Report on the Deviation of Headline Inflation from the Inflation Target Set Out in the Monetary Policy Framework Agreement

Reference Period: Quarter 4 of 2025 and Quarter 1 of 2026

Central Bank of Sri Lanka

May 2026

Report submitted by the Monetary Policy Board of the Central Bank of Sri Lanka to the Parliament through the Hon. Minister of Finance, fulfilling Section 26(5) of the Central Bank of Sri Lanka Act, No. 16 of 2023, since quarterly headline inflation remained below the inflation target by more than the margin of two percentage points set out in the Monetary Policy Framework Agreement for two consecutive quarters in the fourth quarter of 2025 and the first quarter of 2026.

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1. Introduction

1.1. *The Monetary Policy Framework Agreement (MPFA), signed between the Hon. Minister of Finance and the Central Bank of Sri Lanka on 03 October 2023,[1] under Section 26(1) of the Central Bank of Sri Lanka Act, No. 16 of 2023 (hereinafter referred to as the Central Bank Act), mandates the Central Bank to maintain quarterly headline inflation,[2] as measured by the Colombo Consumer Price Index (CCPI) compiled by the Department of Census and Statistics (DCS), at a rate of 5%. Moreover, Section 26(5) of the Central Bank Act stipulates that, if the Central Bank fails to meet the inflation target set out in the MPFA by a margin specified in the same for two consecutive quarters, the Monetary Policy Board of the Central Bank shall submit a report to the Parliament through the Hon. Minister of Finance, which shall also be made available to the public, setting out the reasons for the failure to achieve the inflation target, the remedial actions proposed to be taken by the Central Bank, and an estimate of the time period within which the inflation target shall be achieved. The MPFA specifies that, for the purpose of Section 26(5) of the Central Bank Act, the margin is ±2 percentage points.*

1.2. Based on realised data, the quarterly average of the CCPI-based year-on-year headline inflation was 2.1% and 2.0% in the fourth quarter of 2025 and the first quarter of 2026, respectively.[3] As inflation remained below the 5% target by more than 2 percentage points (i.e., below 3.0%) for two consecutive quarters, this Report is submitted as required under Section 26(5) of the Central Bank Act. Since quarterly headline inflation was below the target during the last three quarters of 2024 and all four quarters of 2025,

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[1] Published in the Extraordinary Gazette No. 2352/20 dated 05 October 2023.

[2] The quarterly headline inflation rate refers to the simple average of the year-on-year percentage changes in the monthly headline CCPI for the three months of the corresponding quarter.

[3] The CCPI-based year-on-year headline inflation accelerated to 5.4% in April 2026 reflecting the spillovers from the ongoing war in the Middle East, particularly the significant upward adjustments in domestic energy prices.

similar Reports were submitted in December 2024, March, June, August and December 2025 and March 2026.[4] Accordingly, this Report serves as a follow-up to the previously submitted Reports, since quarterly headline inflation continued to remain below the target in the first quarter of 2026.

1.3. Since the second quarter of 2024, quarterly headline inflation has remained below the target by more than 2 percentage points (i.e., below 3.0%) consecutively, mainly due to a sequence of sizeable supply-side disinflationary shocks, while underlying demand-driven price pressures recovered only gradually. The decline in inflation during early-to mid-2024 was mainly driven by larger-than-anticipated downward revisions to electricity tariffs in March and July 2024, together with reductions in domestic fuel and LP gas prices, which significantly lowered the prices of energy and transport components of the CCPI. This disinflationary impact was further reinforced by the appreciation of the Sri Lanka rupee during 2024, which reduced import costs and broader imported inflation, as well as by the moderation in food prices during the year. Subsequently, the continuation of low energy-related prices and favourable statistical base effects associated with the VAT-related price increases in early 2024 contributed to the deepening of deflationary conditions observed during late 2024 and early 2025. Accordingly, the deepest level of quarterly deflation in the recent deflation episode was recorded in the first quarter of 2025. Thereafter, headline deflation gradually eased and returned to positive territory as the effects of earlier price reductions dissipated. This trajectory was also supported by the upward revision to electricity tariffs in June 2025 and increases in certain food prices, along with the gradual recovery in domestic demand. Nevertheless, the pace of this recovery in inflation has remained slower than previously anticipated, with core inflation indicating still-moderate underlying demand pressures, resulting in quarterly headline inflation continuing to remain below the target up to the first quarter of 2026.

1.4. In the context outlined above, when considering specifically the fourth quarter of 2025 and the first quarter of 2026, headline inflation continued to remain at low positive levels. In both quarters, inflation remained below 3%, thereby recording a deviation

[4] The previous Reports on the deviation of headline inflation from the inflation target can be accessed via the link, https://www.cbsl.gov.lk/en/monetary-policy/monetary-policy-communication/accountability-to-parliament.

from the target on the downside. Cyclone Ditwah-related disruptions had only a limited impact on inflation during the fourth quarter of 2025. However, the war in the Middle East has affected inflation since the latter part of the first quarter of 2026. Realised y-o-y inflation for April 2026 accelerated to 5.4 per cent from 2.2 per cent in March 2026, reflecting mainly the impact of higher energy prices emanating from the Middle East war. The projections released at the March 2026 Monetary Policy Round indicated that quarterly headline inflation will reach the inflation target in the second quarter of 2026, and stabilise around the target over the medium term, supported by appropriate policy measures. Given the fluid nature of the war in the Middle East and its wide-ranging spillovers on both global and domestic economic activity, the present macroeconomic outlook remains highly uncertain. Any significant changes from underlying conditions could lead to notable deviations from these projections.

2. Reasons for the deviation from the inflation target

Inflation over the recent period has been influenced largely by supply-side factors, amid a gradual recovery in aggregate demand. As highlighted in previous Reports, the inflation path during the last three quarters of 2024 and all four quarters of 2025 was largely driven by adjustments in electricity tariffs, fuel and LP-gas prices, as well as changes in food prices. These movements have been broadly supported by a period of relatively low global oil prices, as well as some favourable weather patterns in certain periods that supported a relatively larger share of hydro power generation. Movements in the exchange rate have also played a role in shaping inflation dynamics, mainly through their impact on import prices and domestic cost conditions. Accurately forecasting some of the expected price adjustments, especially electricity tariffs, has proven to be challenging owing to significant variations in outcomes, both in pricing and timing. Deviations in realised tariff adjustments from the assumptions internalised in projections have partly contributed to realised inflation deviating from projections.[5] Having explained these factors in earlier Reports, the current Report focuses on the continued deviation from the target during the first quarter of 2026.

2.1. As anticipated, inflation continued to remain at low positive levels in the first quarter of 2026. However, compared to the fourth quarter of 2025, a marginal decline in

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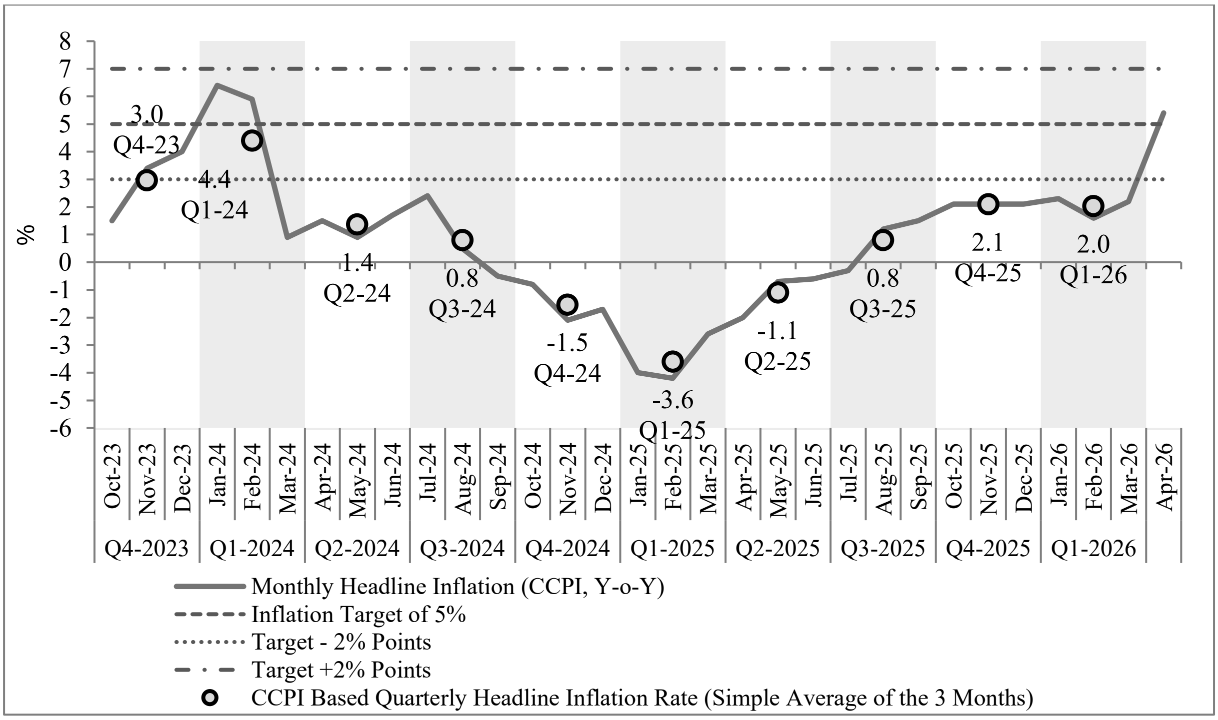
[5] Assumptions are usually based on either tariff proposals submitted by the Ceylon Electricity Board (CEB) or on the basis of the continuation of cost-recovery pricing. However, tariff adjustments made in recent periods may not have been fully cost-reflective, which is partly reflected in the overall loss recorded by the CEB for 2025.

Appendix 1 provides a summary of the assumptions on energy prices at each monetary policy cycle that led to a *Report on the Deviation of Headline Inflation from the Inflation Target*, compared with the realised condition.

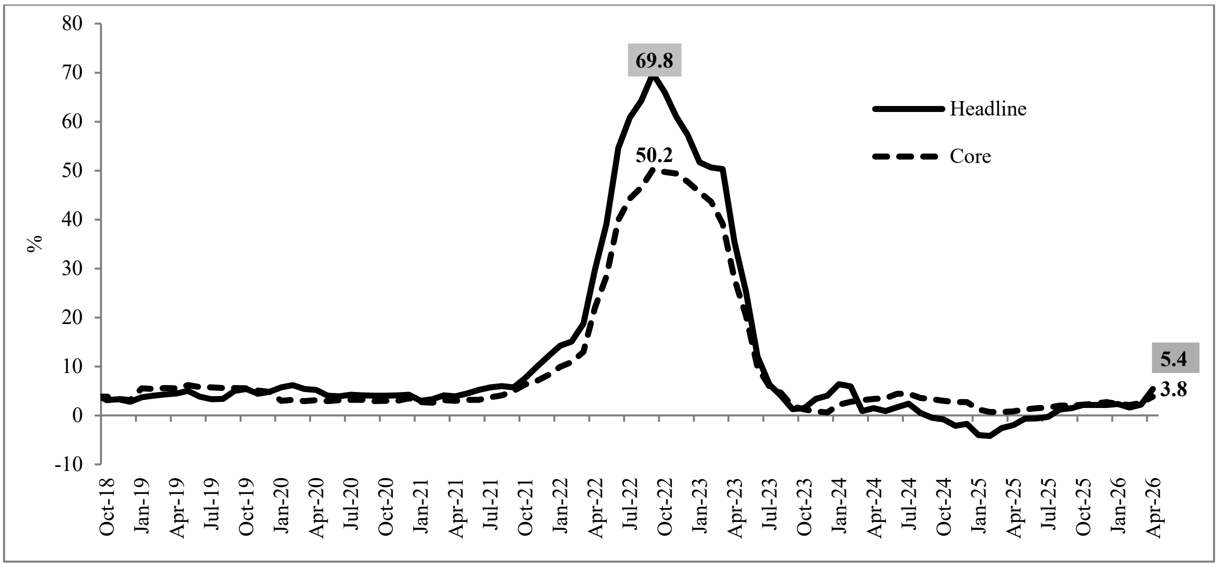
quarterly headline inflation was recorded in the first quarter of 2026. This moderation was largely driven by a slight reduction in y-o-y inflation in February 2026, despite the accelerating trend in monthly y-o-y inflation since early 2025, when inflation began to accelerate. Deflationary pressures in the energy and fuel category continued to ease, with its contribution to headline inflation turning positive in the first quarter of 2026. However, the positive contribution of the food and non-alcoholic beverage category to headline inflation, which was relatively sizeable in previous quarters, moderated considerably in the first quarter of 2026, mainly due to the price reductions in certain food items, most notably in February and March 2026, and the statistical base effect. The contribution from the services category remained positive and relatively stable. Overall price increases were broadly gradual amidst a relatively low core inflation environment, resulting in the CCPI recording a quarterly inflation rate of 2.0% in the first quarter of 2026, thereby remaining below 3.0%.

Figure 1: Quarterly Headline Inflation (CCPI, 2021=100, y-o-y, %)



Sources: Department of Census and Statistics, Central Bank of Sri Lanka

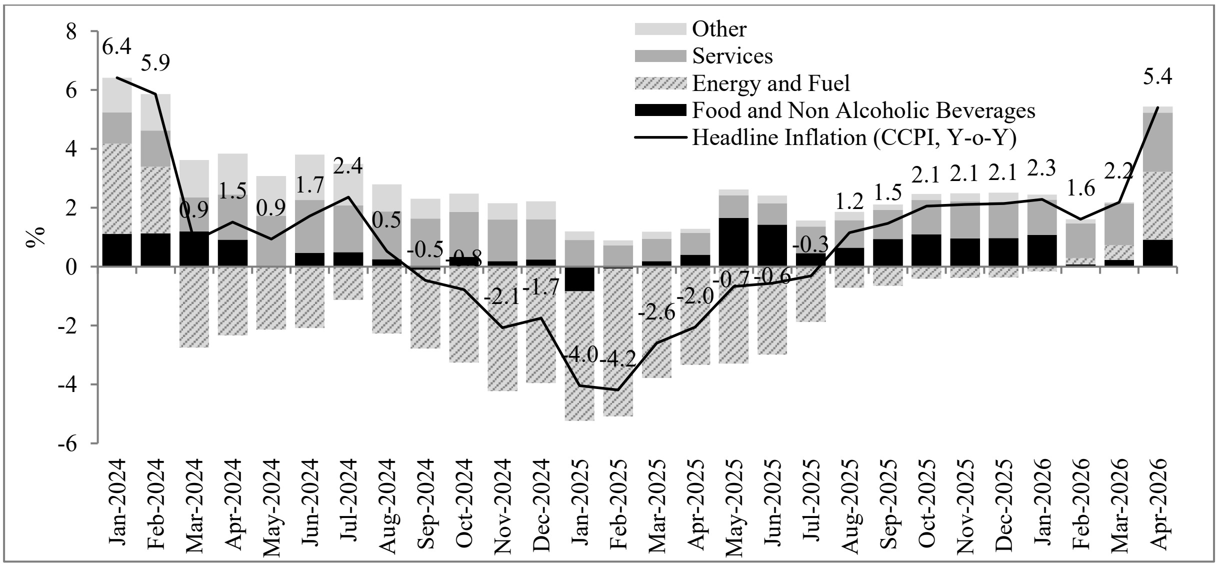
Figure 2: Movements of Headline and Core Inflation (CCPI, y-o-y, %)



Source: Department of Census and Statistics

Data preceding January 2023 are based on the CCPI (2013=100), while data commencing January 2023 are based on the CCPI (2021=100).

Figure 3: Contribution to Headline Inflation (CCPI, 2021=100, y-o-y, %)



Sources: Department of Census and Statistics, Central Bank of Sri Lanka

2.2. Meanwhile, core inflation continued to remain at low positive levels, recording 2.3% in Q1-2026. Core inflation also recorded a marginal decrease in Q1-2026 compared to Q4-2025, largely driven by the decrease in certain food prices and the statistical base effect. The slow pace of core inflation suggests the pickup in demand could be somewhat slower than implied by other indicators, such as the rise in credit to the private sector and an increase in imports.

2.3. Energy and fuel inflation, which had remained negative for an extended period, recorded a gradual acceleration and turned positive, thereby contributing to the headline inflation in Q1-2026. The fuel price increase implemented in March 2026 had only a marginal impact on Q1-2026 inflation, as the notable price hike occurred toward the end of March, with its full direct effects materialising in April 2026. Accordingly, energy and fuel inflation still remained at low levels despite reaching positive territory in Q1-2026. Services inflation remained stable, continuing the relatively low-volatility pattern observed in the recent past. Meanwhile, the contribution of volatile food inflation to the headline inflation, which was positive and stable in the earlier periods, dropped considerably in February and March 2026 due to notable price reductions in vegetables and coconuts.

2.4. Compared to the projections presented in the March 2026 Report applicable for Q3 and Q4 of 2025, the projected inflation path in the March 2026 Monetary Policy Round is higher, reflecting energy price increases associated with the Middle East war, together with revisions to several key assumptions. Assumptions relating to price increases, particularly for electricity, fuel, and gas prices, were higher compared to those in the previous Report. Assumptions on global developments are based on the Global Projections Model Network (GPMN). Compared to the previous Report, the global outlook was revised with changes in assumptions relating to global output, financial conditions, oil prices, and global food prices. Global growth was expected to be weaker in 2026 than previously projected, reflecting the impact of volatile global conditions on economic activity across major economies, driven by heightened geopolitical uncertainty, trade-related frictions, and restrictive financial conditions. The path for world oil prices was revised significantly upward relative to the previous Report, especially in the near term, reflecting elevated geopolitical risks. Global food inflation was projected to trend higher during 2026 and 2027. Meanwhile, monetary policy easing in the United States was expected to be delayed than previously anticipated, implying a higher policy rate path over the medium term. Domestic fiscal sector-related assumptions for 2026 onwards, based on the Supplementary Budget Estimate 2026, remained broadly unchanged from the previous Report, while incorporating realised fiscal data for 2025. Collectively, these revisions contributed to an upward revision to the previously expected inflation path.

3. **The remedial actions being taken by the Central Bank**

3.1. **While monetary policy is primarily focused on mitigating demand-side pressures on inflation, the Central Bank also monitors supply-side shocks closely and responds where such shocks significantly influence inflation expectations or lead to persistent changes in the inflation outlook through spillover effects.** However, in the absence of such lasting impacts, monetary policy remains less effective in addressing short-term supply-side disruptions, given the lagged transmission of policy measures.

3.2. **Since adopting an accommodative monetary policy stance in June 2023, policy interest rates have been reduced by around 8.00 percentage points in total, including the last reduction of 25 bps in May 2025.**[6]

3.3. **At the March 2026 monetary policy round, the Central Bank decided to maintain the Overnight Policy Rate (OPR) at its current level of 7.75%.** The Monetary Policy Board arrived at this decision after carefully considering evolving developments and the outlook on the domestic and global fronts, with particular attention to uncertainties arising from the ongoing war in the Middle East. The economy recorded a strong real growth of 5.0% in 2025, despite the disruptions caused by Cyclone Ditwah towards the end of the year. Leading economic indicators in early 2026 suggest a continuation of the momentum. The external sector remained robust in early 2026, supported by stronger export earnings compared to imports, along with higher remittances and tourism earnings. Despite debt service payments, Gross Official Reserves remained at a comfortable level. However, the ongoing Middle East war could weigh on domestic economic activity in the period ahead if the war is prolonged. In particular, it poses risks to Sri Lanka's external sector outlook, especially through energy, tourism, trade, and remittance flows, although the overall magnitude of the impact remains uncertain. While the Sri Lanka rupee remained relatively stable in early 2026, depreciation pressures were observed following the onset of the Middle East war, similar to the exchange rates of regional peers. Amid these competing challenges, the low level of

[6] Current policy interest rates remain at relatively low levels compared to historical trends. Further, the Statutory Reserve Requirement (SRR) was reduced to 2% in August 2023 and has been maintained at this low level since then.

inflation that prevailed till early 2026 provides greater space to accommodate the impact of higher energy prices and their spillovers on inflation.

3.4. **In this context, the Monetary Policy Board remains focused on implementing appropriate policy measures to ensure that inflation stabilises around the target, while supporting the economy to reach its potential.** The Central Bank will continue to communicate proactively to manage expectations, while conducting its operations in a timely and appropriate manner to ensure the effective implementation of monetary policy.

4. An estimate of the time period within which the inflation target shall be achieved

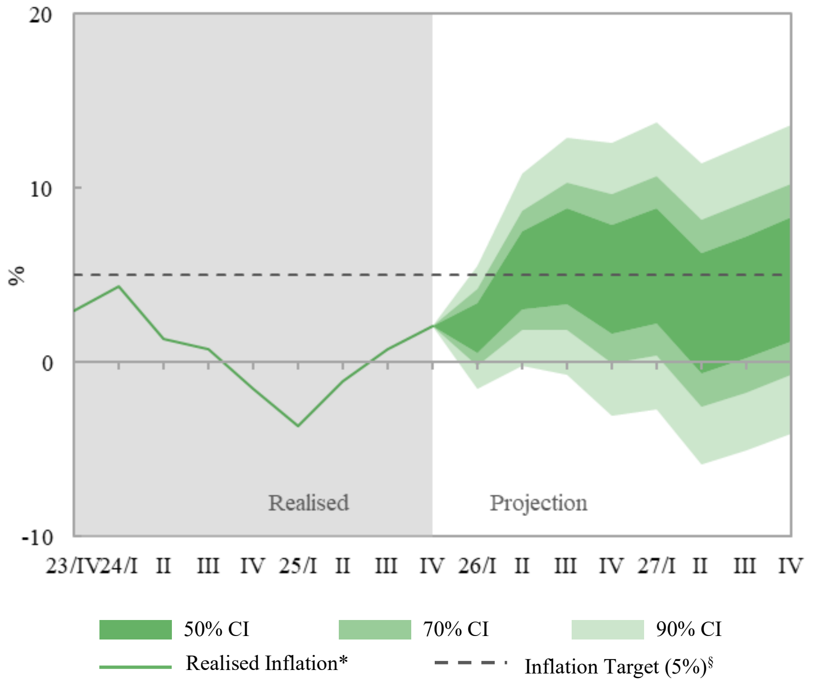
4.1. **According to the projections of the March 2026 Monetary Policy Round, which represent the latest official inflation forecast available to date, headline inflation is expected to reach the inflation target of 5% by the second quarter of 2026.** Relative to the previous forecast round, inflation is expected to accelerate faster than previously projected, reflecting higher-than-anticipated fuel price revisions, an upward revision in electricity tariffs, and spillover effects from higher energy and transport inflation. The latest projected path of quarterly headline inflation is depicted in the inflation fan chart in Figure 4. As projections are based on certain assumptions and judgements, they are inherently subject to uncertainty, which is reflected in the fan chart. The assessment that headline inflation would reach the target and remain within the ±2 percentage points margin from the target is based on the mean path of the forecast distribution. Based on the forecast distribution underlying the fan chart, the probability of inflation remaining within the ±2 percentage points margin from the target by the second quarter of 2026 is estimated at around 45%. The ongoing recovery of the economy, monetary easing, and gradual depreciation of the Sri Lanka rupee, amid higher global energy and transport prices, are expected to cause the return of headline inflation toward the target. Core inflation, which reflects underlying inflationary pressures, is also expected to increase gradually towards a level consistent with the headline inflation target and remain relatively stable over the medium term. However, the spillover effects from possible energy and transport-related prices could also contribute to core inflation, resulting in a relatively faster trajectory.

4.2. **The time period specified above, within which inflation is expected to return to the target, is conditional on available data, assumptions and judgements made at the March 2026 forecast round.** These projections depend on a number of factors, including forecasts of global energy and food prices, the expected growth path of Sri Lanka's major trading partners, the anticipated fiscal path of the Government, global financial conditions as implied by the Fed Funds Rate, and expected developments in the external sector, including the external current account balance. Accordingly, any notable change in these assumptions could cause the realised inflation path to deviate from the projected path. In particular, developments relating to the Middle East war, and any resulting changes in global prices, including energy and commodity prices, could alter the projected inflation trajectory.

4.3. Thus, there are upside risks to the realisation of inflation projections stemming from several factors. Intensified geopolitical tensions could disrupt the global commodity markets, energy supplies, and shipping routes. These developments have already led to increases in global oil prices and shipping costs, and could potentially lead to higher-than-expected increases in domestic energy and transport costs, as well as higher fertiliser prices, which could adversely affect agricultural production and food prices. In addition, possible depreciation of the Sri Lanka rupee at higher levels and higher-than-anticipated demand pressures fuelled by the lagged impact of strong credit growth could exert further upward pressure on inflation. Possible repeated adverse weather events affecting the agricultural and energy sectors can also exert upward pressure on food and energy inflation. Meanwhile, downside risks to the realisation of inflation projections include the possibility of demand conditions remaining weaker than expected, leading to a more gradual recovery in core inflation, and any possibility of improved agricultural production helping to ease pressure on food prices. Given the fluid nature of the Middle East war, the impact on prices and economic activity remains uncertain. Such developments will be carefully considered by the Monetary Policy Board in calibrating monetary policy in the period ahead. Meanwhile, inflation projections of the Central Bank will continue to be refined in line with incoming information and communicated to the public through monetary policy-related communication channels.

Figure 4: Projected Headline Inflation (Quarterly, CCPI, y-o-y, %)

Based on the Projections during the March 2026 Monetary Policy Round



Source: Central Bank Staff Projections

§ *The inflation target (5%) was agreed under the Monetary Policy Framework Agreement (MPFA) signed between the Central Bank and the Minister of Finance in October 2023.*

* Realised data in the fan chart are based on the CCPI (2021=100, seasonally adjusted). Projections are based on all available data at the forecast round in March 2026.

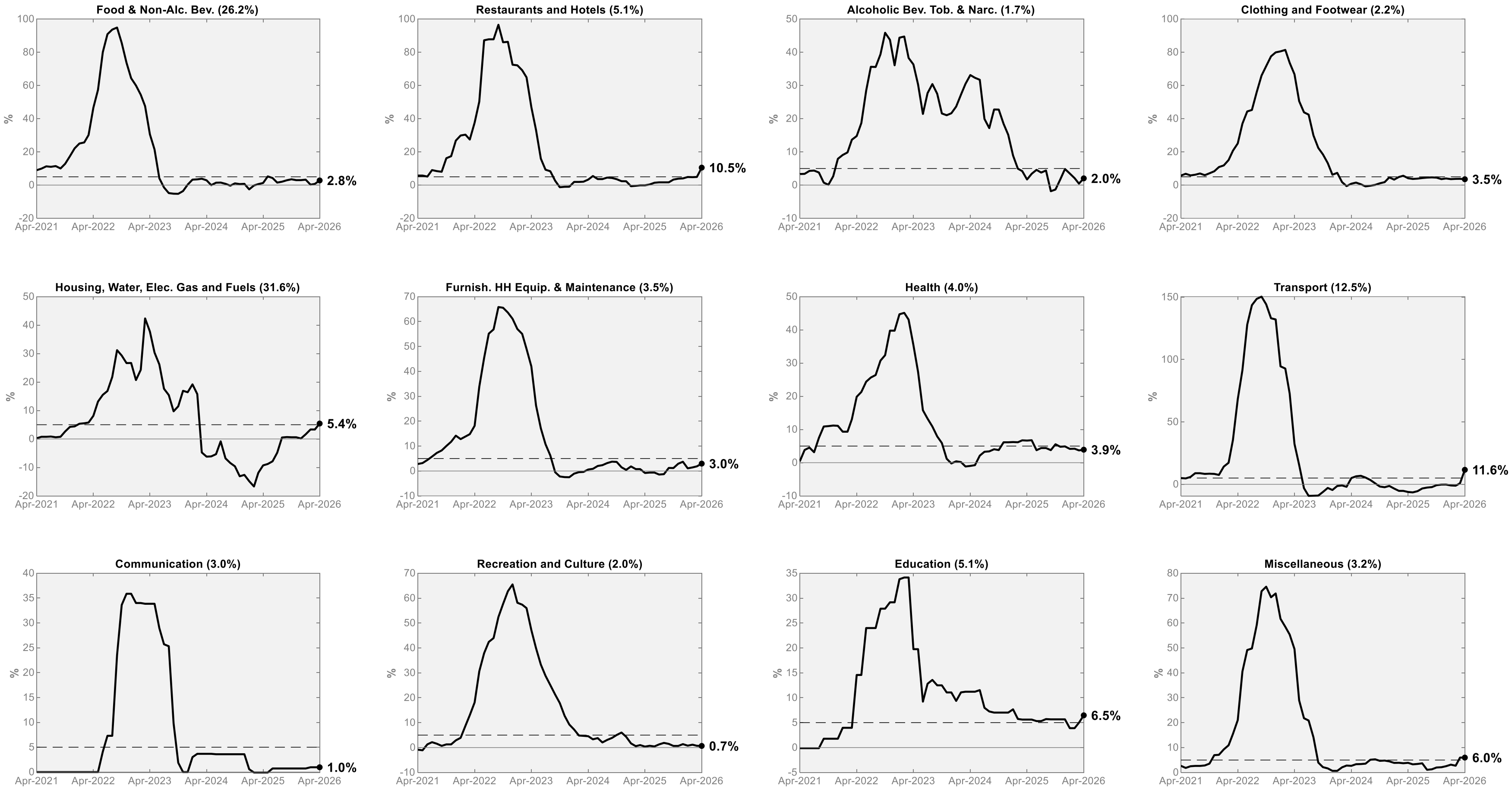
Note: A forecast is neither a promise nor a commitment.

The fan chart illustrates the uncertainty surrounding the baseline projection path using confidence bands of gradually fading colours. The confidence intervals (CI) shown on the chart indicate the ranges of values within which inflation may fluctuate over the medium term. For example, the thick green shaded area represents the 50% confidence interval, implying that there is a 50% probability that the actual inflation outcome will be within this interval. The confidence bands show the increasing uncertainty in forecasting inflation over a longer horizon.

Amid the fluid nature of the prevailing Middle East war and its wide-ranging spillovers across both global and domestic economic activity, the present inflation outlook remains subject to elevated uncertainty. Accordingly, any significant changes from underlying conditions could lead to notable deviations from these projections.

Annexure

Figure 5: Category-wise Headline Inflation (CCPI, y-o-y, %)



Sources: Department of Census and Statistics, Central Bank of Sri Lanka

Note: Data preceding January 2023 are based on the CCPI (2013=100), while data commencing January 2023 are based on the CCPI (2021=100). Base weights are given in parentheses, based on the CCPI (2021=100).

Appendix 1

Summary of energy price assumptions used for projections at each monetary policy cycle, as illustrated in *Reports on the Deviation of Headline Inflation from the Inflation Target*, compared with realised outcomes

Assumptions used in monetary policy cycles are made using the available data at the time the projections are prepared. Assumptions regarding electricity tariffs are usually based either on tariff proposals submitted by the Ceylon Electricity Board (CEB) and approved by the Public Utilities Commission of Sri Lanka (PUCSL), or on the basis of the continuation of cost-recovery pricing. Assumptions on domestic fuel prices are based on global oil price developments and exchange rate movements. Projections for global oil prices are based on the Global Projection Model Network (GPMN), while the robustness of these projections is cross-checked against other available sources, including the International Monetary Fund's (IMF) World Economic Outlook (WEO).

Reference Period of the Report on the Deviation of Headline Inflation from the Inflation Target: **Q2 & Q3 of 2024**		
(Projections illustrated in this Report were based on the **November 2024 Monetary Policy cycle**)	**Assumption**	**Realised Condition**
	Electricity Tariff	
	No change was assumed in the immediate months[7] ahead.	The electricity tariff was reduced significantly in January 2025.
	Fuel prices	
	Petrol[8] prices were expected to decline in about 1-2 months' time and to increase later in about 5-6 months' time.	Petrol prices declined in the immediate month, but at a lower magnitude than expected. Petrol prices were further revised downward in about 5-6 months' time.
	Diesel[9] prices were expected to increase in about 5-6 months' time.	Diesel prices increased marginally in the immediate month.
	Over the medium term, fuel prices were expected to follow an upward trajectory.	The reduction in global oil prices continued, rather than reversing the trend and trending up as assumed.
	LP Gas	
	Marginal increase in prices was expected in the immediate months ahead.	No change in Litro gas. Laugfs gas price increased in about 6 months' time.[10]

[7] Time period is measured commencing from the month in which the corresponding forecast round is held.
[8] Petrol (Octane 92)
[9] Auto Diesel
[10] Litro gas accounts for a higher share in the CCPI basket.

<table>
<tr><td colspan="3">Reference Period of the Report on the Deviation of Headline Inflation from the Inflation Target: Q3 & Q4 of 2024</td></tr>
<tr><td rowspan="11">(Projections illustrated in this Report were based on the January 2025 Monetary Policy cycle)</td><td>Assumption</td><td>Realised Condition</td></tr>
<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>The electricity tariff reduction in January 2025 was incorporated into the projections. No change was assumed in the immediate months ahead.</td><td>The electricity tariff was revised upwards in June 2025 (end of Q2-2025).</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to increase in the immediate months ahead.</td><td>Petrol prices declined in about 4-5 months’ time.</td></tr>
<tr><td>Diesel prices were expected to increase in the immediate months ahead.</td><td>Diesel prices declined in about 5 months’ time.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow a marginally decreasing trajectory.</td><td>The global oil prices continued to decelerate in 2025.</td></tr>
<tr><td colspan="2">LP Gas</td></tr>
<tr><td>A marginal increase in prices was expected in about 3 months, followed by a decrease in prices of a lesser magnitude in about 4 months.</td><td>Laugfs gas price increased in about 4 months’ time.</td></tr>
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<table>
<tr><td colspan="3">Reference Period of the Report on the Deviation of Headline Inflation from the Inflation Target: Q4 of 2024 & Q1 of 2025</td></tr>
<tr><td rowspan="9">(Projections illustrated in this Report were based on the May 2025 Monetary Policy cycle)</td><td>Assumption</td><td>Realised Condition</td></tr>
<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>An electricity tariff increase was assumed in June 2025.</td><td>The electricity tariff was revised upwards in June 2025 by a marginally lower magnitude than assumed.</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to decline in about 2-3 months’ time.</td><td>Petrol prices increased in 3 months’ time but declined in 5 months’ time.</td></tr>
<tr><td>Diesel prices were expected to decline in about 2 months’ time.</td><td>Diesel prices increased in 3 months’ time but declined in 5-6 months’ time.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow an upward trajectory.</td><td></td></tr>
<tr><td colspan="2">LP Gas</td></tr>
<tr><td>A marginal decline in prices was expected.</td><td>No change in prices was observed.</td></tr>
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<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>No change was assumed in the immediate months ahead.</td><td>No change in tariffs was observed.</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to decline in about 2-3 months’ time.</td><td>Petrol prices declined in 3 months’ time and again in 5 months’ time.</td></tr>
<tr><td>Diesel prices were expected to decline in about 2-3 months’ time.</td><td>Diesel prices declined in 3-4 months’ time.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow an upward trajectory.</td><td></td></tr>
<tr><td colspan="2">LP Gas</td></tr>
<tr><td>A marginal decline in prices was expected.</td><td>No change in prices was observed.</td></tr>
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<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>An electricity tariff increase was assumed in January 2026.</td><td>No change in tariff was observed in January 2026, but tariffs were revised upwards in April 2026.</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to increase in about 3 months’ time.</td><td>Petrol prices declined marginally in about 4 months’ time, but increased significantly in 5-6 months’ time.</td></tr>
<tr><td>Diesel prices were expected to increase in 2-3 months’ time.</td><td>Diesel prices fluctuated marginally in about 3-4 months’ time, but increased significantly in 5-6 months’ time.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow an upward trajectory.</td><td></td></tr>
<tr><td colspan="2">LP Gas</td></tr>
<tr><td>No change was expected in prices.</td><td>Prices increased in 3–6 months’ time.</td></tr>
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<tr><td rowspan="10">(Projections illustrated in this Report were based on the January 2026 Monetary Policy cycle)</td><td>Assumption</td><td>Realised Condition
(Up to early May 2026)</td></tr>
<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>No change in tariff was assumed for the immediate months ahead.</td><td>Tariffs were revised upwards in April 2026.</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to decline in the immediate month.</td><td>Petrol prices declined marginally in the immediate month but increased significantly in about 3 and 5 months.</td></tr>
<tr><td>Diesel prices were expected to decline in the immediate month.</td><td>Diesel prices declined marginally in the immediate month but increased significantly in about 3 and 5 months.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow an upward trajectory.</td><td></td></tr>
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(Up to early May 2026)</td></tr>
<tr><td colspan="2">Electricity Tariff</td></tr>
<tr><td>Upward revision in tariff assumed for April 2026.</td><td>A less than expected upward electricity tariff revision was observed in April 2026.</td></tr>
<tr><td colspan="2">Fuel prices</td></tr>
<tr><td>Petrol prices were expected to increase in about 3 months.</td><td>Petrol prices increased by a lesser magnitude than expected in 3 months’ time.</td></tr>
<tr><td>Diesel prices were expected to increase in about 3 months.</td><td>Diesel prices increased by a lesser magnitude than expected in 3 months’ time.</td></tr>
<tr><td>Over the medium term, fuel prices were expected to follow an upward trajectory.</td><td></td></tr>
<tr><td colspan="2">LP Gas</td></tr>
<tr><td>Gas prices were expected to increase in the immediate month.</td><td>A higher than expected increase in price was observed in the immediate months.</td></tr>
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