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## CCPI based headline inflation increased in December 2023

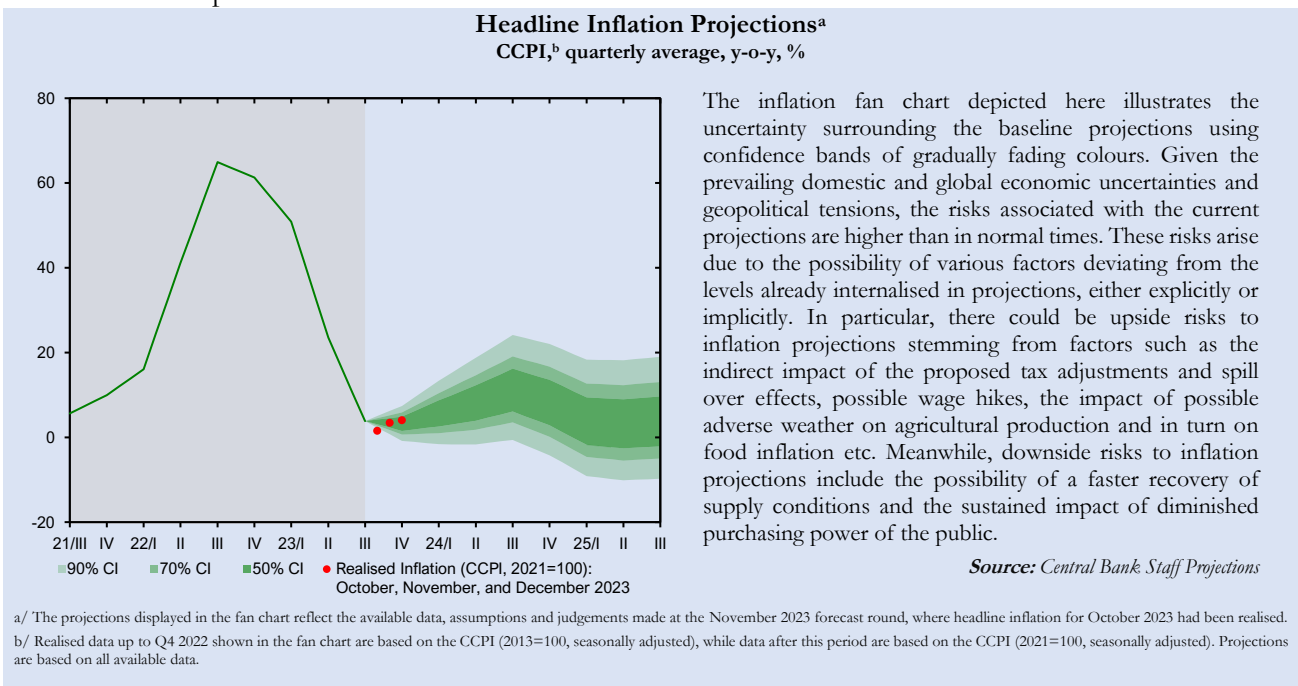
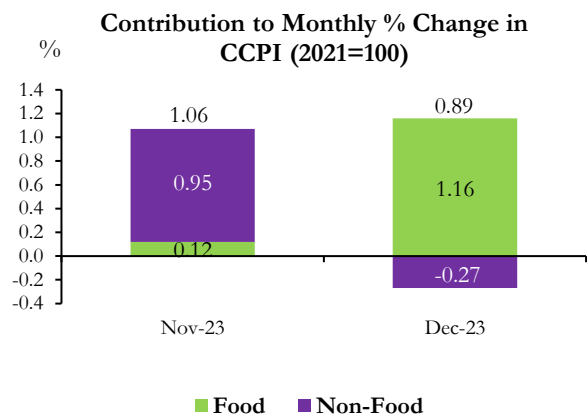
Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)<sup>1</sup> increased to 4.0% in December 2023 from 3.4% in November 2023. This increase in the headline inflation is mostly in line with the projections envisaged by the Central Bank of Sri Lanka (CBSL) in November 2023.

After five months of continuous deflation, the Food category recorded inflation (Y-o-Y) of 0.3% in December 2023 from 3.6% deflation (Y-o-Y) recorded in November 2023. Meanwhile, the Non-Food inflation (Y-o-Y) declined to 5.8% in December 2023 from 6.8% in November 2023. Monthly change of CCPI recorded 0.89% in December 2023 due to the combined effect of price increases of 1.16% observed in items of Food category and price decreases of 0.27% observed in the items of Non-Food category. The core inflation (Y-o-Y), which reflects the underlying inflation in the economy, decreased to 0.6% in December 2023 from 0.8% in November 2023.

Inflation is expected to stabilise around the targeted level of 5% over the medium term, supported by appropriate policy measures and well-anchored inflation expectations. Nevertheless, a temporary uptick in inflation is likely in the near term mainly due to the proposed value added tax (VAT) increase and its possible second-round impact.

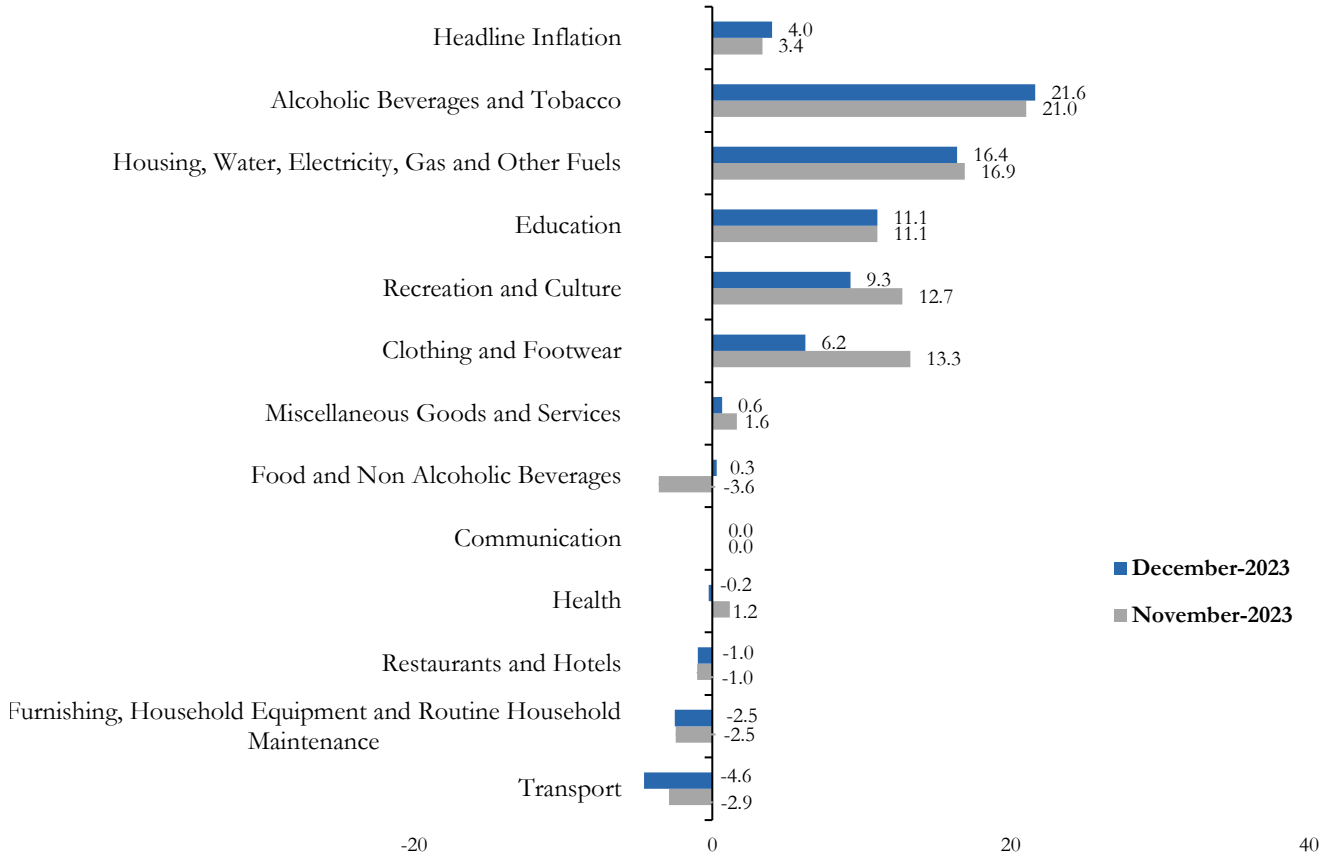
Inflation CCPI (2021=100)	November 2023	December 2023
Index Value	193.4	195.1
Monthly Change (%)	1.0	0.9
Y-o-Y Inflation (%)	3.4	4.0

Note: As per DCS, Y-o-Y inflation and monthly change are calculated using the rounded off index numbers.



<sup>1</sup> 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)
2022	December	187.6	171.5	0.3	0.2	-	-	-	-
2023	January	188.6	172.4	0.5	0.5	51.7	45.6	-	-
	February	189.5	172.3	0.5	-0.1	50.6	43.6	-	-
	March	195.0	171.9	2.9	-0.2	50.3	39.1	-	-
	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

Source: Department of Census and Statistics