



THE SUNDAY ECONOMY

Malaysian Trade Agreement

To regain economic stability, Sri Lanka aims to attract export-oriented foreign direct investments, diversify exports, and expand market access. Developing economic integration with strategic economies is crucial. Malaysia, Sri Lanka's 34th export destination and a key ASEAN and Regional Comprehensive Economic Partnership member, had a total export value of \$58.3 million in 2023. Recognizing the importance of a free trade agreement with Malaysia, t

In 2022, Malaysia exported \$658 million to Sri Lanka, mainly refined petroleum (\$451 million), nitrogenous fertilizers (\$44 million), and palm oil (\$23.7 million), with exports increasing at an annual rate of 29% from \$184 million in 2017. Conversely, Sri Lanka exported \$65.9 million to Malaysia in 2022, primarily refined petroleum (\$11.7 million), wheat flours (\$8.42 million), and precious stones (\$4.19 million), with exports rising at an annual rate of 22.7% from \$23.7 million



Economy grows 5.3% in Q1

In Q1 2024, Sri Lanka's economy grew by 5.3% year-on-year, continuing the upward trend since September 2023. The industrial sector, which accounts for 26.2% of the economy, surged by 11.8% from a low base. The dominant services sector, constituting 58.9%, expanded by 2.6%, while agriculture, representing 7.7%, grew by 1.1%. Additionally, taxes less subsidies on products, which make up 7.2% of GDP, increased by 10%.

The Department of Census and Statistics attributed this growth to low inflation and interest rates, increased foreign currency liquidity, and lifted import restrictions, benefiting manufacturing activities. In Q4 2023, the industrial sector had grown by 7.9%, though the overall economy contracted by 2.3% in 2023, an improvement from the 7.8% contraction in



Weekly CSE Summary

Investor sentiment remained unaffected by the IMF funding, resulting in a lackluster Colombo stock market.

The S&P SL20 declined by 0.6% and the ASPI by 0.4% on Friday, following similar declines on Thursday. For the week, the S&P SL20 lost 0.2% while the ASPI remained flat. Average daily turnover improved to Rs. 2.04 billion from Rs. 1.13 billion.

DIAL, HAYL, AAIC, and RCL were major laggards. The Capital Goods sector led turnover, with John Keells Holdings and Hayleys as top contributors.

Despite mixed investor participation, the market saw a net foreign outflow of Rs. 181 million.

ASPI

12310.83 -4.50

S&P SL 20

3645.29 - 10.31

2022. Agricultural activities grew by 2.6% in 2023, while services slightly contracted by 0.2%.

Q1 2024 saw substantial growth in construction and various manufacturing sub-sectors. The services sector also recorded a 2.6% expansion, driven by increases in tourism-related activities. Specifically, accommodation and food services grew by 40.4%. Conversely, a few services, such as IT programming and public administration, saw declines. The GDP at constant prices rose to Rs. 3,329,583 million from Rs. 3,161,963 million in Q1 2023, while the GDP at current prices increased to Rs. 7,959,032 million, marking an 8.4% positive change.

Source - DCS

Editor - Anupa De Silva

June 10th, 1940: Italy, under the rule of Benito Mussolini, declared war against France and Great Britain, entering World War II.

June 11th, 1742: The Empress Maria Theresa of Austria decided to make peace with Prussian King Frederick II, ceding almost all of Silesia to him in the Treaty of Breslau, which marked the end of the First Silesian War.

June 12th, 1701: The Act of Settlement, the law that continues to regulate the succession to the throne of the United Kingdom, was passed by Parliament.

June 13th, 2000: South Korean President Kim Dae-Jung met North Korean leader Kim Jong Il in a summit that marked the first meeting between heads of the two countries, helping earn Kim Dae-Jung the Nobel Peace Prize.

June 14th, 1940: The first prisoners arrived at Auschwitz concentration camp.

June 14th, 1807: Napoleon won the Battle of Friedland, leading to a treaty with Alexander I of Russia.

June 15th, 1215: King John of England sealed the Magna Carta, a document that limited the powers of the king and laid the foundation for modern democracy.

June 16th, 1963: Valentina Tereshkova became the first woman to fly in space, orbiting the Earth 48 times aboard Vostok 6..

Ceylon Tea to get a Market in Uzbekistan

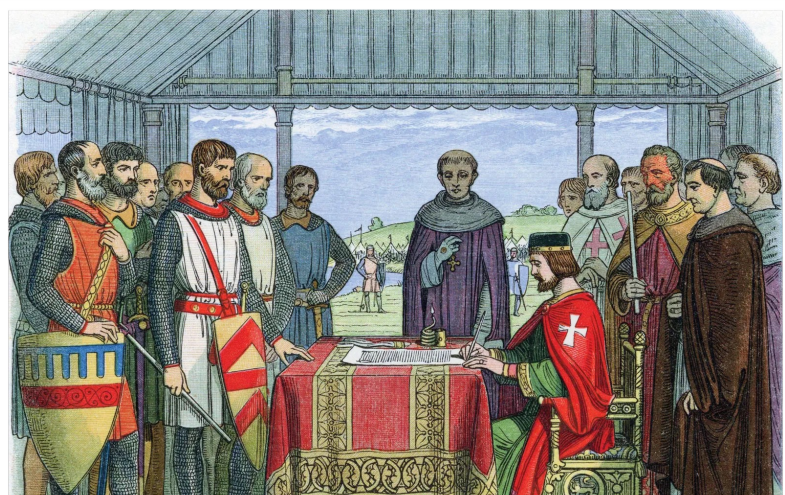
Uzbekistan has been negotiating to join the World Trade Organization (WTO) for several years. A WTO Working Group, including Sri Lanka, is examining Uzbekistan's application and drafting an Accession Agreement.

Sri Lanka aims to export tea to Uzbekistan and has reached a preliminary agreement on lowering trade tax obligations for these exports. Uzbekistan must sign an "Alliance Agreement on Accession" with Sri Lanka, confirming that bilateral negotiations complied with WTO provisions.

Consequently, the Cabinet of Ministers approved the proposal by the Minister of Trade, Commerce, and Food Security to sign the agreement.

The Magna Carta

The Magna Carta, or "Great Charter," is a cornerstone of English political liberty, drafted at Runnymede near the River Thames and signed by King John on June 15, 1215, under duress from rebellious barons. This historic document declared that the sovereign was subject to the rule of law, a revolutionary concept at the time. By detailing the rights and liberties of "free men," the Magna Carta laid the groundwork for modern individual rights and freedoms. It profoundly influenced the development of Anglo-American jurisprudence, becoming a foundational text for legal principles that prioritize the protection of individual liberties against arbitrary authority. Its legacy endures as a symbol of the enduring struggle for justice and the rule of law.



World Column

NYSE weekly summary

This week's market action mirrored last week's trends, with the S&P 500 continuing to reach new all-time highs, resulting in a performance gap of ~10% YTD between the market cap-weighted index and the equal-weight index.

Positive tech updates boosted the market, while economically sensitive sectors faced disappointing news. Inflation data improved, but rising jobless claims and hawkish undertones from the Fed, which left rates unchanged, influenced sentiment.

Treasury yields fell to early April levels due to lower inflation, growth slowdown fears, and strong Treasury auctions. Overseas, European election results and escalating geopolitical risks in Ukraine and the Middle East caused volatility. The S&P 500 rose ~1.5% for the week, driven by tech, while financials and energy sectors lagged.

Indicies

DOW 38,589 (-58),
S&P 500 5,432 (-2),
Russell 2000 2,006 (-33),
NYSE FANG+ 11,196 (+79),
ICE Brent Crude \$82.55/barrel (-\$0.20),
Gold \$2,348/oz (+\$30),
Bitcoin ~65.7k (-1195)

Follow Us for daily Updates

@lankaneconomist

Instagram- <https://instagram.com/lankaneconomist?igshid=NGVhN2U2NjQ0Yg==>

Youtube- <https://youtube.com/@LankanEconomist?si=mKDPAjzflV9cjEI>

LinkedIn- <https://www.linkedin.com/company/lankaneconomist/>

X(Twitter) - <https://x.com/LKeconomist?s=20>

We are Now Live

Visit

[www.lankaneconomist .com](http://www.lankaneconomist.com)

Editor

Anupa De Silva -

lankaneconomist@gmail.com