

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

Consumer Price Index Report, July, 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 has been chosen keeping in view the volume of sales, assuming that majority of the consumers buy goods from

Highlights

i. CPI Inflation General increased by 8.4% on year-on-year basis in July 2021 as compared to an increase of 9.7% in the previous month and 9.3% in July 2020. On month-on-month basis, it increased by 1.3% in July 2021 as compared to a decrease of 0.2% in the previous month and an increase of 2.5% in July 2020.

ii. CPI inflation Urban, increased by 8.7% on year-on-year basis in July 2021 as compared to an increase of 9.7% in the previous month and 7.8% in July 2020. On month-on-month basis, it increased by 1.29% in July 2021 as compared to a decrease of 0.4% in the previous month and an increase of 2.2% in July 2020.

iii. CPI inflation Rural increased by 8.0% on year-on-year basis in July 2021 as compared to an increase of 9.7% in the previous month and 11.6% in July 2020. On month-on-month basis, it increased by 1.4% in July 2021 as compared to a decrease of 0.06% in the previous month and an increase of 3.0% in July 2020.

iv. Sensitive Price Indicator Inflation on YoY increased by 16.2% in July 2021 as compared to an increase of 17.6% a month earlier and an increase of 13.7% in July 2020. On MoM basis, it increased by 1.8% in July 2021 as compared to a decrease of 0.4% a month earlier and an increase of 3.0% in July 2020.

v. Wholesale Price Inflation on YoY basis increased by 17.3% in July 2021 as compared to an increase of 20.9% a month earlier and an increase of 3.2% in July 2020. WPI inflation on MoM basis increased by 2.3% in July 2021 as compared to an increase of 0.9% a month earlier and an increase of 5.4% in corresponding month i.e. July 2020.

these markets. The urban share in CPI is 60%, whereas the rural share in index is 40%.

1. The National Consumer Price Index

The National CPI July 2021 increased by 1.34% over June 2021 and increased by 8.40% over corresponding month of the last year. The table given below shows that during the month of July, 2021, non-perishable food items prices increased by 11.56% over July 2020, however a decline of 9.12% was witnessed in perishable food items over July 2020,

further, an increase of 10.49% in transport group was recorded as compared to corresponding month of last year mainly because of increase in petrol and diesel prices.

Group	Group Weight (%)	Indices			% Change July 2021 Over		Impact (In % points) July 2021 Over	
		July 2021	June 2021	July 2020	June 2021	July 2020	June 2021	July 2020
		General	100.00	146.76	144.82	135.38	1.34	8.40
Food & Non-alcoholic Bev.	34.58	151.65	149.04	140.11	1.75	8.24	0.62	2.95
<i>Non-perishable Food Items</i>	29.60	153.27	152.29	137.39	0.65	11.56	0.20	3.47
<i>Perishable Food Items</i>	4.99	142.01	129.75	156.27	9.45	-9.12	0.42	-0.52
Alcoholic Bev. & Tobacco	1.02	144.69	144.79	140.29	-0.07	3.14	0.00	0.03
Clothing & Footwear	8.60	149.60	149.14	136.66	0.31	9.47	0.03	0.82
Housing, Water, Electricity, Gas & Fuels	23.63	142.08	140.11	130.14	1.40	9.17	0.32	2.08
Furnishing & Household Equipment Maintenance	4.10	143.21	141.97	130.44	0.88	9.79	0.04	0.39
Health	2.79	154.33	153.93	142.09	0.26	8.61	0.01	0.25
Transport	5.91	148.88	143.13	134.75	4.01	10.49	0.23	0.62
Communication	2.21	109.94	108.65	106.96	1.19	2.79	0.02	0.05
Recreation & Culture	1.59	128.17	127.35	121.01	0.64	5.91	0.01	0.08
Education	3.79	145.30	144.95	142.40	0.24	2.04	0.01	0.08
Restaurants & Hotels	6.92	143.85	143.36	132.60	0.34	8.49	0.02	0.58
Miscellaneous	4.87	154.26	153.38	141.05	0.58	9.37	0.03	0.48

The Urban Consumer Price Index of July 2021: The Urban Consumer Price Index of July 2021 is increased by **1.29%** over June 2021 and increased by 8.67% over corresponding month of the last year. Top few food items whose prices increased and decreased over last month are as follows;

Food Items

Increased: Tomatoes (82.40%), Onions (34.53%), Vegetable ghee (6.70%), Cooking oil (6.56%), Sugar (5.08%), Potatoes (4.89%), Pulse gram (4.89%), Vegetables (3.69%), Eggs (3.48%), Condiments and Spices (2.65%) and Mustard oil (1.54%).

Decreased: Pulse moong (11.36%), Chicken (10.07%), Fruits (7.51%), Pulse mash (5.18%), Pulse masoor (1.24%) and Gram whole (0.92%).

Non-Food Items

Increased: Liquefied Hydrocarbons (12.73%), Motor fuel (8.08%), Plastic products (2.44%), Household equipment's (2.14%), Construction items (1.77%) and Furniture and furnishing (1.28%).

Decreased: Personal Effects (0.73%).

The Rural Consumer Price Index of July has increased by **1.40%** over June 2021 and increased by 8.01% over corresponding month of the last year i.e. July 2020.

Food Items

Increased: Tomatoes (101.63%), Onions (47.62%), Potatoes (12.66%), Vegetables (5.16%), Sugar (4.33%), Vegetable ghee (3.16%), Cooking oil (2.27%), Mustard oil (1.30%), Milk (1.19%) and Rice (1.05%).

Decreased: Chicken (12.95%), Pulse Moong (10.06%), Fruits (8.40%), Pulse Mash (2.41%), Pulse Gram (1.83%) and Fish (1.79%).

Non-Food Items

Increased: Liquefied Hydrocarbons (12.56%), Motor Fuels (7.71%), Cleaning and Laundering (1.73%), Plastic Products (1.6%), Clinic Fee (1.46%) and Construction Items (1.44%).

Position of Import of Food Group (June, 2021)						
Sr. No.	Commodities	Quantity (M.T)	Value (PKR Mln)	Quantity (M.T)	Value (PKR Mln)	YoY Change(%) (Value in Rupees)
		Jun-21	Jun-21	Jun-20	Jun-20	
1	Palm Oil	240,537	42,366	217,902	22,556	87.83%
2	Pulses	138,878	13,469	147,951	13,156	2.38%
3	Soyabean Oil	21,811	3,735	16,722	1,840	102.99%
4	Tea	19,535	6,798	25,743	9,854	-31.01%
5	Sugar	509	69	1,399	122	-43.44%

The table given above reveals that an increase in value and quantity of palm oil, soybean oil and pulses has been witnessed during June ,2021 as compared to corresponding month of last year. Palm oil imports in terms of value also registered growth of 87.83% over last year mainly because of rising international prices which put pressure on domestic prices. Moreover, in the month of June 2021, the import of sugar and tea declined. A comparison of Global commodity prices is given in the following table which shows an increasing trend.

3. Core Inflation Non-Food Non-Energy (NFNE)

- a) **Non-food non-energy Urban:** increased by 6.9% on (YoY) basis in July, 2021 as compared to an increase of 6.7% in the previous month and 5.3% in July, 2020. On (MoM) basis, it increased by 0.8% in July, 2021 as compared to increase of 0.3% in previous month, and an increase of 0.6% in corresponding month of last year i.e. July, 2020.
- b) **Non-food non-energy Rural:** increased by **6.9%** on (YoY) basis in July, 2021 as compared to an increase of 7.3% in the previous month and 7.8% in July, 2020. On (MoM) basis, it increased by 0.7% in July, 2021 as compared to an increase of 0.4% in previous month, and an increase of 1.1% in corresponding month of last year i.e. July, 2020.

4. Global Commodity Price Trend, July 2021

The international prices continued to shoe upward trend during the month of July,2021, as MOM review of prices reveals increase in prices sugar from \$380 mt to in

June 2021, to \$390 per mt in July 2021, similarly palm oil prices continued to record higher trend as price reached to \$ 1057 mt in July 2021 as compared to \$ 1010 mt in June 2021, however, the prices of wheat, rice and tea declined during July 2021, over previous month.

Global Commodity Prices

Months	Sugar (\$/mt)	Palm Oil (\$/mt)	Soyabean oil (\$/mt)	Crude oil (\$/Brl)	Wheat (\$/mt)	Rice (\$/mt)	Tea (\$/mt)
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	1401	64.8	281.4	477.4	2670
May-21	380	1156	1554	68	271	462.8	2710
Jun-21	380	1010	1420	73.1	275.1	438.6	2700
Jul-21	390	1057	1468	74.4	250.9	397	2660
% Change							
Jul-21/ Jul-20	44.4	52.3	78.8	73.8	17.9	-13.6	-12.2
Jul-21/ Jun-21	2.6	4.7	3.4	1.8	-8.8	-9.5	-1.5
Source: Commodities Price Pink Sheet, WB							

5. Analysis and Conclusion

The Consumer Price Index (CPI), based monthly inflation, increased by **8.4** percent during the month of July 2021 as compared to an increase of 9.7 percent in the previous months. On month-on-month (MoM) basis, it increased by 1.3% in July as compared to a decrease of 0.2 % in previous month and an increase of 2.5% in July 2020. A slight ease is witnessed in CPI over last month, mainly because of a slight drop in prices of food products, on YOY basis, urban food inflation stood at 9.4 % in July 2021, over 11.0% in June 2021, similarly rural food inflation in the month of July 2021, recorded an increase of 7.3% against the number of 9.8% in the month of June ,2021. The rising trend in international commodity prices also contributed to exerting pressure on domestic prices, palm oil prices increased by 52.3 % in a span of one year leading to increase in domestic prices. The element of seasonal impact on food group is also very strong.

It is pertinent to mention that however, the rate of CPI has eased but WPI based inflation which captures prices in the wholesale market, showed increasing trend of 17.3% during July 2021, the persistent rise in WPI is largely contributed to the rise in landed prices of imported goods due to exchange rate depreciation along with upward movement of fuel and commodity prices.

The above situation suggests that government should put efforts to build and maintain strategic reserves to control the price hike in essential commodities and mitigate the affect of supply side shocks. Further, government should take stern actions against elements involved in cartelization, hoarding and profiteering to achieve price stability.
