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CCPI-based headline inflation continued to remain in the negative territory in January 2025

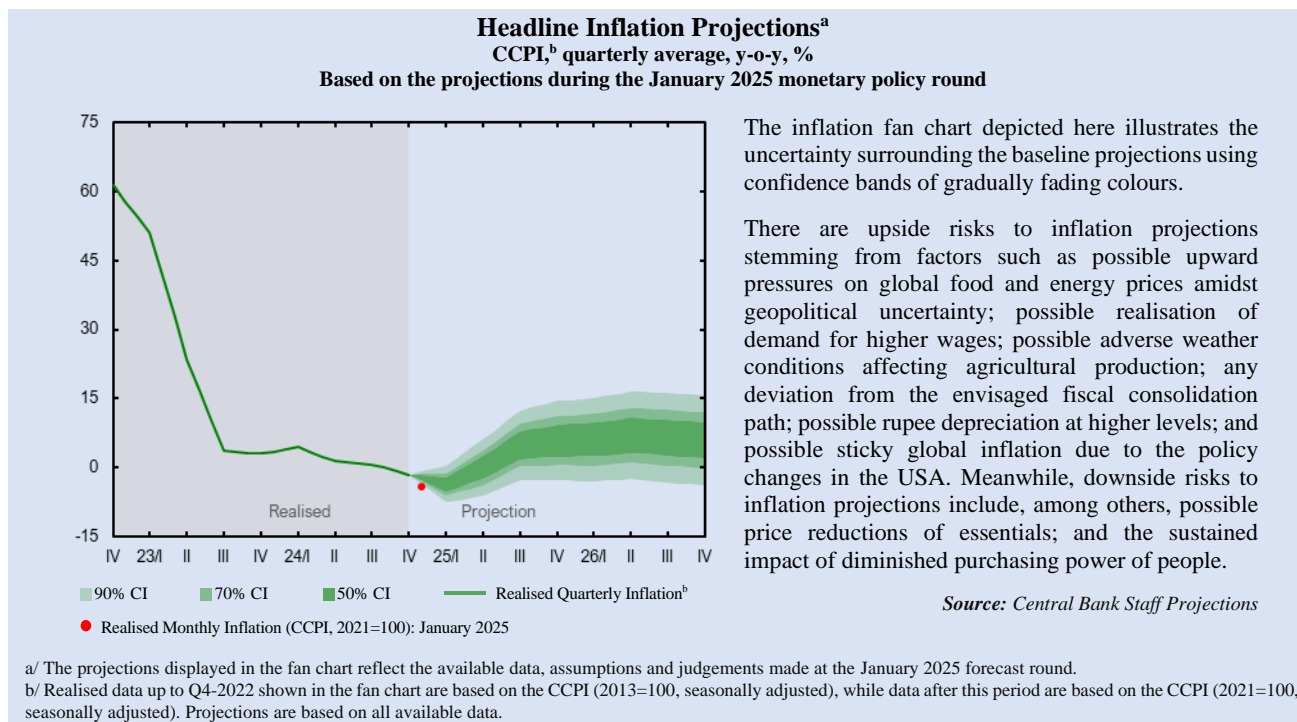
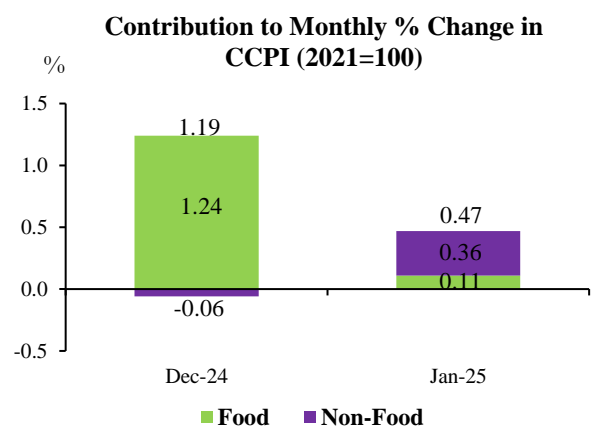
In line with the Central Bank’s near term projections, headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ remained in the negative territory for the fifth consecutive month, recording a deflation of 4.0% in January 2025 compared to the deflation of 1.7% in December 2024.

Non-Food deflation (Y-o-Y) increased to 4.7% in January 2025 from 3.0% in December 2024. Further, food category also recorded a deflation (Y-o-Y) of 2.6% in January 2025 compared to an inflation of 0.8% recorded in December 2024.

On a month-on-month basis, the CCPI recorded an increase of 0.47% in January 2025 due to the 0.11% increase in the prices of items in the Food category and the 0.36% increase 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, decelerated to 1.2% in January 2025 from 2.7% in December 2024.

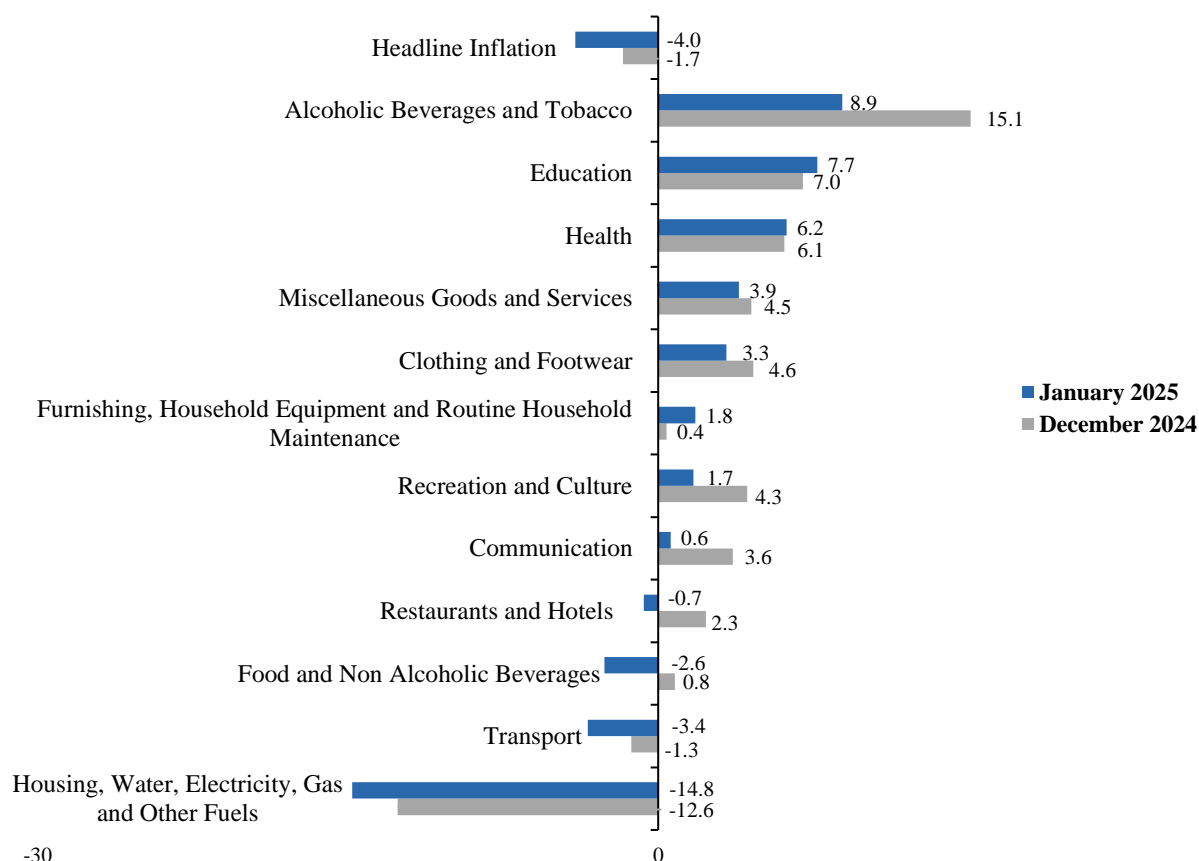
Latest projections indicate deeper than previously projected deflation in the immediate future, mainly due to the more than anticipated downward adjustment in the electricity tariff announced in January 2025. Nevertheless, inflation is expected to turn positive thereafter and gradually align with the targeted level of 5% over the medium term, aided by appropriate policy measures.

Inflation CCPI (2021=100)	December 2024	January 2025
Index Value	191.7	192.6
Monthly Change (%)	1.2	0.5
Y-o-Y Inflation (%)	-1.7	-4.0



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)
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
	December	191.7	177.1	1.2	0.0	-1.7	2.7	1.2	3.3
2025	January	192.6	178.4	0.5	0.7	-4.0	1.2	0.4	3.2

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.