How the CSE Reacts to the National Budget

ASPI two weeks before vs two weeks after, last 10 budget readings (2016–2025)

Investors wait before the budget, then sell after it

5 of 10

pre-budget windows rose

Median move −0.04%: a flat, wait-and-see market.

Six of ten windows moved less than ±1.2%. Investors tend to hold off until the tax and spending proposals are public, so turnover thins.

7 of 10

post-budget windows fell

Median move −1.9%: a sell-the-news reaction.

The seven declines averaged −2.5%, led by 2025 (−4.0%) and 2024 (−3.4%). Once the budget is known, investors lock in gains or cut exposure to newly taxed sectors.

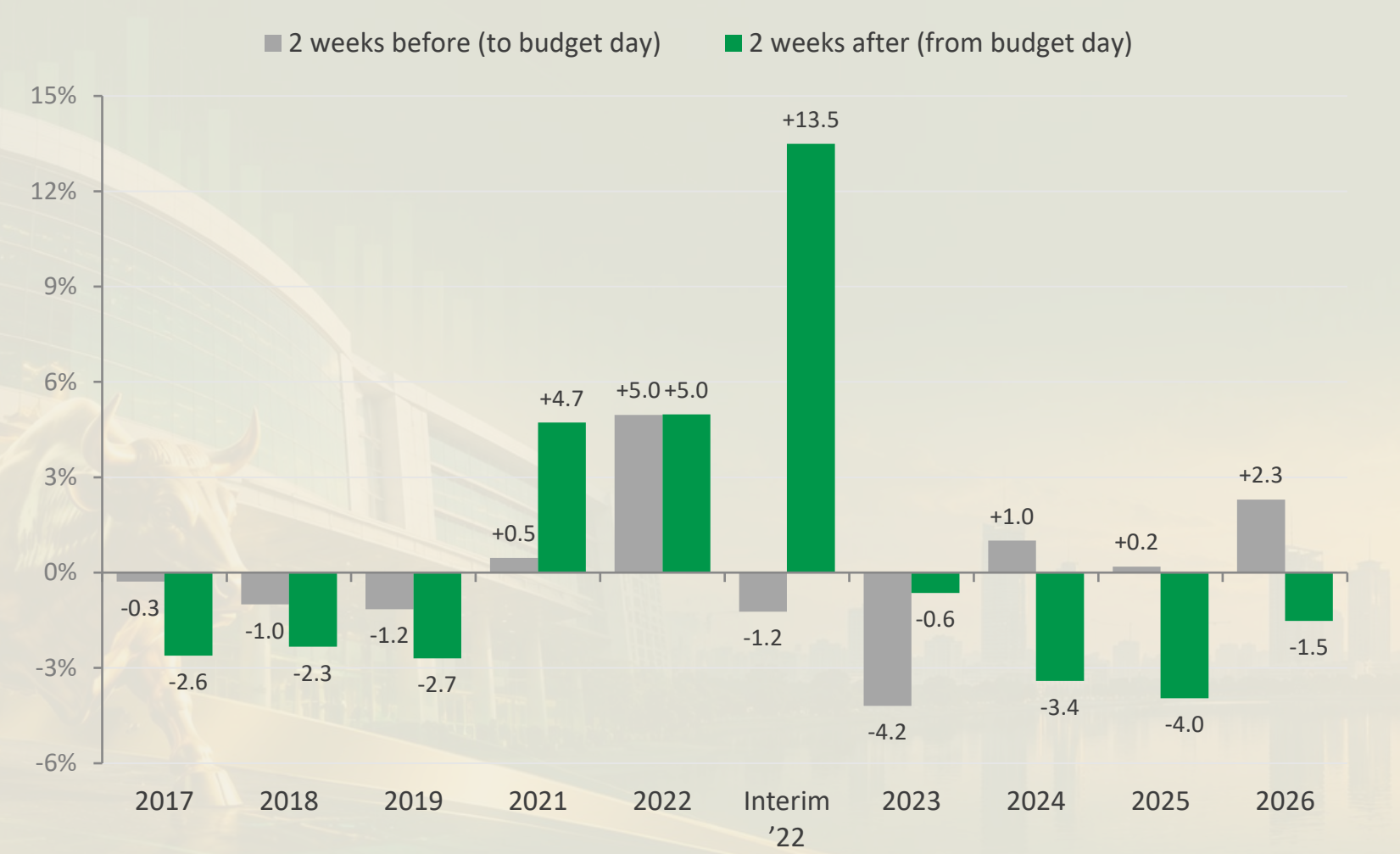
+13.5%

largest post-budget move

Interim Budget 2022 (30 Aug), alongside the IMF staff-level agreement.

The ASPI rose from 8,865 to 10,061 as the IMF deal landed on 1 Sep. Without this outlier, the average post-budget move is −0.8%.

The ASPI fell in the two weeks after 7 of 10 budgets



Budget year shown on axis; bar labels in %. Interim '22 = interim budget of 30 Aug 2022.

What the chart shows

Seven declines, three rallies. Post-budget falls ranged from −0.6% (2023) to −4.0% (2025); the median move was −1.9%.

Every rally had outside support. 2021 and 2022 landed in the low-rate bull run of 2020–21; the 2022 interim budget coincided with the IMF deal.

The last three budgets followed one path. Budgets 2024, 2025 and 2026 each saw a small gain beforehand, then a 1.5–4.0% fall after.

Pre-budget moves were small. Half rose and half fell; only 2022, 2023 and 2026 moved more than 2%.

ASPI levels around each budget reading

Budget	Presented	ASPI ~2 wks before	ASPI budget day	ASPI ~2 wks after	Pre-budget %	Post-budget %
Budget 2026	7 Nov 2025	22,812.52	23,338.25	22,982.72	+2.30%	**−1.52%**
Budget 2025	17 Feb 2025	17,122.73	17,156.05	16,478.67	+0.19%	**−3.95%**
Budget 2024	13 Nov 2023	10,789.87*	10,899*	10,526.93	+1.01%	**−3.41%**
Budget 2023	14 Nov 2022	8,728.60	8,363*	8,309.6*	−4.19%	**−0.64%**
Interim 2022	30 Aug 2022	8,975*	8,865.4*	10,061.09	−1.23%	**+13.49%**
Budget 2022	12 Nov 2021	10,162.7*	10,666.54	11,197.68	+4.96%	**+4.98%**
Budget 2021	17 Nov 2020	6,080.90	6,108.93*	6,397.56	+0.46%	**+4.72%**
Budget 2019	5 Mar 2019	5,837.8*	5,770.57	5,614.98	−1.15%	**−2.70%**
Budget 2018	9 Nov 2017	6,633.20	6,567.07	6,414	−1.00%	**−2.33%**
Budget 2017	10 Nov 2016	6,438.50	6,420.78	6,253.28	−0.28%	**−2.61%**

How to read the table: Pre-budget % runs from ~2 weeks before to budget day; post-budget % runs from budget day to ~2 weeks after. The index rose about 3.5× over the decade (6,439 to 22,983), so compare the % columns, not the levels.

* Derived from a published close and its stated % change, or nearest available close. Dates for each value are listed in the companion report.

What sits behind the pattern

1

Before: wait-and-see

Broker reports in most years describe thin turnover, with investors on the sidelines until the tax and spending proposals are public. The ASPI moved less than ±1.2% in six of ten pre-budget windows, split five up and five down. The two large moves had their own causes: a rally into Budget 2022 during the low-rate bull run, and a 4.2% slide before Budget 2023 at the height of the 2022 crisis.

2

After: sell-the-news

Seven of ten post-budget windows fell, by a median of 1.9%. Tax-raising proposals weighed on Budgets 2017 and 2018. In 2026, investors took profits after a 2.3% run-up into budget day. In 2019 and 2023, the budget arrived during wider market stress, so selling would likely have happened anyway. The three most recent budgets (2024–2026) all followed this rise-then-fall path.

3

Rallies had outside drivers

All three post-budget rallies had support beyond the budget itself. Budgets 2021 (+4.7%) and 2022 (+5.0%) landed inside the 2020–21 bull run, when record-low interest rates pushed savers into equities. The 2022 interim budget (+13.5%) coincided with the IMF staff-level agreement on 1 Sep 2022, which investors read as a path out of the crisis.

A tendency, not a trading rule

- **Other events share the window.** Budgets land alongside quarterly earnings, CBSL rate decisions and IMF reviews, so the ASPI's move cannot be credited to the budget alone.
- **Ten events is a small sample.** The readings span a low-rate bull run, a sovereign debt crisis and a recovery. One outlier, the +13.5% interim budget, lifts the average post-budget move from −0.8% to +0.6%.
- **Some data points are approximate.** Closes marked * are the nearest available date or derived from a published % change, so individual moves are estimates.
- **Use it as context, not a signal.** The pattern argues for caution about buying into a pre-budget rally, but it is not reliable enough to trade on by itself.

Sources: CBSL Weekly Economic Indicators, CSE daily reports, Daily FT, Daily Mirror, EconomyNext.

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