

# Policy interest rates to remain unchanged

## To maintain inflation at 4-6% and to support economic growth to reach its potential

The Monetary Board of the Central Bank of Sri Lanka will maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 7.50 percent and 8.50 percent to maintain inflation in the desired 4-6 per cent range while supporting economic growth to reach its potential over the medium term, the Central Bank said yesterday.

The decision to hold the policy rates has been taken after a careful analysis of current and expected developments in the domestic economy and the financial market as well as the global economy, the bank said in a statement.

**Excerpts:**  
"Amidst expectations of softening global growth due to increased trade and geopolitical tensions, monetary policies in advanced economies have turned increasingly dovish since the beginning of this year. A number of central banks in emerging market economies have also reacted by relaxing their monetary policies, with a view to supporting domestic economic growth amidst subdued inflationary pressures and volatile global market conditions."

**Economic growth up to 3.7%**

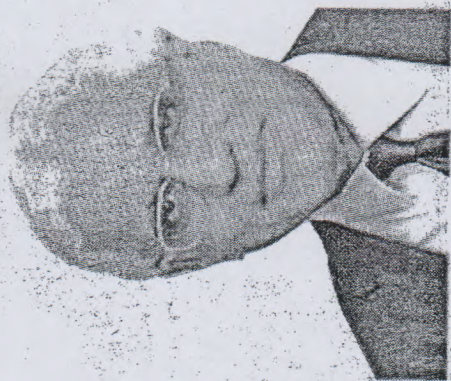
SHIRAJIV SIRIMANE

The economic growth increased to 3.7 percent in the first quarter of 2019 from 1.8 percent in the last quarter of 2018, Central Bank officials said at the fourth monetary policy review for 2019.

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ter2018, according to provisional estimates published by the Department of Census and Statistics.

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### SL economy to recover gradually

"The Sri Lankan economy grew at a relatively healthy rate of 3.7 per cent (year-on-year) during the first quarter 2019, compared to 1.8 per cent recorded in the fourth quarter

### Economic growth...

The economy was mainly powered by the agricultural sector which grew by 5.5%, service sector by 4.1% and the industrial sector by 3.3%. It was also announced that the official reserves improved to US\$ 8.9 billion by end June following the receipt of the proceeds of the ISBs. The Sri Lanka rupee which saw a major plunge in 2018 end also saw an appreciation of 4.1%.

The inflation was also managed at around 4 to 6 percent in 2019 and it is expected to remain in that range. The trade deficit also narrowed by USD 1.5 billion mainly due to the reducing on imports of gold and vehicles and also refined petroleum.

Governor Dr. Indrajith Coomaraswamy said that for the first time after a lapse of 10 years there was a surplus in the current account but this was only for one quarter.

"We have several plus factors in the economy but the growth is not praiseworthy especially after the Easter Sunday blasts. But things are improving starting from the tourism," he said