



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX – MAY 2017**

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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 May 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 May 2017 was 121.8. An increase of 0.8 index points or a percentage of 0.7 was noted in May 2017 compared to that of April 2017 for which the index was 121.0. This increase represents increase in expenditure value of Rs. 251.00 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 (%)		
	May 2016	Apr 2017	May 2017	May 2016	Apr 2017	May 2017	May 2016	Apr 2017	May 2017
<b>All Items</b>	113.7	121.0	121.8	673.31	485.84	251.00	1.88	1.26	0.65
<b>Food and Non Alcoholic Beverages</b>	113.6	124.4	125.6	326.67	471.47	167.71	0.91	1.23	0.43
<b>Non Food</b>	113.7	118.4	118.8	346.64	14.37	83.28	0.97	0.04	0.21
Alcoholic beverages, Tobacco and Narcotics	154.0	174.7	173.5	-27.89	4.50	-8.82	-0.08	0.01	-0.02
Clothing & Footwear	113.9	117.5	117.8	4.26	3.74	4.12	0.01	0.01	0.01
Housing, Water, Electricity, Gas and Other fuels	114.7	115.6	115.8	10.05	0.00	15.83	0.03	0.00	0.04
Furnishing ,Household equipment and Routine household maintenance	112.6	117.0	117.6	3.03	2.00	5.83	0.01	0.01	0.01
Transport	96.9	102.3	103.1	0.00	0.43	25.01	0.00	0.00	0.06
Miscellaneous Goods and Services	113.1	124.5	127.2	12.95	3.19	38.88	0.04	0.01	0.10
Other groups	117.7	122.4	122.4	344.24	0.50	2.43	0.96	0.00	0.01

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

## 2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (May 2017 compared to April 2017) are given in Table 02. The increase in the index point by 0.65% was due to the expenditure value increases of food items by 0.43% and non-food items by 0.21% respectively.

### 2.1.1. Contribution of Food items: 0.43%

As shown in Table 02, the increases in expenditure value in index were reported for Vegetables (0.23%), Red onions (0.13%), Fresh fish (0.12%), Rice (0.10%), Coconuts (0.05%), Dried fish (0.04%), Garlic (0.04%) and Potatoes (0.02%). However, decreases in expenditure value in index were reported for Banana (0.20%), Papaw (0.05%), Eggs (0.03%), Sugar (0.02%) and Pineapple (0.02%).

### 2.1.2. Contribution of Non food items: 0.21%

The increases in expenditure value in index were reported for non food commodity groups of 'Miscellaneous Goods and Services' (0.10%), 'Transport' (0.06%), 'Housing, Water, Electricity, Gas and Other fuels' (0.04%), 'Furnishing, Household equipment and Routine household maintenance' (0.01%) and 'Clothing and Footwear' (0.01%). Further, the groups of 'Health', 'Education' and 'Restaurant and Hotels' recorded very slight expenditure value increases compared to the previous month. However, expenditure value decrease was observed for group of 'Alcoholic beverages, Tobacco and Narcotics' (0.01%). The expenditure value of 'Communication' and 'Recreation & Culture' groups remained unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>167.71</b>	<b>0.74</b>	<b>0.31</b>	<b>0.43</b>
Rice	39.60	0.10		
Sugar	-6.98		0.02	
Eggs	-10.02		0.03	
Fresh fish	44.81	0.12		
Dried fish	16.23	0.04		
<i>Sprats(dry)</i>	<i>15.07</i>	<i>0.04</i>		
Coconuts	17.72	0.05		
Vegetables	90.87	0.23		
Potatoes	6.97	0.02		
Red Onions	51.76	0.13		
Garlic	14.24	0.04		
Banana	-77.88		0.20	
Papaw	-20.94		0.05	
Pineapple	-6.02		0.02	
Other food items	7.36	0.02		
<b>Non Food</b>	<b>83.28</b>	<b>0.24</b>	<b>0.02</b>	<b>0.21</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	-8.82		0.02	
<i>Beetle leaves</i>	<i>-10.01</i>		<i>0.03</i>	
<b>Clothing and Footwear</b>	4.12	0.01		
<i>Clothing</i>	<i>4.12</i>	<i>0.01</i>		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	15.83	0.04		
<i>Materials for the maintenance</i>	<i>15.83</i>	<i>0.04</i>		
<b>Furnishing, Household equipment and Routine household maintenance</b>	5.83	0.01		
<b>Transport</b>	25.01	0.06		
<i>Tyres, tubes and spare parts</i>	<i>20.45</i>	<i>0.05</i>		
<i>Lubricating oil</i>	<i>3.26</i>	<i>0.01</i>		
<b>Miscellaneous Goods and Services</b>	38.88	0.10		
<b>Other groups</b>	2.43	0.01		
<b>All Items</b>	<b>251.00</b>			<b>0.65</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 on Month	Inflation %		% Change Month on Month	Inflation %		% Change Month on Month	Inflation %	
				Y on Y	12 Month Moving Avg.		Y on Y	12 Month Moving Avg.		Y on Y	12 Month Moving Avg.
2016	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
	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

*\*Note: The percentage of month on month change of index number reported for May 2017 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. The Year on Year inflation reported for May 2017 in Table 03 does not tally with the Year on Year inflation reported in Table 04 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 7.1% in May 2017 and inflation calculated for April 2017 was 8.4% (Table 03). Y on Y inflation of food group reported for the month of May 2017 was 10.6% while that for non food group was 4.5%.

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

On year on year basis, contribution of food commodities to inflation was 4.64 percent in May 2017 compared to May 2016 (Table 04).

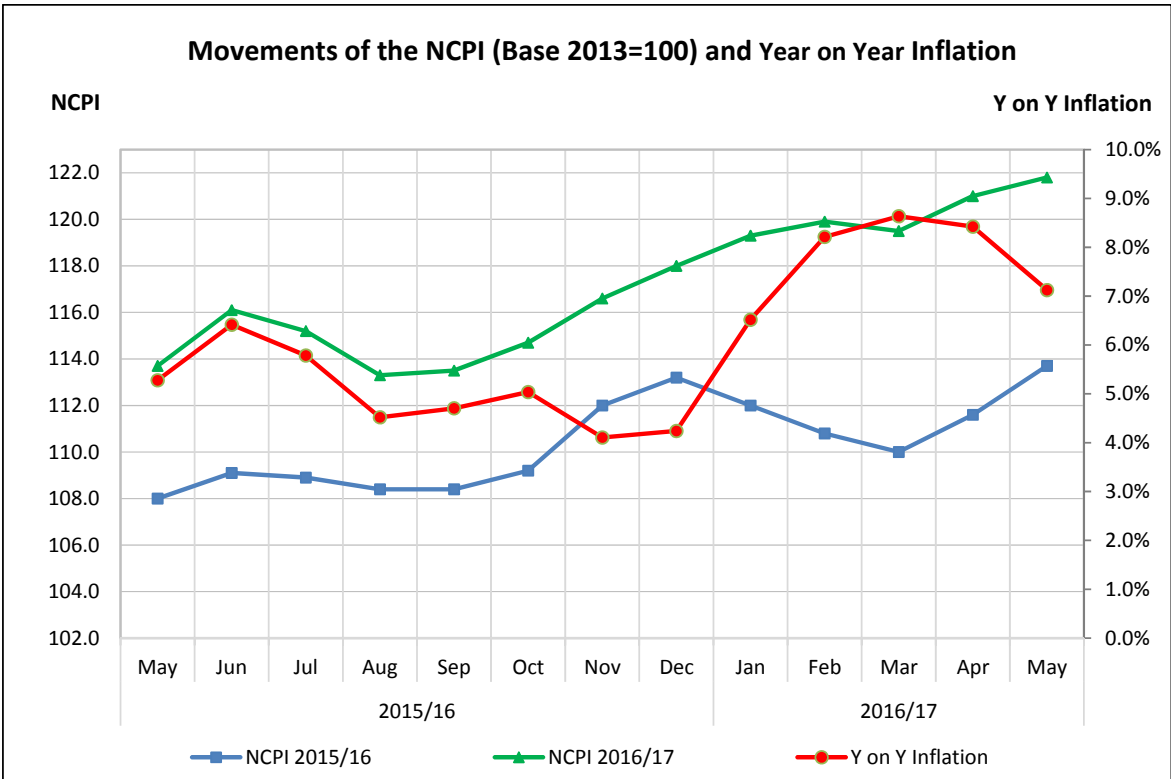
Contribution of non food items was 2.53 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.56%), 'Transport' (0.53%), 'Alcoholic beverages, Tobacco and Narcotics' (0.39%), 'Health' (0.28%), 'Restaurant and Hotels' (0.18%), 'Housing, Water, Electricity, Gas and Other fuels' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.14%), 'Education' (0.12%) and 'Clothing and Footwear' (0.12%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>1696.04</b>			<b>4.64</b>
<b>Non Food</b>	<b>923.15</b>	<b>2.53</b>		<b>2.53</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	142.37	0.39		
<i>Arrack</i>	84.80	0.23		
<i>Cigarettes</i>	74.08	0.20		
<i>Beedi</i>	33.57	0.09		
<i>Beetle leaves</i>	-72.67		0.20	
<b>Clothing and Footwear</b>	43.59	0.12		
<i>Clothing</i>	43.59	0.12		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	63.35	0.17		
<i>Material for the maintenance</i>	71.18	0.19		
<i>L.P. Gas</i>	-2.72		0.01	
<i>Kerosene oil</i>	-5.01		0.01	
<b>Furnishings, Household equipment and Routing household maintenance</b>	52.60	0.14		
<b>Health</b>	103.33	0.28		
<i>Purchase of medical/ pharmacy products</i>	-7.82		0.02	
<i>Consultation fees to specialists</i>	7.27	0.02		
<i>Fees to private medical practices</i>	41.76	0.11		
<i>Payments. to medical laboratories</i>	-16.98		0.05	
<i>Payments to private hospitals/ nursing homes</i>	80.13	0.22		
<b>Transport</b>	192.32	0.53		
<i>Purchase of vehicles</i>	77.94	0.21		
<i>Tyres, tubes and spare parts</i>	20.45	0.06		
<i>Lubricating oil</i>	5.53	0.02		
<i>Cost of servicing of vehicles</i>	32.05	0.09		
<i>Bus (other than schooling)</i>	49.54	0.14		
<i>Airline fee</i>	6.07	0.02		
<b>Education</b>	44.77	0.12		
<i>Tuition fees</i>	29.29	0.08		
<b>Restaurant and Hotels</b>	66.87	0.18		
<b>Miscellaneous Goods and Services</b>	205.99	0.56		
<i>Car Insurance</i>	86.64	0.24		
<b>Other groups</b>	7.96	0.02		
<b>All Items</b>	<b>2619.18</b>			<b>7.17</b>

### 3.2. Moving Average Inflation

The moving average inflation for the month of May 2017 is 6.1%. The corresponding rate for the month of April 2017 was 6.0%.



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