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# Business News

## ■ Year-on-year food inflation increased to 25-month high of 11.7%

INFLATION as measured by the year-on-year (YoY) change in the Colombo Consumer Price Index (CCPI) increased to 5.4% in January 2020 from 4.8% in December 2019.

This was driven by monthly increase of prices of items in both Food and Non-food categories. Food inflation (YoY) increased substantially to a 25-month high of 11.7% in January 2020 from 6.3% in December 2019, while Non-food inflation (YoY) stood at 2.9%.

The change in the CCPI measured on an annual average

## January inflation rises to 5.4%

basis increased marginally to 4.4% in January 2020 from 4.3% in December 2019.

Monthly change of CCPI recorded at 1.4% in January 2020 and it was due to the price increases observed in the items

of both Food and Non-food categories. Within the Food category, prices of vegetables increased significantly due to supply shortages caused by adverse weather conditions which prevailed during

the previous month. In addition, prices of coconut, red onions, and fresh fruits also recorded increases in January 2020. Meanwhile, prices of items in the Non-Food category recorded an increase during the month

owing to price increases of the items in Housing, Water, Electricity, Gas and other fuels (housing rent); Education (tuition fee); and Restaurants and Hotels sub-categories. However, reflecting the downward tax revisions introduced by the government with effect from 1 December 2019, prices of items in Health and Communication

sub-categories decreased in January 2020.

The core inflation, which reflects the underlying inflation in the economy, decreased to 3% in January 2020 from 4.8% in December 2019 on year-on-year basis. Annual average core inflation also decreased to 5.3% in January 2020 from 5.5% in December 2019.