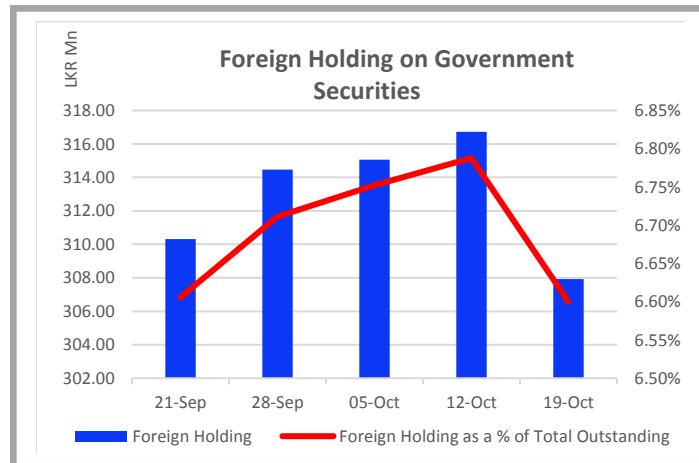
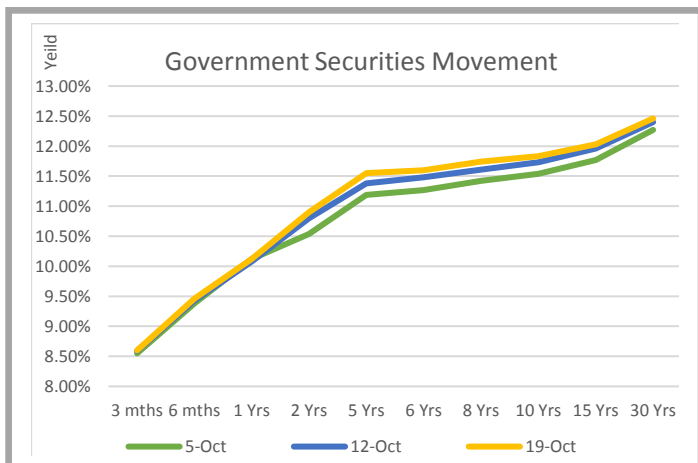
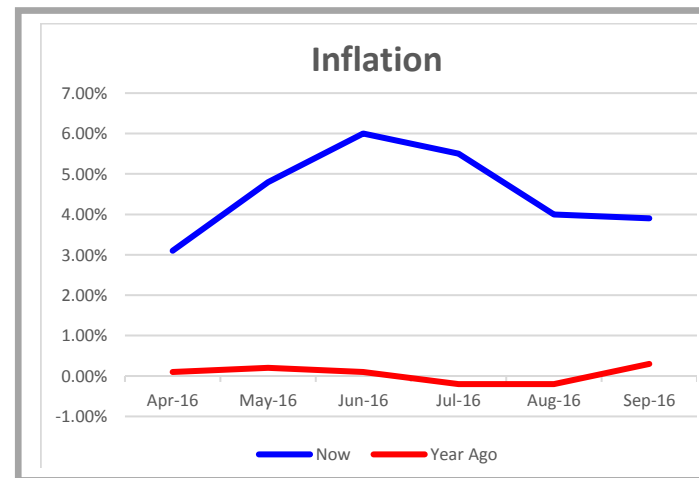
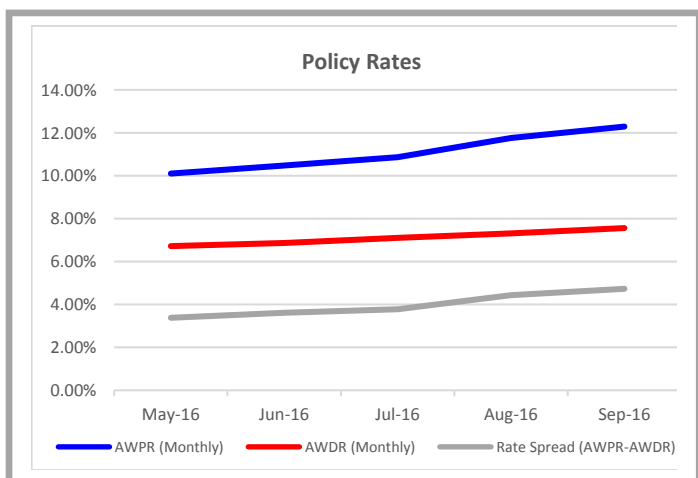


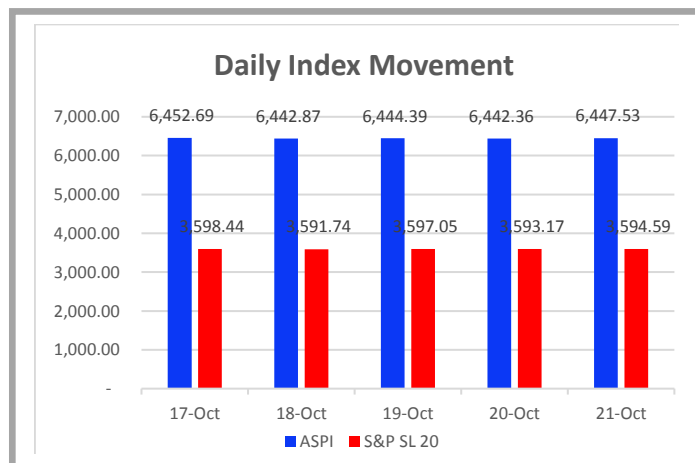
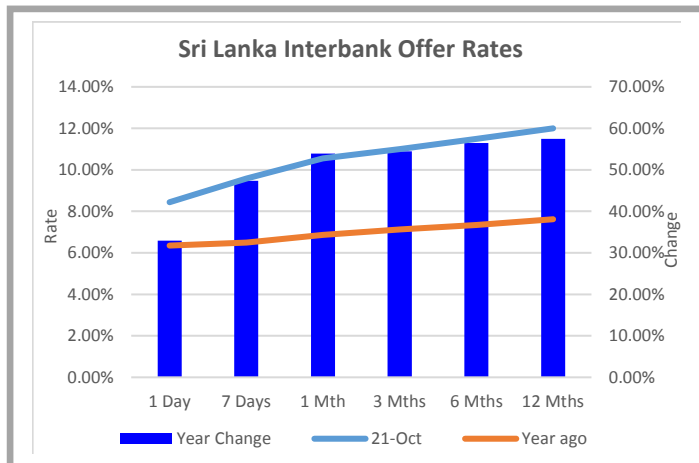
Economic Indicators: LKR/USD 146.75 (0.09% WoW) AWPR: 12.35% (1.06% WoW) AWDR: 7.56% (3.28% MoM) ASPI: 6,447 (0.54% WoW) S&P SL20: 3,595 (0.57% WoW)



Market	Period	19-Oct	12-Oct	Change bps
Secondary Market	3 months	8.60%	8.59%	0.01
	6 months	9.46%	9.43%	0.03
	1 Year	10.12%	10.08%	0.04
	2 Years	10.90%	10.80%	0.10
	5 Years	11.55%	11.38%	0.17
	6 Years	11.60%	11.48%	0.12
	8 Years	11.74%	11.61%	0.13
	10 Years	11.83%	11.73%	0.10
	15 Years	12.03%	11.96%	0.07
	30 Years	12.46%	12.40%	0.06

- Average Weighted Prime Lending Rate (AWPR): 12.35%. It has declined by 13 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), 9.58% (7Days), 10.56% (1Month), 11.00% (3Months), 11.50% (6Months), 12.00% (1Yr).
- Inflation (Annual average change): 5.0% (Sep) and 5.0% (Aug).

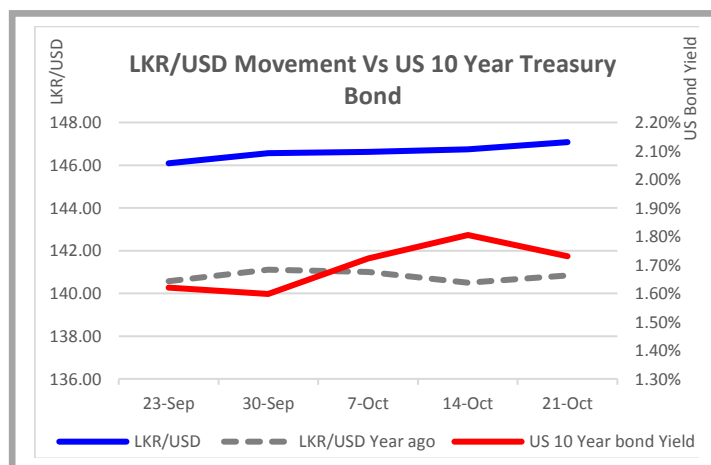




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.22% against USD from LKR/USD 146.75 to 147.08
- One month forward rate of LKR/USD is 147.93 (Last week 147.89).
- Three months forward rate of LKR/USD is 149.48 (Last week 149.36).

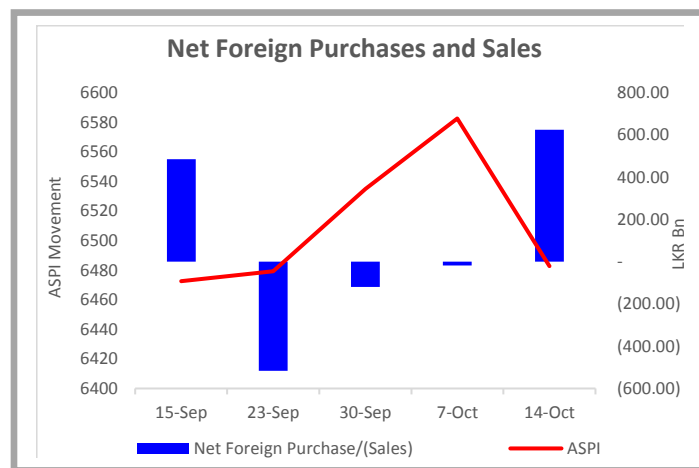
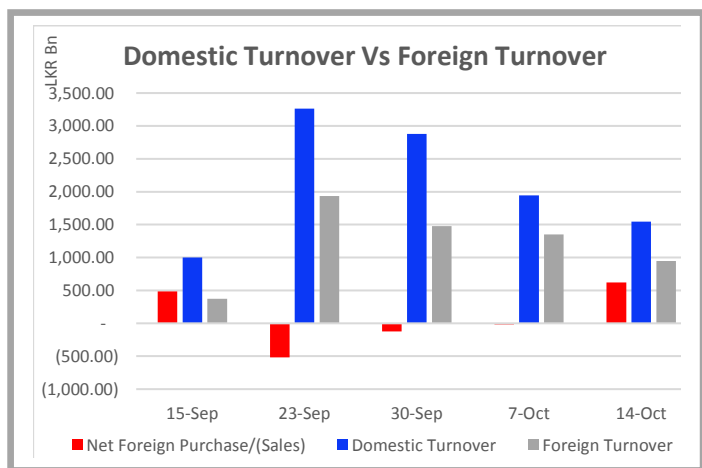
	23-Sep	30-Sep	07-Oct	14-Oct	21-Oct
INR 16	2.19	2.21	2.20	2.20	2.20
INR 15	2.14	2.14	2.16	2.16	2.17
RM 16	35.40	35.56	35.34	34.91	35.00
RM 15	32.48	31.77	32.51	33.60	32.82



Colombo Stock Exchange

- All Share Price Index: 6,447.53 points as at 21st October 2016.
- S&P 20: 3,594.59 points as at 21st October 2016.
- ASPI decreased by 35.01 points WoW which is 0.54%.
- S&P 20 decreased WoW by 20.53 points, reflecting a 0.57% negative variation.
- Net Foreign Inflow: LKR. 518.74 Mn.
- Last week recorded a Net Foreign Outflow: LKR. 623.13 Mn.
- Market capitalization: LKR. 2,748.63 Bn which is 0.54% decrease compared to last week.
- Market PE: PE recorded as 13.30 in this week and it has decreased by 0.52% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
Top Gainers			
OIL PALMS	69,408.39	67,594.31	2.68%
PLANTATIONS	642.39	636.03	1.00%
TELECOMMUNICATIONS	180.52	179.41	0.62%
STORES AND SUPPLIES	27,846.80	27,683.43	0.59%
Top Losers			
INFORMATION TECHNOLOGY	45.58	47.80	-4.64%
INVESTMENT TRUSTS	13,634.92	14,214.11	-4.07%
SERVICES	18,939.85	19,265.79	-1.69%
FOOTWEAR AND TEXTILES	925.04	939.24	-1.51%
MOTORS	16,298.94	16,529.31	-1.39%



Local News

Sri Lanka’s Ministry of Megapolis has appointed a committee to look into the grievances being voiced by the fishing community due to the construction of the proposed Colombo Financial Center, previously called the Colombo Port City. The ten member committee will comprise five fishermen from the area and five personal from the Ministry and from the Financial Center project. Minister of Megapolis and Western Province Development, Champika Ranawaka, said that if the committee finds the income of the fishing community has been reduced due to any sand dredging for the project then compensation would be paid accordingly.

(Source: <http://www.lankabusinessonline.com/> - 24.10.2016)

Foreign News

US government plan to impose stronger cybersecurity standards on the financial industry is taking aim at a much broader number of companies in the financial sector than had been expected. The sweeping proposal issued this week by the Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency would cover not only Wall Street giants but regional banks, credit card businesses, large insurers and clearinghouses. The public has until January 2017 to comment on the advanced version of the plan. Regulators will then issue a formal proposal and seek more comment before publishing a final rule. The agencies have said that the plan would target the “largest and most interconnected entities” under their oversight.

Source: <http://thehill.com/> - 20.10.2016)

Straight talking IMF head in Sri Lanka Eteri Kvintradze encouraged the Government not to falter in its measures for revenue based fiscal consolidation calling for steep cuts in tax exemptions to bring in a simplified tax policy that would attract investment. Speaking at the inauguration of the Sri Lanka Economic Association Annual Sessions she said that tax revenue in Sri Lanka is one of the lowest in the world. Despite past reforms and having a number of tax rates higher than the global standards, the revenue collected by tax still remains extremely low. “Tax collection in Sri Lanka has steadily declined over the past decade and revenue kept falling behind targets. Tax exemptions, rate reductions, tax holidays; special provisions are exceptionally high in Sri Lanka.

(Source: <http://www.ft.lk> - 22.10.2016)

The euro held near a seven-month low amid speculation the European Central Bank will maintain its easy monetary policy as the Federal Reserve prepares to raise interest rates. The single currency held onto three weeks of declines after ECB President Mario Draghi said Oct. 20 that neither tapering of the bank’s bond-buying plan nor an extension of the program were discussed at its two-day policy meeting. Speculators increased bearish-euro bets to the most since July as expectations faded that officials back a sudden end to quantitative easing after March. “Draghi was dovish because he said that the tapering rumors were wrong and purchases won’t be stopped abruptly,” said Sam Lynton-Brown, a foreign-exchange strategist at BNP Paribas SA in London.

(Source: <http://www.bloomberg.com/> - 24.10.2016)

Indian Foreign Secretary S. Jaishankar, who arrived in Sri Lanka with a business delegation on Saturday for a three-day official visit, met with President Maithripala Sirisena. Foreign Secretary Jaishankar, on an economic diplomacy initiative, held discussions with President Sirisena on the implementation of various initiatives and economic cooperation projects decided by the leadership of the two countries. Potential Indo-Lanka partnerships in areas such as transport, energy and infrastructure were at the centre of the discussions. The Indian Foreign Secretary’s visit is aimed at exploring the potential to promote Indian business in Sri Lanka and investment opportunities.

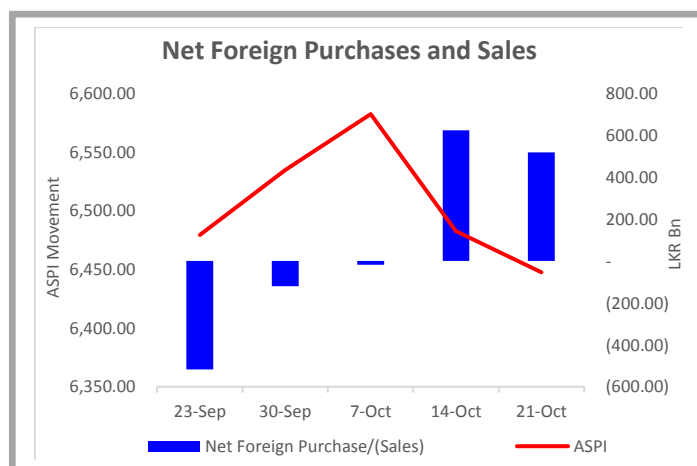
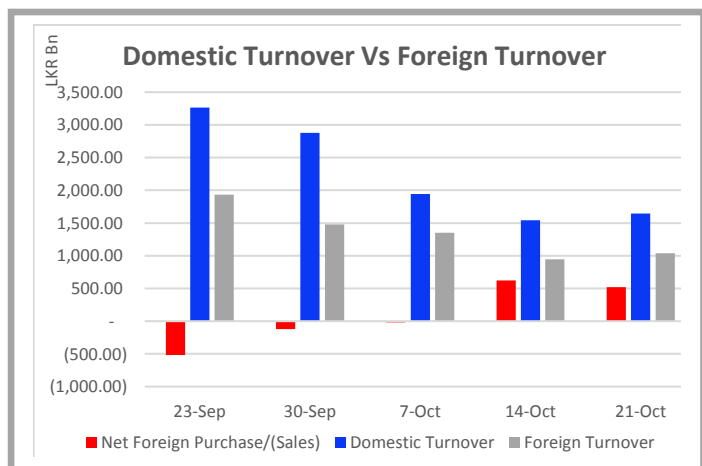
(Source: <http://www.ft.lk> - 24.10.2016)

China’s banking watchdog has ordered strict control of financial risks related to real estate as bank loans to the sector surged. Regulations over property loans must be rigorously implemented, and financial business related to real estate agents and developers should be conducted in a prudent manner, according to a statement on the website of the China Banking Regulatory Commission (CBRC). Irregular inflow of loans or wealth management funds into the property sector must be banned, said the statement. By the end of September, financial institutions in China had lent 25.33 trillion yuan (\$3.74 trillion) to the property sector, up 25.2% year on year, central bank data show.

(Source: <http://europe.chinadaily.com.cn/> - 21.10.2016)

GDP and Economy

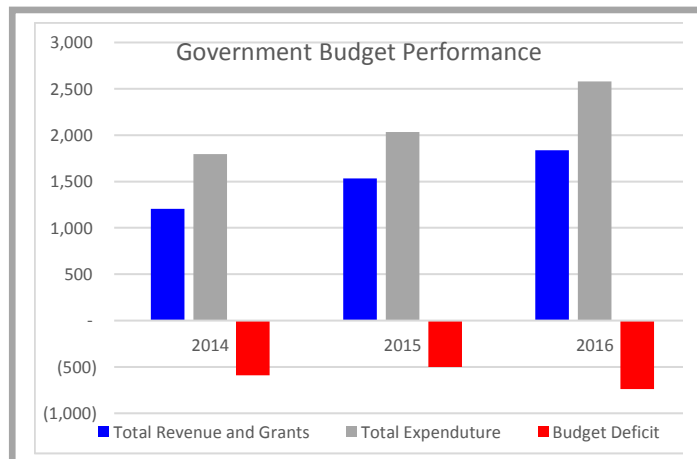
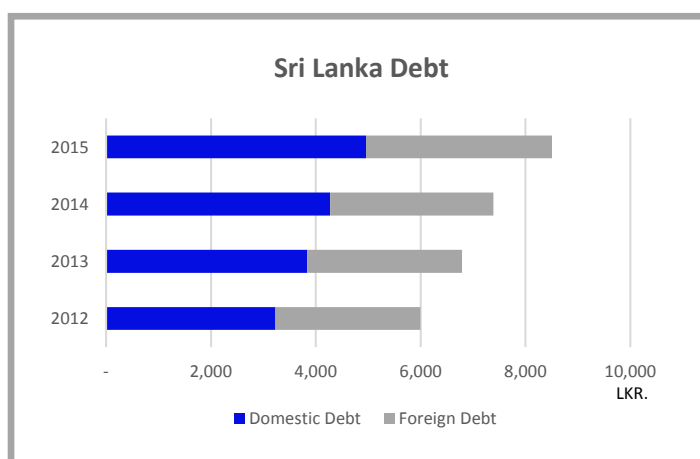
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

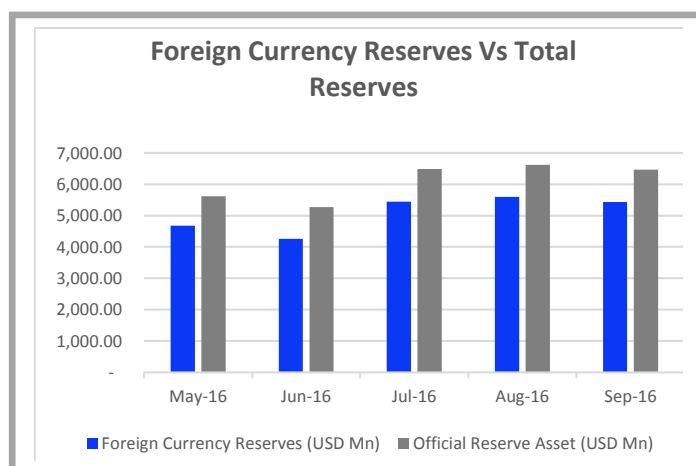
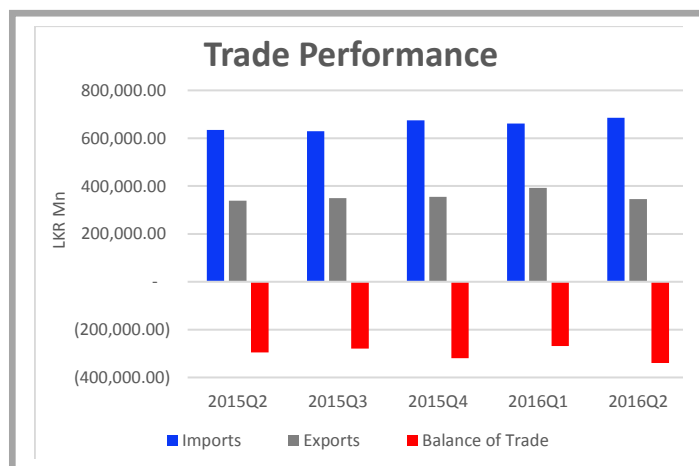
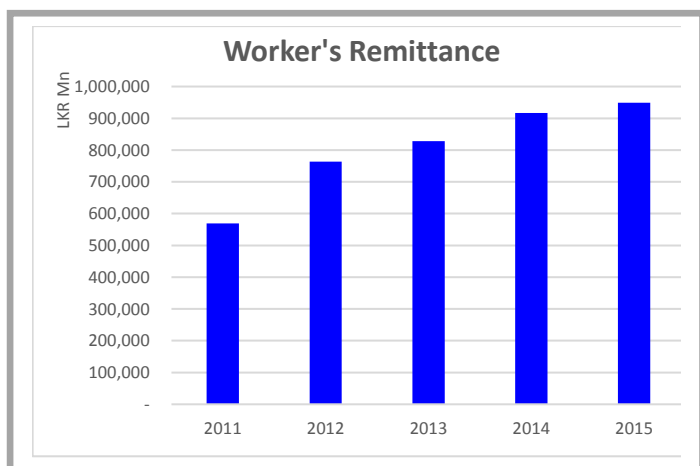


Sri Lanka Fiscal Performance

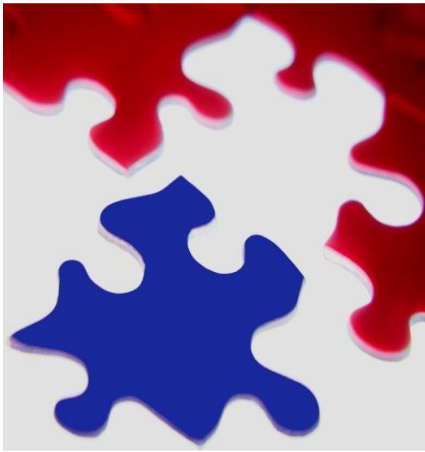
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments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