

# Weekly Economic Indicators

07 November 2014



Statistics Department

# Real Sector & Inflation

Inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI)(2006/07=100), which is computed by the Department of Census and Statistics, decreased from 3.5 per cent in September 2014 to 1.6 per cent in October 2014, which is the lowest rate recorded since November 2009, on a YoY basis. Annual average inflation also declined to 3.8 per cent in October 2014 from 4.2 per cent recorded in the previous month. 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 electricity tariff and prices of fuel and LP gas. Core inflation, which measures the underlying inflation in the economy, decreased in October 2014 compared to the previous month on a YoY basis while annual average inflation increased marginally 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.

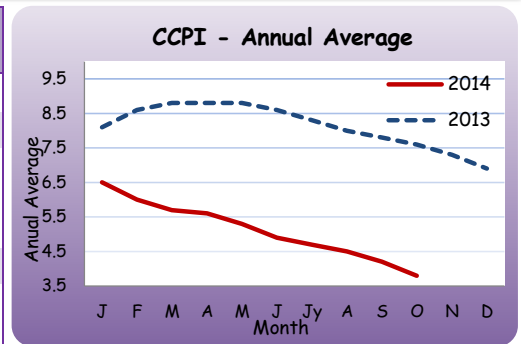
The FIPI increased by 6.2 per cent on year-on-year basis in June 2014. This was facilitated by increased production of wearing apparel as well as rubber and plastic products sectors which recorded a significant growth of 22.6 per cent and 15.5 per cent respectively due to increased domestic as well as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

During the week crude oil spot prices largely followed a declining trend. Price declines were supported by supply gluts and a stronger dollar. OPEC's Secretary General said oil output was unlikely to change in 2015 and that he was not concerned about falling prices. Top oil exporter, Saudi Arabia, has hiked the price of crude to customers in Asia and Europe, but deepened cuts to U.S. buyers in a sign it may be rebounding efforts to retain its share of the world's biggest market. Further, Energy Information Administration data showed U.S. crude inventories rose 460,000 barrels last week. Prices rose on Wednesday after Libya's production fell by 200,000 barrels a day as a gunman overran their biggest El Sharara oilfield and on rumors of a pipeline explosion in Saudi Arabia. By the end of the week, prices again fell after Libyan officials reportedly said they expect the oil field to restart production soon and as OPEC countries reduced the demand forecast for its crude in its annual world outlook, predicting consumption would fall to 28.2 million barrels in 2017, down by 6.9 per cent from 2013.

# REAL SECTOR & INFLATION

## 1.1 Price Indices

Item	Oct 2014	Month Ago	Year Ago
(2006 / 07 = 100)			
Colombo Consumers' Price Index (CCPI)	179.0	181.9	176.1
Annual Average Change %	3.8	4.2	7.6
Year - on - Year Change %	1.6	3.5	6.7
Core Inflation - (CCPI)	172.9	172.9	166.9
Annual Average Change %	3.3	3.2	5.3
Year - on - Year Change %	3.6	3.7	2.6



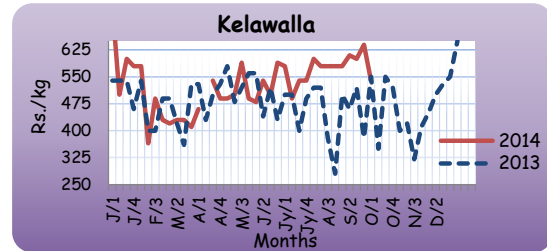
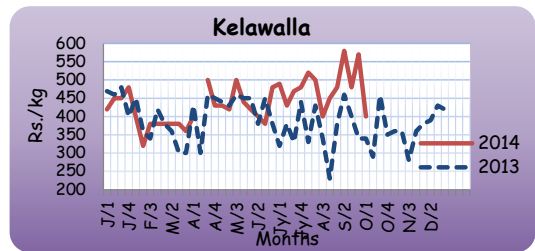
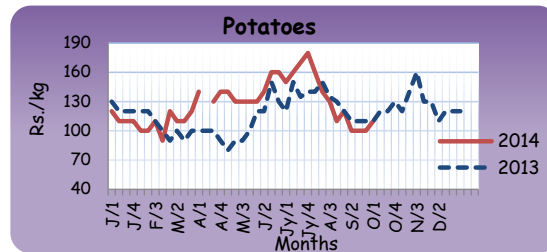
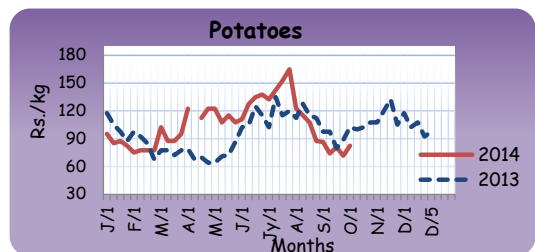
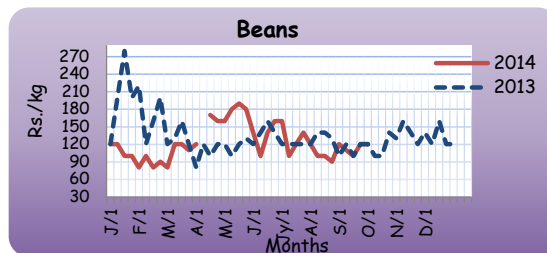
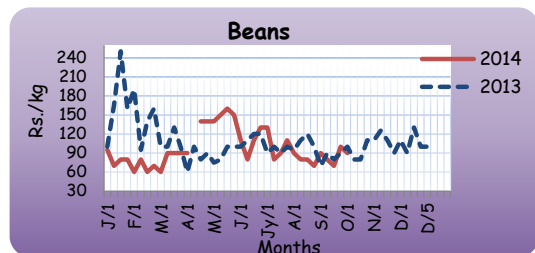
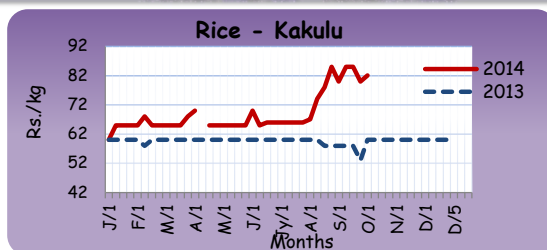
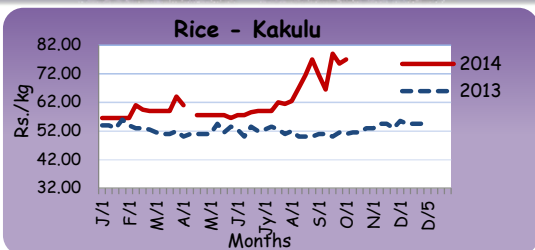
## 1.2 Pettah Market

Item	Average Wholesale Prices				Average Retail Prices			
	Week Ending 05 <sup>th</sup> Nov	Week Ago	Month Ago	Year Ago Annual Avg	Week Ending 05 <sup>th</sup> Nov	Week Ago	Month Ago	Year Ago Annual Avg
	Rs / Kg				Rs / Kg			
<b>Rice</b>								
Samba	90.00	91.50	87.40	66.57	95.00	95.00	93.60	70.46
Kekulu (Red)	81.00	79.00	78.50	52.39	90.00	83.00	84.00	59.60
<b>Vegetables</b>								
Beans	150.00	90.00	152.00	107.69	180.00	120.00	180.00	134.42
Cabbage	60.00	50.00	54.00	64.76	80.00	80.00	84.00	92.88
Carrots	150.00	110.00	95.00	108.94	180.00	140.00	124.00	133.46
Tomatoes	100.00	100.00	82.00	67.84	140.00	140.00	114.00	99.81
Pumpkins	30.00	30.00	33.00	37.12	50.00	60.00	54.00	57.60
Snake Gourd	90.00	90.00	88.00	55.69	120.00	120.00	120.00	80.77
Brinjals	50.00	90.00	80.00	61.42	80.00	120.00	110.00	85.58
Ash-Plantains	90.00	90.00	90.00	63.27	120.00	120.00	116.00	84.23
<b>Other Foods</b>								
Red-Onions (Local)	125.00	72.50	73.00	148.68	130.00	110.00	104.00	182.38
Big-Onions (Local)	65.00	67.50	62.50	97.21	90.00	90.00	86.00	127.22
Potatoes (N'Eliya)	102.50	92.50	87.50	96.95	120.00	120.00	110.00	117.31
Dried Chilies (Imported)	213.00	205.00	201.00	176.50	240.00	230.00	238.00	219.71
Dhal (Indian)	148.00	148.00	152.00	131.39	160.00	170.00	170.00	148.85
Eggs (Red)	10.00	10.00	10.30	13.39	10.50	10.50	10.80	13.89
Coconut (Each)	39.00	39.00	36.80	37.62	55.00	50.00	51.00	43.98
<b>Fish*</b>								
Kelawalla	400.00	300.00	350.00	387.27	540.00	370.00	472.00	477.31
Balaya	280.00	200.00	226.00	280.00	350.00	250.00	282.00	341.76
Salaya	100.00	100.00	104.00	134.71	140.00	140.00	142.00	179.04
Paraw (Small)	430.00	330.00	350.00	442.60	490.00	370.00	398.00	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 05 <sup>th</sup> Nov	
	Wholesale (Average)	Retail (Average)
<b>Rice</b>		
Samba	85.50	88.50
Kekulu (Red)	78.00	82.50
<b>Vegetables</b>		
Beans	102.50	146.25
Carrot	114.38	157.50
Tomatoes	80.63	126.25
Pumpkins	32.50	50.00
Snake Gourd	70.63	107.50
Ash-Plantains	60.63	88.75
<b>Other Foods</b>		
Red-Onions (Local)	83.75	107.50
Big-Onions (Local)	65.63	84.38
Potatoes (N'Eliya)	88.13	110.00
Dried Chilies(Imported)	210.50	235.00
Coconut (Each)	42.50	51.63

1.4 Narahenpita Economic Centre

Item (Rs / Kg)	Average Retail Prices	
	05 <sup>th</sup> Nov	Week Ago
<b>Rice</b>		
Samba	88.00	88.00
Kekulu (Red)	85.00	81.33
<b>Vegetables</b>		
Beans	160.00	140.00
Cabbage	100.00	116.67
Carrots	160.00	146.67
Tomatoes	160.00	193.33
Pumpkins	60.00	70.00
Snake Gourd	160.00	140.00
Brinjals	120.00	120.00
Ash-Plantains	120.00	140.00
<b>Other Foods</b>		
Red-Onions (Imported)	n.a	n.a
Big-Onions (Imported)	n.a	n.a
Potatoes (Imported)	n.a	n.a
Dried Chilies (Imported)	223.33	223.33
Dhal (Indian)	160.00	163.33
Eggs (Red)(Each)	11.00	11.00
Coconut (Each)	46.67	33.67
<b>Fish</b>		
Kelawalla	760.00	780.00
Balaya	333.33	n.a
Salaya	170.00	153.33
Paraw (Small)	680.00	760.00

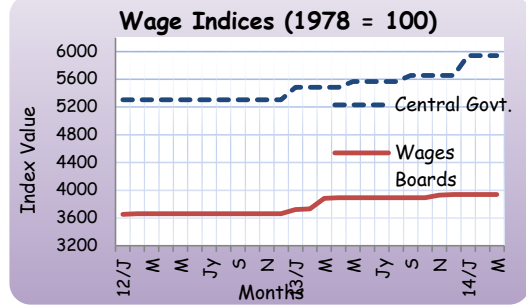
1.5 Maradagamula Market

Average wholesale price of Rice				
Item (Rs / Kg)	Week Ending 07 <sup>th</sup> Nov	Week Ago	Month Ago	Year Ago
Samba	84.15	83.90	83.55	62.64
Sudu Kekulu	76.53	75.92	76.68	52.03
Raw Red	81.75	81.40	79.68	49.55
Nadu	76.50	76.20	76.99	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

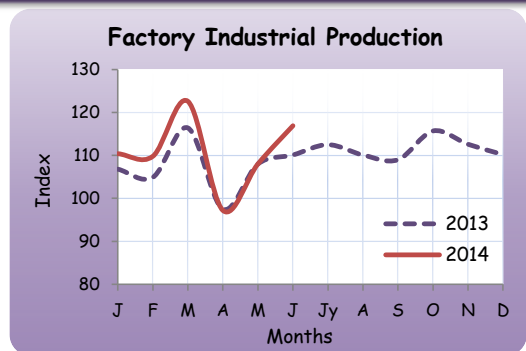


## 1.7 Factory Industry-Production (FIPI) ( 2010 = 100 ) (a)

Item	2014 (b) 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.

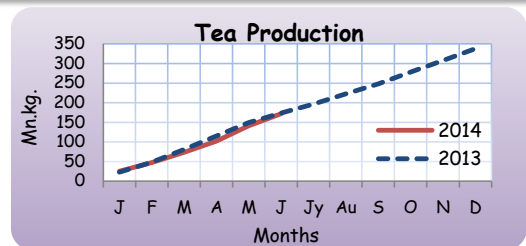
(b) Provisional



## 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

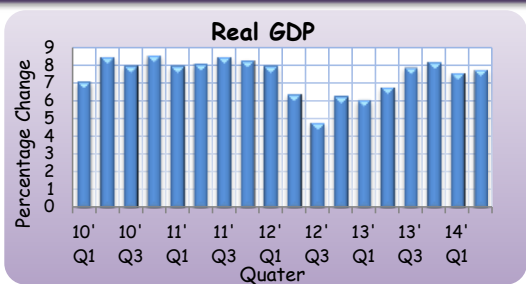


## 1.9 GDP by Industrial Origin at Constant (2002) Prices - Growth Rates

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



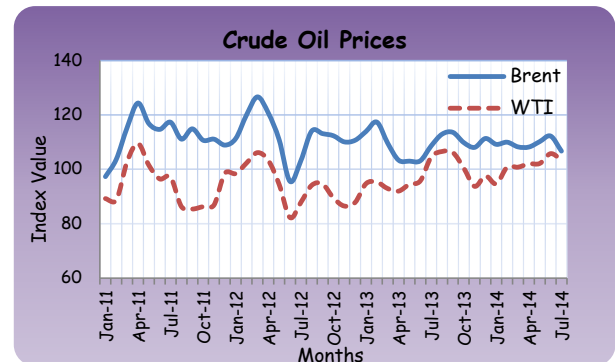
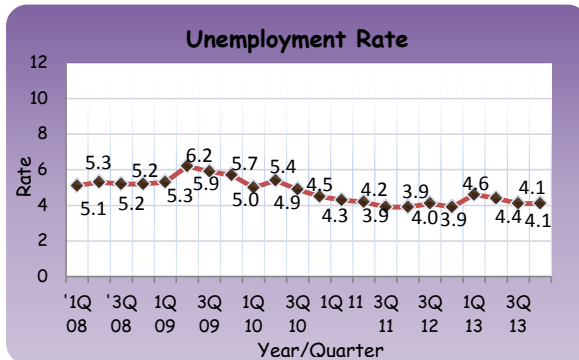
## 1.10 Employment (a)

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	100.08
October	109.88	100.54	-	87.51	84.40	
November	108.10	93.77	110.39			
December	111.37	97.62	112.13			
	2013			2014		
31 October	107.73	96.29		84.52	80.53	
03 November	-	-		85.25	78.79	
04 November	105.05	94.58		82.47	77.15	
05 November	104.86	93.4		83.23	78.71	
06 November	105.46	94.74		82.43	77.87	

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

Weekly AWPR for the week ending 7 November 2014 increased by 8 bps to 6.53 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 currency in circulation.

The total outstanding market liquidity decreased to Rs. 351.59 bn by end of the week, compared to Rs. 358.11 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 7 November 2014, the All Share Price Index (ASPI) increased by 1.22 per cent to 7,416 points while the S&P SL 20 Index increased by 1.00 per cent to 4,128 points compared to the previous week.

# MONETARY SECTOR

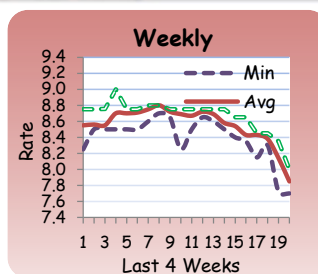
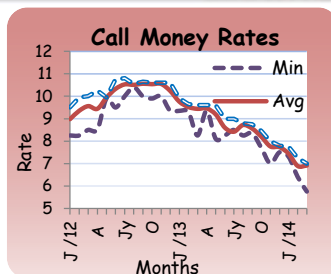
## 2.1 Interest Rates

Item	Week Ending Nov 07	Week Ago	Year Ago
Commercial Bank Average Weighted Prime Lending Rate (AWPR)	6.53	6.45	11.25
Treasury Bill Yield (Excluding 10% withholding tax)			
- 91 days	-	-	-
- 182 days	5.84	-	8.94
- 364 days	6.00	6.00	9.82
Standing Deposit Facility	6.50	6.50	6.50
Standing Lending Facility	8.00	8.00	8.50
Call Money Weekly Average (CMR)	6.00	6.00	7.77
Sri Lanka Inter Bank Offer Rate ( SLIBOR )			
1 day	6.02	6.03	7.89
7 days	6.24	6.24	8.56
1 Month	6.43	6.43	9.45
3 Months	6.67	6.66	10.09
6 Months	6.88	6.88	10.83
12 Months	7.13	7.13	11.83
Commercial Banks	June 2014	Month Ago	Year Ago
Saving Deposits -	1.25-8.00	0.75-9.00	0.75-11.00
One Year Fixed Deposits -	4.75-14.50	5.45-14.50	6.00-16.00
	Oct 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Deposit Rate (AWDR)	6.72	6.83	9.79
Commercial Bank Average Weighted Fixed Deposit Rate (AWFDR)	8.09	8.18	12.38
	Sep 2014	Month Ago	Year Ago
Commercial Bank Average Weighted Lending Rate (AWLR)	12.98	13.29	15.52
NSB	June 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)	(14 Y & 07 Months)	(14 Y & 10 Months)
	29/09/2014	29/09/2014	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 Nov 07	Week Ago
Bank of Ceylon	7.61	7.77
People's Bank	6.61	6.61
Hatton National Bank	6.45	6.47
Commercial Bank of Ceylon	6.21	6.20
Sampath Bank	6.16	6.07
Seylan Bank	7.31	7.41
Union Bank of Colombo	7.85	7.80
Pan Asia Banking Corporation	7.00	7.00
Nations Trust Bank	5.92	5.97
DFCC Vardhana Bank	6.50	6.50
NDB Bank	6.76	6.40
Amana Bank	7.93	7.93
Cargills Bank	7.06	6.32

Bankwise- AWPR	Week ending Nov 07	Week Ago
HSBC	6.35	6.26
Standard Chartered Bank	5.91	5.97
Citi Bank	6.10	6.30
Deutsche Bank	6.30	7.66
Habib Bank	5.44	5.93
Indian Bank	8.58	8.58
Indian Overseas Bank	8.93	8.93
MCB Bank	8.18	6.70
State Bank of India	8.69	9.49
Public Bank	8.30	8.30
ICICI Bank	8.95	8.95
Axis Bank	-	-

### Interest Rates - Call Money

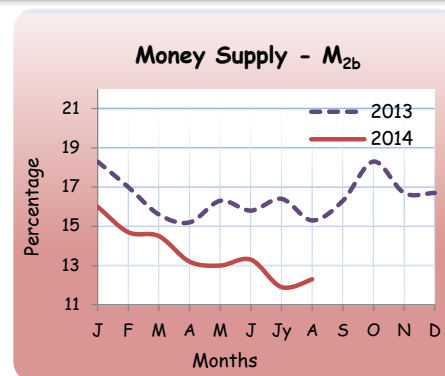
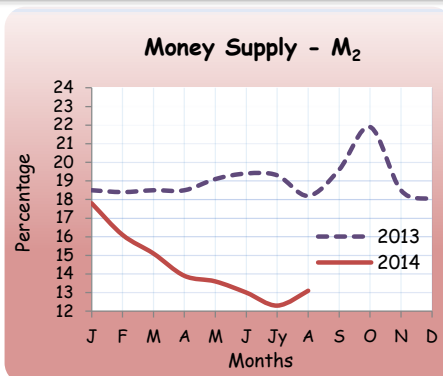
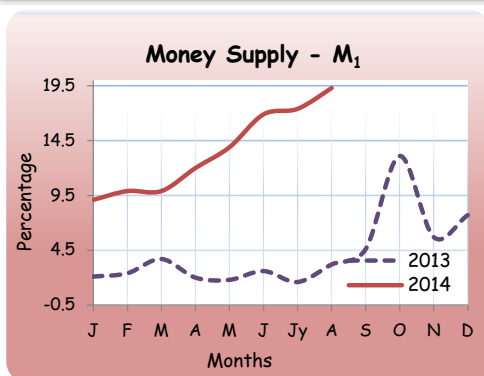




## 2.2 Money Supply

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

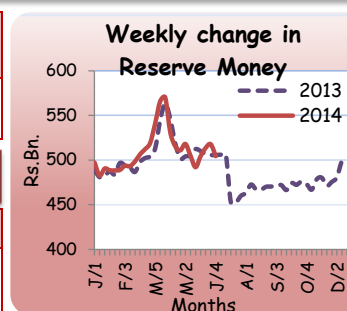


## 2.3 Weekly change in Reserve Money

Item	05 Nov 2014	Week Ago	Change
Reserve Money (Rs.Mn.)	542,918	538,272	4,646

## 2.4 Money Market Activity (Overnight)

Item	03.11.2014	04.11.2014	05.11.2014	06.11.2014	07.11.2014
<b>Call Money Market</b>					
Weighted Average Rate (% p.a.)	6.00	6.00	6.01	0.00	6.00
Gross Volume (Rs. Mn)	8,895	16,305	6,070	0	15,020
<b>Repo Market</b>					
Weighted Average Rate (% p.a.)	5.48	5.45	5.72	0.00	5.48
Gross Volume (Rs. Mn)	5,626	6,420	12,696	0	9,203



## 2.5 CBSL Security Portfolio

Item	03.11.2014	04.11.2014	05.11.2014	06.11.2014	07.11.2014
CBSL T-Bill Holding (Rs. Mn)	3,950	379	379	0	4,391

## 2.6 Open Market Operations

Item	03.11.2014	04.11.2014	05.11.2014	06.11.2014	07.11.2014
<b>Short-Term Auction</b>					
Repo Amount Offered (Rs. bn)	20.00	15.00	0.00	0.00	15.00
Reverse Repo Amount Offered (Rs. bn)	0.00	0.00	0.00	0.00	0.00
Tenure (No. of Days)	4	3	0	0	7
Bids Received (Rs. bn)	7.00	4.60	0.00	0.00	8.40
Amount Accepted (Rs. bn)	7.00	4.60	0.00	0.00	8.40
Weighted Average Yield Rate (% p.a.)	5.70	5.81	0.00	0.00	5.84
<b>Term Auction</b>					
Repo Amount Accepted (Rs. bn)	0.00	0.00	0.00	0.00	64.13
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)	25.27	25.00	20.48	0.00	14.72
Standing Lending Facility (Rs. bn)	0.00	0.00	0.00	0.00	0.00
<b>Total Outstanding Market Liquidity (Rs. bn)</b>	<b>358.11</b>	<b>362.44</b>	<b>357.92</b>	<b>0.00</b>	<b>351.59</b>

## 2.7 Credit Cards \*

Item	2014 (a) End June	2014 End May	2013 End Dec
<b>Total Number of Active Cards</b>	974,144	967,942	951,625
Local (accepted only locally)	34,397	34,776	35,990
Global (accepted globally)	939,747	933,166	915,635
<b>Outstanding balance (Rs. Mn.)</b>	53,613	52,935	51,172
Local (accepted only locally)	1,244	1,221	1,260
Global (accepted globally)	52,369	51,714	49,913

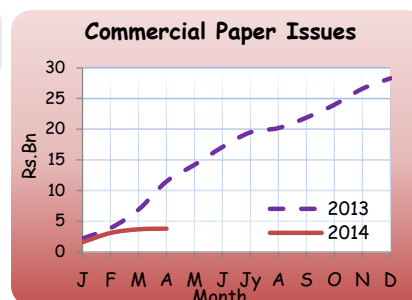
(a) Provisional

## 2.8 Commercial Paper Issues (1)

Item (Rs. bn.)	2014 End June*	2014 End May	2013 End Dec
Total Issues - Cumulative	5.4	4.0	28.3
Outstanding (as at end of the period)	4.8	5.9	7.4

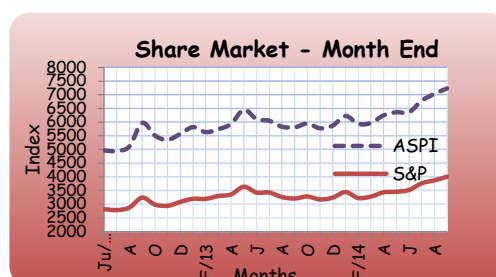
\* provisional

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



## 2.9 Share Market

Item	Week Ending 07 Nov 2014	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	7,416	7,327	5,870
S & P Sri Lanka 20 Index (S&P SL20)	4,128	4,087	3,244
Average Daily Turnover (Rs. Mn)	2,075	2,173	598
Market Capitalisation (Rs.Bn.)	3,148	3,110	2,441



## 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.

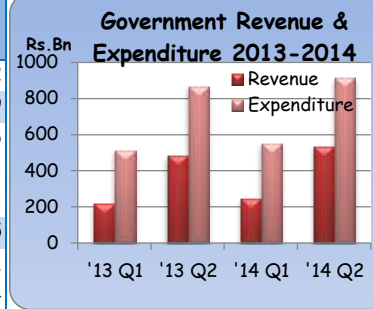
Foreign debt increased by Rs. 312.3 billion to Rs. 3,272.7 billion and domestic debt increased by Rs. 235.7 billion to Rs. 4,068.6 billion as at end June 2014 from end December 2013.

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)

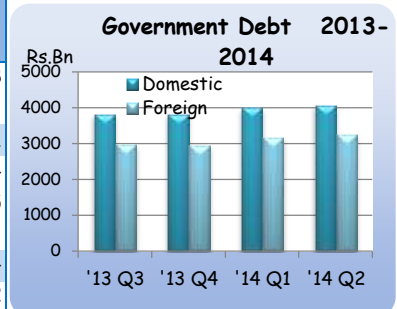
Item	2014 *	2013
	1 <sup>st</sup> Half	1 <sup>st</sup> Half
<b>Revenue and Grants</b>	<b>543.6</b>	<b>490.2</b>
<b>Revenue</b>	<b>536.4</b>	<b>487.9</b>
Tax	484.4	441.5
Non tax	52.0	46.3
<b>Grants</b>	<b>7.2</b>	<b>2.3</b>
<b>Expenditure &amp; Lending Minus Repayments</b>	<b>915.4</b>	<b>868.5</b>
Current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



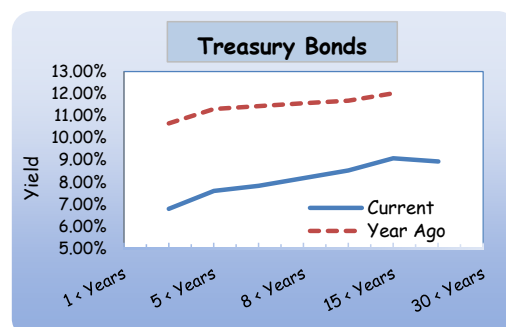
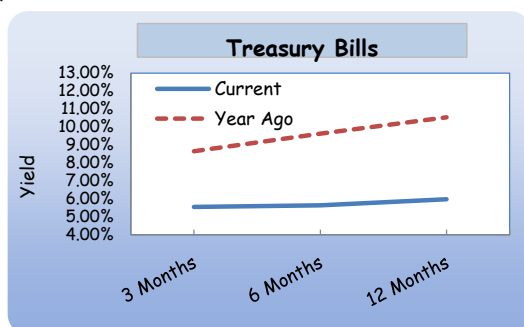
\* Provisional

## 3.3 Government Securities - Primary and Secondary Market Yield Rates as for the week ending - 05<sup>th</sup> November 2014

Security	Maturity	Primary Market*		Secondary Market			Last Week Average
		This Week	Last Week	This Week			
				Buying	Selling	Average	
Treasury Bills	3 Months	-	-	5.61%	5.47%	5.54%	5.66%
	6 Months	5.84%	-	5.72%	5.57%	5.64%	5.76%
	12 Months	6.00%	6.00%	6.04%	5.90%	5.97%	6.02%
Treasury Bonds	2 < Years	6.00%	-	6.90%	6.73%	6.81%	6.88%
	5 < Years	6.56%	-	7.71%	7.53%	7.62%	7.83%
	6 < Years	-	-	7.91%	7.79%	7.85%	8.00%
	8 < Years	-	-	8.27%	8.12%	8.19%	8.34%
	10 < Years	-	-	8.63%	8.45%	8.54%	8.69%
	15 < Years	-	-	9.23%	8.95%	9.09%	8.94%
	20 < Years	-	-	9.03%	8.84%	8.94%	9.02%
30 < Years	-	-	10.08%	9.86%	9.97%	9.71%	

\* Primary market transactions during the week ending 05/11/2014

The secondary market rates of T-bills and T-bonds marginally declined during the week with increasing activities in the secondary market.



### 3.4 Government Securities - Weekly Summary of Primary and Secondary Market Transactions (Week Ended - 05<sup>th</sup> November 2014 )

Item	Volume in Rs Mn	
	This Week	Last Week
<b>Outstanding Stock of Government Securities</b>		
Treasury Bills	716,707.39	715,022.10
Treasury Bonds (a)	3,220,672.51	3,213,828.07
<b>Total</b>	<b>3,937,379.90</b>	<b>3,928,850.17</b>
Government Securities held by Foreigners	458,908.11	462,283.88
Sri Lanka Development Bonds (SLDB)	389,836.17	380,576.30
<b>Primary Market Activities</b>		
	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Amount Offered	12,000.00	10,000.00
Total Bids Received	45,722.00	32,214.00
Total Bids Accepted	22,161.00	11,550.00
<b>Treasury Bonds</b>		
Amount Offered		
Total Bids Received	No auction held	No auction held
Total Bids Accepted		
Participation to the auction remain elevated during the week.		
<b>Secondary Market Activities</b>		
	Volume in Rs Mn	
	This Week	Last Week
<b>Treasury Bills</b>		
Outright Transaction (Sales / Purchases)	16,837.43	26,287.33
Repo Transaction (Sales / Purchases)	236,474.42	186,308.97
<b>Treasury Bonds</b>		
Outright Transaction (Sales / Purchases)	86,843.35	64,798.08
Repo Transaction (Sales / Purchases)	466,425.98	492,817.72
Increased activities are observed in the secondary market for both repo and T-bond transactions during the week.		

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) - 07/11/2014

Remaining Maturity	Average Buying Price	Yield %	Average Selling Price	Yield %	Buying & Selling Spread
1-7 Days	99.89	5.60	99.90	5.19	0.01
1 Month	99.54	5.63	99.55	5.49	0.01
2 Month	99.06	5.69	99.09	5.56	0.02
3 Month	98.60	5.69	98.62	5.58	0.03
4 Month	98.10	5.78	98.14	5.65	0.04
5 Month	97.61	5.82	97.66	5.70	0.05
6 Month	97.14	5.80	97.19	5.69	0.05
7 Month	96.62	5.88	96.68	5.77	0.07
8 Month	96.10	5.93	96.18	5.82	0.07
9 Month	95.60	5.95	95.69	5.83	0.08
10 Month	95.07	6.00	95.16	5.89	0.09
11 Month	94.52	6.06	94.62	5.95	0.10
12 Month	93.99	6.09	94.12	5.96	0.13

### 3.6 Two way Quotes (Treasury Bonds)- 07/11/2014

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	69	100.04	5.85	100.07	5.74	0.02
11.75%2015A	6	15-Mar-15	128	102.00	5.88	102.04	5.75	0.05
06.20%2015B	4	15-Jun-15	220	100.12	5.98	100.19	5.86	0.07
06.50%2015A	5	15-Jul-15	250	100.30	6.03	100.39	5.89	0.09
11.00%2015A	6	1-Aug-15	267	103.37	6.20	103.47	6.07	0.09
11.00%2015B	6	1-Sep-15	298	103.77	6.16	103.87	6.04	0.09
12.50%2015A	2	20-Sep-15	317	105.24	6.18	105.30	6.12	0.06
08.50%2015A	3	1-Nov-15	359	102.14	6.23	102.25	6.10	0.12
07.25%2016A	6	1-Apr-16	511	100.98	6.50	101.19	6.34	0.21
08.00%2016B	4	1-Jun-16	572	102.14	6.53	102.32	6.42	0.17
06.40%2016A	6	1-Aug-16	633	99.73	6.56	99.96	6.42	0.23
08.00%2016A	5	1-Sep-16	664	102.32	6.61	102.61	6.44	0.29
06.40%2016B	6	1-Oct-16	694	99.53	6.66	99.77	6.53	0.23
08.00%2017A	5	1-Jan-17	786	102.31	6.82	102.63	6.66	0.32
05.80%2017A	6	15-Jan-17	800	98.08	6.76	98.32	6.63	0.25
08.25%2017A	3	1-Mar-17	845	102.96	6.84	103.21	6.72	0.25
08.75%2017A	4	15-May-17	920	104.31	6.86	104.58	6.74	0.28
08.00%2017B	5	15-Jun-17	951	102.55	6.91	102.81	6.80	0.26
05.80%2017B	6	15-Jul-17	981	97.25	6.94	97.52	6.82	0.27
08.50%2018A	15	1-Feb-18	1,182	103.92	7.12	104.23	7.01	0.31
08.50%2018C	5	1-Apr-18	1,241	104.23	7.08	104.50	6.99	0.27
08.50%2018D	5	1-Jun-18	1,302	104.31	7.11	104.62	7.01	0.31
08.50%2018B	15	15-Jul-18	1,346	104.29	7.15	104.62	7.05	0.33
07.50%2018A	15	15-Aug-18	1,377	101.03	7.18	101.39	7.07	0.35
08.00%2018A	6	15-Nov-18	1,469	102.75	7.20	102.98	7.13	0.23
05.65%2019A	8	15-Jan-19	1,530	94.46	7.20	94.71	7.13	0.26
08.50%2019A	10	1-May-19	1,636	104.36	7.34	104.79	7.23	0.43
10.60%2019A	6	1-Jul-19	1,697	112.85	7.29	113.31	7.18	0.46
10.60%2019B	5	15-Sep-19	1,773	113.12	7.33	113.52	7.24	0.40
08.00%2019A	8	1-Nov-19	1,820	102.17	7.47	102.79	7.32	0.63
08.00%2020A	8	1-Jun-20	2,033	102.08	7.53	102.84	7.37	0.76
06.20%2020A	10	1-Aug-20	2,094	93.16	7.69	93.97	7.51	0.81
09.00%2021A	8	1-May-21	2,367	106.63	7.68	107.56	7.50	0.93
11.00%2021A	7	1-Aug-21	2,459	116.27	7.84	117.14	7.69	0.87
08.00%2022A	10	1-Jan-22	2,612	100.76	7.86	101.56	7.71	0.80
11.20%2022A	9	1-Jul-22	2,793	118.83	7.87	119.61	7.75	0.78
10.00%2022A	8	1-Oct-22	2,885	112.05	7.92	112.78	7.80	0.73
09.00%2023A	10	1-Sep-23	3,220	106.67	7.93	107.22	7.85	0.55
11.20%2023A	9	1-Sep-23	3,220	120.24	7.96	120.82	7.88	0.58
07.00%2023A	20	1-Oct-23	3,250	93.15	8.09	93.84	7.98	0.69
11.40%2024A	10	1-Jan-24	3,342	121.38	8.05	122.34	7.92	0.96
09.00%2025A	12	1-May-25	3,828	104.30	8.38	105.37	8.23	1.07
09.00%2026A	13	1-Feb-26	4,104	104.41	8.38	105.78	8.20	1.37
05.35%2026A	15	1-Mar-26	4,132	75.97	8.73	77.28	8.52	1.30
09.00%2028B	15	1-May-28	4,924	100.13	8.98	101.30	8.83	1.17
09.00%2028A	15	1-Jul-28	4,985	99.59	9.05	101.29	8.83	1.69
13.00%2029A	15	1-Jan-29	5,169	131.90	8.97	133.80	8.78	1.90
13.00%2029B	15	1-May-29	5,289	132.27	8.98	134.26	8.78	2.00
08.00%2032A	20	1-Jan-32	6,264	86.09	9.68	87.60	9.48	1.50
09.00%2032A	20	1-Oct-32	6,538	95.64	9.51	96.89	9.36	1.25
09.00%2033A	20	1-Jun-33	6,781	96.72	9.38	98.35	9.19	1.64
13.25%2033A	20	1-Jul-33	6,811	131.05	9.63	132.72	9.48	1.67
09.00%2033B	20	1-Nov-33	6,934	94.06	9.69	95.39	9.53	1.33
13.25%2034A	20	1-Jan-34	6,995	132.40	9.53	134.32	9.36	1.92
09.00%2043A	30	1-Jun-43	10,433	92.49	9.79	93.71	9.65	1.22
13.50%2044A	30	1-Jan-44	10,647	135.15	9.82	136.86	9.69	1.71
13.50%2044B	30	1-Jun-44	10,799	133.64	9.95	136.46	9.73	2.82



## External Sector

During the year so far (up to 07 November 2014) the rupee depreciated against the US dollar (0.07 per cent). Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the euro (11.35 per cent), pound sterling (3.99 per cent) and the Japanese yen (9.65 per cent) and depreciated against the Indian rupee (0.86 per cent) during this period.

Earnings from exports increased by 0.5 per cent, year-on-year, in September 2014 to US dollars 903 million while the cumulative earnings increased by 13.0 per cent to US dollars 8,288 million during the first nine months of 2014. The largest contribution to the export growth in September 2014 was from textiles and garments followed by coconut and printing industry products.

Expenditure on imports increased by 12.2 per cent, year-on-year, to US dollars 1,667 million in September 2014, while on a cumulative basis, imports grew by 5.4 per cent to US dollars 14,222 million during the first nine months of 2014. The increase in import expenditure in September 2014 was mainly due to the significant increase in imports of transport equipment particularly a dredger vessel followed by imports of vehicles such as motor cycles and motor cars for personal use.

The increase in export prices at a higher rate than import prices resulted in an improvement in the terms of trade in August 2014. The import price index declined marginally by 0.4 per cent, year-on-year, to 113.2 index points mainly due to the decrease in the average price level of consumer goods.

Meanwhile, the average price levels of agricultural and mineral export items, increased in August 2014, leading to an overall increase in the export price index by 1.4 per cent to 105.8 index points.

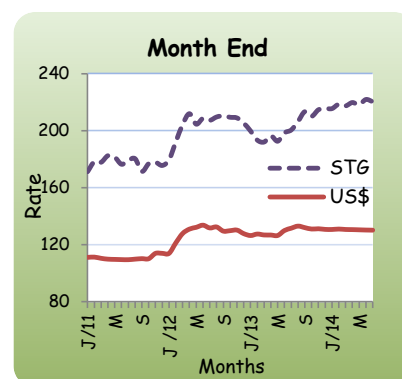
India, UK, China, Germany and France were the top five sources of tourist arrivals upto October 2014, accounting for 46.4 per cent of total tourist arrivals during the year upto October 2014.

The average price of tea in the Colombo auction decrease in September 2014 compared to the corresponding month of 2013, but the prices averaged at Colombo Auction is higher than the prices at other two auctions namely Kolkata and Mombasa, due to higher demand for Ceylon tea.

# EXTERNAL SECTOR

## 4.1 Exchange Rates

Item (Rs Per Unit)*	Week Ending - Nov 07			Average Rate	
	Buying Rate	Selling Rate	Average Rate	Week Ago	Year Ago
US\$	129.50	132.38	130.94	130.94	131.09
STG	204.43	210.30	207.37	209.37	210.66
Yen	1.12	1.16	1.14	1.20	1.33
Euro	159.41	164.66	162.04	164.90	176.98
INR(1)			2.13	2.13	2.10
SDR (As at 06 Nov 2014)			192.28	193.76	200.85
<b>Central Bank purchases and sales** (US\$ Mn. )</b>			<b>October 2014</b>	<b>Month Ago</b>	<b>Year Ago</b>
Purchases			1.50	96.60	164.15
Sales			200.15	173.90	11.48



	Week Ending Nov 07	Week Ago	Year Ago
Average Daily Interbank Volume (US\$ Mn.) (spot, tom and cash transactions among commercial banks)	26.56	20.67	36.93
<b>Forward Transactions</b>			
Forward Rates (US\$) <sup>(2)</sup>			
1 Month	131.36	131.29	131.92
3 Months	132.33	131.95	133.47
Average Daily Interbank Forward Volume (US\$ mn)	26.24	24.60	26.25
Outstanding Forward Volume (US\$ mn) (As at 06 Nov 2014)	1,250.88	1,254.76	831.36

\*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

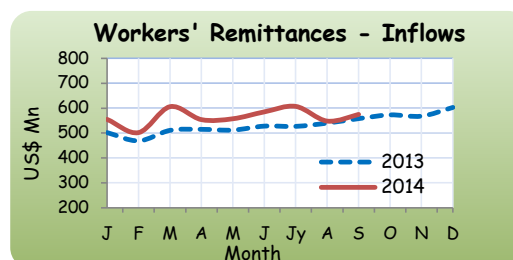
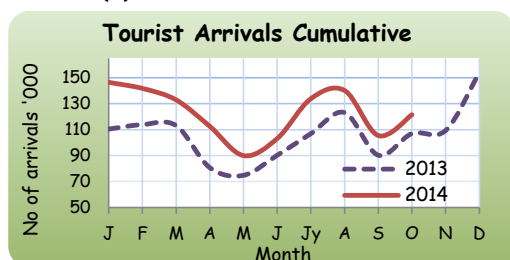
(1) Central Bank indicative rate (2) Weekly average based on actual transactions.

## 4.2 Tourism & Workers' Remittances

Item(a)		2013 Oct (b)	2014 Oct	2013 Jan-Oct (b)	2014 Jan - Oct	% Change
Tourist Arrivals	Number	107,058	121,576	1,011,255	1,228,754	21.5
Earnings from Tourism	US\$ Mn.	144.1	175.7	1,361.0	1,775.30	30.4
	Rs.bn.	18.9	22.9	175.3	231.7	32.1
		2013 Sep (b)	2014 Sep	2013 Jan-Sep(b)	2014 Jan - Sep	% Change
Workers' Remittances (Inflows)	US\$ Mn.	557.8	575	4,663.4	5,089.7	9.1
	Rs. bn.	73.9	74.9	599.3	664	10.8

(a) Provisional

(b) Revised



### 4.3 International Reserves & Foreign Currency Liquidity as at 30 September 2014<sup>(a)</sup>

Official Reserve Assets (USD mn)				
<b>Official Reserve Assets<sup>(b)</sup></b>				<b>8,821.80</b>
(1) Foreign currency reserves				7,837.25
(a) Securities				3,643.23
(b) Total currency and deposits with				4,194.02
(i) other national central banks, BIS				1,371.95
(ii) banks headquartered inside the reporting country of which located abroad				1.12
(iii) banks headquartered outside the reporting country of which located in the reporting country				2,820.96
(2) Reserve position in the IMF				70.95
(3) SDRs				8.95
(4) Gold				903.67
(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	-3,523.45	-65.25	-517.03	-2,941.17
Interest	-1,030.13	-96.85	-41.85	-891.43
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>	-2,291.15	-414.47	-337.00	-1,539.68
(b) Long positions (+)				
3. Other (specify)	-0.28	-0.28		
inflows related to reverse repos (+)				
other accounts payable (-)	-0.28	-0.28		

(a) Provisional

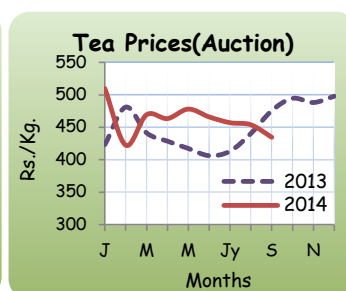
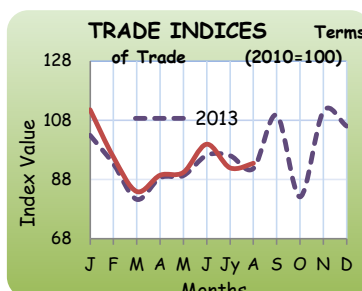
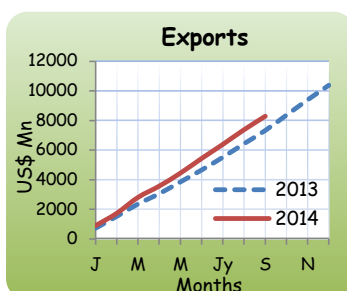
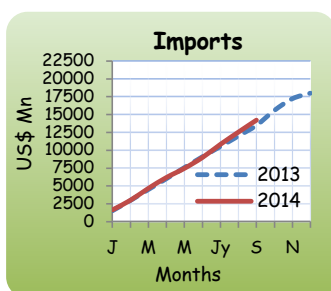
(b) By end September 2014 gross official reserves were equivalent to 5.6 months of imports

(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-Sep 2014	Jan-Sep 2013	% Change	Jan-Sep 2014	Jan-Sep 2013	% Change
<b>Exports</b>	<b>8.29</b>	<b>7.33</b>	<b>13.0</b>	<b>1,081.30</b>	<b>943.07</b>	<b>14.7</b>
Agricultural	2.08	1.84	13.2	271.39	236.50	14.8
Industrial	6.15	5.46	12.6	801.73	701.77	14.2
Food, Beverages and Tobacco	0.22	0.17	31.1	28.54	21.48	32.9
Textiles and Apparel	3.66	3.13	17.1	477.47	402.03	18.8
Petroleum Products	0.26	0.34	-23.8	33.56	43.33	-22.5
Leather, Rubber etc	0.77	0.67	16.1	100.87	85.65	17.8
Other	1.24	1.16	6.4	161.28	149.27	8.0
Mineral	0.05	0.03	86.1	6.82	3.65	86.9
Other	0.01	0.01	16.2	1.36	1.15	17.9
<b>Imports</b>	<b>14.22</b>	<b>13.49</b>	<b>5.4</b>	<b>1,855.45</b>	<b>1,731.74</b>	<b>7.1</b>
Consumer Goods	2.65	2.33	13.8	346.17	299.70	15.5
Intermediate Goods	8.61	7.97	8.0	1,123.27	1,023.08	9.8
Investment Goods	2.95	3.18	-7.2	384.57	407.67	-5.7
Other	0.01	0.01	9.5	1.44	1.29	11.2
<b>Trade Balance</b>	<b>-5.93</b>	<b>-6.15</b>	<b>-3.6</b>	<b>-774.16</b>	<b>-788.67</b>	<b>-1.8</b>

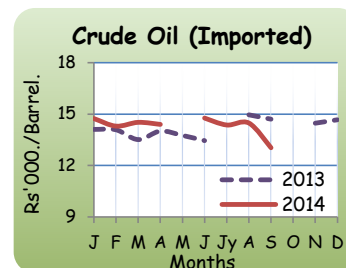
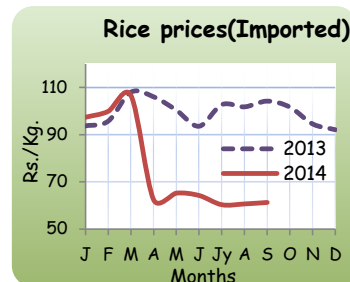


## 4.5 Trade Indices (2010= 100 )

Item	2014** Aug	Month Ago	Year Ago
<b>Total Exports</b>			
Value	137.96	132.88	127.85
Quantity	130.41	136.32	122.57
Unit Value	105.79	97.48	104.31
<b>Total Imports</b>			
Value	154.34	165.15	132.00
Quantity	136.33	155.69	116.10
Unit Value	113.21	106.08	113.69
<b>Terms of Trade</b>	<b>93.44</b>	<b>91.89</b>	<b>91.74</b>

\* In US\$ Terms

\*\* Provisional



## 4.6 International Commodity Prices

Item	Sep 2014	Sep 2013	% Change	Sep 2014	Sep 2013	% Change
<b>Colombo Auction Price</b>	US\$ / Kg			Rs / Kg		
Tea Prices	3.34	3.59	-7.10	434.65	475.64	-8.60
<b>Imports (C I F)</b>	US\$ / MT			Rs / MT		
Rice	470.33	786.70	-40.20	61,265.37	104,212.97	-41.20
White Sugar	497.47	501.62	-0.80	64,800.15	66,449.31	-2.50
Wheat	307.77	318.73	-3.40	40,089.98	42,222.11	-5.00
	US\$ / Barrel			Rs / Barrel		
Crude Oil	100.08	111.01	-9.90	13,036.24	14,705.91	-11.40