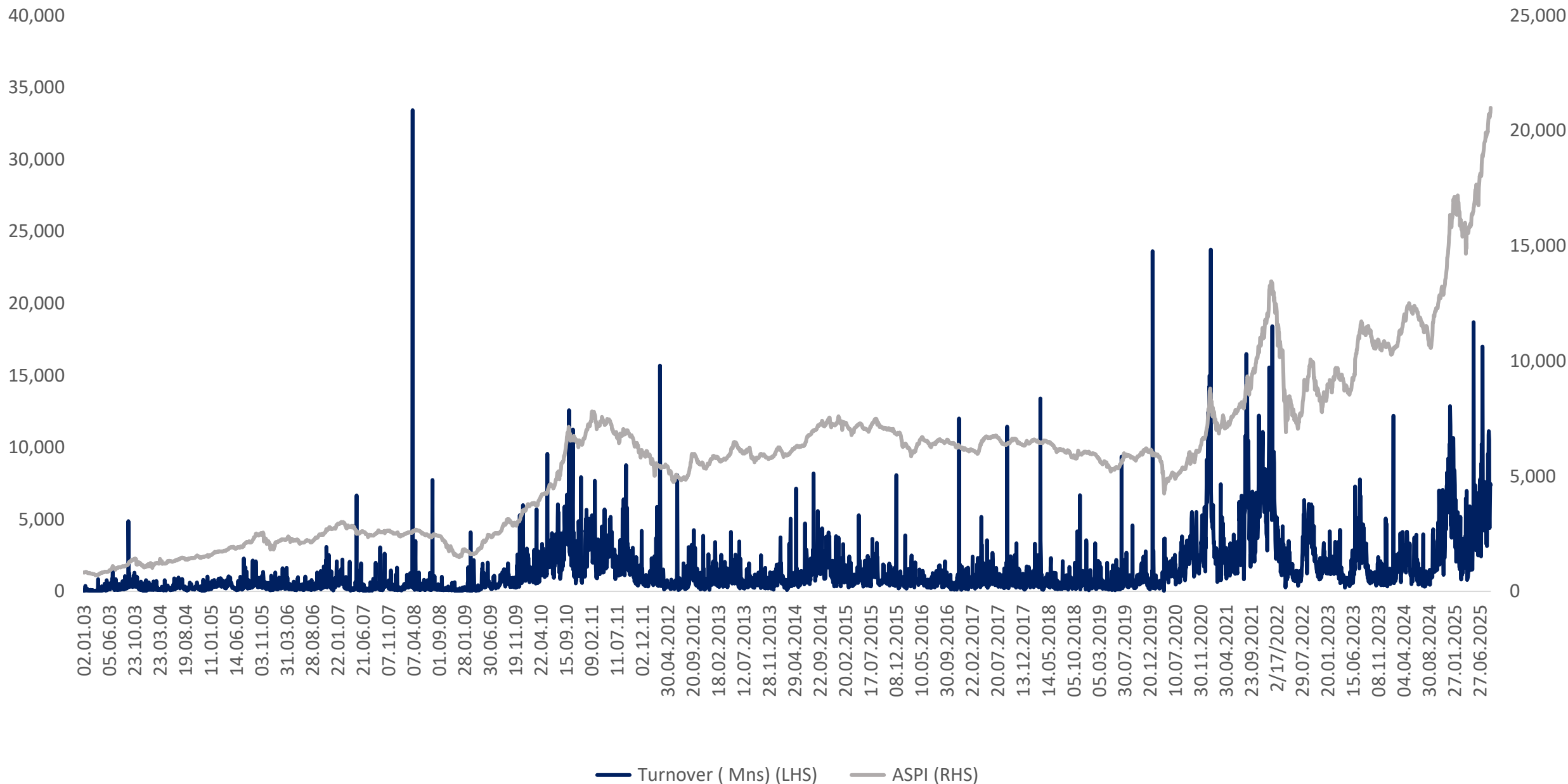




- CSE extended its rally into Aug'25, marking the fourth consecutive month of gains as both domestic and foreign investor interest strengthened. The benchmark ASPI advanced by 1,354 points to close at 20,997 (6.9% MoM), while the more liquid S&P SL20 Index rose by 314 points to 6,076 (5.5% MoM). On a YTD basis, the ASPI and S&P SL20 have delivered robust returns of 31.7% and 25.0%, respectively. Meanwhile, the average daily turnover in Aug'25 amounted to LKR 6.6Bn, indicating sustained investor activity.
- Sri Lanka's tourism sector demonstrated persistent growth resilience by welcoming over 1.5Mn tourist arrivals during the first eight months of 2025, reflecting a 15%YoY growth. In tandem with this trend, tourism income crossed the USD 2Bn revenue mark in the first seven months of 2025, marking an 8%YoY increase. Meanwhile, India maintains its position as the primary contributor to August influx of tourists and retains its status as the leading source market YTD. Additionally, the UK, Russia, Germany and China emerged as the top source market YTD.
- Sri Lanka's external sector performance continued to strengthen in July 2025, with the current account posting consecutive monthly surpluses throughout the first seven months of 2025, accumulating to USD 1.7Bn, an increase of 36% YoY. This improvement was underpinned by a robust 20%YoY growth in workers' remittances, which reached USD 4.43Bn during the same period. Nonetheless, the merchandise trade deficit widened by 22%YoY to USD 3.85Bn, primarily reflecting a 12% surge in imports, driven largely by a sharp increase in motor vehicle imports amounting to USD 668Mn in the first seven months of 2025.
- Following 11 consecutive months of deflation, Sri Lanka's annual inflation rate (CCPI) returned to the positive territory in Aug'25, recording 1.2%, compared to the deflation of 0.3% in July'25. The food inflation accelerated to 2.0%YoY (from 1.5% YoY in July'25). Further, Non-Food inflation which remained negative since Sep'24, also turned positive, recording 0.8% in Aug'25 (from -1.2% in July'25).

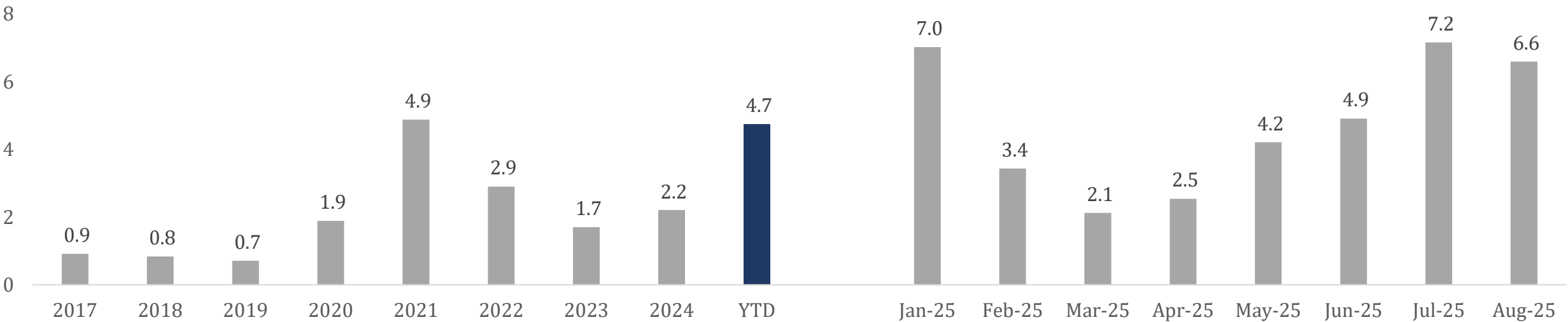


ASPI gained a substantial 1,354 points in Aug'25

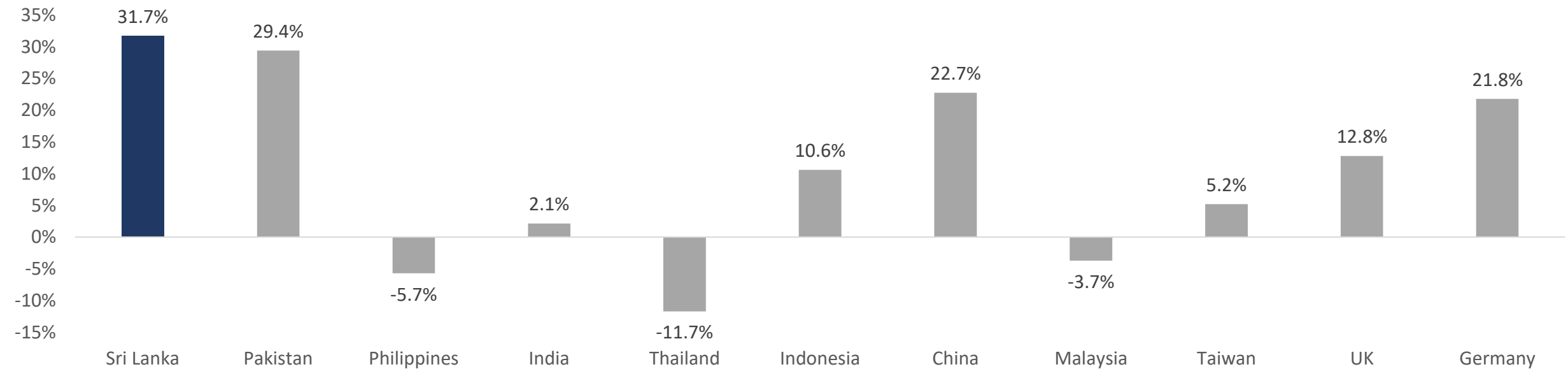


Average daily turnover dropped to LKR 6.6Bn in Aug'25

Avg YTD turnover levels stands at above LKR 4.7Bn



SL's returns records at 31.7% YTD

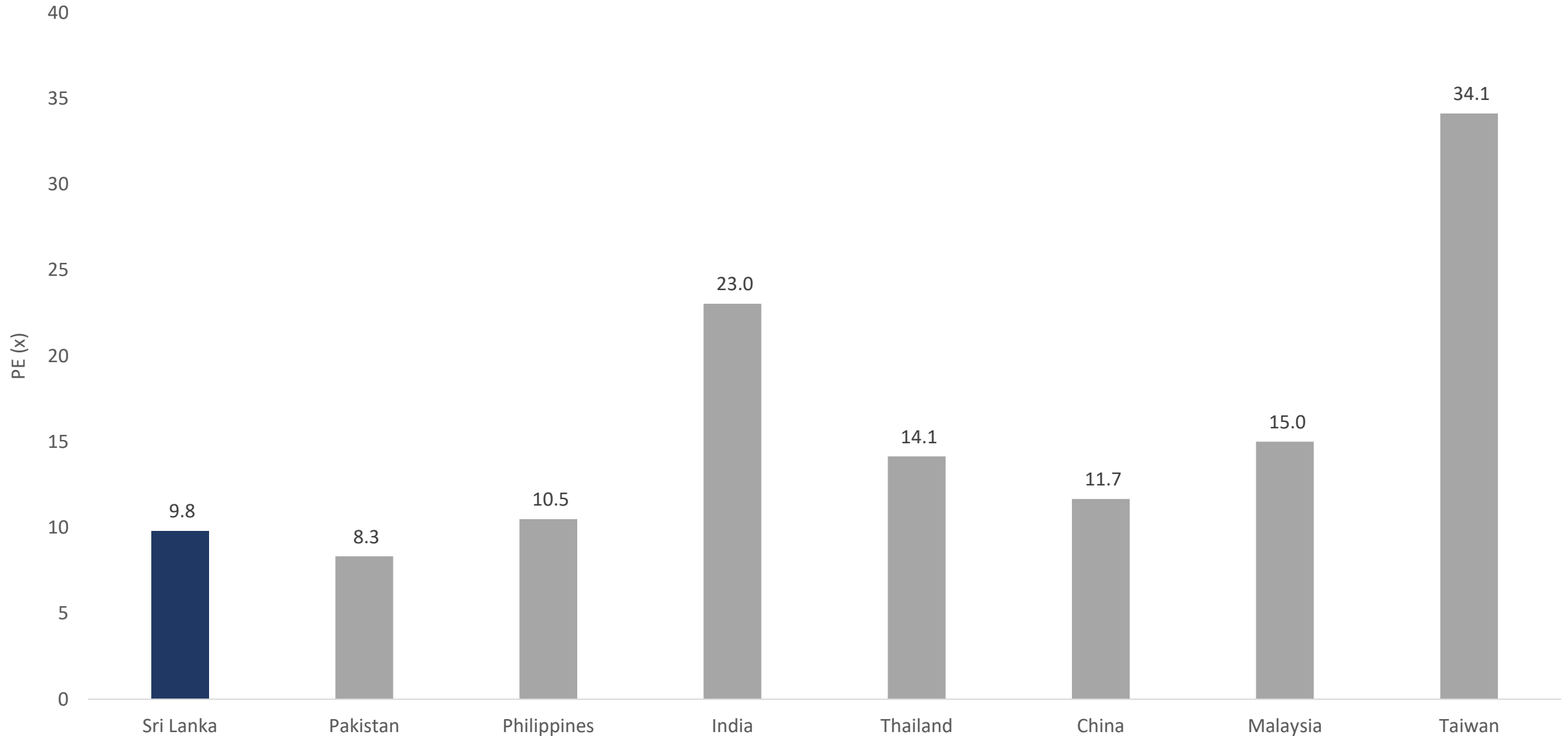


Source : CSE, Bloomberg



Sri Lanka is still cheaper than most of its regional peers

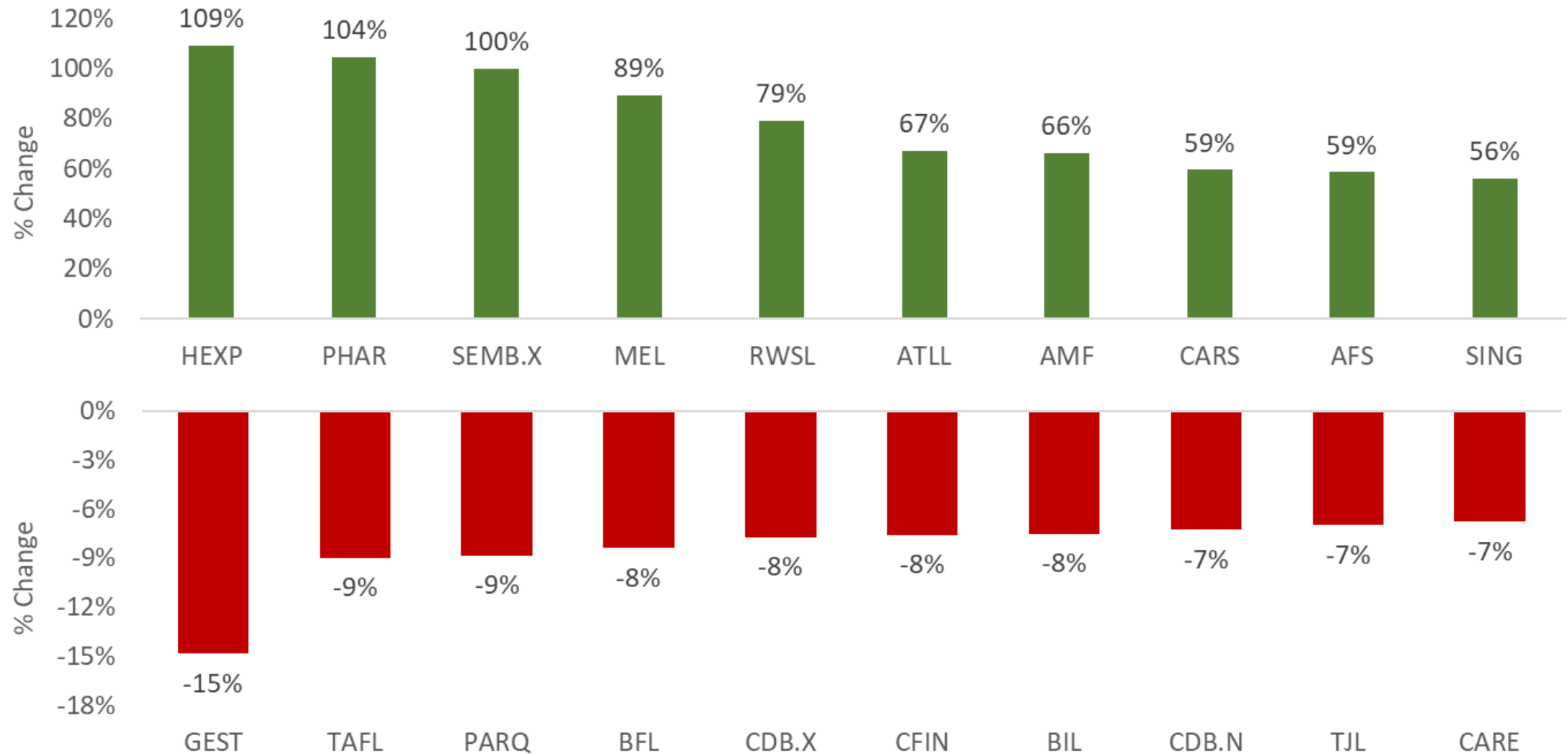
Sri Lanka still trades at attractive valuations, trading at a, a 71% discount to Taiwan, 57% discount to India and 34% discount to Malaysia.





Top ten gainers and losers for the month

HEXP, PHAR & SEMB.X as the biggest price gainers for the month.



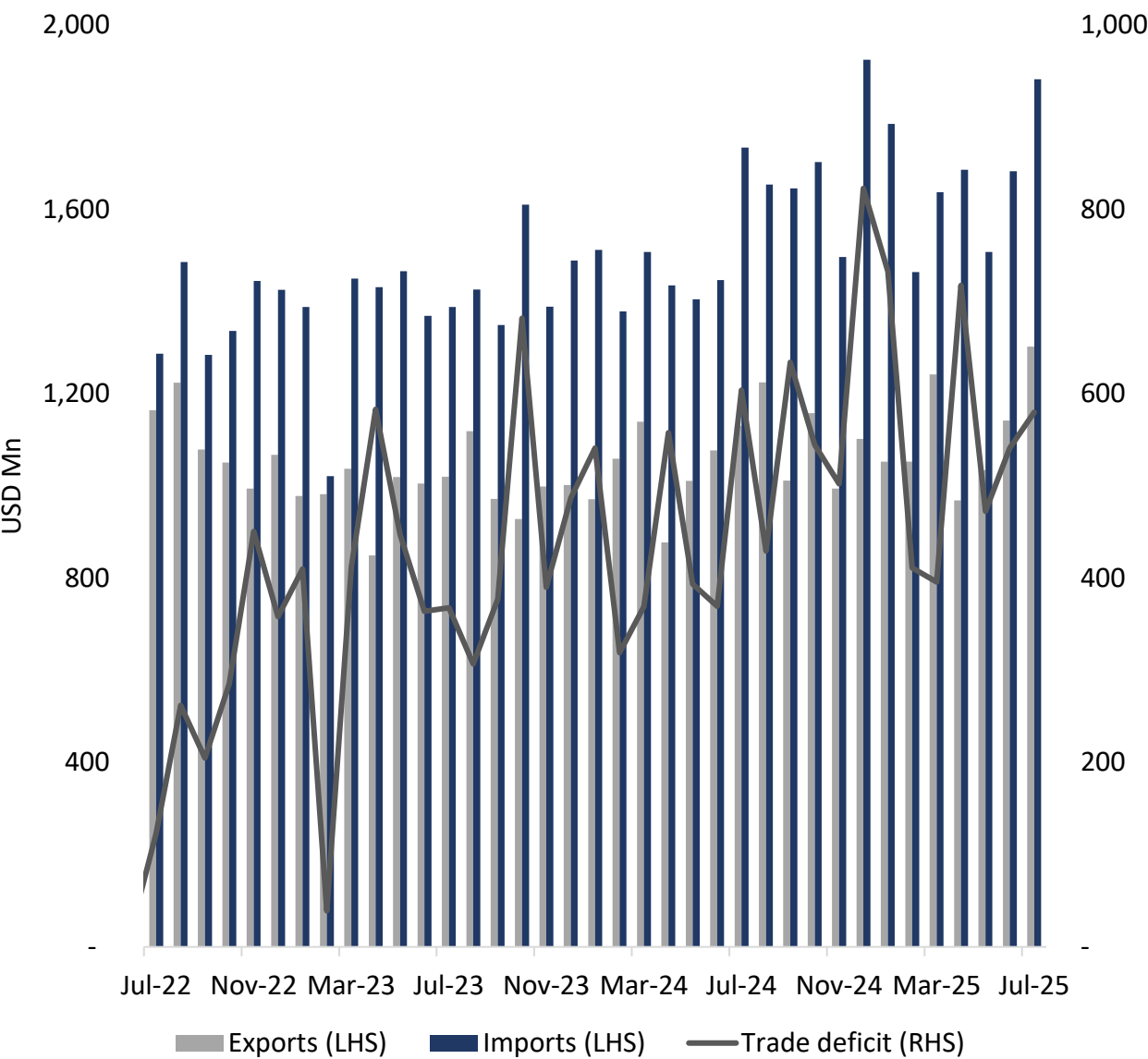
Total foreign buying stood at LKR 4.3Bn for the month

	2017	2018	2019	2020	2021	2022	2023	2024	YTD
ASPI (Year End)	6369.3	6052.4	6129.2	6774.2	12226.0	8489.7	10654.2	15944.6	20997.4
ASPI Return (%)	2.3%	-5.0%	1.3%	10.5%	80.5%	-30.6%	25.5%	49.7%	31.7%
S&P SL20	3671.7	3135.2	2937.0	2638.1	4233.3	2635.6	3068.4	4862.1	6076.8
S&P SL20 Return (%)	5.0%	-14.6%	-6.3%	-10.2%	60.5%	-37.7%	16.4%	58.5%	25.0%
Average Daily Turnover (LKR Mn)	915	834	711	1899	4888	2972	1697	2240	4841
YoY Growth	24%	-9%	-15%	167%	157%	-39%	-43%	32%	116%
Avg USD =LKR	152.5	162.5	178.8	185.4	203.0	371.6	328.8	292.6	302.4
Average Daily Turnover (USD Mn)	6.0	5.1	4.0	10.2	24.1	8.0	5.2	7.7	16.0
Foreign Purchases (LKR Mn)	113,276	76,621	56,649	53,901	34,085	67,508	41,471	49,797	36,591
Foreign Sales (LKR Mn)	95,052	99,979	68,366	104,233	86,687	36,906	37,124	59,722	58,851
Net Foreign flows (LKR Mn)	18,224	(23,358)	(11,717)	(50,332)	(50,284)	30,601	4,348	(9,925)	(22,260)
Foreign Purchases (USD Mn)	743	471	317	291	168	182	126	170	121
Foreign Sales (USD Mn)	623	615	382	562	427	99	113	204	195
Net Foreign Flows (USD Mn)	119	(144)	(66)	(271)	(248)	82	13.2	(33.9)	(73.6)
Market Cap (LKR Bn)	2,899	2,839	2,851	2,959	5,489	3,888	4,249	5,696	7,425
Market Cap (USD Mn)	19,010	17,469	15,944	15,959	27,039	10,463	12,924	19,467	24,551
CSE - PER (Year End)	10.7	9.7	11.5	15.2	13.6	5.0	11.1	8.9	9.8

Economic Indicators – Aug’25



Export income grew by 15%YoY and import bill soared by 8%YoY in July’25. Meanwhile, trade deficit narrowed by 4%YoY to USD 580Mn in July’25.



- In July’25, export earnings recorded the highest-ever monthly earnings, amounting to USD 1.3Bn. Import expenditure also surged by 8%YoY to USD 1.8Bn. Meanwhile, trade deficit narrowed by 4%YoY to USD 580Mn, as growth in exports outpaced that of imports.
- SL’s export sector continuous to grow resilience, recording USD 7.79Bn during the first seven months of 2025, alongside the strongest performance recorded for the month of July. Earnings from industrial exports grew by 14%YoY to USD 984.6Mn, mainly led by increase in textile and garments exports by 8%YoY to USD 481Mn. Agricultural exports also soared by 17%YoY to USD 310Mn.
- The rise in imports was mainly attributed to a surge in vehicle imports. In July alone, imports of both personal and commercial vehicles amounted to USD 193Mn, bringing the cumulative total for the first seven month of 2025 to USD 668Mn. However, fuel bill plunged by 20%YoY to USD 269.7Mn in July’25.



Cumulative textile and garments exports improved by 8%YoY while cumulative import bill on fuel plummeted by 11%YoY.

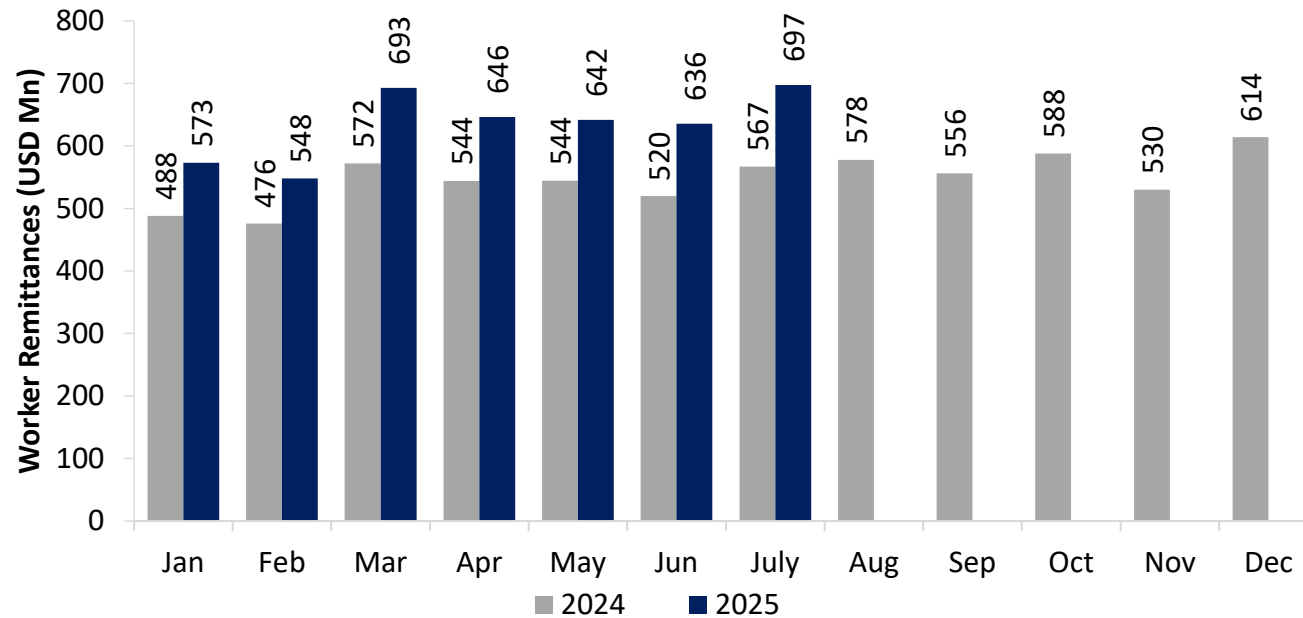
USD Mn	July'24	July'25	Variance	Jan - July 2024	Jan - July 2025	Variance	Contribution to Exports
Total Exports	1,130	1,303	15%	7,275	7,794	7%	
Industrial Exports	861	985	14%	5,698	6,029	6%	77%
Textiles and garments	445	481	8%	2,853	3,087	8%	40%
Rubber Products	75	82	9%	562	535	-5%	7%
Agricultural Exports	265	310	17%	1,546	1,738	12%	22%
Tea	125	141	13%	812	884	9%	11%

USD Mn	July'24	July'25	Variance	Jan - July 2024	Jan - July 2025	Variance	Contribution to Imports
Total Imports	1,734	1,882	9%	10,419	11,644	12%	
Consumer Goods	323	480	48%	1,858	2,796	51%	24%
Food and beverages	178	171	-4%	1,021	1,266	24%	11%
Non-food consumer goods	146	309	112%	836	1,530	83%	13%
Medical and pharmaceuticals	54	57	7%	323	367	14%	3%
Intermediate goods	1067	993	-7%	6,701	6,568	-2%	56%
Fuel	337	270	-20%	2,546	2,265	-11%	19%
Textiles and textile articles	279	249	-11%	1,607	1,585	-1%	14%
Investment goods	344	409	19%	1,855	2,271	22%	20%
Machinery and equipment	223	263	18%	1,243	1,471	18%	13%

USD Mn	July'24	July'25	Variance	Jan - July 2024	Jan - July 2025	Variance
Trade balance	-604	-580	-4%	-3144	-3,850	22%
Earnings from tourism	328	319	-3%	1,885	2,031	8%
Workers' remittances	567	697	23%	3,711	4,435	20%
Current Account Balance	125.6	244.6	95%	1,274	1,740	37%

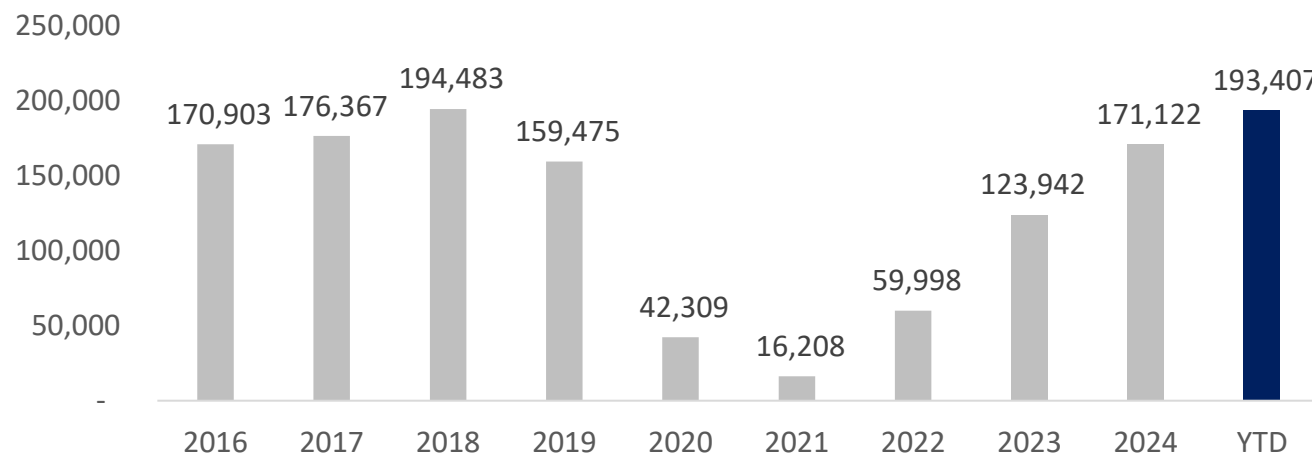


Remittances soared by 23%YoY in July'25 while tourist arrivals exceeds 1.5 Mn YTD



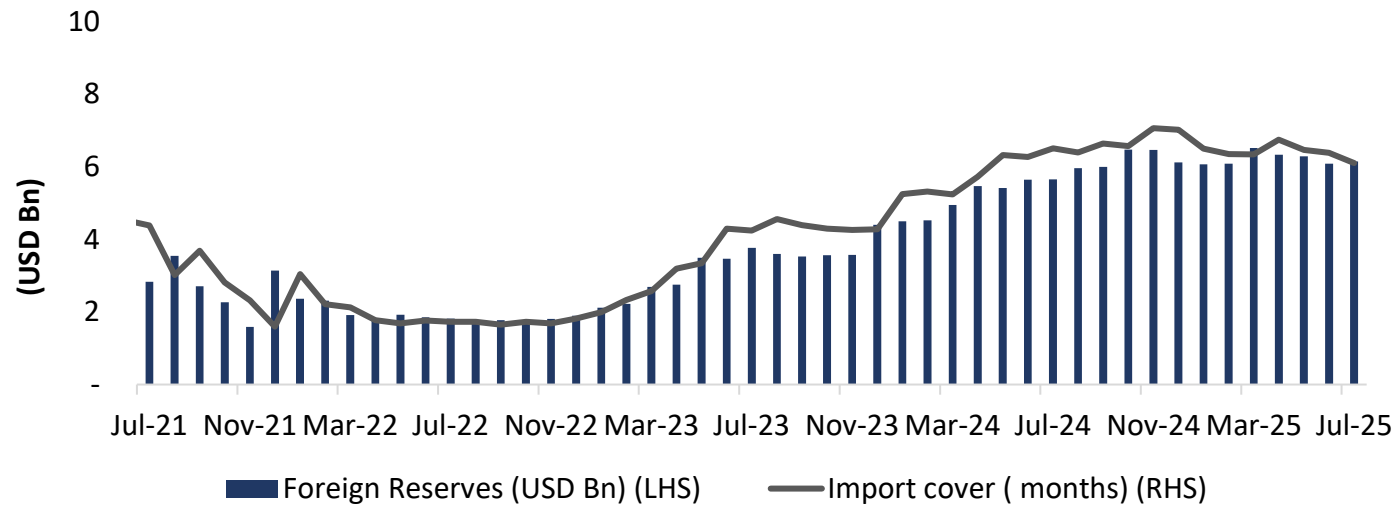
- Workers' remittances hit a record high for the month of July, surging to USD 697.3Mn, registering the highest monthly inflow so far in 2025. Monthly workers' remittances continued to record monthly inflows of over USD 600Mn since Mar'25. In the meantime, Workers' Remittances soared by 20%YoY to USD 4.43Bn in first seven month of 2025, marking the highest cumulative figure in the period since 2020.

Average Monthly Tourist Arrivals

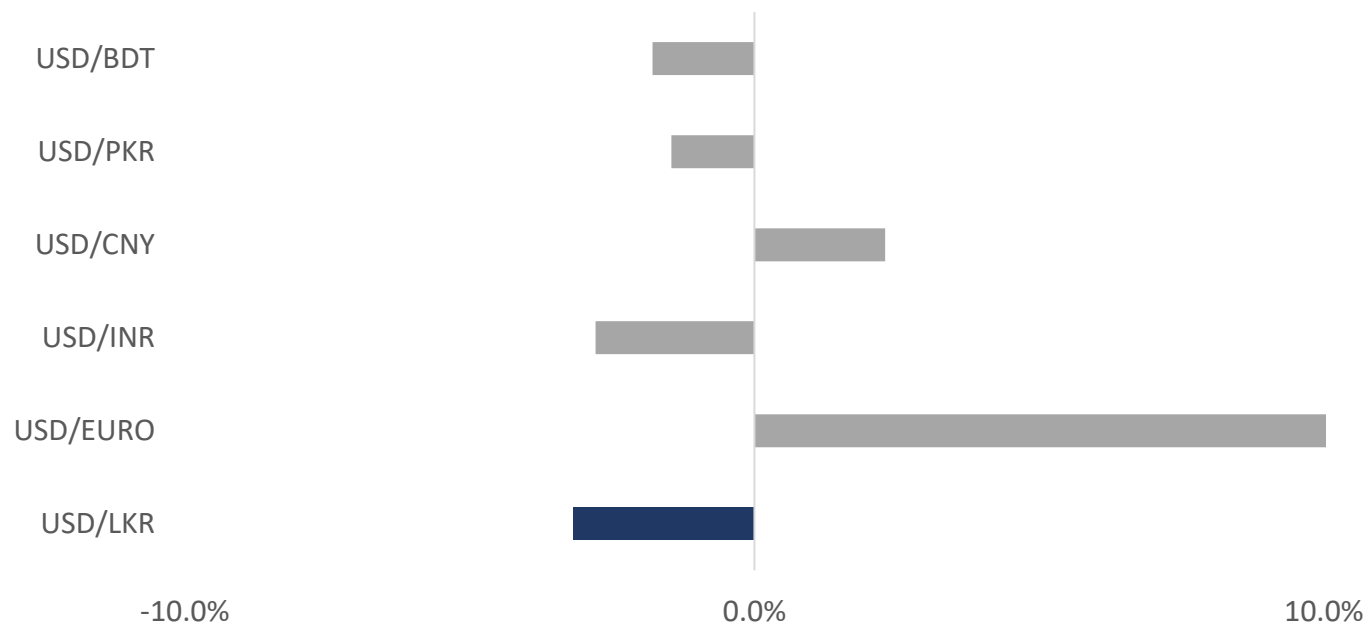


- During the first seven month of 2025, the tourism sector has earned over USD 2.03Bn, marking a 7.8%YoY increase. Tourism income in July'25 declined 3% YoY to USD 318Mn, yet recorded a strong 88% MoM rebound, supported by higher average daily arrivals and peak summer demand. Meanwhile, tourist arrivals for the year so far have crossed 1.5Mn.

Reserves rose to USD 6.14Bn in July'25, representing over 3 month's worth of imports.



- Sri Lanka’s Gross Official Reserves edged up by USD 64Mn in July’25 to USD 6.14Bn, amid concerns over the impact of recent rate cuts on the ability to collect reserves and repay debt. The monthly import bill is also around USD 1.6Bn, which is comfortable to cover over 3 month’s worth of imports.

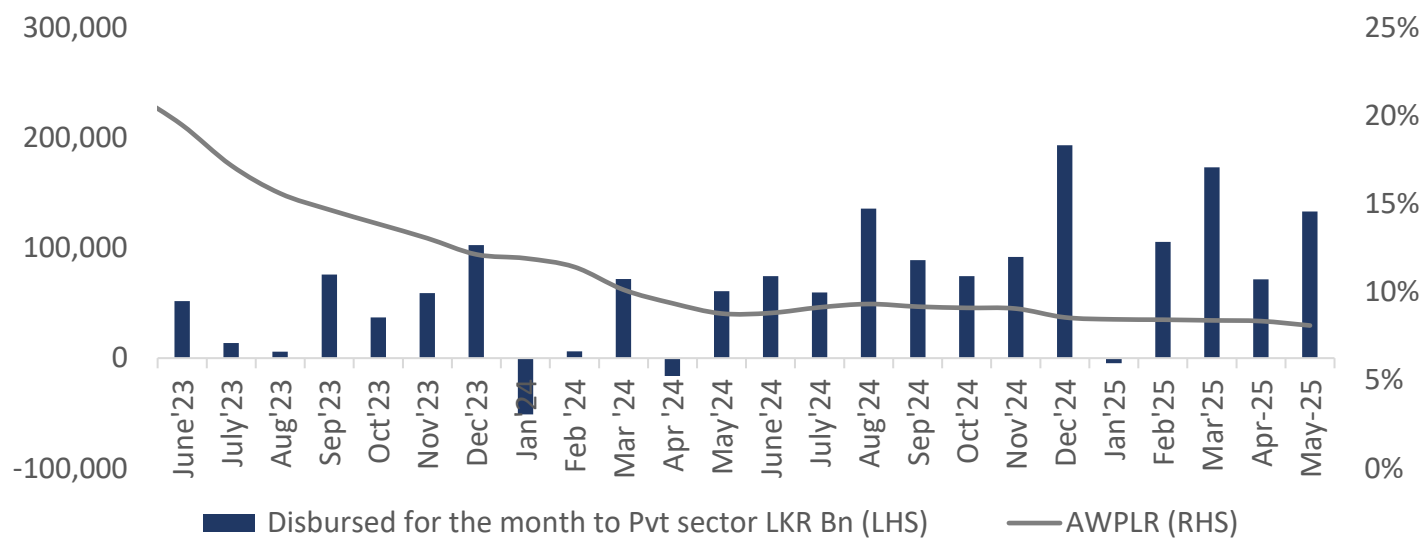


- Official exchange rate of LKR against USD depreciated by 3.3% YTD and the BDT, PKR and INR also depreciated by 1.8%, 1.5% and 2.8% YTD respectively against USD. While the EURO, and CNY appreciated by 10.7%, and 2.3% YTD against USD.

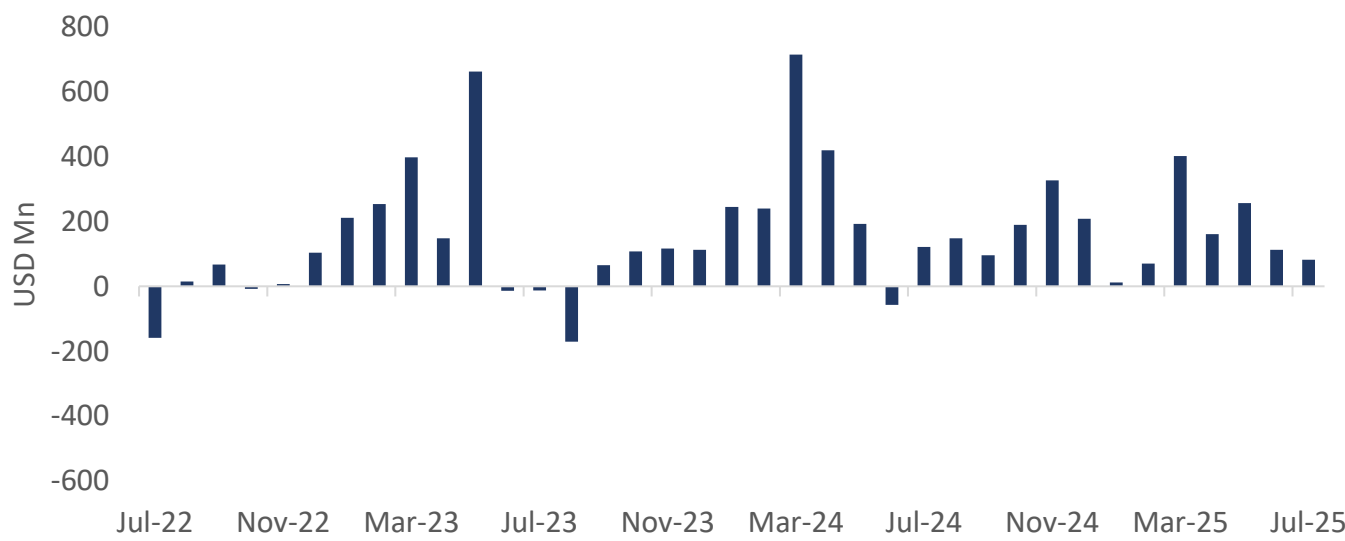
Source : CBSL, Xe Currency,
 Note: LKR : Sri Lankan Rupee, EURO: Euro'INR: Indian Rupee, CNY:Chinese yuan, PKR:Pakistan Rupee , and BDT:Bangladesh Taka



Private sector credit picks up by 16.1% YoY for May'25

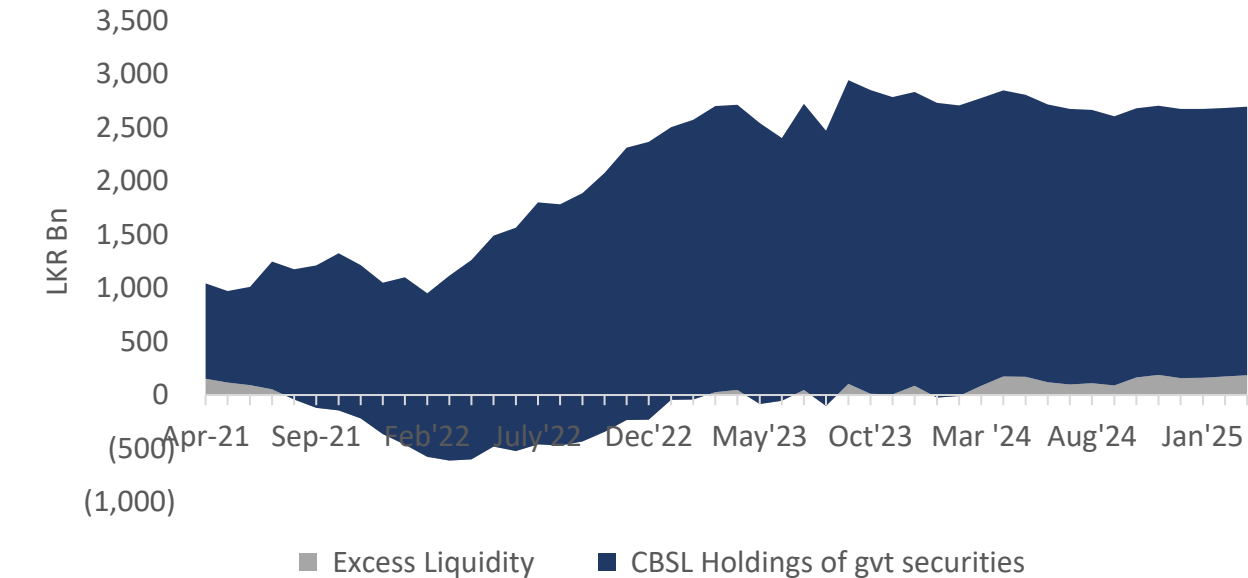


- Private sector credit edged up by LKR 133Bn in May'25, up 16.1%YoY. Private credit has expanded LKR 478.6Bn in the first five months of 2025, compared to only LKR 71.5Bn last year.

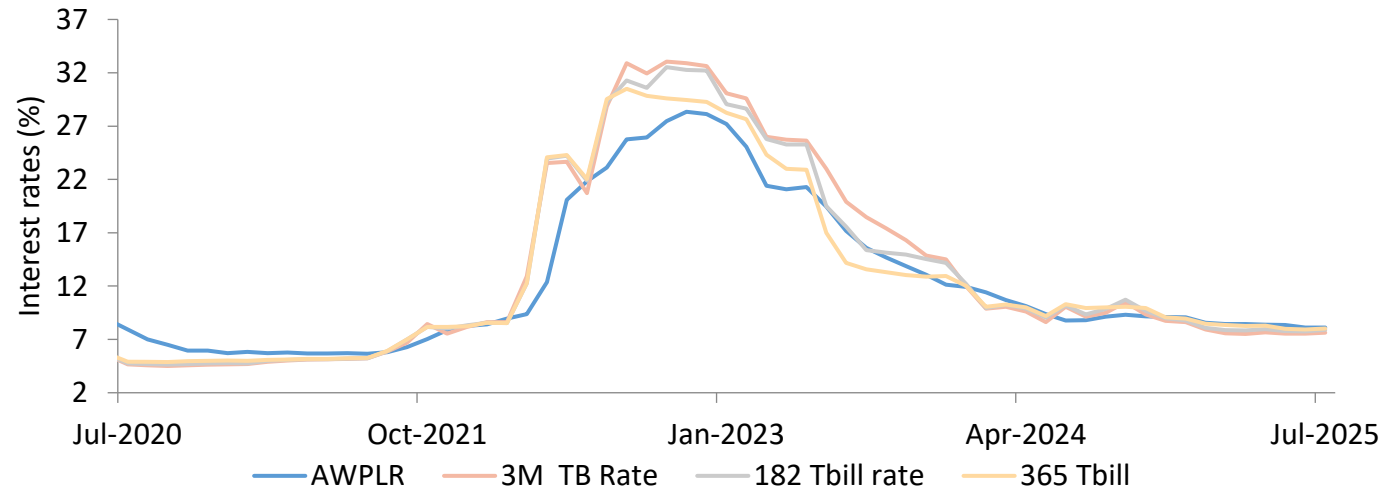


- The CBSL purchased USD 81.8Mn in July'25 and no selling has reported in July'25, resulting in a net purchase of USD 81.8Mn. Meanwhile, the net purchases during the first seven month of 2025 amounted to USD 1.09Bn.

Tbill rates edge up



- Overnight liquidity levels meanwhile ended positive of LKR 138.1Bn. CBSL's holdings of government securities meanwhile remained at LKR 2.509Tn.



- T bill rates slightly picked up with 91 days, 182 days and 365Bills increased by 7bps, 16bps and 9bps respectively to end at 7.62%, 7.91% and 8.03% on the back of policy rate remain unchanged.
- AWPLR meanwhile stayed at 8.1% from last month.

CCPI Inflation rebounds to 1.2%YoY in Aug'25, concluding 11 straight quarters of deflation

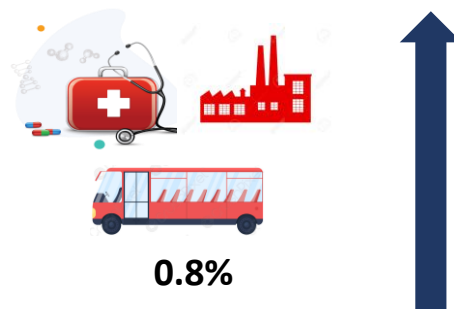


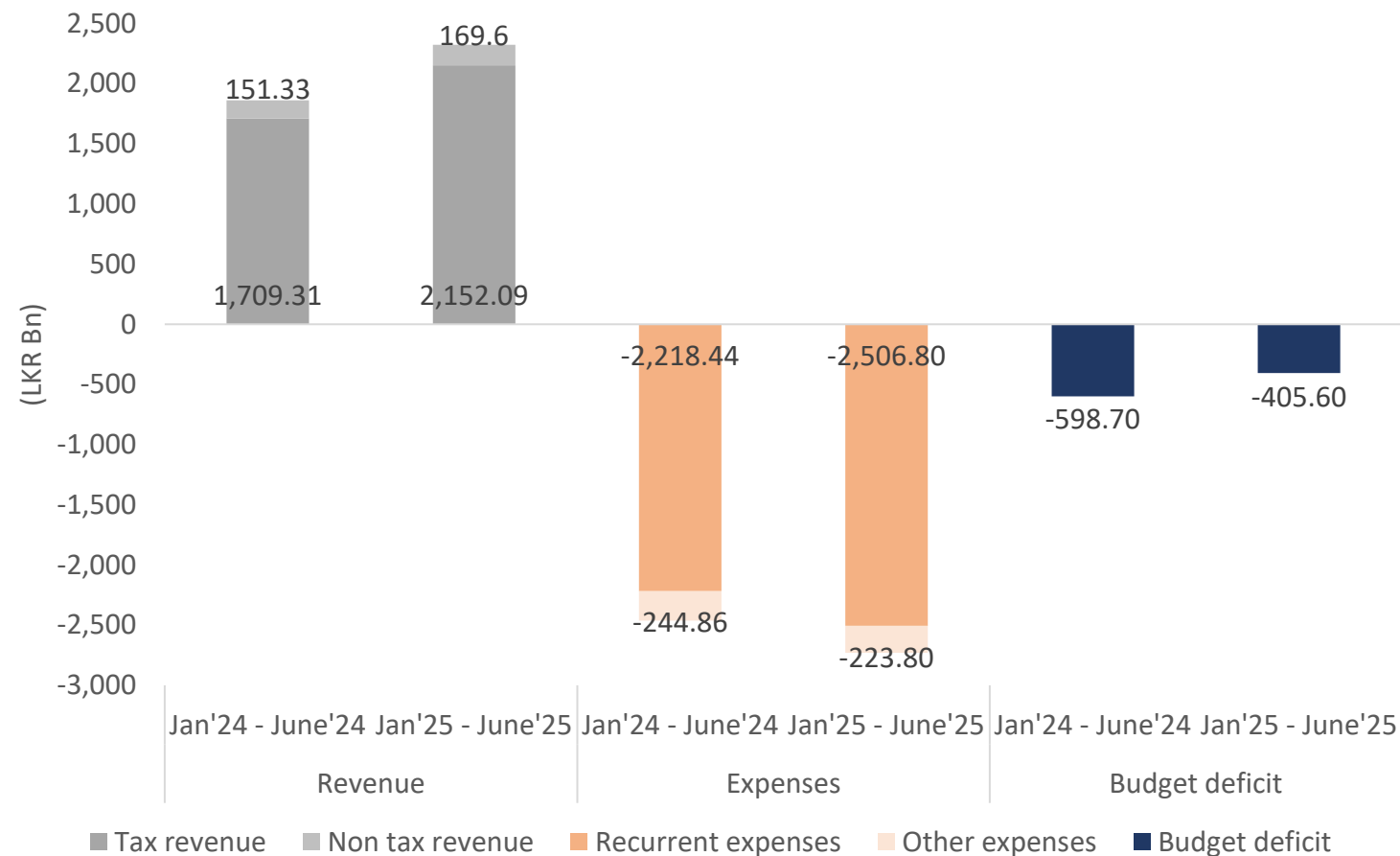
- Sri Lanka ends deflationary streak as CCPI inflation climbs to 1.2%YoY in Aug'25, compared to a deflation of 0.3%YoY in July'25. The food inflation accelerated to 2.0%YoY (from 1.5%YoY in July'25). Similarly, non-food inflation also surged to 0.8%YoY (from -1.2% YoY in July'25).
- For the month of Aug'25, on YoY basis, contribution to inflation by food commodities was 0.66%. The contribution of Non Food items was 0.51%. This was mainly due to price increases in groups of 'Education' (0.26%), 'Health' (0.17%), 'Clothing and Footwear' (0.13%), 'Housing, Water, Electricity, Gas and Other Fuels' (0.12%), 'Restaurants and Hotels' (0.11%), 'Alcoholic beverages Tobacco and Narcotics' (0.09%), 'Recreation and Culture' (0.04%), 'Miscellaneous Good and Services' (0.03%), and 'Communication' (0.01%). However, price decreases in the groups of items were reported for 'Transport' (0.40%), 'Furnishing Household Equipment and Routine Household Maintenance' (0.04%).

Food Inflation (Y-o-Y)



Non-Food Inflation (Y-o-Y)





- Government revenue for Jan’25-June’25 soared by 25%YoY to LKR 2,321.69Bn, with tax revenue also growing by 26%YoY (accounts for 93% of total revenue) and the non-tax revenue increased by 12%YoY for the same period.
- Recurrent expenses soared by 13%YoY while capital expenses plunged by 9%YoY during Jan’25-June’25. Consequently, the total expenses recorded at LKR 2,730.60Bn for the same period, reflecting an increase of 11%YoY.
- Meanwhile, the Budget deficit plummeted by 32%YoY to LKR 405.60Bn during the same period.

Source : CBSL

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