

### **Inflation eases to 8.2pc in August**

ISLAMABAD: Inflation eased to 8.2 per cent in August, from 9.3pc in July on the back of a slight decline in prices of essential food products, data released by the Pakistan Bureau of Statistics (PBS) showed on Tuesday.

Inflation during the month fell despite a significant rise in the petroleum prices.

The data showed chicken prices dipped by 36.45pc in August from the previous month, tomatoes 31.83pc, eggs 1.33pc, and fresh fruits 23.15pc. Moreover, prices of all varieties of pulses also declined during the month under review.

But, contrary to these, wheat price surged by 11.95pc in August from the previous month, wheat flour 5.44pc, and wheat products 6.85pc. Similarly, an increase of 13.53pc was noted in the retail price of sugar across the country.

The government has allowed import of wheat and sugar to meet the shortfall in domestic market. However, its impact on retail price is yet to be seen.

#### *Consumer prices fall despite increase in petrol, diesel rates*

The average CPI in July-August 2020 eased to 8.74pc, from 9.44pc in the year before.

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 double-digits, posting a rise in the outgoing month. In urban areas, it jumped by 11.3pc in August on a yearly and a decline 0.3pc on a monthly basis whereas the respective price level growth in rural areas stood at 13.5pc on a yearly basis and a decline of 0.9pc.

In urban areas, food items that saw an increase in prices in August from the previous month included sugar 13.53pc, wheat 11.95pc, onions 10.4pc, bakery and confectionary 6.65pc, potatoes 5.85pc, wheat flour 5.44pc, beans 5.01pc, milk fresh 4.79pc, spices 2.81pc, and rice 0.31pc.

The items whose prices declined in urban areas were: chicken 36.45pc, tomatoes 31.83pc, fresh fruits 23.15pc, pulse moong 6.5pc, vegetables 2.78pc, pulse mash 2.28pc, fish 1.87pc, gram whole 1.78pc, eggs 1.33pc, pulse gram 1.29pc, besan 1.21pc, pulse masoor 0.98pc, vegetable ghee 0.86pc and cooking oil 0.59pc.

In rural areas, price increases were seen in sugar, up 13.31pc, wheat 7.89pc, wheat flour 4.36pc, potatoes 3.73pc, sweetmeat 2.63pc, milk fresh 1.79pc, rice 1.76pc, eggs 1.43pc, ready-made food 0.91pc and meat 0.74pc.

On the other hand, drag on price levels came from tomatoes, which fell 33.94pc, chicken 31.9pc, fresh fruits 25.42pc, pulse moong 9.66pc, vegetables 8.66pc, pulse mash 4.55pc, spices 3.51pc, pulse gram 3.41pc, gram whole 2.47pc, besan 1.94pc, pulse masoor 1.57pc and onions 0.4pc.

Meanwhile, non-food inflation in urban centres was recorded at 4.8pc year-on-year and 1.5pc month-on-month whereas in rural areas, it rose by 6.8pc and 1.5pc, respectively.

The increase in non-food inflation was mainly driven by a rise in oil prices in August.

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 7.1pc year-on-year in August whereas the latter jumped by 9.9pc.

Core inflation in urban areas was 5.6pc in August as against 5.3pc in the previous month. In rural areas, the corresponding increase was 7.6pc.

The central bank determines key policy rate — currently at 7pc — based on the core inflation rate. The State Bank of Pakistan reduced the policy rate by a cumulative 625 basis points since March to combat uncertainty amid growing coronavirus outbreak.

Average inflation measured by the sensitive price index eased to 11.7pc during August from 13.7pc during the previous month, while the wholesale price index was up 3.3pc during the month under review from 3.2pc in the previous month.