



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX – MARCH 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 March 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 March 2017 was 119.5. A decrease of 0.4 index points or a percentage of 0.3 was noted in March 2017 compared to February 2017 for which the index was 119.9. This decrease represents decrease in expenditure value of Rs. 135.42 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 (%)		
	Mar 2016	Feb 2017	Mar 2017	Mar 2016	Feb 2017	Mar 2017	Mar 2016	Feb 2017	Mar 2017
All Items	110.0	119.9	119.5	-236.36	205.59	-135.42	-0.66	0.54	-0.35
Food and Non Alcoholic Beverages	108.9	122.1	121.1	-260.98	117.11	-146.54	-0.73	0.31	-0.38
Non Food	110.9	118.2	118.3	24.63	88.48	11.12	0.07	0.23	0.03
Clothing & Footwear	112.9	116.7	117.1	-0.54	1.10	4.22	0.00	0.00	0.01
Furnishing ,Household Equipment And Routine Household Maintenance	111.8	116.3	116.8	-0.53	7.98	5.50	0.00	0.02	0.01
Miscellaneous Goods And Services	112.1	124.2	124.3	0.41	6.32	2.06	0.00	0.02	0.01
Other	110.5	117.9	117.9	25.28	73.08	-0.65	0.07	0.19	0.00

**Note: There are 12 main groups of the market basket. Monthly significant changes were noted only in four main groups in March 2017, details on which are given in Table 02.*

2.1. Contribution to M on M Changes:

Contributions to the decrease in NCPI on month on month basis (March 2017 compared to February 2017) are given in Table 02. The decrease in the index point by 0.35% was due to the expenditure value decrease of food items by 0.38% and expenditure value increase of non-food items by 0.03%.

2.1.1. Contribution of Food items: - 0.38%

As shown in Table 02, the decreases in expenditure value in index were reported for Rice (0.77%), Limes (0.10%), Banana (0.04%), Green chilies (0.03%), Potatoes (0.03%), Mysore dhal (0.02%), Dried chilies (0.01%) and Chilly powder (0.01%). However, increases in expenditure value in index were reported for Coconuts (0.23%), Vegetables (0.08%), Papaw (0.08%), Sugar (0.05%), Coconut oil (0.05%), Mangoes (0.04%), Dried fish (0.01%) and Garlic (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' (0.01%), 'Clothing and Footwear' (0.01%) and 'Miscellaneous Goods and Services' (0.01%). Further, the group of 'Restaurant and Hotels' recorded very slight expenditure value increase and the groups of 'Alcoholic beverages, Tobacco and Narcotics', 'Recreation and Culture' recorded very slight expenditure value decreases compared to the previous month. The expenditure value of 'Housing, Water, Electricity, Gas and Other fuels', 'Health', 'Transport', 'Communication' and 'Education' groups remain unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts.	%		
		Increase	Decrease	Net effect
Food	-146.54	0.64	1.02	-0.38
Rice	-298.40		0.77	
Sugar	20.62	0.05		
Dried fish	5.72	0.01		
<i>Sprats (dry)</i>	3.77	0.01		
Mysore dhal	-7.18		0.02	
Coconuts	88.72	0.23		
Coconut oil	18.08	0.05		
Vegetables	31.44	0.08		
Potatoes	-11.00		0.03	
Dried chilies	-5.69		0.01	
Chilly powder	-4.22		0.01	
Green chilies	-12.30		0.03	
Limes	-37.38		0.10	
Garlic	5.13	0.01		
Banana	-16.51		0.04	
Mangoes	14.36	0.04		
Papaw	29.35	0.08		
Other food items	32.72	0.08		
Non Food	11.12	0.03	0.00	0.03
Clothing and Footwear	4.22	0.01		
<i>Clothing</i>	4.22	0.01		
Furnishing, Household equipment and Routine household maintenance	5.50	0.01		
Miscellaneous Goods and Services	2.06	0.01		
Other non food groups	-0.65		0.00	
All Items	-135.42			-0.35

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	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
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

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 8.6% in March 2017 and inflation calculated for February 2017 was 8.2% (Table 03). The increase in inflation was due to the lower price levels prevailed in March 2016 compared to the March 2017(Base effect). Y on Y inflation of food group reported for the month of March 2017 was 11.2% while that for non food group was 6.7%.

3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 4.88 percent in March 2017 compared to March 2016 (Table 04).

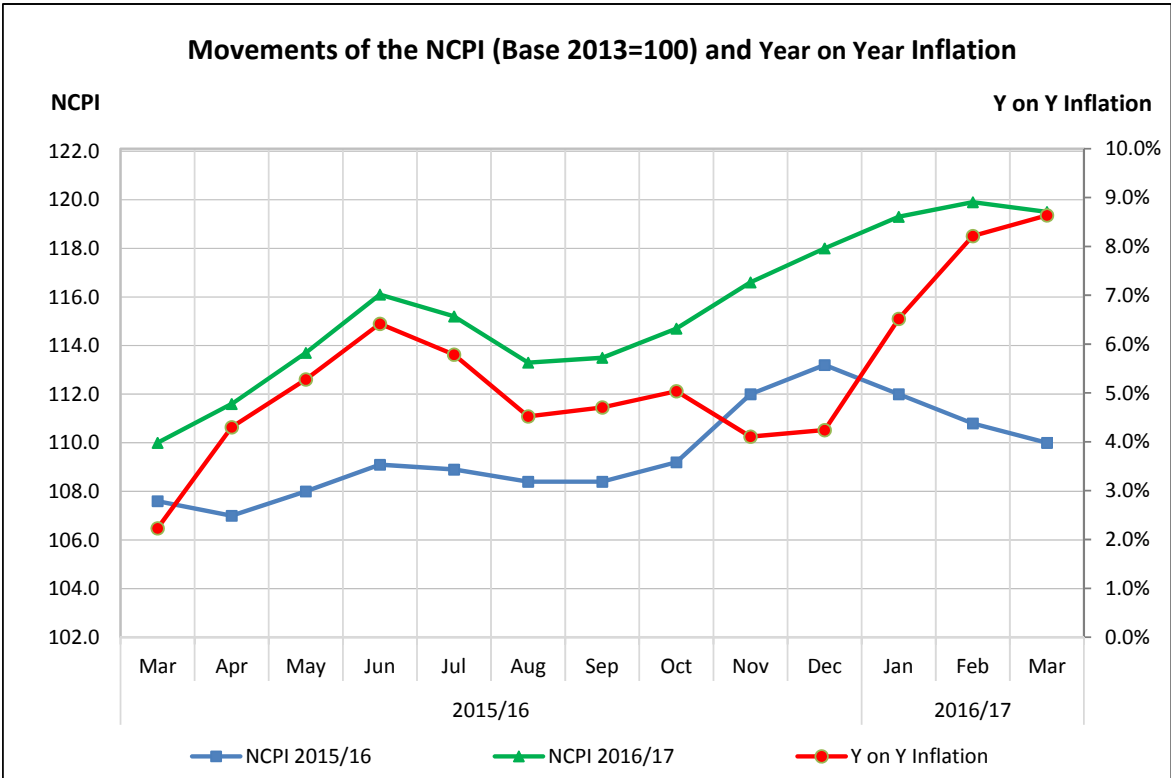
Contribution of non food items was 3.76 percent. This was mainly due to expenditure value increases in 'Health' (0.88%), 'Transport' (0.64%), 'Alcoholic beverages, Tobacco and Narcotics' (0.57%), 'Miscellaneous Goods and Services' (0.50%), 'Communication' (0.37%), 'Restaurant and Hotels' (0.19%), 'Housing, Water, Electricity, Gas and Other fuels' (0.17%), 'Furnishing Household equipment and Routine household maintenance' (0.15%), 'Clothing and Footwear' (0.13%) and 'Education' (0.13%)

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

Sub Group/Commodity	Value change			
	Rs. cts.	%		
		Increase	Decrease	Net effect
Food	1725.47			4.88
Non Food	1330.97	3.76		3.76
Alcoholic beverages, Tobacco and Narcotics	201.38	0.57		
<i>Arrack</i>	84.83	0.24		
<i>Cigarettes</i>	74.08	0.21		
<i>Beedi</i>	34.32	0.10		
<i>Beetle leaves</i>	-40.81		0.12	
<i>Bulathwita/Sarawita</i>	42.57	0.12		
Clothing and Footwear	46.76	0.13		
<i>Clothing</i>	46.76	0.13		
Housing, Water, Electricity, Gas and Other fuels	58.95	0.17		
<i>Material for the maintenance</i>	62.16	0.18		
<i>L.P. Gas</i>	-2.72		0.01	
<i>Kerosene oil</i>	-5.01		0.01	
Furnishings, Household equipment and Routing household maintenance	53.37	0.15		
Health	311.65	0.88		
<i>Purchase of medical/ pharmacy products</i>	-7.82		0.02	
<i>Consultation fees to specialists</i>	16.95	0.05		
<i>Fees to private medical practices</i>	126.96	0.36		
<i>Payments. to medical laboratories</i>	22.41	0.06		
<i>Payments to private hospitals/ nursing homes</i>	152.32	0.43		
Transport	227.44	0.64		
<i>Purchase of vehicles</i>	77.94	0.22		
<i>Cost of servicing of vehicles</i>	92.62	0.26		
<i>Bus (other than schooling)</i>	49.54	0.14		
Communication	130.43	0.37		
<i>Telephone charges - Home fixed phone</i>	41.23	0.12		
<i>Telephone charges - Mobile</i>	88.03	0.25		
Recreation and Culture	10.78	0.03		
Education	44.41	0.13		
<i>Tuition fees</i>	28.92	0.08		
Restaurant and Hotels	68.45	0.19		
Miscellaneous Goods and Services	177.36	0.50		
<i>Car Insurance</i>	99.00	0.28		
All Items	3056.44			8.64

3.2. Moving Average Inflation

The moving average inflation for the month of March 2017 is 5.6%. The corresponding rate for the month of February 2017 was 5.1%.



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 Department of Census and Statistics.