

# **Inflation Monitor**

**January 2010**



**State Bank of Pakistan**

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## Overview

As expected, inflationary pressures strengthened in the economy during January 2010. Headline CPI inflation (YoY) increased by 3.2 percentage points during January 2010 compared with December 2009. The other measures of inflation i.e WPI & SPI also accelerated significantly during the current month.

**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
Jan-09	20.5	-0.4	21.6	-2.0	19.7	0.9	18.9	1.0	19.6	0.4	15.7	0.2	21.3	-1.9
Feb-09	21.1	1.0	22.9	0.6	19.6	1.2	18.9	1.1	20.8	0.7	15.0	0.7	23.9	1.4
Mar-09	19.1	1.4	19.7	2.2	18.5	0.7	18.5	0.9	19.3	0.8	11.1	0.4	19.8	0.8
Apr-09	17.2	1.4	17.0	2.0	17.3	0.9	17.7	1.1	17.6	1.2	8.3	1.7	15.0	1.2
May-09	14.4	0.2	12.1	-0.2	16.3	0.6	16.6	0.8	16.7	0.9	4.7	1.5	11.0	0.8
Jun-09	13.1	1.0	10.5	1.0	15.4	1.0	15.9	0.7	15.5	0.8	4.1	2.4	10.8	1.2
Jul-09	11.2	1.5	10.7	3.0	11.6	0.3	14.0	0.7	13.9	0.8	0.5	0.7	9.4	3.2
Aug-09	10.7	1.7	10.6	2.5	10.8	1.0	12.6	0.8	13.1	1.1	0.3	2.2	7.8	1.4
Sep-09	10.1	0.5	10.0	0.4	10.2	0.5	11.9	0.8	12.4	0.6	0.7	0.2	8.5	1.0
Oct-09	8.9	1.0	7.5	1.1	10.0	0.8	11.0	0.8	10.6	0.8	3.8	1.2	6.7	0.2
Nov-09	10.5	1.4	11.1	1.8	10.0	1.0	10.6	0.8	10.5	0.7	12.5	2.8	10.0	1.9
Dec-09	10.5	-0.5	10.9	-1.7	10.2	0.6	10.7	0.7	10.4	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

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

This increase in CPI inflation (YoY) during January 2010 was mainly contributed by a sharp surge in food and energy prices, which is evident in a decline in core inflation measured by excluding food and energy from the CPI basket. In contrast, core inflation, measured by 20% trimmed mean, increased by a significant 2.3 percentage points over December 2009 (see **Table 1.1 & 1.2**).

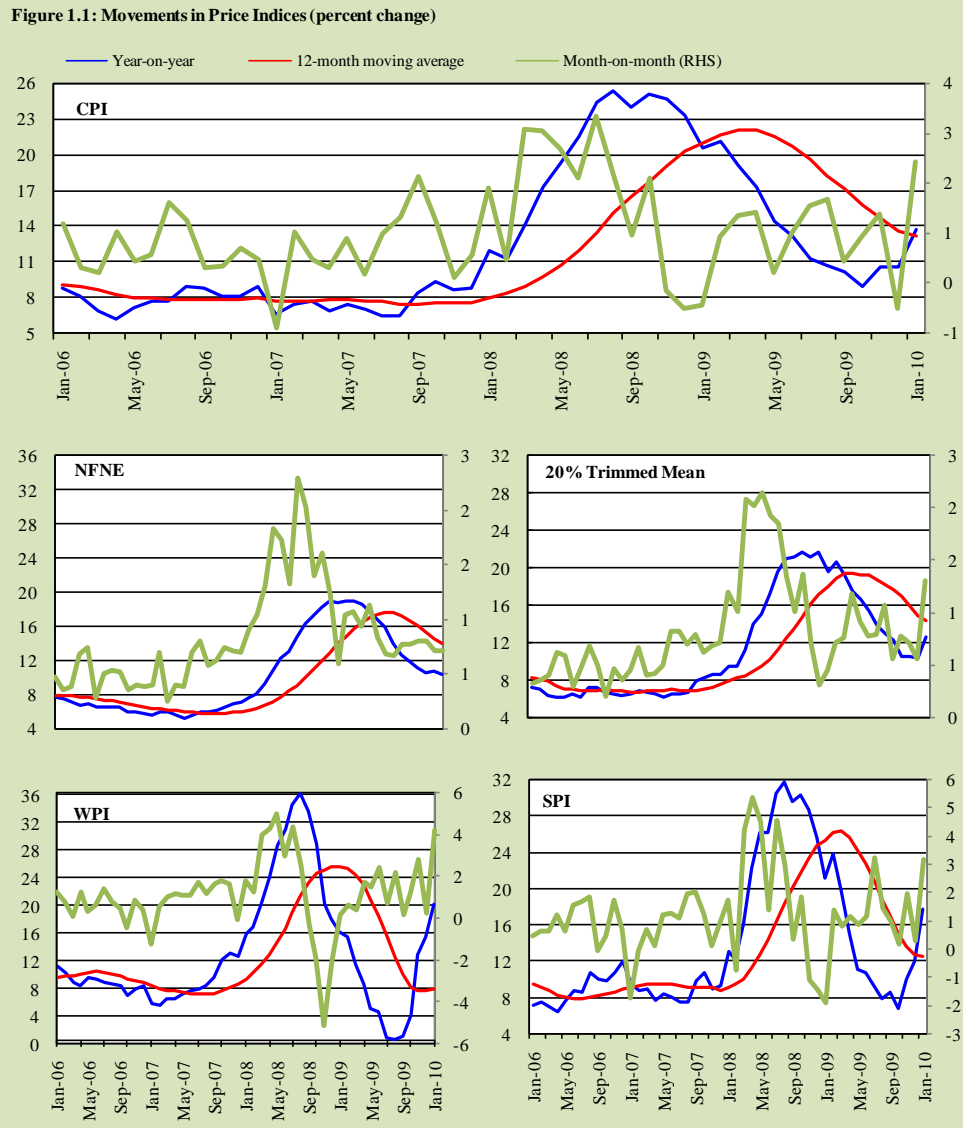
The major reasons for acceleration in domestic inflation during January 2010 are: (a) increase in administrative prices of energy and key fuels by the government; (b) depreciation of rupee amidst transfer of oil payments from SBP to interbank market, as well as, (c) a temporary supply shocks due to bad weather (fog) in Punjab, which created supply shortages of essential food items.

<b>Table 1.2: Different Dimensions of Inflation (percent)</b>					
	<b>Jan-08</b>	<b>Jan-09</b>	<b>Dec-09</b>	<b>Jan-10</b>	<b>average#</b>
	<i>Year-on-year</i>				
<b>Overall CPI</b>	<b>11.9</b>	<b>20.5</b>	<b>10.5</b>	<b>13.7</b>	<b>11.3</b>
Food group	18.2	21.6	10.9	15.5	13.4
Non-food group	7.3	19.7	10.2	12.2	9.7
<b>WPI</b>	<b>15.5</b>	<b>15.7</b>	<b>15.0</b>	<b>19.6</b>	<b>10.6</b>
Food group	19.5	21.0	11.5	15.6	13.2
Non-food group	12.7	11.6	17.9	23.0	8.7
<b>SPI</b>	<b>13.1</b>	<b>21.3</b>	<b>11.9</b>	<b>17.8</b>	<b>12.3</b>
<b>Core Inflation</b>					
NFNE*	7.8	18.9	10.7	10.3	9.5
Trimmed	9.6	19.6	10.4	12.7	10.2
	<i>Period average</i>				
<b>Overall CPI</b>	<b>8.6</b>	<b>23.9</b>	<b>10.3</b>	<b>10.8</b>	<b>11.6</b>
Food group	12.5	29.8	10.1	10.9	14.5
Non-food group	5.7	19.2	10.5	10.7	9.4
<b>WPI</b>	<b>11.0</b>	<b>26.2</b>	<b>5.2</b>	<b>7.2</b>	<b>12.5</b>
Food group	14.7	29.1	8.6	9.6	14.1
Non-food group	8.3	23.9	2.6	5.3	11.3
<b>SPI</b>	<b>9.6</b>	<b>28.2</b>	<b>10.3</b>	<b>10.3</b>	<b>13.4</b>
<b>Core Inflation</b>					
NFNE*	6.6	17.6	11.8	11.6	9.0
Trimmed	8.0	20.9	11.8	11.9	10.3
	<i>12-month moving average</i>				
<b>Overall CPI</b>	<b>8.0</b>	<b>21.0</b>	<b>13.6</b>	<b>13.1</b>	<b>10.7</b>
Food group	11.6	27.7	13.3	12.9	13.7
Non-food group	5.5	15.8	13.9	13.3	8.6
<b>WPI</b>	<b>9.1</b>	<b>25.2</b>	<b>7.3</b>	<b>7.7</b>	<b>11.9</b>
Food group	12.7	27.4	12.4	12.0	13.3
Non-food group	6.5	23.6	3.4	4.3	10.9
<b>SPI</b>	<b>9.1</b>	<b>25.2</b>	<b>12.4</b>	<b>12.4</b>	<b>12.5</b>
<b>Core Inflation</b>					
NFNE*	6.3	14.8	14.6	13.9	8.3
Trimmed	7.9	18.1	14.9	14.4	9.5
	<i>Monthly</i>				
<b>Overall CPI</b>	<b>1.9</b>	<b>-0.4</b>	<b>-0.5</b>	<b>2.4</b>	<b>0.6</b>
Food group	3.0	-2.0	-1.7	2.0	0.3
Non-food group	1.0	0.9	0.6	2.8	0.8
<b>WPI</b>	<b>1.8</b>	<b>0.2</b>	<b>0.2</b>	<b>4.2</b>	<b>0.7</b>
Food group	2.5	-0.9	-0.7	2.7	0.6
Non-food group	1.2	1.1	0.9	5.5	0.8
<b>SPI</b>	<b>1.7</b>	<b>-1.9</b>	<b>3.2</b>	<b>3.2</b>	<b>-0.1</b>
<b>Core Inflation</b>					
NFNE*	0.9	1.0	0.7	0.7	0.7
Trimmed	1.2	0.4	0.6	1.3	0.6

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

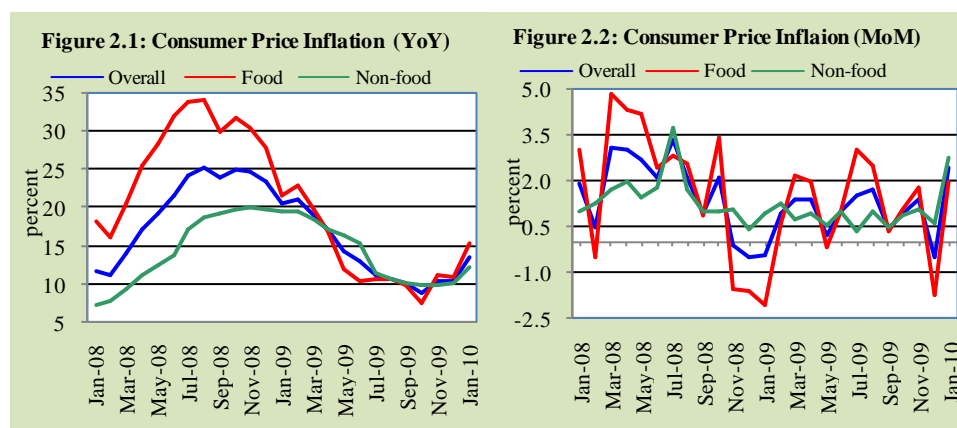
Despite the sharp surge in CPI inflation (YoY) during January 2010, it is substantially lower compared with the same month last year. This is also reflected in long run trend in CPI inflation measured by 12-month moving average, that shows a continued decline during January 2010, dropping to 13.1 percent as against 13.6 percent in December 2009, and 21.0 percent during January 2009 (see **Figure 1.1**).

Following the overall CPI trend, annualized inflation in CPI food and non-food groups recorded lower inflation during January 2010 compared to both the previous month as well as the same month last year.



## 2. Consumer Price Index

CPI inflation (YoY) reached an eight months high during January 2010. CPI inflation (YoY) was recorded at 13.7 percent during January 2010 compared with 10.5 percent in the previous month and 20.5 percent in the same month last year. This significant upsurge was mainly contributed by food group, although non-food group also showed acceleration during January 2010 compared to December 2009 (see **Figure 2.1**).



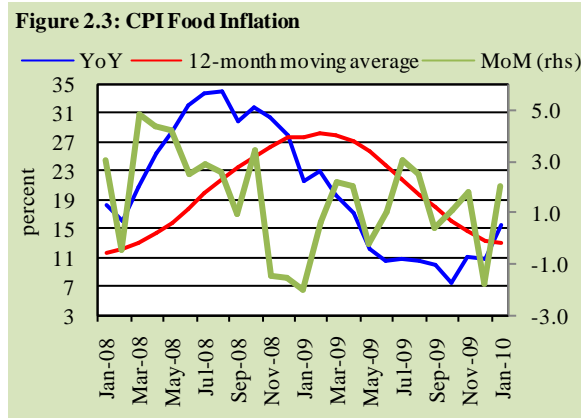
On a month over month basis, overall CPI and CPI food inflation both accelerated during January 2010 as against a deflation registered in the preceding month. CPI inflation (MoM) reached 2.4 percent during the month under review compared to (-) 0.5 percent during December 2009. CPI food and non-food groups inflation (MoM) was recorded at 2.0 percent and 2.8 percent during January 2010 compared with (-) 1.7 percent and 0.6 percent in December 2009 respectively (see **Figure 2.2**).

Due to significant increase in overall food inflation (YoY), weighted contribution of the food group to overall CPI inflation increased in January 2010 (50.6 percent) compared to both the previous month (47.1 percent) and the same month (46.6 percent) last year. Consequently the weighted contribution of non-food group declined during January 2010 (49.4 percent) compared to both the previous month (52.9 percent) and the same month (53.4 percent) last year. Within non-food group, *fuel & lighting* (11.5 percent) and *house rent index* (22.0 percent) sub-groups showed acceleration during the review month compared to the January 2009 ( 9.7 percent and 20.4 percent respectively). However, *house rent* weighted contribution declined from 29.9 percent seen in the previous month (see **Table 2.1**).

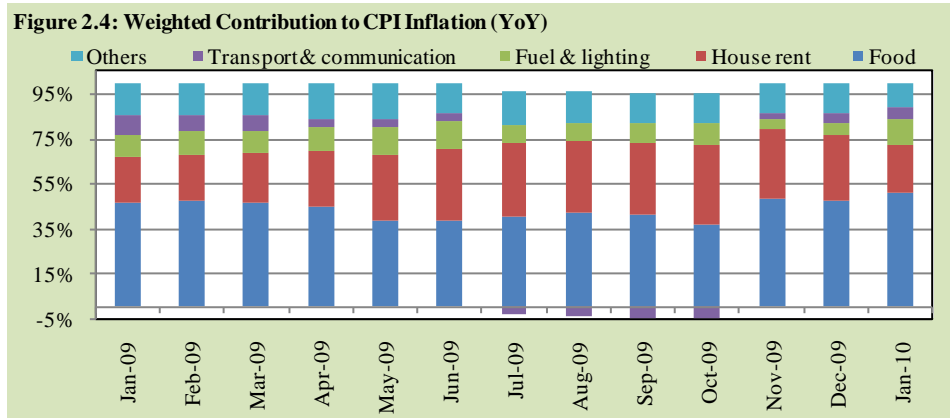


### 2.1 Food Inflation

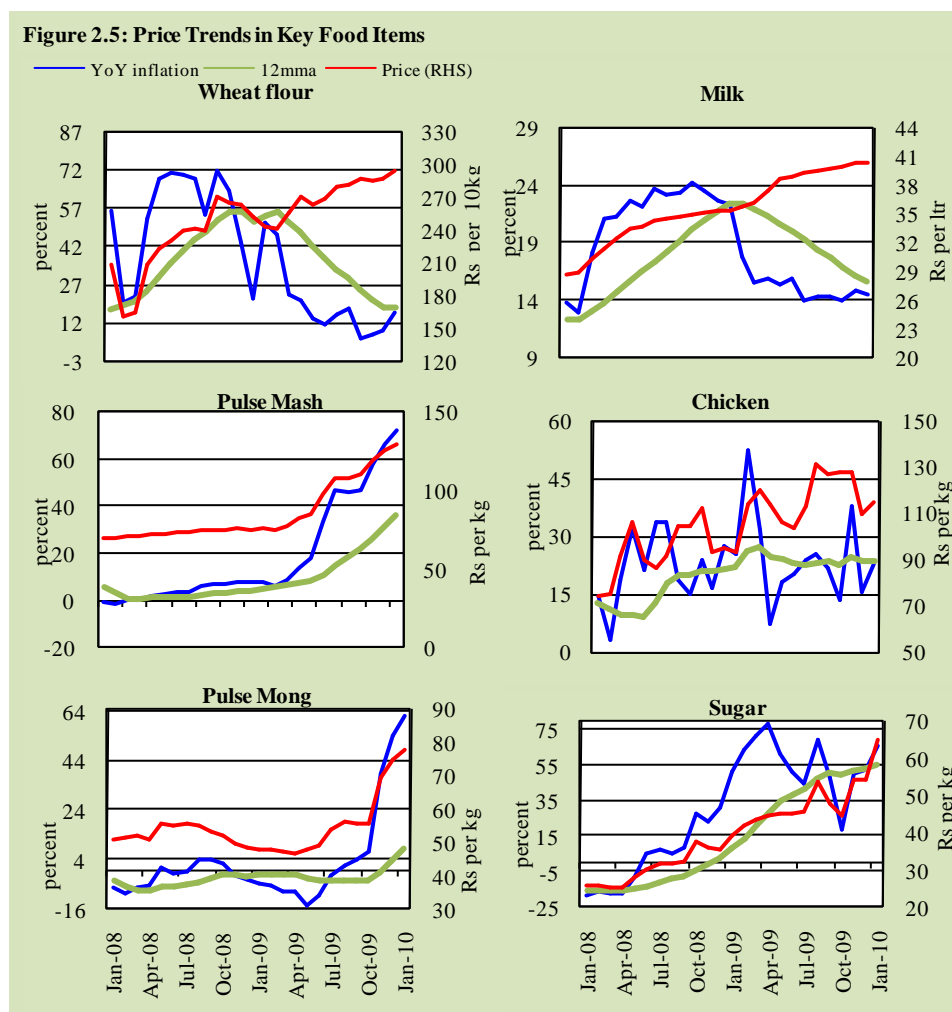
Inflation in CPI food group significantly increased during January 2010 on both YoY as well as on MoM basis. On YoY basis CPI food inflation rose to 15.5 percent during January 2010 compared with 10.9 percent in December 2009 and 21.6 percent in January 2009 (see **Figure 2.3**).



Weighted contribution of six top food commodities to overall CPI inflation is 33.1 percent in January, 2010. These items are fresh milk, wheat flour, sugar, meat, vegetables, and eggs. Of these, only four items, i.e., fresh milk, wheat flour, sugar, and meat contributed 53.1 percent to CPI food inflation (YoY) (see **Table A3** in **Annexure A**).



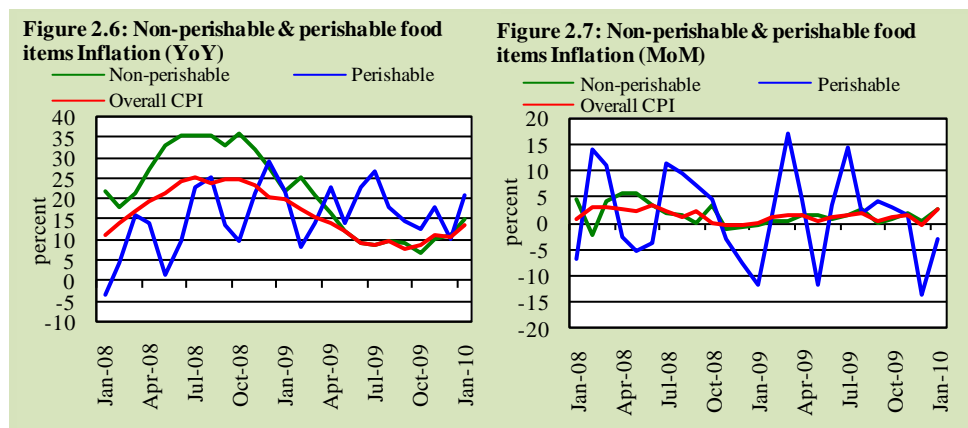
Detailed item-wise analysis of price changes of food commodities on YoY basis shows that out of the reported 109 commodities, only 7 items showed no change and 14 items showed decline in prices during January 2010. The latter include peas, tomatoes, pulse gram, pulse masoor, different types of rice, mustard oil, and spinach etc. Only 7 items showed subdued (from 0 to 5 percent) rise in prices and 22 items recorded moderate (from 5 to 10 percent) price change during January 2010. On the other hand, 59 items including garlic (243.8 percent), eggs (76.4 percent), pulse mash (72.4 percent), cardamom (68.9 percent), gur (66.6 percent), sugar (65.8 percent), pulse moong (62.2 percent), recorded above 10 percent price change (see **Figure 2.4 & Table A2**).



On MoM basis, CPI food group prices rose by 2.0 percent during January 2010 compared with a fall of 1.7 percent in the previous month. Detailed analysis of MoM price change in the CPI food basket showed that 19 commodities registered zero to one percent (25 in December 2009), 15 between 1 to 2 percent (12 in December 2009), 39 commodities showed price change (MoM) above 2 percent (21 in December 2009) and remaining 37 items showed either non change or declined.

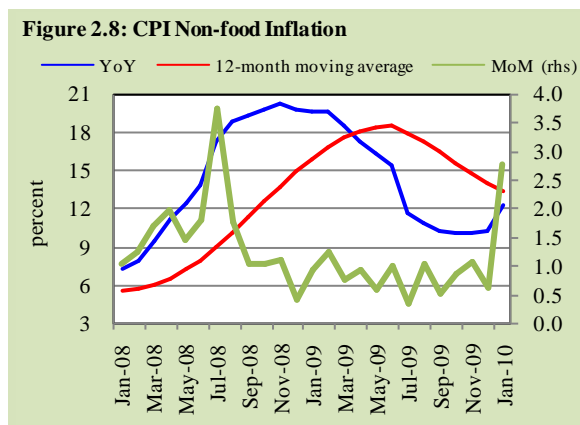
Further segregation of CPI food basket into two sets of commodities, i.e., perishable (5 composite items) and non-perishable (35 composite items) showed that during the current month, inflation (YoY) in perishable items increased

significantly to 20.9 percent compared to 10.0 percent during December 2009 and 21.8 percent in January 2009. This is clearly indicative of supply disruptions in Punjab due to heavy fog. Inflation in non-perishable category of food group also increased to 14.8 percent during January 2010 compared to 11.1 percent during the preceding month and 21.6 percent during the same month last year (see **Figure 2.5**). On MoM basis, prices of perishable items fell by only 3.2 percent during January 2010 compared with a massive decline of 13.8 percent in December 2009. Prices of non-perishable items rose by 2.7 percent in the month under review as against a rise of only 0.2 percent during December 2009 (see **Figure 2.6**).



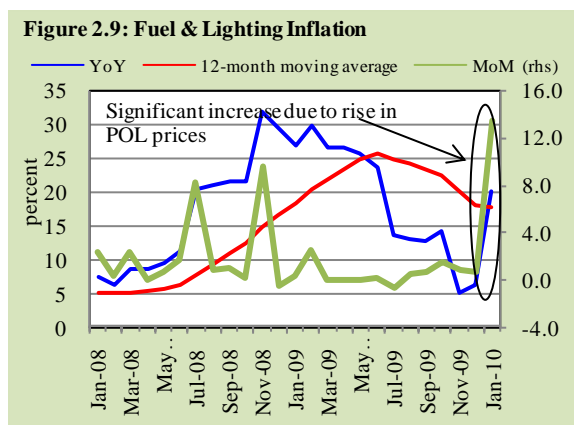
## 2.2 Non-food Inflation

Due to rise in administrative prices of energy and fuels, CPI non-food inflation increased during January 2010 compared with the previous month, however, it is still significantly lower than the same month last year. CPI non-food inflation (YoY) showed a 2.0 percentage points increase during the current month and was recorded at 12.2 percent during January 2010 compared to 10.2 percent in December 2009, and 19.7 percent in January 2009. Out of the nine sub-groups of non-food group, inflation (YoY) in five sub-groups showed increase during January 2010. However, CPI non-food inflation (YoY) in all sub-groups was significantly lower than in the same month last year. CPI non-food

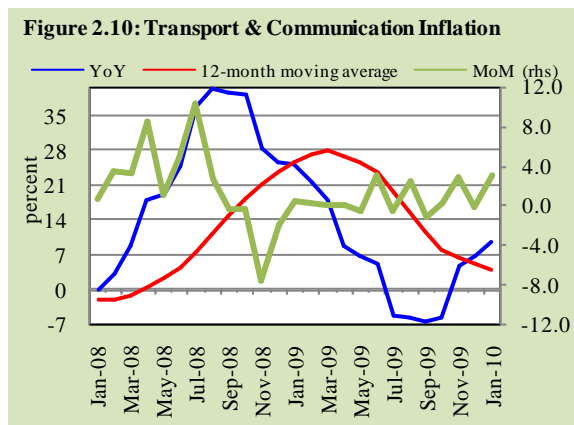


inflation (MoM) showed significant acceleration of 2.2 percentage points during the month under review (see **Figure 2.7**).

Inflation (YoY) in *fuel & lighting* sub-group increased significantly to 20.2 percent during January 2010 from 6.2 percent in December 2009. It was, however, still lower than 26.9 percent recorded in January 2009. On month-on-month basis, inflation in this sub-group declined during the month under review and was recorded at 13.4 percent compared with 0.6 percent in December 2009 (see **Figure 2.8**).



Inflation (YoY) in *transport & communication* sub-group also increased to 9.4 percent during January 2010 from 6.6 percent in December 2009. It was, however, still lower than the 25.2 percent seen in January 2009. On month-on-month basis, inflation in this sub-group also recorded an increase of 3.0 percent during the review month compared to (-) 0.2 percent in December 2009 (see **Figure 2.9**).



Inflation in *house rent index* continued its declining trend since June 2009 and reached 13.4 percent YoY during January 2010 compared to 14.2 percent in December 2009 and 18.2 percent in the same month last year. However on month-on-month basis, inflation in this sub-group remained unchanged at 0.8 percent.

CPI non-food inflation YoY in *apparel, textile & footwear, education, and medicare* sub-groups increased during the month under review compared to the preceding month but stayed lower compared with January 2009. Inflation (YoY)

in household furniture & equipment, recreation & entertainment and cleaning, laundry & personal appearance sub-groups of CPI non-food declined during January 2010 compared to both the same month last year and December 2009 (see **Figure A1** in **Annexure A**).

Detailed analysis of 250 commodities included in CPI non-food basket during January 2010 showed that 62 items witnessed double-digit price change. These commodities included electricity charges, petrol, diesel, CNG charges, natural gas charges, gold, silver and some textbooks. Sixty three commodities witnessed a moderate price change (between 5-10 percent), 70 showed subdued rise in their price (between 0-5 percent). The remaining 52 commodities recorded no change in price and only 3 items showed decline in their prices during January 2010.

### 2.3 City-wise Inflation

Similar to previous month city-wise data reveals that inflation (YoY) in the five major cities of the country was lower than the overall YoY inflation during January 2010. On a month on month basis, inflation in Lahore and Peshawar was higher, whereas it was lower in Karachi, compared to the national average inflation (see **Table 2.2**).

	Jan-09		Dec-09		Jan-10	
	MoM	YoY	MoM	YoY	MoM	YoY
<b>Over all CPI</b>	<b>-0.4</b>	<b>20.5</b>	<b>-0.5</b>	<b>10.5</b>	<b>2.4</b>	<b>13.7</b>
Islamabad	-0.2	19.0	0.0	9.2	2.4	12.1
Lahore	-0.2	18.9	-0.7	9.9	3.0	13.4
Karachi	-1.0	20.7	-0.3	9.7	2.0	13.0
Quetta	-0.2	23.2	-0.6	7.9	2.4	10.6
Peshawar	-1.6	22.8	-0.5	7.8	3.1	12.9

Detailed analysis of 35 cities shows that 19 cities recorded higher inflation than the overall inflation (YoY), while 16 cities registered lower than average inflation during January 2010. The highest inflation (YoY) was recorded in Mianwali at 18.2 percent, while Quetta registered the lowest inflation (YoY) of 10.6 percent. The highest food inflation (23.1 percent) was also registered in Mianwali and the lowest food inflation of 7.2 percent was recorded in Quetta during the month under review. Bahawalnagar registered the highest non-food inflation of 15.0 percent, while the lowest non-food inflation of 8.7 percent was observed in Islamabad (see **Table 2.3**).

**Table 2.3: City-wise Inflation in CPI (YoY) January 2010**

	High inflation cities			Low inflation cities			
	General	Food	Non-food	General	Food	Non-food	
Mianwali	18.2	23.1	14.4	Rawalpindi	13.6	17.2	10.9
Okara	16.8	21.3	13.3	Attock	13.6	14.2	13.1
Bahawalnagar	16.7	19.0	15.0	Lahore	13.4	16.5	10.9
Bahawalpur	16.5	22.0	12.1	Jhelum	13.4	15.3	11.9
Vehari	16.1	21.0	12.3	Turbat	13.0	13.0	13.0
Samundari	16.0	20.0	12.9	Karachi	13.0	12.7	13.2
Jhang	15.8	19.8	12.7	Khuzdar	12.9	11.6	13.9
Shahdadpur	15.2	16.0	14.6	D.I.Khan	12.9	13.7	12.2
Faisalabad	14.9	19.4	11.3	Peshawar	12.9	12.8	12.9
Multan	14.8	19.1	11.3	Hyderabad	12.8	13.9	12.0
Sialkot	14.6	16.5	13.1	Islamabad	12.1	16.7	8.7
Abbotabad	14.5	15.9	13.3	Larkana	12.0	12.4	11.7
Nawabshah	14.5	14.9	14.2	Loralai	12.0	9.7	13.7
Gujranwala	14.5	18.1	11.7	Sukkur	11.5	8.9	13.6
Kunri	14.4	16.4	12.8	Mardan	11.5	11.5	11.5
Mirpur Khas	14.2	15.4	13.3	Quetta	10.6	7.2	13.6
D.G. Khan	14.1	15.1	13.4				
Sargodha	14.0	14.5	13.6				
Bannu	13.8	13.1	14.4				

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

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

## 2.4 Income Group-wise Inflation

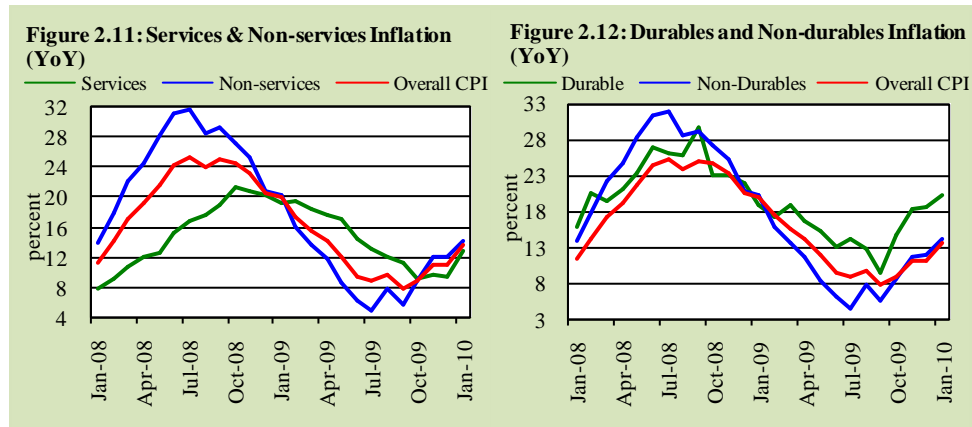
Data on inflation (YoY) for various income groups during January 2010 indicates that three out of four categories have experienced higher than the average CPI and CPI food inflation (YoY) (see **Table 2.4**). However, non-food group's inflation (YoY) incidence was the highest for the highest income group compared to CPI non-food inflation (YoY) during January 2010.

	Table 2.4: Income Group-wise CPI Inflation									
	Upto 3000				Rs. 3001-5000		Rs. 5000-12000		Above Rs. 12000	
	Jan-09	Jan-10	Jan-09	Jan-10	Jan-09	Jan-10	Jan-09	Jan-10		
	<i>Year on Year (January over January)</i>									
General	20.9	14.2	21.3	14.0	21.1	13.8	19.7	13.5		
CPI Food	21.9	16.4	21.7	16.1	21.7	15.7	21.4	14.9		
CPI Non-food	19.6	11.5	20.8	11.6	20.5	12.0	18.7	12.6		
	<i>Month on Month (January over December)</i>									
General	-0.5	2.1	-0.6	2.3	-0.6	2.4	-0.2	2.5		
CPI Food	-1.7	2.0	-1.9	2.1	-2.1	2.0	-1.9	2.0		
CPI Non-food	1.0	2.3	0.9	2.5	0.9	2.8	0.9	2.9		

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. Khuzdar observed the highest inflation for the highest income group (Rs 12000 and above). Quetta recorded the lowest inflation (YoY) in all income groups during the month under review (see **Table A5** in **Annexure A**).

### 2.5 Services and Non-services Inflation

Inflation (YoY) in services and non-services sectors increased during January 2010 compared to the previous month, but still lower than the compared with the same month last year. Inflation (YoY) in services sector was recorded at 12.8 percent compared to 10.5 percent in the preceding month and 20.2 percent during the corresponding month last year. Inflation (YoY) in non-services sector was 14.3 percent in January 2010 compared to 10.5 percent during December 2009 and 20.7 percent during the same month last year (see **Figure 2.10**).

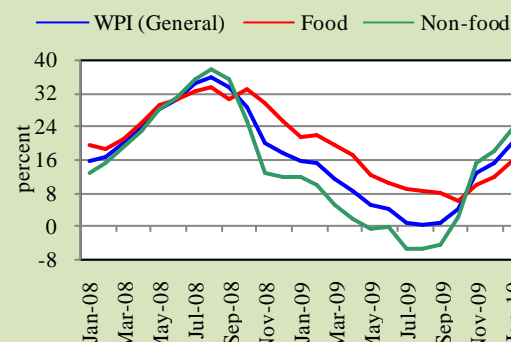


Further disaggregation of the non-services sector data reveals that YoY inflation in durable and non-durable goods accelerated during January 2010 compared to the previous month and non-durable good's inflation decelerated relative to the same month last year. Inflation in durable items rose to 20.3 percent in January 2010 from 18.8 percent during January 2009 and 18.5 percent in December 2009. Inflation in non-durable items was also increased to 14.1 percent from 20.7 percent in January 2009 and 10.3 percent during December 2009 (see **Figure 2.11**).

### 3. Wholesale Price Index

WPI inflation (YoY) was the highest level in 14 months during January 2010 reached 19.6 percent compared to 15.0 percent for December 2009 and 15.7 percent during January 2009 (see **Figure 3.1**).

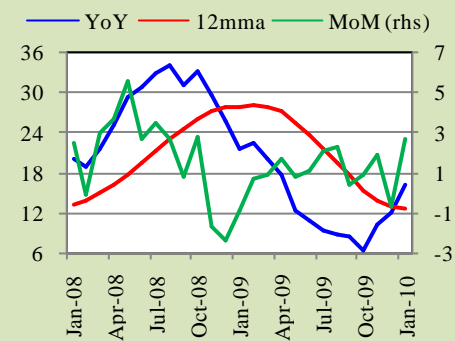
**Figure 3.1: Wholesale Price Inflation (YoY)**



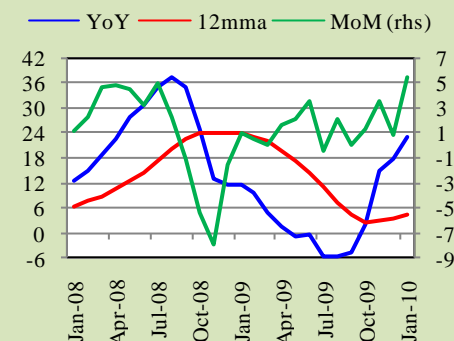
WPI food inflation (YoY) for January 2010 was 15.6 percent against 11.5 percent in December 2009 and 21.0 percent during January 2009 (see **Figure 3.2**).

WPI non-food group inflation (YoY) witnessed sharper rise than overall WPI inflation and WPI food inflation. It reached the highest levels in 15 months. WPI non-food inflation during January 2010 was recorded at 23.0 percent as against 17.9 percent during the last month and 11.6 percent during the same month last year (see **Figure 3.3**).

**Figure 3.2: WPI Food Inflation**



**Figure 3.3: WPI Non-food Inflation**



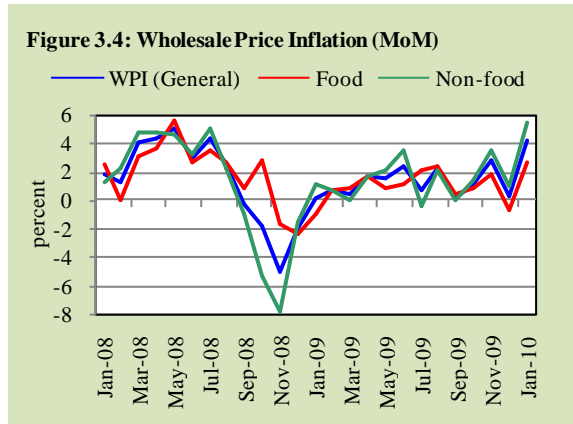
Similarly, WPI inflation on MoM basis also surged to 4.2 percent during January 2010 from 0.2 percent in December 2009. Like WPI inflation (YoY), major contribution to WPI inflation (MoM) came from non-food component. WPI food component witnessed inflation of 2.7 percent from last month's deflation of 0.7 percent (see **Figure 3.4**). However non-food component showed 5.5 percent inflation (MoM), i.e. the highest levels for the last sixteen years.

Item-wise analysis on YoY basis of WPI food group shows that out of 43 items, 9 registered decline during January 2010 compared to 11 during



December 2009. Seven commodities witnessed subdued inflation (0 - 5 percent) during the month under review against 8 items during the previous month. Only 5 items in food group recorded moderate inflation (5 - 10 percent) during January 2010 compared to 7 items in the preceding month. The remaining 22

items showed double digit inflation during the month under review against 17 items during the previous month. Major items contributing to WPI food inflation during the month include gur (78.0 percent), mash pulse (70.3 percent), eggs (68.6 percent), sugar (65.7 percent), moong pulse (57.0 percent), etc (see **Table A7**).



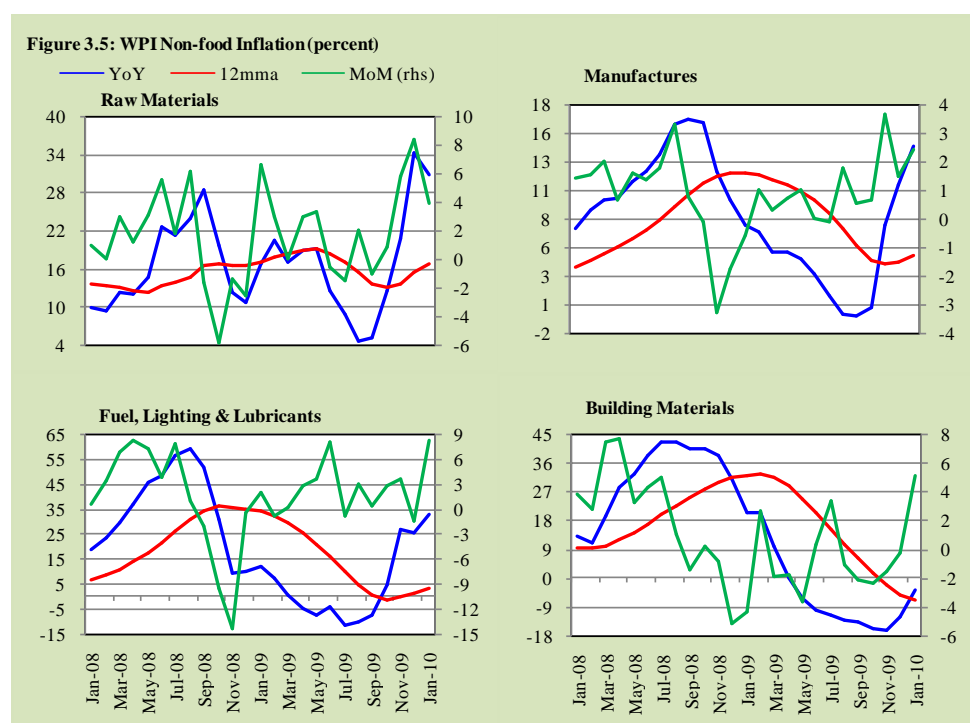
Out of 63 commodities in the WPI non-food group, 14 registered deflation or no change in prices during the month under review. 18 items witnessed subdued inflation compared to 20 items during December 2009. Moderate inflation was witnessed in 11 commodities. The remaining 20 items registered double digit inflation during the month under review compared to 18 items during the last month. Items recording significant inflation include furnace oil (90.1 percent), cotton yarn (59.0 percent), sugarcane (44.9 percent), cotton (39.5 percent), blended yarn (38.0 percent), etc (see **Table A7**).

Within the sub-groups of WPI non-food component, inflation (YoY) during January 2010 in *raw materials* sub-group declined compared to the previous month. Inflation in the two sub-groups, *fuel, lighting & lubricants* and *manufacturers*, increased compared to December 2009. However, *building materials* sub-group witnessed deflation during the month under review, although the rate of deflation declined compared to the previous month.

In the *raw materials* sub-group, inflation (YoY) declined to 30.3 percent during January 2010 as compared with 33.7 percent in December 2010. However, it was significantly higher than the 16.4 percent seen in January

2009. Similarly, on MoM basis, inflation in the sub-group declined to 4.0 percent in January 2010 from 8.4 percent in the previous month. A substantial rise in the prices of sugarcane (44.9 percent), cotton (39.5 percent), and cotton seeds (21.6 percent) contributed to strong inflation in raw materials sub-group.

Inflation (YoY) in *fuel, lighting & lubricants* sub-group was recorded at its 15 month high levels of 33.2 percent during January 2010 from the last month's 25.5 percent and 11.7 percent in January 2009. Similarly, on MoM basis inflation in the sub-group increased to 8.2 percent, highest in 21 months, during the month from last month's deflation of 1.5 percent. Major contributors to inflation (YoY) in this sub-group were: furnace oil (90.1 percent), diesel oil (26.4 percent), electricity (25.0 percent) etc.



*Manufactures* sub-group inflation (YoY) reached to 15 months high level at 14.3 percent during January 2010 against 11.0 percent recorded during December 2009 and 7.5 percent during January 2009. Similarly, inflation (MoM) in the sub-group increased to 2.4 percent during the month under

review from 1.5 percent during December 2009. Major items contributing to higher inflation (YoY) in this sub-group include cotton yarn (59.0 percent), blended yarn (38.0 percent), glass products (30.2 percent), nylon yarn (24.1 percent) etc.

Deflation (YoY) in the *building material* sub-group continued into January 2010 reaching 3.7 percent during January 2010 compared to deflation of 12.4 percent in December 2009. The deflation in the sub-group is significantly lower than the last year's inflation of 20.3 percent during the same month. However, on MoM basis, inflation in the sub-group was recorded at 5.1 percent against the last month's deflation of 0.3 percent (see **Figure 3.5**). Deflation (YoY) in the sub-group was driven by two commodities, cement (-16.0 percent) and iron bars & sheets (-1.3 percent). However, prices of most of the other construction material is trending upward, partially offsetting the impact of decline in the prices of cement and iron bars & sheets.

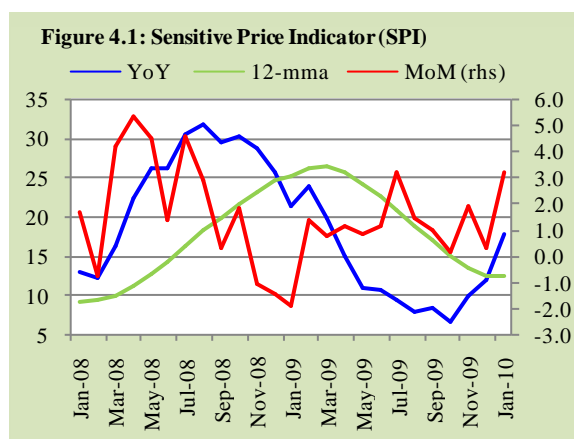
Major contributors to WPI inflation (YoY) during January 2010 were oil products (furnace oil, diesel oil and motor spirit), cotton and cotton products, sugarcane, glass products and electricity (see **Table 3.1**).

**Table : 3.1 Top Ten Movers to WPI Non-food Group (YoY)**

Sr. no	Commodity	Jan-09	Nov-09	Dec-09	Jan-10
1	Furnace Oil	-32.0	102.0	101.8	90.1
2	Cotton Yarn	-18.6	27.9	47.7	59.0
3	Sugar Cane	40.8	29.5	43.6	44.9
4	Cotton	4.0	28.6	48.9	39.5
5	Blended Yarn	5.7	13.5	28.7	38.0
6	Glass Products	39.4	47.3	30.2	30.2
7	Diesel Oil	49.6	24.4	20.4	26.4
8	Electricity Ind.. Supply Tariff-B	36.4	11.5	11.5	25.0
9	Nylon Yarn	30.4	5.3	18.4	24.1
10	Motor Spirit	7.5	14.3	12.8	23.4

#### 4. Sensitive Price Indicator (SPI)

SPI inflation (YoY) increased by 5.8 percentage points to 17.8 percent during January 2010 from 11.9 percent in December 2009. However, it was still lower than the 21.3 percent recorded in January 2009 (see **Figure 4.1**).



An item-wise analysis of commodities in the SPI basket reveals that out of 53 items, prices of 28 items showed double digit increase (YoY) compared to 39 items during the same month last year. On the other hand, 12 items either showed deflation or no change during the month under review compared to 8 commodities during the same month last year (see **Table 4.1**). Commodities contributing to rise in SPI inflation during the month under review were mainly food items. Major commodities contributing to SPI (YoY) inflation include garlic (236.5), mash pulse (72.8 percent), sugar (71.0 percent), gur (66.8 percent), moong pulse (65.6 percent), etc (see **Table A8**).

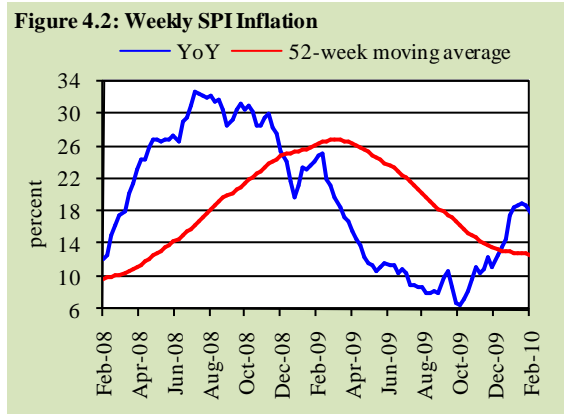
**Table 4.1: Distribution of Price Changes of SPI Basket (YoY)**

Percent Change	Number of items			
	Jan-08	Jan-09	Jul-09	Jan-10
0 or less	13	8	14	12
0 to 5	6	1	6	6
5 to 10	7	5	4	7
10 or above	27	39	29	28
Minimum	-47.2	-17.4	-32.0	-24.8
Maximum	63.6	100.2	95.5	236.5

On MoM basis, SPI inflation also increased from 0.3 percent during December 2009 to 3.2 percent in January 2010. Four items in the SPI basket witnessed double digit increase in their prices during January 2010 compared to only two items in the previous month (see **Table A8** in **Annexure A**).

As far as weekly SPI inflation (YoY) is concerned, inflationary pressures remained stronger during the month under review. Weekly inflation during the first week of January 2010 rose to 41-week high level of 16.9 percent,

which continued accelerating during the remaining weeks of the month. SPI inflation on YoY basis climbed to 18.4 percent during the last week of January 2010 (see **Figure 4.2**).



Analysis of income group-wise SPI inflation (YoY)

shows that inflation in all income groups was higher during January 2010 compared with the preceding month. Further analysis reveals that income group having monthly income of Rs 3001-5000 remained most vulnerable to inflation during the month under review than other income groups. In

contrast, the highest income group, having monthly income above Rs 12000 was least vulnerable to inflation compared to other income groups. Inflation in

	Jan-09		Dec-09		Jan-10	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	20.8	-1.4	13.4	0.7	18.3	2.9
Rs. 3001-5000	21.3	-1.6	12.7	0.4	18.4	3.4
Rs. 5000-12000	22.0	-1.8	12.0	0.2	18.3	3.7
Above Rs. 12000	21.0	-1.6	11.6	0.6	17.6	3.7
<b>All income groups</b>	<b>21.3</b>	<b>-1.9</b>	<b>11.9</b>	<b>0.3</b>	<b>17.8</b>	<b>3.2</b>

all income groups, except the highest income group, was higher than the average SPI inflation (YoY) (see **Table 4.2**).

## 5 Global Commodity Prices

### 5.1 Overview

International commodity prices remained strong during January 2010 amidst supply shortages and strength in demand from emerging economies and a moderate recovery in advanced economies.

IMF commodity price index rose by 40.9 percent on YoY basis during January 2010 compared to 40.3 percent in December 2009 and a fall of 37.8 percent recorded in January 2009. Similarly, on MoM basis, index rose by 3.5 percent during January 2010 against a fall of 0.5 percent recorded in December 2009 (see **Table 5.1**).

**Table 5.1 : Major Prices Indices**

	YoY			
	Jan-09	Nov-09	Dec-09	Jan-10
Overall	-37.8	20.3	40.3	40.9
Food	-16.4	12.0	16.6	10.2
Metals	-45.7	22.2	44.5	59.7
Energy	-43.8	23.5	49.6	50.9
Raw Materials*	-5.0	16.6	36.2	35.0
Fertilizers	-6.0	-52.0	-41.7	-37.0

	MoM			
	Jan-09	Nov-09	Dec-09	Jan-10
Overall	3.1	4.2	-0.5	3.5
Food	6.9	3.6	1.8	1.0
Metals	-6.3	2.6	5.3	3.5
Energy	3.4	4.5	-2.4	4.3
Raw Materials	5.6	4.4	3.9	4.7
Fertilizers	-3.0	-0.2	0.5	4.8

Source : IMF & WB

\* includes cotton, tobacco and rubber

### 5.2 Food Group

The rise in food group index slowed during January 2010 mainly because of better prospects of wheat, corn and rice crops in major producing countries.. Sugar, tea and edible oils were the only food commodities registering positive YoY increases in their prices during January 2010.

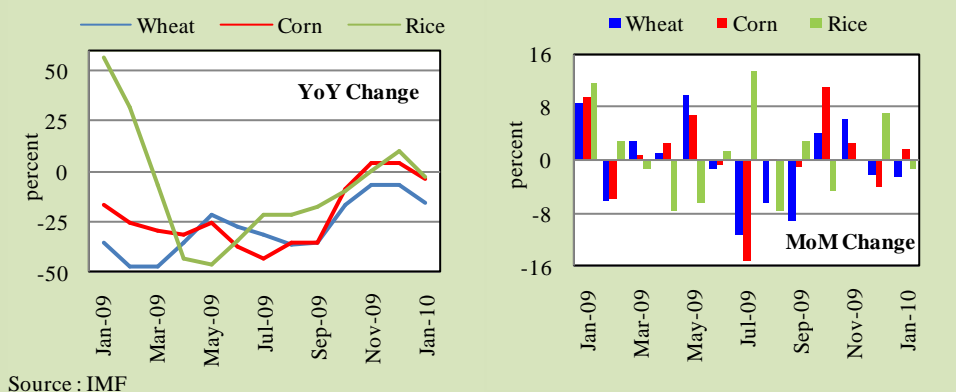
IMF food price index rose by 10.2 percent YoY during the month as against a fall of 3.1 percent during January 2009. On MoM basis index grew by 1.0 percent during January 2010 compared to 1.8 percent rise witnessed in the preceding month.

Among grains, wheat prices dropped by 15.9 percent YoY during January 2010 on top of a fall of 6.3 percent recorded in December 2009 and a decline of 35.2 percent recorded in January 2009. On MoM basis, wheat prices declined by 2.5 percent during January 2009 compared with a drop of 2.3 percent recorded during December 2009. Wheat prices declined mainly due to healthy global wheat production and substantial global stockpiles.

Corn prices dropped by 3.4 percent YoY during January 2010 compared to a fall of 16.1 percent in January 2009 and a positive growth of 4.1 percent witnessed in

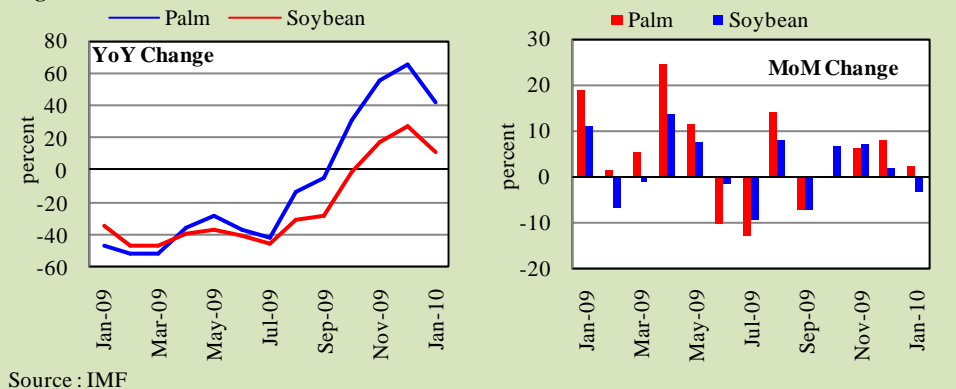
December 2009. On MoM basis, corn prices rose by 1.6 percent during January 2010 against a fall of 4.1 percent in December 2009. Ample supplies on the back of bumper global corn production were the main factors behind fall in corn prices.

**Figure 5.1: Prices of Grains**



Rice prices registered 2.8 percent (YoY) decline during January 2010 compared to rise of 10.0 percent recorded in December 2009 and 56.4 percent during January 2009. On MoM basis, rice prices dropped by 1.3 percent during January 2010 against 7.0 percent rise recorded last month (see **Figure 5.1**). After touching US\$ 606.0 per ton in December 2009, rice prices came down to US\$ 598.0 per ton after report that Thailand, the world's biggest rice exporter, would sell as much as 2.0 million tons of the grain from government stockpiles.

**Figure 5.2: Edible Oil Prices**

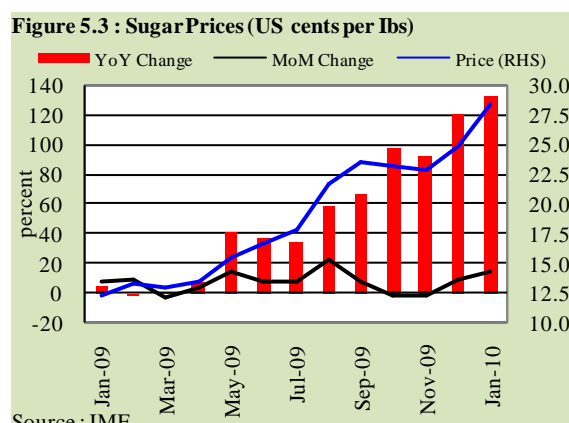


Among edible oils, price of Malaysian palm oil rose by 42.1 percent YoY during January 2010 compared to 65.2 percent in December 2009 and a fall of 47.1 percent recorded in January 2009. Similarly, on MoM basis, prices gained 2.0

percent during January 2010 against 7.9 percent in December 2009. Palm oil prices increased mainly due to strong demand from China and India; the two largest importers of the vegetable oil.

Soybean prices rose by 11.1 percent YoY during January 2010 compared to 27.4 percent rise in December 2009 and a decline of 34.0 percent recorded in January 2009. On MoM basis, a fall of 3.3 percent was recorded in soybean prices during January 2010 against 1.5 percent rise seen in December 2009. Soybean prices witnessed a moderate growth during January 2010 on expectations of better crop in Argentina and Brazil (see **Figure 5.2**).

Among other food commodities, sugar prices surged by 131.8 percent YoY during January 2010 compared with a rise of 120.0 percent in December 2009 and 5.0 percent increase recorded in January 2009. Similarly, on MoM basis, sugar prices increased by a strong 14.0 percent during January 2010 compared with a rise of 9.4 percent witnessed in

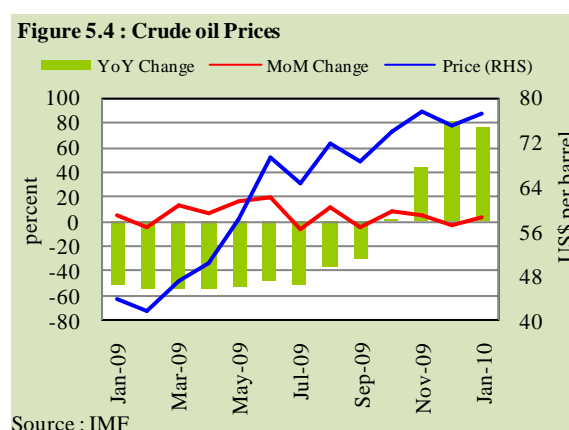


December 2009 (see **Figure 5.3**). Sugar prices have remained strong since March 2009 due to global shortfall amidst weaker harvests of sugarcane in South Asia. However, it is likely that sugarcane harvest to grow strongly in 2010.

### **Non-food group**

Prices of most of the non-food items including industrial metal, cotton and crude oil witnessed increase during January 2010.

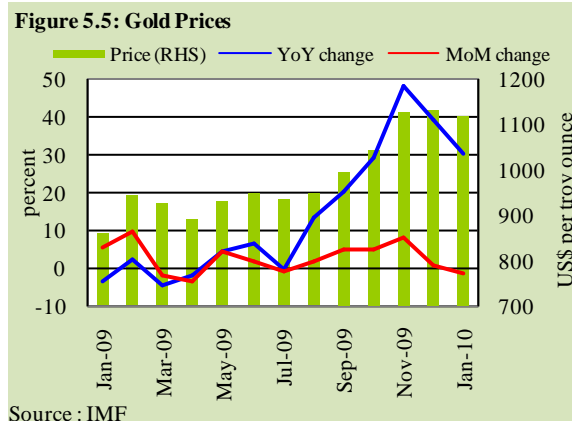
Crude oil prices recorded YoY increase of 75.6 percent during January 2010 compared with 80.3 percent rise seen in December 2009. However, increase in crude oil prices during January 2010 is



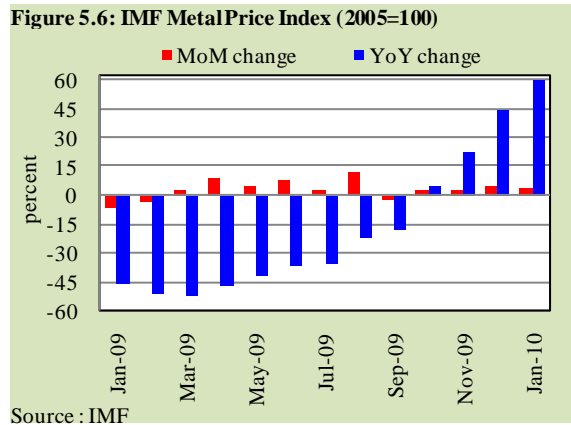


in sharp contrast with a fall of 51.6 percent recorded in January 2009. On MoM basis, crude oil prices recorded a rise of 3.0 percent during January 2010, against a fall of 3.5 percent witnessed during December 2009 (see **Figure 5.4**).

Gold prices dropped to US\$ 1118.0 per troy ounce in January 2010 from US\$ 1134.7 during December 2009, registering a fall of 1.5 percent on MoM basis compared to 0.7 percent rise recorded last month. Gold prices rose by 30.2 percent YoY during January 2010 compared with 39.0 percent during December 2009 (see **Figure 5.5**). Strength in US dollar was the main factor behind current decline in gold prices during the month.

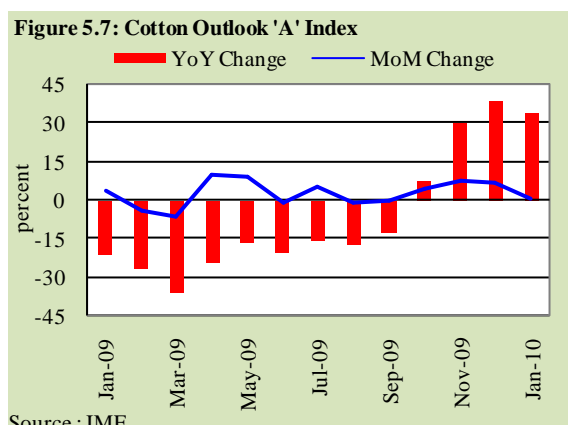


Industrial metal prices rose during January 2010 as reflected by IMF metal price index which gained 59.7 percent YoY compared with 44.5 percent rise registered in the last month and a fall of 45.7 percent observed during January 2009. Likewise, on MoM basis index grew by 3.5 percent in January 2010 on top of 5.3 percent growth witnessed during December 2009 (see **Figure 5.6**). Copper, zinc, and lead prices witnessed more than 100 percent (YoY) growth during January 2010 and the prices of nickel, aluminum, and tin also rose significantly (more than 50 percent) during January 2010.



Cotton prices continued rising during January 2010 as indicated by Cotton outlook 'A' index which rose by 34.1 percent YoY during the month compared to increase of 38.4 percent in December 2009 and a decline of 21.2 percent recorded during January 2009. On MoM basis cotton index registered 0.8 percent rise during January 2010 against 7.0 percent in December 2009 (see **Figure 5.7**). Rising trend

in cotton prices came from shortfall in global cotton production and strong demand. World cotton consumption this year is likely to increase by 4.9 percent to 115.5 million bales from 110.1 million bales during 2008-09. According to forecast,<sup>1</sup> cotton stockpiles in US, the world's largest fiber exporter, will reach 3.3 million bales, the lowest level since 2004.



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<sup>1</sup> United States Department of Agriculture (USDA)

## Annexure A

	Weights	MoM change			Yo Y change		
		Jan-09	Dec-09	Jan-10	Jan-09	Dec-09	Jan-10
<b>I. Food Group</b>	<b>40.3</b>	<b>-2.0</b>	<b>-1.7</b>	<b>2.0</b>	<b>21.6</b>	<b>10.9</b>	<b>15.5</b>
<b>II. Non-Food Group</b>	<b>59.7</b>	<b>0.9</b>	<b>0.6</b>	<b>2.8</b>	<b>19.7</b>	<b>10.2</b>	<b>12.2</b>
Apparel, textile, etc.	6.1	0.1	0.5	0.5	15.4	4.8	5.2
House rent	23.4	1.5	0.8	0.8	18.2	14.2	13.4
Fuel & lighting	7.3	0.3	0.6	13.4	26.9	6.2	20.2
Household furniture & equipment	3.3	0.6	0.5	0.6	14.6	5.7	5.6
Transport & communication	7.3	0.3	-0.2	3.0	25.2	6.6	9.4
Recreation & entertainment	0.8	0.1	0.0	-0.3	12.6	2.5	2.1
Education	3.5	0.1	0.8	0.2	17.1	13.5	13.7
Cleaning, laundry, etc.	5.9	1.2	0.8	0.9	19.4	11.8	11.5
Medicare	2.1	1.9	0.0	2.7	14.4	5.1	5.9
<b>Headline</b>	<b>100</b>	<b>-0.4</b>	<b>-0.5</b>	<b>2.4</b>	<b>20.5</b>	<b>10.5</b>	<b>13.7</b>

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%)	
	Jan-09	Jan-10	Jan-10	Jan-09	Jan-10	Jan-09	Jan-10	Jan-09	Jan-10	Jan-09	Jan-10
<b>I. Food Group</b>	<b>21.6</b>	<b>15.5</b>	<b>109</b>	<b>6</b>	<b>14</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>22</b>	<b>89</b>	<b>59</b>
<b>II. Non-Food Group</b>	<b>19.7</b>	<b>12.2</b>	<b>250</b>	<b>26</b>	<b>2</b>	<b>21</b>	<b>105</b>	<b>31</b>	<b>63</b>	<b>172</b>	<b>62</b>
Apparel, textile, etc.	15.4	5.2	42	1	0	0	-	12	19	29	7
House rent	18.2	13.4	1	0	-	0	-	0	-	1	1
Fuel & lighting	26.9	20.2	15	4	0	1	-	0	0	10	14
Household furniture & equipt	14.6	5.6	44	0	-	2	21	4	18	38	4
Transport & communication	25.2	9.4	43	4	1	1	31	2	7	36	4
Recreation & entertainment	12.6	2.1	16	2	0	5	13	3	0	6	3
Education	17.1	13.7	24	3	1	3	4	1	5	17	14
Cleaning, laundry, etc.	19.4	11.5	36	1	0	4	14	7	12	24	10
Medicines	14.4	5.9	29	11	0	5	22	2	2	11	5
<b>Overall</b>	<b>20.5</b>	<b>13.7</b>	<b>359</b>								

Note: Prices of 15 seasonal items were not reported during the month.

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

Items	Weights	YoY change		Weighted Contribution
		Jan-09	Jan-10	
<b>A. Ranked by Weighted Contribution</b>				
1 House Rent Index	23.43	18.21	13.38	22.02
2 Milk Fresh	6.66	22.62	14.46	7.8
3 Wheat Flour	5.11	22.31	13.77	7.27
4 Sugar	1.95	50.80	65.80	7.04
5 Natural Gas	2.05	16.52	24.73	5.21
6 Electricity	4.37	33.20	19.05	5.09
7 Meat	2.70	14.94	17.82	4.77
8 Vegetables	1.84	22.97	27.39	3.69
9 Petrol	1.73	8.04	23.44	2.95
10 Eggs	0.41	-2.37	76.45	2.57
<b>Total</b>	<b>50.24</b>			<b>68.40</b>
<b>B. Ranked by Percentage Change</b>				
1 Eggs	0.41	-2.37	76.45	2.57
2 Pulse Mash	0.20	8.01	72.46	0.94
3 Gur	0.07	36.16	66.62	0.31
4 Sugar	1.95	50.80	65.80	7.04
5 Pulse Moong	0.22	-5.75	62.23	0.85
6 Jewellery	0.39	22.00	44.79	2.04
7 Text Books	0.69	29.01	31.35	1.37
8 Vegetables	1.84	22.97	27.39	3.69
9 Diesel	0.21	51.91	25.92	0.75
10 Bulb & Tube	0.13	9.94	25.74	0.13
<b>Total</b>	<b>6.11</b>			<b>19.68</b>
<b>C. Ranked by Weights</b>				
1 House Rent Index	23.43	18.21	13.38	22.02
2 Milk Fresh	6.66	22.62	14.46	7.79
3 Wheat Flour	5.11	22.31	13.77	7.27
4 Electricity	4.37	33.20	19.05	5.09
5 Bakery & Confectionary	2.98	11.92	4.61	0.75
6 Meat	2.70	14.94	17.82	4.77
7 Vegetable Ghee	2.67	2.17	10.28	2.34
8 Tutition Fees	2.36	12.97	9.36	1.40
9 Transport Fare/Charges	2.12	43.82	3.11	0.64
10 Natural Gas	2.05	16.52	24.73	5.21
<b>Total</b>	<b>54.45</b>			<b>57.28</b>
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 13.7 percent in January 2010.				

Table A4: Distribution of Price Changes (YoY)- Selected CPI Items, January 2010				
Groups	Decrease or no change	Subdued increase (upto 5%)	Moderate increase (5 to 10%)	Increase of over 10%
<b>Food Group</b>	Toffee (Hilal), Peas, Tomatoes, Rice Basmati Broken Av.Qlty, Pulse Gram, Rice Basmati 385/386, Rice Basmati Sup. Qlty., Chillies Powd.National 200Gm, Pulse Masoor (Washed)	Cooking Oil (Dalda), Bread Tandoori St. Size, Biscuits-Packed, Almonds Whole Av.Qlty., Milk Powder Loose/Packed, Betel Nuts, Milo 200 Gm.	Wheat Flour, Fine/Superior, Vegetable Ghee Tin, Wheat, Bread Plain Medium Size, Cold Drink (Standard Siz), Fish-Rahu Medium Size, Kinnu, Cooked Dal (Av. Hotel), Samosa (Vegatable)	Milk Fresh (Unboiled), Wheat Flour Bag, Sugar Refined, Beef With Bone Av.Qlty., Vegetable Ghee (Loose), Mutton Av.Qlty., Chicken Farm Broiler (Live), Onion, Potatoes
<b>Apparel &amp; Textile</b>	Gents Shoes Paul Bata, Gents Sandal Bata, Gents Spoung Chappal Bata	Shirting Av.Qlty., Long Cloth Av.Qlty., Pant Cloth W & Wear Av.Qlty	Others A.Qt, Awami-Suit W & W(Boy) 24"/26, Nylon Jogger 27 Size 2-5	Tailoring Shirt, Tailoring Suit Female, Tailoring Awami-Suit (Male)
<b>House Rent Index</b>				House Rent Index
<b>Fuel &amp; Lighting</b>	Match Box Small			Elect.Charges Above 1000 Uni, Gas Chrg 6.7438 - 10.1157Mmb, Kerosene Oil, Bulb Philips 100-Watts
<b>Household Furniture &amp; Equipment</b>	Washing Machine Singer, Sewing Machine(Singer)	Refr. Dawlence 10 Cft. D.Doo, Aircooler Super Asia, S.Steel Deghchi Medium Size	Suitcase Rexin (24"X16"X6"), Household Servant Female P/T, Dinning Table 6 Chairs A.Qlt	Tea Set Pak. Chinaware 21 Pc, Table Shesham Wood (4X2X5"), Thermos Starvac 1 Ltr
<b>Transport &amp; Communication.</b>	Telephone Charges Local Call, Tel Charges Out Side City, Car Tax For 800Cc To 1300Cc, Air Fare Economy Class.	Bus Fare Outside City, Tyre Car With Tube General, Auto Rickshaw Fares, Car Suzuki 800 Cc (W/O. A/C)	Car Service Charges, Minibus Fare Min.With In Cit, Taxi 4 Seater Fare, Bicycle With Tyres & Tubes	Petrol Super, High Speed Diesel Hsd, Cng Filling Charges, Postal Envelope Domestic
<b>Recreation &amp; Entertainment</b>	Tv.Licence Fee domestic, Daily "Jang", Daily "Nawa-E-Waqt"	T.V. 20" Colored With R/Cont, Video Game Sega 16 Byte, Cinema A/C. Highest Class		Weekly "Akhbar-E-Jahan", Weekly "Mag", Monthly "Naunehal Digest"
<b>Education</b>	Com. C.D. (Tdk/Imation), Govt. College Fee Ist. Year, Govt. College Fee 4Th. Year	Comp. With Printer & Speaker, Ball Pen (Local)	Exercise.Book Lined 80/100 P, Paper Foolscape (27"X17"), Govt. Med. College Fee MBBS	School Fee 2Nd-Ry Eng.Med., School Fee Primary Eng.Med., Maths Book Class IX Or X
<b>Cleaning &amp; Laundry</b>	Toilet Soap Lux 95 Grams, Toilet Soap Lifebouy 140 Grm, Toothpaste Macklines 70 Grm, Shaving Cream Touch-Me/Adm.	Washing Soap Nyl(135-160Gms), Surf (Medium) 160 Grm, Toothpowder Dentonic 90 Grm, Hair-Colour Begin (6 Gms)	Washing Powder 1000 Grm, Perfume Med.Size, Medora/Broa, Dry Cleaning Suit Coat Pant, Talc Powder Vice Roay,B.Cat	Haircut Charges For Men, Gold Tezabi 24 Ct, Hair-Oil Amla/Chambeli, Silver Tezabi 24 Ct
<b>Medicare</b>	Dettol (Medium), Jouhar Joshanda, Brufen Tabs 200-Mg.	O.R.S. (Nimcol), Cotton Bandage 2" - 4", Daonil Tab. 5 Mg.	Doctor (Mbbs) Clinic Fee, Cac. 1000 Tab	Gripe-Water Woodward, Galxos-D (450 Grms), Sancos Syrup (50 ML.)

<b>Table A5: City-wise Inflation by Income Groups, January 2010</b>												
	<b>Upto Rs:3000</b>						<b>Rs 3001-5000</b>					
	<b>General</b>		<b>Food</b>		<b>Non-Food</b>		<b>General</b>		<b>Food</b>		<b>Non-Food</b>	
	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>
1 Lahore	2.4	12.8	2.5	16.2	2.2	10.0	2.7	13.6	2.8	17.2	2.5	10.6
2 Faisalabad	2.3	15.3	2.4	20.3	2.2	11.2	2.4	15.4	2.4	20.3	2.4	11.7
3 Rawalpindi	2.7	14.2	3.0	18.8	2.5	10.7	2.7	14.1	2.8	18.5	2.7	10.8
4 Multan	2.2	15.0	2.4	19.2	2.1	11.8	2.4	15.1	2.3	19.1	2.5	11.9
5 Gujranwala	3.0	14.2	3.3	18.1	2.7	11.1	3.0	14.2	3.2	17.7	2.9	11.6
6 Islamabad	2.0	12.6	2.7	18.6	1.5	8.3	2.1	13.4	2.2	19.3	2.0	9.1
7 Sargodha	2.5	14.5	2.9	15.6	2.2	13.7	2.7	14.0	2.8	14.9	2.6	13.3
8 Sialkot	2.4	14.3	1.8	16.2	2.9	12.6	2.3	15.0	1.3	17.2	3.2	13.3
9 Bahawalpur	2.9	18.2	3.0	23.7	2.7	13.9	3.0	17.8	3.1	23.2	3.0	13.7
10 Karachi	1.9	13.3	1.3	13.7	2.4	13.0	2.0	13.4	1.5	14.1	2.5	12.9
11 Hyderabad	1.6	13.4	1.3	15.6	1.9	11.7	1.9	13.1	1.4	15.0	2.2	11.5
12 Sukkur	2.0	11.1	0.9	7.3	2.8	14.3	2.0	11.3	1.1	8.9	2.8	13.2
13 Larkana	1.9	14.1	1.6	14.8	2.2	13.6	1.9	12.6	1.6	13.4	2.1	11.9
14 Peshawar	2.6	13.7	2.7	15.3	2.5	12.4	2.9	12.6	3.0	12.9	2.9	12.4
15 Bannu	2.0	14.5	2.1	15.0	1.9	14.0	1.6	14.1	1.5	13.8	1.8	14.3
16 Quetta	1.5	9.2	1.1	7.6	1.8	10.6	2.4	10.0	1.9	8.0	2.8	11.7
17 Khuzdar	2.3	12.5	1.9	12.4	2.6	12.6	2.3	13.3	1.6	12.2	2.8	14.2
	<b>Rs 5001-12000</b>						<b>above Rs 12000</b>					
	<b>General</b>		<b>Food</b>		<b>Non-Food</b>		<b>General</b>		<b>Food</b>		<b>Non-Food</b>	
	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>	<b>MoM</b>	<b>YoY</b>
1 Lahore	3.0	13.6	3.0	17.0	3.0	10.8	3.2	13.2	3.0	15.7	3.4	11.1
2 Faisalabad	2.6	15.2	2.3	19.8	2.9	11.6	2.8	14.6	2.6	18.7	3.1	11.2
3 Rawalpindi	2.7	13.8	2.8	17.7	2.6	10.9	2.8	13.4	2.8	16.3	2.9	11.2
4 Multan	2.6	15.0	2.3	19.1	3.0	11.7	2.7	14.3	2.0	19.0	3.3	10.5
5 Gujranwala	3.1	14.5	3.3	18.0	2.9	11.8	3.2	14.5	3.4	18.5	3.0	11.4
6 Islamabad	2.2	12.7	2.2	18.3	2.2	8.7	2.5	12.0	2.5	16.2	2.6	8.9
7 Sargodha	3.1	14.0	2.9	14.3	3.2	13.8	3.4	13.9	3.5	14.8	3.4	13.2
8 Sialkot	2.6	15.0	1.4	16.9	3.5	13.4	2.7	14.4	1.6	16.1	3.7	12.9
9 Bahawalpur	3.2	16.8	3.0	21.9	3.3	12.7	3.4	14.9	3.3	20.5	3.5	10.3
10 Karachi	2.0	13.1	1.5	13.6	2.4	12.7	2.0	12.8	1.3	11.4	2.5	13.9
11 Hyderabad	1.9	12.8	1.5	14.0	2.3	11.9	2.0	12.8	1.4	13.1	2.5	12.7
12 Sukkur	2.2	11.6	1.1	9.1	3.1	13.6	2.3	11.4	1.0	8.6	3.4	13.7
13 Larkana	2.0	12.1	1.5	12.5	2.4	11.9	2.1	11.2	1.5	11.5	2.6	10.9
14 Peshawar	3.1	12.7	3.1	12.5	3.1	12.7	3.2	13.1	3.3	13.0	3.1	13.2
15 Bannu	1.5	13.9	1.2	13.1	1.8	14.5	2.0	13.4	1.5	12.1	2.4	14.5
16 Quetta	2.5	10.4	1.8	7.3	3.1	13.1	2.3	11.0	1.5	6.9	2.9	14.5
17 Khuzdar	2.1	13.1	1.4	11.5	2.7	14.4	1.7	15.5	1.1	14.9	2.2	16.0

Table A6 : Income Group-wise Inflation							percent
	MoM			YoY			
	Jan-09	Dec-09	Jan-10	Jan-09	Dec-09	Jan-10	
<u>Up to Rs. 3000</u>							
General	-0.5	-0.6	2.1	20.9	11.2	14.2	
Food	-1.7	-1.6	2.0	21.9	12.1	16.4	
Non-food	1.0	0.7	2.3	19.6	10.1	11.5	
<u>Rs. 3001-5000</u>							
General	-0.6	-0.7	2.3	21.3	10.8	14.0	
Food	-1.9	-1.8	2.1	21.7	11.6	16.1	
Non-food	0.9	0.7	2.5	20.8	9.9	11.6	
<u>Rs. 5000-12000</u>							
General	-0.6	-0.6	2.4	21.1	10.5	13.8	
Food	-2.1	-1.8	2.0	21.7	11.0	15.7	
Non-food	0.9	0.6	2.8	20.5	9.9	12.0	
<u>Above Rs. 12000</u>							
General	-0.2	-0.3	2.5	19.7	10.5	13.5	
Food	-1.9	-1.7	2.0	21.4	10.5	14.9	
Non-food	0.9	0.5	2.9	18.7	10.4	12.6	
<u>All income groups</u>							
General	-0.4	-0.5	2.4	20.5	10.5	13.7	
Food	-2.0	-1.7	2.0	21.6	10.9	15.5	
Non-food	0.9	0.6	2.8	19.7	10.2	12.2	

<b>Table A7: Distribution of Price Change (YoY) - WPI Items: January 2010</b>				
<b>Groups</b>	<b>Decrease or no change</b>	<b>Subdued increase (upto 5%)</b>	<b>Moderate increase (5 to 10%)</b>	<b>More than 10% increase</b>
<b>Food</b>	Tomatoes, Gram Split, Besan, Masoor, Rice, Maize, Mustard & Rapeseed Oil, Bajra, Powdered Milk	Sugar Confectionary, Beans, Beverages, Maida, Condiments, Milk Food, Cooking Oil	Oil Cakes, Mineral Water, Cotton Seed Oil, Wheat, Salt	Fruit Prepared/Preserved, Fresh Milk, Jowar, Vegetables Prepared/Preserved, Spices, Vegetable Ghee, Dry Fruits, Wheat Flour, Fish, Meat, Tea, Fresh Fruits, Gram Whole, Onions, Chicken, Vegetables, Potatoes, Moong, Sugar Refined, Eggs, Mash, Gur
<b>Raw material</b>	Hides, Skins, Mustard/Rapeseeds, Pig Iron	Wool		Tobacco, Cotton Seeds, Cotton, Sugar Cane
<b>Fuel &amp; lighting</b>	Coke, Coal	Mobil Oil	Fire Wood	Elec. Agriculture Tariff-D, Natural Gas, Kerosine Oil, Motor Sprit, Electricity Ind. Supply Tariff-B, Diesel Oil, Furnace Oil
<b>Manufactures</b>	Fertilizers, Chemicals, Tyres, Dying Materials, Paper, Matches	Tubes, Audio-Visual Instruments, Utensils, Machinery, Soaps, Hosiery, Silk & Reyon Textiles, Sole Leather, Transports, Plastic Products, Cotton Textiles, Ready Made Garments	Mattresses, Jute Manufactures, Drugs & Medicines, Cosmetics, Woolen Textiles, Other Electrical Goods, Pesticides & Insecticised, Chrome Leather	Foot Wear, Cigarettes, Nylon Yarn, Glass Products, Blended Yarn, Cotton Yarn
<b>Building material</b>	Cement, Iron Bars & Sheets	Tiles, Cement Blocks, Timber, Pipe Fittings	Wires And Cables, Bricks	Glass Sheets, Sanitary Wares, Paints & Varnishes



**Table A8: SPI Item-wise Price Movements**

S.No	Items	Unit	Price Jan 10	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	26.6	8.4	1.8
2	Wheat flour average qlt.	Kg.	30.0	18.9	3.5
3	Rice basmti.broken	Kg.	42.9	-4.5	1.9
4	Rice irri-6	Kg.	34.0	-7.0	3.3
5	Masur pulse washed	Kg.	122.2	-5.3	0.3
6	Moong pulse washed	Kg.	79.7	65.6	4.7
7	Mash pulse washed	Kg.	131.1	72.8	2.8
8	Gram pulse washed	Kg.	53.9	-10.3	7.4
9	Beef	Kg.	172.9	20.9	1.0
10	Mutton	Kg.	307.6	18.9	1.9
11	Egg hen (farm)	Doz.	87.9	51.6	12.9
12	Bread plain	Each	26.3	7.4	1.3
13	Sugar	Kg.	66.3	71.0	14.9
14	Gur	Kg.	71.0	66.8	2.9
15	Milk fresh	Litr	41.7	15.1	0.2
16	Milk powdered nido	400g	180.0	5.9	0.0
17	Curd	Kg.	49.0	13.7	0.2
18	Veg.ghee tin	2.5k	353.0	7.0	0.0
19	Veg.ghee loose	Kg.	116.5	16.5	4.5
20	Mustard oil	Kg.	135.5	-4.9	2.7
21	Cooking oil	2.5l	353.0	0.4	0.0
22	Potatoes	Kg.	18.3	14.1	-18.8
23	Onions	Kg.	25.4	16.1	1.0
24	Tomatoes	Kg.	17.7	-24.8	-31.9
25	Bananas	Doz.	37.8	9.0	1.6
26	Salt powdered	Kg.	6.7	9.9	0.0
27	Red chillies(powd)	Kg.	167.0	23.0	0.9
28	Garlic	Kg.	146.1	236.5	1.1
29	Tea packet	250g	123.8	23.8	0.0
30	Tea (prepared)	Cup	10.4	23.0	2.6
31	Cooked beef plate	Each	44.9	11.0	0.9
32	Cooked dal plate	Each	28.3	9.7	1.7
33	Cigarettes k-2	10's	11.8	31.4	6.8
34	Coarse latha	Mtr.	46.0	1.7	0.7
35	Lawn (avg.+s.qlty)	Mtr.	92.5	3.0	0.0
36	Voil printed	Mtr.	47.1	3.6	0.0
37	Shirting	Mtr.	82.1	3.5	0.7
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	72.3	12.9	-1.0
42	Firewood	40kg	302.2	12.5	1.3
43	Elec. Bulb 60-wats	Each	20.0	38.0	0.0
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	12.8	1.4	0.6
46	Bath soap lifebuoy	Cake	22.0	0.0	0.0
47	Chicken (farm)	Kg.	115.8	25.2	3.2
48	Gas chrg. All clb. Comb	D.mmbt	337.2	23.2	17.8
49	L.P.G.(cylinder 11kg.)	Each	1084.6	28.5	4.5
50	Elec.chrg.all slabs comb	Bd. Unit	8.1	19.3	15.4
51	Petrol	Litr	65.9	13.1	-1.3
52	Diesel	Litr	69.3	20.1	-2.7
53	Telephone local	Call	2.4	0.0	0.0
<b>Maximum</b>				<b>236.5</b>	<b>17.8</b>
<b>Median</b>				<b>12.5</b>	<b>0.9</b>
<b>Minimum</b>				<b>-24.8</b>	<b>-31.9</b>

<b>Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities</b>				
Item and Specification	Weights	Index		
		Jan-09	Dec-09	Jan-10
<b>GENERAL</b>	<b>100.0006</b>	<b>190.09</b>	<b>210.99</b>	<b>210.99</b>
<b>FOOD &amp; BEVERAGES.</b>	<b>40.3412</b>	<b>210.33</b>	<b>238.16</b>	<b>242.91</b>
1 WHEAT	0.4830	287.97	304.84	310.41
2 WHEAT FLOUR	5.1122	268.85	299.24	305.87
3 MAIDA	0.1059	268.84	282.63	284.80
4 BESAN	0.1320	214.85	184.92	190.91
5 RICE	1.3369	289.93	265.75	273.35
6 PULSE MASOOR	0.2214	351.26	333.83	338.57
7 PULSE MOONG	0.2230	160.27	250.22	260.00
8 PULSE MASH	0.2017	167.23	278.93	288.40
9 PULSE GRAM	0.4272	208.08	173.17	179.61
10 GRAM WHOLE	0.1491	184.64	203.09	210.33
11 MUSTARD OIL	0.0456	261.18	242.32	249.56
12 COOKING OIL	0.6858	220.92	221.73	221.73
13 VEGETABLE GHEE	2.6672	222.10	239.48	244.93
14 SUGAR	1.9467	142.91	196.40	236.94
15 GUR	0.0735	165.44	265.44	275.65
16 TEA	1.2559	159.42	198.61	199.17
17 MILK FRESH	6.6615	210.27	240.63	240.68
18 MILK POWDER	0.1105	204.52	209.68	210.05
19 MILK PRODUCTS	0.5607	195.54	222.63	222.67
20 HONEY	0.0358	175.98	202.51	208.10
21 CEREALS	0.0878	226.42	245.56	250.11
22 JAM,TOMATO,PICKLES & VINEGAR	0.2472	162.94	183.25	183.33
23 BEVERAGES	0.7286	161.83	176.06	174.94
24 CONDIMENTS	0.3392	241.75	245.11	246.31
25 SPICES	0.6008	209.70	199.08	203.91
26 DRY FRUIT	0.2760	305.36	328.33	335.65
27 BAKERY & CONFECTIONARY	2.9837	141.83	146.87	148.37
28 CIGARETTES	0.9527	174.02	208.02	218.32
29 BETEL LEAVES & NUTS	0.1851	169.75	176.28	178.17
30 READYMADE FOOD	1.6833	216.76	244.24	246.46
31 SWEETMEAT & NIMCO	0.3846	221.76	246.85	251.20
32 FISH	0.2703	187.50	201.29	204.62
33 MEAT	2.6981	258.04	301.00	304.03
34 CHICKEN FARM	0.9158	177.18	208.16	217.71
35 EGGS	0.4119	212.21	291.55	374.44
36 POTATOES	0.5931	167.48	244.39	207.99
37 ONIONS	0.6362	196.05	237.02	245.71
38 TOMATOES	0.4958	131.20	144.37	108.98
39 VEGETABLES	1.7998	190.85	252.88	243.13
40 FRESH FRUITS	1.6156	190.44	219.44	228.58
<b>APPAREL, TEXTILE &amp; FOOTWEAR.</b>	<b>6.0977</b>	<b>153.52</b>	<b>160.70</b>	<b>161.48</b>
41 COTTON CLOTH	1.6197	155.62	159.46	160.45
42 SILK,LINEN,WOOLEN/CLOTH	0.5766	151.91	162.70	165.63
43 TAILORING CHARGES	0.8636	160.65	176.98	177.65
44 HOSIERY	0.1528	163.87	175.59	177.29
45 READYMADE GARMENTS	1.2038	140.90	148.45	148.77
46 WOOLEN READYMADE GARMENTS	0.1485	175.89	191.72	193.06
47 FOOTWEAR	1.5327	154.62	157.23	157.23
<b>HOUSE RENT.</b>	<b>23.4298</b>	<b>182.77</b>	<b>205.61</b>	<b>207.22</b>
48 HOUSE RENT INDEX (Combined)	23.4298	182.77	205.61	207.22

(continued)

(continued)

<b>Table A9: Consumer Price Index Numbers by Major Groups and Selected Commodities</b>				
<b>Item and Specification</b>	<b>Weights</b>	<b>Index</b>		
		<b>Jan-09</b>	<b>Dec-09</b>	<b>Jan-10</b>
<b>FUEL AND LIGHTING.</b>	<b>7.2912</b>	<b>203.09</b>	<b>215.18</b>	<b>244.09</b>
49 KEROSENE	0.1366	388.36	435.58	457.10
50 FIREWOOD	0.4778	301.44	335.62	339.01
51 MATCH BOX	0.1301	200.00	200.00	200.00
52 BULB & TUBE	0.1311	102.82	129.29	129.29
53 ELECTRICITY	4.3698	159.21	163.57	189.54
54 NATURAL GAS	2.0458	268.10	289.06	334.39
<b>H.HOLD.FURNITURE &amp; EQUIPMENT ETC.</b>	<b>3.2862</b>	<b>160.97</b>	<b>169.01</b>	<b>170.02</b>
55 UTENSILS	0.3690	146.67	156.10	157.07
56 PLASTIC PRODUCTS	0.1055	189.38	203.79	205.21
57 SUITCASE	0.0470	155.32	163.40	164.04
58 HOUSE HOLD EQUIPMENTS	0.0953	147.43	155.82	157.29
59 FURNITURE (Ready Made)	0.3054	171.64	181.86	183.46
60 FURNISHING	0.6362	153.76	160.72	161.43
61 ELECT.IRON FANS & WASHING MACHINE	0.1889	164.11	161.99	161.83
62 SEWING MACHINE,CLOCK AND NEEDLES	0.1270	138.43	149.06	149.61
63 REFRIGERATOR & AIRCONDITIONER	0.1756	127.85	131.95	132.29
64 MARRIAGE HALL	0.0445	183.82	200.00	201.57
65 HOUSE HOLD SERVANT	1.1918	171.23	179.88	181.16
<b>TRANSPORT &amp; COMMUNICATION.</b>	<b>7.3222</b>	<b>185.59</b>	<b>197.26</b>	<b>203.09</b>
66 PETROL	1.7253	189.71	214.47	234.18
67 DIESEL	0.2070	362.66	435.41	456.67
68 CNG. FILLING CHARGES	0.1649	205.28	206.43	226.80
69 SERVICE CHARGES	0.3835	162.50	174.68	174.92
70 VEHICLES	0.2596	128.00	130.35	131.97
71 TYRE & TUBE	0.2831	156.13	163.30	163.48
72 TRANSPORT FARE/CHARGES	2.1236	251.98	259.67	259.82
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
<b>RECREATION &amp; ENTERTAINMENT.</b>	<b>0.8259</b>	<b>119.69</b>	<b>122.62</b>	<b>122.20</b>
76 RECREATION	0.3399	128.36	134.04	134.04
77 ENTERTAINMENT	0.4860	113.62	114.63	114.77
<b>EDUCATION.</b>	<b>3.4548</b>	<b>163.31</b>	<b>185.19</b>	<b>185.65</b>
78 TUTION FEES	2.3629	164.46	179.31	179.86
79 STATIONERY	0.3500	164.74	178.83	179.63
80 TEXT BOOKS	0.6894	164.64	216.25	216.25
81 COMPUTER & ALLIED PRODUCTS	0.0525	84.57	84.57	84.57
<b>CLEANING LAUNDRY &amp; PER.APPEARANCE.</b>	<b>5.8788</b>	<b>164.00</b>	<b>181.14</b>	<b>182.79</b>
82 WASHING SOAP & DETERGENT	1.5535	158.28	165.95	166.11
83 TOILET SOAP	0.7436	186.50	186.50	186.50
84 TOOTH PASTE	0.4036	112.39	115.31	116.23
85 SHAVING ARTICLES	0.3480	145.46	152.47	153.05
86 COSMETICS	1.4272	145.85	163.23	164.32
87 WATCHES	0.0552	138.22	138.95	138.95
88 JEWELLERY	0.3936	300.48	424.11	435.06
89 LAUNDRY CHARGES	0.2207	178.02	184.14	192.93
90 HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	150.29	164.41	165.88
<b>MEDICARE.</b>	<b>2.0728</b>	<b>149.37</b>	<b>153.98</b>	<b>158.16</b>
91 DRUGS & MEDICARES	1.0752	117.14	124.80	125.09
92 DOCTOR'S FEE	0.9976	184.11	185.43	193.81

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

Item and Specifications	Index		
	Jan-09	Dec-09	Jan-10
<b>GENERAL</b>	<b>192.91</b>	<b>221.43</b>	<b>230.80</b>
<b>FOOD</b>	<b>208.80</b>	<b>235.06</b>	<b>241.37</b>
1 WHEAT	290.68	311.72	315.81
2 WHEAT FLOUR	254.66	294.45	300.42
3 MAIDA	287.23	293.34	294.27
4 BESAN	199.59	163.59	169.10
5 RICE	331.66	304.89	313.24
6 MAIZE	225.39	192.19	213.02
7 JOWAR	202.40	218.34	226.63
8 BAJRA	198.55	176.41	190.04
9 BEANS	253.82	247.64	255.79
10 GRAM WHOLE	187.01	223.04	226.92
11 GRAM SPLIT	193.47	152.23	157.90
12 MASOOR	374.47	331.38	333.47
13 MASH	150.70	251.79	256.61
14 MOONG	163.86	249.30	257.29
15 POTATOES	161.40	241.34	217.86
16 ONIONS	192.42	239.81	243.90
17 TOMATOES	122.74	133.68	98.93
18 VEGETABLES	183.92	242.90	238.88
19 FRESH FRUITS	138.06	161.47	164.81
20 DRY FRUITS	221.94	248.05	253.97
21 FRESH MILK	185.88	206.74	206.74
22 POWDERED MILK	223.26	221.92	222.10
23 MILK FOOD	163.64	171.44	171.18
24 VEGETABLE GHEE	229.48	260.46	260.46
25 MUSTARD & RAPESEED OIL	298.86	276.35	282.65
26 COTTON SEED OIL	260.50	273.19	282.29
27 COOKING OIL	210.82	218.40	220.70
28 OIL CAKES	297.58	310.19	315.95
29 GUR	139.84	237.13	248.94
30 SUGAR REFINED	144.56	197.65	239.57
31 CHICKEN	176.54	218.40	227.30
32 EGGS	226.21	306.72	381.33
33 FISH	118.55	139.85	140.28
34 MEAT	240.76	286.54	286.54
35 SPICES	203.76	218.24	230.63
36 CONDIMENTS	284.32	290.92	291.51
37 SALT	153.16	167.69	166.70
38 TEA	138.29	163.30	165.01
39 BEVERAGES	138.64	141.85	141.85
40 MINERAL WATER	117.50	126.74	126.74
41 FRUIT PREPARED/PRESERVED	156.79	175.34	173.34
42 VEGETABLES PREPARED/PRESERVED	157.73	175.53	177.29
43 SUGAR CONFECTIONARY	99.95	100.46	100.46
<b>RAW MATERIAL</b>	<b>180.44</b>	<b>226.19</b>	<b>235.19</b>
44 COTTON	143.69	191.31	200.42
45 COTTON SEEDS	236.03	277.90	287.12
46 MUSTARD/RAPESEEDS	308.23	279.88	291.66
47 TOBACCO	194.60	219.72	221.77
48 SUGAR CANE	245.77	340.14	356.16
49 WOOL	138.56	141.83	141.45
50 HIDES	152.91	133.09	131.68
51 SKINS	111.70	101.65	99.92
52 PIG IRON	324.02	321.93	321.93

(continued)

(continued)

Item and Specifications	Index		
	Jan-09	Dec-09	Jan-10
<b>FUEL &amp; LIGHT</b>	<b>235.66</b>	<b>290.11</b>	<b>313.87</b>
53 COAL	141.00	141.00	141.00
54 COKE	666.22	555.18	555.18
55 DIESEL OIL	353.27	425.39	446.65
56 MOTOR SPRIT	188.00	212.06	231.95
57 MOBIL OIL	195.27	199.46	199.46
58 FURNACE OIL	206.10	365.78	391.84
59 KEROSENE OIL	352.86	412.31	434.90
60 NATURAL GAS	218.73	217.12	256.00
61 ELECTRICITY IND. SUPPLY TARIFF-B	160.81	179.27	201.01
62 ELEC. AGRICULTURE TARIFF-D	177.78	177.78	205.07
63 FIRE WOOD	252.22	274.99	274.99
<b>MANUFACTURE</b>	<b>137.00</b>	<b>152.91</b>	<b>156.61</b>
64 SOLE LEATHER	131.99	137.13	137.13
65 CHROME LEATHER	194.84	212.23	212.23
66 COTTON YARN	91.24	135.71	145.11
67 BLENDED YARN	120.39	155.52	166.18
68 NYLON YARN	95.89	117.98	119.00
69 COTTON TEXTILES	140.52	146.95	146.95
70 HOSIERY	152.47	155.97	156.75
71 SILK & REYON TEXTILES	143.00	150.80	148.39
72 WOOLEN TEXTILES	130.01	139.79	139.79
73 JUTE MANUFACTURES	121.87	125.10	128.60
74 MATTRESSES	133.11	139.72	139.72
75 READY MADE GARMENTS	113.52	118.87	118.87
76 UTENSILS	146.23	148.79	148.79
77 PLASTIC PRODUCTS	132.44	138.32	138.32
78 GLASS PRODUCTS	137.98	179.65	179.65
79 CHEMICALS	188.99	173.75	185.62
80 DYING MATERIALS	88.36	87.20	87.20
81 SOAPS	178.97	182.91	182.91
82 COSMETICS	112.04	119.84	119.84
83 DRUGS & MEDICINES	105.90	113.17	113.17
84 FERTILIZERS	306.71	286.32	289.10
85 PESTICIDES & INSECTICISED	137.42	147.16	148.15
86 MACHINERY	174.18	177.90	177.90
87 TRANSPORTS	124.01	128.99	129.02
88 TYRES	211.42	208.57	208.57
89 TUBES	185.45	187.73	187.73
90 AUDIO-VISUAL INSTRUMENTS	90.84	92.28	92.28
91 OTHER ELECTRICAL GOODS	121.72	131.08	131.11
92 CIGARETTES	155.73	179.05	190.55
93 PAPER	105.98	105.98	105.98
94 MATCHES	124.26	124.26	124.26
95 FOOT WEAR	172.91	192.15	192.15
<b>BUILDING MATERIAL</b>	<b>203.89</b>	<b>186.76</b>	<b>196.26</b>
96 CEMENT	147.59	124.02	124.02
97 BRICKS	227.67	240.80	246.93
98 CEMENT BLOCKS	166.63	170.13	170.83
99 TILES	99.17	99.67	99.67
100 IRON BARS & SHEETS	252.62	231.12	249.30
101 PIPE FITTINGS	176.27	180.95	184.74
102 TIMBER	202.65	208.88	208.88
103 GLASS SHEETS	159.07	177.94	177.94
104 PAINTS & VARNISHES	128.15	146.05	146.05
105 SANITARY WARES	143.42	162.20	162.20
106 WIRES AND CABLES	249.62	262.08	262.08

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 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

\*: all groups combined

<b>Table A12: International Commodity Prices/Indices</b>			
	<b>Jan-09</b>	<b>Dec-09</b>	<b>Jan-10</b>
<b>Energy</b>			
Crude Oil (US\$ per barrel)*	43.9	74.9	77.1
IMF Energy Index (2005 =100)	95.3	137.1	143.0
WB Energy Index (1990=100) @	170.3	256.7	267.5
<b>Food</b>			
Rice (\$/MT)	615.3	606.0	598.0
Wheat (\$/MT)	239.4	206.3	201.2
Sugar (US cent / pound)	12.2	24.9	28.4
Palm Oil (\$/MT)	522.1	727.6	742.0
Soybean Oil (\$/MT)	754.7	867.4	838.4
<b>Non-Food Non-Energy</b>			
Cotton Outlook 'A' Index #	127.2	167.6	170.5
IMF Metal Price Index (2005=100)	104.5	149.5	154.7
Copper (\$/MT)	3,260.4	6,977.0	7,367.4
Alluminum (\$/MT)	1,420.4	2,181.3	2,230.1
Iron Ore (\$ cents/dry MT)	140.6	101.0	101.0
Tin (\$/MT)	11,563.3	15,588.7	17,710.2
Nickel (\$/MT)	11,563.0	17,121.6	18,405.6
Zinc (\$/MT)	1,202.5	2,374.0	2,414.7
Lead (\$/MT)	1,144.9	2,326.3	2,352.2
Uranium (\$/pound)	51.4	44.4	43.8
DAP (\$/MT)	351.0	360.4	427.5
Urea (\$/MT)	263.4	261.1	275.8
\$/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			
<b>Source: IMF and World Bank.</b>			

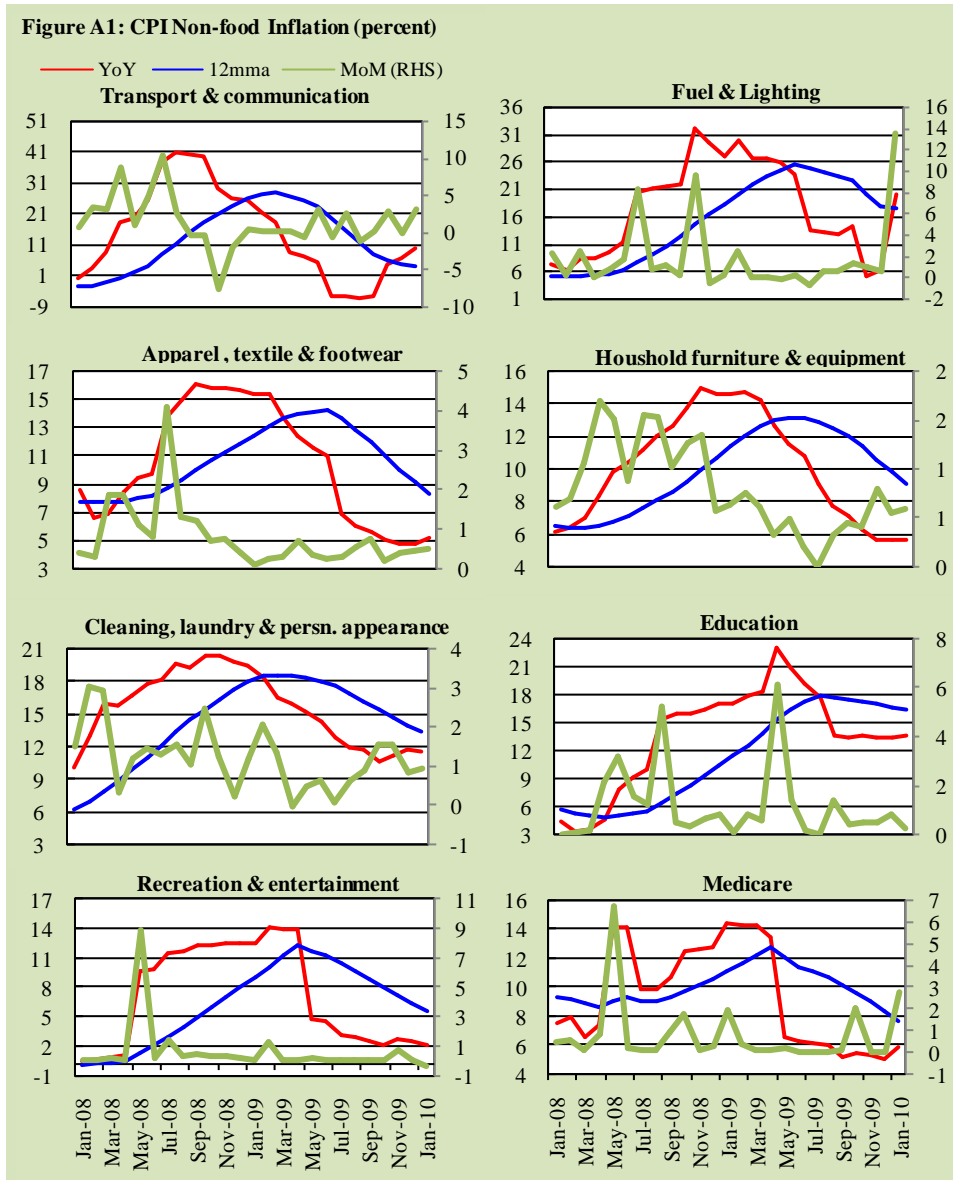
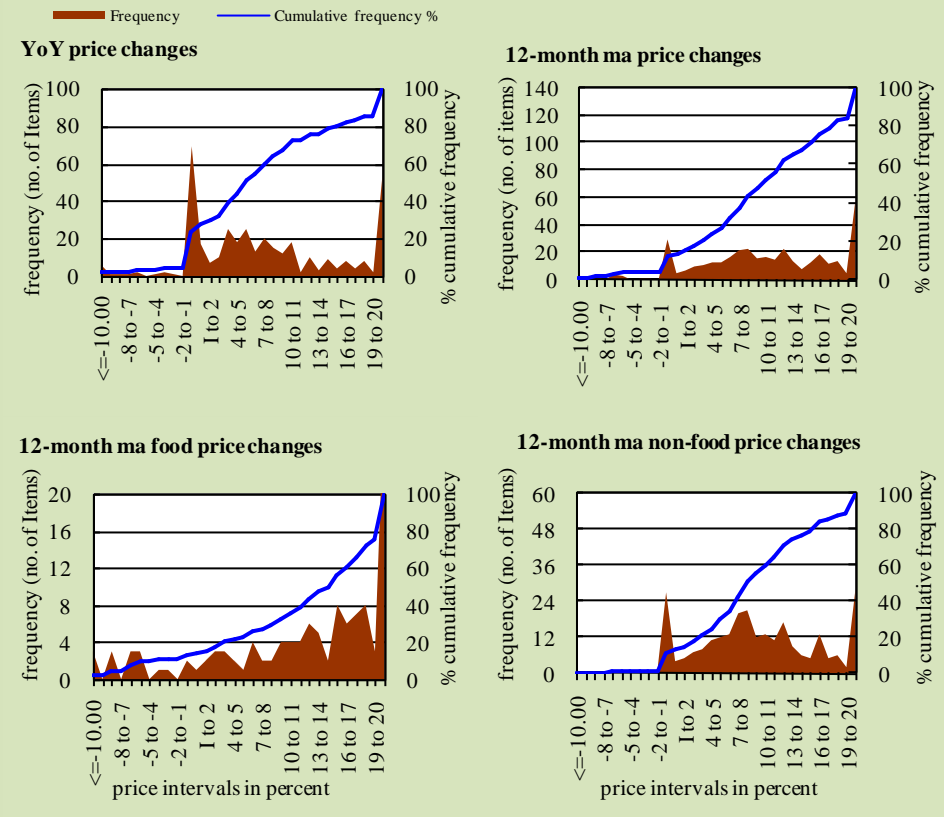
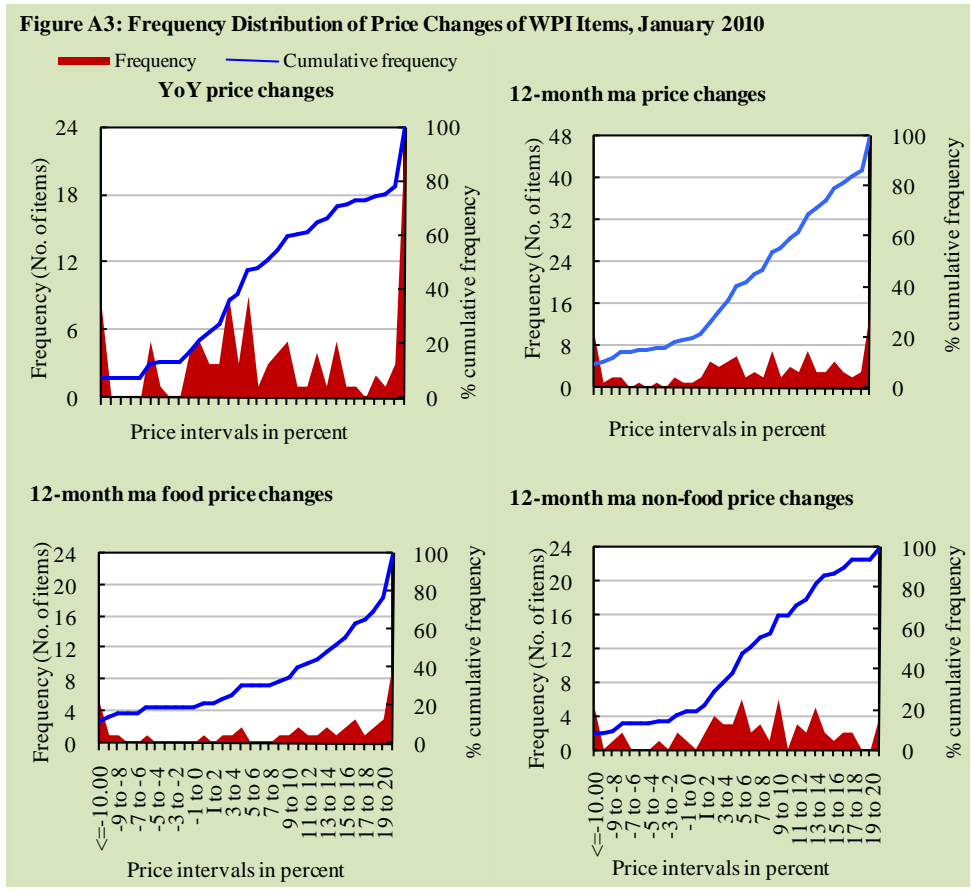




Figure A2: Frequency Distribution of Price Changes of CPI Items, January 2010





## 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  $i^{\text{th}}$  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  $i^{\text{th}}$  item

$\pi_{it}$  : Inflation of  $i^{\text{th}}$  item

$\pi_t$  : Overall inflation