



WEEKLY ECONOMIC REPORT

FEBRUARY 12, 2010

ECONOMIC RESEARCH DIVISION, DEPARTMENT OF FISCAL POLICY
NO. 18

Macroeconomic Status

-  Stock market_ Average Daily Turnover: Rs. 2 bn
-  Exchange Rate on 12th Feb: US\$1=Rs. 114.64
-  Inflation in January: 6.5 percent
-  Gross Official Reserves: US \$ 5,357 mn
-  Call Money Weekly Average: 9.04
-  Treasury Bill Yield Rate (3 months) : 8.07 percent

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Global Overview

According to the IMF forecast, the world economy would reach a 3.9 percent growth in 2010, faster than the previously anticipated. This growth is led by emerging Asian economies such as China and India. However, the advanced economies still depend on the government stimulus packages due to a sluggish growth.

Economic Outlook Sri Lanka

External Trade Bounces Back from Negative....

The exports and imports grew by 6.4 percent and 0.5 percent respectively in December 2009 returning to its normalcy after recovery from the recession. Agricultural exports which grew by 40.2 percent to US \$ 169.3 million in December 2009, provided a major impetus to this growth. This is largely due to the attractive international commodity prices for tea and rubber. Increased expenditure on imports of intermediate goods helped to keep the marginal growth of imports.

Trade deficit contracted by 52.5 percent to US \$ 2,799 million in 2009 from US \$ 5,897 million over 2008. Exports reached US\$ 7,085 million, a decline of 12.7 percent over 2008. Imports decelerated by 29.5 percent to US \$ 9,883 million in 2009.

The worker remittances of US \$ 3,330 were about 19 percent excess of the trade deficit.

The gross official reserves increased to US \$ 5,357 million by the end of 2009 and were sufficient for about 6.2 months of imports.

“Notwithstanding the recent sell-off, risk appetite has returned, equity markets have improved, and capital markets have reopened.”

Jose Vinals, Director, IMF