



WEB RELEASE

THE NATIONAL CONSUMER PRICE INDEX (BASE 2013=100) – MARCH 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 March 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 March 2020 was 135.2. A decrease of 1.8 index points or 1.3 percentage compared to February 2020 for which the index was 137.0. This decrease represents decrease in expenditure value of Rs. 579.37 in the "Market Basket".

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 (%)		
	Mar 2019	Feb 2020	Mar 2020	Mar 2019	Feb 2019	Mar 2020	Mar 2019	Feb 2019	Mar 2020
All Items	126.4	137.0	135.2	-105.64	-2.63	-579.37	-0.26	-0.01	-1.32
Food and Non Alcoholic Beverages	121.4	142.9	138.5	-208.16	-23.05	-619.85	-0.51	-0.05	-1.41
Non Food	130.3	132.4	132.6	102.52	20.42	40.49	0.25	0.05	0.09
Alcoholic Beverages, Tobacco and Narcotics	199.0	208.0	211.1	57.63	12.12	22.64	0.14	0.03	0.05
Clothing and Footwear	127.2	131.2	131.4	6.68	2.91	2.62	0.02	0.01	0.01
Health	161.4	162.6	163.5	0.00	0.00	12.29	0.00	0.00	0.03
Transport	114.5	117.8	117.9	23.85	2.59	2.94	0.06	0.01	0.01
Other Groups	127.1	128.4	128.4	14.36	2.79	0.00	0.04	0.01	0.00

*Note 1: There are 12 main groups of the market basket. Monthly significant changes were noted in five main groups in March 2020, details on which are given in Table 02. Sum of Percentages of items may not tally with overall percentage due to rounding off

Note 2: For the March 2020, unchanged groups 'Housing, Water, Electricity, Gas and Other fuels', 'Furnishing, Household Equipment and Routine Household Maintenance', 'Communication', 'Recreation and Culture', 'Education', 'Restaurants and Hotels' and 'Miscellaneous Goods and Services' are considered as the 'Other Groups'.

Contribution to Month-on-Month Changes:

Contributions to the decrease in NCPI on Month-on-Month basis (March 2020 as compared to February 2020) are given in Table 02. The decrease in the index point by 1.32% was due to the decrease of index value of food items by 1.41% and increase of index value of non-food items by 0.09%.

2.1.1. Contribution of Food items: -1.41%

As shown in Table 02, the decreases in index values were reported for Vegetables (1.12%), Red onions (0.26%), Rice (0.13%), Potatoes (0.10%), Mysore dhal (0.08%), Green chilies (0.08%), Dried fish (0.05%), Fresh fish (0.05%), Bread (0.04%), Eggs (0.04%) and Chicken (0.02%). However, increases in index values were reported for Coconuts (0.28%), Coconut oil (0.11%), Fresh fruits (0.06%), Garlic (0.05%), Chili Powder (0.04%), Yoghurt (0.01%) and Big onions (0.01%).

2.1.2. Contribution of Non-food items: 0.09%

The increases in index values of non-food groups in March 2020 compared to the previous month was due to the price increases in groups of items 'Alcoholic Beverages, Tobacco & Narcotics' (*Betel leaves*) (0.05%), 'Health' (*Payments to medical laboratory tests*) (0.03%), 'Transport' (*Airline fare*) (0.01%) and 'Clothing and Footwear' (0.01%). Meanwhile, the price indices of 'Housing, Water, Electricity, Gas and Other fuels', 'Furnishing, Household equipment Routine household maintenance', 'Communication', 'Recreation and Culture', 'Education', 'Restaurants and Hotels' and 'Miscellaneous Goods and Services' groups remained unchanged during the month.

**Table 02: Contribution to the decrease in NCPI (Base 2013=100) on Month-on-Month basis
(March 2020 as compared to February 2020)**

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	-619.85	0.56	1.97	-1.41
Vegetables	-492.12		1.12	
Red onions	-115.86		0.26	
Rice	-55.84		0.13	
Potatoes	-45.74		0.10	
Mysore dhal	-35.28		0.08	
Green chilies	-34.58		0.08	
Dried fish	-23.48		0.05	
<i>Sprats(dry)</i>	-18.23		0.04	
Fresh fish	-21.49		0.05	
Bread	-19.48		0.04	
Eggs	-16.80		0.04	
Chicken	-7.16		0.02	
Coconuts	122.57	0.28		
Coconut oil	48.76	0.11		
Fresh fruits	26.38	0.06		
<i>Papaw</i>	24.85	0.06		
<i>Mangoes</i>	6.16	0.01		
<i>Banana</i>	-6.28		0.01	
Garlic	20.18	0.05		
Chili Powder	17.76	0.04		
Yoghurt	5.82	0.01		
Big onions	3.64	0.01		
Other food items	2.89	0.01		
Non Food	40.49	0.09		0.09
Alcoholic Beverages, Tobacco & Narcotics	22.64	0.05		
<i>Betel leaves</i>	23.33	0.05		
Clothing & Footwear	2.62	0.01		
<i>Clothing</i>	2.62	0.01		
Health	12.29	0.03		
<i>Payments to medical laboratory tests</i>	12.29	0.03		
Transport	2.94	0.01		
<i>Airline fare</i>	2.94	0.01		
Other Groups	0.00	0.00		
All Items	-579.37			-1.32

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	March	126.4	-0.2	2.9	1.7	121.4	-1.2	-2.3	-2.3	130.3	0.5	7.1	5.1
	April	127.3	0.7	3.6	1.9	122.5	0.9	-1.2	-2.3	131.1	0.6	7.5	5.5
	May	128.7	1.1	3.5	2.0	125.1	2.1	-0.4	-2.4	131.5	0.3	6.7	5.7
	June	129.2	0.4	2.1	2.0	126.1	0.8	-2.9	-2.7	131.6	0.1	6.2	5.9
	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

3.1. Year-on-Year Inflation

The overall rate of inflation as measured by NCPI on Year-on-Year basis is 7.0% in March 2020 and inflation calculated for February 2020 was 8.1% (Table 03). Year-on-Year inflation of food group has decreased from 16.3% in February 2020 to 14.1% in March 2020 and that of non-food group has also decreased from 2.1% to 1.8% during this month.

Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 5.96 percent in March 2020 compared to that of March 2019 (Table 04).

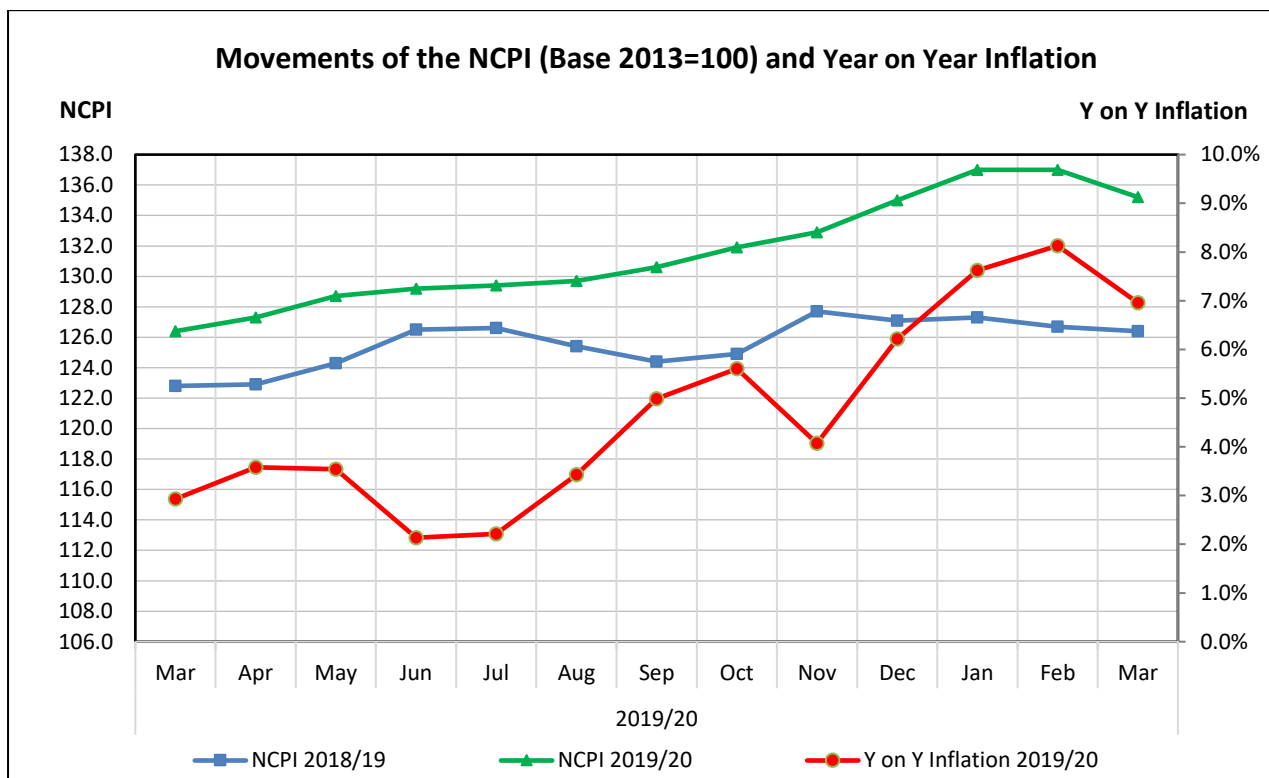
Contribution of non-food items was 1.04 percent. This was mainly due to price increases in groups of 'Transport' (0.26%), 'Alcoholic beverages, Tobacco and Narcotics' (0.22%), 'Housing, Water, Electricity, Gas and Other fuels' (0.17%), 'Education' (0.15%), 'Miscellaneous Goods and Services' (0.13%), 'Clothing and Footwear' (0.11%), 'Health' (0.07%), 'Restaurant and Hotels' (0.06%), 'Furnishing, Household equipment and Routine household maintenance' (0.05%) and 'Recreation and Culture' (0.05%). However, decrease in prices were reported for group of 'Communication' (0.23%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	2420.76			5.96
<i>Coconuts</i>	449.20	1.11		
<i>Rice</i>	422.29	1.04		
<i>Vegetables</i>	417.42	1.03		
<i>Big onions</i>	202.39	0.50		
<i>Fresh fish</i>	188.53	0.46		
<i>Red onions</i>	124.84	0.31		
Non Food	422.81	1.27	0.23	1.04
Alcoholic beverages, Tobacco and Narcotics	88.34	0.22		
<i>Arrack</i>	2.68	0.01		
<i>Cigarettes</i>	6.69	0.02		
<i>Betel leaves</i>	41.51	0.10		
<i>Arecanuts</i>	13.71	0.03		
<i>Bulathwita</i>	10.22	0.03		
Clothing and Footwear	46.51	0.11		
<i>Clothing</i>	46.51	0.11		
Housing, Water, Electricity, Gas and Other fuels	67.13	0.17		
<i>Housing Rent</i>	79.51	0.20		
<i>Material for the maintenance</i>	20.67	0.05		
<i>Water Bill</i>	-6.75		0.02	
<i>LP Gas</i>	-27.15		0.07	
Furnishings, Household equipment and Routing household maintenance	22.14	0.05		
Health	28.11	0.07		
<i>Purchase of medical/pharmacy products</i>	17.25	0.04		
<i>Fees to private medical practices</i>	16.91	0.04		
<i>Payments to medical laboratories</i>	23.93	0.06		
<i>Payments to private hospitals room charges</i>	-31.49		0.08	
Transport	106.86	0.26		
<i>Purchase of vehicles</i>	38.97	0.10		
<i>Petrol</i>	42.31	0.10		
<i>Diesel</i>	-4.15		0.01	
<i>Airline fare</i>	28.48	0.07		
Communication	-92.69		0.23	
<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	
Recreation and Culture	19.14	0.05		
Education	60.99	0.15		
<i>Tuition fees</i>	39.38	0.10		
<i>International School fees</i>	21.09	0.05		
Restaurant and Hotels	22.48	0.06		
Miscellaneous Goods and Services	53.81	0.13		
All Items	2843.57			7.00

3.2. Moving Average Inflation

The moving average inflation for the month of March 2020 is 4.9%. The corresponding rate for the month of February 2020 was 4.5%.



Information Note on Implications of COVID-19 on the National Consumer Price Index (NCPI)

To keep the higher accuracy of the Consumer Price Index, the majority of price data are collected by personal visits by the DCS price collecting officers. This personal visit type of data collection has been suspended since third week March, 2020 due this pandemic situation of the country.

In particular, the collection of prices has become increasingly difficult. Issues and challenges include increased numbers of missing items in sampled outlets, the temporary closure of retail outlets and restrictions on movement.

When facing numbers of missing prices, it is important to mentioned that all temporarily missing prices were imputed using the methods described in Consumer Price Index Manual.

To continue the monthly series of NCPI during COVID-19 pandemic situation of the country, the price imputations for the last two weeks of the March 2020 were based on the prices of the essential items in the market basket asked from the district retail price collecting officers in their districts during the period and considered essential food prices published in the Central Bank of Sri Lanka web site during the 3rd and 4th weeks of March 2020.

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