

**IMF Approved USD
695Mn Following
Completion of 5th and
6th Reviews**

In May'26

**CBSL increased
overnight Policy
rate by 100 bps**



In May'26

**Exports
surpassed USD
1.0Bn up by 11%
YoY**



In Apr'26

**CCPI inflation
increased to
5.5% YoY**



In May'26

**Worker
remittances up
by 19% YoY to
USD 768Mn**



In Apr'26

**Tourist arrivals
exceed 0.1Mn
down by 14%
YoY**



In May'26

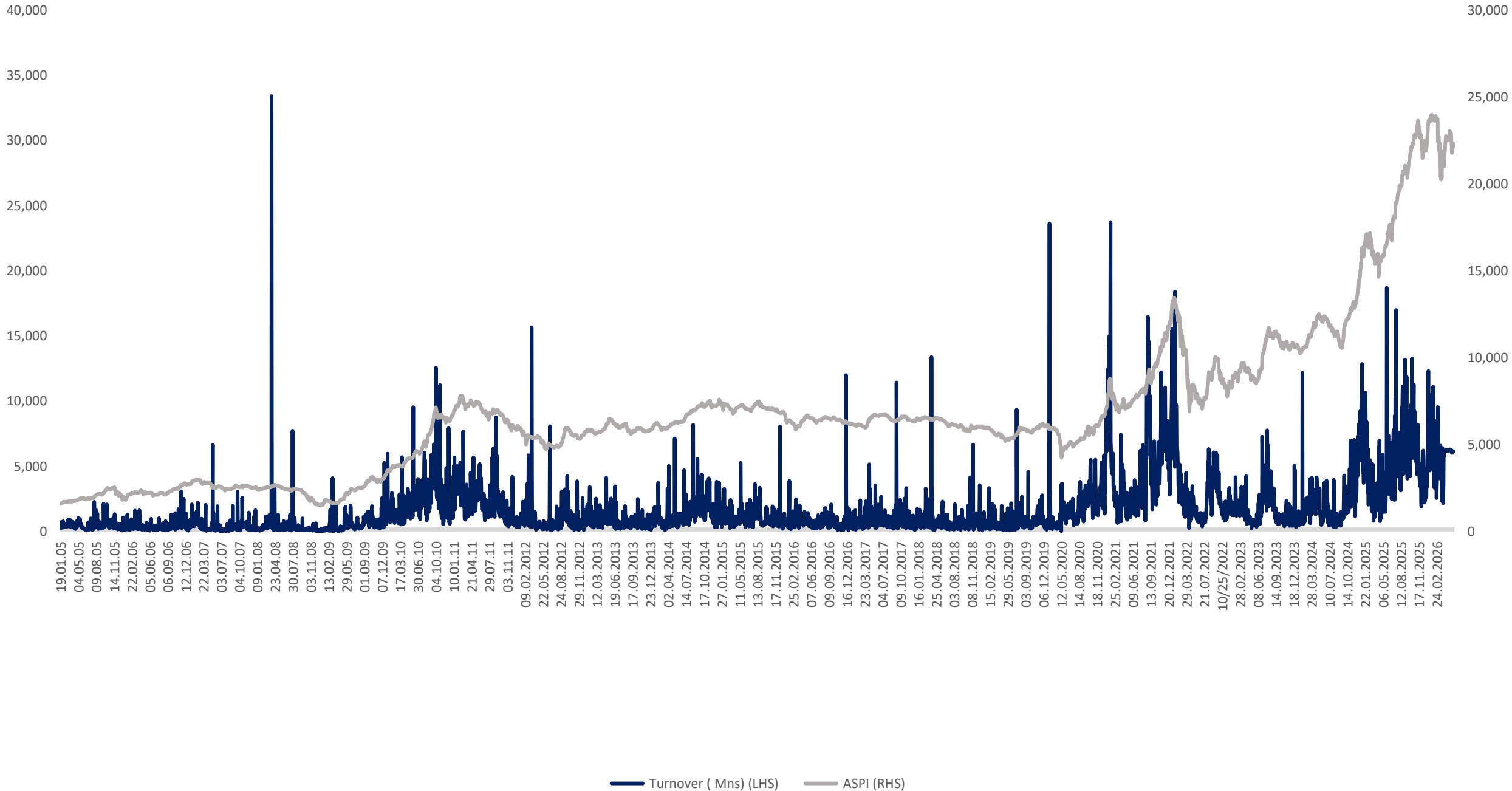


Key events for May'26

- The IMF Executive Board completed the combined Fifth and Sixth Reviews of Sri Lanka's Extended Fund Facility (EFF) program on 27 May 2026, enabling the country to access approximately USD 695Mn in funding. Despite challenges from global uncertainties and natural disasters, the approval demonstrates international confidence in Sri Lanka's economic recovery and commitment to maintaining long-term macroeconomic stability.
- The Central Bank of Sri Lanka increased overnight policy rate by 100 bps to 8.75% from previous level 7.75% during May'26, mainly to Address elevated inflation risks, strong credit demand, and external sector pressures to ensure medium-term price stability.
- Cumulative exports surpassed USD 4.5Bn by the end of April 2026, reflecting a 5% YoY increase. This growth was mainly driven by textile and garment exports, as well as tea exports, which recorded USD 1.6Bn and USD 452Mn respectively. For Apr'26, exports saw a 11% YoY surge to USD 1.1Bn .
- CCPI inflation accelerated to 5.5% YoY in May'26 . Food inflation surged to 0.9% YoY, and non-food inflation climbed to 7.8% YoY heavily over the fuel price hikes.
- Worker remittances continued to record strong inflows by rising 19% YoY to USD 768Mn in Apr'26 , providing sustained support to Sri Lanka's external sector. Tourist arrivals exceed 0.1Mn at the end of May'26, driven by demand from India, the UK, China and Germany. However, arrivals dipped in May amid the Middle East tension. Meanwhile, tourism earnings stood at USD 157Mn in Apr'26.

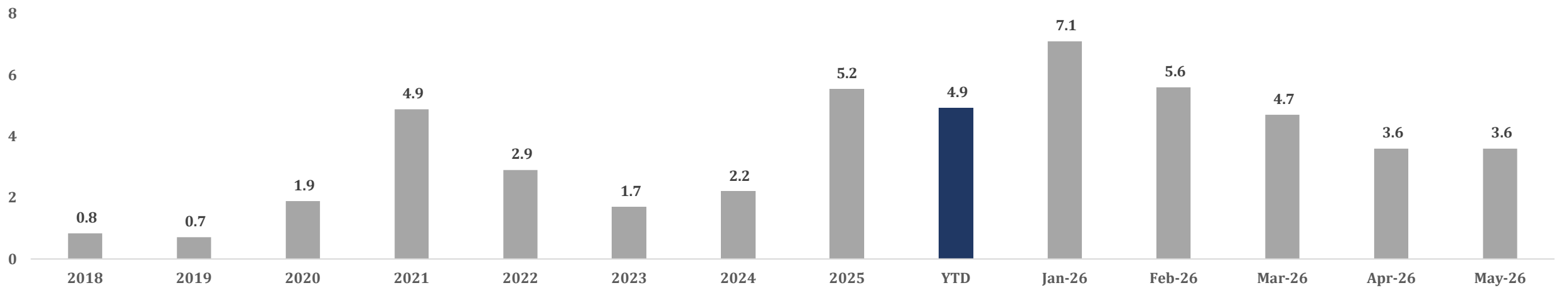


ASPI lost 12.6 points (-1.4% YTD) in May'26

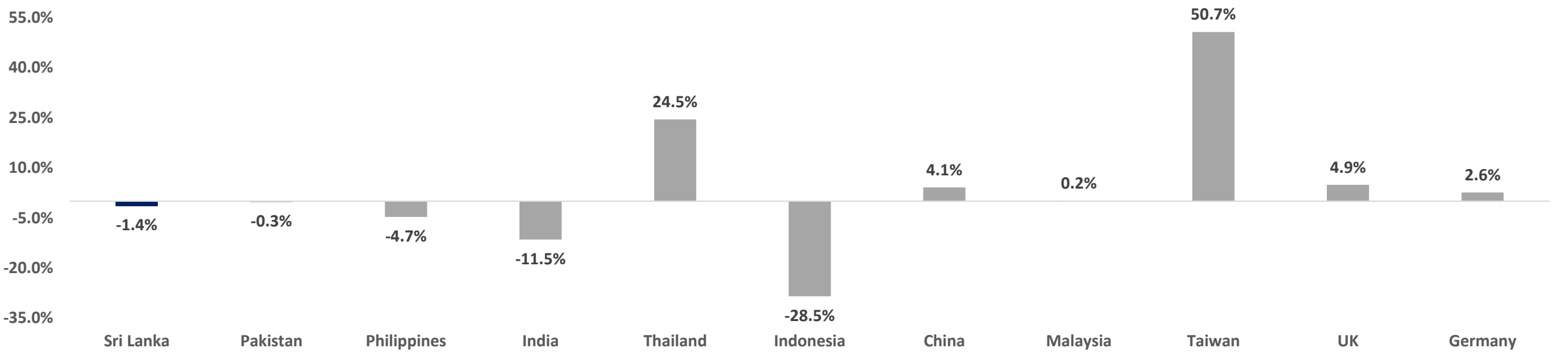


Average daily turnover stood at LKR 3.6Bn in May'26

Avg YTD turnover levels stands above LKR 4.9Bn



SL's returns declined by 1.4% YTD

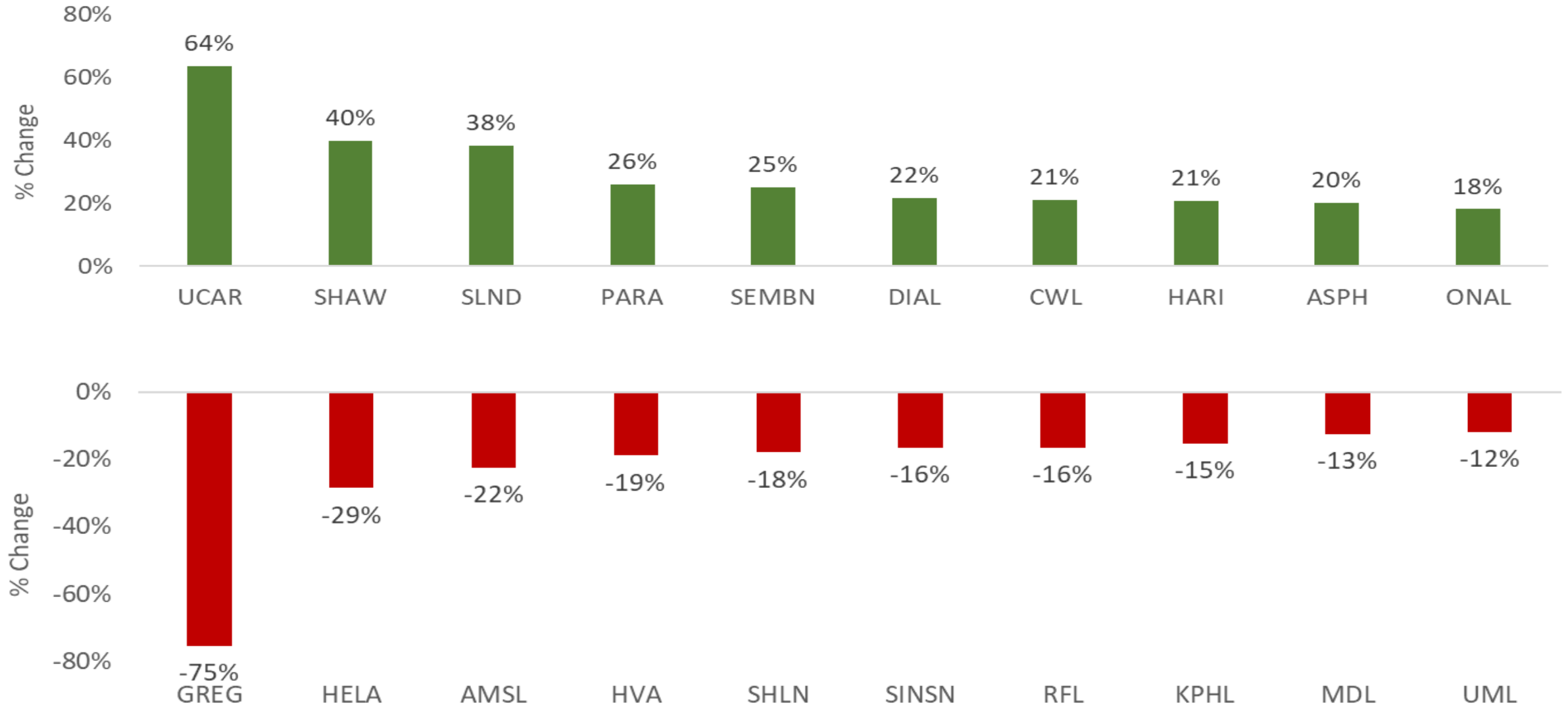


Source : CSE, Bloomberg



Top ten gainers and losers for the month

UCAR, SHAW& SLND recorded the highest monthly gains.





ASPI plummeted 1.4% YTD and S&P SL20 surged 0.03% YTD

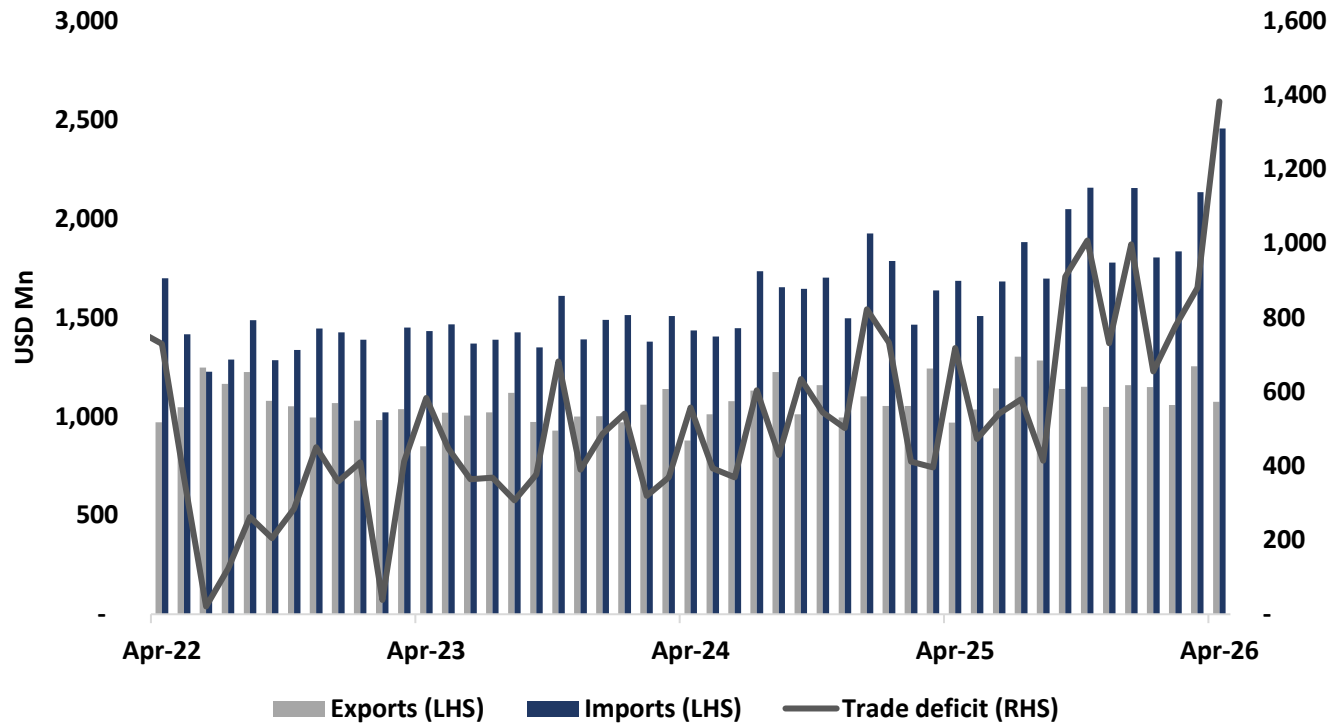
Total net foreign selling stood at LKR 7.3Bn for the month

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | YTD |
|---------------------------------|-----------|------------|------------|------------|------------|----------|----------|-----------|------------|------------|
| ASPI (Year End) | 6369.3 | 6052.4 | 6129.2 | 6774.2 | 12226.0 | 8489.7 | 10654.2 | 15944.6 | 22624.3 | 22310.8 |
| ASPI Return (%) | 2.3% | -5.0% | 1.3% | 10.5% | 80.5% | -30.6% | 25.5% | 49.7% | 41.9% | -1.4% |
| S&P SL20 | 3671.7 | 3135.2 | 2937.0 | 2638.1 | 4233.3 | 2635.6 | 3068.4 | 4862.1 | 6157.4 | 6159.2 |
| S&P SL20 Return (%) | 5.0% | -14.6% | -6.3% | -10.2% | 60.5% | -37.7% | 16.4% | 58.5% | 26.6% | 0.0% |
| Average Daily Turnover (LKR Mn) | 915 | 834 | 711 | 1899 | 4888 | 2972 | 1697 | 2240 | 5239 | 4953 |
| YoY Growth | 24.2% | -8.8% | -14.8% | 167.0% | 157.4% | -39.2% | -42.9% | 32.0% | 133.9% | -5.5% |
| Avg USD =LKR | 152.5 | 162.5 | 178.8 | 185.4 | 203.0 | 371.6 | 328.8 | 292.6 | 300.9 | 327.8 |
| Average Daily Turnover (USD Mn) | 6.0 | 5.1 | 4.0 | 10.2 | 24.1 | 8.0 | 5.2 | 7.7 | 17.4 | 15.1 |
| Foreign Purchases (LKR Mn) | 113,276.0 | 76,621.5 | 56,649.0 | 53,901.0 | 34,084.6 | 67,507.9 | 41,471.2 | 49,797.1 | 57,117.0 | 20,645.0 |
| Foreign Sales (LKR Mn) | 95,052.0 | 99,979.3 | 68,366.5 | 104,233.0 | 86,687.0 | 36,906.3 | 37,123.6 | 59,721.9 | 95,595.0 | 54,097.0 |
| Net Foreign flows (LKR Mn) | 18,223.5 | (23,357.9) | (11,717.5) | (50,332.1) | (50,283.8) | 30,601.0 | 4,347.8 | (9,924.8) | (38,477.0) | (33,452.0) |
| Foreign Purchases (USD Mn) | 742.8 | 471.4 | 316.8 | 290.7 | 167.9 | 181.7 | 126.1 | 170.2 | 189.8 | 63.0 |
| Foreign Sales (USD Mn) | 623.3 | 615.1 | 382.3 | 562.1 | 427.0 | 99.3 | 112.9 | 204.1 | 317.7 | 165.0 |
| Net Foreign Flows (USD Mn) | 119.5 | (143.7) | (65.5) | (271.4) | (247.7) | 82.3 | 13.2 | (33.9) | (127.9) | (102.0) |
| Market Cap (LKR Bn) | 2,899.0 | 2,839.4 | 2,851.3 | 2,959.5 | 5,489.0 | 3,888.2 | 4,248.9 | 5,695.6 | 8,068.6 | 8,115.7 |
| Market Cap (USD Mn) | 19,009.8 | 17,468.9 | 15,944.3 | 15,959.0 | 27,039.4 | 10,463.3 | 12,923.7 | 19,466.7 | 26,811.4 | 24,756.6 |
| CSE - PER (Year End) | 10.7 | 9.7 | 11.5 | 15.2 | 13.6 | 5.0 | 11.1 | 8.9 | 10.7 | 11.4 |

Economic Indicators – May'26



A modest rise in exports of 11% YoY contrasted with a sharp increase in imports of 46% YoY, widening the trade deficit.



- The trade deficit widened by 57% to USD 1.3Bn in Apr'26 from USD 880Mn recorded in Mar'26.
- In Apr'26, export income edged up by 11% YoY to USD 1.1Bn, reflecting a modest performance. This growth was largely supported by increase of food, beverages and tobacco exports and petroleum products exports by 41% YoY to USD 81.2Mn and 115% YoY to USD 140.4Mn respectively. Despite a marginal contraction, the textiles and garments sector remains the primary driver of Sri Lanka's export earnings, contributing USD 1,624.7Mn for the Jan–Apr 2026 period. Furthermore, coconut exports grew by 28% YoY to USD 43.6Mn in Apr'26.
- Meanwhile, total imports expenditure notably grew by 46% YoY to USD 2.4Bn in Apr'26. Growth was primarily driven by a 150% YoY surge in fuel imports to USD 886.2Mn and 51% YoY increase of personal vehicle imports to USD 161.3Mn. However, textiles imports decline by 12% YoY to USD 191.5Mn during same period.

Source : CBSL



Cumulative tea exports improved by 5%YoY while cumulative import bill surged by 25%YoY.

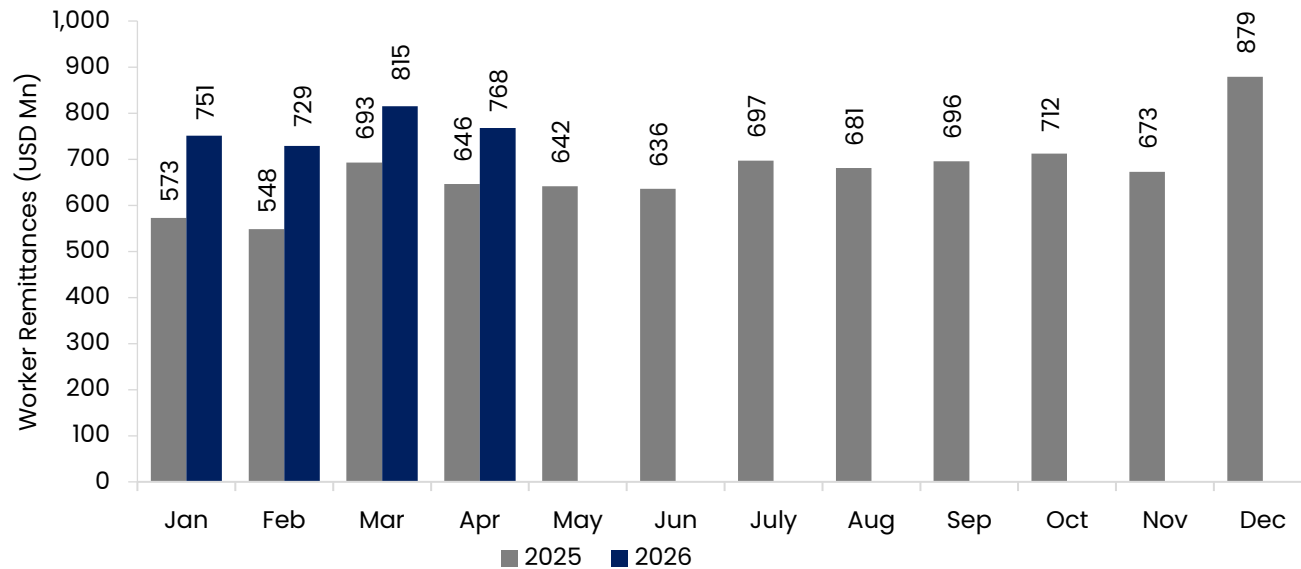
| USD Mn | Apr'25 | Apr'26 | Variance | Jan-Apr 2025 | Jan- Apr 2026 | Variance | Contribution to Exports |
|-----------------------------|------------|--------------|------------|--------------|---------------|-----------|-------------------------|
| Total Exports | 968 | 1,074 | 11% | 4,316 | 4,535 | 5% | |
| Industrial Exports | 746 | 847 | 14% | 3,373 | 3,552 | 5% | 78% |
| Textiles and garments | 365 | 348 | -5% | 1,752 | 1,625 | -7% | 36% |
| Rubber Products | 59 | 62 | 5% | 301 | 302 | 0% | 7% |
| Agricultural Exports | 217 | 222 | 2% | 929 | 962 | 4% | 21% |
| Tea | 107 | 100 | -7% | 478 | 452 | -6% | 10% |

| USD Mn | Apr'25 | Apr'26 | Variance | Jan-Apr 2025 | Jan- Apr 2026 | Variance | Contribution to Exports |
|--------------------------------|--------------|--------------|------------|--------------|---------------|------------|-------------------------|
| Total Imports | 1,686 | 2,457 | 46% | 6,573 | 8,228 | 25% | |
| Consumer Goods | 411 | 553 | 35% | 1,508 | 2,003 | 33% | 24% |
| Food and beverages | 160 | 236 | 48% | 794 | 746 | -6% | 9% |
| Non-food consumer goods | 251 | 317 | 26% | 714 | 1,257 | 76% | 15% |
| Medical and pharmaceuticals | 60 | 52 | -13% | 204 | 233 | 14% | 3% |
| Personal vehicles | 107 | 161 | 51% | 142 | 621 | 338% | 8% |
| Intermediate goods | 930 | 1510 | 62% | 3,787 | 4,700 | 24% | 57% |
| Fuel | 355 | 886 | 150% | 1,411 | 2,168 | 54% | 26% |
| Textiles and textile articles | 217 | 192 | -12% | 895 | 899 | 0% | 11% |
| Investment goods | 345 | 392 | 14% | 1,269 | 1,520 | 20% | 18% |
| Machinery and equipment | 213 | 249 | 17% | 843 | 934 | 11% | 11% |

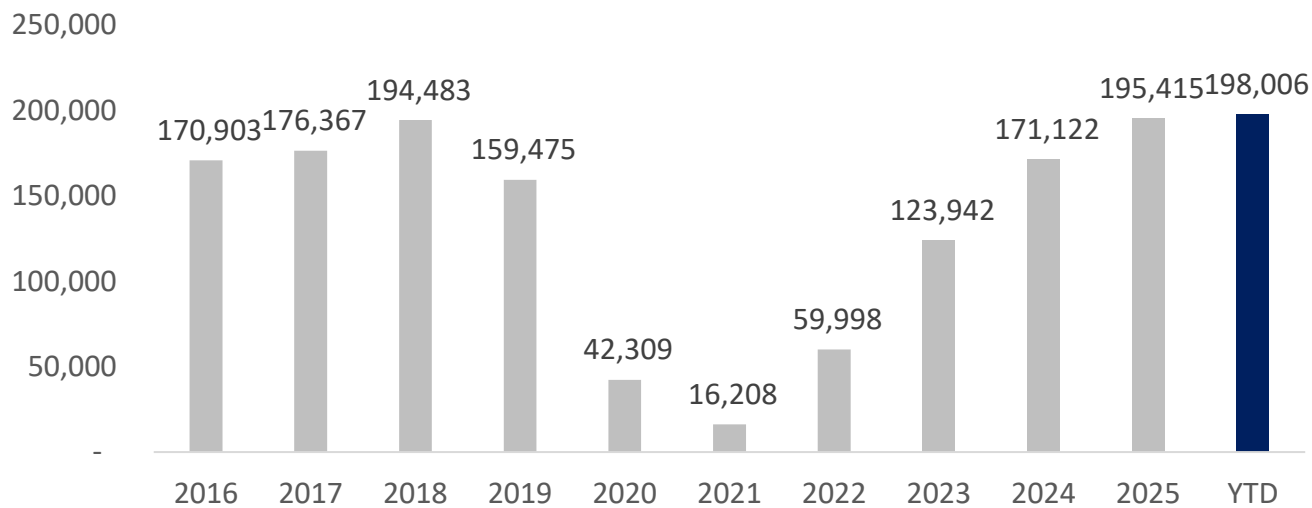
| USD Mn | Apr'25 | Apr'26 | Variance | Jan-Apr 2025 | Jan- Apr 2026 | Variance |
|--------------------------------|------------|-------------|--------------|--------------|---------------|--------------|
| Trade balance | -718 | -1383 | 93% | -2257 | -3,693 | 64% |
| Earnings from tourism | 257 | 157 | -39% | 1,379 | 1,111 | -19% |
| Workers' remittances | 646 | 768 | 19% | 2,461 | 3,063 | 24% |
| Current Account Balance | 177 | -534 | -402% | 1,124 | -1 | -100% |



Remittances soared by 19%YoY in Apr'26 while tourist arrivals exceed 113,000 in May'26

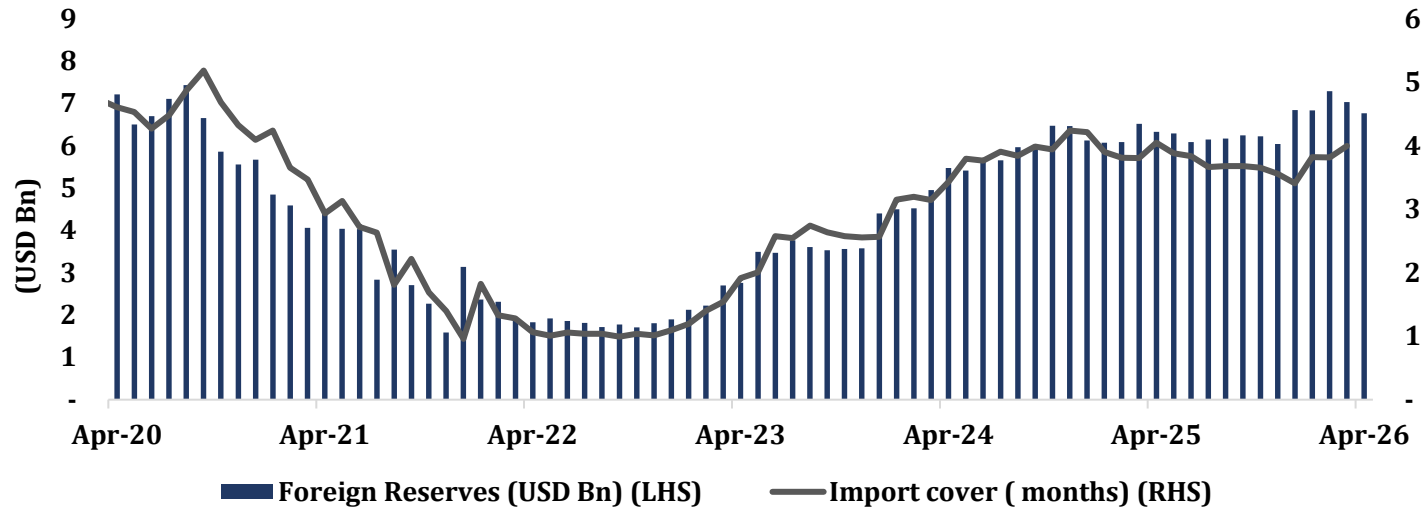


Average Monthly Tourist Arrivals

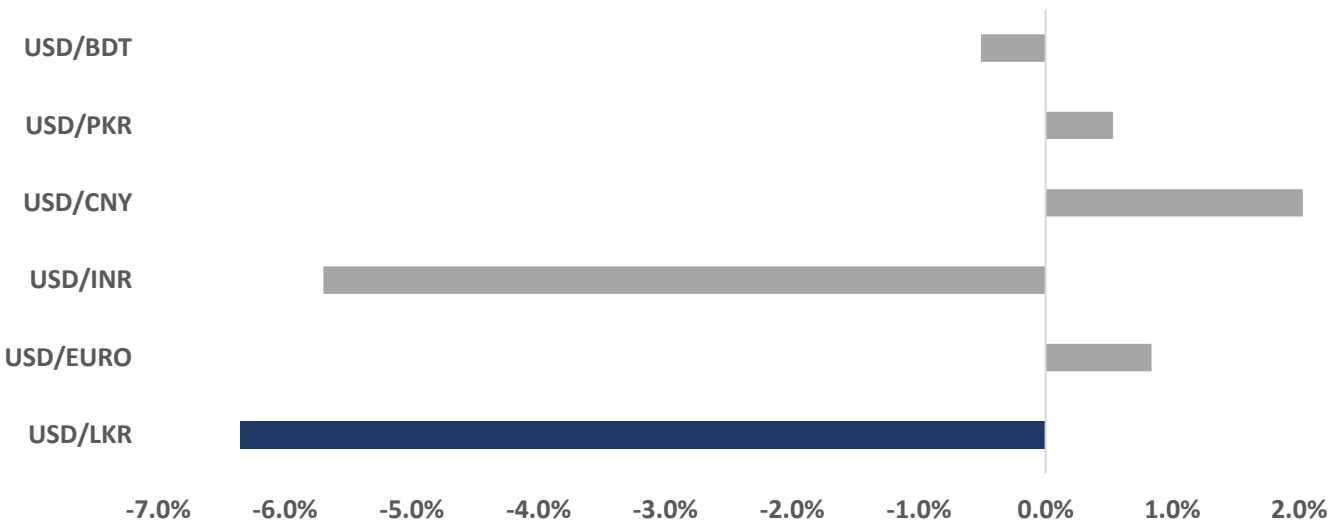


- Workers' remittances in Apr'26 have recorded a USD 768Mn, reflecting a YoY increase of 19% compared to USD 646 Mn in Apr'25. This marks a continued upward trend, with remittances exceeding USD 600Mn since Mar'25. The foreign employment departures for April 2026 significantly decline from the first two months of the year primarily due to flight disruptions and heightened security concerns stemming from the Middle East crisis.
- Sri Lanka's tourism sector showed signs of cooling in May'26 as arrivals recorded 113,755 in the first 25 days, reflecting a 14% decline compared to May'25 due to flight disruptions and geopolitical tensions from the Middle East crisis. India remained the leading source market followed by the UK, China and Germany while tourism earnings for Apr'26 fell by 39% YoY to USD 157Mn.

Reserves stood at USD 6.7Bn in Apr'26, representing near 4 month's worth of imports.



- Sri Lanka's Gross Official Reserves stood at USD 6.7Bn at end Apr'26 reflecting strengthened external liquidity position. The average monthly import bill is also around USD 1.9Bn, which is comfortable to cover 4 months' worth of imports.

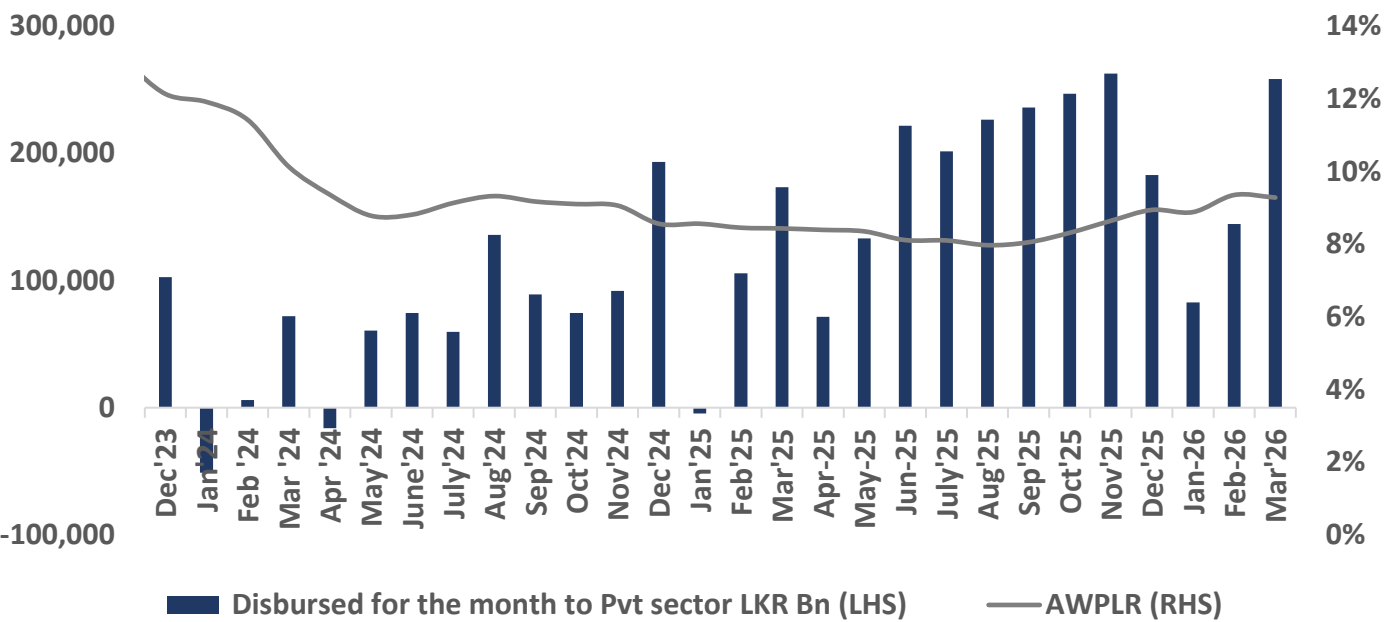


- Official exchange rate of LKR against USD depreciated by 6.4% YTD and the INR ,BDT depreciated by 5.7%,0.5% against USD. While the CNY, EURO and PKR appreciated by 2.0%, 0.8% and 0.5% YTD against USD.

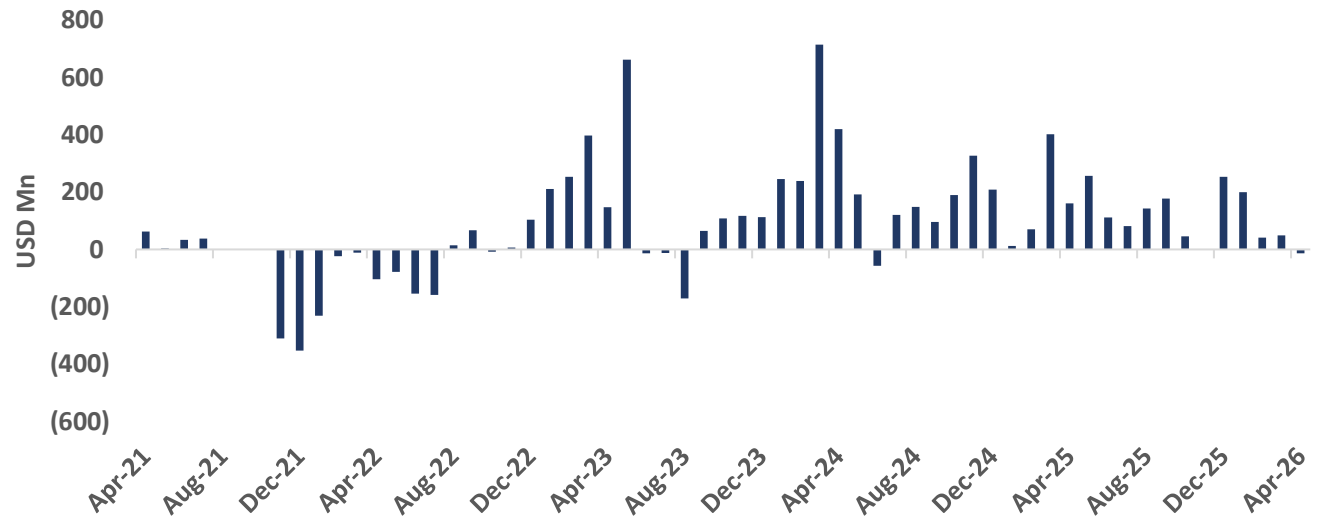
Source : CBSL, Xe Currency,
 Note: LKR : Sri Lankan Rupee, EURO: Euro, INR: Indian Rupee, CNY:Chinese yuan,
 PKR:Pakistan Rupee , and BDT:Bangladesh Taka



Private sector credit picks up by 27% YoY for Mar'26

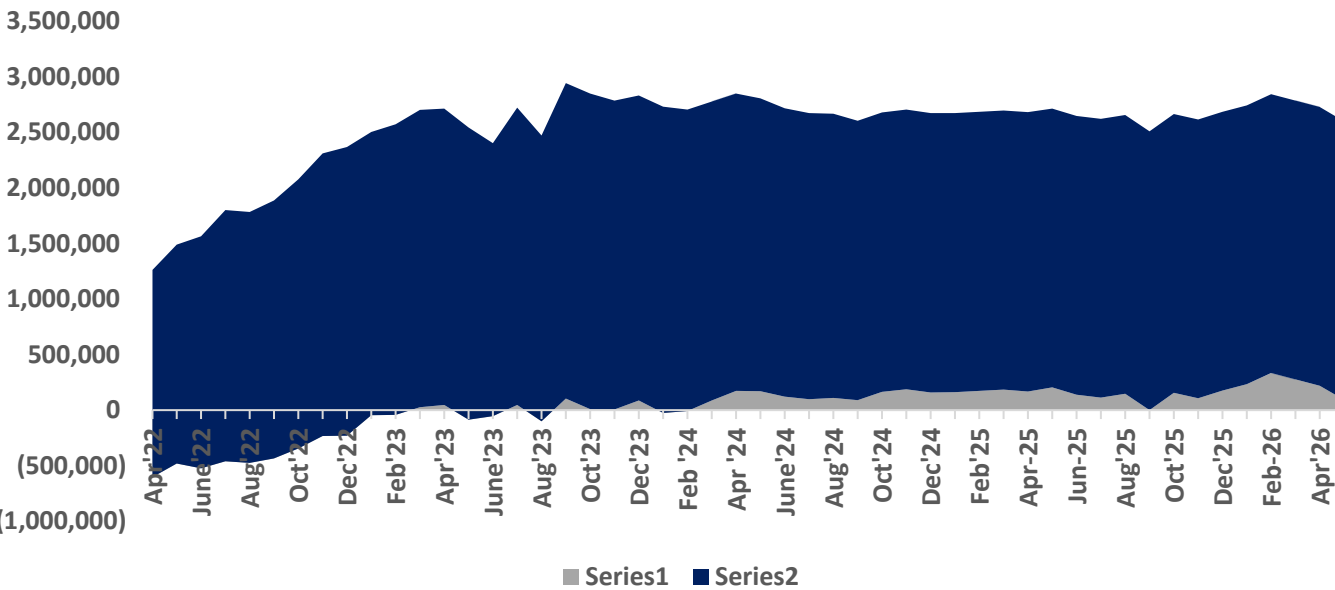


- Private sector credit expanded by 27% YOY to LKR 10.6Tn in Mar'26, increasing by LKR 258.4Bn over February 2026. This acceleration in credit growth was primarily driven by rising petroleum import bills due to Middle East tensions, alongside a surge in vehicle imports.

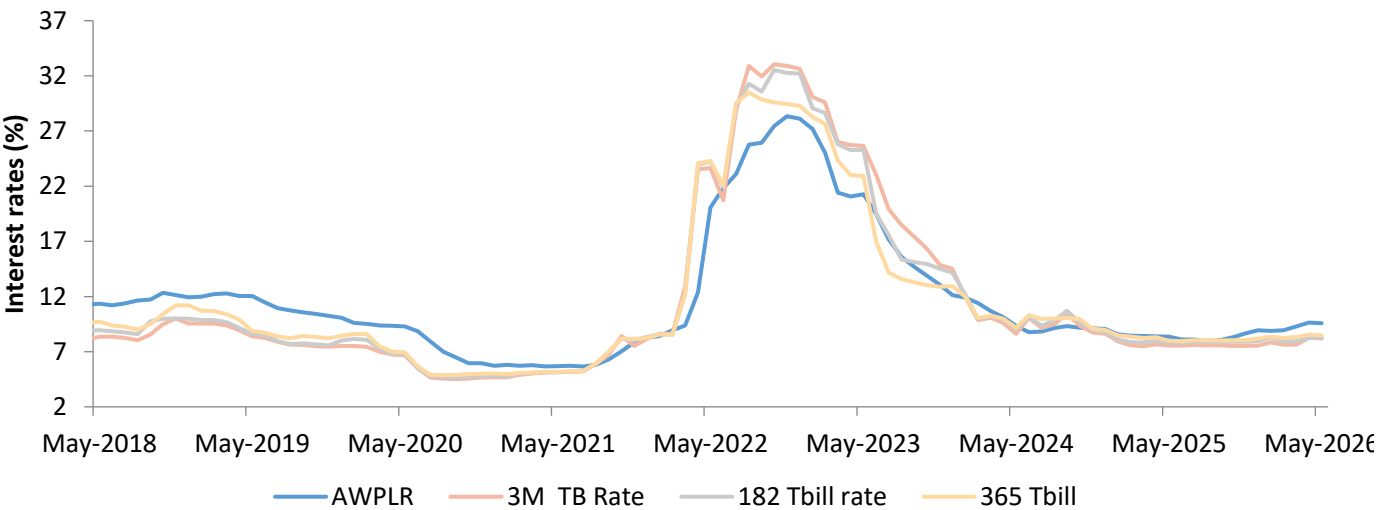


- The CBSL purchased USD 83.0Mn and USD 95.9Mn selling has reported in Apr'26, resulting in a net selling of USD 13Mn.

Tbill rates decreased, AWPLR plunged marginally

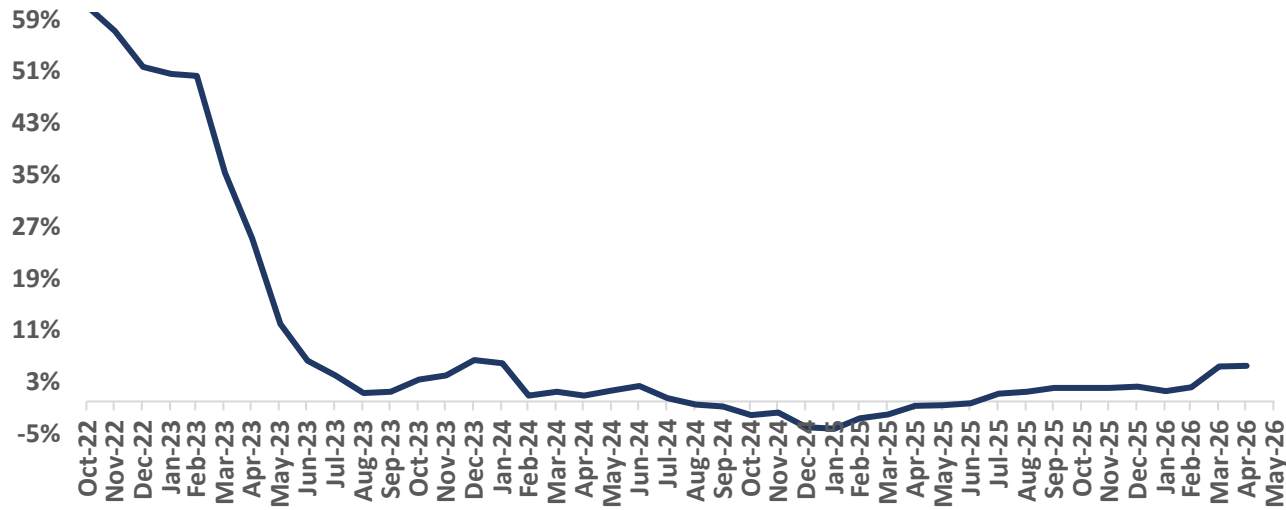


- Overnight liquidity levels ended positive of LKR 92.15Bn. CBSL's holdings of government securities meanwhile remained at LKR 2.5Tn in May'26.



- In May'26, Treasury bill rates declined, with the 91-day, 182-day and 364-day bills reaching to 8.18%, 8.25% and 8.49%, respectively.
- Further, the Average Weighted Prime Lending Rate (AWPLR) plunged marginally to 9.58% during this month.

CCPI inflation accelerates to 5.5% YoY in May'26, 0.9% rise from Apr'26



Sri Lanka's CCPI inflation recorded at 5.5% YoY in May'26, marking an acceleration due to price pressures linked to the economic crisis and external uncertainties. Food inflation edged up to 0.9% YoY, while non-food inflation surged to 7.8% YoY, contributing to overall price pressures during the month.

For the month of May 2026, on Y-on-Y basis, contribution to inflation by food commodities was 0.31%. The contribution of Non-Food items was 5.20%. This was mainly due to price increases in the groups of 'Transport' (2.02%), 'Housing, Water, Electricity, Gas and Other Fuels' (1.49%), 'Restaurants and Hotels' (0.76%), 'Education' (0.31%), 'Miscellaneous Goods and Services' (0.19%), 'Health' (0.16%), 'Furnishing Household Equipment and Routine Household Maintenance' (0.13%), Alcoholic Beverages Tobacco and Narcotics' (0.06%), 'Clothing and Footwear' (0.05%) and 'Communication' (0.02%).

Further, a slight price increase was reported in the group of 'Recreation and Culture'.

Food Inflation (Y-o-Y)



0.9%



Non-Food Inflation (Y-o-Y)

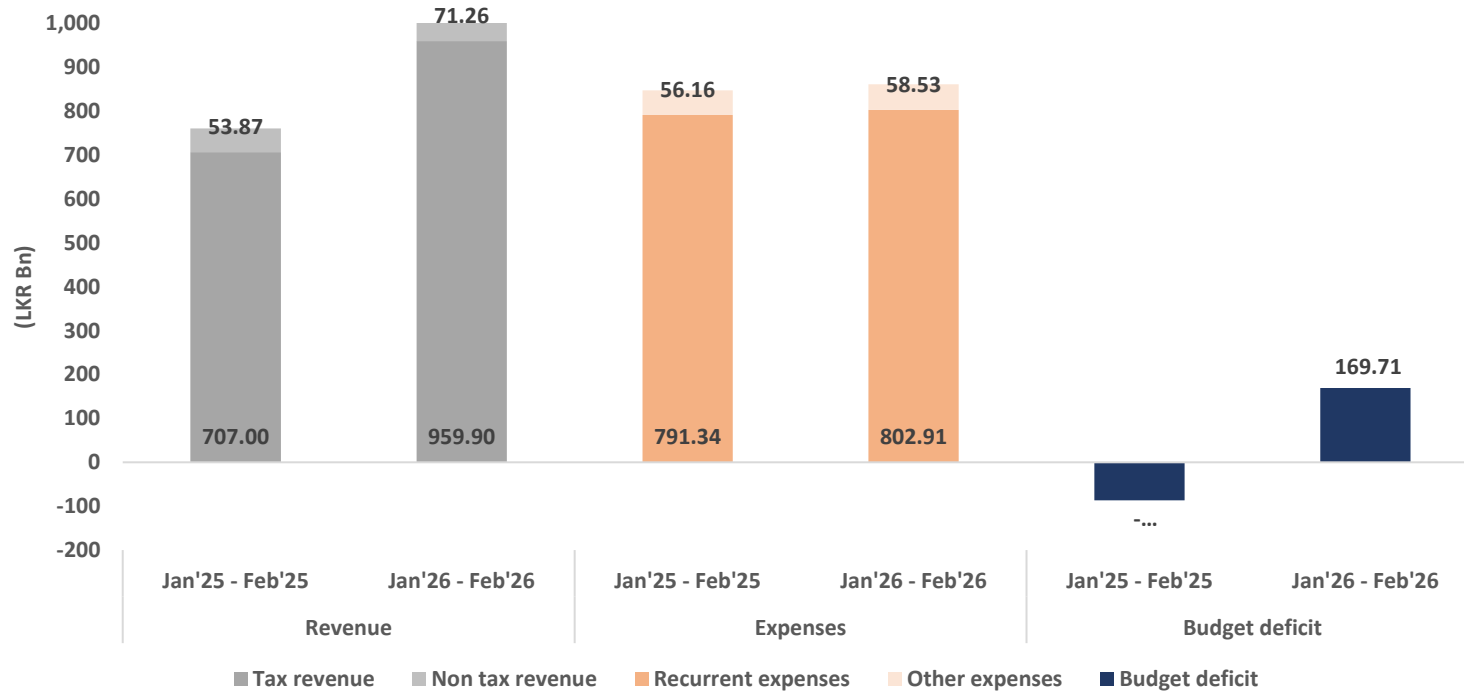


7.8%





Fiscal Position



- Government revenue increased by 36% YoY to LKR 1.0Tn during Jan'26 - Feb'26. This growth was primarily driven by a strong rise in tax revenue, which expanded by 36% YoY to LKR 959.9Bn, while non-tax revenue increased by 32% YoY to LKR 71.3Bn.
- Further, Recurrent expenditure slightly increased by 1% YoY to LKR 802.91Bn, while capital and lending minus repayments increased by 4% YoY to LKR 58.5Bn. As a result of the significant improvement in revenue performance relative to expenditure growth, the budget balance recorded positive LKR 169.7Bn during Jan'26 - Feb'26.

Source : CBSL

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