



## WEB RELEASE

### THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) - SEPTEMBER 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 September 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 September 2020 was 138.9. An increase of 1.1 index point or 0.8 percentage point compared to August 2020 for which the index was 137.8. This increase represents increase in expenditure value of Rs. 334.35 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 (%)		
	Sep 2019	Aug 2020	Sep 2020	Sep 2019	Aug 2020	Sep 2020	Sep 2019	Aug 2020	Sep 2020
<b>All Items</b>	130.6	137.8	138.9	297.16	173.51	334.35	0.71	0.39	0.75
<b>Food and Non Alcoholic Beverages</b>	128.8	143.5	145.1	284.85	105.84	231.83	0.68	0.24	0.52
<b>Non Food</b>	132.1	133.4	133.9	12.31	67.66	102.52	0.03	0.15	0.23
Alcoholic Beverages, Tobacco and Narcotics	202.1	221.4	230.4	284.85	104.55	65.38	-0.01	0.24	0.15
Transport	117.8	118.7	119.6	-10.43	0.00	27.04	-0.03	0.00	0.06
Miscellaneous Goods and Services	142.7	144.4	144.9	2.73	6.96	7.09	0.01	0.02	0.02
Other Groups	130.3	130.7	130.7	26.01	-43.85	3.01	0.06	-0.10	0.01

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

Note 2: For the September 2020, insignificant groups 'Clothing and Footwear', 'Furnishing, Household Equipment and Routine Household Maintenance', 'Recreation and Culture', 'Education' and unchanged groups 'Housing, Water, Electricity, Gas and Other Fuels', 'Health', 'Communication' and 'Restaurants and Hotels' are considered as the 'Other Groups'.

### Contribution to Month-on-Month Changes:

Contributions to the NCPI on Month-on-Month basis (September 2020 as compared to August 2020) are given in Table 02. The month-on-month change was contributed by increases of index value of food items by 0.52% and non-food items by 0.23% respectively.

#### 2.1.1. Contribution of Food items: 0.52%

As shown in Table 02, the increases in index values were reported for Vegetables (0.26%), Coconuts (0.21%), Big Onions (0.16%), Fresh fruits (0.11%), Turmeric powder (0.03%), Rice (0.03%), Biscuits (0.02%), Papadam (0.01%), Jak and Jak Seeds (0.01%) and Rice flour (0.01%). However, decreases in index values were reported for Fresh fish (0.09%), Potatoes (0.09%), Red Onions (0.04%), Limes (0.04%), Coconut Oil (0.03%), Eggs (0.03%), Green Chilies (0.02%), Chili powder (0.01%), and Sprats (Dry) (0.01%).

#### 2.1.2. Contribution of Non-food items: 0.23%

The increases in index values of non-food groups in September 2020 compared to the previous month was due to the price increases in groups of items 'Alcoholic Beverages, Tobacco & Narcotics' (*Arecanuts and Bulathwita*) (0.15%), 'Transport' (*Motor Cars and Cost of servicing of vehicles*) (0.06%) and 'Miscellaneous Goods and Services' (0.02%). Further, very slight price increases were reported in groups of 'Clothing and Footwear', 'Furnishing, Household equipment Routine household maintenance' and 'Recreation and Culture' and very slight price decrease was reported in group of 'Education' compared to the preceding month. Meanwhile, the price indices of 'Housing, Water, Electricity, Gas and Other fuels', 'Health', 'Communication' and 'Restaurants and Hotels' groups remained unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>231.83</b>	<b>0.87</b>	<b>0.35</b>	<b>0.52</b>
Vegetables	116.62	0.26		
Coconuts	91.56	0.21		
Big onions	73.02	0.16		
Fresh fruits	50.80	0.11		
<i>Banana</i>	23.42	0.05		
<i>Papaw</i>	18.06	0.04		
<i>Mangoes</i>	7.90	0.02		
Turmeric powder	15.25	0.03		
Rice	12.42	0.03		
Biscuits	7.50	0.02		
Papadam	4.15	0.01		
Jak and jak seeds	3.24	0.01		
Rice flour	3.03	0.01		
Fresh fish	-39.74		0.09	
Potatoes	-38.16		0.09	
Red onions	-19.11		0.04	
Limes	-17.36		0.04	
Coconut oil	-15.02		0.03	
Eggs	-11.95		0.03	
Green chillies	-9.89		0.02	
Chilly powder	-2.57		0.01	
Sprats (dry)	-2.49		0.01	
Other food items	10.55	0.02		
<b>Non Food</b>	<b>102.52</b>	<b>0.23</b>	<b>0.00</b>	<b>0.23</b>
<b>Alcoholic Beverages, Tobacco &amp; Narcotics</b>	65.38	0.15		
<i>Betel leaves</i>	-3.56		0.01	
<i>Areanuts</i>	41.03	0.09		
<i>Bulathwita/ Sarawita</i>	26.87	0.06		
<b>Transport</b>	27.04	0.06		
<i>Motor Cars</i>	4.32	0.01		
<i>Lubricating oil</i>	2.79	0.01		
<i>Cost of servicing of vehicles</i>	19.14	0.04		
<b>Miscellaneous Goods and Services</b>	7.09	0.02		
<i>Car Insurance</i>	6.75	0.02		
<b>Other Groups</b>	3.01	0.01		
<b>All Items</b>	<b>334.35</b>			<b>0.75</b>

### 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)**

Year	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.
2019	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
2020	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
	September	138.9	0.8	6.4	6.2	145.1	1.1	12.7	11.6	133.9	0.4	1.4	2.1

The Year on Year inflation reported for September 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 6.4% in September 2020 and inflation calculated for August 2020 was 6.2% (Table 03). Year-on-Year inflation of food group has decreased from 13.2% in August 2020 to 12.7% in September 2020 while that of non food group has increased from 1.1% to 1.4% during the month.

#### Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 5.51 percent in September 2020 compared to that of September 2019 (Table 04).

Contribution of non-food items was 0.80 percent. This was mainly due to price increases in groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.49%), 'Transport' (0.14%), 'Restaurant and Hotels' (0.12%), 'Housing, Water, Electricity, Gas and Other fuels' (0.10%), 'Education' (0.09%), 'Clothing and Footwear' (0.09%), 'Miscellaneous Goods and Services' (0.08%), and 'Furnishing, Household equipment and Routine household maintenance' (0.02%). However, decrease in prices were reported for groups of 'Communication' (0.22%) and 'Health' (0.10%). Also, slight decrease in price was reported in group of 'Recreation and Culture'.

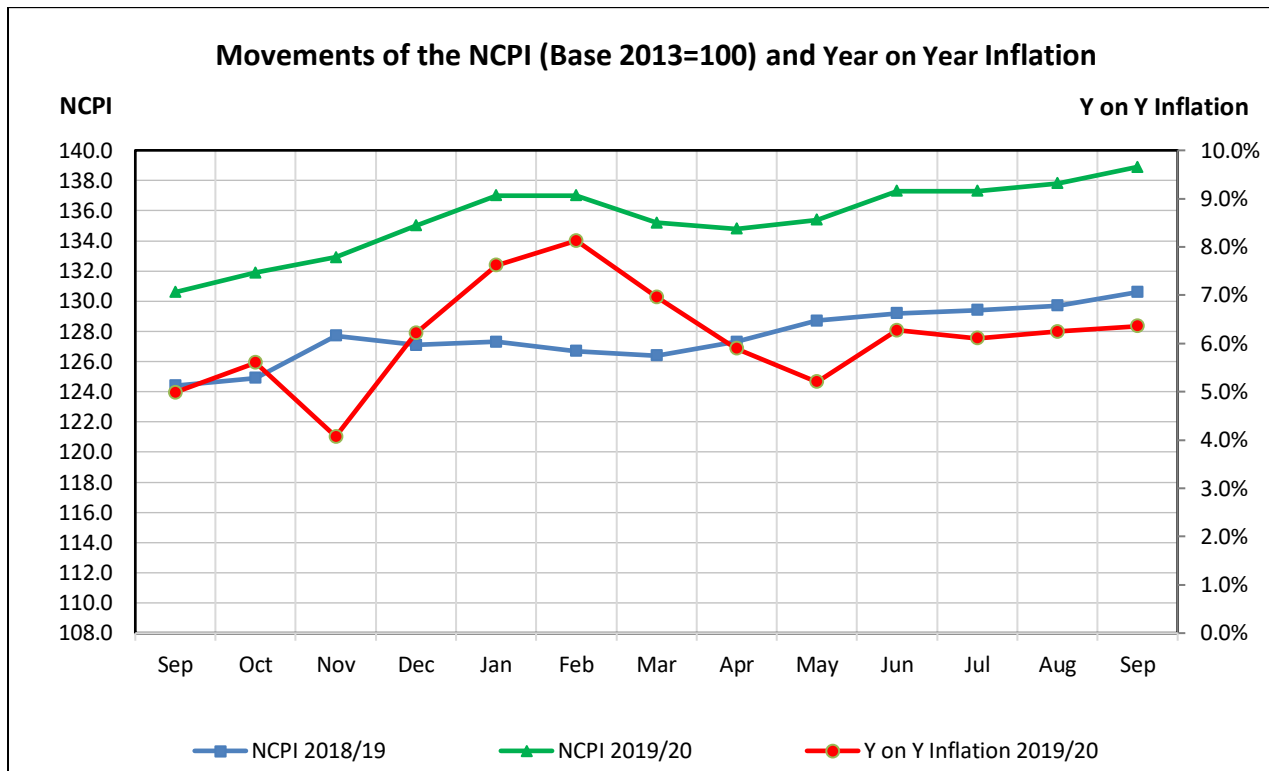
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on Year-on-Year basis (September 2020 as compared to September 2019)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>2314.46</b>			<b>5.51</b>
Coconuts	706.12	1.68		
Rice	396.62	0.94		
Turmeric powder	227.54	0.54		
Coconut oil	191.58	0.46		
Vegetables	144.71	0.34		
Sugar	130.64	0.31		
<b>Non Food</b>	<b>337.79</b>	<b>1.13</b>	<b>0.32</b>	<b>0.80</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	206.05	0.49		
Betel leaves	-3.75		0.01	
Arecanuts	136.98	0.33		
Bulathwita	66.44	0.16		
<b>Clothing and Footwear</b>	36.78	0.09		
Clothing	36.78	0.09		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	43.13	0.10		
Housing Rent	79.51	0.19		
Material for the maintenance	-2.48		0.01	
Water Bill	-6.75		0.02	
LP Gas	-27.15		0.06	
<b>Furnishings, Household equipment and Routing household maintenance</b>	10.05	0.02		
<b>Health</b>	-42.51		0.10	
Purchase of medical/pharmacy products	10.53	0.03		
Fees to private medical practices	16.91	0.04		
Consultation fees to specialists	3.29	0.01		
Payments to medical laboratories	-62.62		0.15	
Payments to private hospitals room charges	-10.62		0.03	
<b>Transport</b>	57.46	0.14		
Purchase of vehicles	31.45	0.07		
Petrol	-7.98		0.02	
Lubricating oil	2.79	0.01		
Cost of servicing of vehicles	19.14	0.05		
Airline fare	10.07	0.02		
<b>Communication</b>	-92.97		0.22	
Telephone charges - Home fixed phone	-31.73		0.08	
Telephone charges - mobile	-58.64		0.14	
Email/internet charges	-2.61		0.01	
<b>Recreation and Culture</b>	-0.41		0.00	
<b>Education</b>	39.05	0.09		
Tuition fees	39.38	0.09		
<b>Restaurant and Hotels</b>	49.55	0.12		
<b>Miscellaneous Goods and Services</b>	31.60	0.08		
Hair cutting and shaving charges	17.10	0.04		
Car Insurance	10.88	0.03		
<b>All Items</b>	<b>2652.25</b>			<b>6.32</b>

\*Note: Sum of percentages of items may not tally with overall percentage due to rounding off

### 3.2. Moving Average Inflation

The moving average inflation for the month of September 2020 is 6.2%. The corresponding rate for the month of August 2020 was 6.1%.



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