

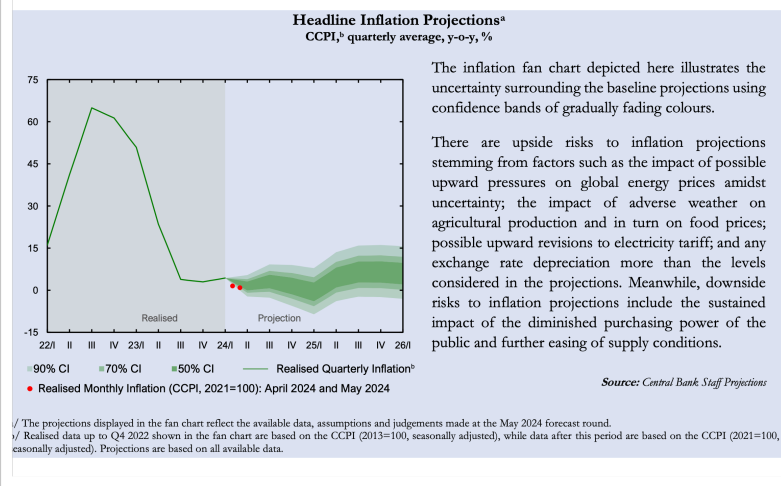


# THE SUNDAY ECONOMY

## Cabinet Nods for Enterprise Sri Lanka

The Government of Sri Lanka, under the "Enterprise Sri Lanka" initiative, aims to transform the country's production economy to achieve medium-term targets such as a per capita income of USD 5,000, one million new jobs, and continuous GDP growth exceeding 5%. This program encompasses 15 tailored financial and non-financial schemes designed to support SMEs, farmers, and agro-based companies, promoting mechanization and modern agro-technologies. Additionally, it encourages the shift from fossil fuels to renewable energy, addressing future energy crises.

Enterprise Sri Lanka also targets micro-enterprises, self-employees, and young entrepreneurs, offering not only financial aid but also technical support. Key issues such as access to affordable finance, lack of collateral, low technology levels, and limited market opportunities are addressed through various schemes.



## Headline Inflation Falls

Headline Inflation Falls to 0.9% in May 2024. In May 2024, headline inflation in Sri Lanka, measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100), dropped to 0.9%, down from 1.5% in April 2024. This decrease aligns with the Central Bank of Sri Lanka's (CBSL) forecasts.

Food inflation remain unchanged, stabilizing at 0.0% Y-o-Y in May 2024 compared to 2.9% in April 2024, indicating no overall change in food prices. However, non-food inflation rose to 1.3% Y-o-Y in May from 0.9% in April, reflecting increased prices in other sectors.

On a month-on-month basis, inflation continued its downward trend. The CCPI fell by 0.57% in May, with a



## Weekly CSE Summary

The Colombo stock market ended the week positively due to a late rally and improved investor sentiment.

The ASPI gained 1.7% and the S&P SL20 rose 2.4%, with an average daily turnover of Rs. 1.13 billion.

Indices closed higher for four consecutive sessions, driven by investor confidence in external debt restructuring progress.

Key gainers included PLC, HAYL, TJL, and HNBN, while LLUB, LOLC, VONE, and DIPD saw losses.

Turnover decreased by 18.5%, led by the banking sector, which contributed 45.1%.

Notable stocks were Hatton National Bank, Sampath Bank, and People's Leasing & Finance

### ASPI

**12314.38 + 207.89**

### S&P SL 20

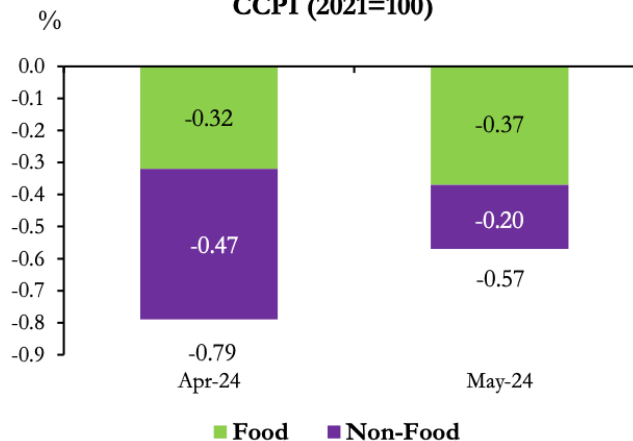
**3655.61 + 86.57**

0.37% price decrease in the Food category and a 0.20% decrease in the Non-Food category. The index value dropped from 195.2 in April to 194.1 in May.

Core inflation, which excludes volatile items and provides a clearer picture of underlying inflation trends, edged up slightly to 3.5% in May from 3.4% in April.

The CBSL anticipates that inflation will remain below the 5% target in the near term, though some risks may persist. Over the medium term, inflation is expected to align with and stabilize around the target level, supported by effective policy measures.\

**Contribution to Monthly % Change in  
CCPI (2021=100)**



Inflation CCPI (2021=100)	April 2024	May 2024
Index Value	195.2	194.1
Monthly Change (%)	-0.79	-0.57
Y-o-Y Inflation (%)	1.5	0.9

Source - CBSL

Editor - Anupa De Silva

## This Week In History

**June 9th, 1815:** The Final Act of the Congress of Vienna, comprising several agreements separately negotiated among various participants for the reorganization of Europe in the aftermath of the Napoleonic Wars, was signed by representatives of Austria, France, Great Britain, Portugal, Prussia, Russia, and Sweden.

**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,** First prisoners at Auschwitz concentration camp

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

**1777:** The Continental Congress approved the Stars and Stripes as the first national flag of the United

## Parliament passes the new Electricity Bill

Parliament passed the new Electricity Bill yesterday with amendments, securing a majority of 44 votes. The Bill received 103 votes in favor and 59 against after a day's debate.

Earlier, the Supreme Court identified certain clauses as unconstitutional, requiring a two-thirds majority unless amended. Power and Energy Minister Kanchana Wijesekera announced that the Government would adopt the Court's recommended amendments, allowing the Bill to pass with a simple majority.

The Committee Stage is ongoing, with amendments being introduced to ensure constitutional compliance.

## IMF: Sri Lanka's Economic Reforms Showing Positive Results

The International Monetary Fund (IMF) announced that Sri Lanka's macroeconomic policy reforms are beginning to "bear fruit," with the country on track to reach agreements with external commercial creditors soon. Ahead of the second review of its \$2.9 billion bailout program, IMF Communication Director Julie Kozack highlighted Sri Lanka's "sufficiently strong progress" on debt restructuring.

She noted that Sri Lanka's program performance is strong, with most conditions for the review met. The IMF's Executive Board will discuss the second review and the Article IV Consultation on June 12.

Kozack praised Sri Lanka's rapid disinflation, reserve accumulation, and signs of economic growth. She emphasized ongoing debt restructuring talks, including advanced discussions with China Development Bank. Sri Lanka defaulted in April 2022, and the IMF approved nearly \$3 billion in bailout funds in 2023.

## World Column

### NYSE weekly summary

Last week saw a nearly 2% intraday reversal in the S&P 500, largely driven by month-end and MSCI Quarterly index rebalance flows.

Despite ending the week up 1.5% and reaching a new all-time high, market breadth was narrow, with tech stocks, particularly Nvidia, leading gains. Economic data, including mixed ISM surveys and a stronger-than-expected BLS Employment Report, influenced Treasury yields.

However, broader indices like the Russell 2000 and S&P Midcap underperformed, with economically sensitive sectors like energy and utilities posting significant losses.

### Indicies

DOW 38,799 (-87),  
S&P 500 5,347 (-6),  
Russell 2000 2,027 (-23),  
NYSE FANG+ 10,628 (-25),  
ICE Brent Crude \$79.56/barrel (-\$0.31),  
Gold \$2,311/oz (-\$80),  
Bitcoin ~69.3k (-1397)

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