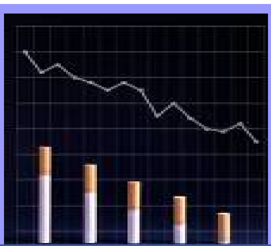




WEEKLY ECONOMIC REPORT

JANUARY 01, 2010

ECONOMIC RESEARCH DIVISION, DEPARTMENT OF FISCAL POLICY
NO. 12

Macroeconomic Status

- ↗ Private Remittances: US$ 2,774 mn
- ↘ Exchange Rate on 01st Jan: US$1=Rs. 114.45
- ↗ Inflation in December: 4.8 percent
- ↗ Current Account Surplus: US $ 393 mn
- ↘ Call Money Weekly Average: 8.97
- ↗ Treasury Bill Yield Rate (3 months) : 7. 73 percent

Content

Global Overview

US consumer confidence continued to improve in December 2009. The US imposed a trade penalty on Chinese steel grating imports. The duties of 145 percent were imposed since the US declared that China, their largest trading partner was exporting steel grating at rates below market value. UK economy still stuck in recession as the decline in GDP to 0.2 percent in comparison with the initial estimation of 0.4 percent.

Economic Outlook Sri Lanka

Capital is ready- Sri Lanka ranked the Second-best performing stock market in the world……

The Colombo Stock Market reached its highs in 2009 ranking the second-best in the world supported by the end of the civil conflict frees up government spending for investments in infrastructure and agriculture. The ranking will help to attract foreign investors and fund managers to the country and introduce new market instruments such as derivatives to the market.

All Share Price Index rising 120 points recorded an all time high, close at 3,386 for the week ending December 30th while Milanka Index gained 105 index points to reach 3,849. The turnover topped at Rs. 704 million.

Highlighting the investor's confidence, foreign purchases during the week ending December 18th recorded Rs. 5.87 billion opposed to foreign sales of Rs.3.58 billion which helped the Bourse to gain 2.29 billion of foreign investment. The turnover for the week topped at Rs. 9.09 billion.

The stock market will boom in 2010 with the positive sentiments of the global business community coupled with opening up of the Northern and Eastern Provinces to the world economy. This will pave the way to generate more employment opportunities and attract more foreign direct investment.

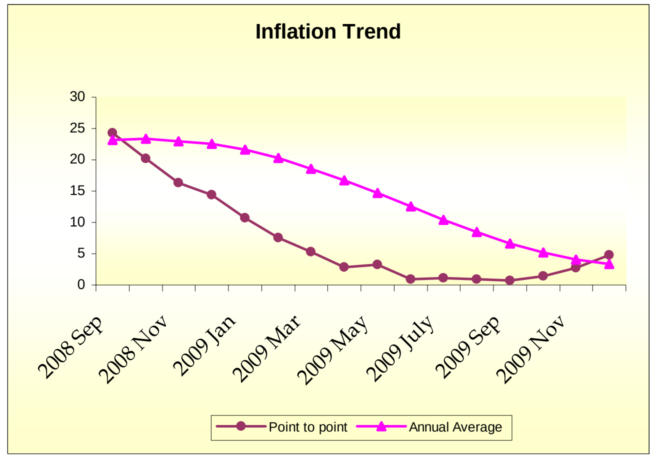
"Even if the economic is promising and the financial markets jitter-free, Labour will have a hard job to convince voters that it deserves to manage the economy and public finances for a fourth term. It has after all presided over the longest and deepest recession and biggest budget deficit since the second world war."

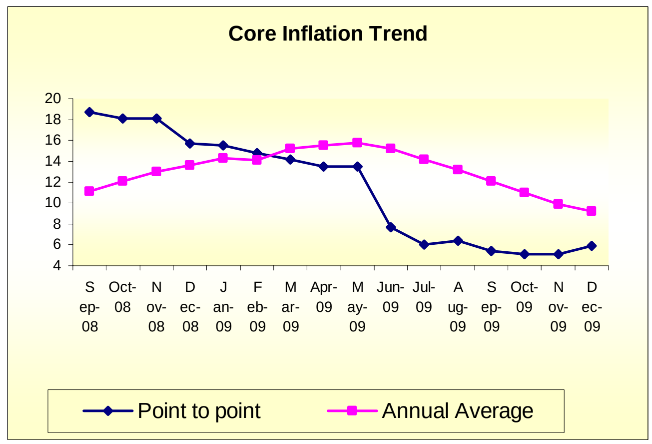
The Economist, Dec 30 2009

TREND IN INFLATION

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
Dec	4.8	3.4	5.9	9.2

Source: Department of Census and Statistics





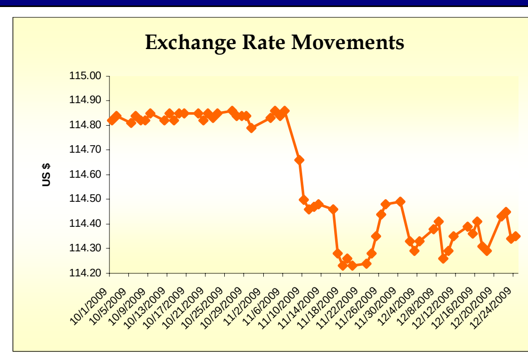
Annual Average Inflation continued to decline the lowest level…..

The annual average inflation declined to a 3.4 percent in December 2009 from 22.6 percent recorded in 2008. However, inflation rose to 4.8 percent in December 2009 reflecting the increased food prices due to less supply of agricultural consumer goods such as rice, vegetable, fish and sea food, coconut and potatoes from November to December coupled with seasonal pattern continued with festival season. 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 3.4 percent in December 2009. Core inflation that measures the price movement of non-food and non-energy items in the CCPI basket stood at 5.9 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 and encourage savings and investment.

EXCHANGE RATES

	Week Ending Jan 01	Week Ago	Month Ago	Jan 2009	% Change 2009/10
US Dollar	114.45	114.39	114.34	113.04	0.10
Sterling Pound	182.09	182.93	189.11	165.60	-3.71
Euro	164.94	164.18	172.18	157.99	-4.20
Japanese Yen	1.23	1.25	1.30	1.25	-5.38
Indian Rupee	2.47	2.45	2.48	2.33	-0.40

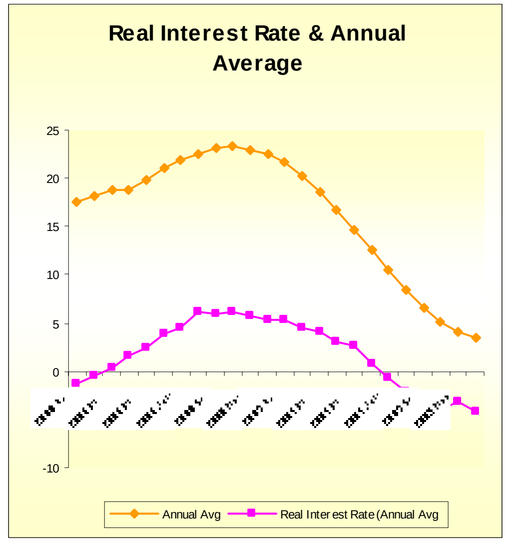
Source: Central Bank of Sri Lanka



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
Dec	213.5	4.8	3.4	7.67	-2.87	-4.27

Source: Department of Census and Statistics



INTEREST RATE MOVEMENTS

Category	Week Ending Jan 01	Week Ago	Month Ago	Year Ago
Repo	7.50	7.50	7.50	10.50
Call Money Weekly Average	8.97	8.98	8.95	13.42
Treasury Bill (Yield rate)				
3 Months	7.73	7.67	7.25	17.33
6 Months	8.73	8.65	8.33	18.49
1 Year	9.33	9.32	9.17	19.08
Treasury Bond	12.83	12.83	12.83	20.25
Prime Lending Rate	10.91	10.85	11.88	18.20
Commercial Bank Average Weighted Deposits (AWDR)	8.01	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.

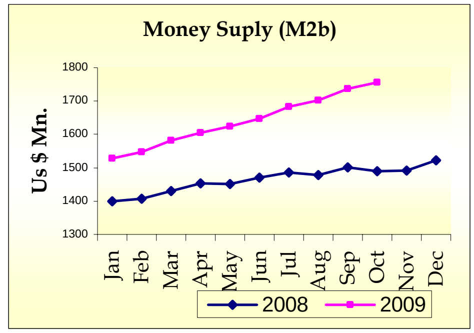
BANK LENDING RATES – (INCLUDING SPECIAL BANKS) AS AT END OF NOV 2009

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%

MONEY SUPPLY

	Oct 2009	Sep 2009	Aug 2009	July 2009	Oct 2008	Sep 2008	Aug 2008	July 2008	Growth 2008/09 (%)
M_1	294.5	293.3	285.5	277.1	266.6	275.2	270.9	269.3	10.47
M_2	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_{2b}	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

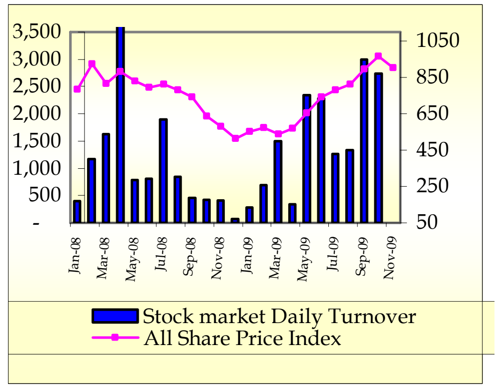
Source: Central Bank of Sri Lanka



SHARE MARKET

	Week ending Dec 30	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	3,386	3,266	1,485
Milanka Price Index (31/12/1998=1000) (MPI)	3,849	3,744	1,631
Average Daily Turnover (Rs.Mn)	704	1,197	253
Market Capitalization (Rs.Bn.)	1,092.1	1,053.6	482.8

Source: Colombo Stock Exchange



Capital is ready – Sri Lanka ranked the second-best performing stock market in the world….

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Stock Market -Foreign Purchases and Foreign Sales

	Foreign Purchase Rs.Mn	Foreign Sales Rs.Mn
Dec 30	149.3	149.2
Dec 29	135.8	270.4
Dec 28	46.4	173.9
Week ago	5,871.1	3,578.8

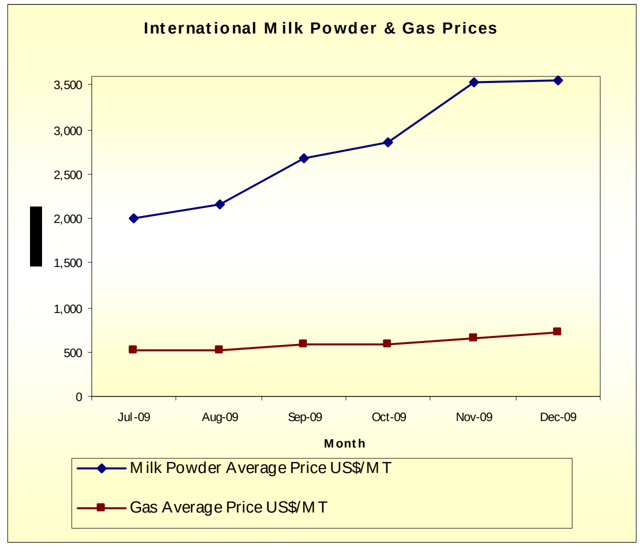
Source: Colombo Stock Exchange

COMMODITY PRICES

INTERNATIONAL COMMODITY PRICES

Month	Milk Powder Average Price US$/MT	Gas Average Price US$/MT	Rice Thai,100 % US$/MT	Wheat, US,HRW
December 2009	3,550	727	627	222
November 2009	3,525	660	559	228
October 2009	2,850	589	535	209
September 2009	2,675	586	560	201
August 2009	2,163	511	565	218
July 2009	2,013	528	586	233

Source: Various Web Sites



International prices on rise(except wheat) in the commodity market due to high demand stemming from the expanding of global economic activity coupled with remaining above average inventories particularly in developed economies.

		Annual averages			Quarterly averages				Monthly averages		
Commodity	**Unit**	Jan-Dec 2007	Jan-Dec 2008	Jan-Dec 2009	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Oct 2009	Nov 2009	Dec 2009
Non Energy, Agriculture, Beverages											
Cocoa	¢/kg	195.2	257.7	288.9	259.7	258.7	295.5	342.0	336.0	338.5	351.4
Coffee, Arabica	¢/kg	272.4	308.2	317.1	283.9	320.2	322.7	341.7	340.8	335.6	348.7
Tea, auctions (3) average	¢/kg	203.6	242.0	272.5	218.0	266.1	303.6	302.5	302.7	305.3	299.1
Tea, Colombo auctions	¢/kg	252.2	278.9	313.7	261.7	299.1	356.1	338.0	352.4	335.3	326.7
Food, Fats & Oils											
Coconut oil	$/mt	919	1,224	725	677	779	711	734	706	731	767
Copra	$/mt	607	816	480	447	513	469	491	470	493	509
Palm oil	$/mt	780	949	683	577	743	679	732	680	728	791
Grains											
Barley	$/mt	172.4	200.5	128.3	116.3	129.5	122.0	145.5	130.7	155.3	150.6
Other Food											
Meat, beef	¢/kg	260.3	313.8	263.6	245.2	262.8	273.2	273.5	264.8	275.6	280.0
Meat, chicken	¢/kg	156.7	169.6	171.7	173.5	174.1	173.9	165.1	166.1	164.6	164.7
Sugar, world	¢/kg	22.22	28.21	39.91	28.85	33.89	46.98	49.93	49.91	49.07	50.81
Raw Materials, Timber											
Plywood	¢/sheets	640.7	645.5	564.6	572.8	565.8	561.5	558.4	559.3	558.6	557.2
Woodpulp	$/mt	767.0	820.2	616.2	565.1	550.0	627.7	721.8	693.5	755.0	750.0
Other Raw Materials											
Rubber RSS1, US	¢/kg	248.0	284.1	214.6	165.8	187.0	221.0	284.7	264.8	279.3	310.0
Fertilizers											
Phosphate rock	$/mt	70.9	345.6	121.7	193.3	113.3	90.0	90.0	90.0	90.0	90.0
TSP	$/mt	339.1	879.4	257.4	321.7	247.7	224.7	235.7	246.5	228.5	232.0
Urea	$/mt	309.4	492.7	249.6	267.3	241.1	241.6	248.3	239.0	244.8	261.1
Metals and Minerals											
Aluminum	$/mt	2,638	2,573	1,665	1,360	1,485	1,812	2,003	1,879	1,949	2,180
Gold	$/toz	697	872	973	909	922	960	1,102	1,043	1,127	1,135
Iron ore	¢/dmtu	84.7	140.6	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0
Steel wire rod	$/mt	533	1,010	970	1,200	1,007	857	816	850	825	773

Source: The World Bank

International Commodity Prices on rice…..
International commodity prices are on rice and likely to increase further this week. This upward pressure is mainly due to highest demand with an expansion of global activity coupled with keeping above average buffer stock for many commodities.
According to the IMF, the growing evidence of a relatively favorable economic performance in many emerging and developing economies had strong impact on commodity prices, saying that the magnitude of price increases in 2009, varied considerably across commodities.
The report further says "looking at commodity price prospects from a longer term perspective, highlights how prices are expected to remain high by historical standards. The effects of the crisis have been to reduce prices somewhat below there 2008 peaks, but demand is expected to continue rising at a solid pace, as industrialization continues in emerging and developing economies. Accommodating this demand will eventually require further capacity expansion in many commodity sectors, with some need to tap higher cost sources."

CRUDE OIL PRICES - SINGAPORE PLATTES PRICES (US$/bbl)

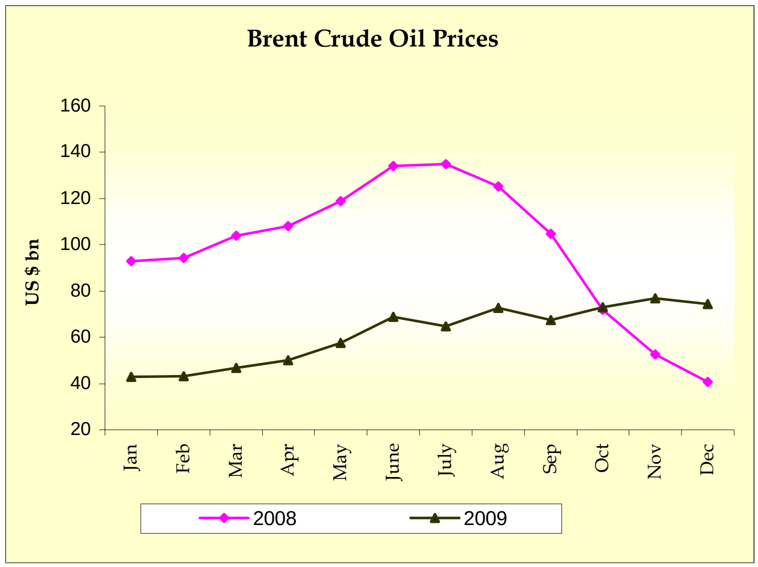
	Jan 01	Dec 31	Dec 30	Dec 29	Nov 28	Week Ago	Month Ago	Year Ago
Brent (New York Closing Prices) (US $/bbl.)	-	78.26	-	77.00	76.94	75.50	77.11	41.50
WTI (US$/bbl.)	-	79.38	-	78.87	78.66	76.83	78.20	41.23
Singapore Plattes Prices (Refined Petroleum Products) (US $/bbl)								
Petrol	-	82.10	-	82.30	80.75	80.70	80.06	96.32
Diesel	-	84.30	-	83.25	81.85	81.60	84.14	104.86
Kerosene	-	87.05	-	86.05	84.50	84.10	85.60	108.01

Source: Central Bank of Sri Lanka

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	7 2.79
Sep	69.22	67.61
Oct	75.76	73.10
Nov	77.88	77.02
Dec*	74.03	74.39

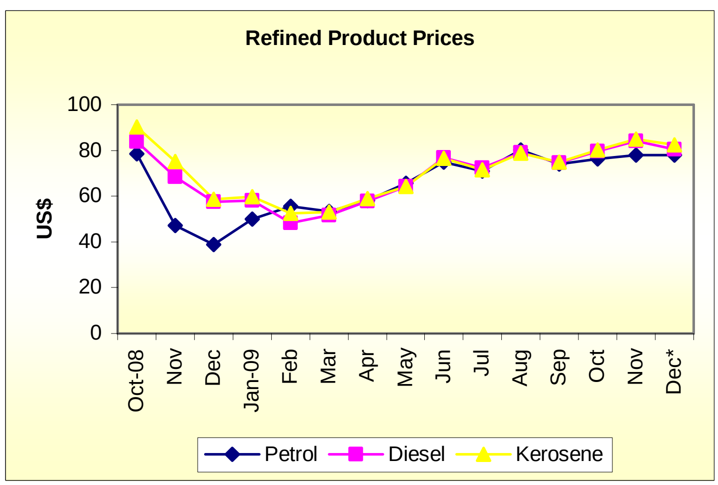
* *Up to 31th December* *Source: Central Bank of Sri Lanka*



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 24th December *Source: Central Bank of Sri Lanka*



WEEKLY WHOLESALE COMMODITY PRICES

Pettah Market

Average Wholesale Prices	Week Ending 01/01/10	Week Ago	Month Ago	Year Ago
Rice (Rs/Kg)				
Samba	86.50	n.a	69.38	70.21
Kekulu (Red)	69.00	64.00	60.00	60.14
Vegetable				
Beans	95.00	80.00	106.25	81.73
Cabbage	60.00	40.00	39.38	43.64
Carrots	100.00	80.00	71.78	68.77
Tomatoes	120.00	70.00	43.13	67.58
Pumpkins	25.00	25.00	33.75	27.89
Snake Gourd	60.00	40.00	46.25	39.91
Brinjals	70.00	60.00	56.88	51.84
Ash Plantains	65.00	70.00	62.50	44.95
Red-Onions (Local)	n.a	n.a	96.88	92.57
Big-Onions (Local)	n.a	n.a	71.25	52.60
Potatoes (N'Eliya)	n.a	115.00	105.50	67.75
Dried Chilies (Imported)	178.00	185.00	190.75	172.09
Dhal (Indian)	153.00	155.00	157.00	172.04
Eggs (Red) (Each)	12.80	14.80	10.23	8.82
Coconut (Each)	27.50	25.00	25.13	28.33
Fish (Rs/Kg)				
Kelawalla	295.00	330.00	266.25	277.80
Balaya	180.00	n.a	165.00	195.00
Salaya	120.00	80.00	71.25	84.76
Paraw (Small)	360.00	380.00	291.25	311.54

Source: Central Bank of Sri Lanka

Dambulla Market
Week Ending – 01 January 2010 (Rs /Kg)

Food Item	Wholesale (Average)
Rice (Rs/Kg)	
Samba	74.50
Kekulu (Red)	61.50
Vegetables	
Pumpkins	20.67
Snake Gourd	30.83
Ash Plantains	54.17
Beans	90.00
Carrots	82.17
Tomatoes	60.83
Other Foods	
Potatoes (N'Eliya)	79.17
Dried Chilies (Imported)	183.17
Big-Onions (Local)	n.a
Red-Onions (Local)	112.50
Coconut (Each)	23.50

Source: Central Bank of Sri Lanka

Marandagahamula Average Price of Rice (Rs /Kg)

Item	Week Ending 01/01/10	Week Ago	Month Ago	Year Ago
Samba	78.00	80.00	74.67	64.12
Sudu kekulu	64.00	64.13	61.39	55.62
Raw Red	63.25	62.00	59.60	54.35
Nadu	67.75	69.53	64.91	56.31

Source: Central Bank of Sri Lanka

Wholesale prices of all varieties of vegetable increase except pumpkins and ash plantains with the festival season. The price of tomato increased by about 71% as against the last week.

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

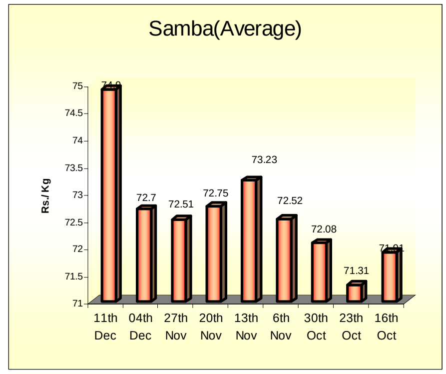
The wholesale prices of Samba and Kekulu averaged at around Rs. 79 per kg and Rs. 64 respectively in the market. The rise in prices of rice has been slowed down due to the intervention of government in the market.

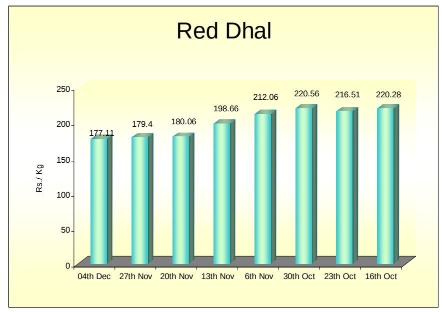
WEEKLY RETAIL COMMODITY PRICES

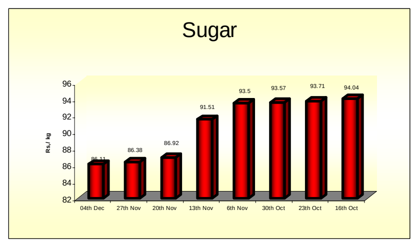
WEEKLY RETAIL COMMODITY PRICES 4th WEEK of December 2009*

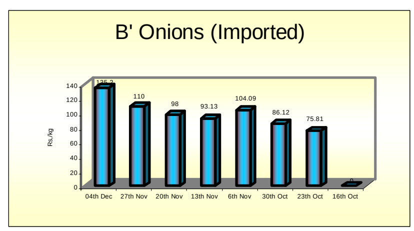
Item		Colombo				
	Unit	This Week	Price Range	Week Ago	Month Ago	Year Ago
Rice						
Samba (Avg.)	1 kg	85.70	70.00-90.00	76.88	72.51	73.58
No. 1	1 kg	87.15	83.00-90.00	79.75	74.84	75.40
No. 2	1kg	84.25	70.0 0-90.00	74.00	70.18	71.76
Nadu Red	1kg	71.91	65.00-80.00	71.91	67.94	72.84
Raw Red (Avg.)	1kg	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
Anchor	400g	225.00	225.00	225.00	232.69	275.00
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)	12.5kg	1,550.00	1,550.00	1,550.00	1,550.00	1,860.00

Source: Department of Census and Statistics
**5th week retail prices are not available*









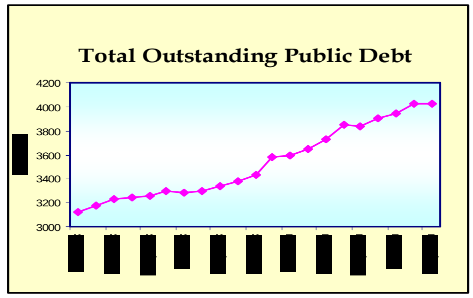
In overall, the prices of all commodities showed a slight increase as against the previous week except red onions, big onions and vegetables due to high demand for the coming festival season.

PUBLIC DEBT AND EXTERNAL SECTOR

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
Total Outstanding Public Debt	**4,023.6**	**4,020.5**

Source: Central Bank of Sri Lanka



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

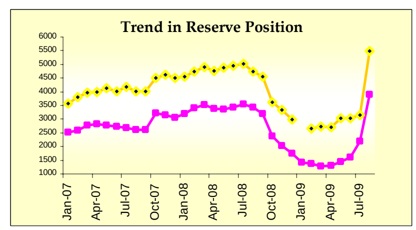
Official Reserves

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.

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

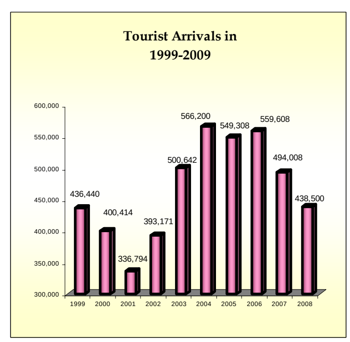
Source: Central Bank of Sri Lanka



TOURIST ARRIVALS

Month	Arrivals 2007	2008	2009	% change 2008/09	Earnings (US $ Mn.) 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	56,862	28.32	47.6	38.1		
Total	**494,008**	**438,500**	**447,890**		**385.3**	**342**	**270.4**	

Source: Sri Lanka Tourist Board



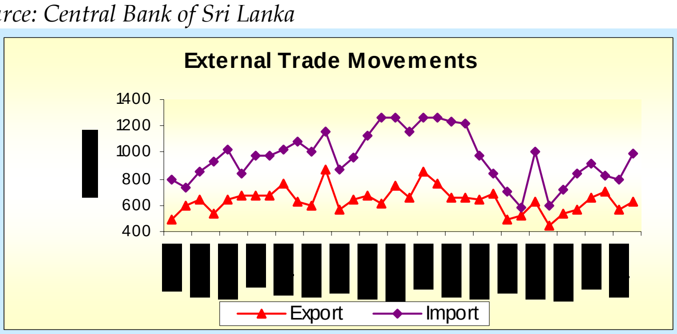
Tourist arrivals up 2.1%......

Tourist arrivals in December increase by about 28 percent to 56,862 persons. The tourist arrivals in 2009 was 447,890, an increase of 2.1 percent over 2008. Many hotels will be fully booked from December-April 2010 season as tourist return to the Island. Ending a war was a catalyst for the development of the tourism.

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 (%)
Exports	**628.66**	**661.22**	**-4.92**	**5,748.15**	**6,810.94**	**-15.60**
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**
Imports	**998.22**	**1,217.67**	**-18.02**	**7,965.46**	**11,981.94**	**-33.52**
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**
Trade Balance	**-369.56**	**-556.45**	**-33.58**	**-2,217.31**	**-5,167.00**	**-57.08**

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.

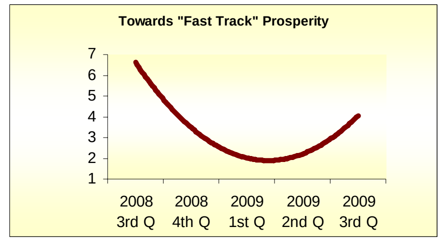
Reversing the increasing trend in exports, the exports in September 2009 declined by 12.8 percent (year-on-year) to US$ 568 million. This is a seasonal pattern. This decline was mainly due to the decrease in industrial exports earnings coming from the garments and textiles, food and beverages. Expenditure 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.

PRODUCTION

QUARTERLY GDP GROWTH (%)

	2009 3rd Quarter	2008 2 rd Quarter	2008 1 rd Quarter	2008 Annual
Agriculture	-0.9	4.4	12.4	7.5
Industry	4.4	3.0	5.6	5.9
Service	5.1	1.1	5.5	5.6
GDP	**4.2**	**2.1**	**6.3**	**6.0**

Source: Department of Census & Statistics



Towards the "Fast Track" Property….

Demonstrating the upward rapid or "V" shape recovery in the economy form 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 sector. However, the agriculture sector decelerated to 0.9 percent due to contraction in the production of paddy, tea and rubber sub sectors.

PADDY STATISTICS

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

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.

TEA, RUBBER & COCONUT PRODUCTION

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

Source: Central Bank of Sri Lanka

EXTENT, PRODUCTION AND COP -Tea, Rubber & Coconut

Year	Tea			Rubber			Coconut		
2002	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

PRODUCTION OF CEREALS, PULSES & VEGETABLES

District	2008						2009		
	Extent (Hectares)			Production (MT)			Extent (Hectares)		
	Yala	Maha	Total	Yala	Maha	Total	Maha	Total	Total
Cereals									
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
Pulses									
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
Oil Seeds									
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
Roots & Tubers									
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
Low Country Vegetables									
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
Up Country Vegetables									
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
Other									
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