
# MONTHLY ECONOMIC WRAP | JUNE 2026

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14.07.2026

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# Contents



# CSE PERFORMANCE

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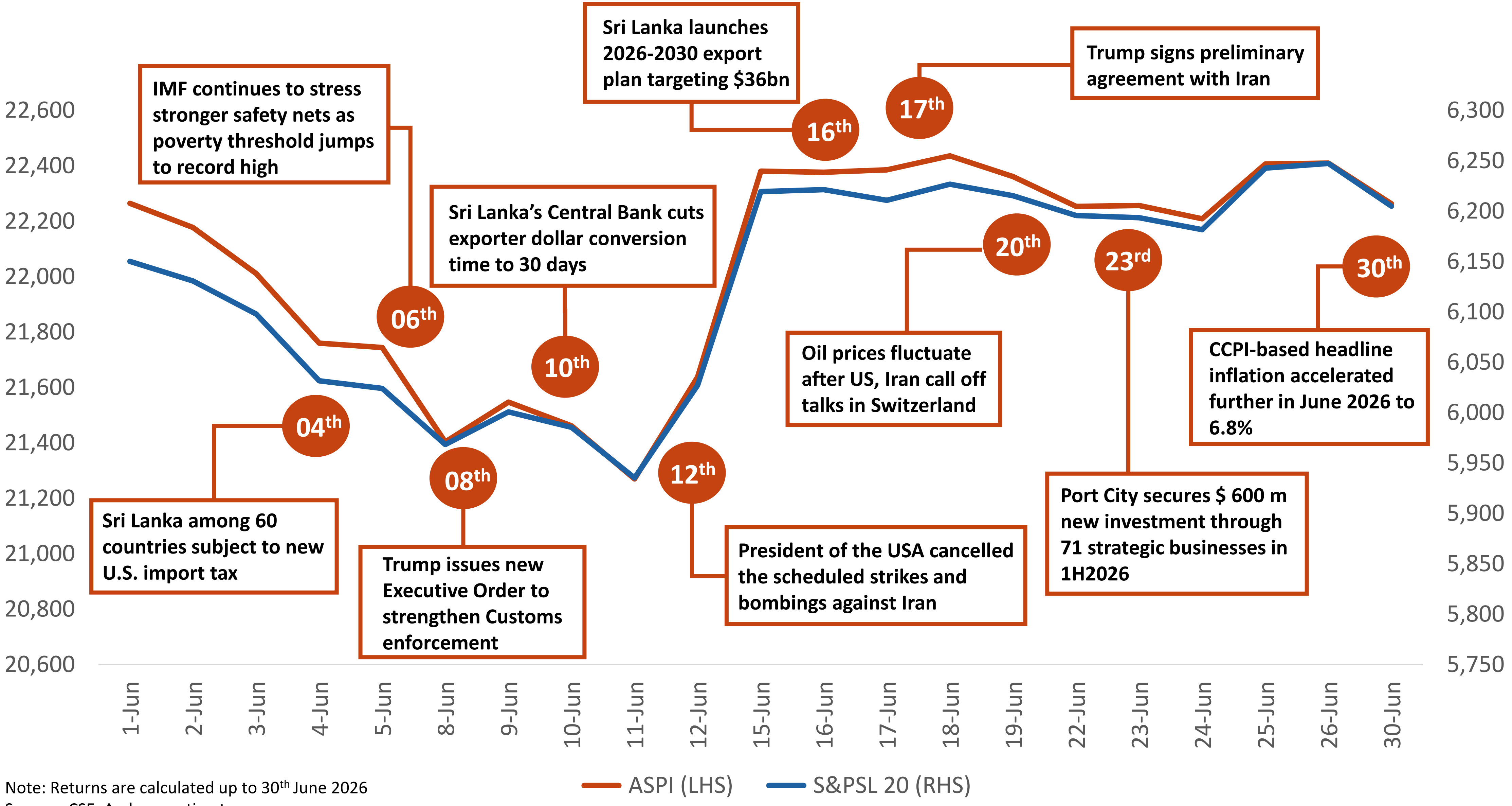
# ASPI decreased by 0.01% and S&PSL20 increased by 0.89% in June 2026




Note: Returns are calculated up to 30th June 2026

Source: CSE, Ambeon estimates

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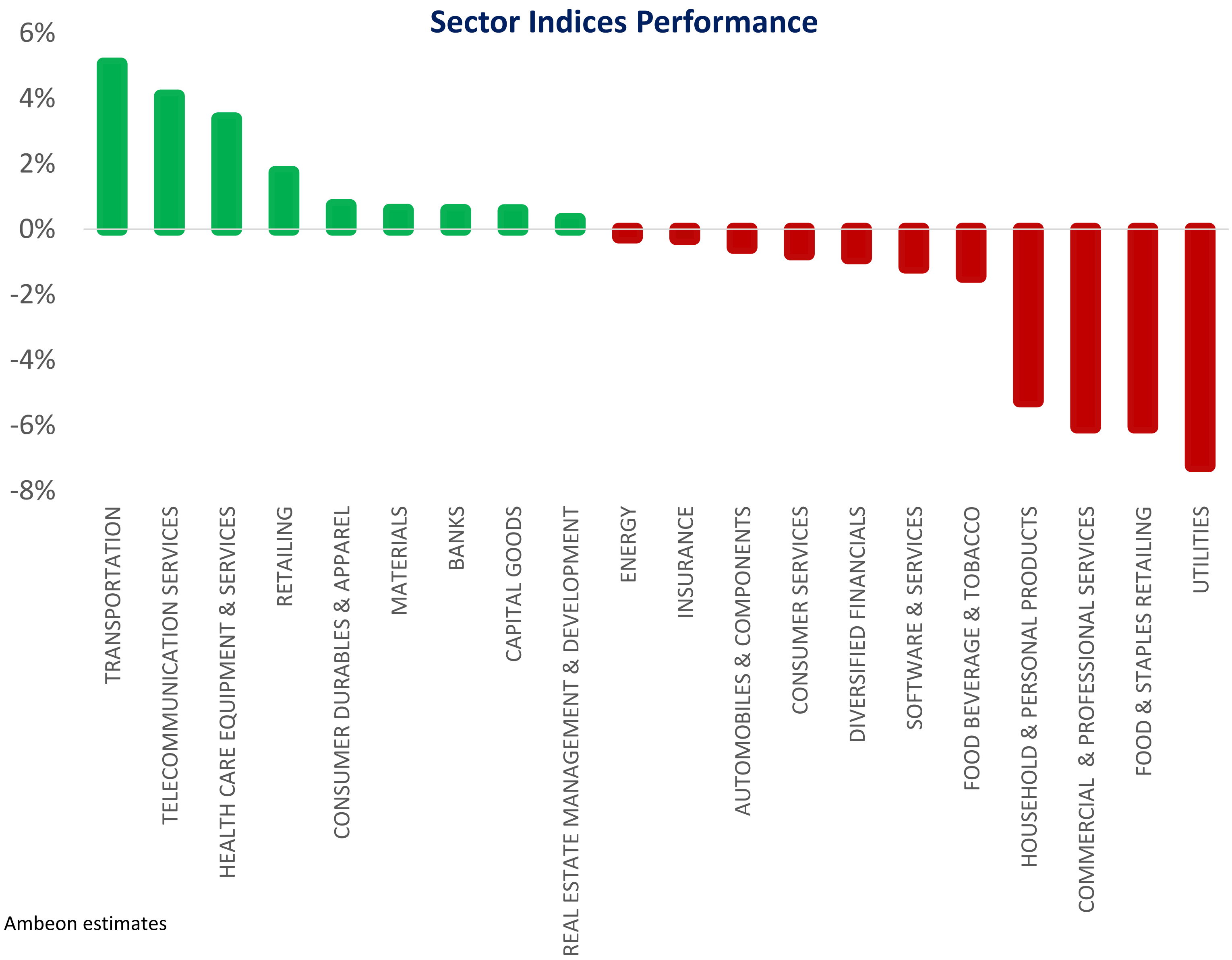
# In June 2026, 9 sectors recorded increases while 11 sectors recorded declines




The **Transportation sector** had **the highest increase of 5.06%** this month, while **Utilities Sector** had the **largest decrease of -7.23%.**

Source: CSE, Ambeon estimates

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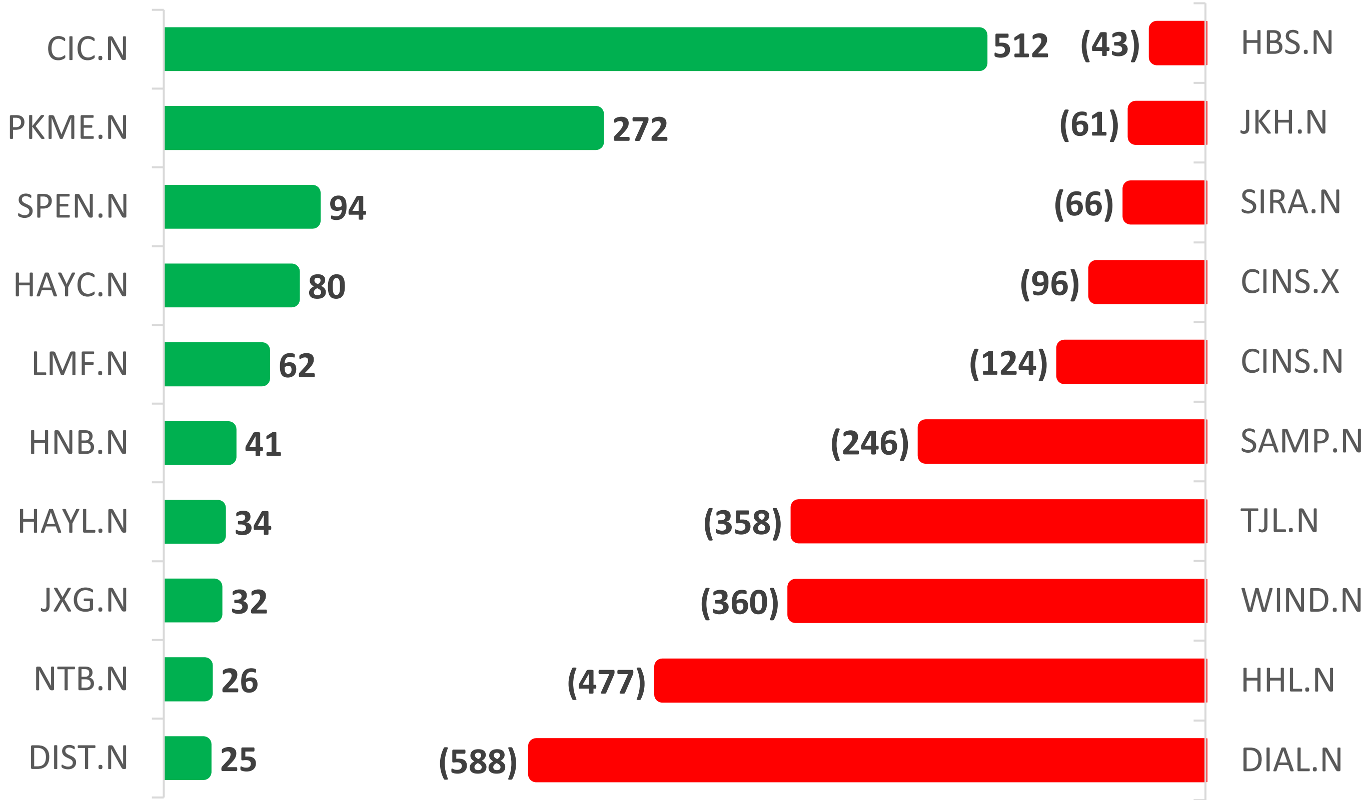
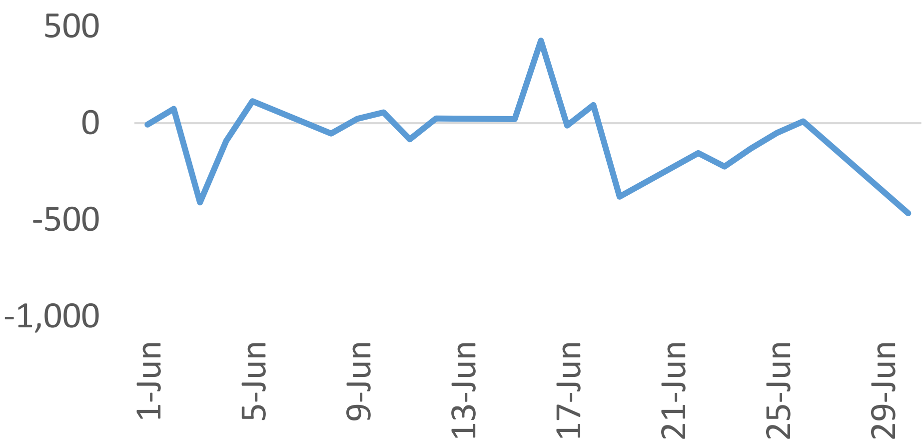
# Total net foreign outflow for June 2026 was LKR -1,226 Mn

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

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




**Net Foreign Flow (LKR Mn)**



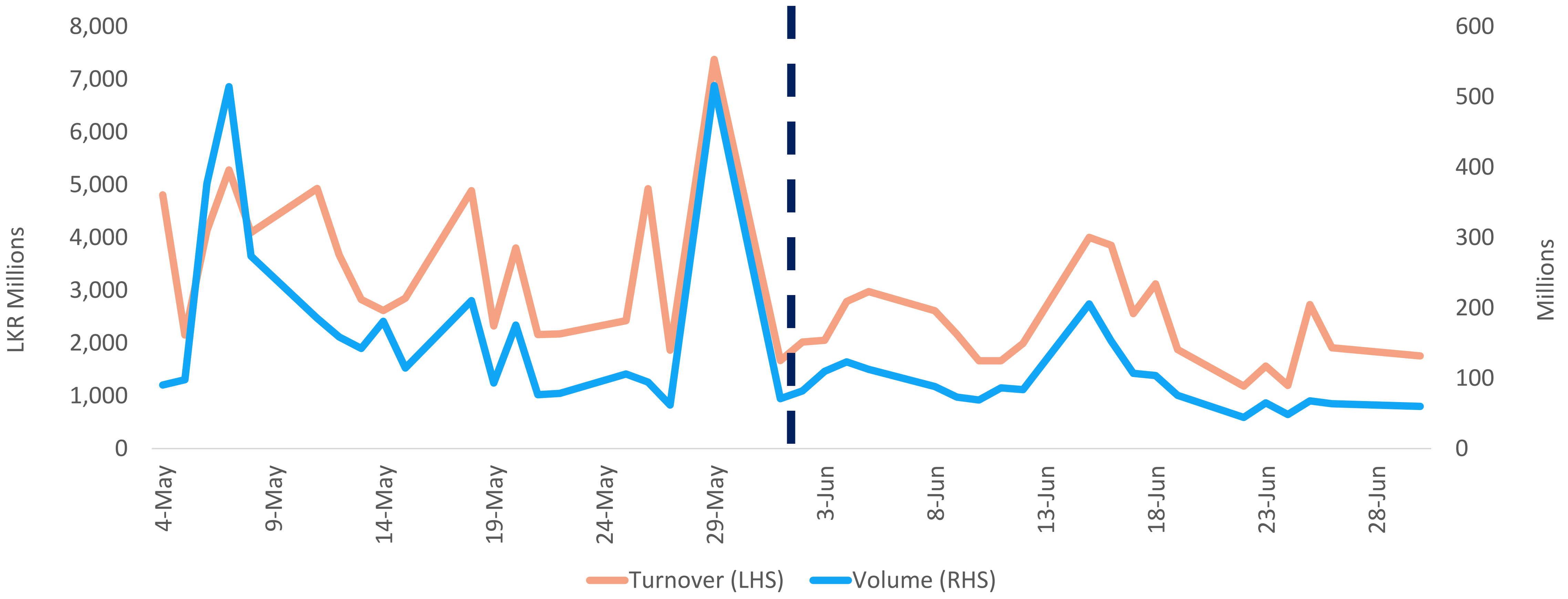

Except for 9 market days, the remaining days in the month recorded net foreign outflows.

**June 26 Total Net Foreign Flow LKR -1,226 Mn | Year-to-date Net Foreign Flow* LKR –33,681.39 Mn**

Source: CSE, Ambeon estimates

*Year-to-date calculated as of 30th June 2026

# During June 2026, daily average turnover and volume declined




| Daily average | MoM % | May 2026 | Jun 2026 | YTD Average |
|---|---|---|---|---|
| **Turnover (LKR Mn)** | -38.16% | 3,647 | 2,255 | 4,468 |
| **Volume (Mn)** | -51.70% | 187 | 90 | 184 |

Source: CSE, Ambeon estimates

Note: Daily average turnover and volume for the month

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# Regional valuation comparison

### Frontier Markets (Asia)

| Index | PE | PBV |
|---|---|---|
| **ASPI (Sri Lanka)** | **12.6** | **1.5** |
| KSE 100 (Pakistan) | 8.5 | 1.5 |
| VNI (Vietnam) | 15.1 | 2.1 |

### US & European Markets

| Index | PE | PBV |
|---|---|---|
| S&P 500 (US) | 27.6 | 5.7 |
| DJIA (US) | 25.1 | 6.1 |
| FTSE 100 (UK) | 17.0 | 2.4 |

### Other Markets (Asia)

| Index | PE | PBV |
|---|---|---|
| Nikkei 225 (Japan) | 25.9 | 3.3 |
| CSI 300 (China) | 19.4 | 1.9 |
| HSI (Hong Kong) | 11.9 | 1.2 |
| BSE 500 (India) | 24.1 | 3.2 |
| NIFTY 50 (India) | 22.2 | 3.0 |
| JCI (Indonesia) | 13.2 | 1.5 |

Note: Figures are as of 01st July 2026
Source: Bloomberg

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# Key economic news & events

## 04th June

### Sri Lanka among 60 countries subject to new U.S. import tax

The United States has included Sri Lanka among 60 economies subject to potential new import tariffs.The action is linked to concerns that these countries have failed to effectively prohibit and enforce restrictions on imports of goods produced using forced labour. The USTR determined that the practices of these economies could be considered unreasonable and harmful to U.S. commerce, leading to proposed additional import duties on affected countries. Sri Lanka's inclusion raises concerns due to its reliance on the U.S. market as a key export destination, particularly for industries such as apparel and textiles, which could face higher costs and reduced competitiveness if additional tariffs are imposed.

## 10th June

### Sri Lanka's Central Bank cuts exporter dollar conversion time to 30 days

The Central Bank of Sri Lanka (CBSL) reduced the timeframe for exporters to convert residual foreign currency earnings into Sri Lankan rupees from 90 days to 30 days, requiring conversion of remaining proceeds by the 10th day of the following month after permitted foreign currency obligations are met. The measure aims to improve foreign exchange liquidity and support rupee stability amid recent market pressures, as some exporters had delayed conversions expecting further rupee depreciation. The revised rule applies to both direct and indirect exporters, while allowing foreign currency earnings to be used for approved purposes such as import payments and loan repayments before conversion.

## 12th June

### President of the USA cancelled the scheduled strikes and bombings against Iran

U.S. President Donald Trump announced progress towards a potential agreement with Iran, leading to the cancellation of planned strikes and easing concerns over further escalation in the Middle East. The proposed deal aims to maintain a ceasefire, reopen the Strait of Hormuz, and continue negotiations on Iran's nuclear programme, reducing risks to global oil supplies and energy prices. However, Iran indicated that a final agreement had not yet been reached.

## 16th June

### Sri Lanka launches 2026-2030 export plan targeting $36bn

Sri Lanka has launched the National Export Development Plan (NEDP) 2026–2030, aiming to increase export earnings to US$36 billion by 2030 and position the country as a competitive logistics and knowledge-based export hub serving regional and global markets. The strategy focuses on export diversification, value addition, improving competitiveness, and integrating Sri Lankan businesses into global value chains. It identifies eight priority sectors, including digital products and services, electrical and electronic components, rubber products, processed food and beverages, spices, marine industries, minerals-based industries, and auto components.

Source: CBSL, Press releases

# MONETARY SECTOR

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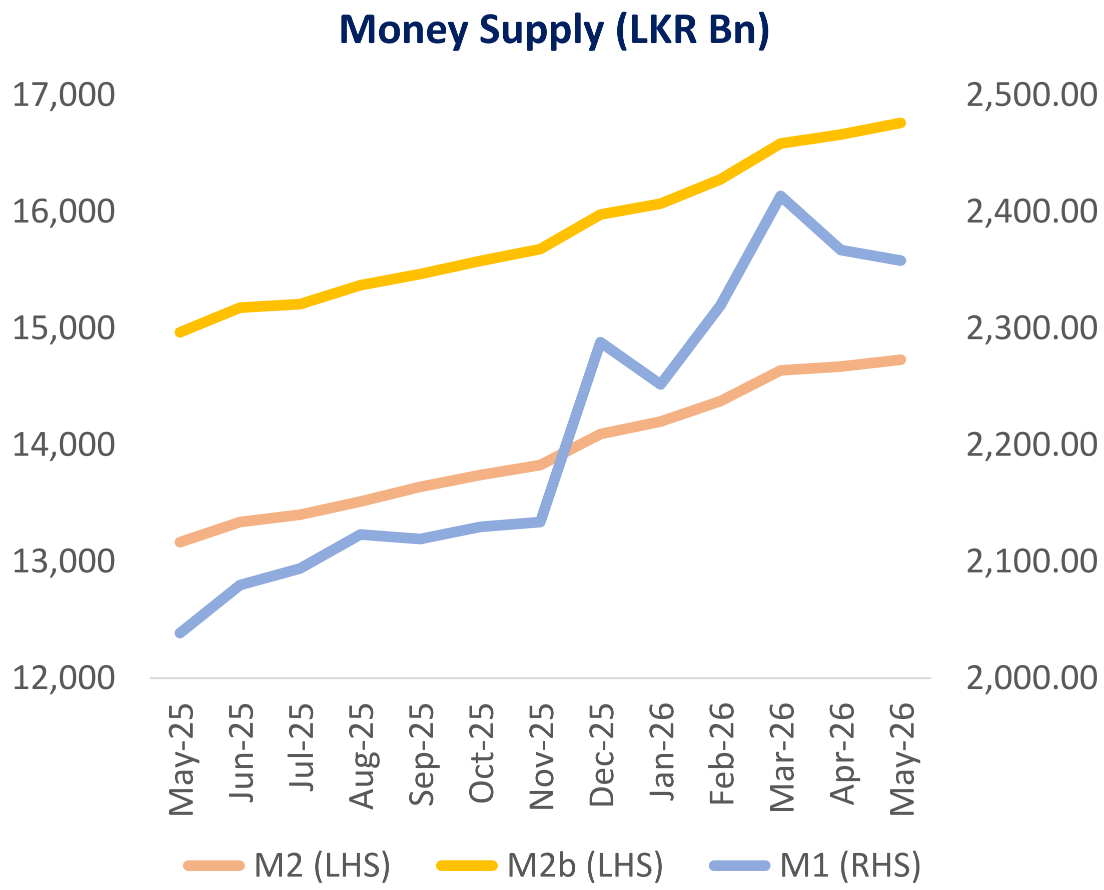
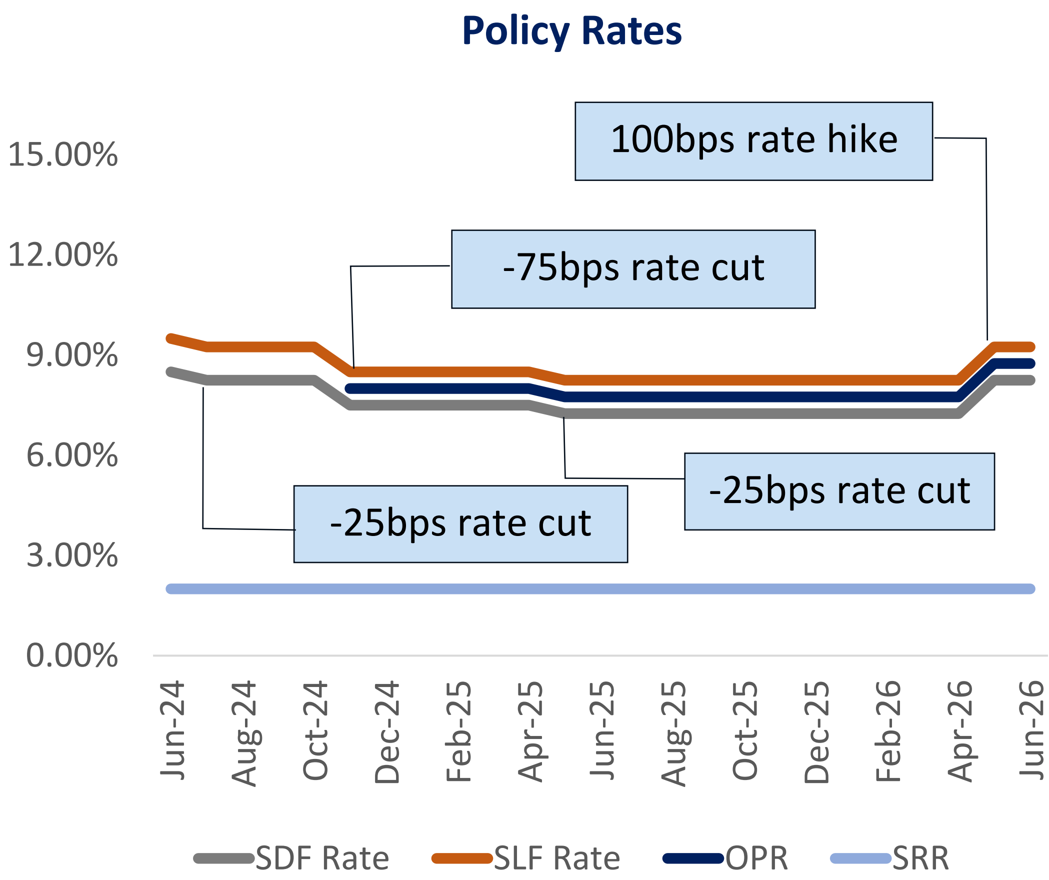
# Overnight Policy Rate continues at 8.75% in June 2026

By the end of May 2026, Sri Lanka's narrow money supply (M1) dropped to LKR 2,358. billion, while the consolidated broad money supply (M2b) expanded to LKR 16,761.4 billion, marking an increase from April 2026. Policy rates remained unchanged in June 2026 at 8.75%, indicating a continuation of the monetary stance maintained since May 2026.




Source: CBSL

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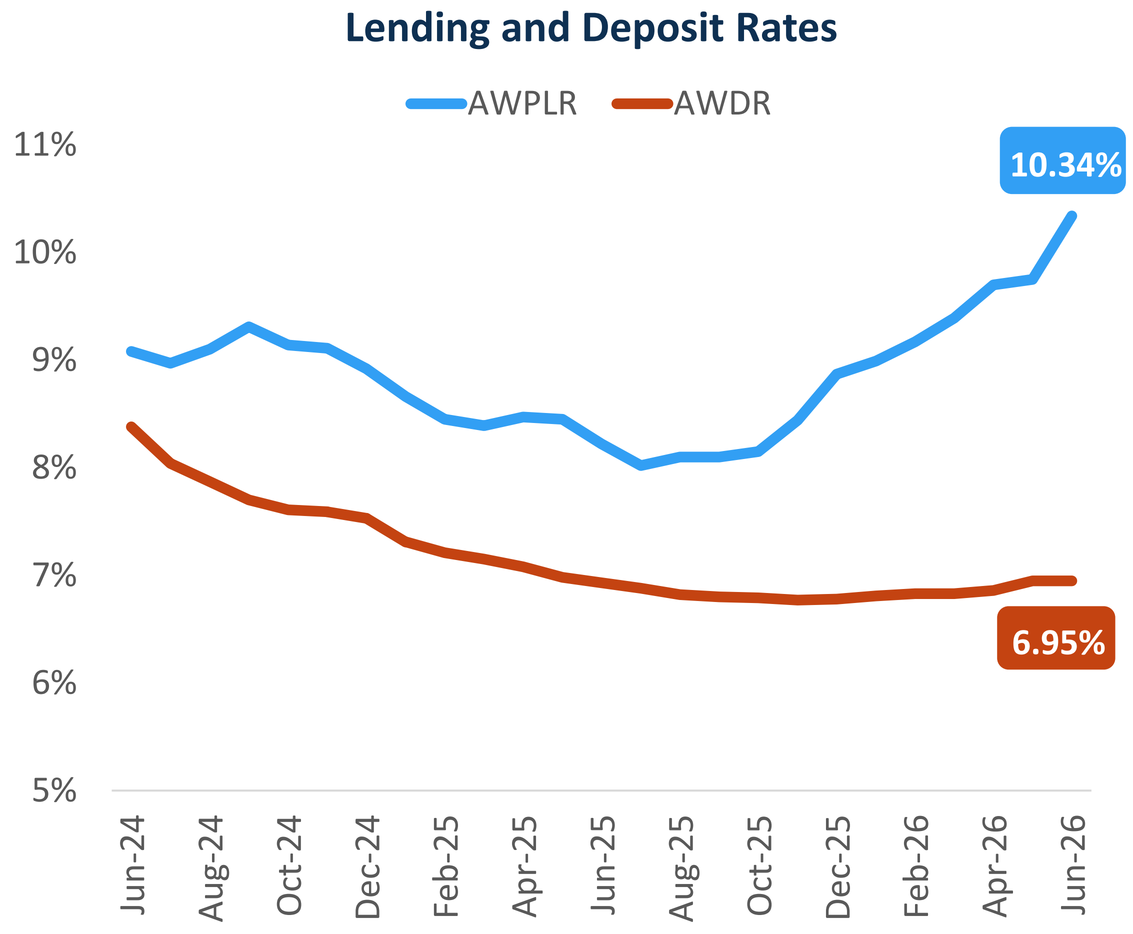
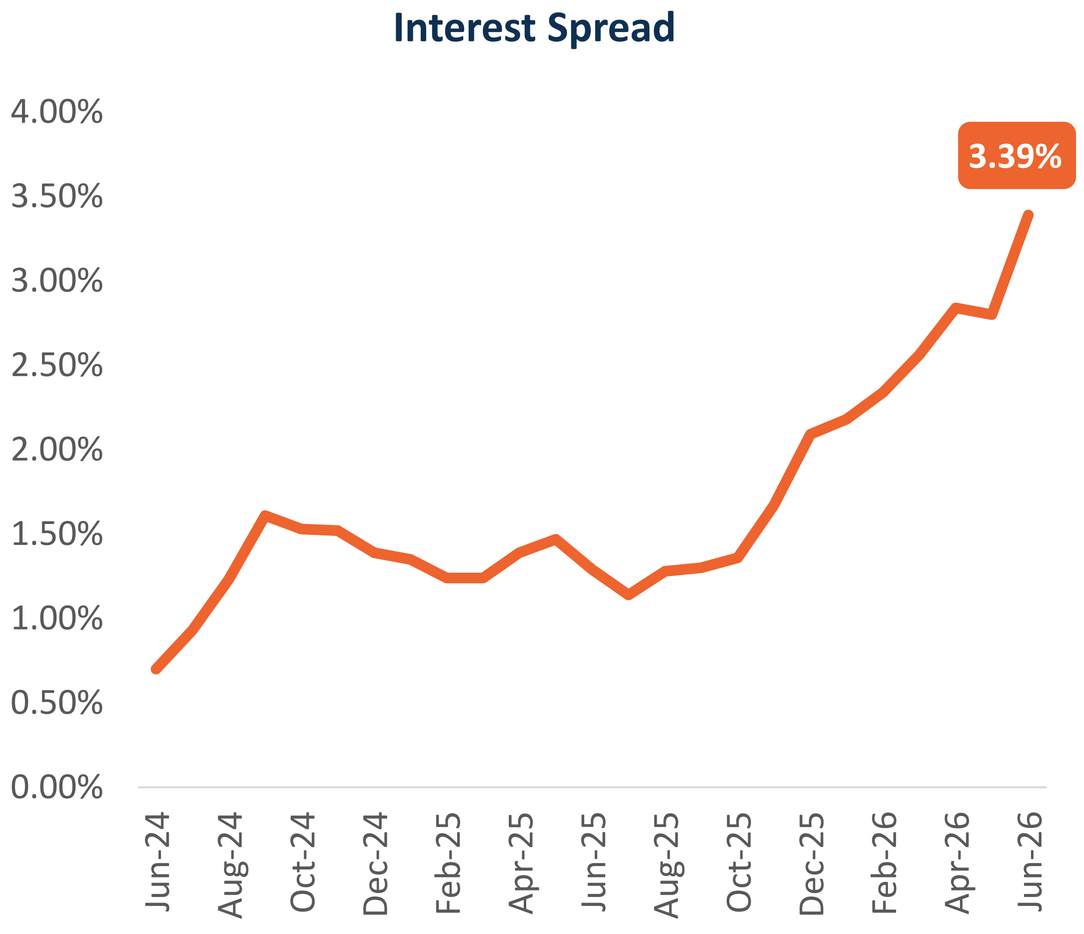
# Lending rates and interest rate spread increased in June 2026




Source: CBSL

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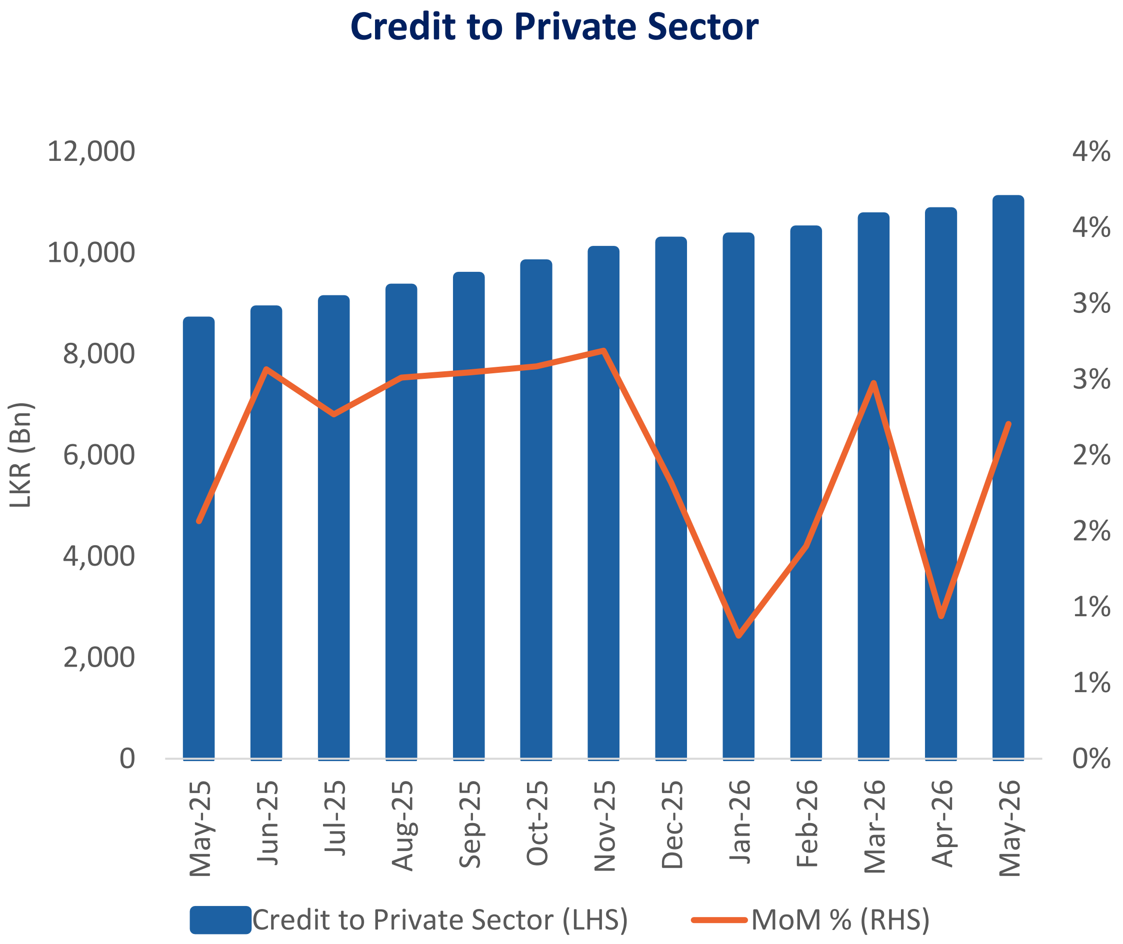
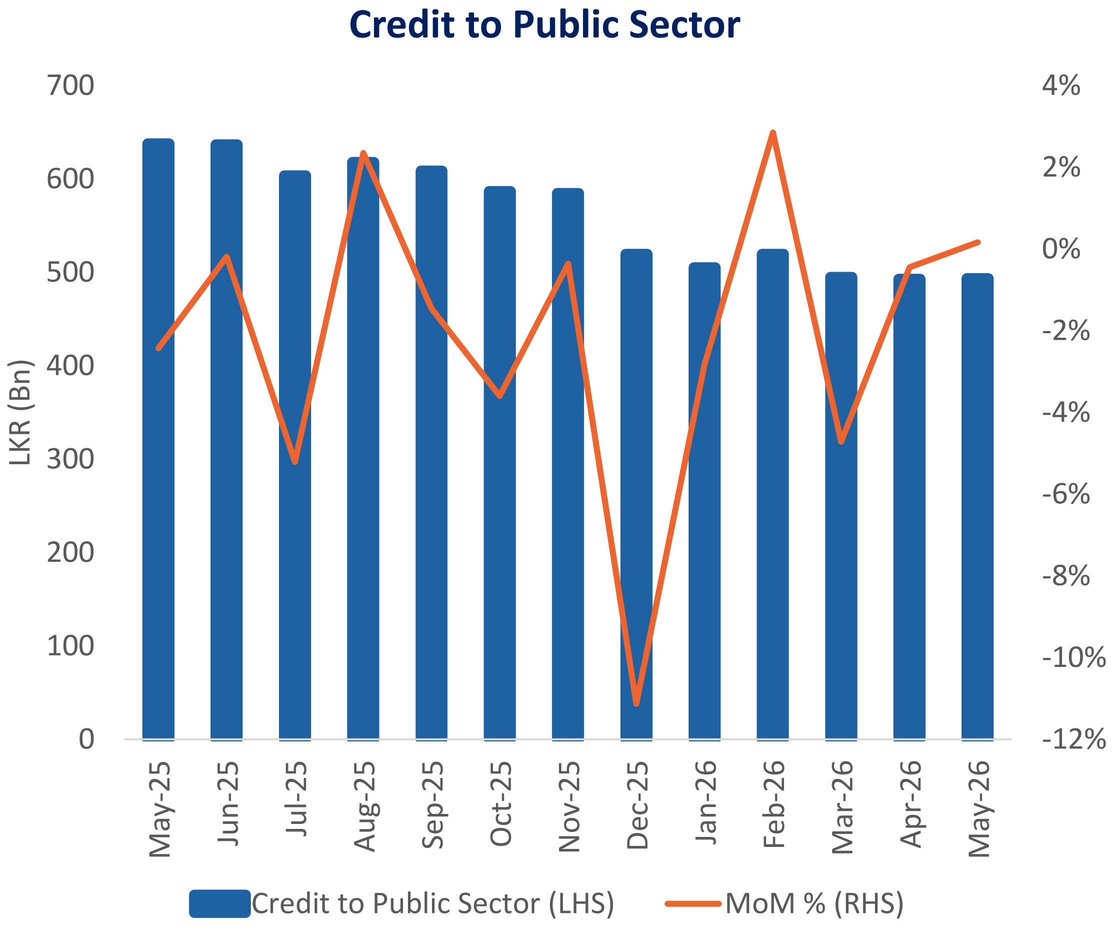
# Private sector credit increased in May 2026




Source: CBSL

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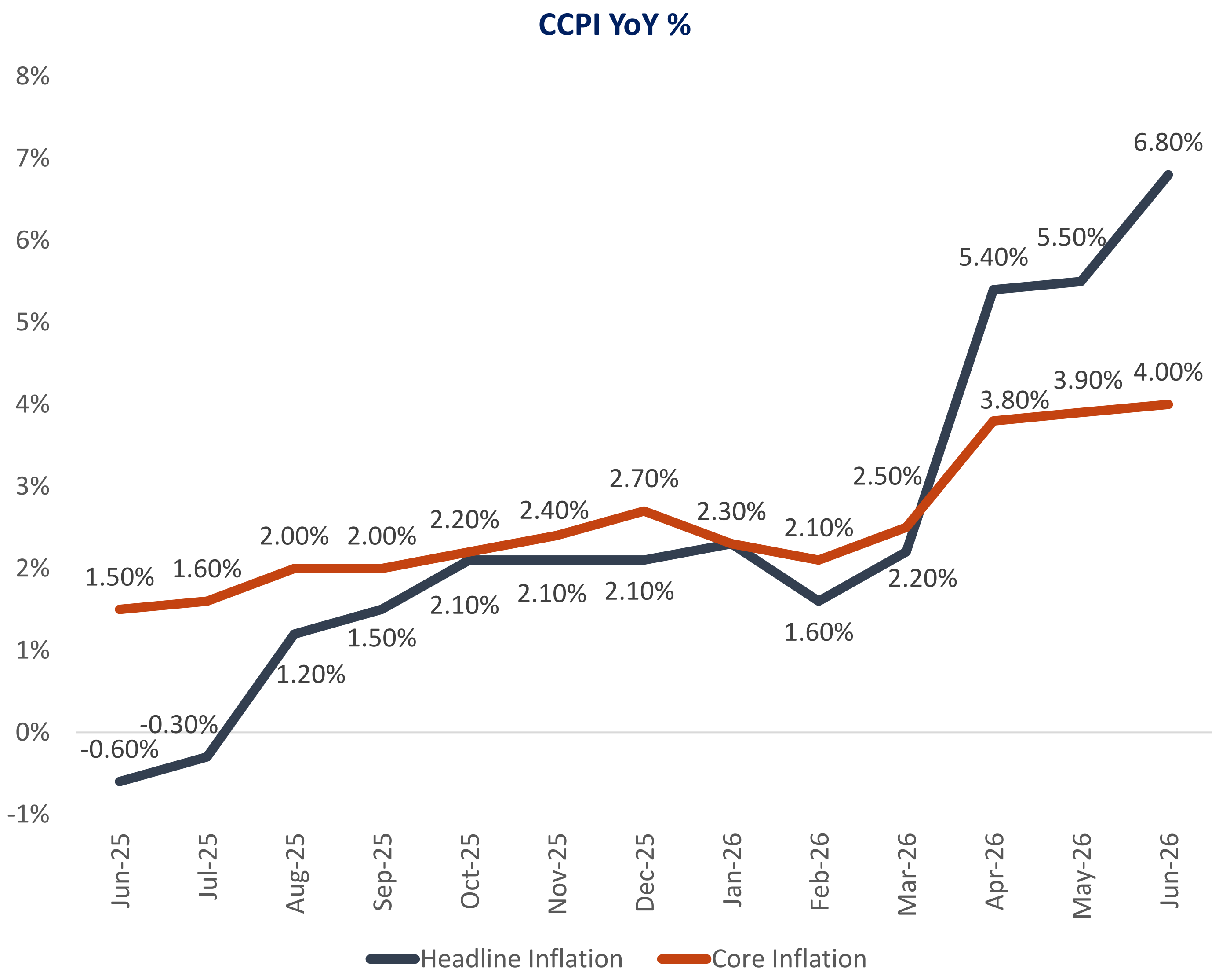
# Headline inflation accelerated to 6.8% in June 2026



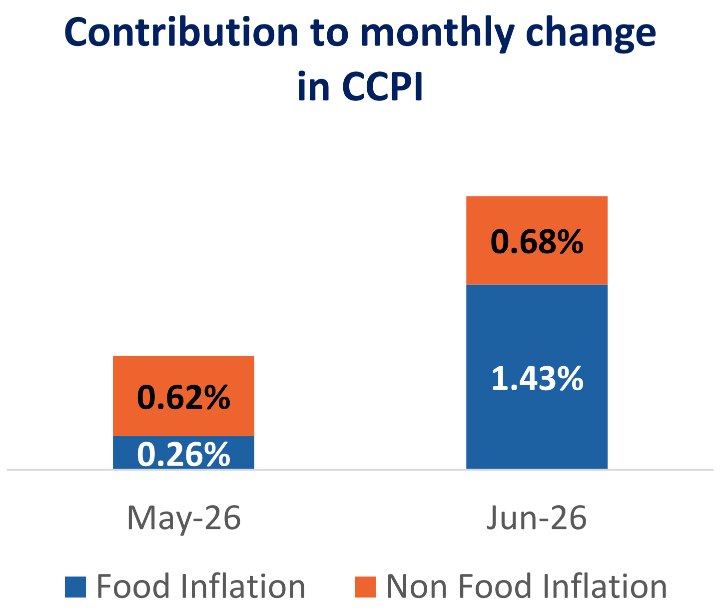

Source: CBSL

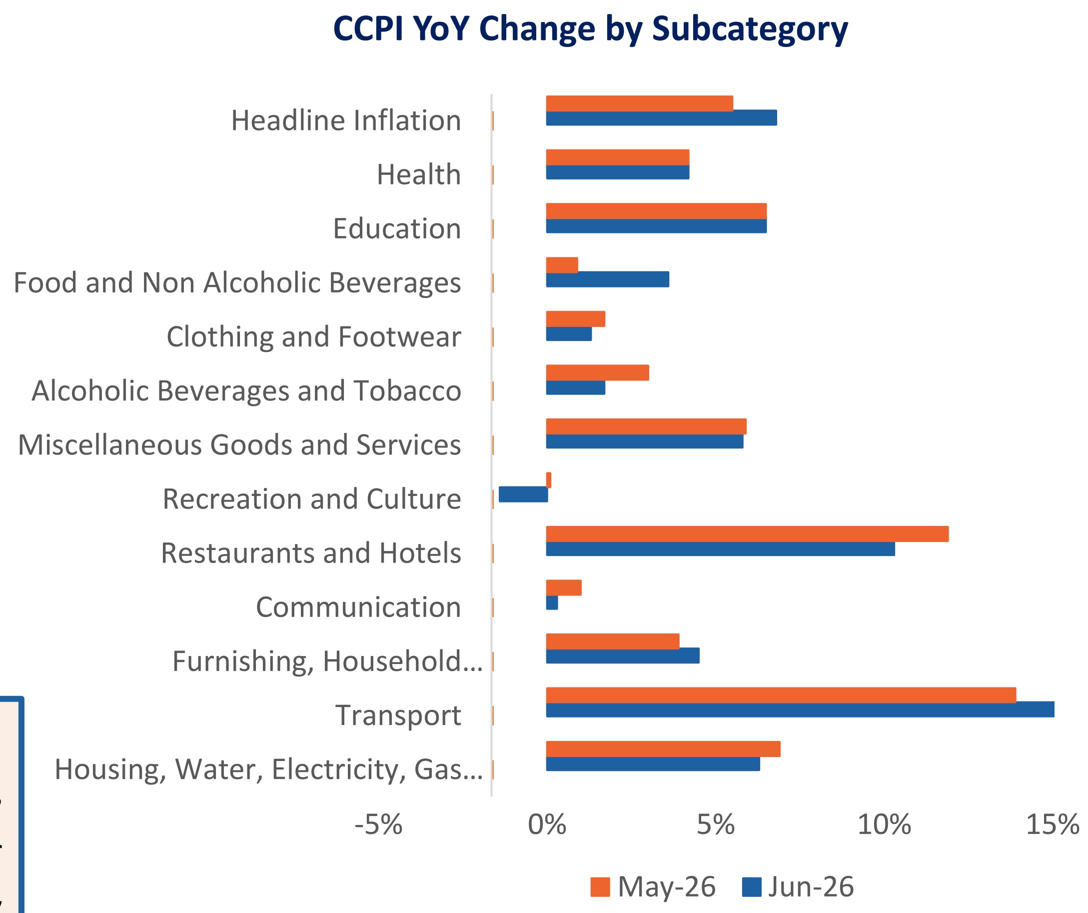
Headline inflation (YoY), measured by the Colombo Consumer Price Index (CCPI), accelerated to 6.8% in June 2026 from 5.5% in May 2026, mainly due to the ongoing Middle East war, which caused domestic energy prices to rise. The transport sector recorded the highest inflation at 18.7% YoY in June 2026, compared to 13.9% YoY in May 2026.

Meanwhile, core inflation (YoY) also marginally increased to 4% in June 2026 from 3.9% in May 2026.

Based on the inflation projections made during the May 2026 monetary policy round and the latest available information and assumptions, headline inflation is expected to remain above the Central Bank's 5% target in the period ahead before easing and stabilising around the target over the medium term, supported by appropriate monetary and fiscal policy measures. However, amid the evolving tensions in the Middle East and their broad spillover effects on both global and domestic economic activity, the inflation outlook remains subject to elevated uncertainty.

# June 2026, CCPI increased by 2.1% MoM mainly due to food category



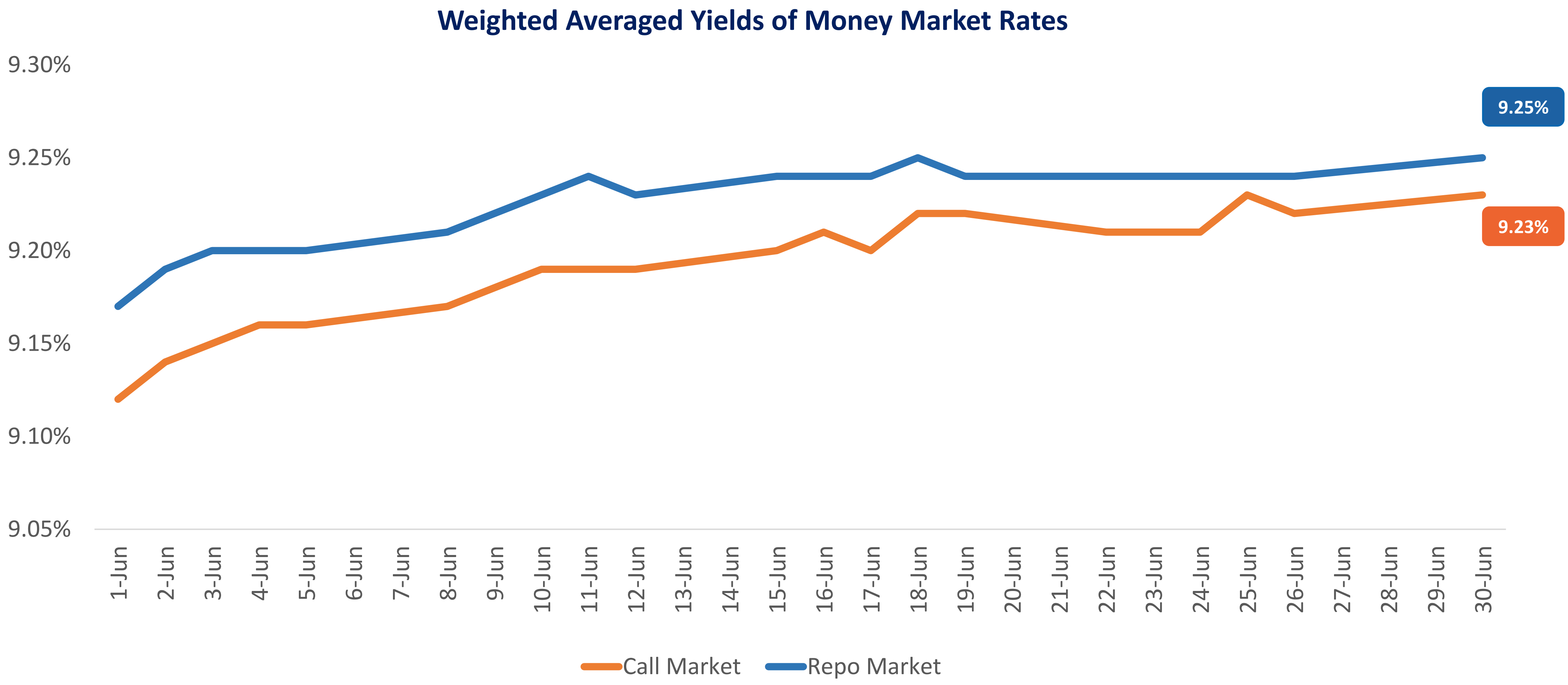




On a month-on-month basis, the CCPI increased by 2.1% in June 2026, with food prices contributing 1.4 percentage points and non-food prices contributing 0.7 percentage points to the overall increase. On a year-on-year basis, headline inflation accelerated to 6.8% in June 2026 from 5.5% in May 2026. Food inflation (YoY) accelerated to 3.6% in June 2026 from 0.9% in the previous month, while non-food inflation (YoY) accelerated to 8.4% in June 2026 from 7.8% in May 2026.

**Prices accelerated in the Transport, Furnishing, Food and non - alcoholic beverages subcategories, while price decelerated in the remaining subcategories.**

Source: CBSL

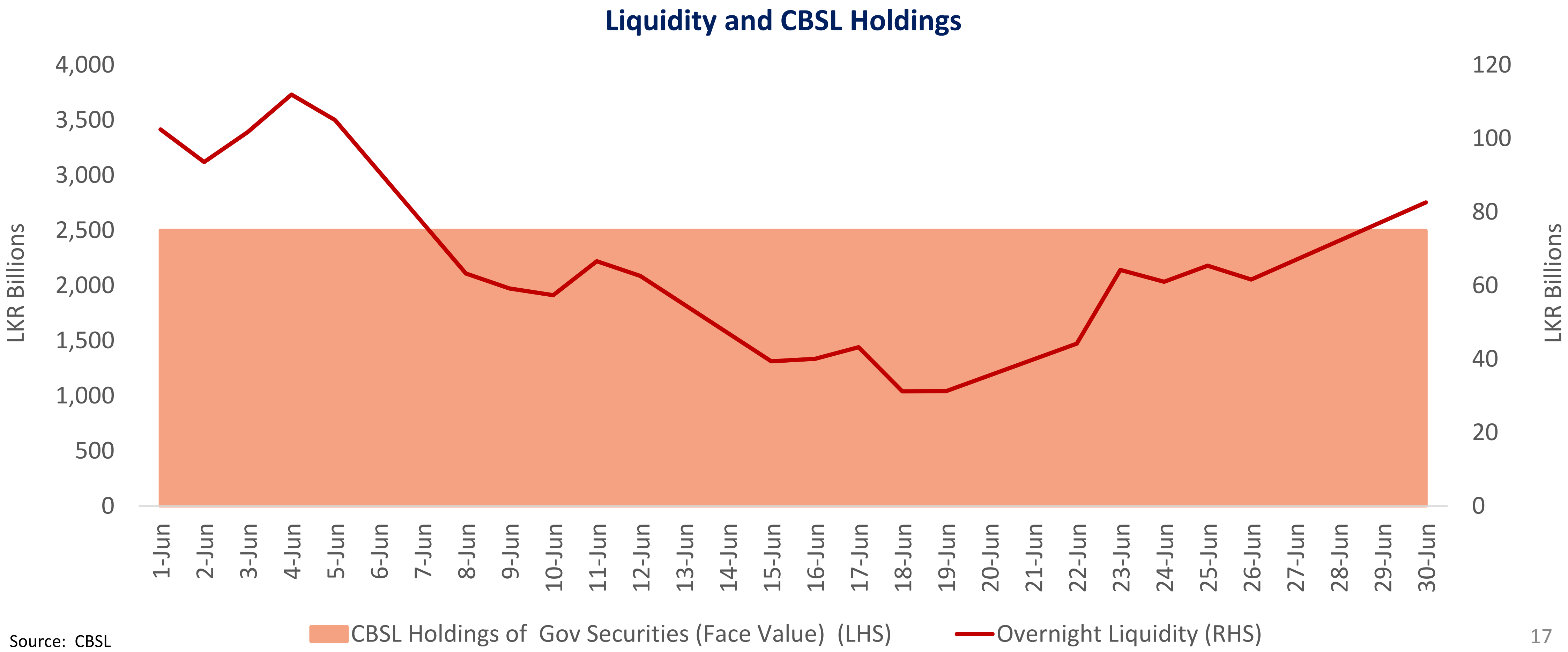
# Call and Repo Rates increased gradually in June 2026




Source: CBSL

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

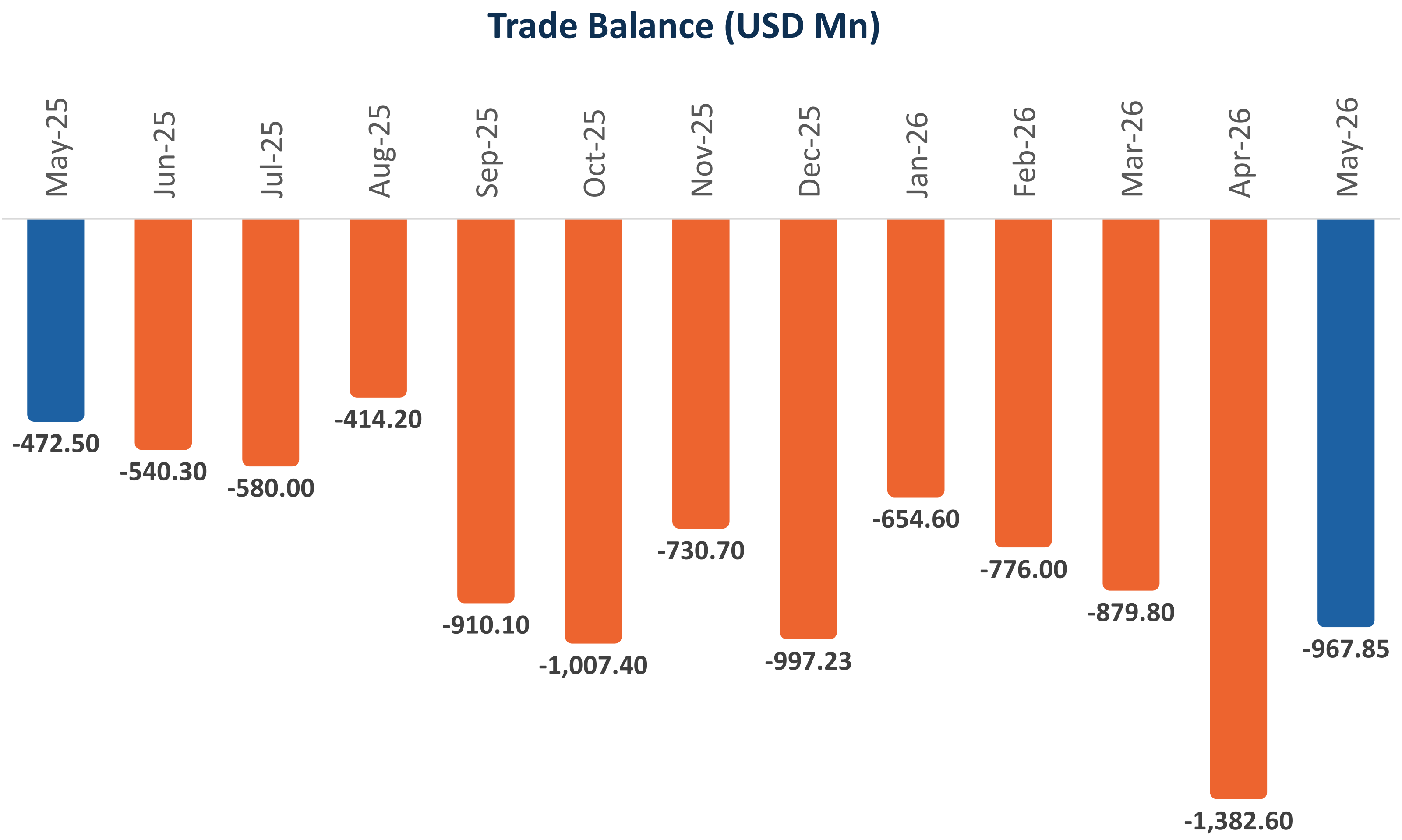
During June 2026, the Central Bank of Sri Lanka's (CBSL) holdings of government securities remained broadly stable at LKR 2,498.12 billion, declining from LKR 2,507.92 billion in the previous month. Meanwhile, overnight liquidity in the banking system remained volatile throughout the month, with several sharp fluctuations observed. It declined during the middle of the month but recovered in the latter part of the month. However, it remained in positive territory throughout the period.




Source: CBSL

# EXTERNAL SECTOR

# Trade Balance deteriorated by 104.8% YoY in May 2026




In May 2026, Sri Lanka's trade deficit widened to USD 967.85 million, reflecting a 104.8% increase compared to May 2025 and a 30% improvement compared to previous month.

The YoY decrease in the trade balance was driven mainly by the increase in import expenditure by 45.4% YoY.

Source: CBSL

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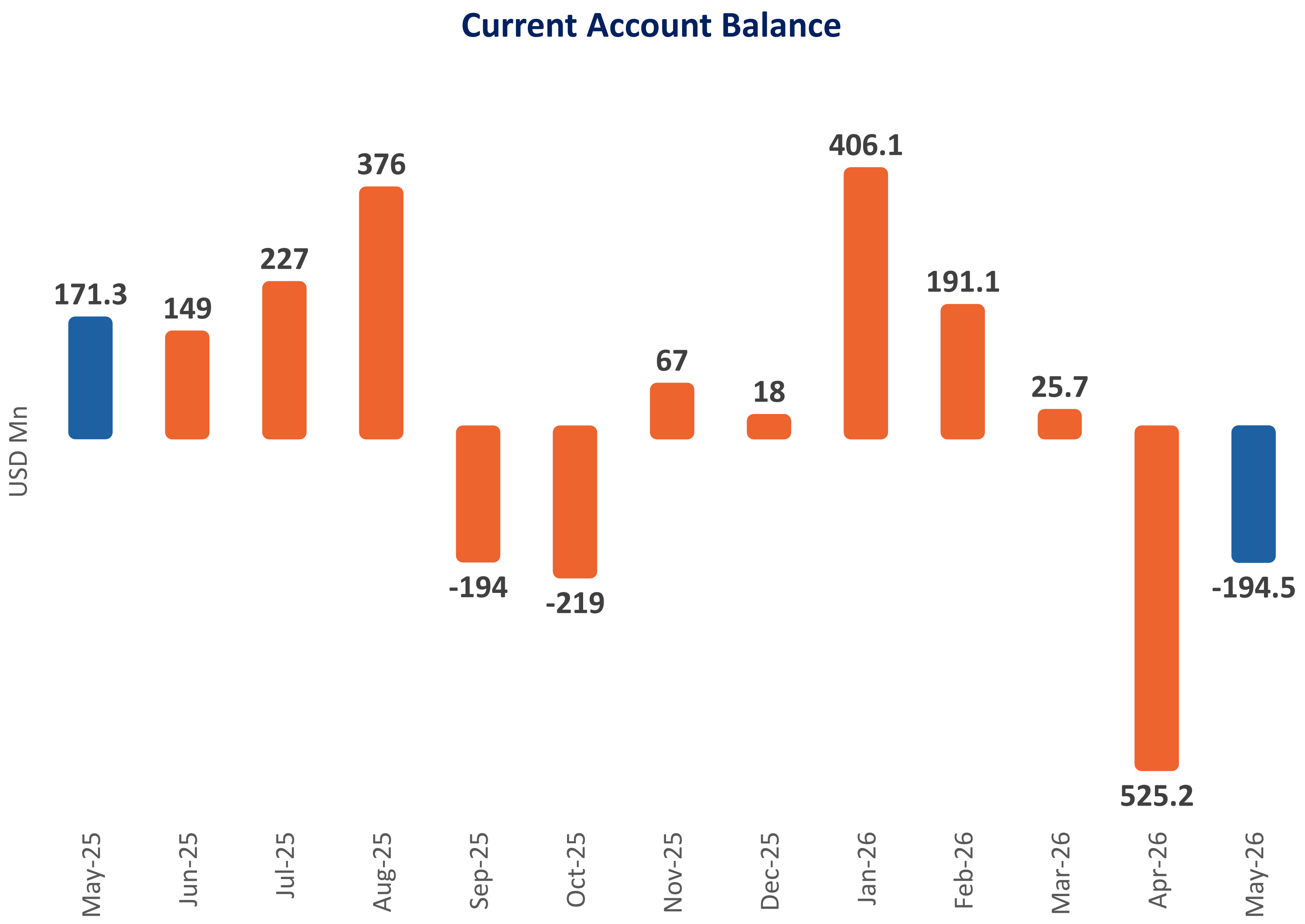
# Current Account Balance decreased by 213.54% YoY in May 2026




The current account recorded a deficit for the second time in the year 2026 after 3 consecutive surpluses. The current account balance deteriorated by 213.54% YoY and posted a deficit of USD 194.5 million. On a month-on-month basis, the balance improved by approximately 63%. The cumulative current account deficit amounted to approximately USD 96.8 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 May 2026, the trade balance deteriorated by 104.85% YoY. Similarly, service account decreased by 36.8% YoY. The Primary account surplus increased by 2.88% YoY and secondary account surpluses increased by 32.89%.

Source: CBSL

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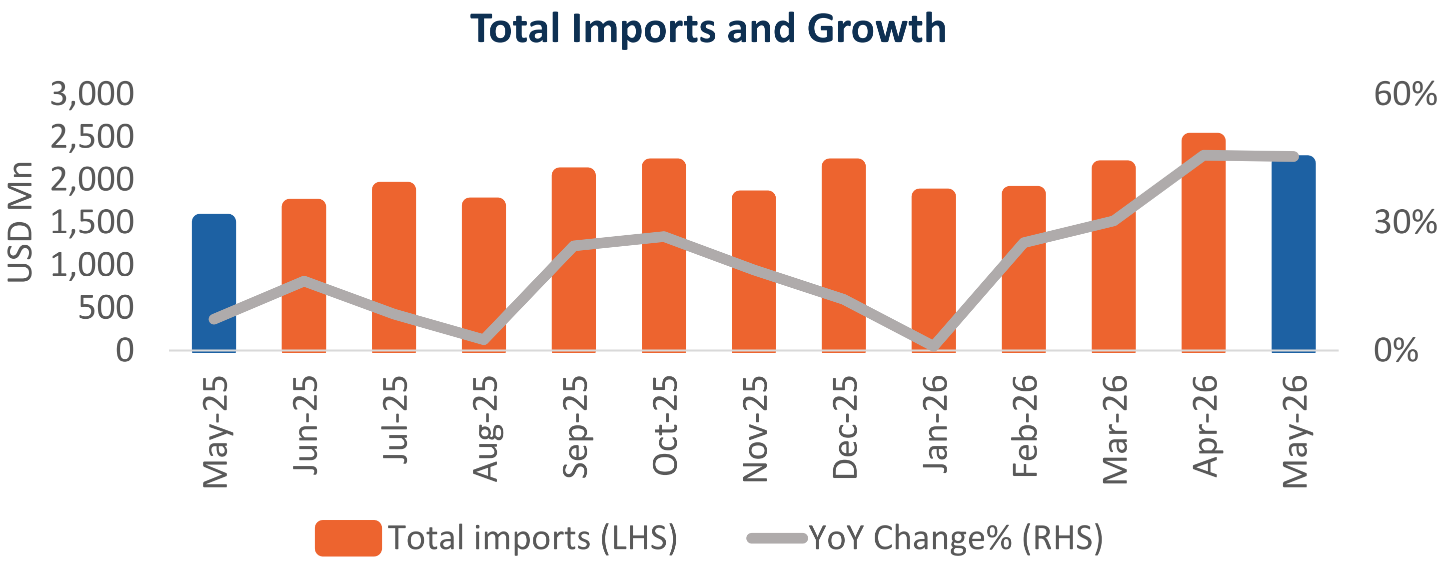
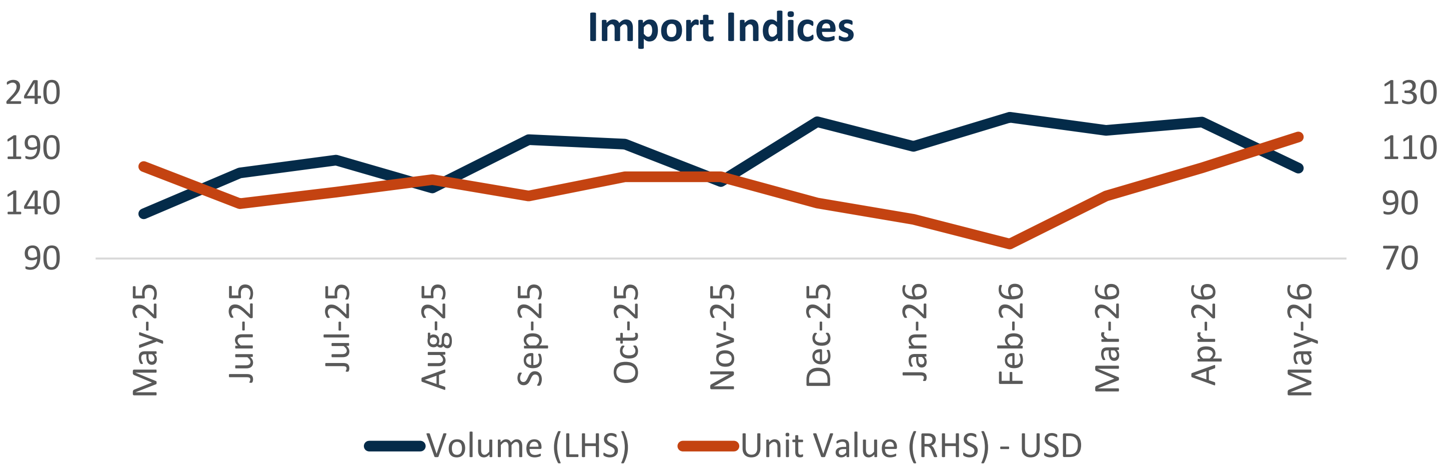
# May 2026 import expenditure increased by 45.4% YoY




In May 2026, imports increased by 45.4% year-on-year (YoY) to USD 2,192.1 million, marking a 10.8% decrease compared to the previous month. The year-on-year growth was mainly driven by higher imports of intermediate goods.

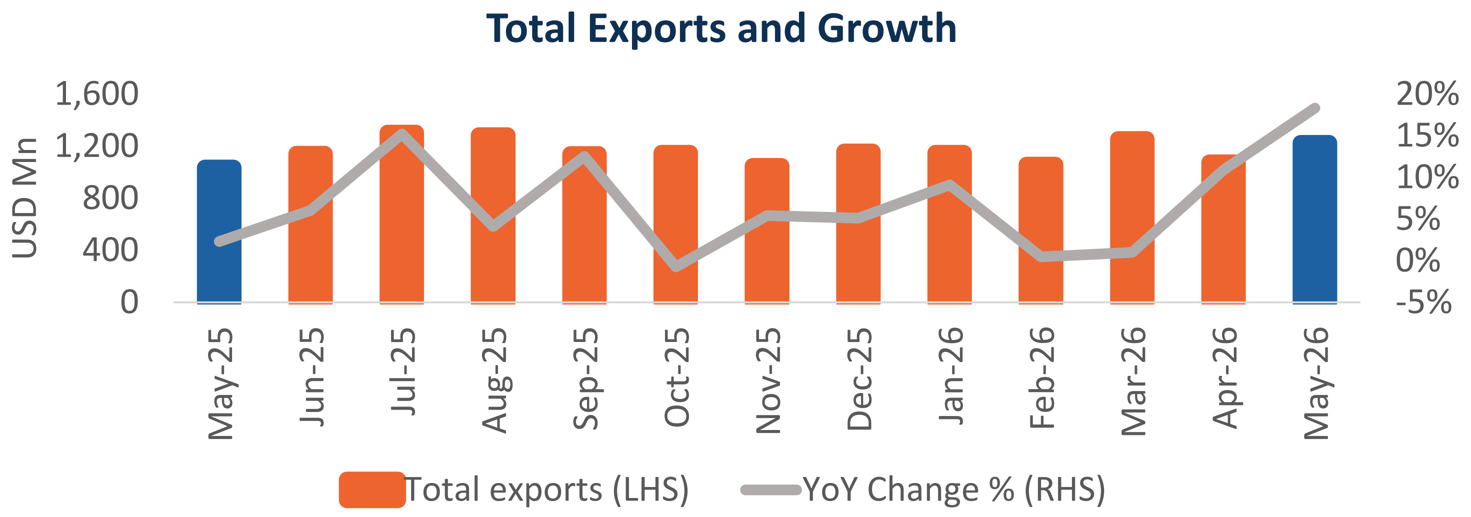
On MoM basis, imports of consumer goods increased but intermediate goods and investment goods decreased. The increase in consumer goods imports was primarily driven by higher imports of personal vehicles, within the other consumer goods category.

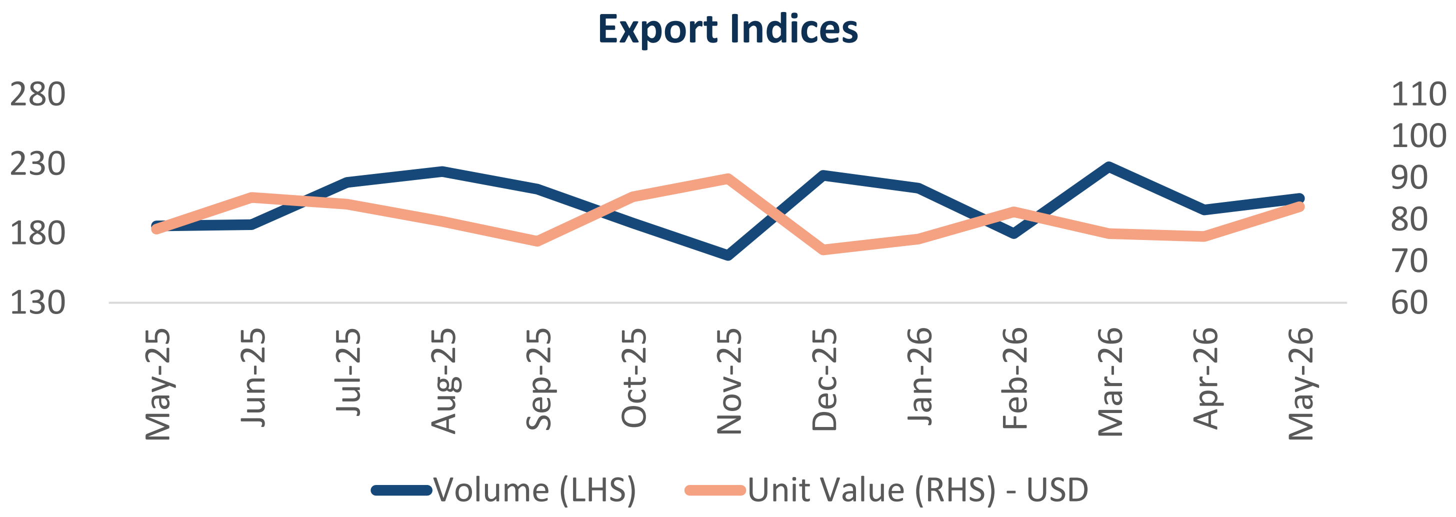
Meanwhile, imports of intermediate goods decreased on a MoM basis, mainly due to lower fuel and fertilizer import prices.

In May 2026, the Import Volume Index increased by 31.8% YoY, while the Import Unit Value Index increased by 10.4% YoY.

Source: CBSL

# May 2026 export earnings increased by 18.3% YoY




In May 2026, export earnings increased by 18.3% YoY to USD 1,224.3 million, representing a 14% increase compared to April 2026. The YoY increase was mainly driven by industrial exports.

On a MoM basis, earnings from agricultural, industrial exports and mineral exports increased. Among these, industrial exports recorded the largest increase, primarily driven by higher export volumes of textiles, petroleum products, rubber products etc. Meanwhile, agricultural export earnings also increased on a MoM basis, mainly due to Tea, Coconut, and spices.

In May 2026, the Export Volume Index increased by 10.7% YoY while the Export Unit Value Index increased by 6.9% YoY during the same period.

Source: CBSL

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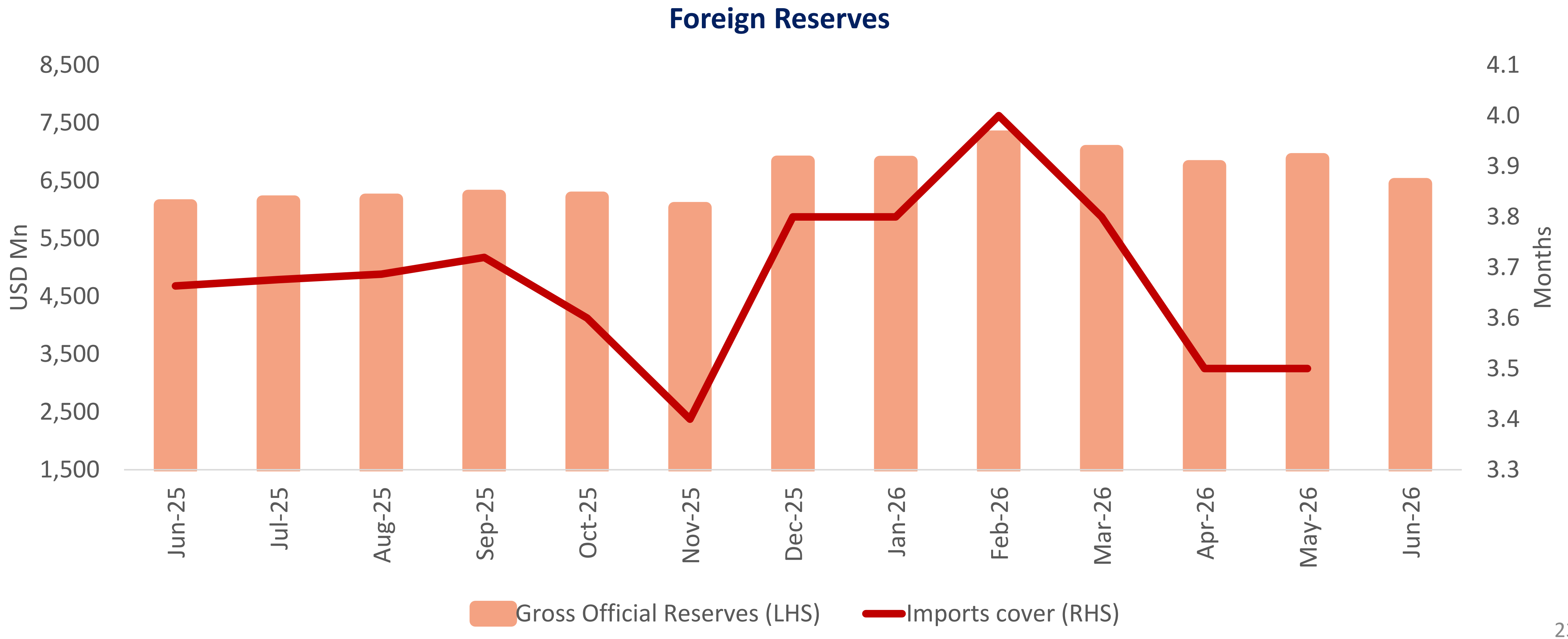
# In June 2026 gross official reserves declined to USD 6.5 Bn

In June 2026, Sri Lanka's gross official reserves dropped to approximately USD 6.5 billion. Reserves increased by 6.07% YoY and decreased by 6.26% MoM. Gross Official Reserves declined in June mainly due to external debt servicing, net foreign exchange sales by the CBSL to stabilize the rupee, and higher fuel import costs arising from the Middle East conflict. These factors outweighed positive inflows from workers' remittances and earlier IMF disbursements.




Source: CBSL

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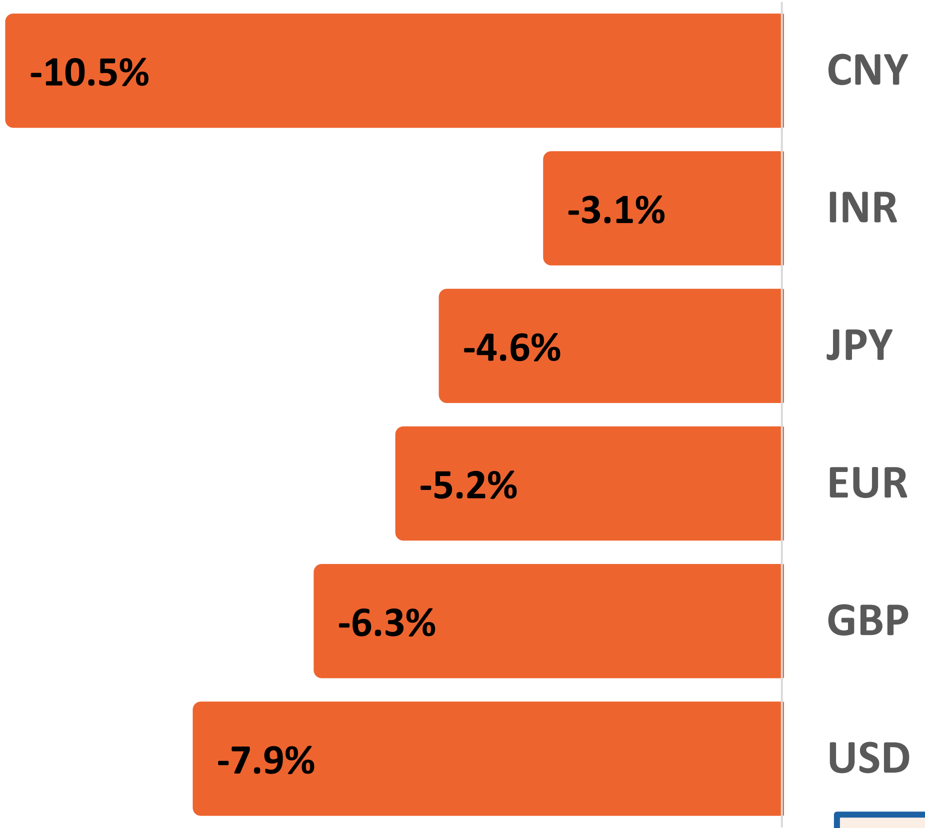
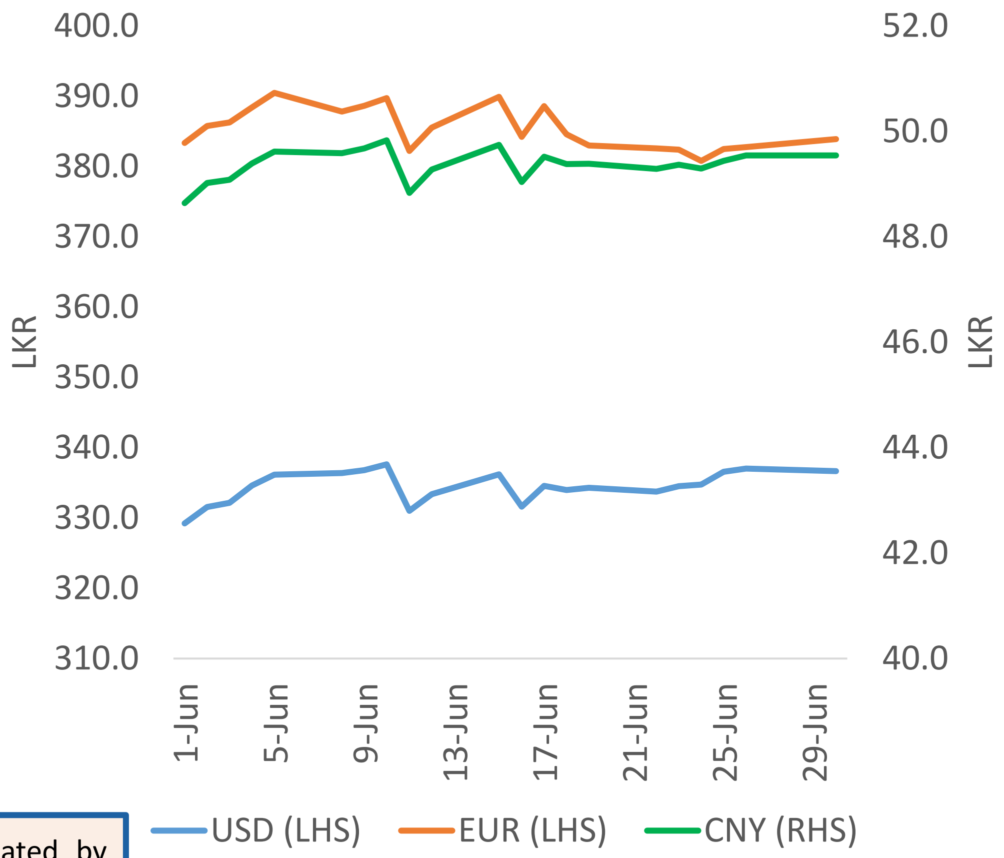
# In June 2026, the LKR depreciated against major currencies

## LKR appreciation/(depreciation) against major currencies YTD end of June 2026




## Monthly movement of major currencies




In June 2026, the LKR depreciated by 2.26% against the USD, depreciated by 0.13% against the EUR and depreciated by 1.86% against the CNY.

Source: CBSL

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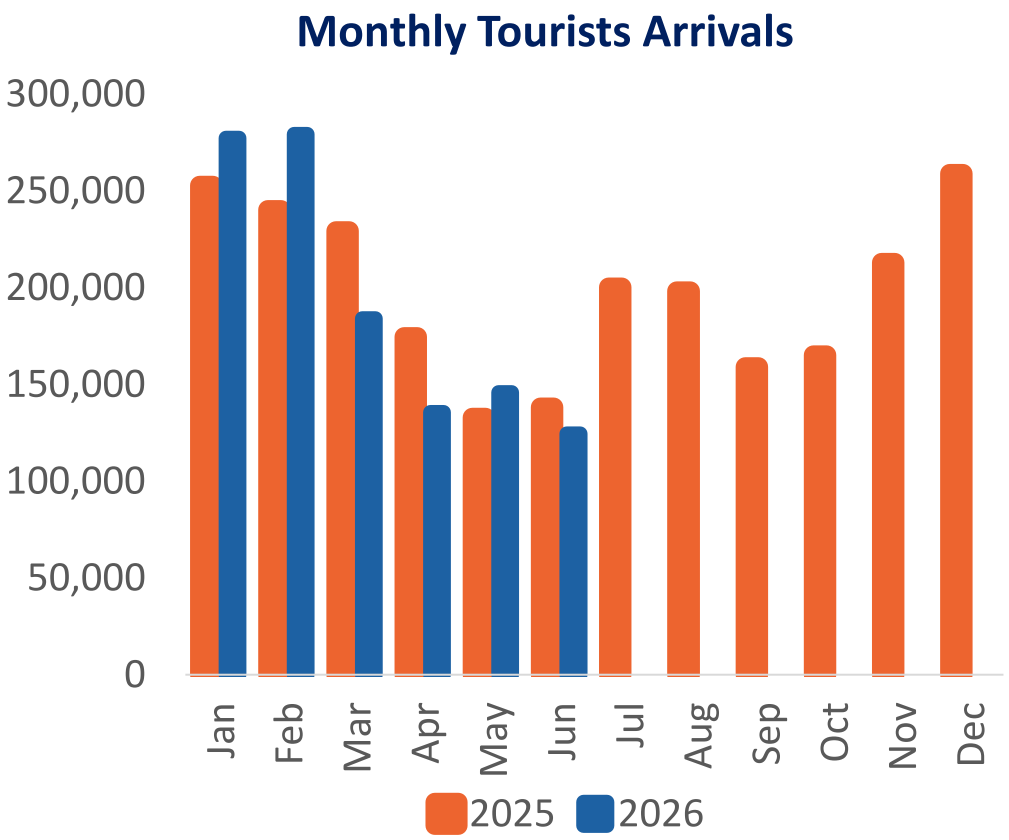
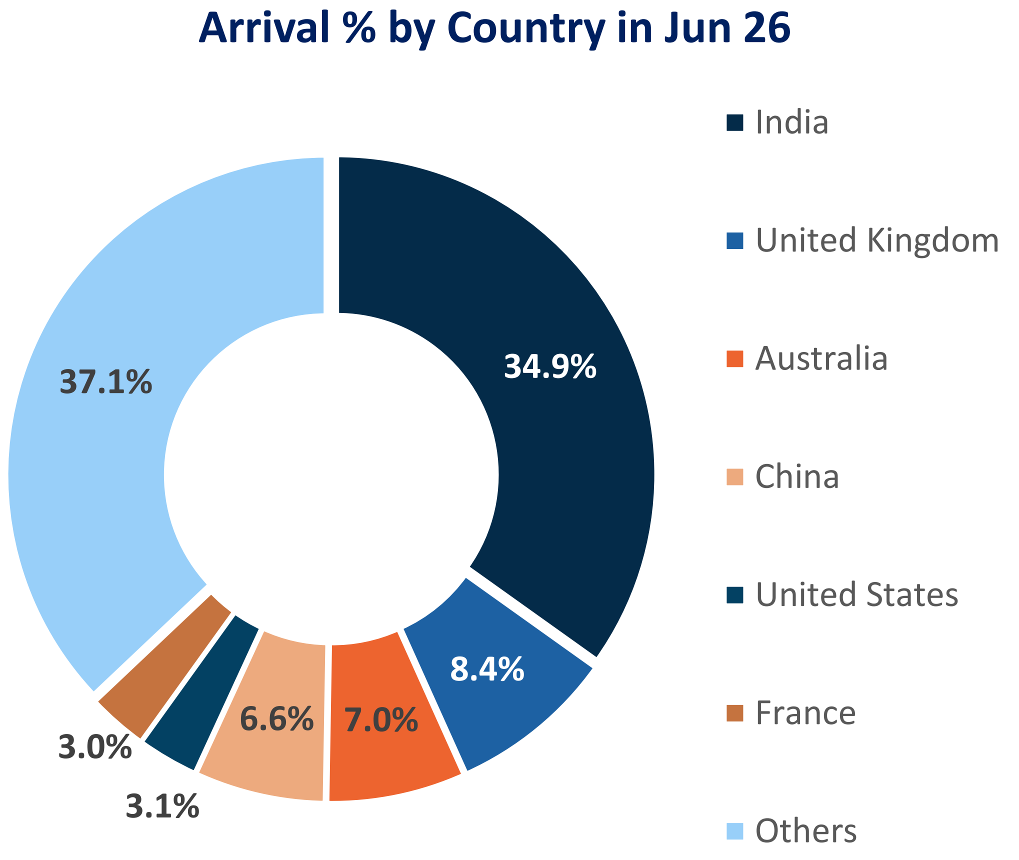
# June 2026 tourist arrivals decreased by 9.9% YoY

In June 2026, Sri Lanka recorded 124,551 tourist arrivals, reflecting a 9.9% YoY decrease and a 14.5% decrease compared to last month. Tourist arrivals decreased in June 2026 after a significant increase in May 2026, mainly due to weaker demand from key Western markets, higher regional airfares, and the fading of the temporary recovery observed in May following earlier travel disruptions.




**YTD Tourist Arrivals = 1,146,573**




Source: SLTDA, Press Releases

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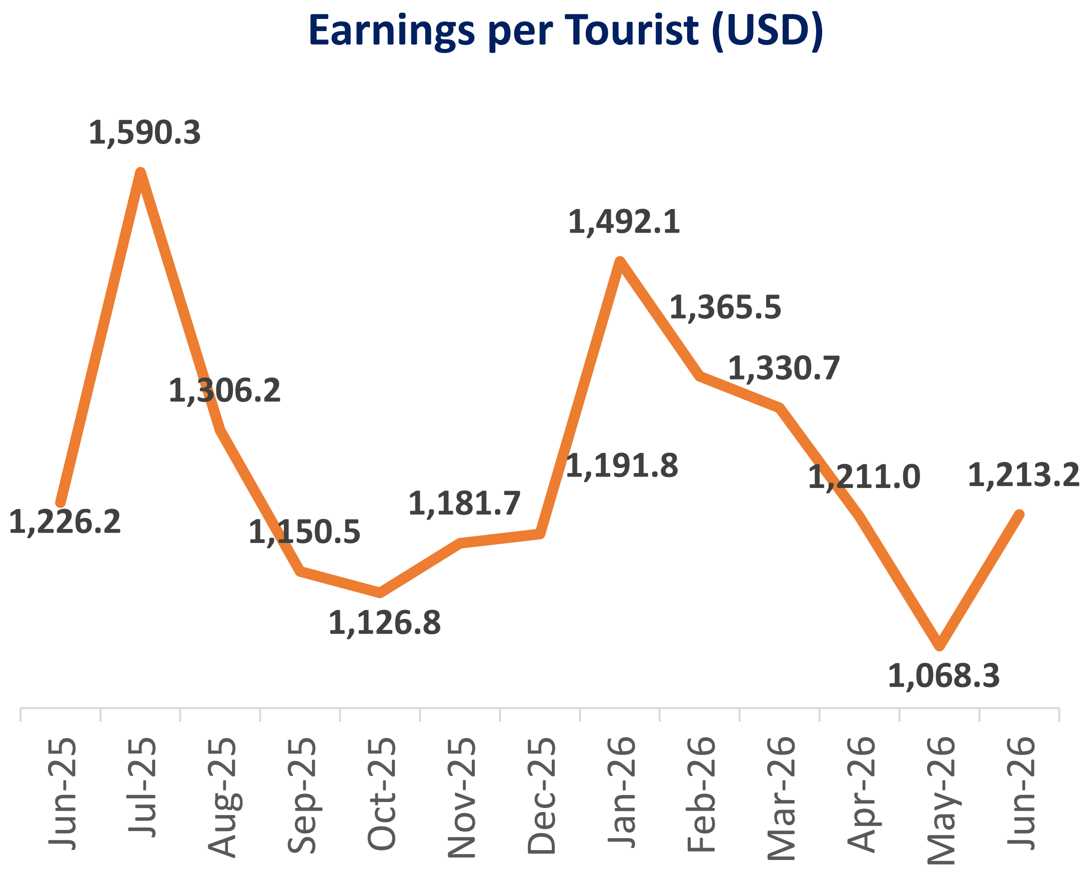
# June 2026 tourism earnings dropped by 10.9% YoY


YTD Tourism Earnings = USD 1,511 Mn




In June 2026, tourism earnings dropped by 10.9% YoY to USD 151.1 million and dropped by 3% compared to the previous month. Earnings per tourist was USD 1,213.2, reflecting a 1.1% YoY decrease and a 13.6% MoM increase.

Source: CBSL, Press releases

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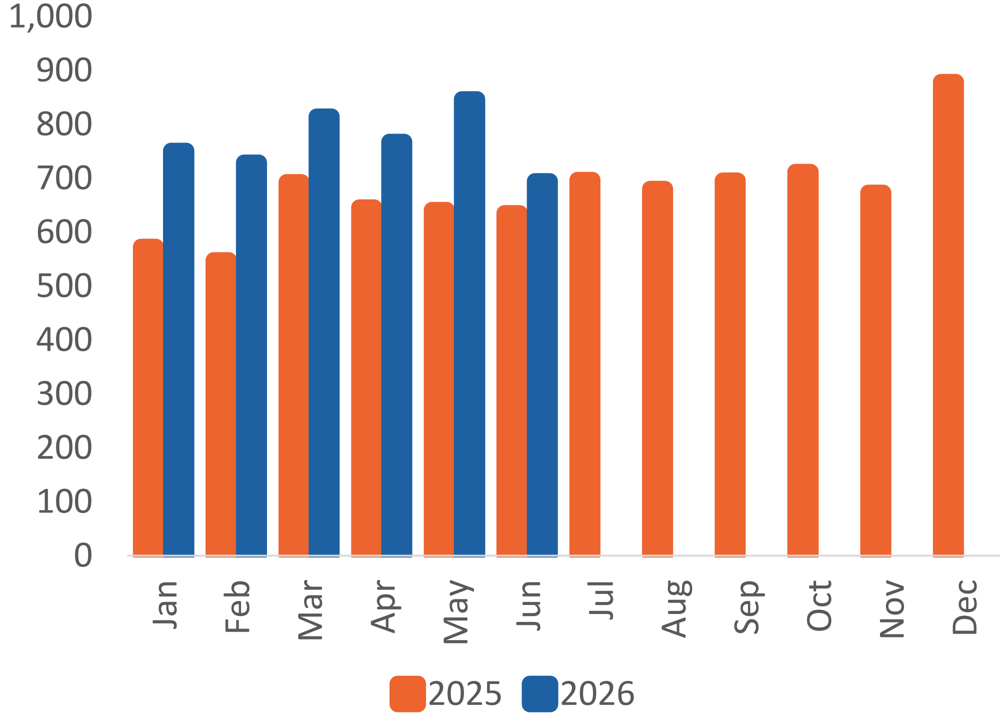
# June 2026 worker remittances increased by 9.3% YoY

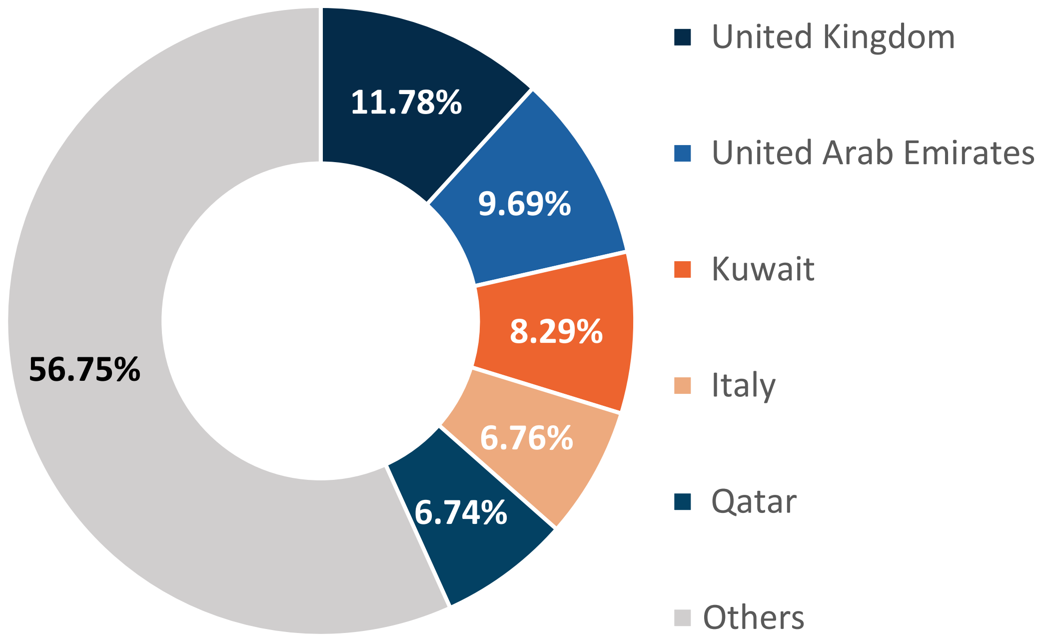
In June 2026, remittance inflows reached USD 695 million, reflecting a 9.3% YoY growth and a 17.9% MoM decrease. Remittances moderated in June compared to the exceptionally high inflows recorded in May, mainly reflecting normal monthly and seasonal fluctuations. Workers' remittances during January - June 2026 increased by 23.2% compared to the corresponding period of the previous year. During 1Q of 2026, the United Kingdom overtook the United Arab Emirates to become the largest source of remittance inflows, with the United Arab Emirates falling to second place after having been the leading remittance generating country in the previous quarter.

## Workers' Remittances (USD Mn)




**YTD Remittances = USD 4,604.8 Mn**

## Remittance Earnings % by country in Q1 of 2026




Source: CBSL, Press Releases

# COMMODITIES AND OTHER

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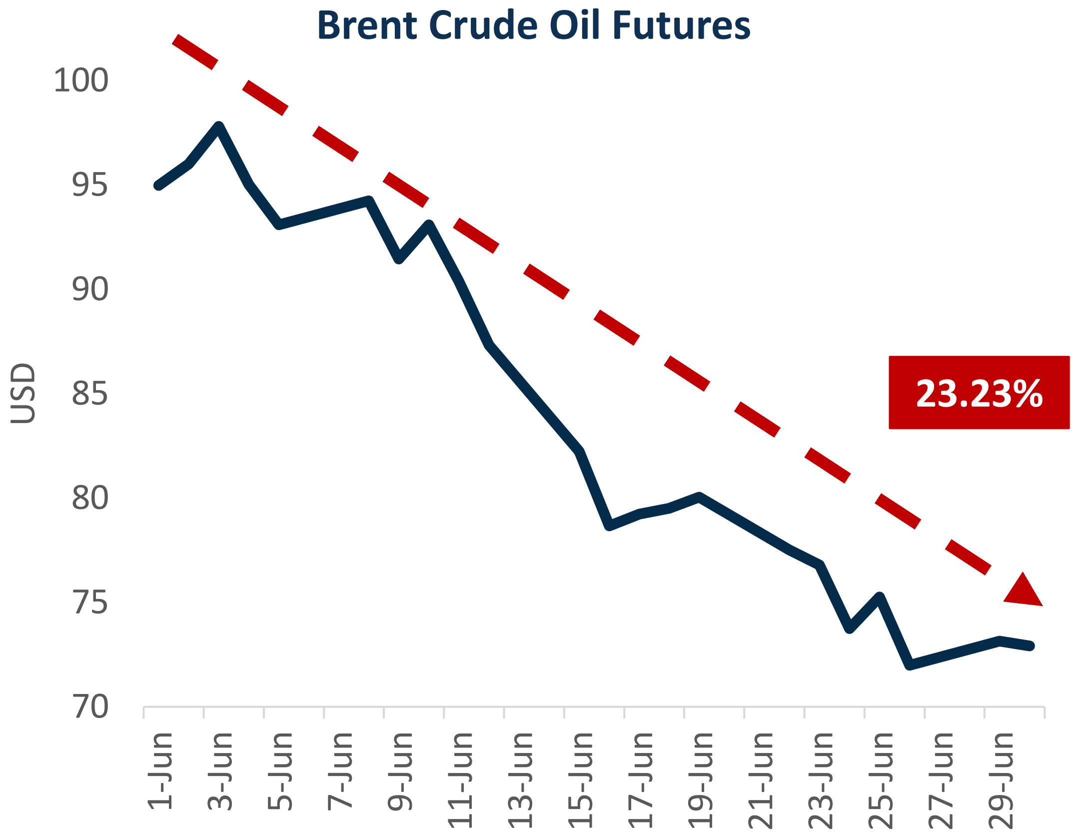
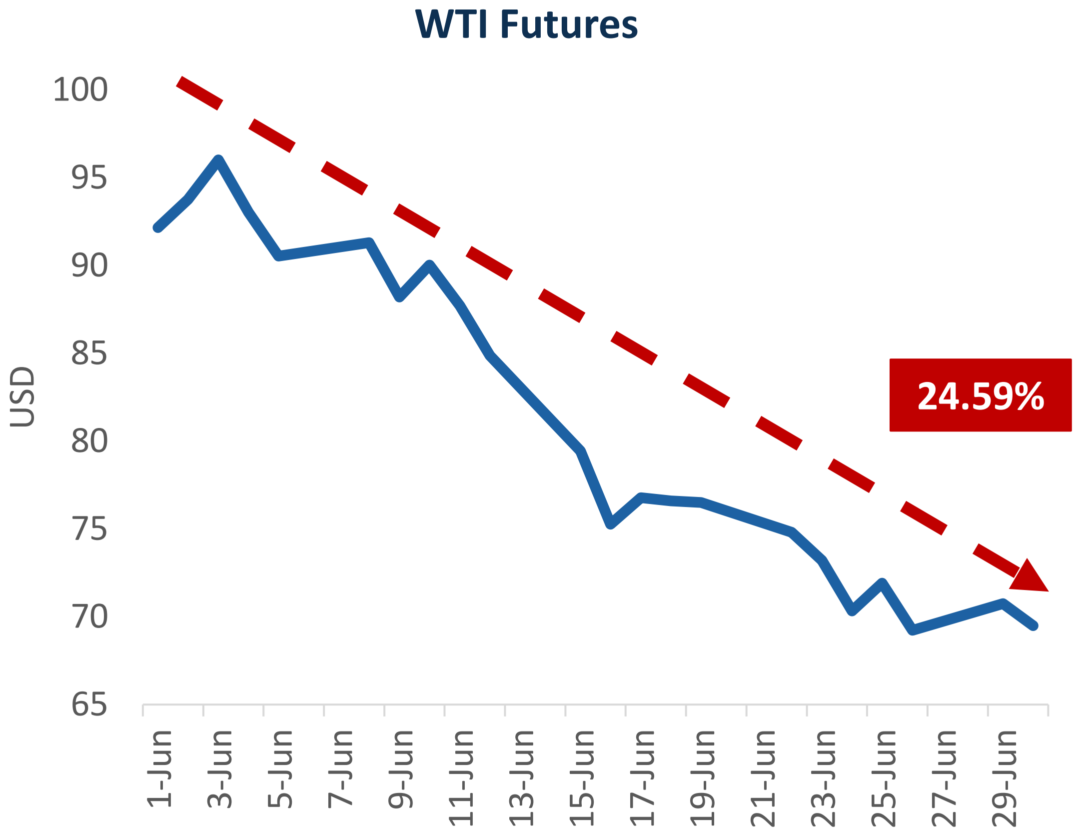
# Crude oil prices decreased in June 2026




In June 2026, crude oil prices declined, with Brent crude falling by 23.23% and WTI crude decreasing by 24.59%. Brent and WTI crude oil prices declined by the end of June 2026 as investors anticipated renewed U.S.–Iran talks in Doha, raising hopes for a sustained ceasefire and reducing concerns over potential disruptions to Middle Eastern oil supplies. The easing of geopolitical tensions prompted markets to unwind the risk premium that had previously supported oil prices, resulting in the steepest monthly and quarterly declines since 2020.

Source: Reuters.com, Investing.com

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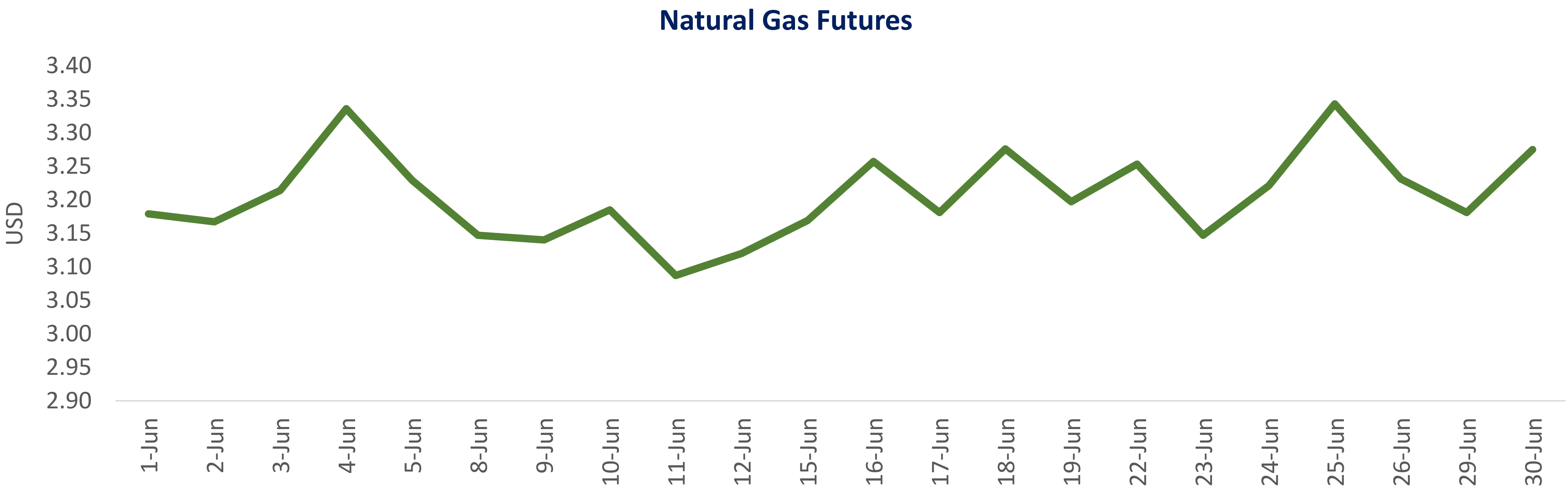
# US natural gas prices increased by 3.02% in June 2026

In June 2026, U.S. natural gas prices increased by 3.02%. Natural gas prices increased during June 2026 due to stronger electricity demand amid hotter than normal weather, lower U.S. natural gas production, and geopolitical tensions in the Middle East that raised concerns over LNG supply disruptions through the Strait of Hormuz. In addition, continued LNG demand from Europe and Asia supported higher global natural gas prices.




Source: Reuters.com, Investing.com

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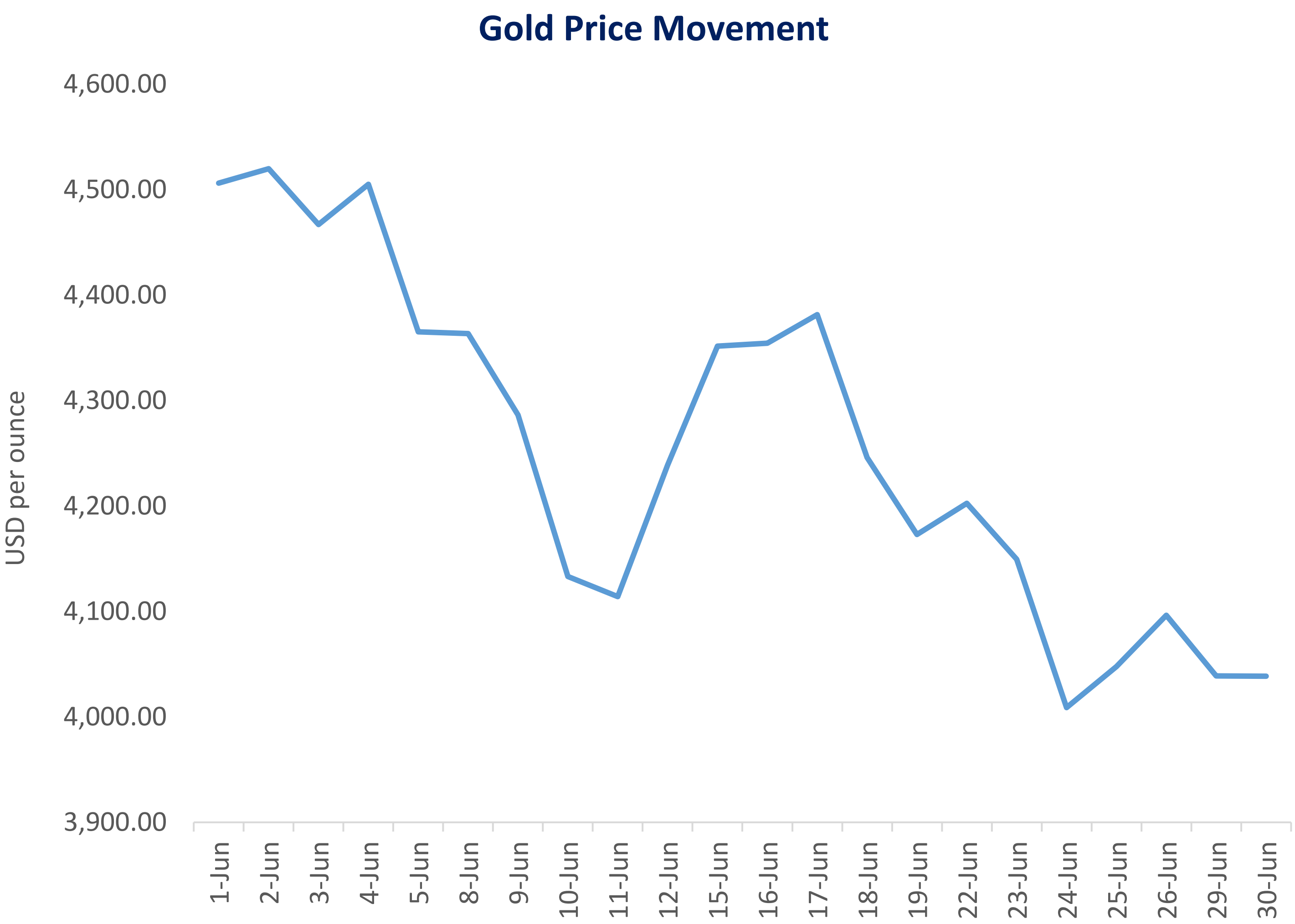
# Gold prices decreased by 10.38% in June 2026




Gold prices decreased by 10.38% in June 2026. Gold prices fell to a more than seven-month low on 24th June, trading below the key US$4,000 per ounce level, due to pressure from a stronger US dollar and growing expectations of interest rate hikes.

The decline was driven by stronger-than-expected US economic data and persistent inflation concerns, which increased expectations of a more hawkish Federal Reserve policy stance. Rising expectations of higher interest rates supported the US dollar and increased Treasury yields, reducing the attractiveness of non-yielding assets such as gold. Additionally, easing geopolitical tensions reduced safe-haven demand, contributing to the largest monthly decline in gold prices since 2008.

Source: Reuters.com , Investing.com

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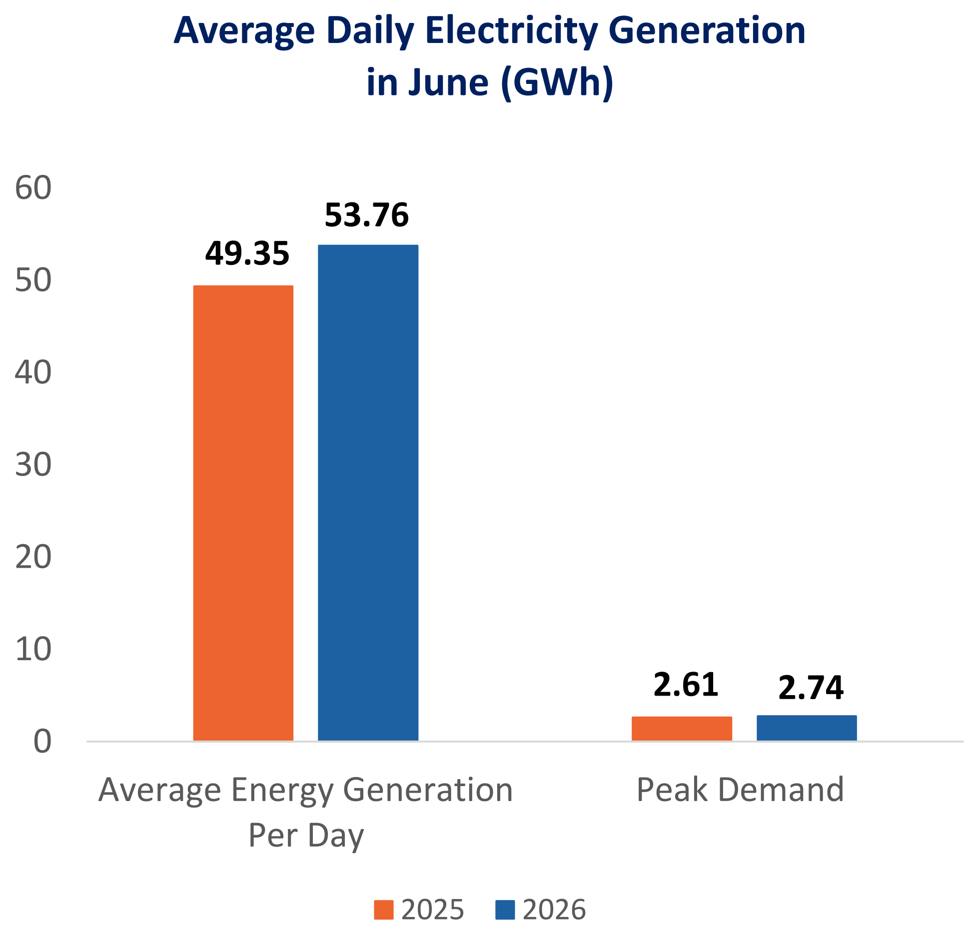
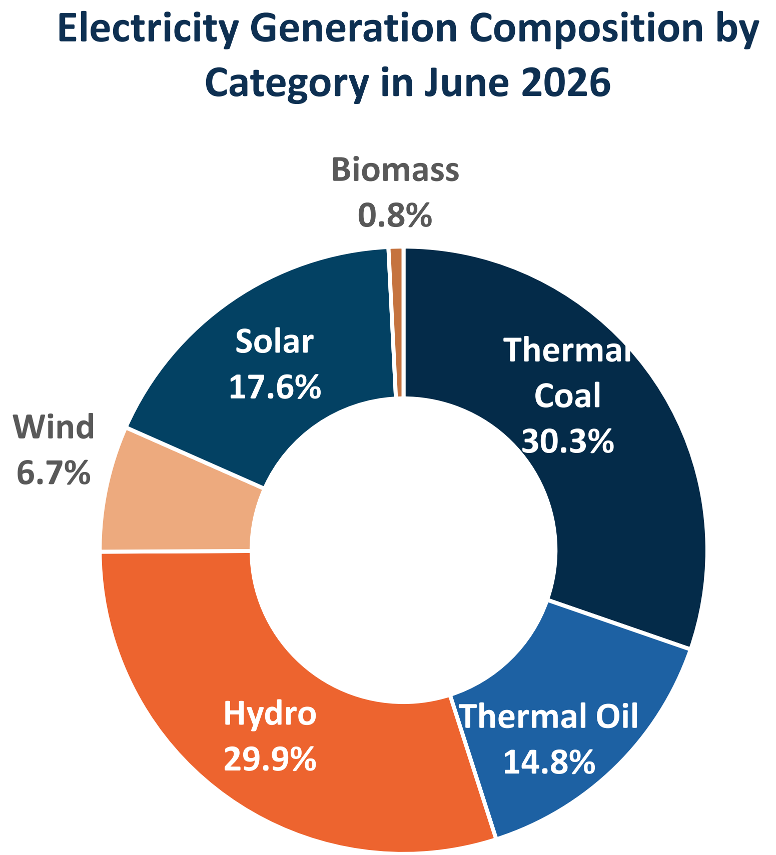
# June 2026 daily electricity generation rose 8.9% YoY

In June 2026, average daily electricity generation reached 53.76 GWh, marking an 8.9% increase compared to the same month last year. The average daily peak demand during the month was 2.74 GW which is a 5% increase YoY.




Source: CBSL

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# May 2026 tea production decreased by 1.8% YoY

In May 2026, Sri Lanka's tea production decreased by 1.8% YoY to 24.91 million kilograms. Tea export volumes rose by 7.5% YoY to 23.51 million kilograms. As a result, export earnings increased by 7.3% YoY to LKR 42.34 billion.

Tea exports recovered in May 2026 following the weak performance in April, supported by stronger export volumes and easing shipping disruptions in key Middle Eastern markets.

### Average Tea Auction Prices (Monthly)

| LKR per Kg | Apr 2026 | May 2026 |
|---|---|---|
| High | 1,181.24 | 1,119.68 |
| Medium | 1,029.64 | 1,016.08 |
| Low | 1,255.17 | 1,288.32 |
| **Total** | **1,200.91** | **1,200.38** |

### Tea Exports (May 2026)

| Export | Volume in Kgs | Value in LKR Mn |
|---|---|---|
| Tea in Bulk | 10,236,159 | 15,702 |
| Tea in Packets | 10,434,313 | 17,521 |
| Tea in Bags | 2,098,373 | 6,178 |
| Instant Tea | 419,911 | 1,449 |
| Green Tea | 325,111 | 1,492 |
| **Total** | **23,513,867** | **42,342** |

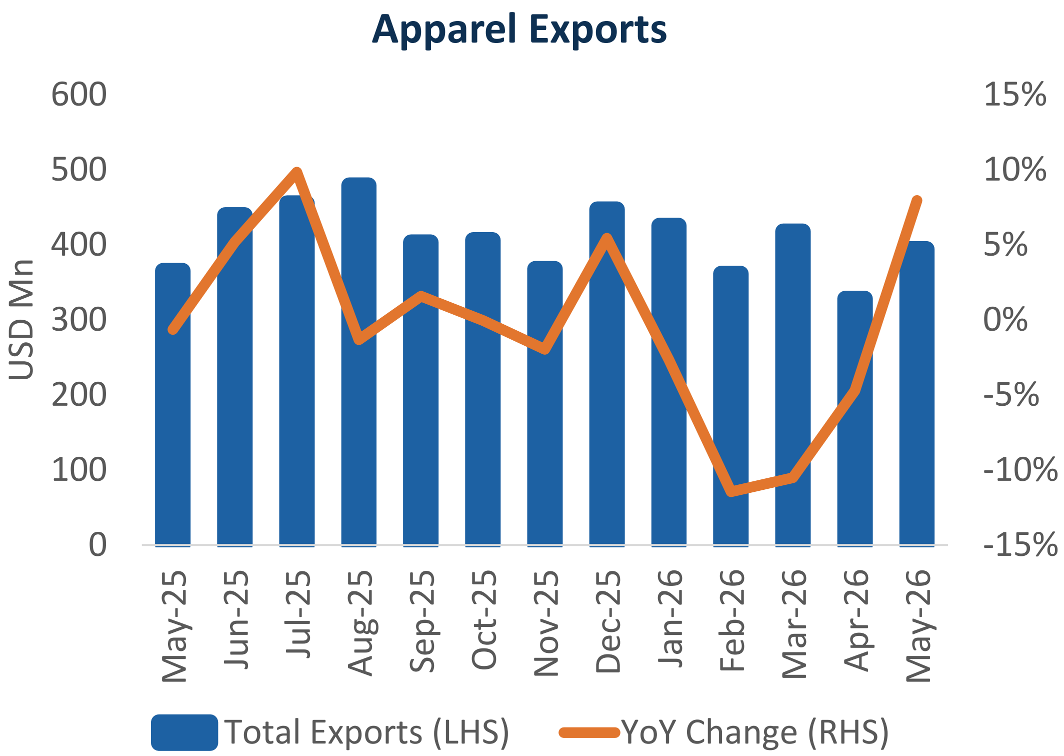
### Tea Production (May 2026)

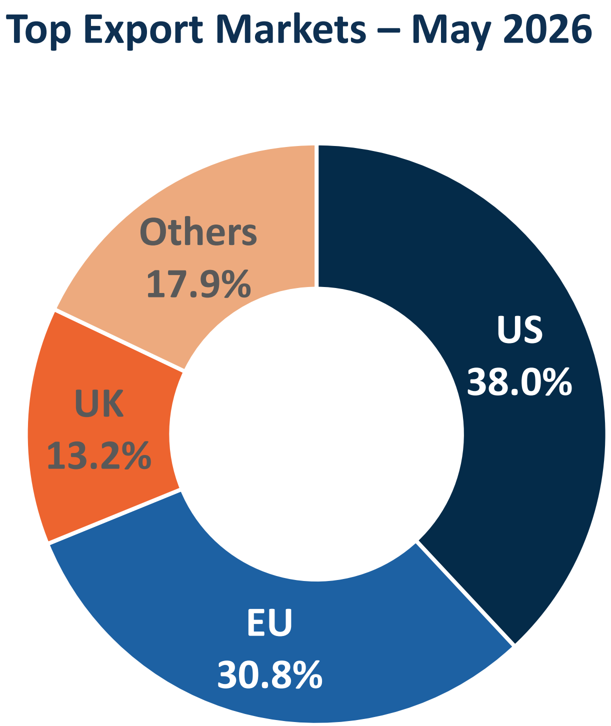
| Production | Kgs |
|---|---|
| High | 5,614,870 |
| Medium | 4,570,521 |
| Low | 14,513,704 |
| Green Tea | 210,511 |
| **Total** | **24,909,606** |

Source: Forbes & Walker tea brokers

AMBEON SECURITIES

# May 2026 apparel exports increased by 7.96% YoY




Sri Lanka's apparel exports in May 2026 amounted to USD 394.14 million, reflecting a 7.96% year-on-year increase and a 20.11% month-on-month increase. Key export markets also showed increases, with exports to the US increasing by 15.36% YoY, exports to the UK increasing by 0.87%, and exports to the European Union slipped marginally by 0.3% YoY. The increase in exports was driven largely by a sharp recovery in demand from the United States.

Source: JAAF, Press Releases

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