



# Business Outlook Survey

## 4<sup>th</sup> Quarter 2021



STATISTICS DEPARTMENT  
CENTRAL BANK OF SRI LANKA

REPORT 2021 Q4

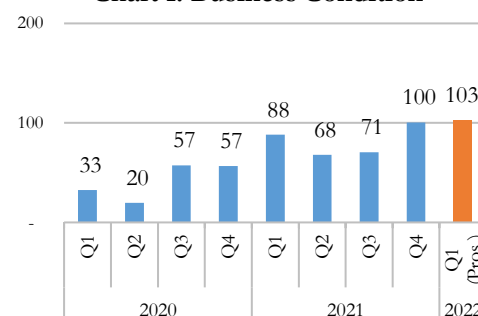
### Executive Summary

- Business condition, recovered during Q4 reaching the neutral threshold despite supply-side concerns. This was attributable to the successful vaccination rollout in the country, which helped contain the pandemic to a greater extent and improve economic activities and confidence among business community. Moreover, it is expected that the business condition would improve in Q1 2022 as well on a year-on-year basis with the expectation of further improving economic activities in the country.
- Considering the business activities, the balance of opinion<sup>1</sup> on both demand and sales recorded considerable increases during Q4 2021 compared to Q4 2020, recording the all-time high index value since the inception of BOS in 2014. When the sector-wise indices are considered, demand for Industry and Services sectors improved, while Sales also increased in all three sectors, namely Agriculture, Industry and Services, during Q4 2021. Further, it is expected that both demand and sales for all three sectors would improve in Q1 2022 compared to Q1 2021.
- The balance of opinion on capacity utilization and investment improved in Q4 2021, in line with the increase in sales and demand. The capacity utilization and investment are expected to increase in Q1 2022 as well compared to Q1 2021.
- In Q4 2021, both input and output prices increased at a higher pace, while the balance of opinion on profitability improved in Q4 2021. The prices are expected to follow a similar trend in Q1 2022, as well.
- The balance of opinion on demand for bank credit has increased in Q4 2021 compared to Q4 2020. Most of the firms expect to borrow in Q1 2022 for operational purposes.

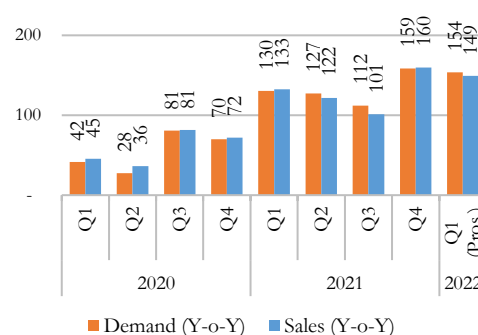
#### Key to Interpretation:

**Business Sentiment Indices (BSIs);**  
**BSI>100 - improved/increased**  
**BSI=100 - unchanged**  
**BSI<100 - worsened/decreased**

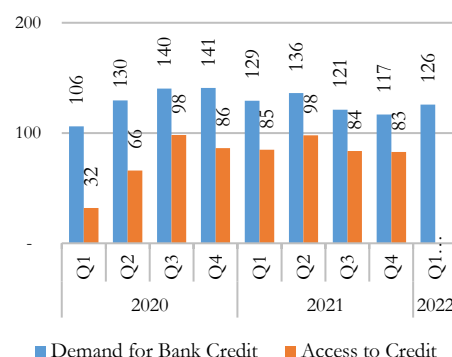
**Chart 1: Business Condition**



**Chart 2: Business Activities**



**Chart 3: Credit Conditions**



<sup>1</sup> Balance of opinion: Percentage of firms reporting growth minus the percentage reporting contraction