



MONTHLY ECONOMIC WRAP | JANUARY 2025

AMBEON
SECURITIES

19.02.2025

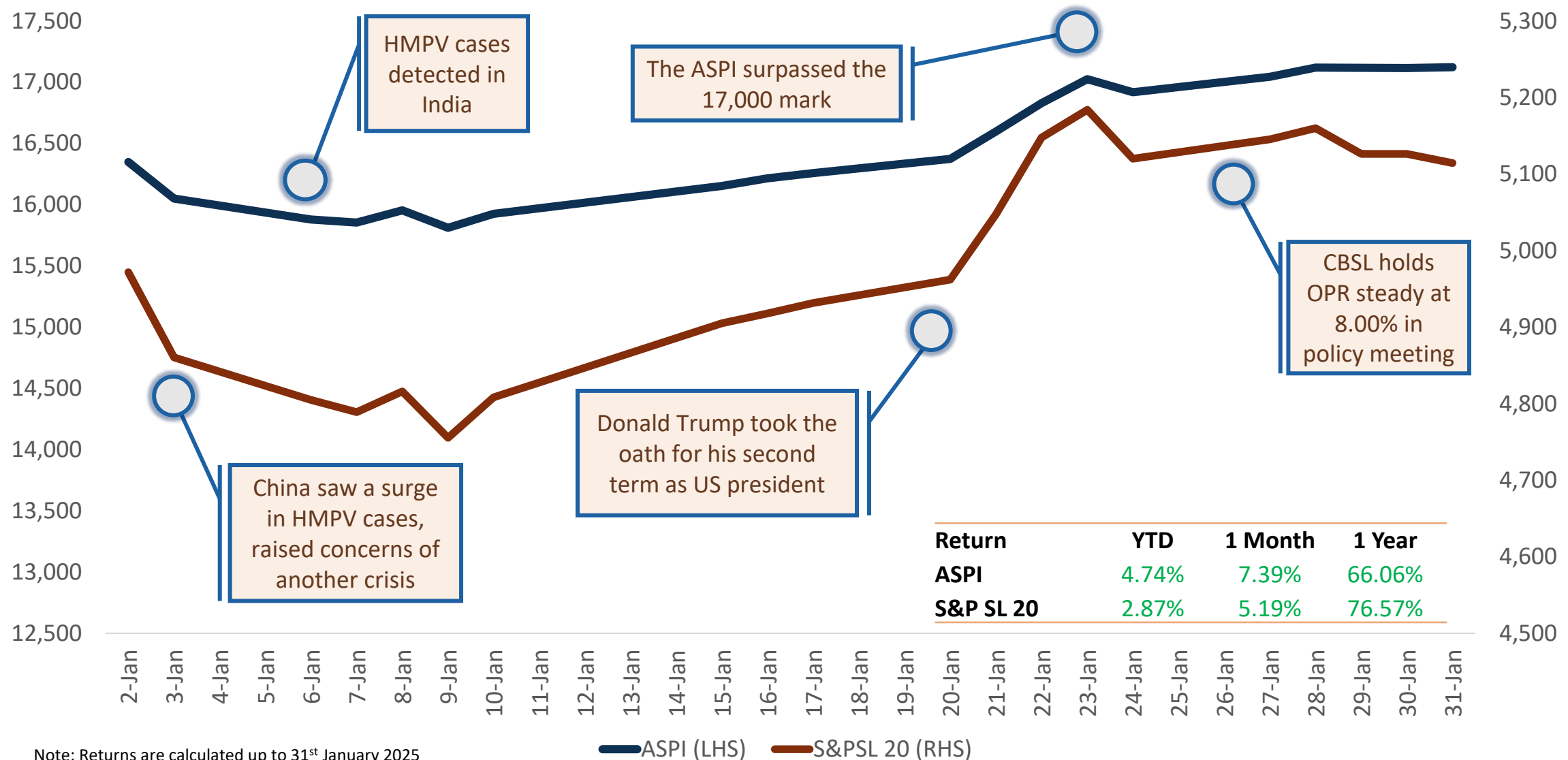


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ASPI increased 7.4% and S&PSL20 increased 5.2% in January 2025



Note: Returns are calculated up to 31st January 2025

Source: CSE, Ambeon estimates

RSI & MACD of ASPI

ASPI

RSI (14)

82.53

MACD (12,26)

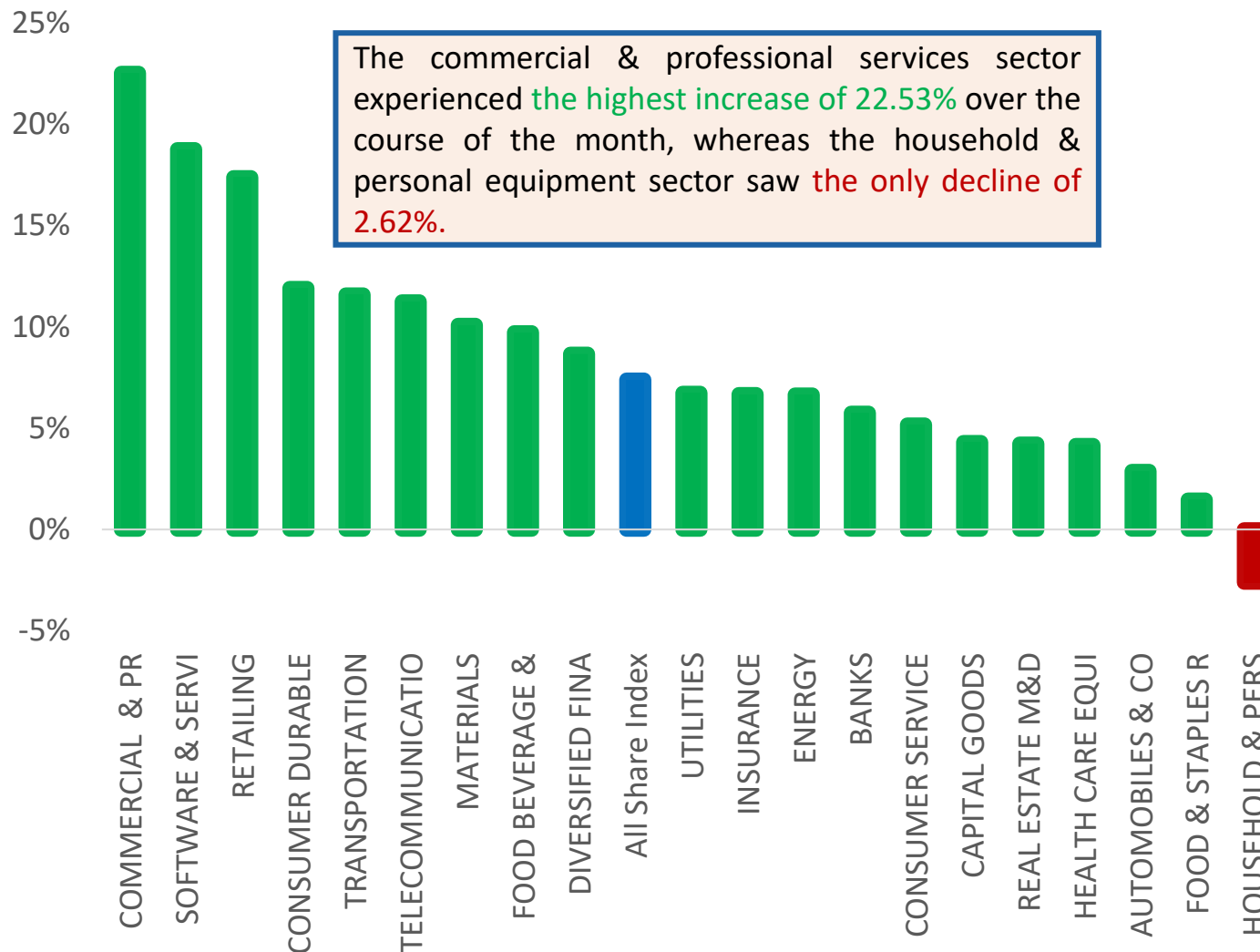
Nov - 24

Dec - 24

Jan - 25

In January 2025, all sectors rose except Household & Personal Equipment

Sector Indices Performance



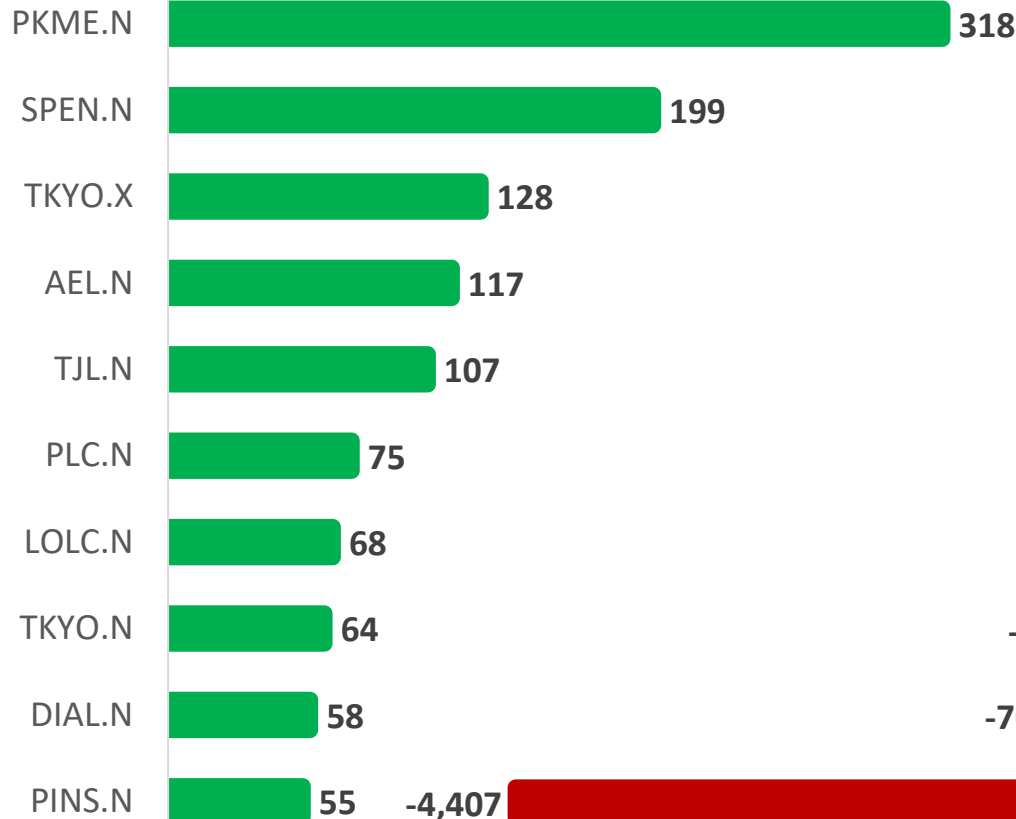
COMMERCIAL & PROFESSIONAL SERVICES	22.53%
SOFTWARE & SERVICES	18.76%
RETAILING	17.38%
CONSUMER DURABLES & APPAREL	11.91%
TRANSPORTATION	11.59%
TELECOMMUNICATION SERVICES	11.25%
MATERIALS	10.09%
FOOD BEVERAGE & TOBACCO	9.73%
DIVERSIFIED FINANCIALS	8.66%
All Share Index	7.39%
UTILITIES	6.74%
INSURANCE	6.67%
ENERGY	6.65%
BANKS	5.75%
CONSUMER SERVICES	5.17%
CAPITAL GOODS	4.31%
REAL ESTATE MANAGEMENT & DEVELOPMENT	4.23%
HEALTH CARE EQUIPMENT & SERVICES	4.16%
AUTOMOBILES & COMPONENTS	2.87%
FOOD & STAPLES RETAILING	1.47%
HOUSEHOLD & PERSONAL PRODUCTS	-2.62%

Source: CSE, Ambeon estimates

Total net foreign outflow for January 2025 was LKR 6,461 Mn

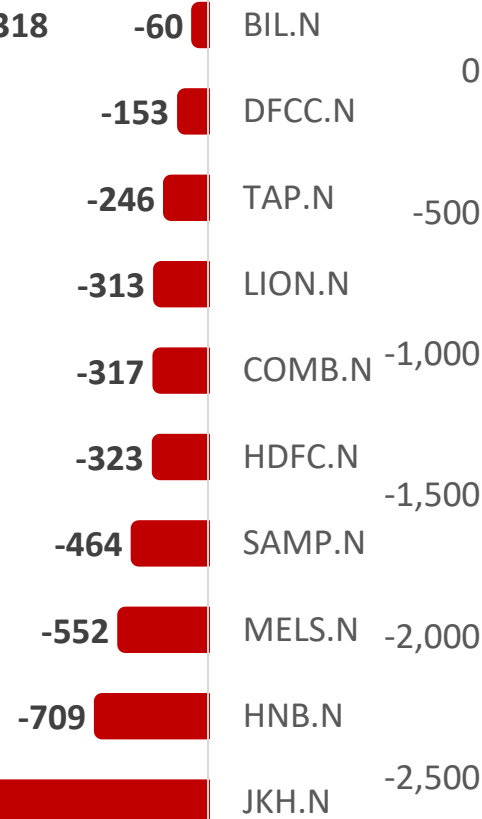
Top 10 Counters

Net Foreign Inflows (LKR Mn)

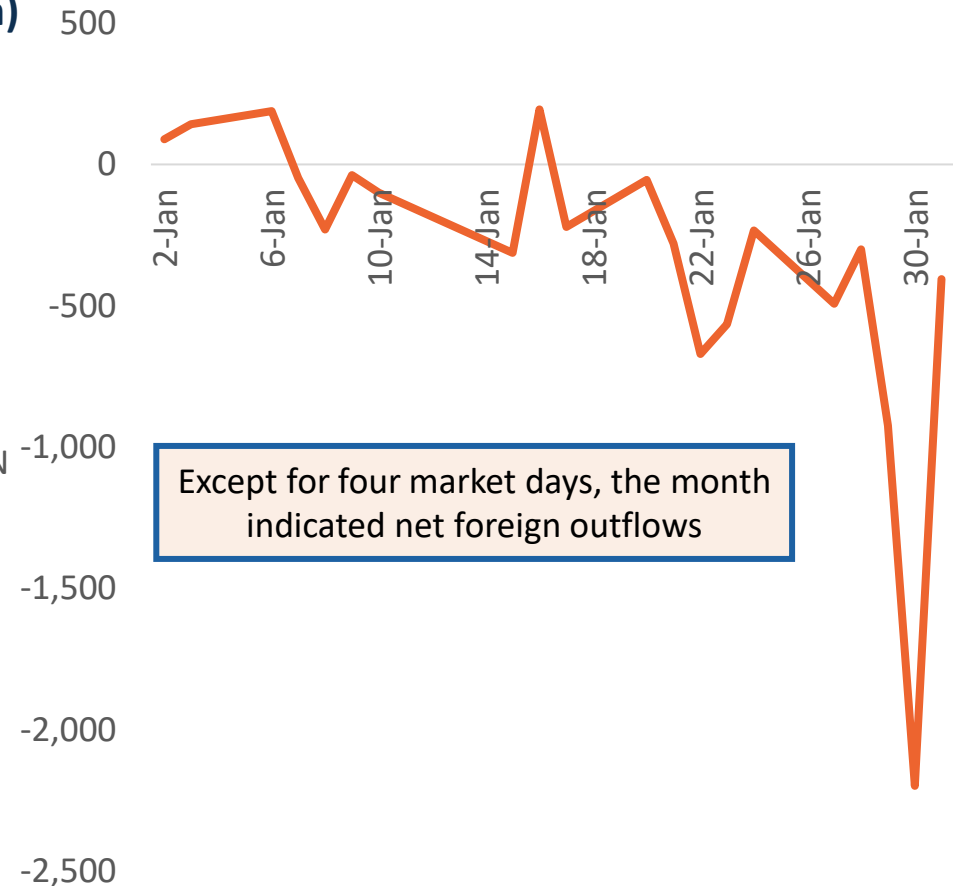


Top 10 Counters

Net Foreign Outflows (LKR Mn)



Net Foreign Flow (LKR Mn)

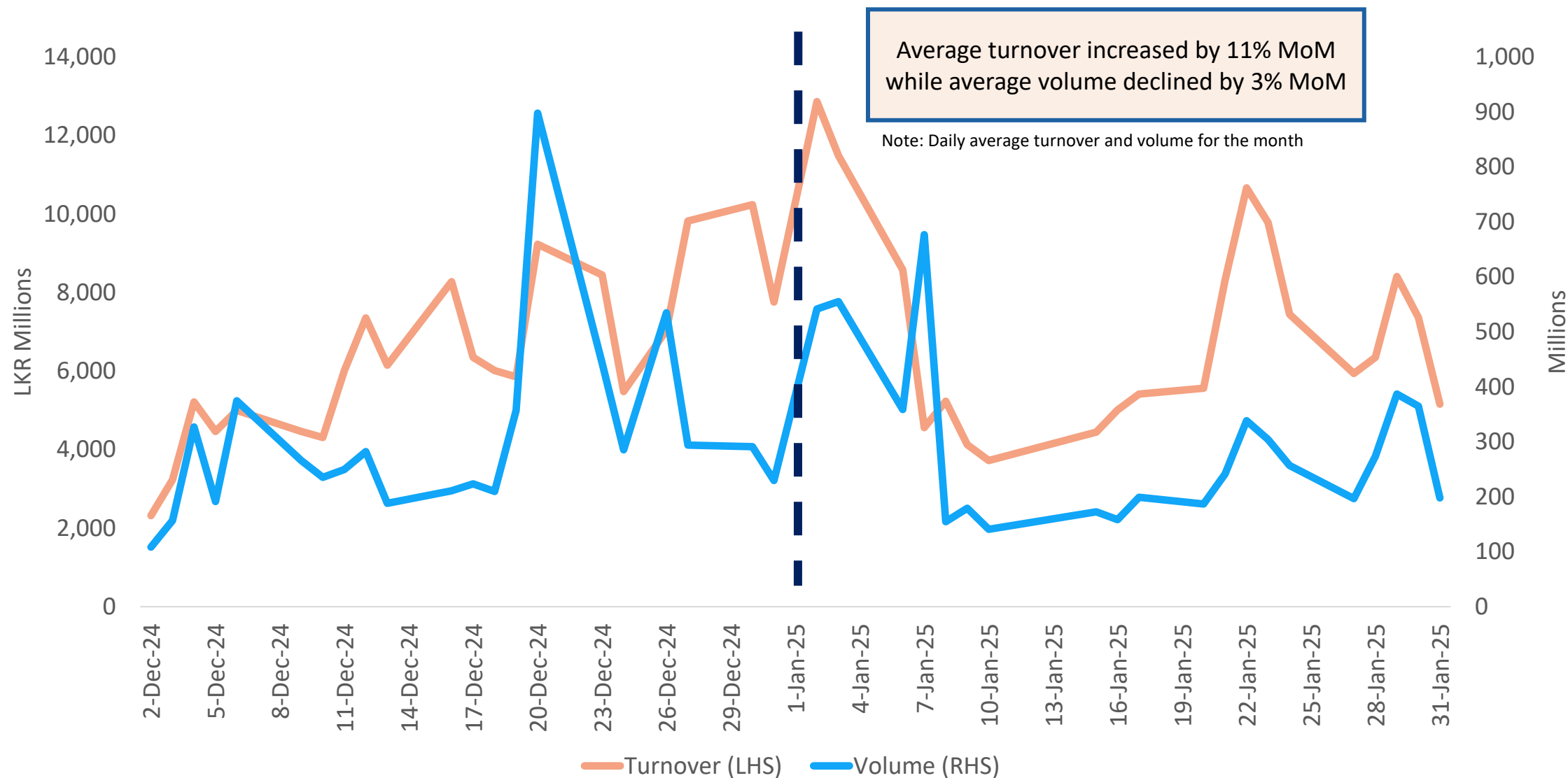


Jan 25 Total Net Foreign Flow LKR -6,461 Mn | Year-to-date Net Foreign Flow* LKR -6,461 Mn

Source: CSE, Ambeon estimates

*Year-to-date calculated as of 31st January 2025

January 2025, average turnover rose while volume declined



Regional valuation comparison

Frontier Markets (Asia)

Index	PE	PBV
ASPI (Sri Lanka)	13.7	1.4
KSE 100 (Pakistan)	6.5	1.2
VNI (Vietnam)	13.8	1.7

US & European Markets

Index	PE	PBV
S&P 500 (US)	27.6	5.3
DJIA (US)	24.4	5.9
FTSE 100 (UK)	14.7	2.0

Other Markets (Asia)

Index	PE	PBV
Nikkei 225 (Japan)	20.1	2.1
CSI 300 (China)	16.0	1.6
HSI (Hong Kong)	11.2	1.2
BSE 500 (India)	22.5	3.5
NIFTY 50 (India)	21.4	3.4

Key economic news & events

08th Jan

SL's GDP is projected to have grown by 5% in 2024

Sri Lanka's economy is estimated to have grown by 5% in the past year, marking its strongest expansion since 2017, according to Central Bank Governor Nandalal Weerasinghe. While outlining the policy direction for 2025 and beyond, he noted that key indicators from the industry and service sectors suggest continued growth in output during the final quarter of 2024.

15th Jan

China and Sri Lanka strengthen investment, cooperation

China and Sri Lanka have strengthened their economic ties, reaching new agreements on investment and cooperation during a meeting between the presidents of both nations. The two countries signed 15 cooperation documents, covering areas such as economic and technological development, as well as the integration of China's Belt and Road Initiative with Sri Lanka's 2030 digital economy strategy.

29th Jan

CBSL holds steady with OPR unchanged at 8.0%

The Central Bank of Sri Lanka (CBSL) has maintained its 8.0% Overnight Policy Rate after assessing domestic and global economic conditions. Headline inflation is expected to rise by mid-2025, aligning with the 5.0% target. The economy showed strong recovery, with GDP growing 5.5% in Q3 2024. The CBSL remains vigilant to ensure price stability and support growth.

31st Jan

SL lifts vehicle import ban for cars and EVs from 1st Feb

Sri Lanka's President and Finance Minister, Anura Kumara Dissanayake, has issued a gazette lifting the import ban on motor cars, electric vehicles, and hybrids, effective February 1, 2025. The notice also revokes a previous regulation on certain vehicles, including cabs and auto-rickshaws, while maintaining restrictions on stockpiling, as outlined in earlier gazettes.



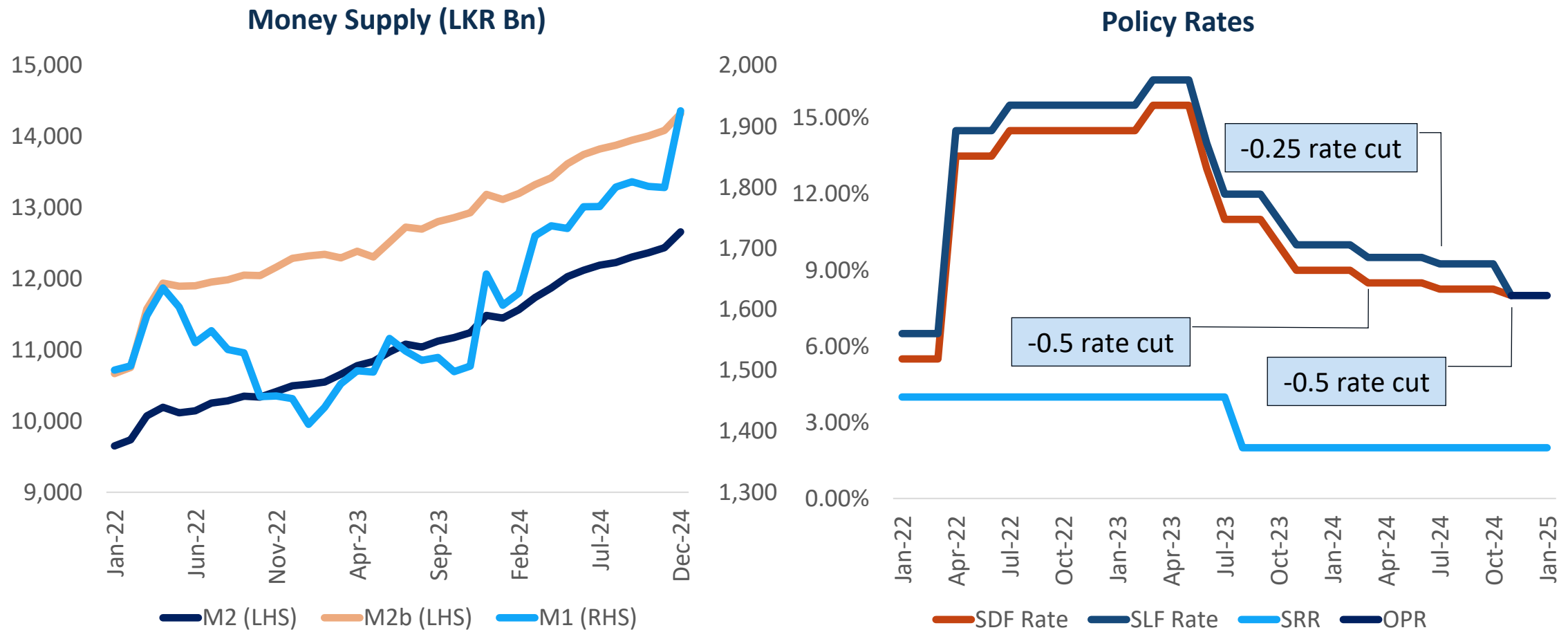
MONETARY SECTOR

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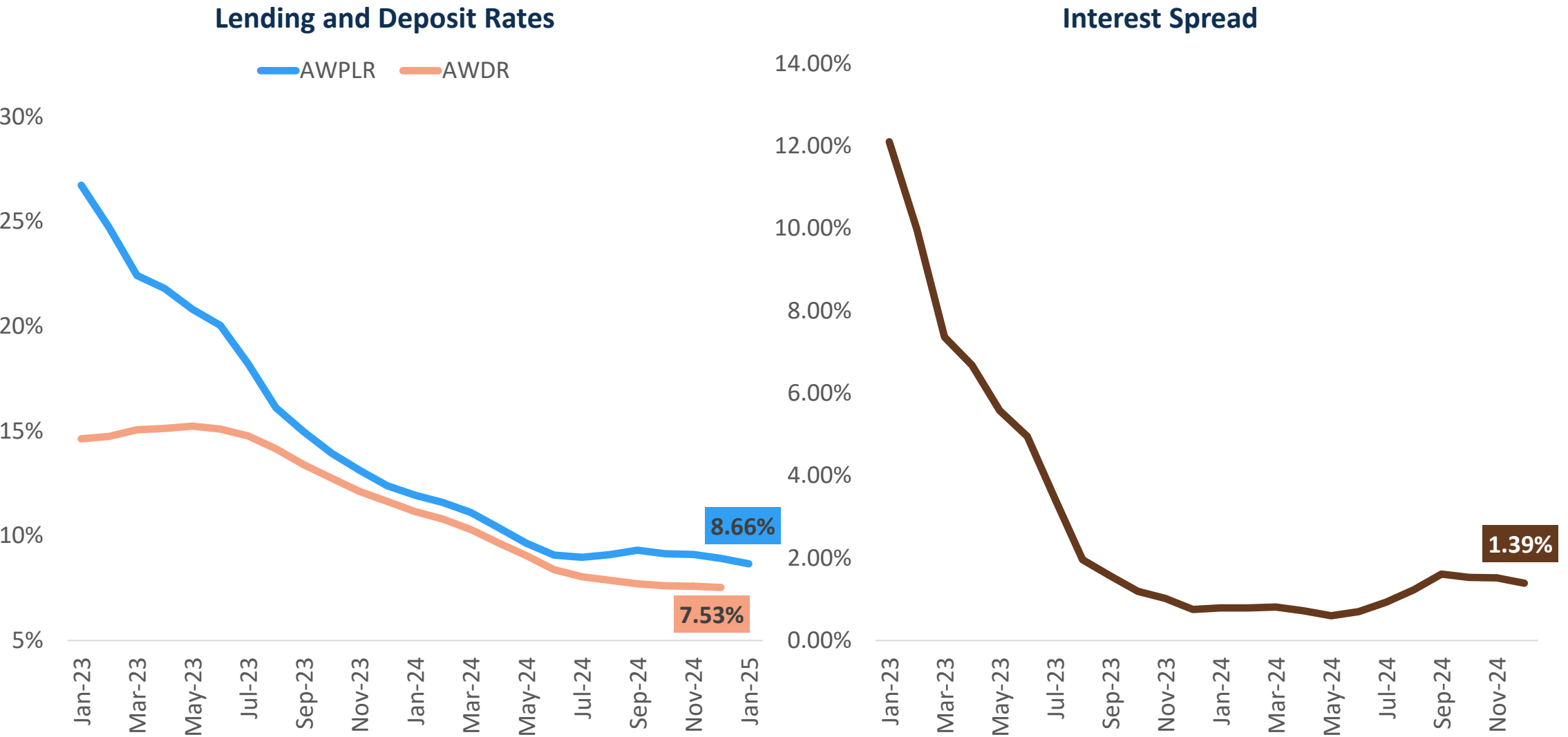


CBSL keeps the Overnight Policy Rate unchanged at 8.0%

By the end of December 2024, Sri Lanka's narrow money supply (M1) rose to LKR 1,926 billion, while the consolidated broad money supply (M2b) increased to LKR 14,322 billion, reflecting growth compared to November 2024. In its first monetary policy meeting of 2025, the Central Bank of Sri Lanka kept the Overnight Policy Rate unchanged at 8.00%. The next policy meeting is scheduled for 25th March 2025.



Lending rates experienced a slight decline in January 2025

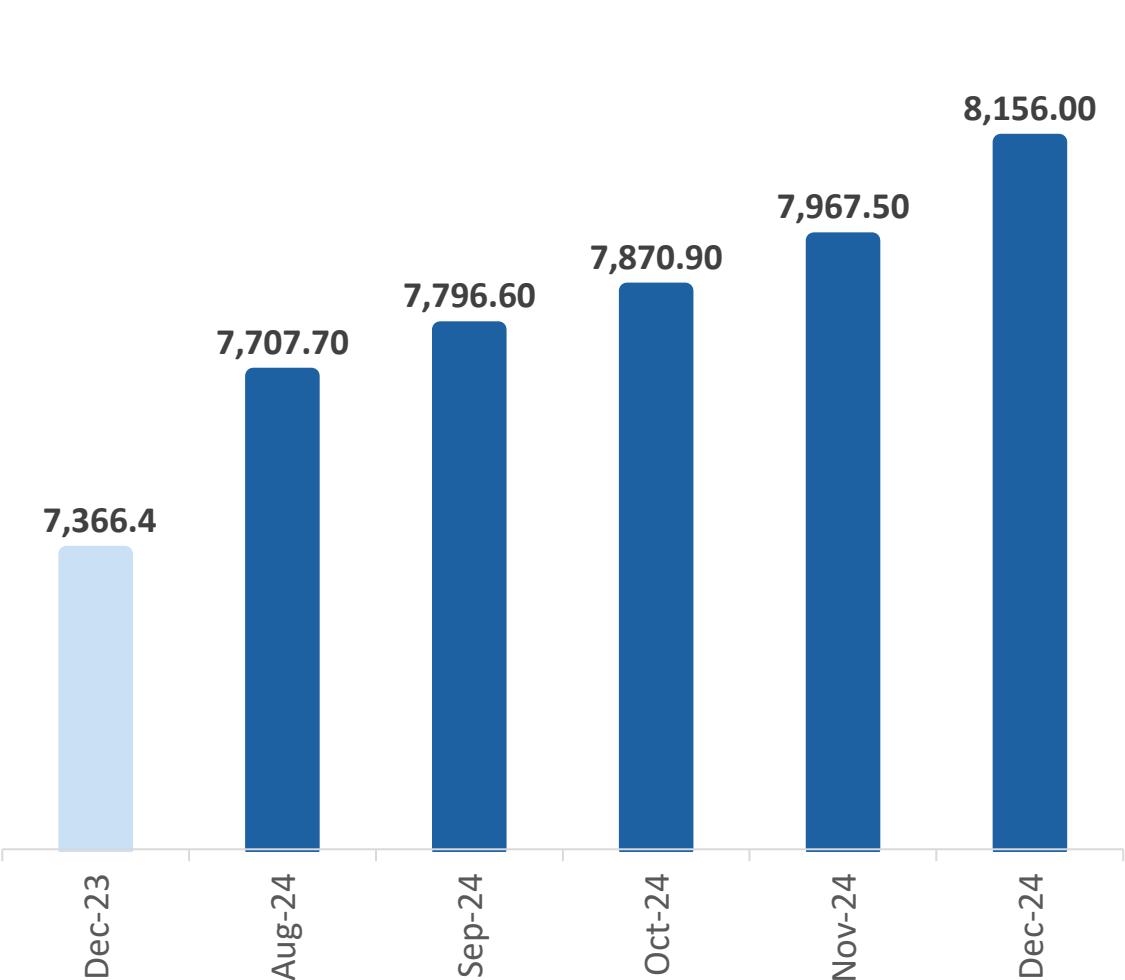


Note: The AWDR for January 2025 is unavailable.

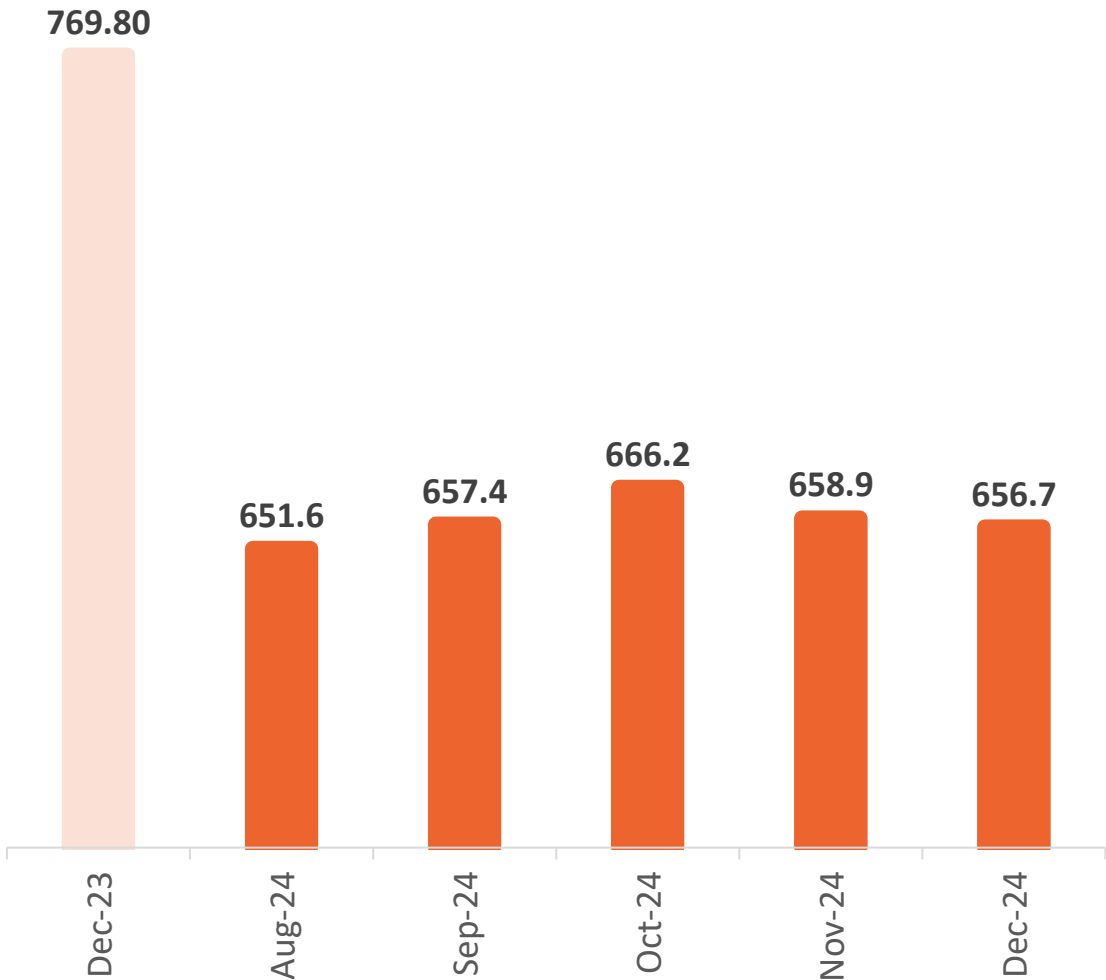
Source: CBSL

Credit to private sector increased from November to December 2024

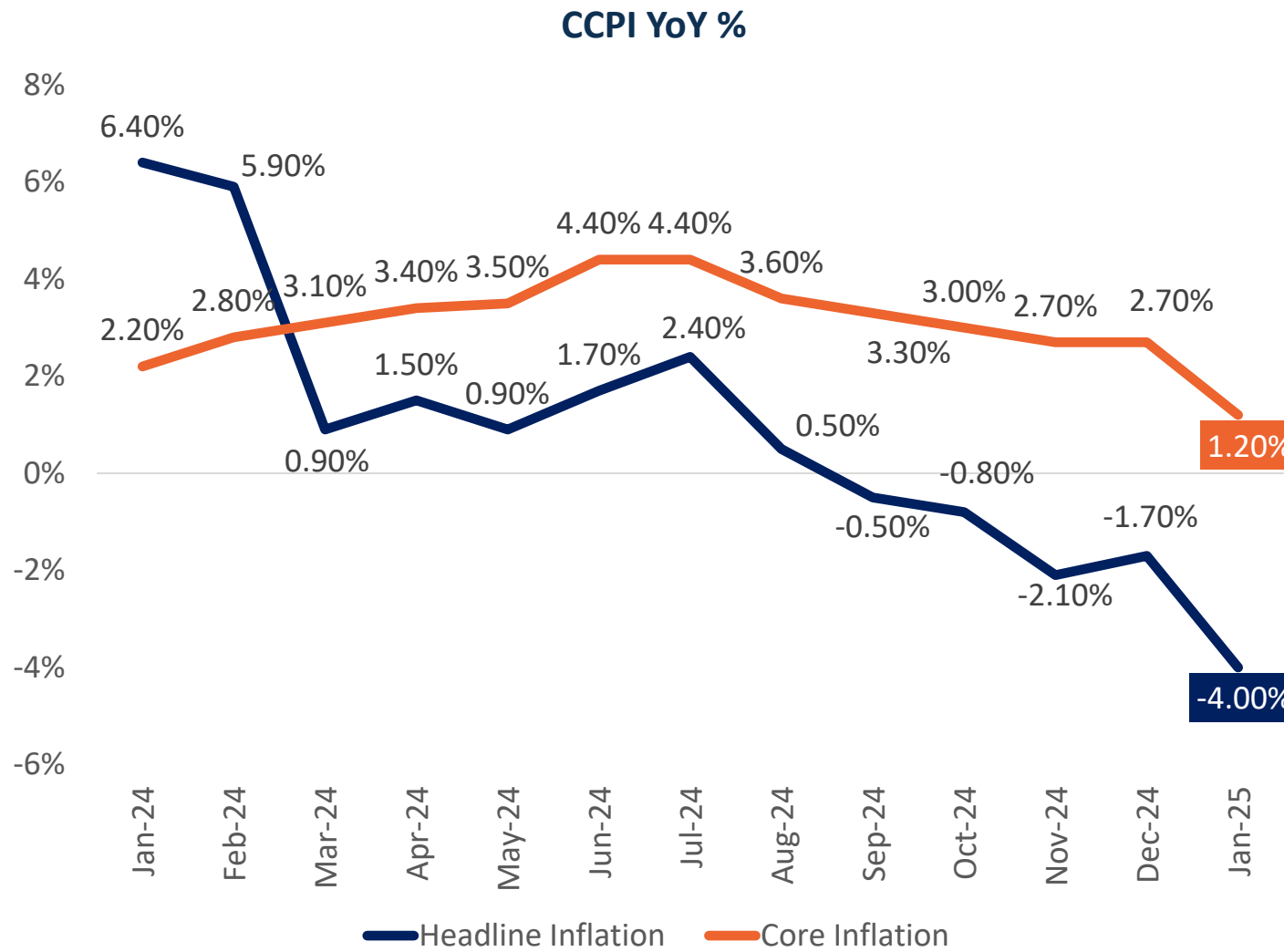
Credit to Private Sector (LKR Bn)



Credit to Public Sector (LKR Bn)



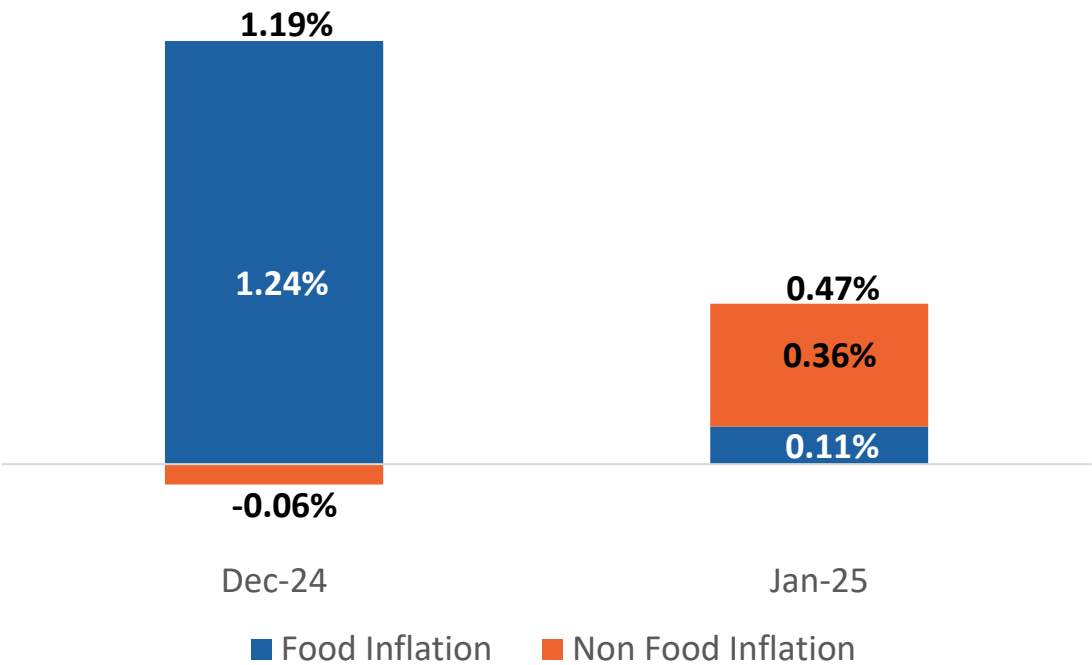
CCPI saw a deflation of 4.0% in January 2025



- Headline inflation, measured by the YoY change in the Colombo Consumer Price Index, remained negative for the fifth consecutive month. In January 2025, deflation widened to 4.0%, deepening from 1.7% in December 2024.
- Prices declined in Housing and Utilities, Transport, Food and Non-Alcoholic Beverages, and Restaurants and Hotels, contributing to overall deflation.
- Meanwhile, price growth slowed in Alcoholic Beverages and Tobacco, Clothing and Footwear, Recreation and Culture, Communication, and Miscellaneous Goods and Services.
- In contrast, prices accelerated in Furnishing, Household Equipment and Routine Household Maintenance, Health, and Education.
- YoY core inflation eased to 1.2% in January 2025, down from 2.7% in December 2024.

January 2025 CCPI increased by 0.47% MoM due to rise in nonfood category

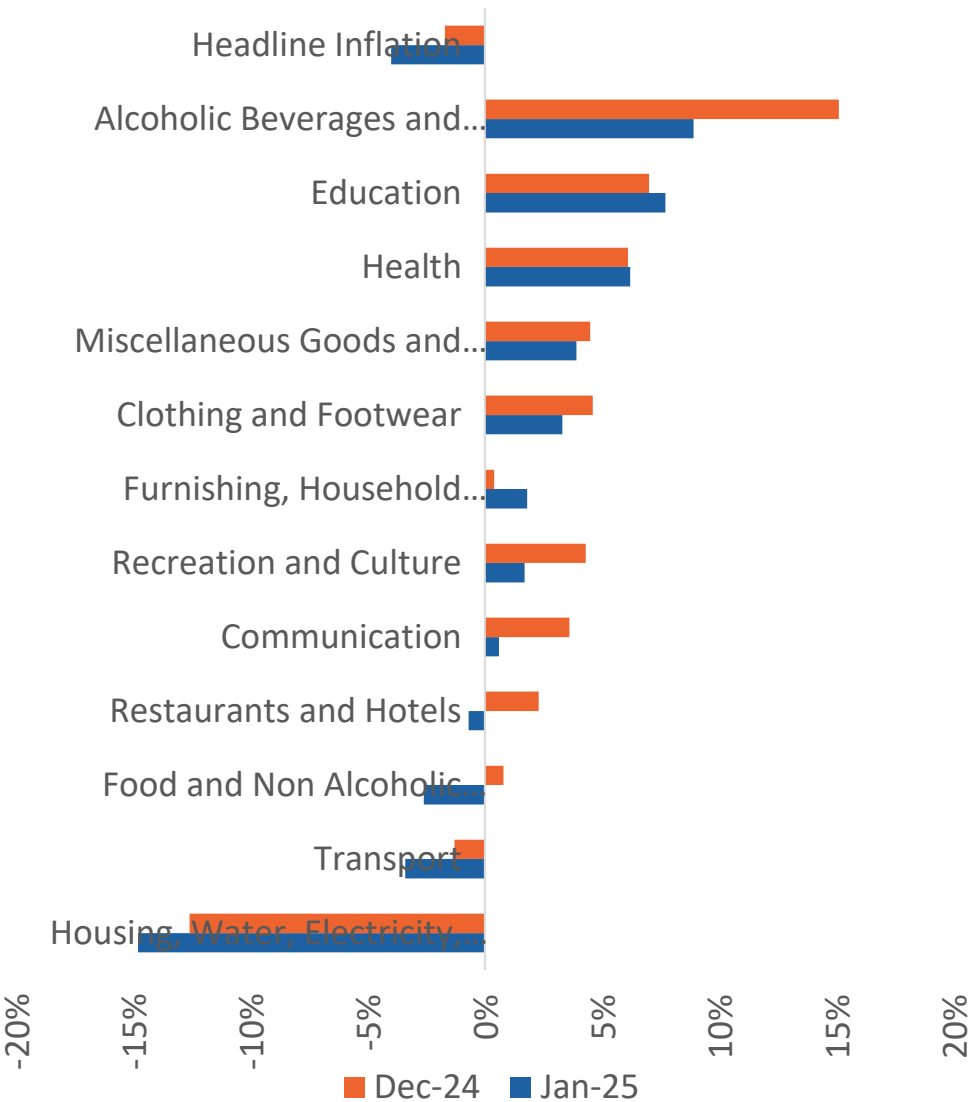
Contribution to monthly change in CCPI



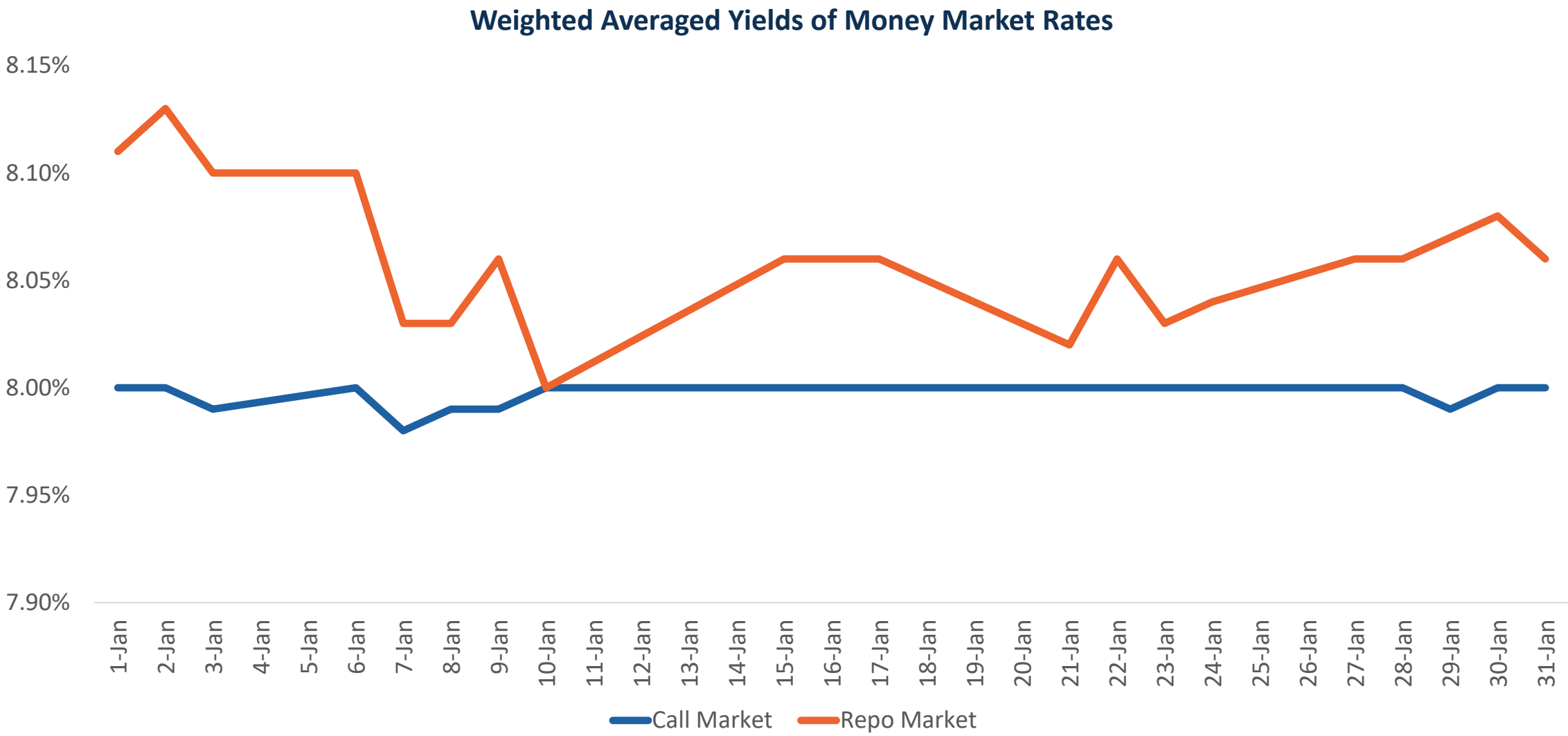
The CCPI recorded a MoM increase of 0.47% in January 2025, driven by a 0.11% rise in food prices and a 0.36% increase in non-food prices. YoY, non-food deflation deepened to 4.7% in January 2025, up from 3.0% in December 2024. Meanwhile, the food category also moved into deflation, recording a 2.6% decline in January 2025, compared to the 0.8% inflation observed in December 2024.

Source: CBSL

CCPI YoY Change by Subcategory

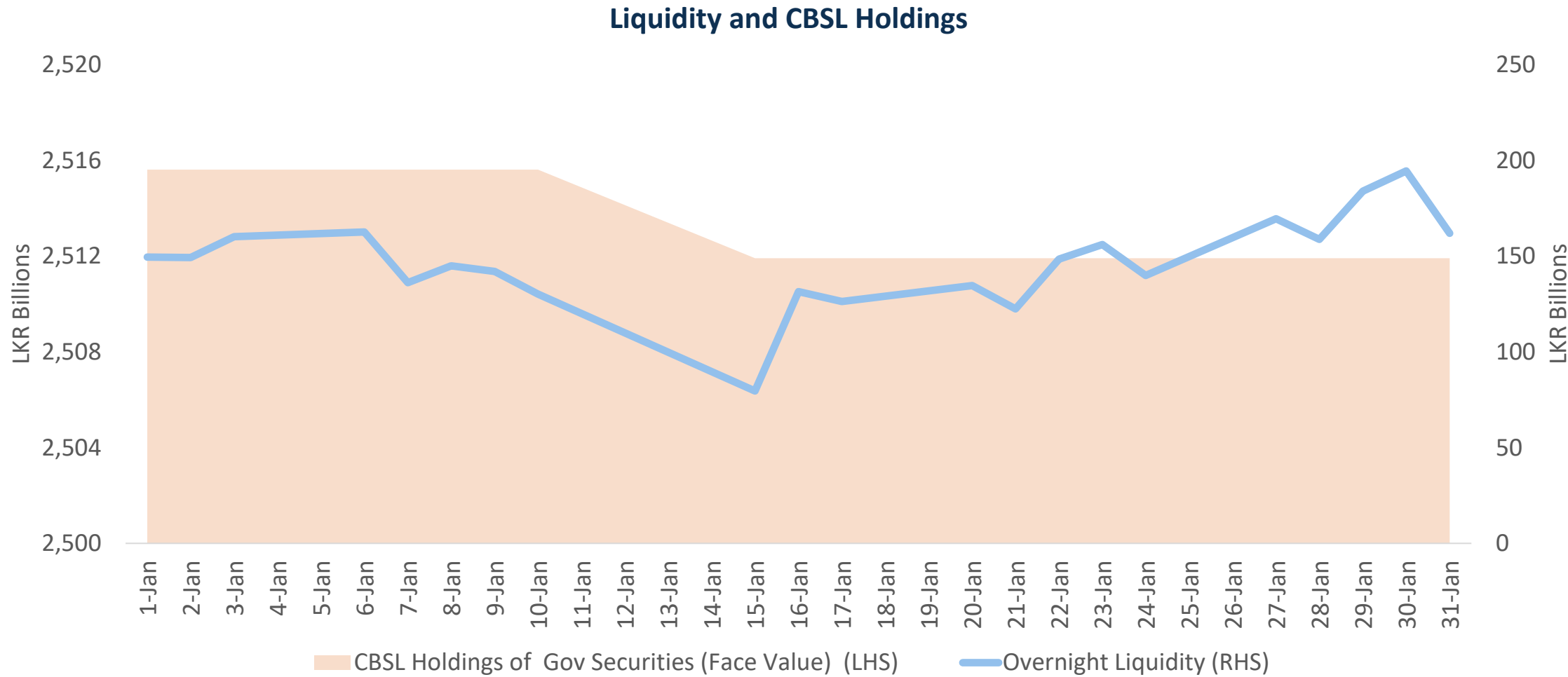


January 2025, call rates remained flat, while repo rates fell slightly



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

Overnight liquidity increased throughout the month, remaining in positive territory and closing at LKR 161.96 billion on 31st January. Meanwhile, CBSL's holdings of government securities saw a slight mid-month decline, ending at a face value of LKR 2,512 billion.



Source: CBSL

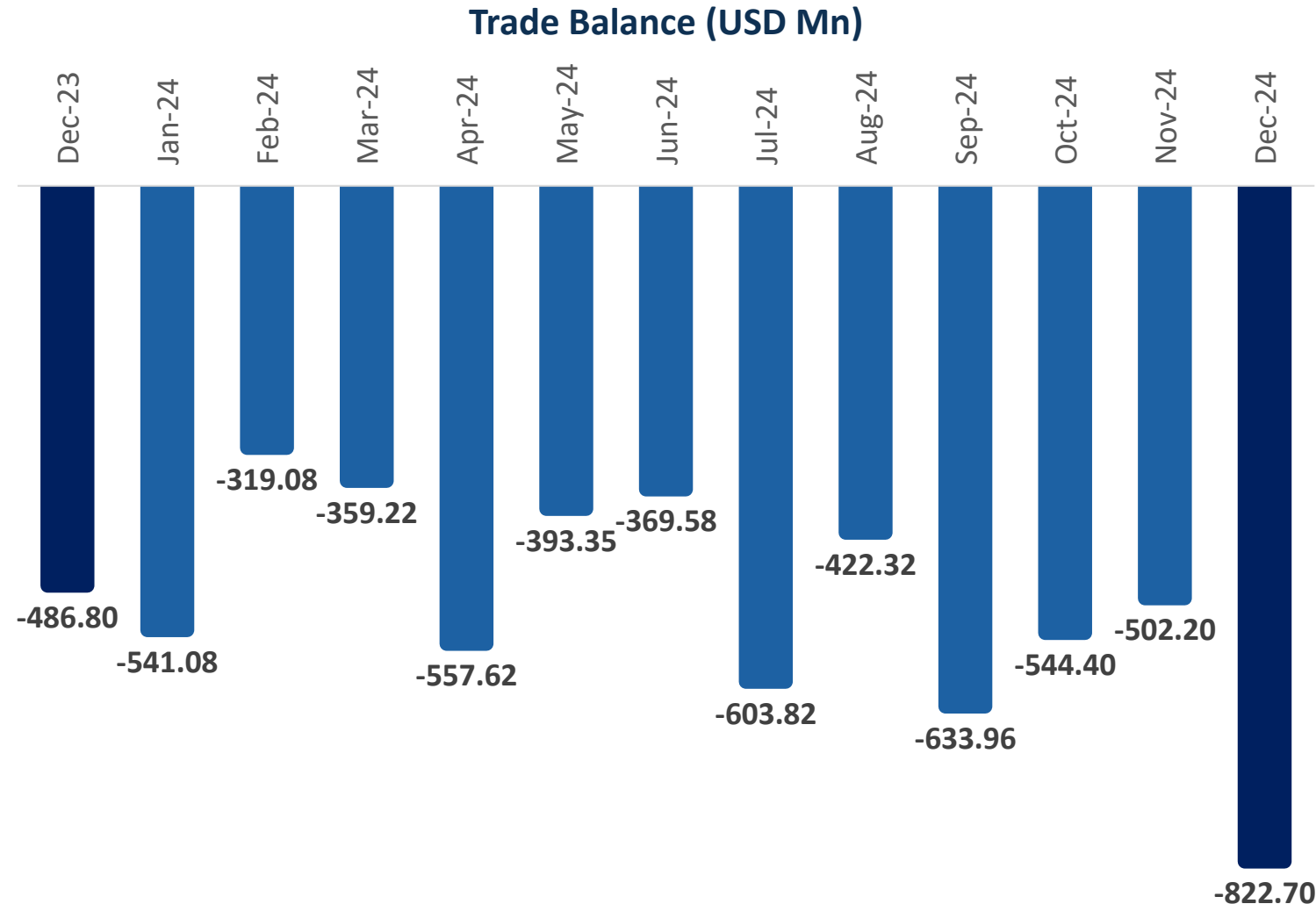


EXTERNAL SECTOR

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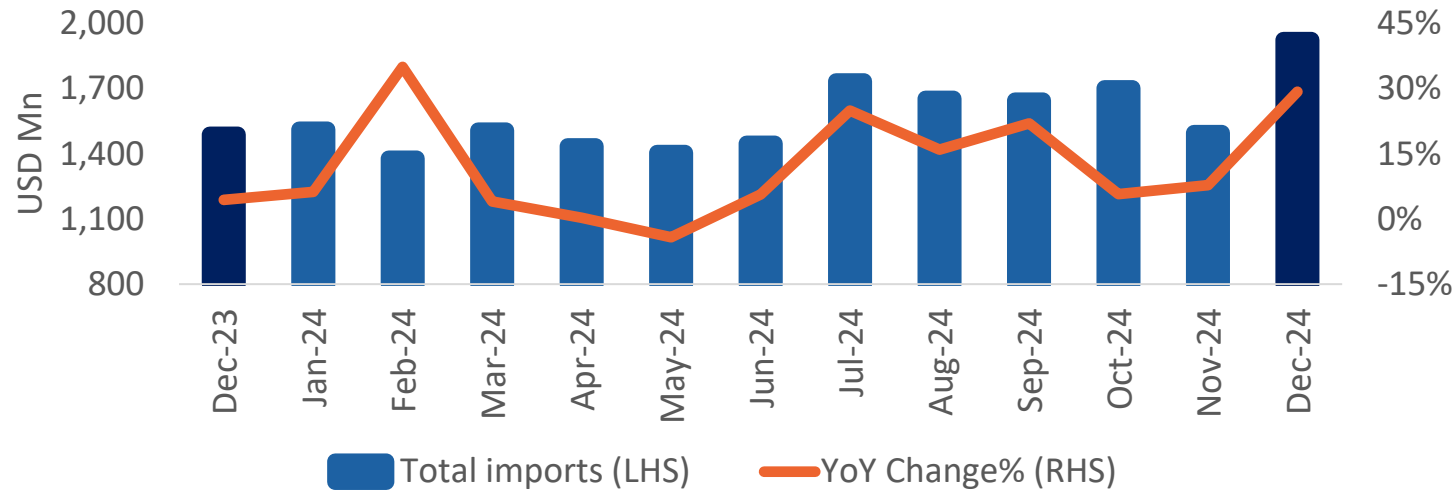
Balance of Trade worsened significantly by 69% YoY in December 2024



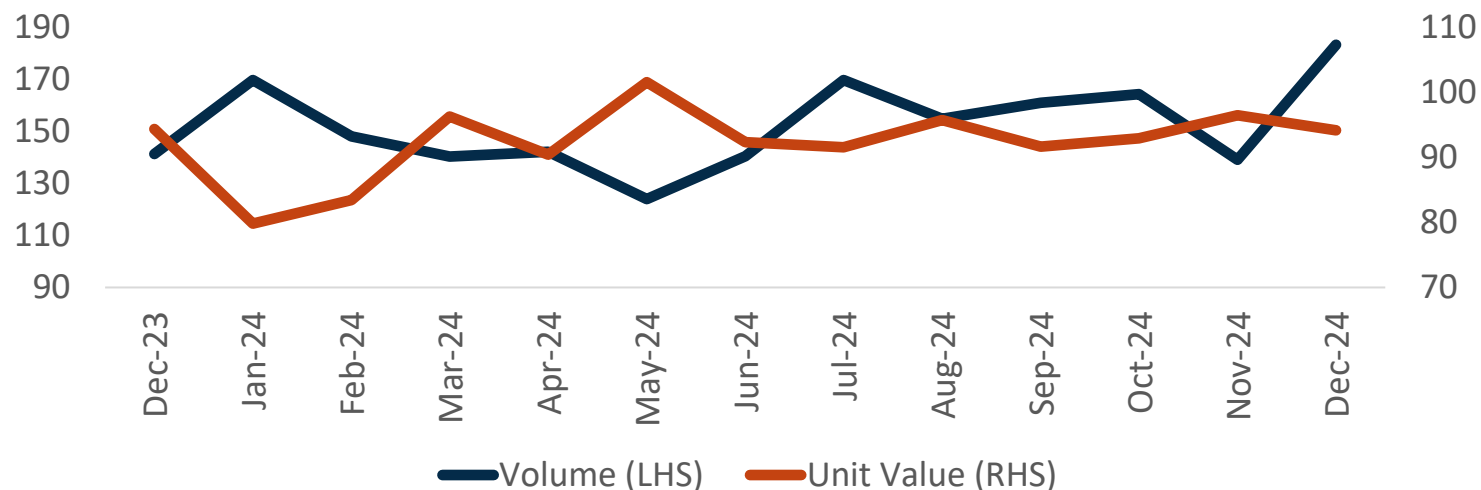
- In December 2024, Sri Lanka's trade deficit expanded to USD 822.7 million, worsening by 69.0% YoY and 63.8% compared to the previous month.
- The cumulative trade deficit for 2024 reached USD 6,069.3 million, reflecting a 23.9% increase from the previous year.
- In December 2024, import expenditure totaled USD 1,924.5 million, while export earnings stood at USD 1,101.8 million. Imports grew at a faster pace than export revenues compared to the previous year.
- In 2024, total imports amounted to USD 18,841.4 million, while total exports reached USD 12,722.0 million. Imports grew at a faster pace than export revenues compared to the previous year.

December 2024 import expenditure increased by 29.3% YoY

Total Imports and Growth



Import Indices



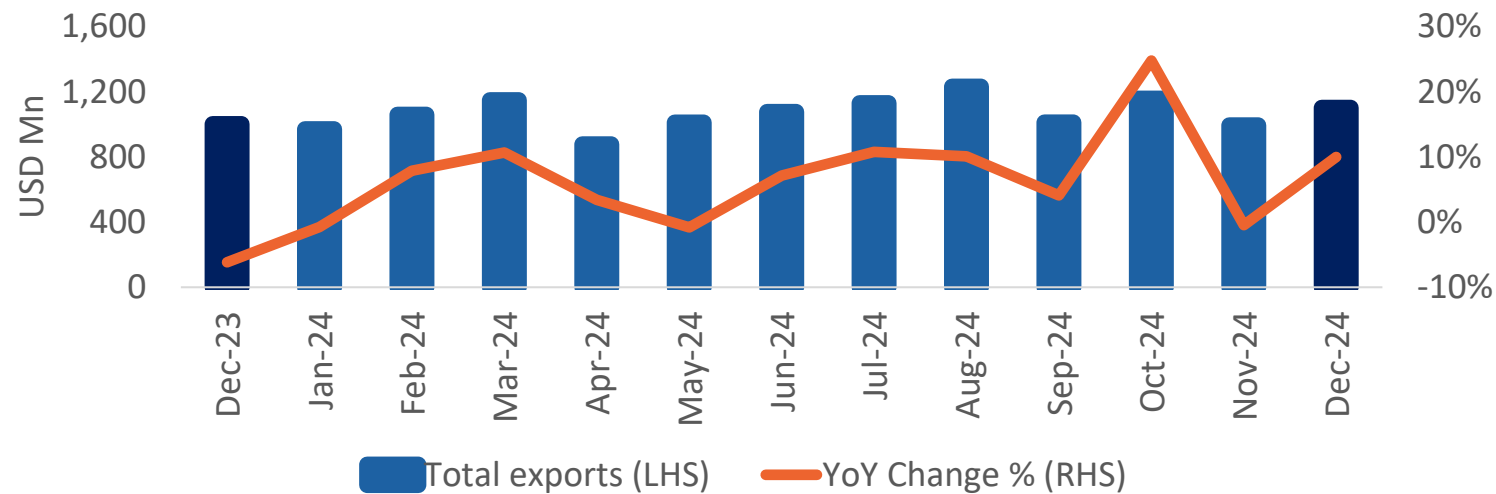
- In December 2024, imports rose by 29.3% YoY and 28.6% MoM, marking the highest monthly import value of the year. This growth was driven by increased expenditure across all major import categories.
- Imports of consumer goods increased, driven by higher spending on both food and non-food items. Meanwhile, expenditure on intermediate goods grew, primarily due to a rise in imports of textiles and textile articles, along with moderate increases in wheat, maize, fuel, and base metals.
- Expenditure on investment goods increased, driven by higher imports of machinery and equipment, particularly engineering equipment like cranes.
- The Imports Volume Index increased by 29.7% YoY in Dec 24, whereas the Import Unit Value Index saw a decline of 0.2% YoY during the same period.

Source: CBSL

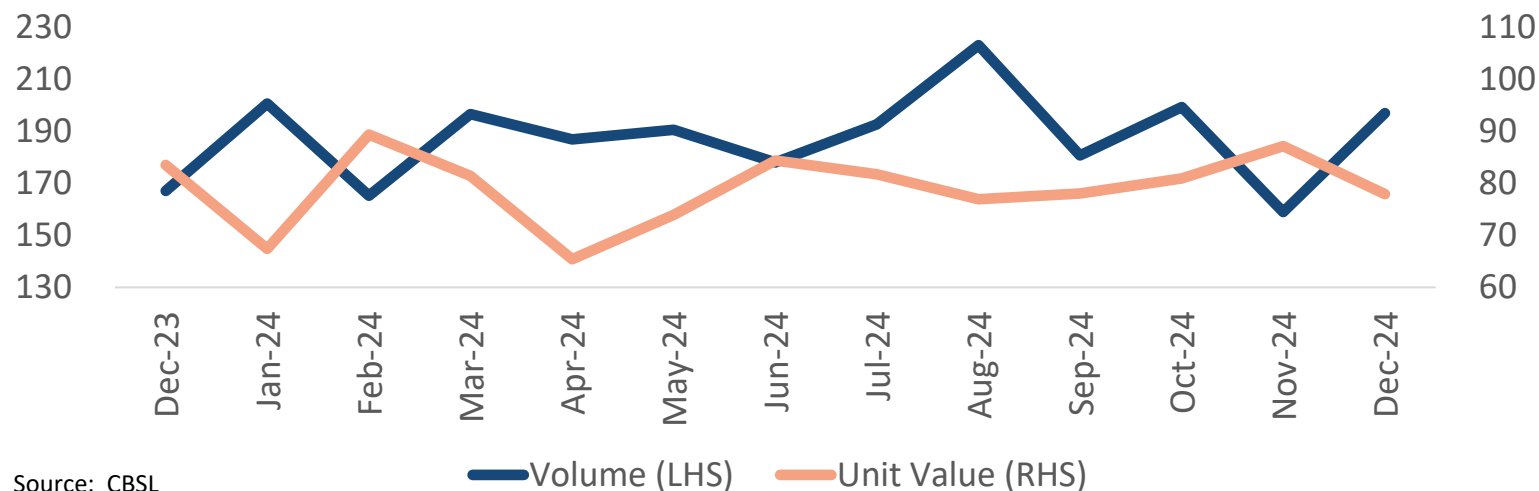
Note: Import unit value index is calculated in USD terms.

December 2024 export earnings soared by 10.0% YoY

Total Exports and Growth



Export Indices



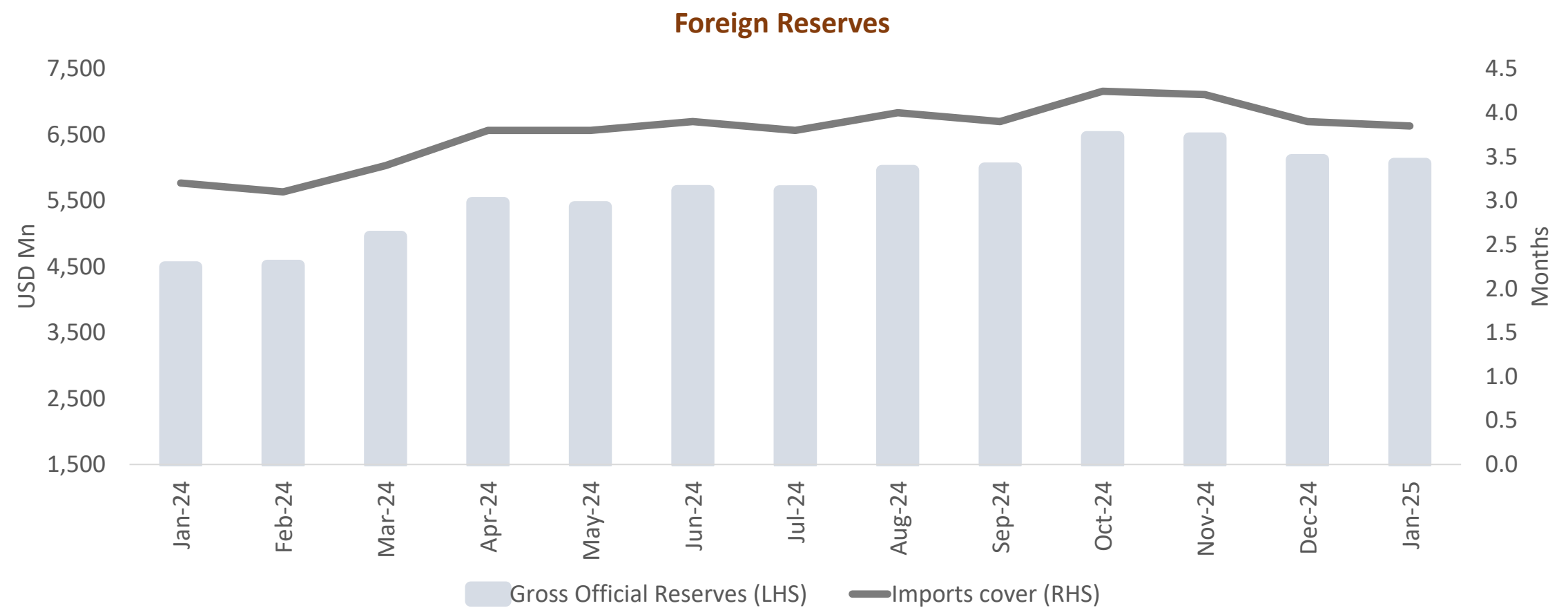
- In December 2024, export earnings increased by 10.0% YoY and 10.8% MoM, driven primarily by growth in both industrial and agricultural exports.
- Industrial goods exports were primarily driven by petroleum products, supported by higher volumes of bunkering and aviation fuel exports.
- Earnings from agricultural goods exports increased, driven by higher exports of tea, spices, and coconut-related products.
- In Dec 24, the Export Volume Index surged by 17.8% YoY, whereas the Export Unit Value Index witnessed a decline of 6.7% YoY during the same period.

Source: CBSL

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

Foreign reserves marginally declined from Dec 2024 to Jan 2025

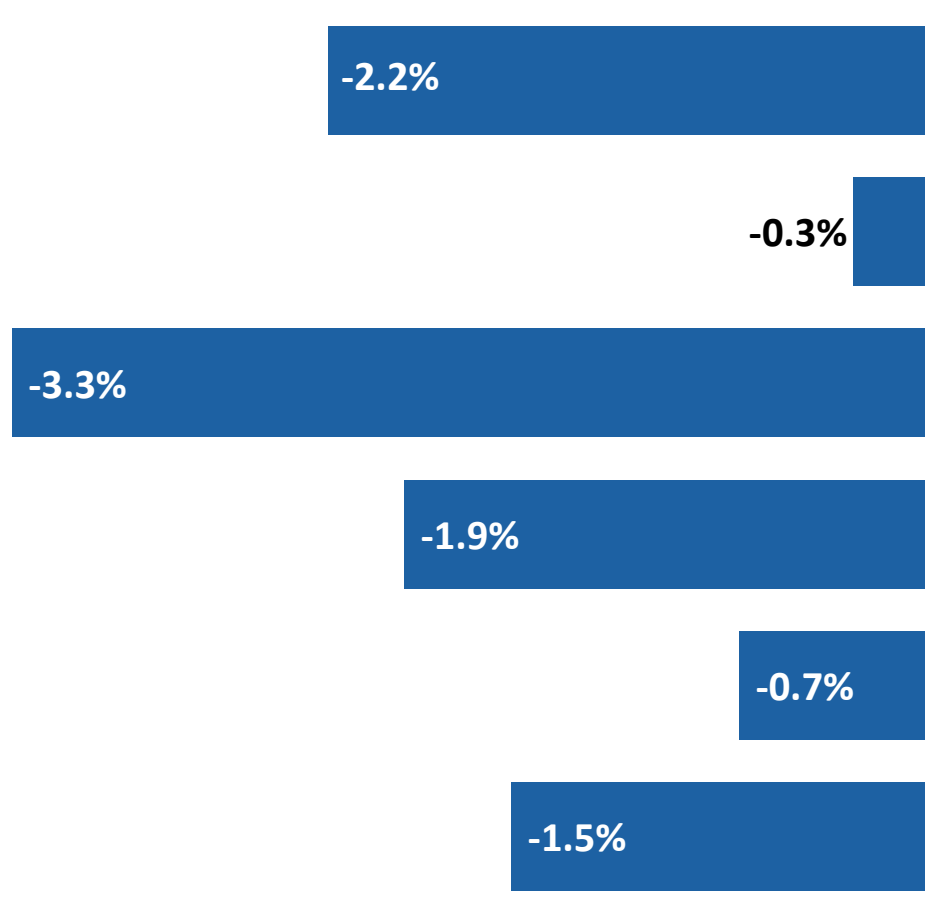
By the end of January 2025, Sri Lanka's gross official reserves had slightly decreased to USD 6,065 million, providing a comfortable buffer equivalent to approximately 3.8 months of import coverage.



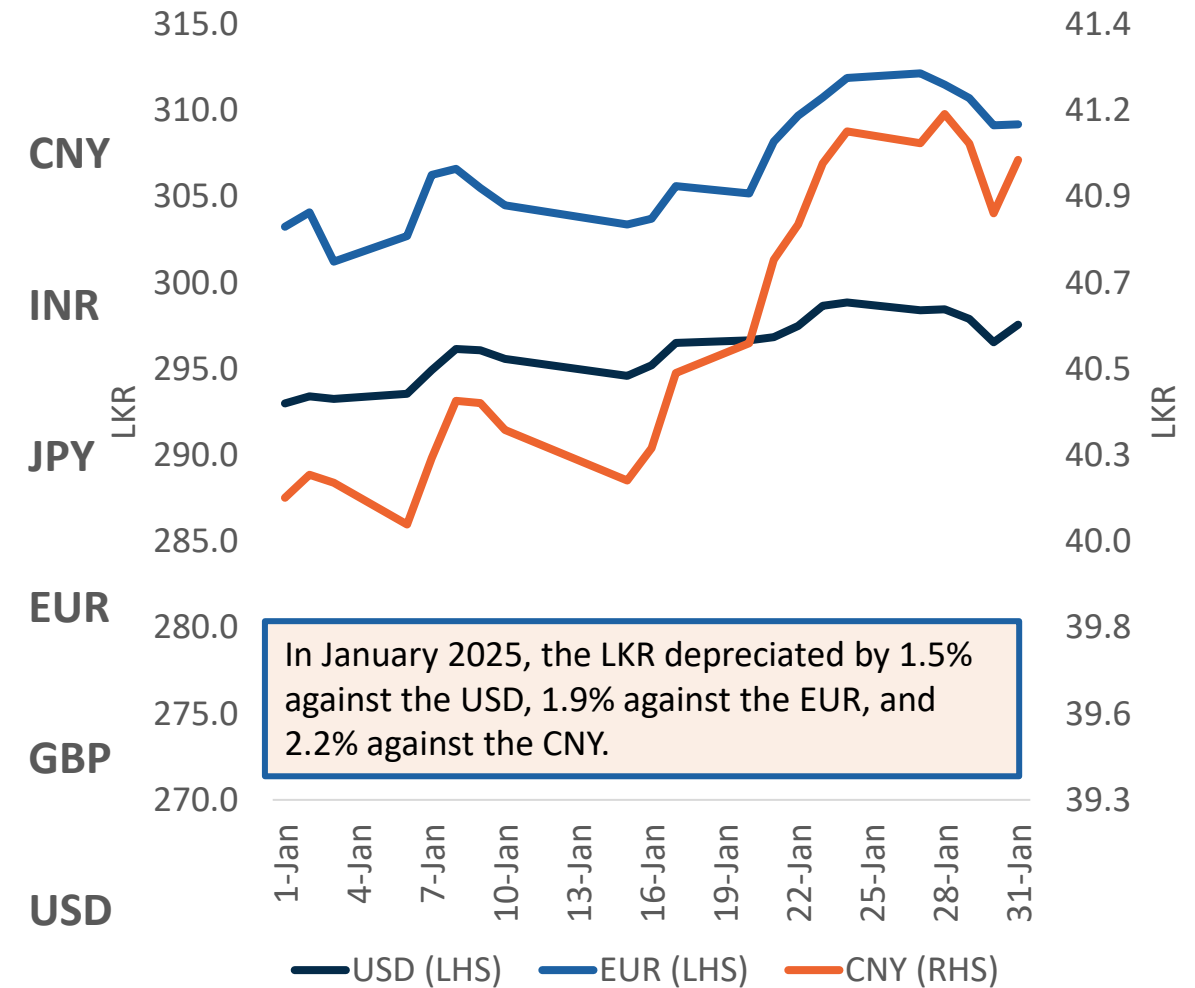
Source: CBSL

Sri Lankan rupee depreciated against multiple major currencies YTD

LKR appreciation/depreciation against major currencies YTD end of Jan 2025



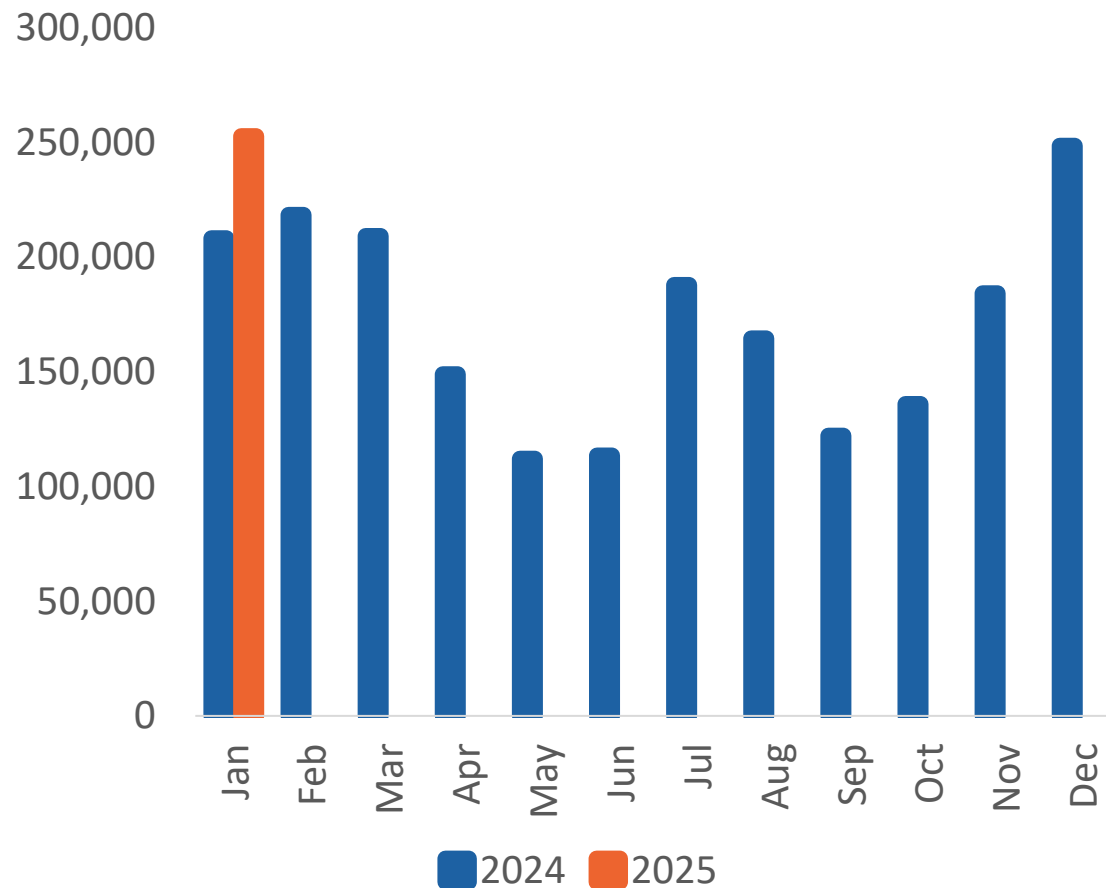
Monthly movement of major currencies



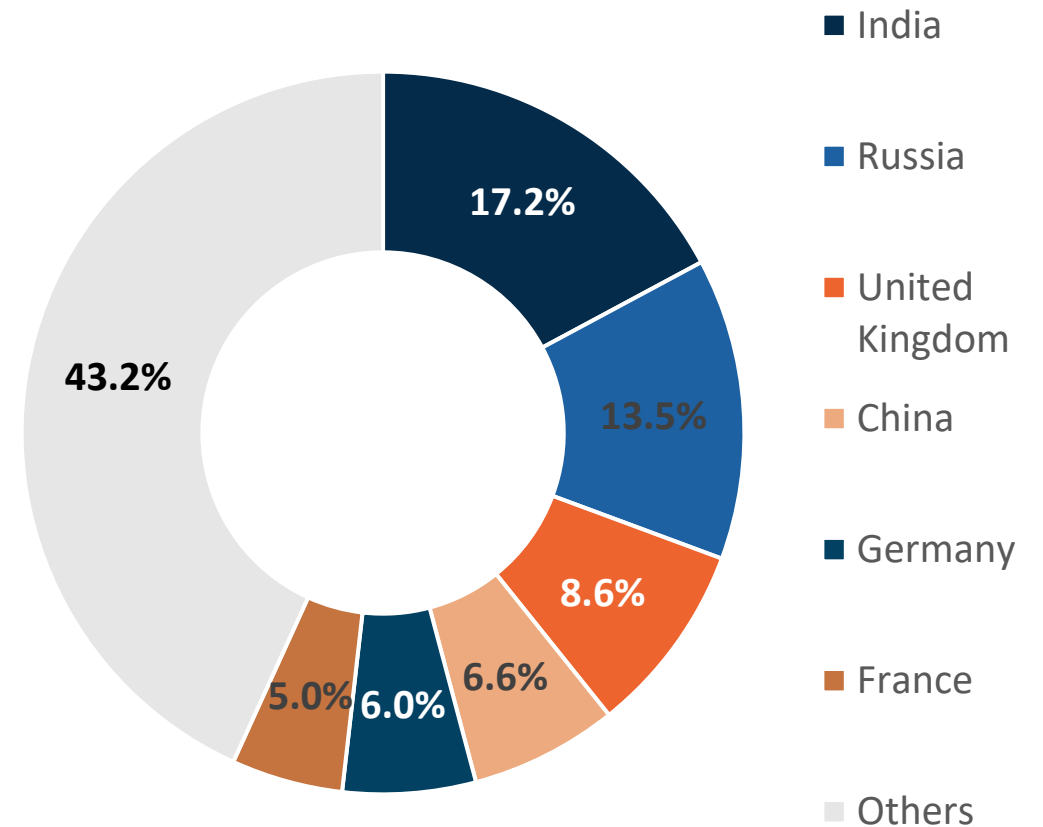
January 2025 tourist arrivals soared by 21.4% YoY

In January 2025, Sri Lanka welcomed 252,761 tourists, reflecting a YoY growth of 21.4% and a 1.7% increase compared to December 2024. Key source markets during the month included India, Russia, the United Kingdom, China, Germany and France.

Monthly Tourists Arrivals

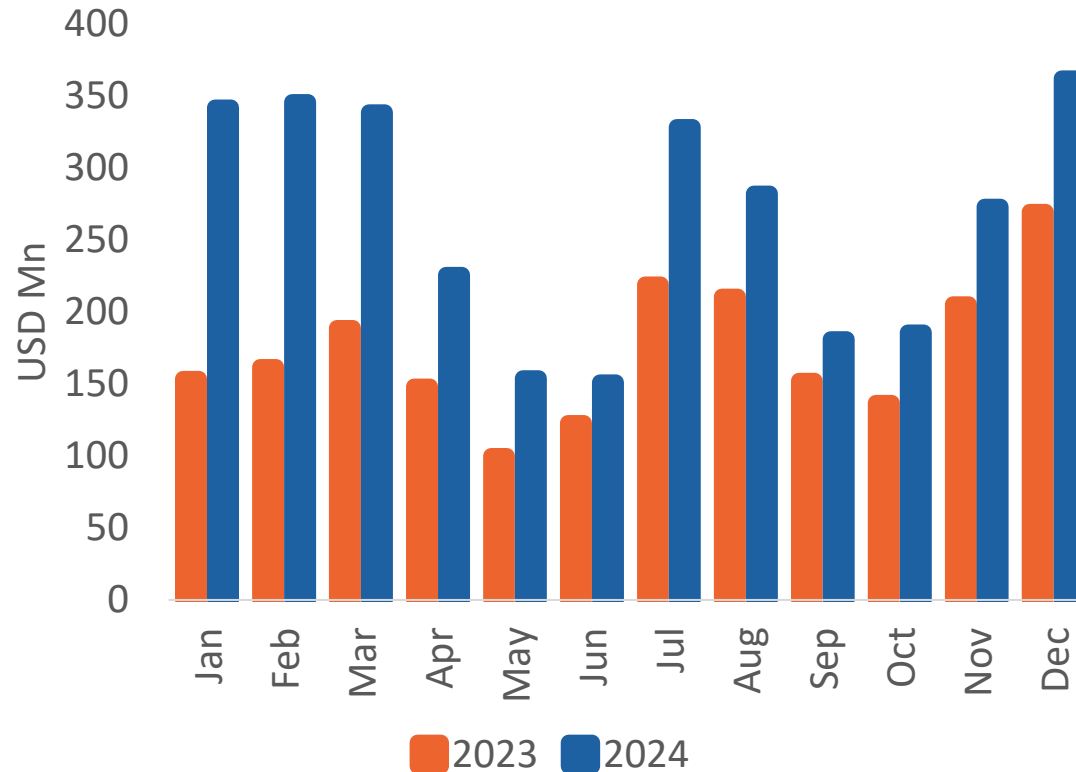


Arrival % by Country in Jan 25



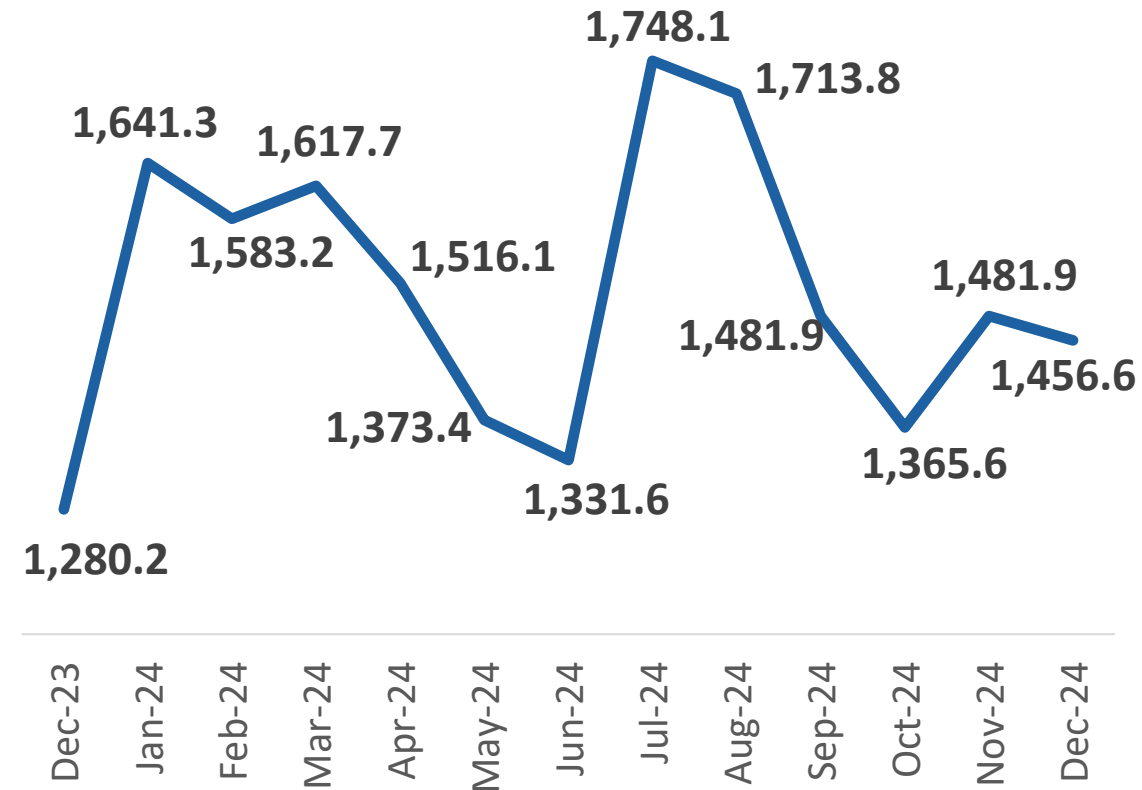
December 2024 tourism earnings soared by 34.5% YoY

Monthly Tourists Earnings



2024 total tourism earnings = USD 3,169 Mn

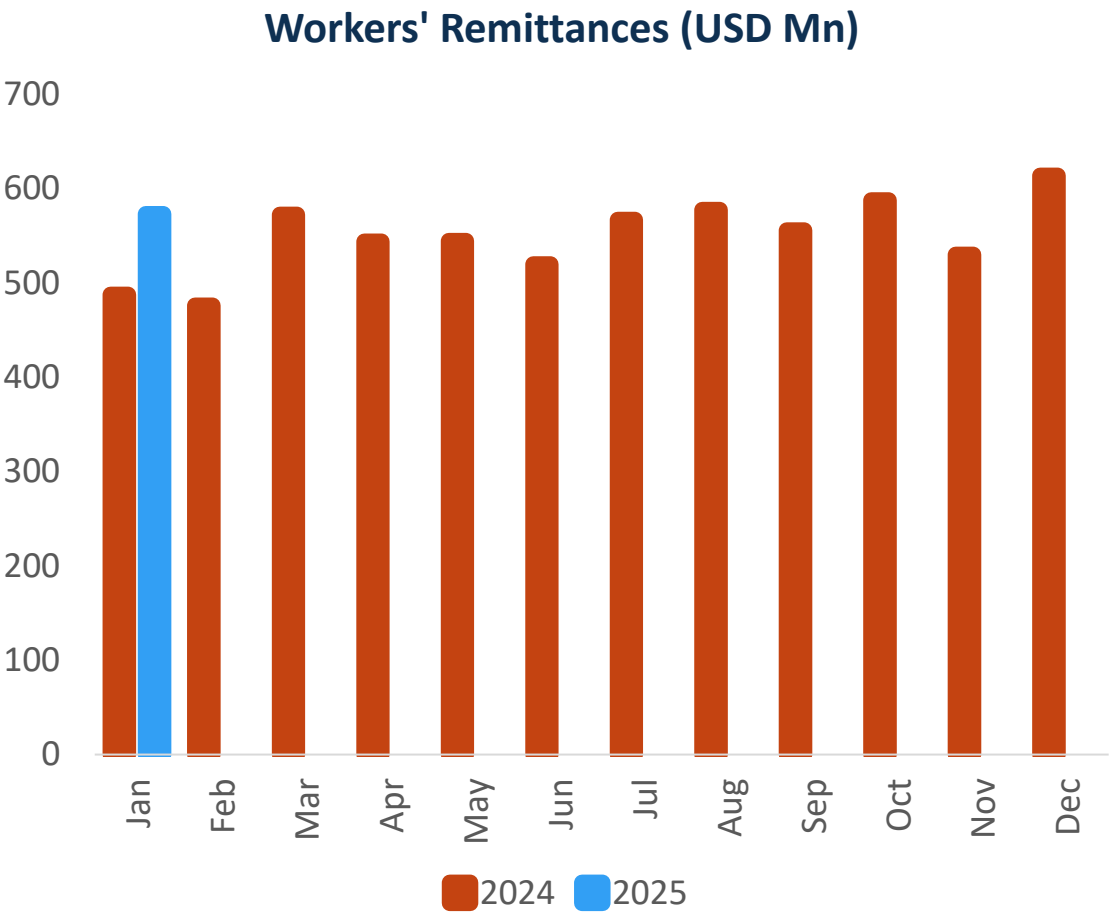
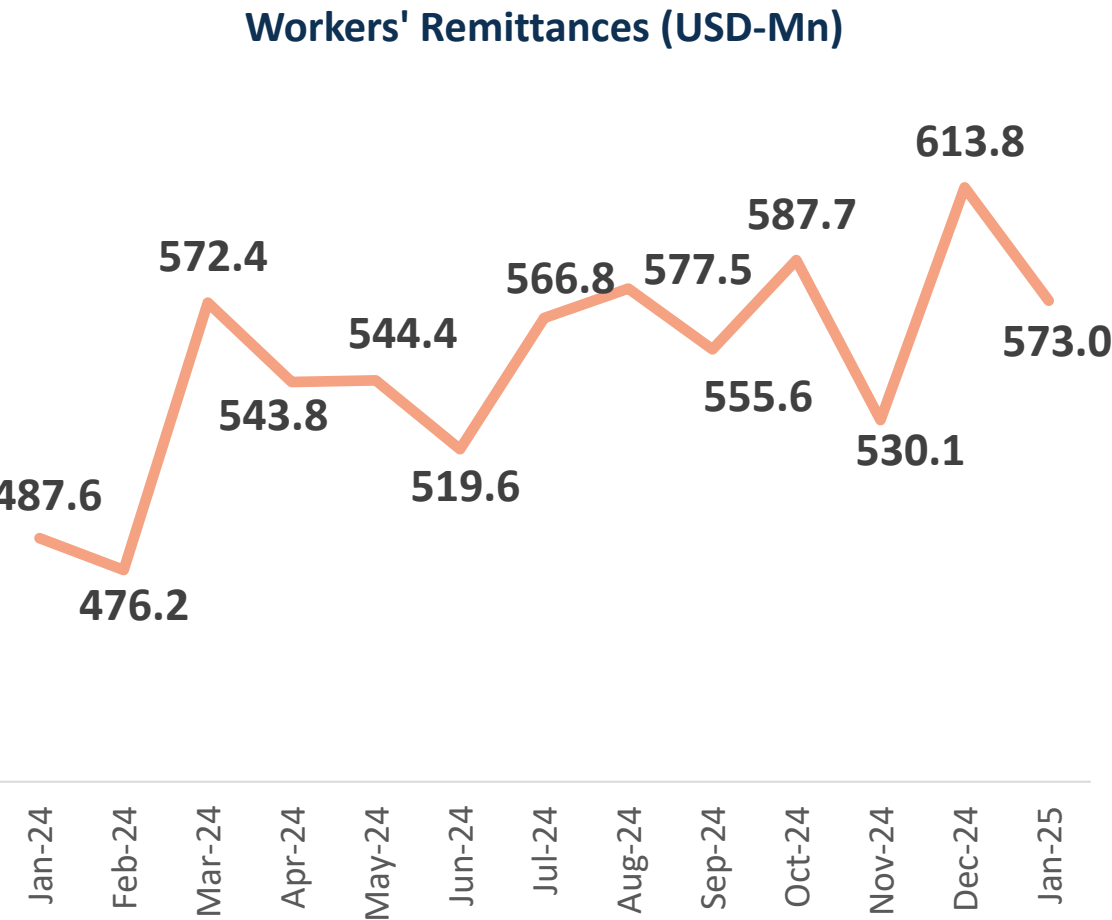
Earnings per Tourist (USD)



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.

January 2025 worker remittances increased by 17.5%

In January 2024, remittance inflows reached USD 573.0 million, marking a YoY growth of 17.5%. However, this figure represents a 6.6% decline compared to December 2024, when remittance earnings peaked at USD 631.8 million, the highest level since January 2021.



Source: CBSL

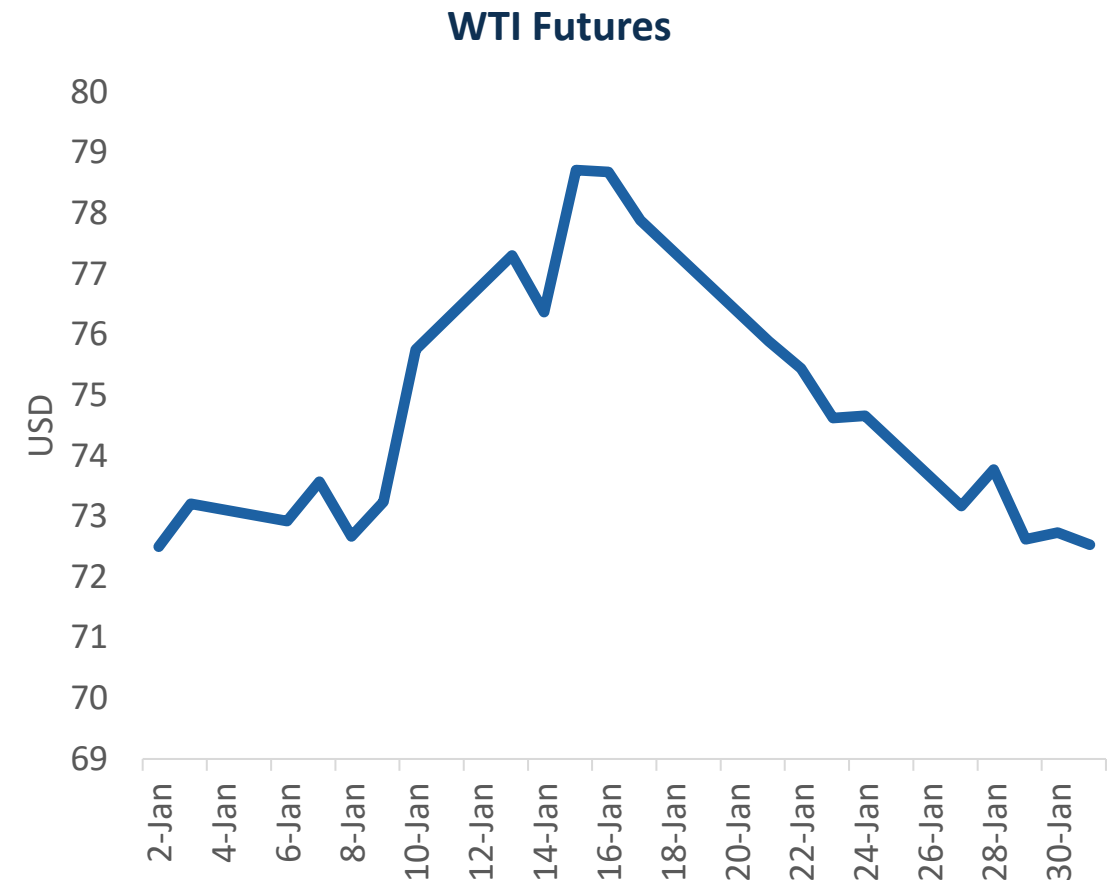
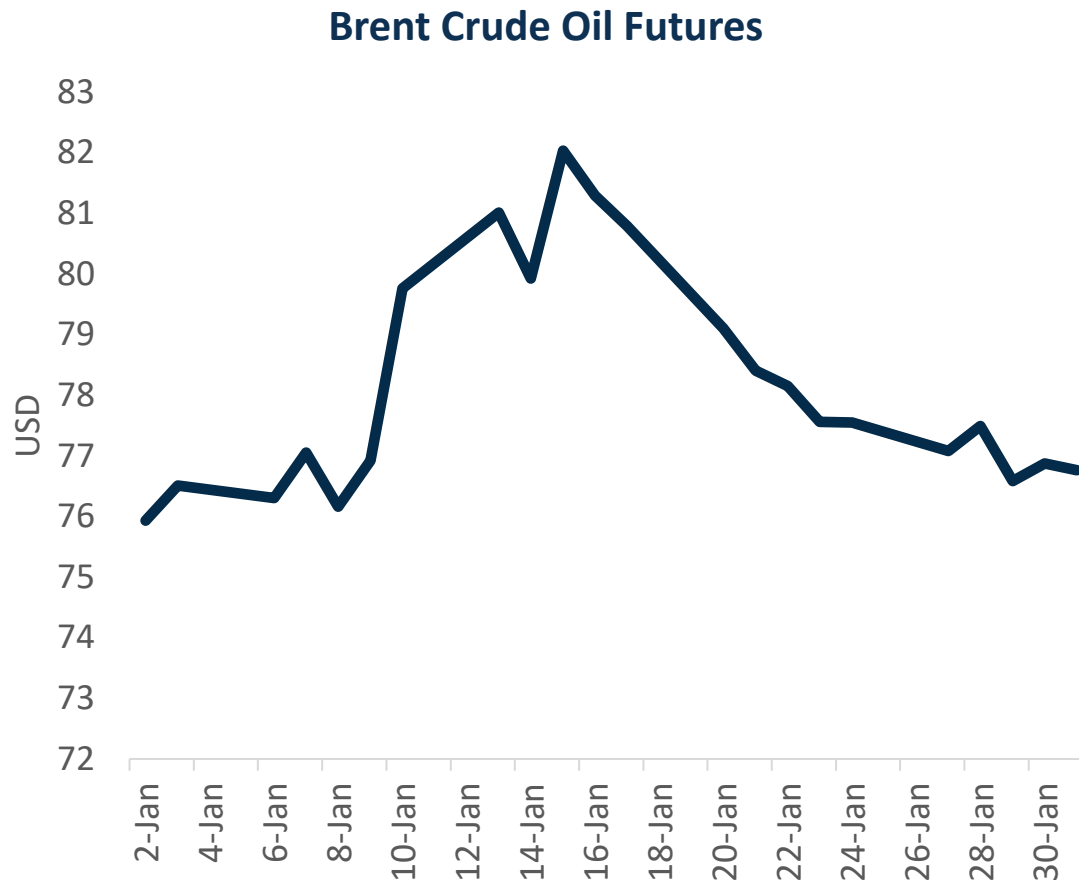


COMMODITIES AND OTHER

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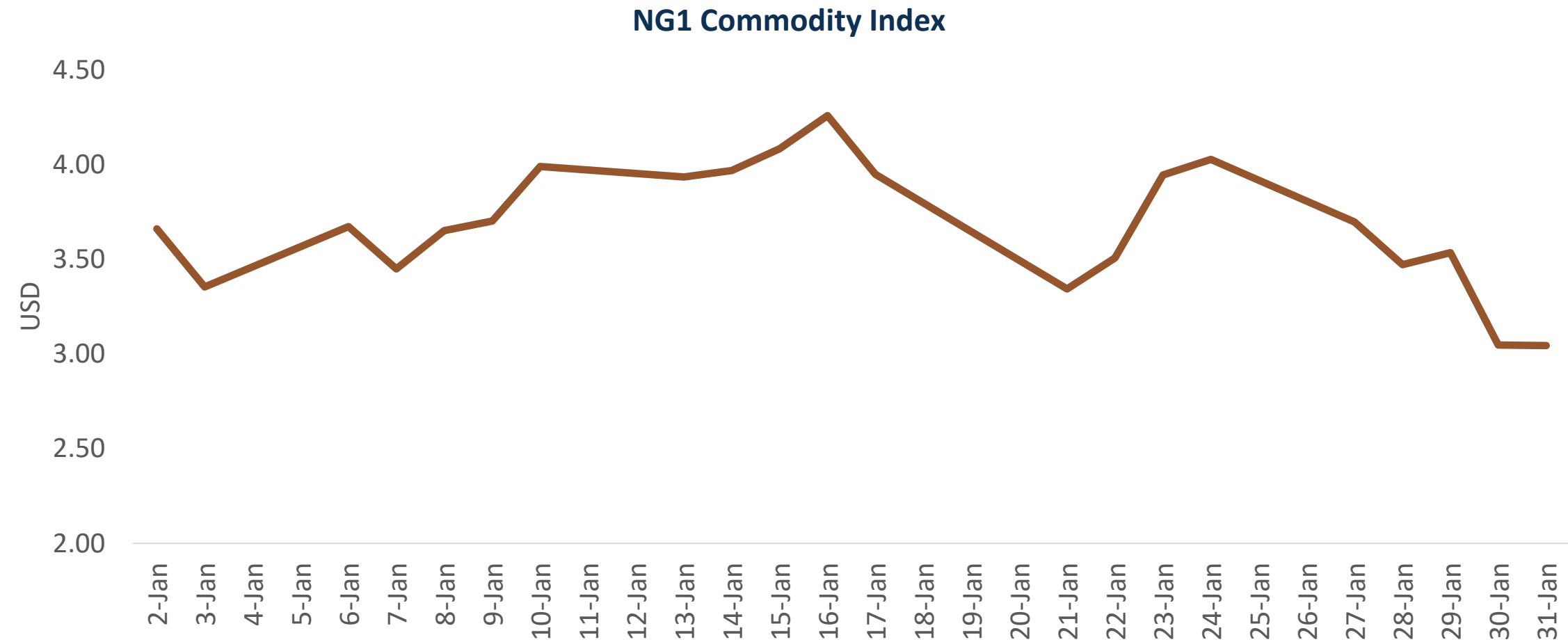
Crude oil peaked mid-January 2025 but ended near its starting price



In January 2025, crude oil prices rose early month but ended near their starting levels. Brent crude gained 1.09%, while WTI futures increased by 0.04%. Early price increases were driven by cold weather in Europe and the U.S. and China's economic stimulus. However, prices retreated after the Israel-Hamas ceasefire, U.S. sanctions on Russian energy, and President Trump's plans to boost U.S. production and pressure OPEC to lower prices.

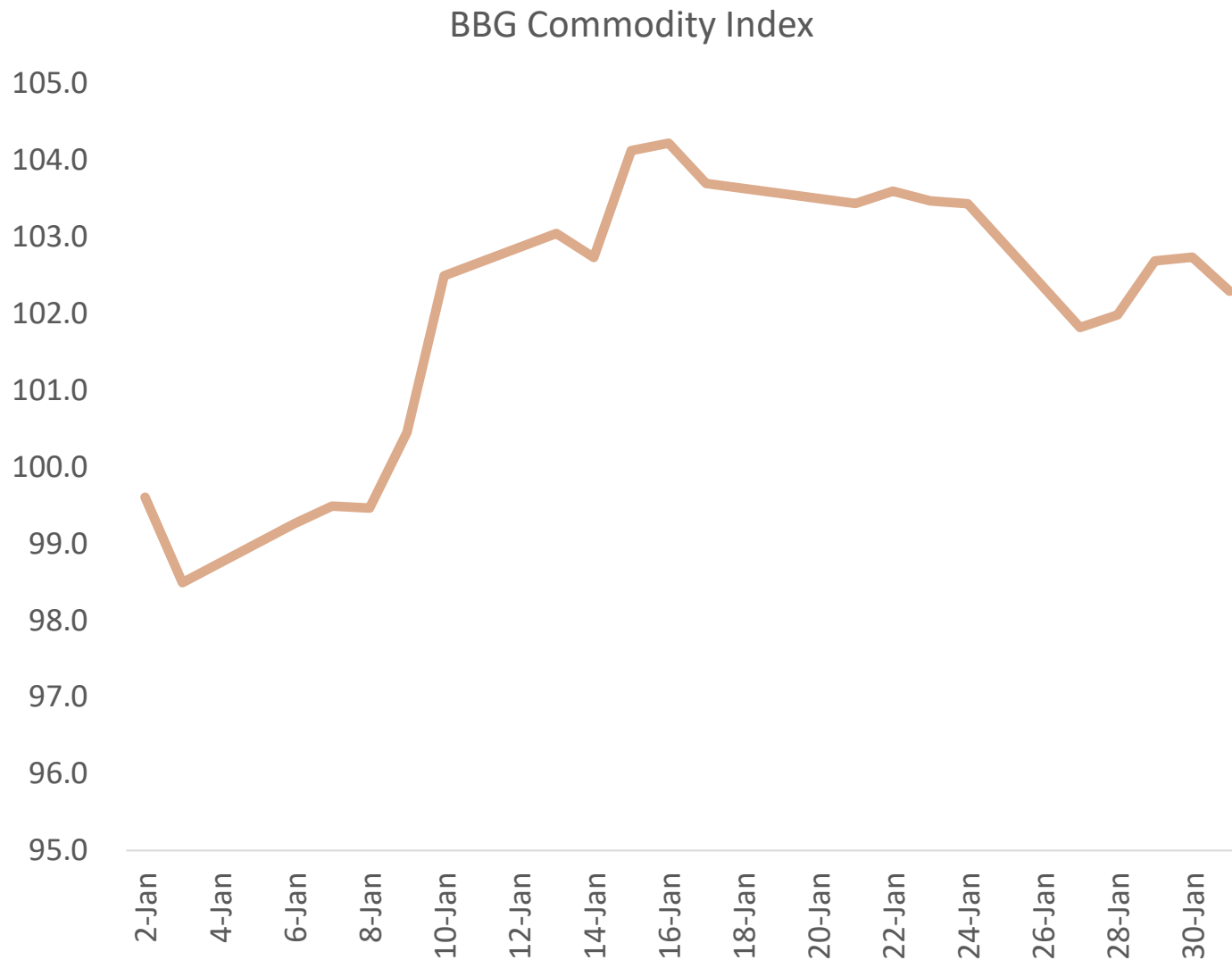
Natural gas prices plummeted by 16.8% during January 2025

In January 2025, U.S. natural gas prices fell by 16.8%, despite strong exports and rising rates in Europe, following a significant increase in December 2024. This decline is attributed to robust U.S. gas production and milder weather expected in February and March. Additionally, President Donald Trump's comprehensive measures to boost domestic gas production are expected to drive rapid growth.



Source: Investing.com

Commodities prices increased by 2.7% in January 2025



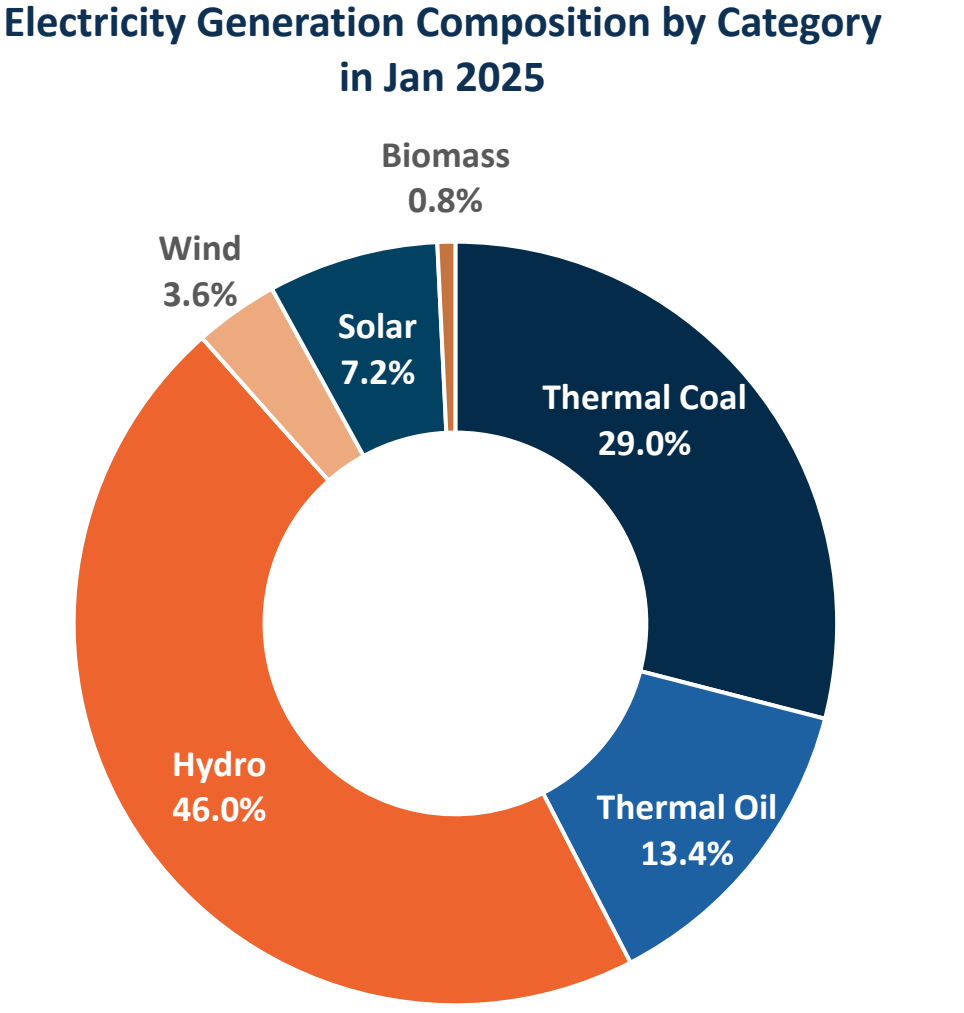
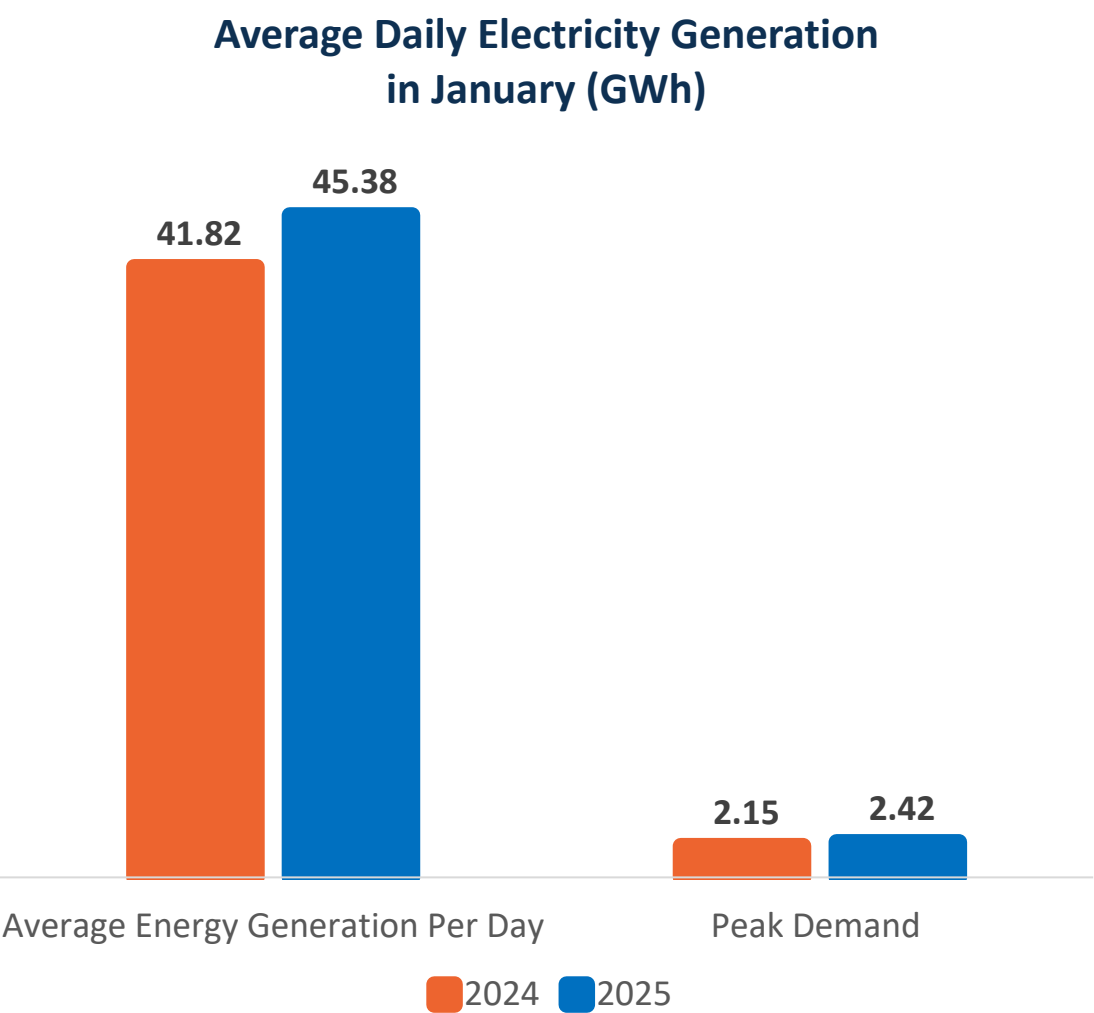
- In January 2025, the Bloomberg Commodity Index rose by 2.7%. Soybean prices increased by 3.0%, driven by below-average U.S. export sales to China and a decline in soybean meal. Brazil's slow soybean harvest delayed supplies. Corn prices gained 5.1% due to lower-than-expected production, raising supply concerns.
- In the industrial metals sector, copper prices rose by 6.3%, driven by global demand from the shift toward renewable energy, electric vehicles, and the growing AI industry. Aluminium prices increased by 2.6%, influenced by the looming threat of tariffs on U.S. imports from Canada and Mexico, two of its primary aluminium suppliers.
- In the precious metals sector, gold prices surged by 6.2%, driven by safe-haven demand amid U.S. tariff threats. Market attention also turned to an important inflation report, which could provide insights into the Federal Reserve's future policy decisions.

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

January 2025 daily electricity generation rose 8.5% YoY

In January 2025, average daily electricity generation reached 45.38 GWh, marking an 8.5% increase compared to the same month last year. The average daily peak demand during the month was 2.42 GWh.



December 2024 tea production rose by 9.6% YoY

In December 2024, Sri Lanka's tea production rose by 9.6% YoY to 21.71 million kilograms. Tea exports also saw an increase, with volumes rising by 8.7% YoY to 22.57 million kilograms, while export earnings grew by 5.7% YoY to LKR 38.39 billion.

For the full year 2024, total tea production reached 262.16 million kilograms, reflecting a 2.4% YoY growth. Export volumes increased by 1.6% YoY to 245.79 million kilograms, while export revenue climbed by 1.2% YoY to LKR 433.47 billion.

For Dec 24	Volume in Kgs	Value in LKR Mn
Tea in Bulk	9,792,037	14,328
Tea in Packets	9,815,206	15,403
Tea in Bags	2,325,196	6,433
Instant Tea	151,157	431
Green Tea	482,684	1,792
Total	22,566,280	38,386

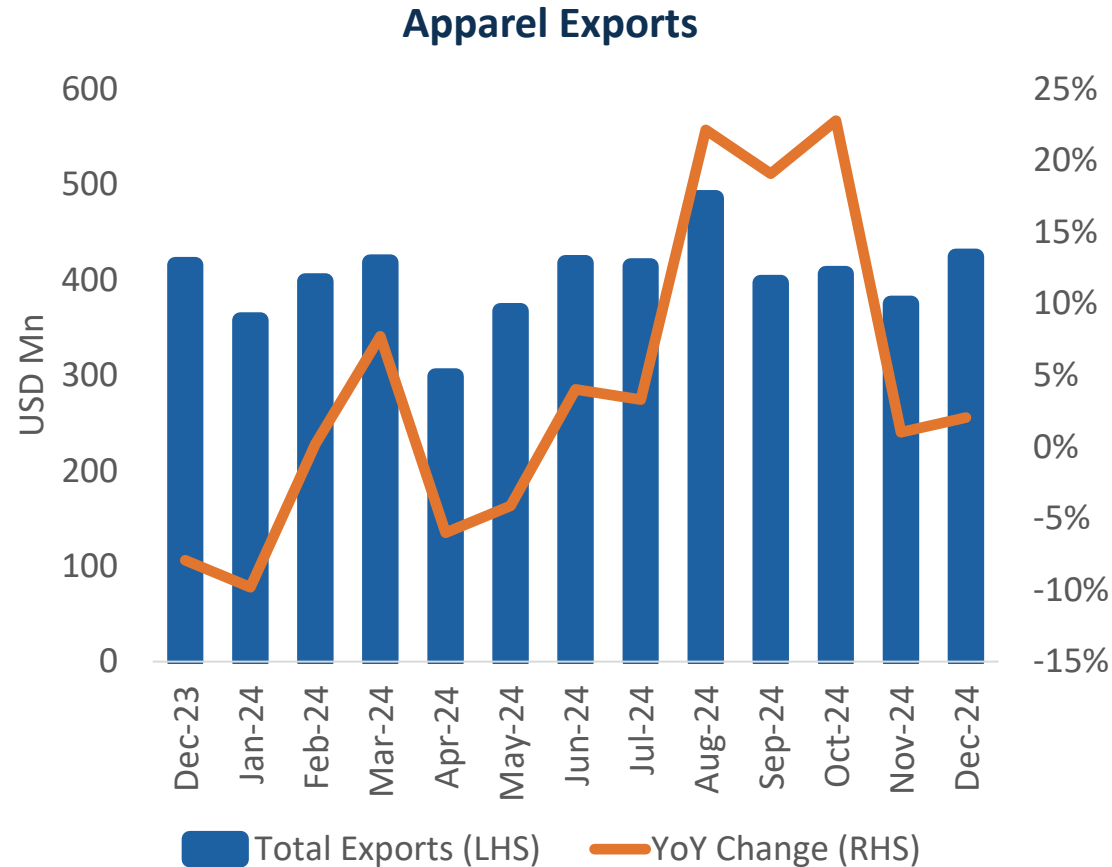
Average Tea Auction Prices (Monthly)

For Dec 24	LKR per Kg
High	855.25
Medium	877.50
Low	2,811.25
Total	4,544.00

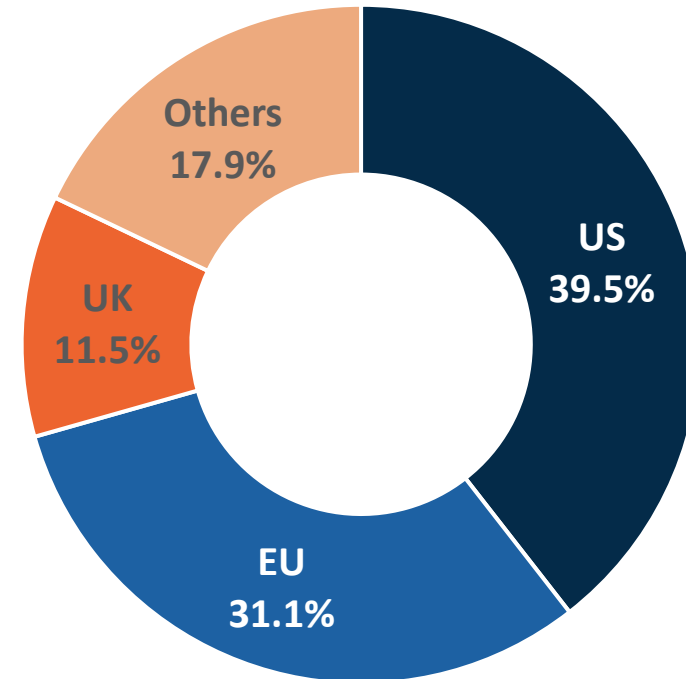
Tea Production

For Dec 24	Kgs
High	4,489,069
Medium	3,679,822
Low	13,355,733
Green Tea	190,307
Total	21,714,931

December 2024 apparel exports increased by 2.1% YoY



Top Export Markets - December 24



In December 2024, Sri Lanka's apparel exports totaled USD 424.18 million, reflecting a 2.1% YoY growth and a 13.1% increase from the previous month. Exports to the European Union rose by 8.8% YoY, while shipments to the United States and the United Kingdom declined by 4.3% and 10.4%, respectively. For the entire year, Sri Lanka's apparel exports reached USD 4,761.02 million, marking a 5.0% YoY growth.

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