



PRESS RELEASE

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

Department of Census and Statistics

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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 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 December 2018 was 127.1. A decrease of 0.6 index points that is percentage of -0.5 was reported in December 2018 compared to that of November 2018 for which the index was 127.7. This decrease represents decrease in expenditure value of Rs. 182.44 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 (%)		
	Dec 2017	Nov 2018	Dec 2018	Dec 2017	Nov 2018	Dec 2018	Dec 2017	Nov 2018	Dec 2018
All Items	126.6	127.7	127.1	62.38	891.82	-182.44	0.15	2.22	-0.44
Food and Non Alcoholic Beverages	134.4	128.9	128.4	48.85	877.27	-71.79	0.12	2.19	-0.17
Non Food	120.4	126.7	126.1	13.53	14.55	-110.65	0.03	0.04	-0.27
Alcoholic Beverages, Tobacco and Narcotics	176.0	189.9	187.0	-3.54	-50.24	-20.69	-0.01	-0.13	-0.05
Clothing & Footwear	119.7	124.7	124.9	2.65	3.15	3.01	0.01	0.01	0.01
Transport	104.8	117.5	115.3	11.19	-43.60	-70.76	0.03	-0.11	-0.17
Communication	121.0	114.2	111.3	0.00	-51.37	-22.01	0.00	-0.13	-0.05
Other	121.2	126.2	126.2	3.23	156.61	-0.20	0.01	0.39	0.00

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only five main groups in December 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 (December 2018 as compared to November 2018) are given in Table 02. The decrease in the index point by 0.44% was due to the expenditure value decreases of food items by 0.17% and non-food items by 0.27% respectively.

2.1.1. Contribution of Food items: -0.17%

As shown in Table 02, the decreases in expenditure value in index were reported for Vegetables (0.67%), Limes (0.08%), Big Onions (0.03%), Banana (0.03%), Coconuts (0.03%), Mangoes (0.02%) and Pineapple (0.01%). However, increases in expenditure value in index were reported for Rice (0.20%), Green Chilies (0.18%), Fresh Fish (0.09%), Papaw (0.07%), Eggs (0.06%), Potatoes (0.01%), Jak and Jak seeds (0.01%), Chicken (0.01%) and Red Onions (0.01%).

2.1.2. Contribution of Non food items: -0.27%

The decreases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.17%), 'Communication' (0.05%) and 'Alcoholic beverages, Tobacco and Narcotics' (0.05%). In the 'Transport' group expenditure value decrease was due to decreases in fuel prices (petrol & diesel) and bus fare during this month. Also in the 'Communication' group expenditure value decrease was due to decrease in prices of telephone charges compared to the earlier month of November. However, increase in expenditure value was reported for group of 'Clothing & Footwear' (0.01%). Further, the group of 'Miscellaneous Goods and Services' recorded very slight expenditure value increase and the group of 'Recreation and Culture' recorded very slight expenditure value decrease compared to the preceding month. Meanwhile, the expenditure value of 'Housing, Water, Electricity, Gas and Other Fuels', 'Furnishing, Household equipment and Routine household maintenance', 'Health', 'Education' and 'Restaurants & Hotels' groups remained unchanged during the month.

**Table 02: Contribution to the decrease in NCPI (Base 2013=100) on month on month basis
(December 2018 as compared to November 2018)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	-71.79	0.70	0.87	-0.17
Vegetables	-273.73		0.67	
Limes	-33.43		0.08	
Big onions	-14.10		0.03	
Banana	-13.83		0.03	
Coconuts	-11.29		0.03	
Mangoes	-7.73		0.02	
Pineapple	-3.07		0.01	
Rice	83.65	0.20		
Green chilies	74.78	0.18		
Fresh fish	36.53	0.09		
Papaw	30.37	0.07		
Eggs	22.79	0.06		
Potatoes	3.87	0.01		
Jak and jak seeds	3.19	0.01		
Chicken	2.41	0.01		
Red onions	2.18	0.01		
Other food items	25.63	0.06		
Non Food	-110.65	0.01	0.28	-0.27
Alcoholic beverages, Tobacco and Narcotics	-20.69		0.05	
<i>Areca nuts</i>	-14.89		0.04	
<i>Beetle leaves</i>	-5.61		0.01	
Clothing & Footwear	3.01	0.01		
Transport	-70.76		0.17	
<i>Petrol and other fuel</i>	-55.58		0.14	
<i>Diesel</i>	-19.03		0.05	
<i>Bus fare</i>	-7.28		0.02	
<i>Airline fare</i>	11.13	0.03		
Communication	-22.01		0.05	
<i>Telephone charges - Home fixed phone</i>	-8.07		0.02	
<i>Telephone charges - mobile</i>	-13.94		0.03	
Other Groups	-0.20		0.00	
All Items	-182.44			-0.44

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	December	126.6	0.2	7.3	7.7	0.2	12.8	11.3	0.0	2.9	4.9
	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
	September	124.4	-0.8	0.9	4.0	-2.5	-4.2	4.5	0.6	5.2	3.6
	October	124.9	0.4	0.1	3.3	-0.1	-6.6	2.8	0.7	5.8	3.7
	November	127.7	2.2	1.0	2.7	5.1	-3.9	1.2	0.1	5.2	4.0
2018	December	127.1	-0.5	0.4	2.1	-0.4	-4.5	-0.2	-0.5	4.7	4.1

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 0.4% in December 2018 and inflation calculated for November 2018 was 1.0% (Table 03). Y on Y inflation of food group has decreased from -3.9% in November 2018 to -4.5% in December 2018 and that of non-food group has also decreased from 5.2% to 4.7% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was -2.08 percent in December 2018 compared to that of December 2017 (Table 04).

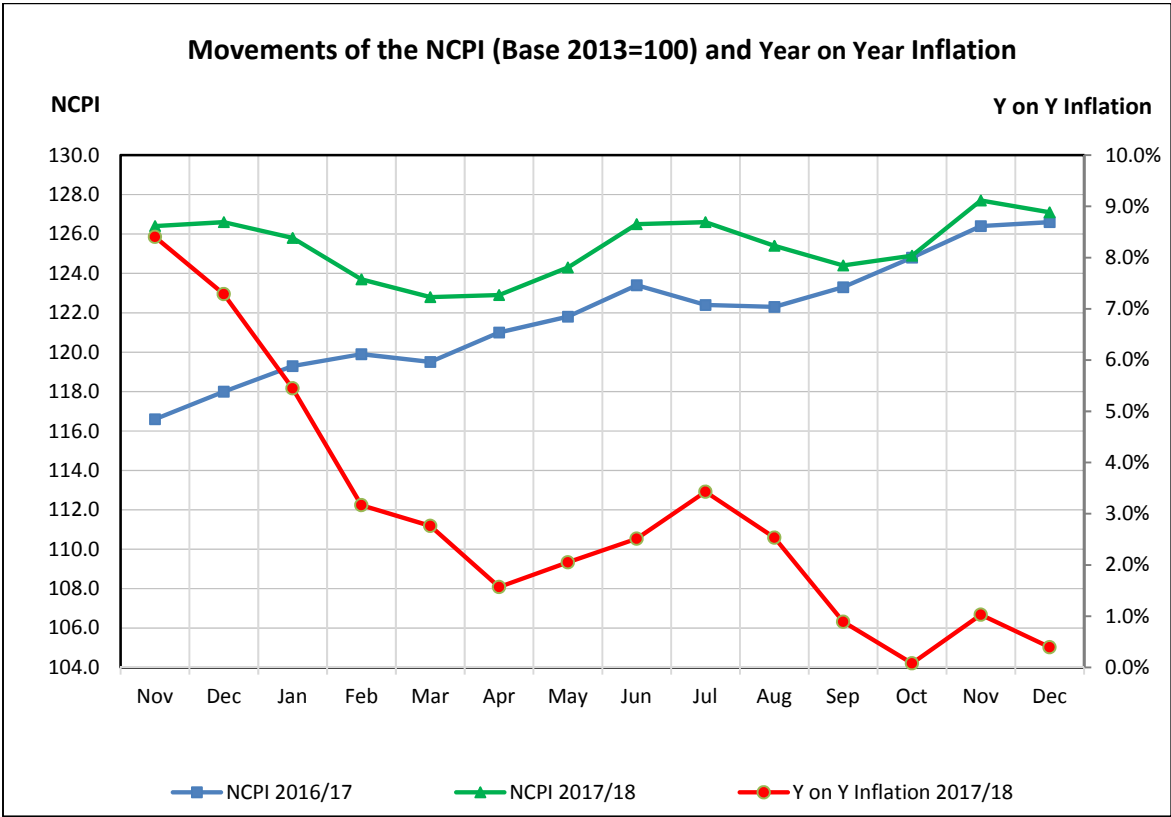
Contribution of non food items was 2.49 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.80%), 'Health' (0.42%), 'Housing, Water, Electricity, Gas and Other fuels' (0.28%), 'Miscellaneous Goods and Services' (0.26%), 'Alcoholic beverages, Tobacco and Narcotics' (0.20%), 'Restaurant and Hotels' (0.19%), 'Education' (0.16%), 'Clothing and Footwear' (0.14%), 'Furnishing Household equipment and Routine household maintenance' (0.13%) and 'Recreation and Culture' (0.08%). However, decrease in expenditure value was reported for group of 'Communication' (0.18%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	-844.88			-2.08
<i>Coconuts</i>	-692.41		-1.70	
Non Food	1012.92	2.67	0.18	2.49
Alcoholic beverages, Tobacco and Narcotics	80.00	0.20		
<i>Arrack</i>	11.89	0.03		
<i>Cigarettes</i>	24.69	0.06		
<i>Beetle leaves</i>	28.57	0.07		
<i>Areca nuts</i>	-5.64		0.01	
<i>Bulathwita</i>	14.47	0.04		
Clothing and Footwear	57.99	0.14		
<i>Clothing</i>	48.75	0.12		
<i>Footwear</i>	9.23	0.02		
Housing, Water, Electricity, Gas and Other fuels	114.37	0.28		
<i>Material for the maintenance</i>	52.64	0.13		
<i>LP Gas</i>	32.84	0.08		
<i>Kerosene oil</i>	26.05	0.06		
Furnishings, Household equipment and Routing household maintenance	54.01	0.13		
Health	169.50	0.42		
<i>Purchase of medical/ pharmacy products</i>	19.81	0.05		
<i>Fees to private medical practices</i>	34.61	0.09		
<i>Payments. to medical laboratories</i>	22.10	0.05		
<i>Payments to private hospitals/ nursing homes</i>	54.86	0.13		
Transport	326.92	0.80		
<i>Purchase of vehicles</i>	16.49	0.04		
<i>Petrol</i>	95.58	0.23		
<i>Diesel</i>	18.20	0.04		
<i>bus fare</i>	103.60	0.25		
<i>Airline fare</i>	7.15	0.02		
Communication	-72.41		0.18	
<i>Telephone charges - Home fixed phone</i>	-26.90		0.07	
<i>Telephone charges - mobile</i>	-46.48		0.11	
Recreation and Culture	33.41	0.08		
Education	66.80	0.16		
<i>Tuition fees</i>	49.13	0.12		
Restaurant and Hotels	76.45	0.19		
Miscellaneous Goods and Services	105.88	0.26		
All Items	168.04			0.41

3.2. Moving Average Inflation

The moving average inflation for the month of December 2018 is 2.1%. The corresponding rate for the month of November 2018 was 2.7%.



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