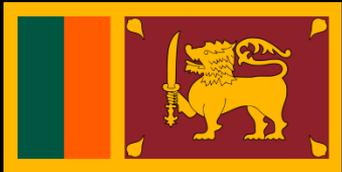


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# Q3 2016 DASHBOARD



Nielsen, Sri Lanka



# IMPRESSIONS!



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*Three months into the role and I have possibly seen two extremes already. After a good Q1 2016 for the GDP, growth moved downwards in Q2 due to the floods and slow down on investments.*

*The new budget carries great significance for businesses as well as consumers and we will closely watch the trends in the coming few quarters. Investment friendly budget will certainly help but the impact of VAT may impact consumption and spends.*

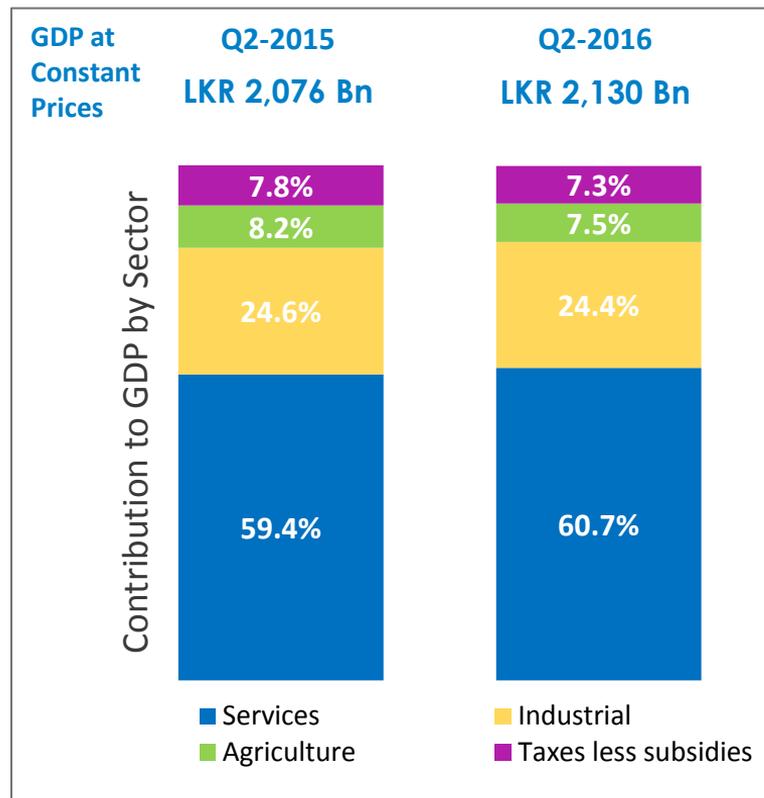
*Do write to me or talk to me for questions or business issues you would like Nielsen to look into*

*Thanks....*

# GDP SLOWDOWN IN Q2 AFTER AN UPTICK IN Q1

Drop largely came from Agriculture sector while Industries and Services saw a marginal drop

## QUARTERLY GDP & CONTRIBUTION BY SECTOR



## SUB SECTOR WISE GROWTH %

### (+ SELECTED SUB SECTORS)

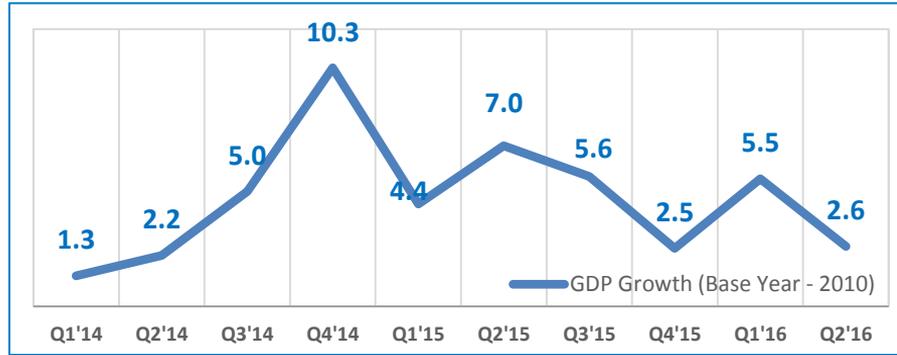
	Q2'15	Q2'16
<b>Q1 GDP Growth (vs. Q1 Previous Quarter)</b>	<b>7.0</b>	<b>2.6</b>
<b>Taxes Less Subsidies on Products</b>	<b>14.0</b>	<b>(4.4)</b>
<b>Overall Agriculture Sector Growth</b>	<b>10.4</b>	<b>(5.6)</b>
Growing of Rice	70.1	(17.9)
Growing of Vegetable	32.2	(5.2)
Growing of Fruits	22.3	(0.6)
Growing of Tea	(5.7)	(12.2)
Forestry & Logging	9.9	2.0
Marine Fishing & Marine Aquaculture	7.9	(7.8)
<b>Overall Industrial Sector Growth</b>	<b>3.9</b>	<b>2.2</b>
Mining & Quarrying	(1.7)	4.9
Manufacturing of Food, Beverages & Tobacco	4.6	0.4
Manufacturing of Textiles, Wearing Apparel & Leather	(5.0)	0.9
Construction	8.4	6.9
<b>Overall Services Sector Growth</b>	<b>6.9</b>	<b>4.9</b>
Wholesale & Retail Trade	0.1	3.5
Transportation of Goods & Passengers	16.0	1.3
Accommodation, Food & Beverage Service Activities	0.1	3.2
Telecommunication	8.7	21.2
Financial Service Activities & Auxiliary Financial Services	16.6	14.5
Real Estate Activities Including Ownership of Dwelling	8.4	4.6
Professional Services	(5.2)	(3.3)

Source: Dept. of Census and Statistics

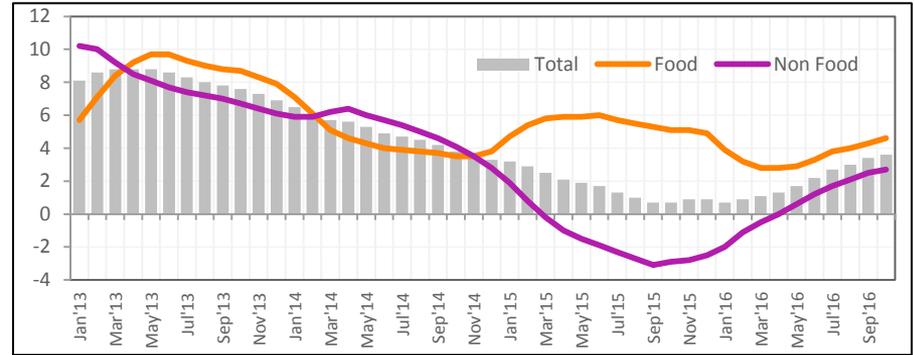
# MACRO ECONOMIC INDICATORS CONTINUED UNDER PRESSURE IN Q3

Inflation and currency depreciation intensified in Q3

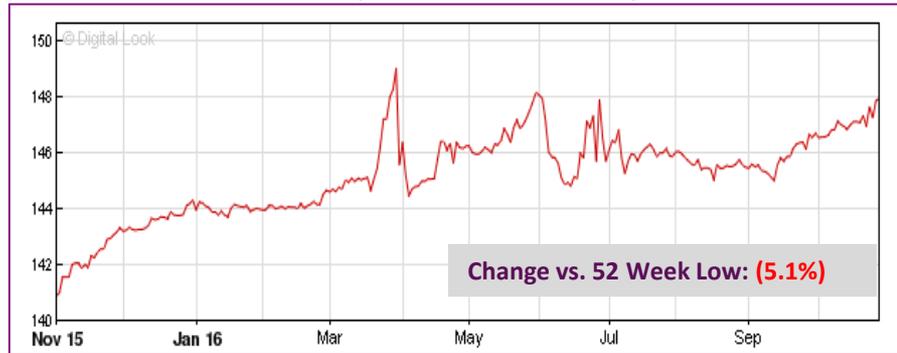
QUARTERLY GDP GROWTH % (VS SAME QUARTER OF PREVIOUS YEAR)



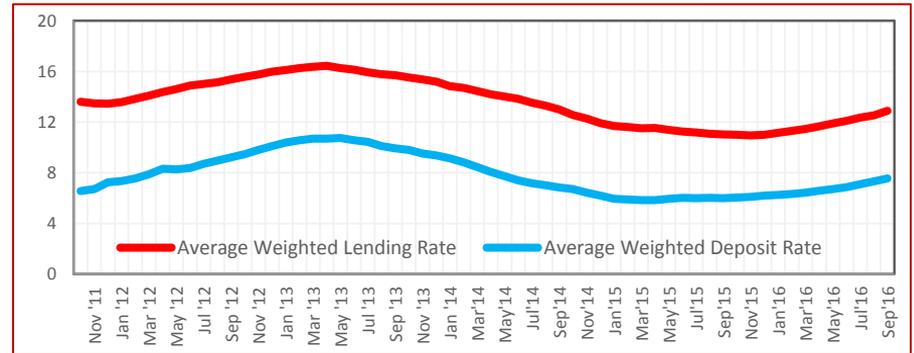
INFLATION % (12 MONTH [ANNUAL] AVERAGE)



USD-LKR EXCHANGE RATE (03 NOVEMBER 2016)



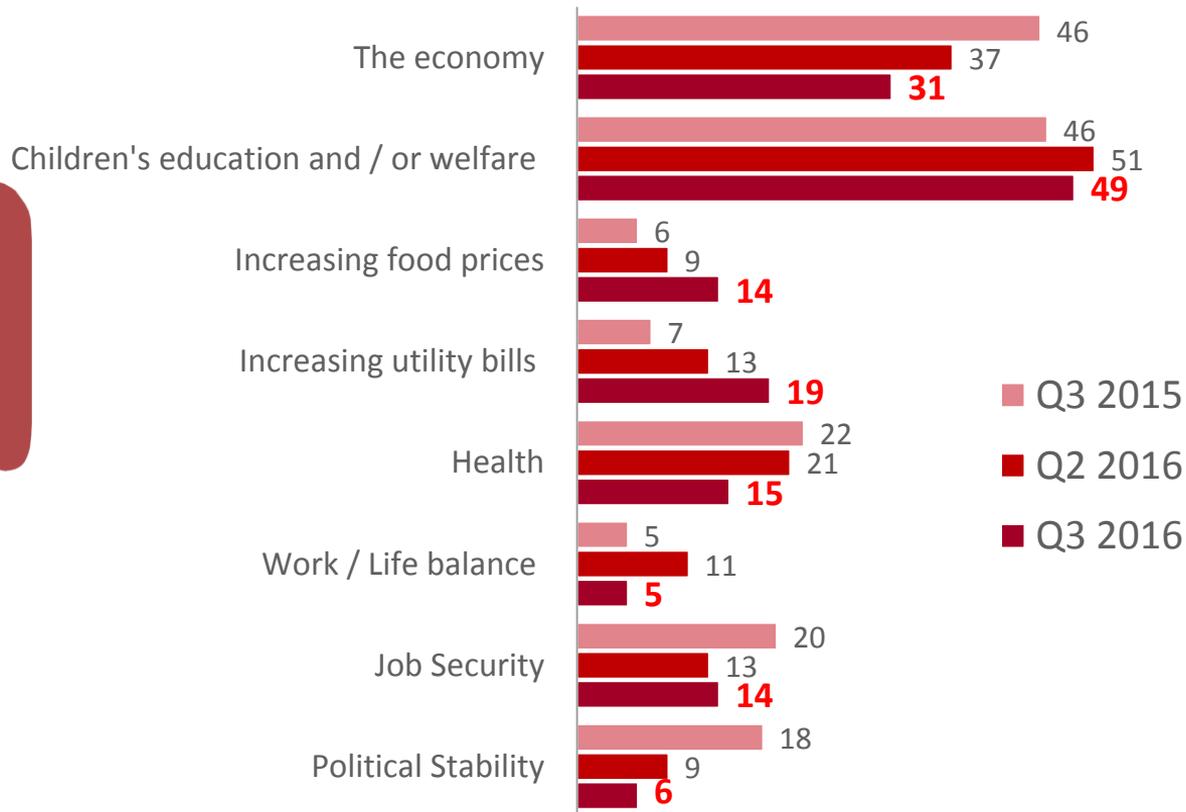
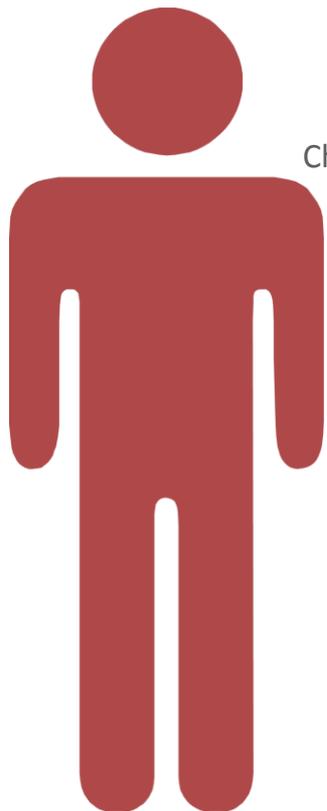
COMMERCIAL BANKS AVERAGE INTEREST RATES IN %



Sources: Central Bank and Dept. of Census and Statistics (GDP and Inflation); BBC Financial Data (Exchange Rate); Central Bank (Interest Rates)

# INFLATION LED TO CONCERNS ON REGULAR SPENDS

While Economy was still a worry, increasing spends for Children's education, food and Utilities weighed on consumers' minds



# PRIORITIES DIFFERED BY GENDER

Men were relatively more concerned about the Economy and Job Security while women worried about increasing spends on education

## Concerns over the next 6 months



*Economy*



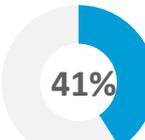
34%



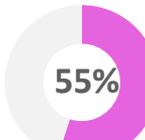
27%



*Children's Education/Welfare*



41%



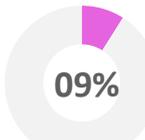
55%



*Job Security*



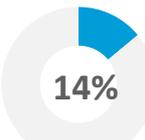
20%



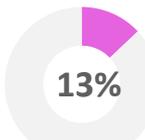
09%



*Increasing Food Prices*



14%



13%

# BULK OF SPARE CASH STILL PUT INTO SAVINGS FOR FUTURE

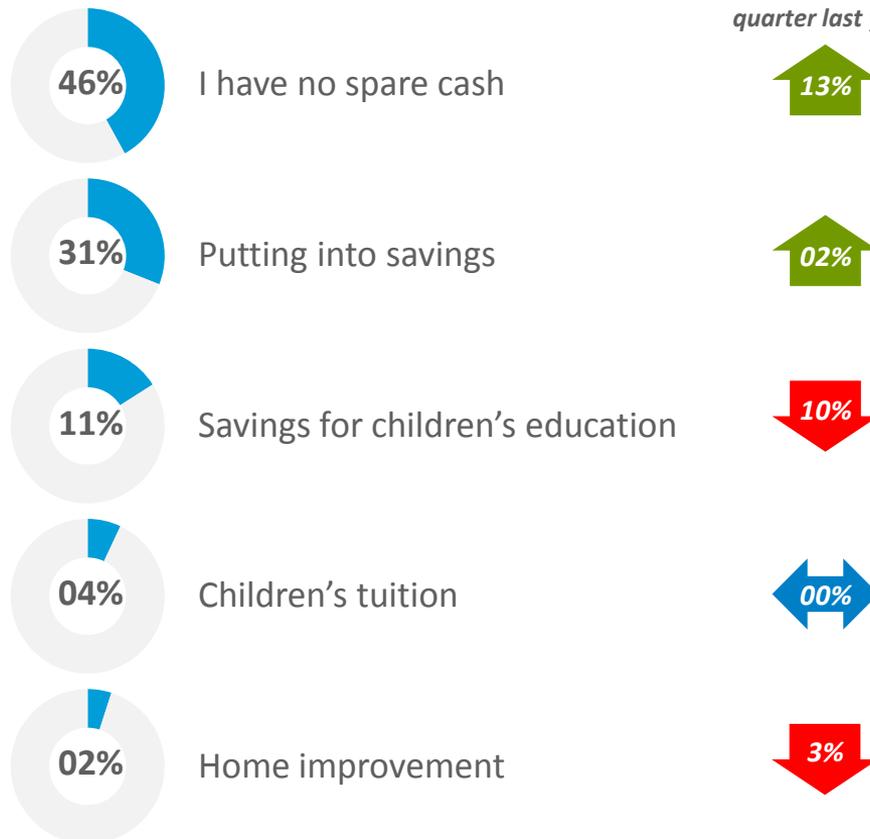
Children's education took priority while home improvement and vacations took back seat

*Change over same  
quarter last year*

Q3 2016

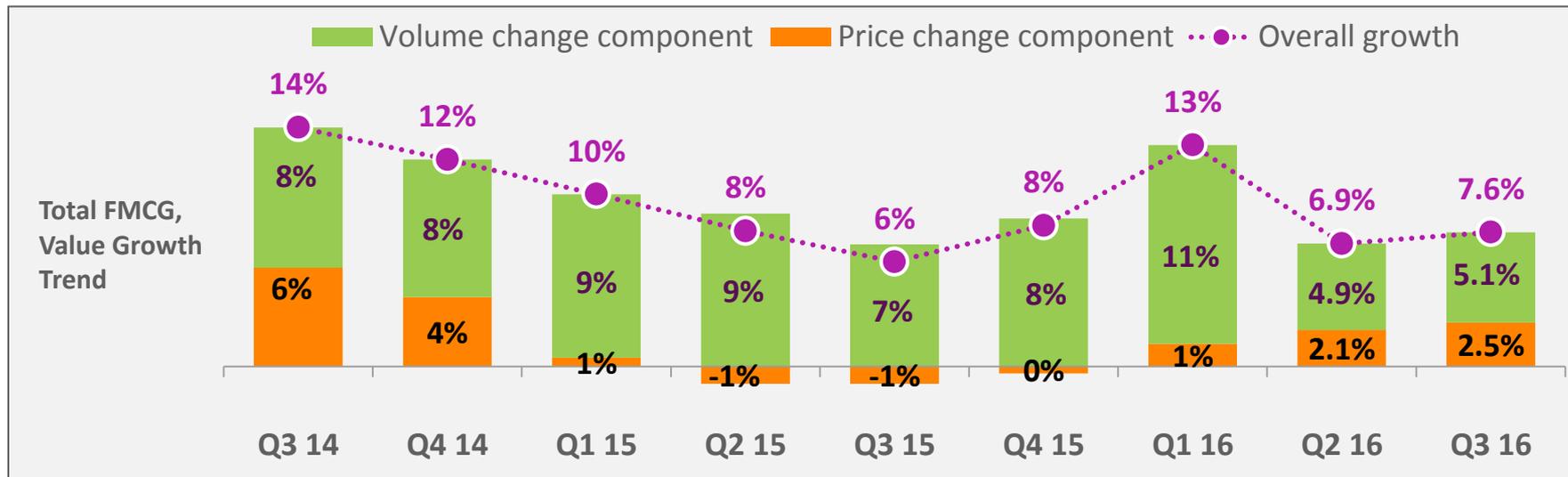


HOW IS SPARE CASH UTILIZED AFTER  
SPENDING ON  
ESSENTIAL LIVING EXPENSES?



# FMCG CONSUMPTION WITNESSED A MARGINAL INCREASE THOUGH

Small growth in consumption but a higher increase was seen in price led growth. Rural growth once again above urban growth after almost a year



Value Growth % by Urban and Rural									
Urban	12	7	4	6	6	9	16	8	7
Rural	14	14	13	8	6	8	10	6	8

# A LARGE ENOUGH PRICE INCREASE WAS SEEN FOR F&B PRICES

Food categories like Biscuits, Milk Food Drinks and Yoghurt saw prices go up in Q3'16

	Average Price (Indexed to Q3 15)					
	Value contribution % to FMCG Sales MAT 16	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16
<b>FOOD &amp; BEVERAGES</b>	68	100	105	100	98	<b>101</b>
<b>HOUSEHOLD CARE</b>	9	100	100	100	101	101
<b>PERSONAL CARE</b>	21	100	102	103	101	102
<b>OTC PRODUCTS</b>	3	100	100	100	103	<b>106</b>

# MEANWHILE, POSITIVE SIGNALS STARTED COMING IN..

## News that made headlines in Q3 2016



### NEW CENTRAL BANK GOVERNOR OUTLINES HIS PLANS

0 / Tuesday, 5 July 2016 00:01

Newly-appointed Central Bank Governor Dr. Indrajit Coomaraswamy yesterday assumed office. Here are excerpts of his speech to the staff of Central B...



### RAVI K URGES PRIVATE SECTOR TO LEAD THE ECONOMY BASED ON TCM

0 / Wednesday, 13 July 2016 00:00

Finance Minister Ravi Karunanayake – Pic by Lasantha Kumara By Charumini de Silva While pledging that the Government...



### MEGAPOLIS PLAN HEADS TO PARLIAMENT

0 / Thursday, 14 July 2016 00:00

By Hiruni Dabara To withstand Government changes, the Megapolis plan will be presented to parliament in the next few months to be established a...



### WORLD BANK GRANTS SRI LANKA \$ 55 M TO DEVELOP STRATEGIC CITIES

0 / Thursday, 21 July 2016 00:23

The World Bank yesterday signed a US\$ 55 million loan agreement with Sri Lanka for the Strategic Cities Development Project...



### GOVT. IS REVITALISING SRI LANKA'S EXPORT COMPETITIVENESS: MALIK

0 / Thursday, 11 August 2016 00:00

Development Strategies and International Trade Minister Malik Samarawickrama on Tuesday declared that the Government...



### SRI LANKA UPBEAT OVER FINANCIAL CITY BEING CONSTRUCTED WITH CHINESE AID

0 / Wednesday, 24 August 2016 00:01

(Xinhua) – The Sri Lankan government was upbeat on Monday about the future of a proposed financial city which is to be constructed with C...



### REFORMS AIMS TO SIMPLIFY TAX, INCREASE BASE, COMPLIANCE: RAVI K

0 / Friday, 26 August 2016 00:01

Reuters: The Government is drafting reforms aimed at simplifying taxes, widening the tax base and increasing compliance, Finance Minister Ravi Karu...



### RAVI SAYS BUDGET 2017 WILL FULFIL PEOPLE'S ASPIRATIONS

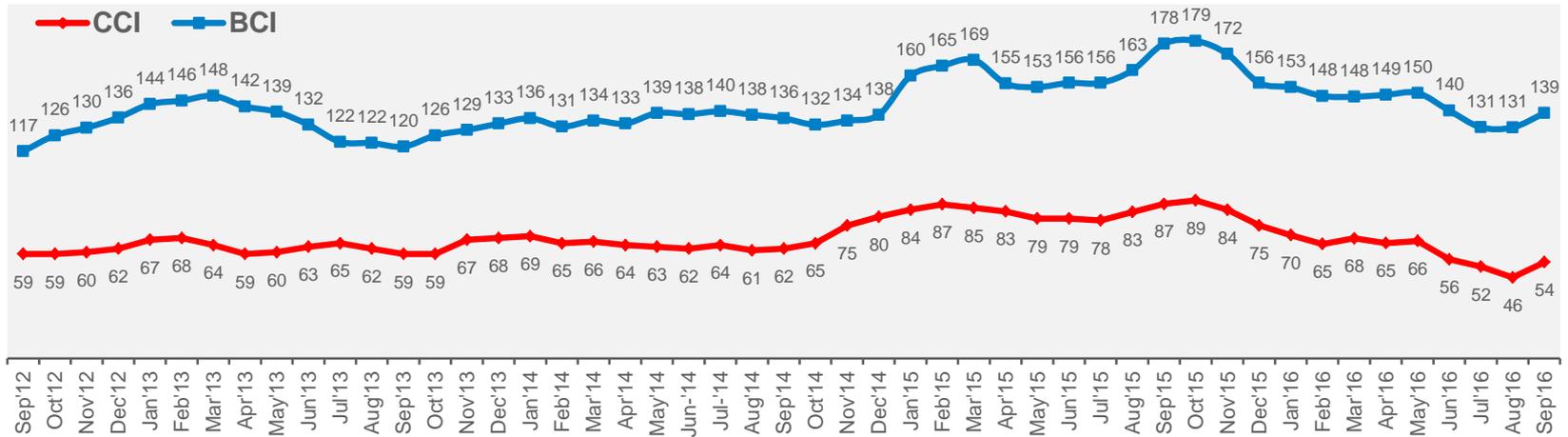
0 / Monday, 26 September 2016 00:01

Budget 2017 will further strengthen the country's development march, thereby fulfilling the aspirations of the people, according to...

# ..RESULTING IN A GRADUAL INCREASE IN CONFIDENCE LEVELS

The BCI & CCI started witnessing a gradual increase with more clarity on policy and investments

Nielsen Consumer Confidence Index and LMD-Nielsen Business Confidence Index



BCI Base: 3 months rolling sample 100 per month\*

CCI Base: 3 months rolling sample of 100 per month

BCI is based on survey of 100 Managers/Senior Executives or above in the city of Colombo carried out by Nielsen and is compiled through series of questions on business conditions and expectations

CCI - From 2011 onwards Nielsen tracks the consumer confidence index every month among 100 consumers in Western, Central and Southern provinces. The Index is developed based on consumers' confidence in the job market, status of their personal finances and readiness to spend.

\* While the BCI is usually published at a monthly level in order to obtain immediate trends, in this analysis the data is rolled over 3 months to see the underlying trends and make it comparable to the CCI as well

## Q3 IN SUMMARY



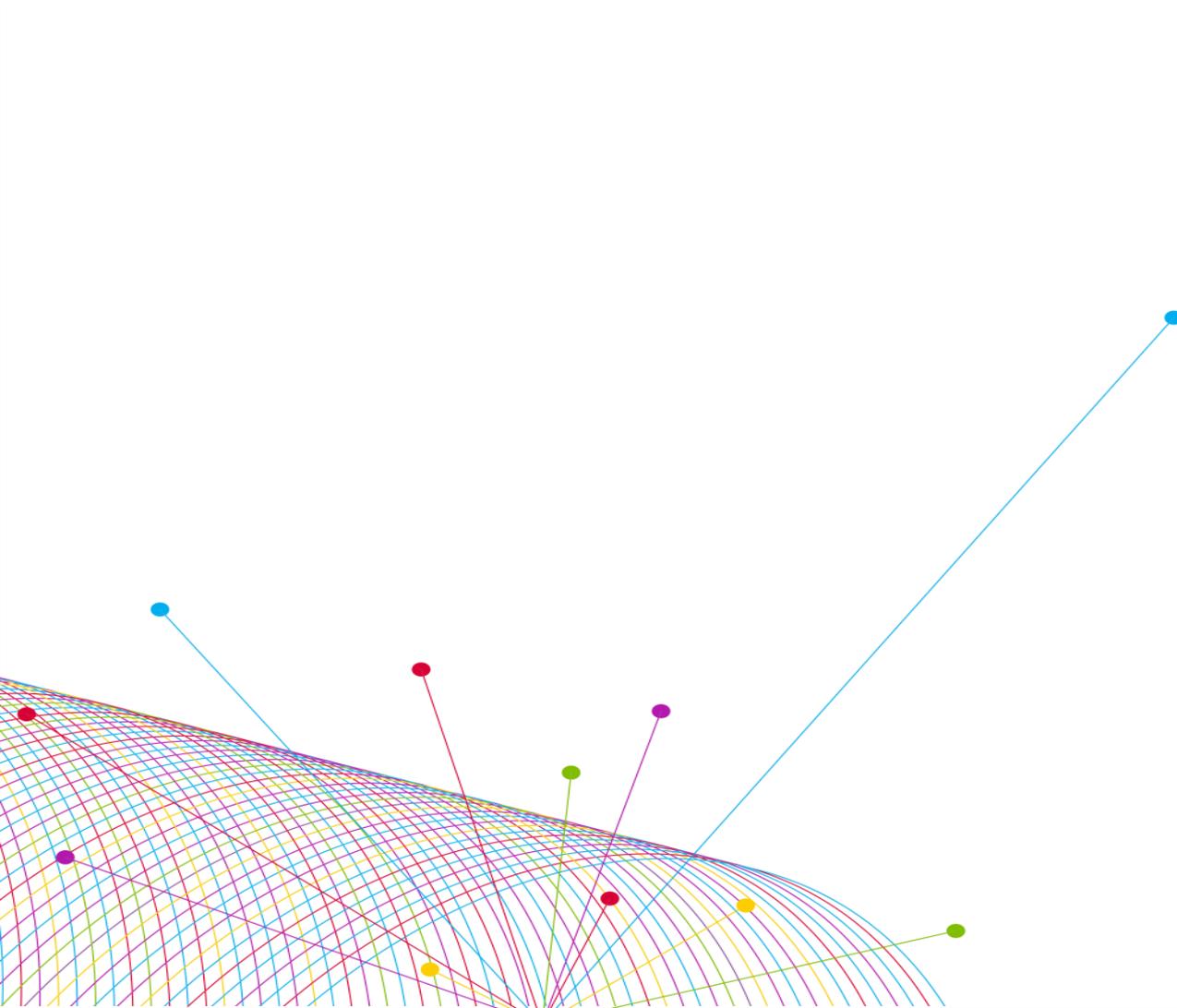
**Economic growth dipped** again in **Q2 2016**, largely because of a poor agriculture sector performance. In Q3, inflation and increasing bank rates continued to be cause of worry for consumers.



After the floods in Q2, **FMCG consumption witnessed a marginal increase**. However, increase due to price changes was higher and consumers may be watchful in their spending especially in Food and Beverage categories. Impact of VAT increase in Q4 needs to be analyzed further



As wanted by many, positive news on the economy and policies started coming in Q3. Immediate impact was seen in **Business Confidence as well Consumer Confidence** levels as both **moved up gradually**. The budget will go a long way in defining the trend way forward.



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OF THE CONSUMER™