



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX – AUGUST 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 August 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 August 2017 was 122.3. A decrease of 0.1 index points or a percentage of 0.1 was noted in August 2017 compared to that of July 2017 for which the index was 123.4. This decrease represents decrease in expenditure value of Rs. 37.27 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 (%)		
	Aug 2016	July 2017	Aug 2017	Aug 2016	July 2017	Aug 2017	Aug 2016	July 2017	Aug 2017
<b>All Items</b>	113.3	122.4	122.3	-633.70	-332.02	-37.27	-1.71	-0.84	-0.09
<b>Food and Non Alcoholic Beverages</b>	112.4	126.7	126.0	-668.86	-355.62	-99.74	-1.81	-0.90	-0.25
<b>Non Food</b>	113.9	119.0	119.4	35.16	23.60	62.47	0.09	0.06	0.16
Alcoholic beverages, Tobacco and Narcotics	157.0	175.7	176.5	35.40	8.13	6.10	0.10	0.02	0.02
Clothing and Footwear	114.9	118.3	118.6	4.28	2.57	3.52	0.01	0.01	0.01
Furnishing ,Household equipment and Routine household maintenance	113.7	120.1	120.5	4.55	4.01	4.87	0.01	0.01	0.01
Health	129.2	136.0	138.6	-20.89	-33.62	33.42	-0.06	-0.08	0.08
Transport	99.4	104.1	104.2	50.27	31.77	4.47	0.14	0.08	0.01
Education	114.6	119.6	120.0	0.00	0.00	3.48	0.00	0.00	0.01
Miscellaneous Goods and Services	116.4	128.7	129.0	14.28	10.55	5.28	0.04	0.03	0.01
Other	112.6	115.2	115.2	-52.73	0.20	1.33	-0.14	0.00	0.00

*\*Note: There are 12 main groups of the market basket. Monthly significant changes were noted only in eight main groups in August 2017,*

## 2.1. Contribution to M on M Changes:

Contributions to the decrease in NCPI on month on month basis (August 2017 compared to July 2017) are given in Table 02. The decrease in the index point by 0.09% was due to the expenditure value decrease of food items by 0.25% and increase of non-food items by 0.16%.

### 2.1.1. Contribution of Food items: - 0.25%

As shown in Table 02, the decreases in expenditure value in index were reported for Vegetables (0.29%), Red onions (0.18%), Garlic (0.07%), Fresh fish (0.06%), Rice (0.04%), Coconut oil (0.02%), Chilly powder (0.01%) and Chicken (0.01%). However, increases in expenditure value in index were reported for Big onions (0.13%), Banana (0.10%), Coconuts (0.07%), Potatoes (0.03%), Limes (0.02%), Tea dust (0.02%). Mangoes (0.02%). Sprats(dry) (0.01%) and Green chilies (0.01%).

### 2.1.2. Contribution of Non food items: 0.16%

The increases in expenditure value in index were reported for non food commodity groups of 'Health' (0.08%), 'Alcoholic beverages, Tobacco and Narcotics' (0.02%), 'Miscellaneous Goods and Services' (0.01%), 'Furnishing, Household equipment and Routine household maintenance' (0.01%), 'Transport' (0.01%), 'Clothing and Footwear' (0.01%) and 'Education' (0.01%). Further, the groups of 'Housing, Water, Electricity, Gas and Other fuels' and 'Communication' recorded very slight expenditure value increases compared to the previous month. The expenditure value of 'Recreation and Culture' and 'Restaurant and Hotels' groups remained unchanged during the month.

**Table 02: Contribution to the decrease in NCPI (Base 2013=100) on month on month basis  
(August 2017 compared to July 2017)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>-99.74</b>	<b>0.43</b>	<b>0.69</b>	<b>-0.25</b>
Vegetables	-113.98		0.29	
Red onions	-70.89		0.18	
Garlic	-27.94		0.07	
Fresh fish	-24.17		0.06	
Rice	-17.42		0.04	
Coconut oil	-9.40		0.02	
Chilly powder	-3.65		0.01	
Chicken	-2.32		0.01	
Big onions	50.31	0.13		
Banana	39.43	0.10		
Coconuts	28.77	0.07		
Potatoes	12.51	0.03		
Limes	8.34	0.02		
Tea dust	6.86	0.02		
Mangoes	6.80	0.02		
Sprats(dry)	5.87	0.01		
Green chilies	3.17	0.01		
Other food items	7.99	0.02		
<b>Non Food</b>	<b>62.47</b>	<b>0.16</b>		<b>0.16</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	6.10	0.02		
<i>Areca nuts</i>	5.77	0.01		
<b>Clothing and Footwear</b>	3.52	0.01		
<b>Furnishing, Household equipment and Routine household maintenance</b>	4.87	0.01		
<b>Health</b>	33.42	0.08		
<i>Payments to private hospitals room charges</i>	33.42	0.08		
<b>Transport</b>	4.47	0.01		
<i>Airline fare</i>	2.57	0.01		
<b>Education</b>	3.48	0.01		
<i>Vocational training course fees</i>	3.48	0.01		
<b>Miscellaneous Goods and Services</b>	5.28	0.01		
<b>Other groups</b>	1.33	0.00		
<b>All Items</b>	<b>-37.27</b>			<b>-0.09</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 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.
2016	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
	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

\*Note: The Year on Year inflation reported for August 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 7.9% in August 2017 and inflation calculated for July 2017 was 6.3% (Table 03). Y on Y inflation of food group reported for the month of August 2017 was 12.1% while that for non food group was 4.8%. The reported increase in inflation is mainly because of the low price levels prevailed in August 2016.

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

On year on year basis, contribution of food commodities to inflation was 5.29 percent in August 2017 compared to that of August 2016 (Table 04).

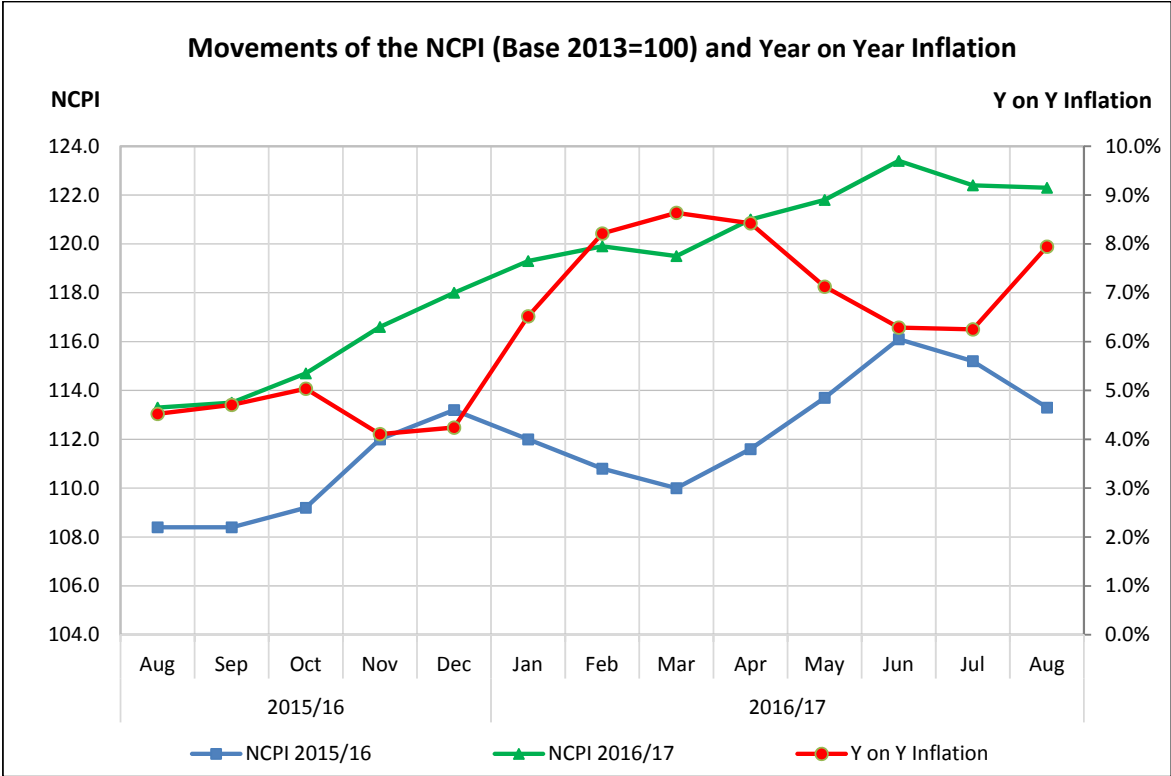
Contribution of non food items was 2.68 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.50%), 'Transport' (0.41%), 'Alcoholic beverages, Tobacco and Narcotics' (0.39%), 'Health' (0.33%), 'Communication' (0.32%), 'Furnishing Household equipment and Routine household maintenance' (0.20%), 'Housing, Water, Electricity, Gas and Other fuels' (0.16%), 'Education' (0.13%) and 'Clothing and Footwear' (0.11%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
<b>Food</b>	<b>1925.36</b>			<b>5.29</b>
<b>Non Food</b>	<b>975.76</b>	<b>2.68</b>		<b>2.68</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	142.51	0.39		
<i>Arrack</i>	84.80	0.23		
<i>Cigarettes</i>	74.08	0.20		
<i>Beedi</i>	26.93	0.07		
<i>Beetle leaves</i>	14.07	0.04		
<i>Bulathwita/Sarawita</i>	-57.96		0.16	
<b>Clothing and Footwear</b>	40.72	0.11		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	57.77	0.16		
<i>Material for the maintenance</i>	61.98	0.17		
<i>Kerosene oil</i>	-5.01		0.01	
<b>Furnishings, Household equipment and Routing household maintenance</b>	72.83	0.20		
<b>Health</b>	121.89	0.33		
<i>Purchase of medical/ pharmacy products</i>	-7.82		0.02	
<i>Consultation fees to specialists</i>	6.74	0.02		
<i>Fees to private medical practices</i>	53.41	0.15		
<i>Payments. to medical laboratories</i>	-44.82		0.12	
<i>Payments to private hospitals room charges</i>	113.55	0.31		
<b>Transport</b>	150.61	0.41		
<i>Purchase of vehicles</i>	52.55	0.14		
<i>Cost of servicing of vehicles</i>	32.05	0.09		
<i>Bus fare</i>	31.77	0.09		
<i>Airline fare</i>	8.64	0.02		
<b>Communication</b>	114.90	0.32		
<i>Telephone charges - Home fixed phone</i>	36.38	0.10		
<i>Telephone charges - Mobile</i>	78.17	0.21		
<b>Recreation and Culture</b>	10.30	0.03		
<b>Education</b>	48.26	0.13		
<b>Restaurant and Hotels</b>	32.26	0.09		
<b>Miscellaneous Goods and Services</b>	183.72	0.50		
<b>All Items</b>	<b>2901.12</b>			<b>7.97</b>

### 3.2. Moving Average Inflation

The moving average inflation for the month of August 2017 is 6.5%. The corresponding rate for the month of July 2017 was 6.2%.



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 Department of Census and Statistics.