

Monthly Economic Update

May 2023

Economic Intelligence Unit
The Ceylon Chamber of Commerce



The
Ceylon
Chamber of
Commerce

EIU

Dashboard

Y-o-Y changes, otherwise specified

Economic Growth

-7.8% in 2022

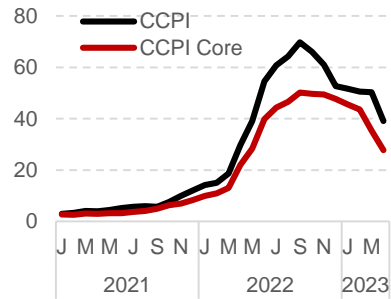
Movement of Purchasing Managers' Index-April 2023

Manufacturing PMI **34.7**
Services PMI **49.6**

Both indices shows a decline mainly due to seasonal holidays in April.

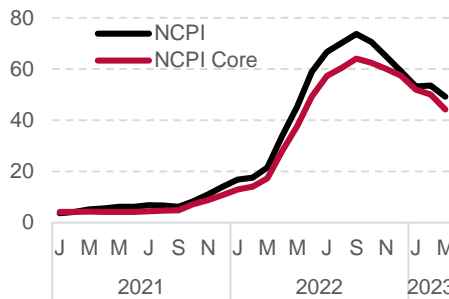
Inflation

CCPI Inflation (%) - Base 2021



Apr. 2023
Headline **39.1%**
Core **27.8%**

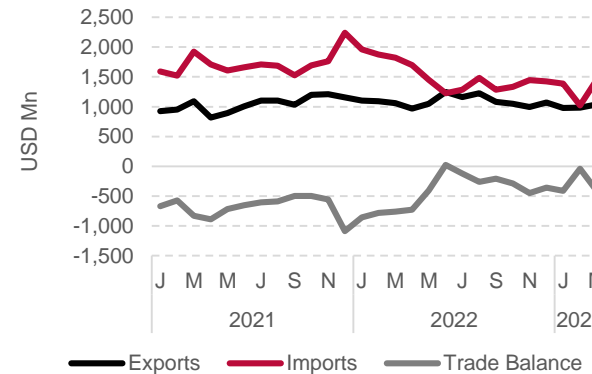
NCPI Inflation (%) - Base 2021



Mar. 2023
Headline **49.2%**
Core **44.2%**

External Sector

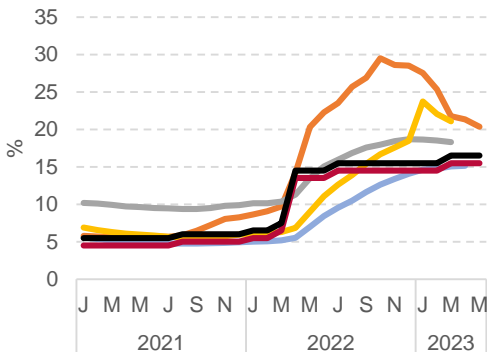
Merchandise Trade



Tourism

Mar. 2023	↓	Apr. 2023	↑
Exports		Arrivals	
2%		68%	
Imports	↓	Earnings	↑
20%		47%	
Trade Deficit	↓	Workers' Remittances	↑
46%		82%	

Interest Rates



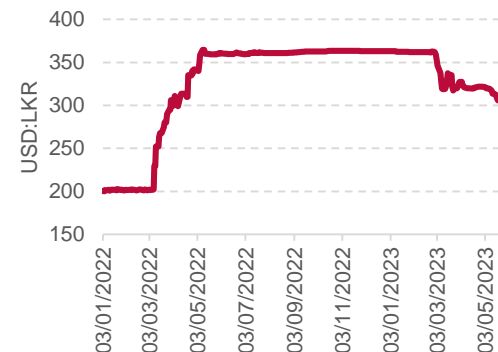
AWDR
AWPR
AWLR
AWFDR
SDFR (Repo)
SLFR (Rev.Repo)

SDFR:14.5%
SLFR:15.5%

Growth in Credit to Private Sector

Mar. 2023
5.1% ↓

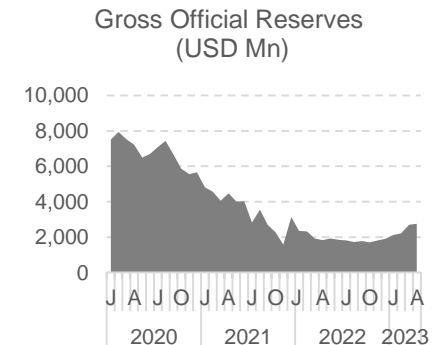
Exchange Rate



Appreciation of LKR thus far 2023

18%

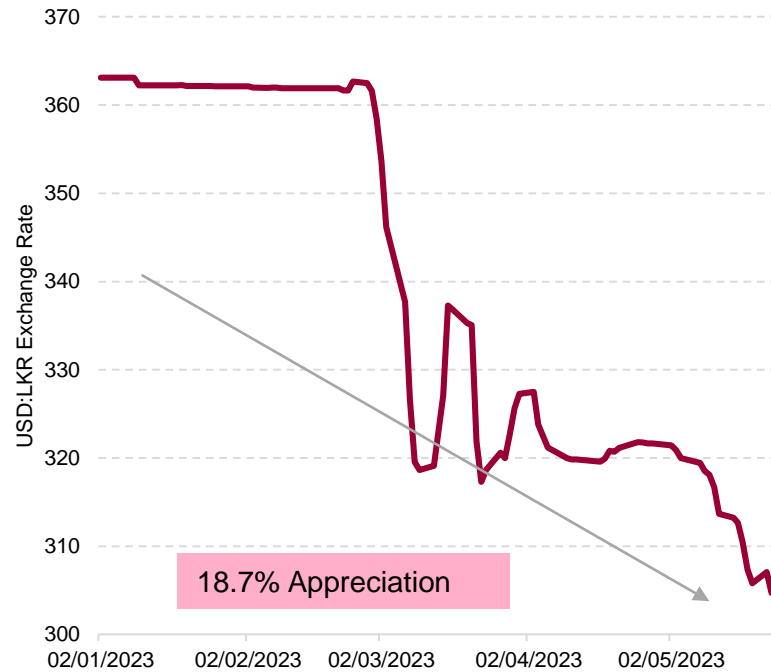
Reserves



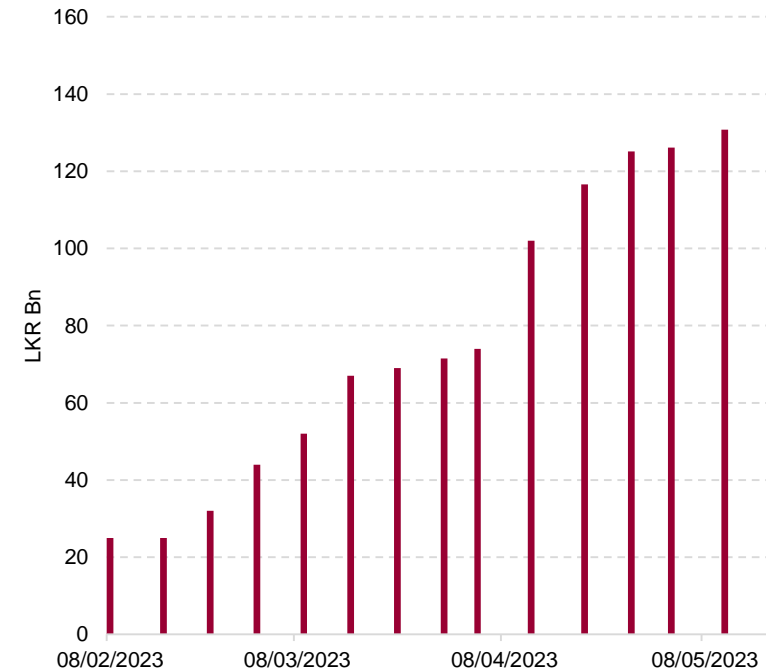
KEY INSIGHTS

Sri Lankan Economy

Movement of USD:LKR Exchange Rate During 2023



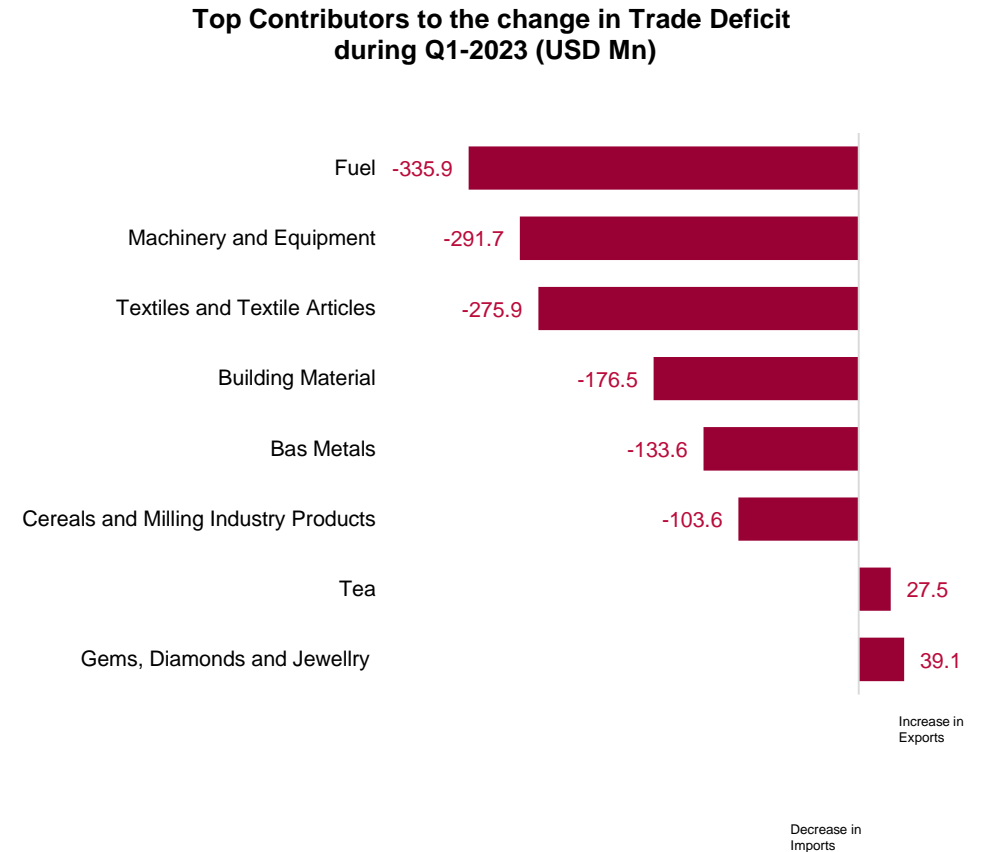
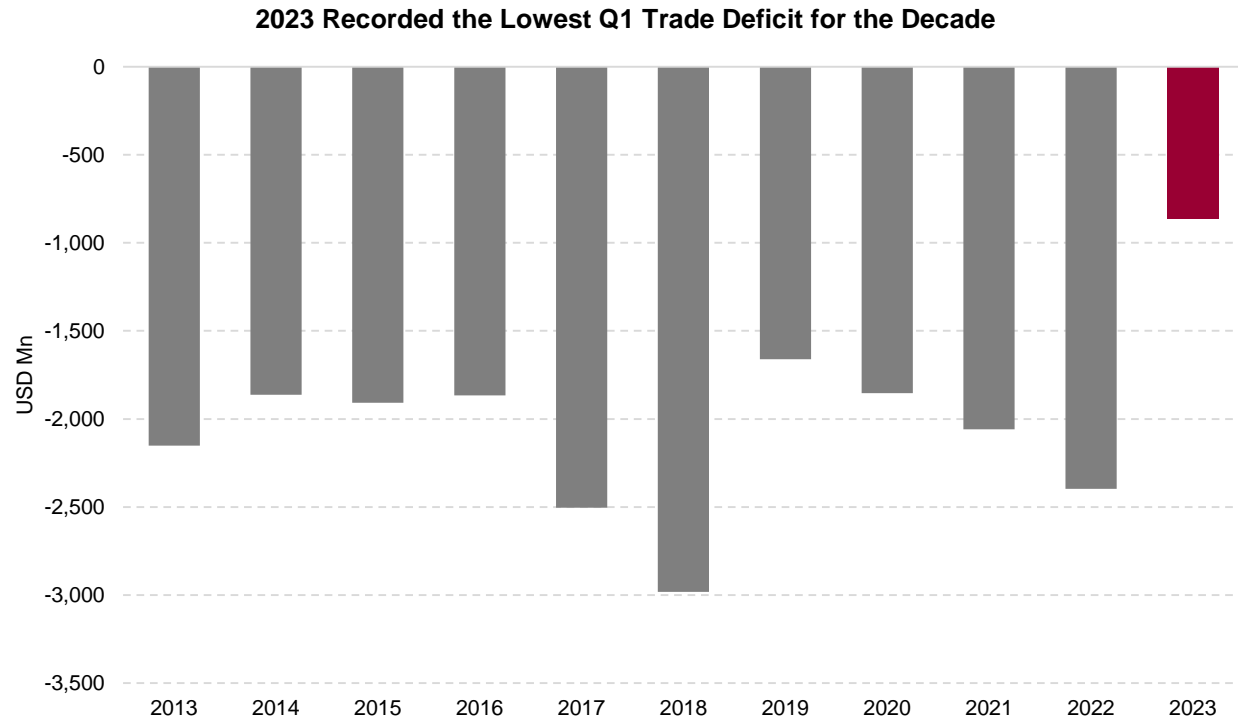
Picking up of Foreign Holdings in Government Securities



KEY INSIGHTS

Sri Lankan Economy

Sharp fall in Trade Deficit during Q1-2023



Tracker of the Second Tranche KPIs

Activity	Deadline	Status
Parliamentary approval of the welfare benefit payment scheme and application criteria for low-income welfare payments	End-May	Pending
Parliament approval of New Central Bank Act	End – April	Pending
Asset quality reviews (AQRs) for two largest state-owned banks and the three largest private banks	End- April	Pending
Cabinet approval of comprehensive strategy to restructure the balance sheets of the CEB, CPC, Sri Lankan Airlines and Road Development Authority	End- June	Pending
Cabinet approval of a full revision of the Banking Act in consultation with IMF staff	End – June	Pending
Enact new anti-corruption legislation to harmonize it with the United Nations – End June 2023	End- June	Pending

The authorities, assisted by their advisors, will continue to engage with staff on their scenario analysis and are expected to make an announcement on the coverage and parameters of the external and domestic debt operations before end-April 2023.

Delays in getting the next Tranche

Example of Zambia

IMF

IMF: Zambia needs bilateral debt relief to secure next payout

An IMF mission and Zambian officials completed a successful first review of the programme

Rachel Savage and Chris Mfula, Reuters News

April 6, 2023

The next International Monetary Fund (IMF) payout to Zambia from a total loan of \$1.3 billion is contingent upon its bilateral creditors reaching an agreement on a long-delayed debt restructuring, the Fund said in a statement on Thursday.

An IMF mission and Zambian officials completed a successful first review of the programme, it said. But the release of around \$188 million - the loan's second disbursement - is subject to approval of the review by the IMF Executive Board.

The board will consider the review "once the necessary financing assurances have been received," Allison Holland, IMF Mission Chief for Zambia, said in the statement.

Zambia

+ Add to myFT

Zambian finance minister criticises creditor delays in debt restructuring

Beijing's demand that multilateral lenders should participate adds to delays

THANK YOU

DISCLAIMER:

All information collected and analyzed is derived from sources, which we consider reliable and a sincere effort is made to report accurate information. The EIU does not warrant the completeness or accuracy of information derived from secondary sources. Details published herein are intended for information purposes only.

