



# MONTHLY ECONOMIC WRAP | DEC 2025

**AMBEON**  
SECURITIES

14.01.2026



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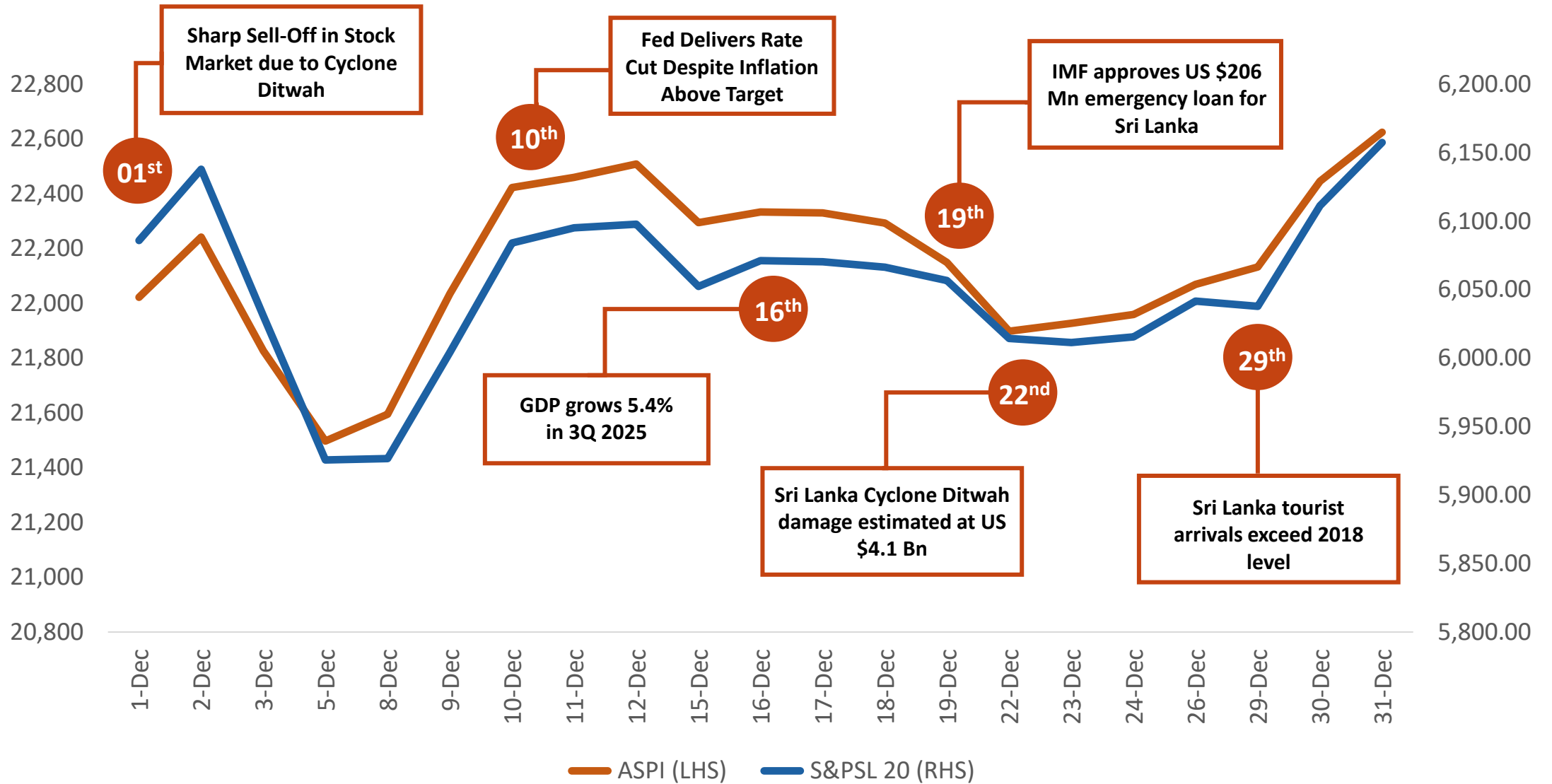


## CSE PERFORMANCE

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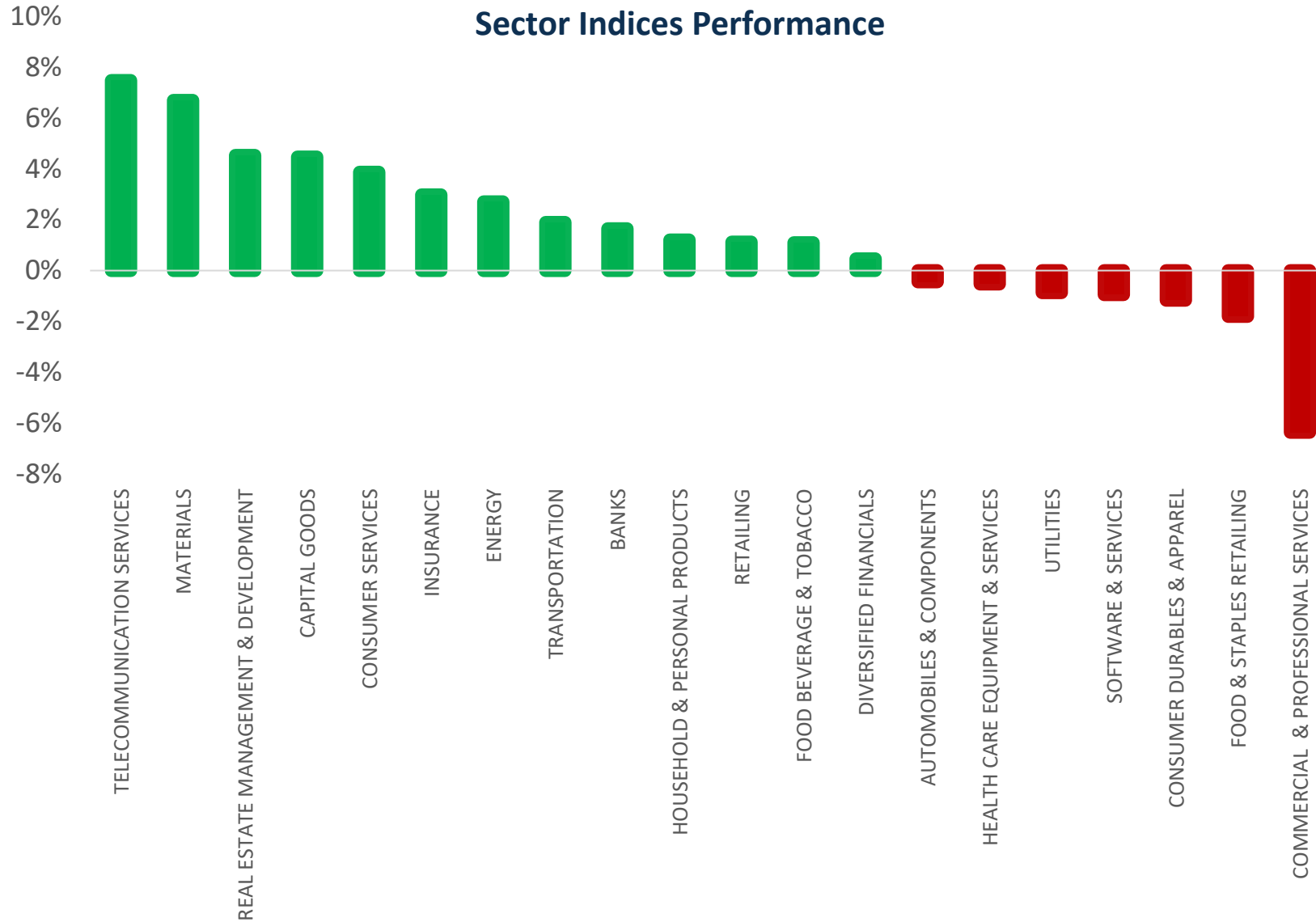


# ASPI increased by 2.73% and S&PSL20 increased by 1.18% in Dec 2025



Note: Returns are calculated up to 31<sup>st</sup> December 2025  
 Source: CSE, Ambeon estimates

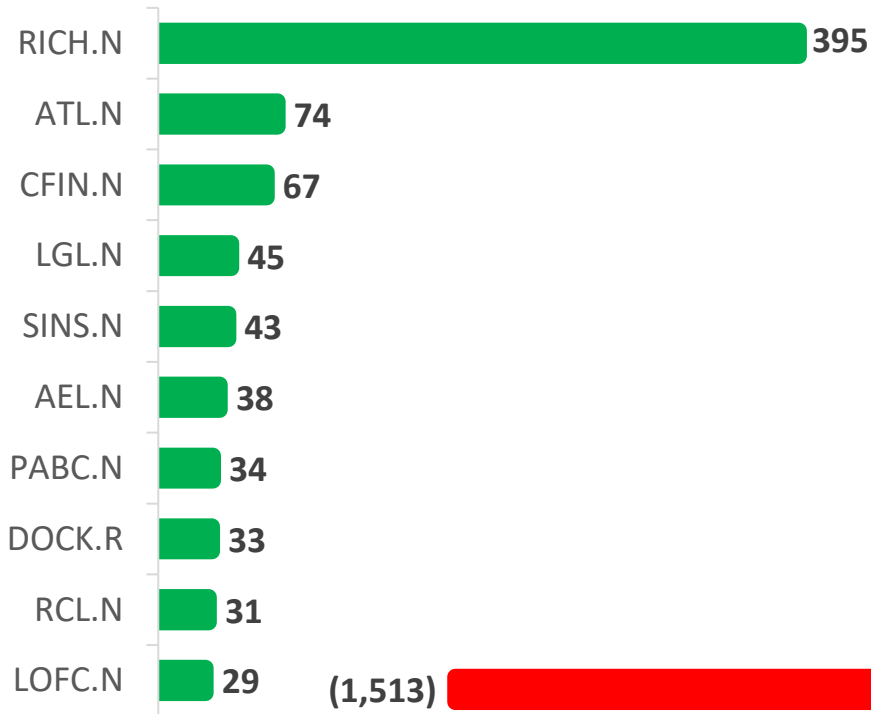
## In Dec 2025, most sectors experienced a growth



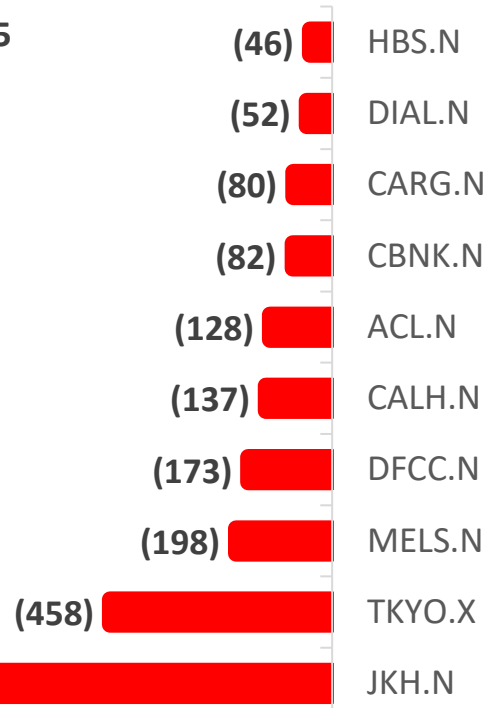
The Telecommunication Services had the highest increase of 7.48% this month, while the Commercial and Professional Services sector experienced the largest decline of -6.36%.

# Total net foreign outflow for Dec 2025 was LKR -2,179.64 Mn

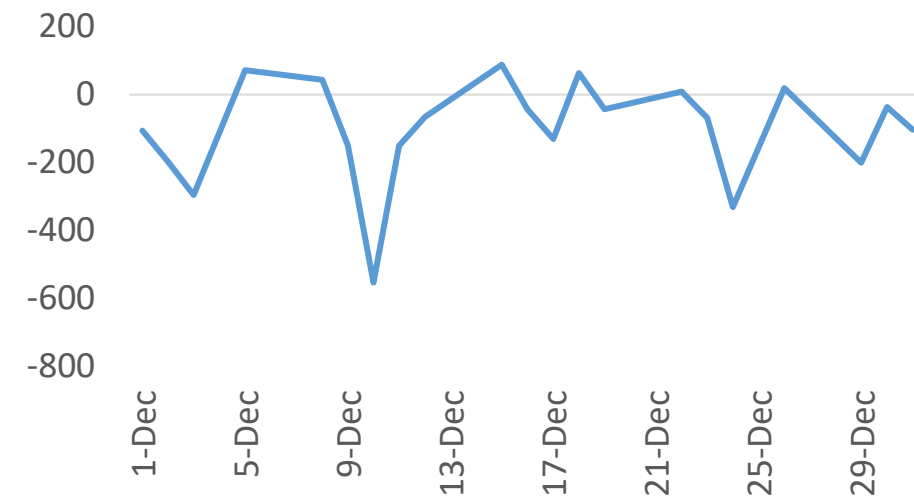
**Top 10 Counters  
Net Foreign Inflows (LKR Mn)**



**Top 10 Counters  
Net Foreign outflows (LKR Mn)**



**Net Foreign Flow (LKR Mn)**



Except for 6 market days, the remaining days in the month recorded net foreign outflows.

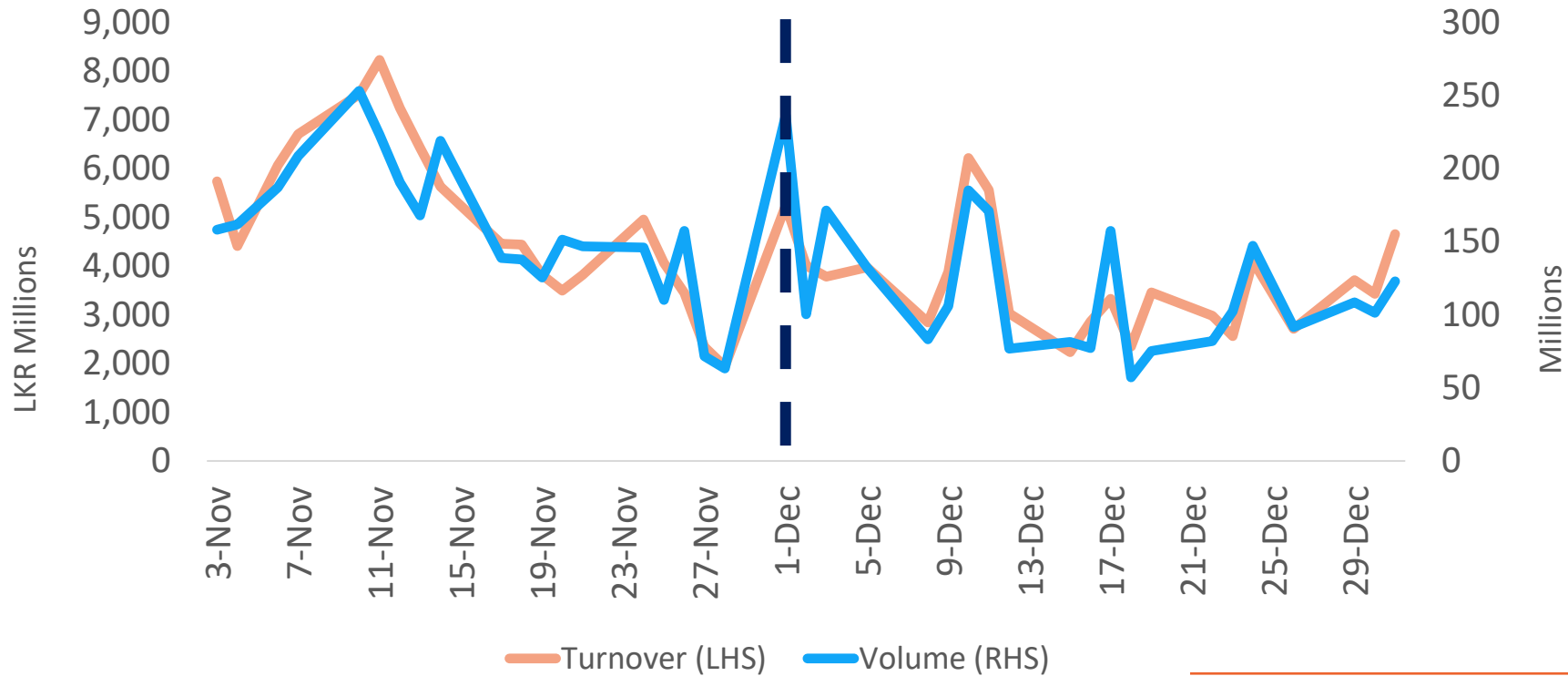
**Dec 25 Total Net Foreign Flow LKR -2,179.64 Mn | Year-to-date Net Foreign Flow\* LKR -40,855.49 Mn**

Source: CSE, Ambeon estimates

\*Year-to-date calculated as of 31<sup>st</sup> December 2025

## In Dec 2025, average daily turnover and volume declined

Average turnover declined by 27% MoM while average volume declined by 26% MoM.



Daily average	Nov 2025	Dec 2025	YTD Average
Turnover (LKR Mn)	4,983	3,660	5,179
Volume (Mn)	159	117	196

Source: CSE, Ambeon estimates  
 Note: Daily average turnover and volume for the month

## Regional valuation comparison

### Frontier Markets (Asia)

Index	PE	PBV
ASPI (Sri Lanka)	11.16	1.60
KSE 100 (Pakistan)	9.71	1.56
VNI (Vietnam)	17.43	2.10

### US & European Markets

Index	PE	PBV
S&P 500 (US)	25.61	5.51
DJIA (US)	22.98	5.74
FTSE 100 (UK)	14.85	2.32

### Other Markets (Asia)

Index	PE	PBV
Nikkei 225 (Japan)	22.60	2.48
CSI 300 (China)	17.57	1.82
HSI (Hong Kong)	12.03	1.39
BSE 500 (India)	23.65	3.61
NIFTY 50 (India)	21.44	3.52
Indonesia (JCI)	21.66	2.25

Note: Figures are as of 31<sup>st</sup> December 2025  
 Source: Bloomberg

## Key economic news & events

01<sup>st</sup> Dec

**Sharp Sell-Off in Stock Market due to Cyclone Ditwah**

After the destructive impact of **Cyclone Ditwah**, Sri Lanka's **Colombo Stock Exchange (CSE)** fell to a **two-month low**, with the **All Share Price Index (ASPI) dropping 3.04 %** (about 690.76 points) and the **S&P SL20 sliding 2.89 %** as widespread selling pressure hit the market. Brokers said investors were cautious and continued selling due to uncertainties from flooding and damage caused by the cyclone. Despite the overall downturn, **construction sector shares gained ground**, as investors anticipated increased demand for rebuilding and repairs following the disaster.

10<sup>th</sup> Dec

**FED rate cut**

The **U.S. Federal Reserve** cut its key interest rate by **25 basis points**, lowering the target range to **3.50 – 3.75 %** despite inflation running above its 2 % target, with October inflation at about **3 %**. The Fed justified the move by pointing to signs of **slowing economic momentum and weaker job gains**, noting that economic activity was only growing moderately and unemployment had risen slightly.

16<sup>th</sup> Dec

**GDP grows 5.4% in 3Q 2025**

Sri Lanka's **economy grew by 5.4 % in the third quarter of 2025 (Q3)**, marking a strong acceleration in growth compared to earlier periods and lifting the economy's **nine-month expansion to about 5.0 %**. All three major sectors contributed positively: **agriculture grew 3.6 %**, **industry expanded 8.1%**, and **services rose 3.5 %** compared to the same quarter last year. While growth may be slightly tempered by the effects of late-November floods, the Q3 figure indicates continued economic recovery and resilience.

29<sup>th</sup> Dec

**Sri Lanka tourist arrivals exceed 2018 level**

Sri Lanka's **international tourist arrivals in 2025 surpassed the previous record set in 2018**, marking a significant milestone in the country's tourism recovery. The total number of visitors reached **2,333,797**, just above the 2018 peak, with **India remaining the largest source market** and the record-setting arrivals celebrated at Bandaranaike International Airport. However, despite this achievement, Sri Lanka is **still likely to fall short of the ambitious 3 million arrival target and USD 5 billion revenue goal** initially set for the year.



## MONETARY SECTOR

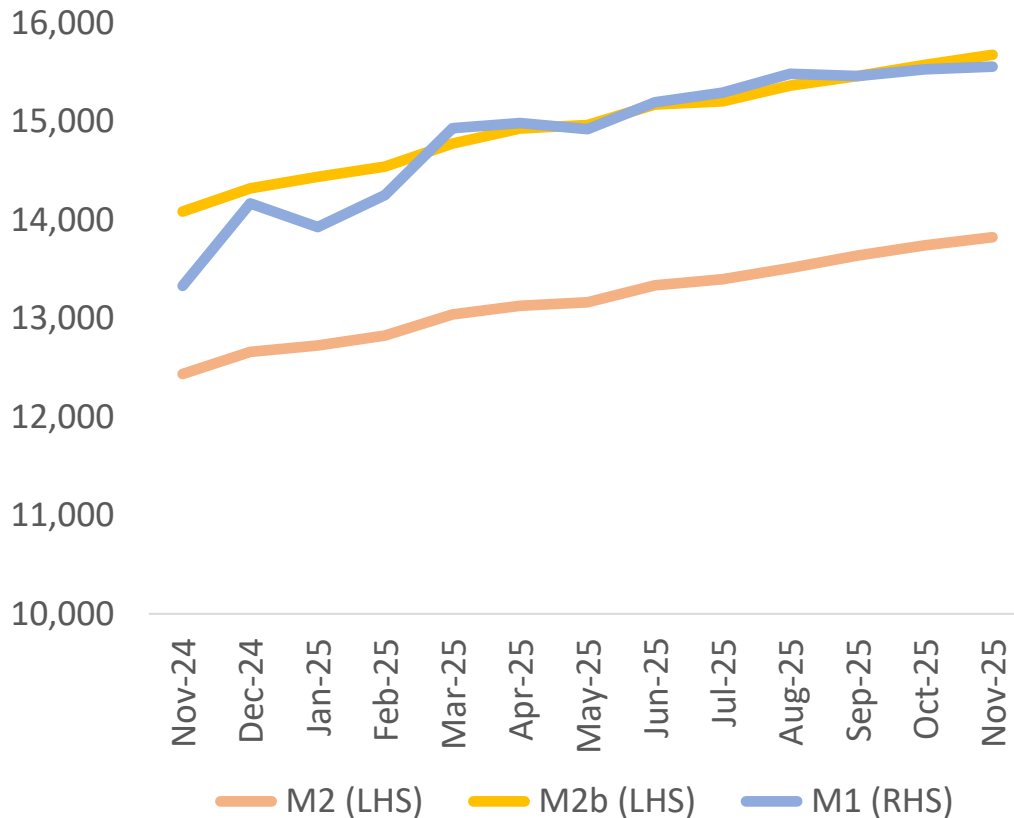
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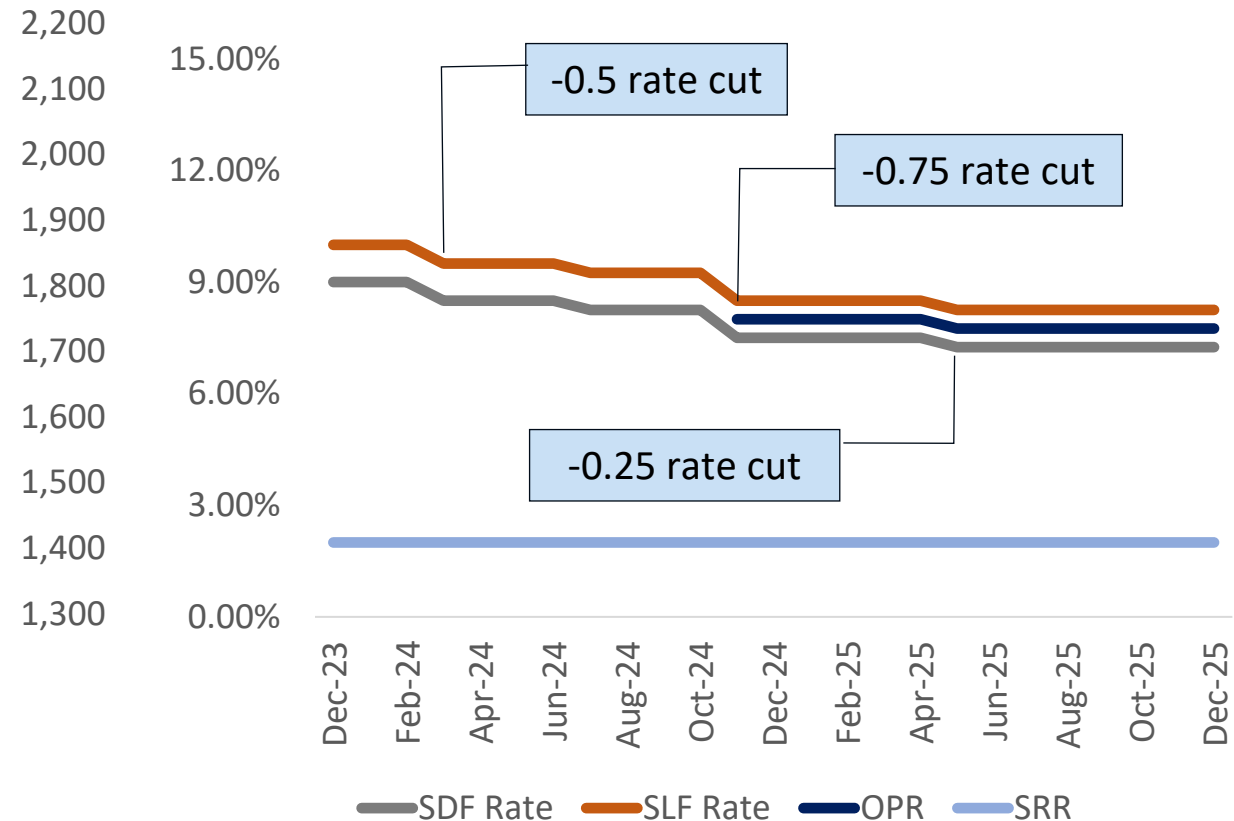
# Overnight Policy Rate of 7.75% unchanged in Dec 2025

By the end of November 2025, Sri Lanka's narrow money supply (M1) rose to LKR 2,133.9 billion, while the consolidated broad money supply (M2b) expanded to LKR 15,679.8 billion, marking an increase from October 2025. Policy rates remained unchanged in December 2025 at 7.75%, indicating a continuation of the monetary stance maintained since May.

Money Supply (LKR Bn)



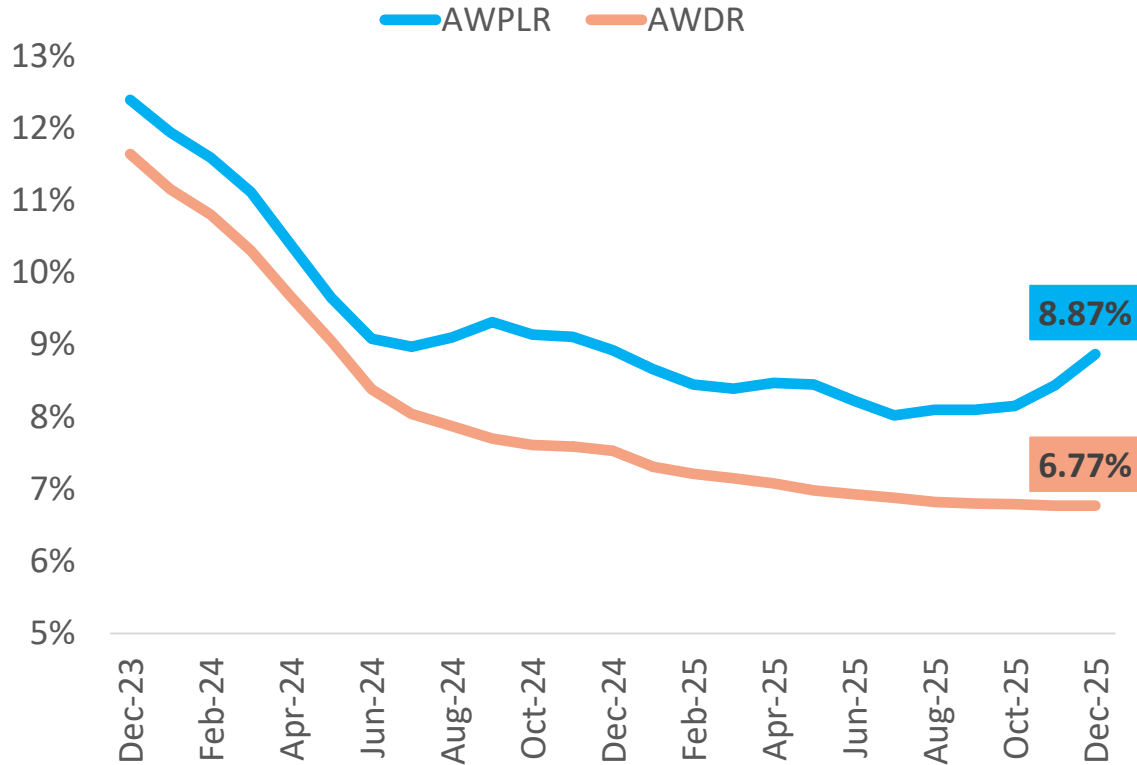
Policy Rates



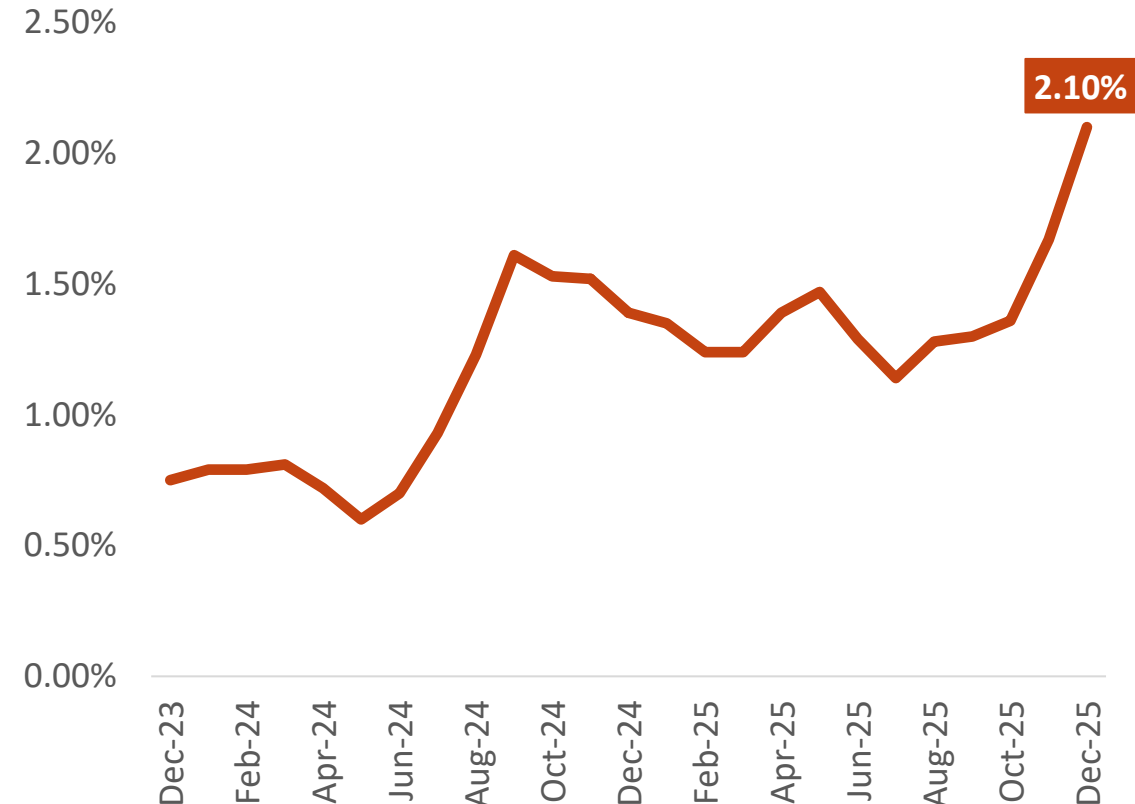
Source: CBSL

# Lending rates experienced a slight increase in Dec 2025

Lending and Deposit Rates

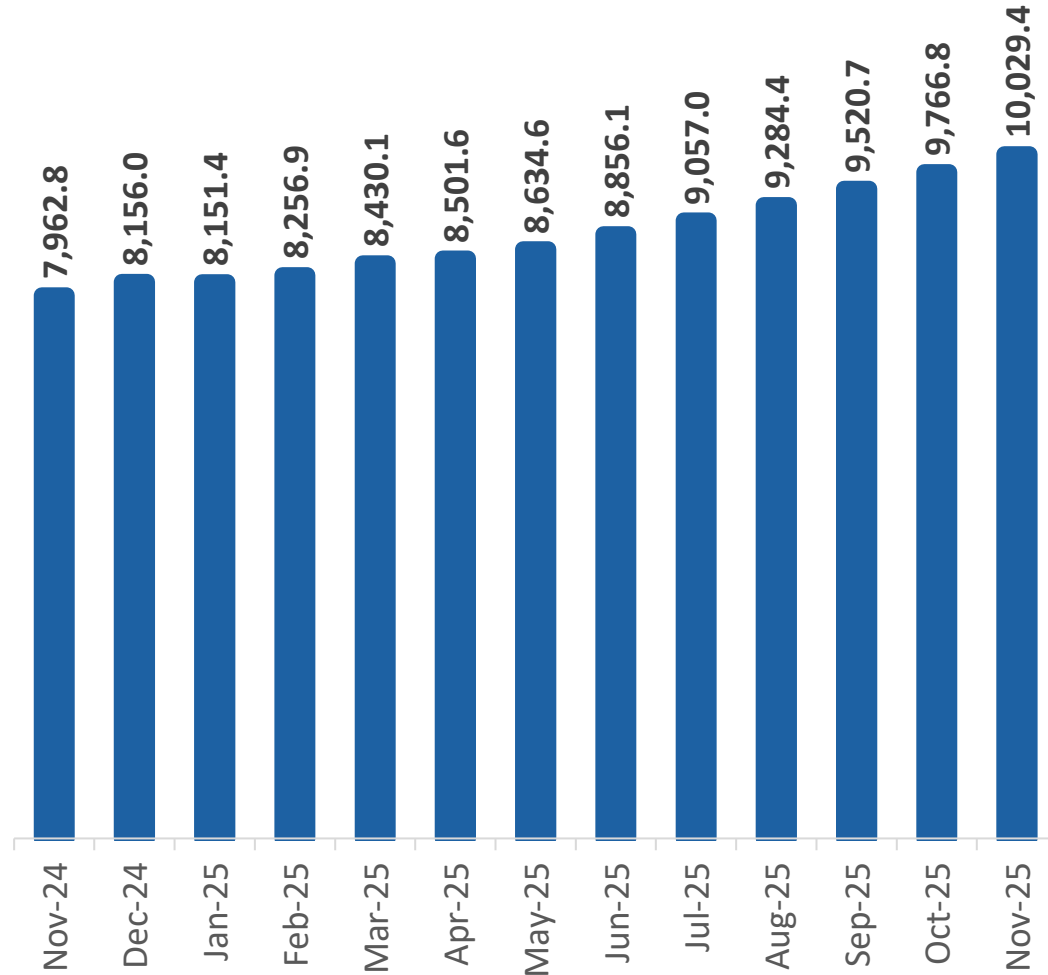


Interest Spread

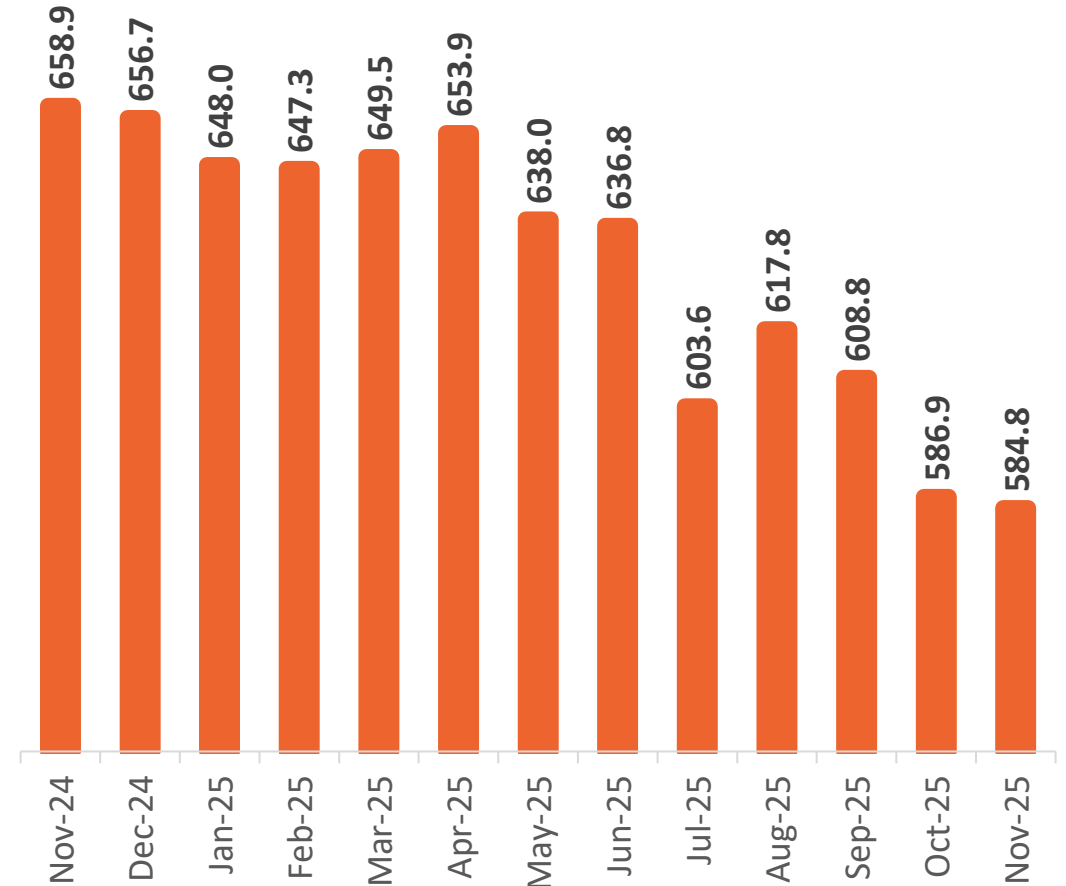


## Private sector credit displayed a gradual upward movement

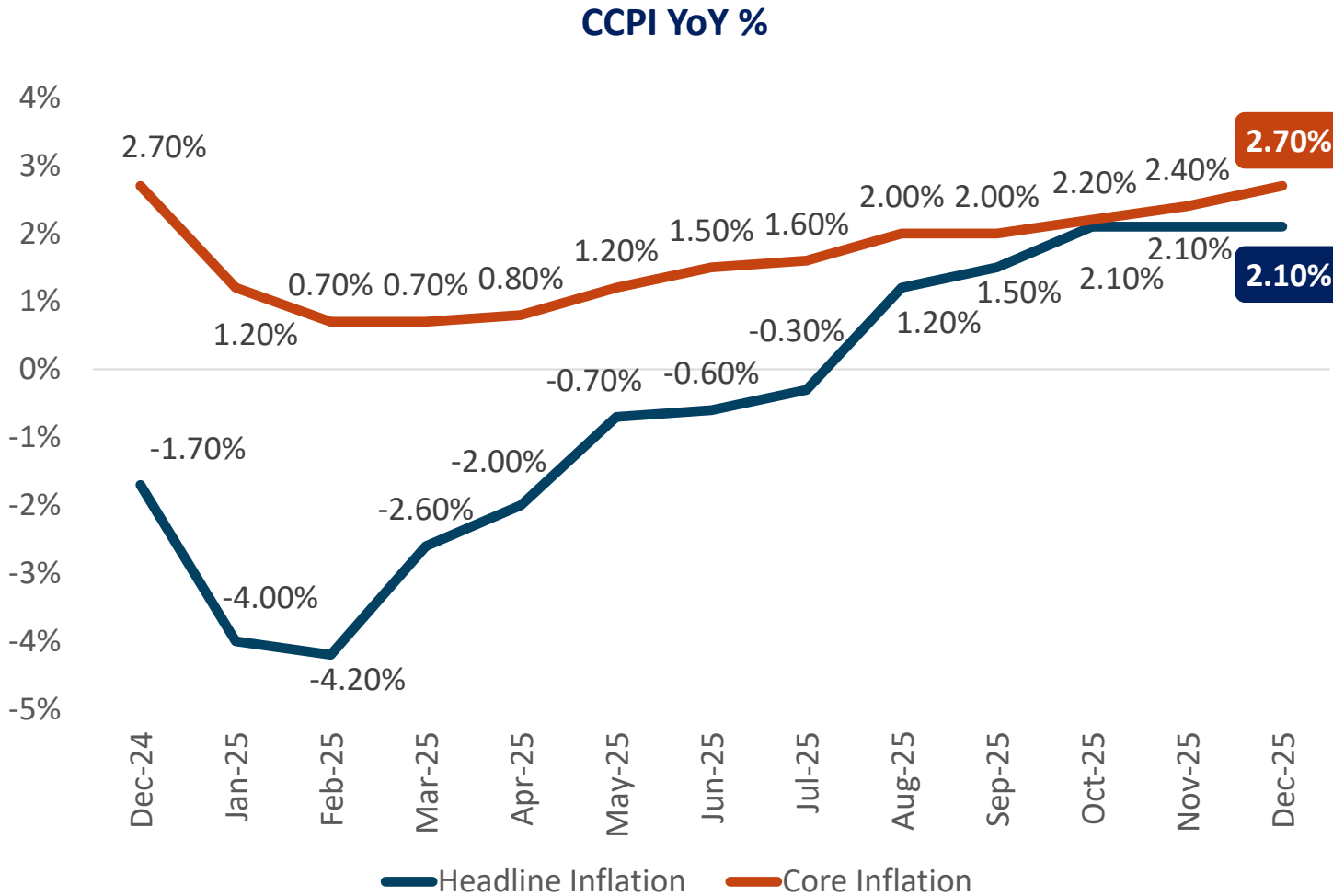
Credit to Private Sector (LKR Bn)



Credit to Public Sector (LKR Bn)



# CCPI based headline inflation remained unchanged in Dec 2025



Headline inflation (YoY), measured by the Colombo Consumer Price Index (CCPI), remained steady at 2.1% in December 2025, unchanged from November.

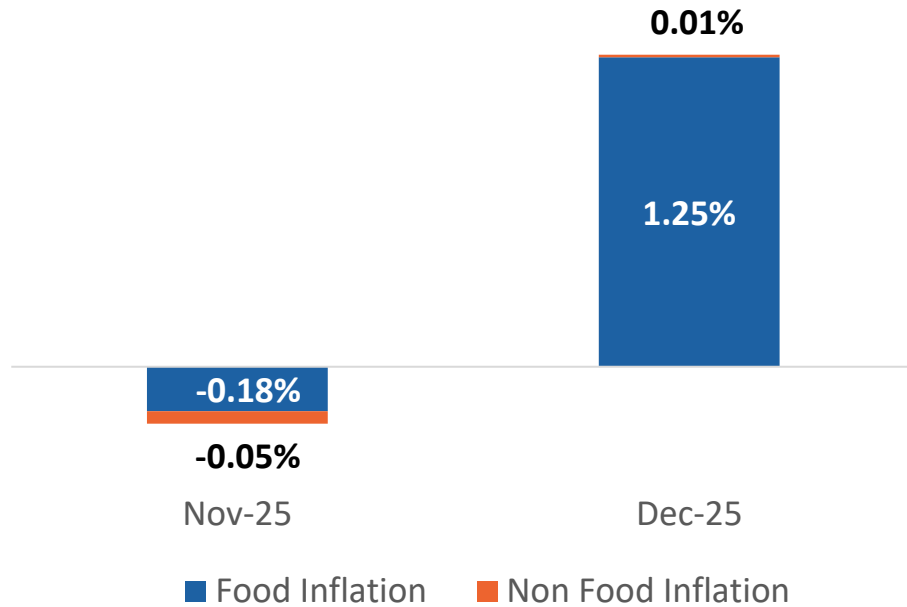
On a MoM basis, the CCPI increased by 1.26%, driven mainly by increase in food prices which reflects the supply side disruptions caused by the adverse weather conditions. The Food category contributed 1.25 percentage points, and the Non-Food category contributed 0.01 percentage points.

Meanwhile, core inflation edged up to 2.7% in December from 2.4% in November, indicating a mild strengthening in underlying price pressures.

Inflation projections from the November 2025 monetary policy round continue to signal a gradual rise toward the 5% inflation target in the period ahead, supported by appropriate policy actions.

## Dec 2025, CCPI increased by 1.26% MoM mainly due to food category

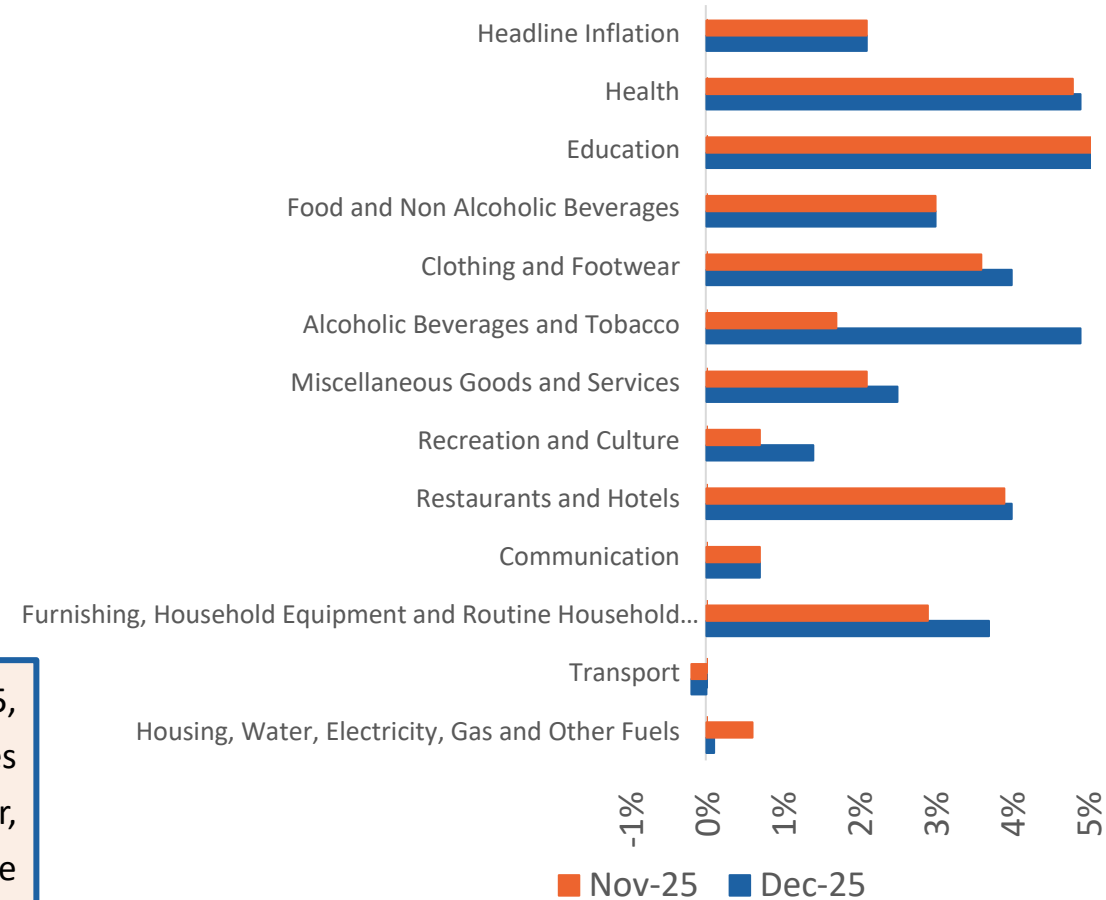
Contribution to monthly change in CCPI



On a month-on-month basis, the CCPI increased by 1.26% in December 2025, with food prices contributing 1.25 percentage points and non-food prices contributing 0.01 percentage points to the overall increase. Year-on-year, headline inflation remained unchanged at 2.1% in December, maintaining the same rate recorded in November. Food inflation (YoY) remained unchanged at 3.0% in December 2025 compared to the previous month, while non-food inflation (YoY) picked up to 1.8% from 1.7% in the previous month.

Source: CBSL

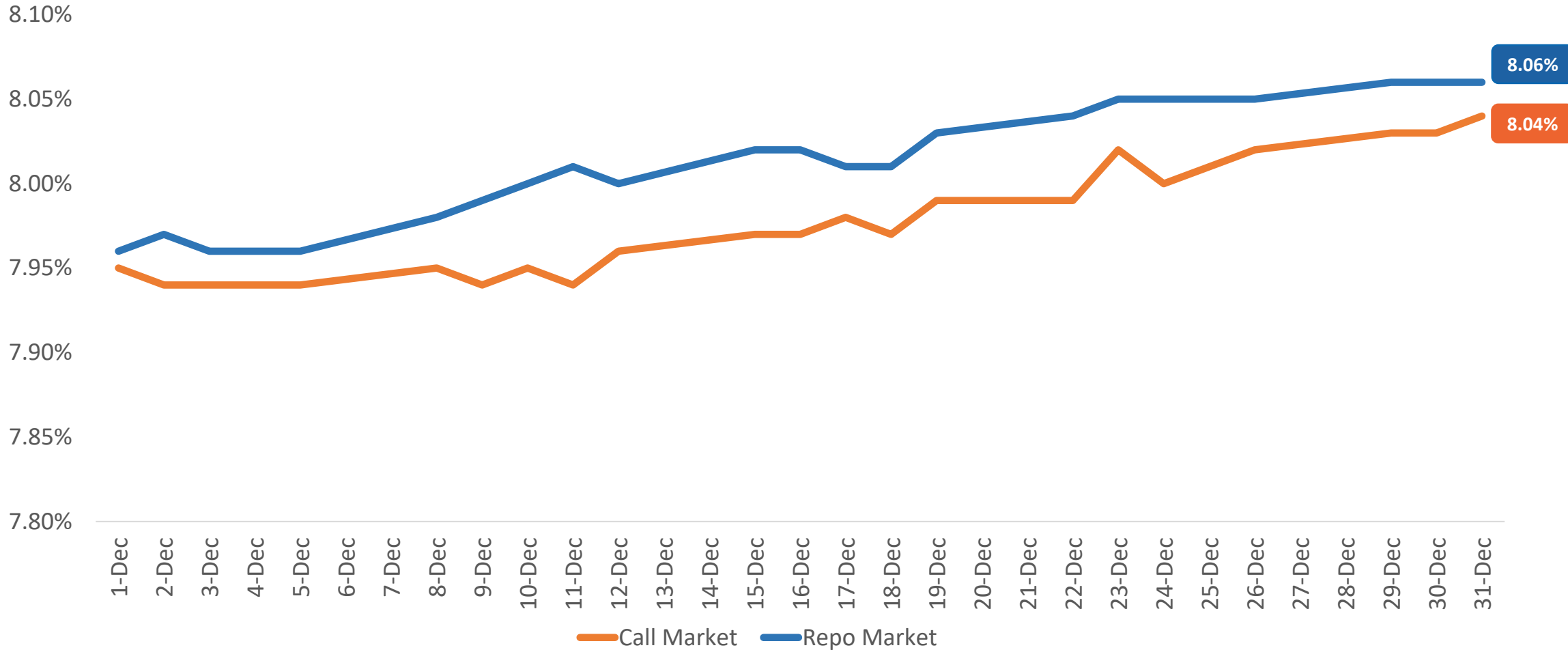
CCPI YoY Change by Subcategory



Prices accelerated for health, alcoholic beverages and tobacco, clothing and footwear, restaurants and hotels, miscellaneous goods and services, recreation and culture while the prices decelerated for housing.

# Call and Repo Rates increased in the month of December

Weighted Averaged Yields of Money Market Rates

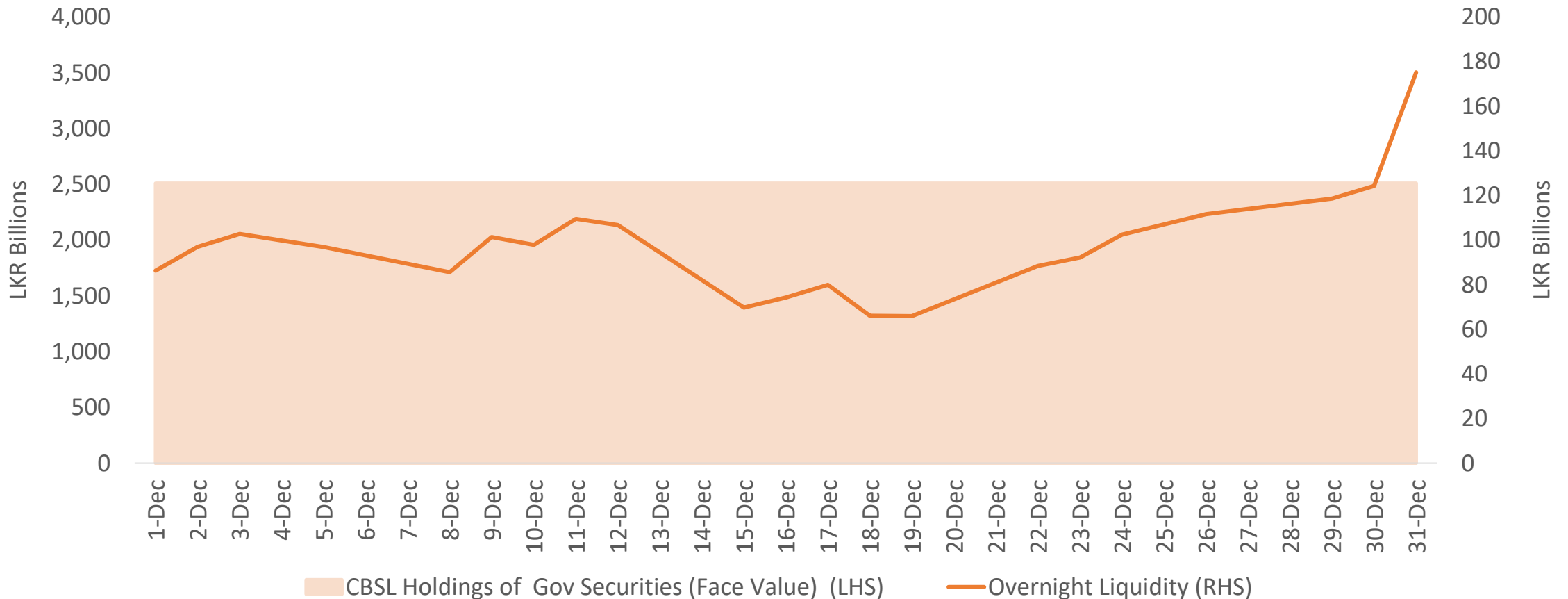


Source: CBSL

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

During December 2025, the Central Bank of Sri Lanka's (CBSL) holdings of government securities remained broadly stable at LKR 2508.92 billion, indicating limited new monetary financing. Meanwhile, overnight liquidity in the banking system showed fluctuations, dipping mid-month but rising sharply towards end-December to about LKR 175.18 billion.

Liquidity and CBSL Holdings



Source: CBSL

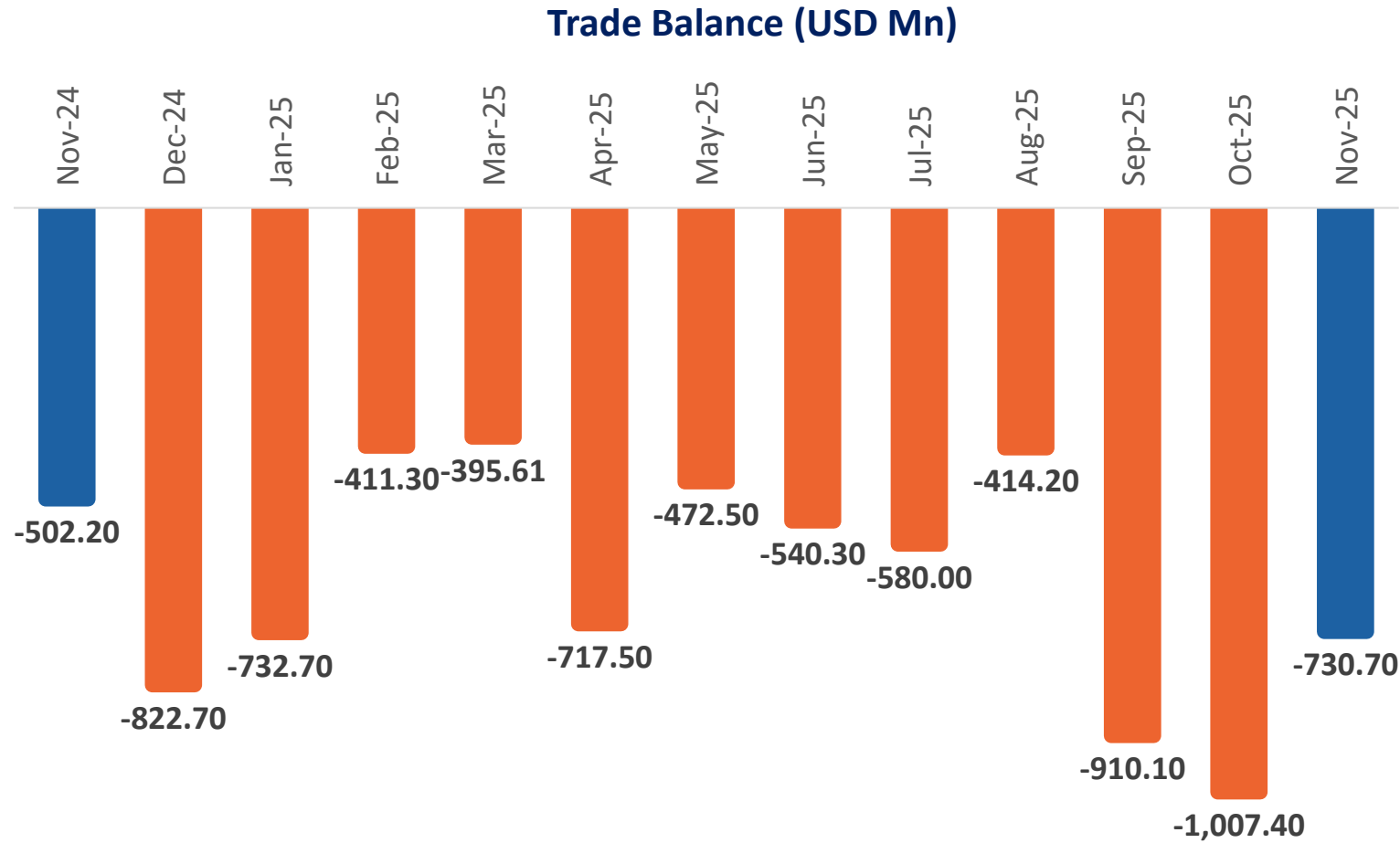


## EXTERNAL SECTOR

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# Trade Balance worsened by 45.5% YoY in Nov 2025

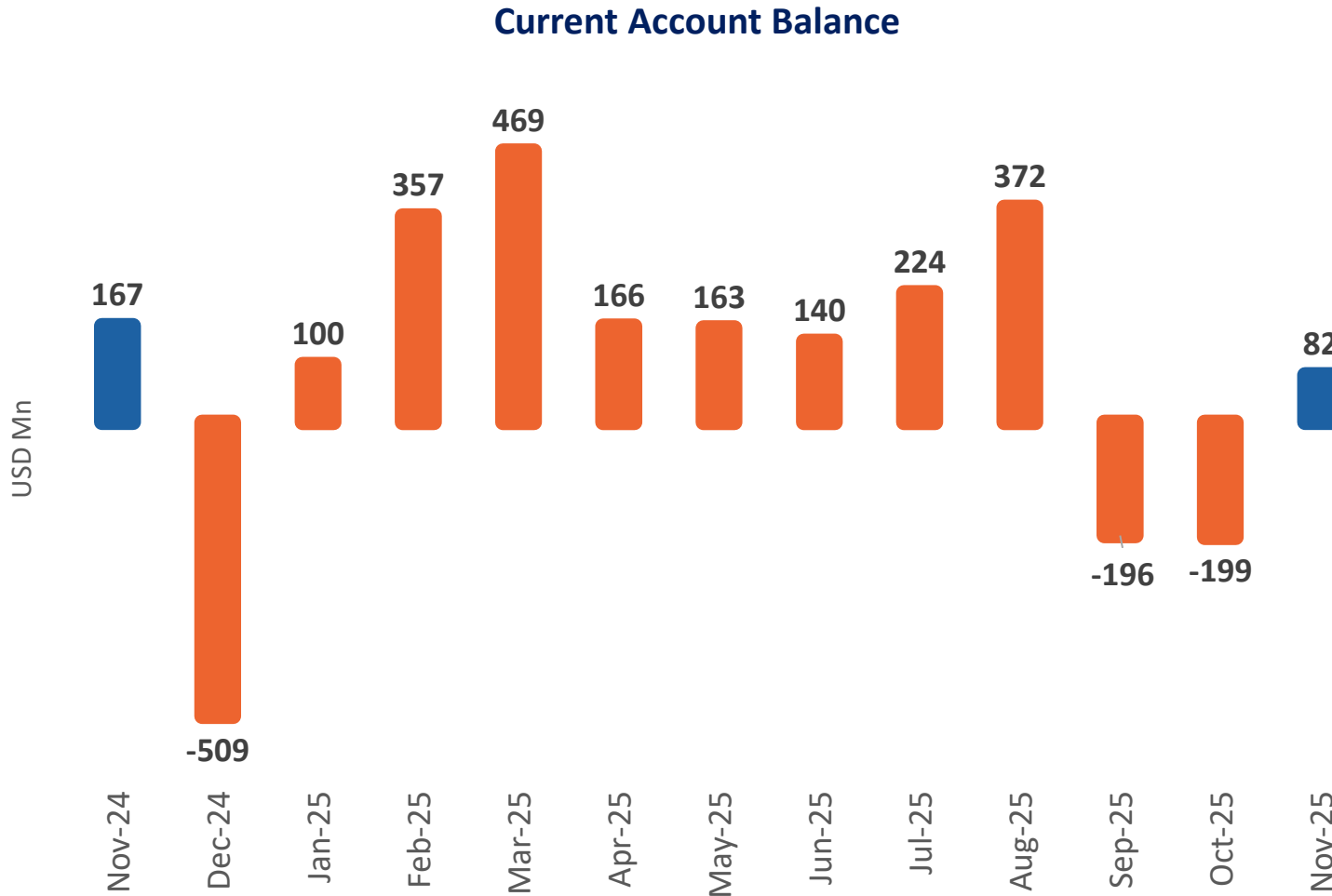


In November 2025, Sri Lanka’s trade deficit widened to USD 730.7 million, reflecting an 45.5% increase compared to November 2024 and a 27.5% drop from the previous month.

The year-on-year rise in the trade balance was driven mainly by the rise in imports expenditure by 18.9% YoY.

The cumulative trade deficit from January to November 2025 expanded to USD 6,912.3 million, marking a 31.7% increase compared to the corresponding period in the previous year.

## Current Account Balance worsened by 51% YoY in Nov 2025

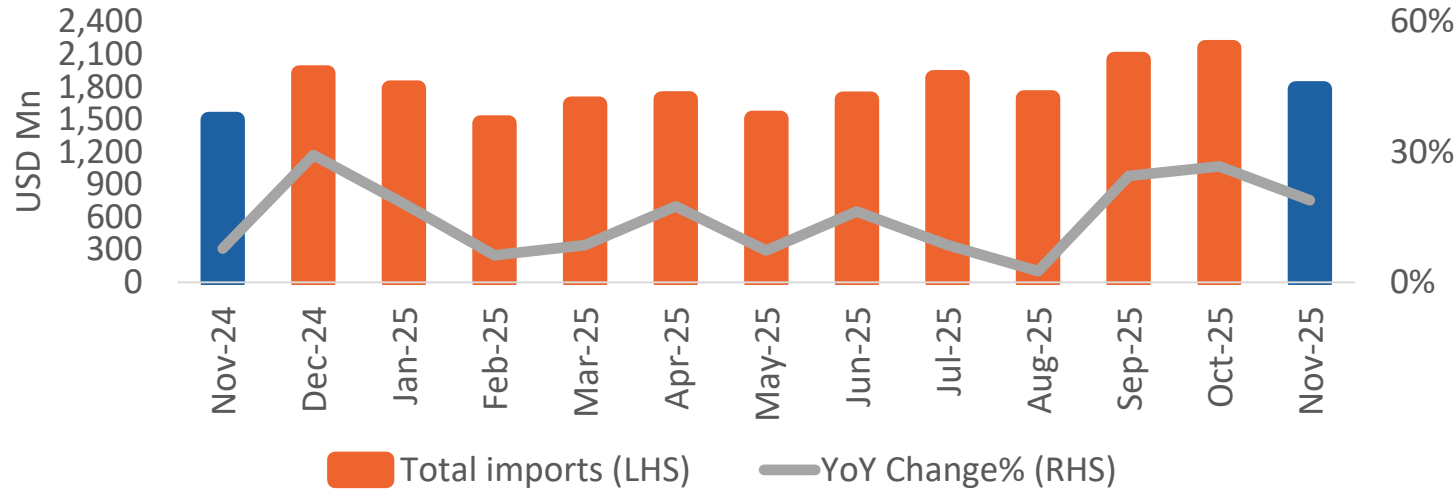


The current account returned to a surplus in November 2025, following deficits recorded in the preceding two months. Although the current account balance worsened by 51% YoY, it still posted a surplus of USD 82 million. On a month-on-month basis, the balance improved by 1.4%. The cumulative current account surplus during January–November 2025 amounted to approximately USD 1,678 million.

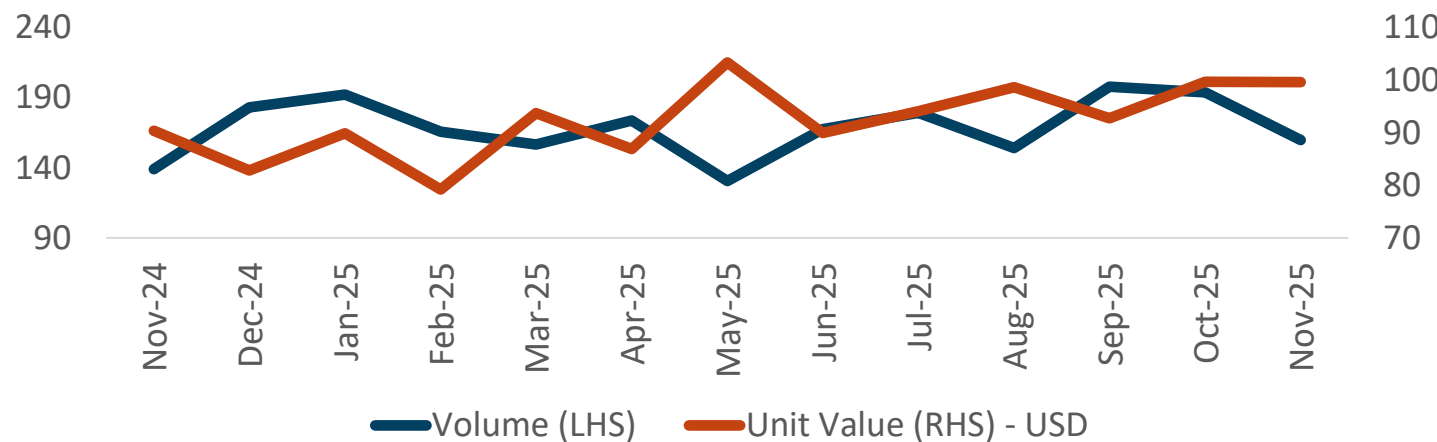
The current account balance comprises four key components: the trade balance, the services account, the primary income account, and the secondary income account. In November 2025, the trade balance deteriorated by 45.5% YoY, while the services account declined by 7.78% YoY. In contrast, the primary income account and the secondary income account increased by 15.57% and 27.56% YoY, respectively.

# Nov 2025 import expenditure increased by 18.9% YoY

**Total Imports and Growth**



**Import Indices**



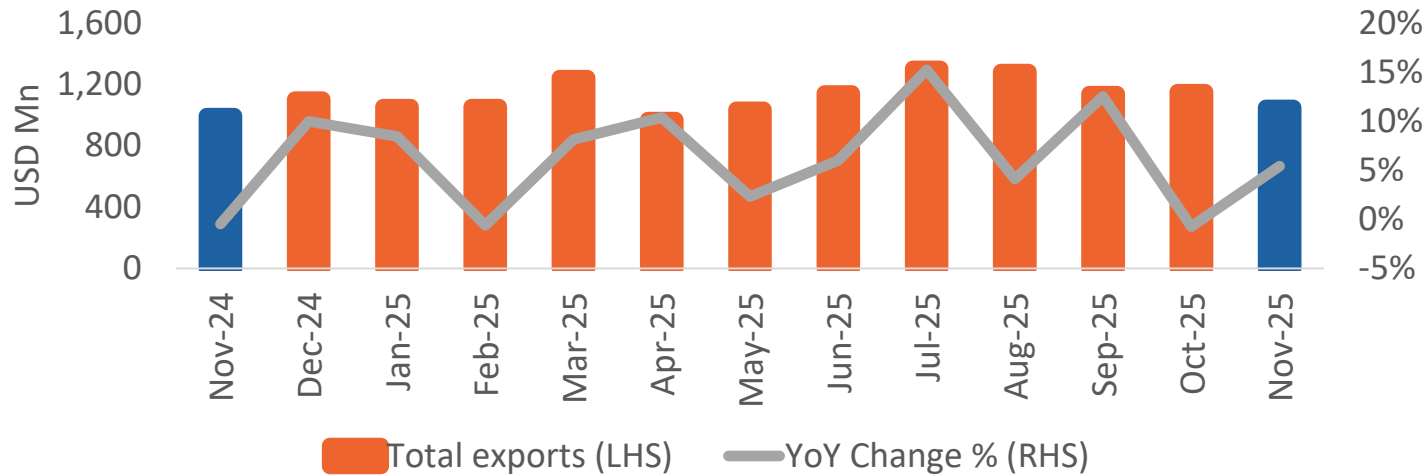
In November 2025, imports increased by 18.9% YoY to USD 1,778.5 million, marking a 17.5% decline compared to the previous month. The YoY growth was driven by higher imports of consumer goods, intermediate goods, and investment goods.

However, on MoM basis imports of consumer goods, intermediate goods and investment goods declined. Imports of consumer goods declined MoM, mainly due to lower expenditure on the food and beverages category, which includes items such as vegetables, sugar, cereals, dairy products, seafood, and oils. Meanwhile, imports of intermediate goods were impacted by declines in fuel, textiles, chemical products, plastics, wheat, and rubber.

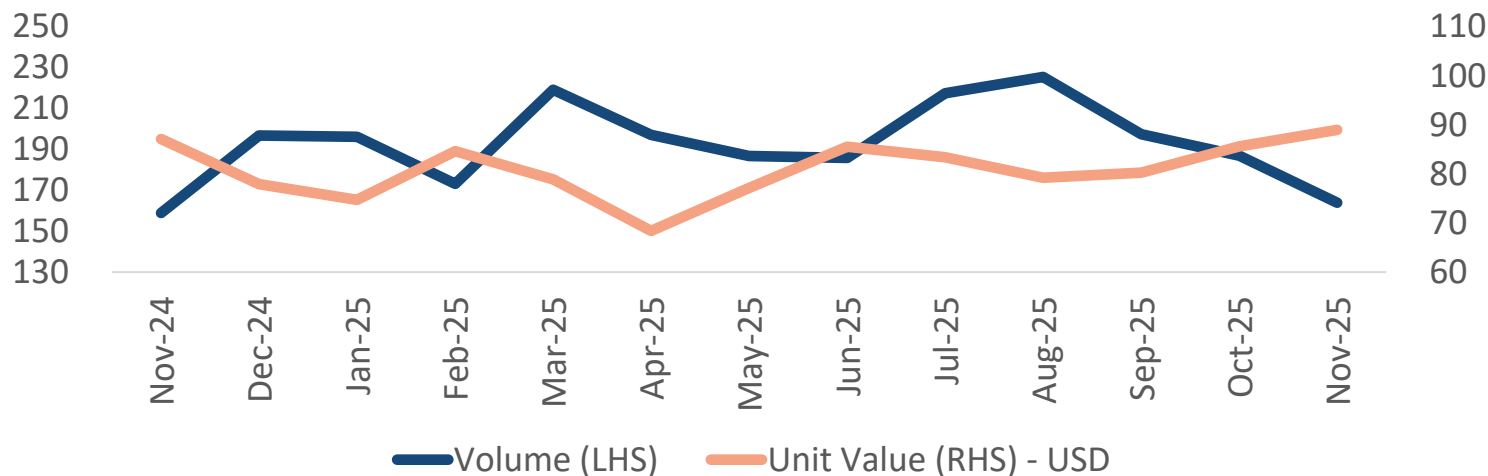
In November 2025, the Import Volume Index increased by 15% YoY, while the Import Unit Value Index rose by 10.2% YoY.

# Nov 2025 export earnings increased by 5.4% YoY

**Total Exports and Growth**



**Export Indices**



In November 2025, export earnings increased by 5.4% YoY to USD 1,047.8 million, although this represented an 8.8% decline compared to October 2025. The YoY increase was mainly driven by higher agricultural and industrial exports.

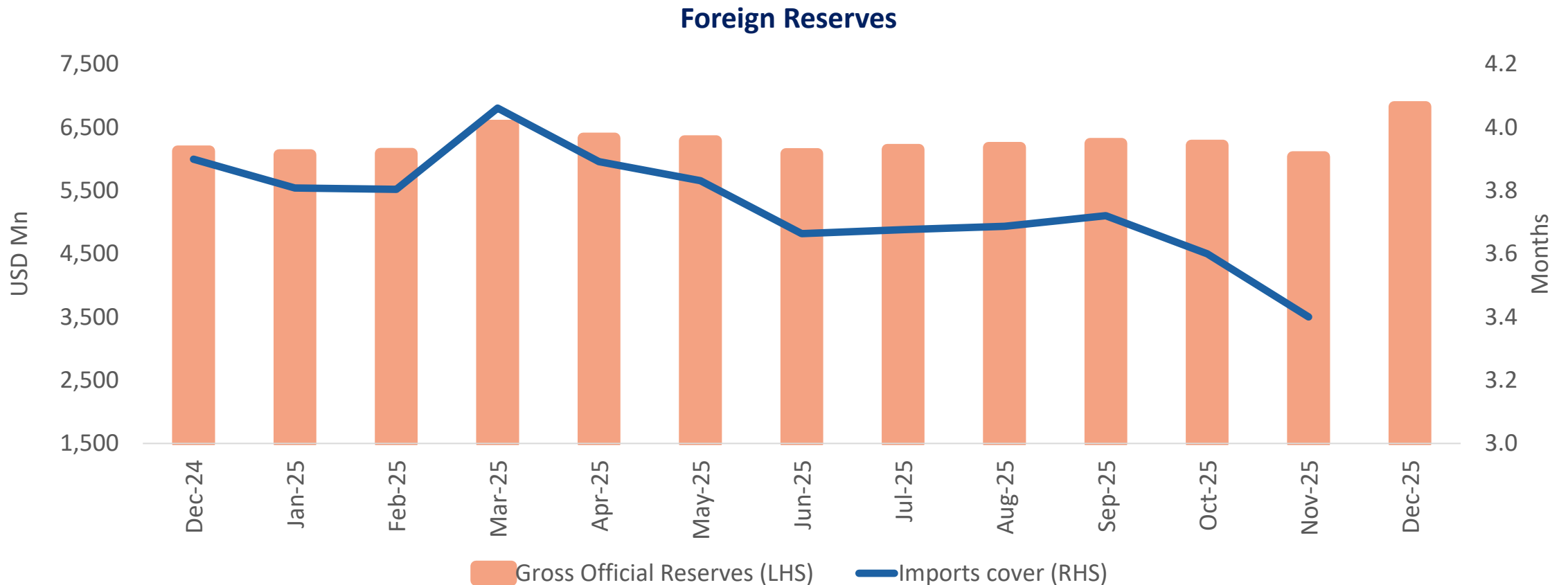
On a MoM basis, earnings from both agricultural and industrial exports declined due to lower export volumes across most product varieties.

Agricultural export earnings declined mainly due to lower exports of tea, rubber, and coconut. Meanwhile, industrial goods exports decreased during the month primarily due to lower exports of food, textiles and garments, gems, printing industry products, and rubber products.

In November 2025, the Export Volume Index increased by 3.2% YoY, while the Export Unit Value Index rose by 2.1% YoY during the same period.

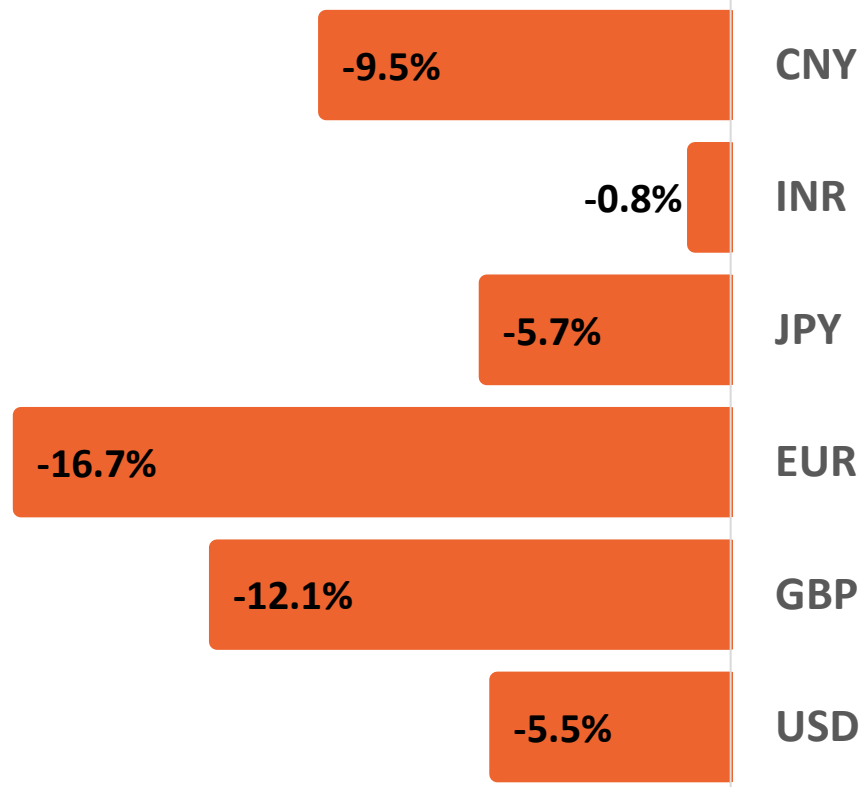
## In Dec 2025 gross official reserves recorded an increase

Sri Lanka’s gross official reserves recorded a rise, averaging around USD 7 billion. The reserves grew by 11.48% year-on-year and 13.11% month-on-month. Import cover which measures how many months of imports the reserves can finance slightly declined to around 3.4 months by November 2025, reflecting continued external sector pressures.

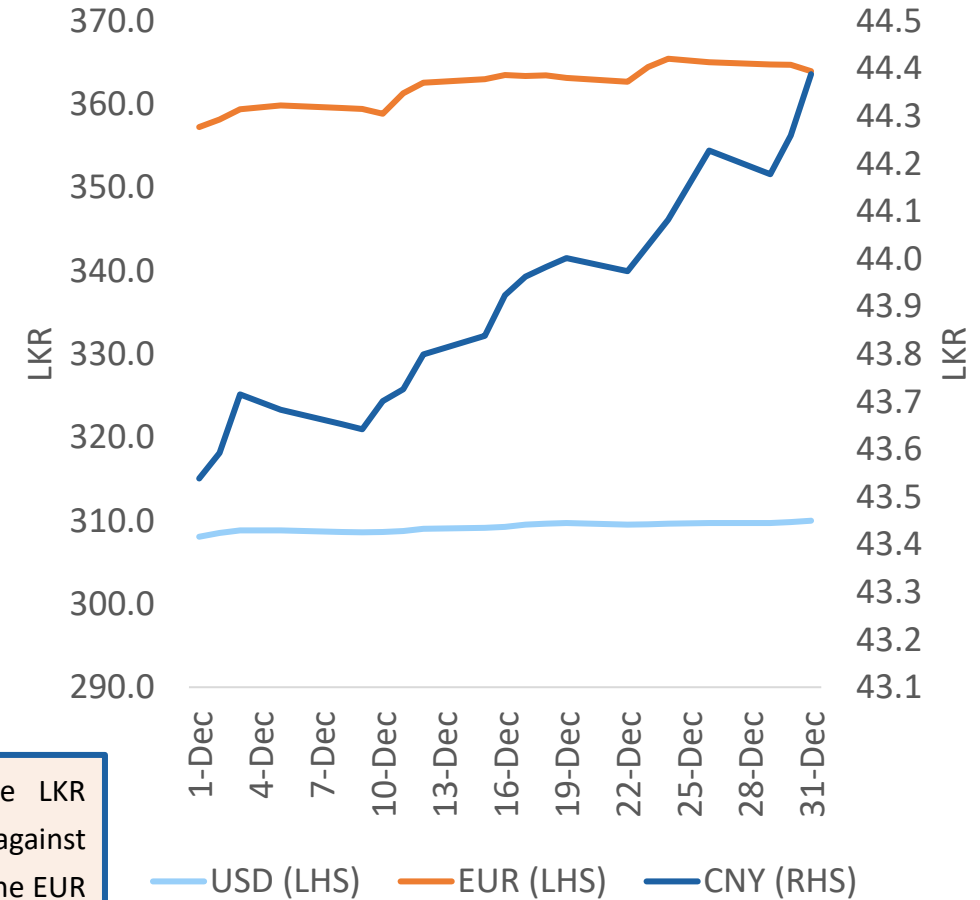


## In Dec 2025 major currencies depreciated against the LKR

LKR depreciation against major currencies YTD end of Dec 2025



Monthly movement of major currencies

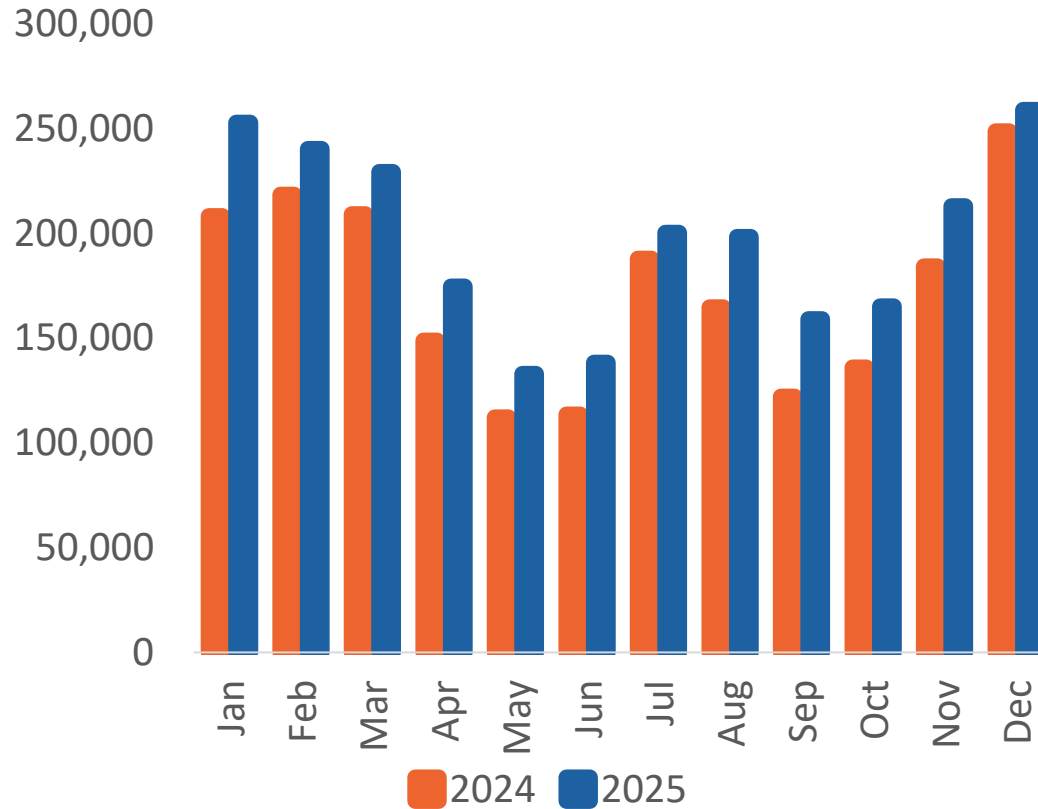


In December 2025, the LKR depreciated by 0.62% against the USD, 1.87% against the EUR and 1.85% against the CNY.

## Dec 2025 tourist arrivals rose by 4.2% YoY

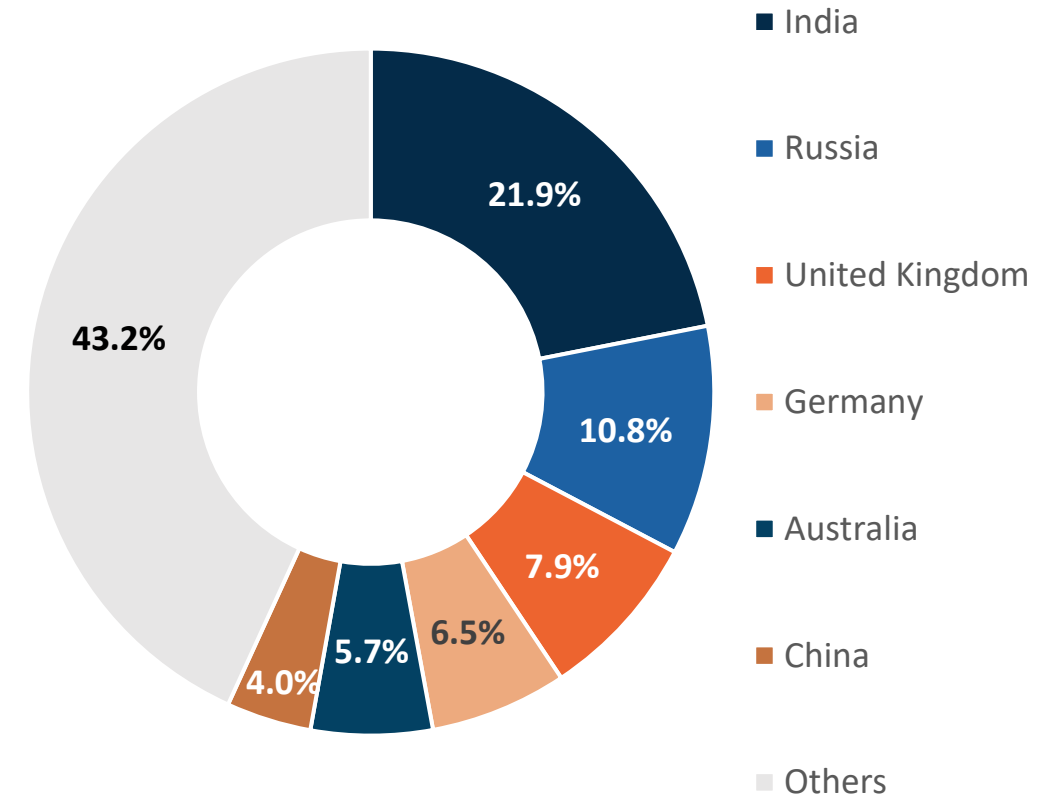
In December 2025, Sri Lanka welcomed 258,928 tourists, marking a 4.2% YoY growth and a 21.6% increase compared to November 2025. Key source markets included India, Russia, United Kingdom, Germany, Australia and China.

Monthly Tourists Arrivals



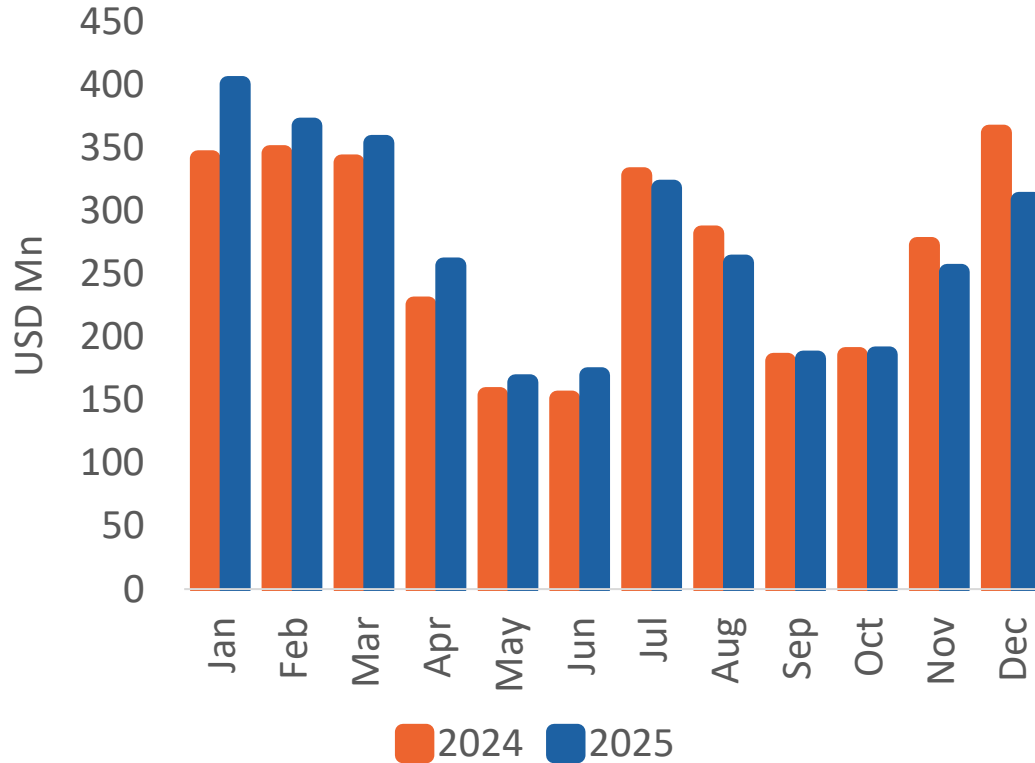
**YTD Tourist Arrivals = 2,362,521**

Arrival % by Country in Dec 25



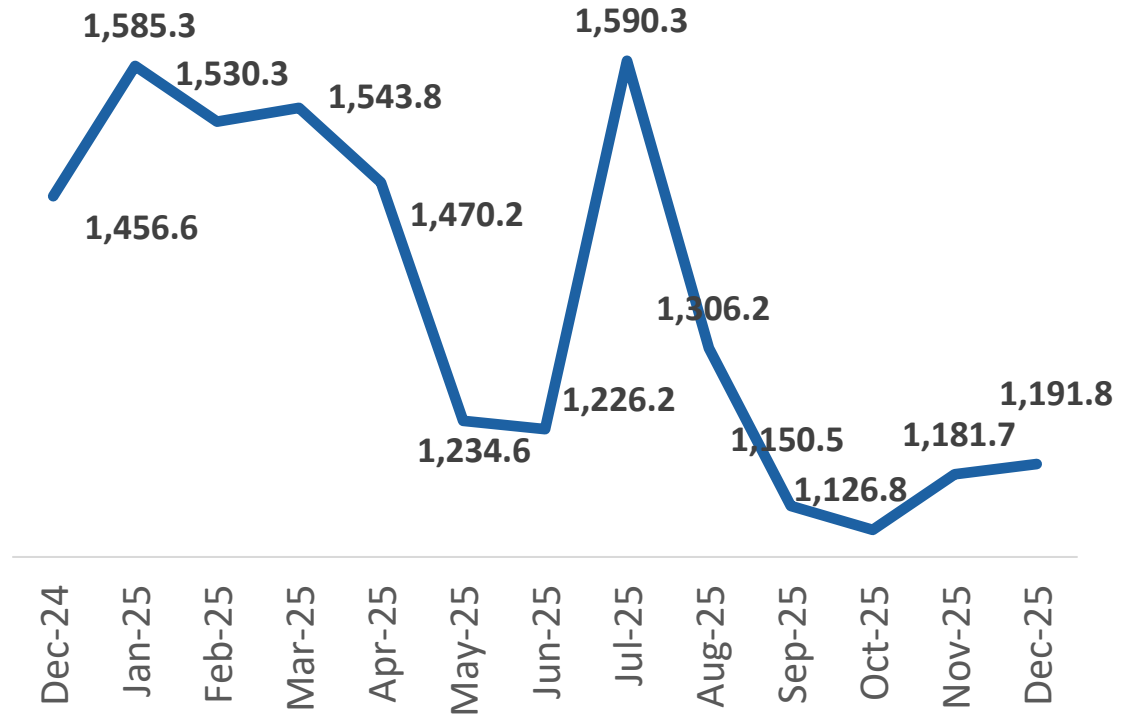
# Dec 2025 tourism earnings dropped by 14.8% YoY

Monthly Tourists Earnings



**YTD Tourism Earnings = USD 3,219.2 Mn**

Earnings per Tourist (USD)

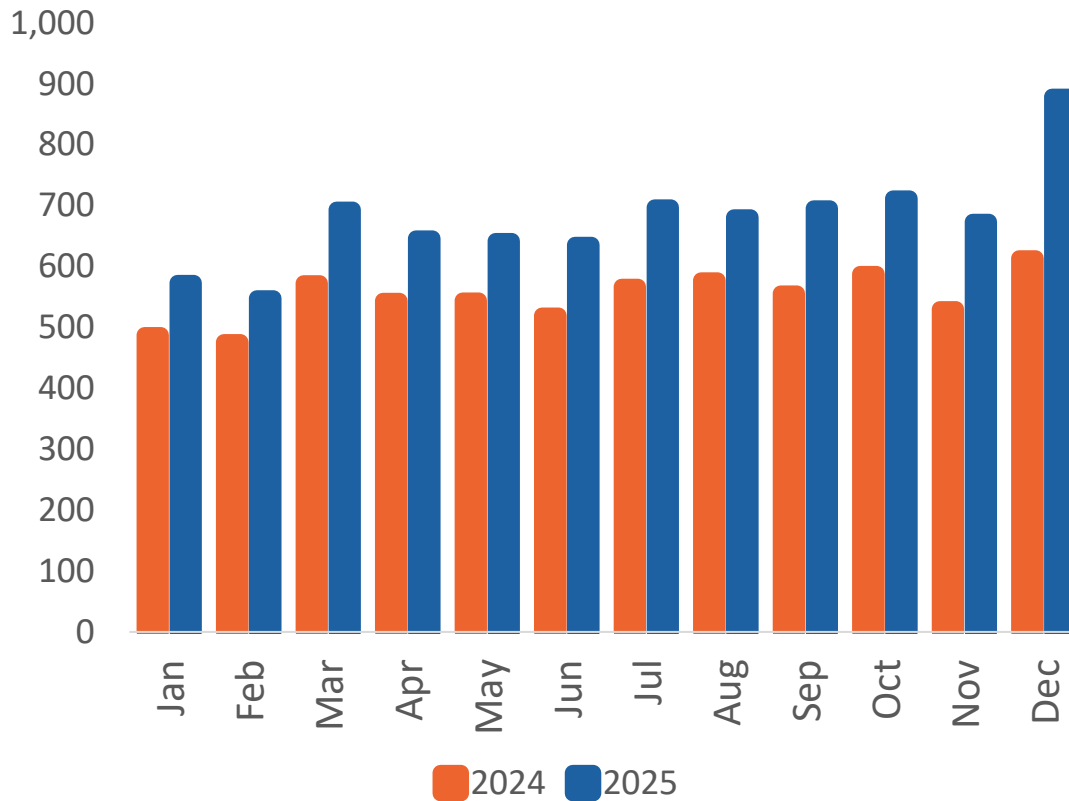


In December 2025, tourism earnings dropped by 14.8% YoY to USD 308.6 million and rose by 22.7% compared to the previous month. Earnings per tourist was USD 1,191.8, reflecting a 18.2% YoY decline and a 0.9% growth from the previous month.

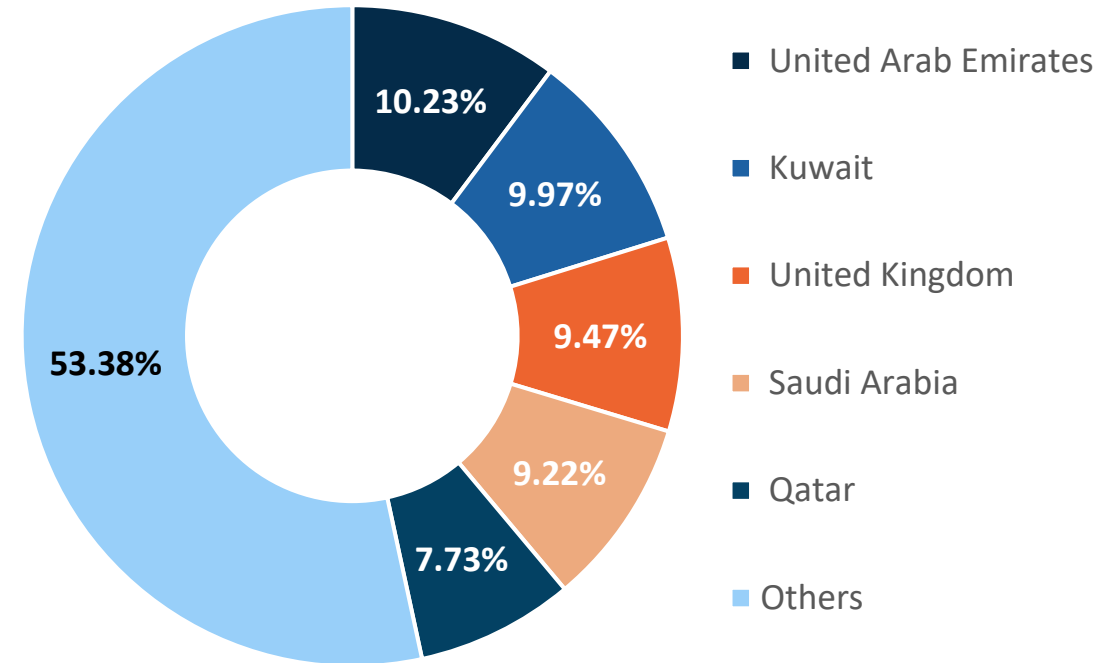
## Dec 2025 worker remittances increased by 43.2% YoY

In December 2025, remittance inflows reached USD 879.1 million, reflecting a 43.2% YoY growth and a 30.5% MoM increase. Cumulatively, worker remittances for the year up to December reached USD 8,076.2 million, reflecting a 22.8% rise compared to the same period in 2024.

**Workers' Remittances (USD Mn)**



**Remittance Earnings % by country in Q3 of 2025**



**YTD Remittances = USD 8,076.2 Mn**

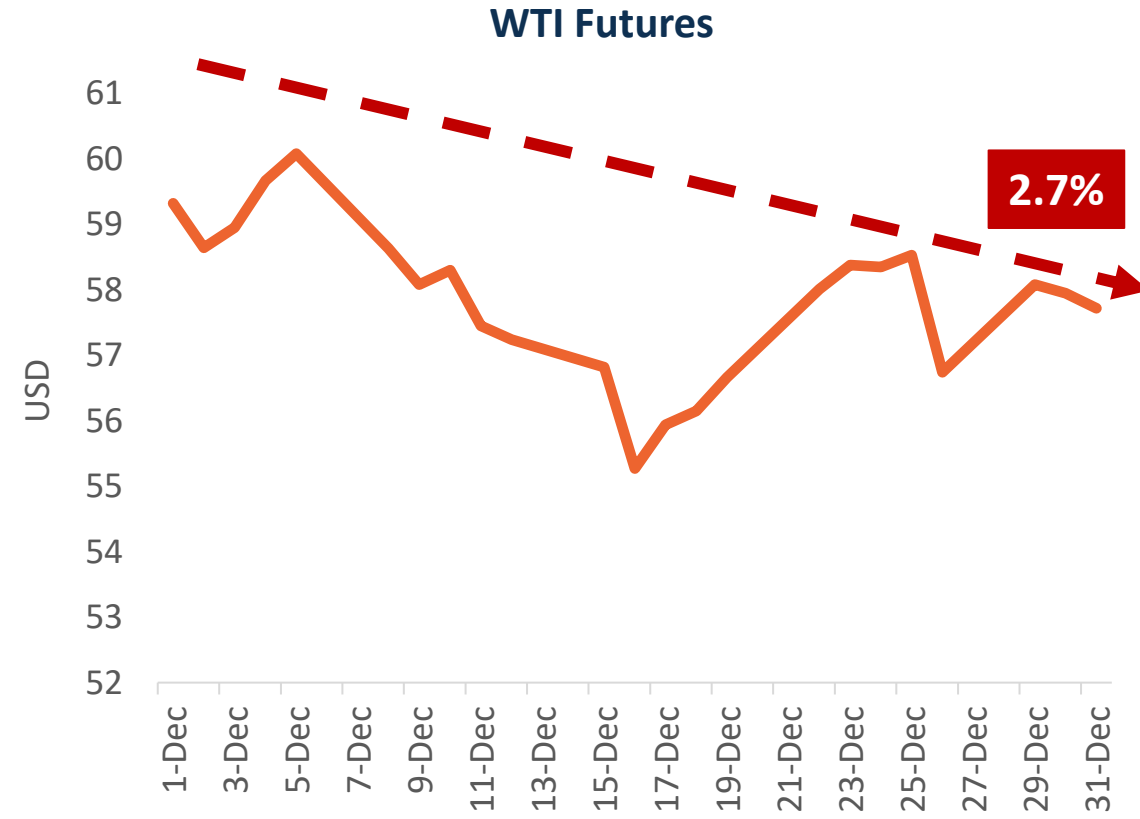
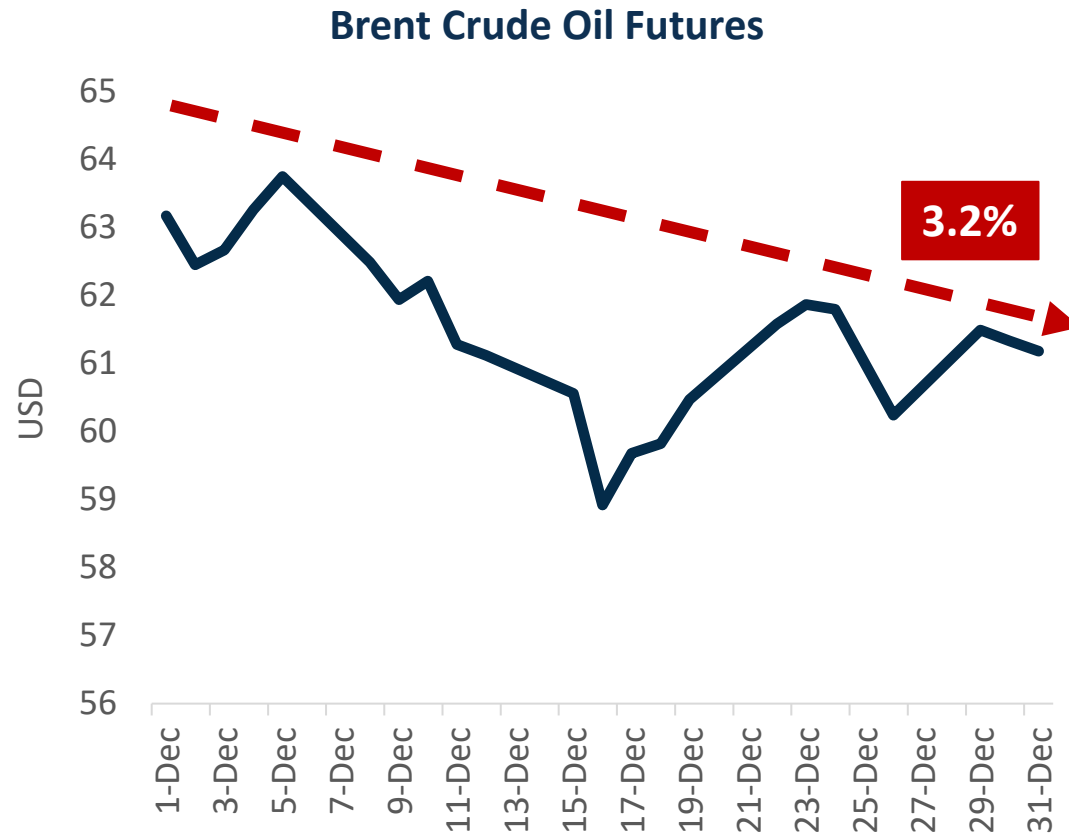


## COMMODITIES AND OTHER

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## Crude oil prices decreased in Dec 2025

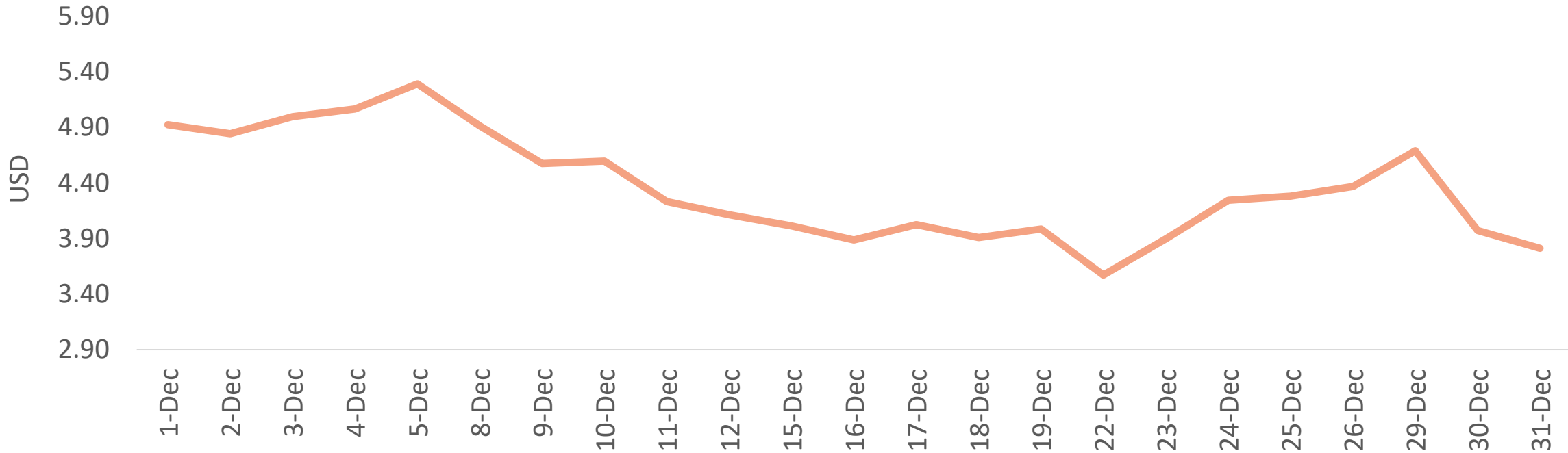


In December 2025, crude oil prices dropped, with Brent crude oil futures decreasing by 3.15% and WTI futures by 2.70%. Brent and WTI prices fell in December mainly because supply stayed high while demand remained weak, creating a surplus that pushed prices lower. Even though there were conflicts and sanctions affecting some producers, overall production stayed higher than consumption, leading to; Supply outpacing demand throughout the year, rising inventories and weak demand growth and producers including OPEC+ and U.S. shale, keeping output elevated.

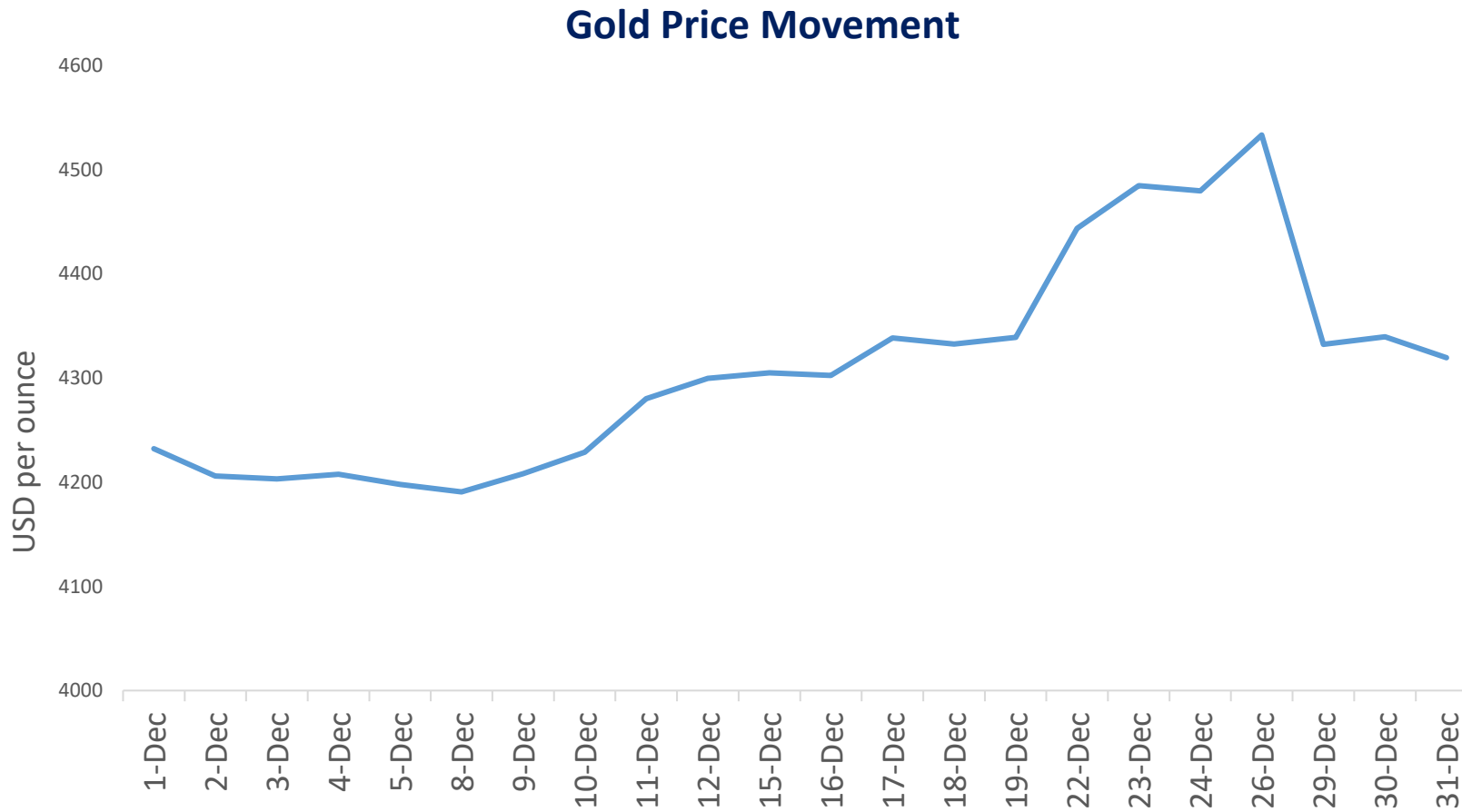
## US natural gas prices declined by 22.6% in Dec 2025

In December 2025, U.S. natural gas prices declined by 22.6%, falling from around USD 4.9 to USD 3.8. The drop was mainly driven by warmer-than-expected weather forecasts that reduced heating demand, ample production and high storage levels that eased supply concerns, and limited supply disruptions, which together weakened price support during the month.

Natural Gas Futures



## Gold prices increased by 2.06% in Dec 2025



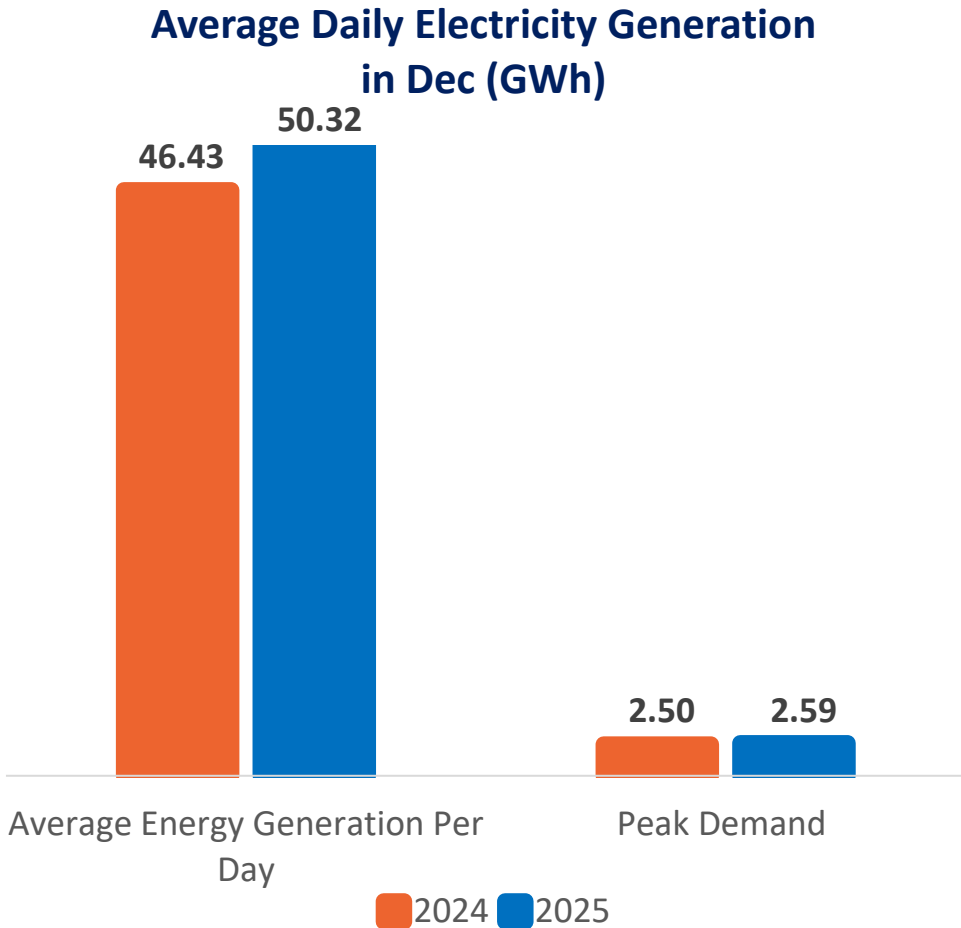
In December 2025, the gold prices have risen by 2.06%.

Gold prices retreated sharply on December 29, 2025, pulling back from recent record highs as investors engaged in profit-taking amid thin year-end trading conditions. After a strong rally earlier in the month, spot gold fell by around 4–5%, with traders locking in gains before the close of the year. The decline was largely driven by technical selling rather than a shift in fundamentals, as market liquidity remained low and risk appetite improved slightly.

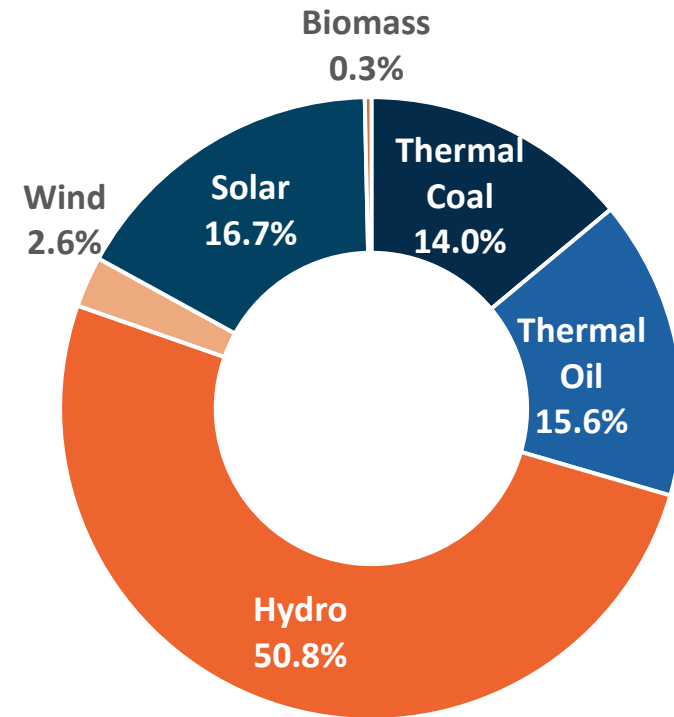
Despite the pullback, gold’s broader outlook remains supported by expectations of lower global interest rates and ongoing macroeconomic uncertainties.

## Dec 2025 daily electricity generation rose 8.4% YoY

In December 2025, average daily electricity generation reached 50.32 GWh, marking an 8.4% increase compared to the same month last year. The average daily peak demand during the month was 2.59 GWh which is a 3.7% increase YoY.



### Electricity Generation Composition by Category in Dec 2025



## Nov 2025 tea production declined by 3.8% YoY

In November 2025, Sri Lanka's tea production experienced a significant decrease of 3.8% YoY, totaling 21.45 million kilograms. Similarly, tea exports showed a decline, with volumes decreasing by 3.6% compared to the previous year, reaching 19.36 million kilograms. Consequently, export earnings also dropped by 0.7% YoY, amounting to LKR 34.24 billion.

### Tea Exports

For Nov 2025	Volume in Kgs	Value in LKR Mn
Tea in Bulk	7,623,233	11,328
Tea in Packets	9,058,063	14,891
Tea in Bags	2,117,532	5,877
Instant Tea	200,228	727
Green Tea	360,224	1,420
<b>Total</b>	<b>19,359,281</b>	<b>34,243</b>

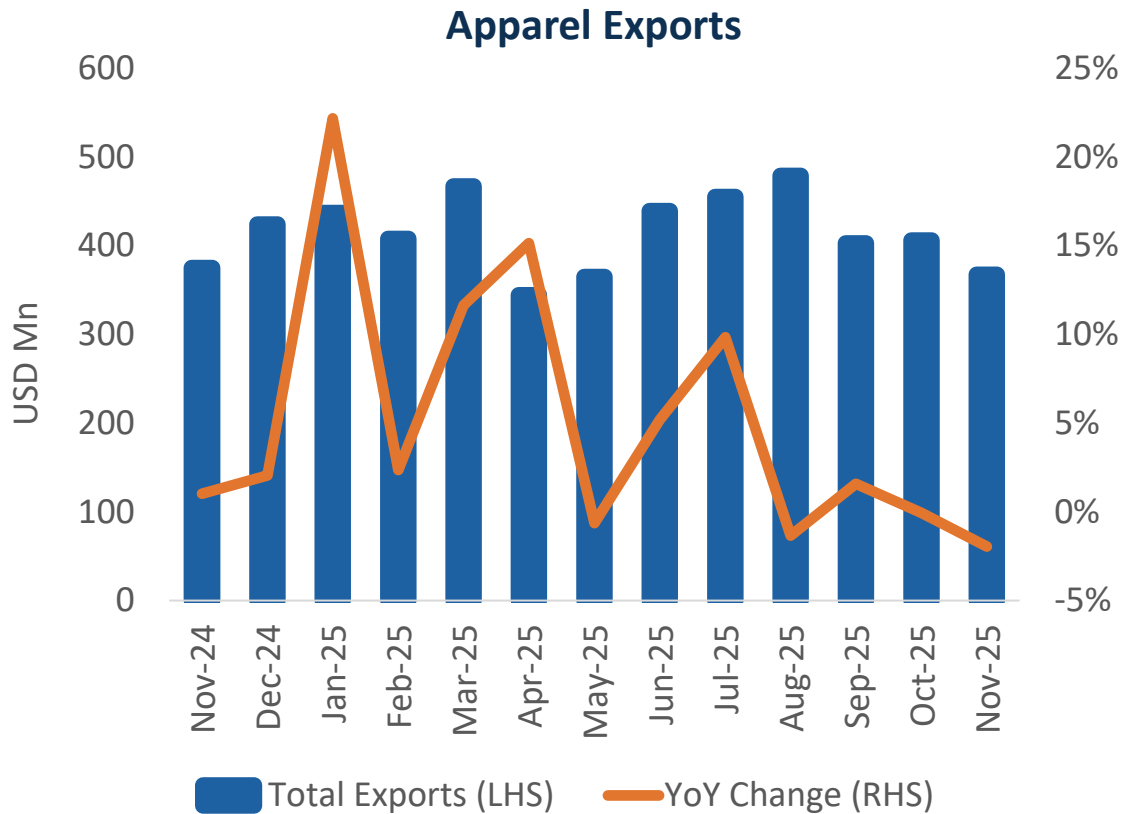
### Average Tea Auction Prices (Monthly)

For Nov 2025	LKR per Kg
High	1,168.08
Medium	1,017.11
Low	1,274.33
<b>Total</b>	<b>1,213.20</b>

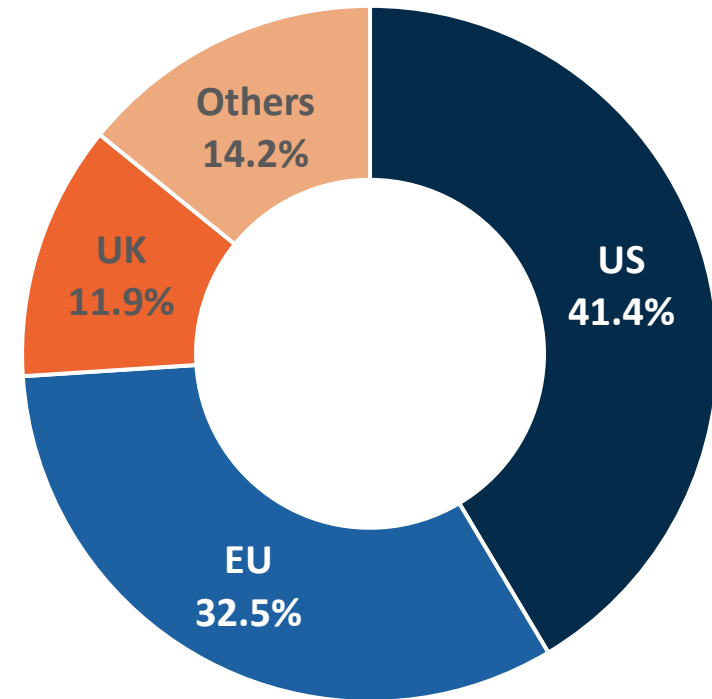
### Tea Production

Production	Kgs
High	4,587,714
Medium	3,890,259
Low	12,778,913
Green Tea	192,855
<b>Total</b>	<b>21,449,741</b>

## Nov 2025 apparel exports declined by 1.96% YoY



Top Export Markets - Nov 2025



Sri Lanka's apparel exports in November 2025 amounted to USD 367.60 million, reflecting a 1.96% YoY decrease and a 9.49% decrease MoM. Key export markets showed a growth, with exports to the US increasing by 5.8% YoY, and exports to the European Union increasing by 3.4% YoY. Despite the decline in garment exports in November 2025, export performance is expected to improve from January 2026 onwards following the implementation of tariff-free access to the UK market, effective 1 January 2026.

**AMBEON SECURITIES (PVT) LIMITED**

No: 100/1, 2nd Floor  
 Elvitigala Mawatha,  
 Colombo 08,  
 Sri Lanka.  
 T: +94 11 532 8 100  
 F: +94 11 532 8 177  
 E: [research@ambeonsecurities.lk](mailto:research@ambeonsecurities.lk)  
 W: [www.ambeonsecurities.lk](http://www.ambeonsecurities.lk)



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 Niranjana Niles  
 Romesh Priyadarshana  
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Director/CEO  
 Executive Director  
 Vice President  
 Vice President  
 Manager Investment Advisory  
 Manager Investment Advisory  
 Senior Investment Advisor

AGM - Business Development &  
 Corporate Communication

[charithk@ambeonsecurities.lk](mailto:charithk@ambeonsecurities.lk) 077 321 3344  
[niles@ambeonsecurities.lk](mailto:niles@ambeonsecurities.lk) 077 383 2597  
[romeshp@ambeonsecurities.lk](mailto:romeshp@ambeonsecurities.lk) 077 254 8795  
[subeeth@ambeonsecurities.lk](mailto:subeeth@ambeonsecurities.lk) 071 404 2683  
[chinthaka@ambeonsecurities.lk](mailto:chinthaka@ambeonsecurities.lk) 077 528 6885  
[pasindu@ambeonsecurities.lk](mailto:pasindu@ambeonsecurities.lk) 077 930 4624  
[thushan@ambeonsecurities.lk](mailto:thushan@ambeonsecurities.lk) 077 361 8745

[dilusha@ambeonsecurities.lk](mailto:dilusha@ambeonsecurities.lk) 077 899 3267

**Research Team**

Hansinee Beddage  
 Buddhi Akalanka  
 Kavindu Horadugoda

Senior Manager – Investment Research  
 Investment Research Analyst  
 Investment Research Analyst

[hansinee@ambeonsecurities.lk](mailto:hansinee@ambeonsecurities.lk)  
[buddhi@ambeonsecurities.lk](mailto:buddhi@ambeonsecurities.lk)  
[kavindu@ambeonsecurities.lk](mailto:kavindu@ambeonsecurities.lk)

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