

# **Inflation Monitor**

**March 2010**



**State Bank of Pakistan**

*Economic Analysis Department*

ISSN 1992-8327 (print)

ISSN 1992-8335 (online)

The analysis in this document is based on data provided by  
Federal Bureau of Statistics, Pakistan.

[http://www.sbp.org.pk/publications/Inflation\\_Monitor](http://www.sbp.org.pk/publications/Inflation_Monitor)

© 2010 State Bank of Pakistan

---

**Contents**

---

<b>1.</b>	<b>Overview</b>	<b>1</b>
<b>2.</b>	<b>Consumer Price Index</b>	<b>4</b>
	2.1 Food Inflation	5
	2.2 Non-food Inflation	8
	2.3 City-wise Inflation	10
	2.4 Income Group-wise Inflation	11
	2.5 Services and Non-services Inflation	12
<b>3.</b>	<b>Wholesale Price Index</b>	<b>13</b>
<b>4.</b>	<b>Sensitive Price Indicator</b>	<b>16</b>
<b>5.</b>	<b>Global Commodity Prices</b>	<b>18</b>
	<b>Annexure A:</b>	<b>22</b>
Table A1:	CPI Inflation (YoY) by Groups	
Table A2:	Distribution of Price Changes of CPI Basket, March 2010	
Table A3:	Top Ten Contributors to YoY CPI Inflation in March 2010 (YoY)	
Table A4:	Distribution of YoY Price Changes - Selected CPI Items March 2010	
Table A5:	City-wise CPI Inflation (YoY) by Income Groups March 2010	
Table A6:	Income Group-wise CPI Inflation	
Table A7:	Distribution of Wholesale Price Changes (YoY), March 2010	
Table A8:	SPI Item-wise Price Movements for the month of March 2010	
Table A9:	Consumer Price Index Numbers by Major Groups and Selected Commodities for March 2010	
Table A10:	Wholesale Price Index Numbers by Major Groups and Selected Commodities for March 2010	
Table A11:	Price Indices-Base 2000-01=100	
Table A12:	International Commodity Prices/Indices	
Figure A1:	CPI Non-food Inflation	
Figure A2:	Frequency Distribution of Price Changes of CPI Items March 2010	
Figure A3:	Frequency Distribution of Price Changes of WPI Items March 2010	
	<b>Annexure B: Technical Notes</b>	<b>38</b>

## **Team**

Mr. Moinuddin	<a href="mailto:moinuddin@sbp.org.pk">moinuddin@sbp.org.pk</a>
Mr. Saghir Pervaiz Ghauri	<a href="mailto:saghir.pervaiz@sbp.org.pk">saghir.pervaiz@sbp.org.pk</a>
Mr. Waseem Fazal Ur Rehman	<a href="mailto:waseem.fazal@sbp.org.pk">waseem.fazal@sbp.org.pk</a>
Mr. Zahid Hussain	<a href="mailto:zahid.hussain@sbp.org.pk">zahid.hussain@sbp.org.pk</a>

### **Editorial Assistance**

Mr. Umar Siddique	<a href="mailto:umar.siddique@sbp.org.pk">umar.siddique@sbp.org.pk</a>
-------------------	--

## Overview

All price indices indicate that inflationary pressures remained strong in the economy. Headline CPI inflation (YoY) at 12.9 percent during March 2010 was marginally lower than 13.0 percent recorded in February 2010. WPI inflation (YoY), increased significantly to 21.8 percent in March 2010 from 19.3 percent during February 2010. Similarly, SPI inflation (YoY) recorded at 17.6 percent during March 2010 compared to 17.2 percent in the previous month (see **Table 1.1 & 1.2**).

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

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

Core inflation measures show a mixed picture. Non-food non-energy (NFNE) dropped to a 23-month low of 9.9 percent during March 2010. However, the other measure of core inflation, 20% trimmed mean recorded an increase of 0.3 percentage points during March 2010 compared with the preceding month. This suggests that strong inflationary pressures are largely concentrated in food and energy sub-groups. The surge in energy inflation was due to inevitable adjustment in administered prices of key fuels and electricity tariff. While persistently high food inflation is attributed to increased transportation costs, as well as, lower domestic availability of some commodities amidst lower production or higher exports.

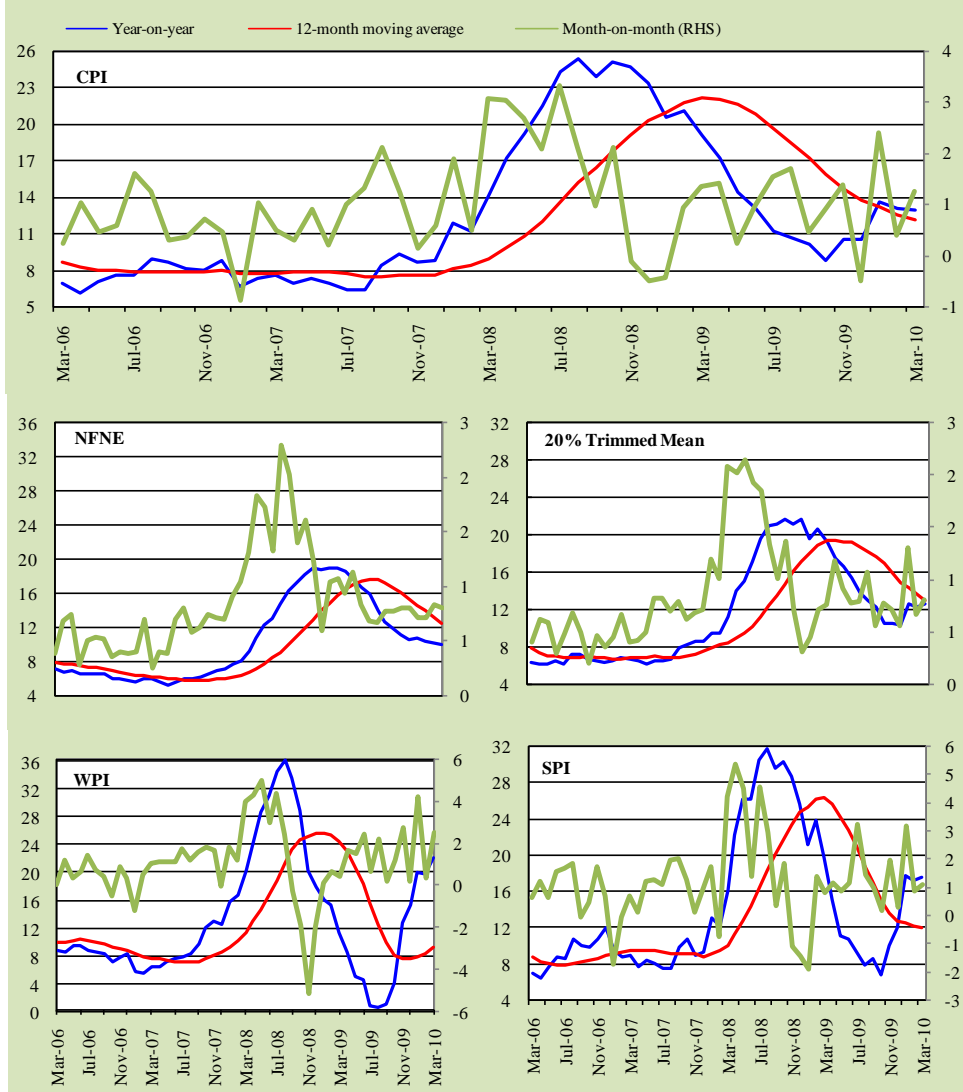
The other major reasons for sustained inflationary pressures during recent months are: (a) rise in international commodity prices specifically cotton, crude oil, and metals; (b) recovery in domestic demand; and (c) higher administered energy prices .

It is also important to note that although YoY CPI inflation marginally declined in February-March 2010, the annualized inflation measured by period average showed acceleration and reached 11.3 percent by March 2010 (see **Table 1.2** & **Figure 1.1**).

<b>Table 1.2: Different Dimensions of Inflation (percent)</b>					
	<b>Mar-08</b>	<b>Mar-09</b>	<b>Feb-10</b>	<b>Mar-10</b>	<b>average#</b>
<b>Year-on-year</b>					
<b>Overall CPI</b>	<b>14.1</b>	<b>19.1</b>	<b>13.0</b>	<b>12.9</b>	<b>11.6</b>
Food group	20.6	19.7	14.9	14.5	14.0
Non-food group	9.4	18.5	11.5	11.6	9.9
<b>WPI</b>	<b>19.8</b>	<b>11.1</b>	<b>19.3</b>	<b>21.8</b>	<b>10.4</b>
Food group	21.0	19.5	15.4	16.3	13.4
Non-food group	18.9	4.8	22.6	26.5	8.2
<b>SPI</b>	<b>16.2</b>	<b>19.8</b>	<b>17.2</b>	<b>17.6</b>	<b>12.7</b>
<b>Core Inflation</b>					
NFNE*	9.3	18.5	10.1	9.9	9.7
Trimmed	11.3	19.3	12.4	12.7	10.5
<b>Period average</b>					
<b>Overall CPI</b>	<b>9.5</b>	<b>23.0</b>	<b>11.1</b>	<b>11.3</b>	<b>11.6</b>
Food group	13.8	27.8	11.4	11.7	14.4
Non-food group	6.3	19.2	10.8	10.9	9.5
<b>WPI</b>	<b>12.6</b>	<b>23.1</b>	<b>8.7</b>	<b>10.1</b>	<b>12.0</b>
Food group	15.8	27.2	10.3	11.0	13.9
Non-food group	10.3	20.0	7.4	9.4	10.6
<b>SPI</b>	<b>10.6</b>	<b>26.7</b>	<b>11.1</b>	<b>11.8</b>	<b>13.3</b>
<b>Core Inflation</b>					
NFNE*	7.1	17.9	11.4	11.2	9.2
Trimmed	8.7	20.4	11.8	11.8	10.4
<b>12-month moving average</b>					
<b>Overall CPI</b>	<b>8.9</b>	<b>22.1</b>	<b>12.6</b>	<b>12.1</b>	<b>11.2</b>
Food group	13.0	28.0	12.4	12.1	14.1
Non-food group	6.0	17.6	12.7	12.2	9.1
<b>WPI</b>	<b>11.2</b>	<b>24.1</b>	<b>8.1</b>	<b>9.0</b>	<b>12.0</b>
Food group	14.4	27.3	11.6	11.4	13.7
Non-food group	8.8	21.7	5.4	7.1	10.9
<b>SPI</b>	<b>10.0</b>	<b>26.3</b>	<b>12.0</b>	<b>11.9</b>	<b>13.0</b>
<b>Core Inflation</b>					
NFNE*	6.7	16.5	13.2	12.5	8.7
Trimmed	8.4	19.4	13.7	13.0	10.1
<b>Monthly</b>					
<b>Overall CPI</b>	<b>3.1</b>	<b>1.4</b>	<b>0.4</b>	<b>1.3</b>	<b>1.3</b>
Food group	4.9	2.2	0.1	1.8	2.1
Non-food group	1.7	0.7	0.6	0.8	0.7
<b>WPI</b>	<b>4.0</b>	<b>0.4</b>	<b>0.4</b>	<b>2.5</b>	<b>1.4</b>
Food group	3.0	0.9	0.5	1.7	1.2
Non-food group	4.7	0.0	0.2	3.2	1.5
<b>SPI</b>	<b>4.2</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>1.5</b>
<b>Core Inflation</b>					
NFNE*	1.3	0.9	0.8	0.8	0.7
Trimmed	2.1	0.8	0.7	0.8	0.8

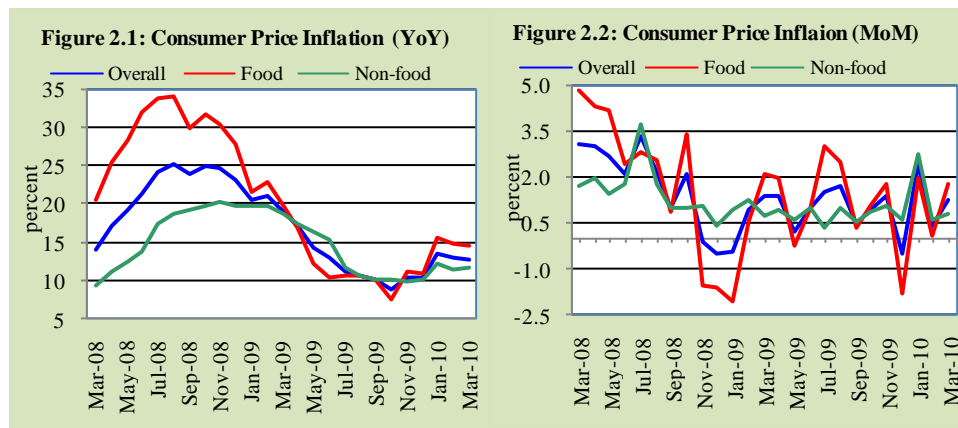
# 5-year average for the month of January in the previous years

Figure 1.1: Movements in Price Indices (percent change)



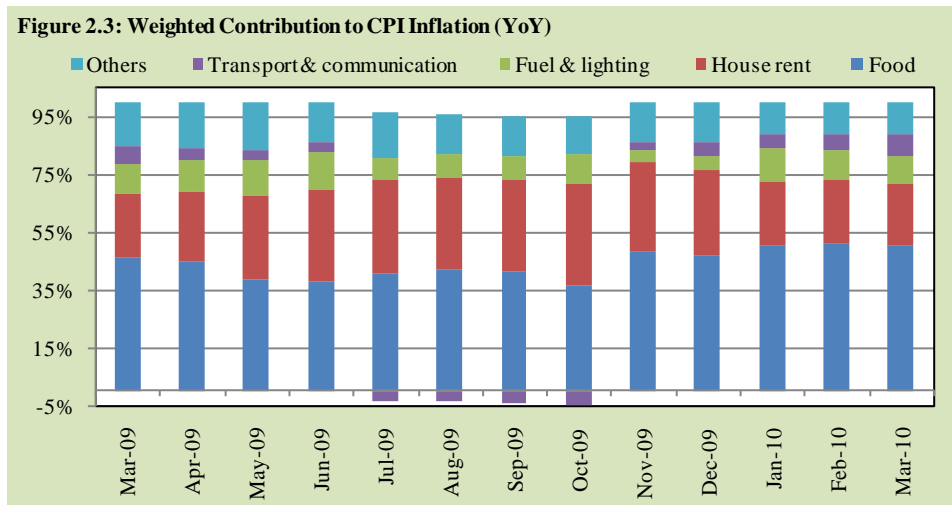
## 2. Consumer Price Index

Although CPI inflation (YoY) slightly declined to 12.9 percent during March 2010 from 13.0 percent in the previous month, it remained strong (see **Figure 2.1**). This marginal decline was mainly attributed to decline in the prices of perishable food items. In contrast to CPI YoY inflation, inflation based on month-on-month (MoM) showed a significant acceleration, i.e., from 0.4 percent during February 2010 to 1.3 percent in March 2010 (see **Figure 2.2**).



CPI inflation is principally driven by high food inflation, despite some ease during the preceding two months. It is also evident from its disproportionately higher weighted contribution to overall CPI inflation. The weighted contribution of food inflation to overall CPI inflation registered at 50.5 percent during March 2010 compared to 50.9 percent in the previous month. Therefore, weighted contribution of non-food group was 49.5 percent during March 2010; significantly lower than its weight in CPI basket, i.e., 59.66 percent (see **Figure 2.3**).

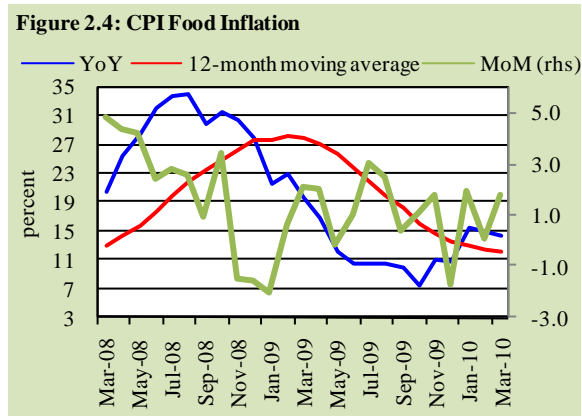




### 2.1 Food Inflation

CPI food inflation remained high at 14.5 percent YoY in March 2010; but slightly lower than 14.9 percent in the preceding month (see **Figure 2.4**).

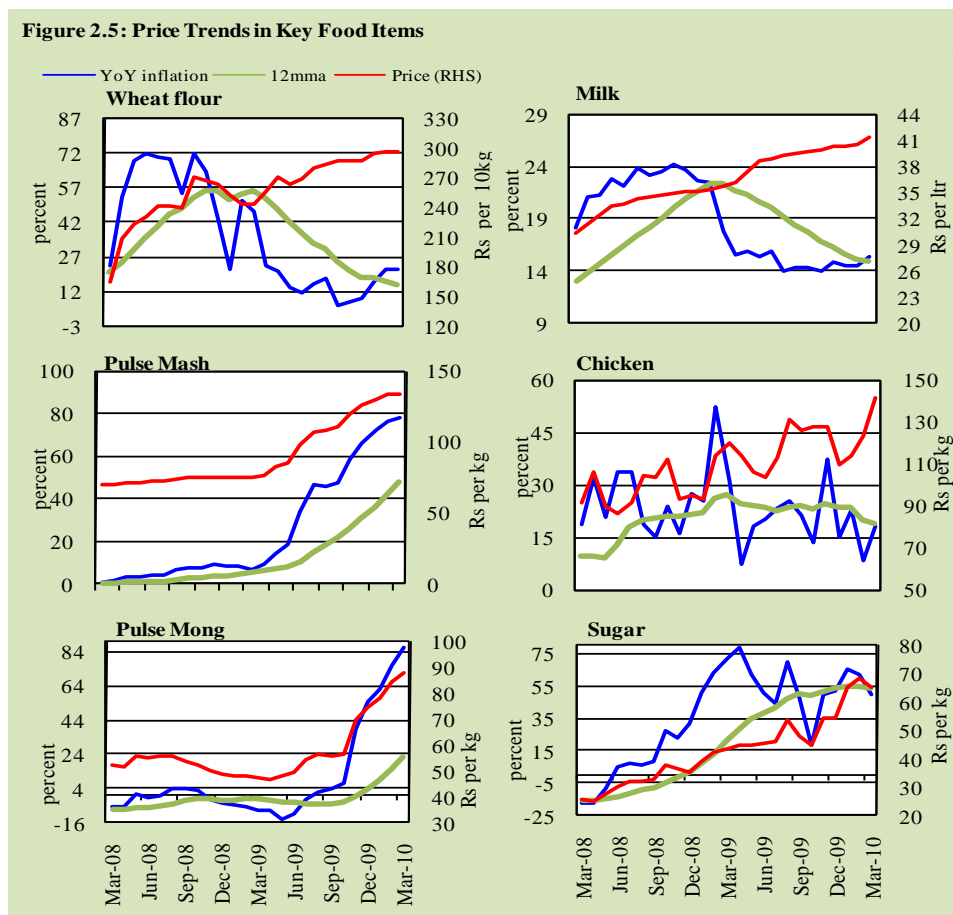
This marginal decline in CPI food inflation (YoY) was mainly due to fall in the prices of some key food staples like tomatoes, onions, vegetables, sugar, gur, and fresh fruits compared to the corresponding month; however rise in the prices of most of the food items was still in double digits. However significant increase in CPI food inflation on MoM basis was mainly attributed by sharp increase in the prices of potatoes, onions, chicken, cigarettes, vegetables, and fresh fruits during March 2010 relative to February 2010.



Six out of top ten weighted contributions to CPI inflation (YoY) were from food group during March 2010, including wheat flour, fresh milk, sugar, meat, vegetables, and vegetable ghee. Combined weighted contribution of these food items in the overall CPI food inflation was 38.5 percent. Within the food group, just four items, i.e., wheat flour, fresh milk, meat, and sugar contributed 61.4 percent to YoY food inflation (see **Table A3** in **Annexure A**). It is important to

note that a decline in international wheat prices did not translate in domestic retail prices due to significantly high support price. In addition, pass through of decline in international sugar prices to domestic retail prices was quite weak. This is due to high cost of production and speculative hoarding amid lower arrival of imported sugar.

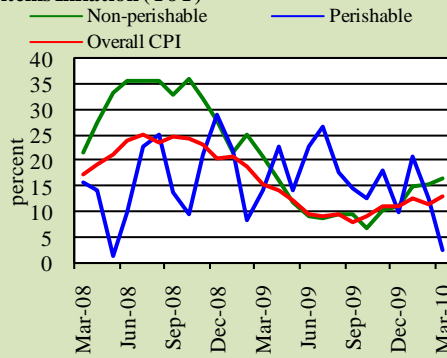
Detailed analysis of price movement in CPI food basket revealed that out of the reported 107 commodities, 55 commodities including pulse moong, mash, ginger, sugar, potatoes etc. exhibited price changes (YoY) in the range of 10 to 90 percent during March 2010. Two commodities of food group witnessed more than 100 percent price change (YoY), including cardamom small (109.3 percent) and garlic (287.5 percent). On the other hand, prices of 12 commodities, onions, tomatoes, green chillies, rice basmati, etc. declined, whereas 8 showed no change in prices during the month under review. Remaining 30 commodities showed price change (YoY) between 0 to 10 percent (see **Figure 2.5 & Table A2**).



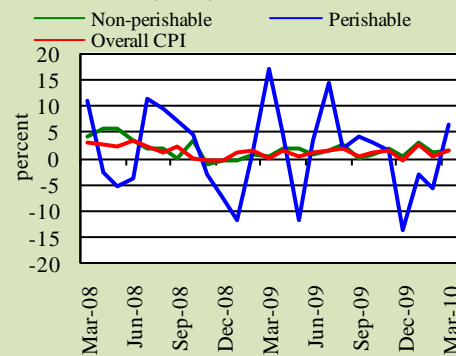
During March 2010, food inflation on month-on-month (MoM) basis was 1.8 percent compared to 0.1 percent during the previous month. Commodity-wise analysis of price change on MoM basis of the CPI food basket showed that 7 commodities including green chillies, kinnu, chicken, ginger, malta, potatoes and radish, recorded a double digit price change during March 2010, whereas 20 commodities including tomatoes, sugar, gur, wheat flour, pulse masoor etc. declined. In contrast to the previous month, onions, potatoes, and green chillies recorded significant acceleration (from negative to positive price change) during March 2010.

Further disaggregation (of 40 composite food items in the CPI basket) can be made on the basis of perishable and non-perishable commodities. Inflation (YoY) in the perishable group was 2.3 percent during March 2010, which was significantly lower than 12.5 percent in the previous month and 14.1 percent in the same month last year. Whereas inflation in perishable commodities on MoM basis showed increase and was recorded at 6.6 percent during March 2010 compared to (-) 5.7 percent in February 2010. Prices of perishable commodities are often volatile and this was clearly seen in both YoY and MoM inflation numbers. Inflation (YoY) in non-perishable commodities also increased to 16.3 percent in March 2010 compared to 15.2 percent in February 2010 and 20.6 percent in the corresponding month last year. Inflation (MoM) in this group of commodities also increased to 1.2 percent during March 2010 compared to 0.9 percent in the previous month (see **Figure 2.6 & 2.7**).

**Figure 2.6: Non-perishable & perishable food items Inflation (YoY)**



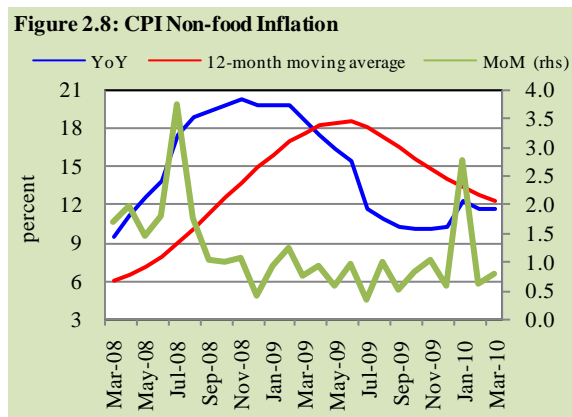
**Figure 2.7: Non-perishable & perishable food items Inflation (MoM)**



## 2.2 Non-food Inflation

Contrary to trends in overall CPI and CPI food inflation (YoY), CPI non-food inflation exhibited marginal increase during the month under review compared to February 2010; however it was still lower than the same month last year. CPI non-food inflation (YoY) was recorded at 11.6 percent during March 2010 compared to 11.5 percent in the previous month and 18.5 percent in March

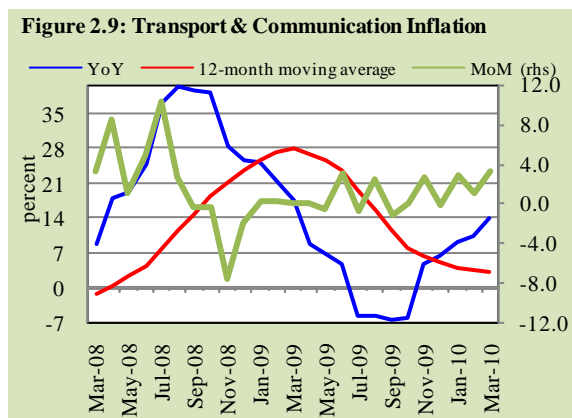
2009. Similarly CPI non-food inflation (MoM) also increased from 0.6 percent in February 2010 to 0.8 percent during March 2010 (see **Figure 2.8**). Out of the nine sub-groups of non-food group, inflation (YoY) in three sub-groups showed increase during March 2010.



Inflation (YoY) in *transport & communication* sub-group increased during March 2010, which is a result of increase in the prices of key fuels.

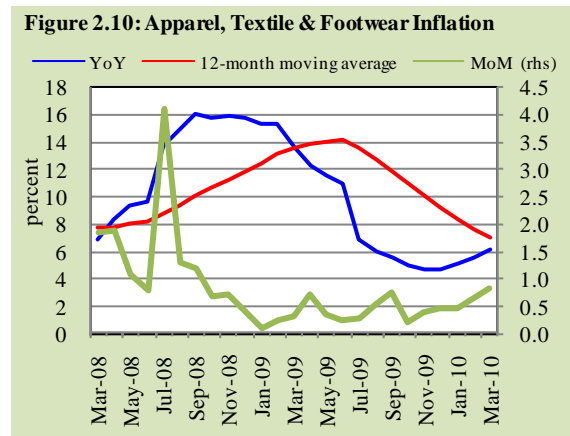
Inflation (YoY) in this sub-group reached 14.0 percent during March 2010 from 10.4 percent in February 2010. It was, however, still lower than 17.8 percent in March 2009.

On month-on-month basis, inflation in this sub-group also increased to 3.4 percent during the month under review compared to 1.1 percent last month (see **Figure 2.9**).



*Apparel, textile & footwear* sub-group's inflation (YoY) increased during March 2010 to 6.1 percent compared to 5.6 percent in February 2010. However, it was significantly lower when compared with the corresponding month last year (13.6 percent). Similarly, inflation (MoM) in this sub-group also increased and reached 0.8 percent during March 2010 compared with 0.7 percent in the previous month (see **Figure 2.10**). The rise in inflation in this sub-group was principally a function of record high prices of cotton in international and domestic markets.

Inflation (YoY) in *house rent index* (HRI) continued on declining trend since June 2009 to reach 12.0 percent during March 2010 compared to 12.7 percent in February 2010 and 18.7 percent in the same month last year. Inflation on month-on-month basis, in this sub-group also decreased to 0.6 percent during March 2010 compared to 0.8 percent in February 2010. Although inflation in this sub-group declined, the trend is expected to bottom out in coming months due to continuous rise in international metal prices.



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

Segregated analysis of 250 commodities included in CPI non-food basket revealed that prices of 5 commodities declined, 52 showed no change in their prices, 62 commodities showed price change between 0 to 5 percent, 62 moved between 5 to 10 percent and 69 commodities showed price change of more than 10 percent. The commodities which showed significant YoY price change included English books class VI, Urdu books class V, polyfax ointment, petrol, diesel, silver, and gold (see **Table A2 & A4** in the Annexure).

### 2.3 City-wise Inflation

City-wise data reveals that inflation (YoY) in the four out of five major cities was lower than the overall CPI YoY inflation during March 2010. It is

	Mar-09		Feb-10		Mar-10	
	MoM	YoY	MoM	YoY	MoM	YoY
<b>Over all CPI</b>	<b>1.4</b>	<b>19.1</b>	<b>0.4</b>	<b>13.0</b>	<b>1.3</b>	<b>12.9</b>
Islamabad	0.9	17.0	0.2	11.0	1.2	11.3
Lahore	1.3	17.5	0.7	13.1	1.7	13.6
Karachi	1.1	19.4	0.6	12.2	1.4	12.6
Quetta	1.2	22.5	0.7	11.0	1.6	11.4
Peshawar	1.3	20.7	0.0	12.3	1.0	12.0

important to note that in contrast with the corresponding period last year, current inflationary pressures are hitting larger urban centers (Lahore and Karachi). It probably implies that present inflation is not a function of temporary supply shock; and that inflationary pressures are likely to persist in the economy months ahead. On month-on-month basis inflation in three out of five major cities was higher than the overall CPI inflation (MoM) and the other two cities showed lower inflation during March 2010 (see **Table 2.1**).

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

	High inflation cities				Low inflation cities		
	General	Food	Non-food		General	Food	Non-food
Bahawalnagar	17.2	19.9	15.1	Khuzdar	12.7	13.1	12.3
Bahawalpur	16.0	21.1	11.9	Karachi	12.6	14.8	10.9
Gujranwala	15.5	19.7	12.3	Loralai	12.5	12.4	12.7
Okara	15.2	18.9	12.4	Abbotabad	12.5	11.8	13.1
Jhang	15.0	18.9	12.0	Hyderabad	12.4	14.1	11.0
Sialkot	14.9	17.9	12.4	Mianwali	12.1	15.3	9.7
Vehari	14.6	18.1	11.8	Peshawar	12.0	11.8	12.2
Turbat	14.6	16.4	13.3	Kunri	11.8	14.4	9.8
Samundari	14.5	17.2	12.4	D.I.Khan	11.6	10.7	12.4
Faisalabad	14.3	18.6	10.8	Mirpur Khas	11.6	12.5	10.9
Sargodha	14.0	15.9	12.5	Quetta	11.4	11.0	11.8
Attock	13.8	15.4	12.6	Islamabad	11.3	13.5	9.7
Lahore	13.6	16.4	11.3	Mardan	10.5	10.5	10.5
Jhelum	13.4	17.3	10.5	Sukkur	9.9	8.0	11.5
D.G. Khan	13.3	13.9	12.9	Larkana	9.0	7.8	10.0
Nawabshah	13.1	13.7	12.6				
Multan	13.1	15.4	11.2				
Shahdadpur	13.1	13.2	13.0				
Bannu	13.0	13.3	12.8				
Rawalpindi	13.0	15.3	11.3				

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

The inflation data collected from 35 cities revealed that 20 cities recorded higher inflation than the overall inflation (YoY), while 15 remaining cities registered lower than average inflation during March 2010. Similar to the previous month, the highest inflation (YoY) was recorded in Bahawalnagar, while Larkana registered the lowest inflation (YoY). The highest food inflation was recorded in Bahawalpur and the lowest in Sukkur during the month under review. While the highest non-food inflation (YoY) was recorded in Bahawalnagar, the lowest non-food inflation was observed in Islamabad and Mianwali (see **Table 2.2**). It is also important to note that the variability in food inflation was significantly higher in different cities of Pakistan compared with the non-food inflation.<sup>1</sup>

#### 2.4 Income Group-wise Inflation

Income group-wise inflation (YoY) data indicates that all income groups, except the highest income group, experienced higher than the average CPI and CPI food inflation (YoY) during March 2010. However, incidence of non-food inflation (YoY) was the highest for the highest income group (see **Table 2.3**).

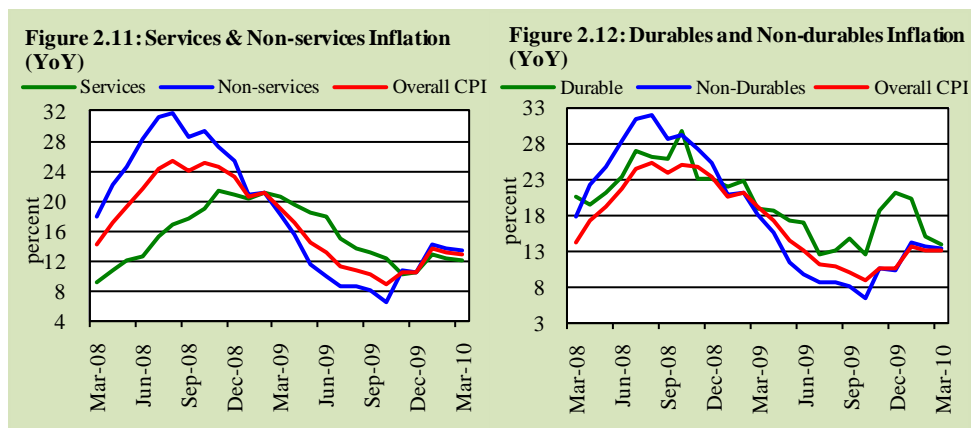
<b>Table 2.3: Income Group-wise CPI Inflation</b>								percent	
	<b>Upto 3000</b>		<b>Rs. 3001-5000</b>		<b>Rs. 5000-12000</b>		<b>Above Rs. 12000</b>		
	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	
<b>Year on Year (March over March)</b>									
General	19.4	13.8	19.6	13.6	19.9	13.1	18.0	12.5	
CPI Food	20.7	16.0	20.2	15.6	20.0	14.9	19.2	13.6	
CPI Non-food	17.8	11.1	18.9	11.3	19.9	11.4	17.3	11.9	
<b>Month on Month (March over February)</b>									
General	1.5	1.1	1.5	1.2	1.4	1.2	1.3	1.3	
CPI Food	2.1	1.5	2.1	1.5	2.1	1.7	2.2	2.1	
CPI Non-food	0.8	0.7	0.8	0.7	0.7	0.8	0.7	0.8	

City and income group-wise data, collected from 17 cities, showed that the highest inflation (YoY) was recorded in Bahawalpur for all income groups except higher income group where Gujranwala hold this position. Larkana recorded the lowest inflation (YoY) for all income groups except lower income group where Quetta having lower inflation during March 2010 (see **Table A5** in **Annexure A**).

<sup>1</sup> Standard deviation of food inflation in different cities was 3.3 during March 2010 compared with standard deviation of only 1.2 for non-food.

### 2.5 Services and Non-services Inflation

Inflation (YoY) in services remained same during March 2010 compared to the previous month, however it was 8.3 percentage points lower, when compared to the same month last year. Inflation in non-services sector declined during March 2010 compared to both the previous month and the corresponding month last year. Inflation (YoY) in services sector was 12.2 percent compared to 20.5 percent in the corresponding month last year. Inflation (YoY) in non-services sector was 13.4 percent in March 2010 compared to 13.6 percent in February 2010 and 18.1 percent in the same month last year (see **Figure 2.11**).



Further disaggregation of the non-services sector data reveals that YoY inflation in durable dropped to 14.0 percent in March 2010 from 15.1 percent in February 2010 and 18.8 percent during March 2009. Inflation in non-durable items also decreased to 13.4 percent during March 2010 from 13.6 percent in February 2010. It was 18.0 percent in March 2009 (see **Figure 2.12**).



### 3. Wholesale Price Index

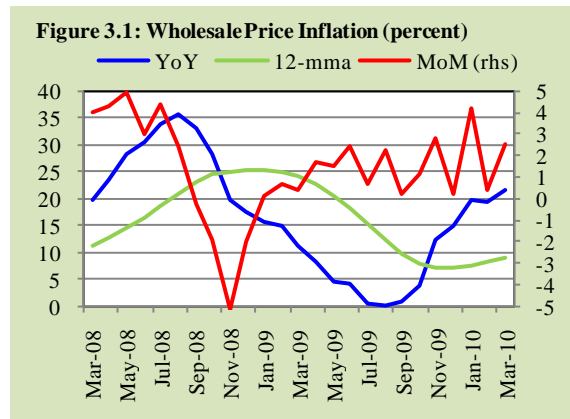
WPI inflation (YoY) crossed the 20-percent level for the first time in 17 months, reaching 21.8 percent during March 2010. WPI inflation (MoM) also showed a strong increase of 2.5 percent during the month under review compared with 0.4 percent in the previous month.

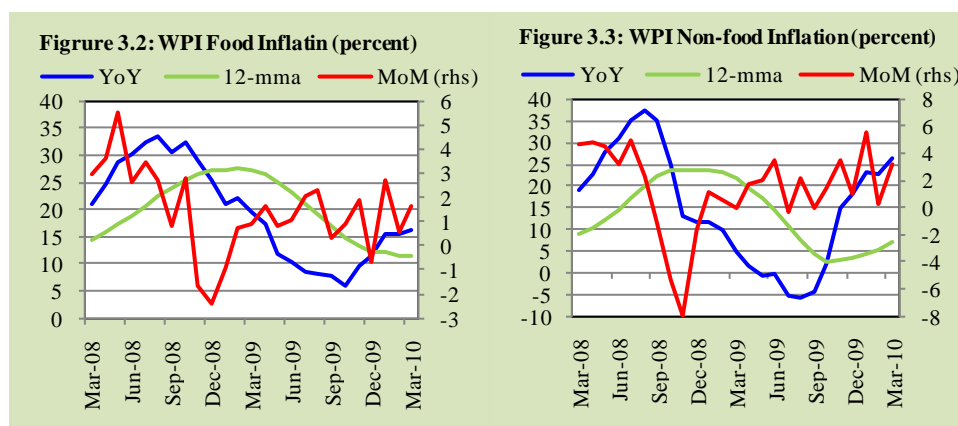
Recent surge in WPI inflation was largely due to external factors. In particular, recent rise in the prices of crude oil, cotton, and metals in international market has been major driver of WPI inflation. Higher external demand of certain food items (e.g. potatoes and onions) has also been the factor behind uptick in WPI inflation (MoM).

As a consequence of the strength in YoY WPI inflation, its 12-month moving average (12-mma) has bottomed out and now it is moving upward. WPI inflation (12-mma) was recorded at 9.0 percent in March 2010 compared to 8.1 percent in February 2010 (see **Figure 3.1**).

WPI food inflation (YoY) reached 16.3 percent compared to 15.4 percent during the preceding month; however, it was still lower when compared to 19.5 percent during March 2009. On MoM basis WPI food inflation increased significantly by 1.7 percent during the month under review compared to 0.5 percent during the last month (see **Figure 3.2**).

WPI non-food inflation (YoY) increased to the highest level in 18 months as it reached 26.5 percent during March 2010 compared to 22.6 percent in February 2010 and significantly higher than 4.8 percent WPI non-food inflation (YoY) during the same month in 2009. On MoM basis, WPI non-food inflation was recorded 3.2 percent during the review month compared to 0.2 percent in the preceding month. A disaggregated analysis suggests that inflationary pressures came from *raw materials*, followed by *fuel lighting & lubricants* and *manufacturer* sub-groups. It is also important to note that the drag by a deflation in *building material* sub-group is declining and this sub-group is likely to have positive contribution in WPI inflation April 2010 onward (see **Figure 3.3**).





*Raw materials* sub-group witnessed highest inflation (YoY) since May 1994, stood at 47.7 percent during the month under review compared to 34.7 percent in the previous month and 16.5 percent during the corresponding month last year. On MoM basis, inflation in this sub-group recorded at 9.7 percent compared to 6.4 percent during February 2010. A significant rise in inflation by *raw material* sub-group is attributed to surge in the prices of cotton and sugarcane.

Inflation in *fuel lighting & lubricants* sub-group recorded rise of 32.9 percentage points compared to the same month last year. Inflation (YoY) in the sub-group during March 2010 was 33.3 percent against 30.8 percent in the previous month. This was the highest inflation in this sub-group in 18 months. It came principally due to upward adjustment in administered prices of key fuels following rise in international crude oil prices (see **Table A7**).

In *manufactures* sub-group inflation (YoY) registered at 16.5 percent during March 2010 compared with 15.1 percent in February 2010. This was also significantly higher than 5.1 percent recorded during the same month last year. However, inflation (MoM) in the sub-group eased slightly as it reached 1.5 percent during the review month compared to 1.7 percent during the preceding month (see **Table 3.1**).

**Table 3.1: WPI Non-Food Inflation (percent)**

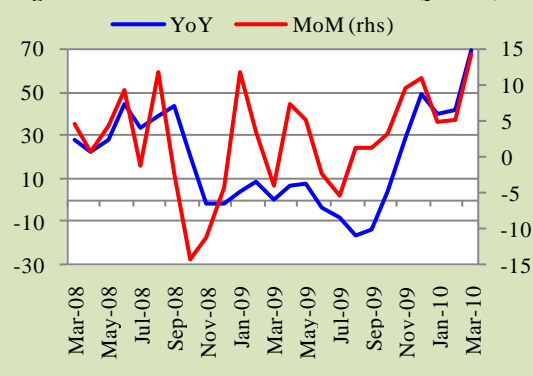
	Raw Materials		Fuel, Lighting & Lubricants		Manufactures		Building Materials	
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
Mar-09	16.5	0.0	0.4	0.2	5.1	0.3	9.7	-2.0
Apr-09	18.4	3.0	-4.7	2.8	5.2	0.7	0.1	-1.8
May-09	18.7	3.3	-7.9	3.7	4.6	1.0	-6.6	-3.6
Jun-09	11.9	-0.5	-4.0	8.1	3.2	0.0	-10.1	0.3
Jul-09	8.3	-1.5	-11.8	-0.9	1.2	-0.1	-11.5	3.3
Aug-09	4.1	2.0	-10.0	3.0	-0.3	1.8	-13.3	-1.1
Sep-09	4.7	-1.0	-7.9	0.3	-0.5	0.6	-13.9	-2.1
Oct-09	12.1	0.8	4.7	2.8	0.2	0.7	-16.1	-2.3
Nov-09	20.2	5.8	26.9	3.7	7.4	3.6	-16.7	-1.5
Dec-09	33.7	8.4	25.5	-1.5	11.0	1.5	-12.4	-0.3
Jan-10	30.3	4.0	33.2	8.2	14.3	2.4	-3.7	5.1
Feb-10	34.7	6.4	30.8	-2.7	15.1	1.7	-4.2	2.1
Mar-10	47.7	9.7	33.3	2.2	16.5	1.5	-1.3	1.0

Detailed item-wise analysis of WPI basket shows that out of 106 items, 43 items recorded double digit inflation (YoY); 24 were food items and others non-food items.

On YoY basis, out of 43 food items in WPI basket, prices of only 4 items declined during March 2010 compared to 9 items in the preceding month; 24 items registered double digit inflation during the current month against 21 items in the preceding month. These include pulses, meats, sugar, gur, wheat and wheat flour. Prices of pulses increased as a result of rise in the prices in international market.

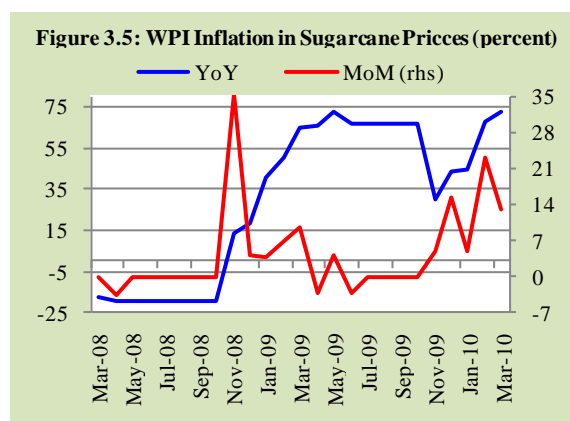
Within non-food category, 19 items registered double digit inflation during the month under review. The rise in administered prices of key fuels, electricity charges and cotton and cotton products were the major contributors in WPI inflation (YoY) during the month under review. The rise in the prices of key fuels and cotton was mainly a function of higher international prices, whereas rise in electricity tariff was a consequence of reduction in its subsidy.

Within *Raw materials* sub-group, cotton and sugarcane prices rose sharply during March 2010. Cotton prices

**Figure 3.4: WPI Inflation in Cotton Prices (percent)**

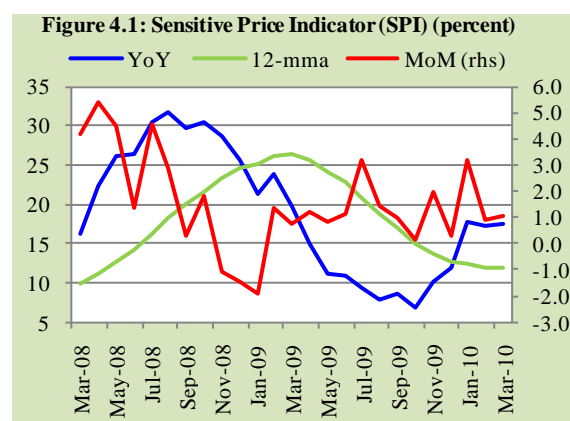
increased by 69.5 percent YoY in March 2010 compared to 42.0 percent in February 2010 (see **Figure 3.4**).

Sugarcane prices witnessed 72.1 percent YoY rise during the review month compared to 67.3 percent in the previous month (see **Figure 3.5**). The rise in domestic prices of these commodities was principally a reflection of increased international prices amid global supply shortages.



#### 4. Sensitive Price Indicator

SPI inflation increased a little to 17.6 percent YoY in March 2010 from 17.2 percent during February 2010, but was still lower than 19.8 percent recorded in March 2009. On MoM basis SPI inflation also increased to 1.1 percent during the month under review compared to a 0.9 percent rise during the previous month (see **Figure 4.1**).



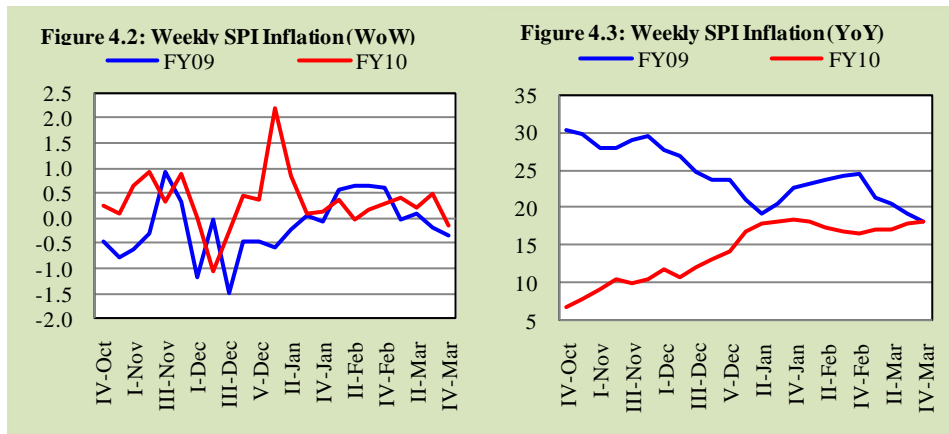
Income group-wise data of SPI inflation suggests that incidence of YoY inflation was higher in low income groups. However, incidence of SPI inflation (MoM) is mainly on higher income groups (see **Table 4.1**).

The cause of higher incidence of SPI inflation (YoY) in low income group during March 2010 was the rise in the prices of essential food items during the month. Out of 28 items recording

	Mar-09		Feb-10		Mar-10	
	YoY	MoM	YoY	MoM	YoY	MoM
Up to Rs. 3000	20.1	0.6	18.0	0.6	18.2	0.8
Rs. 3001-5000	20.7	0.6	17.8	0.5	18.0	0.8
Rs. 5000-12000	21.5	0.7	17.3	0.5	17.6	1.0
Above Rs. 12000	19.3	0.8	17.1	1.2	17.4	1.0
<b>All income groups</b>	<b>19.8</b>	<b>0.8</b>	<b>17.2</b>	<b>0.9</b>	<b>17.6</b>	<b>1.1</b>

double-digit inflation, 19 were food items. These include wheat (10.7 percent), wheat flour (22.6 percent), sugar (48.4 percent), potatoes (49.7 percent), milk and milk products, different types of pulses, etc. (see **Table A8**).

Weekly SPI inflation (YoY) increased from 17.0 percent in the first week of March 2010 to 18.2 percent during the last week of the month. However, weekly SPI inflation (WoW) was 0.4 percent during the first week of March 2010; it increased to 0.5 percent during the third week of the month but ended at a deflation of 0.2 percent during the last week of the month (see **Figure 4.2 & 4.3**).



## 5 Global Commodity Prices

### Overview

Commodity prices in international markets rose in March 2010 after dipping in February 2010 on MoM basis. This recovery was led by large gains in the prices of industrial metals, cotton, and crude oil. However, food commodity prices declined consecutively for the second month.

In March 2010, the following developments remained dominant in the

international commodity markets: (a) Europe's emergency aid plan of 30 billion euro for debt-stricken Greece; (b) improved sentiments about recovery in global economy as IMF upward revised its forecast of growth in world economy to 4.1 percent from January 2010 forecast of 3.9 percent; and (c) employment generation in US during March 2010. Despite these positive developments, expectations of China's shift in exchange rate policy and concerns regarding the level of public debt in OECD countries constrained a further rise in commodity prices.

	MoM			
	Mar-09	Jan-10	Feb-10	Mar-10
Overall	2.9	3.5	-2.3	4.0
Food	0.4	0.7	-0.9	-0.4
Metals	3.0	3.5	-5.6	7.1
Energy	5.1	4.3	-2.9	5.0
Cotton	-6.7	0.8	3.4	7.2
Fertilizers	-2.1	4.8	2.0	0.5
	YoY			
	Mar-09	Jan-10	Feb-10	Mar-10
Overall	-45.2	41.1	44.4	45.9
Food	-25.9	11.4	12.9	12.0
Metals	-52	59.7	55.8	62
Energy	-50.3	51.2	56.0	55.9
Cotton	-35.8	34.1	45.0	66.6
Fertilizers	-26.8	-37.0	-28.9	-27.1
Source : IMF	(*) WB			

IMF commodity price index rose by 4.0 percent on MoM basis during March 2010 compared to a decline of 2.3 percent in February 2010. Similarly, on YoY basis index increased by 45.9 percent in March 2010, from 44.4 percent during last month and a decline of 45.2 percent witnessed during March 2009 (see **Table 5.1**).

**Food Group**

In contrast to overall situation, World Bank’s food index declined this month on MoM basis by 3.6 percent for the second consecutive month. This decline was also evident in all the sub-groups of food commodities (see **Table 5.2 & 5.3**).

The following developments were the main drivers in food markets during March 2010: (a) ample supplies of grains and positive outlook for upcoming harvests due to favorable weather and increased planting; (b) arrival of South American bumper soybean crop in the market created bearish trend in edible oils; (c) increased tea production in Uganda, Africa’s third-largest producer of the leaf due to increased tea planting and better farm management kept tea prices lower in the international markets; and (d) higher sugar supplies from Brazil and India pressed sugar prices downward by 25.4 percent in March 2010 (MoM) on top of a decline of 8.5 percent in the previous month.

**Non-food group**

Among non-food group, crude oil, industrial metals, and cotton prices increased sharply during March 2010. Whereas, fertilizers prices declined during the month on MoM basis (see **Figure 5.1 & Table 5.3**).

**Table 5.2 : Monthly Changes in Food Indices**

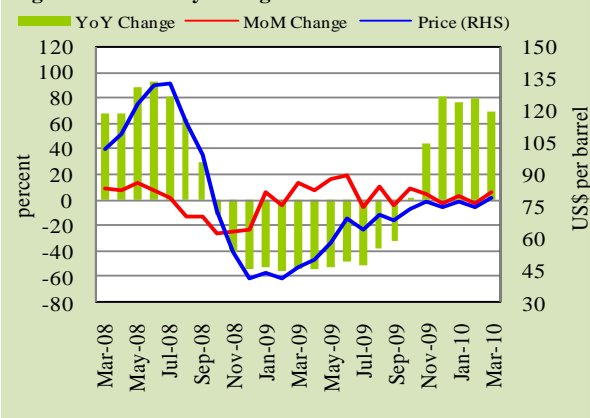
	MoM			
	Mar-09	Jan-10	Feb-10	Mar-10
Overall food	-0.4	1.4	-3.6	-3.6
Edible Oils & Fats	-2.8	-0.4	-3.0	-0.9
Grains	0.8	-1.5	-4.5	-2.9
Beverages #	-3.8	0.1	-4.2	-3.3
Other Food*	1.7	6.9	-3.4	-7.9

	YoY			
	Mar-09	Jan-10	Feb-10	Mar-10
Overall food	-31.5	15.2	11.9	8.4
Edible Oils & Fats	-42.5	18.2	15.9	18.2
Grains	-27.8	-5.1	-6.7	-10.1
Beverages #	-13.3	26.4	20.4	21.0
Other Food*	-11.6	36.6	28.5	16.3

Source : WB  
 (\*) includes sugar (#) consists of tea and coffee

**Figure 5.1: Monthly Changes in Crude oil**



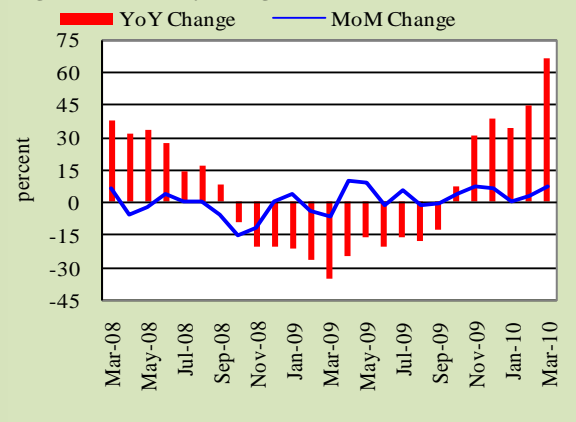
Crude oil prices in March 2010 rose to US\$ 79.3 per barrel, the highest level since September 2008. Positive macroeconomic developments such as (a) improved manufacturing and services sectors along with employment creation in the US, the largest consumer of oil in the world; (b) weakness in US dollar; and (c) Euro 30.0 billion debt relief plan of

Europe for Greece, supported the rise in crude oil prices.

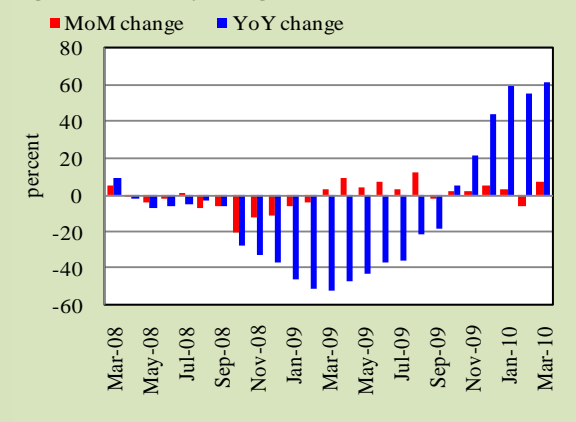
Cotton prices increased sharply during March 2010 due to renewed prospects for lower global production and higher consumption. China, the largest cotton producer and consumer of the world, announced during the first week of March 2010 that its 2009 crop fell 14.6 percent last year to 6.4 million tons.

Industrial metal prices also witnessed sharp rise in prices during March 2010, registering 12.7 percentage point increase on MoM basis. Metals prices also rose on economic optimism based on strong growth in China and India coupled with encouraging news from OECD countries led by US and Japan. Revision in the mechanism of customary

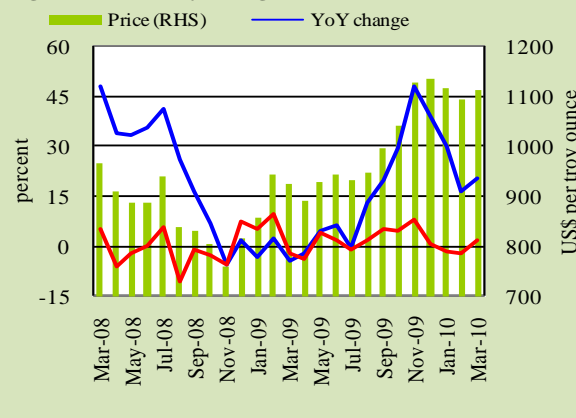
**Figure 5.4: Monthly Changes in Cotton 'A' Index**



**Figure 5.2: Monthly Changes in Industrial Metal Index**



**Figure 5.3: Monthly Changes in Gold**





annual contract price of iron ore has also pushed up base metal prices in international market.

Gold prices recovered this month after declining for the last two consecutive months and reached US\$ 1,113.3 from US\$ 1,095.4 in February 2010. Zero to negative real interest rates in major currencies, concerns over sovereign debt in OECD countries, and expectation of rising inflation in US, pulled the gold prices higher in the international market (see **Annexure Table A12**).

**Annexure A**

	Weights	MoM change			YoY change		
		Mar-09	Feb-10	Mar-10	Mar-09	Feb-10	Mar-10
<b>I. Food Group</b>	<b>40.3</b>	<b>2.2</b>	<b>0.1</b>	<b>1.8</b>	<b>19.7</b>	<b>14.9</b>	<b>14.5</b>
<b>II. Non-Food Group</b>	<b>59.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.8</b>	<b>18.5</b>	<b>11.5</b>	<b>11.6</b>
Apparel, textile, etc.	6.1	0.3	0.7	0.8	13.6	5.6	6.1
House rent	23.4	1.3	0.8	0.6	18.7	12.7	12.0
Fuel & lighting	7.3	0.0	-0.1	-0.1	26.7	17.2	17.1
Household furniture & equipment	3.3	0.6	0.7	0.4	14.2	5.5	5.3
Transport & communication	7.3	0.1	1.1	3.4	17.8	10.4	14.0
Recreation & entertainment	0.8	0.0	3.5	0.1	13.9	4.3	4.3
Education	3.5	0.5	0.2	0.2	18.4	12.9	12.5
Cleaning, laundry, etc.	5.9	1.3	0.5	0.3	16.4	9.8	8.6
Medicare	2.1	0.1	0.4	0.2	14.2	5.9	6.0
<b>Headline</b>	<b>100</b>	<b>1.4</b>	<b>0.4</b>	<b>1.3</b>	<b>19.1</b>	<b>13.0</b>	<b>12.9</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%)	
	Mar-09	Mar-10	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10	Mar-09	Mar-10
<b>I. Food Group</b>	<b>19.7</b>	<b>14.5</b>	<b>107</b>	<b>17</b>	<b>12</b>	<b>5</b>	<b>23</b>	<b>11</b>	<b>15</b>	<b>74</b>	<b>57</b>
<b>II. Non-Food Group</b>	<b>18.5</b>	<b>11.6</b>	<b>250</b>	<b>29</b>	<b>5</b>	<b>19</b>	<b>114</b>	<b>33</b>	<b>62</b>	<b>169</b>	<b>69</b>
Apparel, textile, etc.	13.6	6.1	42	1	0	0	14	13	21	28	7
House rent	18.7	12.0	1	0	0	0	0	0	0	1	1
Fuel & lighting	26.7	17.1	15	3	0	0	1	1	0	11	14
Household furniture & equipt	14.2	5.3	44	0	1	1	20	6	18	37	5
Transport & communication	17.8	14.0	43	5	3	1	21	1	8	36	11
Recreation & entertainment	13.9	4.3	16	1	0	7	12	2	0	6	4
Education	18.4	12.5	24	3	0	3	8	1	4	17	12
Cleaning, laundry, etc.	16.4	8.6	36	3	0	3	17	6	10	24	9
Medicines	14.2	6.0	29	13	1	4	21	3	1	9	6
<b>Overall</b>	<b>19.1</b>	<b>12.9</b>	<b>357</b>								

Note: Prices of 17 seasonal items were not reported during the month.

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

Items	Weights	YoY change		Weighted Contribution	
		Mar-09	Mar-10		
<b>A. Ranked by Weighted Contribution</b>					
1	House Rent Index	23.43	18.69	12.00	21.00
2	Wheat Flour	5.11	45.93	18.61	9.8
3	Milk Fresh	6.66	17.96	15.33	8.69
4	Meat	2.70	16.16	22.62	6.40
5	Sugar	1.95	71.58	49.57	6.10
6	Electricity	4.37	25.58	18.63	5.18
7	Vegetables	1.76	-23.89	33.73	4.42
8	Natural Gas	2.05	27.74	17.34	4.00
9	Petrol	1.73	-7.69	26.70	3.48
10	Vegetable Ghee	2.67	-18.38	13.24	3.03
<b>Total</b>		<b>52.42</b>			<b>72.11</b>
<b>B. Ranked by Percentage Change</b>					
1	Pulse Moong	0.22	-8.97	86.05	1.21
2	Pulse Mash	0.20	6.27	78.30	1.05
3	Gur	0.07	55.02	56.89	0.30
4	Potatoes	0.61	8.16	52.76	1.63
5	Sugar	1.95	71.58	49.57	6.10
6	Vegetables	1.76	-23.89	33.73	4.42
7	Text Books	0.69	31.05	29.17	1.34
8	Jewellery	0.39	15.76	28.98	1.48
9	Diesel	0.21	29.88	28.78	0.86
10	Tea	1.26	36.89	28.19	2.26
<b>Total</b>		<b>7.36</b>			<b>20.64</b>
<b>C. Ranked by Weights</b>					
1	House Rent Index	23.43	18.69	12.00	21.00
2	Milk Fresh	6.66	17.96	15.33	8.69
3	Wheat Flour	5.11	45.93	18.61	9.82
4	Electricity	4.37	25.58	18.63	5.18
5	Bakery & Confectionary	2.98	12.12	4.55	0.78
6	Meat	2.70	16.16	22.62	6.40
7	Vegetable Ghee	2.67	-18.38	13.24	3.03
8	Tuition Fees	2.36	13.86	8.78	1.37
9	Transport Fare/Charges	2.12	41.19	12.56	2.68
10	Natural Gas	2.05	27.74	17.34	4.00
<b>Total</b>		<b>54.45</b>			<b>62.94</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 12.9 percent in March 2010.

<b>Groups</b>	<b>Decrease or no change</b>	<b>Subdued increase (upto 5%)</b>	<b>Moderate increase (5 to 10%)</b>	<b>Increase of over 10%</b>
<b>Food Group</b>	Onion	Fruit Juice Tetra Pack	Wheat Flour	Milk Fresh (Unboiled)
	Cucumber (Kheera)	Milk Powder	Fine/Superior.	Wheat Flour Bag
	Rice Basmati 385/386	Loose/Packed	Vegetable Ghee Tin	Sugar Refined
	Chillies	Cooking Oil (Dalda)	Bread Tandoori St. Size, Bananas	Beef With Bone
	Powd.National	Rice Basmati Broken	Bread Plain Medium	Av.Qlty., Vegetable Ghee (Loose)
	200Gm, Kinnu,	Av.Qlty,Pulse Gram	Size, Cold Drink (Standard Siz)	Mutton Av.Qlty.
	Guava	Eggs Farm	Betel Leaves, Milk	Chicken Farm
	Malta/Mosambi, Peas	Rice Basmati Sup. Qlty.	Tetra Pack 1/2 Ltr.	Broiler (Live),
	Chillies Green	Pulse Masoor (Washed)	Cabbage	Potatoes,Tea Loose
		Biscuits-Packed		Kenya Av.Qlty 250G
<b>Apparel &amp; Textile</b>	Ladies Spoung	Long Cloth Av.Qlty.	Lawn Av.Qlty.	Tailoring Suit
	Chappal Bata, Gents	Shirting Av.Qlty.	School Uni. Kameez,	Female, Tailoring
	Shoes Paul Bata, Gents Sandal Bata	Ladies Sandal Bata	Shal.Girl, Tailoring	Shirt, Tailoring
		Coat-Pant Suit	Awami-Suit (Male)	
<b>House Rent Index</b>				House Rent Index
<b>Fuel &amp; Lighting</b>		--	--	Elect.Charges Above 1000 units, Gas Chrg 6.7438 - 10.1157 mmb, Kerosene Oil
	Match Box Small			Bulb Philips 100-Watts
<b>Household Furniture &amp; Equipment</b>		Quilt (Lihaf) 3 Kg. Cotton, Blanket (90" X 54"), Ceiling Fan 48" Super Qlty	Household Servant Female, Tea Set Pak. Chinaware 21 Pc	Chair Shesham Wood With Arms
	Washing Machine Singer		Bedsheet Single Bed Sup.Qlty	Hand Stitching Needle M.Siz Presure Cooker 4 Ltr.
<b>Transport &amp; Communication.</b>	Car Suzuki 800 cc (w/o. A/C), Car Tax For 800cc To 1300cc	Internet Charges	Car Service Charges	Petrol Super
	Air Fare Economy Class., Plateform Ticket	Bus Fare Outside City, Car Service Charges	Tyre Car With Tube General	High Speed Diesel HSD, Cng Filling Charges
			Auto Rickshaw Fares	Bus Fare Min (Within City)
<b>Recreation &amp; Entertainment</b>	Daily "Dawn"	T.V. 20" Colored	Taxi 4 Seater Fare	Daily "Jang"
	Monthly "Naunehal Digest", Tv.Licence Feedomestic	Video Game Sega 16 Byte, Cinema A/C. Highest Class		Daily "Nawa-E-Waqt", Weekly "Akhbar-E-Jahan"
<b>Education</b>	Govt. College Fee Ist. Year, Govt. College Fee 4Th. Year Com. C.D. (TDK/Imation)	Paper Foolscape (27"X17"), Comp. With Printer & Speaker, Ball Pen (Local)	Govt. Med. College Fee MBBS, Exercise. Book Lined 80/100 P Fountin Pen Youth China	School Fee Primary Eng.Med. Maths Book Class Ix Or X Eng. Book Ist.Yr Complete Se
	Toilet Soap Lux 95 grams, Surf (Medium) 160 grams, Washing Powder 1000 grams Toilet Soap Lifebouy 140 grams	Talc Powder Vice Roay,B.Cat Facecream Ponds (Medium), Blade 7-O-Clock Stain. 5'S, Hair-Colour Begin (6 gms)	Washing Soap Nyl(135-160gams) Hair-Oil, Amla/Chambeli, Dry Cleaning Suit Coat Pant, Cleanser Powder Vim 1000 gm	Haircut Charges For Men, Gold Tezabi 24 ct, Artificial Jewellery Set Silver Tezabi 24 ct
<b>Medicare</b>	Dettol (Medium) Jouhar Joshanda Cac. 1000 Tab	O.R.S. (Nimcol) Cotton Bandage 2" - 4",Daonil Tab. 5 mg.	Doctor (MBBS) Clinic Fee	Gripe-Water Woodward Galxos-D (450 grms) Sancos Syrup (50 ml.)

**Table A5: City-wise Inflation by Income Groups, March 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	1.4	13.6	1.2	16.7	1.8	9.6	1.6	14.4	1.5	17.7	1.8	10.5
2	Faisalabad	1.2	15.0	1.8	20.1	0.5	8.4	1.2	15.5	1.7	20.7	0.7	9.5
3	Rawalpindi	1.0	13.5	1.6	16.1	0.2	10.1	1.1	13.9	1.9	16.8	0.1	10.5
4	Multan	1.0	13.9	1.2	16.6	0.9	10.5	1.1	13.9	1.2	16.5	1.0	10.7
5	Gujranwala	1.7	16.0	2.0	20.6	1.3	10.3	1.8	16.1	2.2	20.0	1.3	11.6
6	Islamabad	0.9	11.5	1.6	14.1	0.1	8.6	1.2	12.3	2.1	15.7	0.1	8.6
7	Sargodha	1.5	15.4	2.3	18.1	0.4	12.0	1.5	14.8	2.3	17.3	0.4	11.9
8	Sialkot	1.6	15.4	2.2	18.0	0.8	11.9	1.5	16.2	2.2	19.9	0.6	11.8
9	Bahawalpur	1.1	18.7	1.4	24.4	0.7	11.6	0.9	17.9	1.0	23.2	0.6	11.7
10	Karachi	1.6	13.8	2.5	15.8	0.4	11.1	1.6	13.9	2.8	16.5	0.2	10.9
11	Hyderabad	1.8	13.3	2.9	15.7	0.3	10.2	1.8	12.8	3.1	14.9	0.3	10.3
12	Sukkur	0.9	9.6	1.4	6.4	0.3	13.8	1.0	9.8	1.6	7.9	0.4	12.1
13	Larkana	0.7	10.7	0.8	9.6	0.6	12.3	0.7	9.6	0.8	8.9	0.6	10.4
14	Peshawar	0.5	13.0	0.3	14.1	0.7	11.5	0.5	12.5	0.3	12.9	0.7	12.1
15	Bannu	0.2	15.1	0.0	17.1	0.3	12.7	0.1	14.0	0.0	15.2	0.2	12.7
16	Quetta	1.5	9.3	2.3	8.9	0.4	9.9	1.5	11.7	2.2	11.9	0.6	11.4
17	Khuzdar	0.5	11.8	0.7	12.5	0.2	11.0	0.5	13.2	0.7	13.7	0.2	12.6
		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	1.7	13.9	1.8	17.0	1.6	10.8	1.7	13.2	2.7	15.4	1.1	11.9
2	Faisalabad	1.2	15.0	1.7	20.0	0.7	10.2	1.3	13.5	2.0	16.8	0.9	11.4
3	Rawalpindi	1.2	13.2	2.1	15.9	0.2	10.6	1.4	12.7	2.9	14.2	0.6	11.9
4	Multan	1.1	13.3	1.3	15.8	0.9	10.7	1.1	12.4	1.6	13.8	0.9	11.5
5	Gujranwala	1.8	15.5	2.4	19.6	1.1	11.7	2.0	15.0	3.4	19.5	1.2	12.4
6	Islamabad	1.1	12.1	2.4	15.2	-0.2	9.2	1.2	11.2	2.9	13.0	0.2	10.2
7	Sargodha	1.7	14.3	2.7	16.2	0.6	12.4	1.8	12.9	3.0	14.1	1.1	12.2
8	Sialkot	1.7	15.5	2.6	18.8	0.7	12.2	1.7	14.4	2.8	17.1	0.9	12.7
9	Bahawalpur	1.0	16.2	1.2	21.0	0.6	11.3	1.4	13.9	2.1	18.2	0.9	11.2
10	Karachi	1.5	13.2	2.7	15.7	0.3	10.7	1.3	12.1	2.7	13.4	0.5	11.3
11	Hyderabad	1.7	12.5	3.1	14.4	0.4	10.6	1.7	12.0	3.1	12.9	0.8	11.5
12	Sukkur	0.9	10.0	1.5	8.2	0.4	11.8	0.9	9.8	1.4	7.6	0.6	11.1
13	Larkana	0.7	9.0	0.7	7.7	0.6	10.4	0.6	8.4	0.6	7.2	0.6	9.2
14	Peshawar	0.8	12.0	0.8	12.1	0.8	11.9	1.3	11.9	1.8	11.2	1.0	12.4
15	Bannu	0.0	13.0	0.0	13.4	0.1	12.6	0.1	11.9	0.0	10.8	0.1	12.5
16	Quetta	1.5	11.3	2.4	11.2	0.5	11.4	1.7	11.6	2.7	10.7	1.1	12.1
17	Khuzdar	0.4	12.8	0.6	13.1	0.2	12.5	0.2	13.3	0.0	13.5	0.4	13.2

<b>Table A6 : Income Group-wise Inflation</b>							percent
	<b>MoM</b>			<b>YoY</b>			
	<b>Mar-09</b>	<b>Feb-10</b>	<b>Mar-10</b>	<b>Mar-09</b>	<b>Feb-10</b>	<b>Mar-10</b>	
<u>Up to Rs. 3000</u>							
General	1.5	0.5	1.1	19.4	14.3	13.8	
Food	2.1	0.3	1.5	20.7	16.8	16.0	
Non-food	0.8	0.7	0.7	17.8	11.2	11.1	
<u>Rs. 3001-5000</u>							
General	1.5	0.4	1.2	19.6	14.0	13.6	
Food	2.1	0.2	1.5	20.2	16.3	15.6	
Non-food	0.8	0.7	0.7	18.9	11.4	11.3	
<u>Rs. 5000-12000</u>							
General	1.4	0.4	1.2	19.9	13.3	13.1	
Food	2.1	0.1	1.7	20.0	15.4	14.9	
Non-food	0.7	0.7	0.8	19.9	11.3	11.4	
<u>Above Rs. 12000</u>							
General	1.3	0.3	1.3	18.0	12.5	12.5	
Food	2.2	0.0	2.1	19.2	13.8	13.6	
Non-food	0.7	0.5	0.8	17.3	11.8	11.9	
<u>All income groups</u>							
General	1.4	0.4	1.3	19.1	13.0	12.9	
Food	2.2	0.1	1.8	19.7	14.9	14.5	
Non-food	0.7	0.6	0.8	18.5	11.5	11.6	

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

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

<b>Table A8: SPI Item-wise Price Movements</b>					
S.No	Items	Unit	Price Mar 10	Percentage change	
				YoY	Monthly
1	Wheat	Kg.	26.9	10.7	-0.4
2	Wheat flour average qlt.	Kg.	30.0	22.6	-0.3
3	Rice basmti.broken	Kg.	43.9	1.2	0.7
4	Rice irri-6	Kg.	34.7	-3.6	1.0
5	Masur pulse washed	Kg.	122.9	3.2	-0.6
6	Moong pulse washed	Kg.	88.1	88.7	4.0
7	Mash pulse washed	Kg.	135.0	78.4	0.9
8	Gram pulse washed	Kg.	56.3	6.6	-0.4
9	Beef	Kg.	180.3	22.8	2.5
10	Mutton	Kg.	331.9	24.0	4.7
11	Egg hen (farm)	Doz.	60.6	2.6	-6.7
12	Bread plain	Each	27.3	8.3	1.4
13	Sugar	Kg.	64.9	48.4	-4.6
14	Gur	Kg.	72.4	55.5	-1.9
15	Milk fresh	Ltr	42.6	16.0	2.1
16	Milk powdered nido	400g	180.0	5.9	0.0
17	Curd	Kg.	50.4	16.4	2.6
18	Veg.ghee tin	2.5kg	353.0	8.1	0.0
19	Veg.ghee loose	Kg.	115.8	18.6	0.9
20	Mustard oil	Kg.	135.9	-2.1	-0.6
21	Cooking oil	2.5ltr	353.0	0.5	0.0
22	Potatoes	Kg.	18.0	49.7	7.7
23	Onions	Kg.	25.5	-36.0	6.5
24	Tomatoes	Kg.	19.1	-33.0	4.1
25	Bananas	Doz.	41.1	6.7	5.7
26	Salt powdered	Kg.	6.7	5.3	0.6
27	Red chillies(powd)	Kg.	165.7	25.5	0.3
28	Garlic	Kg.	149.5	275.5	2.3
29	Tea packet	250g	130.3	30.3	1.3
30	Tea (prepared)	Cup	10.7	22.1	0.2
31	Cooked beef plate	Each	45.6	10.3	0.6
32	Cooked dal plate	Each	28.9	11.0	0.5
33	Cigarettes k-2	10's	12.9	35.9	7.3
34	Coarse latha	Mtr.	48.7	7.8	3.3
35	Lawn (avg.+s.qlty)	Mtr.	96.8	7.4	4.0
36	Voil printed	Mtr.	49.1	6.2	3.0
37	Shirting	Mtr.	82.3	3.7	-0.1
38	Sandel gents bata	Pair	499.0	0.0	0.0
39	Sandel ladies bata	Pair	379.0	0.0	0.0
40	Chappal spng. Bata	Pair	129.0	0.0	0.0
41	Kerosene	Litr	73.2	15.6	-3.0
42	Firewood	40kg	307.7	13.3	1.0
43	Elec. Bulb 60-wats	Each	20.0	29.1	0.0
44	Match box	Each	1.0	0.0	0.0
45	Washing soap	Cake	13.2	4.4	0.4
46	Bath soap lifebuoy	Cake	22.0	0.0	0.0
47	Chicken (farm)	Kg.	141.3	18.0	13.6
48	Gas chrg. All clb. Comb	mmbtu	337.2	15.4	0.0
49	L.P.G.(cylinder 11kg.)	Each	979.0	27.4	-7.8
50	Elec.chrg.all slabs comb	per unit	8.1	19.3	0.0
51	Petrol	Ltr	71.3	22.3	-1.0
52	Diesel	Ltr	70.7	22.5	-2.5
53	Telephone local	Call	2.4	0.0	0.0
<b>Maximum</b>				<b>275.5</b>	<b>13.6</b>
<b>Median</b>				<b>10.7</b>	<b>0.3</b>
<b>Minimum</b>				<b>-36.0</b>	<b>-7.8</b>



<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>Mar-09</b>	<b>Feb-10</b>	<b>Mar-10</b>
<b>GENERAL</b>	<b>100.0005</b>	<b>194.53</b>	<b>216.93</b>	<b>219.65</b>
<b>FOOD &amp; BEVERAGES.</b>	<b>40.3411</b>	<b>216.13</b>	<b>243.17</b>	<b>247.55</b>
1 WHEAT	0.4830	281.84	315.30	316.44
2 WHEAT FLOUR	5.1122	259.35	307.37	307.61
3 MAIDA	0.1059	264.02	285.46	284.42
4 BESAN	0.1320	199.39	199.32	202.42
5 RICE	1.3369	279.14	276.37	278.24
6 PULSE MASOOR	0.2214	328.50	344.67	342.19
7 PULSE MOONG	0.2230	157.85	281.79	293.68
8 PULSE MASH	0.2017	166.39	296.38	296.68
9 PULSE GRAM	0.4272	186.99	193.66	194.92
10 GRAM WHOLE	0.1491	179.61	213.82	215.63
11 MUSTARD OIL	0.0456	248.90	251.97	251.54
12 COOKING OIL	0.6858	220.31	221.73	221.73
13 VEGETABLE GHEE	2.6672	215.55	243.23	244.09
14 SUGAR	1.9467	158.73	248.00	237.42
15 GUR	0.0735	178.64	285.99	280.27
16 TEA	1.2559	160.35	204.99	205.56
17 MILK FRESH	6.6615	213.66	241.80	246.42
18 MILK POWDER	0.1105	204.52	210.86	211.95
19 MILK PRODUCTS	0.5607	196.93	223.20	228.91
20 HONEY	0.0358	187.99	212.57	212.85
21 CEREALS	0.0878	229.27	250.46	254.44
22 JAM,TOMATO,PICKLES & VINEGAR	0.2472	165.53	184.43	184.51
23 BEVERAGES	0.7286	163.15	175.93	177.63
24 CONDIMENTS	0.3392	241.57	247.29	247.61
25 SPICES	0.6008	210.22	232.96	234.17
26 DRY FRUIT	0.2760	311.88	338.88	342.50
27 BAKERY & CONFECTIONARY	2.9837	143.89	150.00	150.43
28 CIGARETTES	0.9527	185.95	220.08	226.38
29 BETEL LEAVES & NUTS	0.1851	171.75	179.96	185.20
30 READYMADE FOOD	1.6833	223.16	249.65	253.48
31 SWEETMEAT & NIMCO	0.3846	226.13	256.97	260.82
32 FISH	0.2703	184.05	209.32	214.58
33 MEAT	2.6981	263.43	310.90	323.01
34 CHICKEN FARM	0.9158	228.66	234.92	269.84
35 EGGS	0.4119	222.38	236.66	228.70
36 POTATOES	0.6056	128.09	175.03	195.67
37 ONIONS	0.6487	415.40	224.98	242.15
38 TOMATOES	0.5083	167.20	107.48	98.88
39 VEGETABLES	1.7623	186.76	234.27	249.76
40 FRESH FRUITS	1.6155	222.57	218.97	235.29
<b>APPAREL, TEXTILE &amp; FOOTWEAR.</b>	<b>6.0977</b>	<b>154.41</b>	<b>162.53</b>	<b>163.88</b>
41 COTTON CLOTH	1.6197	156.92	162.45	165.37
42 SILK,LINEN,WOOLEN/CLOTH	0.5766	152.77	166.20	168.07
43 TAILORING CHARGES	0.8636	161.95	178.40	179.56
44 HOSIERY	0.1528	165.31	177.68	179.06
45 READYMADE GARMENTS	1.2038	141.44	149.70	150.57
46 WOOLEN READYMADE GARMENTS	0.1485	177.91	200.00	200.40
47 FOOTWEAR	1.5327	154.95	157.23	157.28
<b>HOUSE RENT.</b>	<b>23.4298</b>	<b>187.57</b>	<b>208.78</b>	<b>210.08</b>
48 HOUSE RENT INDEX (Combined)	23.4298	187.57	208.78	210.08

(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>Mar-09</b>	<b>Feb-10</b>	<b>Mar-10</b>
<b>FUEL AND LIGHTING.</b>	<b>7.2912</b>	<b>208.15</b>	<b>243.96</b>	<b>243.82</b>
49 KEROSENE	0.1366	389.17	441.51	461.64
50 FIREWOOD	0.4778	306.61	341.08	342.24
51 MATCH BOX	0.1301	200.00	200.00	200.00
52 BULB & TUBE	0.1311	111.44	130.43	131.43
53 ELECTRICITY	4.3698	159.77	189.54	189.54
54 NATURAL GAS	2.0458	283.12	334.40	332.21
<b>H.HOLD.FURNITURE &amp; EQUIPMENT ETC.</b>	<b>3.2862</b>	<b>163.16</b>	<b>171.14</b>	<b>171.82</b>
55 UTENSILS	0.3690	149.57	157.83	158.05
56 PLASTIC PRODUCTS	0.1055	191.66	207.49	209.48
57 SUITCASE	0.0470	157.02	165.11	166.17
58 HOUSE HOLD EQUIPMENTS	0.0953	149.00	158.24	160.02
59 FURNITURE (Ready Made)	0.3054	174.46	185.99	186.87
60 FURNISHING	0.6362	155.44	162.68	163.55
61 ELECT.IRON FANS & WASHING MACHINE	0.1889	165.06	162.84	163.31
62 SEWING MACHINE,CLOCK AND NEEDLES	0.1270	141.57	150.39	150.71
63 REFRIGERATOR & AIRCONDITIONER	0.1756	129.44	132.57	133.54
64 MARRIAGE HALL	0.0445	188.76	202.70	203.60
65 HOUSE HOLD SERVANT	1.1918	173.45	182.04	182.54
<b>TRANSPORT &amp; COMMUNICATION.</b>	<b>7.3222</b>	<b>186.23</b>	<b>205.36</b>	<b>212.24</b>
66 PETROL	1.7253	189.71	232.19	240.37
67 DIESEL	0.2070	362.66	445.07	467.05
68 CNG. FILLING CHARGES	0.1649	205.46	226.80	226.80
69 SERVICE CHARGES	0.3835	165.53	175.46	177.47
70 VEHICLES	0.2596	134.55	133.71	134.13
71 TYRE & TUBE	0.2831	158.81	164.22	167.08
72 TRANSPORT FARE/CHARGES	2.1236	252.45	270.00	284.15
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	91.34	93.29	93.28
<b>RECREATION &amp; ENTERTAINMENT.</b>	<b>0.8259</b>	<b>121.30</b>	<b>126.43</b>	<b>126.54</b>
76 RECREATION	0.3399	131.89	142.98	142.98
77 ENTERTAINMENT	0.4860	113.89	114.86	115.04
<b>EDUCATION.</b>	<b>3.4548</b>	<b>165.58</b>	<b>185.97</b>	<b>186.28</b>
78 TUTION FEES	2.3629	165.76	180.15	180.31
79 STATIONERY	0.3500	172.91	180.74	182.69
80 TEXT BOOKS	0.6894	167.42	216.25	216.25
81 COMPUTER & ALLIED PRODUCTS	0.0525	84.38	85.14	85.71
<b>CLEANING LAUNDRY &amp; PER.APPEARANCE.</b>	<b>5.8788</b>	<b>169.61</b>	<b>183.71</b>	<b>184.18</b>
82 WASHING SOAP & DETERGENT	1.5535	163.07	168.30	168.74
83 TOILET SOAP	0.7436	186.50	186.50	186.50
84 TOOTH PASTE	0.4036	113.55	116.80	117.62
85 SHAVING ARTICLES	0.3480	148.07	153.39	153.39
86 COSMETICS	1.4272	154.37	167.87	168.16
87 WATCHES	0.0552	138.95	139.13	139.31
88 JEWELLERY	0.3936	326.83	420.58	421.54
89 LAUNDRY CHARGES	0.2207	179.11	193.38	193.38
90 HAIR CUT & BEAUTY PARLOUR CHARGES	0.7334	152.13	168.86	170.14
<b>MEDICARE.</b>	<b>2.0728</b>	<b>150.09</b>	<b>158.79</b>	<b>159.10</b>
91 DRUGS & MEDICARES	1.0752	118.04	125.68	126.27
92 DOCTOR'S FEE	0.9976	184.63	194.49	194.49

<b>Table A10: Wholesale Price Index Numbers by major Groups and Selected Commodities</b>				
<b>Item and Specifications</b>	<b>Index</b>			
	<b>Mar-09</b>	<b>Jul-09</b>	<b>Feb-10</b>	<b>Mar-10</b>
<b>GENERAL</b>	<b>195.00</b>	<b>207.57</b>	<b>231.64</b>	<b>237.51</b>
<b>FOOD</b>	<b>212.16</b>	<b>224.31</b>	<b>242.67</b>	<b>246.68</b>
1 WHEAT	282.04	283.44	319.65	319.74
2 WHEAT FLOUR	248.49	279.01	301.86	302.29
3 MAIDA	277.88	287.10	291.04	287.38
4 BESAN	170.58	161.96	173.78	178.62
5 RICE	317.60	323.02	319.18	325.33
6 MAIZE	226.03	214.54	231.67	252.50
7 JOWAR	205.01	219.78	240.32	258.70
8 BAJRA	206.35	187.99	194.47	200.25
9 BEANS	251.91	252.23	271.85	282.30
10 GRAM WHOLE	173.46	183.46	232.17	235.57
11 GRAM SPLIT	160.97	145.94	167.25	170.78
12 MASOOR	339.35	343.78	338.33	328.17
13 MASH	152.80	200.55	261.27	262.29
14 MOONG	156.39	181.22	278.82	297.38
15 POTATOES	114.31	270.20	177.27	194.12
16 ONIONS	429.50	249.14	230.27	245.58
17 TOMATOES	165.92	247.58	93.26	89.40
18 VEGETABLES	170.57	217.26	238.65	253.21
19 FRESH FRUITS	162.31	170.96	164.37	176.86
20 DRY FRUITS	223.89	227.90	255.78	259.87
21 FRESH MILK	187.42	193.35	208.03	211.26
22 POWDERED MILK	222.65	221.71	222.47	222.89
23 MILK FOOD	165.61	168.67	171.18	171.71
24 VEGETABLE GHEE	226.85	248.75	268.02	272.67
25 MUSTARD & RAPESEED OIL	278.28	262.37	280.70	280.01
26 COTTON SEED OIL	253.60	260.39	284.31	285.06
27 COOKING OIL	212.38	218.95	221.17	224.44
28 OIL CAKES	286.09	335.07	317.15	318.48
29 GUR	157.83	223.82	259.85	264.19
30 SUGAR REFINED	162.77	170.10	250.56	237.71
31 CHICKEN	226.56	213.37	239.63	271.91
32 EGGS	231.02	225.69	243.31	241.19
33 FISH	119.29	124.68	142.98	146.82
34 MEAT	249.28	266.65	291.41	304.27
35 SPICES	206.74	198.13	244.16	247.58
36 CONDIMENTS	285.70	285.60	292.26	292.28
37 SALT	155.63	166.45	165.72	167.69
38 TEA	136.85	142.99	169.07	170.12
39 BEVERAGES	139.15	140.72	141.85	143.10
40 MINERAL WATER	123.39	125.71	127.38	127.38
41 FRUIT PREPARED/PRESERVED	158.26	166.76	178.61	187.12
42 VEGETABLES PREPARED/PRESERVED	160.42	167.87	179.63	180.65
43 SUGAR CONFECTIONARY	99.95	100.48	100.46	100.46
<b>RAW MATERIAL</b>	<b>185.99</b>	<b>193.88</b>	<b>250.35</b>	<b>274.70</b>
44 COTTON	142.34	148.77	210.85	241.21
45 COTTON SEEDS	239.02	272.67	275.04	272.54
46 MUSTARD/RAPESEEDS	283.66	274.21	293.98	294.13
47 TOBACCO	198.80	204.91	221.77	228.26
48 SUGAR CANE	287.77	280.70	438.72	495.33
49 WOOL	138.51	139.48	141.45	142.92
50 HIDES	155.71	138.51	128.58	132.74
51 SKINS	107.92	105.26	98.99	102.05
52 PIG IRON	324.02	324.02	321.93	321.93

(continued)

(continued)

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

Item and Specifications	Index			
	Mar-09	Jul-09	Feb-10	Mar-10
<b>FUEL &amp; LIGHT</b>	<b>234.15</b>	<b>267.47</b>	<b>304.47</b>	<b>312.23</b>
53 COAL	141.00	141.00	141.00	141.00
54 COKE	624.58	624.58	555.18	555.18
55 DIESEL OIL	353.27	385.74	434.92	455.42
56 MOTOR SPRIT	188.00	196.90	229.87	238.25
57 MOBIL OIL	197.40	199.47	200.36	200.36
58 FURNACE OIL	194.65	312.14	363.06	374.20
59 KEROSENE OIL	352.86	392.99	417.41	439.93
60 NATURAL GAS	227.25	217.12	256.00	256.00
61 ELECTRICITY IND. SUPPLY TARIFF-B	162.36	162.36	201.01	201.01
62 ELEC. AGRICULTURE TARIFF-D	177.78	177.78	205.07	205.07
63 FIRE WOOD	254.98	260.16	279.48	279.48
<b>MANUFACTURE</b>	<b>138.81</b>	<b>141.07</b>	<b>159.31</b>	<b>161.77</b>
64 SOLE LEATHER	130.34	131.99	134.06	134.06
65 CHROME LEATHER	194.84	194.84	212.23	212.23
66 COTTON YARN	97.65	102.08	150.55	155.72
67 BLENDED YARN	127.10	131.60	173.90	177.53
68 NYLON YARN	105.61	109.59	121.04	121.72
69 COTTON TEXTILES	142.14	146.56	147.42	150.40
70 HOSIERY	153.30	154.38	156.75	156.94
71 SILK & REYON TEXTILES	143.60	144.28	149.15	149.62
72 WOOLEN TEXTILES	130.66	137.37	139.79	141.56
73 JUTE MANUFACTURES	123.27	123.97	128.60	132.09
74 MATTRESSES	134.33	135.78	140.61	141.72
75 READY MADE GARMENTS	114.62	116.07	118.87	118.87
76 UTENSILS	146.03	146.64	148.79	148.79
77 PLASTIC PRODUCTS	132.53	138.47	140.48	141.08
78 GLASS PRODUCTS	148.05	168.15	179.81	179.81
79 CHEMICALS	151.35	162.04	189.84	198.28
80 DYING MATERIALS	88.36	88.36	88.99	88.99
81 SOAPS	180.03	180.62	183.88	183.88
82 COSMETICS	117.54	119.58	121.91	123.62
83 DRUGS & MEDICINES	105.90	110.29	115.82	116.73
84 FERTILIZERS	298.47	291.55	297.34	304.86
85 PESTICIDES & INSECTICISED	139.17	146.74	148.35	149.39
86 MACHINERY	174.22	175.23	177.90	177.90
87 TRANSPORTS	124.01	124.15	129.05	129.05
88 TYRES	213.15	208.67	208.57	208.57
89 TUBES	187.00	184.79	187.73	187.73
90 AUDIO-VISUAL INSTRUMENTS	91.85	92.25	92.28	92.28
91 OTHER ELECTRICAL GOODS	123.50	130.55	131.27	131.27
92 CIGARETTES	171.57	171.57	197.49	197.49
93 PAPER	105.98	105.98	105.98	105.98
94 MATCHES	124.26	124.26	124.26	124.26
95 FOOT WEAR	177.36	177.36	192.15	192.15
<b>BUILDING MATERIAL</b>	<b>205.10</b>	<b>201.15</b>	<b>200.37</b>	<b>202.43</b>
96 CEMENT	146.06	141.82	124.02	124.02
97 BRICKS	227.00	232.92	246.93	248.68
98 CEMENT BLOCKS	166.63	166.63	170.83	170.83
99 TILES	99.17	99.67	99.67	99.67
100 IRON BARS & SHEETS	254.01	248.46	257.22	260.59
101 PIPE FITTINGS	178.13	180.51	185.05	185.05
102 TIMBER	203.48	209.88	208.88	208.88
103 GLASS SHEETS	164.77	168.78	177.94	177.94
104 PAINTS & VARNISHES	144.23	146.05	146.05	149.43
105 SANITARY WARES	143.85	145.77	162.20	162.20
106 WIRES AND CABLES	256.66	259.37	262.08	270.43

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

Period	CPI			WPI			SPI *
	Overall	Food	Non-food	Overall	Food	Non-food	
2004-05	121.98	125.69	119.47	124.14	125.03	123.50	126.52
2005-06	131.64	134.39	129.78	136.68	133.78	138.78	136.43
2006-07	141.87	148.21	137.59	146.18	145.67	146.53	149.29
2007-08	158.90	174.36	148.44	170.15	173.27	167.88	170.55
2008-09	191.90	215.69	175.82	201.10	213.54	192.04	209.29
2008 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

\*: all groups combined

**Table A12: International Commodity Prices/Indices**

	Current Prices	YoY Change		MoM Change	
	Mar-10	Feb-10	Mar-10	Feb-10	Mar-10
<b>Energy</b>					
Crude Oil (US\$ per barrel)*	79.3	79.1	68.9	-3.0	6.0
IMF Energy Index (2005 =100)	146.1	56.0	55.9	-2.9	5.0
WB Energy Index (1990=100) @	259.8	63.1	52.9	-3.1	0.2
<b>Food</b>					
Rice (\$/MT)	544.4	-7.8	-12.9	-2.2	-6.9
Wheat (\$/MT)	191.1	-13.5	-17.3	-3.4	-1.7
Sugar (US cent / pound)	19.3	95.0	49.0	-8.5	-25.8
Palm Oil (\$/MT)	793.9	42.5	42.5	1.7	5.2
Soybean Oil (\$/MT)	869.3	19.7	25.2	0.2	3.4
<b>Non-Food Non-Energy</b>					
Cotton Outlook 'A' Index #	85.8	45.0	66.6	3.4	7.2
IMF Metal Price Index (2005=100)	156.3	55.8	62.0	-5.6	7.1
Copper (\$/MT)	7,466.9	106.3	98.0	-6.8	8.7
Aluminum (\$/MT)	2,210.5	53.5	65.2	-7.9	7.7
Tin (\$/MT)	17,509.1	47.7	63.8	-7.7	7.1
Nickel (\$/MT)	22,467.2	83.1	131.4	3.6	17.9
Zinc (\$/MT)	2,277.3	93.1	86.2	-10.6	5.5
Lead (\$/MT)	2,162.7	93.3	73.5	-9.6	1.7
Uranium (\$/pound)	40.9	-10.5	-5.7	-4.0	-2.8
DAP (\$/MT)	476.3	33.3	29.5	14.7	-2.9
Urea (\$/MT)	278.8	5.6	5.0	4.7	-3.4

\$/MT = US\$ per metric tonne.

\* Crude Oil (petroleum), simple average of three spot prices; Dated Brent, West Texas Intermediate, and the # Middling 1-3/32 inch staple, Liverpool Index "A", average of the cheapest Cts/lb five of fourteen styles, CIF Liverpool (Cotton Outlook, Liverpool). From January 1968 to May 1981 strict middling 1-1/16 inch staple. Prior to 1968, Mexican 1-1/16. 2/

DAP: Diammonium Phosphate

@ World bank commodity index for low and middle income countries

**Source: IMF and World Bank.**

Figure A1: CPI Non-food Inflation (percent)

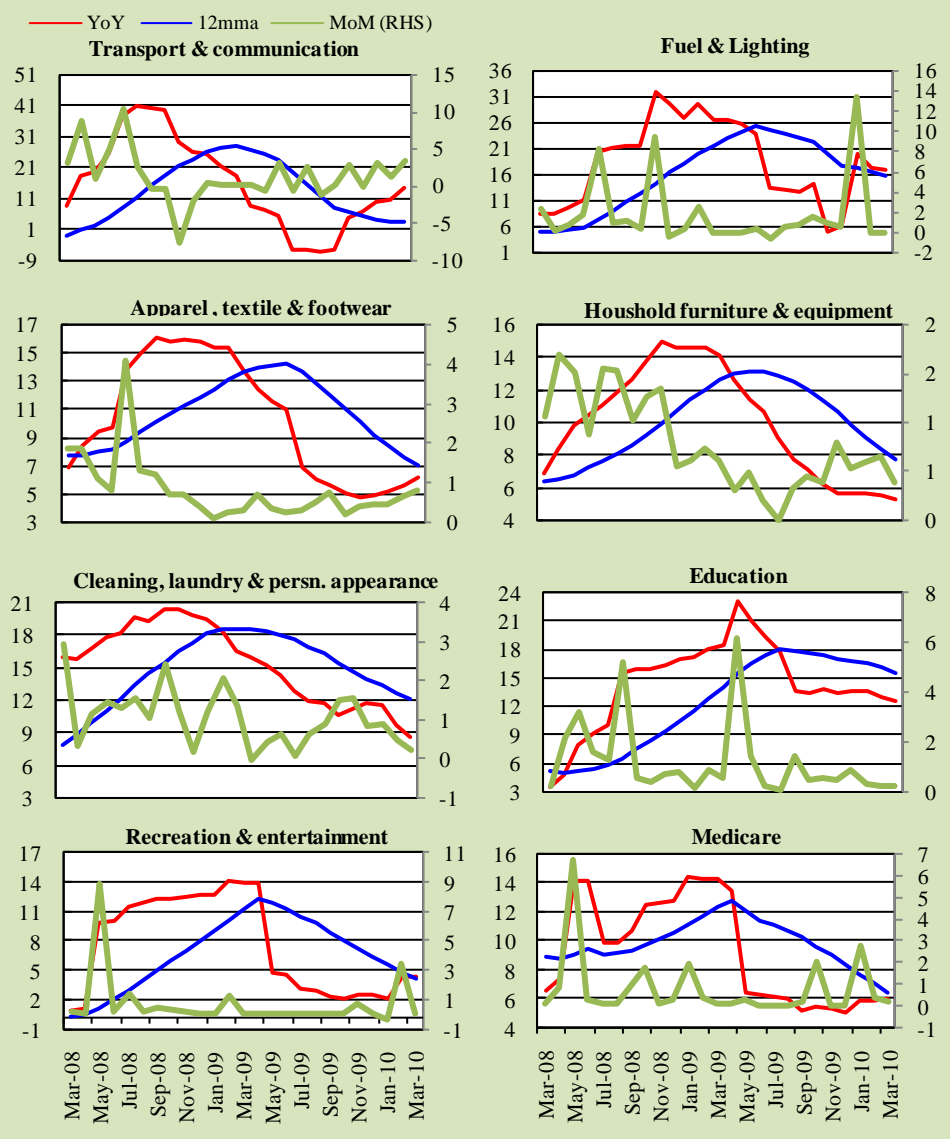


Figure A2: Frequency Distribution of Price Changes of CPI Items, March 2010

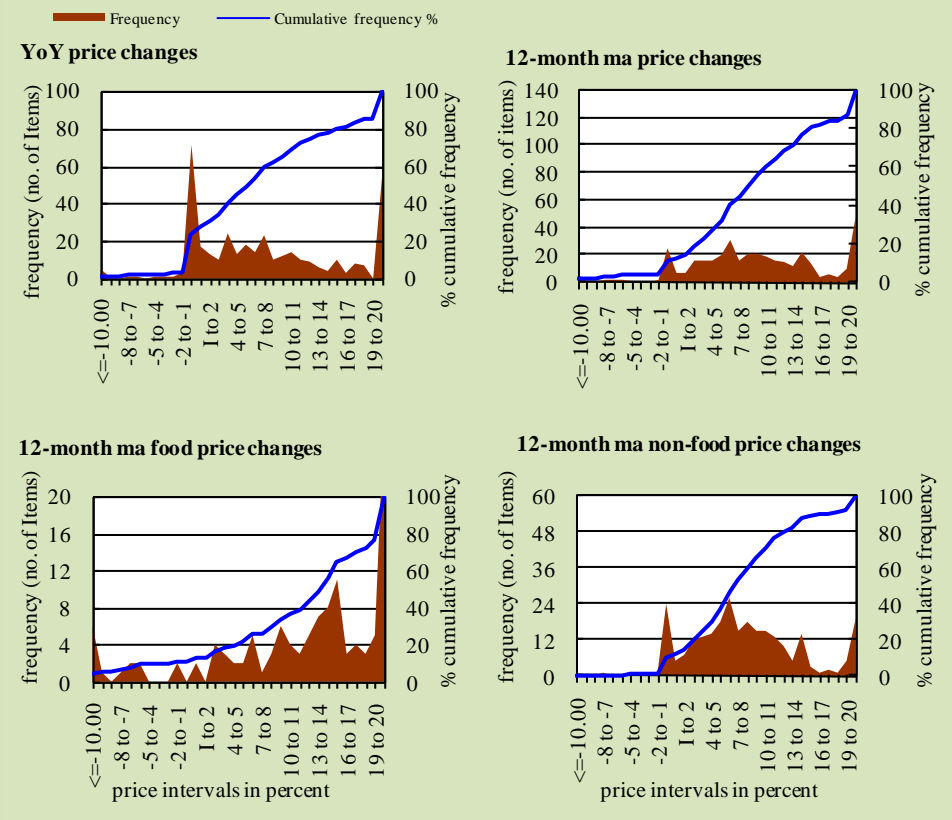
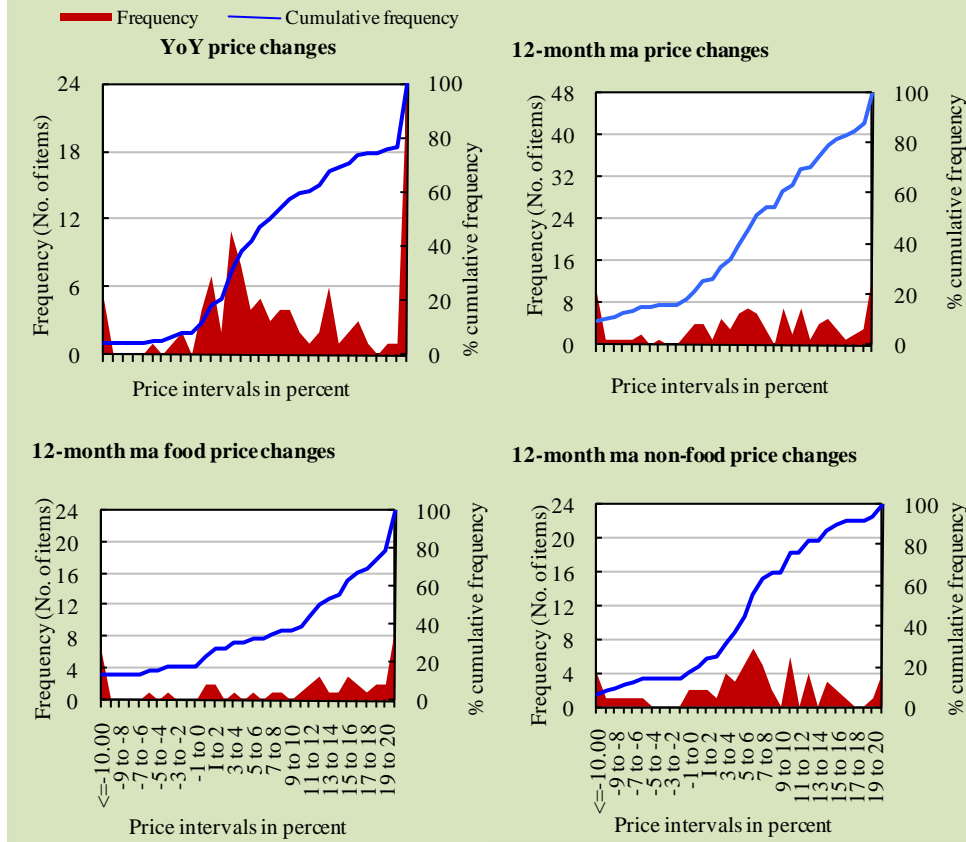




Figure A3: Frequency Distribution of Price Changes of WPI Items, March 2010



## **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