

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

Consumer Price Index Report, February 2021

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 covers 487 items in the basket of goods and services. The Urban CPI covers 35 cities and 356 consumer items. The Rural CPI covers 27 Rural Centres and 244 consumer items. In the new base year (2015-16) National CPI for 12 major groups is also computed by taking weighted average of Urban CPI and Rural CPI. 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. the urban share in CPI is 60%, whereas the rural share in index is 40%.

CPI Inflation General increased by **8.7%** on year-on-year basis in February 2021 as compared to an increase of 5.7% in the previous month and 12.4% in February 2020. On month-on-month basis, it increased by 1.8% in February 2021 as compared to a decrease of 0.2% in the previous month and a decrease of 1.0% in February 2020.

Sensitive Price Indicator (SPI) SPI inflation on YoY increased by **11.9%** in February 2021 as compared to an increase of 7.7% a month earlier and an increase of 14.5% in February 2020. On MoM basis, it increased by 3.1% in February 2021 as compared to a decrease of 0.8% a month earlier and a decrease of 0.8% in February 2020.

Wholesale Price Index (WPI) inflation on YoY basis increased by **9.5%** in February 2021 as compared to an increase of 6.4% a month earlier and an increase of 12.7% in February 2020. WPI inflation on MoM basis increased by 2.2% in February 2021 as compared to an increase of 2.5% a month earlier and a decrease of 0.7% during corresponding month i.e., February 2020. The margin difference between WPI and CPI has reduced which may be due to government consistent efforts to control hoardings.

CPI inflation Urban, increased by 8.6% on year-on-year basis in February 2021 as compared to an increase of 5.0% in the previous month and 11.2% in February 2020. On month-on-month basis, it decreased by 2.3% in February 2021 as compared to a decrease of 0.2% in the previous month and a decrease of 1.1% in February 2020.

CPI inflation Rural increased by 8.8% on year-on-year basis in February 2021 as compared to an increase of 6.6% in the previous month and 14.2% in February 2020. On month-on-month basis, it increased by 1.1% in February 2021 as compared to a decrease of 0.3% in the previous month and a decrease of 1.0% in February 2020.

Highlights

CPI Inflation General increased by **8.7%** on year-on-year basis in February 2021 as compared to an increase of 5.7% in the previous month and 12.4% in February 2020.

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CPI inflation Rural, increased by **8.8%** on year-on-year basis in February 2021 as compared to an increase of 6.6% in the previous month and 14.2% in February 2020

The National Consumer Price Index for February 2021 is increased by 1.80% over January 2021 and increased by 8.70% over corresponding month of the last year.

Core Inflation Non Food Non Energy (NFNE)

Non-food non-energy Urban CPI increased by 6.4% on YoY basis in February, 2021 as compared to an increase of 5.4% in the previous month and 8.0% in February, 2020. On MoM basis, it increased by 1.1% in February, 2021 as compared to increase of 0.9% in previous month, and an increase of 0.2% in corresponding month of last year i.e. February, 2020.

Non-food non-energy Rural CPI increased by 7.7% on YoY basis in February, 2021 as compared to an increase of 7.8% in the previous month and 9.4% in February, 2020. On MoM basis, it increased by 0.5% in February, 2021 as compared to an increase of 1.1% in previous month, and an increase of 0.5% in corresponding month of last year i.e. February, 2020.

Core inflation (Trimmed)

Measured by 20% weighted trimmed mean Urban increased by 7.9% on (YoY) basis in February,2021 as compared to 5.7% in the previous month and 9.7% in February, 2020. On MoM basis, it increased by 1.0% in February, 2021 as compared to an increase of 1.0% in the previous month and an increase of 0.1% in corresponding month of last year i.e. February, 2020, increase in electricity charges fuelled up core trimmed inflation. The increase in core inflation will leads to increase in policy rate which consequently decrease the private sector credit and impact on interest payments on government borrowings

Measured by 20% weighted trimmed mean Rural increased by 9.2% on YoY basis in February,2021 as compared to 8.1% in the previous month and 12.8% in February, 2020. On MoM basis, it increased by 0.5% in February, 2021 as compared to an increase of 1.2% in the previous month and an increase of 0.6% in corresponding month of last year. The ratio in increase in core inflation between rural and urban is more than the general CPI increase in both the areas mainly because of energy prices and normalization of prices of seasonal commodities due to better supply.

Period Average and Y-o-Y % Change

INDEX	Average July- February % changes			February over February % changes		
	2020-2021	2019-2020	2018-2019	2020-2021	2019-2020	2018-2019
CPI (National)	8.25	11.71	6.00	8.70	12.40	6.75
CPI(Urban)	7.18	11.32	6.39	8.60	11.21	7.23
CPI(Rural)	9.87	12.31	5.42	8.85	14.22	6.02
SPI	11.05	15.25	2.74	11.95	14.52	7.17
WPI	5.32	13.49	15.95	9.51	12.68	13.93

The Gap / difference between urban and rural CPI has declined. CPI rural inflation stood at 9.5% in December 2020, whereas Urban CPI stood at 7.0 % in the same month, reflecting a gap/difference of 2.5 bps. Similarly, in the month of January 2021 rural CPI was recorded 6.5% and Urban CPI increased by 5.0 showing gap/difference of 1.5bps. The month of February 21 witnessed almost equal number of increases in Urban and Rural CPI i.e., CPI rural 8.85% and CPI urban 8.6% showing gap/difference of 0.25% bps. The declining trend in CPI rural and CPI urban inflation indicates better supply chain, improved market accessibilities in rural areas.

The National Consumer Price Index for February 2021 is increased by 1.80% over January 2021 and increased by 8.70% over corresponding month of the last year i.e. February 2020. Food Inflation urban stood at 10.3% over corresponding month of last year, on MOM basis it increased by 1.3%. Food inflation rural was recorded at 9.1% on YOY basis, whereas it increased by 0.2% on MoM basis.

Consumer Price Index (National) by Group of Commodities and Services (Base 2015-16)

No	Group	Group Weight (%)	Indices			% Change Feb 2021 Over		Impact (In % points) Feb 2021 Over	
			Feb 2021	Jan 2021	Feb 2020	Jan 2021	Feb 2020	Jan 2021	Feb 2020
	General	100.00	143.09	140.56	131.64	1.80	8.70	1.80	8.70
1.	Food & Non-alcoholic Bev.	34.58	144.96	143.79	132.10	0.82	9.74	0.29	3.38
	<i>Non-perishable Food Items</i>	29.60	149.81	146.26	130.65	2.43	14.66	0.75	4.31
	<i>Perishable Food Items</i>	4.99	116.20	129.13	140.66	-10.01	-17.39	-0.46	-0.93
2.	Alcoholic Bev. & Tobacco	1.02	144.01	143.77	136.28	0.16	5.67	0.00	0.06
3.	Clothing & Footwear	8.60	145.49	142.14	130.68	2.36	11.34	0.21	0.97
4.	Housing, Water, Electricity, Gas & Fuels	23.63	142.85	136.89	129.11	4.35	10.64	1.00	2.47
5.	Furnishing & Household Equipment Maintenance	4.10	137.79	135.91	127.02	1.38	8.47	0.05	0.34
6.	Health	2.79	150.81	149.03	138.09	1.20	9.21	0.04	0.27
7.	Transport	5.91	144.19	141.48	145.60	1.92	-0.97	0.11	-0.06
8.	Communication	2.21	107.56	107.51	106.96	0.05	0.56	0.00	0.01
9.	Recreation & Culture	1.59	124.73	124.41	119.03	0.25	4.79	0.00	0.07
10.	Education	3.79	143.83	143.81	142.11	0.02	1.22	0.00	0.05
11.	Restaurants & Hotels	6.92	140.23	139.66	129.86	0.41	7.99	0.03	0.55
12.	Miscellaneous	4.87	150.88	148.93	134.42	1.31	12.24	0.07	0.61

The Urban Consumer Price Index of February 2021 increased by 2.27% over January 2021 and increased by 8.60% over corresponding month of the last year i.e. February 2020. Top few commodities which recorded price variation over last month are as follows:

Food Items

Prices Increased: : Chicken (37.01%), Cooking oil (11.92%), Fruits (9.26%), Vegetable ghee (9.03%), Condiments and Spices (5.50%), Pulse gram (4.48%), Mustard oil (3.80%), Pulse masoor (3.28%), Pulse mash (2.62%) and Rice (1.20%).

Prices Decreased:

Tomatoes (58.7%), Potatoes (12.92%), Eggs (10.38%), Onions (7.88%) and Vegetables (7.35%).

Non-food Items

Prices Increased: Liquefied Hydrocarbons (13.86%), Motor fuel (4.33%), Dental services (2.23%) and Personal Effects n.e.c.(1.74%).: Electricity charges (29.45%), Foot ware (14.66%), Ready-made garments (2.93%), Cotton cloth (2.52%), Hosiery (1.97%) and Motor fuel (1.64%).

Decrease: Liquefied Hydrocarbons (3.94%).

The Rural Consumer Price Index of February 2021 increased by 1.12% over January 2021 and increased by 8.85% over corresponding month of the last year. Top few commodities which recorded variation in prices against last month are as follows:

Food Items

Prices Increased: Chicken (31.54%), Fruits (9.92%), Vegetable ghee (7.05%), Cooking oil (5.58%), Mustard oil (3.76%), Pulse Gram (2.46%), Pulse Masoor (1.57%), Pulse Moong (1.18%), Rice (1.18%) and Pulse Mash (1.01%).

Decreased: : Tomatoes (56.33%), Eggs (18.41%), Potatoes (17.48%), Onions (8.30%), Vegetables (6.00%) and Wheat Flour (1.10%).

Non-food Items

Increased: Electricity Charges (29.45%), Motor Fuels (1.60%), Motor Vehicles (1.44%) and Drugs & Medicines (1.11%).

Decreased:

Liquefied Hydrocarbons (3.01%) and Construction Input Items (1.57%).

Position of Import of Food Group (July- January, 2021)							
Sr. No.	Commodities	Quantity (M.T)	Value (PKR Mln)	Quantity (M.T)	Value (PKR Mln)	change (%)	
		July-Jan 2021	July-Jan 2021	July-Jan 20	July-Jan20	Quantity	Value
1	Wheat	2,909,418	127,959	-	-	-	100.00
3	Spices	105,250	19,519	78,813	14,332	33.54	36.19
4	Palm Oil	1,931,478	222,827	1,760,657	156,225	9.70	42.63
2	Tea	152,362	54,850	115,415	42,950	32.01	27.71
6	Pulses	641,039	53,826	633,081	48,694	1.26	10.54
5	Sugar	278,482	20,599	3,744	290	7,338.09	7,003.10
Total Food Group			4,768,066		4,267,554	-	11.73

Source: Pakistan Bureau of Statistics)

The above table reveals that bill of food items increased by 11 % mainly due to increase in the prices of spices, palm oil and pulses in the international market.

Comparison of Wholesale and Consumer Prices [Province Average for February 2021]																			
S#	Item	Prices and Margins Comparison																	
		Islamabad			Punjab			Sindh			KPK			Balochistan			Pakistan		
		Wholesale	Retail	Margin%	Wholesale	Retail	Margin%	Wholesale	Retail	Margin%	Wholesale	Retail	Margin%	Wholesale	Retail	Margin%	Wholesale	Retail	Margin%
1	Tomatoes	19	49	154.6	23	36	55.6	13	24	85.2	25	13	-	26	37	44.4	20	33	68.7
2	Garlic	144	267	85.8	175	223	27.0	250	255	1.9	183	222	21.1	255	290	13.7	204	235	15.3
3	Apple	61	143	133.2	70	129	84.5	74	131	76.2	97	117	21.0	120	140	16.5	80	125	57.4
4	Onions	29	55	86.2	28	38	36.0	22	30	38.0	35	40	13.9	36	45	24.6	27	37	36.6
5	Banana	93	165	77.6	77	89	15.4	47	58	22.2	88	74	-	-	70	-	66	74	12.6
6	Masoor	137	178	29.6	134	160	19.5	129	146	12.6	135	155	14.8	156	165	5.7	133	157	17.8
7	Besan	127	164	29.6	126	147	16.0	126	150	19.1	145	152	4.6	156	175	12.2	130	151	15.9
8	Gram	132	172	29.9	129	141	10.0	124	146	18.1	134	140	4.4	162	170	4.9	130	146	12.6
9	Beef	492	558	13.5	431	469	8.8	466	462	-	387	400	3.5	470	485	3.2	438	457	4.5
10	Potatoes	-	53	-	-	39	-	19	29	55.8	-	42	-	26	37	42.7	20	36	80.2
11	Mash	205	277	35.2	233	258	10.8	217	243	11.6	245	246	0.6	262	270	3.0	229	251	9.2
12	Moong	195	258	32.1	202	230	14.0	216	243	12.7	201	212	5.3	262	270	3.0	212	236	11.4
13	Fish Rahu	142	367	157.5	203	306	50.5	269	354	31.2	210	269	28.1	-	490	-	224	324	44.3
14	Mutton	1044	1187	13.7	897	991	10.5	933	960	2.9	810	787	-	970	1097	13.1	903	958	6.0
15	Wheat Flo	43	43	1.7	46	52	12.1	62	63	2.5	60	63	5.3	66	66	-	54	58	7.5
16	Fresh Milk	107	120	12.0	81	96	18.6	98	110	12.8	104	110	6.2	110	120	9.1	90	103	14.2
17	Tea	213	230	8.1	211	230	8.9	216	230	6.5	215	230	7.0	205	230	12.2	212	230	8.3
18	Wheat	74	80	7.9	67	72	7.7	67	71	6.8	68	72	5.7	78	78	0.0	68	71	4.1
19	Eggs Farm	141	152	8.2	139	143	3.0	135	148	9.4	140	150	7.1	140	155	10.7	138	147	7.0
20	Sugar	92	98	5.8	90	94	4.3	88	92	5.0	90	94	4.1	90	95	6.0	89	94	4.8
21	MilkPak	146	160	9.9	149	160	7.7	146	157	7.7	150	155	3.3	-	160	-	148	159	7.4
22	Chicken	205	225	9.5	211	221	4.6	219	235	7.2	220	223	1.4	240	255	6.3	216	229	5.9
23	Wheat	840	864	2.9	850	892	5.0	1221	1139	-	860	990	15.1	1330	1330	-	1013	1031	1.7
24	Wheat (Av	607	580	-	569	581	2.2	552	554	0.4	562	564	0.4	-	610	-	562	582	3.5

The above table shows province wise margin comparison of wholesale and consumer prices, the comparison reveals frequent increasing gap in wholesale and retail price gap in most of the items as compared to last week. This merits proper attention and check and

control of provincial governments and administrative authorities.

Regional and Global Prices (Feb, 2021)				
Sr. No	Items	Prices in PKR		
		India	Iran	Pak
1	Wheat Flour	53.75	33.00	43.20
2	Rice	68.80	173.00	76.52
3	Cooking oil	249.40	167.00	299.00
4	Chicken Farm	Nil	333-467	230.00
5	Onions	107.50	47.00	53.94
6	Pulse Moong	232.20	Nil	260.59
7	Potatoes	30.10	40.00	52.90
8	Tomatoes	51.60	40.00	56.43
9	Sugar Refined	79.55	100.00	97.35

GLOBAL COMMODITY PRICE TREND

Global commodity prices continue to surge during the month of February 2021, in energy group Crude oil Brent price rose to \$/bb 62.0 in February, 21 against \$/bb 54.6 in January 21, natural gas index increased to 96.9% in February 21, against 73.0 in January 21, in non-energy commodities group global average price of Tea fall to \$ 2.58 per kg in February 21 from \$ 2.68 in January 2021, Palm Oil prices significantly surged to \$ 1,017 Mt in February,21 from \$ 990 Mt . in January 2021. Wheat US SRW increased to \$ 276.6Mt in February ,21 from \$ 276.Mt in January 21, Sugar world price increased to \$ 0.36 per kg in February 21, from \$ 0.34per kg in January, 21 (around Rs. 54.4 per Kg), Cotton price increased to \$ 2.05 per kg in February 21, from \$ 1.92per kg in January 2021, global price of Chicken Meat during February 21, remained constant at \$ 1.8per kg in February ,21(Rs. 288).

CONCLUSION

- Inflation rate for the month of February 2021, registered increase in the month of February by touching 8.7 per cent mainly due to lag effect of price increase in prices of energy and food commodities in the previous month. Meanwhile, the Sensitive Price Indicator (SPI), which gauges rates of kitchen items on weekly basis, increased by 11.9 %. Similarly, the wholesale price index (WPI) based inflation enhanced by 9. % in the period under review.
- MoM commodities which increased from previous month and contributed to WPI are poultry (39.64 %), fruits (16.03 %), furnace oil (10.82 %), vegetable oils refined (8.33 %), cereal flour (7.55 %), electrical energy (7.32 %), kerosene oil (6.71 %), spices (6.52 %), woven fabrics (5.45%), diesel (4.91 %), pulses (4.32 %), fertilizers (4.13 %), sugar (1.89 %) and motor spirit (1.73 %) on the other hand a decline was observed in the prices of potatoes (12.63 %), vegetables (9.2 %), eggs (6.72 %), maize (3.99 %), stimulant and spice crops (2.05 %), and steel bar and sheets (1.98 %).
- Similarly, international price hike of sugar put pressure on domestic prices. It is expected that rising international oil prices will lead to increase in domestic prices of

essential commodities. Price hike of chicken is caused by pressure on demand side due to wedding and winter season. A significant reduction is witnessed in prices of perishable food items like, tomatoes and potatoes, these items witnessed rise in prices during recent past due to seasonal effects. International Palm oil prices rose as much as 4.6% to hit a near one-month high on February 10,21, oil prices advanced to their highest in a span of thirteen months because of supply cuts by major producers increase in demand due to normalization of economic activities. The increasing import price has also affected domestic prices.