

Economy likely to grow between 3.5% - 4% in 2020

Inflation to be curtailed in the range of 4% to 6%

LAKMI NANAYAKKARA

The economy is expected to grow better in 2020 than 2019 at a rate around 3.5% to 4%, Governor, Central Bank Lanka, Prof. W. D. Lakshman told the press conference held on Monetary Policy Review yesterday.

He said that they expect political stability and presentation of the annual budget following the elections scheduled for end of April and the appointment of the new Parliament in May will boost the investor confidence further.

The monetary board has also decided to maintain the

current accommodative monetary policy stance of the Central Bank as such that the policy interest rate reduced by 50 basis points will be maintained at that level in commercial banks to pass the benefit of the policy rate reduction annually to the borrowers without any further delay.

He also said that the outbreak of the COVID-19 will have an adverse impact on the ongoing developments of the country. There will be direct impact from China in imports, exports, tourism and work force. The impact from the global economic slowdown would also affect

the tourism, exports, petroleum, remittances and interest rates and investments of the country. The exact impact of the local economy would greatly depend on the extent to the global spread of the COVID-19 outbreak, its persistence and policy responses of major economies and trading partners.

The monetary board extended an assurance to the market that the adequate liquidity in domestic financial markets will be maintained wither any impact arising from the global developments particularly due to the spread of the COVID-19 virus. **To page III**

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The accommodative measures will continue until the global economy shows signs of recovery from the current fragile situation.

"The recent rise in the inflation which was mainly driven by food inflation is expected to revert to 4% to 6% target range shortly and stabilize thereafter," he said.

The exchange rate has also shown greater stability and the official reserves remain at heavy levels. Current growth is expected

to continue with the current trend particularly with the decline of the trending rate.

"We expect a further decline in the market trending rate in response to the measures that have already been taken," he said.

Possible fiscal debentures were also discussed and were observed that the expected net financial requirements in 2020 will unlikely add any excessive pressure to the market.