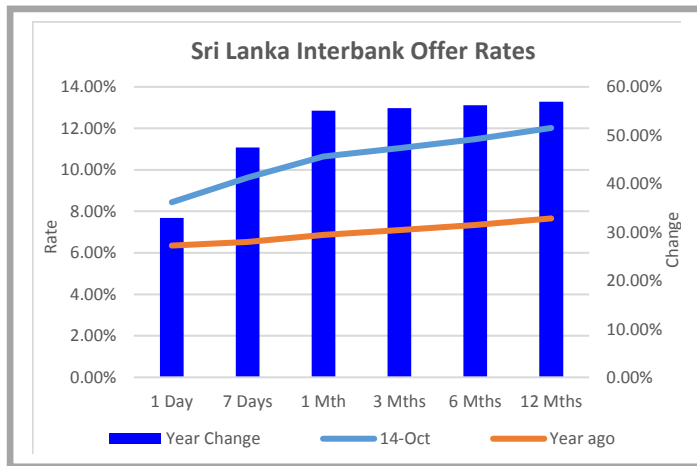
Economic Indicators: LKR/USD 146.75 (0.09% WoW) AWPR: 12.22% (1.72% WoW) AWDR: 7.56% (3.28% MoM) ASPI: 6,483 (1.52% WoW) S&P SL20: 3,615 (1.35% WoW)



Market	Period	12-Oct	05-Oct	Change bps
Secondary Market	3 months	8.59%	8.55%	0.04
	6 months	9.43%	9.38%	0.05
	1 Year	10.08%	10.12%	-0.04
	2 Years	10.80%	10.54%	0.26
	5 Years	11.38%	11.19%	0.19
	6 Years	11.48%	11.27%	0.21
	8 Years	11.61%	11.42%	0.19
	10 Years	11.73%	11.54%	0.19
	15 Years	11.96%	11.77%	0.19
30 Years	12.40%	12.27%	0.13	

- Average Weighted Prime Lending Rate (AWPR): 12.22%. It has declined by 21 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), 9.63% (7Days), 10.64% (1Month), 11.06% (3Months), 11.48% (6Months), 12.02% (1Yr).
- Inflation (Annual average change): 5.0% (Sep) and 5.0% (Aug).

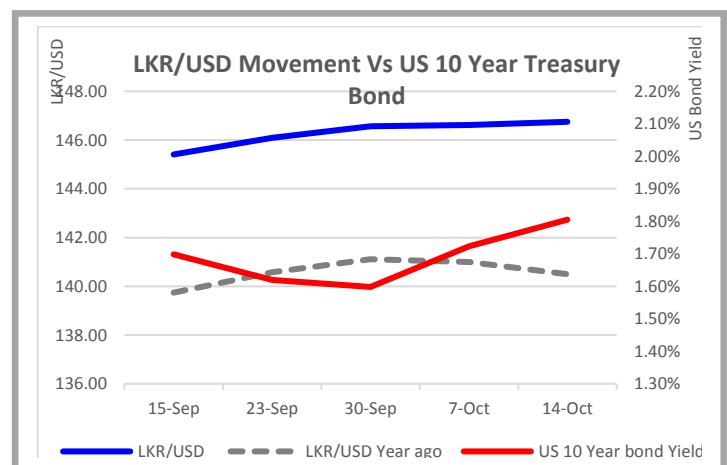




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.09% against USD from LKR/USD 146.62 to 146.75
- One month forward rate of LKR/USD is 147.89 (Last week 147.55).
- Three months forward rate of LKR/USD is 149.36 (Last week 149.35).

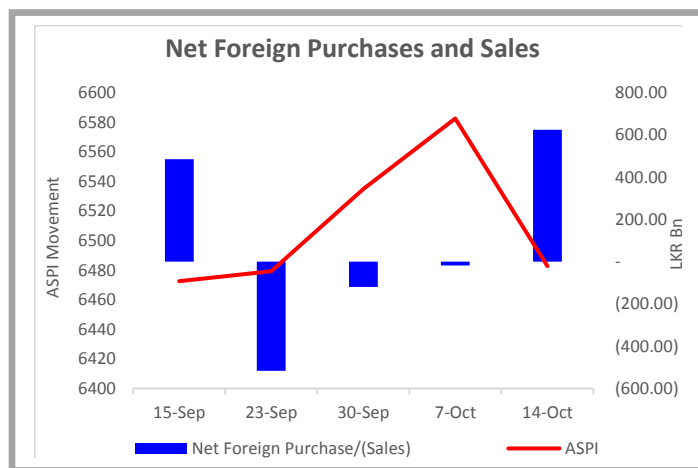
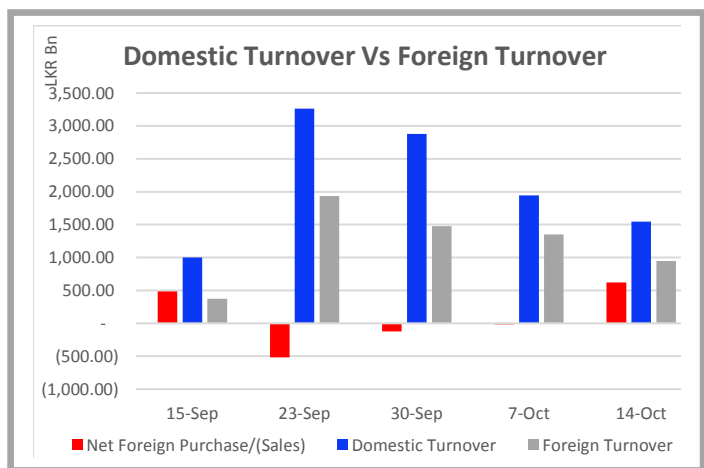
	15-Sep	23-Sep	30-Sep	07-Oct	14-Oct
INR 16	2.18	2.19	2.21	2.20	2.20
INR 15	2.11	2.14	2.14	2.16	2.16
RM 16	35.27	35.40	35.56	35.34	34.91
RM 15	32.42	32.48	31.77	32.51	33.60



Colombo Stock Exchange

- All Share Price Index: 6,482.54 points as at 14th October 2016.
- S&P 20: 3,615.12 points as at 14th October 2016.
- ASPI decreased by 99.80 points WoW which is 1.52%.
- S&P 20 decreased WoW by 49.36 points, reflecting a 1.35% negative variation.
- Net Foreign Inflow: LKR. 623.13 Mn.
- Last week recorded a Net Foreign Outflow: LKR. 17.94 Mn.
- Market capitalization: LKR. 2,763.46 Bn which is 1.51% decrease compared to last week.
- Market PE: PE recorded as 13.37 in this week and it has decreased by 1.04% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
INFORMATION TECHNOLOGY	47.80	46.13	3.62%
SERVICES	19,265.79	19,071.67	1.02%
LAND AND PROPERTY	655.09	648.63	1.00%
Top Losers			
STORES AND SUPPLIES	27,683.43	28,810.96	-3.91%
CONSTRUCTION AND ENGINEERING	2,721.12	2,815.28	-3.34%
PLANTATIONS	636.03	656.68	-3.14%
FOOTWEAR AND TEXTILES	939.24	967.80	-2.95%
DIVERSIFIED HOLDINGS	1,673.48	1,714.84	-2.41%



Local News

Foreign News

There are new opportunities for Sri Lankan companies in India, with several internal changes going on in the country, an official of a visiting Indian business delegation said. "Within India, there are so many economic changes that could be advantageous for Sri Lanka. What is important is that this is also a new opening for Lankan industries and SMEs," said Shreekant Somany, governing council member of the Confederation of Indian Industry (CII), in Colombo. A CII delegation held discussions with Minister of Industry and Commerce Rishad Bathiudeen and ministry officials earlier this month. Keen to spur the economy, India has been reducing non-tariff barriers and barriers to trade with its neighbours in recent years.

(Source: <http://www.lankabusinessonline.com/> - 17.10.2016)

The Securities and Exchange Commission (SEC) has pushed back the date to approve the Winklevoss twins' request to list a bitcoin ETF on the BATS exchange under the ticker COIN, according to a document published on the U.S. Federal Register website. The Winklevoss Bitcoin Trust, owned by brothers Cameron and Tyler Winklevoss, filed the first bitcoin ETF application with the U.S. regulator 3 years ago. The twin brothers have been among the most public advocates for a bitcoin ETF and they also run currently both WinkDex, a bitcoin price index, and Gemini, a bitcoin custodian and exchange. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the exchange-traded product. (Source: <http://www.financemagnates.com/> 13.10.2016)

An upbeat Prime Minister Ranil Wickremesinghe said Sri Lanka's foreign reserves would be boosted by over \$1 billion when proposed Public-Private-Partnerships (PPPs) for the Hambantota port and airport are wound up next month. Following Wickremesinghe's visit to Beijing in April 2016, it was announced that the Sri Lankan Government had proposed debt-equity swaps for the Hambantota mega infrastructure projects. Subsequently it was announced that the Government was in talks with Chinese companies to take over the debt and management of the port and airport that were built on Chinese loans taken by former President Rajapaksa. "Certainly, the port is going to be over a billion (dollars) and the airport will be another hundreds of millions. We have asked for upfront payment," Wickremesinghe said. (Source: <http://www.ft.lk> - 15.10.2016)

Bank of Japan Governor Haruhiko Kuroda said on Monday the central bank will adjust monetary policy as needed to achieve its 2 percent inflation target with an eye on economic, price and financial developments. "Japan's economy is expected to expand moderately as a trend," Kuroda said in a speech at the central bank's quarterly meeting of its regional branch managers. The BOJ last month switched its policy to target interest rates and away from expanding the monetary base - or the pace of money printing - after years of massive asset purchases failed to jolt the economy out of decades-long stagnation.

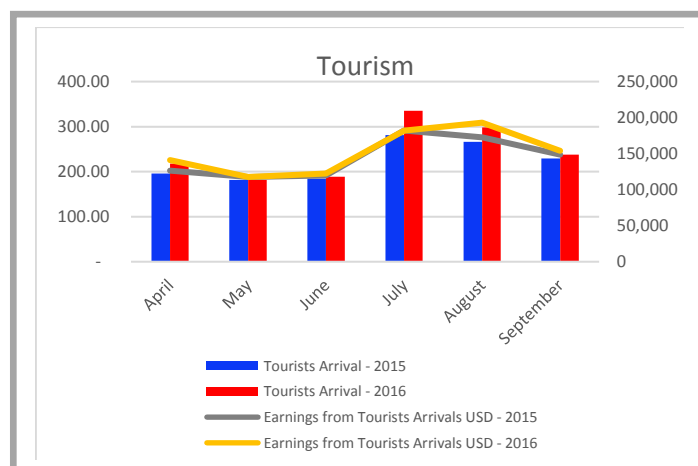
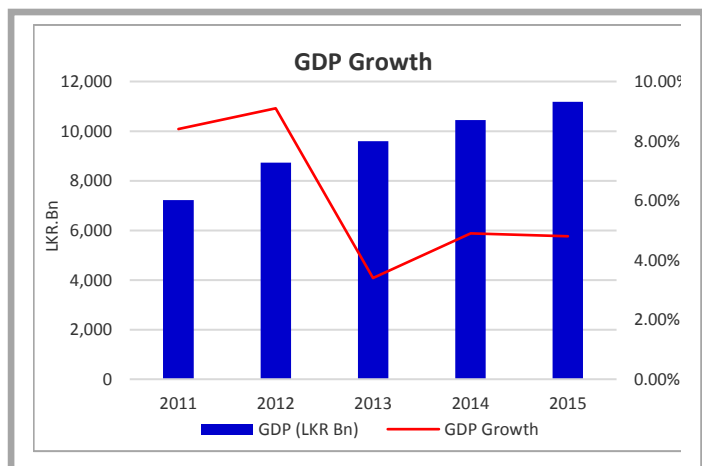
(Source: <http://www.reuters.com/> - 17.10.2016)

Foreign direct investment (FDI) plays a very important role for a country to develop its trade and export growth, "FDI is important for trade growth as it brings money, technological advantages and the latest management ideas which drive indigenous and innovative growth," Wang Shouwen, Vice Minister of Commerce, China said. "In China foreign firms have invested 1.7 trillion dollars accounting for 40% of China's exports, 10% of tax revenues, 40% of total employment." Sri Lanka's exports, as a percent of GDP, fall far below other countries in the region. Last year, exports as a percentage of GDP was 12.8%, while Vietnam recorded 83.7%, Malaysia 67.5%, Thailand 54.2% and Singapore 119.7%. Shouwen says it is important for developing economies to join regional economic integration efforts. Source: <http://www.lankabusinessonline.com/> - 13.10.2016)

Deutsche Bank is studying a possible change of its strategy in the United States, where it is fighting a \$14 billion fine the Department of Justice (DoJ) is requiring over the sale of toxic mortgage bonds before the financial crisis, two sources close to the company said. They said that while abandoning the United States, its most important market, altogether was very likely out of the question for the bank, it could consider scaling down its activities, so as to focus more on the needs of German corporate clients overseas. German newspaper Welt am Sonntag in an abstract of a story due to be published on Sunday said earlier that a change of business strategy might be part of a settlement with the DoJ, in addition to paying the fine, possibly by giving up its investment banking in the United States. (Source: <http://reuters.com/> - 15.10.2016)

GDP and Economy

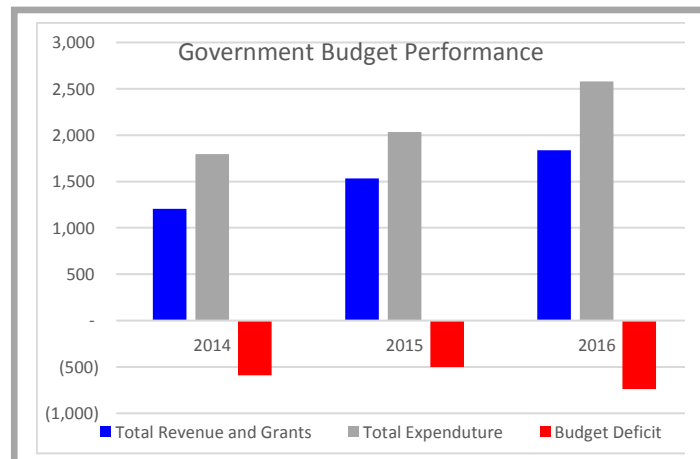
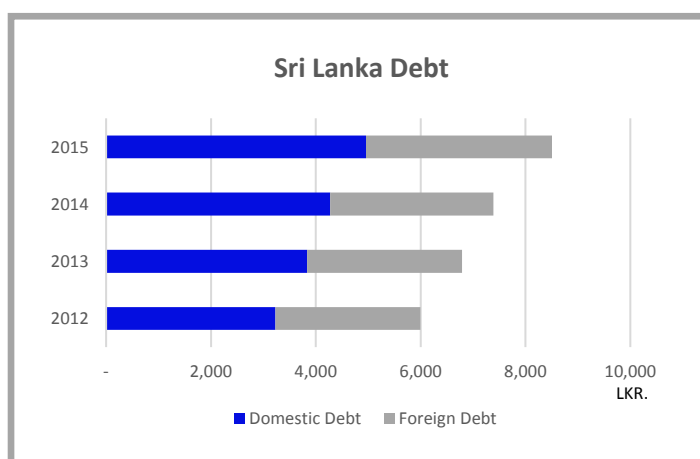
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

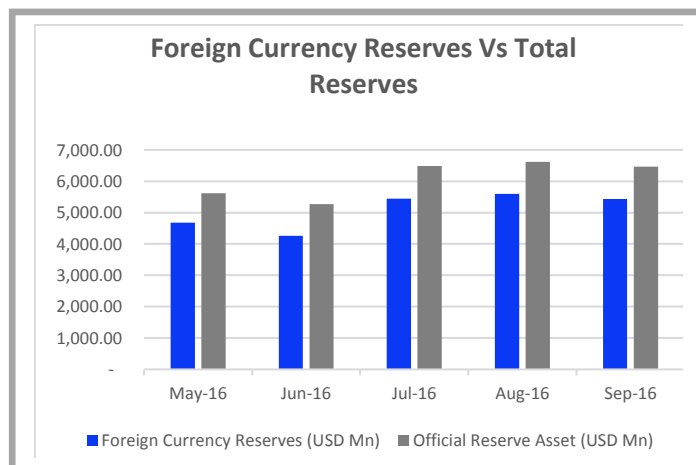
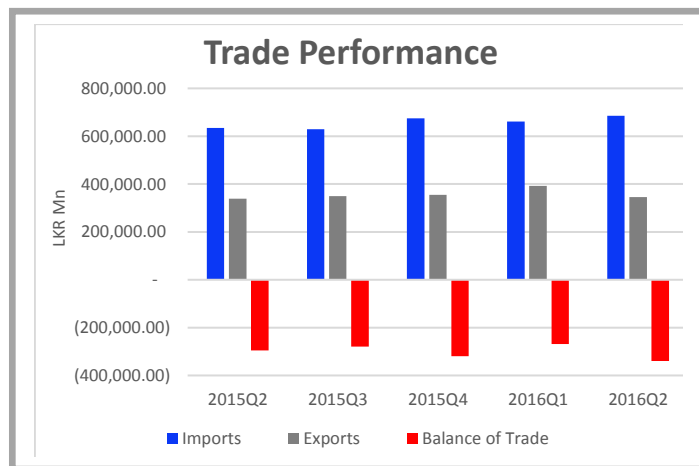
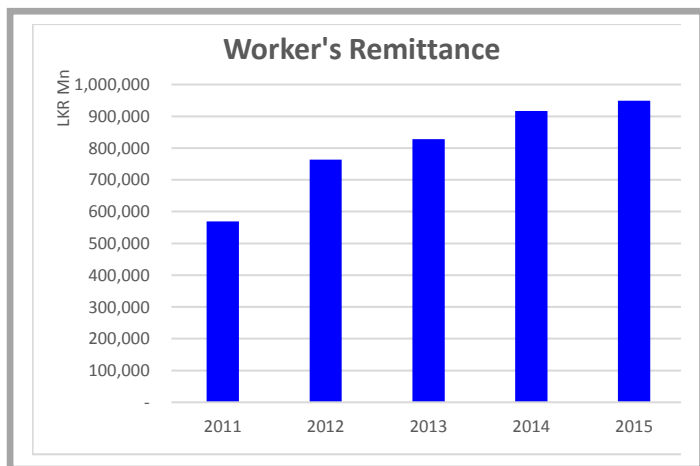


Sri Lanka Fiscal Performance

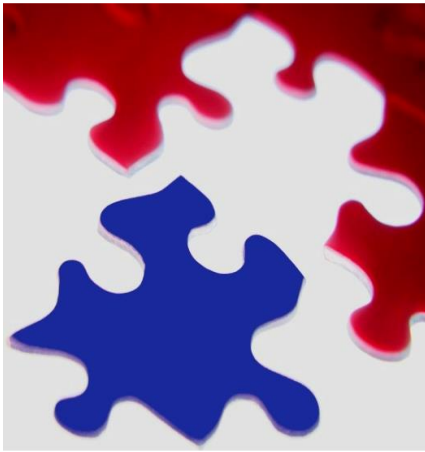
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments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

kenanga

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

KENANGA INVESTMENT CORPORATION LTD

4th Floor Landmark Building,
No 385, Galle Road,
Colombo 03

Web: www.kenangasl.com
Email: info@kenangasl.com