



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – OCTOBER 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 October 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 October 2018 was 124.9. An increase of 0.5 index points that is percentage of 0.4 was reported in October 2018 compared to that of September 2018 for which the index was 124.4. This increase represents increase in expenditure value of Rs. 152.19 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 (%)		
	Oct 2017	Sep 2018	Oct 2018	Oct 2017	Sep 2018	Oct 2018	Oct 2017	Sep 2018	Oct 2018
<b>All Items</b>	124.8	124.4	124.9	477.46	-310.38	152.19	1.20	-0.77	0.38
<b>Food and Non Alcoholic Beverages</b>	131.4	122.8	122.7	445.25	-440.17	-13.97	1.12	-1.09	-0.03
<b>Non Food</b>	119.7	125.7	126.6	32.21	129.79	166.15	0.08	0.32	0.42
Alcoholic beverages, Tobacco and Narcotics	178.3	193.7	196.7	2.19	51.45	22.01	0.01	0.13	0.06
Clothing and Footwear	119.1	123.7	124.4	1.47	6.53	7.11	0.00	0.02	0.02
Housing, Water, Electricity, Gas and Other Fuels	116.1	117.6	118.0	9.68	2.83	20.29	0.02	0.01	0.05
Furnishing ,Household equipment and Routine household maintenance	120.9	125.4	125.6	1.27	2.04	1.89	0.00	0.01	0.00
Transport	104.2	116.8	118.9	0.00	31.67	66.39	0.00	0.08	0.17
Restaurants and Hotels	111.7	116.1	117.4	15.58	22.09	16.41	0.04	0.05	0.04
Miscellaneous Goods and Services	129.4	134.3	136.5	2.02	1.12	32.07	0.01	0.00	0.08
Other	126.1	133.4	133.4	0.00	12.06	0.00	0.00	0.03	0.00

\*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in only eight main groups in October 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 October 2018 as compared to September 2018 are given in Table 02. The increase in the index point by 0.38% was due to the expenditure value decreases of food items by 0.03% and increases of non-food items by 0.42% respectively.

#### 2.1.1. Contribution of Food items: -0.03%

As shown in Table 02, the decreases in expenditure value in index were reported for Fresh Fish (0.26%), Eggs (0.06%), Coconuts (0.05%), Papaw (0.05%), Potatoes (0.03%), Dried Fish (0.03%), Chicken (0.02%), Big Onion (0.01%), Coconut Oil (0.01%) and Wheat Flour (0.01%). However, increases in expenditure value in index were reported for Limes (0.17%), Vegetables (0.10%), Rice (0.09%), Sugar (0.03%), Banana (0.03%), Bread (Normal) (0.01%), Cinnamon (0.01%), Pineapple (0.01%), Green Chilies (0.01%), Tamarind (0.01%), Jak and Jak seeds (0.01%) and Garlic (0.01%).

#### 2.1.2. Contribution of Non food items: 0.42%

The increases in expenditure value in index were reported for non food commodity groups of 'Transport' (0.17%), 'Miscellaneous Goods and Services' (0.08%), 'Alcoholic beverages, Tobacco and Narcotics' (0.06%), 'Housing, Water, Electricity, Gas and Other Fuels' (0.05%), 'Restaurants & Hotels' (0.04%) and 'Clothing & Footwear' (0.02%). Further, the group of 'Furnishings, Household equipment and Routing household maintenance' recorded very slight expenditure value increase compared to the previous month. Meanwhile, the expenditure value of 'Health', 'Communication', 'Recreation and Culture' and 'Education' groups remained unchanged during the month.

**Table 02: Contribution to the Increase in NCPI from September 2018 to October 2018 (Base 2013=100)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>-13.97</b>	<b>0.48</b>	<b>0.52</b>	<b>-0.03</b>
Fresh fish	-103.94		0.26	
Eggs	-24.06		0.06	
Coconuts	-19.41		0.05	
Papaw	-18.73		0.05	
Potatoes	-13.68		0.03	
Dried fish	-13.07		0.03	
<i>Sprats (dry)</i>	-7.40		0.02	
Chicken	-6.08		0.02	
Big onions	-3.55		0.01	
Coconut oil	-2.58		0.01	
Wheat Flour	-2.13		0.01	
Limes	69.13	0.17		
Vegetables	39.26	0.10		
Rice	36.55	0.09		
Sugar	13.72	0.03		
Banana	10.80	0.03		
Bread (Nomal)	4.14	0.01		
Cinnamon	2.75	0.01		
Pineapple	2.59	0.01		
Green chilies	2.49	0.01		
Tamarind	2.27	0.01		
Jak and jak seeds	2.04	0.01		
Garlic	2.02	0.01		
Other food items	5.51	0.01		
<b>Non Food</b>	<b>166.15</b>	<b>0.42</b>		<b>0.42</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	22.01	0.06		
<i>Beetle leaves</i>	10.72	0.03		
<i>Areca nuts</i>	3.79	0.01		
<i>Bulathwita/Sarawita</i>	7.32	0.02		
<b>Clothing &amp; Footwear</b>	7.11	0.02		
<b>Housing, Water, Electricity, Gas and Other Fuels</b>	20.29	0.05		
<i>L. P. Gas (monthly average)</i>	18.37	0.05		
<b>Furnishings, Household equipment and Routing household maintenance</b>	1.89	0.00		
<b>Transport</b>	66.39	0.17		
<i>Three Wheelers</i>	3.01	0.01		
<i>Tyres, tubes and spare parts</i>	13.66	0.03		
<i>Petrol and other fuel</i>	24.99	0.06		
<i>Diesel</i>	3.23	0.01		
<i>Train (other than schooling)</i>	6.32	0.02		
<i>bus (other than schooling)</i>	15.03	0.04		
<b>Restaurant and Hotels</b>	16.41	0.04		
<b>Miscellaneous Goods and Services</b>	32.07	0.08		
<b>All Items</b>	<b>152.19</b>			<b>0.38</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 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	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
	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

#### 3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 0.1% in October 2018 and inflation calculated for September 2018 was 0.9% (Table 03). Y on Y inflation of food group has decreased from -4.2% in September 2018 to -6.6% in October 2018 and that of non-food group has increased from 5.2% to 5.8% during this month.

#### Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was -3.04 percent in October 2018 compared to that of October 2017 (Table 04).

Contribution of non food items was 3.10 percent. This was mainly due to expenditure value increases in groups of 'Transport' (1.15%), 'Health' (0.39%), 'Alcoholic beverages, Tobacco and Narcotics' (0.34%), 'Housing, Water, Electricity, Gas and Other fuels' (0.28%), 'Miscellaneous Goods and Services' (0.26%), 'Restaurant and Hotels' (0.18%), 'Education' (0.17%), 'Clothing and Footwear' (0.15%), 'Furnishing Household equipment and Routine household maintenance' (0.12%) and 'Recreation and Culture' (0.07%). However, slight increase in expenditure value was reported for group of 'Communication'.

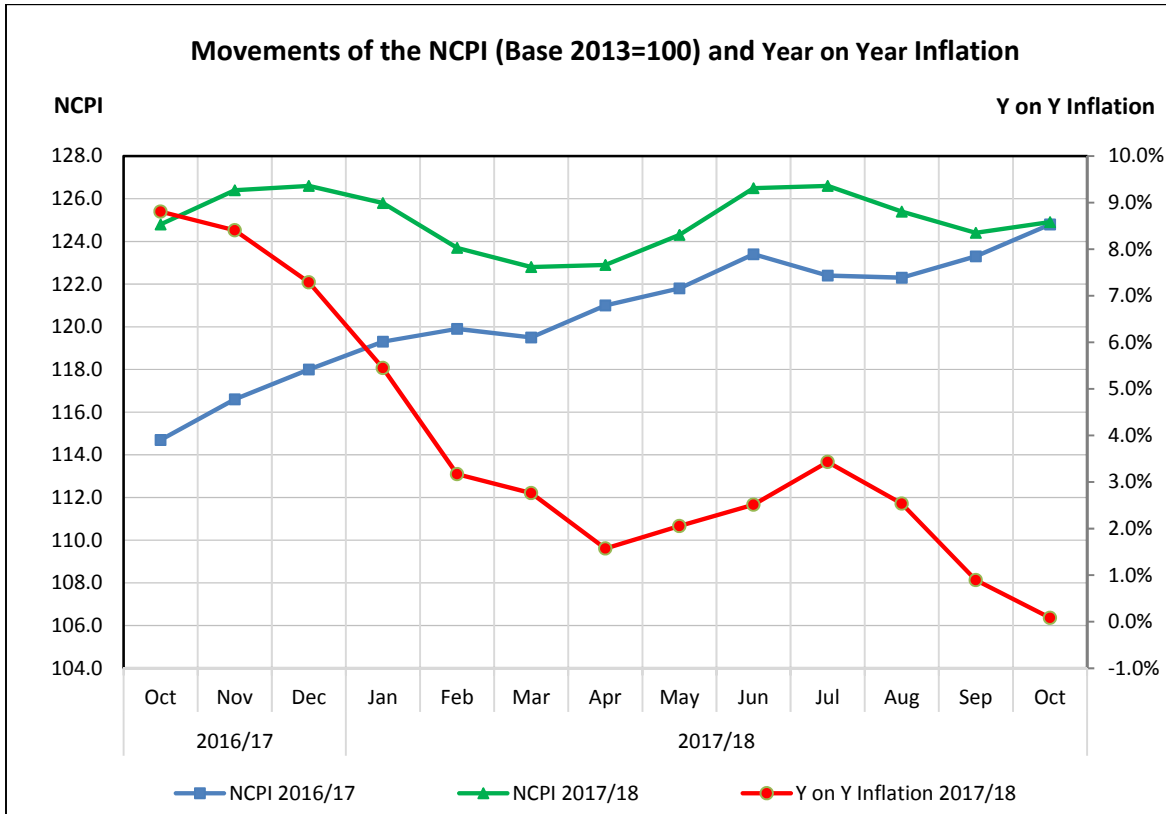
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis (October 2018 as compared to October 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>-1219.70</b>			<b>-3.04</b>
<b>Non Food</b>	<b>1244.91</b>	<b>3.10</b>		<b>3.10</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	134.64	0.34		
<i>Arrack</i>	30.75	0.08		
<i>Cigarettes</i>	24.69	0.06		
<i>Beetle leaves</i>	58.75	0.15		
<i>Areca nuts</i>	13.66	0.03		
<i>Bulathwita/ Sarawita</i>	15.17	0.04		
<b>Clothing and Footwear</b>	58.66	0.15		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	112.21	0.28		
<i>Material for the maintenance</i>	51.39	0.13		
<i>LP Gas</i>	32.84	0.08		
<i>Kerosene oil</i>	26.05	0.06		
<b>Furnishings, Household equipment and Routing household maintenance</b>	49.96	0.12		
<b>Health</b>	158.17	0.39		
<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	0.18		
<i>Payments to private hospitalSs room charges</i>	26.37	0.07		
<b>Transport</b>	460.80	1.15		
<i>Three Wheelers</i>	21.91	0.05		
<i>Tyres, tubes and spare parts</i>	13.66	0.03		
<i>Petrol</i>	184.35	0.46		
<i>Diesel</i>	54.30	0.14		
<i>Train (other than schooling)</i>	6.32	0.02		
<i>bus (other than schooling)</i>	110.88	0.28		
<i>Van (other than schooling)</i>	17.00	0.04		
<i>Taxi/three wheelers (other than schooling)</i>	27.12	0.07		
<i>Transport for schooling/ preschooling</i>	17.73	0.04		
<b>Communication</b>	0.97	0.00		
<b>Recreation and Culture</b>	27.76	0.07		
<b>Education</b>	66.80	0.17		
<i>School fees (International) - Primary</i>	4.73	0.01		
<i>Tuition fees - Secondary</i>	48.38	0.12		
<i>School fees (International) - Primary</i>	7.33	0.02		
<b>Restaurant and Hotels</b>	71.75	0.18		
<b>Miscellaneous Goods and Services</b>	103.17	0.26		
<i>Hand bags/ Traveling bags</i>	35.61	0.09		
<b>All Items</b>	<b>25.22</b>			<b>0.06</b>

\*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 October 2018 is 3.3%. The corresponding rate for the month of September 2018 was 4.0%.



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