

Capital in Motion

Foreign Investor Participation

Across Both Markets

Foreign Investor Participation from Sri Lanka's
Equity & G-Sec Markets

As of **30 Sep 2026**



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Rs.68.83Bn

CSE net foreign outflow, Oct 2025–Sep 2026, in all 12 months

US\$207.4 Mn

Foreign investors recorded a net inflow of US\$207.4 million into government securities.

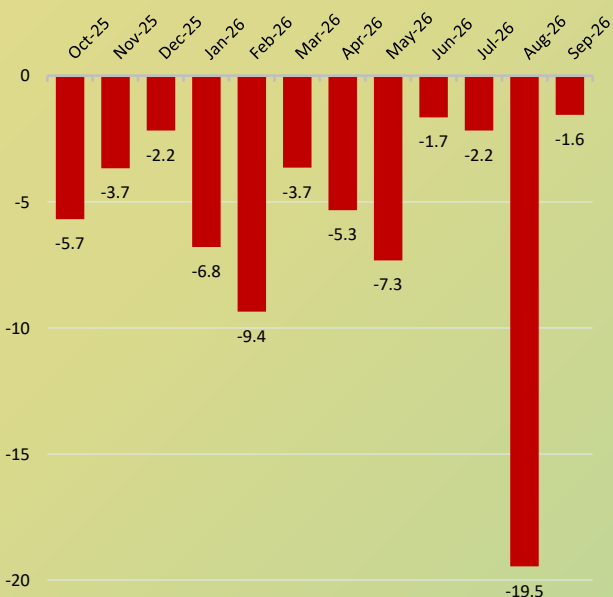
–8.68%

Rupee vs US dollar, end Oct 2025 (Rs.304.42) → end Sep 2026 (Rs.330.83)

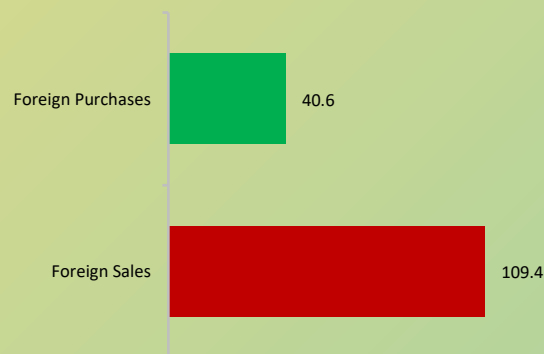
Foreign Investors Were Net Sellers on the CSE Every Month

Between October 2025 and September 2026, foreign investors were net sellers on the Colombo Stock Exchange (CSE) in all 12 months. Net foreign outflows totaled Rs.68.83 billion, with foreign sales of Rs.109.4 billion against purchases of Rs.40.6 billion. The period from January to September 2026 alone accounted for Rs.57.3 billion in net outflows, including a record Rs.19.46 billion in August. Meanwhile, average daily market turnover declined from Rs.5.49 billion during October–December 2025 to Rs.3.70 billion during January–September 2026, reflecting weaker market activity alongside sustained foreign selling.

Monthly Net Foreign Flow on the CSE, Oct 2025–Sep 2026 (Rs. Billion)



Foreign Sales vs. Purchases, Oct 2025–Sep 2026 (Rs. Billion)

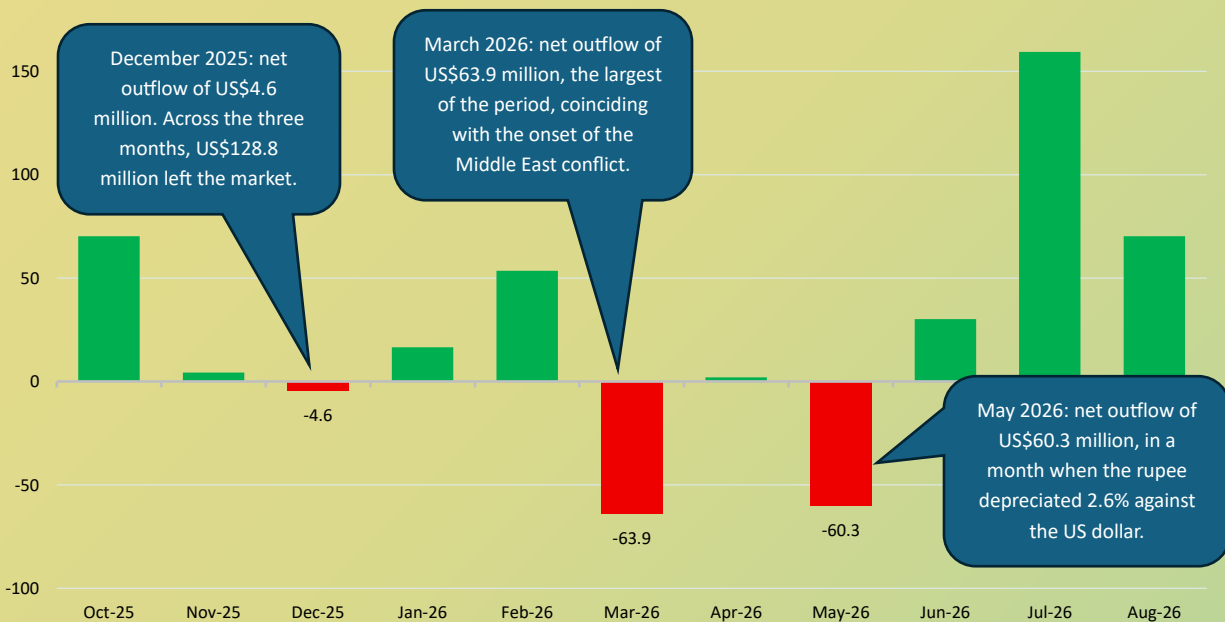


Foreign Participation in Government Securities

Over the past 12 months, foreign investors were net buyers in seven months, recording total inflows of US\$336.2 million, led by July 2026 (US\$159.4 million) and August 2026 (US\$70.2 million). After accounting for the outflows, foreign investment in government securities recorded a net inflow of US\$207.4 million from November 2025 to August 2026, with the majority of the inflows occurring after June.

Foreign investors were net sellers in December 2025 (US\$4.6 million), March 2026 (US\$63.9 million), and May 2026 (US\$60.3 million), with the two largest outflows coinciding with heightened Middle East tensions and pressure on the rupee.

Net Foreign Flows to Government Securities, Oct 2025–Aug 2026 (US\$ Million)

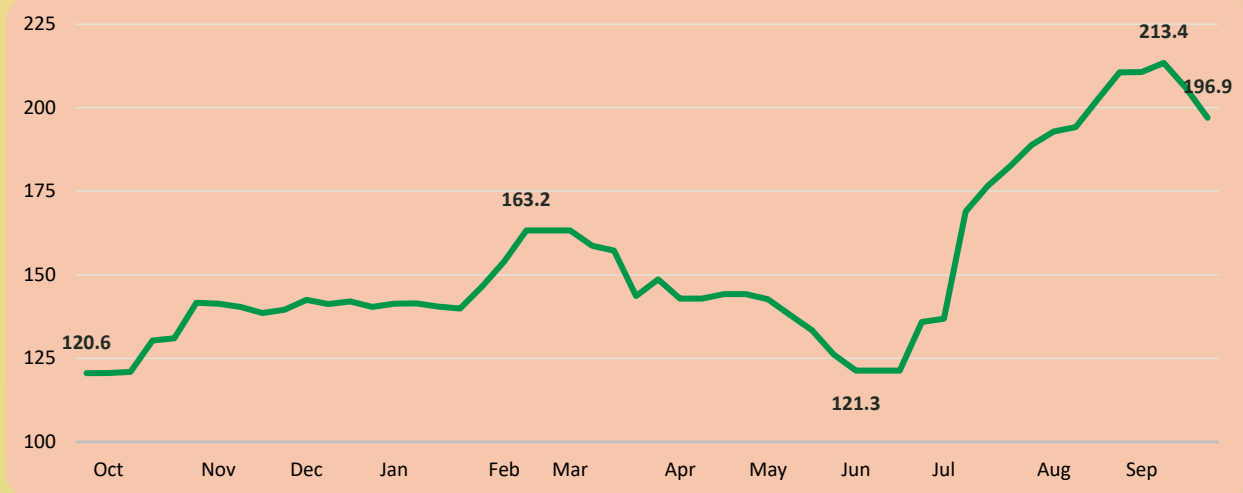


Foreign Holdings of Government Securities Rose 63%, Despite a 26% Sell-Off

Foreign holdings of Treasury bills and bonds rose by Rs.76.3 billion (+63%), from Rs.120.6 billion on 26 September 2025 to Rs.196.9 billion on 25 September 2026, even after US\$128.8 million of net outflows in three months. Holdings fell Rs.41.9 billion (–26%) from Rs.163.2 billion in March to Rs.121.3 billion by 5 June, in step with the March and May outflows, before Rs.92.1 billion flowed back in 14 weeks (+76%), lifting holdings to a peak of Rs.213.4 billion on 11 September.

Holdings have since slipped Rs.16.5 billion (–8%) from that peak. At Rs.330.83 per US dollar, the stock is worth about US\$0.6 billion.

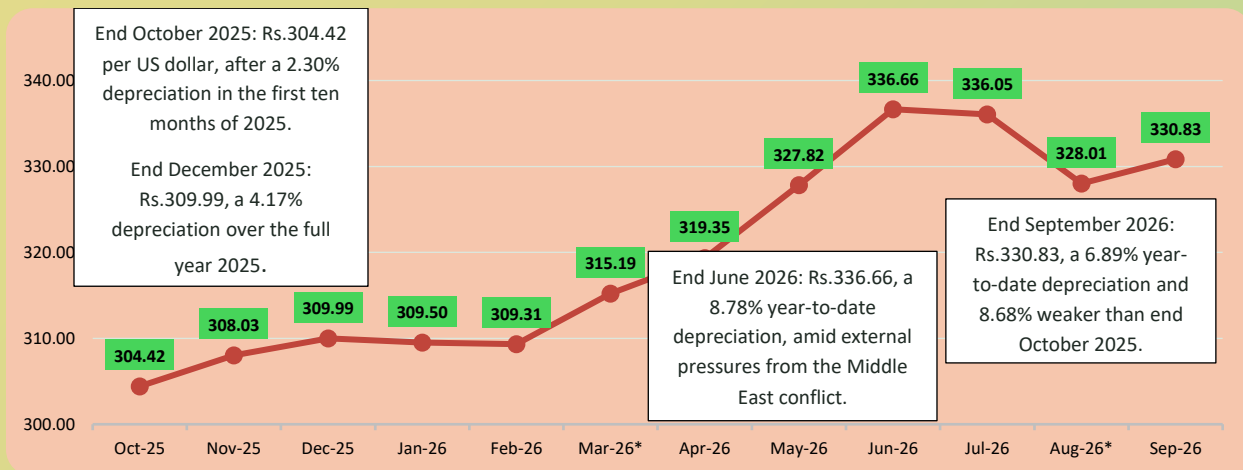
T-Bills & T-Bonds Held by Foreigners, Weekly (Rs. Billion)



Source: CBSL weekly data on T-bills & T-bonds held by foreigners, 26 Sep 2025–25 Sep 2026. Value axis starts at Rs.100bn.

USD/LKR: the rupee weakened from Rs.304.42 to Rs.330.83 per US dollar over the period (–8.68%), reaching Rs.336.66 at end June 2026. A weaker rupee lowers the US-dollar value of rupee assets held by foreign investors.

USD/LKR, Month-End Rate (Rs. per US\$), Oct 2025 – Sep 2026



Monthly depreciation was steepest in April, May and June 2026: 1.3%, 2.7% and 2.7% (CBSL).

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