

Inflation Monitor

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Overview

Headline CPI inflation (YoY) continued its 8 month declining trend, falling to single digit during October 2009; it dropped to 8.9 percent in this month, as against 10.1 percent in the preceding month, and 25.0 percent in the same month last year. Inflation on MoM basis increased by 0.5 percentage points to 1.0 percent during October 2009 compared to September 2009.

							percent
	CPI			Core Inflation		WPI	SPI**
	General	Food	Non-food	NFNE *	Trimmed		
Oct-08	25.0	31.7	19.7	18.3	21.7	28.4	30.3
Nov-08	24.7	30.4	20.2	18.9	21.3	19.9	28.8
Dec-08	23.3	27.9	19.8	18.8	21.7	17.6	25.7
Jan-09	20.5	21.6	19.7	18.9	19.6	15.7	21.3
Feb-09	21.1	22.9	19.6	18.9	20.8	15.0	23.9
Mar-09	19.1	19.7	18.5	18.5	19.3	11.1	19.8
Apr-09	17.2	17.0	17.3	17.7	17.6	8.3	15.0
May-09	14.4	12.1	16.3	16.6	16.7	4.7	11.0
Jun-09	13.1	10.5	15.4	15.9	15.5	4.1	10.8
Jul-09	11.2	10.7	11.6	14.0	13.9	0.5	9.4
Aug-09	10.7	10.6	10.8	12.6	13.1	0.3	7.8
Sep-09	10.1	10.0	10.2	11.9	12.4	0.7	8.5
Oct-09	8.9	7.5	10.0	11.0	10.6	3.8	6.7

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

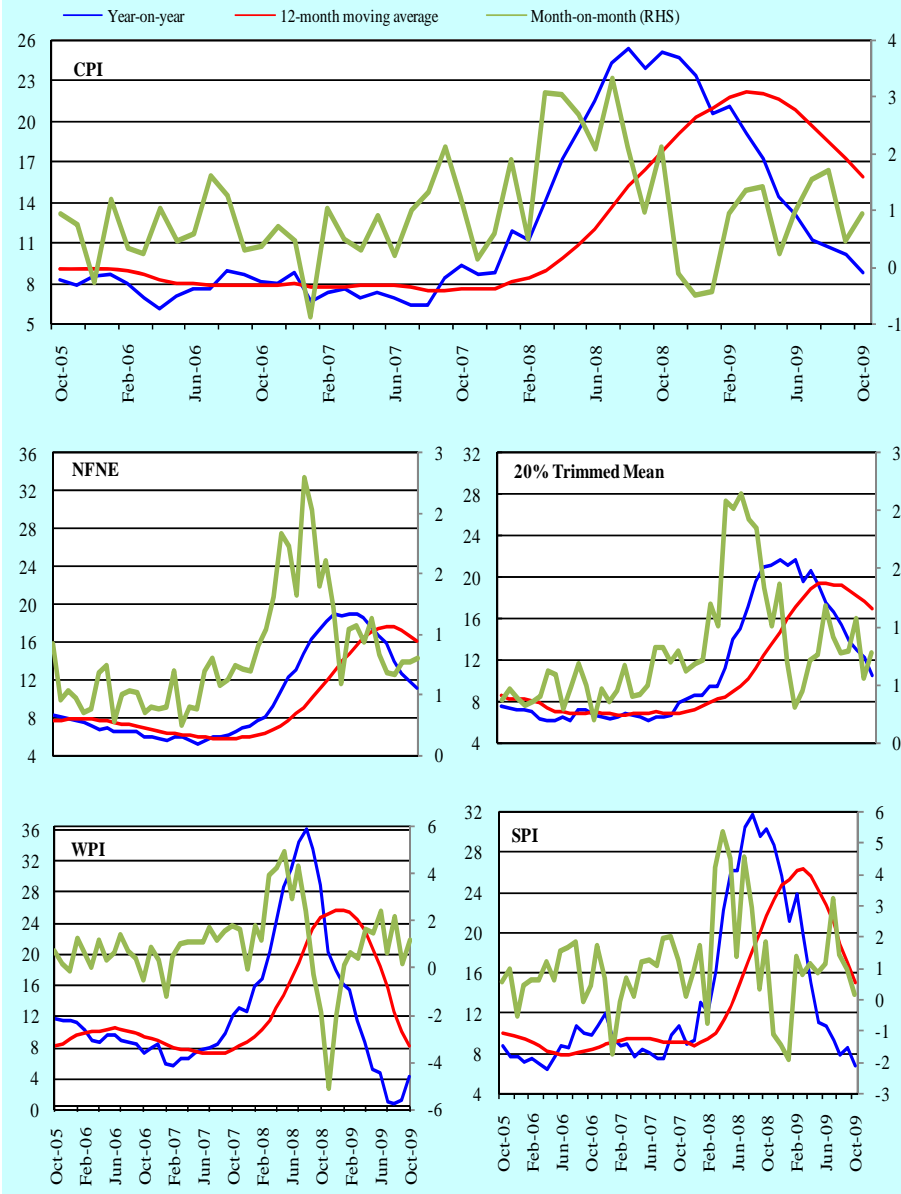
Core inflation measured by both non-food non-energy (NFNE) and 20% trimmed mean declined during October 2009 compared to both, the previous month and the same month last year. However, the decline was more significant in 20% trimmed mean inflation (YoY) because of lower variability in food inflation. NFNE inflation (YoY) was registered at 11.0 percent during the month as against 18.3 percent in October 2008, and 11.9 percent in September 2009. Similarly, 20% trimmed mean inflation (YoY) dropped to 10.6 percent compared to 21.7 percent in October 2008, and 12.4 percent in the previous month (see **Table 1.1**).

Annual CPI inflation measured by 12-month moving average also declined to 15.8 percent from 17.1 percent in September 2009, and 17.7 percent during October 2008. Annualized inflation in CPI food group followed a similar trend. However, while CPI non-food group registered lower inflation compared to September 2009, but was higher relative to the level seen in October 2008 (see **Table 1.2**).

Table 1.2: Different Dimensions of Inflation (percent)					
	Oct-07	Oct-08	Sep-09	Oct-09	average#
Year-on-year (Oct over Oct)					
Overall CPI	9.3	25.0	10.1	8.9	11.9
Food group	14.7	31.7	10.0	7.5	15.1
Non-food group	5.4	19.7	10.2	10.0	9.5
WPI	11.8	28.4	0.7	3.8	12.9
Food group	15.5	32.6	7.8	5.8	14.7
Non-food group	9.2	25.2	-4.6	2.2	11.7
SPI	10.7	30.3	8.5	6.7	14.1
Core Inflation					
NFNE*	6.5	18.3	11.9	11.0	9.2
Trimmed	8.3	21.7	12.4	10.6	10.5
Period average (Jul over Oct)					
Overall CPI	7.6	24.6	10.7	10.2	11.6
Food group	11.2	32.3	10.4	9.7	15.0
Non-food group	5.1	18.8	10.9	10.6	9.2
WPI	9.2	32.8	0.5	1.3	13.8
Food group	13.1	32.3	8.3	7.6	14.5
Non-food group	6.4	33.2	-5.2	-3.4	13.3
SPI	8.9	30.6	8.6	8.1	14.0
Core Inflation					
NFNE*	6.2	16.7	12.9	12.4	8.7
Trimmed	7.4	20.8	13.0	12.6	10.2
12-month moving average					
Overall CPI	7.5	17.7	17.1	15.8	9.8
Food group	10.7	24.8	18.1	16.1	12.8
Non-food group	5.3	12.5	16.4	15.6	7.7
WPI	7.4	24.4	9.7	7.8	11.5
Food group	10.7	25.5	17.1	14.9	12.5
Non-food group	5.1	23.7	4.2	2.5	10.9
SPI	9.1	21.6	17.0	15.0	11.2
Core Inflation					
NFNE*	5.9	11.9	16.6	16.0	7.5
Trimmed	6.9	14.7	17.6	17.0	8.5
Monthly					
Overall CPI	1.2	2.1	0.5	1.0	1.2
Food group	2.0	3.4	0.4	1.1	1.9
Non-food group	0.6	1.0	0.5	0.8	0.6
WPI	1.8	-1.9	0.2	1.2	0.3
Food group	1.3	2.8	0.4	0.9	1.3
Non-food group	2.3	-5.3	0.0	1.4	-0.4
SPI	1.3	1.8	1.0	0.2	0.6
Core Inflation					
NFNE*	0.7	1.6	0.8	0.8	0.8
Trimmed	0.6	1.4	0.6	0.8	0.6
* NFNE is Non-food non-energy inflation					
# 5-year average for the month of September in the previous years					

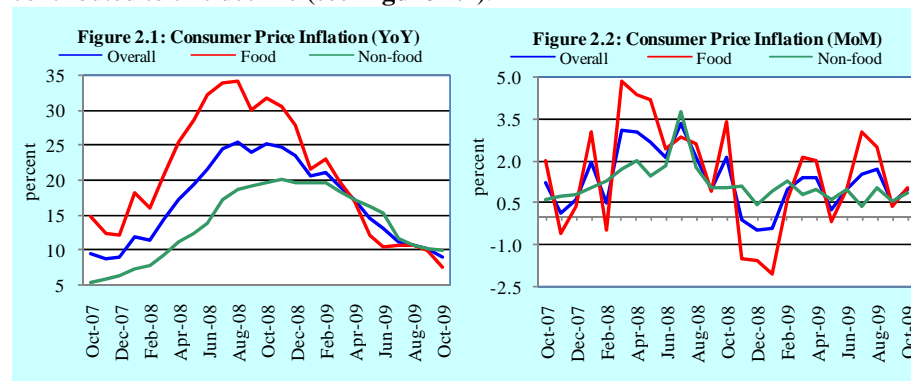
Wholesale price index (WPI) inflation (YoY) increased from 0.7 percent in the previous month to 3.8 percent during October 2009, though this was lower compared to October 2008. A resurgence in WPI inflation (YoY) was primarily driven by a significant increase in non-food group inflation. Similar to trend in overall CPI inflation, inflation (YoY) measured by Sensitive Price Indicator (SPI) declined to 6.7 percent compared to 8.5 percent in September 2009, and 30.3 percent in October 2008 (see **Figure 1.1**).

Figure 1.1: Movements in Price Indices (percent change)



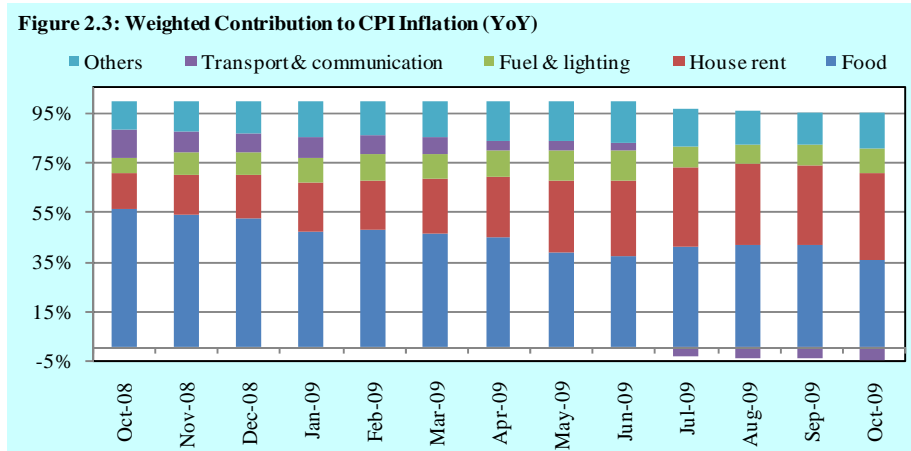
2. Consumer Price Index

CPI inflation (YoY) dropped to 8.9 percent during October 2009. This was lower than 10.1 percent during the previous month as well as 25.0 percent CPI (YoY) inflation for the same month last year and. Both food and non-food group contributed to this decline (see **Figure 2.1**).



However, CPI inflation on MoM basis showed 0.5 percentage points increase during October 2009. CPI inflation (MoM) was 1.0 percent in the month under review compared to 0.5 percent in September 2009. This increase was contributed by both food and non-food groups (see **Figure 2.2**).

Weighted contribution of food group in overall CPI inflation declined during October 2009 (39.5 percent) compared to both, the same month last year (55.9 percent) and the previous month (45.5 percent). Resultantly, weighted contribution of non-food group increased during the month under review (60.5 percent) compared to both, September 2009 (54.5 percent) and October 2008 (44.1



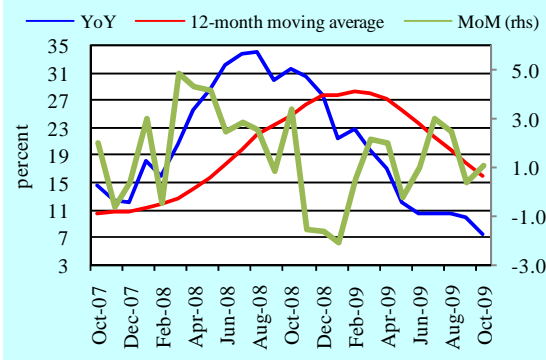
percent). Within non-food group, weighted contribution of *house rent index* increased to 38.3 percent during October 2009 from 35.4 percent during the previous month and 14.6 in October 2008. *Fuel & lighting* component of non-food group also increased to 11.1 percent during October 2009, compared to 9.0 percent during the previous month and 6.3 percent during the same month last year (see **Figure 2.3**).

2.1 Food Inflation

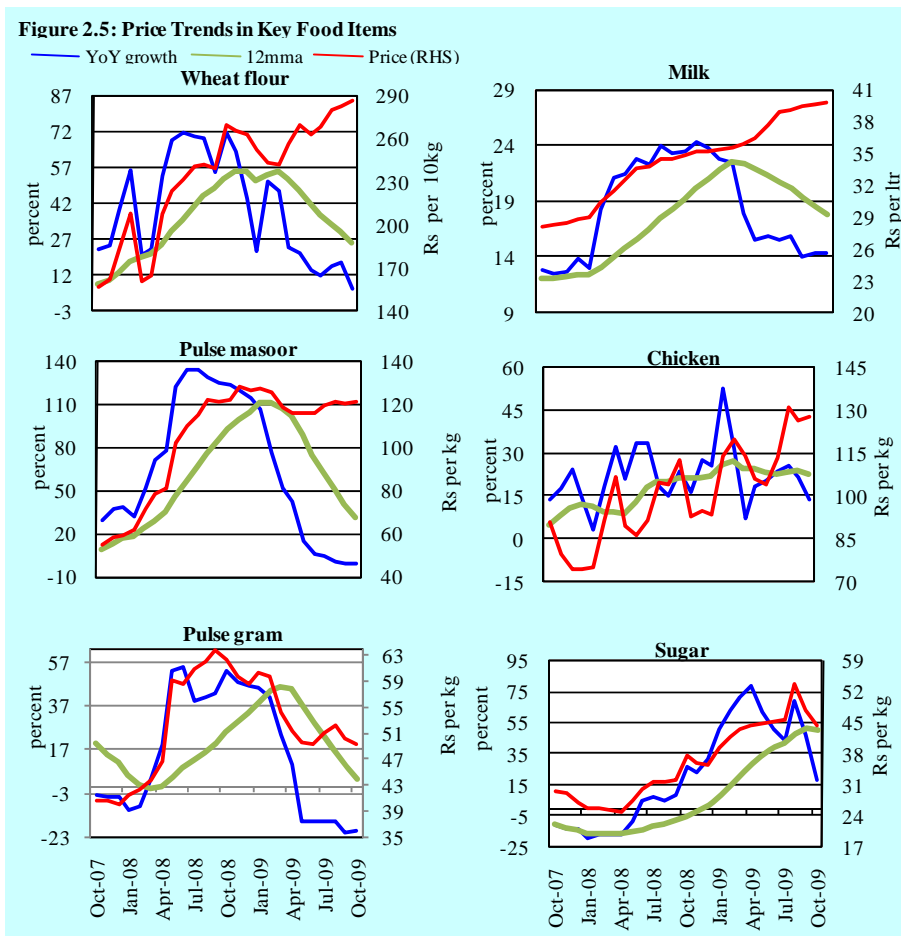
CPI food inflation (YoY) declined to 7.5 percent during October 2009, compared to 10.0 percent in the previous month, and 31.7 percent during the corresponding month last year (see **Figure 2.4**).

However, it is important to note that out of the top ten commodities contributing to overall CPI inflation, eight were still from the food group, having a weighted contribution of 38.3 percent in overall inflation. These items were fresh milk, meat, vegetables, wheat flour, sugar, readymade food, tomatoes, and tea. Of these, four items of food group; fresh milk, meat, vegetables, and wheat flour contributed 71.7 percent to CPI food inflation (YoY) (see **Table A3** in **Annexure A**).

Figure 2.4: CPI Food Inflation



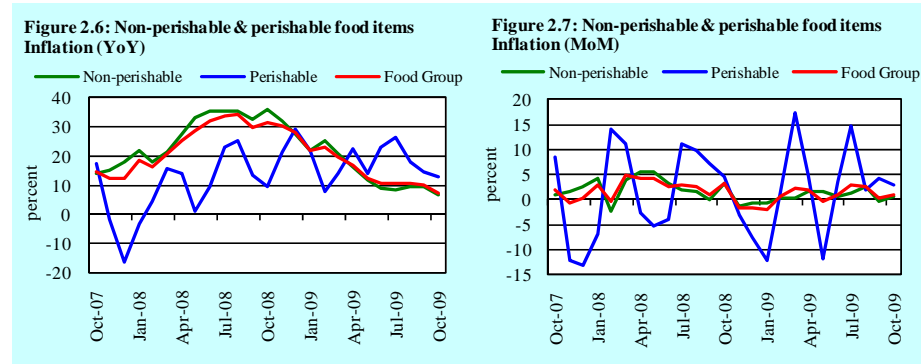
Detailed item-wise analysis of price changes show that out of the reported 115 commodities in food group, only 2 items showed no change, and another 21 items showed decline in prices during October 2009. The latter include pulses, different types of rice, onion, cooking oil, mustard oil and vegetable ghee. Only 15 items showed subdued (from 0 to 5 percent) rise in prices and 16 items recorded moderate (from 5 to 10 percent) price change during October 2009. On the other hand, 61 items including garlic (166.64 percent), gur (86.9 percent), tomatoes (54.3 percent), pulse mash (47.4 percent), green chilies (27.2 percent), sugar (19.0 percent), eggs (16.5 percent), and fresh milk (14.4 percent) recorded more than 10 percent price change (see **Figure 2.5** & **Table A2**).



CPI food inflation on MoM basis increased from 0.4 percent in the preceding month to 1.1 percent during October 2009. However, this was lower compared to the corresponding month last year. Among the top-ten weighted contributions to CPI inflation (MoM), six were from the food group. These were vegetables, wheat flour, meat, tea, eggs, and fresh milk.

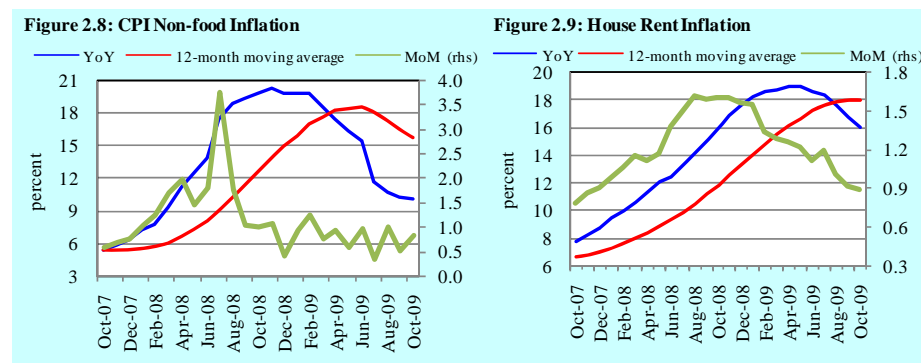
Within CPI food group, perishable and non-perishable categories witnessed a slowdown in the pace of rise in their prices (YoY) during October 2009. Inflation in perishable items decreased to 12.7 percent compared with 14.5 percent during the previous month, though this was higher than 9.6 percent seen in October 2008. Inflation in non-perishable category of food group declined to 6.7 percent during

October 2009 compared to 9.4 percent during the preceding month and 35.9 percent during the same month last year (see **Figure 2.6**). CPI food inflation (MoM) in perishable items also declined to 3.1 percent during October 2009; lower than 4.3 percent in September 2009, and 4.7 percent in October 2008. CPI food inflation (MoM) in non-perishable items increased to 0.8 percent in October 2009 as against (-) 0.2 percent during September 2009 (see **Figure 2.7**).



2.2 Non-food Inflation

Non-food inflation (YoY) declined to 10.0 percent during October 2009 compared to 10.2 percent in September 2009 and 19.7 percent during October 2008 (see **Figure 2.8**). The decline in CPI non-food inflation in October 2009 relative to the corresponding month last year is broad-based and contributed by almost all items except HRI. Specifically, *house rent index* inflation (YoY) declined further compared to the previous month, reaching 16.0 percent, the same level registered in October 2008 (see **Figure 2.9**).

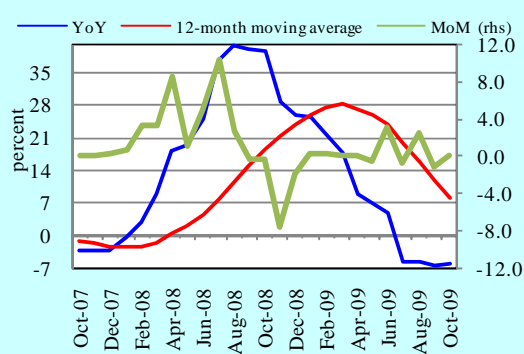


Fuel & lighting sub-group inflation (YoY) reached 14.1 percent during October 2009 compared to 12.7 percent in September 2009. It is, however, still lower than

21.7 percent recorded in October 2008. Similarly, CPI non-food inflation YoY in *education, transport & communication* and *medicare* sub-groups also increased during October 2009 compared to the preceding month but stayed lower compared to the same month last year. Inflation (YoY) in the remaining four sub-groups of non-food group, i.e., *apparel, textile & footwear, household furniture, cleaning & laundry* and *recreation & entertainment* declined during October 2009 compared to both the same month last year and the previous month (see **Figure 2.10**).

An item-wise analysis of price changes during October 2009 reveals that out of 250 non-food commodities included in the CPI basket, 56 items witnessed a double-digit price change on YoY basis. These commodities included textbooks, electrical charges, washing powder, some medicines, and gold (tezabi). Another 72 commodities witnessed a moderate price changes, while 56 commodities showed subdued price change (i.e., between 0-5 percent). The remaining 66 commodities either recorded no change or else saw a decline in price.

Figure 2.10: Transport & Communication Inflation



2.3 City-wise Inflation

City-wise data reveals that inflation (YoY) in five major cities of the country was lower than overall YoY inflation. Inflation on month on month basis in these cities was also lower than CPI MoM inflation (see **Table 2.1**).

Data analysis of 35 cities shows that 19 cities recorded higher inflation

than overall inflation (YoY), while 16 cities registered lower than average inflation during October 2009. The highest inflation (YoY) was recorded in Okara at 11.9 percent, while Mardan registered the lowest inflation (YoY) of 4.0 percent. The highest food inflation was 12.6 percent in Bahawalpur and a deflation of 0.7 percent in food prices was witnessed in Mardan during October 2009. Shahdarpur

Table 2.1: City-wise Inflation of Selected Cities percent

	Oct-08		Sep-09		Oct-09	
	MoM	YoY	MoM	YoY	MoM	YoY
Over all CPI	2.1	25.0	0.5	10.1	1.0	8.9
Islamabad	1.1	21.7	0.4	8.9	0.4	8.1
Lahore	1.5	22.5	0.1	9.7	0.4	8.4
Karachi	1.6	24.2	1.1	8.5	0.7	7.5
Quetta	3.2	28.7	0.0	8.8	0.9	6.5
Peshawar	3.9	30.1	0.4	8.5	0.7	5.2

registered the highest non-food inflation of 12.9 percent, while lowest non-food inflation of 7.5 percent was observed both in Khuzdar and Bannu (see **Table 2.2**).

Table 2.2: City-wise Inflation in CPI (YoY) October 2009

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Okara	11.9	11.3	12.4	Hyderabad	8.8	6.3	11.0
Vehari	11.8	12.3	11.3	Mirpur Khas	8.6	5.1	11.6
Shahdadpur	11.6	10.2	12.9	Lahore	8.4	7.7	9.1
Faisalabad	11.2	11.6	10.9	Islamabad	8.1	8.7	7.6
D.G. Khan	11.0	11.4	10.6	Larkana	8.0	5.8	9.9
Bahawalpur	10.7	12.6	9.1	Sukkur	8.0	3.5	11.7
Multan	10.4	11.2	9.7	Turbat	7.5	4.0	10.4
Sialkot	10.4	10.0	10.7	Karachi	7.5	4.4	10.1
Bahawalnagar	10.3	9.6	10.9	Loralai	7.4	4.9	9.4
Attock	10.2	9.4	10.8	Abbotabad	7.0	2.8	10.8
Jhang	9.8	11.0	8.8	D.I.Khan	6.9	4.0	9.4
Rawalpindi	9.7	10.7	8.9	Khuzdar	6.6	5.4	7.5
Sargodha	9.7	8.9	10.3	Quetta	6.5	2.6	10.0
Jhelum	9.6	9.5	9.6	Peshawar	5.2	-0.4	10.4
Kunri	9.5	7.7	11.1	Bannu	4.1	0.3	7.5
Samundari	9.5	8.2	10.5	Mardan	4.0	-0.7	8.2
Gujranwala	9.5	9.2	9.8				
Mianwali	9.5	10.4	8.7				
Nawabshah	9.3	6.6	11.5				

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 the highest for middle income group (having monthly income between Rs 5000-12000). In all other income groups inflation was lower than the overall inflation (YoY) (see **Table 2.3**). Food inflation incidence was the highest on the highest income group

Table 2.3: Income Group-wise CPI Inflation								percent
	Upto 3000		Rs. 3001-5000		Rs. 5000-12000		Above Rs. 12000	
	Oct-08	Oct-09	Oct-08	Oct-09	Oct-08	Oct-09	Oct-08	Oct-09
Year on Year (October over October)								
General	28.1	8.4	27.5	8.8	26.1	9.0	23.3	8.7
CPI Food	34.7	7.4	34.2	7.0	32.5	7.4	29.5	7.9
CPI Non-food	23.0	9.3	22.4	10.4	21.0	10.4	18.4	9.4
Month on Month (October over September)								
General	2.9	1.1	2.8	1.2	2.5	1.0	1.6	0.8
CPI Food	4.1	1.1	3.9	1.1	3.6	1.1	3.0	0.9
CPI Non-food	1.9	1.0	1.8	1.2	1.5	0.9	0.5	0.7

compared to other income groups.

City and income-wise data shows that the highest inflation for income groups having monthly income up to Rs 3000, and Rs 3001-5000 was recorded in Bahawalpur. The highest CPI inflation for the middle income group (Rs 5001 to 12000) and upper income group (Rs 12000 and above) was recorded in Faisalabad during October 2009. Peshawar registered the lowest inflation for income group up to Rs 3000 and Rs 3001 to 5000. Bannu recorded the lowest inflation for middle and the highest income groups. On MoM basis, Sukkur recorded the lowest inflation for all income groups; while Bannu experienced the highest inflation for all income groups during October 2009 (see **Table A5** in **Annexure A**).

2.5 Services and Non-services Inflation

Inflation (YoY) in services and non-services sectors dropped to the lowest level in the year during October 2009. Inflation in services sector was 12.3 percent compared to 13.0 percent in the preceding month and 18.9 percent during the corresponding month last year. Similarly, inflation in non-services sector decelerated to 6.6 percent compared to 8.2 percent recorded during September 2009 and 29.3 percent during October 2008 (see **Figure 2.11**). On MoM basis inflation in both services and non-services sectors increased during October 2009. Within non-services sector, inflation (YoY) in durable and non-durable items

Figure 2.11: Services & Non-services Inflation (YoY)

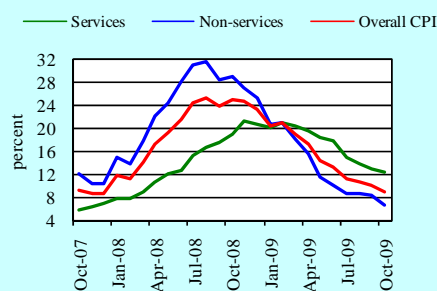
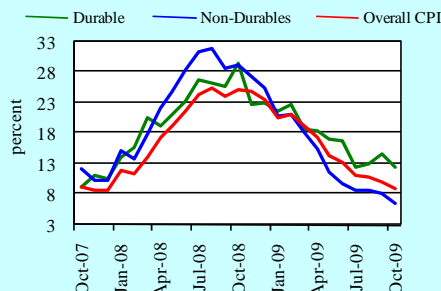


Figure 2.12: Durables and Non-durables Inflation (YoY)



showed deceleration during the month under review. Inflation in durable items was 12.5 percent against 14.7 percent during September 2009 and 29.6 percent during the same month last year. Inflation in non-durable commodities also declined to 6.4 percent compared to 8.0 percent in the previous month and 29.3 percent during October 2008 (see **Figure 2.12**).

3. Wholesale Price Index

WPI inflation (YoY) surged during October 2009, reaching 3.8 percent as against 0.7 percent in the previous month. However, this was still considerably lower than 28.4 percent seen in October 2008 (see **Figure 3.1**).

Figure 3.1: Wholesale Price Inflation (YoY)

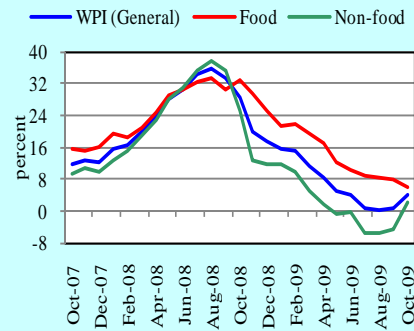
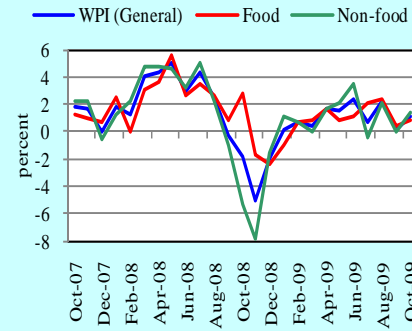
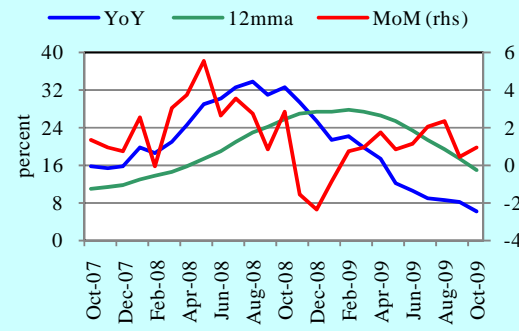


Figure 3.2: Wholesale Price Inflation (MoM)



WPI food inflation (YoY) continued on the downtrend evident since March 2009, reaching 5.8 percent in October 2009 compared to 7.8 percent in September 2009 and 32.6 percent in October 2008. On the other hand, WPI non-food group inflation (YoY) accelerated to 2.2 percent compared to a deflation of 4.6 percent during September 2009.

Figure 3.3: WPI Food Inflation (YoY)



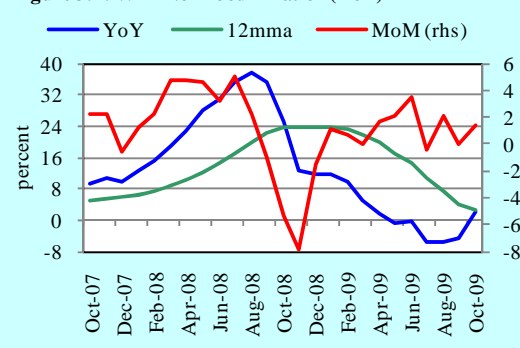
On month-on-month (MoM) basis, WPI inflation increased to 1.2 percent during October 2009 compared to 0.2 percent in the previous month. This acceleration was contributed by both food and non-food components of WPI. In particular, non-food inflation (MoM), recorded at zero during September 2009, picked up pace to reach 1.4 percent during the month under review. Similarly, WPI food inflation (MoM) also increased during October 2009 to reach 0.9 percent compared to 0.4 percent during the previous month (see **Figure 3.2**).

An item-wise analysis of WPI food group shows that out of 43 items, prices (YoY) of 11 items declined, 10 items showed price change between 0 to 5 percent, 4 items recorded price change between 5 to 10 percent, and remaining 18 items showed price change of more than 10 percent during October 2009. Major items

recorded significant price change (YoY) during October 2009 included gur (89.2 percent), tomatoes (87.0 percent), and pulse mash (54.3 percent) (see **Table A7**).

Within non-food group, out of 63 commodities, 12 witnessed double digit price change (YoY). These included glass products, sugarcane, electricity industrial supply, furnace oil, and glass sheets. Another 14 commodities showed moderate inflation, in the range of 5 to 10 percent. All other commodities witnessed either less than 5 percent price change, no change or price declines (see **Table A7**).

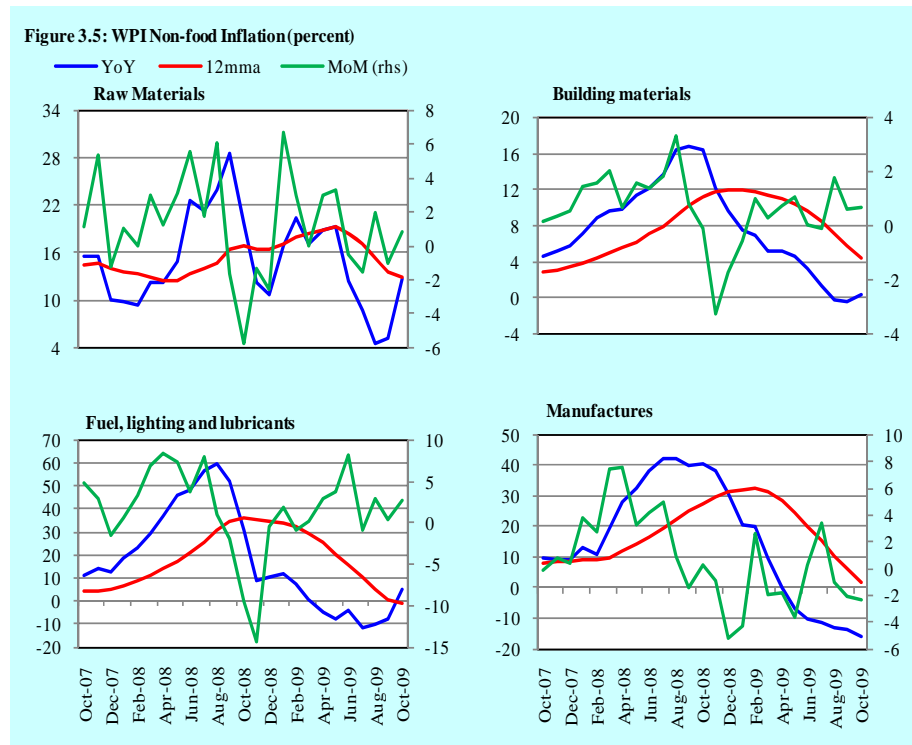
Figure 3.4: WPI Non-food Inflation (YoY)



All sub-groups of WPI non-food, except *building materials* sub-group, showed increase in inflation, both on YoY as well as MoM basis, during October 2009 compared to September 2009. Inflation on YoY basis, however, in all sub-groups, was lower compared to the same month last year.

Inflation (YoY) in *raw materials* sub-group's reached double figures for the first time in the current fiscal year and was 12.1 percent during the month under review compared to 19.3 percent in October 2008 and 4.7 percent during the preceding month. On a month-on-month, this sub-group showed growth of 0.8 percent during October 2009 compared to deflation of 1.0 percent in September 2009.

After recording YoY deflation for six consecutive months, *fuel, lighting & lubricants* sub-group recorded inflation of 4.7 percent during October 2009 compared to (-) 7.9 percent in the previous month and 31.1 percent in the same month last year. On month-on-month basis, inflation in this sub-group increased during October 2009 reaching 2.8 percent compared to 0.3 percent during September 2009. Major items recording double digit YoY growth during the month under review were electricity, industrial supply, and furnace oil, etc.

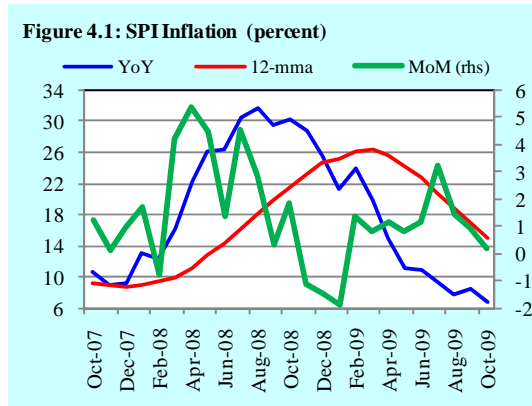


Manufactures sub-group registered 0.2 percent inflation (YoY) during October 2009 which was higher compared to negative growth of 0.5 percent during the previous month, although it was still lower than 16.4 percent inflation recorded in October 2008. Inflation (MoM) in this sub-group registered slight increase to reach 0.7 percent during the month under review compared to 0.6 percent in September 2009.

Building material sub-group continued on its declining trend witnessed since November 2008 and recorded growth of (-) 16.1 percent on YoY basis compared to 40.5 percent in October 2008 and (-) 13.9 percent during September 2009. Similarly, on month-on-month basis *building material* sub-group registered deflation of 2.3 percent during October 2009 compared to deflation of 2.1 percent in September 2009 (see **Figure 3.6**). It is interesting to note that deflation in this sub-group is mainly driven by declines in the prices of two commodities i.e. iron bars & sheets and cement. Prices of all other commodities included in the sub-group registered positive growth on YoY basis during October 2009.

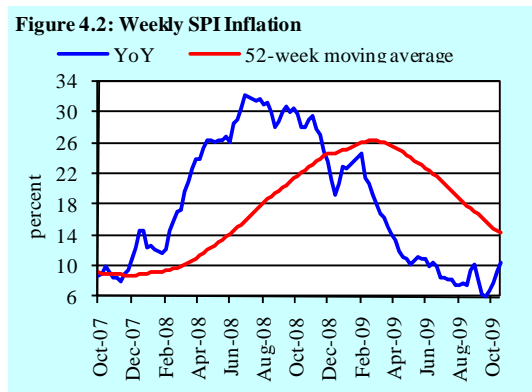
4. Sensitive Price Indicator

In line with CPI, SPI inflation recorded deceleration during the month under review. SPI inflation (YoY) was recorded at 6.7 percent during October 2009, which was lower than 30.3 percent in October 2008 and 8.5 percent during September 2009. Similarly, the long run trend in SPI inflation measured by 12 month moving average (12mma) dropped to 15.0 percent during October 2009 compared to 17.0 percent in the previous month and 21.6 percent in October 2008 (see **Figure 4.1**).



An item-wise analysis of the SPI basket shows that out of 53 items, 20 items showed double digit price growth on YoY basis compared to 41 items in the same month last year. On the other hand, 19 commodities either showed deflation or no change during October 2009 compared to only 3 commodities during October 2008. The individual items mainly contributing to decline in SPI inflation (YoY) during October 2009 were petrol, pulse gram and rice irri, etc. (see **Table A8**).

On month-on-month basis, SPI inflation declined to 0.2 percent during October 2009 compared to 1.0 percent during the previous month. The decline in month-on-month inflation was supported by a decline or no price change in more than 50 percent of the items included in SPI basket (see **Table A8** in Annexure A).



Weekly SPI inflation (YoY) showed mixed trends during October 2009. After recording a decline in the first three weeks of October 2009, weekly SPI inflation (YoY) registered an increase in the later part of the month. However despite this resurgence, weekly SPI inflation (YoY) decelerated from 10.2 percent during the last week of September 2009 to 7.8 percent during the last week of October 2009 (see **Figure 4.2**).

Income group-wise SPI data for October 2009 shows that SPI inflation (YoY) declined for all income groups compared to the previous month as well as the same month last year. Yet all income groups, except the highest income group, observed higher SPI inflation (YoY) compared to average SPI inflation (YoY) during October 2009 (see **Table 4.1**).

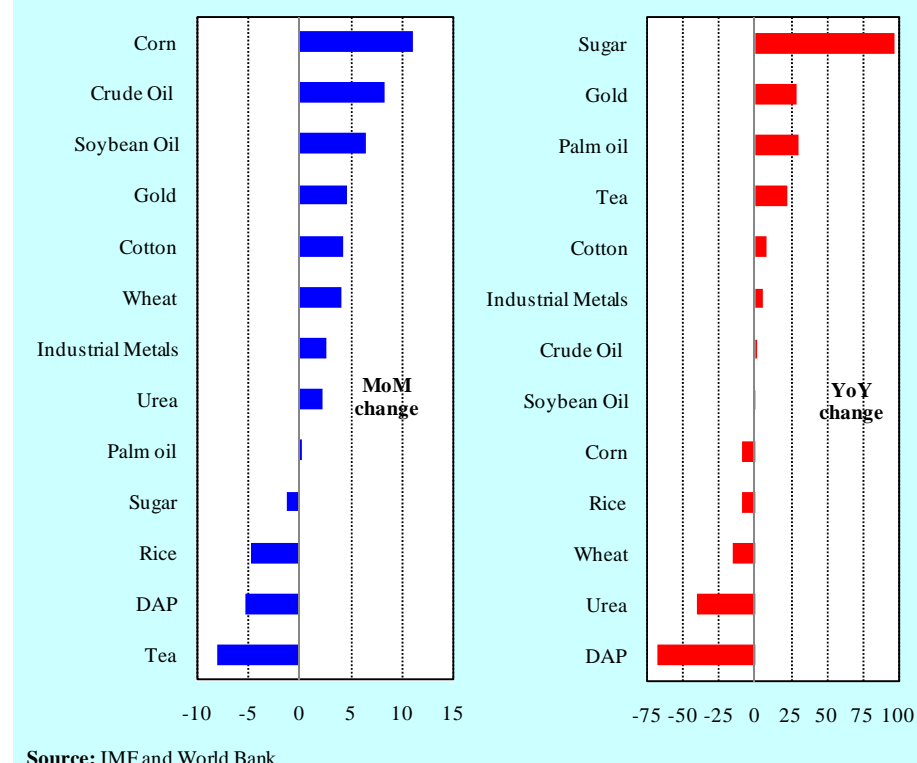
Table 4.1 : Income Group-wise SPI Inflation (percent)						
	Oct-08		Sep-09		Oct-09	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	32.7	2.7	9.1	0.6	6.6	0.4
Rs. 3001-5000	31.4	2.6	9.9	0.6	7.6	0.4
Rs. 5000-12000	30.9	2.3	9.9	0.7	7.8	0.3
Above Rs. 12000	30.1	1.3	7.2	1.3	5.7	-0.1
All income groups	30.3	1.8	8.5	1.0	6.7	0.2

5 Global Commodity Prices

Overview

Prices of most of the commodities rose during October 2009 as indicated by IMF commodity price index which increased 5.6 percent on MoM basis compared to (-) 3.4 percent in September 2009 and (-) 20.8 percent in October 2008. Whereas decline in YoY change has squeezed to (-) 4.7 percent during October 2009 compared to (-) 28.6 percent in September 2009 and (-) 5.9 percent in October 2008. Inflow of positive global economic data, bullish reports in grains, China's better metal imports, and weakening of US dollar, were the main factors behind the current increase in prices (see **Figure 5.1**).

Figure 5.1: Trends in International Commodity Prices - October 2009

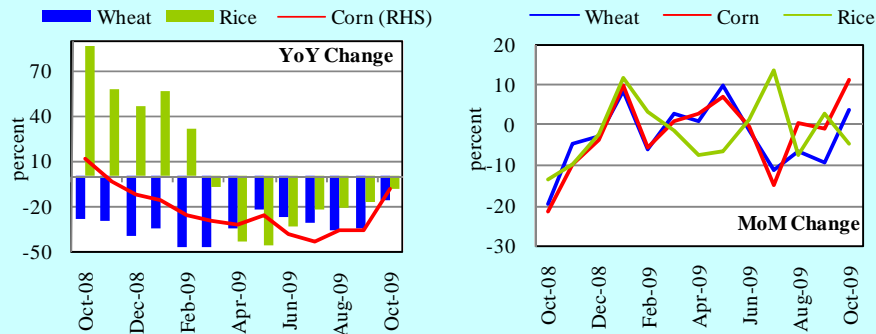


Food Group

Prices of most of the commodities in the food group increased during October 2009 as indicated by IMF food and beverage price index which rose by 1.1 percent on MoM basis compared to (-) 2.1 percent in September 2009 and (-) 15.6

percent in October 2008. Whereas, on YoY basis the index rose by 4.4 percent during October 2009 compared to (-) 12.8 percent during September 2009 and (-) 4.5 percent in October 2008.

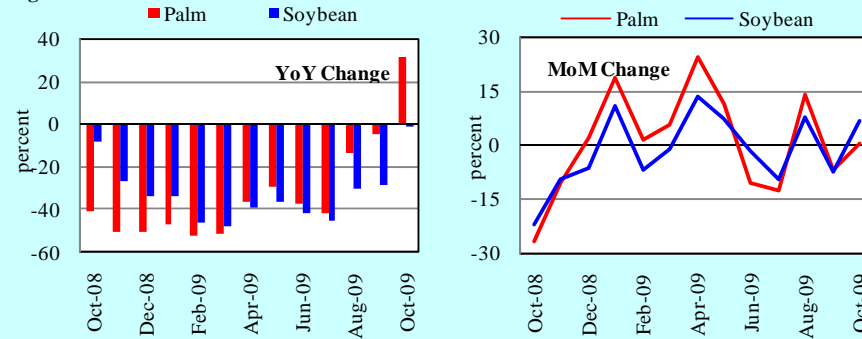
Figure 5.2: Prices of Grains



Source : IMF

Among grains, wheat price increased 4.1 percent during October 2009 compared to the previous month, due to rains and cold weather in US resulting in delay in wheat planting. Crop damage in Japan and imports by Bangladesh also supported the prices. Whereas, corn prices increased by 11.1 percent during October 2009 on MoM basis and it was also due to the cold weather in US; resulting in delay in corn harvest. On the other hand, rice prices dropped 4.6 percent during October 2009 on MoM basis after Indian government claimed¹ that India has adequate rice reserves to fill production gaps (see **Figure 5.2**).

Figure 5.3: Edible oil

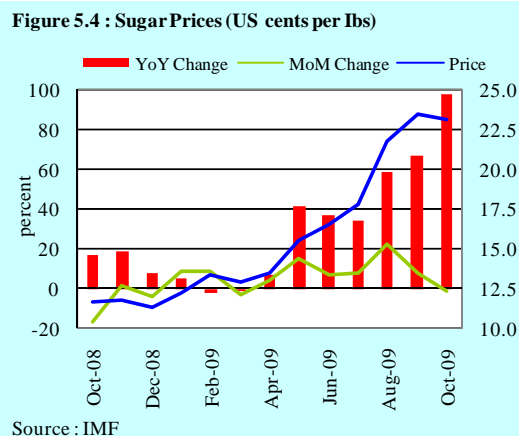


Source : IMF

¹ India's junior food minister said that the country does not need to import rice, as its reserves are adequate to fill production gaps. (Source : Bloomberg)

Among edible oils, price of Malaysian palm oil remained unchanged during October 2009, whereas, soybean prices rose 6.4 percent during the month on MoM basis due to adverse weather condition in US, causing a delay in soybean harvest hence creating a supply shortage (see **Figure 5.3**).

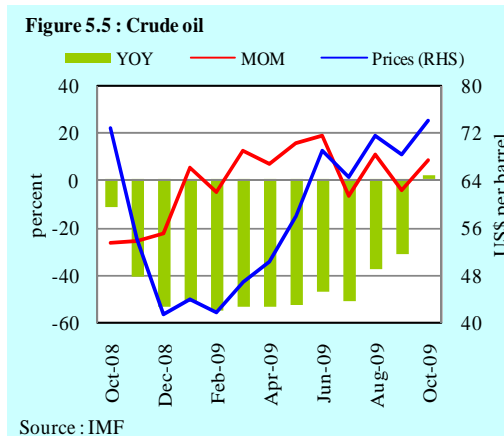
Among other food commodities, sugar prices were lower during October 2009 due to slowed Indian purchases and arrival of Brazil's sugar in the market. According to Brazilian Sugarcane Industry Association (UNICA), accumulated volume of sugar produced until the end of September 2009 reached 20.8 million tons, 9.0 percent higher than the last year² (see **Figure 5.4**).



Non-food group

Among non-food group, prices of most of the commodities increased during October 2009. Positive economic data indicators have led the prices of energy and metals to recent increase whereas increasingly weak dollar has increased the gold demand as an alternative investment.

Crude oil prices rose by 8.3 percent during October 2009 on MoM basis while on YoY basis prices have gained 1.9 percent compared to (-)31.1 percent during September 2009. Current increase in crude oil prices was mainly driven by the low crude oil inventories in US and OECD



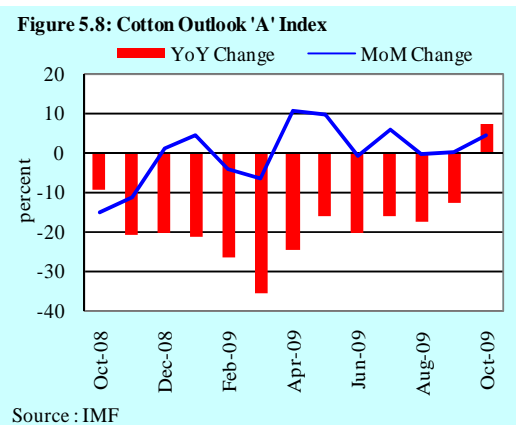
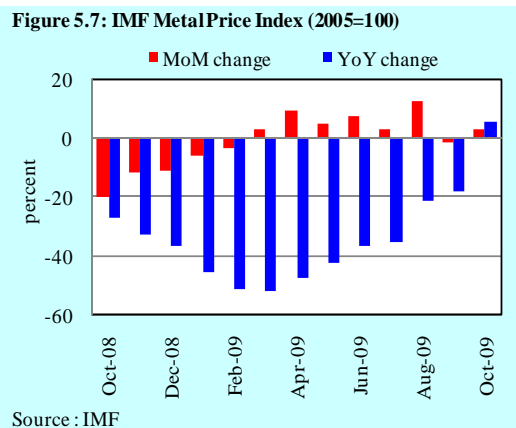
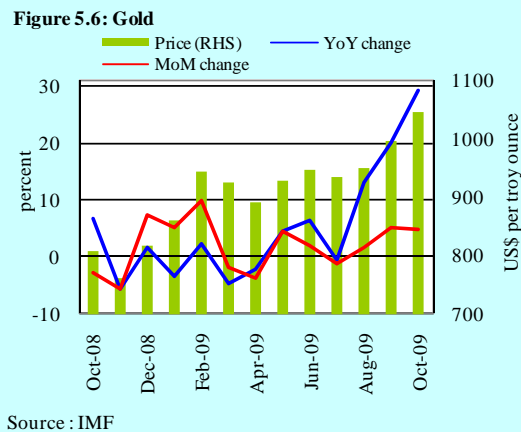
member countries. Rising hopes for the ongoing economic recovery and weak US dollar were the other driving factors (see **Figure 5.5**).

² <http://english.unica.com.br> (9th October 2009)

Gold price reached US\$ 1043.2 per troy ounce during October 2009, an increase of 4.7 percent during the month as compared to the previous month, and an increase of 29.3 percent compared to the same month last year (see **Figure 5.6**). Weak dollar was the main driver of gold prices during the month as every slump in US dollar boosts the gold demand as an alternative investment. Moreover, buying by some central banks also helped the rally in gold prices.

Industrial metal prices rose during October 2009 as reflected in the IMF metal price index which gained 2.6 percent compared to the previous month, while on YoY basis, index has registered an increase of 5.2 percent during the month under review (see **Figure 5.7**). Industrial metal prices increased due to increase in metals imports by China, the largest metal consumer of the world. Prospects for the recovery in advanced economies coupled with fiscal stimulus for infrastructure projects have also supported the metal prices.

Cotton prices gained during October 2009 as indicated by Cotton outlook 'A' index which rose 4.3 percent compared to the previous month and 7.3 percent compared to the same



month last year (see **Figure 5.8**). Cotton prices rose due to lower production in US, and China and a recovery in global demand, creating a supply shortage of around 1 million bales worldwide.

Annexure A

Table A1: CPI Inflation by Groups

	Weights	MoM change			YoY change		
		Oct-08	Sep-09	Oct-09	Oct-08	Sep-09	Oct-09
I. Food Group	40.3	3.4	0.4	1.1	31.7	10.0	7.5
II. Non-Food Group	59.7	1.0	0.5	0.8	19.7	10.2	10.0
Apparel, textile, etc.	6.1	0.7	0.7	0.2	15.8	5.6	5.1
House rent	23.4	1.6	0.9	0.9	16.0	16.8	16.0
Fuel & lighting	7.3	0.2	0.6	1.4	21.7	12.7	14.1
Household furniture & equipment	3.3	1.3	0.4	0.4	13.8	7.2	6.2
Transport & communication	7.3	-0.4	-1.2	0.1	39.3	-6.4	-5.9
Recreation & entertainment	0.8	0.3	0.0	0.0	12.2	2.4	2.1
Education	3.5	0.3	0.4	0.5	15.9	13.4	13.7
Cleaning, laundry, etc.	5.9	2.4	0.9	1.5	20.3	11.7	10.7
Medicare	2.1	1.8	0.1	2.0	12.5	5.2	5.4
Headline	100	2.1	0.5	1.0	25.0	10.1	8.9

Table A2: Distribution of Price Changes of CPI Basket, October 2009 (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%)
I. Food Group	7.5	115	23	15	16	61
II. Non-Food Group	10.0	250	16	106	72	56
Apparel, textile, etc.	5.1	42		13	25	4
House rent	16.0	1				1
Fuel & lighting	14.1	15	4	4		7
Household furniture & equipt	6.2	44	1	18	18	7
Transport & communication	-5.9	43	8	24	9	2
Recreation & entertainment	2.1	16		14		2
Education	13.7	24	2	4	6	12
Cleaning, laundry, etc.	10.7	36		11	13	12
Medicines	5.4	29	1	18	1	9
Overall	8.9	365				

Note: Prices of 9 seasonal items were not reported during the month.

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

Items		Weights	YoY change		Weighted Contribution
			Oct-08	Oct-09	
A. Ranked by Weighted Contribution					
1	House Rent Index	23.43	15.96	15.97	38.35
2	Milk Fresh	6.66	23.39	14.34	11.6
3	Electricity	4.37	6.44	28.56	9.33
4	Meat	2.70	13.19	17.67	7.02
5	Vegetables	1.87	18.34	19.41	5.25
6	Wheat Flour	5.11	72.87	5.20	4.43
7	Sugar	1.95	27.38	18.99	2.97
8	Readymade Food	1.68	31.78	11.55	2.45
9	Tomatoes	0.47	-51.41	54.27	2.33
10	Tea	1.26	39.82	19.53	2.19
Total		49.50			85.94
B. Ranked by Percentage Change					
1	Gur	0.07	6.86	86.88	0.56
2	Tomatoes	0.47	-51.41	54.27	2.33
3	Pulse Mash	0.20	7.05	47.43	0.94
4	Bulb & Tube	0.13	11.96	33.15	0.25
5	Text Books	0.69	26.08	33.07	2.13
6	Electricity	4.37	6.44	28.56	9.33
7	Honey	0.04	21.89	24.82	0.08
8	Jewellery	0.39	48.01	21.23	1.54
9	Tea	1.26	39.82	19.53	2.19
10	Vegetables	1.87	18.34	19.41	5.25
Total		9.49			24.61
C. Ranked by Weights					
1	House Rent Index	23.43	15.96	15.97	38.35
2	Milk Fresh	6.66	23.39	14.34	11.60
3	Wheat Flour	5.11	72.87	5.20	4.43
4	Electricity	4.37	6.44	28.56	9.33
5	Bakery & Confectionary	2.98	14.34	5.17	1.27
6	Meat	2.70	13.19	17.67	7.02
7	Vegetable Ghee	2.67	39.29	-11.76	-4.89
8	Tution Fees	2.36	12.38	8.70	1.97
9	Transport Fare/Charges	2.12	53.83	-3.62	-1.20
10	Natural Gas	2.05	32.18	1.97	0.66
Total		54.45			68.54
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 8.9 percent in October 2009.					

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

Groups	Decrease or no change	Subdued increase (upto 5%)	Moderate increase (5 to 10%)	Increase of over 10%
Food Group	Vegetable Ghee (Loose), Vegetable Ghee Tin, Cooking Oil (Dalda), Onions, Rice Basmati Broken Av.Qlty, Pulse GramChillies powdered.National 200gm	Wheat Flour Fine/Superior., Potatoes, Wheat, Bread Tandoori, Bananas, Cold Drink (Standard Size), Biscuits- Packed, Radish, Cucumber (Kheera)	Wheat Flour Bag, Pulse Moong (Washed), Cooked Dal (Avg. Hotel), Betel Leaves, Gram Whole Yellow, Turnip, Maida, Almonds Whole, Jam Ahmed/Mitchelles	Milk Fresh (Unboiled), Sugar Refined, Beef With Bone Avg.Qlty. Mutton Avg.Qlty. Chicken Farm Broiler (Live), Tea Loose,Gur, Garlic Tomatoes
Apparel & Textile	Ladies Sandal Bata, Child Shoe Power Lite Bata	Long Cloth Avg.Qlty.Shirting Avg.Qlty.School UniformKameez,Shalwar	Lawn Avg.Qlty. Tailoring Coat-Pant Suit, Nylon Jogger	Tailoring Shirt, Tailoring Awami-Suit (Male), Tailoring Suit Female
House Rent Index				House Rent Index
Fuel & Lighting	Gas Cylinder Standard Size, Gas Chrg 3.3719 - 6.7438 Mmb, Kerosene Oil	Gas Chrg 6.7438 - 10.1157Mmb, Gas Chrg10.1157 - 13.4876Mmb		Elect.Charges Above 1000 Units Elect.Charges 101 - 300 Units, Firewood Whole
Household Furniture & Equipment	Sofaset Wooden	Quilt (Lihaf) 3 Kg. Cotton, Blanket (90" X 54"), Pedestal Fan 22" Super Qlty	Household Servant Female P/T, Marriage Hall With Furniture, Washing Machine Singer	Tea Set Pak. Chinaware 21 Pcs, Bedsheet Single, Bed Sup.Qlty, Bucket(Balti)
Transport & Communication.	Petrol Super, Telephone Charges Local Call, Bus Fare Outside City	High Speed Diesel HSD, Auto Rickshaw Fares, Suzuki Fare Maximum Within city, Motorcycle Yamaha 100Cc.	Car Service Charges, Tyre Car With Tube General, CNG Filling Charges, Taxi 4 Seater Fare	Car Suzuki 800 Cc (W/O. A/C), Tyre Motor Cycle Without Tub
Recreation & Entertainment	Tv.Licence Fee domestic, Daily "Jang", Daily "Nawa-E-Waqt"	T.V. 20" Colored With R/Control, Video Game Sega 16 Byte, Cinema A/C. Highest Class		Monthly "Naunehal Digest", Dry Cell 1.5 Volt(Local)
Education	Govt. College Fee Ist. Year, Cinema Non-A/C High Class, Tape Recorder	Govt. Engg. College Fee Ist Year, Computer With Printer & Speaker	School Fee Secondry Eng.Med, Exercise.Book Govt. Med. College Fee MBBS	School Fee Primary Eng.Med., Paper Foolscape, Maths Book Class Ix Or X
Cleaning & Laundry	Toothpowder Dentonic 90 grams, Lipstick S.Miss/Medora	Toilet Soap Lux 95 grams, Toilet Soap Lifebouy 140 grams, Dry Cleaning Suit Coat Pant	Haircut Charges For Men, Washing Soap, Surf (Medium) 160 grams, Perfume Med.Size Medora/Broa	Shampoo Plain Medora 200 ml. Washing Powder 1000 Grm, Hair-Oil Amla/Chambeli Gold Tezabi 24 Ct
Medicare	Dettol (Medium), Jouhar Joshanda Entox Tablets.	Doctor (MBBS) Clinic Fee, O.R.S. (Nimcol) Daonil Tablets. 5 mg.	Cotton Bandage 2" - 4"	Gripe-Water Woodward's, Cac. 1000 Tab Galxos-D (450 grams)

Table A5: City-wise Inflation by Income Groups, October 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	0.3	7.9	-0.3	8.5	0.9	7.3	0.5	8.8	-0.3	8.0	1.2	9.4
2	Faisalabad	0.6	10.9	0.3	11.6	0.9	10.4	0.7	11.7	0.2	11.6	1.1	11.7
3	Rawalpindi	1.0	9.4	0.9	11.2	1.0	8.0	0.9	10.0	0.7	10.7	1.2	9.5
4	Multan	0.4	10.6	-0.1	11.0	0.9	10.2	0.6	11.0	0.0	10.8	1.1	11.2
5	Gujranwala	0.9	8.2	1.0	8.5	0.8	7.8	0.9	9.3	0.9	8.8	0.9	9.7
6	Islamabad	0.3	8.6	-0.3	9.2	0.9	8.1	0.5	9.6	-0.1	9.5	1.0	9.6
7	Sargodha	2.0	11.5	2.8	11.2	1.4	11.8	2.1	11.1	2.7	10.1	1.6	12.0
8	Sialkot	1.1	9.9	1.3	10.6	0.9	9.3	1.2	10.8	1.2	9.9	1.2	11.6
9	Bahawalpur	1.0	11.8	1.0	14.3	1.1	9.6	1.1	12.2	0.9	14.0	1.3	10.7
10	Karachi	0.9	6.4	0.8	4.9	1.0	7.8	0.8	6.5	0.4	3.5	1.1	9.0
11	Hyderabad	1.2	8.4	1.3	5.8	1.1	10.6	1.2	8.8	1.1	6.5	1.2	10.8
12	Sukkur	-0.3	6.8	-1.4	1.3	0.7	11.9	0.1	7.6	-0.7	2.8	0.8	11.6
13	Larkana	0.5	9.3	0.0	7.1	0.9	11.2	0.6	8.8	0.1	6.6	1.0	10.7
14	Peshawar	1.4	4.5	1.3	0.4	1.5	8.0	1.4	3.3	1.1	-2.2	1.6	8.1
15	Bannu	3.4	4.6	4.5	2.2	2.4	6.5	3.3	4.3	4.3	0.7	2.5	7.4
16	Quetta	1.2	5.7	1.3	3.4	1.2	7.8	1.3	5.7	1.5	2.1	1.2	8.9
17	Khuzdar	0.7	6.8	0.1	6.6	1.2	7.1	1.0	5.9	0.2	4.5	1.6	7.0
		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	0.4	8.8	-0.4	7.8	1.0	9.7	0.4	8.0	-0.5	7.3	1.2	8.6
2	Faisalabad	0.6	11.5	0.4	11.6	0.8	11.4	0.6	10.9	0.5	11.5	0.7	10.3
3	Rawalpindi	0.8	10.3	0.7	10.7	0.9	10.0	0.9	9.1	1.0	10.7	0.8	7.8
4	Multan	0.5	10.8	0.0	11.2	0.9	10.5	0.5	9.7	0.1	11.7	0.8	7.8
5	Gujranwala	0.7	9.6	0.8	9.0	0.6	10.0	0.6	9.6	0.9	10.0	0.4	9.3
6	Islamabad	0.2	9.0	-0.6	8.5	0.9	9.5	0.4	8.0	-0.5	8.8	1.2	7.3
7	Sargodha	1.9	10.1	2.5	9.2	1.4	10.9	1.3	7.9	2.0	7.6	0.8	8.2
8	Sialkot	1.0	10.6	1.1	9.7	0.9	11.4	1.0	10.2	1.4	10.2	0.7	10.1
9	Bahawalpur	1.0	11.3	1.0	12.5	1.0	10.3	0.9	8.8	1.4	10.9	0.5	6.9
10	Karachi	0.7	7.0	0.4	4.0	1.0	9.5	0.7	8.1	-0.1	5.1	1.3	10.6
11	Hyderabad	0.9	8.8	1.0	6.1	0.9	11.1	0.8	9.0	0.8	7.0	0.8	10.7
12	Sukkur	0.2	8.1	-0.5	3.6	0.7	11.9	0.2	7.9	-0.4	3.8	0.7	11.3
13	Larkana	0.7	8.0	0.6	5.4	0.9	10.2	1.2	7.6	1.6	6.4	0.8	8.6
14	Peshawar	0.9	4.8	0.8	-1.2	1.1	10.3	0.4	6.0	-0.1	1.0	0.8	10.5
15	Bannu	2.8	4.1	3.9	0.2	2.0	7.5	2.4	4.0	3.4	-0.2	1.6	7.9
16	Quetta	1.0	6.4	1.3	2.1	0.9	10.5	0.7	6.6	0.8	3.3	0.6	9.6
17	Khuzdar	1.0	6.3	0.2	3.4	1.6	9.0	1.1	9.9	0.4	7.9	1.7	11.6

Table A6 : Income Group-wise Inflation						percent
	MoM			YoY		
	Oct-08	Sep-09	Oct-09	Oct-08	Sep-09	Oct-09
<u>Up to Rs. 3000</u>						
General	2.9	0.5	1.1	28.1	10.4	8.4
Food	4.1	0.3	1.1	34.7	10.5	7.4
Non-food	1.9	0.7	1.0	23.0	10.3	9.3
<u>Rs. 3001-5000</u>						
General	2.8	0.5	1.2	27.5	10.5	8.8
Food	3.9	0.3	1.1	34.2	10.0	7.0
Non-food	1.8	0.7	1.2	22.4	11.0	10.4
<u>Rs. 5000-12000</u>						
General	2.5	0.5	1.0	26.1	10.5	9.0
Food	3.6	0.4	1.1	32.5	10.0	7.4
Non-food	1.5	0.7	0.9	21.0	11.0	10.4
<u>Above Rs. 12000</u>						
General	1.6	0.4	0.8	23.3	9.5	8.7
Food	3.0	0.5	0.9	29.5	10.1	7.9
Non-food	0.5	0.3	0.7	18.4	9.1	9.4
<u>All income groups</u>						
General	2.1	0.5	1.0	25.0	10.1	8.9
Food	3.4	0.4	1.1	31.7	10.0	7.5
Non-food	1.0	0.5	0.8	19.7	10.2	10.0

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

Table A8: SPI Item-wise Price Movements

S.No	Items	Unit	Price Oct 09	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	25.4	-0.3	0.6
2	Wheat flour average qlt.	Kg.	28.9	4.3	0.9
3	Rice basmti.broken	Kg.	44.2	-11.9	-0.6
4	Rice irri-6	Kg.	34.6	-17.9	-2.2
5	Masur pulse washed	Kg.	122.2	-2.7	0.4
6	Moong pulse washed	Kg.	57.5	10.4	2.8
7	Mash pulse washed	Kg.	110.1	47.7	1.9
8	Gram pulse washed	Kg.	49.2	-20.6	-1.2
9	Beef	Kg.	167.1	18.8	2.1
10	Mutton	Kg.	297.6	16.8	2.0
11	Egg hen (farm)	Doz.	70.3	15.2	13.3
12	Bread plain	Each	25.9	10.0	0.7
13	Sugar	Kg.	45.4	21.4	-5.7
14	Gur	Kg.	71.8	80.4	-0.1
15	Milk fresh	Litr	41.4	15.6	0.2
16	Milk powdered nido	400g	180.0	5.9	0.0
17	Curd	Kg.	48.5	13.7	0.3
18	Veg.ghee tin	2.5k	353.0	-8.3	0.4
19	Veg.ghee loose	Kg.	106.8	-10.0	-1.5
20	Mustard oil	Kg.	130.5	-12.6	-0.9
21	Cooking oil	2.5l	354.2	-9.7	0.0
22	Potatoes	Kg.	27.1	1.7	-2.2
23	Onions	Kg.	25.1	5.8	-1.9
24	Tomatoes	Kg.	35.0	24.2	-12.7
25	Bananas	Doz.	37.1	2.7	-15.9
26	Salt powdered	Kg.	6.7	14.0	0.5
27	Red chillies(powd)	Kg.	126.6	-14.8	1.3
28	Garlic	Kg.	113.4	146.7	7.7
29	Tea packet	250g	114.9	20.3	9.4
30	Tea (prepared)	Cup	9.4	13.9	3.2
31	Cooked beef plate	Each	43.2	9.4	0.4
32	Cooked dal plate	Each	26.5	5.6	0.2
33	Cigarettes k-2	10's	10.5	17.1	4.6
34	Coarse latha	Mtr.	45.5	0.9	-1.3
35	Lawn (avg.+s.qlty)	Mtr.	93.0	3.5	-0.9
36	Voil printed	Mtr.	47.4	4.1	-0.8
37	Shirting	Mtr.	80.4	2.8	0.4
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	68.6	-8.1	-2.5
42	Firewood	40kg	283.4	10.5	1.0
43	Elec. Bulb 60-wats	Each	18.9	39.6	4.6
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	12.6	-0.7	0.0
46	Bath soap lifebuoy	Cake	22.0	1.6	0.0
47	Chicken (farm)	Kg.	131.5	25.0	3.7
48	Gas chrg. All clb. Comb	D.mmbt	286.3	4.6	0.0
49	L.P.G.(cylinder 11kg.)	Each	858.0	-9.0	-0.1
50	Elec.chrg.all slabs comb	Bd. Unit	6.9	24.4	1.0
51	Petrol	Litr	62.5	-23.9	-5.5
52	Diesel	Litr	65.4	-4.5	-1.9
53	Telephone local	Call	2.4	4.8	0.0
Maximum				146.7	13.3
Median				4.3	0.0
Minimum				-23.9	-15.9

Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities				
Item and Specification	Weights	Index		
		Oct-08	Sep-09	Oct-09
GENERAL	100.0006	192.08	207.14	209.11
FOOD & BEVERAGES.	40.3416	221.44	235.59	238.12
1 WHEAT	0.4830	296.00	294.02	297.45
2 WHEAT FLOUR	5.1122	283.69	294.54	298.44
3 MAIDA	0.1059	264.49	278.38	280.45
4 BESAN	0.1320	219.85	181.36	180.83
5 RICE	1.3369	320.31	279.59	276.95
6 PULSE MASOOR	0.2214	338.66	333.88	334.33
7 PULSE MOONG	0.2230	174.17	185.34	186.91
8 PULSE MASH	0.2017	166.39	240.70	245.31
9 PULSE GRAM	0.4272	215.45	173.55	170.81
10 GRAM WHOLE	0.1491	181.89	194.03	195.51
11 MUSTARD OIL	0.0456	267.76	239.69	239.69
12 COOKING OIL	0.6858	250.00	221.73	221.73
13 VEGETABLE GHEE	2.6672	265.08	236.36	233.90
14 SUGAR	1.9467	136.69	173.97	162.65
15 GUR	0.0735	148.44	278.37	277.41
16 TEA	1.2559	152.07	169.93	181.77
17 MILK FRESH	6.6615	206.66	234.95	236.30
18 MILK POWDER	0.1105	202.90	208.33	208.87
19 MILK PRODUCTS	0.5607	191.05	217.41	221.24
20 HONEY	0.0358	158.66	190.22	198.04
21 CEREALS	0.0878	219.48	241.12	241.80
22 JAM,TOMATO,PICKLES & VINEGAR	0.2472	158.25	173.79	175.69
23 BEVERAGES	0.7286	165.30	178.96	177.13
24 CONDIMENTS	0.3392	222.61	242.45	242.63
25 SPICES	0.6008	205.69	185.95	186.90
26 DRY FRUIT	0.2760	281.52	318.91	318.44
27 BAKERY & CONFECTIONARY	2.9837	139.55	145.68	146.77
28 CIGARETTES	0.9527	173.18	203.25	205.83
29 BETEL LEAVES & NUTS	0.1851	163.37	172.07	174.23
30 READYMADE FOOD	1.6833	214.48	236.60	239.26
31 SWEETMEAT & NIMCO	0.3846	218.28	238.17	243.34
32 FISH	0.2703	165.89	188.75	192.86
33 MEAT	2.6981	250.68	288.74	294.97
34 CHICKEN FARM	0.9158	214.02	240.41	243.38
35 EGGS	0.4119	225.42	231.29	262.59
36 POTATOES	0.5542	285.35	298.90	288.69
37 ONIONS	0.5973	257.06	244.62	241.37
38 TOMATOES	0.4569	154.39	251.04	238.17
39 VEGETABLES	1.9165	246.58	256.21	294.43
40 FRESH FRUITS	1.6160	210.70	240.97	229.00
APPAREL, TEXTILE & FOOTWEAR.	6.0977	151.62	158.97	159.31
41 COTTON CLOTH	1.6197	155.09	160.44	160.06
42 SILK,LINEN,WOOLEN/CLOTH	0.5766	149.67	157.98	158.74
43 TAILORING CHARGES	0.8636	155.41	173.47	174.95
44 HOSIERY	0.1528	161.39	172.05	172.64
45 READYMADE GARMENTS	1.2038	138.80	145.53	146.24
46 WOOLEN READYMADE GARMENTS	0.1485	163.03	178.92	179.12
47 FOOTWEAR	1.5327	154.55	156.93	156.93
HOUSE RENT.	23.4298	174.44	200.50	202.29
48 HOUSE RENT INDEX (Combined)	23.4298	174.44	200.50	202.29

(continued)

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Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities				
Item and Specification	Weights	Index		
		Oct-08	Sep-09	Oct-09
FUEL AND LIGHTING.	7.2912	185.90	209.16	212.12
49 KEROSENE	0.1366	452.86	414.93	418.45
50 FIREWOOD	0.4778	280.20	323.29	325.62
51 MATCH BOX	0.1301	200.00	200.00	200.00
52 BULB & TUBE	0.1311	97.10	122.20	129.29
53 ELECTRICITY	4.3698	127.23	159.77	163.57
54 NATURAL GAS	2.0458	276.15	280.43	281.60
H.HOLD.FURNITURE & EQUIPMENT ETC.	3.2862	156.97	166.11	166.77
55 UTENSILS	0.3690	141.82	153.96	154.72
56 PLASTIC PRODUCTS	0.1055	181.99	198.67	199.72
57 SUITCASE	0.0470	145.32	159.57	160.43
58 HOUSE HOLD EQUIPMENTS	0.0953	144.39	154.04	154.35
59 FURNITURE (Ready Made)	0.3054	168.24	178.32	177.50
60 FURNISHING	0.6362	150.42	158.72	159.29
61 ELECT.IRON FANS & WASHING MACHINE	0.1889	154.53	161.04	160.98
62 SEWING MACHINE,CLOCK AND NEEDLES	0.1270	133.78	143.70	144.33
63 REFRIGERATOR & AIRCONDITIONER	0.1756	123.46	131.78	131.72
64 MARRIAGE HALL	0.0445	178.65	195.51	196.40
65 HOUSE HOLD SERVANT	1.1918	168.51	176.17	177.45
TRANSPORT & COMMUNICATION.	7.3222	204.43	192.13	192.39
66 PETROL	1.7253	251.25	203.16	203.16
67 DIESEL	0.2070	406.43	411.98	411.98
68 CNG. FILLING CHARGES	0.1649	189.14	206.43	206.43
69 SERVICE CHARGES	0.3835	158.72	170.14	172.15
70 VEHICLES	0.2596	119.34	129.08	129.28
71 TYRE & TUBE	0.2831	149.42	160.47	161.39
72 TRANSPORT FARE/CHARGES	2.1236	266.57	256.55	256.93
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	91.28	91.37	91.37
RECREATION & ENTERTAINMENT.	0.8259	119.17	121.69	121.69
76 RECREATION	0.3399	128.36	131.89	131.89
77 ENTERTAINMENT	0.4860	112.74	114.55	114.55
EDUCATION.	3.4548	160.80	181.81	182.80
78 TUTION FEES	2.3629	163.14	177.30	177.33
79 STATIONERY	0.3500	160.11	177.37	177.63
80 TEXT BOOKS	0.6894	159.08	206.92	211.68
81 COMPUTER & ALLIED PRODUCTS	0.0525	82.67	84.57	84.57
CLEANING LAUNDRY & PER.APPEARANCE.	5.8788	159.76	174.20	176.86
82 WASHING SOAP & DETERGENT	1.5535	148.23	164.81	165.08
83 TOILET SOAP	0.7436	183.82	190.06	186.50
84 TOOTH PASTE	0.4036	112.26	114.37	114.79
85 SHAVING ARTICLES	0.3480	139.74	150.69	151.29
86 COSMETICS	1.4272	140.95	158.38	161.29
87 WATCHES	0.0552	136.23	138.77	138.77
88 JEWELLERY	0.3936	314.48	358.23	381.25
89 LAUNDRY CHARGES	0.2207	173.27	181.33	182.01
90 HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	146.73	154.64	160.28
MEDICARE.	2.0728	145.96	150.86	153.89
91 DRUGS & MEDICARES	1.0752	113.23	118.79	124.63
92 DOCTOR'S FEE	0.9976	181.22	185.43	185.43

Table A10: Wholesale Price Index Numbers by major Groups and Selected Commodities			
Item and Specifications	Index		
	Oct-08	Sep-09	Oct-09
GENERAL	207.08	212.53	215.01
FOOD	219.58	230.34	232.35
1 WHEAT	297.53	301.71	304.12
2 WHEAT FLOUR	265.86	294.13	294.00
3 MAIDA	289.15	292.66	290.56
4 BESAN	209.30	165.67	162.67
5 RICE	383.26	323.11	317.60
6 MAIZE	249.46	203.69	199.79
7 JOWAR	207.44	221.41	218.70
8 BAJRA	257.39	182.72	174.37
9 BEANS	260.97	241.55	238.86
10 GRAM WHOLE	192.73	206.37	209.15
11 GRAM SPLIT	207.42	151.92	148.24
12 MASOOR	359.59	357.48	351.16
13 MASH	148.72	227.58	229.53
14 MOONG	171.32	193.24	194.81
15 POTATOES	255.59	267.87	264.97
16 ONIONS	242.13	278.92	251.24
17 TOMATOES	127.89	231.51	239.17
18 VEGETABLES	311.96	243.90	322.67
19 FRESH FRUITS	165.06	183.03	168.88
20 DRY FRUITS	205.84	230.54	235.52
21 FRESH MILK	181.93	197.25	202.47
22 POWDERED MILK	209.13	221.74	221.74
23 MILK FOOD	162.65	169.18	169.90
24 VEGETABLE GHEE	278.36	255.75	251.54
25 MUSTARD & RAPESEED OIL	308.54	264.03	259.88
26 COTTON SEED OIL	272.27	262.06	258.63
27 COOKING OIL	229.87	218.25	217.81
28 OIL CAKES	292.79	310.10	305.57
29 GUR	131.91	250.09	249.56
30 SUGAR REFINED	137.71	178.30	164.38
31 CHICKEN	204.44	256.21	260.11
32 EGGS	234.20	245.22	269.88
33 FISH	113.24	130.89	135.01
34 MEAT	233.59	272.04	278.70
35 SPICES	183.85	195.69	195.72
36 CONDIMENTS	256.56	285.67	285.74
37 SALT	150.21	167.44	167.44
38 TEA	133.14	145.55	152.92
39 BEVERAGES	136.97	141.01	141.02
40 MINERAL WATER	114.24	125.87	125.87
41 FRUIT PREPARED/PRESERVED	155.72	170.06	174.56
42 VEGETABLES PREPARED/PRESERVED	152.39	172.06	175.33
43 SUGAR CONFECTIONARY	99.90	100.46	100.46
RAW MATERIAL	176.03	195.69	197.29
44 COTTON	151.18	152.51	157.33
45 COTTON SEEDS	243.76	271.42	266.81
46 MUSTARD/RAPESEEDS	329.46	275.52	269.70
47 TOBACCO	190.88	215.76	215.81
48 SUGAR CANE	167.93	280.70	280.70
49 WOOL	141.12	140.99	142.90
50 HIDES	159.85	132.96	132.08
51 SKINS	113.49	104.82	104.82
52 PIG IRON	393.24	324.02	323.33

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Table A10: Wholesale Price Index Numbers by major Groups and Selected Commodities			
Item and Specifications	Index		
	Oct-08	Sep-09	Oct-09
FUEL & LIGHT	271.12	276.34	283.96
53 COAL	137.00	141.00	141.00
54 COKE	832.77	624.58	624.58
55 DIESEL OIL	421.24	409.47	409.47
56 MOTOR SPRIT	249.72	200.72	200.72
57 MOBIL OIL	193.71	199.00	199.00
58 FURNACE OIL	280.22	328.01	354.09
59 KEROSENE OIL	419.93	392.72	392.72
60 NATURAL GAS	218.73	217.12	217.12
61 ELECTRICITY IND. SUPPLY TARIFF-B	131.82	162.36	179.27
62 ELEC. AGRICULTURE TARIFF-D	168.86	177.78	177.78
63 FIRE WOOD	236.34	263.61	267.74
MANUFACTURE	145.01	144.39	145.36
64 SOLE LEATHER	128.74	131.99	131.99
65 CHROME LEATHER	194.84	194.84	194.84
66 COTTON YARN	115.29	112.37	115.73
67 BLENDED YARN	136.02	139.33	140.89
68 NYLON YARN	111.58	113.13	113.13
69 COTTON TEXTILES	139.40	146.84	146.43
70 HOSIERY	149.73	155.63	155.79
71 SILK & REYON TEXTILES	141.86	145.33	146.35
72 WOOLEN TEXTILES	124.05	137.53	138.26
73 JUTE MANUFACTURES	121.87	123.97	123.97
74 MATTRESSES	130.56	135.78	137.17
75 READY MADE GARMENTS	113.22	118.27	118.27
76 UTENSILS	140.39	147.34	148.79
77 PLASTIC PRODUCTS	130.66	138.12	138.22
78 GLASS PRODUCTS	104.74	179.65	179.65
79 CHEMICALS	219.44	170.07	172.61
80 DYING MATERIALS	88.36	88.36	88.36
81 SOAPS	172.28	181.68	181.72
82 COSMETICS	112.04	119.58	119.58
83 DRUGS & MEDICINES	105.90	113.17	113.17
84 FERTILIZERS	332.98	291.11	290.78
85 PESTICIDES & INSECTICISED	135.62	146.74	147.16
86 MACHINERY	168.68	175.23	175.23
87 TRANSPORTS	123.99	124.15	124.15
88 TYRES	205.12	208.52	208.57
89 TUBES	173.39	185.99	185.99
90 AUDIO-VISUAL INSTRUMENTS	87.51	92.26	92.28
91 OTHER ELECTRICAL GOODS	118.29	130.55	130.56
92 CIGARETTES	155.73	171.57	171.57
93 PAPER	105.27	105.98	105.98
94 MATCHES	124.26	124.26	124.26
95 FOOT WEAR	172.91	177.36	177.36
BUILDING MATERIAL	226.74	194.80	190.23
96 CEMENT	139.01	141.38	127.53
97 BRICKS	233.80	236.42	236.42
98 CEMENT BLOCKS	165.93	166.63	166.63
99 TILES	99.17	99.67	99.67
100 IRON BARS & SHEETS	303.62	236.30	236.12
101 PIPE FITTINGS	176.67	181.03	181.03
102 TIMBER	195.25	209.87	209.27
103 GLASS SHEETS	141.69	170.76	172.95
104 PAINTS & VARNISHES	128.15	146.05	146.05
105 SANITARY WARES	142.32	150.62	151.56
106 WIRES AND CABLES	233.52	259.37	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 Oct.	153.66	168.18	143.84	161.30	165.61	158.16	163.71
Nov.	153.87	167.22	144.84	163.93	167.14	161.59	163.89
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

*: all groups combined

Table A12: International Commodity Prices/Indices

	Oct-08	Sep-09	Oct-09
Energy			
Crude Oil (US\$ per barrel)*	72.7	68.4	74.1
IMF Energy Index (2005 =100)	146.6	124.5	134.4
WB Energy Index (1990=100) @	266.3	241.7	248.9
Food			
Rice (\$/MT)	624.0	593.7	566.3
Wheat (\$/MT)	237.4	191.1	198.8
Sugar (US cent / pound)	11.7	23.5	23.2
Palm Oil (\$/MT)	486.4	636.4	636.6
Soybean Oil (\$/MT)	808.8	749.4	797.6
Non-Food Non-Energy			
Cotton Outlook 'A' Index #	137.3	141.2	147.3
IMF Metal Price Index (2005=100)	131.5	134.8	138.3
Copper (\$/MT)	4,894.9	6,195.8	6,306.0
Aluminum (\$/MT)	2,122.0	1,835.6	1,875.7
Iron Ore (\$ cents/dry MT)	140.6	101.0	101.0
Tin (\$/MT)	14,423.3	14,936.2	15,037.4
Nickel (\$/MT)	12,144.9	17,404.6	18,489.5
Zinc (\$/MT)	1,303.0	1,879.1	2,070.8
Lead (\$/MT)	1,494.3	2,205.5	2,227.7
Uranium (\$/pound)	48.6	44.3	46.1
DAP (\$/MT)	970.0	316.8	300.1
Urea (\$/MT)	405.5	233.9	239.0

\$/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)

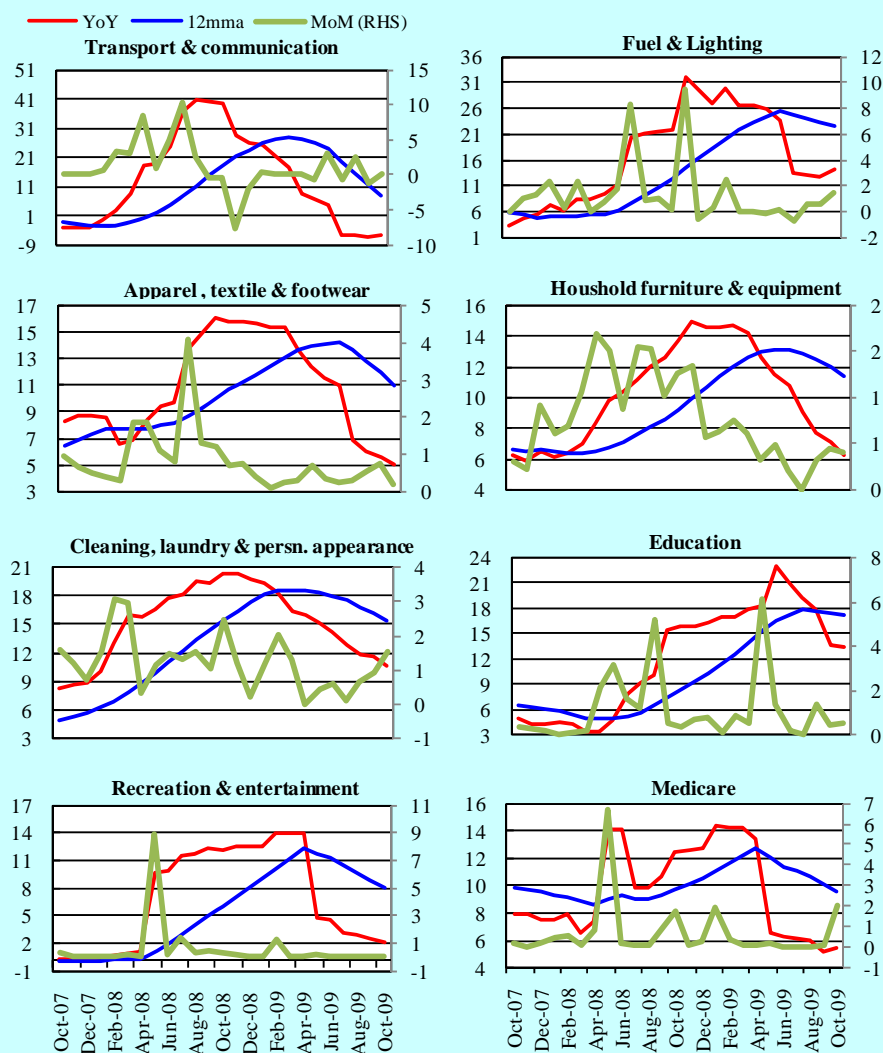


Figure A2: Frequency Distribution of Price Changes of CPI Items, October 2009

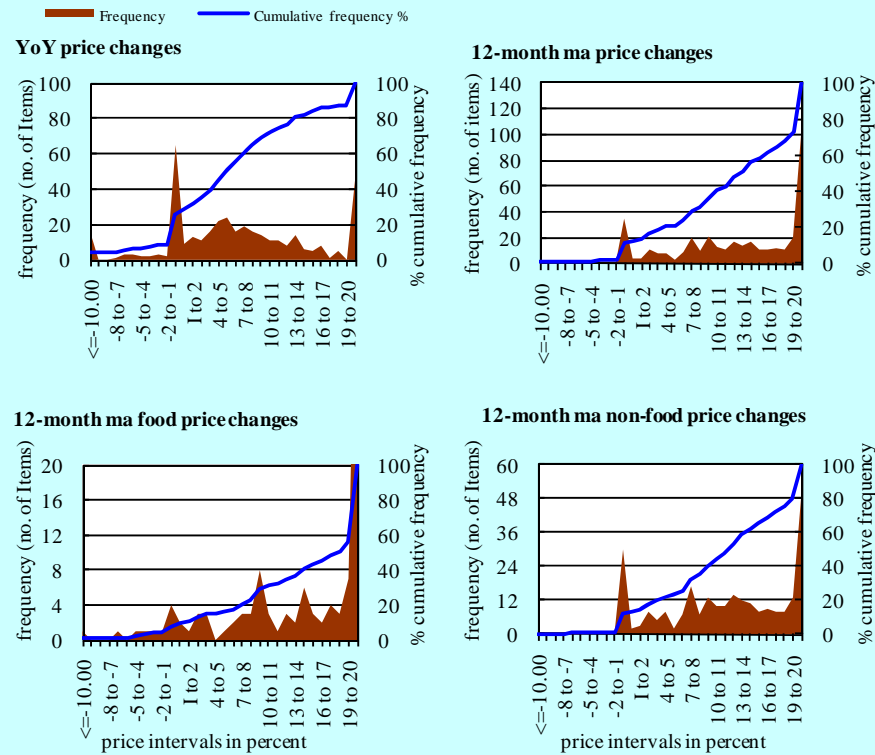
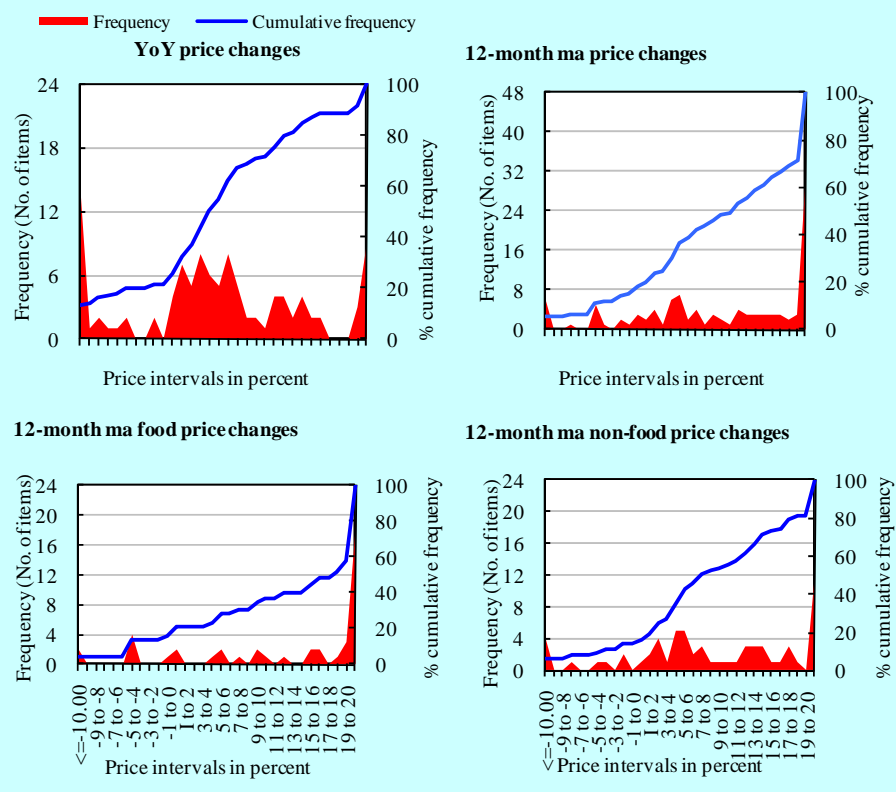


Figure A3: Frequency Distribution of Price Changes of WPI Items, October 2009



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