

Weekly Economic Position Report 2nd Week of December 2008

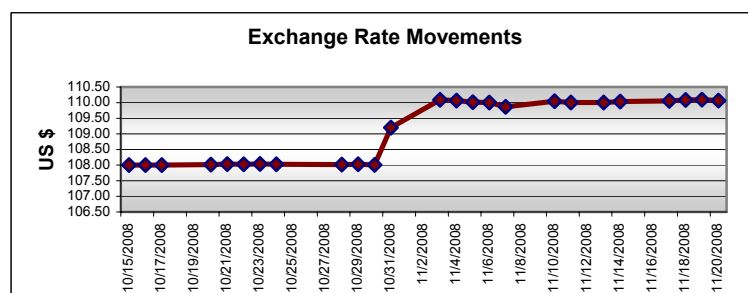
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Interest Rate Movements

	Week Ending Dec 11	Week Ago	Month Ago	Year Ago
Repo	10.50	10.50	10.50	10.50
Call Money				
Weekly Average	18.10	15.79	18.83	14.20
Treasury Bill (Yield rate)				
3 Months	17.20	17.20	17.20	18.99
6 Months	18.42	18.42	18.28	19.73
1 Year	19.06	19.06	19.06	19.96
Treasury Bond	20.53	20.22	20.43	20.34
Prime Lending Rate	20.62	19.58	20.84	16.42
Commercial Bank Average Weighted Deposits (AWDR)	11.39	11.39	11.28	10.31

Exchange Rates

	Week Ending Dec 11	Week Ago	Month Ago	Dec 2007	% Change 2007/08
US Dollar	111.03	110.14	110.04	108.96	1.89
Sterling Pound	164.94	161.63	163.32	223.05	-26.05
Euro	144.86	140.52	140.35	160.40	-9.69
Japanese Yen	1.20	1.19	1.13	0.98	22.45
Indian Rupee	2.28	2.23	2.26	2.78	-17.98



Source: Central Bank of Sri Lank

Money Supply

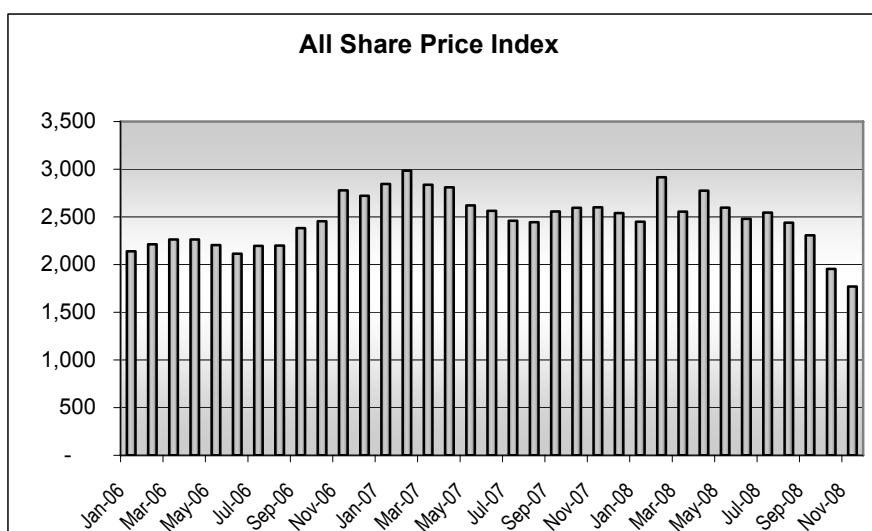
	Sep 2008	Aug 2008	July 2008	June 2008	May 2008	Sep 2007	Aug 2007	July 2007	June 2007	May 2007	Growth 2007/08 (%)
M ₁ (Rs.bn.)	275.2	270.9	270.9	273.7	268.2	260.0	261.2	255.2	259.4	266.9	5.85
M ₂ (Rs.bn.)	1,248.6	1,229.1	1,229.1	1,202.0	1,187.3	1,097.7	1,085.3	1,068.1	1,063.0	1,050.5	13.75
M _{2b} (Rs.bn.)	1,501.5	1,478.8	1,478.8	1,470.5	1,450.7	1,357.4	1,340.7	1,313.0	1,294.0	1,282.3	10.62

Source: Central Bank of Sri Lank

Share Market

	Week ending Dec 10	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	1,569	1,604	2,509
Milanka Price Index (31/12/1998=1000) (MPI)	1,753	1,802	3,284
Average Daily Turnover (Rs.Mn)	35	171	190
Market Capitalization (Rs.Bn.)	510.3	521.6	808.8

Source: Central Bank of Sri Lanka



Crude Oil Prices

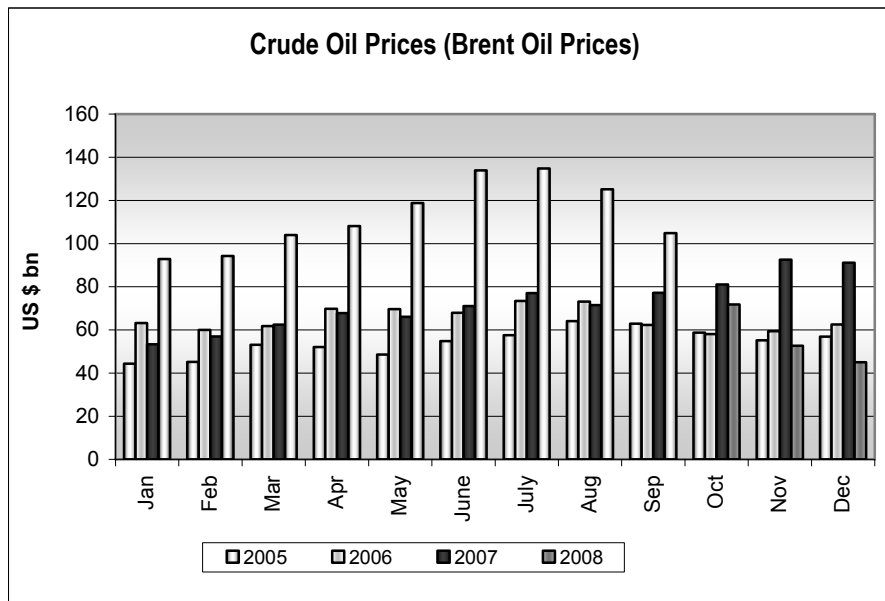
	Dec 12	Dec 11	Dec 10	Dec 09	Dec 08	Week Ago	Month Ago	Year Ago
Brent (New York Closing Prices) (US \$/bbl.)	42.73	43.90	39.70	40.13	40.38	44.05	57.24	92.54
WTI (US\$/bbl.)	46.27	47.77	43.10	42.00	43.69	45.40	61.06	96.36
Singapore Plattes Prices (Refined Petroleum Products)(US\$/bbl)								
Petrol	37.01	38.02	34.70	35.30	32.90	37.74	54.75	99.28
Diesel	57.68	54.45	56.60	56.80	57.50	58.99	70.10	107.10
Kerosene	59.13	56.00	57.20	58.00	58.30	60.55	78.00	113.50

Source: Central Bank of Sri Lanka

Crude Oil Prices (Monthly Average)

Month	WTI European Market (US\$/bbl)			Brent (US\$/bbl)		
	2006	2007	2008	2006	2007	2008
January	65.43	54.24	90.40	63.18	53.37	92.87
February	61.54	56.99	93.29	60.15	58.80	94.30
March	62.90	62.27	105.86	62.12	62.46	104.00
April	68.68	64.04	112.03	70.08	67.78	108.15
May	70.96	62.68	124.67	69.74	66.05	122.54
June	70.96	67.47	133.87	68.59	71.01	134.83
July	74.35	73.53	135.35	73.77	77.02	134.83
August	73.13	72.18	125.03	73.06	70.76	125.16
September	63.94	79.73	108.90	62.30	77.20	104.85
October	58.86	86.18	76.54	58.06	83.63	71.79
November	59.20	95.67	57.07	59.44	92.57	52.68
December	62.03	91.62	42.71*	62.50	91.07	44.98*

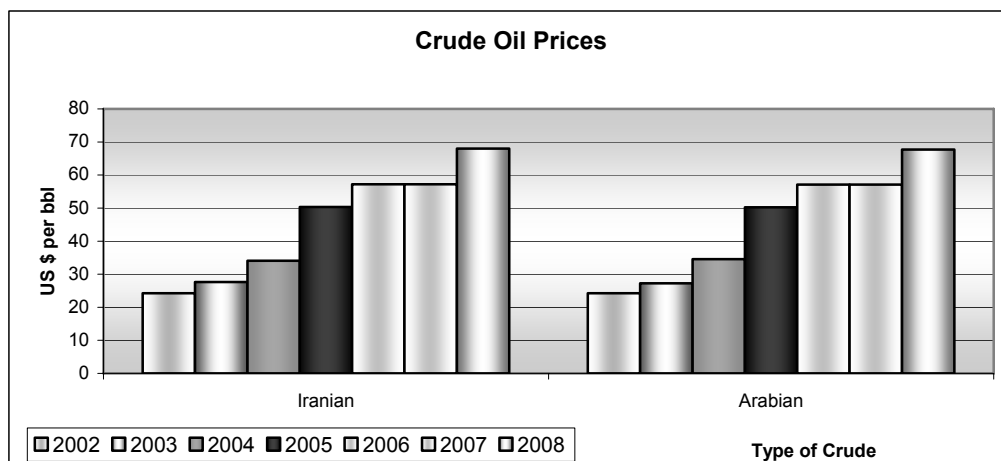
Source: Central Bank of Sri Lanka
 * Up to 12 Dec 2008



Crude Oil Prices (US\$ Per Barrel)

Month	Iranian Light		Arabian Light	
	2007	2008	2007	2008
January	52.11	90.06	52.064	89.708
February	55.96	92.25	55.908	91.904
March	59.29	98.91	59.243	98.557
April	64.41	105.20	64.359	104.803
May	65.03	121.50	64.979	121.095
June	66.53	130.32	66.484	129.919
July	70.58	134.39	70.340	134.091
August	68.65	114.72	68.413	114.419
September	74.45	97.02	74.211	97.716
October	79.03	67.99	78.685	67.989
November	89.67		89.318	
December	87.71		87.361	

Source: Ceylon Petroleum Co-operation

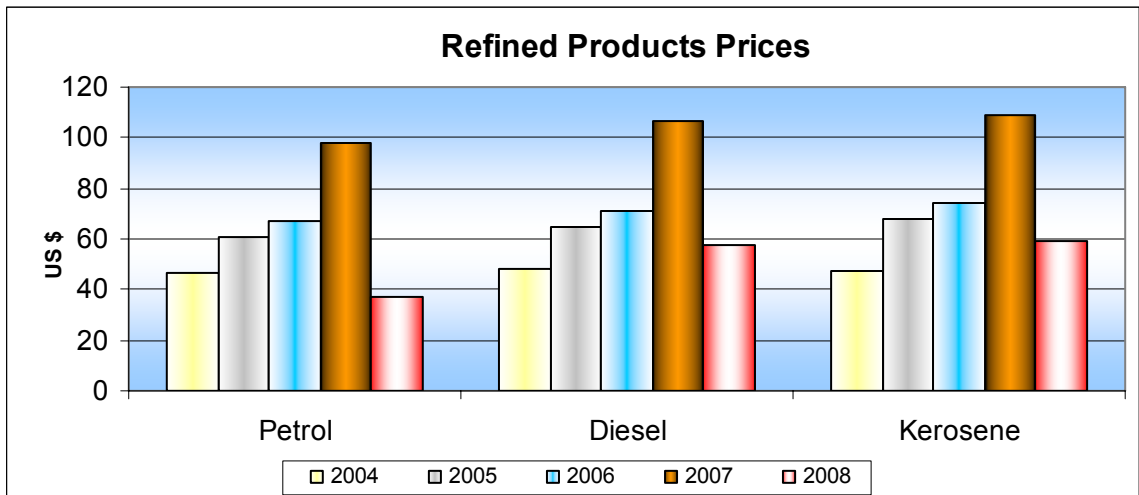


Refined Product prices – Singapore Plattes Prices (US\$/bbl)

Month	Petrol			Diesel			Kerosene		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
January	65.66	60.51	99.14	69.54	66.68	106.44	76.92	69.99	106.66
February	64.45	64.35	96.03	65.84	70.94	108.03	74.88	70.80	108.64
March	69.04	75.38	108.61	73.03	73.51	125.77	74.79	75.00	125.41
April	80.48	82.57	116.70	83.23	80.07	138.36	85.05	80.81	137.95
May	86.39	87.41	128.26	84.51	81.02	155.65	85.81	81.26	156.52
June	84.38	83.32	138.57	86.91	83.45	165.37	87.07	83.09	164.13
July	84.67	84.84	137.19	86.34	86.03	168.98	87.65	86.96	169.57
August	80.44	75.75	120.20	86.39	84.16	145.70	89.97	82.97	150.35
September	65.08	82.83	108.68	75.71	90.71	122.48	80.65	90.47	127.51
October	60.75	85.83	78.43	71.04	94.57	83.85	73.96	95.95	90.25
November	62.31	98.92	47.28	70.00	106.66	68.47	73.63	112.84	75.14
December	66.91	98.03	37.01*	73.29	106.61	57.68*	77.46	109.02	59.13*

Source: Central Bank of Sri Lanka

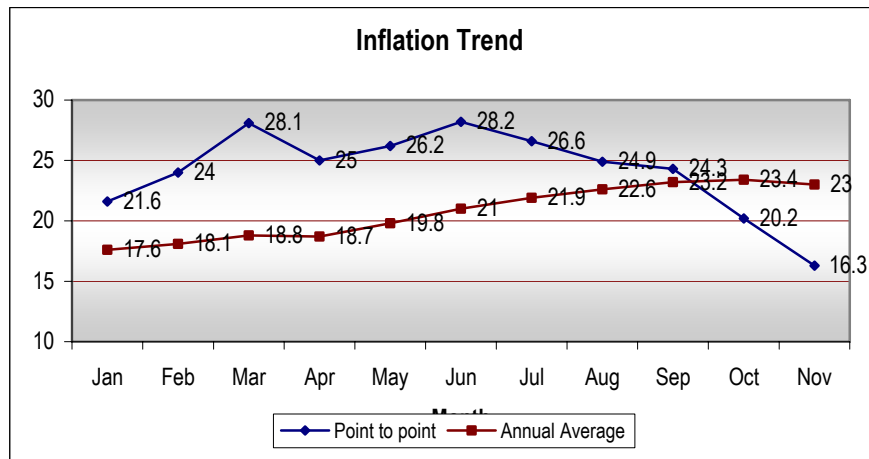
*Up to 12th Dec 2008



Inflation Trend

Month	CCPI New		Core Inflation	
	2008		2008	
	Point to point	Annual Average	Point to point	Annual Average
January	21.6	17.6	-	-
February	24.0	18.1	-	-
March	28.1	18.8	-	-
April	25.0	18.7	9.3	7.7
May	26.2	19.8	9.6	7.9
June	28.2	21.0	14.1	8.4
July	26.6	21.9	17.2	9.2
August	24.90	22.60	17.40	10.1
September	24.30	23.20	18.70	11.10
October	20.20	23.40	18.10	12.10
November	16.30	23.00	18.10	13.00

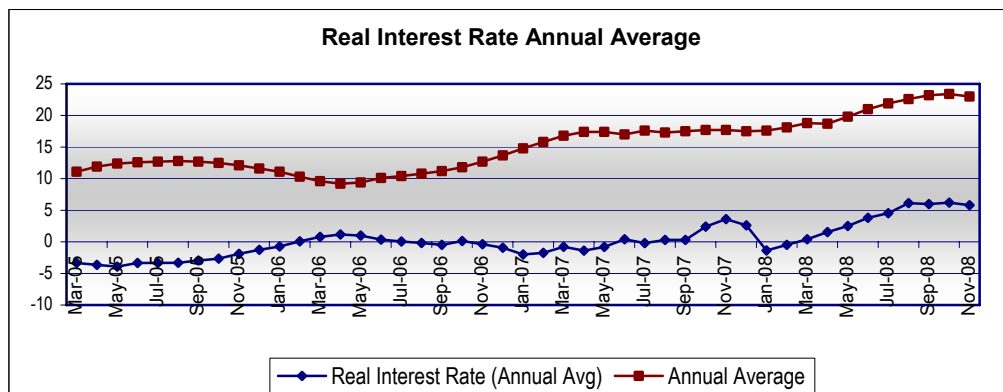
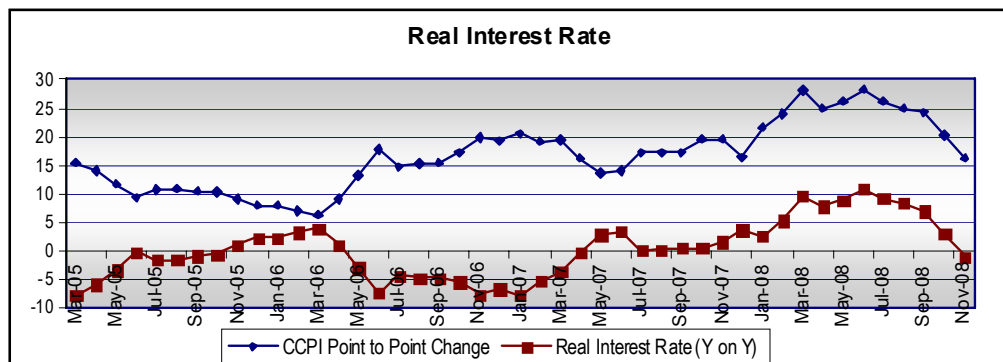
Source: Central Bank of Sri Lanka



Real Interest Rates

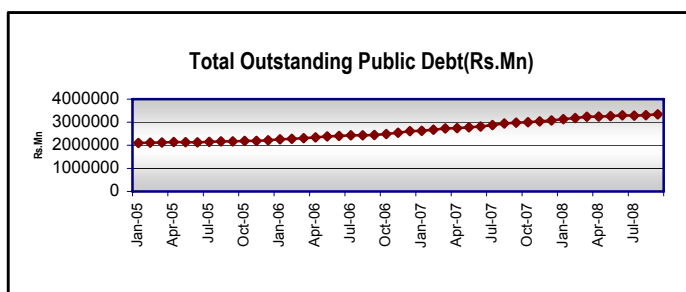
Month	CCPI Index	CCPI Point to Point Change	Annual Average	Treasury Bill Rate	Real Interest Rate (Y on Y)	Real Interest Rate (Annual Avg)
Jan-07	5,184.3	20.5	14.8	12.80	-7.70	-2.00
Feb-07	5,116.0	19.2	15.8	14.06	-5.14	-1.74
Mar-07	5,029.6	19.5	16.8	16.01	-3.49	-0.79
Apr-07	5,025.4	16.3	17.4	16.01	-0.29	-1.39
May-07	5,176.4	13.7	17.4	16.60	2.9	-0.8
June-07	5,344.3	14.0	17.0	17.40	3.4	0.4
July-07	5,496.5	17.2	17.2	17.39	0.19	-0.21
Aug-07	5,453.2	17.3	17.3	17.60	0.3	0.3
Sep-07	5,513.8	17.3	17.5	17.79	0.49	0.29
Oct-07	5,723.0	19.6	17.7	20.14	0.54	2.44
Nov-07	5,976.2	19.6	17.7	21.30	1.70	3.60
Dec-07	5,954.9	16.4	17.5	20.12	3.72	2.62
Jan-08	6,302.5	21.6	17.6	18.97	2.63	-1.37
Feb-08	6,345.4	24.0	18.1	18.59	5.41	-0.49
Mar-08	6,441.7	28.1	18.8	18.39	9.71	0.41
Apr-08	195.4*	25.0	18.7	17.14	7.86	1.56
May-08	198.5*	26.2	19.8	17.29	8.91	2.51
Jun-08	205.9*	28.2	21.0	17.29	10.91	3.81
Jul-08	206.4*	26.6	21.9	17.36	9.24	4.54
Aug-08	206.3*	24.90	22.60	16.46	8.44	6.14
Sep-08	207.2*	24.30	23.20	17.22	7.08	5.98
Oct-08	206.6*	20.20	23.40	17.20	3.00	6.2
Nov-08	205.2*	16.3	23.0	17.20	-0.9	5.8

* - new Colombo Consumers' Price Index



Public Debt

Public Debt (Rs.bn)	End Sep 2008	Month ago
Total Domestic Debt	1,940.0	1,916.2
Total Foreign Debt	1,395.6	1,385.0
Total Outstanding Public Debt	3,335.6	3,301.2



Source: Central Bank of Sri Lanka

GDP Growth Rate (%) - Quarterly

	2008 2 nd Quarter	2007 2 nd Quarter	2007* Annual
Agriculture	7.4	3.7	3.3
Industry	6.9	7.5	7.6
Service	6.9	6.5	7.1
GDP	7.0	6.4	6.8

* Provisional
Source: Central Bank of Sri Lanka

International Commodity Prices

	Dec	Week Ago	Month Ago
Rice			
Thailand 25% (\$)	420	425	425.00
Vietnam 25% (\$)	350	325	325.00
Wheat Flour			
Hard Red Winter US\$/MT (12.12.2008)	220.00	235.00	242.00
Soft Red Winter US\$/MT (12.12..2008)	161.12	171.59	178.11
Milk Powder (Oceania, indicative export prices US\$/Ton (November)	2,550.00	2,925.00	2,925.00
Rubber US\$/Kg(09.12.2008)			
RSS 1	1.15	1.02	0.00
RSS 2	1.09	1.01	0.00
RSS 3	1.07	0.98	0.00

Sources: Rice Online news update, Average of mid-point of price ranges reported bi – weekly by dairy market news (USDA),Czamikow.com, U.S. Wheat Associates – Weekly price report, Colombo Rubber Traders' Association

Weekly Commodity Prices 2nd week of December (08.12.2008 – 11.12.2008)

Item		Colombo				
	Unit	This Week	Price Range	Week Ago	Month Ago	Year Ago
Rice						
Samba (Avg.)	1 kg	74.48	70.00-85.00	73.19	72.11	62.65
No. 1	1 kg	76.78	70.00-85.00	75.22	74.07	64.69
No. 2	1kg	72.18	70.00-77.00	71.17	70.15	60.62
Nadu Red	1kg	73.12	64.75-80.00	71.00	69.85	59.64
Raw Red (Avg.)	1kg	64.19	58.00-70.00	53.23	62.98	55.50
No. 1	1kg	65.94	52.50-70.00	64.57	63.96	57.14
No. 2	1kg	62.43	58.00-65.00	61.69	62.00	53.86
Wheat Flour	1 kg	69.70	66.00-75.00	69.71	69.60	62.54
Bread	400g	37.39	32.00-40.00	37.39	37.39	33.50
Sugar	1 kg	64.46	62.00-67.00	64.42	63.83	50.64
Anchor	400g	275.00	275.00	275.00	275.00	275.00
Potatoes (Imported)	1 kg	75.61	60.00-88.00	74.27	63.70	67.74
Red Dhal	1kg	207.23	180.00-230.00	209.53	211.38	117.76
Meat						
Beef	1kg	377.14	360.00-380.00	378.82	377.89	320.00
Chicken						
Fresh	1kg	342.14	310.00-380.00	335.00	345.44	288.57
Broiler	1kg	314.00	295.00-320.00	320.25	319.17	252.08
Fresh Fish						
Paraw	1 kg	583.85	400.00-760.00	527.62	525.00	488.22
Balaya	1 kg	425.00	360.00-480.00	352.00	352.50	298.67
Kelawalla	1 kg	538.13	400.00-640.00	493.38	478.64	395.39
Salaya	1 kg	104.92	80.00-150.00	95.45	100.35	95.71
Dried Fish						
Sprats	1 kg	353.59	300.00-400.00	354.25	361.25	252.40
Eggs	Each	10.31	9.50-11.50	10.02	10.13	8.68
Coconut	Each	26.65	20.00-32.00	26.86	28.50	27.67
Coconut Oil	750 ml	130.72	120.00-160.00	126.67	131.91	151.98
Red Onions	1 kg	137.75	100.00-160.00	108.63	108.26	144.05
Big Onions (Imported)	1 kg	87.54	65.00-120.00	71.88	70.00	56.36
Brinjal	1kg	87.96	60.00-120.00	75.49	79.69	64.95
Beans Green	1 kg	105.16	80.00-120.00	99.31	127.68	77.71
Cabbage	1 kg	69.14	40.00-80.00	88.92	68.55	63.17
Kerosene oil	1 liter	60.00	60.00	60.00	60.00	68.00
Diesel (CPC)	1 liter	80.00	80.00	80.00	80.00	75.00
Petrol	1 liter	142.00	142.00	142.00	142.00	117.00
Gas (Shell)	12.5kg	1,860.00	1,860.00	1,860.00	1,860.00	1,303.00

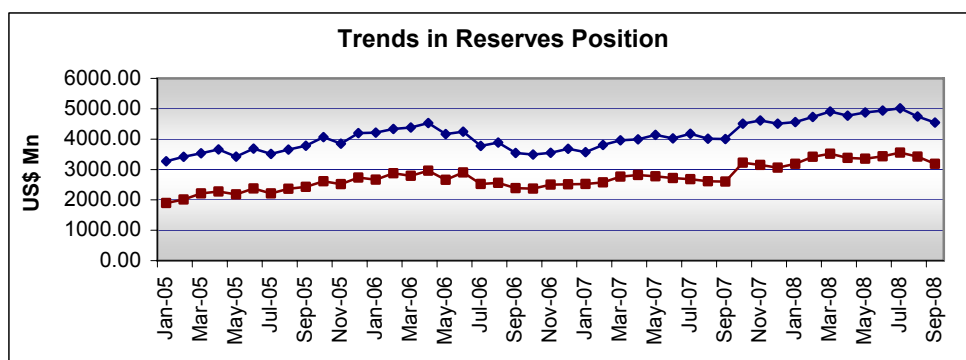
Source: Census and Statistics, Central Bank of Sri Lanka, Regional, Development Bank

Note: The sample for Colombo represent markets in Pettah, Maradana, Borella, Dematagoda, Grandpass, kirulapana, Wellawatha, Narahenpita, Nugegoda, and Maning town.

External Finance

External Assets (US\$ Mn)	Sep 2008	Aug 2008	July 2008	June 2008	May 2008	Sep 2008	Aug 2007	July 2007	June 2007	May 2007	Growth 2007/08 (%)
Total Reserves	4,543.5	4,745.9	5,014.5	4,939.6	4,880.1	4,006.0	4,016.4	4,176.2	4,023.6	4,139.5	13.42
Gross Official Reserves	3,185.4	3,424.4	3,557.6	3,432.6	3354.9	2,603.9	2,610.3	2,680.2	2,719.2	2,775.8	22.33

Source: Central Bank of Sri Lanka



Private Remittances (US\$ Mn.)

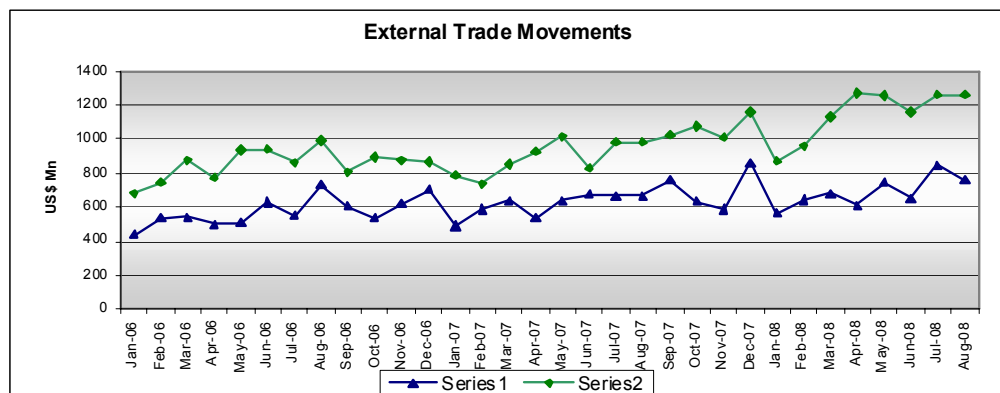
	2008 Jan-Sep	2007 Jan-Sep	% Change	2007 Total
Inflows	2,219.1	1,813.1	22.4	2,501.5
Outflows	224.8	191.4	17.4	287.7
Net	1,994.3	1,621.7	23.0	2,213.8

Source: Central Bank of Sri Lanka

External Trade

	Sep 2008 (US\$ Mn)	Sep 2007 (US\$ Mn)	Growth 2007/08(%)	Jan-sep 2008 Cumulative (US\$ Mn.)	Jan-Sep 2007 Cumulative (US\$ Mn.)	Growth 2007/08 (%)
Exports	651.79	719.39	-9.40	6,159.11	5,598.44	10.01
Agriculture	168.71	149.92	12.53	1,450.26	1,083.87	33.80
Tea	109.56	103.27	6.09	995.14	727.62	36.77
Other	59.15	46.65	26.80	455.09	378.91	20.11
Industrial	467.03	552.62	-15.49	4,575.59	4,380.02	4.47
Food, Beverages and Tobacco	36.71	61.91	-40.70	347.88	392.85	-11.45
Textiles and Garments	253.43	291.64	-13.10	2,524.31	2,454.76	2.83
Rubber products	38.52	45.46	-15.27	420.82	344.56	22.13
Diamond and Jewellery	40.48	36.25	11.67	319.07	266.65	19.66
Other	36.09	43.79	-17.58	806.32	576.95	39.76
Mineral	16.05	10.73	49.58	105.59	102.19	3.33
Unclassified	0	6.12	-100.00	27.60	32.37	-14.74
Imports	1,234.33	1,006.35	22.65	9,447.14	7,992.91	18.19
Consumer goods	178.87	167.26	6.94	1,849.54	1,499.17	23.37
Food & Drink	91.33	92.76	-1.54	1,138.36	799.55	42.38
Other Consumer Goods	87.54	74.5	17.50	799.76	699.64	14.31
Motor Cars & Cycles	29.22	25.19	16.00	305.96	230.50	32.74
Intermediate goods	767.88	600.58	27.86	6,427.24	4,555.69	41.08
Petroleum	288.97	268.1	7.78	2,763.04	1,578.57	75.03
Fertilizer	69.85	19.67	255.11	373.81	124.09	201.24
Chemicals	32.85	23.53	39.61	274.24	214.07	28.11
Textiles & Clothing	155.63	130.04	19.68	1,244.51	1,244.03	0.04
Diamonds	36.2	21	72.38	313.84	182.72	71.76
Other Intermediate Goods	184.35	138.2	33.39	1,457.69	1,212.15	20.26
Investment goods	267.33	235.05	13.73	2,243.37	1,876.92	19.52
Machinery & Equipment	112.14	112.64	-0.44	1,010.58	858.98	17.65
Transport Equipment	25.06	31.3	-19.94	268.34	274.25	-2.15
Building Materials	86.94	65.43	32.87	701.57	538.02	30.40
Other Investment Goods	43.18	25.67	68.21	262.85	201.46	30.47
Unclassified	20.26	3.46	485.55	106.47	61.29	73.72
Trade Balance	-582.54	-286.96	103.00	-3,288.03	-2,394.47	24.97

Source: Central Bank of Sri Lanka



Tourist Arrivals and Earnings by Month (2006-08)

Month	Arrivals				Earnings (US\$ Mn)			
	2006	2007	2008	% cha. 2007/08	2006	2007	2008	% cha. 2007/08
January	52,231	56,571	56,916	0.60	38.1	49.1	44.4	-9.5
February	52,687	43,033	40,551	-5.76	38.4	37.3	31.6	-15.28
March	54,746	35,031	38,049	8.61	39.9	30.4	29.7	-2.30
April	49,776	33,039	29,747	-9.96	36.3	14.0	23.2	65.71
May	43,824	26,307	31,140	18.37	32.0	20.5	24.3	18.53
June	44,066	30,810	27,960	-9.25	32.1	24.0	21.8	-9.16
July	55,354	44,202	32,982	-25.38	40.3	34.5	25.7	-25.50
August	52,931	44,682	30,672	-31.35	38.6	34.9	24.0	-31.23
September	38,485	37,104	29,529	-20.41	28.1	28.9	23.0	-20.41
October	38,815	39,565	35,103	-11.28	56.5	30.05	27.4	-8.82
November	37,591	42,548			29.6	34.05		
December	39,224	61,116			31.0	47.6		
Total	559,603	494,008			440.9	385.3		

Source: Sri Lanka Tourist Board