



Issued By Communications Department

Date 30.08.2024

CCPI based headline inflation decelerated sharply in August 2024

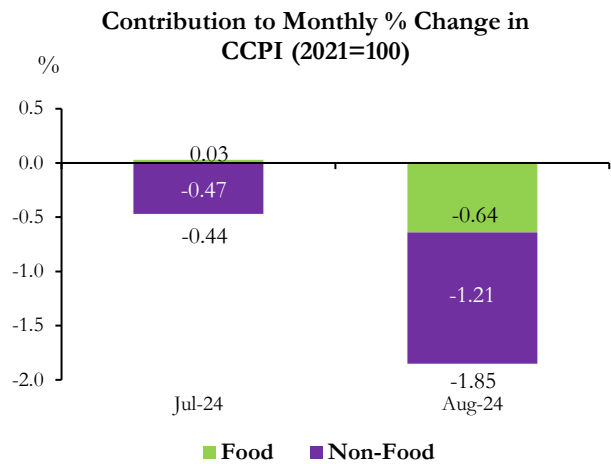
Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ decelerated sharply to 0.5% in August 2024 from 2.4% in July 2024. This deceleration in the headline inflation is broadly in line with the projections of the Central Bank of Sri Lanka (CBSL).

Food inflation (Y-o-Y) decelerated to 0.8% in August 2024 from 1.5% in July 2024. Further, Non-Food inflation (Y-o-Y) also decelerated sharply to 0.4% in August 2024 from 2.8% in July 2024.

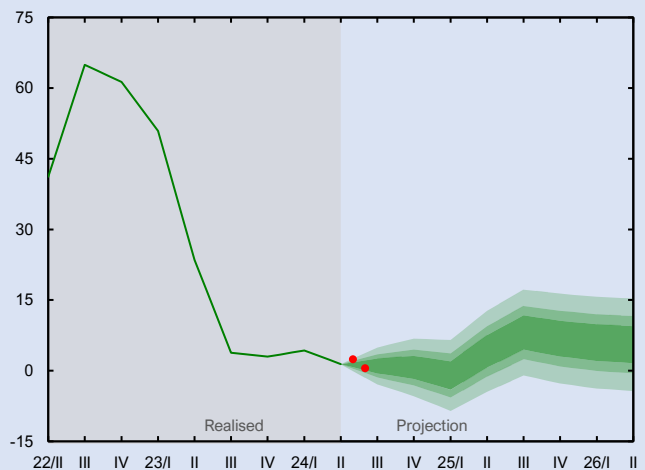
On a month-on-month basis, the CCPI recorded a decline of 1.85% in August 2024 due to the price decreases of 0.64% observed in the items of the Food category and the price decreases of 1.21% observed in the items of the Non-Food category. Meanwhile, core inflation (Y-o-Y), which reflects the underlying inflation trends in the economy, declined to 3.6% in August 2024 from 4.4% in July 2024.

Headline inflation is projected to remain notably below the target of 5% in the forthcoming months. Over the medium term, inflation is expected to gradually align with and remain around the targeted level, aided by appropriate policy measures.

Inflation CCPI (2021=100)	July 2024	August 2024
Index Value	194.7	191.1
Monthly Change (%)	-0.44	-1.85
Y-o-Y Inflation (%)	2.4	0.5



Headline Inflation Projections^a
 CCPI,^b quarterly average, y-o-y, %



● Realised Monthly Inflation (CCPI, 2021=100): July and August 2024

The inflation fan chart depicted here illustrates the uncertainty surrounding the baseline projections using confidence bands of gradually fading colours.

There are upside risks to inflation projections stemming from factors such as the possible realisation of demand for higher wages; adverse weather conditions affecting agricultural production; possible rupee depreciation; any deviation from the envisaged fiscal consolidation path; and possible upward pressures on global food and energy prices amidst uncertainty. Meanwhile, downside risks to inflation projections include, among others, the sustained impact of diminished purchasing power of people; and possible larger-than-expected spillovers of energy price reductions to other price levels.

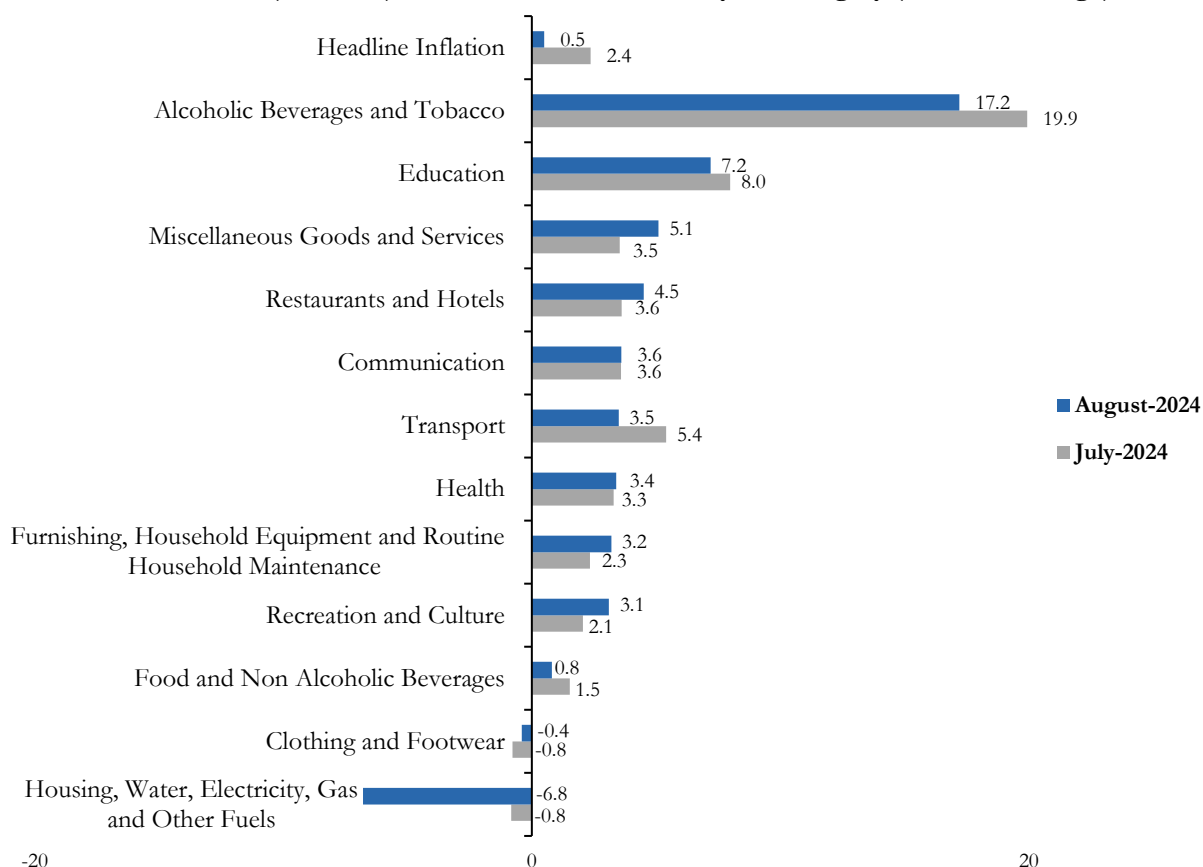
Source: Central Bank Staff Projections

a/ The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the July 2024 forecast round.

b/ Realised data up to Q4 2022 shown in the fan chart are based on the CCPI (2013=100, seasonally adjusted), while data after this period are based on the CCPI (2021=100, seasonally adjusted). Projections are based on all available data.

¹ The Colombo Consumer Price Index (CCPI, 2021=100) is compiled by the Department of Census and Statistics (DCS) to indicate average changes in the prices of goods and services purchased by households in urban areas of Colombo district.

CCPI (2021=100) based Headline Inflation by Subcategory (Y-o-Y % Change)



Movement of the CCPI (2021=100)

Period		Index Number		Monthly % Change		Y-o-Y % Change		Annual Average % Change	
Year	Month	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)	CCPI	CCPI (Core)
2023	August	190.1	171.2	-0.1	0.5	4.0	4.6	-	-
	September	191.8	172.0	0.9	0.5	1.3	1.9	-	-
	October	191.4	172.4	-0.2	0.2	1.5	1.2	-	-
	November	193.4	172.4	1.0	0.0	3.4	0.8	-	-
	December	195.1	172.5	0.9	0.1	4.0	0.6	17.4	14.5
2024	January	200.7	176.2	2.9	2.1	6.4	2.2	14.2	11.3
	February	200.6	177.2	0.0	0.6	5.9	2.8	11.3	8.5
	March	196.7	177.3	-1.9	0.1	0.9	3.1	8.0	6.1
	April	195.2	177.3	-0.8	0.0	1.5	3.4	5.7	4.4
	May	194.1	177.0	-0.6	-0.2	0.9	3.5	3.9	3.3
	June	195.6	177.4	0.8	0.2	1.7	4.4	3.1	2.8
	July	194.7	177.9	-0.5	0.3	2.4	4.4	2.8	2.7
	August	191.1	177.3	-1.8	-0.3	0.5	3.6	2.5	2.7

Note: As per DCS, Y-o-Y inflation and monthly change are calculated using the rounded off index numbers.

Source: Department of Census and Statistics