

October inflation eases slightly to 8.9pc

ISLAMABAD: Inflation eased slightly to 8.9 per cent in October, from 9pc in September on the back of a slight decline in prices of fresh fruits and vegetables, data released by the Pakistan Bureau of Statistics showed on Monday.

Higher food prices continued to exert upward pressure on inflation as prices of food group rose 16.53pc year-on-year and 3.9pc month-on-month in October.

The prices of essential food items — tomatoes, onions, chicken, eggs, sugar and wheat — have seen consistent increase over the last couple of months. Having maximum share in the food basket, a slight increase in kitchen items raises overall inflation.

Year-on-year in October, wheat price went up by 52.21pc, wheat flour 24.67pc, rice 8.6pc, eggs 43.32pc and sugar 32.97pc.

With shortages in domestic production, the current fiscal year started with 9.3pc inflation in July, which eased to 8.2pc in August before rebounding to 9pc in September.

Food prices see continuing increase of 16.5pc

The average CPI between July and October eased from last year's 10.32pc to 8.86pc this year, but the average CPI in FY20 rose to 10.74pc, from 6.8pc in the year before — highest level since 2011-12 when it stood at 11.01pc.

Food inflation is still in the double-digits, posting a rise in the outgoing month.

In urban areas, it jumped by 13.9pc in October on a yearly basis and an increase of 2pc on a monthly basis whereas the respective price level growth in rural areas stood at 17.7pc on a yearly basis and an increase of 4.3pc on a monthly basis.

In urban areas, food items that saw a jump in prices this month from previous include tomatoes, up 48.36pc; onions 39.07pc; chicken 26.62pc; eggs 23.81pc; wheat 8.39pc; wheat products 8.07pc; sugar 4.58pc; wheat flour 4.1pc; besan 2.89pc; pulse moong 1.69pc; rice 1.45pc; pulse mash 1.26pc; readymade food 0.98pc; gram whole 0.85pc; pulse masoor 0.85pc; potatoes 0.82pc; pulse gram 0.81pc and butter 0.78pc.

The items whose prices declined in urban areas were fresh vegetable, down 6.36pc, fresh fruits 3.31pc and condiments and spices 2.39pc.

In rural areas, price increase was seen in tomatoes, higher by 64.99pc; onions 58.39pc; eggs 24.88pc; chicken 23.14pc; wheat 5.54pc; sugar 4.89pc; fresh vegetables 4.06pc; fresh fruits 3.5pc; wheat flour 3.28pc; wheat products 3.07pc; potatoes 3.05pc; pulse masoor 2.97pc; dry fruits 2.73pc; honey 2.5pc; fish 2.38pc; bakery and confectionary 2.38pc; meat 1.76pc; pulse mash 1.6pc and cooking oil 1.47pc.

On the other hand, drag on price levels came from pulse moong (2.91pc), condiments and spices (1.85pc) and beans (0.71pc).

Meanwhile, non-food inflation in urban centres was recorded at 3.6pc year-on-year and 0.3pc month-on-month basis, whereas in rural areas, it rose by 5.8pc and 0.5pc, respectively.

The urban consumer price index covers 35 cities and 356 items, while the rural one tracks 27 centres and 244 products. The former grew by 7.3pc year-on-year in October where-as the latter jumped by 11.3pc.

Core inflation in urban areas was 5.6pc in October as against 5.5pc the previous month. In rural areas, the corresponding eased to 7.6pc from 7.8pc.

The central bank determines the key policy rate, currently at 7pc, based on the core inflation rate. The SBP has reduced the rate by a cumulative 625 basis points since March 17 to combat uncertainty amid the coronavirus pandemic.

Average inflation measured by the sensitive price index edged up to 12.3pc during October from 12pc during the previous month, while the wholesale price index rose from last month's 5.1pc to 4.3pc the previous month.