



## MONTHLY ECONOMIC WRAP | OCTOBER 2024

**AMBEON**  
SECURITIES

12.11.2024





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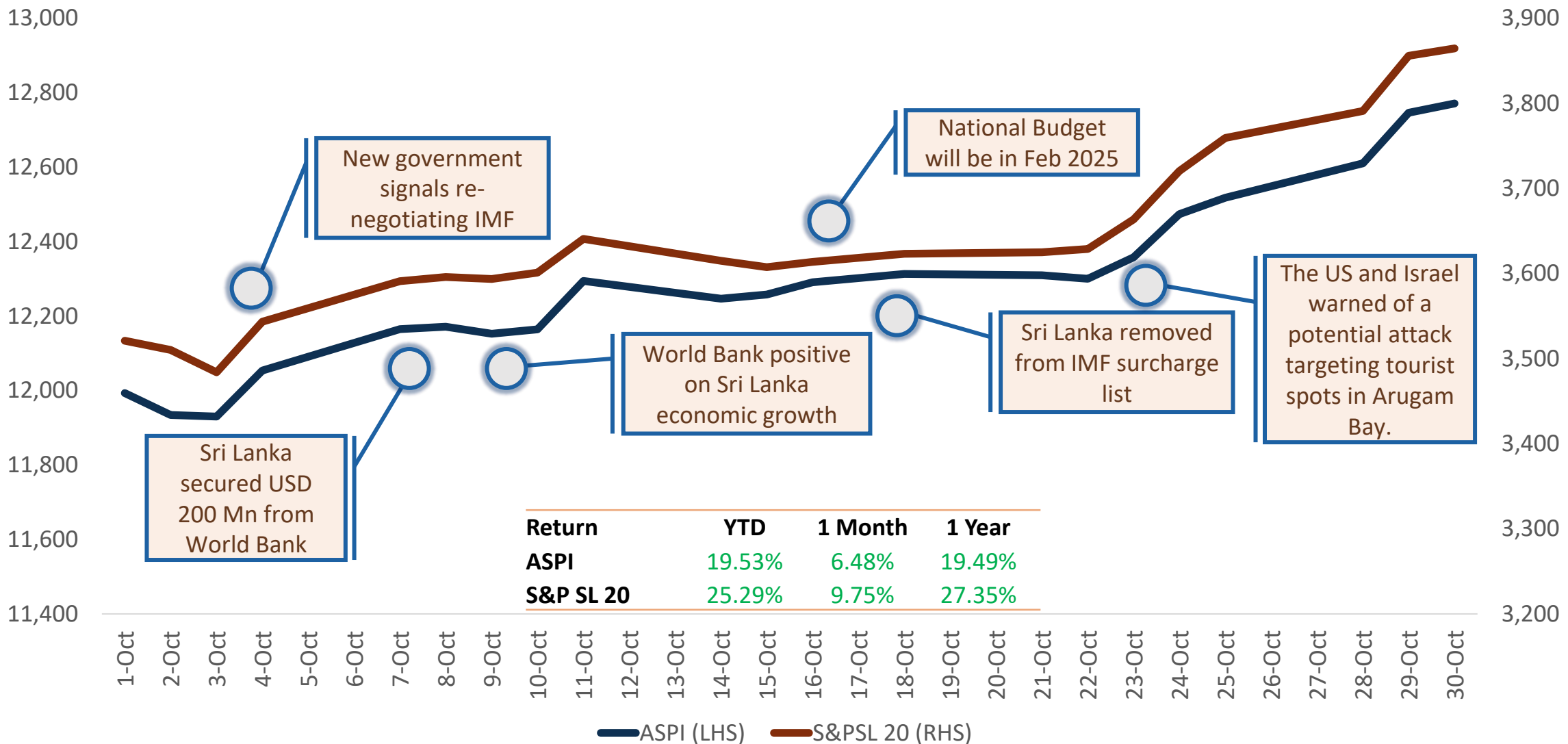


## CSE PERFORMANCE

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## ASPI increased 6.5% and S&PSL20 increased 9.8% in October 2024

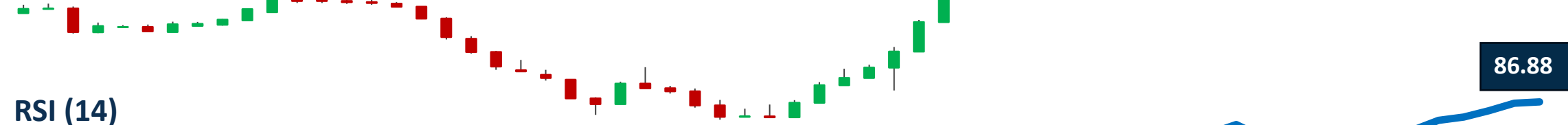


Note: Returns are calculated up to 30<sup>th</sup> October 2024

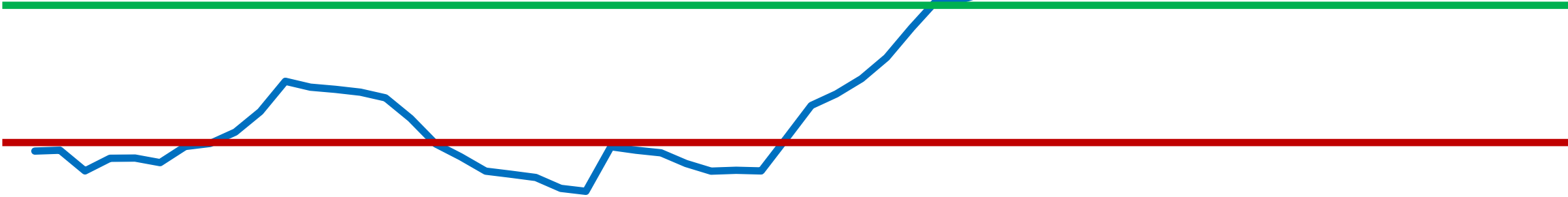
Source: CSE, Ambeon estimates

## RSI & MACD of ASPI

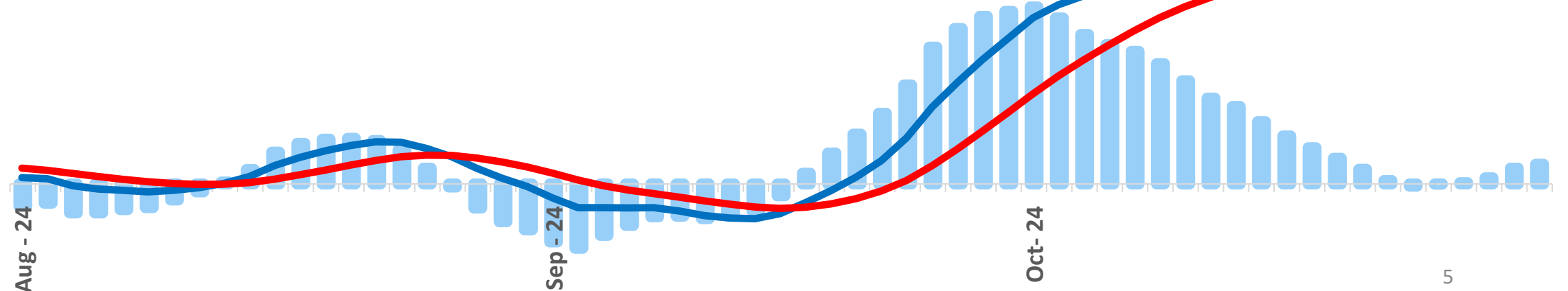
ASPI



RSI (14)



MACD (12,26)

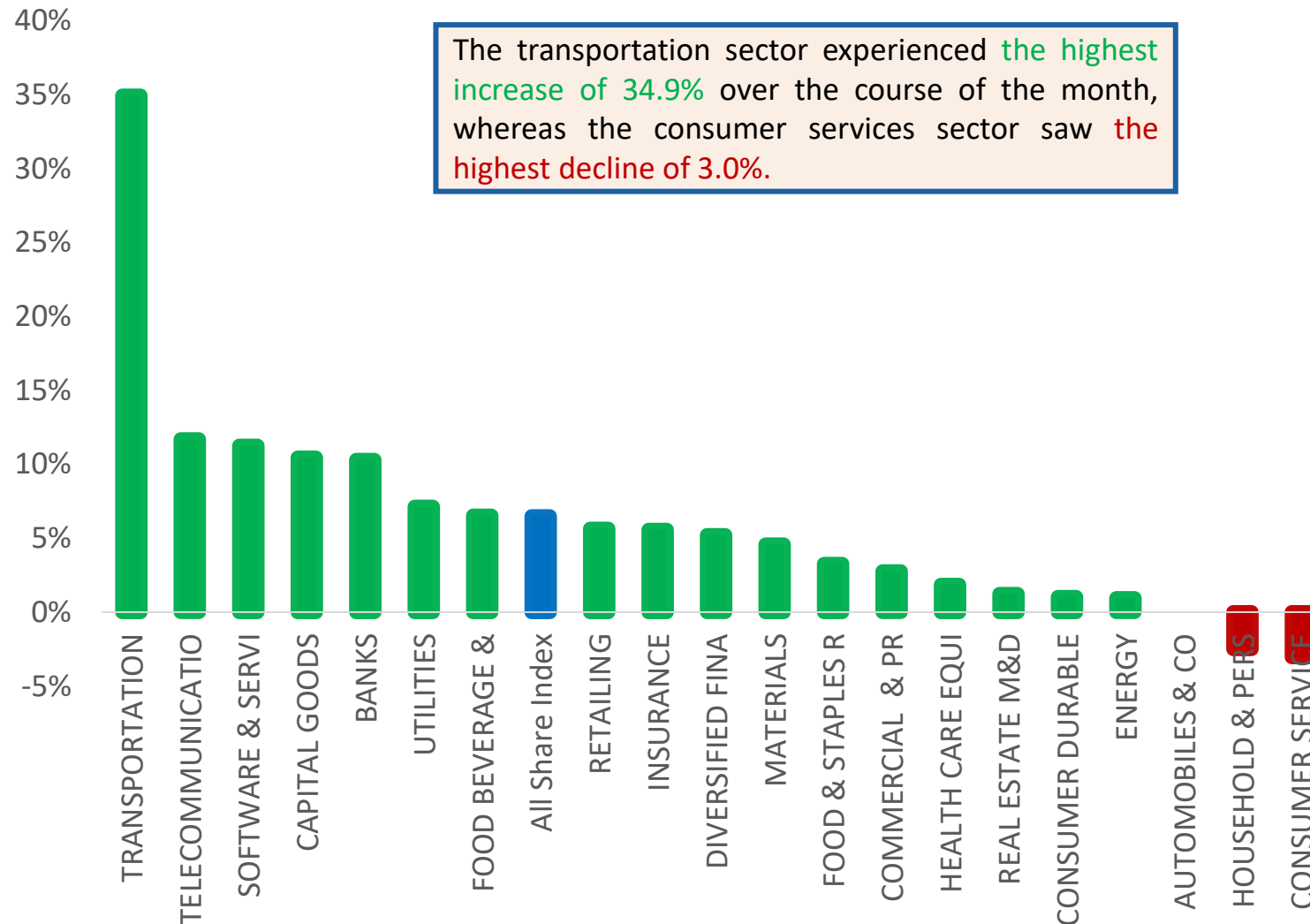


Source: Investing.com, Ambeon estimates

## During October 2024, most of the sectors saw an increase

### Sector Indices Performance

The transportation sector experienced the highest increase of 34.9% over the course of the month, whereas the consumer services sector saw the highest decline of 3.0%.



TRANSPORTATION	34.93%
TELECOMMUNICATION SERVICES	11.68%
SOFTWARE & SERVICES	11.25%
CAPITAL GOODS	10.45%
BANKS	10.29%
UTILITIES	7.13%
FOOD BEVERAGE & TOBACCO	6.53%
<b>All Share Index</b>	<b>6.48%</b>
RETAILING	5.64%
INSURANCE	5.57%
DIVERSIFIED FINANCIALS	5.21%
MATERIALS	4.57%
FOOD & STAPLES RETAILING	3.26%
COMMERCIAL & PROFESSIONAL SERVICES	2.77%
HEALTH CARE EQUIPMENT & SERVICES	1.84%
REAL ESTATE MANAGEMENT & DEVELOPMENT	1.23%
CONSUMER DURABLES & APPAREL	1.03%
ENERGY	0.95%
AUTOMOBILES & COMPONENTS	0.00%
HOUSEHOLD & PERSONAL PRODUCTS	-2.50%
CONSUMER SERVICES	-3.05%

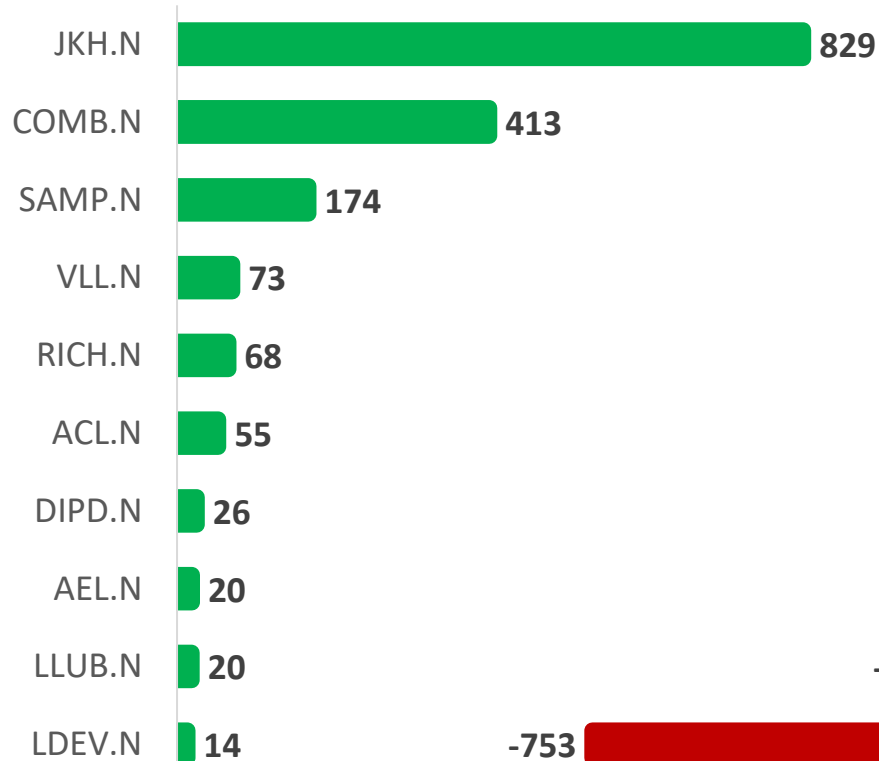
Source: CSE, Ambeon estimates



## Total net foreign outflow for October 2024 was LKR 359 Mn

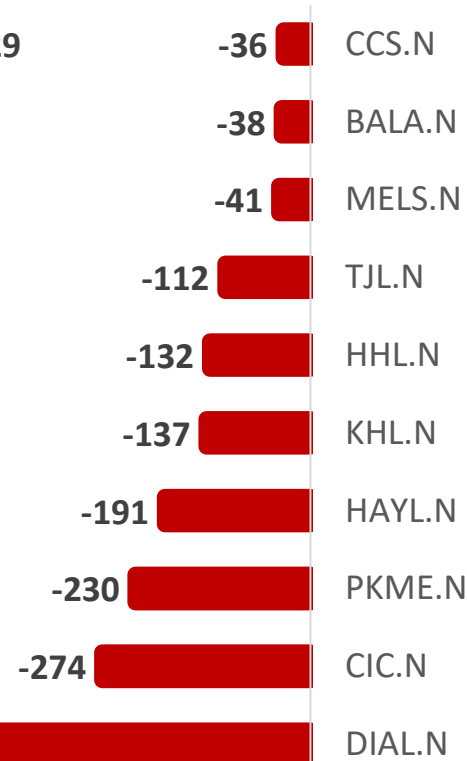
### Top 10 Counters

#### Net Foreign Inflows (LKR Mn)



### Top 10 Counters

#### Net Foreign Outflows (LKR Mn)



### Net Foreign Flow (LKR Mn)

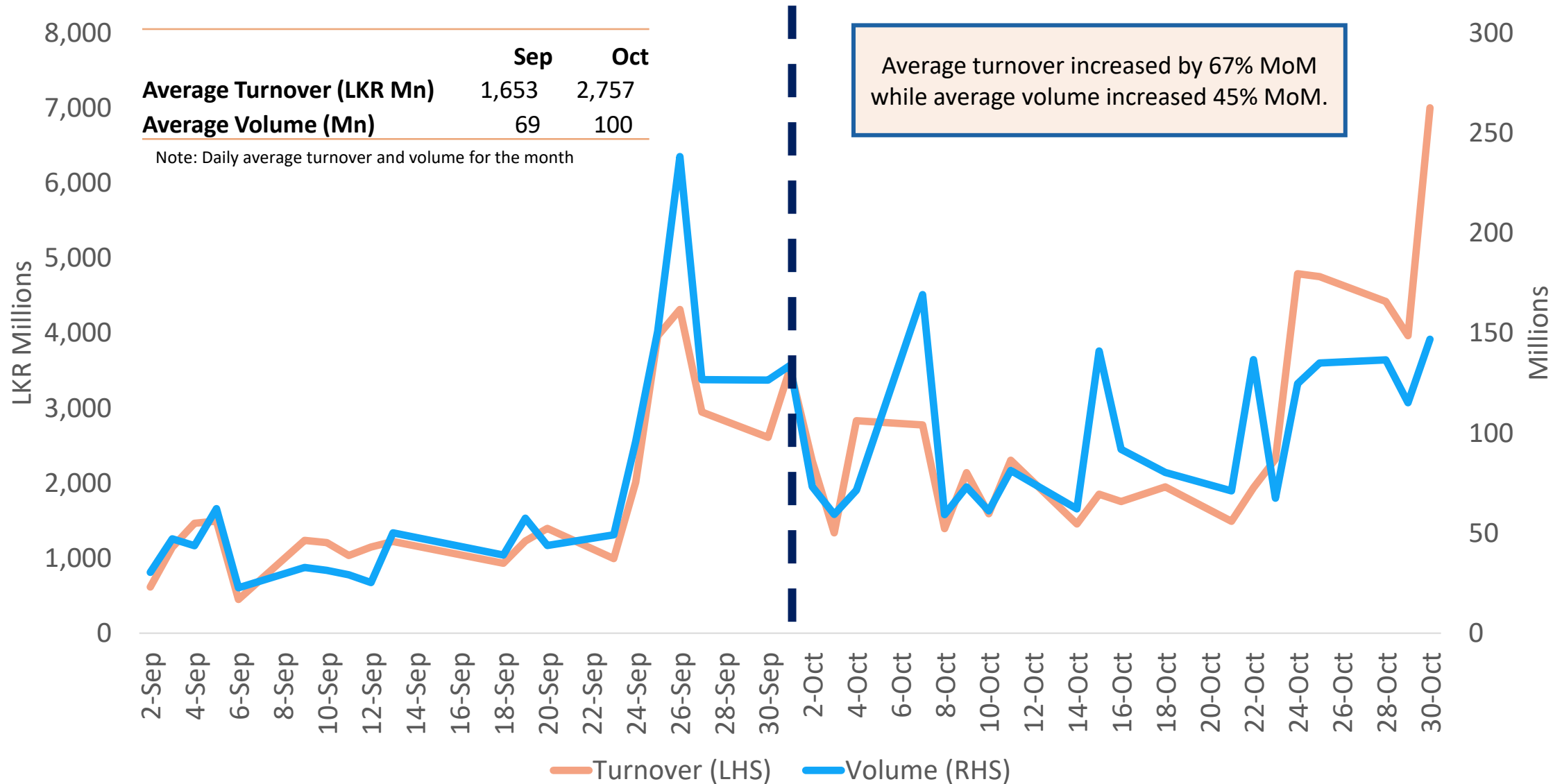


**Oct 24 Total Net Foreign Flow LKR -359 Mn | Year-to-date Net Foreign Flow\* LKR -6,339 Mn**

Source: CSE, Ambeon estimates

\*Year-to-date calculated as of 30<sup>th</sup> October 2024

## Average turnover and volume increased in October 2024





## Regional valuation comparison

### Frontier Markets (Asia)

Index	PE	PBV
ASPI (Sri Lanka)	10.9	1.2
KSE 100 (Pakistan)	5.3	1.0
VNI (Vietnam)	14.8	1.6

### US & European Markets

Index	PE	PBV
S&P 500 (US)	27.3	5.4
DJIA (US)	24.9	5.5
FTSE 100 (UK)	12.9	1.8

### Other Markets (Asia)

Index	PE	PBV
Nikkei 225 (Japan)	23.7	2.1
CSI 300 (China)	16.6	1.7
HSI (Hong Kong)	11.0	1.2
BSE 500 (India)	26.0	4.1
NIFTY 50 (India)	23.3	3.8

## Key economic news & events

04<sup>th</sup> Oct

**President calls for tax relief alternatives**

President Anura Kumara Dissanayake met with an IMF delegation to discuss Sri Lanka's ongoing IMF program, reaffirming the government's commitment to its objectives while emphasizing the need for alternative approaches to alleviate the tax burden on citizens and ensuring the continuation of the program despite upcoming elections.

12<sup>th</sup> Oct

**World Bank is positive on Sri Lankan economy**

According to the October report from the WB, the economy has stabilized with four consecutive quarters of growth, following essential structural and policy reforms. Despite this recovery, challenges remain, hinging on macroeconomic stability, effective debt restructuring, and ongoing reforms to support medium-term growth and poverty reduction.

20<sup>th</sup> Oct

**SL restructured China Exim loans, recapitalizing USD 200 Mn**

Sri Lanka has restructured approximately USD 4 billion in loans from the Export-Import Bank of China, capitalizing USD 200.9 million in interest arrears. China Exim became the first bilateral creditor to reschedule its loans, proceeding independently of the sovereign bondholders' restructuring process.

28<sup>th</sup> Oct

**Government proposes new regulations on vehicle imports**

The government plans to introduce new regulations for vehicle importers regarding the Cost, Insurance, and Freight (CIF) value to prevent bulk imports and hoarding that could trigger a Dollar crisis. In alignment with its IMF commitments, it intends to gradually lift import restrictions across various categories by year-end.



## MONETARY SECTOR

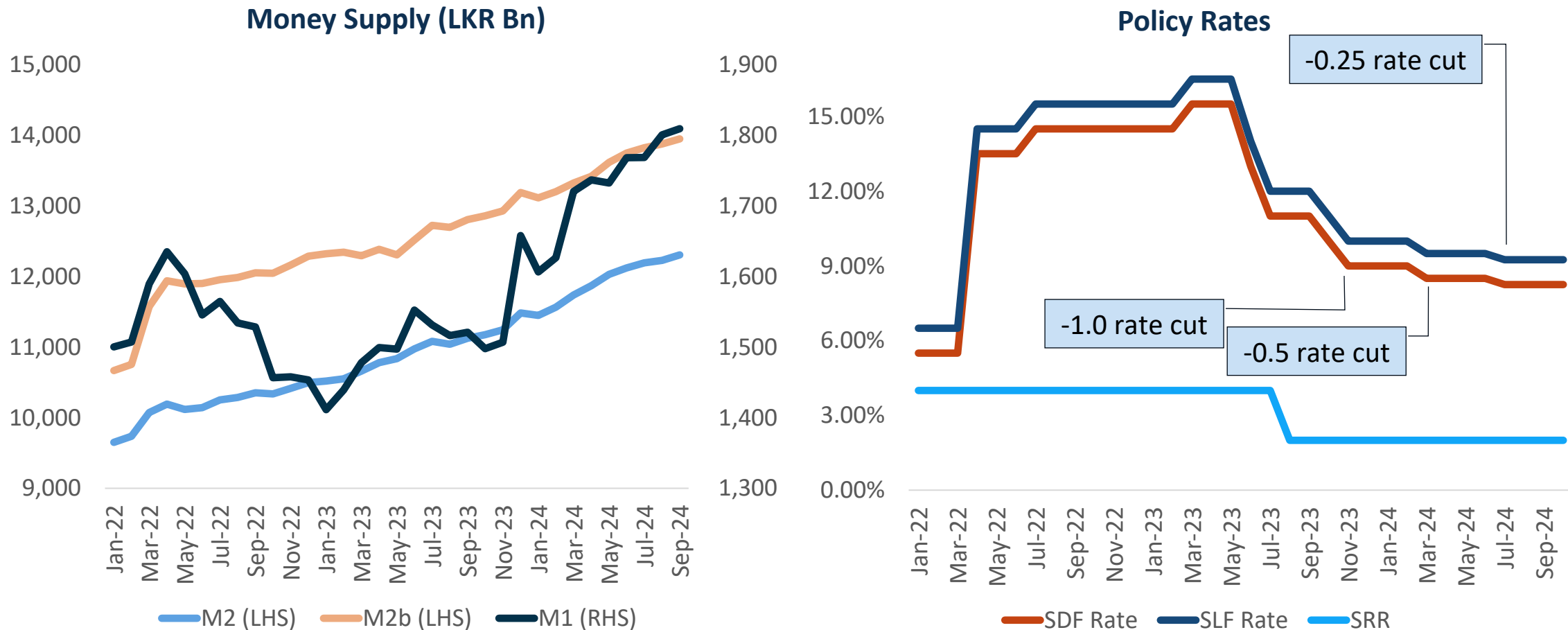
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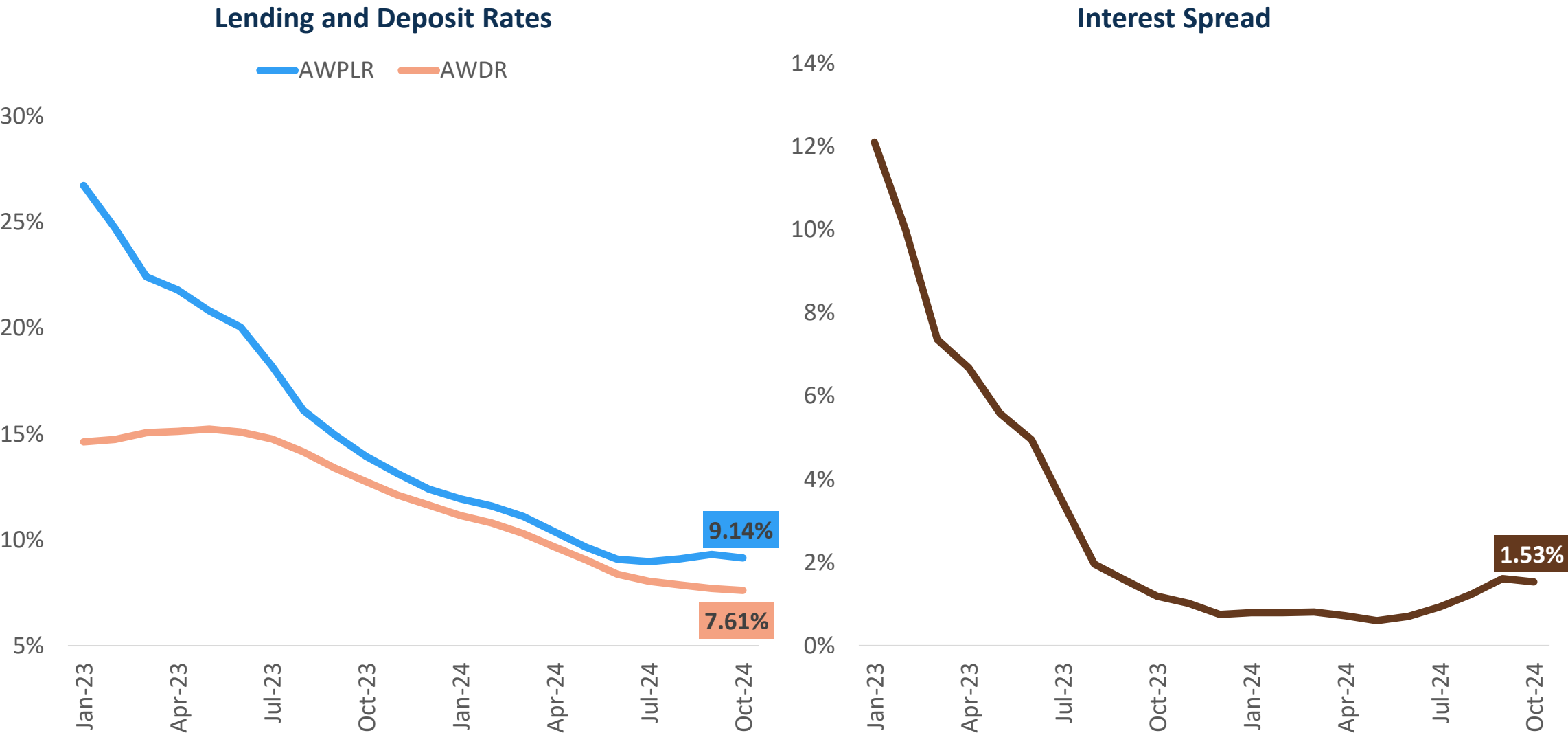


## Money supply increased in September 2024

By the end of Sep 24, narrow money supply (M1) increased to LKR 1,809 Bn, while consolidated broad money supply (M2b) increased to LKR 13,8950 Bn when compared to Aug 24. Currently the Standing Deposit Facility rate remains at 8.25%, while the Standing Lending Facility rate is set at 9.25%. The next monetary policy review is scheduled for 26<sup>th</sup> November 2024.



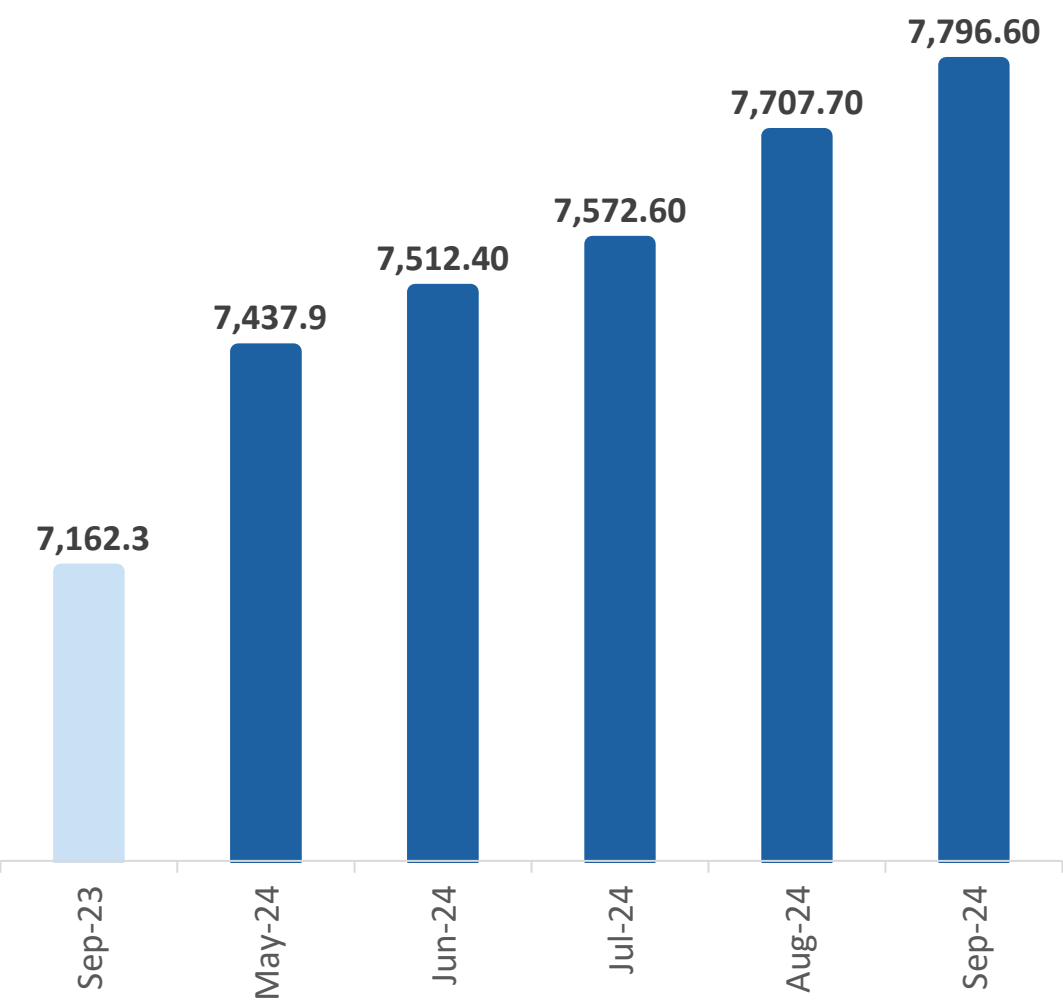
Lending and deposit rates experienced a slight decline in October 2024



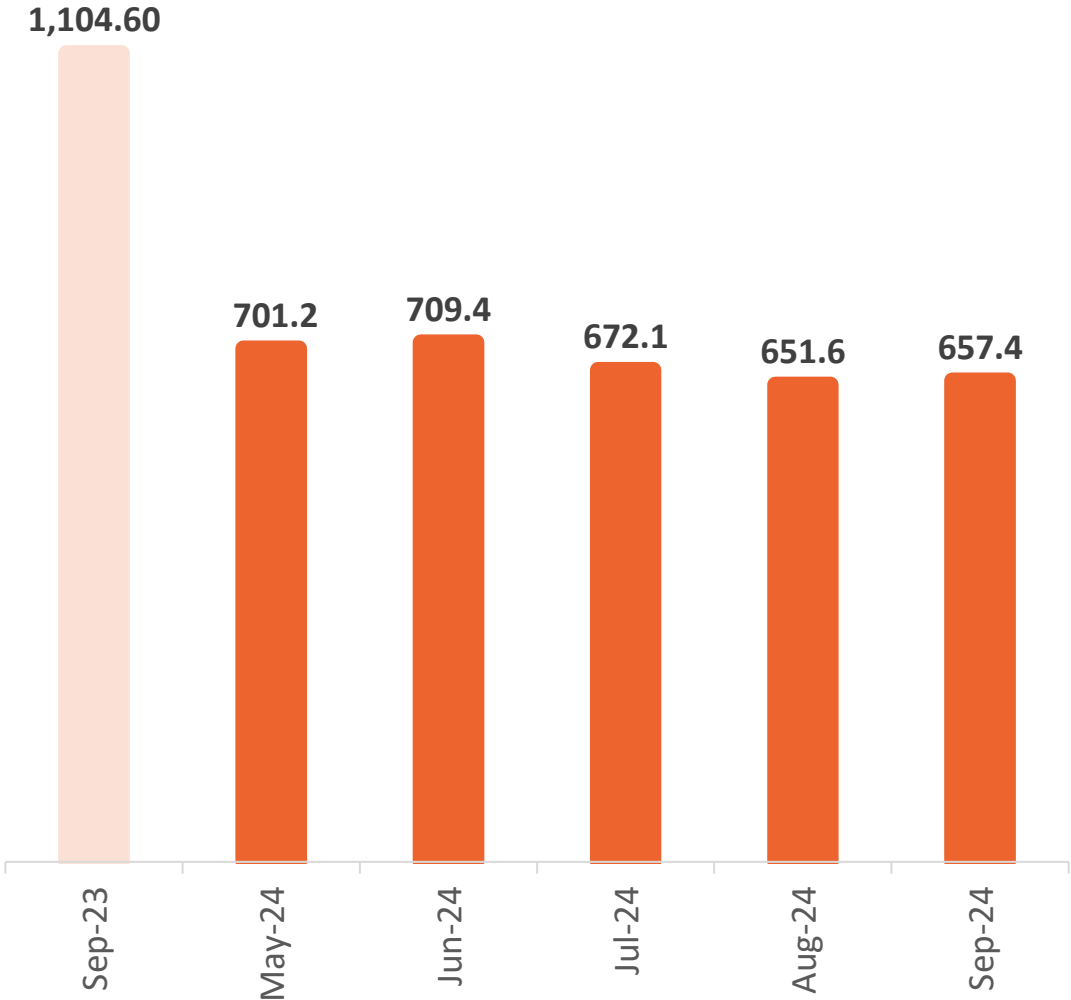
Source: CBSL

# Credit to private sector increased from August to September 2024

Credit to Private Sector (LKR Bn)



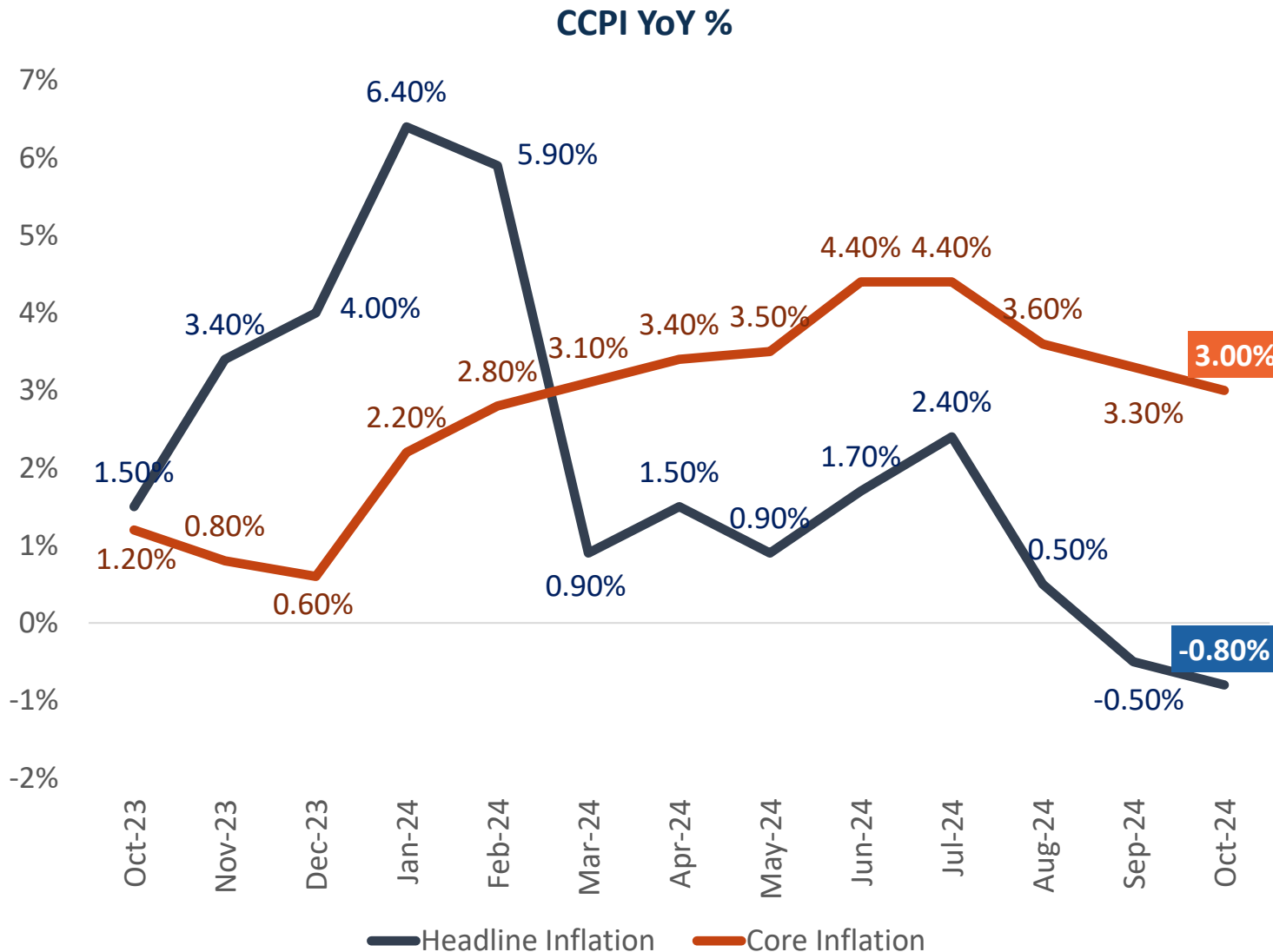
Credit to Public Sector (LKR Bn)



Source: CBSL



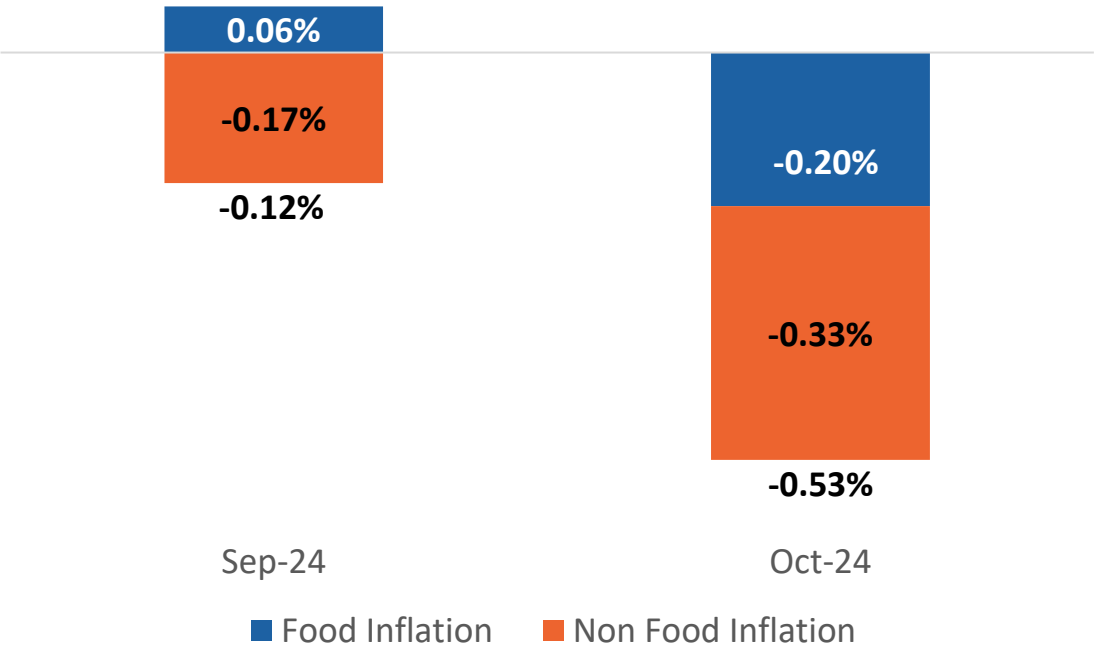
## CCPI saw a deflation of 0.80% in October 2024



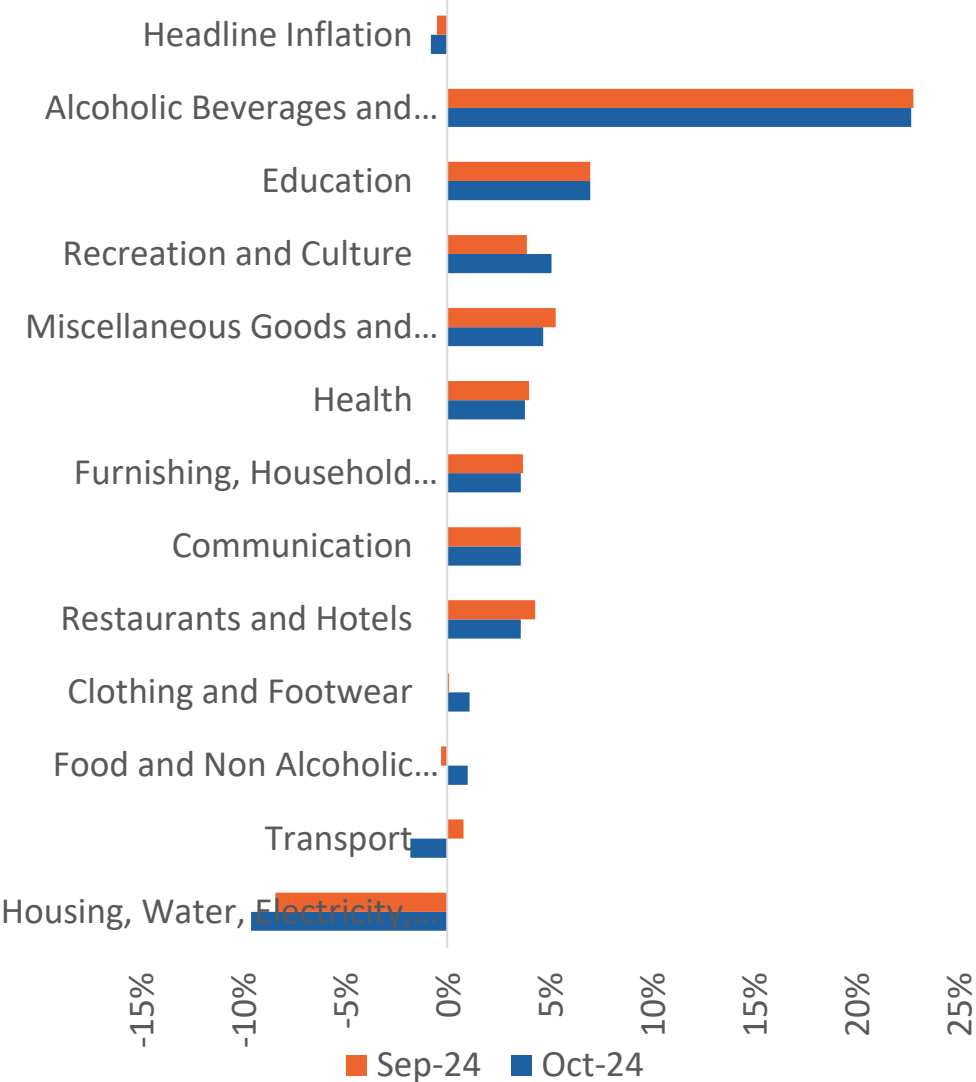
- Headline inflation, measured by the YoY change in the Colombo Consumer Price Index (CCPI), stayed in negative territory for the second month in a row, with deflation at 0.8% in October 2024, compared to 0.5% in September 2024.
- Prices decreased in Alcoholic Beverages and Tobacco, Miscellaneous Goods and Services, Health, Household Equipment and Maintenance, and Restaurants and Hotels. Additionally, deflation was observed in the Transport and Housing and Utilities categories for the month.
- Prices rose in Recreation and Culture, Clothing and Footwear, and Food and Non-Alcoholic Beverages, while prices for Education and Communication remained unchanged for the month.
- Core inflation YoY decreased to 3.0% in Oct 24 from 3.3% in Sep 24.

# October 2024 CCPI dropped by 0.53% MoM due to decline in nonfood category

Contribution to monthly change in CCPI

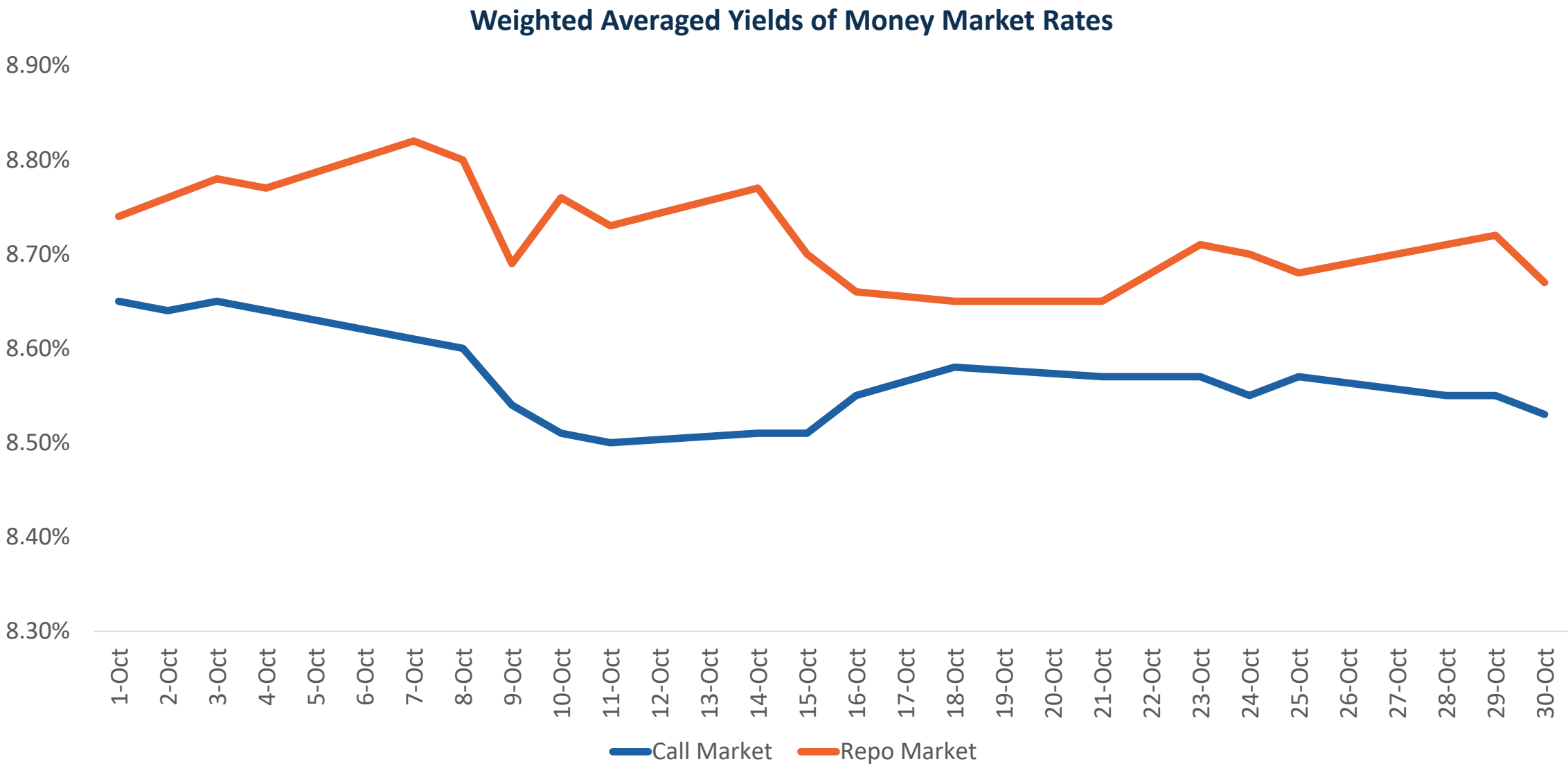


CCPI YoY Change by Subcategory



The CCPI recorded a MoM decline of 0.53% in October 2024, driven by a 0.20% drop in Food category prices and a 0.33% decrease in Non-Food category prices. YoY Non-Food deflation intensified to 1.6% in October 2024, up from 0.5% in September 2024. Meanwhile, the Food category saw inflation of 1.0% in October 2024, compared to a deflation of 0.3% in September.

# Call market and repo market rates marginally decreased in October 2024

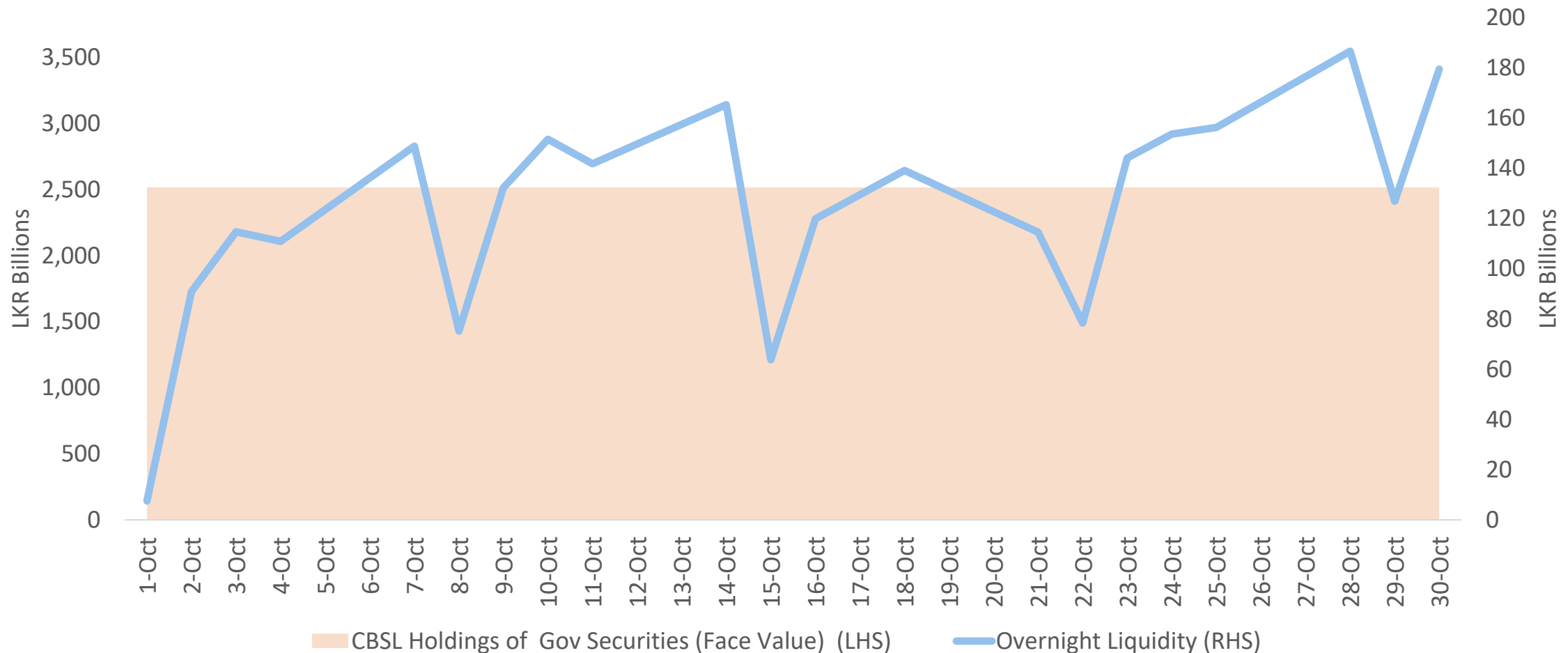




## CBSL's G-Sec holdings were stable; overnight liquidity remained positive

Overnight liquidity rose during the month, staying in positive territory and closing at LKR 179.46 billion on 30<sup>th</sup> October. Meanwhile, CBSL holdings of government securities remained steady, ending the month at a face value of LKR 2,516 billion.

### Liquidity and CBSL Holdings



Source: CBSL

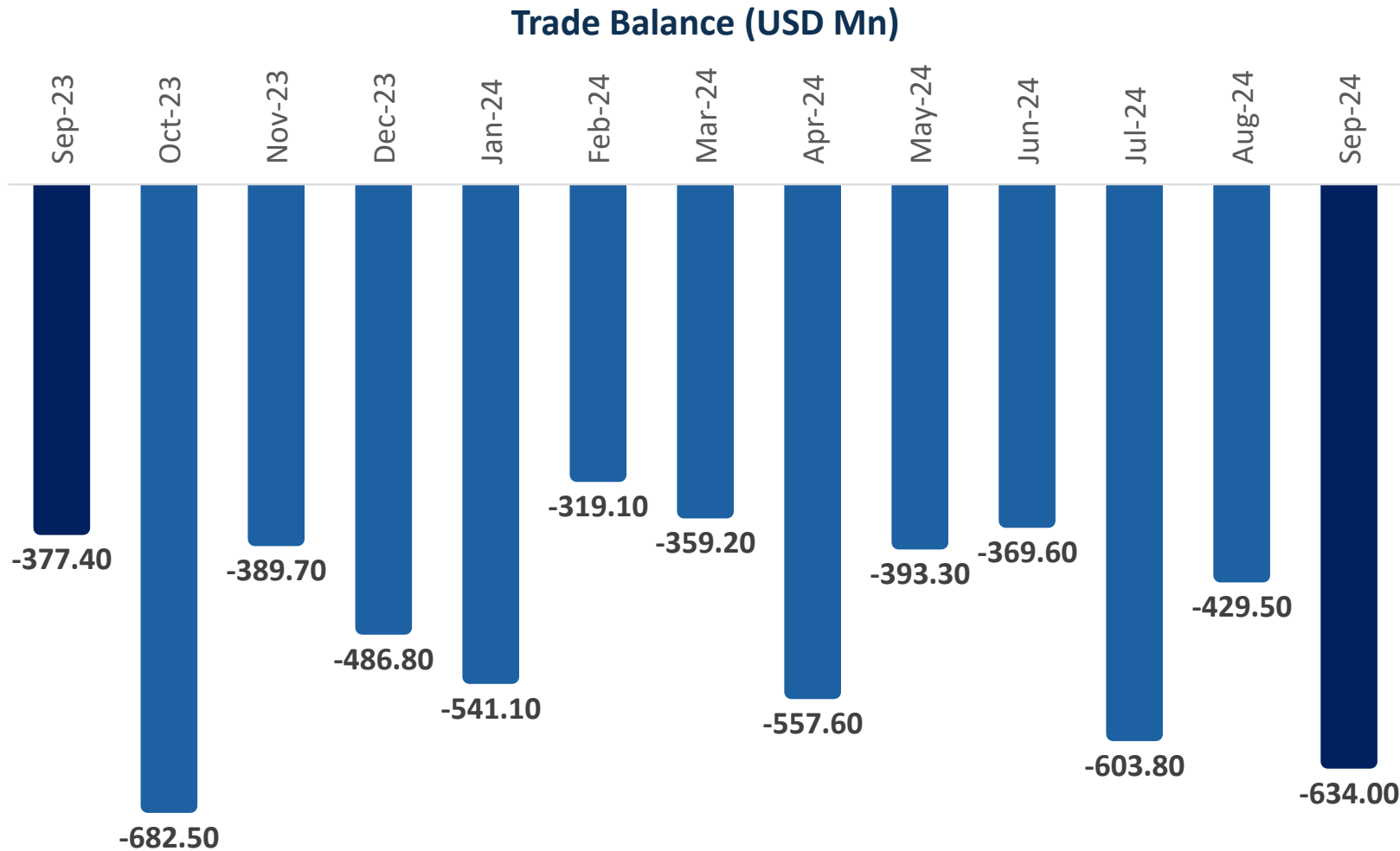


## EXTERNAL SECTOR

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## Balance of Trade worsened by 68.0% YoY in September 2024

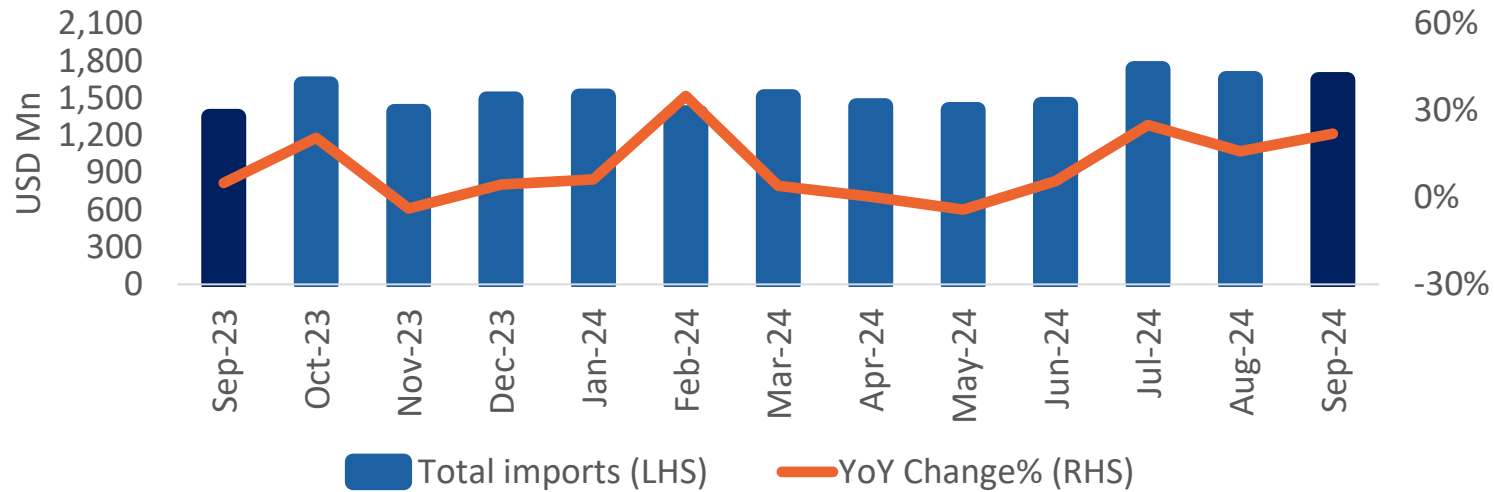


- In Sep 24, Sri Lanka's trade deficit amounted to USD 634.0 Mn, marking a 68.0% worsening compared to the same month of the previous year. Further, this figure represented a 47.6% worsening from the previous month.
- The cumulative trade deficit in the Jan – Sep 24 period amounted to USD 4,207.2 Mn, surpassing the deficit recorded during the same period in 2023 by 25.9%.
- In August 2024, import expenditure amounted to USD 1,645.7 Mn, while export earnings totaled USD 1,011.7 Mn. Import expenses and export revenues both increased from the previous year.

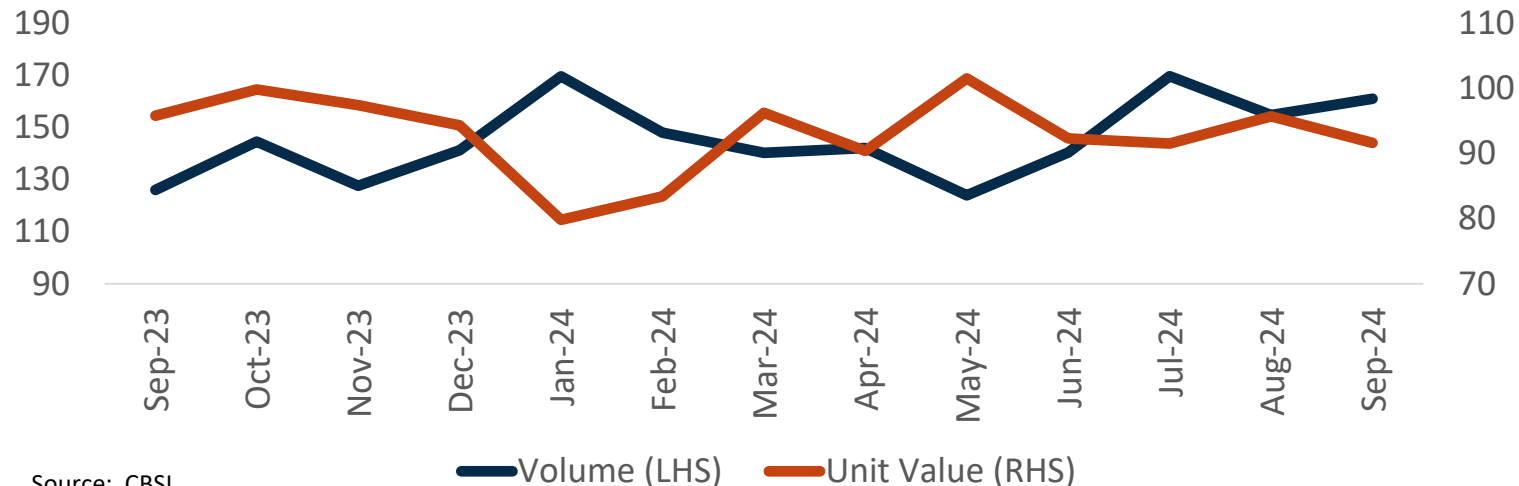


## September 2024 import expenditure soared by 22.0% YoY

### Total Imports and Growth



### Import Indices



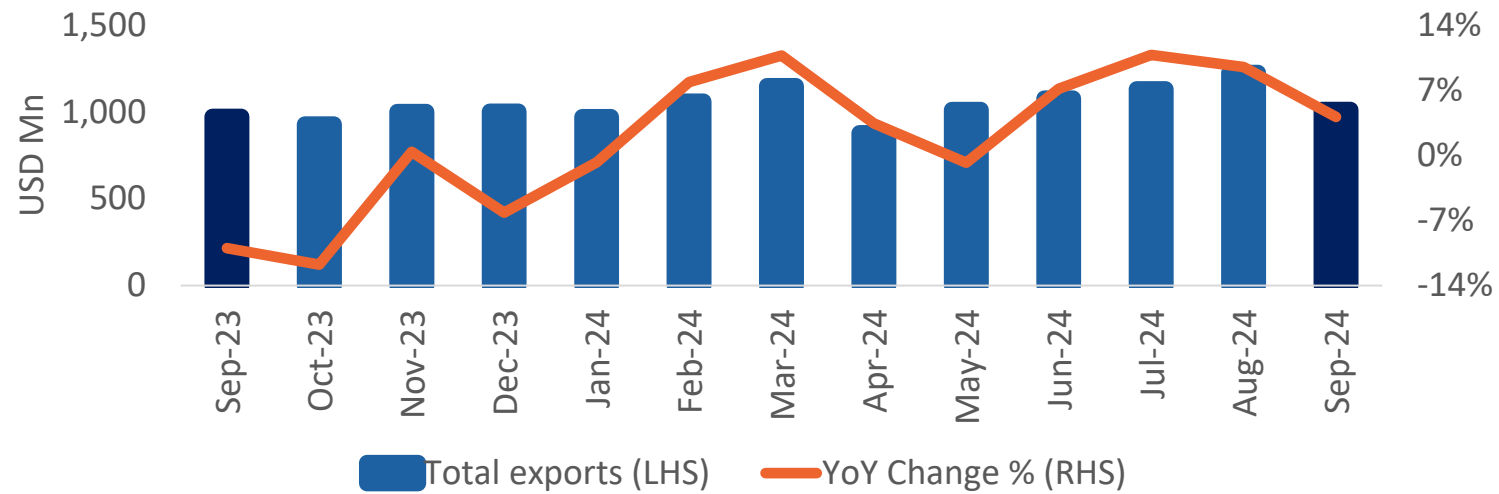
- In September 2024, imports grew by 22.0% YoY but dipped by 0.5% from the previous month. Expenditure increased across all major import categories during the month.
- Consumer goods imports increased YoY, driven by growth in both food and non-food categories, while expenditure on investment goods rose due to higher imports of machinery and equipment.
- Expenditure on intermediate goods imports increased mainly due to higher imports of textiles and chemical products, while expenditure on fuel decreased due to low prices and reduced volumes of refined petroleum imports.
- The Imports Volume Index increased by 27.7% YoY in Sep 24, whereas the Import Unit Value Index saw a decline of 4.4% YoY during the same period.

Source: CBSL

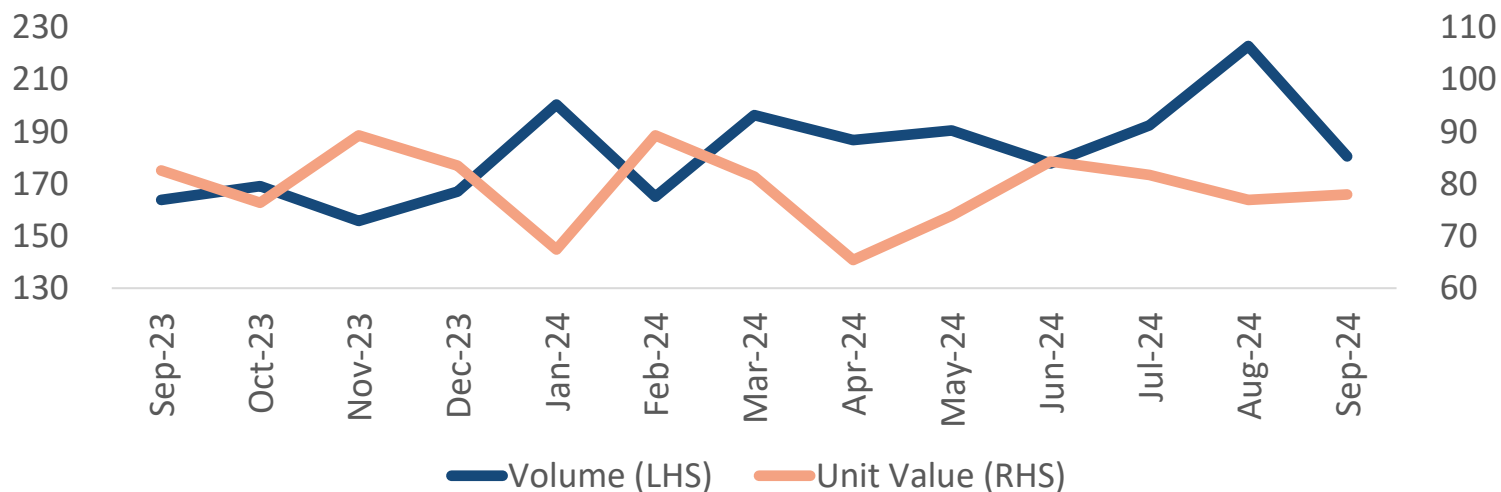
Note: Import unit value index is calculated in USD terms.

## September 2024 export earnings rose by 4.1% YoY

Total Exports and Growth



Export Indices



- In September 2024, export earnings rose 4.1% YoY but dropped 17.1% from the previous month, driven by increases in industrial goods, while agricultural and mineral exports declined.
- The YoY growth in industrial goods exports in September 2024 was primarily fueled by increased export earnings from textiles and garments and petroleum products.
- Earnings from agricultural goods exports fell mainly due to reduced export volumes of seafood, minor agricultural products, and tea, despite an increase in earnings from spices.
- In Sep 24, the Export Volume Index surged by 10.5% YoY, whereas the Export Unit Value Index witnessed a decline of 5.6% YoY during the same period.

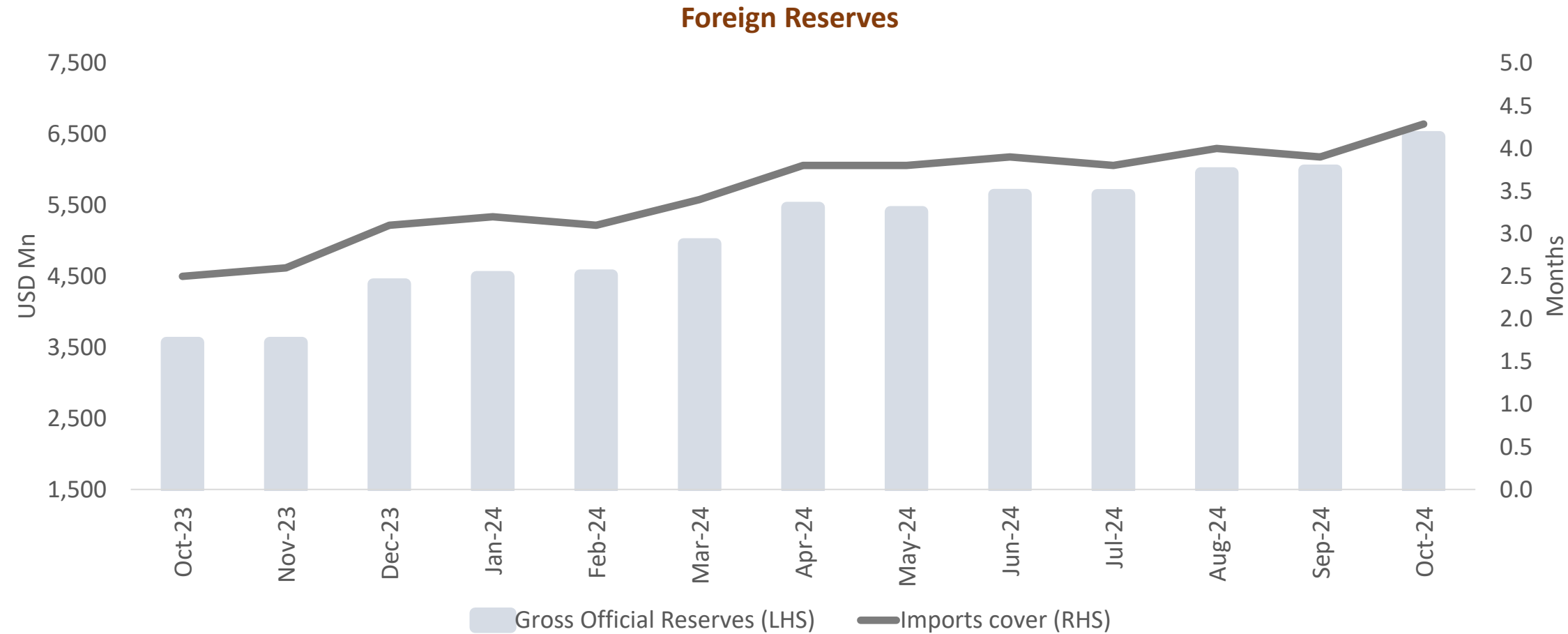
Source: CBSL

Note: Export unit value index is calculated in USD terms.



## Foreign reserves increased from September to October 2024

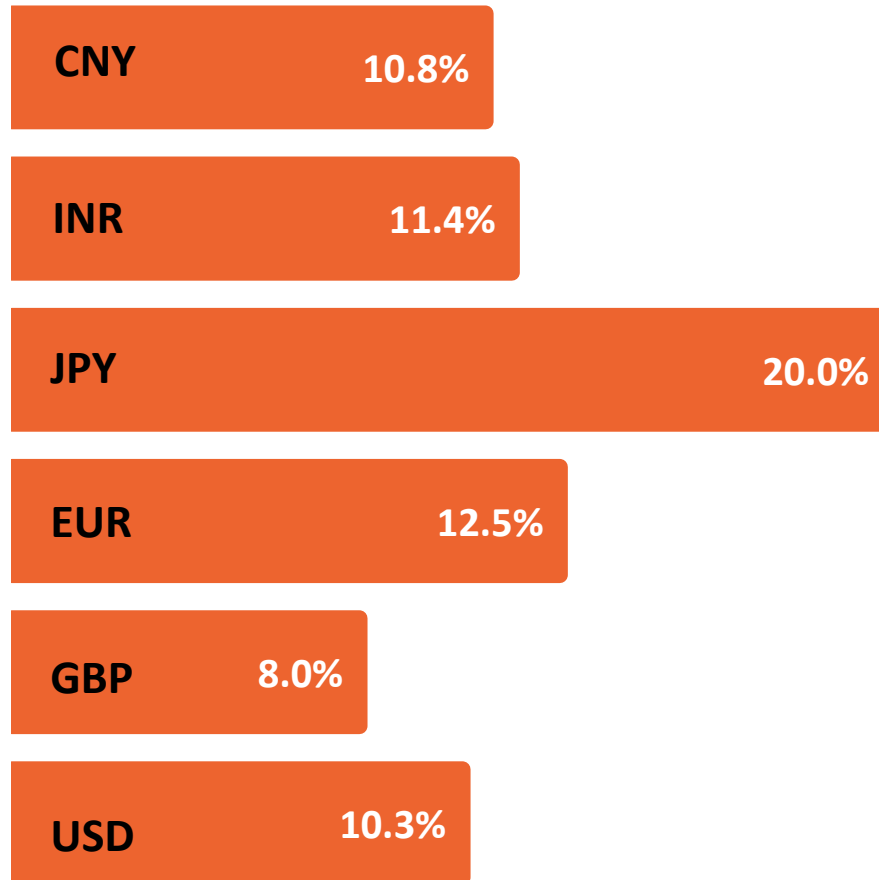
As of the end of Oct 24, Sri Lanka's gross official reserves increased to USD 6,467 Mn. Currently it shows a comfortable buffer equivalent to approximately 4.3 months' worth of imports.



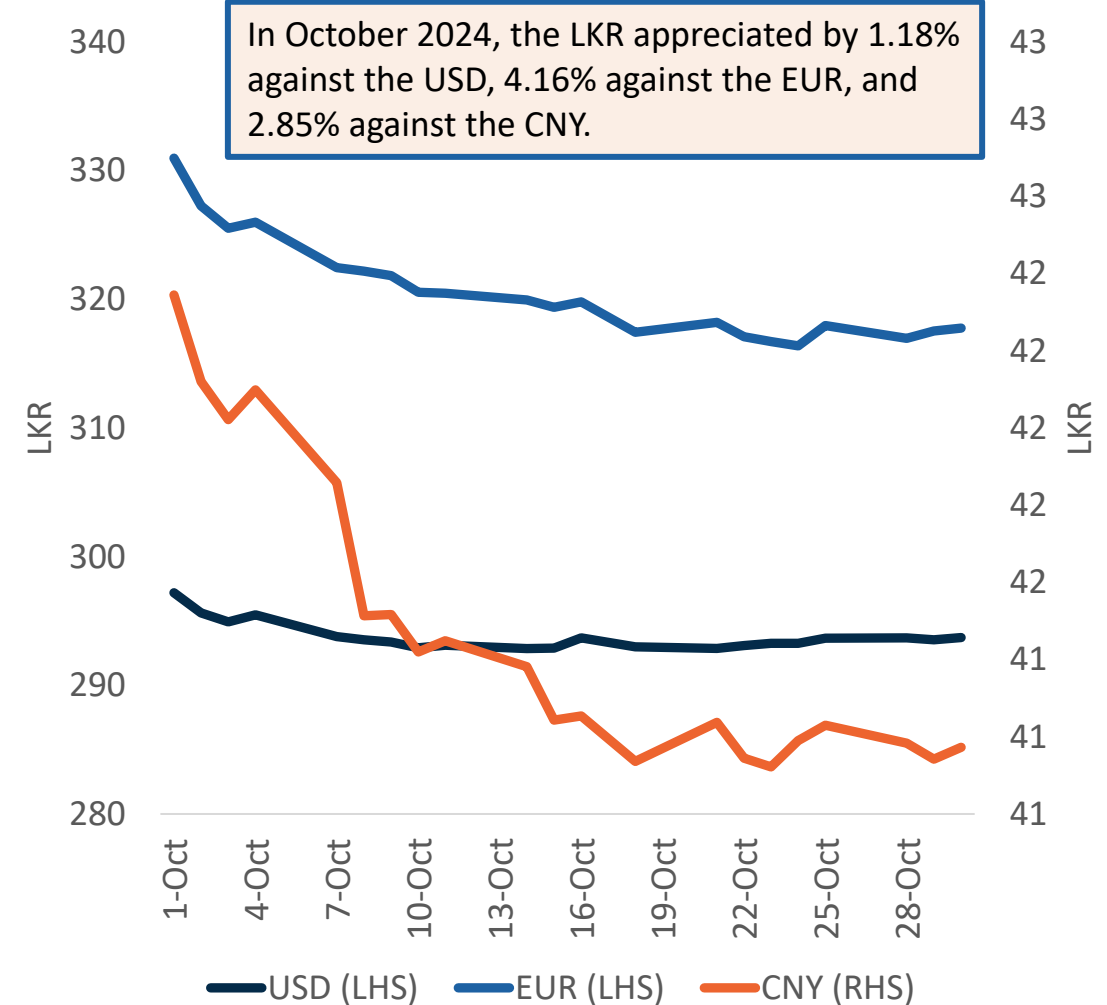
Source: CBSL

## Sri Lankan rupee appreciated against multiple major currencies YTD

LKR appreciation against major currencies  
YTD end of Oct 24



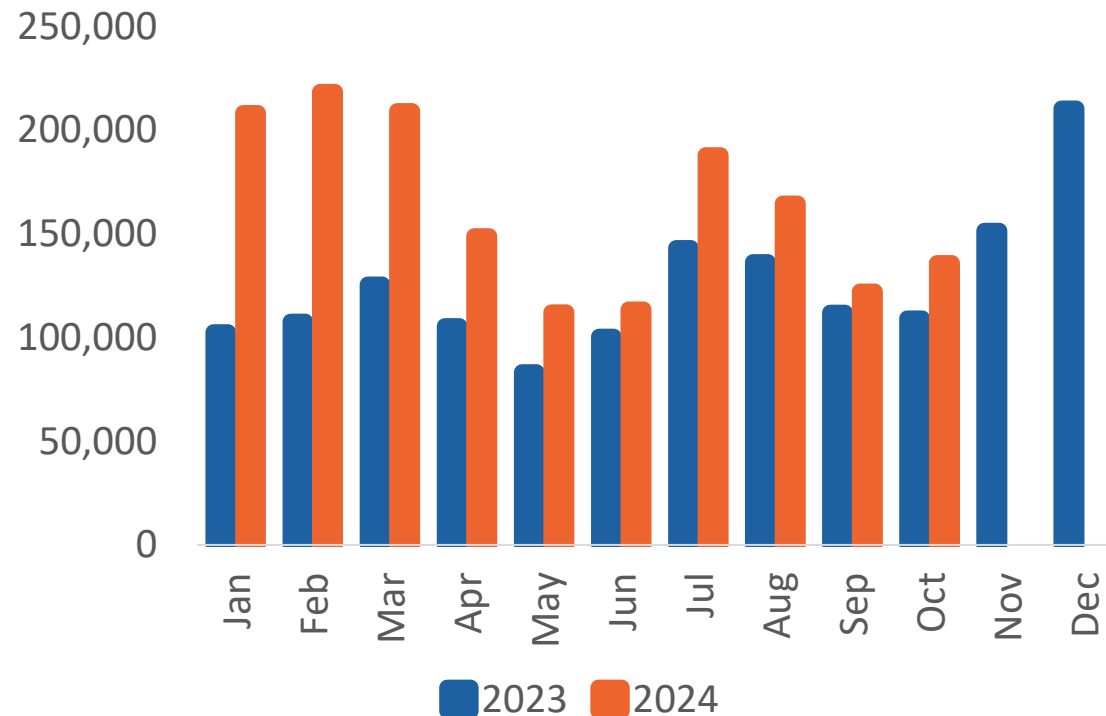
Monthly movement of major currencies



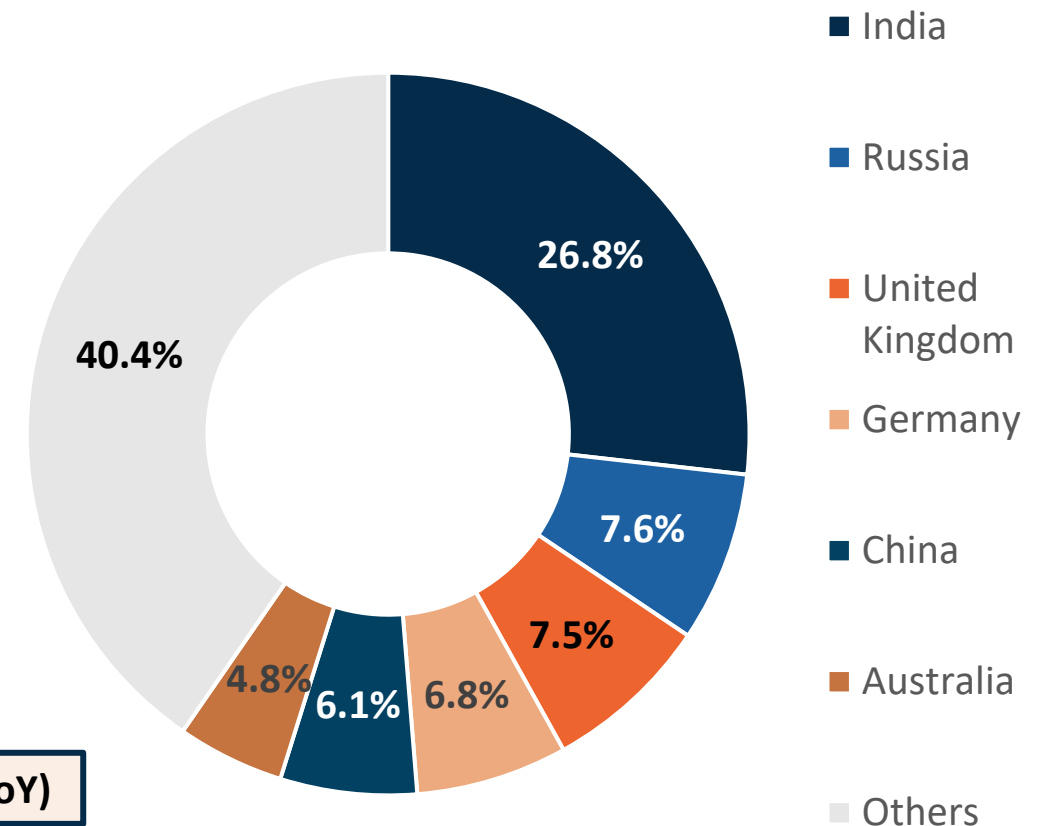
## October 2024 tourist arrivals soared by 24.5% YoY

In October 2024, Sri Lanka welcomed 135,907 tourists, marking a YoY growth of 24.5% and an 11.3% increase from the previous month. The main source markets during this period included India, Russia, the UK, Germany, China, and Australia.

### Monthly Tourists Arrivals



### Arrival % by Country in Oct 24

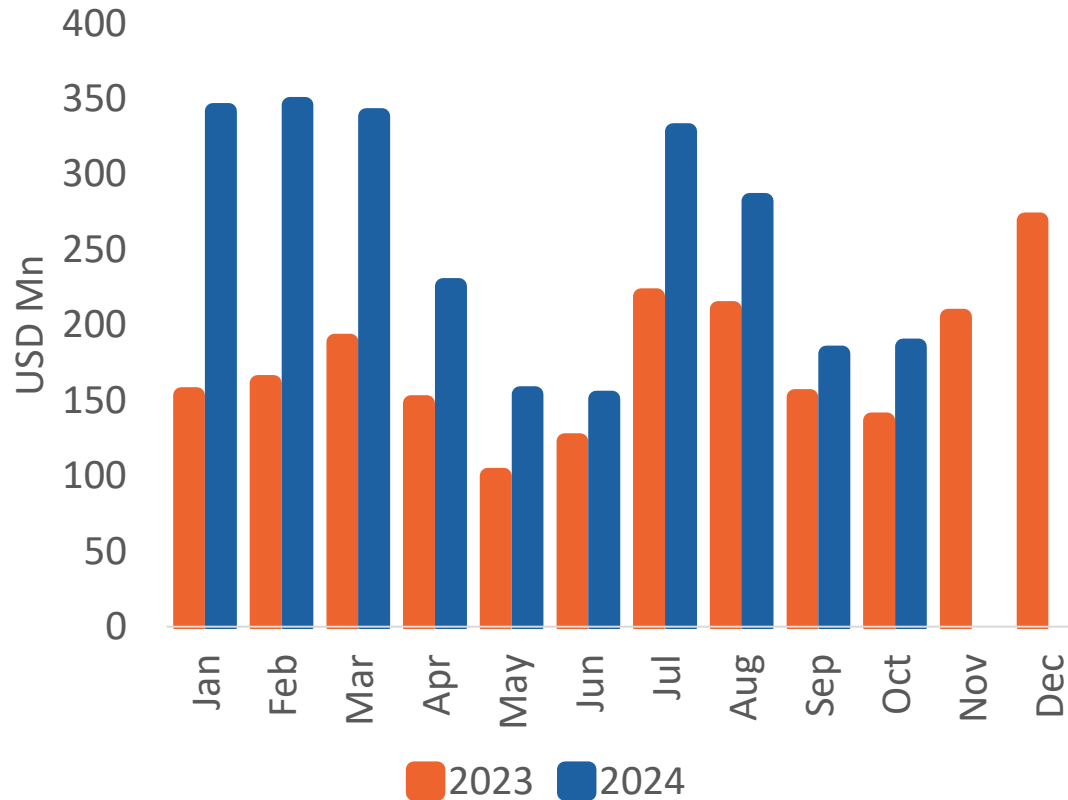


**YTD Tourist Arrivals = 1,620,715 | YTD Arrivals Growth = 44.0% (YoY)**

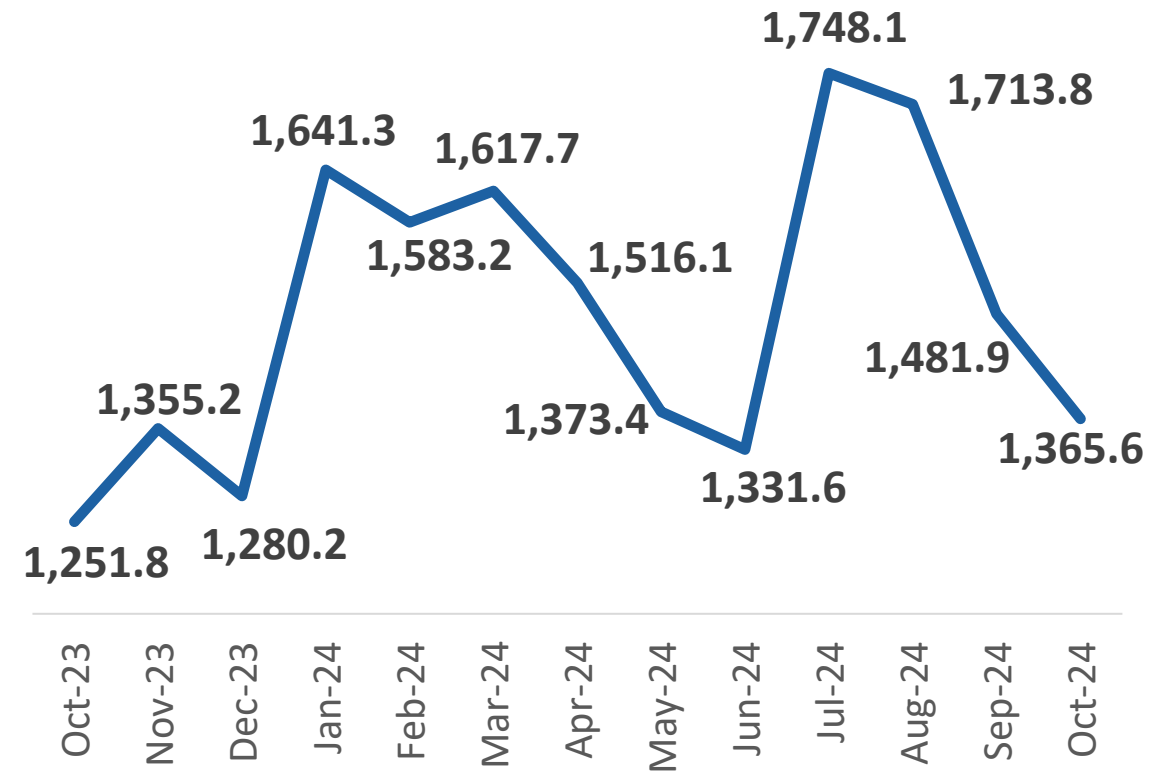
Note = YTD calculated as of end October 2024

## October 2024 tourism earnings soared by 35.8% YoY

### Monthly Tourists Earnings



### Earnings per Tourist (USD)



**YTD total tourism earnings = USD 2,534 Mn**

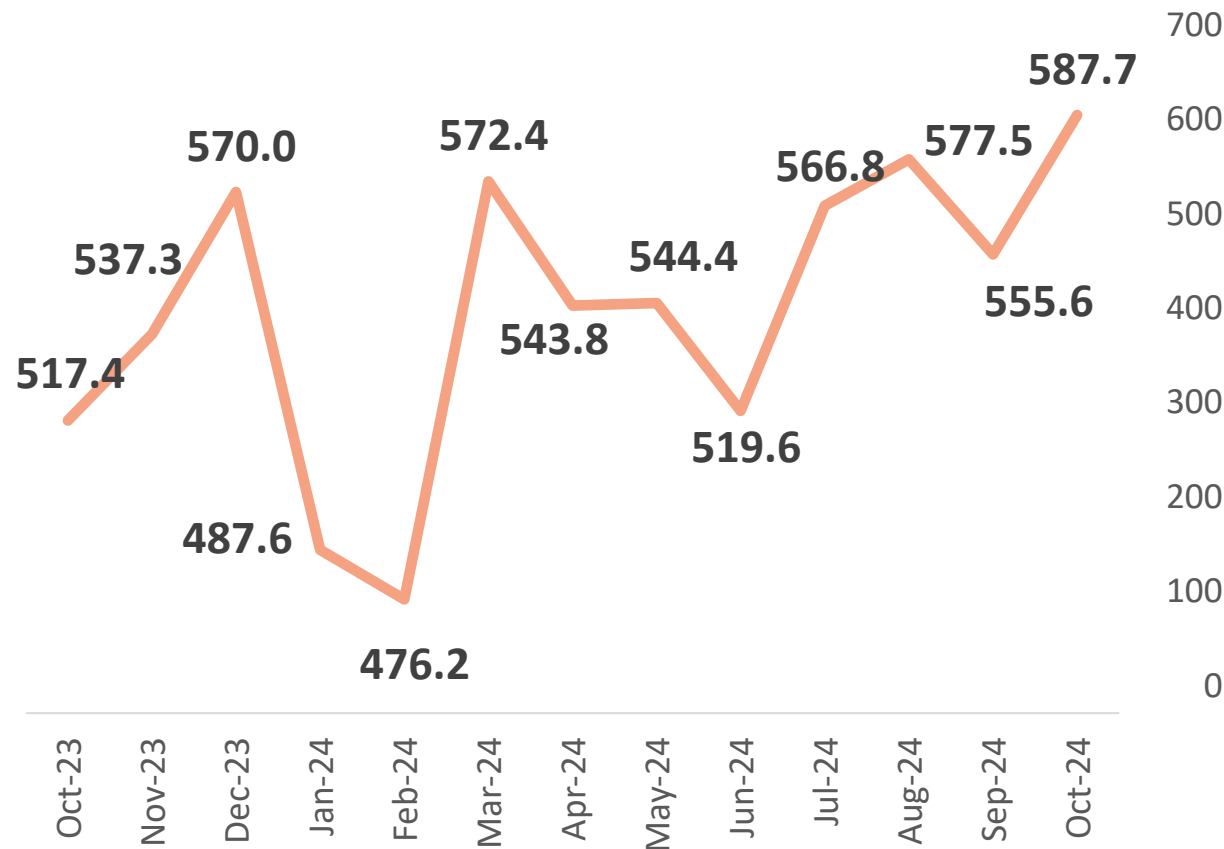
In Oct 24, tourism earnings experienced a significant YoY growth of 35.8%, reaching USD 185.6 Mn. Further, this represented a 2.5% increase compared to the previous month. The earnings per tourist amounted to USD 1,365.6, showing a 9% YoY increase and an 8% decrease compared to the preceding month.



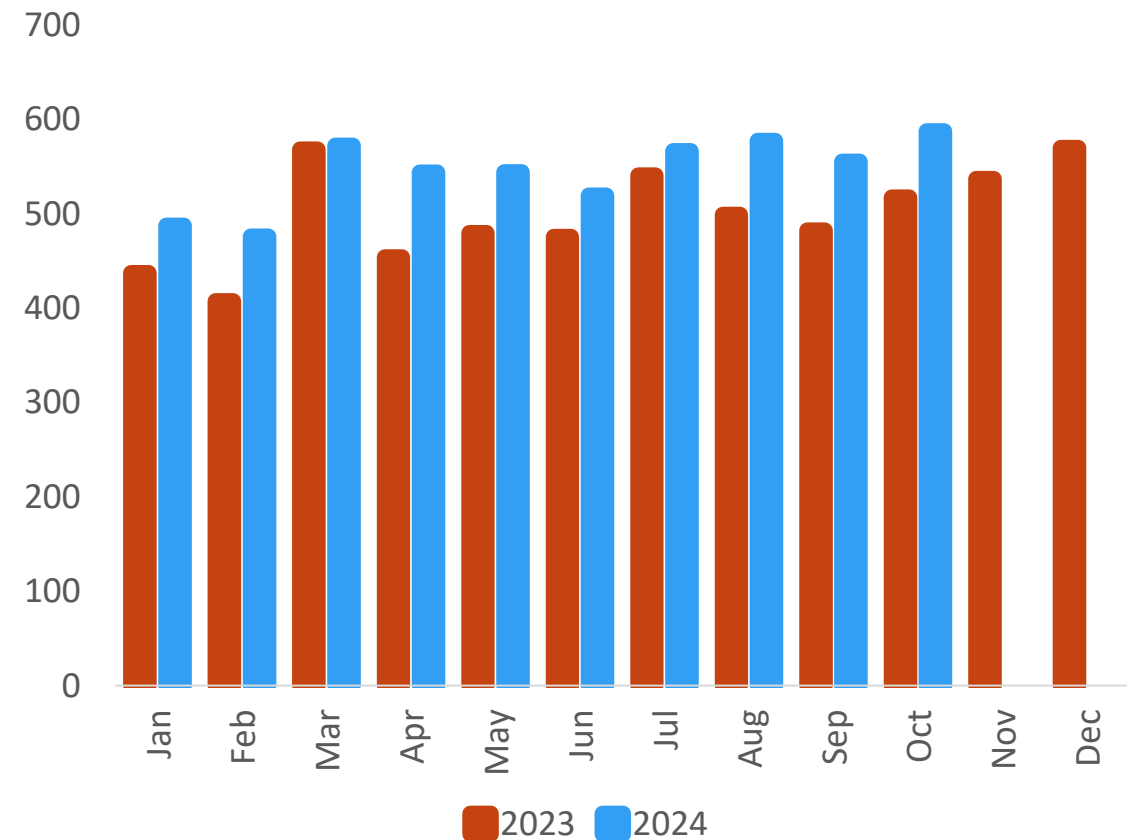
## October 2024 worker remittances increased by 14% YoY

In Oct 24, workers' remittances reached USD 587.7 Mn, marking a 14% rise from the same period last year and an increase of 6% compared to Sep 24. Despite occasional seasonal variations, workers' remittances have consistently shown an upward trend since experiencing a significant recovery in 2022.

### Workers' Remittances (USD-Mn)



### Workers' Remittances (USD Mn)





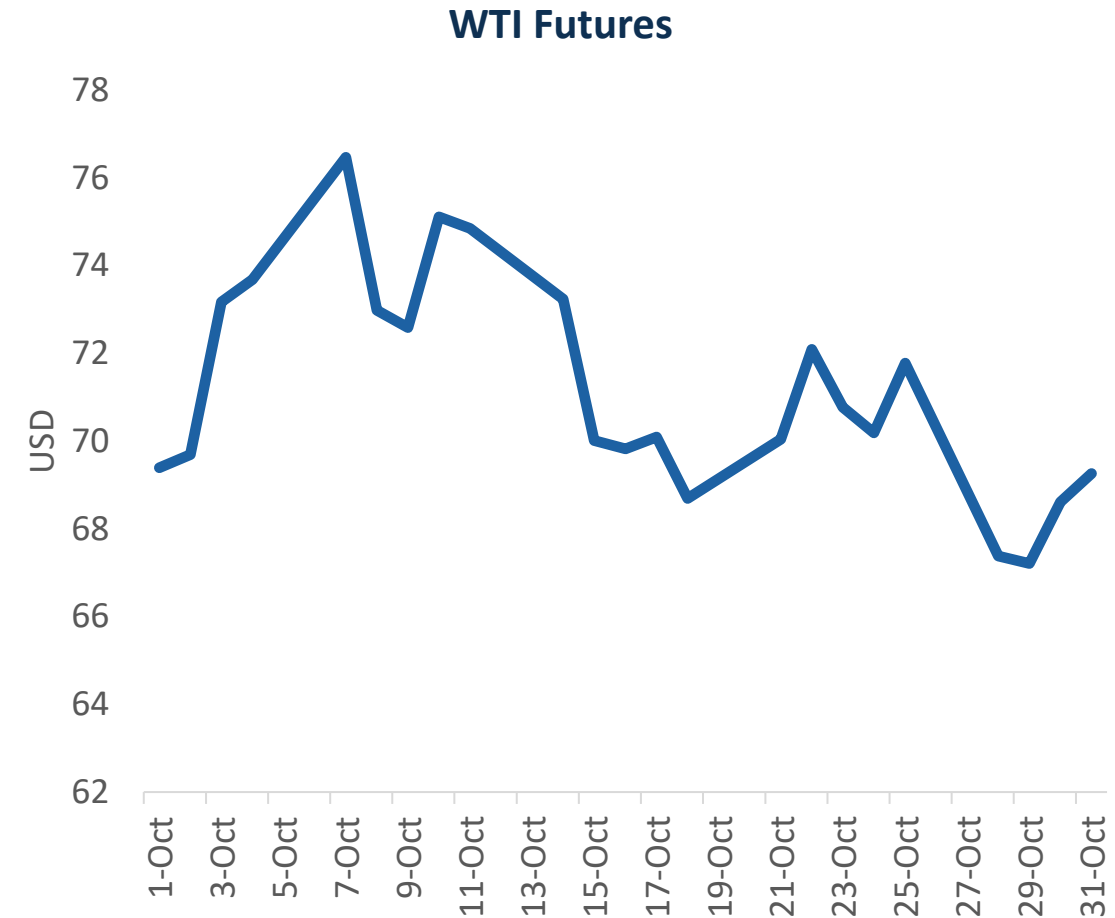
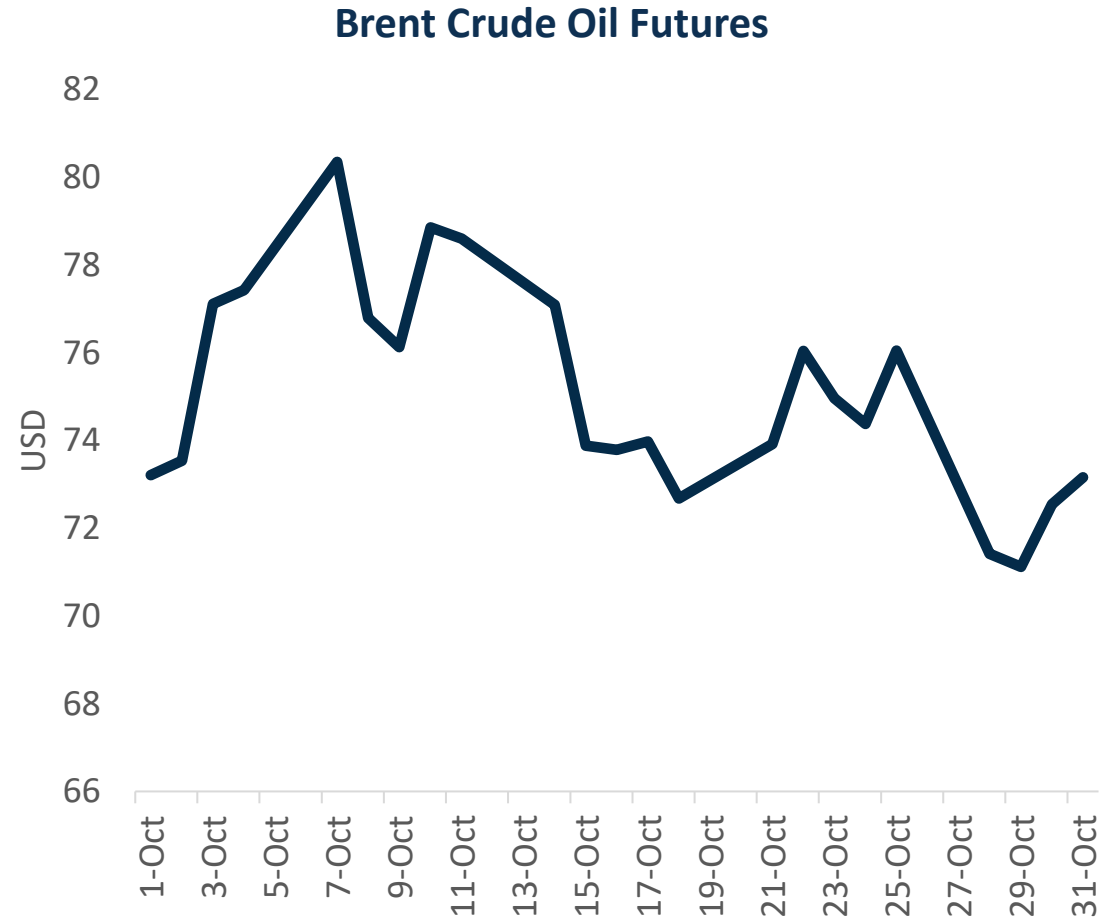
## COMMODITIES AND OTHER

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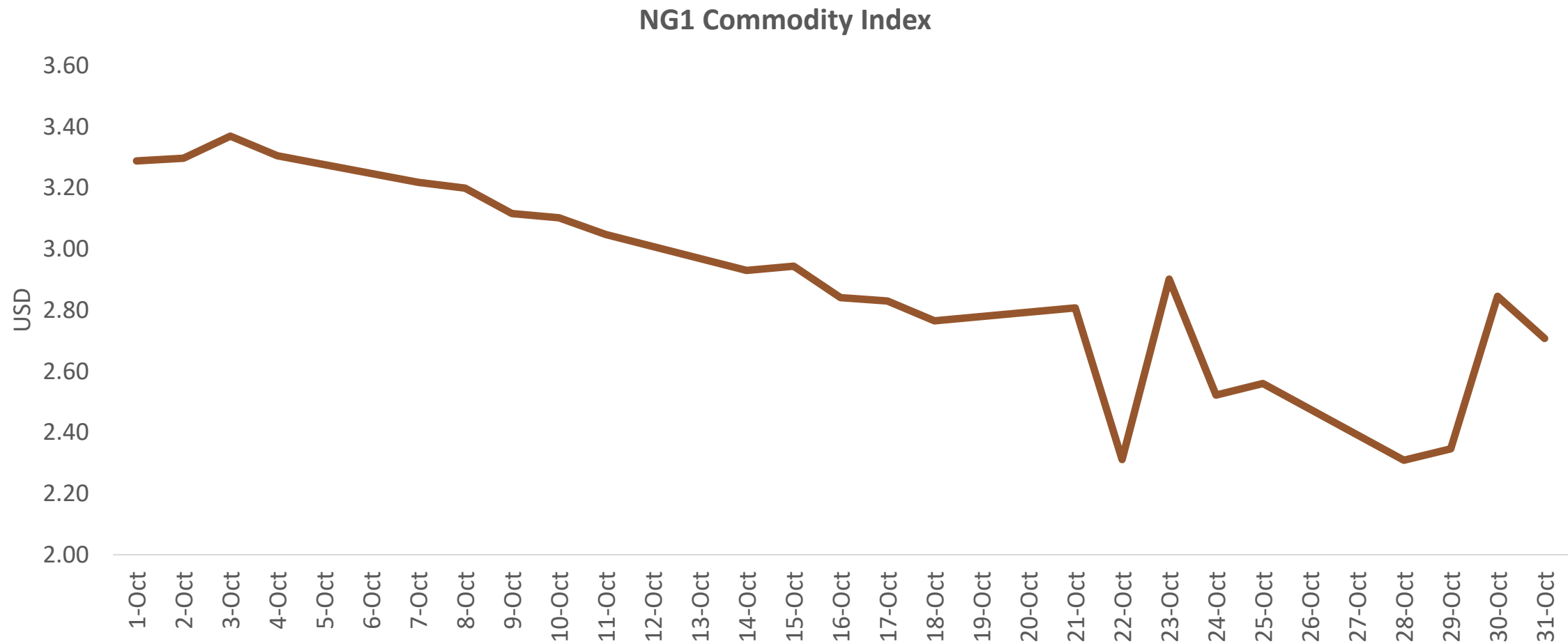
## Crude oil prices slightly declined in October 2024



In October 2024, crude oil prices fluctuated, with Brent crude slightly dropping by 0.1% and WTI declining by 0.2%. Early in the month, prices rose due to escalating conflicts in the Middle East, but they fell mid-month after reports indicated Israel was not planning to target Iran's oil facilities. Prices continued to decline toward the end of the month after Israel's retaliatory strike on Iran's military, which did not disrupt energy supplies.

## Natural gas prices plummeted by 17.7% during October 2024

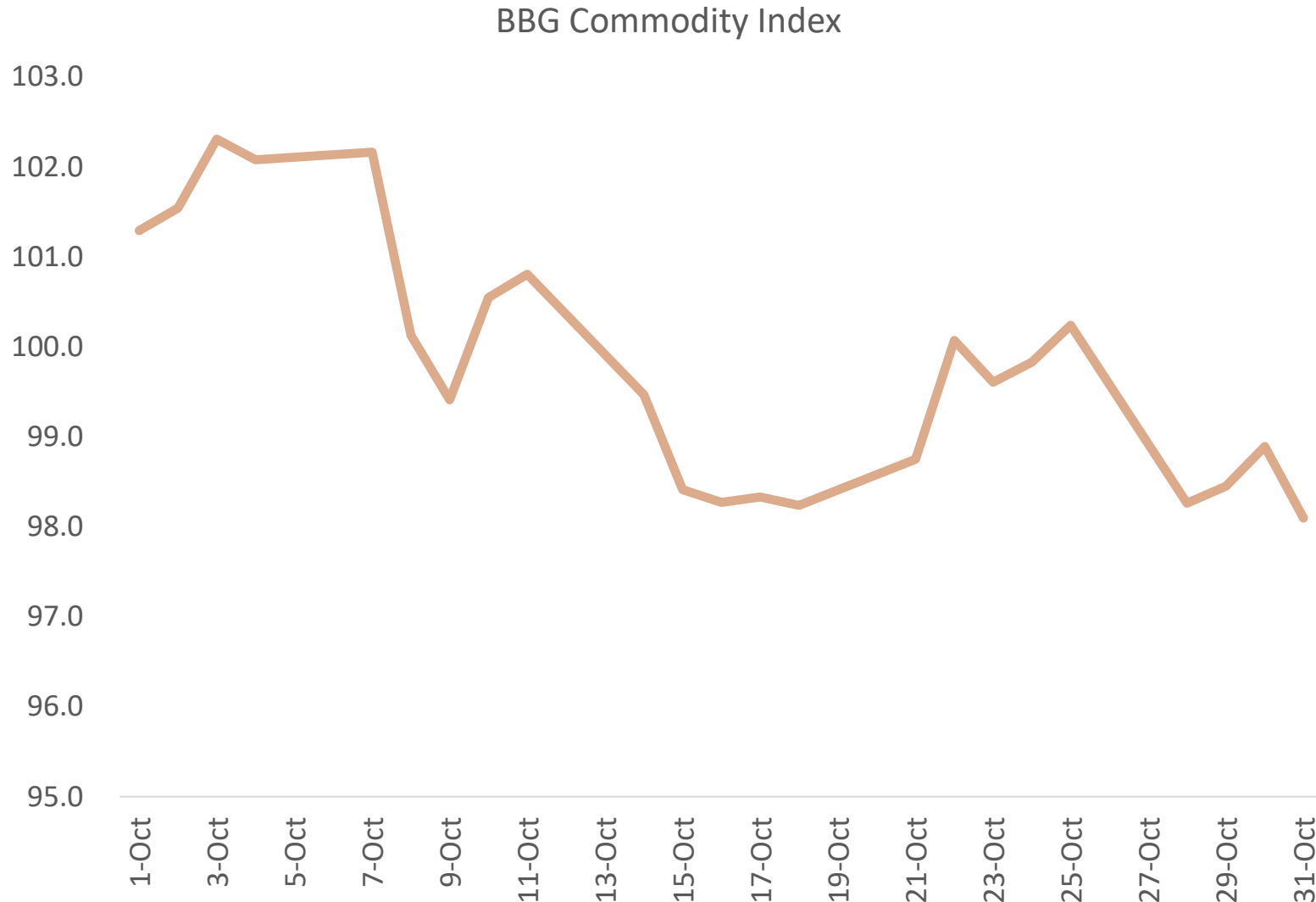
In September 2024, natural gas prices fell by 17.7%, driven by Hurricane Milton's anticipated effects on Florida's power supply and Hurricane Helene's impact. Mild weather forecasts through mid-November kept heating demand low, allowing utilities to inject more gas into storage than usual. Additionally, European natural gas futures were affected by tensions in the Middle East and production outages in Norway.



Source: Investing.com



## Commodities prices declined by 3.2% in October 2024



- In October 2024, the Bloomberg Commodity Index (BBG) declined by 3.2%.
- Soybean and corn prices dropped 5.9% and 4.3%, respectively, due to large U.S. harvests and improved production forecasts in Brazil with timely rains easing planting concerns.
- Copper prices fell by 5.4% and aluminum by 0.4% in October, driven by uncertainties over the US elections and the impact of China's new economic stimulus package.
- In the precious metals segment, gold prices rose by 2.2% and silver by 3.3%, driven by U.S. election uncertainty and expectations of a Federal Reserve interest rate cut in November, along with attention on upcoming economic data releases.

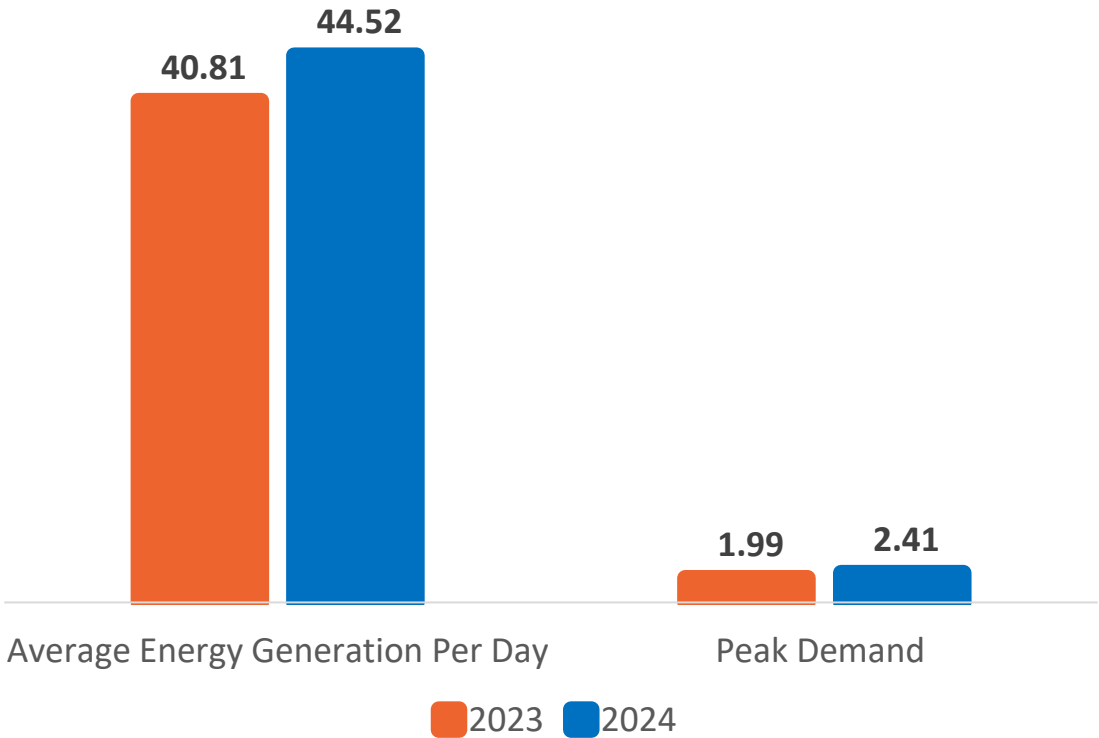
Note: The Bloomberg Commodity Index is a diversified commodity price index covering 23 exchange-traded futures in sectors like energy, grains, industrial metals, livestock, and precious metals.

Source: Investing.com

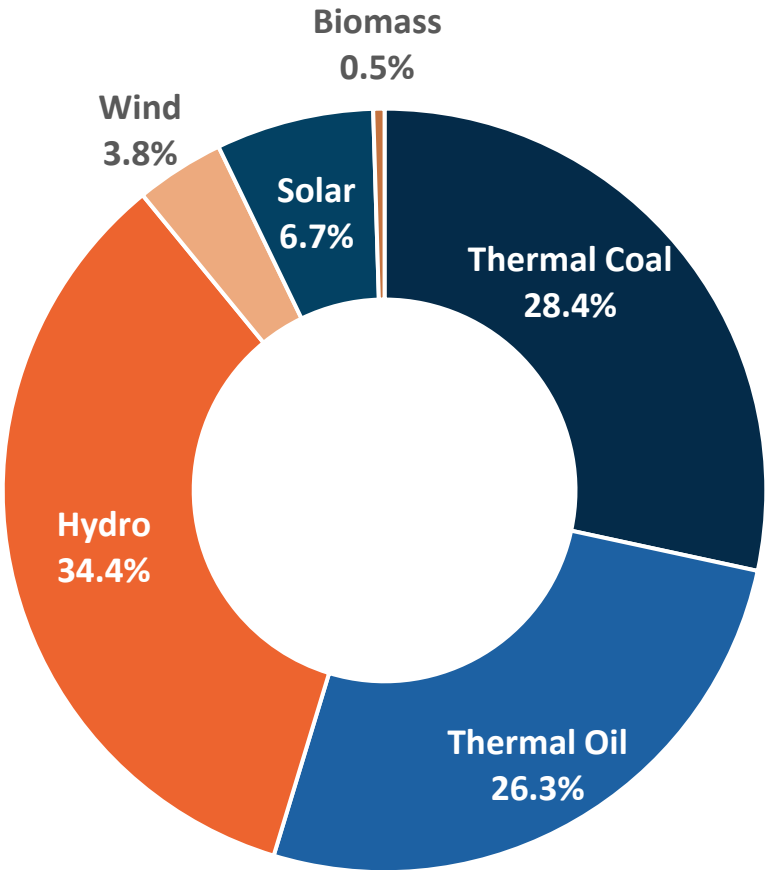
# October 2024 average daily electricity generation increased by 9.1% YoY

In the month of Oct 24 average daily electricity generation was 44.52 GWh and it is a 9.1% increase compared to the same period last year. Average daily peak demand was 2.41 GWh in Oct 24.

Average Daily Electricity Generation  
in October (GWh)



Electricity Generation Composition by Category  
in Oct 24



Note: On October 7th, the CBSL daily report noted that the peak demand for October 6th reached 45.57 GWh, significantly exceeding typical levels. As a result, this peak was excluded from the calculation of the average daily demand for the month.

Source: CBSL

September 2024 tea production increased by 27.7% YoY

In September 2024, Sri Lanka experienced a remarkable 27.7% YoY increase in tea production, reaching a total of 24.13 million kilograms. However, the value of tea exports for the month declined to LKR 35,246 million, marking a 9.0% decrease compared to the previous year. Additionally, the quantity of tea exported fell by 14.5% YoY, totaling 19.80 million kilograms.

Tea Exports

For Sep 24	Volume in Kgs	Value in LKR Mn
Tea in Bulk	8,376,528	12,656
Tea in Packets	8,735,945	14,715
Tea in Bags	2,037,517	5,731
Instant Tea	199,903	612
Green Tea	445,960	1,532
Total	19,795,853	35,246

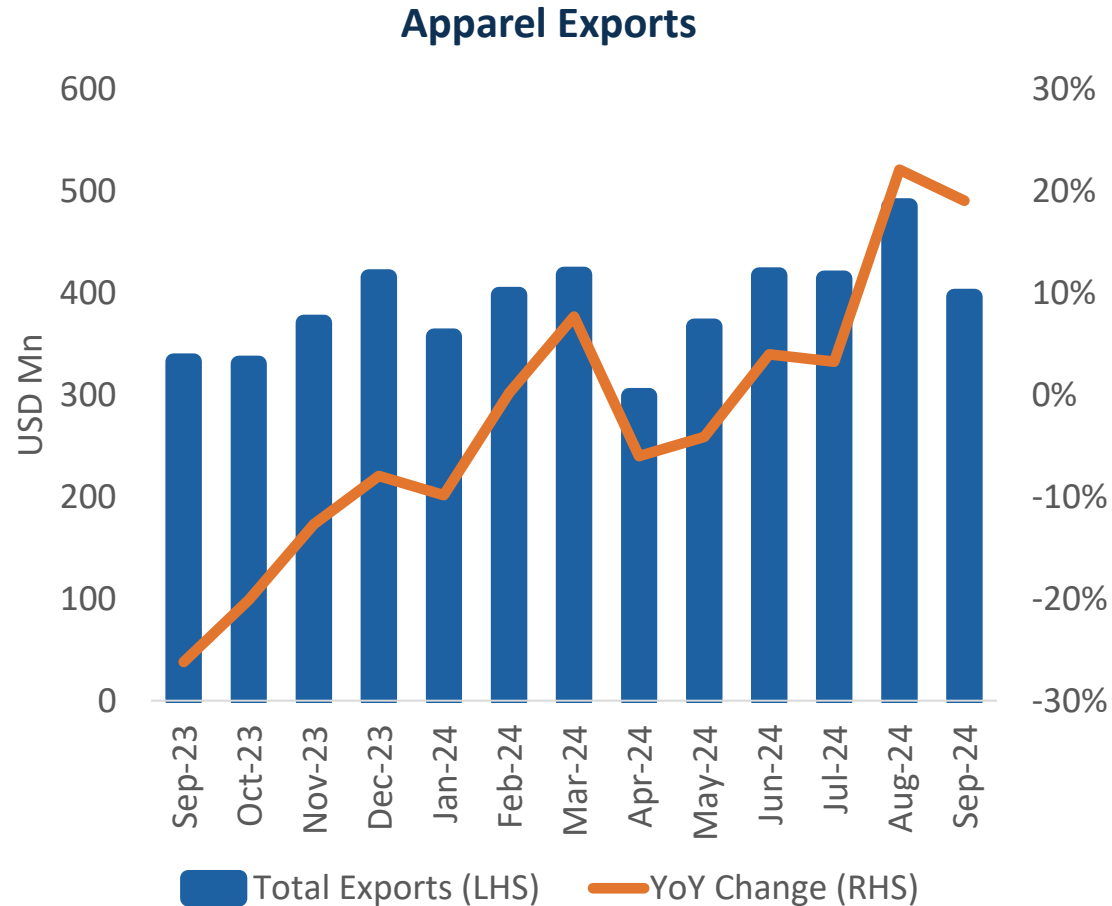
Average Tea Auction Prices (Monthly)

For Sep 24	LKR per Kg
High	1,142.38
Medium	1,049.17
Low	1,305.21
Total	1,231.57

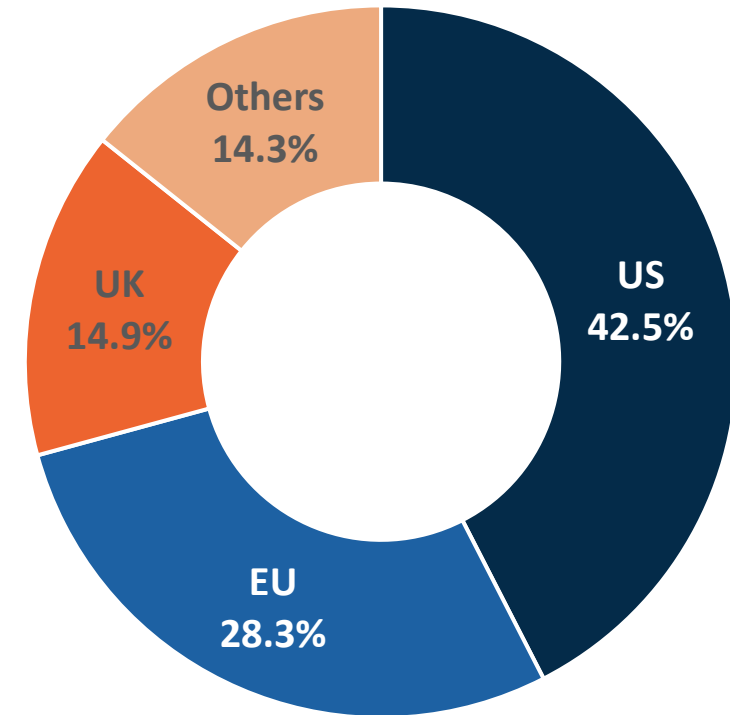
Tea Production

For Sep 24	Kgs
High	4,596,353
Medium	4,107,689
Low	15,239,510
Green Tea	189,695
Total	24,133,247

## September 2024 apparel exports soared by 19.1% YoY



## Top Export Markets - September 24



In September 2024, total apparel exports amounted to USD 396.73 million, reflecting a YoY growth of 19.1%. However, this figure represents an 18.3% decline compared to the previous month. Exports to the United States surged by 37.8% YoY, while shipments to the European Union and the United Kingdom increased by 5.2% and 9.6%, respectively.



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