

RECENT ECONOMIC DEVELOPMENTS

Highlights of 2019 and Prospects for 2020



CENTRAL BANK OF SRI LANKA
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KEY ECONOMIC INDICATORS

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Indicator	2015	2016	2017	2018 (a)	First Half (a)	
					2018	2019
DEMOGRAPHY						
Mid-year population ('000 persons) (b)(c)	20,970 (d)	21,203 (a)	21,444 (a)	21,670	-	-
Growth of mid-year population (per cent) (b)	0.9 (a)	1.1 (a)	1.1 (a)	1.1	-	-
Population density (persons per sq.km.) (b)	334	338 (a)	342 (a)	346	-	-
Labour force ('000 persons) (e)(f)	8,214	8,311	8,567	8,388	8,343	8,603
Labour force participation rate (per cent) (e)(f)	53.8	53.8	54.1	51.8	51.5	52.6
Unemployment rate (per cent of labour force) (e)(f)	4.7	4.4	4.2	4.4	4.5	4.8
OUTPUT (g)						
GDP at current market price (Rs. billion)	10,951	11,996 (d)	13,418 (a)(d)	14,450	7,061 (d)	7,326
GNI at current market price (Rs. billion)	10,676	11,676 (d)	13,065 (a)(d)	14,058	6,907 (d)	7,131
GDP at current market price (US\$ billion)	80.6	82.4 (d)	88.0 (a)(d)	88.9	45.2 (d)	41.2
GNI at current market price (US\$ billion)	78.5	80.2 (d)	85.7 (a)(d)	86.5	44.2 (d)	40.1
Per capita GDP at current market price (Rs.) (h)	522,304	565,773 (d)	625,736 (a)(d)	666,817	-	-
Per capita GNI at current market price (Rs.) (h)	509,200	550,697 (d)	609,281 (a)(d)	648,731	-	-
Per capita GDP at current market price (US\$) (h)	3,842	3,886 (d)	4,104 (a)(d)	4,102	-	-
Per capita GNI at current market price (US\$) (h)	3,746	3,782 (d)	3,996 (a)(d)	3,991	-	-
REAL OUTPUT (percentage change) (g)						
GDP	5.0	4.5 (d)	3.4 (a)(d)	3.2	3.9 (d)	2.6
Major economic activities of GDP						
Agriculture	4.7	-3.7 (d)	-0.4 (a)(d)	4.8	5.3 (d)	3.2
Industry	2.2	5.7 (d)	4.1 (a)(d)	0.9	2.2 (d)	2.3
Services	6.0	4.8 (d)	3.6 (a)(d)	4.7	5.1 (d)	2.8
GNI	4.8	4.3 (d)	3.4 (a)(d)	3.1	4.1 (d)	2.2
AGGREGATE DEMAND AND SAVINGS (per cent of GDP) (g)						
Consumption	76.4	79.4 (d)	78.3 (a)(d)	78.8	78.3 (d)	79.5
Private	67.4	71.0 (d)	69.9 (a)(d)	69.8	69.3 (d)	69.9
Government	9.0	8.5 (d)	8.4 (a)(d)	9.0	8.9 (d)	9.6
Investment	31.2	27.9 (d)	28.8 (a)(d)	28.6	30.2 (d)	25.2
Net exports of goods and services	-7.5	-7.3 (d)	-7.2 (a)(d)	-7.3	-8.4 (d)	-4.7
Exports of goods and services	21.0	21.2 (d)	21.7 (a)(d)	22.8	22.1 (d)	24.2
Imports of goods and services	28.5	28.5 (d)	28.9 (a)(d)	30.1	30.5 (d)	29.0
Domestic savings	23.6	20.6 (d)	21.7 (a)(d)	21.2	21.7 (d)	20.5
Net primary and secondary income from rest of the world	5.2	5.2 (d)	4.6 (a)(d)	4.2	4.9 (d)	4.2
National savings	28.8	25.7 (d)	26.2 (a)(d)	25.4	26.6 (d)	24.7
PRICES AND WAGES (percentage change)						
National Consumer Price Index (2013 = 100) - annual average	3.8	4.0	7.7	2.1	5.3	2.0
National Consumer Price Index (2013 = 100) - year-on-year (end period)	4.2	4.2	7.3	0.4	2.5	1.1
Colombo Consumer Price Index (2013 = 100) - annual average	2.2	4.0	6.6	4.3	5.6	4.2
Colombo Consumer Price Index (2013 = 100) - year-on-year (end period)	4.6	4.5	7.1	2.8	4.4	3.8
Colombo Consumer Price Index (2006/07 = 100) - annual average (i)	0.9	3.7	-	-	-	-
Colombo Consumer Price Index (2006/07 = 100) - year-on-year (end period) (i)	2.8	4.1	-	-	-	-
Producer's Price Index (2013 Q4 = 100) - annual average	3.6	1.7	17.0	6.3	12.2	3.8
GDP deflator (g)	0.6	4.8 (d)	8.2 (a)(d)	4.3	5.2 (d)	1.1
GNI deflator (g)	0.6	4.9 (d)	8.2 (a)(d)	4.3	5.2 (d)	1.0
Nominal wage rate index for workers in all wages boards (1978 Dec = 100)	2.9	0.0	0.0	0.6	0.0	3.4
Nominal wage rate index for public sector employees (2012 = 100)	31.7	3.9	0.0	0.1	0.1	0.7
Nominal wage rate index for informal private sector employees (2012 = 100)	7.3	7.9	9.5	13.2	12.8	8.1
EXTERNAL TRADE						
Trade balance (US\$ million)	-8,388	-8,873	-9,619	-10,343	-5,709	-3,597
Exports	10,546	10,310	11,360	11,890	5,732	5,999
Imports	18,935	19,183	20,980	22,233	11,441	9,596
Terms of trade (percentage change)	2.7	4.0	1.2	0.02	0.4	-1.5
Export unit value index (2010 = 100) (percentage change)	-9.4	-1.5	2.4	4.2	5.5	-5.9
Import unit value index (2010 = 100) (percentage change)	-11.8	-5.3	1.2	4.1	5.1	-4.5
Export volume index (2010 = 100) (percentage change)	4.6	-0.7	7.6	0.5	0.6	11.2
Import volume index (2010 = 100) (percentage change)	10.6	7.0	8.1	1.8	7.2	-12.2
EXTERNAL FINANCE (US\$ million)						
Services and primary income account (net)	312	678	984	1,367	902	542
Current private transfers (net)	6,167	6,434	6,316	6,155	3,193	2,828
Current official transfers (net)	27	19	11	8	5	2
Current account balance	-1,883	-1,742	-2,309	-2,814	-1,609	-225
Overall balance	-1,489	-500	2,068	-1,103	1,148	1,827
(a) Provisional (b) As reported by Registrar General's Department (c) Based on the Census of Population and Housing - 2012 (d) Revised (e) Household population aged 15 and above is considered for the calculation of labour force (f) In July 2016, Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards (g) Rebased GDP estimates (base year 2010) of the Department of Census and Statistics have been used (h) Estimates updated with latest population figures (i) Compilation of this index was discontinued since January 2017						

KEY ECONOMIC INDICATORS (Contd.)

Indicator	2015	2016	2017	2018 (a)	First Half (a)	
					2018	2019
Current account balance (per cent of GDP) (g)(i)	-2.3	-2.1	-2.6	-3.2	-	-
Total foreign assets (months of the same year imports) (k)	5.9	5.3	6.0	5.2	6.1	6.8
Gross official reserves (months of the same year imports)	4.6	3.8	4.6	3.7	5.0	5.2
Overall debt service ratio (l)						
As a percentage of export of goods and services	28.2	25.6	23.9	28.9	27.6	35.7
As a percentage of current receipts	19.8	18.0	17.3	21.3	20.0	26.6
Total external debt (per cent of GDP) (g)(i)	55.7	56.8	58.6	58.7	-	-
EXCHANGE RATES						
Annual average						
Rs/US\$	135.94	145.60	152.46	162.54	156.26	177.91
Rs/SDR (m)	190.16	202.39	211.49	229.90	224.76	247.01
NEER (2017 = 100) (24 - currency basket) (n)	109.40	104.89	100.00	94.08	95.13	88.07
REER (2017 = 100) (24 - currency basket) (n)(o)	102.84	100.79	100.00	95.49	96.18	89.66
Year end						
Rs/US\$	144.06	149.80	152.85	182.75	158.26	176.54
Rs/SDR (m)	199.63	201.38	217.69	253.51	222.60	245.43
GOVERNMENT FINANCE (per cent of GDP) (g)(p)						
Revenue and grants	13.3	14.1	13.7	13.4	6.4	5.7
Revenue	13.3	14.1	13.6	13.3	6.4	5.7
o/w Tax revenue	12.4	12.2	12.4	11.9	5.8	5.2
Grants	0.1	0.1	0.1	0.1
Expenditure and net lending	20.9	19.5	19.2	18.6	8.8	9.1
Recurrent expenditure	15.5	14.7	14.4	14.5	6.9	7.2
Capital expenditure and net lending	5.4	4.8	4.8	4.2	1.9	1.9
Current account balance	-2.3	-0.6	-0.7	-1.2	-0.5	-1.5
Primary balance	-2.9	-0.2	0.02	0.6	0.3	-0.4
Overall fiscal balance	-7.6	-5.3	-5.5	-5.3	-2.4	-3.4
Deficit financing	7.6	5.3	5.5	5.3	2.4	3.4
Foreign	2.2	3.3	3.3	2.2	1.1	0.4
Domestic	5.4	2.1	2.2	3.0	1.3	3.0
Central government debt	77.7	78.3	76.9	82.9	-	-
Foreign	32.4	33.7	35.2	41.2	-	-
Domestic	45.3	44.5	41.7	41.6	-	-
MONETARY AGGREGATES (year-on-year percentage change)						
Reserve money	16.5	27.1	9.8	2.3	12.0	-12.4
Narrow money (M ₁)	16.8	8.6	2.1	4.7	6.7	-0.1
Broad money (M _{2b}) (q)	17.8	18.4	16.7	13.0	14.9	8.7
Net foreign assets of the banking system	-2,071.2	22.4	152.6	-155.1	141.1	-2.2
Net domestic assets of the banking system	26.0	15.9	9.8	16.3	8.6	8.9
Domestic credit from the banking system to						
Government (net)	22.5	12.1	10.0	16.0	1.7	17.3
Public corporations	17.7	-3.2	4.5	40.7	8.5	17.9
Private sector	25.0	21.6	14.7	15.9	14.9	8.7
Money multiplier for M _{2b} (end year)	6.78	6.31	6.71	7.42	-	-
Velocity of M _{2b} (average for the year) (g)	2.62	2.43 (d)	2.27 (d)	2.13	-	-
INTEREST RATES (per cent per annum at year end)						
Standing Deposit Facility Rate (SDFR)	6.00	7.00	7.25	8.00	7.25	7.50
Standing Lending Facility Rate (SLFR)	7.50	8.50	8.75	9.00	8.25	8.50
Money market rates						
Average weighted call money rate (AWCMR)	6.40	8.42	8.15	8.95	8.50	7.86
Treasury bill yields						
91 days	6.45	8.72	7.69	10.01	8.32	8.24
364 days	7.30	10.17	8.90	11.20	9.39	8.70
Deposit rates						
Commercial banks' average weighted deposit rate (AWDR)	6.20	8.17	9.07	8.81	8.92	8.94
Commercial banks' average weighted fixed deposit rate (AWFDR)	7.57	10.46	11.48	10.85	11.26	11.07
Commercial banks' average weighted new deposit rate (AWNDR)	6.96	11.17	10.06	10.94	10.57	9.85
NSB savings rate	5.00	4.25	4.00	4.00	4.00	4.00
NSB 12 month fixed deposit rate	7.25	11.00	11.00	10.50	10.50	10.50
Lending rates						
Commercial banks' average weighted prime lending rate (AWPR)	7.53	11.52	11.55	12.09	11.20	11.45
Commercial banks' average weighted lending rate (AWLR)	11.00	13.20	13.88	14.40	14.05	14.36
Commercial banks' average weighted new lending rate (AWNLR)	10.19	13.94	14.31	14.54	13.94	14.43
CAPITAL MARKET						
All share price index (ASPI) (1985 = 100)	6,894.5	6,228.3	6,369.3	6,052.4	6,194.6	5,372.3
S&P SL 20 index (2004 Dec = 1,000) (r)	3,625.7	3,496.4	3,671.7	3,135.2	3,388.9	2,496.6
Value of shares traded (Rs. million)	253,251	176,935	220,591	200,069	109,395	63,789
Net purchases by non nationals (Rs. million)	-5,372	338	17,655	-23,239	-1,623	-6,371
Market capitalisation (Rs. billion)	2,938	2,745	2,899	2,840	2,894	2,523

(i) Based on GDP estimates in US dollars

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

(l) 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)

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

(n) 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

(o) 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

(p) Based on revised GDP estimates for 2016 and 2017 released on 19 March 2019 by Department of Census and Statistics

(q) Figures from 2015 include assets/ liabilities of DFCC Bank DFCC Vardhana Bank, with effect from 1 October 2015

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

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