

Inflation decelerates in March

Inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100) computed by the Department of Census and Statistics decreased significantly to 7.5 percent on a year-on-year (YoY) basis in March from 9.8 percent in the previous month.

This was mainly due to the base

effect. The inflation rate on an annual average basis increased to 8.8 percent in March from 8.6 percent in February. Similarly, core inflation on a YoY basis decreased to 6.8 percent in March from 7.4 per cent in the previous month while it increased marginally on an annual average basis to 6.4 percent in March from 6.3 percent

in February. The CCPI increased marginally by 0.1 percent in March over the previous month, with the Index increasing in absolute terms to 170.8 from 170.7 in February.

The contribution to the monthly increase in the Index came mainly from price increases in the Non-Food category by 0.3 percent.

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Within the Non-Food category, prices increased in the sub-categories of Clothing and Footwear (by 0.6 percent); Furnishing, Household Equipment and Routine Household Maintenance (by 0.3 percent); Transport (by 0.7 percent); and Miscellaneous Goods and Services (by 1.1 percent). The increase in the Transport sub-category was entirely due

to the upward price revision of petrol and diesel from February 23, 2012.

The impact of the Non-Food category was somewhat offset by the decline in the prices of Food and non alcoholic beverages sub-category by 0.2 percent. The prices of rice, most varieties of vegetables, fresh fish, canned fish, eggs, big onions, red onions, and potatoes decreased dur-

ing the month. However, an increase in the prices of some varieties of dried fish, coconut, coconut oil, dhal and sugar was reported. Meanwhile, the prices in the sub-categories of Housing, Water, Electricity, Gas and Other Fuels; Health; Communication; Recreation and Culture; and Education were unchanged during the month.



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