



Press Conference

Review of the Monetary Policy Stance

23 July 2025

Economic Research Department
Central Bank of Sri Lanka

The Central Bank of Sri Lanka keeps the Overnight Policy Rate Unchanged

7.75%

Overnight Policy
Rate (OPR)

Margins for determination of the interest rates for Standing Facilities of the Central Bank remain unchanged at current levels;

- a. Standing Deposit Facility Rate (SDFR): OPR - 50 bps (7.25%)
- b. Standing Lending Facility Rate (SLFR): OPR + 50 bps (8.25%)

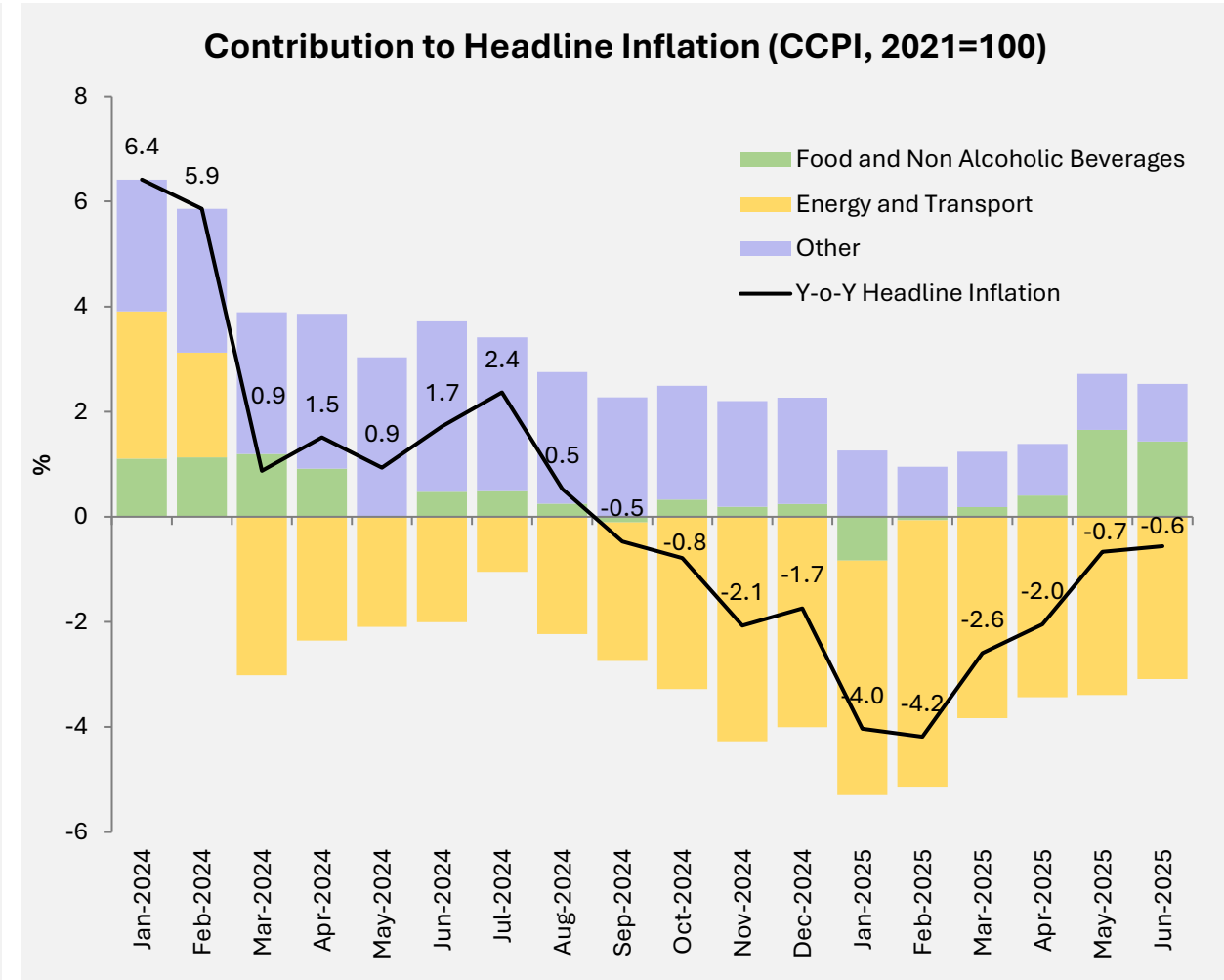
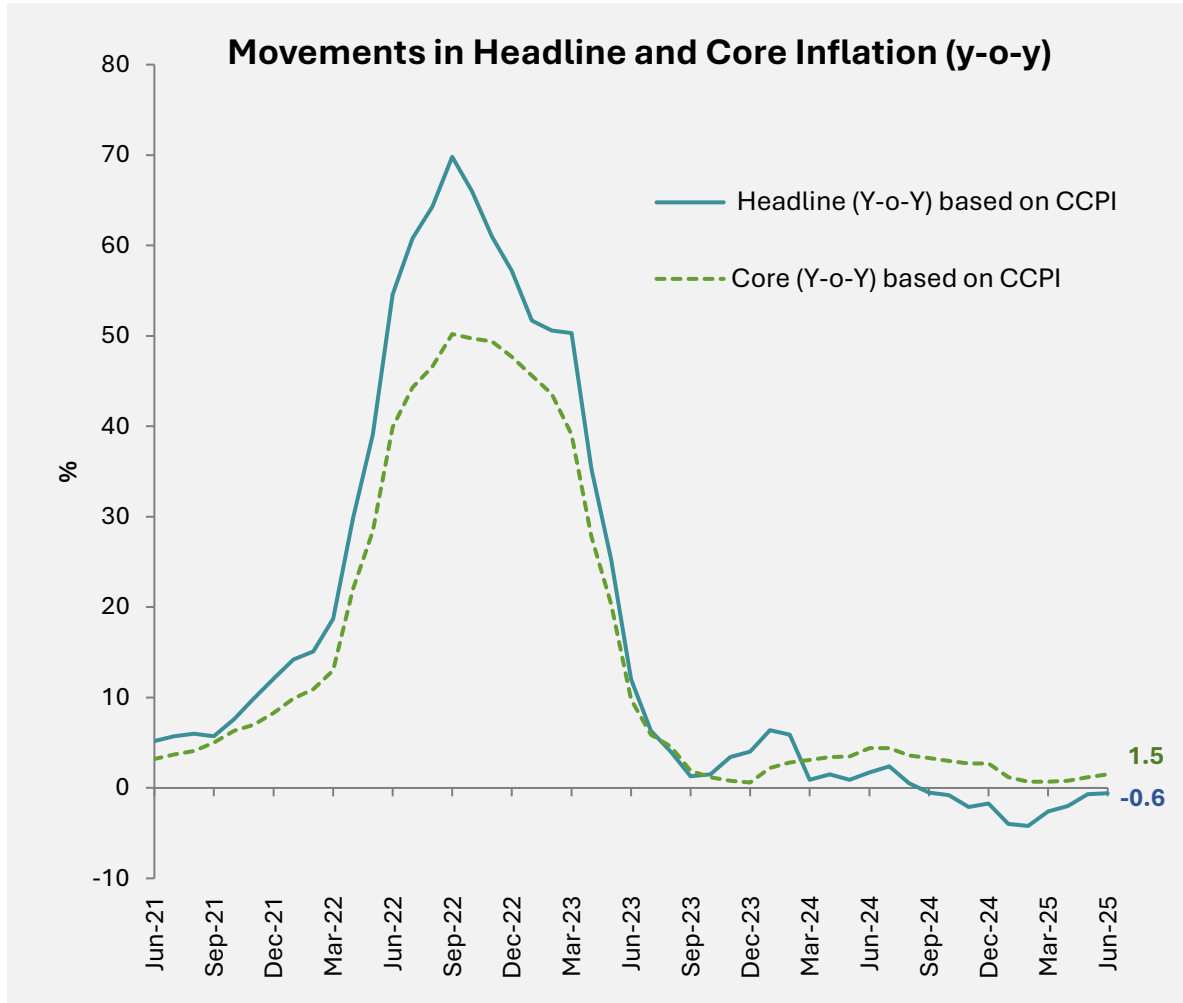
Statutory Reserve Ratio (SRR) unchanged: 2.00%



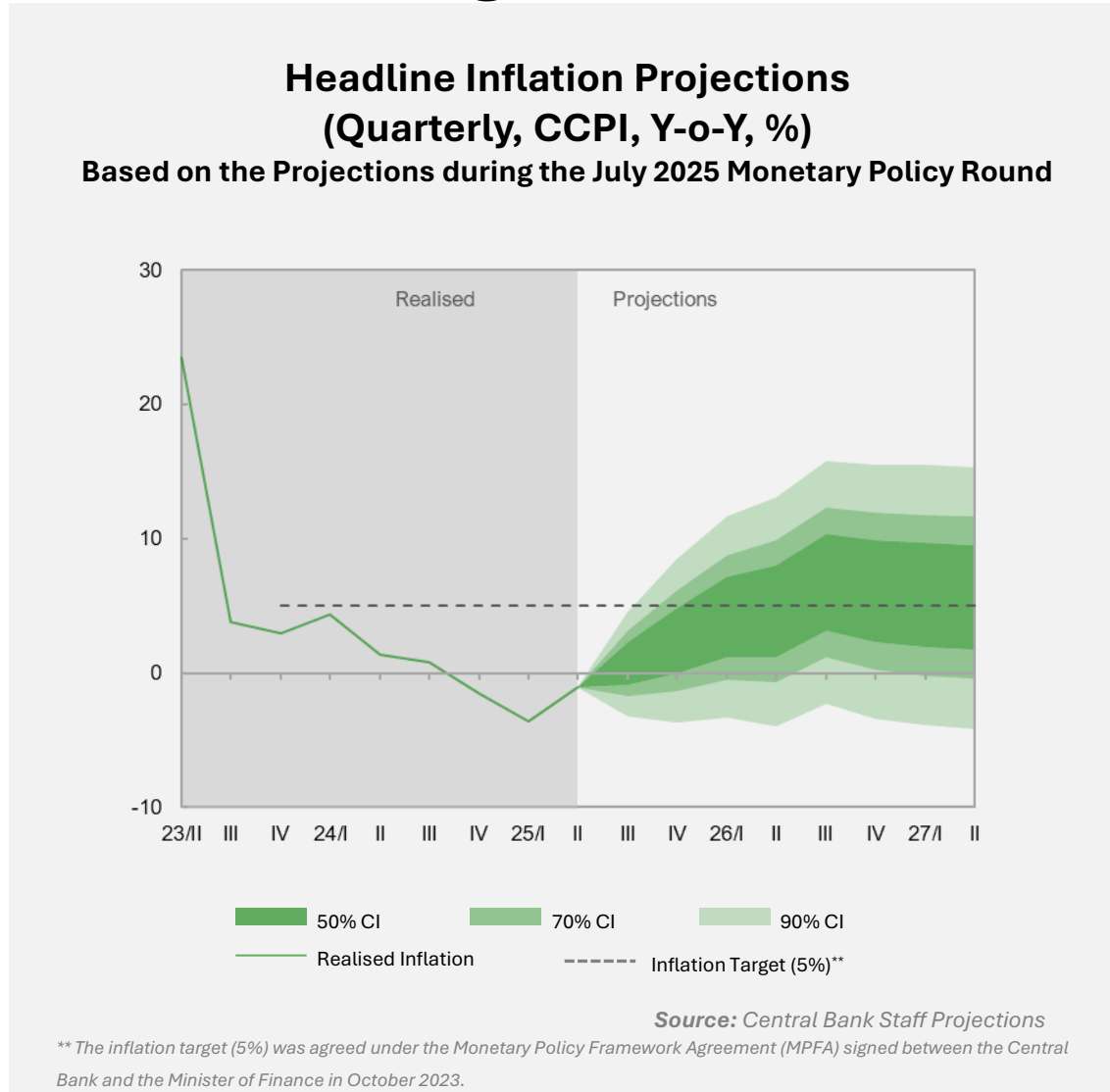
**The Board is of the view that
the current monetary policy stance
will help steer inflation towards the target of 5%,
in the period ahead
while supporting growth**



The movements in the CCPI reflected a further easing of deflationary conditions as anticipated...



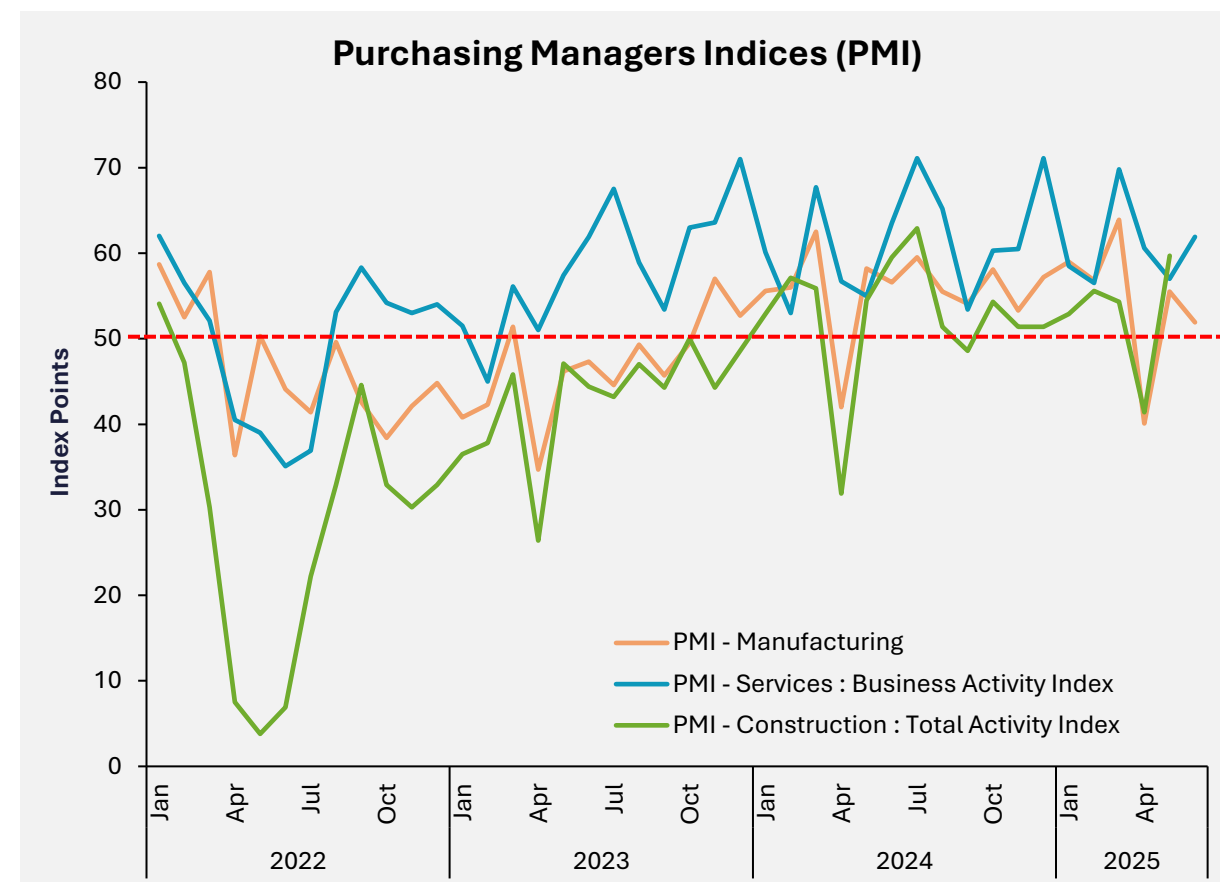
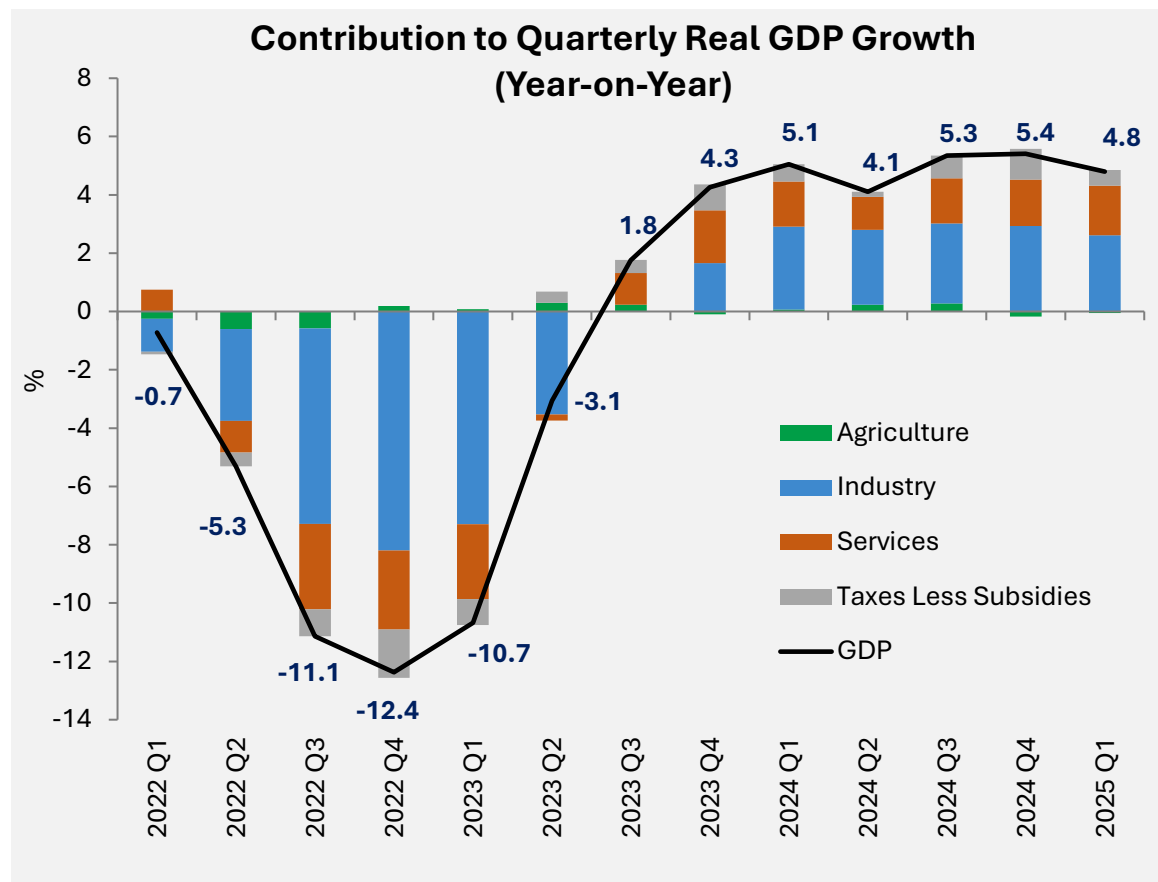
Inflation is projected to turn positive this quarter, and steadily increase towards the target of 5% thereafter...



- Core inflation is **expected to gradually accelerate in the coming months**, reflecting the steady recovery in the economy's demand conditions



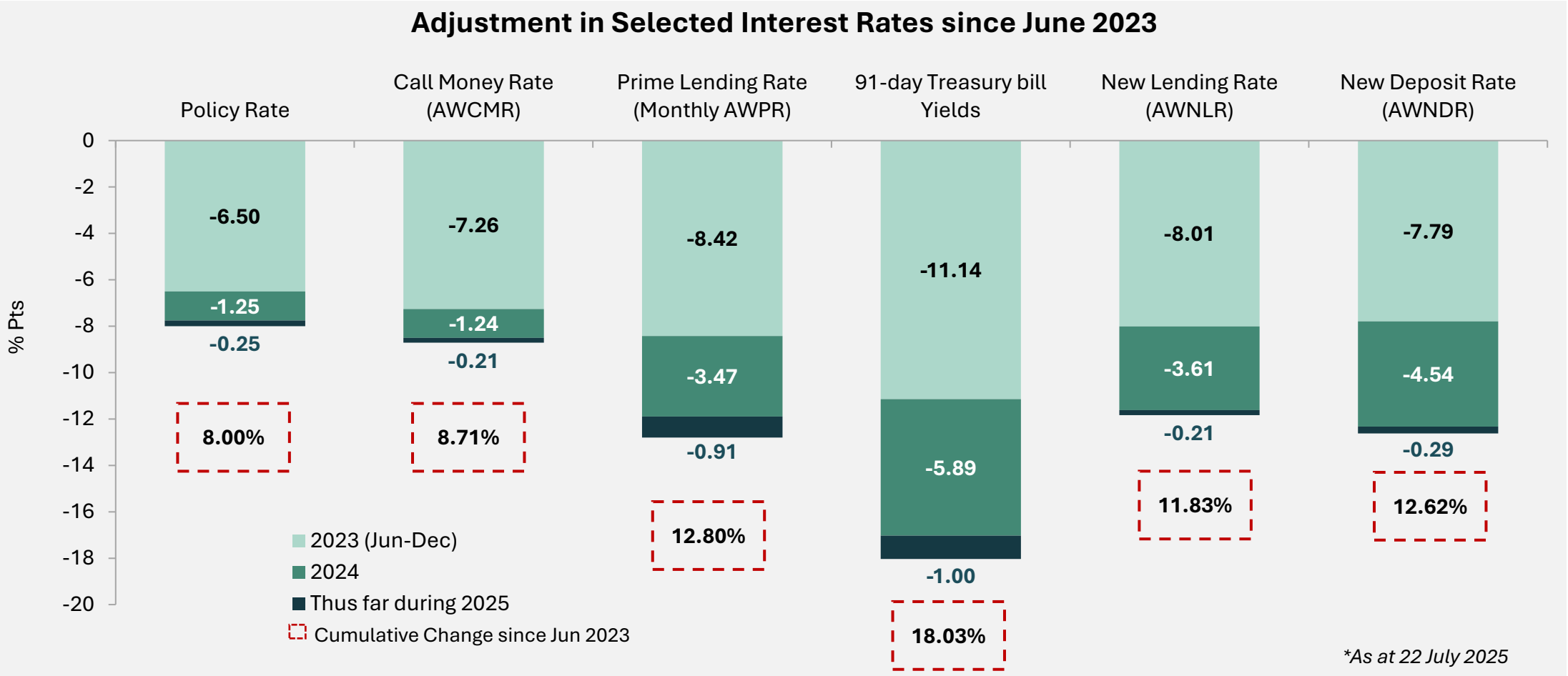
The economy recorded a firm growth of 4.8% in Q1-2025...



Leading economic indicators suggest this growth momentum will continue in the near term



Most market interest rates have declined further in response to the recent policy rate reduction...

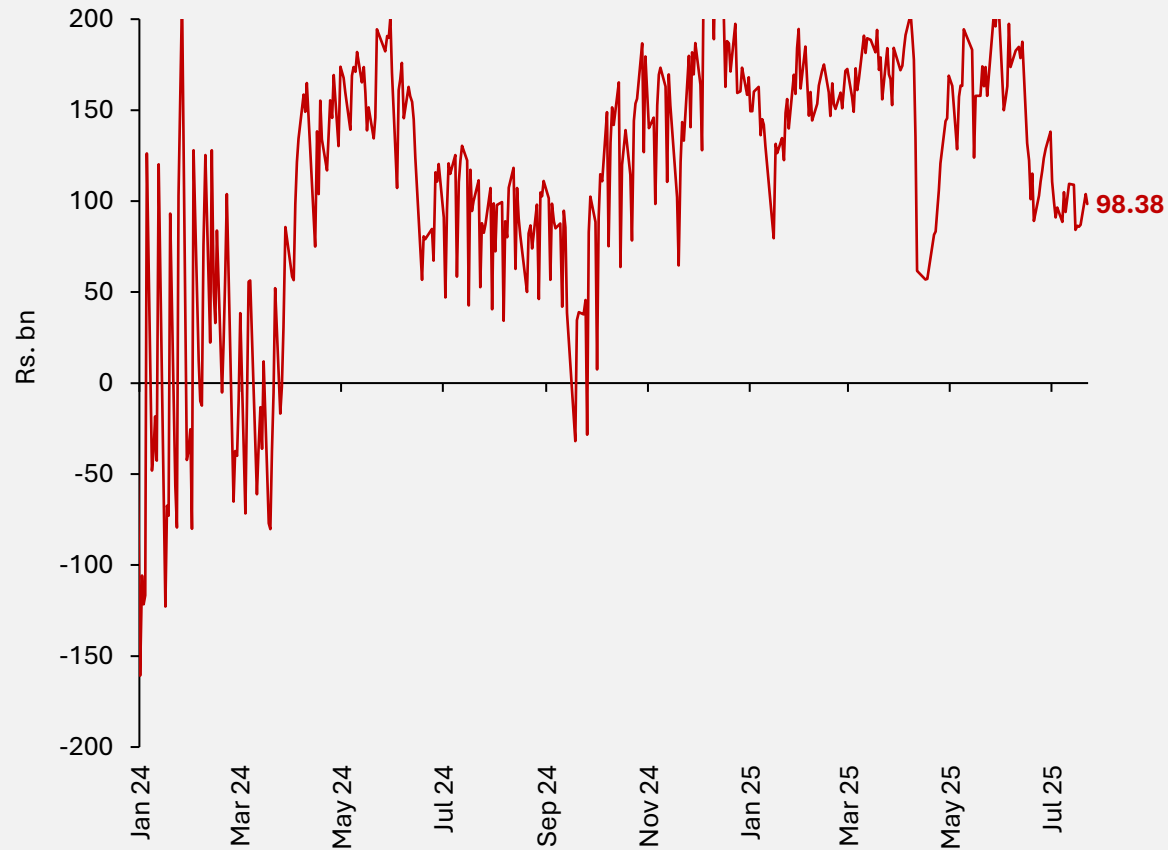


Monetary conditions continued to ease, supporting the rebound in domestic economic activity

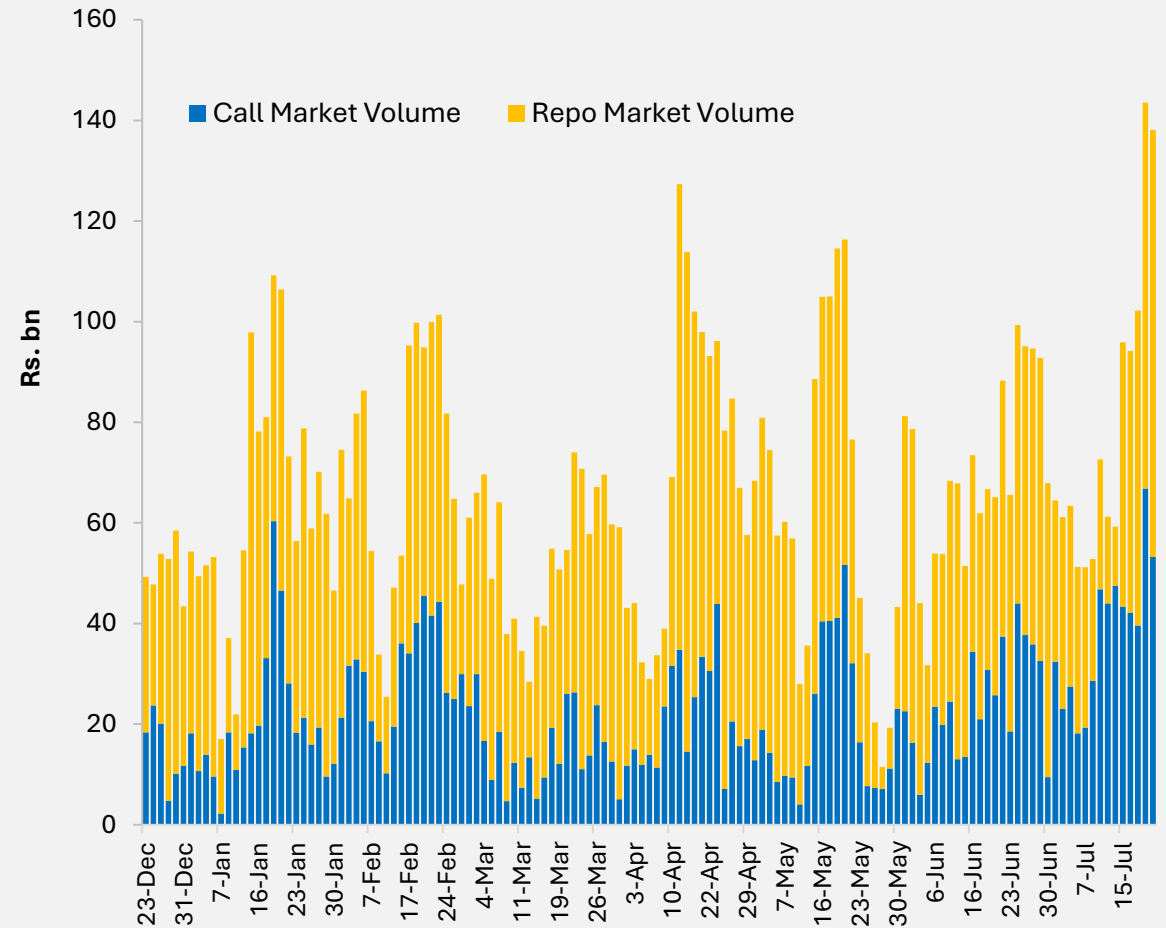


Domestic money market liquidity declined recently, yet remains at a surplus...

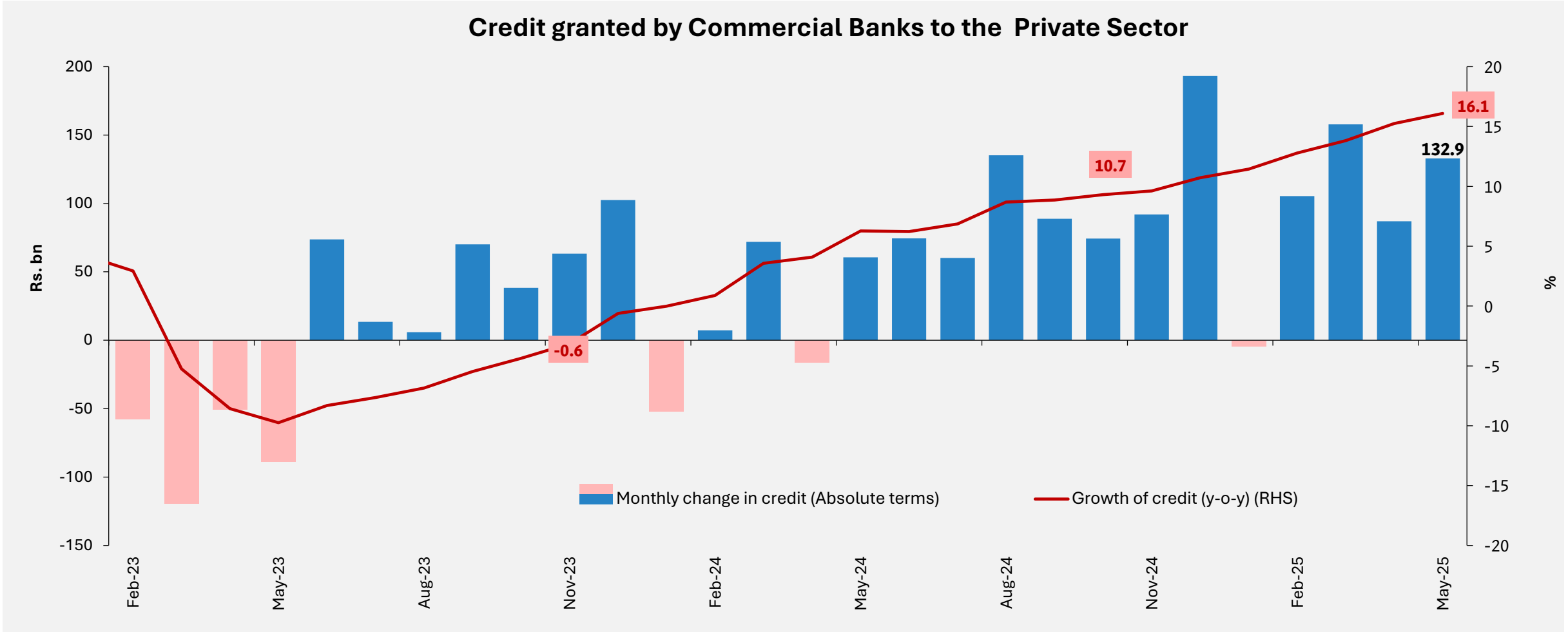
Overnight Money Market Liquidity



Call Market and Repo Market Volumes



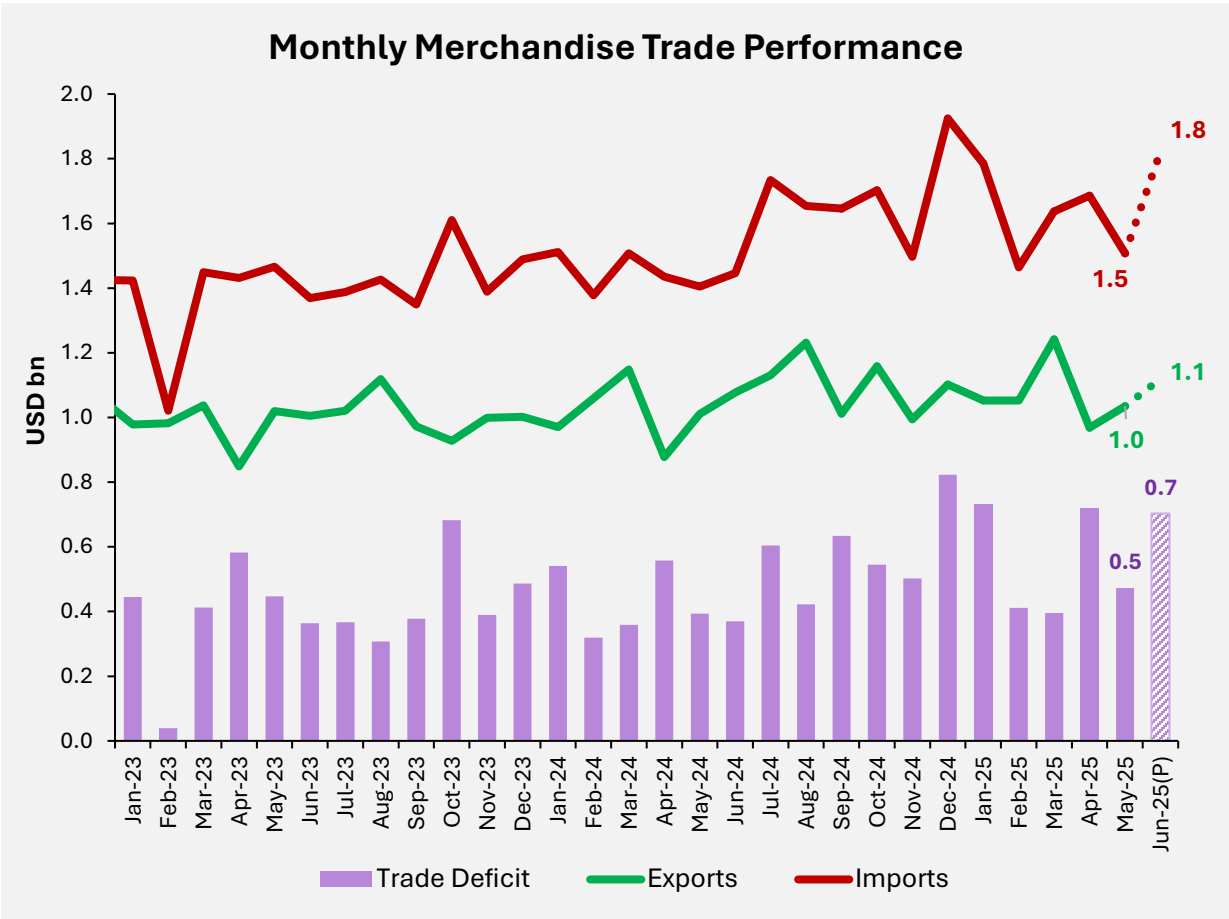
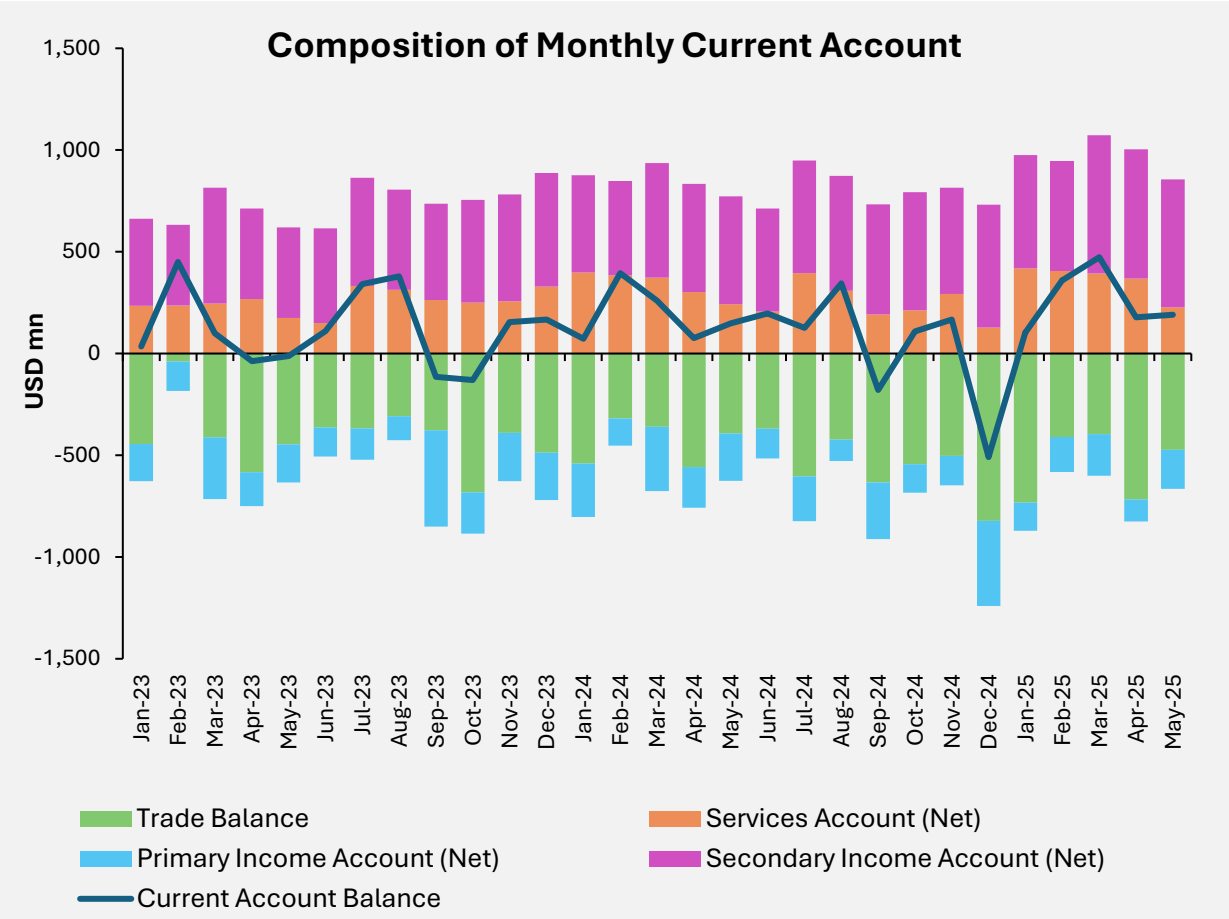
The expansion of credit to the private sector has remained robust and broad-based so far in 2025...



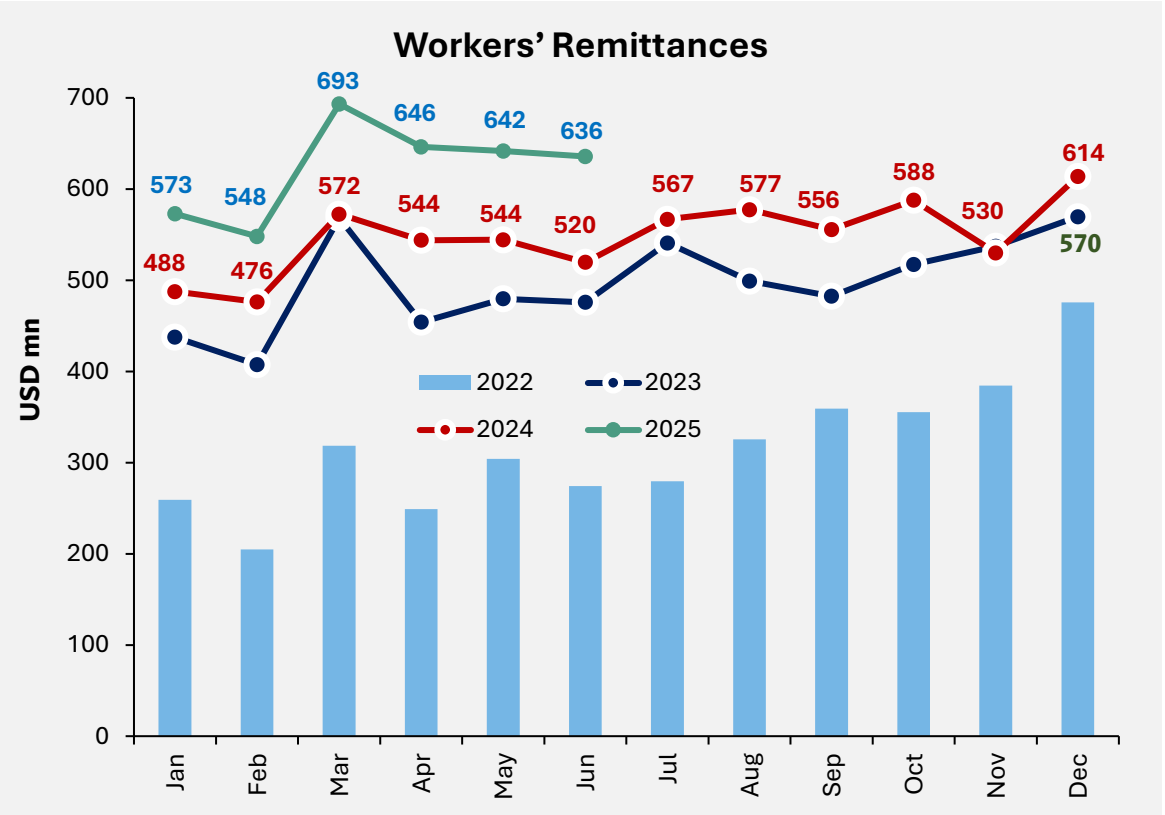
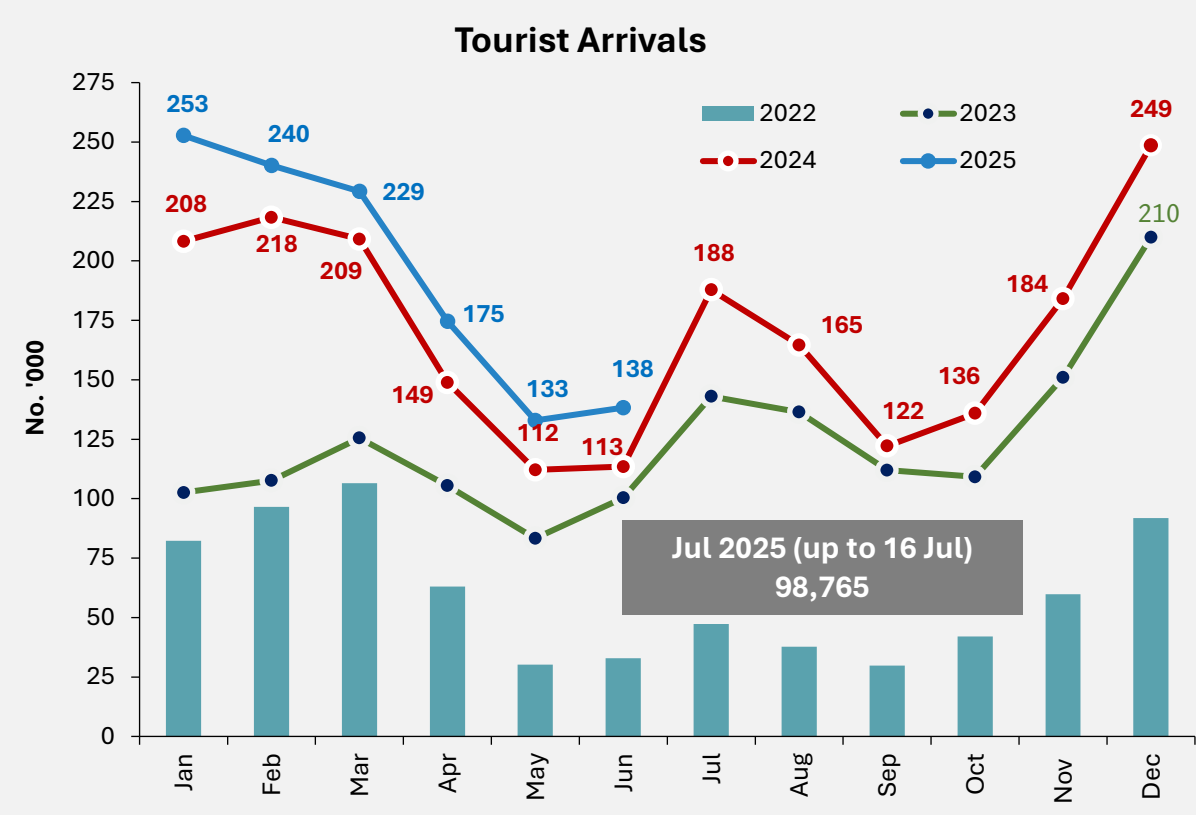
This credit expansion is expected to continue



The external sector continued to be resilient amidst a widening trade deficit...



Inflows from tourism earnings and workers' remittances improved further...



Earnings from tourism

2025 Jan-Jun
USD 1.7 bn

2024 Jan-Jun
USD 1.6 bn

2024
USD 3.2 bn

Workers' Remittances

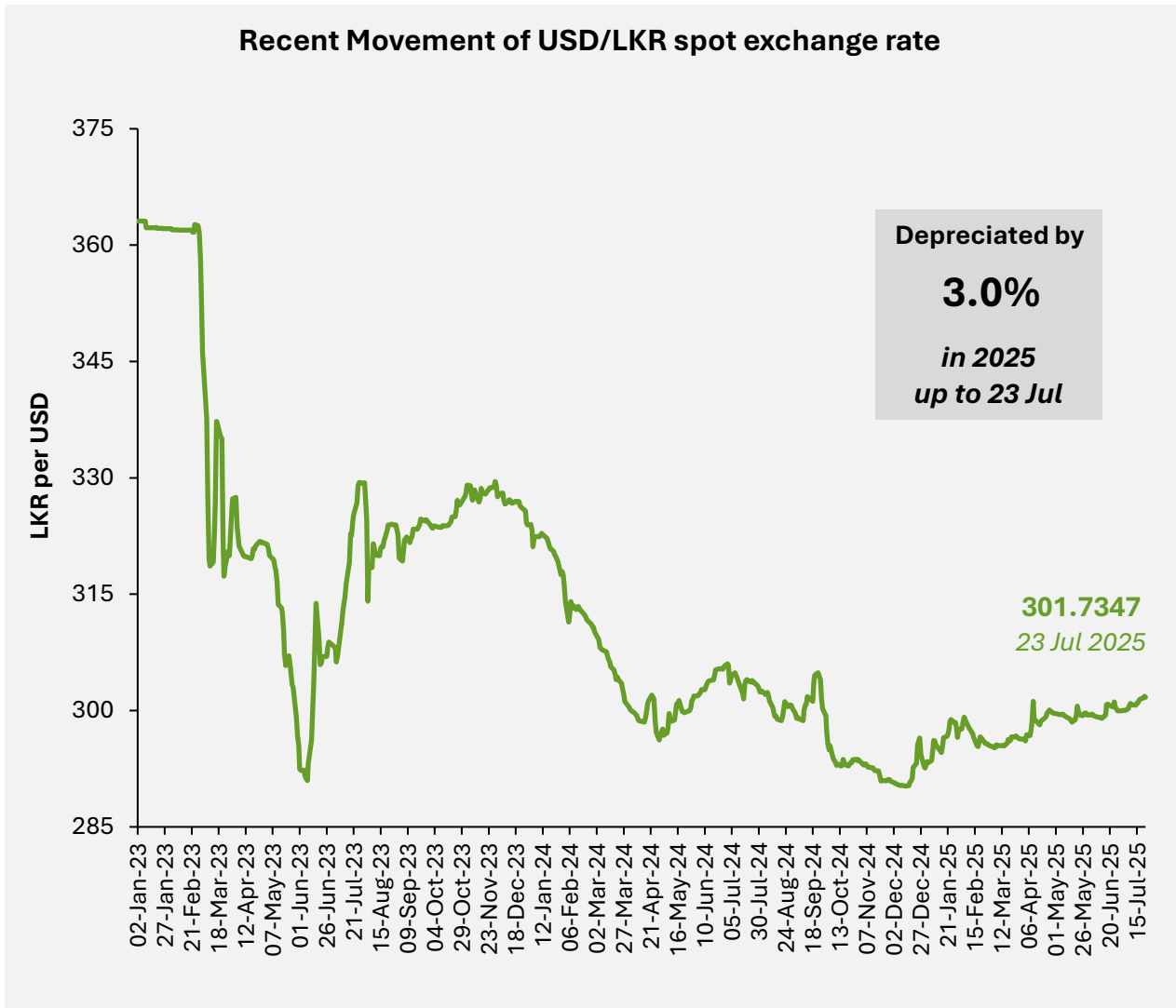
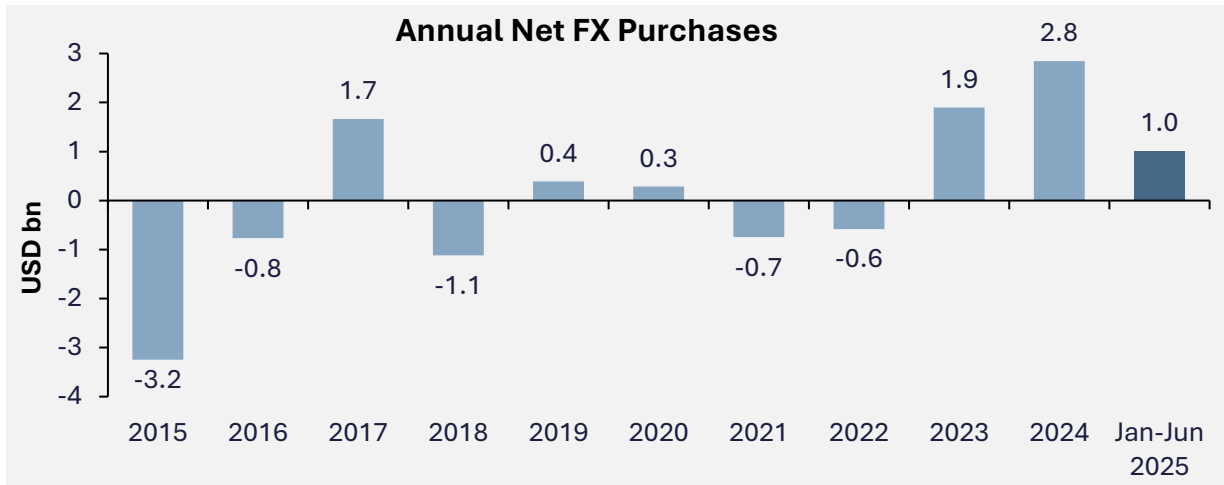
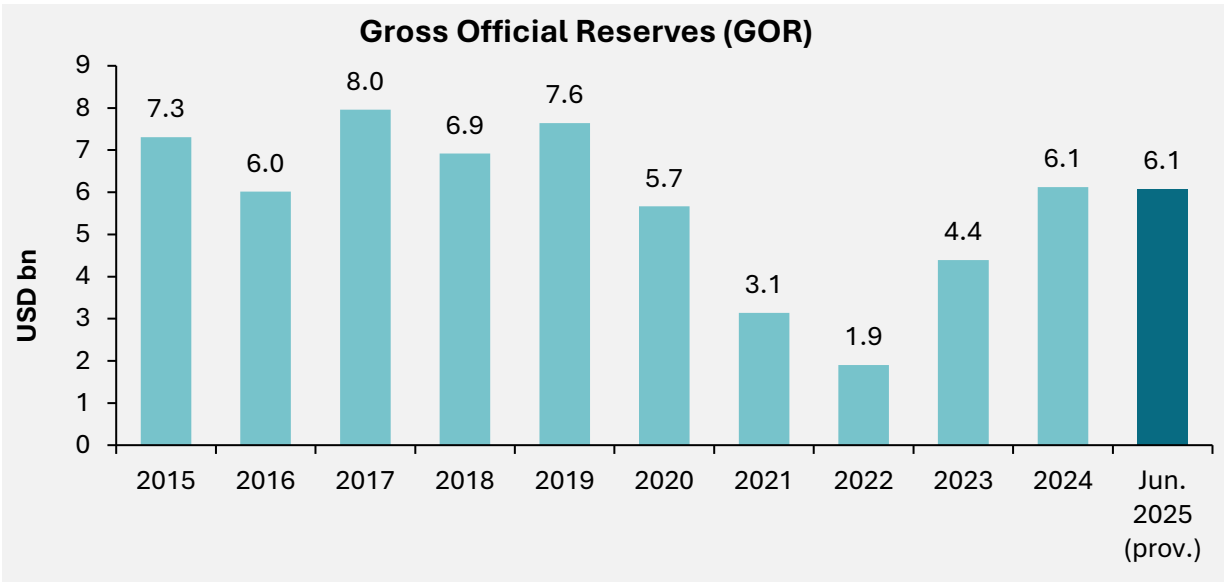
2025 Jan-Jun
USD 3.7 bn

2024 Jan-Jun
USD 3.1 bn

2024
USD 6.6 bn



Gross official reserves were maintained at healthy levels amidst debt service payments...



The Board will carefully monitor any realisation of the global uncertainties and assess incoming data on domestic developments

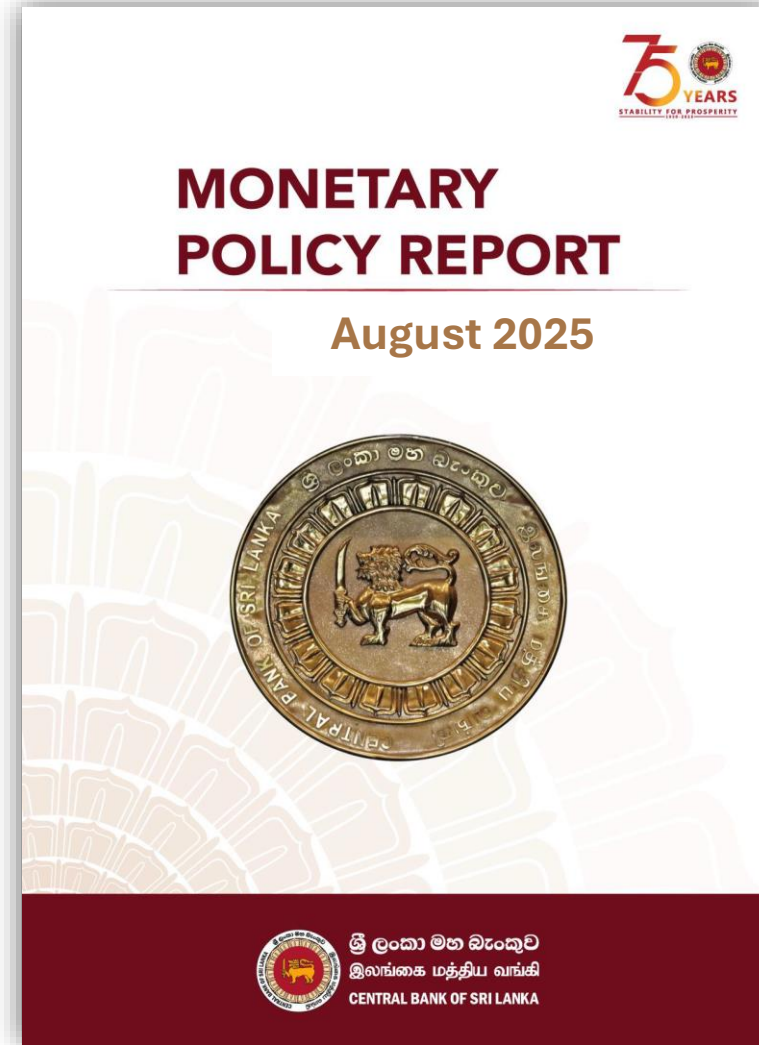
The Board is prepared to take appropriate policy measures to ensure that inflation stabilises around the target, while supporting the economy to reach its potential.



Monetary Policy Report – August 2025

The second Monetary Policy Report for 2025 is expected to be published on

15 August 2025



Thank You