



# Business Outlook Survey

## 3<sup>rd</sup> Quarter 2019



STATISTICS DEPARTMENT  
CENTRAL BANK OF SRI LANKA

REPORT 2019Q03

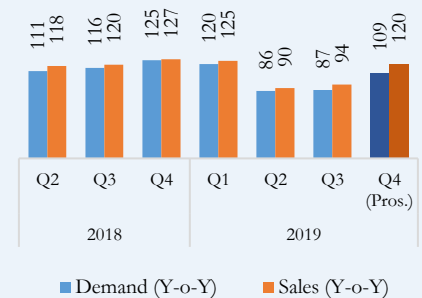
### Executive Summary

- The balance of opinion on the business condition continued to remain in the negative territory for the 11<sup>th</sup> consecutive quarter during Q3 2019 mainly due to the lingering effect of Easter attack and uncertainty created alongside the presidential election. It is expected that business condition would remain negative in Q4 2019 as well, with the prevailing uncertain political environment in the country.
- The indicators for business activities reflected that, the demand for Industry related activities expanded at a slower rate during Q3 2019 while demand for Services and Agriculture activities contracted compared to Q3 2018. Demand for Services and Industry activities are expected to be favorable in Q4 2019 while Agriculture activities are expected to remain in the negative territory.
- The capacity utilization deteriorated in Q3 2019 while investment increased at a slower rate. Capacity utilization and investment of the firms are expected to improve at a slower rate in Q4 2019.
- The output and input prices increased at a slower rate in Q3 2019. Further, output prices are expected to fall just below hundred suggesting that firms expect output prices to increase over the next quarter mostly at a similar pace to that experienced over the Q4 2018, with the expected slowdown in input prices
- The demand for bank credit increased at a slower rate during Q3 2019 amidst deteriorated cash flow situation. Meanwhile, majority of the firms expect to borrow during Q4 2019 to cover the operational expenses.

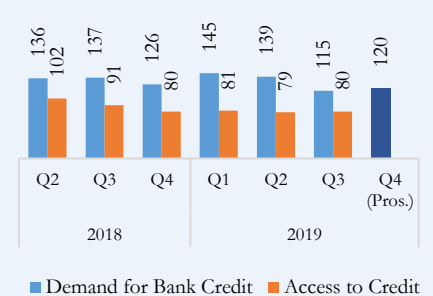
### Business Condition



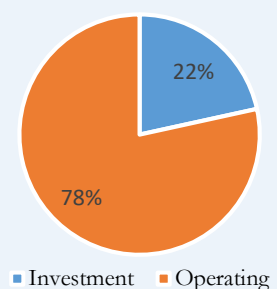
### Business Activities



### Credit Conditions



### Purpose of intended Future Borrowings



Business Sentiment Indices (BSIs) will consist of values ranging from 0 to 200 where the general interpretation will be as follows,

BSI=100 means business sentiment is unchanged

BSI>100 means business sentiment has improved/increased

BSI<100 means business sentiment has worsened/decreased