

Planning Commission
Ministry of Planning, Development & Special Initiatives
Economic Policy Wing
(Money, Prices & Fiscal Policy Section)

Consumer Price Index is considered the most common measure of general inflation.

It measures changes in the cost of buying included in the fixed basket of goods and services and generally indicates inflation rate in the country. The current CPI series cover 40 urban centres with 76 market in the country depending upon the size of the city and covers 487 items in the basket of goods and services. The markets have been chosen keeping in view the volume of sales, assuming that majority of the consumers buy goods from these markets. The basket of goods and services comprises of 12 major commodity groups

CPI Inflation General increased by 8.2% on year-on-year basis in August 2020 as compared to an increase of 9.3% in the previous month and 10.5% August 2019. On month-on-month basis, it increased by 0.6% in August 2020 as compared to an increase of 2.5% in the previous month and an increase of 1.6% in August 2019.

Sensitive Price Indicator (SPI) increased by 11.7% on YoY in August 2020 as compared to an increase of 13.7% a month earlier and an increase of 12.1% in August 2019. On MoM basis, it increased by 0.9% in August 2020 as compared to an increase of 3.0% a month earlier and an increase of 2.7% in August 2019.

Wholesale Price Index (WPI) increased by 3.3% on YoY basis in August 2020 as compared to an increase of 3.2% a month earlier and an increase of 14.1% in August 2019. WPI inflation on MoM basis increased by 1.3% in August 2020 as compared to a decrease of 5.4% a month earlier and an increase of 1.2% in August 2019.

CORE INFLATION ANALYSIS

- **Non-food non-energy Urban (NFNE) CPI** increased by 5.6% on (YoY) basis in August 2020 as compared to an increase of 5.3% in the previous month and 8.5% in August 2019. On (MoM) basis, it increased by 0.7% in August 2020 as compared to increase of 0.6% in previous month, and an increase of 0.4% in corresponding month of last year.

Overview (YoY)

- **CPI inflation General**, increased by 8.2% on year-on-year basis in August 2020 as compared to an increase of 9.3% in the previous month and 10.5% August 2019.
- **SPI inflation (YoY)** increased by 11.7% in August 2020 as compared to an increase of 13.7% a month earlier and an increase of 12.1% in August 2019. On MoM basis, it increased by 0.9% in August 2020.
- **WPI inflation (YoY)** increased by 3.3% in August 2020 as compared to an increase of 3.2% a month earlier and an increase of 14.1% in August 2019.
- **Urban CPI inflation** is increased by **0.81%** over July 2020 and increased by **7.14%** over corresponding month of the last year i.e. Aug 2019.
- **Rural CPI inflation** is increased by **0.35%** over July 2020 and increased by **9.86%** over corresponding month of the last year i.e. August 2019.
- **NFNE (Urban)** non-food non-energy Urban **CPI** increased by 5.6% on (YoY) basis in August 2020 as compared to an increase of 5.3% in the previous month and 8.5% in August 2019.
- **NFNE (Rural) CPI** increased by 7.6% on (YoY) basis in August 2020 as compared to an increase of 7.8% in the previous month and 8.8% in August 2019.

Period Average and YoY % Change

Non-food non-energy Rural CPI increased by 7.6% on (YoY) basis in August 2020 as compared to an increase of 7.8% in the previous month and 8.8% in August 2019. On (MoM) basis, it increased by 0.8% in August 2020 as compared to an increase of 1.1% in previous month, and an increase of 1.0% in corresponding month of last year

Index	Average July- August % changes			August over August % changes		
	2020-2021	2019-2020	2018-2019	2020	2019	2018
CPI (National)	8.74	9.44	6.42	8.21	10.49	6.17
CPI(Urban)	7.48	9.67	6.44	7.14	10.64	6.16
CPI(Rural)	10.71	9.07	6.39	9.86	10.27	6.20
SPI	12.72	10.49	3.56	11.73	12.09	2.91
WPI	3.24	13.67	16.52	3.26	14.06	16.72

The Urban Consumer Price Index of August 2020 increased by **0.81%** over July 2020 and

7.14% over corresponding month of the last year. Main contributing commodities prices which varied on month-on-month basis are given below:

Food Items

Increased: Sugar (13.53%), Wheat (11.95%), Onions (10.4%), Bakery and confectionary (6.65%), Potatoes (5.85%), Wheat flour (5.44%), Beans (5.01%), Milk fresh (4.79%), Spices (2.81%) Readymade food (2.22%) and Rice (0.31%).

Decreased: Chicken (36.45%), Tomatoes (31.83%), Fresh fruits (23.15%), Pulse moong (6.5%) vegetables (2.78%), Pulse mash (2.28%), Fish (1.87%), Gram whole (1.78%), Eggs (1.33%), Pulse gram (1.29%), Besan (1.21%), Pulse masoor (0.98%), Vegetable ghee (0.86%) and cooking oil (0.59%).

Non-food Items

Increased: Electricity charges (11.61%), Transport services (5.41%), Cleaning and laundering (4.47%), Motor fuel (3.34%), Construction wage rates (1.44%), Medical tests (1.29%), and household equipment (1.12%).

Decreased: Liquefied Hydrocarbons (0.68%).

The Rural Consumer Price Index of August 2020 increased by **0.35%** over July 2020 and **9.86%** over corresponding month of the last year. Top few commodities which recorded increase and decrease are given below:

Food Items

Increased: Sugar (13.31%), Wheat (7.89%), Wheat Flour (4.36%), Potatoes (3.73%), Sweetmeat (2.63%), Milk Fresh (1.79%), Rice (1.76%), Eggs (1.43%), Cigarettes(1.04%), Readymade Food (0.91%) and Meat (0.74%).

Decreased: Tomatoes (33.94%), Chicken (31.9%), Fresh fruits (25.42%), Pulse Moong (9.66%), Vegetables (8.66%), Pulse Mash (4.55%), Spices

(3.51%), Pulse Gram (3.41%), Gram Whole (2.47%), Besan (1.94%), Pulse Masoor (1.57%) and Onions (0.4%).

Non-food Items

Increased: Electricity Charges (11.61%), Motor Fuels (3.55%), Transport Services (3.17%), Furniture and Furnishing (1.82%) and Plastic Products (1.58%).

Decreased: Liquefied Hydrocarbons (0.18%).

GLOBAL COMMODITY PRICE TREND

In energy commodities, crude oil average price for August, 2020 increased from \$42.1/bbl to \$43.4/bbl. Natural Gas Index raised to \$ 46.7 index points in August, 2020 from \$34.8 index points in July, 2020.

In non-energy commodities, global average price of Tea increased from \$ 3.03 to \$ 3.16 per kg, Palm Oil increased from \$694 Mt to \$760 Mt, Wheat US HRW remained constant to \$198.4 Mt and Wheat US SRW decreased from \$212.7 Mt to \$ 205.1Mt, Sugar world price increased from \$0.27 to \$0.29 per kg, Cotton price increased from \$1.51 per kg to \$1.54per kg, global price of Chicken Meat fell from \$1.52 per kg to \$ 1.50 per kg; Beef Meat decreased from \$4.70 per kg to \$4.63per kg, and Gold increased from \$1,847 per toz to \$ 1,969 per toz (31.1g) for the month of August, 2020.

CONCLUSION

Consumer Price Inflation increased by 8.2% in August 2020 as compared to 9.3% of previous month and 10.5 % of august 2019. This was in line with market expectations as prices of perishable foods fell during the month. CPI inflation rural increased 9.9 percent on year on year basis in August compared to an increase of 11.6 percent in the previous month and 10.3 percent in August 2019. On month on month basis, it increased 0.4% in August 2020 as compared to an increase of 3 percent in previous month and an increase of 1.9 percent in August 2019. It is witnessed from global commodity prices that international food prices continued to remain fairly stable, however, international prices of oil tend to recover from recent lows and the USD/PKR exchange rate has been rising gradually and can push inflation on rising trajectory.