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CENTRAL BANK OF SRI LANKA

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Press Release

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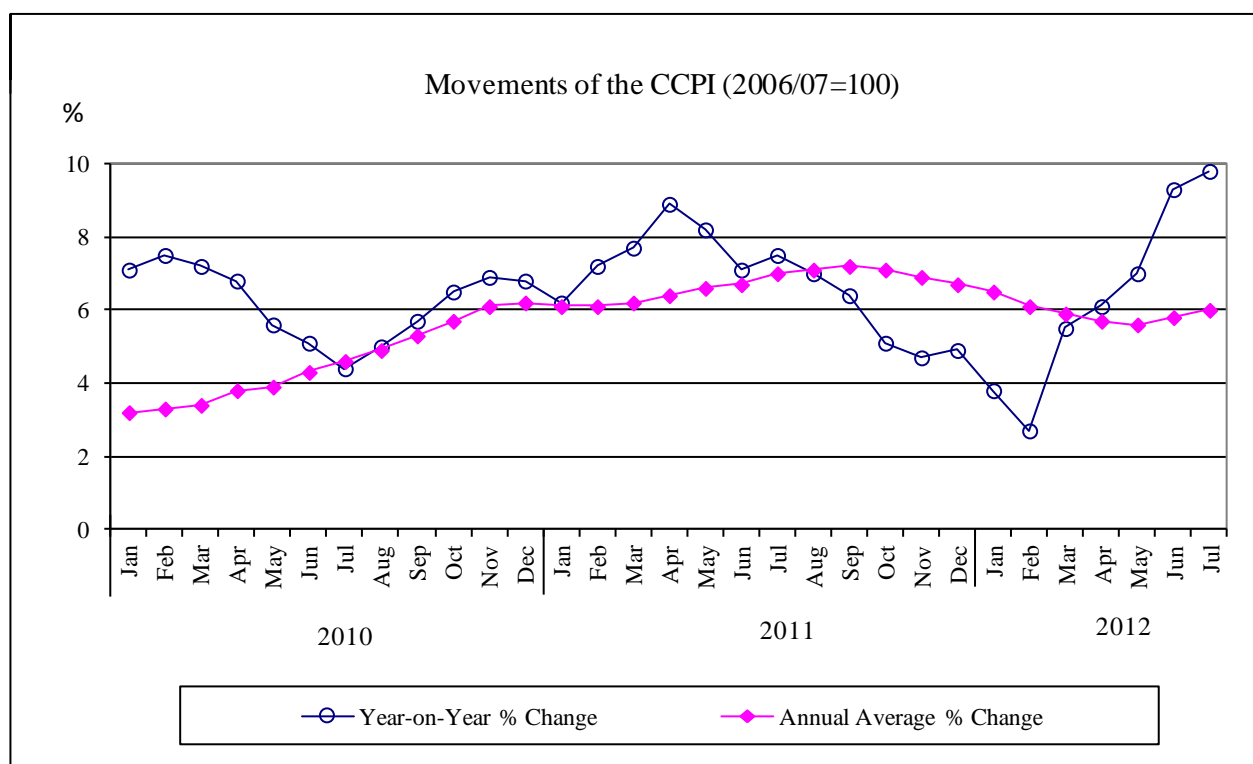
Date 2012 -07 - 31

Inflation in July 2012

Inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100) computed by the Department of Census and Statistics, increased to 6.0 per cent in July 2012, on an annual average basis, from 5.8 per cent in the previous month.

The year-on-year (YoY) inflation rose to 9.8 per cent in July 2012 from 9.3 per cent in June 2012, mainly due to the price increases in food category.

Meanwhile, core inflation, continued its decelerating trend for the tenth consecutive month and reached at 5.5 per cent in July 2012, on an annual average basis, from 5.7 per cent in June 2012, while increasing on a YoY basis to 6.0 per cent in July 2012 from 5.8 per cent in the previous month.



The CCPI increased by 0.9 per cent in July 2012 over the previous month, with the Index increasing in absolute terms to 166.7 from 165.2 in June 2012. The contribution to the monthly increase in the Index came mainly from price increases in the Food and Non-Alcoholic Beverages category (by 1.6 per cent) followed by the Non-Food category (by 0.3 per cent). The increase in the prices of rice, coconut, fresh fish, sugar, fruits, vegetables and prepared food contributed to the increase in the food category of CCPI. The upward revision in the prices of wheat flour, fuel and milk powder has had an impact on the prices of prepared foods with a time lag. However, a decline in the prices of red onions, big onions and limes was also reported during the month. Within the Non-Food category, prices increased in the sub-categories of Health (by 1.9 per cent); Clothing and Footwear (by 1.1 per cent); Furnishing, Household Equipment and Routine Household Maintenance (by 1.1 per cent); Miscellaneous Goods and Services (by 0.2 per cent) and Transport (by 0.1 per cent). However, prices in the sub-category of Housing, Water, Electricity, Gas and Other Fuels recorded a decline of 0.3 per cent due to the reduction in prices of LP gas w.e.f. 14 July 2012. Meanwhile, the prices in the sub-categories of Communication; Recreation and Culture; and Education remained unchanged during the month.