



## **PRESS RELEASE**

### **THE NATIONAL CONSUMER PRICE INDEX – JUNE 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 June 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 June 2017 was 123.4. An increase of 1.6 index points or a percentage of 1.3 was noted in June 2017 compared to that of May 2017 for which the index was 121.8. This increase represents increase in expenditure value of Rs. 517.66 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 (%)		
	June 2016	May 2017	June 2017	June 2016	May 2017	June 2017	June 2016	May 2017	June 2017
<b>All Items</b>	116.1	121.8	123.4	794.48	251.00	517.66	2.17	0.65	1.32
<b>Food and Non Alcoholic Beverages</b>	119.0	125.6	129.2	751.95	167.71	507.49	2.06	0.43	1.30
<b>Non Food</b>	113.9	118.8	118.9	42.53	83.28	10.17	0.12	0.21	0.03
Alcoholic beverages, Tobacco and Narcotics	151.7	173.5	174.6	-16.94	-8.82	7.74	-0.05	-0.02	0.02
Clothing and Footwear	114.6	117.8	118.1	7.58	4.12	2.57	0.02	0.01	0.01
Furnishing ,Household equipment and Routine household maintenance	112.9	117.6	119.7	3.40	5.83	22.39	0.01	0.01	0.06
Health	133.3	141.2	138.6	0.00	1.74	-33.62	0.00	0.00	-0.09
Miscellaneous Goods and Services	113.7	127.2	128.0	9.37	38.88	11.09	0.03	0.10	0.03
Other	109.7	112.4	112.4	39.12	41.54	0.00	0.11	0.11	0.00

*\*Note: There are 12 main groups of the market basket. Monthly significant changes were noted only in six main groups in June 2017, 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 (June 2017 compared to May 2017) are given in Table 02. The increase in the index point by 1.32% was due to the expenditure value increases of food items by 1.30% and non-food items by 0.03% respectively.

### 2.1.1. Contribution of Food items: 1.30%

As shown in Table 02, the increases in expenditure value in index were reported for Vegetables (0.44%), Rice (0.42%), Fresh fish (0.25%), Green chilies (0.23%), Red onions (0.19%), Dried fish (0.04%), Chicken (0.03%), Garlic (0.02%), Tea (0.02%) and Limes (0.01%). However, decreases in expenditure value in index were reported for Banana (0.16%), Coconuts (0.12%), Coconut oil (0.03%), Tamarind (0.02%), Papaw (0.01%), Eggs (0.01%) and Big onions (0.01%).

### 2.1.2. Contribution of Non food items: 0.03%

The increases in expenditure value in index were reported for non food commodity groups of 'Furnishing, Household equipment and Routine household maintenance' (0.06%), 'Miscellaneous Goods and Services' (0.03%), 'Alcoholic beverages, Tobacco and Narcotics' (0.02%) and 'Clothing and Footwear' (0.01%). However, expenditure value decrease was observed for group of 'Health' (0.09%).

The expenditure value of 'Housing, Water, Electricity, Gas and Other fuels', 'Transport', 'Communication', 'Recreation & Culture' 'Education' and 'Restaurant and Hotels' groups remained unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis  
(June 2017 compared to May 2017)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>507.49</b>	<b>1.66</b>	<b>0.37</b>	<b>1.30</b>
Vegetables	171.49	0.44		
Rice	164.75	0.42		
Fresh fish	96.45	0.25		
Green chilies	91.98	0.23		
Red onions	74.09	0.19		
Dried fish	14.11	0.04		
<i>Sprats(dry)</i>	8.16	0.02		
Chicken	10.25	0.03		
Garlic	9.33	0.02		
Tea	6.41	0.02		
Limes	3.41	0.01		
Big onions	-4.26		0.01	
Eggs	-4.52		0.01	
Papaw	-4.87		0.01	
Tamarind	-6.46		0.02	
Coconut oil	-12.07		0.03	
Coconuts	-47.79		0.12	
Banana	-63.35		0.16	
Other food items	8.54	0.02		
<b>Non Food</b>	<b>10.17</b>	<b>0.11</b>	<b>0.09</b>	<b>0.03</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	7.74	0.02		
<i>Beetle leaves</i>	-2.75		0.01	
<i>Areca nuts</i>	10.13	0.03		
<b>Clothing and Footwear</b>	2.57	0.01		
<i>Clothing</i>	2.57	0.01		
<b>Furnishing, Household equipment and Routine household maintenance</b>	22.39	0.06		
<i>Wages to servants</i>	9.29	0.02		
<i>Wages to drivers</i>	10.05	0.03		
<b>Health</b>	-33.62		0.09	
<i>Payments to medical laboratories</i>	-33.62		0.09	
<b>Miscellaneous Goods and Services</b>	11.09	0.03		
<b>Other groups</b>	0.00	0.00		
<b>All Items</b>	<b>517.66</b>			<b>1.32</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.
2016	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
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

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

The overall rate of inflation as measured by NCPI on Y on Y basis is 6.3% in June 2017 and inflation calculated for May 2017 was 7.1% (Table 03). Y on Y inflation of food group reported for the month of June 2017 was 8.6% while that for non food group was 4.4%.

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

On year on year basis, contribution of food commodities to inflation was 3.89 percent in June 2017 compared to June 2016 (Table 04).

Contribution of non food items was 2.39 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.56%), 'Transport' (0.52%), 'Alcoholic beverages, Tobacco and Narcotics' (0.45%), 'Furnishing Household equipment and Routine household maintenance' (0.19%), 'Health' (0.19%), 'Housing, Water, Electricity, Gas and Other fuels' (0.14%), 'Education' (0.12%), 'Restaurant and Hotels' (0.11%) and 'Clothing and Footwear' (0.10%).

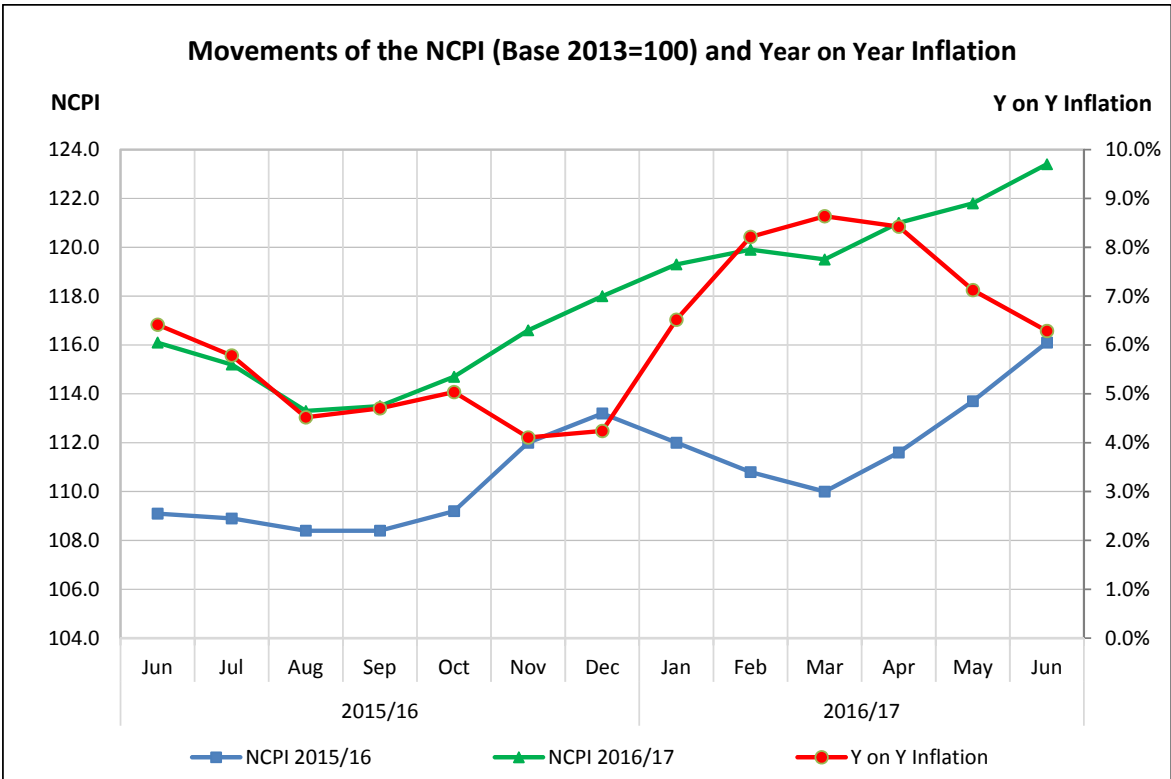
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis  
(June 2017 compared to June 2016)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase	Decrease	Net effect
<b>Food</b>	<b>1451.57</b>			<b>3.89</b>
<b>Non Food</b>	<b>890.79</b>	<b>2.39</b>		<b>2.39</b>
<b>Alcoholic beverages, Tobacco and Narcotics</b>	167.05	0.45		
<i>Arrack</i>	84.80	0.23		
<i>Cigarettes</i>	74.08	0.20		
<i>Beedi</i>	33.16	0.09		
<i>Beetle leaves</i>	-43.44		0.12	
<b>Clothing and Footwear</b>	38.58	0.10		
<i>Clothing</i>	38.58	0.10		
<b>Housing, Water, Electricity, Gas and Other fuels</b>	52.67	0.14		
<i>Material for the maintenance</i>	60.97	0.16		
<i>L.P. Gas</i>	-2.72		0.01	
<i>Kerosene oil</i>	-5.01		0.01	
<b>Furnishings, Household equipment and Routing household maintenance</b>	71.59	0.19		
<b>Health</b>	69.72	0.19		
<i>Purchase of medical/ pharmacy products</i>	-7.82		0.02	
<i>Consultation fees to specialists</i>	7.27	0.02		
<i>Fees to private medical practices</i>	41.76	0.11		
<i>Payments to medical laboratories</i>	-50.60		0.14	
<i>Payments to private hospitals/ nursing homes</i>	80.13	0.21		
<b>Transport</b>	192.32	0.52		
<i>Purchase of vehicles</i>	77.94	0.21		
<i>Tyres, tubes and spare parts</i>	20.45	0.05		
<i>Cost of servicing of vehicles</i>	32.05	0.09		
<i>Bus (other than schooling)</i>	49.54	0.13		
<b>Education</b>	44.77	0.12		
<i>Tuition fees</i>	29.29	0.08		
<b>Restaurant and Hotels</b>	39.61	0.11		
<b>Miscellaneous Goods and Services</b>	207.70	0.56		
<i>Car Insurance</i>	86.64	0.23		
<b>Other groups</b>	6.79	0.02		
<b>All Items</b>	<b>2342.37</b>			<b>6.27</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 June 2017 is 6.1%. The corresponding rate for the month of May 2017 was also 6.1%.



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