



PRESS RELEASE

THE NATIONAL CONSUMER PRICE INDEX – SEPTEMBER 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 September 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 September 2017 was 123.3. An increase of 1.0 index points or a percentage of 0.8 was noted in September 2017 compared to that of August 2017 for which the index was 122.3. This increase represents increase in expenditure value of Rs. 342.64 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 (%)		
	Sep 2016	Aug 2017	Sep 2017	Sep 2016	Aug 2017	Sep 2017	Sep 2016	Aug 2017	Sep 2017
All Items	113.5	122.3	123.3	92.57	-37.27	342.64	0.25	-0.09	0.87
Food and Non Alcoholic Beverages	112.6	126.0	128.2	25.62	-99.74	315.45	0.07	-0.25	0.80
Non Food	114.3	119.4	119.5	66.95	62.47	27.19	0.18	0.16	0.07
Alcoholic beverages, Tobacco and Narcotics	162.8	176.5	178.0	42.59	6.10	10.39	0.12	0.02	0.03
Clothing and Footwear	115.4	118.6	118.9	5.36	3.52	3.39	0.01	0.01	0.01
Furnishing , Household equipment and Routine household maintenance	113.8	120.5	120.8	1.63	4.87	2.63	0.00	0.01	0.01
Communication	105.9	121.3	121.0	0.00	0.35	-2.46	0.00	0.00	-0.01
Education	115.8	120.0	120.9	10.78	3.48	8.61	0.03	0.01	0.02
Miscellaneous Goods and Services	116.7	129.0	129.2	4.43	5.28	2.69	0.01	0.01	0.01
Other	111.4	114.5	114.5	2.15	38.87	1.94	0.01	0.10	0.00

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

2.1. Contribution to M on M Changes:

Contributions to the increase in NCPI on month on month basis (September 2017 compared to August 2017) are given in Table 02. The increase in the index point by 0.87% was due to the expenditure value increases of food items by 0.80% and non-food items by 0.07% respectively.

2.1.1. Contribution of Food items: 0.80%

As shown in Table 02, the increases in expenditure value in index were reported for Coconuts (0.42%), Red onions (0.12%), Rice (0.11%), Limes (0.10%), Banana (0.09%), Big onions (0.09%), Sugar (0.04%) and Papaw (0.03%). However, decreases in expenditure value in index were reported for Vegetables (0.08%), Fresh fish (0.05%), Garlic (0.03%), Mysore dhal (0.03%) and Green chilies (0.02%).

2.1.2. Contribution of Non food items: 0.07%

The increases in expenditure value in index were reported for non food commodity groups of 'Alcoholic beverages, Tobacco and Narcotics' (0.03%), 'Education' (0.02%), 'Clothing and Footwear' (0.01%), 'Miscellaneous Goods and Services' (0.01%) and 'Furnishing, Household equipment and Routine household maintenance' (0.01%). Further, the group of 'Housing, Water, Electricity, Gas and Other fuels' recorded very slight expenditure value increase compared to the previous month. However, expenditure value decrease was observed for group of 'Communication' (0.01%) due to removal of telecommunication levy on internet charges with effect from 01 September, 2017. The expenditure value of 'Health', 'Transport', 'Recreation and Culture' and 'Restaurant and Hotels' groups remained unchanged during the month.

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase	Decrease	Net effect
Food	315.45	1.01	0.21	0.80
Coconuts	163.89	0.42		
Red onions	48.40	0.12		
Rice	44.29	0.11		
Limes	37.72	0.10		
Banana	36.02	0.09		
Big onions	34.84	0.09		
Sugar	16.21	0.04		
Papaw	10.42	0.03		
Vegetables	-30.63		0.08	
Fresh fish	-19.39		0.05	
Garlic	-12.36		0.03	
Mysore dhal	-11.66		0.03	
Green chilies	-9.33		0.02	
Other food items	7.04	0.02		
Non Food	27.19	0.08	0.01	0.07
Alcoholic beverages, Tobacco and Narcotics	10.39	0.03		
<i>Beetle leaves</i>	6.70	0.02		
Clothing and Footwear	3.39	0.01		
Housing, Water, Electricity, Gas and Other fuels	1.94	0.00		
<i>LP Gas</i>	1.94	0.00		
Furnishing, Household equipment and Routine household maintenance	2.63	0.01		
Communication	-2.46		0.01	
<i>Internet charges</i>	-2.46		0.01	
Education	8.61	0.02		
<i>School fees (International)</i>	8.61	0.02		
Miscellaneous Goods and Services	2.69	0.01		
Other groups	0.00	0.00		
All Items	342.64			0.87

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	September	113.5	0.2	4.7	3.8	0.2	4.8	3.1	0.4	4.8	4.4
	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

**Note: The percentage of month on month change of index number reported for September 2017 in Table 03 does not tally with the percentage of month on month change of index number reported in Table 01 and Table 02 due to rounding off.*

3.1. Year on Year (Y on Y) Inflation

The overall rate of inflation as measured by NCPI on Y on Y basis is 8.6% in September 2017 and inflation calculated for August 2017 was 7.9% (Table 03). Y on Y inflation of food group reported for the month of September 2017 was 13.9% while that for non food group was 4.5%. The reported increase in inflation is mainly because of the comparatively lower price levels prevailed in September 2016.

3.1.1. Contribution to Y on Y inflation:

On year on year basis, contribution of food commodities to inflation was 6.07 percent in September 2017 compared to that of September 2016 (Table 04).

Contribution of non food items was 2.56 percent. This was mainly due to expenditure value increases in 'Miscellaneous Goods and Services' (0.50%), 'Transport' (0.41%), 'Health' (0.33%), 'Communication' (0.31%), 'Alcoholic beverages, Tobacco and Narcotics' (0.30%), 'Furnishing

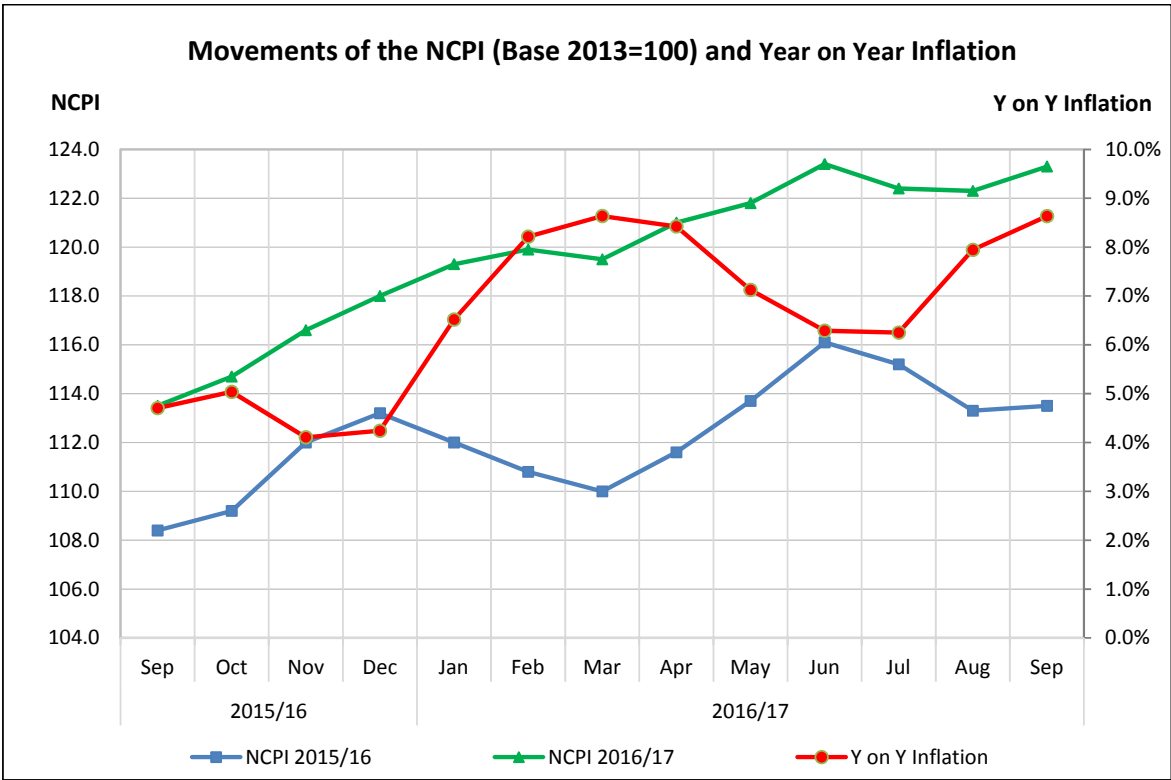
Household equipment and Routine household maintenance' (0.20%), 'Housing, Water, Electricity, Gas and Other fuels' (0.16%), 'Education' (0.13%) and 'Clothing and Footwear' (0.11%).

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

Sub Group/Commodity	Value change			
	Rs. cts	% Change		
		Increase %	Decrease %	Net effect %
Food	2215.19			6.07
Non Food	936.00	2.56		2.56
Alcoholic beverages, Tobacco and Narcotics	110.31	0.30		
<i>Arrack</i>	84.80	0.23		
<i>Cigarettes</i>	74.08	0.20		
<i>Beetle leaves</i>	-67.08		0.18	
Clothing and Footwear	38.74	0.11		
Housing, Water, Electricity, Gas and Other fuels	59.71	0.16		
<i>Material for the maintenance</i>	61.98	0.17		
<i>Kerosene oil</i>	-5.01		0.01	
Furnishings, Household equipment and Routing household maintenance	73.83	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	0.15		
<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	10.30	0.03		
Education	46.09	0.13		
Restaurant and Hotels	30.11	0.08		
Miscellaneous Goods and Services	181.97	0.50		
All Items	3151.19			8.63

3.2. Moving Average Inflation

The moving average inflation for the month of September 2017 is 6.8%. The corresponding rate for the month of August 2017 was 6.5%.



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