Monetary Policy Review at a Glance

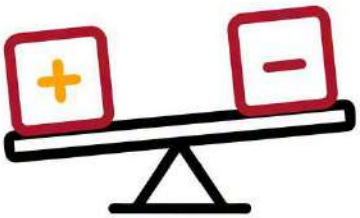
July 2026

What did we decide?

We have kept the Overnight Policy Rate ***unchanged***

8.75%

What is going on in the economy?



- Inflation picked up on the back of higher energy and food prices, but inflation expectations remain well-anchored around 5% over the medium term
- Monetary policy measures taken by the Central Bank are gradually transmitting to the economy
- Gross Official Reserves stood at USD 6.45 bn at the end of June 2026 amid foreign debt service payments
- The external current account continued to record a deficit due to increased fuel import costs and decreased tourism earnings
- Workers' remittances have remained strong so far in 2026
- Recent policy measures have helped to reduce volatility in the Sri Lanka rupee

What does the future hold for the economy?



- Headline inflation is expected to remain above the target in the near term before gradually returning to the 5% target level
- Credit growth and import demand, including demand for motor vehicles, are expected to reduce in response to recent policy measures

We are closely monitoring domestic and global developments and stand ready to take measures to ensure inflation stabilizes around the 5% target while supporting sustainable economic growth over the medium term

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CENTRAL BANK OF SRI LANKA