

## WEEKLY ECONOMIC REPORT

DECEMBER 24, 2009

ECONOMIC RESEARCH DIVISION, DEPARTMENT OF FISCAL POLICY  
NO. 11

### Macroeconomic Status

-  Private Remittances: US\$ 2,774 mn
-  Exchange Rate on 18th Dec: US\$1=Rs. 114.39
-  Inflation in November: 2.8 percent
-  Current Account Surplus: US \$ 393 mn
-  Call Money Weekly Average: 8.98
-  Treasury Bill Yield Rate (3 months) : 7.67 percent

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### Global Overview

US economic data remained constant with on-going recovery. Industrial production increased in October, unemployment claims continued to decline and housing and building approvals rose significantly in November. The current account deficit in the US widened to US \$ 108 billion from US\$ 98 billion in the third quarter. Euro Area continued its recovery with the improved business condition. Industrial production in China and Singapore rose and unemployment declined further in Hong Kong. Share markets improved early in the week on the news that Abu Dhabi would provide US \$ 10 billion to Dubai to settle the debt crisis. Japanese shares still managed with modest gains. Consumer prices in America, Britain, and Euro area increased in the week.

### Economic Outlook Sri Lanka

#### *Towards the "Fast Track" prosperity.....*

Demonstrating the upward rapid or 'V' shape recovery in the economy from the adverse impact of the global economic and financial crisis, the economy displayed its capacity to recover such shocks with the GDP picking up by 4.2 percent in the third quarter of 2009 which is nearly three times of the first quarter performance.

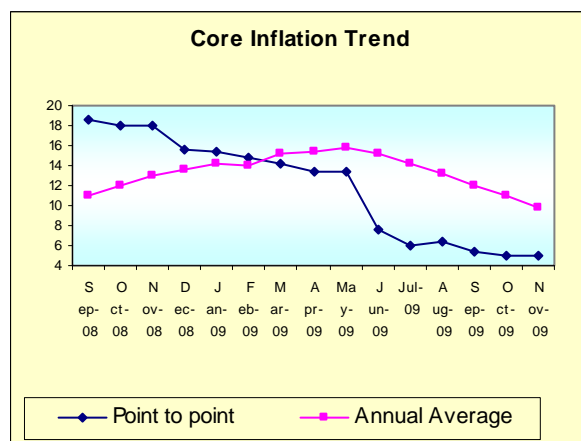
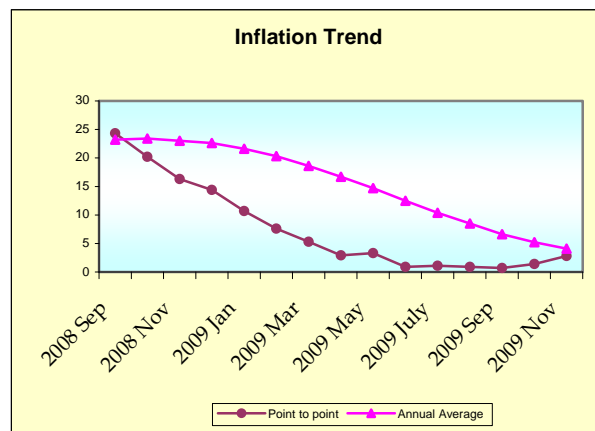
This growth has largely been supported by a relatively higher growth in the services sector even under the external pressure on the trade. Industry sector recorded comparatively a higher growth of 4.4 percent due to the production expansion of factory industry and electricity sub sectors. However, the agriculture sector decelerated to 0.9 percent due to contraction in the production of paddy, tea and rubber.

*"It has become known as the "Great Recession", the year in which the global economy suffered its deepest slump since the Second World War. But an equally apt name would be the "Great Stabilization".  
For 2009 was extraordinary not just for how output fell, but for how a catastrophe was averted."*

## 1. Banking and Finance

### 1.1 Inflation Trend

Month	CCPI New		Core Inflation	
	Point to point	Annual Average	Point to point	Annual Average
Jan-2008	21.6	17.6	-	-
Feb	24.0	18.1	-	-
Ma	28.1	18.8	-	-
Apr	25.0	18.7	9.3	7.7
May	26.2	19.8	9.6	7.9
Jun	28.2	21.0	14.1	8.4
Jul	26.6	21.9	17.2	9.2
Aug	24.9	22.6	17.4	10.1
Sep	24.3	23.2	18.7	11.1
Oct	20.2	23.4	18.1	12.1
Nov	16.3	23.0	18.1	13.0
Dec	14.4	22.6	15.7	13.6
Jan-2009	10.7	21.6	15.5	14.3
Feb	7.6	20.3	14.8	14.1
Mar	5.3	18.6	14.2	15.2
Apr	2.9	16.7	13.5	15.5
May	3.3	14.7	13.5	15.8
June	0.9	12.5	7.7	15.2
Jul	1.1	10.4	6.0	14.2
Aug	0.9	8.5	6.4	13.2
Sep	0.7	6.6	5.4	12.1
Oct	1.4	5.2	5.1	11.0
Nov	2.8	4.1	5.1	9.9



Source: Department of Census and Statistics

#### Inflation continued to decline...

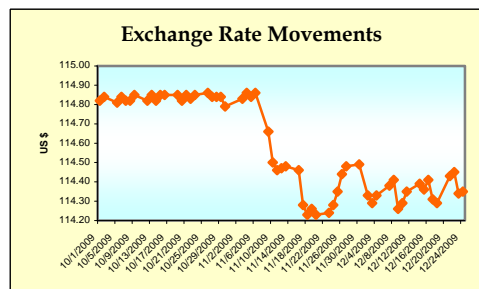
The annual average inflation declined to a record six-year low of 4.1 percent in November 2009 from 5.2 percent in October 2009. However, inflation rose to 2.8 percent in November 2009 reflecting the lower base in the corresponding month of 2008. Inflation continued to decline from July 2008 mainly due to a decrease in prices of food items. The annual average inflation also decreased from 10.4 percent to 5.2 percent in November 2009. Core inflation that measures the price movement of non-food and non-energy items in the CCPI basket stood at the October level of 5.1 percent on a point -to-point basis. The Central Bank continues its tight monetary policy to keep inflation at a one digit level to sustain economic recovery.

### 1.2 Exchange Rates

Exchange rate is marginally appreciated as against the major currencies due to high capital inflows coupled with high foreign investment in Treasury Bills

	Week Ending Dec 24	Week Ago	Month Ago	Nov 2008	% Change 2008/09
US Dollar	114.39	114.29	114.24	112.91	1.31
Sterling Pound	182.93	185.13	189.92	166.87	9.62
Euro	164.18	164.44	170.10	157.73	4.09
Japanese Yen	1.25	1.28	1.29	1.24	0.81
Indian Rupee	2.45	2.44	2.46	2.35	4.26

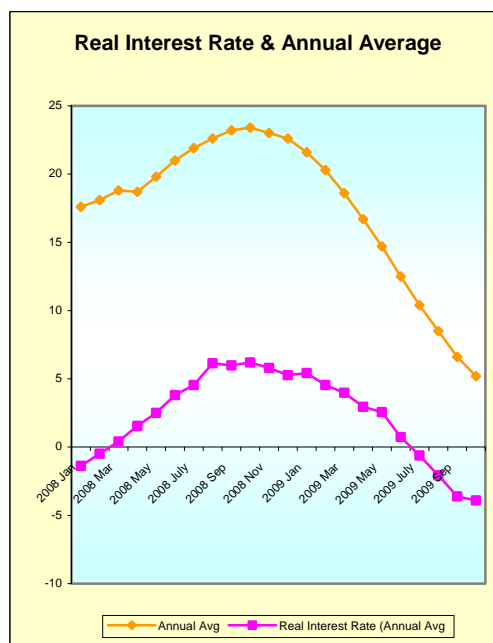
Source: Central Bank of Sri Lanka



### 1.3 Real Interest Rates

Month	CCPI new Index	CCPI Point to Point Change	Annual Avg	TBill Rate	Real Interest Rate (Y on Y)	Real Interest Rate (Ann Avg)
Aug-2008	206.3	24.90	22.60	16.46	8.44	6.14
Sep	207.2	24.30	23.20	17.22	7.08	5.98
Oct	206.6	20.20	23.40	17.20	3.00	6.2
Nov	205.2	16.3	23.0	17.20	-0.9	5.8
Dec	203.7	14.4	22.6	17.33	-2.93	5.27
Jan-2009	203.1	10.07	21.6	16.18	-6.11	5.42
Feb	202.9	7.6	20.3	15.76	-8.16	4.54
Mar	202.0	5.3	18.6	14.62	-9.32	3.98
Apr	201.0	2.9	16.7	13.75	-10.85	2.95
May	205.1	3.3	14.7	12.13	-8.83	2.57
June	207.8	0.9	12.5	11.76	-10.86	0.74
July	208.7	1.1	10.4	11.01	-9.91	-0.61
Aug	208.1	0.9	8.5	10.57	-9.67	-2.07
Sep	208.6	0.7	6.6	10.21	-9.51	-3.61
Oct	209.4	1.4	5.2	9.10	-7.7	-3.9
Nov	211.0	2.8	4.1	7.25	-4.45	-3.15

Source: Department of Census and Statistics



### 1.4 Interest Rate Movements

Category	Week Ending Dec 24	Week Ago	Month Ago	Year Ago
Repo	7.50	7.50	7.50	10.50
Call Money	8.98	9.04	8.95	13.42
Weekly Average				
Treasury Bill (Yield rate)				
3 Months	7.67	7.60	7.25	17.33
6 Months	8.65	8.59	8.33	18.49
1 Year	9.32	9.32	9.17	19.08
Treasury Bond	12.83	12.83	12.83	20.25
Prime Lending Rate	10.85	11.06	11.88	18.20
Commercial Bank Average Weighted Deposits (AWDR)	8.51	8.51	9.76	11.39

Source: Central Bank of Sri Lanka

#### Declined interest Rates...

As a response to easing off the monetary policy stance of the Central Bank in line with the decreased inflation, the money market interest rates have declined by over 900 basis points so far this year. A similar decline is observed in the short term interest rates. As a result, the lending rate has also declined. The Bank lending rates have been fallen by about 4% after the revision of interest rates at the end of Oct.2009. The present lending rates on average stood at 8%-16% as against 12%-23% stationed before the revision. This will pave the way to reduce the borrowing rate and deposits rates. This would benefit the entire economy by expanding activities of the industry, service and agriculture sectors particularly in the SME sector.

### 1.5 Bank Lending Rates - (including Special Banks) as at end of Nov 2009

Sector	Interest Rate before the revision Min/Max (28.10.2009)	Interest Rate after the revision Min/Max	Rate Reduced by
Agricultural	12% - 20%	8% - 16%	4%
Industrial	15% - 20%	12% - 16%	3% - 4%
Housing	16% - 23%	12% - 16%	4% - 5%
Trade	16% - 20%	12% - 16%	4%

## 1.5 Money Supply

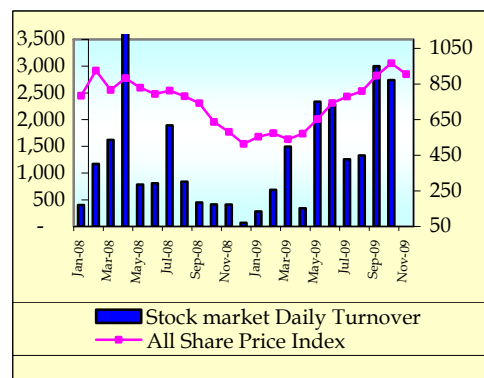
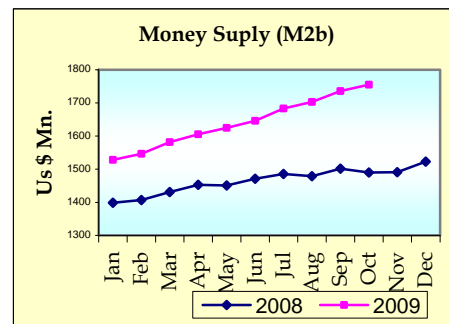
	Oct 2009	Sep 2009	Aug 2009	July 2009	Oct 2008	Sep 2008	Aug 2008	July 2008	Growth 2008/09 (%)
M <sub>1</sub>	294.5	293.3	285.5	277.1	266.6	275.2	270.9	269.3	10.47
M <sub>2</sub>	1,461.3	1,461.3	1,435.5	1,411.7	1,249.2	1,248.6	1,229.1	1,220.6	16.98
M <sub>2b</sub>	1,755.4	1,736.0	1,702.9	1,683.1	1,489.8	1,501.5	1,478.8	1,485.7	17.83

Source: Central Bank of Sri Lanka

## 1.6 Share Market

	Week ending Dec 23	Week Ago	Year Ago
All Share Price Index (ASPI) (1985 = 100)	3,266	3,134	1,506
Milanka Price Index (31/12/1998=1000) (MPI)	3,744	3,556	1,648
Average Daily Turnover (Rs.Mn)	1,197	1,655	220
Market Capitalization (Rs.Bn.)	1,053.6	1,011.2	489.8

Source: Colombo Stock Exchange



### Stock market on a positive note....

The Colombo Stock Exchange surpassed the highest turnover of Rs. 115.2 billion for 2009, in October. The previous record high was 114.6 billion in 2005. The average daily turnover was Rs. 538.5 million. ASPI reached 3,266 in this week, the highest point recorded in its history. Many rank the CSE as the best performing stock market in the world.

The stock market continued to grow with the positive economic developments and decline in interest rates, higher business confidence and brightened growth prospects following the end of the conflict.

At the week ending December 24<sup>th</sup>, the All Share Price Index averaged at historic high of 3,266, up 132 points while MPI also increased to 188 points to close at 3,744. Turnover was Rs. 1,197. Market capitalization at the end of the week was Rs. 1,053.6 billion.

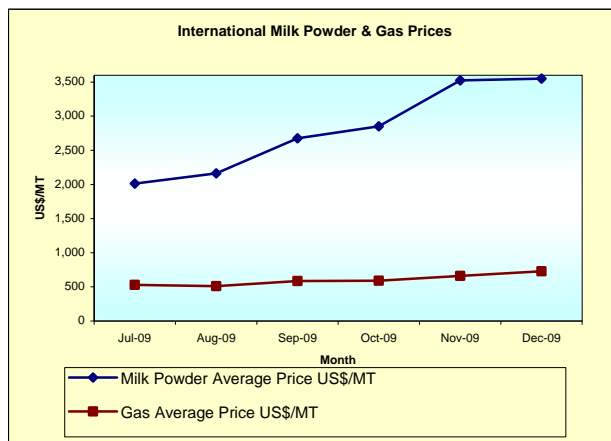
## 2. Commodity Prices

### 2.1 International Commodity Prices

Month	Milk Powder Average Price US\$/MT	Gas Average Price US\$/MT
December 2009	3,550	727
November 2009	3,525	660
October 2009	2,850	589
September 2009	2,675	586
August 2009	2,163	511
July 2009	2,013	528

Source: Various Web Sites

Milk powder and Gas prices on rise in the international commodity market due to seasonal pattern and high demand for gas particularly in the Winter season.



Source: Food and Agriculture Organization

Commodity	Unit	Annual averages			Quarterly averages					Monthly averages		
		Jan-Dec	Jan-Dec	Jan-Nov	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Sep	Oct	Nov
		2007	2008	2009	2008	2008	2009	2009	2009	2009	2009	2009
<b>Non Energy, Agriculture, Beverages</b>												
Cocoa	¢/kg	195.2	257.7	283.3	282.6	224.1	259.7	258.7	295.5	313.3	336.0	338.5
Coffee, Arabica	¢/kg	272.4	308.2	314.2	321.2	267.8	283.9	320.2	322.7	327.5	340.8	335.6
Tea, auctions (3) average	¢/kg	203.6	242.0	270.1	272.3	206.6	218.0	266.1	303.6	315.7	302.7	305.3
Tea, Colombo auctions	¢/kg	252.2	278.9	312.6	303.2	208.8	261.7	299.1	356.1	376.4	352.4	335.3
<b>Food, Fats &amp; Oils</b>												
Coconut oil	\$/mt	919	1,224	722	1,246	772	677	779	711	701	706	731
Copra	\$/mt	607	816	477	817	520	447	513	469	466	470	493
Palm oil	\$/mt	780	949	673	928	512	577	743	679	674	680	728
<b>Grains</b>												
Barley	\$/mt	172.4	200.5	126.3	216.6	129.5	116.3	129.5	122.0	103.5	130.7	155.3
<b>Other Food</b>												
Meat, beef	¢/kg	260.3	313.8	262.2	372.4	268.0	245.2	262.8	273.2	272.7	264.8	275.6
Meat, chicken	¢/kg	156.7	169.6	172.3	177.1	174.7	173.5	174.1	173.9	170.1	166.1	164.6
Sugar, world	¢/kg	22.22	28.21	38.92	31.14	26.28	28.85	33.89	46.98	50.84	49.91	49.07
<b>Raw Materials, Timber</b>												
Plywood	¢/sheets	640.7	645.5	565.3	648.6	645.5	572.8	565.8	561.5	560.7	559.3	558.6
Woodpulp	\$/mt	767.0	820.2	607.0	848.8	711.0	565.1	550.0	627.7	657.6	693.5	755.0
<b>Other Raw Materials</b>												
Rubber RSS1, US	¢/kg	248.0	284.1	206.0	329.1	202.8	165.8	187.0	221.0	248.7	264.8	279.3
<b>Fertilizers</b>												
Phosphate rock	\$/mt	70.9	345.6	124.5	409.2	371.3	193.3	113.3	90.0	90.0	90.0	90.0
TSP	\$/mt	339.1	879.4	259.7	1,107.8	658.7	321.7	247.7	224.7	225.0	246.5	228.5
Urea	\$/mt	309.4	492.7	248.5	745.4	292.2	267.3	241.1	241.6	233.9	239.0	244.8
<b>Metals and Minerals</b>												
Aluminum	\$/mt	2,638	2,573	1,618	2,787	1,821	1,360	1,485	1,812	1,834	1,879	1,949
Gold	\$/toz	697	872	958	870	795	909	922	960	997	1,043	1,127
Iron ore	¢/dm tu	84.7	140.6	101.0	140.6	140.6	101.0	101.0	101.0	101.0	101.0	101.0
Steel wire rod	\$/mt	533	1,010	988	1,135	1,200	1,200	1,007	857	850	850	825

Source: The World Bank

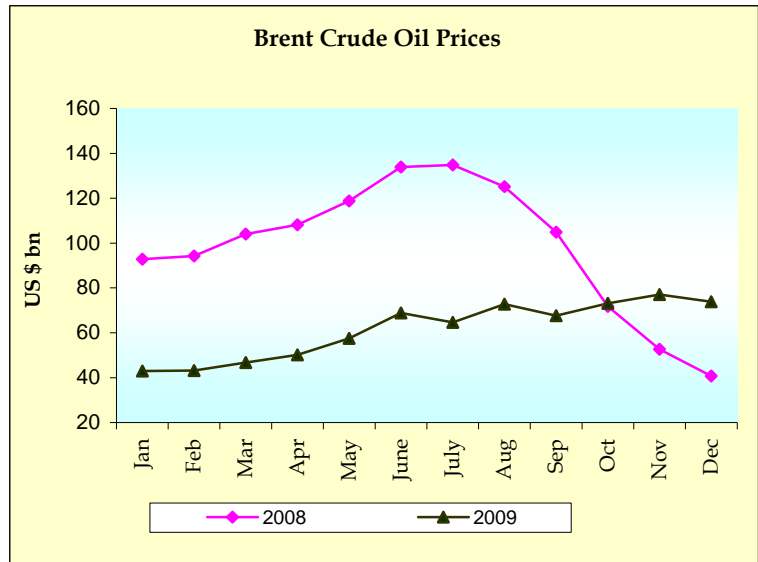
## 2.2 Crude Oil Prices - Singapore Plattes Prices (US\$/bbl)

	Dec 25	Dec 24	Dec 23	Dec 22	Nov 21	Week Ago	Month Ago	Year Ago
Brent (New York Closing Prices) (US \$/bbl.)	-	75.50	74.20	72.00	73.09	73.90	77.11	41.50
WTI (US\$/bbl.)	-	76.83	76.03	73.48	72.70	72.66	78.20	41.23
<b>Singapore Plattes Prices (Refined Petroleum Products) (US \$/bbl)</b>								
Petrol	-	80.70	78.75	78.30	77.15	77.77	80.06	96.32
Diesel	-	81.60	79.15	78.50	78.95	80.84	84.14	104.86
Kerosene	-	84.10	81.70	81.30	81.70	82.35	85.60	108.01

Source: Central Bank of Sri Lanka

## 2.3 Crude Oil Prices (Monthly Average)

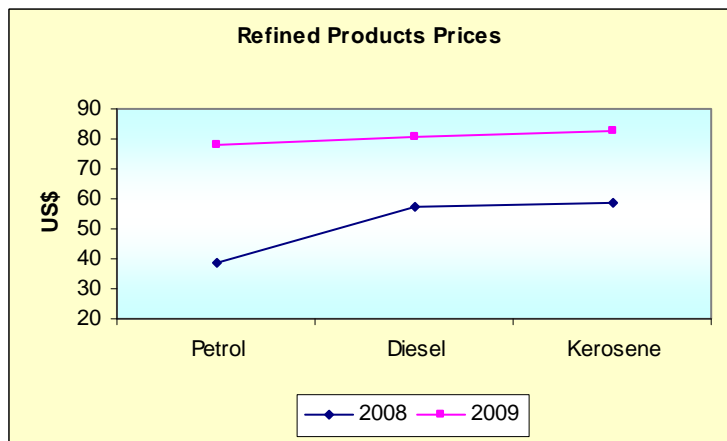
Month	WTI European Market (US\$/bbl)	Brent (US\$/bbl)
Aug-2008	125.03	125.16
Sep	108.90	104.85
Oct	76.54	71.79
Nov	57.07	52.68
Dec	40.34	40.77
Jan-2009	41.13	42.99
Feb	38.98	43.22
Mar	47.94	46.74
Apr	49.62	50.17
May	59.08	57.51
Jun	69.83	68.83
Jul	64.39	64.68
Aug	71.52	72.79
Sep	69.22	67.61
Oct	75.76	73.10
Nov	77.88	77.02
Dec*	73.15	73.86



\* Up to 24<sup>th</sup> December Source: Central Bank of Sri Lanka

## 2.4 Refined Product Prices – 2008/2009 Singapore Plattes Prices (US\$/bbl)

Month	Petrol	Diesel	Kerosene
Oct-2008	78.43	83.85	90.25
Nov	47.28	68.47	75.14
Dec	38.69	57.66	58.73
Jan-2009	50.06	58.23	59.66
Feb	55.64	48.22	52.51
Mar	53.24	51.81	53.16
Apr	58.14	57.92	59.04
May	65.66	64.16	64.24
Jun	74.85	76.86	76.47
Jul	70.87	72.33	71.54
Aug	80.26	79.11	78.72
Sep	74.10	74.70	74.91
Oct	76.13	79.53	80.07
Nov	77.99	83.99	85.03
Dec*	77.99	80.54	82.32



\* Up to 24<sup>th</sup> December Source: Central Bank of Sri Lanka

### Global Commodity Outlook

The slowing of global growth caused commodity prices to start falling in mid 2008. Demand for most commodities particularly in high income countries and in China slowed. As a result, crude oil dropped to US\$ 41 a barrel while non-energy prices including food declined by about 40 percent. Since December the prices have firmed, with crude oil prices up to US\$ 77 on average in November 2009 and for foods and metals up 22 and 13 percent respectively.

Though the medium term prospects for crude oil are difficult to judge, the consensus is for a further increase in oil prices. Metals prices are expected to be relatively stable over the coming months. The prices of most agricultural commodities have fallen to pre-crisis levels as improved supplies resulting from favourable harvests have boosted global stocks of most agricultural commodities. Future agricultural markets are likely to remain well supplied, as stocks are beginning to return to normal levels, although weather related production problems could always intervene.

## 2.5 Weekly Wholesale Commodity Prices

### Pettah Market

Average Wholesale Prices	Week Ending 24/12/2009	Week Ago	Month Ago	Year Ago
<b>Rice (Rs/Kg)</b>				
Samba	n.a	77.00	69.38	70.21
Kekulu (Red)	64.00	64.00	60.00	60.14
<b>Vegetable</b>				
Beans	80.00	80.00	106.25	81.73
Cabbage	40.00	65.00	39.38	43.64
Carrots	80.00	82.00	71.78	68.77
Tomatoes	70.00	90.00	43.13	67.58
Pumpkins	25.00	40.00	33.75	27.89
Snake Gourd	40.00	35.00	46.25	39.91
Brinjals	60.00	60.00	56.88	51.84
Ash Plantains	70.00	70.00	62.50	44.95
<b>Red-Onions (Local)</b>				
Big-Onions (Local)	n.a	125.00	96.88	92.57
Potatoes (N'Eliya)	n.a	n.a	71.25	52.60
Dried Chillies (Imported)	115.00	112.50	105.50	67.75
Dhal (Indian)	185.00	183.00	190.75	172.09
Eggs (Red) (Each)	155.00	150.00	157.00	172.04
Coconut (Each)	14.80	14.75	10.23	8.82
	25.00	25.00	25.13	28.33
<b>Fish (Rs/Kg)</b>				
Kelawalla	330.00	330.00	266.25	277.80
Balaya	n.a	220.00	165.00	195.00
Salaya	80.00	170.00	71.25	84.76
Paraw (Small)	380.00	290.00	291.25	311.54

Source: Central Bank of Sri Lanka

### Dambulla Market

Week Ending - 24 December 2009 (Rs/Kg)

Food Item	Wholesale (Average)
<b>Rice (Rs/Kg)</b>	
Samba	73.25
Kekulu (Red)	58.00
<b>Vegetables</b>	
Pumpkins	17.75
Snake Gourd	30.00
Ash Plantains	57.50
Beans	71.25
Carrots	82.50
Tomatoes	47.50
<b>Other Foods</b>	
Potatoes (N'Eliya)	70.63
Dried Chillies (Imported)	187.50
Big-Onions (Local)	n.a
Red-Onions (Local)	108.33
Coconut (Each)	23.13

Source: Central Bank of Sri Lanka

### Marandaghamula Average Price of Rice (Rs/Kg)

Item	Week Ending 24/12/09	Week Ago	Month Ago	Year Ago
Samba	80.00	73.64	68.21	65.21
Sudu kekulu	64.13	60.90	58.45	55.77
Raw Red	62.00	59.60	56.32	57.08
Nadu	69.53	63.17	59.33	56.67

Source: Central Bank of Sri Lanka

Wholesale prices of the most of varieties of vegetables significantly declined with a considerable supply amidst the festival season.

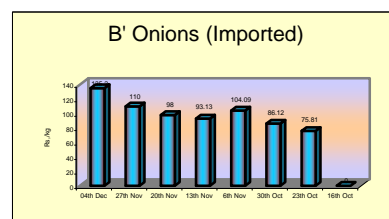
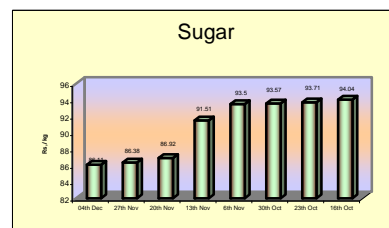
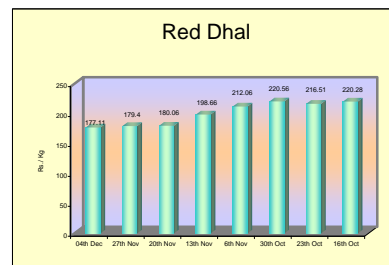
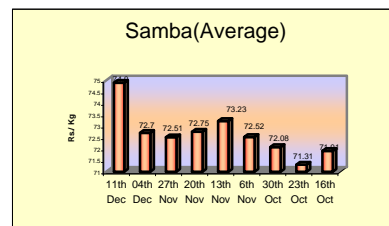
In overall the prices of other commodities slightly increased or remained unchanged this week.

However, the wholesale prices of Samba and Kekulu slightly declined to Rs. 76.63 per kg and Rs. 61 respectively

## 2.6 Weekly Retail Commodity Prices

### Weekly Retail Commodity Prices 4<sup>th</sup> week of December 2009

Item		Colombo				
	Unit	This Week	Price Range	Week Ago	Month Ago	Year Ago
Rice						
Samba (Avg.)	1 kg	85.70	70.00-90.00	76.88	72.51	73.58
No. 1	1 kg	87.15	83.00-90.00	79.75	74.84	75.40
No. 2	1kg	84.25	70.00-90.00	74.00	70.18	71.76
Nadu Red	1kg	71.91	65.00-80.00	71.91	67.94	72.84
Raw Red (Avg.)	1kg	70.03	60.00-75.00	64.79	63.01	64.07
No. 1	1kg	72.67	6.7.00-75.00	65.69	64.36	65.60
No. 2	1kg	67.39	60.00-75.00	63.89	61.65	62.53
Wheat Flour	1 kg	71.63	70.00-75.00	71.56	72.12	69.68
Bread	400g	38.44	35.00-40.00	38.44	38.14	37.71
Sugar	1 kg	92.57	88.50-96.00	89.04	86.38	64.46
						275.00
Anchor	400g	225.00	225.00	225.00	232.69	
Potatoes (Imported)	1 kg	95.19	80.00-120.00	103.00	104.81	70.06
Potatoes (Local)	1kg	127.50	100.00-140.00	132.22	-	89.66
Red Dhal	1kg	176.90	140.00-200.00	178.52	179.40	209.87
Meat						
Beef	1kg	405.88	380.00-420.00	406.00	404.21	376.30
Chicken						
Fresh	1kg	430.59	400.00-470.00	415.91	407.86	342.04
Broiler	1kg	320.00	320.00-320.00	320.00	319.67	317.04
Fresh Fish						
Paraw	1 kg	590.42	500.00-700.00	594.55	520.00	521.00
Balaya	1 kg	388.00	320.00-480.00	386.67	364.29	401.47
Kelawalla	1 kg	526.67	400.00-600.00	515.29	507.38	534.32
Salaya	1 kg	140.00	100.00-160.00	151.76	112.00	108.79
Dried Fish						
Sprats	1 kg	347.22	300.00-400.00	341.02	360.28	356.11
Eggs	Each	15.93	15.00-17.00	15.77	12.22	10.63
Coconut	Each	27.35	20.00-33.00	28.09	27.64	26.34
Coconut Oil	750 ml	148.39	140.00-160.00	144.17	142.97	129.84
Red Onions	1 kg	152.63	120.00-180.00	157.86	128.56	127.04
Big Onions (Imported)	1 kg	88.91	80.00-120.00	112.00	110.00	117.00
Brinjal	1kg	102.94	80.00-120.00	101.82	97.24	93.99
Beans Green	1 kg	115.88	100.00-140.00	112.90	143.16	113.32
Cabbage	1 kg	95.88	70.00-120.00	104.67	78.29	72.93
Kerosene oil	1 liter	51.00	51.00	51.00	51.00	60.00
Diesel (CPC)	1 liter	73.00	73.00	73.00	73.00	80.00
Petrol	1 liter	130.00	130.00	130.00	130.00	142.00
Gas (Shell)	12.5k g	1,550.00	1,550.00	1,550.00	1,550.00	1,860.00



The average retail prices of samba and Raw Red stood at Rs.85.70 and Rs.70.03 respectively this week, This increase was about 11 percent for Samba rice and 8 percent for Raw Red. This was due to seasonal pattern coupled with festival season. The price of Potatoes, Dhal, Coconut, Red onions, Big onions declined whereas the prices of Sugar and eggs increased.

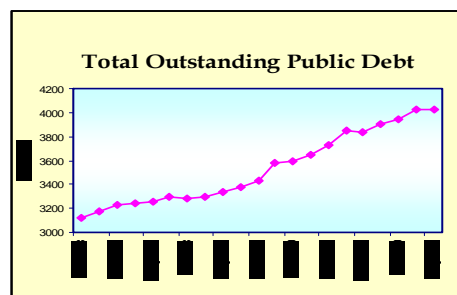
Source: Department of Census and Statistics

### 3. Public Debt and External Sector

#### 3.1 Public Debt

Public Debt (Rs.bn)	End Sep 2009	Month ago
Total Domestic Debt	2,328.8	2,380.9
Total Foreign Debt	1,694.8	1,639.7
<b>Total Outstanding Public Debt</b>	<b>4,023.6</b>	<b>4,020.5</b>

Source: Central Bank of Sri Lanka



#### 3.2 External Finance

External Assets (US\$ Mn)	Oct 2009	Sep 2009	Aug 2009	July 2009	June 2009	Oct 2008	Sep 2008	Aug 2008	July 2008	June 2008	Growth 2008/09 (%)
Total Reserves	6,737.1	5,929.0	5,479.8	3,151.0	3,033.2	3,627.4	4,543.5	4,745.9	5,014.5	4,439.6	85.7
Gross Official Reserves	4,821.5	4,213.7	3,890.1	2,189.3	1,618.4	2,374.0	3,185.4	3,424.4	3,558.0	3,433.0	103.09

Source: Central Bank of Sri Lanka

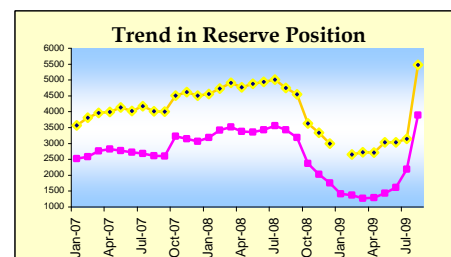
##### Official Reserves

With and without Asian Clearing Union(ACU) funds, the gross official reserves recorded US\$ 5,308 million and US\$ 5,228 million by end November, 2009. The gross official reserves are sufficient to cover 6.4 and 6.3 months of imports accordingly. The total reserves stood at us \$ 6,737 mn by the end of October, 2009.

#### 3.3 Private Remittances (US\$ Mn.)

Category	2009 Jan-Oct	2008 Jan-Oct	% Change
Inflows	2,773.8	2,457.6	12.9
Outflows	252.4	243.2	3.8
Net flows	2,521.3	2,214.4	13.9

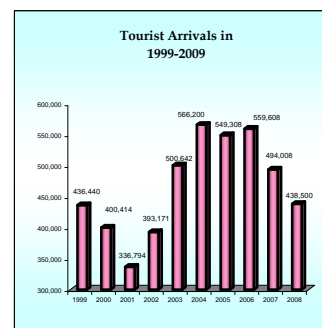
Source: Central Bank of Sri Lanka



#### 3.4 Tourist Arrivals and Earnings by Month (2007-09)

Arrivals					Earnings (US \$ Mn.)			
Month	2007	2008	2009	% change 2008/09	2007	2008	2009	% change 2008/09
January	56,571	56,916	38,468	-32.4	49.1	44.4	30.0	-32.4
February	43,033	40,551	34,169	-15.7	37.3	31.6	26.7	-15.5
March	35,031	38,049	34,065	-10.5	30.4	29.7	26.5	-10.8
April	33,039	29,747	26,054	-12.4	14.0	23.2	20.4	-12.1
May	26,307	31,140	24,739	-20.6	20.5	24.3	19.3	-20.6
June	30,810	27,960	30,234	8.1	24.0	21.8	23.5	7.8
July	44,202	32,982	42,227	28.0	34.5	25.7	33.0	28.4
August	44,682	30,672	41,207	34.3	34.9	24.0	32.1	33.8
September	37,104	29,529	37,983	28.6	28.9	23.0	30.2	31.3
October	39,565	35,103	37,571	7.03	30.05	27.4	28.7	4.74
November	42,548	36,901	44,311	20.08	34.05	28.8	34.6	20.14
December	61,116	48,950			47.6	38.1		
<b>Total</b>	<b>494,008</b>	<b>438,500</b>	<b>391,028</b>		<b>385.3</b>	<b>342</b>	<b>270.4</b>	

Source: Sri Lanka Tourist Board

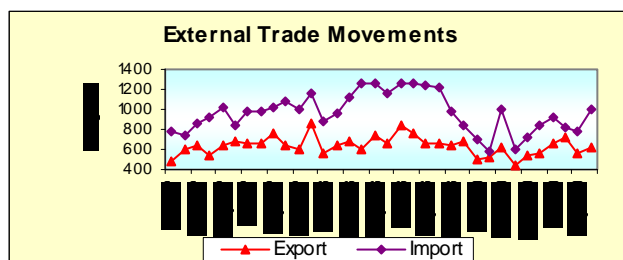


With increasing trend in tourist arrivals since June, 2009, arrivals in November 2009 increased by 18 percent to 44,311 persons. Accordingly, the earnings from the tourists also increased by about 21 percent amounting US\$ 34.6 million.

### 3.5 External Trade

Category	Oct 2009 (US\$ Mn)	Oct 2008 (US\$ Mn)	Growth 2008/09 (%)	Jan-Oct 2009 Cumulative (US\$ Mn.)	Jan-Oct 2008 Cumulative (US\$ Mn.)	Growth 2008/09 (%)
<b>Exports</b>	<b>628.66</b>	<b>661.22</b>	<b>-4.92</b>	<b>5,748.15</b>	<b>6,810.94</b>	<b>-15.60</b>
Agriculture	165.77	157.80	5.05	1,365.23	1,608.05	-15.10
Tea	116.59	107.96	8.00	963.39	1,103.11	-12.66
Other	49.18	49.84	-1.32	401.84	504.94	-20.41
Industrial	456.37	497.03	-8.18	4,307.34	5,090.86	-15.39
Food, Beverages and Tobacco	28.19	33.17	-15.05	340.52	381.06	-10.63
Textiles and Garments	263.32	283.98	-7.28	2,666.77	2,808.29	-5.03
Rubber products	40.60	38.56	5.27	300.36	659.38	-34.61
Diamond and Jewellery	42.08	43.77	-3.85	271.63	362.84	-25.13
Other	82.17	97.55	-15.77	728.05	1,079.29	-32.54
Mineral	6.52	6.39	2.15	75.58	112.02	-32.52
Unclassified	0.00	0.00	0.00	0.00	0.01	-100
<b>Imports</b>	<b>998.22</b>	<b>1,217.67</b>	<b>-18.02</b>	<b>7,965.46</b>	<b>11,981.94</b>	<b>-33.52</b>
Consumer goods	165.34	219.71	-24.75	1,561.30	2,181.51	-28.43
Food & Drink	99.51	135.35	-26.48	996.49	1,303.39	-23.54
Other Consumer Goods	65.83	84.36	-21.91	564.82	878.12	-35.67
Motor Cars & Cycles	15.94	26.59	-40.03	125.66	332.54	-62.20
Intermediate goods	617.67	741.63	-16.12	4,495.96	7,202.60	-37.57
Petroleum	271.87	226.03	20.28	1,697.84	3,022.82	-43.83
Fertilizer	39.95	109.31	-63.45	138.52	483.14	-71.32
Chemicals	26.45	35.01	-27.31	246.17	309.25	-20.39
Textiles & Clothing	126.78	169.21	-23.99	1,166.85	1,413.73	-17.46
Diamonds	26.75	33.69	-23.58	214.90	327.52	-34.34
Other Intermediate Goods	125.85	168.39	-25.26	1,031.67	1,646.15	-37.32
Investment goods	206.91	242.06	-14.52	1,810.27	2,485.42	-27.16
Machinery & Equipment	85.00	100.35	-35.23	765.69	1,110.93	-31.07
Transport Equipment	66.06	26.63	148.10	287.09	294.98	-2.67
Building Materials	67.66	90.62	-25.34	557.41	792.20	-29.63
Other Investment Goods	18.19	24.46	-19.39	230.08	287.31	-19.91
Unclassified	8.30	14.26	-41.81	97.93	112.40	-12.87
<b>Trade Balance</b>	<b>-369.56</b>	<b>-556.45</b>	<b>-33.58</b>	<b>-2,217.31</b>	<b>-5,167.00</b>	<b>-57.08</b>

Source: Central Bank of Sri Lanka



#### Continued Decline Trade Deficit...

Trade deficit contracted by 57 percent to US \$ 2,217 million in the first ten months of 2009 from US \$ 5,711 million in the reference period of 2008. Exports during the period were US \$ 5,748 million, a decline of 15.6 percent over the review period of 2008. The expenditure on imports in the first ten months of 2009 declined by 33.5 percent to US \$ 7,966 million compared in the corresponding period of 2008. The trade deficit for the month of November contracted for the nine consecutive month ending November 2009 by 33.6 percent to US \$ 370 million.

Reversing the increasing trend in exports, the exports in September 2009 declined by 12.8 percent (year-on-year) to US\$ 568 million.

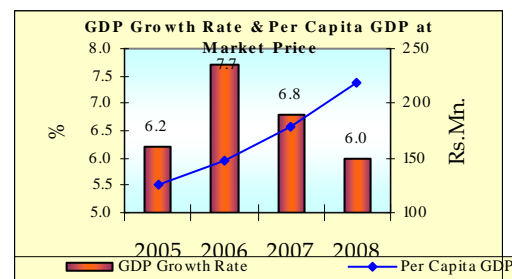
This is a seasonal pattern. This decline was mainly due to the decrease in industrial exports earnings coming from the garments and textiles, food and beverages. Expenditure on imports declined by 36.1 percent to US \$ 789 million in September 2009 due to a lower demand of consumer, intermediate and investment goods.

## 4. Production

### 4.1 Quarterly GDP Growth (%)

	2009 3 <sup>rd</sup> Quarter	2009 2 <sup>rd</sup> Quarter	2009 1 <sup>st</sup> Quarter	2008 Annual
Agriculture	-0.9	4.4	3.0	7.5
Industry	4.4	3.0	1.9	5.9
Services	5.1	1.1	1.0	5.6
<b>GDP</b>	<b>4.2</b>	<b>2.1</b>	<b>1.5</b>	<b>6.0</b>

Source: Department of Census & Statistics



kick off to the "fast track" prosperity ...

Demonstrating the V shape recovery in the economy from the adverse impact of the global economic and financial crisis, the economy displayed its capacity of recover such shocks with the GDP picking up by 4.2 percent in the 3<sup>rd</sup> quarter of 2009, which is nearly three times of the first quarter performance. This growth has largely been supported by a relatively higher growth in the services sector even under the external pressure on the trade. Industry sector also recorded comparatively a higher growth of 4.4 percent due to the of production expansion of factory industry and electricity sub sectors. However, agriculture decelerated to 0.9 percent due to contraction in the production of Paddy, Tea and Rubber sectors.

### 4.2 Paddy Statistics

Category	2008			2009		
	2007/2008 Maha	2008 Yala	Total	2008/2009 Maha	2009 Yala	Total
<b>Production</b>						
Mn.Mt	2.12	1.75	<b>3.87</b>	2.38	1.25	<b>3.63</b>
Bushels mn.	101	84	<b>185</b>	114	60	<b>174</b>
<b>Harvested Area</b>						
Hectares ('000)	568	465	<b>1,033</b>	605	300	<b>905</b>
Acres ('000)	1,404	1,148	<b>2,552</b>	1,494	825	<b>2,319</b>
<b>Average Yield</b>						

Source: Department of Census & Statistics

A paddy production of 3.63 million mt was recorded in 2009, a slight decrease of 6.2 percent over 2008 mainly due to a decrease in expected production in the Yala season. Paddy production in the Maha 2008/09 season increased by 12.2 percent to 2.38 million mt compared with the corresponding season of 2008 due to favorable weather coupled with a substantial contribution from the Eastern Province which registered an increase of 37.4 percent. Paddy production in the Yala season has been estimated at around 1.25 million mt, a decrease of 29 percent due to the reduction in the extent cultivated caused by a delay in the release of water for cultivation in major/minor irrigation systems.

### 4.3 Tea, Rubber & Coconut Production

Category	2009 Jan-Oct	2008 Jan-Oct	% Change
Tea ( Mn. Kg)	234.8	274.4	<b>-14.4</b>
Rubber ( Mn. Kg)	113.8	109.8	<b>3.6</b>
Coconut ( Mn. Nuts)	2,407.7	2,245.7	<b>7.2</b>

Source: Central Bank of Sri Lanka

### 4.4 Extent, Production and Cost of Production of Tea, Rubber & Coconut

Year	Tea			Rubber			Coconut		
	Extent (Hectares)	Production MT	COP (Rs./Kg)	Extent (Hectares)	Production MT	COP (Rs./Kg)	Extent (Hectares)	Production MT	COP (Rs./Kg)
2002	212,715	310,030	121.97	116,478	90,520	55.74	394,836	2,459	3,584
2003	212,715	303,229	126.72	116,478	92,009	59.76	394,836	2,512	4,135
2004	212,715	308,089	133.09	116,478	94,700	65.98	394,836	2,590	4,774
2005	212,715	317,200	149.13	116,478	104,352	72.56	394,836	2,515	4,870
2006	212,715	310,800	161.98	116,478	109,135	87.65	394,836	2,684	5,436
2007	212,715	304,600	210.75	116,478	117,600	102.31	394,836	2,805	6,124
2008	221,969	318,700	231.49	116,478	129,243	119.89	394,836	2,909	8,795

Source: , Sri Lanka Tea Board, Rubber Development Department, Coconut Development Authority, Department of census and Statistics

## 4.5 Production of Cereals, Pulses & Vegetables

District	2008						2009		
	Extent (Hectares)			Production (MT)			Extent (Hectares)		
	Yala	Maha	Total	Yala	Maha	Total	Maha	Total	Total
<b>Cereals</b>									
Maize	8,744	42,864	51,608	21,241	91,046	112,287	44,786	44,786	114,655
Kurakkan	1,056	5,023	6,079	1,093	5,418	6,511	5,024	5,024	5,571
Sorghum	47	124	171	61	153	214	108	108	135
Meneri	23	29	51	19	11	30	10	10	6
<b>Pulses</b>									
Green gram	2,233	7,123	9,356	2,335	6,543	8,878	6,674	6,674	7,516
Cowpea	4,496	7,655	12,152	4,354	7,598	11,952	8,488	8,488	10,062
Black gram	1,293	7,025	8,319	1,900	7,577	9,477	7,496	7,496	6,595
Red onions	2,391	2,487	4,879	24,758	24,532	49,290	2,175	2,175	21,041
Soya Beans	1,007	219	1,226	2,718	314	3,032	425	425	796
<b>Oil Seeds</b>									
Ground Nuts	2,549	7,723	10,272	2,498	7,753	10,251	6,877	6,877	10,203
Gingelly	6,641	2,871	9,512	4,868	1,469	6,337	2,412	2,412	1,477
Musterd	25	385	410	17	294	311	323	323	281
<b>Roots &amp; Tubers</b>									
Manioc	9,948	13,986	23,934	100,138	140,593	240,731	14,706	14,706	178,707
Sweet Potatoes	2,964	3,935	6,899	23,582	28,884	52,466	3,513	3,513	26,994
Big Onions	3,871	219	4,090	55,497	1,874	57,371	182	182	1,347
Ginger (Raw)		1,911	1,911		10,053	10,053	1,892	1,892	10,780
Turmaric (Raw)		997	997		7,135	7,135	997	997	7,747
<b>Low Country Vegetables</b>									
Luffa	1,755	2,562	4,318	16,011	17,824	33,835	2,638	2,638	23,444
Bandakka	3,237	4,364	7,600	24,075	28,053	52,128	4,192	4,192	33,928
Snake Gourd	1,449	1,956	3,405	15,516	16,756	32,272	1,921	1,921	20,339
Brinjals	4,661	6,781	11,442	43,474	60,690	104,164	6,535	6,535	67,374
Bitter Groud	1,798	2,736	4,534	17,125	20,820	37,945	2,476	2,476	23,789
Cucumber	1,362	1,891	3,252	13,508	17,553	31,061	1,774	1,774	18,540
Ash Pumpkin	402	744	1,146	3,503	6,374	9,877	666	666	6,396
Red Pumpkin	2,590	5,147	7,738	33,219	54,003	87,222	5,661	5,661	65,028
Ash Plantain	4,060	5,343	9,403	39,088	39,311	78,399	5,121	5,121	44,981
<b>Up Country Vegetables</b>									
Tomatoes	3,549	4,185	7,734	36,202	48,496	84,698	4,020	4,020	41,930
Cabbage	1,825	2,634	4,460	27,290	49,638	76,928	2,316	2,316	35,682
Beans	3,378	4,685	8,063	16,900	25,662	42,562	4,615	4,615	24,009
Leeks	769	911	1,680	12,842	14,281	27,123	861	861	12,657
Beetroot	1,218	1,152	2,369	12,257	13,621	25,878	1,336	1,336	12,732
Knolkhol	778	733	1,511	7,150	8,792	15,942	683	683	5,428
Carrot	1,230	1,795	3,025	15,850	24,165	40,015	1,615	1,615	18,919
Raddish	1,505	2,047	3,552	16,355	21,475	37,830	1,996	1,996	18,822
Capsicum	1,462	2,016	3,478	5,849	9,062	14,911	1,818	1,818	8,324
<b>Other</b>									
Chillies (Green)	4,920	9,883	14,803	17,598	33,405	51,003	9,479	9,479	33,246
Cigar Tobacco	329	500	829	538	789	1,327	403	403	613
Beedi/Chewing Tobacco	257	1,045	1,302	433	2,005	2,438	880	880	1,546

Source: Department of Census & Statistics