

## Headline inflation up in February

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2013=100) increased to 3.3 percent in February 2021 from 3.0 percent in January 2021.

This was driven by monthly increase of prices of items in Food and Non-food categories.

Food inflation (Y-o-Y) increased to 7.9 percent in February 2021 from 6.8 percent in January 2021. However, Non-food inflation (Y-o-Y) decreased marginally to 1.3 percent in February 2021 from 1.4 percent in January 2021.

The change in the CCPI measured on an annual average basis decreased to 4.1 percent in February 2021 from 4.3 percent in January 2021.

Monthly change of CCPI recorded at 0.31 percent in February 2021. This was due to price increases observed in items of both Food and Non-food categories. Monthly

changes of Food and Non-food categories were recorded at 0.23 percent and 0.08 percent, in February 2021.

Within the Food category, prices of vegetables, green chilli, chicken and eggs increased in February 2021. However, the price of potatoes recorded a decline during the month. Prices of items in the Non-Food category recorded an increase during the month mainly due to price increases observed in the Transport (tyres, tubes and spare parts) and Housing, Water, Electricity, Gas and Other Fuels (maintenance/ reconstruction) sub-categories. Core inflation (Y-o-Y), which reflects the underlying inflation in the economy, decreased marginally to 2.6 percent in February 2021 from 2.7 percent in January 2021.

Annual average core inflation also decreased marginally to 3.0 percent in February 2021 from 3.1 percent in January 2021.

projects