



# THE SUNDAY ECONOMY

## Presidential Election on 21st of September

The Election Commission announced that the 2024 Presidential Election will be held on 21 September, with nominations accepted on 15 August. Applications for postal voting will also be accepted during this period. Deposits for the election started yesterday, with a deadline of 14 August.

Rathnayake emphasized the commission's procedural integrity and adherence to constitutional and legal frameworks, defending the 21 September date for logistical reasons. He urged public trust in the commission's transparency.

Former Deputy Minister Sarath Keerthirathne and President Ranil

Wickremesinghe, as an independent candidate, were among the first to place deposits. Activist Oshala Herath and businessman A.S.P. Liyanage also placed deposits,



## 25 basis point reduction in Monetary Policy

In a significant move to stimulate economic growth, the Central Bank of Sri Lanka has announced a 25 basis point reduction in its key policy rates. The Standing Deposit Facility Rate and Standing Lending Facility Rate now stand at 8.25% and 9.25% respectively, signalling a continuation of the bank's accommodative monetary policy stance.

This decision comes on the heels of encouraging economic indicators. The Sri Lankan economy expanded by 5.3% year-on-year in Q1 2024, marking the third consecutive quarter of growth. Inflation remains well below the targeted 5%, recorded at just 1.7% in June 2024.

The central bank aims to induce further reductions in market lending rates to support economic activity, with the economy currently operating below its full capacity. The external sector shows positive momentum, with the current account likely recording a surplus in the first half of 2024.

## Weekly CSE Summary

The stock market closed the week on a lackluster note with the ASPI down by 0.8% and the S&P SL20 by 1.3%. On Friday, both indices closed negatively.

The average weekly turnover was Rs. 577 million. Key contributors to ASPI's decline included COMB, JKH, and NDB, while HNB, SAMP, and HAYL contributed positively.

The Banking sector led turnover, followed by Capital Goods and Food, Beverage, and Tobacco sectors. MFPE started trading, becoming a top turnover contributor.

The market saw mixed sentiment, high net worth participation, and a net foreign outflow of Rs. 44.3 million.

### Weekly Indices

#### ASPI

11633.38 - 93.7

#### S&P SL 20

3385.63 - 43.37

However, challenges remain. The transmission of relaxed monetary policy to broader market interest rates, particularly lending rates, has been slower than desired. The bank expects financial institutions to pass on the benefits of policy easing to borrowers, fostering sustained credit growth and economic revival.

## Government Imposes Price Controls on Bread to Combat Inflation

In a bid to stabilise food prices and protect consumers, Sri Lanka's Consumer Affairs Authority (CAA) has announced plans to enforce a controlled price for bread starting next week. The move comes as part of the government's efforts to manage inflation and ensure affordable staples for its citizens.

Under the new regulations, a 450-gram loaf of bread must be sold at a fixed price of Rs 130. The CAA has warned of strict penalties for non-compliance, with fines ranging from Rs 100,000 for small shops to Rs 5 million for larger bakeries.

This action follows recent complaints about inconsistent pricing and weights of bread across the country. In response, the All Ceylon Bakery Owners' Association has already reduced bread prices by Rs 10 per loaf.

The CAA's Director of Raids and Special Investigations, Sanjay Irasinghe, emphasised the authority's commitment to enforcing these new price controls through regular inspections and raids.

**July 28th: In 1914**, Austria-Hungary declared war on Serbia, marking the official start of World War I. This conflict had profound economic impacts, reshaping global trade patterns and industrial production.

**July 29th: In 1957**, the International Atomic Energy Agency was established, playing a crucial role in promoting peaceful use of nuclear energy and impacting the global energy economy.

**July 30th: In 1956**, President Dwight D. Eisenhower signed a joint resolution of Congress, authorizing "In God We Trust" as the U.S. national motto, which began appearing on paper currency, influencing discussions on the relationship between government and economy.

**July 31st: In 1970**, the British Royal Navy ended the daily rum ration for sailors, a tradition dating back to 1655, marking a shift in naval practices and impacting the rum trade.

**August 1st: In 1981**, MTV launched in the United States, revolutionizing the music industry and creating new economic models for artists and record labels.

**August 2nd: In 1990**, Iraq invaded Kuwait, leading to the Gulf War and causing significant disruptions in global oil markets and Middle Eastern economies.

**August 3rd: In 1492**, Christopher Columbus set sail from Palos, Spain, on his first voyage to the New World, initiating centuries of economic exchange and exploitation **between Europe**

## Thailand Aids Sri Lanka in Debt Management Reform

In a landmark move towards fiscal strengthening, Thailand's Neighbouring Countries Economic Development Cooperation Agency (NEDA) has partnered with Sri Lanka's Finance Ministry to launch a crucial Capacity Building Program. This initiative aims to train officials for Sri Lanka's upcoming Public Debt Management Office (PDMO), set to be established by year-end.

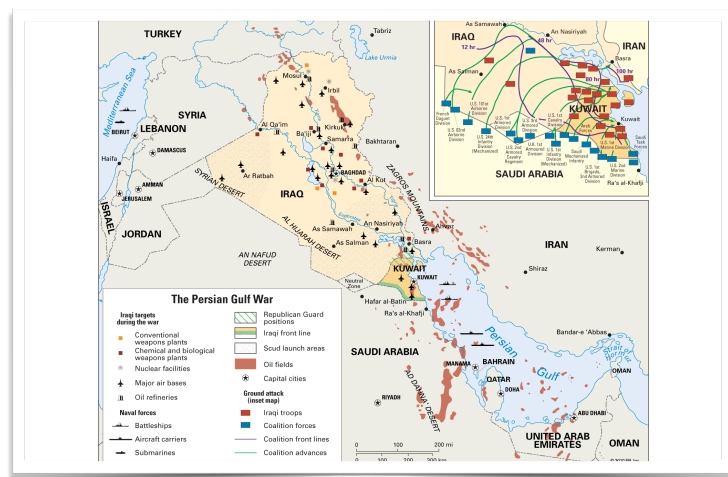
The agreement, signed in Colombo, will see NEDA funding the training of 20-25 Sri Lankan officials in Thailand this October. This collaboration comes at a critical juncture as Sri Lanka works to recover from its recent economic crisis and implement robust fiscal policies.

Treasury Secretary Mahinda Siriwardana highlighted the government's efforts in economic recovery and emphasised the importance of preventing future crises.

## Persian - Gulf War

**Persian Gulf War**, (1990–91), [international](#) conflict that was triggered by [Iraq](#)'s invasion of [Kuwait](#) on August 2, 1990. Iraq's leader, [Saddam Hussein](#), ordered the invasion and occupation of Kuwait with the apparent aim of acquiring that nation's large oil reserves, canceling a large debt Iraq owed Kuwait, and expanding Iraqi power in the region. It was the first major international crisis of the post-[Cold War](#) era.

Operation Desert Sabre was a massive allied ground offensive that was launched northward from northeastern Saudi Arabia into Kuwait and southern Iraq on February 24, 1991, and within three days, Arab and U.S. forces had retaken Kuwait city in the face of crumbling Iraqi resistance



## World Column

### NYSE weekly summary

The week was marked by intense market volatility, especially in tech stocks. A "Great Rotation" continued following a positive CPI report, but signs of strain emerged late in the week.

The S&P 500 experienced its largest single-day decline since 2022, breaking a long streak without a 2% drop. Disappointing earnings from mega-cap tech companies like Alphabet and Tesla triggered selloffs.

The VIX rose above 15 for the first time since April, briefly nearing 20. Despite tech weakness, a rotation into other sectors persisted. The week concluded with the S&P 500 down 0.8%, while its equal-weight version rose by a similar amount. The NYSE FANG+ and ICE Semis fell 3%, but the Russell 2k gained 3.4%.

### Indicies

DOW 40,589 (+654),  
S&P 500 5,459 (+60),  
Russell 2000 2,260 (+37),  
NYSE FANG+ 10,907 (+71),  
ICE Brent Crude \$80.55/barrel (-\$1.82),  
Gold \$2,386/oz (+\$32),  
Bitcoin ~67.9k (+2112)

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