

## MONTHLY ECONOMIC WRAP | DECEMBER 2024

**AMBEON**  
SECURITIES

15.01.2025





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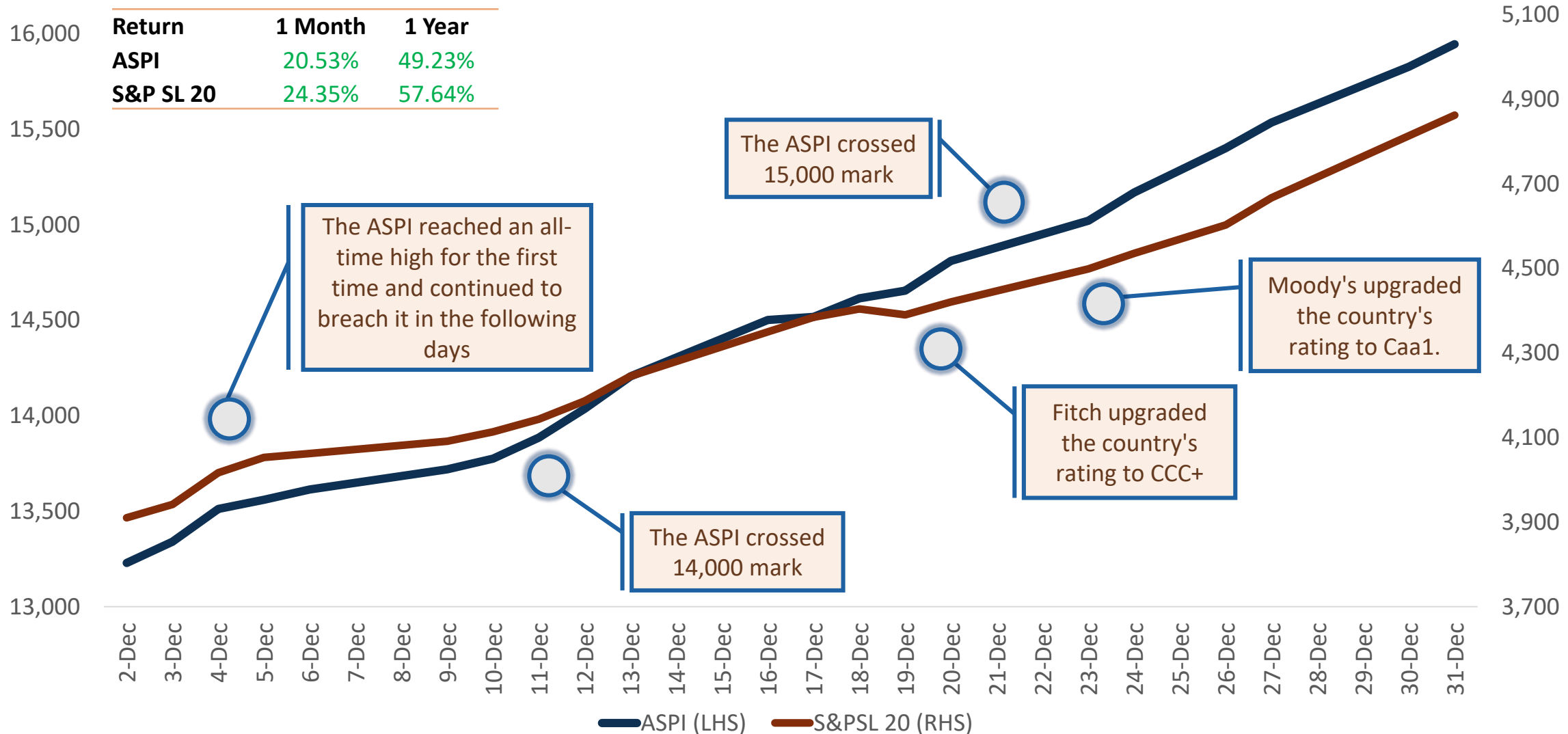


## CSE PERFORMANCE

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# ASPI increased 20.5% and S&PSL20 increased 24.4% in December 2024



Note: Returns are calculated up to 31<sup>st</sup> December 2024

Source: CSE, Ambeon estimates

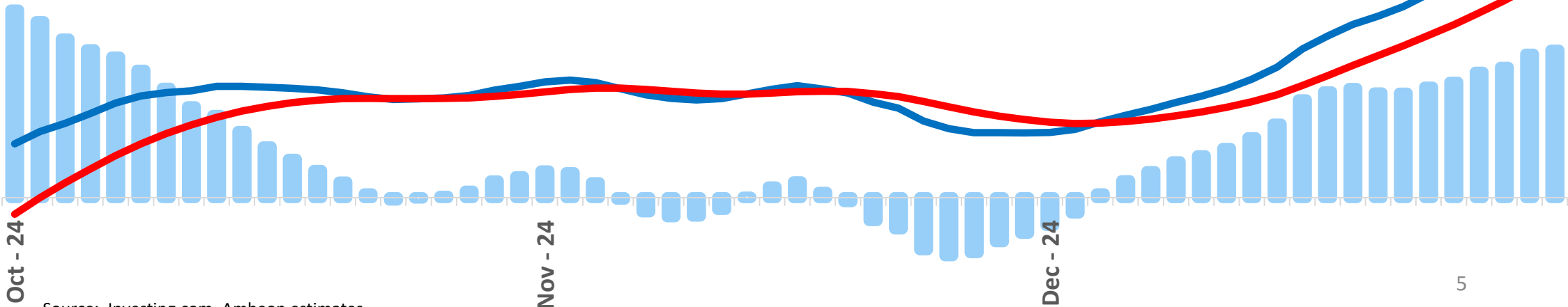
# RSI & MACD of ASPI

ASPI

RSI (14)

95.87

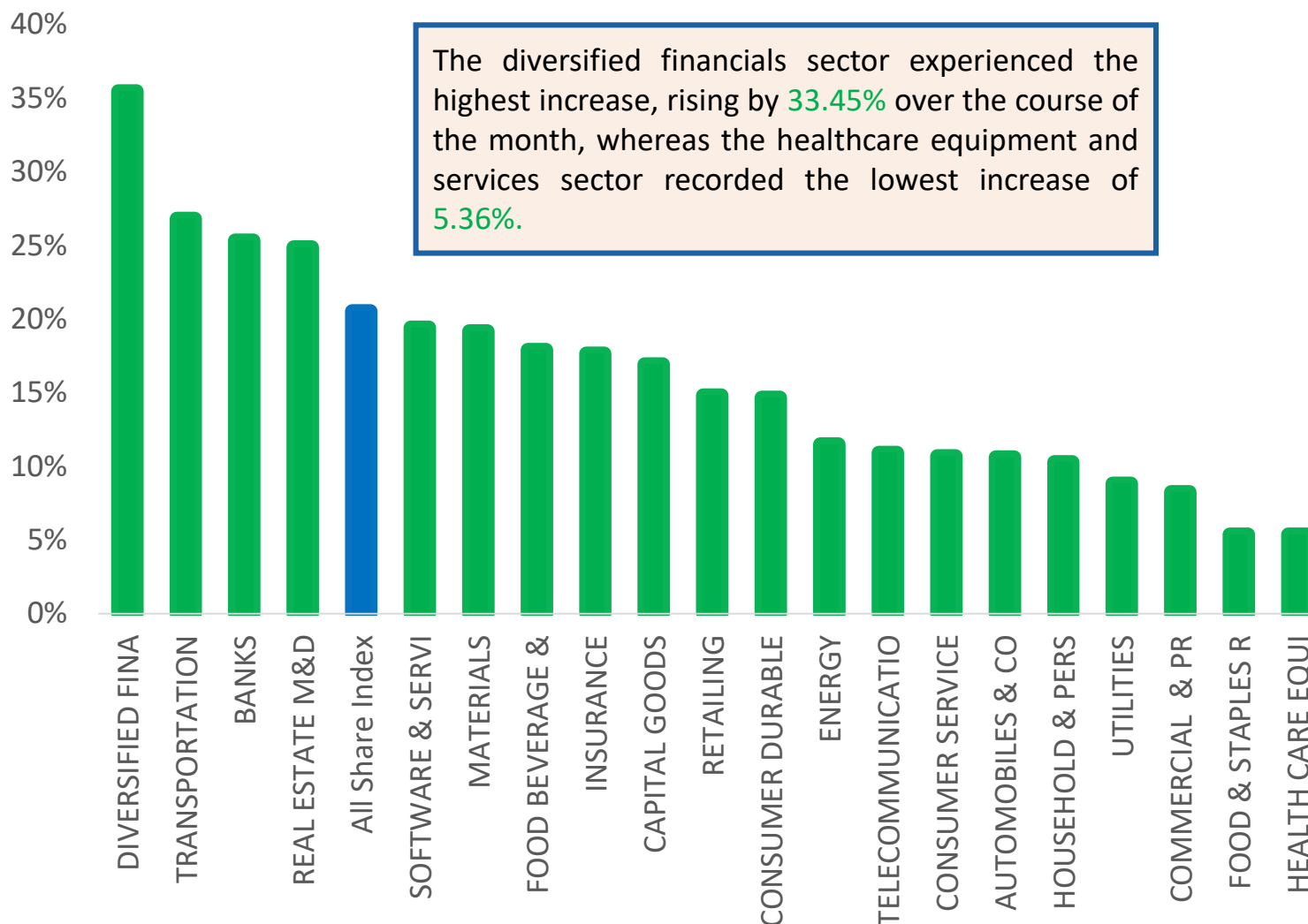
MACD (12,26)



Source: Investing.com, Ambeon estimates

# All sectors saw an increase in December 2024

## Sector Indices Performance



DIVERSIFIED FINANCIALS	35.45%
TRANSPORTATION	26.81%
BANKS	25.33%
REAL ESTATE MANAGEMENT & DEVELOPMENT	24.87%
<b>All Share Index</b>	<b>20.53%</b>
SOFTWARE & SERVICES	19.41%
MATERIALS	19.17%
FOOD BEVERAGE & TOBACCO	17.90%
INSURANCE	17.64%
CAPITAL GOODS	16.91%
RETAILING	14.81%
CONSUMER DURABLES & APPAREL	14.64%
ENERGY	11.50%
TELECOMMUNICATION SERVICES	10.92%
CONSUMER SERVICES	10.67%
AUTOMOBILES & COMPONENTS	10.60%
HOUSEHOLD & PERSONAL PRODUCTS	10.29%
UTILITIES	8.83%
COMMERCIAL & PROFESSIONAL SERVICES	8.24%
FOOD & STAPLES RETAILING	5.36%
HEALTH CARE EQUIPMENT & SERVICES	5.36%

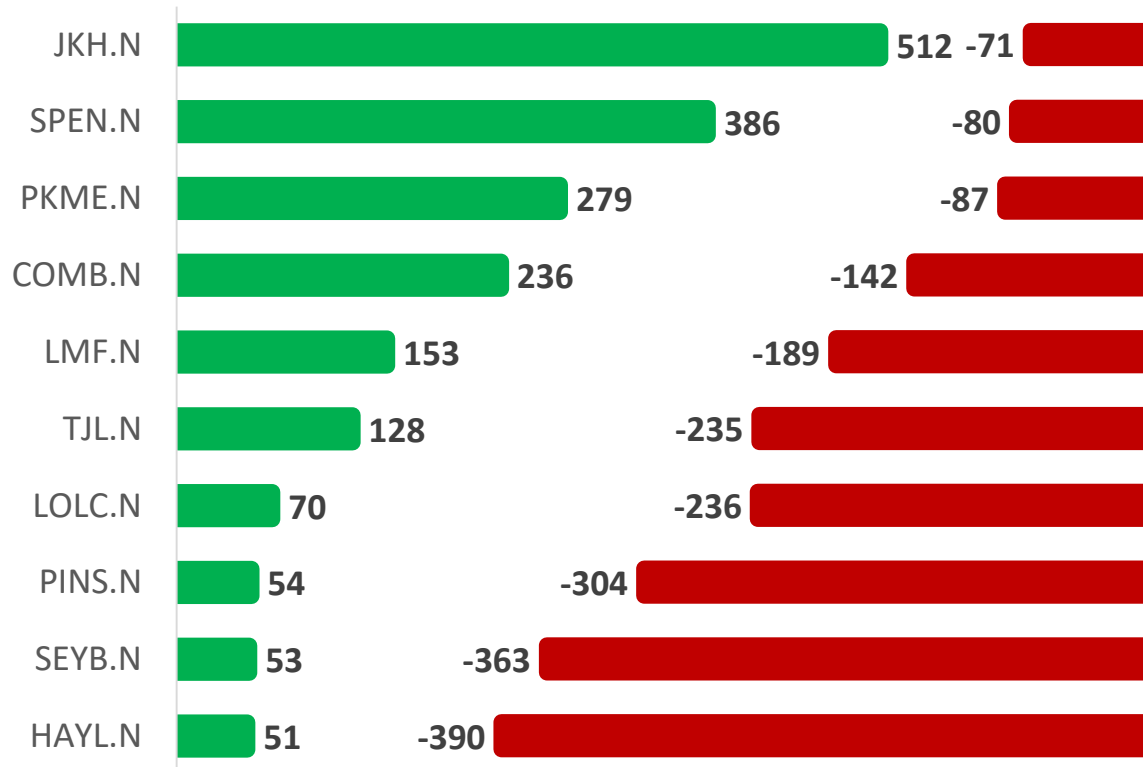
Source: CSE, Ambeon estimates



# Total net foreign outflow for December 2024 was LKR 463 Mn

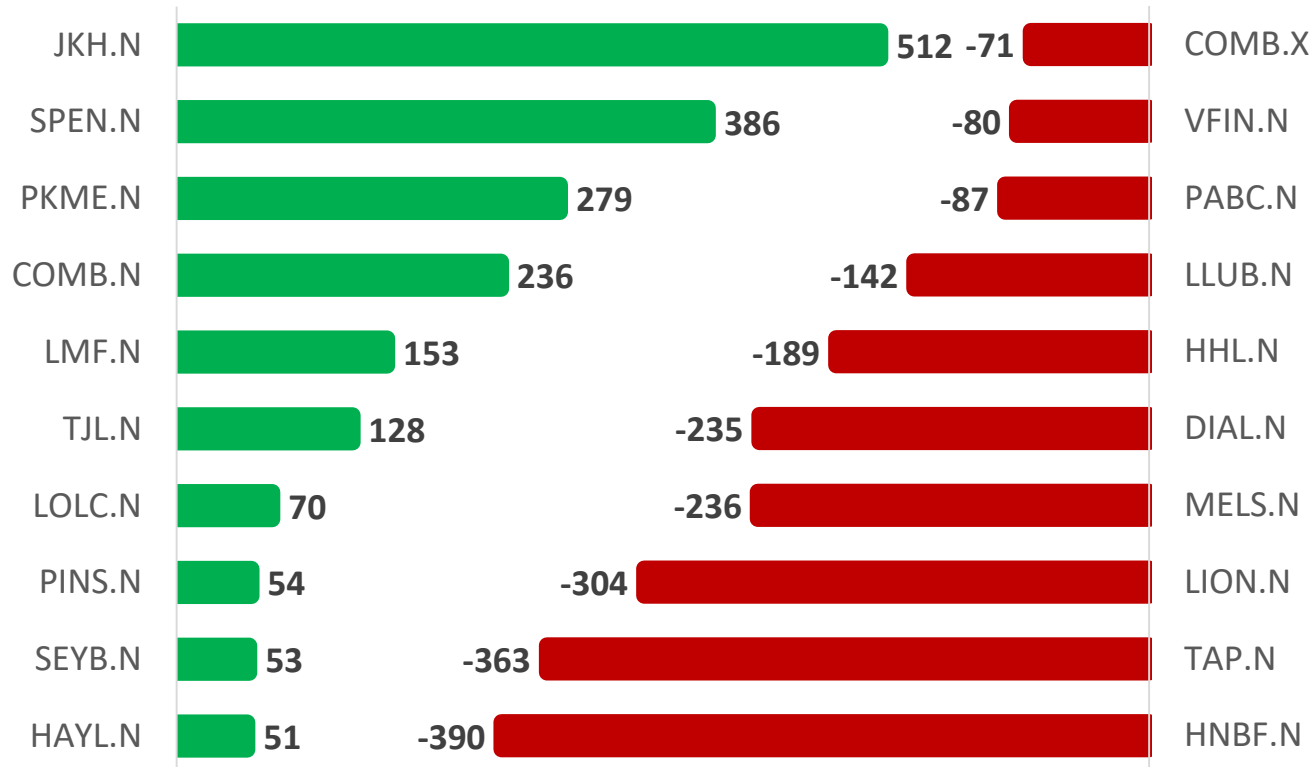
## Top 10 Counters

### Net Foreign Inflows (LKR Mn)

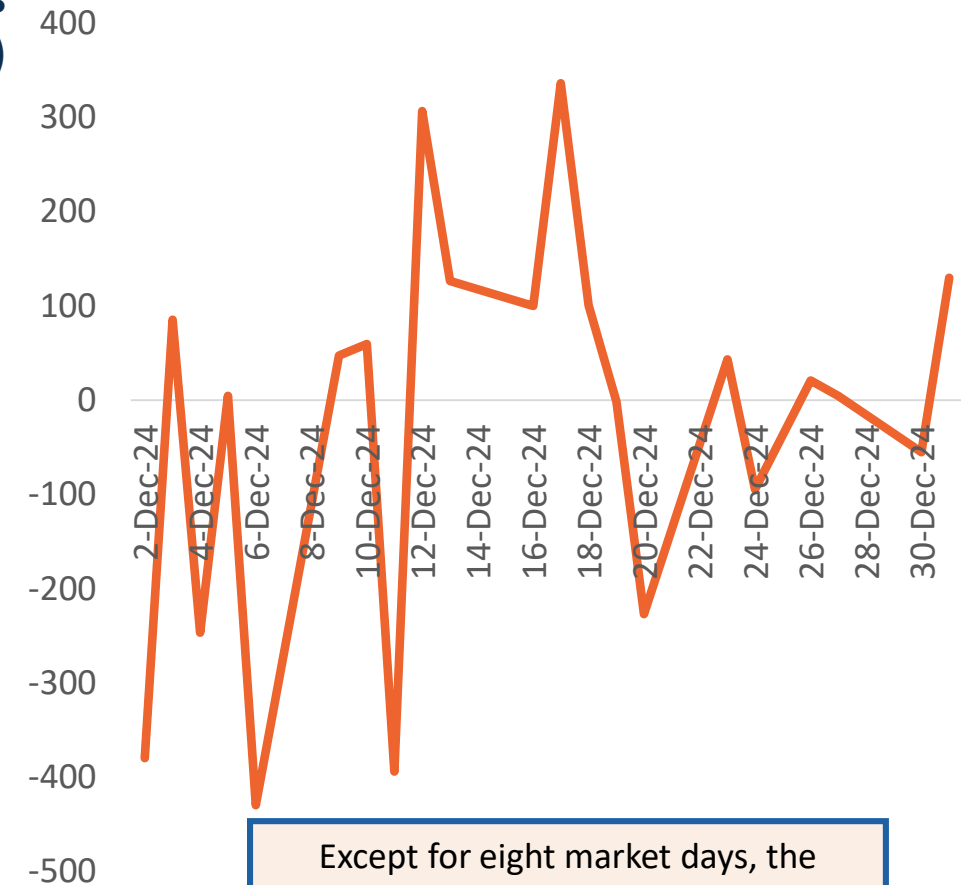


## Top 10 Counters

### Net Foreign Outflows (LKR Mn)



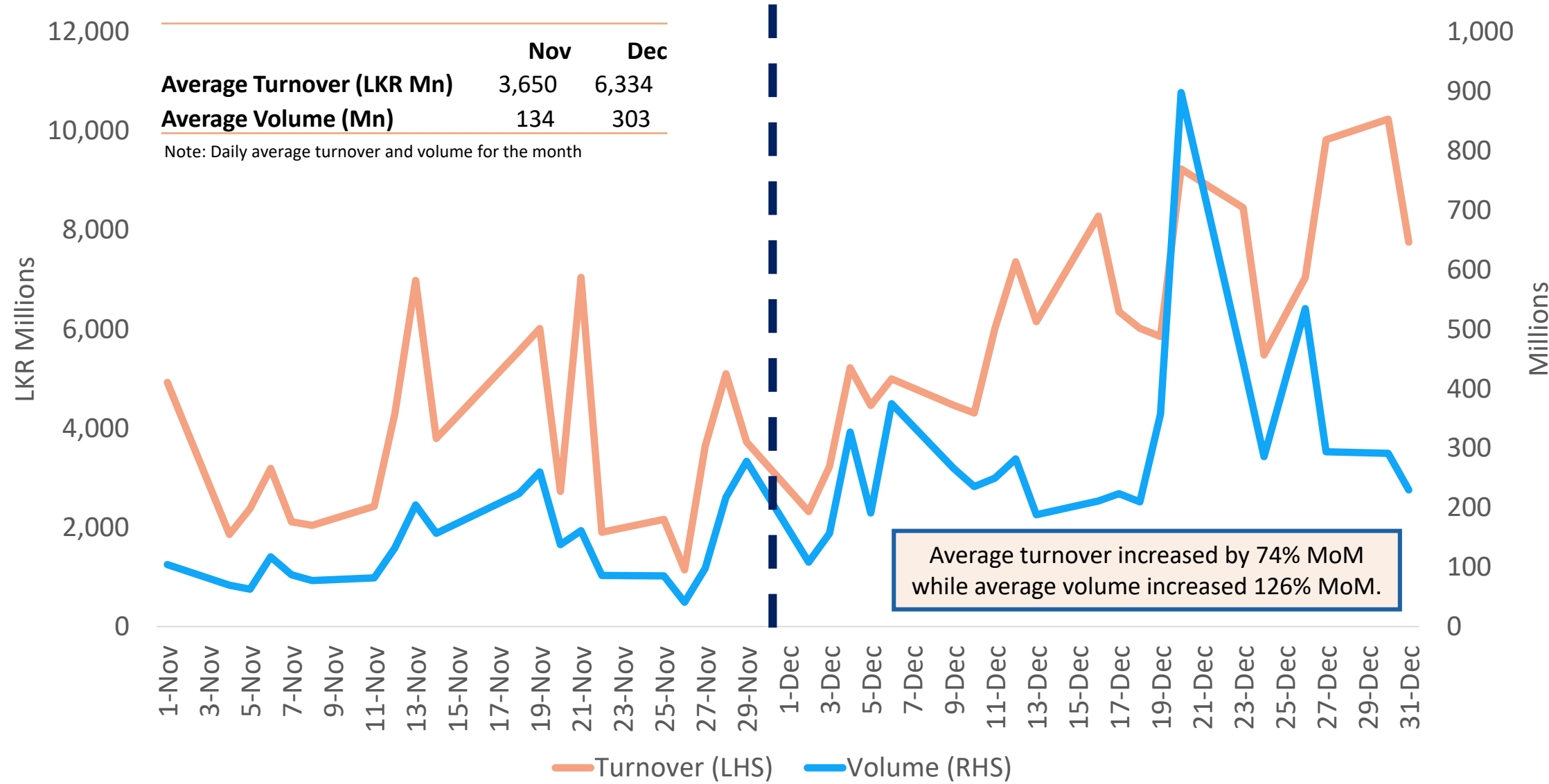
## Net Foreign Flow (LKR Mn)



**Dec 2024 Total Net Foreign Flow LKR -463 Mn | 2024 Net Foreign Flow LKR -9,903 Mn**

Source: CSE, Ambeon estimates

# December recorded the highest average turnover and volume of the year





## Regional valuation comparison

### Frontier Markets (Asia)

Index	PE	PBV
ASPI (Sri Lanka)	11.7	1.4
KSE 100 (Pakistan)	6.7	1.3
VNI (Vietnam)	14.4	1.6

### US & European Markets

Index	PE	PBV
S&P 500 (US)	26.3	5.1
DJIA (US)	23.2	5.2
FTSE 100 (UK)	13.6	1.9

### Other Markets (Asia)

Index	PE	PBV
Nikkei 225 (Japan)	17.9	2.1
CSI 300 (China)	15.5	1.6
HSI (Hong Kong)	9.6	1.1
BSE 500 (India)	23.4	3.6
NIFTY 50 (India)	21.8	3.5

## Key economic news & events

01<sup>st</sup> Dec

**Sri Lanka debt relief USD 8.4 Bn to August**

Since Sri Lanka's default in Apr 2022, the government has received ~USD 8.4 Bn in debt relief up to Aug 2024. During the period, the banking system repaid or accumulated reserves totaling USD 7.3 Bn, resulting in a net relief of USD 1.1 Bn. Government debt arrears comprised USD 5.78 Bn in principal and USD 2.62 Bn in interest, amounting to a total of USD 8.4 Bn.

13<sup>th</sup> Dec

**SL sees strong bondholder support in debt exchange**

Sri Lanka has gained significant support from private creditors for restructuring its international bonds, a critical step toward exiting its extended default. High participation rates were recorded for key bonds, including 98% for the USD 1.25 Bn bonds due Apr 2023 and 99% for the USD 1.5 Bn bonds due Mar 2030.

17<sup>th</sup> Dec

**SL economy expanded by 5.5% in the last quarter**

Sri Lanka's economy expanded by 5.5% in the last quarter, surpassing the 4.7% growth recorded in the April-June period. The stronger performance has bolstered optimism as the nation moves closer to finalizing debt restructuring deal necessary to secure continued support from the IMF. Authorities announced bondholders' endorsement of the dollar bond swap plan.

30<sup>th</sup> Dec

**SL budget deficit shrank 31% in the first 10 months of 2024**

Sri Lanka's budget deficit shrank 31% to LKR 1,060.8 Bn in the first 10 months of 2024, driven by a 34% rise in tax revenue to LKR 3,000 Bn. Recurrent spending grew 7%, while capital spending rose 18%. The primary balance posted a surplus of LKR 830 Bn, up from 225.4 billion last year. Foreign borrowings increased sharply, while domestic borrowings, key to interest rates, fell significantly.



## MONETARY SECTOR

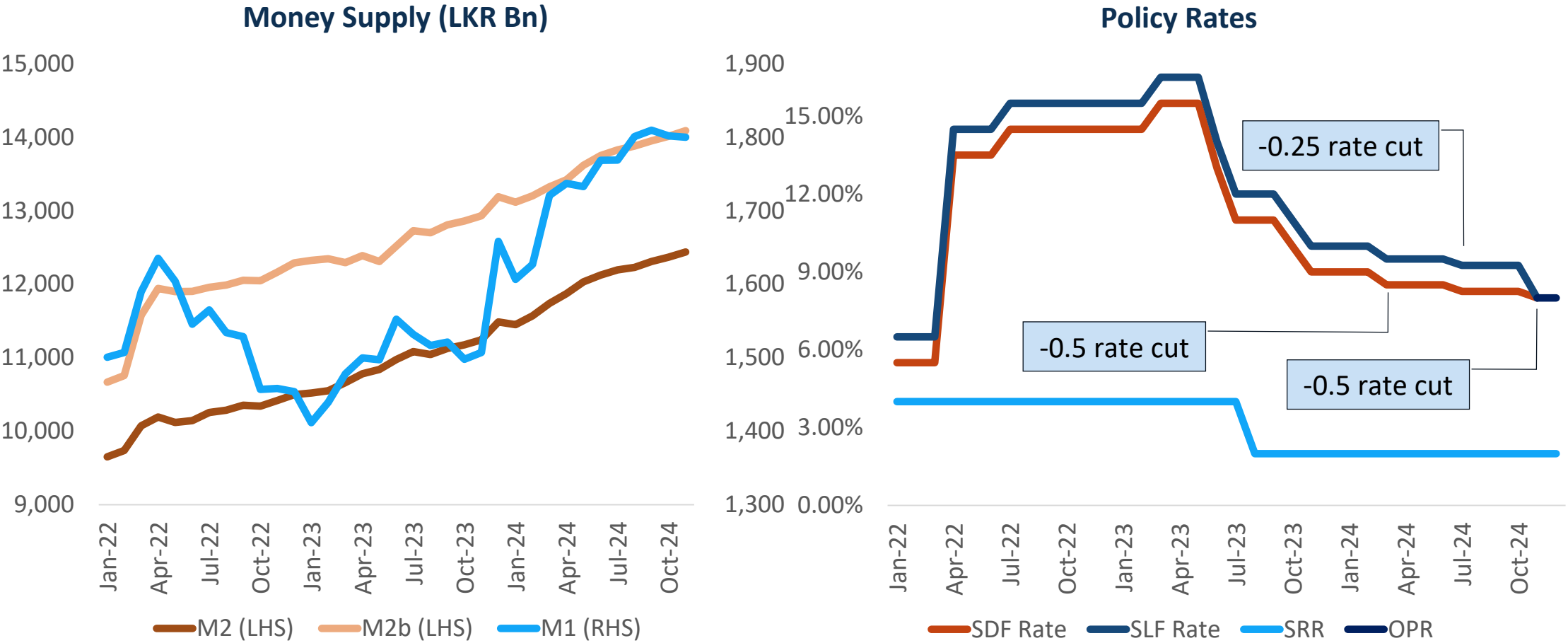
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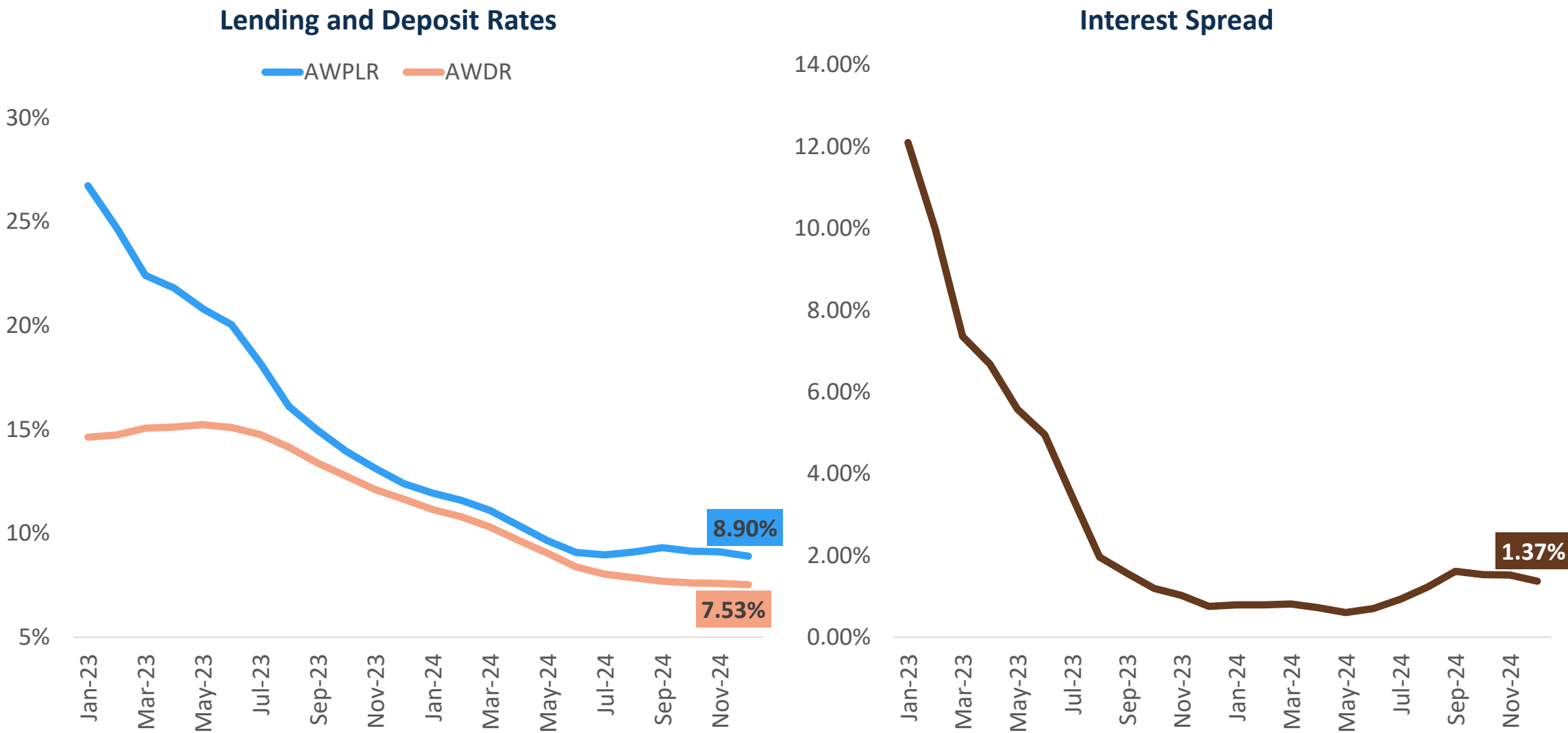


# November 2024 narrow money supply fell while broad money supply rose

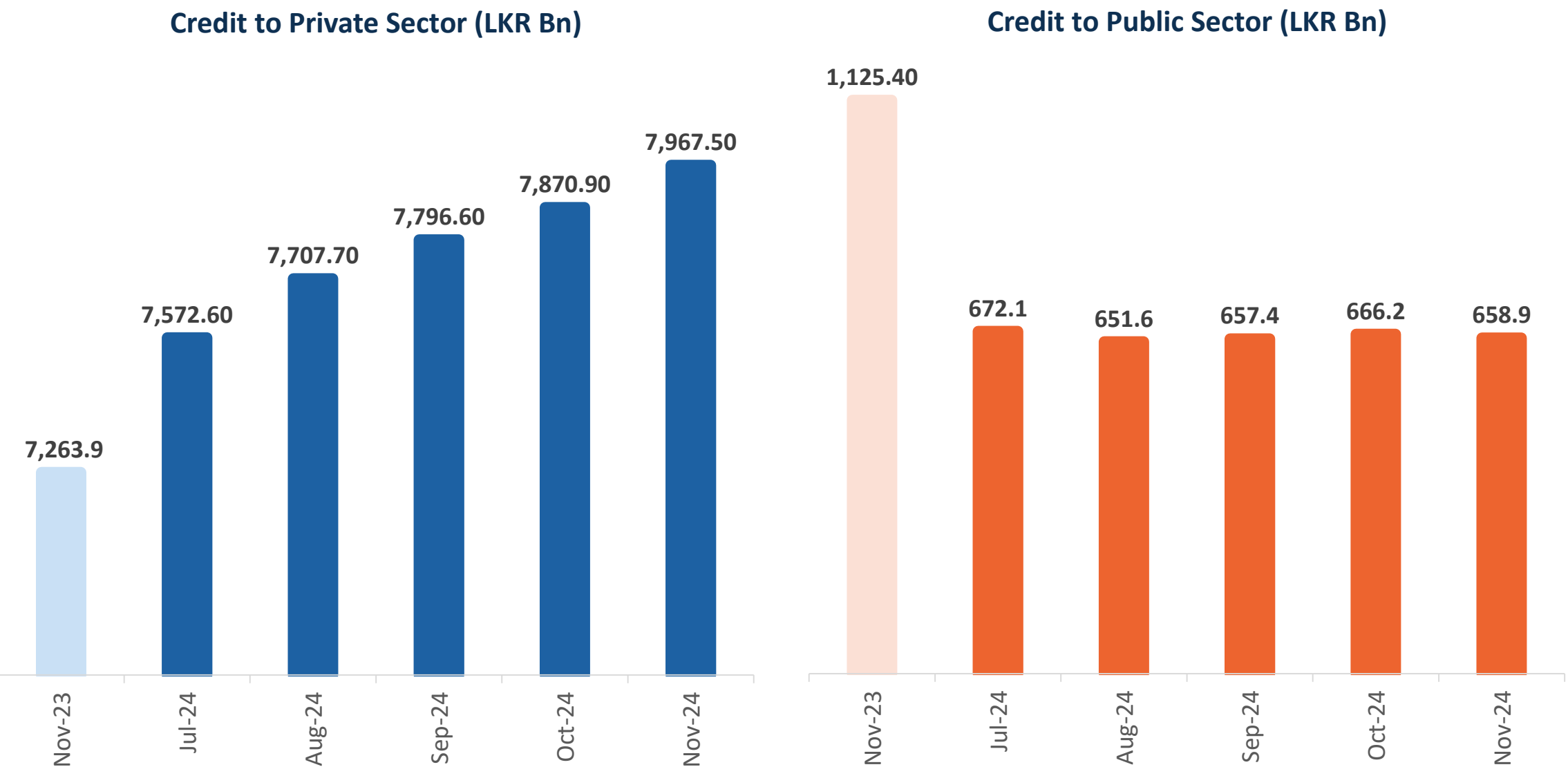
As of the end of November 2024, the narrow money supply (M1) declined to LKR 1,800 billion, while the consolidated broad money supply (M2b) increased to LKR 14,087 billion compared to October 2024. The Overnight Policy Rate (OPR) currently stands at 8%, and the first meeting of the Monetary Policy Board this year is scheduled for 28th January 2025..



# Lending and deposit rates experienced a slight decline in December 2024



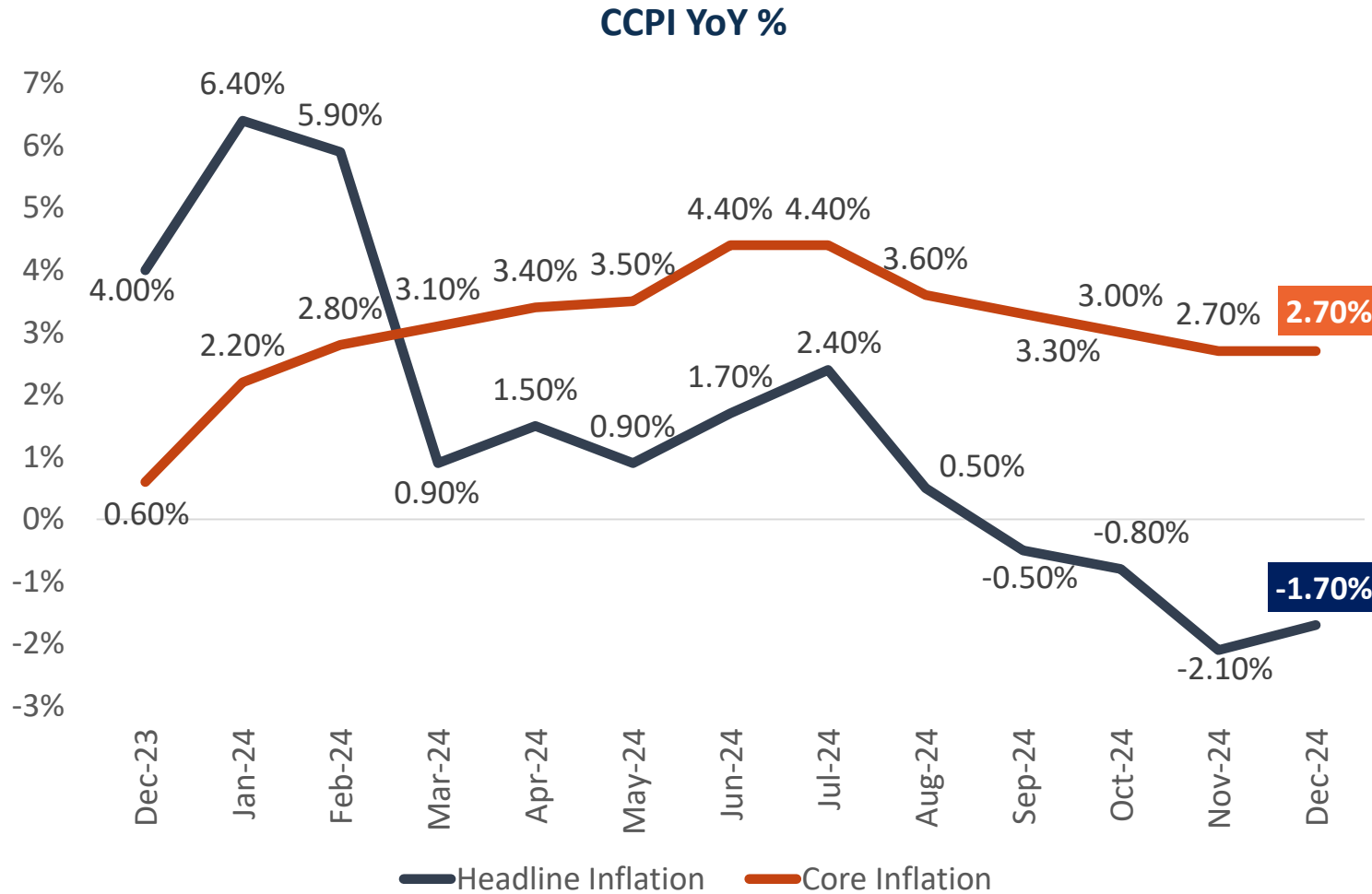
# Credit to private sector increased from October to November 2024



Source: CBSL



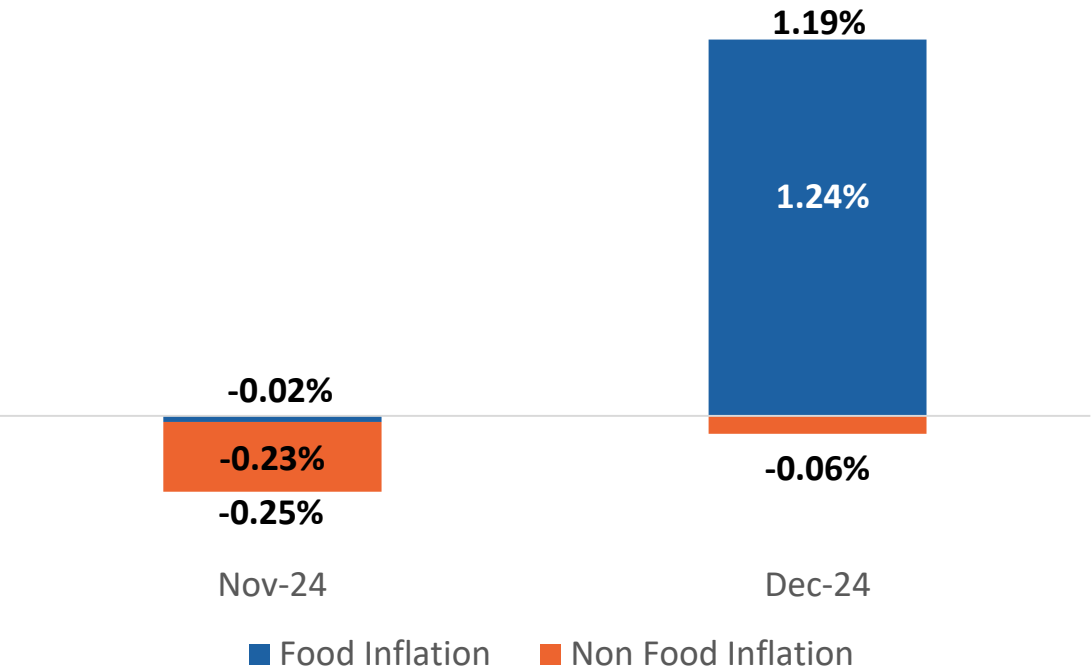
## CCPI saw a deflation of 1.7% in December 2024



- Headline inflation, measured by the YoY change in the Colombo Consumer Price Index, remained negative for the fourth consecutive month. In December 2024, deflation eased to 1.7%, compared to 2.1% in November.
- Prices decelerated across categories such as Alcoholic Beverages and Tobacco, Recreation and Culture, and Household Equipment and Maintenance. Meanwhile, deflation persisted in Transport and Housing and Utilities.
- In contrast, price acceleration was noted in Clothing and Footwear, as well as Food and Non-Alcoholic Beverages, while inflation in Education, Health, and Communication remained steady throughout the month.
- Core inflation, measured YoY, held steady at 2.7% in December 2024, unchanged from November 2024.

# December 2024 CCPI rose by 1.19% MoM due to food category

Contribution to monthly change in CCPI



On MoM, the CCPI rose by 1.19% in December 2024, driven by a 1.24% increase in Food prices and a slight 0.06% decline in Non-Food prices. YoY, Non-Food deflation eased to 3.0% in December 2024, compared to 3.3% in November. Meanwhile, Food inflation saw a slight uptick, reaching 0.8% in December, up from 0.6% in the previous month.

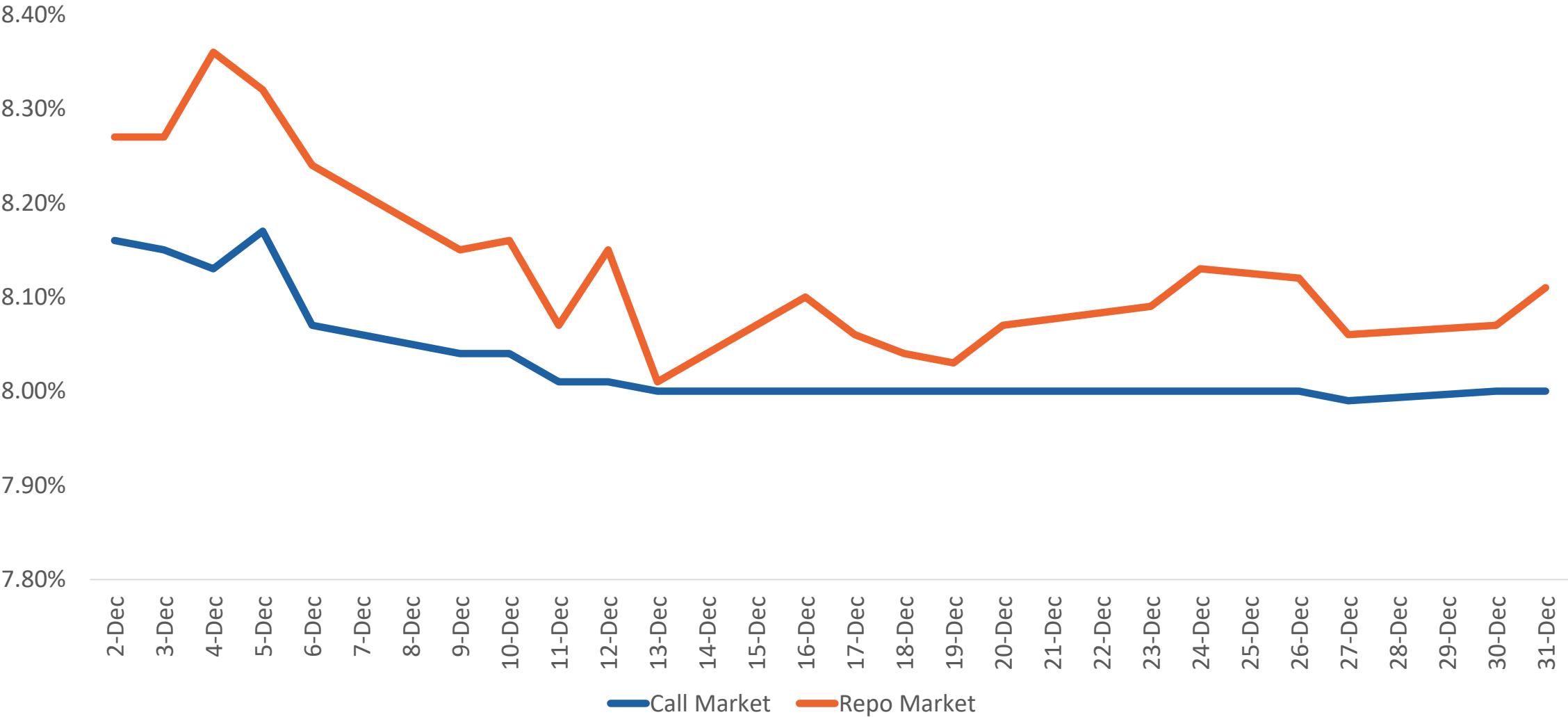
Source: CBSL

CCPI YoY Change by Subcategory



# Money market rates marginally declined in December 2024

Weighted Averaged Yields of Money Market Rates

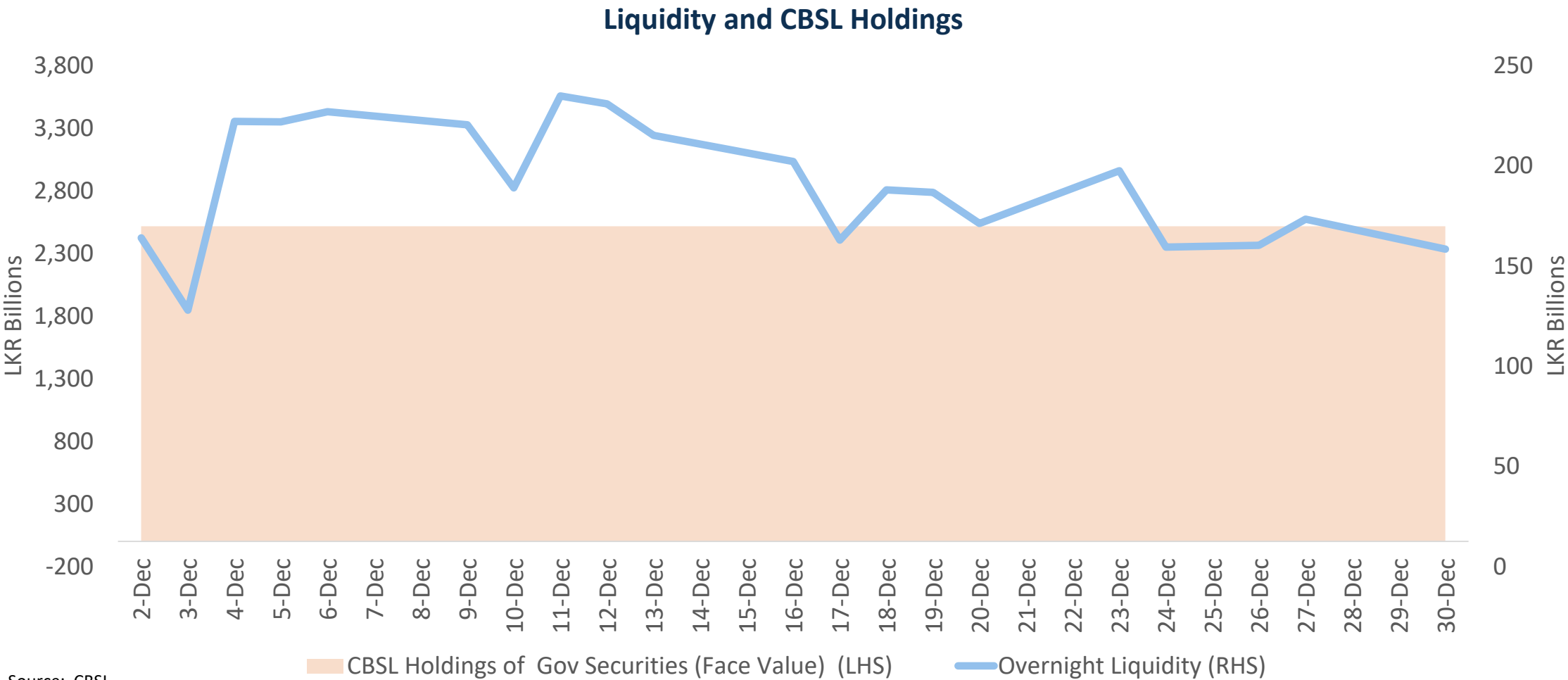


Source: CBSL



# 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 168.11 billion on 31<sup>st</sup> December. Meanwhile, CBSL holdings of government securities remained steady, ending the month at a face value of LKR 2,516 billion.



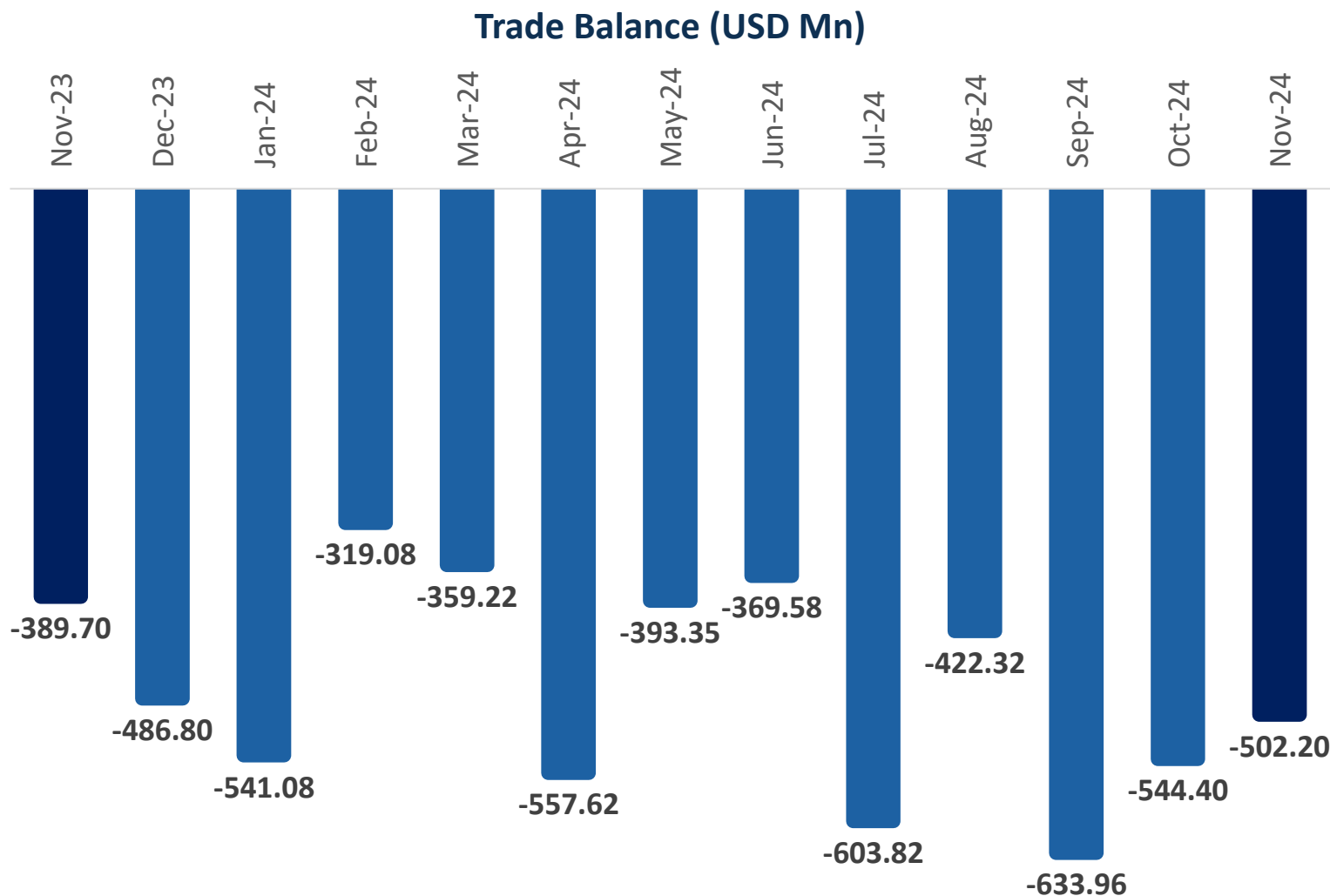


## EXTERNAL SECTOR

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## Balance of Trade worsened by 28.9% YoY in November 2024

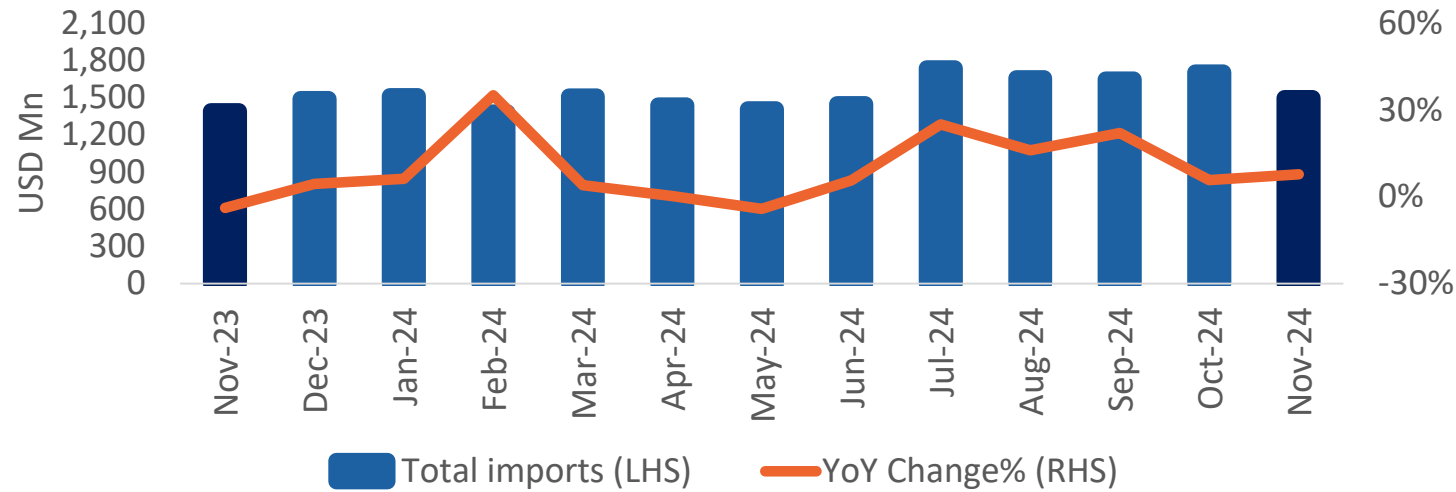


- In November 2024, Sri Lanka's trade deficit worsened to USD 502.2 million, marking a 28.9% increase compared to the same month in 2023. However, it showed a 7.8% improvement from the previous month.
- The cumulative trade deficit for January to November 2024 reached USD 5,246.6 million, reflecting an 18.9% increase compared to the same period in 2023.
- In November 2024, import expenditure amounted to USD 1,496.3 million, while export earnings totaled USD 994.1 million. The faster pace of import growth, coupled with a slight decline in export revenue, contributed to the deterioration of the trade balance.

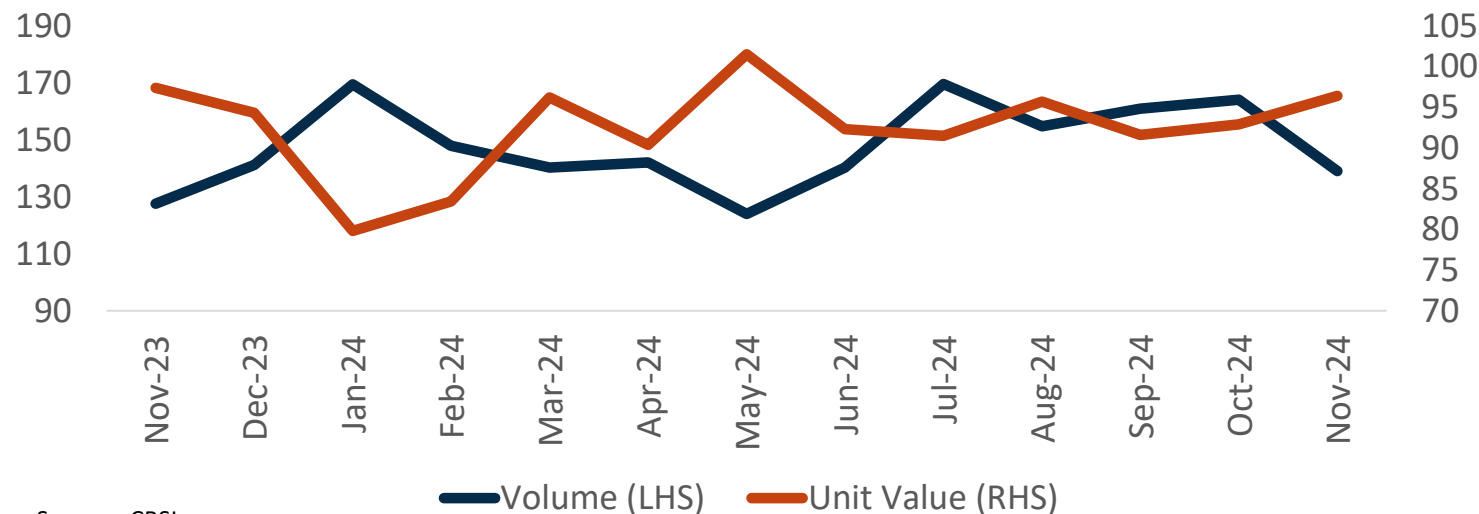


## November 2024 import expenditure increased by 7.7% YoY

### Total Imports and Growth



### Import Indices

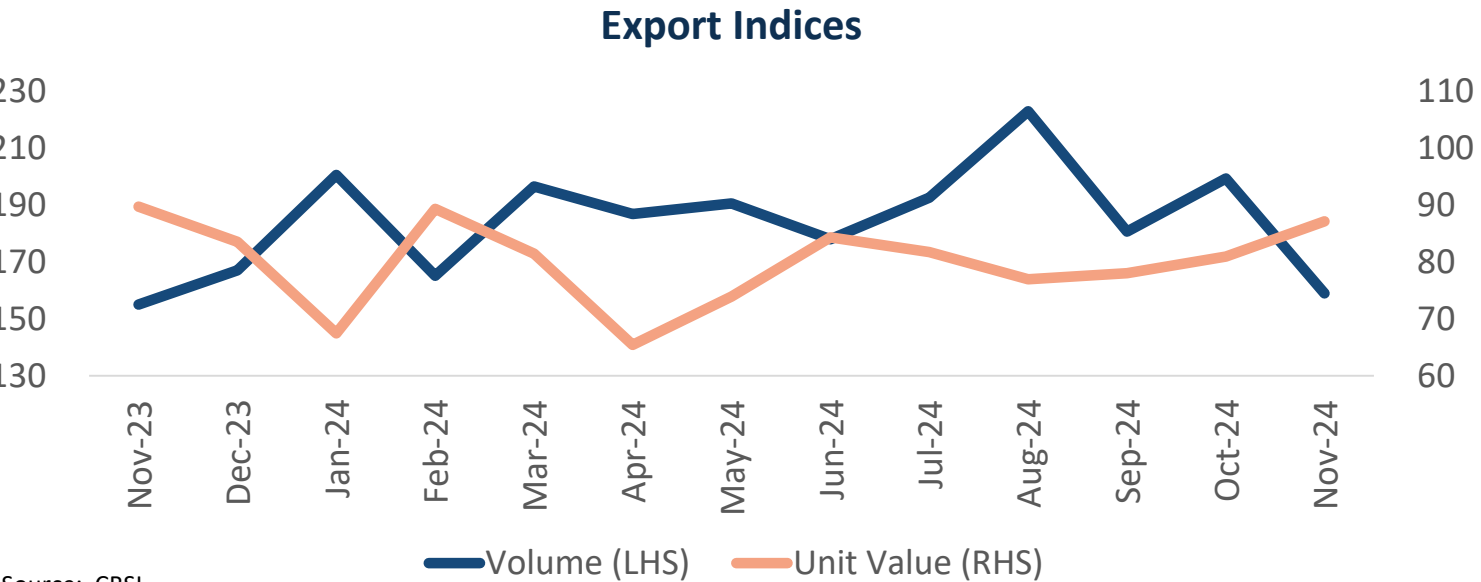


- In November 2024, imports rose by 7.7% YoY but declined by 12.1% compared to the previous month. The YoY increase in import expenditure was observed across all major categories.
- Consumer goods imports grew, driven by higher spending on both food items, particularly edible oils, and non-food items such as home appliances and clothing accessories.
- Intermediate goods imports also saw an increase, primarily due to higher imports of textiles and textile articles. Additionally, moderate growth was recorded in imports of wheat, rubber and related products, food preparations, as well as vehicle and machinery parts.
- The Imports Volume Index increased by 8.9% YoY in Nov 24, whereas the Import Unit Value Index saw a decline of 0.1% YoY during the same period.

Source: CBSL

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

# November 2024 export earnings marginally declined by 0.5% YoY

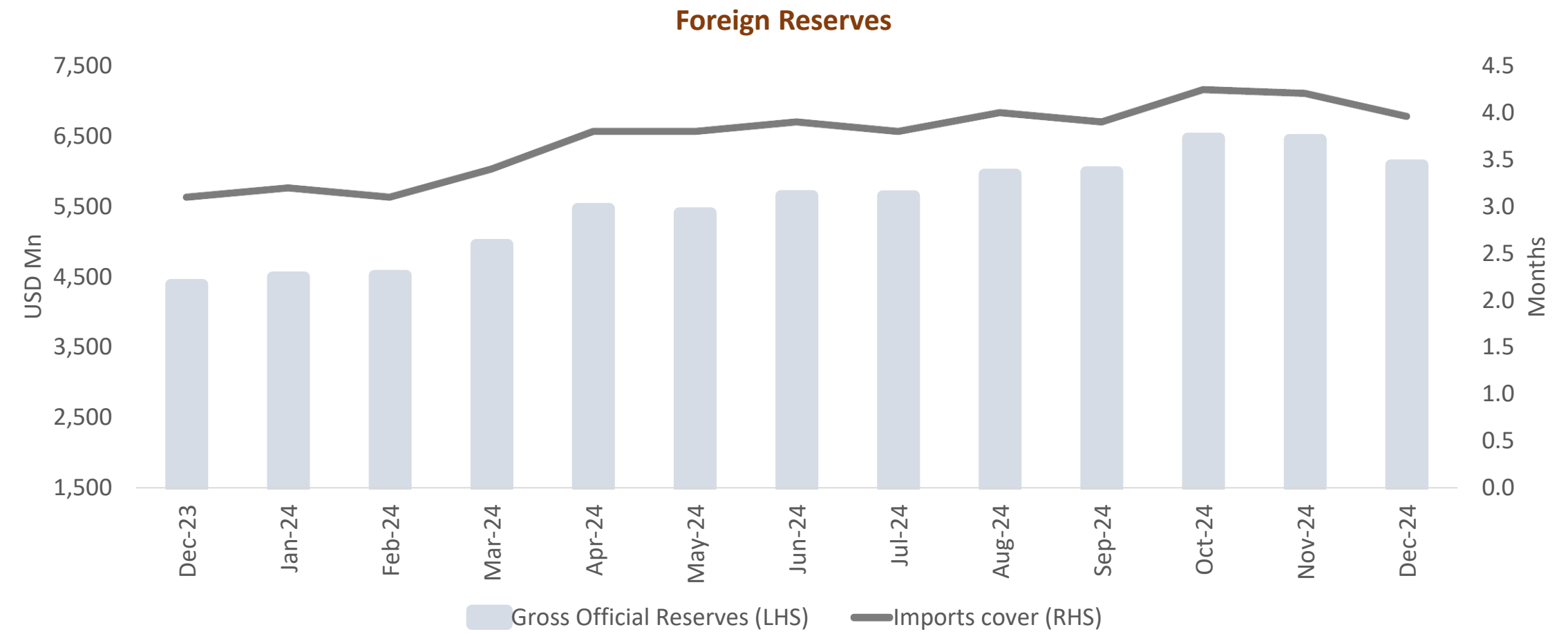


- In November 2024, export earnings declined by 0.5% YoY and 14.2% YoY, driven by lower mineral and industrial exports, despite a rise in agricultural exports.
- Industrial export earnings saw a slight decline, mainly due to reduced exports of transport equipment, gems, diamonds, jewelry, and machinery. However, petroleum product exports experienced a notable increase, while textile and garment exports remained relatively stable.
- Agricultural export earnings rose, primarily driven by higher volumes of spices, along with increased exports of tea and coconut-based products.
- In No 24, the Export Volume Index surged by 2.5% YoY, whereas the Export Unit Value Index witnessed a decline of 2.9% YoY during the same period.

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

# Foreign reserves declined from November to December 2024

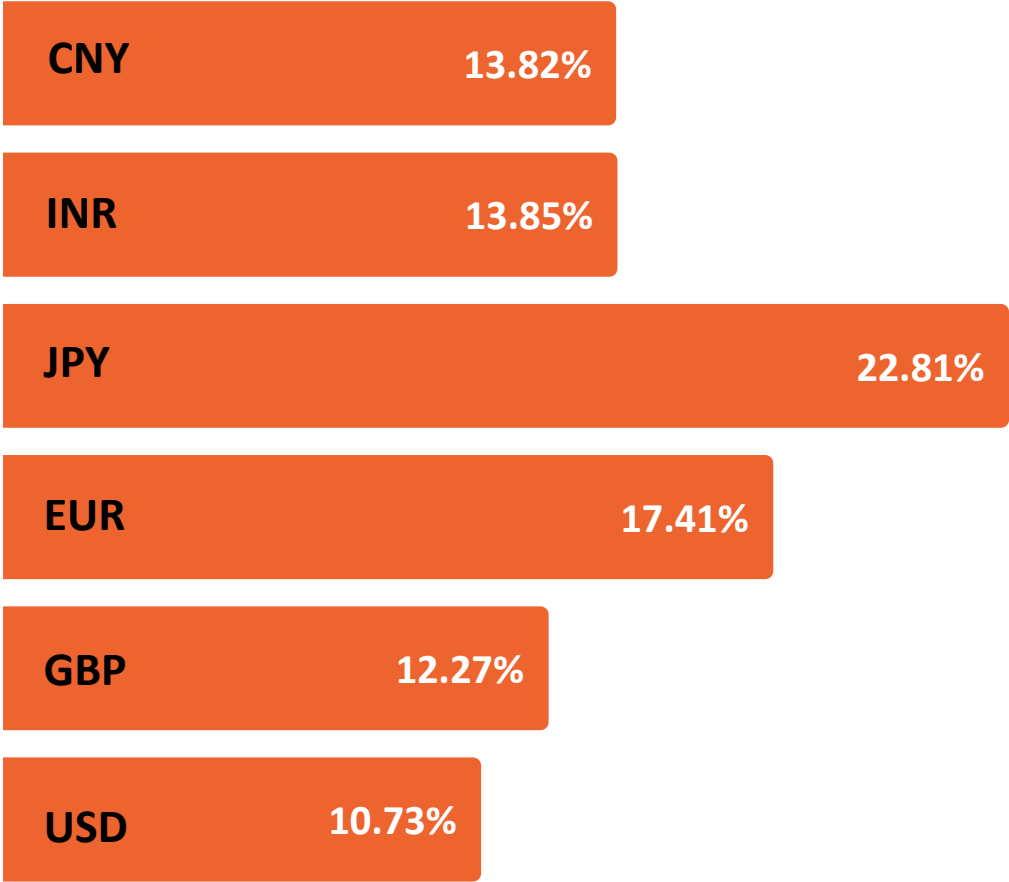
By the end of December 2024, Sri Lanka's gross official reserves decreased to USD 6,091 million, providing a comfortable buffer equivalent to approximately 4.0 months of import coverage.



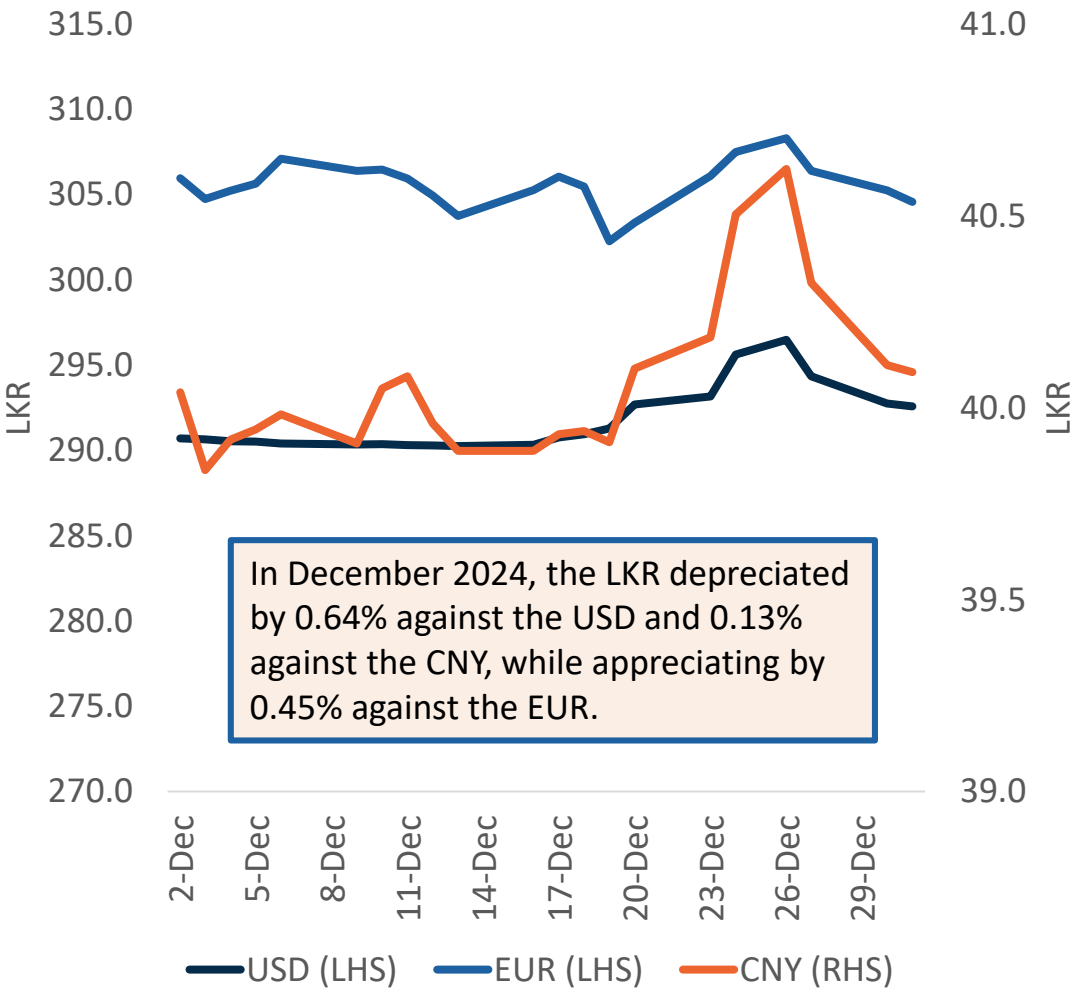
Source: CBSL

# Sri Lankan rupee appreciated against multiple major currencies in 2024

LKR appreciated against major currencies throughout 2024



Monthly movement of major currencies

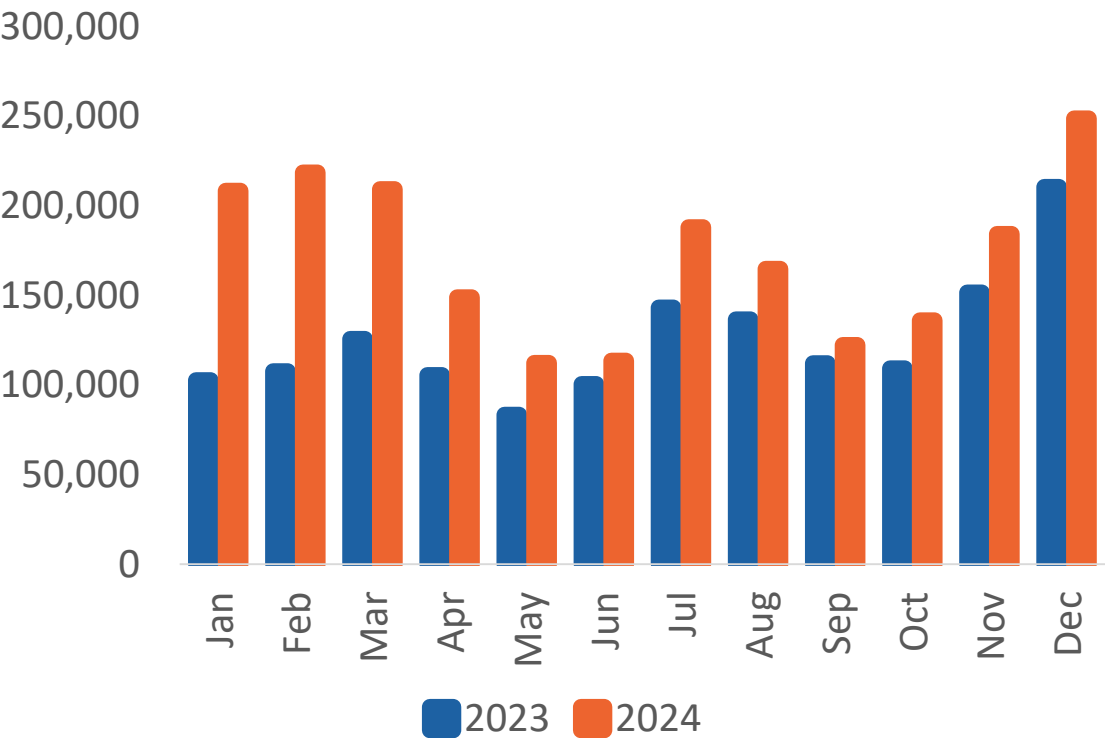




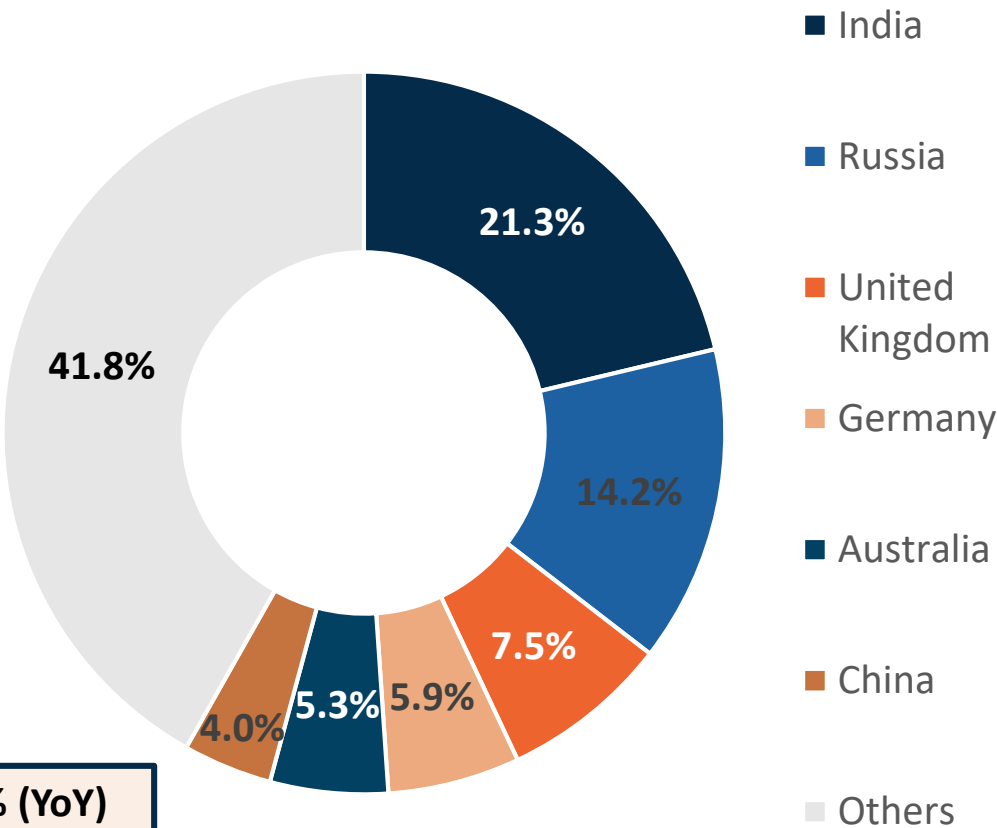
# December 2024 tourist arrivals soared by 18.2% YoY

In December 2024, Sri Lanka welcomed 248,592 tourists, marking an 18.2% YoY increase and a 35.0% rise compared to the previous month. The top source markets for arrivals included India, Russia, the United Kingdom, Germany, Australia, and China.

Monthly Tourists Arrivals



Arrival % by Country in Dec 24

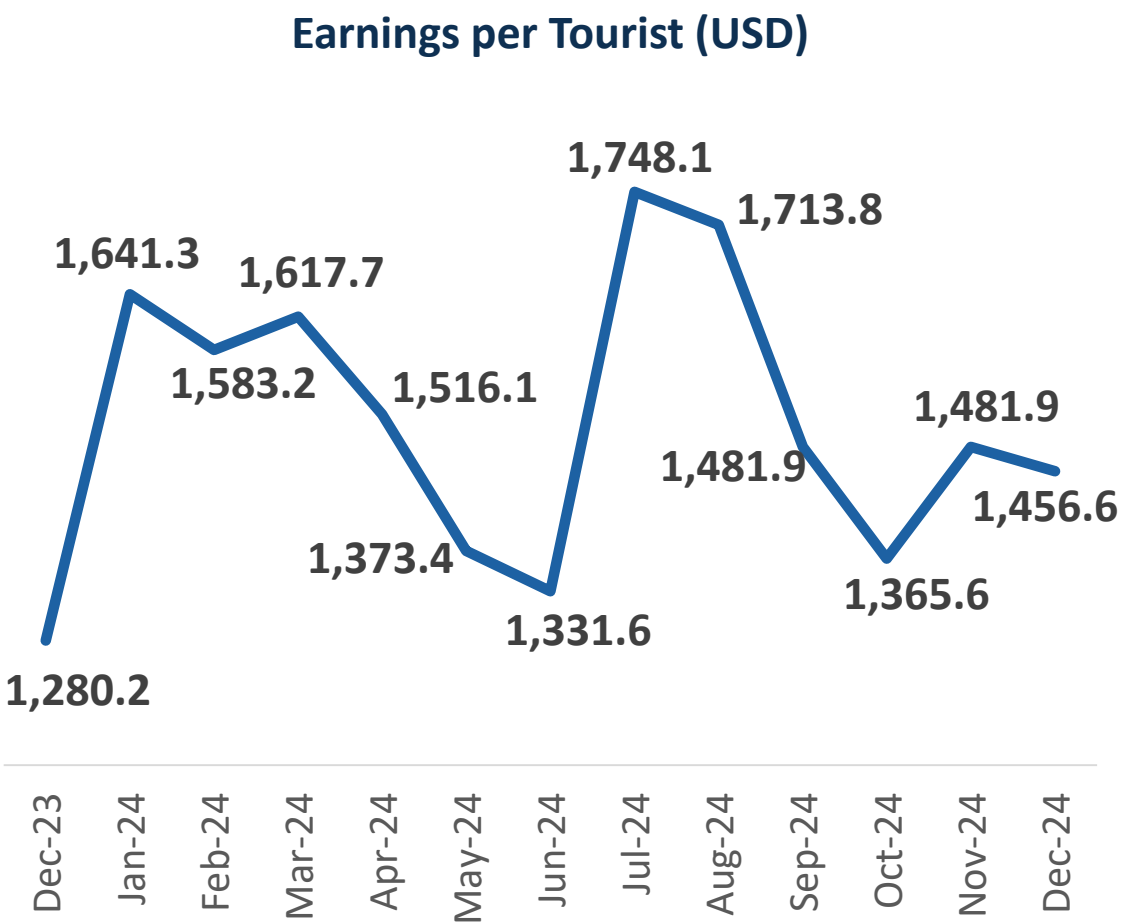


2024 Tourist Arrivals = 2,053,465 | 2024 Arrivals Growth = 38.07% (YoY)

# December 2024 tourism earnings soared by 34.5% YoY



2024 total tourism earnings = USD 3,169 Mn

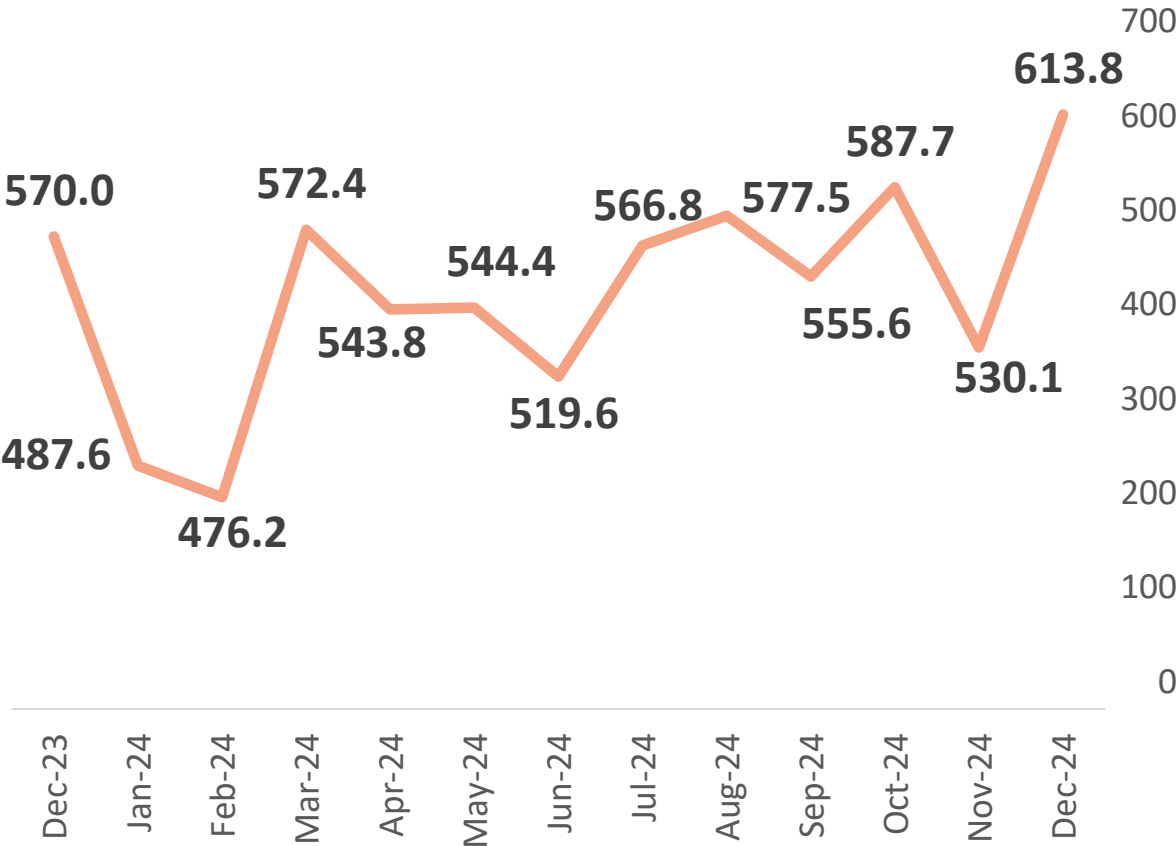


In December 2024, tourism earnings surged by 34.5% YoY, reaching USD 262.1 million. This also represented a 32.7% increase compared to the previous month. Earnings per tourist stood at USD 1,456.6, reflecting a 14% YoY growth. Overall, tourism earnings for 2024 rose by 53.2% YoY, totaling USD 3,169 million.

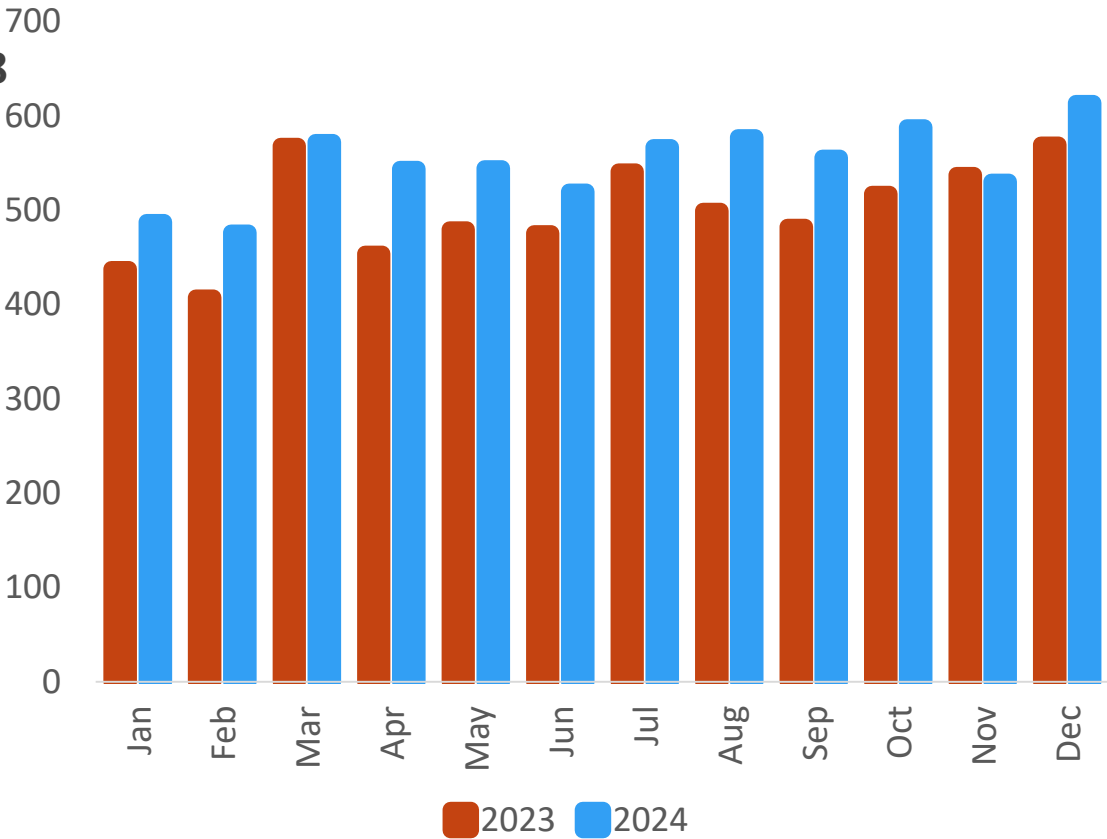
## December 2024 worker remittances rose by 7.7% YoY

In December 2024, remittance inflows amounted to USD 613.8 million, marking a 7.7% YoY increase and a 15.8% rise compared to November 2024. Total worker remittances for 2024 reached USD 6,575 million, reflecting a 10.1% YoY growth.

Workers' Remittances (USD-Mn)



Workers' Remittances (USD Mn)







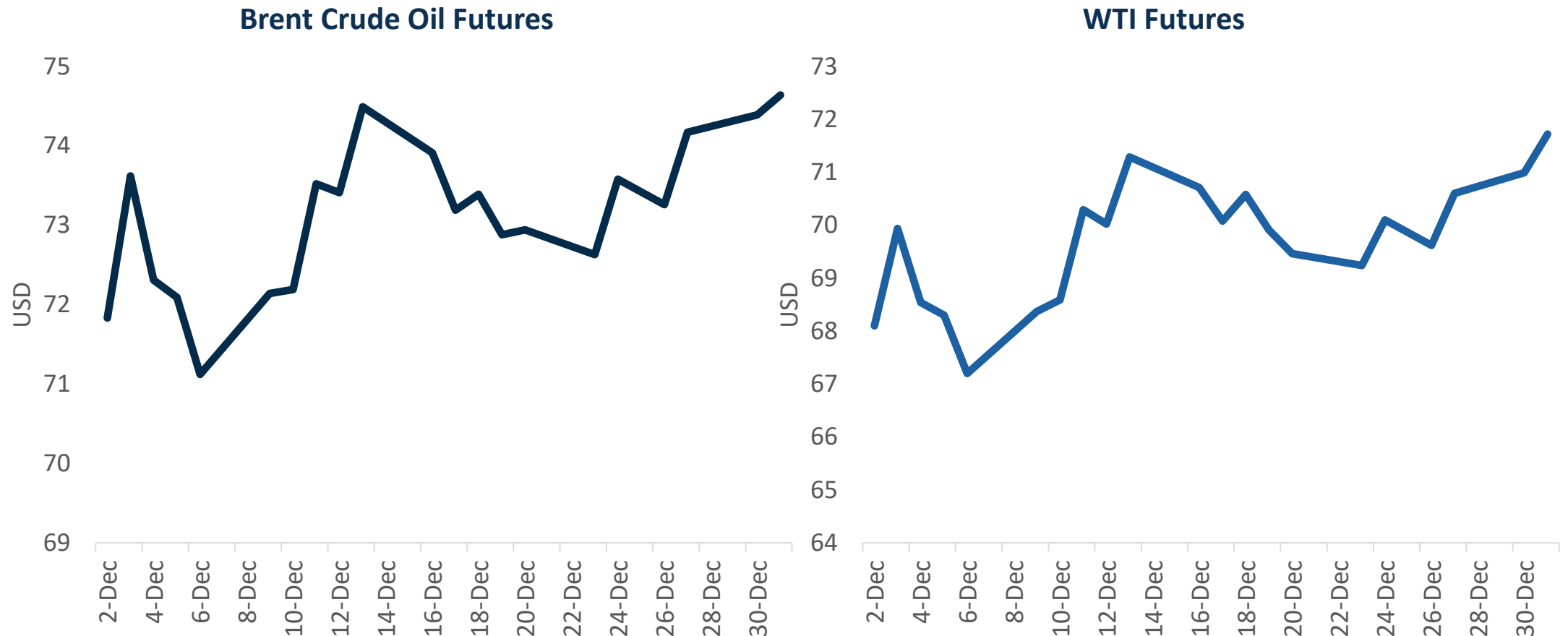
## COMMODITIES AND OTHER

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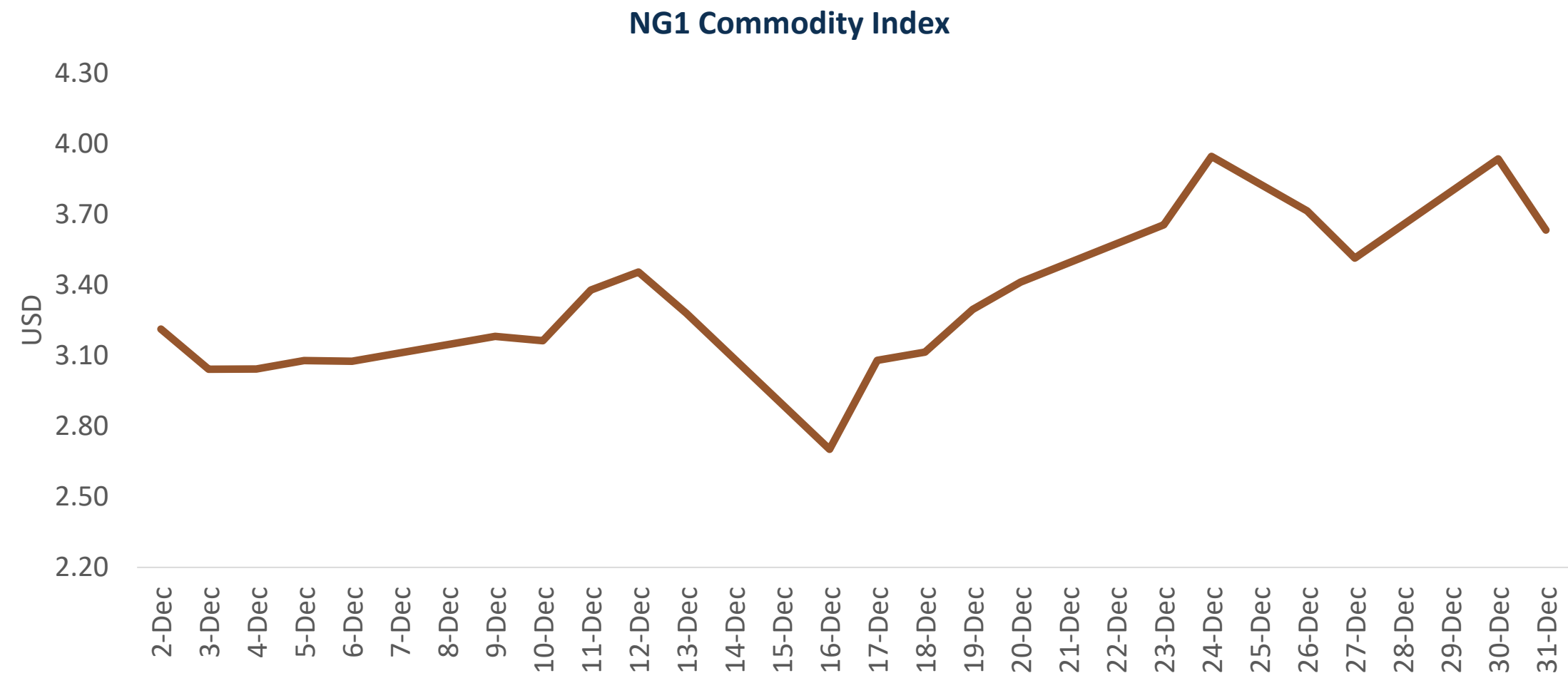
## In December 2024 crude oil prices increased



In December 2024, Brent crude oil prices increased by 3.9%, while WTI futures rose by 5.3%. This price hike was driven by geopolitical tensions, including Israel's threats to Lebanon and concerns over Syria's stability, as well as investor anticipation of an OPEC+ supply cut. Expectations of further sanctions on Russia and Iran, potential monetary easing in China, and lower interest rates in Europe and the U.S. also contributed to fears of tighter oil supply and higher fuel demand.

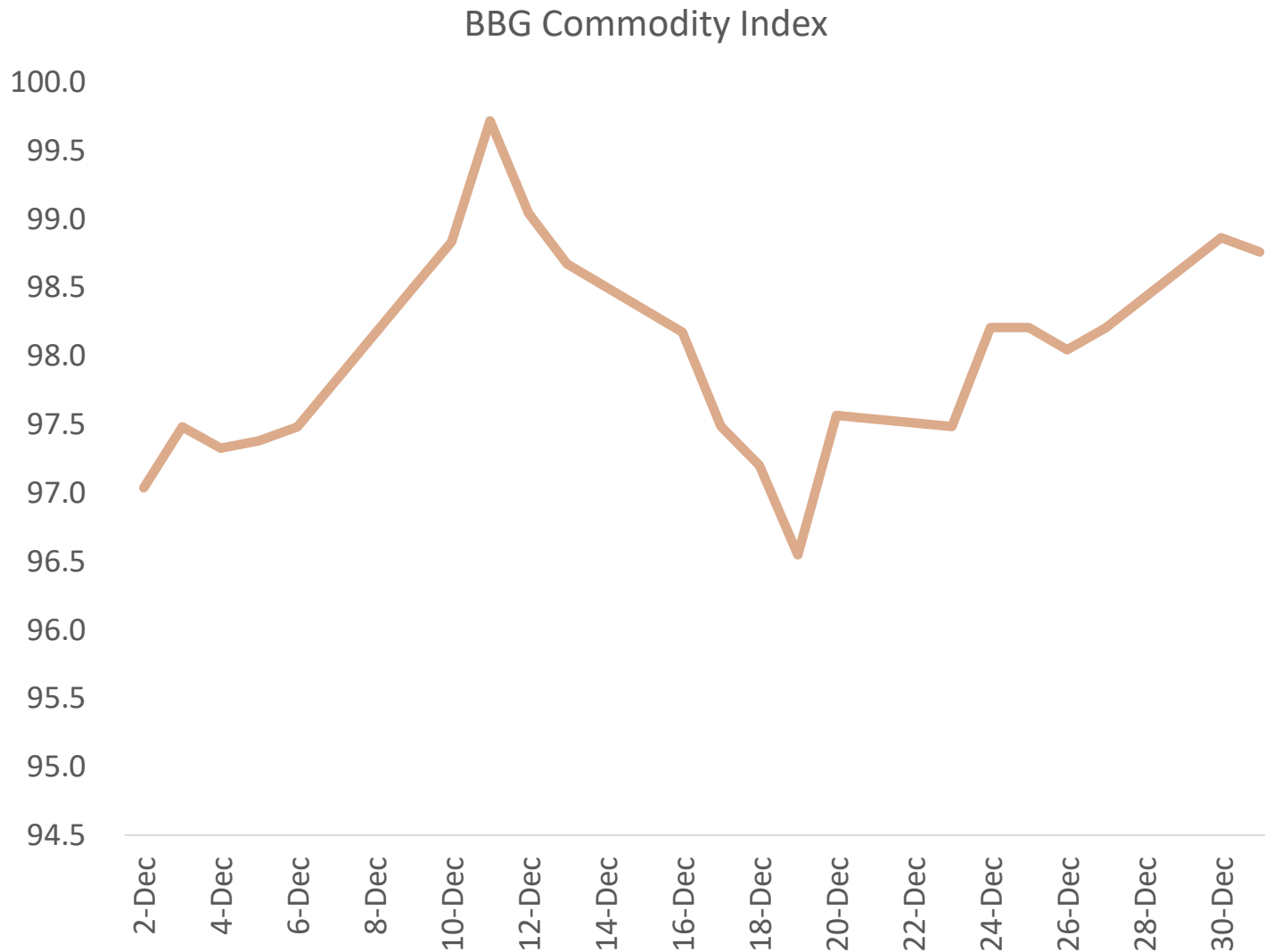
# Natural gas prices soared by 13.1% during December 2024

In December 2024, U.S. natural gas prices rose by 13.1%, mainly due to increased winter demand, though high storage levels and occasional LNG price reversals helped mitigate the increase. Cold weather forecasts for January and ongoing geopolitical tensions, particularly between Ukraine and Russia, further drove up demand for U.S. LNG, contributing to the rise in natural gas futures.



Source: Investing.com

## Commodities prices increased by 1.8% in December 2024



- In December 2024, the Bloomberg Commodity Index (BBG) recorded a 1.8% overall increase. The index rose early in the month, experienced a mid-month decline, and then rebounded to close the period on a positive note.
- Soybean prices rose by 2.0%, while corn prices surged by 6.0%. Mid-month, prices dipped amid forecasts of year-end rains in Brazil and sporadic rainfall in parts of Argentina. Additionally, growing concerns about potential tariffs affecting agricultural exports weighed on the market.
- Industrial metal prices have declined, with copper falling 2.1% and aluminum down 1.5%. This drop follows signals from the Federal Reserve suggesting fewer rate cuts in the coming year. Market participants are responding to the combined pressures of increased production in China and a seasonal demand slowdown in winter.

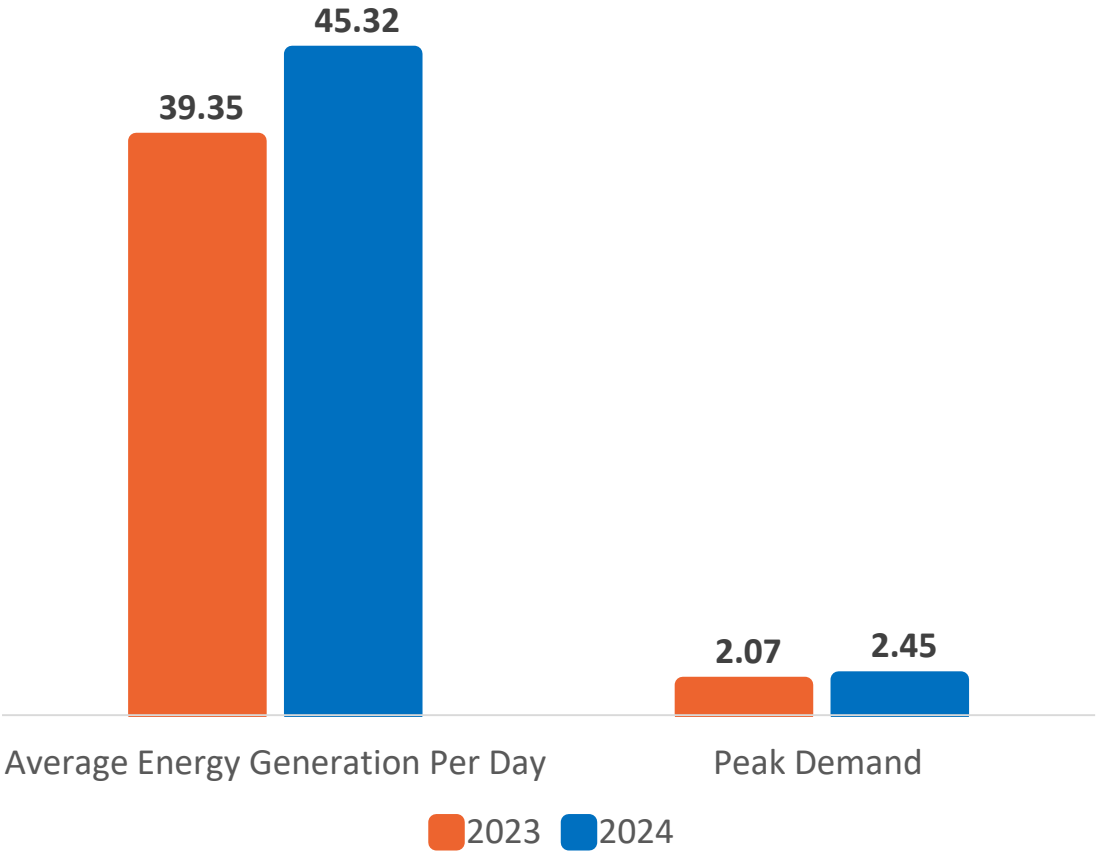
Note: The Bloomberg Commodity Index is a diversified commodity price index covering 23 exchange-traded futures in sectors like energy, grains, industrial metals, livestock, and precious metals.

Source: Investing.com

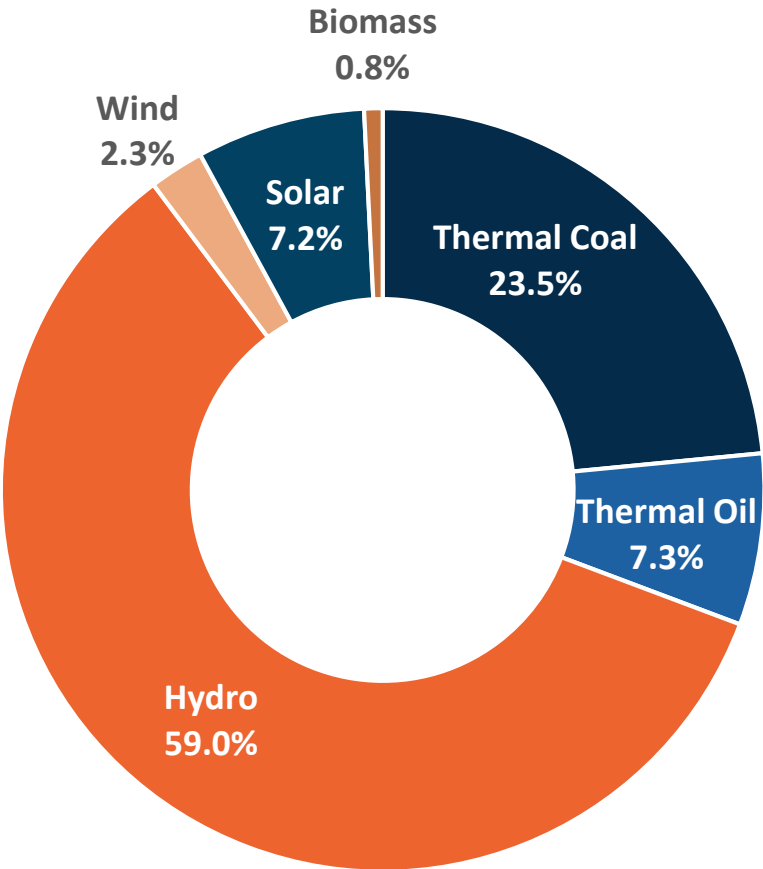
# December 2024 daily electricity generation rose 15.2% YoY

In 2024, average daily electricity generation reached 45.32 GWh, marking a 15.2% increase compared to the same period last year. The average daily peak demand during the month was 2.45 GWh.

Average Daily Electricity Generation  
in December (GWh)



Electricity Generation Composition by Category  
in December 24





# November 2024 tea production soared by 12.7% YoY

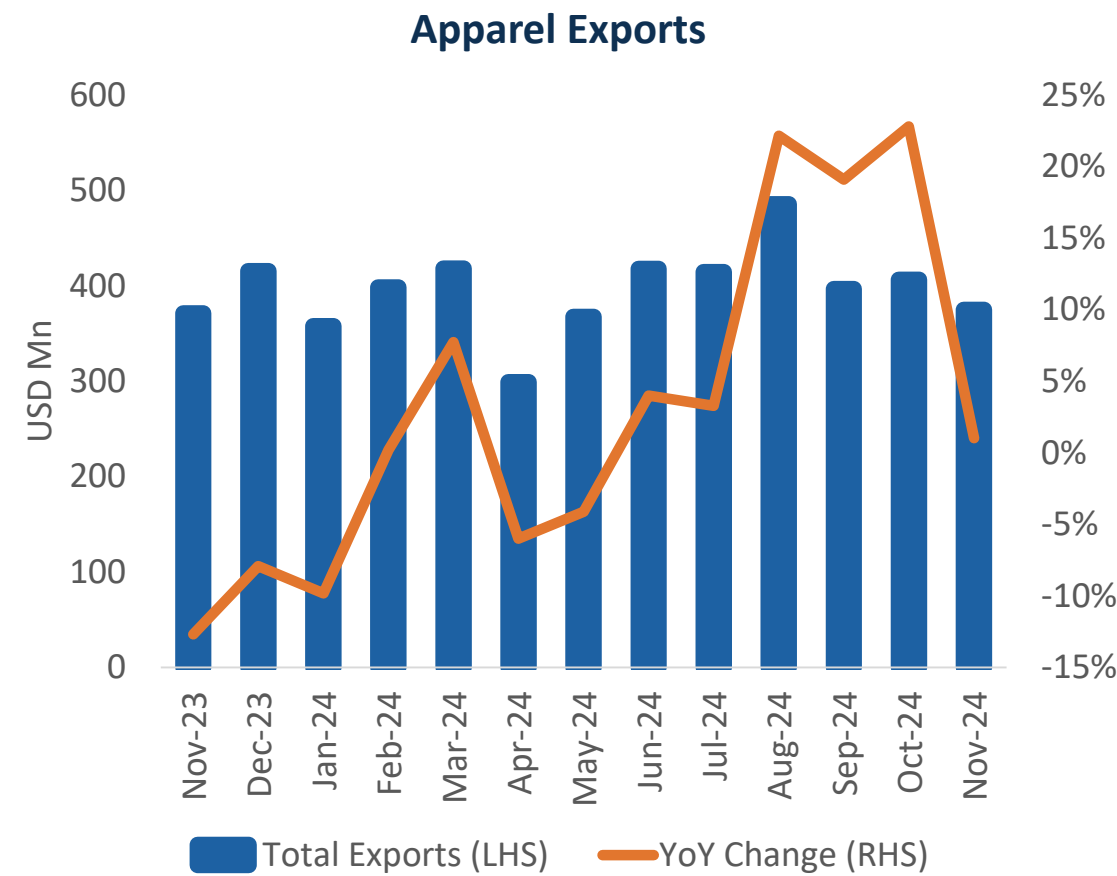
In November 2024, Sri Lanka's tea production rose by 12.7% YoY, reaching 22.30 million kilograms. However, tea export volumes decreased by 3.35% YoY to 20.07 million kilograms, with export earnings falling by 6.8% YoY to LKR 34.50 billion.

Tea Exports		
For Nov 24	Volume in Kgs	Value in LKR Mn
Tea in Bulk	8,297,905	12,077
Tea in Packets	9,142,789	14,803
Tea in Bags	2,137,145	5,754
Instant Tea	146,223	424
Green Tea	347,835	1,443
Total	20,071,897	34,501

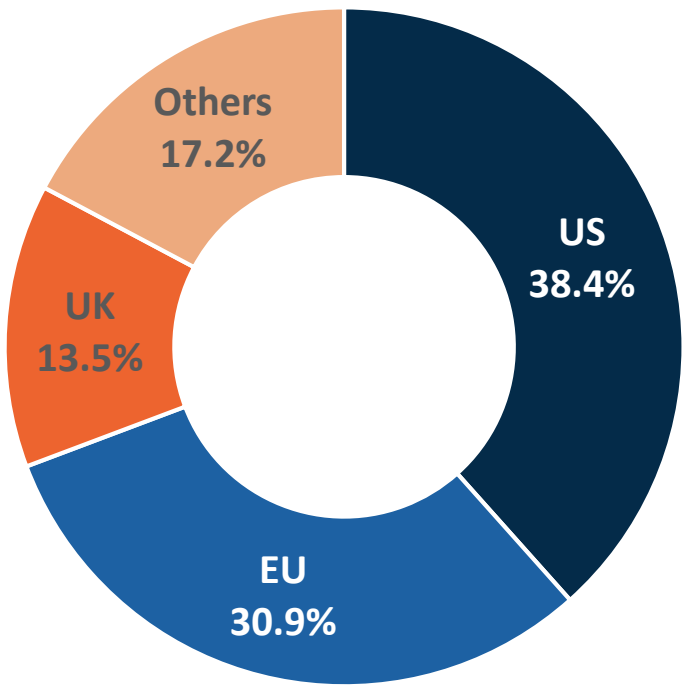
Average Tea Auction Prices (Monthly)	
For Nov 24	LKR per Kg
High	1,096.49
Medium	983.22
Low	1,213.10
Total	1,129.37

Tea Production	
For Nov 24	Kgs
High	5,013,425
Medium	4,208,283
Low	12,876,870
Green Tea	203,616
Total	22,302,194

## November 2024 apparel exports marginally increased by 1.0% YoY



**Top Export Markets - November 24**



In November 2024, Sri Lanka's total apparel exports amounted to USD 374.94 million, reflecting a YoY growth of 1.0% but a MoM decline of 7.7%. Exports to the United States recorded a YoY increase of 2.0%, while shipments to the United Kingdom rose by 4.7% YoY. In contrast, exports to the European Union experienced a YoY decline of 8.6%.

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