

RECENT ECONOMIC DEVELOPMENTS

HIGHLIGHTS OF 2018 AND PROSPECTS FOR 2019



CENTRAL BANK OF SRI LANKA

OCTOBER
2018

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Published by the Central Bank of Sri Lanka
30, Janadhipathi Mawatha
Colombo 01
Sri Lanka.

Printed by: M.D.Gunasena and Company Printers (Private) Limited.

ISBN 978 - 955 - 575 - 375 - 3

KEY ECONOMIC INDICATORS

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Indicator	2014	2015	2016	2017 (a)	First Half (a)	
					2017	2018
DEMOGRAPHY						
Mid-year population ('000 persons) (b) (c)	20,778 (d)	20,966 (a)	21,203 (a)	21,444	-	-
Growth of mid-year population (per cent) (b)	0.9	0.9 (a)	1.1 (a)	1.1	-	-
Population density (persons per sq.km.) (b)	331	334 (a)	338 (a)	342	-	-
Labour force ('000 persons) (e) (f) (g)	8,049	8,214	8,311	8,567	8,551	8,343
Labour force participation rate (per cent) (e) (f) (g)	53.2	53.8	53.8	54.1	54.3	51.5
Unemployment rate (per cent of labour force) (e) (f) (g)	4.3	4.7	4.4	4.2	4.3	4.5
OUTPUT (h)						
GDP at current market price (Rs. billion)	10,361	10,951 (d)	11,907 (a)(d)	13,317 (d)	6,417 (d)	6,931
GNI at current market price (Rs. billion)	10,125	10,676 (d)	11,587 (a)(d)(i)	12,960 (d)(i)	6,267 (d)	6,754
GDP at current market price (US\$ billion)	79.4	80.6 (d)	81.8 (a)(d)	87.4 (d)	42.3 (d)	44.4
GNI at current market price (US\$ billion)	77.6	78.5 (d)	79.6 (a)(d)(i)	85.0 (d)(i)	41.4 (d)	43.2
Per capita GDP at current market price (Rs.) (i)	498,828	522,304 (d)	561,560 (a)(d)	621,026 (d)	-	-
Per capita GNI at current market price (Rs.) (i)	487,462	509,200 (d)	546,408 (a)(d)(i)	604,412 (d)(i)	-	-
Per capita GDP at current market price (US\$) (i)	3,821	3,842 (d)	3,857 (a)(d)	4,073 (d)	-	-
Per capita GNI at current market price (US\$) (i)	3,734	3,746 (d)	3,753 (a)(d)(i)	3,964 (d)(i)	-	-
REAL OUTPUT (percentage change) (h)						
GDP	5.0	5.0 (d)	4.5 (a)(d)	3.3 (d)	3.2 (d)	3.6
Gross Value Added of basic Prices						
Agriculture	4.6	4.7 (d)	-3.8 (a)(d)	-0.8 (d)	-3.8 (d)	4.9
Industry	4.7	2.2 (d)	5.8 (a)(d)	4.6 (d)	4.5 (d)	1.6
Services	4.8	6.0 (d)	4.7 (a)(d)	3.2 (d)	3.5 (d)	4.8
GNI	5.1	4.8 (d)	4.3 (a)(d)	3.3 (d)	3.2 (d)	3.3
AGGREGATE DEMAND AND SAVINGS (per cent of GDP) (h)						
Consumption	75.8	76.4 (d)	72.4 (a)(d)	70.5 (d)	69.6 (d)	72.5
Private	67.4	67.4 (d)	63.8 (a)(d)	62.0 (d)	61.6 (d)	63.9
Government	8.4	9.0 (d)	8.5 (a)(d)	8.5 (d)	8.0 (d)	8.6
Investment	32.3	31.2 (d)	35.0 (a)(d)	36.7 (d)	38.0 (d)	36.3
Net exports of goods & services	-8.1	-7.5 (d)	-7.3 (a)(d)	-7.2 (d)	-7.6 (d)	-8.7
Exports of goods & services	21.1	21.0 (d)	21.3 (a)(d)	21.9 (d)	21.7 (d)	22.4
Imports of goods & services	29.2	28.5 (d)	28.7 (a)(d)	29.1 (d)	29.3 (d)	31.2
Domestic savings	24.2	23.6 (d)	27.6 (a)(d)	29.5 (d)	30.4 (d)	27.5
Net primary and secondary income from rest of the world	5.6	5.2 (d)	5.2 (a)(d)(i)	4.6 (d)(i)	5.2 (d)	4.6
National savings	29.8	28.8 (d)	32.8 (a)(d)(i)	34.0 (d)(i)	35.5 (d)	32.2
PRICES AND WAGES (percentage change)						
National Consumer Price Index (2013 = 100) - annual average	-	3.8	4.0	7.7	6.1	5.3
National Consumer Price Index (2013 = 100) - year-on-year (end period)	-	4.2	4.2	7.3	6.3	2.5
Colombo Consumer Price Index (2013 = 100) - annual average	-	2.2	4.0	6.6	5.5	5.6
Colombo Consumer Price Index (2013 = 100) - year-on-year (end period)	-	4.6	4.5	7.1	6.1	4.4
Colombo Consumer Price Index (2006/07 = 100) - annual average (k)	3.3	0.9	3.7	-	-	-
Colombo Consumer Price Index (2006/07 = 100) - year-on-year (end period) (k)	2.1	2.8	4.1	-	-	-
Producer's Price Index (2013 Q4 = 100) - annual average	-	3.6	1.7	17.0	10.6	12.2
GDP deflator (h)	2.9	0.6 (d)	4.1 (a) (d)	8.3 (d)	7.6 (d)	4.3
GNI deflator (h)	2.9	0.6 (d)	4.1 (a) (d)	8.3 (d)	7.6 (d)	4.3
Nominal wage rate index for workers in wages boards trades (1978 Dec = 100) - annual average	3.7	2.9	0.0	0.0	0.0	0.0
Nominal wage rate index for public sector employees (2012 = 100) - annual average	10.5	31.7	3.9	0.0	0.0	0.1
Nominal wage rate index for informal private sector employees (2012 = 100) - annual average	7.6	7.3	7.9	9.5	9.3	12.8
EXTERNAL TRADE						
Trade balance (US\$ million)	-8,287	-8,388	-8,873 (d)	-9,619	-4,751 (d)	-5,709
Exports	11,130	10,546	10,310	11,360	5,398	5,732
Imports	19,417	18,935	19,183 (d)	20,980	10,149 (d)	11,441
Terms of trade (percentage change)	4.3	2.7	4.0 (d)	1.2	-0.4 (d)	0.0
Export unit value index (2010 = 100) (percentage change)	2.7	-9.4	-1.5	2.4	0.1	5.1
Import unit value index (2010 = 100) (percentage change)	-1.5	-11.8	-5.3 (d)	1.2	0.5	5.1
Export volume index (2010 = 100) (percentage change)	4.3	4.6	-0.7	7.6	5.1	1.0
Import volume index (2010 = 100) (percentage change)	9.5	10.6	7.0 (d)	8.1	8.3	7.2
EXTERNAL FINANCE (US\$ million)						
Services and primary income account (net)	72	312	678 (d)	983	538	699
Current private transfers (net)	6,199	6,167	6,434	6,316	3,167	3,193
Current official transfers (net)	28	27	19	11	9	5
Current account balance	-1,988	-1,883	-1,742 (d)	-2,309	-1,037	-1,813
Overall balance	1,369	-1,489	-500	2,068	1,563	1,148
<p>(a) Provisional (b) As reported by the Registrar General's Department (c) Mid year population estimates in 2012 onwards were based on the Census of Population and Housing 2012. (d) Revised (e) Household population aged 15 years and above is considered for the calculation of labour force. (f) Data covers the entire island (g) In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards (h) Rebased GDP estimates (base year 2010) of the Department of Census and Statistics have been used (i) Based on the latest available Balance of payment (BOP) data (j) Estimates updated with latest population figures (k) Compilation of this index was discontinued since January 2017</p>						

KEY ECONOMIC INDICATORS (Contd.)

Indicator	2014	2015	2016	2017 (a)	First Half (a)	
					2017	2018
Current account balance (per cent of GDP) (h) (l)	-2.5	-2.3	-2.1 (d)	-2.6	-	-
Total foreign assets (months of the same year imports) (m)	6.1	5.9	5.3	6.0	5.5	6.1
Gross official reserves (months of the same year imports)	5.1	4.6	3.8	4.6	4.2	5.0
Overall debt service ratio (n)						
As a percentage of export of goods and services	21.7 (d)	28.2 (d)	25.6 (d)	23.9	28.9	24.3
As a percentage of current receipts	15.2 (d)	19.8 (d)	18.0 (d)	17.2	20.6	17.7
Total external debt (per cent of GDP) (h) (l)	54.1	55.7	56.8 (d)	59.5	-	-
EXCHANGE RATES						
Annual average						
Rs/US\$	130.56	135.94	145.60	152.46	151.54	156.26
Rs/SDR (o)	198.35	190.16	202.39	211.49	206.67	224.76
NEER (2010 = 100) (24 - currency basket) (p)	91.99	96.61	92.46	88.07	89.91	83.65
REER (2010 = 100) (24 - currency basket) (p) (q)	103.77	109.50	106.94	106.10	107.65	101.99
Year end						
Rs/US\$	131.05	144.06	149.80	152.85	153.51	158.26
Rs/SDR (o)	189.86	199.63	201.38	217.69	213.59	222.60
GOVERNMENT FINANCE (per cent of GDP) (h) (r)						
Revenue and grants	11.6	13.3	14.2	13.8	6.8	6.4
Revenue	11.5	13.3	14.2	13.8	6.7	6.4
o/w Tax revenue	10.1	12.4	12.3	12.5	6.3	5.8
Grants	0.1	0.1	0.1	0.1
Expenditure and net lending	17.3	20.9	19.6	19.3	9.3	8.8
Recurrent expenditure	12.8	15.5	14.8	14.5	7.1	6.9
Capital expenditure and net lending	4.6	5.4	4.8	4.8	2.2	1.9
Current account deficit (-) / surplus (+)	-1.2	-2.3	-0.6	-0.7	-0.3	-0.5
Primary deficit (-) / surplus (+)	-1.5	-2.9	-0.2	0.0	0.1	0.3
Overall deficit (-) / surplus (+)	-5.7	-7.6	-5.4	-5.5	-2.6	-2.4
Deficit financing	5.7	7.6	5.4	5.5	2.6	2.4
Foreign	2.1	2.2	3.3	3.3	0.5	1.1
Domestic	3.7	5.4	2.1	2.2	2.1	1.3
Central Government debt	71.3	77.7	78.8	77.4	-	-
Foreign	30.0	32.4	34.0	35.4	-	-
Domestic	41.3	45.3	44.9	42.0	-	-
MONETARY AGGREGATES (year-on-year percentage change)						
Reserve money	18.3	16.5	27.1	9.8	17.8	12.0
Narrow money (M ₁)	26.3	16.8	8.6	2.1	6.8	6.7
Broad money (M _{2b}) (s)	13.4	17.8	18.4	16.7	21.2	14.9
Net foreign assets of the banking system	119.8	-2,071.2	22.4	152.6	50.0	141.1
Net domestic assets of the banking system	10.5	26.0	15.9	9.8	14.7	8.6
Domestic credit from the banking system to						
Government (net)	10.3	22.5	12.1	10.0	11.4	1.7
Public corporations	23.5 (d)	17.7 (d)	-3.2 (d)	4.5 (d)	15.5 (d)	8.5
Private sector	8.6 (d)	25.0 (d)	21.6 (d)	14.7	18.4 (d)	14.9
Money multiplier for M _{2b} (end year)	6.71	6.78	6.31	6.71	6.59	6.76
Velocity of M _{2b} (average for the year) (h)	2.85	2.62	2.41 (d)	2.25	-	-
INTEREST RATES (per cent per annum at year end)						
Standing Deposit Facility Rate (SDFR) (t)	6.50	6.00	7.00	7.25	7.25	7.25
Standing Lending Facility Rate (SLFR) (t)	8.00	7.50	8.50	8.75	8.75	8.50
Money market rates						
Average weighted call money rate (AWCMR)	6.21	6.40	8.42	8.15	8.75	8.50
Treasury bill yields						
91 days	5.74	6.45	8.72	7.69	9.60	8.32
364 days	6.01	7.30	10.17	8.90	10.47	9.39
Deposit rates						
Commercial banks' average weighted deposit rate (AWDR)	6.20	6.20	8.17	9.07	9.13	8.92
Commercial banks' average weighted fixed deposit rate (AWFDR)	7.33	7.57	10.46	11.48	11.66	11.26
NSB savings rate	5.00	5.00	4.25	4.00	4.00	4.00
NSB 12 month fixed deposit rate	6.50	7.25	11.00	11.00	11.00	10.50
Lending rates						
Commercial banks' average weighted prime lending rate (AWPR)	6.26	7.53	11.52	11.55	11.70	11.33
Commercial banks' average weighted lending rate (AWLR)	11.91	11.00	13.20	13.88	13.73	14.05
CAPITAL MARKET						
All share price index (ASPI) (1985 = 100)	7,299.0	6,894.5	6,228.3	6,369.3	6,747.1	6,194.6
S&P SL20 index (2004 Dec = 1,000) (u)	4,089.1	3,625.7	3,496.4	3,671.7	3,933.5	3,388.9
Value of shares traded (Rs. million)	340,917	253,251	176,935	220,591	112,244	109,395
Net purchases by non nationals (Rs. million)	21,217	-5,372	338	17,655	22,284	-1,623
Market capitalisation (Rs. billion)	3,104.9	2,938.0	2,745.4	2,899.3	3,041.2	2,893.8

(l) Based on GDP estimates in US dollars

(m) Excludes foreign assets in the form of direct investments abroad and trade credit and advances received

(n) Overall debt service ratios were reclassified to capture debt servicing in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF)

(o) Special Drawing Rights (SDR), the unit of account of the IMF

(p) Exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is reflected by a rise/fall in the values of the effective exchange rate indices

(q) CCPI is used for the computation of the Real Effective Exchange Rate (REER). The REER is computed by adjusting the Nominal Effective Exchange Rate (NEER) for inflation differentials with the countries whose currencies are included in the basket

(r) Based on revised GDP estimates for 2016 and 2017 made available on 18 June 2018 by Department of Census and Statistics

(s) Figures from 2015 include assets/ liabilities of DFCC Bank PLC, which merged with DFCC Vardhana Bank, with effect from 1 October 2015

(t) Repurchase rate and Reverse Repurchase rate renamed as Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) respectively, with effect from 2 January 2014

(u) With effect from 1 January 2013, the Milanka Price Index (MPI) was replaced by a newly introduced index, namely S&P SL 20 index

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