Inflation Monitor

February 2010

State Bank of Pakistan

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Team

Mr. Moinuddin	moinuddin@sbp.org.pk
Mr. Saghir Pervaiz Ghauri	saghir.pervaiz@sbp.org.pk
Mr. Waseem Fazal Ur Rehman	waseem.fazal@sbp.org.pk
Mr. Zahid Hussain	zahid.hussain@sbp.org.pk

Editorial Assistance

Mr. Umar Siddique	umar.siddique@sbp.org.pk

Overview

Despite an ease in inflation during February 2010 relative to the preceding month, inflationary pressures remained strong in the economy. Inflation measured by all price indices (CPI, WPI, SPI) remained in double digits during the month under review. Headline CPI inflation (YoY) rose to 13.0 percent during February 2010 from its short term low of 8.9 percent in October 2009. Similarly, WPI inflation, which is a proxy to cost of production, surged to 19.3 percent in February 2010 from a low of 0.3 percent in August 2009.

Table 1.1: Inflation Trends

percent

	CPI						Core Inflation				WPI		SPI**	
	General		Food		Non-food		NFNE*		Trimmed					
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
Feb-09	21.1	1.0	22.9	0.6	19.6	1.2	18.9	1.1	20.8	0.7	15.0	0.7	23.9	1.4
Mar-09	19.1	1.4	19.7	2.2	18.5	0.7	18.5	0.9	19.3	0.8	11.1	0.4	19.8	0.8
Apr-09	17.2	1.4	17.0	2.0	17.3	0.9	17.7	1.1	17.6	1.2	8.3	1.7	15.0	1.2
May-09	14.4	0.2	12.1	-0.2	16.3	0.6	16.6	0.8	16.7	0.9	4.7	1.5	11.0	0.8
Jun-09	13.1	1.0	10.5	1.0	15.4	1.0	15.9	0.7	15.5	0.8	4.1	2.4	10.8	1.2
Jul-09	11.2	1.5	10.7	3.0	11.6	0.3	14.0	0.7	13.9	0.8	0.5	0.7	9.4	3.2
Aug-09	10.7	1.7	10.6	2.5	10.8	1.0	12.6	0.8	13.1	1.1	0.3	2.2	7.8	1.4
Sep-09	10.1	0.5	10.0	0.4	10.2	0.5	11.9	0.8	12.4	0.6	0.7	0.2	8.5	1.0
Oct-09	8.9	1.0	7.5	1.1	10.0	0.8	11.0	0.8	10.6	0.8	3.8	1.2	6.7	0.2
Nov-09	10.5	1.4	11.1	1.8	10.0	1.0	10.6	0.8	10.5	0.7	12.5	2.8	10.0	1.9
Dec-09	10.5	-0.5	10.9	-1.7	10.2	0.6	10.7	0.7	10.4	0.6	15.0	0.2	11.9	0.3
Jan-10	13.7	2.4	15.5	2.0	12.2	2.8	10.3	0.7	12.7	1.3	19.6	4.2	17.8	3.2
Feb-10	13.0	0.4	14.9	0.1	11.5	0.6	10.1	0.8	12.4	0.7	19.3	0.4	17.2	0.9

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

A significant gap between core inflation measures (non-food non-energy and trimmed mean) shows that the inflationary pressures mainly emanated from the food and energy sub-groups, but, within these groups, inflationary pressures were significantly broad based (see **Table 1.1 & 1.2**).

The major reasons for resurgence in domestic inflation during recent months were principally attributed to: (a) rise in international commodity prices since August 2009;[1] (b) upward adjustment in electricity tariff, though key fuel prices adjusted downward in February 2010, these were inadequate to offset the impact of increase in January 2010; (c) a recovery in domestic aggregate demand, as well as; (d) strong external demand for some of the edible items such as meat, vegetables, and fruits.

[1] A sharp fall in sugar prices in February 2010 has some impact on domestic sugar prices in March 2010.

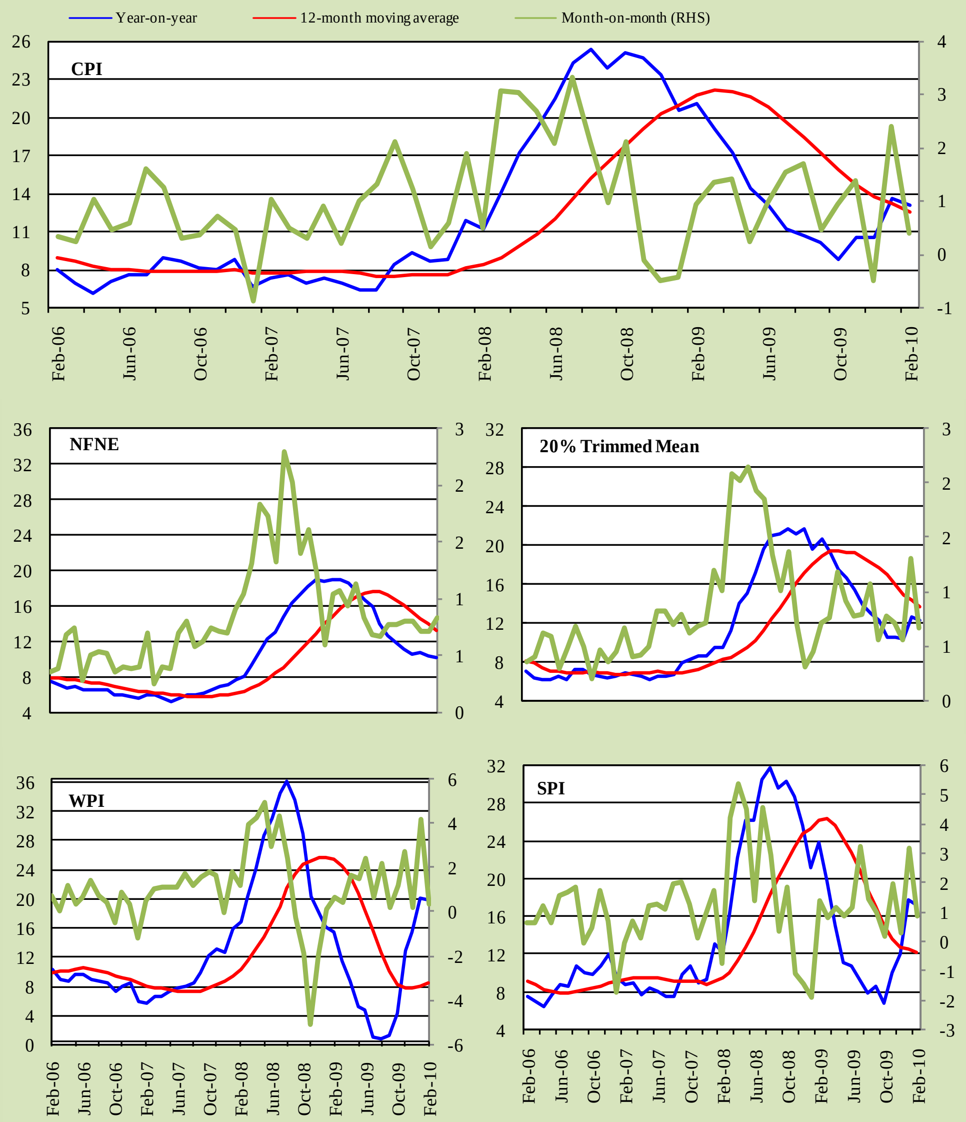
It is also important to note that YoY CPI inflation surpassed the 12-month moving average during January-February 2010. This indicates that the declining trend in CPI inflation measured by 12 month moving average is likely to taper off in months ahead (see **Table 1.2** & **Figure 1.1**).

Table 1.2: Different Dimensions of Inflation (percent)

	Feb-08	Feb-09	Jan-10	Feb-10	average#
			Year-on-year		
Overall CPI	**11.3**	**21.1**	**13.7**	**13.0**	**11.5**
Food group	16.0	22.9	15.5	14.9	13.9
Non-food group	7.8	19.6	12.2	11.5	9.9
WPI	**16.4**	**15.0**	**19.6**	**19.3**	**10.6**
Food group	18.3	22.0	15.6	15.4	13.5
Non-food group	15.0	9.8	23.0	22.6	8.6
SPI	**12.3**	**23.9**	**17.8**	**17.2**	**12.9**
Core Inflation					
NFNE*	8.1	18.9	10.3	10.1	9.6
Trimmed	9.6	20.8	12.7	12.4	10.7
			Period average		
Overall CPI	**8.9**	**23.5**	**10.8**	**11.1**	**11.6**
Food group	13.0	28.9	10.9	11.4	14.4
Non-food group	5.9	19.3	10.7	10.8	9.5
WPI	**11.7**	**24.7**	**7.2**	**8.7**	**12.2**
Food group	15.2	28.2	9.6	10.3	14.0
Non-food group	9.2	22.0	5.3	7.4	11.0
SPI	**9.9**	**27.7**	**10.3**	**11.1**	**13.3**
Core Inflation					
NFNE*	6.8	17.8	11.6	11.4	9.1
Trimmed	8.3	20.7	11.9	11.8	10.3
			12-month moving average		
Overall CPI	**8.4**	**21.7**	**13.1**	**12.6**	**11.0**
Food group	12.1	28.2	12.9	12.4	14.0
Non-food group	5.7	16.8	13.3	12.7	8.8
WPI	**10.0**	**25.0**	**7.7**	**8.1**	**12.0**
Food group	13.5	27.6	12.0	11.6	13.6
Non-food group	7.6	23.0	4.3	5.4	10.9
SPI	**9.4**	**26.1**	**12.4**	**12.0**	**12.8**
Core Inflation					
NFNE*	6.4	15.7	13.9	13.2	8.5
Trimmed	8.2	18.9	14.4	13.7	9.8
			Monthly		
Overall CPI	**0.5**	**1.0**	**2.4**	**0.4**	**0.8**
Food group	-0.5	0.6	2.0	0.1	0.5
Non-food group	1.2	1.2	2.8	0.6	0.9
WPI	**1.2**	**0.7**	**4.2**	**0.4**	**0.9**
Food group	-0.1	0.7	2.7	0.5	0.7
Non-food group	2.2	0.6	5.5	0.2	1.2
SPI	**-0.8**	**1.4**	**3.2**	**0.9**	**0.3**
Core Inflation					
NFNE*	1.0	1.1	0.7	0.8	0.8
Trimmed	1.0	0.7	1.3	0.7	0.7

\# 5-year average for the month of January in the previous years

Figure 1.1: Movements in Price Indices (percent change)



2. Consumer Price Index

CPI inflation (YoY) dropped to 13.0 percent in February 2010 from 13.7 percent in the previous month. However, this remained significantly higher than 8.9 percent in October 2009. The marginal decline in February 2010 relative to the preceding month was mainly attributed to slight downward adjustment in the prices of key fuels as well as better supply of vegetables and fruits following improvement in weather in Punjab (see **Figure 2.1**). The relative ease in CPI inflation during the month under review is more evident in the decline in month-over-month (MoM) inflation numbers (see **Figure 2.2**).

Figure 2.1: Consumer Price Inflation (YoY)

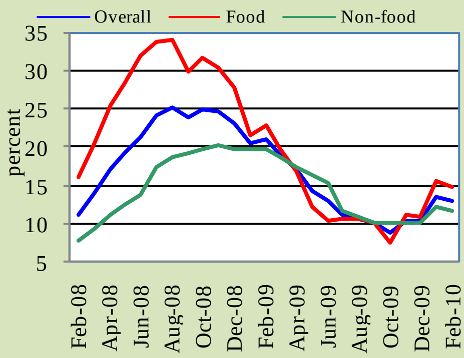
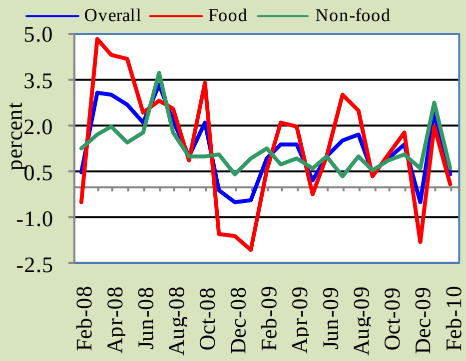


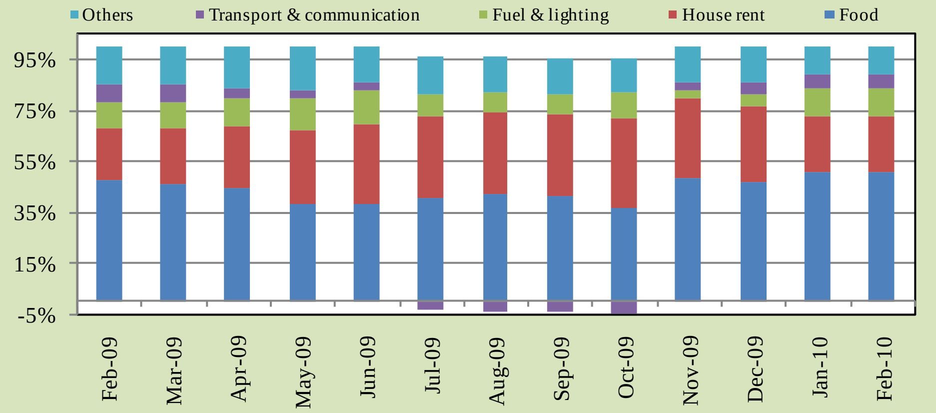
Figure 2.2: Consumer Price Inflaion (MoM)



However, it is equally important to note that underlying inflationary pressures have reemerged in the economy during recent months. A part of rise in prices is attributed to second round impact of relatively higher prices of key fuels, upward adjustment in power tariff and substantial rise in international commodity prices since August 2009.

As a consequence of significantly higher food inflation (YoY) relative to non-food inflation, weighted contribution of the former group to overall CPI inflation increased during February 2010 (50.9 percent) compared to both the previous month (50.6 percent) and the same month last year (47.6 percent) (see **Figure 2.3**). Its impact is mirrored in the weighted contribution of non-food group, which declined during February 2010 (49.1 percent) compared to both the previous month (49.4 percent) and the same month last year (52.4 percent). Within non-food group, weighted contribution of *house rent index* increased to 22.1 percent in February 2010 from 20.3 percent a year earlier. In the remaining eight sub-groups, two showed increase, one remained unchanged, while four witnessed decline in inflation during the month compared to the previous month.

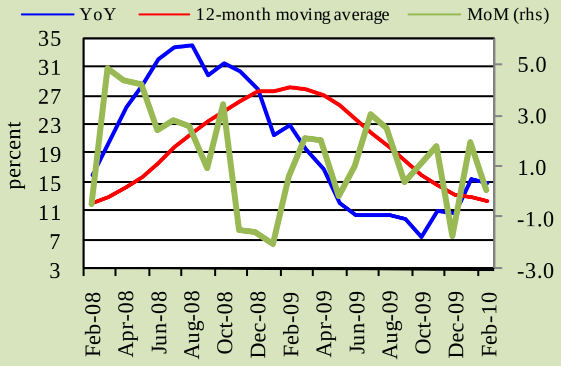
Figure 2.3: Weighted Contribution to CPI Inflation (YoY)



2.1 Food Inflation

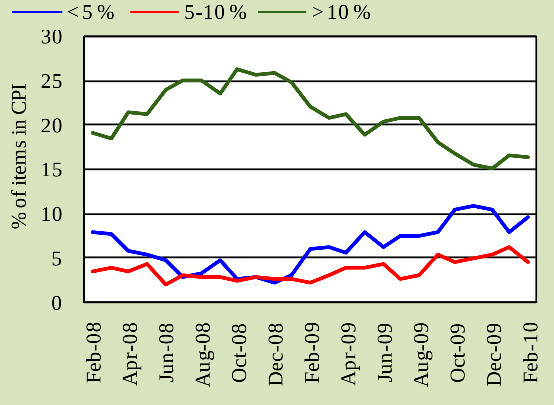
CPI food inflation declined during February 2010 both on YoY as well as MoM basis. However, CPI food inflation YoY remained strong at 14.9 percent during the month compared with 15.5 percent in January 2010 and 22.9 percent in the corresponding month last year (see **Figure 2.4**).

Figure 2.4: CPI Food Inflation



Although there was a marginal decline in the prices of some key food staples like tomatoes, onions, fresh fruits, rice, and green chilies, prices of most of the food items increased in double digits (see **Figure 2.5**)

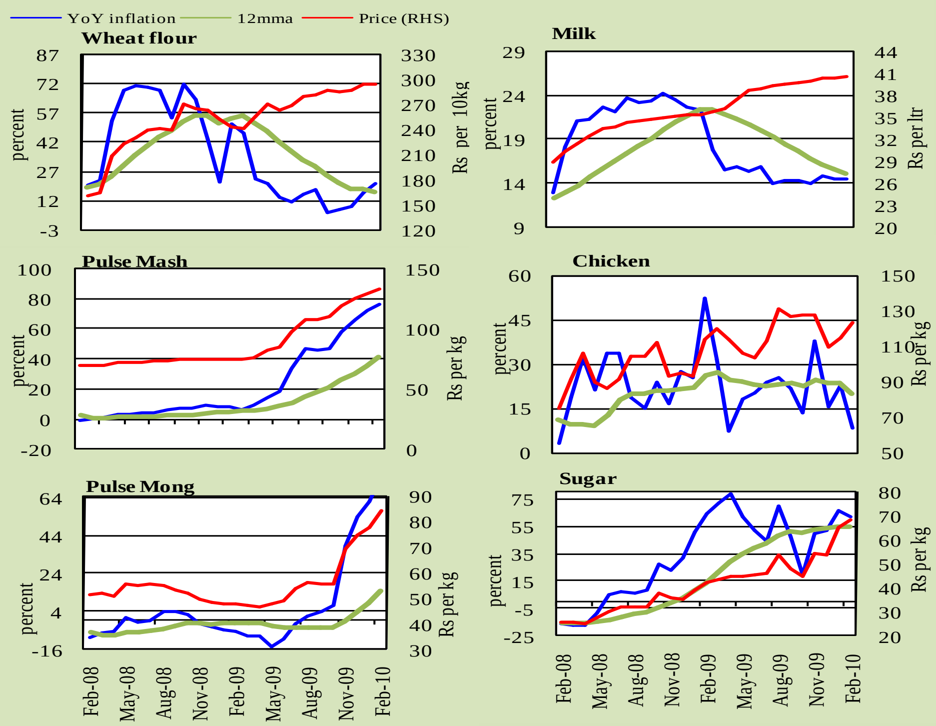
Figure 2.5: Distribution of Price Changes (YoY) in Food basket



As for the weighted contribution to CPI inflation during February 2010, six out of top ten commodities were from food group, contributing 37.8 percent of the February 2010 inflation. These items were wheat flour, fresh milk, sugar, meat, vegetables, and vegetable ghee. As in the previous month, the top four items, i.e., fresh milk, wheat flour, sugar, and meat contributed 60.0 percent to the CPI food inflation (see **Table A3** in **Annexure A**).

Out of the reported 108 commodities, 8 items showed no change and 14 items showed decline in prices during February 2010. The latter includes tomatoes, green chilies, onions, and pulse gram, different types of rice, pulse masoor, mustard oil, and kinnu. Twelve items showed subdued (from 0 to 5 percent) rise in prices and 16 items recorded moderate (from 5 to 10 percent) price change during February 2010. On the other hand, 58 items including garlic (268.6 percent), cardamom small (105.0 percent), cardamom large (76.8 percent), pulse mash (76.5 percent), pulse moong (75.4 percent), gur (62.1 percent), sugar (62.0 percent), recorded above 10 percent price change. The substantial rise in the prices of most of the food items is mainly attributed to their higher international prices (see **Figure 2.6 & Table A2).** However, a decline in international wheat price did not translate in the domestic prices due to high support price of the grain for FY10 crop.

Figure 2.6: Price Trends in Key Food Items



A detailed item-wise analysis of price change on MoM basis of the CPI food basket revealed that 21 commodities registered zero to one percent (21 in January 2010), 19 between 1 to 2 percent (15 in January 2010), 33 commodities showed price change (MoM) of above 2 percent (39 in January 2010), and remaining 36 items showed either no change or declined during February 2010.

CPI food basket is further divided into two sets of commodities, i.e., perishable (5 composite items) and non-perishable (35 composite items). Inflation (YoY) in perishable items declined during February 2010 and was 12.5 percent compared to 20.9 percent in the previous month. This indicates improvement in supply of these commodities during the month. In contrast, inflation in non-perishable commodities slightly increased during February 2010 reaching 15.2 percent compared to 14.8 percent during the preceding month. This signals second-round effects of increased cost of transportation and electricity on the prices of processed food items**.** However**,** inflation in perishable and non-perishable commodities on MoM basis declined compared with the previous month (see **Figure 2.7 & 2.8).**

Figure 2.7: Non-perishable & perishable food items Inflation (YoY)

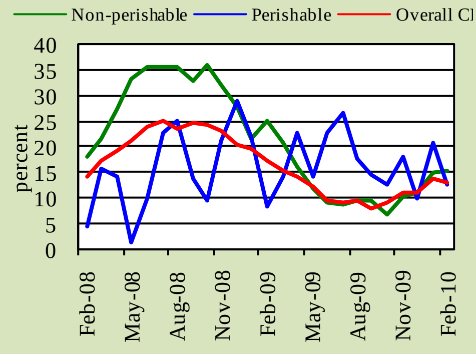
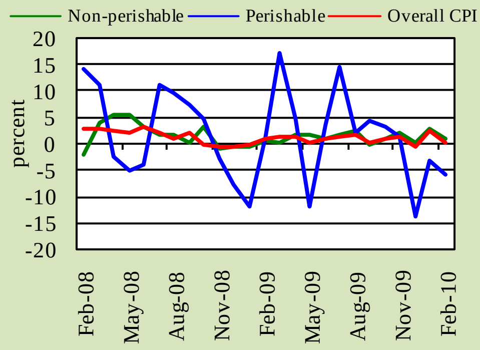
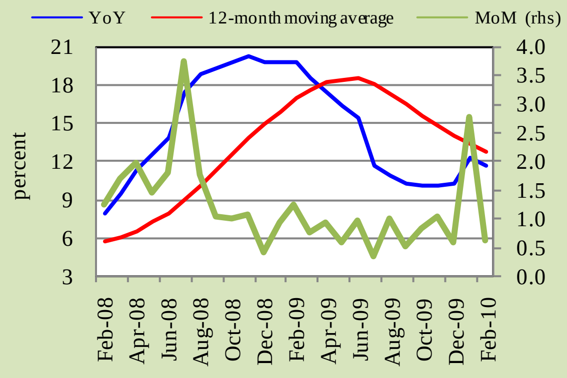


Figure 2.8: Non-perishable & perishable food items Inflation (MoM)



2.2 Non-food Inflation

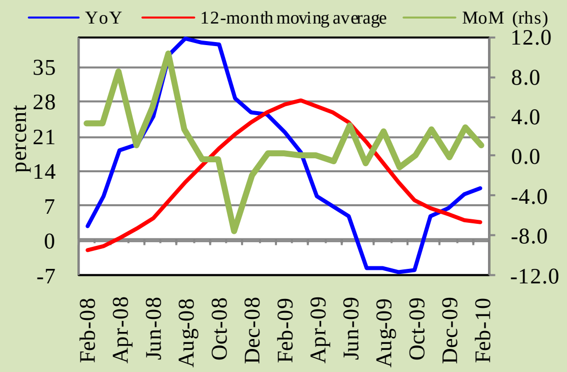
Figure 2.9: CPI Non-food Inflation



CPI non-food inflation (YoY) dropped to 11.5 percent during February 2010 compared to 12.2 percent in January 2010 and 19.6 percent in February 2009 (see **Figure 2.9**). Out of the nine sub-groups of non-food group, inflation (YoY) in three sub-groups showed increase during February 2010. However, similar to the previous month, CPI non-food inflation (YoY) in all sub-groups was significantly lower than in the same month last year.

Inflation (YoY) in *apparel, textile & footwear s*ub-group increased to 5.6 percent during February 2010 from 5.2 percent in the previous month. It was, however, still lower than 15.4 percent in February 2009. On month-on-month basis, inflation in this sub-group also increased during the month under review and was recorded at 0.7 percent compared with 0.5 percent in January 2010. This marginal increase seems to be the impact of increase in international cotton prices.

Figure 2.10: Transport & Communication Inflation



Transport & communication sub-group's inflation (YoY) showed some acceleration during February 2010, which is a result of increase in the prices of key fuels during January 2010. Inflation (YoY) in this sub-group reached 10.4 percent during February 2010 from 9.4 percent in January 2010. It was, however, still lower than 21.5 percent in February 2009. On month-on-month basis, inflation in this sub-group dropped to 1.1 percent during the review month compared to 3.0 percent last month (see **Figure 2.10)**.

Inflation (YoY) in *recreation & entertainment* increased during February 2010 and reached 4.3 percent compared to 2.1 percent in January 2010. However, it was significantly lower when compared with the corresponding month last year (14.0

percent). Similarly, inflation (MoM) in this sub-group increased significantly and was recorded at 3.5 percent during February 2010 compared with (-) 0.3 percent in the previous month.

Inflation (YoY) in *house rent index* (HRI) continued the declining trend seen since June 2009 and reached 12.7 percent during February 2010 compared to 13.4 percent in January 2010 and 18.5 percent in the same month last year. However on month-on-month basis, inflation in this sub-group remained unchanged at 0.8 percent. In fact, lower prices of cement and iron & steel are dragging HRI inflation downward. However, increase in the prices of other construction material is offsetting the impact of decline in the prices of cement and iron.

Inflation (YoY) in *household furniture & equipment, education* and *cleaning, laundry & personal appearance* sub-groups of CPI non-food declined during February 2010 compared to both the same month last year and January 2010. Inflation in medicare sub-group during February 2010 remained unchanged (see **Figure A1** in **Annexure A**).

Analysis of 250 commodities included in CPI non-food basket showed that 63 items witnessed double-digit price change. These commodities included house rent, postal envelope, gold, silver, petrol, gripe water, electric charges, gas cylinder, gas charges and some textbooks. Seventy one commodities witnessed a moderate price change (between 5-10 percent), 61 showed subdued rise in their prices (between 0-5 percent). The remaining 51 commodities recorded no change in prices and only 4 items showed decline in their prices during February 2010.

2.3 City-wise Inflation

City-wise data reveals that inflation (YoY) in the four out of five major cities was lower than the overall YoY inflation during February 2010; in Lahore it was higher by 0.1 percentage points. This indicates that inflationary pressures are principally stemming from smaller towns of the country due to relatively more supply disruptions than in the large urban centers (see **Table 2.1**).

Table 2.1: City-wise Inflation of Selected Cities percent

	Feb-09		Jan-10		Feb-10	
	MoM	YoY	MoM	YoY	MoM	YoY
Over all CPI	**1.0**	**21.1**	**2.4**	**13.7**	**0.4**	**13.0**
Islamabad	1.2	18.4	2.4	12.1	0.2	11.0
Lahore	0.9	18.1	3.0	13.4	0.7	13.1
Karachi	1.3	22.2	2.0	13.0	0.6	12.2
Quetta	0.4	25.1	2.4	10.6	0.7	11.0
Peshawar	0.5	23.9	3.1	12.9	0.0	12.3

Detailed analysis of 35 cities shows that 23 cities recorded higher inflation than the overall inflation (YoY), while 12 cities registered lower than average inflation during February 2010. The highest inflation (YoY) was recorded in Bahawalnager, while Larkana registered the lowest inflation (YoY). The highest

Table 2.2: City-wise Inflation in CPI (YoY) February 2010

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Bahawalnagar	17.6	20.4	15.4	Rawalpindi	12.9	15.1	11.2
Bahawalpur	16.5	22.3	11.8	D.I.Khan	12.4	12.4	12.4
Turbat	15.7	18.4	13.7	Peshawar	12.3	12.6	12.1
Mianwali	15.4	21.2	11.0	Karachi	12.2	13.4	11.3
Okara	15.3	18.7	12.6	Hyderabad	12.0	12.8	11.3
Vehari	15.1	18.5	12.3	Mirpur Khas	11.7	12.3	11.2
Jhang	15.0	19.3	11.7	Kunri	11.6	12.8	10.8
Gujranwala	14.7	18.8	11.7	Quetta	11.0	9.9	11.9
Samundari	14.6	17.8	12.2	Islamabad	11.0	12.8	9.7
Shahdadpur	14.6	15.6	13.8	Sukkur	10.9	8.7	12.6
Faisalabad	14.4	18.9	10.8	Mardan	10.9	11.1	10.7
Khuzdar	14.3	15.6	13.3	Larkana	10.4	9.8	11.0
Sargodha	14.0	15.5	12.9				
Sialkot	14.0	16.1	12.2				
Attock	14.0	16.0	12.4				
Jhelum	13.7	18.2	10.4				
Multan	13.6	17.1	10.8				
Bannu	13.4	14.3	12.8				
Abbotabad	13.3	13.5	13.2				
D.G. Khan	13.2	13.5	13.0				
Nawabshah	13.2	13.6	12.9				
Lahore	13.1	16.6	10.3				
Loralai	13.1	13.4	12.9				

Note: High inflation refers to above average inflation, and low inflation refers to below average inflation food inflation was recorded in Bahawalpur and the lowest in Sukkur during the month under review. While the highest non-food inflation (YoY) was recorded in Bahawalnager, the lowest non-food inflation was observed in Islamabad (see **Table 2.2**). It is also important to note that the variability in food inflation is significantly higher in different cities of Pakistan compared with the non-food inflation.[2]

2.4 Income Group-wise Inflation

Income groups' data on inflation indicates that three out of four categories have experienced higher than the average CPI and CPI food inflation (YoY) during February 2010. However, non-food group's inflation (YoY) incidence was the highest for the highest income group compared to CPI non-food inflation (YoY) during January 2010 (see **Table 2.3**).

Table 2.3: Income Group-wise CPI Inflation percent

	Upto 3000		**Rs. 3001-5000**		**Rs. 5000-12000**		**Above Rs. 12000**	
	Feb-09	Feb-10	Feb-09	Feb-10	Feb-09	Feb-10	Feb-09	Feb-10
Year on Year (February over February)								
General	21.7	14.3	22.2	14.0	22.0	13.3	19.8	12.5
CPI Food	23.7	16.8	23.6	16.3	23.3	15.4	22.1	13.8
CPI Non-food	19.2	11.2	20.5	11.4	20.8	11.3	18.5	11.8
Month on Month (February over January)								
General	0.4	0.5	0.4	0.4	0.9	0.4	1.2	0.3
CPI Food	0.0	0.3	0.0	0.2	0.4	0.1	1.1	0.0
CPI Non-food	0.9	0.7	0.9	0.7	1.3	0.7	1.3	0.5

City-wise data of income group exhibits that the highest inflation (YoY) was recorded in Bahawalpur for income groups of up to Rs 3000, Rs 3001-5000, and Rs 5001 – 12000. The highest inflation for the highest income group (Rs 12000 and above) was recorded in Khuzdar. Quetta recorded the lowest inflation (YoY) for income group up to Rs 3000, Sukkur for Rs 3001-5000 and Larkana for the remaining two income groups during the month under review (see **Table A5** in **Annexure A**).

2.5 Services and Non-services Inflation

Following the overall CPI inflation trend, inflation (YoY) in services and non-services sectors declined during February 2010 compared to both the previous month and the corresponding month last year. Inflation (YoY) in services sector was 12.2 percent compared to 12.8 percent in the preceding month and 19.6 percent during the corresponding month last year. Inflation (YoY) in non-services

[2] Standard deviation of food inflation in different cities was 3.4 during February 2010 compared with standard deviation of only 1.2 for non-food.

sector was 13.6 percent in February 2010 compared to 14.3 percent during January 2010 and 16.0 percent during the same month last year (see **Figure 2.11**).

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

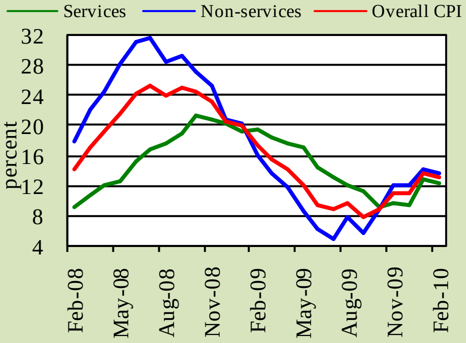
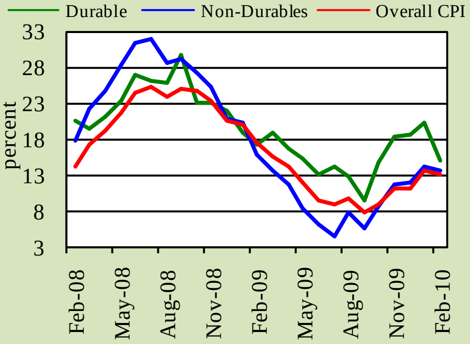


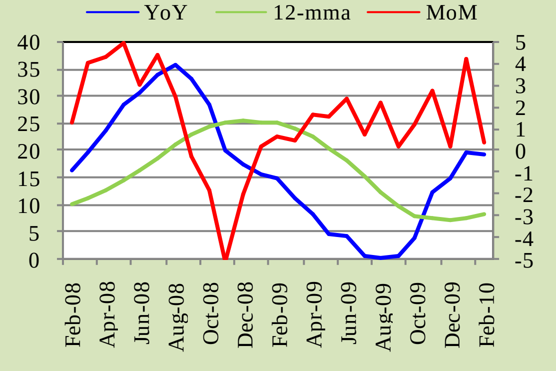
Figure 2.12: Durables and Non-durables Inflation (YoY)



Further disaggregation of the non-services sector data reveals that YoY inflation in durable and non-durable goods declined during February 2010 compared to both the previous month and the same month last year. Inflation in durable items dropped to 15.1 percent in February 2010 from 17.3 percent in January 2010. The same was 20.3 percent during February 2009. Inflation in non-durable items also decreased to 13.6 percent from14.1 percent in January 2010. It was 15.9 percent in February 2009 (see **Figure 2.12**).

3. Wholesale Price Index

Figure 3.1: Wholesale Price Inflation (percent)



Despite some slow down in February 2010, WPI inflation accelerated to 19.3 percent YoY compared with 15.0 percent in the corresponsing month of 2009 (see **Figure 3.1**). This was despite lower WPI food inflation relative to February 2009. WPI food inflation (YoY) was 15.4 percent which was lower than both 15.6 percent in January 2010 and 22.0 percent in February 2009 (see **Figure 3.2**). The recent uptrend in WPI inflation is princiaplly attributed to substantially higher international commodity prices relative to a year earlier and rise in domestic prices of power and energy. The impact of international prices was further compounded due to depreciation of rupee in recent months.

Importantly, WPI non-food inflation on MoM basis declined sharply during the month under review to 0.2 percent from highest level of 5.5 percent in January 2010. This decline was substantially contributed by *fuel & lighting sub-group* (see **Figure 3.3**).

Figrure 3.2: WPI Food Inflatin (percent)

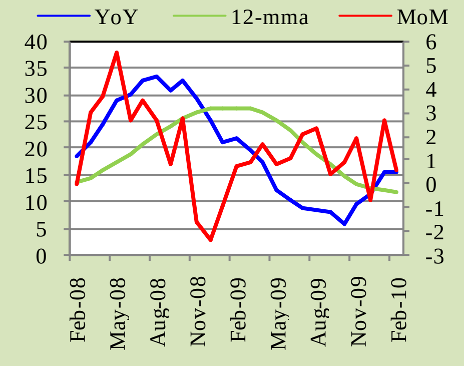
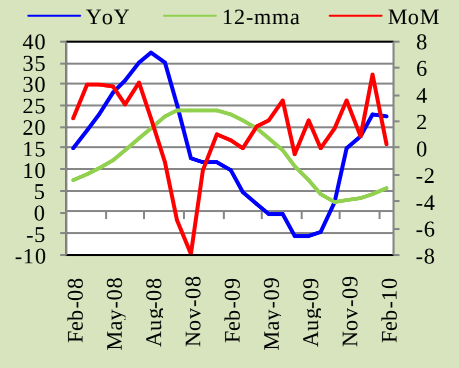


Figure 3.3: WPI Non-food Inflation (percent)



Further analysis of WPI non-food basket reveals that on YoY basis, out of four sub-groups, two showed rise in inflation, whereas the other two registered decline during the month under review.

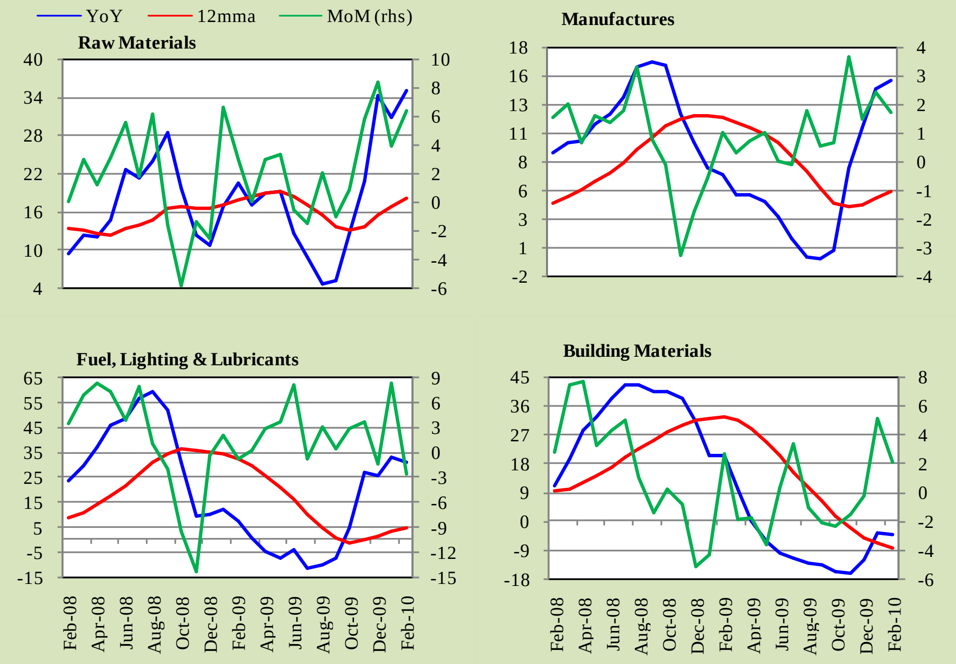
Inflation in *raw materials sub-group* increased to 34.7 percent in February 2010 against 30.3 percent in January 2010. This was substantially higher than the 19.9 percent during February 2009. Similarly, inflation in the sub-group on MoM basis increased sharply by 2.4 percentage points from 4.0 percent in January 2010 to 6.4 percent in the month under review. This sharp rise on both YoY and MoM basis was contributed by sugarcane (67.3 percent), cotton (42.0 percent), and cotton seeds (15.1 percent) (see **Figure 3.4**).

Fuel & lighting sub-group inflation (YoY) witnessed decline during the month under review compared to January 2010. Inflation in the sub-group which was only 7.1 percent in February 2009 dropped to 30.8 percent on YoY basis during the month under review from 33.0 percent in the previous month.

Inflation (YoY) in *manufacturers sub-group* increased slightly from 14.3 percent in January 2010 to 15.1 percent in the month under review. However, it was substantially higher than 6.9 percent during February 2009. Items contributing to inflation (YoY) in this sub-group include cotton yarn (54.8 percent), blended yarn (41.0 percent), cigarettes (26.8 percent), glass products (21.5 percent).

Building materials sub-group kept on its deflationary trend during February 2010 also. Deflation in the sub-group increased to 4.2 percent duirng the month from

Figure 3.4: WPI Non-food Inflation (percent)



deflation of 3.7 percent in the previous month. However, this was much lower than 20.1 percent in February 2009 (see **Figure 3.4**).

A detailed item-wise analysis of the WPI basket reveals that out of 43 items in the food group, 21 items registrered double-digit inflation (YoY) compared to 22 items last month; only 4 items witnessed moderate inflation (between 5-10 percent) against 5 items during the last month; 9 items recorded subdued inflation (0-5 percent) compared to 7 items in the last month; while 9 items registered decline or no inflation during the month under review.

Furthermore, out of 63 items included in the non-food group of WPI basket, 12 items recorded decline or no change in February 2010 compared to 14 items during January 2010; 21 commodities witnessed subdued inflation (less than 5 percent) against 18 items during the last month; like the previous month, 11 items recorded moderate inflation (between 5-10 percent) during February 2010; and 19 items registered double-digit inflation compared to 20 items in the previous month (see **Table 3.1** & **Table A7**).

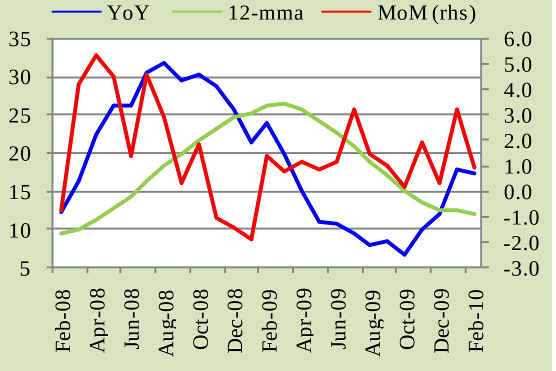
Table 3.1: WPI Item-wise Distribution of Price Changes Feb '10 (YoY)

	< 0	**< 5%**	**5-10%**	**> 10%**
Food Group	9	9	4	21
Non-food Group	12	21	11	19
Raw Materials	4	1	0	4
Fuel & Lighting	1	2	1	7
Manufacturers	4	13	8	7
Building Materials	2	6	2	1

4. Sensitive Price Indicator (SPI)

The strength of inflationary pressures was also evident from high levels of SPI inflation (YoY) in recent months. SPI inflation was 17.2 percent in February 2010 against 17.8 percent YoY in January 2010. Since, SPI YoY inflation remained higher than the 12 mma, the pace of decline in 12-mma also slowed (see **Figure 4.1**).

Figure 4.1: Sensitive Price Indicator (SPI)



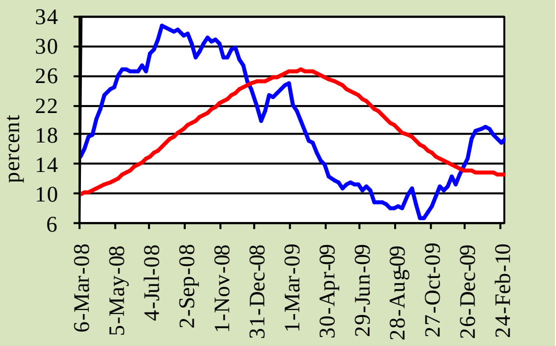
Further analysis suggests that SPI inflation (YoY) during the month remained highly concentrated in the lowest income group. During February 2010, SPI inflation (YoY) in lower income groups was higher than overall inflation. This is in contrast to the previous month where incidence of inflation remained the highest in middle income group. This suggests that the fall in non-food inflation was more beneficial for high income group (see **Table 4.1**).

Table 4.1 : Income Group-wise SPI Inflation (percent)

	Feb-09		Jan-10		Feb-10	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	23.4	0.8	18.3	2.9	18.0	0.6
Rs. 3001-5000	24.1	1.0	18.4	3.4	17.8	0.5
Rs. 5000-12000	25.0	1.4	18.3	3.7	17.3	0.5
Above Rs. 12000	23.6	1.7	17.6	3.7	17.1	1.2
All income groups	**23.9**	**1.4**	**17.8**	**3.2**	**17.2**	**0.9**

Weekly SPI inflation declined during the month under review. Recorded 18.2 percent in the first week of February 2010, it slided to 16.5 percent in the last week of the month. This was almost a reverse trend when compared to the previous month where weekly SPI inflation (YoY) started at a lower rate (16.9 percent) and ended higher at 18.4 percent. On week-on-week (WoW) basis, SPI inflation during the first week of Febraury 2010 was 0.4 percent which declined to zero

Figure 4.2: Weekly SPI Inflation



percent during the second week of the month and reached 0.3 percent in the last week of the month under review (see **Figure 4.2**).

A detailed analysis of SPI basket reveals that out of 53 commodities, prices of more than half of the items showed double digit inflation in February 2010 compared to 29 items in July 2009. Only 13 items showed decline or no change in prices during the month under review. (see **Table A8**).

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

	Number of items			
Percent Change	**Feb-08**	**Feb-09**	**Jul-09**	**Feb-10**
0 or less	14	7	14	13
0 to 5	5	3	6	6
5 to 10	6	7	4	6
10 or above	28	36	29	28
Minimum	-57.1	-19.3	-32.0	-38.42
Maximum	211.7	158.9	95.5	250.11

5 Global Commodity Prices
5.1 Overview

Commodity prices in international markets eased during February 2010 on MoM basis. This is attributed to sharp decline in the prices of industrial metals, crude oil, and grains.

Following factors have strongly affected international commodity market during February 2010:

- Greece's debt crisis;
- Poor GDP growth in Germany in the last quarter of 2009 (0 percent);
- Still high (10.0 percent) unemployment rate in Europe and US;
- News of a further monetary tightening in China; and
- Appreciation of US dollar.

Table 5.1 : Monthly Changes in Major Indices

	YoY			
	Feb-09	Dec-09	Jan-10	Feb-10
Overall	-43.7	40.5	41.1	44.4
Food	-23.3	18.4	11.4	12.9
Metals	-50.9	44.5	59.7	55.8
Energy	-49.5	49.9	51.2	56.0
ORM*	-7.7	87.7	77.2	80.8
Fertilizers	-29.9	-41.7	-37.0	-28.9
	MoM			
	Feb-10	Dec-09	Jan-10	Feb-10
Overall	-4.5	-0.2	3.5	-2.3
Food	-2.2	2.0	0.7	-0.9
Metals	-3.3	5.3	3.5	-5.6
Energy	-5.8	-2.2	4.3	-2.9
ORM*	-0.8	6.5	8.1	8.1
Fertilizers	-9.6	0.5	4.8	2.0

Source : IMF & WB
* ORM: other raw material; includes cotton etc.

IMF commodity price index declined by 2.3 percent on MoM basis during February 2010 compared to 3.5 percent increase in January 2010. However, on YoY basis the index increased by 44.4 percent in February 2010, from 41.1 percent during last month and a decline of 43.7 percent witnessed during February 2009 (see **Table 5.1**).

Table 5.2 : Monthly Changes in Food Indices

	YoY			
	Feb-09	Dec-09	Jan-10	Feb-10
Overall food	-6.0	23.8	15.2	11.9
Edible Oils & Fats	-32.6	34.6	18.2	15.9
Grains	-1.2	5.0	-5.1	-6.7
Other Food*	30.6	30.7	36.6	28.5
	MoM			
	Feb-09	Dec-09	Jan-10	Feb-10
Overall food	-0.7	1.2	1.4	-3.6
Edible Oils & Fats	-1.1	2.4	-0.4	-3.0
Grains	-2.8	1.2	-1.5	-4.5
Other Food	2.6	-0.6	6.9	-3.4

Source : WB
* includes sugar, tea etc

5.2 Food Group

Decline in the prices of food group is attributed mainly to: (a) a large decline in prices of grains on the back of better crop output globally; (b) an expected drop in edible oil demand from India and China, two largest buyers[3]; (c)

[3] Palm oil stocks at Indian ports rose to 0.8 million tons compared to a benchmark of 0.6 million tons. Whereas, in China demand remains weak after the Spring festival held in second week of February 2010.

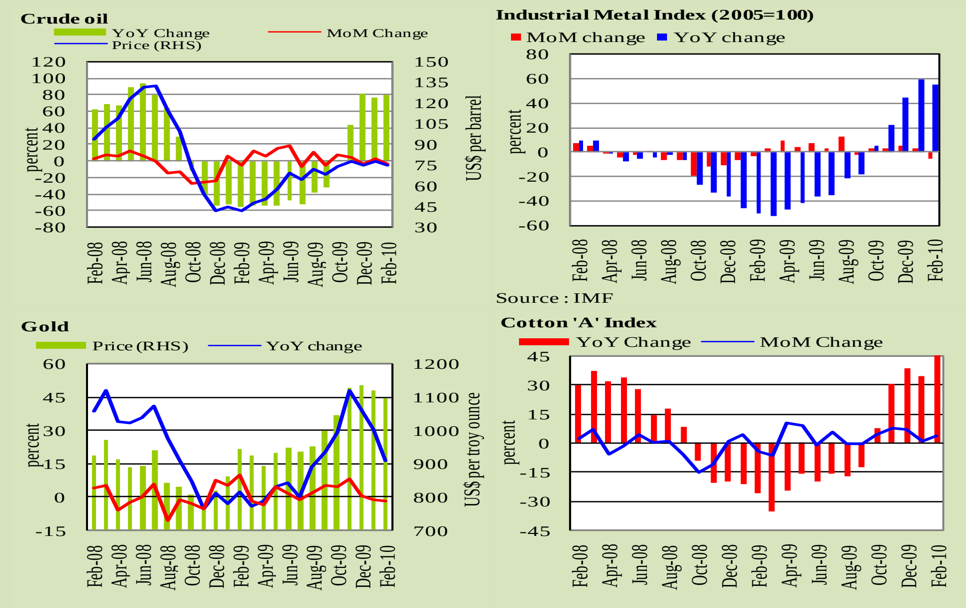
improved supplies of sugar from Brazil, upward revision in Indian output and cancellation of import orders by Pakistan, Egypt, and Ukrain, as well as, (d) expectation of a record high crop of tea in Kenya, world's biggest exporter.[4]

World Bank's (WB) food price index declined by 3.6 percent MoM during February 2010 on top of a fall of 1.4 percent in January 2010 and 0.7 percent during February 2009. However, on YoY basis index grew at a pace of 11.9 percent during February 2010 compared to 15.2 percent growth witnessed last month and a negative growth of 6.0 percent in February 2009 (see **Table 5.2 & 5.3**).

5.3 Non-food group

Among non-food group, crude oil, industrial metals along with precious metals remained weak on MoM basis due to growing concern about the economic recovery triggered by unfavorable stream of macroeconomic data.[5] On the other hand, strong demand has provided strength to cotton and fertilizer prices during February 2010 (see **Figure 5.1 & Table 5.3**).

Figure 5.1: Monthly Changes in Selected Non-food Commodities



Source : IMF & WB

4 According to Tea Board of Kenya, tea production in the country has climbed to 37.7 million kgs from 25.4 million kgs last year.

5 For details see overview

5.4 Analysis of Select Commodities

Crude oil prices after touching US$ 80 per barrel price level in the second week of January 2010 dropped to US$ 69.6[6] in the first week of February 2010. Ease in crude oil prices came as: (a) the colder weather in the Northern hemisphere turned milder; (b) Saudi Arabia cut March OSP (Official Selling Price) to Asian buyers due to the existing ample supply within the region. In addition, an anticipation of lower demand because of seasonal refining maintenance of Middle East crude kept average[7] crude oil price at US$ 74.8 per barrel in February 2010.

A decline of more than US$ 50 per ton in February 2010 pulled the sugar price downward from US$ 626.1 to US$ 573.2. This decline came after: (a) India revised its production estimates from 14.5 million tons to 16.8 million tons reducing its import demand from 2.5 million tons to less than 1.0 million tons ;(b) arrival of Brazilian sugar from new crop, which is estimated to be about 22.0 percent higher than in the preceding year.

Downward pressures on grain prices strengthened in February 2010 due to ample

Table 5.3 : Monthly Changes in Selected Commodity Prices

	YoY				MoM			
	Feb-09	Dec-09	Jan-10	Feb-10	Feb-09	Dec-09	Jan-10	Feb-10
Sugar	-2.2	120.0	131.8	95.0	8.7	9.4	14.0	-8.5
Ind. Metals	-50.9	44.5	59.7	55.8	-3.3	5.3	3.5	-5.6
Corn	-25.8	4.1	-3.4	-1.0	-5.8	-4.1	1.6	-3.4
Wheat	-47.1	-6.3	-15.9	-13.5	-6.1	-2.3	-2.5	-3.4
Crude oil	-55.5	80.3	75.6	79.1	-4.9	-3.5	3.0	-3.0
Rice	31.8	10.0	-2.8	-7.8	3.0	7.0	-1.3	-2.2
Gold*	2.2	39.0	30.2	16.2	9.8	0.7	-1.5	-2.0
Tea	2.0	63.8	23.1	17.6	3.2	3.6	-14.0	-1.4
Soybean*	-46.6	26.7	16.9	22.3	-5.2	0.4	-1.3	-0.9
Palm Oil*	-50.7	57.5	41.1	39.5	1.8	9.2	0.1	0.6
Cotton	-26.4	38.4	34.1	45.0	-4.3	7.0	0.8	3.4
Urea*	-16.0	15.9	4.7	5.6	3.7	6.7	5.6	4.7
DAP*	-55.6	-11.6	21.8	33.3	4.8	24.2	18.6	14.7

Source: IMF *: WB

global supplies. Arrival of new crop and Russia's decision of selling 3.0 million tons of government stockpiles, further pressed wheat prices to US$ 194.4 per ton, from US$ 201.2 per ton in January 2010. Similarly, sufficient availability of corn

[6] ICE, Brent near future price
[7] Simple average of three spot prices; Dated Brent, West Texas Intermediate, and the Dubai Fateh

and rice kept the prices down compared to preceding as well as corresponding month last year.

On the other hand, rising trend in cotton prices continues this month also due to renewed prospects for lower global production and higher consumption. In contrast, fertilizers prices came down slightly during February 2010 due to strengthening US dollar but remained still strong on account of improved demand for crop nutrients.

Annexure A

Table A1: CPI Inflation by Groups

		MoM change			YoY change		
	Weights	**Feb-09**	**Jan-10**	**Feb-10**	**Feb-09**	**Jan-10**	**Feb-10**
I. Food Group	**40.3**	**0.6**	**2.0**	**0.1**	**22.9**	**15.5**	**14.9**
II. Non-Food Group	**59.7**	**1.2**	**2.8**	**0.6**	**19.6**	**12.2**	**11.5**
Apparel, textile, etc.	6.1	0.3	0.5	0.7	15.4	5.2	5.6
House rent	23.4	1.3	0.8	0.8	18.5	13.4	12.7
Fuel & lighting	7.3	2.5	13.4	-0.1	29.8	20.2	17.2
Household furniture & equiptment	3.3	0.7	0.6	0.7	14.7	5.6	5.5
Transport & communication	7.3	0.2	3.0	1.1	21.5	9.4	10.4
Recreation & entertainment	0.8	1.3	-0.3	3.5	14.0	2.1	4.3
Education	3.5	0.8	0.2	0.2	18.0	13.7	12.9
Cleaning, laundry, etc.	5.9	2.1	0.9	0.5	18.3	11.5	9.8
Medicare	2.1	0.4	2.7	0.4	14.2	5.9	5.9
Headline	**100**	**1.0**	**2.4**	**0.4**	**21.1**	**13.7**	**13.0**

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

Groups	% Changes		Total Number of Items	No. of Items in each Inflation Range							
				Decrease or no change (0 % or less)		Subdued increase (0 to 5%)		Moderate increase (5 to 10%)		Double digit increase (over 10%)	
	Feb-09	Feb-10	Feb-10	Feb-09	Feb-10	Feb-09	Feb-10	Feb-09	Feb-10	Feb-09	Feb-10
I. Food Group	**22.9**	**14.9**	**108**	**13**	**14**	**8**	**20**	**8**	**16**	**79**	**58**
II. Non-Food Group	**19.6**	**11.5**	**250**	**27**	**3**	**19**	**96**	**34**	**71**	**170**	**63**
Apparel, textile, etc.	15.4	5.6	42	1	0	0		13	21	28	6
House rent	18.5	12.7	1	0		0		0		1	1
Fuel & lighting	29.8	17.2	15	3	0	1		0	0	11	14
Household furniture & equipt	14.7	5.5	44	0		1	20	5	19	38	4
Transport & communication	21.5	10.4	43	5	1	1	24	1	10	36	8
Recreation & entertainment	14.0	4.3	16	2	0	4	12	4	0	6	4
Education	18.0	12.9	24	3	1	3	5	1	6	17	12
Cleaning, laundry, etc.	18.3	9.8	36	1	0	4	14	8	13	23	9
Medicines	14.2	5.9	29	12	1	5	21	2	2	10	5
Overall	**21.1**	**13.0**	**358**								

Note: Prices of 16 seasonal items were not reported during the current month.

Table A3: Top Ten Contribution to YoY CPI Inflation in February 2010

	Items	Weights	YoY change Feb-09	YoY change Feb-10	Weighted Contribution
A. Ranked by Weighted Contribution					
1	House Rent Index	23.43	18.53	12.73	22.07
2	Wheat Flour	5.11	49.33	18.02	9.6
3	Milk Fresh	6.66	22.40	14.42	8.11
4	Sugar	1.95	63.63	62.00	7.38
5	Meat	2.70	15.46	19.51	5.47
6	Electricity	4.37	33.20	19.05	5.29
7	Vegetables	1.80	-14.21	36.24	4.48
8	Natural Gas	2.05	25.93	16.91	3.95
9	Petrol	1.73	-1.22	22.39	2.93
10	Vegetable Ghee	2.67	-6.10	12.12	2.80
	Total	**52.46**			**72.08**
B. Ranked by Percentage Change					
1	Pulse Mash	0.20	8.00	76.55	1.04
2	Pulse Moong	0.22	-6.28	75.38	1.08
3	Gur	0.07	48.06	62.07	0.32
4	Sugar	1.95	63.63	62.00	7.38
5	Vegetables	1.80	-14.21	36.24	4.48
6	Jewellery	0.39	22.99	31.84	1.60
7	Text Books	0.69	29.63	30.65	1.40
8	Tea	1.26	42.86	27.86	2.24
9	Bulb & Tube	0.13	9.94	26.85	0.14
10	Potatoes	0.59	17.29	23.01	0.78
	Total	**7.31**			**20.45**
C. Ranked by Weights					
1	House Rent Index	23.43	18.53	12.73	22.07
2	Milk Fresh	6.66	22.40	14.42	8.11
3	Wheat Flour	5.11	49.33	18.02	9.59
4	Electricity	4.37	33.20	19.05	5.29
5	Bakery & Confectionary	2.98	12.66	4.41	0.75
6	Meat	2.70	15.46	19.51	5.47
7	Vegetable Ghee	2.67	-6.10	12.12	2.80
8	Tution Fees	2.36	13.72	8.82	1.38
9	Transport Fare/Charges	2.12	43.38	6.99	1.50
10	Natural Gas	2.05	25.93	16.91	3.95
	Total	**54.45**			**60.92**

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 13.0 percent in February 2010.

Table A4: Distribution of Price Changes (YoY)- Selected CPI Items, February 2010

Groups	Decrease or no change	Subdued increase (upto 5%)	Moderate increase (5 to 10%)	Increase of over 10%
Food Group	Onion, Besan Av. Qlty., Tomatoes, Pulse Gram, Rice Basmati 385/386, Rice Basmati Sup. Qlty., Chillies Powd.National 200Gm, Pulse Masoor (Washed), Chillies Green	Cooking Oil (Dalda), Bread Tandoori St. Size, Eggs Farm, Guava, Betel Leaves, Biscuits-Packed, Almonds Whole Av.Qlty., Corriander, Seed Powd.Nationa, Rooh Afza	Wheat Flour, Fine/Superior, Vegetable Ghee Tin, Chicken Farm Broiler (Live), Bread Plain Medium Size, Bananas, Cold Drink (Standard Siz), Cooked Dal (Av. Hotel), Spinach, Milk Tetra Pack 1/2 Ltr.	Milk Fresh (Unboiled), Wheat Flour Bag, Sugar Refined, Beef With Bone Av.Qlty., Vegetable Ghee (Loose), Mutton Av.Qlty, Potatoes, Tea Loose Kenya Av.Qlty 250G, Garlic
Apparel & Textile	Ladies Sandal Bata, Child Shoe Power Lite Bata, Ladies Spoung Chappal Bata	Long Cloth Av.Qlty., Shirting Av.Qlty., School Uni. Kameez,Shal.Girl	Lawn Av.Qlty., Tailoring Coat-Pant Suit, Nylon Jogger 27 Size 2-5	Tailoring Shirt, Tailoring Suit Female, Tailoring Awami-Suit (Male)
House Rent Index				House Rent Index
Fuel & Lighting	Match Box Small			Elect.Charges Above 1000 Uni, Gas Chrg 6.7438 - 10.1157Mmb, Firewood Whole, Kerosene Oil
Household Furniture & Equipment	Washing Machine Singer	Quilt (Lihaf) 3 Kg. Cotton, Blanket (90" X 54"), Celing Fan 48" Super Qlty	Household Servant, Female P/T, Tea Set Pak. Chinaware 21 Pc, Bedsheet Single Bed Sup.Qlty	Chair Shesham Wood With Arms, Hand Stitching Needle M.Siz, Water Cooler 9/10 Ltr.Plasti
Transport & Communication.	Car Suzuki 800 Cc (W/O. A/C), Telephone Charges Local Call, Tel Charges Out Side City	Bus Fare Outside City, A/C Bus Fare Outside City, Tyre Car With Tube General, Car Tax For 800Cc To 1300Cc	Car Service Charges, Auto Rickshaw Fares, Taxi 4 Seater Fare, Full Tonga Charges	Petrol Super, High Speed Diesel Hsd, Cng Filling Charges, Bus Fare Min (Within City)
Recreation & Entertainment	Tv.Licence Feedomestic, Daily "Dawn", Monthly "Naunehal Digest"	T.V. 20" Colored With R/Cont, Video Game Sega 16 Byte, Cinema A/C. Highest Class		Daily "Jang", Daily "Nawa-E-Waqt", Weekly "Akhbar-E-Jahan"
Education	Com. C.D. (Tdk/Imation), Govt. College Fee Ist. Year, Govt. College Fee 4Th.Year	Comp. With Printer & Speaker, Ball Pen (Local), Pen Ink Dollor 57 Ml Bottle	School Fee 2Nd-Ry Eng.Med., Paper Foolscape (27"X17"), Exercise.Book Lined 80/100 P	School Fee Primary Eng.Med., Maths Book Class Ix Or X, Eng. Book Ist.Yr Complete Se
Cleaning & Laundry	Toilet Soap Lux 95 Grams, Toilet Soap Lifebouy 140 Grm, Toothpaste Macklines 70 Grm, Shaving Cream Touch-Me/Adm.	Surf (Medium) 160 Grm, Washing Powder 1000 Grm, Talc Powder Vice, Roay,B.Cat, Hair-Colour Begin (6 Gms)	Washing Soap, Nyl(135-160Gms), Dry Cleaning Suit, Coat Pant, Facecream Ponds (Medium), Cleanser Powder Vim 1000 Gm	Haircut Charges For Men, Shampoo Plain Medora 200 Ml., Perfume Med.Size Medora/Broa, Hair-Oil Amla/Chambeli
Medicare	Dettol (Medium), Jouhar Joshanda, Cac. 1000 Tab	O.R.S. (Nimcol), Daonil Tab. 5 Mg., Renitec Tab. 5 Mg.	Cotton Bandage 2" - 4", Doctor (Mbbs) Clinic Fee	Thermometer China, Galxos-D (450 Grms), Sancos Syrup (50 Ml.)

Table A5: City-wise Inflation by Income Groups, February 2010

		Upto Rs:3000						Rs 3001-5000					
		General		Food		Non-Food		General		Food		Non-Food	
		MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY
1	Lahore	0.9	13.3	1.3	17.4	0.3	8.0	0.7	14.1	0.9	18.5	0.4	8.9
2	Faisalabad	0.8	15.5	0.7	21.1	0.8	8.3	0.8	16.0	0.7	21.7	0.8	9.5
3	Rawalpindi	0.9	14.2	0.2	17.5	1.9	10.1	0.8	14.1	-0.2	17.0	2.0	10.7
4	Multan	0.1	14.6	-0.5	18.4	1.0	10.1	0.1	14.6	-0.5	18.1	0.7	10.3
5	Gujranwala	1.0	15.8	1.0	20.8	0.9	9.5	0.9	15.5	0.9	19.5	1.0	10.9
6	Islamabad	0.6	11.9	-1.3	14.7	2.9	8.7	0.3	12.5	-1.0	15.7	1.8	8.9
7	Sargodha	0.5	15.3	0.7	17.5	0.3	12.6	0.6	14.9	0.9	17.0	0.3	12.5
8	Sialkot	0.5	14.3	0.2	16.3	1.0	11.7	0.2	15.4	-0.1	18.2	0.7	12.0
9	Bahawalpur	0.6	19.4	0.5	25.8	0.8	11.7	0.5	18.8	0.4	24.8	0.7	11.9
10	Karachi	0.4	13.2	0.4	14.7	0.3	11.4	0.5	13.6	0.6	15.5	0.3	11.4
11	Hyderabad	0.6	13.0	0.2	14.8	1.3	10.7	0.5	12.5	0.1	13.9	1.0	10.8
12	Sukkur	0.3	10.9	0.1	7.5	0.6	15.5	0.2	11.0	0.0	8.8	0.4	13.5
13	Larkana	0.7	12.8	0.4	12.4	1.0	13.4	0.6	11.5	0.4	11.3	0.9	11.7
14	Peshawar	0.1	13.5	-0.4	14.9	0.7	11.7	0.1	13.1	-0.3	13.8	0.6	12.3
15	Bannu	0.5	15.3	0.3	17.7	0.7	12.5	0.0	14.2	-0.5	15.7	0.5	12.6
16	Quetta	0.5	9.9	0.6	9.4	0.3	10.6	0.8	11.4	1.0	11.1	0.6	11.8
17	Khuzdar	-0.4	13.8	-0.8	15.8	0.2	11.4	-0.2	14.5	-0.6	16.1	0.3	12.7
		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	0.7	13.5	0.9	17.6	0.5	9.4	0.6	12.6	0.9	15.1	0.3	11.1
2	Faisalabad	0.8	15.3	0.7	20.5	0.9	10.2	0.6	13.5	0.5	16.8	0.7	11.4
3	Rawalpindi	0.7	13.3	-0.2	15.9	1.5	10.8	0.3	12.4	-0.4	13.9	0.7	11.6
4	Multan	0.0	13.8	-0.6	17.5	0.5	10.3	0.0	12.8	-0.8	15.5	0.5	11.1
5	Gujranwala	0.8	14.8	0.8	18.8	0.8	11.0	0.8	14.0	0.9	17.9	0.7	11.8
6	Islamabad	0.6	12.0	-1.0	14.5	2.2	9.6	0.0	10.8	-1.2	12.3	0.8	10.0
7	Sargodha	0.6	14.3	0.9	15.7	0.3	12.9	0.4	13.0	0.5	14.0	0.3	12.3
8	Sialkot	0.2	14.6	-0.2	17.0	0.7	12.1	0.1	13.5	-0.3	15.2	0.4	12.4
9	Bahawalpur	0.4	16.9	0.2	22.5	0.6	11.3	0.3	13.8	0.0	18.6	0.5	10.8
10	Karachi	0.6	12.8	0.9	14.5	0.3	11.2	0.7	11.6	1.4	11.6	0.3	11.6
11	Hyderabad	0.6	12.0	0.3	13.1	1.0	11.0	0.7	11.7	0.7	11.7	0.7	11.6
12	Sukkur	0.2	11.0	0.1	8.9	0.4	13.0	0.3	10.7	0.3	8.4	0.3	12.1
13	Larkana	0.5	10.5	0.1	9.7	0.9	11.3	0.5	9.4	0.2	8.5	0.7	9.9
14	Peshawar	0.1	12.3	-0.5	12.7	0.6	11.9	0.0	12.1	-0.8	11.9	0.5	12.3
15	Bannu	-0.3	13.3	-1.0	14.1	0.5	12.4	-0.6	12.7	-1.8	12.5	0.1	12.8
16	Quetta	0.7	11.0	0.9	10.2	0.4	11.8	0.6	11.0	1.0	9.4	0.4	12.0
17	Khuzdar	0.0	14.0	-0.5	15.5	0.5	12.4	0.0	14.6	-0.3	16.2	0.1	13.7

Table A6 : Income Group-wise Inflation						percent
	MoM			YoY		
	Feb-09	Jan-10	Feb-10	Feb-09	Jan-10	Feb-10
Up to Rs. 3000						
General	0.4	2.1	0.5	21.7	14.2	14.3
Food	0.0	2.0	0.3	23.7	16.4	16.8
Non-food	0.9	2.3	0.7	19.2	11.5	11.2
Rs. 3001-5000						
General	0.4	2.3	0.4	22.2	14.0	14.0
Food	0.0	2.1	0.2	23.6	16.1	16.3
Non-food	0.9	2.5	0.7	20.5	11.6	11.4
Rs. 5000-12000						
General	0.9	2.4	0.4	22.0	13.8	13.3
Food	0.4	2.0	0.1	23.3	15.7	15.4
Non-food	1.3	2.8	0.7	20.8	12.0	11.3
Above Rs. 12000						
General	1.2	2.5	0.3	19.8	13.5	12.5
Food	1.1	2.0	0.0	22.1	14.9	13.8
Non-food	1.3	2.9	0.5	18.5	12.6	11.8
All income groups						
General	1.0	2.4	0.4	21.1	13.7	13.0
Food	0.6	2.0	0.1	22.9	15.5	14.9
Non-food	1.2	2.8	0.6	19.6	12.2	11.5

Table A7: Distribution of Price Change (YoY) - WPI Items: February 2010

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

Table A8: SPI Item-wise Price Movements

S.No	Items	Unit	Price Feb 10	Percentage change YoY	Percentage change Monthly
1	Wheat	Kg.	27.0	10.3	1.5
2	Wheat flour average qlt.	Kg.	30.1	22.7	0.5
3	Rice basmti.broken	Kg.	43.6	-1.9	1.7
4	Rice irri-6	Kg.	34.3	-5.8	1.0
5	Masur pulse washed	Kg.	123.6	-2.0	1.1
6	Moong pulse washed	Kg.	84.7	76.9	6.2
7	Mash pulse washed	Kg.	133.8	75.8	2.1
8	Gram pulse washed	Kg.	56.5	-3.8	4.9
9	Beef	Kg.	176.0	21.9	1.8
10	Mutton	Kg.	317.2	21.1	3.1
11	Egg hen (farm)	Doz.	64.9	12.3	-26.1
12	Bread plain	Each	26.9	7.0	2.5
13	Sugar	Kg.	68.0	61.9	2.5
14	Gur	Kg.	73.7	60.2	3.8
15	Milk fresh	Litr	41.7	14.1	0.2
16	Milk powdered nido	400g	180.0	5.9	0.0
17	Curd	Kg.	49.2	13.6	0.4
18	Veg.ghee tin	2.5k	353.0	8.1	0.0
19	Veg.ghee loose	Kg.	114.8	16.1	-1.5
20	Mustard oil	Kg.	136.7	-3.2	0.9
21	Cooking oil	2.5l	353.0	0.5	0.0
22	Potatoes	Kg.	16.7	26.4	-8.5
23	Onions	Kg.	24.0	-22.7	-5.7
24	Tomatoes	Kg.	18.3	-38.4	3.8
25	Bananas	Doz.	38.9	8.7	2.9
26	Salt powdered	Kg.	6.7	6.9	0.0
27	Red chillies(powd)	Kg.	165.3	24.2	-1.0
28	Garlic	Kg.	146.1	250.1	0.0
29	Tea packet	250g	128.6	28.6	3.9
30	Tea (prepared)	Cup	10.6	22.9	1.8
31	Cooked beef plate	Each	45.3	11.2	1.0
32	Cooked dal plate	Each	28.7	11.1	1.5
33	Cigarettes k-2	10's	12.0	31.0	2.1
34	Coarse latha	Mtr.	47.2	4.3	2.6
35	Lawn (avg.+s.qlty)	Mtr.	93.0	3.8	0.5
36	Voil printed	Mtr.	47.6	4.7	1.1
37	Shirting	Mtr.	82.4	3.8	0.3
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	75.5	18.4	4.4
42	Firewood	40kg	304.8	12.8	0.9
43	Elec. Bulb 60-wats	Each	20.0	33.7	0.0
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	13.1	3.3	2.4
46	Bath soap lifebuoy	Cake	22.0	0.0	0.0
47	Chicken (farm)	Kg.	124.4	8.5	7.5
48	Gas chrg. All clb. Comb	D.mmbt	337.2	15.4	0.0
49	L.P.G .(cylender 11kg.)	Each	1061.4	28.3	-2.1
50	Elec.chrg.all slabs comb	Bd. Unit	8.1	19.3	0.0
51	Petrol	Litr	72.0	23.5	9.2
52	Diesel	Litr	72.5	25.7	4.7
53	Telephone local	Call	2.4	0.0	0.0
Maximum				**250.1**	**9.2**
Median				**11.1**	**0.9**
Minimum				**-38.4**	**-26.1**

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

Item and Specification		Weights	Index		
			Feb-09	**Jan-10**	**Feb-10**
GENERAL		**100.0006**	**191.90**	**216.09**	**216.93**
FOOD & BEVERAGES.		**40.3412**	**211.58**	**242.91**	**243.17**
1	WHEAT	0.4830	285.59	310.41	315.30
2	WHEAT FLOUR	5.1122	260.43	305.87	307.37
3	MAIDA	0.1059	269.03	284.80	285.46
4	BESAN	0.1320	213.41	190.91	199.32
5	RICE	1.3369	287.18	273.35	276.37
6	PULSE MASOOR	0.2214	347.15	338.57	344.67
7	PULSE MOONG	0.2230	160.67	260.00	281.79
8	PULSE MASH	0.2017	167.87	288.40	296.38
9	PULSE GRAM	0.4272	206.18	179.61	193.66
10	GRAM WHOLE	0.1491	183.30	210.33	213.82
11	MUSTARD OIL	0.0456	257.68	249.56	251.97
12	COOKING OIL	0.6858	220.41	221.73	221.73
13	VEGETABLE GHEE	2.6672	216.94	244.93	243.23
14	SUGAR	1.9467	153.09	236.94	248.00
15	GUR	0.0735	176.46	275.65	285.99
16	TEA	1.2559	160.32	199.17	204.99
17	MILK FRESH	6.6615	211.32	240.68	241.80
18	MILK POWDER	0.1105	204.52	210.05	210.86
19	MILK PRODUCTS	0.5607	196.68	222.67	223.20
20	HONEY	0.0358	187.99	208.10	212.57
21	CEREALS	0.0878	229.50	250.11	250.46
22	JAM,TOMATO,PICKLES & VINEGAR	0.2472	163.83	183.33	184.43
23	BEVERAGES	0.7286	162.64	174.94	175.93
24	CONDIMENTS	0.3392	241.60	246.31	247.29
25	SPICES	0.6008	210.22	203.91	232.96
26	DRY FRUIT	0.2760	309.89	335.65	338.88
27	BAKERY & CONFECTIONARY	2.9837	143.67	148.37	150.00
28	CIGARETTES	0.9527	180.30	218.32	220.08
29	BETEL LEAVES & NUTS	0.1851	171.80	178.17	179.96
30	READYMADE FOOD	1.6833	220.07	246.46	249.65
31	SWEETMEAT & NIMCO	0.3846	223.69	251.20	256.97
32	FISH	0.2703	189.31	204.62	209.32
33	MEAT	2.6981	260.14	304.03	310.90
34	CHICKEN FARM	0.9158	217.06	217.71	234.92
35	EGGS	0.4119	225.56	374.44	236.66
36	POTATOES	0.5931	142.29	207.99	175.03
37	ONIONS	0.6362	258.24	245.71	224.98
38	TOMATOES	0.4958	159.64	108.98	107.48
39	VEGETABLES	1.7998	171.95	243.13	234.27
40	FRESH FRUITS	1.6156	197.23	228.58	218.97
APPAREL, TEXTILE & FOOTWEAR.		**6.0977**	**153.92**	**161.48**	**162.53**
41	COTTON CLOTH	1.6197	155.92	160.45	162.45
42	SILK,LINEN,WOOLEN/CLOTH	0.5766	152.43	165.63	166.20
43	TAILORING CHARGES	0.8636	161.79	177.65	178.40
44	HOSIERY	0.1528	164.79	177.29	177.68
45	READYMADE GARMENTS	1.2038	141.07	148.77	149.70
46	WOOLEN READYMADE GARMENTS	0.1485	177.78	193.06	200.00
47	FOOTWEAR	1.5327	154.64	157.23	157.23
HOUSE RENT.		**23.4298**	**185.20**	**207.22**	**208.78**
48	HOUSE RENT INDEX (Combined)	23.4298	185.20	207.22	208.78

(continued)

(continued)

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

Item and Specification		Weights	Index		
			Feb-09	**Jan-10**	**Feb-10**
FUEL AND LIGHTING.		**7.2912**	**208.21**	**244.09**	**243.96**
49	KEROSENE	0.1366	387.99	457.10	441.51
50	FIREWOOD	0.4778	302.95	339.01	341.08
51	MATCH BOX	0.1301	200.00	200.00	200.00
52	BULB & TUBE	0.1311	102.82	129.29	130.43
53	ELECTRICITY	4.3698	159.21	189.54	189.54
54	NATURAL GAS	2.0458	286.02	334.39	334.40
H.HOLD.FURNITURE & EQUIPMENT ETC.		**3.2862**	**162.17**	**170.02**	**171.14**
55	UTENSILS	0.3690	148.73	157.07	157.83
56	PLASTIC PRODUCTS	0.1055	190.62	205.21	207.49
57	SUITCASE	0.0470	156.60	164.04	165.11
58	HOUSE HOLD EQUIPMENTS	0.0953	144.07	157.29	158.24
59	FURNITURE (Ready Made)	0.3054	173.38	183.46	185.99
60	FURNISHING	0.6362	154.75	161.43	162.68
61	ELECT.IRON FANS & WASHING MACHINE	0.1889	164.43	161.83	162.84
62	SEWING MACHINE,CLOCK AND NEEDLES	0.1270	140.47	149.61	150.39
63	REFRIGERATOR & AIRCONDITIONER	0.1756	127.73	132.29	132.57
64	MARRIAGE HALL	0.0445	186.97	201.57	202.70
65	HOUSE HOLD SERVANT	1.1918	172.67	181.16	182.04
TRANSPORT & COMMUNICATION.		**7.3222**	**186.04**	**203.09**	**205.36**
66	PETROL	1.7253	189.71	234.18	232.19
67	DIESEL	0.2070	362.66	456.67	445.07
68	CNG. FILLING CHARGES	0.1649	205.46	226.80	226.80
69	SERVICE CHARGES	0.3835	163.34	174.92	175.46
70	VEHICLES	0.2596	134.32	131.97	133.71
71	TYRE & TUBE	0.2831	157.82	163.48	164.22
72	TRANSPORT FARE/CHARGES	2.1236	252.36	259.82	270.00
73	TRAIN FARE	0.1514	253.24	253.24	253.24
74	AIR FARE	0.0983	342.93	342.93	342.93
75	COMMUNICATION	1.9255	91.31	93.29	93.29
RECREATION & ENTERTAINMENT.		**0.8259**	**121.25**	**122.20**	**126.43**
76	RECREATION	0.3399	131.89	134.04	142.98
77	ENTERTAINMENT	0.4860	113.83	114.77	114.86
EDUCATION.		**3.4548**	**164.68**	**185.65**	**185.97**
78	TUTION FEES	2.3629	165.55	179.86	180.15
79	STATIONERY	0.3500	169.14	179.63	180.74
80	TEXT BOOKS	0.6894	165.52	216.25	216.25
81	COMPUTER & ALLIED PRODUCTS	0.0525	84.57	84.57	85.14
CLEANING LAUNDRY & PER.APPEARANCE.		**5.8788**	**167.37**	**182.79**	**183.71**
82	WASHING SOAP & DETERGENT	1.5535	161.64	166.11	168.30
83	TOILET SOAP	0.7436	186.50	186.50	186.50
84	TOOTH PASTE	0.4036	113.13	116.23	116.80
85	SHAVING ARTICLES	0.3480	146.70	153.05	153.39
86	COSMETICS	1.4272	149.94	164.32	167.87
87	WATCHES	0.0552	138.22	138.95	139.13
88	JEWELLERY	0.3936	319.00	435.06	420.58
89	LAUNDRY CHARGES	0.2207	179.11	192.93	193.38
90	HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	150.94	165.88	168.86
MEDICARE.		**2.0728**	**149.97**	**158.16**	**158.79**
91	DRUGS & MEDICARES	1.0752	117.80	125.09	125.68
92	DOCTOR'S FEE	0.9976	184.63	193.81	194.49

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

	Index			
Item and Specifications	**Feb-09**	**Jul-09**	**Jan-10**	**Feb-10**
GENERAL	**194.19**	**207.57**	**230.80**	**231.64**
FOOD	**210.31**	**224.31**	**241.37**	**242.67**
1 WHEAT	289.13	283.44	315.81	319.65
2 WHEAT FLOUR	250.74	279.01	300.42	301.86
3 MAIDA	283.02	287.10	294.27	291.04
4 BESAN	187.73	161.96	169.10	173.78
5 RICE	330.13	323.02	313.24	319.18
6 MAIZE	231.24	214.54	213.02	231.67
7 JOWAR	204.83	219.78	226.63	240.32
8 BAJRA	210.22	187.99	190.04	194.47
9 BEANS	253.82	252.23	255.79	271.85
10 GRAM WHOLE	181.11	183.46	226.92	232.17
11 GRAM SPLIT	192.28	145.94	157.90	167.25
12 MASOOR	363.15	343.78	333.47	338.33
13 MASH	151.77	200.55	256.61	261.27
14 MOONG	162.88	181.22	257.29	278.82
15 POTATOES	135.73	270.20	217.86	177.27
16 ONIONS	263.72	249.14	243.90	230.27
17 TOMATOES	154.10	247.58	98.93	93.26
18 VEGETABLES	163.61	217.26	238.88	238.65
19 FRESH FRUITS	148.78	170.96	164.81	164.37
20 DRY FRUITS	223.26	227.90	253.97	255.78
21 FRESH MILK	186.05	193.35	206.74	208.03
22 POWDERED MILK	222.64	221.71	222.10	222.47
23 MILK FOOD	165.04	168.67	171.18	171.18
24 VEGETABLE GHEE	227.62	248.75	260.46	268.02
25 MUSTARD & RAPESEED OIL	295.56	262.37	282.65	280.70
26 COTTON SEED OIL	260.76	260.39	282.29	284.31
27 COOKING OIL	211.05	218.95	220.70	221.17
28 OIL CAKES	294.31	335.07	315.95	317.15
29 GUR	145.25	223.82	248.94	259.85
30 SUGAR REFINED	154.63	170.10	239.57	250.56
31 CHICKEN	210.98	213.37	227.30	239.63
32 EGGS	234.81	225.69	381.33	243.31
33 FISH	119.29	124.68	140.28	142.98
34 MEAT	244.03	266.65	286.54	291.41
35 SPICES	203.74	198.13	230.63	244.16
36 CONDIMENTS	285.64	285.60	291.51	292.26
37 SALT	159.07	166.45	166.70	165.72
38 TEA	138.02	142.99	165.01	169.07
39 BEVERAGES	138.85	140.72	141.85	141.85
40 MINERAL WATER	118.60	125.71	126.74	127.38
41 FRUIT PREPARED/PRESERVED	157.01	166.76	173.34	178.61
42 VEGETABLES PREPARED/PRESERVED	157.73	167.87	177.29	179.63
43 SUGAR CONFECTIONARY	99.95	100.48	100.46	100.46
RAW MATERIAL	**185.92**	**193.88**	**235.19**	**250.35**
44 COTTON	148.50	148.77	200.42	210.85
45 COTTON SEEDS	239.02	272.67	287.12	275.04
46 MUSTARD/RAPESEEDS	303.29	274.21	291.66	293.98
47 TOBACCO	196.92	204.91	221.77	221.77
48 SUGAR CANE	262.30	280.70	356.16	438.72
49 WOOL	139.73	139.48	141.45	141.45
50 HIDES	153.87	138.51	131.68	128.58
51 SKINS	110.52	105.26	99.92	98.99
52 PIG IRON	324.02	324.02	321.93	321.93

(continued)

(continued)

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

Item and Specifications	Index			
	Feb-09	**Jul-09**	**Jan-10**	**Feb-10**
FUEL & LIGHT	**233.61**	**267.47**	**313.87**	**304.47**
53 COAL	141.00	141.00	141.00	141.00
54 COKE	666.22	624.58	555.18	555.18
55 DIESEL OIL	353.27	385.74	446.65	434.92
56 MOTOR SPRIT	188.00	196.90	231.95	229.87
57 MOBIL OIL	195.11	199.47	199.46	200.36
58 FURNACE OIL	190.73	312.14	391.84	363.06
59 KEROSINE OIL	352.86	392.99	434.90	417.41
60 NATURAL GAS	227.25	217.12	256.00	256.00
61 ELECTRICITY IND. SUPPLY TARIFF-B	160.81	162.36	201.01	201.01
62 ELEC. AGRICULTURE TARIFF-D	177.78	177.78	205.07	205.07
63 FIRE WOOD	254.98	260.16	274.99	279.48
MANUFACTURE	**138.38**	**141.07**	**156.61**	**159.31**
64 SOLE LEATHER	131.99	131.99	137.13	134.06
65 CHROME LEATHER	194.84	194.84	212.23	212.23
66 COTTON YARN	97.25	102.08	145.11	150.55
67 BLENDED YARN	123.37	131.60	166.18	173.90
68 NYLON YARN	101.15	109.59	119.00	121.04
69 COTTON TEXTILES	141.66	146.56	146.95	147.42
70 HOSIERY	152.55	154.38	156.75	156.75
71 SILK & REYON TEXTILES	143.29	144.28	148.39	149.15
72 WOOLEN TEXTILES	130.01	137.37	139.79	139.79
73 JUTE MANUFACTURES	121.87	123.97	128.60	128.60
74 MATTRESSES	133.39	135.78	139.72	140.61
75 READY MADE GARMENTS	113.68	116.07	118.87	118.87
76 UTENSILS	146.84	146.64	148.79	148.79
77 PLASTIC PRODUCTS	132.44	138.47	138.32	140.48
78 GLASS PRODUCTS	148.05	168.15	179.65	179.81
79 CHEMICALS	167.28	162.04	185.62	189.84
80 DYING MATERIALS	88.36	88.36	87.20	88.99
81 SOAPS	179.76	180.62	182.91	183.88
82 COSMETICS	117.54	119.58	119.84	121.91
83 DRUGS & MEDICINES	105.90	110.29	113.17	115.82
84 FERTILIZERS	307.19	291.55	289.10	297.34
85 PESTICIDES & INSECTICISED	137.69	146.74	148.15	148.35
86 MACHINERY	174.21	175.23	177.90	177.90
87 TRANSPORTS	124.01	124.15	129.02	129.05
88 TYRES	211.49	208.67	208.57	208.57
89 TUBES	185.41	184.79	187.73	187.73
90 AUDIO-VISUAL INSTRUMENTS	91.84	92.25	92.28	92.28
91 OTHER ELECTRICAL GOODS	123.29	130.55	131.11	131.27
92 CIGARETTES	155.73	171.57	190.55	197.49
93 PAPER	105.98	105.98	105.98	105.98
94 MATCHES	124.26	124.26	124.26	124.26
95 FOOT WEAR	172.91	177.36	192.15	192.15
BUILDING MATERIAL	**209.20**	**201.15**	**196.26**	**200.37**
96 CEMENT	147.49	141.82	124.02	124.02
97 BRICKS	228.54	232.92	246.93	246.93
98 CEMENT BLOCKS	166.63	166.63	170.83	170.83
99 TILES	99.17	99.67	99.67	99.67
100 IRON BARS & SHEETS	261.58	248.46	249.30	257.22
101 PIPE FITTINGS	177.21	180.51	184.74	185.05
102 TIMBER	202.65	209.88	208.88	208.88
103 GLASS SHEETS	162.28	168.78	177.94	177.94
104 PAINTS & VARNISHES	140.35	146.05	146.05	146.05
105 SANITARY WARES	143.42	145.77	162.20	162.20
106 WIRES AND CABLES	253.95	259.37	262.08	262.08

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

Period		CPI			WPI			SPI *
		Overall	Food	Non-food	Overall	Food	Non-food	
2004-05		121.98	125.69	119.47	124.14	125.03	123.50	126.52
2005-06		131.64	134.39	129.78	136.68	133.78	138.78	136.43
2006-07		141.87	148.21	137.59	146.18	145.67	146.53	149.29
2007-08		158.90	174.36	148.44	170.15	173.27	167.88	170.55
2008-09		191.90	215.69	175.82	201.10	213.54	192.04	209.29
2008	Feb.	158.50	172.16	149.26	168.81	172.40	166.20	166.94
	Mar.	163.38	180.52	151.79	175.55	177.57	174.08	173.96
	Apr.	168.34	188.37	154.80	183.09	184.07	182.38	183.29
	May.	172.87	196.28	157.04	192.19	194.26	190.68	191.49
	Jun.	176.50	201.12	159.85	197.92	199.39	196.85	194.10
	Jul.	182.39	206.85	165.85	206.53	206.37	206.65	202.94
	Aug.	186.29	212.21	168.76	211.60	211.91	211.37	208.85
	Sep.	188.10	214.13	170.50	211.02	213.63	209.12	209.52
	Oct.	192.08	221.44	172.23	207.08	219.58	197.98	213.37
	Nov.	191.85	218.12	174.09	196.50	215.97	182.33	211.03
	Dec.	190.90	214.71	174.80	192.62	210.77	179.41	207.99
2009	Jan.	190.09	210.33	176.40	192.91	208.80	181.35	204.02
	Feb.	191.90	211.58	178.59	194.19	210.31	182.46	206.78
	Mar.	194.53	216.13	179.92	195.00	212.16	182.51	208.40
	Apr.	197.28	220.46	181.61	198.28	215.69	185.61	210.85
	May.	197.74	220.04	182.66	201.29	217.50	189.49	212.62
	Jun.	199.69	222.23	184.45	206.13	219.81	196.17	215.09
	Jul	202.77	228.93	185.08	207.57	224.31	195.39	222.00
	Aug	206.21	234.69	186.95	212.16	229.52	199.53	225.18
	Sep	207.14	235.59	187.90	212.53	230.34	199.57	227.34
	Oct	209.11	238.12	189.49	215.01	232.35	202.39	227.73
	Nov	212.02	242.40	191.48	220.98	236.69	209.55	232.14
	Dec	210.99	238.16	192.62	221.43	235.06	211.51	232.81
2010	Jan.	216.09	242.91	197.95	230.80	241.37	223.11	240.25
	Feb	216.93	243.17	199.19	231.64	242.67	223.61	242.37

*: all groups combined

Table A12: International Commodity Prices/Indices

	Feb-09	Jan-10	Feb-10
Energy			
Crude Oil (US$ per barrel)*	41.8	77.1	74.8
IMF Energy Index (2005 =100)	90.0	143.0	139.2
WB Energy Index (1990=100) @	159.0	267.5	259.3
Food			
Rice ($/MT)	634.0	598.0	584.8
Wheat ($/MT)	224.7	201.2	194.4
Sugar (US cent / pound)	13.3	28.4	26.0
Palm Oil ($/MT)	529.4	742.0	754.3
Soybean Oil ($/MT)	702.2	838.4	840.4
Non-Food Non-Energy			
Cotton Outlook 'A' Index #	121.7	170.5	176.3
IMF Metal Price Index (2005=100)	101.3	154.7	146.0
Copper ($/MT)	3,328.4	7,367.4	6,867.7
Alluminum ($/MT)	1,338.1	2,230.1	2,053.3
Iron Ore ($ cents/dry MT)	140.6	101.0	101.0
Tin ($/MT)	11,074.8	17,710.2	16,352.3
Nickel ($/MT)	10,410.8	18,405.6	19,060.6
Zinc ($/MT)	1,118.0	2,414.7	2,158.8
Lead ($/MT)	1,099.6	2,352.2	2,125.8
Uranium ($/pound)	47.0	43.8	42.1
DAP ($/MT)	367.9	427.5	490.5
Urea ($/MT)	273.3	275.8	288.6

$/MT = US$ 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)

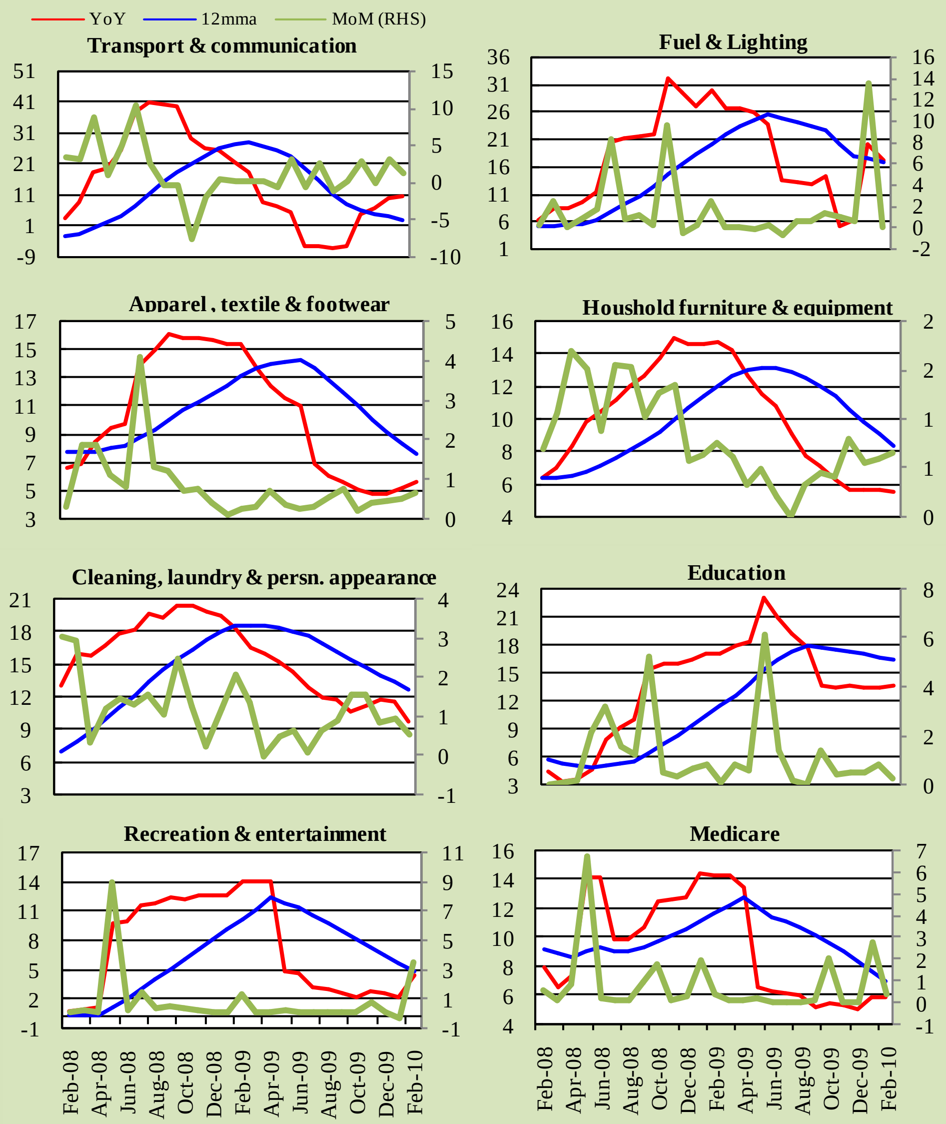


Figure A2: Frequency Distribution of Price Changes of CPI Items, February 2010

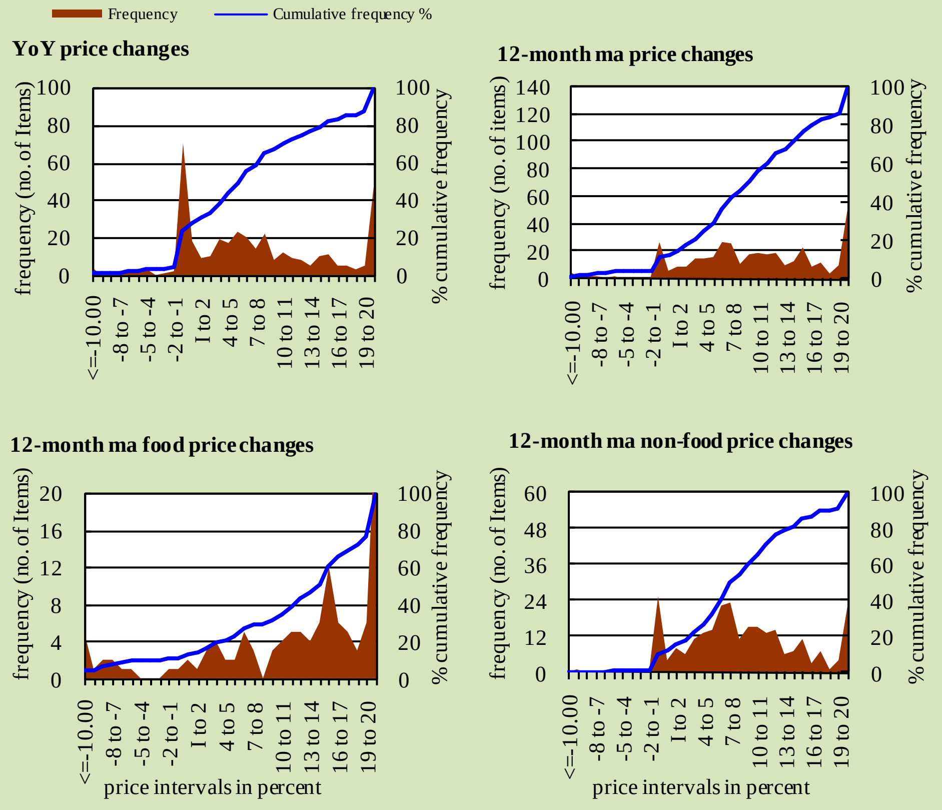
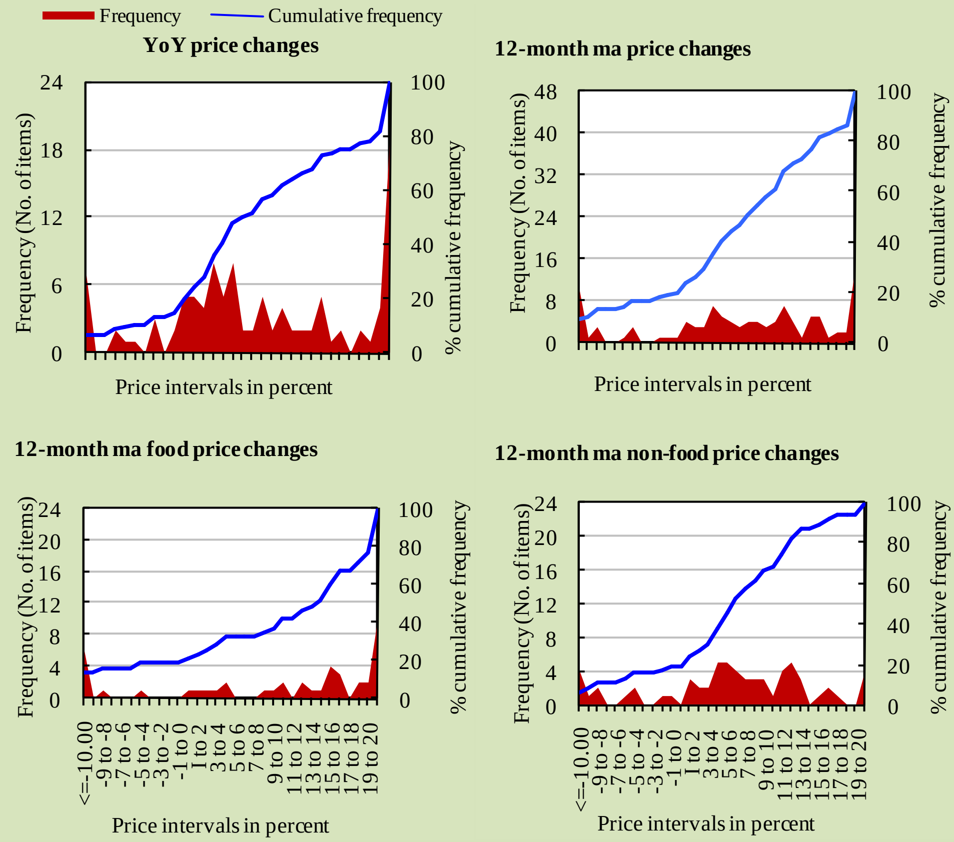


Figure A3: Frequency Distribution of Price Changes of WPI Items, February 2010



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:

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

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:

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

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