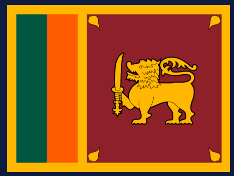
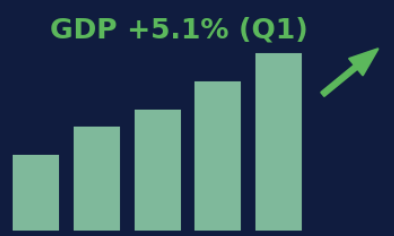


SRI LANKA WEEKLY

15 June – 21 June 2026

BY Shrishti Chauhan



Q1 GDP grows 5.1%, led by industry

Rupee steadies after speculation spike

Fuel up 48% as US-Iran shock bites

POLITICS

- President's Secretary Kumanayake chairs a June 17 review of 2026 budget projects amid slow delivery — only 17.4% of the Rs 1,380 bn capital budget spent so far.
- Deputy Finance Minister Anil Jayantha Fernando frames the rupee's slide as speculation- and fear-driven, with monthly import bills topping $2 bn in April–May.
- Central Bank warns Singhe Capital Investment over unauthorised deposit-taking; welfare-registry census passes the halfway mark.

ECONOMY

- Q1 2026 GDP grows 5.1% (from 4.7%), led by industry (+7.2%), mining (+19.5%) and construction (+16.3%); government keeps the 5% full-year target.
- Rupee steadies near a 333–336 baseline after heavy intervention; T-bill yields ease (3-month to 10.02%).
- ASPI recovers to ≈22,385 (June 17) and 22,436 (June 18); revenue from all three tax agencies up >50% year-on-year to June 8.
- Fitch flags 'deteriorating' outlooks for APAC banks including Sri Lanka as the US–Iran war lifts oil; domestic fuel up ≈48%, inflation at 5.5%.

FOREIGN AFFAIRS

- Diplomacy stays anchored to the IMF programme and reconstruction financing after Cyclone Ditwah.
- Foreign investors' rupee-bond holdings continue a modest recovery.
- Sri Lanka–India rupee-settlement talks for $6 bn bilateral trade carry into the week.

INTERNAL SECURITY

- Colombo Stock Exchange suspends trading in Hela Apparel Holdings (June 18) over an unresolved audit-opinion disclaimer.
- Regulators pursue the NDB insider-fraud fallout flagged a week earlier by the CoPF.

DEFENCE

- Security-services focus remains on monsoon and post-Ditwah disaster response; no major new operations reported.
- India defence-training cooperation under the USD 7 m programme continues in the background.

HEALTH

- Healthcare positioned as an economic-growth driver ahead of the October economic summit.
- Cost-of-living pressure from the ≈48% fuel surge weighs on household health budgets.

EDUCATION

- Digital-economy ministry and the SEC advance a regulatory roadmap for crypto/digital assets (June 16).
- Skills and education remain headline themes for the 2026 Economic and Investment Summit (Oct 12–13).

SOCIETY

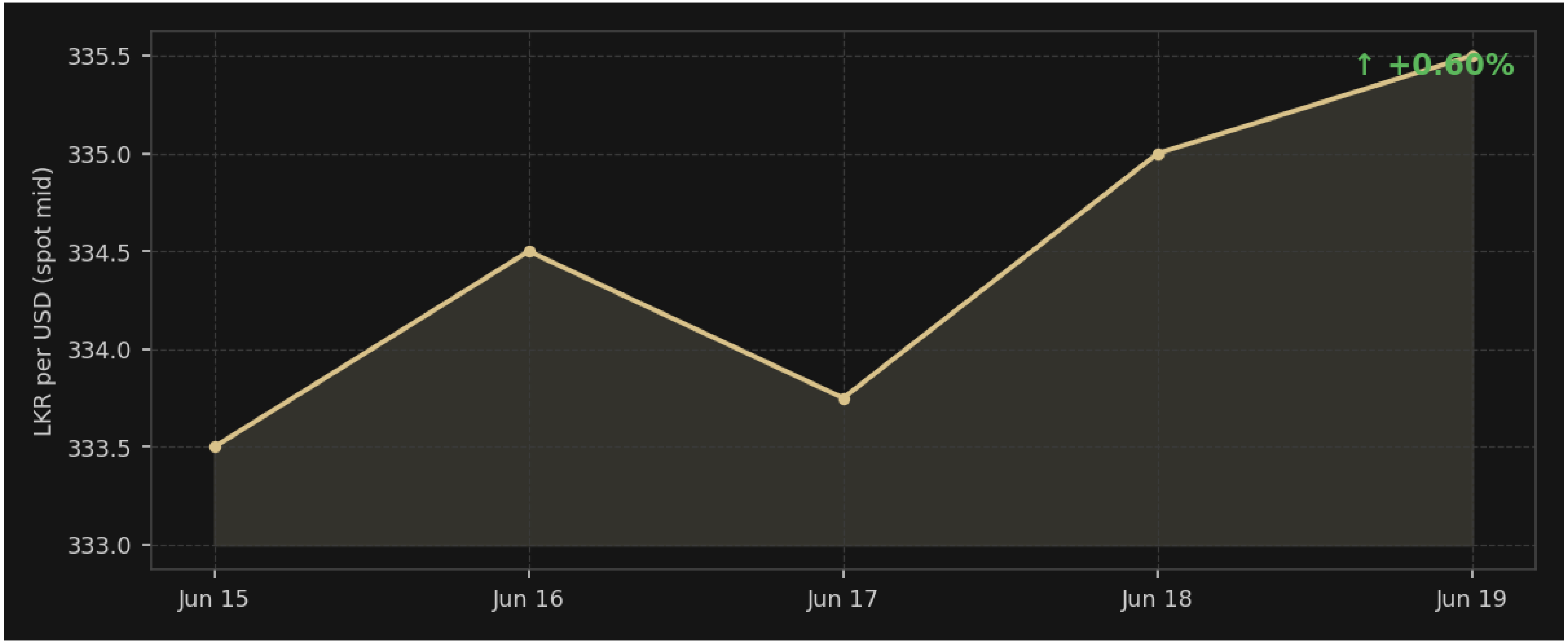
- Galadari Hotel Colombo refurbishment reopening pushed to early Q4 2026.
- Welfare Benefits Board's nationwide census passes 50%, processing 1.5 m of 3.12 m applications.
- Rain repeatedly disrupts Sri Lanka's white-ball tour of the West Indies.
- LYNEAR Wealth and Saskia Fernando Gallery partner to support the local art ecosystem.

Sr No	Date	Sector	News Headlines	Source
1	15 Jun 2026	Economy	Q1 2026 GDP grows 5.1%, led by industry, mining and construction	EconomyNext
2	15 Jun 2026	Economy	Rupee at 333.50/335 to the dollar; bond yields continue to drop on easing tensions	EconomyNext
3	15 Jun 2026	Economy	Stocks gain as all banking shares close up; Sampath and Commercial lead the ASPI	EconomyNext
4	16 Jun 2026	Education	Digital Economy Ministry and SEC advance a regulatory roadmap for digital assets	EconomyNext
5	17 Jun 2026	Economy	T-bill yields fall for shorter tenors; all Rs 70 bn of bills offered are sold	EconomyNext
6	17 Jun 2026	Economy	Government keeps 5% growth target despite tightening and rising prices, says DFM Fernando	EconomyNext
7	17 Jun 2026	Internal Security	Central Bank warns Singhe Capital Investment over unauthorised deposit-taking	EconomyNext
8	17 Jun 2026	Politics	Presidential Secretariat reviews slow 2026 budget project delivery (17.4% of capex used)	EconomyNext

Sr No	Date	Sector	News Headlines	Source
9	18 Jun 2026	Economy	ASPI edges up 0.22% to 22,436.14 despite net foreign selling	EconomyNext
10	18 Jun 2026	Economy	All three tax agencies report >50% revenue growth to June 8 on broadened VAT base	EconomyNext
11	18 Jun 2026	Politics	DFM Fernando says rupee fall driven mainly by speculation and 'misled' information	EconomyNext
12	18 Jun 2026	Internal Security	CSE suspends Hela Apparel Holdings trading over an unresolved audit-opinion disclaimer	EconomyNext
13	18 Jun 2026	Economy	Fitch flags 'deteriorating' APAC bank outlooks, including Sri Lanka, on US-Iran oil shock	EconomyNext
14	19 Jun 2026	Society	Welfare Benefits Board census passes 50%, processing 1.5 m of 3.12 m applications	EconomyNext
15	19 Jun 2026	Economy	Domestic fuel up ~48% and inflation at 5.5% seen braking H2 2026 growth	EconomyNext
16	20 Jun 2026	Society	Galadari Hotel Colombo refurbishment reopening pushed to early Q4 2026	EconomyNext

Sr No	Date	Sector	News Headlines	Source
17	21 Jun 2026	Society	Rain repeatedly disrupts Sri Lanka's white-ball tour of the West Indies	Ada Derana
18	21 Jun 2026	Foreign Affairs	Foreign investors' rupee-bond holdings continue a modest recovery	Daily FT

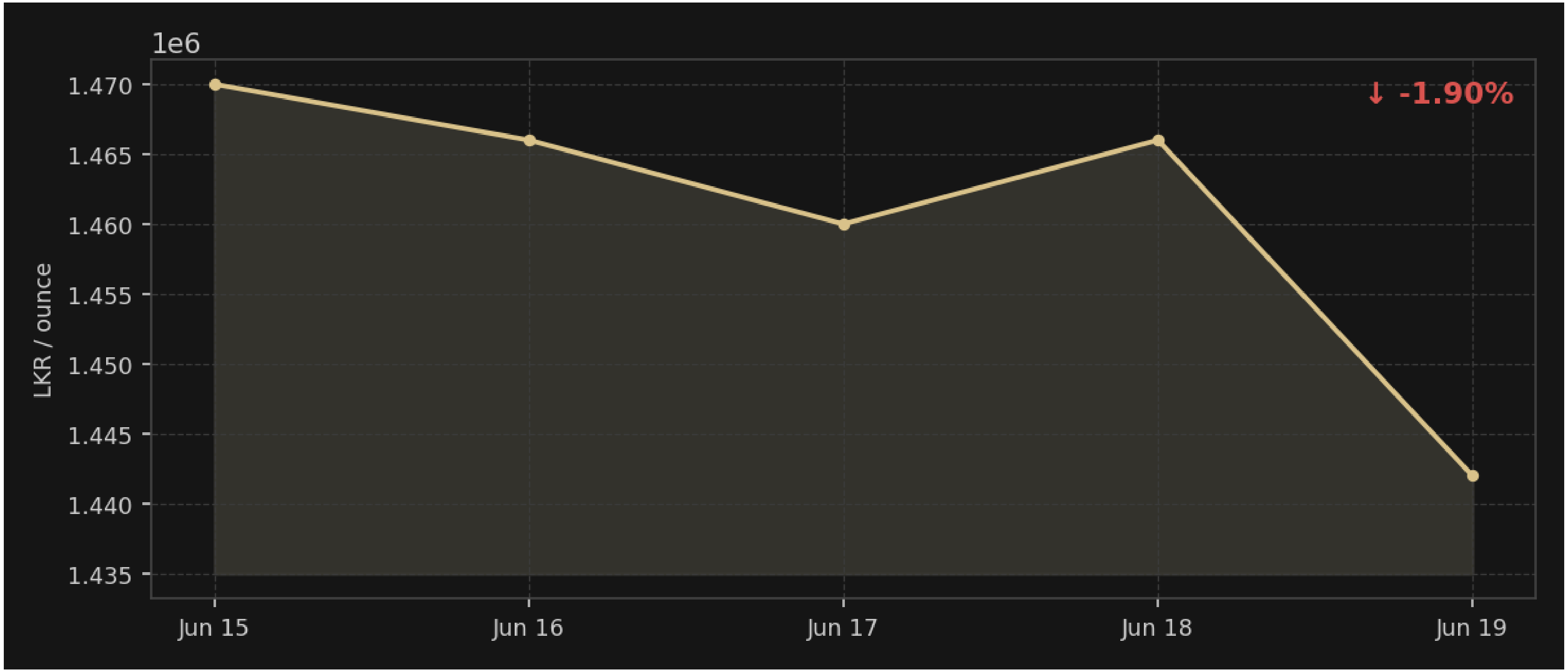
USD/LKR Exchange Rate (Spot Mid)



The rupee steadied near a 333–336/USD baseline after heavy administrative and monetary intervention.

Indicative weekly series compiled from reported market data; interim points are approximations where official daily closes were unavailable.

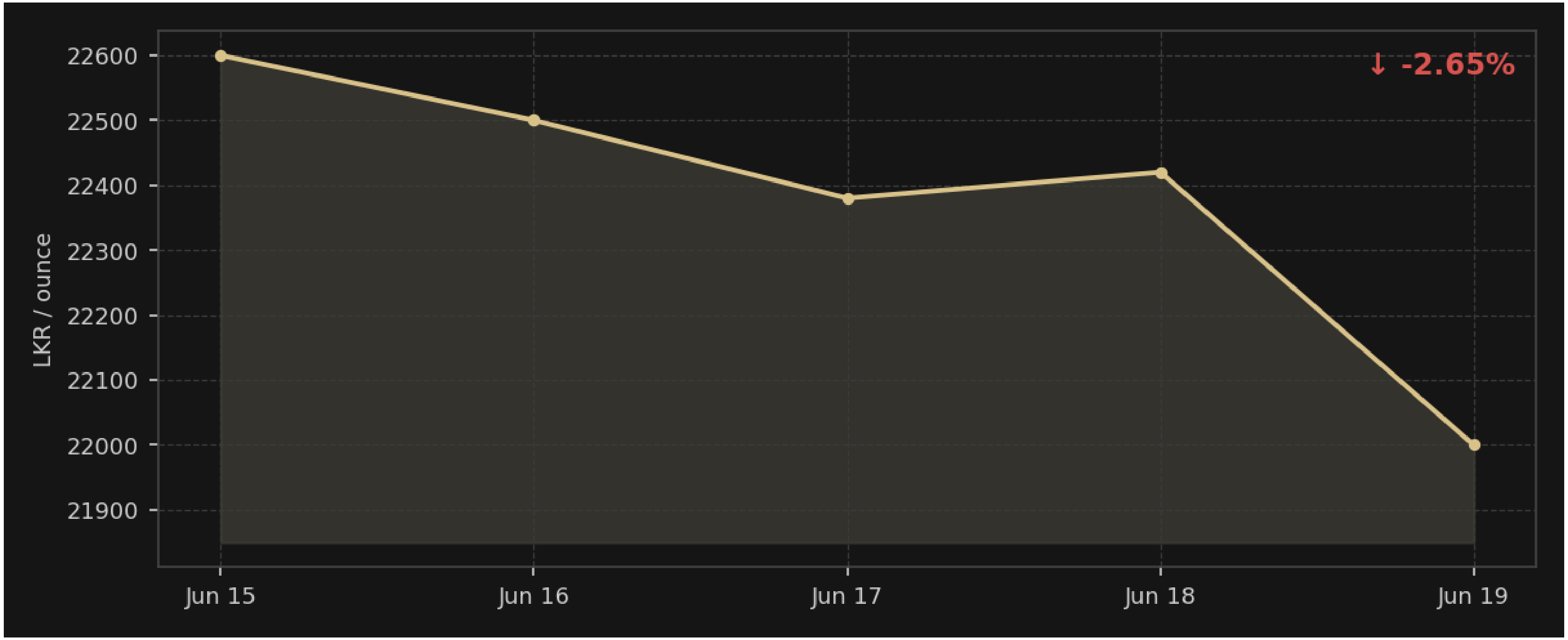
Gold Prices (in Sri Lankan Rupees/Ounce)



Rupee gold eased with the global retreat late in the week.

Indicative weekly series compiled from reported market data; interim points are approximations where official daily closes were unavailable.

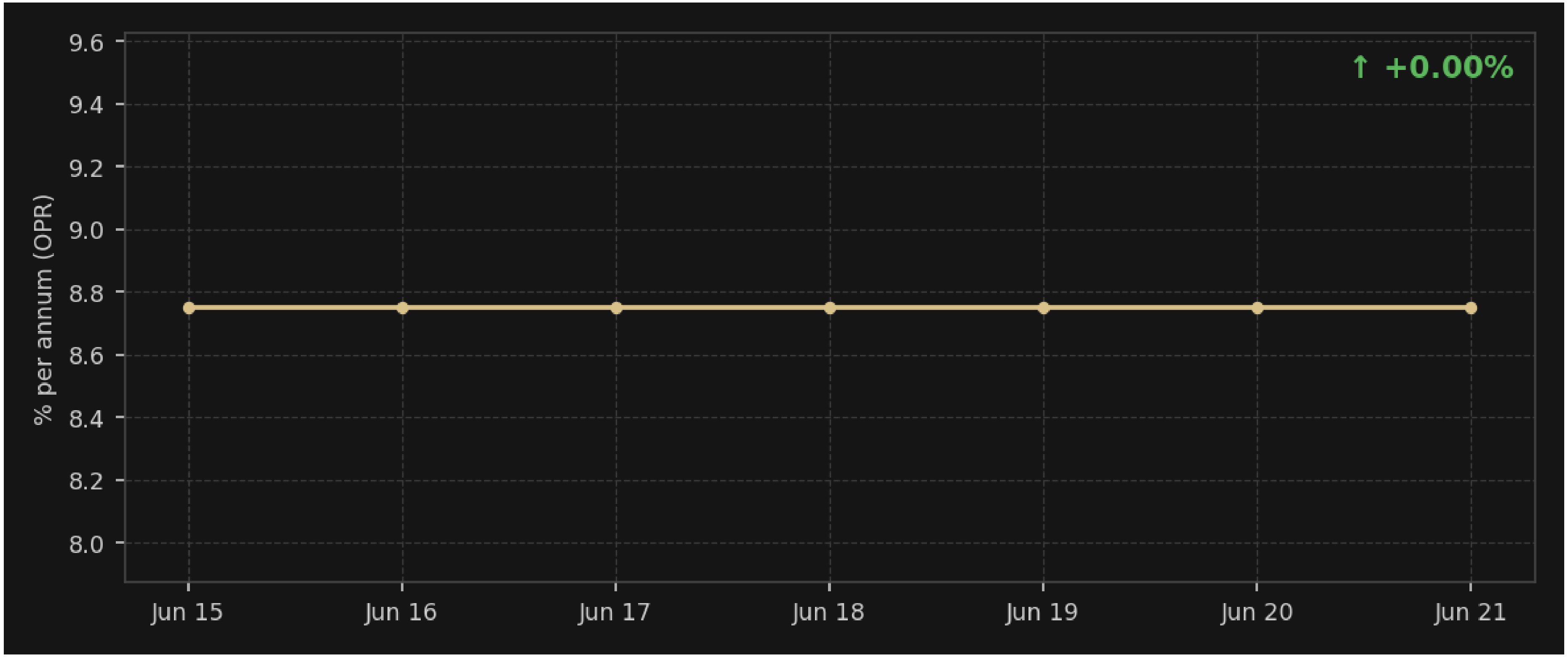
Silver Prices (in Sri Lankan Rupees/Ounce)



Silver fell in rupee terms, tracking the global pullback.

Indicative weekly series compiled from reported market data; interim points are approximations where official daily closes were unavailable.

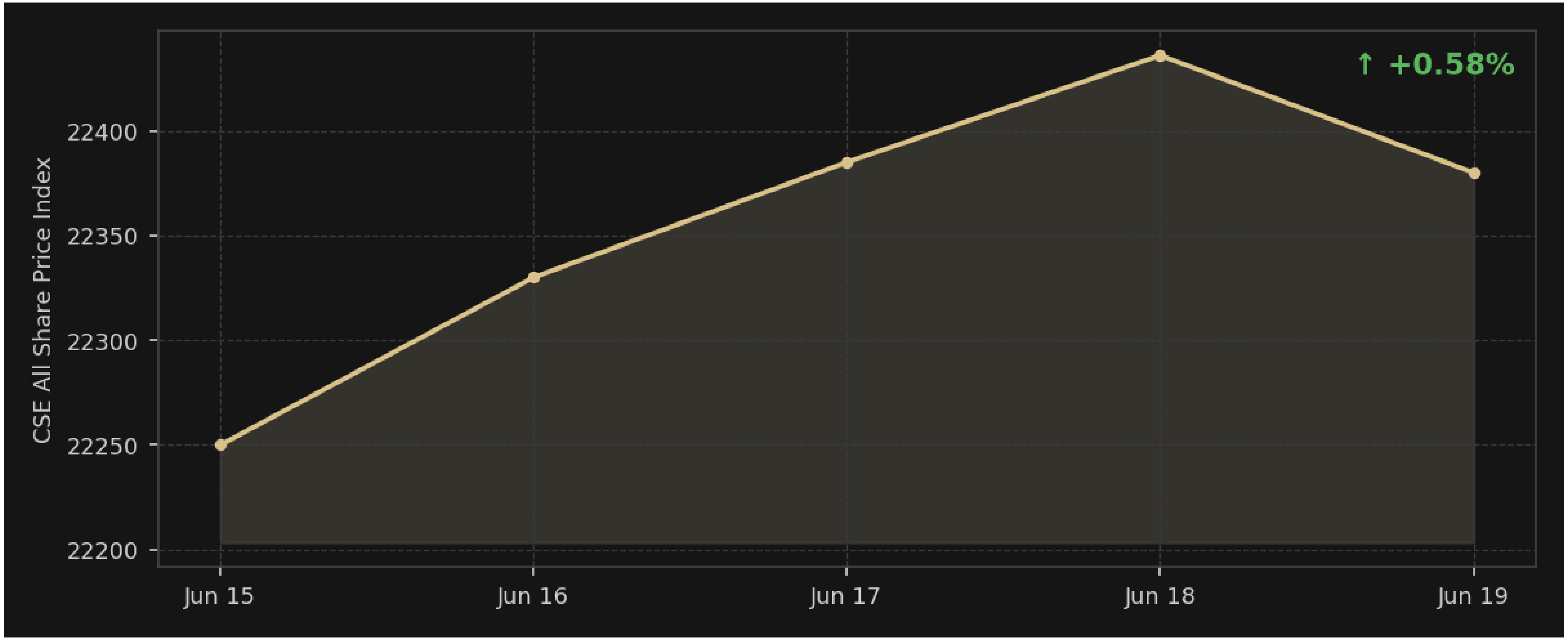
Central Bank of Sri Lanka — Overnight Policy Rate



The OPR held at 8.75% all week, following the 100 bps hike of May 26, 2026.

Indicative weekly series compiled from reported market data; interim points are approximations where official daily closes were unavailable.

CSE All Share Price Index (ASPI)



The ASPI recovered to 22,385 (June 17) and 22,436 (June 18) before easing slightly.

Indicative weekly series compiled from reported market data; interim points are approximations where official daily closes were unavailable.