

Inflation

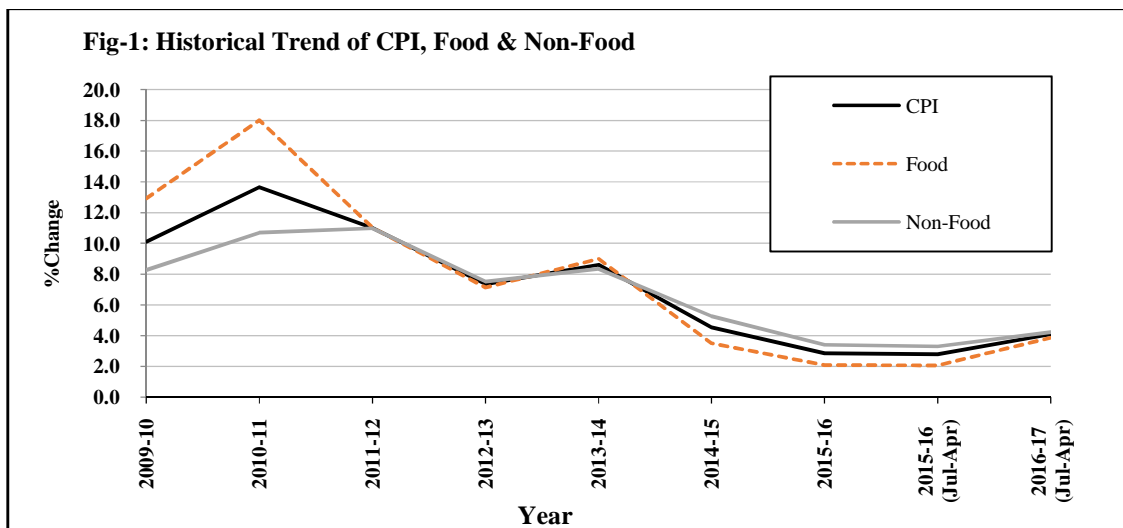
During FY 2016, low oil and commodity prices, stable rupee, smooth supply of commodities and monitoring of prices at both federal and provincial levels were the major reasons behind a contained inflation. The CPI inflation recorded a decline of 2.86 percent and was

broad based and visible across various sub-heads such as Food 2.08 percent, Non Food 3.41 percent, Core 4.17 percent and other indices like Sensitive Price Indicator (SPI) 1.31 percent and Wholesale Price Index -1.05 percent.

Table 7.1: Historical Trend in Headline Inflation

| (FY) | CPI | Food | Non-Food |
|--------------------|------------|------------|------------|
| 2008-09 | 17.0 | 23.1 | 13.4 |
| 2009-10 | 10.1 | 12.9 | 8.3 |
| 2010-11 | 13.7 | 18.0 | 10.7 |
| 2011-12 | 11.0 | 11.0 | 11.0 |
| 2012-13 | 7.4 | 7.1 | 7.5 |
| 2013-14 | 8.6 | 9.0 | 8.3 |
| 2014-15 | 4.5 | 3.5 | 5.3 |
| 2015-16 | 2.9 | 2.1 | 3.4 |
| (Jul-April) | | | |
| 2015-16 | 2.8 | 2.1 | 3.3 |
| 2016-17 | 4.1 | 3.9 | 4.3 |

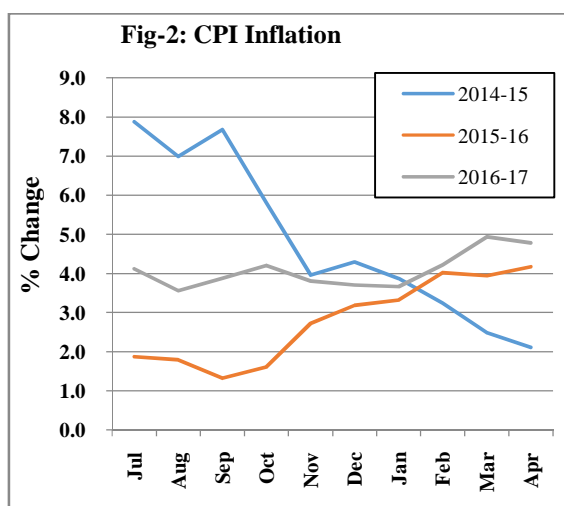
Source: Pakistan Bureau of Statistics (PBS)



The current year started with inflation at 4.1 percent in July 2016, rose to 4.9 percent in March 2017 and then slowed down to 4.8 percent in April 2017. On average during Jul-April FY 2017, it recorded at 4.1 percent. The target for current year is 6.0 percent, the present trend suggests that it will remain below the target. The uptick in inflation is due to global revival of international commodity and oil prices, along with rise in domestic demand due to pick up of economic activities. A trend of previous years and current year month-wise inflation is given in table below.

| | 2014-15 | 2015-16 | 2016-17 |
|----------------------------|------------|------------|------------|
| July | 7.9 | 1.9 | 4.1 |
| August | 7.0 | 1.8 | 3.6 |
| September | 7.7 | 1.3 | 3.9 |
| October | 5.8 | 1.6 | 4.2 |
| November | 4.0 | 2.7 | 3.8 |
| December | 4.3 | 3.2 | 3.7 |
| January | 3.9 | 3.3 | 3.7 |
| February | 3.2 | 4.0 | 4.2 |
| March | 2.5 | 3.9 | 4.9 |
| April | 2.1 | 4.2 | 4.8 |
| Average (Jul-April) | 4.8 | 2.8 | 4.1 |

Source: Pakistan Bureau of Statistics



The current FY2017 started with headline inflation (CPI) at 4.1 percent in July, it lowered

down to 3.6 percent in August but then jumped to 3.9 percent in September. Thus Q1 FY2017 witnessed average inflation at 3.9 percent as compared to 1.7 percent of Q1 FY2016. The increasing trend in Q1 FY2017 compared to Q1 FY 2016 is mainly attributed to pick up in the prices of mash pulse 42.43 percent, gram pulse 41.04 percent, potatoes 31.56 percent and tomatoes 21.08 percent.

During Q2 FY2017 the CPI recorded at 4.2 percent in October 2016, 3.8 percent in November 2016 and 3.7 percent in December 2016. Year-on-year inflation scaled down during all three months of Q2 FY2017. As a result average inflation for Q2 FY2017 reached at same level of Q1 at 3.9 percent, but remained high compared to Q2 FY 2016 which was 2.5 percent. This was due to increase in prices of Gram Pulse 37.09 percent, sugar 15.79 percent, Eggs 17.64 percent and cigarettes 15.35 percent.

With respect to headline inflation during Q3 FY2017, the CPI recorded at 3.7 percent in January 2017, 4.2 percent in February 2017 and 4.9 percent in March 2017. Thus Q3 FY 2017 CPI remained on average at 4.3 percent compared to 3.8 percent in Q3 FY 2016. This was on account of increase in prices of commodities like potatoes 33.06 percent, tomatoes 31.91 percent, health 14.24 percent, fresh vegetable 14.17 percent, fresh fruits 11.00 percent and house rent 6.62 percent.

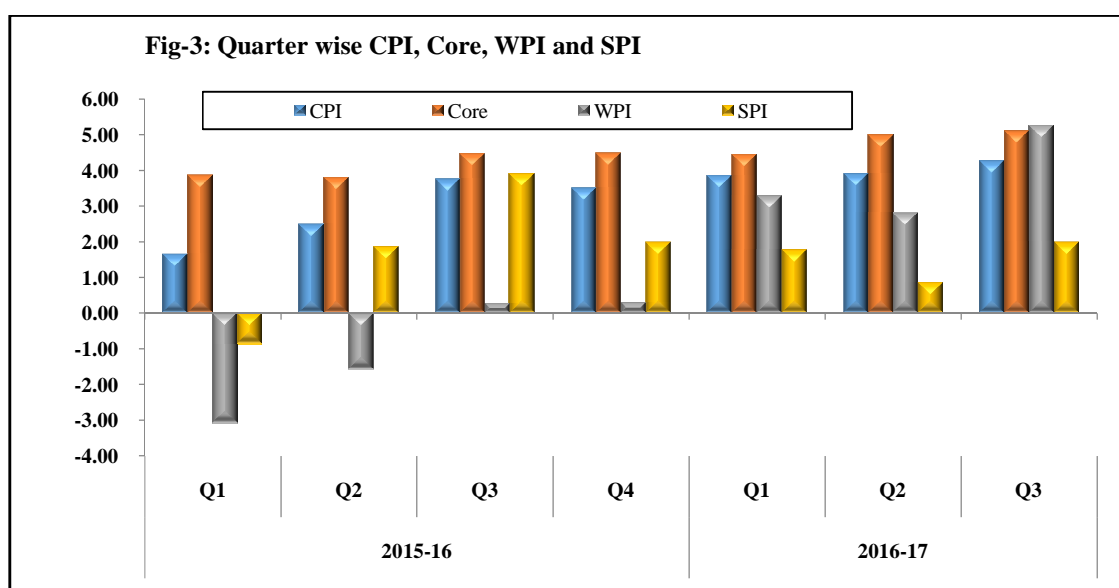
During first month of Q4 FY 2017 it increased to 4.8 percent in April 2017. However, on average during July- April FY 2017 it is recorded at 4.1 percent compared to 2.8 percent in July-April FY2016 and 4.8 percent FY2015. The other inflationary indicator like Sensitive Price Indicator (SPI) remained at 1.5 percent during July- April FY 2017 compared to 1.4 percent FY 2016 and 1.9 percent in FY 2015. Wholesale Price Index (WPI) recorded at 4.0 percent in FY 2017 compared to (-) 1.3 percent in FY 2016 and 0.03 percent in FY 2015.

Inflation

Table 7.3: Quarter wise Analysis (%)

| Years | Quarters | CPI | Core | WPI | SPI |
|---------|----------|------|------|-------|-------|
| 2015-16 | Q1 | 1.66 | 3.87 | -3.09 | -0.86 |
| | Q2 | 2.50 | 3.81 | -1.59 | 1.87 |
| | Q3 | 3.76 | 4.48 | 0.27 | 3.91 |
| | Q4 | 3.51 | 4.49 | 0.29 | 1.99 |
| 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 |

Source: Pakistan Bureau of Statistics



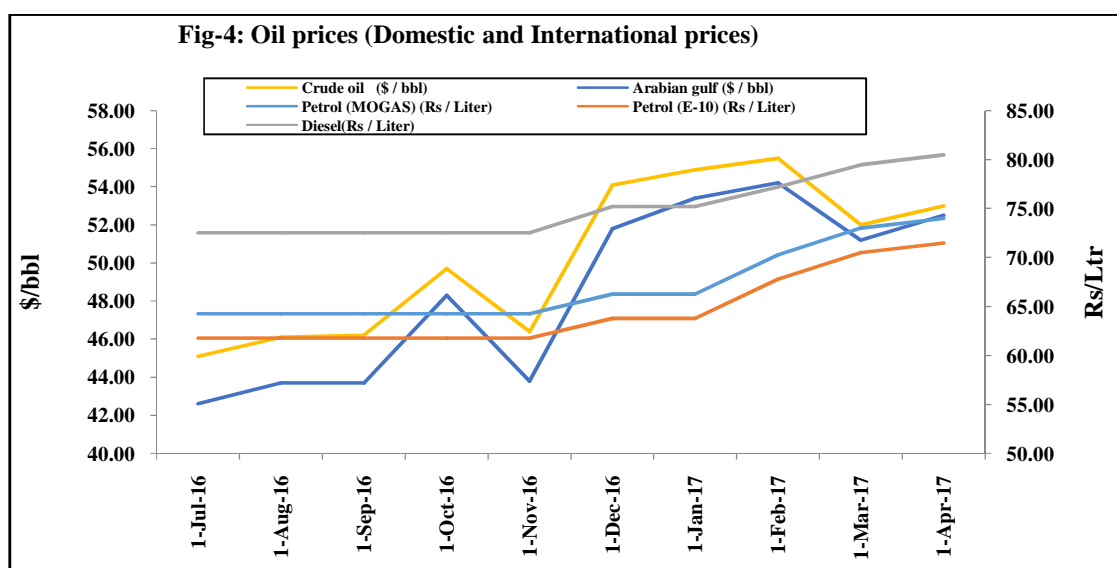
Impact of global prices on domestic inflation

The global crude oil prices persistently increased since July 2016 but slightly declined in November 2016. During July 2016 to April

2017, the crude oil prices increased by 17.5 percent. In fact, a limited pass through of the rise in global oil prices to domestic PoL prices during the period transmitted into other prices in CPI basket.

Table 7.4: Price of Petrol & Diesel

| Date | Petrol (MOGAS) (Rs / Liter) | Petrol (E-10) (Rs / Liter) | Diesel (Rs / Liter) | Crude oil (\$) / bbl) | Arabian gulf (\$) / bbl) |
|----------|-----------------------------|----------------------------|---------------------|-----------------------|--------------------------|
| 1-Jul-16 | 64.27 | 61.78 | 72.52 | 45.10 | 42.60 |
| 1-Aug-16 | 64.27 | 61.78 | 72.52 | 46.10 | 43.70 |
| 1-Sep-16 | 64.27 | 61.78 | 72.52 | 46.20 | 43.70 |
| 1-Oct-16 | 64.27 | 61.78 | 72.52 | 49.70 | 48.30 |
| 1-Nov-16 | 64.27 | 61.78 | 72.52 | 46.40 | 43.80 |
| 1-Dec-16 | 66.27 | 63.77 | 75.22 | 54.10 | 51.80 |
| 1-Jan-17 | 66.27 | 63.77 | 75.22 | 54.90 | 53.40 |
| 1-Feb-17 | 70.29 | 67.79 | 77.22 | 55.50 | 54.20 |
| 1-Mar-17 | 73.00 | 70.50 | 79.48 | 52.00 | 51.20 |
| 1-Apr-17 | 74.00 | 71.50 | 80.48 | 53.00 | 52.50 |



Consumer Price index (CPI)

Consumer headline inflation measured by CPI during July-April FY2017 averaged at 4.09 percent against 2.79 percent in the same period last year. The food group with 37.47 percent weight in CPI basket showed an increase of 3.86 percent. This was higher than the 2.06 percent observed in the corresponding period of

last year. Based on the current trend, the contribution of food inflation to the overall CPI is estimated at 1.44 percentage points and non-food inflation at 2.66 percentage points as against 0.77 percentage points and 2.07 percentage points, respectively, in the comparable period of last year. The percentage of inflation both food and non food items increased at higher pace compared to last year.

Table 7.5: Composition of CPI Inflation (July-Apr)

| Commodity | Weights | % Change Inflation | | Point Contribution | |
|-----------------------------------------|---------------|--------------------|-------------|--------------------|-------------|
| | | 2015-16 | 2016-17 | 2015-16 | 2016-17 |
| General (CPI) | 100.00 | 2.79 | 4.09 | 2.79 | 4.09 |
| Food Group | 37.47 | 2.06 | 3.86 | 0.77 | 1.44 |
| a) Food Products, Beverages and Tobacco | 34.83 | 0.97 | 3.16 | 0.34 | 1.10 |
| b) Alcoholic Beverages | 1.41 | 21.71 | 14.62 | 0.31 | 0.21 |
| c) Restaurant & Hotels | 1.23 | 4.82 | 5.05 | 0.06 | 0.06 |
| Non-Food | 62.53 | 3.31 | 4.25 | 2.07 | 2.66 |
| Clothing & Foot wear | 7.57 | 4.83 | 4.17 | 0.37 | 0.32 |
| Housing, Water, Elec. Gas & other Fuel | 29.41 | 5.07 | 4.88 | 1.49 | 1.44 |
| Furnishing & Household Equip. | 4.21 | 4.07 | 3.10 | 0.17 | 0.13 |
| Health | 2.19 | 3.39 | 9.87 | 0.07 | 0.22 |
| Transport | 7.20 | -7.34 | -1.69 | -0.53 | -0.12 |
| Communication | 3.22 | 0.35 | 0.81 | 0.01 | 0.03 |
| Recreation & culture | 2.03 | 2.18 | 1.27 | 0.04 | 0.03 |
| Education | 3.94 | 8.72 | 10.53 | 0.34 | 0.41 |
| Miscellaneous | 2.07 | 2.93 | 5.21 | 0.06 | 0.11 |
| Non-Food Non Energy | 53.52 | 4.09 | 5.11 | 2.19 | 2.73 |

Source: Pakistan Bureau of Statistics

The higher Non-Food prices mainly emanated from the education index which increased by 10.53 percent compared to 8.72 percent of the

corresponding period last year. The other groups clothing & Footwear 4.17 percent, Housing, Water, Electricity, Gas & other Fuel

4.88 percent, Furnishing & Household Equipment 3.10 percent, Health 9.87 percent, Transport (-) 1.69 percent and Recreation & Culture 1.27 percent during July-April FY 2017 compared to 4.83 percent, 5.07 percent, 4.07 percent, 3.39 percent, (-) 7.34 percent and 2.18 percent respectively, of the corresponding period last year.

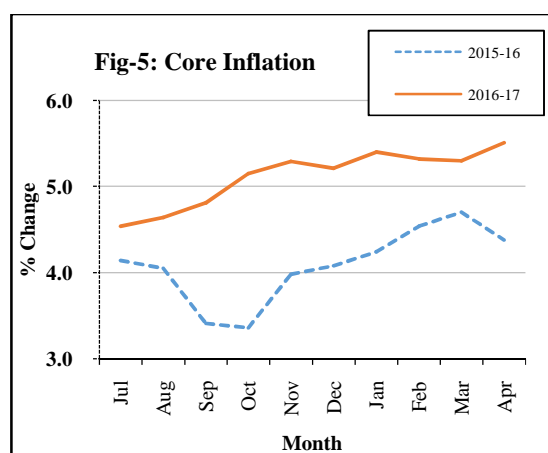
Among the Food group, Food products, Beverages and Tobacco recorded at 3.16 percent against 0.97 percent during same period last year. The global commodity and oil prices moved in upward direction which affected domestic food and other inflation indicator compared to corresponding period last year.

Core Inflation

Core inflation is a measure which excludes transitory or temporary prices volatility as in the case of some commodities such as food and energy prices. Core inflation is calculated using the Consumer Price Index (CPI) by excluding such commodities to gauge the actual inflation apart from temporary shocks and volatility. Among 89 commodity groups of CPI, it covers the price movement of 43 items. 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. The gradual build up of domestic demand is evident in rising core inflation to 5.5 percent in April 2017 and on average during July-April FY 2017, it is recorded at 5.1 percent compared to 4.1 percent of FY 2016. The Table 7.6 shows the core inflation trend year-on-year basis.

| | 2015-16 | 2016-17 |
|--------------------------|---------|---------|
| July | 4.1 | 4.5 |
| August | 4.0 | 4.6 |
| September | 3.4 | 4.8 |
| October | 3.4 | 5.2 |
| November | 4.0 | 5.3 |
| December | 4.1 | 5.2 |
| January | 4.2 | 5.4 |
| February | 4.5 | 5.3 |
| March | 4.7 | 5.3 |
| April | 4.4 | 5.5 |
| Average (Jul-Apr) | 4.1 | 5.1 |

Source: Pakistan Bureau of Statistics



Inflation by Income Group

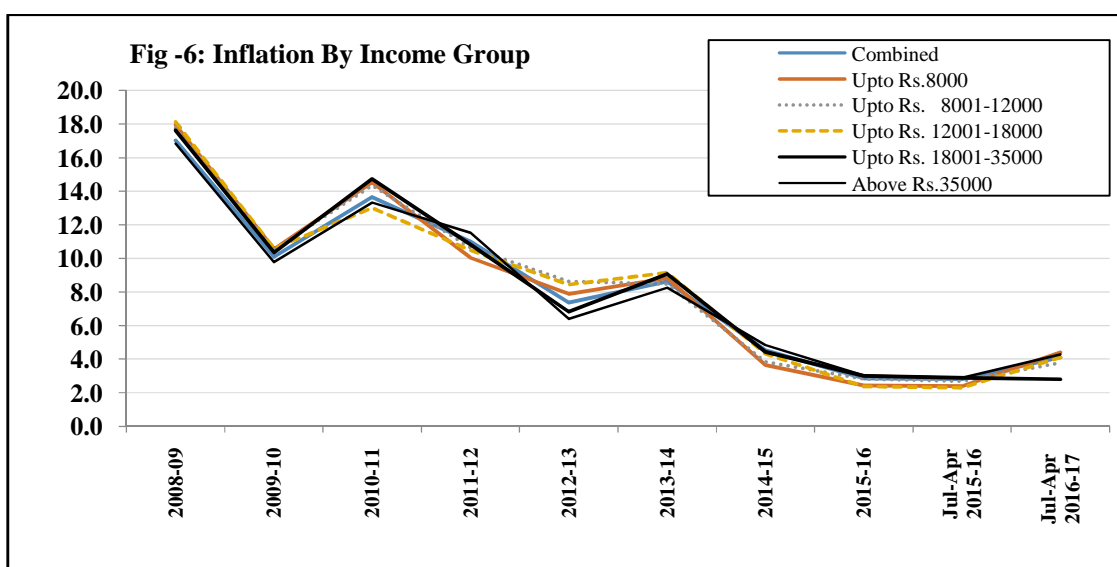
The Consumer price Index is constructed for five income groups (a) Upto Rs.8000 (b) Upto Rs.8001-12000 (c) Upto Rs. 12001-18000 (d) Upto Rs. 18001-35000 (e) AboveRs.35000.

During July- April 2016-17, the variation in the indices for these various income groups shows a mix pattern of movement from lower to higher income groups. Its comparative position is given in the following Table 7.7.

| | Combined | Upto Rs.8000 | Upto Rs. 8001-12000 | Upto Rs. 12001-18000 | Upto Rs. 18001-35000 | Above Rs.35000 |
|---------|----------|--------------|---------------------|----------------------|----------------------|----------------|
| 2008-09 | 17.0 | 18.0 | 17.8 | 18.1 | 17.6 | 16.8 |
| 2009-10 | 10.1 | 10.5 | 10.5 | 10.6 | 10.3 | 9.8 |
| 2010-11 | 13.7 | 14.5 | 14.3 | 13.0 | 14.7 | 13.3 |
| 2011-12 | 11.0 | 10.0 | 10.6 | 10.5 | 10.8 | 11.5 |
| 2012-13 | 7.4 | 7.9 | 8.6 | 8.4 | 6.8 | 6.4 |

| | Combined | Upto Rs.8000 | Upto Rs. 8001-12000 | Upto Rs. 12001-18000 | Upto Rs. 18001-35000 | Above Rs.35000 |
|---------|----------|--------------|---------------------|----------------------|----------------------|----------------|
| 2013-14 | 8.6 | 8.8 | 8.5 | 9.1 | 9.1 | 8.3 |
| 2014-15 | 4.5 | 3.7 | 3.8 | 4.3 | 4.4 | 4.8 |
| 2015-16 | 2.9 | 2.4 | 2.8 | 2.4 | 3.0 | 3.0 |
| Jul-Apr | | | | | | |
| 2015-16 | 2.8 | 2.4 | 2.7 | 2.3 | 2.9 | 2.9 |
| 2016-17 | 4.1 | 4.4 | 3.8 | 4.1 | 2.8 | 4.3 |

Source: Pakistan Bureau of Statistics



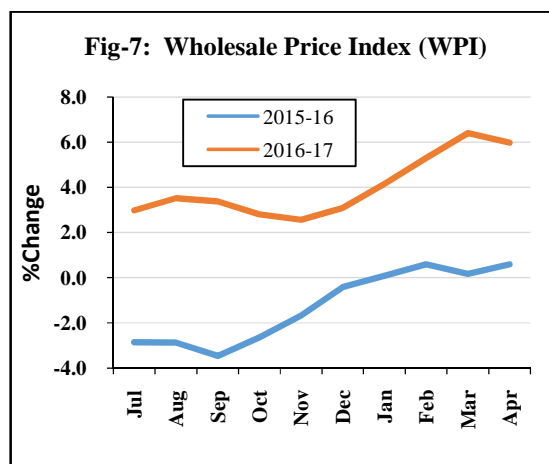
Wholesale Price Index (WPI)

The wholesale prices of 463 items collected from 21 cities and 21 markets have been divided into five (05) groups. Their prices are influenced immediately by the imports prices and local production. During current fiscal

year, there has been constant increase in WPI due to upward movement in fuel and other commodity prices in global market which fed into domestic wholesale prices. While during last year the opposite scenario faced which can be well gauge from table given below.

| | 2015-16 | 2016-17 |
|-------------------|---------|---------|
| July | -2.9 | 3.0 |
| August | -2.9 | 3.5 |
| September | -3.5 | 3.4 |
| October | -2.7 | 2.8 |
| November | -1.7 | 2.6 |
| December | -0.4 | 3.1 |
| January | 0.1 | 4.2 |
| February | 0.6 | 5.3 |
| March | 0.2 | 6.4 |
| April | 0.6 | 6.0 |
| Average (Jul-Apr) | -1.3 | 4.0 |

Source: Pakistan Bureau of Statistics



The following Table 7.9 shows the trend of various wholesale price groups.

| Table 7.9: Wholesale Price Index | | | | | |
|-----------------------------------------|---------|--------------------------|---------|---------|---------|
| Commodity | Weights | (%) Change July –Apr | | Impact | |
| | | 2015-16 | 2016-17 | 2015-16 | 2016-17 |
| General (WPI) | 100.00 | -1.29 | 4.00 | -1.29 | 4.00 |
| Agriculture Forestry & Fishery | 25.77 | 2.28 | 9.95 | 0.59 | 2.56 |
| Non-Food | 68.89 | -3.23 | 3.05 | -2.22 | 2.10 |
| Ores & Minerals | 12.04 | 0.33 | -1.69 | 0.04 | -0.20 |
| Food Products, Beverages | 31.11 | 3.10 | 6.03 | 0.96 | 1.88 |
| Other Transportable Goods | 22.37 | -13.37 | -3.08 | -2.99 | -0.69 |
| Metal Products Machinery | 8.71 | -0.86 | 1.59 | -0.07 | 0.14 |

Source: Pakistan Bureau of Statistics (PBS)

During July- April FY 2017 the WPI reported at 4.00 percent compared (-) 1.29 percent of corresponding period last year. Movement of various groups of WPI shows the highest increase (9.95 percent) in Agriculture Forestry & Fishery, Food Products, Beverages 6.03 percent and metal products machinery 1.59

percent.

Forty (40) Non-food items distributed among various non-food groups of WPI have recorded increase in their prices and contributed 2.50 percent to the overall WPI increase. The details are given in Table 7.10.

| Table 7.10: (%) Change in prices of non-food major items of WPI | | | |
|------------------------------------------------------------------------|--------|------------------------------------|--------|
| Items | Weight | % Change July- Apr (2016-17) | Impact |
| Furnace Oil | 3.27 | 32.00 | 1.05 |
| Woolen Carpets | 0.04 | 29.07 | 0.01 |
| Other Glass Articles | 0.16 | 25.00 | 0.04 |
| Glass Sheets | 0.21 | 20.37 | 0.04 |
| Cotton Yarn | 5.25 | 14.40 | 0.76 |
| Medicines | 1.14 | 13.47 | 0.15 |
| Lathe Machines | 0.05 | 11.71 | 0.01 |
| Radio And Television | 0.18 | 10.63 | 0.02 |
| Woven Fabrics | 0.01 | 10.20 | 0.00 |
| Hard Board | 0.16 | 6.52 | 0.01 |
| Footwear | 0.16 | 6.07 | 0.01 |
| Hosiery Products | 0.88 | 5.69 | 0.05 |
| Engines And Motors | 0.00 | 5.40 | 0.00 |
| Timber | 0.02 | 5.24 | 0.00 |
| Pipe Fittings | 0.08 | 5.11 | 0.00 |
| Vacuum Pumps | 0.02 | 5.08 | 0.00 |
| Soaps & Detergent | 0.82 | 4.05 | 0.03 |
| Cement | 1.81 | 3.71 | 0.07 |
| Refrige, Wash& Sew Mach, Iron | 1.16 | 3.46 | 0.04 |
| Motor Vehicales | 0.02 | 3.46 | 0.00 |

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Table 7.10: (%) Change in prices of non-food major items of WPI

| Items | Weight | % Change July- Apr (2016-17) | Impact |
|-------------------------|--------------|------------------------------|-------------|
| Ceramics And Sanitary | 0.02 | 3.37 | 0.00 |
| Electrical Wires | 0.09 | 3.35 | 0.00 |
| Cotton Fabrics | 0.63 | 3.35 | 0.02 |
| Ready Made Garments | 1.06 | 3.22 | 0.03 |
| Other Fabrics | 1.10 | 3.13 | 0.03 |
| Bed Foams | 0.00 | 2.86 | 0.00 |
| Lighting Equipments | 1.44 | 2.57 | 0.04 |
| Blankets | 0.00 | 2.37 | 0.00 |
| Insecticides | 0.13 | 2.27 | 0.00 |
| Bricks Blocks And Tiles | 0.16 | 2.10 | 0.00 |
| Printing Paper | 0.43 | 1.81 | 0.01 |
| Chuff Cutter | 0.13 | 1.71 | 0.00 |
| Silk And Reyon Fabrics | 0.74 | 1.61 | 0.01 |
| Quilts | 0.00 | 1.58 | 0.00 |
| Towels | 0.12 | 1.45 | 0.00 |
| Leather With Out Hairs | 0.30 | 1.39 | 0.00 |
| Steel Products | 0.39 | 1.24 | 0.00 |
| Synthetic Carpets | 0.06 | 1.20 | 0.00 |
| Bicycles | 3.35 | 1.15 | 0.04 |
| Matches | 0.05 | 1.07 | 0.00 |
| Total | 25.65 | | 2.50 |

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 every week. The trend of this index is monitored regularly and immediate measures are taken to control fluctuation in prices. The SPI year-on-year basis in FY 2017 remained volatile as presented in Table given below.

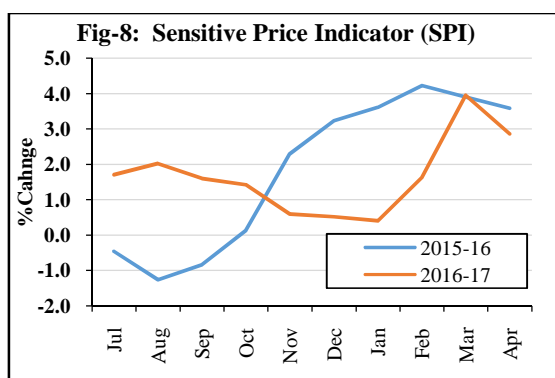


Table 7.11: Sensitive Price Indicator (SPI)

| | 2015-16 | 2016-17 |
|---------------------|---------|---------|
| July | -0.5 | 1.7 |
| August | -1.3 | 2.0 |
| September | -0.8 | 1.6 |
| October | 0.1 | 1.5 |
| November | 2.3 | 0.6 |
| December | 3.2 | 0.5 |
| January | 3.6 | 0.4 |
| February | 4.2 | 1.6 |
| March | 3.9 | 4.0 |
| April | 3.6 | 2.9 |
| Average (Jul-April) | 1.8 | 1.7 |

Source: Pakistan Bureau of Statistics

The annualized increase in SPI during July-April 2016-17 was recorded at 1.67 percent against 1.81 percent in the same period last

Inflation

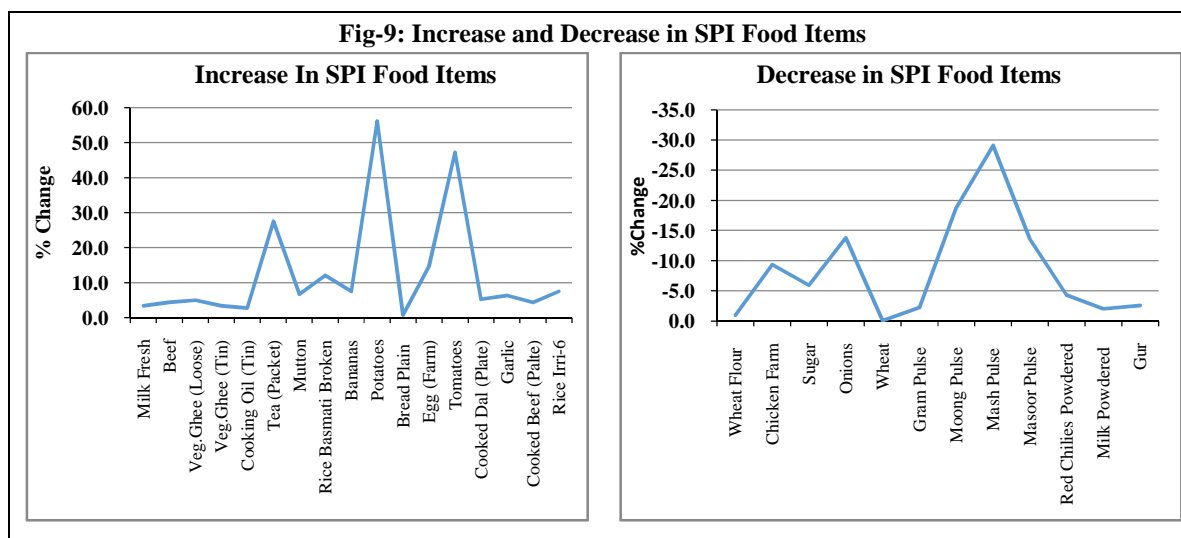
year. 12 major food items like mash pulse, moong pulse, onions, masoor pulse, chicken, sugar, red chillies etc, having a weight of 22.41 percent contributed (-)1.17 percent in SPI. The

other 17 major food items included tomatoes, potatoes, tea, eggs, garlic and rice etc, having a weight of 42.56 percent contributed 3.64 in SPI.

Table 7.12: (%) Change in prices of major items of SPI

| Items | Weight SPI Comb. | (% change) Apr 17/ Apr 16 | Contribution |
|-------------------------------|------------------|---------------------------|--------------|
| Decrease in Food Items | | | |
| Mash Pulse | 0.55 | -29.15 | -0.16 |
| Moong Pulse | 0.61 | -18.82 | -0.12 |
| Onions | 1.42 | -13.81 | -0.20 |
| Masoor Pulse | 0.49 | -13.61 | -0.07 |
| Chicken Farm | 3.56 | -9.35 | -0.33 |
| Sugar | 2.73 | -5.95 | -0.16 |
| Red Chillies Powdered | 0.44 | -4.26 | -0.02 |
| Gur | 0.06 | -2.56 | 0.00 |
| Gram Pulse | 0.62 | -2.23 | -0.01 |
| Milk Powdered | 0.12 | -2.01 | 0.00 |
| Wheat Flour | 10.90 | -0.95 | -0.10 |
| Wheat | 0.91 | -0.04 | 0.00 |
| Total | 22.41 | | -1.17 |
| Increase in Food Items | | | |
| Potatoes | 1.25 | 56.18 | 0.70 |
| Tomatoes | 1.18 | 47.15 | 0.55 |
| Tea (Packet) | 2.15 | 27.56 | 0.59 |
| Egg (Farm) | 1.19 | 14.62 | 0.17 |
| Rice Basmati Broken | 1.90 | 12.03 | 0.23 |
| Rice Irri-6 | 0.19 | 7.52 | 0.01 |
| Bananas | 1.39 | 7.47 | 0.10 |
| Mutton | 2.10 | 6.69 | 0.14 |
| Garlic | 0.36 | 6.31 | 0.02 |
| Cooked Dal (Plate) | 0.44 | 5.29 | 0.02 |
| Veg.Ghee (Loose) | 2.71 | 5.02 | 0.14 |
| Beef | 4.27 | 4.42 | 0.19 |
| Cooked Beef (Palte) | 0.36 | 4.35 | 0.02 |
| Milk Fresh | 16.84 | 3.43 | 0.58 |
| Veg.Ghee (Tin) | 2.71 | 3.38 | 0.09 |
| Cooking Oil (Tin) | 2.30 | 2.77 | 0.06 |
| Bread Plain | 1.23 | 0.73 | 0.01 |
| Total | 42.56 | | 3.64 |

Source: Pakistan Bureau of Statistics (PBS)



International Prices

There has been an upward trend observed in international commodity prices like palm oil and soyabean oil increased by 5.1 and 0.3 percent since July 2016. Prices of sugar

decreased by 16.3 percent since July 2016. However, the prices of crude oil, wheat, tea and DAP increased by 17.5 percent, 9.6 percent, 14.3 percent and 7.3 percent, respectively during the same period.

Table 7.13: International Prices of Major Commodities

| | Sugar \$/Ton | Palm Oil (\$/Ton) | Soybean Oil (\$/Ton) | Crude Oil (\$/Brl) | Wheat (\$/Ton) | Tea \$/Ton | DAP \$/MT |
|-----------------------|-----------------|----------------------|----------------------------|-----------------------|-------------------|---------------|--------------|
| Jul-16 | 430.0 | 652.0 | 788.0 | 45.1 | 151.6 | 2730.0 | 341.0 |
| Aug-16 | 440.0 | 736.0 | 814.0 | 46.1 | 149.2 | 2690.0 | 340.0 |
| Sep-16 | 470.0 | 756.0 | 829.0 | 46.2 | 150.8 | 2740.0 | 339.0 |
| Oct-16 | 490.0 | 716.0 | 858.0 | 49.7 | 151.8 | 2810.0 | 333.0 |
| Nov-16 | 450.0 | 751.0 | 880.0 | 46.4 | 150.5 | 2970.0 | 323.0 |
| Dec-16 | 410.0 | 788.0 | 907.0 | 54.1 | 142.0 | 2930.0 | 315.0 |
| Jan-17 | 450.0 | 809.0 | 872.0 | 54.9 | 153.3 | 2990.0 | 325.0 |
| Feb-17 | 450.0 | 774.0 | 835.0 | 55.5 | 155.2 | 2870.0 | 360.0 |
| Mar-17 | 400.0 | 734.0 | 812.0 | 52.0 | 154.3 | 2880.0 | 375.0 |
| Apr-17 | 360.0 | 685.0 | 790.0 | 53.0 | 166.1 | 3120.0 | 366.0 |
| %change | | | | | | | |
| Apr-17/ Jul-16 | -16.3 | 5.1 | 0.3 | 17.5 | 9.6 | 14.3 | 7.3 |

Source: Commodities Price Pink Sheet

FAO Food Index

According to FAO 2017, with the exception of meat, the indices of all other commodities used in the calculation of the Food Price Index dropped in April, especially sugar and vegetable oils.

In case of sugar, decline reflected generally weak import demand combined with

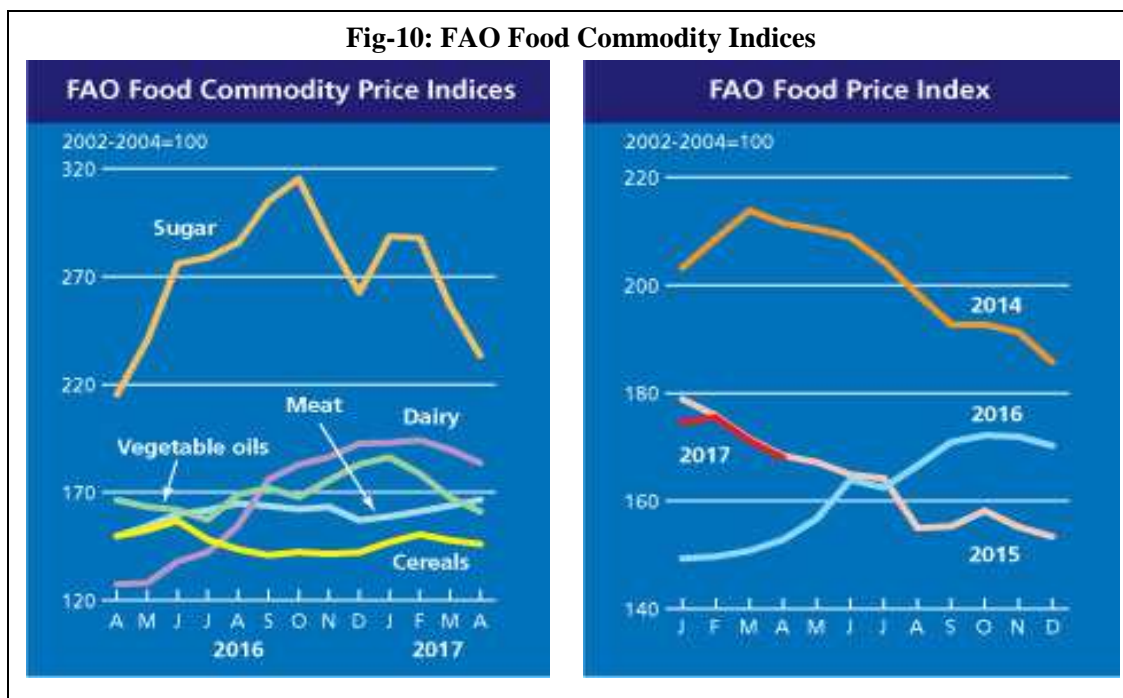
expectation of higher Brazilian supplies entering world markets as a result of a strong output increase and slower domestic intake for bio-ethanol production.

International rice prices were little varied, while wheat quotations were generally weaker, following improved weather conditions in major producing regions. Maize values also declined, mostly on large supplies from recently

harvested crops in South America, which intensified export competition in March with ample export supplies and no major upturn in import demand.

Ample supplies of milk in the northern hemisphere and prospects for higher-than-

earlier anticipated milk production in Oceania, put together fuelled expectations of increased supplies of milk powder and cheese. Conversely, butter prices rose, amid reduced export availability stemming from continued firm domestic demand in Europe and North America.



Regional Countries Inflation

Inflation rate varied among regional countries. Pakistan’s current inflation 4.8 percent in April 2017 is lower relative to other regional countries except India. Pakistan food inflation

is at 4.4 percent compared with 1.9 percent (March 2017) in India and 6.9 percent (March 2017) in Bangladesh.

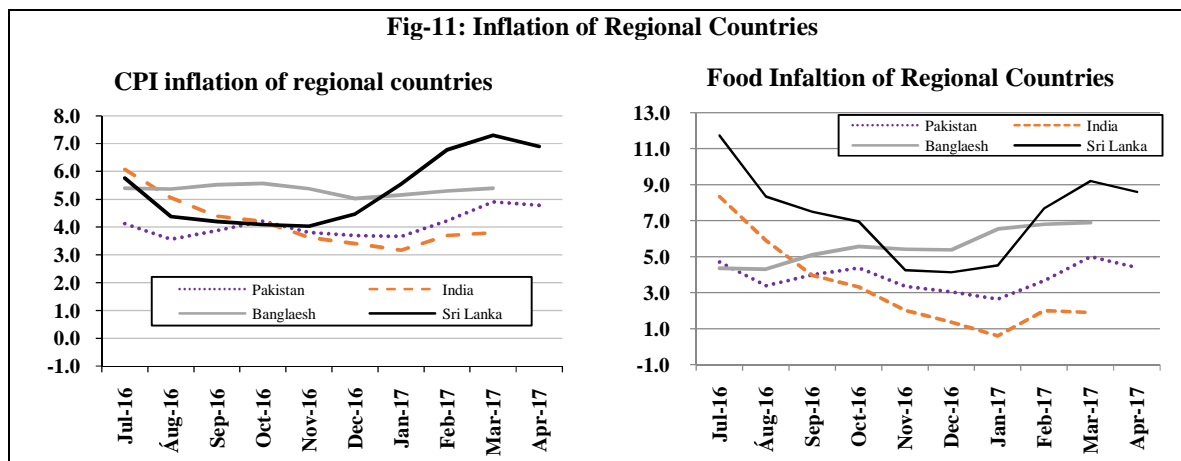
A comparison of inflation with regional countries is shown in Table 7.14.

Table 7.14: 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-16 | 4.1 | 4.7 | 3.7 | 6.1 | 8.4 | 2.8 | 5.4 | 4.4 | 7.0 | 5.8 | 11.7 | 3.5 |
| Aug-16 | 3.6 | 3.4 | 3.7 | 5.1 | 5.9 | 2.5 | 5.4 | 4.3 | 7.0 | 4.4 | 8.3 | 2.8 |
| Sep-16 | 3.9 | 4.0 | 3.8 | 4.4 | 4.0 | 3.1 | 5.5 | 5.1 | 6.2 | 4.2 | 7.5 | 2.9 |
| Oct-16 | 4.2 | 4.4 | 4.1 | 4.2 | 3.3 | 2.9 | 5.6 | 5.6 | 5.6 | 4.1 | 6.9 | 2.9 |
| Nov-16 | 3.8 | 3.3 | 4.2 | 3.6 | 2.0 | 2.8 | 5.4 | 5.4 | 5.3 | 4.0 | 4.3 | 3.9 |
| Dec-16 | 3.7 | 3.0 | 4.2 | 3.4 | 1.4 | 3.8 | 5.0 | 5.4 | 4.5 | 4.5 | 4.1 | 4.5 |
| Jan-17 | 3.7 | 2.6 | 4.4 | 3.2 | 0.6 | 3.3 | 5.2 | 6.5 | 3.1 | 5.5 | 4.5 | 6.0 |
| Feb-17 | 4.2 | 3.7 | 4.6 | 3.7 | 2.0 | 3.9 | 5.3 | 6.8 | 3.1 | 6.8 | 7.7 | 6.4 |
| Mar-17 | 4.9 | 5.1 | 4.9 | 3.8 | 1.9 | 5.6 | 5.4 | 6.9 | 3.2 | 7.3 | 9.2 | 6.5 |
| Apr-17 | 4.8 | 4.4 | 5.1 | | | | | | | 6.9 | 8.6 | 6.3 |

Source: Central Banks of respective countries

Fig-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 is keeping a close watch on supply and price movement of essential consumer items and taking remedial measures.

The provincial governments through their price monitoring committee 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. This has resulted in anchoring Food inflation. During April 2017, Food inflation recorded at 4.4 percent as compared to 4.7 percent over corresponding month of last year.

Sasta Bazar Prices

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

Table 7.15: Comparison of Prices of Kitchen Items in Sasta Bazar and Open Market

| SL. No. | Commodity | Unit | Islamabad | | | Punjab | | | Sindh | | | Khyber Pakhtunkhwa | | | Balochistan | | |
|---------|-----------------------|----------|----------------------------|------------------------------|-------------------------------------------------|----------------------------|------------------------------|-------------------------------------------------|----------------------------|------------------------------|-------------------------------------------------|----------------------------|------------------------------|-------------------------------------------------|--------------------------------------------|------------------------------|--------------------------------------------------|
| | | | Sasta/Bazar Price 30.04.17 | Open Market Price 27.04.2017 | Difference (Sasta bazar - Open Market) (in Rs.) | Sasta/Bazar Price 30.04.17 | Open Market Price 27.04.2017 | Difference (Sasta bazar - Open Market) (in Rs.) | Sasta/Bazar Price 30.04.17 | Open Market Price 27.04.2017 | Difference (Sasta bazar - Open Market) (in Rs.) | Sasta/Bazar Price 30.04.17 | Open Market Price 27.04.2017 | Difference (Sasta bazar - Open Market) (in Rs.) | Prices Notified by DC Quetta on 01-06-2016 | Open Market Price 27.04.2017 | Difference (Prices Notified by DC - Open Market) |
| 1 | WHEAT FLOUR AV. QLT. | 10 KG | 382.50 | 389.69 | -7.19 | 358.13 | 366.02 | -7.90 | NA | 426.92 | NA | NA | 375.00 | NA | 360.00 | 400.00 | -40.00 |
| 2 | RICE BASMATI BROKEN | KG | 82.50 | 85.00 | -2.50 | 60.40 | 66.98 | -6.58 | 71.00 | 73.08 | -2.08 | 60.00 | 71.67 | -11.67 | 95.00 | 70.00 | 25.00 |
| 3 | RICE IRRI-6 | KG | 57.50 | 60.00 | -2.50 | 41.50 | 49.96 | -8.46 | 43.50 | 44.58 | -1.08 | 42.50 | 46.67 | -4.17 | NA | 50.00 | NA |
| 4 | CHICKEN FARM | KG | 138.00 | 162.63 | -24.63 | 141.75 | 151.05 | -9.30 | NA | 157.50 | NA | 158.00 | 165.00 | -7.00 | NA | 170.00 | NA |
| 5 | EGG (FARM) | DOZ | 79.00 | 86.13 | -7.13 | 76.00 | 78.04 | -2.04 | NA | 81.38 | NA | 85.00 | 89.17 | -4.17 | NA | 95.00 | NA |
| 6 | COOKING OIL (TIN) | 2.5 Ltr. | 475.00 | 475.00 | 0.00 | NA | 471.00 | NA | NA | 468.00 | NA | 470.00 | 470.00 | 0.00 | NA | 445.00 | NA |
| 7 | VEG. GHEE (TIN) | 2.5 KG | 470.00 | 470.00 | 0.00 | NA | 464.57 | NA | NA | 453.00 | NA | 455.00 | 460.00 | -5.00 | NA | 440.00 | NA |
| 8 | VEG. GHEE (LOOSE) | KG | 146.50 | 151.25 | -4.75 | 140.10 | 142.95 | -2.84 | 145.00 | 145.77 | -0.77 | 155.00 | 158.33 | -3.33 | 135.00 | 130.00 | 5.00 |
| 9 | BANANAS | DOZ | 90.00 | 132.50 | -42.50 | 74.29 | 88.54 | -14.25 | 70.00 | 70.19 | -0.19 | 70.00 | 86.67 | -16.67 | NA | 70.00 | NA |
| 10 | MASOOR PULSE WASHED | KG | 140.00 | 153.13 | -13.13 | 120.21 | 132.23 | -12.02 | 116.25 | 118.27 | -2.02 | 92.50 | 103.17 | -10.67 | 122.00 | 120.00 | 2.00 |
| 11 | MOONG PULSE WASHED | KG | 135.00 | 151.88 | -16.88 | 105.21 | 126.01 | -20.80 | 117.50 | 118.65 | -1.15 | 94.00 | 103.42 | -9.42 | 167.00 | 145.00 | 22.00 |
| 12 | MASH PULSE WASHED | KG | 187.50 | 203.13 | -15.63 | 170.00 | 192.56 | -22.56 | 155.00 | 160.00 | -5.00 | 171.00 | 177.42 | -6.42 | 234.00 | 200.00 | 34.00 |
| 13 | GRAM PULSE WASHED | KG | 140.00 | 153.75 | -13.75 | 118.86 | 127.74 | -8.88 | 127.50 | 127.88 | -0.38 | 120.00 | 126.67 | -6.67 | 122.00 | 145.00 | -23.00 |
| 14 | POTATOES | KG | 29.20 | 43.75 | -14.55 | 25.36 | 29.27 | -3.91 | 27.50 | 28.27 | -0.77 | 24.00 | 31.67 | -7.67 | NA | 25.00 | NA |
| 15 | ONION | KG | 29.20 | 53.75 | -24.55 | 30.07 | 30.76 | -0.68 | 27.50 | 28.08 | -0.58 | 28.00 | 31.67 | -3.67 | NA | 30.00 | NA |
| 16 | TOMATOES | KG | 26.00 | 48.75 | -22.75 | 19.50 | 27.26 | -7.76 | 27.50 | 31.54 | -4.04 | 24.00 | 31.67 | -7.67 | NA | 40.00 | NA |
| 17 | SUGAR | KG | 61.00 | 65.81 | -4.81 | 59.29 | 59.83 | -0.54 | 60.00 | 60.31 | -0.31 | 60.00 | 59.25 | 0.75 | NA | 60.00 | NA |
| 18 | RED CHILLIES POWDERED | KG | 290.00 | 300.00 | -10.00 | 219.29 | 248.10 | -28.81 | 290.00 | 295.48 | -5.48 | 210.00 | 236.67 | -26.67 | NA | 310.00 | NA |
| 19 | Garlic | KG | 160.00 | 263.13 | -103.13 | 190.57 | 240.83 | -50.26 | 162.50 | 176.15 | -13.65 | 220.00 | 250.00 | -30.00 | NA | 290.00 | NA |

| | | |
|--------|-------------|---------------------------------------------------------------------------------------------|
| Punjab | Open Market | 1- 1R.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 |

Regional Situation of Prices

Prices of essential consumer items prevailing on 27th April 2017 in Pakistan indicates that in comparison with the regional countries Pakistan is the lowest in 10 items out of 23 items like Wheat, Wheat Flour, Chicken farm, Petrol, Diesel, Rice Basmati, Vegetable ghee, Eggs, Beef and Sugar than those of other regional countries. Second lowest in 7 items like Gram

Pulse, Milk Fresh, Masoor Pulse, Moong Pulse, Mash Pulse, Red Chilies, Onion and third lowest in 6 items like Mutton, Tomatoes, Potatoes, DAP, Tea and Urea. The variations in 23 items in Pakistan as against other regional countries is 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 7.16: Regional Prices Comparison (Pak Rs.)

| Items | Units | Islamabad | New Delhi | Dhaka | Ranking |
|----------------|-------|------------|------------|------------|---------|
| | | 27-04-2017 | 19-04-2017 | 18-04-2017 | |
| Wheat | Kg | 35 | 57 | 42 | 1 |
| Wheat Flour | Kg | 39 | 73 | 53 | 1 |
| Chicken farm | Kg | 163 | 325 | 188 | 1 |
| Petrol | Ltr | 74 | 120 | 117 | 1 |
| Diesel | Ltr | 83 | 102 | 85 | 1 |
| Rice Basmati | Kg | 85 | 98 | 217 | 1 |
| Vegetable ghee | Kg | 151 | 154 | -- | 1 |
| Eggs | Doz | 86 | 98 | 138 | 1 |
| Sugar | Kg | 66 | 73 | 96 | 1 |
| Beef | Kg | 352 | 358 | 458 | 1 |
| Gram Pulse | Kg | 154 | 228 | 152 | 2 |
| Milk Fresh | Ltr | 99 | 81 | 145 | 2 |
| Masoor Pulse | Kg | 153 | 130 | 193 | 2 |
| Moong Pulse | Kg | 152 | 146 | 171 | 2 |
| Mash Pulse | Kg | 203 | 195 | -- | 2 |
| Red Chilies | Kg | 300 | 260 | 552 | 2 |
| Onion | Kg | 54 | 33 | 33 | 2 |
| Mutton | Kg | 806 | 780 | 736 | 3 |
| Tomatoes | Kg | 49 | 41 | 26 | 3 |
| Potatoes | Kg | 44 | 16 | 26 | 3 |
| DAP | 50 Kg | 2588 * | 1966 | 1642 | 3 |
| Tea | Kg | 1025 | 715 | 553 | 3 |
| Urea | 50 Kg | 1368 * | 520 | 1051 | 3 |

Source: PBS

*National Average

Conclusion

Increasing oil and commodity prices remains a concern. Global commodity and oil prices are expected to move in upward direction, which

will be affecting domestic inflation. However, given the increase in agriculture production and sufficient food supplies, stable exchange rate, effective monetary policy, inflation is expected to remain below the target.