



Issued By Communications Department

Date 29.11.2024

CCPI-based headline inflation continued to remain in the negative territory in November 2024

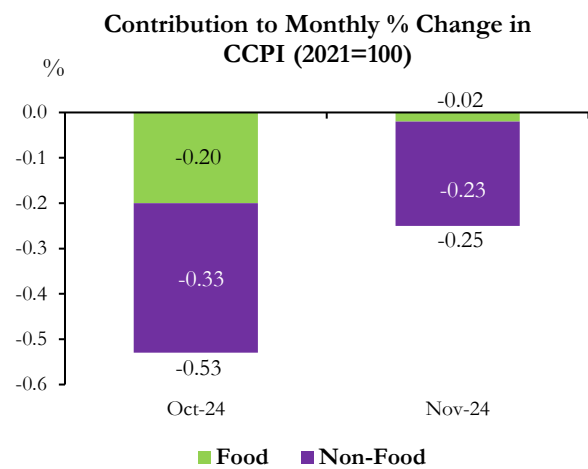
In line with the Central Bank’s near term projections, headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ remained in the negative territory for the third consecutive month, recording a deflation of 2.1% in November 2024 compared to the deflation of 0.8% in October 2024.

Non-Food inflation (Y-o-Y) decelerated further to -3.3% in November 2024 from -1.6% in October 2024. Meanwhile, Food inflation (Y-o-Y) decelerated to 0.6% in November 2024 from 1.0% October 2024.

On a month-on-month basis, the CCPI recorded a decline of 0.25% in November 2024 due to 0.02% reduction in the prices of items in the Food category and 0.23% 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 further to 2.7% in November 2024 from 3.0% in October 2024.

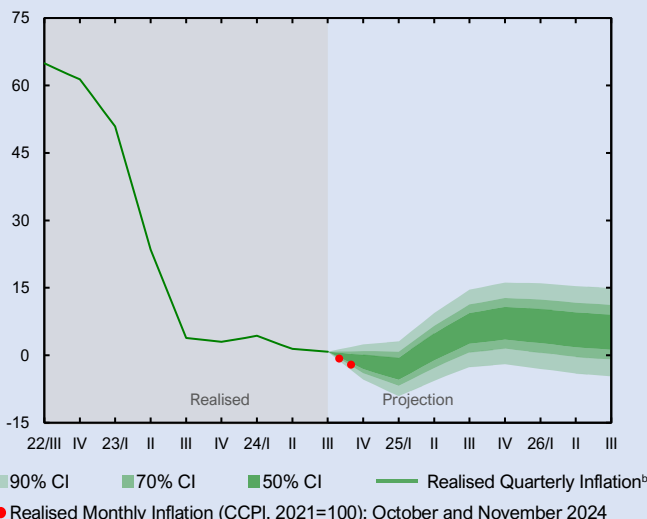
According to the latest projections, it is expected that headline inflation will remain negative in the next few months, deeper than previously projected, mainly due to larger downward adjustments in energy prices and reduction in volatile food prices. However, inflation is expected to turn positive thereafter and gradually align with the targeted level of 5% over the medium term, aided by appropriate policy measures.

| Inflation CCPI (2021=100) | October 2024 | November 2024 |
|---------------------------|--------------|---------------|
| Index Value | 189.9 | 189.4 |
| Monthly Change (%) | -0.53 | -0.25 |
| Y-o-Y Inflation (%) | -0.8 | -2.1 |



Headline Inflation Projections^a

CCPI,^b quarterly average, y-o-y, %
 Based on the projections during the November 2024 monetary policy round



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

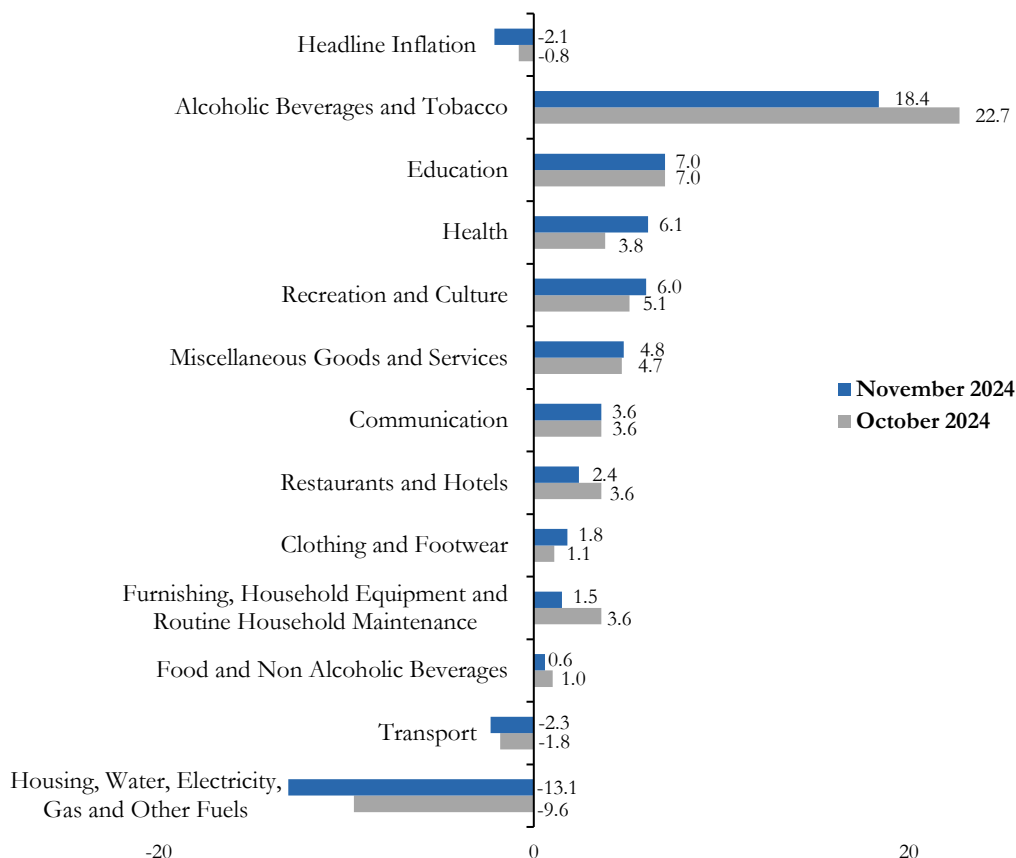
Source: Central Bank Staff Projections

a/ The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the November 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 | 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 |
| | November | 189.4 | 177.1 | -0.3 | -0.2 | -2.1 | 2.7 | 1.7 | 3.1 |

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.