



Issued By Communications Department

Date 28.06.2024

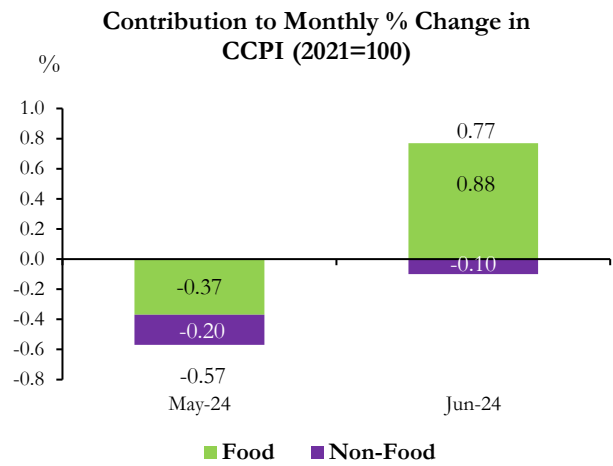
CCPI based headline inflation accelerated in June 2024

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ accelerated to 1.7% in June 2024 from 0.9% in May 2024. This acceleration in the headline inflation is broadly in line with the projections of the Central Bank of Sri Lanka (CBSL). Even with this acceleration, inflation remained well below the inflation target of 5%.

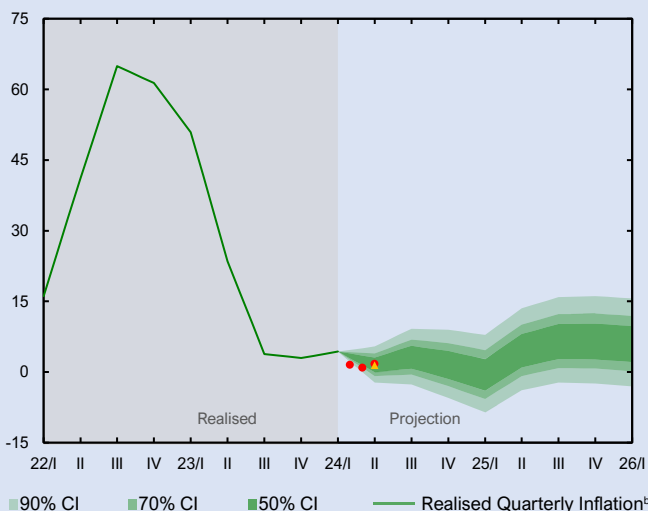
Food inflation (Y-o-Y) accelerated to 1.4% in June 2024 from 0.0% in May 2024. Further, Non-Food inflation (Y-o-Y) accelerated to 1.8% in June 2024 from 1.3% in May 2024. On a month-on-month basis, inflation increased marginally after declining for 3 consecutive months. Accordingly, the monthly percentage increase of CCPI was 0.77% in June 2024. Meanwhile, core inflation (Y-o-Y), which reflects the underlying inflation trends in the economy, accelerated to 4.4% in June 2024 from 3.5% in May 2024.

Based on the available data, inflation is expected to remain below the target of 5%, in the near term. Over the medium term, inflation is expected to align with and remain around the target level, supported by suitable policy interventions.

Inflation CCPI (2021=100)	May 2024	June 2024
Index Value	194.1	195.6
Monthly Change (%)	-0.57	0.77
Y-o-Y Inflation (%)	0.9	1.7



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



● Realised Monthly Inflation (CCPI, 2021=100): April, May and June 2024
 ▲ Realised Quarterly Inflation for Q2 2024

The inflation fan chart depicted here illustrates the uncertainty surrounding the baseline projections using confidence bands of gradually fading colours.

There are upside risks to inflation projections stemming from factors such as the impact of possible upward pressures on global energy prices amidst uncertainty; the impact of adverse weather on agricultural production and in turn on food prices; and any exchange rate depreciation more than the levels considered in the projections. Meanwhile, downside risks to inflation projections include any sizeable energy price reduction and its second-round effects; the sustained impact of the diminished purchasing power of the public; and any further easing of supply conditions.

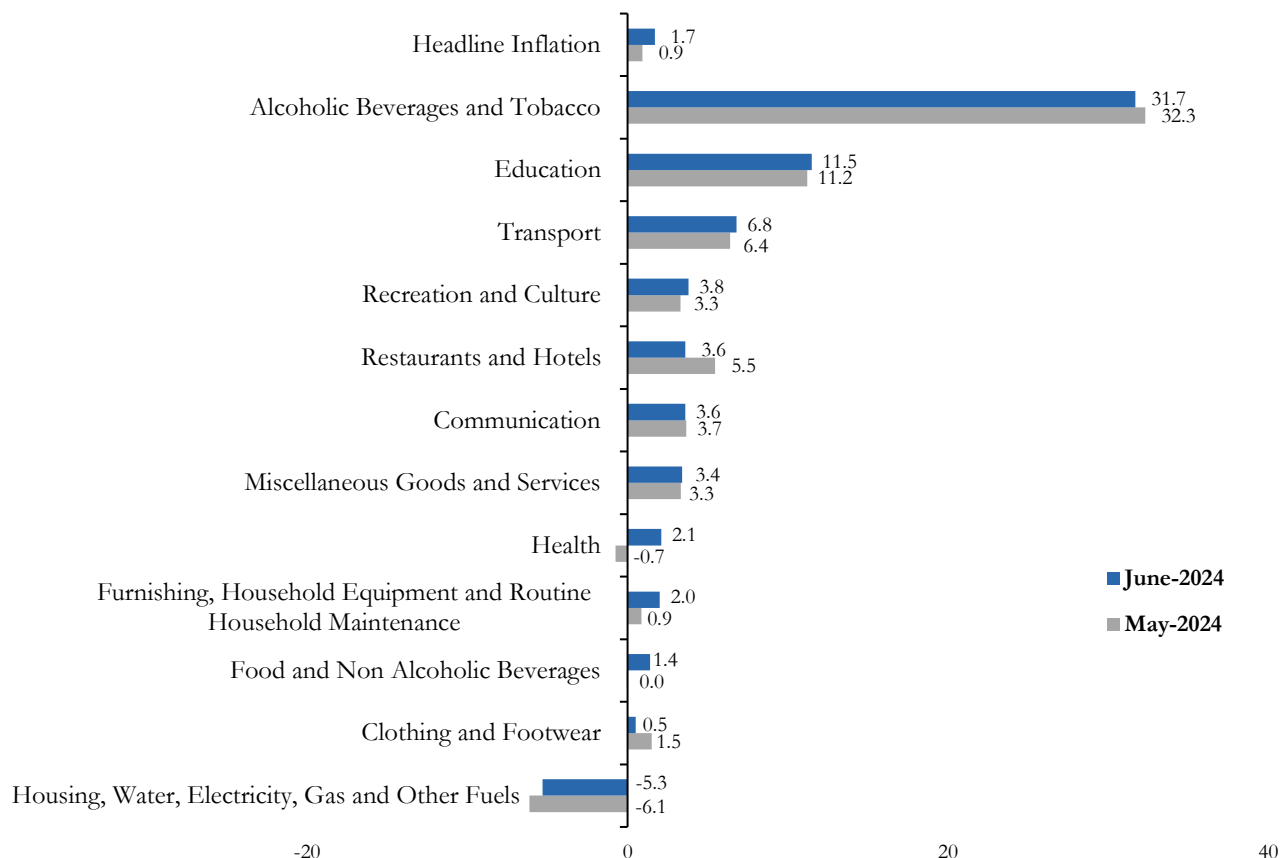
Source: Central Bank Staff Projections

a/ The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the May 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	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
	May	194.1	177.0	-0.6	-0.2	0.9	3.5	3.9	3.3
	June	195.6	177.4	0.8	0.2	1.7	4.4	3.1	2.8

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