



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX – DECEMBER 2017

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1. Introduction

The Department of Census and Statistics (DCS) has released the National Consumer Price Index (NCPI) and Inflation for the month of December 2017.

The NCPI has been releasing 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 each 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 twice a week (e.g. dried fish, spices, cereals, etc.), monthly (e.g. readymade garments, washing soap/washing powder etc.) and quarterly (e.g. furniture, laundry charges etc.). The frequency of price collection is determined by on an average how frequently price changes are taken place.

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

The NCPI for all items for the month of December 2017 was 126.6. An increase of 0.2 index points or a percentage of 0.2 was reported in December 2017 compared to that of November 2017 for which the index was 126.4. This increase represents increase in expenditure value of Rs. 62.38 in the "Market Basket".

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

Table 01: Monthly Changes by Main Groups of Market Basket

Major Group*	Index Number			Monthly Changes of the Expenditure Value (Rs.)			Monthly changes of the index (%)		
	Dec 2016	Nov 2017	Dec 2017	Dec 2016	Nov 2017	Dec 2017	Dec 2016	Nov 2017	Dec 2017
All Items	118.0	126.4	126.6	440.43	504.18	62.38	1.18	1.26	0.15
Food and Non Alcoholic Beverages	119.2	134.1	134.4	469.50	381.82	48.85	1.25	0.95	0.12
Non Food	117.0	120.4	120.4	-29.07	122.36	13.53	-0.08	0.30	0.03
Alcoholic Beverages, Tobacco and Narcotics	177.6	176.5	176.0	-45.37	-12.74	-3.54	-0.12	-0.03	-0.01
Clothing and Footwear	116.3	119.4	119.7	3.93	4.18	2.65	0.01	0.01	0.01
Transport	99.6	104.5	104.8	4.86	8.33	11.19	0.01	0.02	0.03
Other	117.9	121.1	121.2	7.51	122.59	3.23	0.02	0.31	0.01

**Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only four main groups in December 2017.*

2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (December 2017 as compared to November 2017) are given in Table 02. The increase in the index point by 0.15% was due to the expenditure value increases of food items by 0.12% and non-food items by 0.03% respectively.

2.1.1. Contribution of Food items: 0.12%

As shown in Table 02, the increases in expenditure value of food items in index were reported for Vegetables (0.36%), Fresh fish (0.14%), Red onions (0.08%), Coconuts (0.04%), Papaw (0.03%), Eggs (0.02%), Coconut oil (0.02%) and Tea dust (0.01%). However, decreases in expenditure value in index were reported for Rice (0.22%), Green chilies (0.14%), Banana (0.07%), Mysore dhal (0.05%), Potatoes (0.05%), Limes (0.05%) and Dried fish (0.02%).

2.1.2. Contribution of Non food items: 0.03%

The increases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.03%) and 'Clothing and Footwear' (0.01%). Further, the groups of 'Furnishing, Household equipment and Routine household maintenance', 'Restaurants and Hotels' and 'Miscellaneous Goods and Services' recorded very slight expenditure value increases compared to the previous month. However, decrease in expenditure value in index were reported for group of 'Alcoholic beverages, Tobacco and Narcotics' (0.01%). The expenditure value of 'Housing, Water, Electricity, Gas and Other fuels', 'Health', 'Communication', 'Recreation and Culture' and 'Education' groups remained unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis
(December 2017 as compared to November 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	48.85	0.72	0.60	0.12
Vegetables	146.12	0.36		
Fresh fish	57.61	0.14		
Red onions	33.90	0.08		
Coconuts	15.72	0.04		
Papaw	13.89	0.03		
Eggs	9.14	0.02		
Coconut oil	8.41	0.02		
Tea dust	5.31	0.01		
Rice	-87.53		0.22	
Green chilies	-56.13		0.14	
Banana	-29.50		0.07	
Mysore dhal	-22.01		0.05	
Potatoes	-20.26		0.05	
Limes	-19.15		0.05	
Dried fish	-8.74		0.02	
<i>Sprats(dry)</i>	-6.82		0.02	
Other food items	2.08	0.01		
Non Food	13.53	0.04	0.01	0.03
Alcoholic beverages, Tobacco and Narcotics	-3.54		0.01	
<i>Arrack</i>	6.27	0.02		
<i>Beer</i>	-4.64		0.01	
<i>Areca nuts</i>	-5.14		0.01	
Clothing and Footwear	2.65	0.01		
Transport	11.19	0.03		
<i>Purchase of vehicles</i>	7.09	0.02		
<i>Airline Fare</i>	4.10	0.01		
Other groups	3.23	0.01		
All Items	62.38			0.15

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 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	Index Number	All Item			Food			Non Food		
			% Change Month to Month	Inflation %		% Change Month to Month	Inflation %		% Change Month to Month	Inflation %	
				Y on Y	12 Month Moving Avg.		Y on Y	12 Month Moving Avg.		Y on Y	12 Month Moving Avg.
2016	December	118.0	1.2	4.2	4.0	2.8	2.3	3.1	-0.2	5.8	4.6
2017	January	119.3	1.1	6.5	4.6	1.8	6.6	4.0	0.6	6.5	5.0
	February	119.9	0.5	8.2	5.1	0.7	10.2	4.9	0.4	6.8	5.3
	March	119.5	-0.3	8.6	5.6	-0.8	11.2	5.8	0.1	6.7	5.5
	April	121.0	1.3	8.4	6.0	2.7	11.8	6.4	0.1	5.9	5.7
	May	121.8	0.7	7.1	6.1	1.0	10.6	6.9	0.3	4.5	5.6
	June	123.4	1.3	6.3	6.1	2.9	8.6	7.0	0.1	4.4	5.5
	July	122.4	-0.8	6.3	6.2	-1.9	8.2	7.1	0.1	4.7	5.5
	August	122.3	-0.1	7.9	6.5	-0.6	12.1	7.7	0.3	4.8	5.5
	September	123.3	0.8	8.6	6.8	1.7	13.9	8.5	0.1	4.5	5.5
	October	124.8	1.2	8.8	7.1	2.5	14.7	9.3	0.0	4.1	5.4
	November	126.4	1.3	8.4	7.5	2.1	15.7	10.5	0.6	2.7	5.1
	December	126.6	0.2	7.3	7.7	0.2	12.8	11.3	0.0	2.9	4.9

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 7.3% in December 2017 and inflation calculated for November 2017 was 8.4% (Table 03). Y on Y inflation of food group reported for the month of December 2017 was 12.8% while that for non food group was 2.9%.

3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 5.67 percent in December 2017 compared to that of December 2016 (Table 04).

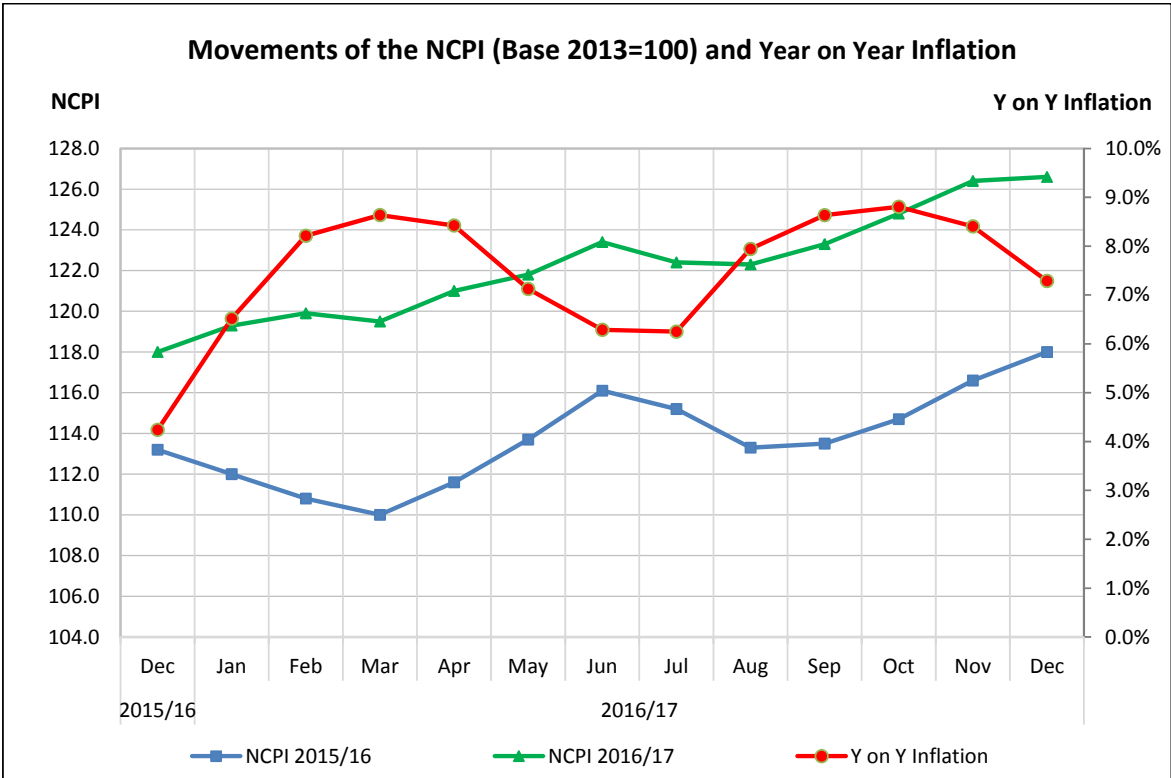
Contribution of non food items was 1.63 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.44%), 'Transport' (0.43%), 'Health' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.16%), 'Education' (0.12%), 'Housing, Water, Electricity, Gas and Other fuels' (0.13%) and 'Clothing and Footwear' (0.10%). However, decreases in expenditure value in 'Alcoholic beverages, Tobacco and Narcotics' (0.03%) and 'Communication' (0.01%).

**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis
(December 2017 as compared to December 2016)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	2149.91			5.67
<i>Coconuts</i>	<i>796.63</i>	<i>2.10</i>		
<i>Vegetables</i>	<i>566.19</i>	<i>1.49</i>		
<i>Rice</i>	<i>133.06</i>	<i>0.35</i>		
Non Food	619.76	1.67	0.04	1.63
Alcoholic beverages, Tobacco and Narcotics	-11.57		0.03	
<i>Arrack</i>	<i>18.86</i>	<i>0.05</i>		
<i>Beer</i>	<i>-13.93</i>		<i>0.04</i>	
<i>Beetle leaves</i>	<i>-31.01</i>		<i>0.08</i>	
Clothing and Footwear	36.85	0.10		
Housing, Water, Electricity, Gas and Other fuels	48.06	0.13		
<i>Material for the maintenance</i>	<i>41.77</i>	<i>0.11</i>		
<i>Kerosene oil</i>	<i>-5.01</i>		<i>0.01</i>	
<i>LP Gas</i>	<i>11.62</i>	<i>0.03</i>		
Furnishings, Household equipment and Routing household maintenance	62.09	0.16		
Health	62.73	0.17		
<i>Payments. to medical laboratories</i>	<i>6.98</i>	<i>0.02</i>		
<i>Payments to private hospitals room charges</i>	<i>50.25</i>	<i>0.13</i>		
Transport	164.93	0.43		
<i>Purchase of vehicles</i>	<i>67.13</i>	<i>0.18</i>		
<i>Cost of servicing of vehicles</i>	<i>32.05</i>	<i>0.08</i>		
<i>Bus fare</i>	<i>31.77</i>	<i>0.08</i>		
Communication	-2.10		0.01	
<i>Internet charges</i>	<i>-2.46</i>		<i>0.01</i>	
Recreation and Culture	14.64	0.04		
Education	46.09	0.12		
Restaurant and Hotels	32.20	0.08		
Miscellaneous Goods and Services	165.85	0.44		
<i>Car Insurance</i>	<i>77.12</i>	<i>0.20</i>		
All Items	2769.67			7.30

3.2. Moving Average Inflation

The moving average inflation for the month of December 2017 is 7.7%. The corresponding rate for the month of November 2017 was 7.5%.



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 Department of Census and Statistics.