

Figure 5.1  
External Sector Performance

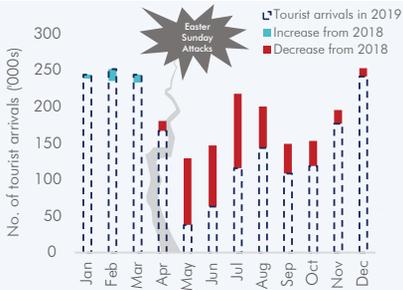
The external sector remained resilient in 2019 with a stable exchange rate and a reduced current account deficit...



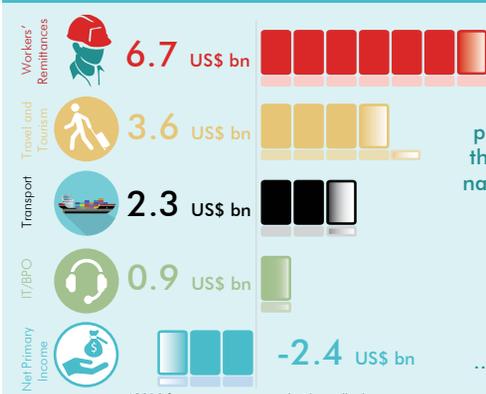
Sri Lanka's trade performance showed a notable improvement in 2019...

- Imports slowed significantly
- Exports improved marginally

...resulting in a significant reduction in the TRADE DEFICIT by US\$ 2.3 bn, compared to 2018.



TOURISM suffered a major setback due to the Easter Sunday attacks, but observed a faster than expected recovery...

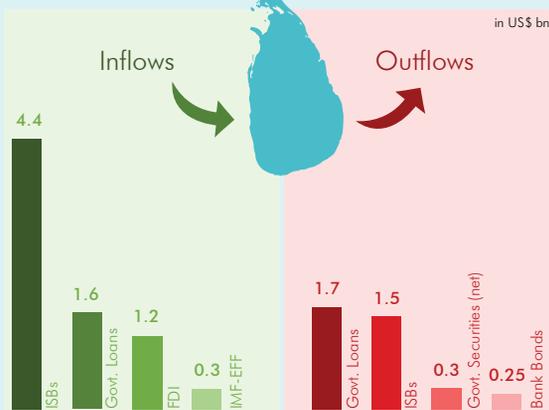


Despite the moderation in services inflows and workers' remittances alongside an unchanged primary income account deficit, the CURRENT ACCOUNT deficit narrowed significantly in 2019...

-2.8 US\$ bn (2018)  
↓  
-1.8 US\$ bn (2019)

...mainly due to the contraction of the trade deficit.

Significant inflows to the FINANCIAL ACCOUNT were observed during the year...



...accordingly, GROSS OFFICIAL RESERVES increased.



The outbreak of COVID-19 could pose significant challenges to the external sector in 2020, particularly impacting exports, tourist earnings and workers' remittances.