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CENTRAL BANK OF SRI LANKA

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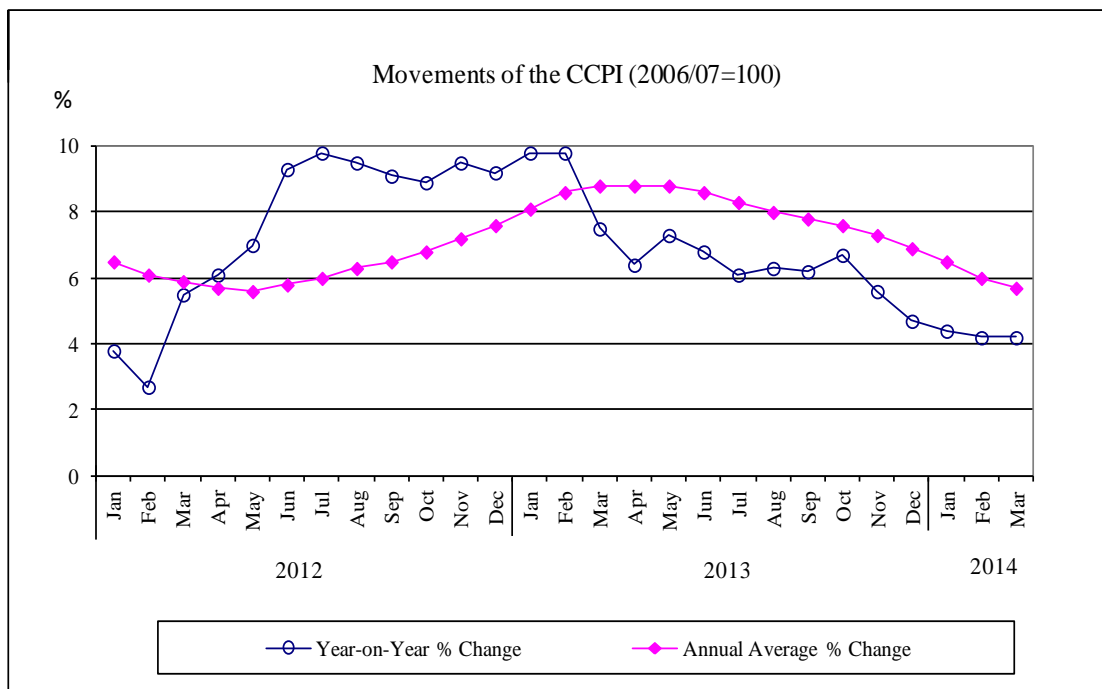
# Press Release

Issued By Statistics Department

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## Inflation in March 2014

Inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI) (2006/07=100), which is computed by the Department of Census and Statistics, decelerated further to 5.7 per cent in March 2014, on an annual average basis, from 6.0 per cent in February 2014. This declining trend has been observed continuously since June 2013. Meanwhile, inflation on a year-on-year (YoY) basis remained at 4.2 per cent in March 2014, which was the same rate recorded in the previous month.



Inflation remained subdued in March 2014 mainly due to low increase in prices of items in the Non-food category. The prices in the sub categories of Housing, Water, Electricity, Gas and Other Fuels; Furnishing, Household Equipment and Routine Household Maintenance; Transport; and Communication remained unchanged during the month. However, the prices in the Miscellaneous Goods and Services (0.8 per cent); Clothing and Footwear (0.1 per cent); Health (0.1 per cent); Recreation and Culture (0.1 per cent); and Education (0.1 per cent) slightly increased.

The Food and Non-alcoholic beverages, which increased only by 0.1 per cent in March 2014 compared to the previous month, was the main contributor towards the 0.1 per cent monthly increase in the CCPI. Within the food category, the price declines were recorded in red onion, big onion, potatoes, most varieties of vegetables and fresh fish. However, prices of milk powder, tea, eggs, cheese, butter, margarine, some varieties of fruits and green chilies recorded increases.

Annual average Core inflation which decelerated steadily from June 2013 reached 3.5 per cent in March 2014 compared to 3.8 per cent in the previous month, reflecting well-contained demand driven inflationary pressures. YoY core inflation increased to 3.4 per cent from 3.1 per cent recorded in February 2014.