



## WEB RELEASE

### THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – JULY 2020

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#### 1. Introduction

The Department of Census and Statistics (DCS) has released the National Consumer Price Index (NCPI) and Inflation rate for the month of July 2020.

The NCPI has been released 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 every 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 once every two weeks (e.g. leafy vegetables, dried fish, spices, etc.), monthly (e.g. Textile, Footwear, Non-durable household goods etc.) or quarterly (e.g. Consumer durables (furniture), Building materials, Pharmaceutical items etc.). The frequency of price collection is determined by on an average how frequently price changes take place.

#### 2. Month on Month (M on M) change of NCPI:

The NCPI for all items for the month of July 2020 was 137.3. It records no change in index point and percentage point compared to June 2020 for which the index was 137.3.

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**

Main Group	Index Number			Monthly Changes of the Expenditure Value (Rs.)			Monthly changes of the index (%)		
	July 2019	June 2020	July 2020	July 2019	June 2020	July 2020	July 2019	June 2020	July 2020
<b>All Items</b>	129.4	137.3	137.3	72.00	613.61	0.13	0.17	1.41	0.00
<b>Food and Non Alcoholic Beverages</b>	126.5	143.2	142.8	44.62	600.11	-64.69	0.11	1.38	-0.15
<b>Non Food</b>	131.7	132.6	133.0	27.37	13.50	64.82	0.07	0.03	0.15
Alcoholic Beverages, Tobacco and Narcotics	201.9	204.3	207.1	-0.27	-4.17	20.12	0.00	-0.01	0.05
Clothing and Footwear	128.9	132.0	132.3	3.74	5.67	4.26	0.01	0.01	0.01
Health	163.2	163.9	165.4	3.38	4.53	20.59	0.01	0.01	0.05
Restaurants and Hotels	119.7	120.9	122.9	0.00	8.20	25.75	0.00	0.02	0.06
Miscellaneous Goods and Services	142.3	144.4	143.9	3.91	-1.36	-6.63	0.01	0.00	-0.02
Other Groups	124.4	124.9	124.9	16.60	0.64	0.73	0.04	0.00	0.00

Note 1: There are 12 main groups of the market basket. Monthly significant changes were noted in six main groups in July 2020, details on which are given in Table 02.

Note 2: For the July 2020, insignificant groups 'Furnishing, Household Equipment and Routine Household Maintenance', 'Transport' and unchanged groups 'Housing, Water, Electricity, Gas and Other Fuels', 'Communication', 'Recreation and Culture' and 'Education' are considered as the 'Other Groups'.

### Contribution to Month-on-Month Changes:

Contributions to the NCPI on Month-on-Month basis (July 2020 as compared to June 2020) are given in Table 02. The month-on-month change was contributed by decrease of index value of food items by 0.15% and increase of index value of non-food items by 0.15% respectively.

#### 2.1.1. Contribution of Food items: -0.15%

As shown in Table 02, the decreases in index values were reported for Vegetables (0.20%), Red Onions (0.12%), Limes (0.08%), Rice (0.05%), Garlic (0.03%), Big Onions (0.02%), Dried chilies (0.02%), Dried fish (0.02%), Coconuts (0.02%), Sugar (0.01%), Bread fruit (0.01%), Mysore dhal (0.01%), Chili powder (0.01%), Pepper (0.01%), Curry powder (0.01%) and Gram (0.01%). However, increases in index values were reported for Potatoes (0.11%), Fresh fruits (0.10%), Turmeric powder (0.09%), Green Chilies (0.05%), Biscuits (0.04%), Eggs (0.02%), Fresh fish (0.01%), Chicken (0.01%), Rice flour (0.01%), Papadam (0.01%) and Noodles (0.01%).

#### 2.1.2. Contribution of Non-food items: 0.15%

The increases in index values of non-food groups in July 2020 compared to the previous month was due to the price increases in groups of items 'Alcoholic Beverages, Tobacco & Narcotics' (*Arecanuts*) (0.05%) 'Clothing and Footwear' (0.01%), 'Health' (Payments to private hospitals room charges) (0.05%) and 'Restaurants and Hotels' (0.06%). However, price decrease in group of items was reported for 'Miscellaneous Goods and Services' (0.02%). Further, very slight price increases were reported in group of 'Transport' and very slight price decrease was reported in group of 'Furnishing, Household equipment Routine household maintenance' compared to the preceding month. Meanwhile, the price indices of 'Housing, Water, Electricity, Gas and Other fuels', 'Communication', 'Recreation and Culture' and 'Education' groups remained unchanged during the month.

**Table 02: Contribution to the change in NCPI (Base 2013=100) on Month-on-Month basis  
(July 2020 as compared to June 2020)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>-64.69</b>	<b>0.48</b>	<b>0.63</b>	<b>-0.15</b>
Vegetables	-89.49		0.20	
Red onions	-54.50		0.12	
Limes	-33.66		0.08	
Rice	-20.82		0.05	
Garlic	-14.71		0.03	
Big onions	-8.95		0.02	
Dried chillies	-8.23		0.02	
Dried fish	-7.98		0.02	
<i>Sprats (dry)</i>	<i>-10.08</i>		<i>0.02</i>	
Coconuts	-7.85		0.02	
Sugar	-5.32		0.01	
Bread fruit	-4.83		0.01	
Mysour Dhal	-4.82		0.01	
Chilly powder	-4.76		0.01	
Pepper	-4.76		0.01	
Curry powder	-2.95		0.01	
Gram	-2.27		0.01	
Potatoes	47.85	0.11		
Fresh fruits	44.46	0.10		
<i>Banana</i>	<i>44.72</i>	<i>0.10</i>		
Turmeric powder	39.02	0.09		
Green chillies	20.89	0.05		
Biscuits	15.51	0.04		
Eggs	10.20	0.02		
Fresh fish	5.80	0.01		
Chicken	5.39	0.01		
Rice flour	4.57	0.01		
Papadam	3.82	0.01		
Noodles	2.29	0.01		
Other food items	11.38	0.03		
<b>Non Food</b>	<b>64.82</b>	<b>0.17</b>	<b>0.02</b>	<b>0.15</b>
<b>Alcoholic Beverages, Tobacco &amp; Narcotics</b>	20.12	0.05		
<i>Betel leaves</i>	<i>-10.44</i>		<i>0.02</i>	
<i>Arecanuts</i>	<i>28.27</i>	<i>0.06</i>		
<b>Clothing and Footware</b>	4.26	0.01		
<b>Health</b>	20.59	0.05		
<i>Purchase of medical/ pharmacy products</i>	<i>2.63</i>	<i>0.01</i>		
<i>Payments to private hospitals room charges</i>	<i>17.96</i>	<i>0.04</i>		
<b>Restaurants and Hotels</b>	25.75	0.06		
<b>Miscellaneous Goods and Services</b>	-6.63		0.02	
<b>Other Groups</b>	0.73	0.00		
<b>All Items</b>	<b>0.13</b>			<b>0.00</b>

### 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 the 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	All Item				Food				Non Food			
		Index Number	% Change Month on Month	Inflation %		Index Number	% Change Month on Month	Inflation %		Index Number	% 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.
2019	July	129.4	0.2	2.2	1.9	126.5	0.3	-2.5	-3.1	131.7	0.1	6.1	6.0
	August	129.7	0.2	3.4	2.0	126.8	0.2	0.6	-3.0	132.0	0.2	5.6	6.1
	September	130.6	0.7	5.0	2.3	128.8	1.6	4.9	-2.3	132.1	0.1	5.1	6.1
	October	131.9	1.0	5.6	2.8	131.7	2.3	7.3	-1.1	132.0	-0.1	4.3	6.0
	November	132.9	0.8	4.1	3.0	134.1	1.8	4.0	-0.5	132.0	0.0	4.2	5.9
	December	135.0	1.6	6.2	3.5	139.5	4.0	8.6	0.7	131.4	-0.5	4.2	5.8
2020	January	137.0	1.5	7.6	4.1	143.0	2.5	13.7	2.2	132.3	0.7	3.0	5.5
	February	137.0	0.0	8.1	4.5	142.9	-0.1	16.3	3.8	132.4	0.1	2.1	5.1
	March	135.2	-1.3	7.0	4.9	138.5	-3.1	14.1	5.1	132.6	0.2	1.8	4.7
	April	134.8	-0.3	5.9	5.1	137.5	-0.7	12.2	6.2	132.6	0.0	1.1	4.2
	May	135.4	0.4	5.2	5.2	139.0	1.1	11.1	7.2	132.6	0.0	0.8	3.7
	June	137.3	1.4	6.3	5.6	143.2	3.0	13.6	8.6	132.6	0.0	0.8	3.2
	July	137.3	0.0	6.1	5.9	142.8	-0.3	12.9	9.9	133.0	0.3	1.0	2.8

#### 3.1. Year-on-Year Inflation

The overall rate of inflation as measured by NCPI on Year-on-Year basis is 6.1% in July 2020 and inflation calculated for June 2020 was 6.3% (Table 03). Year-on-Year inflation of food group has decreased from 13.6% in June 2020 to 12.9% in July 2020 while that of non-food group has increased from 0.8% to 1.0% during the month.

#### Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 5.55 percent in July 2020 compared to that of July 2019 (Table 04).

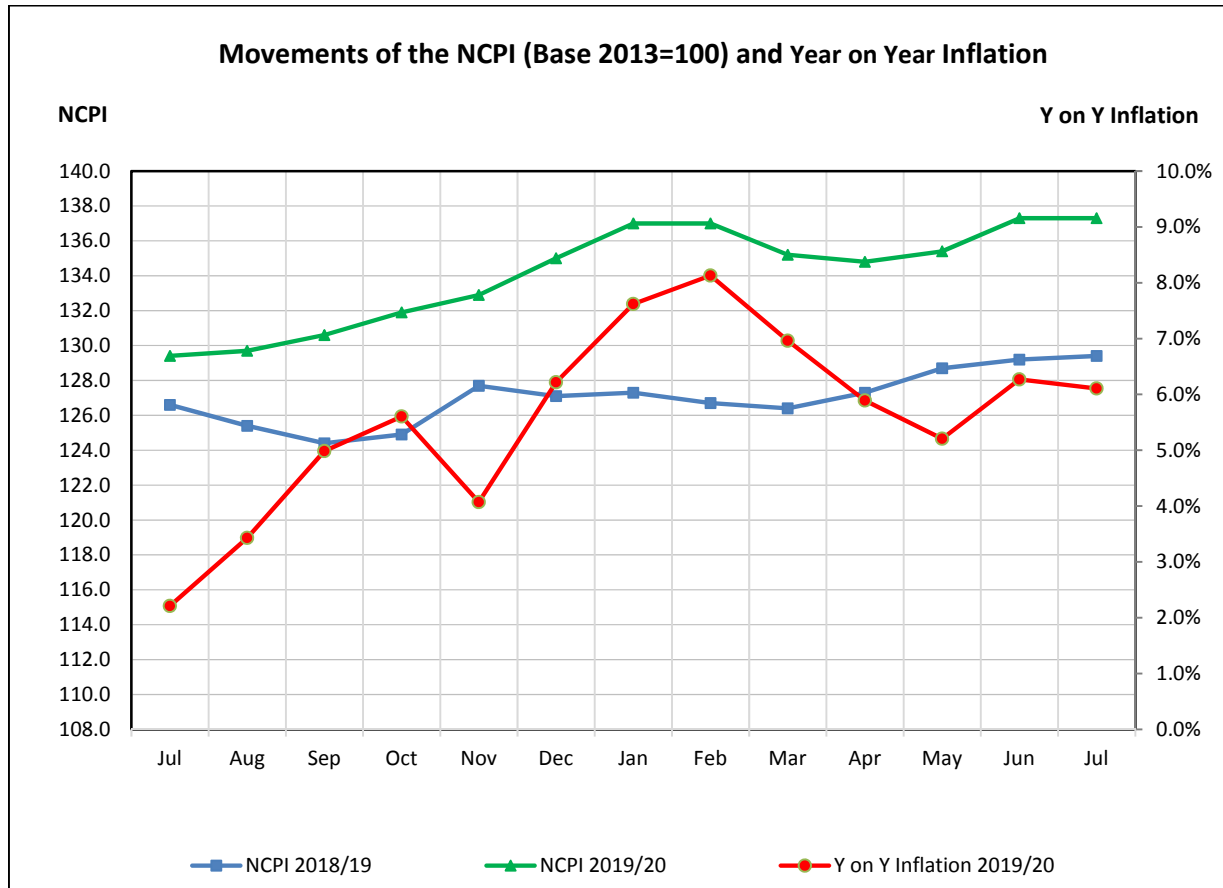
Contribution of non-food items was 0.54 percent. This was mainly due to price increases in groups of 'Education' (0.15%), 'Transport' (0.10%), 'Housing, Water, Electricity, Gas and Other fuels' (0.10%), 'Restaurant and Hotels' (0.10%), 'Clothing and Footwear' (0.09%), 'Alcoholic beverages, Tobacco and Narcotics' (0.09%), 'Health' (0.07%), 'Miscellaneous Goods and Services' (0.06%) and 'Furnishing, Household equipment and Routine household maintenance' (0.02%). However, decrease in prices was reported for group of 'Communication' (0.22%). Further very slight price decrease was reported in group of 'Recreation and Culture'.

**Table 04: Contribution to the increase in NCPI (Base 2013=100) on Year-on-Year basis  
(July 2020 as compared to July 2019)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>2306.87</b>			<b>5.55</b>
<i>Coconuts</i>	557.08	1.34		
<i>Rice</i>	496.21	1.19		
<i>Coconut oil</i>	242.66	0.58		
<i>Turmeric powder</i>	161.15	0.39		
<i>Fresh fish</i>	148.01	0.36		
<i>Sugar</i>	139.70	0.34		
<b>Non Food</b>	<b>226.19</b>	<b>0.77</b>	<b>0.23</b>	<b>0.54</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	37.53	0.09		
<i>Betel leaves</i>	-19.06		0.05	
<i>Arecanuts</i>	36.47	0.09		
<i>Bulathwita</i>	9.21	0.02		
<b>Clothing and Footwear</b>	37.74	0.09		
<i>Clothing</i>	37.74	0.09		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	42.37	0.10		
<i>Housing Rent</i>	79.51	0.19		
<i>Material for the maintenance</i>	-4.02		0.01	
<i>Water Bill</i>	-6.75		0.02	
<i>LP Gas</i>	-27.15		0.07	
<b>Furnishings, Household equipment and Routing household maintenance</b>	8.29	0.02		
<b>Health</b>	29.12	0.07		
<i>Purchase of medical/pharmacy products</i>	9.60	0.02		
<i>Fees to private medical practices</i>	16.91	0.04		
<i>Consultation fees to specialists</i>	3.29	0.01		
<i>Payments to medical laboratories</i>	14.25	0.03		
<i>Payments to private hospitals room charges</i>	-14.93		0.04	
<b>Transport</b>	40.77	0.10		
<i>Purchase of vehicles</i>	29.25	0.07		
<i>Petrol</i>	-8.58		0.02	
<i>Air line fare</i>	18.12	0.04		
<b>Communication</b>	-92.97		0.22	
<i>Telephone charges - Home fixed phone</i>	-31.73		0.08	
<i>Telephone charges - mobile</i>	-58.64		0.14	
<i>Email/internet charges</i>	-2.61		0.01	
<b>Recreation and Culture</b>	-0.72		0.00	
<b>Education</b>	60.99	0.15		
<i>Tuition fees</i>	39.38	0.09		
<i>International School fees</i>	21.09	0.05		
<b>Restaurant and Hotels</b>	39.80	0.10		
<b>Miscellaneous Goods and Services</b>	23.26	0.06		
<b>All Items</b>	<b>2533.06</b>			<b>6.09</b>

### 3.2. Moving Average Inflation

The moving average inflation for the month of July 2020 is 5.9%. The corresponding rate for the month of June 2020 was 5.6%.



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