

# Weekly Economic Indicators

03 October 2014



Statistics Department

## Real Sector & Inflation

Annual average inflation decelerated further to 4.2 per cent in September 2014 from 4.5 per cent in the previous month, continuing its decelerating trend for the sixteenth consecutive month. Year-on-year inflation stabilized at the same level of 3.5 percent recorded in August 2014. Within the Non-food category, prices of items in the sub groups of Housing, Water, Electricity, Gas and other Fuels; and Transport decreased due to the downward revision of fuel prices from 17 September 2014. Core inflation, which measures the underlying inflation in the economy, decreased in September 2014 compared to the previous month on YoY basis while annual average inflation remained unchanged during the 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.

While the coconut production recorded an increase of 11 per cent during the first seven months of 2014, the Rubber production showed a decline of 1.7 per cent during the same period. Meanwhile, it is noted that the Tea production recorded an increase of 1.3 per cent during the first eight months of 2014.

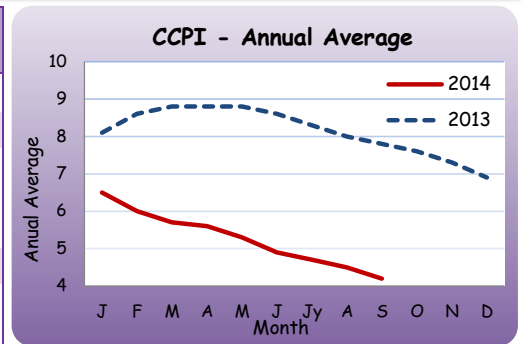
The FIPI showed a mixed performance in May 2014. This was mainly attributed to significant output drop recorded in the tobacco sector as well as wearing apparel sector during this month. Increased excise taxes on cigarettes as well as public health concerns relating to tobacco consumption affected the 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 improving supply, strong dollar, growing concerns over weak demand from Europe and China and signs that Saudi Arabia is in no hurry to cut output. OPEC's oil supply jumped to its highest in almost two years in September due to further recovery in Libya and higher output from Saudi Arabia and other Gulf producers. The U.S. dollar surged to a four-year peak against a basket of major currencies and a two-year high against the euro. The growth in China's manufacturing sector held up in September but remained subdued. However, prices slightly rose on strong U.S. economic data. The U.S. economy grew at its fastest pace in 2-1/2 years in the second quarter while U.S. crude stockpiles and unemployment claims were also dropped.

# REAL SECTOR & INFLATION

## 1.1 Price Indices

Item	Sep 2014	Month Ago	Year Ago
(2006 / 07 = 100)			
Colombo Consumers' Price Index (CCPI)	181.9	182.3	175.8
Annual Average Change %	4.2	4.5	7.8
Year - on - Year Change %	3.5	3.5	6.2
Core Inflation - (CCPI)	172.9	173.2	166.8
Annual Average Change %	3.2	3.2	5.7
Year - on - Year Change %	3.7	3.9	3.0



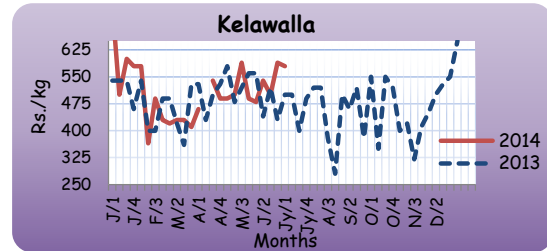
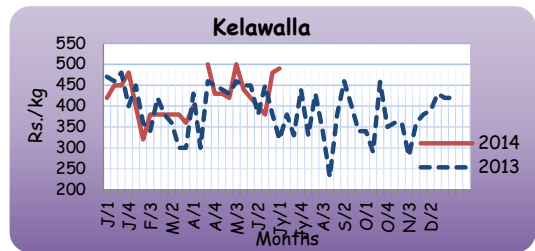
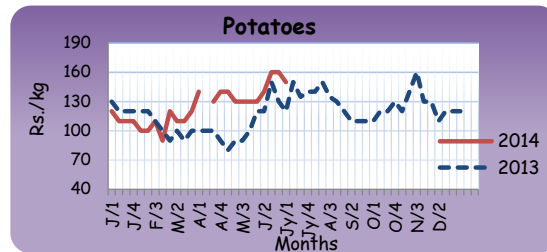
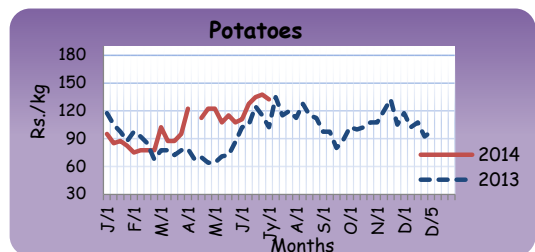
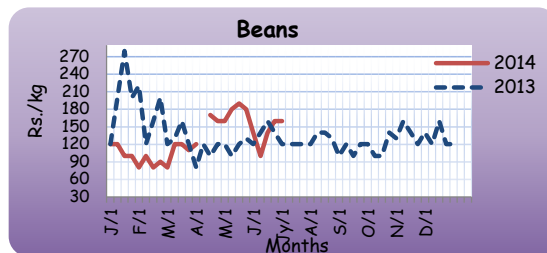
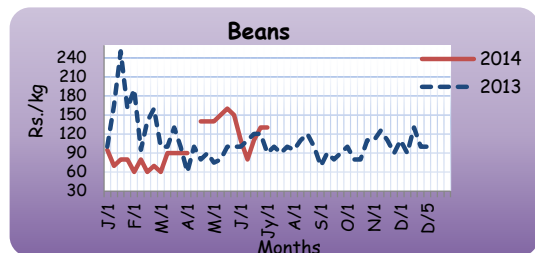
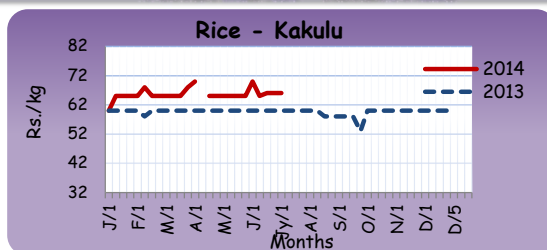
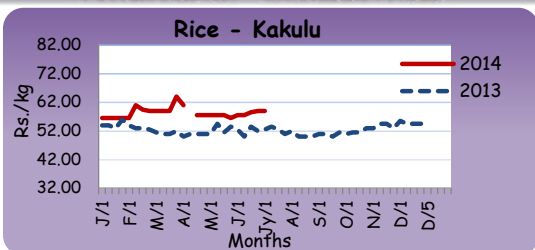
## 1.2 Pettah Market

Item	Average Wholesale Prices				Average Retail Prices			
	Week Ending 01 <sup>st</sup> Oct	Week Ago	Month Ago	Year Ago Annual Avg	Week Ending 01 <sup>st</sup> Oct	Week Ago	Month Ago	Year Ago Annual Avg
	Rs / Kg				Rs / Kg			
<b>Rice</b>								
Samba	86.50	86.50	82.25	66.57	93.00	90.00	90.50	70.46
Kekulu (Red)	77.00	77.00	74.50	52.39	82.00	82.00	83.00	59.60
<b>Vegetables</b>								
Beans	130.00	90.00	85.00	107.69	160.00	120.00	112.50	134.42
Cabbage	50.00	50.00	55.00	64.76	80.00	80.00	85.00	92.88
Carrots	50.00	80.00	68.75	108.94	80.00	100.00	90.00	133.46
Tomatoes	50.00	40.00	32.50	67.84	80.00	70.00	62.50	99.81
Pumpkins	25.00	25.00	25.00	37.12	40.00	40.00	40.00	57.60
Snake Gourd	50.00	50.00	40.00	55.69	100.00	80.00	70.00	80.77
Brinjals	70.00	70.00	60.00	61.42	100.00	100.00	92.50	85.58
Ash-Plantains	80.00	80.00	75.00	63.27	100.00	100.00	97.50	84.23
<b>Other Foods</b>								
Red-Onions (Local)	77.50	67.50	70.62	148.68	100.00	90.00	100.00	182.38
Big-Onions (Local)	62.50	52.50	64.00	97.21	80.00	75.00	91.25	127.22
Potatoes (N'Eliya)	82.50	82.50	77.25	96.95	100.00	110.00	102.50	117.31
Dried Chilies (Imported)	200.00	200.00	200.75	176.50	240.00	240.00	235.00	219.71
Dhal (Indian)	157.00	157.00	147.25	131.39	170.00	170.00	160.00	148.85
Eggs (Red)	11.50	11.50	10.75	13.39	12.00	12.00	11.25	13.89
Coconut (Each)	35.50	35.50	35.00	37.62	50.00	50.00	47.50	43.98
<b>Fish*</b>								
Kelawalla	350.00	400.00	507.50	387.27	550.00	540.00	597.50	477.31
Balaya	260.00	200.00	280.00	280.00	320.00	260.00	332.50	341.76
Salaya	100.00	110.00	122.50	134.71	140.00	150.00	167.50	179.04
Paraw (Small)	320.00	480.00	460.00	442.60	370.00	540.00	520.00	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 02 <sup>nd</sup> Oct	
	Wholesale (Average)	Retail (Average)
<b>Rice</b>		
Samba	85.00	88.50
Kekulu (Red)	78.50	81.50
<b>Vegetables</b>		
Beans	106.50	142.00
Carrot	58.00	90.00
Tomatoes	27.10	54.00
Pumpkins	17.00	34.00
Snake Gourd	40.00	66.00
Ash-Plantains	56.50	79.00
<b>Other Foods</b>		
Red-Onions (Local)	60.50	90.00
Big-Onions (Local)	53.80	81.50
Potatoes (N'Eliya)	80.50	95.00
Dried Chilies(Imported)	204.00	225.00
Coconut (Each)	34.40	45.00

1.4 Narahenpita Economic Centre

Item (Rs / Kg)	Average Retail Prices	
	02 <sup>nd</sup> Oct	Week Ago
<b>Rice</b>		
Samba	88.67	88.00
Kekulu (Red)	82.67	80.00
<b>Vegetables</b>		
Beans	160.00	140.00
Cabbage	80.00	80.00
Carrots	100.00	100.00
Tomatoes	80.00	73.33
Pumpkins	76.67	56.67
Snake Gourd	116.67	100.00
Brinjals	100.00	100.00
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	220.00
Dhal (Indian)	160.00	160.00
Eggs (Red)(Each)	12.00	12.00
Coconut (Each)	48.33	46.67
<b>Fish</b>		
Kelawalla	756.67	743.33
Balaya	n.a	n.a
Salaya	166.67	143.33
Paraw (Small)	860.00	850.00

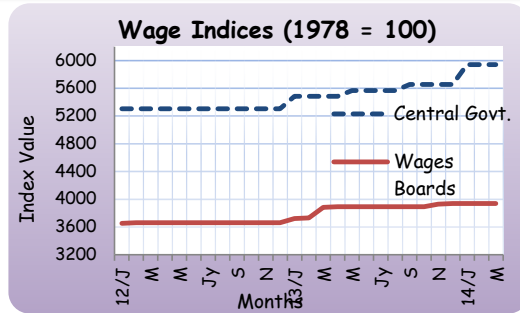
1.5 Maradagamula Market

Average wholesale price of Rice				
Item (Rs / Kg)	Week Ending 03 <sup>rd</sup> Oct	Week Ago	Month Ago	Year Ago
Samba	82.00	81.90	81.48	62.64
Sudu Kekulu	78.25	79.20	79.23	52.03
Raw Red	77.50	79.70	78.78	49.55
Nadu	78.13	79.00	79.71	53.71

## 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

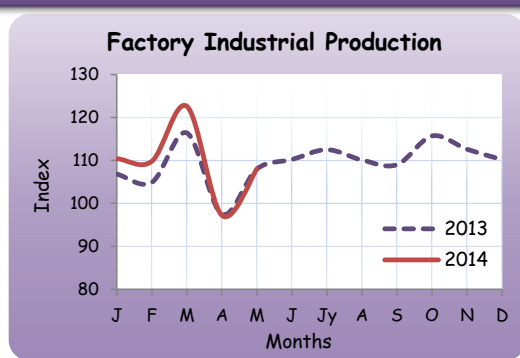


## 1.7 Factory Industry-Production (FIPI) ( 2010 = 100 ) (a)

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.

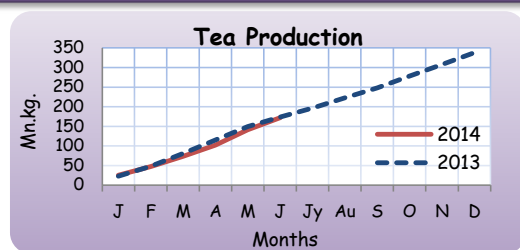
(b) Provisional



## 1.8 Agriculture Production

Item	Unit	2014*	2013	% Change
		Jan - Aug	Jan - Aug	
Tea	(Mn Kg)	226.1	223.3	1.3
Rubber	(Mn Kg)	67.8	69.0	-1.7
Coconuts	(Mn Nuts)	1,666.4	1,500.1	11.1

\* Provisional

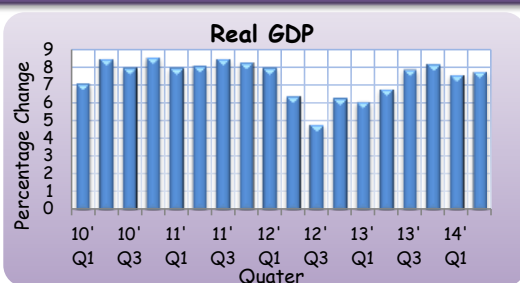


## 1.9 GDP by Industrial Origin at Constant (2002) Prices - Growth Rates

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



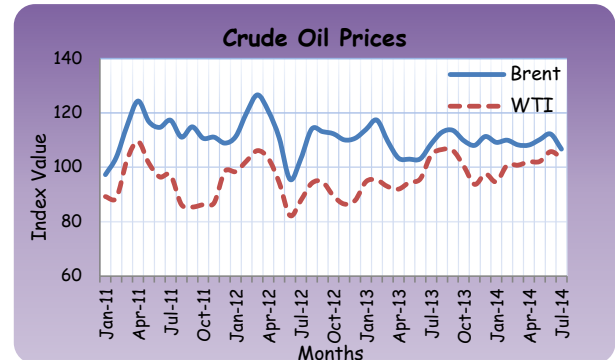
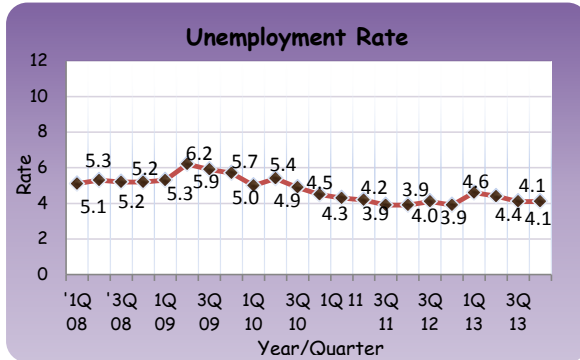
## 1.10 Employment (a)

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	97.02	93.19	
October	109.88	100.54	-			
November	108.10	93.77	110.39			
December	111.37	97.62	112.13			
	2013			2014		
26 September	110.61	103.10		94.83	95.55	
29 September	-	-		95.45	94.53	
30 September	109.60	102.36		94.42	91.17	
01 October	109.07	102.09		94.32	90.74	
02 October	110.54	104.15		91.04	91.02	

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 03 October 2014 declined by 43 bps to 6.32 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 and deposits by the commercial banks with the Central Bank.

The total outstanding market liquidity increased to Rs. 352.26 bn by end of the week, compared to Rs. 344.78 bn by the end of last week. Majority of the liquidity has been absorbed through the Term Repo auctions and Short-term Repo auctions.

By 03 October 2014, the All Share Price Index (ASPI) increased by 2.39 per cent to 7,407 points while the S&P SL 20 Index increased by 3.79 per cent to 4,160 points compared to the previous week.

# MONETARY SECTOR

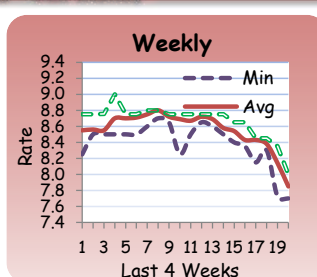
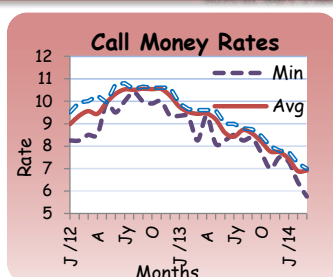
## 2.1 Interest Rates

Item	Week Ending Oct 03	Week Ago	Year Ago
Commercial Bank Average Weighted Prime Lending Rate (AWPR)	6.32	6.75	11.94
Treasury Bill Yield (Excluding 10% withholding tax)			
- 91 days	-	-	8.60
- 182 days	-	-	9.63
- 364 days	-	5.89	10.52
Standing Deposit Facility	6.50	6.50	7.00
Standing Lending Facility	8.00	8.00	9.00
Call Money Weekly Average (CMR)	6.22	6.22	8.42
Sri Lanka Inter Bank Offer Rate ( SLIBOR )			
1 day	6.13	6.43	8.49
7 days	6.28	6.71	9.11
1 Month	6.48	6.86	10.00
3 Months	6.68	7.06	10.79
6 Months	6.88	7.30	11.58
12 Months	7.12	7.55	12.39
Commercial Banks	April 2014	Month Ago	Year Ago
Saving Deposits -	0.75-9.00	0.75-9.00	0.75-10.11
One Year Fixed Deposits -	5.45-14.50	5.50-14.75	5.00-16.25
	Sep 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Deposit Rate (AWDR)	6.38	7.02	9.93
Commercial Bank Average Weighted Fixed Deposit Rate (AWFDR)	8.18	8.44	12.57
	August 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Lending Rate (AWLR)	13.29	13.53	15.77
NSB	April 2014	Month Ago	Year Ago
Saving Deposits -	5.00	5.00	5.00
One Year Fixed Deposits -	7.50	7.50	12.50
<b>Treasury Bonds Auction</b>	(09 Y & 06 Months) 10/07/2014	(14 Y & 10 Months) 10/07/2014	(30 Months) 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 Oct 03	Week Ago
Bank of Ceylon	8.44	8.95
People's Bank	7.00	7.66
Hatton National Bank	5.99	6.71
Commercial Bank of Ceylon	6.00	6.49
Sampath Bank	5.97	6.51
Seylan Bank	6.63	7.53
Union Bank of Colombo	7.08	8.15
Pan Asia Banking Corporation	9.00	9.00
Nations Trust Bank	6.01	6.54
DFCC Vardhana Bank	7.75	8.93
NDB Bank	6.43	6.86
Amana Bank	8.37	9.05
Cargills Bank	7.50	8.52

Bankwise- AWPR	Week ending Oct 03	Week Ago
HSBC	6.39	7.24
Standard Chartered Bank	6.00	6.53
Citi Bank	6.24	7.61
Deutsche Bank	6.41	6.56
Habib Bank	6.08	6.28
Indian Bank	8.58	8.78
Indian Overseas Bank	9.28	9.28
MCB Bank	7.08	9.38
State Bank of India	9.49	9.59
Public Bank	8.30	8.30
ICICI Bank	9.57	9.57
Axis Bank	-	-

### Interest Rates - Call Money

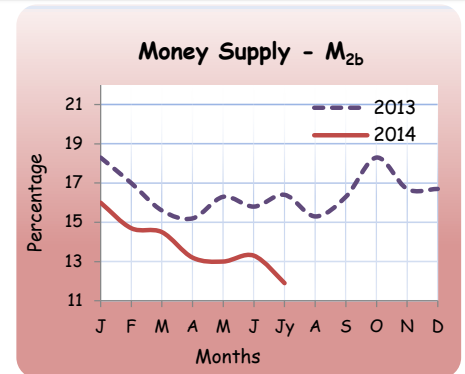
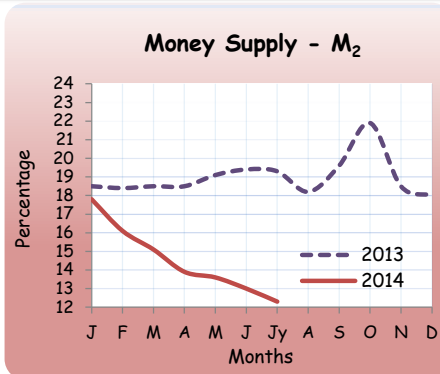
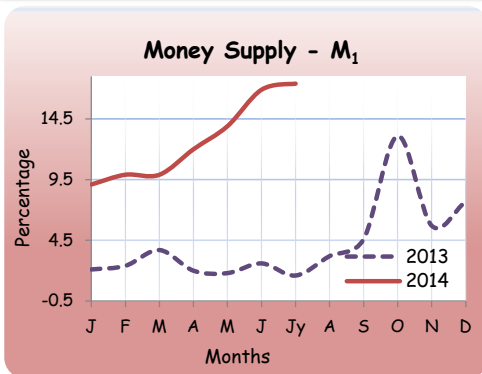




## 2.2 Money Supply

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

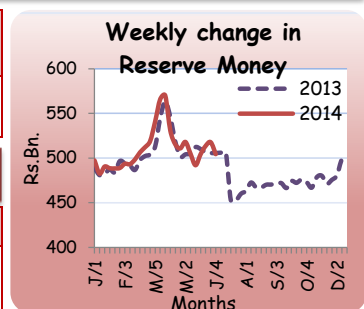


## 2.3 Weekly change in Reserve Money

Item	02 Oct 2014	Week Ago	Change
Reserve Money (Rs.Mn.)	534,704	537,832	-3,128

## 2.4 Money Market Activity (Overnight)

Item	29.09.2014	30.09.2014	01.10.2014	02.10.2014	03.10.2014
<b>Call Money Market</b>					
Weighted Average Rate (% p.a.)	5.95	5.77	5.72	5.73	6.22
Gross Volume (Rs. Mn)	20,890	9,120	12,726	9,070	3,860
<b>Repo Market</b>					
Weighted Average Rate (% p.a.)	5.93	5.59	5.71	5.68	6.18
Gross Volume (Rs. Mn)	10,406	31,139	7,426	14,831	12,633



## 2.5 CBSL Security Portfolio

Item	29.09.2014	30.09.2014	01.10.2014	02.10.2014	03.10.2014
CBSL T-Bill Holding (Rs. Mn)	0	0	18,061	13,309	14,868

## 2.6 Open Market Operations

Item	29.09.2014	30.09.2014	01.10.2014	02.10.2014	03.10.2014
<b>Short-Term Auction</b>					
Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	90.00	20.00
Reverse Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Tenure (No. of Days)	0	0	0	1	7
Bids Received (Rs. bn)	0.00	0.00	0.00	27.79	20.50
Amount Accepted (Rs. bn)	0.00	0.00	0.00	27.79	20.00
Weighted Average Yield Rate (% p.a.)	0.00	0.00	0.00	6.00	5.89
<b>Term Auction</b>					
Repo Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	75.45
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)	76.83	71.25	95.60	65.26	34.46
Standing Lending Facility (Rs. bn)	0.00	0.00	0.00	0.00	0.00
<b>Total Outstanding Market Liquidity (Rs. bn)</b>	<b>342.11</b>	<b>336.53</b>	<b>360.88</b>	<b>358.32</b>	<b>352.26</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

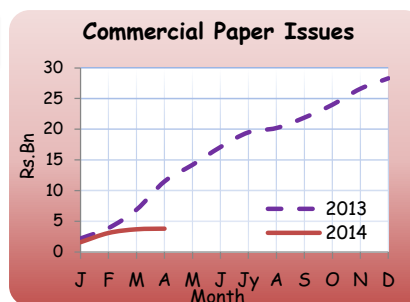
(a) Provisional

## 2.8 Commercial Paper Issues (1)

Item (Rs. bn.)	2014 End May*	2014 End Apr	2013 End Dec
Total Issues - Cumulative	4.0	3.8	28.3
Outstanding (as at end of the period)	5.9	6.5	7.4

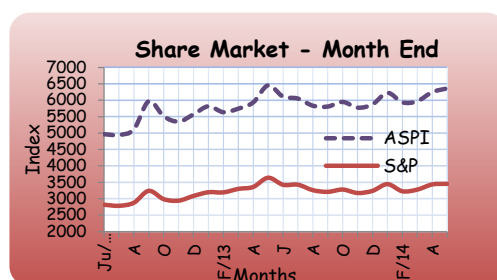
\* provisional

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



## 2.9 Share Market

Item	Week Ending 03 Oct 2014	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	7,407	7,234	5,838
S & P Sri Lanka 20 Index (S&P SL20)	4,160	4,008	3,232
Average Daily Turnover (Rs. Mn)	3,450	1,915	962
Market Capitalisation (Rs.Bn.)	3,149	3,059	2,428



## 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.

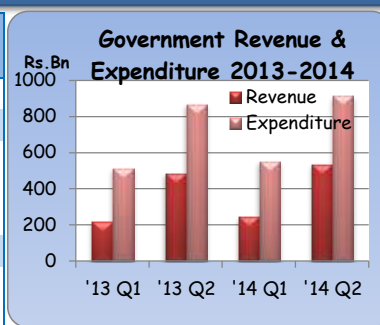
Foreign debt increased by Rs. 312.3 billion to Rs. 3,272.7 billion and domestic debt increased by Rs. 235.7 billion to Rs. 4,068.6 billion as at end June 2014 from end December 2013.

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)

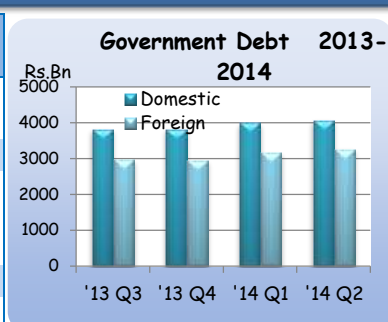
Item	2014 *	2013
	Jan-Jun	Jan-Jun
<b>Revenue and Grants</b>	<b>543.6</b>	<b>490.2</b>
<b>Revenue</b>	<b>536.4</b>	<b>487.9</b>
Tax	484.4	441.5
Non tax	52.0	46.3
<b>Grants</b>	<b>7.2</b>	<b>2.3</b>
<b>Expenditure &amp; Lending Minus Repayments</b>	<b>915.4</b>	<b>868.5</b>
Current	637.1	600.1
Capital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



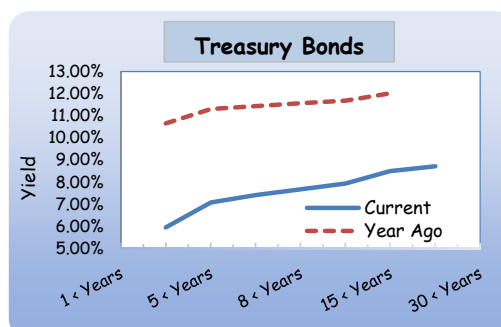
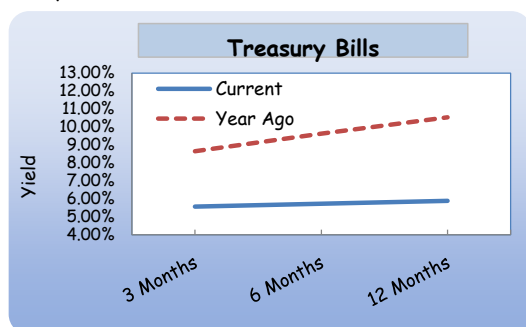
\* Provisional

## 3.3 Government Securities - Primary and Secondary Market Yield Rates as for the week ending - 01<sup>st</sup> October 2014

Security	Maturity	Primary Market*		Secondary Market			Last Week Average
		This Week	Last Week	This Week			
				Buying	Selling	Average	
Treasury Bills	3 Months	-	-	5.63%	5.49%	5.56%	6.02%
	6 Months	-	-	5.82%	5.63%	5.72%	6.13%
	12 Months	-	5.89%	5.96%	5.81%	5.88%	6.22%
Treasury Bonds	2 < Years	6.15%	-	6.02%	5.92%	5.97%	6.21%
	5 < Years	6.50%	-	7.16%	7.03%	7.09%	7.37%
	6 < Years	-	-	7.46%	7.38%	7.42%	7.68%
	8 < Years	7.15%	7.85%	7.73%	7.63%	7.68%	7.84%
	10 < Years	7.44%	-	8.00%	7.89%	7.95%	8.00%
	15 < Years	8.61%	-	8.58%	8.45%	8.51%	8.50%
	20 < Years	8.78%	9.18%	8.80%	8.65%	8.73%	8.98%
30 < Years	-	-	9.49%	9.34%	9.42%	9.70%	

\* Primary market transactions during the week ending 01/10/2014

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 - 01<sup>st</sup> October 2014 )

Item	Volume in Rs Mn	
	This Week	Last Week
Outstanding Stock of Government Securities		
Treasury Bills	715,017.31	714,753.46
Treasury Bonds (a)	3,209,278.07	3,227,476.75
<b>Total</b>	<b>3,924,295.38</b>	<b>3,942,230.21</b>
Government Securities held by Foreigners	476,469.60	493,379.08
Sri Lanka Development Bonds (SLDB)	377,498.33	377,080.11

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

Primary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Amount Offered	6,000.00	7,500.00
Total Bids Received	75,637.00	55,297.00
Total Bids Accepted	-	12,918.00
<b>Treasury Bonds</b>		
Amount Offered	2,000.00	
Total Bids Received	9,200.00	No auction held
Total Bids Accepted	2,950.00	

Participating to the auctions have increased illustrating the improved investor preference for the government securities. However, all bids received for the T-bills auction were rejected.

Secondary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Outright Transaction (Sales / Purchases)	37,114.42	18,954.83
Repo Transaction (Sales / Purchases)	336,680.55	243,393.41
<b>Treasury Bonds</b>		
Outright Transaction (Sales / Purchases)	161,590.26	97,731.08
Repo Transaction (Sales / Purchases)	584,854.63	520,540.33

Increased activities are observed in the secondary market transactions due to investor participation with improved market conditions.

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) - 03/10/2014

Remaining Maturity	Average Buying Price	Yield %	Average Selling Price	Yield %	Buying & Selling Spread
1-7 Days	99.90	5.38	99.90	5.16	0.00
1 Month	99.55	5.48	99.56	5.31	0.01
2 Month	99.09	5.54	99.12	5.38	0.03
3 Month	98.60	5.67	98.64	5.53	0.04
4 Month	98.14	5.65	98.19	5.51	0.04
5 Month	97.66	5.69	97.72	5.56	0.05
6 Month	97.15	5.78	97.21	5.65	0.07
7 Month	96.66	5.80	96.75	5.65	0.09
8 Month	96.17	5.82	96.27	5.67	0.10
9 Month	95.65	5.89	95.75	5.74	0.11
10 Month	95.17	5.88	95.30	5.72	0.13
11 Month	94.66	5.90	94.80	5.75	0.13
12 Month	94.09	5.99	94.28	5.80	0.18

### 3.5 Two way Quotes (Treasury Bonds)- 03/10/2014

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
06.20%2015A	4	15-Jan-15	104	100.10	5.75	100.14	5.63	0.03
11.75%2015A	6	15-Mar-15	163	102.63	5.73	102.68	5.61	0.05
06.20%2015B	4	15-Jun-15	255	100.23	5.84	100.32	5.71	0.09
06.50%2015A	5	15-Jul-15	285	100.48	5.84	100.61	5.68	0.12
11.00%2015A	6	1-Aug-15	302	104.05	5.90	104.16	5.77	0.11
11.00%2015B	6	1-Sep-15	333	104.46	5.89	104.56	5.78	0.10
12.50%2015A	2	20-Sep-15	352	106.17	5.83	106.33	5.66	0.16
08.50%2015A	3	1-Nov-15	394	102.61	5.96	102.78	5.80	0.17
07.25%2016A	6	1-Apr-16	546	101.50	6.18	101.74	6.01	0.24
08.00%2016B	4	1-Jun-16	607	102.97	6.09	103.30	5.88	0.33
06.40%2016A	6	1-Aug-16	668	100.23	6.26	100.46	6.13	0.23
08.00%2016A	5	1-Sep-16	699	103.30	6.14	103.52	6.02	0.21
06.40%2016B	6	1-Oct-16	729	100.32	6.23	100.63	6.06	0.31
08.00%2017A	5	1-Jan-17	821	103.52	6.29	103.84	6.13	0.32
05.80%2017A	6	15-Jan-17	835	98.76	6.39	99.05	6.25	0.28
08.25%2017A	3	1-Mar-17	880	104.02	6.42	104.31	6.29	0.29
08.75%2017A	4	15-May-17	955	105.15	6.57	105.56	6.40	0.41
08.00%2017B	5	15-Jun-17	986	103.46	6.57	103.76	6.46	0.29
05.80%2017B	6	15-Jul-17	1,016	98.11	6.55	98.36	6.45	0.25
08.50%2018A	15	1-Feb-18	1,217	104.87	6.83	105.14	6.74	0.27
08.50%2018C	5	1-Apr-18	1,276	105.41	6.74	105.74	6.63	0.33
08.50%2018D	5	1-Jun-18	1,337	105.53	6.77	105.83	6.68	0.30
08.50%2018B	15	15-Jul-18	1,381	105.06	6.95	105.37	6.86	0.31
07.50%2018A	15	15-Aug-18	1,412	102.44	6.77	102.84	6.65	0.41
08.00%2018A	6	15-Nov-18	1,504	104.05	6.85	104.42	6.75	0.36
05.65%2019A	8	15-Jan-19	1,565	95.07	7.00	95.43	6.90	0.36
08.50%2019A	10	1-May-19	1,671	105.62	7.04	105.95	6.96	0.33
10.60%2019A	6	1-Jul-19	1,732	114.86	6.87	115.29	6.77	0.43
10.60%2019B	5	15-Sep-19	1,808	114.87	6.99	115.36	6.88	0.50
08.00%2019A	8	1-Nov-19	1,855	103.56	7.15	104.09	7.03	0.53
08.00%2020A	8	1-Jun-20	2,068	104.24	7.08	104.83	6.95	0.59
06.20%2020A	10	1-Aug-20	2,129	94.27	7.43	94.84	7.30	0.57
09.00%2021A	8	1-May-21	2,402	108.72	7.31	109.29	7.20	0.57
11.00%2021A	7	1-Aug-21	2,494	117.74	7.62	118.65	7.46	0.92
08.00%2022A	10	1-Jan-22	2,647	101.53	7.72	102.09	7.62	0.55
11.20%2022A	9	1-Jul-22	2,828	121.46	7.49	122.16	7.39	0.70
10.00%2022A	8	1-Oct-22	2,920	115.22	7.44	115.64	7.38	0.42
09.00%2023A	10	1-Sep-23	3,255	109.27	7.55	110.02	7.44	0.75
11.20%2023A	9	1-Sep-23	3,255	122.14	7.72	122.86	7.62	0.73
07.00%2023A	20	1-Oct-23	3,285	95.89	7.64	96.55	7.54	0.66
11.40%2024A	10	1-Jan-24	3,377	124.45	7.66	125.26	7.55	0.81
09.00%2025A	12	1-May-25	3,863	107.22	7.98	108.15	7.85	0.93
09.00%2026A	13	1-Feb-26	4,139	106.32	8.13	107.08	8.03	0.77
05.35%2026A	15	1-Mar-26	4,167	77.47	8.47	78.09	8.37	0.62
09.00%2028B	15	1-May-28	4,959	105.42	8.33	106.26	8.23	0.84
09.00%2028A	15	1-Jul-28	5,020	103.78	8.53	104.81	8.40	1.03
13.00%2029A	15	1-Jan-29	5,204	134.60	8.71	135.91	8.58	1.32
13.00%2029B	15	1-May-29	5,324	135.47	8.67	136.76	8.54	1.29
08.00%2032A	20	1-Jan-32	6,299	86.37	9.63	87.37	9.50	1.00
09.00%2032A	20	1-Oct-32	6,573	97.61	9.28	99.03	9.11	1.42
09.00%2033A	20	1-Jun-33	6,816	98.27	9.19	99.68	9.03	1.41
13.25%2033A	20	1-Jul-33	6,846	133.60	9.40	135.38	9.24	1.78
09.00%2033B	20	1-Nov-33	6,969	95.83	9.48	97.33	9.30	1.50
13.25%2034A	20	1-Jan-34	7,030	134.00	9.39	136.00	9.22	2.00
09.00%2043A	30	1-Jun-43	10,468	94.15	9.6	95.89	9.42	1.73
13.50%2044A	30	1-Jan-44	10,682	137.32	9.65	141.62	9.33	4.30
13.50%2044B	30	1-Jun-44	10,834	136.78	9.70	139.72	9.48	2.94



## External Sector

During the year so far (up to 03 October 2014) the rupee appreciated against the US dollar (0.2 per cent). Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the euro (9.25 per cent), pound sterling (2.44 per cent) and the Japanese yen (3.95 per cent) and depreciated against the Indian rupee (0.41 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.

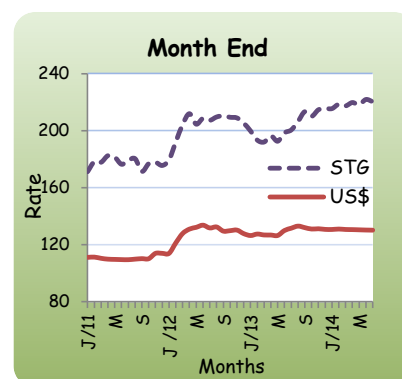
The average price of tea in the Colombo auction increase in July 2014 compared to the corresponding month of 2013, but slightly declined compared to the previous month.

India, UK, China, Germany and France were the top five sources of tourist arrivals upto September 2014, accounting for 46.1 per cent of total tourist arrivals during the year upto September 2014.

# EXTERNAL SECTOR

## 4.1 Exchange Rates

Item (Rs Per Unit)*	Week Ending - Oct 03			Average Rate	
	Buying Rate	Selling Rate	Average Rate	Week Ago	Year Ago
US\$	128.95	131.82	130.39	130.31	131.41
STG	207.31	213.26	210.29	212.63	213.33
Yen	1.18	1.22	1.20	1.20	1.35
Euro	162.26	167.60	164.93	166.06	178.66
INR(1)			2.12	2.12	2.10
SDR (As at 02 Oct 2014)			193.83	194.15	202.25
<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 Oct 03	Week Ago	Year Ago
Average Daily Interbank Volume (US\$ Mn.) (spot, tom and cash transactions among commercial banks)	47.70	79.76	44.97
<b>Forward Transactions</b>			
Forward Rates (US\$) <sup>(2)</sup>			
1 Month	131.00	130.74	132.65
3 Months	131.51	131.29	134.12
Average Daily Interbank Forward Volume (US\$ mn)	27.13	33.48	18.01
Outstanding Forward Volume (US\$ mn) (As at 02 Oct 2014)	1,264.77	1,244.01	892.13

\*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

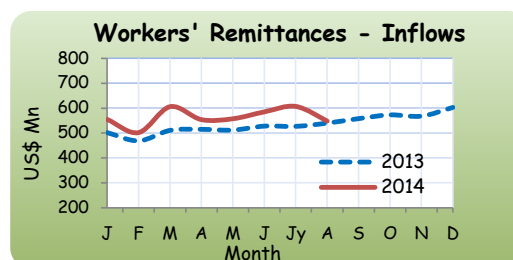
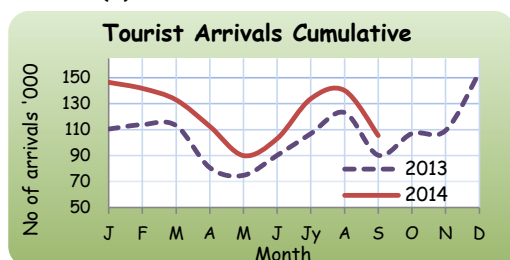
(1) Central Bank indicative rate (2) Weekly average based on actual transactions.

## 4.2 Tourism & Workers' Remittances

Item(a)		2013 Sep (b)	2014 Sep	2013 Jan-Sep (b)	2014 Jan - Sep	% Change
Tourist Arrivals	Number	90,339	105,535	904,197	1,107,178	22.4
Earnings from Tourism	US\$ Mn.	121.6	152.5	1,217.0	1,599.70	31.4
	Rs.bn.	16.1	19.9	156.4	208.7	33.4
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

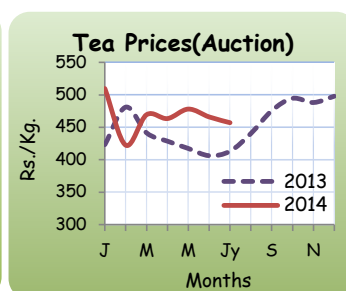
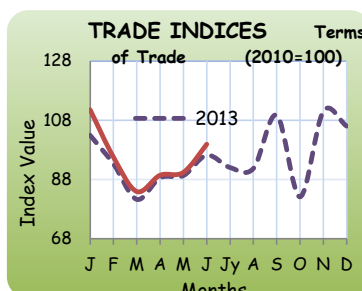
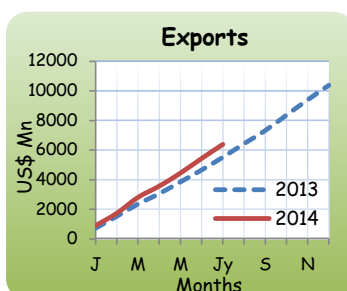
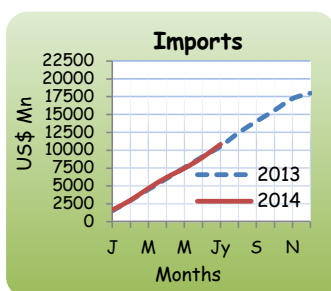
(b) By end July 2014, the total foreign assets were equivalent to 6.9 months of imports and gross official reserves were equivalent to 5.9 months of imports

(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>

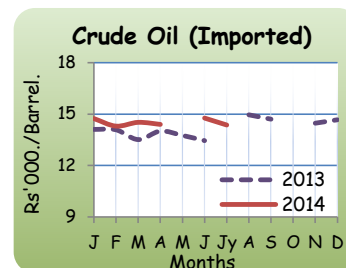
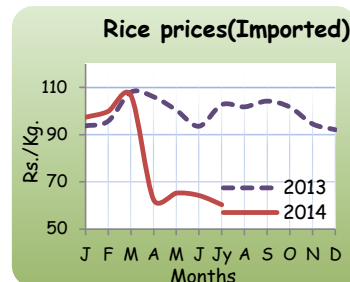


## 4.5 Trade Indices (2010= 100 )

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	-	-