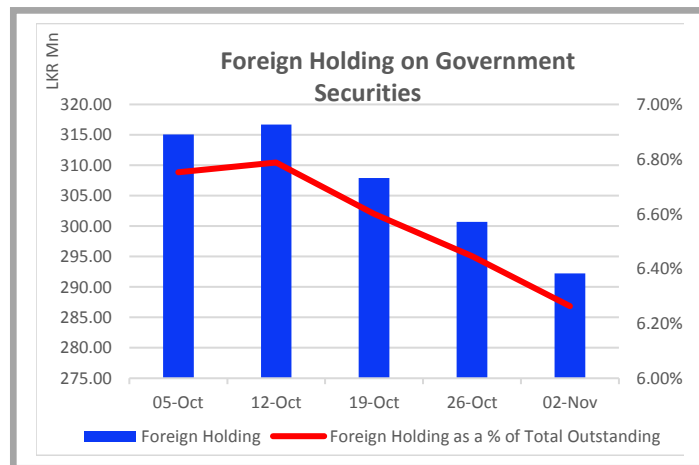
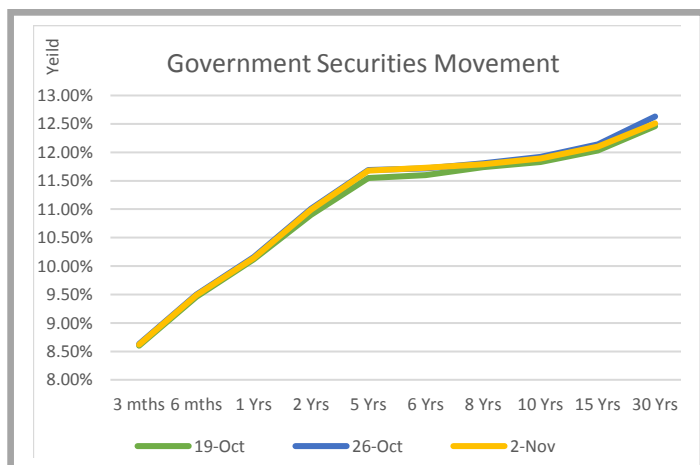
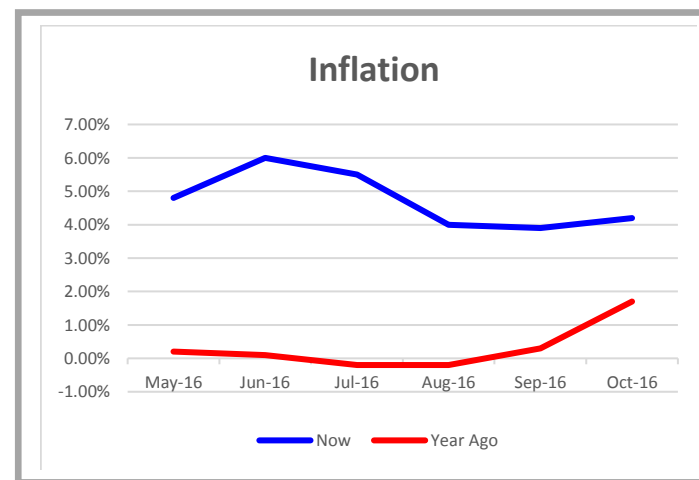
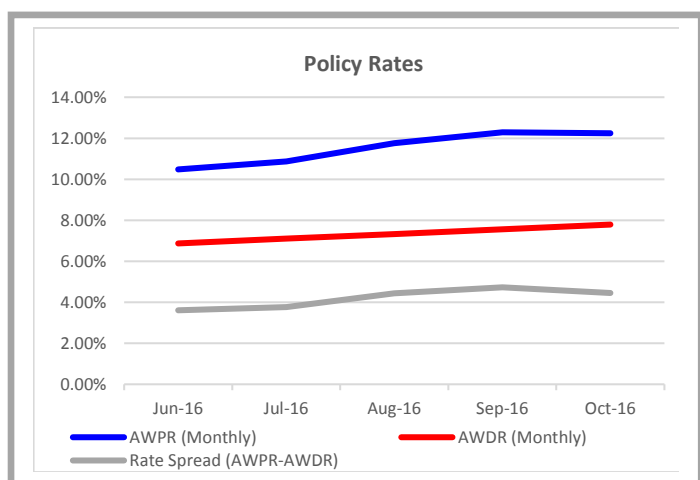


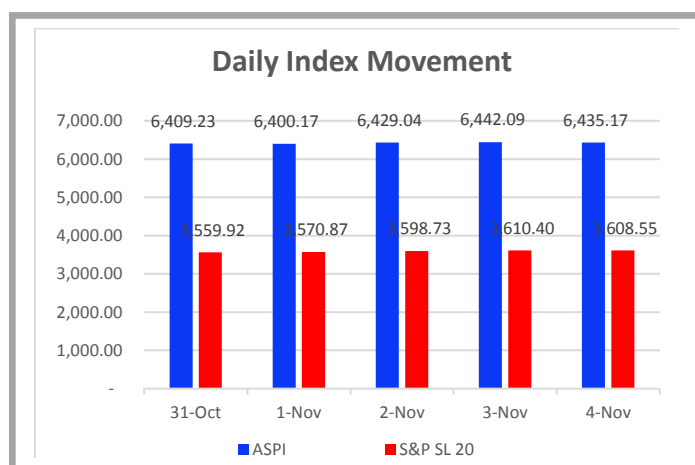
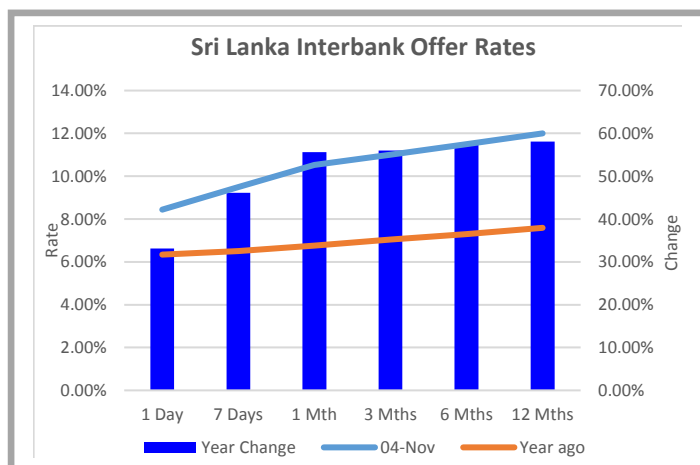
Economic Indicators: LKR/USD 148.45 (0.43% WoW) AWPR: 12.14% (1.34% WoW) AWDR: 7.79% (3.04% MoM) ASPI: 6,435 (0.16% WoW) S&P SL20: 3,609 (1.01% WoW)



Market	Period	02-Nov	26-Oct	Change bps
Secondary Market	3 months	8.62%	8.63%	-0.01
	6 months	9.49%	9.50%	-0.01
	1 Year	10.14%	10.16%	-0.02
	2 Years	10.99%	11.01%	-0.02
	5 Years	11.68%	11.69%	-0.01
	6 Years	11.73%	11.72%	0.01
	8 Years	11.79%	11.81%	-0.02
	10 Years	11.89%	11.92%	-0.03
	15 Years	12.10%	12.14%	-0.04
30 Years	12.51%	12.63%	-0.12	

- Average Weighted Prime Lending Rate (AWPR): 12.14%. It has increased by 16 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 7.79% (Oct), 7.56% (Sep).
- Average Weighted Fixed Deposit Rate (AWFDR): 9.95% (Oct) and 9.67 % (Sep).
- SLIBOR Rates: 8.44% (1Day), 9.50% (7Days), 10.52% (1Month), 11.00% (3Months), 11.50% (6Months), 12.00% (1Yr).
- Inflation (Annual average change): 4.9% (Oct) and 5.0% (Sep).

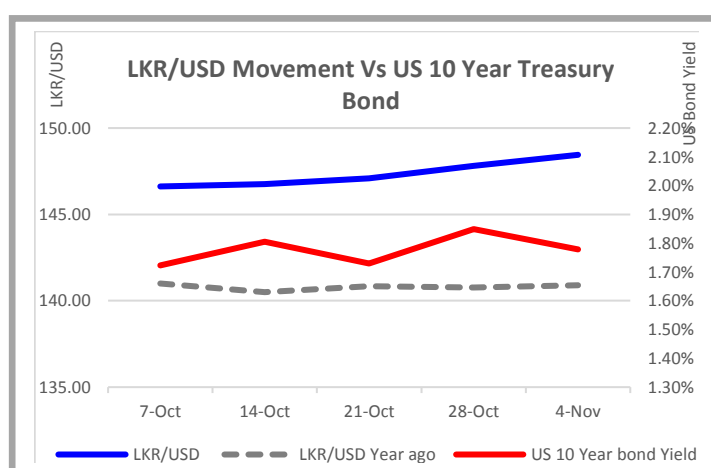




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.50% against USD from LKR/USD 147.81 to 148.45
- One month forward rate of LKR/USD is 149.22 (Last week 148.45).
- Three months forward rate of LKR/USD is 150.58 (Last week 150.46).

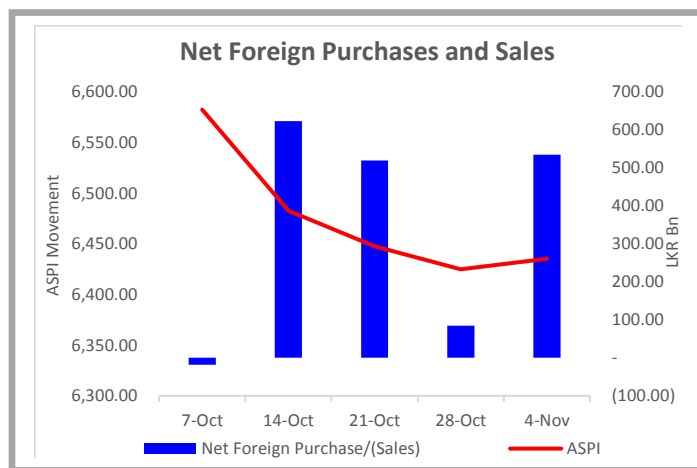
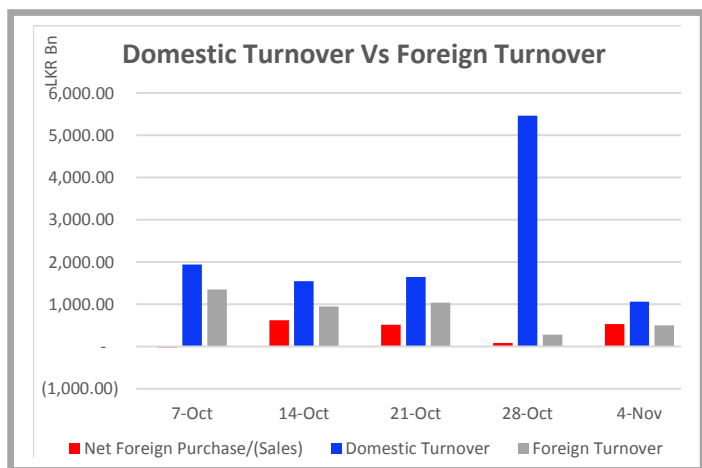
	07-Oct	14-Oct	21-Oct	28-Oct	04-Nov
INR 16	2.20	2.20	2.20	2.20	2.21
INR 15	2.16	2.16	2.17	2.17	2.15
RM 16	35.34	34.91	35.00	35.03	35.22
RM 15	32.51	33.60	32.82	32.96	33.13



Colombo Stock Exchange

- All Share Price Index: 6,435.17 points as at 4th November 2016.
- S&P 20: 3,608.55 points as at 4th November 2016.
- ASPI increased by 10.32 points WoW which is 0.16%.
- S&P 20 increased WoW by 36.19 points, reflecting a 1.01% positive variation.
- Net Foreign Inflow: LKR. 534.20 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 84.29 Mn.
- Market capitalization: LKR. 2,741.49 Bn which is 0.09% increase compared to last week.
- Market PE: PE recorded as 13.36 in this week and it has increased by 0.38% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
INVESTMENT TRUSTS	14,047.98	13,820.55	1.65%
HEALTH CARE	1,093.12	1,077.74	1.43%
CHEMICALS AND PHARMACEUTICALS	7,083.23	6,991.70	1.31%
CONSTRUCTION AND ENGINEERING	2,683.42	2,659.14	0.91%
POWER AND ENERGY	153.18	151.89	0.85%
Top Losers			
SERVICES	18,034.23	18,776.90	-3.96%
MOTORS	15,982.70	16,269.92	-1.77%
LAND AND PROPERTY	642.33	652.33	-1.53%
PLANTATIONS	638.02	645.14	-1.10%
OIL PALMS	70,995.74	71,648.20	-0.91%



Local News

National reconciliation, the empowerment of women and Sri Lanka's application for the GSP+ were the main focus of discussions of the four member delegation of the EU Parliament. On GSP+, they stressed that the decision on Sri Lanka's application will also need the approval of the EU Parliament, and that the application's success is dependent on tangible progress by Sri Lanka in areas of concern. The areas include the Code of Criminal Procedure and the rights of detainees in keeping with the International Covenant on Civil and Political Rights. "This agreement has real opportunities open up for Sri Lanka, therefore we urge the government to do its best to seize this moment and to make sure that they meet the criteria", said Jean Lambet, chair of the Delegation for Relations with the countries of South Asia. (Source: <http://www.lankabusinessonline.com/> - 02.11.2016)

With a growing urban workforce and focused implementation on a wide range of recent reforms that are good for growth, Sri Lanka can seize the opportunity to become a greater manufacturing and export powerhouse, according to a new World Bank Group report to be released. To increase its competitiveness, Sri Lanka can better take advantage of a confluence of positive factors such as its geographic location, trade linkages, comparatively high education levels and growing cities. Additionally, it should work diligently to increase regional and global integration, take advantage of agglomeration economies, strengthen firm capabilities and improve the business environment. Its annual export growth from 2000-2013 of 5% is lower than that of many of its neighbours. (Source: <http://www.ft.lk/> - 07.11.2016)

The US Government's Millennium Challenge Corporation (MCC) released its fiscal year 2017 scorecards and Sri Lanka has met high performance standards in all three policy categories. The MCC scorecard, a key component in the agency's annual competitive selection process that determines which countries will receive MCC development funds, assesses the performance of a country in three areas - Ruling Justly, Investing in People and Encouraging Economic Freedom. In the 'Economic Freedom' category, Sri Lanka ranked well in the areas of Inflation (70%), Regulatory Quality (89%), Gender in the Economy (100%) and Business Start-up (63%). Areas requiring more work were Fiscal Policy (15%), Trade Policy (41%), Land Rights and Access (29%) and Access to Credit (19%). (Source: <http://www.ft.lk/> - 07.11.2016)

Foreign News

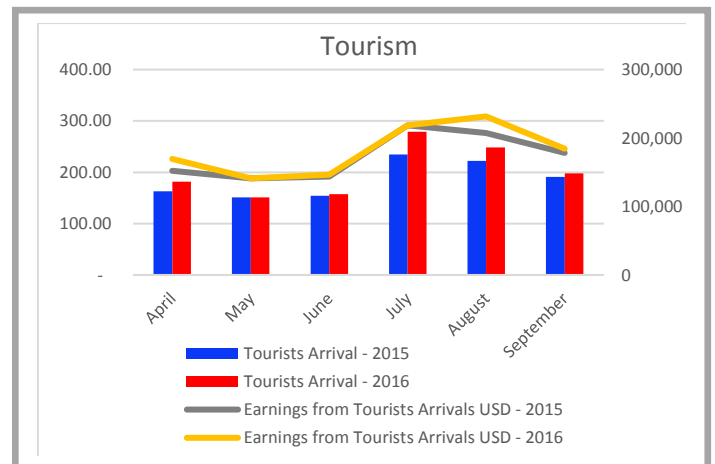
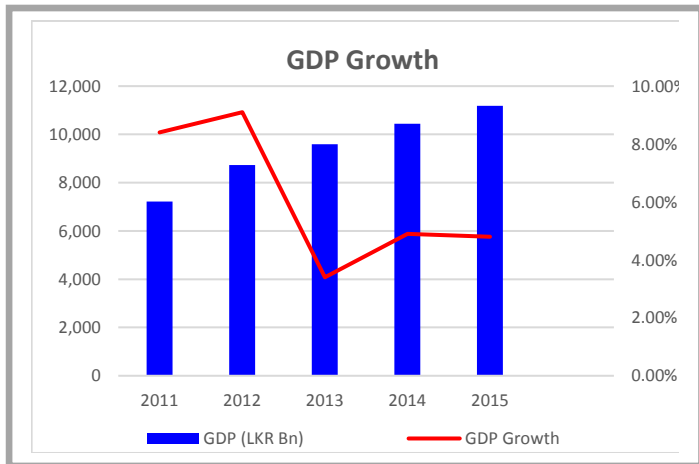
The U.K. must hold a vote in Parliament before starting the two-year countdown to Brexit, a panel of London judges decided, setting up a constitutional confrontation at the country's Supreme Court next month. Triggering the departure from the European Union would "inevitably" change domestic law without Parliament's approval, Judge John Thomas said Thursday, delivering a decision that is a setback for Prime Minister Theresa May's plan to unilaterally start the process by the end of March by invoking Article 50 of the Lisbon Treaty. The ruling sent immediate shockwaves through London's financial and political enclaves. The pound rose to a three-week high against the dollar and lawmakers on both sides of the debate grappled over whether the decision would force May to alter her plans. (Source: <http://www.bloomberg.com/> - 03.11.2016)

Asian shares slipped on Friday and the dollar nursed losses in a week marked by growing uncertainty about the outcome of the U.S. presidential election. Investors have been unnerved in recent days by signs that the U.S. presidential race between Democrat Hillary Clinton and Republican Donald Trump was tightening just days before Tuesday's vote. That anxiety has rippled across global financial markets, with other events and data such as the looming U.S. employment report playing second fiddle to the ramifications of a potential Trump presidency. According to two polls released on Thursday, Clinton, who is seen as the status quo candidate by markets, maintained her narrow lead over Trump. (Source: <http://www.reuters.com/> - 04.11.2016)

Egypt floated the country's pound Thursday as part of a raft of reforms to ease a dollar crunch and curb exorbitant black market trade that had threatened to grind some imports to a halt. The decision by the central bank came as a surprise after officials had previously said they would only consider floating the currency once foreign reserves reached \$25 billion (22.5 billion euros). The lender said in a statement it had moved to "a liberalized exchange rate to create an environment for a reliable and sustainable supply of foreign currency." Egypt had struggled to boost its foreign currency reserves in the political and economic turmoil following the January 2011 uprising that toppled former ruler Hosni Mubarak. (Source: <http://www.dw.com/> - 03.11.2016)

GDP and Economy

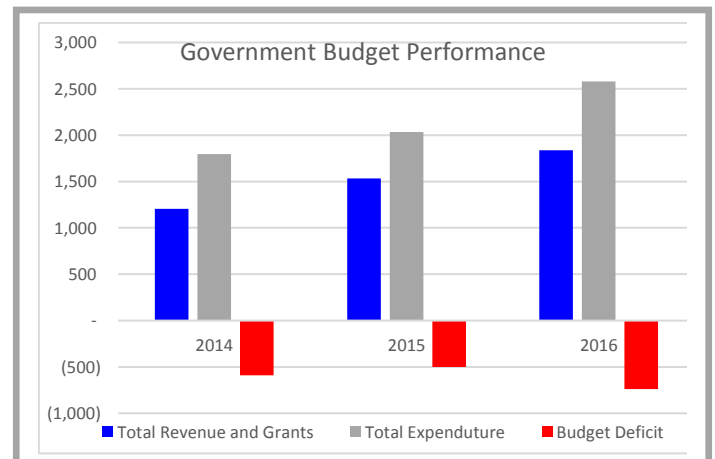
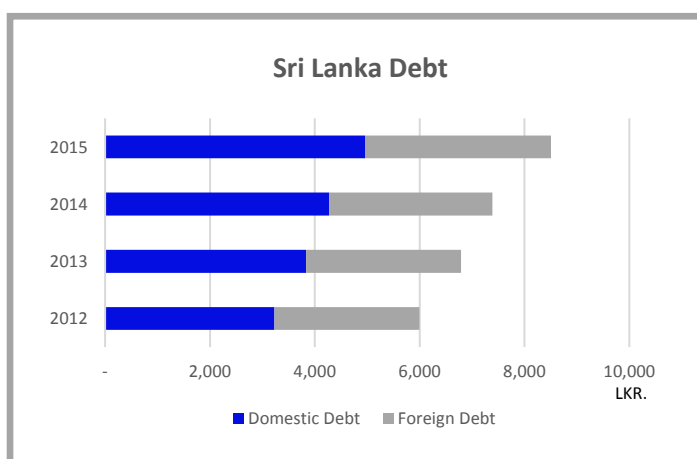
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

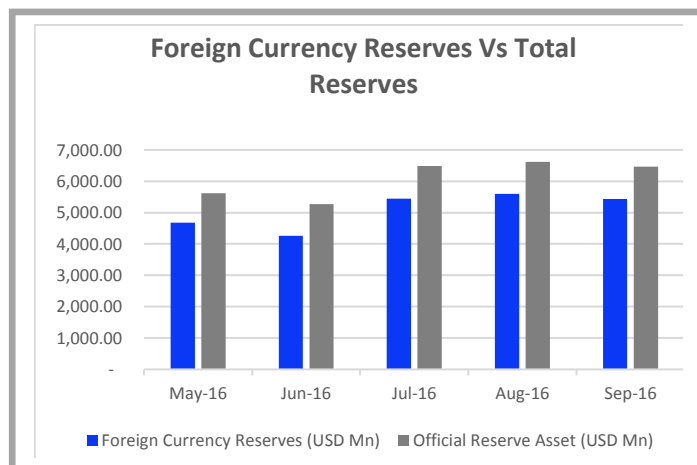
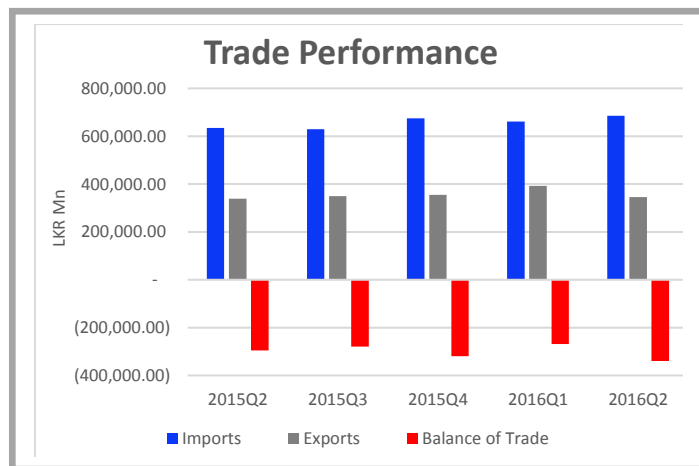
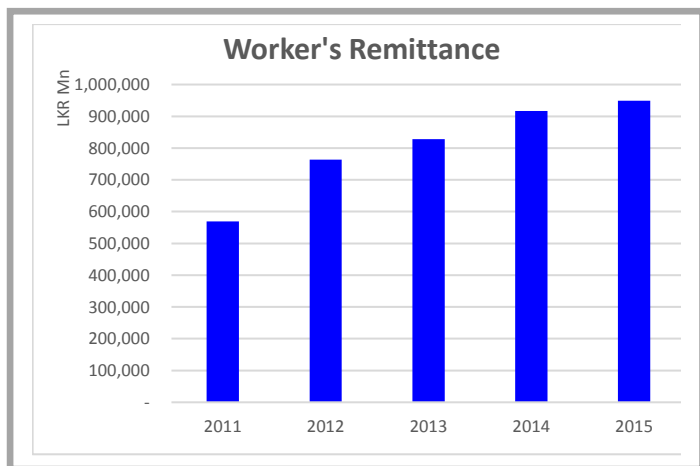


Sri Lanka Fiscal Performance

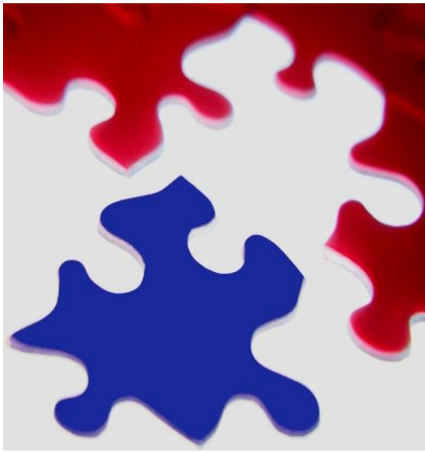
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments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