

Our Correspondent

Consumer inflation edges up to 11.4pc in Sept

KARACHI: Pakistan's consumer inflation accelerated to 11.4 percent year-on-year in September from 10.5 percent in August as food prices remained on an upward trajectory, official data showed on Wednesday.

Pakistan Bureau of Statistics (PBS) data showed that on month-on-month basis consumer inflation, however, fell to 0.8 percent in September 2019 from 1.6 percent in August.

The spike was mainly driven by 4.95 percent rise in prices of perishable food items and 1.58 percent increase in prices of non-perishable food items.

From last month, the government started to include rural markets in the inflation survey with rebasing of year to 2015/16 from 2007/08. Under the old metric, consumer price index (CPI) inflation surged to 12.55 percent year-on-year in September from 11.63 percent in August.

PBS further said CPI inflation rural increased 11.1 percent year-on-year in September as compared to an increase of 10.3 percent in the previous month and 5.1 percent in September 2018. On month-on-month basis, it increased 0.8 percent in September as compared to an increase of 1.9 percent in the previous month and flat in September 2018.

CPI inflation urban increased 11.6 percent year-on-year in September 2019 as compared to an increase of 10.6 percent in the previous month and 5.6 percent in September 2018, the PBS said. On month-on-month basis, it increased 0.7 percent in September 2019 as compared to an increase of 1.5 percent in the previous month and a decrease of 0.1 percent in September 2018.

In July-September, consumer inflation was recorded at 10.08 percent compared to 6.08 percent in the corresponding quarter a year earlier. Rural CPI was 9.74 percent in the quarter compared to 5.95 percent a year earlier, while urban CPI clocked in at 10.3 percent as against 6.17 percent. Analysts see no change in monetary policy stance scheduled next month as the consumer inflation is still within the range of 11 to 12 percent projected by the central bank for the current fiscal year of 2019/20.

"September's inflation numbers indicates inflation will remain in line with the SBP's (state Bank of Pakistan) projection in the fiscal year 2019/20," former finance minister Salman Shah said. "The SBP's previous decision of holding interest rates was appropriate." The SBP kept the policy rate on hold last month as expected, noting that inflation risks are roughly balanced amid 'a gradual slowdown' in growth but key economic indicators had begun to improve since the July policy decision.

An analyst threw weight behind argument of no change in policy rate next month. "We expect the central bank will continue cautious monetary policy stance by maintaining a status quo in November policy review," the analyst said, requesting anonymity. "However, the downward adjustment in the policy rate is likely in January."

Besides, the analyst added that yields on market treasury bills and Pakistan investment bonds are heading lower, showing inflation would go down. "Yields are expected to fall to single digits."