



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX – DECEMBER 2016

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 December 2016.

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 been releasing Colombo Consumer Price Index (CCPI) with the base period of 2006/07 from June 2011, 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 December 2016 was 118.0. An increase of 1.4 index points or a percentage of 1.2 was noted in December 2016 compared to November 2016 for which the index was 116.6. This increase represents an expenditure value of Rs. 440.43 in the "Market Basket".

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 (%)		
	Dec 2015	Nov 2016	Dec 2016	Dec 2015	Nov 2016	Dec 2016	Dec 2015	Nov 2016	Dec 2016
All Items	113.2	116.6	118.0	364.04	616.64	440.43	1.01	1.67	1.18
Food and Non Alcoholic Beverages	116.5	115.9	119.2	321.07	183.59	469.50	0.89	0.50	1.25
Non Food	110.6	117.2	117.0	42.98	433.05	-29.07	0.12	1.17	-0.08
Alcoholic beverages, Tobacco and Narcotics	142.7	183.9	177.6	35.47	86.97	-45.37	0.10	0.24	-0.12
Clothing & Footwear	113.0	116.0	116.3	-2.11	4.47	3.93	-0.01	0.01	0.01
Housing, Water, Electricity, Gas and Other fuels	114.2	115.3	115.3	-22.81	26.80	-2.72	-0.06	0.07	-0.01
Furnishing, Household equipment and Routine household maintenance	111.5	114.6	115.4	11.81	7.50	7.90	0.03	0.02	0.02
Transport	95.6	99.4	99.6	17.99	0.35	4.86	0.05	0.00	0.01
Recreation and Culture	108.8	112.3	109.8	0.00	15.30	-12.77	0.00	0.04	-0.03
Restaurants and Hotels	104.8	108.1	109.3	0.12	0.20	14.46	0.00	0.00	0.04
Other	112.2	125.2	125.2	2.50	291.47	0.63	0.01	0.79	0.00

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted in eight main groups in December 2016, details on which are given in Table 02.

2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (December 2016 compared to November 2016) are given in Table 02. The increase in the index point by 1.18% was due to the expenditure value increase of food items by 1.25% and expenditure value decrease of non-food items by 0.08%.

2.1.1. Contribution of Food and non alcoholic beverages items: + 1.25%

As shown in Table 02, the increases in expenditure value in index were reported for Rice (0.78%), Coconut (0.20%), Fresh fish (0.07%), Big onions (0.06%), Potatoes (0.06%), Papaw (0.06%), Vegetables (0.06%), Eggs (0.05%), Coconut oil (0.04%), Green chilies (0.02%) and Beef (0.02%). However, decreases in expenditure value in index were reported for Limes (0.12%), Chicken (0.04%), Banana (0.02%), Mangoes (0.02%), Dried chilies (0.01%), Pineapple (0.01%) and Dried fish (0.01%).

2.1.2. Contribution of Non food items: - 0.08%

The decreases in expenditure value in index were reported for non food commodity groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.12%), 'Recreation and Culture' (0.03%) and 'Housing, Water, Electricity, Gas and Other fuels' (0.01%). However, the increases in expenditure value in index were reported for non food commodity groups of 'Restaurant and Hotels' (0.04%), 'Furnishing, Household equipment and Routine household maintenance' (0.02%), 'Transport' (0.01%), and 'Clothing and Footwear' (0.01%). The group of 'Miscellaneous Goods and Services' recorded very slight expenditure value increase compared to the previous month. The expenditure value of 'Health', 'Communication' and 'Education' groups remain unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis
(December 2016 compared to November 2016)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase %	Decrease %	Net effect %
Food	469.50	1.49	0.23	1.25
Rice	292.05	0.78		
Chicken	-16.45		0.04	
Beef	8.63	0.02		
Fresh fish	24.43	0.07		
Dried fish	-4.21		0.01	
<i>Sprats (dry)</i>	-2.64		0.01	
Eggs	20.54	0.05		
Coconut	75.90	0.20		
Coconut oil	15.52	0.04		
Vegetables	23.38	0.06		
Potatoes	22.84	0.06		
Big Onions	23.07	0.06		
Dried chilies	-5.62		0.01	
Green chilies	9.01	0.02		
Limes	-43.36		0.12	
Banana	-7.12		0.02	
Mangoes	-6.12		0.02	
Papaw	21.46	0.06		
Pineapple	-5.17		0.01	
Other food items	20.73	0.06		
Non Food	-29.07	0.08	0.16	-0.08
Alcoholic beverages, Tobacco and Narcotics	-45.37		0.12	
<i>Arrack</i>	5.65	0.02		
<i>Beetle leaves</i>	-38.68		0.10	
<i>Areca nuts</i>	-14.37		0.04	
Clothing and Footwear	3.93	0.01		
<i>Clothing</i>	3.93	0.01		
Housing, Water, Electricity, Gas and Other fuels	-2.72		0.01	
<i>L.P. Gas</i>	-2.72		0.01	
Furnishing, Household equipment and Routine household maintenance	7.90	0.02		
Transport	4.86	0.01		
<i>Airline fees</i>	4.86	0.01		
Recreation and Culture	-12.77		0.03	
Restaurants and Hotels	14.46	0.04		
Miscellaneous Goods and Services	0.63	0.00		
All Items	440.43			1.18

*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.
2015	December	113.2	1.1	4.2	3.8	2.0	2.6	5.2	0.3	5.6	2.6
2016	January	112.0	-1.1	-0.7	2.9	-2.3	-4.2	3.3	-0.1	2.2	2.6
	February	110.8	-1.1	1.7	2.6	-2.6	-0.6	2.3	0.2	3.7	2.8
	March	110.0	-0.7	2.2	2.4	-1.7	0.5	1.7	0.2	3.5	2.9
	April	111.6	1.5	4.3	2.6	2.2	4.9	1.8	0.8	3.8	3.1
	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

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 4.2% in December 2016 and inflation calculated for November 2016 was 4.1% (Table 03). Y on Y inflation of food group reported for the month of December 2016 was 2.3% while that for non food group was 5.8%.

3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 1.06 percent in December 2016 compared to December 2015 (Table 04).

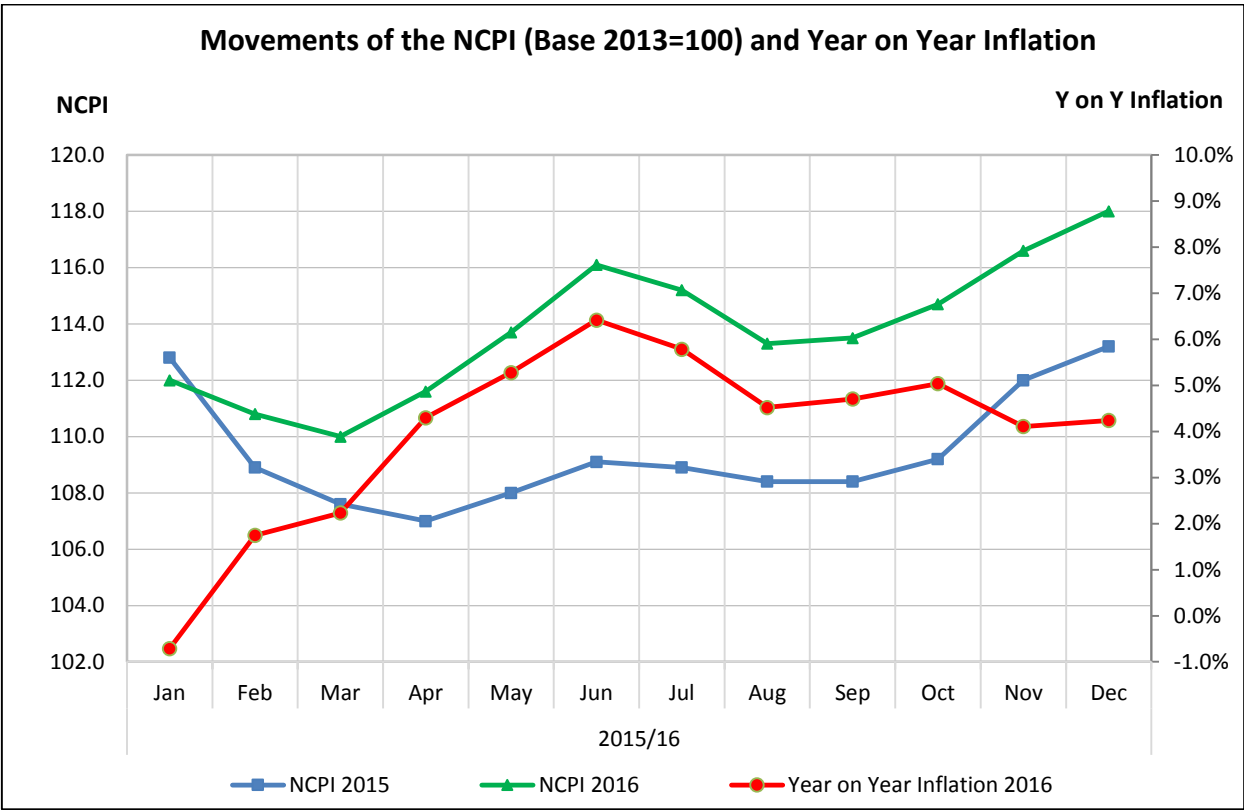
Contribution of non food items was 3.18 percent. This was mainly due to expenditure value increases in 'Health' (0.86%), 'Alcoholic beverages, Tobacco and Narcotics' (0.70%), 'Communication' (0.36%), 'Transport' (0.34%), 'Miscellaneous Goods and Services' (0.32%), 'Housing, Water, Electricity, Gas and Other fuels' (0.18%), 'Restaurant and Hotels' (0.16%), 'Furnishing Household equipment and Routine household maintenance' (0.11%), and 'Clothing and Footwear' (0.10%).

**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis
(December 2016 compared to December 2015)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase %	Decrease %	Net effect %
Food	386.57			1.06
Non Food	1157.05	3.18		3.18
Alcoholic beverages, Tobacco and Narcotics	254.39	0.70		
<i>Arrack</i>	84.83	0.23		
<i>Cigarettes</i>	76.15	0.21		
<i>Beedi</i>	32.99	0.09		
<i>Beetle leaves</i>	14.07	0.04		
<i>Bulathwita/Sarawita</i>	46.32	0.13		
Clothing and Footwear	36.86	0.10		
<i>Clothing</i>	36.82	0.10		
Housing, Water, Electricity, Gas and Other fuels	64.42	0.18		
<i>Material for the maintenance</i>	62.58	0.17		
<i>L.P. Gas</i>	-2.72		0.01	
Furnishings, Household equipment and Routing household maintenance	41.67	0.11		
Health	314.49	0.86		
<i>Purchase of medical/ pharmacy products</i>	-11.80		0.03	
<i>Consultation fees to specialists</i>	17.72	0.05		
<i>Fees to private medical practices</i>	133.02	0.37		
<i>Payments. to medical laboratories</i>	22.41	0.06		
<i>Payments to private hospitals/ nursing homes</i>	152.32	0.42		
Transport	125.45	0.34		
<i>Purchase of vehicles</i>	27.09	0.07		
<i>Cost of servicing of vehicles</i>	60.57	0.17		
<i>Bus (other than schooling)</i>	49.54	0.14		
<i>Airline fees</i>	-14.74		0.04	
Communication	130.43	0.36		
<i>Telephone charges - Home fixed phone</i>	41.23	0.11		
<i>Telephone charges - Mobile</i>	88.03	0.24		
Recreation and Culture	5.35	0.01		
Education	10.78	0.03		
Restaurant and Hotels	56.81	0.16		
Miscellaneous Goods and Services	116.40	0.32		
All Items	1543.63			4.24

3.2. Moving Average Inflation

The moving average inflation for the month of December 2016 is 4.0%. The moving average inflation remained unchanged for three consecutive months from October 2016.



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 Department of Census and Statistics.