



# Inflation rises on tight food supplies

**REUTERS** - Sri Lanka's inflation rate in November surprisingly rose to a three-month high of 9.5 percent from a year earlier because of expensive vegetables and other food as heavy rain caused shortages, officials said yesterday.

Annual inflation reversed an easing trend and rose in November to a three-month high of 9.5 percent, from 8.9 percent a month ago, according to data released by the state-run Department of Census and Statistics.

"Prices of foods and vegetables were high as heavy rains hit their supply," said D.C.A. Gunawardena, head of Prices and Wages Department at the state-run Statistics Department.

Annual average inflation, measured on a 12-month moving average basis, picked up for the sixth straight month to 7.2 percent from 6.8 percent in October.

Central Bank Governor Ajith Nivard Cabraal said last month the annual

inflation may slow to between 8.0 and 8.5 percent by the end of 2012. Heavy rain followed by some flooding in some major farming areas have hit the food supply. Annual inflation hit a 42-month high of 9.8 percent in July after months of drought.

Analysts however said imported inflation remained a major concern. "This trend will continue until December with the seasonal demand. But it will ease in January once the

seasonal demand has dried up," said an analyst at a Colombo-based private bank on condition anonymity as he is not authorised to talk to media.

Though the Sri Lankan rupee appreciated about 0.15 percent against the U.S. dollar this month, it has fallen 15.2 percent since November 2011 and 12.5 percent this year.

Sri Lanka has to import most of its consumer goods and all of its oil needs.

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