



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – JULY 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 July 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 July 2018 was 126.6. An increase of 0.1 index points that is percentage of 0.01 was reported in July 2018 compared to that of June 2018 for which the index was 126.5. This increase represents increase in expenditure value of Rs. 5.58 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 (%) | | |
|---|--------------|-----------|-----------|---|-----------|-----------|----------------------------------|-----------|-----------|
| | July 2017 | June 2018 | July 2018 | July 2017 | June 2018 | July 2018 | July 2017 | June 2018 | July 2018 |
| All Items | 122.4 | 126.5 | 126.6 | -332.02 | 723.48 | 5.58 | -0.84 | 1.81 | 0.01 |
| Food and Non Alcoholic Beverages | 126.7 | 129.9 | 129.7 | -355.62 | 619.45 | -29.71 | -0.90 | 1.55 | -0.07 |
| Non Food | 119.0 | 123.9 | 124.1 | 23.60 | 104.03 | 35.28 | 0.06 | 0.26 | 0.08 |
| Alcoholic Beverages, Tobacco And Narcotics | 175.7 | 178.0 | 178.8 | 8.13 | -6.06 | 5.37 | 0.02 | -0.02 | 0.01 |
| Clothing & Footwear | 118.3 | 122.5 | 122.9 | 2.57 | -0.06 | 4.03 | 0.01 | 0.00 | 0.01 |
| Housing, Water, Electricity, Gas and Other fuels | 115.8 | 117.8 | 117.3 | 0.00 | -0.21 | -27.43 | 0.00 | 0.00 | -0.07 |
| Furnishing, Household Equipment and Routine Household Maintenance | 120.1 | 123.4 | 123.8 | 4.01 | 2.55 | 3.63 | 0.01 | 0.01 | 0.01 |
| Transport | 104.1 | 113.0 | 114.0 | 31.77 | 96.54 | 31.80 | 0.08 | 0.24 | 0.08 |
| Restaurants and Hotels | 110.4 | 113.5 | 114.0 | 0.20 | 7.96 | 6.28 | 0.00 | 0.02 | 0.02 |
| Miscellaneous Goods and Services | 128.7 | 132.9 | 133.7 | 10.55 | 2.80 | 11.15 | 0.03 | 0.01 | 0.03 |
| Other | 119.1 | 123.4 | 123.1 | -33.62 | 0.52 | 0.45 | -0.08 | 0.00 | 0.00 |

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only eight main groups in July 2018, details on which are given in Table 02.

Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (July 2018 as compared to June 2018) are given in Table 02. The increase in the index point by 0.01% was due to the expenditure value decreases of food items by 0.07% and increases of non-food items by 0.08% respectively.

2.1.1. Contribution of Food items: 0.07%

As shown in Table 02, the decreases in expenditure value in index were reported for Coconuts (0.45%), Rice (0.12%), Limes (0.07%), Vegetables (0.02%), Sugar (0.02%), Red Onion (0.02%), Garlic (0.01%), Gram (0.01%), Dhal Misoor (0.01%) and Pepper (0.01%). However, increases in expenditure value in index were reported for Green Chilies (0.22%), Fresh Fish (0.14%), Eggs (0.06%), Dried Fish (0.06%) Papaw (0.03%), Banana (0.03%), Milk Powder (0.02%), Big Onions (0.02%), Infant Milk Powder (0.02%), Potatoes (0.02%), Pineapple (0.01%) and Mangoes (0.01%).

2.1.2. Contribution of Non food items: 0.08%

The increases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.08%), 'Miscellaneous Goods and Services' (0.03%), 'Restaurants & Hotels' (0.02%), 'Alcoholic beverages, Tobacco and Narcotics' (0.01%), 'Clothing and Footwear' (0.01%) and 'Furnishings, Household equipment and Routing household maintenance' (0.01%). However, decrease in expenditure value was reported for group of Housing, Water, Electricity, Gas and Other Fuels' (0.07%) compared to the preceding month. In the 'Housing, Water, Electricity, Gas and Other Fuels' group expenditure value decrease was mainly due to decrease in prices of LP Gas and Kerosene Oil. Further, 'Communication' (0.00%) group recorded very slight expenditure value increases compared to the preceding month. Meanwhile, the expenditure value of 'Health', 'Recreation and Culture' and 'Education' groups remained unchanged during the month.

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

| Sub Group/Commodity | Value change | | | |
|---|---------------|-------------|-------------|--------------|
| | Rs. cts | % Change | | |
| | | Increase | Decrease | Net effect |
| Food | -29.71 | 0.67 | 0.74 | -0.07 |
| Green chilies | 90.76 | 0.22 | | |
| Fresh fish | 57.42 | 0.14 | | |
| Eggs | 23.57 | 0.06 | | |
| Dried fish | 23.29 | 0.06 | | |
| Papaw | 11.55 | 0.03 | | |
| Banana | 11.50 | 0.03 | | |
| Milk powder | 9.84 | 0.02 | | |
| Big onion | 8.20 | 0.02 | | |
| Infant milk powder | 6.99 | 0.02 | | |
| Potatoes | 6.58 | 0.02 | | |
| Pineapple | 5.86 | 0.01 | | |
| Mangoes | 3.69 | 0.01 | | |
| Coconuts | -182.51 | | 0.45 | |
| Rice | -49.33 | | 0.12 | |
| Limes | -29.79 | | 0.07 | |
| Vegetables | -9.82 | | 0.02 | |
| Sugar | -7.15 | | 0.02 | |
| Red onion | -6.27 | | 0.02 | |
| Garlic | -5.78 | | 0.01 | |
| Gram | -4.52 | | 0.01 | |
| Dhal - Misoor | -3.37 | | 0.01 | |
| Pepper | -2.65 | | 0.01 | |
| Other food items | 12.23 | 0.03 | | |
| Non Food | 35.28 | 0.15 | 0.07 | 0.08 |
| Alcoholic beverages, Tobacco and Narcotics | 5.37 | 0.01 | | |
| <i>Beetle leaves</i> | 4.20 | 0.01 | | |
| Clothing & Footwear | 4.03 | 0.01 | | |
| Housing, Water, Electricity, Gas and Other Fuels | -27.43 | | 0.07 | |
| <i>Gas</i> | -15.00 | | 0.04 | |
| <i>Kerosene oil</i> | -12.42 | | 0.03 | |
| Furnishings, Household equipment and Routing household maintenance | 3.63 | 0.01 | | |
| Transport | 31.80 | 0.08 | | |
| <i>Petrol</i> | 27.56 | 0.07 | | |
| <i>Diesel</i> | 10.51 | 0.03 | | |
| <i>Air lines</i> | -6.27 | | 0.02 | |
| Restaurant and Hotels | 6.28 | 0.02 | | |
| Miscellaneous Goods and Services | 11.15 | 0.03 | | |
| Other Groups | 0.45 | 0.00 | | |
| All Items | 5.58 | | | 0.01 |

*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 | 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 |
| | 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 |

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 3.4% in July 2018 and inflation calculated for June 2018 was 2.5% (Table 03). Y on Y inflation of food group has increased from 0.5% in June 2018 to 2.4% in July 2018 and that of non-food group has also increased from 4.2% to 4.3% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 1.09 percent in July 2018 compared to that of July 2017 (Table 04).

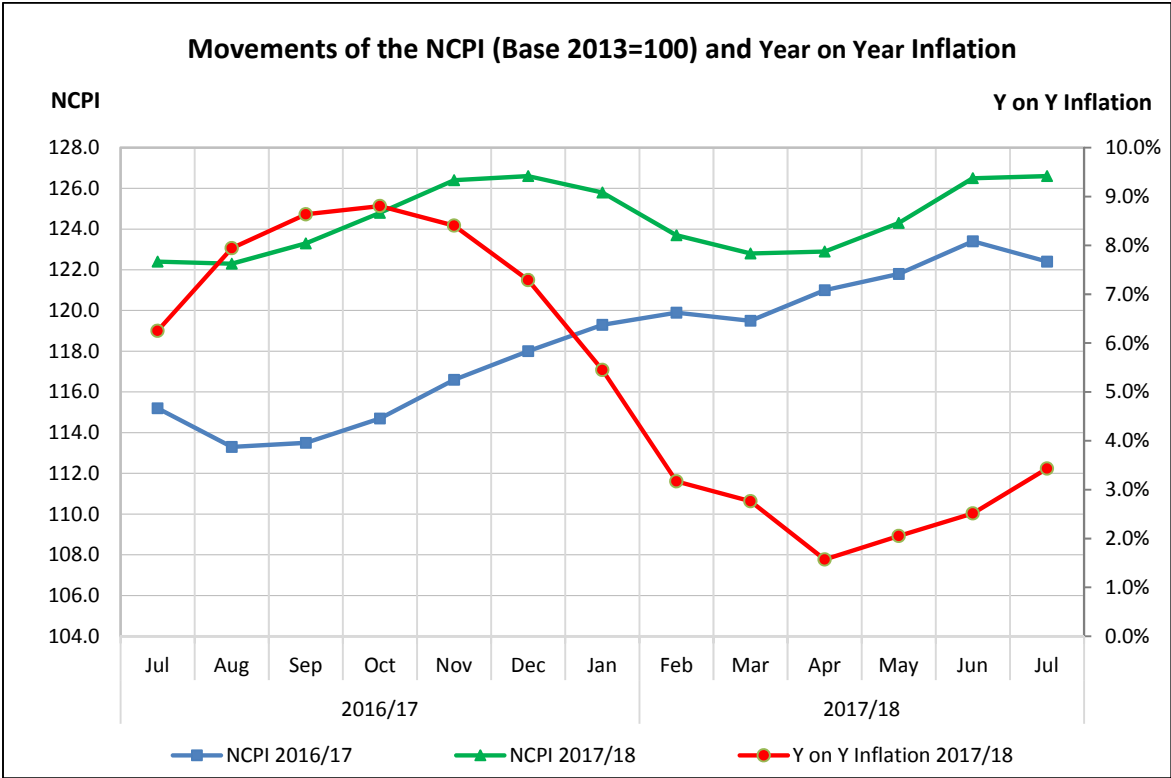
Contribution of non food items was 2.31 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.79%), 'Health' (0.49%), 'Housing, Water, Electricity, Gas and Other fuels' (0.21%), 'Miscellaneous Goods and Services' (0.19%), 'Education' (0.17%), 'Clothing and Footwear' (0.13%) and 'Furnishing Household equipment and Routine household maintenance' (0.10%). However, slightly decrease in expenditure value was reported for group of 'Communication'.

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

| Sub Group/Commodity | Value change | | | |
|---|----------------|-------------|-------------|--------------|
| | Rs. cts | % Change | | |
| | | Increase % | Decrease % | Net effect % |
| Food | 428.83 | | | 1.09 |
| | | | | |
| Non Food | 906.97 | 2.31 | 0.00 | 2.31 |
| | | | | |
| Alcoholic beverages, Tobacco and Narcotics | 22.19 | 0.06 | | |
| Clothing and Footwear | 50.56 | 0.13 | | |
| Housing, Water, Electricity, Gas and Other fuels | 83.47 | 0.21 | | |
| <i>Material for the maintenance</i> | 34.05 | 0.09 | | |
| <i>LP Gas</i> | 23.26 | 0.06 | | |
| <i>Kerosene oil</i> | 26.05 | 0.07 | | |
| Furnishings, Household equipment and Routing household maintenance | 39.03 | 0.10 | | |
| Health | 193.91 | 0.49 | | |
| <i>Purchase of medical/ pharmacy products</i> | 19.81 | 0.05 | | |
| <i>Fees to private medical practices</i> | 28.20 | 0.07 | | |
| <i>Payments. to medical laboratories</i> | 74.21 | 0.19 | | |
| <i>Payments to private hospitalSs room charges</i> | 59.79 | 0.15 | | |
| Transport | 310.91 | 0.79 | | |
| <i>Petrol</i> | 129.29 | 0.33 | | |
| <i>Diesel</i> | 39.60 | 0.10 | | |
| <i>Bus fare</i> | 88.33 | 0.22 | | |
| Communication | -1.13 | | 0.00 | |
| <i>Postal and Telegraph charges</i> | 0.97 | 0.00 | | |
| <i>Internet charges</i> | -2.46 | | 0.01 | |
| Recreation and Culture | 22.84 | 0.06 | | |
| Education | 66.84 | 0.17 | | |
| <i>Tuition fees</i> | 49.13 | 0.12 | | |
| Restaurant and Hotels | 45.19 | 0.11 | | |
| Miscellaneous Goods and Services | 73.16 | 0.19 | | |
| | | | | |
| All Items | 1335.80 | | | 3.40 |

3.2. Moving Average Inflation

The moving average inflation for the month of July 2018 is 5.1%. The corresponding rate for the month of June 2018 was 5.3%.



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 Department of Census and Statistics.