

WEEK AT A GLANCE

Fiscal | External | Monetary | Real



FISCAL



Revenue & grants **Rs 4,002 bn, +21.2% YoY** Jan-Aug 2026



Expenditure **Rs 3,967 bn, +6.9% YoY** Jan-Aug 2026



Overall balance **+Rs 35.4 bn surplus** Jan-Aug 2026



Govt debt **Rs 31.3 tn** end Jun 2026



EXTERNAL



USD/LKR **332.35, -6.6% YTD** 23 Oct 2026



Remittances **+18.1% YoY to USD6.9 bn** Jan-Sep 2026



Tourist arrivals **1.69 mn, -1.8% YoY** Jan-Sep 2026



Trade deficit **USD 7.2 bn** Jan-Aug 2026



MONETARY



Policy rate (OPR) **8.75%** 23 Oct 2026



AWPR **10.93% (-18 bps WoW)** week to 23 Oct



Private credit **+24.5% YoY** Aug 2026



364-day T-bill **9.95%** 22 Oct 2026



REAL



NCPI inflation **8.1% YoY** Sep 2026



CCPI inflation **8.0% YoY** Sep 2026



GDP growth **+4.2% YoY** Q2 2026



PMI Mfg / Svc **53.0 / 60.5** Sep 2026

AMBEON VIEW The equity correction (ASPI -2.5% WoW) offers an entry point for fresh funds whilst Fixed income remains attractive near term, with T-bill yields stable and auctions oversubscribed. Brent at a five-month high is the key risk to inflation and the rupee, although improving activity supports the longer-term equity outlook.

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Sri Lanka weekly outlook | Week ended 23rd October 2026 | Published 26 October 2026

FISCAL SECTOR

Jan-Aug 2026 outturn and yields (to 22 Oct)

Overall Fiscal Balance, Jan-Aug 2026

+Rs 35.4 bn

vs Rs 411.0 bn deficit, Jan-Aug 2025



Revenue & grants, Jan-Aug 2026

Rs 4,002 bn

+21.2% vs Jan-Aug 2025



Expenditure, Jan-Aug 2026

Rs 3,967 bn

+6.9% vs Jan-Aug 2025



Govt debt, end Jun 2026

Rs 31.3 tn

+4.3% vs end Dec 2025



Revenue & grants **+21.2% YoY** (Jan-Aug 2026)



Expenditure **+6.9% YoY**; capex **+31.6%** (Jan-Aug 2026)



Primary surplus **Rs 1,645 bn** (Jan-Aug 2026)



T-bills **+0-5 bps**; T-bonds **+10-18 bps** (wk to 22 Oct)



T-bill auction **1.9x**; foreign holdings **-1.4%** (wk to 22 Oct)

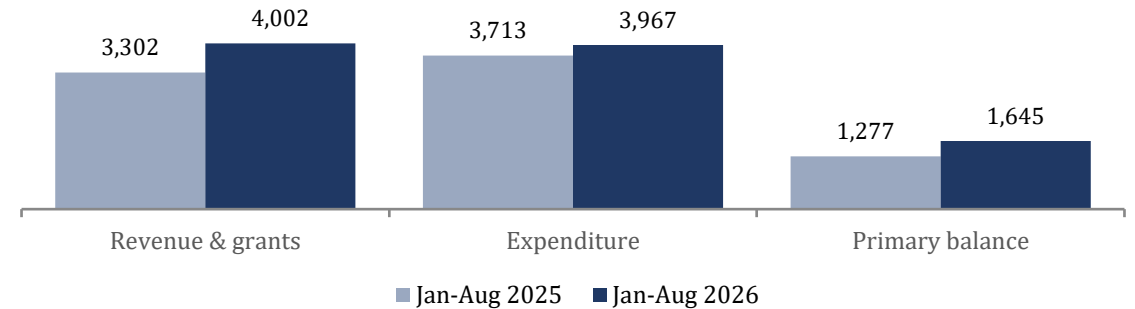


AMBEON VIEW

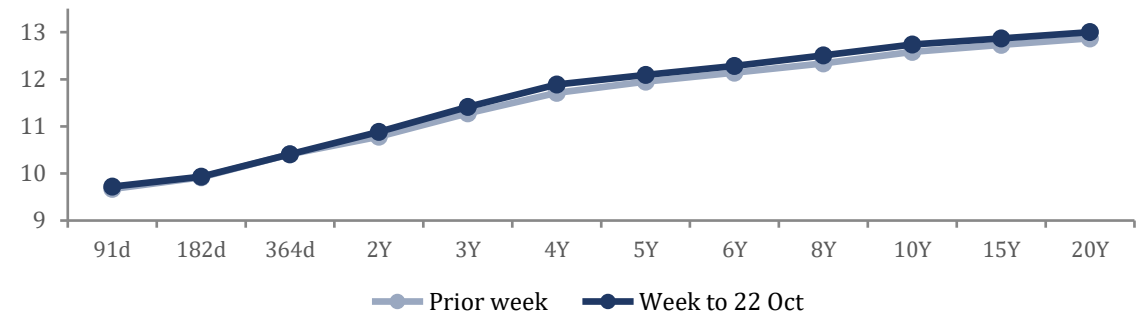
Higher revenue and grants (+21.2%) against slower spending growth (+6.9%) turned last year's Rs. 411 bn deficit into a surplus for Jan-Aug 2026. T-bill auction demand stayed firm (1.9x), with secondary yields ranging from 9.9% for 1-year to 12.5% for 20-year maturities.

Sources: Ambeon Research, CBSL, CSE, News articles

Fiscal operations, Jan-Aug 2025 vs Jan-Aug 2026 (Rs bn)



Secondary market yield curve, week to 22 Oct vs prior week (%)



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AMBEON
SECURITIES

EXTERNAL SECTOR

Rupee, trade, tourism and oil (latest months)

USD/LKR average, 23 Oct 2026

332.35

YTD depreciation 6.6%



Trade deficit, Jan-Aug 2026

USD 7.18 bn

vs USD 4.26 bn, Jan-Aug 2025



Remittances, Jan-Sep 2026

USD 6.87 bn

+18.1% vs Jan-Sep 2025



Brent crude, 23 Oct 2026

USD 114.56/Bbl

+8.6% WoW; +79% vs Jan avg



Remittances **+18.1% YoY** (Jan-Sep 2026), USD 734.4 mn Sep 2026



Tourist arrivals **1.69 mn**, -1.8% YoY (Jan-Sep 2026)



Tourism earnings **-9.2% YoY** (Jan-Sep 2026)



Exports **+3.3%**; imports **+24.1%** (Jan-Aug 2026)



Reserves **USD 6.85 bn** (end Sep 2026)



Brent Barrel **USD 114.6**, +79% since Jan (23 Oct 2026)

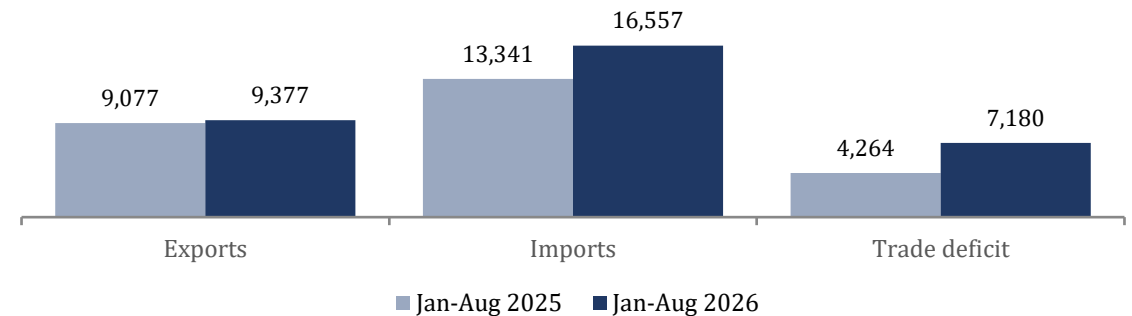


AMBEON VIEW

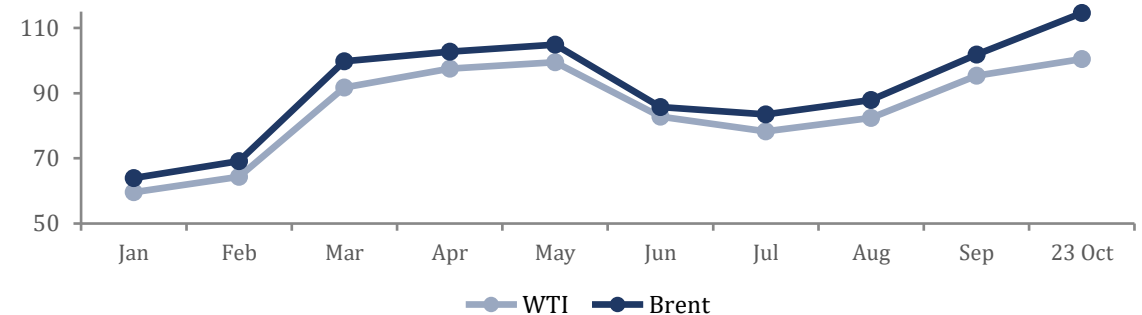
Brent at a five-month high (USD 114.6) and a 6.6% YTD rupee depreciation could add pressure, while higher remittances (+18%, Jan-Sep) may provide support.

Sources: Ambeon Research, CBSL, CSE, News articles

External trade, Jan-Aug 2025 vs Jan-Aug 2026 (USD mn)



Global oil prices, 2026 monthly average to 23 Oct (USD/bbl)



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MONETARY SECTOR

Rates, bonds and credit (to 23 Oct)

Policy rate (OPR), 23 Oct 2026

8.75%

Unchanged vs prior week



364-day T-bill, week to 22 Oct

9.95%

Unchanged vs prior week



AWPR, week ending 23 Oct 2026

10.93%

-18 bps vs prior week



Liquidity surplus, 23 Oct 2026

Rs 384.90 bn

vs Rs 399.88 bn, 16 Oct



Policy rate **8.75%**, unchanged (23 Oct 2026)



AWDR **7.52%** (+13 bps) (Jul to Aug'26)



Private credit **+24.5%**; M2b **+11.5%** (Aug 2026)



T-bill auction **Rs 80.6 bn** accepted; 91-day at **9.32%** (22 Oct)



AWCMR **9.00%** (+1 bp); repo **9.06%**



Liquidity surplus **Rs 385 bn** (23 Oct 2026)

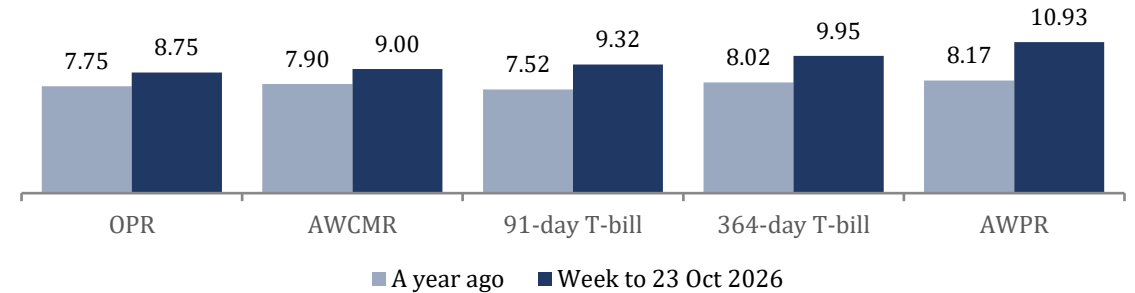


AMBEON VIEW

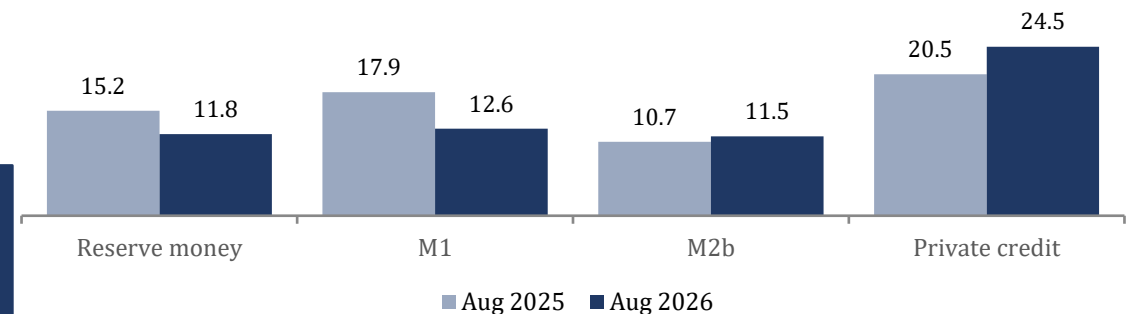
NCPI inflation held at 8.1% in Sep, close to the 8.75% OPR, which may limit room for further rate cuts. AWPR eased 18 bps WoW to 10.93% and the liquidity surplus narrowed to Rs 384.9 bn. Meanwhile secondary T-bond yields rose 10-18 bps during the week while the USD 100 mn Domestic Dollar Bond bidding window closed on 23 Oct.

Sources: Ambeon Research, CBSL, CSE, News articles

Key rates: a year ago vs week to 23 Oct 2026 (%)



Money and credit growth, Aug 2025 vs Aug 2026 (% YoY)



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REAL SECTOR

Prices, output and activity (latest months)

Industrial Production IIP Aug 2026

99.7

Up from 98.4 in Aug 2025



CCPI inflation, Sep 2026 (YoY)

8.0%

Core 5.4%



GDP growth, Q2 2026 (YoY)

4.2%

vs 5.0% in Q2 2025



PMI Manufacturing / Services, Sep'26

53.0 / 60.5

Both above 50



Inflation **8.1%** NCPI, **8.0%** CCPI (Sep 2026)



Industrial output **+1.3%** YoY (Aug 2026)



PMI **53.0** Manufacturing, **60.5** Services (Sep 2026)



Production (Mn Kg) Tea: **-3.7%YoY**, Rubber: **-2.2% YoY** (Aug 2026)



Unemployment **4.0%** (Q2 2026)



Wage Rate Index: informal private **+10.3% YoY**, public **+5.0% YoY** (Sep 2026)

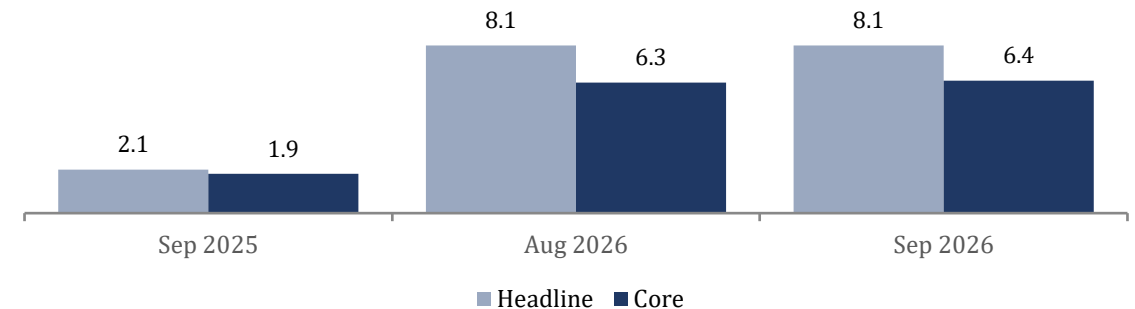


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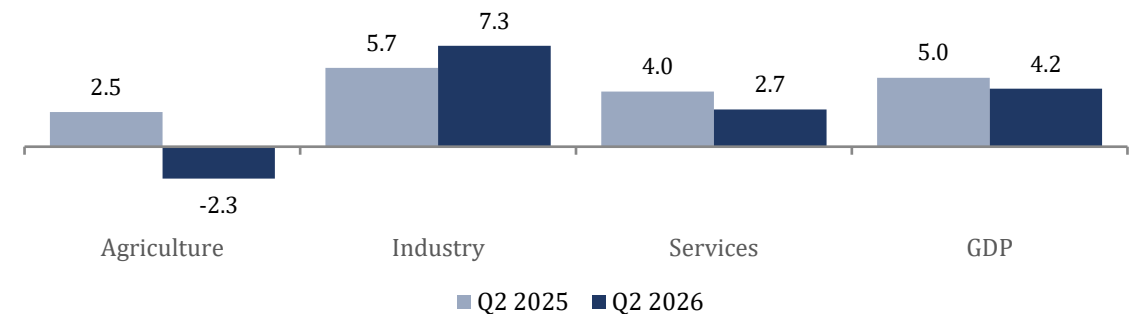
NCPI inflation held at 8.1% in Sep (core up to 6.4%) while Q2 2026 GDP growth slowed to 4.2%; September PMIs above 50 point to resilient activity. Oil at a five-month high and elevated vegetable prices are likely to keep inflation in focus.

Sources: Ambeon Research, CBSL, CSE, News articles

NCPI inflation, YoY: Sep 2025, Aug 2026, Sep 2026 (%)



GDP growth by sector, Q2 2025 vs Q2 2026 (% YoY)



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SRI LANKA: THE WEEK IN NEWS

Budget, IMF, markets and reforms (to 24 Oct 2026)



BUDGET & IMF



Budget speech due 12 Nov; Appropriation Bill final vote 14 Dec *(as scheduled, 7 Oct)*



IMF 7th review staff-level deal: US\$345 mn on Board approval, after the Budget *(4 Oct)*



Recurrent spend Rs 3,240 bn (over 20% higher); capex Rs 1,753 bn (-5.4%) *(Bill, 7 Oct)*



Customs collected Rs 152.8 bn in 21 days, 79% of October target *(23 Oct)*



ECONOMY & MARKETS



Tourist arrivals 77,868, +3% YoY; India +39.8% *(1-15 Oct)*



Brent up US\$9.08 to US\$114.56, a five-month high, on Houthi attacks on Saudi Arabia *(19-23 Oct)*



Rupee closed at 332.10/20 in spot; 6.6% YTD depreciation *(23 Oct)*



ASPI -2.48% and S&P SL20 -2.18% WoW; Friday turnover Rs 825 mn *(23 Oct)*



REFORMS & INVESTMENT



Cabinet clears PPP Bill for gazette; new National PPP Agency planned *(19 Oct)*



Cabinet approves new credit-risk method for financial institutions under Debt Act *(20 Oct)*



US envoy invites Sri Lankan firms to explore US investment, incl. SelectUSA summit *(22 Oct)*



Yunnan MoU offers free warehousing and exhibition booths to Sri Lankan firms *(23 Oct)*



AMBEON VIEW

IMF Board approval (about US\$345 mn) hinges on the 12 Nov Budget, while Brent at a five-month high tests the rupee and inflation. PPP and trade initiatives support medium-term investment, but near-term yield and rupee direction may follow the Budget and oil prices.

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