



THE SUNDAY ECONOMY

Treasury to provide funds for plantation sector allowances

Over 2000 court cases are currently underway in various provinces due to the non-payment of statutory allowances by the Sri Lanka State Plantation Corporation, Janatha Estate Development Board, and Elkaduwa Plantation Company Limited. The earnings of these institutions are insufficient to settle these arrears, leading to legal complications.

To address this issue, the Cabinet of Ministers has approved a proposal presented by the President to provide the necessary funds from the Treasury as a loan. These funds will be used to pay the overdue statutory allowances and will be repaid in instalments from the future earnings of these institutions.

Additionally, the Commissioner General of Labor has been instructed to reduce the surcharges related to these payments as per the Employees Provident Fund Act No. 15 of 1958.



CBSL to Maintain Policy Rates

The Central Bank of Sri Lanka has opted to maintain its current policy interest rates, as decided by its Monetary Policy Board on May 27, 2024. Both the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) will remain unchanged at 8.50 percent and 9.50 percent, respectively.

As mentioned this determination stems from a careful evaluation of current and projected macroeconomic conditions. The primary objective remains to uphold inflation at approximately 5 percent while fostering economic growth. Regardless of recent fluctuations in headline inflation, forecasts suggest a convergence to the targeted level over the



Weekly CSE Summary

The Colombo stock market dipped sharply amidst investor concerns over election uncertainty.

The S&P SL20 declined by 2% and the ASPI by 1% to a one-month low.

Turnover was Rs. 1 billion with 55.6 million shares traded. The market has lost Rs. 90 billion in the past three sessions.

The Rs. 22.5 billion Rights Issue of Commercial Bank negatively impacted indices and sentiments. Major declines were seen in COMBN (-8.2%) and COMBX (-7.6%).

Turnover was led by COMBN (Rs. 221 million) and SAMP (Rs. 207 million).

High net worth and institutional investor participation was noted in Sampath Bank, Lanka Milk Foods, and Nations Trust Bank.

Dividends were declared by Royal Ceramic Lanka (90 cents), Lanka Ceramic (Rs. 1.20), Union Chemicals (Rs. 27), Central Finance (Rs. 2), and Elpitiya Plantations (Rs. 5).

ASPI

12,106.49 - 242.35

S&P SL 20

3569.04 - 97.85

medium term. More Importance is placed on the necessity of further reducing market lending rates to strengthen the economic activity. At the same time, the external sector exhibits signs of improvement, with notable expansions in reserves and a commendable appreciation of the rupee against the US dollar.

The Central Bank pledges continued vigilance, with a commitment to adapt policies as necessary to ensure stability and sustain the trajectory of economic recovery. Regular monitoring of data will inform any requisite adjustments to policy measures in the pursuit of enduring economic equilibrium.

This Week In History

June 2, 1896: Guglielmo Marconi receives a patent for his invention of the radio. This patent laid the foundation for modern wireless communication and had profound economic implications for industries such as telecommunications and broadcasting.

June 4, 1944: Allied forces liberate Rome from German occupation during World War II. The liberation of Rome was a significant morale boost for the Allied forces and marked a turning point in the Italian campaign, which had economic implications for the post-war reconstruction of Italy.

June 5, 1967: The Six-Day War begins between Israel and its neighboring Arab states. The war resulted in significant territorial gains for Israel and had economic consequences for the entire region, including the disruption of trade and oil supplies.

June 7, 1975: The United Kingdom holds a referendum on whether to remain in the European Economic Community (EEC), the precursor to the European Union. The outcome was a majority in favor of staying in the EEC, which had long-term economic implications for the UK's relationship with Europe.

Cabinet Approves Blue Flag Beach proposal

Sri Lanka is aiming to establish Blue Flag beaches to enhance environmental protection and ensure the safety and health of tourists. The Blue Flag program, a popular eco-friendly certification among tourists, evaluates beaches based on 32 criteria in four key areas: water quality, environmental management, environmental education, and public safety. This prestigious certification is issued by the Foundation of Environmental Education (FEE) in Denmark.

To facilitate the issuance of Blue Flag certificates in Sri Lanka, an organisation in the country must obtain affiliate membership with FEE. Consequently, the Cabinet of Ministers approved the proposal by the Minister of Urban Development and Housing for the Marine Environmental Protection Authority to acquire this membership for two years. A cooperation agreement will also be established with FEE.

The first beach planned for Blue Flag certification in Sri Lanka is Unawatuna Beach. This initiative aims to promote sustainable tourism and enhance the country's appeal as a tourist destination.

Sri Lanka to host 60 th session of International Coconut Community

Sri Lanka will host the 60th Session and Ministerial Meeting of the International Coconut Community in November 2024. This event aims to boost foreign exchange earnings, promote the Sri Lankan coconut industry among member countries, and enhance cooperation among key stakeholders.

The Cabinet of Ministers approved the proposal by the Minister of Agriculture and Plantation Industries to hold this meeting in Colombo. The event will be funded by the Coconut Development Authority's income and contributions from several private institutions in the coconut sector.

World Column

NYSE weekly summary

Last Thursday, major indices surged due to Nvidia's strong quarter but reversed sharply after a strong PMI report sent Treasury yields higher.

This outside reversal day signaled a potential short-term trend change. Early in the week, tech outperformed while other sectors struggled due to rising yields and concerns over fiscal deficits.

However, mid-week, yields fell after weak Treasury auctions and revised Q1 GDP data. Tech weakened further due to disappointing earnings, while retail earnings were solid despite moderated demand.

Markets rallied in the final 30 minutes on Friday, driven by month-end flows. May ended strong, with the S&P 500 up nearly 5%..

Indicies

DOW 38,686 (+575),
S&P 500 5,278 (+42),
Russell 2000 2,070 (+14),
NYSE FANG+ 10,322 (-87),
ICE Brent Crude \$81.63/barrel (-\$0.23),
Gold \$2,349/oz (-\$17),
Bitcoin ~67.6k (-864)

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