



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – FEBRUARY 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 February 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 February 2018 was 123.7. A decrease of 2.1 index points that is percentage of 1.7 was reported in February 2018 compared to that of January 2018 for which the index was 125.8. This decrease represents decrease in expenditure value of Rs. 648.77 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 (%)		
	Feb 2017	Jan 2018	Feb 2018	Feb 2017	Jan 2018	Feb 2018	Feb 2017	Jan 2018	Feb 2018
<b>All Items</b>	119.9	125.8	123.7	205.59	-270.37	-648.77	0.54	-0.66	-1.61
<b>Food and Non Alcoholic Beverages</b>	122.1	132.2	126.6	117.11	-316.63	-791.06	0.31	-0.78	-1.96
<b>Non Food</b>	118.2	120.7	121.5	88.48	46.26	142.29	0.23	0.11	0.35
Alcoholic beverages, Tobacco and Narcotics	174.2	176.1	177.1	-5.63	0.07	7.67	-0.01	0.00	0.02
Clothing and Footwear	116.7	120.1	121.3	1.10	4.07	14.08	0.00	0.01	0.03
Housing, Water, Electricity, Gas and Other Fuels	115.6	116.1	116.3	20.83	0.00	10.75	0.05	0.00	0.03
Furnishing ,Household equipment and Routine household maintenance	116.3	121.4	122.3	7.98	1.92	8.88	0.02	0.00	0.02
Health	141.1	146.4	148.7	-0.52	5.60	30.55	0.00	0.01	0.08
Transport	102.2	105.2	105.4	32.05	11.11	5.00	0.08	0.03	0.01
Recreation and Culture	110.9	112.7	113.4	-3.00	0.00	3.72	-0.01	0.00	0.01
Education	119.5	121.5	127.0	28.92	5.61	49.13	0.08	0.01	0.12
Miscellaneous Goods and Services	124.2	130.6	131.4	6.32	5.92	11.34	0.02	0.01	0.03
Other	114.4	115.9	115.9	0.43	11.94	1.16	0.00	0.03	0.00

\*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in ten main groups in February 2018.

## 2.1. Contribution to M on M Changes:

Contributions to the decrease in NCPI on month on month basis (February 2018 as compared to January 2018) are given in Table 02. The decrease in the index point by 1.61% was due to the expenditure value decrease of food items by 1.96% and increase of non-food items by 0.35%.

### 2.1.1. Contribution of Food items: - 1.96%

As shown in Table 02, the decreases in expenditure value of food items in index were reported for Vegetables (0.78%), Green chilies (0.27%), Red onions (0.27%), Rice (0.23%), Big onions (0.19%), Banana (0.07%), Mysore dhal (0.05%), Fresh fish (0.03%), Potatoes (0.03%), Sugar (0.03%), Limes (0.02%) and Papaw (0.02%). However, increases in expenditure value in index were reported for Coconuts (0.02%), Chilly powder (0.02%) and Chicken (0.01%).

### 2.1.2. Contribution of Non food items: 0.35%

The increases in expenditure value in index were reported for non food commodity groups of 'Education' (0.12%), 'Health' (0.08%), 'Clothing and Footwear' (0.03%), 'Miscellaneous Goods and Services' (0.03%), 'Housing, Water, Electricity, Gas and Other fuels' (0.03%), 'Furnishing, Household equipment and Routine household maintenance' (0.02%), 'Alcoholic beverages, Tobacco and Narcotics' (0.02%), 'Transport' (0.01%) and 'Recreation and Culture' (0.01%). Further, the group of 'Restaurants and Hotels' recorded very slight expenditure value increase compared to the previous month. The expenditure value of 'Communication' group remained unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>-791.06</b>	<b>0.06</b>	<b>2.01</b>	<b>-1.96</b>
Vegetables	-316.87		0.78	
Green chillies	-109.56		0.27	
Red onions	-107.54		0.27	
Rice	-92.98		0.23	
Big onions	-78.09		0.19	
Banana	-28.61		0.07	
Mysore dhal	-20.68		0.05	
Fresh fish	-13.56		0.03	
Potatoes	-13.17		0.03	
Sugar	-12.15		0.03	
Limes	-9.99		0.02	
Papaw	-6.81		0.02	
Coconuts	9.68	0.02		
Chilly powder	7.06	0.02		
Chicken	5.87	0.01		
Other food items	-3.68		0.01	
<b>Non Food</b>	<b>142.29</b>	<b>0.35</b>		<b>0.35</b>
<b>Education</b>	49.13	0.12		
<i>Tuition fees</i>	49.13	0.12		
<b>Health</b>	30.55	0.08		
<i>Fees to private medical practices</i>	15.67	0.04		
<i>Fees to Aurvadic practices</i>	4.82	0.01		
<i>Payments to private hospitals</i>	9.54	0.02		
<b>Clothing and Footwear</b>	14.08	0.03		
<b>Miscellaneous Goods and Services</b>	11.34	0.03		
<b>Housing, Water, Electricity, Gas and other fuels</b>	10.75	0.03		
<i>Materials for the maintenance</i>	10.75	0.03		
<b>Furnishing, Household Equipment and Routine Household Maintenance</b>	8.88	0.02		
<b>Alcoholic beverages, Tobacco and Narcotics</b>	7.67	0.02		
<i>Beetle leaves</i>	11.59	0.03		
<i>Areca nuts</i>	-2.77		0.01	
<b>Transport</b>	5.00	0.01		
<i>Three Wheelers</i>	5.78	0.01		
<b>Recreation and Culture</b>	3.72	0.01		
<b>Other groups</b>	1.16	0.00		
<b>All Items</b>	<b>-648.77</b>			<b>-1.61</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 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	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	
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

*\*Note: The percentage of month on month change of index number reported for February 2018 in Table 03 does not tally with the percentage of month on month change of index number reported in Table 01 and Table 02 due to rounding off.*

#### 3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 3.2% in February 2018 and inflation calculated for January 2018 was 5.4% (Table 03). Inflation of 3.2% reported for February 2018 is the lowest inflation reported since April 2016. Y on Y inflation of food group has decreased from 9.0% in January 2018 to 3.7% in February 2018 and that of non-food group has increased from 2.5% to 2.8% during this month. Food Inflation of 3.7% reported for February 2018 is the lowest food inflation reported since January 2017.

##### 3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 1.63 percent in February 2018 compared to that of February 2017 (Table 04).

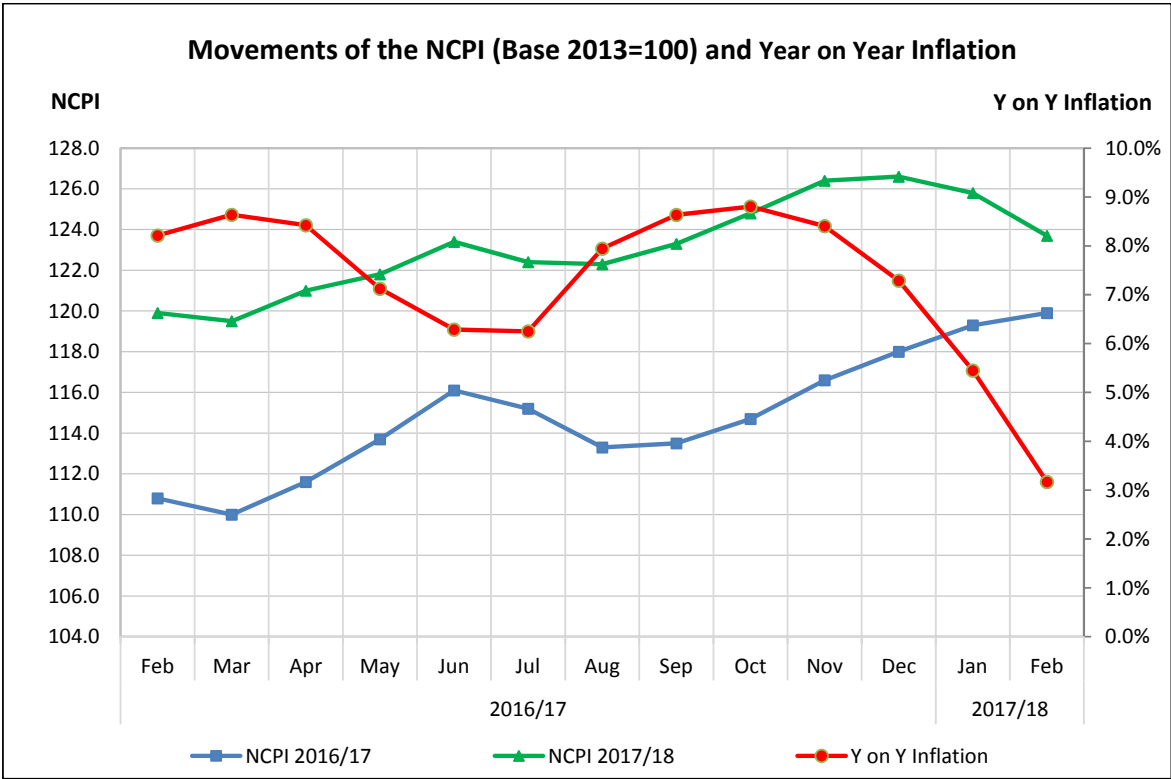
Contribution of non food items was 1.53 percent. This was mainly due to expenditure value increases in groups of 'Miscellaneous Goods and Services' (0.27%), 'Health' (0.26%), 'Transport' (0.25%), 'Education' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.16%), 'Clothing and Footwear' (0.13%) and 'Housing, Water, Electricity, Gas and Other fuels' (0.11%). However, decrease in expenditure value was reported for group of 'Communication' (0.01%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>628.46</b>			<b>1.63</b>
<i>Coconuts</i>	514.96	1.34		
<i>Vegetables</i>	204.76	0.53		
<i>Rice</i>	-114.71		0.30	
<b>Non Food</b>	<b>588.85</b>	<b>1.53</b>	<b>0.01</b>	<b>1.53</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	21.18	0.05		
<b>Clothing and Footwear</b>	50.57	0.13		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	41.93	0.11		
<i>Material for the maintenance</i>	30.21	0.08		
<i>LP Gas</i>	11.62	0.03		
<b>Furnishings, Household equipment and Routing household maintenance</b>	63.05	0.16		
<b>Health</b>	99.41	0.26		
<i>Fees to private medical practices</i>	19.47	0.05		
<i>Payments to private hospitals room charges</i>	59.79	0.16		
<b>Transport</b>	97.31	0.25		
<i>Bus fare</i>	31.77	0.08		
<i>Purchase of vehicles</i>	21.11	0.05		
<i>Van fare(other than schooling)</i>	11.11	0.03		
<b>Communication</b>	-2.10		0.01	
<i>Internet charges</i>	-2.46		0.01	
<b>Recreation and Culture</b>	12.83	0.03		
<b>Education</b>	67.20	0.17		
<i>Tuition fees</i>	49.50	0.13		
<b>Restaurant and Hotels</b>	32.08	0.08		
<b>Miscellaneous Goods and Services</b>	105.41	0.27		
<b>All Items</b>	<b>1217.32</b>			<b>3.16</b>

### 3.2. Moving Average Inflation

The moving average inflation for the month of February 2018 is 7.2%. The corresponding rate for the month of January 2018 was 7.6%.



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