

RECENT ECONOMIC DEVELOPMENTS

Highlights of 2012 and Prospects for 2013



CENTRAL BANK OF SRI LANKA
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*KEY ECONOMIC
INDICATORS*

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Indicator	2008	2009	2010	2011 (a)	First Half (a)	
					2011	2012
DEMOGRAPHY						
Mid-year population ('000 persons) (b)	20,217	20,450	20,653	20,869	-	-
Growth of population (per cent) (b)	1.0	1.1	1.0	1.0	-	-
Population density (persons per sq.km.) (b)	322	326	329	333	-	-
Labour force ('000 persons) (c)	8,082	8,074	8,108	8,236	8,221	7,917 (d)
Labour force participation rate (per cent) (c)	49.5	48.7	48.1	48.2	48.2	46.8 (d)
Unemployment rate (per cent of labour force) (c)	5.4	5.8	4.9	4.2	4.3	3.9 (d)
OUTPUT						
GDP at current market prices (Rs. billion)	4,411	4,835	5,604 (e)	6,543	3,088	3,528
GNP at current market prices (Rs. billion)	4,306	4,779	5,534 (e)	6,471	3,072	3,467
Per capita GDP at market prices (Rs.)	218,167	236,445	271,346 (e)	313,511	-	-
Per capita GNP at market prices (Rs.)	212,972	233,716	267,967 (e)	310,059	-	-
Per capita GDP at market prices (US\$)	2,014	2,057	2,400 (e)	2,836	-	-
Per capita GNP at market prices (US\$)	1,966	2,033	2,370 (e)	2,804	-	-
REAL OUTPUT (percentage change)						
GNP	4.6	4.8	7.9	8.4	9.1	5.9
GDP	6.0	3.5	8.0	8.3	8.1	7.2
Sectoral classification of GDP						
Agriculture	7.5	3.2	7.0	1.5	-1.4	10.3
Industry	5.9	4.2	8.4	10.3	10.3	10.2
Services	5.6	3.3	8.0	8.6	9.1	5.1
AGGREGATE DEMAND AND SAVINGS (per cent of GDP)						
Consumption	86.1	82.1	80.7 (e)	84.6	-	-
Private	70.0	64.4	65.2 (e)	69.8	-	-
Government	16.2	17.6	15.6 (e)	14.8	-	-
Investment	27.6	24.4	27.6 (e)	29.9	-	-
Private	21.1	17.9	21.4 (e)	23.7	-	-
Government	6.5	6.6	6.2 (e)	6.3	-	-
Net exports of goods & services	-13.7	-6.5	-8.3 (e)	-14.6	-	-
Exports of goods & services	24.8	21.3	22.4 (e)	23.1	-	-
Imports of goods & services	38.5	27.8	30.7 (e)	37.6	-	-
Domestic savings	13.9	17.9	19.3 (e)	15.4	-	-
Net factor income from abroad (f)	3.9	5.8	6.1 (e)	6.7	-	-
National savings	17.8	23.7	25.4 (e)	22.1	-	-
PRICES AND WAGES (percentage change)						
Colombo Consumers' Price Index (2002 = 100) - annual average	22.6	3.4	5.9	-	-	-
Colombo Consumers' Price Index (2002 = 100) - year-on-year - end period	14.4	4.8	6.9	-	-	-
Colombo Consumers' Price Index (2006/07 = 100) - annual average (g)	-	3.5	6.2	6.7	6.7	5.8
Colombo Consumers' Price Index (2006/07 = 100) - year-on-year - end period (g)	-	5.0	6.8	4.9	7.1	9.3
Wholesale Price Index (1974 = 100) - annual average	24.9	-4.2	11.2	10.6	14.2	-0.2
GNP deflator	16.3	5.9	7.3	7.8	8.6	6.6
GDP deflator	16.3	5.9	7.3	7.8	8.6	6.6
Nominal Wage Rate Index for workers in all wages boards - annual average	25.6	4.9	32.0	4.6	17.4	14.8
Nominal Wage Rate Index for central government employees - annual average	7.5	9.4	3.3	6.7	4.7	6.8
EXTERNAL TRADE						
Trade balance (US\$ million)	-5,981	-3,122	-4,825	-9,710	-4,204	-4,815
Exports	8,111	7,085	8,626	10,559	5,076	4,969
Imports	14,091	10,207	13,451	20,269	9,280	9,784
Terms of trade (percentage change)	3.0	-2.7	27.5	-9.3	-1.6	-2.9
Export unit value Index (2010 = 100) (percentage change)	8.4	2.4	40.4	10.9	15.5	-4.1
Import unit value Index (2010 = 100) (percentage change)	5.2	5.3	10.2	22.4	17.4	-1.2
Export volume Index (2010 = 100) (percentage change)	-2.0	-14.7	-13.3	10.4	16.4	2.0
Import volume Index (2010 = 100) (percentage change)	18.6	-31.2	19.6	23.5	24.4	5.4
EXTERNAL FINANCE						
Services and income account (net) (US\$ million)	-571	-97	90	452	437	108
Current private transfers (net) (US\$ million)	2,565	2,927	3,608	4,583	2,269	2,633
Current official transfers (net) (US\$ million)	101	77	52	60	22	22
Current account balance (US\$ million)	-3,886	-214	-1,075	-4,615	-1,476	-2,052
Overall balance (US\$ million)	-1,385	2,725	921	-1,061	357	-320

(a) Provisional.

(b) As reported by the Registrar General's Department.

(c) Based on the Quarterly Labour Force Survey (QLFS) conducted by the DCS and data excluding Northern Province.

(d) Represents Q₂ data of QLFS, since QLFS for Q₁ in 2012 was not conducted.

(e) Revised.

(f) Includes workers' remittances.

(g) The rebased CCPI (2006/07=100) has replaced CCPI (2002=100) from June 2011.

KEY ECONOMIC INDICATORS (Contd.)

Indicator	2008	2009	2010	2011 (a)	First Half (a)	
					2011	2012
Current account balance (per cent of GDP)	-9.5	-0.5	-2.2	-7.8	-	-
Total international reserves (months of same year imports) (h)	3.1	8.3	7.7	4.7	6.9	4.6
Gross official reserves (months of same year imports) (h)	2.0	6.3	6.4	4.0	6.1	3.8
Overall debt service ratio						
As a percentage of export of goods and services	15.1	19.0	15.9	12.6	11.1	12.8
As a percentage of current receipts	11.7	13.7	11.3	8.9	7.7	8.8
Total external debt and liabilities (per cent of GDP)	43.7	49.7	50.1	48.8	-	-
EXCHANGE RATES						
Period average						
Rs/US\$	108.33	114.94	113.06	110.57	110.32	124.45
Rs/SDR (i)	171.24	177.22	172.50	174.54	174.40	191.05
NEER (2010 = 100) (24 - currency basket) (j)	100.06	99.85	100.00	99.83	99.23	92.21
REER (2010 = 100) (24 - currency basket) (j) (k)	95.18	97.35	100.00	101.86	101.70	96.29
Period end						
Rs/US\$	113.14	114.38	110.95	113.90	109.61	133.30
Rs/SDR (i)	174.27	178.67	170.84	174.87	175.42	202.30
GOVERNMENT FINANCE (per cent of GDP)						
Revenue and grants	15.6	15.0	14.9	14.5	6.6	6.6
Revenue	14.9	14.5	14.6	14.3	6.5	6.5
o/w Tax revenue	13.3	12.8	12.9	12.4	5.7	5.7
Grants	0.7	0.5	0.3	0.2	0.1	0.1
Expenditure and net lending	22.6	24.9	22.9	21.4	9.9	10.7
Current expenditure	16.9	18.2	16.7	15.4	7.3	7.5
Capital expenditure and net lending	5.7	6.7	6.1	6.0	2.6	3.1
Current account deficit (-) / surplus (+)	-2.0	-3.7	-2.1	-1.1	-0.8	-1.0
Primary deficit (-) / surplus (+)	-2.2	-3.5	-1.7	-1.4	-0.7	-1.3
Overall deficit (-) / surplus (+)	-7.0	-9.9	-8.0	-6.9	-3.3	-4.0
Deficit financing	7.0	9.9	8.0	6.9	3.3	4.0
Foreign	-0.1	4.8	4.4	3.4	0.5	1.6
Domestic	7.1	5.1	3.6	3.5	2.8	2.5
Government debt	81.4	86.2	81.9	78.5	73.9	79.3
Foreign	32.8	36.5	36.1	35.6	31.9	37.3
Domestic	48.5	49.8	45.8	42.9	42.0	42.0
MONETARY AGGREGATES (year-on-year percentage change)						
Reserve money	1.5	13.1	18.8	21.9	23.0	15.2
Broad money (M _{2b})	8.5	18.6	15.8	19.1	20.7	20.5
Net foreign assets of the banking system	-65.9	417.2	-6.1	-74.0	-20.7	-125.3
Net domestic assets of the banking system	22.9	-2.8	22.1	39.7	29.9	40.3
Domestic credit from the banking system to						
Government (net)	55.8	9.9	-2.1	32.9	7.4	37.5
Public corporations	-4.4	55.8	97.4	37.3	38.8	77.8
Private sector	7.0	-5.8	24.9	34.5	34.3	31.6
Money multiplier for M _{2b} (end year)	5.67	5.95	5.80	5.67	5.72	5.98
Velocity of M _{2b} (average for the year)	3.01	2.90	2.92	2.85	-	-
INTEREST RATES (per cent per annum at year end)						
Repurchase rate (overnight)	10.50	7.50	7.25	7.00	7.00	7.75
Reverse Repurchase rate (overnight)	12.00	9.75	9.00	8.50	8.50	9.75
Treasury bill yields						
91 days	17.33	7.73	7.24	8.68	7.12	11.12
364 days	19.12	9.33	7.55	9.31	7.35	12.88
Deposit rates						
Commercial banks' average weighted deposit rate (AWDR)	11.63	8.01	6.23	7.24	6.31	8.38
Commercial banks' 12 month fixed deposit rate (max.)	20.25	19.00	17.00	11.00	10.65	15.10
NSB savings rate	5.00	5.00	5.00	5.00	5.00	5.00
NSB 12 month fixed deposit rate	15.00	9.50	8.50	8.50	8.50	12.00
Lending rates						
Commercial banks' average weighted prime lending rate (AWPR)	18.50	10.91	9.29	10.77	9.41	13.39
Commercial banks' average weighted lending rate (AWLR)	20.13	17.41	14.80	13.44	13.72	14.88
CAPITAL MARKET						
All share price index (ASPI) (1985 = 100)	1,503.0	3,385.6	6,635.9	6,074.4	6,825.9	4,965.8
Milanka price index (MPI) (1998 Dec = 1,000)	1,631.3	3,849.4	7,061.5	5,229.2	6,301.0	4,383.2
Value of shares traded (Rs. billion)	110.5	142.5	570.3	546.3	330.6	116.9
Net purchases by non nationals (Rs. billion)	14.0	-0.8	-26.3	-19.0	-7.4	23.2
Market capitalisation (Rs. billion)	488.8	1,092.1	2,210.5	2,213.9	2,351.8	1,894.2

(h) Includes Asian Clearing Union balances.

(i) Special Drawing Rights (SDR), the unit of account of the International Monetary Fund.

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

(k) 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.

CONTENTS

CHAPTERS	PAGES
1. Overview	1
2. National Output and Expenditure	13
3. Economic and Social Infrastructure	27
4. Prices, Wages, Employment and Productivity	39
5. External Sector Developments and Policies	47
6. Fiscal Policy and Government Finance	59
7. Monetary Policy, Money, Credit and Interest Rates	69
8. Financial Sector Developments and Stability	81
APPENDIX 1 - Major Economic Policy Changes and Measures	97
APPENDIX 2 - Statistical Table	109
TABLE 1 - Gross Domestic Product by Industrial Origin at Current Market Prices	110
TABLE 2 - Gross Domestic Product by Industrial Origin at Constant (2002) Prices	111
TABLE 3 - Expenditure on Gross Domestic Product at Current Market Prices	112
TABLE 4 - Developments in Principal Agricultural Crops	113
TABLE 5 - Value Added in Factory Industry (2002 Constant Prices)	114
TABLE 6 - Developments in Economic Infrastructure	115
TABLE 7 - Consumer Price Indices	116
TABLE 8 - Wage Rate Indices	117
TABLE 9 - Labour Force, Employment and Unemployment	117
TABLE 10 - Developments in External Trade	118
TABLE 11 - Balance of Payments	119
TABLE 12 - Exchange Rate Movements (Rupees per Unit of Foreign Currency)	120
TABLE 13 - Government Fiscal Operations	121
TABLE 14 - Developments in Monetary Aggregates and Underlying Factors	122
TABLE 15 - Commercial Banks' Loans and Advances to the Private Sector	123
TABLE 16 - Selected Interest Rates	124
TABLE 17 - Expansion of Banking Activities	125
TABLE 18 - Money and Capital Market Developments	125