



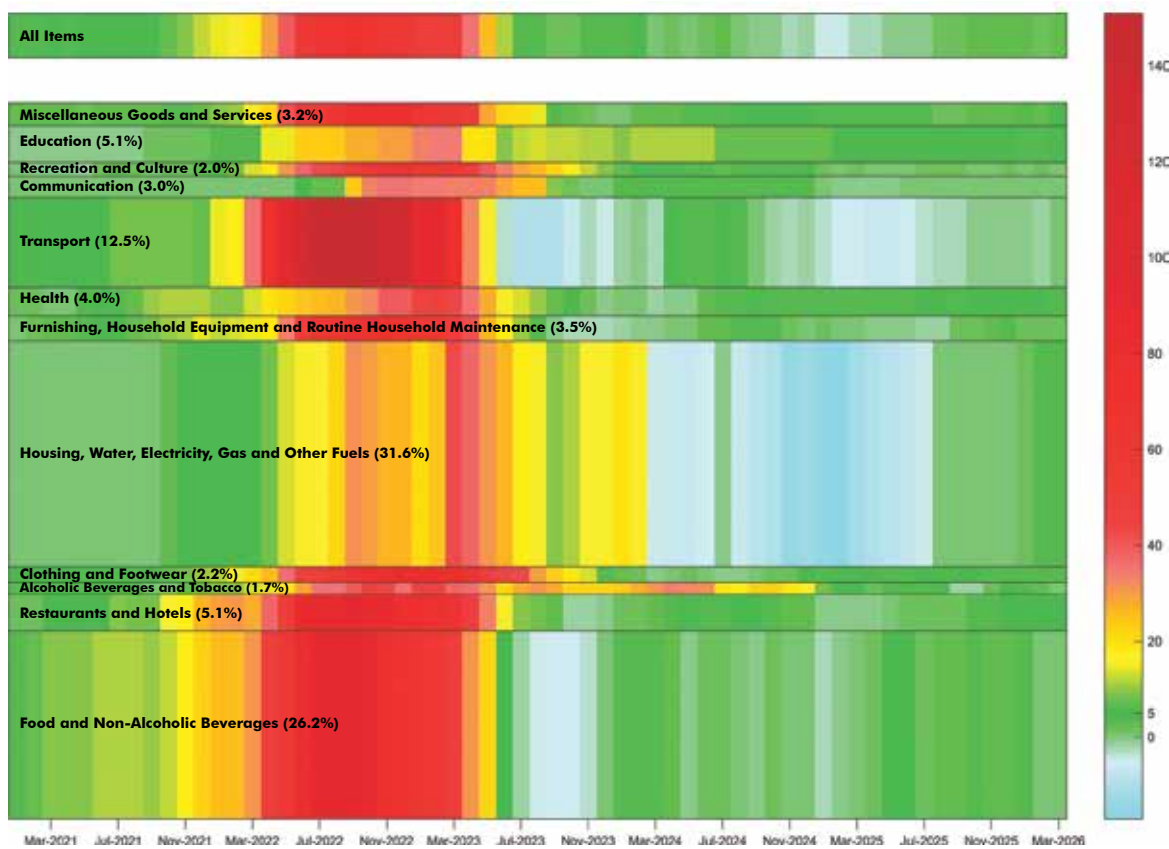
Featured Chart 1.2
Distribution of Price Pressures Across CCPI Components



The chart presented here, in the form of a heat map, illustrates the evolution of year-on-year inflation across major categories of the Colombo Consumer Price Index (CCPI) since 2021. The colour gradient represents the intensity of price movements, with warmer colours (yellow to dark red) indicating higher inflationary pressures, green denoting inflation broadly around the inflation target of 5%, and light blue representing periods of deflation. Meanwhile, the height of each category indicates its relative base weight. This form of presentation allows reading inflation across three dimensions; it shows the direction and intensity of categorical price pressures, reveals which items matter more for overall inflation, and illustrates whether inflation is broad-based or concentrated.

In early 2021, inflation remained largely contained near the 5% target across most categories. However, from early 2022 to mid 2023, inflation surged sharply, and across most categories, with 'Food and Non-Alcoholic Beverages', 'Restaurants and Hotels', and 'Transport' recording the most intense pressures amid the economic crisis. Category-wise responses varied in timing and magnitude, yet the subsequent period shows a gradual, broad-based disinflation as macroeconomic conditions improved. On the contrary, the 2024-2025 deflation episode seems to be driven mainly by large-weight items, particularly 'Housing, Water, Electricity, Gas and Other Fuels', along with 'Transport', rather than by economy-wide price declines. More recently, the reappearance of green across most categories signals a normalisation of price pressures and a return to greater overall price stability.

Headline Inflation Heatmap (CCPI, y-o-y, %)



Note :

1. Data preceding January 2023 are based on the CCPI (2013=100), while data commencing January 2023 are based on the CCPI (2021=100).
2. Base weights are given in parentheses, based on the CCPI (2021=100). The height represents the relative base weight of the category (excluding in the case of All Items).
3. The right-side scale represents y-o-y inflation, where values close to the inflation target of 5% are shown in green. As inflation increases, the colour transitions from green to yellow, and further to light red and dark red, indicating increasingly higher inflation. Inflation levels below 5% are indicated by the transition of colour from green to blue, with more intense blue shades indicating deeper deflation.

Sources: Department of Census and Statistics, Central Bank of Sri Lanka