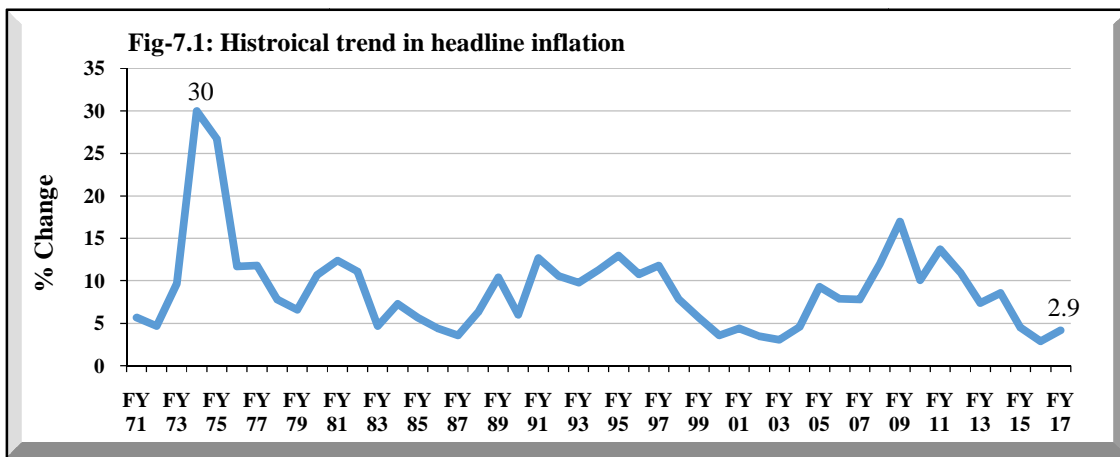


# Inflation

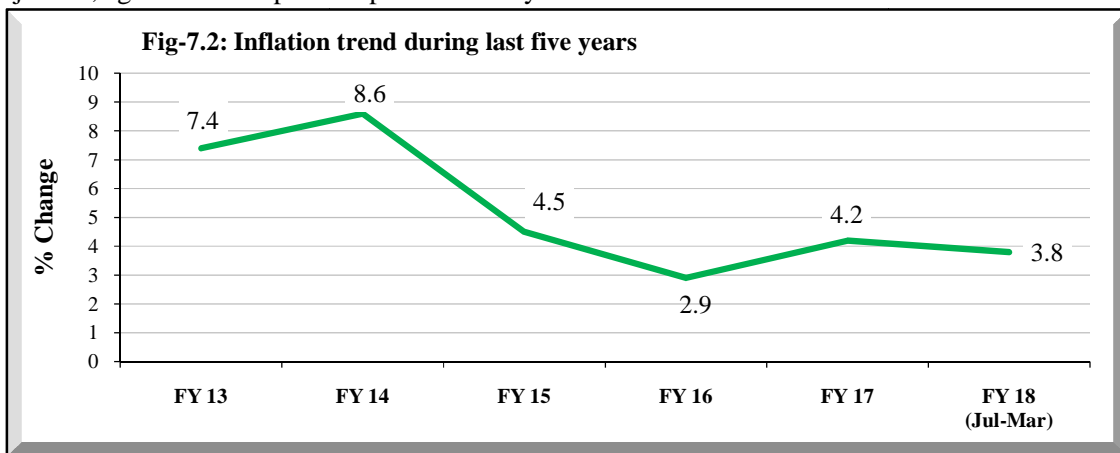
Inflation in Pakistan had always been highly volatile. The highest inflation was recorded in FY 1974 which was 30 percent and multi decade lowest 2.9 percent in FY 2016. Since July 1993, the monthly data suggests that CPI

was highest in August 2008 at 25.3 percent and lowest in September 2015 at 1.3 percent. The following graph presents the historical trend of inflation.



The maintenance of price stability has always remained high on the policy agenda of the government as to keep the prices of essential items at affordable level so that common man reap the benefits of low prices. To meet this objective, government pursue price stability

both through demand and supply management. The average inflation during last five years recorded at 5.5 percent. The graph below presents the inflation trend during last five years as well as current year.



Following the recovery in global commodity prices as well as consolidating domestic demand, the headline inflation which is

measured by Consumer Price Index (CPI) increased to 4.2 percent in FY 2017 but remained below the target 6 percent. The same

## Pakistan Economic Survey 2017-18

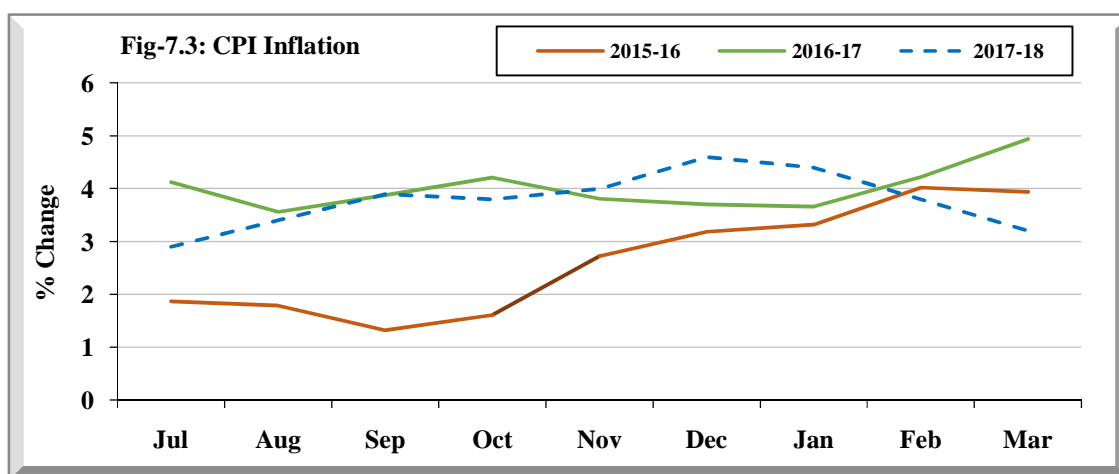
trend continued during current fiscal year FY 2018, CPI reached level of 4.6 percent in December 2017 but on a downward trend since January 2018. During March 2018, it touched eight month low of 3.2 percent on account of

subdued food prices which offset the impact of rise in petroleum rates. Month wise inflation during last two years and current year is given in table below.

**Table 7.1: CPI Inflation**

	2015-16	2016-17	2017-18
Jul	1.9	4.1	2.9
Aug	1.8	3.6	3.4
Sep	1.3	3.9	3.9
Oct	1.6	4.2	3.8
Nov	2.7	3.8	4.0
Dec	3.2	3.7	4.6
Jan	3.3	3.7	4.4
Feb	4.0	4.2	3.8
Mar	3.9	4.9	3.2
<b>Average (Jul-Mar)</b>	<b>2.6</b>	<b>4.0</b>	<b>3.8</b>

Source: Pakistan Bureau of Statistics



The current FY2018 started with headline inflation (CPI) at 2.9 percent in July which inched up to 3.4 percent in August 2017 and 3.9 percent in September. The Q1 FY2018 witnessed average inflation at 3.4 percent compared to 3.9 percent of the corresponding Q1 FY2017. The decreasing trend during Q1 FY2018 can be attributed to decline in the prices of mash pulse 25.71 percent, gram pulse 18.52 percent, moong pulse 17.99 percent, masoor pulse 17.95 percent, sugar 17.50 percent and tomatoes 12.95 percent. International commodity and fuel prices during the same quarter indicates that prices of Sugar decreased by 28.4 percent, palm oil 3.9 percent and rice 1.6 percent while the prices of soyabean oil increased by 5.8 percent, crude oil 13.0 percent and tea 17.3 percent.

During Q2 FY2018 the CPI remained at 3.8 percent in October 2017, 4.0 percent in November 2017 and 4.6 percent in December 2017. Year-on-year inflation scaled up during all the three months of Q2 FY2018. As a result average inflation in Q2 FY2018 reached to 4.1 percent compared to 3.9 percent of Q2 FY 2017. This was due to increase in prices of onion 165.90 percent, tomatoes 75.93 percent, drug medicine 15.16 percent and rice 14.34 percent. During Q2 FY 2018, international commodity and fuel prices increased by 22.8 percent, wheat 21.4 percent, Rice 9.5 percent and Tea 9.0 percent while the items that recorded decline were sugar 28.1 percent, palm oil 6.5 percent and soyabean oil 1.2 percent over Q2 FY 2017.

The headline inflation during Q3 FY2018, the CPI remained at 4.4 percent in January 2018, 3.8 percent in February 2018 and 3.2 percent in March 2018. The Q3 remained on average at 3.8 percent compared to 4.3 percent of FY 2017. This was on account of decrease in prices of commodities like mash pulse 23.82 percent, gram pulse 19.27 percent, moong pulse 13.92 percent, tomatoes 14.95 percent, cigarette 19.76 percent and sugar 16.59 percent. International commodity and fuel prices like sugar, palm oil and tea decreased by 30.8 percent, 12.8 percent and 5.0 respectively while the prices of crude oil, wheat and rice increased by 23.7 percent,

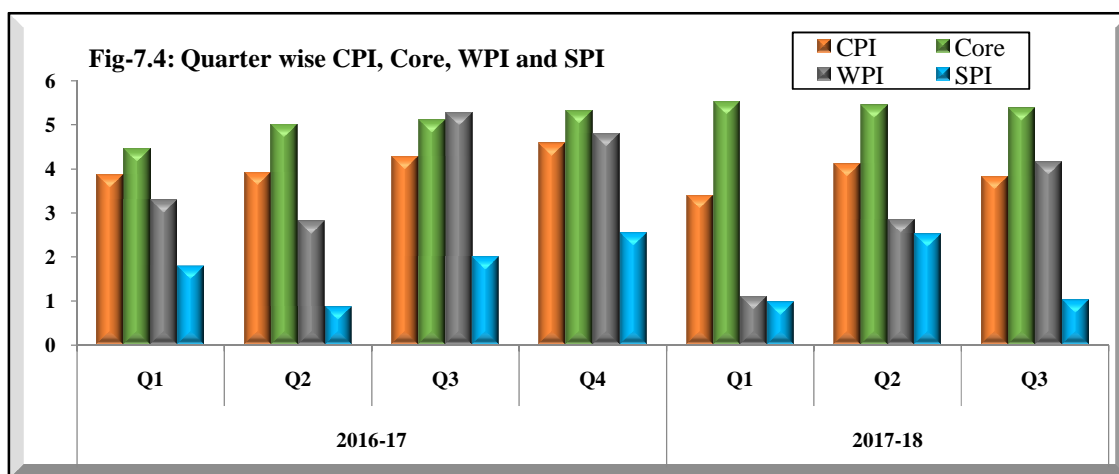
24.6 percent and 15.0 percent respectively during the same quarter.

Average inflation during first nine months of the current fiscal year, (July-March) has been contained at 3.78 percent which was lower than the level observed during the same period of last year recorded at 4.01 percent. The other inflation indicators like Sensitive Price Indicator (SPI) remained at 0.9 percent compared to 1.4 percent July- March FY 2017, whereas Wholesale Price Index (WPI) recorded at 2.7 percent in July-March FY 2018 compared to 3.8 percent in FY 2017.

**Table 7.2: Quarter wise Analysis (%)**

Years	Quarters	CPI	Core	WPI	SPI
2016-17	Q1	3.86	4.45	3.29	1.78
	Q2	3.91	5.00	2.81	0.86
	Q3	4.27	5.11	5.27	1.99
	Q4	4.58	5.32	4.80	2.54
2017-18	Q1	3.39	5.52	1.10	0.97
	Q2	4.11	5.44	2.84	2.51
	Q3	3.82	5.38	4.15	1.02

Source: Pakistan Bureau of Statistics



**Consumer Price index (CPI)**

The headline inflation measured by CPI during July-Mar FY2018 averaged at 3.78 percent against 4.01 percent in the same period last year. During this period the fuel prices in international market increased from \$48.7 per barrel in July 2017 to \$ 66.5 per barrel showing an increase of 36.6 percent. The government passed on this increase to domestic consumers. It was expected that increase in fuel prices will impact / increase the inflation, but stable food

prices offset the impact of the rise in petroleum rates. The food group having 37.47 percent weight in CPI basket showed an increase of 2.0 percent. This was lower than the 3.80 percent observed in the corresponding period of last year. Based on the current trend, the contribution of food inflation to the overall CPI was estimated at 0.75 percentage points and non-food inflation at 3.14 percentage points against 1.42 percentage points and 2.60 percentage points, respectively, last year.

**Table 7.3: Composition of CPI Inflation (July-Mar)**

Commodity	Weights	% Change Inflation		Point Contribution	
		2016-17	2017-18	2016-17	2017-18
CPI	100.00	4.01	3.78	4.01	3.78
<b>Food Group</b>	<b>37.47</b>	<b>3.80</b>	<b>2.00</b>	<b>1.42</b>	<b>0.75</b>
a) Food Products, Non alcoholic Beverages	34.83	3.08	3.08	1.07	1.07
i) Non- perishable	29.84	2.67	1.80	0.80	0.54
ii) Perishable	4.99	5.48	10.45	0.27	0.52
b) Alcoholic Beverages & Tobacco	1.41	15.03	-16.86	0.21	-0.24
c) Restaurant & Hotels	1.23	5.02	6.05	0.06	0.07
<b>Non-Food</b>	<b>62.53</b>	<b>4.16</b>	<b>5.03</b>	<b>2.60</b>	<b>3.14</b>
Clothing & Foot wear	7.57	4.26	4.08	0.32	0.31
Housing, Water, Elec. Gas & other Fuel	29.41	4.86	4.79	1.43	1.41
Furnishing & Household Equip	4.21	3.21	3.40	0.13	0.14
Health	2.19	9.46	9.10	0.21	0.20
Transport	7.20	-2.31	4.42	-0.17	0.32
Communication	3.22	0.72	1.30	0.02	0.04
Recreation & culture	2.03	1.39	0.61	0.03	0.01
Education	3.94	10.30	12.11	0.41	0.48
Miscellaneous	2.07	5.23	5.72	0.11	0.12

Source: Pakistan Bureau of Statistics

The Non-Food prices remained under pressure on account of education index which increased to 12.11 percent compared to 10.30 percent of the corresponding period last year. The other groups, Clothing & Footwear increased to 4.08 percent, Housing, Water, Electricity, Gas & other Fuel 4.79 percent, Furnishing & Household Equipment 3.40 percent, Health 9.10 percent, Transport 4.42 percent and Recreation & Culture 0.61 percent compared to 4.26 percent, 4.86 percent, 3.21 percent, 9.46 percent, -2.31 percent and 1.39 percent respectively, of the corresponding period last year.

Among the Food group, Food products, Non Alcoholic Beverages remained at the level of last year i.e. 3.08 percent while Alcoholic Beverages & Tobacco declined by 16.86 percent during the period under review.

### Core Inflation

Core inflation is measured through the indices of 43 non-food and non energy items. Non-food non-energy (NFNE) inflation is calculated by excluding food group and energy items (Kerosene oil, petrol, diesel, CNG, electricity and natural gas) from the CPI basket. The State Bank of Pakistan (SBP) uses core inflation while formulating its monetary policy. Thus the effect of monetary policy on prices is reflected

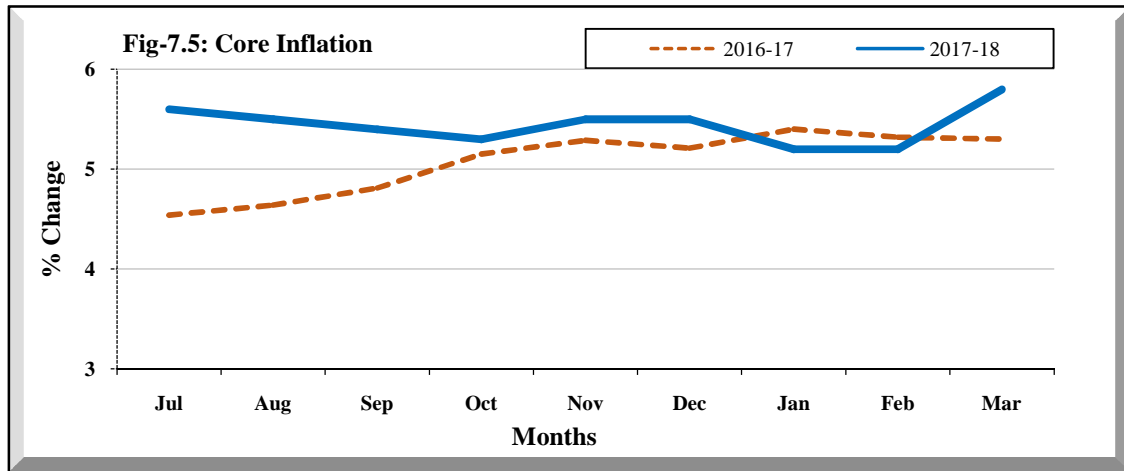
on core inflation with lag effect; making it a good predictor of future CPI inflation. Going forward, a sticky core inflation along with a moderate outlook of food prices amid abundant grain stocks and the recent increase in policy rate are expected to contain the average inflation well below the FY 2018 target of 6.0 percent.

The gradual build up of domestic demand is evident from rising core inflation to 5.78 percent in March 2018 and on average during July-Mar FY 2018, it was recorded at 5.45 percent compared to 5.07 percent of FY 2017. Due to the continuous increase in education and healthcare costs, core inflation remained higher on average compared to the same period last year. The Table 7.4 shows the core inflation trend year-on-year basis.

**Table 7.4: Core Inflation**

	2016-17	2017-18
July	4.5	5.6
August	4.6	5.5
September	4.8	5.4
October	5.2	5.3
November	5.3	5.5
December	5.2	5.5
January	5.4	5.2
February	5.3	5.2
March	5.3	5.8
Average (Jul-Mar)	5.1	5.4

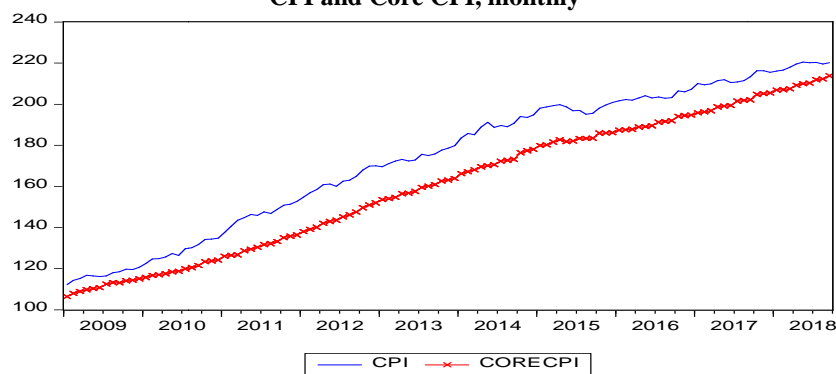
Source: Pakistan Bureau of Statistics



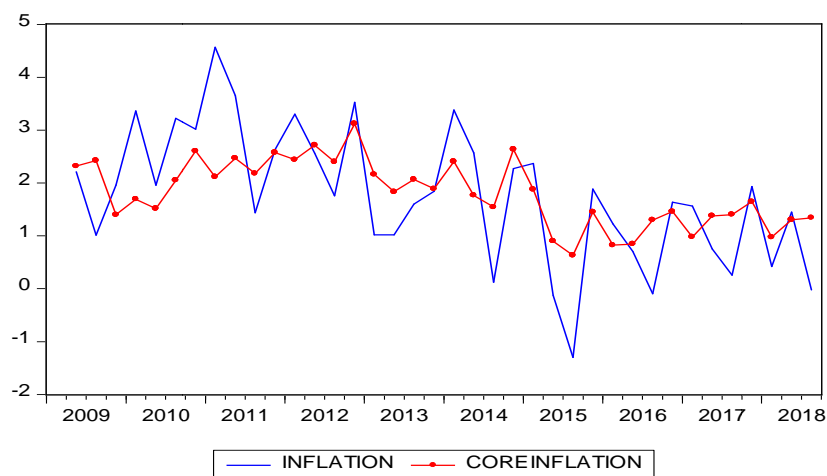
**Box I: Inflation and Economic Growth in Pakistan**

CPI and core CPI, which excludes volatile food and energy elements, have largely moved in tandem since FY 2009. One marked difference between both indices is that the headline CPI is more volatile than core CPI.

**CPI and Core CPI, monthly**



This higher volatility is apparent when comparing headline and core inflation, measured by the quarter-on-quarter rates of change of the monthly averages of both indexes.



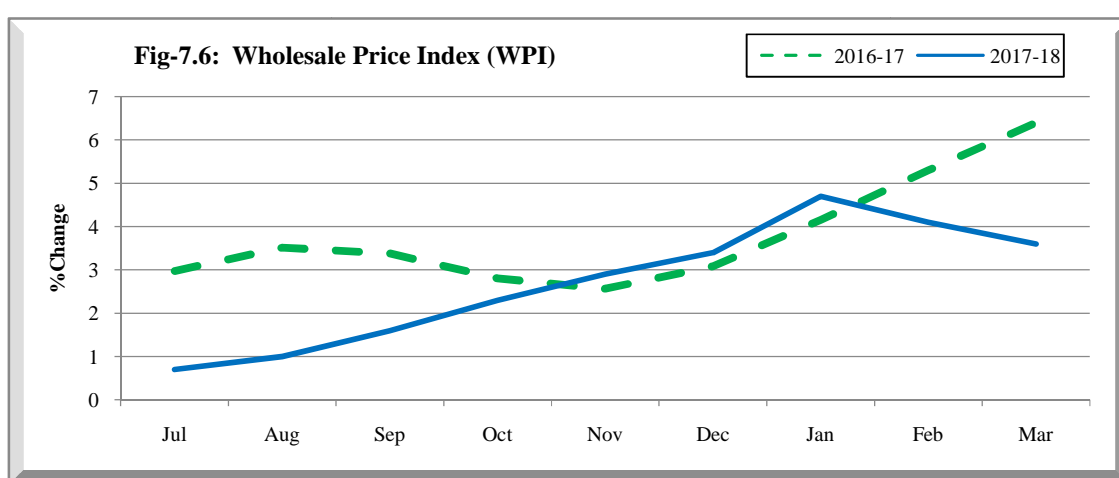
Given its relative stability, core inflation is considered to be a main target of monetary and exchange rate policy, although monetary authorities also closely monitor headline inflation.

**Wholesale Price Index (WPI)**

The wholesale prices of 463 items are collected from 21 cities and 21 markets. These are divided into five (05) groups influenced by the import prices and local production. During the current fiscal year, there has been a constant increase in WPI due to upward movement in fuel and other commodity prices in global market which translated into domestic wholesale prices. The monthly trend of WPI is given in the Table 7.5 and Graph 7.6.

	2016-17	2017-18
July	3.0	0.7
August	3.5	1.0
September	3.4	1.6
October	2.8	2.3
November	2.6	2.9
December	3.1	3.4
January	4.2	4.7
February	5.3	4.1
March	6.4	3.6
Average (Jul-Mar)	3.8	2.7

**Source: Pakistan Bureau of Statistics**



During July-Mar FY 2018, the WPI is reported at 2.70 percent compared to 3.79 percent of the corresponding period last year. WPI groups shows mixed trends agriculture forestry & fishery increased by 3.09 percent as against 9.85 percent of the same period last year, ores and mineral increased by 0.35 percent against decline of 1.77 percent, other transportable goods increased by 7.08 percent against decline of 3.96 percent whereas metal products/machinery increased by 2.27 percent against 1.44 percent of the same period last year. The

Food products, beverages & tobacco, textiles, apparel & leather products are further divided into three sub groups i.e. food products, beverages & tobacco which decreased by 0.19 percent against increase of 5.21 percent, Textiles & Apparel increased by 4.11 percent against 8.36 percent and leather product declined by 1.32 percent against increase of 1.79 percent.

The following Table 7.6 shows the trend of various wholesale price groups.

Commodity	Weights	(% ) Change July –Mar		Impact	
		2016-17	2017-18	2016-17	2017-18
		General(WPI)	100.00	3.79	2.70
Agriculture Forestry & Fishery	25.77	9.85	3.09	2.54	0.80
Ores & Minerals	12.04	-1.77	0.35	-0.21	0.04
Food Products, Beverages.....	31.11	6.06	1.08	1.89	0.34
i) Food Products and Bev.& Tobacco	20.07	5.21	-0.19	1.05	-0.04
ii) Textiles & Apparel	10.33	8.36	4.11	0.86	0.42
iii) Leather Products	0.71	1.79	-1.32	0.01	-0.01

**Table 7.6: Wholesale Price Index**

Commodity	Weights	(% ) Change July –Mar		Impact	
		2016-17	2017-18	2016-17	2017-18
Other Transportable Goods	22.37	-3.96	7.08	-0.88	1.58
Metal Products Machinery	8.71	1.44	2.27	0.13	0.20

**Source: Pakistan Bureau of Statistics (PBS)**

Forty (40) Non-food items are distributed among various non-food groups of WPI have recorded increase in their prices and contributed

3.97 percent to the overall WPI increase. The details are given in Table 7.7.

**Table 7.7: (%) Change in prices of non-food major items of WPI**

Items	Weight	% Change Mar 18/Mar 17	Impact
Kerosene oil	0.22	74.00	0.16
Diesel oil	5.27	31.99	1.68
Motor sprit	1.53	20.67	0.32
Furnace oil	3.27	20.29	0.66
Chemicals	1.77	10.28	0.18
Motor vehicles	0.02	10.25	0.00
Steel bars & sheets	1.40	10.11	0.14
Cotton yarn	5.25	9.35	0.49
Quilts	0.00	9.09	0.00
Blankets	0.00	7.07	0.00
Timber	0.02	4.81	0.00
Refrige, wash & sew mach, iron	1.16	4.65	0.05
Fertilizers	2.87	4.48	0.13
Blended yarn	0.17	3.76	0.01
Matches	0.05	3.52	0.00
Woven fabrics	0.01	3.47	0.00
Readymade garments	1.06	2.70	0.03
Cotton fabrics	0.63	2.36	0.01
Paints & varnishes	0.19	2.24	0.00
Mobil oil	0.71	2.00	0.01
Hard board	0.16	1.89	0.00
Pesticides	0.28	1.88	0.01
Printing paper	0.43	1.79	0.01
Other glass articles	0.16	1.66	0.00
Bed foams	0.00	1.27	0.00
Medicines	1.14	1.24	0.01
Other fabrics	1.10	1.23	0.01
Glass sheets	0.21	1.10	0.00
Hosiery products	0.88	1.07	0.01
Bricks blocks and tiles	0.16	1.05	0.00
Silk and rayon fabrics	0.74	0.85	0.01
Electrical wires	0.09	0.69	0.00
Lighting equipments	1.44	0.39	0.01
Ceramics and sanitary	0.02	0.36	0.00
Bed sheets	0.09	0.31	0.00
Pipe fittings	0.08	0.17	0.00
Motor cycles	0.26	0.13	0.00
Soaps & detergent	0.82	0.07	0.00
Plastic products	0.46	0.05	0.00
Auto tyres	0.27	0.02	0.00
	34.39		3.97

**Source: Pakistan Bureau of Statistics (PBS)**

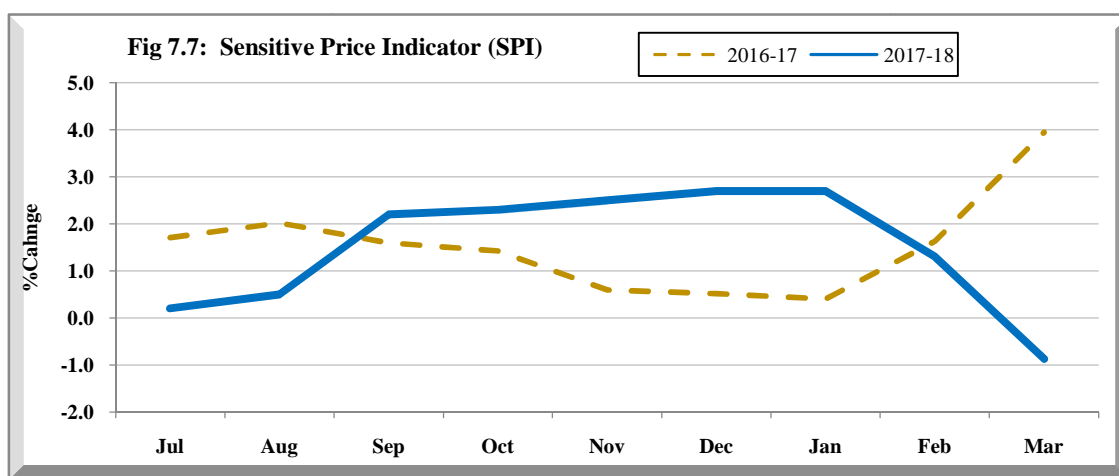
**Sensitive Price Indicator (SPI)**

SPI monitors the prices of 53 most essential items taken from 17 different urban centers and is reported on weekly basis. The trend of this index is monitored regularly and immediate measures are taken to control the fluctuation in prices. The SPI year-on-year basis in FY 2018 remained volatile as presented in Table given below.

**Table 7.8: Sensitive Price Indicator (SPI)**

	2016-17	2017-18
July	1.7	0.2
August	2.0	0.5
September	1.6	2.2
October	1.4	2.3
November	0.6	2.5
December	0.5	2.7
January	0.4	2.7
February	1.6	1.3
March	4.0	-0.9
Average (Jul-Mar)	1.5	1.5

Source: Pakistan Bureau of Statistics (PBS)



The SPI during July-Mar 2017-18 was recorded at 1.50 percent against 1.53 percent in the same period last year. Fifteen (15) major food items like tomatoes, onions, potatoes, masoor pulse, moong pulse, mash pulse chicken, sugar, red chillies etc, having weight of 28.56 percent

contributed (-) 2.03 percent in SPI. The other 14 major food items included eggs, mutton, beef, cooking oil (tin) and rice etc, having combined weight of 37.40 percent contributed to 1.31 in SPI.

**Table 7.9: (%) Change in prices of major items of SPI**

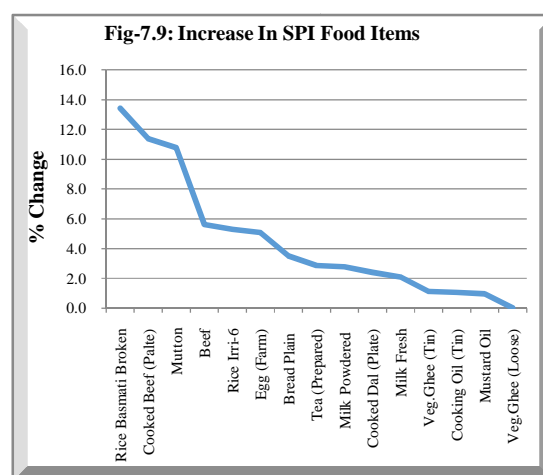
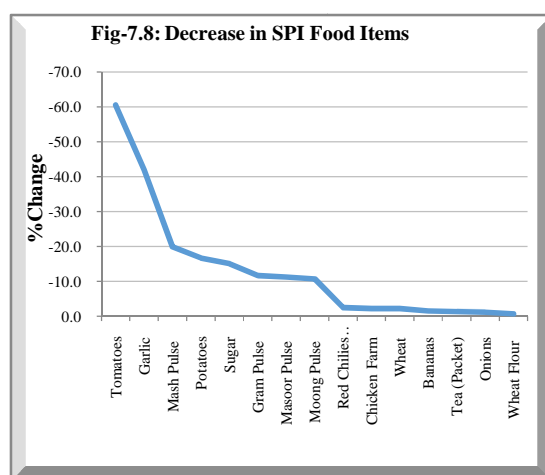
Items	Weight SPI Comb.	(% change) Mar 18/Mar 17	Contribution
<b>Decrease in Food Items</b>			
Tomatoes	1.18	-60.58	-0.71
Garlic	0.36	-41.94	-0.15
Mash Pulse	0.55	-19.90	-0.11
Potatoes	1.25	-16.65	-0.21
Sugar	2.73	-15.03	-0.41
Gram Pulse	0.62	-11.70	-0.07
Masoor Pulse	0.49	-11.25	-0.06
Moong Pulse	0.61	-10.69	-0.07
Red Chillies Powdered	0.44	-2.42	-0.01
Chicken Farm	3.56	-2.22	-0.08
Wheat	0.91	-2.21	-0.02
Bananas	1.39	-1.51	-0.02
Tea (Packet)	2.15	-1.34	-0.03
Onions	1.42	-1.16	-0.02
Wheat Flour	10.90	-0.67	-0.07
<b>Total</b>	<b>28.56</b>		<b>-2.03</b>



**Table 7.9: (%) Change in prices of major items of SPI**

Items	Weight SPI Comb.	(% change) Mar 18/Mar 17	Contribution
<b>Increase in Food Items</b>			
Rice Basmati Broken	1.90	13.42	0.26
Cooked Beef (Plate)	0.36	11.37	0.04
Mutton	2.10	10.76	0.23
Beef	4.27	5.62	0.24
Rice Irri-6	0.19	5.29	0.01
Egg (Farm)	1.19	5.07	0.06
Bread Plain	1.23	3.50	0.04
Tea (Prepared)	0.79	2.86	0.02
Milk Powdered	0.12	2.77	0.00
Cooked Dal (Plate)	0.44	2.39	0.01
Milk Fresh	16.84	2.08	0.35
Veg.Ghee (Tin)	2.71	1.11	0.03
Cooking Oil (Tin)	2.30	1.06	0.02
Mustard Oil	0.25	0.96	0.00
Veg.Ghee (Loose)	2.71	0.01	0.00
<b>Total</b>	<b>37.40</b>		<b>1.31</b>

Source: Pakistan Bureau of Statistics (PBS)



**International Prices**

An upward trend was observed in March 2018 over July 2017 in international commodity prices like crude oil, DAP, and palm oil

increased by 36.6 percent, 20.1 percent and 2.7 percent while the prices of tea decreased by 27.6 percent and sugar 9.4 percent.

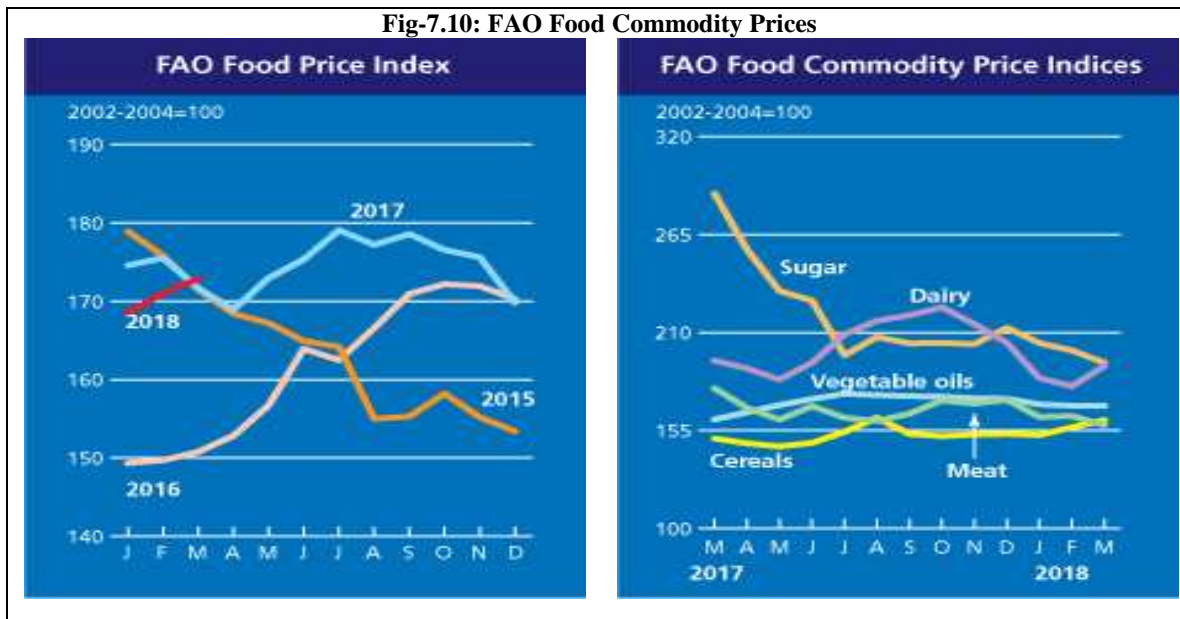
**Table 7.10: International Prices of Major Commodities**

	Sugar \$/Ton	Palm Oil (\$/Ton)	Soybean Oil (\$/Ton)	Crude Oil (\$/Brl)	Wheat (\$/Ton)	Tea \$/Ton	DAP \$/MT
Jul-17	320.0	663.0	835.0	48.7	202.5	3190.0	343.0
Aug-17	320.0	674.0	855.0	51.4	171.2	3160.0	338.0
Sep-17	320.0	724.0	882.0	55.2	178.6	3220.0	339.0
Oct-17	320.0	721.0	867.0	57.6	175.6	3260.0	344.0
Nov-17	330.0	716.0	881.0	62.6	179.7	3170.0	370.0
Dec-17	320.0	672.0	866.0	64.2	184.1	3060.0	385.0
Jan-18	310.0	677.0	864.0	69.0	192.2	3050.0	395.0
Feb-18	300.0	663.0	842.0	65.4	na	2940.0	404.0
Mar-18	290.0	681.0	834.0	66.5	na	2310.0	412.0
<b>%change</b>							
<b>Mar-18/Jul-17</b>	-9.4	2.7	-0.1	36.6	..	-27.6	20.1

Source: Commodities Price Pink Sheet

FAO Food Index:

Fig-7.10: FAO Food Commodity Prices



**FAO Food Price Index (FFPI)** averaged 172.8 points in March 2018, up 1.1 percent from February, marking the second month of consecutive increase. The month-on-month increase in March was driven primarily by stronger international prices of cereals and dairy; whereas the prices of sugar and vegetable oils fell further and those of meat rose slightly.

The FAO Cereal index has been climbing continuously in recent months, reflecting firmer international prices of nearly all major cereals. In recent weeks, weather concerns, in particular prolonged dryness in the United States and cold wet conditions in parts of Europe, lifted wheat price quotations. However, the increase in maize prices proved even more pronounced, supported by deteriorating crop prospects, especially in Argentina, as well as continued robust world demand. Asian purchases kept international rice prices also generally firm.

The slight price drops for soy, rape and sunflower oils were largely offset by higher prices of palm oil (the most widely traded vegetable oil in the world). Despite expectations of seasonal production gains, palm oil prices remained firm in March on the back of robust international demand and consequent inventory drawdown in Malaysia and

Indonesia.

Lower than anticipated milk production in New Zealand and continued strong global import demand led to higher butter, cheese and Whole Milk Powder (WMP) prices, while continued pressure from global stocks and higher production pushed down SMP prices.

Across the various meat categories that constitute the index, price quotations for ovine meat increased, pig meat gained slightly, poultry meat remained stable, while those for bovine meat eased. Strong import demand, especially by China, strengthened ovine meat prices. Sugar prices continued to fall on account of large export surpluses.

**Regional Countries Inflation**

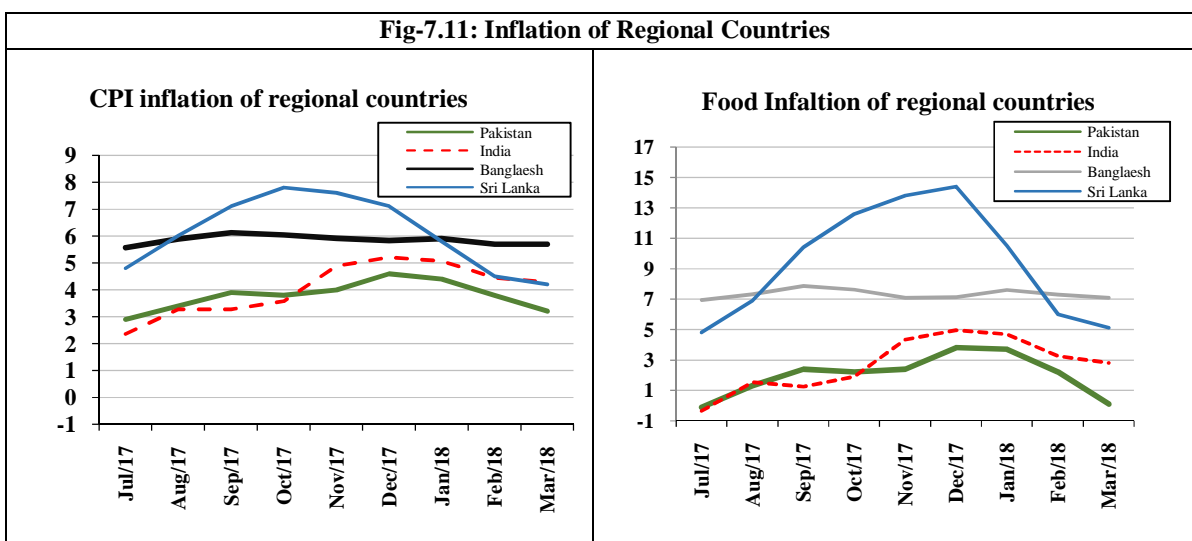
Inflation rates varied among regional countries. Pakistan’s inflation is 3.2 percent recorded in March 2018 which is relatively lower among other regional countries such as Bangladesh 5.7 percent, India 4.3 percent and Sri Lanka 4.2 percent. Pakistan food inflation stood at 0.1 percent compared with Bangladesh 7.1 percent, 2.8 percent in India and 5.1 percent in Sri Lanka. A comparison of inflation with regional countries is shown in Table 7.11.

**Table 7.11: Regional Inflation**

Period	Pakistan			India			Bangladesh			Sri-Lanka		
	CPI	Food	Non-Food	CPI	Food	Non-Food	CPI	Food	Non-Food	CPI	Food	Non-Food
Jul-17	2.9	-0.1	5.1	2.4	-0.4	4.9	5.6	7.0	3.5	4.8	4.8	4.7
Aug-17	3.4	1.3	5.0	3.3	1.5	5.0	5.9	7.3	3.8	6.0	6.9	5.7
Sep-17	3.9	2.4	4.9	3.3	1.3	5.6	6.1	7.9	3.4	7.1	10.4	5.5
Oct-17	3.8	2.2	4.9	3.6	1.9	6.4	6.0	7.6	3.6	7.8	12.6	5.8
Nov-17	4.0	2.4	5.1	4.9	4.4	8.2	5.9	7.1	4.1	7.6	13.8	5.0
Dec-17	4.6	3.8	5.1	5.2	5.0	7.9	5.8	7.1	3.9	7.1	14.4	4.2
Jan-18	4.4	3.7	4.9	5.1	4.7	7.7	5.9	7.6	3.2	5.8	10.5	3.8
Feb-18	3.8	2.2	4.9	4.4	3.3	6.8	5.7	7.3	3.4	4.5	6.0	3.8
Mar-18	3.2	0.1	5.4	4.3	2.8	5.7	5.7	7.1	3.5	4.2	5.1	3.7

Source: Statistics / Central Banks Statistics of respective countries

**Fig-7.11: Inflation of Regional Countries**



**National Price Monitoring Committee:**

National Price Monitoring Committee (NPMC) (i) assess the demand and supply of key commodities (ii) take / propose corrective measures as necessary. The Committee keeps a close watch on supply and price movement of essential consumer items for taking remedial measures.

The provincial governments through their price

monitoring committees also monitor the prices and supply of essential items. The provincial governments have also activated their District Price Control Committees to check and maintain the prices and established Sasta Bazars for the consumer where they get essential food items at reasonable rates. The Table given below shows the price movement of 28 essential items monitored by the NPMC meeting.

**Table 7.12: Prices of 28 Essential Food Items**

S#	Items	Unit	Mar-17	Apr-17	May-17	June-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	% Change Mar-18/ Mar-17
1	Wheat	10 KG	349.63	337.46	326.05	323.68	321.83	318.66	322.85	327.74	335.64	340.53	342.25	341.62	341.90	-2.21
2	Wheat Flour	10 KG	386.74	379.40	371.02	366.77	365.47	360.86	367.90	374.81	385.74	388.45	388.39	385.91	384.15	-0.67
3	Rice Basmati Broken	KG	65.19	66.91	68.28	68.76	69.14	70.05	70.15	70.34	70.68	70.86	72.51	73.49	73.94	13.42
4	Rice Irri-6	KG	49.40	49.67	49.67	49.68	49.86	50.15	50.68	50.73	50.96	51.34	51.79	52.29	52.01	5.29
5	Bread Plain	EACH	41.12	41.12	41.12	41.12	41.12	41.12	41.12	41.12	42.44	42.56	42.56	42.56	42.56	3.50
6	Beef	KG	331.77	332.07	332.36	335.01	335.71	341.31	342.54	343.42	343.75	344.09	346.57	348.45	350.42	5.62
7	Mutton	KG	672.50	679.36	681.47	687.71	693.68	706.90	711.55	715.79	727.63	729.27	733.32	739.73	744.88	10.76
8	Chicken Farm	KG	172.70	167.88	159.33	152.69	151.45	136.95	121.25	125.23	130.25	166.84	177.54	165.36	168.85	-2.23
9	Milk Fresh	LTR	80.82	81.19	81.22	81.39	81.55	81.89	81.91	82.50	82.50	82.50	82.50	82.50	82.50	2.08
10	Milk Powdered	400GM	373.93	371.91	368.64	363.71	369.97	372.90	373.29	375.58	379.18	380.37	381.03	383.08	384.27	2.77

## Pakistan Economic Survey 2017-18

**Table 7.12: Prices of 28 Essential Food Items**

S#	Items	Unit	Mar-17	Apr-17	May-17	June-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	% Change Mar-18/ Mar-17
11	Egg (Farm)	DOZ	90.15	84.06	87.36	90.41	95.82	97.00	98.35	106.27	132.22	128.78	113.41	101	94.72	5.07
12	Mustard Oil	KG	181.81	181.49	181.42	181.45	181.97	182.54	182.40	183.98	184.95	184.71	184.18	184.08	183.55	0.96
13	Cooking Oil (Tin)	KG	466.07	466.94	467.24	469.59	470.16	470.53	468.38	468.38	469.47	469.71	469.97	469.07	471.00	1.06
14	Veg.Ghee (Tin)	2.5KG	459.24	460.18	460.40	462.53	463.18	463.53	461.03	459.63	462.71	462.94	462.93	462.14	464.35	1.11
15	Veg.Ghee (Loose)	KG	145.72	145.97	145.23	144.77	145.12	145.30	145.94	145.85	145.55	145.48	145.64	145.53	145.73	0.01
16	Bananas	DOZ	82.37	84.18	88.46	115.41	93.61	76.06	68.37	62.21	61.91	65.86	70.46	77.27	81.13	-1.51
17	Masoor Pulse	KG	130.04	127.50	127.53	127.41	125.33	122.13	121.59	121.82	120.73	118.80	120.42	118.26	115.42	-11.25
18	Moong Pulse	KG	130.12	128.46	129.41	127.94	126.32	123.88	123.04	120.38	116.97	113.99	117.13	118.09	116.21	-10.69
19	Mash Pulse	KG	188.72	190.40	194.02	193.24	191.29	187.04	185.11	178.53	169.44	160.21	158.26	154.94	151.17	-19.90
20	Gram Pulse	KG	129.96	128.14	131.47	129.08	124.78	122.04	123.14	123.04	120.77	118.51	119.14	117.04	114.75	-11.71
21	Potatoes	KG	28.77	29.36	34.77	38.07	38.39	38.72	40.58	40.46	42.08	41.45	32.96	26.99	23.98	-16.65
22	Onions	KG	33.50	32.44	29.48	29.02	31.62	46.37	72.76	79.08	73.16	58.52	53.67	43.03	33.11	-1.15
23	Tomatoes	KG	80.66	57.12	30.13	44.40	43.01	57.85	102.62	112.91	105.40	74.44	43.51	36.72	31.80	-60.57
24	Sugar	KG	60.41	59.97	58.46	56.48	55.04	56.88	55.45	54.28	53.68	53.91	53.12	51.5	51.33	-15.03
25	Red Chillies Powdered	KG	266.68	264.22	264.20	263.54	262.55	260.16	258.46	256.73	258.52	259.58	258.1	257.75	260.23	-2.42
26	Garlic	KG	300.49	251.81	228.90	212.30	202.60	192.96	187.37	170.34	163.07	161.46	168.29	172.04	174.44	-41.95
27	Cooked Beef (Palte)	EACH	93.30	93.51	93.51	93.51	93.51	93.52	95.59	95.93	98.80	99.93	102.2	103.49	103.92	11.38
28	Tea (Prepared)	CUP	20.60	20.68	20.75	20.75	20.97	21.10	21.19	21.19	21.19	21.19	21.19	21.19	21.19	2.86

Source: Pakistan Bureau of Statistics

The items which recorded decline in March 2018 over March 2017 are masoor pulse 11.25 percent, moong pulse 10.69 percent, mash pulse 19.90 percent, gram pulse 11.71 percent, tomatoes 60.57 percent, sugar 15.03 percent, garlic 41.95 percent, chicken farm 2.23 percent and wheat 2.21 percent. While the items that recorded increased in their prices are rice basmati 13.42 percent, mutton 10.76 percent, beef 5.62 percent and eggs 5.07 percent. The increase in meat and rice prices is on account of

rise in export which put pressure on domestic prices.

### Sasta Bazar Prices

The Sasta Bazars are held in Islamabad and Four provinces on weekly basis. The table given below shows the prices of 19 items recorded in Sasta Bazars and open market which suggests that most items were found to be lower in Sasta Bazars.

**Table 7.13: Comparison of Prices of Kitchen Items in Sasta Bazar and Open Market**

SL. No.	Commodity	Unit	Islamabad			Punjab			Sindh			Khyber Pakhtunkhwa			Balochistan		
			Sasta/Bazar/ Subsidized Price 01.04.18	Open Market Price 29.03.2018	Difference (Sasta Bazar - Open market) (in Rs.)	Sasta/Bazar/ Subsidized Price 01.04.18	Open Market Price 29.03.2018	Difference (Sasta Bazar - Open market) (in Rs.)	Sasta/Bazar/ Subsidized Price 01.04.18	Open Market Price 29.03.2018	Difference (Sasta Bazar - Open market) (in Rs.)	Sasta/Bazar/ Subsidized Price 01.04.18	Open Market Price 29.03.2018	Difference (Sasta Bazar - Open market) (in Rs.)	Sasta/Bazar/ Subsidized Price 29.03.2018	Open Market Price 29.03.2018	Difference (Sasta Bazar - Open market) (in Rs.)
1	WHEAT FLOUR AV. QLT.	10 KG	377.50	386.88	-9.38	365.00	375.39	-10.39	N.A	434.62	N.A	375.00	377.50	N.A	N.A	400.00	N.A
2	RICE BASMATI BROKEN	KG	87.50	89.38	-1.88	66.37	75.09	-8.73	80.00	80.38	-0.38	72.50	82.33	-9.83	N.A	90.00	N.A
3	RICE IRRI-6	KG	57.50	60.00	-2.50	42.50	52.10	-9.60	50.00	52.12	-2.12	47.50	47.50	0.00	N.A	50.00	N.A
4	CHICKEN FARM	KG	143.00	150.63	-7.63	147.80	146.25	1.55	N.A	157.50	N.A	168.00	154.00	14.00	N.A	170.00	N.A
5	EGG (FARM)	DOZ	85.00	95.63	-10.63	77.00	88.33	-11.33	N.A	96.23	N.A	90.00	98.33	-8.33	N.A	120.00	N.A
6	COOKING OIL (TIN)	2.5 Ltr.	480.00	480.00	0.00	N.A	476.71	N.A	N.A	478.00	N.A	470.00	470.00	0.00	N.A	445.00	N.A
7	VEG. GHEE (TIN)	2.5 KG	475.00	475.00	0.00	N.A	469.57	N.A	N.A	473.00	N.A	457.50	470.00	-12.50	N.A	440.00	N.A
8	VEG. GHEE (LOOSE)	KG	148.75	152.81	-4.06	143.49	146.30	-2.81	150.00	150.58	-0.58	160.00	160.00	0.00	N.A	130.00	N.A
9	BANANAS	DOZ	90.00	156.25	-66.25	74.57	86.67	-12.10	67.50	71.15	-3.65	70.00	83.33	-13.33	N.A	75.00	N.A
10	MASOOR PULSE WASHED	KG	120.00	128.75	-8.75	105.00	123.60	-18.60	100.00	104.04	-4.04	75.00	82.00	-7.00	N.A	125.00	N.A
11	MOONG PULSE WASHED	KG	125.00	133.13	-8.13	95.56	113.72	-18.16	120.00	121.54	-1.54	92.50	98.33	-5.83	N.A	155.00	N.A
12	MASH PULSE WASHED	KG	152.50	163.13	-10.63	125.70	149.49	-23.80	122.50	124.23	-1.73	117.50	119.33	-1.83	N.A	185.00	N.A
13	GRAM PULSE WASHED	KG	125.00	133.75	-8.75	100.90	108.60	-7.69	120.00	121.54	-1.54	107.50	116.00	-8.50	N.A	145.00	N.A
14	POTATOES	KG	19.20	36.88	-17.68	17.00	21.62	-4.62	20.00	22.50	-2.50	17.50	26.67	-9.17	N.A	30.00	N.A
15	ONION	KG	28.00	43.75	-15.75	25.07	29.18	-4.11	22.50	23.65	-1.15	35.00	40.00	-5.00	N.A	35.00	N.A
16	TOMATOES	KG	40.00	56.25	-16.25	37.86	42.59	-4.73	20.00	21.15	-1.15	35.00	30.83	4.17	N.A	30.00	N.A
17	SUGAR	KG	54.75	56.94	-2.19	51.19	52.60	-1.41	51.00	51.85	-0.85	52.00	52.17	-0.17	N.A	54.00	N.A
18	RED CHILLIES	KG	295.00	305.63	-10.63	227.50	250.77	-23.27	280.00	295.48	-15.48	222.50	241.67	-19.17	N.A	310.00	N.A
19	Garlic	KG	120.00	218.75	-98.75	132.43	157.67	-25.24	150.00	170.00	-20.00	160.00	191.67	-31.67	N.A	210.00	N.A
Punjab	Open Market	1- R.Pindi, 2- Gujranwala, 3- Sialkot, 4- Lahore, 5- Faisalabad, 6- Multan, 7- Bahawalpur.															
	Sasta Bazar	1- R.Pindi, 2- Gujranwala, 3- Sialkot, 4- Lahore, 5- Faisalabad, 6- Multan, 7- Bahawalpur.															
Sindh	Open Market	1- Karachi															
	Sasta Bazar	1- Karachi															
Khyber Pakhtunkhwa	Open Market	1- Peshawar															
	Sasta Bazar	1- Peshawar															
Balochistan	Open Market	1- Quetta															
	Sasta Bazar	DC Quetta notification prices															

Source: Pakistan Bureau of Statistics

**Regional Situation of Prices:**

Prices of essential consumer items prevailing on 29<sup>th</sup> March 2018 in Pakistan indicates that in comparison with the regional countries Pakistan was the lowest in 14 items out of 23 items like Wheat, Wheat Flour, Chicken farm, Petrol, Rice Basmati, Vegetable ghee, Eggs, Gram Pulse, Beef, Sugar, Masoor pulse, Moong Pulse, Red chilli and Onions than regional

countries. Second lowest in 5 items like Mutton, Diesel, Milk Fresh, Mash Pulse, Potatoes and third lowest in 4 items like Tomatoes, DAP, Tea and Urea. The variations in 23 items in Pakistan as compared to regional countries are presented in the Table below. The large variation in prices of some specific items like meat and poultry products is due to different consumption pattern and socio cultural variation.

**Table 7.14: Regional Prices Comparison (Pak Rs)**

Items	Units	Islamabad	New Delhi	Dhaka	Ranking
		29/03/2018	14/03/2018	13/03/2018	
Wheat	Kg	34	61	40	1
Wheat Flour	Kg	39	69	46	1
Chicken farm	Kg	151	347	188	1
Petrol	Ltr	89	133	119	1
Rice Basmati	Kg	89	191	343	1
Vegetable ghee	Kg	153	225	--	1
Eggs	Doz	96	104	142	1
Sugar	Kg	57	83	78	1
Gram Pulse	Kg	134	260	153	1
Beef	Kg	403	416	637	1
Masoor Pulse	Kg	129	139	150	1
Moong Pulse	Kg	133	147	210	1
Red Chilies	Kg	306	347	558	1
Onion	Kg	44	52	72	1
Mutton	Kg	895	849	985	2
Diesel	Ltr	99	111	87	2
Milk Fresh	Ltr	103	95	107	2
Mash Pulse	Kg	163	156	--	2
Potatoes	Kg	37	26	47	2
Tomatoes	Kg	56	35	27	3
DAP	50 Kg	3,058*	2166	1676	3
Tea	Kg	974	762	530	3
Urea	50 Kg	1,428*	606	1072	3

**Source: Pakistan Bureau of Statistics (PBS) \*National Average**

**Conclusion**

The government has set the target for CPI inflation at 6.0 percent. SBP foresees the average inflation to remain within this target. Main assumptions include expectations of better supply conditions of food items. However, a major risk to the inflation outlook is exchange rate depreciation whose impact will be realised after a time lag through higher import prices which will translate into domestic

prices. A second risk relates to global commodity prices which may cause both upward and downward unexpected movements. Some emerging market economies like Sri Lanka, Bangladesh and India felt the burden of increase in global prices which were reflected in their high domestic inflation rates. In short, the authorities of the country may need to be vigilant and opt for appropriate policies in time to address any expected high inflation on a lasting basis.