



Pakistan Market Price Bulletin

January 2018 Issue

Highlights

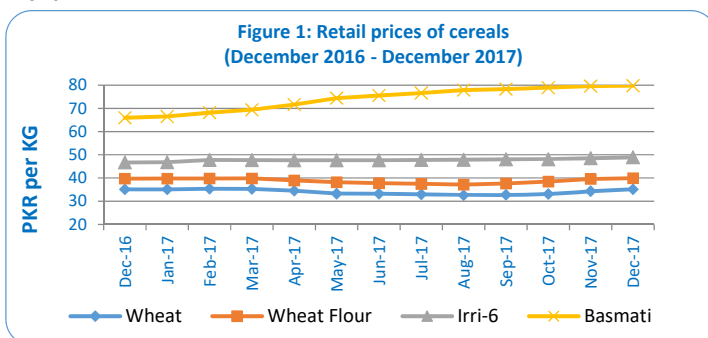
- In December 2017, the average retail price of wheat and wheat flour increased by 2.4% and 0.8%, respectively; the price of rice *Irri-6* and rice *Basmati* negligibly increased by 0.8% and 0.2%, respectively, from the previous month (November 2017);
- Headline inflation based on the Consumer Price Index (CPI) has negligibly decreased by 0.37% from November 2017, whereas it slightly increased by 4.57% from the same month last year (December 2016);
- The prices of most non-cereal food commodities remained stable from the previous month except for a significant increase recorded in the price of live chicken (26.9%);
- In December 2017, the average ToT slightly increased by 1.4% from previous month;
- In January 2018, the total global wheat production for 2017/18 is projected at 757.01 million MT, showing an increase of 1.8 million MT compared to the projection made last month.

Headline inflation negligibly decreased

In December 2017, the headline inflation based on the Consumer Price Index (CPI) has negligibly decreased by 0.37% from the previous month (November 2017), whereas it slightly increased by 4.57% from the same month last year (December 2016). The CPI for food has decreased by 0.6% from November 2017 and increased by 3.8% from December 2016; while the CPI for non-food increased by 0.2% from last month and 5.1% from December 2016. The weighted contribution of food groups in the overall CPI has decreased from 236.61 indices in November 2017 to 235.12 in December 2017, registering a negative change of 0.63%. Compared to December 2016 the indices increased by 5.16%¹.

Retail prices of staple cereals remained stable

In December 2017, there were slight fluctuations in the average retail prices of wheat, wheat flour, rice *Irri-6* and rice *Basmati* compared to the previous month. The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.16 and PKR 39.95 per kg, indicating an increase by 2.4% and 0.8%, respectively, from November 2017. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 48.93 and PKR 79.74, indicating a slight increase of 0.8% and 0.2%, respectively, from the previous month.



Compared to three months ago (September 2017), the wheat and wheat flour prices slightly increased by 7.3% and 6.1%, respectively. The prices of rice *Irri-6* and rice *Basmati* also slightly increased by 1.8% and 1.9%, respectively.

Compared to six months ago (June 2017), the price of wheat and wheat flour slightly increased by 5.8% and 5.7%, respectively. Similarly, the price of rice *Irri-6* and rice *Basmati* slightly increased by 2.7% and 5.6%, respectively.

On a one-year comparison (December 2016), the price of wheat and wheat flour negligibly increased by 0.1% and 0.5%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 4.8%, and that of rice *Basmati* significantly increased by 20.9%.

Retail prices of non-cereal food commodities remained somewhat stable

In December 2017, there were negligible to significant fluctuations in the prices of non-cereal food commodities from the previous month.

Slight decreases were noted in the price of pulse *Dal Mash* (2.3%), pulse *Dal Moong* (1.7%), lentil *Masoor* (1.1%), and eggs (1.8%), while a negligible decrease was recorded for sugar (0.01%). On the other hand, a significant increase was recorded in the price of live chicken (26.9%) and negligible increases were observed in the price of vegetable ghee (0.1%) and cooking oil (0.04%).

Compared to three months ago (September 2017), the prices of the majority of non-cereal commodities in December 2017 registered negligible to slight fluctuations, except for price of chicken and eggs which registered significant increases. Slight decreases were noted in the prices of pulse *Dal Mash* (8.4%), pulse *Dal Moong* (2.2%), lentil *Masoor* (0.2%), and sugar (2%). The price of live chicken and eggs significantly increased by 39.1% and 29.1%, respectively. Whereas, negligible increases were noted in the prices of vegetable ghee and cooking oil by 0.4% and 0.2%, respectively.

Compared to six months ago (June 2017), there was a significant increase in the price of eggs (42.3%) and a slight increase in price of live chicken (8.2%). A slight increase was noted in price of vegetable ghee (1.2%) and a negligible increase was observed in price of cooking oil (0.7%). On the other hand, there was a significant drop in the price of pulse *Dal Mash* (16.3%), while slight decreases were noted in the prices of lentil *Masoor* (6.6%), pulse *Dal Moong* (6.5%), and sugar (4.1%).

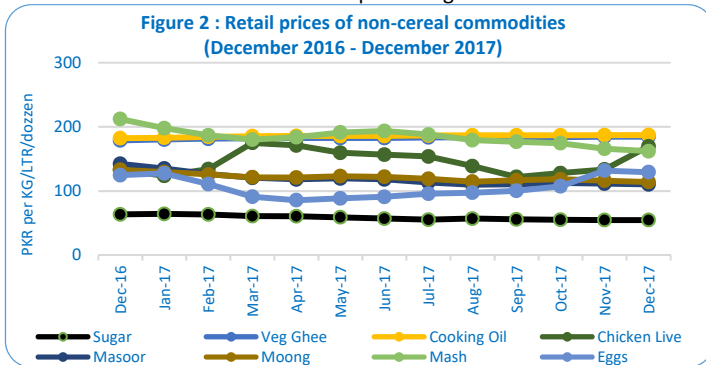
Compared to a year ago (December 2016), the prices significantly decreased for pulses *Dal Mash* (23.7%), *Dal Moong* (by 14.2%), lentil *Masoor* (22.5%),

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

and sugar (14%). Meanwhile, the price of live chicken significantly increased by 27.3%, while slight increases were noted for price of vegetable ghee (3.3%) and cooking oil (2.6%).

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in December 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. Slightly higher prices were also observed in Quetta for pulses *Dal Mash*, *Dal Moong*, and lentil *Masoor* which may also be attributed to its remoteness from producing districts.

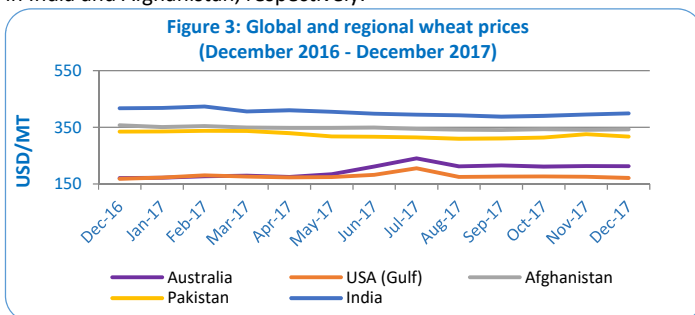


Increase in estimated global wheat production

In January 2018, the total global wheat production projection has slightly increased to 757.01³million MT from 755.21⁴ million MT in December 2017.

The 1.8 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts for Russia (2.0 million MT) and Pakistan (0.8 million MT). However, there is a 0.9 million MT decline in production forecast noted for European Union. Total global wheat consumption for 2017/18 is projected lower this month by 0.42 million tons. Total global ending stocks are projected lower by 0.4 million tons this month⁵.

Compared to November 2017, wheat price in December 2017 slightly increased in India (1%)⁶ and negligibly increased in Afghanistan (0.4%). Whereas, a slight decrease in wheat price was noted for Pakistan (by 2.5%)⁷, and USA (2.4%)⁸ while a negligible decrease was recorded for Australia (0.2%)⁹. The domestic retail wheat price in Pakistan was 85% higher than in the USA, 49% higher than in Australia, while it was 21% and 7% lower than in India and Afghanistan, respectively.



³ World Agriculture Supply and Demand Estimates, USDA.

⁴ World Agriculture Supply and Demand Estimates, USDA.

⁵ World Agriculture Supply and Demand Estimates, USDA.

⁶ FAO Global Information and Early Warning System (GIEWS)

⁷ Pakistan Bureau of Statistics, Government of Pakistan.

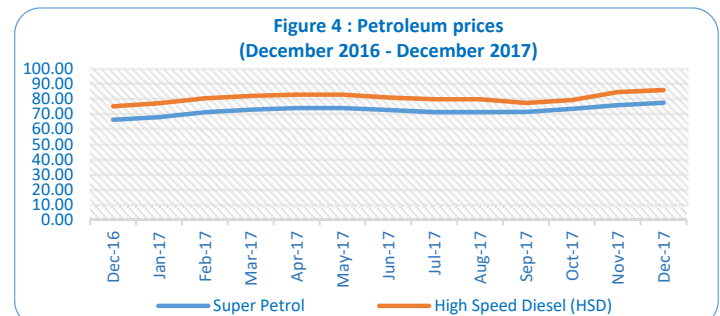
⁸ FAO Global Information and Early Warning System (GIEWS)

⁹ FAO Global Information and Early Warning System (GIEWS)

¹⁰ <http://www.psopk.com>

Prices of petroleum products slightly increased

Compared to November 2017, the December 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 77.47 and PKR 85.95¹⁰ per liter, respectively, registering slight increases for both Super Petrol (1.9%) and HSD (1.6%).

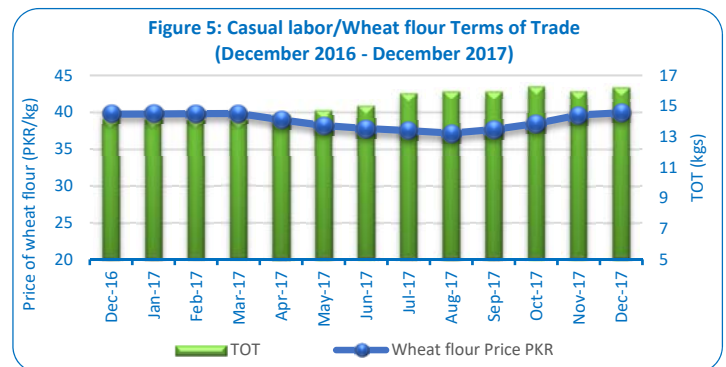


On a three-month comparison (September 2017), the price of Super Petrol slightly increased by 8.3% while it significantly increased for HSD by 11%. On a six-month comparison (June 2017), these prices increased by 6.4% for Super Petrol and by 6.1% for HSD. Compared to prices a year ago (December 2016), a significant increase of 16.9% for Super Petrol and 14.3% for HSD has been recorded.

Terms-of-Trade (ToT)¹¹ increased

In December 2017, the average ToT slightly increased by 1.4% from previous month and was recorded at 16.22 kg of wheat flour, mainly due to an increase in the daily wage rates.

Compared to three months ago (September 2017), the ToT slightly increased by 1.8%. A slight improvement of 7.9% was also observed from six months ago (June 2017) and a significant improvement of 14.6% was noted from the same time last year (December 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 18.1 kg and 18 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg¹³ mainly due to a higher wheat flour price and lower wage rate.



¹¹The 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, Government of Pakistan.

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

Major Commodities	Markets	Current Prices December 2017/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.31	5.09%	9.98%	6.52%	0.37%	▲	▲	▲	▶
	Multan	33.00	0.30	1.23%	9.77%	10.00%	-1.64%	▲	▲	▲	▶
	Karachi	37.05	0.33	2.21%	5.86%	5.86%	1.51%	▲	▲	▲	▶
	Peshawar	36.00	0.33	3.65%	11.92%	7.14%	0.00%	▲	▲	▲	▶
	Quetta	35.00	0.32	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	40.00	0.36	0.76%	7.74%	9.59%	5.26%	▶	▲	▲	▶
	Multan	37.00	0.33	0.27%	8.03%	8.19%	-2.63%	▶	▲	▲	▶
	Karachi	43.93	0.40	0.86%	7.78%	6.19%	-1.19%	▶	▲	▲	▶
	Peshawar	38.79	0.35	2.26%	7.26%	5.08%	1.24%	▲	▲	▲	▶
	Quetta	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.51	0.00%	0.00%	0.00%	7.41%	▶	▶	▶	▶
	Multan	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	50.15	0.45	4.15%	9.50%	12.42%	14.08%	▲	▲	▲	▲
	Peshawar	47.50	0.43	0.00%	0.00%	1.78%	2.15%	▶	▶	▶	▶
	Quetta	50.00	0.45	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	73.21	0.66	0.00%	0.00%	0.00%	16.80%	▶	▶	▶	▲
	Multan	82.50	0.75	0.00%	3.13%	6.45%	22.22%	▶	▶	▲	▲
	Karachi	74.62	0.67	0.11%	0.27%	1.26%	7.18%	▶	▶	▶	▶
	Peshawar	78.38	0.71	1.14%	6.28%	6.89%	11.97%	▲	▲	▲	▲
	Quetta	90.00	0.81	0.00%	0.00%	12.50%	50.00%	▶	▶	▲	▲
SUGAR	Lahore	56.79	0.51	0.35%	-0.75%	-3.15%	-11.76%	▶	▶	▶	▼
	Multan	52.00	0.47	-0.38%	-2.35%	-4.06%	-15.17%	▶	▶	▶	▼
	Karachi	55.25	0.50	0.33%	-3.32%	-6.32%	-12.91%	▶	▶	▼	▼
	Peshawar	54.54	0.49	1.56%	-1.11%	-3.18%	-13.19%	▲	▶	▶	▼
	Quetta	54.75	0.49	-1.88%	-2.23%	-3.95%	-17.05%	▼	▶	▶	▼
VEG. GHEE (TIN)	Lahore	192.00	1.73	0.42%	2.13%	4.35%	6.19%	▶	▶	▶	▶
	Multan	188.00	1.70	0.00%	0.00%	0.00%	3.07%	▶	▶	▶	▶
	Karachi	184.00	1.66	0.00%	0.00%	1.55%	1.55%	▶	▶	▶	▶
	Peshawar	184.00	1.66	0.00%	0.00%	0.00%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.59	0.00%	0.00%	0.00%	0.92%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	194.00	1.75	0.21%	1.04%	4.30%	6.13%	▶	▶	▶	▶
	Multan	190.00	1.72	0.00%	0.00%	0.00%	2.15%	▶	▶	▶	▶
	Karachi	186.00	1.68	0.00%	0.00%	-0.64%	-0.64%	▶	▶	▶	▶
	Peshawar	188.00	1.70	0.00%	0.00%	0.00%	5.62%	▶	▶	▶	▶
	Quetta	178.00	1.61	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	155.75	1.41	33.58%	64.81%	16.58%	43.42%	▲	▲	▲	▲
	Multan	167.08	1.51	25.78%	48.52%	8.14%	33.13%	▲	▲	▲	▲
	Karachi	187.85	1.70	34.58%	32.05%	13.33%	24.73%	▲	▲	▲	▲
	Peshawar	175.75	1.59	30.38%	50.86%	15.78%	42.65%	▲	▲	▲	▲
	Quetta	161.25	1.46	11.98%	12.17%	-9.41%	2.06%	▲	▲	▼	▶
Lentil Masoor, Washed	Lahore	123.93	1.12	-2.69%	-4.40%	-10.80%	-23.33%	▼	▶	▼	▼
	Multan	103.33	0.93	0.00%	0.00%	-6.06%	-20.21%	▶	▶	▼	▼
	Karachi	106.15	0.96	-0.29%	-1.26%	-12.11%	-23.27%	▶	▶	▼	▼
	Peshawar	84.17	0.76	-4.57%	-13.38%	-17.40%	-35.83%	▼	▼	▼	▼
	Quetta	133.75	1.21	1.33%	16.30%	12.39%	-11.42%	▲	▲	▲	▼
Pulse Dal Moong, Washed	Lahore	108.93	0.98	-2.40%	-3.93%	-16.21%	-29.40%	▼	▶	▼	▼
	Multan	100	0.90	-1.96%	-4.76%	-11.11%	-17.24%	▼	▶	▼	▼
	Karachi	116.58	1.05	-1.71%	-1.43%	-5.27%	-14.57%	▼	▶	▼	▼
	Peshawar	89	0.80	-7.74%	-16.96%	-13.75%	-23.09%	▼	▼	▼	▼
	Quetta	156.25	1.41	2.80%	11.61%	10.04%	13.22%	▲	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	186.43	1.68	-1.58%	-3.87%	-20.18%	-26.95%	▼	▶	▼	▼
	Multan	151.25	1.37	-2.31%	-3.58%	-11.46%	-21.77%	▼	▶	▼	▼
	Karachi	126.92	1.15	-6.39%	-22.26%	-28.22%	-31.93%	▼	▼	▼	▼
	Peshawar	141.84	1.28	-2.63%	-13.38%	-19.34%	-28.07%	▼	▼	▼	▼
	Quetta	203.75	1.84	-0.12%	-1.21%	-3.44%	-11.03%	▶	▶	▶	▼