

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

Consumer Price Index Report, October, 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 these markets. The urban share in CPI is 60%, whereas the rural share in index is 40%.

1. Consumer Price Index (CPI), October, 2021

The headline **CPI inflation General**, for the month of October witnessed an increase of **9.2%** on year-on-year basis as compared to an increase of 9.0% in the previous month and 8.9% in October 2020. As compared to previous month, CPI increased by 1.9% in October 2021. The rise is attributed to increase in prices of chicken, Vegetables, eggs, cooking oil, wheat, electricity charges and petroleum products in the month of October.

2. CPI inflation Urban, increased by 9.6% on year-on-year basis in October 2021 as compared to an increase of 9.1% in the previous month and 7.3% in October 2020. On month-on-month basis, it increased by 1.7% in October 2021. **CPI inflation Rural**, increased by 8.7% on year-on-year basis in October 2021 as compared to an increase of 8.8% in the previous month and 11.3% in October 2020. It shows that as contrary to previous CPI trend, urban inflation is on rising trend during the period under review, the main factor could be electricity charges which registered increase of 5.48% on MOM basis and 32.14% on YoY basis in urban consumer price index.

3. SPI inflation on YoY increased by 15.2% in October 2021 as compared to an increase of 16.6% a month earlier and an increase of 12.3% in October 2020. On MoM basis, it increased by 2.1% in October 2021 against last month. Increase in prices of essential items like LPG, Electricity for Q1, Vegetable Ghee, Cooking Oil, Chicken and Petrol put SPI **on rising trajectory.**

4. WPI inflation on YoY basis increased by 21.2% in October 2021 as compared to an increase of 19.6% a month earlier and an increase of 5.1% in October 2020. WPI inflation on MoM basis increased by 4.2% in October 2021. The Wholesale Price Index (WPI) is designed to measure the directional movement of prices for a set of selected items in the primary and wholesale markets. Items covered in the series are those which could be precisely defined and are offered in lots by producers/manufacturers. Prices used are generally those, which conform to the primary seller's realization at ex-mandi, ex-factory or at an organized Wholesale level. The wholesale prices are being collected from wholesale markets of 19 cities: The WPI covers 419

items in the base 2015-16. The items have been divided into five groups i.e. Agriculture Forestry & Fishery Products, Ores & Minerals, Electricity, Gas & Water, Food Products, Beverages & Tobacco, Textile, Apparel and Leather Products.

Table1:General Inflation (%) (Base 2015-16)							
PERIOD	YoY	CPI		SPI		WPI	
		National	MoM				
		YoY	MoM	YoY	MoM	YoY	MoM
	14.6	2.0					
20-Jan	12.4	-1	18.3	0.5	15.4	1.8	
20-Feb	10.2	-1	14.5	-0.8	12.7	-0.7	
20-Mar	8.5	-0.8	11.8	-0.3	9.3	-0.9	
20-Apr	8.2	0.3	9.3	-1.8	4.9	-2	
20-May	8.6	0.8	11	2.2	1.5	-2.1	
20-Jun	9.3	2.5	11.5	1.4	0.9	-0.3	
20-Jul	8.2	0.6	13.7	3.0	3.2	5.4	
20-Aug	9	1.5	11.7	0.9	3.3	1.3	
20-Sep	8.9	1.7	12	2.1	4.3	1	
20-Oct	8.3	0.8	12.3	3	5.1	2.9	
20-Nov	8	-0.7	9.9	1.1	5.0	-0.9	
20-Dec	5.7	-0.2	9.1	-2.7	5.7	0.3	
21-Jan	8.7	1.8	7.7	-0.8	6.4	2.5	
21-Feb	9.1	0.4	11.9	3.1	9.5	2.2	
21-Mar	9.1	0.4	18.7	5.7	14.6	3.7	
21-Apr	10.9	0.1	21.3	0.4	16.6	-0.4	
21-May	9.7	-0.3	19.7	0.8	19.4	0.3	
21-Jun	8.4	1.3	17.6	-0.4	20.9	0.9	
21-Jul	8.4	0.6	16.2	1.8	17.3	2.3	
21-Aug	8.4	2.1	15.9	0.7	17.1	1.2	
21-Sep	9.0	9.2	16.6	2.7	19.6	3.2	
21-Oct	9.2	2.1	15.2	2.1	21.2	4.2	

Source: Pakistan Bureau of Statistics

5.Core inflation (NFNE)

Non-food non-energy **Urban inflation** increased by 6.7% on (YoY) basis in October, 2021 as compared to an increase of 6.4% in the previous month and 5.6% in October, 2020. On (MoM) basis, it increased by 0.9% in October, 2021 as compared to increase of 0.4% in previous month, and an increase of 0.6% in corresponding month of last year i.e. October, 2020. Non-food non-energy **rural inflation** increased by 6.7% on (YoY) basis in October, 2021 as compared to an increase of 6.2% in the previous month and 7.6% in October, 2020. On (MoM) basis, it increased by 1.0% in October, 2021 as compared to an increase of 0.5% in previous month, and an increase of 0.6% in corresponding month of last year i.e. October, 2020. The table below reveals the core inflation trend in urban and rural areas since corresponding month of last year.

Table 3: Core Inflation (%) (Base 2015-16)

	NFNE
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Period	Urban		Rural	
	YoY	MoM	YoY	MoM
Oct-20	5.6	0.6	7.6	0.6
Nov-20	5.6	0.3	7.4	0.3
Dec-20	5.6	0.4	7.7	0.5
Jan-21	5.4	0.9	7.8	1.1
Feb-21	6.4	1.1	7.7	0.5
Mar-21	6.3	0.2	7.3	0.3
Apr-21	7.0	0.9	7.7	0.7
May-21	6.8	0.2	7.6	0.3
Jun-21	6.7	0.3	7.3	0.4
Jul-21	6.9	0.8	6.9	0.7
Aug-21	6.3	0.2	6.2	0.2
Sep-21	6.4	0.4	6.2	0.5
Oct-21	6.7	0.9	6.7	1.0

Source: Pakistan Bureau of Statistics

6. National Consumer Price Index (N-CPI)

The National Consumer Price Index for October 2021 is increased by 1.90% over September 2021 and increased by 9.19% over corresponding month of the last year .The table given below reveals that increase of **12.26%** in non-perishable food group prices was witnessed as compared to last year mainly because of increase in prices of sugar, wheat ,tea , however ,perishable food items group registered decline of 10.77% due to price reduction of fruits and vegetables , and gram pulse in the period under review , similarly, an increase of 11.96% was registered in housing, water, electricity , gas and fuels group, as prices electricity increased by 32.14% on YOY basis and motor fuels charges witnessed rise of 27.60% as compared to last year. It may also be noted, that in the previous month i.e., September 2021, this group registered increase of 9.74% ,hence the double-digit increase in October 2021 is attributed to the fact that PBS collects and include housing rent data on quarterly basis through rental household survey on every quarter .

Table 2: Consumer Price Index (National) by Group of Commodities and Services (Base 2015-16)

No	Group	Group Weight (%)	Indices			% Change October 2021 Over		Impact (In % points) October 2021 Over	
			Oct 21	Sep 21	Oct 20	Sep 21	Oct 20	Sep 21	Oct 20
	General	100.00	153.60	150.74	140.67	1.90	9.19	1.90	9.19
1.	Food & Non-alcoholic Bev.	34.58	162.19	158.85	149.76	2.10	8.30	0.76	3.06
	<i>Non-perishable Food Items</i>	29.60	162.64	160.25	144.88	1.49	12.26	0.47	3.74
	<i>Perishable Food Items</i>	4.99	159.48	150.57	178.73	5.92	-10.77	0.29	-0.68
2.	Alcoholic Bev. & Tobacco	1.02	145.74	145.23	143.03	0.35	1.90	0.00	0.02
3.	Clothing & Footwear	8.60	150.89	150.16	138.08	0.49	9.28	0.04	0.78
4.	Housing, Water, Electricity, Gas & Fuels	23.63	148.81	145.34	132.92	2.39	11.96	0.54	2.67
5.	Furnishing & Household Equipment Maintenance	4.10	146.20	145.02	133.91	0.81	9.18	0.03	0.36

6.	Health	2.79	156.99	155.97	145.42	0.66	7.96	0.02	0.23
7.	Transport	5.91	159.97	151.96	139.82	5.27	14.41	0.31	0.85
8.	Communication	2.21	110.10	109.97	107.06	0.11	2.84	0.00	0.05
9.	Recreation & Culture	1.59	132.31	130.73	123.11	1.21	7.48	0.02	0.10
10.	Education	3.79	146.89	146.68	143.71	0.14	2.21	0.01	0.09
11.	Restaurants & Hotels	6.92	147.86	145.96	136.59	1.30	8.25	0.09	0.55
12.	Miscellaneous	4.87	158.96	156.86	146.22	1.34	8.71	0.07	0.44

Source: Pakistan Bureau of Statistics

7. The Urban and Rural Consumer Price Index of October, 2021

The Urban Consumer Price Index of October 2021 is increased by 1.66% over September 2021 and increased by 9.55% over corresponding month of the last year. Similarly, The Rural Consumer Price Index of October 2021 is increased by 2.25% over September 2021 and increased by 8.66% over corresponding month of the last year i.e. October 2020.

Change in prices of commodities in Urban Areas over September 21

Increased: Chicken (17.91%), Vegetables (15.26%), Potatoes (12.17%), Wheat (7.25%), Tea (4.93%), Mustard oil (4.68%), Vegetable ghee (2.72%), Gur (2.68%), Fish (2.22%), Cooking oil (1.77%), Meat (1.72%), Beans (1.50%) and Fruits (1.10%) Liquefied Hydrocarbons (13.2%), Motor fuel (8.65%), stationery (5.78%), Electricity charges (5.48%), Motor vehicle accessories (2.76%) and Readymade garments (2.44%). **Decreased:** Onions (12.70%), Sugar (7.72%), Pulse moong (6.14%), Eggs (5.94%), Condiments and Spices (3.85%), Pulse gram (2.30%), Pulse mash (2.12%) and Wheat flour (1.44%)

Changes in Prices of Commodities in Rural Areas over September,21

Increased: Vegetables (25.09%), Chicken (13.72%), Potatoes (9.08%), Mustard oil (8.11%), Wheat (5.16%), Honey (4.93%), Tea (3.50%), Fish (3.14%), Cooking oil (2.60%), Pulse Mash (2.26%), Vegetable ghee (2.20%), Milk (1.8%) and Gram Whole (1.25%). Liquefied Hydrocarbons (11.79%), Motor Fuels (8.99%), Electricity Charges (combine) (5.48%), Cleaning & Laundering (4.34%), Hosiery (2.2%), Construction Input Items (2.16%), Motor Vehicles Accessories (1.87%), Furniture & Furnishing (1.26%), Readymade Garments (1.24%) and Washing Soaps/Detergents (1.22%).

Decreased: Onions (14.76%), Tomatoes (10.24%), Condiments and Spices (3.70%), Sugar (2.59%), Pulse Moong (1.91%), Pulse Masoor (1.34%), Fruits (1.30%) and Eggs (1.07%).

8. Global Commodity Price Trend For the month of October,21.

The global commodity prices continued to show rising trend during the period under review, According to World Bank commodity Market Outlook report, energy prices rose by 16 percent in 2021Q3 (q/q), continuing their upward trajectory since the start of the year, with natural gas and coal prices rising much faster than crude oil prices. Crude oil prices averaged \$72/bbl in 2021Q3, an increase of 7 percent on the previous quarter, but with prices fluctuating significantly during the period. Prices initially softened in August amid worries about renewed outbreaks of the pandemic, but these were offset later in the quarter by supply disruptions in the U.S. arising from Hurricane Ida, as well as the broader rally in energy prices. Natural gas prices rose by 69 percent in

2021Q3, and coal prices increased 44 percent, with some price benchmarks for both commodities reaching all-time highs. The economic recovery particularly in China) is largely behind the surge as it has boosted demand for fossil fuels for electricity generation. Unusually hot weather in some countries also boosted electricity demand for cooling. Furthermore, electricity production from renewable sources declined in several countries due to drought and low wind speeds. Despite tight supply conditions for some food commodities due to unfavourable weather (e.g., maize and soybeans), most food commodity markets remain adequately supplied. However, the rally in energy prices, especially coal and natural gas, have sharply increased agricultural input costs. Elevated food prices combined with the recent spike in energy costs is pushing food price inflation up in several low-income countries as well as higher-income EMDEs, High food prices may further exacerbate food insecurity—according to the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP)’s latest joint reports.

INTERNATIONAL PRICES OF MAJOR COMMODITIES

	Sugar (\$/MTon)	Palm Oil (\$/MTon)	Soya bean Oil (\$/MTon)	Crude Oil (\$/Brl)	Wheat US,SRW (\$/MTon)	Rice A-1 Special (\$/MTon)	Tea average (\$/MTon)
Jul-20	270.0	694.0	821.0	42.8	212.7	459.7	3030.0
Aug-20	290.0	760.0	867.0	44.3	208.9	480.9	3150.0
Sep-20	280.0	796.0	906.0	41.1	219.7	483.0	3080.0
Oct-20	300.0	819.0	915.0	40.5	245.2	454.5	3000.0
Nov-20	310.0	918.0	974.0	43.2	247.9	468.5	2800.0
Dec-20	310.0	1016.0	1026.0	49.9	251.2	496.6	2650.0
Jan-21	340.0	990.0	1101.0	54.6	276.4	517.8	2680.0
Feb-21	360.0	1020.0	1121.0	62.0	276.6	531.0	2560.0
Mar-21	340.0	1031.0	1170.0	65.2	272.6	504.1	2430.0
Apr-21	360.0	1078.0	1401.0	64.8	281.4	477.4	2670.0
May-21	380.0	1156.0	1554.0	68.0	271.0	462.8	2710.0
Jun-21	380.0	1004.0	1518.0	73.1	263.5	438.6	2700.0
Jul-21	390.0	1063.0	1468.0	74.4	254.7	397.0	2650.0
Aug-21	430.0	1142.0	1434.0	70.0	276.2	381.0	2720.0
Sep-21	430.0	1181.0	1399.0	74.6	263.6	381.3	2730.0
Oct-21	420.0	1307.0	1483.0	83.7	...	382.9	2800.0
%change							
Oct-21/Oct-20 (YoY)	40.0	59.6	62.1	106.7	...	-15.8	-6.7
Oct-21/Sep-21 (MoM)	-2.3	10.7	6.0	12.2	...	0.4	2.6

Source: Commodities Price Pink Sheet, WB

7. Analysis and Conclusion

The Consumer Price Index (CPI) increased by 9.2 percent in October 2021. The government has targeted to keep inflation under eight percent in the current fiscal year of 2021/22. The core inflation also increased by 6.7% on (YoY) basis in October, 2021 after excluding the food and energy components. Food inflation in urban areas was recorded at 9.4 percent, whereas rural food inflation stood at 7.2%. WPI based inflation which captures prices in the wholesale market, showed increasing trend of 21.18% during October 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, in addition to this as per PBS monthly indices data , Textiles & Apparels and Transportable Goods groups recorded increase of 31.69% and 41.80% respectively over corresponding month of last year. The element of imported inflation is also strong in CPI rising trend, as global food prices increased because of rising oil prices, supply chains disruptions and unfavourable weather conditions. The rupees depreciation also escalated the impact of rising global prices.

The above situation suggests that efforts may be taken to build and maintain strategic reserves to control the price hike in essential commodities and mitigate the effect of supply side shocks. Further, stern actions are needed against elements involved in cartelization, hoarding and profiteering to achieve price stability.
