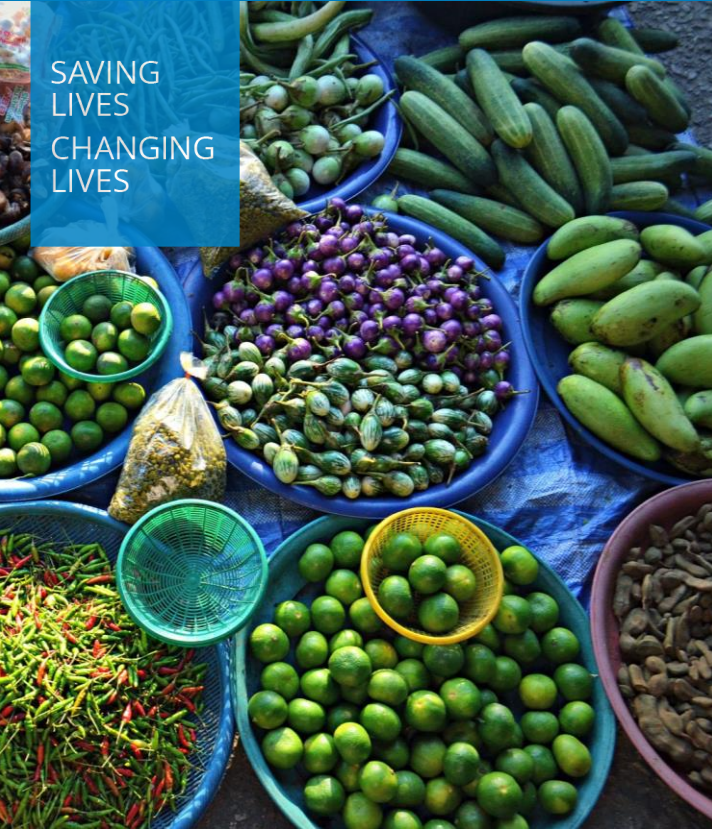


SAVING LIVES  
CHANGING LIVES



### Key Highlights

- Overall inflation in January increased to 16.8%, up from 14% in December.
- Food inflation increased to 24.4% in January, up from 21.1% in December; non-food inflation increased to 10.2% from 7.6% in December. The highest month-on-month food inflation was recorded in January 2022, due to considerable price changes in rice and milk powder.
- During January, the government imported 7,410 MT of Indian Nadu and 13,416 MT of Samba rice varieties to stabilise rice prices and meet supply shortages.
- From the 2<sup>nd</sup> week of January there has been a slight decline in the price of local rice varieties in the market, which may continue into February.
- The retail price of most low country vegetable varieties decreased towards the end of January, as compared to the price hike recorded the month before.

*\*Data source: DCS, Sri Lanka/Sunday times newspaper*

### Changes in the Policy Environment



- Cabinet has approved fertilizer procurement to supply local carbonic fertilizer (eco-friendly) directly to farmers for the Yala season 2022. (10<sup>th</sup> January 2022)
- The following concession packages were released in order to reduce economic difficulties. (3<sup>rd</sup> January 2022 – Department of Government Information)
  - Monthly allowance of Rs. 5,000 for public servants and pensioners
  - Extra allowance of Rs. 1,000 for the Samurdi beneficiaries
  - 15 kilograms of Wheat Flour at a concessionary price of Rs. 80/= per kg for each estate labour family.
- Cabinet has approved imports of 200,000 MT of Nadu and 100,000 MT of Samba from India. (10<sup>th</sup> January 2022)



Food inflation (NCPI) **24.4%\***



Headline inflation (NCPI) **16.8%\***



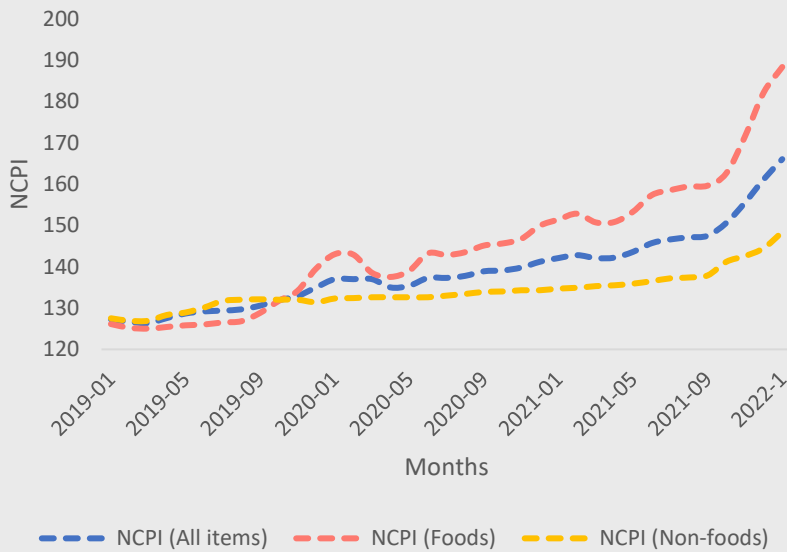
Average food expenditure **Rs. 26,656.29** (based on January 2022 food inflation rate)



*\*Data source: DCS, Sri Lanka*

# National Consumer Price Index

National consumer price index



The National Consumer Price Index (NCPI) for all items was 166 points in January, a 16.8% increase from the same period in 2021. It was a 5 index point increase from the previous month (3.1%). This represents a monthly increase in expenditure value of Rs. 1583 in the market basket. The rate of food inflation in January as measured by the NCPI on year-to-year basis was 24.4%. Overall food inflation slightly increased from the previous month by +3.4% but representing a slow down in the rate of change compared to the previous month.

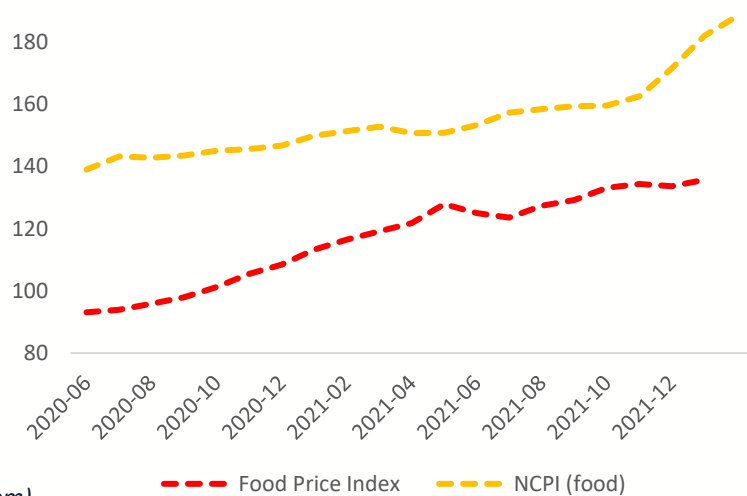
\*Data source: DCS, Sri Lanka

# Global Food Price Index

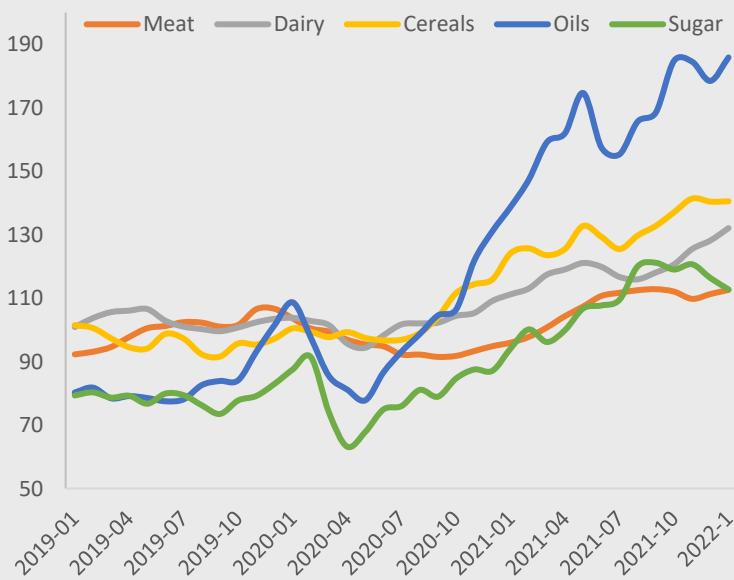
The FAO Food Price Index which tracks international prices of the most globally traded food commodities, continued to increase, reaching its highest in January 2022. In January the average Food Price Index was 135.7, a 1.5% increase from the previous month and 20% increase from January 2021. The month-on-month increase was primarily due to the global increased price of vegetable oils and dairy. At current, the local food inflation increment rate is higher than the global price trend.

\*Data source: FAO (Agricultural Market Information System)

Global food price index Vs NCPI



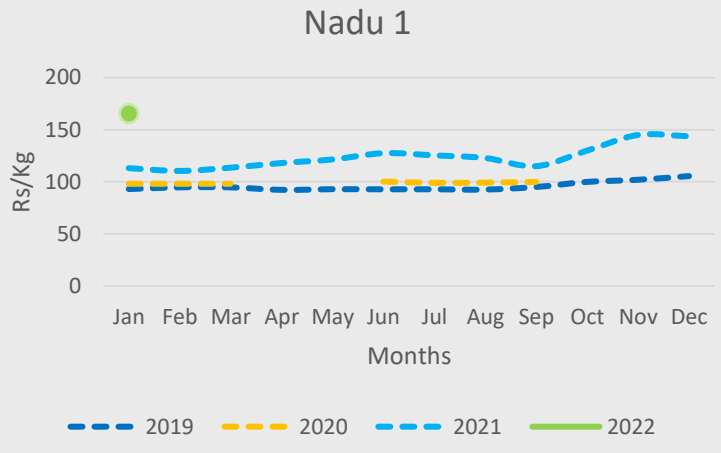
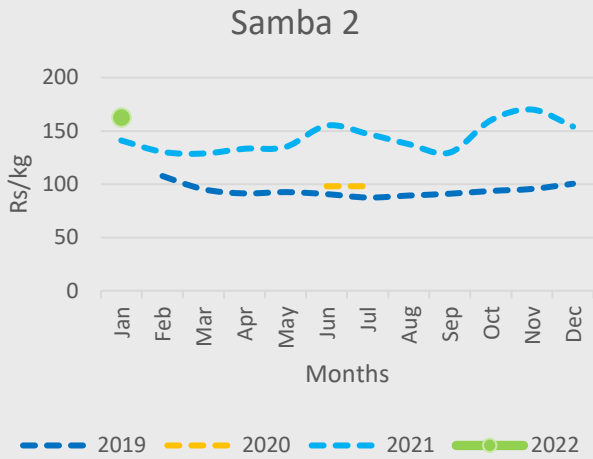
# Global Price Index on Major Food Groups



The Vegetable Oil Price Index and the Dairy Price Index increased, respectively, by 4.2% and 2.4% compared with the previous month in the global market. In particular, global prices for wheat –for which Sri Lanka relies on imports– eased in January amid increased seasonal supplies from large harvests in Australia and Argentina. The global market price for rice indicated a decline due to high stocks after four successive seasons of accumulations in the major rice exporting countries.

\*Data source: FAO (Agricultural Market Information System)

# Price trend of rice varieties

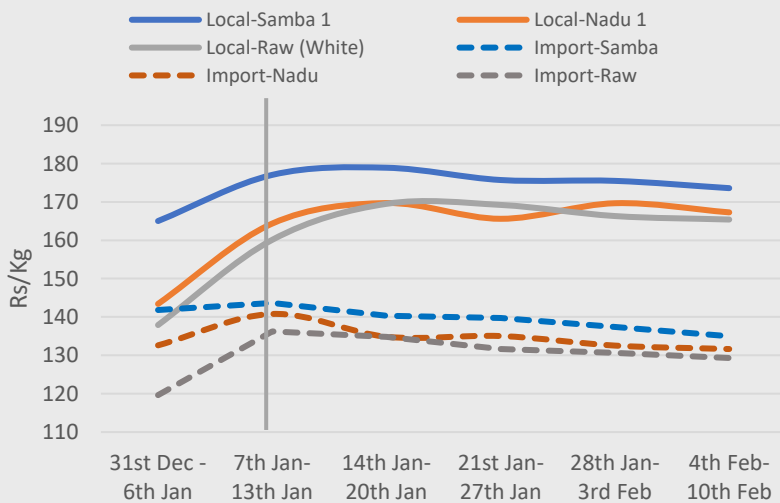


\*Data source: HARTI, Sri Lanka

The price for Nadu - Grade 1 rice variety has increased by 15% in January from the previous month. The price of Samba Grade 2 has increased by Rs. 8.00 per kg, while Keeri samba recorded a price decrease by Rs. 3.00- 6.00 per kg. All imported rice varieties, except raw red rice, have seen a decrease in price reflecting the drop in global prices.

In the eastern area, a price decrease for all local paddy varieties was observed. Accordingly, the average price of short-grain paddy has decreased by Rs. 7.00- 18.00/kg. The highest price decrease of 19% was recorded in Anuradhapura area. The price ranges for both short grain and Keeri samba paddy varieties were Rs. 67.00-80.00/kg and Rs. 90.00-105.00/kg respectively.

## Market rice price trend



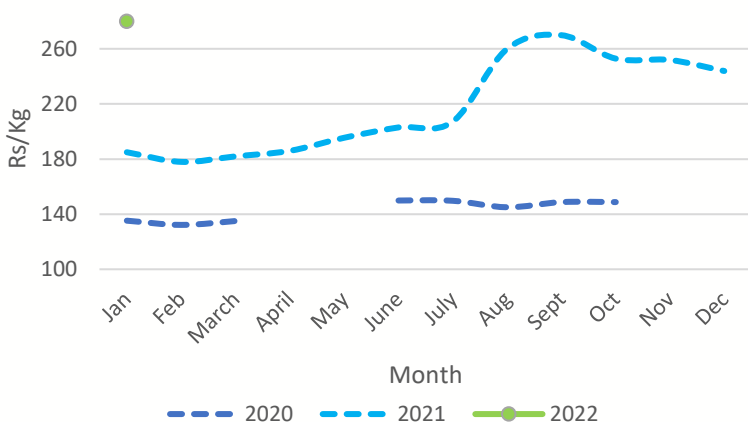
\*Data source: HARTI, Sri Lanka

## Price trend of imported rice varieties

The prices of imported rice varieties are 21% lower than the local rice variety prices. From the 2nd week of January, there was a slight price decline in imports and local varieties (3%-5%).

This could be attributed to the harvests from the last Yala season and rice imports' opening.

## Red lentils



\*Data source: DCS, Sri Lanka

## Price trend of red lentils

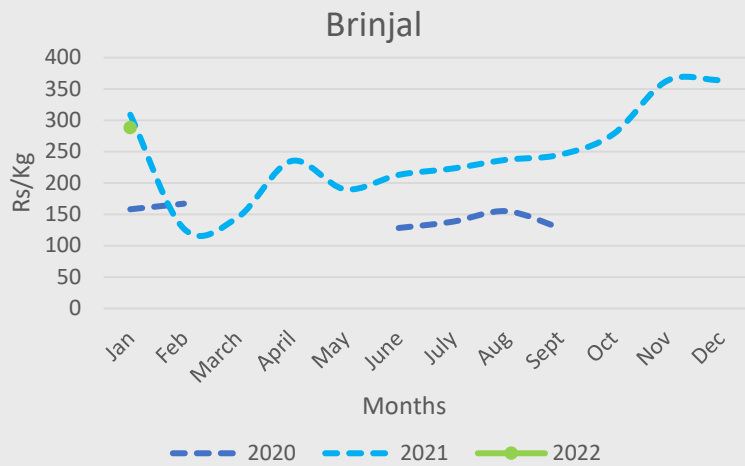
The price of red lentils reached its peak over the past year in January 2022. Lentil prices are 51% higher than in January 2021. Between July and September 2021, the price of red lentils increased rapidly due to the rescinded maximum retail price limit.



## Price trend of brinjal

The January 2022 price of brinjal has decreased by 15%. Most vegetable costs showed a price decrease at the end of January compared to the price in December and November 2021, when the peak price was recorded.

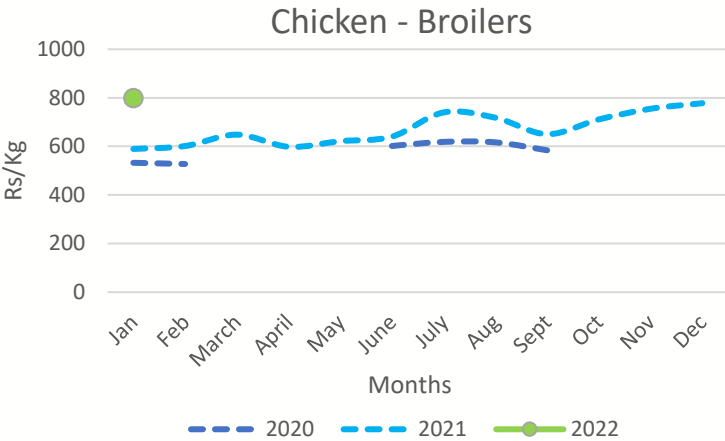
\*Data source: HARTI, Sri Lanka



## Price trend of chicken

Overall, the price of broiler chicken slightly increased by 3% month-on-month. Due to rising production costs, the prices of skinless broiler chicken and skinless curry chicken have increased by Rs. 28.00 per kg and Rs. 5.00 per kg, respectively.

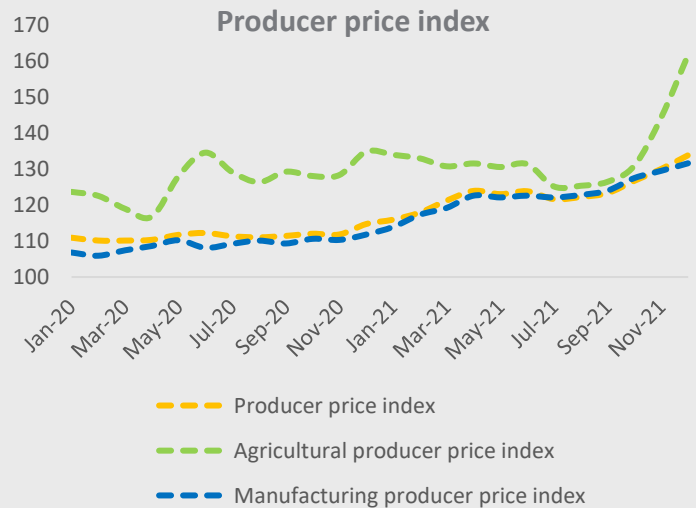
\*Data source: HARTI, Sri Lanka



## Producer price index

The Producer's Price Index (PPI) measures the average change over time in prices received by domestic producers of goods and services. Comparing the month-on-month changes, PPI in December 2021 increased by 2.5%. Between November and December, "Growing of Non-Perennial crops" and "Animal production" reported positive changes of 23.2% and 12.1% respectively. While "Growing of Perennial crops" reported negative changes of 0.7% in December.

\*Data source: DCS, Sri Lanka



## Key Issues to Watch

- Fuel price increases over the coming months due to rise in oil prices in the global market and concerns over clearing fuel ships due to foreign exchange shortages.
- Food inflation continues to rise by +3.4% month-on-month in January 2022, increasing the average food expenditure basket by Rs. 1,583, which further constrains household's ability to afford a nutritious diet.
- Commodity price fluctuations (rice and vegetable varieties) resulting from increasing rice imports and the Yala harvest.
- Due to depleted foreign exchange reserves, imports of basic consumer items continue to be restricted.

Commodity	Range		Average Price		Price Change
	Min	Max	This week	Last week	Last week %
<b>Rice</b>					
Samba 1	165	180	175.69	178.89	-1.79%
Samba 2	160	170	162.5	166.88	-2.62%
Keeri Samba	230	260	245.5	244.29	0.50%
Nadu 1	160	175	165.59	169.68	-2.41%
Nadu 2	150	160	154.69	160.2	-3.44%
Raw (Red)	160	175	170.13	170.28	-0.09%
Raw (White)	160	175	169.26	169.55	-0.17%
Samba-Imported	130	150	139.71	140.32	-0.43%
Nadu-Imported	130	140	135	134.81	0.14%
Raw (White)-Imported	120	140	131.67	134.84	-2.35%
Dried Chillies-Imported	850	950	881.43	843.44	4.50%
<b>Onion</b>					
Imported	400	480	430	404.86	6.21%
<b>Big Onion</b>					
Imported	200	240	228.05	221.28	3.06%
<b>Potato</b>					
N'Eliya	280	320	309.27	305.71	1.16%
Imported	180	220	196.84	204.72	-3.85%
<b>Vegetable</b>					
Leeks	200	360	302.96	294.81	2.76%
Raddish	100	240	176.43	173.33	1.79%
Tomato	130	280	218.93	250.77	-12.70%
Ladies Fingers	180	320	263.57	251.48	4.81%
Capsicum	500	900	703.21	756.3	-7.02%
Bitter Gourd	280	480	356.79	348.15	2.48%
Snake Gourd	240	320	285.17	284.8	0.13%
Luffa	240	400	317.04	311.11	1.91%
Long Beans	240	360	283.93	274.81	3.32%
Ash Plantain	100	200	155	145.19	6.76%
Green Chillies	400	800	586.3	684.44	-14.34%
<b>Eggs</b>					
Brown	22	25	23.7	24.21	-2.11%
White	20	25	22.66	23.21	-2.37%
<b>Meat</b>					
Beef (without Bones)	1300	1450	1370	1316.67	4.05%
Chicken (Broiler)	730	850	798.75	815.71	-2.08%
Chicken (Curry)	650	850	738.75	760	-2.80%
Mutton	1900	2200	2042.86	2066.67	-1.15%
Pork	780	950	857.5	807.5	6.19%

\*Data source: HARTI, Sri Lanka. Ref This week: 21 – 27 January 2022/ Last week- 14 - 20 January 2022