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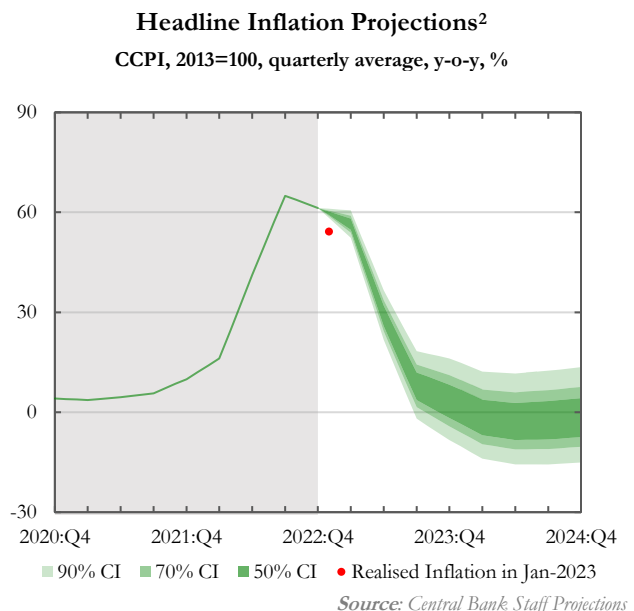
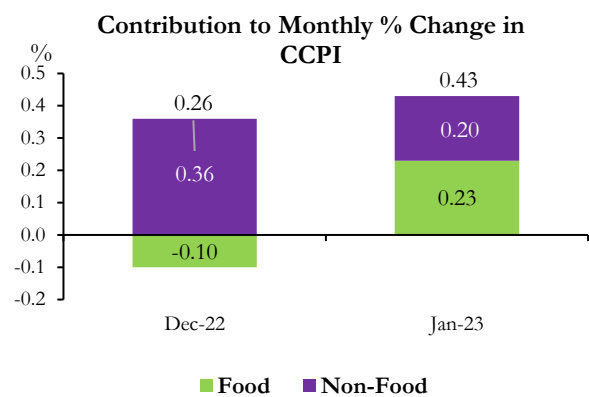
CCPI based headline inflation eased further in January 2023

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2013=100)¹ decreased to 54.2% in January 2023 from 57.2% in December 2022. The decline in the headline inflation is broadly in line with the disinflation path envisaged by the Central Bank of Sri Lanka (CBSL) in January 2023.

The Food inflation (Y-o-Y) decreased to 60.1% in January 2023 from 64.4% in December 2022, while the Non-Food inflation (Y-o-Y) decreased to 51.0% in January 2023 from 53.4% in December 2022. Monthly change of CCPI recorded at 0.43% in January 2023 mainly due to price increases observed in items of Food and Non-Food categories, which were 0.23% and 0.20%, respectively. Meanwhile, annual average inflation rose to 49.6% in January 2023 from 46.4% in December 2022. The core inflation (Y-o-Y), which reflects the underlying inflation in the economy, decreased to 45.6% in January 2023 from 47.7% in December 2022, whereas annual average core inflation increased to 37.6% in January 2023 from 34.6% in December 2022.

Looking ahead, based on the latest macroeconomic projections of the CBSL, the declining trend of inflation is expected to continue through 2023, supported by subdued demand conditions owing to tight monetary and fiscal policy measures, anticipated improvements in domestic supply conditions, and the expected passthrough of easing global energy and food prices to domestic prices, along with the favourable statistical base effect. However, there are upside risks to this disinflation path arising from possible upward adjustments in domestic energy prices and any associated second round effects, delays in passing downward adjustments of global energy and food prices to domestic consumers, etc. Nevertheless, factors such as the reduced purchasing power of the public could soften inflationary pressures, exerting downside risks to inflation projections.

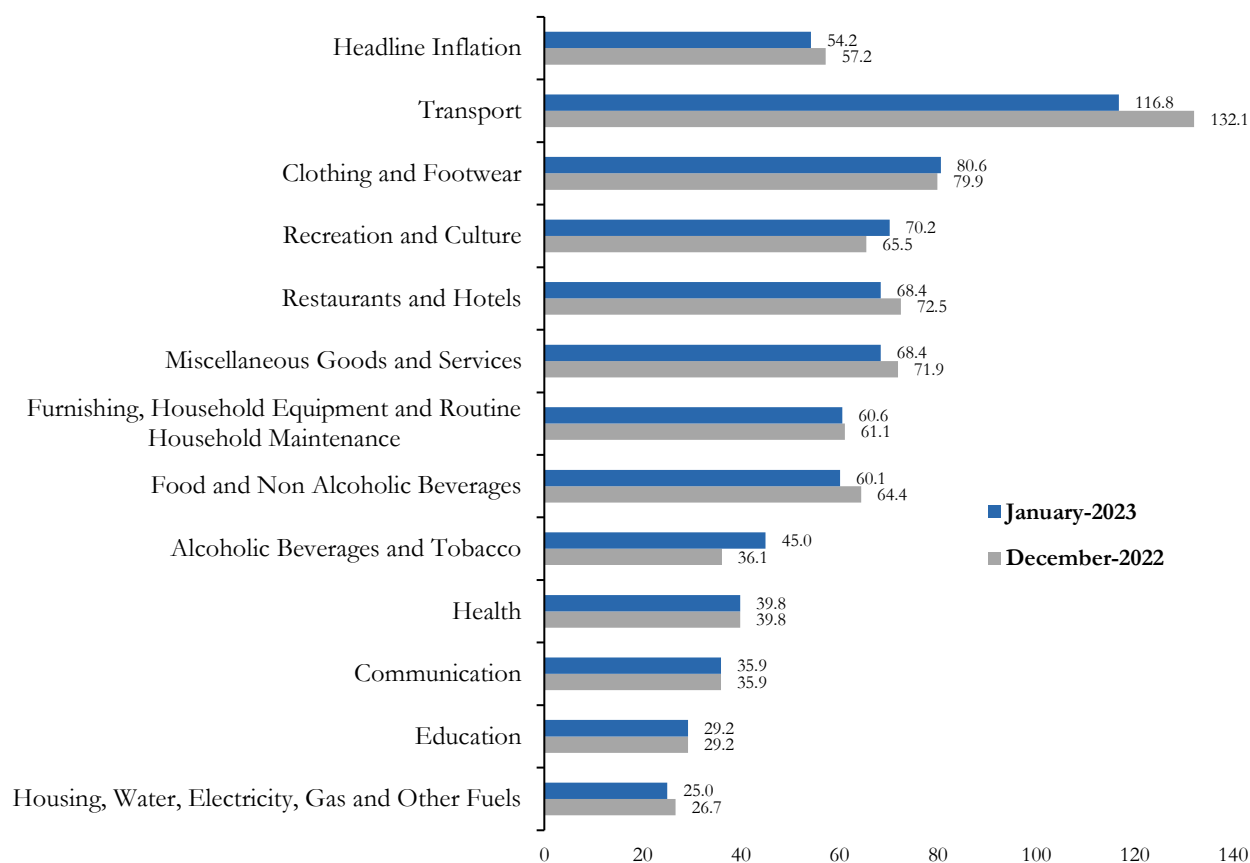
Inflation	December 2022	January 2023
Index Value	243.2	244.3
Monthly Change (%)	0.2	0.5
Y-o-Y Inflation (%)	57.2	54.2
Annual Average Inflation (%)	46.4	49.6



¹ The Colombo Consumer Price Index (CCPI, 2013=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.

² The Central Bank revises its medium-term inflation projections on a quarterly basis, along with the release of GDP estimates by the DCS. The projections displayed here reflect the available data, and assumptions and judgements made at the January 2023 forecast round.

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



Movement of the CCPI (2013=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)
2022	January	158.4	154.1	2.4	1.9	14.2	9.9	6.9	5.0
	February	160.1	155.7	1.1	1.0	15.1	10.9	7.9	5.7
	March	164.9	159.4	3.0	2.4	18.7	13.0	9.1	6.5
	April	180.2	172.4	9.3	8.2	29.8	22.0	11.3	8.1
	May	195.2	182.9	8.3	6.1	39.1	28.4	14.2	10.2
	June	220.2	200.2	12.8	9.5	54.6	39.9	18.4	13.3
	July	230.1	208.0	4.5	3.9	60.8	44.3	23.1	16.7
	August	235.8	212.0	2.5	1.9	64.3	46.6	28.0	20.3
	September	244.7	219.3	3.8	3.4	69.8	50.2	33.4	24.1
	October	243.8	221.4	-0.4	1.0	66.0	49.7	38.3	27.8
	November	242.6	223.2	-0.5	0.8	61.0	49.4	42.6	31.4
	December	243.2	223.4	0.2	0.1	57.2	47.7	46.4	34.6
2023	January	244.3	224.3	0.5	0.4	54.2	45.6	49.6	37.6

Source: Department of Census and Statistics