

Inflation Monitor

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State Bank of Pakistan

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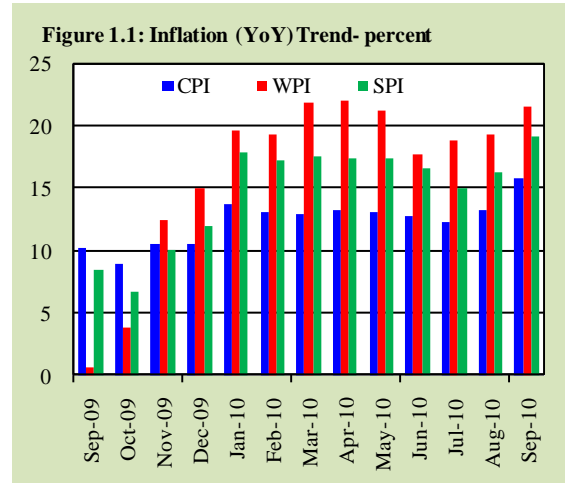
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1. Overview

As expected, inflationary pressures further strengthened during September 2010 (**Figure 1.1**). CPI inflation (YoY) rose to 15.7 percent in September 2010, the highest in the last seventeen months. WPI inflation (YoY) continued its upward trend during the first three months of FY11 in contrast to a declining trend observed in the last quarter of FY10 (see **Table 1.1**). Similar to CPI and WPI, monthly inflation measured by SPI



(YoY) also increased in September 2010 compared to a relatively lower inflation in the corresponding month of the preceding year. This rising in inflation is entirely driven by food inflation due to: (a) strong external demand for meat, rising international food commodity prices; and (c) supply shortages of perishable food commodities after floods and heavy rains.

Table 1.1: Inflation Trends

	percent													
	CPI						Core Inflation				WPI		SPI**	
	General		Food		Non-food		NFNE*		Trimmed		YoY	MoM	YoY	MoM
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
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
Mar-10	12.9	1.3	14.5	1.8	11.6	0.8	9.9	0.8	12.7	0.8	21.8	2.5	17.6	1.1
Apr-10	13.3	1.7	14.5	2.0	12.2	1.5	10.6	1.7	12.7	1.1	22.0	1.8	17.4	1.0
May-10	13.1	0.1	14.8	0.0	11.7	0.1	10.3	0.6	12.5	0.4	21.2	0.9	17.4	0.8
Jun-10	12.7	0.6	14.5	0.7	11.2	0.6	10.4	0.7	11.7	0.7	17.6	-0.6	16.5	0.4
Jul-10	12.3	1.2	12.8	1.5	12.0	1.0	10.3	0.5	12.0	0.7	18.7	1.7	14.9	1.8
Aug-10	13.2	2.5	15.6	5.1	11.2	0.3	9.8	0.4	12.5	0.7	19.2	2.6	16.2	2.6
Sep-10	15.7	2.7	21.2	5.3	11.0	0.3	9.4	0.4	12.8	0.9	21.5	2.1	19.1	3.5

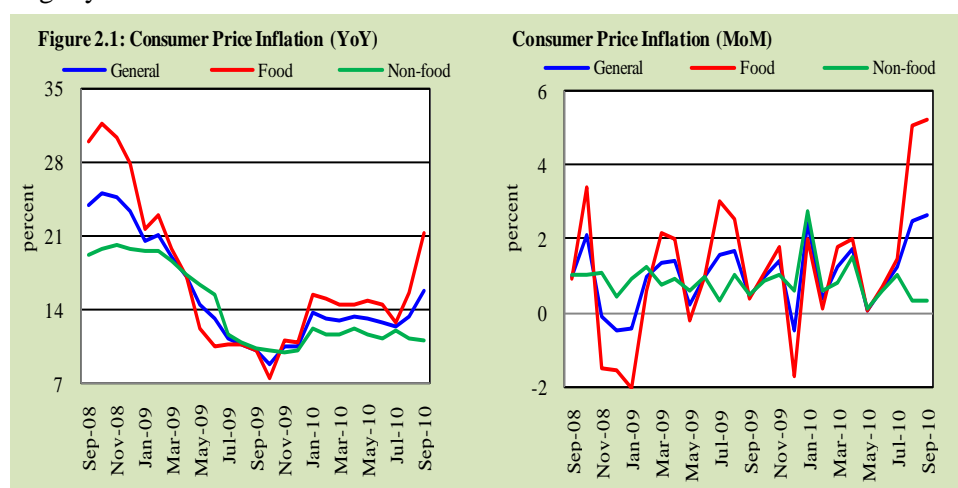
* NFNE is Non-food non-energy inflation; ** SPI for all income groups combined.

Similar to headline inflation, core inflation (YoY) measured by 20% trimmed mean also increased to 12.8 percent in September 2010, which was not only slightly higher than 12.5 percent in August 2010 but also the highest level during the last twelve months. In contrast, core inflation measured by NFNE further declined to 9.4 percent YoY in September 2010 from 9.8 percent in the last

month, which shows that present inflationary pressures are principally from food and energy.

2. Consumer Price Index

Inflation (YoY) measured by consumer price index (CPI) rose to a 17- month high in September 2010, reaching 15.7 percent compared to 13.2 percent in August 2010 and 10.1 percent during September 2009. This rise was entirely contributed by food components of the CPI basket as CPI non-food inflation slightly declined.



Similar trend was observed in inflation on month on month basis during September 2010. CPI inflation (MoM) increased from 2.5 percent in August 2010 to 2.7 percent during the review month. Similarly, on MoM basis, while CPI food inflation increased, CPI non-food inflation remained unchanged during September 2010 compared to the previous month (see **Figure 2.1**).

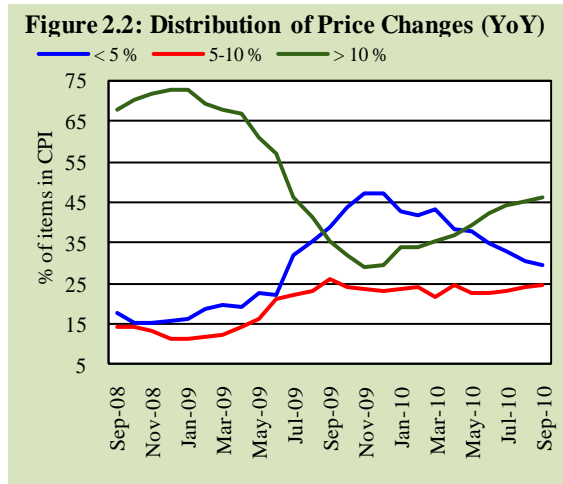
	Food		Non-food	
	YoY	MoM	YoY	MoM
Sep-09	45.5	39.0	54.5	61.0
Oct-09	39.5	51.8	60.5	48.2
Nov-09	48.6	59.3	51.4	40.7
Dec-09	47.1	166.1	52.9	-66.1
Jan-10	50.6	37.6	49.4	62.4
Feb-10	50.9	12.5	49.1	87.5
Mar-10	50.5	65.0	49.5	35.0
Apr-10	49.5	53.0	50.5	47.0
May-10	50.9	25.9	49.1	74.1
Jun-10	51.3	50.2	48.7	49.8
Jul-10	47.2	55.0	52.8	45.0
Aug-10	54.2	93.0	45.8	7.0
Sep-10	62.0	93.1	38.0	6.9

Consequently, contribution of food inflation in overall inflation jumped to 62.0 percent in September 2010 compared with 54.2 percent during August 2010 (see **Table 2.1**). This trend was

more pronounced in CPI inflation (MoM). Contribution of food inflation towards overall inflation (MoM) was more than 90.0 percent during the month under review.

Similarly, among the top 10 items registering highest weighted contribution, 6 were from food group. Although inflation (YoY) in HRI sub-group has been on decline since the last 16 months, it remains in the top contributors due to its highest weight as a single item in the CPI basket (see **Table A3**).

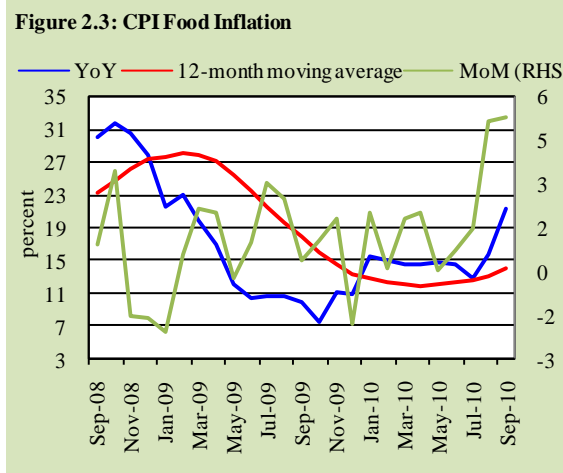
A further disaggregated item-wise analysis of CPI basket shows that out of the reported 362 items, 199 items registered up to 5.0 percent price rise, 89 items showed price rise between 5 to 10.0 percent. The remaining 167 items recorded price increase of above 10.0 percent. It is interesting to note that number of items with price rise of 10.0 percent and above has been increasing, while the number of items registering price rise up to 5.0 percent has decreased in recent months (see **Figure 2.2**).



2.1 CPI Food Inflation

CPI food inflation reached its highest level in 19 months during September 2010. Food inflation (YoY) was recorded at 21.2 percent compared to 15.6 percent a month earlier and 10.0 percent in the corresponding month last year.

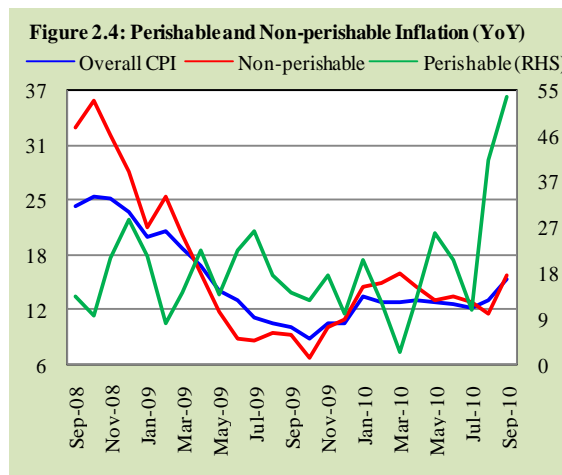
Similar trend was observed in CPI food inflation (MoM) reaching its highest level in the last two decades during the month under review. Inflation (MoM) was 5.3 percent in September 2010 compared to 5.1 percent in the preceding month (see **Figure 2.3**). This



was the highest monthly food inflation since July 1991.

Higher food inflation during the month was witnessed due to: (a) production losses of minor crops amid floods and rains; (b) floods also damaged infrastructure that resulted in supply disruptions; (c) inefficient market structure (abnormal profiting and hoarding); (d) rise in international commodity prices, as well as, (e) higher transportation costs. It is,

however, important to note that, unlike the previous month, food inflation was not entirely concentrated in perishable food items; it emanated from other items as well. It implies that the input cost of processed food items has increased due to persistent high prices of perishable food commodities.



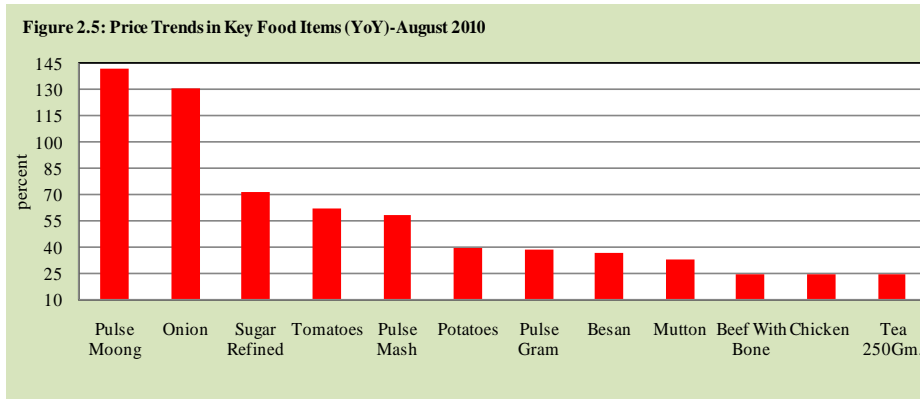
Specifically, inflation in perishable food items was recorded at 53.9 percent in September 2010 compared to 41.2 percent during the previous month and only 14.5 percent in the corresponding month last year. In the previous month, inflation in perishable items showed increase but inflation in non-perishable items declined, whereas inflation in both categories increased in September 2010. Although

inflation in perishables has reached to the highest ever levels, it was inflation in the non-perishable items that drove food inflation to 17- month high level, reflecting the dominating weight of the latter group.

Table 2.2: Weighted Contribution of Top Ten Items in CPI Food Inflation (

	Weights	YoY change		Contribution
		Sep-09	Sep-10	
1 Vegetables	4.6280	28.3	60.4	16.8
2 Milk Fresh	16.5129	14.3	15.6	16.5
3 Meat	6.6882	16.5	27.5	13.4
4 Sugar	4.8256	47.7	71.3	9.3
5 Fresh Fruits	4.0048	6.7	20.3	6.5
6 Vegetable Ghee	6.6116	-13.9	12.9	5.4
7 Tomatoes	1.1735	60.9	62.1	4.8
8 Potatoes	1.4147	4.1	39.0	3.5
9 Onions	1.5215	-10.9	130.3	3.4
10 Readymade Food	4.1727	14.3	13.5	3.3

In terms of weighted contribution towards food inflation (YoY) during the review month, top ten commodities contributed 82.9 percent to food inflation. All five perishable commodities were among the top ten commodities contributing

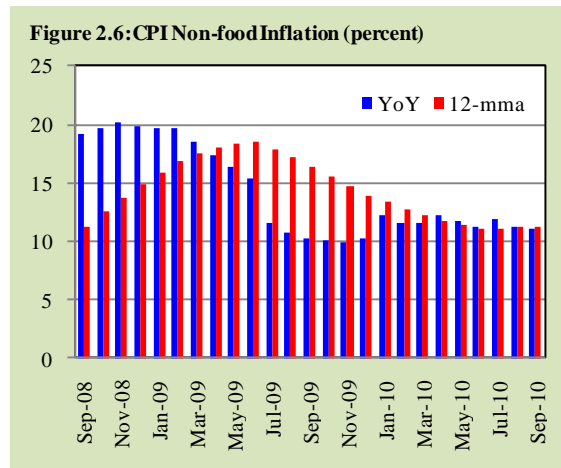


towards food inflation. Their contribution to food inflation was 34.9 percent in September 2010, as was during the previous month but it was only 18.9 percent during the corresponding month last year. Other items contributing to food inflation included: fresh milk, meat, sugar, vegetable ghee, and readymade food. Increase in the prices of vegetable ghee and cooking oil was a reflection of rise in international palm oil prices during recent months. Similarly readymade food contributed to food inflation due to its higher cost (see **Table 2.2 & Figure 2.5**).

Further item-wise analysis of food group shows that out of the reported 112 items, prices of only 22 items registered price change upto 5.0 percent, 16 items witnessed price changes between 5.0 to 10.0 percent, and the remaining 74 items registered price rise of 10.0 percent and above.

2.2 CPI Non-food Inflation

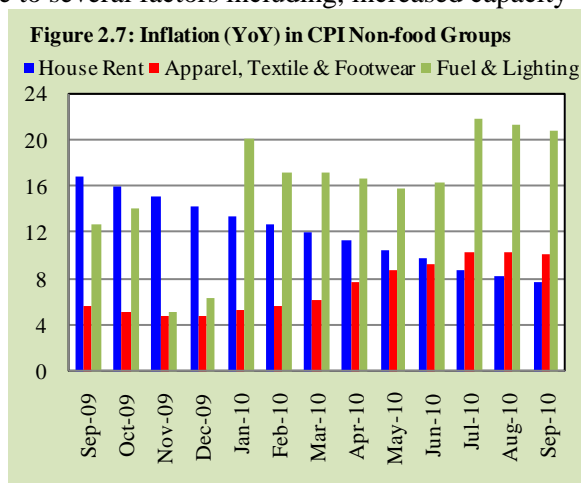
CPI non-food inflation declined for the second consecutive month in September 2010. It fell to 11.0 percent during the month compared to 11.2 percent during the previous month. It was, however, higher than 10.2 percent witnessed during September 2009. CPI non-food inflation has moved within a



narrow range since July 2009.¹ This is also indicated by 12-month moving average inflation, which remained unchanged at 11.2 percent in the preceding two months (see **Figure 2.6**).

Further analysis of CPI non-food basket shows that out of the nine sub-groups, inflation (YoY) in six sub-groups declined, whereas the remaining three sub-groups witnessed rise in inflation during September 2010 compared to August 2010. A continued slide in HRI inflation can be attributed to decline in the prices of cement amid weak domestic and external demand. Domestic construction activities were hit by heavy monsoon rains and floods in the country, whereas decline in cement export was due to several factors including, increased capacity in a neighbor country,

slowdown in construction in UAE, as well as stiff competition in African markets from energy rich regional producers. It is important to note that a relative ease in fuel & lighting sub-group inflation was entirely due to a high base effect of the corresponding month when prices of gas cylinder and tubelight had risen sharply (see **Figure 2.7**).



On the other hand, transport & communication, medicare, and household, furniture & fixture sub-groups registered rise in inflation (YoY) during September 2010 compared to August 2010. Despite a slight downward adjustment in administered fuel prices, inflation in transport & communication sub-group increased during September 2010. This was due to the fact that the price of key fuels saw a sharper decline during the corresponding month.

2.3 City-wise Inflation

City-wise inflation data shows that inflation in all major cities except Peshawar remained lower than the national average (see **Table A6**). City-wise inflation data shows that:

- Like the previous month, 21 cities witnessed above average inflation..

¹ Average CPI non-food inflation between July 2009 and September 2010 was 11.2 percent.

- As in the previous month, food inflation was a major driver of inflation in cities.
- Eighteen cities recorded above 20.0 percent food inflation compared to only one during the preceding month.
- Peshawar and Quetta registered above national average non-food inflation whereas Islamabad, Lahore, and Karachi registered single digit non-food inflation.
- Mianwali recorded the highest overall as well as food inflation while these were lowest in Loralai.
- Bannu witnessed highest non-food inflation and Islamabad the lowest.

2.4 Income group-wise inflation

Income group-wise inflation data of September 2010 indicates that inflation (overall and food) was higher in all income groups than both the previous month and the corresponding month last year. However, incidence of inflation was the highest on lower income groups, mainly driven by disproportionately higher food inflation during the month.

However, food inflation in all income groups (except in the highest income group) was higher than overall food inflation in the country. It is important to note that non-food inflation in the lowest income group was lower than the other income groups. One of the reasons for this may be that major portion of income among the lower income group is consumed on food items. Higher transportation and medical cost may have increased incidence of non-food inflation for higher income groups (see **Table 2.3**).

3. Wholesale Price Index

Similar to CPI inflation, WPI inflation (YoY) also witnessed a sharp increase during September 2010 compared to August 2010. Strong inflation (YoY) in *raw materials, manufacturers and food* sub-groups pushed up WPI inflation to the current level (see **Table 3.1**).

Table 2.3: Income Group-wise Inflation (percent)

	YoY		
	Sep-09	Aug-10	Sep-10
Up to Rs. 3000			
General	10.4	13.6	17.0
Food	10.5	15.5	21.9
Non-food	10.3	11.1	10.6
Rs. 3001-5000			
General	10.5	13.7	17.0
Food	10.0	15.4	21.8
Non-food	11.2	11.6	11.1
Rs. 5000-12000			
General	10.5	13.5	16.3
Food	10.0	15.4	21.4
Non-food	11.1	11.4	11.1
Above Rs. 12000			
General	9.5	13.0	14.8
Food	10.1	16.0	20.7
Non-food	9.2	11.1	11.1
All income groups			
General	10.1	13.2	15.7
Food	10.0	15.6	21.2
Non-food	10.2	11.2	11.0

Similarly, on MoM basis, WPI inflation registered a strong rise of 2.1 percent in September 2010. This sharp jump is entirely attributed to a record surge in WPI food inflation (MoM), whereas WPI non-food inflation (MoM) remained subdued during September 2010 compared to the previous month due to decline in *fuel, light & lubrication* sub-group.

Table 3.1: WPI Inflation Trends

	YoY Change			MoM Change		
	Sep-10	Jun-10	Sep-09	Sep-10	Jun-10	Sep-09
Overall	21.5	17.6	0.7	2.1	-0.6	0.2
Food	21.1	14.5	7.8	4.5	1.2	0.4
Non-Food	21.8	20.1	-4.6	0.2	-2.0	0.0
Raw materials	58.3	50.5	4.7	2.5	0.3	-1.0
Fuel, light & lubricants	13.3	12.6	-7.9	-1.5	-4.0	0.3
Manufactures	21.5	19.5	-0.5	1.3	-0.8	0.6
Building materials	10.5	13.2	-13.9	0.2	-0.4	-2.1

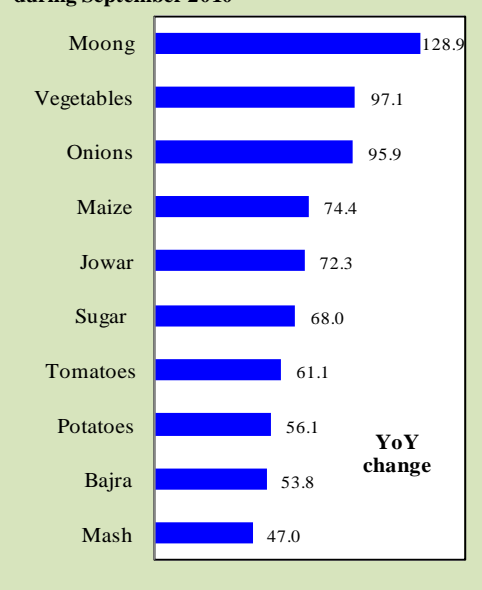
Item-wise analysis of WPI basket shows that out of 106 composite items, 7 items recorded either decline or no change in prices, 19 items registered rise in the prices up to 5.0 percent, 27 items witnessed price rise above 5.0 percent but lower than 10.0 percent. The remaining 53 items recorded price rise of more than 10.0 percent, including one (pulse moong) which registered price rise of 128.9 percent YoY during September 2010 (see **Annexure Table A8**).

Food Group

WPI food inflation rose to 21.1 percent YoY during September 2010 - 19 months high level. Within 43 food items in the WPI basket, 28 items recorded double-digit increase during September 2010. Whereas, only 5 items registered decline, which mainly included wheat and wheat products, 4 items witnessed subdued inflation (less than 5 percent), whereas the remaining 6 items registered inflation between 5 to 10 percent during the month under review.

Sharp rise in perishable food items prices due to production losses and supply disruptions compounded by hoarding and abnormal profiting by the traders, put upward pressures on WPI food inflation during September

Figure 3.1: Top ten food Items Registered increase during September 2010



2010. Similarly, heavy losses to moong pulse production² have created shortages of the commodity in the country, pushing the prices towards record high levels (see **Figure 3.1**).

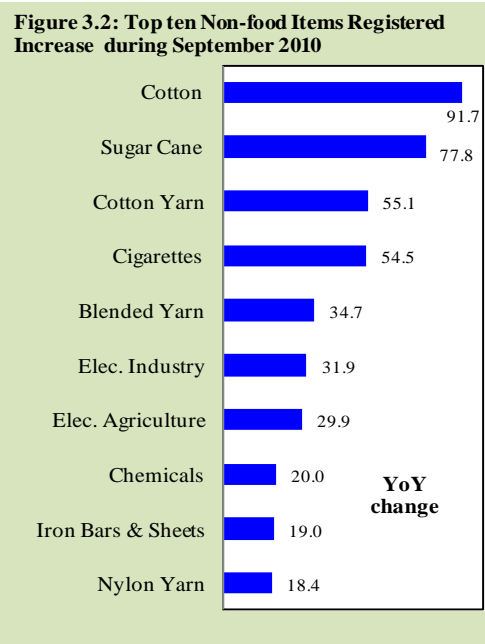
Sugar prices increased during the review month mainly due to supply shortages. Moreover, strong international sugar prices and hoarding of the commodity by domestic traders also lifted sugar prices to the record high level of Rs 3914.3 per 50 kg in September 2010 from Rs 3358.9 per 50 kg last month.³

It is important to note that decline in the prices of wheat and wheat products as well as the masoor pulse has partly offset the sharp rise in food inflation during September 2010.

Non-food Group

WPI non-food inflation slightly increased during September 2010 registering 21.8 percent rise compared to 21.6 percent in August 2010 and a deflation of 4.6 percent in the corresponding month last year (see **Table 3.1**).

Strong WPI non-food inflation (YoY) can be attributed to: (a) higher prices of cotton, and sugarcane due to crop damages during recent floods; (b) higher international prices of sugar, cotton, metals as well as edible oil; (c) rise in electricity tariffs for industrial and agriculture consumers; and (d) higher cotton products' prices. Thus, a dominant part of WPI non-food inflation resulted from increases in international commodity prices and further due to reduction in subsidy on energy.



² Bhakar, Mianwali, Khushab, and Laiyah, the main growing areas of moong pulse were severely hit by the recent floods.

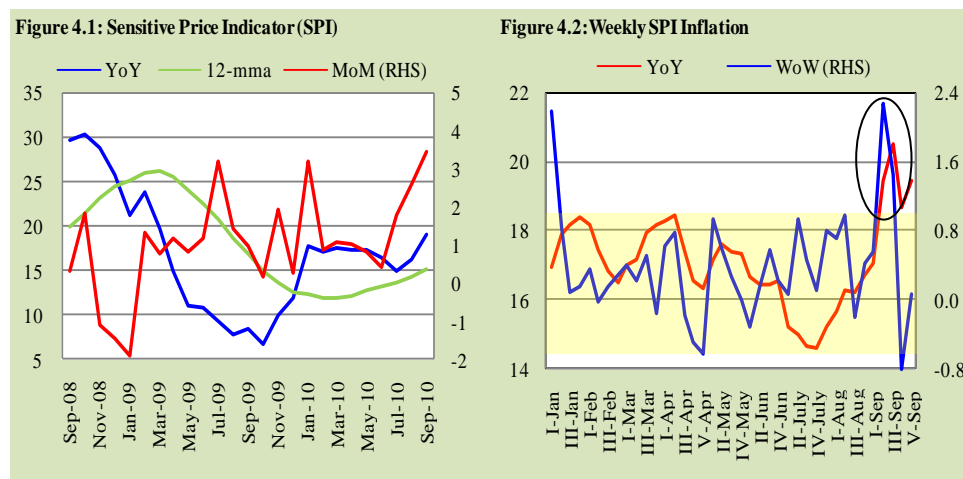
³ Simple average of wholesale prices in Karachi, Lahore, Rawalpindi, Peshawar, Quetta, Mirpur Khas and Mingora

Within the WPI non-food inflation, *raw materials* sub-group witnessed the highest inflation of 58.3 percent followed by the *manufactures* sub-group which registered 21.5 percent inflation during September 2010. *Fuel, lightening, & lubrications* sub-group registered 13.3 percent inflation whereas 10.6 percent inflation was recorded in *building materials* sub-group (see **Table 3.1**).

Higher inflation in raw material is causing inflation in manufactured items also. For example, surge in cotton prices is reflected in higher prices of yarn, sugarcane in gur and refined sugar, tobacco in cigarette, and leather price in footwear (see **Figure 3.2**).

4. Sensitive Price Indicator

Inflation measured by Sensitive Price Indicator (SPI) also witnessed sharp rise of 19.1 percent YoY during September 2010 from 16.2 percent in August 2010. Uptick in SPI inflation is entirely attributed to rise in the prices of food items (see **Figures 4.1**).

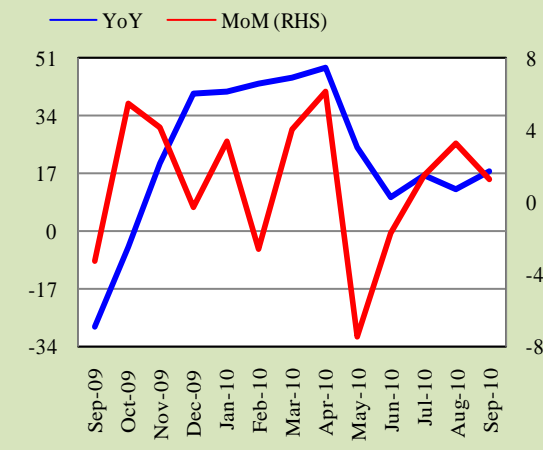


Strong demand during Ramadan and supply disruption has put strong pressures on weekly SPI inflation (week-on-week basis) which increased by 2.3 percent in the second week of September 2010; this was the strongest rise since March 2008. Weekly inflation of 2.3 was also the second highest rise in one week after 2.5 since the start of the new base in July 2001. Strong spike is also evident in the **Figure 4.2**, where SPI inflation leaves away its usual course of movement.

5. Global Commodity Prices Overview

IMF commodity price index witnessed a sharp YoY rise in September 2010 compared to a decline in the corresponding month of 2009 (see **Figure 5.1**). Almost all sub-groups contributed to this resurgence, however, the contribution of non-fuel sub-group was particularly pronounced. The rise in commodity prices is generally attributed to weakening of dollar due to sluggish recovery and expected stimulus by US Fed. A surge in metal prices was supported by the strong demand from China and agriculture commodity prices increased principally due to concerns over supply.

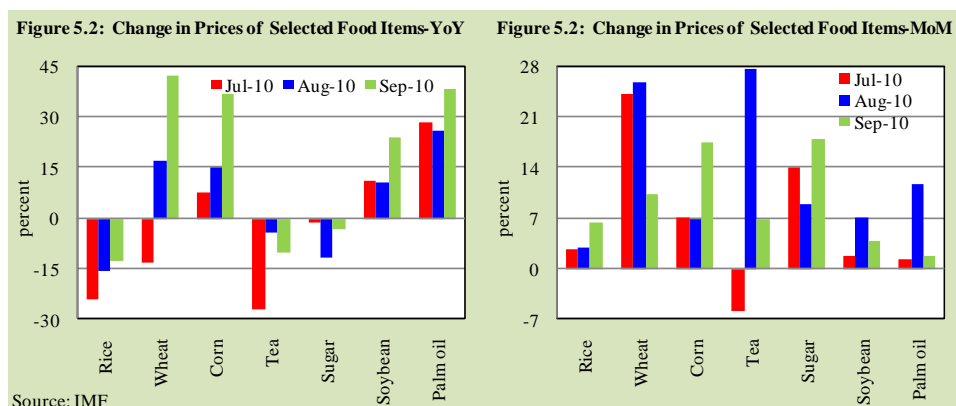
Figure 5.1: IMF Commodity Price Index (percentage changes)



In contrast to YoY surge in global commodity prices, pace of monthly rise moderated somewhat in September 2010 relative to the preceding month. IMF commodity index rose by 1.3 percent in month under review compared with an increase of 3.3 percent during the last month. This relative ease in month-over-month change in global commodity prices stemmed from a deceleration in the prices of non-fuel commodity sub-group.

Food Group

International commodity food prices index recorded 18.1 percent YoY rise during September 2010 compared with 12.0 percent increase in August 2010. This increase is mainly attributed by rise in the prices of wheat, maize, palm oil, and soybean oil (see **Figure 5.2**). Wheat prices surged by 42.3 percent on YoY basis in the month under review compared to 17.1 percent rise in the last month. Hike in the prices of wheat is due to excessive rains in Western Europe which reduced the quality of grain and downward estimation in wheat crop by UN for the second time since June 2010 - from 681 million tons to 646 million tons. Bearish trend in wheat prices was also a result of expectations that Russia may extend ban on grain exports. Moreover, wheat output dropped by 11 percent in Canada (the second largest exporter of the grain) due to lower seeded area and fell in yields.



Similarly, a sharp increase is also observed in international corn prices, which rose by 36.9 percent YoY in September 2010 compared to a decline of 35.6 percent in the same period last year. Prices rose on concerns that the US crop will be smaller after hot and dry weather reduced yields, uncertainty around EU and Russian crops is leading to supply shortages. Ukraine lowered its corn-harvest forecast by 6.8 percent to 11 million metric tons because of drought. According to China National Grain & Oils Information Center, freezing weather in parts of northeast China may hurt maturing corn as well. It is also expected that China may also increase imports more than three fold in 2010-2011 to meet its demand. Moreover, the US Department of Agriculture cut its forecast for production corn by 1.5 percent to 13.2 billion bushels after unusually hot and dry weather. South Africa, the biggest corn producer in Africa, cut its corn crop forecast to 13.04 million metric tons from 13.09 million tons.

In contrast to wheat and corn, sugar prices declined by 3.3 percent YoY in September 2010 on top of a fall of 11.5 percent in the preceding month. This fall is an outcome of rise in Indian sugarcane by 35.6 percent due to higher area under cultivation, more rain also improved yield in 2011. Similarly, expectations of 5.0 percent higher cane production in Australia, from 4.3 million tons last year to 4.5 million tons this year, also eased sugar prices.

However, on MoM basis, world sugar prices increased by 18 percent during the period under review. This was attributed to dry weather in Brazil as below average rain in the main producing areas of Brazil may reduce yields. Adverse weather in Brazil, Russia, China, and Pakistan may drive sugar prices to new record high.

Prices of palm oil increased by 38.3 percent YoY in September 2010 compared to 26.0 percent rise in the last month. The current rally in crude oil lifted the vegetable oil as a feedstock for biodiesel and higher than estimated industrial

production in China boosted optimism in a global economic recovery. Festival demand in Asia, a stronger Malaysian currency and speculation that China may increase soybean and palm oil imports also supported the gain in palm oil prices. Similarly, a rise of 24.1 percent (YoY) was witnessed in prices of soybean oil during the month under review. Prices increased on concerns that a strengthening La Nina weather pattern will threaten South American output, cut in soybean forecast by USAD for the crop on bad weather concerns as flood and dry weather affected different areas in the US and more demand for soybean by China in the form of 5.8 percent higher imports in 2010-2011.

Non Food Group

In international market the prices of crude oil significantly increased by 11.7 percent in September 2010 (see **Figure 5.3**) taking oil prices to a five month high. Improvement in Chinese manufacturing sector evident from rise in purchasing managers' index and manufacturing PMI climb, fall in unemployment in Germany, rise in household spending and decline in jobless rate in Japan were the main factors for the rising prices of crude oil during September 2010. The rise in the prices was also endorsed to a sharp decline in US crude oil stock which reflected rising demand, a supply squeeze in US from the pipeline supplying to the Midwest region of US remained closed, rise in retail sales of US and weakened US dollar against basket of six currencies.

As in crude oil prices trend, global cotton prices also increased both on YoY and MoM basis. Cotton prices rose by 63.5 percent YoY in September 2010

Figure 5.3: Monthly Changes in Crude Oil Prices (percent)

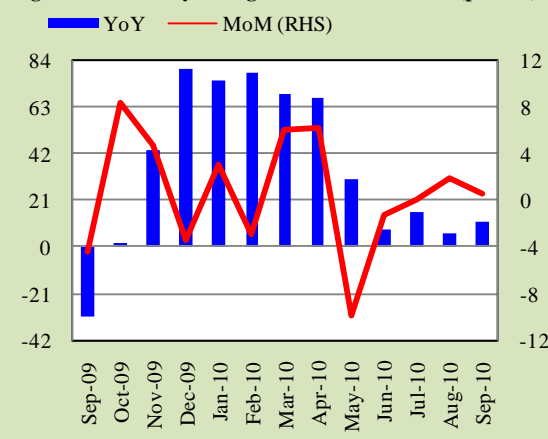
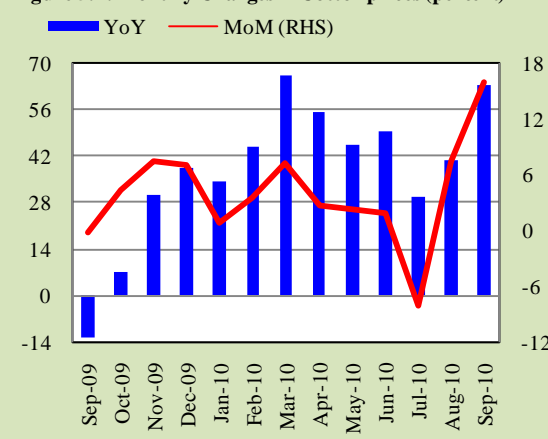


Figure 5.4: Monthly Changes in Cotton prices (percent)

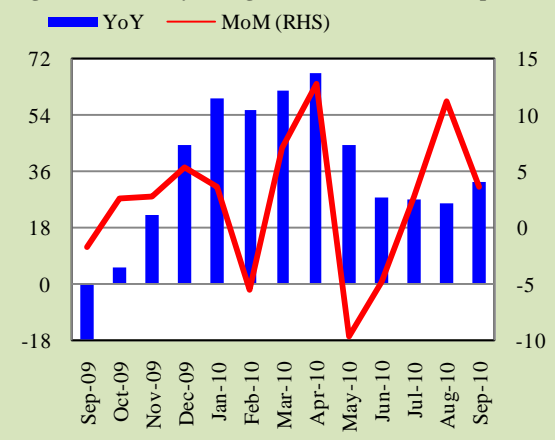


compared to 40.6 percent in the last month (see **Figure 5.4**). Cotton prices soared by 15.9 percent MoM in September 2010 - the highest monthly increase since February 1994. This international cotton prices increased largely due to supply concerns. Growing demand from China and crop damages in Pakistan has formed the recent price hike in cotton. China consumed 3.6 million tons more than their own production during the year ended on 31st August compared to earlier deficit of 2.6 million tons. Moreover, India, the second-biggest grower has delayed its export by one month with the imposition of quantum restriction.

Metal commodities prices index increased by 32.9 percent YoY in September compared to 25.9 percent rise in the preceding month and a decline of 17.8 percent in the corresponding month of the preceding year (see **Figure 5.5**).

Increase in purchasing managers' index, from 51.7 in August 2010 to 53.8 in September 2010 - the fastest pace in four months, improved investor sentiments, unexpected acceleration in US business activity, and that fewer workers filed claims for jobless benefits were the main factor for rise in metals prices. Similarly, the number of unemployed in Germany fell more than expected in September 2010 - boosting the outlook for consumption in the economy; the dollar fell to the lowest level since January 2010 against a basket of six major currencies bolstering the investment appeal of the metal pushing up the metals prices. Prices of gold reached USD 1319.1 per troy ounce by the end of September 2010 compared to USD 1238.1 per troy ounce.

Figure 5.5: Monthly Changes in Metal Prices Index (percent)



Annexure A

Table A1: CPI Inflation by Groups

	Weights	MoM change			YoY change		
		Sep-09	Aug-10	Sep-10	Sep-09	Aug-10	Sep-10
I. Food Group	40.3	0.4	5.1	5.3	10.0	15.6	21.2
II. Non-Food Group	59.7	0.5	0.3	0.3	10.2	11.2	11.0
Apparel, textile, etc.	6.1	0.7	0.5	0.6	5.6	10.2	10.1
House rent	23.4	0.9	0.5	0.3	16.8	8.2	7.6
Fuel & lighting	7.3	0.6	0.1	0.2	12.7	21.3	20.8
Household furniture & equipment	3.3	0.4	0.9	0.6	7.2	8.5	8.7
Transport & communication	7.3	-1.2	0.1	-0.1	-6.4	14.3	15.6
Recreation & entertainment	0.8	0.0	0.1	0.0	2.4	14.5	14.4
Education	3.5	0.4	0.0	0.0	13.4	7.0	6.5
Cleaning, laundry, etc.	5.9	0.9	0.0	0.7	11.7	10.2	10.0
Medicare	2.1	0.1	0.3	1.2	5.2	11.3	12.5
Headline	100.0	0.5	2.5	2.7	10.1	13.2	15.7

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

Groups	% Change	Total Number of Items		No. of Items in each Inflation Range							
				Decrease or no change (0% or less)		Subdued increase (>0% but <5%)		Moderate increase (>5% but <10%)		Double digit increase (over 10%)	
				Sep-09	Sep-10	Sep-09	Sep-10	Sep-09	Sep-10	Sep-09	Sep-10
I. Food Group	21.2	112	112	20	7	8	15	19	16	65	74
II. Non-Food Group	11.0	250	250	67	49	45	35	75	73	63	93
Apparel, textile, etc.	10.1	42	42	6	5	7	5	24	16	5	16
House rent	7.6	1	1						1	1	
Fuel & lighting	20.8	15	15	6	1	2		1	1	6	13
Household furniture & equipt	8.7	44	44		1	14	6	18	24	12	13
Transport & communication	15.6	43	43	24	14	3	3	12	11	4	15
Recreation & entertainment	14.4	16	16	6	5	7	4	1	1	2	6
Education	6.5	24	24	5	5	2	6	6	8	11	5
Cleaning, laundry, etc.	10.0	36	36	4	6	6	6	12	10	14	14
Medicines	12.5	29	29	16	12	4	5	1	1	8	11
Overall	15.7	362	362	87	56	53	50	94	89	128	167

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

Table A3: Top Ten Contribution to YoY CPI Inflation in Sep 2010					
Items	Weights	YoY change		Weighted Contribution	
		Sep-09	Sep-10		
A. Ranked by Weighted Contribution					
1	House Rent Index	23.43	16.77	7.62	14.05
2	Vegetables	1.87	28.25	60.39	9.1
3	Milk Fresh	6.66	14.35	15.60	8.93
4	Meat	2.70	16.47	27.52	7.29
5	Electricity	4.37	25.58	27.63	7.07
6	Sugar	1.95	47.75	71.33	5.06
7	Natural Gas	2.05	1.73	17.76	3.92
8	Fresh Fruits	1.62	6.74	20.34	3.51
9	Transport Fare/Charges	2.12	-0.57	15.51	3.25
10	Vegetable Ghee	2.67	-13.88	12.90	2.92
Total		49.43			65.09
B. Ranked by Percentage Change					
1	Pulse Moong	0.22	3.82	142.36	1.76
2	Onions	0.61	-10.87	130.35	1.85
3	Sugar	1.95	47.75	71.33	5.06
4	Tomatoes	0.47	60.94	62.09	2.61
5	Vegetables	1.87	28.25	60.39	9.10
6	Pulse Mash	0.20	45.97	58.64	1.00
7	Communication	1.93	3.94	39.95	2.57
8	Potatoes	0.57	4.10	39.02	1.87
9	Pulse Gram	0.43	-21.19	38.16	0.81
10	Besan	0.13	-18.79	36.42	0.21
Total		8.38			26.86
C. Ranked by Weights					
1	House Rent Index	23.43	16.77	7.62	14.05
2	Milk Fresh	6.66	14.35	15.60	8.93
3	Wheat Flour	5.11	17.48	1.51	-3.71
4	Electricity	4.37	25.58	27.63	7.07
5	Bakery & Confectionary	2.98	5.74	5.70	0.76
6	Meat	2.70	16.47	27.52	7.29
7	Vegetable Ghee	2.67	-13.88	12.90	2.92
8	Tuition Fees	2.36	9.16	7.10	1.18
9	Transport Fare/Charges	2.12	-0.57	15.51	3.25
10	Natural Gas	2.05	1.73	17.76	3.92
Total		54.45			45.66

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 15.7 percent in September 2010.

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

Group	Decrease or no change	Subdued		
		increase (upto 5%)	Moderate increase (5 to 10%)	Increase of over 10%
Food Group	Coconut Dry Av.Qlty, Pulse Masoor, Maida, Wheat Flour Fine/Superior, Cuminsed White National, Corriander Seed Powd.National, Toffee (Hilal)	Rice Irri-6 (Sindh/Punjab), Raisins Av.Qlty, Rice Basmati Sup. Qlty, Betel Nuts	Fruit Juice Tetra Pack, Vermicelli, Vinegar Synthetic (Sirka), Sweetmelon (Sarda), Cigarettes Gold Leaf 20'S, Milk Tetra Pack 1/2 Ltr, Mustard Oil Av.Qlty, Sweetmelon (Garma), Tomato Ketchup Ahmed/Mitchl	Honey Langanese 500 Gm, Tea Lipton Yellow Label 200G, Rooh Afza, Sweetmeat (Mixed), Pomegranate (Annar), Tea(L/R) Brookbond Supreme 250Gm, Chicken, Beef With Bone, Cloves Loose Av.Qlty
Apparel & Textile	Gents Shoes Paul Bata, Gents Sandal Bata, Child Shoe Power Lite Bata	Tailoring Coat-Pant Suit, Tailoring Coat-Pant Suit, Shoe Repair Half Sole	Gents Spoung Chappal Bata, Ladies Spoung Chappal Bata, Vest For Men Av.Qlty.	Linen Av.Qlty, Dopatta Georgette Av.Qlty, Second-Hand Coat For Men
House Rent Index	House Rent Index			
Fuel & Lighting	Match Box Small		Firewood Whole	Gas Chrg Upto 3.3719 Mmbtu, Gas Chrg 3.3719 - 6.7438 Mmbtu, Bulb Philips 100-Watts, Elect.Charges 301 - 1000 Uni
Household Furniture & Equipment	Washing Machine Singer	Carpet Plain Av. Qlty, Tea-Set S.Steel 3 Pcs. M.Size, S.Steel Deghchi Medium Size	Aircooler Super Asia, S.Steel Plate A.Qlty.(M.Size), Water-Set S.Steel Sup.Qlty	Towel(3'X2') Av. Qalty, Bedsheet Single Bed Sup.Qlty, Sofaset Wooden With Foam Sea
Transport & Communication.	Train Fare A/C Slp > 500Km, Plateform Ticket, Postal Registration Charges, Aerogram For Saudi Arabia	Motorcycle Yamaha 100Cc.	Full Tonga Charges, Taxi 4 Seater Fare, A/C Bus Fare Outside City, Petrol Super	Bus Fare Max (Within City), Bus Fare Min (Within City), Minibus Fare Min.With In City, Telephone Charges Local Call
Recreation & Entertainment	V.C.P. Panasonic/Lg/Nat, Radio With C.Player National, Daily "Dawn"	T.V. 20" Colored With R/Cont, Tape Recorder Cassette Blank, Vid Cassette Blk. Tdk/Sony	Cinema Non-A/C High Class	Daily "Jang", Daily "Nawa-E-Waqt", Cinema A/C. Highest Class
Education	Com. C.D. (Tdk/Imation), English Book Class Ix Or X, Govt. College Fee Ist. Year	Urdu Book Ist.Year/Inter, Ball Pen (Local), Comp. With Printer & Speaker	Paper Foolscape (27"X17"), School Fee Primary Eng.Med, Pencilgoldfish/Deer	Exercise.Book Lined 80/100 P, Govt. Engg. Coll. Fee I Year, Maths Book Class Ix Or X
Cleaning & Laundry	Surf (Medium) 160 Grm, Washing Powder 1000 Grm, Robin Blue (35 Grams), Toilet Soap Lux 95 Grams	Facecream Ponds (Medium), Blade 7-O-Clock Stain. 5'S, Talc Powder Vice Roay,B.Cat, Blade Treet Ordinary 10'S	Washing Soap Nyl(135-160Gms), Toothbrush Sheild A/Plauque, Wrist Watch Gents Citizen, Wrist Watch Ladies Citizen	Hair-Oil Amla/Chambeli, Nail Polish S.Miss/Medora, Washing Ch. (Kamiz-Shalwar), Shampoo Plain Medora 200 Ml.
Medicare	Septran Tablets, Brufen Tabs 200-Mg, Panadol Tab. Extra/Plain	Daonil Tab. 5 Mg, Flagyl Tab. 200 Mg, Ventolin Tab. 2Mg.	Cotton Bandage 2" - 4"	Gripe-Water Woodward's, Polyfax Eye Ointment, Dettol (Medium)

Table A5: City-wise Inflation by Income Groups, September 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	2.8	16.4	5.1	22.3	0.7	19.1	2.9	16.6	5.4	22.5	0.6	17.8
2 Faisalabad	3.8	16.8	7.3	24.7	0.5	17.8	4.1	17.0	7.5	24.0	1.0	16.4
3 Rawalpindi	4.0	17.0	7.6	24.5	0.8	17.0	4.7	17.2	9.2	24.8	0.8	15.9
4 Multan	5.2	20.2	8.3	26.0	2.5	21.9	4.9	20.2	7.8	25.8	2.3	21.5
5 Gujranwala	4.0	18.7	6.8	25.8	1.5	19.6	3.9	17.3	6.7	23.3	1.4	16.9
6 Islamabad	2.8	13.7	6.1	21.6	0.1	11.6	3.6	14.5	7.6	22.7	0.0	12.2
7 Sargodha	5.3	17.4	8.5	23.8	2.6	17.2	4.4	17.8	7.1	23.5	2.2	17.9
8 Sialkot	3.1	14.8	5.3	17.1	1.2	20.4	3.5	15.7	6.3	19.2	1.0	19.2
9 Bahawalpur	6.5	19.9	10.7	25.4	2.8	22.3	6.0	19.4	10.2	24.5	2.4	20.9
10 Karachi	1.9	16.2	3.3	20.3	0.8	18.1	2.2	16.7	4.0	21.7	0.8	16.8
11 Hyderabad	2.4	15.0	4.0	17.8	1.0	18.7	2.1	15.2	3.6	17.8	0.8	18.1
12 Sukkur	1.9	16.4	3.0	20.0	0.9	19.3	2.2	15.1	3.5	17.4	1.1	17.1
13 Larkana	3.4	16.1	5.6	20.4	1.5	18.8	3.5	16.6	5.6	20.9	1.8	18.0
14 Peshawar	2.9	19.2	4.7	25.5	1.3	18.9	3.6	19.1	5.9	24.4	1.7	18.5
15 Bannu	2.4	19.6	3.4	23.2	1.6	20.9	2.8	19.6	4.2	22.9	1.7	20.6
16 Quetta	0.8	13.7	1.3	16.7	0.4	18.5	0.9	14.3	1.5	17.4	0.4	17.3
17 Khuzdar	1.9	8.6	3.4	8.1	0.7	15.0	1.5	9.9	3.0	10.5	0.3	14.0
	Rs 5001-12000						above Rs 12000					
	General		Food		Non-Food		General		Food		Non-Food	
	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM	YoY
1 Lahore	2.6	15.7	5.3	21.9	0.0	13.5	1.7	14.3	4.3	21.0	-0.9	4.4
2 Faisalabad	3.6	16.6	7.0	23.9	0.6	13.1	2.5	15.0	5.8	23.2	-0.8	4.2
3 Rawalpindi	3.8	15.9	8.2	23.5	0.0	11.9	2.4	15.0	6.3	22.5	-1.0	6.3
4 Multan	4.4	18.5	7.6	24.6	1.4	16.3	3.2	16.9	7.0	23.8	-0.4	7.1
5 Gujranwala	3.1	16.3	5.8	22.9	0.9	13.0	2.5	15.4	5.1	23.0	0.1	6.7
6 Islamabad	3.1	13.7	7.6	22.3	-0.9	8.7	1.5	11.7	5.4	19.9	-1.8	2.8
7 Sargodha	4.2	18.3	6.5	23.6	2.2	16.2	2.4	17.9	4.0	24.8	0.9	8.9
8 Sialkot	3.3	15.4	6.2	19.2	0.6	15.3	2.2	14.7	4.6	18.5	-0.1	7.4
9 Bahawalpur	4.7	19.0	8.7	25.4	1.1	16.5	2.7	17.7	6.0	25.7	-0.6	6.6
10 Karachi	2.1	15.6	3.9	20.7	0.6	13.3	1.6	12.9	3.8	19.1	-0.4	5.7
11 Hyderabad	1.9	14.6	3.4	17.0	0.6	15.0	1.4	14.4	2.6	15.8	0.3	10.6
12 Sukkur	1.9	14.7	3.2	16.8	0.9	14.7	1.9	15.0	3.2	16.9	0.8	11.8
13 Larkana	3.1	15.5	5.1	19.5	1.4	14.5	2.7	14.1	4.6	17.8	1.0	8.3
14 Peshawar	3.3	17.7	6.2	23.7	0.8	14.9	2.7	16.7	6.3	24.1	-0.4	7.9
15 Bannu	2.9	18.9	4.7	22.5	1.5	18.2	3.0	18.2	5.2	21.2	1.2	13.2
16 Quetta	0.8	13.5	1.4	16.4	0.3	13.6	0.5	13.6	0.9	16.4	0.2	8.4
17 Khuzdar	1.4	9.4	3.1	9.7	-0.1	11.9	1.6	8.1	3.6	7.9	0.0	5.4

Table A6: City-wise Inflation in CPI (YoY) Sep 2010

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Mianwali	19.6	27.4	13.2	Mardan	15.7	18.9	13.0
D.G. Khan	19.2	23.8	15.4	Rawalpindi	15.5	23.2	9.2
Abbotabad	19.0	25.4	13.6	Larkana	15.4	19.4	12.1
Bannu	18.9	22.3	16.1	D.I.Khan	15.4	19.0	12.3
Bahawalnagar	18.9	24.1	14.6	Lahore	15.1	21.6	9.3
Bahawalpur	18.8	25.3	12.9	Sialkot	15.0	18.8	11.6
Multan	18.2	24.6	12.5	Sukkur	14.8	17.0	13.1
Jhang	18.2	24.3	13.3	Hyderabad	14.6	16.8	12.8
Sargodha	18.1	23.8	13.4	Karachi	14.3	20.1	9.6
Peshawar	17.4	24.0	11.9	Turbat	14.0	16.8	11.9
Kunri	16.9	23.2	11.7	Khuzdar	13.9	18.0	10.6
Samundari	16.8	22.4	12.3	Quetta	13.6	16.5	11.2
Nawabshah	16.7	19.7	14.3	Islamabad	12.0	20.4	5.1
Vehari	16.4	22.6	11.2	Loralai&Cantt	11.8	13.3	10.5
Attock	16.4	25.0	9.4				
Okara	16.4	21.4	12.2				
Shahdadpur	16.3	19.5	13.8				
Gujranwala	16.3	23.0	10.7				
Jhelum	16.0	22.9	10.3				
Mirpur Khas	15.9	19.7	12.8				
Faisalabad	15.8	23.6	8.9				

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

Table A7 : Income Group-wise Inflation

percent

	MoM			YoY		
	Sep-09	Aug-10	Sep-10	Sep-09	Aug-10	Sep-10
Up to Rs. 3000						
General	0.5	3.2	3.6	10.4	13.6	17.0
Food	0.3	5.3	5.9	10.5	15.5	21.9
Non-food	0.9	0.3	0.4	10.3	11.1	10.6
Rs. 3001-5000						
General	0.5	3.1	3.5	10.5	13.7	17.0
Food	0.3	5.4	5.9	10.0	15.4	21.8
Non-food	0.8	0.3	0.4	11.2	11.6	11.1
Rs. 5000-12000						
General	0.5	2.7	3.0	10.5	13.5	16.3
Food	0.4	5.1	5.5	10.0	15.4	21.4
Non-food	0.7	0.3	0.4	11.1	11.4	11.1
Above Rs. 12000						
General	0.4	2.1	2.1	9.5	13.0	14.8
Food	0.5	5.0	4.6	10.1	16.0	20.7
Non-food	0.3	0.3	0.3	9.2	11.1	11.1
All income groups						
General	0.5	2.5	2.7	10.1	13.2	15.7
Food	0.4	5.1	5.3	10.0	15.6	21.2
Non-food	0.5	0.3	0.3	10.2	11.2	11.0

Table A8: Distribution of Price Change (YoY) - WPI Items: September 2010				
Groups	Decrease or no change	Subdued increase (upto 5%)	Moderate increase (5 to 10%)	More than 10% increase
Food	Masoor, Maida, Wheat Flour, Wheat	Sugar Confectionary, Salt, Powdered Milk, Beverages	Condiments, Rice, Mineral Water, Cooking Oil, Milk Food, Gram Whole	Eggs, Vegetables Prepared/Preserved, Oil Cakes, Cotton Seed Oil, Fresh Milk, Dry Fruits, Mustard & Rapeseed Oil, Fish, Tea, Chicken, Vegetable Ghee, Fresh Fruits, Beans, Fruit Prepared/Preserved, Meat, Gur, Besan, Spices, Gram Split, Mash, Bajra, Potatoes, Tomatoes, Sugar Refined, Jowar, Maize, Onions, Vegetables, Moong
Raw material	Pig Iron	Skins, Hides	Wool	Cotton Seeds, Mustard/Rapeseeds, Tobacco, Sugar Cane, Cotton
Fuel & lighting		Coal	Mobil Oil, Furnace Oil, Motor Sprit, Fire Wood	Coke, Diesel Oil, Kerosene Oil, Natural Gas, Elec. Agriculture Tariff-D, Electricity Ind. Supply Tariff-B
Manufactures		Paper, Audio-Visual Instruments, Glass Products, Sole Leather, Utensils, Matches, Ready Made Garments, Woolen Textiles, Soaps, Other Electrical Goods	Silk & Reyon Textiles, Hosiery, Fertilizers, Pesticides & Insecticides, Dying Materials, Mattresses, Plastic Products, Cosmetics, Drugs & Medicines, Tyres, Cotton Textiles, Chrome Leather, Machinery	Tubes, Jute Manufactures, Foot Wear, Transports, Nylon Yarn, Chemicals, Blended Yarn, Cigarettes, Cotton Yarn
Building material	Cement, Tiles	Pipe Fittings, Cement Blocks	Timber, Sanitary Wares, Glass Sheets	Wires And Cables, Paints & Varnishes, Bricks, Iron Bars & Sheets

Table A9: SPI Item-wise Price Movements

S.No	Items	Unit	Prices Sep-10	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	25.5	0.9	5.5
2	Wheat flour average qlt.	Kg.	29.0	1.3	9.9
3	Rice basmti broken	Kg.	46.6	4.9	3.3
4	Rice irri-6	Kg.	36.6	3.5	2.5
5	Masur pulse washed	Kg.	119.5	-1.8	1.3
6	Moong pulse washed	Kg.	138.4	147.4	15.1
7	Mash pulse washed	Kg.	172.3	59.5	1.6
8	Gram pulse washed	Kg.	71.5	43.7	7.6
9	Beef	Kg.	207.8	26.9	4.3
10	Mutton	Kg.	388.2	33.1	3.5
11	Egg hen (farm)	Doz.	74.4	19.9	6.4
12	Bread plain	Each	27.5	7.0	0.4
13	Sugar	Kg.	81.3	69.1	10.8
14	Gur	Kg.	87.4	21.6	7.5
15	Milk fresh	Ltr	46.9	13.6	0.8
16	Milk powdered nido	400g	200.0	11.1	0.0
17	Curd	Kg.	55.3	14.4	0.5
18	Veg.ghee tin	2.5kg	375.1	6.6	0.4
19	Veg.ghee loose	Kg.	131.0	20.8	3.2
20	Mustard oil	Kg.	142.6	8.3	2.2
21	Cooking oil	2.5ltr	375.1	5.9	0.4
22	Potatoes	Kg.	35.7	28.7	1.8
23	Onions	Kg.	40.1	56.5	36.3
24	Tomatoes	Kg.	56.2	40.3	-6.5
25	Bananas	Doz.	48.8	10.7	-7.4
26	Salt powdered	Kg.	7.0	5.4	0.4
27	Red chillies(powd)	Kg.	186.1	48.9	2.3
28	Garlic	Kg.	211.1	100.6	0.9
29	Tea packet	250g	130.3	24.1	0.0
30	Tea (prepared)	Cup	11.6	26.8	2.5
31	Cooked beef plate	Each	50.1	16.6	0.9
32	Cooked dal plate	Each	31.5	19.1	1.5
33	Cigarettes k-2	10's	13.6	35.9	0.0
34	Coarse latha	Mtr.	51.4	11.7	0.9
35	Lawn (avg.+s.qlty)	Mtr.	106.3	13.3	0.9
36	Voil printed	Mtr.	53.6	12.2	0.6
37	Shirting	Mtr.	85.6	6.8	2.5
38	Sandel gents bata	Pair	499.0	0.0	0.0
39	Sandel ladies bata	Pair	399.0	5.3	0.0
40	Chappal spng. Bata	Pair	139.0	7.8	0.0
41	Kerosene	Litr	77.1	9.7	1.2
42	Firewood	40kg	323.3	15.2	2.4
43	Elec. Bulb 60-wats	Each	24.0	32.9	0.0
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	13.8	9.6	1.5
46	Bath soap lifebuoy	Cake	24.0	9.1	0.0
47	Chicken (farm)	Kg.	145.3	14.6	6.7
48	Gas chrg. All clb. Comb	mmbtu	337.2	17.8	0.0
49	L.P.G.(cylinder 11kg.)	Each	1108.3	29.1	1.6
50	Elec.chrg.all slabs comb	per unit	8.7	27.6	0.0
51	Petrol	Ltr	67.9	2.8	-0.7
52	Diesel	Ltr	75.3	12.9	2.1
53	Telephone local	Call	3.6	48.3	0.0
Maximum				147.4	36.3
Median				14.4	1.2
Minimum				-1.8	-7.4

Table A10: Consumer Price Index Numbers by Major Groups and Selected Commodities				
Item and Specification	Weights	Index		
		Sep-09	Aug-10	Sep-10
General	100.00	207.14	233.50	239.69
Food & Beverages.	40.34	235.59	271.35	285.63
1 Wheat	0.48	294.02	280.64	295.47
2 Wheat Flour	5.11	294.54	271.61	299.00
3 Maida	0.11	278.38	272.14	275.83
4 Besan	0.13	181.36	235.68	247.42
5 Rice	1.34	279.59	284.58	289.89
6 Pulse Masoor	0.22	333.88	326.24	327.51
7 Pulse Moong	0.22	185.34	403.77	449.19
8 Pulse Mash	0.20	240.70	374.32	381.85
9 Pulse Gram	0.43	173.55	231.62	239.77
10 Gram Whole	0.15	194.03	212.27	218.11
11 Mustard Oil	0.05	239.69	256.36	260.75
12 Cooking Oil	0.69	221.73	234.30	235.64
13 Vegetable Ghee	2.67	236.36	264.89	266.86
14 Sugar	1.95	173.97	266.84	298.07
15 Gur	0.07	278.37	311.16	336.87
16 Tea	1.26	169.93	206.65	207.52
17 Milk Fresh	6.66	234.95	270.42	271.60
18 Milk Powder	0.11	208.33	230.05	230.59
19 Milk Products	0.56	217.41	245.92	248.12
20 Honey	0.04	190.22	232.96	234.08
21 Cereals	0.09	241.12	259.45	261.73
22 Jam, Tomato, Pickles & Vinegar	0.25	173.79	205.62	206.55
23 Beverages	0.73	178.96	202.42	202.58
24 Condiments	0.34	242.45	251.09	251.95
25 Spices	0.60	185.95	237.25	239.36
26 Dry Fruit	0.28	318.91	350.40	348.95
27 Bakery & Confectionary	2.98	145.68	152.65	153.98
28 Cigarettes	0.95	203.25	238.31	238.59
29 Betel Leaves & Nuts	0.19	172.07	205.13	206.97
30 Readymade Food	1.68	236.60	264.22	268.45
31 Sweetmeat & Nimco	0.38	238.17	274.75	282.76
32 Fish	0.27	188.75	215.87	224.31
33 Meat	2.70	288.74	360.56	368.21
34 Chicken Farm	0.92	240.41	253.41	298.41
35 Eggs	0.41	231.29	270.24	273.51
36 Potatoes	0.58	298.90	391.68	415.54
37 Onions	0.62	244.62	301.28	563.47
38 Tomatoes	0.48	251.04	325.91	406.91
39 Vegetables	1.84	256.21	393.20	410.94
40 Fresh Fruits	1.62	240.97	293.33	289.98
Apparel, Textile & Footwear.	6.10	158.97	173.92	175.04
41 Cotton Cloth	1.62	160.44	185.03	186.53
42 Silk, Linen, Woolen/Cloth	0.58	157.98	176.60	177.38
43 Tailoring Charges	0.86	173.47	190.57	193.03
44 Hosiery	0.15	172.05	183.44	188.22
45 Readymade Garments	1.20	145.53	156.07	156.94
46 Woolen Readymade Garments	0.15	178.92	200.74	200.74
47 Footwear	1.53	156.93	162.28	162.30
House Rent.	23.43	200.50	215.05	215.77
48 House Rent Index (Combined)	23.43	200.50	215.05	215.77

(continued)

Table A10: Consumer Price Index Numbers by Major Groups and Selected Commodities					
Item and Specification		Weights	Index		
			Sep-09	Aug-10	Sep-10
Fuel And Lighting.		7.29	209.16	252.08	252.69
49	Kerosene	0.14	414.93	465.08	466.47
50	Firewood	0.48	323.29	347.38	350.23
51	Match Box	0.13	200.00	200.00	200.00
52	Bulb & Tube	0.13	122.20	142.11	142.26
53	Electricity	4.37	159.77	203.92	203.92
54	Natural Gas	2.05	280.43	328.83	330.24
H.Hold. Furniture & Equipment Etc.		3.29	166.11	179.47	180.62
55	Utensils	0.37	153.96	164.23	164.39
56	Plastic Products	0.11	198.67	222.65	223.41
57	Suitcase	0.05	159.57	175.11	175.96
58	House Hold Equipments	0.10	154.04	168.21	170.20
59	Furniture (Ready Made)	0.31	178.32	194.60	196.23
60	Furnishing	0.64	158.72	170.43	171.86
61	Elect. Iron Fans & Washing Machine	0.19	161.04	171.15	171.89
62	Sewing Machine, Clock And Needles	0.13	143.70	156.06	156.46
63	Refrigerator & Air conditioner	0.18	131.78	140.66	141.63
64	Marriage Hall	0.04	195.51	216.85	217.30
65	House Hold Servant	1.19	176.17	190.51	191.89
Transport & Communication.		7.32	192.13	222.20	222.01
66	Petrol	1.73	203.16	221.57	220.69
67	Diesel	0.21	411.98	474.54	469.66
68	CNG . Filling Charges	0.16	206.43	235.17	235.17
69	Service Charges	0.38	170.14	185.32	185.37
70	Vehicles	0.26	129.08	138.64	138.67
71	Tyre & Tube	0.28	160.47	182.48	183.47
72	Transport Fare/Charges	2.12	256.55	295.95	296.33
73	Train Fare	0.15	253.24	253.24	253.24
74	Air Fare	0.10	342.93	365.51	365.51
75	Communication	1.93	91.37	127.86	127.87
Recreation & Entertainment.		0.83	121.69	139.25	139.25
76	Recreation	0.34	131.89	142.98	142.98
77	Entertainment	0.49	114.55	136.65	136.65
Education.		3.45	181.81	193.66	193.70
78	Tuition Fees	2.36	177.30	189.89	189.89
79	Stationery	0.35	177.37	191.46	191.89
80	Text Books	0.69	206.92	215.90	215.90
81	Computer & Allied Products	0.05	84.57	85.71	85.71
Cleaning Laundry & Per. Appearance.		5.88	174.20	190.23	191.61
82	Washing Soap & Detergent	1.55	164.81	172.33	172.65
83	Toilet Soap	0.74	190.06	194.80	194.80
84	Tooth Paste	0.40	114.37	119.85	119.57
85	Shaving Articles	0.35	150.69	159.43	159.77
86	Cosmetics	1.43	158.38	171.46	171.69
87	Watches	0.06	138.77	150.91	150.91
88	Jewellery	0.39	358.23	443.67	457.01
89	Laundry Charges	0.22	181.33	204.08	206.07
90	Hair Cut & Beauty Parlour Charges	0.73	154.64	176.15	178.35
Medicare.		2.07	150.86	167.69	169.67
91	Drugs & Medicares	1.08	118.79	135.77	136.48
92	Doctor's Fee	1.00	185.03	202.09	205.44

Item and Specifications	Index			
	Sep-09	Jun-10	Aug-10	Sep-10
GENERAL	212.53	242.44	252.93	258.22
FOOD	230.34	251.73	267.12	279.03
1 WHEAT	301.71	279.06	280.25	295.41
2 WHEAT FLOUR	294.13	273.54	268.31	287.07
3 MAIDA	292.66	266.62	267.47	273.28
4 BESAN	165.67	188.61	214.81	227.80
5 RICE	323.11	310.72	326.92	342.52
6 MAIZE	203.69	331.03	349.25	355.32
7 JOWAR	221.41	345.17	388.77	381.56
8 BAJRA	182.72	237.17	253.72	280.97
9 BEANS	241.55	294.86	301.39	304.84
10 GRAM WHOLE	206.37	211.41	208.18	226.41
11 GRAM SPLIT	151.92	180.74	212.40	222.67
12 MASOOR	357.48	307.36	305.28	313.36
13 MASH	227.58	306.99	326.32	334.56
14 MOONG	193.24	387.06	410.95	442.30
15 POTATOES	267.87	262.14	371.20	418.03
16 ONIONS	278.92	230.27	286.89	546.32
17 TOMATOES	231.51	132.20	345.65	372.91
18 VEGETABLES	243.90	307.11	440.66	480.83
19 FRESH FRUITS	183.03	191.26	228.29	225.37
20 DRY FRUITS	230.54	259.91	263.91	264.68
21 FRESH MILK	197.25	220.50	223.39	225.41
22 POWDERED MILK	221.74	225.47	227.54	228.19
23 MILK FOOD	169.18	181.08	182.57	183.39
24 VEGETABLE GHEE	255.75	278.75	298.02	305.68
25 MUSTARD & RAPESEED OIL	264.03	279.15	291.29	304.10
26 COTTON SEED OIL	262.06	285.06	292.62	296.50
27 COOKING OIL	218.25	225.71	234.09	236.55
28 OIL CAKES	310.10	325.35	350.94	350.33
29 GUR	250.09	268.31	305.29	327.86
30 SUGAR REFINED	178.30	236.21	267.97	299.53
31 CHICKEN	256.21	258.10	267.77	303.34
32 EGGS	245.22	231.94	267.66	273.69
33 FISH	130.89	145.86	146.90	151.17
34 MEAT	272.04	330.29	342.54	353.85
35 SPICES	195.69	272.40	275.27	276.68
36 CONDIMENTS	285.67	304.45	300.72	300.98
37 SALT	167.44	171.77	171.87	171.87
38 TEA	145.55	172.25	170.40	169.43
39 BEVERAGES	141.01	145.99	147.02	146.09
40 MINERAL WATER	125.87	130.06	135.11	135.11
41 FRUIT PREPARED/PRESERVED	170.06	214.30	220.47	221.04
42 VEGETABLES PREPARED/PRESERVED	172.06	189.31	192.68	193.22
43 SUGAR CONFECTIONARY	100.46	100.57	100.57	100.57
RAW MATERIAL	195.69	296.34	302.27	309.74
44 COTTON	152.51	278.56	282.57	292.38
45 COTTON SEEDS	271.42	276.41	295.10	305.32
46 MUSTARD/RAPESEEDS	275.52	289.33	297.69	314.41
47 TOBACCO	215.76	236.02	245.54	247.24
48 SUGAR CANE	280.70	499.09	499.09	499.09
49 WOOL	140.99	146.46	148.99	151.09
50 HIDES	132.96	139.49	138.72	138.25
51 SKINS	104.82	104.48	104.50	105.27
52 PIG IRON	324.02	321.93	321.93	321.93

(continued)

Item and Specifications	Index			
	Sep-09	Jun-10	Aug-10	Sep-10
FUEL & LIGHT	276.34	304.00	317.83	313.03
53 COAL	141.00	142.50	142.50	142.50
54 COKE	624.58	666.22	693.98	693.98
55 DIESEL OIL	409.47	448.03	460.79	457.22
56 MOTOR SPRIT	200.72	221.32	219.11	218.19
57 MOBIL OIL	199.00	208.33	210.76	210.76
58 FURNACE OIL	328.01	341.81	372.61	355.22
59 KEROSENE OIL	392.72	443.81	445.10	446.67
60 NATURAL GAS	217.12	256.00	256.00	256.00
61 ELECTRICITY IND. SUPPLY TARIFF-B	162.36	201.01	214.08	214.08
62 ELEC. AGRICULTURE TARIFF-D	177.78	205.07	231.01	231.01
63 FIRE WOOD	263.61	282.24	285.69	288.45
MANUFACTURE	144.39	168.82	173.16	175.40
64 SOLE LEATHER	131.99	134.06	134.06	134.06
65 CHROME LEATHER	194.84	212.23	212.23	212.23
66 COTTON YARN	112.37	164.37	171.92	174.23
67 BLENDED YARN	139.33	186.61	187.33	187.69
68 NYLON YARN	113.13	128.09	131.84	133.93
69 COTTON TEXTILES	146.84	154.95	157.50	159.50
70 HOSIERY	155.63	160.37	163.18	163.64
71 SILK & REYON TEXTILES	145.33	152.12	152.52	152.72
72 WOOLEN TEXTILES	137.53	143.32	143.64	143.79
73 JUTE MANUFACTURES	123.97	135.59	137.69	139.08
74 MATTRESSES	135.78	142.61	144.89	145.94
75 READY MADE GARMENTS	118.27	118.87	121.18	121.18
76 UTENSILS	147.34	149.53	149.98	149.98
77 PLASTIC PRODUCTS	138.12	144.91	148.09	148.67
78 GLASS PRODUCTS	179.65	179.81	182.18	182.18
79 CHEMICALS	170.07	201.43	204.43	204.08
80 DYING MATERIALS	88.36	93.46	93.46	94.80
81 SOAPS	181.68	185.38	188.57	190.11
82 COSMETICS	119.58	123.62	123.62	128.74
83 DRUGS & MEDICINES	113.17	120.90	120.96	122.68
84 FERTILIZERS	291.11	312.14	307.14	306.78
85 PESTICIDES & INSECTICISED	146.74	150.11	152.90	155.88
86 MACHINERY	175.23	183.67	188.11	191.25
87 TRANSPORTS	124.15	131.55	133.41	144.27
88 TYRES	208.52	219.60	225.03	226.09
89 TUBES	185.99	198.01	199.49	205.86
90 AUDIO-VISUAL INSTRUMENTS	92.26	92.59	92.60	92.60
91 OTHER ELECTRICAL GOODS	130.55	134.41	136.83	136.83
92 CIGARETTES	171.57	246.75	267.32	265.10
93 PAPER	105.98	106.36	106.36	106.36
94 MATCHES	124.26	124.26	124.26	126.93
95 FOOT WEAR	177.36	192.15	199.97	199.97
BUILDING MATERIAL	194.80	220.29	214.88	215.35
96 CEMENT	141.38	127.57	123.89	126.48
97 BRICKS	236.42	250.44	262.69	273.20
98 CEMENT BLOCKS	166.63	170.83	170.83	170.83
99 TILES	99.67	99.67	99.67	99.67
100 IRON BARS & SHEETS	236.30	292.64	282.84	281.31
101 PIPE FITTINGS	181.03	183.46	185.07	185.07
102 TIMBER	209.87	217.94	221.30	221.30
103 GLASS SHEETS	170.76	178.68	184.74	184.74
104 PAINTS & VARNISHES	146.05	149.43	161.25	167.15
105 SANITARY WARES	150.62	162.22	162.40	162.40
106 WIRES AND CABLES	259.37	272.09	280.06	286.09

Table A12: 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
2009-10	214.41	242.59	195.36	226.49	239.01	217.39	236.87
2008 Jan.	157.73	172.96	147.43	166.75	172.50	162.57	168.24
Feb.	158.50	172.16	149.26	168.81	172.40	166.20	166.94
Mar.	163.38	180.52	151.79	175.55	177.57	174.08	173.96
Apr.	168.34	188.37	154.80	183.09	184.07	182.38	183.29
May.	172.87	196.28	157.04	192.19	194.26	190.68	191.49
Jun.	176.50	201.12	159.85	197.92	199.39	196.85	194.10
Jul.	182.39	206.85	165.85	206.53	206.37	206.65	202.94
Aug.	186.29	212.21	168.76	211.60	211.91	211.37	208.85
Sep.	188.10	214.13	170.50	211.02	213.63	209.12	209.52
Oct.	192.08	221.44	172.23	207.08	219.58	197.98	213.37
Nov.	191.85	218.12	174.09	196.50	215.97	182.33	211.03
Dec.	190.90	214.71	174.80	192.62	210.77	179.41	207.99
2009 Jan.	190.09	210.33	176.40	192.91	208.80	181.35	204.02
Feb.	191.90	211.58	178.59	194.19	210.31	182.46	206.78
Mar.	194.53	216.13	179.92	195.00	212.16	182.51	208.40
Apr.	197.28	220.46	181.61	198.28	215.69	185.61	210.85
May.	197.74	220.04	182.66	201.29	217.50	189.49	212.62
Jun.	199.69	222.23	184.45	206.13	219.81	196.17	215.09
Jul	202.77	228.93	185.08	207.57	224.31	195.39	222.00
Aug	206.21	234.69	186.95	212.16	229.52	199.53	225.18
Sep	207.14	235.59	187.90	212.53	230.34	199.57	227.34
Oct	209.11	238.12	189.49	215.01	232.35	202.39	227.73
Nov	212.02	242.40	191.48	220.98	236.69	209.55	232.14
Dec	210.99	238.16	192.62	221.43	235.06	211.51	232.81
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
Mar	219.65	247.55	200.78	237.51	246.68	230.84	244.98
Apr	223.44	252.53	203.77	241.88	248.53	237.04	247.50
May	223.58	252.62	203.94	243.98	248.81	240.47	249.51
Jun	225.03	254.42	205.15	242.44	251.73	235.68	250.61
Jul	227.79	258.19	207.23	246.48	256.40	239.26	255.13
Aug	233.50	271.35	207.91	252.93	267.12	242.60	261.70
Sep	239.69	285.63	208.62	258.22	279.03	243.08	270.75

*: all groups combined

Table A13: International Commodity Prices/Indices			
	Jul-10	Aug-10	Sep-10
Energy			
Crude Oil (US\$ per barrel)*	74.7	75.9	76.2
IMF Energy Index (2005 =100)	140.2	141.4	142.0
WB Energy Index (1990=100) @	219.3	228.2	237.5
Food			
	0.0	0.0	0.0
Rice (\$/MT)	472.5	486.9	517.7
Wheat (\$/MT)	195.8	246.4	271.9
Sugar (US cent / pound)	17.6	19.2	22.7
Palm Oil (\$/MT)	774.5	865.2	880.5
Soybean Oil (\$/MT)	836.7	895.6	929.8
Non-Food Non-Energy			
	0.0	0.0	0.0
Cotton Outlook 'A' Index #	84.2	90.4	104.7
IMF Metal Price Index (2005=100)	155.3	172.9	179.2
Copper (\$/MT)	6,750.6	7,302.7	7,729.6
Aluminum (\$/MT)	1,989.1	2,110.5	2,171.3
Iron Ore (\$ cents/dry MT)	167.0	205.0	205.0
Tin (\$/MT)	18,206.5	20,733.1	22,694.4
Nickel (\$/MT)	19,548.5	21,448.8	22,690.1
Zinc (\$/MT)	1,847.0	2,047.5	2,151.0
Lead (\$/MT)	1,844.0	2,082.8	2,192.9
Uranium (\$/pound)	41.9	46.1	46.7
DAP (\$/MT)	461.3	496.1	518.5
Urea (\$/MT)	249.5	273.0	318.8
\$/MT = US\$ per metric tonne.			
* Crude Oil (petroleum), simple average of three spot prices; Dated Brent, West Texas			
# Middling 1-3/32 inch staple, Liverpool Index "A", average of the cheapest Cts/lb five of			
DAP: Diammonium Phosphate			
@ World bank commodity index for low and middle income countries			
Source: IMF and World Bank.			

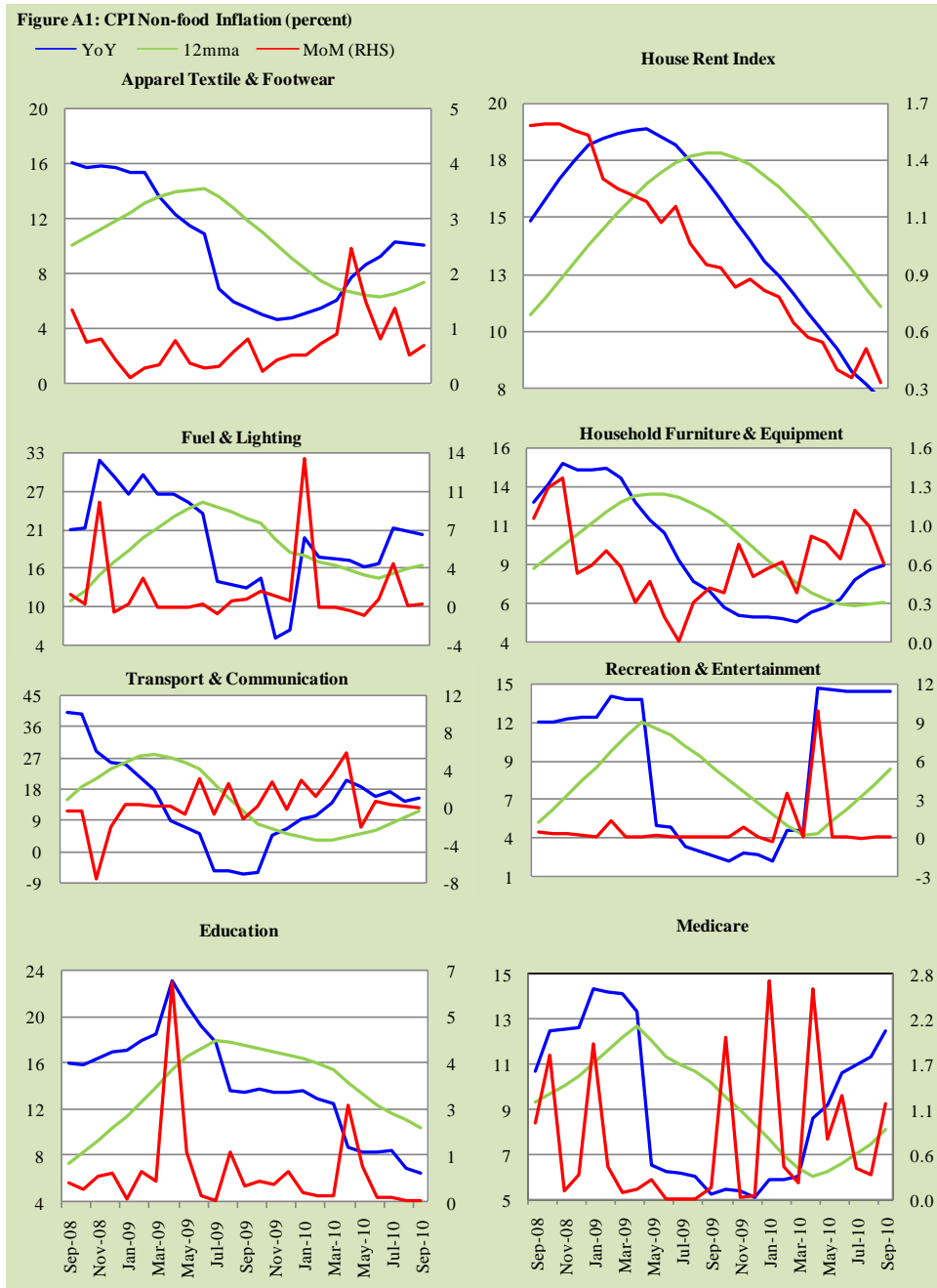


Figure A2: Frequency Distribution of Price Changes of CPI Items, September 2010

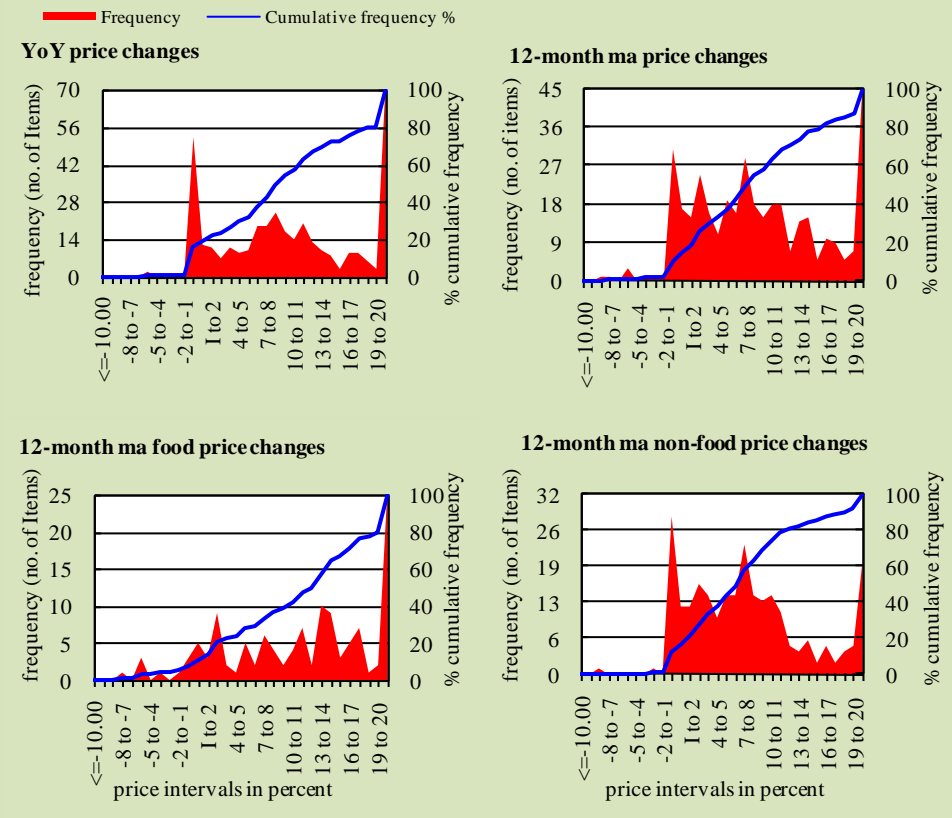
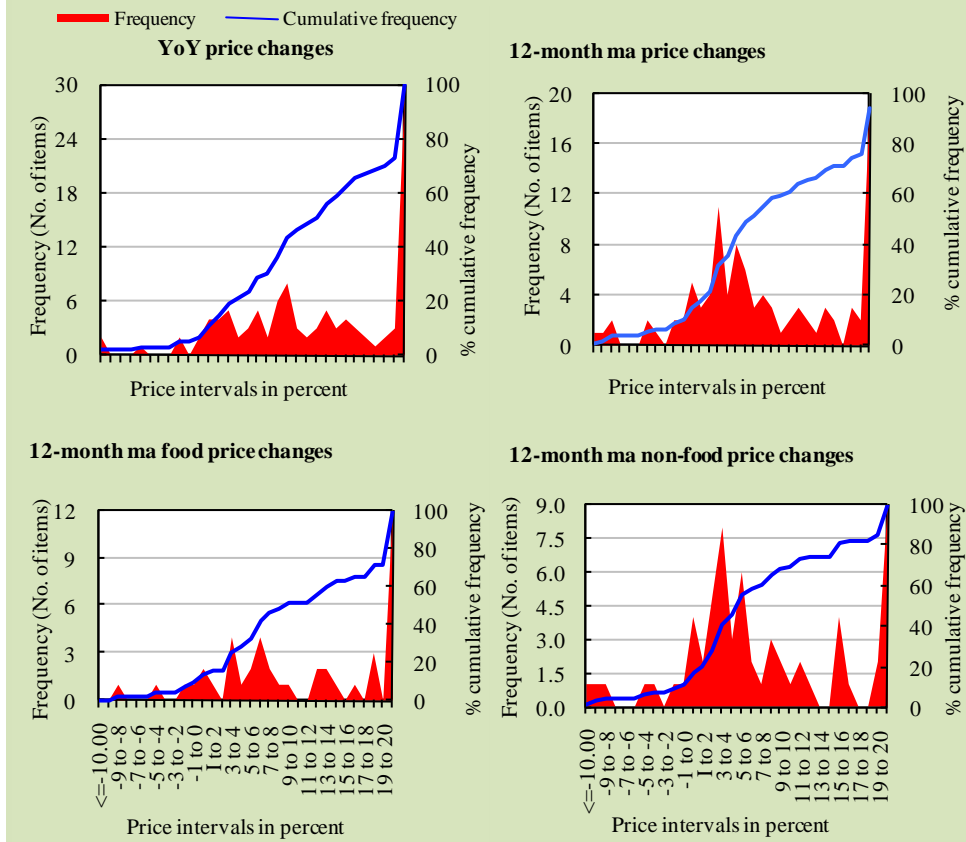


Figure A3: Frequency Distribution of Price Changes of WPI Items, September 2010



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:

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

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

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

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

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

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

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

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

8. Core Inflation is defined as the persistent component of measured inflation that excludes volatile and controlled prices. It reflects the normal supply and demand conditions in the economy. Core inflation is computed by the following two methods:
- a) Non-food, Non-energy inflation (NFNE inflation); it is computed by excluding food group and energy items (kerosene oil, petrol, diesel, CNG, electricity and natural gas) from the CPI basket.
 - b) 20% trimmed-mean inflation; it is computed through the following steps:
 - i. All CPI items are arranged in ascending order according to YoY/12-month moving average/monthly/period average changes in their price indices in a given month.
 - ii. 20 percent of the items showing extreme changes are excluded with 10 percent of the items at the top of the list (corresponding to cumulative weight of 90% or more) and 10 percent of the items at the bottom of the list (corresponding to cumulative weight of 10 percent or less).
 - iii. The weighted mean of the changes in price indices of the rest of the items is core inflation.
9. Weighted contribution of different items (or sub-groups) to total inflation is worked out as below:

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

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

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

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

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

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

the reference month

w_i : Weights of i^{th} item

π_{it} : Inflation of i^{th} item

π_t : Overall inflation