

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

Consumer Price Index Report, March 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 **9.1%** on year-on-year basis in March 2021 as compared to an increase of 8.7% in the previous month and 10.2% in March 2020. On month-on-month basis, it increased by 0.4% in March 2021 as compared to an increase of 1.8% in the previous month and an increase of 0.02% in March 2020. Increase in food commodities and energy prices mainly contributed to rise in CPI reading.

Sensitive Price Indicator (SPI) on YoY increased by **18.7%** in March 2021 as compared to an increase of 11.9% a month earlier and an increase of 11.8% in March 2020. On MoM basis, it increased by 5.7% in March 2021 as compared to an increase of 3.1% a month earlier and a decrease of 0.3% in March 2020.

Wholesale Price Inflation on YoY basis increased by 14.6% in March 2021 as compared to an increase of 9.5% a month earlier and an increase of 9.3% in March 2020. WPI inflation on MoM basis increased by 3.7% in March 2021 as compared to an increase of 2.2% a month earlier and a decrease of 0.9% in corresponding month.

CPI inflation Urban, increased by 8.7% on year-on-year basis in March 2021 as compared to an increase of 8.6% in the previous month and 9.3% in March 2020. On month-on-month basis, it increased by 0.3% in March 2021 as compared to an increase of 2.3% in the previous month and an increase of 0.1% in March 2020.

CPI inflation Rural increased by 9.5% on year-on-year basis in March 2021 as

Highlights

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compared to an increase of 8.8% in the previous month and 11.7% in March 2020. On month-on-month basis, it increased by 0.5% in March 2021 as compared to an increase of 1.1% in the previous month and a decrease of 0.1% in March 2020.

Core Inflation Non-Food Non-Energy (NFNE)

Non-food non-energy Urban CPI increased by 6.3% on (YoY) basis in March, 2021 as compared to an increase of 6.4% in the previous month and 7.4% in March, 2020. On (MoM) basis, it increased by 0.2% in March, 2021 as compared to increase of 1.1% in previous month, and an increase of 0.3% in corresponding month of last year.

Non-food non-energy Rural CPI increased by 7.3% on (YoY) basis in March, 2021 as compared to an increase of 7.7% in the previous month and 9.4% in March, 2020. On (MoM) basis, it increased by 0.3% in March, 2021 as compared to an increase of 0.5% in previous month, and an increase of 0.6% in corresponding month of last year.

Core inflation (Trimmed)

Measured by 20% weighted trimmed mean Urban increased by 8.1% on (YoY) basis in March, 2021 as compared to 7.9% in the previous month and 8.7% in March, 2020. On (MoM) basis, it increased by 0.4% in March, 2021 as compared to an increase of 1.0% in the previous month and an increase of 0.3% in corresponding month of last year i.e. March, 2020.

Measured by 20% weighted trimmed mean Rural increased by 9.4% on (YoY) basis in March, 2021 as compared to 9.2% in the previous month and by 11.4% in March, 2020. On (MoM) basis, it increased by 0.3% in March, 2021 as compared to an increase of 0.5% in the previous month and an increase of 0.1% in corresponding month of last year.

Period Average and Y-o-Y % Change

| INDEX | Average July- March | | | March over March | | |
|-----------------|---------------------|-----------|-----------|------------------|-----------|-----------|
| | % changes | | | % changes | | |
| | 2020-2021 | 2019-2020 | 2018-2019 | 2020-2021 | 2019-2020 | 2018-2019 |
| CPI | | | | | | |
| National | 8.34 | 11.53 | 6.31 | 9.05 | 10.24 | 8.64 |
| CPIUrban | 7.36 | 11.08 | 6.67 | 8.75 | 9.31 | 8.93 |
| CPIRural | 9.83 | 12.23 | 5.74 | 9.51 | 11.67 | 8.2 |
| SPI | 11.91 | 14.85 | 3.58 | 18.7 | 11.78 | 10.46 |
| WPI | 6.35 | 13.0 | 16.03 | 14.59 | 9.26 | 16.56 |

(Source: Pakistan Bureau of Statistics)

The Gap / difference between urban and rural CPI has been 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%. Similarly, in the month of January 2021 rural CPI was recorded 6.5% and Urban CPI increased by 5.0 showing gap/difference of 1.5%. 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%. During the month pf March 2021, CPI Urban recorded increase of 8.7% on year-on-year basis,

whereas CPI rural stood at 9.5% on year-on-year basis in March 2021, showing gap/difference of 0.8 during the period under review. %The declining trend in gap/difference in CPI rural and CPI urban inflation indicates better supply chain, improved market accessibilities in rural areas.

The National Consumer Price Index for March 2021 is increased by 0.36% over February 2021 and increased by 9.05% over corresponding month of the last year. The table given below shows that during the month of March 2021, non-perishable food Items prices increased by 17.03% over March 2020 and 1.55% over February 2021, however a decline of 17.34% in prices of non-perishable food items prices was recorded as compared to corresponding month of last year, due to decline in prices of onions, tomatoes, potatoes and garlic, whereas as compared to last month it recorded an increase of 1.55%.

| Consumer Price Index (National) by Group of Commodities and Services (Base 2015-16) | | | | | | | | | |
|---|--|------------------|----------|----------|----------|------------------------|----------|------------------------------------|----------|
| No | Group | Group Weight (%) | Indices | | | % Change Mar 2021 Over | | Impact (In % points) Mar 2021 Over | |
| | | | Mar 2021 | Feb 2021 | Mar 2020 | Feb 2021 | Mar 2020 | Feb 2021 | Mar 2020 |
| | General | 100.00 | 143.61 | 143.09 | 131.69 | 0.36 | 9.05 | 0.36 | 9.05 |
| 1. | Food & Non-alcoholic Bev. | 34.58 | 147.49 | 144.96 | 132.18 | 1.75 | 11.58 | 0.61 | 4.02 |
| | <i>Non-perishable Food Items</i> | 29.60 | 152.12 | 149.81 | 129.99 | 1.55 | 17.03 | 0.48 | 4.97 |
| | <i>Perishable Food Items</i> | 4.99 | 120.02 | 116.20 | 145.20 | 3.29 | -17.34 | 0.13 | -0.95 |
| 2. | Alcoholic Bev. & Tobacco | 1.02 | 144.48 | 144.01 | 136.40 | 0.33 | 5.92 | 0.00 | 0.06 |
| 3. | Clothing & Footwear | 8.60 | 146.94 | 145.49 | 132.72 | 1.00 | 10.72 | 0.09 | 0.93 |
| 4. | Housing, Water, Electricity, Gas & Fuels | 23.63 | 140.48 | 142.85 | 129.17 | -1.65 | 8.76 | -0.39 | 2.03 |
| 5. | Furnishing & Household Equipment Maintenance | 4.10 | 139.20 | 137.79 | 127.88 | 1.02 | 8.85 | 0.04 | 0.35 |
| 6. | Health | 2.79 | 151.85 | 150.81 | 139.55 | 0.69 | 8.81 | 0.02 | 0.26 |
| 7. | Transport | 5.91 | 143.25 | 144.19 | 139.18 | -0.65 | 2.92 | -0.04 | 0.18 |
| 8. | Communication | 2.21 | 107.57 | 107.56 | 106.96 | 0.01 | 0.57 | 0.00 | 0.01 |
| 9. | Recreation & Culture | 1.59 | 125.06 | 124.73 | 119.54 | 0.27 | 4.62 | 0.00 | 0.07 |
| 10. | Education | 3.79 | 143.83 | 143.83 | 142.40 | 0.00 | 1.01 | 0.00 | 0.04 |
| 11. | Restaurants & Hotels | 6.92 | 141.25 | 140.23 | 130.63 | 0.73 | 8.13 | 0.05 | 0.56 |
| 12. | Miscellaneous | 4.87 | 150.17 | 150.88 | 135.75 | -0.47 | 10.62 | -0.02 | 0.53 |

(Source: Pakistan Bureau of Statistics)

The Urban Consumer Price Index of March 2021 is increased by 0.27% over February 2021 and increased by 8.75% over corresponding month of the last year i.e. March 2020. Top commodities which recorded price variation over corresponding month of last year are as follows:

Food Items

Prices Increased: Eggs (64.62%), Chicken (40.73%), Wheat (35.17%), Condiments & Spices (28.65%), Sugar (23.47%), Mustard oil (22.94%), Pulse mash (19.53%), Wheat flour (18.94%), Vegetable ghee (17.46%), Beans (16.20%) and Cooking oil (15.25%).

Prices Decreased: Onions (49.20%), Vegetables (17.29%), Potatoes (5.80%) and Tomatoes (3.79%).

Non-food Items

Prices Increased: Liquified 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%).

Decreased: Liquefied Hydrocarbons (11.01%).

The Rural Consumer Price Index of March 2021 is increased by 0.51% over February 2021 and increased by 9.51% over corresponding month of the last year i.e. March 2020. Food Items which prices recorded variation over corresponding month are as under:

Food Items

Prices Increased: Eggs (61.29%), Chicken (50.10%), Wheat (32.53%), Condiments & Spices (23.33%), Sugar(22.66%), Mustard oil (21.73%), Wheat Flour (20.75%), Cooking oil (20.49%), Vegetable ghee (18.78%),Pulse Masoor (15.94%), Pulse Mash (15.03%) and Rice (14.18%).

Decreased: Onions (50.49%), Vegetables (22.02%), Potatoes (6.25%), Tomatoes (3.00%) and Fruits (2.83%).

Non-food Items

Prices Increased: Electricity Charges (31.54%), Clinic Fee (16.02%), Hosiery (15.64%), Plastic Products (14.24%), Woolen Cloth (13.15%), Cotton Cloth (11.84%) and Woolen Readymade Garments (10.01%).

Decreased: Liquefied Hydrocarbons (8.84%).

Position of Import of Food Group (February, 2021)

| Position of Import of Food Group (February, 2021) | | | | | | |
|--|-------------|----------------|-----------------|----------------|-----------------|---------------|
| Sr. No. | Commodities | Quantity (M.T) | Value (PKR Mln) | Quantity (M.T) | Value (PKR Mln) | YoY Change(%) |
| | | Feb-21 | Feb-21 | Feb-20 | Feb-20 | (Value) |
| 1 | Wheat | 418,699 | 19,304 | - | - | 100.00 |
| 2 | Spices | 15,000 | 2,969 | 11,372 | 2,111 | 40.64 |
| 3 | Palm Oil | 235,764 | 34,619 | 251,501 | 27,993 | 23.67 |
| 4 | Sugar | 251 | 36 | 614 | 45 | (20.00) |
| 5 | Tea | 19,108 | 6,870 | 19,188 | 7,595 | (9.55) |
| 6 | Pulses | 79,210 | 7,582 | 129,273 | 9,740 | (22.16) |

(Source: Pakistan Bureau of Statistics)

The table given above shows that an increase in import of essential commodities of food group has been witnessed during the month of February 2021. There is a 100% increase in value in import of wheat due to shortage and hoarding in domestic markets. However, palm

oil imports in terms of value also registered increase of 23.67% over last year mainly because of rising international prices which put pressure on domestic prices. It is also worth mentioning that sugar import decreased during the month of February, 2021 despite rise in domestic prices because a large quantity of sugar (24,683 M.T) was imported during December 2020.

| Comparison of Wholesale and Consumer Prices [Province Average for March 2021] | | | | | | | | | | | | | | | | | | | |
|---|------------|-----------|--------|--------|--------|--------|--------|-----------|--------|--------|-----------|--------|--------|-------------|--------|--------|-----------|--------|--------|
| S # | Item | Islamabad | | | Punjab | | | Sindh | | | KPK | | | Balochistan | | | Pakistan | | |
| | | Wholesale | Retail | Margin | Wholes | Retail | Margin | Wholesale | Retail | Margin | Wholesale | Retail | Margin | Wholesale | Retail | Margin | Wholesale | Retail | Margin |
| 1 | Tomatoes | 29 | 50 | 72.8 | 30 | 48 | 62.1 | 18 | 22 | 18.7 | 30 | 18 | - | 26 | 35 | 34.0 | 26 | 36 | 41.5 |
| 2 | Garlic | 138 | 251 | 81.6 | 137 | 195 | 41.9 | 98 | 205 | 108.1 | 160 | 231 | 44.2 | 250 | 270 | 8.0 | 135 | 211 | 55.9 |
| 3 | Apple | 62 | 143 | 130.1 | 73 | 133 | 80.7 | 82 | 131 | 59.5 | 97 | 120 | 24.6 | 120 | 140 | 16.5 | 84 | 132 | 56.0 |
| 4 | Onions | 28 | 56 | 101.1 | 28 | 37 | 33.1 | 21 | 30 | 42.9 | 35 | 42 | 19.7 | 36 | 45 | 24.6 | 27 | 37 | 37.4 |
| 5 | Banana | 88 | 174 | 96.9 | 85 | 104 | 23.3 | 51 | 67 | 30.2 | 77 | 87 | 13.9 | - | 70 | - | 71 | 87 | 21.7 |
| 6 | Masoor | 137 | 180 | 30.8 | 135 | 160 | 18.6 | 130 | 150 | 15.3 | 135 | 155 | 14.8 | 162 | 170 | 4.9 | 135 | 158 | 17.0 |
| 7 | Besan | 130 | 173 | 33.7 | 133 | 152 | 14.2 | 139 | 156 | 12.5 | 145 | 152 | 4.6 | 156 | 175 | 12.2 | 137 | 154 | 11.7 |
| 8 | Gram | 137 | 175 | 27.8 | 132 | 149 | 12.7 | 132 | 155 | 18.1 | 139 | 153 | 10.3 | 166 | 175 | 5.4 | 134 | 152 | 13.2 |
| 9 | Beef | 508 | 580 | 14.2 | 434 | 478 | 10.1 | 481 | 475 | - | 387 | 407 | 5.2 | 470 | 485 | 3.2 | 442 | 465 | 5.1 |
| 10 | Potatoes | - | 58 | - | - | 40 | - | 21 | 32 | 53.6 | - | 40 | - | 26 | 35 | 34.0 | 22 | 39 | 80.5 |
| 11 | Mash | 210 | 283 | 35.0 | 235 | 268 | 13.7 | 227 | 246 | 8.6 | 245 | 263 | 7.4 | 266 | 275 | 3.4 | 238 | 257 | 8.4 |
| 12 | Moong | 195 | 262 | 34.2 | 195 | 232 | 19.0 | 219 | 246 | 12.3 | 201 | 217 | 7.8 | 266 | 275 | 3.4 | 210 | 238 | 13.5 |
| 13 | Fish Rahu | 137 | 341 | 149.8 | 202 | 300 | 48.2 | 267 | 349 | 30.4 | 210 | 268 | 27.5 | - | 490 | - | 223 | 322 | 44.2 |
| 14 | Mutton | 1058 | 1204 | 13.7 | 900 | 1006 | 11.7 | 982 | 1001 | 2.0 | 810 | 787 | - | 970 | 1097 | 13.1 | 916 | 974 | 6.3 |
| 15 | Wheat Flc | 43 | 43 | 1.7 | 46 | 53 | 15.0 | 62 | 65 | 5.6 | 60 | 62 | 3.5 | 67 | 67 | 0.0 | 54 | 59 | 9.8 |
| 16 | Fresh Milk | 107 | 127 | 18.2 | 81 | 95 | 18.1 | 101 | 112 | 10.5 | 104 | 110 | 6.2 | 110 | 120 | 9.1 | 91 | 104 | 14.1 |
| 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 |
| 19 | Eggs Farm | 143 | 170 | 19.1 | 151 | 170 | 12.6 | 155 | 167 | 7.8 | 170 | 180 | 5.9 | 170 | 185 | 8.8 | 156 | 168 | 8.1 |
| 20 | Sugar | 95 | 101 | 6.1 | 94 | 98 | 3.9 | 93 | 98 | 4.9 | 94 | 100 | 5.9 | 95 | 100 | 5.3 | 94 | 99 | 4.8 |
| 21 | MilkPak | 146 | 160 | 9.9 | 149 | 160 | 7.7 | 150 | 157 | 5.2 | 150 | 155 | 3.3 | - | 160 | - | 149 | 159 | 6.7 |
| 22 | Chicken Fc | 220 | 240 | 9.2 | 208 | 224 | 7.5 | 249 | 261 | 5.1 | 215 | 244 | 13.5 | 290 | 305 | 5.2 | 228 | 247 | 8.3 |
| 23 | Wheat Flc | 840 | 864 | 2.9 | 850 | 892 | 5.0 | 1243 | 1197 | - | 860 | 970 | 12.8 | 1350 | 1350 | 0.0 | 1022 | 1040 | 1.8 |
| 24 | Wheat, (Av | 600 | 580 | - | 570 | 580 | 1.7 | 544 | 553 | 1.6 | 568 | 573 | 0.8 | - | 610 | - | 561 | 584 | 4.1 |

(Source: Pakistan Bureau of Statistics)

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. There is a dire need that administrative authorities in provinces take stern steps to control hoarding and black-marketing of essential food items.

GLOBAL COMMODITY PRICE TREND

Global commodity prices continue to surge during the month of March 2021, in energy group Crude oil Brent price rose to \$/bb 65.2 in March, 21 against \$/bb 62.0 in February 2021, natural gas index dropped to 67.0% in March 21, against 97.5% in February 21, in non-energy commodities group global average price of Tea fall to \$ 2.45 per kg in March 21 from \$ 2.56 in February 2021, Palm Oil prices surged to \$ 1,031 Mt in March,21 from \$ 1,020 Mt in February 2021. Wheat US SRW decreased to \$ 272.6 Mt in March ,21 from \$ 276.6 in February 21, Sugar world price decreased to \$ 0.34 per kg in March 21, from \$ 0.36 per kg in February, 21 (around Rs. 51.81 per Kg), Cotton price decreased to \$ 2.02per kg in March 21, from \$ 2.05 kg in February 2021, global price of Chicken Meat during March 21, increased to \$ 1.89 per kg from \$1.81 per kg in February 21(Rs. 288.41).

CONCLUSION

Inflation rate for the month of March 2021, registered increase by touching 9.1 per cent mainly due to lag effect of price increase in prices of electricity and food commodities in the previous month. Meanwhile, the Sensitive Price Indicator (SPI), which gauges rates of kitchen items on weekly basis, increased by 18.7%. Similarly, the wholesale price index (WPI) based inflation enhanced by 14.6% in the period under review. Increase in prices of kitchen items as well as energy prices pushed up inflation during the month of March 2021. The break-up of inflation of 9.1 percent in March 2021 showed that food and non-alcoholic beverages prices increased by 11.58 percent. Similarly, health and education charges went up by 8.81 percent and 1.01 percent, respectively. Similarly, prices of utilities (housing, water, electricity, gas and fuel) increased by 8.76 percent in the last month. Meanwhile, the prices of alcoholic beverages and tobacco went up by around 5.92 percent. Prices of clothing and footwear increased by 10.72 percent and furnishing and household equipment maintenance charges 8.85 percent. Recreational charges and those related to culture went up by 4.62 percent in the period under review, while amounts charged by restaurants and hotels by 8.13 percent in March 2021 as compared to the same month last year. In urban areas, the food items which saw their price increased during March 2021 over February this year included: eggs (12.96 percent), fruits (10 percent), potatoes (9.54 percent), chicken (6.58 percent), sugar (4.82 percent), tomatoes (4.67 percent), pulse mash (4.57 percent), pulse gram (4.39 percent), rice (1.61 percent) and wheat flour (1.46 percent). Meanwhile, prices of the following commodities prices decreased including onions (2.37 percent), dry fruits (2.19 percent), fish (1.78 percent) and vegetables (1.48 percent). It is expected that with the arrival of new crop of wheat in the month of April, the supply will improve thus pressure on supply side will reduce and prices will stabilise. Moreover, surge in international prices of crude oil, palm oil also exert pressure on domestic prices.