

WEEKLY ECONOMIC REPORT

SEPTEMBER 09, 2010

ECONOMIC RESEARCH DIVISION, DEPARTMENT OF FISCAL POLICY
NO. 35

Macroeconomic Status

-  ASPI (1985=100): 5,963; up by 178 points
-  Market Capitalization: Rs. 1.9 trillion
-  Exchange Rate on 9th SEP: US\$1=Rs. 112.69
-  Inflation in AUG: 5 percent
-  Tourist Arrivals-JUL: up by 50 percent
-  Call Money Weekly Average: 8.32

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Global Overview

The IMF completed the first review of Greece's economic performance under an economic program supported by SDR 26.4 billion SBA. (Source: www.worldbank.org)

Economic Outlook Sri Lanka

Sri Lanka Ranks the Happiest Country in Asia

Sri Lanka positioned the first most –generous country in Asia and eighth in the world, according to a ranking from the World Giving Index 2010. Australia tops the list, followed by New Zealand in the second place and Canada in the third place.

The index is based upon surveys and research carried out in 153 nations representing around 95 percent of the world's population. The index indicates the strength of civil society.

This shows an individual is more likely to give on charity if they live in 'happy' country, than if they live in a 'wealthy' country.

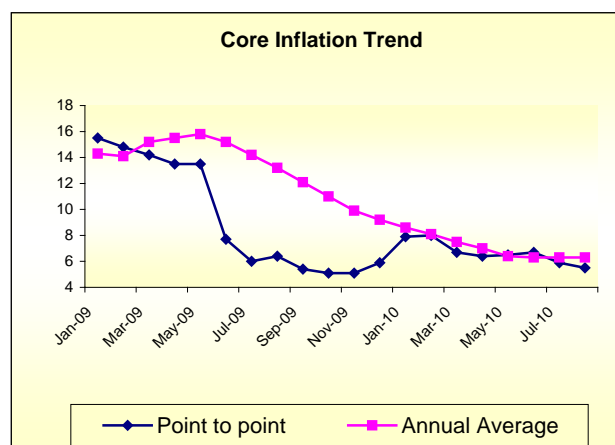
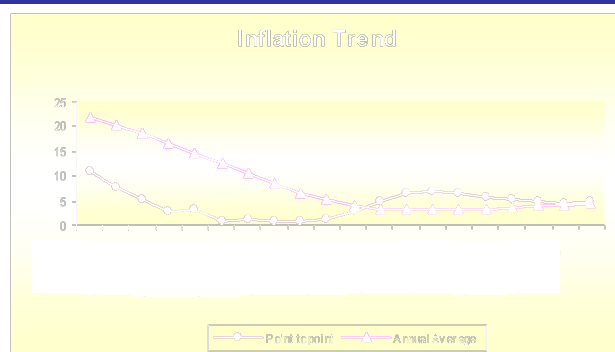
“As we take stock of the MDGs so far, we see the crises only made things worse, with too many of the world's people hungry, poor, or vulnerable to poverty, with too few jobs and too little access to services and economic opportunity.”

Robert B. Zoellick, World Bank Group President

BANKING AND FINANCE

TREND IN INFLATION

Month	CCPI New		Core Inflation	
	Point to point	Annual Average	Point to point	Annual Average
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
Jan-2010	6.5	3.1	7.9	8.6
Feb-2010	6.9	3.1	8.0	8.1
Mar-2010	6.3	3.2	6.7	7.5
Apr-2010	5.8	3.4	6.4	7.0
May-2010	5.3	3.6	6.5	6.4
June-2010	4.8	3.9	6.7	6.3
July-2010	4.3	4.2	5.9	6.3
Aug-2010	5.0	4.5	5.5	6.3



Source: Department of Census and Statistics

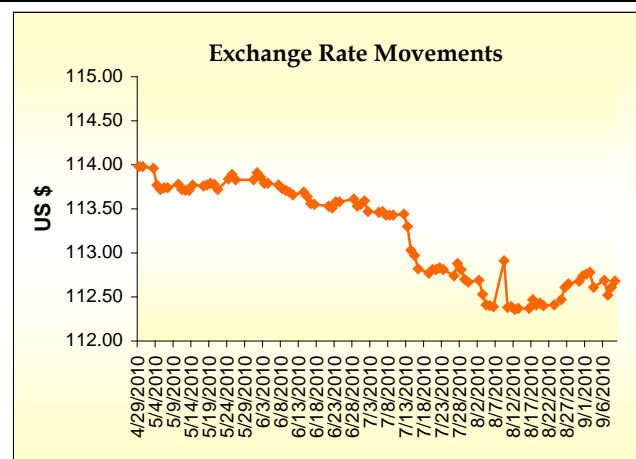
Inflation increased to 5.0 percent in August 2010 on a point to point basis, particularly, due to the lower base in Aug 2009. The annual average inflation marginally rose to 4.5 percent in August from 4.2 percent recorded in the previous month.

EXCHANGE RATES

Currency	Week Ending Sep 09	Week Ago	Month Ago	Sep 2009	% Change 2009/10
US Dollar	112.69	112.62	112.41	114.80	-1.84
Sterling Pound	174.29	173.66	175.54	189.70	-8.12
Euro	143.42	144.46	144.44	166.40	-13.81
Japanese Yen	1.35	1.34	1.31	1.24	8.87
Indian Rupee	2.44	2.43	2.42	2.38	2.52

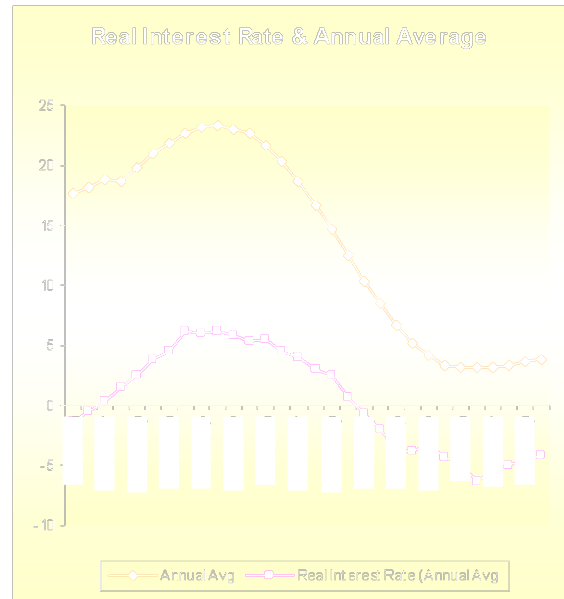
Source: Central Bank of Sri Lanka

Rupee appreciated against Euro, whereas it depreciated against US \$ Sterling Pound, Indian Rupee and Japanese Yen in the week.



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 (Annual Avg)
Sep2008	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
Jan-2010	216.4	6.5	3.1	7.95	-1.45	-4.85
Feb	216.9	6.9	3.1	9.47	-2.57	-6.37
Mar	214.8	6.3	3.2	8.52	-2.22	-5.32
Apr	212.6	5.8	3.4	8.40	-2.26	-5.0
May	215.9	5.3	3.6	8.10	-2.8	-4.5
June	217.7	4.8	3.9	8.07	-3.27	-4.17
July	217.6	4.3	4.2	7.78	-3.48	-3.58
Aug	218.6	5.0	4.5	7.55	-2.55	-3.05



Source: Department of Census and Statistics

INTEREST RATE MOVEMENTS

Category	Week Ending Aug 09	Week Ago	Month Ago	Year Ago
Repo	7.25	7.25	7.25	8.50
Call Money Weekly Average	8.32	8.60	8.77	9.80
Treasury Bill (Yield rate)				
3 Months	7.13	7.13	7.64	10.55
6 Months	7.28	7.80	8.30	11.42
1 Year	7.42	7.87	8.54	11.98
Treasury Bond	8.57	8.57	9.65	-
Prime Lending Rate	9.85	9.83	10.37	13.06
Commercial Bank Average Weighted Deposits (AWDR)	6.86	6.86	6.92	10.84

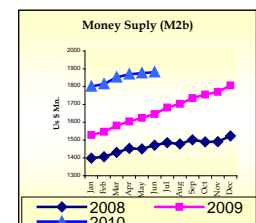
Reflecting the pick up in the economic activity, credit to private sector expanded since March 2010 and increased to 6.2 percent by June 2010. The Reverse Repurchase rate has been reduced by 50 basis points to 9 percent while Repurchase rate keeping 7.25 percent. This will further ease to lower the lending rates of commercial banks.

Call money Rates during the week averaged at 8.32 percent while the Commercial Bank Average Weighted Deposit in the week averaged at 6.86 percent.

Source: Central Bank of Sri Lanka

MONEY SUPPLY

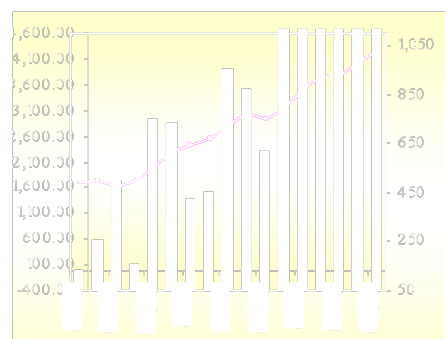
	June 2010	May 2010	April 2010	Mar 2010	Feb 2010	June 2009	May 2009	April 2009	Mar 2009	Feb 2009	Growth 2009/10 (%)
M ₁	348.4	354.6	351.9	362.8	340.9	268.9	271.7	362.8	272.9	265.6	29.6
M ₂	1,637.9	1,622.3	1,603.3	1,601.0	1,565.4	1,381.0	1,360.3	1,601.0	1,324.7	1,304.6	18.6
M _{2b}	1,881.4	1,875.3	1,868.9	1,851.7	1,814.8	1,645.8	1,624.3	1,851.7	1,581.6	1,546.5	14.31



Source: Central Bank of Sri Lanka

	Week ending Sep 08	Week Ago	Year Ago
All Share Price Index (1985 = 100) (ASPI)	5,963	5,785	2,724
Milanka Price Index (31/12/1998=1000) (MPI)	6,153	5,961	3,069
Average Daily Turnover (Rs.Mn)	4,248	2,524	834
Market Capitalization (Rs.Bn.)	1,963	1,904.6	872.3

Source: Colombo Stock Exchange



Capital Market

All Share Price Index up 178 points closed at 5,963 for the week ending Sep 8th. Milanka Index also increased by 192 index points to reach 6,153. The turnover topped at Rs.4 billion. Market capitalization has reached Rs. 1,963 billion from Rs. 872 billion in the same period of last year.

Equity Trading Statistics

	August 2010	August 2009
Turnover -Equity (Rs. Mn.)	54,187	8,975
Domestic (Rs. Mn.)	45,781	6,479
Foreign (Rs. Mn.)	8,406	2,496
Market Days	21	20
Daily Turnover Avg. Equity (Rs. Mn.)	2,580	448
Trade Equity (Rs.)	361,401	105,990
Domestic	349,685	100,039
Foreign	11,716	5,951
Shares Traded _Equity (Rs. Mn.)	1,616	300
Domestic (Rs. Mn.)	1,459	259
Foreign (Rs. Mn.)	156	41
Companies Traded	232	224
Companies Listed	237	232

Source: Colombo Stock Exchange

Market Indicators

Price Indices	August 2010
ASPI	5,658
MPI	5,889
Total Return Indicators	
ASTRI	6,711
MTRI	7,039
Market PER	23.79
Dividend Yield	1.35
Market Capitalization (Rs.Bn.)	1,862

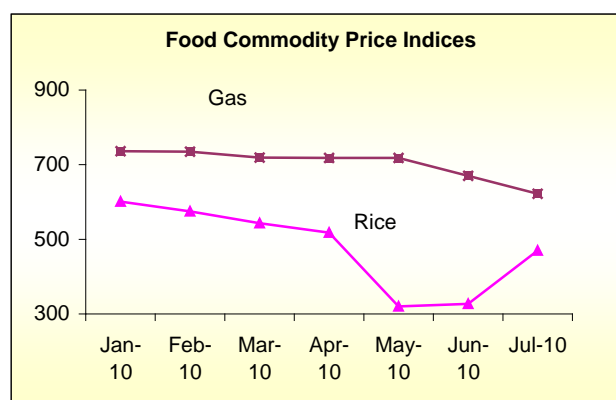
Source: Colombo Stock Exchange

Stock Market -Foreign Purchases and Foreign Sales		
Date	Foreign Purchase Rs.Mn	Foreign Sales Rs.Mn
06 th sep	103	297
07 th sep	189	2,779
08 th sep	1,237	821
09 th sep	457	495
10 th sep	-	-
From 01st Sep up to 9th Sep 2010	2,785	5,477
Source: Central Bank of Sri Lanka		

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
Sep 2010	3,312	644	495	299
Aug 2010	3,150	589	472	268
July 2010	3,375	622	466	205
June 2010	3,850	670	474	183
May 2010	3,962	718	478	196
April 2010	3,633	718	500	200
March 2010	3,175	719	543	206
February 2010	3,137	735	575	207
January 2010	3,300	736	601	215
December 2009	3,550	727	618	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



Source: Various Web Sites

Commodity	Unit	Annual averages			Quarterly averages			Monthly averages			
		Jan-Dec	Jan-Dec	Jan-Aug	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	June	July	Aug
		2008	2009	2010	2009	2009	2010	2010	2010	2010	2010
Non Energy, Agriculture, Beverages											
Cocoa	¢/kg	257.7	288.9	322.9	295.5	342.0	329.9	321	323.1	322.2	309.1
Coffee, Arabica	¢/kg	308.2	317.1	393.9	322.7	341.7	353.7	392	420.9	448.0	466.5
Tea, auctions (3) average	¢/kg	242.0	272.5	281.4	303.6	302.5	280.9	274.5	266.3	286.4	299
Tea, Colombo auctions	¢/kg	278.9	313.7	322.7	356.1	338.0	335.2	316.1	299.8	304.5	322.9
Food, Fats & Oils											
Coconut oil	\$/mt	1,224	725	945	711	734	834	955	993	1,031	1,161
Copra	\$/mt	816	480	629	469	491	557	634	651	689	772
Palm oil	\$/mt	949	683	821	679	732	808	813	798	807	901
Grains											
Barley	\$/mt	200.5	128.3	148.6	122.0	145.5	144.3	146.9	145.9	156.4	161.2
Other Food											
Meat, beef	¢/kg	313.8	263.6	328.4	273.2	273.5	314.3	342.4	319.7	321.10	336.5
Meat, chicken	¢/kg	169.6	171.7	171.6	173.9	165.1	165.1	173	174.7	176.1	176
Sugar, world	¢/kg	28.21	39.91	42.43	46.98	49.93	52.04	34.93	35.01	38.49	40.71
Raw Materials, Timber											
Plywood	¢/sheets	645.5	564.6	564	561.5	558.4	557.2	566.3	567.5	569.7	571.8
Woodpulp	\$/mt	820.2	616.2	849.7	627.7	721.8	773.0	881.5	915	915	914
Other Raw Materials											
Rubber RSS1, US	¢/kg	284.1	214.6	360.8	221.0	284.7	346.1	381.5	371	349.7	356.5
Fertilizers											
Phosphate rock	\$/mt	345.6	121.7	116.4	90.0	90.0	102.1	125	125	125	125
TSP	\$/mt	879.4	257.4	345.4	224.7	235.7	316.9	354.4	346.8	360	380.8
Urea	\$/mt	492.7	249.6	259.7	241.6	248.3	281.0	237.2	229.3	249.5	273
Metals and Minerals											
Aluminum	\$/mt	2,573	2,110	2,111	1,812	2,003	2,163	2,096	1,931	1,988	2,118
Gold	\$/toz	872	973	1,165	960	1,102	1,109	1,196	1,233	1,193	1,216
Iron ore	¢/dm tu	140.6	101.0	151.7	101.0	101.0	101.0	167	167.0	167.0	205
Steel wire rod	\$/mt	1,010	970	740	857	816	751	767	755	694	670

Source: The World Bank

Oil prices have been volatile since second half of 2010 and reached US \$ 78 /bbl as at Sep 10th . Prices have been supported by strengthening demand, particularly in China and the United State. Oil prices are well within the US \$ 72-84/ bbl band over the past 8 months. Agricultural commodity prices shows upward trend in Jun- Aug period.

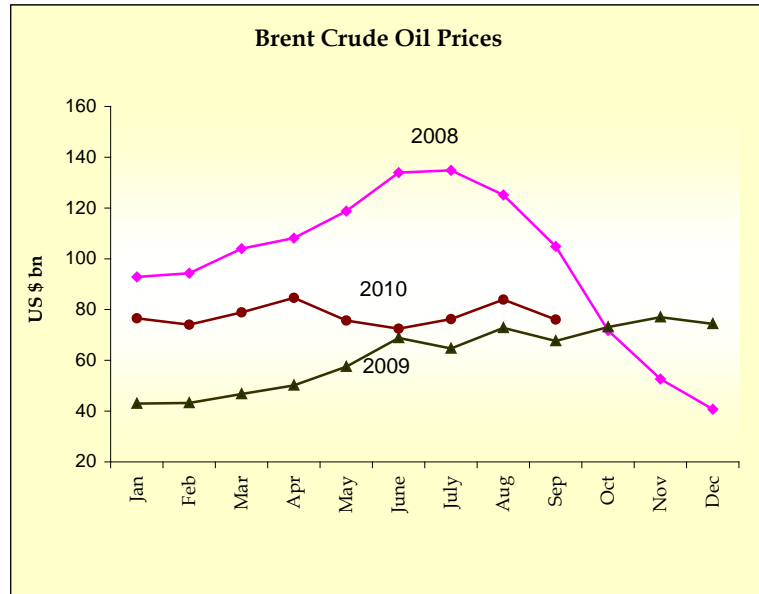
CRUDE OIL PRICES - SINGAPORE PLATTES PRICES (US\$/bbl)

	Sep 10	Sep 09	Sep 08	Sep 07	Sep 06	Week Ago	Month Ago	Year Ago
Brent (New York Closing Prices) (US \$/bbl.)	78.19	75.39	78.13	76.43	76.90	75.81	83.24	74.19
WTI (US\$/bbl.)	76.40	75.21	74.65	73.98	74.08	77.49	81.52	71.40
Singapore Plattes Prices (Refined Petroleum Products) (US \$/bbl)								
Petrol	-	80.60	80.03	78.96	79.00	79.23	84.49	82.04
Diesel	-	86.60	85.85	86.05	86.10	85.47	90.77	80.03
Kerosene	-	88.20	87.10	86.95	87.25	86.27	91.11	79.90

Source: Central Bank of Sri Lanka

CRUDE OIL PRICES (Monthly Average)

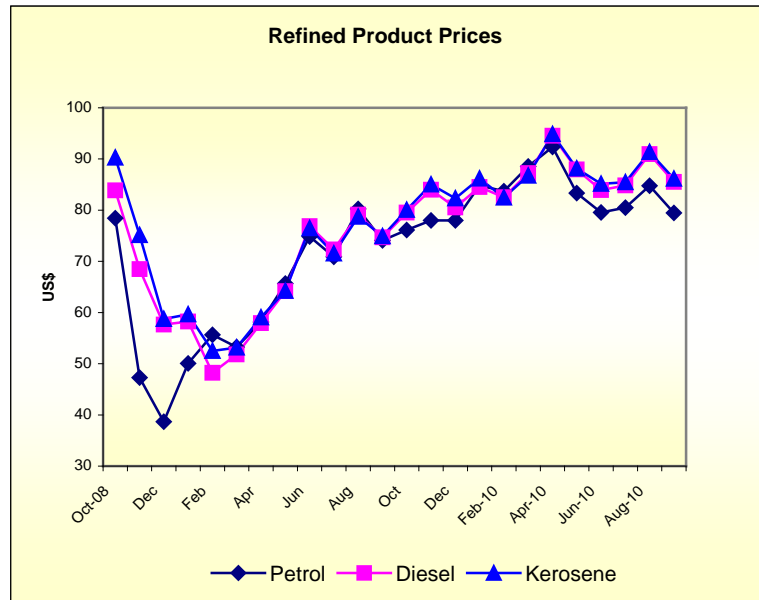
Month	WTI European Market (US\$/bbl)	Brent (US\$/bbl)
Jan-2009	41.13	42.99
Feb	38.98	43.22
Mar	47.94	46.74
Apr	49.62	50.17
May	59.08	57.51
Jun	69.83	68.83
Jul	64.39	64.68
Aug	71.52	72.79
Sep	69.22	67.61
Oct	75.76	73.10
Nov	77.88	77.02
Dec	74.03	74.39
Feb	76.38	74.07
Mar	80.97	78.90
Apr	84.38	84.59
May	73.71	75.69
June	72.91	72.46
July	76.13	76.23
Aug	71.52	72.79
Sep*	76.40*	78.19*



* Up to 10th Sep 2010 Source: Central Bank of Sri Lanka

REFINED PRODUCT PRICES - 2008/2009 Singapore Plattes Prices (US\$/bbl)

Month	Petrol	Diesel	Kerosene
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
Feb	83.72	82.52	82.46
Mar	88.54	87.23	86.75
Apr	91.80	94.60	94.54
May	83.34	87.96	88.14
June	79.56	83.93	85.13
July	80.48	84.83	85.45
Aug	80.67	80.85	86.93
Sep*	80.60*	86.60*	88.20*



* Up to 09th Sep 2010 Source: Central Bank of Sri Lanka

WEEKLY WHOLESALE COMMODITY PRICES

Dambulla Market

Pettah Market

Week Ending -93 September 2010 (Rs/Kg)

Average Wholesale Prices	Week Ending 08/09/10	Week Ago	Month Ago	Year Ago
Rice (Rs/Kg)				
Samba	54.00	56.00	62.50	68.11
Kekulu (Red)	42.00	41.50	52.00	58.13
Vegetable				
Beans	99.50	130.00	83.75	76.86
Cabbage	57.50	50.00	29.38	42.55
Carrots	60.00	60.00	51.25	75.73
Tomatoes	70.00	80.00	46.25	56.23
Pumpkins	30.00	35.00	25.38	30.55
Snake Gourd	30.00	40.00	28.75	38.77
Brinjals	40.00	35.00	34.38	43.87
Ash Plantains	60.00	60.00	58.13	48.17
Red-Onions (Local)	69.00	57.50	48.75	78.24
Big-Onions (Local)	n.a	65.00	n.a	54.03
Potatoes (N'Eliya)	69.00	77.50	74.67	80.54
Dried Chilies (Imported)	150.00	150.00	149.63	180.89
Dhal (Indian)	120.00	113.00	139.38	172.90
Eggs (Red) (Each)	13.50	12.50	11.83	9.96
Coconut (Each)	28.50	28.00	24.13	21.74
Fish (Rs/Kg)				
Kelawalla	340.00	320.00	375.00	289.90
Balaya	270.00	280.00	266.67	210.94
Salaya	n.a	n.a	107.50	82.65
Paraw (Small)	400.00	450.00	350.00	321.60

Source: Central Bank of Sri Lanka

Food Item	Wholesale (Average)
Rice (Rs/Kg)	
Samba	55.25
Kekulu (Red)	43.00
Vegetables	
Pumpkins	31.63
Snake Gourd	20.25
Ash Plantains	47.13
Beans	93.13
Carrots	49.75
Tomatoes	56.88
Other Foods	
Potatoes (N'Eliya)	66.25
Dried Chilies (Imported)	153.13
Big-Onions (Local)	50.63
Red-Onions (Local)	58.88
Coconut (Each)	25.75

Marandaghamula Average Price of Rice (Rs/Kg)

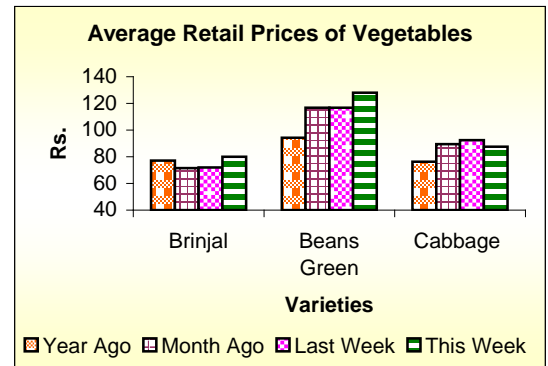
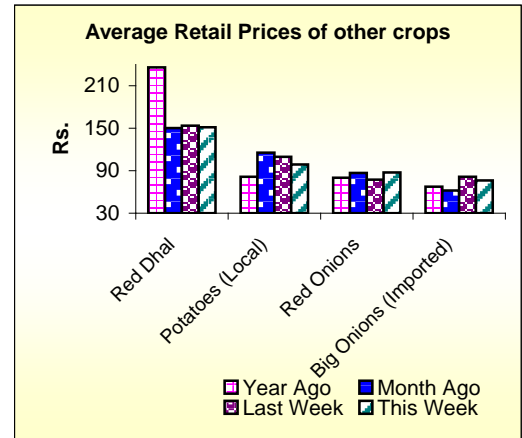
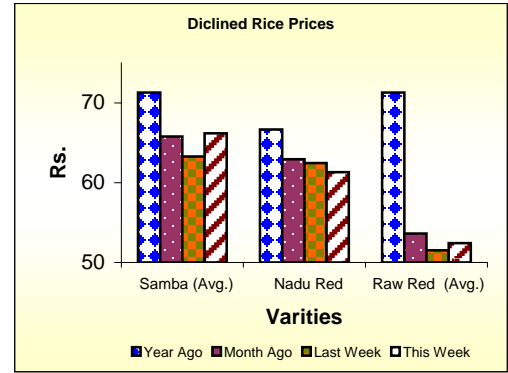
Item	Week Ending 09/09/10	Week Ago	Month Ago	Year Ago
Samba	50.96	51.76	55.71	64.12
Sudu kekulu	38.50	38.76	46.31	55.62
Raw Red	39.90	40.20	49.75	54.35
Nadu	39.63	38.62	49.24	56.31

Source: Central Bank of Sri Lanka

With a bountiful paddy harvest recorded in 2009/2010 Maha season, the wholesale prices of Rice have been declined. The price of samba, decreased to Rs.54 per kg in the week. The wholesale price of low - country and up- country vegetables were on the decline during the week. The price of potatoes decreased however the prices of red- onions, Dhal, eggs and coconut slightly increased.

WEEKLY RETAIL COMMODITY PRICES
WEEKLY RETAIL COMMODITY PRICES 1st Week of September 2010

		Colombo				
Item	Unit	This Week	Price Range	Week Ago	Month Ago	Year Ago
Rice						
Samba (Avg.)	1 kg	66.19	55.00-76.00	63.29	65.79	71.29
No. 1	1 kg	70.04	65.00-76.00	65.48	68.30	72.64
No. 2	1kg	62.33	55.00-70.00	61.11	63.28	69.94
Nadu Red	1kg	61.32	55.00-70.00	62.46	62.95	66.67
Raw Red (Avg.)	1kg	52.43	40.00-65.00	51.53	53.63	62.03
No. 1	1kg	56.23	46.00-65.00	54.43	56.68	63.85
No. 2	1kg	48.63	40.00-60.00	48.63	50.58	60.21
Wheat Flour	1 kg	73.54	70.00-78.00	72.43	72.62	72.35
Bread	400g	40.83	37.00-44.00	40.83	40.73	38.25
Sugar	1 kg	88.24	82.00-95.00	88.66	89.00	90.97
Anchor	400g	244.00	244.00-244.00	244.00	244.00	245.00
Potatoes (Imported)	1 kg	78.77	70.00-90.00	81.00	71.25	67.27
Potatoes (Local)	1kg	98.74	80.00-140.00	109.71	115.50	81.41
Red Dhal	1kg	151.45	120.00-180.00	153.70	150.25	235.98
Meat						
Beef	1kg	449.00	400.00-480.00	457.50	433.33	402.06
Chicken						
Fresh	1kg	486.32	450.00-525.00	447.50	421.00	383.58
Broiler	1kg	350.00	350.00-350.00	350.00	350.00	320.00
Fresh Fish						
Paraw	1 kg	711.43	520.00-880.00	727.69	708.57	602.47
Balaya	1 kg	487.14	450.00-560.00	476.67	447.69	410.72
Kelawalla	1 kg	648.54	520.00-760.00	647.06	615.56	553.39
Salaya	1 kg	166.67	120.00-220.00	164.00	149.33	127.35
Dried Fish						
Sprats	1 kg	371.09	300.00-400.00	376.36	371.79	339.69
Eggs	Each	14.60	13.50-16.00	12.77	12.65	11.47
Coconut	Each	30.55	24.00-38.00	29.23	28.69	23.55
Coconut Oil	ml	155.16	140.00-170.00	153.00	146.18	130.03
Red Onions	1 kg	87.50	70.00-100.00	77.48	86.90	80.18
Big Onions (Imported)	1 kg	76.33	65.00-90.00	81.50	61.97	67.50
Brinjal	1kg	80.00	60.00-100.00	72.00	71.54	77.14
Beans Green	1 kg	128.00	100.00-160.00	116.80	116.80	94.31
Cabbage	1 kg	98.80	72.00-120.00	92.50	89.52	76.27
Kerosene oil	1 liter	51.00	51.00	51.00	51.00	51.00
Diesel (CPC)	1 liter	73.00	73.00	73.00	73.00	73.00
Petrol	1 liter	115.00	115.00	115.00	115.00	130.00
Gas (Shell)	kg	1,652	1,652	1,652	1,652	1,447.00

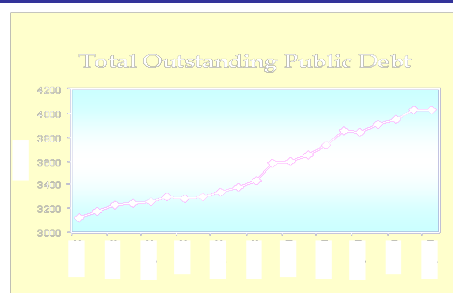


The average retail prices of all varieties of Rice increased this week. Meanwhile the prices of Samba slightly increased. Retail prices of food items such as sugar, Big Onions, Potatoes (Local), declined whereas coconut and eggs slightly increased as against the previous week. Prices of most of the up-country vegetables increased slightly in the week.

Source: Department of Census and Statistics

Public Debt (Rs.bn)	End June 2010	Month ago
Total Domestic Debt	2,544.2	2,521.5
Total Foreign Debt	1,803.3	1,771.9
Total Outstanding Public Debt	4,347.5	4,293.4

Source: Central Bank of Sri Lanka



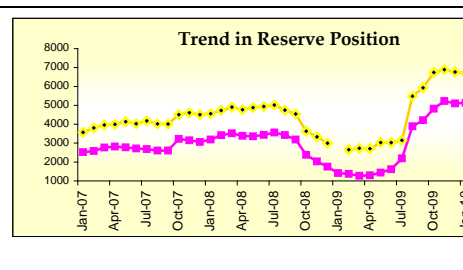
EXTERNAL FINANCE

External Assets (US\$ Mn)	June 2010	May 2010	Apr 2010	Mar 2010	Feb 2010	June 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Growth 2009/10 (%)
Total Reserves	6,691.2	6,390.8	6,578.0	6,558.3	6,367.4	3,033	3,033.2	2,709.9	2,721.4	2,653.9	120.6
Gross Official Reserves	5,428.4	5,032.4	5,214.9	5,191.8	5,032.1	1,618	1,435.5	1,296.1	1,272.1	1,368.7	235.5

Source: Central Bank of Sri Lanka

Official Reserves

The gross official reserves recorded US\$ 5,428.4 million by end June 2010. This is equivalent to 5.1 months of imports. The total reserves stood at US \$ 6,691 million by the end of June 2010. Workers remittances rose by 13.5 percent to US \$ 1,820 million in the first half of 2010.



PRIVATE REMITTANCES (US\$ Mn.)

Category	2010 Jan to June	2009 Jan to June	% Change
Inflows	1,820	1,602.9	13.5
Outflows	186.1	153	21.7
Net flows	1,633.9	1,450	12.7

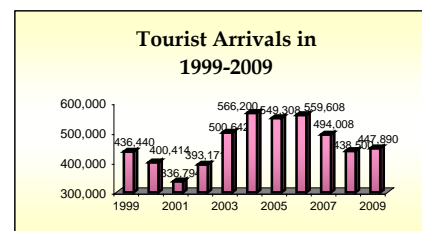
Source: Central Bank of Sri Lanka

TOURIST ARRIVALS

Month	Arrivals				Earnings (US \$ Mn.)			
	2008	2009	2010*	% change 2009/10	2008	2009	2010*	% change 2008/09
January	56,916	38,468	50,757	31.9	44.4	30.0	44.7	49.0
February	40,551	34,169	57,300	67.7	31.6	26.7	50.4	88.8
March	38,049	34,065	52,352	53.7	29.7	26.5	46.1	73.9
April	29,747	26,054	38,300	47.0	23.2	20.4	33.7	65.2
May	31,140	24,739	35,213	42.3	24.3	19.3	31.0	60.6
June	27,960	30,234	44,730	47.9	21.8	23.5	39.3	67.2
July	32,982	42,227	63,339	50.0	25.7	33.0	55.8	69.1
August	30,672	41,207			24.0	32.1		
September	29,529	37,983			23.0	30.2		
October	35,103	37,571			27.4	28.7		
November	36,901	44,311			28.8	34.6		
December	48,950	56,862			38.1	79.1		
Total	438,500	447,890	341,991		342	349.5	301.0	

Source: Sri Lanka Tourist Board

* Provisional



Tourism

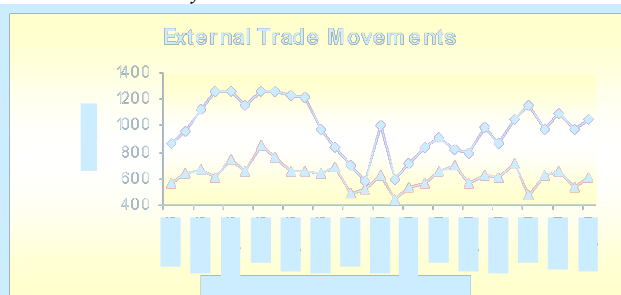
Tourism sector enjoyed total earnings of US \$ 301 million in the first seven months of 2010, an increase of 69 percent over the same period of 2009. The number of tourist arrivals also increased to 341,991, a 50 percent increase compared to the review period of 2009.

The bloom in the tourism sector opens doors to the private investment in resorts, hotels, convention centers, transport, health facilities, shopping and recreation activities. It also helps to create new demand for local production of vegetables and fruits, recreation and industrial production.

EXTERNAL TRADE

Category	June 2010 (US\$ Mn)	June 2009 (US\$ Mn)	Growth Rate (%)	Jan-June 2010 Cumulative (US\$ Mn.)	Jan-June 2009 Cumulative (US\$ Mn.)	Growth 2009/10 (%)
Exports	697.48	565.21	23.40	3,624.20	3,188.66	13.66
Agriculture	167.96	136.72	22.85	922.66	728.27	26.69
Tea	120.63	104.53	15.40	625.72	505.12	23.88
Other	47.33	32.19	47.03	296.94	223.15	33.07
Industrial	523.49	419.68	24.74	2,655.77	2,422.40	9.63
Food, Beverages and Tobacco	39.49	39.63	-0.35	245.19	198.78	23.35
Textiles and Garments	304.99	246.29	23.83	1,498.69	1,536.91	-2.49
Rubber products	52.35	24.93	109.99	228.08	150.47	51.58
Diamond and Jewellery	31.48	29.18	7.88	161.89	132.30	22.37
Other	95.18	79.65	19.50	521.92	403.94	29.21
Mineral	6.03	8.81	-31.56	45.78	37.99	20.51
Unclassified	0.00	0.00	0.00	0.00	0.00	
Imports	1,113.61	845.10	31.77	6,390.99	4,551.59	40.41
Consumer goods	211.38	153.59	37.63	1,338.47	932.95	43.47
Food & Drink	121.47	102.60	18.39	887.50	598.89	48.19
Other Consumer Goods	89.91	50.99	76.33	450.97	334.06	35.00
Motor Cars & Cycles	33.13	12.46	165.89	135.74	70.54	92.43
Intermediate goods	665.55	508.48	30.89	3,605.65	2,395.12	50.54
Petroleum	285.58	233.55	22.28	1,638.26	869.16	88.49
Fertilizer	26.69	18.42	44.90	124.23	68.65	80.96
Chemicals	32.49	21.50	51.12	189.35	130.44	45.16
Textiles & Clothing	139.15	104.14	33.62	741.11	654.87	13.17
Diamonds	28.23	25.48	10.79	118.25	119.80	-1.29
Other Intermediate Goods	153.42	105.39	45.57	794.45	552.19	43.87
Investment goods	227.26	175.42	29.55	1,316.66	1,162.95	13.22
Machinery & Equipment	78.09	74.02	5.50	519.03	515.90	0.61
Transport Equipment	57.19	16.02	256.99	267.96	159.95	67.53
Building Materials	69.43	50.27	38.11	388.80	342.48	13.52
Other Investment Goods	22.55	35.11	-35.77	140.87	144.62	-2.59
Unclassified	9.41	7.61	23.65	130.20	60.58	114.92
Trade Balance	-416.13	-279.89	48.68	-2,766.79	-1,362.93	103.0

Source: Central Bank of Sri Lanka



Trade deficit stood at US\$ 2,767 million in the first six months of 2010. It was about a 103 percent increase over the same period of 2009. Earnings from exports during the period were US\$ 3,624 mn, an increase of 13.7 percent over the review period of 2009. The import bill for the reference period was US\$ 6,391, a rise of 40 percent over the same period of 2009.

The earnings from exports grew by 23.4 percent for the month of June, 2010 with increased industrial and agricultural exports.

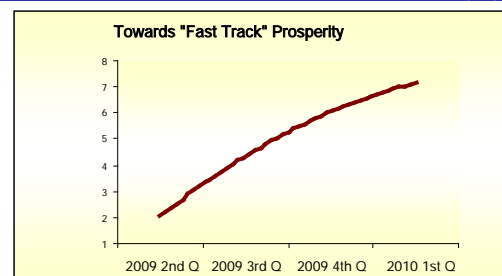
The exports of tea, rubber, minor agricultural crops, boats, bicycles and electrical equipments, rubber products, diamond increased. Reflecting higher demand, coupled with upward trend in prices, the import on petroleum, fertilizer, sugar, milk and transport equipment increased.

PRODUCTION

QUARTERLY GDP GROWTH (%)

Sector	2010* 1st Quarter	2009 1st Quarter	2009 Annual	2008 Annual
Agriculture	9.0	3.6	3.2	7.5
Industry	6.9	1.9	4.2	5.9
Services	6.7	1.0	3.3	5.6
GDP	7.1	1.6	3.5	6.0

Source: Department of Census & Statistics



GDP at a faster Pace

The economy registered a 7.1 percent growth in the first quarter of 2010 with compared to mere 1.6 percent growth recorded in the same period of 2009. Signifying the growth momentum of the key sectors of the economy, agriculture, industry and services recorded 9.0 percent, 6.9 percent and 6.7 percent respectively in the first quarter of 2010 compared to the same period of 2009.

Tea, rubber, minor export crops, construction, hotel and restaurant, transport and communication sectors exhibited a robust growth in the quarter.

PADDY STATISTICS

Category	2008			2009			2010*
	2007/2008 Maha	2008 Yala	Total	2008/2009 Maha	2009 Yala	Total	2009/10 Maha
Production							
Mn.Mt	2.12	1.75	3.87	2.38	1.26	3.65	2.6
Bushels mn.	101	84	185	114	61	175	124
Harvested Area							
Hectares ('000)	568	465	1,033	605	338	943	633
Acres ('000)	1,404	1,148	2,552	1,494	834	2,328	1,386
Average Yield kg per ha	4,181	4,195	8,188	4,421	4,186	4,304	4,599

Source: Department of Census & Statistics

* Provisional

A paddy production in 2009/2010 Maha season increased by 9 percent to around 2.6 million mt. compared to the 2008/2009 Maha season, a highest ever paddy production since 1952, benefiting from increased extent in cultivation, increased average yield by 4 percent supported by favorable weather condition during the period and continuation of fertilizer subsidy. The total extent harvested also increased by almost 5 percent over 2009/2010 Maha season. It is also noteworthy that the paddy production in the Eastern Province, Mannar and Jafna Districts recorded significant growths of 10.6 percent, 65.1 percent and 13.8 percent respectively

TEA, RUBBER & COCONUT PRODUCTION

Category	2010 Jan-July	2009 Jan-July	%Change
Tea (Mn. Kg)	195.1	158.1	23.4
Rubber (Mn. Kg)	85.0	79.2	7.2
	2010 Jan-June	2009 Jan-June	% change
Coconut (Mn. Nuts)	1,371.0	1,559.0	12.1

Source: Central Bank of Sri Lanka

EXTENT, PRODUCTION AND COP -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
2009	221,969	290,000	269.01	124,000	136,000	135.83	394,836	2,859	9,166

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