



# MARKET MONITOR

## SRI LANKA – JULY 2023



World Food Programme

SAVING  
LIVES  
CHANGING  
LIVES



### FOOD INFLATION (year-on-year)

**-2.5 percent (NCPI)**

**-1.4 percent (CCPI)**



### HEADLINE INFLATION (year-on-year)

**4.6 percent (NCPI)**

**6.3 percent (CCPI)**



### AVERAGE FOOD EXPENDITURE Rs 45,257 per household (Based on July NCPI food inflation rate)



### LKR:USD RATE 319.5 (As of 31<sup>st</sup> July)

*\*Data source: DCS, Sri Lanka*

## KEY HIGHLIGHTS

- Overall **Headline Inflation** (NCPI) has **decreased** from 10.8% to 4.6% in July 2023.
- Food inflation falls below 0**, dropping from 2.5% in June to -2.5% in July 2023.
- Month-on-month change of NCPI contributed by **-0.17% from food** and **-0.53% from non-food**.
- The global price index of major foods** including cereals, sugar, dairy and meat **decreased** in July 2023, but the vegetable oils index increased.
- Retail prices of local rice varieties decrease** but retail prices of **imported rice** varieties **increase**.
- Retail prices of fuel** including Lanka 92 and 95 Octane and Lanka Super Diesel **increased** in July.

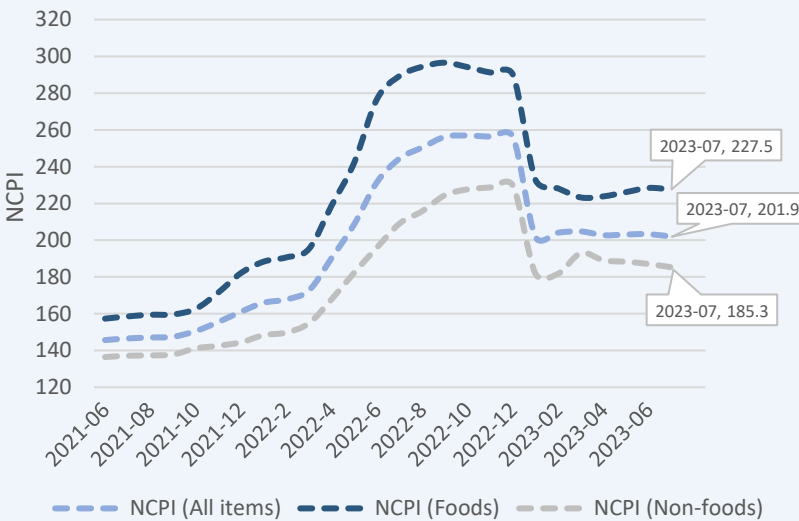
## CHANGES IN THE POLICY ENVIRONMENT

- 04 July:** The Cabinet of Ministers approved the regulations issued under the Import and Export (Control) Act No.1 in order to reestablish the import licensing methodology for wheat flour through the establishment of a special trade good levy. The regulations have been submitted for the approval of Parliament.
- 06 July:** The Central Bank relaxes its Monetary Policy Stance, reducing the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) by 200 base points to 11% and 12%, respectively.
- 20 July:** As the world's largest exporter of rice, India announced a ban of export of non-basmati rice as its production has been affected due to below-average monsoon rainfall.

*\*Data source: news.lk*

# NATIONAL CONSUMER PRICE INDEX ●

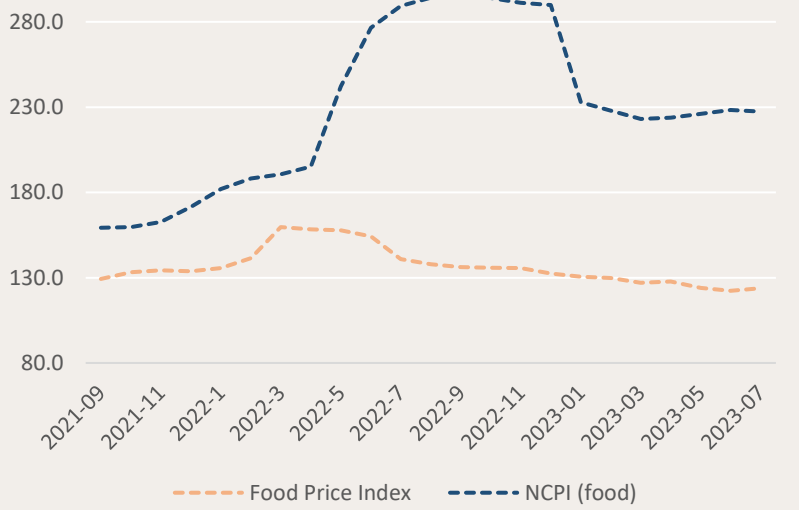
- The National Consumer Price Index (NCPI) for all items was 201.9 points in July 2023.
- The index observed a 0.7% decrease from last month but a 4.6% increase the same period in 2022.
- The rate of food inflation in July, as measured by the NCPI on a year-to-year basis, is -2.5%.
- Overall food inflation decreased from the previous month by 0.4%.



*\*Data source: DCS, Sri Lanka*

# GLOBAL FOOD PRICE INDEX ●

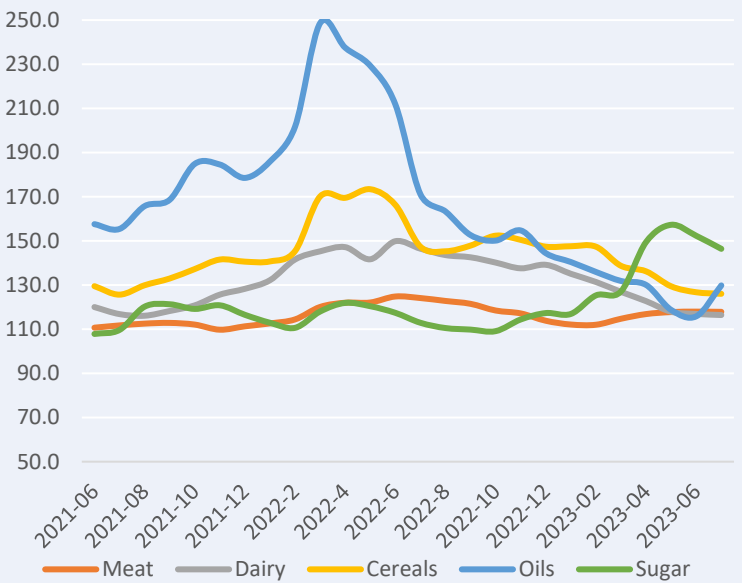
- The FAO Food Price Index tracks international prices of the most globally traded food commodities.
- The average Food Price Index was 123.9 during the month of July.
- July 2023 reported a 1.31% increase from the previous month of June.
- The increase is led by a solid rise in the vegetable oils price index.
- The food price index is 12.07% lower than the same month last year.



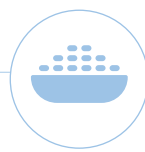
*\*Data source: FAO*

# GLOBAL PRICE INDEX ON MAJOR FOOD GROUPS ●

- The cereal price index decreased 0.5% from June 2023 and 14.5% from July last year due to supplies from harvests in Argentina and Brazil.
- The oil price index increased 12.1% from last month, the first increase in 7 months due to uncertainties of supplies from the black sea region.
- The sugar index decreased 3.9% from June 2023 but is still 29.6% above the price last year.
- The dairy index has been steadily decreasing, down 0.4% from last month and 20.6% from July 2022.



*\*Data source: FAO*



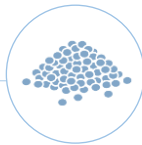
## PRICE TREND OF RICE VARIETIES

### LOCAL RICE VARIETIES

- All local varieties observed a steady decrease in retail prices.
- Local Samba 2 averaged a price of Rs. 212/kg in July 2023, a 2.61% decrease from the previous month and a 14.76% decrease y-o-y.
- Local Nadu 1 averaged a price of Rs. 213.85/kg, a decrease of 1.9% from last month.
- Local raw decreased 0.56% from last month but 29.17% from July 2022.
- Compared to the same month last year, all local and imported rice prices have decreased in the range of 13%-30%.

### IMPORTED RICE VARIETIES

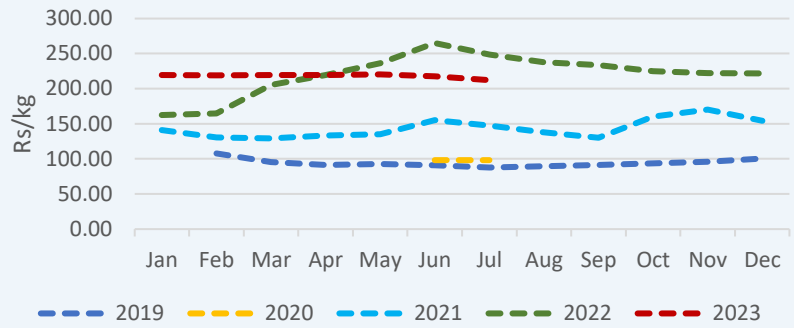
- The Average prices of imported Samba and raw white rice were 230.45 and 210 Rs. per kg, respectively.
- Both import varieties saw an increase from the previous month of June.
- Imported samba saw a 2.63% increase from last month. Whilst imported raw rice observed a 3.14% increase from last month.
- Both reported prices were higher than July 2022.



## PRICE TREND OF RED LENTILS

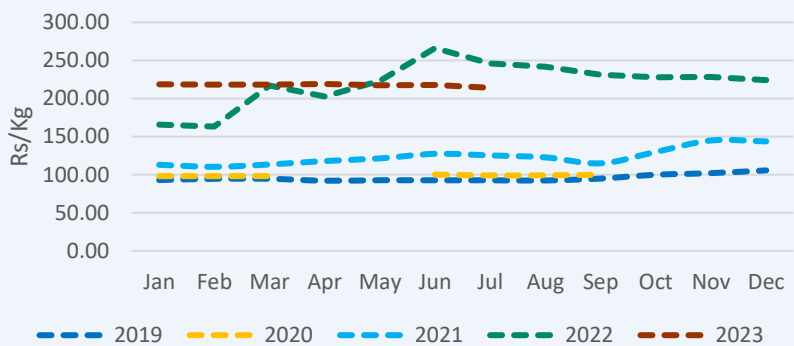
- After a sharp drop in June, the price of red lentils has increased by 2.66% to an average of Rs. 308.75/kg.
- The average price of red lentils is 45.43% lower than July 2022.

### Samba Grade II

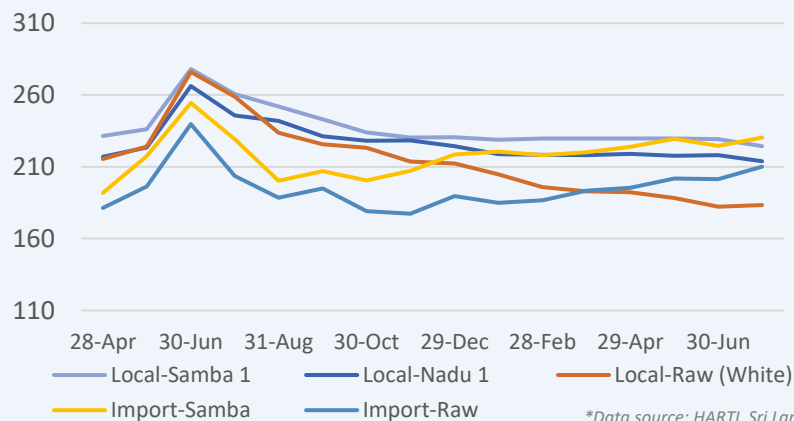


\*Data source: HARTI, Sri Lanka

### Nadu Grade I

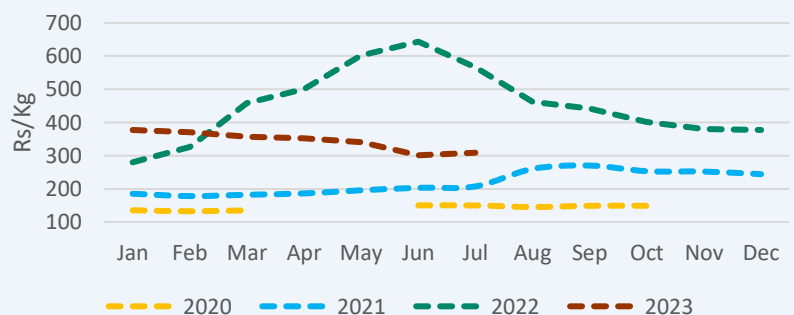


\*Data source: HARTI, Sri Lanka



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### Red Lentils

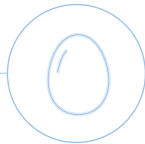
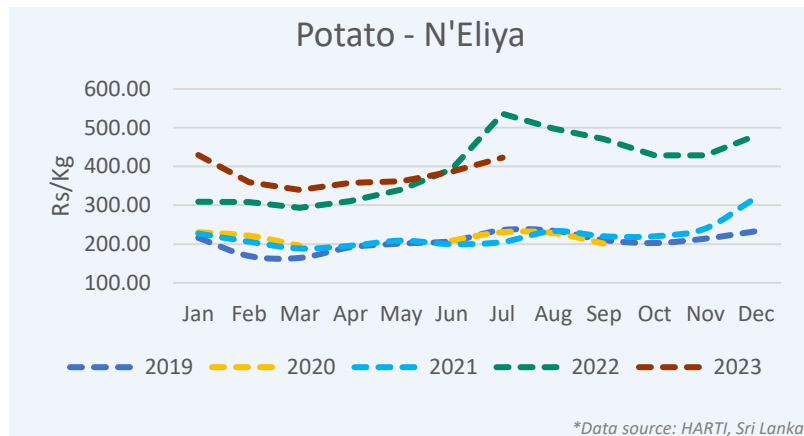


\*Data source: HARTI, Sri Lanka



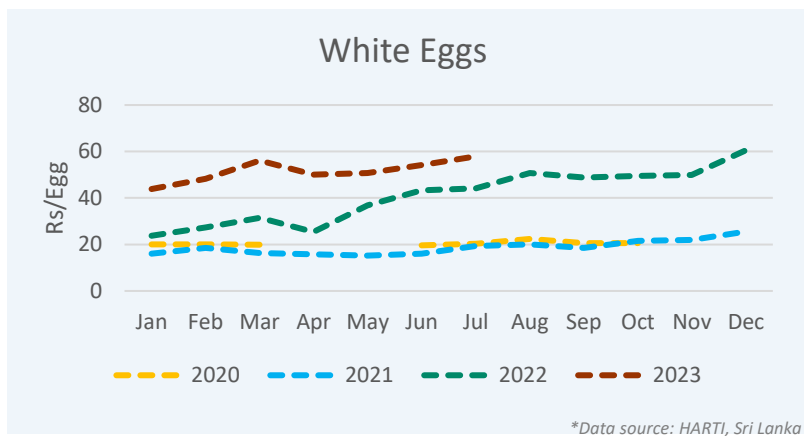
## PRICE TREND OF POTATOES

- After a sharp drop in February 2023, the average price of local Nuwara Eliya potatoes has steadily increased back to January 2023 levels.
- In July 2023 the average price of potatoes was Rs. 423.33/kg.
- The average price has seen a 9.58% from last month. However the price is 21.03% lower than the same month last year.



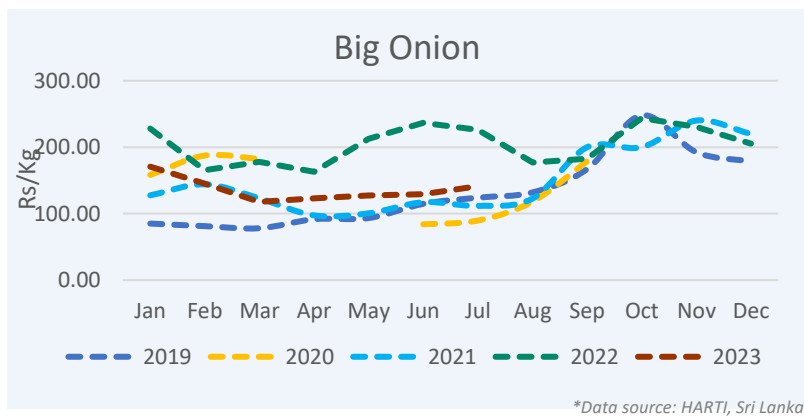
## PRICE TREND OF EGGS

- Prices of white eggs have been steadily increasing from the beginning of the year.
- The average price of a white egg rose to Rs.57.85.
- This is a 6.7% increase from last month and 31.17% increase from the same month last year.



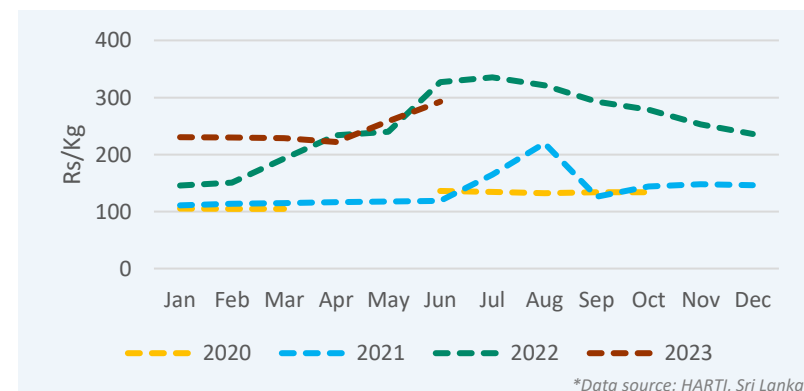
## PRICE TREND OF ONIONS

- The average price of big onion has increased 9.14% from last month to Rs. 141.20/kg.
- The steady increase follows the trend of previous yearly fluctuations.
- The price is 37.54% lower than July 2022.



## PRICE TREND OF SUGAR

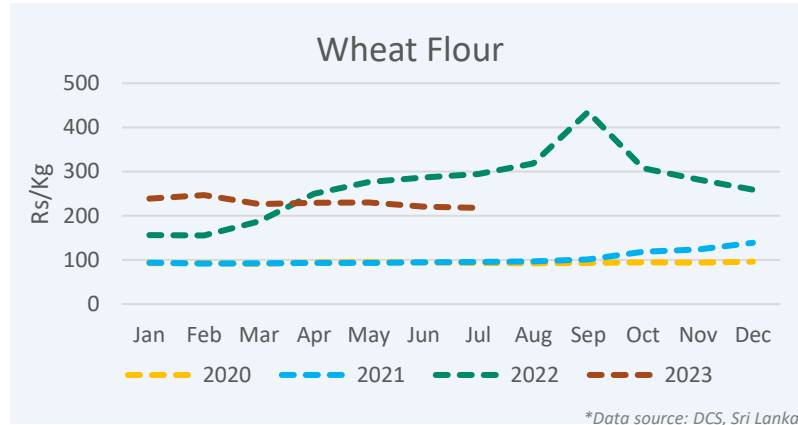
- The price of sugar has been steadily increasing from April 2023.
- In July 2023 the average price of sugar was reported as Rs. 241.20/kg.
- This is a 0.71% increase from last month but 28.09% lower than the same month last year.





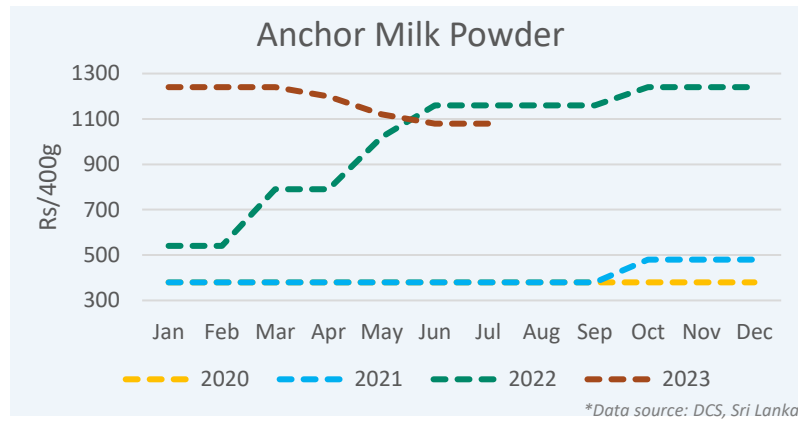
## PRICE TREND OF WHEAT FLOUR

- The average retail price of wheat flour for July 2023 was reported at Rs. 217.56/kg.
- This is a 1.28% decrease from the previous month.
- Despite maintained high prices compared to 2020 and 2021, compared to the same month last year the average cost has decreased 26.07%



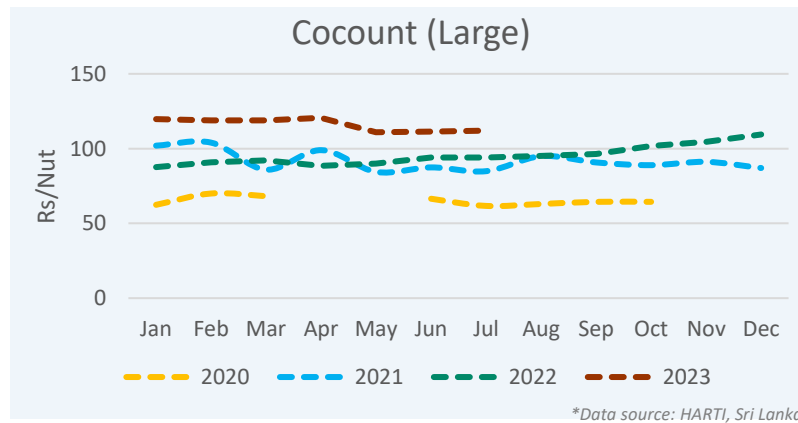
## PRICE TREND OF MILK POWDER

- The average retail price of a 400g box of Anchor milk powder in July 2023 remained the same month-on-month at Rs. 1080.
- This is 6.9% lower than July 2022 but 184.21% higher than July 2021.



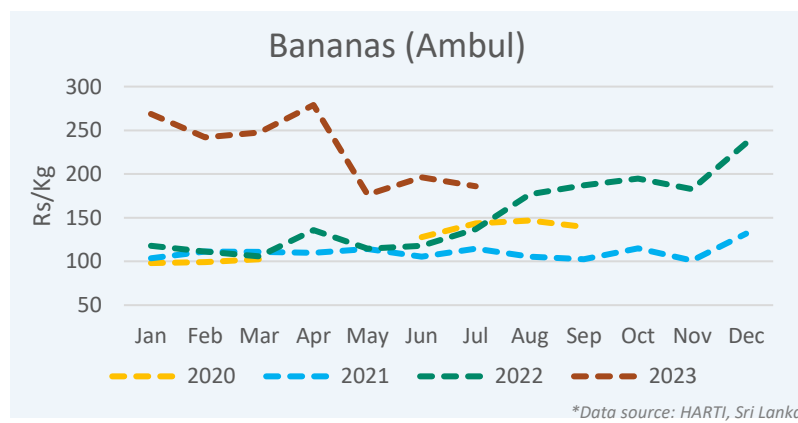
## PRICE TREND OF COCONUTS

- The average retail price of a coconut in July 2023 was Rs. 112.
- This is 0.49% higher than last month and 19.09% higher than the same month last year.



## PRICE TREND OF BANANAS

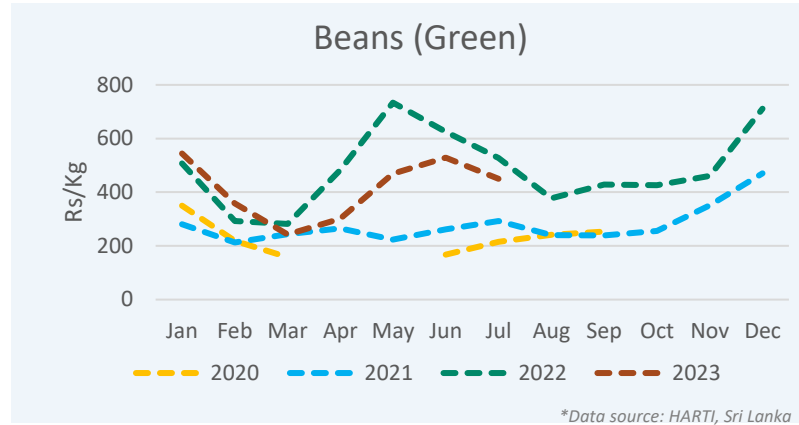
- The average retail price of Ambul bananas in July 2023 was Rs. 186.06/kg.
- The price saw a 5.13% decrease compared to June.
- However, the average price remained 35.87% higher than July 2022.





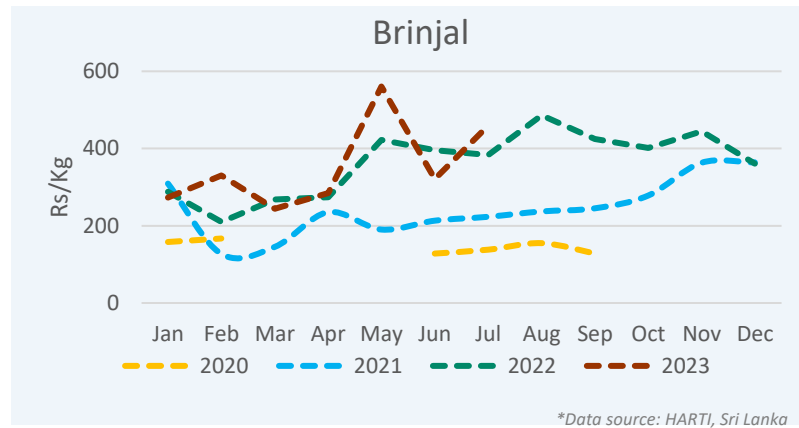
## PRICE TREND OF BEANS

- After a sharp increase in June 2023, the average retail price of green beans decreased 14.78% to Rs. 450.29/kg in July 2023.
- This is 14.7% decrease from July 2022 but prices are still 54.1% higher than July 2021.



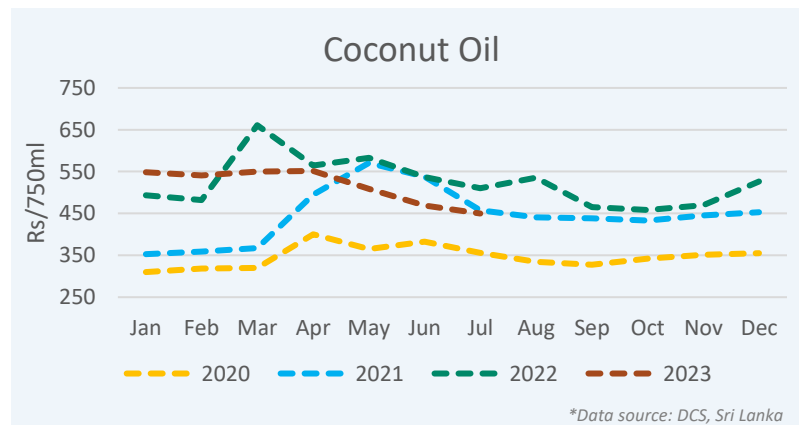
## PRICE TREND OF BRINJAL

- The average retail price of brinjal spiked in July 2023 to Rs. 459.69/kg.
- This is 43.01% higher than the previous month and 19.96% higher than the same month last year.



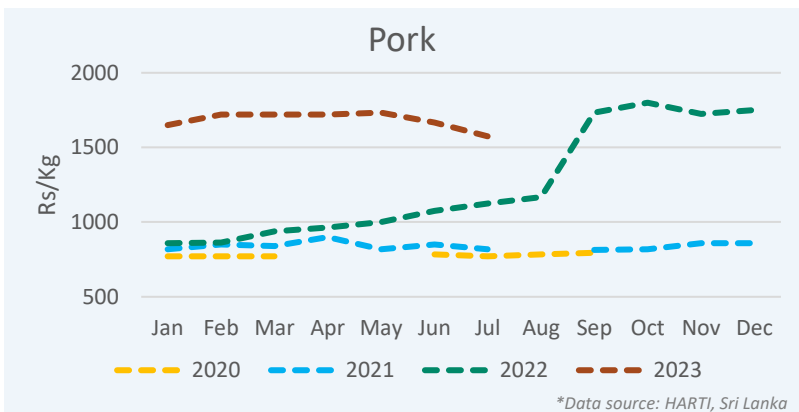
## PRICE TREND OF COCONUT OIL

- The average retail price of a 750ml bottle of coconut oil has been steadily decreasing since May 2023.
- In July 2023 was reported at Rs. 449.57, this is 4.18% lower than the previous month and 11.93% lower year-on-year.

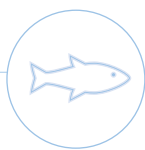


## PRICE TREND OF PORK

- The average retail price of Pork decreased month-on-month to Rs. 1575/kg in July 2023.
- This is a 5.5% decrease compared to June 2023.
- However, compared to the same month last year the average price is 40% higher.

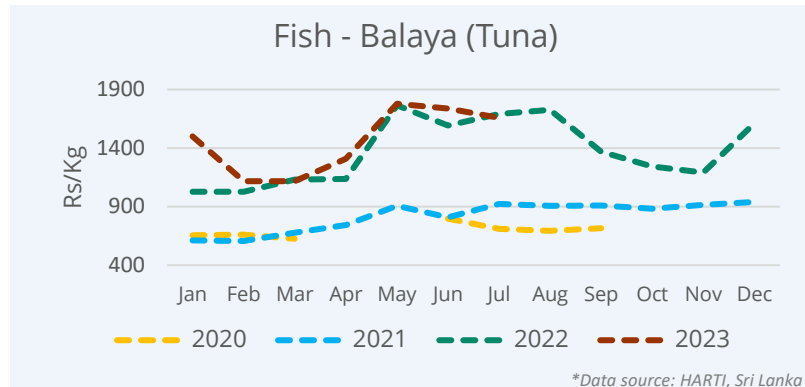






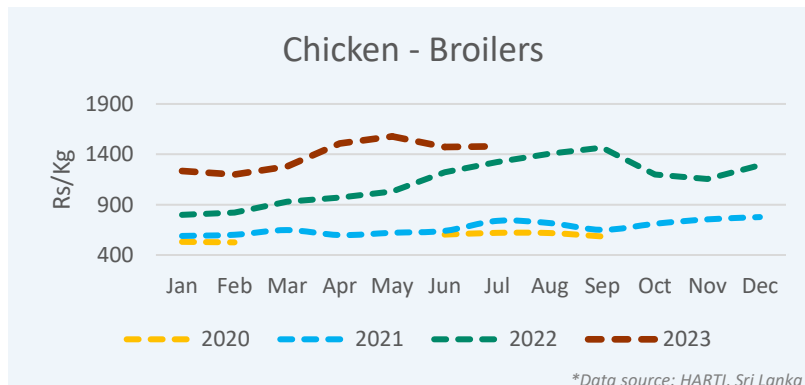
## PRICE TREND OF FISH

- After reaching a high in May 2023, the average price of Balaya (Tuna) fish has steadily decreased.
- In July 2023 the average price was Rs.1658/kg.
- This is a 4.62% decrease from last month but is still higher than the same month last year.



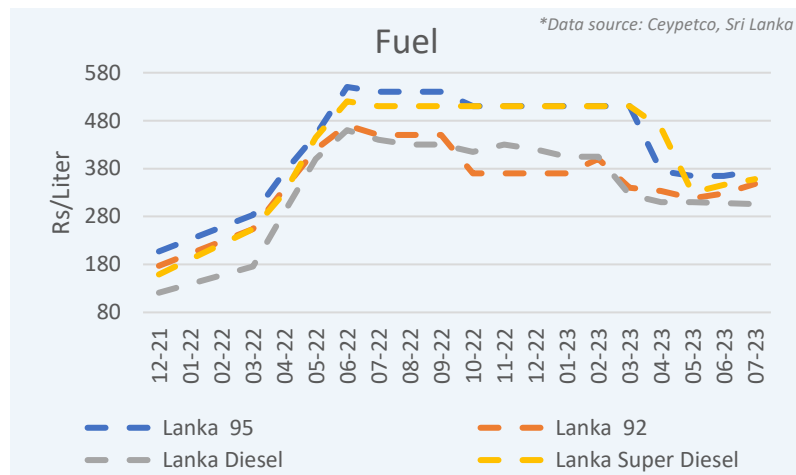
## PRICE TREND OF CHICKEN

- The price of Broiler chicken has remained similar to last month at an average of Rs.1479/kg, this is a 0.49% increase.
- The average price in July 2023 is 11.85% higher than July 2022.



## PRICE TREND OF FUEL

- The retail prices of Lanka 95 and 92 Octane have increased by 2.74% and 6.1%, respectively.
- Lanka Auto Diesel has slightly decreased by 0.65% compared to last month.
- The retail price of Lanka Super Diesel has increased by 3.47% compared to June.
- Compared to July 2022 retail prices of all fuels have decreased in a range of 22-31%



## KEY ISSUES TO WATCH OUT FOR

- Global Wheat prices are likely to continue to rise due to the uncertainty of Ukraine's exports following Russia's decision to terminate the implementation of the Black Sea grain Initiative, as well as damage to Ukraine's ports on the Black Sea and Danube River.
- Similarly, vegetable oil prices are likely to continue to rise due to the uncertainty surrounding the exportable supplies of the black sea region.
- Persistent concerns about the potential of the El Niño weather phenomenon to derail the expected boost to global sugar supplies risks keeping prices high.
- India ban of exports on non-basmati rice varieties risks keeping retail prices of import rice high.

COMMODITY	RANGE		AVERAGE PRICE IN SRI LANKAN RUPEES		PRICE CHANGE
	Min	Max	This week	Last week	Last week %
Cereals, grains, roots, tubers					
Samba 1	220	230	224.42	225.45	-0.46% ▼
Samba 2	200	220	212	213.75	-0.82% ▼
Keeri Samba	260	270	265	266.32	-0.50% ▼
Nadu 1	210	220	213.85	214.12	-0.13% ▼
Nadu 2	190	200	193.6	193.75	-0.08% ▼
Raw (Red)	150	170	160.65	158.65	1.26% ▲
Raw (White)	175	190	183.26	181.67	0.88% ▲
Samba-Imported	220	240	230.45	228.13	1.02% ▲
Raw (White)-Imported	200	220	230.45	228.13	1.02% ▲
Potato - N'Eliya	400	440	423.23	422.14	0.26% ▲
Potato - Imported	200	280	237.39	247.73	-4.17% ▼
Wheat Flour	190	240	217.56	218.81	-0.57% ▼
Pulses, legumes					
Green Gram	1000	1300	1182	1277.08	-7.45% ▼
Red Dhal	290	340	308.75	302.5	2.07% ▲
Green Beans	320	550	450.29	513.87	-12.37% ▼
Vegetables					
Big Onion - Imported	120	160	141.2	152.31	-7.29% ▼
Red Onion - Imported	450	460	452.22	452.5	-0.06% ▼
Leeks	160	400	282.86	329.29	-14.10% ▼
Raddish	100	280	200.61	204.85	-2.07% ▼
Tomato	280	600	452.5	603.61	-25.03% ▼
Ladies Fingers	160	360	259.06	273.53	-5.29% ▼
Capsicum	350	600	510.65	502.73	1.58% ▲
Bitter Gourd	300	520	410	456.67	-10.22% ▼
Snake Gourd	200	420	313.94	320.97	-2.19% ▼
Luffa	160	400	290.86	293.44	-0.88% ▼
Carrot	400	600	511.21	506.07	1.02% ▲
Beetroot	300	480	401.21	405.94	-1.17% ▼
Green Chillies	420	900	705.71	816.18	-13.54% ▼
Fruits					
Coconut (Large)	100	120	112	114.67	-2.33% ▼
Ambul Bananas	140	240	186.06	189.46	-1.79% ▼
Papaw	120	250	183.08	185.79	-1.46% ▼
Mango (Vilad)	80	100	90.63	90	0.70% ▲
Meat, Fish, Eggs					
Beef (without Bones)	2200	2500	2325	2325	0.00% ▲
Chicken (Broiler)	1420	1550	1479	1524.24	-2.97% ▼
Chicken (Curry)	1470	1650	1570	1546.25	1.54% ▲
Mutton	3100	3500	3287.5	3242.86	1.38% ▲
Pork	1400	1700	1575	1600	-1.56% ▼
Brown Eggs	50	54	52.25	54	-3.24% ▼
White Eggs	52	56	53.1	55.27	-3.93% ▼

\*Data source: HARTI, Sri Lanka. Ref. This week :21 - 27 July 2023 Last week 14 - 20 July 2023

$$\text{Average food expenditure} = \frac{\text{Rs. change in market basket of food items}}{\text{Index change of NCPI for food}} \times \text{NCPI Food index for the month}$$