

RECENT ECONOMIC DEVELOPMENTS

Highlights of 2002

and

Prospects for 2003

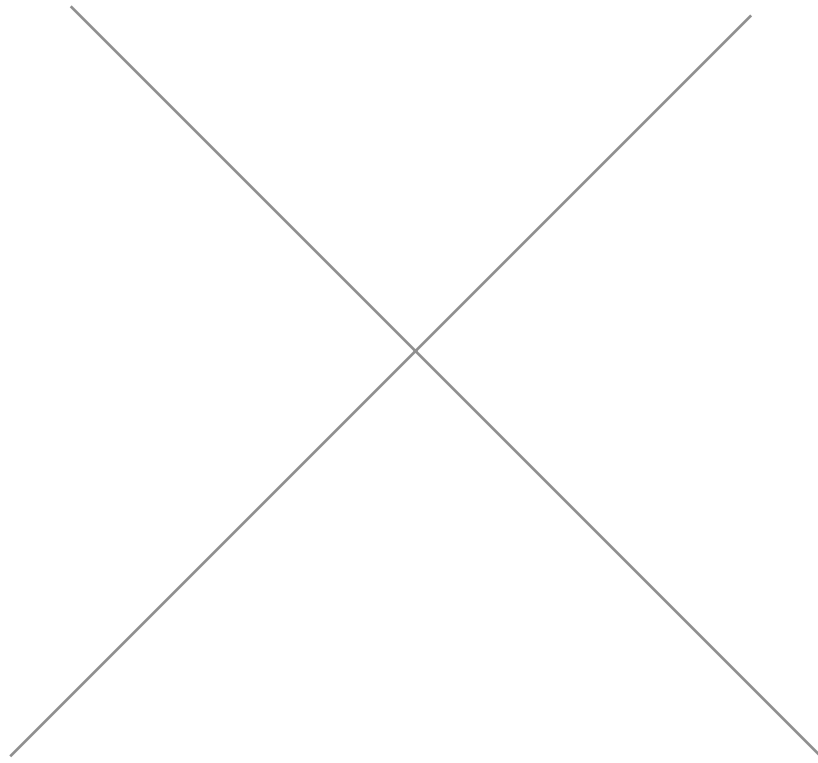


CENTRAL BANK OF SRI LANKA

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KEY ECONOMIC INDICATORS

	1998	1999	2000	2001(a)	Annual Projections 2002(b)	First Half (a)	
						2001 Actual	2002 Actual
DEMOGRAPHY							
Mid year population ('000 persons) (c)	17,935	18,208	18,467	18,732	18,994	18,732	
Growth of mid year population (per cent) (c)	1.3	1.5	1.4	1.4	1.4	1.4	
Population density (persons per sq.km.) (c)	286	290	295	299	303	299	
Labour force ('000 persons)	6,660	6,673	6,827	6,773	6,889	6,731(d)	7,296(e)
Labour force participation rate (per cent)	51.7	50.7	50.3	48.8	50.0	49.2(d)	51.7(e)
Unemployment rate (per cent of labour force)	9.2	8.9	7.6	7.9	8.5	7.7(d)	8.7(e)
OUTPUT							
GDP at current market prices (Rs. billion)	1,018	1,106	1,258	1,399	1,565		
GNP at current market prices (Rs. billion)	1,002	1,090	1,233	1,376	1,538		
Per capita GDP at market prices (Rs.) (c)	56,780	60,741	68,102	74,667	82,393		
Per capita GNP at market prices (Rs.) (c)	55,863	59,882	66,790	73,072	80,840		
Per capita GDP at market prices (US\$) (c)	879	863	899	836	878		
Per capita GNP at market prices (US\$) (c)	865	851	881	822	844		
REAL OUTPUT (percentage change)							
GNP	4.6	3.8	5.8	-1.3	3.1	1.2	1.6
GDP	4.7	4.3	6.0	-1.4	3.0	0.9	1.4
Sectoral Classification of GDP(f)							
Agriculture	2.5	4.5	1.8	-1.9	1.9	-2.8	3.2
Industry	5.9	4.8	7.5	-2.0	1.3	2.6	-2.5
Services	5.1	4.0	7.0	-0.5	4.2	1.4	2.7
AGGREGATE DEMAND AND SAVINGS (per cent of GDP)							
Consumption	80.9	80.5	82.6	84.0	82.7		
Private	71.1	71.5	72.1	73.9	71.7		
Government	9.8	9.0	10.5	10.1	11.0		
Investment	25.1	27.3	28.0	22.1	22.5		
Government	3.3	3.2	3.3	3.0	2.7		
Public corporations	3.0	3.5	3.2	2.8	1.8		
Private	18.7	20.6	21.5	16.3	17.9		
Net import of goods & non factor services	-6.0	-7.8	-10.6	-6.7	-6.7		
Export of goods & non factor services	36.2	35.5	39.0	37.0	35.9		
Import of goods & non factor services	42.3	43.3	49.6	43.7	42.6		
Domestic savings	19.1	19.5	17.4	16.0	15.8		
Net factor income (g)	4.3	4.0	4.1	4.2	4.2		
National savings	23.4	23.5	21.5	20.2	20.1		
PRICES AND WAGES (percentage change)							
Colombo District Consumer Price Index (Oct. 1996-Sep. 1997 = 100)	7.3	3.6	3.6	10.3	7.2	8.7	9.0
Colombo Consumers' Price Index (1952 = 100)	9.4	4.7	6.2	14.2	9.6	12.2	11.4
Greater Colombo Consumers' Price Index (Jan.-Jun. 1989 = 100)	6.9	3.8	3.2	11.0		8.1	12.3
Wholesale Price Index (1974 = 100)	6.1	-0.3	1.7	11.7		6.6	12.9
GDP deflator	8.4	4.4	6.7	12.9	8.6	13.2	10.8
Nominal wage rate index for workers in all wages boards	12.3	2.5	2.3	4.9		2.9	6.4
Nominal wage rate index for central government employees	10.5	-	8.3	20.8		23.8	23.0
GOVERNMENT FINANCE (per cent of GDP)							
Revenue	17.2	17.7	16.8	16.5	16.8	8.5	8.1
Expenditure and net lending	26.3	25.2	26.7	27.4	25.7	12.9	12.6
o/w Current expenditure	19.6	18.7	20.2	21.5	21.1	10.2	10.3
Public investment	6.7	6.5	6.4	5.9	4.6	2.6	2.2
Current account deficit(-)/surplus(+)	-2.4	-1.0	-3.4	-4.9	-4.3	-1.7	-2.3
Overall deficit	-9.2	-7.5	-9.9	-10.9	-8.9	-4.4	-4.5
Deficit financing	9.2	7.5	9.9	10.9	8.9	4.4	4.5
Foreign	1.7	0.7	0.4	1.4	2.6	-	0.2
Domestic	7.0	6.8	9.4	8.8	5.1	3.8	4.3
Privatisation proceeds	0.4	0.6	1.3	0.6	0.1
Government debt	90.8	95.1	96.9	103.6	105.3	95.2	101.0
Foreign	45.3	45.9	43.1	45.3	48.1	42.4	44.5
Domestic	45.5	49.1	53.8	58.3	57.3	52.7	56.5
EXTERNAL TRADE (percentage change)(h)							
Terms of trade	14.2	-5.0	-6.1	-1.2	0.1	-5.5	6.2
Export unit value index (1997 = 100)	11.6	-8.5	1.5	-5.1	-4.5	-4.0	-10.1
Import unit value index (1997 = 100)	-2.2	-3.5	8.1	-4.0	-4.5	1.5	-15.4
Export volume	0.1	5.0	18.3	-8.1	3.4	2.6	-8
Import volume	12.4	0.2	12.9	-10.3	5.4	-7.1	5.8

	1998	1999	2000	2001(a)	Annual Projections 2002(b)	First Half (a)	
						2001 Actual	2002 Actual
EXTERNAL FINANCE (US\$ million)							
Trade balance	-1,092	-1,369	-1,798	-1,157	-1,345	-779	-863
Exports	4,798	4,610	5,522	4,817	4,726	2,432	2,012
Imports	5,889	5,979	7,320	5,974	6,070	3,211	2,875
Services and income account (net)	-35	-107	-266	-74	-131	-28	-45
Current private transfers (net)	848	887	974	938	984	480	468
Current official transfers (net)	53	26	24	22	26	11	15
Current account balance	-225	-563	-1,066	-272	-467	-316	-425
Overall balance	43	-259	-522	220	337	7	110
Current account balance (per cent of GDP)	-1.4	-3.6	-6.4	-1.7	-2.9		
External assets (months of same year imports)	5.9	5.2	3.5	4.5	5.7	3.8	5.0
Overall debt service ratio (per cent of X G & S)	13.3	15.2	14.7	13.3			
Total external debt and liabilities (per cent of GDP)	61.6	63.5	61.0	61.8			
EXCHANGE RATES							
Annual average					Jan-Sep		
Rs/US\$	64.59	70.39	75.78	89.36	95.38	87.58	94.98
Rs/SDR	87.66	96.25	99.90	113.75	122.48	111.69	120.03
End - year					End-Sep		
Rs/US\$	67.78	72.12	80.06	93.16	96-28	90.69	96.10
Rs/SDR	95.44	98.87	104.31	116.97	127.34	112.97	146.88
MONETARY AGGREGATES (percentage change Dec. to Dec.)							
Narrow money (M ₁)	12.1	12.8	9.1	3.2	13.4	-0.2	15.6
Broad money (M _{2b})	13.2	13.4	12.9	13.6	15.4	11.9	17.9
Net external assets of the banking system	16.7	-3.4	-31.9	10.9	85.1	-17.1	30.4
Net domestic assets	11.9	19.9	26.9	14.1	4.0	19.1	15.7
Domestic credit from the banking system to							
Government (net)	42.8	45.3	56.8	36.7	0.0	44.7	31.6
Public corporations	-31.3	30.1	193.2	6.7	-8.6	106.3	-15.7
Private sector	12.0	10.5	11.8	8.9	8.6	11.6	6.9
Reserve money	10.9	8.2	4.7	7.0	14.5	1.9	14.7
Money multiplier for M _{2b}	4.07	4.26	4.60	4.88	4.9	4.8	4.9
Velocity of M _{2b}	2.88	2.74	2.79	2.76	2.7	-	-
INTEREST RATES (per cent per annum at end year)							
Treasury bill rate					End-Sep		
91 days	12.01	11.79	17.77	12.92	10.88	19.56	12.98
364 days	12.59	12.77	18.22	13.74	11.33	19.29	13.72
Repurchase rate (overnight)	11.25	9.25	17.00	12.00	10.50	18.50	11.50
Rediscount rate (overnight) / Reverse repo rate	15.00	13.48	20.00	14.00	12.75	21.50	13.75
Deposit rates							
Commercial banks' weighted average deposit	9.2	9.1	9.9	10.8	8.2	11.6	9.6
Commercial banks' 12 month fixed deposit (max.)	12.3	12.5	15.0	14.5	12.0	18.5	14.0
NSB savings	10.5	9.2	8.4	8.4	6.0	10.0	7.0
NSB 12 month fixed deposit	11.5	11.5	15.0	13.0	10.0	16.0	11.0
Lending rates							
Com. Banks' weighted average prime lending	14.9	15.9	21.5	14.3	12.6	22.0	13.9
Bills purchased & discounted	11.0 - 30.0	11.0 - 30.0	11.0 - 25.0	13.0 - 24.0	11.25-23.0	13.5 - 28.0	12.50-24.0
CAPITAL MARKET							
All Share Price Index (1985 = 100)	597.0	573.0	447.6	621.0	856.5	428.0	711.4
Sensitive Price Index (1985 = 100) (i)	923.0	938	698.5	1,031.0	1,463.9	641.1	1,222.0
Value of shares traded (Rs. million)	18,130	14,294	10,624	13,905	24,784	2,938	14,689
Net purchases by non nationals (Rs.million)	-1,517	-902	-3,364	-1,025	2,710	-369	1,804
Market capitalisation (Rs.billion)	117.0	113.0	88.8	124.0	174.3	85.2	144.0

- (a) Provisional.
- (b) Provisional annual estimates for 2002 are based on information available as at end September 2002.
- (c) Midyear population, population growth, population density, per capita GDP and per capita GNP data have been revised from 1990 on the basis of provisional estimates from the Census of Population and Housing - 2001.
- (d) 1st quarter, 2001.
- (e) 1st quarter, 2002.
- (f) The sectoral classification has been revised in accordance with the classification used in the World Bank publication, World Development Indicators, which classifies the International Standard Industrial Classification (ISIC) - Revision 3 as follows: The revised sectoral classification is Agriculture (ISIC division 1-5), Industry (ISIC division 10-45) and Services (ISIC division 50-99). Accordingly Agriculture includes the Forestry and Fishing sub sectors and Industry comprises the Mining and quarrying, Manufacturing, Electricity, gas and water supply and Construction sub sectors. All other sub sectors are classified under Services.
- (g) Includes workers' remittances.
- (h) A series of new trade indices has been introduced from 1998.
- (i) The Milanka Price Index (MPI) was introduced in January 1999, (1998 December = 1000) to replace the Sensitive Price Index.