



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – JUNE 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 June 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 June 2018 was 126.5. An increase of 2.2 index points that is percentage of 1.8 was reported in June 2018 compared to that of May 2018 for which the index was 124.3. This increase represents increase in expenditure value of Rs. 723.48 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 (%)		
	June 2017	May 2018	June 2018	June 2017	May 2018	June 2018	June 2017	May 2018	June 2018
All Items	123.4	124.3	126.5	517.66	454.85	723.48	1.32	1.15	1.81
Food and Non Alcoholic Beverages	129.2	125.6	129.9	507.49	215.28	619.45	1.30	0.55	1.55
Non Food	118.9	123.3	123.9	10.17	239.57	104.03	0.03	0.61	0.26
Alcoholic Beverages, Tobacco And Narcotics	174.6	178.9	178.0	7.74	-9.26	-6.06	0.02	-0.02	-0.02
Furnishing, Household Equipment and Routine Household Maintenance	119.7	123.2	123.4	22.39	4.96	2.55	0.06	0.01	0.01
Transport	103.1	109.9	113.0	0.00	112.88	96.54	0.00	0.29	0.24
Restaurants and Hotels	110.4	112.9	113.5	0.00	0.00	7.96	0.00	0.00	0.02
Miscellaneous Goods and Services	128.0	132.8	132.9	11.09	8.87	2.80	0.03	0.02	0.01
Other	119.4	123.4	123.4	-31.04	122.12	0.24	-0.08	0.31	0.00

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only six main groups in June 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 (June 2018 as compared to May 2018) are given in Table 02. The increase in the index point by 1.81% was due to the expenditure value increases of food items by 1.55% and non-food items by 0.26% respectively.

2.1.1. Contribution of Food items: 1.55%

As shown in Table 02, the increases in expenditure value in index were reported for Vegetables (1.31%), Fresh fish (0.24%), Green chilies (0.20%), Potatoes (0.11%), Big onions (0.07%), Eggs (0.04%), Milk powder (0.04%). Dried fish (0.03%), Ginger (0.01%) and Chicken (0.01%). However, decreases in expenditure value in index were reported for Coconuts (0.24%), Banana (0.08%), Limes (0.05%), Rice (0.04%) Sugar (0.03%), Pineapple (0.02%), Gram (0.01%) and Mangoes (0.01%).

2.1.2. Contribution of Non food items: 0.26%

The increases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.24%), 'Restaurants & Hotels' (0.02%), 'Miscellaneous Goods and Services' (0.01%) and 'Furnishings, Household equipment and Routing household maintenance' (0.01%). In the 'Transport' group expenditure value increase was mainly due to increases in prices of fuel(petrol & diesel) and bus fare. However, decrease in expenditure value was reported for group of 'Alcoholic beverages, Tobacco and Narcotics' (0.02%) 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
(June 2018 as compared to May 2018)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	619.45	2.05	0.50	1.55
Vegetables	523.80	1.31		
Fresh fish	97.40	0.24		
Green chilies	79.56	0.20		
Potatoes	42.35	0.11		
Big onions	27.35	0.07		
Eggs	16.24	0.04		
Milk powder	14.10	0.04		
Dried fish	12.65	0.03		
Ginger	4.07	0.01		
Chicken	3.27	0.01		
Coconuts	-95.51		0.24	
Banana	-32.86		0.08	
Limes	-21.15		0.05	
Rice	-14.09		0.04	
Sugar	-10.53		0.03	
Pineapple	-6.01		0.02	
Gram	-5.44		0.01	
Mangoes	-4.54		0.01	
Other food items	-11.23		0.03	
Non Food	104.03	0.28	0.02	0.26
Alcoholic beverages, Tobacco and Narcotics	-6.06		0.02	
<i>Beetle leaves</i>	-9.88		0.02	
<i>Areca nuts</i>	3.78	0.01		
Furnishings, Household equipment and Routing household maintenance	2.55	0.01		
Transport	96.54	0.24		
<i>Petrol</i>	25.43	0.06		
<i>Diesel</i>	7.82	0.02		
<i>Bus fare</i>	62.69	0.16		
Restaurant and Hotels	7.96	0.02		
Miscellaneous Goods and Services	2.80	0.01		
Other Groups	0.24	0.00		
All Items	723.48			1.81

**Note: Other Groups (Slightly increase/decrease of expenditure values) - 'Clothing and Footwear', 'Housing, Water, Electricity, Gas and Other fuels' (due to Kerosene oil price decrease), 'Communication' (due to Postal and Telegraph charges increase)*

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	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
	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

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 2.5% in June 2018 and inflation calculated for May 2018 was 2.1% (Table 03). Y on Y inflation of food group has increased from 0.0% in May 2018 to 0.5% in June 2018 and that of non-food group has also increased from 3.8% to 4.2% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 0.26 percent in June 2018 compared to that of June 2017 (Table 04).

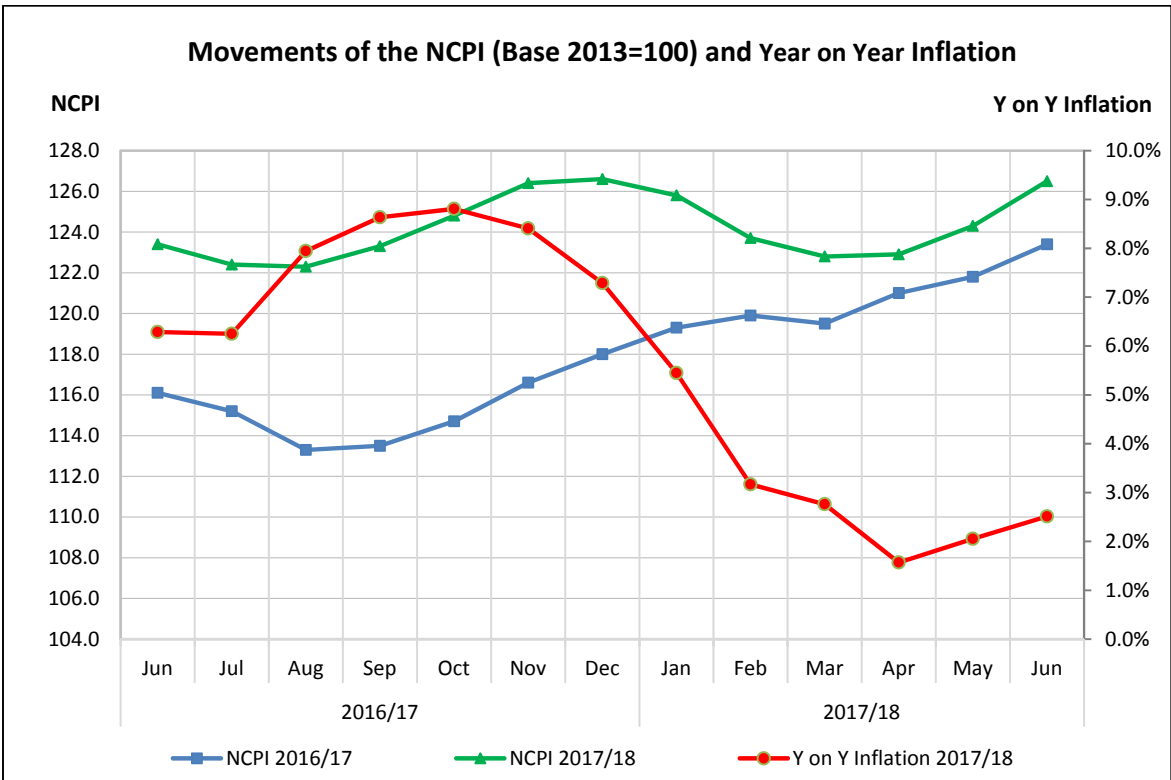
Contribution of non food items was 2.26 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.78%), 'Health' (0.40%), 'Housing, Water, Electricity, Gas and Other fuels' (0.28%), 'Miscellaneous Goods and Services' (0.18%), 'Education' (0.17%), 'Clothing and Footwear' (0.12%) 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
(June 2018 as compared to June 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	102.92			0.26
Non Food	895.28	2.26	0.00	2.26
Alcoholic beverages, Tobacco and Narcotics	24.94	0.06		
Clothing and Footwear	49.10	0.12		
Housing, Water, Electricity, Gas and Other fuels	110.90	0.28		
<i>Material for the maintenance</i>	34.05	0.09		
<i>LP Gas</i>	38.26	0.10		
<i>Kerosene oil</i>	38.47	0.10		
Furnishings, Household equipment and Routing household maintenance	39.41	0.10		
Health	160.29	0.40		
<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>	40.60	0.10		
<i>Payments to private hospitals room charges</i>	59.79	0.15		
Transport	310.88	0.78		
<i>Petrol</i>	101.72	0.26		
<i>Diesel</i>	29.09	0.07		
<i>Bus fare</i>	120.10	0.30		
Communication	-1.58		0.00	
<i>Postal and Telegraph charges</i>	0.52	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	39.11	0.10		
Miscellaneous Goods and Services	72.56	0.18		
All Items	998.20			2.52

3.2. Moving Average Inflation

The moving average inflation for the month of June 2018 is 5.3%. The corresponding rate for the month of May 2018 was 5.7%.



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 Department of Census and Statistics.