

NATIONAL CONSUMER PRICE INDEX (NCPI)

July, 2021

23 August 2021

Department of Census and Statistics
Ministry of Economic Policies and Plan Implementation

The Department of Census and Statistics (DCS) has released the National Consumer Price Index (NCPI) and Inflation rate for the month of July 2021.

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.

- ▣ The NCPI for all items for the month of July 2021 was 146.6**
- ▣ The overall rate of inflation as measured by NCPI on Year-on-Year basis is 6.8% in July 2021.**
- ▣ The moving average inflation for the month of July 2021 is 5.4%.**

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Source Publication

<http://www.statistics.gov.lk/InflationAndPrices/StaticallInformation/MonthlyNCPI>

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

The NCPI for all items for the month of July 2021 was 146.6. An increase of 0.9 index points or 0.6 percentage compared to June 2021 for which the index was 145.7. This increase represents increase in expenditure value of Rs.295.97 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 (%)		
	July 2020	June 2021	July 2021	July 2020	June 2021	July 2021	July 2020	June 2021	July 2021
All Items	137.3	145.7	146.6	0.13	668.01	295.97	0.00	1.45	0.63
Food and Non Alcoholic Beverages	142.8	157.3	158.5	-64.69	566.43	171.41	-0.15	1.23	0.37
Non Food	133.0	136.5	137.2	64.82	101.58	124.56	0.15	0.22	0.27
Alcoholic Beverages, Tobacco and Narcotics	207.1	215.7	217.5	20.12	-1.04	13.14	0.05	0.00	0.03
Clothing and Footwear	132.3	136.4	137.2	4.26	0.00	9.52	0.01	0.00	0.02
Furnishing ,Household Equipment and Routine Household Maintenance	130.5	136.0	137.0	-1.30	0.04	10.82	0.00	0.00	0.02
Transport	118.7	127.9	129.6	2.03	74.01	52.85	0.00	0.16	0.11
Recreation and Culture	124.3	125.1	126.6	0.00	0.00	7.31	0.00	0.00	0.02
Restaurants and Hotels	122.9	126.5	127.9	25.75	0.00	17.37	0.06	0.00	0.04
Miscellaneous Goods and Services	143.9	146.5	147.2	-6.63	0.00	10.15	-0.02	0.00	0.02
Other Groups	132.2	133.4	133.5	20.59	28.57	3.40	0.05	0.06	0.01

Source: Department of Census and Statistics

Note 1: There are 12 main groups of the market basket. Monthly significant changes were noted in eight main groups in July 2021, details on which are given in Table 02.

Note 2: Here For the July 2021, insignificant group: ‘Household equipment and Routine household maintenance’ and ‘Health’ and unchanged groups: ‘Communication’ and ‘Education’, are considered as the ‘Other Groups’.

Contribution to Month-on-Month Changes:

Contributions to the NCPI on Month-on-Month basis (July 2021 as compared to June 2021) are given in Table 02. The month-on-month change was contributed by increases of index value of food items by 0.37% and non-food items by 0.27% respectively.

1.1.1. Contribution of Food items: 0.37%

As shown in Table 02, the increases in index values were reported for Sugar (0.08%), Vegetables (0.07%), Dried fish (0.06%), Fresh fish (0.06%), Eggs (0.06%), Potatoes (0.05%), Mysore dhal (0.03%), Chicken (0.03%), Rice (0.03%), Biscuits (0.02%), Canned fish (0.01%), Fresh fruits (0.01%), Rice flour (0.01%), Turmeric powder (0.01%), Kurakkan flour (0.01%) and Wheat flour (0.01%). However, decreases in index values were reported for Coconuts (0.13%), Coconut oil (0.08%), Big onions (0.02%), Red onions (0.01%) and Green gram (0.01%).

1.1.2. Contribution of Non-food items: 0.27%

The increases in index values of non-food groups in July 2021 compared to the previous month was mainly due to the price increases in groups of items ‘Transport’ (Petrol, Diesel and Taxi/three wheelers fare) (0.11%), ‘Restaurants and Hotels’ (0.04%), ‘Alcoholic Beverages, Tobacco and Narcotics’(Areca nuts) (0.03%), ‘Clothing and Footwear’ (0.02%), ‘Furnishing, Household equipment and Routine household maintenance’(0.02%), ‘Recreation and Culture’, (0.02%), ‘Miscellaneous Goods and Services’(0.02). Further, very slight price increases were reported in groups of ‘Housing, Water, Electricity, Gas and Other fuels’ and ‘Health’. Meanwhile, the price indices of ‘Communication’ and ‘Education’ groups remained unchanged during the month.

Table 02: Contribution to the increase in NCPI from June 2021 to July 2021 (Base 2013=100)

Sub Group/Commodity	Value change			Net effect
	Rs. cts	% Change		
		Increase	Decrease	
Food	171.41	0.62	0.26	0.37
Sugar	37.60	0.08		
Vegetables	32.27	0.07		
Dried fish	29.42	0.06		
<i>Sprats</i>	17.41	0.04		
Fresh fish	28.25	0.06		
Eggs	27.96	0.06		
Potatoes	23.08	0.05		
Mysore dhal	16.20	0.03		
Chicken	15.91	0.03		
Rice	15.81	0.03		
Biscuits	9.35	0.02		
Canned fish	6.64	0.01		
Fresh fruits	5.99	0.01		
<i>Papaw</i>	5.27	0.01		
Banana	-2.49		0.01	
Rice flour	4.49	0.01		
Turmeric powder	3.63	0.01		
Kurakkan flour	3.57	0.01		
Wheat flour	3.48	0.01		
Coconuts	-59.32		0.13	
Coconut oil	-38.26		0.08	
Big onions	-11.43		0.02	
Red onions	-4.65		0.01	
Green gram	-4.53		0.01	
Other food items	25.95	0.06		
Non Food	124.56	0.27		0.27
Alcoholic Beverages, Tobacco and Narcotics	13.14	0.03		
<i>Areca nuts</i>	14.34	0.03		
Clothing and Footwear	9.52	0.02		
Housing, Water, Electricity, Gas and Other fuels	2.13	0.00		
<i>LP gas</i>	-2.77		0.01	
<i>Kerosene oil</i>	2.58	0.01		
Furnishing, household equipment and routine household maintenance	10.82	0.02		
Transport	52.85	0.11		
<i>Petrol</i>	37.85	0.08		
<i>Taxi/three wheelers fare</i>	5.46	0.01		
<i>Diesel</i>	4.99	0.01		
<i>Tyres, tubes and spare parts</i>	2.97	0.01		
Recreation and Culture	7.31	0.02		
Restaurants and hotels	17.37	0.04		
Miscellaneous Goods and Services	10.15	0.02		
Other Groups	1.27	0.00		
All Items	295.97			0.63

Source: Department of Census and Statistics

*Percentages of items do not tally with overall percentage due to rounding off.

2. 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.
2020	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
	October	139.1	0.1	5.5	6.2	145.6	0.3	10.6	11.9	134.0	0.1	1.5	1.9
	November	139.8	0.5	5.2	6.3	146.7	0.8	9.4	12.3	134.3	0.2	1.7	1.7
	December	141.2	1.0	4.6	6.2	149.9	2.2	7.5	12.2	134.3	0.0	2.2	1.5
2021	January	142.1	0.6	3.7	5.8	151.4	1.0	5.9	11.5	134.7	0.3	1.8	1.4
	February	142.8	0.5	4.2	5.5	152.8	0.9	6.9	10.7	134.9	0.1	1.9	1.4
	March	142.1	-0.5	5.1	5.3	150.7	-1.4	8.8	10.3	135.3	0.3	2.0	1.4
	April	142.2	0.1	5.5	5.3	150.8	0.1	9.7	10.1	135.5	0.1	2.2	1.5
	May	143.6	1.0	6.1	5.4	153.3	1.7	10.3	10.0	135.9	0.3	2.5	1.7
	June	145.7	1.5	6.1	5.4	157.3	2.6	9.8	9.7	136.5	0.4	2.9	1.9
	July	146.6	0.6	6.8	5.4	158.5	0.8	11.0	9.6	137.2	0.5	3.2	2.0

Source: Department of Census and Statistics

Note: Month on Month percentage change, Year on Year inflation percentage and 12 Month Moving Average inflation percentages were calculated using rounding off index numbers.

2.1. Year -on-Year Inflation

The overall rate of inflation as measured by NCPI on Year-on-Year basis is 6.8% in July 2021 and inflation calculated for June 2021 was 6.1%. (Table 03). Year-on-Year inflation of both food group and non-food group were increased from 9.8% in June 2021 to 11.0 % in July 2021 and from 2.9% in June 2021 to 3.2% in July 2021 respectively.

Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 5.07 percent in July 2021 compared to that of July 2020 (Table 04).

Contribution of non-food items was 1.70 percent. This was mainly due to price increases in groups of items 'Transport' (0.77%), 'Alcoholic beverages, Tobacco and Narcotics' (0.17%), 'Furnishing, Household equipment and Routine household maintenance' (0.16%), 'Restaurant and Hotels' (0.14%), 'Clothing and Footwear' (0.12%), 'Health' (0.11%), 'Miscellaneous goods and services' (0.11%), 'Housing, Water, Electricity, Gas and Other fuels' (0.09%) and 'Recreation and Culture' (0.03%). Further, very slight price increase was reported in group of 'Education'. Meanwhile, the group of 'Communication' remained unchanged during the period.

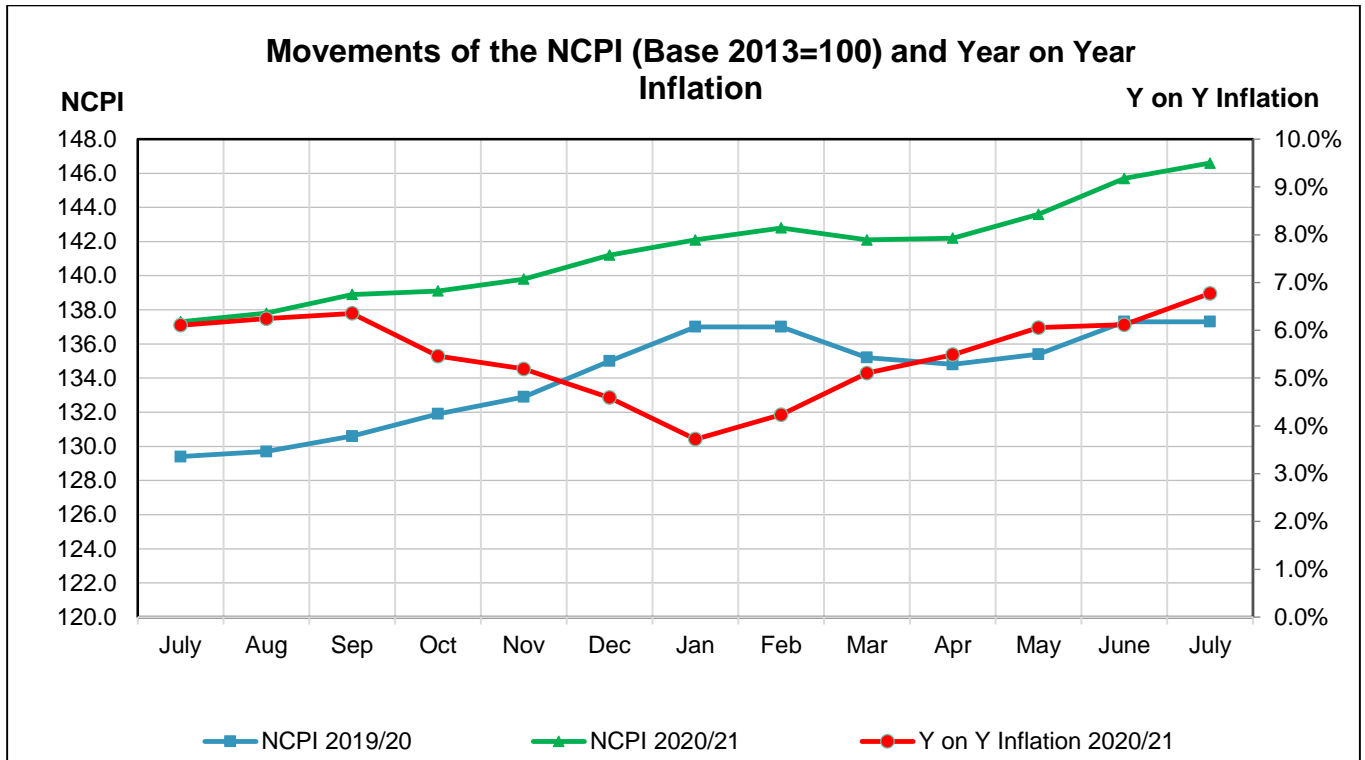
Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis (July 2021 as compared to July 2020)

Sub Group/Commodity	Value change		
	Rs. cts	% Change	
		Increase %	Decrease %
Food	2235.49		5.07
Rice	565.24	1.28	
Vegetables	400.55	0.91	
Coconuts	282.53	0.64	
Coconut oil	254.98	0.58	
Big onions	120.98	0.27	
Mysore dhal	106.77	0.24	
Non Food	750.04	1.70	1.70
Alcoholic beverages, Tobacco and Narcotics	75.99	0.17	
Tobacco (chewing)	8.48	0.02	
Betel leaves	6.47	0.01	
Arecanuts	7.59	0.02	
Bulathwita	53.44	0.12	
Clothing and Footwear	54.15	0.12	
Clothing	51.19	0.12	
Housing, Water, Electricity, Gas and Other fuels	40.50	0.09	
Material for the maintenance	18.16	0.04	
LP gas	13.31	0.03	
Kerosene oil	7.01	0.02	
Furnishings, Household equipment and Routing household maintenance	69.09	0.16	
Health	48.75	0.11	
Purchase of medical/pharmacy products	29.25	0.07	
Fees to private medical practices	24.48	0.06	
Fees to Aurvedic practitioners	14.45	0.03	
Payments. to medical laboratory tests	-76.87		0.17
Payments to private hospitals/nursing homes room charges	48.78	0.11	
Transport	338.76	0.77	
Tyres, tubes and spare parts	30.40	0.07	
Petrol	103.27	0.23	
Diesel	13.58	0.03	
Lubricating oil	17.86	0.04	
Cost of servicing of vehicles	22.08	0.05	
Bus fare	138.02	0.31	
Recreation and Culture	11.45	0.03	
Restaurant and Hotels	62.41	0.14	
Miscellaneous Goods and Services	47.37	0.11	
Hair cutting and shaving charges	27.36	0.06	
Other Groups	1.57	0.00	
All Items	2985.53		6.77

Source: Department of Census and Statistics

2.2 Moving Average Inflation

The moving average inflation for the month of July 2021 is 5.4%. The moving average inflation rate remained unchanged in July 2021 with respect to the month of June 2021 as well as for the month of May 2021.



Source: Department of Census and Statistics

Information Note on Implications of COVID-19 on the National Consumer Price Index (NCPI): July 2021

To keep the higher accuracy of the Consumer Price Index, the majority of price data are collected by personal visits by the DCS price collecting officers. The price data collection by personal visits for the Colombo district was challenging due to the Covid-19 pandemic situation for the month of July 2021. So for the Colombo district prices data were collected via the phone by the DCS price collection officers. Also for the month of July 2021, all other 24 districts’ prices data were collected by personal visits/ or via the phone by the DCS price collecting officers.

In particular, the collection of prices has become increasingly difficult. Issues and challenges include increased numbers of missing items in sampled outlets, the temporary closure of retail outlets etc.

When facing numbers of missing prices, it is important to mention that all temporarily missing prices were imputed using the methods described in Consumer Price Index Manual.

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