

# Weekly Economic Indicators

26 September 2014



Statistics Department

## Real Sector & Inflation

Annual average inflation decelerated further to 4.5 per cent in August 2014 from 4.7 per cent in the previous month, continuing its decelerating trend for the fifteenth consecutive month. Year-on-year inflation also decreased to 3.5 percent, as a result of price decreases in the food category especially of vegetables. However the prices of items in the Non-food category increased marginally. Core inflation, which measures the underlying inflation in the economy, increased slightly in August 2014 compared to the previous month.

The economy continued its growth momentum by recording a 7.8 per cent growth in real terms during the second quarter of 2014, supported by the 12.2 per cent growth of the Industry sector, 6.5 per cent growth in Agriculture sector and 5.8 per cent growth of Services sector.

Coconut production grew by 11.8 per cent while Rubber production declined by 2.3 per cent during the first half of 2014. Meanwhile, tea production grew by 2.3 per cent during the first seven months of 2014 mainly due to increase in tea production during the period, May to July 2014 by 21.4 per cent.

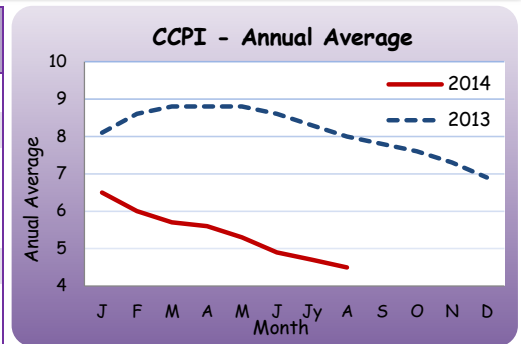
The FIPI showed a mixed performance in May 2014. This was mainly attributed to significant output drop recorded in the tobacco sector as well as wearing apparel sector during this month. Increased excise taxes on cigarettes as well as public health concerns relating to tobacco consumption affected the demand for tobacco products negatively. Similarly, Unfavourable weather conditions such as extended winter climate in USA affected the apparel orders and reduced the output in May 2014. However, chemical and chemical products sector recorded a significant year-on-year growth of 28.6 per cent supporting the factory industry output in May 2014.

During the week crude oil spot prices largely followed a declining trend. Price declines were supported by ample oil supplies, weak economic data and concern about a potential economic slowdown in China. Weak home prices in China added to fears of a slowdown in the world's second-largest economy while OECD slashed its growth forecasts for major developed economies to 0.8 per cent this year from a previously projected 1.2 per cent. Investors were awaiting a preliminary reading of China's vast manufacturing sector after recent signs pointed to a slowdown. Libya's oil output has rebounded to 925,000 barrels per day (bpd) by the end of the week, which stood at 800,000 bpd earlier this week, after El-Sharara oil field restarted production. Further, Iraq's southern oil exports have increased this month, approaching a record high hit in May. However, prices rose after U.S. Energy Information Administration reported an unexpected drawdown in crude oil inventories in the United States. U.S. crude stocks fell by 4.3 million barrels last week, compared with analysts' expectations for an increase of 386,000 barrels.

# REAL SECTOR & INFLATION

## 1.1 Price Indices

Item	August 2014	Month Ago	Year Ago
(2006 / 07 = 100)			
Colombo Consumers' Price Index (CCPI)	182.3	183.2	176.2
Annual Average Change %	4.5	4.7	8.0
Year - on - Year Change %	3.5	3.6	6.3
Core Inflation - ( CCPI )	173.2	172.9	166.7
Annual Average Change %	3.2	3.1	5.9
Year - on - Year Change %	3.9	3.7	3.1

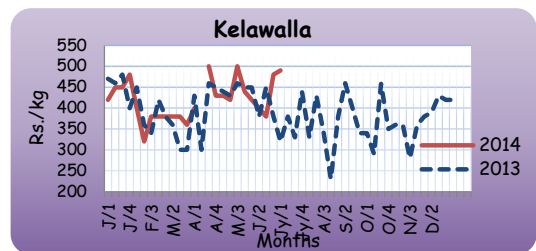
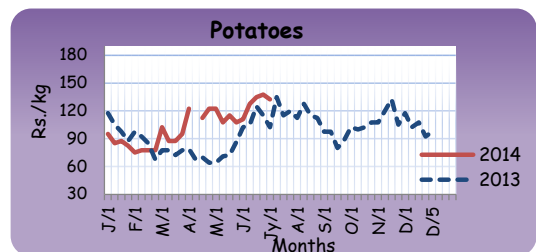
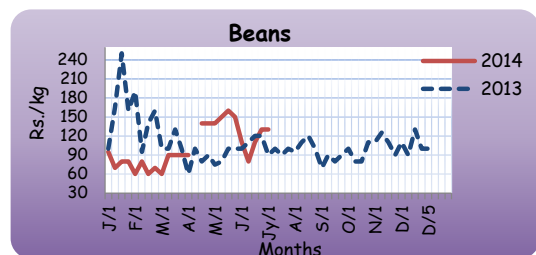
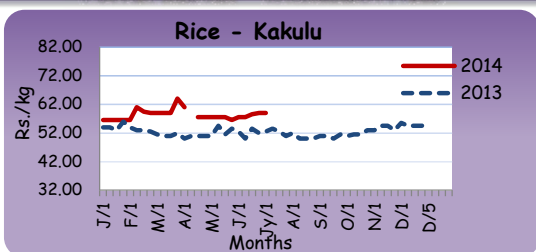


## 1.2 Pettah Market

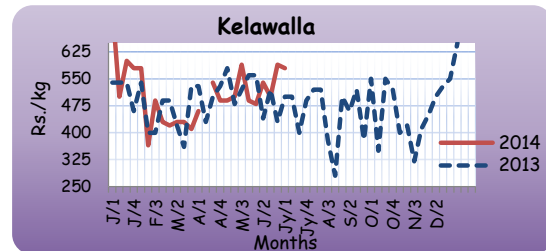
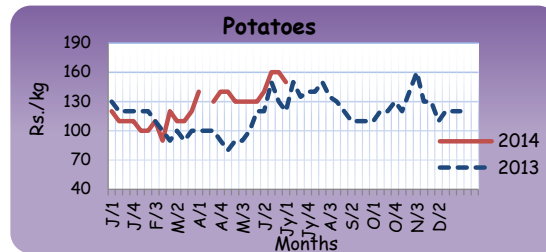
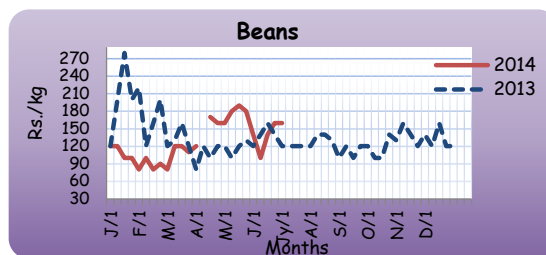
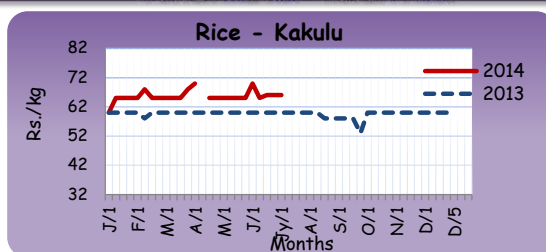
Item	Average Wholesale Prices				Average Retail Prices			
	Week Ending 25 <sup>th</sup> Sep	Week Ago	Month Ago	Year Ago Annual Avg	Week Ending 25 <sup>th</sup> Sep	Week Ago	Month Ago	Year Ago Annual Avg
	Rs / Kg				Rs / Kg			
<b>Rice</b>								
Samba	86.50	77.50	78.13	66.57	90.00	92.00	84.25	70.46
Kekulu (Red)	77.00	75.50	71.75	52.39	82.00	80.00	79.25	59.60
<b>Vegetables</b>								
Beans	90.00	100.00	80.00	107.69	120.00	120.00	102.50	134.42
Cabbage	50.00	50.00	80.00	64.76	80.00	80.00	110.00	92.88
Carrots	80.00	70.00	65.00	108.94	100.00	90.00	90.00	133.46
Tomatoes	40.00	30.00	50.00	67.84	70.00	60.00	82.50	99.81
Pumpkins	25.00	25.00	27.50	37.12	40.00	40.00	45.00	57.60
Snake Gourd	50.00	40.00	41.25	55.69	80.00	70.00	65.00	80.77
Brinjals	70.00	70.00	52.50	61.42	100.00	100.00	82.50	85.58
Ash-Plantains	80.00	70.00	77.50	63.27	100.00	100.00	97.50	84.23
<b>Other Foods</b>								
Red-Onions (Local)	67.50	77.50	61.88	148.68	90.00	110.00	90.00	182.38
Big-Onions (Local)	52.50	61.00	82.50	97.21	75.00	90.00	107.50	127.22
Potatoes (N'Eliya)	82.50	71.50	99.13	96.95	110.00	100.00	125.00	117.31
Dried Chilies (Imported)	200.00	200.00	193.50	176.50	240.00	240.00	225.00	219.71
Dhal (Indian)	157.00	148.00	146.25	131.39	170.00	160.00	160.00	148.85
Eggs (Red)	11.50	11.50	11.75	13.39	12.00	12.00	12.25	13.89
Coconut (Each)	35.50	35.50	34.50	37.62	50.00	45.00	45.00	43.98
<b>Fish*</b>								
Kelawalla	400.00	570.00	457.50	387.27	540.00	640.00	580.00	477.31
Balaya	200.00	220.00	315.00	280.00	260.00	270.00	362.50	341.76
Salaya	110.00	120.00	150.00	134.71	150.00	160.00	197.50	179.04
Paraw (Small)	480.00	480.00	465.00	442.60	540.00	540.00	505.00	505.60

\* Prices collected from the Fisheries Trade Centre, Peliyagoda.

### Pettah Market - Wholesale Prices



### Pettah Market - Retail Prices



### 1.3 Dambulla Market

Item (Rs / Kg)	Week Ending 25 <sup>th</sup> Sep	
	Wholesale (Average)	Retail (Average)
<b>Rice</b>		
Samba	86.30	89.30
Kekulu (Red)	76.50	82.00
<b>Vegetables</b>		
Beans	112.50	146.00
Carrot	57.50	81.50
Tomatoes	25.00	56.00
Pumpkins	18.50	39.50
Snake Gourd	40.00	66.00
Ash-Plantains	52.50	74.50
<b>Other Foods</b>		
Red-Onions (Local)	65.00	87.00
Big-Onions (Local)	54.00	78.50
Potatoes (N'Eliya)	79.50	94.50
Dried Chilies(Imported)	203.90	225.00
Coconut (Each)	35.70	42.80

### 1.5 Maradagamula Market

Average wholesale price of Rice				
Item (Rs / Kg)	Week Ending 26 <sup>th</sup> Sep	Week Ago	Month Ago	Year Ago
Samba	81.90	82.80	76.30	62.64
Sudu Kekulu	79.20	79.80	72.65	52.03
Raw Red	79.70	79.50	68.57	49.55
Nadu	79.00	80.20	73.99	53.71

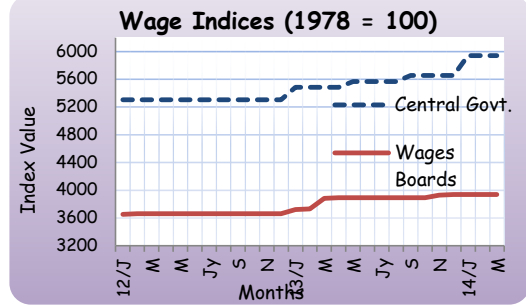
### 1.4 Narahenpita Economic Centre

Item (Rs / Kg)	Average Retail Prices	
	25 <sup>th</sup> Sep	Week Ago
<b>Rice</b>		
Samba	88.00	90.00
Kekulu (Red)	80.00	85.00
<b>Vegetables</b>		
Beans	140.00	120.00
Cabbage	80.00	100.00
Carrots	100.00	100.00
Tomatoes	73.33	80.00
Pumpkins	56.67	60.00
Snake Gourd	100.00	80.00
Brinjals	100.00	106.67
Ash-Plantains	120.00	120.00
<b>Other Foods</b>		
Red-Onions (Imported)	n.a	n.a
Big-Onions (Imported)	n.a	n.a
Potatoes (Imported)	80.00	80.00
Dried Chilies (Imported)	220.00	230.00
Dhal (Indian)	160.00	160.00
Eggs (Red)(Each)	12.00	12.00
Coconut (Each)	46.67	45.00
<b>Fish</b>		
Kelawalla	743.33	860.00
Balaya	n.a	200.00
Salaya	143.33	220.00
Paraw (Small)	850.00	760.00

## 1.6 Wage rate Indices

Item	2014(a) July	2013 July	% Change
(1978 = 100)			
Central Government Employees (b)	5,939.0	5,568.3	6.7
Workers in Wages Boards Trades	3,938.3	3,890.0	1.2
Agriculture	4,449.3	4,435.0	0.3
Industry & Commerce	3,459.1	3,248.1	6.5
Services	2,313.2	2,313.2	0.0

(a) Provisional

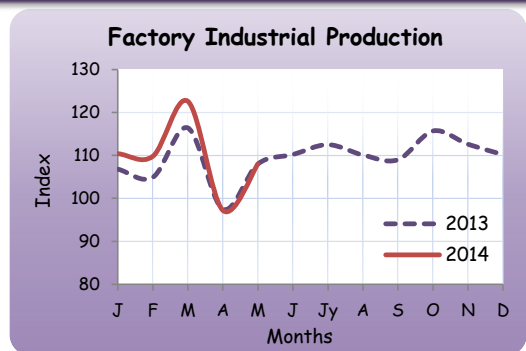


## 1.7 Factory Industry-Production (FIPI) ( 2010 = 100 ) (a)

Item	2014 (b) May	2013 May	% Change
<b>Factory Industry- Production Index</b>	<b>108.0</b>	<b>108.0</b>	<b>0.1</b>
Food products	103.3	104.8	-1.4
Beverages	106.3	106.8	-0.4
Tobacco products	82.3	94.0	-12.4
Wearing apparel	122.0	128.9	-5.4
Chemicals and chemical products	85.4	66.4	28.6
Rubber and plastic products	134.0	116.9	14.6
Other non-metallic mineral products	83.0	95.9	-13.5

(a) Major 7 sub divisions of FIPI out of 17 sub divisions.

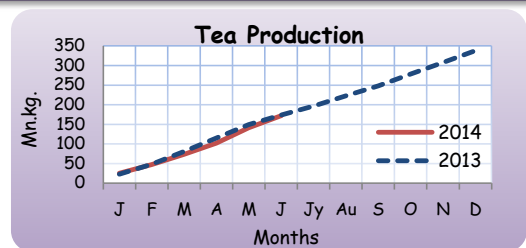
(b) Provisional



## 1.8 Agriculture Production

Item	Unit	2014*	2013	% Change
		Jan - July	Jan - July	
Tea	(Mn Kg)	201.3	196.7	2.3
Rubber	(Mn Kg)	61.0	62.5	-2.3
Coconuts	(Mn Nuts)	1,425.7	1,274.9	11.8

\* Provisional

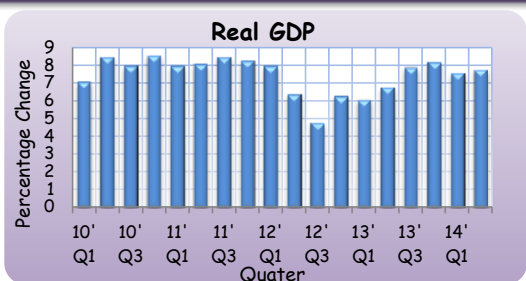


## 1.9 GDP by Industrial Origin at Constant (2002) Prices - Growth Rates

Item	2014* 2 <sup>nd</sup> Quarter	2013 2 <sup>nd</sup> Quarter	2013 Annual
Agriculture	6.5	-1.1	4.7
Industry	12.2	10.1	9.9
Services	5.8	6.6	6.4
<b>GDP</b>	<b>7.8</b>	<b>6.8</b>	<b>7.3</b>

\* Provisional

Source: Department of Census and Statistics



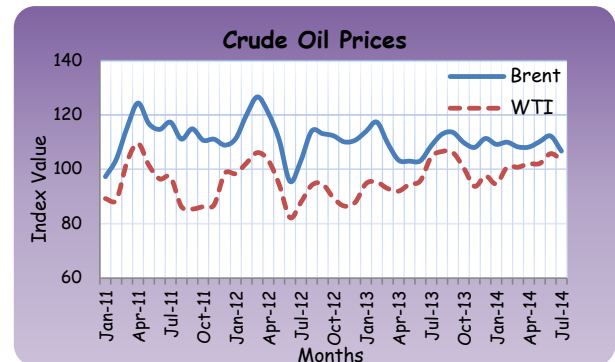
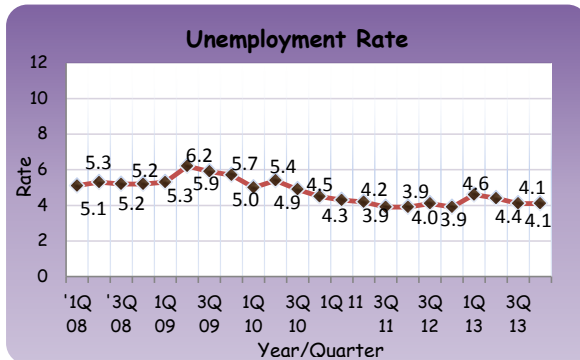
## 1.10 Employment (a)

Item	2014 1 <sup>st</sup> Quarter	2013 1 <sup>st</sup> Quarter	2013 Annual
Labour Force Participation rate	53.4	54.2	53.8
Unemployment rate	4.1	4.6	4.4
<b>Employed Persons by Sectors % (b)</b>			
Agriculture	26.4	28.2	29.7
Industry	27.8	26.9	26.2
Services	45.7	44.9	44.1

(a) The working age population aged 15 and above

Source: Department of Census and Statistics

(b) Based on the International Standard Industrial Classification (ISIC) - Revision 4



## 1.11 Average Crude Oil Prices

Month	2013			2014		
	Spot Prices (US \$/bbl)		CPC Import Prices (C&F) (US\$/bbl)(*)	Spot Prices (US \$/bbl)		CPC Import Prices (C&F) (US\$/bbl)(*)
	Brent (Benchmark price)	WTI (Benchmark price)		Brent (Benchmark price)	WTI (Benchmark price)	
January	113.95	94.76	111.22	109.21	94.71	113.84
February	117.39	95.32	111.16	110.01	100.82	110.62
March	109.63	92.94	106.57	108.28	100.82	111.17
April	103.40	92.02	111.17	108.22	102.07	110.25
May	103.04	94.51	108.91	110.22	102.18	109.80
June	103.16	95.77	105.29	112.27	105.79	113.42
July	108.62	104.51	-	106.73	103.54	110.30
August	112.94	106.58	113.48	101.51	96.54	111.21
September	113.63	106.19	111.01			
October	109.88	100.54	-			
November	108.10	93.77	110.39			
December	111.37	97.62	112.13			
	2013			2014		
19 September	112.61	106.26		96.35	92.43	
22 September	-	-		95.12	91.46	
23 September	110.41	103.62		94.62	91.55	
24 September	109.43	103.22		94.28	93.60	
25 September	111.21	102.68		94.95	93.59	

Sources: Reuters  
Energy Information Administration  
Ceylon Petroleum Corporation

(\*) CPC import prices are not directly comparable with spot prices of WTI and Brent as CPC is import prices include freight charges and the price is weighted for average prices of different types of crude oil. Also Part of the imports of CPC are on a term contract basis.



# Monetary Sector

Short term interest rates continued to adjust downwards compared to the previous week.

Weekly AWPR for the week ending 26 September 2014 declined by 40 bps to 6.75 per cent compared to the previous week.

Broad money (M2b) expanded by 11.9 per cent in July 2014. NFA of the banking system increased by Rs. 38.4 billion in July 2014 compared to June 2014. NCG from the banking system increased by Rs. 24.8 billion in July 2014 compared to June 2014, while credit to public corporations showed a rapid decline of Rs. 22.4 billion. Credit extended to the private sector increased marginally in July 2014, compared to June 2014 despite the decline in pawning advances and repayment of short term advances by the corporate sector.

The reserve money decreased compared to the previous week mainly due to decrease in currency in circulation.

The total outstanding market liquidity increased to Rs. 344.78 bn by end of the week, compared to Rs. 337.13 bn by the end of last week. Majority of the liquidity has been absorbed through the Term Repo auctions.

By 26 September 2014, the All Share Price Index (ASPI) decreased by 0.02 per cent to 7,234 points while the S&P SL 20 Index decreased by 0.26 per cent to 4,008 points compared to the previous week.

# MONETARY SECTOR

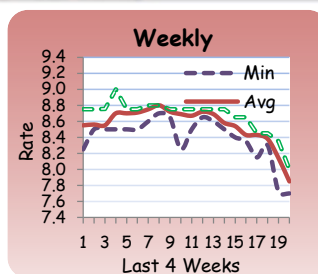
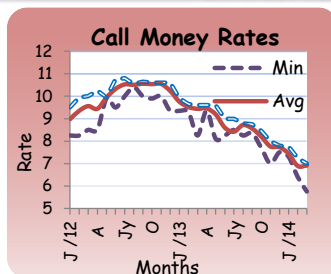
## 2.1 Interest Rates

Item	Week Ending Sep 26	Week Ago	Year Ago
Commercial Bank Average Weighted Prime Lending Rate (AWPR)	6.75	7.15	11.87
Treasury Bill Yield (Excluding 10% withholding tax)			
- 91 days	-	6.15	8.60
- 182 days	-	6.23	9.63
- 364 days	5.89	6.26	10.57
Standing Deposit Facility	6.50	6.50	7.00
Standing Lending Facility	8.00	8.00	9.00
Call Money Weekly Average (CMR)	6.43	6.67	8.44
Sri Lanka Inter Bank Offer Rate ( SLIBOR )			
1 day	6.43	6.74	8.50
7 days	6.71	7.18	9.11
1 Month	6.86	7.42	10.01
3 Months	7.06	7.74	10.82
6 Months	7.30	7.90	11.61
12 Months	7.55	8.12	12.43
Commercial Banks	March 2014	Month Ago	Year Ago
Saving Deposits -	0.75-9.00	0.75-9.00	0.75-10.50
One Year Fixed Deposits -	5.50-14.75	5.60-15.50	5.00-16.25
	August 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Deposit Rate (AWDR)	7.02	7.16	10.10
Commercial Bank Average Weighted Fixed Deposit Rate (AWFDR)	8.44	8.64	12.82
	July 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Lending Rate (AWLR)	13.53	13.83	15.93
NSB	March 2014	Month Ago	Year Ago
Saving Deposits -	5.00	5.00	5.00
One Year Fixed Deposits -	7.50	8.00	12.50
<b>Treasury Bonds Auction</b>	(09 Y & 06 Months)	(14 Y & 10 Months)	(30 Months)
	10/07/2014	10/07/2014	27/05/2014
Coupon rate	11.40	13.00	13.50
Weighted Average Yield (Excluding 10% withholding tax)	9.23	10.58	11.75

Bankwise- AWPR	Week ending Sep 26	Week Ago
Bank of Ceylon	8.95	8.95
People's Bank	7.66	7.29
Hatton National Bank	6.71	7.03
Commercial Bank of Ceylon	6.49	6.68
Sampath Bank	6.51	7.13
Seylan Bank	7.53	8.21
Union Bank of Colombo	8.15	7.37
Pan Asia Banking Corporation	9.00	9.00
Nations Trust Bank	6.54	6.78
DFCC Vardhana Bank	8.93	8.93
NDB Bank	6.86	6.82
Amana Bank	9.05	9.08
Cargills Bank	8.52	8.51

Bankwise- AWPR	Week ending Sep 26	Week Ago
HSBC	7.24	7.20
Standard Chartered Bank	6.53	6.58
Citi Bank	7.61	8.25
Deutsche Bank	6.56	7.63
Habib Bank	6.28	6.28
Indian Bank	8.78	8.78
Indian Overseas Bank	9.28	9.28
MCB Bank	9.38	7.76
State Bank of India	9.59	9.59
Public Bank	8.30	8.30
ICICI Bank	9.57	9.76
Axis Bank	-	-

### Interest Rates - Call Money

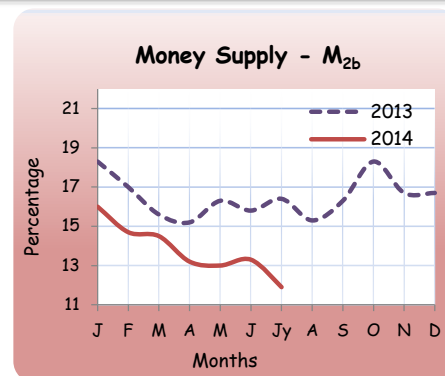
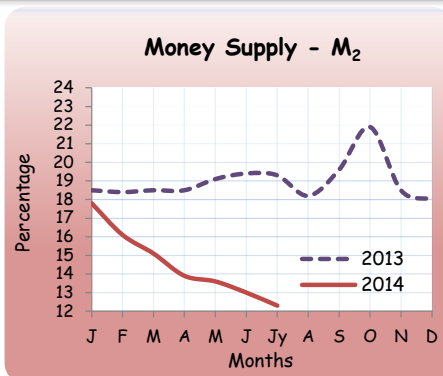
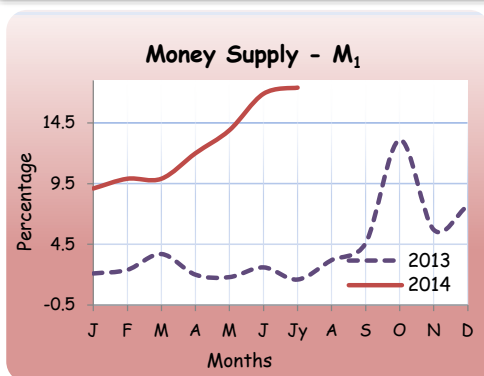




## 2.2 Money Supply

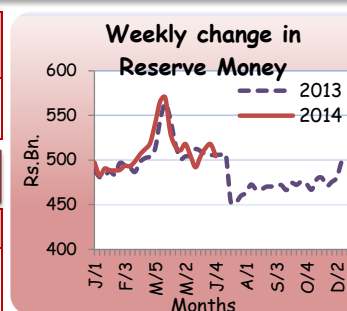
Item	Rs. Bn.			Annual Change (%)		
	2014 (a)	Month	Year	2014 (a)	Month	Year
	July	Ag	Ag	July	Ag	Ag
M1	522.2	519.2	444.8	17.4	16.9	1.6
M2	3,230.6	3,214.3	2,875.6	12.3	13.0	19.3
M2b	3,608.0	3,592.8	3,225.5	11.9	13.3	16.4
Net Foreign Assets of the Banking System (b)	202.0	163.6	-197.9	202.1	196.8	-1,321.0
Monetary Authorities	743.4	706.9	372.7	99.5	93.2	7.9
Domestic Banking Units (DBUs)	-214.8	-212.7	-185.0	-16.1	-23.4	-91.1
Foreign currency Banking Units (FCBUs)	-326.6	-330.6	-385.6	15.3	8.8	-46.9
Net Domestic Assets of the Banking System (b)	3,406.1	3,429.3	3,423.4	-0.5	2.7	22.9
DBUs	2,945.2	2,967.6	2,916.1	1.0	3.2	20.9
FCBUs	460.8	461.7	507.3	-9.2	-0.4	36.0
Net Credit to Government	1,402.2	1,377.4	1,304.4	7.5	9.0	30.6
Monetary Authorities	141.4	142.8	196.5	-28.1	-38.8	-33.5
DBUs	1,056.0	1,031.5	943.4	11.9	16.8	68.8
FCBUs	204.8	203.1	164.5	24.5	38.0	13.9
Credit to Corporations	326.9	349.2	363.6	-10.1	4.5	39.0
DBUs	162.8	151.6	129.5	25.7	38.6	100.5
FCBUs	164.1	197.6	234.1	-29.9	-12.2	18.9
Credit to the Private Sector	2,481.9	2,481.7	2,461.4	0.8	2.0	8.4
DBUs	2,270.0	2,266.0	2,251.8	0.8	1.1	8.9
FCBUs	211.9	215.8	209.6	1.1	13.2	3.1
Reserve Money	524.5	507.7	456.1	15.0	1.5	-1.6

(a) Provisional (b) In relation to M2b



## 2.3 Weekly change in Reserve Money

Item	25 Sep 2014	Week Ago	Change
Reserve Money (Rs.Mn.)	537,832	538,150	-318



## 2.4 Money Market Activity (Overnight)

Item	22.09.2014	23.09.2014	24.09.2014	25.09.2014	26.09.2014
<b>Call Money Market</b>					
Weighted Average Rate (% p.a.)	6.69	6.35	6.42	6.48	6.22
Gross Volume (Rs. Mn)	10,600	11,600	11,590	13,248	7,460
<b>Repo Market</b>					
Weighted Average Rate (% p.a.)	6.52	6.30	6.20	6.20	6.03
Gross Volume (Rs. Mn)	14,507	15,718	16,191	13,899	8,191

## 2.5 CBSL Security Portfolio

Item	22.09.2014	23.09.2014	24.09.2014	25.09.2014	26.09.2014
CBSL T-Bill Holding (Rs. Mn)	0	0	0	0	0

## 2.6 Open Market Operations

Item	22.09.2014	23.09.2014	24.09.2014	25.09.2014	26.09.2014
<b>Short-Term Auction</b>					
Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Reverse Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Tenure (No. of Days)	0	0	0	0	0
Bids Received (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Weighted Average Yield Rate (% p.a.)	0.00	0.00	0.00	0.00	0.00
<b>Term Auction</b>					
Repo Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Reverse Repo Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	0.00
<b>Standing Facility</b>					
Standing Deposit Facility (Rs. bn)	52.73	40.68	41.49	39.63	79.50
Standing Lending Facility (Rs. bn)	0.00	0.00	0.00	0.00	0.00
<b>Total Outstanding Market Liquidity (Rs. bn)</b>	<b>347.46</b>	<b>335.41</b>	<b>336.21</b>	<b>334.36</b>	<b>344.78</b>

## 2.7 Credit Cards \*

Item	2014 (a) End May	2014 End Apr	2013 End Dec
<b>Total Number of Active Cards</b>	967,942	962,702	951,625
Local (accepted only locally)	34,776	35,033	35,990
Global (accepted globally)	933,166	927,669	915,635
<b>Outstanding balance (Rs. Mn.)</b>	52,935	52,906	51,172
Local (accepted only locally)	1,221	1,249	1,260
Global (accepted globally)	51,714	51,657	49,913

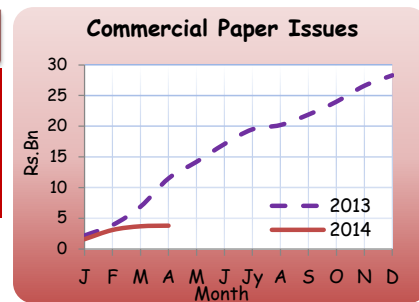
(a) Provisional

## 2.8 Commercial Paper Issues (1)

Item (Rs. bn.)	2014 End Apr*	2014 End Mar	2013 End Dec
Total Issues - Cumulative	3.8	3.7	28.3
Outstanding (as at end of the period)	6.5	7.1	7.4

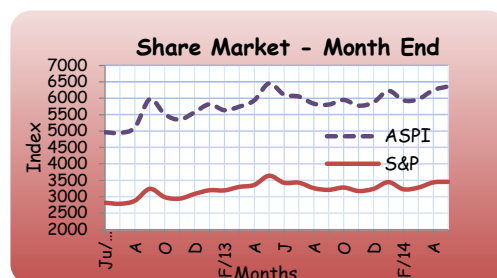
\* provisional

(1) Based on the information provided by Licensed Commercial Banks and Licensed Specialised Banks



## 2.9 Share Market

Item	Week Ending 26 Sep 2014	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	7,234	7,235	5,786
S & P Sri Lanka 20 Index (S&P SL20)	4,008	4,019	3,219
Average Daily Turnover (Rs. Mn)	1,915	2,246	731
Market Capitalisation (Rs.Bn.)	3,059	3,060	2,383



## Fiscal Sector

During the first half of 2014, total revenue as a percentage of estimated GDP declined marginally to 5.4 per cent from 5.6 per cent in the corresponding period of 2013. However, in nominal terms, total revenue increased to Rs. 536.4 billion during the first half of the year from Rs. 487.9 billion recorded during the same period in 2013 reflecting an increase in both tax revenue and non-tax revenue. Tax revenue increased to Rs. 484.4 billion during the first half of 2014 compared to Rs. 441.5 billion recorded during the corresponding period in 2013 mainly due to the increase in revenue from corporate and non-corporate income tax, VAT revenue generated from both imports and domestic economic activities, excise tax on motor vehicles and PAL. Meanwhile, non-tax revenue increased during the period mainly due to a significant increase in profit and dividend transfers from State Owned Business Enterprises.

Total expenditure and net lending as a percentage of estimated GDP during the first half of 2014 declined to 9.2 per cent compared to 10 per cent recorded in the corresponding period in 2013 due to the decline in both recurrent expenditure and capital expenditure and net lending.

Total outstanding debt increased by Rs. 548 billion to Rs. 7,341.3 billion as at end June 2014 from Rs. 6,793.2 billion at end 2013.

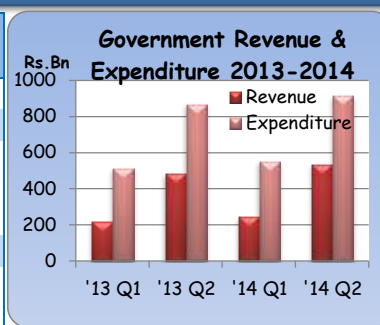
Foreign debt increased by Rs. 312.3 billion to Rs. 3,272.7 billion and domestic debt increased by Rs. 235.7 billion to Rs. 4,068.6 billion as at end June 2014 from end December 2013.

The government made several changes to the Special Commodity Levy (SCL) during the second quarter of the year with a view to maintaining stable prices in the domestic market. SCL of 10 per cent per kg was imposed in April 2014 for a period of two months on the importation of sorghum and maize in place of 15 per cent of Customs duty, 12 per cent of VAT, 2 per cent of NBT, 5 per cent of PAL and 35 per cent of Cess and was extended till July. Further, SCL of Rs.5 per kg was imposed in April 2014 for a period of three months on the importation of rice in place of customs duty of Rs. 20 per kg, 12 per cent of VAT, 2 per cent of NBT and 5 per cent of PAL. SCL on the importation of potatoes was reduced from Rs. 25 per kg to Rs. 15 per kg for a period of seven months while SCL on the importation of Sugar was reduced from Rs. 30 per kg to Rs. 25 per kg. SCL on the importation of the whole massor dhal was reduced to Rs. 5 per kg from Rs. 10 per kg for a period of seven months and SCL on the importation of the split massor dhal was extended for a period of seven months. In June 2014, the duty waiver applicable on imported milk powder was reduced by Rs. 25 per kg, hence the applicable duty rate was increased to Rs. 82 per kg.

# FISCAL SECTOR

## 3.1 Government Finance (Rs.bn)

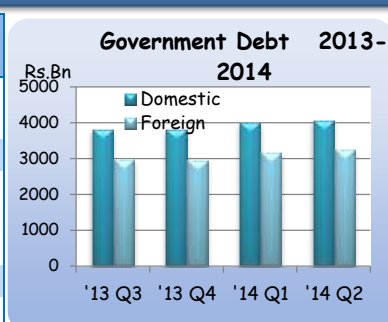
Item	2014 *	2013
	Jan-Jun	Jan-Jun
<b>Revenue and Grants</b>	<b>543.6</b>	<b>490.2</b>
<b>Revenue</b>	<b>536.4</b>	<b>487.9</b>
Tax	484.4	441.5
Non tax	52.0	46.3
<b>Grants</b>	<b>7.2</b>	<b>2.3</b>
<b>Expenditure &amp; Lending Minus Repayments</b>	<b>915.4</b>	<b>868.5</b>
Current	637.1	600.1
Capital & Lending Minus Repayments	278.2	268.4



\* Provisional \*\*Revised

## 3.2 Government Debt (Rs.bn)

Item	2014*	2013
	End Jun	End Dec
<b>Total domestic debt</b>	<b>4,068.6</b>	<b>3,832.8</b>
of which		
Treasury bills	667.1	700.1
Treasury bonds	2,671.9	2,452.4
Rupee loans	55.5	55.5
<b>Total foreign debt</b>	<b>3,272.7</b>	<b>2,960.4</b>
<b>Total outstanding govt. debt</b>	<b>7,341.3</b>	<b>6,793.2</b>



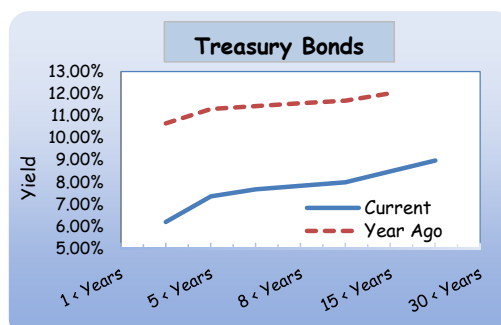
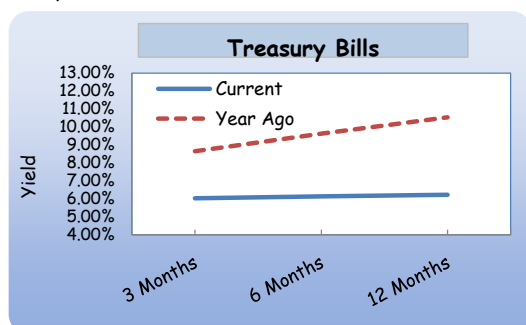
\* Provisional

## 3.3 Government Securities - Primary and Secondary Market Yield Rates as for the week ending - 24<sup>th</sup> September 2014

Security	Maturity	Primary Market*		Secondary Market			Last Week Average
		This Week	Last Week	This Week			
				Buying	Selling	Average	
Treasury Bills	3 Months	-	6.15%	6.08%	5.96%	6.02%	6.23%
	6 Months	-	6.23%	6.18%	6.09%	6.13%	6.30%
	12 Months	5.89%	6.26%	6.27%	6.17%	6.22%	6.35%
Treasury Bonds	2 < Years	-	-	6.26%	6.16%	6.21%	6.85%
	5 < Years	-	7.01%	7.44%	7.29%	7.37%	7.77%
	6 < Years	-	-	7.73%	7.63%	7.68%	8.02%
	8 < Years	7.85%	-	7.89%	7.79%	7.84%	8.27%
	10 < Years	-	-	8.05%	7.95%	8.00%	8.53%
	15 < Years	-	-	8.53%	8.48%	8.50%	8.98%
	20 < Years	9.18%	-	9.07%	8.90%	8.98%	9.10%
30 < Years	-	-	9.74%	9.65%	9.70%	9.97%	

\* Primary market transactions during the week ending 24/09/2014

The primary market and secondary market yield rates of T-bills and T-bonds have decreased due to excess market liquidity and market expectations.



### 3.4 Government Securities - Weekly Summary of Primary and Secondary Market Transactions (Week Ended - 24<sup>th</sup> September 2014 )

Item	Volume in Rs Mn	
	This Week	Last Week
Outstanding Stock of Government Securities		
Treasury Bills	714,753.46	734,229.84
Treasury Bonds (a)	3,227,476.75	3,214,093.15
<b>Total</b>	<b>3,942,230.21</b>	<b>3,948,322.99</b>
Government Securities held by Foreigners	493,379.08	498,448.16
Sri Lanka Development Bonds (SLDB)	377,080.11	377,052.33

The investments in T-bonds have been increased while short term investments in T-bills decreased indicating high investor preference for long term government securities.

Primary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Amount Offered	7,500.00	5,000.00
Total Bids Received	55,297.00	16,864.00
Total Bids Accepted	12,918.00	10,222.00
<b>Treasury Bonds</b>		
Amount Offered		
Total Bids Received	No auction held	No auction held
Total Bids Accepted		

Participation to the auction has increased illustrating the improved investor preference for the government securities.

Secondary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Outright Transaction (Sales / Purchases)	18,954.83	28,605.99
Repo Transaction (Sales / Purchases)	243,393.41	253,779.18
<b>Treasury Bonds</b>		
Outright Transaction (Sales / Purchases)	97,731.08	82,695.97
Repo Transaction (Sales / Purchases)	520,540.33	478,905.16

Increased activities are observed in the secondary T-bond market while activities in T-bills market decreased during the week indicating high investor preference for long term government securities.

a) Excludes Treasury bonds amounting to Rs.4,397 million issued to CWE in November 2003, Rs. 78,441 million issued to settle dues to CPC in January 2012, Rs. 13,125 million issued to capitalize Sri Lankan Airlines in March 2013.

### 3.5 Two way Quotes (Treasury Bills) - 26/09/2014

Remaining Maturity	Average Buying Price	Yield %	Average Selling Price	Yield %	Buying & Selling Spread
1-7 Days	99.89	5.82	99.89	5.65	0.00
1 Month	99.52	5.90	99.53	5.75	0.01
2 Month	99.02	5.95	99.05	5.81	0.02
3 Month	98.54	5.92	98.58	5.78	0.03
4 Month	98.05	5.92	98.10	5.78	0.05
5 Month	97.56	5.94	97.61	5.81	0.06
6 Month	97.04	6.00	97.10	5.88	0.06
7 Month	96.55	6.00	96.62	5.88	0.07
8 Month	96.04	6.02	96.12	5.89	0.08
9 Month	95.52	6.06	95.61	5.94	0.09
10 Month	95.02	6.06	95.13	5.93	0.11
11 Month	94.51	6.08	94.62	5.95	0.11
12 Month	93.95	6.13	94.08	6.00	0.13

### 3.5 Two way Quotes (Treasury Bonds)- 26/09/2014

Treasury Bond By Series	Maturity Period (Years)	Maturity Date (DD/MM/YY)	Days to Maturity	Average Buying Price	Yield %	Average Selling Price	Yield %	Buying & Selling Spread
09.00%2014A	2	1-Oct-14	5	100.04	5.52	100.05	5.38	0.00
06.20%2015A	4	15-Jan-15	111	100.06	5.91	100.10	5.81	0.03
11.75%2015A	6	15-Mar-15	170	102.68	5.88	102.73	5.76	0.05
06.20%2015B	4	15-Jun-15	262	100.12	6.01	100.21	5.88	0.09
06.50%2015A	5	15-Jul-15	292	100.31	6.09	100.44	5.92	0.13
11.00%2015A	6	1-Aug-15	309	104.03	6.04	104.12	5.92	0.10
11.00%2015B	6	1-Sep-15	340	104.40	6.06	104.52	5.93	0.12
12.50%2015A	2	20-Sep-15	359	106.16	5.96	106.29	5.83	0.13
08.50%2015A	3	1-Nov-15	401	102.48	6.12	102.66	5.95	0.18
07.25%2016A	6	1-Apr-16	553	101.32	6.32	101.57	6.14	0.25
08.00%2016B	4	1-Jun-16	614	102.93	6.13	103.10	6.03	0.17
06.40%2016A	6	1-Aug-16	675	100.20	6.28	100.37	6.18	0.18
08.00%2016A	5	1-Sep-16	706	103.17	6.23	103.42	6.09	0.24
06.40%2016B	6	1-Oct-16	736	100.40	6.19	100.61	6.08	0.21
08.00%2017A	5	1-Jan-17	828	103.66	6.23	103.92	6.11	0.26
05.80%2017A	6	15-Jan-17	842	99.00	6.27	99.28	6.14	0.27
08.25%2017A	3	1-Mar-17	887	104.35	6.29	104.65	6.16	0.30
08.75%2017A	4	15-May-17	962	105.56	6.42	105.97	6.25	0.41
08.00%2017B	5	15-Jun-17	993	103.83	6.44	104.12	6.32	0.28
05.80%2017B	6	15-Jul-17	1,023	98.37	6.44	98.67	6.32	0.30
08.50%2018A	15	1-Feb-18	1,224	105.36	6.68	105.66	6.58	0.31
08.50%2018C	5	1-Apr-18	1,283	105.85	6.61	106.17	6.51	0.31
08.50%2018D	5	1-Jun-18	1,344	106.12	6.60	106.42	6.51	0.30
08.50%2018B	15	15-Jul-18	1,388	105.57	6.81	105.91	6.71	0.34
07.50%2018A	15	15-Aug-18	1,419	102.87	6.65	103.25	6.54	0.39
08.00%2018A	6	15-Nov-18	1,511	104.89	6.63	105.13	6.56	0.24
05.65%2019A	8	15-Jan-19	1,572	95.62	6.84	95.92	6.76	0.30
08.50%2019A	10	1-May-19	1,678	106.16	6.91	106.50	6.83	0.34
10.60%2019A	6	1-Jul-19	1,739	115.63	6.71	116.08	6.61	0.44
10.60%2019B	5	15-Sep-19	1,815	115.85	6.79	116.31	6.69	0.46
08.00%2019A	8	1-Nov-19	1,862	104.00	7.05	104.50	6.93	0.51
08.00%2020A	8	1-Jun-20	2,075	104.49	7.03	105.08	6.90	0.60
06.20%2020A	10	1-Aug-20	2,136	94.56	7.36	95.06	7.25	0.50
09.00%2021A	8	1-May-21	2,409	108.70	7.31	109.20	7.22	0.50
11.00%2021A	7	1-Aug-21	2,501	118.26	7.53	118.75	7.45	0.49
08.00%2022A	10	1-Jan-22	2,654	102.00	7.63	102.46	7.55	0.47
11.20%2022A	9	1-Jul-22	2,835	121.91	7.43	122.49	7.34	0.58
10.00%2022A	8	1-Oct-22	2,927	115.41	7.42	115.90	7.34	0.49
09.00%2023A	10	1-Sep-23	3,262	109.90	7.46	110.31	7.40	0.41
11.20%2023A	9	1-Sep-23	3,262	122.59	7.66	123.10	7.59	0.51
07.00%2023A	20	1-Oct-23	3,292	96.13	7.60	96.51	7.54	0.38
11.40%2024A	10	1-Jan-24	3,384	124.58	7.65	125.28	7.55	0.70
09.00%2025A	12	1-May-25	3,870	107.78	7.90	109.29	7.70	1.50
09.00%2026A	13	1-Feb-26	4,146	105.94	8.18	107.09	8.03	1.15
05.35%2026A	15	1-Mar-26	4,174	77.24	8.50	77.96	8.38	0.72
09.00%2028B	15	1-May-28	4,966	105.00	8.38	106.05	8.25	1.05
09.00%2028A	15	1-Jul-28	5,027	103.17	8.60	105.03	8.38	1.86
13.00%2029A	15	1-Jan-29	5,211	132.75	8.90	134.30	8.74	1.55
13.00%2029B	15	1-May-29	5,331	133.12	8.90	134.74	8.74	1.61
08.00%2032A	20	1-Jan-32	6,306	85.87	9.70	86.86	9.57	1.00
09.00%2032A	20	1-Oct-32	6,580	96.98	9.35	98.17	9.21	1.19
09.00%2033A	20	1-Jun-33	6,823	97.77	9.25	99.09	9.10	1.31
13.25%2033A	20	1-Jul-33	6,853	132.52	9.50	134.16	9.35	1.65
09.00%2033B	20	1-Nov-33	6,976	94.69	9.61	96.12	9.44	1.43
13.25%2034A	20	1-Jan-34	7,037	132.9	9.49	134.87	9.32	1.97
09.00%2043A	30	1-Jun-43	10,475	92.69	9.76	94.38	9.58	1.69
13.50%2044A	30	1-Jan-44	10,689	136.05	9.75	140.11	9.44	4.06
13.50%2044B	30	1-Jun-44	10,841	135.51	9.80	138.08	9.60	2.56



## External Sector

During the year so far (up to 26 September 2014) the rupee appreciated against the US dollar (0.34 per cent). Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the euro (8.65 per cent), pound sterling (1.42 per cent) and the Japanese yen (4.17 per cent) and depreciated against the Indian rupee (0.61 per cent) during this period.

In July 2014, all major export categories contributed to the growth in exports, while the largest contribution came from industrial exports. Expenditure on imports in July 2014 reflecting an increase in all major import categories, but were particularly in fuel.

As the growth of exports earnings were outweighed by the growth of import expenditure in July 2014, trade deficit widened to US dollar 891 million, compared to US dollars 574 million in July 2013. However, on a cumulative basis, trade deficit in first seven months of 2014 is lower by 11.5 per cent compared to the corresponding period in 2013.

The increase in export prices at a higher rate than import prices resulted in an improvement in the terms of trade in June 2014.

The import price index increased marginally by 1.5 per cent, year-on-year, to 108.5 index points mainly due to the increase in the average price level of intermediate goods.

Meanwhile, the average price levels of many exported items, increased in June 2014, leading to an overall increase in the export price index by 5.4 per cent to 108.3 index points. Accordingly, the terms of trade index improved by 3.9 per cent to 99.9 index points in June 2014 from to 96.2 index points in June 2013.

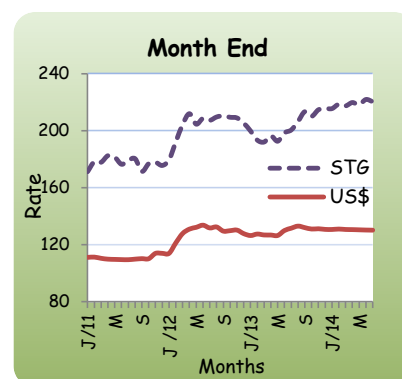
The average price of tea in the Colombo auction increase in July 2014 compared to the corresponding month of 2013, but slightly declined compared to the previous month.

India, UK, China, Germany and France were the top five sources of tourist arrivals upto August 2014, accounting for 46 per cent of total tourist arrivals during the year upto August 2014.

# EXTERNAL SECTOR

## 4.1 Exchange Rates

Item (Rs Per Unit)*	Week Ending - Sep 26			Average Rate	
	Buying Rate	Selling Rate	Average Rate	Week Ago	Year Ago
US\$	128.87	131.74	130.31	130.25	131.95
STG	209.62	215.64	212.63	214.81	212.12
Yen	1.18	1.22	1.20	1.19	1.34
Euro	163.37	168.75	166.06	168.07	178.22
INR(1)			2.12	2.14	2.11
SDR (As at 25 Sep 2014)			194.15	195.08	202.21
<b>Central Bank purchases and sales** (US\$ Mn. )</b>			<b>August 2014</b>	<b>Month Ago</b>	<b>Year Ago</b>
Purchases			315.20	250.00	12.00
Sales			44.50	10.00	328.87



	Week Ending Sep 26	Week Ago	Year Ago
Average Daily Interbank Volume (US\$ Mn.) (spot, tom and cash transactions among commercial banks)	79.76	59.73	48.46
<b>Forward Transactions</b>			
Forward Rates (US\$) <sup>(2)</sup>			
1 Month	130.74	130.80	132.88
3 Months	131.29	131.65	134.61
Average Daily Interbank Forward Volume (US\$ mn)	33.48	23.25	20.91
Outstanding Forward Volume (US\$ mn) (As at 25 Sep 2014)	1,244.01	1,181.78	945.61

\*Commercial Bank Avg. Middle Rate (prevailing at 9.30a.m.)

\*\*Central Bank purchases and sales of foreign exchange from commercial banks at market rates total for the Month

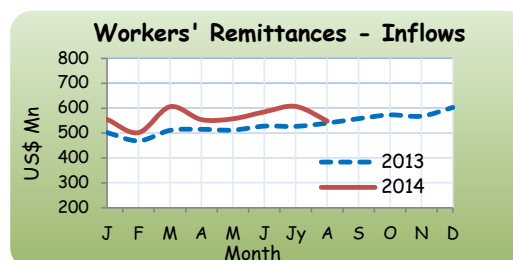
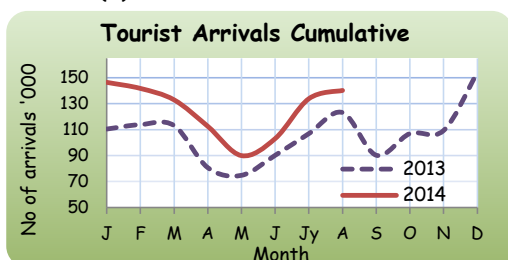
(1) Central Bank indicative rate (2) Weekly average based on actual transactions.

## 4.2 Tourism & Workers' Remittances

Item(a)		2013 Aug (b)	2014 Aug	2013 Jan-Aug (b)	2014 Jan - Aug	% Change
Tourist Arrivals	Number	123,269	140,319	813,858	1,001,643	23.1
Earnings from Tourism	US\$ Mn.	165.9	202.7	1,095.4	1,447.20	32.1
	Rs.bn.	21.9	26.4	140.3	188.9	34.6
Workers' Remittances (Inflows)		2013 Aug (b)	2014 Aug	2013 Jan-Aug (b)	2014 Jan - Aug	% Change
	US\$ Mn.	540.0	548.1	4,105.6	4,514.7	10.0
	Rs. bn.	71.2	71.4	525.4	589.1	12.1

(a) Provisional

(b) Revised



### 4.3 International Reserves & Foreign Currency Liquidity as at 31 July 2014<sup>(a)</sup>

Official Reserve Assets (USD mn)					
<b>Official Reserve Assets<sup>(b)</sup></b>				<b>8,973.74</b>	
(1) Foreign currency reserves				7,964.57	
(a) Securities				3,833.31	
(b) Total currency and deposits with				4,131.25	
(i) other national central banks				1,137.41	
(ii) banks headquartered inside the reporting country of which located abroad				1.21	
(iii) banks headquartered outside the reporting country of which located in the reporting country				2,992.63	
(2) Reserve position in the IMF				73.28	
(3) SDRs				14.18	
(4) Gold				920.74	
(5) Other reserve assets				0.98	
Predetermined Short-Term Net Drains on Foreign Currency Assets <sup>(c)</sup>					
Item	Total	Maturity breakdown (residual maturity)			
		Up to 1 month	More than 1 and up to 3 months	More than 3 months and up to 1 year	
1. Foreign currency loans, securities, and deposits					
outflows (-)	Principal	-3,419.26	-255.55	-512.3	-2,651.41
	Interest	-993.73	-21.1	-173.84	-798.78
inflows (+)	Principal				
	Interest				
2. Aggregate short and long positions in forwards and futures in foreign currencies vis-à-vis the domestic currency (including the forward leg of currency swaps)					
(a) Short positions (-) <sup>(d)</sup>					
		-2,013.42	-352.74	-279.93	-1,380.75
(b) Long positions (+)					
3. Other (specify)					
inflows related to reverse repos (+)					
		-138.58	-138.58		
other accounts payable (-)					
		-138.58	-138.58		

(a) Provisional

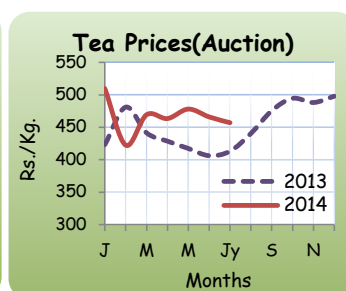
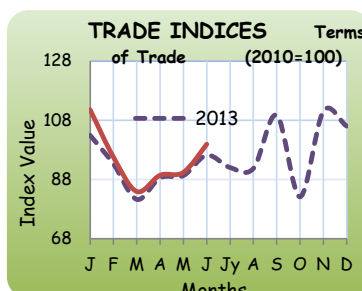
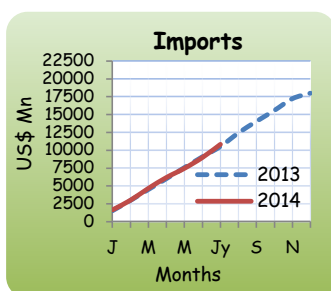
(b) By end July 2014, the total foreign assets were equivalent to 6.9 months of imports and gross official reserves were equivalent to 5.9 months of imports

(c) This mainly includes only the predetermined outflows

(d) A major share of SWAP outstanding will be rolled over. This mainly includes SWAP arrangements with state banks which mobilised long-term foreign finance from international bond issuances

## 4.4 External Trade

Item	US\$ Bn			Rs Bn		
	Jan-July 2014	Jan-July 2013	% Change	Jan-July 2014	Jan-July 2013	% Change
<b>Exports</b>	<b>6.39</b>	<b>5.52</b>	<b>15.9</b>	<b>834.58</b>	<b>702.87</b>	<b>18.7</b>
Agricultural	1.61	1.35	19.1	210.00	172.28	21.9
Industrial	4.73	4.14	14.1	617.31	527.98	16.9
Food, Beverages and Tobacco	0.17	0.12	37.2	21.74	15.46	40.6
Textiles and Apparel	2.83	2.37	19.1	369.07	302.47	22.0
Petroleum Products	0.21	0.26	-18.0	27.74	32.93	-15.8
Leather, Rubber etc	0.60	0.50	18.7	77.73	63.90	21.6
Other	0.93	0.89	4.3	121.03	113.21	6.9
Mineral	0.05	0.01	248.0	6.23	1.75	256.4
Other	0.01	0.01	15.4	1.03	0.87	18.2
<b>Imports</b>	<b>10.83</b>	<b>10.53</b>	<b>2.9</b>	<b>1,413.74</b>	<b>1,340.41</b>	<b>5.5</b>
Consumer Goods	1.96	1.83	6.9	255.88	233.69	9.5
Intermediate Goods	6.68	6.17	8.1	871.66	786.04	10.9
Investment Goods	2.18	2.51	-13.0	285.23	319.68	-10.8
Other	0.01	0.01	-5.6	0.97	1.00	-3.2
<b>Trade Balance</b>	<b>-4.44</b>	<b>-5.01</b>	<b>-11.5</b>	<b>-579.16</b>	<b>-637.54</b>	<b>-9.2</b>

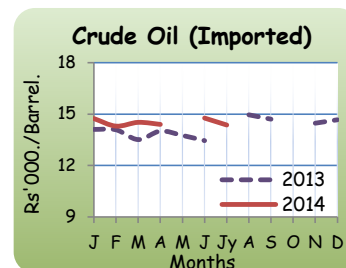
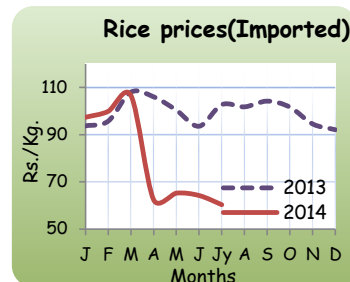


## 4.5 Trade Indices (2010= 100 )

Item	2014** June	Month Ago	Year Ago
<b>Total Exports</b>			
Value	137.18	122.77	112.40
Quantity	126.62	118.25	109.35
Unit Value	108.34	103.82	102.79
<b>Total Imports</b>			
Value	128.82	121.11	135.09
Quantity	118.76	105.40	126.37
Unit Value	108.47	114.90	106.90
<b>Terms of Trade</b>	99.88	90.36	96.15

\* In US\$ Terms

\*\* Provisional



## 4.6 International Commodity Prices

Item	July 2014	July 2013	% Change	July 2014	July 2013	% Change
<b>Colombo Auction Price</b>	US\$ / Kg			Rs / Kg		
Tea Prices	3.51	3.15	11.30	457.13	413.21	10.60
<b>Imports (C I F)</b>	US\$ / MT			Rs / MT		
Rice	463.05	784.09	-40.90	60,308.39	102,724.13	-41.30
White Sugar	508.81	529.65	-3.90	66,267.87	69,390.05	-4.50
Wheat	322.96	374.69	-13.80	42,063.02	49,087.50	-14.30
	US\$ / Barrel			Rs / Barrel		
Crude Oil	110.30	-	-	14,365.34	-	-