



Inflation drops in November

Inflation, as measured by the change in the Colombo Consumers' Price Index (CCPI) (2006/07=100), computed by the Department of Census and Statistics, declined significantly to 5.6 percent in November 2013 from 6.7 percent in October 2013 on a year-on-year (YoY) basis, reaching the lowest level since April 2012.

The sharp deceleration of inflation was due to the moderation in prices of food and non-food categories.

Annual average inflation moderated to 7.3 percent in November 2013 from 7.6 percent in the previ-

ous month, declining for the sixth consecutive month.

Core inflation continued to decelerate to 2.4 percent, year-on-year in November 2013, a new low since its introduction in 2007.

The continued low level of core inflation was due to prudent monetary management by the Central Bank, which supports favourable inflation expectations, thus enabling the economy to avoid the emergence of wage-price spirals. Annual average core inflation also continued to decline, and recorded 4.9 percent in November 2013.

Compared to a month-to-month

increase of 1.3 percent in the CCPI in November 2012, the increase in CCPI was contained at 0.2 percent in November 2013. Within the marginal monthly increase in the Index, prices in the Food and Non Alcoholic Beverages sub-category increased by 0.3 percent reflecting higher prices of some varieties of vegetables, potatoes, red onions, big onions, green chillies and milk powder during the month.

Nevertheless, a decrease in the prices of all varieties of fresh fish, dried fish and fruits was reported.

In the Non-Food category, price increases were reported in the sub-

categories of Transport (0.5 percent); Recreation and Culture (0.2 percent); Furnishing, Household Equipment and Routine Household Maintenance (by 0.1 percent) and Miscellaneous Goods and Services (by 0.1 percent).

The increase in the price of Transport sub-category was entirely due to the upward revision in bus fares in November.

The prices in the sub categories of Clothing and Footwear; Housing, Water, Electricity, Gas and Other Fuels; Health; Communication and Education remained unchanged during the month.

