

SAVING LIVES
CHANGING LIVES



Key Highlights

- Overall inflation in March increased to 21.5%, up from 17.5% in February.
- Food inflation increased to 29.5% in March compared to the same period the previous year, up by +2.4% from February, due to a significant increase in the price of rice, dhal and milk powder. Non-food inflation increased to 14.5% from 11% in February.
- The Global Food Prices Index continued to steeply rise to its new highest level since inception in 1990 and now stands 33.6% higher than March 2021. This was driven by increases in the price of vegetable oil and cereals. Global wheat prices soared rapidly (+19.7%) as a result of supply chain disruptions caused by the conflict in Ukraine.
- The price of imported rice has risen by 28% due to the currency depreciation. Cost of local rice varieties have risen by 20% due to the supply shortage and high cost of production.

**Data source: DCS, Sri Lanka/Talking Economics*

Changes in the Policy Environment



- The Minister of Agriculture to award private sector contracts for the supply of locally produced eco-friendly fertilizer for the 2022 Yala season (14th March).
- Central Bank of Sri Lanka decision to float the currency on 8th March, which had been artificially pegged to the US dollar since May 2021 at the maximum rate of Rs. 203. By the end of the month the exchange rate was Rs. 299 to the US dollar.
- Lanka IOC, one of Sri Lanka's biggest fuel suppliers, raised petrol prices on March 11 by 25% and March 26 by nearly 20%, bringing the cost of petrol to Rs. 303 per litre.
- Initial government discussions with the International Monetary Fund (IMF) on deferment of loan payments and IMF-supported financial programme (16th March)



Food inflation (NCPI) **29.5%***



Headline inflation (NCPI) **21.5%***

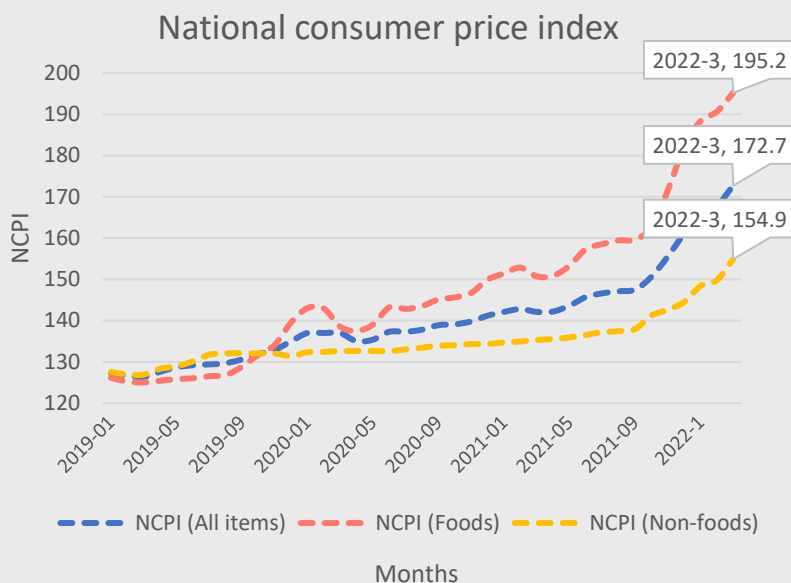


Average food expenditure **Rs. 27,633.08** (based on February 2022 food inflation rate)

**Data source: DCS, Sri Lanka*



National Consumer Price Index



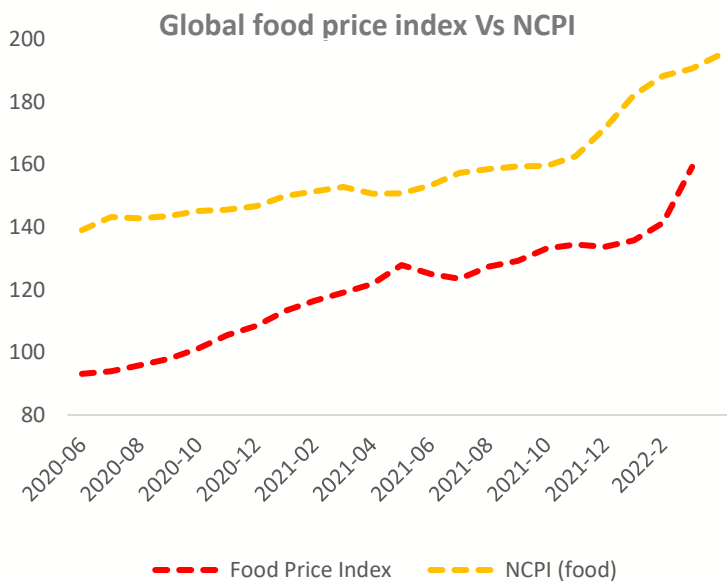
The National Consumer Price Index (NCPI) for all items was 172.7 points in March, a 21.5% increase from the same period in 2021. This is a 4.9 index point increase from the previous month (+2.9%), which represents a monthly increase in expenditure value of Rs. 1,572 in the market basket. The rate of food inflation in March as measured by the NCPI on year-to-year basis was 29.5%. Overall food inflation continued to increase from the previous month by +2.4%.

*Data source: DCS, Sri Lanka

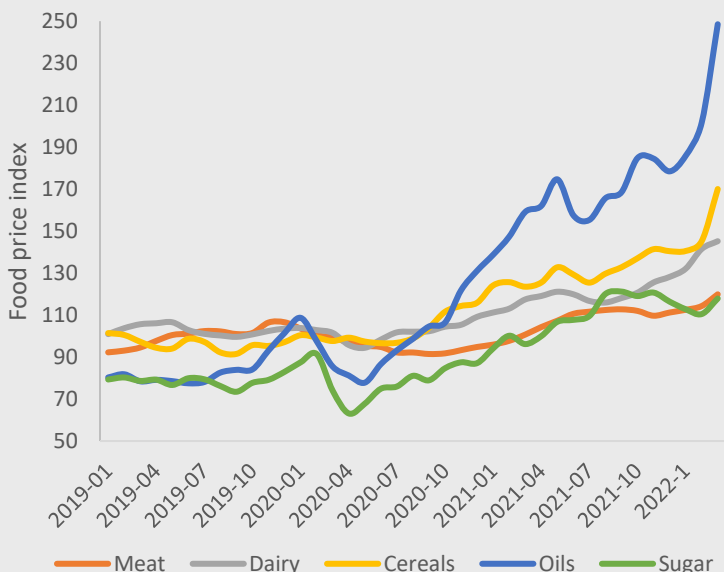
Global Food Price Index

The FAO Food Price Index which tracks international prices of the most globally traded food commodities, continued to increase, reaching its highest ever in March 2022. The average Food Price Index was 159.3, a 12.6% increase from the previous month and 33.7% increase from the same period last year. The month-on-month increase was primarily due to the global increased price of vegetable oils and cereals. At current, the global food inflation increment rate is higher than the global price trend.

*Data source: FAO



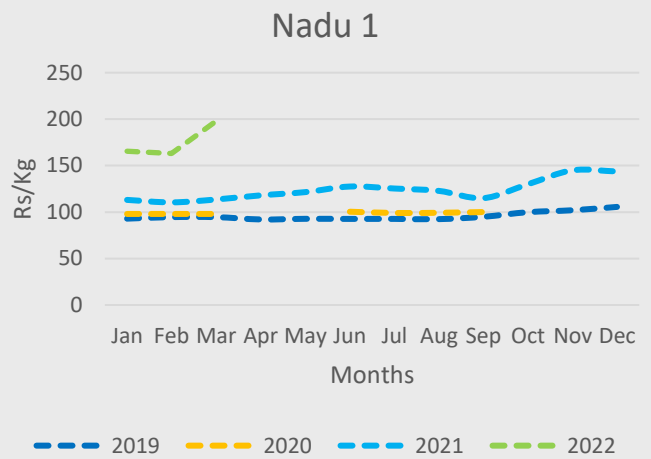
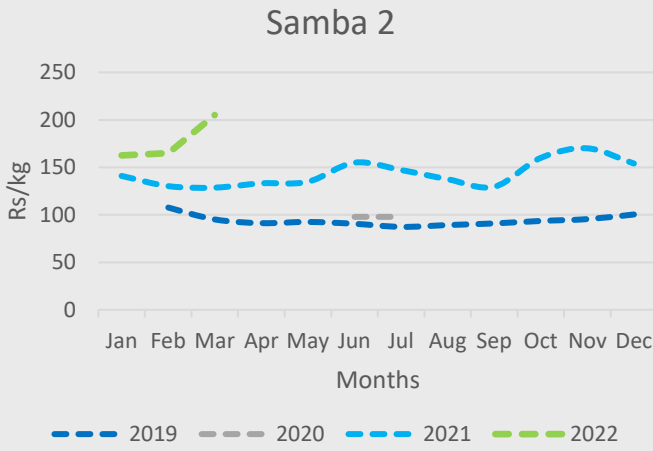
Global Price Index on Major Food Groups



The global Vegetable Oil and Cereal Price Indices increased, respectively, by 23.2% and 17.1% compared with the previous month. High sunflower oil prices due to reduced export supplies amid the ongoing conflict in the Black Sea region have driven the price increase in the global market. World wheat prices increased by 19.7% in March, owing mostly to conflict-related export disruptions from Ukraine and the Russian Federation, as well as concerns about crop conditions in the USA. After three months decline, the Sugar Price Index rose by 6.7% in March.

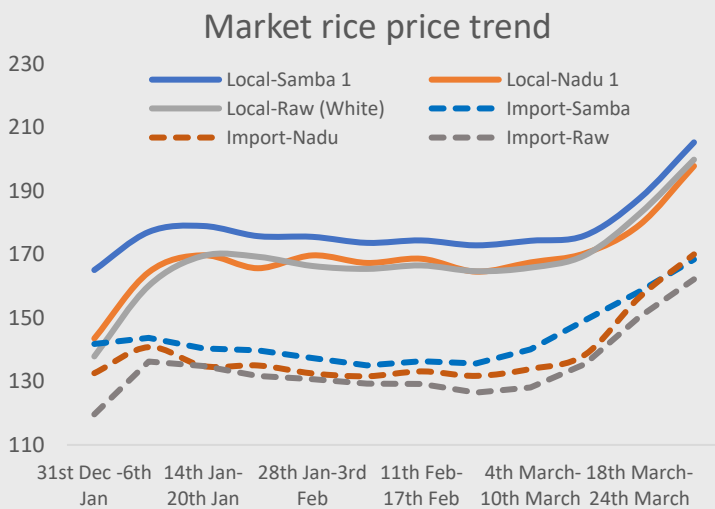
*Data source: FAO

Price trend of rice varieties



The retail price of Nadu grade I rice increased in the range of Rs. 15.00-19.00/kg with prices between Rs. 180.00-210.00/kg. Prices of all other local rice varieties have increased by Rs. 20.00-40.00/kg. The highest price increase of 24% was reported for Samba grade 2. Prices of both raw red and white have increased by Rs.17.00/kg with the price ranging between Rs. 190.00-210.00/kg. Farm gate prices for all paddy varieties saw another month increase in most of the major paddy producing areas, which is primarily linked to the reduction in harvest and farmers deciding to increase their store for personal consumption. The highest average farm gate price increase was reported for short grain paddy in Ampara at Rs. +8.00/kg.

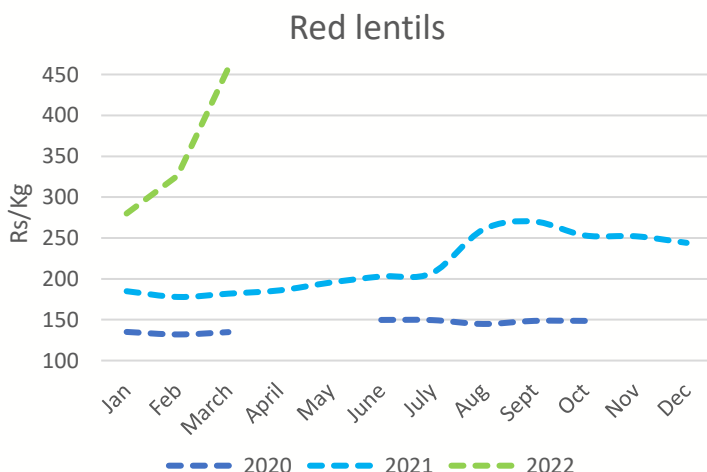
**Data source: HARTI, Sri Lanka*



Price trend of imported rice varieties

Prices for all imported rice varieties have risen by 25% to 30% since February 2022, primarily due to the depreciation of the local currency and increasing transportation costs. The most significant price increases were noted in the imported Nadu varieties. Both local rice types began to rise in early March, exhibiting a similar price increase pattern to imported varieties.

**Data source: HARTI, Sri Lanka*

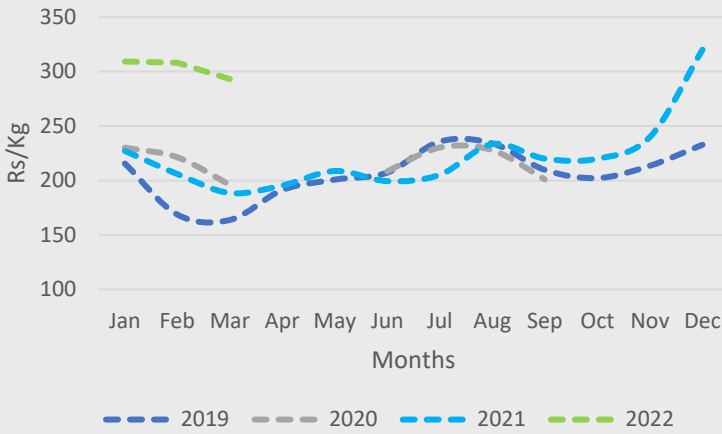


Price trend of red lentils

The price of red lentils, for which Sri Lanka relies on imports, reached its peak over the past year in March 2022 after the price limit was rescinded in 2020. Lentil prices are 152% higher than in March 2021. The price of red lentils increased rapidly by over 40% considering the month-on-month change primarily due to the depreciation of the local currency.

**Data source: DCS, Sri Lanka*

Potato - N'Eliya



Price trend of potatoes

Potato prices of the Nuwara Eliya variety peaked in December at Rs. 320/kg. There has been a -4.8% month-on-month reduction in price in March 2022. Compared to the same period last year, current prices of Nuwara Eliya and other imported potato varieties have increased by 50%. Considering month-to-month changes, the prices of both local and imported varieties has slightly decreased.

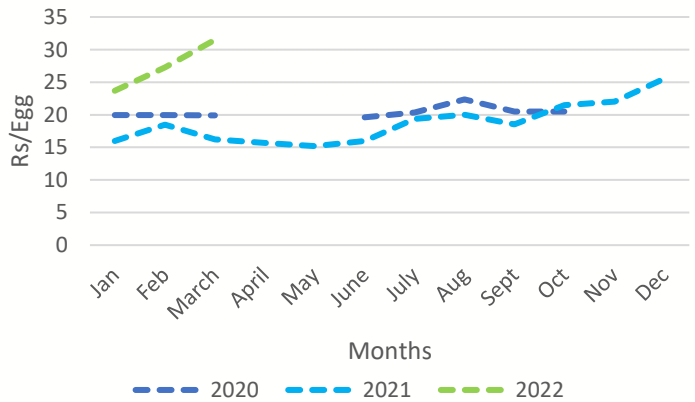
**Data source: HARTI, Sri Lanka*

Price trend of eggs

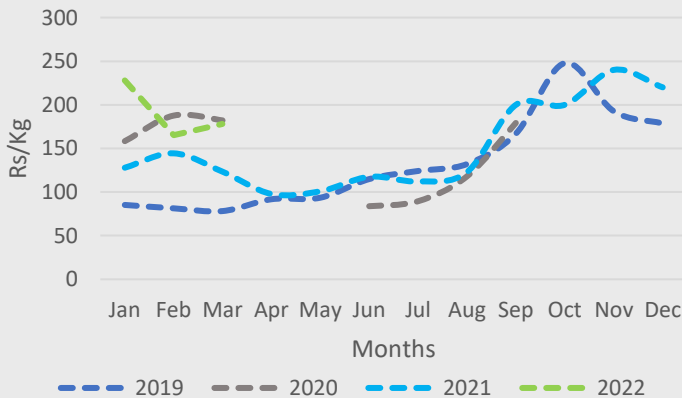
The average cost per egg increased by 17% in March compared with the previous month. Retail prices of both brown and white eggs have increased by Rs. 4.00 per egg in line with the increase in wholesale pricing, owing to an increase in the cost of poultry feed. Brown eggs cost between Rs. 30.00 and Rs. 34.00, while white eggs cost between Rs. 29.00 and Rs. 32.00.

**Data source: HARTI, Sri Lanka*

Eggs



Big Onion



Price trend of onions

The average price for big onion increased by 8% in March compared with February. Current prices of sinnan (24%), vedalan (38%), imported red onions (39%), and imported big onions (88%) have all increased compared to the same period last year. The prices of vedalan and imported red onion have risen by Rs. 14.00/kg and Rs. 21.00/kg, with prices ranging from Rs. 360.00-Rs. 480.00/kg and from Rs. 300.00-400.00/kg, respectively.

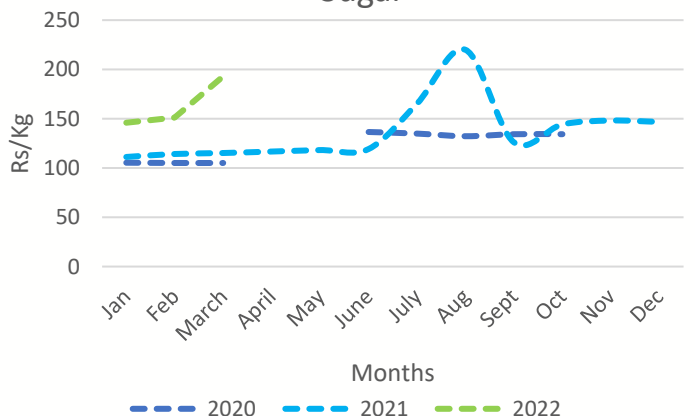
**Data source: HARTI, Sri Lanka*

Price trend of Sugar

Until January, the price of white sugar had stabilized at Rs. 146.00/kg following a price spike in August and September of last year. With the recent local currency depreciation the price of sugar has increased by 32% as compared with January.

**Data source: DCS, Sri Lanka*

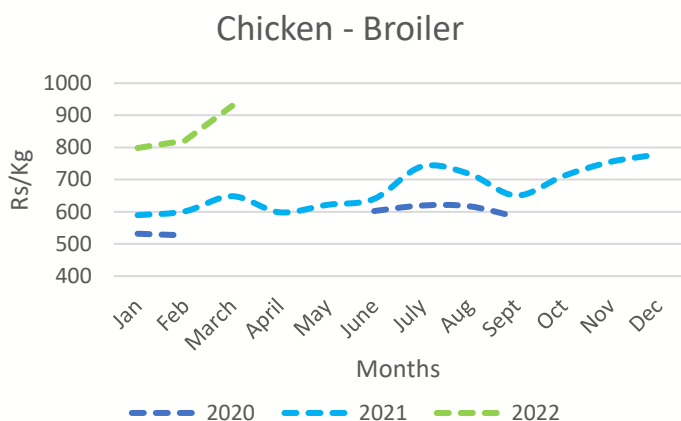
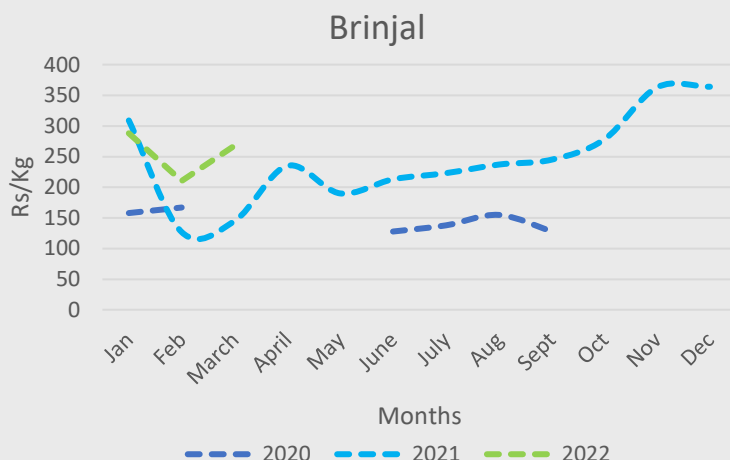
Sugar



Price trend of brinjal

In March, the price of brinjal increased by 27% compared to the previous month. However, most up-country vegetables and low-country vegetable decreased in price by the end of February as compared to December and November 2021. This is primarily due to an increase in supply from the Maha 2022 vegetable harvesting season.

**Data source: HARTI, Sri Lanka*



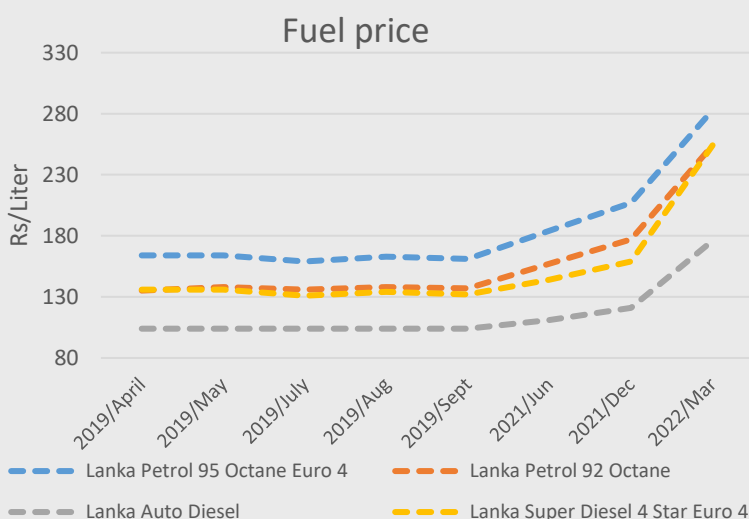
Price trend of chicken

Overall, the price of broiler and curry chicken increased by 15% month-on-month change. Due to rising production costs, particularly the cost of feed, the prices of skinless broiler chicken and skinless curry chicken have increased by Rs. 15.00/kg and Rs. 10.00/kg, respectively.

**Data source: HARTI, Sri Lanka*

Price trend of fuel

With the state-run oil and gas entity Ceylon Petroleum Corporation's price increase in March, retail prices for both petrol and diesel increased by 36% for 92 octane, 43% for 95 octane and 45% for diesel, compared to the earlier increments put in place in December 2021. This price adjustment followed an increase in pricing by competitor, Lanka IOC. As a result, the production and transportation costs of locally manufactured goods have skyrocketed.



Key Issues to Watch

- Devaluation of the rupee against the US dollar, which had depreciated more than 50% by the end of March. Inflationary pressures are expected in the short term, driven by rising cost of global commodities, direct and indirect impact on domestic prices, and depreciation of the rupee.
- Due to the depreciation of the currency, the price trend of imported rice varieties is in line with the rising prices of domestic rice varieties, which may further affect the food security of disadvantaged households.
- Due to the increase in local wheat prices and decreased demand in the tea market, the estate sector is expected to be highly exposed to food insecurity.
- Upcoming preparation for the Yala paddy cultivation season is expected to be impacted due to high fuel prices, as well as the limited availability and accessibility of fertilizers.

Commodity	Range		Average Price		Price Change
	Min	Max	This week	Last week	Last week %
Rice					
Samba 1	190	220	205.28	187.57	9.44%
Samba 2	180	200	193.6	172.27	12.38%
Keeri Samba	240	260	250.85	246.59	1.73%
Nadu 1	185	210	197.81	179.24	10.36%
Nadu 2	180	190	184.04	169.32	8.69%
Raw (Red)	190	210	201.19	184.61	8.98%
Raw (White)	190	210	199.85	182.78	9.34%
Samba-Imported	160	190	168.38	158.28	6.38%
Nadu-Imported	160	180	170	156.5	8.63%
Raw (White)-Imported	150	180	162.14	150.31	7.87%
Dried Chillies-Imported	1150	1400	1278.95	1233.24	3.71%
Onion					
Imported	300	400	331.38	310	6.90%
Big Onion					
Imported	140	200	178.72	177.02	0.96%
Potato					
N'Eliya	280	320	293.53	278.86	5.26%
Imported	140	180	164.12	161.83	1.42%
Vegetable					
Leeks	120	200	163.08	164.29	-0.74%
Raddish	100	200	147.14	145.52	1.11%
Tomato	120	280	195	284.48	-31.45%
Ladies Fingers	100	200	152.86	155.86	-1.92%
Capsicum	260	400	327.86	330	-0.65%
Bitter Gourd	240	320	291.48	301.72	-3.39%
Snake Gourd	180	320	232.41	234.64	-0.95%
Luffa	160	320	240	251.03	-4.39%
Carrot	140	320	236.43	251.03	-5.82%
Beetroot	120	240	180.71	183.45	-1.49%
Green Chillies	300	600	473.7	524.48	-9.68%
Eggs					
Brown	30	34	31.5	31.47	0.10%
White	29	32	30.35	30.08	0.90%
Meat					
Beef (without Bones)	1500	1800	1625	1580	2.85%
Chicken (Broiler)	880	970	930	930	0.00%
Chicken (Curry)	680	950	842.86	852.86	-1.17%
Mutton	2100	2300	2214.29	2214.29	0.00%
Pork	850	1050	937.5	937.5	0.00%

*Data source: HARTI, Sri Lanka. Ref This week: 25 March – 31 March 2022/ Last week- 18 - 24 March 2022