



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX – OCTOBER 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 October 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 October 2017 was 124.8. An increase of 1.5 index points or a percentage of 1.2 was noted in October 2017 compared to that of September 2017 for which the index was 123.3. This increase represents increase in expenditure value of Rs. 477.46 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 (%)		
	Oct 2016	Sep 2017	Oct 2017	Oct 2016	Sep 2017	Oct 2017	Oct 2016	Sep 2017	Oct 2017
All Items	114.7	123.3	124.8	368.47	342.64	477.46	1.01	0.87	1.20
Food and Non Alcoholic Beverages	114.6	128.2	131.4	288.10	315.45	445.25	0.79	0.80	1.12
Non Food	114.8	119.5	119.7	80.37	27.19	32.21	0.22	0.07	0.08
Alcoholic Beverages, Tobacco and Narcotics	171.9	178.0	178.3	66.18	10.39	2.19	0.18	0.03	0.01
Housing, Water, Electricity, Gas and Other Fuels	114.9	115.9	116.1	0.00	1.94	9.68	0.00	0.00	0.02
Restaurants and Hotels	108.1	110.4	111.7	1.09	0.00	15.58	0.00	0.00	0.04
Miscellaneous Goods and Services	117.2	129.2	129.4	7.48	2.69	2.02	0.02	0.01	0.01
Other	110.5	116.7	116.8	5.61	12.17	2.74	0.02	0.03	0.01

*Note: There are 12 main groups of the market basket. Monthly significant changes were noted only in five main groups in October 2017.

2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (October 2017 as compared to September 2017) are given in Table 02. The increase in the index point by 1.20% was due to the expenditure value increases of food items by 1.12% and non-food items by 0.08% respectively.

2.1.1. Contribution of Food items: 1.12%

As shown in Table 02, the increases in expenditure value in index were reported for Coconuts (0.52%), Vegetables (0.31%), Rice (0.27%), Green chilies (0.12%), Banana (0.09%), Red onions (0.08%), Limes (0.03%) and Tea dust (0.02%). However, decreases in expenditure value in index were reported for Fresh fish (0.17%), Eggs (0.06%), Potatoes (0.03%), Mangoes (0.03%), Dried fish (0.02%), Chicken (0.03%).

2.1.2. Contribution of Non food items: 0.08%

The increases in expenditure value in index were reported for non food commodity groups of 'Restaurants and Hotels' (0.04%), 'Housing, Water, Electricity, Gas and Other fuels' (0.02%), Alcoholic beverages, Tobacco and Narcotics' (0.01%) and 'Miscellaneous Goods and Services' (0.01%). Further, the groups of 'Furnishing, Household equipment and Routine household maintenance' and 'Clothing and Footwear' recorded very slight expenditure value increases compared to the previous month. The expenditure value of 'Health', 'Transport', 'Communication' 'Education' and 'Recreation and Culture' groups remained unchanged during the month.

**Table 02: Contribution to the increase in NCPI (Base 2013=100) on month on month basis
(October 2017 as compared to September 2017)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase	Decrease	Net effect
Food	445.25	1.45	0.33	1.12
Coconuts	207.01	0.52		
Vegetables	122.78	0.31		
Rice	106.38	0.27		
Green chillies	45.64	0.12		
Banana	37.58	0.09		
Red onions	32.99	0.08		
Limes	12.57	0.03		
Tea dust	8.72	0.02		
Fresh fish	-68.30		0.17	
Eggs	-22.05		0.06	
Potatoes	-12.73		0.03	
Mangoes	-11.26		0.03	
Dried fish	-8.77		0.02	
Chicken	-6.47		0.02	
Other food items	1.15	0.00		
Non Food	32.21	0.08		0.08
Alcoholic beverages, Tobacco and Narcotics	2.19	0.01		
Housing, Water, Electricity, Gas and Other fuels	9.68	0.02		
<i>LP Gas</i>	9.68	0.02		
Restaurants and Hotels	15.58	0.04		
Miscellaneous Goods and Services	2.02	0.01		
Other groups	2.74	0.01		
All Items	477.46			1.20

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	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
	April	121.0	1.3	8.4	6.0	2.7	11.8	6.4	0.1	5.9	5.7
	May	121.8	0.7	7.1	6.1	1.0	10.6	6.9	0.3	4.5	5.6
	June	123.4	1.3	6.3	6.1	2.9	8.6	7.0	0.1	4.4	5.5
	July	122.4	-0.8	6.3	6.2	-1.9	8.2	7.1	0.1	4.7	5.5
	August	122.3	-0.1	7.9	6.5	-0.6	12.1	7.7	0.3	4.8	5.5
	September	123.3	0.8	8.6	6.8	1.7	13.9	8.5	0.1	4.5	5.5
	October	124.8	1.2	8.8	7.1	2.5	14.7	9.3	0.2	4.3	5.4

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 8.8% in October 2017 and inflation calculated for September 2017 was 8.6% (Table 03). Y on Y inflation of food group reported for the month of October 2017 was 14.7% while that for non food group was 4.3%.

3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 6.44 percent in October 2017 compared to that of October 2016 (Table 04).

Contribution of non food items was 2.41 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.48%), 'Transport' (0.41%), 'Health' (0.33%), 'Communication' (0.31%), 'Furnishing Household equipment and Routine household maintenance' (0.20%), 'Housing, Water, Electricity, Gas and Other fuels' (0.19%), 'Alcoholic beverages, Tobacco and Narcotics' (0.13%), 'Education' (0.13%), 'Restaurant and Hotels' (0.12%) and 'Clothing and Footwear' (0.10%).

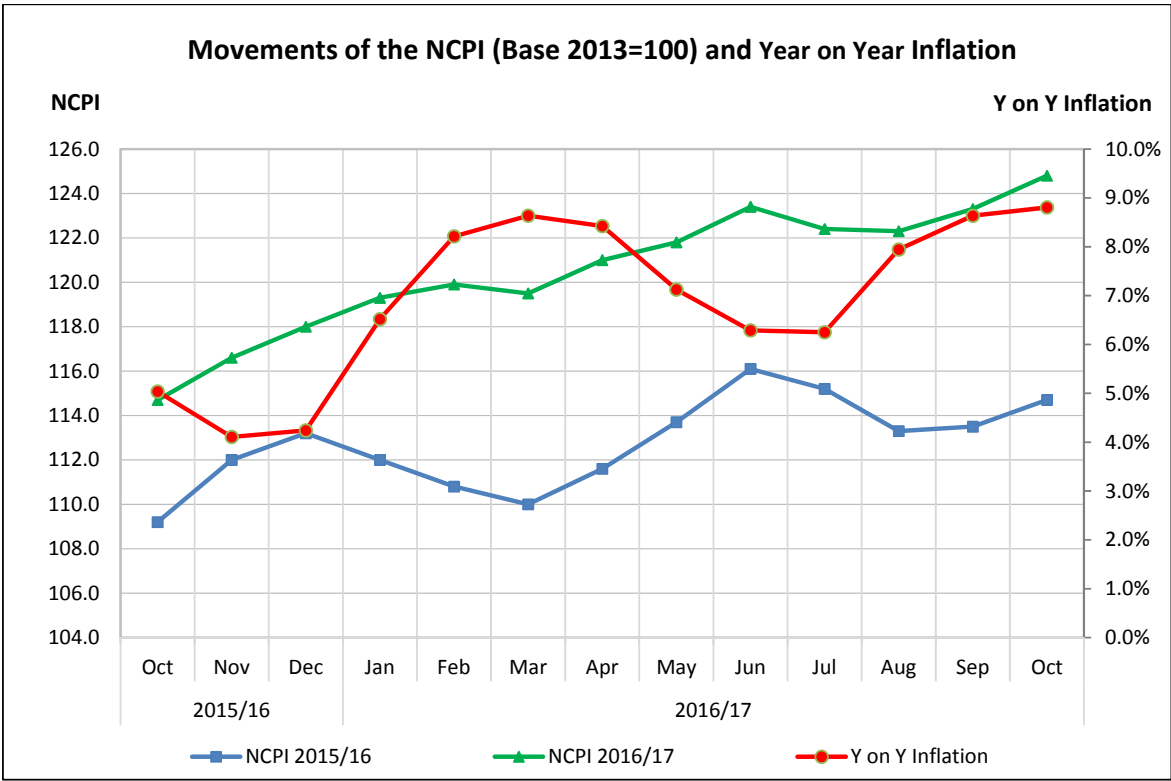
**Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis
(October 2017 as compared to October 2016)**

Sub Group/Commodity	Value change			
	Rs. cts.	% Change		
		Increase %	Decrease %	Net effect %
Food	2372.33			6.44
<i>Coconuts</i>	780.41	2.12		
<i>Rice</i>	637.67	1.73		
<i>Vegetables</i>	378.66	1.03		
Non Food	887.84	2.41		2.41
Alcoholic beverages, Tobacco and Narcotics	46.32	0.13		
<i>Arrack</i>	84.80	0.23		
<i>Cigarettes</i>	39.51	0.11		
<i>Beetle leaves</i>	-76.57		0.21	
Clothing and Footwear	38.41	0.10		
Housing, Water, Electricity, Gas and Other fuels	69.39	0.19		
<i>Material for the maintenance</i>	61.98	0.17		
<i>Kerosene oil</i>	-5.01		0.01	
<i>LP Gas</i>	8.90	0.02		
Furnishings, Household equipment and Routing household maintenance	73.75	0.20		
Health	121.89	0.33		
<i>Purchase of medical/ pharmacy products</i>	-7.82		0.02	
<i>Consultation fees to specialists</i>	6.74	0.02		
<i>Fees to private medical practices</i>	53.41	0.14		
<i>Payments. to medical laboratories</i>	-44.82		0.12	
<i>Payments to private hospitals room charges</i>	113.55	0.31		
Transport	150.61	0.41		
<i>Purchase of vehicles</i>	52.55	0.14		
<i>Cost of servicing of vehicles</i>	32.05	0.09		
<i>Bus fare</i>	31.77	0.09		
<i>Airline fare</i>	8.64	0.02		
Communication	112.44	0.31		
<i>Telephone charges - Home fixed phone</i>	36.38	0.10		
<i>Telephone charges - Mobile</i>	78.17	0.21		
<i>Internet charges</i>	-2.46		0.01	
Recreation and Culture	7.83	0.02		
Education	46.09	0.13		
Restaurant and Hotels	44.60	0.12		
Miscellaneous Goods and Services	176.51	0.48		
All Items	3260.18			8.84

*Note: Sum of percentages of items may not tally with overall percentage due to rounding off.

3.2. Moving Average Inflation

The moving average inflation for the month of October 2017 is 7.1%. The corresponding rate for the month of September 2017 was 6.8%.



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