



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – MAY 2018

Department of Census and Statistics

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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 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 May 2018 was 124.3. An increase of 1.4 index points that is percentage of 1.1 was reported in May 2018 compared to that of April 2018 for which the index was 122.9. This increase represents increase in expenditure value of Rs. 454.85 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 2017	Apr 2018	May 2018	May 2017	Apr 2018	May 2018	May 2017	Apr 2018	May 2018
All Items	121.8	122.9	124.3	251.00	6.93	454.85	0.65	0.02	1.15
Food and Non Alcoholic Beverages	125.6	124.0	125.6	167.71	-41.62	215.28	0.43	-0.11	0.55
Non Food	118.8	122.0	123.3	83.28	48.54	239.57	0.21	0.12	0.61
Alcoholic beverages, Tobacco and Narcotics	173.5	180.1	178.9	-8.82	13.92	-9.26	-0.02	0.04	-0.02
Clothing & Footwear	117.8	122.2	122.5	4.12	4.72	4.01	0.01	0.01	0.01
Housing, Water, Electricity, Gas and Other fuels	115.8	116.3	117.8	15.83	2.67	82.35	0.04	0.01	0.21
Furnishing , Household equipment and Routine household maintenance	117.6	122.7	123.2	5.83	2.62	4.96	0.01	0.01	0.01
Health	141.2	148.7	150.9	1.74	0.00	29.01	0.00	0.00	0.07
Transport	103.1	106.3	109.9	25.01	22.70	112.88	0.06	0.06	0.29
Recreation and Culture	110.9	114.0	115.4	0.00	0.00	6.75	0.00	0.00	0.02
Miscellaneous Goods and Services	127.2	132.1	132.8	38.88	1.91	8.87	0.10	0.00	0.02
Other	116.1	119.4	119.4	0.70	0.00	0.00	0.00	0.00	0.00

**Note: There are 12 main groups of the market basket. Monthly significant changes were noted in nine main groups in May 2018, 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 2018 as compared to April 2018) are given in Table 02. The increase in the index point by 1.15% was due to the expenditure value increases of food items by 0.55% and non-food items by 0.61% respectively.

2.1.1. Contribution of Food items: 0.55%

As shown in Table 02, the increases in expenditure value in index were reported for Vegetables (0.41%), Fresh fish (0.16%), Big onions (0.08%), Limes (0.06%), Potatoes (0.06%), Chicken (0.04%), Eggs (0.02%), Dried fish (0.01%), Green chilies (0.01%), Ginger (0.01%), Infant milk powder (0.01%) and Milk powder (0.01%). However, decreases in expenditure value in index were reported for Coconuts (0.11%), Banana (0.06%), Papaw (0.04%), Mangoes (0.03%), Garlic (0.02%), Rice (0.01%) and Gram (0.01%).

2.1.2. Contribution of Non food items: 0.61%

The increases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.29%), 'Housing, Water, Electricity, Gas and Other fuels' (0.21%), 'Health' (0.07%), 'Miscellaneous Goods and Services' (0.02%), 'Recreation and Culture' (0.02%), 'Furnishings, Household equipment and Routing household maintenance' (0.01%) and 'Clothing and Footwear' (0.01%). In the 'Transport' group expenditure value increase was mainly due to increase in fuel prices (petrol & diesel) with effect from 11 May, 2018. The expenditure value increase in the 'Housing, Water, Electricity, Gas and Other fuels' group was also mainly due to increase in prices of kerosene oil and LP Gas with effect from 11 May, 2018 and 28 April, 2018 respectively. 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 'Communication', 'Education' and 'Restaurants & Hotels' groups remained unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	215.28	0.88	0.34	0.55
Vegetables	163.00	0.41		
Fresh fish	63.43	0.16		
Big onions	33.09	0.08		
Limes	24.48	0.06		
Potatoes	22.55	0.06		
Chicken	14.46	0.04		
Eggs	8.34	0.02		
Dried fish	5.44	0.01		
Green chilies	4.89	0.01		
Ginger	3.21	0.01		
Infant milk powder	3.16	0.01		
Milk powder	2.72	0.01		
Coconuts	-44.70		0.11	
Banana	-25.52		0.06	
Papaw	-14.62		0.04	
Mangoes	-11.58		0.03	
Garlic	-8.20		0.02	
Rice	-5.60		0.01	
Gram	-3.12		0.01	
Other food items	-20.17		0.05	
Non Food	239.57	0.63	0.02	0.61
Alcoholic beverages, Tobacco and Narcotics	-9.26		0.02	
<i>Beetle leaves</i>	-13.77		0.03	
<i>Areca nuts</i>	5.52	0.01		
Clothing and Footwear	4.01	0.01		
Housing, Water, Electricity, Gas and Other fuels	82.35	0.21		
<i>Kerosene oil</i>	38.69	0.10		
<i>LP Gas</i>	23.97	0.06		
<i>Materials for the maintenance</i>	19.67	0.05		
Furnishings, Household equipment and Routing household maintenance	4.96	0.01		
Health	29.01	0.07		
<i>Purchase of medical/pharmacy products</i>	19.81	0.05		
<i>Fees to private medical practices</i>	9.20	0.02		
Transport	112.88	0.29		
<i>Petrol</i>	53.40	0.14		
<i>Diesel</i>	16.42	0.04		
<i>Bus fare</i>	25.64	0.06		
<i>Three wheelers fare</i>	8.49	0.02		
<i>Transport for schooling/pre-schooling</i>	9.01	0.02		
Recreation and Culture	6.75	0.02		
Miscellaneous Goods and Services	8.87	0.02		
All Items	454.85			1.15

*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	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
	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

**Note: The percentage of month on month change of index number reported for May 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. The Year on Year inflation reported for May 2018 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 2.1% in May 2018 and inflation calculated for April 2018 was 1.6% (Table 03). Y on Y inflation of food group has increased from -0.3% in April 2018 to 0.0% in May 2018 and that of non-food group has also increased from 3.0% to 3.8% during this month.

Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was -0.02 percent in May 2018 compared to that of May 2017 (Table 04).

Contribution of non food items was 2.05 percent. This was mainly due to expenditure value increases in groups of 'Transport' (0.55%), 'Health' (0.32%), 'Housing, Water, Electricity, Gas and Other fuels' (0.28%), 'Miscellaneous Goods and Services' (0.21%), 'Education' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.15%) and 'Clothing and Footwear' (0.13%). However, decrease in expenditure value was reported for group of 'Communication' (0.01%).

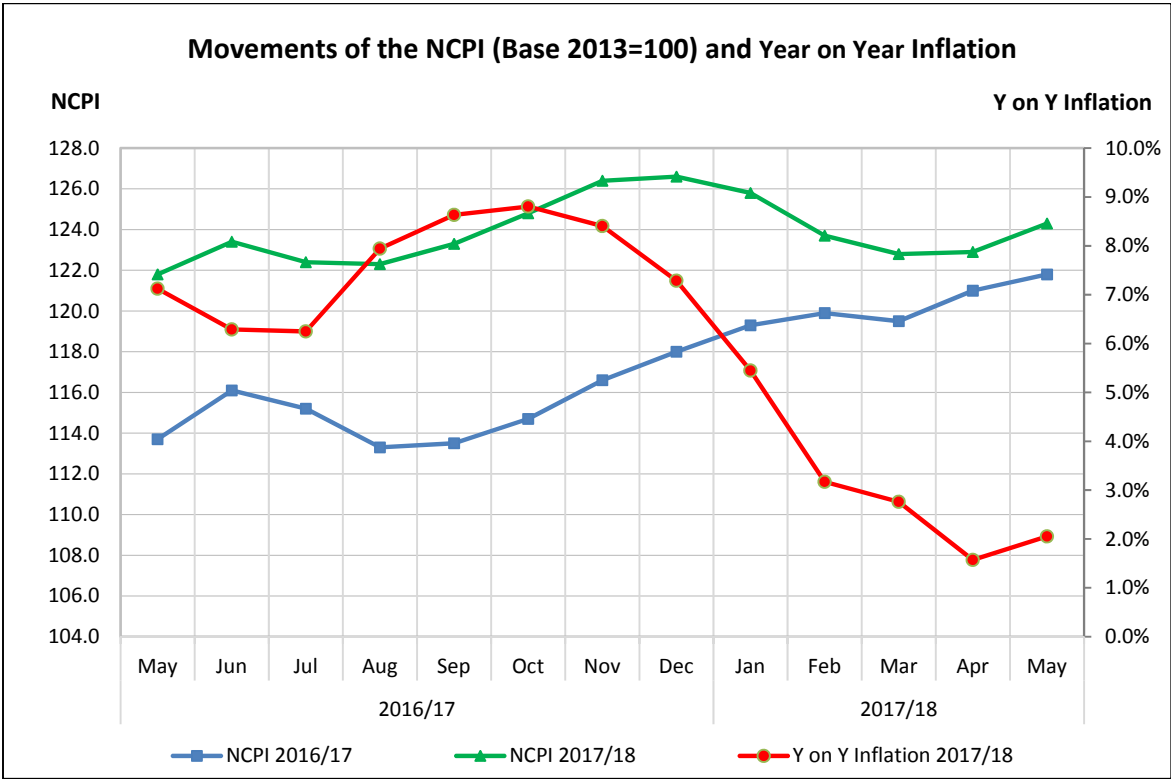
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis
(May 2018 as compared to May 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	-9.04			-0.02
Non Food	801.43	2.05	0.01	2.05
Alcoholic beverages, Tobacco and Narcotics	38.74	0.10		
Clothing and Footwear	51.74	0.13		
Housing, Water, Electricity, Gas and Other fuels	111.12	0.28		
<i>Material for the maintenance</i>	34.05	0.09		
<i>LP Gas</i>	38.26	0.10		
<i>Kerosene oil</i>	38.69	0.10		
Furnishings, Household equipment and Routing household maintenance	59.25	0.15		
Health	126.68	0.32		
<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 private hospitals room charges</i>	59.79	0.15		
Transport	214.33	0.55		
<i>Petrol</i>	76.29	0.19		
<i>Diesel</i>	21.27	0.05		
<i>Bus fare</i>	57.41	0.15		
Communication	-2.10		0.01	
<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	0.13		
Restaurant and Hotels	31.15	0.08		
Miscellaneous Goods and Services	80.84	0.21		
All Items	792.38			2.02

*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 May 2018 is 5.7%. The corresponding rate for the month of April 2018 was 6.1%.



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 Department of Census and Statistics.