

Impact of Macroeconomic Variables on Profitability of Manufacturing Companies in Colombo Stock Exchange

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Objective of this study is how macroeconomic variables have been affected for the profitability of the listed manufacturing company and also, it is considered how the interest rate, US\$ exchange rate, GDP growth rate, and inflation rate have been affected for the ROA and ROE of listed manufacturing companies. There are 15 CSE listed manufacturing companies are used as the target sample. Secondary data from 15 companies have been collected from 2010 to 2015, as quarterly. Macroeconomic data is collected from the central bank of Sri Lanka and Colombo consumer price index for period of 2010 to 2015. Data is analyzed using multiple regression model. From the findings are there significant negative relationship between inflation rate, US\$ exchange rate with ROA and ROE. Interest rate has positive relationship between profitability but not significance as well as GDP growth rate has negative relationship between profitability but it is also not significant. Listed manufacturing company must pay more attention for the inflation rate and exchange rate because negative relationship of inflation rate and exchange rate is affected for the ROA and ROE of the company. If inflation rate and US \$ exchange rate increase the profitability of manufacturing companies decrease other hand decrease in inflation rate exchange rate increase the profitability of listed manufacturing companies.

Keywords: Macroeconomic variable, Profitability, Manufacturing firms