



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – AUGUST 2018

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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 August 2018.

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 August 2018 was 125.4. A decrease of 1.2 index points that is percentage of 0.9 was reported in August 2018 compared to that of July 2018 for which the index was 126.6. This decrease represents decrease in expenditure value of Rs. 369.56 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

Major Group*	Index Number			Monthly Changes of the Expenditure Value(Rs.)			Monthly changes of the index (%)		
	Aug 2017	July 2018	Aug 2018	Aug 2017	July 2018	Aug 2018	Aug 2017	July 2018	Aug 2018
All Items	122.3	126.6	125.4	-37.27	5.58	-369.56	-0.09	0.01	-0.91
Food and Non Alcoholic Beverages	126.0	129.7	126.0	-99.74	-29.71	-533.43	-0.25	-0.07	-1.31
Non Food	119.4	124.1	125.0	62.47	35.28	163.87	0.16	0.09	0.40
Alcoholic beverages, Tobacco and Narcotics	176.5	178.8	186.7	6.10	5.37	57.68	0.02	0.01	0.14
Clothing and Footwear	118.6	122.9	123.1	3.52	4.03	2.83	0.01	0.01	0.01
Housing, Water, Electricity, Gas and Other Fuels	115.9	117.3	117.6	0.98	-27.43	18.22	0.00	-0.07	0.04
Furnishing ,Household equipment and Routine household maintenance	120.5	123.8	125.3	4.87	3.63	15.77	0.01	0.01	0.04
Health	138.6	150.9	150.8	33.42	0.00	-2.32	0.08	0.00	-0.01
Transport	104.2	114.0	115.8	4.47	31.80	56.29	0.01	0.08	0.14
Recreation and Culture	110.9	115.4	116.3	0.00	0.00	4.93	0.00	0.00	0.01
Restaurants and Hotels	110.4	114.0	114.3	0.00	6.28	3.64	0.00	0.02	0.01
Miscellaneous Goods and Services	129.0	133.7	134.2	5.28	11.15	6.82	0.01	0.03	0.02
Other	120.6	124.3	124.3	3.84	0.45	0.00	0.01	0.00	0.00

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only ten main groups in August 2018, details on which are given in Table 02.

Contribution to M on M Changes:

Contributions to the decrease in NCPI on month on month basis (August 2018 as compared to July 2018) are given in Table 02. The decrease in the index point by 0.91% was due to the expenditure value decreases of food items by 1.31% and increases of non-food items by 0.40% respectively.

2.1.1. Contribution of Food items: -1.31%

As shown in Table 02, the decreases in expenditure value in index were reported for Vegetables (0.66%), Coconuts (0.38%), Green Chilies (0.17%), Fresh Fish (0.10%), Red Onion (0.05%), Rice (0.04%), Limes (0.03%), Dhal Misoor (0.02%), Garlic (0.02%), Potatoes (0.02%), Sugar (0.01%), Ginger (0.01%), Chili Powder (0.01%) and Gram (0.01%). However, increases in expenditure value in index were reported for Papaw (0.06%), Eggs (0.04%), Mangoes (0.03%), Milk Powder (0.02%), Banana (0.02%), Dried Fish (0.02%), Chicken (0.01%), Pineapple (0.01%) and Tea Leaves (0.01%).

2.1.2. Contribution of Non food items: 0.40%

The increases in expenditure value in index were reported for non food commodity groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.14%), 'Transport' (0.14%), 'Housing, Water, Electricity, Gas and Other Fuels' (0.04%), 'Furnishings, Household equipment and Routing household maintenance' (0.04%), 'Miscellaneous Goods and Services' (0.02%), 'Recreation and Culture' (0.01%), 'Restaurants & Hotels' (0.01%) and 'Clothing & Footwear' (0.01%). However, decrease in expenditure value was reported for group of 'Health' (0.01%) compared to the preceding month. Meanwhile, the expenditure value of 'Communication' and 'Education' groups remained unchanged during the month.

Table 02: Contribution to the decrease in NCPI from July 2018 to August 2018 (Base 2013=100)

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	-533.43	0.22	-1.53	-1.31
Vegetables	-268.81		-0.66	
Coconuts	-155.48		-0.38	
Green chilies	-70.67		-0.17	
Fresh fish	-39.53		-0.10	
Red onions	-21.90		-0.05	
Rice	-15.06		-0.04	
Limes	-10.71		-0.03	
Dhal - Misoor	-8.61		-0.02	
Garlic	-7.13		-0.02	
Potatoes	-6.18		-0.02	
Sugar	-6.07		-0.01	
Ginger	-4.26		-0.01	
Chili powder	-3.92		-0.01	
Gram	-3.46		-0.01	
Papaw	24.87	0.06		
Eggs	15.02	0.04		
Mangoes	12.22	0.03		
Milk powder	7.17	0.02		
Banana	7.27	0.02		
Dried fish	6.28	0.02		
<i>Sprats (dry)</i>	4.99	0.01		
Chicken	2.72	0.01		
Pineapple	2.51	0.01		
Tea dust/ leaves	2.05	0.01		
Other food items	3.26	0.01		
Non Food	163.87	0.41	-0.01	0.40
Alcoholic beverages, Tobacco and Narcotics	57.68	0.14		
<i>Arrack</i>	8.44	0.02		
<i>Cigarettes</i>	24.69	0.06		
<i>Beetle leaves</i>	16.95	0.04		
<i>Areca nuts</i>	3.01	0.01		
Clothing & Footwear	2.83	0.01		
Housing, Water, Electricity, Gas and Other Fuels	18.22	0.04		
<i>Maintenance/ Reconstruction</i>	18.22	0.04		
Furnishings, Household equipment and Routing household maintenance	15.77	0.04		
Health	-2.32		-0.01	
<i>Consultation fees to specialists</i>	-2.32		-0.01	
Transport	56.29	0.14		
<i>Three Wheelers</i>	5.05	0.01		
<i>Petrol</i>	13.13	0.03		
<i>Diesel</i>	5.00	0.01		
<i>Van (other than schooling)</i>	5.89	0.01		
<i>Taxi/three wheelers (other than schooling)</i>	16.96	0.04		
<i>Transport for schooling/preschooling</i>	8.71	0.02		
Recreation and Culture	4.93	0.01		
Restaurant and Hotels	3.64	0.01		
Miscellaneous Goods and Services	6.82	0.02		
All Items	-369.56			-0.91

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

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.
2017	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
2018	January	125.8	-0.6	5.4	7.6	-1.6	9.0	11.5	0.2	2.5	4.5
	February	123.7	-1.7	3.2	7.2	-4.2	3.7	10.9	0.7	2.8	4.2
	March	122.8	-0.7	2.8	6.7	-1.8	2.6	10.2	0.2	2.9	3.9
	April	122.9	0.1	1.6	6.1	-0.2	-0.3	9.2	0.2	3.0	3.7
	May	124.3	1.1	2.1	5.7	1.3	0.0	8.2	1.1	3.8	3.6
	June	126.5	1.8	2.5	5.3	3.4	0.5	7.5	0.5	4.2	3.6
	July	126.6	0.1	3.4	5.1	-0.2	2.4	7.0	0.2	4.3	3.6
	August	125.4	-0.9	2.5	4.7	-2.9	0.0	6.0	0.7	4.7	3.6

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 2.5% in August 2018 and inflation calculated for July 2018 was 3.4% (Table 03). Y on Y inflation of food group has decreased from 2.4% in July 2018 to 0.0% in August 2018 and that of non-food group has increased from 4.3% to 4.7% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was -0.01 percent in August 2018 compared to that of August 2017 (Table 04).

Contribution of non food items was 2.57 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.92%), 'Health' (0.40%), 'Housing, Water, Electricity, Gas and Other fuels' (0.26%), 'Miscellaneous Goods and Services' (0.19%), 'Alcoholic beverages, Tobacco and Narcotics' (0.19%), 'Education' (0.16%), 'Furnishing Household equipment and Routine household maintenance' (0.13%), 'Clothing and Footwear' (0.13%) and 'Restaurant and Hotels' (0.12%). However, slight decrease in expenditure value was reported for group of 'Communication'.

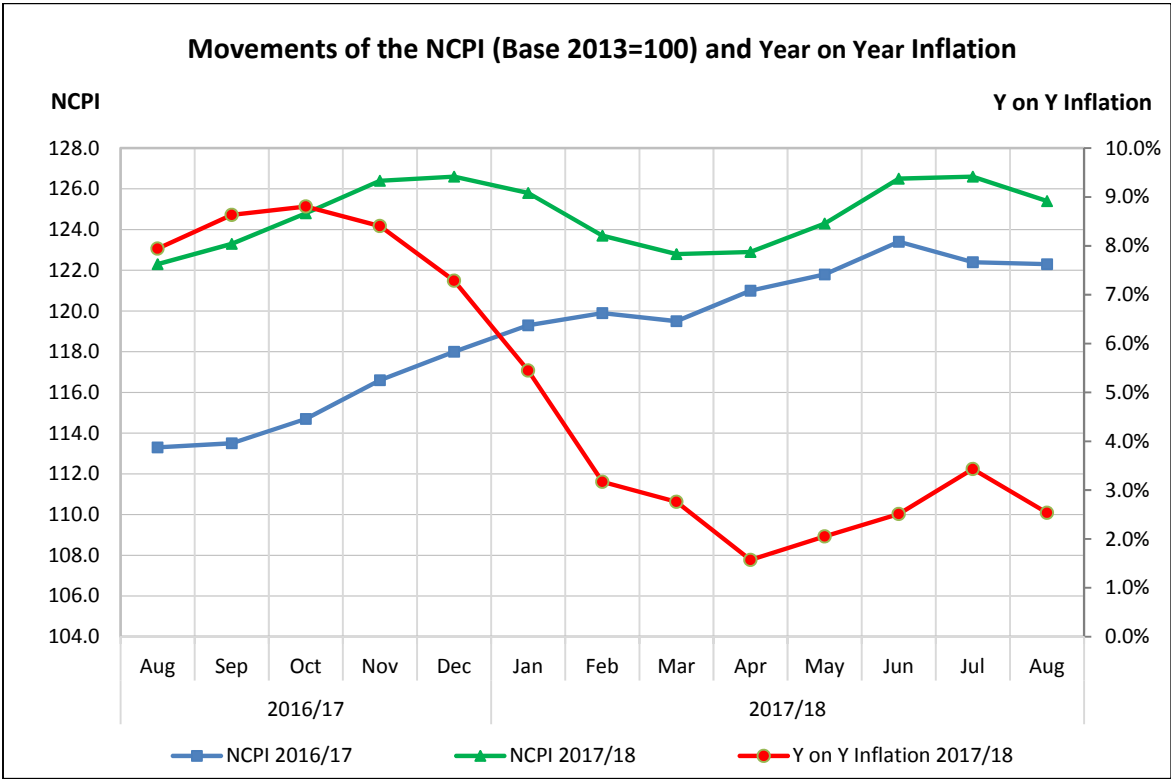
Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis (August 2017 compared to August 2018)

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	-4.86			-0.01
Non Food	1008.36	2.57	0.00	2.57
Alcoholic beverages, Tobacco and Narcotics	73.77	0.19		
<i>Arrack</i>	27.30	0.07		
<i>Cigarettes</i>	24.69	0.06		
Clothing and Footwear	49.88	0.13		
Housing, Water, Electricity, Gas and Other fuels	100.72	0.26		
<i>Material for the maintenance</i>	51.39	0.13		
<i>LP Gas</i>	23.26	0.06		
<i>Kerosene oil</i>	26.05	0.07		
Furnishings, Household equipment and Routing household maintenance	49.93	0.13		
Health	158.17	0.40		
<i>Purchase of medical/ pharmacy products</i>	19.81	0.05		
<i>Fees to private medical practices</i>	28.20	0.07		
<i>Payments. to medical laboratories</i>	74.21	0.19		
<i>Payments to private hospitalSs room charges</i>	26.37	0.07		
Transport	362.74	0.92		
<i>Three Wheelers</i>	17.92	0.05		
<i>Petrol</i>	142.41	0.36		
<i>Diesel</i>	44.60	0.11		
<i>Bus fare</i>	88.33	0.22		
<i>Van (other than schooling)</i>	17.00	0.04		
<i>Taxi/three wheelers (other than schooling)</i>	27.12	0.07		
<i>Transport for schooling/ preschooling</i>	17.73	0.05		
Communication	-1.48		0.00	
<i>Postal and Telegraph charges</i>	0.97	0.00		
<i>Internet charges</i>	-2.46		0.01	
Recreation and Culture	27.76	0.07		
Education	63.35	0.16		
<i>Tuition fees</i>	49.13	0.13		
Restaurant and Hotels	48.83	0.12		
Miscellaneous Goods and Services	74.70	0.19		
All Items	1003.50			2.55

*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 August 2018 is 4.7%. The corresponding rate for the month of July 2018 was 5.1%.



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