



## PRESS RELEASE

### THE NATIONAL CONSUMER PRICE INDEX – JANUARY 2017

Department of Census and Statistics

Ministry of National Policies and Economic Affairs

TEL: 011-2147416

FAX: 011-2877945

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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 January 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 January 2017 was 119.3. An increase of 1.3 index points or a percentage of 1.1 was noted in January 2017 compared to December 2016 for which the index was 118.0. This increase represents an expenditure value of Rs. 427.63 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 (%)		
	Jan 2016	Dec 2016	Jan 2017	Jan 2016	Dec 2016	Jan 2017	Jan 2016	Dec 2016	Jan 2017
<b>All Items</b>	112.0	118.0	119.3	-379.66	440.43	427.63	-1.04	1.18	1.13
<b>Food and Non Alcoholic Beverages</b>	113.8	119.2	121.3	-373.23	469.50	296.65	-1.03	1.25	0.78
<b>Non Food</b>	110.5	117.0	117.7	-6.42	-29.07	130.97	-0.02	-0.08	0.35
Alcoholic beverages, Tobacco and Narcotics	143.0	177.6	175.0	1.83	-45.37	-19.38	0.01	-0.12	-0.05
Clothing & Footwear	113.7	116.3	116.6	7.17	3.93	3.34	0.02	0.01	0.01
Housing, Water, Electricity, Gas and Other fuels	114.2	115.3	115.2	-0.20	-2.72	-3.95	0.00	-0.01	-0.01
Transport	95.1	99.6	101.2	-15.61	4.86	51.68	-0.04	0.01	0.14
Recreation and Culture	108.8	109.8	111.5	-0.13	-12.77	8.53	0.00	-0.03	0.02
Education	114.6	115.8	116.3	0.00	0.00	4.70	0.00	0.00	0.01
Restaurants And Hotels	104.8	109.3	110.3	0.02	14.46	12.80	0.00	0.04	0.03
Miscellaneous Goods And Services	110.8	118.8	123.7	0.05	0.63	71.38	0.00	0.00	0.19
Other	111.9	127.6	127.6	0.45	7.90	1.87	0.00	0.02	0.00

\*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in nine main groups in January 2017, details on which are given in Table 02. Sum of items may not tally with overall total due to rounding off.

## 2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (January 2017 compared to December 2016) are given in Table 02. The increase in the index point by 1.13% was due to the expenditure value increases of food items by 0.78% and non-food items by 0.35% respectively.

### 2.1.1. Contribution of Food and Non alcoholic beverages items: + 0.78%

As shown in Table 02, the increases in expenditure value in index were reported for Rice (0.51%), Coconuts (0.31%), Banana (0.15%), Coconut oil (0.09%), Green chilies (0.06%), Sugar (0.04%), Fresh fish (0.04%), Papaw (0.02%), Dried fish (0.02%), Potatoes (0.01%) and Garlic (0.01%). However, decreases in expenditure value in index were reported for Vegetables (0.31%), Limes (0.07%), Chicken (0.05%), Eggs (0.03%), Big onions (0.02%), Red onions (0.02%), Mangoes (0.01%) and Dried chilies (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 'Miscellaneous Goods and Services' (0.19%), 'Transport' (0.14%), 'Restaurant and Hotels' (0.03%), 'Recreation and Culture' (0.02%), 'Education' (0.01%) and 'Clothing and Footwear' (0.01%). However, the decreases in expenditure value in index were reported for non food commodity groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.05%) and 'Housing, Water, Electricity, Gas and Other fuels' (0.01%). The group of 'Furnishing, Household equipment and Routine household maintenance' recorded very slight expenditure value increase compared to the previous month. The expenditure value of 'Health' and 'Communication' groups remain unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis  
(January 2017 compared to December 2016)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>296.65</b>	<b>1.31</b>	<b>0.53</b>	<b>0.78</b>
Rice	192.16	0.51		
Sugar	15.96	0.04		
Chicken	-17.28		0.05	
Fresh fish	14.56	0.04		
Dried fish	8.34	0.02		
<i>Sprats (dry)</i>	4.73	0.01		
Eggs	-12.45		0.03	
Coconut	116.81	0.31		
Coconut oil	33.77	0.09		
Vegetables	-116.95		0.31	
Potatoes	5.65	0.01		
Big onions	-9.41		0.02	
Red onions	-6.72		0.02	
Dried chilies	-4.49		0.01	
Green chilies	24.26	0.06		
Limes	-28.03		0.07	
Garlic	3.73	0.01		
Banana	57.14	0.15		
Mangoes	-5.03		0.01	
Papaw	8.88	0.02		
Other food items	15.74	0.04		
<b>Non Food</b>	<b>130.97</b>	<b>0.41</b>	<b>0.06</b>	<b>0.35</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	-19.38		0.05	
<i>Beetle leaves</i>	-9.75		0.03	
<i>Areca nuts</i>	-9.72		0.03	
<b>Clothing and Footwear</b>	3.34	0.01		
<i>Clothing</i>	3.34	0.01		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	-3.95		0.01	
<i>Kerosene oil</i>	-3.40		0.01	
<b>Furnishing, Household equipment and Routine household maintenance</b>	1.87	0.00		
<b>Transport</b>	51.68	0.14		
<i>Purchase of vehicles</i>	52.55	0.14		
<b>Recreation and Culture</b>	8.53	0.02		
<i>Lotteries</i>	8.53	0.02		
<b>Education</b>	4.70	0.01		
<i>Course fees (Higher education)</i>	4.70	0.01		
<b>Restaurants and Hotels</b>	12.80	0.03		
<b>Miscellaneous Goods and Services</b>	71.38	0.19		
<i>Car Insurance</i>	67.61	0.18		
<b>All Items</b>	<b>427.62</b>			<b>1.13</b>

\*Note: Sum of items may not tally with overall total 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.
2016	January	112.0	-1.1	-0.7	2.9	-2.3	-4.2	3.3	-0.1	2.2	2.6
	February	110.8	-1.1	1.7	2.6	-2.6	-0.6	2.3	0.2	3.7	2.8
	March	110.0	-0.7	2.2	2.4	-1.7	0.5	1.7	0.2	3.5	2.9
	April	111.6	1.5	4.3	2.6	2.2	4.9	1.8	0.8	3.8	3.1
	May	113.7	1.9	5.3	2.7	2.1	4.8	1.8	1.7	5.5	3.4
	June	116.1	2.1	6.4	3.1	4.7	7.6	2.1	0.2	5.6	3.7
	July	115.2	-0.8	5.8	3.4	-1.6	6.7	2.6	-0.2	5.0	4.0
	August	113.3	-1.6	4.5	3.6	-4.0	4.2	2.8	0.2	4.6	4.2
	September	113.5	0.2	4.7	3.8	0.2	4.8	3.1	0.4	4.8	4.4
	October	114.7	1.1	5.0	4.0	1.8	5.2	3.4	0.4	5.0	4.5
	November	116.6	1.7	4.1	4.0	1.1	1.5	3.1	2.1	6.3	4.6
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

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

The overall rate of inflation as measured by NCPI on Y on Y basis is 6.5% in January 2017 and inflation calculated for December 2016 was 4.2% (Table 03). Y on Y inflation of food group reported for the month of January 2017 was 6.6% while that for non food group was 6.5%.

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

On year on year basis, contribution of food commodities to inflation was 2.93 percent in January 2017 compared to January 2016 (Table 04).

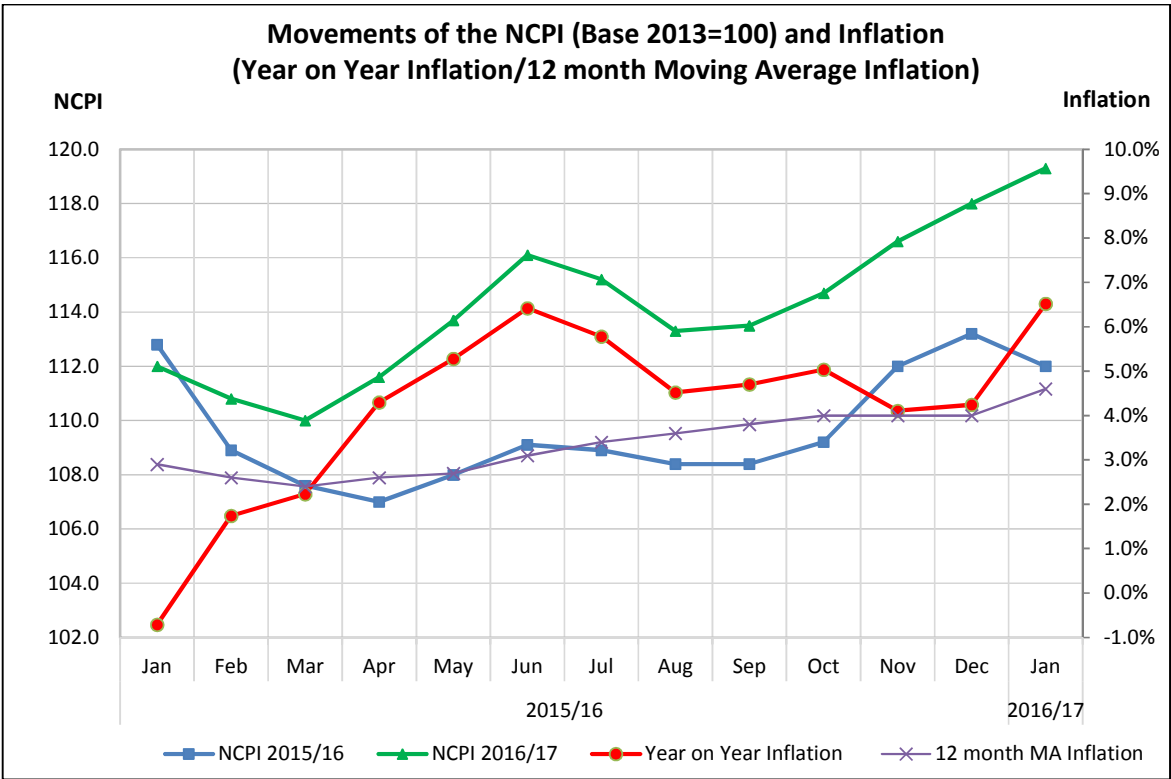
Contribution of non food items was 3.60 percent. This was mainly due to expenditure value increases in 'Health' (0.87%), 'Alcoholic beverages, Tobacco and Narcotics' (0.65%), 'Transport' (0.54%), 'Miscellaneous Goods and Services' (0.52%), 'Communication' (0.36%), 'Restaurant and Hotels' (0.19%), 'Housing, Water, Electricity, Gas and Other fuels' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.12%), and 'Clothing and Footwear' (0.09%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>1056.46</b>			<b>2.93</b>
<b>Non Food</b>	<b>1294.45</b>	<b>3.60</b>		<b>3.60</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	233.19	0.65		
<i>Arrack</i>	84.83	0.24		
<i>Cigarettes</i>	74.35	0.21		
<i>Beedi</i>	33.43	0.09		
<i>Areca nuts</i>	-15.07		0.04	
<i>Bulathwita/Sarawita</i>	45.50	0.13		
<b>Clothing and Footwear</b>	33.02	0.09		
<i>Clothing</i>	32.99	0.09		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	60.67	0.17		
<i>Material for the maintenance</i>	62.58	0.17		
<i>L.P. Gas</i>	-2.72		0.01	
<i>Kerosene oil</i>	-3.40		0.01	
<b>Furnishings, Household equipment and Routing household maintenance</b>	43.09	0.12		
<b>Health</b>	314.50	0.87		
<i>Purchase of medical/ pharmacy products</i>	-11.80		0.03	
<i>Consultation fees to specialists</i>	17.72	0.05		
<i>Fees to private medical practices</i>	133.02	0.37		
<i>Payments. to medical laboratories</i>	22.41	0.06		
<i>Payments to private hospitals/ nursing homes</i>	152.32	0.42		
<b>Transport</b>	192.74	0.54		
<i>Purchase of vehicles</i>	79.63	0.22		
<i>Cost of servicing of vehicles</i>	60.57	0.17		
<i>Bus (other than schooling)</i>	49.54	0.14		
<b>Communication</b>	130.43	0.36		
<i>Telephone charges - Home fixed phone</i>	41.23	0.11		
<i>Telephone charges - Mobile</i>	88.03	0.24		
<b>Recreation and Culture</b>	14.01	0.04		
<b>Education</b>	15.49	0.04		
<b>Restaurant and Hotels</b>	69.59	0.19		
<b>Miscellaneous Goods and Services</b>	187.73	0.52		
<i>Car Insurance</i>	101.83	0.28		
<b>All Items</b>	<b>2350.91</b>			<b>6.53</b>

### 3.2. Moving Average Inflation

The moving average inflation for the month of January 2017 is 4.6%. The corresponding rate for the month of December 2016 was also 4.0%.



Director General,  
 Department of Census and Statistics.