+357 96 030922
info@marketpublishers.com

Sri Lanka Business Forecast Report Q2 2014

https://marketpublishers.com/r/SE4D276FC7EEN.html
Date: February 2014
Pages: 41
Price: US$ 1,195.00 (Single User License)
ID: SE4D276FC7EEN

Abstracts

Includes 3 FREE quarterly updates

Core Views

Although the US is pressing for a UN inquiry into war crimes in Sri Lanka that allegedly occurred during the final stages of the country's civil war, the island state will continue to receive strong political and economic support from China, its strategic partner. Even if a UN resolution is passed, President Mahinda Rajapaksa's government will remain strong, and the current economic growth momentum will not be derailed.

We are forecasting a healthy real GDP growth rate of 6.8% year-onyear (y-o-y) in 2014, as we expect public investment in infrastructure development to continue supporting growth and the gradual recovery in the US and European markets to bode well for goods exports. In addition to a potential bottoming out of private sector credit, the recent rise in public sector credit could have inflationary consequences over the coming months. Economic growth continues to be on a sound footing, and the Central Bank of Sri Lanka will remain cautious of further rate cuts and will likely keep rates steady for a prolonged period. We are forecasting the reverse repo rate to end the year at its current level of 8.00%. We expect the Sri Lankan rupee to remain fairly stable against the US dollar over the course of 2014, as the recent improvement seen in the external sector will lend support to the currency.

Even though the Sri Lankan government remains committed to consolidating its fiscal account, the pace of consolidation will be slow due to the marginal impact of ongoing tax reforms and the downward rigidity in government expenditures. As such, the fiscal deficit as a share of GDP will likely stay elevated over the course of the next few years, and we are forecasting it to come in at 5.8% in 2014 before falling marginally to 5.7% in 2015. **Major Forecast Changes** We have recently upgraded our 2014 current account

+357 96 030922
info@marketpublishers.com

forecast to -5.0% of GDP, from -5.4% previously.

Key Risks To Outlook

Upside Risks To Current Account Deficit: Risks include the potential for adverse global commodity price movements (especially that of oil prices) and a flare-up in sovereign risk in the European Union. Risk To Rupee Outlook: Sri Lanka's current account deficit continues to be largely financed by government borrowing from abroad, as its foreign direct investment is inadequate to finance the large deficits. This is unsustainable in the long run and is bearish for the currency, as the government is already burdened by high external debt.

+357 96 030922
info@marketpublishers.com

Contents

+357 96 030922
info@marketpublishers.com

GDP growth rate of 6.8% y-o-y for 2014.

Table: ECONOMIC ACTIVITY

Monetary Policy

Long Pause Ahead For The CBSL the Central Bank of Sri Lanka cut its reverse repo rate by 50 basis points (bps) to 8.00% in its January meeting and extended the current easing cycle to 175bps as it aimed to spur private sector credit and economic growth. While we broadly expect a long pause in monetary policy, we note that the risks appear to be weighted to the dovish side, as we see little pressure for a rate hike in a disinflationary environment.

Table: MONETARY POLICY

Fiscal Policy

Deficit Reduction Will Be Hard To Come By

Even though the Sri Lankan government remains committed to consolidating its fiscal account, the pace of consolidation will be slow owing to the marginal impact of ongoing tax reforms and the downward rigidity in government expenditures. As such, the fiscal deficit as a share of GDP will likely stay elevated over the course of the next few years; we forecast it to come in at 5.8% in 2014 before falling marginally to 5.7% in 2015.

Table: FISCAL POLICY

Balance Of Payments

External Sector Improvement To Keep Sri Lankan Rupee S Table

While we have a long-term bearish outlook on the Sri Lankan rupee, we expect the currency to remain fairly s Table against the US dollar over the course of 2014, as the recent improvement seen in the external sector will lend support to the currency. A heavy reliance on financial account inflows poses a risk despite the healthy build-up in foreign reserves.

Table: CURRENT ACCOUNT

CHAPTER 3: 10-YEAR FORECAST

the Sri Lankan Economy To 2023

A Constructive Long-Term Outlook

Sri Lanka's economy has performed solidly following the end of a quarter-century of civil war in 2009, and we believe the island is well placed to sustain this momentum over the coming decade. While there are lessons to be learned from its recent bout of overheating, the reintegration of resources (particularly labour) into the formal economy and a deepening of financial markets bode well for faster economic expansion over the medium term. We are confident that real GDP growth can average a healthy annual clip of 6.6% over the coming 10 years.

Table: Long -Term Macroeconomic Forecasts

+357 96 030922
info@marketpublishers.com

CHAPTER 4: BUSINESS ENVIRONMENT

SWOT Analysis
BMI Business Environment Risk Ratings
Business Environment Outlook institutions
  Table: BMI Business And Operation Ris k Ratings
  Table: BMI Legal Framewor k Rating
  Table: Labour Force Quality infrastructure
  Table: ASIA – ANNUAL FDI INFLOWS
  Table: Trade And Investment Ratings
Market Orientation
Operational Risk

CHAPTER 5: KEY SECTORS

Pharmaceuticals
  Table: Pharmaceutical sales , 2009-2017
  Table: Healthcare Expenditure Trends, Historical Data And Forecasts
Other Key Sectors
  Table: Telecoms Sector Key Indicators

CHAPTER 6: BMI GLOBAL ASSUMPTIONS

Global Outlook
Fairly Benign Prognosis ... With Risks
  Table: Global Assumptions
  Table: Developed States, Real GDP GrowtH, %
  Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH FORECASTS, %
  Table: Emerging Mar kets , Real GDP Growt h, %

+357 96 030922
info@marketpublishers.com

I would like to order

Product name: Sri Lanka Business Forecast Report Q2 2014

Product link: https://marketpublishers.com/r/SE4D276FC7EEN.html

Price: US$ 1,195.00 (Single User License / Electronic Delivery)

If you want to order Corporate License or Hard Copy, please, contact our Customer Service:

info@marketpublishers.com

Payment

To pay by Credit Card (Visa, MasterCard, American Express, PayPal), please, click button on product page https://marketpublishers.com/r/SE4D276FC7EEN.html