

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

Consumer Price Index Report, May, 2021

Consumer Price Index is considered the most common measure of general inflation. It measures changes in the cost of buying of the fixed basket of goods and services and generally indicates inflation rate in the country. In the new base year (2015-16) National CPI for 12 major commodity groups is also computed by taking weighted average of Urban CPI and Rural CPI. The basket of goods and services comprises of 12 major commodity groups. Urban CPI covers 35 cities and 356 consumer items. The Rural CPI covers 27 Rural Centres and 244 consumer items. The number of markets have been chosen keeping in view the volume of sales, assuming that majority of the consumers buy goods from these markets. The urban share in CPI is 60%, whereas the rural share in index is 40%.

Sensitive Price Indicator (SPI) on YoY increased by 19.7% in May 2021 as compared to an increase of 21.3% a month earlier and an increase of 11.0% in May 2020. On MoM basis, it increased by 0.8% in May 2021 as compared to an increase of 0.4% a month earlier and an increase of 2.2% in May 2020.

Wholesale Price Inflation on YoY basis increased by 19.4% in May 2021 as compared to an increase of 16.6% a month earlier and an increase of 1.5% in May 2020. WPI inflation on MoM basis increased by 0.3% in May 2021 as compared to a decrease of 0.4% a month earlier and a decrease of 2.1% in corresponding month of last year.

Core Inflation Non-Food Non-Energy (NFNE)

Non-food non-energy Urban CPI increased by **6.8%** on (YoY) basis in May, 2021 as compared to an increase of 7.0% in the previous month and 6.3% in May, 2020. On (MoM) basis, it increased by 0.2% in May, 2021 as compared

Highlights

CPI Inflation General increased by 10.9% on year-on-year basis in May 2021 as compared to an increase of 11.1% in the previous month and 8.2% in May 2020. On month-on-month basis, it increased by 0.1% in May 2021 as compared to an increase of 1.0% in the previous month and an increase of 0.3% in May 2020.

CPI inflation Urban, increased by 10.8% on year-on-year basis in May 2021 as compared to an increase of 11.0% in the previous month and 7.3% in May 2020. On month-on-month basis, it increased by 0.2% in May 2021 as compared to an increase of 1.3% in the previous month and a increase of 0.3% in May 2020.

CPI inflation Rural increased by 10.9% on year-on-year basis in May 2021 as compared to an increase of 11.3% in the previous month and 9.7% in May 2020. On month-on-month basis, it decreased by 0.03% in May 2021 as compared to an increase of 0.6% in the previous month and an increase of 0.3% in May

to increase of 0.9% in previous month, and an increase of 0.4% in corresponding month of last year.

Non-food non-energy Rural CPI increased by **7.6%** on (YoY) basis in May, 2021 as compared to an increase of 7.7% in the previous month and 8.4% in May, 2020. On (MoM) basis, it increased by 0.3% in May, 2021 as compared to an increase of 0.7% in previous month, and an increase of 0.4% in corresponding month of last year i.e. May, 2020

Core inflation (Trimmed)

Measured by 20% weighted trimmed mean Urban increased by **10.0%** on (YoY) basis in May, 2021 as compared to 9.8% in the previous month and 6.7% in May, 2020. On (MoM) basis, it increased by 0.2% in May, 2021 as compared to an increase of 0.6% in the previous month and a decrease of 0.4% in corresponding month of last year.

Measured by 20% weighted trimmed mean Rural increased by **10.3%** on (YoY) basis in May, 2021 as compared to 10.6% in the previous month and by 8.9% in May, 2020. On (MoM) basis, it increased by 0.4% in May, 2021 as compared to an increase of 0.2% in the previous month and an increase of 0.5% in corresponding month of last year.

Period Average and Y-o-Y % Change

INDEX	Average July- May % changes			May over May % changes		
	2020-2021	2019-2020	2018-2019	2020-2021	2019-2020	2018-2019
CPI (National)	8.83	10.94	6.69	10.87	8.22	8.42
CPI(Urban)	8.00	10.41	7.00	10.84	7.27	8.51
CPI(Rural)	10.07	11.77	6.19	10.91	9.69	8.27
SPI	13.49	13.95	4.73	19.72	10.99	9.90
WPI	8.41	11.13	16.18	19.39	1.50	16.49

The National Consumer Price Index for May 2021 is increased by **0.10%** over April 2021 and increased by 10.87% over corresponding month of the last year i.e., May 2020. The table given below shows that during the month of May 2021, non-perishable food items prices increased by 18.15% over May 2020 and 2.15% over April 2021, however a decline of 3.87% in prices of perishable food items prices was recorded as compared to corresponding month of last year.

The Urban Consumer Price Index of May 2021 Urban Consumer Price Index of May 2021 is increased by **0.19%** over April 2021 and increased by 10.84% over corresponding month of the last year i.e. May 2020. Top few commodities which recorded price variation as compared to corresponding month of last year are as follows:

Sr no.	Food Items	Price Increased (YOY%)	Food Items	Price Decreased (YOY%)
1.	Chicken	59.57%	Onions	31.52%
2.	Eggs	54.96%	Pulse Moong	17.22%
3.	Wheat Flour	28.54	Potatoes	15.59%
4.	Vegetable Ghee	22.1%	Pulse Masoor	7.09%
5.	Sugar	21.62%	Besan	1.92%

Non-food items in urban consumer price index whose price witnessed increase and decrease over corresponding year of last year are given in table below;

Sr.no		Non-Food Items		Sr.no.			Price Decreased (YOY%)				
Table 1: Consumer Price Index (National) by Group of Commodities							and Services (Base 2015-16)				
1		Motor Fuel		25.43%			31.52%				
No	2.	Electricity Charges Group	Group Weight (%)	Indices			% Change May 2021 Over		Impact (In % points) May 2021 Over		
				May 2021	Apr 2021	May 2020	Apr 2021	May 2020	Apr 2021	May 2020	
	3.	Footwear									
	General	4.	Drugs & Medicine	100.00	145.24	145.09	131.01	0.10	10.87	0.10	10.87
1.		Food & Non-alcoholic Bev.	34.58	151.72	150.70	132.13	0.67	14.83	0.24	5.17	
		Non-perishable Food Items	29.60	154.90	151.63	131.11	2.15	18.15	0.67	5.38	
		Perishable Food Items	4.99	132.81	145.16	138.16	-8.51	-3.87	-0.42	-0.20	
2.		Alcoholic Bev. & Tobacco	1.62	144.50	144.28	137.65	0.15	4.97	0.06	0.05	
3.		Clothing & Footwear	8.60	148.91	148.48	134.58	0.28	10.64	0.03	0.94	
4.		Housing, Water, Electricity, Gas & Fuels	23.63	139.49	141.20	128.63	-1.21	8.44	-0.28	1.96	
5.		Furnishing & Household Equipment Maintenance	4.10	141.13	140.39	128.74	0.53	9.62	0.02	0.39	
6.		Health	2.79	153.03	152.61	140.36	0.27	9.03	0.01	0.27	
7.		Transport	5.91	141.62	141.52	124.27	0.08	13.96	0.00	0.78	
8.		Communication	2.21	108.61	108.61	106.96	0.00	1.55	0.00	0.03	
9.		Recreation & Culture	1.59	125.67	125.17	119.85	0.40	4.86	0.01	0.07	

The Rural Consumer Price Index of May 2021 is decreased by 0.03% over April 2021 and increased by 10.91% over corresponding month of the last year i.e. May 2020.

Position of Import of Food Group (April, 2021)

Position of Import of Food Group (April, 2021)						
Sr. No.	Commodities	Quantity (M.T)	Value (PKR Mln)	Quantity (M.T)	Value (PKR Mln)	YoY Change(%)
		Apr-21	Apr-21	Apr-20	Apr-20	(Value in Rupees)
1	Wheat	-	-	-	-	-
2	Spices	14,881	3,736	11,193	2,848	31.18
3	Palm Oil	275,371	43,055	266,216	31,208	37.96
4	Sugar	773	71	1,115	92	(22.83)
5	Tea	22,779	8,095	21,698	8,740	(7.38)
6	Pulses	155,747	14,624	118,808	10,340	41.43

The table given above shows that an increase in import of essential commodities of food group has been witnessed during the month of April 2021. Palm oil imports in terms of value also registered increase of 37.96% over last year mainly because of rising international prices which put pressure on domestic prices. It is also worth mentioning that sugar and tea import decreased during the month of April, 2021, however, an increase of 41.43% is witnessed in import value of pulses.

Global Commodity Price Trend

Months	Sugar (\$/mt)	Palm Oil (\$/mt)	Soyabea n oil (\$/mt)	Crude oil (\$/Brl)	Wheat (\$/mt)	Rice (\$/mt)	Tea (\$/mt)
May-20	240	574	684	31	209.9	492.9	2510
Jun-20	270	652	752	39.9	200.5	494.1	2840
Jul-20	270	694	821	42.8	212.7	459.7	3030
Aug-20	290	760	867	44.3	208.9	480.9	3150
Sep-20	280	796	906	41.1	219.7	483	3080
Oct-20	300	819	915	40.5	245.2	454.5	3000
Nov-20	310	918	974	43.2	247.9	468.5	2800
Dec-20	310	1016	1026	49.9	251.2	496.6	2650
Jan-21	340	990	1101	54.6	276.4	517.8	2680
Feb-21	360	1020	1121	62	276.6	531	2560
Mar-21	340	1031	1170	65.2	272.6	504.1	2430
Apr-21	360	1078	1202	64.8	281.4	477.4	2640
May-21	380	1163	1499	68	271	462.8	2720
% Change							
May-21/ May-20	58.3	102.6	119.2	119.4	29.1	-6.1	8.4
May-21/ Apr-21	5.6	7.9	23.5	4.9	-3.7	-3.1	1.9

CONCLUSION

Inflation rate for the month of May 2021, registered increase by touching 10.9 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 19.7%. Similarly, the wholesale price index (WPI) based inflation enhanced by 19.4% in the period under review. Increase in prices of kitchen items as well as energy prices pushed up inflation during the month of May 2021. The break-up of inflation of 10.9 percent in May 2021 showed that food and non-alcoholic beverages prices increased by 14.83 percent. Similarly, health charges went up by 9.03 percent and. Similarly, prices of utilities (housing, water, electricity, gas and fuel) increased by 8.44 percent in the last month. Prices of clothing and footwear increased by 10.64 percent and furnishing and household equipment maintenance charges 9.62 percent. Average prices for the clothing and footwear group rose 10.6% in May 2021. Prices related to transportation rose 13.9% due to higher fuel cost.

During the month of May, prices remained significantly high in both rural areas and the cities, although the pace of increase was slower than the preceding month but still in double digits. The inflation rate in urban areas increased to **10.8%** in May and in rural areas to **10.9%**. During the month of May 2021, chicken registered higher price surge 16.87% as compared to last month, due to outbreak of Ranikhet disease, similarly

increase in international palm oil prices continued to exert pressure on domestic edible oil prices

The government is taking effective measures to improve the functioning of domestic food markets and the assuring of sufficient supply chain to anchor inflation and provide relief to masses. However, to mitigate inflation it is important that measures may be taken to focus on price control instead of price monitoring by involving respective institutions i.e., industries, commerce, agriculture and competition commission.