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## CCPI based headline inflation remained in the negative territory in October 2024

In line with the Central Bank’s near term projections, 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> remained in the negative territory for the second consecutive month, recording a deflation of 0.8% in October 2024 compared to 0.5% in September 2024.

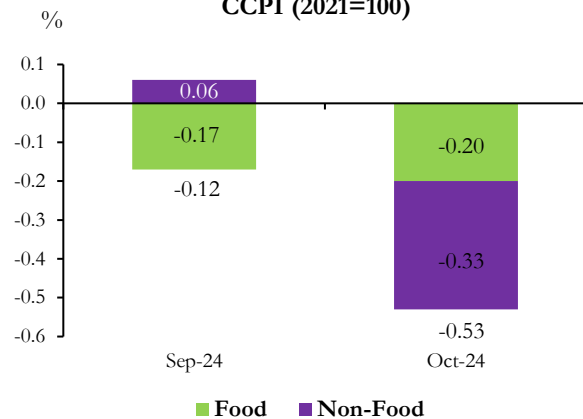
Non-Food deflation (Y-o-Y) deepened further to 1.6% in October 2024 from 0.5% in September 2024. Nevertheless, food category recorded an inflation (Y-o-Y) of 1.0% in October 2024 compared to the deflation of 0.3% in September 2024.

On a month-on-month basis, the CCPI recorded a decline of 0.53% in October 2024 due to 0.20% reduction in the prices of items in the Food category and 0.33% reduction in the prices of items in the Non-Food category. Meanwhile, core inflation (Y-o-Y), which reflects the underlying inflation trends in the economy, moderated to 3.0% in October 2024 from 3.3% in September 2024.

Looking ahead, current deflation conditions are expected to continue for a few months, driven by changes to administratively determined prices and easing of supply conditions. However, thereafter, inflation is expected to gradually align with the targeted level of 5%, aided by appropriate policy measures.

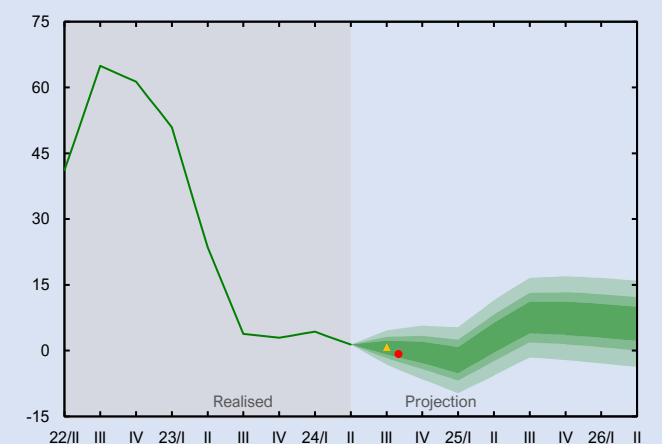
Inflation CCPI (2021=100)	September 2024	October 2024
Index Value	190.9	189.9
Monthly Change (%)	-0.12	-0.53
Y-o-Y Inflation (%)	-0.5	-0.8

**Contribution to Monthly % Change in CCPI (2021=100)**



### Headline Inflation Projections<sup>a</sup>

CCPI,<sup>b</sup> quarterly average, y-o-y, %  
Based on the projections during the September 2024 monetary policy round



■ 90% CI ■ 70% CI ■ 50% CI — Realised Quarterly Inflation<sup>b</sup>  
● Realised Monthly Inflation (CCPI, 2021=100): October 2024  
▲ Realised Quarterly Inflation for Q3-2024

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 possible adverse weather conditions affecting agricultural production; the possible realisation of demand for higher wages; possible upward pressures on global food and energy prices amidst uncertainty; possible rupee depreciation at higher levels; and any deviation from the envisaged fiscal consolidation path. Meanwhile, downside risks to inflation projections include, among others, possible price reductions of essentials; the sustained impact of diminished purchasing power of people; and the direct impact of potential future reductions in taxes on goods and services.

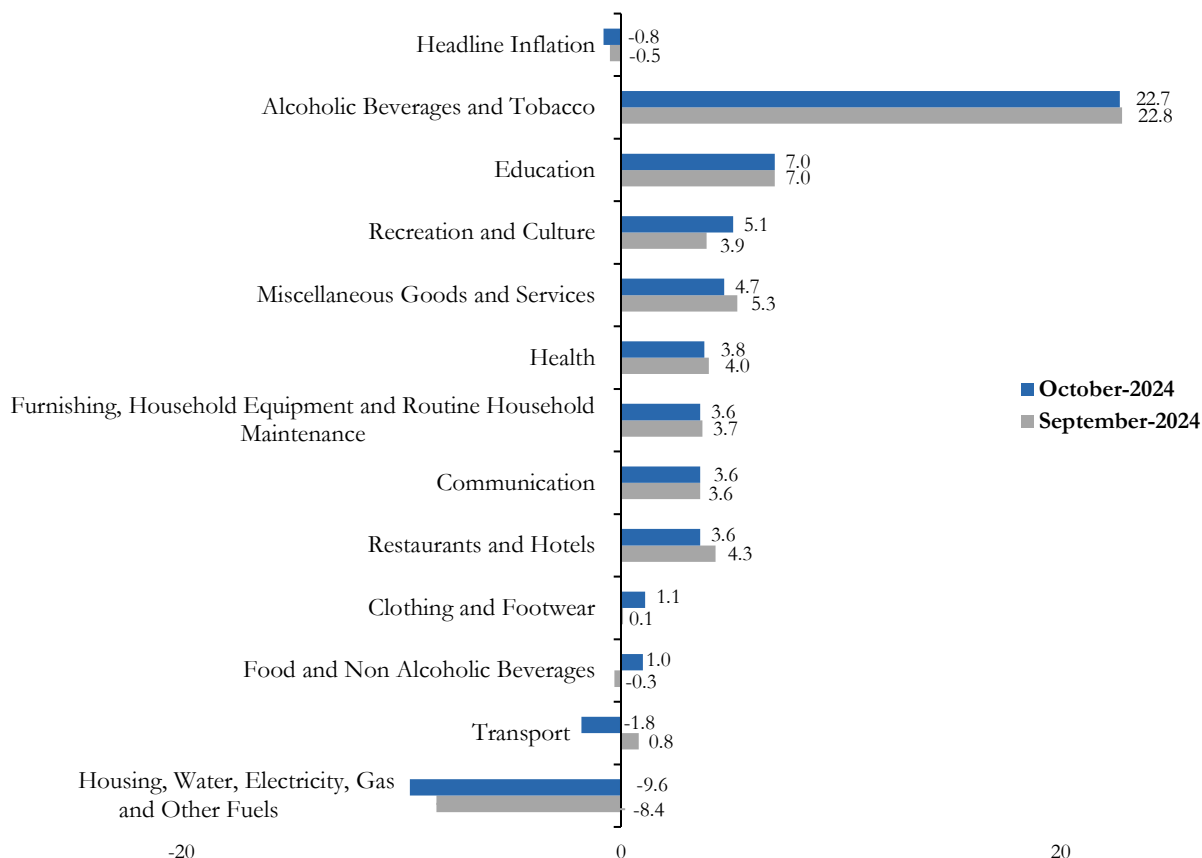
*Source: Central Bank Staff Projections*

a/ The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the September 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.

<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)
2023	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
	July	194.7	177.9	-0.5	0.3	2.4	4.4	2.8	2.7
	August	191.1	177.3	-1.8	-0.3	0.5	3.6	2.5	2.7
	September	190.9	177.6	-0.1	0.2	-0.5	3.3	2.4	2.8
	October	189.9	177.5	-0.5	-0.1	-0.8	3.0	2.2	2.9

Source: Department of Census and Statistics

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