AMBEON SECURITIES | Research

Sri Lanka Weekly Summary

CCPI inflation up to 8.3% in Oct'26 from 8.0%

FISCAL

- Jan-Aug 2026 surplus **Rs 35.4 bn** vs Rs 411 bn deficit in 8M2025
- Revenue **+21.2%**, expenditure **+6.9%** YoY (Jan-Aug 2026)
- T-bond auction **2.2x**; foreign holdings **-4.3%** WoW

EXTERNAL

- Trade deficit **+52.9%** YoY to **USD 7.9 bn** (9M2026)
- USD/LKR **332.59** (-6.8% YTD); Brent **USD 117.7**/bbl
- Remittances **+18.1%** YoY (Jan-Sep'26); reserves **USD 6.87 bn**

MONETARY

- OPR **8.75%** unchanged; AWPR **11.23%** (+30 bps WoW)
- Sep AWDR **7.62%** (+10 bps); AWLR **12.66%** (+7 bps WoW)
- Liquidity surplus **Rs 392.7 bn**; 364-day T-bill **9.95%** as of end 30th Oct'26

REAL

- CCPI inflation **8.3%** YoY in Oct'26 (Sep'26: 8.0%)
- GDP growth **4.2%** in Q2 2026 vs 5.0% a year ago
- PMI Manufacturing **53.0**, Services **60.5** (Sep'26)

AMBEON VIEW

Rising inflation with oil elevated may limit room for rate cuts, but firm auction demand and the equity rebound remain supportive. The 12 Nov Budget may act as the next catalyst.

Sources: Ambeon Research, CBSL, CSE, News articles

Fiscal Sector

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T-bond auction 2.2x; foreign holdings -4.3% WoW

Overall balance, Jan-Aug 2026

+Rs 35.4 bn

vs Rs 411.0 bn deficit, Jan-Aug 2025

Revenue & grants, Jan-Aug 2026

Rs 4,002 bn

+21.2% vs Jan-Aug 2025

Expenditure, Jan-Aug 2026

Rs 3,967 bn

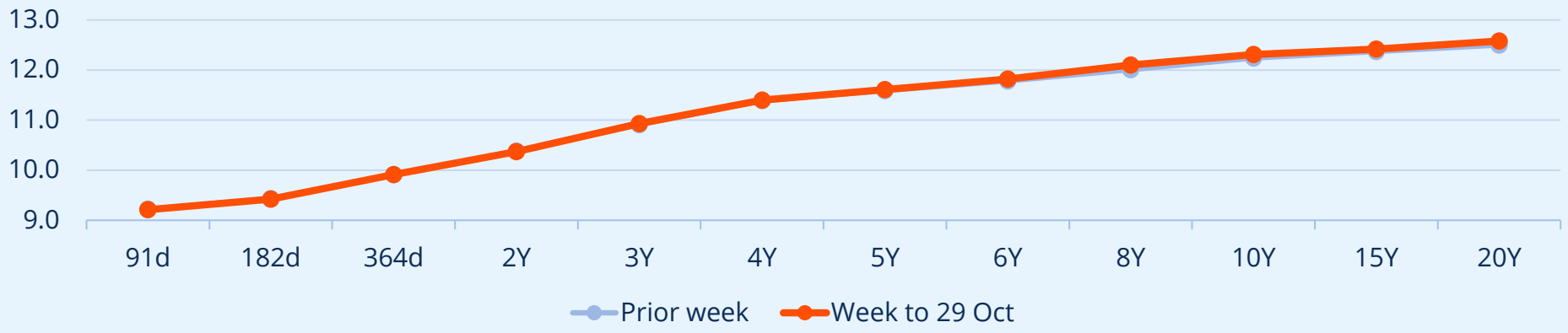
+6.9% vs Jan-Aug 2025; capex +31.6%

Total Govt debt, H1 2026

Rs 31.3 tn

+4.3% YTD vs end Dec 2025

Secondary market yield curve, week to 29 Oct (%): T-bonds up by c. +9 bps



Primary surplus **Rs 1,645 bn** (Jan-Aug 2026) vs Rs 1,277 bn 8M 2025

T-bill auction **2.3x** (Rs 86.5 bn); T-bond **2.2x** (Rs 100 bn); foreign holdings **-4.3% WoW**

Debt: domestic **Rs 18.8 tn**, foreign **Rs 12.5 tn** (end Jun 2026)

AMBEON VIEW

Tax revenue growth, amidst absence of spending cuts, drove the surplus. Meanwhile strong auction demand kept yields steady despite foreign selling.

Sources: Ambeon Research, CBSL, CSE, News articles

External Sector

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Trade deficit widened +52.9% YoY to USD 7.9 bn (9M2026)

USD/LKR average, 30 Oct 2026

332.59

YTD depreciation 6.8%

Trade deficit, Jan-Sep 2026

USD 7.91 bn

YoY: exports +5.3%; imports +21.3%

Remittances, Jan-Sep 2026

USD 6.87 bn

+18.1% vs Jan-Sep 2025

Apparel exports, Jan-Sep 2026

USD 3.51 bn

-5.4% YoY; Sep'26 +3.4% YoY

- Remittances **USD 734.4 mn** in Sep 2026
- Tourist arrivals **1.69 mn**, **-1.8% YoY** (Jan-Sep 2026)
- Tourism earnings **-9.2% YoY** to **USD 2,245 mn** (Jan-Sep 2026)
- Sep'26 exports a record **USD 1,377 mn**, **+21% YoY**
- Reserves **USD 6.87 bn** (end Sep 2026)
- Terms of trade **-3.0% YoY** to **84.5** index points (Sep 2026)

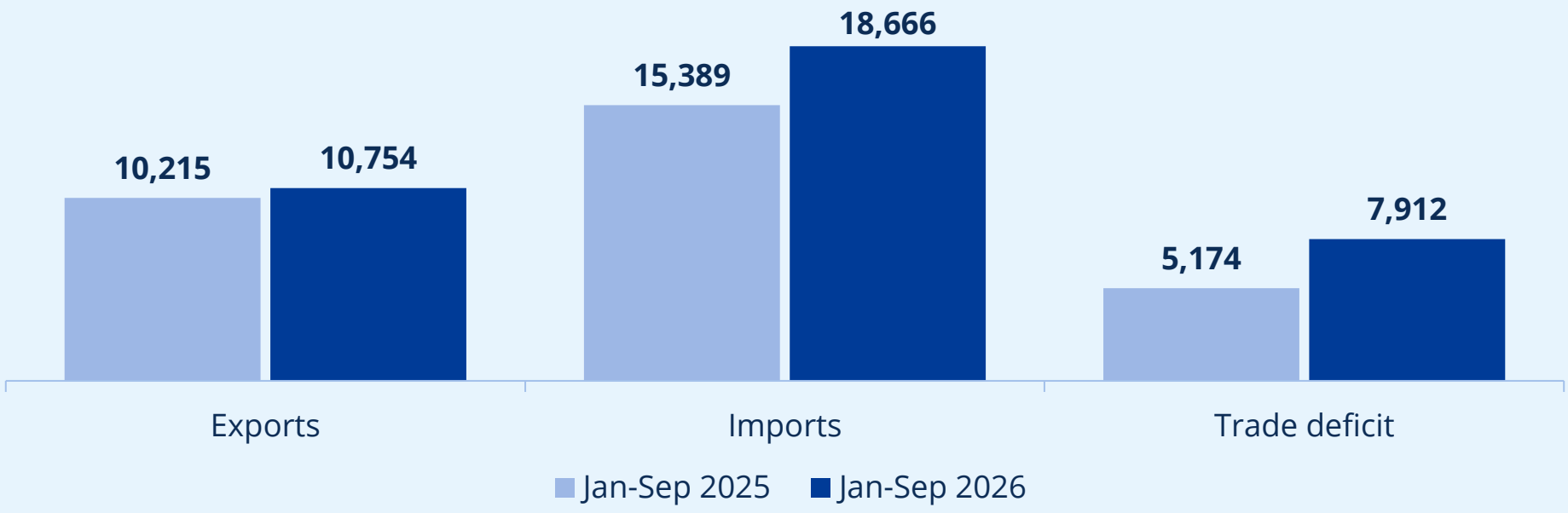
Sources: Ambeon Research, CBSL, CSE, News articles

External Sector

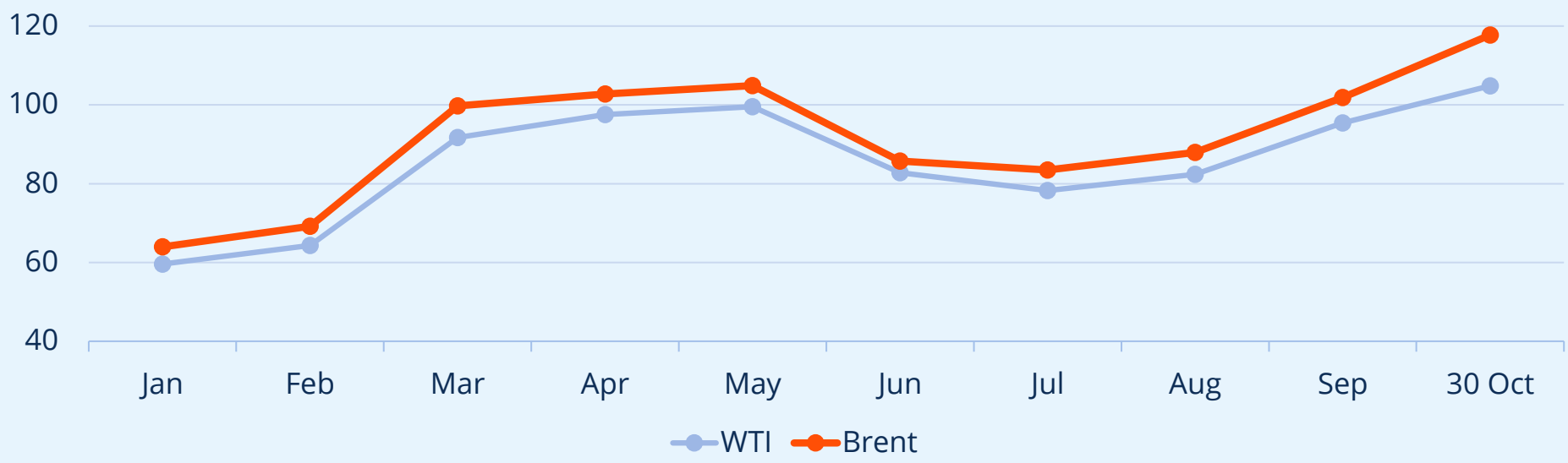
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Imports +21.3% YoY (Jan-Sep); Brent USD 117.7

External trade, Jan-Sep (USD mn)



Global oil prices, 2026 monthly average to 30 Oct (USD/bbl)



Brent crude, 30 Oct	WoW (+USD 3.18)	vs Jan avg (USD 63.96)	Brent-WTI gap, 30 Oct
USD 117.74	+2.8%	+84%	USD 12.91

AMBEON VIEW

Oil at a fresh high and a weaker rupee add to inflation pressure, while strong remittances and record September exports may offer support. However, imports are growing much faster than exports, widening the trade deficit.

Sources: Ambeon Research, CBSL, CSE, News articles

Monetary Sector

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AWPR +30 bps WoW to 11.23%; liquidity Rs 392.7 bn

Policy rate (OPR), 30 Oct 2026

8.75%

Unchanged vs prior week

364-day T-bill, week to 29 Oct

9.95%

Unchanged vs prior week

AWPR, week ending 30 Oct 2026

11.23%

+30 bps vs prior week

Liquidity surplus, 30 Oct 2026

Rs 392.68 bn

vs Rs 384.90 bn, 23 Oct

AWCMR **9.04%** (+4 bps WoW); repo **9.10%** (30 Oct 2026)

AWDR **7.62%** (+10 bps); AWLR **12.66%** (Sep 2026)

Primary T-bill yields: 91-day **9.34%**, 182-day **9.44%** (29 Oct)

T-bond auction yields: 2030 **11.44%**, 2034 **12.61%**, 2036 **12.85%**

Private credit **+24.5% YoY**; M2b **+11.5%** YoY (Aug 2026, latest)

Reserve money **Rs 1,936.6 bn** (29 Oct), down Rs 6.0 bn WoW

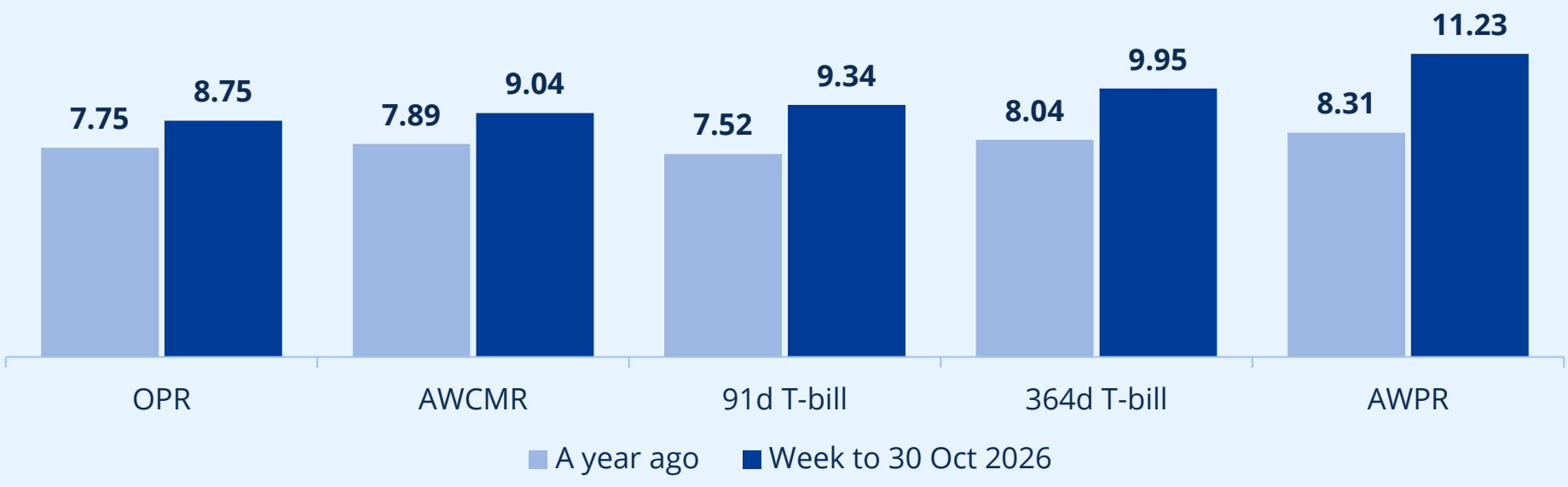
Sources: Ambeon Research, CBSL, CSE, News articles

Monetary Sector

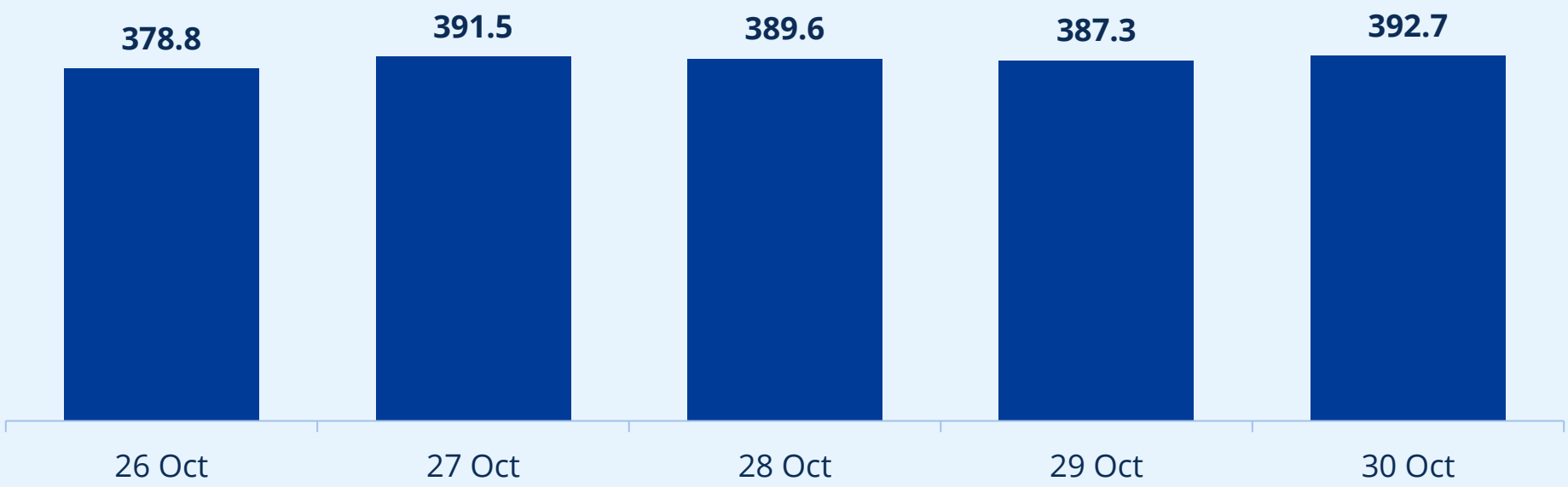
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AWDR +10 bps to 7.62%, AWLR +7 bps to 12.66% (Sep)

Key rates: a year ago vs week to 30 Oct 2026 (%)



Total outstanding market liquidity, 26-30 Oct (Rs bn)



AMBEON VIEW

Short-term rates edged up whilst the liquidity surplus widened amidst unchanged policy rate. Deposit and lending rates both rose in September, whilst the liquidity surplus stood near Rs 390 bn through the week. With inflation close to the policy rate, room for further easing remains limited.

Sources: Ambeon Research, CBSL, CSE, News articles

Real Sector

CCPI inflation rose to 8.3% in Oct'26

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CCPI inflation, Oct 2026 (YoY)

8.3%

YoY; Sep 2026: 8.0%

CCPI food, Oct 2026 (YoY)

8.8%

Non-food 8.0%; Sep food 8.0%

GDP growth, Q2 2026 (YoY)

4.2%

vs 5.0% in Q2 2025

PMI Mfg / Services, Sep 2026

53.0 / 60.5

Index; above 50 = expansion

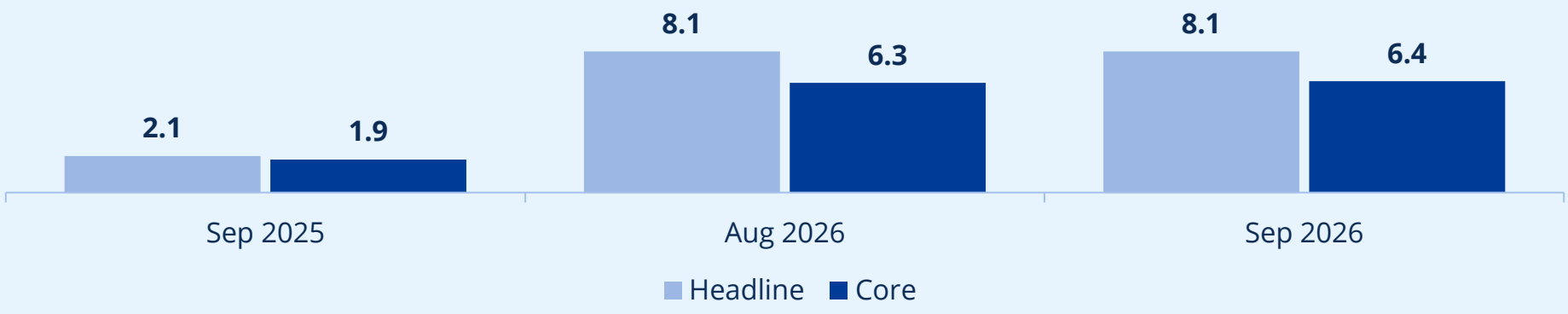
- Industrial production index **99.7** (2015=100), **+1.3% YoY** (Aug 2026)
- PMI Construction **57.8** index (Sep 2026); above 50 = expansion
- Tea **19.0 mn kg** (**-3.7% YoY**); rubber **6.0 mn kg** (**-2.2%**) (Aug 2026)
- Unemployment **4.0%** of labour force (Q2 2026)
- Wage Rate Index: informal private **+10.3%**, public **+5.0%** YoY (Sep 2026)

Sources: Ambeon Research, CBSL, CSE, News articles

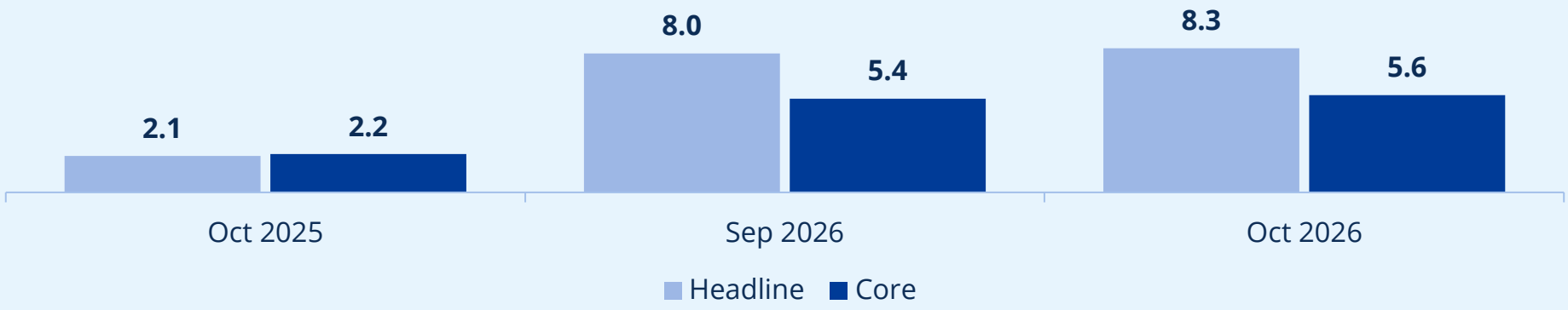
Real Sector

NCPI in Sep stood at 8.1% YoY; Q2 GDP 4.2%

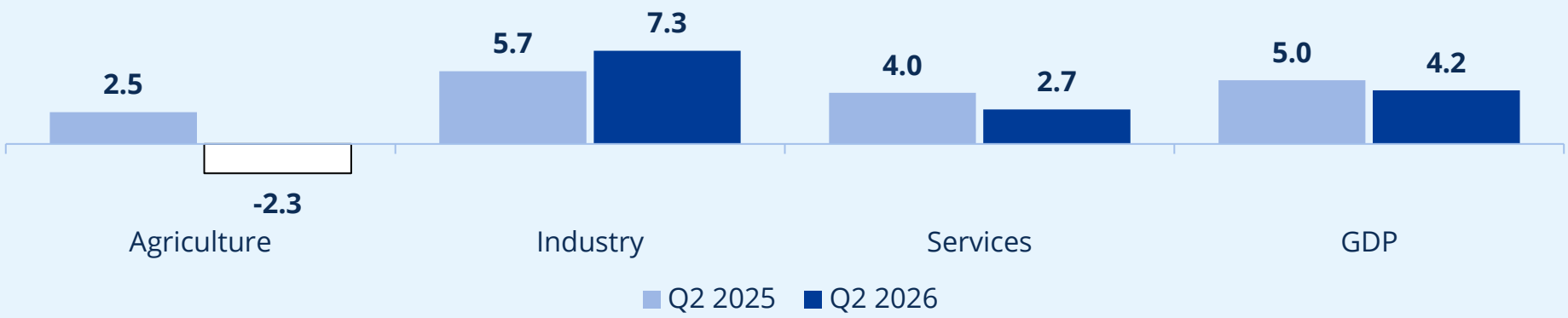
NCPI inflation, YoY: Sep 2025, Aug 2026, Sep 2026 (%)



CCPI inflation, YoY: Oct 2025, Sep 2026, Oct 2026 (%)



GDP growth by sector, Q2 2025 vs Q2 2026 (% YoY)



AMBEON VIEW

Sri Lanka's CCPI inflation accelerated in October 2026, largely driven by an 8.8% YoY increase in food prices, while non-food inflation also remained elevated at 8.0% YoY, indicating broader price pressures across the economy.

Sources: Ambeon Research, CBSL, CSE, News articles

The Week in News

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Budget on 12 Nov; ASPI +2.3% WoW to 20,142

BUDGET 2027 & POLICY

- Budget 2027 on **12 Nov**; **Rs 2 tn** capex for roads, rail and logistics (28-29 Oct)
- Revenue passed **16% of GDP** in 2025; indirect tax cuts possible later (28 Oct)
- Exchange rate to stay **market-determined**: Deputy Finance Minister (28 Oct)
- Most of **12 SEC capital market proposals** accepted; several in Budget (28 Oct)

MARKETS & REFORMS

- ASPI **+2.32%**, S&P SL20 **+2.37%** WoW; Friday turnover Rs 959 mn (30 Oct)
- New **SOE Act** planned for a common legal framework; 527 SOEs (28 Oct)
- Investor **Single Window** project nearing completion (28 Oct)
- President plans to **close 34 state institutions** to cut spending (reported 26 Oct)

AMBEON VIEW

With capital market and state-owned enterprise reforms on the agenda, the 12 November Budget could be a key near-term catalyst for investors. The equity market rebound and firm auction demand remain supportive, while elevated oil and food prices could add to inflationary pressures in the near term.

Sources: Ambeon Research, CBSL, CSE, News articles

Contact Us

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SALES TEAM

Name	Designation	Email	Mobile
Charith Kamaladasa	Director / CEO	charithk@ambeonsecurities.lk	077 321 3344
Niranjan Niles	Executive Director	niles@ambeonsecurities.lk	077 383 2597
Romesh Priyadarshana	Vice President	romeshp@ambeonsecurities.lk	077 254 8795
Subeeth Perera	Vice President	subeeth@ambeonsecurities.lk	071 404 2683
Chinthaka Weerarathna	Manager Investment Advisory	chinthaka@ambeonsecurities.lk	077 528 6885
Pasindu Yatawara	Manager Investment Advisory	pasindu@ambeonsecurities.lk	077 930 4624
Roshan Fernando	Manager Retail Sales	roshanf@ambeonsecurities.lk	072 220 1065
Thushan Perera	Senior Investment Advisor	thushan@ambeonsecurities.lk	077 361 8745
Kemitha Withanage	Investment Advisor	kemitha@ambeonsecurities.lk	071 740 7919
Charaka Weerasinghe	Investment Advisor	charaka@ambeonsecurities.lk	076 255 8383
Dilusha Gamage	AGM - Business Development	dilusha@ambeonsecurities.lk	077 899 3267

RESEARCH TEAM

Name	Designation	Email	Mobile
Shadini Silva	Vice President, Investment Research	shadini@ambeonsecurities.lk	077 362 7792
Niketha Dasanayaka	Analyst, Research	niketha@ambeonsecurities.lk	

AMBEON SECURITIES (PVT) LIMITED No. 100/1, 2nd Floor, Elvitigala Mawatha, Colombo 08, Sri Lanka | Fax +94 11 532 8177

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