

# Business News

## Inflation hits 7.6% in January

Food inflation up substantially from 8.6% in Dec. to 13.7% last month, highest since Nov. 2017

HEADLINE inflation as measured by the year-on-year (Y-o-Y) change in the National Consumer Price Index (NCPI) increased to 7.6% in January 2020 from 6.2% in December 2019.

This was driven by monthly increase of prices of items in both Food and Non-food categories. Food inflation (Y-o-Y) increased substantially from 8.6% in December 2019 to 13.7% in January 2020, the highest since November 2017. Further, Non-food inflation (Y-o-Y) stood at 3% in January 2020.

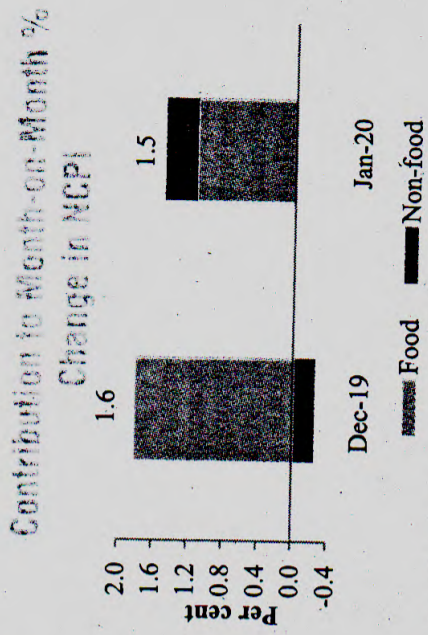
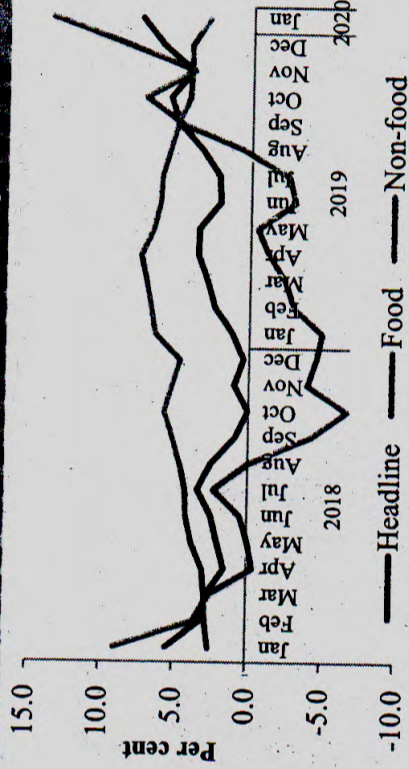
The change in the NCPI measured on an annual average basis increased to 4.1% in January 2020 from 3.5% in December 2019.

Monthly change of NCPI recorded at 1.5% in January 2020 and it was due to the price increases observed in the items of both Food and Non-food categories. The increase in prices of items in the Food category was mainly caused by supply shortages occurred due to adverse weather conditions prevailed during the latter part of 2019. Within the Food category, prices of vegetables, coconut, red onions and fresh fish recorded increases in January 2020.

In addition, prices of items in the Non-Food category also recorded increases during the month owing to price increases of the items in Housing, Water, Electricity, Gas and other fuels (housing rent); Education (tuition fees); and Alcoholic Beverages and Tobacco sub-categories.

The core inflation, which reflects the underlying inflation in the economy, decreased from 5.2% in December 2019 to 3.9% in January 2020, on year-on-year basis, recording the lowest since January 2019. However, annual average core inflation remained at 5.6% in January 2020.

**Movement of Year-on-Year % Change in NCPI**



Source: Central Bank of Sri Lanka

