

# Weekly Economic Indicators

17 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.

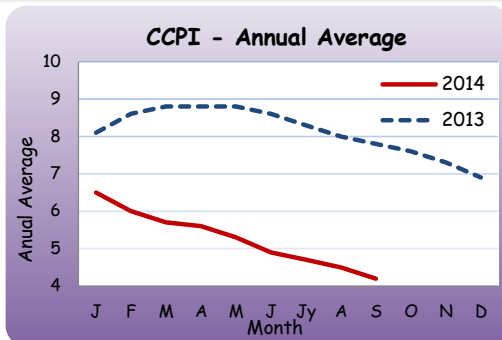
The FIPI increased by 6.2 per cent on year-on-year basis in June 2014. This was facilitated by increased production of wearing apparel as well as rubber and plastic products sectors which recorded a significant growth of 22.6 per cent and 15.5 per cent respectively due to increased domestic as well as international demand.

During the week crude oil spot prices largely followed a declining trend. Brent crude oil prices fell to their lowest since December 2010. Price declines were supported by ample OPEC crude and U.S. shale oil output despite signs of easing demand. Kuwait said OPEC is unlikely to cut oil output and Saudi Arabia said that it is ready to accept oil prices perhaps down to \$80 per barrel. Energy Information Administration showed U.S. oil production from fastest growing shale basins is set to rise by 106,000 barrels per day in November. The International Energy Agency reported demand for oil in 2015 will grow far slower than previously forecast as global economies remain weak. U.S. crude inventories rose by 10 million barrels last week while China's consumer inflation slowed in September to a near five-year low. However, slight price increases of WTI crude were reported due to robust economic data and fall in U.S gasoline inventories. China's crude oil imports rose in September by 9.5 per cent from August. New claims for U.S. jobless benefits fell to a 14-year low last week and industrial output rose sharply in September.

# 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

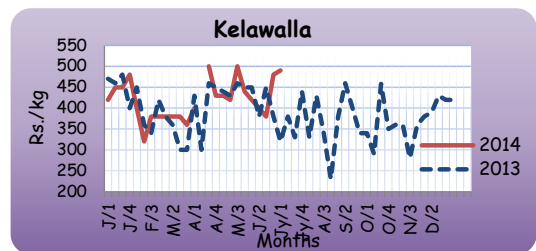
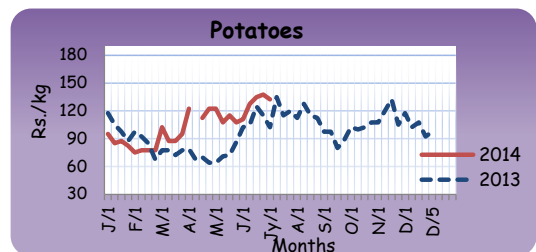
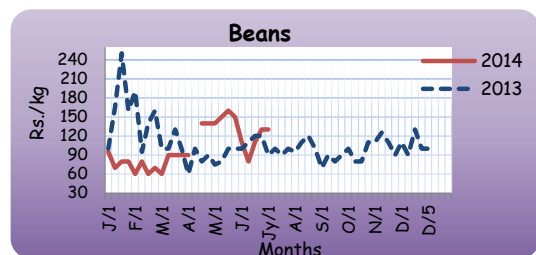
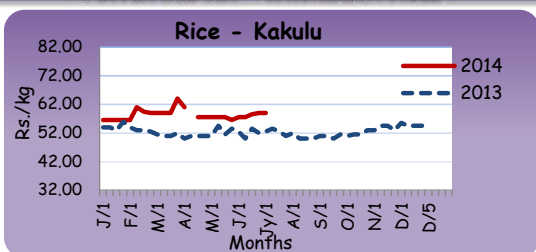


## 1.2 Pettah Market

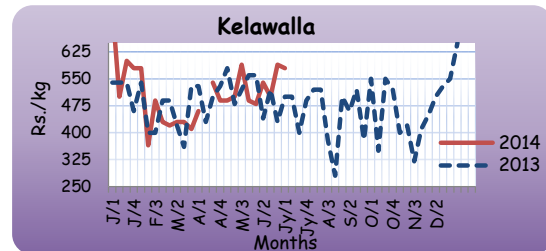
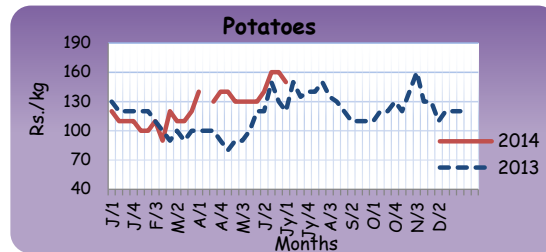
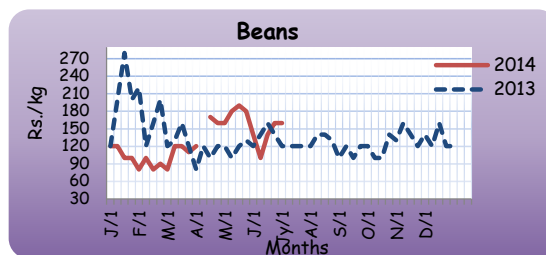
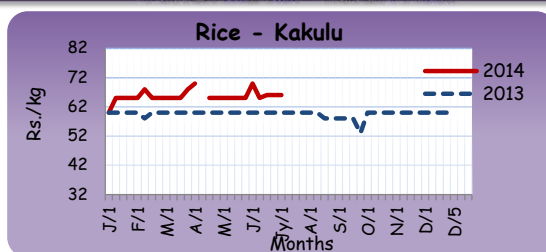
Item	Average Wholesale Prices				Average Retail Prices			
	Week Ending 15 <sup>th</sup> Oct	Week Ago	Month Ago	Year Ago Annual Avg	Week Ending 15 <sup>th</sup> Oct	Week Ago	Month Ago	Year Ago Annual Avg
	Rs / Kg				Rs / Kg			
<b>Rice</b>								
Samba	89.00	82.50	82.25	66.57	95.00	90.00	90.50	70.46
Kekulu (Red)	81.00	79.00	74.50	52.39	85.00	85.00	83.00	59.60
<b>Vegetables</b>								
Beans	220.00	170.00	85.00	107.69	240.00	200.00	112.50	134.42
Cabbage	70.00	50.00	55.00	64.76	100.00	80.00	85.00	92.88
Carrots	110.00	80.00	68.75	108.94	140.00	100.00	90.00	133.46
Tomatoes	90.00	50.00	32.50	67.84	120.00	80.00	62.50	99.81
Pumpkins	40.00	30.00	25.00	37.12	60.00	50.00	40.00	57.60
Snake Gourd	100.00	90.00	40.00	55.69	130.00	120.00	70.00	80.77
Brinjals	70.00	80.00	60.00	61.42	100.00	110.00	92.50	85.58
Ash-Plantains	90.00	100.00	75.00	63.27	120.00	120.00	97.50	84.23
<b>Other Foods</b>								
Red-Onions (Local)	55.00	75.00	70.62	148.68	100.00	100.00	100.00	182.38
Big-Onions (Local)	60.00	55.00	64.00	97.21	90.00	90.00	91.25	127.22
Potatoes (N'Eliya)	87.50	82.50	77.25	96.95	110.00	100.00	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)	150.00	158.00	147.25	131.39	170.00	170.00	160.00	148.85
Eggs (Red)	10.00	10.00	10.75	13.39	10.50	10.50	11.25	13.89
Coconut (Each)	36.50	35.50	35.00	37.62	50.00	50.00	47.50	43.98
<b>Fish*</b>								
Kelawalla	400.00	400.00	507.50	387.27	500.00	580.00	597.50	477.31
Balaya	290.00	200.00	280.00	280.00	350.00	260.00	332.50	341.76
Salaya	120.00	100.00	122.50	134.71	170.00	140.00	167.50	179.04
Paraw (Small)	450.00	350.00	460.00	442.60	500.00	400.00	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 16 <sup>th</sup> Oct	
	Wholesale (Average)	Retail (Average)
<b>Rice</b>		
Samba	86.50	89.00
Kekulu (Red)	78.50	81.70
<b>Vegetables</b>		
Beans	139.50	182.00
Carrot	76.00	102.00
Tomatoes	57.00	83.00
Pumpkins	27.00	46.00
Snake Gourd	62.50	83.00
Ash-Plantains	63.50	88.50
<b>Other Foods</b>		
Red-Onions (Local)	73.00	91.00
Big-Onions (Local)	61.50	80.00
Potatoes (N'Eliya)	84.50	99.00
Dried Chilies(Imported)	204.00	225.00
Coconut (Each)	33.80	43.00

### 1.5 Maradagamula Market

Average wholesale price of Rice				
Item (Rs / Kg)	Week Ending 17 <sup>th</sup> Oct	Week Ago	Month Ago	Year Ago
Samba	83.80	83.50	81.48	62.64
Sudu Kekulu	76.50	77.33	79.23	52.03
Raw Red	79.70	77.17	78.78	49.55
Nadu	77.50	77.20	79.71	53.71

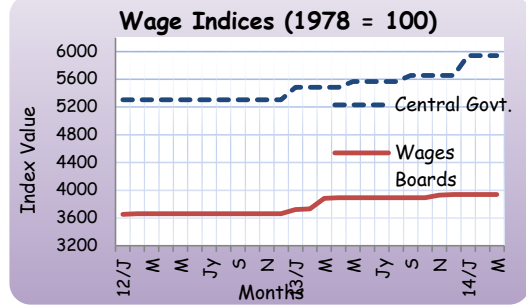
### 1.4 Narahenpita Economic Centre

Item (Rs / Kg)	Average Retail Prices	
	15 <sup>th</sup> Oct	Week Ago
<b>Rice</b>		
Samba	88.00	87.33
Kekulu (Red)	81.33	84.67
<b>Vegetables</b>		
Beans	200.00	193.33
Cabbage	80.00	80.00
Carrots	140.00	100.00
Tomatoes	120.00	96.67
Pumpkins	60.00	60.00
Snake Gourd	140.00	96.67
Brinjals	113.33	90.00
Ash-Plantains	140.00	123.33
<b>Other Foods</b>		
Red-Onions (Imported)	n.a	n.a
Big-Onions (Imported)	n.a	n.a
Potatoes (Imported)	80.00	83.33
Dried Chilies (Imported)	223.33	226.67
Dhal (Indian)	160.00	160.00
Eggs (Red)(Each)	12.00	12.00
Coconut (Each)	48.33	48.33
<b>Fish</b>		
Kelawalla	780.00	690.00
Balaya	n.a	390.00
Salaya	125.00	186.67
Paraw (Small)	780.00	783.33

## 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

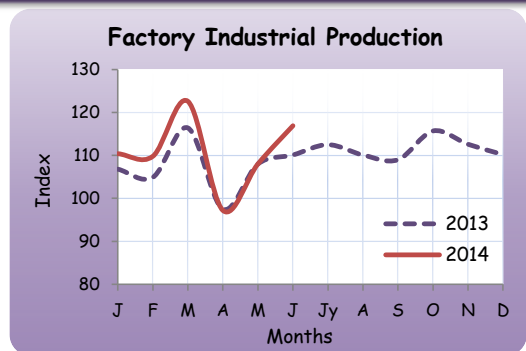


## 1.7 Factory Industry-Production (FIPI) ( 2010 = 100 ) (a)

Item	2014 (b) June	2013 June	% Change
<b>Factory Industry- Production Index</b>	<b>116.9</b>	<b>110.1</b>	<b>6.2</b>
Food products	101.9	101.8	0.1
Beverages	103.1	100.3	2.7
Tobacco products	86.6	102.9	-15.8
Wearing apparel	161.2	131.5	22.6
Chemicals and chemical products	85.3	80.6	5.8
Rubber and plastic products	135.1	117.0	15.5
Other non-metallic mineral products	96.7	96.5	0.2

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

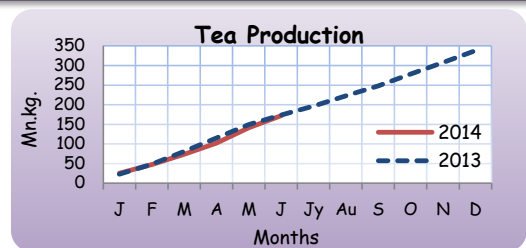
(b) Provisional



## 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

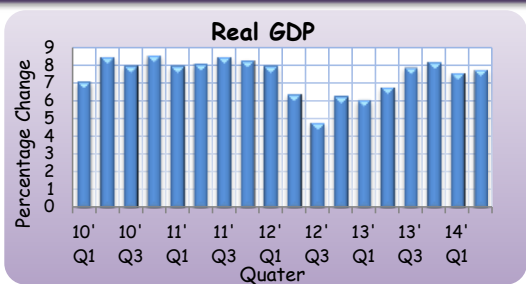


## 1.9 GDP by Industrial Origin at Constant (2002) Prices - Growth Rates

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



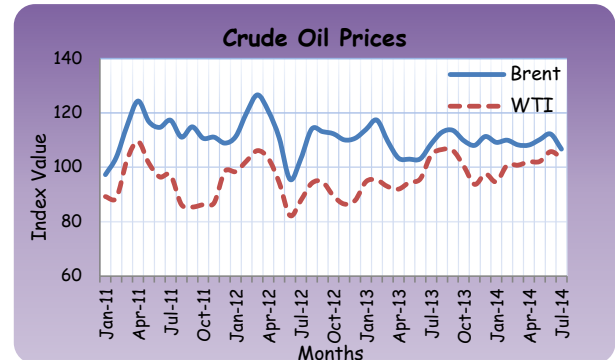
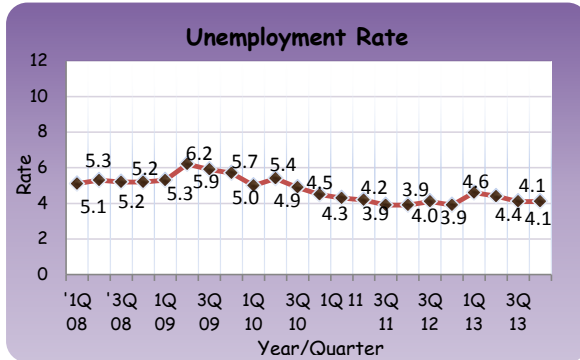
## 1.10 Employment (a)

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		
10 October	113.08	103.08		88.61	85.87	
13 October	-	-		87.77	85.73	
14 October	111.58	102.46		86.41	81.72	
15 October	111.12	101.15		84.07	81.82	
16 October	111.24	102.34		83.33	82.33	

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 17 October 2014 declined by 6 bps to 6.32 per cent compared to the previous week.

Broad money (M2b) expanded by 12.3 per cent in August 2014.

NFA of the banking system increased by Rs. 10.7 billion in August 2014 compared to July 2014.

NCG from the banking system showed a rapid decline of Rs. 40.0 billion in August 2014 compared to July 2014, while credit to public corporations increased by Rs. 11.0 billion.

Credit extended to the private sector increased by Rs. 47.7 in August 2014, compared to July 2014 despite the decline in pawning advances and repayment of short term advances by the corporate sector.

The reserve money increased compared to the previous week mainly due to increase in deposits by the commercial banks with the Central Bank.

The total outstanding market liquidity decreased to Rs.349.74 bn by end of the week, compared to to Rs. 350.57 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 17 October 2014, the All Share Price Index (ASPI) declined by 1.18 per cent to 7,234 points while the S&P SL 20 Index declined by 1.96 per cent to 4,030 points compared to the previous week.

# MONETARY SECTOR

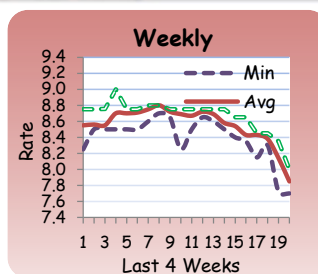
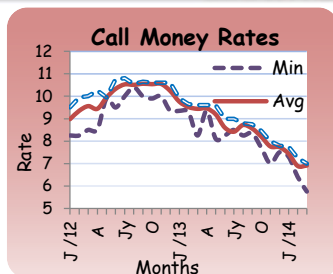
## 2.1 Interest Rates

Item	Week Ending Oct 17	Week Ago	Year Ago
Commercial Bank Average Weighted Prime Lending Rate (AWPR)	6.32	6.38	11.69
Treasury Bill Yield (Excluding 10% withholding tax)			
- 91 days	-	-	8.56
- 182 days	-	-	9.60
- 364 days	6.00	-	10.49
Standing Deposit Facility	6.50	6.50	6.50
Standing Lending Facility	8.00	8.00	8.50
Call Money Weekly Average (CMR)	6.06	6.18	8.06
Sri Lanka Inter Bank Offer Rate ( SLIBOR )			
1 day	6.03	6.25	7.96
7 days	6.30	6.36	8.55
1 Month	6.45	6.45	9.57
3 Months	6.62	6.62	10.38
6 Months	6.80	6.80	11.14
12 Months	7.07	7.08	12.04
Commercial Banks	May 2014	Month Ago	Year Ago
Saving Deposits -	0.75-9.00	0.75-9.00	0.75-10.50
One Year Fixed Deposits -	5.45-14.50	5.45-14.50	6.00-16.00
	Sep 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Deposit Rate (AWDR)	6.83	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	May 2014	Month Ago	Year Ago
Saving Deposits -	5.00	5.00	5.00
One Year Fixed Deposits -	7.50	7.50	11.50
<b>Treasury Bonds Auction</b>	(08 Years) 29/09/2014	(14 Y & 07 Months) 29/09/2014	(14 Y & 10 Months) 10/07/2014
Coupon rate	10.00	13.00	13.00
Weighted Average Yield (Excluding 10% withholding tax)	7.15	8.63	10.58

Bankwise- AWPR	Week ending Oct 17	Week Ago
Bank of Ceylon	7.90	8.41
People's Bank	6.92	7.67
Hatton National Bank	6.14	6.05
Commercial Bank of Ceylon	6.26	6.37
Sampath Bank	6.17	6.05
Seylan Bank	6.37	6.67
Union Bank of Colombo	9.68	7.03
Pan Asia Banking Corporation	7.20	9.00
Nations Trust Bank	6.02	5.99
DFCC Vardhana Bank	7.65	7.65
NDB Bank	6.56	6.54
Amana Bank	7.93	7.99
Cargills Bank	6.61	8.75

Bankwise- AWPR	Week ending Oct 17	Week Ago
HSBC	6.32	6.80
Standard Chartered Bank	5.96	6.64
Citi Bank	5.93	6.00
Deutsche Bank	6.50	7.26
Habib Bank	6.08	6.08
Indian Bank	8.58	8.58
Indian Overseas Bank	8.93	8.93
MCB Bank	7.22	10.28
State Bank of India	9.49	9.49
Public Bank	8.30	10.25
ICICI Bank	8.60	9.57
Axis Bank	-	-

### Interest Rates - Call Money

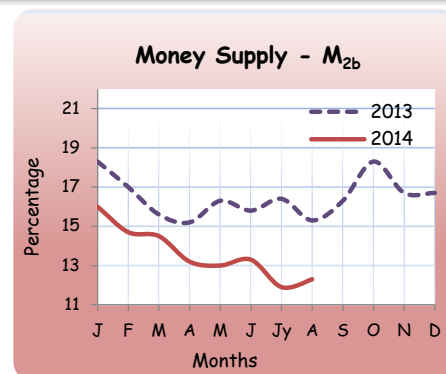
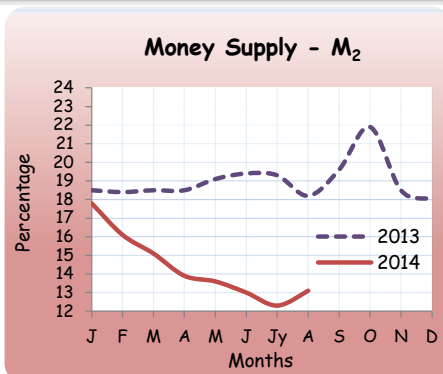
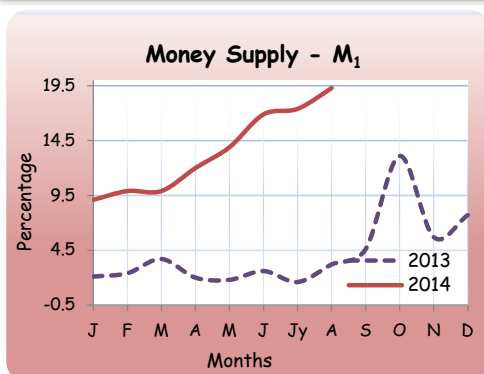




## 2.2 Money Supply

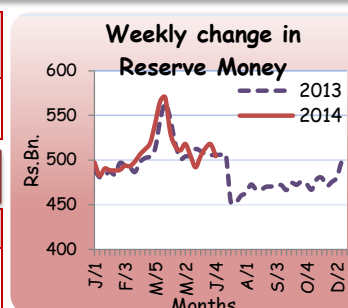
Item	Rs. Bn.			Annual Change (%)		
	2014 (a) August	Month Ago	Year Ago	2014 (a) August	Month Ago	Year Ago
M1	540.7	522.2	453.1	19.3	17.4	3.2
M2	3,259.8	3,230.6	2,883.5	13.1	12.3	18.2
M2b	3,642.2	3,608.0	3,244.6	12.3	11.9	15.3
Net Foreign Assets of the Banking System (b)	212.7	202.0	-216.6	198.2	202.1	-1,353.6
Monetary Authorities	791.4	743.4	396.8	99.5	99.5	11.7
Domestic Banking Units (DBUs)	-237.4	-214.8	-181.0	-31.2	-16.1	-87.1
Foreign currency Banking Units (FCBUs)	-341.3	-326.6	-432.3	21.1	15.3	-58.1
Net Domestic Assets of the Banking System (b)	3,429.5	3,406.1	3,461.2	-0.9	-0.5	22.4
DBUs	2,952.0	2,945.2	2,903.4	1.7	1.0	19.2
FCBUs	477.5	460.8	557.8	-14.4	-9.2	42.2
Net Credit to Government	1,362.2	1,402.2	1,342.6	1.5	7.5	30.2
Monetary Authorities	145.7	141.4	186.9	-22.1	-28.1	-40.9
DBUs	1,019.2	1,056.0	964.2	5.7	11.9	69.5
FCBUs	197.4	204.8	191.5	3.1	24.5	31.2
Credit to Corporations	337.9	326.9	364.3	-7.2	-10.1	38.1
DBUs	166.9	162.8	130.2	28.2	25.7	94.7
FCBUs	171.0	164.1	234.1	-26.9	-29.9	18.8
Credit to the Private Sector	2,529.6	2,481.9	2,464.6	2.6	0.8	7.9
DBUs	2,286.2	2,270.0	2,250.8	1.6	0.8	8.0
FCBUs	243.4	211.9	213.8	13.9	1.1	5.9
Reserve Money	532.1	524.5	466.6	14.0	15.0	-1.3

(a) Provisional (b) In relation to M2b



## 2.3 Weekly change in Reserve Money

Item	16 Oct 2014	Week Ago	Change
Reserve Money (Rs.Mn.)	559,835	552,329	7,506



## 2.4 Money Market Activity (Overnight)

Item	13.10.2014	14.10.2014	15.10.2014	16.10.2014	17.10.2014
<b>Call Money Market</b>					
Weighted Average Rate (% p.a.)	6.19	6.07	6.05	5.98	6.00
Gross Volume (Rs. Mn)	5,125	7,527	15,916	17,195	6,910
<b>Repo Market</b>					
Weighted Average Rate (% p.a.)	6.00	5.78	5.70	5.56	5.67
Gross Volume (Rs. Mn)	5,195	4,713	7,196	4,299	5,163

## 2.5 CBSL Security Portfolio

Item	13.10.2014	14.10.2014	15.10.2014	16.10.2014	17.10.2014
CBSL T-Bill Holding (Rs. Mn)	10,864	34	35	35	98

## 2.6 Open Market Operations

Item	13.10.2014	14.10.2014	15.10.2014	16.10.2014	17.10.2014
<b>Short-Term Auction</b>					
Repo Amount Offered (Rs. bn)	0.00	15.00	0.00	0.00	27.00
Reverse Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Tenure (No. of Days)	0	3	0	0	7
Bids Received (Rs. bn)	0.00	35.81	0.00	0.00	23.63
Amount Accepted (Rs. bn)	0.00	15.00	0.00	0.00	23.63
Weighted Average Yield Rate (% p.a.)	0.00	5.77	0.00	0.00	5.90
<b>Term Auction</b>					
Repo Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	58.41
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)	43.42	35.91	32.97	14.24	29.70
Standing Lending Facility (Rs. bn)	0.00	0.00	0.00	0.00	0.00
<b>Total Outstanding Market Liquidity (Rs. bn)</b>	<b>350.57</b>	<b>358.06</b>	<b>355.12</b>	<b>336.39</b>	<b>349.74</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

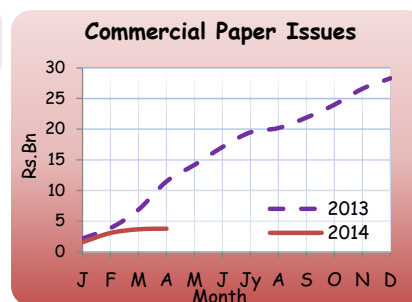
(a) Provisional

## 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

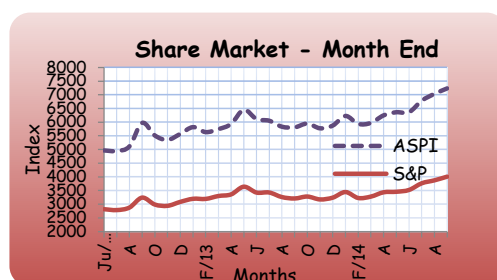
\* provisional

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



## 2.9 Share Market

Item	Week Ending 17 Oct 2014	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	7,234	7,321	5,977
S & P Sri Lanka 20 Index (S&P SL20)	4,030	4,110	3,309
Average Daily Turnover (Rs. Mn)	1,269	2,007	1,077
Market Capitalisation (Rs.Bn.)	3,076	3,113	2,485



## 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.

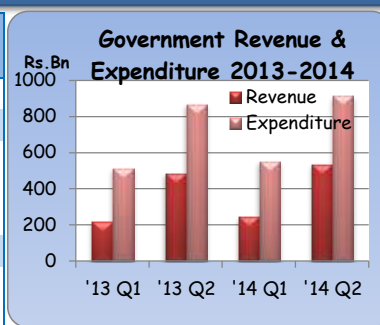
Foreign debt increased by Rs. 312.3 billion to Rs. 3,272.7 billion and domestic debt increased by Rs. 235.7 billion to Rs. 4,068.6 billion as at end June 2014 from end December 2013.

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)

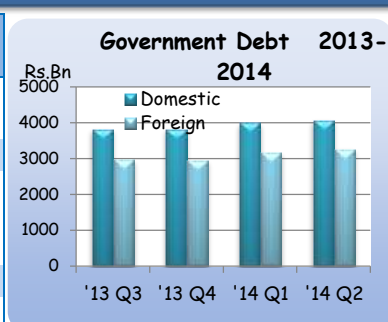
Item	2014 *	2013
	1 <sup>st</sup> Half	1 <sup>st</sup> Half
<b>Revenue and Grants</b>	<b>543.6</b>	<b>490.2</b>
<b>Revenue</b>	<b>536.4</b>	<b>487.9</b>
Tax	484.4	441.5
Non tax	52.0	46.3
<b>Grants</b>	<b>7.2</b>	<b>2.3</b>
<b>Expenditure &amp; Lending Minus Repayments</b>	<b>915.4</b>	<b>868.5</b>
Current	637.2	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>



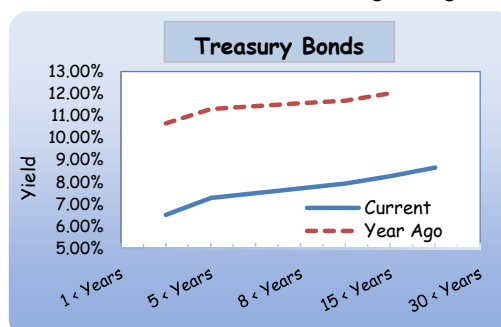
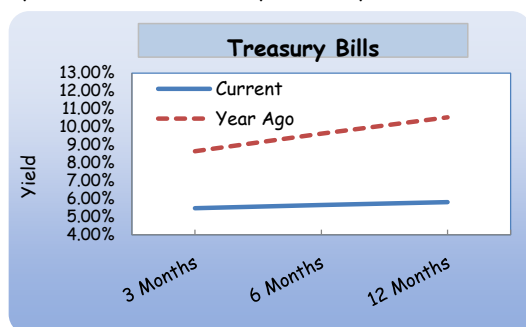
\* Provisional

## 3.3 Government Securities - Primary and Secondary Market Yield Rates as for the week ending - 15<sup>th</sup> October 2014

Security	Maturity	Primary Market*		Secondary Market			
		This Week	Last Week	This Week			Last Week
				Buying	Selling	Average	
Treasury Bills	3 Months	-	-	5.53%	5.41%	5.47%	5.60%
	6 Months	-	-	5.72%	5.58%	5.65%	5.72%
	12 Months	6.00%	-	5.91%	5.74%	5.82%	5.89%
Treasury Bonds	2 < Years	-	-	6.60%	6.47%	6.53%	6.18%
	5 < Years	-	-	7.34%	7.24%	7.29%	7.19%
	6 < Years	-	-	7.55%	7.46%	7.51%	7.49%
	8 < Years	-	-	7.78%	7.68%	7.73%	7.70%
	10 < Years	-	7.60%	8.00%	7.90%	7.95%	7.91%
	15 < Years	-	8.50%	8.33%	8.23%	8.28%	8.28%
	20 < Years	-	-	8.74%	8.60%	8.67%	8.65%
30 < Years	-	-	9.40%	9.24%	9.32%	9.32%	

\* Primary market transactions during the week ending 15/10/2014

The primary market and secondary market yield rates of T-bills and T-bonds have shown stabilizing during the week.



### 3.4 Government Securities - Weekly Summary of Primary and Secondary Market Transactions (Week Ended - 15<sup>th</sup> October 2014 )

Item	Volume in Rs Mn	
	This Week	Last Week
Outstanding Stock of Government Securities		
Treasury Bills	706,957.46	708,372.75
Treasury Bonds (a)	3,212,478.07	3,212,478.07
<b>Total</b>	<b>3,919,435.53</b>	<b>3,920,850.82</b>
Government Securities held by Foreigners	469,050.44	472,250.30
Sri Lanka Development Bonds (SLDB)	379,803.89	379,230.48

The investment in T-bonds have been remained unchanged while investments in T-bills marginally decreased during the week.

Primary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Amount Offered	8,000.00	
Total Bids Received	32,666.00	No auction held
Total Bids Accepted	14,745.00	
<b>Treasury Bonds</b>		
Amount Offered		
Total Bids Received	No auction held	No auction held
Total Bids Accepted		

The primary market has shown a continuous interest in market participation.

Secondary Market Activities	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Outright Transaction (Sales / Purchases)	21,089.34	10,780.67
Repo Transaction (Sales / Purchases)	246,206.79	203,587.39
<b>Treasury Bonds</b>		
Outright Transaction (Sales / Purchases)	75,476.85	101,488.47
Repo Transaction (Sales / Purchases)	407,618.21	334,747.09

Increased activities are observed in the secondary market during the week 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) - 17/10/2014

Remaining Maturity	Average Buying Price	Yield %	Average Selling Price	Yield %	Buying & Selling Spread
1-7 Days	99.89	5.48	99.90	5.29	0.00
1 Month	99.55	5.52	99.56	5.33	0.02
2 Month	99.08	5.58	99.11	5.39	0.03
3 Month	98.62	5.59	98.66	5.44	0.04
4 Month	98.14	5.67	98.19	5.51	0.05
5 Month	97.66	5.69	97.72	5.54	0.06
6 Month	97.18	5.72	97.26	5.55	0.08
7 Month	96.66	5.80	96.76	5.63	0.10
8 Month	96.15	5.85	96.26	5.69	0.11
9 Month	95.67	5.86	95.77	5.72	0.11
10 Month	95.13	5.93	95.25	5.78	0.12
11 Month	94.59	5.99	94.74	5.82	0.15
12 Month	94.07	6.01	94.21	5.87	0.14

### 3.5 Two way Quotes (Treasury Bonds)- 17/10/2014

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	90	99.98	6.20	100.00	6.10	0.02
11.75%2015A	6	15-Mar-15	149	102.29	5.99	102.34	5.86	0.05
06.20%2015B	4	15-Jun-15	241	99.94	6.28	100.01	6.18	0.06
06.50%2015A	5	15-Jul-15	271	100.24	6.14	100.38	5.95	0.14
11.00%2015A	6	1-Aug-15	288	103.62	6.22	103.71	6.10	0.09
11.00%2015B	6	1-Sep-15	319	103.98	6.23	104.08	6.11	0.10
12.50%2015A	2	20-Sep-15	338	105.20	6.60	105.29	6.50	0.09
08.50%2015A	3	1-Nov-15	380	102.19	6.29	102.35	6.13	0.16
07.25%2016A	6	1-Apr-16	532	100.98	6.53	101.29	6.31	0.31
08.00%2016B	4	1-Jun-16	593	101.65	6.90	101.80	6.80	0.15
06.40%2016A	6	1-Aug-16	654	99.57	6.65	99.83	6.49	0.27
08.00%2016A	5	1-Sep-16	685	102.22	6.71	102.53	6.54	0.31
06.40%2016B	6	1-Oct-16	715	98.95	6.98	99.13	6.88	0.18
08.00%2017A	5	1-Jan-17	807	102.51	6.75	102.82	6.60	0.31
05.80%2017A	6	15-Jan-17	821	97.28	7.13	97.58	6.98	0.30
08.25%2017A	3	1-Mar-17	866	102.65	7.01	103.06	6.83	0.40
08.75%2017A	4	15-May-17	941	103.83	7.09	104.49	6.82	0.66
08.00%2017B	5	15-Jun-17	972	102.36	7.01	102.76	6.84	0.40
05.80%2017B	6	15-Jul-17	1,002	97.01	7.01	97.40	6.85	0.39
08.50%2018A	15	1-Feb-18	1,203	104.13	7.07	104.52	6.93	0.40
08.50%2018C	5	1-Apr-18	1,262	103.50	7.33	104.12	7.13	0.62
08.50%2018D	5	1-Jun-18	1,323	103.68	7.32	104.00	7.22	0.32
08.50%2018B	15	15-Jul-18	1,367	103.78	7.32	104.23	7.19	0.46
07.50%2018A	15	15-Aug-18	1,398	100.46	7.36	101.14	7.15	0.68
08.00%2018A	6	15-Nov-18	1,490	102.21	7.36	102.56	7.26	0.35
05.65%2019A	8	15-Jan-19	1,551	93.29	7.52	93.73	7.39	0.45
08.50%2019A	10	1-May-19	1,657	104.85	7.23	105.30	7.11	0.45
10.60%2019A	6	1-Jul-19	1,718	112.20	7.47	113.05	7.27	0.84
10.60%2019B	5	15-Sep-19	1,794	111.61	7.71	112.31	7.55	0.70
08.00%2019A	8	1-Nov-19	1,841	101.52	7.63	102.27	7.45	0.75
08.00%2020A	8	1-Jun-20	2,054	101.33	7.70	102.25	7.50	0.91
06.20%2020A	10	1-Aug-20	2,115	93.45	7.62	94.12	7.47	0.67
09.00%2021A	8	1-May-21	2,388	104.66	8.07	105.92	7.83	1.27
11.00%2021A	7	1-Aug-21	2,480	115.18	8.05	115.89	7.93	0.71
08.00%2022A	10	1-Jan-22	2,633	101.25	7.77	101.89	7.65	0.64
11.20%2022A	9	1-Jul-22	2,814	116.86	8.20	117.71	8.06	0.85
10.00%2022A	8	1-Oct-22	2,906	110.36	8.20	111.10	8.08	0.74
09.00%2023A	10	1-Sep-23	3,241	104.64	8.25	105.60	8.10	0.96
11.20%2023A	9	1-Sep-23	3,241	119.16	8.13	120.04	8.00	0.88
07.00%2023A	20	1-Oct-23	3,271	93.08	8.10	94.36	7.89	1.27
11.40%2024A	10	1-Jan-24	3,363	118.64	8.44	120.22	8.22	1.58
09.00%2025A	12	1-May-25	3,849	101.69	8.75	105.21	8.25	3.52
09.00%2026A	13	1-Feb-26	4,125	101.21	8.83	103.75	8.48	2.53
05.35%2026A	15	1-Mar-26	4,153	77.46	8.48	79.64	8.13	2.18
09.00%2028B	15	1-May-28	4,945	99.61	9.05	101.76	8.78	2.15
09.00%2028A	15	1-Jul-28	5,006	101.15	8.85	103.16	8.60	2.01
13.00%2029A	15	1-Jan-29	5,190	129.47	9.23	132.76	8.89	3.29
13.00%2029B	15	1-May-29	5,310	129.93	9.22	133.67	8.84	3.74
08.00%2032A	20	1-Jan-32	6,285	86.13	9.67	87.64	9.47	1.51
09.00%2032A	20	1-Oct-32	6,559	95.31	9.55	96.97	9.35	1.66
09.00%2033A	20	1-Jun-33	6,802	96.37	9.42	98.21	9.20	1.85
13.25%2033A	20	1-Jul-33	6,832	131.40	9.60	133.03	9.45	1.62
09.00%2033B	20	1-Nov-33	6,955	94.62	9.62	95.80	9.48	1.17
13.25%2034A	20	1-Jan-34	7,016	131.16	9.65	132.80	9.50	1.63
09.00%2043A	30	1-Jun-43	10,454	93.42	9.68	94.62	9.55	1.2
13.50%2044A	30	1-Jan-44	10,668	136.67	9.7	138.22	9.58	1.55
13.50%2044B	30	1-Jun-44	10,820	136.14	9.75	138.07	9.60	1.93



## External Sector

During the year so far (up to 17 October 2014) the rupee appreciated against the US dollar (0.12 per cent). Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the euro (7.91 per cent), pound sterling (2.60 per cent) and the Japanese yen (1.42 per cent) and depreciated against the Indian rupee (0.19 per cent) during this period.

In August 2014, export increased mainly due to the increase in agricultural exports despite the decline in industrial exports. Expenditure on imports in August 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 August 2014, trade deficit widened to US dollar 733 million, compared to US dollars 556 million in August 2013. However, on a cumulative basis, trade deficit in first eight months of 2014 is lower by 7.1 per cent compared to the corresponding period in 2013.

The increase in import prices at a higher rate than export prices resulted in a deterioration in the terms of trade in July 2014. The import price index increased by 6.4 per cent, year-on-year, to 106.1 index points mainly due to the increase in the average price level of investment goods. Meanwhile, the average price levels of many exported items, increased in July 2014, leading to an overall increase in the export price index by 1.9 per cent to 97.5 index points. Accordingly, the terms of trade index deteriorated by 4.3 per cent to 91.9 index points in July 2014 from 96.0 index points in July 2013.

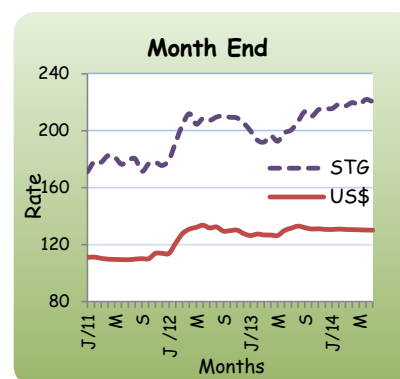
The average price of tea in the Colombo auction increase in August 2014 compared to the corresponding month of 2013.

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 17			Average Rate	
	Buying Rate	Selling Rate	Average Rate	Week Ago	Year Ago
US\$	129.21	132.09	130.65	130.35	131.06
STG	207.17	213.12	210.15	210.19	209.35
Yen	1.21	1.25	1.23	1.21	1.33
Euro	164.49	169.90	167.20	165.53	177.33
INR(1)			2.12	2.13	2.12
SDR (As at 16 Oct 2014)			194.67	194.46	201.42
<b>Central Bank purchases and sales** (US\$ Mn. )</b>			<b>September 2014</b>	<b>Month Ago</b>	<b>Year Ago</b>
Purchases			96.60	315.20	2.50
Sales			173.90	44.50	60.60



	Week Ending Oct 17	Week Ago	Year Ago
Average Daily Interbank Volume (US\$ Mn.) (spot, tom and cash transactions among commercial banks)	24.66	64.36	31.25
<b>Forward Transactions</b>			
Forward Rates (US\$) <sup>(2)</sup>			
1 Month	131.08	130.82	131.89
3 Months	131.79	131.46	133.22
Average Daily Interbank Forward Volume (US\$ mn)	30.11	32.25	19.90
Outstanding Forward Volume (US\$ mn) (As at 16 Oct 2014)	1,179.96	1,186.47	882.07

\*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

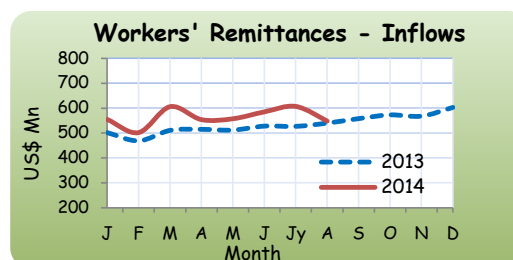
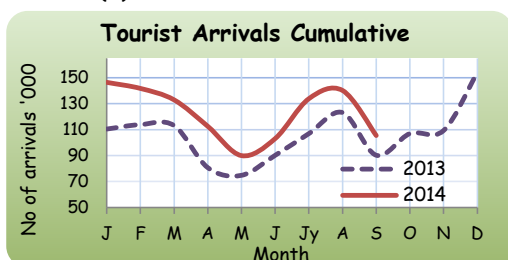
(1) Central Bank indicative rate (2) Weekly average based on actual transactions.

## 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
		2013 Aug (b)	2014 Aug	2013 Jan-Aug(b)	2014 Jan - Aug	% Change
Workers' Remittances (Inflows)	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 August 2014<sup>(a)</sup>

Official Reserve Assets (USD mn)				
<b>Official Reserve Assets<sup>(b)</sup></b>				<b>9,185.64</b>
(1) Foreign currency reserves				8,143.51
(a) Securities				3,791.21
(b) Total currency and deposits with				4,352.30
(i) other national central banks				1,014.05
(ii) banks headquartered inside the reporting country of which located abroad				1.19
(iii) banks headquartered outside the reporting country of which located in the reporting country				3,337.06
(2) Reserve position in the IMF				72.66
(3) SDRs				9.16
(4) Gold				959.31
(5) Other reserve assets				1.00
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	-3,392.25	-367.91	-274.94	-2,749.40
Interest	-998.66	-71.29	-115.35	-812.01
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>	-2,045.57	-385.82	-113.50	-1,546.25
(b) Long positions (+)				
3. Other (specify)	-0.30	-0.30		
inflows related to reverse repos (+)				
other accounts payable (-)	-0.30	-0.30		

(a) Provisional

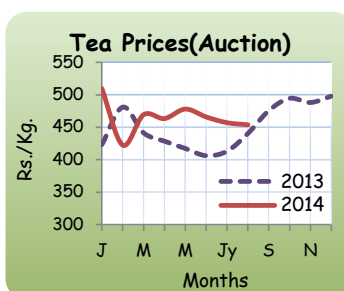
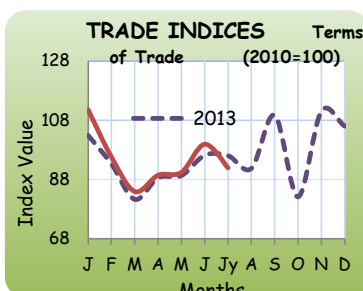
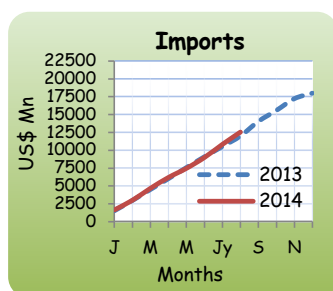
(b) By end August 2014, the total foreign assets were equivalent to 6.9 months of imports and gross official reserves were equivalent to 5.9 months of imports

(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-Aug 2014	Jan-Aug 2013	% Change	Jan-Aug 2014	Jan-Aug 2013	% Change
<b>Exports</b>	<b>7.38</b>	<b>6.43</b>	<b>14.8</b>	<b>963.63</b>	<b>823.97</b>	<b>16.9</b>
Agricultural	1.85	1.60	15.6	241.18	204.85	17.7
Industrial	5.48	4.81	13.8	714.72	616.16	16.0
Food, Beverages and Tobacco	0.19	0.15	31.5	25.40	18.98	33.8
Textiles and Apparel	3.26	2.74	18.8	424.87	350.78	21.1
Petroleum Products	0.24	0.31	-22.6	31.03	39.29	-21.0
Leather, Rubber etc	0.69	0.59	18.1	90.34	75.09	20.3
Other	1.10	1.03	6.3	143.08	132.01	8.4
Mineral	0.05	0.02	225.7	6.56	1.97	232.2
Other	0.01	0.01	15.6	1.17	0.99	17.9
<b>Imports</b>	<b>12.55</b>	<b>12.00</b>	<b>4.6</b>	<b>1,638.25</b>	<b>1,534.85</b>	<b>6.7</b>
Consumer Goods	2.29	2.10	9.0	298.56	268.83	11.1
Intermediate Goods	7.74	7.05	9.8	1,009.86	901.59	12.0
Investment Goods	2.52	2.84	-11.4	328.71	363.26	-9.5
Other	0.01	0.01	-6.3	1.12	1.17	-4.5
<b>Trade Balance</b>	<b>-5.17</b>	<b>-5.57</b>	<b>-7.1</b>	<b>-674.62</b>	<b>-710.88</b>	<b>-5.1</b>

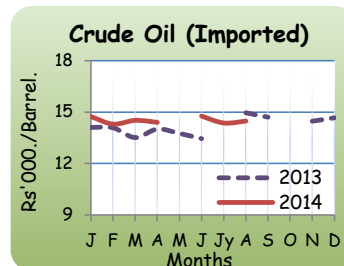
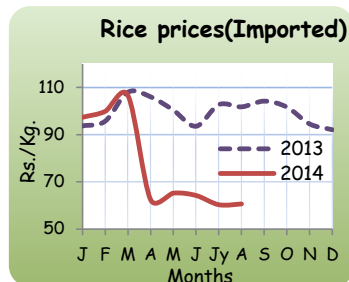


## 4.5 Trade Indices (2010= 100 )

Item	2014**	Month Ago	Year Ago
	July	Ago	Ago
<b>Total Exports</b>			
Value	132.88	137.18	119.60
Quantity	136.32	126.62	125.01
Unit Value	97.48	108.34	95.67
<b>Total Imports</b>			
Value	165.15	128.82	128.25
Quantity	155.69	118.76	128.69
Unit Value	106.08	108.47	99.66
<b>Terms of Trade</b>	91.89	99.88	96.00

\* In US\$ Terms

\*\* Provisional



## 4.6 International Commodity Prices

Item	August 2014	August 2013	% Change	August 2014	August 2013	% Change
<b>Colombo Auction Price</b>	US\$ / Kg			Rs / Kg		
Tea Prices	3.49	3.34	4.40	453.95	440.48	3.10
<b>Imports (C I F)</b>	US\$ / MT			Rs / MT		
Rice	465.87	772.17	-39.70	60,650.69	101,793.78	-40.40
White Sugar	499.71	513.51	-2.70	65,056.08	67,694.83	-3.90
Wheat	-	-	-	-	-	-
	US\$ / Barrel			Rs / Barrel		
Crude Oil	111.21	113.48	-2.00	14,477.72	14,959.48	-3.20