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Weekly News Bulletin on Banking & Finance

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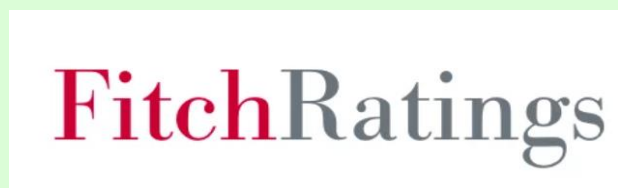
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[Dismal week at CSE amidst lacklustre investor interest](#)

The Colombo stock market closed the week on a dismal and lacklustre note as investor sentiments remained wary over the future of listed equities. During the week, the benchmark ASPI declined by 0.8% and the active S&P SL20 by 1.3%. On Friday, both indices closed negatively.

[Sri Lanka CEB can cut capex to find cash to pay generators if needed: Fitch](#)



Sri Lanka's Ceylon Electricity Board can cut capital expenditure to make payments to power producer if required, after the regulator mandated a bigger price cut than was proposed, Fitch Ratings said.

[Sri Lanka to start another agency to deal with currency crisis fallout](#)

A new institution named "Enterprise Sri Lanka" will be established to provide necessary support and assistance to micro, small and medium-scale entrepreneurs, the President had told a forum over the weekend.

[Parliament passes Economic Transformation, Public Financial Management Bills](#)

In a significant legislative stride, Parliament passed the Public Financial Management Bill and the Economic Transformation Bill, both crucial pieces of legislation aimed at boosting the country's economic framework. Presented to Parliament on 22 May 2024, these Bills have been heralded as pivotal to ensuring a sustainable economic trajectory for the nation and safeguarding against potential crises.

[Sri Lanka central bank to run out Treasury bills in few months](#)

Sri Lanka's central bank has a "small amount" of Treasury bill left in its balance sheet and the agency will resort to other methods to conduct domestic operations, in the future, Central Bank Governor Nandalal Weerasinghe said.

[Accountability imperative for Sri Lanka's recovery](#)

Subhashini Abeyasinghe, Research Director at Verité Research, is seen airing her views at the discussion on "The Accountability Imperative for Sri Lanka's Recovery: Practical Solutions for Inclusive Growth," which was organised by Verité Research and held on July 16 at the BMICH.

Child's guide to debt and debt restructuring: Part III



The problem for Sri Lanka was that the money so borrowed was not reinvested in projects that would generate a sufficient foreign exchange earning to service this debt. In April 2022, the country did not have enough foreign exchange balances to service the debt forcing it to suspend the servicing of loans received from individual countries, called bilateral lenders, and from commercial lenders, mainly those who had invested in the international sovereign bonds or ISBs issued by the Government.

Critical difference between price and value

“Price is arbitrary, value is fundamental. Price is a market driven construct, imposed by supply and demand, marketing, information and misinformation, wholly disconnected from the notion of value. Value is the sum of the livelihoods and welfare of workers, soils, food security and safety, health and wellness of consumers, the socio-economic development of producer nations and the basis of genuinely fair and ethical trade”

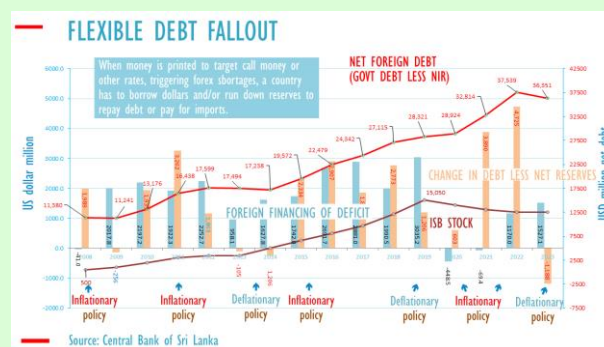
Critical points for COPF review of proposed enactment of the Economic Transformation Bill

Whilst acknowledging the need for disciplined and strategic change management in the areas as focused by the Bill in reducing the national debt to planned levels and enabling the nation to enter international credit markets, will it simultaneously lead to be a crucial turnaround contributor to spur the realisation of the welfare and wellbeing of most citizens ‘and’ the timely realisation of the UN Sustainable Development Goals?

The 4th LKI Foreign Policy Forum LKI discusses ‘Debt Reform Outcome, Economic Diplomacy and Foreign Policy’

The 4th LKI Foreign Policy Forum, which highlighted the outcome of Sri Lanka’s debt restructuring and its impact on economic diplomacy and foreign policy, was held on Thursday 11 July 2024 at Lighthouse Auditorium of Lakshman Kadirgamar Institute of International Relations and Strategic Studies (LKI). Sri Lanka’s imperative need to enact growth-oriented reforms particularly in governance, build consensus among all political parties on reforms implemented and a foreign policy leveraging economic diplomacy, as well as modalities for sustained economic growth was emphasised.

Sri Lanka net foreign debt falls in 2023, despite borrowing US\$1.5bn for budget



Sri Lanka’s central government’s net foreign debt fell to 36.3 billion US dollars in 2023, from 37.5 billion dollars in 2022, despite the government borrowing 1.57 billion US dollars to finance the budget deficit, official data shows.

The Central Bank of Sri Lanka Further Reduces Policy Interest Rates

The Monetary Policy Board of the Central Bank of Sri Lanka, at its meeting held on 23 July 2024, decided to reduce the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 25 basis points (bps) to 8.25 per cent and 9.25 per cent, respectively. The Board arrived at this decision following a careful assessment of the current and expected macroeconomic developments and possible risks and uncertainties on the domestic and global fronts with a view to maintaining inflation at the targeted level of 5 per cent over the medium term, while enabling the economy to reach its full capacity.



Harvard Business Review Column

Power, Influence, and CEO Succession

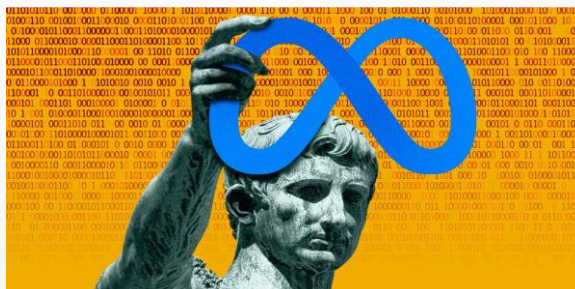


When a CEO transition fails, it’s often because the incoming leader isn’t skilled at managing the power dynamics. They’re complex because the key players—the board, the outgoing CEO, and the new one—have different agendas. Designated successors need to understand those dynamics and how best to influence key stakeholders. The authors present four approaches: assertive persuasion, incentives and disincentives, common vision, and openness and involvement. To convince others that they’re ready to take charge, successors must learn how and when to apply them, consider the culture, secure the right allies, and act humbly. Once they take the helm, two other tasks become paramount: winning board support and clarifying and conveying a vision.



Column

Why is Mark Zuckerberg giving away Meta’s crown jewels?



As alter egos go, Augustus Caesar is not a bad one for Mark Zuckerberg, *pontifex maximus* of Meta, owner of the Facebook family of apps. Both men started their march to power as teenagers. Both stopped at nothing to build empires—though unlike the impetuous Mr Zuckerberg, Augustus’s motto was “make haste slowly”. Both gave the illusion of sharing power (Augustus with the Senate, Mr Zuckerberg with shareholders) while wielding it almost absolutely. The Roman emperor is Mr Zuckerberg’s role model. In a recent podcast he used the 200-year era of stability ushered in by Augustus to illustrate why he is making Meta’s generative artificial-intelligence (ai) models available in a way that, with some poetic licence, he calls open source.

Opportunities and pitfalls in sovereign debt instruments linked to nature

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