

Pakistan Market Price Bulletin

April 2017 Issue

Highlights

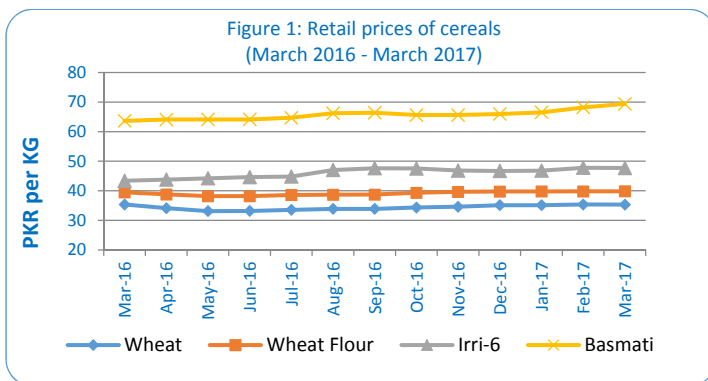
- In March 2017, the average retail price of wheat and wheat flour negligibly decreased by 0.14% and negligibly increased by 0.04%, respectively;
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.8% from the previous month (February 2017), whereas it has increased by 4.9% from the same month last year (March 2016);
- There were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month; the price of sugar slightly decreased (by 3.9%), the price of eggs decreased significantly (18%) and the price of live chicken also significantly increased (30.6%);
- In March 2017, the average ToT negligibly decreased from the previous month;
- In April 2017, the total global wheat production for 2016-2017 is projected at 751.36 million MT, showing an increase of 0.3 million MT compared to the projection made last month.

Headline inflation negligibly increased

In March 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.8% from the previous month (February 2017), whereas it has increased by 4.9% from the same month last year (March 2016). The CPI for food has negligibly increased by 1.9% from February 2017 and increased by 5% from March 2016; while the CPI for non-food increased by 0.1% from last month and 4.9% from March 2016. The weighted contribution of food groups in the overall CPI has increased from 221.66 indices in February 2017 to 226.16 in March 2017, registering a positive change of 2.03%. Compared to March 2016, the indices increased by 4.6%¹.

Retail prices of staple cereals remained stable

In March 2017, the average retail price of wheat, wheat flour and rice *Irri-6* have negligibly fluctuated while that of rice *Basmati* slightly increased compared to the previous month (February 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.33 and PKR 39.83 per kg, respectively, indicating a negligible decrease by 0.14% and a negligible increase by 0.04%, respectively. The price of rice *Irri-6* was recorded at PKR 47.7 registering a negligible decrease of 0.1%, whereas price for rice *Basmati* was recorded at PKR 69.4 reflecting a slight increase of 1.8% from previous month.



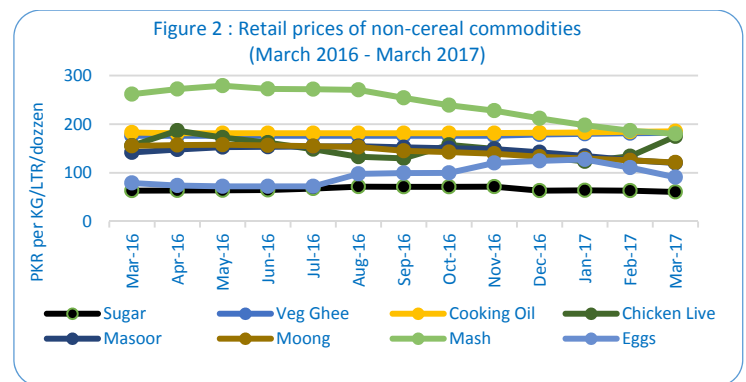
Compared to three months ago (December 2016), wheat, wheat flour, rice *Basmati*, and rice *Irri-6* prices in March slightly increased by 0.5%, 0.2%, 5.2% and 2.2%, respectively.

Comparing prices of these commodities with six months ago (September 2016), the prices of wheat, wheat flour, rice *Irri-6* and rice *Basmati* slightly increased by 4.2%, 2.8%, 0.2%, and 4.5%, respectively.

On a one-year comparison (March 2016), the price of wheat negligibly decreased by 0.2%, while the price of wheat flour negligibly increased by 0.9%. The prices of both rice *Irri-6* and rice *Basmati* slightly increased by 10% and 9.1%³, respectively.

Retail prices of non-cereal food commodities remained somewhat stable

In March 2017, there were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. The prices of pulse *Dal Mash*, pulse *Dal Moong*, lentil *Masoor* and sugar slightly decreased by 3.6%, 3.6%, 4.6% and 3.9%, respectively, while the price of eggs decreased significantly by 18%. The price of live chicken significantly increased by 30.6%.



Compared to three months ago (December 2016), the price of the majority of non-cereal commodities in March 2017 registered slight to significant fluctuations. The prices of pulses *Dal Mash*, lentil *Masoor* and eggs significantly decreased by 15.1%, 15.3% and 27%, respectively, while the price of *Dal Moong* and sugar slightly decreased by 8.7% and 4.2%, respectively. The price of live chicken significantly increased by 31.4%, whereas vegetable ghee and cooking oil slightly increased by 1.9% and 1.7%, respectively.

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

³ Pakistan Bureau of Statistics, Islamabad

Over a period of six months (starting September 2016), wider variations were also observed in the prices of non-cereal commodities. There was a significant price increase for live chicken (by 34.7%), and a slight increase for vegetable ghee (by 3.45%) and cooking oil (2.2%). On the other hand, there was a significant drop in the prices of pulse *Dal Mash* (29.2%), lentil *Masoor* (21.1%), pulse *dal Moong* (16.5%) and sugar (14.7%).

Compared to March 2016, the prices of pulses *Dal Mash*, *Dal Moong*, and lentil *Masoor* significantly decreased by 31.2%, 21.9%, and 15.1%, respectively, while for sugar it slightly decreased by 3.9%. Meanwhile, the prices increased for eggs (15%), vegetable ghee (3.4%), cooking oil (1.4%), and live chicken (12.3%)

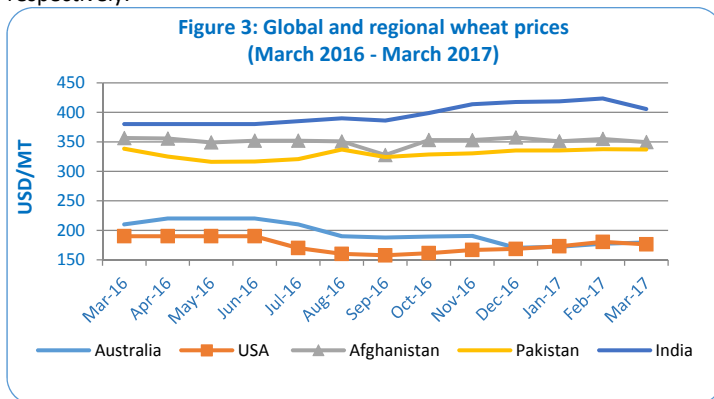
Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in March 2017, with the exception of Lahore, where the prices of pulse *Mash* and lentil *Masoor* were slightly higher than other big cities mainly because Lahore is located farther from producing districts.

Increase in estimated global wheat production

In April 2017, the total global wheat production projection has increased to 751.36⁴ million MT from the estimated projection of 751.07 million MT in March 2017.

This 0.3 million MT production projection increase is mainly due to increase in production. Total global consumption for 2016/17 is lowered by 0.6 million MT as a result of a 1.0 million MT decrease alone in the United States offsetting a small net increase in other countries. With rising supplies and declining use, global ending stocks are raised by 2.3 million MT this month⁵.

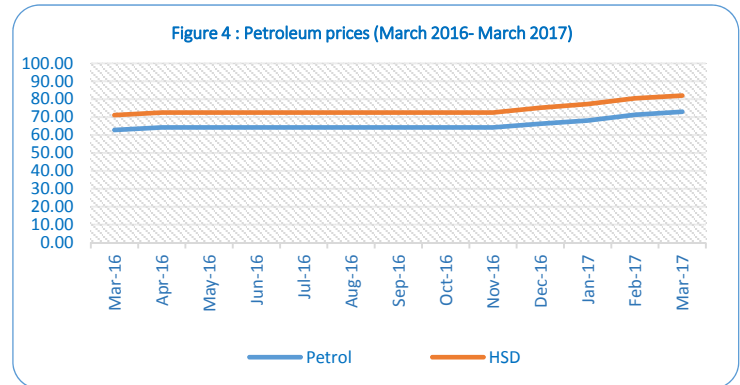
Compared to February 2017, wheat prices in March 2017 decreased in Pakistan (by 0.15%)⁶, USA (2.3%)⁷, Afghanistan (1.5%) and India (4.2%)⁸, while the price increased for Australia (1.3%)⁹. The domestic retail wheat price in Pakistan was 91% higher than in the USA, 88% higher than in Australia, while it was 17% and 4% lower than in India and Afghanistan, respectively.



Prices of petroleum products increased slightly

The March 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 73 and PKR 82 per liter respectively¹⁰. Compared to the previous month (February 2017), the prices of Super Petrol and HSD increased by 2.4% and 1.9%, respectively.

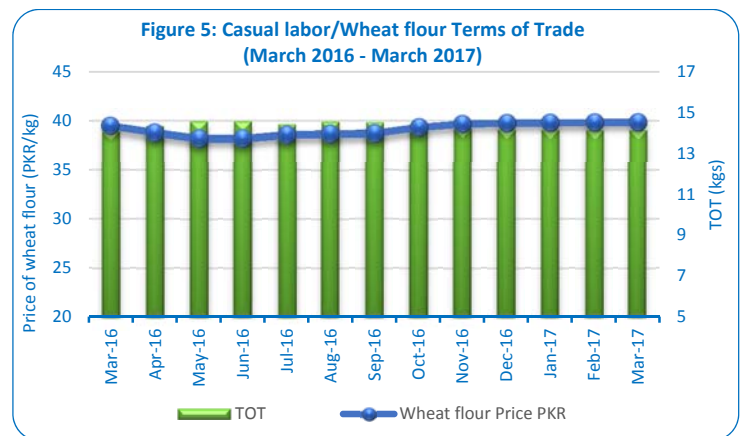
On a three month (December 2016) comparison, the prices have significantly increased for both Super Petrol and HSD by 10.2% and 9%, respectively. Similarly, on a six months (September 2016) comparison, the prices have significantly increased for both Super Petrol and HSD by 13.6% and 13.1%, respectively. Compared to prices a year ago (March 2016), a significant increase of 16.3% for Super Petrol and 15.3% for HSD was recorded.



Terms-of-Trade (ToT)¹¹ decreased

In March 2017, the average ToT negligibly decreased by 0.04% from previous month and was recorded at 14.1 kg of wheat flour. Compared to three months ago (December 2016), the ToT negligibly decreased by 0.2%, mainly due to a slight increase in the average price of wheat flour in March. Furthermore, it slightly declined by 2.7% compared to six months ago (September 2016). Whereas, it improved by 0.2% compared to a year ago (March 2016).

However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹², or both. The highest ToT was observed in Lahore and Karachi at 15.8 kg and 14.8 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates¹³.



⁴ World Agriculture Supply and Demand Estimates, USDA.

⁵ World Agriculture Supply and Demand Estimates, USDA.

⁶ Pakistan Bureau of Statistics, Government of Pakistan.

⁷ FAO Global Information and Early Warning System (GIEWS)

⁸ FAO Global Information and Early Warning System (GIEWS)

⁹ FAO Global Information and Early Warning System (GIEWS)

¹⁰ <http://www.psopk.com>

¹¹ The ratio of the price of the primary income good relative to the price of the primary expenditure good, it simply measures the purchasing power of a particular livelihood

group. In this Bulletin, the Terms of Trade (ToT) between casual unskilled labor wage and Wheat flour is applied. This ToT reveals how many Kilograms of Wheat flour can be purchased with one-day casual unskilled labor wage, but does not say how many days a month a laborer can get to cover the family food needs.

¹² The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

¹³ Pakistan Bureau of Statistics

Retail prices of main food commodities in major cities – March 2017

Major Commodities	Markets	Current Prices (March 2017) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	35.63	0.34	0.00%	2.89%	5.63%	-1.38%	▶	▶	▲	▶
	Multan	33.40	0.32	-0.30%	-0.45%	4.05%	-1.76%	▶	▶	▶	▶
	Karachi	36.60	0.35	-0.41%	0.27%	5.78%	2.81%	▶	▶	▲	▶
	Peshawar	36.00	0.34	0.00%	0.00%	5.88%	5.26%	▶	▶	▲	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	-5.41%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.36	0.00%	0.00%	0.00%	-2.56%	▶	▶	▶	▶
	Multan	37.90	0.36	-0.26%	-0.26%	3.46%	-0.79%	▶	▶	▶	▶
	Karachi	44.83	0.43	0.40%	0.83%	7.16%	8.40%	▶	▶	▲	▶
	Peshawar	38.42	0.37	0.00%	0.26%	3.36%	-0.99%	▶	▶	▶	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.54	0.00%	7.41%	10.74%	16.16%	▶	▲	▲	▲
	Multan	40.00	0.38	0.00%	0.00%	-11.11%	14.29%	▶	▶	▼	▲
	Karachi	44.58	0.43	0.34%	1.41%	1.41%	2.93%	▶	▶	▶	▶
	Peshawar	47.00	0.45	-1.05%	1.08%	-1.34%	15.34%	▼	▶	▶	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	2.46%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	67.50	0.64	0.00%	7.69%	11.24%	17.02%	▶	▲	▲	▲
	Multan	74.17	0.71	2.89%	9.88%	9.88%	17.12%	▲	▲	▲	▲
	Karachi	71.70	0.68	2.99%	2.99%	2.49%	4.87%	▲	▶	▶	▶
	Peshawar	71.67	0.68	0.00%	2.39%	5.66%	8.87%	▶	▶	▲	▶
	Quetta	62.00	0.59	3.33%	3.33%	-6.06%	-1.59%	▲	▶	▼	▶
SUGAR	Lahore	63.56	0.61	-1.91%	-1.24%	-13.01%	-1.35%	▼	▶	▼	▶
	Multan	58.60	0.56	-4.14%	-4.40%	-16.29%	-5.79%	▼	▶	▼	▶
	Karachi	61.48	0.59	-3.73%	-3.09%	-13.11%	-1.54%	▼	▶	▼	▶
	Peshawar	60.27	0.57	-6.33%	-4.07%	-16.29%	-5.83%	▼	▶	▼	▶
	Quetta	60.80	0.58	-3.49%	-7.88%	-14.85%	-5.00%	▼	▼	▼	▶
VEG. GHEE (TIN)	Lahore	184.00	1.76	0.00%	1.77%	4.55%	4.55%	▶	▶	▶	▶
	Multan	186.40	1.78	1.30%	2.19%	5.91%	5.91%	▲	▶	▲	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	184.00	1.76	1.10%	4.55%	4.55%	4.55%	▲	▶	▶	▶
	Quetta	176.00	1.68	0.00%	0.92%	2.33%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	186.00	1.77	0.00%	1.75%	4.49%	0.00%	▶	▶	▶	▶
	Multan	188.40	1.80	1.29%	1.29%	1.29%	1.29%	▲	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	188.00	1.79	1.35%	5.62%	5.62%	5.62%	▲	▲	▲	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	0.23%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	155.60	1.48	30.01%	43.28%	52.01%	7.04%	▲	▲	▲	▶
	Multan	172.83	1.65	28.02%	37.71%	31.43%	7.35%	▲	▲	▲	▶
	Karachi	199.99	1.91	43.72%	32.79%	46.51%	26.26%	▲	▲	▲	▲
	Peshawar	172.80	1.65	27.76%	40.26%	34.37%	12.50%	▲	▲	▲	▲
	Quetta	174.00	1.66	23.19%	10.13%	15.23%	8.07%	▲	▲	▲	▶
Lentil Masoor, Washed	Lahore	142.57	1.36	-4.39%	-11.80%	-15.30%	-9.17%	▼	▼	▼	▼
	Multan	114	1.09	-6.94%	-11.97%	-20.00%	-14.82%	▼	▼	▼	▼
	Karachi	118.81	1.13	-4.25%	-14.12%	-21.64%	-16.06%	▼	▼	▼	▼
	Peshawar	105.26	1.00	-0.97%	-19.75%	-26.35%	-21.05%	▶	▼	▼	▼
	Quetta	122.00	1.16	-6.15%	-19.21%	-22.78%	-15.28%	▼	▼	▼	▼
Pulse Dal Moong, Washed	Lahore	137.57	1.31	-4.72%	-10.84%	-14.17%	-14.59%	▼	▼	▼	▼
	Multan	112.5	1.07	-2.17%	-6.89%	-11.76%	-22.41%	▼	▼	▼	▼
	Karachi	119.3	1.14	-2.65%	-12.58%	-22.82%	-25.08%	▼	▼	▼	▼
	Peshawar	105.87	1.01	-1.71%	-8.47%	-20.89%	-24.91%	▼	▼	▼	▼
	Quetta	132.00	1.26	-5.71%	-4.35%	-12.58%	-22.81%	▼	▶	▼	▼
Pulse Dal Mash, Washed	Lahore	224.07	2.14	-3.18%	-12.20%	-20.36%	-16.19%	▼	▼	▼	▼
	Multan	164	1.56	-5.38%	-15.17%	-29.00%	-35.69%	▼	▼	▼	▼
	Karachi	151.96	1.45	-4.16%	-18.50%	-39.96%	-42.65%	▼	▼	▼	▼
	Peshawar	173.7	1.66	0.72%	-11.92%	-32.17%	-30.71%	▶	▼	▼	▼
	Quetta	187.00	1.78	-5.62%	-18.34%	-25.20%	-31.00%	▼	▼	▼	▼

1M= One month, 3M= Three months, 6M= Six month, 1Y= One year
▲Price increase above normal price fluctuation, ▼Price decrease above normal price fluctuation,
▶ Normal price fluctuations
Price fluctuation is considered normal if the price change is 1% during one month, 5% during three and six months, and 10% during one year period.
Monthly price bulletins and more VAM publications are available on <http://vam.wfp.org.pk/>
Please send your feedback and comments on Islamabad.vam@wfp.org