

September inflation up 6.2%; eases from August

By DILINA KULATHUNGA

Sri Lanka's cost of living index rose 6.2 percent in the month of September 2013 from a year earlier, however down from 6.3 percent reported in August.

The Census and Statistics Department said price decreases in most food items contributed to this drop in inflation, due to increased supply, while the prices of non-food items rose during the month.

The total Colombo Consumers' Price Index (CCPI) continued to decline in September with a value of 175.8, a decrease of 0.4 index points, or by 0.2 percent.

The annual average inflation too followed suit, decreasing to 7.8 percent in September from 8.0 percent in August.

International Monetary Fund (IMF) Staff Mission Chief Todd Schneider last week said Sri Lanka's inflation growth was moderate and the inflation statistics were consistent with the broader macroeconom-

ic picture.

"The declining inflation seems to be broadly consistent with the rest of the picture that we have seen," he told the media.

Meanwhile, Central Bank Governor Ajith Nivard Cabraal targets more ambitious mid-single digit inflation levels next year.

"Next year, we would like to be a bit more ambitious and target mid-single digit inflation. That is between 4-6 percent a year," he recently said.

Price increases in the non-food category items became the largest with a 57 percent contribution to the September inflation. The category rose 4 percent in September 2013.

The non-food category items - petrol, diesel and gas - rose by 9 percent, 4 percent and 7 percent, respectively. The price of kerosene oil remained unchanged during the reference period.

The statistics office said rice, vegetables

and fish and seafood, which have substantial weights on the CCPI basket, recorded price decreases on a year-to-year basis.

However, during the month, the prices of infant milk powder, banana, papaw, mangoes, pineapple, coconuts, coconut oil, eggs, sugar and limes have increased.

Furthermore, during September, price decreases were noticed in subcategories of food and non-alcoholic beverages and clothing and footwear. The subgroups of housing, water, electricity, gas and other fuels, health, transport and recreation and culture showed an increase during the month.

"Furnishing, household equipment and routine household maintenance and miscellaneous goods and services showed an insignificant increase during the month. The subcategories of education and communication remained unchanged during the period under reference," the statement from the statistics office said.

