7

Monetary Policy, Interest Rates, Money and Credit

The Central Bank tightened monetary policy significantly in 2022 with a view to countering rising inflationary pressures and anchoring inflation expectations. Global oil and other commodity price hikes, adjustments to domestic administrative prices, domestic supply disruptions, the substantial depreciation of the Sri Lanka rupee against the US dollar and the possible lagged effects of relaxed monetary policy amidst large monetary financing caused inflation to accelerate and aggravate inflationary pressures, warranting further tightening of monetary policy during 2022. Underpinned by the significant liquidity deficit in the domestic money market and reflecting the faster passthrough of tight monetary policy, market interest rates rose notably. Both monetary and credit expansion appear to have significantly slowed recently, where credit to the private sector recorded a notable monthly contraction in absolute terms since June 2022. Such contraction in private sector credit is expected to continue during the remainder of the year amidst stringent monetary conditions. However, the subdued fiscal performance of the Government necessitated large financing from domestic sources, while the reduced appetite for government securities amidst market uncertainties resulted in a substantial increase in yields on government securities. Meanwhile, the significant tightening of monetary policy, along with other measures, including the impact on disposable income due to the proposed tax revisions and the restrictions on non-urgent imports are likely to rein in inflationary pressures, while arresting adverse inflationary expectations, thus enabling headline inflation to tread along the envisaged rapid disinflation path from early 2023 onwards, before stabilising within the targeted range over the near to medium term.

7.1 Monetary Policy Stance of the Central Bank

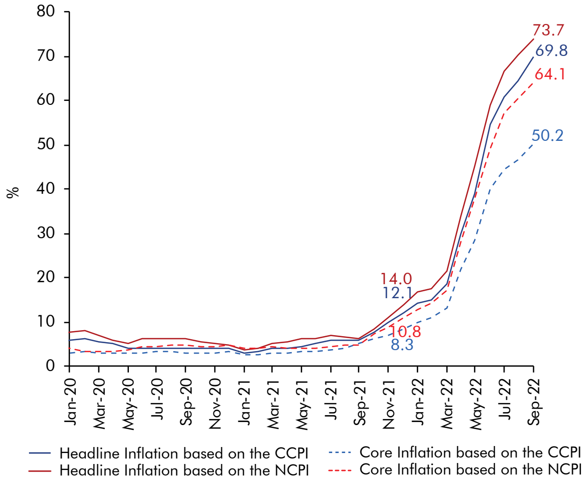
In consideration of rising inflationary pressures, firming up of underlying demand conditions, and the possibility of de-anchoring inflation expectations, the Central Bank tightened monetary and liquidity conditions to an unprecedented level in 2022. Accordingly, since the monetary tightening cycle that began in August 2021, the Central Bank's key policy interest rates, i.e., SDFR and SLFR, have been raised by 10 pps, and a larger portion of that adjustment took place in April 2022. Policy interest rates were increased by 7 pps in April 2022, with the intention of arresting the build-up of any demand driven inflationary pressures in the economy and pre-empting the escalation of adverse inflationary expectations, while providing the required impetus to stabilise the exchange rate and correct anomalies observed in the market interest rate structure. Such sizeable adjustments in the policy interest rates were in addition to the upward revision of SRR by 2 pps, effective September 2021. Further, the large liquidity deficit in the domestic money market continued, mainly reflecting the impact of foreign exchange transactions by the Central Bank relating to foreign currency debt servicing of the Government and provisioning of foreign exchange to part finance essential imports, thereby reducing rupee liquidity in the domestic money market. However, the substantial deficit in rupee liquidity in the domestic money market peaked during the month of April 2022 and recorded a slight decline thereafter mainly reflecting the impact of the primary purchases of Treasury bills by the Central Bank in order to support the cash flow requirements of the Government and return of currency to the banking system reflecting the impact of rising deposit interest rates. As the combined outcome of a faster passthrough of monetary policy measures and tight liquidity conditions, market interest rates increased notably. Since the Central Bank commenced its monetary tightening cycle in August 2021, the upward adjustment in market interest rates has been more than proportionate to the increase in policy interest rates. The yields on government securities also recorded a considerable increase in 2022, driven by the sharp increase in the policy interest rates as well as the increased borrowing requirement of the Government along with heightened uncertainty in market conditions. With the tight monetary conditions, credit to the private sector by the banking system started moderating, while a contraction was observed in outstanding credit, in absolute terms, consecutively since June 2022. However, credit obtained by the SOBEs from the banking system expanded during the eight months ending August 2022, while NCG by the banking system also increased notably during the period entirely due to NCG from the Central Bank. Such monetary financing helped ease pressures on government cashflow operations to some extent and enabled the Government to settle payment obligations, including recurrent expenditure, amidst subdued government revenue. However, the envisaged revenue based fiscal consolidation programme, along with the rationalisation of expenditure, is expected to lower the monetary financing requirement in the period ahead. This is expected to stem demand pressures further, thus supporting the envisaged disinflation path and the restoration of price and economic stability over the medium term.

> ***The Central Bank tightened monetary conditions significantly in 2022 reflecting its commitment to restoring price stability while anchoring inflation expectations...***

The acceleration of inflation that was observed since end 2021 continued at a notable pace in 2022 leading to historically high levels of inflation. Substantial supply side disruptions both locally and globally, administrative price adjustments, sharp depreciation of the Sri Lanka rupee against the US dollar, and aggregate demand pressures associated with the lagged impact of monetary accommodation are major factors attributable to the recent surge in inflation. Accordingly, y-o-y inflation based on the CCPI (2013=100) was recorded at 69.8% in September 2022. The NCPI (2013=100) based y-o-y headline inflation, which reflects nationwide price movements, also followed a similar trend, recording 73.7% in September 2022. Inflation in the food category, which has a relatively large weight in the consumer basket,

> ***Inflation surged in 2022 driven by substantial supply side disruptions both locally and globally, administrative price adjustments, sharp depreciation of the Sri Lanka rupee, and the build-up of demand pressures...***

Figure 7.1
Movements in Headline and Core Inflation (y-o-y)



Source: Department of Census and Statistics

accelerated significantly. Meanwhile, non-food inflation also accelerated, mostly reflecting the contribution of the energy and transport sector with several upward revisions to domestic fuel and gas prices alongside their spillovers. Further, imported inflation accelerated due to high global commodity prices and a notable passthrough of the depreciation of the rupee during March-May 2022. While the contribution of supply side developments to price increases was more prominent in the recent past, the acceleration of core inflation possibly reflects the elements of demand driven inflationary pressures in the economy. In line with the movements in actual inflation, inflation expectations of both the corporate and household sectors, as gauged by the Inflation Expectations Survey of the Central Bank, increased during 2022. However, the latest inflation expectations of the corporate sector indicate a notable moderation of inflation in the 12-months ahead. Headline inflation is projected to moderate in the period ahead due to the expected softening of domestic prices with anticipated global developments in food and other commodity prices and revival of domestic supply conditions, subdued aggregate demand pressures resulting from tight monetary and fiscal conditions, and the favourable statistical base effect.

Anchoring inflation expectations is part and parcel of expediting the envisaged disinflationary process. In this regard, the Central Bank continued to engage with the public via effective and transparent communication on current economic conditions and the outlook, thereby providing the latest information on expected economic developments that would help allay uncertainties and mobilise stakeholder support for the envisaged economic recovery, while conducting monetary policy under the flexible inflation targeting framework.

7.2 Money Market Liquidity and Movements of Interest Rates

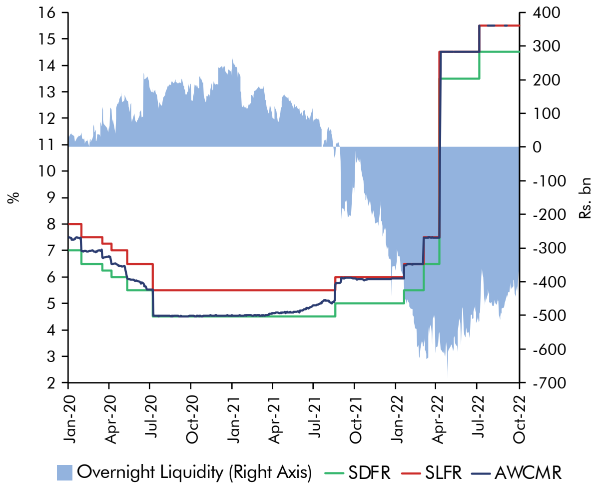
Domestic money market liquidity continues to remain at high deficit levels amidst the adoption of tight monetary policy, causing the AWCMR to remain at the upper bound of the policy rate corridor thus far during the year. Net foreign loan repayments of the Government, net currency withdrawals, net foreign exchange sales by the Central Bank to provide foreign exchange to facilitate imports of essentials, foreign exchange sell-buy swaps (net of maturities) by the Central Bank and outright sales of Treasury bills by the Central Bank dampened domestic money market liquidity. Meanwhile, market liquidity remains asymmetrically distributed, where certain domestic banks recorded significant liquidity deficits mainly due to increased borrowing by the Government. Thus, the Central Bank conducted long-term reverse repo auctions intermittently, on a needs basis, to inject liquidity aimed at easing liquidity stresses in certain banks. However, a gradual reduction in the domestic money market liquidity deficit was observed since end April 2022, mainly due to

> ***Rupee liquidity in the domestic money market remained at high deficit levels, primarily driven by foreign exchange related interventions by the Central Bank...***

the primary purchases of government securities by the Central Bank, an increase in currency deposits to the banking system, and foreign exchange buy-sell swaps (net of maturities) by the Central Bank. Nevertheless, money market liquidity continues to remain in relatively high deficit levels by end October 2022. In response to liquidity deficit conditions, the weighted average rates on transactions in the repo market closely followed the movements of the AWCMR, recording 15.50% by end October 2022. Meanwhile, activity in the interbank call money market remained subdued mostly during July-October 2022, reflecting the impact of risk management measures of certain banks with surplus liquidity and the unavailability of excess funds among most market participants.

Market deposit and lending interest rates continued to adjust upwards substantially and some interest rates have recorded historically high levels thus far in 2022 in response to tight monetary and liquidity conditions. The

Figure 7.2
Key Policy Rates, AWCMR and Overnight Money Market Liquidity



Source: Central Bank of Sri Lanka

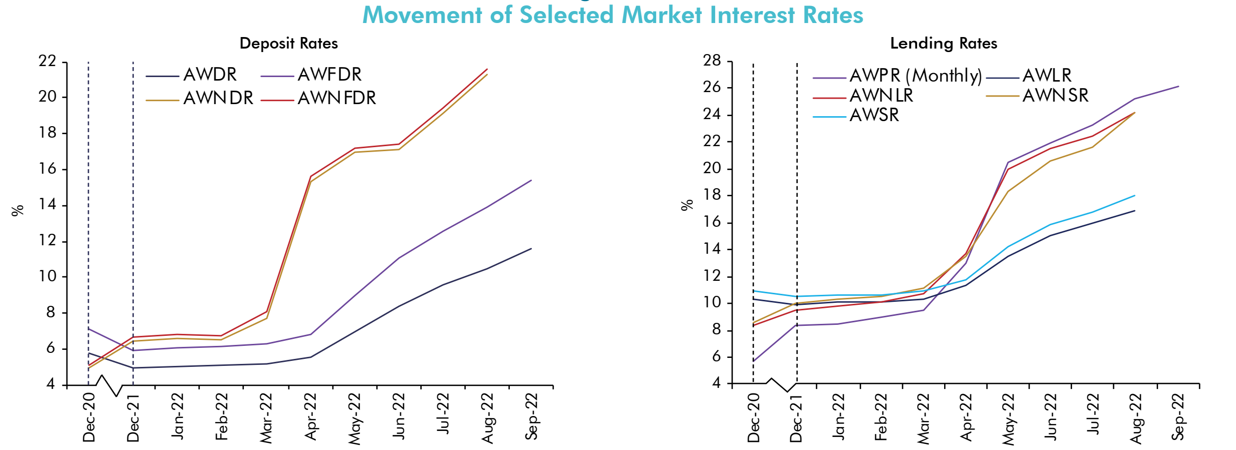
significant monetary tightening, large and persistent liquidity deficit in the domestic money market, and the disproportionate increase in yields on government securities caused market interest rates to adjust upward sharply. Further, licensed banks continue to mobilise deposits at high interest rates, particularly for a short tenure, amidst dire liquidity conditions in the money market. Accordingly, deposit interest rates, particularly new deposit interest rates, which adjusted at a relatively slow pace following the tightening monetary stance in August 2021, increased significantly by around 15 pps thus far in 2022, compared to a 9.5 pps increase in policy interest rates during 2022. With competitive and higher deposit interest rates offered by licensed banks, a return of currency to the banking system has been observed recently resulting in an expansion in the outstanding stock of deposits. Along with the removal of the maximum interest rates imposed on selected lending products of licensed banks, interest rates applicable to such lending products have risen noticeably thus far during 2022, following similar movements of other market interest rates. Accordingly, thus far in 2022, AWNLR has increased by around 15 pps, compared to end 2021, while AWPR, the lending rate on prime customers, which is typically low, compared to other lending rates

Reflecting a faster passthrough of monetary policy actions and tight liquidity conditions, market interest rates rose notably with some interest rates recording historically high levels...

with similar tenure, has increased by around 18 pps, compared to end 2021. The interest rates on loans for MSMEs also increased in line with the adjustment in the overall interest rate structure. However, in real terms, all market interest rates continue to yield negative returns due to the high levels of inflation.

A notable increase in yields on government securities was observed subsequent to the sharp increase in key policy interest rates amidst the increased borrowing requirement of the Government due to low government revenue, inability to secure sizeable foreign financing, and heightened uncertainty in market conditions. Market participants continued to demand higher returns for government securities driven by uncertainties, associated large borrowing requirements of the Government and debt restructuring concerns. As a result, yields on government securities increased to

Figure 7.3
Movement of Selected Market Interest Rates



Source: Central Bank of Sri Lanka

> ***With heightened uncertainty in market sentiments amidst increased borrowings by the Government and debt restructuring concerns, yields on government securities soared, disproportionate to the adjustments in other interest rates...***

significantly high levels, compared to the increase in policy interest rates. Overall, primary market yields on Treasury bills increased by around 22 to 25 pps across all tenures by end October 2022, compared to yields at end 2021. Following a similar trend, yields on Treasury bonds have also shown a notable upward adjustment thus far during 2022. Secondary market yields on government securities also recorded substantial increases across all maturities during the period, however, bank primary dealers offered relatively low yields for customers, compared to the yields offered by standalone primary dealer companies. Meanwhile, with the removal of caps on interest rates of foreign currency deposit products, along with the tightening global interest rates and constrained liquidity in the domestic foreign exchange market, a sharp upward adjustment in interest rates of foreign currency deposits was observed thus far in 2022.

7.3 Money and Credit

The y-o-y growth of broad money supply (M_{2b}), which decelerated gradually since early 2021, increased notably during March–May 2022, mainly due to the revaluation effects of foreign currency denominated credit owing to the large depreciation of the Sri Lanka rupee against the US dollar. However, a downward trend has been observed since May 2022 driven by the continued decline in NFA of the banking system and the contraction of credit to the private sector. By end August 2022, the y-o-y growth of broad money supply was recorded at 14.0%, compared to the growth of 13.2% recorded at end 2021. Once adjusted for the depreciation of the Sri Lanka rupee against the US dollar, the y-o-y growth of M_{2b} decelerated gradually during the year to around 5.8% by end August 2022. On the assets side, the expansion of M_{2b} during the eight months ending August 2022 was entirely driven by the expansion of NDA of the banking system. NFA of the banking system contracted significantly during the same period mainly due to the decline in NFA of the Central Bank, while NFA of LCBs recorded an improvement due to the phasing out of some of their foreign liabilities. NFA of the Central Bank turned negative reflecting the decline in gross official reserves, as the Central Bank provided liquidity to the domestic foreign exchange market to partly finance essential imports, while meeting the external debt obligations of the Government during early 2022. Within NDA, under domestic credit, NCG

> ***Despite substantial expansion of credit to the public sector and the revaluation effects of foreign currency denominated debt, monetary expansion decelerated from May 2022 onwards driven by a contraction of credit to the private sector and a decline in NFA of the banking system...***

by the banking system increased notably during the eight months ending August 2022, which was entirely due to NCG from the Central Bank, as LCBs reported a contraction of NCG on account of the significant reduction in the overdraft balances of the Government and the maturities of Treasury bills. The appetite for government securities of LCBs has remained subdued thus far in 2022, reflecting the tight liquidity conditions as well as heightened uncertainties, thereby requiring the Central Bank to fill the financing gap following the primary auctions of government securities. The notable increase in NCG from the banking system reflects the continued reliance of the Government on domestic financing, particularly on Central Bank financing, due to the decline in government revenue and limited access to foreign financing. Meanwhile, credit obtained by SOBEs from the banking system also expanded substantially during this period, largely on account of the parity impact on foreign currency denominated debt, while the weak financial performance warranted reliance on borrowed funds.

Table 7.1
Developments in Monetary Aggregates (a)

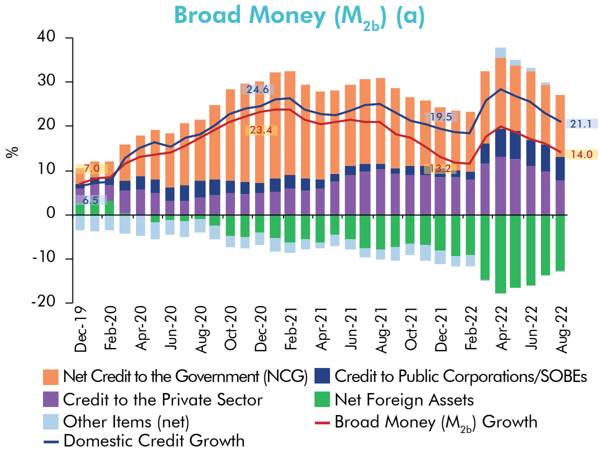
Rs. bn

	Aug-22	Change (y-t-d)
M_{2b}	11,986.9	1,339.6
NFA	-2,035.1	-1,053.1
NDA	14,022.0	2,392.7
NCG	6,990.1	1,157.7
SOBEs	1,699.8	511.7
PSC	7,614.2	632.7

(a) Provisional

Source: Central Bank of Sri Lanka

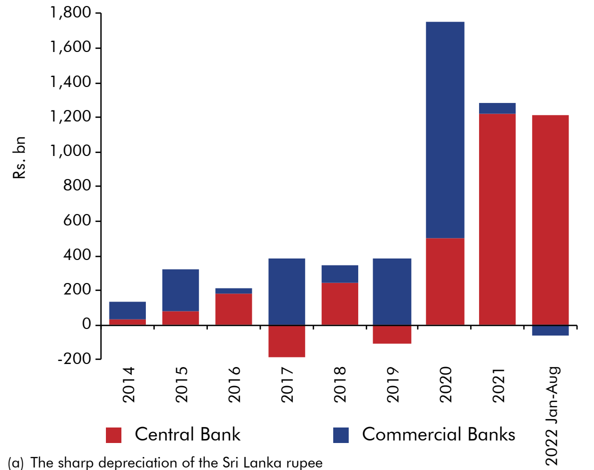
Figure 7.4
Contribution to y-o-y Growth of Broad Money (M_{2b}) (a)



(a) The sharp depreciation of the Sri Lanka rupee during March to May 2022 remains the key reason for the augmentation of monetary and credit aggregates during that period.

Source: Central Bank of Sri Lanka

Figure 7.5
Annual Change in NCG from the Banking System (a)



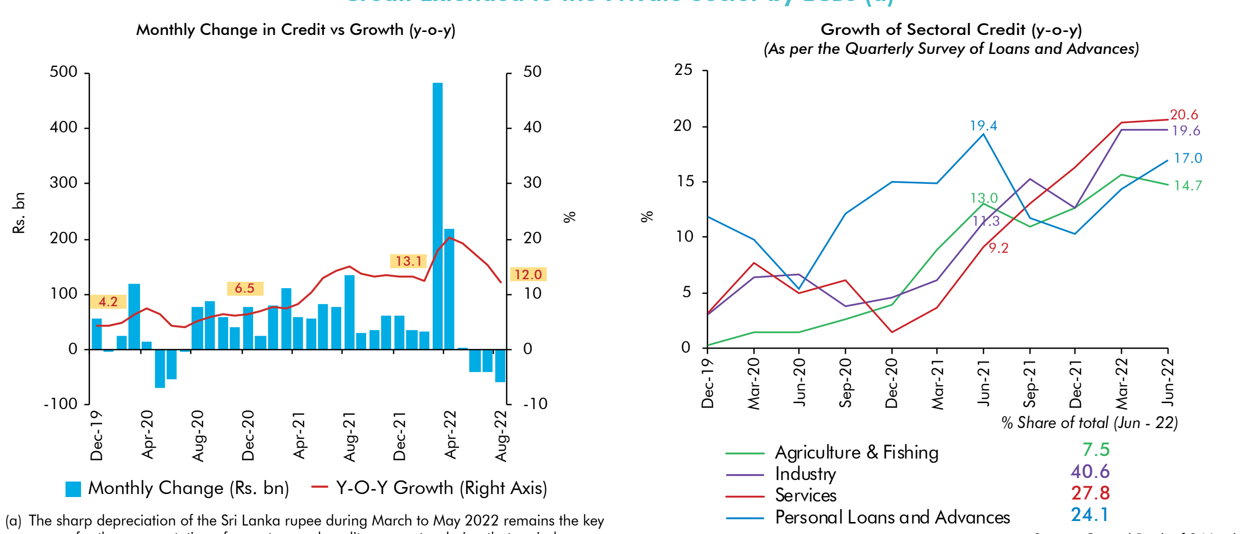
(a) The sharp depreciation of the Sri Lanka rupee during March to May 2022 remains the key reason for the augmentation of monetary and credit aggregates during that period.

Source: Central Bank of Sri Lanka

Outstanding credit to the private sector recorded a sizeable expansion during the eight months ending August 2022 largely due to the impact of significant exchange rate depreciation. However, once adjusted for the parity impact, credit to the private sector is estimated to have contracted during this period, with large contractions in credit, in absolute terms, recorded in recent months. The y-o-y growth of credit extended to the private sector was recorded at 12.0% by end August 2022, compared to 13.1% at end 2021, while parity adjusted y-o-y growth of credit extended to the private sector is estimated to have decelerated notably to around 1.9% by end August 2022. Along with the sharp upward adjustment in the lending rates, the deceleration in the growth of credit to the private sector is greater in the current cycle of tight monetary policy, compared to the previous tightening cycles. In terms of sectoral credit, y-o-y growth of credit in the form of personal loans and advances accelerated by end Q2-2022 mainly due to the increase in pawning advances, while the growth of credit to productive sectors of the economy, once adjusted for the parity impact, slowed by end Q2-2022. With significantly tight monetary conditions continuing, a notable deceleration in the growth of money and credit aggregates is expected in the period ahead.

> ***The growth of credit to the private sector is decelerating notably and this trend is expected to continue in the remainder of 2022 as well...***

Figure 7.6
Credit Extended to the Private Sector by LCBs (a)



(a) The sharp depreciation of the Sri Lanka rupee during March to May 2022 remains the key reason for the augmentation of monetary and credit aggregates during that period.

Source: Central Bank of Sri Lanka

Table 7.2
Movements of Interest Rates

% per annum

Interest Rate	End 2019	End 2020	End 2021	End Sep 2022
Key Policy Interest Rates				
Standing Deposit Facility Rate (SDFR)	7.00	4.50	5.00	14.50
Standing Lending Facility Rate (SLFR)	8.00	5.50	6.00	15.50
Average Weighted Call Money Rate (AWCMR)	7.45	4.55	5.95	15.50
Yield Rates on Government Securities				
Primary Market (a)				
Treasury bills				
91-day	7.51	4.69	8.16	31.94
182-day	8.02	4.80	8.33	30.59
364-day	8.45	5.05	8.24	29.85
Treasury bonds				
2-year	9.79	5.65	9.16	14.41
3-year	9.65	5.99	9.70	30.95
4-year	-	6.32	8.55	-
5-year	9.87	6.79	11.14	31.50
10-year	10.23	9.99	8.86	30.09
Secondary Market				
Treasury bills				
91-day	7.52	4.63	7.77	30.22
182-day	7.88	4.73	8.07	28.81
364-day	8.36	4.98	8.22	28.41
Treasury bonds				
2-year	8.60	5.56	8.58	23.47
3-year	9.08	5.96	9.55	26.10
4-year	9.46	6.40	10.38	25.14
5-year	9.67	6.65	10.66	25.50
10-year	10.05	7.55	11.71	26.15
Licensed Commercial Banks (b)				
Interest Rates on Deposits				
Savings Deposits	0.20-7.50	0.10-7.00	0.05-6.35	0.05-6.00 (c)
1 Year Fixed Deposits (d)	3.55-15.00	0.25-15.00	0.15-15.00	0.15-28.00 (c)
Average Weighted Deposit Rate (AWDR) (e)	8.20	5.80	4.94	11.63
Average Weighted Fixed Deposit Rate (AWFDR) (e)	10.05	7.14	5.94	15.41
Average Weighted New Deposit Rate (AWNDR) (e)	8.89	4.93	6.45	21.29 (c)
Average Weighted New Fixed Deposit Rate (AWNFDR) (e)	9.17	5.08	6.67	21.62 (c)
Interest Rates on Lending				
Average Weighted Prime Lending Rate (AWPR) - Monthly	10.00	5.74	8.33	26.16
Average Weighted Lending Rate (AWLR)	13.59	10.29	9.87	16.86 (c)
Average Weighted New Lending Rate (AWNLR)	12.80	8.38	9.48	24.18 (c)
Other Financial Institutions (f)				
Interest Rates on Deposits				
National Savings Bank				
Savings Deposits	4.00	3.50	3.50	3.00 (c)
1 Year Fixed Deposits	9.83	5.25	5.50	12.00 (c)
Licensed Finance Companies (g)				
Savings Deposits	5.14-7.10	3.40-4.74	3.46-4.75	4.69-7.49
1 Year Fixed Deposits	10.98-11.97	6.56-7.21	9.02-10.13	19.60-25.11
Interest Rates on Lending				
National Savings Bank	12.00-14.50	7.00-10.00	7.50-11.50	20.00-25.00 (c)
State Mortgage and Investment Bank (h)	10.25-18.00	8.73-12.50	7.50-12.50	18.00-27.25
Licensed Finance Companies (g)				
Finance Leasing	14.75-27.40	14.31-28.97	12.77-28.33	19.95-35.99
Hire Purchase	13.40-24.82	13.71-20.05	11.08-27.00	21.85-28.43
Loans against Real Estate (i)	15.53-16.71	19.95-22.30	-	-
Loans against Immovable Properties (i)	-	-	15.77-16.77	20.38-25.68
Corporate Debt Market				
Debentures	12.30-15.50	9.00-13.25	8.00-12.00	15.42-15.50
Commercial Paper	13.00-16.25	6.50-15.50	6.00-12.00	11.00-32.00 (c)

(a) Weighted average yield rates at the latest available auction.
(b) Based on the rates quoted by LCBs.
(c) As at end August 2022.
(d) Maximum rate is a special rate offered by certain LCBs.
(e) Since July 2018, AWDR and AWFDR were calculated by replacing senior citizens' special deposit rate of 15% with relevant market interest rates to exclude the impact of special rates. Same method was applied to calculate AWNDR and AWNFDR since June 2018.
(f) Based on the rates quoted by other selected Financial Institutions
(g) Interest rate ranges are based on the average maximum and average minimum rates quoted by LFCs which are applicable for deposits mobilised and loans granted during the respective months. Data for 2022 are provisional.
(h) Lending for housing purposes only
(i) "Loans against Real Estate" indicator changed to "Loans against Immovable Properties" from July 2021 onwards.

Sources: Respective Financial Institutions
Colombo Stock Exchange
Central Bank of Sri Lanka

Table 7.3
Developments in Monetary Aggregates and Underlying Factors

Rs. bn

Item	2019 Dec	2020 Dec	2021 Dec	2022 Aug (a)
1. Reserve Money	932.6	964.4	1,305.8	1,386.2
(% change y-o-y)	-3.0	3.4	35.4	27.3
Net Foreign Assets of the Central Bank	896.0	526.8	-387.3	-1,614.9
Net Domestic Assets of the Central Bank	36.6	437.7	1,693.1	3,001.1
2. Narrow Money (M_1)	865.5	1,177.2	1,459.9	1,534.1
(% change y-o-y)	4.2	36.0	24.0	13.2
3. Broad Money (M_{2b})	7,624.1	9,405.7	10,647.3	11,986.9
(% change y-o-y)	7.0	23.4	13.2	14.0
3.1 Net Foreign Assets (NFA)	100.7	-209.5	-982.0	-2,035.1
Monetary Authorities (b)	896.0	526.8	-387.3	-1,614.9
Licensed Commercial Banks (LCBs)	-795.3	-736.2	-594.7	-420.2
3.2 Net Domestic Assets (NDA)	7,523.4	9,615.2	11,629.3	14,022.0
Domestic credit	9,410.7	11,721.2	14,002.0	16,304.1
Net Credit to the Government (NCG)	2,795.9	4,548.1	5,832.4	6,990.1
Central Bank	363.0	868.9	2,094.1	3,311.1
Licensed Commercial Banks (LCBs)	2,432.9	3,679.2	3,738.3	3,679.0
Credit to Public Corporations / SOBEs	818.0	1,002.2	1,188.1	1,699.8
Credit to the Private Sector	5,796.9	6,170.9	6,981.4	7,614.2
(% change y-o-y)	4.2	6.5	13.1	12.0
Other Items (net)	-1,887.3	-2,106.0	-2,372.7	-2,282.1
4. Broad Money (M_4)	9,444.5	11,461.9	12,985.4	14,450.7
(% change y-o-y)	8.2	21.4	13.3	13.0
4.1 Net Foreign Assets (NFA)	88.8	-217.1	-998.6	-2,035.1
Monetary Authorities (b)	896.0	526.8	-387.3	-1,614.9
Licensed Commercial Banks (LCBs)	-795.3	-736.2	-594.7	-420.2
Licensed Specialised Banks (LSBs)	-11.9	-7.6	-16.6	-
4.2 Net Domestic Assets (NDA)	9,355.8	11,679.0	13,984.0	16,485.8
Net Credit to the Government (NCG)	3,483.0	5,365.7	6,769.3	7,976.8
Central Bank	363.0	868.9	2,094.1	3,311.1
Licensed Commercial Banks (LCBs)	2,432.9	3,679.2	3,738.3	3,679.0
Licensed Specialised Banks (LSBs)	613.9	742.2	844.5	876.3
Licensed Finance Companies (LFCs)	73.2	75.5	92.4	110.4
Credit to Public Corporations / SOBEs by (LCBs)	818.0	1,002.2	1,188.1	1,699.8
Credit to the Private Sector	7,793.3	8,284.5	9,338.9	10,088.6
(% change y-o-y)	3.9	6.3	12.7	11.7
Licensed Commercial Banks (LCBs)	5,796.9	6,170.9	6,981.4	7,614.2
Licensed Specialised Banks (LSBs)	814.2	936.5	1,093.7	1,144.2
Licensed Finance Companies (LFCs)	1,182.2	1,177.1	1,263.8	1,330.3
Other items (net)	-2,738.4	-2,973.4	-3,312.4	-3,279.3
Memorandum Items:				
Money Multiplier (M_{2b})	8.18	9.75	8.15	8.65
Velocity (M_{2b} average) (c)	2.16	1.86	1.74	-

(a) Provisional

Source: Central Bank of Sri Lanka

(b) This includes NFA of the Central Bank as well as the Government's Crown Agent's balance reported by the Department of State Accounts.

(c) Based on rebased GDP estimates (base year 2015) by the Department of Census and Statistics

Abbreviations and Acronyms

AWCMR	:	Average Weighted Call Money Rate
AWDR	:	Average Weighted Deposit Rate[1]
AWFDR	:	Average Weighted Fixed Deposit Rate[2]
AWLR	:	Average Weighted Lending Rate[3]
AWNDR	:	Average Weighted New Deposit Rate[4]
AWNFDR	:	Average Weighted New Fixed Deposit Rate[5]
AWNLR	:	Average Weighted New Lending Rate[6]
AWNSR	:	Average Weighted New SME loan Rate[7]
AWPR	:	Average Weighted Prime Lending Rate[8]
AWSR	:	Average Weighted SME loan Rate[9]
bn	:	Billion
CCPI	:	Colombo Consumer Price Index
LCBs	:	Licensed Commercial Banks
LFCs	:	Licensed Finance Companies
LSBs	:	Licensed Specialised Banks
M_{2b}	:	Consolidated broad money supply
MSMEs	:	Micro, Small and Medium scale Enterprises
NCG	:	Net Credit to the Government
NCPI	:	National Consumer Price Index
NDA	:	Net Domestic Assets
NFA	:	Net Foreign Assets
pps	:	Percentage Points
PSC	:	Private Sector Credit
SDFR	:	Standing Deposit Facility Rate
SLFR	:	Standing Lending Facility Rate
SOBEs	:	State Owned Business Enterprises
SRR	:	Statutory Reserve Ratio
y-o-y	:	Year-on-Year
y-t-d	:	Year-to-Date

1 AWDR reflects the movements in interest rates pertaining to all outstanding interest bearing rupee deposits held with LCBs.

2 AWFDR is based on interest rates pertaining to all outstanding interest bearing rupee time deposits held with LCBs.

3 AWLR is based on interest rates of all outstanding rupee loans and advances extended by LCBs.

4 AWNDR is based on interest rates pertaining to all new interest bearing rupee deposits mobilised by LCBs during a particular month.

5 AWNFDR is based on interest rates pertaining to all new interest bearing rupee time deposits mobilised by LCBs during a particular month.

6 AWNLR captures interest rates of all new rupee loans and advances extended by LCBs during a particular month.

7 AWNSR captures interest rates of all new rupee loans and advances extended by licensed banks during a particular month to MSMEs, excluding refinance schemes of the Government and the Central Bank.

8 AWPR is based on interest rates applicable to short term rupee loans and advances granted by LCBs to their prime customers during a particular week.

9 AWSR is based on interest rates of all outstanding rupee loans and advances extended by licensed banks to MSMEs, excluding refinance schemes of the Government and the Central Bank.