

Weekly Economic Indicators

26 August 2016



Statistics Department

Real Sector

Inflation, as measured by the change in the National Consumer Price Index (NCPI) (2013=100), which is compiled by the Department of Census and Statistics, decreased to 5.8 per cent in July 2016 from 6.4 per cent in June 2016, on year-on-year basis. Both Food and Non-food categories contributed towards the year-on-year inflation in July 2016. The change in the NCPI measured on an annual average basis increased to 3.4 per cent in July 2016 from 3.1 per cent in June 2016. When the monthly change in the NCPI is considered, the NCPI decreased by 0.8 per cent from 116.1 index points in June 2016 to 115.2 index points in July 2016. This monthly decrease was mainly due to the decrease in prices of the items in the Food category. Meanwhile, NCPI Core inflation, which reflects the underlying inflation in the economy decreased to 6.8 percent in July 2016 from 7.5 per cent in June 2016, on year-on-year basis. Annual average NCPI Core inflation increased to 5.5 per cent in July 2016 from 5.3 per cent in June 2016.

Inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI) (2006/07=100) compiled by the Department of Census and Statistics decreased to 5.5 per cent in July 2016 from 6.0 per cent in June 2016, on year-on-year basis. Annual average inflation increased to 2.7 per cent in July 2016 from 2.2 per cent in June 2016. The monthly increase in CCPI was 0.2 per cent. Core CCPI decreased to 5.8 per cent in July 2016 from 6.4 per cent in June 2016, on year-on-year basis. Annual average core CCPI increased to 4.9 per cent in July 2016 from 4.8 per cent in June 2016.

The GDP grew by 5.5 per cent in real terms in first quarter of 2016, mainly attributable to 4.9 per cent, 8.3 per cent and 1.9 per cent growth in Services activities, Industry activities and Agriculture activities, respectively, in value added terms.

During the first half of 2016 production of tea declined due to unfavourable weather conditions and low demand from prime export destinations while production of rubber declined due to the slowdown of tapping activities. However, the coconut production has recorded an increase during the same period.

The FIPI decreased by 2.0 per cent on a year-on-year basis in May 2016. This decline was mainly due to decreased production of food products, beverages, chemicals and chemical products and rubber and plastic products sub-sectors. This was mainly attributed to decreased domestic and international demand.

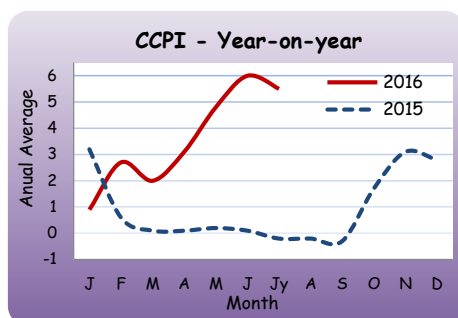
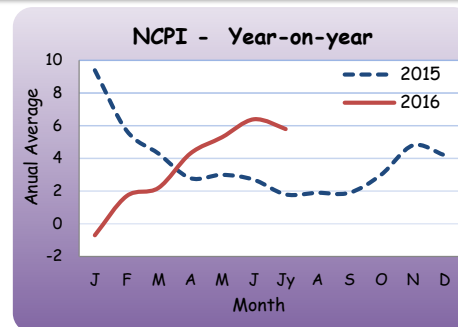
During the week crude oil spot prices showed mixed performance. At the beginning of the week prices fell as analysts warned that August's price rally had been overdone, and the proposed oil production freeze at current near record levels would not help rein in an oversupplied market. Goldman Sachs said it expects crude oil prices of between \$45 and \$50 per barrel through next summer. Subsequently, prices rose after Reuters reported Iran was sending positive signals that it may support joint OPEC action to prop up the market. However, prices again fell as rising U.S. and Asian fuel inventories returned investors' attention to a large global supply overhang. Iraq said it still isn't producing as much oil as it should be, raising concerns that OPEC supply will continue to increase.

Highlights

REAL SECTOR

1.1 Price Indices

| Item | July 2016 | Month Ago | Year Ago |
|---------------------------------------|-----------|-----------|----------|
| (2013 = 100) | | | |
| National Consumer Price Index (NCPI) | 115.2 | 116.1 | 108.9 |
| Monthly Change % | -0.8 | 2.1 | -0.2 |
| Year - on - Year Change % | 5.8 | 6.4 | 1.8 |
| Annual Average Change % | 3.4 | 3.1 | - |
| Core Inflation - (NCPI) | 117.9 | 118.2 | 110.4 |
| Annual Average Change % | 5.5 | 5.3 | - |
| Year - on - Year Change % | 6.8 | 7.5 | 4.3 |
| Item | July 2016 | Month Ago | Year Ago |
| (2006 / 07 = 100) | | | |
| Colombo Consumers' Price Index (CCPI) | 192.9 | 192.5 | 182.8 |
| Annual Average Change % | 2.7 | 2.2 | 1.3 |
| Year - on - Year Change % | 5.5 | 6.0 | -0.2 |
| Core Inflation - (CCPI) | 189.2 | 188.8 | 178.9 |
| Annual Average Change % | 4.9 | 4.8 | 2.8 |
| Year - on - Year Change % | 5.8 | 6.4 | 3.5 |

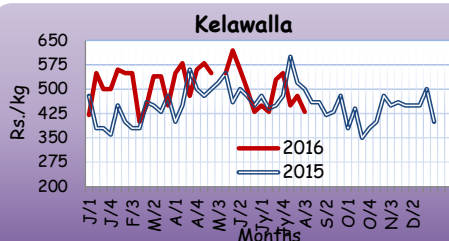
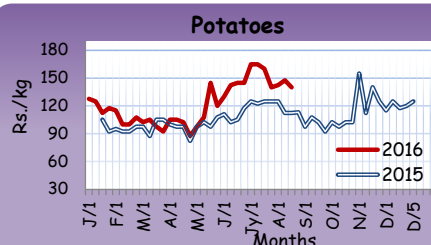
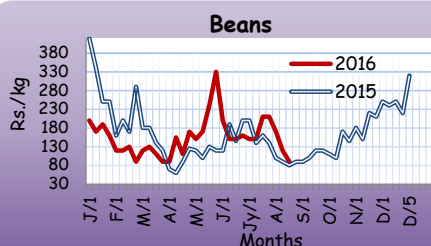
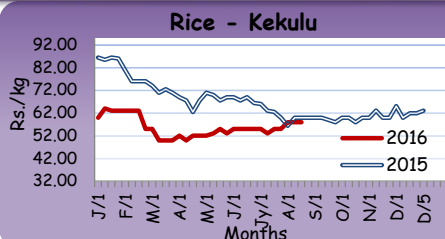


1.2 Pettah Market

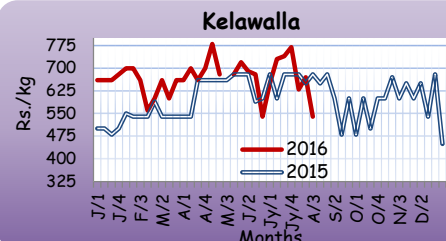
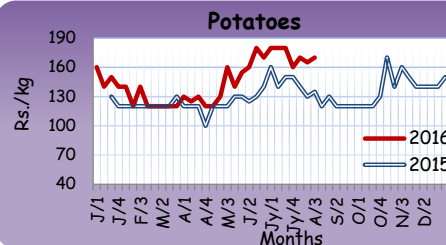
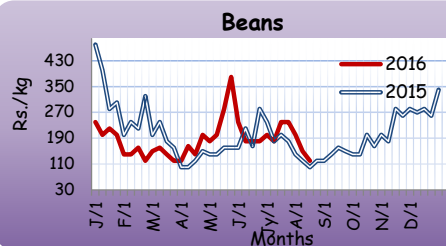
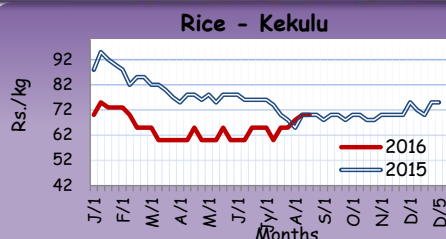
| Item | Average Wholesale Prices | | | | Average Retail Prices | | | |
|--------------------------|---------------------------------------|----------|-----------|---------------------|---------------------------------------|----------|-----------|---------------------|
| | Week Ending 25 th Aug 2016 | Week Ago | Month Ago | Year Ago Annual Avg | Week Ending 25 th Aug 2016 | Week Ago | Month Ago | Year Ago Annual Avg |
| | Rs / Kg | | | | Rs / Kg | | | |
| Rice | | | | | | | | |
| Samba | 75.00 | 80.00 | 79.38 | 83.22 | 88.00 | 88.00 | 88.00 | 90.10 |
| Kekulu (Red) | 60.00 | 58.00 | 54.50 | 66.15 | 70.00 | 70.00 | 63.75 | 75.20 |
| Vegetables | | | | | | | | |
| Beans | 110.00 | 90.00 | 180.00 | 160.49 | 140.00 | 120.00 | 215.00 | 196.86 |
| Cabbage | 60.00 | 60.00 | 145.00 | 79.31 | 100.00 | 100.00 | 185.00 | 117.94 |
| Carrots | 70.00 | 90.00 | 142.50 | 146.27 | 100.00 | 120.00 | 180.00 | 184.90 |
| Tomatoes | 40.00 | 35.00 | 152.50 | 89.80 | 80.00 | 60.00 | 190.00 | 126.18 |
| Pumpkins | 60.00 | 60.00 | 160.00 | 49.12 | 80.00 | 80.00 | 185.00 | 72.94 |
| Snake Gourd | 50.00 | 50.00 | 85.00 | 73.73 | 80.00 | 80.00 | 125.00 | 106.57 |
| Brinjals | 45.00 | 50.00 | 80.00 | 72.56 | 80.00 | 80.00 | 120.00 | 105.69 |
| Ash-Plantains | 80.00 | 70.00 | 87.50 | 81.08 | 100.00 | 100.00 | 115.00 | 110.59 |
| Other Foods | | | | | | | | |
| Red-Onions (Local) | 80.00 | 57.50 | 112.50 | 105.28 | 100.00 | 100.00 | 162.50 | 135.34 |
| Big-Onions (Local) | n.a. | n.a. | n.a. | 95.17 | n.a. | n.a. | n.a. | 124.67 |
| Potatoes (N'Eliya) | 107.50 | 140.00 | 157.50 | 107.98 | 140.00 | 170.00 | 175.00 | 130.80 |
| Dried Chilies (Imported) | 300.00 | 300.00 | 300.00 | 248.90 | 360.00 | 360.00 | 360.00 | 291.08 |
| Dhal (Indian) | 160.00 | 155.00 | 160.75 | 161.98 | 169.00 | 169.00 | 173.25 | 177.43 |
| Eggs (Red) | 16.50 | 17.50 | 16.75 | 14.17 | 17.00 | 18.00 | 17.25 | 14.77 |
| Coconut (Each) | 27.50 | 27.50 | 26.50 | 41.00 | 40.00 | 35.00 | 38.75 | 53.18 |
| Fish* | | | | | | | | |
| Kelawalla | 550.00 | 430.00 | 490.00 | 453.14 | 770.00 | 540.00 | 722.50 | 598.24 |
| Balaya | 300.00 | 380.00 | 325.00 | 295.00 | 400.00 | 460.00 | 425.00 | 361.20 |
| Salaya | 150.00 | 180.00 | 152.50 | 114.71 | 200.00 | 240.00 | 202.50 | 156.08 |
| Paraw (Small) | 600.00 | n.a. | 640.00 | 484.69 | 700.00 | n.a. | 737.50 | 547.96 |

* Prices collected from the Fisheries Trade Centre, Peliyagoda.

Pettah Market - Wholesale Prices



Pettah Market - Retail Prices



1.3 Dambulla Market

| Item (Rs / Kg) | Week Ending 25 th Aug 2016 | |
|-------------------------|---------------------------------------|------------------|
| | Wholesale (Average) | Retail (Average) |
| Rice | | |
| Samba | 77.00 | 82.50 |
| Kekulu (Red) | 57.50 | 62.50 |
| Vegetables | | |
| Beans | 111.00 | 162.00 |
| Carrot | 72.00 | 111.00 |
| Tomatoes | 25.50 | 48.00 |
| Pumpkins | 31.20 | 51.00 |
| Snake Gourd | 20.50 | 46.00 |
| Ash-Plantains | 56.50 | 80.00 |
| Other Foods | | |
| Red-Onions (Local) | 64.50 | 88.00 |
| Big-Onions (Local) | 74.00 | 90.50 |
| Potatoes (N'Eliya) | 108.50 | 132.00 |
| Dried Chilies(Imported) | 302.50 | 360.00 |
| Coconut (Each) | 25.60 | 35.00 |

1.5 Maradaghamula Market

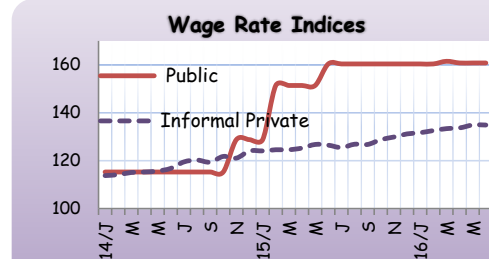
| Average wholesale price of Rice | | | | |
|---------------------------------|----------------------------------|----------|-----------|----------|
| Item (Rs / Kg) | Week Ending 26 th Aug | Week Ago | Month Ago | Year Ago |
| Samba | 70.10 | 70.63 | 73.66 | 79.56 |
| Sudu Kekulu | 58.30 | 57.38 | 58.82 | 62.37 |
| Raw Red | 58.50 | 58.13 | 57.68 | 66.17 |
| Nadu | 62.90 | 63.25 | 64.32 | 64.24 |

1.4 Narahenpita Economic Centre

| Item (Rs / Kg) | Average Retail Prices | |
|--------------------------|---------------------------|----------|
| | 25 th Aug 2016 | Week Ago |
| Rice | | |
| Samba | 89.67 | 84.67 |
| Kekulu (Red) | 69.33 | 60.67 |
| Vegetables | | |
| Beans | 120.00 | 116.67 |
| Cabbage | 116.67 | 116.67 |
| Carrots | 120.00 | 116.67 |
| Tomatoes | 63.33 | 46.67 |
| Pumpkins | 76.67 | 100.00 |
| Snake Gourd | 73.33 | 76.67 |
| Brinjals | 96.67 | 76.67 |
| Ash-Plantains | 120.00 | 116.67 |
| Other Foods | | |
| Red-Onions (Imported) | n.a. | n.a. |
| Big-Onions (Imported) | 86.67 | 70.00 |
| Potatoes (Imported) | 100.00 | 100.00 |
| Dried Chilies (Imported) | 336.67 | 336.67 |
| Dhal (Indian) | 168.33 | 168.67 |
| Eggs (Red)(Each) | 15.00 | 18.33 |
| Coconut (Each) | 50.00 | 48.33 |
| Fish | | |
| Kelawalla | 856.67 | 883.33 |
| Balaya | 376.67 | 416.67 |
| Salaya | 256.67 | 200.00 |
| Paraw (Small) | 856.67 | 876.67 |

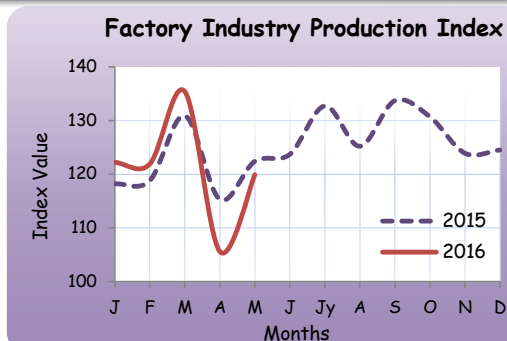
1.6 Wage rate Indices

| Item | 2016 June | 2015 June | % Change |
|--|--------------|--------------|-------------|
| Public Sector Employees (2012 = 100) | 160.8 | 160.4 | 0.2 |
| Informal Private Sector Employees (2012 = 100) | 134.9 | 126.5 | 6.6 |
| Agriculture | 134.5 | 128.4 | 4.8 |
| Industry | 139.3 | 129.6 | 7.5 |
| Services | 130.8 | 122.7 | 6.6 |



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

| Item | 2016 (b) May | 2015 May | % Change |
|-------------------------------------|-----------------|-------------|-------------|
| Factory Industry- Production Index | 119.9 | 122.4 | -2.0 |
| Food products | 97.8 | 103.3 | -5.3 |
| Beverages | 99.6 | 121.8 | -18.2 |
| Tobacco products | 107.5 | 96.2 | 11.7 |
| Wearing apparel | 169.7 | 168.2 | 0.9 |
| Chemicals and chemical products | 79.3 | 94.5 | -16.1 |
| Rubber and plastic products | 137.6 | 138.4 | -0.6 |
| Other non-metallic mineral products | 120.9 | 114.8 | 5.3 |



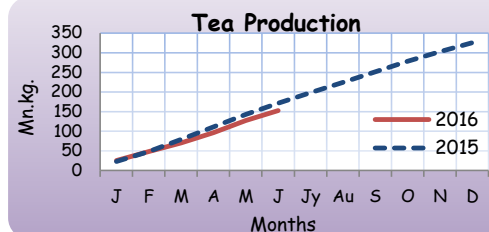
(a) Major 7 sub divisions of FIPI out of 17 sub divisions.

(b) Provisional

1.8 Agriculture Production

| Item | Unit | 2016(a) Jan-Jun | 2015 Jan-Jun | % Change |
|----------|-----------|--------------------|-----------------|-------------|
| Tea | (Mn Kg) | 152.5 | 171.9 | -11.3 |
| Rubber | (Mn Kg) | 47.9 | 50.4 | -5.0 |
| Coconuts | (Mn Nuts) | 1,526.9 | 1,500.0 | 1.8 |

(a) Provisional



1.9 GDP by Industrial Origin at Constant (2010) Prices - Growth Rates in value added terms

| Item | 2016(a) 1 st Quarter | 2015(a) 1 st Quarter | 2015(a) Annual |
|-------------|------------------------------------|------------------------------------|-------------------|
| Agriculture | 1.9 | 5.9 | 5.5 |
| Industry | 8.3 | 1.4 | 3.0 |
| Services | 4.9 | 5.4 | 5.3 |
| GDP | 5.5 | 4.4 | 4.8 |

(a)Provisional

Source: Department of Census and Statistics



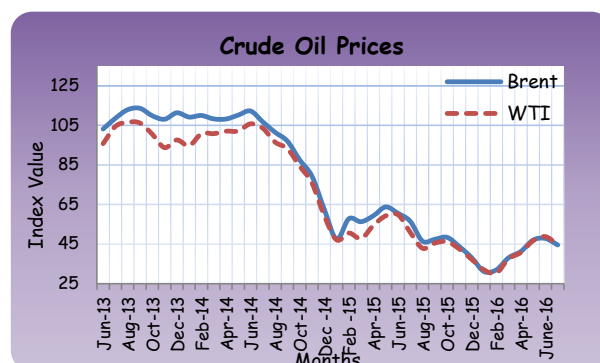
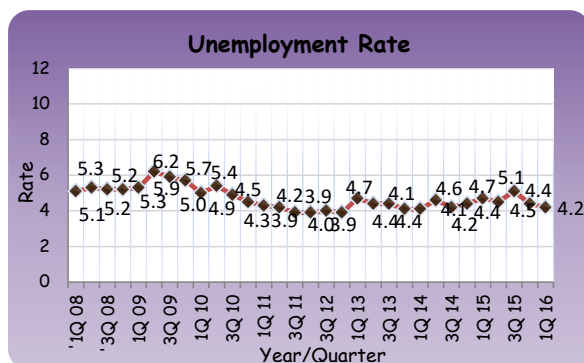
1.10 Employment (a)

| Item | 2015 (b) 1 st Quarter | 2016 (b) 1 st Quarter | 2015 Annual |
|---|-------------------------------------|-------------------------------------|-------------|
| Labour Force Participation rate | 53.5 | 54.1 | 53.8 |
| Unemployment rate | 4.7 | 4.2 | 4.7 |
| Employed Persons by Sectors (c) (as a % of total employment) | | | |
| Agriculture | 29.9 | 28.5 | 28.7 |
| Industry | 25.6 | 26.0 | 25.8 |
| Services | 44.5 | 45.5 | 45.6 |

(a) The working age population aged 15 and above (b) Provisional

Source: Department of Census and Statistics

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



1.11 Average Crude Oil Prices

| Month | 2015 | | | 2016 | | |
|-----------|-------------------------|-----------------------|---------------------------------------|-------------------------|-----------------------|---------------------------------------|
| | 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 | 47.46 | 47.11 | 55.47 | 31.10 | 31.96 | 31.87 |
| February | 57.81 | 50.58 | 69.52 | 31.93 | 30.32 | 35.36 |
| March | 56.30 | 47.82 | - | 38.06 | 37.55 | 36.85 |
| April | 59.32 | 54.45 | - | 41.25 | 40.75 | 44.05 |
| May | 63.76 | 59.26 | 63.09 | 47.00 | 46.69 | 48.84 |
| June | 60.53 | 59.82 | 66.17 | 47.82 | 48.76 | 50.95 |
| July | 56.48 | 50.90 | 60.49 | 44.54 | 44.65 | |
| August | 46.43 | 42.87 | 54.92 | | | |
| September | 47.41 | 45.48 | 48.65 | | | |
| October | 48.36 | 46.22 | 49.26 | | | |
| November | 43.68 | 42.44 | 45.46 | | | |
| December | 38.08 | 37.21 | 41.21 | | | |
| | 2015 | | | 2016 | | |
| 19 August | 45.45 | 40.75 | | 49.29 | 48.48 | |
| 22 August | - | - | | 47.85 | 46.80 | |
| 23 August | - | - | | 48.32 | 47.54 | |
| 24 August | 41.29 | 38.22 | | 47.56 | 46.29 | |
| 25 August | 41.56 | 39.15 | | 49.25 | 46.97 | |

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 26 August 2016 increased by 21 bps to 11.89 per cent compared to the previous week.

Broad money (M2b) expanded by 16.5 per cent on year-on-year basis in May 2016.

NFA of the banking system declined marginally by Rs. 3.3 billion in May 2016.

NCG from the banking system showed an increase of Rs. 6.1 billion in May 2016.

Credit extended to the private sector increased by Rs. 60.2 billion in May 2016.

The reserve money decreased compared to the previous week mainly due to decrease in currency in circulation and deposits held by commercial banks.

The total outstanding market liquidity increased, to a short position of Rs. 1.30 bn by end of the week, compared to an short position of Rs. 25.17 bn by the end of last week.

By 26 August 2016, All Share Price Index (ASPI) declined by 0.78 per cent to 6,551 points while S&P SL 20 Index declined by 1.32 per cent to 3,585 points, compared to the previous week.

Highlights

MONETARY SECTOR

2.1 Interest Rates

| Item | Week Ending 2016 Aug 26 | Week Ago | Year Ago |
|---|---------------------------------|---------------------------------|---------------------------------|
| Policy Interest Rates | | | |
| Standing Deposit Facility Rate | 7.00 | 7.00 | 6.00 |
| Standing Lending Facility Rate | 8.50 | 8.50 | 7.50 |
| Average Weighted Call Money Rate (AWCMR)(Weekly Average) | 8.40 | 8.40 | 6.28 |
| Sri Lanka Inter Bank Offered Rate (SLIBOR) | | | |
| 1 day | 8.41 | 8.43 | 6.30 |
| 7 days | 9.53 | 9.50 | 6.48 |
| 1 Month | 10.56 | 10.54 | 6.70 |
| 3 Months | 11.12 | 10.92 | 6.97 |
| 6 Months | 11.56 | 11.42 | 7.21 |
| 12 Months | 11.99 | 11.94 | 7.57 |
| Treasury Bill Yields (Excluding 10% withholding tax) | | | |
| 91 days | 9.04 | 9.01 | 6.28 |
| 182 days | 9.94 | 9.94 | 6.43 |
| 364 days | 10.75 | 10.74 | 6.48 |
| Licensed Commercial Banks | | | |
| Average Weighted Prime Lending Rate (AWPR) | 11.89 | 11.68 | 6.89 |
| | June 2016 | Month Ago | Year Ago |
| Saving Deposits | 0.50-9.00 | 0.50-8.50 | 0.50-8.00 |
| One Year Fixed Deposits | 4.50-15.00 | 4.50-15.00 | 3.50-15.00 |
| | July 2016 | Month Ago | Year Ago |
| Average Weighted Deposit Rate (AWDR) | 7.10 | 6.87 | 6.00 |
| Average Weighted Fixed Deposit Rate (AWFDR) | 8.99 | 8.64 | 7.21 |
| | June 2016 | Month Ago | Year Ago |
| Average Weighted Lending Rate (AWLR) | 12.09 | 11.89 | 11.25 |
| National Savings Bank (NSB) | | | |
| | June 2016 | Month Ago | Year Ago |
| Saving Deposits | 4.50 | 4.50 | 5.00 |
| One Year Fixed Deposits | 10.00 | 8.50 | 6.50 |
| Treasury Bonds Auction | | | |
| | (4 Y & 06 Months) 25/08/2016 | (7 Y & 11 Months) 25/08/2016 | (9 y & 11 Months) 25/08/2016 |
| Coupon rate | 10.75 | 11.00 | 11.50 |
| Weighted Average Yield (Excluding 10% withholding tax) | 11.76 | 12.24 | 12.52 |

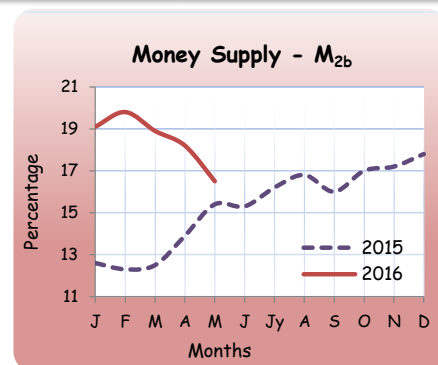
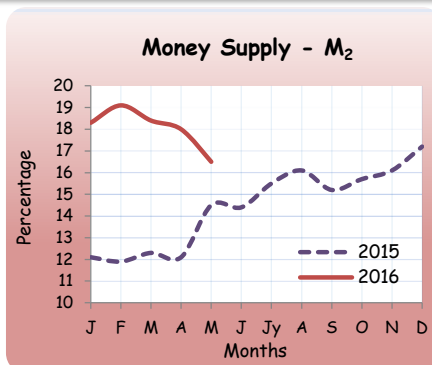
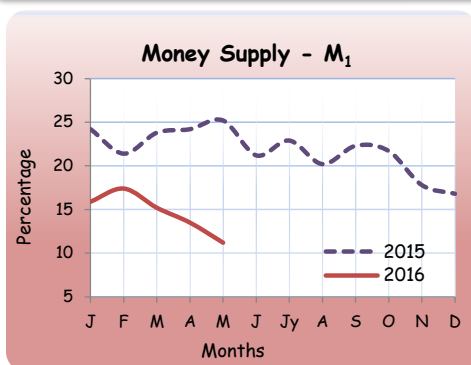
| Bankwise- AWPR | Week ending 2016 Aug 26 | Week Ago |
|------------------------------|----------------------------|----------|
| Bank of Ceylon | 11.21 | 11.19 |
| People's Bank | 11.73 | 11.73 |
| Hatton National Bank | 12.30 | 13.04 |
| Commercial Bank of Ceylon | 12.41 | 12.38 |
| Sampath Bank | 12.39 | 12.53 |
| Seylan Bank | 12.30 | 11.99 |
| Union Bank of Colombo | 12.99 | 14.30 |
| Pan Asia Banking Corporation | 15.83 | 13.00 |
| Nations Trust Bank | 11.99 | 11.95 |
| DFCC Bank | 12.31 | 12.86 |
| NDB Bank | 13.00 | 13.00 |
| Amana Bank | 12.23 | 12.14 |
| Cargills Bank | 11.54 | 11.91 |

| Bankwise- AWPR | Week ending 2016 Aug 26 | Week Ago |
|-------------------------|----------------------------|----------|
| HSBC | 8.81 | 9.01 |
| Standard Chartered Bank | 11.02 | 10.25 |
| Citi Bank | 10.57 | 10.57 |
| Deutsche Bank | 9.60 | 9.36 |
| Habib Bank | 10.77 | 10.77 |
| Indian Bank | 12.37 | 12.37 |
| Indian Overseas Bank | 12.87 | 12.87 |
| MCB Bank | 11.50 | 11.99 |
| State Bank of India | 12.44 | 12.44 |
| Public Bank | 10.25 | 10.25 |
| ICICI Bank | 11.98 | 11.89 |
| Axis Bank | 12.26 | 12.23 |

2.2 Money Supply

| Item | Rs. Bn. | | | Annual Change (%) | | |
|---|-----------------|--------------|-------------|-------------------|--------------|-------------|
| | 2016 (a) May | Month Ago | Year Ago | 2016 (a) May | Month Ago | Year Ago |
| Reserve Money | 733.3 | 763.1 | 589.8 | 24.3 | 24.6 | 18.1 |
| M ₁ | 701.7 | 715.5 | 630.8 | 11.2 | 13.5 | 25.2 |
| M ₂ | 4,241.0 | 4,242.0 | 3,641.3 | 16.5 | 18.0 | 14.5 |
| M _{2b} | 4,781.1 | 4,772.1 | 4,102.8 | 16.5 | 18.2 | 15.4 |
| Net Foreign Assets of the Banking System (b) | -467.5 | -464.2 | -177.0 | -164.2 | -170.9 | -211.2 |
| Monetary Authorities | 422.6 | 437.6 | 550.5 | -23.2 | -23.7 | -17.6 |
| Commercial Banks | -890.1 | -901.8 | -727.5 | -22.4 | -21.1 | -43.0 |
| Domestic Banking Units (DBUs) | -330.5 | -312.7 | -234.6 | -40.9 | -33.5 | -15.1 |
| Offshore Banking Units (OBUs) | -559.6 | -589.1 | -492.8 | -13.5 | -15.4 | -61.7 |
| Net Domestic Assets of the Banking System (b) | 5,248.6 | 5,236.3 | 4,279.7 | 22.6 | 24.4 | 26.0 |
| Net Credit to the Government | 1,965.5 | 1,959.4 | 1,662.7 | 18.2 | 20.5 | 20.9 |
| Monetary Authorities | 407.2 | 424.2 | 201.5 | 102.1 | 87.6 | 37.8 |
| Commercial Banks | 1,558.3 | 1,535.3 | 1,461.2 | 6.6 | 9.6 | 18.9 |
| DBUs | 1,160.5 | 1,142.3 | 1,191.2 | -2.6 | 0.9 | 15.3 |
| OBUs | 397.8 | 392.9 | 270.0 | 47.3 | 46.6 | 37.9 |
| Credit to Public Corporations | 489.8 | 511.5 | 496.9 | -1.4 | 2.8 | 50.4 |
| DBUs | 262.8 | 259.0 | 202.5 | 29.8 | 29.3 | 39.2 |
| OBUs | 227.0 | 252.6 | 294.4 | -22.9 | -15.1 | 59.3 |
| Credit to the Private Sector | 3,722.2 | 3,662.0 | 2,908.2 | 28.0 | 28.1 | 17.6 |
| DBUs | 3,450.6 | 3,396.7 | 2,660.6 | 29.7 | 29.7 | 17.1 |
| OBUs | 271.7 | 265.3 | 247.6 | 9.7 | 10.3 | 22.3 |
| Other Items (Net) | -928.9 | -896.7 | -788.0 | -17.9 | -15.8 | -0.7 |

(a) Provisional (b) In relation to M_{2b}

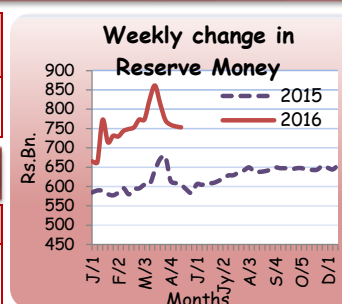


2.3 Weekly change in Reserve Money

| Item | 25 Aug 2016 | Week Ago | Change |
|------------------------|-------------|----------|--------|
| Reserve Money (Rs.Mn.) | 791,519 | 793,985 | -2,466 |

2.4 Money Market Activity (Overnight)

| Item | 22.08.2016 | 23.08.2016 | 24.08.2016 | 25.08.2016 | 26.08.2016 |
|--------------------------------|------------|------------|------------|------------|------------|
| Call Money Market | | | | | |
| Weighted Average Rate (% p.a.) | 8.40 | 8.40 | 8.40 | 8.40 | 8.40 |
| Gross Volume (Rs. Mn) | 12,950 | 11,690 | 10,105 | 10,845 | 10,165 |
| Repo Market | | | | | |
| Weighted Average Rate (% p.a.) | 8.50 | 8.48 | 8.49 | 8.50 | 8.51 |
| Gross Volume (Rs. Mn) | 37,844 | 44,048 | 442,917 | 431,137 | 43,370 |



2.5 CBSL Security Portfolio

| Item | 22.08.2016 | 23.08.2016 | 24.08.2016 | 25.08.2016 | 26.08.2016 |
|------------------------------|------------|------------|------------|------------|------------|
| CBSL T-Bill Holding (Rs. Mn) | 237,136 | 228,823 | 227,697 | 222,890 | 222,700 |

2.6 Open Market Operations

| Item | 22.08.2016 | 23.08.2016 | 24.08.2016 | 25.08.2016 | 26.08.2016 |
|--|------------|------------|------------|------------|------------|
| Short-Term Auction | | | | | |
| Repo Amount Offered (Rs. bn) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reverse Repo Amount Offered (Rs. bn) | 15.00 | 15.00 | 15.00 | 10.00 | 15.00 |
| Tenure (No. of Days) | 1 | 1 | 1 | 1 | 1 |
| Bids Received (Rs. bn) | 26.27 | 23.49 | 22.68 | 16.86 | 15.05 |
| Amount Accepted (Rs. bn) | 15.00 | 15.00 | 15.00 | 10.00 | 15.00 |
| Weighted Average Yield Rate (% p.a.) | 8.39 | 8.40 | 8.41 | 8.42 | 8.43 |
| Term Auction | | | | | |
| Repo Amount Accepted (Rs. bn) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reverse Repo Amount Accepted (Rs. bn) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Standing Facility | | | | | |
| Standing Deposit Facility (Rs. bn) | 14.59 | 13.68 | 15.66 | 16.17 | 19.27 |
| Standing Lending Facility (Rs. bn) | 16.92 | 8.55 | 7.36 | 7.50 | 5.56 |
| Total Outstanding Market Liquidity (Rs. bn) | -17.33 | -9.88 | -6.70 | -1.33 | -1.30 |

2.7 Credit Cards (a)

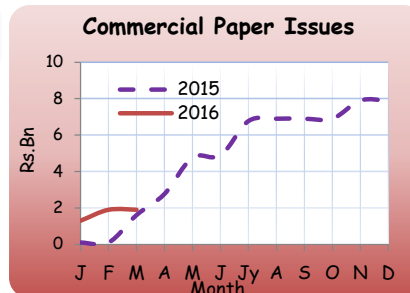
| Item | 2016 (b) End June | 2016 End May | 2015 End Dec |
|--------------------------------------|----------------------|-----------------|-----------------|
| Total Number of Active Cards | 1,205,422 | 1,191,448 | 1,142,231 |
| Local (accepted only locally) | 30,043 | 30,192 | 30,902 |
| Global (accepted globally) | 1,175,379 | 1,161,256 | 1,111,329 |
| Outstanding balance (Rs. Mn.) | 65,433 | 65,088 | 63,010 |
| Local (accepted only locally) | 804 | 808 | 1,226 |
| Global (accepted globally) | 64,630 | 64,281 | 61,784 |

(a) Issued by Licensed Commercial Banks (b) Provisional

2.8 Commercial Paper Issues (a)

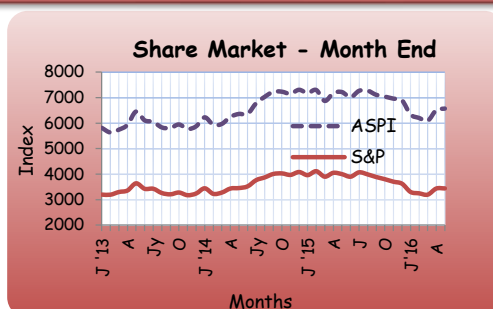
| Item (Rs. bn.) | 2016 End June(b) | 2016 End May (c) | 2015 End Dec |
|---------------------------------------|---------------------|---------------------|-----------------|
| Total Issues - Cumulative | 4.8 | 4.8 | 7.9 |
| Outstanding (as at end of the period) | 4.5 | 4.5 | 4.5 |

(a) Based on the information provided by Licensed Commercial Banks and Licensed Specialised Banks (b) provisional (c) Revised



2.9 Share Market

| Item | Week Ending 26 Aug 2016 | Week Ago | Year Ago |
|---|----------------------------|----------|----------|
| All Share Price Index (1985 = 100) (ASPI) | 6,551 | 6,602 | 7,240 |
| S & P Sri Lanka 20 Index (S&P SL20) | 3,585 | 3,633 | 3,969 |
| Average Daily Turnover (Rs. Mn) | 1,014 | 1,191 | 1,878 |
| Market Capitalisation (Rs.Bn.) | 2,792 | 2,814 | 3,076 |



Fiscal Sector

During the first quarter of 2016, government revenue as a percentage of estimated GDP increased to 2.8 per cent from 2.5 per cent in the corresponding period in 2015. Average monthly revenue during this period was around Rs. 115.2 billion compared to Rs. 95.2 billion recorded in the same period of 2015. Tax revenue increased by 26.3 per cent to Rs. 325.4 billion during the first quarter of 2016 from Rs. 257.7 billion in the corresponding period of 2015 mainly due to increase in revenue from excise taxes, income taxes and import related taxes. Non tax revenue declined by 27.5 per cent to Rs. 20.2 billion during the first quarter of 2016 compared to Rs. 27.9 billion in the corresponding period of 2015 mainly due to decline in profits and dividend from State Owned Business Enterprises (SOBEs).

Total expenditure and net lending during the first quarter of 2016 is estimated to be declined to 4.3 per cent of estimated GDP from 4.4 per cent of GDP during the same period in 2015 mainly due to decline in recurrent expenditure to 3.5 per cent of estimated GDP from 3.6 per cent of GDP recorded in the same period in 2015. However, in nominal terms, total expenditure and net lending is estimated to be increased by 6.7 per cent to Rs. 526.3 billion during the first quarter of 2016 in comparison to Rs. 493.4 billion recorded in the same period of 2015, due to a considerable increase in expenditure on salaries and wages and pension.

In nominal terms, total outstanding government debt increased to Rs. 8,772.4 billion as at end March 2016 from Rs. 8,503.2 billion at end 2015. Foreign debt decreased by Rs. 38.9 billion to Rs. 3,505.1 billion while domestic debt increased by Rs. 308.1 billion to Rs. 5,267.3 billion.

FISCAL SECTOR

3.1 Government Finance (Rs.bn)

| Item | 2015 1 st Quarter | 2016(a) 1 st Quarter | Rs. Bn |
|---|---------------------------------|------------------------------------|---|
| Revenue and Grants | 285.6 | 345.6 | Government Revenue & Expenditure 2015-2016 (end Period) |
| Revenue | 285.6 | 345.6 | |
| Tax | 257.7 | 325.4 | |
| Non tax | 27.9 | 20.2 | |
| Grants | 0.1 | 0.0 | |
| Expenditure & Lending Minus Repayments | 493.4 | 526.3 | |
| Current | 410.9 | 426.5 | |
| Capital & Lending Minus Repayments | 82.5 | 99.8 | |

(a) Provisional

3.2 Outstanding Central Government Debt (Rs.bn)

| Item | End 2015 | 2016(a) 1 st Quarter | Rs. Bn |
|-------------------------------------|----------------|------------------------------------|--------------------------------------|
| Total domestic debt | 4,959.2 | 5,267.3 | Government Debt 2015-2016 |
| of which | | | |
| Treasury bills | 658.2 | 649.4 | |
| Treasury bonds | 3,305.2 | 3,493.1 | |
| Rupee loans | 24.1 | 24.1 | |
| Total foreign debt | 3,544.0 | 3,505.1 | |
| Total outstanding govt. debt | 8,503.2 | 8,772.4 | |

(a) Provisional

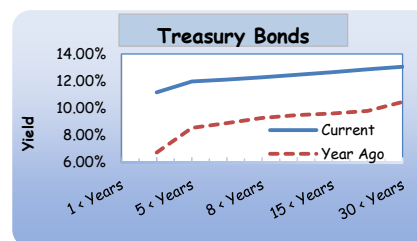
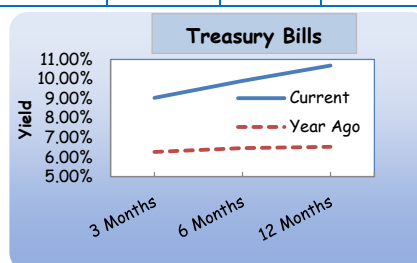
3.3 Government Securities - Primary and Secondary Market Yield Rates for the week ending - 24th August 2016

| Security | Maturity | Primary Market(a) | | Secondary Market | | | |
|----------------|------------|-------------------|-----------|------------------|---------|---------|----------------------|
| | | This Week | Last Week | This Week | | | Last Week Average |
| | | | | Buying | Selling | Average | |
| Treasury Bills | 3 Months | 9.04% | 9.01% | 9.12% | 8.91% | 9.01% | 9.04% |
| | 6 Months | 9.94% | 9.94% | 9.97% | 9.79% | 9.88% | 9.91% |
| | 12 Months | 10.75% | 10.74% | 10.79% | 10.62% | 10.70% | 10.70% |
| Treasury Bonds | < 2 Years | - | - | 11.23% | 11.13% | 11.18% | 11.18% |
| | < 5 Years | - | - | 12.02% | 11.94% | 11.98% | 11.97% |
| | < 6 Years | - | - | 12.17% | 12.07% | 12.12% | 12.13% |
| | < 8 Years | - | - | 12.34% | 12.23% | 12.29% | 12.29% |
| | < 10 Years | - | - | 12.54% | 12.46% | 12.50% | 12.47% |
| | < 15 Years | - | - | 12.73% | 12.62% | 12.67% | 12.67% |
| | < 20 Years | - | - | 12.92% | 12.84% | 12.88% | 12.88% |
| | < 30 Years | - | - | 13.13% | 13.00% | 13.07% | 13.07% |

(a) Primary market transactions during the week ending 24/08/2016

The secondary market yield rates of T-bills decreased while the secondary market yield rates of T-bonds showed a mixed behaviour across all maturities during the reporting week, compared to the previous week.

| Security | Maturity Date | Coupon Rate | Secondary Market | |
|-------------------------------|---------------|-------------|------------------|-----------|
| | | | This Week | Last Week |
| International Sovereign Bonds | 4-Oct-20 | 6.250% | 4.68% | 4.52% |
| | 27-Jul-21 | 6.250% | 4.78% | 4.65% |
| | 18-Jan-22 | 5.750% | 4.90% | 4.69% |
| | 25-Jul-22 | 5.875% | 5.09% | 4.83% |
| | 14-Jan-19 | 6.000% | 4.42% | 4.07% |
| | 11-Apr-19 | 5.125% | 4.37% | 4.15% |
| | 3-Jun-25 | 6.125% | 5.60% | 5.33% |
| | 3-Nov-25 | 6.850% | 5.72% | 5.45% |
| | 18-Jul-26 | 6.825% | 5.76% | 5.49% |



3.4 Government Securities - Weekly Summary of Primary and Secondary Market Transactions (Week Ended - 24th August 2016)

| Item | Volume in Rs Mn | |
|--|---------------------|---------------------|
| | This Week | Last Week |
| Outstanding Stock of Government Securities | | |
| Treasury Bills | 739,907.74 | 739,517.04 |
| Treasury Bonds (a) | 3,961,408.96 | 3,961,408.96 |
| Total | 4,701,316.70 | 4,700,926.00 |
| T-bills and T-bonds held by Foreigners | 302,416.27 | 295,716.08 |
| Sri Lanka Development Bonds (SLDB) | 619,720.88 | 689,124.38 |

The stock of T-bills and T-bonds held by foreign investors increased by 2.27 per cent, while outstanding stock of SLDBs decreased by 10.07 per cent due to non-issuance of new SLDBs over maturities, during the reporting week compared to the previous week.

| Primary Market Activities | Volume in Rs Mn | |
|---------------------------|-----------------|-----------------|
| | This Week | Last Week |
| Treasury Bills | | |
| Amount Offered | 27,000.00 | 23,000.00 |
| Total Bids Received | 67,451.00 | 67,500.00 |
| Total Bids Accepted | 23,772.00 | 14,511.00 |
| Treasury Bonds | | |
| Amount Offered | | |
| Total Bids Received | No auction held | No auction held |
| Total Bids Accepted | | |

The weekly T-bill auction was over subscribed by 2.5 times.

| Secondary Market Activities | Volume in Rs Mn | |
|--|-----------------|------------|
| | This Week | Last Week |
| Treasury Bills | | |
| Outright Transaction (Sales / Purchases) | 18,765.43 | 29,519.00 |
| Repo Transaction (Sales / Purchases) | 251,985.93 | 223,833.88 |
| Treasury Bonds | | |
| Outright Transaction (Sales / Purchases) | 87,973.15 | 60,444.01 |
| Repo Transaction (Sales / Purchases) | 827,085.69 | 588,511.01 |

The total secondary market transactions increased by 31.42 per cent in the reporting week compared to the previous 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) - 26/08/2016

| Remaining Maturity | Average Buying Price | Yield % | Average Selling Price | Yield % | Buying & Selling Spread |
|--------------------|----------------------|---------|-----------------------|---------|-------------------------|
| 1-7 Days | 99.84 | 8.56 | 99.84 | 8.36 | 0.00 |
| 1 Month | 99.29 | 8.71 | 99.30 | 8.49 | 0.02 |
| 2 Month | 98.55 | 8.87 | 98.58 | 8.69 | 0.03 |
| 3 Month | 97.76 | 9.11 | 97.81 | 8.91 | 0.05 |
| 4 Month | 96.92 | 9.39 | 96.99 | 9.19 | 0.06 |
| 5 Month | 96.04 | 9.64 | 96.12 | 9.45 | 0.08 |
| 6 Month | 95.08 | 9.98 | 95.16 | 9.81 | 0.09 |
| 7 Month | 94.18 | 10.12 | 94.28 | 9.94 | 0.10 |
| 8 Month | 93.28 | 10.22 | 93.40 | 10.04 | 0.12 |
| 9 Month | 92.35 | 10.34 | 92.49 | 10.15 | 0.14 |
| 10 Month | 91.41 | 10.45 | 91.57 | 10.26 | 0.16 |
| 11 Month | 90.46 | 10.56 | 90.62 | 10.38 | 0.16 |
| 12 Month | 89.35 | 10.80 | 89.52 | 10.62 | 0.17 |

3.6 Two way Quotes (Treasury Bonds)- 26/08/2016

| 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 |
|-------------------------|-------------------------|--------------------------|------------------|----------------------|---------|-----------------------|---------|-------------------------|
| 08.00%2016A | 5 | 1-Sep-16 | 6 | 99.98 | 9.06 | 99.98 | 8.83 | 0.00 |
| 06.40%2016B | 6 | 1-Oct-16 | 36 | 99.71 | 9.18 | 99.73 | 8.94 | 0.02 |
| 08.00%2017A | 5 | 1-Jan-17 | 128 | 99.33 | 9.87 | 99.39 | 9.68 | 0.06 |
| 05.80%2017A | 6 | 15-Jan-17 | 142 | 98.43 | 9.96 | 98.51 | 9.75 | 0.08 |
| 08.25%2017A | 3 | 1-Mar-17 | 187 | 99.12 | 10.04 | 99.21 | 9.86 | 0.09 |
| 08.75%2017A | 4 | 15-May-17 | 262 | 98.92 | 10.30 | 99.07 | 10.08 | 0.15 |
| 08.00%2017B | 5 | 15-Jun-17 | 293 | 98.11 | 10.48 | 98.26 | 10.28 | 0.15 |
| 05.80%2017B | 6 | 15-Jul-17 | 323 | 96.02 | 10.61 | 96.20 | 10.39 | 0.18 |
| 08.50%2018A | 15 | 1-Feb-18 | 524 | 96.79 | 10.97 | 97.16 | 10.68 | 0.37 |
| 08.50%2018C | 5 | 1-Apr-18 | 583 | 96.36 | 11.03 | 96.53 | 10.91 | 0.17 |
| 08.50%2018D | 5 | 1-Jun-18 | 644 | 95.95 | 11.07 | 96.10 | 10.97 | 0.16 |
| 08.50%2018B | 15 | 15-Jul-18 | 688 | 95.63 | 11.12 | 95.77 | 11.03 | 0.14 |
| 07.50%2018A | 15 | 15-Aug-18 | 719 | 93.66 | 11.17 | 93.84 | 11.06 | 0.18 |
| 08.75%2018A | 4 | 15-Oct-18 | 780 | 95.47 | 11.18 | 95.70 | 11.05 | 0.23 |
| 08.00%2018A | 6 | 15-Nov-18 | 811 | 93.78 | 11.23 | 93.99 | 11.11 | 0.21 |
| 05.65%2019A | 8 | 15-Jan-19 | 872 | 88.29 | 11.38 | 88.43 | 11.31 | 0.14 |
| 08.50%2019A | 10 | 1-May-19 | 978 | 93.31 | 11.45 | 93.53 | 11.36 | 0.21 |
| 10.60%2019A | 5 | 1-Jul-19 | 1,039 | 97.93 | 11.46 | 98.16 | 11.36 | 0.24 |
| 10.60%2019B | 5 | 15-Sep-19 | 1,115 | 97.66 | 11.52 | 97.97 | 11.40 | 0.31 |
| 08.00%2019A | 8 | 1-Nov-19 | 1,162 | 90.67 | 11.58 | 90.92 | 11.48 | 0.24 |
| 09.25%2020A | 5 | 1-May-20 | 1,344 | 92.94 | 11.65 | 93.17 | 11.57 | 0.22 |
| 08.00%2020A | 8 | 1-Jun-20 | 1,375 | 88.91 | 11.72 | 89.05 | 11.67 | 0.14 |
| 06.20%2020A | 10 | 1-Aug-20 | 1,436 | 83.02 | 11.71 | 83.23 | 11.63 | 0.21 |
| 09.50%2020A | 5 | 15-Dec-20 | 1,572 | 92.52 | 11.76 | 92.84 | 11.65 | 0.32 |
| 10.75%2021A | 5 | 1-Mar-21 | 1,648 | 96.28 | 11.84 | 96.60 | 11.74 | 0.32 |
| 09.00%2021A | 8 | 1-May-21 | 1,709 | 90.05 | 11.82 | 90.34 | 11.73 | 0.29 |
| 11.00%2021A | 7 | 1-Aug-21 | 1,801 | 96.87 | 11.85 | 97.11 | 11.78 | 0.24 |
| 09.45%2021A | 7 | 15-Oct-21 | 1,876 | 90.73 | 11.91 | 91.00 | 11.83 | 0.28 |
| 08.00%2022A | 10 | 1-Jan-22 | 1,954 | 84.53 | 12.00 | 84.79 | 11.92 | 0.26 |
| 11.20%2022A | 9 | 1-Jul-22 | 2,135 | 96.61 | 12.02 | 97.04 | 11.91 | 0.43 |
| 10.00%2022A | 8 | 1-Oct-22 | 2,227 | 91.14 | 12.09 | 91.56 | 11.99 | 0.42 |
| 09.00%2023A | 10 | 1-Sep-23 | 2,562 | 85.19 | 12.20 | 85.56 | 12.11 | 0.37 |
| 11.20%2023A | 9 | 1-Sep-23 | 2,562 | 95.48 | 12.18 | 95.96 | 12.07 | 0.48 |
| 07.00%2023A | 20 | 1-Oct-23 | 2,592 | 75.44 | 12.28 | 75.79 | 12.19 | 0.35 |
| 11.40%2024A | 10 | 1-Jan-24 | 2,684 | 95.76 | 12.29 | 96.27 | 12.18 | 0.51 |
| 11.00%2024A | 8 | 1-Aug-24 | 2,897 | 93.57 | 12.29 | 94.13 | 12.17 | 0.55 |
| 06.00%2024A | 10 | 1-Dec-24 | 3,019 | 67.55 | 12.38 | 67.91 | 12.29 | 0.36 |
| 10.25%2025A | 10 | 15-Mar-25 | 3,123 | 89.11 | 12.34 | 89.55 | 12.25 | 0.44 |
| 09.00%2025A | 12 | 1-May-25 | 3,170 | 81.93 | 12.46 | 82.32 | 12.37 | 0.40 |
| 11.00%2025A | 10 | 1-Aug-25 | 3,262 | 92.32 | 12.44 | 92.81 | 12.35 | 0.49 |
| 09.00%2026A | 13 | 1-Feb-26 | 3,446 | 80.75 | 12.53 | 81.15 | 12.45 | 0.39 |
| 05.35%2026A | 15 | 1-Mar-26 | 3,474 | 60.67 | 12.54 | 60.95 | 12.47 | 0.28 |
| 11.00%2026A | 11 | 1-Jun-26 | 3,566 | 91.60 | 12.51 | 92.13 | 12.40 | 0.53 |
| 11.50%2026A | 10 | 1-Aug-26 | 3,627 | 94.24 | 12.53 | 94.80 | 12.42 | 0.57 |
| 09.00%2028B | 15 | 1-May-28 | 4,266 | 78.00 | 12.65 | 78.55 | 12.54 | 0.56 |
| 09.00%2028A | 15 | 1-Jul-28 | 4,327 | 77.89 | 12.64 | 78.32 | 12.56 | 0.43 |
| 11.50%2028A | 13 | 1-Sep-28 | 4,389 | 92.95 | 12.66 | 93.67 | 12.53 | 0.72 |
| 13.00%2029A | 15 | 1-Jan-29 | 4,511 | 101.56 | 12.74 | 102.15 | 12.65 | 0.58 |
| 13.00%2029B | 15 | 1-May-29 | 4,631 | 101.51 | 12.75 | 102.08 | 12.66 | 0.57 |
| 11.00%2030A | 15 | 15-May-30 | 5,010 | 88.99 | 12.71 | 89.95 | 12.55 | 0.95 |
| 08.00%2032A | 20 | 1-Jan-32 | 5,606 | 68.02 | 12.81 | 68.35 | 12.74 | 0.33 |
| 09.00%2032A | 20 | 1-Oct-32 | 5,880 | 74.12 | 12.84 | 74.49 | 12.77 | 0.37 |
| 09.00%2033A | 20 | 1-Jun-33 | 6,123 | 73.59 | 12.87 | 73.97 | 12.80 | 0.38 |
| 13.25%2033A | 20 | 1-Jul-33 | 6,153 | 102.35 | 12.90 | 102.87 | 12.82 | 0.52 |
| 09.00%2033B | 20 | 1-Nov-33 | 6,276 | 73.16 | 12.92 | 73.57 | 12.84 | 0.41 |
| 13.25%2034A | 20 | 1-Jan-34 | 6,337 | 101.87 | 12.97 | 102.55 | 12.87 | 0.68 |
| 11.50%2035A | 20 | 15-Mar-35 | 6,775 | 89.93 | 12.94 | 91.51 | 12.70 | 1.58 |
| 12.00%2041A | 25 | 1-Jan-41 | 8,894 | 92.82 | 12.97 | 93.89 | 12.82 | 1.07 |
| 09.00%2043A | 30 | 1-Jun-43 | 9,775 | 69.95 | 13.06 | 70.36 | 12.98 | 0.42 |
| 13.50%2044A | 30 | 1-Jan-44 | 9,989 | 102.84 | 13.11 | 103.49 | 13.03 | 0.65 |
| 13.50%2044B | 30 | 1-Jun-44 | 10,141 | 102.50 | 13.15 | 103.11 | 13.07 | 0.62 |
| 12.50%2045A | 30 | 1-Mar-45 | 10,414 | 95.05 | 13.17 | 96.64 | 12.95 | 1.59 |

External Sector

During the year up to 26 August 2016 the rupee depreciated against the US dollar (1.2 per cent). Given the cross currency exchange rate movements, the Sri Lanka rupee appreciated against the pound sterling (10.9 per cent) and depreciated against Indian rupee (0.4 per cent), Japanese yen (17.6 per cent) and euro (4.4 per cent) during this period.

Earnings from exports declined by 12.0 per cent, year on year, to US dollars 776 million in May 2016, reflecting contractions in all major categories of exports. The subdued performance in tea exports, rubber products and textiles and garments contributed mainly to the overall decline in export earnings. On a cumulative basis, earnings from exports declined by 6.0 per cent, year on year, to US dollars 4,211 million during the first five months of 2016 largely due to the reduction in export earnings from transport equipment, petroleum products, tea and spices.

Expenditure on imports grew marginally by 0.3 per cent, year-on-year, to US dollars 1,590 million in May 2016. This growth was largely contributed by the increase in import expenditure on investment goods, despite the decline recorded in consumer goods and intermediate goods imports. On a cumulative basis, expenditure on imports during the first five months of 2016 decreased by 2.8 per cent to US dollars 7,645 million mainly due to the declines recorded in fuel, transport equipment and rice imports.

The terms of trade improved by 5.4 per cent in May 2016 compared to the corresponding month of previous year due to deteriorating of import prices compared to export prices. The export unit value index declined by 4.0 per cent, year-on-year, in May 2016, led by significant decline recorded in prices of agricultural exports. The import unit value index declined by 8.9 per cent, year-on-year, in May 2016, as a result of declines recorded in unit price indices of intermediate goods and investment goods. However, import unit value index for consumer goods increased by 4.6 per cent on a year-on year basis.

India, China, UK, Germany and France were the top five sources of tourist arrivals in July 2016, accounting for 52.1 per cent of total tourist arrivals upto the month of July 2016

The average price of tea increased by 4.0 per cent to US dollars 3.08 per kg in May 2016 from US dollars 2.96 per kg (in the Colombo auction) in May 2015.

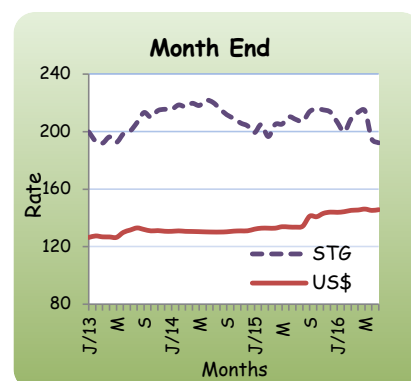
Further, the import prices of rice and wheat decreased compared to the corresponding month of 2015.

Highlights

EXTERNAL SECTOR

4.1 Exchange Rates

| Item (Rs Per Unit)(a) | Week Ending - 26 Aug 2016 | | | Average Rate | |
|--|---------------------------|--------------|--------------|--------------|----------|
| | Buying Rate | Selling Rate | Average Rate | Week Ago | Year Ago |
| US\$ | 143.64 | 147.52 | 145.58 | 145.28 | 134.89 |
| STG | 188.97 | 195.66 | 192.32 | 190.96 | 211.69 |
| Yen | 1.42 | 1.48 | 1.45 | 1.45 | 1.13 |
| Euro | 161.20 | 167.56 | 164.38 | 164.74 | 155.41 |
| INR ⁽¹⁾ | | | 2.18 | 2.18 | 2.03 |
| SDR (As at 25 Aug 2016) | | | 204.39 | 204.51 | 190.33 |
| Central Bank purchases and sales(b) (US\$ Mn.) | | | July 2016 | Month Ago | Year Ago |
| Purchases | | | 204.56 | 178.78 | 0.00 |
| Sales | | | 53.90 | 194.02 | 352.58 |



| | Week Ending 26 Aug 2016 | Week Ago | Year Ago |
|---|----------------------------|----------|----------|
| Average Daily Interbank Volume (US\$ Mn.) (spot, tom and cash transactions among commercial banks) | 21.28 | 41.13 | 38.38 |
| Forward Transactions | | | |
| Forward Rates (US\$) ⁽²⁾ | | | |
| 1 Month | 146.48 | 146.39 | 134.62 |
| 3 Months | 148.08 | 148.15 | 135.76 |
| Average Daily Interbank Forward Volume (US\$ mn) | 21.28 | 22.06 | 31.48 |
| Outstanding Forward Volume (US\$ mn) (As at 25 Aug 2016) | 1,219.77 | 1,286.81 | 1,360.62 |

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

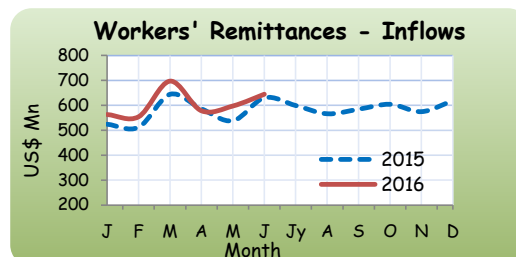
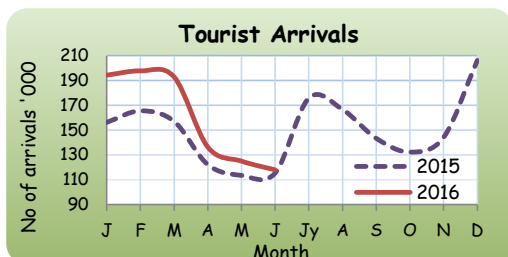
(b) Central Bank purchases and sales of foreign exchange from commercial banks at market rates total for the Month

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

4.2 Tourism & Workers' Remittances

| Item | | 2015 July (a)(c) | 2016 July (b)(d) | 2015(a) Jan-Jul (c) | 2016(b) Jan-Jul(d) | % Change |
|--------------------------------|----------|---------------------|---------------------|------------------------|-----------------------|----------|
| Tourist Arrivals | Number | 175,804 | 209,351 | 1,005,855 | 1,173,618 | 16.7 |
| Earnings from Tourism(d) | US\$ Mn. | 291.4 | 347.0 | 1,667.1 | 1,945.2 | 16.7 |
| | Rs.bn. | 39.0 | 50.5 | 221.7 | 281.1 | 26.8 |
| | | 2015 July (a) | 2016 July (b) | 2015(a) Jan-Jul | 2016(a) Jan-Jul(b) | % Change |
| Workers' Remittances (Inflows) | US\$ Mn. | 599.3 | 572.8 | 4,032.0 | 4,185.9 | 3.8 |
| | Rs. bn. | 80.1 | 83.3 | 536.5 | 605.2 | 12.8 |

(a) Revised (b) Provisional (c) revised based on Sri Lanka Tourism Development Authority survey results on average stay period and average spending per day estimates for 2015 (d) May be revised based on Sri Lanka Tourism Development Authority survey results on average stay period and average spending per day estimates for 2016



4.3 Official Reserve Assets as at 31st July 2016^(a)

| Official Reserve Assets (USD Mn) | |
|----------------------------------|----------|
| (1) Foreign Currency Reserves | 5,448.27 |
| (2) Reserve position in the IMF | 66.69 |
| (3) SDRs | 5.43 |
| (4) Gold | 964.26 |
| (5) Other Reserve Assets | 0.97 |

(a) Provisional

4.4 International Reserves & Foreign Currency Liquidity as at 30th June 2016 ^(a)

| Official Reserve Assets (USD mn) | | | | | |
|---|-----------|-----------|--|--------------------------------|-------------------------------------|
| Official Reserve Assets | | | | | 5,292.27 |
| (1) Foreign currency reserves | | | | | 4,277.70 |
| (a) Securities | | | | | 1,935.47 |
| (b) Total currency and deposits with | | | | | 2,342.23 |
| (i) other national central banks, BIS | | | | | 1,018.33 |
| (ii) banks headquartered inside the reporting country of which located abroad | | | | | 1.23 |
| (iii) banks headquartered outside the reporting country | | | | | 1,322.67 |
| (2) Reserve position in the IMF | | | | | 66.94 |
| (3) SDRs | | | | | 4.11 |
| (4) Gold | | | | | 942.55 |
| (5) Other reserve assets | | | | | 0.97 |
| Predetermined Short-Term Net Drains on Foreign Currency Assets ^(b) | | | | | |
| 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 | -4,480.51 | -250.83 | -1,092.65 | -3,137.02 |
| | Interest | -967.52 | -172.11 | -124.5 | -670.91 |
| 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 (-) ^(c) | | -2,989.88 | -493.38 | -963.07 | -1,533.43 |
| (b) Long positions (+) | | | | | |
| 3. Other (specify) | | -0.73 | -0.73 | | |
| inflows related to reverse repos (+) | | | | | |
| other accounts payable (-) | | -0.73 | -0.73 | | |

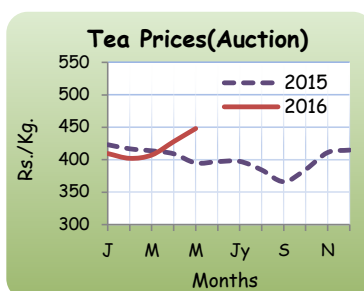
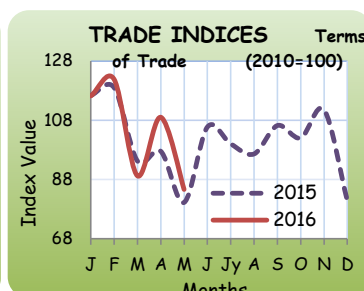
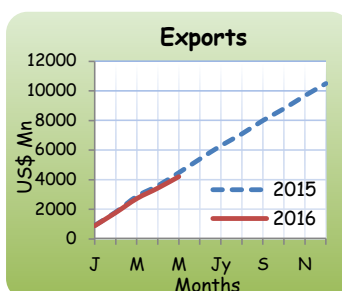
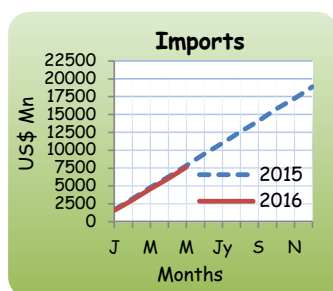
(a) Provisional

(b) This mainly includes only the predetermined outflows

(c) 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

4.5 External Trade

| Item | US\$ Mn | | | Rs Mn | | |
|-----------------------------|-----------------|-----------------|-------------|--------------------|--------------------|--------------|
| | Jan-May 2016 | Jan-May 2015 | % Change | Jan-May 2016 | Jan-May 2015 | % Change |
| Exports | 4,210.9 | 4,480.3 | -6.0 | 607,420.4 | 594,563.6 | 2.2 |
| Agricultural | 890.5 | 1,018.0 | -12.5 | 128,463.5 | 135,113.0 | -4.9 |
| Industrial | 3,302.7 | 3,440.5 | -4.0 | 476,405.5 | 456,563.1 | 4.3 |
| Food, Beverages and Tobacco | 126.5 | 110.5 | 14.4 | 18,242.2 | 14,668.8 | 24.4 |
| Textiles and Apparel | 2,084.5 | 1,981.0 | 5.2 | 300,667.2 | 262,888.5 | 14.4 |
| Petroleum Products | 109.2 | 175.8 | -37.9 | 15,747.2 | 23,285.7 | -32.4 |
| Leather, Rubber etc | 371.0 | 394.4 | -5.9 | 53,512.2 | 52,342.9 | 2.2 |
| Other | 611.6 | 778.9 | -21.5 | 88,236.7 | 103,377.1 | -14.6 |
| Mineral | 11.5 | 15.1 | -24.0 | 1,655.6 | 2,003.1 | -17.3 |
| Other | 6.2 | 6.7 | -6.8 | 895.7 | 884.4 | 1.3 |
| Imports | 7,645.2 | 7,868.0 | -2.8 | 1,103,124.4 | 1,044,069.3 | 5.7 |
| Consumer Goods | 1,753.6 | 1,916.1 | -8.5 | 252,967.5 | 254,260.5 | -0.5 |
| Intermediate Goods | 3,870.7 | 4,042.3 | -4.2 | 558,575.1 | 536,469.8 | 4.1 |
| Investment Goods | 2,016.7 | 1,900.7 | 6.1 | 290,967.3 | 252,147.5 | 15.4 |
| Other | 4.3 | 9.0 | -52.6 | 614.6 | 1,191.5 | -48.4 |
| Trade Balance | -3,434.3 | -3,387.7 | -1.4 | -495,704.0 | -449,505.7 | -10.3 |

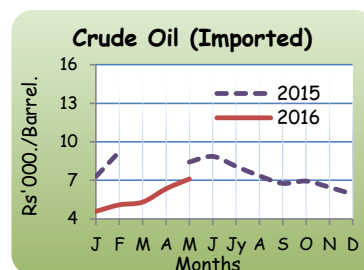
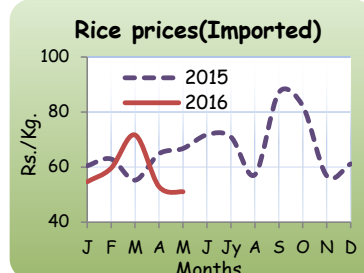


4.6 Trade Indices (2010= 100) (a)

| Item | 2016 May (b) | Month Ago | Year Ago |
|-----------------------|-----------------|--------------|-------------|
| Total Exports | | | |
| Value | 108.0 | 98.3 | 122.8 |
| Quantity | 136.3 | 99.5 | 148.8 |
| Unit Value | 79.2 | 98.8 | 82.5 |
| Total Imports | | | |
| Value | 142.3 | 130.7 | 141.9 |
| Quantity | 151.9 | 144.2 | 138.0 |
| Unit Value | 93.7 | 90.7 | 102.9 |
| Terms of Trade | 84.6 | 109.0 | 80.2 |

(a) In US\$ Terms

(b) Provisional



4.7 International Commodity Prices

| Item | May 2016 | May 2015 | % Change | May 2016 | May 2015 | % Change |
|------------------------------|----------------------|----------|----------|--------------------|-----------|----------|
| Colombo Auction Price | US\$ / Kg | | | Rs / Kg | | |
| Tea Prices | 3.08 | 2.96 | 4.0 | 448.15 | 395.06 | 13.4 |
| Imports (C I F) | US\$ / MT | | | Rs / MT | | |
| Rice | 350.22 | 499.73 | -29.9 | 51,008.91 | 66,711.37 | -23.5 |
| White Sugar | 474.95 | 394.81 | 20.3 | 69,175.93 | 52,705.65 | 31.2 |
| Wheat | 264.07 | 290.90 | -9.2 | 38,461.24 | 38,833.74 | -1.0 |
| | US\$ / Barrel | | | Rs / Barrel | | |
| Crude Oil | 48.84 | 63.09 | -22.6 | 7,113.87 | 8,422.19 | -15.5 |