

# PRESS RELEASE

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CENTRAL BANK OF SRI LANKA

**Issued By** Economic Research Department

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## The Central Bank of Sri Lanka releases the Monetary Policy Report – February 2026

The Central Bank released its first Monetary Policy Report for 2026 in keeping with the requirements of the Central Bank of Sri Lanka Act, No. 16 of 2023. The biannual Monetary Policy Report provides forward-looking insights about the economy, particularly inflation and economic growth outlook, and risks to projections. Through this Report, the Central Bank strives to improve its transparency and accountability by communicating the rationale behind its recent monetary policy decisions.

The contents of this Report are based on information considered by the Monetary Policy Board in formulating the decision during the monetary policy review in January 2026.

### Key highlights

- Marking the end of an eleven-month deflationary phase, inflation turned positive in August 2025 and accelerated gradually thereafter.
- Inflation is projected to move towards the 5% target by H2-2026.
- Core inflation is expected to rise gradually and stabilise around the headline inflation target, supported by strengthening domestic demand.
- The Central Bank continued its accommodative monetary policy stance, supported by subdued inflationary conditions in the economy.
- Leading economic indicators point to continued resilience in economic activity, despite the impact of Cyclone Ditwah.
- Further escalation in global headwinds and uncertainties could weigh on overall economic performance.

*The Monetary Policy Report, which is an online publication, is available on the official website of the Central Bank at <https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/monetary-policy-reports>*