

Inflation Monitor

December 2009



State Bank of Pakistan

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Overview

Inflationary pressures are gaining strength in the economy yet again. Although the December 2009 headline CPI inflation (YoY) remained unchanged at 10.5 percent from the previous month, a sharp rise in inflation measured by both the WPI and SPI increasing inflationary pressures in the economy as both of which serve as leading indicators for CPI inflation.

Table 1.1: Inflation Trends

	percent													
	CPI						Core Inflation				WPI		SPI**	
	General		Food		Non-food		NFNE*		Trimmed		YoY	MoM	YoY	MoM
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
Dec-08	23.3	-0.5	27.9	-1.6	19.8	0.4	18.8	0.6	21.7	0.3	17.6	-2.0	25.7	-1.4
Jan-09	20.5	-0.4	21.6	-2.0	19.7	0.9	18.9	1.0	19.6	0.4	15.7	0.2	21.3	-1.9
Feb-09	21.1	1.0	22.9	0.6	19.6	1.2	18.9	1.1	20.8	0.7	15.0	0.7	23.9	1.4
Mar-09	19.1	1.4	19.7	2.2	18.5	0.7	18.5	0.9	19.3	0.8	11.1	0.4	19.8	0.8
Apr-09	17.2	1.4	17.0	2.0	17.3	0.9	17.7	1.1	17.6	1.2	8.3	1.7	15.0	1.2
May-09	14.4	0.2	12.1	-0.2	16.3	0.6	16.6	0.8	16.7	0.9	4.7	1.5	11.0	0.8
Jun-09	13.1	1.0	10.5	1.0	15.4	1.0	15.9	0.7	15.5	0.8	4.1	2.4	10.8	1.2
Jul-09	11.2	1.5	10.7	3.0	11.6	0.3	14.0	0.7	13.9	0.8	0.5	0.7	9.4	3.2
Aug-09	10.7	1.7	10.6	2.5	10.8	1.0	12.6	0.8	13.1	1.1	0.3	2.2	7.8	1.4
Sep-09	10.1	0.5	10.0	0.4	10.2	0.5	11.9	0.8	12.4	0.6	0.7	0.2	8.5	1.0
Oct-09	8.9	1.0	7.5	1.1	10.0	0.8	11.0	0.8	10.6	0.8	3.8	1.2	6.7	0.2
Nov-09	10.5	1.4	11.1	1.8	10.0	1.0	10.6	0.8	10.5	0.7	12.5	2.8	10.0	1.9
Dec-09	10.5	-0.5	10.9	-1.7	10.2	0.6	10.7	0.7	10.5	0.6	15.0	0.2	11.9	0.3

* NFNE is Non-food non-energy inflation; ** SPI for all income groups combined.

The risk of the rise in inflation is also hinted at by the uptick in December 2009 non-food non-energy core inflation numbers. However, this uptick is still quite marginal, and the other core inflation measure was unchanged at 10.5 percent in December 2009 (see **Table 1.1 & 1.2**).

The major reasons for resurgence in domestic inflationary pressures during November and December 2009 are: (a) rise in international commodity prices largely due to weakening in dollar, some recovery in the advanced economies and supply shortages of rice and sugar; the impact of this was further compounded due to; (b) depreciation of rupee, as well as, (c) a moderate recovery in aggregate demand reflected by positive LSM growth, increased sale of consumer durables and rise in demand for credit by the private sector.

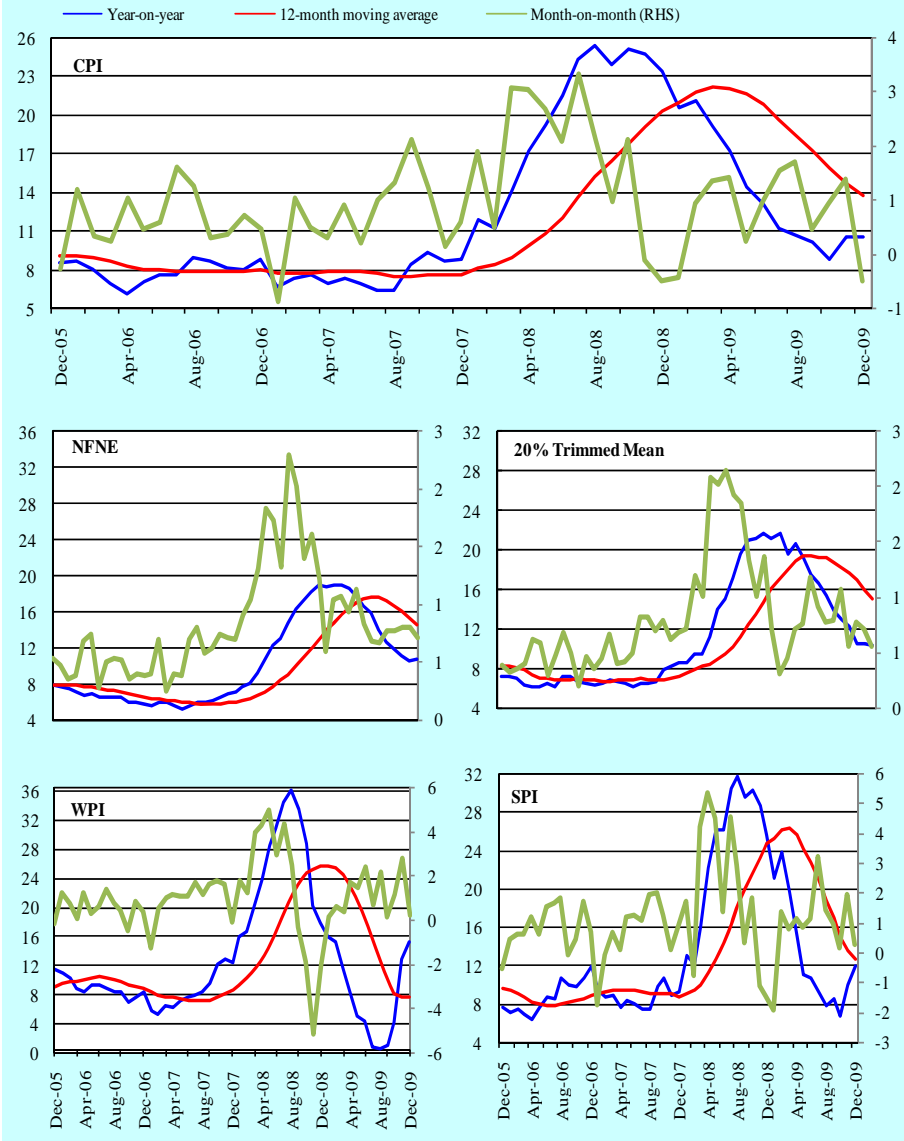
Table 1.2: Different Dimensions of Inflation (percent)					
	Dec-07	Dec-08	Nov-09	Dec-09	average#
	<i>Year-on-year</i>				
Overall CPI	8.8	23.3	10.5	10.5	11.4
Food group	12.2	27.9	11.1	10.9	13.8
Non-food group	6.3	19.8	10.0	10.2	9.6
WPI	12.2	17.6	12.5	15.0	10.6
Food group	15.8	25.3	9.6	11.5	13.3
Non-food group	9.5	11.7	14.9	17.9	8.6
SPI	9.2	25.7	10.0	11.9	12.6
Core Inflation					
NFNE*	7.2	18.8	10.6	10.7	9.4
Trimmed	8.7	21.7	10.5	10.5	10.3
	<i>Period average</i>				
Overall CPI	8.0	24.4	10.3	10.3	11.6
Food group	11.6	31.3	10.0	10.1	14.7
Non-food group	5.4	19.2	10.5	10.5	9.3
WPI	10.3	28.0	3.4	5.2	12.8
Food group	13.9	30.6	8.0	8.6	14.3
Non-food group	7.6	26.0	-0.1	2.6	11.8
SPI	9.0	29.4	8.5	9.1	13.6
Core Inflation					
NFNE*	6.5	17.4	12.0	11.8	8.9
Trimmed	7.6	21.1	12.2	11.8	10.2
	<i>12-month moving average</i>				
Overall CPI	7.6	20.3	14.6	13.6	10.5
Food group	10.8	27.6	14.6	13.3	13.5
Non-food group	5.3	14.8	14.7	13.9	8.3
WPI	8.2	25.3	7.4	7.3	11.8
Food group	11.7	27.3	13.4	12.4	13.1
Non-food group	5.8	23.8	2.8	3.4	10.9
SPI	8.8	24.6	13.6	12.6	12.3
Core Inflation					
NFNE*	6.1	13.9	15.3	14.6	8.0
Trimmed	7.4	17.2	16.0	15.0	9.2
	<i>Monthly</i>				
Overall CPI	0.6	-0.5	1.4	-0.5	-0.1
Food group	0.4	-1.6	1.8	-1.7	-1.0
Non-food group	0.7	0.4	1.0	0.6	0.6
WPI	-0.1	-2.0	2.8	0.2	-0.4
Food group	0.7	-2.4	1.9	-0.7	-0.8
Non-food group	-0.6	-1.6	3.5	0.9	-0.1
SPI	0.9	-1.4	1.9	0.3	-0.2
Core Inflation					
NFNE*	0.7	0.6	0.8	0.7	0.6
Trimmed	0.7	0.3	0.7	0.6	0.5

5-year average for the month of December in the previous years

However, inflation numbers in December 2009 are substantially low compared to the corresponding month of 2008 . This is also reflected in long run trend in CPI inflation measured by 12-month moving average, showing continued decline during December 2009 dropping to 13.6 percent as against 14.6 percent in November 2009, and 20.3 percent during December 2008 (see **Figure 1.1**).

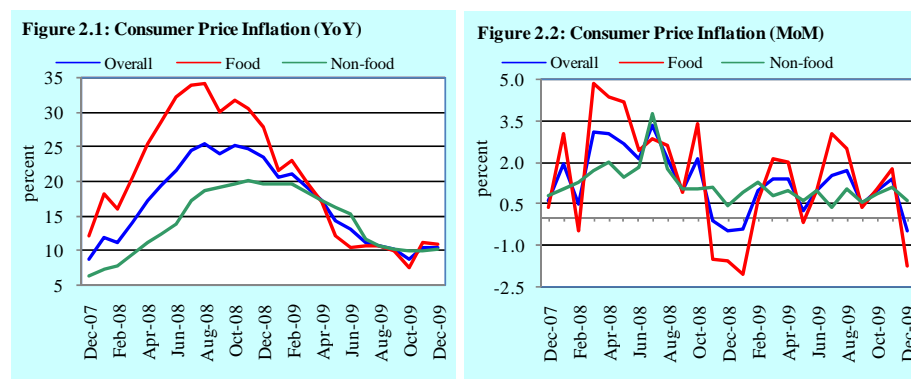
Following the overall CPI trend, annualized inflation in CPI food and non-food groups recorded lower inflation during December 2009 compared to both the previous month as well as the same month last year.

Figure 1.1: Movements in Price Indices (percent change)



2. Consumer Price Index

CPI inflation (YoY) was (significantly lower than 23.3 percent in December 2008) remained unchanged at 10.5 percent during December 2009 compared to the previous month and CPI food inflation (YoY) declined while non-food inflation (YoY) showed slight increase during the month under review. The decline in CPI food inflation (YoY) was offset by an increase in CPI non-food inflation (see **Figure 2.1**).



On MoM basis, deflation of 0.5 percent was recorded in CPI during December 2009 compared to 1.4 percent inflation in November 2009. Both CPI food and non-food groups contributed in this decline but the decline (from 1.8 percent in November 2009 to (-)1.7 percent during December 2009) in food inflation (MoM) was more pronounced (see **Figure 2.2**).

Table 2.1: Weighted contribution to CPI Inflation (YoY-percent)

	Food	Non-food	House rent	Fuel & lighting	Transport & communication	Others
Dec-08	52.3	47.7	17.4	9.3	7.7	13.3
Jan-09	46.6	53.4	20.4	9.7	8.5	14.9
Feb-09	47.6	52.4	20.3	10.4	7.2	14.4
Mar-09	46.1	53.9	22.2	10.3	6.6	14.8
Apr-09	44.7	55.3	24.4	11.0	3.8	16.1
May-09	38.5	61.5	28.8	12.4	3.5	16.7
Jun-09	48.6	51.4	31.0	3.7	3.2	13.5
Jul-09	43.7	56.3	34.9	8.8	-3.9	16.5
Aug-09	45.5	54.5	34.9	8.9	-4.2	14.9
Sep-09	45.5	54.5	35.4	9.0	-5.0	15.1
Oct-09	47.1	52.9	29.9	4.6	4.5	14.0
Nov-09	48.6	51.4	31.0	3.7	3.2	13.5
Dec-09	47.1	52.9	29.9	4.6	4.5	14.0

During December 2009, due to ease in overall food inflation (YoY), weighted contribution of the food group to overall CPI inflation declined compared to both the previous month and the same month last year. Consequently the weighted contribution of non-food group increased during December 2009 compared to both the previous month and the same month last year. Within non-food group, *fuel & lighting* and *transport & communication* components showed acceleration during the review month compared to the previous month. However, this was still lower than in the same month last year. Weighted contribution of *house rent index* showed deceleration during December 2009 compared to the previous month but was still higher than December 2008 (see **Table 2.1**).

2.1 Food Inflation

CPI food inflation (YoY) declined to 10.9 percent in December 2009, compared to 11.1 percent in the previous month and 27.9 percent during December 2008 (see **Figure 2.3**).

Out of the top ten commodities contributing to overall CPI inflation, seven were from the food group, having a weighted contribution of 37.6 percent. These items were fresh milk, sugar, meat, wheat flour, vegetables, vegetable ghee, and fresh fruits. Of these, only four items, i.e., fresh milk, meat, sugar, and wheat flour contributed 60.1 percent to CPI food inflation (YoY) (see **Table A3** in **Annexure A**).

Analysis of price changes (on YoY basis) shows that out of the reported 110 commodities in food group, only 7 items showed no change and 21 items showed decline in prices during December 2009. The latter include tomatoes, pulse gram, different types of rice, onions, cooking oil, mustard oil, potatoes, and vegetable ghee. Only 9 items showed subdued (from 0 to 5 percent) rise in prices and 19 items recorded moderate (from 5 to 10 percent) price change during December 2009. On the other hand, 54 items including garlic (247.2 percent), gur (80.5 percent), pulse mash (66.2 percent), pulse moong (54.1 percent), sugar (52.2 percent) recorded above 10 percent price change (see **Figure 2.5 & Table A2**).

Figure 2.3: CPI Food Inflation

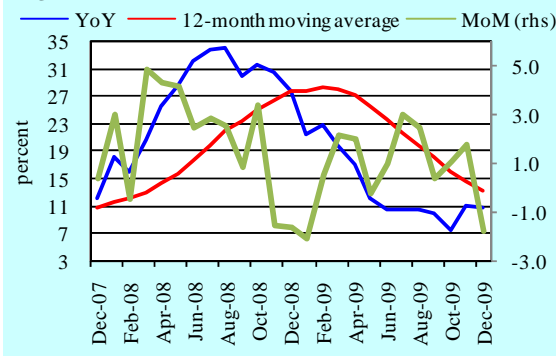
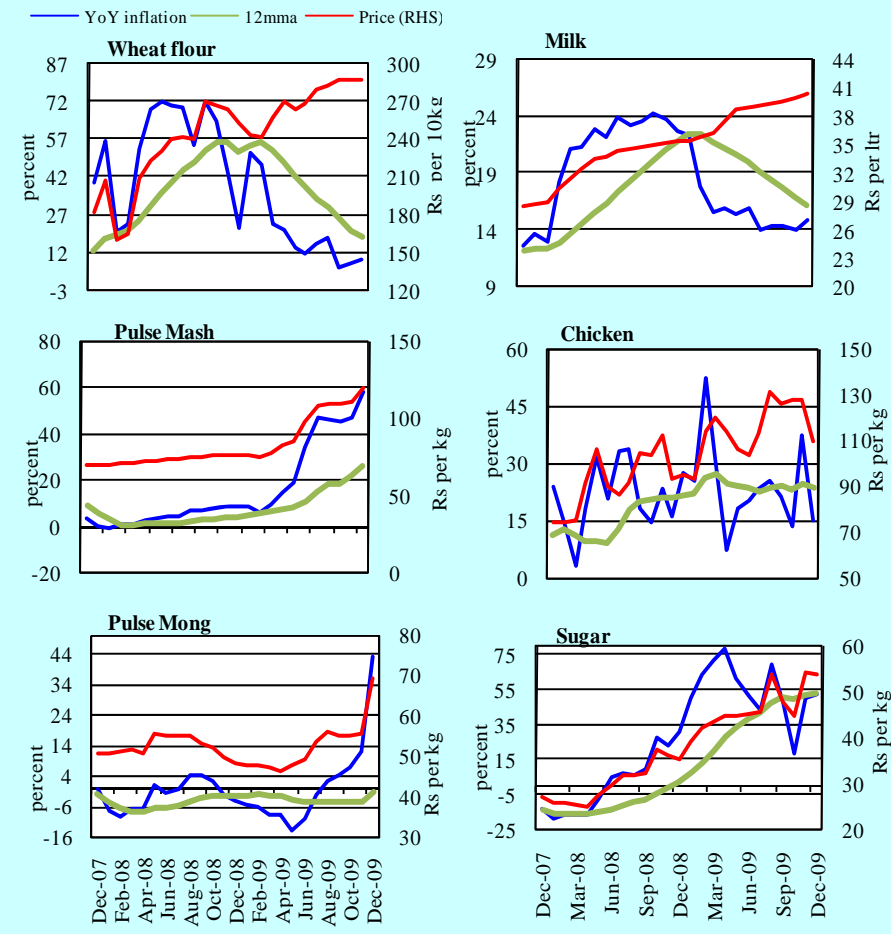


Figure 2.4: Price Trends in Key Food Items



On MoM basis, significant change was recorded in food group prices during December 2009. Deflation of 1.7 percent was recorded in CPI food group compared with inflation of 1.8 percent in the previous month. Detailed item-wise analysis of commodities in the CPI food group showed that 80 commodities registered below one percent (69 in November 2009) price change (MoM), 12 between 1 to 2 percent (10 in November 2009) and 21 commodities showed price change (MoM) above 2 percent (37 in November 2009). Among the top-ten weighted contributions to CPI inflation (MoM), eight were from the food group. These were vegetables, potatoes, chicken, tomatoes, onions, eggs, rice, and sugar.

CPI food basket can be further divided into two set of commodities, i.e., perishable (5 composite items) and non-perishable (35 composite items). During December 2009, inflation (YoY) in perishable items declined to 10.0 percent compared to 17.9 percent during November 2009 and 29.0 percent in December 2008. Whereas inflation in non-perishable category of food group increased to 11.1 percent during December 2009 compared to 10.1 percent during the preceding month and 27.8 percent during the same month last year (see **Figure 2.5**). Significant decline was recorded in the prices of perishable items, reaching (-) 13.8 percent (MoM) during December 2009 compared to a rise of 1.5 percent in November 2009. On month-on-month basis, prices of non-perishable items also declined to 0.2 percent in the month under review as against 1.9 percent increase during November 2009 (see **Figure 2.6**).

Figure 2.5: Non-perishable & perishable food items Inflation (YoY)

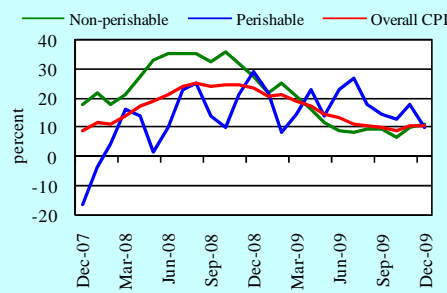
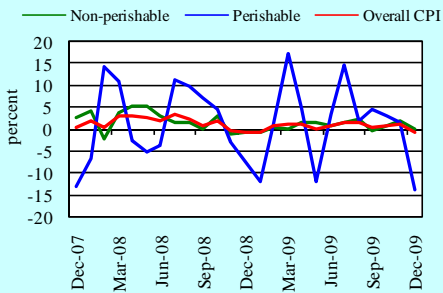


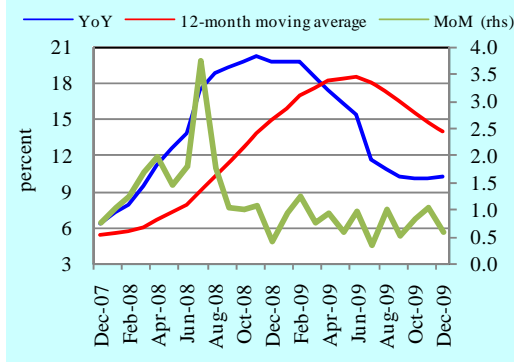
Figure 2.6: Non-perishable & perishable food items Inflation (MoM)



2.2 Non-food Inflation

Contrary to food inflation (YoY), non-food inflation (YoY) showed a 0.2 percentage points increase during December 2009. Non-food inflation (YoY) was 10.2 percent during the month under review compared to 10.0 percent in the previous month. But despite this small increase, it was still sharply lower than the 19.8 percent in December 2008. Out of the nine sub-groups of non-food group, inflation (YoY) in five sub-groups showed marginal increase, declined in three sub-groups, and one sub-group (*household furniture & equipment*) witnessed no change during December 2009. However, CPI non-food inflation (YoY) in all sub-groups was

Figure 2.8: CPI Non-food Inflation

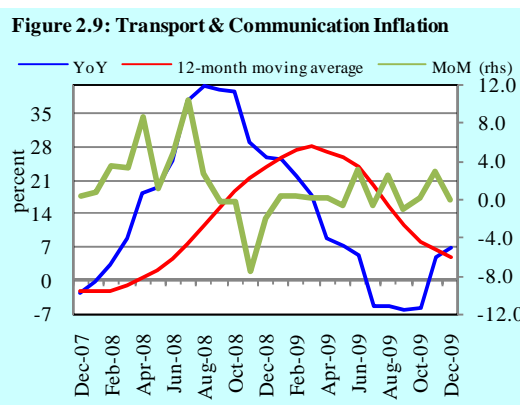


significantly lower than in December 2008. CPI non-food inflation (MoM) showed decline of 0.4 percentage points during the review month (see **Figure 2.8**).

Inflation (YoY) in *house rent index* during December 2009 (14.2 percent) showed decline when compared to both the previous month (15.1 percent) and the same month last year (17.6 percent). However on month-on-month basis, inflation in this sub-group remained unchanged at 0.8 percent.

CPI non-food inflation YoY in *apparel, textile & footwear, cleaning & laundry, education, and fuel & lighting* sub-groups increased during the month under review compared to the preceding month but stayed lower compared with December 2008. Inflation (YoY) in *recreation & entertainment* and *medicare* declined during December 2009 compared to both the same month last year and the November 2009 (see **Figure A1** in **Annexure A**).

Inflation (YoY) in *Transport & communication* sub-group increased to 6.6 percent during December 2009 from 4.7 percent in November 2009. It was, however, still lower than 25.7 percent in December 2008. On month-on-month basis inflation in this sub-group declined during the review month and was recorded at (-) 0.2 percent compared with 2.7 percent in November 2009 (see **Figure 2.9**).



Analysis of price changes in CPI non-food basket during the month under review showed that out of 250 non-food commodities included in the CPI basket, 53 witnessed double-digit price change on YoY basis. These commodities included postal envelopes domestic, gold, silver, textbooks, and some medicines. Sixty four commodities witnessed a moderate price change (between 5-10 percent), 76 showed subdued price change (between 0-5 percent). The remaining 57 commodities either recorded no change or saw a decline in price (only 4 items showed decline) during December 2009.

2.3 City-wise Inflation

City-wise data reveals that inflation (YoY) in the five major cities of the country was lower than the overall YoY inflation during December 2009.

Inflation on month on month basis in these cities (except Islamabad) was higher than the overall CPI MoM inflation (see **Table 2.2**).

	percent					
	Dec-08		Nov-09		Dec-09	
	MoM	YoY	MoM	YoY	MoM	YoY
Overall CPI	-0.5	23.3	1.4	10.5	-0.5	10.5
Islamabad	0.3	20.9	0.6	9.5	0.0	9.2
Lahore	-0.9	21.8	1.0	9.7	-0.7	9.9
Karachi	-0.3	23.7	1.5	9.7	-0.3	9.7
Quetta	0.1	26.5	1.5	8.7	-0.6	7.9
Peshawar	0.0	26.8	1.8	8.3	-0.5	7.8

Data analysis of 35 cities shows that 17 cities recorded higher inflation than the overall inflation (YoY), while 18 cities registered lower than average inflation during December 2009. Highest inflation (YoY) was recorded in Bahawalnagar at 15.3 percent, while Mardan registered lowest inflation (YoY) of 7.0 percent. Highest food inflation was 19.0 percent in Okara and the lowest food inflation of 4.2 percent was in Quetta during the month under review. Bahawalnagar registered highest non-food inflation of 14.2 percent, while the lowest non-food inflation of 8.4 percent was observed in Mardan (see **Table 2.3**).

Table 2.3: City-wise Inflation in CPI (YoY) December 2009

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Bahawalnagar	15.3	16.6	14.2	Rawalpindi	10.3	11.5	9.3
Okara	14.9	19.0	11.7	Mirpur Khas	10.2	9.7	10.7
Mianwali	14.5	18.2	11.6	Jhelum	10.1	10.9	9.5
Samundari	13.8	16.8	11.5	D.I.Khan	10.0	8.0	11.8
Bahawalpur	13.0	17.5	9.3	Attock	9.9	9.3	10.4
Jhang	12.9	16.0	10.5	Lahore	9.9	11.4	8.7
Vehari	12.7	14.9	11.0	Sargodha	9.9	9.6	10.1
Multan	12.2	15.8	9.2	Hyderabad	9.8	8.7	10.8
Faisalabad	12.1	15.5	9.4	Karachi	9.7	7.2	11.8
Shahdadpur	11.9	11.6	12.2	Islamabad	9.2	10.1	8.5
Kunri	11.6	12.6	10.7	Khuzdar	9.2	8.8	9.5
Nawabshah	11.4	11.2	11.5	Larkana	8.9	8.2	9.5
D.G. Khan	11.4	12.1	10.8	Abbotabad	8.5	6.4	10.4
Turbat	11.3	11.1	11.5	Loralai	8.5	5.0	11.3
Gujranwala	10.9	13.4	9.0	Sukkur	8.5	5.8	10.6
Sialkot	10.7	11.3	10.2	Quetta	7.9	4.2	11.2
Bannu	10.6	10.3	10.9	Peshawar	7.8	4.4	10.6
				Mardan	7.0	5.3	8.4

Note: High inflation refers to above average inflation, and low inflation refers to below average inflation

2.4 Income Group-wise Inflation

Income group-wise data shows that CPI inflation (YoY) was higher for the highest income group (having monthly income of Rs 12000 and above) during December 2009. For all other income groups, inflation was lower than the overall inflation (YoY) (see **Table 2.3**). Food inflation incidence was highest for the highest income group compared to other income groups.

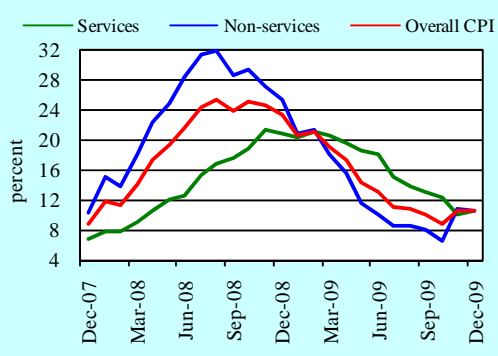
	Upto 3000		Rs. 3001-5000		Rs. 5000-12000		Above Rs. 12000	
	Dec-08	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09
Year on Year (December over December)								
General	24.8	10.5	25.0	10.3	24.4	10.3	21.8	10.8
CPI Food	29.0	11.2	28.6	11.0	28.3	11.0	27.0	11.3
CPI Non-food	21.5	10.0	22.3	9.7	21.3	9.7	17.7	10.3
Month on Month (December over November)								
General	-1.2	1.5	-1.2	1.5	-0.8	1.4	-0.1	1.4
CPI Food	-2.4	2.0	-2.3	1.9	-1.8	1.8	-1.0	1.7
CPI Non-food	-0.3	1.2	-0.2	1.1	0.1	0.9	0.7	1.2

Similar to the previous month, city and income-wise data shows that highest inflation (YoY) was recorded in Bahawalpur for all income groups except the highest income group. Khuzdar observed highest inflation for the highest income group. However, Khuzdar recorded lowest inflation for income group of up to Rs3000, Peshawar recorded lowest inflation for middle income groups, while Larkana recorded lowest inflation for income groups of above Rs 12000 during December 2009. On MoM basis, Bannu recorded highest inflation for all income groups. Khuzdar experienced lowest inflation for income groups of up to Rs 3000; Larkana recorded lowest inflation (MoM) for income groups of Rs3001-5000 and Rs 5000 – 12000. Saikot recorded lowest inflation for income group of above Rs 12000 during the month under review (see **Table A5** in **Annexure A**).

2.5 Services and Non-services Inflation

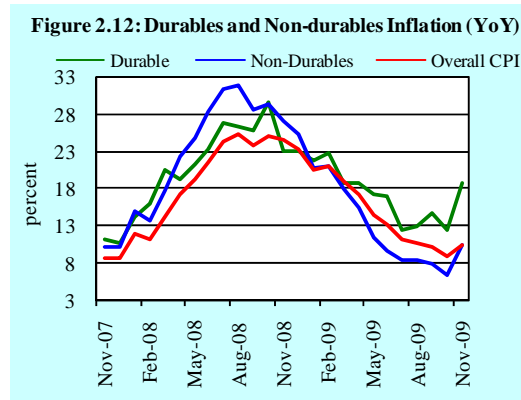
Inflation (YoY) in services and non-services sectors declined during December 2009 compared to the same month last year, whereas inflation in services sector increased compared to the previous month. Inflation in services sector was 10.5 percent compared to 10.1 percent in the preceding month and 20.7 percent during the

Figure 2.10: Services & Non-services Inflation (YoY)



corresponding month last year. Inflation in non-services sector was 10.5 percent in December 2009 compared to 10.8 percent during November 2009 and 25.3 percent during the same month last year (see **Figure 2.11**). On MoM basis, inflation in both services and non-services sectors showed deceleration during December 2009 compared to November 2009; however the decline was more pronounced in non-services sector.

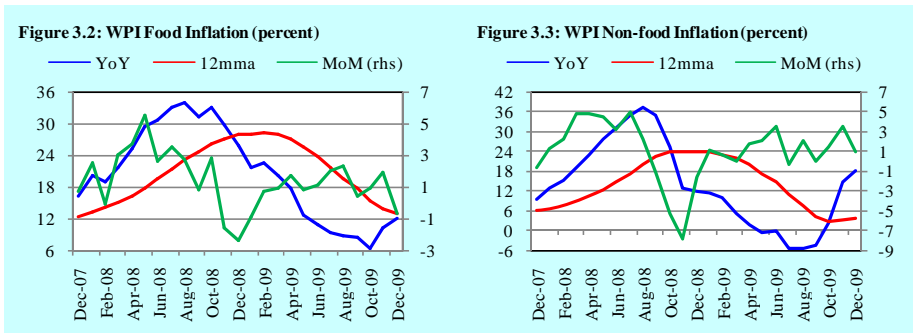
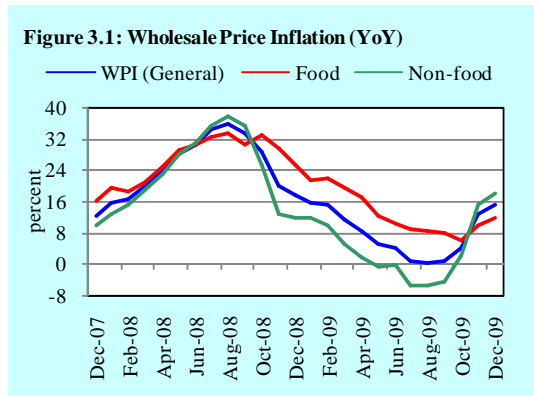
Further segregation of non-services sector into durable and non-durable items revealed that, inflation (YoY) in durable and non-durable items showed decline during the month under review compared to the same month last year while it increased in durable items compared to the previous month. Inflation in durable items was 21.1 percent in December 2009 against 23.0 percent during December 2008 and 18.7 percent during the preceding month last year. Inflation in non-durable items was 10.3 percent compared to 25.3 percent in December 2008 and 10.6 percent during November 2009. On MoM basis inflation in both durable and non-durable items showed deceleration during December 2009 compared to November 2009 (see **Figure 2.12**).



3. Wholesale Price Index

WPI inflation (YoY) reached its highest level in ten months during December 2009; was 15.0 percent against 12.5 percent in the previous month. However, this was still lower than 17.6 percent inflation (YoY) in December 2008 (see **Figure 3.1**).

WPI food inflation (YoY) showed a moderate rise of 1.9 percentage points during December 2009. It rose from 9.6 percent in the previous month to 11.5 percent during December 2009. However it was significantly lower than 25.3 percent YoY inflation registered during the same month last year (see **Figure 3.2**).



The increase in WPI non-food group inflation (YoY) was more pronounced than WPI food inflation; it reached 17.9 percent in December 2009 compared to 14.9 percent in November 2009 and 11.7 percent during December 2008. This was the highest level of WPI non-food inflation (YoY) in fourteen months (see **Figure 3.3**).

Conversely, on month-on-month (MoM) basis, WPI inflation witnessed a decline during the month under review dropping to 0.2 percent during December 2009 from 2.8 percent in November 2009. This decline was contributed by both food and non-food components of WPI; however, deceleration in the food component was more pronounced. WPI food inflation (MoM) was recorded at (-) 0.7 percent in December 2009 compared to 1.9 percent during the previous month. WPI non-

food inflation (MoM) also dropped to 0.9 percent during the month under review against 3.5 percent during November 2009 (see **Figure 3.4**).

Item-wise analysis on YoY basis of WPI food group shows that out of 43 items, 11 registered deceleration during the month. Only 8 items witnessed subdued inflation, i.e., below five percent. Seven

items recorded moderate inflation from 5-10 percent. While the remaining 17 items showed double digit inflation during the month under review. Major items contributing to WPI food inflation included gur (86.8 percent), mash pulse (67.0), refined sugar (52.6), and moong pulse (52.2 percent) (see **Table A7**).

During December 2009, out of 63 commodities in the WPI non-food group, 18 commodities witnessed significant YoY inflation (above 10 percent). Whereas, nine items registered inflation between 5-10 percent, 22 items registered subdued inflation (0-5 percent), while the remaining 14 items recorded deceleration or no change during the month under review (see **Table A7**).

Table 3.1 reveals that the major impetus to WPI inflation (YoY) came from rising international prices of oil, cotton, and sugar. However, the impact of these was further compounded due to strong domestic demand for these items, supply constraints, as well as depreciation of rupee in recent months. Specifically,

demand for furnace oil increased for power generation in the country due to sharp fall in power from hydel sources. Similarly, shortfall in sugarcane production for the second consecutive year, forced the country to import sugar at record high international prices.

Figure 3.4: Wholesale Price Inflation (MoM)

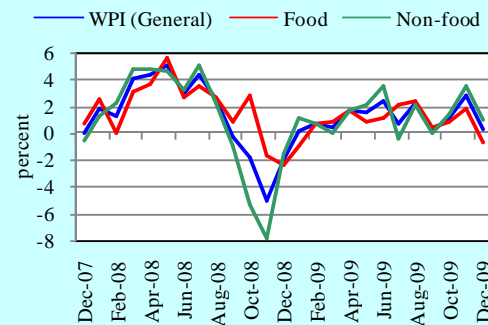
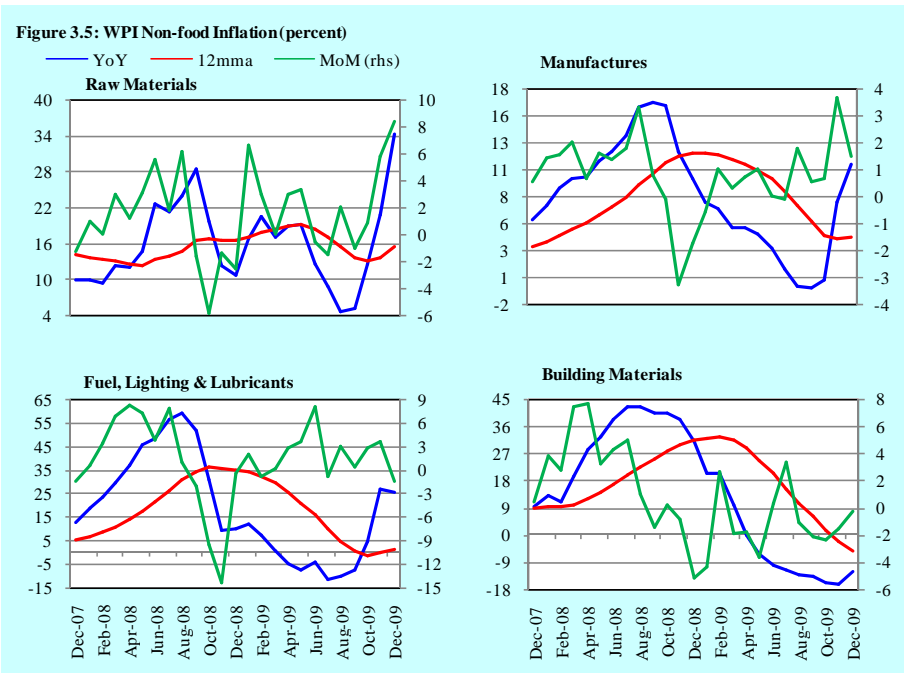


Table 3.1 Major Contributors to WPI non-food Inflation (YoY)

Sr. no	Commodity	Dec-08	Oct-09	Nov-09	Dec-09
1	Furnace Oil	-41.2	26.4	102.0	101.8
2	Cotton	-1.9	4.1	28.6	48.9
3	Cotton Yarn	-18.1	0.4	27.9	47.7
4	Sugarcane	18.4	67.2	29.5	43.6
5	Glass Products	39.4	71.5	47.3	30.2
6	Blended Yarn	12.6	3.6	13.5	28.7
7	Cotton Seeds	24.8	9.5	17.0	21.5
8	Diesel Oil	49.6	-2.8	24.4	20.4
9	Nylon Yarn	39.4	1.4	5.3	18.4
10	Kerosine Oil	47.8	-6.5	20.5	16.8

Within the subgroups of WPI non-food group, all sub-groups witnessed an increase except the *building materials sub-group* which registered a decline on YoY basis. However on MoM basis, *fuel and lighting* sub-group decelerated while all other sub-groups showed rise in inflation.

Inflation (YoY) in the *raw materials* sub-group reached its highest level since June 1994 to 33.7 percent during December 2009. This was significantly higher than 20.2 percent in November 2009 and 10.2 percent during the same month last year. Similarly on MoM basis, inflation in the sub-group reached 8.4 percent during December 2009, the highest inflation (MoM) since October 2003, compared to 5.8 percent in November 2009. Cotton (48.9 percent), sugarcane (43.6 percent), cotton seed (21.5 percent), and tobacco (14.1 percent) were the major contributors to the sub-group's inflation (YoY) during the month under review.



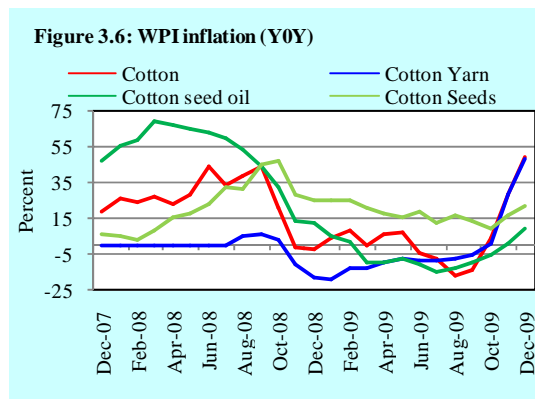
Inflation (YoY) in *fuel, lighting & lubricants* sub-group was recorded at 25.5 percent during December 2009, was lower than 26.9 percent recorded in November 2009 but significantly higher than 10.2 percent during the corresponding month last year. Major contributors to inflation (YoY) in this sub-group were furnace oil (101.8 percent), diesel oil (20.4 percent), and kerosene oil

(16.8 percent), etc. However, inflation (MoM) in the sub-group witnessed deceleration during the month under review as it was recorded at (-) 1.5 percent. This was lower than 3.7 percent inflation (MoM) witnessed during November 2009.

Inflation (YoY) in *manufactures* sub-group inflation (YoY) witnessed an uptick as it reached double digits for the first time in thirteen months. Inflation (YoY) was recorded at 11.0 percent during the month under review compared to 9.7 percent during the corresponding month last year and 7.4 percent during the previous month. However, inflation (MoM) in the sub-group declined to 1.5 percent during December 2009 from 3.6 percent during November 2009. Major items contributing to higher inflation in this sub-group included cotton yarn (47.7 percent), blended yarn (28.7 percent), and nylon yarn (18.4 percent).

Inflation (YoY) in *Building material* sub-group has been declining since October 2008 and this trend continued during December 2009. Inflation reached (-) 12.4 percent during the month under review from (-) 16.7 percent in November 2009. However this was significantly lower than 30.6 percent registered during December 2008. Deflation in the sub-group continued during December 2009 on MoM basis, and was recorded at (-) 0.3 percent against (-) 1.5 percent in the previous month (see **Figure 3.6**). This negative trend in inflation in the sub-group was driven by two commodities, i.e., iron bars & sheets ((-) 13.6 percent) and cement ((-) 18.4 percent).

Cotton and cotton product prices are on the rising trend since August 2009 as is evident from **Figure 3.6**. However, cotton and cotton yarn prices have risen more sharply than cotton seed and cotton seed oil prices. Cotton prices on YoY basis have increased by 48.9 percent; the highest level since December 2003. Similarly, prices of cotton yarn surged by a highest ever 47.7 percent during December 2009. Following this trend, prices of cotton seed oil (9.5 percent) and cotton seed (21.5 percent) have also increased during December 2009.



4. Sensitive Price Indicator

During December 2009, SPI inflation (YoY) increased to 11.9 percent compared to 10.0 percent during the previous month and 25.7 percent during December 2008. However this was slightly lower than its long-run trend indicated by 12-month moving average (12-mma) (see **Figure 4.1**).

Analysis of the commodities included in the SPI basket indicates that out of 53 items, prices of 24 items showed double digit increase compared to 43 items in the same month last year. On the other hand, 15 commodities either showed decline or no change during December 2009 compared to only 5 commodities during December 2008 (see **Table 4.1**). Commodities contributing to rise in SPI inflation during the month under review included gur (79.5 percent), sugar (63.5 percent), fresh milk (14.9 percent), LPG (11 kg cylinder) (42.7 percent), diesel (23.4 percent) (see **Table A8**).

SPI inflation on MoM basis declined to 0.3 percent during the month under review against 1.9 percent in the previous month. Only two items, sugar (12.0 percent) and moong pulse (11.2 percent) recorded double digit inflation (MoM) during December 2009 against 8 items showing double digit inflation in November 2009 (see **Table A8** in Annexure A).

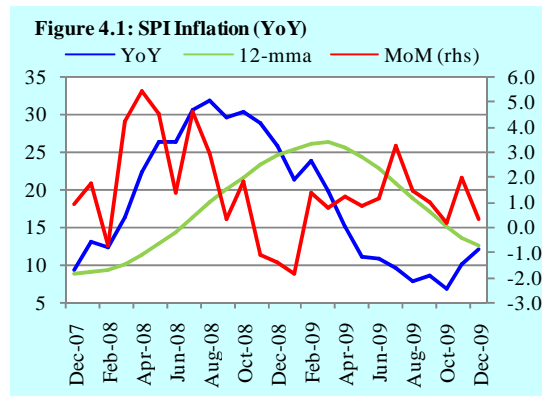
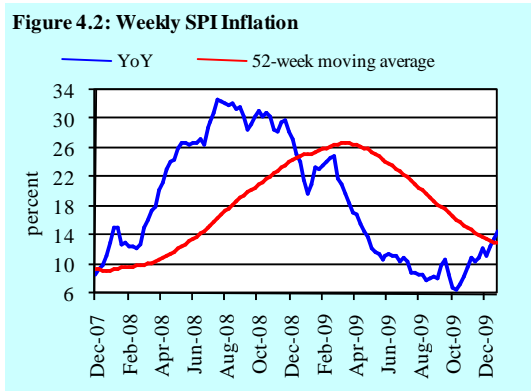


Table 4.1: Distribution of Price Changes of SPI Basket (YoY)

Percent Change	Number of items			
	Dec-08	Jan-09	Jul-09	Dec-09
0 or less	5	8	14	15
0 to 5	2	1	6	9
5 to 10	3	5	4	5
10 or above	43	39	29	24
Minimum	-13.8	-17.4	-32.0	-31.2
Maximum	112.2	100.2	95.5	232.0



Weekly SPI inflation also increased during December 2009. It was recorded at 11.8 percent during the first week of the month under review but decreased during the second week. However, it increased again and reached 14.1 percent during the last week of the month (see **Figure 4.2**).

It is evident from the income group-wise data that inflation (YoY) in all income groups during December 2009 was higher than in the previous month. However, it was significantly lower in all income groups compared to the corresponding month last

Table 4.2 : Income Group-wise SPI Inflation (percent)

	Dec-08		Nov-09		Dec-09	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	25.8	-1.7	10.7	2.5	13.4	0.7
Rs. 3001-5000	26.3	-1.1	11.1	2.4	12.7	0.4
Rs. 5000-12000	26.9	-0.8	10.8	2.1	12.0	0.2
Above Rs. 12000	25.0	-1.9	8.9	1.6	11.6	0.6
All income groups	25.7	-1.4	10.0	1.9	11.9	0.3

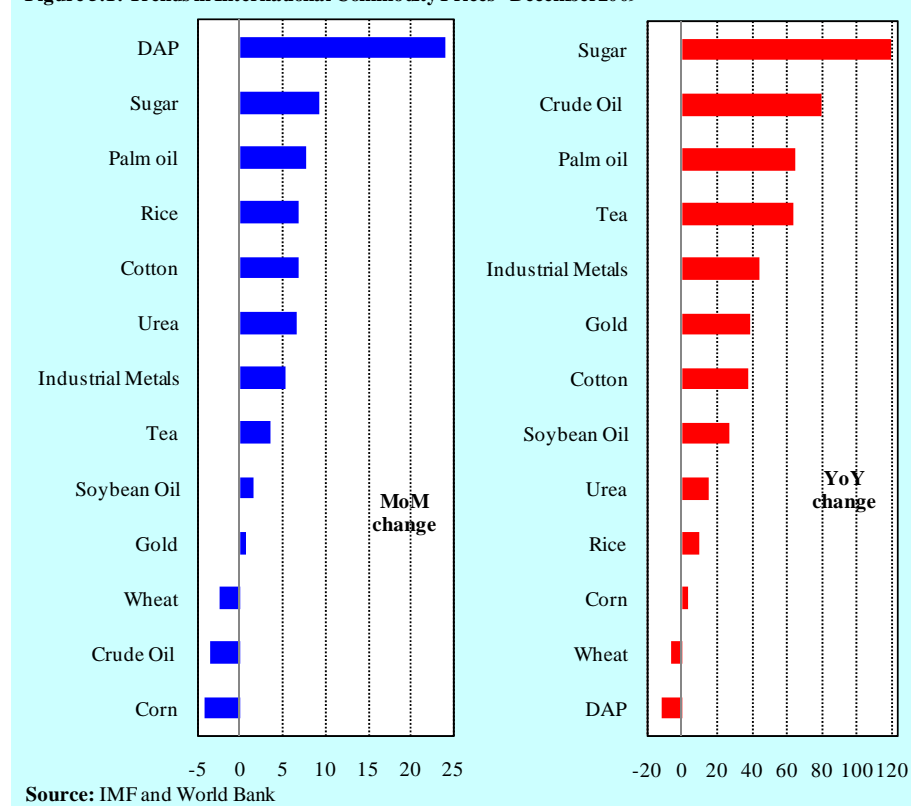
year. Interestingly, SPI inflation (YoY) recorded in all income groups was higher than overall SPI inflation. On MoM basis, SPI inflation in all income groups was higher than overall SPI inflation except the middle income group (having monthly income between Rs 5001 to Rs 12000) during December 2009 (see **Table 4.2**).

5 Global Commodity Prices

Overview

Expectations of global economic recovery, increasing demand, and depreciation of the US dollar against other currencies have created bullish sentiments in the market raising commodity prices across the world. IMF commodity price index rose by 40.4 percent on YoY basis during December 2009 compared to 20.3 percent in November 2009 and (-) 37.2 percent in December 2008. However, on MoM basis deflation of 0.4 percent was recorded in IMF commodity prices index during December 2009 against 4.2 percent inflation in November 2009 (see **Figure 5.1**).

Figure 5.1: Trends in International Commodity Prices - December 2009

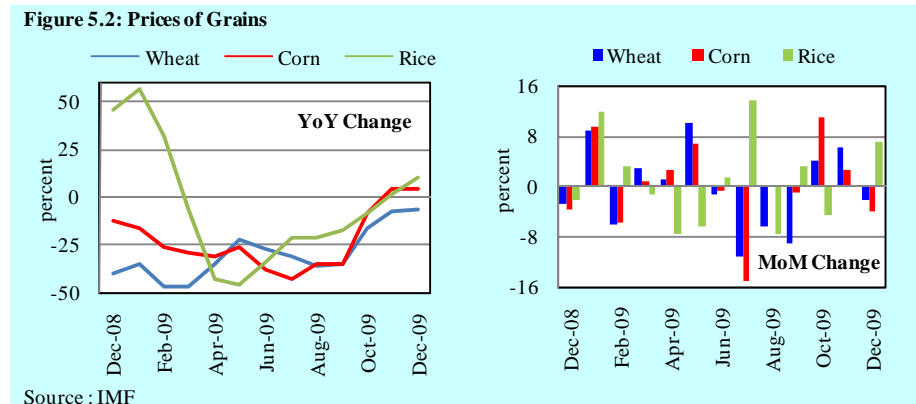


Food Group

Prices of most of the commodities in the food group increased during December 2009 as indicated by IMF food and beverage price index which rose by 18.4

percent during the month on YoY basis compared to 14.1 percent last month and (-) 15.9 percent during December 2008. On MoM basis index grew at a pace of 2.0 percent during December 2009 compared to 3.1 percent growth witnessed last month.

Among grains, wheat prices dropped by 6.3 percent during December 2009 on YoY basis on top of a fall of 7.0 percent recorded in November 2009 and a decline of 40.3 percent recorded in December 2008. On MoM basis, wheat prices declined by 2.3 percent during December 2009, against 6.1 percent recorded during November 2009. Despite weak, US dollar, wheat prices declined during December 2009 mainly due to healthy global wheat production and substantial global stockpiles.



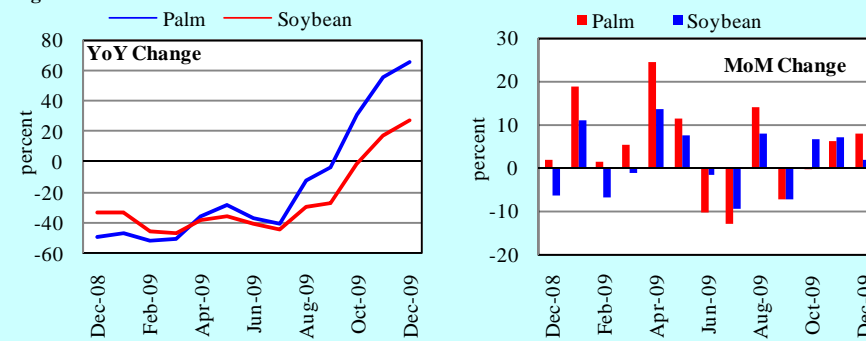
Corn prices rose by 4.1 percent during December 2009 on YoY basis compared to 4.5 percent in November 2009 and 12.3 percent fall in December 2008. On MoM basis, corn prices fell by 4.1 percent during December 2009 against 2.6 percent in November 2009. An upward support to corn prices was mainly provided by the weak US dollar. Global corn production is projected to remain 796.5 million tons, up from an estimated 791.6 million tons last year.

Rice prices registered 10.0 percent increase during December 2009 on YoY basis compared to 0.5 percent rise recorded in November 2009 and 45.7 percent rise witnessed during December 2008. On MoM basis, 7.0 percent increase was recorded in rice prices against no change during the last month (see **Figure 5.2**). Rice prices increased due to production shortfall in India and Philippines; two most important players in global rice trade. Global rice production is expected to drop to 450.8¹ million tons from 459.6 million tons estimated earlier.

¹ FAO Food Outlook December 2009

Among edible oils, price of Malaysian palm oil surged by 65.2 percent during December 2009 on YoY basis compared to 55.7 percent rise in November 2009 and a fall of 50.2 percent recorded in December 2008. Similarly, on MoM basis prices gained 7.9 percent during December 2009 against 5.9 percent in November 2009. Palm oil prices increased mainly due to strong demand from China and India; two largest importers of the vegetable oil. Moreover, forecasts of a decline in production also boosted prices of the Malaysian palm oil.

Figure 5.3: Edible Oil Prices

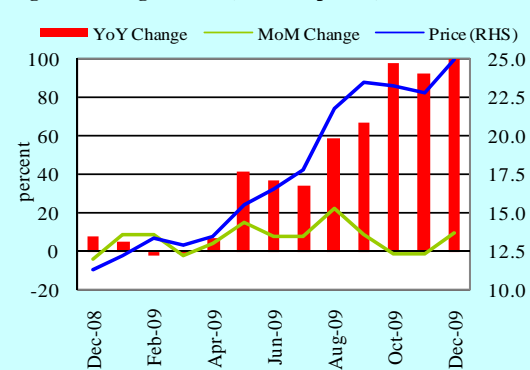


Source : IMF

Soybean prices rose by 27.4 percent during December 2009 on YoY basis compared to 17.3 percent increase in November 2009 and a decline of 33.7 percent in December 2008. On MoM basis, an increase of 1.5 percent was recorded in soybean prices during December 2009 against 7.1 percent rise seen in November 2009. Soybean prices witnessed a moderate growth during December 2009 on expectations of better crop in Argentina and Brazil (see **Figure 5.3**).

Among other food commodities, sugar prices went up by 120.0 percent during December 2009 on YoY basis compared to a rise of 92.5 percent in November 2009 and 8.4 percent in December 2008. Similarly, on MoM basis, sugar prices increased by 9.4 percent during December 2009 against a fall of 1.7 percent in November 2009 (see **Figure 5.4**). Sugar prices remained strong throughout 2009 due to global production shortfall.

Figure 5.4 : Sugar Prices (US cents per Ibs)

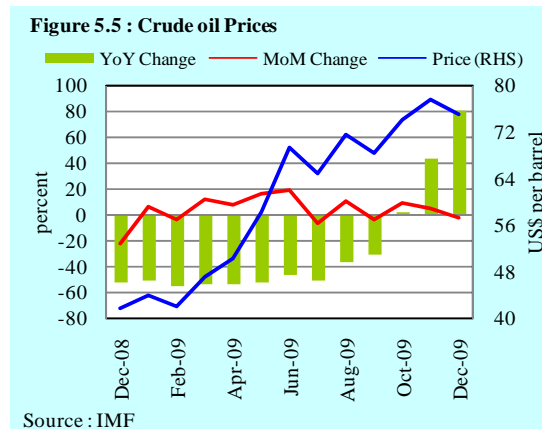


Source : IMF

Non-food group

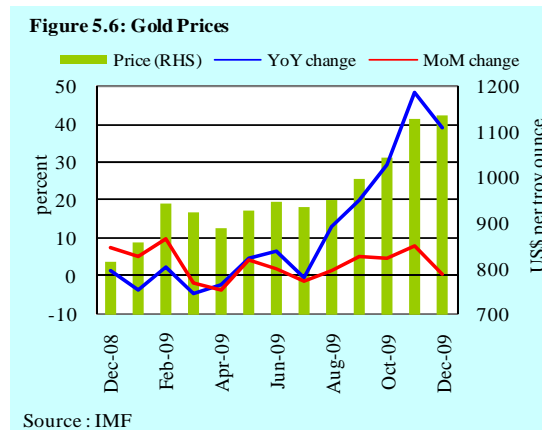
Among non-food group, prices of most of the commodities increased during December 2009 mainly on account of strengthening fundamentals of the world economy. Industrial growth in China, India, and revival of the industrial production in developed countries boosted demand for the non-food commodities.

Crude oil prices recorded an increase of 80.3 percent during December 2009 on YoY basis compared to 43.5 percent in November 2009 and 53.6 percent in December 2008. On MoM basis, crude oil prices recorded a decline of 3.5 percent during December 2009, against 4.7 percent rise in November 2009 (see **Figure 5.5**). Current fall in prices came after the OPEC member countries have decided to supply oil at the exiting quota. OPEC’s move was against the expectations of market experts who were expecting a reduction in the said quota.



Source : IMF

Gold prices reached US\$ 1134.7 per troy ounce during December 2009, registering an increase of 39.0 percent on YoY basis compared to 48.1 percent increase recorded in November 2008 and 1.6 percent registered in December 2008. On MoM basis, gold prices registered 0.7 percent increase during December 2009 against 8.0 percent rise observed during November 2009 (see **Figure 5.6**). Weak



Source : IMF

dollar was the main driver of gold prices during the month as every slump in US dollar boosts the demand for gold as an alternative investment.

Industrial metal prices rose during December 2009 as reflected by IMF metal price index which gained 44.5 percent on YoY basis compared to 22.3 percent gain registered last month and a fall of 36.4 percent observed during December 2008. Likewise, on MoM basis index grew by 5.3 percent in December 2009 against 2.6 percent growth witnessed during November 2009 (see

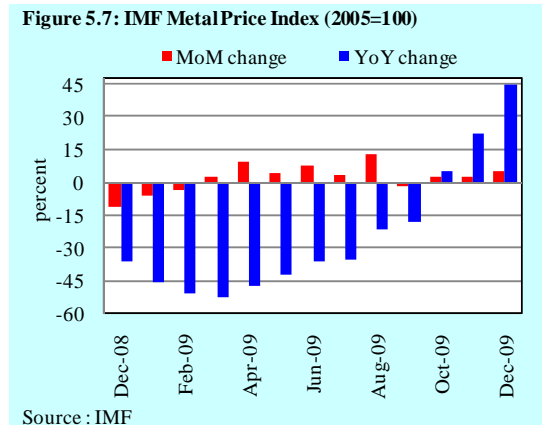
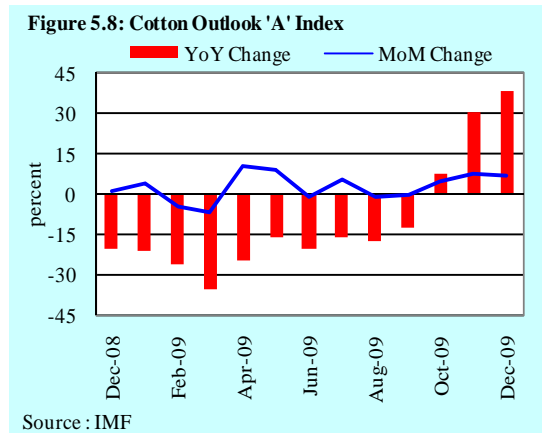


Figure 5.7). Among industrial metals, lead, copper, and zinc prices saw an increase of above 100 percent (YoY) whereas, the prices of nickel, aluminum, and tin also rose significantly during December 2009. On the other hand, prices of iron ore and uranium declined during the month.

Cotton prices surged during December 2009 as indicated by Cotton outlook 'A' index which rose by 38.4 percent during the month on YoY basis compared to 30.4 percent in November 2009 and a decline of 20.3 percent recorded during December 2008. On MoM basis cotton index registered 7.0 percent change during December 2009 against 7.4 percent registered in November 2009 (see **Figure 5.8**). Cotton



prices rose due to lower production in US and China, two largest producers of the world. Global cotton output is projected to drop by 5.1 percent this season from 23.4 million tons to 22.2 million tons; whereas the cotton consumption is projected to rise by 2.6 percent from 23.2 to 23.8 million tons on the back of global economic recovery.

Annexure A

Table A1: CPI Inflation by Groups

	Weights	MoM change			YoY change		
		Dec-08	Nov-09	Dec-09	Dec-08	Nov-09	Dec-09
I. Food Group	40.3	-1.6	1.8	-1.7	27.9	11.1	10.9
II. Non-Food Group	59.7	0.4	1.0	0.6	19.8	10.0	10.2
Apparel, textile, etc.	6.1	0.4	0.4	0.5	15.7	4.7	4.8
House rent	23.4	1.6	0.8	0.8	17.6	15.1	14.2
Fuel & lighting	7.3	-0.5	0.9	0.6	29.5	5.1	6.2
Household furniture & equipment	3.3	0.6	0.8	0.5	14.6	5.7	5.7
Transport & communication	7.3	-2.1	2.7	-0.2	25.7	4.7	6.6
Recreation & entertainment	0.8	0.1	0.8	0.0	12.6	2.6	2.5
Education	3.5	0.8	0.5	0.8	17.0	13.4	13.5
Cleaning, laundry, etc.	5.9	0.2	1.6	0.8	19.8	11.1	11.8
Medicare	2.1	0.3	0.0	0.0	12.7	5.3	5.1
Headline	100	-0.5	1.4	-0.5	23.3	10.5	10.5

Table A2: Distribution of Price Changes of CPI Basket (YoY)

Groups	% Changes		Total Number of Items	No. of Items in each Inflation Range							
				Decrease or no change (0 % or less)		Subdued increase (0 to 5%)		Moderate increase (5 to 10%)		Double digit increase (over 10%)	
	Dec-08	Dec-09	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09	Dec-08	Dec-09
I. Food Group	27.9	10.9	110	5	21	3	16	9	19	93	54
II. Non-Food Group	19.8	10.2	250	29	3	19	107	32	64	170	53
Apparel, textile, etc.	15.7	4.8	42	2	0	1		10	18	29	7
House rent	17.6	14.2	1	0		0		0		1	1
Fuel & lighting	29.5	6.2	15	2	2	1		3	3	9	5
Household furniture & equipt	14.6	5.7	44	0		2	22	4	18	38	3
Transport & communication	25.7	6.6	43	4	0	1	31	2	9	36	3
Recreation & entertainment	12.6	2.5	16	2	0	5	12	3	1	6	3
Education	17.0	13.5	24	3	1	3	5	1	5	17	13
Cleaning, laundry, etc.	19.8	11.8	36	1	0	3	16	6	9	26	11
Medicines	12.7	5.1	29	15	0	3	21	3	1	8	7
Overall	23.3	10.5	360								

Note: Prices of 14 seasonal items were not reported during the month.

Table A3: Top Ten Contribution to YoY CPI Inflation in December 2009

Items	Weights	YoY change		Weighted Contribution
		Dec-08	Dec-09	
A. Ranked by Weighted Contribution				
1 House Rent Index	23.43	17.56	14.23	29.88
2 Milk Fresh	6.66	23.64	14.73	10.2
3 Sugar	1.95	31.48	52.19	6.53
4 Meat	2.70	14.99	17.00	5.87
5 Wheat Flour	5.11	44.66	8.04	5.67
6 Vegetables	1.84	25.07	24.19	4.50
7 Vegetable Ghee	2.67	4.58	11.21	3.20
8 Fresh Fruits	1.62	20.09	18.76	2.79
9 Jewellery	0.39	26.33	46.54	2.64
10 Natural Gas	2.05	21.47	8.17	2.22
Total	48.41			73.54
B. Ranked by Percentage Change				
1 Gur	0.07	19.84	80.49	0.43
2 Pulse Mash	0.20	8.74	66.26	1.12
3 Pulse Moong	0.22	-4.33	54.10	0.98
4 Sugar	1.95	31.48	52.19	6.53
5 Jewellery	0.39	26.33	46.54	2.64
6 Text Books	0.69	29.00	31.35	1.77
7 Bulb & Tube	0.13	6.19	30.19	0.20
8 Vegetables	1.84	25.07	24.19	4.50
9 Diesel	0.21	51.91	20.06	0.75
10 Tea	1.26	53.05	18.99	1.98
Total	6.96			20.89
C. Ranked by Weights				
1 House Rent Index	23.43	17.56	14.23	29.88
2 Milk Fresh	6.66	23.64	14.73	10.24
3 Wheat Flour	5.11	44.66	8.04	5.67
4 Electricity	4.37	33.20	2.74	0.95
5 Bakery & Confectionary	2.98	14.35	3.67	0.77
6 Meat	2.70	14.99	17.00	5.87
7 Vegetable Ghee	2.67	4.58	11.21	3.20
8 Tution Fees	2.36	12.97	9.03	1.75
9 Transport Fare/Charges	2.12	44.58	3.16	0.84
10 Natural Gas	2.05	21.47	8.17	2.22
Total	54.45			61.40

Note: Weighted contribution is estimated by multiplying the weights by the price change of an item; this is then reported as a share in YoY change in CPI, which is 10.5 percent in December 2009.

Table A4: Distribution of Price Changes (YoY)- Selected CPI Items, December 2009

Groups	Decrease or no change	Subdued increase (up to 5%)	Moderate increase (5 to 10%)	Increase of over 10%
Food Group	Vegetable Ghee Tin	Almonds Whole Av.Qlty.	Wheat	Sugar Refined
	Radish,Betel Nuts	Corriander Seed	Bread Plain Medium	Beef With Bone Av.
	Potatoes	Powd.National	Size, Cooked Dal	Qlty, Vegetable Ghee
	Tomatoes	Cuminseed White National(Av. Hotel)		(Loose), Mutton
	Rice Basmati Broken Av.Qlty	Curry Powd. National 200 gm,Pepper Black National	Biscuit-Bakery (Loose)	Av.Qlty, Chicken
	Bread Tandoori St. Size,Pulse Gram	Milk Powder Loose /Packed,Cinamon Loose	Betel Leaves	Farm Broiler Tea
	Rice Basmati 385/386	Av. Qlty,Lactogen 400 Grams, Milo 200 Gm.	Spinach	Loose Kenya Av.Qlty
			Rusk (Papay)	250G, Tea Prepared,
Apparel & Textile	Apparel, Textile & Footwear.	Voil Av.Qlty.		Second-Hand Coat For Men
	Lawn Av.Qlty.	School Uni. Pant,Shirt Boys, Ladies Spoung	Nylon Jogger 27 Size 2-5, Georgette Av.Qlty	Boot Polish
	Long Cloth Av.Qlty.	Chappal Bata	Linen Av.Qlty	Cherry/Kiwi 50MI Pullover Gents Oxford/Bon.
House Rent Index				House Rent Index
Fuel & Lighting	Gas Charges upto 3,3719 mmbtu, Gas Charges 3.3719 - 6.7438 mmb	Gas Charges 10.1157 - 13.4876mmbtu	Elect.Charges 301 - 1000 units, Elect. Charges 101 - 300	Gas Cylinder Stand. Size, Elect.Charges 01 - 100 units
	Elect.Charges Above 1000 units	Match Box Small	Units, Elect.Charges 01 - 100 units	Firewood Whole Gas Cylinder Stand. Size
Household Furniture & Equipment		Refr. Dawlence 10 cft.	Household Servant	Tea Set Pak.
		D.Door, Quilt (Lihaf) 3 kg. Cotton, Blanket (90" X 54")	Female P/T, Bedsheet Single Bed Sup.Qlty	Chinaware 21 Pc
Transport & Communication.		Train Fare Eco. > 500 km.	Med.Si	Thermos Starvac 1 Ltr
	Telephone Charges Local Call, Tel Charges Outside City, A/C Bus Fare Outside City, Bus Fare Outside City	Train Fare A/C Slp. 1-100 km., Train Fare A/C Slp.101-500km	T.C.S. Ch. Min.with in Zone, Car Service Charges, Tyre Car With Tube General CNG Filling Charges	Petrol Super High Speed Diesel HSD, Postal Envelope Domestic
		Train Fare A/C Slp > 500 km.		
Recreation & Entertainment	Tv.Licence Feedomestic	Daily "Dawn"		Monthly "Naunehal Digest", Weekly
	Daily "Jang"	Cinema A/C. Highest Class, Radio With C.Player National	Dry Cell 1.5 Volt(Local)	"Akhbar-E-Jahan" Weekly "Mag"
Education	Com. C.D. (TDK /Imation), Govt. College Fee Ist. year, Govt. College Fee 4th. year	Ball Pen (Local) Fountain Pen Youth China School Fee 2nd-year Eng. Med.	Exercise. Book Lined 80/100 P, Govt. Med. College Fee MBBS Govt. Engg. Coll. Fee 1 Year	Paper Foolscape (27"X17"), Maths Book Class IX or X Eng. Book Ist.year Complete Science
	Washing Soap Nyl(135-160 grams), Toilet Soap Lux 95 grams,Surf (Medium) 160 grams Toilet Soap Lifebuoy 140 grams	Shaving Cream Touch-Me/Adm., Lipstick S.Miss/Medora Robin Blue (35 grams) Toothpowder Dentonic 90 grams	Washing Powder 1000 Grm, Perfume Med.Size Medora/Broa Cleanser Powder Vim 1000 gm, Nail Polish S.Miss/Medora	Haircut Charges For Men, Shampoo Plain Medora 200 ml. Hair-Oil, Amla /Chambeli Gold Tezabi 24 ct
Medicare	Doctor (MBBS) Clinic Fee, Dettol (Medium) Jouhar Joshanda	Renitec Tab. 5 mg. Ventolin Tab. 2mg. Septran Tablets	Betnovate-N Ointment 5 gms	Burnol Cream 30 gm, Cotton Bandage 2" - 4", Gripe-Water Woodward's

Table A5: City-wise Inflation by Income Groups, December 2009

		Upto Rs:3000						Rs 3001-5000					
		General		Food		Non-Food		General		Food		Non-Food	
		MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY
1	Lahore	-0.9	10.5	-2.2	13.0	0.2	8.5	-1.0	10.5	-2.4	12.7	0.2	8.7
2	Faisalabad	-0.6	13.0	-1.6	16.6	0.2	10.1	-0.5	13.0	-1.2	16.6	0.1	10.1
3	Rawalpindi	-0.8	10.6	-2.0	13.2	0.3	8.5	-0.8	10.3	-2.2	12.7	0.3	8.5
4	Multan	-1.4	13.3	-3.0	16.6	0.0	10.6	-1.7	12.9	-3.5	16.4	-0.2	10.1
5	Gujranwala	-2.1	11.0	-4.2	13.8	-0.2	8.6	-2.2	10.8	-4.3	13.3	-0.3	8.9
6	Islamabad	-0.1	9.6	-1.4	12.0	1.0	7.7	-0.3	9.7	-2.0	12.0	1.0	8.0
7	Sargodha	-1.4	11.3	-2.6	11.1	-0.4	11.5	-1.4	10.6	-2.5	10.6	-0.4	10.6
8	Sialkot	-1.0	10.9	-2.5	12.1	0.3	9.9	-1.4	11.2	-3.3	12.4	0.3	10.3
9	Bahawalpur	-1.1	14.8	-2.7	19.3	0.3	11.3	-0.8	14.5	-2.2	19.1	0.4	10.9
10	Karachi	-0.2	9.6	-0.7	8.4	0.3	10.6	-0.2	9.1	-0.9	7.3	0.4	10.5
11	Hyderabad	-1.2	9.8	-2.6	9.1	0.0	10.3	-1.2	9.6	-2.6	9.2	0.0	9.8
12	Sukkur	-0.1	8.6	-1.0	4.8	0.5	11.9	-0.6	8.3	-1.6	5.6	0.2	10.4
13	Larkana	-1.8	11.3	-3.5	10.6	-0.3	11.9	-2.5	9.5	-4.4	8.9	-0.9	10.0
14	Peshawar	0.6	9.0	0.6	7.8	0.6	10.1	-0.5	6.9	-1.3	4.3	0.2	9.1
15	Bannu	2.3	11.9	2.9	12.8	1.8	11.2	1.5	11.2	1.5	11.3	1.5	11.1
16	Quetta	-1.6	6.8	-3.3	4.6	-0.1	8.8	-1.0	7.0	-2.9	4.4	0.7	9.2
17	Khuzdar	-3.1	6.3	-5.7	4.3	-0.9	7.9	-1.2	8.6	-3.1	6.9	0.4	9.9
		Rs 5001-12000						above Rs 12000					
		General		Food		Non-Food		General		Food		Non-Food	
		MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY
1	Lahore	-0.8	10.1	-2.2	11.9	0.5	8.6	-0.5	9.6	-2.0	10.5	0.8	8.9
2	Faisalabad	-0.6	12.6	-1.4	16.4	0.2	9.5	-0.6	11.7	-2.1	14.4	0.7	9.3
3	Rawalpindi	-0.7	10.3	-2.1	11.9	0.5	9.1	-0.4	10.2	-1.8	10.8	0.8	9.7
4	Multan	-1.6	12.4	-3.6	15.9	0.2	9.5	-0.9	11.6	-3.5	15.3	1.4	8.5
5	Gujranwala	-1.7	11.0	-3.8	13.5	0.1	9.1	-1.1	10.7	-3.1	13.2	0.6	8.8
6	Islamabad	-0.2	9.2	-1.7	10.7	1.1	8.0	0.1	9.2	-1.6	9.9	1.4	8.6
7	Sargodha	-1.7	9.9	-3.0	9.6	-0.5	10.1	-1.2	9.3	-2.5	8.8	0.0	9.8
8	Sialkot	-1.7	10.8	-3.9	11.6	0.3	10.2	-1.3	10.6	-3.8	10.9	1.1	10.3
9	Bahawalpur	-0.7	13.4	-1.9	17.6	0.5	9.9	-0.3	11.1	-1.4	15.2	0.6	7.5
10	Karachi	-0.4	9.1	-1.3	7.0	0.4	10.8	-0.1	10.4	-1.6	7.4	1.1	12.9
11	Hyderabad	-1.0	9.7	-2.4	8.7	0.3	10.5	-0.6	10.2	-2.3	8.3	0.7	11.8
12	Sukkur	-0.5	8.5	-1.4	5.9	0.3	10.7	-0.3	8.4	-1.1	5.6	0.4	10.5
13	Larkana	-1.9	8.9	-3.6	8.1	-0.5	9.6	-1.2	8.1	-2.5	7.6	-0.1	8.6
14	Peshawar	-0.6	7.3	-1.9	4.1	0.5	10.0	-0.6	8.3	-2.3	4.7	0.9	11.5
15	Bannu	1.1	10.8	0.6	10.5	1.5	11.0	0.8	9.7	0.0	8.7	1.5	10.6
16	Quetta	-0.7	7.5	-2.6	4.0	0.9	10.6	-0.5	8.6	-2.2	4.4	1.0	12.3
17	Khuzdar	-0.1	9.7	-1.8	7.6	1.3	11.5	-0.2	13.1	-2.2	11.1	1.4	14.8

Table A6 : Income Group-wise Inflation							percent
	MoM			YoY			
	Dec-08	Nov-09	Dec-09	Dec-08	Nov-09	Dec-09	
<u>Up to Rs. 3000</u>							
General	-1.2	1.5	-0.6	24.8	10.5	11.2	
Food	-2.4	2.0	-1.6	29.0	11.2	12.1	
Non-food	-0.3	1.2	0.2	21.5	10.0	10.5	
<u>Rs. 3001-5000</u>							
General	-1.2	1.5	-0.7	25.0	10.3	10.8	
Food	-2.3	1.9	-1.8	28.6	11.0	11.6	
Non-food	-0.2	1.1	0.2	22.3	9.7	10.2	
<u>Rs. 5000-12000</u>							
General	-0.8	1.4	-0.6	24.4	10.3	10.5	
Food	-1.8	1.8	-1.8	28.3	11.0	11.0	
Non-food	0.1	0.9	0.4	21.3	9.7	10.1	
<u>Above Rs. 12000</u>							
General	-0.1	1.4	-0.3	21.8	10.8	10.5	
Food	-1.0	1.7	-1.7	27.0	11.3	10.5	
Non-food	0.7	1.2	0.8	17.7	10.3	10.4	
<u>All income groups</u>							
General	-0.5	1.4	-0.5	23.3	10.5	10.5	
Food	-1.6	1.8	-1.7	27.9	11.1	10.9	
Non-food	0.4	1.0	0.6	19.8	10.0	10.2	

Table A7: Distribution of Price Change (YoY) - WPI Items: December 2009				
Groups	Decrease or no change	Subdued increase (upto 5%)	Moderate increase (5 to 10%)	More than 10% increase
Food	Tomatoes			Fresh Milk, Mineral Water, Wheat Flour
	Gram Split			Vegetables, Prepared/Preserved, Fruit Prepared/Preserved
	Maize			Dry Fruits, Tea
	Besan	Sugar		Vegetable Ghee
	Masoor	Confectionary	Milk Food	Meat, Gram Whole
	Rice	Cooking Oil	Spices	Fish, Fresh Fruits
	Bajra	Beverages	Wheat	Chicken, Moong
	Beans	Maida	Oil Cakes	Sugar Refined
	Mustard & Rapeseed Oil	Potatoes	Jowar	Mash, Gur
	Onions	Vegetables	Salt	
Powdered Milk	Condiments	Cotton Seed Oil		
	Eggs			
Raw material				Tobacco
	Hides			Cotton Seeds
	Skins			Sugar Cane
	Mustard/Rapeseeds	Wool	Pig Iron	Cotton
Fuel & lighting				Electricity Ind. Supply
	Coke			Tariff-B
	Natural Gas			Motor Sprit
	Elec. Agriculture	Mobil Oil		Kerosine Oil
	Tariff-D	Coal	Fire Wood	Diesel Oil
				Furnace Oil
Manufactures		Audio-Visual, Instruments	Mattresses	
		Utensils, Tubes	Silk & Reyon	
		Hosiery, Jute	Textiles	
		Manufactures	Drugs & Medicines	
		Machinery, Soaps	Cosmetics	
	Fertilizers	Sole Leather	Pesticides & Insecticides	Foot Wear
	Chemicals	Transports	Other Electrical	Cigarettes
	Dying Materials	Cotton Textiles	Goods	Nylon Yarn
Tyres	Ready Made	Chrome Leather	Blended Yarn	
Paper	Garments	Woolen Textiles	Glass Products	
Matches	Plastic Products		Cotton Yarn	
Building material		Tiles		
		Cement Blocks		
		Pipe Fittings		
		Timber		Glass Sheets
	Cement	Wires And Cables		Sanitary Wares
	Iron Bars & Sheets	Bricks		Paints & Varnishes

Table A8: SPI Item-wise Price Movements

S.No	Items	Unit	Price Dec 09	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	26.1	5.7	1.6
2	Wheat flour average qlt.	Kg.	29.0	9.6	0.2
3	Rice basmti.broken	Kg.	42.1	-9.4	-2.2
4	Rice irri-6	Kg.	32.9	-11.4	-1.1
5	Masur pulse washed	Kg.	121.9	-5.1	0.4
6	Moong pulse washed	Kg.	76.2	55.7	11.2
7	Mash pulse washed	Kg.	127.5	68.6	6.3
8	Gram pulse washed	Kg.	50.1	-13.1	1.1
9	Beef	Kg.	171.2	20.1	0.3
10	Mutton	Kg.	301.9	17.2	0.4
11	Egg hen (farm)	Doz.	77.8	4.5	-4.7
12	Bread plain	Each	25.9	7.6	0.0
13	Sugar	Kg.	57.7	63.5	12.0
14	Gur	Kg.	69.1	79.5	-2.3
15	Milk fresh	Litr	41.6	14.9	0.4
16	Milk powdered nido	400g	180.0	5.9	0.0
17	Curd	Kg.	48.9	13.6	0.3
18	Veg.ghee tin	2.5k	353.0	-0.6	0.0
19	Veg.ghee loose	Kg.	111.4	20.4	4.6
20	Mustard oil	Kg.	131.9	-6.2	1.5
21	Cooking oil	2.5l	353.0	-5.8	0.0
22	Potatoes	Kg.	22.5	2.3	-27.7
23	Onions	Kg.	25.2	-6.7	-2.9
24	Tomatoes	Kg.	25.9	-31.2	-36.3
25	Bananas	Doz.	37.3	13.0	6.9
26	Salt powdered	Kg.	6.7	10.6	0.0
27	Red chillies(powd)	Kg.	165.5	19.1	8.3
28	Garlic	Kg.	144.5	232.0	6.6
29	Tea packet	250g	123.8	15.1	1.1
30	Tea (prepared)	Cup	10.2	21.9	3.4
31	Cooked beef plate	Each	44.4	10.2	1.2
32	Cooked dal plate	Each	27.8	8.5	2.6
33	Cigarettes k-2	10's	11.0	23.0	0.0
34	Coarse latha	Mtr.	45.7	1.1	0.4
35	Lawn (avg.+s.qlty)	Mtr.	92.5	3.0	0.0
36	Voil printed	Mtr.	47.1	3.6	0.0
37	Shirting	Mtr.	81.6	2.8	1.2
38	Sandel gents bata	Pair	499.0	0.0	0.0
39	Sandel ladies bata	Pair	379.0	0.0	0.0
40	Chappal spng. Bata	Pair	129.0	0.0	0.0
41	Kerosene	Litr	73.1	14.9	6.5
42	Firewood	40kg	298.2	11.4	2.7
43	Elec. Bulb 60-wats	Each	20.0	41.3	0.0
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	12.7	1.3	0.8
46	Bath soap lifebuoy	Cake	22.0	0.0	0.0
47	Chicken (farm)	Kg.	112.2	25.0	-10.0
48	Gas chrg. All clb. Comb	D.mmbt	286.3	4.6	0.0
49	L.P.G.(cylinder 11kg.)	Each	1037.4	42.7	8.9
50	Elec.chrg.all slabs comb	Bd. Unit	7.0	3.4	0.0
51	Petrol	Litr	66.8	14.6	7.0
52	Diesel	Litr	71.2	23.4	8.8
53	Telephone local	Call	2.4	0.0	0.0
Maximum				232.0	12.0
Median				7.6	0.3
Minimum				-31.2	-36.3

Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities				
Item and Specification	Weights	Index		
		Dec-08	Nov-09	Dec-09
GENERAL	100.0007	190.90	212.02	210.99
FOOD & BEVERAGES.	40.3413	214.71	242.40	238.16
1 WHEAT	0.4830	286.67	300.54	304.84
2 WHEAT FLOUR	5.1122	276.97	298.21	299.24
3 MAIDA	0.1059	268.93	281.96	282.63
4 BESAN	0.1320	211.82	181.06	184.92
5 RICE	1.3369	297.12	269.24	265.75
6 PULSE MASOOR	0.2214	350.95	330.76	333.83
7 PULSE MOONG	0.2230	162.38	232.02	250.22
8 PULSE MASH	0.2017	167.77	264.60	278.93
9 PULSE GRAM	0.4272	202.20	171.96	173.17
10 GRAM WHOLE	0.1491	183.84	200.00	203.09
11 MUSTARD OIL	0.0456	253.95	237.28	242.32
12 COOKING OIL	0.6858	235.55	221.73	221.73
13 VEGETABLE GHEE	2.6672	215.35	233.53	239.48
14 SUGAR	1.9467	129.05	197.34	196.40
15 GUR	0.0735	147.07	276.60	265.44
16 TEA	1.2559	166.92	193.96	198.61
17 MILK FRESH	6.6615	209.74	237.88	240.63
18 MILK POWDER	0.1105	204.71	209.86	209.68
19 MILK PRODUCTS	0.5607	195.47	222.19	222.63
20 HONEY	0.0358	174.58	200.28	202.51
21 CEREALS	0.0878	224.72	243.96	245.56
22 JAM,TOMATO,PICKLES & VINEGAR	0.2472	162.58	178.96	183.25
23 BEVERAGES	0.7286	162.42	177.19	176.06
24 CONDIMENTS	0.3392	241.63	243.43	245.11
25 SPICES	0.6008	209.30	194.87	199.08
26 DRY FRUIT	0.2760	300.29	323.62	328.33
27 BAKERY & CONFECTIONARY	2.9837	141.67	146.63	146.87
28 CIGARETTES	0.9527	174.87	208.02	208.02
29 BETEL LEAVES & NUTS	0.1851	167.96	175.09	176.28
30 READYMADE FOOD	1.6833	219.01	243.87	244.24
31 SWEETMEAT & NIMCO	0.3846	220.31	245.29	246.85
32 FISH	0.2703	179.02	199.08	201.29
33 MEAT	2.6981	257.27	301.12	301.00
34 CHICKEN FARM	0.9158	180.49	243.61	208.16
35 EGGS	0.4119	279.39	308.81	291.55
36 POTATOES	0.5812	252.94	323.98	244.39
37 ONIONS	0.6243	260.71	249.17	237.02
38 TOMATOES	0.4839	185.14	208.50	144.37
39 VEGETABLES	1.8356	203.62	311.05	252.88
40 FRESH FRUITS	1.6156	184.77	214.85	219.44
APPAREL, TEXTILE & FOOTWEAR.	6.0977	153.35	159.95	160.70
41 COTTON CLOTH	1.6197	155.60	159.43	159.46
42 SILK,LINEN,WOOLEN/CLOTH	0.5766	151.82	160.35	162.70
43 TAILORING CHARGES	0.8636	160.27	176.15	176.98
44 HOSIERY	0.1528	163.02	172.91	175.59
45 READYMADE GARMENTS	1.2038	140.81	147.68	148.45
46 WOOLEN READYMADE GARMENTS	0.1485	173.13	184.11	191.72
47 FOOTWEAR	1.5327	154.62	157.22	157.23
HOUSE RENT.	23.4298	179.99	203.90	205.61
48 HOUSE RENT INDEX (Combined)	23.4298	179.99	203.90	205.61

(continued)

(continued)

Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities				
Item and Specification	Weights	Index		
		Dec-08	Nov-09	Dec-09
FUEL AND LIGHTING.	7.2912	202.54	213.97	215.18
49 KEROSENE	0.1366	387.26	447.00	435.58
50 FIREWOOD	0.4778	298.14	331.14	335.62
51 MATCH BOX	0.1301	200.00	200.00	200.00
52 BULB & TUBE	0.1311	99.31	129.29	129.29
53 ELECTRICITY	4.3698	159.21	163.57	163.57
54 NATURAL GAS	2.0458	267.22	285.01	289.06
H.HOLD.FURNITURE & EQUIPMENT ETC.	3.2862	159.97	168.10	169.01
55 UTENSILS	0.3690	145.72	155.45	156.10
56 PLASTIC PRODUCTS	0.1055	187.77	202.09	203.79
57 SUITCASE	0.0470	153.83	162.77	163.40
58 HOUSE HOLD EQUIPMENTS	0.0953	146.80	155.19	155.82
59 FURNITURE (Ready Made)	0.3054	171.25	180.12	181.86
60 FURNISHING	0.6362	152.81	160.17	160.72
61 ELECT. IRON FANS & WASHING MACHINE	0.1889	157.65	160.77	161.99
62 SEWING MACHINE,CLOCK AND NEEDLES	0.1270	137.40	145.28	149.06
63 REFRIGERATOR & AIRCONDITIONER	0.1756	127.90	131.89	131.95
64 MARRIAGE HALL	0.0445	182.47	197.98	200.00
65 HOUSE HOLD SERVANT	1.1918	170.78	179.22	179.88
TRANSPORT & COMMUNICATION.	7.3222	185.00	197.68	197.26
66 PETROL	1.7253	189.71	217.37	214.47
67 DIESEL	0.2070	362.66	447.68	435.41
68 CNG. FILLING CHARGES	0.1649	189.08	206.43	206.43
69 SERVICE CHARGES	0.3835	161.51	174.13	174.68
70 VEHICLES	0.2596	126.50	129.97	130.35
71 TYRE & TUBE	0.2831	155.07	163.02	163.30
72 TRANSPORT FARE/CHARGES	2.1236	251.72	257.74	259.67
73 TRAIN FARE	0.1514	253.24	253.24	253.24
74 AIR FARE	0.0983	342.93	342.93	342.93
75 COMMUNICATION	1.9255	91.31	93.28	93.29
RECREATION & ENTERTAINMENT.	0.8259	119.61	122.61	122.62
76 RECREATION	0.3399	128.36	134.04	134.04
77 ENTERTAINMENT	0.4860	113.50	114.61	114.63
EDUCATION.	3.4548	163.18	183.65	185.19
78 TUTION FEES	2.3629	164.46	177.33	179.31
79 STATIONERY	0.3500	163.54	178.83	178.83
80 TEXT BOOKS	0.6894	164.64	215.30	216.25
81 COMPUTER & ALLIED PRODUCTS	0.0525	84.19	84.57	84.57
CLEANING LAUNDRY & PER.APPEARANCE.	5.8788	162.03	179.64	181.14
82 WASHING SOAP & DETERGENT	1.5535	156.81	165.39	165.95
83 TOILET SOAP	0.7436	186.50	186.50	186.50
84 TOOTH PASTE	0.4036	112.31	115.19	115.31
85 SHAVING ARTICLES	0.3480	144.91	152.21	152.47
86 COSMETICS	1.4272	143.29	162.33	163.23
87 WATCHES	0.0552	138.22	138.95	138.95
88 JEWELLERY	0.3936	289.41	408.18	424.11
89 LAUNDRY CHARGES	0.2207	176.39	183.82	184.14
90 HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	149.37	164.18	164.41
MEDICARE.	2.0728	146.53	153.91	153.98
91 DRUGS & MEDICARES	1.0752	114.43	124.67	124.80
92 DOCTOR'S FEE	0.9976	181.11	185.43	185.43

Table A10: Wholesale Price Index Numbers by major Groups and Selected Commodities

Item and Specifications	Index		
	Dec-08	Nov-09	Dec-09
GENERAL	192.62	220.98	221.43
FOOD	210.77	236.69	235.06
1 WHEAT	288.21	307.03	311.72
2 WHEAT FLOUR	264.25	294.05	294.45
3 MAIDA	285.10	292.94	293.34
4 BESAN	194.98	162.02	163.59
5 RICE	337.51	303.58	304.89
6 MAIZE	230.81	197.23	192.19
7 JOWAR	199.97	215.10	218.34
8 BAJRA	194.80	176.07	176.41
9 BEANS	262.36	250.56	247.64
10 GRAM WHOLE	186.75	211.07	223.04
11 GRAM SPLIT	184.73	147.63	152.23
12 MASOOR	373.14	331.24	331.38
13 MASH	150.76	239.41	251.79
14 MOONG	163.75	228.90	249.30
15 POTATOES	232.95	324.08	241.34
16 ONIONS	243.48	260.47	239.81
17 TOMATOES	164.56	202.66	133.68
18 VEGETABLES	234.34	330.21	242.90
19 FRESH FRUITS	133.55	161.31	161.47
20 DRY FRUITS	220.24	242.55	248.05
21 FRESH MILK	187.52	204.52	206.74
22 POWDERED MILK	223.44	221.74	221.92
23 MILK FOOD	162.40	170.90	171.44
24 VEGETABLE GHEE	221.27	249.30	260.46
25 MUSTARD & RAPESEED OIL	289.50	262.32	276.35
26 COTTON SEED OIL	249.42	260.34	273.19
27 COOKING OIL	212.89	217.56	218.40
28 OIL CAKES	284.64	306.99	310.19
29 GUR	126.91	251.61	237.13
30 SUGAR REFINED	129.49	198.60	197.65
31 CHICKEN	179.19	255.59	218.40
32 EGGS	292.31	318.75	306.72
33 FISH	116.41	137.57	139.85
34 MEAT	240.26	284.19	286.54
35 SPICES	203.76	202.74	218.24
36 CONDIMENTS	278.92	285.94	290.92
37 SALT	153.16	168.67	167.69
38 TEA	140.35	161.24	163.30
39 BEVERAGES	138.04	140.97	141.85
40 MINERAL WATER	114.24	126.74	126.74
41 FRUIT PREPARED/PRESERVED	156.79	174.68	175.34
42 VEGETABLES PREPARED/PRESERVED	157.49	175.64	175.53
43 SUGAR CONFECTIONARY	99.90	100.46	100.46
RAW MATERIAL	169.18	208.71	226.19
44 COTTON	128.44	172.32	191.31
45 COTTON SEEDS	228.70	274.41	277.90
46 MUSTARD/RAPESEEDS	296.02	268.25	279.88
47 TOBACCO	192.56	215.81	219.72
48 SUGAR CANE	236.82	294.37	340.14
49 WOOL	141.33	142.86	141.83
50 HIDES	153.22	134.23	133.09
51 SKINS	112.31	104.82	101.65
52 PIG IRON	298.19	321.93	321.93

(continued)

(continued)

Table A10: Wholesale Price Index Numbers by major Groups and Selected Commodities

Item and Specifications	Index		
	Dec-08	Nov-09	Dec-09
FUEL & LIGHT	231.18	294.39	290.11
53 COAL	137.00	141.00	141.00
54 COKE	763.37	624.58	555.18
55 DIESEL OIL	353.27	439.35	425.39
56 MOTOR SPRIT	188.00	214.97	212.06
57 MOBIL OIL	195.27	199.00	199.46
58 FURNACE OIL	181.23	365.78	365.78
59 KEROSENE OIL	352.86	425.10	412.31
60 NATURAL GAS	218.73	217.12	217.12
61 ELECTRICITY IND. SUPPLY TARIFF-B	160.81	179.27	179.27
62 ELEC. AGRICULTURE TARIFF-D	177.78	177.78	177.78
63 FIRE WOOD	250.84	273.61	274.99
MANUFACTURE	137.80	150.65	152.91
64 SOLE LEATHER	131.99	137.13	137.13
65 CHROME LEATHER	194.84	212.23	212.23
66 COTTON YARN	91.88	128.24	135.71
67 BLENDED YARN	120.84	145.63	155.52
68 NYLON YARN	99.67	114.88	117.98
69 COTTON TEXTILES	140.52	146.83	146.95
70 HOSIERY	152.21	155.79	155.97
71 SILK & REYON TEXTILES	143.00	148.10	150.80
72 WOOLEN TEXTILES	127.86	139.69	139.79
73 JUTE MANUFACTURES	121.87	123.97	125.10
74 MATTRESSES	133.11	138.89	139.72
75 READY MADE GARMENTS	113.52	118.87	118.87
76 UTENSILS	146.14	148.79	148.79
77 PLASTIC PRODUCTS	131.96	138.32	138.32
78 GLASS PRODUCTS	137.98	179.65	179.65
79 CHEMICALS	186.23	178.18	173.75
80 DYING MATERIALS	88.36	87.20	87.20
81 SOAPS	176.58	182.93	182.91
82 COSMETICS	112.04	119.84	119.84
83 DRUGS & MEDICINES	105.90	113.17	113.17
84 FERTILIZERS	321.08	284.38	286.32
85 PESTICIDES & INSECTICISED	137.52	147.16	147.16
86 MACHINERY	172.86	175.32	177.90
87 TRANSPORTS	123.99	128.99	128.99
88 TYRES	209.96	208.57	208.57
89 TUBES	184.29	187.13	187.73
90 AUDIO-VISUAL INSTRUMENTS	90.84	92.28	92.28
91 OTHER ELECTRICAL GOODS	121.47	131.07	131.08
92 CIGARETTES	155.73	179.05	179.05
93 PAPER	105.98	105.98	105.98
94 MATCHES	124.26	124.26	124.26
95 FOOT WEAR	172.91	192.15	192.15
BUILDING MATERIAL	213.13	187.33	186.76
96 CEMENT	151.97	124.02	124.02
97 BRICKS	229.42	239.05	240.80
98 CEMENT BLOCKS	166.28	166.63	170.13
99 TILES	99.17	99.67	99.67
100 IRON BARS & SHEETS	267.64	232.66	231.12
101 PIPE FITTINGS	176.32	180.95	180.95
102 TIMBER	201.27	208.88	208.88
103 GLASS SHEETS	157.79	172.95	177.94
104 PAINTS & VARNISHES	128.15	146.05	146.05
105 SANITARY WARES	143.43	159.33	162.20
106 WIRES AND CABLES	252.33	262.08	262.08

Table A11: Price Indices - Base 2000-01=100

Period	CPI			WPI			SPI *
	Overall	Food	Non-food	Overall	Food	Non-food	
2004-05	121.98	125.69	119.47	124.14	125.03	123.50	126.52
2005-06	131.64	134.39	129.78	136.68	133.78	138.78	136.43
2006-07	141.87	148.21	137.59	146.18	145.67	146.53	149.29
2007-08	158.90	174.36	148.44	170.15	173.27	167.88	170.55
2008-09	191.90	215.69	175.82	201.10	213.54	192.04	209.29
2007 Dec.	154.77	167.85	145.93	163.83	168.26	160.61	165.41
2008 Jan.	157.73	172.96	147.43	166.75	172.50	162.57	168.24
Feb.	158.50	172.16	149.26	168.81	172.40	166.20	166.94
Mar.	163.38	180.52	151.79	175.55	177.57	174.08	173.96
Apr.	168.34	188.37	154.80	183.09	184.07	182.38	183.29
May.	172.87	196.28	157.04	192.19	194.26	190.68	191.49
Jun.	176.50	201.12	159.85	197.92	199.39	196.85	194.10
Jul.	182.39	206.85	165.85	206.53	206.37	206.65	202.94
Aug.	186.29	212.21	168.76	211.60	211.91	211.37	208.85
Sep.	188.10	214.13	170.50	211.02	213.63	209.12	209.52
Oct.	192.08	221.44	172.23	207.08	219.58	197.98	213.37
Nov.	191.85	218.12	174.09	196.50	215.97	182.33	211.03
Dec.	190.90	214.71	174.80	192.62	210.77	179.41	207.99
2009 Jan.	190.09	210.33	176.40	192.91	208.80	181.35	204.02
Feb.	191.90	211.58	178.59	194.19	210.31	182.46	206.78
Mar.	194.53	216.13	179.92	195.00	212.16	182.51	208.40
Apr.	197.28	220.46	181.61	198.28	215.69	185.61	210.85
May.	197.74	220.04	182.66	201.29	217.50	189.49	212.62
Jun.	199.69	222.23	184.45	206.13	219.81	196.17	215.09
Jul.	202.77	228.93	185.08	207.57	224.31	195.39	222.00
Aug.	206.21	234.69	186.95	212.16	229.52	199.53	225.18
Sep.	207.14	235.59	187.90	212.53	230.34	199.57	227.34
Oct.	209.11	238.12	189.49	215.01	232.35	202.39	227.73
Nov.	212.02	242.40	191.48	220.98	236.69	209.55	232.14
Dec.	210.99	238.16	192.62	221.43	235.06	211.51	232.81

*: all groups combined

Table A12: International Commodity Prices/Indices			
	Dec-08	Nov-09	Dec-09
Energy			
Crude Oil (US\$ per barrel)*	41.5	77.6	74.9
IMF Energy Index (2005 =100)	91.7	140.5	137.1
WB Energy Index (1990=100) @	165.3	261.5	256.5
Food			
Rice (\$/MT)	550.8	566.3	606.0
Wheat (\$/MT)	220.1	211.0	206.3
Sugar (US cent / pound)	11.3	22.8	24.9
Palm Oil (\$/MT)	440.4	674.3	727.6
Soybean Oil (\$/MT)	681.0	854.2	867.4
Non-Food Non-Energy			
Cotton Outlook 'A' Index #	122.2	157.7	169.1
IMF Metal Price Index (2005=100)	103.4	142.0	149.5
Copper (\$/MT)	3,105.1	6,682.4	6,977.0
Alluminum (\$/MT)	1,504.4	1,956.5	2,181.3
Iron Ore (\$ cents/dry MT)	140.6	101.0	101.0
Tin (\$/MT)	11,292.1	14,966.1	15,588.7
Nickel (\$/MT)	9,846.9	16,911.3	17,121.6
Zinc (\$/MT)	1,112.9	2,196.5	2,374.0
Lead (\$/MT)	968.2	2,303.4	2,326.3
Uranium (\$/pound)	54.3	44.8	44.4
DAP (\$/MT)	407.5	290.3	360.4
Urea (\$/MT)	225.4	244.8	261.1

\$/MT = US\$ per metric tonne.

* Crude Oil (petroleum), simple average of three spot prices; Dated Brent, West Texas Intermediate, and the Dubai Fateh

Middling 1-3/32 inch staple, Liverpool Index "A", average of the cheapest Cts/lb five of fourteen styles, CIF Liverpool (Cotton Outlook, Liverpool). From January 1968 to May 1981 strict middling 1-1/16 inch staple. Prior to 1968, Mexican 1-1/16. 2/

DAP: Diammonium Phosphate

@ World bank commodity index for low and middle income countries

Source: IMF and World Bank.

Figure A1: CPI Non-food Inflation (percent)

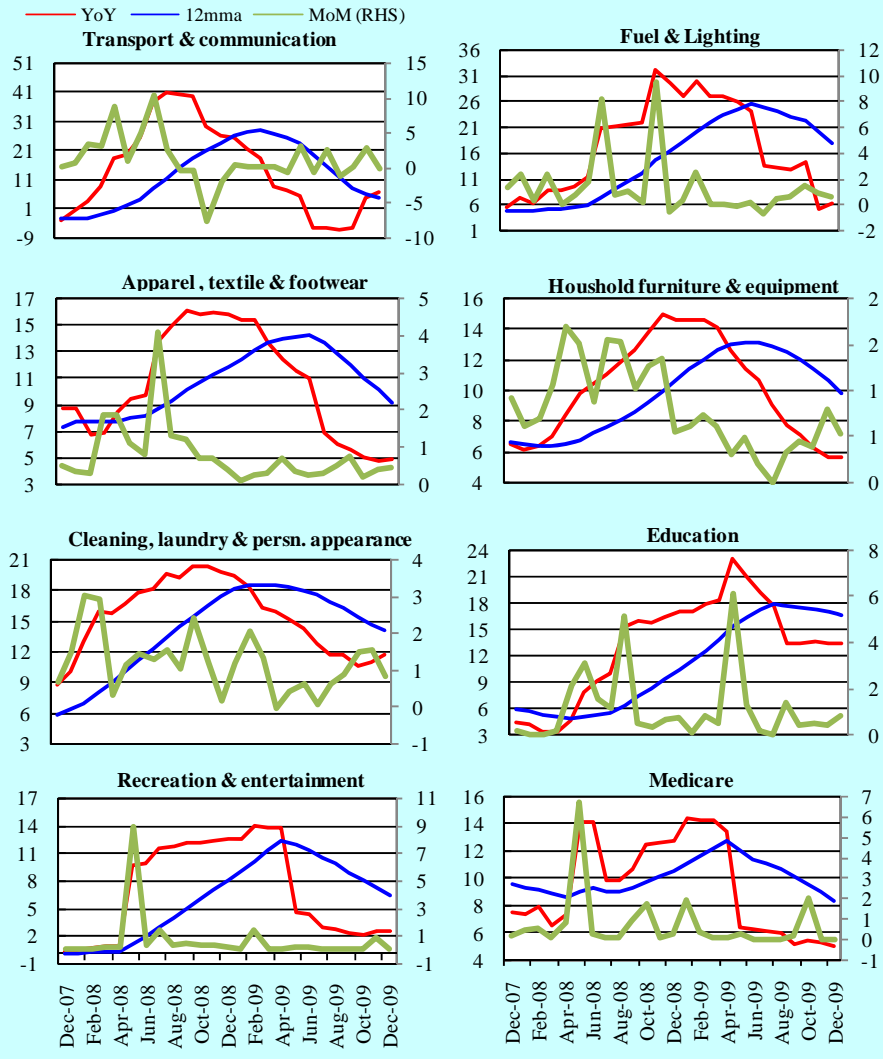
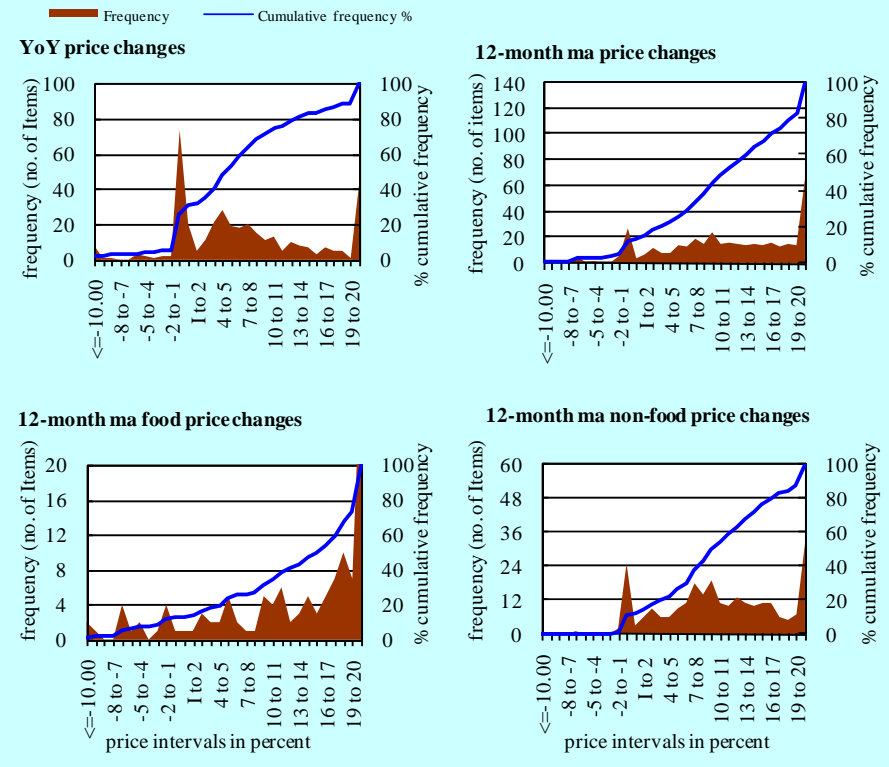
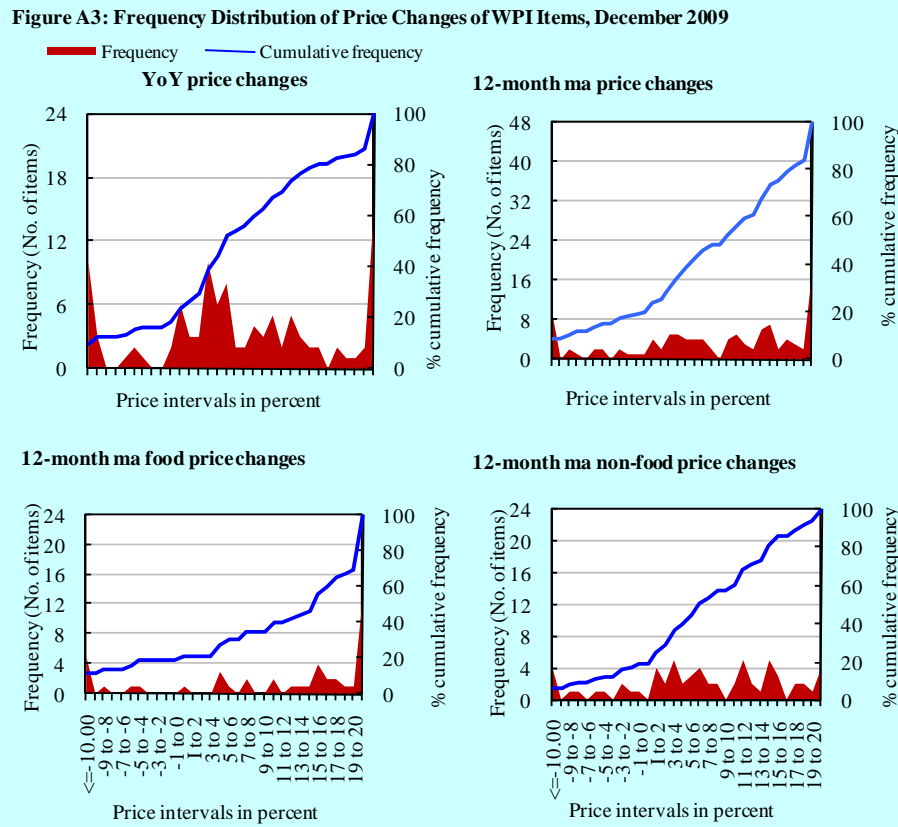


Figure A2: Frequency Distribution of Price Changes of CPI Items, December 2009





Annexure B

Technical Notes

1. All the three measures of inflation, viz. CPI, WPI and SPI are computed by the following Laspeyres Index formula:

$$I_t = \sum_j w_0^j \left(\frac{P_t^j}{P_0^j} \right)$$

where I_t is price index, w_0^j is weight of commodity j in the overall basket, P_t^j is price of commodity j in period t and P_0^j is its price in the base year.

2. Base year for all the indices is the year 2000-01.
3. CPI basket contains 374 consumers' goods; WPI basket contains 425 commodities; SPI contains 53 commodities.
4. YoY inflation is the percent change of an index in a given month over the index in the same month of the last year. It is computed as follows:

$$\pi_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

5. Period average inflation is the percent change of the average index during the period from July to the given month of a fiscal year over the average index during the corresponding period of the last year. It is computed as follows:

$$\bar{\pi}_t = \left(\frac{\sum_{i=0}^{t-v} I_{t-i}}{\sum_{i=0}^{t-12-v} I_{t-12-i}} - 1 \right) \times 100$$

where v is the serial number of the month of July of current fiscal year in a given time series.

6. Monthly inflation is the percent change of an index in a given month over the index in the preceding month. It is computed as follows:

$$\pi_t = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

7. 12-month moving average inflation (Long-run trend inflation) is the percent change of 12-month moving average of a price index; it is computed as follows:

$$\tilde{\pi}_t = \left(\frac{\sum_{i=0}^{11} I_{t-i}}{\sum_{i=0}^{11} I_{t-12-i}} - 1 \right) \times 100$$

8. Core Inflation is defined as the persistent component of measured inflation that excludes volatile and controlled prices. It reflects the normal supply and demand conditions in the economy. Core inflation is computed by the following two methods:

a) Non-food, Non-energy inflation (NFNE inflation); it is computed by excluding food group and energy items (kerosene oil, petrol, diesel, CNG, electricity and natural gas) from the CPI basket.

b) 20% trimmed-mean inflation; it is computed through the following steps:

- i. All CPI items are arranged in ascending order according to YoY/12-month moving average/monthly/period average changes in their price indices in a given month.
- ii. 20 percent of the items showing extreme changes are excluded with 10 percent of the items at the top of the list (corresponding to cumulative weight of 90% or more) and 10 percent of the items at the bottom of the list (corresponding to cumulative weight of 10 percent or less).
- iii. The weighted mean of the changes in price indices of the rest of the items is core inflation.

9. Weighted contribution of different items (or sub-groups) to total inflation is worked out as below:

Let the overall index (I_t) is the weighted average of price indexes of individual items or sub-groups (I_{it}), i.e.

$$I_t = \sum_i w_i \cdot I_{it}$$

The weighted contribution of a single item (or a sub-group) to overall inflation is defined as below:

$$C_{it} = \alpha_{it-12} \cdot w_i \cdot \left(\frac{\pi_{it}}{\pi_t} \right)$$

Where C_{it} : Contribution of i^{th} item to the overall inflation

$$\alpha_{it-12} = \frac{I_{it-12}}{I_{t-12}}; \text{ i.e. ratio of item's index to overall index in}$$

the reference month

w_i : Weights of i^{th} item

π_{it} : Inflation of i^{th} item

π_t : Overall inflation