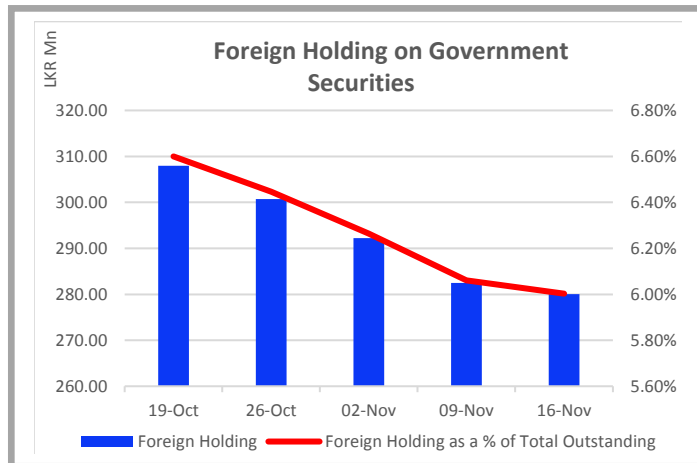
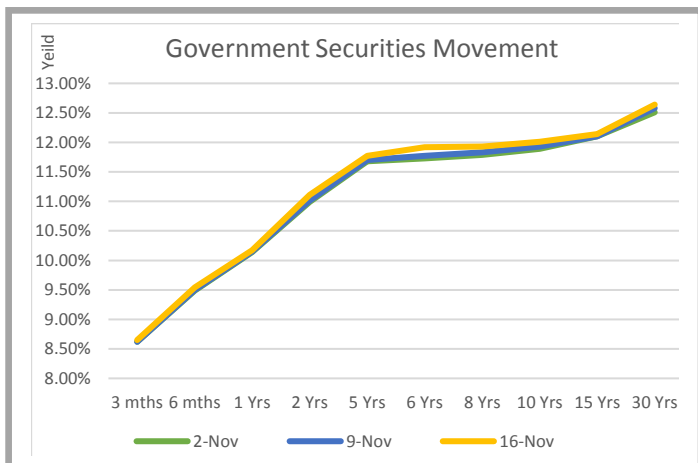
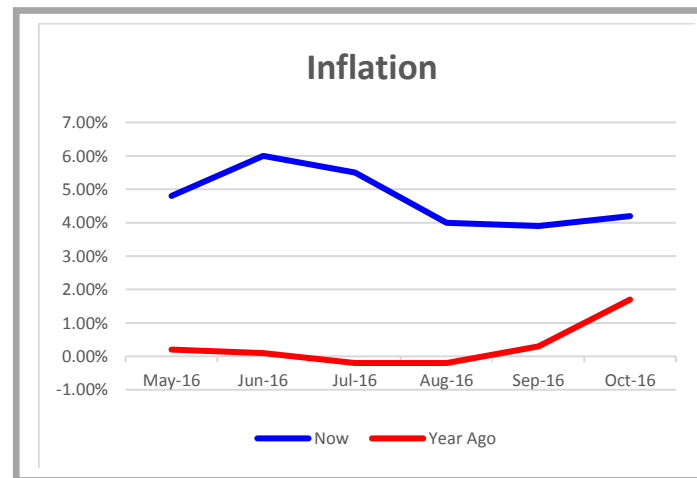
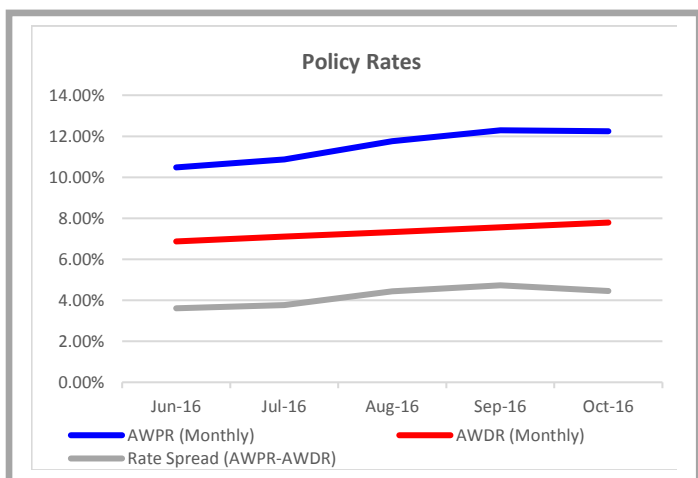


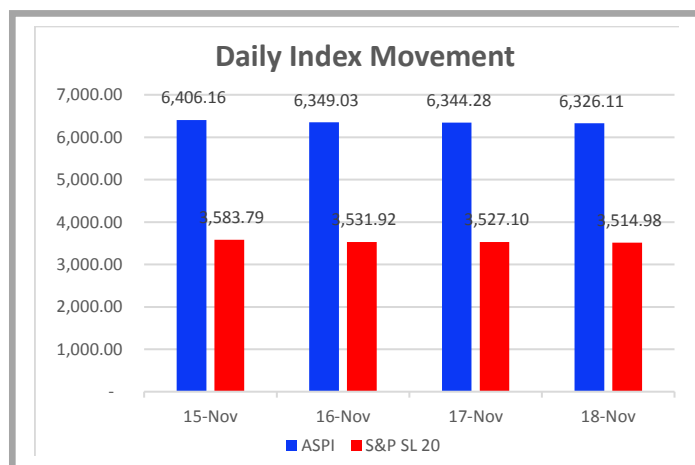
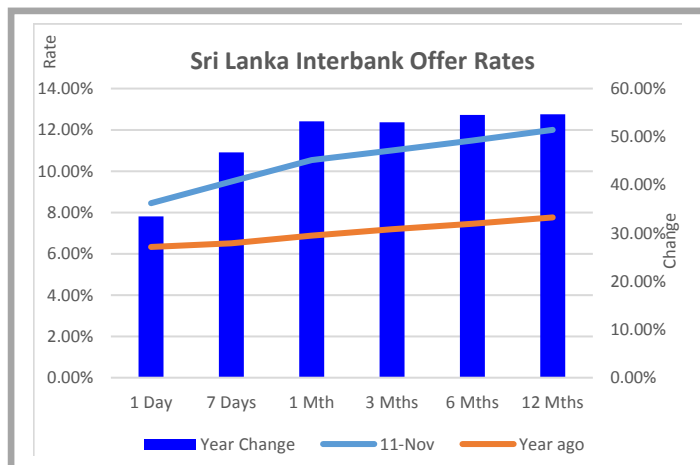
Economic Indicators: LKR/USD 148.42 (0.47% WoW) AWPR: 12.38% (3.60% WoW) AWDR: 7.79% (3.04% MoM) ASPI: 6,326 (1.39% WoW) S&amp;P SL20: 3,515 (2.09% WoW)



Market	Period	16-Nov	09-Nov	Change bps
Secondary Market	3 months	8.65%	8.62%	0.03
	6 months	9.54%	9.50%	0.04
	1 Year	10.17%	10.15%	0.02
	2 Years	11.11%	11.01%	0.10
	5 Years	11.77%	11.70%	0.07
	6 Years	11.92%	11.77%	0.15
	8 Years	11.93%	11.83%	0.10
	10 Years	12.01%	11.93%	0.08
	15 Years	12.14%	12.10%	0.04
30 Years	12.64%	12.58%	0.06	

- Average Weighted Prime Lending Rate (AWPR): 12.38%. It has declined by 43 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: 8.45% (1Day), 9.54% (7Days), 10.54% (1Month), 11.00% (3Months), 11.51% (6Months), 12.00% (1Yr).
- Inflation (Annual average change): 4.9% (Oct) and 5.0% (Sep).

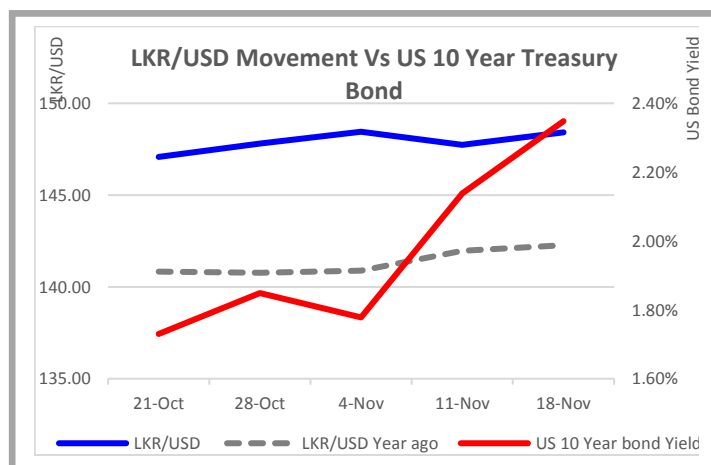




### LKR Exchange Rate Movement

- LKR depreciated over the week by 0.47% against USD from LKR/USD 147.73 to 148.42
- One month forward rate of LKR/USD is 149.06 (Last week 148.81).
- Three months forward rate of LKR/USD is 150. (Last week 150.45).

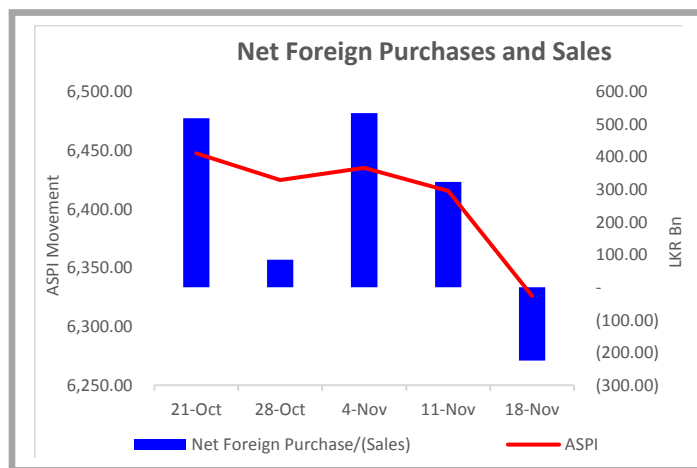
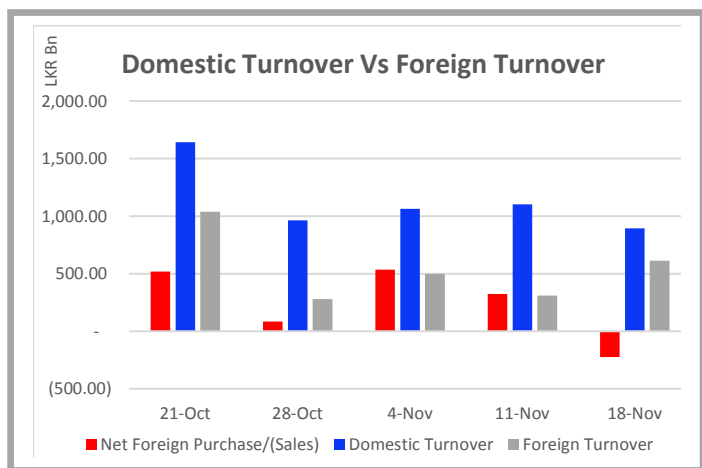
	21-Oct	28-Oct	04-Nov	11-Nov	18-Nov
INR 16	2.20	2.20	2.21	2.21	2.17
INR 15	2.17	2.17	2.15	2.14	2.15
RM 16	35.00	35.03	35.22	34.59	33.49
RM 15	32.82	32.96	33.13	32.50	32.39



### Colombo Stock Exchange

- All Share Price Index: 6,326.11 points as at 18<sup>th</sup> November 2016.
- S&P 20: 3,514.98 points as at 18<sup>th</sup> November 2016.
- ASPI decreased by 89.48 points WoW which is 1.39%.
- S&P 20 decreased WoW by 74.99 points, reflecting a 2.09% negative variation.
- Net Foreign Outflow: LKR. 224.82 Mn.
- Last week recorded a Net Foreign Inflow: LKR. 323.65 Mn.
- Market capitalization: LKR. 2,695.52 Bn which is 1.38% decrease compared to last week.
- Market PE: PE recorded as 13.13 in this week and it has decreased by 1.35% from the last week.

Price Index by Sector			
	This week	Pre. week	Change %
<b>Top Gainers</b>			
OIL PALMS	72,544.56	71,570.85	1.36%
TRADING	16,339.33	16,153.75	1.15%
FOOTWEAR AND TEXTILES	954.61	947.24	0.78%
BEVERAGE FOOD AND TOBACCO	21,427.09	21,283.40	0.68%
<b>Top Losers</b>			
CONSTRUCTION AND ENGINEERING	2,528.86	2,664.12	-5.08%
CHEMICALS AND PHARMACEUTICALS	6,708.14	6,981.47	-3.92%
TELECOMMUNICATIONS	170.10	176.47	-3.61%
SERVICES	18,015.11	18,637.22	-3.34%
INVESTMENT TRUSTS	13,191.62	13,646.85	-3.34%



### Local News

Further structural reforms are needed to strengthen the SL economy, which has been slow to attract private investment and is encumbered by burdensome business regulations. The ADB, releasing an independent evaluation report that assesses its 5.5 bn USD program for SL in the 10 years to the end of 2015, said the program made a substantial contribution to expand infrastructure services in the country especially in lagging regions and former conflict-affected areas. But the report recommends support for policy reform in SL's infrastructure sectors and that ADB build on the success of its decentralized, community-based project approaches for infrastructure, social services and livelihood assistance to promote inclusive growth for economic and social development nationwide. (Source: <http://www.lankabusinessonline.com/> - 21.11.2016)

The Minister of Finance has called on local and foreign entrepreneurs to seize the opportunity given by the government to invest in Sri Lanka, with incentives presented under the 2017 Budget. The Minister assured that all proposals would be implemented on time and some of the proposals have already come into effect. "The Treasury officials are working to spell out to giving life to other proposals that will be implemented on Jan 01, 2017 and others from Apr 01, with the beginning of the new tax year respectively," a statement from his office said. Highlighting the incentives given to foreigners, the minister said that the restrictions on foreign owned companies acquiring land for commercial purposes and restriction on foreign individuals owning apartments from the first floor have been removed. (Source: <http://www.lankabusinessonline.com/> - 21.11.2016)

A satisfied International Monetary Fund (IMF) on Friday approved the release of \$ 162 m more to Sri Lanka under its \$ 1.45 b three year Extended Fund Facility (EFF) program. The approval follows the IMF Executive Board completing the first review of Sri Lanka's program. The latest release brings the total disbursements under the EFF arrangement to \$ 325.1 million. The first tranche was released in June this year. The Government's reform program, supported by the IMF, aims to reduce the fiscal deficit, rebuild foreign exchange reserves and introduce a simpler, more equitable tax system to restore macroeconomic stability and promote inclusive growth.

(Source: <http://www.ft.lk/> - 21.11.2016)

### Foreign News

Europe is "unlikely" to force London to give up its right to clear trades denominated in euros, despite calls from some continental politicians for the City to forfeit this market after Brexit, according to analysts at the S&P ratings agency. Euro-clearing in London has become a battleground for the financial services industry following the EU referendum, with recent research by EY forecasting that a shift could cost up to 83,000 British jobs. S&P's analysts said the European Central Bank, which unsuccessfully tried to wrest back euro-clearing from London through the courts last year, could mount a fresh challenge by re-establishing its controversial "location policy" for the euro or by changing market infrastructure regulations.

(Source: <http://www.telegraph.co.uk/> - 17.11.2016)

European Central Bank rate setters meeting last month agreed on the need to maintain unprecedented monetary stimulus and to decide in December whether to extend the ECB's 1.74 trillion euro asset buys. Core inflation still lacks a convincing upward trend and wage growth has been unexpectedly subdued, but the euro zone economy is developing along the path seen earlier so it was premature to make a call either way, minutes of the October 20 meeting showed, repeating policymakers widely discussed view. "It was imperative to remain fully committed to preserving the very substantial degree of monetary accommodation that was necessary to secure a sustained convergence of inflation towards levels below but close to 2%," the ECB said in the accounts.

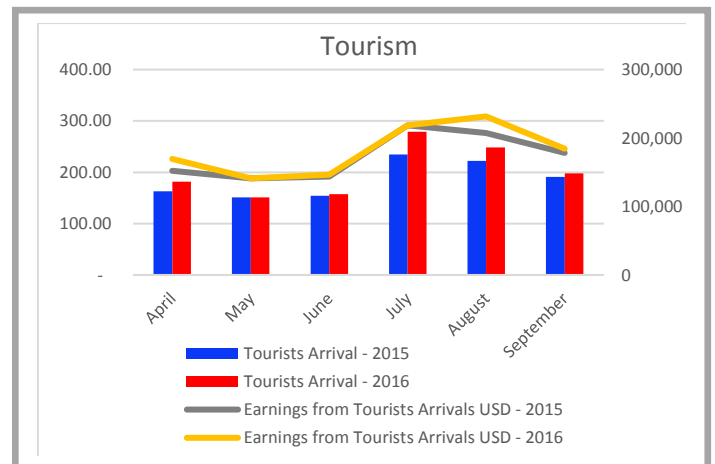
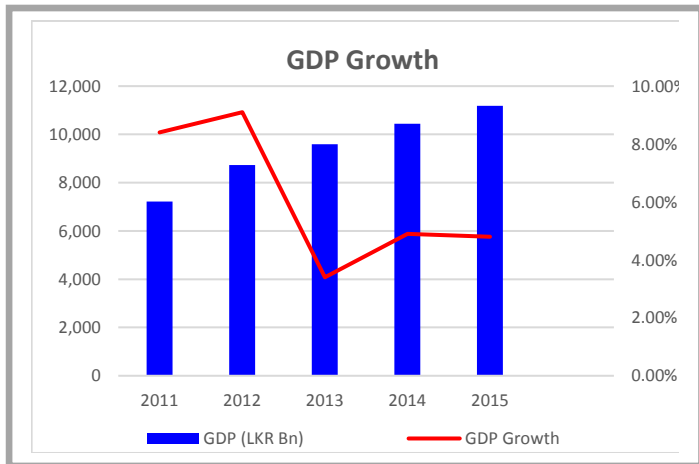
(Source: <http://www.reuters.com/> - 17.11.2016)

The U.S. dollar climbed on Friday to its highest level since 2003 on continued bets on faster inflation and higher interest rates, while Treasuries resumed a selloff that left benchmark yields on track to post their steepest two-week increase in 13 years. A growing perception that the economic policies of U.S. President-elect Donald Trump will lift consumer prices pushed the dollar higher, weighing on crude and other commodities. On Wall Street, the tech- and biotech-heavy Nasdaq Composite hit a record intraday high before slipping lower. The Dow industrials and S&P 500 were also near record highs despite the day's decline.

(Source: <http://www.reuters.com/> 18.11.2016)

## GDP and Economy

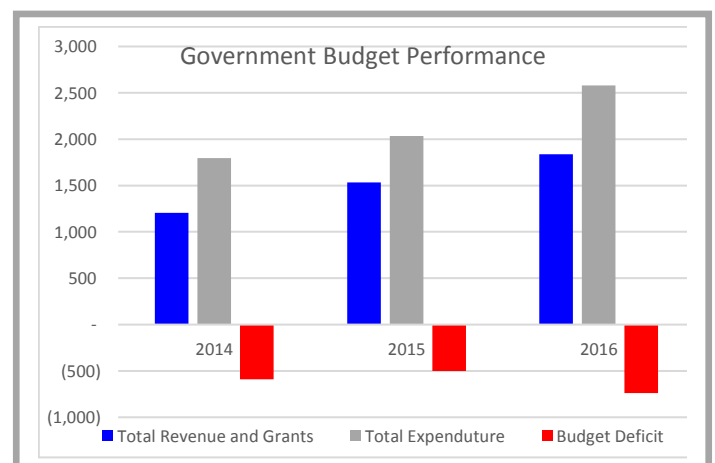
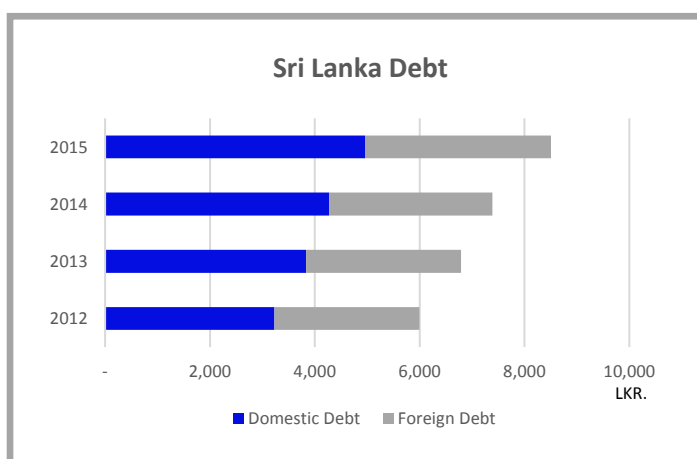
- The GDP of 2015 depicts a steady growth of 4.8% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 56.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2015 (as per the prices in 2010) were LKR.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

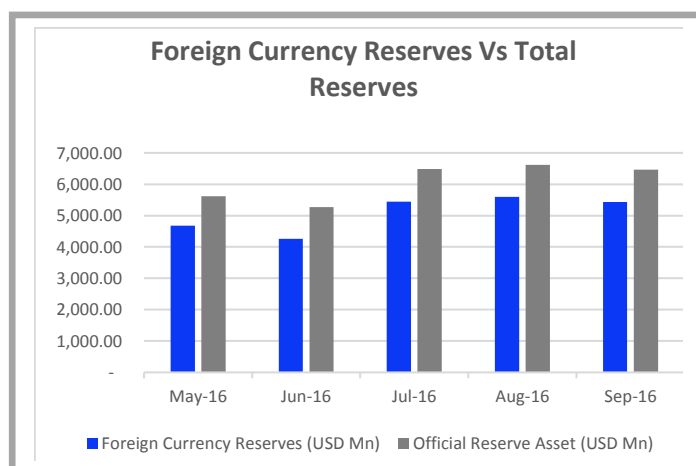
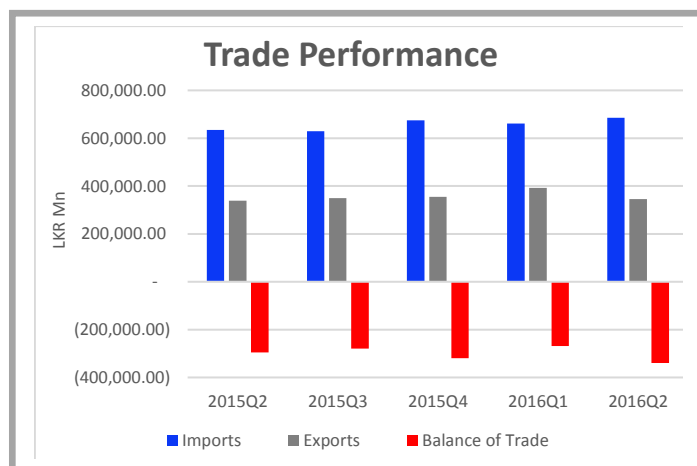
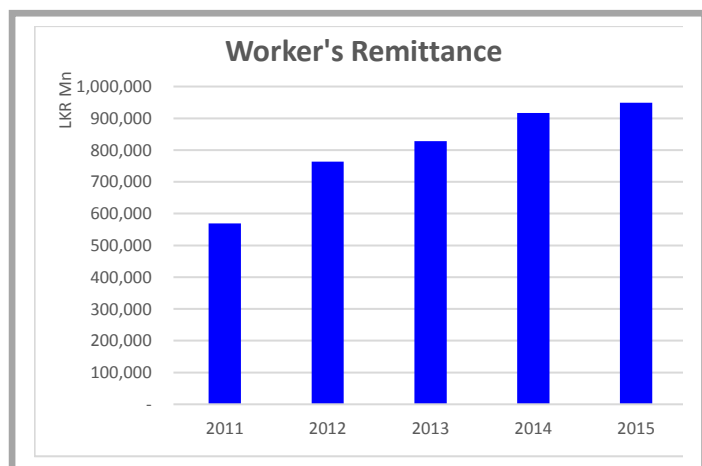


## Sri Lanka Fiscal Performance

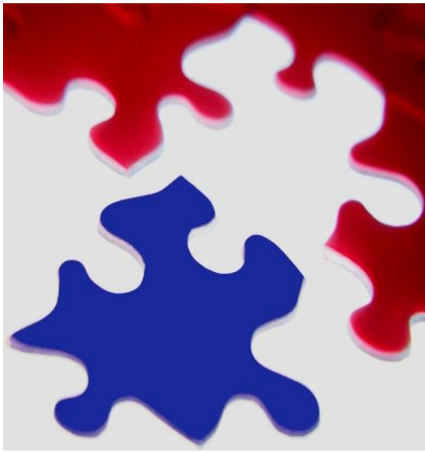
Debt service payments increased to 11.8 percent of GDP in 2015 from 10.3 percent of GDP in the previous year. Domestic and foreign amortisation payments to GDP increased to 4.7 percent and 2.5 percent, respectively in 2015 from 4.3 percent and 1.8 percent in 2014. The ratio of total interest payments 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
<b>Government Debt/GDP (%)</b>	78.5	79.2	78.3	70.7	76
<b>Domestic Debt/ GDP (%)</b>	42.9	42.7	44.2	40.9	44.3
<b>Foreign Debt % of GDP</b>	35.6	36.5	34.1	29.8	31.7
<b>Budget Deficit/GDP (%)</b>	-6.9	-6.5	-5.9	-5.2	-7.4



**Sri Lanka External Sector**


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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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- Corporate Restructuring

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