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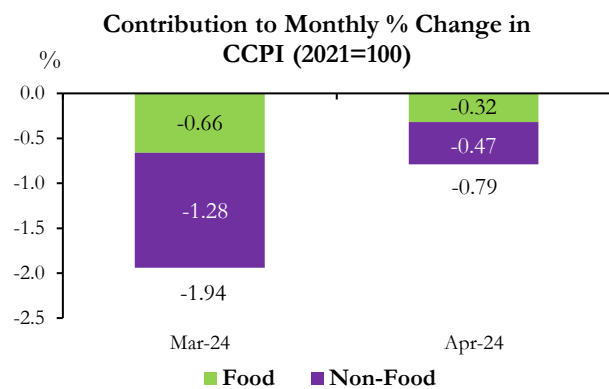
Date 30.04.2024

CCPI based headline inflation showed some uptick in April 2024

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ showed some uptick to record 1.5% in April 2024 compared to 0.9% in March 2024.

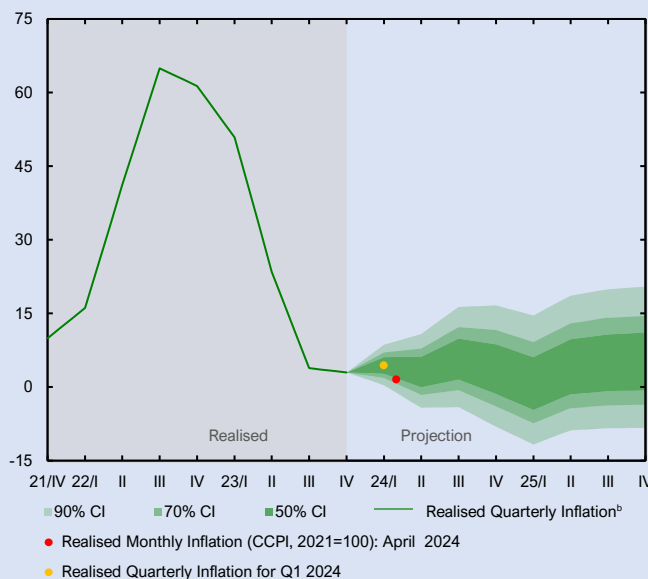
Food inflation (Y-o-Y) decelerated to 2.9% in April 2024 from 3.8% in March 2024. Nevertheless, Non-Food Category recorded an inflation (Y-o-Y) of 0.9% in April 2024 compared to the 0.5% deflation observed in March 2024. On a month-on-month basis, inflation continued to decline. Monthly change of CCPI recorded -0.79% in April 2024 due to the price decreases of 0.32% observed in the items of Food category and the price decreases of 0.47% observed in the items of Non-Food category. Meanwhile, core inflation (Y-o-Y), which reflects the underlying inflation trends in the economy, accelerated to 3.4% in April 2024 from 3.1% in March 2024.

Inflation CCPI (2021=100)	March 2024	April 2024
Index Value	196.7	195.2
Monthly Change (%)	-1.94	-0.79
Y-o-Y Inflation (%)	0.9	1.5



Quarterly average inflation was in line with the Central Bank’s medium term projections arrived during the March 2024 forecast round and monthly inflation data reinforce the projection path. Inflation is expected to stabilise around the targeted level of 5 per cent in the period ahead, supported by appropriate policy measures.

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



The inflation fan chart depicted here illustrates the uncertainty surrounding the baseline projections using confidence bands of gradually fading colours. Given the prevailing domestic and global economic uncertainties and geopolitical tensions, the risks associated with the current projections are higher than in normal times. These risks arise due to the possibility of various factors deviating from the levels already internalised in projections, either explicitly or implicitly, and due to any unforeseen developments. In particular, there could be upside risks to inflation projections stemming from factors such as the impact of the possible upward pressures on global food and energy prices amidst uncertainties; any possible upward revision to electricity tariff more than initially anticipated, and the possible realisation of the demand for higher wages. Meanwhile, downside risks to inflation projections include a faster recovery of supply conditions and the sustained impact of diminished purchasing power of the public.

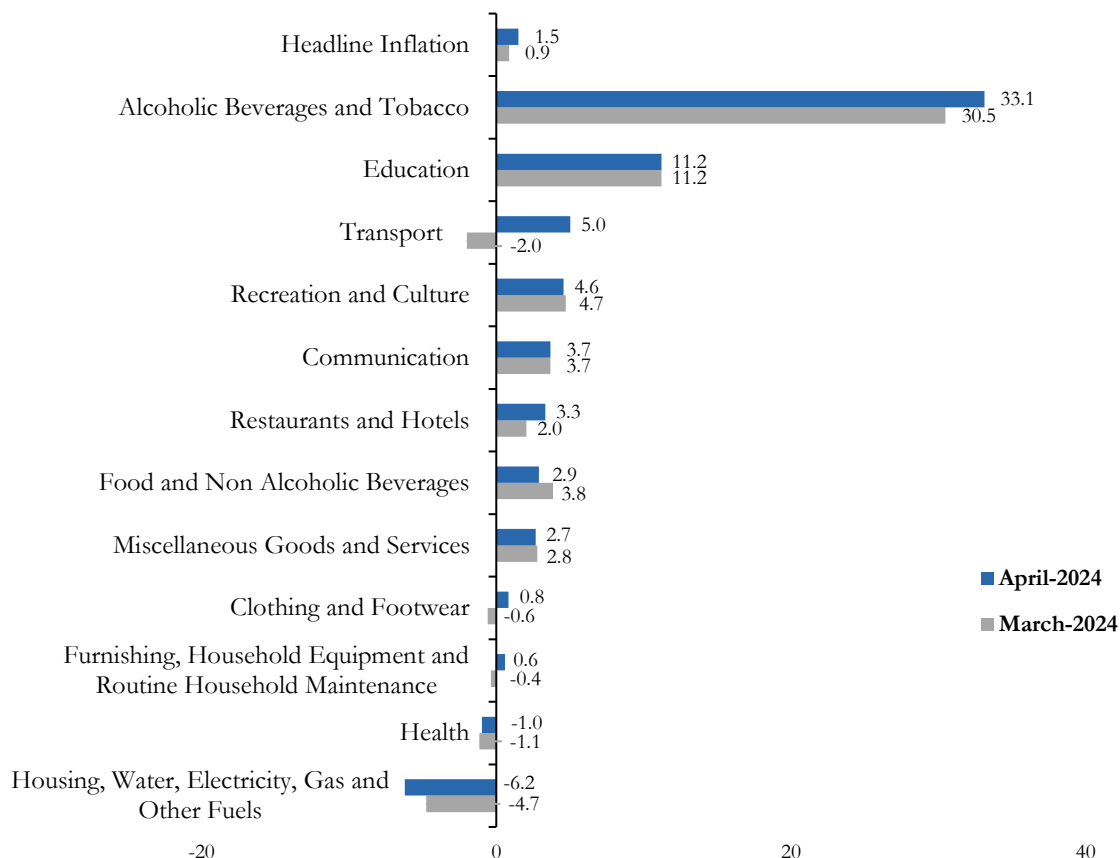
Source: Central Bank Staff Projections

a/ The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the March 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	April	192.3	171.5	-1.4	-0.2	35.3	27.8	-	-	
	May	192.3	171.0	0.0	-0.3	25.2	20.3	-	-	
	June	192.3	169.9	0.0	-0.6	12.0	9.8	-	-	
	July	190.2	170.4	-1.1	0.3	6.3	5.9	-	-	
	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	

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