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Press Release

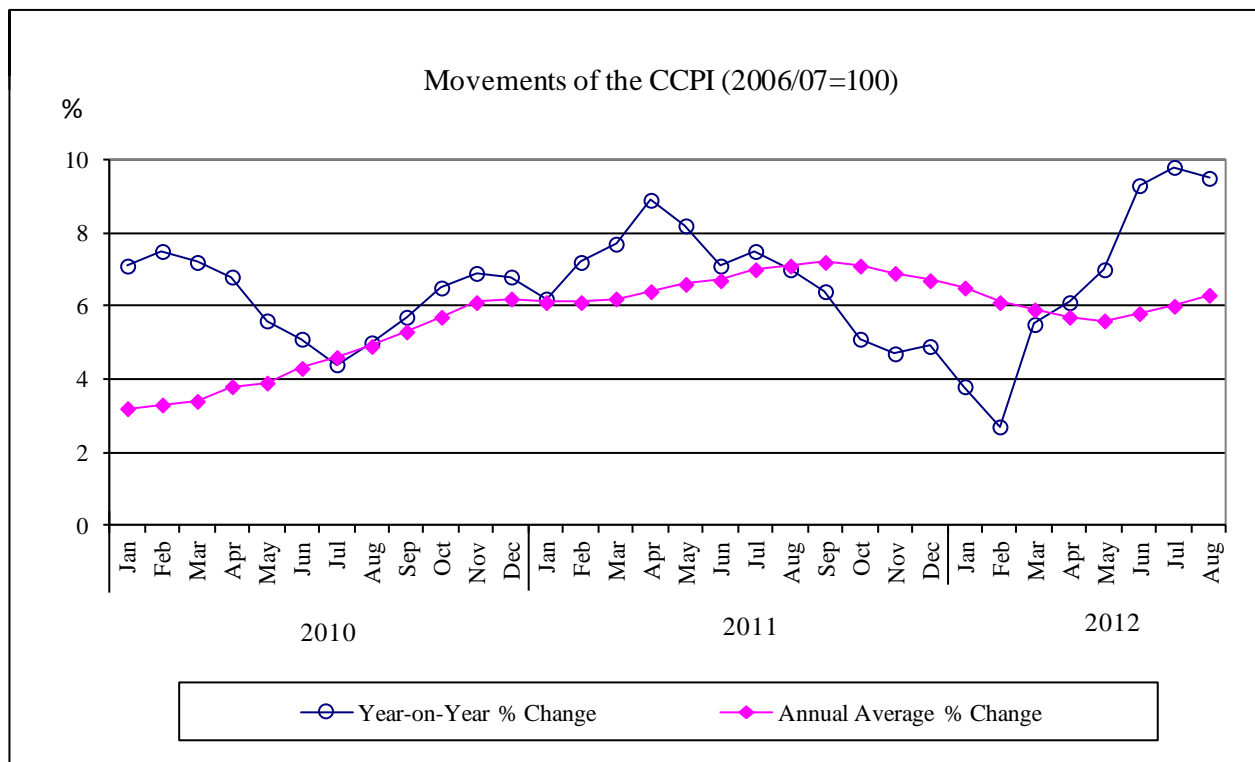
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Inflation decelerates in August 2012

Inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100) computed by the Department of Census and Statistics, declined to 9.5 per cent in August 2012 on a year-on-year (YoY) basis from 9.8 per cent in the previous month, mainly due to the price decreases in the food category. However, the annual average inflation rate rose to 6.3 per cent in August 2012 from 6.0 per cent in July 2012.

Meanwhile, core inflation decreased to 5.9 per cent in August 2012 on a YoY basis, from 6.0 per cent in July 2012, while it followed the same trend and reached 5.4 per cent on an annual average basis from 5.5 per cent in the previous month.



The CCPI declined by 0.6 per cent in August 2012 over the previous month, with the Index decreasing in absolute terms to 165.7 from 166.7 in July 2012. The contribution to the monthly decrease in the Index came mainly from price decreases in the Food and Non-Alcoholic Beverages category (by 1.1 per cent). The decrease in the prices of vegetables, fish and sea food, coconuts, coconut oil, potatoes, big onions, red onions, green chillies, eggs and milk powder contributed to the decrease in the food category of CCPI. However, an increase in the prices of rice, sugar, fruits and limes was reported during the month. Within the Non-Food category, prices increased in the sub-categories of Clothing and Footwear (by 0.2 per cent); Furnishing, Household Equipment and Routine Household Maintenance (by 0.2 per cent); and Recreation and Culture (by 0.1 per cent). However, prices in the sub-category of Housing, Water, Electricity, Gas and Other Fuels recorded a decline of 0.7 per cent due to the reduction in the price of LP gas w.e.f. 14 July 2012. Meanwhile, the prices in the sub-categories of Health; Transport; Communication; Education; and Miscellaneous Goods and Services remained unchanged during the month.