



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – JANUARY 2019

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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 2019.

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 2019 was 127.3. An increase of 0.2 index points that is percentage of 0.2 was reported in January 2019 compared to that of December 2018 for which the index was 127.1. This increase represents increase in expenditure value of Rs. 52.89 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 (%)		
	Jan 2018	Dec 2018	Jan 2019	Jan 2018	Dec 2018	Jan 2019	Jan 2018	Dec 2018	Jan 2019
All Items	125.8	127.1	127.3	-270.37	-182.44	52.89	-0.66	-0.44	0.13
Food and Non Alcoholic Beverages	132.2	128.4	125.8	-316.63	-71.79	-377.99	-0.78	-0.17	-0.93
Non Food	120.7	126.1	128.5	46.26	-110.65	430.89	0.11	-0.27	1.05
Alcoholic beverages, Tobacco and Narcotics	176.1	187.0	188.5	0.07	-20.69	11.13	0.00	-0.05	0.03
Clothing and Footwear	120.1	124.9	125.5	4.07	3.01	6.31	0.01	0.01	0.02
Housing, Water, Electricity, Gas and Other fuels	116.1	118.1	126.3	0.00	0.00	474.88	0.00	0.00	1.16
Furnishing, Household equipment and Routine household maintenance	121.4	126.4	127.2	1.92	0.00	8.57	0.00	0.00	0.02
Transport	105.2	115.3	112.8	11.11	-70.76	-77.33	0.03	-0.17	-0.19
Education	121.5	128.3	128.9	5.61	0.00	5.05	0.01	0.00	0.01
Miscellaneous Goods and Services	130.6	137.5	137.7	5.92	0.41	2.28	0.01	0.00	0.01
Other	125.9	130.8	130.2	17.55	-22.62	-22.52	0.04	-0.06	-0.06

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in eight main groups in January 2019, details on which are given in Table 02. Percentages of items may not tally with overall percentage due to rounding off.

Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (January 2019 as compared to December 2018) are given in Table 02. The increase in the index point by 0.13% was due to the expenditure value increase of non food items by 1.05% and expenditure value decrease of food items by 0.93%.

2.1.1. Contribution of Food items: -0.93%

As shown in Table 02, the decreases in expenditure value in index were reported for Vegetables (0.75%), Coconuts (0.15%), Limes (0.13%), Big Onions (0.08%), Potatoes (0.08%), Green Chilies (0.06%), Red Onions (0.02%) and Bread fruit (0.01%). However, increases in expenditure value in index were reported for Fresh Fish (0.08%), Papaw (0.07%), Eggs (0.05%), Banana (0.04%), Rice (0.03%), Chicken (0.02%), Mangoes (0.01%) and Dried fish (0.01%).

2.1.2. Contribution of Non food items: 1.05%

The increases in expenditure value in index were reported for non food commodity groups of 'Housing, Water, Electricity, Gas and Other Fuels'(1.16%), 'Alcoholic beverages, Tobacco and Narcotics' (0.03%), 'Clothing and Footwear'(0.02%), 'Furnishing, Household equipment and Routine household maintenance' (0.02%), 'Education' (0.01%) and 'Miscellaneous Goods and Services' (0.01%). However, decrease in expenditure value was reported for group of 'Transport' (0.19%) compared to the preceding month. In the 'Transport' group expenditure value decrease was due to decreases in fuel prices (petrol & diesel) and bus fare. Meanwhile, the expenditure value of 'Health', 'Communication', 'Recreation and Culture' and 'Restaurants and Hotels' groups remained unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis
(January 2019 as compared to December 2018)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	-377.99	0.34	1.26	-0.93
Vegetables	-304.48		0.75	
Coconuts	-59.43		0.15	
Limes	-51.43		0.13	
Big onions	-33.55		0.08	
Potatoes	-32.07		0.08	
Green chilies	-26.04		0.06	
Red onions	-6.48		0.02	
Bread fruit	-3.26		0.01	
Fresh fish	32.54	0.08		
Papaw	26.62	0.07		
Eggs	18.46	0.05		
Banana	15.94	0.04		
Rice	10.86	0.03		
Chicken	9.06	0.02		
Mangoes	4.50	0.01		
Dried fish	4.33	0.01		
<i>Sprats (dry)</i>	3.30	0.01		
Other food items	16.41	0.04		
Non Food	430.89	1.24	0.19	1.05
Alcoholic beverages, Tobacco and Narcotics	11.13	0.03		
<i>Areca nuts</i>	-5.36		0.01	
<i>Beetle leaves</i>	10.91	0.03		
<i>Bulathwita</i>	4.34	0.01		
Clothing and Footwear	6.31	0.02		
Housing, Water, Electricity, Gas and Other fuels	474.88	1.16		
<i>Housing Rent</i>	474.88	1.16		
Furnishings, Household equipment and Routing household maintenance	8.57	0.02		
<i>Wages to servants</i>	6.67	0.02		
Transport	-77.33		0.19	
<i>Petrol</i>	-41.35		0.10	
<i>Diesel</i>	-9.20		0.02	
<i>Bus fare</i>	-25.38		0.06	
Education	5.05	0.01		
<i>Pre-school fees (K.G)</i>	5.05	0.01		
Miscellaneous Goods and Services	2.28	0.01		
All Items	52.89			0.13

*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.
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
	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
	December	127.1	-0.5	0.4	2.1	-0.4	-4.5	-0.2	-0.5	4.7	4.1
2019	January	127.3	0.2	1.2	1.8	-2.0	-4.8	-1.3	1.9	6.5	4.4

Note: The percentage of month on month change of index number reported for January 2019 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 1.2% in January 2019 and inflation calculated for December 2018 was 0.4% (Table 03). Y on Y inflation of food group has decreased from -4.5% in December 2018 to -4.8% in January 2019 and that of non-food group has increased from 4.7% to 6.5% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was -2.24 percent in January 2019 compared to that of January 2018 (Table 04).

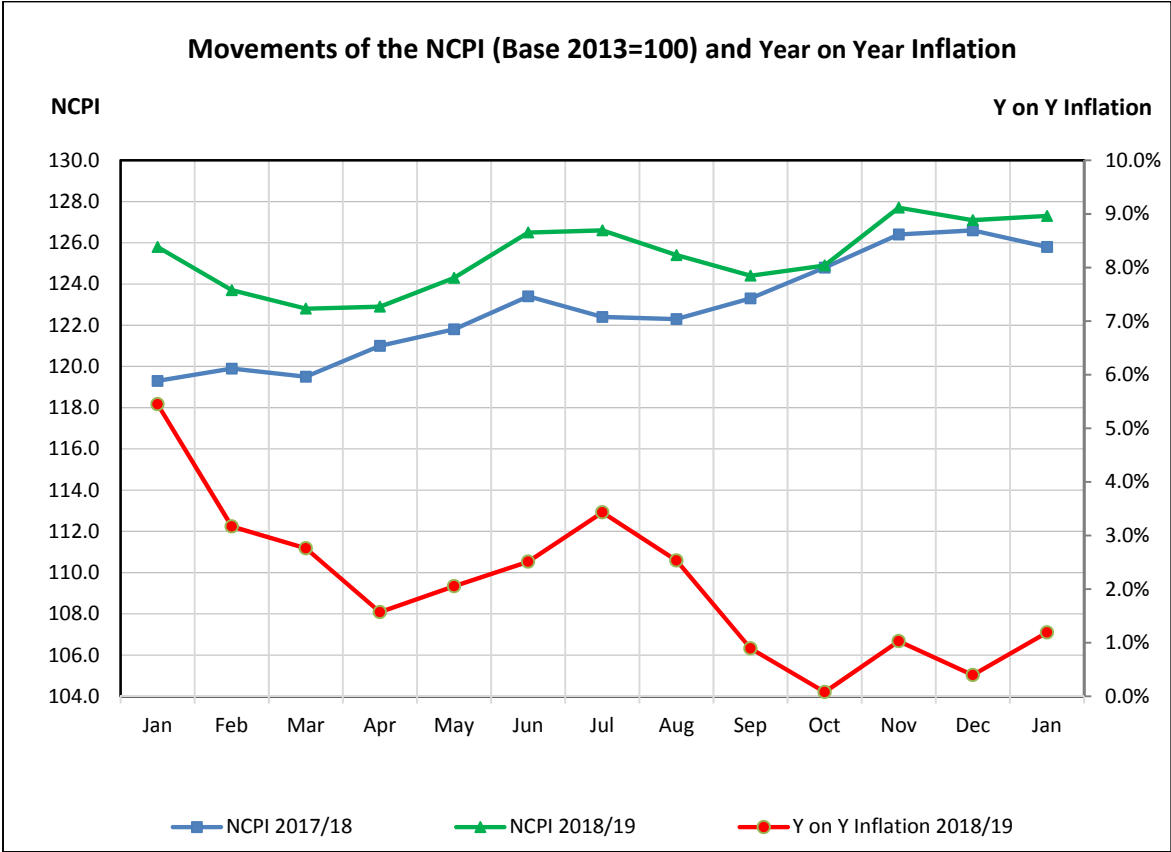
Contribution of non food items was 3.46 percent. This was mainly due to expenditure value increases in groups of 'Housing, Water, Electricity, Gas and Other fuels' (1.46%), 'Transport' (0.59%), 'Health' (0.41%), 'Miscellaneous Goods and Services' (0.25%), 'Alcoholic beverages, Tobacco and Narcotics' (0.23%), 'Restaurant and Hotels' (0.16%), 'Education' (0.16%), 'Furnishing, Household equipment and Routine household maintenance' (0.15%), 'Clothing and Footwear' (0.15%), 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
(January 2019 as compared to January 2018)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	-906.25			-2.24
<i>Coconuts</i>	-693.60		1.72	
Non Food	1397.54	3.64	0.18	3.46
Alcoholic beverages, Tobacco and Narcotics	91.06	0.23		
<i>Arrack</i>	12.76	0.03		
<i>Cigarettes</i>	24.69	0.06		
<i>Beetle leaves</i>	34.63	0.09		
<i>Areca nuts</i>	-5.34		0.01	
<i>Bulathwita</i>	18.55	0.05		
Clothing and Footwear	60.22	0.15		
<i>Clothing</i>	50.99	0.13		
<i>Footwear</i>	9.23	0.02		
Housing, Water, Electricity, Gas and Other fuels	589.25	1.46		
<i>Housing Rent</i>	474.88	1.17		
<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	60.65	0.15		
Health	163.89	0.41		
<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>Fees to Aurvedic practitioners</i>	24.08	0.06		
<i>Payments to private hospitals/nursing homes</i>	54.86	0.14		
Transport	238.48	0.59		
<i>Purchase of vehicles</i>	16.80	0.04		
<i>Petrol</i>	54.23	0.13		
<i>Diesel</i>	9.01	0.02		
<i>bus fare</i>	78.22	0.19		
<i>Airline fare</i>	5.44	0.01		
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	66.25	0.16		
<i>Tuition fees</i>	49.13	0.12		
Restaurant and Hotels	64.51	0.16		
Miscellaneous Goods and Services	102.24	0.25		
All Items	491.30			1.22

3.2. Moving Average Inflation

The moving average inflation for the month of January 2019 is 1.8%. The corresponding rate for the month of December 2018 was 2.1%.



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