

# Inflation eases to 9.1 percent

The rate at which prices increase in the economy slowed down to 9.1 percent in September 2012 year-on-year from 9.5 percent the previous month, the government statistics office said yesterday (28).

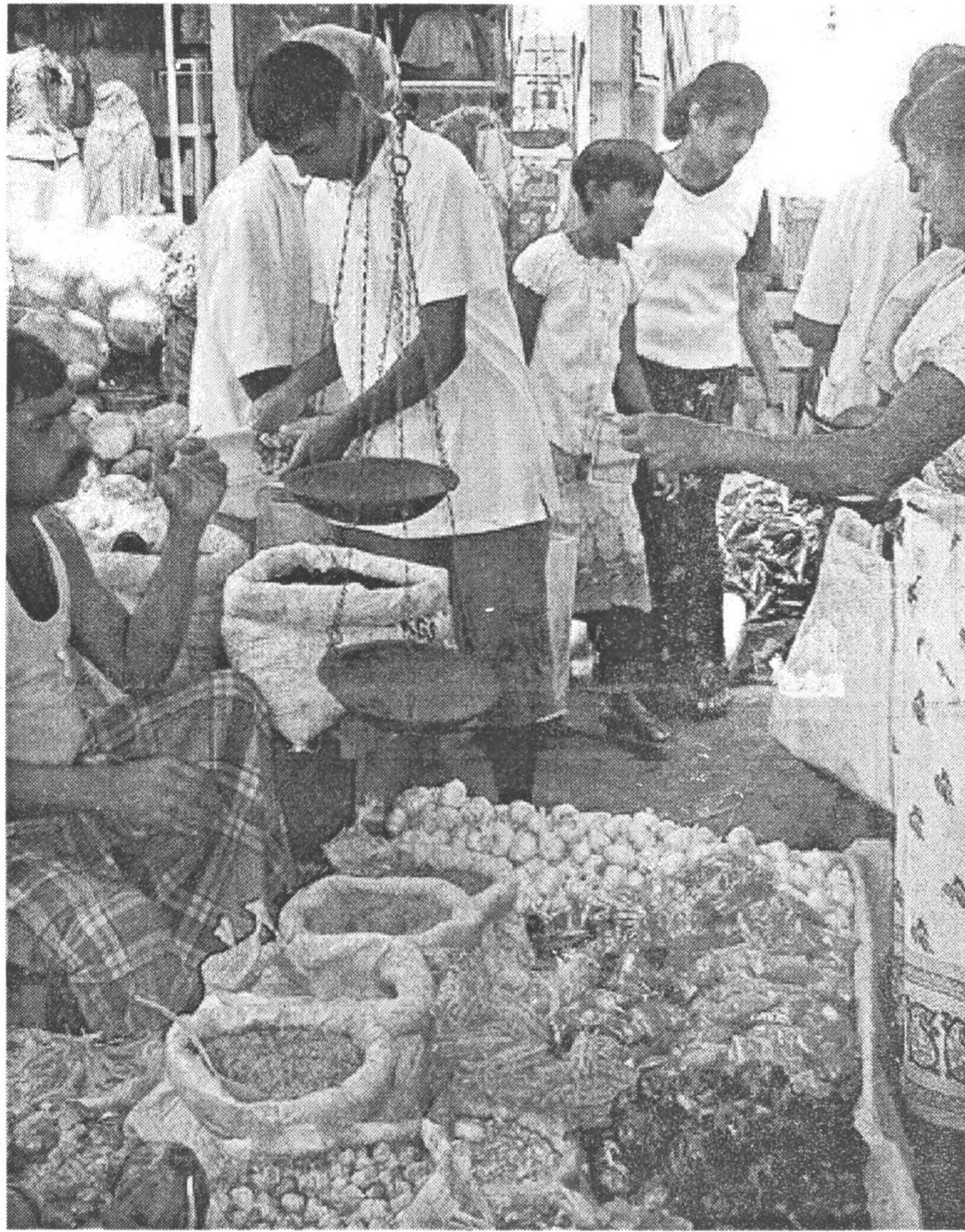
"The rate of inflation as measured by the Colombo Consumers' Price Index (CCPI) on a year-on-year basis decreased to 9.1 percent in September 2012 from 9.5 percent in August 2012 while annual average inflation increased marginally to 6.5 percent in September 2012 from 6.3 percent in August 2012," the Department of Census and Statistics said.

"On a year to year basis, the highest contribution to the overall increase of around 55 percent came from nonfood commodities which increased by 5 percent in September 2012. Among the food commodities, rice, vegetables and fish and sea food which have significant weights in the CCPI basket recorded price increases on a year to year basis. Under the Non Food Category, the prices of Kerosene Oil, Petrol, Diesel and Gas rose by 74%, 19%, 47% and 10% respectively," it said.

A late policy response to a balance of payments problem has resulted in inflation peaking at post-conflict highs in recent months as the economy undergoes some correction.

The Central Bank said earlier this month that inflation would remain at single digit levels this year while pressures on the balance of payments were easing.

Although criticizing the absurdly late policy response, economists and analysts have commended the Central Bank and Treasury for taking politically difficult tough policy action which would put the economy on a more sus-



tainable growth trajectory.

The Central Bank last week downgraded the economic growth projec-

tion to 6.8 percent this year, from an earlier estimate of 7.2 percent. The initial estimate was 8 percent.

The Island F.R.

29.09.2012

