



WEB RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – AUGUST 2020

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1. Introduction

The Department of Census and Statistics (DCS) has released the National Consumer Price Index (NCPI) and Inflation rate for the month of August 2020.

The NCPI has been released monthly from October 2015 with a time lag of 21 days. The NCPI has weights based on consumer spending in 2012/13 Household Income and Expenditure Survey (HIES), and reflects new methods consistent with international best practices. Also, the DCS has rebased the Colombo Consumer Price Index (CCPI) with the base period of 2013 from January 2017, covering the urban areas of Colombo district.

To reflect international recommendations and best practices, the index weights refer to each item's share in the total consumption expenditures of all Sri Lankan households. The provincial weights refer to the consumption expenditures within the province in proportion to the expenditures in the whole country. The index weights are based on expenditure data derived from the Household Income and Expenditure Survey (HIES) conducted in 2012/13. The 2012/13 HIES included all types of consumption expenditures by households, and was broadly representative of all households in the country. The year 2013 is considered as the base year for NCPI.

The national consumer basket includes 407 items which represent the consumption expenditure of all households in Sri Lanka. For the compilation of NCPI, three price quotations are collected for each of the items in every district town. Prices for some items are collected weekly (e.g. fresh fish, rice, vegetables, fruits, coconut etc.), while prices for other items are collected once every two weeks (e.g. leafy vegetables, dried fish, spices, etc.), monthly (e.g. Textile, Footwear, Non-durable household goods etc.) or quarterly (e.g. Consumer durables (furniture), Building materials, Pharmaceutical items etc.). The frequency of price collection is determined by on an average how frequently price changes take place.

2. Month on Month (M on M) change of NCPI:

The NCPI for all items for the month of August 2020 was 137.8. An increase of 0.5 index point or 0.4 percentage point compared to July 2020 for which the index was 137.3. This increase represents increase in expenditure value of Rs. 173.51 in the "Market Basket".

Monthly changes of index numbers, expenditure values and percentage change of index numbers are given in the following table (Table 01).

Table 01: Monthly Changes by Main Groups of Market Basket

Main Group	Index Number			Monthly Changes of the Expenditure Value (Rs.)			Monthly changes of the index (%)		
	Aug 2019	July 2020	Aug 2020	Aug 2019	July 2020	Aug 2020	Aug 2019	July 2020	Aug 2020
All Items	129.7	137.3	137.8	91.50	0.13	173.51	0.22	0.00	0.39
Food and Non Alcoholic Beverages	126.8	142.8	143.5	45.23	-64.69	105.84	0.11	-0.15	0.24
Non Food	132.0	133.0	133.4	46.27	64.82	67.66	0.11	0.15	0.15
Alcoholic Beverages, Tobacco and Narcotics	202.9	207.1	221.4	7.41	20.12	104.55	0.02	0.05	0.24
Clothing and Footwear	129.3	132.3	133.0	4.62	4.26	7.17	0.01	0.01	0.02
Furnishing, Household Equipment and Routine Household Maintenance	129.9	130.5	130.8	1.81	-1.30	2.82	0.00	0.00	0.01
Health	163.5	165.4	160.3	4.19	20.59	-67.44	0.01	0.05	-0.15
Recreation and Culture	125.2	124.3	124.8	3.69	0.00	2.31	0.01	0.00	0.01
Restaurants and Hotels	119.7	122.9	123.7	0.00	25.75	9.75	0.00	0.06	0.02
Miscellaneous Goods and Services	142.5	143.9	144.4	2.98	-6.63	6.96	0.01	-0.02	0.02
Other Groups	124.0	124.3	124.3	21.57	2.03	1.54	0.05	0.00	0.00

Note 1: There are 12 main groups of the market basket. Monthly significant changes were noted in eight main groups in August 2020, details on which are given in Table 02.

Note 2: For the August 2020, insignificant group 'Housing, Water, Electricity, Gas and Other Fuels' and unchanged groups 'Transport', 'Communication' and 'Education' are considered as the 'Other Groups'.

Contribution to Month-on-Month Changes:

Contributions to the NCPI on Month-on-Month basis (August 2020 as compared to July 2020) are given in Table 02. The month-on-month change was contributed by increases of index value of food items by 0.24% and non-food items by 0.15% respectively.

2.1.1. Contribution of Food items: 0.24%

As shown in Table 02, the increases in index values were reported for Vegetables (0.14%), Turmeric powder (0.12%), Coconuts (0.11%), Big Onions (0.08%), Fresh fruits (0.08%), Eggs (0.04%), Biscuits (0.02%), Mysore dhal (0.01%), Papadam (0.01%) and Rice flour (0.01%). However, decreases in index values were reported for Coconut Oil (0.09%), Limes (0.08%), Red Onions (0.05%), Potatoes (0.04%), Rice (0.04%), Fresh fish (0.03%), Dried fish (0.03%), Green Chilies (0.01%), Curry powder (0.01%) and Dried chilies (0.01%).

2.1.2. Contribution of Non-food items: 0.15%

The increases in index values of non-food groups in August 2020 compared to the previous month was due to the price increases in groups of items 'Alcoholic Beverages, Tobacco & Narcotics' (*Arecanuts and Bulathwita*) (0.24%), 'Clothing and Footwear' (0.02%), 'Furnishing, Household equipment Routine household maintenance' (0.01%), 'Recreation and Culture' (0.01%), 'Restaurants and Hotels' (0.02%) and 'Miscellaneous Goods and Services' (0.02%). However, price decrease in group of items was reported for 'Health' (Payments to medical laboratory tests) (0.15%). Further, very slight price increase was reported in group of 'Housing, Water, Electricity, Gas and Other fuels' compared to the preceding month. Meanwhile, the price indices of 'Transport', 'Communication', and 'Education' groups remained unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on Month-on-Month basis
(August 2020 as compared to July 2020)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	105.84	0.62	0.38	0.24
Vegetables	63.41	0.14		
Turmeric powder	51.03	0.12		
Coconuts	50.46	0.11		
Big onions	36.89	0.08		
Fresh fruits	33.10	0.08		
<i>Banana</i>	17.50	0.04		
<i>Papaw</i>	8.18	0.02		
<i>Mangoes</i>	5.59	0.01		
Eggs	16.11	0.04		
Biscuits	10.12	0.02		
Mysour dhal	5.32	0.01		
Papadam	4.05	0.01		
Rice flour	3.62	0.01		
Coconut oil	-37.77		0.09	
Limes	-35.72		0.08	
Red onions	-21.69		0.05	
Potatoes	-16.75		0.04	
Rice	-16.29		0.04	
Fresh fish	-12.66		0.03	
Dried fish	-12.45		0.03	
<i>Sprats (dry)</i>	-10.32		0.02	
Green chillies	-2.76		0.01	
Curry powder	-2.31		0.01	
Dried chillies	-2.28		0.01	
Other food items	-7.59		0.02	
Non Food	67.66	0.30	0.15	0.15
Alcoholic Beverages, Tobacco & Narcotics	104.55	0.24		
<i>Betel leaves</i>	6.94	0.02		
<i>Arecanuts</i>	66.55	0.15		
<i>Bulathwita/ Sarawita</i>	30.57	0.07		
Clothing and Footware	7.17	0.02		
Furnishing, Household Equipment and Routine Household Maintenance	2.82	0.01		
Health	-67.44		0.15	
<i>Purchase of medical/ pharmacy products</i>	5.12	0.01		
<i>Payments to medical laboratory tests</i>	-76.87		0.17	
<i>Payments to private hospitals room charges</i>	4.31	0.01		
Recreation and Culture	2.31	0.01		
Restaurants and Hotels	9.75	0.02		
Miscellaneous Goods and Services	6.96	0.02		
Other Groups	1.54	0.00		
All Items	173.51			0.39

3. Inflation

The NCPI is a macroeconomic indicator compiled to measure inflation which is defined as a sustained increase in the general level of prices for goods and services and it is measured as an annual percentage increase by NCPI. Inflation can be measured in two ways. One measure is the Year-on-Year base or Point-to-Point inflation (The percentage change in the current month CPI over same month CPI of last year). The other measure is Moving Average Inflation (The percentage difference between the average Price Indices of last 12 months & the average Price Indices of previous 12 months).

Table 03: Movements of the NCPI (Base: 2013=100)

Month	All Item				Food				Non Food			
	Index Number	% Change Month on Month	Inflation %		Index Number	% Change Month on Month	Inflation %		Index Number	% Change Month on Month	Inflation %	
			Y on Y	12 Month Moving Avg.			Y on Y	12 Month Moving Avg.			Y on Y	12 Month Moving Avg.
August	129.7	0.2	3.4	2.0	126.8	0.2	0.6	-3.0	132.0	0.2	5.6	6.1
September	130.6	0.7	5.0	2.3	128.8	1.6	4.9	-2.3	132.1	0.1	5.1	6.1
October	131.9	1.0	5.6	2.8	131.7	2.3	7.3	-1.1	132.0	-0.1	4.3	6.0
November	132.9	0.8	4.1	3.0	134.1	1.8	4.0	-0.5	132.0	0.0	4.2	5.9
December	135.0	1.6	6.2	3.5	139.5	4.0	8.6	0.7	131.4	-0.5	4.2	5.8
January	137.0	1.5	7.6	4.1	143.0	2.5	13.7	2.2	132.3	0.7	3.0	5.5
February	137.0	0.0	8.1	4.5	142.9	-0.1	16.3	3.8	132.4	0.1	2.1	5.1
March	135.2	-1.3	7.0	4.9	138.5	-3.1	14.1	5.1	132.6	0.2	1.8	4.7
April	134.8	-0.3	5.9	5.1	137.5	-0.7	12.2	6.2	132.6	0.0	1.1	4.2
May	135.4	0.4	5.2	5.2	139.0	1.1	11.1	7.2	132.6	0.0	0.8	3.7
June	137.3	1.4	6.3	5.6	143.2	3.0	13.6	8.6	132.6	0.0	0.8	3.2
July	137.3	0.0	6.1	5.9	142.8	-0.3	12.9	9.9	133.0	0.3	1.0	2.8
August	137.8	0.4	6.2	6.1	143.5	0.5	13.2	11.0	133.4	0.3	1.1	2.4

The Year on Year inflation reported for August 2020 in Table 03 does not tally with the Year on Year inflation reported in Table 04 due to rounding off.

3.1. Year-on-Year Inflation

The overall rate of inflation as measured by NCPI on Year-on-Year basis is 6.2% in August 2020 and inflation calculated for July 2020 was 6.1% (Table 03). Year-on-Year inflation of food group has increased from 12.9% in July 2020 to 13.2% in August 2020 while that of non food group has also increased from 1.0% to 1.1% during the month.

Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 5.68 percent in August 2020 compared to that of August 2019 (Table 04).

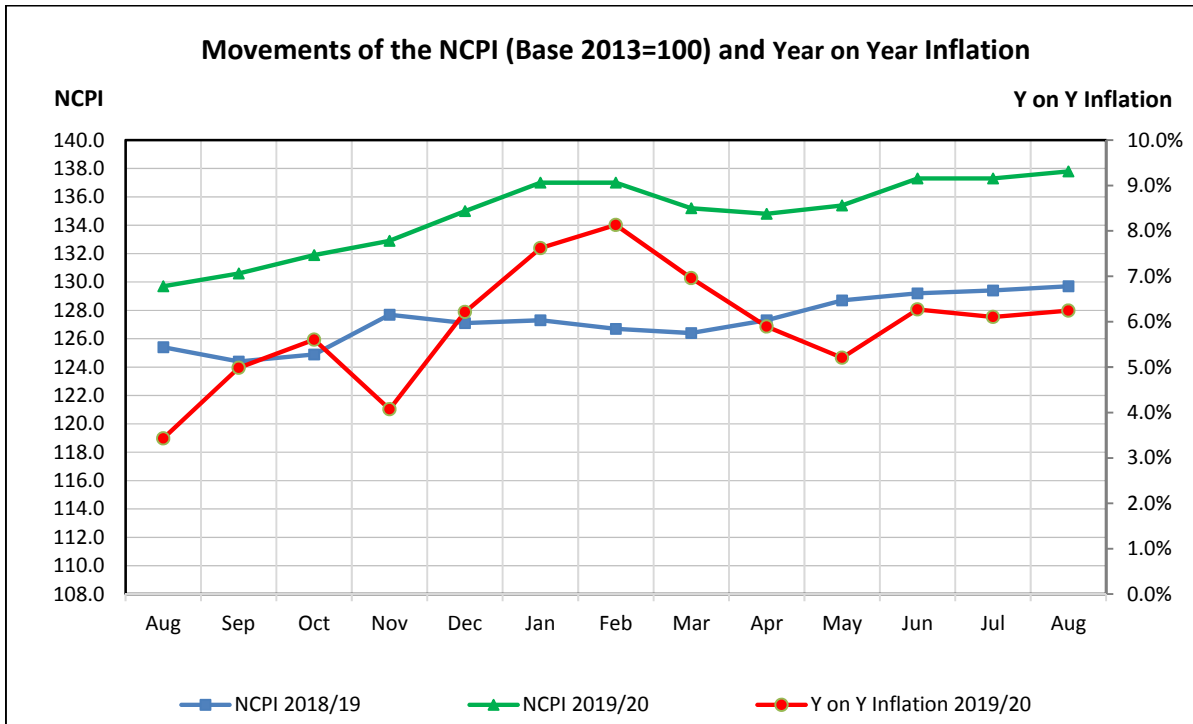
Contribution of non-food items was 0.59 percent. This was mainly due to price increases in groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.32%), 'Education' (0.15%), 'Restaurant and Hotels' (0.12%), 'Housing, Water, Electricity, Gas and Other fuels' (0.10%), 'Clothing and Footwear' (0.10%), 'Miscellaneous Goods and Services' (0.07%), 'Transport' (0.05%) and 'Furnishing, Household equipment and Routine household maintenance' (0.02%). However, decrease in prices was reported for groups of 'Communication' (0.22%), 'Health' (0.10%) and 'Recreation and Culture' (0.01%).

**Table 04: Contribution to the increase in NCPI (Base 2013=100) on Year-on-Year basis
(August 2020 as compared to August 2019)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	2367.48			5.68
<i>Coconut (Nuts)</i>	636.58	1.53		
<i>Rice</i>	449.85	1.08		
<i>Turmeric powder</i>	212.35	0.51		
<i>Coconut oil</i>	203.33	0.49		
<i>Sugar</i>	133.78	0.32		
<i>Fresh fish</i>	111.49	0.27		
Non Food	247.58	0.92	0.33	0.59
Alcoholic beverages, Tobacco and Narcotics	134.67	0.32		
<i>Betel leaves</i>	-6.73		0.02	
<i>Arecanuts</i>	96.45	0.23		
<i>Bulathwita</i>	39.78	0.10		
Clothing and Footwear	40.29	0.10		
<i>Clothing</i>	40.29	0.10		
Housing, Water, Electricity, Gas and Other fuels	43.13	0.10		
<i>Housing Rent</i>	79.51	0.19		
<i>Material for the maintenance</i>	-2.48		0.01	
<i>Water Bill</i>	-6.75		0.02	
<i>LP Gas</i>	-27.15		0.07	
Furnishings, Household equipment and Routing household maintenance	9.30	0.02		
Health	-42.51		0.10	
<i>Purchase of medical/pharmacy products</i>	10.53	0.03		
<i>Fees to private medical practices</i>	16.91	0.04		
<i>Consultation fees to specialists</i>	3.29	0.01		
<i>Payments to medical laboratories</i>	-62.62		0.15	
<i>Payments to private hospitals room charges</i>	-10.62		0.03	
Transport	19.98	0.05		
<i>Purchase of vehicles</i>	29.25	0.07		
<i>Petrol</i>	-7.53		0.02	
Communication	-92.97		0.22	
<i>Telephone charges - Home fixed phone</i>	-31.73		0.08	
<i>Telephone charges - mobile</i>	-58.64		0.14	
<i>Email/internet charges</i>	-2.61		0.01	
Recreation and Culture	-2.09		0.01	
Education	60.99	0.15		
<i>Tuition fees</i>	39.38	0.09		
<i>International School fees</i>	21.09	0.05		
Restaurant and Hotels	49.55	0.12		
Miscellaneous Goods and Services	27.24	0.07		
<i>Hair cutting and shaving charges</i>	17.10	0.04		
All Items	2615.06			6.27

3.2. Moving Average Inflation

The moving average inflation for the month of August 2020 is 6.1%. The corresponding rate for the month of July 2020 was 5.9%.



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