

Inflation Monitor

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Overview

Headline inflation continued to decline on YoY basis, reaching 10.1 percent during September 2009 compared to 10.7 percent in the preceding month and 23.9 percent during the corresponding month last year. The declines were visible in both, food and non-food, groups of CPI. CPI inflation (MoM) also declined during September 2009 to 0.5 percent compared to 1.7 percent in August 2009.

Table 1.1: Inflation (YoY)

							percent
	CPI			Core Inflation		WPI	SPI**
	General	Food	Non-food	NFNE *	Trimmed		
Sep-08	23.9	29.9	19.2	17.3	21.2	33.2	29.6
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

* 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 the month under review compared to both, September 2008 as well as August 2009. NFNE inflation reached 11.9 percent on YoY basis during September 2009 compared to 17.3 percent in September 2008 and 12.6 percent in August 2009. Likewise 20% trimmed mean inflation (YoY) dropped, reaching 12.4 percent compared to 21.2 percent in September 2008 and 13.1 percent in the previous month (see **Table 1.1**).

Annual CPI inflation measured by 12-month moving average also declined to 17.1 percent from 18.3 percent in August 2009; but this was nonetheless higher compared to September 2008. Annualized inflation of CPI non-food group followed a similar trend. CPI food group registered lower inflation compared to both August 2009 and September 2008 (see **Table 1.2**).

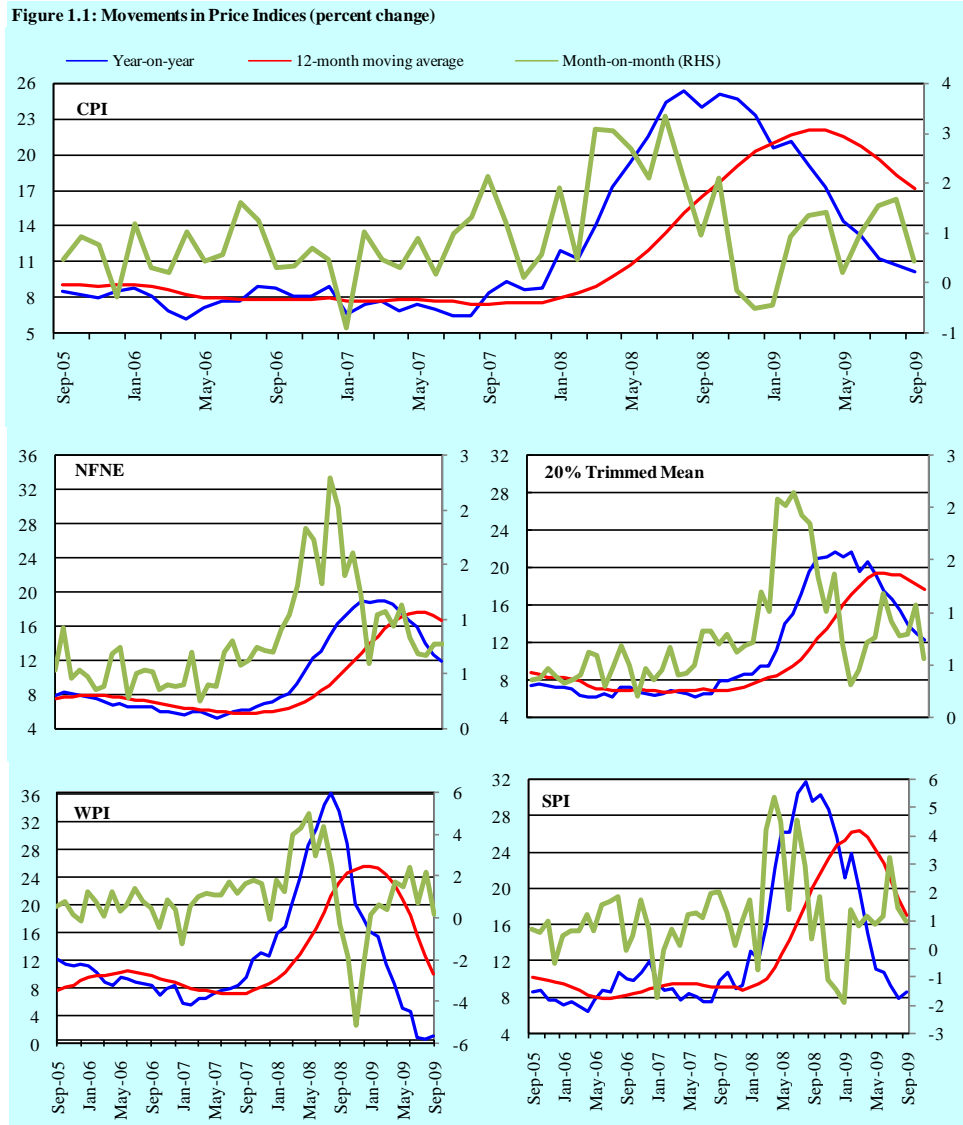
Unlike CPI, Wholesale Price Index (WPI) inflation (YoY) increased to 0.7 percent in September 2009 compared to 0.3 percent in the preceding month. However the level still remains considerably lower than the 33.2 percent inflation seen in September 2008. Non-food group of WPI followed the trend of overall WPI inflation, whereas food group of WPI recorded lower inflation during September 2009 compared to the previous month and the same month last year. Inflation

Table 1.2: Different Dimensions of Inflation (percent)					
	Sep-07	Sep-08	Aug-09	Sep-09	5-year
<i>Year-on-year (Sep over Sep)</i>					
Overall CPI	8.4	23.9	10.7	10.1	11.7
Food group	13.0	29.9	10.6	10.0	15.0
Non-food group	5.0	19.2	10.8	10.2	9.4
WPI	9.3	33.2	0.3	0.7	14.1
Food group	14.2	30.6	8.3	7.8	14.4
Non-food group	5.7	35.2	-5.6	-4.6	13.9
SPI	9.8	29.6	7.8	8.5	14.1
Core Inflation					
NFNE*	6.1	17.3	12.6	11.9	8.9
Trimmed	8.0	21.2	13.1	12.4	10.3
<i>Period average (Jul over Sep)</i>					
Overall CPI	7.1	24.5	10.9	10.7	11.6
Food group	10.0	32.6	10.6	10.4	15.0
Non-food group	4.9	18.4	11.2	10.9	9.1
WPI	8.3	34.3	0.4	0.5	14.1
Food group	12.4	32.2	8.5	8.3	14.5
Non-food group	5.4	35.9	-5.5	-5.2	13.9
SPI	8.3	30.7	8.6	8.6	14.0
Core Inflation					
NFNE*	6.0	16.1	13.3	12.9	8.5
Trimmed	7.1	20.5	13.5	13.0	10.0
<i>12-month moving average</i>					
Overall CPI	7.4	16.4	18.3	17.1	9.5
Food group	10.3	23.4	19.8	18.1	12.3
Non-food group	5.4	11.3	17.2	16.4	7.4
WPI	7.0	23.1	12.3	9.7	11.2
Food group	10.1	24.0	19.0	17.1	12.0
Non-food group	4.8	22.3	7.3	4.2	10.6
SPI	9.0	19.9	18.8	17.0	11.2
Core Inflation					
NFNE*	5.8	10.9	17.1	16.6	7.2
Trimmed	6.8	13.5	18.2	17.6	8.2
<i>Monthly</i>					
Overall CPI	2.1	1.0	1.7	0.5	0.9
Food group	4.2	0.9	2.5	0.4	1.1
Non-food group	0.6	1.0	1.0	0.5	0.7
WPI	1.6	-0.3	2.2	0.2	0.5
Food group	3.0	0.8	2.3	0.4	0.9
Non-food group	0.6	-1.1	2.1	0.0	0.3
SPI	2.0	0.3	1.4	1.0	0.6
Core Inflation					
NFNE*	0.6	1.4	0.8	0.8	0.7
Trimmed	0.8	1.0	1.1	0.6	0.6

* NFNE is Non-food non-energy inflation

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

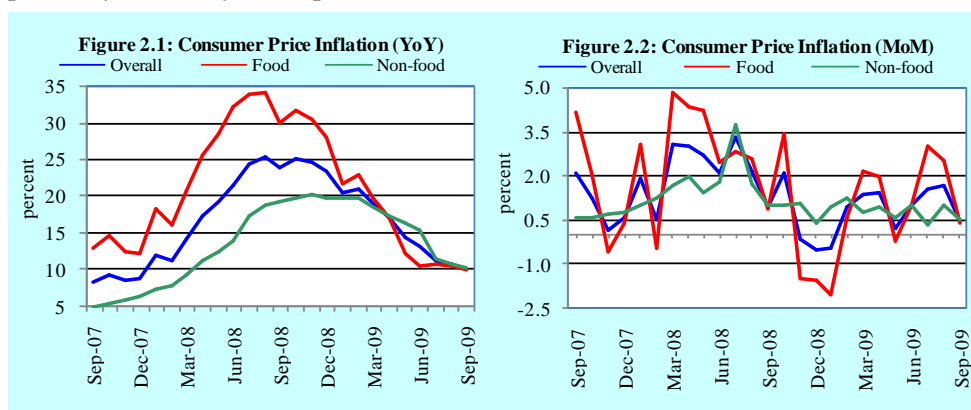
(YoY) measured by Sensitive Price Indicator (SPI) showed a slight increase in inflation to reach 8.5 percent compared to 7.8 percent during August 2009. SPI inflation for September 2009 is still lower than the 29.6 percent level recorded in September 2008 (see **Figure 1.1**).



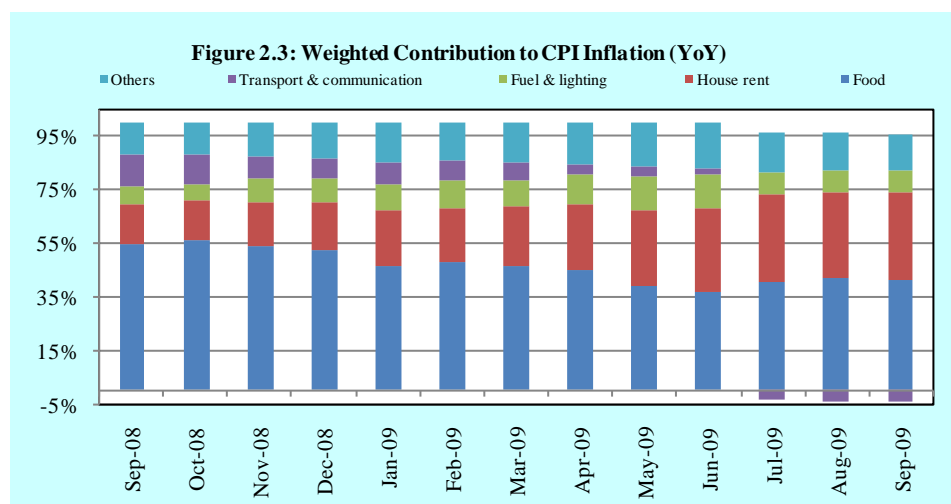
2. Consumer Price Index

CPI inflation (YoY) declined to 10.1 percent during September 2009. This was lower than 10.7 percent during the previous month as well as 23.9 percent CPI (YoY) inflation for the same month last year and. The decline in CPI inflation (YoY) was brought about by lower food as well as non-food group inflation (see **Figure 2.1**).

CPI inflation on MoM basis declined to 0.5 percent compared to 1.0 percent in September 2008 and 1.7 percent in August 2009. This downward movement was primarily driven by a sharp decline in CPI food inflation (MoM) (see **Figure 2.2**).



Weighted contribution of non-food group in overall CPI inflation remained same (54.5 percent) during the month under review as compared to August 2009, though it is lower than 45.2 percent during September 2008. Within non-food

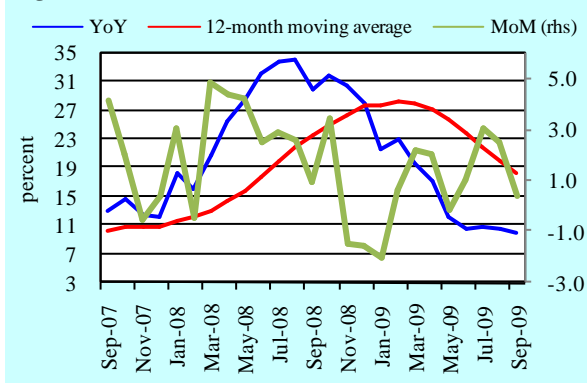


group, weighted contribution of house rent index increased to 35.4 percent in September 2009 from 34.9 percent during the previous month and 14.5 during September 2008. On the other hand, transport and communication component registered a negative growth of 5.0 percent as compared to a negative growth of 4.2 percent during the previous month and 11.8 percent during the same month last year (see **Figure 2.3**).

2.1 Food Inflation

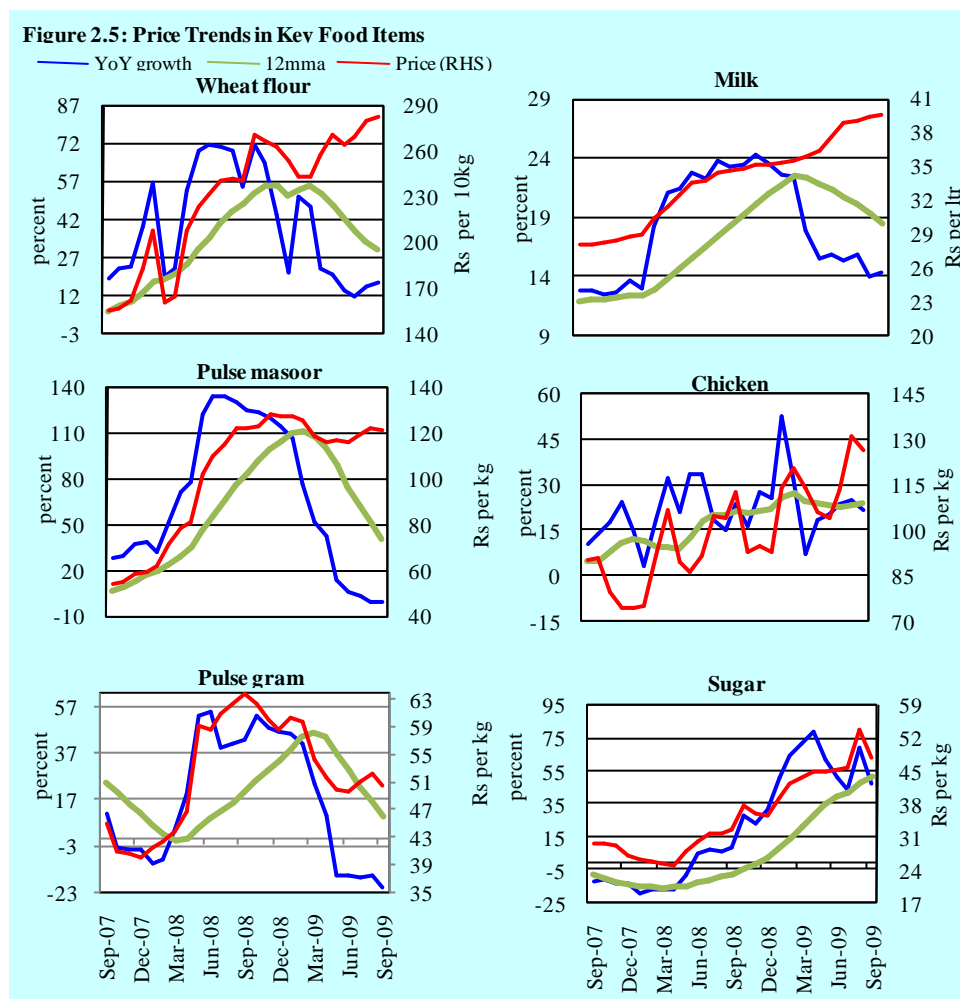
Declining trend in CPI food inflation (YoY), that started in March 2009, continued during September 2009 to reach a two-year low level of 10.0 percent compared to 10.6 percent in the previous month and 29.9 percent during the corresponding month last year (see **Figure 2.4**).

Figure 2.4: CPI Food Inflation



In terms of weighted contribution to CPI inflation during September 2009, eight out of the top ten commodities were from the food group, having a weighted contribution of 46.2 percent. These items are wheat flour, fresh milk, meat, sugar, vegetables, readymade food, tomatoes, and farm chicken. Of these, five items of food group; wheat flour, fresh milk, meat, sugar, and vegetables contributed 86.1 percent in CPI food inflation (YoY) (see **Table A3** in **Annexure A**).

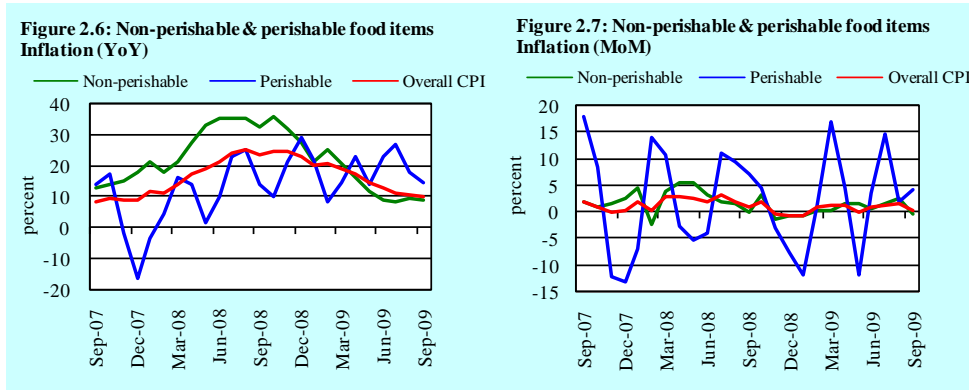
Item-wise price changes show that out of the reported 112 commodities in food group, 28 items showed subdued rise or no change in their prices during the month under review. These items include pulses, different types of rice, onion, cooking oil, mustard oil and vegetable ghee. Only 19 items showed moderate rise in their prices. On the other hand, 65 items including wheat, wheat flour, milk, refined sugar, and tomatoes recorded more than 10 percent price change. Three commodities included in CPI basket registered 100 percent or more rise in their prices: coffee (100.0 percent), gur (101.5 percent) and garlic (156.4 percent) (see **Figure 2.5** & **Table A2**).



CPI food inflation on MoM basis declined significantly to 0.4 percent in September 2009 compared to 2.5 percent during the preceding month and 0.9 percent in the corresponding month last year. Among the top-ten weighted contributions to CPI inflation (MoM), six were from the food group. Those items include wheat flour, tomatoes, onions, fresh fruits, fresh milk, and meat.

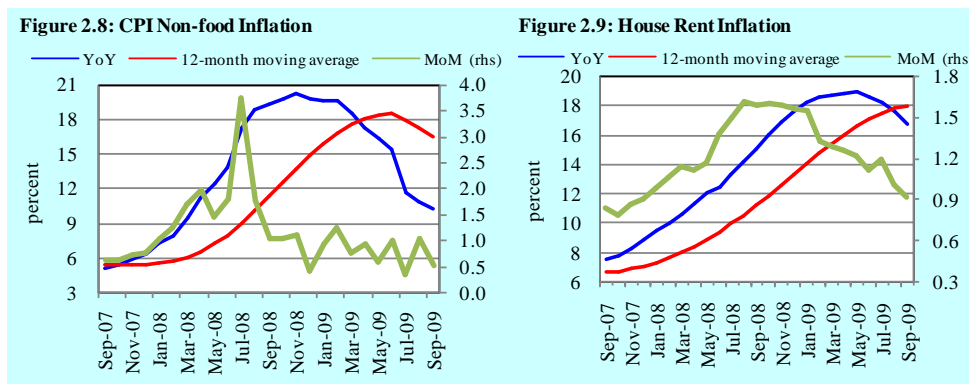
Within food group, perishable and non-perishable categories of CPI witnessed a decline in their prices (YoY) during the month under review. Inflation in perishable items decreased to 14.5 percent against 17.7 percent during the previous month, but remained higher than the 13.7 percent level recorded during September 2008. Inflation in non-perishable category of food group declined to 9.4 percent during September 2009 compared to 9.6 percent during the preceding

month and 32.8 percent during the same month last year (see **Figure 2.6**). CPI inflation (MoM) in perishable items rose to 4.3 percent in September 2009 against 1.9 percent during August 2009. However it is still lower than 7.3 percent level recorded in September 2008. On the other hand, CPI inflation (MoM) in non-perishable items declined to (-) 0.2 percent during September 2009 as against 2.6 percent during August 2009 and was unchanged relative to September 2008 (see **Figure 2.7**).



2.2 Non-food Inflation

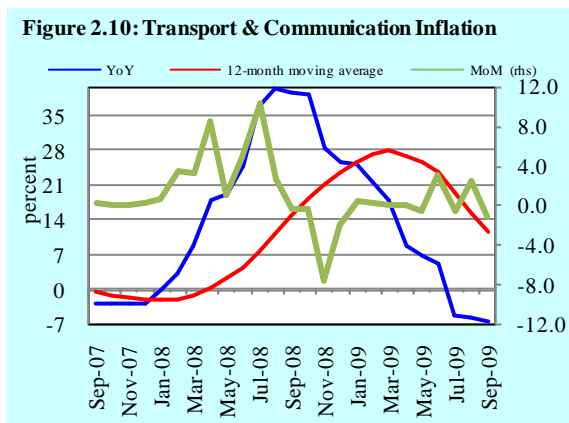
Non-food inflation declined to its lowest level for an year reaching 10.2 percent (YoY) in September 2009 compared to 10.8 percent in August 2009 and 19.2 percent during September 2008 (see **Figure 2.8**). This decline was reflected in all sub-groups of CPI non-food group. House rent index inflation (YoY) eased further compared to the last month reaching 16.8 percent. However, this level is higher than the 15.0 percent inflation level recorded in September 2008 (see **Figure 2.9**).



Transport & communication sub-group inflation (YoY) declined to its twenty year low level of (-) 6.4 percent compared to (-) 5.6 percent during August 2009 and

39.9 percent during September 2008. CPI non-food inflation YoY in *education, fuel & lighting, apparel, textile & footwear, recreation & entertainment, cleaning & laundry, and medicare* sub-groups also declined during the month under review (see **Figure 2.10**).

A frequency distribution of price changes during September 2009 indicates that out of 250 non-food commodities included in the CPI basket, 63 items witnessed a double-digit price change on YoY basis. These commodities included, textbooks, electric appliances, washing powder, some medicines, gold (tezabi), etc. Another 74 commodities witnessed a moderate price change while 46 commodities showed subdued price change (i.e., between 1-5 percent). The remaining 67 commodities either recorded no change or saw a decline in their price.



2.3 City-wise Inflation

Following the trend of overall inflation, city-wise inflation also declined and reached the lowest level recorded during the last twelve months. Inflation in major five cities of the country was lower than overall YoY inflation. Inflation on month on month basis for all five major cities was lower than CPI MoM inflation, except for Karachi which witnessed a higher 1.1 percent MoM inflation compared to overall CPI (MoM) level (see **Table 2.1**).

Table 2.1: City-wise Inflation of Selected Cities percent

	Sep-08		Aug-09		Sep-09	
	MoM	YoY	MoM	YoY	MoM	YoY
Over all CPI	1.0	23.9	1.7	10.7	0.5	10.1
Islamabad	1.1	21.5	1.2	9.6	0.4	8.9
Lahore	0.7	21.0	1.6	10.3	0.1	9.7
Karachi	1.6	25.2	1.5	8.9	1.1	8.5
Quetta	0.7	27.4	1.1	9.5	0.0	8.8
Peshawar	2.4	26.2	2.2	10.5	0.4	8.5

Detailed analysis of 35 cities shows that 22 cities recorded higher inflation than overall inflation (YoY) while 13 cities registered lower than average inflation during September 2009. Highest inflation (YoY) was recorded in Okara at 12.8 percent, while Bannu registered lowest inflation (YoY) of 5.8 percent among 35 cities. Highest food inflation was recorded at 14.2 percent in Attock and lowest 3.3 percent in Bannu. Shahdadpur registered highest non-food inflation of 13.2 percent while lowest non-food inflation of 6.0 percent was in Islamabad (see **Table 2.2**).

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

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Okara	12.8	13.1	12.6	Lahore	9.7	10.7	8.8
Vehari	12.7	13.5	12.0	Loralai	9.2	8.6	9.7
Nawabshah	12.6	12.7	12.5	Khuzdar	9.0	9.7	8.4
D.G. Khan	12.4	13.4	11.6	Mardan	8.9	6.8	10.7
Faisalabad	12.2	13.6	11.1	Islamabad	8.9	12.6	6.0
Attock	12.1	14.2	10.4	Quetta	8.8	7.1	10.4
Mirpur Khas	12.0	11.2	12.7	Abbotabad	8.6	4.8	11.9
Shahdadpur	12.0	10.5	13.2	Larkana	8.5	6.1	10.6
Multan	11.8	14.1	9.8	Peshawar	8.5	5.5	11.0
Bahawalnagar	11.7	12.3	11.3	Karachi	8.5	6.9	9.7
Samundari	11.6	12.0	11.3	D.I.Khan	8.4	6.9	9.7
Kunri	11.5	12.0	11.1	Turbat	6.5	4.1	8.4
Mianwali	11.1	13.8	9.0	Bannu	5.8	3.3	8.0
Hyderabad	11.0	10.6	11.4				
Jhelum	11.0	12.1	10.1				
Rawalpindi	11.0	14.0	8.7				
Sargodha	10.8	10.7	11.0				
Bahawalpur	10.8	12.8	8.9				
Sialkot	10.5	11.2	9.9				
Jhang	10.5	11.7	9.5				
Sukkur	10.3	7.4	12.8				
Gujranwala	10.3	10.7	10.0				

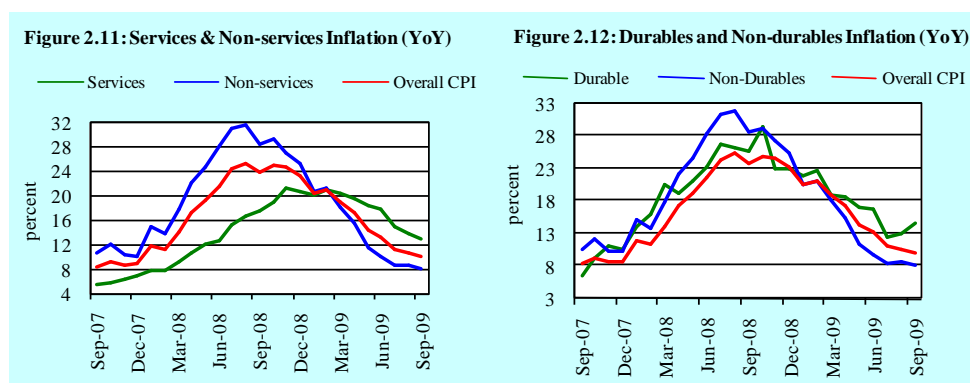
Note: High inflation refers to above average inflation, and low inflation refers to below average inflation

2.4 Income Group-wise Inflation

Income group-wise data shows that CPI inflation (YoY) remained highest for lower and middle income groups (having monthly income between Rs 3001-5000 and between Rs 5000-12000). However, inflation was lower than overall inflation (YoY) in the highest income group (having monthly income of above Rs 12000) (see **Table 2.3**). Food inflation incidence was highest on the lowest income group compared to other income groups.

	Upto 3000		Rs. 3001-5000		Rs. 5000-12000		Above Rs. 12000	
	Sep-08	Sep-09	Sep-08	Sep-09	Sep-08	Sep-09	Sep-08	Sep-09
Year on Year (September over September)								
General	26.4	10.4	25.9	10.5	24.7	10.5	22.6	9.5
CPI Food	32.2	10.5	32.0	10.0	30.6	10.0	28.1	10.1
CPI Non-food	21.9	10.3	21.4	11.0	20.2	11.0	18.3	9.1
Month on Month (September over August)								
General	1.2	0.5	1.1	0.5	1.1	0.5	0.9	0.4
CPI Food	0.9	0.3	0.8	0.3	0.8	0.4	1.1	0.5
CPI Non-food	1.4	0.7	1.4	0.7	1.3	0.7	0.6	0.3

City and income-wise data shows that highest inflation for income groups having monthly income of Rs 3001-5000 and Rs 5001-12000 was recorded in Faisalabad. Multan and Khuzdar registered highest inflation for lowest and highest income groups. Bannu recorded lowest inflation for all income groups. On MoM basis, Gujranwala recorded lowest inflation for all income groups while Bannu experienced highest inflation for all income groups other than the lowest income group. Khuzdar witnessed highest inflation (MoM) for the lowest income group during the month under review (see **Table A5** in **Annexure A**).



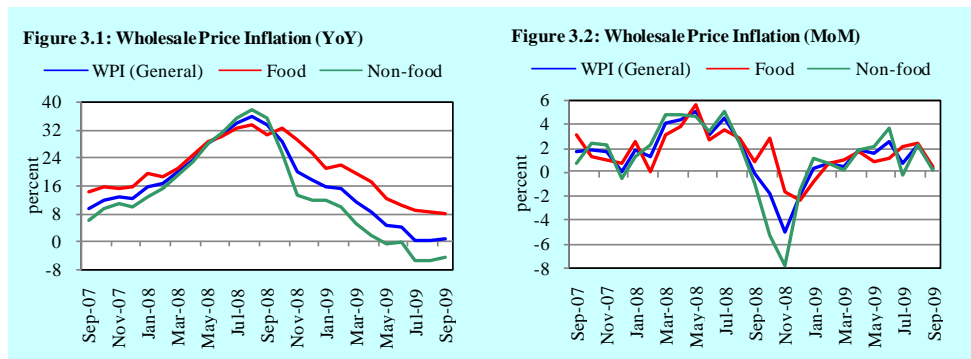
2.5 Services and Non-services Inflation

Inflation (YoY) in services and non-services groups declined during September 2009 reaching the lowest level in the year. Inflation in services sector was recorded at 13.0 percent during September 2009, as compared to 13.7 percent registered during the preceding month and 17.6 percent during the corresponding month last year. Similarly inflation for non-services sector decelerated to 8.2 percent compared to 8.7 percent recorded during August 2009 and 28.5 percent during September 2008 (see **Figure 2.11**). On MoM basis inflation in the services sector increased while it declined in the non-services sector.

Within non-services sector, inflation (YoY) in durable items increased to 14.7 percent against 13.0 percent in August 2009, however it is still lower than 25.8 percent recorded in September 2008. On the other hand, inflation in non-durable commodities declined during the month under review to 8.0 percent compared to 8.5 percent in the previous month and 28.6 percent during September 2008 (see **Figure 2.12**).

3. Wholesale Price Index

WPI inflation (YoY) reached 0.7 percent in September 2009 as against 33.2 percent in the same month of the previous year. This represented a 0.4 percentage points increase WPI inflation compared to the previous month.



WPI non-food group registered a deflation of 4.6 percent, in contrast to a very high inflation of 35.2 percent during month under review.

During September 2009 WPI food inflation was recorded at 7.8 percent compared to 30.6 percent during the same month last year.

WPI inflation on month-on-month (MoM) basis showed a sharp slowdown during September 2009, registered at 0.2 percent compared to 2.2 percent in the previous month. This slowdown is contributed by both food and non-food components of WPI. In particular, non-food inflation (MoM) recorded at zero during September 2009 compared to 2.1 percent during the preceding month. WPI food inflation (MoM) also decreased during the month under review and was recorded at 0.4 percent compared to 2.3 percent during

Figure 3.3: WPI Food Inflation (percent)

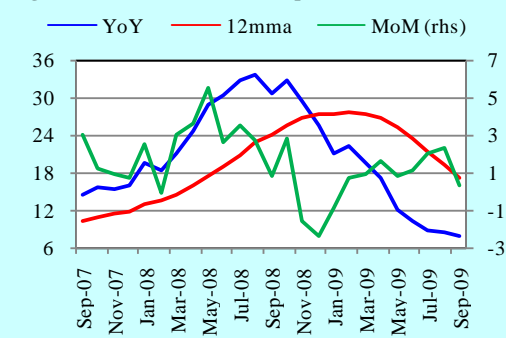
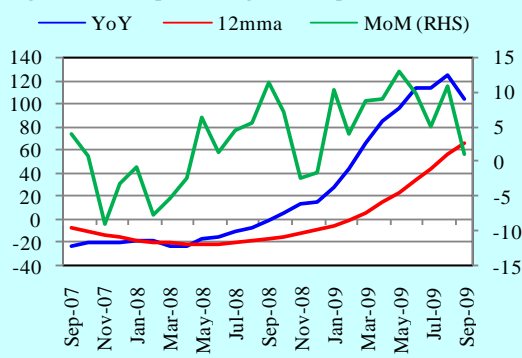


Figure 3.4: WPI price change in Gur (percent)



previous month (see **Figure 3.1 & 3.2**).

Item-wise analysis of WPI food group shows that out of 43 items, prices (YoY) of 11 items declined, 5 items showed price change between 0 to 5 percent, 4 items recorded price change between 5 to 10 percent, and 23 items showed price change of more than 10 percent (35 items in September 2008) during September 2009. Significant price change (YoY) was recorded in three items: gur (103.2 percent in September 2009 compared with (-) 0.8 percent during September 2008), tomatoes (65.2 percent in September 2009 compared with (-) 61.5 percent during September 2008) and pulse mash (52.2 percent in September 2009 compared with 3.9 percent during September 2008) (see **Figure 3.5 & Table A7**).

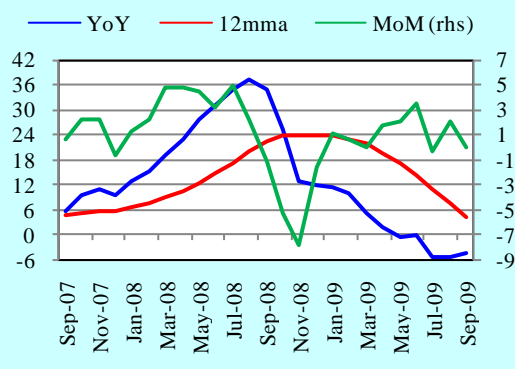
Deflation (YoY) in WPI non-food group continued (which started in May 2008) in September 2009 and was recorded at 4.6 percent during the month under review compared with 5.6 percent during August 2009 and 35.2 percent inflation in the same month last year.

Detailed item-wise analysis showed that out of 63 non-food commodities included in WPI basket, 15 commodities witnessed double digit price change (YoY) which included glass products, sugarcane, pig iron, glass sheets, cement, woolen textile, fire wood, etc. Fifteen commodities showed moderate inflation in the range of 5 to 10 percent. All other commodities witnessed price change (YoY) either less than 5 percent, no change or declined. Only two commodities showed over 60 percent rise in prices, i.e., glass products (71.5 percent) and sugarcane (67.2 percent (see **Table A7**).

Out of four sub-groups of WPI non-food only one group *raw material* showed inflation (YoY), remaining three sub-groups showed deflation during September 2009. However, on month-on-month basis, two sub-groups i.e. *fuel, lighting & lubricants* and *manufactures* showed inflation (MoM) while remaining two showed deflation during the month under review.

Raw materials sub-group's inflation (YoY), during September 2009, was recorded at 4.7 percent compared to 28.0 percent in September 2008 and 4.1 percent during the preceding month. However, this sub-group showed deflation of 1.0 percent on

Figure 3.5: WPI Non-food Inflation (percent)

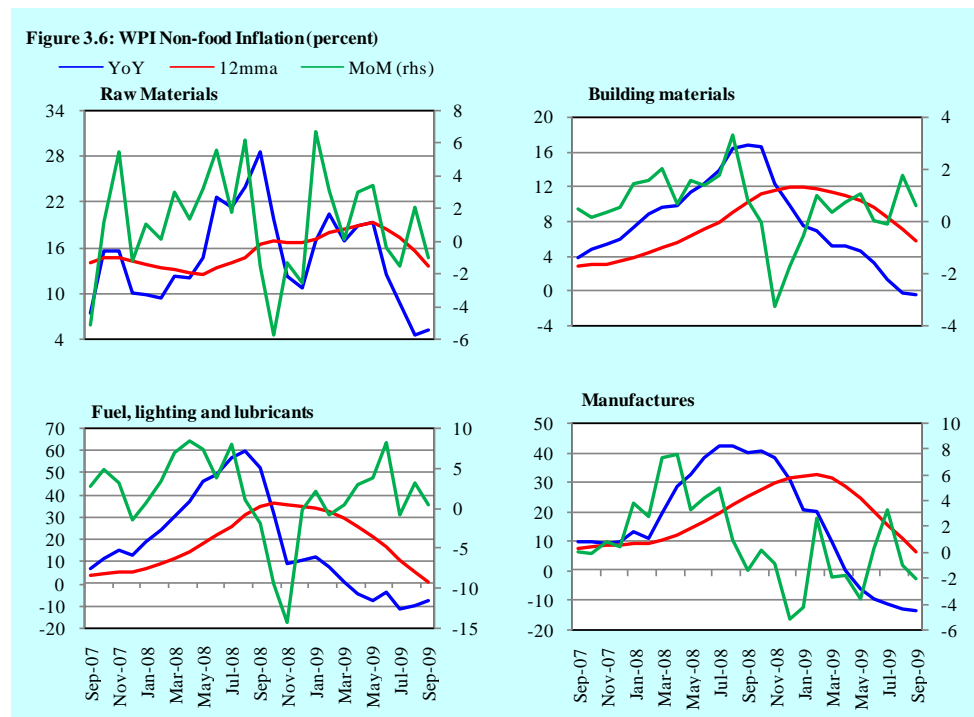


month-on-month basis in September 2009 compared to inflation of 2.0 percent in August 2009.

Inflation (YoY) in *fuel, lighting & lubricants* sub-group showed decline during September 2009 and was recorded at (-) 7.9 percent compared to 52.0 percent in the same month last year and (-) 10.0 percent in August 2009. On month-on-month basis, decline was recorded in this sub-group's inflation as it reached 0.3 percent compared to 3.0 percent during August 2009.

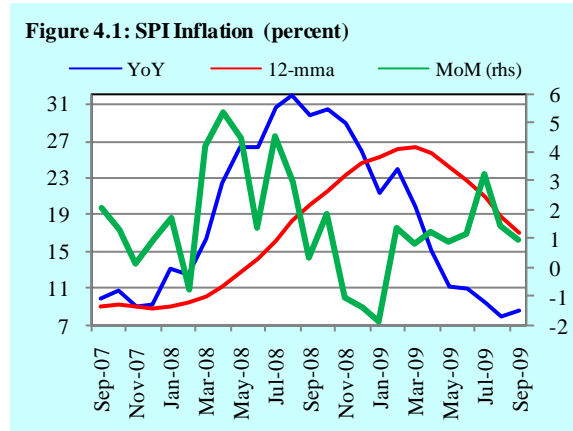
Manufactures sub-group's inflation (YoY) in September 2009 also declined and reached (-) 0.5 percent compared to 16.7 percent during September 2008 and (-) 0.3 percent during August 2009. Inflation (MoM) in this sub-group also decelerated and was recorded at 0.6 percent during the month under review compared to 1.8 percent in August 2009.

During September 2009, inflation (YoY) in *building material* sub-group reached (-) 13.9 percent compared to 40.1 percent in September 2008 and (-) 13.3 percent during August 2009. Deflation in this sub-group continued on month-on-month basis during September 2009 and was recorded at 2.1 percent compared to 1.1 percent in August 2009 (see **Figure 3.6**).



4. Sensitive Price Indicator

SPI inflation at 8.7 percent, during September 2009 is significantly lower than the 29.6 percent in September 2008. However, SPI inflation in September 2009 is still higher compared to previous month level of 7.6 percent. The long run trend in SPI inflation measured by 12 month moving average (12mma) dropped to 17.0 percent compared to 19.9 percent in the previous month and 18.8 percent in August 2009 (see **Figure 4.1**).



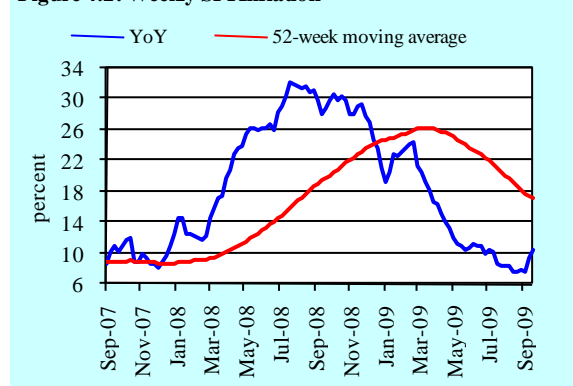
Detailed analysis of 53 items in the SPI basket also depicts the ease in inflationary pressures during September 2009. Twenty three items showed double digit inflation compared to 44 items in the same month last year. The individual items mainly contributing to decline in SPI inflation (YoY) include petrol, rice irri, and pulse gram (see **Table 4.1 & A8** in Annexure A).

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

Percent Change	Number of items			
	Sep-08	Dec-08	Aug-09	Sep-09
0 or less	3	5	18	19
0 to 5	2	2	10	9
5 to 10	4	3	4	2
10 or above	44	43	21	23
Minimum	-13.1	-13.8	-30.1	-21.5
Maximum	121.6	112.2	126.0	133.5

SPI inflation on month-on-month basis declined and was recorded at 1.0 percent during the month under review compared to 1.4 percent in August 2009. Major items recording double digit MoM price increase during the month under review included tomatoes (41.3 percent as compared to (-) 11.7 percent in August 2009), LPG (15.4 percent compared to 7.7 percent in August 2009) and onions (10.1 percent compared to 16.3 percent in August 2009) (see **Table A8** in Annexure A). On the other hand, more than 27

Figure 4.2: Weekly SPI Inflation



percent of the items included in the SPI basket either declined or showed no change in their prices on MoM basis during September 2009.

Weekly SPI inflation (YoY) showed increasing trend during September 2009, and accelerated from 7.5 percent during the last week of August 2009 to 10.2 percent during the last week of September 2009 (see **Figure 4.2**).

	Sep-08		Aug-09		Sep-09	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	31.1	0.5	9.0	1.7	9.1	0.6
Rs. 3001-5000	29.9	0.5	9.8	1.6	9.9	0.6
Rs. 5000-12000	29.7	0.5	9.7	1.5	9.9	0.7
Above Rs. 12000	29.8	0.3	6.0	1.1	7.2	1.3
All income groups	29.6	0.3	7.8	1.4	8.5	1.0

Income group-wise SPI data for the month under review indicates significant decline in SPI inflation (YoY) for all income groups compared to September 2008. The income group-wise SPI inflation reveals that all income groups, except the highest income group, observed higher SPI inflation (YoY) compared to average SPI inflation (YoY) during September 2009. On month-on-month (MoM) basis the highest income group experienced the highest SPI inflation during September 2009 (see **Table 4.2**).

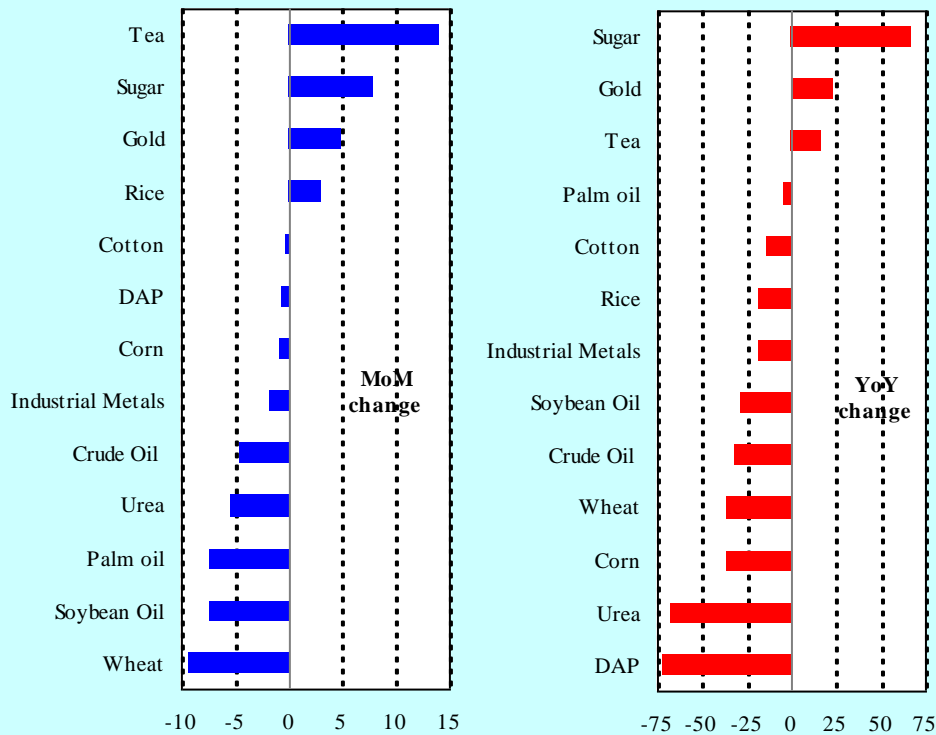
5 Global Commodity Prices

Overview

Prices of most commodities in international markets declined during September 2009 as indicated by IMF commodity price index which showed 3.4 percent negative growth on MoM basis, whereas on YoY basis the same declined by 28.6 percent during the month under review (see **Figure 5.1**).

Among food group, wheat and edible oil recorded notable decline during September 2009. However, tea prices rose as drought has destroyed tea crop in Kenya, the leading tea exporter in the world. Sugar prices increased on global supply concerns due to lower production in Brazil and India, the world's largest producers. Among non-food group urea, crude oil and industrial metals registered fall in prices during September 2009. However, gold prices increased due to impact of weakened dollar.

Figure 5.1: Percent Change in Price - September 2009

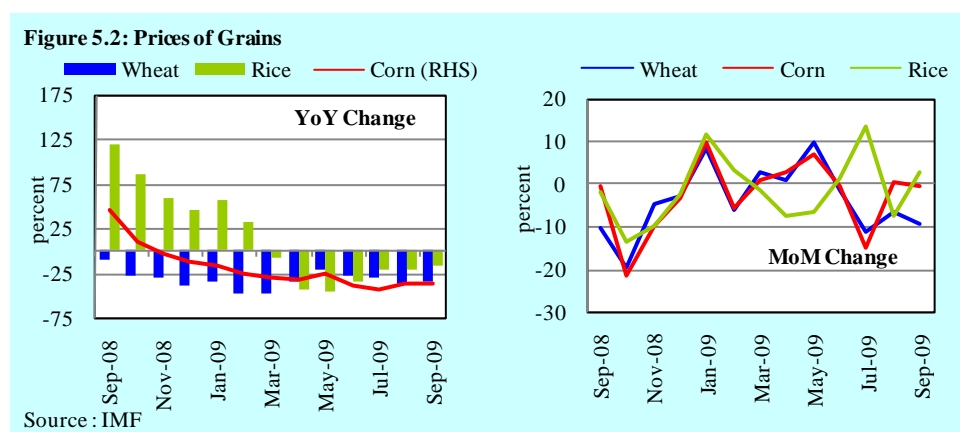


Source: IMF and World Bank

Food Group

Prices of most of the commodities in food group declined during September 2009 as indicated by IMF food price index which dropped 3.1 percent on MoM basis. Prices declined due to negative fundamental factors, primarily weak demand and ample supply.

Among grains, prices of wheat and corn remained lower during September 2009 due to better than expected worldwide output of both commodities. While rice prices increased during the month due to damages in the Philippines on the back of storms.

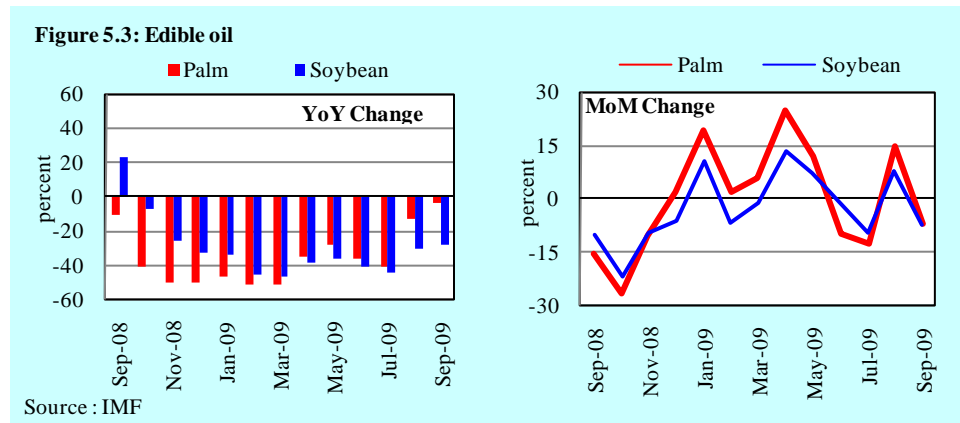


Wheat price fell 9.2 percent during September 2009 compared to the previous month, while it has dropped 35.3 percent compared to the same month last year (see **Figure 5.4**). Wheat prices fell due to rising global production and inventories. According to United States Department of Agriculture (USDA) global wheat output is likely to be 663.7 million tons this year against an earlier estimate of 654.0 million tons, resulting into an increase of 10.0 percent in the global wheat inventories¹.

Corn prices dropped on better crop outlook as forecasts showed that drier, mild weather will boost corn output in the US; world's biggest corn exporter. Corn prices plunge 35.6 percent on YoY basis, while these dropped 0.9 percent on MoM basis during the month.

¹ www.bloomberg.com

Among edible oils, price of Malaysian palm oil fell 7.3 percent while the price of soybean decreased by 7.4 percent during September 2009 on MoM basis. Likewise the prices of palm oil and soybean have declined by 4.6 percent and 28.1 percent respectively on YoY basis (see **Figure 5.5**).



Palm oil prices declined after the exports data showed that exports from Malaysia, the world's second largest producer, fell 4.9 percent² in August 2009, resulting in an increase in palm oil stockpiles in Malaysia. According to the Malaysian Palm Oil Board inventories increased by 6.2 percent in August, highest level since February 2009.

Soybeans oil prices fell after US department of Agriculture reported that US will produce a record crop this year due to favorable weather conditions, resulting in stockpiles increase. Production is likely to increase by 1.4 percent that will cause a 100³ percent increase in inventories of the commodity.

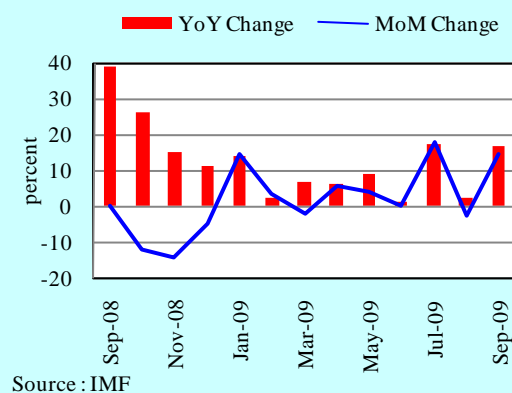
Rice prices increased during September 2009 on reports that output in India, the world's second biggest producer, will be less than forecasted. This was because of a drought in the main growing regions of the country, resulting in a decrease in acreage which can drop 16 to 18 million tons of monsoon sown rice output. These reports pushed the prices by 3.0 percent during September 2009 on MoM basis. However, September 2009 price remained 17.8 percent less than the September 2008 level.

² Independent surveyor Intertek. According to Societe Generale de Surveillance the drop was 7.9 percent.

³ Inventories will rise to 220 million bushels, from an earlier estimate of 110 million bushels. Although an estimate of 110 million bushels in August 2009 was a 32 year low figure.

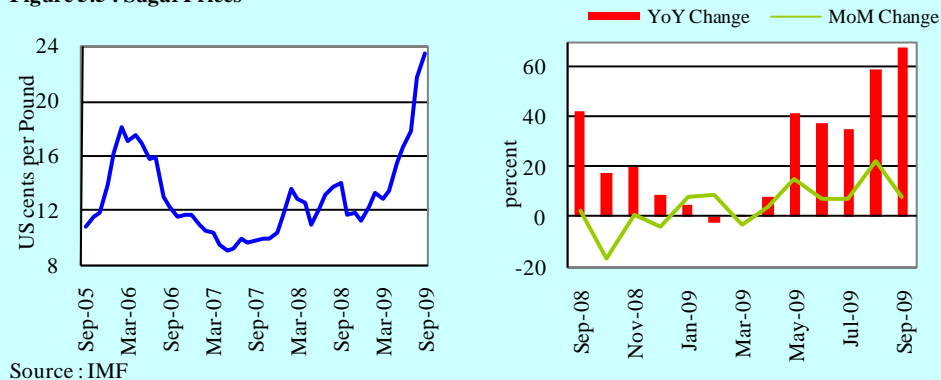
Kenya tea which is not included in food price index rose the most in the food group. Kenya tea price rose 14.0 percent during September 2009 on MoM basis, while it rose 16.4 percent on YoY basis. The tea price reached to the level of US\$ 3.7 per kg during September 2009 which is the highest level since January 1984 (see **Figure 5.2**). Prices rose as tea production in Kenya, the world's biggest exporter of black tea, dropped 12.0 percent in the first eight months of this year because of drought as reported by the Tea Board of Kenya⁴. On the other hand Kenya Tea Development Agency reported that tea sales rose 22.0 percent in the year through June 2009⁵.

Figure 5.4 Kenya Tea



Sugar had the price rally during September 2009 as its price rose by 67.3 percent on YoY basis, while on MoM basis it rose 8.0 percent (see **Figure 5.3**). Sugar price reached the highest level since February 1981. Main reason behind this rise in prices was anticipation of second straight global production deficit as adverse weather narrowed cane harvests in Brazil and India, the world's largest producers⁶.

Figure 5.5 : Sugar Prices



⁴ www.bloomberg.com

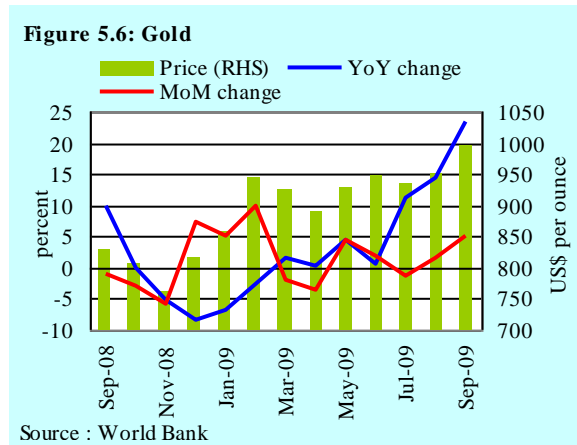
⁵ www.bloomberg.com

⁶ www.bloomberg.com

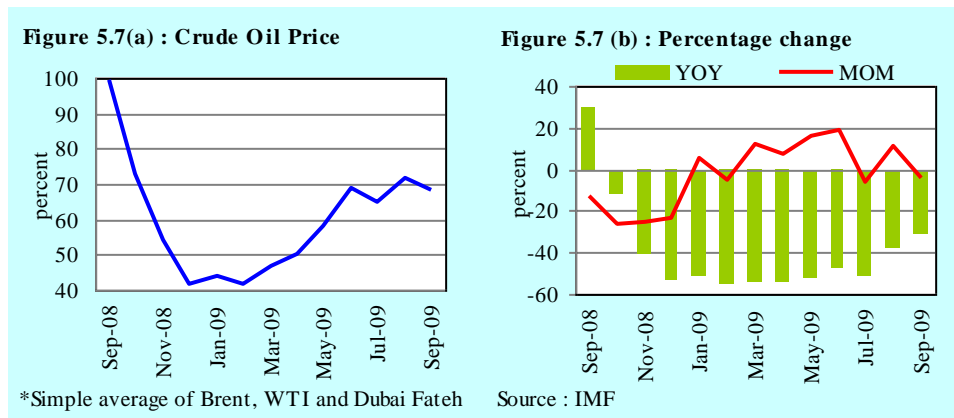
Non-food group

Among non-food group only the price of gold increased, while prices of rest of the commodities in the group declined during September 2009 as compared to the previous month and the same month last year.

Gold price reached at US\$ 996.6 per troy ounce during September 2009, an increase of 5.0 percent during the month as compared to the previous month, and an increase of 20.1 percent as compared to the same month last year (see **Figure 5.6**). Weak dollar was the main driver of gold prices during the month as dollar value shares an inverse relationship with gold prices. US dollar index dropped 1.9 percent⁷ during September 2009.



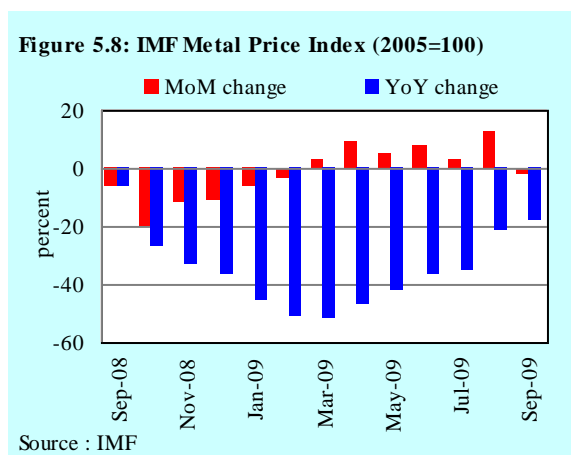
Crude oil prices remained highly volatile during September 2009 due to uncertainty about the world economy and its impact on oil demand. Monthly average crude oil prices reached US\$ 68.4 per barrel during September 2009 compared to US\$ 71.6 per barrel during the preceding month. Report that US crude oil stockpile in September 2009 remained 32 million barrels above the five



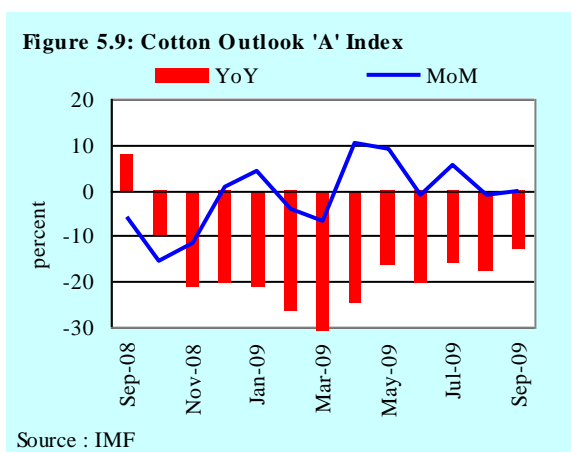
⁷ US dollar index was 78.2 on 31st August, while it lowered to 76.7 on 30th September. (Source : Bloomberg)

year average, created downward pressure on crude oil prices in the second half of the month. Crude oil prices recorded a decline of 4.5 percent during September 2009 on MoM basis, while prices have decreased 31.1 percent as compared to September 2008 (see **Figure 5.7**).

Industrial metal prices decreased during September 2009 as reflected in the IMF metal price index which fell by 1.8 percent compared to the previous month, and 17.8 percent compared to the same month last year (see **Figure 5.8**). Industrial metal prices dropped during the month due to increasing inventories together with weak demand. Metal Inventories at London metal exchange increased in September 2009⁸. Imports from China, the largest metal consumer of the world remained sluggish during the month.



Cotton prices fell during September 2009 as indicated by Cotton outlook 'A' index that fell 12.9 percent as compared to the same month last year, and it dropped 0.3 percent as compared to the previous month (see **Figure 5.9**). Cotton prices dropped due to improved crop conditions in US, world's largest cotton exporter, as reported by the US Department of Agriculture earlier in the



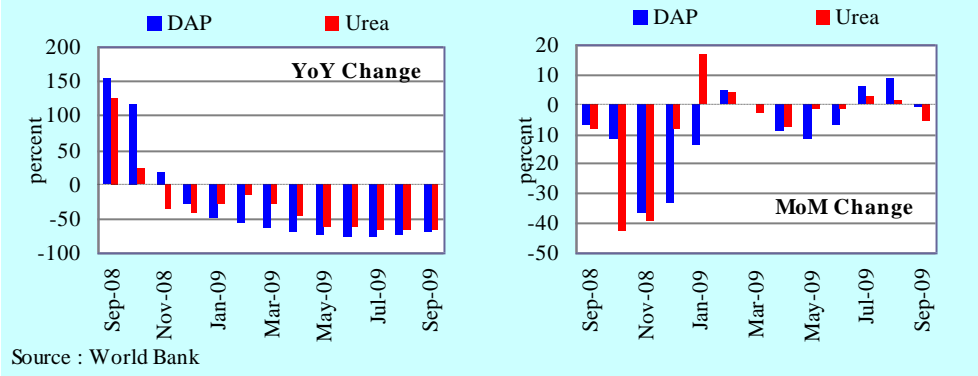
month that 51.0 percent of the US cotton crop is in excellent condition⁹. Second reason behind cotton price fall in September 2009 was an unexpected drop in US consumer sentiment, raising concerns that clothing and textile demand may slow.

⁸ www.bloomberg.com

⁹ www.bloomberg.com

Among fertilizers, prices of urea and DAP (Di-Ammonium Phosphate) dropped during September 2009 due to surplus production in some of the major fertilizer producing countries, resulting in excess supplies to the market. Price of DAP dropped 71.2 percent in September 2009 compared to September 2008, while it dropped 0.6 percent compared to the previous month. Similarly, urea price dropped by 66.9 percent during September 2009 compared to the same month last year while it has dropped 5.4 percent during the month under review compared to the previous month (see **Figure 5.10**).

Figure 5.10 : Fertilizer prices



Annexure A

	Weights	MoM change			YoY change		
		Sep-08	Aug-09	Sep-09	Sep-08	Aug-09	Sep-09
I. Food Group	40.3	0.9	2.5	0.4	29.9	10.6	10.0
II. Non-Food Group	59.7	1.0	1.0	0.5	19.2	10.8	10.2
Apparel, textile, etc.	6.1	1.2	0.5	0.7	16.1	6.1	5.6
House rent	23.4	1.6	1.0	0.9	15.0	17.6	16.8
Fuel & lighting	7.3	1.1	0.5	0.6	21.5	13.2	12.7
Household furniture & equipment	3.3	1.0	0.3	0.4	12.7	7.8	7.2
Transport & communication	7.3	-0.3	2.5	-1.2	39.9	-5.6	-6.4
Recreation & entertainment	0.8	0.4	0.0	0.0	12.2	2.9	2.4
Education	3.5	0.5	1.4	0.4	16.0	13.5	13.4
Cleaning, laundry, etc.	5.9	1.0	0.6	0.9	19.3	11.9	11.7
Medicare	2.1	0.9	0.0	0.1	10.7	6.0	5.2
Headline	100	1.0	1.7	0.5	23.9	10.7	10.1

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	10.0	112	20	8	19	65
II. Non-Food Group	10.2	250	67	46	74	63
Apparel, textile, etc.	5.6	42	6	7	24	5
House rent	16.8	1				1
Fuel & lighting	12.7	15	6	2	1	6
Household furniture & equipt	7.2	44		14	18	12
Transport & communication	-6.4	43	24	4	11	4
Recreation & entertainment	2.4	16	6	7	1	2
Education	13.4	24	5	2	6	11
Cleaning, laundry, etc.	11.7	36	4	6	12	14
Medicines	5.2	29	16	4	1	8
Overall	10.1	362				

Note: Prices of 12 seasonal items were not reported during the month.

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

Items	Weights	YoY change		Weighted Contribution
		Sep-08	Sep-09	
A. Ranked by Weighted Contribution				
1 House Rent Index	23.43	15.03	16.77	35.44
2 Wheat Flour	5.11	55.47	17.48	11.8
3 Milk Fresh	6.66	23.15	14.35	10.32
4 Electricity	4.37	6.44	25.58	7.47
5 Meat	2.70	11.81	16.47	5.79
6 Sugar	1.95	8.92	47.75	5.75
7 Vegetables	1.87	0.92	28.25	5.53
8 Readymade Food	1.68	27.62	14.31	2.62
9 Tomatoes	0.47	-26.27	60.94	2.36
10 Chicken Farm	0.92	14.86	21.55	2.05
Total	49.16			89.10
B. Ranked by Percentage Change				
1 Gur	0.07	0.40	101.57	0.54
2 Tomatoes	0.47	-26.27	60.94	2.36
3 Sugar	1.95	8.92	47.75	5.75
4 Pulse Mash	0.20	6.33	45.97	0.80
5 Text Books	0.69	27.17	29.78	1.72
6 Vegetables	1.87	0.92	28.25	5.53
7 Bulb & Tube	0.13	11.96	25.85	0.17
8 Electricity	4.37	6.44	25.58	7.47
9 Jewellery	0.39	41.30	24.78	1.47
10 Honey	0.04	18.88	22.92	0.07
Total	10.18			25.89
C. Ranked by Weights				
1 House Rent Index	23.43	15.03	16.77	35.44
2 Milk Fresh	6.66	23.15	14.35	10.32
3 Wheat Flour	5.11	55.47	17.48	11.77
4 Electricity	4.37	6.44	25.58	7.47
5 Bakery & Confectionary	2.98	13.33	5.74	1.24
6 Meat	2.70	11.81	16.47	5.79
7 Vegetable Ghee	2.67	47.50	-13.88	-5.34
8 Tutition Fees	2.36	12.18	9.16	1.85
9 Transport Fare/Charges	2.12	48.93	-0.57	-0.16
10 Natural Gas	2.05	31.36	1.73	0.51
Total	54.45			68.88

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 10.1 percent in September 2009.

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

Groups	Decrease or no change	Subdued increase (up to 5%)	Moderate increase (5 to 10%)	Increase of over 10%
Food Group	Rice Irri-6 (Sindh/Punjab), Rice Basmati 385/386, Besan Av. Qlty., Rice Basmati broken Av.Qlty, Pulse Gram, Fruit Juice Tetra Pack, Rice Basmati Sup. Qlty, Cold Drink (Standard Siz), Toffee (Hilal)	Pulse Moong (Washed), Guava, Milk Powder (Loose/Packed), Potatoes, Biscuits-Packed, Lactogen 400 Grams, Betel Nuts, Cinamon Loose Av. Qlty	Almonds Whole, Av.Qlty, Eggs Farm Pastry Av.Qlty, Sweetmeat (Mixed), Cocumber (Kheera), Gram Whole Yellow Av.Qlty, Tea Lipton Yellow Label 200G, Pepper Black National, Rooh Afza	Wheat Flour Bag, Gur Av.Qlty, Fish-Rahu Medium Size, Dates Av.Qlty, Curd, Cigarettes Marvan Gold 20'S, Chillies Green, Arvi, Wheat
Apparel & Textile	Gents Sandal Bata, Gents Spoung Chappal Bata, Gents Shoes Paul Bata	Shoe Repair Half Sole, School Uni., Kameez,Shal,Girl, Pant Cloth W & Wear Av.Qlty	Boot Polish, Cherry/Kiwi 50Ml, Dopatta Georgette Av.Qlty, Awami-Suit W & W(Boy) 24"/26	Tailoring Awami-Suit (Male), Second-Hand Coat For Men
House Rent Index				House Rent Index
Fuel & Lighting	Firewood Whole, Elect.Charges Upto 50 Units, Elect.Charges Above 1000 Unit,	Kerosene Oil, Gas Charges 10.1157 - 13.4876 mmb	Elect.Charges 101 - 300 Unit	Elect. Charges 01 - 100 Unit, Elect. Charges 301 - 1000, Unit, Gas Cylinder Stand. Size, Bulb Philips 100-Watts,
Household Furniture & Equipment		Tea-Set S.Steel 3 Pcs. M.Siz, Wall Clock Quartz Av.Qlty, Aircooler Super Asia	Celing Fan 48" Super Qlty, Dinner Set Plastic 35 Pcs, Cot Iron (With Niwar) Av.Qlty	D-Freezer Waves 8 Cft, Marriage Hall With Furniture, Bedsheet Single Bed Sup.Qlty
Transport & Communication.	Air Fare Economy Class, Minibus Fare Min.With In Cit, Suzuki Fare Maximum W.In Cit, Petrol Super	Bus Fare Max (Within Cit, Bus Fare Outside City, Telephone Charges Local Call	Motor Cycle Service Charges, Full Tonga Charges, Motorcycle Yamaha 100cc, Tyre Cycle Specify Brand Nam	T.C.S. Ch. Min.With In Zone, Tyre Car With Tube General, Car Suzuki 800 Cc (W/O. A/C), Tyre Motor Cycle Without Tub
Recreation & Entertainment	Weekly "Akhbar-E-Jahan", Tv.Licence Feedomestic, Weekly "Mag"	Cinema A/C. Highest Class, Cinema Non-A/C High Class, V.C.P. Panasonic/Lg/Nat	T.V. 20" Colored With R/Cont	Dry Cell 1.5 Volt(Local), Monthly "Naunehal Digest"
Education	Govt. University Fee Msc, Govt. College Fee Ist. Year, Maths Book Class IX Or X	Govt. Engg. Coll. Fee I Year, Comp. With Printer & Speaker	Ball Pen (Local), School Fee 2Nd-Ry Eng.Med, Fountin Pen Youth China	Urdu Book Ist.Year/Inter, Urdu Book Class IX/X (T.B.B), English Book Class V1
Cleaning & Laundry	Lipstick S.Miss/Medora, Silver Tezabi 24 Ct, Toothpowder Dentonic 90 Grm, Toothpaste Macklines 70 Grm	Blade Treet Ordinary 10'S, Toilet Soap Lux 95 Grams, Wrist Watch Gents Citizen	Nail Polish S.Miss/Medora, Toilet Soap Lifebouy 140 Grm, Beauty Porl Hair Styl Charge, Haircut Charges For Men	Finis 500 Ml, Facecream Ponds (Medium), Washing Powder 1000 Grm, Surf (Medium) 160 Grm
Medicare	Brufen Tabs 200-mg, Betnesol Eye Drops, Betnovate-N Ointment	Flagyl Tab. 200 mg, Septran Tablets, Daonil 5g Tab. 5 mg.	Doctor (Mbbs) Clinic Fee	Hydryllin Syrup 120 ml, Calpol Syrup 60 ml, Lederplex Syrup

Table A5: City-wise Inflation by Income Groups, September 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	-0.1	9.5	-0.4	11.1	0.2	8.1	-0.1	10.3	-0.4	11.1	0.2	9.6						
2 Faisalabad	-0.4	12.2	-1.5	13.6	0.6	11.0	-0.5	13.0	-1.5	14.0	0.4	12.1						
3 Rawalpindi	0.1	11.4	-0.4	14.5	0.5	8.8	0.2	12.2	-0.2	14.9	0.6	10.1						
4 Multan	1.2	12.5	1.7	14.2	0.7	11.1	1.1	12.8	1.7	14.1	0.7	11.7						
5 Gujranwala	-0.9	9.4	-2.1	10.3	0.1	8.6	-0.7	10.5	-1.7	10.8	0.1	10.1						
6 Islamabad	0.9	10.5	1.2	12.6	0.6	8.8	0.9	11.6	1.3	13.9	0.6	9.7						
7 Sargodha	0.2	12.2	0.1	11.9	0.3	12.4	0.0	12.0	-0.3	11.5	0.2	12.4						
8 Sialkot	0.1	10.1	0.0	11.5	0.2	8.9	0.0	11.2	-0.4	11.6	0.3	10.9						
9 Bahawalpur	-0.1	11.8	-0.5	14.6	0.2	9.5	0.0	12.3	-0.3	14.6	0.3	10.4						
10 Karachi	1.2	7.5	1.4	7.2	0.9	7.9	1.2	7.6	1.5	5.9	0.9	9.0						
11 Hyderabad	1.0	11.5	1.4	11.3	0.7	11.6	1.1	11.2	1.5	11.0	0.7	11.3						
12 Sukkur	1.4	10.7	1.8	7.8	1.0	13.3	1.4	10.3	2.0	7.4	1.0	12.7						
13 Larkana	0.6	9.8	0.5	7.6	0.6	11.7	0.4	9.0	0.4	6.7	0.5	11.0						
14 Peshawar	0.4	7.4	-0.2	5.3	0.8	9.2	0.5	7.4	0.2	4.4	0.8	9.9						
15 Bannu	1.6	6.1	2.1	4.8	1.3	7.2	1.9	5.9	2.7	3.6	1.3	7.9						
16 Quetta	0.6	7.0	0.7	5.0	0.5	8.9	0.3	8.3	0.0	6.6	0.4	9.8						
17 Khuacdar	2.6	8.5	3.9	9.6	1.5	7.6	1.6	8.0	2.4	8.6	0.9	7.5						
	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	0.0	10.4	-0.2	11.0	0.3	9.9	0.2	8.9	0.3	10.2	0.2	7.7						
2 Faisalabad	-0.5	12.7	-1.5	13.7	0.5	11.9	-0.3	11.7	-1.4	13.3	0.7	10.3						
3 Rawalpindi	0.2	12.2	-0.2	14.4	0.6	10.5	0.0	9.8	-0.3	13.2	0.4	7.1						
4 Multan	1.1	12.5	1.9	14.3	0.5	10.9	1.0	10.3	2.5	13.5	-0.3	7.6						
5 Gujranwala	-0.8	10.5	-2.0	10.7	0.2	10.3	-0.8	9.8	-2.2	10.6	0.3	9.2						
6 Islamabad	0.7	11.1	1.0	13.6	0.5	9.1	0.4	8.5	1.3	12.3	-0.4	5.6						
7 Sargodha	-0.1	11.4	-0.4	11.0	0.1	11.7	-0.4	9.0	-0.7	9.2	-0.1	8.7						
8 Sialkot	-0.1	11.0	-0.5	11.2	0.3	10.8	-0.1	10.1	-0.5	11.1	0.3	9.2						
9 Bahawalpur	-0.1	11.4	-0.5	12.9	0.3	10.2	-0.1	8.7	-0.4	10.7	0.1	6.9						
10 Karachi	1.2	8.2	1.7	6.5	0.7	9.5	1.1	8.8	2.5	7.7	-0.1	9.8						
11 Hyderabad	1.0	11.1	1.5	10.5	0.7	11.7	1.1	10.7	1.8	10.7	0.4	10.7						
12 Sukkur	1.4	10.4	2.0	7.5	0.9	12.9	1.3	10.0	2.0	7.2	0.8	12.3						
13 Larkana	0.3	8.6	0.1	5.9	0.4	10.8	0.5	7.9	0.7	5.9	0.3	9.6						
14 Peshawar	0.5	8.6	0.1	5.0	0.9	11.7	0.3	8.6	0.1	6.5	0.5	10.4						
15 Bannu	2.2	5.7	3.1	3.2	1.4	7.9	2.3	5.9	3.5	3.0	1.3	8.4						
16 Quetta	0.1	9.0	-0.3	6.7	0.4	11.2	-0.1	8.7	-0.5	7.6	0.2	9.6						
17 Khuzdar	0.9	8.5	1.3	7.9	0.5	9.1	1.7	11.9	3.1	12.4	0.5	11.5						

Table A6 : Income Group-wise Inflation							percent
	MoM			YoY			
	Sep-08	Aug-09	Sep-09	Sep-08	Aug-09	Sep-09	
<u>Up to Rs. 3000</u>							
General	1.2	1.9	0.5	26.4	11.1	10.4	
Food	0.9	2.6	0.3	32.2	11.2	10.5	
Non-food	1.4	1.2	0.7	21.9	11.1	10.3	
<u>Rs. 3001-5000</u>							
General	1.1	1.8	0.5	25.9	11.2	10.5	
Food	0.8	2.7	0.3	32.0	10.5	10.0	
Non-food	1.4	1.1	0.7	21.4	11.7	11.0	
<u>Rs. 5000-12000</u>							
General	1.1	1.7	0.5	24.7	11.1	10.5	
Food	0.8	2.6	0.4	30.6	10.5	10.0	
Non-food	1.3	1.0	0.7	20.2	11.7	11.0	
<u>Above Rs. 12000</u>							
General	0.9	1.6	0.4	22.6	10.0	9.5	
Food	1.1	2.4	0.5	28.1	10.8	10.1	
Non-food	0.6	1.0	0.3	18.3	9.4	9.1	
<u>All income groups</u>							
General	1.0	1.7	0.5	23.9	10.7	10.1	
Food	0.9	2.5	0.4	29.9	10.6	10.0	
Non-food	1.0	1.0	0.5	19.2	10.8	10.2	

Table A7: Distribution of Price Change (YoY) - WPI Items: September 2009

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

Table A8: SPI Item-wise Price Movements

S.No	Items	Unit	Price Sep 09	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	25.2	14.4	1.1
2	Wheat flour average qlt.	Kg.	28.6	19.5	0.1
3	Rice basmti.broken	Kg.	44.5	-13.8	-0.4
4	Rice irri-6	Kg.	35.3	-20.7	-0.5
5	Masur pulse washed	Kg.	121.6	-0.5	-0.6
6	Moong pulse washed	Kg.	56.0	3.8	-0.6
7	Mash pulse washed	Kg.	108.0	44.6	-0.4
8	Gram pulse washed	Kg.	49.8	-21.5	-2.2
9	Beef	Kg.	163.7	19.7	0.9
10	Mutton	Kg.	291.7	15.9	0.6
11	Egg hen (farm)	Doz.	62.1	9.5	4.9
12	Bread plain	Each	25.7	13.1	0.0
13	Sugar	Kg.	48.1	43.7	-7.2
14	Gur	Kg.	71.9	92.6	4.1
15	Milk fresh	Litr	41.3	16.6	0.7
16	Milk powdered nido	400g	180.0	11.7	0.0
17	Curd	Kg.	48.3	14.1	0.8
18	Veg.ghee tin	2.5k	351.8	-10.9	1.1
19	Veg.ghee loose	Kg.	108.4	-15.4	-0.5
20	Mustard oil	Kg.	131.7	-12.6	-0.3
21	Cooking oil	2.5l	354.1	-11.0	-1.9
22	Potatoes	Kg.	27.7	6.0	-0.4
23	Onions	Kg.	25.6	-9.5	10.1
24	Tomatoes	Kg.	40.1	19.3	41.3
25	Bananas	Doz.	44.1	-15.2	3.1
26	Salt powdered	Kg.	6.6	15.7	0.2
27	Red chillies(powd)	Kg.	125.0	-21.2	-0.1
28	Garlic	Kg.	105.3	133.5	9.5
29	Tea packet	250g	105.0	11.7	0.0
30	Tea (prepared)	Cup	9.2	14.2	0.4
31	Cooked beef plate	Each	43.0	10.9	1.3
32	Cooked dal plate	Each	26.5	6.9	-0.4
33	Cigarettes k-2	10's	10.0	13.0	0.0
34	Coarse latha	Mtr.	46.0	3.9	0.5
35	Lawn (avg.+s.qlty)	Mtr.	93.8	4.1	-0.4
36	Voil printed	Mtr.	47.8	4.9	-0.8
37	Shirting	Mtr.	80.2	3.6	1.1
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	70.3	-4.5	3.8
42	Firewood	40kg	280.5	10.8	0.3
43	Elec. Bulb 60-wats	Each	18.1	34.1	0.3
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	12.6	0.9	0.5
46	Bath soap lifebuoy	Cake	22.0	3.7	0.0
47	Chicken (farm)	Kg.	126.8	20.0	-1.7
48	Gas chrg. All elb. Comb	D.mmbt	286.3	4.6	0.0
49	L.P.G.(cylinder 11kg.)	Each	858.4	-11.5	15.4
50	Elec.chrg.all slabs comb	Bd. Unit	6.8	23.1	0.0
51	Petrol	Litr	66.1	-21.4	7.9
52	Diesel	Litr	66.7	-0.5	7.4
53	Telephone local	Call	2.4	4.8	0.0
Maximum				133.5	41.3
Median				4.8	0.0
Minimum				-21.5	-7.2

Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities

Item and Specification	Weights	Index		
		Sep-08	Aug-09	Sep-09
GENERAL	100.0006	188.10	206.21	207.14
FOOD & BEVERAGES.	40.3412	214.13	234.69	235.59
1 WHEAT	0.4830	257.37	293.08	294.02
2 WHEAT FLOUR	5.1122	250.72	291.42	294.54
3 MAIDA	0.1059	238.43	278.38	278.38
4 BESAN	0.1320	223.33	191.52	181.36
5 RICE	1.3369	336.35	280.90	279.59
6 PULSE MASOOR	0.2214	336.22	336.18	333.88
7 PULSE MOONG	0.2230	178.52	188.25	185.34
8 PULSE MASH	0.2017	164.90	238.92	240.70
9 PULSE GRAM	0.4272	220.22	179.89	173.55
10 GRAM WHOLE	0.1491	178.27	193.63	194.03
11 MUSTARD OIL	0.0456	271.93	239.25	239.69
12 COOKING OIL	0.6858	250.00	226.76	221.73
13 VEGETABLE GHEE	2.6672	274.46	234.97	236.36
14 SUGAR	1.9467	117.75	195.96	173.97
15 GUR	0.0735	138.10	270.75	278.37
16 TEA	1.2559	150.03	169.15	169.93
17 MILK FRESH	6.6615	205.47	233.84	234.95
18 MILK POWDER	0.1105	197.10	208.33	208.33
19 MILK PRODUCTS	0.5607	189.50	215.59	217.41
20 HONEY	0.0358	154.75	190.50	190.22
21 CEREALS	0.0878	206.83	238.95	241.12
22 JAM,TOMATO,PICKLES & VINEGAR	0.2472	154.37	172.17	173.79
23 BEVERAGES	0.7286	168.13	179.85	178.96
24 CONDIMENTS	0.3392	220.28	242.60	242.45
25 SPICES	0.6008	205.13	185.14	185.95
26 DRY FRUIT	0.2760	277.39	325.76	318.91
27 BAKERY & CONFECTIONARY	2.9837	137.77	145.68	145.68
28 CIGARETTES	0.9527	172.42	202.14	203.25
29 BETEL LEAVES & NUTS	0.1851	160.83	169.64	172.07
30 READYMADE FOOD	1.6833	206.99	234.91	236.60
31 SWEETMEAT & NIMCO	0.3846	215.24	238.79	238.17
32 FISH	0.2703	160.38	184.39	188.75
33 MEAT	2.6981	247.91	286.84	288.74
34 CHICKEN FARM	0.9158	197.79	249.49	240.41
35 EGGS	0.4119	210.61	222.04	231.29
36 POTATOES	0.5707	287.12	302.10	298.90
37 ONIONS	0.6138	274.44	218.86	244.62
38 TOMATOES	0.4734	155.98	175.46	251.04
39 VEGETABLES	1.8670	199.77	260.15	256.21
40 FRESH FRUITS	1.6156	225.76	234.06	240.97
APPAREL, TEXTILE & FOOTWEAR.	6.0977	150.58	157.79	158.97
41 COTTON CLOTH	1.6197	154.92	159.76	160.44
42 SILK,LINEN,WOOLEN/CLOTH	0.5766	147.71	157.84	157.98
43 TAILORING CHARGES	0.8636	152.95	168.32	173.47
44 HOSIERY	0.1528	160.21	170.29	172.05
45 READYMADE GARMENTS	1.2038	137.07	144.52	145.53
46 WOOLEN READYMADE GARMENTS	0.1485	161.08	178.72	178.92
47 FOOTWEAR	1.5327	154.39	156.91	156.93
HOUSE RENT.	23.4298	171.70	198.69	200.50
48 HOUSE RENT INDEX (Combined)	23.4298	171.70	198.69	200.50

(Continued)

(Continued)

Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities

Item and Specification	Weights	Index		
		Sep-08	Aug-09	Sep-09
FUEL AND LIGHTING.	7.2912	185.55	207.84	209.16
49 KEROSENE	0.1366	454.10	425.77	414.93
50 FIREWOOD	0.4778	276.66	317.43	323.29
51 MATCH BOX	0.1301	200.00	200.00	200.00
52 BULB & TUBE	0.1311	97.10	118.54	122.20
53 ELECTRICITY	4.3698	127.23	159.77	159.77
54 NATURAL GAS	2.0458	275.67	276.60	280.43
H.HOLD.FURNITURE & EQUIPMENT ETC.	3.2862	155.01	165.37	166.11
55 UTENSILS	0.3690	139.95	153.90	153.96
56 PLASTIC PRODUCTS	0.1055	177.73	197.82	198.67
57 SUITCASE	0.0470	142.55	159.36	159.57
58 HOUSE HOLD EQUIPMENTS	0.0953	143.44	153.62	154.04
59 FURNITURE (Ready Made)	0.3054	166.27	177.50	178.32
60 FURNISHING	0.6362	148.19	158.36	158.72
61 ELECT. IRON FANS & WASHING MACHINE	0.1889	150.66	160.98	161.04
62 SEWING MACHINE, CLOCK AND NEEDLES	0.1270	132.28	142.68	143.70
63 REFRIGERATOR & AIRCONDITIONER	0.1756	121.24	132.12	131.78
64 MARRIAGE HALL	0.0445	177.08	194.61	195.51
65 HOUSE HOLD SERVANT	1.1918	167.10	174.79	176.17
TRANSPORT & COMMUNICATION.	7.3222	205.24	194.45	192.13
66 PETROL	1.7253	267.55	215.09	203.16
67 DIESEL	0.2070	430.77	419.76	411.98
68 CNG. FILLING CHARGES	0.1649	189.14	206.19	206.43
69 SERVICE CHARGES	0.3835	157.91	169.54	170.14
70 VEHICLES	0.2596	117.33	129.51	129.08
71 TYRE & TUBE	0.2831	143.48	160.47	160.47
72 TRANSPORT FARE/CHARGES	2.1236	258.01	254.18	256.55
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	87.91	91.37	91.37
RECREATION & ENTERTAINMENT.	0.8259	118.80	121.65	121.69
76 RECREATION	0.3399	128.36	131.89	131.89
77 ENTERTAINMENT	0.4860	112.12	114.49	114.55
EDUCATION.	3.4548	160.26	181.06	181.81
78 TUTION FEES	2.3629	162.42	176.21	177.30
79 STATIONERY	0.3500	158.94	177.34	177.37
80 TEXT BOOKS	0.6894	159.44	206.92	206.92
81 COMPUTER & ALLIED PRODUCTS	0.0525	82.29	84.57	84.57
CLEANING LAUNDRY & PER.APPEARANCE.	5.8788	155.94	172.64	174.20
82 WASHING SOAP & DETERGENT	1.5535	146.66	164.80	164.81
83 TOILET SOAP	0.7436	179.77	186.50	190.06
84 TOOTH PASTE	0.4036	111.74	114.37	114.37
85 SHAVING ARTICLES	0.3480	138.16	150.55	150.69
86 COSMETICS	1.4272	137.63	158.11	158.38
87 WATCHES	0.0552	135.69	138.77	138.77
88 JEWELLERY	0.3936	287.09	344.18	358.23
89 LAUNDRY CHARGES	0.2207	172.18	181.01	181.33
90 HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	146.07	153.95	154.64
MEDICARE.	2.0728	143.40	150.64	150.86
91 DRUGS & MEDICARES	1.0752	112.87	118.73	118.79
92 DOCTOR'S FEE	0.9976	176.30	185.03	185.43

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

Item and Specifications	Index		
	Sep-08	Aug-09	Sep-09
GENERAL	211.02	212.16	212.53
FOOD	213.62	229.52	230.34
1 WHEAT	255.77	298.19	301.71
2 WHEAT FLOUR	222.32	292.51	294.13
3 MAIDA	249.08	292.10	292.66
4 BESAN	212.98	166.35	165.67
5 RICE	402.50	324.61	323.11
6 MAIZE	251.20	210.63	203.69
7 JOWAR	211.05	229.69	221.41
8 BAJRA	257.47	184.59	182.72
9 BEANS	251.81	247.78	241.55
10 GRAM WHOLE	187.77	202.06	206.37
11 GRAM SPLIT	213.09	154.26	151.92
12 MASOOR	352.21	357.24	357.48
13 MASH	149.55	223.28	227.58
14 MOONG	177.17	192.45	193.24
15 POTATOES	262.13	270.02	267.87
16 ONIONS	262.15	238.13	278.92
17 TOMATOES	140.15	175.34	231.51
18 VEGETABLES	219.71	233.30	243.90
19 FRESH FRUITS	199.73	175.79	183.03
20 DRY FRUITS	198.65	228.51	230.54
21 FRESH MILK	179.18	194.61	197.25
22 POWDERED MILK	198.03	221.74	221.74
23 MILK FOOD	160.13	169.30	169.18
24 VEGETABLE GHEE	294.35	253.46	255.75
25 MUSTARD & RAPESEED OIL	316.83	263.54	264.03
26 COTTON SEED OIL	288.70	264.68	262.06
27 COOKING OIL	228.61	219.31	218.25
28 OIL CAKES	279.72	320.71	310.10
29 GUR	123.06	247.80	250.09
30 SUGAR REFINED	120.30	191.84	178.30
31 CHICKEN	184.22	256.96	256.21
32 EGGS	218.57	240.01	245.22
33 FISH	109.82	128.92	130.89
34 MEAT	230.80	268.91	272.04
35 SPICES	177.75	195.67	195.69
36 CONDIMENTS	243.20	285.65	285.67
37 SALT	148.98	167.44	167.44
38 TEA	130.57	144.72	145.55
39 BEVERAGES	136.13	140.76	141.01
40 MINERAL WATER	113.61	125.87	125.87
41 FRUIT PREPARED/PRESERVED	153.27	166.91	170.06
42 VEGETABLES PREPARED/PRESERVED	147.45	168.53	172.06
43 SUGAR CONFECTIONARY	99.90	100.51	100.46
RAW MATERIAL	186.88	197.76	195.69
44 COTTON	176.33	150.65	152.51
45 COTTON SEEDS	239.27	286.62	271.42
46 MUSTARD/RAPESEEDS	334.55	275.66	275.52
47 TOBACCO	189.04	216.41	215.76
48 SUGAR CANE	167.93	280.70	280.70
49 WOOL	140.94	140.99	140.99
50 HIDES	157.13	137.45	132.96
51 SKINS	112.35	106.46	104.82
52 PIG IRON	255.93	324.02	324.02

(Continued)

(Continued)

Item and Specifications	Index		
	Sep-08	Aug-09	Sep-09
FUEL & LIGHT	299.99	275.45	276.34
53 COAL	137.00	141.00	141.00
54 COKE	832.77	624.58	624.58
55 DIESEL OIL	421.24	417.17	409.47
56 MOTOR SPRIT	266.09	213.14	200.72
57 MOBIL OIL	181.11	198.10	199.00
58 FURNACE OIL	402.47	312.14	328.01
59 KEROSENE OIL	419.93	411.29	392.72
60 NATURAL GAS	218.73	217.12	217.12
61 ELECTRICITY IND. SUPPLY TARIFF-B	131.82	162.36	162.36
62 ELEC. AGRICULTURE TARIFF-D	168.86	177.78	177.78
63 FIRE WOOD	234.62	263.61	263.61
MANUFACTURE	145.12	143.57	144.39
64 SOLE LEATHER	128.74	131.99	131.99
65 CHROME LEATHER	194.84	194.84	194.84
66 COTTON YARN	119.27	109.66	112.37
67 BLENDED YARN	140.48	137.50	139.33
68 NYLON YARN	110.86	110.98	113.13
69 COTTON TEXTILES	138.26	145.74	146.84
70 HOSIERY	148.08	155.41	155.63
71 SILK & REYON TEXTILES	140.93	144.89	145.33
72 WOOLEN TEXTILES	123.13	137.53	137.53
73 JUTE MANUFACTURES	121.87	123.97	123.97
74 MATTRESSES	128.72	135.78	135.78
75 READY MADE GARMENTS	111.47	118.27	118.27
76 UTENSILS	139.28	146.64	147.34
77 PLASTIC PRODUCTS	124.85	139.15	138.12
78 GLASS PRODUCTS	104.74	179.65	179.65
79 CHEMICALS	211.35	169.10	170.07
80 DYING MATERIALS	88.36	88.36	88.36
81 SOAPS	170.71	181.78	181.68
82 COSMETICS	112.04	119.58	119.58
83 DRUGS & MEDICINES	105.90	113.17	113.17
84 FERTILIZERS	327.87	291.90	291.11
85 PESTICIDES & INSECTICISED	134.39	146.74	146.74
86 MACHINERY	166.99	175.23	175.23
87 TRANSPORTS	123.79	124.15	124.15
88 TYRES	200.92	208.67	208.52
89 TUBES	172.00	185.99	185.99
90 AUDIO-VISUAL INSTRUMENTS	87.44	92.25	92.26
91 OTHER ELECTRICAL GOODS	118.29	130.55	130.55
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	226.25	198.98	194.80
96 CEMENT	120.16	140.75	141.38
97 BRICKS	233.80	232.92	236.42
98 CEMENT BLOCKS	162.43	166.63	166.63
99 TILES	99.17	99.67	99.67
100 IRON BARS & SHEETS	315.33	244.93	236.30
101 PIPE FITTINGS	174.44	181.03	181.03
102 TIMBER	195.13	209.87	209.87
103 GLASS SHEETS	139.46	168.78	170.76
104 PAINTS & VARNISHES	128.15	146.05	146.05
105 SANITARY WARES	139.05	146.94	150.62
106 WIRES AND CABLES	225.68	259.37	259.37

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 Sep.	151.80	164.83	142.99	158.42	163.56	154.68	161.67
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

*: all groups combined

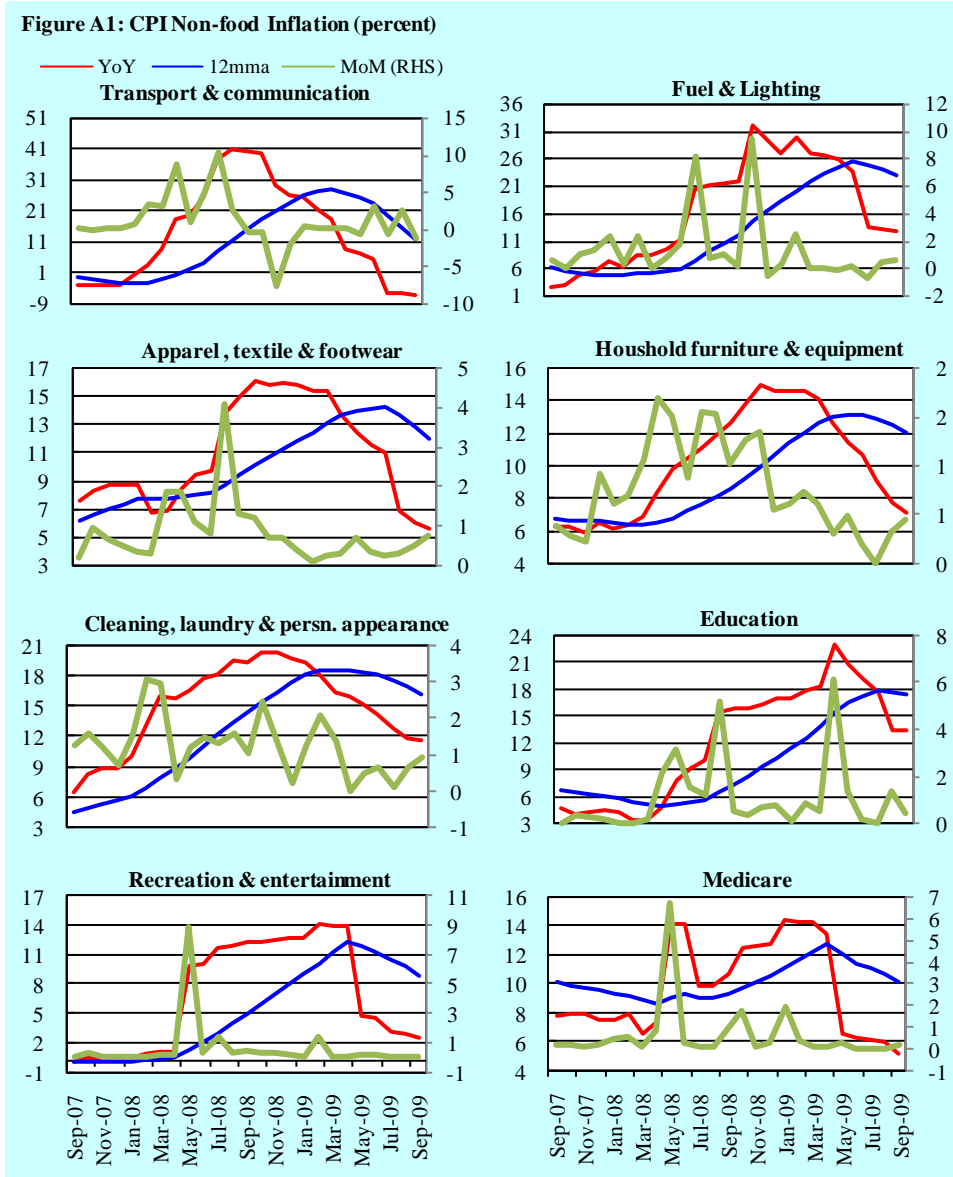


Figure A2: Frequency Distribution of Price Changes of CPI Items, September 2009

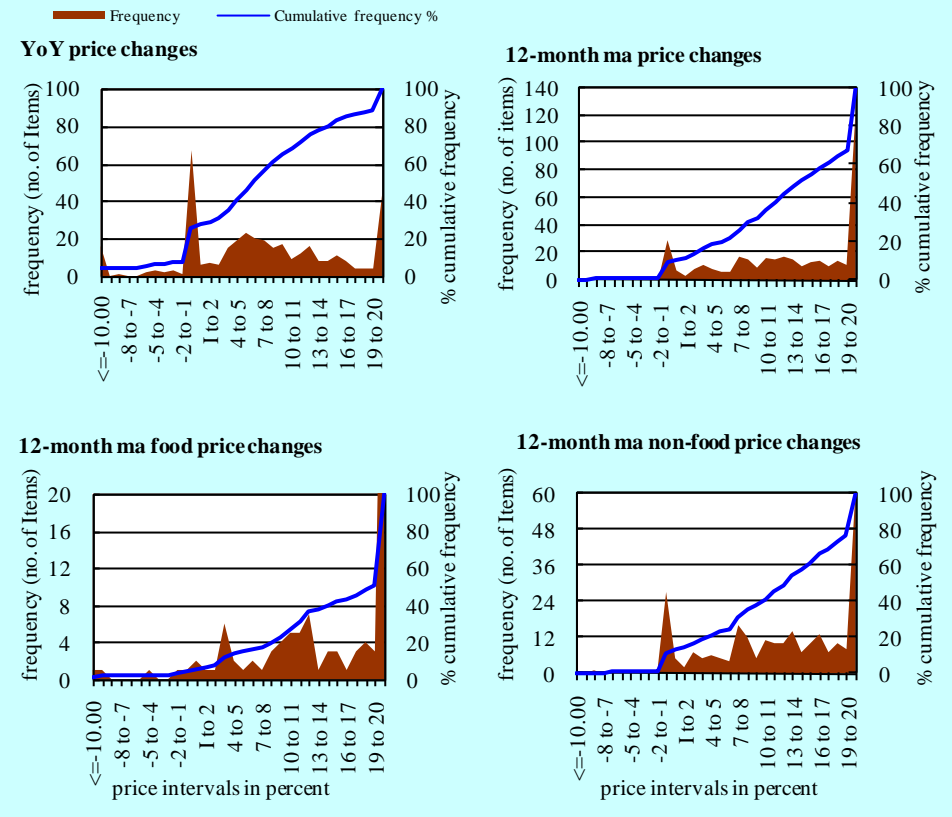
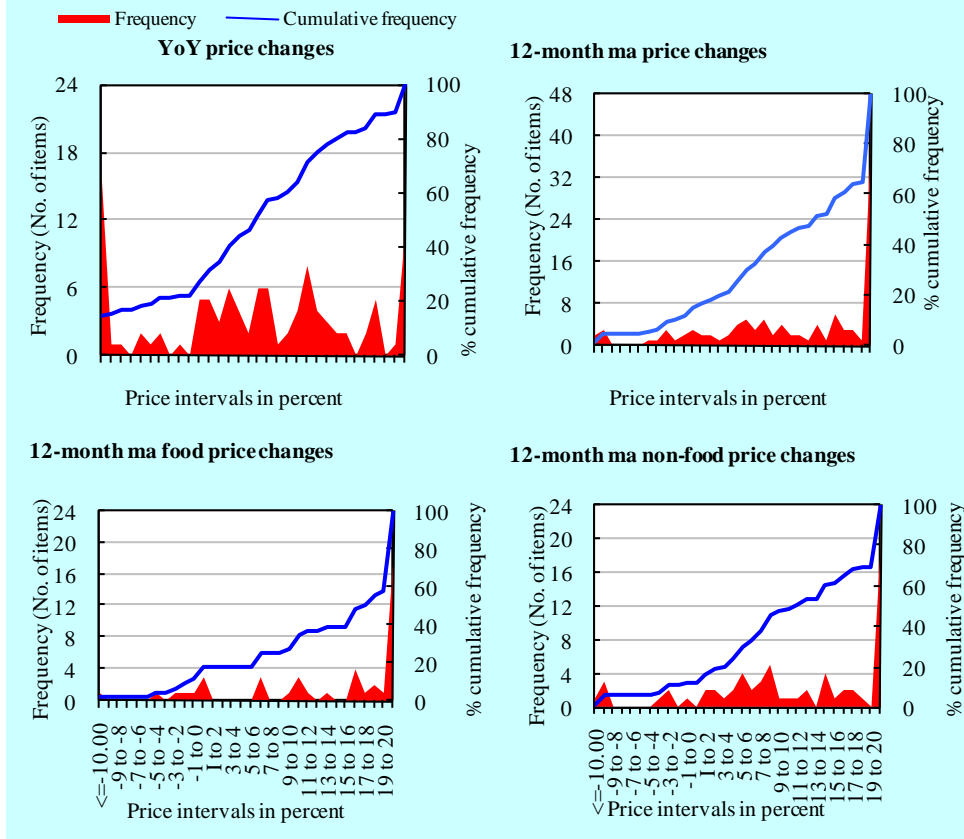


Figure A3: Frequency Distribution of Price Changes of WPI Items, September 2009



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

$\alpha_{it-12} = \frac{I_{it-12}}{I_{t-12}}$; 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