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CCPI-based headline inflation accelerated marginally in May 2026

The Colombo Consumer Price Index¹ (CCPI, 2021=100) based headline inflation (year-on-year, Y-o-Y) remained marginally above the target in May 2026, reflecting the impact of upward adjustments to domestic energy prices amidst the ongoing conflict in the Middle East. Accordingly, headline inflation (Y-o-Y) was recorded at 5.5% in May 2026 compared to 5.4% in April 2026.

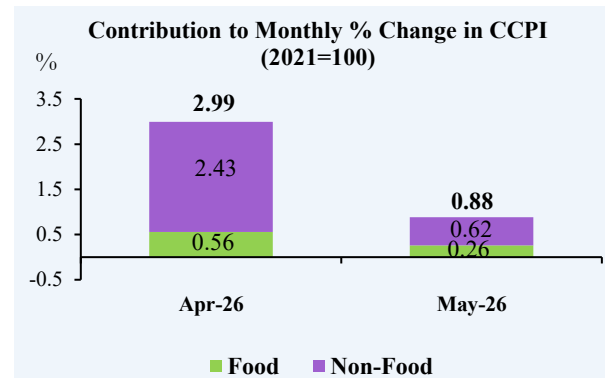
Non-Food inflation (Y-o-Y) accelerated to 7.8% in May 2026 from 6.8% in April 2026, contributing to the increase in headline inflation. Meanwhile, Food inflation (Y-o-Y) decelerated to 0.9% in May 2026 from 2.8% in April 2026.

On a month-on-month basis, the CCPI recorded an increase of 0.9% in May 2026. This increase was driven by the Non-Food category, which contributed 0.6 percentage points, largely owing to the increase in prices of the Housing, Water, Electricity, Gas, and Other Fuels (L.P. Gas) and Transport (Petrol) sub-categories, while the Food category contributed 0.3 percentage points.

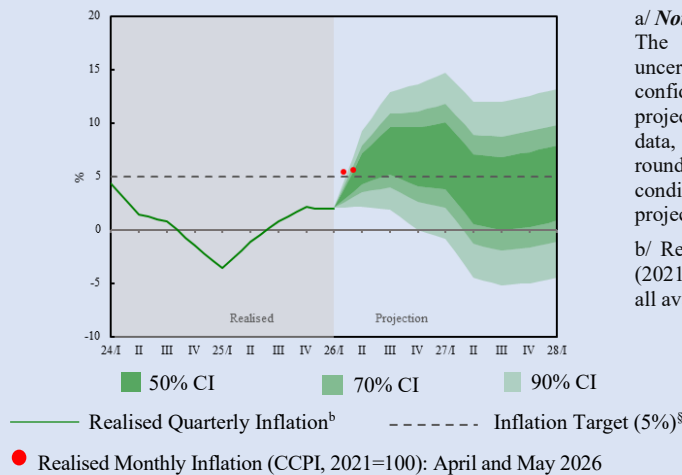
Meanwhile, core inflation (Y-o-Y) accelerated marginally to 3.9% in May 2026 from 3.8% in April 2026.

Amid the fluid nature of the tensions in the Middle East and the wide-ranging spillovers across both global and domestic economic activity, the domestic inflation outlook remains subject to elevated uncertainty. Inflation projections made at the monetary policy round in May 2026, based on currently available information and assumptions, indicate that headline inflation is likely to remain above the target of 5% in the period ahead, before easing and stabilising around the target over the medium term, supported by appropriate policy measures.

Inflation CCPI (2021=100)	April 2026	May 2026
Index Value	201.6	203.4
Monthly Change (%)	3.0	0.9
Y-o-Y Inflation (%)	5.4	5.5



Baseline Quarterly Headline Inflation Forecast^a (CCPI^b, y-o-y) Based on the projections during the May 2026 monetary policy round



a/ Note: A forecast is neither a promise nor a commitment. The inflation fan chart depicted here illustrates the uncertainty surrounding the baseline projections using confidence bands of gradually fading colours. The projections displayed in the fan chart reflect the available data, assumptions and judgements made at the forecast round in May 2026. Any significant changes in underlying conditions could lead to notable deviations from these projections.

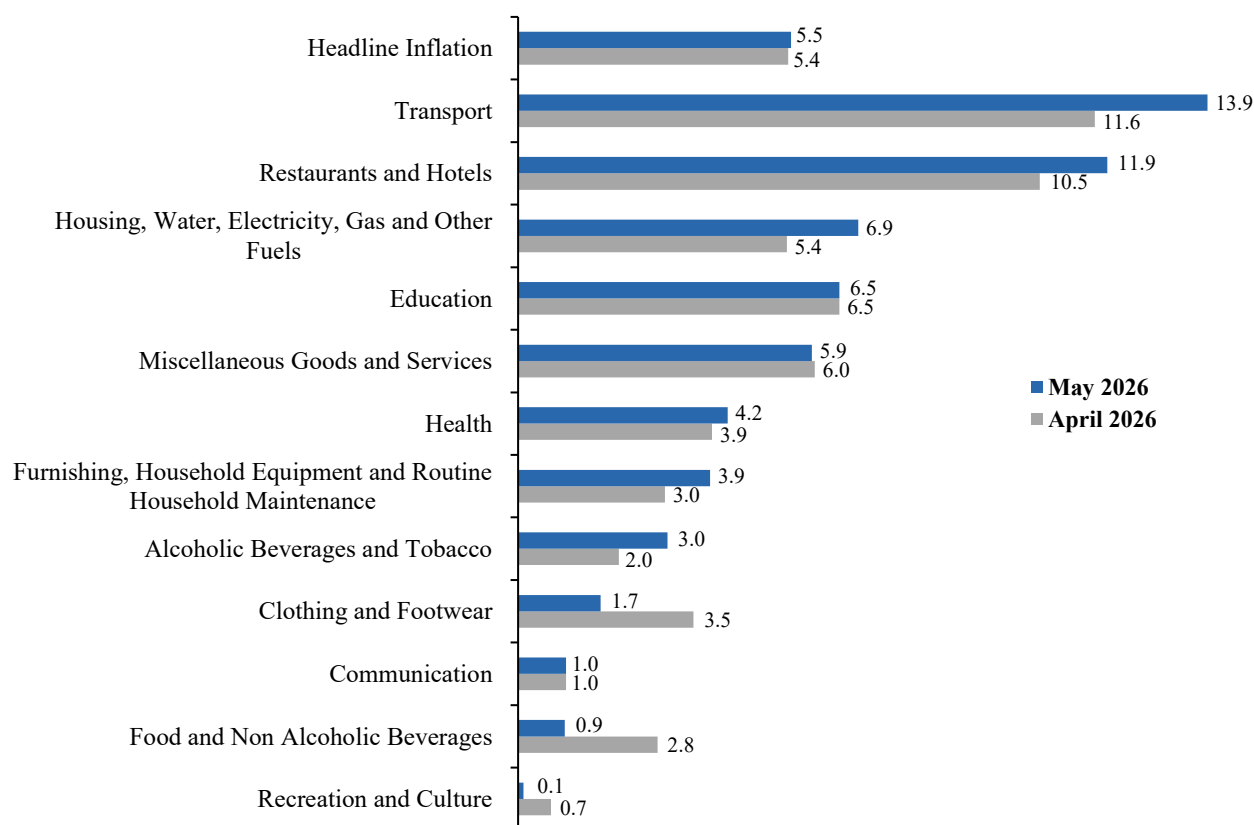
b/ Realised data in the fan chart are based on the CCPI (2021=100, seasonally adjusted). Projections are based on all available data.

[§] The inflation target (5%) was agreed under the Monetary Policy Framework Agreement (MPFA) signed between the Central Bank and the Minister of Finance in October 2023.

Source: Central Bank Staff Projections

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 the 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)
2025	May	192.8	179.2	0.8	0.2	-0.7	1.2	-1.2	2.4
	June	194.5	180.1	0.9	0.5	-0.6	1.5	-1.4	2.1
	July	194.1	180.8	-0.2	0.4	-0.3	1.6	-1.6	1.9
	August	193.3	180.9	-0.4	0.1	1.2	2.0	-1.5	1.8
	September	193.7	181.2	0.2	0.2	1.5	2.0	-1.4	1.7
	October	193.8	181.4	0.1	0.1	2.1	2.2	-1.2	1.6
	November	193.4	181.3	-0.2	-0.1	2.1	2.4	-0.8	1.6
	December	195.8	181.8	1.2	0.3	2.1	2.7	-0.5	1.6
2026	January	197.0	182.5	0.6	0.4	2.3	2.3	0.0	1.7
	February	195.3	182.3	-0.9	-0.1	1.6	2.1	0.5	1.8
	March	195.8	183.0	0.3	0.4	2.2	2.5	0.9	2.0
	April	201.6	185.6	3.0	1.4	5.4	3.8	1.6	2.2
	May	203.4	186.1	0.9	0.3	5.5	3.9	2.1	2.4

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.