



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX – JANUARY 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 January 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 January 2018 was 125.8. A decrease of 0.8 index points or a percentage of 0.6 was reported in January 2018 compared to that of December 2017 for which the index was 126.6. This decrease represents decrease in expenditure value of Rs. 270.37 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 2017	Dec 2017	Jan 2018	Jan 2017	Dec 2017	Jan 2018	Jan 2017	Dec 2017	Jan 2018
<b>All Items</b>	119.3	126.6	125.8	427.63	62.38	-270.37	1.13	0.15	-0.66
<b>Food and Non Alcoholic Beverages</b>	121.3	134.4	132.2	296.65	48.85	-316.63	0.78	0.12	-0.78
<b>Non Food</b>	117.7	120.4	120.7	130.97	13.53	46.26	0.35	0.03	0.11
Clothing and Footwear	116.6	119.7	120.1	3.34	2.65	4.07	0.01	0.01	0.01
Health	141.1	145.9	146.4	0.00	0.00	5.60	0.00	0.00	0.01
Transport	101.2	104.8	105.2	51.68	11.19	11.11	0.14	0.03	0.03
Education	116.3	120.9	121.5	4.70	0.00	5.61	0.01	0.00	0.01
Restaurants and Hotels	110.3	111.8	112.8	12.80	1.11	11.94	0.03	0.00	0.03
Miscellaneous Goods and Services	123.7	130.2	130.6	71.38	1.24	5.92	0.19	0.00	0.01
Other groups	120.5	121.9	121.9	-12.92	-2.66	1.99	-0.03	-0.01	0.00

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

## 2.1. Contribution to M on M Changes:

Contributions to the decrease in NCPI on month on month basis (January 2018 as compared to December 2017) are given in Table 02. The decrease in the index point by 0.66% was due to the expenditure value decrease of food items by 0.78% and increase of non-food items by 0.11%.

### 2.1.1. Contribution of Food items: - 0.78%

As shown in Table 02, the decreases in expenditure value of food items in index were reported for Vegetables (0.27%), Green chilies (0.23%), Coconuts (0.14%), Red onions (0.08%), Rice (0.07%), Limes (0.06%), Big onions (0.05%), Mysore dhal (0.03%), Potatoes (0.03%), Garlic (0.02%) and Eggs (0.01%). However, increases in expenditure value in index were reported for Fresh fish (0.09%), Banana (0.07%), Mangoes (0.03%), Papaw (0.02%), Chicken (0.01%), Chilly powder (0.01%) and Dried fish (0.01%).

### 2.1.2. Contribution of Non food items: 0.11%

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

**Table 02: Contribution to the decrease in NCPI (Base 2013=100) on month on month basis  
(January 2018 as compared to December 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>-316.63</b>	<b>0.23</b>	<b>1.00</b>	<b>-0.78</b>
Fresh fish	35.28	0.09		
Banana	26.94	0.07		
Mangoes	13.51	0.03		
Papaw	7.09	0.02		
Chicken	3.65	0.01		
Chilly powder	3.21	0.01		
Dried fish	2.09	0.01		
<i>Sprats(dry)</i>	<i>4.42</i>	<i>0.01</i>		
Vegetables	-108.02		0.27	
Green chilies	-93.29		0.23	
Coconuts	-58.24		0.14	
Red onions	-33.48		0.08	
Rice	-29.89		0.07	
Limes	-25.15		0.06	
Big onions	-20.81		0.05	
Mysore dhal	-12.87		0.03	
Potatoes	-10.74		0.03	
Garlic	-6.87		0.02	
Eggs	-5.05		0.01	
Other food items	-4.00		0.01	
<b>Non Food</b>	<b>46.26</b>	<b>0.11</b>		<b>0.11</b>
<b>Clothing and Footwear</b>	4.07	0.01		
<b>Health</b>	5.60	0.01		
<i>Spectacles</i>	<i>5.60</i>	<i>0.01</i>		
<b>Transport</b>	11.11	0.03		
<i>Van fare (other than schooling)</i>	<i>11.11</i>	<i>0.03</i>		
<b>Education</b>	5.61	0.01		
<i>Course fees (higher education)</i>	<i>4.70</i>	<i>0.01</i>		
<i>Course fees (vocational training)</i>	<i>0.90</i>	<i>0.00</i>		
<b>Restaurants and Hotels</b>	11.94	0.03		
<b>Miscellaneous Goods and Services</b>	5.92	0.01		
<b>Other groups</b>	1.99	0.00		
<b>All Items</b>	<b>-270.37</b>			<b>-0.66</b>

*\*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	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
2018	January	125.8	-0.6	5.4	7.6	-1.6	9.0	11.5	0.2	2.5	4.5

*\*Note: The percentage of month on month change of index number reported for January 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 5.4% in January 2018 and inflation calculated for December 2017 was 7.3% (Table 03). Inflation of 5.4% reported for January 2018 is the lowest inflation reported since January 2017. Y on Y inflation of food group has decreased from 12.8% in December 2017 to 9.0% in January 2018 and that of non-food group has decreased from 2.9% to 2.5% during this month.

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

On year on year basis, contribution of food commodities to inflation was 4.01 percent in January 2018 compared to that of January 2017 (Table 04).

Contribution of non food items was 1.40 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.32%), 'Miscellaneous Goods and Services' (0.26%), 'Health' (0.18%), 'Furnishing Household equipment and Routine household maintenance' (0.16%),

'Education' (0.12%), 'Housing, Water, Electricity, Gas and Other fuels' (0.14%) and 'Clothing and Footwear' (0.10%). However, decrease in expenditure value in group of 'Communication' (0.01%).

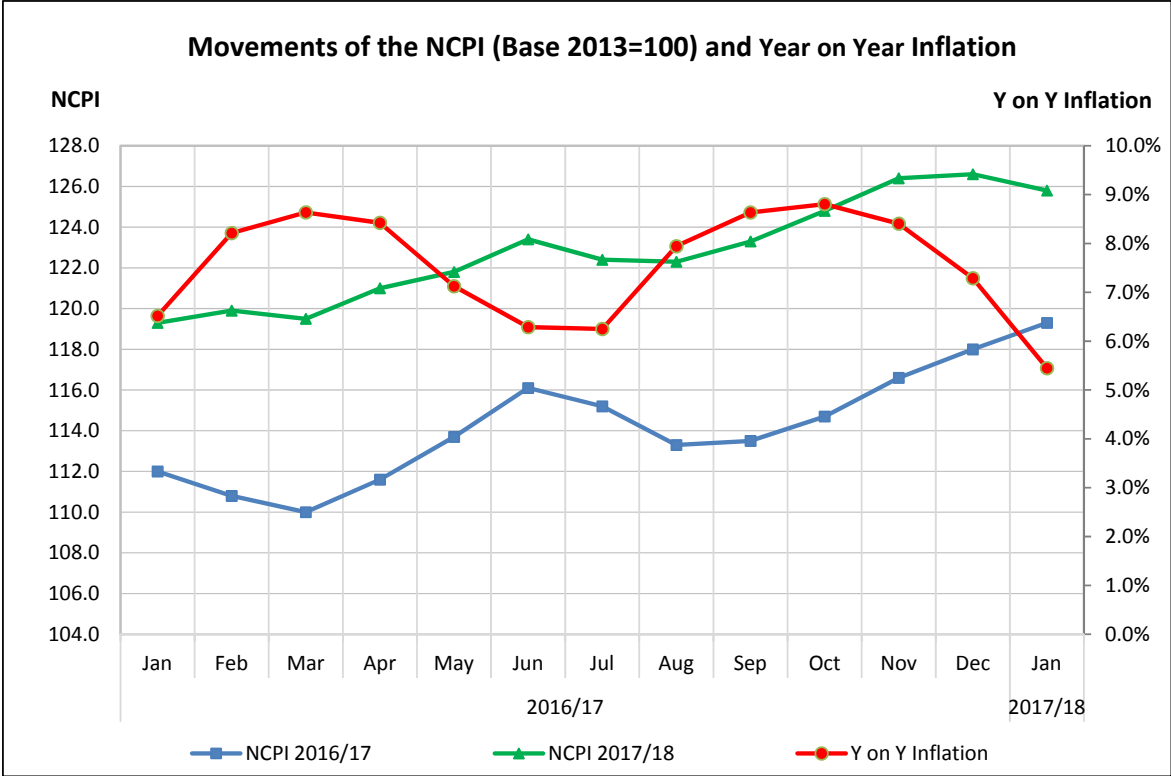
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis  
(January 2018 as compared to January 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>1536.63</b>			<b>4.01</b>
<i>Coconuts</i>	621.58	1.62		
<i>Vegetables</i>	575.12	1.50		
<i>Rice</i>	-89.00		0.23	
<b>Non Food</b>	<b>535.04</b>	<b>1.40</b>	<b>0.01</b>	<b>1.40</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	7.88	0.02		
<b>Clothing and Footwear</b>	37.59	0.10		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	52.00	0.14		
<i>Material for the maintenance</i>	41.77	0.11		
<i>LP Gas</i>	11.62	0.03		
<b>Furnishings, Household equipment and Routing household maintenance</b>	62.14	0.16		
<b>Health</b>	68.33	0.18		
<i>Spectacles</i>	5.60	0.01		
<i>Payments to medical laboratories</i>	6.98	0.02		
<i>Payments to private hospitals room charges</i>	50.25	0.13		
<b>Transport</b>	124.36	0.32		
<i>Purchase of vehicles</i>	14.58	0.04		
<i>Cost of servicing of vehicles</i>	32.05	0.08		
<i>Bus fare</i>	31.77	0.08		
<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>	6.11	0.02		
<b>Education</b>	46.99	0.12		
<b>Restaurant and Hotels</b>	31.35	0.08		
<b>Miscellaneous Goods and Services</b>	100.39	0.26		
<b>All Items</b>	<b>2071.68</b>			<b>5.40</b>

\*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 January 2018 is 7.6%. The corresponding rate for the month of December 2017 was 7.7%.



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 Department of Census and Statistics.