

# Business & Finance IV



## Inflation drops to 7.6 percent in October

Inflation, as measured by the Colombo Consumers' Price Index (CCPI) (2006/07=100) and computed by the Department of Census and Statistics, declined to 7.6 percent in October 2013 from 7.8 percent in September 2013 on an annual average basis, for the fifth consecutive month.

However, the year-on-year (YoY) inflation rose to 6.7 percent in October 2013 from 6.2 percent in the previous month, mainly on account of the base effect. Core inflation, in terms of annual average and YoY basis, continued its declining trend and reached 5.3 percent and 2.6 percent in October 2013 compared to 5.7 percent and 3.0 percent, in the previous month.

The CCPI increased by 0.2 percent in October 2013 over the previous month, with the Index increasing in absolute terms to 176.1 from 175.8 in September 2013.

The contribution to the monthly increase in the Index came mainly from price increases (by 0.3 percent) in the Food and Non Alcoholic Beverages sub-category. Within the Food category, the prices of coconut, coconut oil, some varieties of fresh fish and lime increased during the month.

However, a decrease in the prices of almost all varieties of vegetables and fruits, potatoes, big onions and green chil-



lies was reported. Within the Non-Food category, the price decreases were reported in the sub-categories of Clothing and Footwear (by 0.2 percent); and Furnishing, Household Equipment and Routine Household Maintenance (by 0.1 percent). A marginal increase in the prices in the sub-category of Miscellaneous Goods and Services (by 0.1 percent) was reported. Meanwhile, the prices in the sub categories of Housing, Water, Electricity, Gas and Other Fuels; Health; Transport; Communication; Recreation and Culture and Education remained unchanged during the month.