

Pakistan Market Price Bulletin

August 2017 Issue

Highlights

- In July 2017, the average retail price of wheat and wheat flour decreased by 0.7% and 0.8%, respectively; the price of rice *Irri-6* negligibly increased by 0.3% and the price of rice *Basmati* slightly increased by 1.4% from the previous month (June 2017);
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.34% from June 2017, whereas it has increased by 2.91% from the same month last year (July 2016);
- There were slight fluctuations in the prices of non-cereal food commodities compared to the previous month;
- In July 2017, the average ToT slightly increased by 5.3% from the previous month;
- In August 2017, the total global wheat production for 2017/18 is projected at 743.18 million MT, showing an increase of 5.35 million MT compared to the projection made last month.

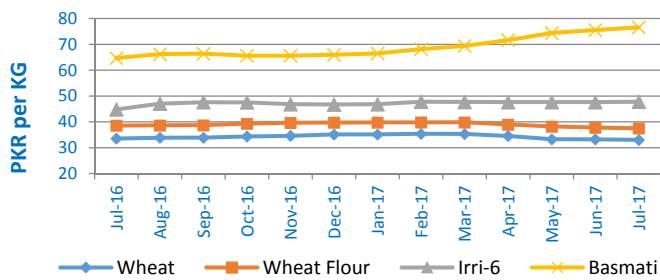
Headline inflation negligibly increased

In July 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.34% from the previous month (June 2017), whereas it has increased by 2.91% from the same month last year (July 2016). The CPI for food remained unchanged from June 2017 and decreased by 0.1% from July 2016; while the CPI for non-food increased by 0.5% from last month and 5.1% from July 2016. The weighted contribution of food groups in the overall CPI has increased from 229.18 indices in June 2017 to 229.99 in July 2017, registering a positive change of 0.35%. Compared to July 2016 the indices increased by 0.71%¹.

Retail prices of staple cereals remained stable

In July 2017, the average retail price of wheat, wheat flour, rice *Irri-6* and rice *Basmati* have slightly fluctuated from the previous month (June 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 33.02 and PKR 37.51 per kg, indicating a negligible decrease by 0.7% and 0.8%, respectively. The price of rice *Irri-6* was recorded at PKR 47.78 with 0.3% increase, whereas the price for rice *Basmati* was recorded at PKR 76.61 reflecting a slight increase of 1.4% from previous month.

Figure 1: Retail prices of cereals (July 2016 - July 2017)



Compared to three months ago (April 2017), the prices of wheat and wheat flour in July slightly decreased by 4.4% and 3.8%, respectively, while that of rice *Irri-6* negligibly increased by 0.3% and rice *Basmati* slightly increased by 6.9%.

Comparing prices of these commodities with their prices six months ago (January 2016), the price of wheat and wheat flour slightly decreased by 6%

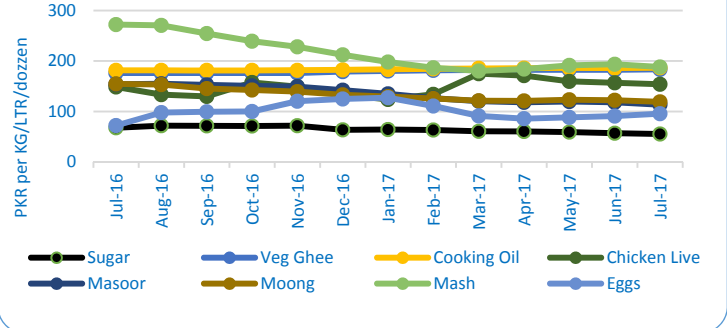
and 5.7%, respectively, while that of rice *Irri-6* slightly increased by 2.1%, and rice *Basmati* significantly increased by 15.2%.

On a one-year comparison (July 2016), the price of wheat and wheat flour slightly decreased by 1.6% and 2.8%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 6.6%, and that of rice *Basmati* significantly increased by 18.4%.

Retail prices of non-cereal food commodities remained stable

In July 2017, the prices of non-cereal food commodities slightly fluctuated compared to the previous month. A slight decrease was recorded in the prices of sugar (by 3%), live chicken (1.8%), lentil *Masoor* (3.9%), pulse *Dal Mash* (2.9%), and pulse *Dal Moong* (2.6%). Whereas, the price of eggs slightly increased by 5.2%, and the prices of vegetable ghee and cooking oil negligibly increased by 0.5% and 0.4%, respectively.

Figure 2: Retail prices of non-cereal commodities (July 2016 - July 2017)



Compared to three months ago (April 2017), the prices of the majority of non-cereal commodities in July 2017 registered slight to significant fluctuations. The price of live chicken significantly decreased by 10.1%, and the prices of sugar, lentil *Masoor* and pulse *Dal Moong* slightly decreased by 8.7%, 4%, and 1.7%, respectively. On the contrary, the price of pulse *Dal Mash* slightly increased by 2.2% and eggs significantly increased by 11.6%. Vegetable ghee and cooking oil negligibly increased by 0.5% and 0.4%, respectively.

Compared to six months ago (January 2017), there was a significant price increase for live chicken (24.3%), while negligible increases were noted for vegetable ghee (1.8%) and cooking oil (2%). On the other hand, there was a

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

significant drop in the prices of eggs (by 24.9%), lentil *Masoor* (15.9%), sugar (13.9%), pulse *Dal Moong* (8.1%), and pulse *Dal Mash* (5%).

Compared to a year ago (July 2016), the prices of pulses *Dal Mash*, lentil *Masoor*, pulse *Dal Moong*, and sugar significantly decreased by 30.9%, 26.4%, 23.1%, and 18.5%, respectively. Meanwhile, the prices increased drastically for eggs (32.6%), and slightly for vegetable ghee (4.1%), cooking oil (2.8%), and live chicken (3.5%).

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

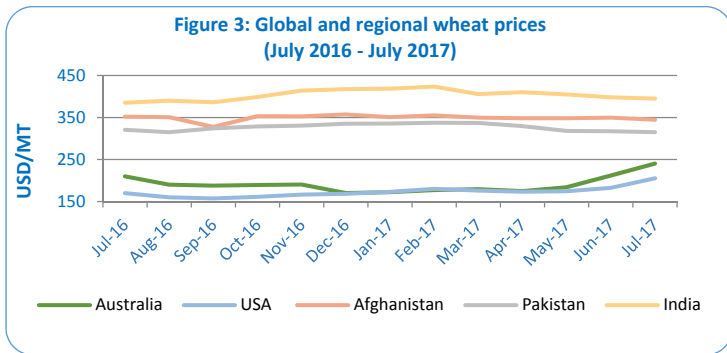
Increase in estimated global wheat production

In August 2017, the total global wheat production projection has increased to 743.18³ million MT from 737.83 million MT in July 2017.

The 5.35 million MT projected increase in production is mainly due to production increase forecasts for the Former Soviet Union (FSU) states. Winter wheat yields are forecast higher for both Russia and Ukraine. Additionally, spring wheat conditions have remained favorable for both Russia and Kazakhstan, resulting in higher production forecasts. Meanwhile, Canadian wheat production is expected to be slightly lower due to increased intensification of drought conditions in major production areas of the Prairie Provinces. However, the increased production projection in FSU offsets the reduced production forecasts for Canada, European Union, and the USA.

Total global wheat consumption for 2017-18 is projected higher primarily due to larger use by Russia, Indonesia, and Nigeria. The global ending stocks are projected to be higher by 4.1 million MT this month⁴.

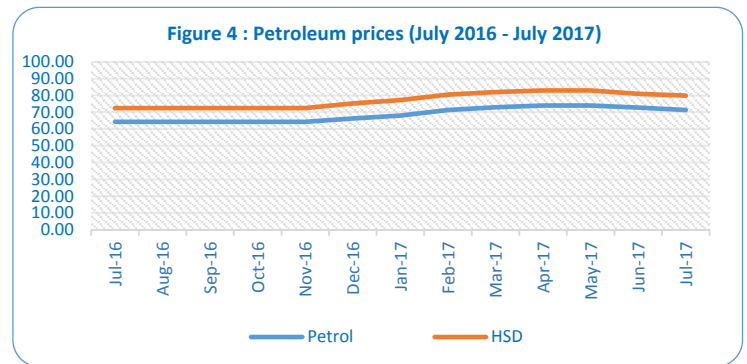
Compared to June 2017, wheat price in July 2017 decreased in Pakistan (by 0.67%)⁵, Afghanistan (1.41%), and India (0.8%)⁶, while it increased in Australia (13.4%)⁷ and the USA (12.7%)⁸. The domestic retail wheat price in Pakistan was 53% higher than in the USA, 31% higher than in Australia, while it was 20% and 9% lower than in India and Afghanistan, respectively.



Prices of petroleum products decreased

The July 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 71.30 and PKR 79.90⁹ per liter, showing a slight decrease

by 2.1% and 1.4%, respectively, compared to the previous month (June 2017).

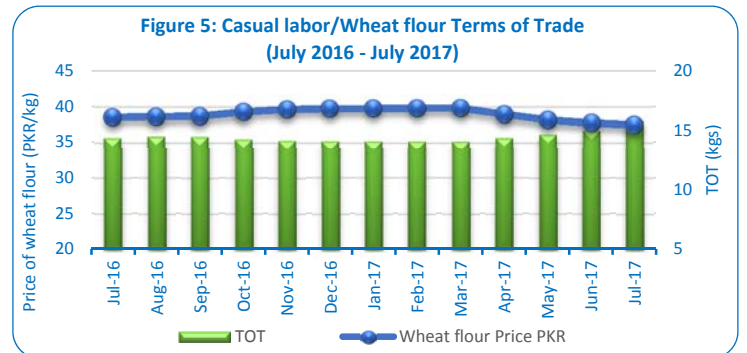


On a three-month comparison (April 2017), the prices of Super Petrol and HSD slightly decreased by 3.6% and 3.7%, respectively. However, on a six-month comparison (January 2016), the prices have slightly increased by 4.8% for Super Petrol, and by 3.5% for HSD. Compared to prices a year ago (July 2016), a significant increase of 10.9% for Super Petrol and 10.2% for HSD has been recorded.

Terms-of-Trade (ToT)¹⁰ increased

In July 2017, the average ToT slightly increased by 5.3% from previous month and was recorded at 15.83 kg of wheat flour, mainly due to a seasonal decrease in wheat flour price during the recent harvest and an increase in the daily wage rates.

Compared to three months ago (April 2017), the ToT slightly increased by 9.7%. A slight improvement of 11.9% was also observed from six months ago (January 2017) and of 9.8% from the same time last year (July 2016). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹¹, or both. The highest ToT was observed in Karachi and Peshawar at 17.5 kg and 16.5 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg¹² mainly due to a higher wheat flour price as well as lower wage rate.



³ World Agriculture Supply and Demand Estimates, USDA.

⁴ World Agriculture Supply and Demand Estimates, USDA.

⁵ Pakistan Bureau of Statistics, Government of Pakistan.

⁶ FAO Global Information and Early Warning System (GIEWS)

⁷ FAO Global Information and Early Warning System (GIEWS)

⁸ FAO Global Information and Early Warning System (GIEWS)

⁹ http://www.psopk.com

¹⁰The 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.

¹¹ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

¹²Pakistan Bureau of Statistics

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

Major Commodities	Markets	Current Prices July 2017 / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.37	0.31	-0.78%	-9.14%	-6.52%	-2.43%	▶	▼	▼	▶
	Multan	29.75	0.28	-0.83%	-4.23%	-11.19%	-7.03%	▶	▶	▼	▶
	Karachi	35.00	0.33	0.00%	-2.78%	-4.11%	-1.69%	▶	▶	▶	▶
	Peshawar	33.00	0.31	-1.79%	-5.71%	-8.33%	3.13%	▼	▼	▼	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	36.50	0.35	0.00%	-3.05%	-3.95%	-3.44%	▶	▶	▶	▶
	Multan	33.63	0.32	-1.68%	-6.27%	-11.51%	-7.20%	▼	▼	▼	▶
	Karachi	40.99	0.39	-0.93%	-5.60%	-7.81%	-2.05%	▶	▼	▼	▶
	Peshawar	36.42	0.35	-1.35%	-4.06%	-5.21%	-1.60%	▼	▶	▼	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.54	0.00%	0.00%	7.41%	16.16%	▶	▶	▶	▶
	Multan	40.00	0.38	0.00%	0.00%	0.00%	-2.44%	▶	▶	▶	▶
	Karachi	44.63	0.43	0.04%	0.11%	1.52%	3.05%	▶	▶	▶	▶
	Peshawar	47.29	0.45	1.33%	1.33%	0.45%	16.05%	▶	▶	▶	▶
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	73.21	0.70	0.00%	4.32%	16.80%	26.92%	▶	▶	▶	▶
	Multan	77.50	0.74	0.00%	2.19%	11.70%	20.79%	▶	▶	▶	▶
	Karachi	73.99	0.71	0.41%	1.25%	6.28%	7.62%	▶	▶	▶	▶
	Peshawar	73.33	0.70	0.00%	2.32%	3.51%	11.39%	▶	▶	▶	▶
	Quetta	85.00	0.81	6.25%	25.93%	41.67%	26.87%	▶	▶	▶	▶
SUGAR	Lahore	56.97	0.54	-2.85%	-10.42%	-11.04%	-17.12%	▼	▼	▼	▼
	Multan	52.50	0.50	-3.14%	-8.90%	-17.00%	-20.93%	▼	▼	▼	▼
	Karachi	57.52	0.55	-2.48%	-5.77%	-10.77%	-14.97%	▼	▼	▼	▼
	Peshawar	54.50	0.52	-3.25%	-8.66%	-16.69%	-19.77%	▼	▼	▼	▼
	Quetta	55.00	0.52	-3.51%	-9.84%	-14.06%	-19.83%	▼	▼	▼	▼
VEG. GHEE (TIN)	Lahore	187.00	1.78	1.63%	1.63%	1.63%	6.25%	▶	▶	▶	▶
	Multan	188.00	1.79	0.00%	0.00%	2.17%	6.82%	▶	▶	▶	▶
	Karachi	182.60	1.74	0.77%	0.77%	0.77%	0.77%	▶	▶	▶	▶
	Peshawar	184.00	1.76	0.00%	0.00%	4.55%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.68	0.00%	0.00%	0.00%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	190.50	1.82	2.42%	2.42%	2.42%	7.02%	▶	▶	▶	▶
	Multan	190.00	1.81	0.00%	0.00%	2.15%	2.15%	▶	▶	▶	▶
	Karachi	186.60	1.78	-0.32%	-0.32%	-0.32%	-0.32%	▶	▶	▶	▶
	Peshawar	188.00	1.79	0.00%	0.00%	5.62%	5.62%	▶	▶	▶	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	133.00	1.27	-0.45%	-13.78%	26.53%	4.76%	▶	▼	▶	▶
	Multan	145.42	1.39	-5.88%	-12.64%	19.12%	3.50%	▶	▼	▶	▶
	Karachi	157.41	1.50	-5.03%	-15.74%	17.99%	5.45%	▶	▼	▶	▶
	Peshawar	161.00	1.54	6.06%	-3.45%	31.97%	7.76%	▶	▶	▶	▶
	Quetta	172.50	1.65	-3.09%	-4.83%	26.61%	-2.54%	▶	▶	▶	▶
Lentil Masoor, Washed	Lahore	138.93	1.33	0.00%	0.00%	-11.29%	-16.52%	▶	▶	▼	▼
	Multan	103.33	0.99	-6.06%	-6.06%	-16.78%	-27.49%	▶	▶	▼	▼
	Karachi	112.4	1.07	-6.93%	-4.27%	-11.75%	-26.65%	▶	▶	▼	▼
	Peshawar	100.23	0.96	-1.64%	-4.01%	-21.00%	-30.55%	▶	▶	▼	▼
	Quetta	112.50	1.07	-5.46%	-6.25%	-19.64%	-31.40%	▶	▶	▼	▼
Pulse Dal Moong, Washed	Lahore	126.61	1.21	-2.61%	-4.06%	-17.22%	-21.29%	▶	▶	▼	▼
	Multan	112.5	1.07	0.00%	0.00%	-2.17%	-21.05%	▶	▶	▶	▶
	Karachi	119.47	1.14	-2.92%	1.31%	-5.59%	-28.26%	▶	▶	▶	▶
	Peshawar	101.38	0.97	-1.71%	-3.89%	-12.32%	-28.57%	▶	▶	▶	▶
	Quetta	135.00	1.29	-4.93%	-1.82%	-1.82%	-16.67%	▶	▶	▶	▶
Pulse Dal Mash, Washed	Lahore	229.46	2.19	-1.76%	0.23%	-3.96%	-19.97%	▶	▶	▶	▶
	Multan	165	1.57	-3.41%	1.02%	-11.21%	-35.67%	▶	▶	▶	▶
	Karachi	182.41	1.74	3.17%	18.79%	6.78%	-33.30%	▶	▶	▶	▶
	Peshawar	171.04	1.63	-2.73%	-3.73%	-9.03%	-38.18%	▶	▶	▶	▶
	Quetta	192.50	1.84	-8.77%	-1.91%	-6.67%	-27.90%	▶	▶	▶	▶

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.
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