

Pakistan Market Price Bulletin

March 2017 Issue

Highlights

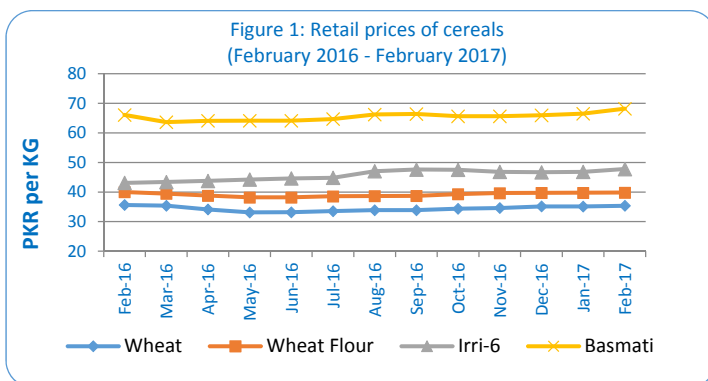
- In February 2017, the average retail price of wheat and wheat flour negligibly increased by 0.7% and 0.1%, respectively;
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.3% from the previous month (January 2017), whereas it has increased by 4.2% for the same month last year (February 2016);
- There were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month; the price of eggs decreased significantly by 13% and the price of live chicken increased by 8.3%;
- In February 2017, the average ToT decreased negligibly from the previous month;
- In March 2017, the total global wheat production for 2016-2017 is projected at 751.1 million MT, showing an increase of 2.8 million MT compared to the projection made last month.

Headline inflation negligibly increased

In February 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.3% from the previous month (January 2017), whereas it has increased by 4.2% for the same month last year (February 2016). The CPI for food has negligibly increased by 0.3% from January 2017, and increased by 3.7% from February 2016; while the CPI for non-food increased by 0.3% from last month and 4.6% from February 2016. The weighted contribution of food groups in the overall CPI has increased from 220.96 indices in January 2017 to 221.66 in February 2017, registering a positive change of 0.32%. Compared to February 2016, the indices increased by 3.1%¹.

Retail prices of staple cereals remained stable

In February 2017, the average retail price of wheat and wheat flour and that of rice *Basmati* and rice *Irri-6* has increased compared to the previous month (January 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.38 and PKR 39.81 per kg, respectively, indicating a negligible increase by 0.7% and 0.1%, respectively. The price of rice *Basmati* was recorded at PKR 68.2 and rice *Irri-6* was recorded at PKR 47.8 - a slight increase of 2.5% and 2.1% respectively from previous month.



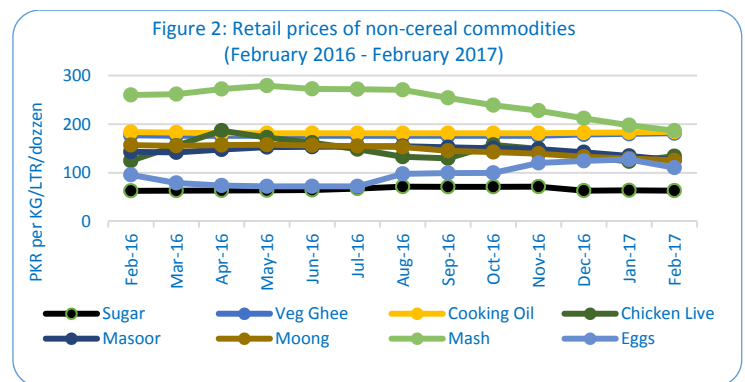
Compared to three months ago (November 2016), wheat, wheat flour, rice *Basmati*, and rice *Irri-6* prices in February slightly increased by 2.2%, 0.4%, 3.9% and 2%, respectively.

Comparing cereal prices with six months ago (August 2016), the prices of wheat, wheat flour, rice *Irri-6* and rice *Basmati* slightly increased by 4.4%, 3%, 1.6%, and 3%, respectively.

On a one-year comparison (February 2016), the prices of both wheat and wheat flour negligibly decreased by 0.7% and 0.5%, respectively. The price of rice *Irri-6* significantly increased by 10.8%, while that of rice *Basmati* increased by 3.2%³.

Retail prices of non-cereal food commodities remained somewhat stable

In February 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 5.7%, 2.8%, 6.4% and 1.26%, respectively, while the price of eggs decreased significantly by 13%. The price of live chicken increased by 8.3%.



Compared to three months ago (November 2016), the price of the majority of non-cereal commodities in February 2017 registered negligible to significant fluctuations. The prices of pulses *Dal Mash*, lentil *Masoor*, sugar, and live chicken decreased significantly by 18.1%, 15.2%, 11.7%, and 10.2%, respectively, while *Dal Moong* and eggs decreased by 9.7% and 7.8%, respectively. The price of vegetable ghee and cooking oil increased by 3% and 1.7%, respectively.

¹Pakistan Bureau of Statistics, Islamabad
²Lahore, Multan, Karachi Peshawar and Quetta

³ Pakistan Bureau of Statistics, Islamabad

Over a six months period (starting August 2016), wider variations were also observed in the prices of non-cereal commodities. There was a significant price increase for eggs (13.3%), on the other hand, there was a significant drop in the prices of pulse *Dal Mash* (31%), lentil *Masoor* (18.4%), pulse *dal Moong* (17.8%) and sugar (11.6%). There was a slight increase in the price of vegetable ghee (by 2.95%) and cooking oil (1.7%).

Compared to February 2016, the prices of pulses *Dal Mash*, *Dal Moong*, and lentil *Masoor* significantly decreased by 28.2%, 19.8%, and 11.8%, respectively. Meanwhile, the prices of eggs significantly increased by 15.3%, while sugar, vegetable ghee and cooking oil increased by 0.4%, 2.3% and 0.4%, respectively.

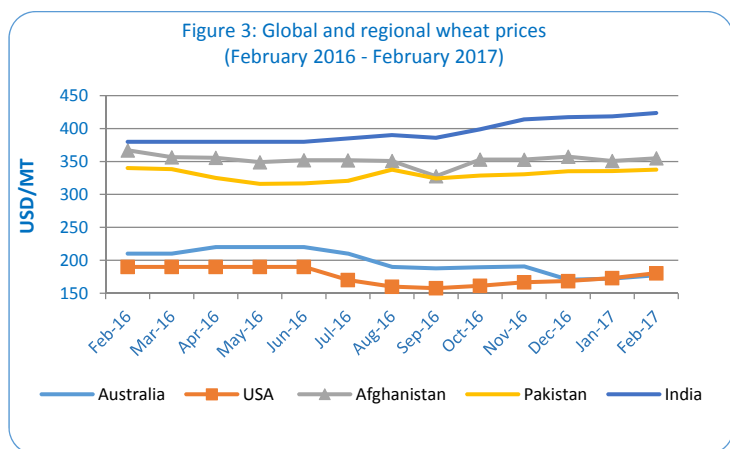
Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in February 2017, with the exception of Lahore, where the prices of pulse *Mash* and lentil *Masoor* were slightly higher than other big cities mainly because Lahore is located farther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

Increase in estimated global wheat production

In March 2017, the global wheat production projection has increased to 751.1⁴ million MT from the estimated projection of 748.2 million MT in February 2017.

This 2.8 million MT production projection increase is mainly due to increased production in Argentina and Australia more than offsetting a slight reduction in the European Union's production. Despite higher projected global use - mainly driven by India, the 2016/17 global ending stocks have increased by 1.3 million MT this month⁵.

Compared to January 2017, wheat prices in February 2017 increased in Pakistan (by 0.65%)⁶, USA (4.3%)⁷, Australia (2.9%)⁸, and India and Afghanistan by 1.2%⁹ each. The domestic retail wheat price in Pakistan was 97% higher than in Australia, 87% higher than in the USA, while it was 20% and 5% lower than in India and Afghanistan, respectively.



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)

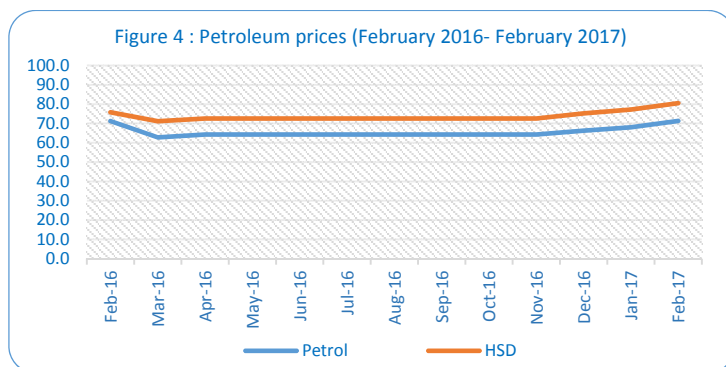
¹⁰ <http://www.psopk.com>

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

Prices of petroleum products increased slightly

The February 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 71.3 and PKR 80.5 per liter respectively¹⁰. Compared to the previous month (January 2017), the prices of Super Petrol and HSD increased by 4.8% and 4.2%, respectively.

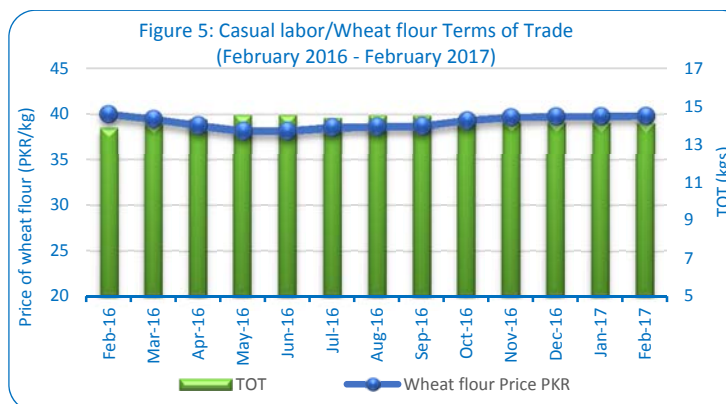
On a three month (November 2016) and six month (August 2016) comparison, the prices have significantly increased for both Super Petrol and HSD by 10.9% and 11%, respectively. Compared to prices a year ago (February 2016), a reduction of 0.1% for Super Petrol and 6.2% for HSD was recorded.



Terms-of-Trade (ToT)¹¹ decreased

In February 2017, the average ToT decreased by 0.1% from previous month and was recorded at 14.1 kg of wheat flour. Compared to three months ago (November 2016), the ToT has decreased by 0.4%, mainly due to a slight increase in the average price of wheat flour in February. Furthermore, it slightly declined by 2.8% compared to six months ago (August 2016). Whereas, it improved by 1.6% compared to a year ago (February 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.



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 – February 2017 | | | | | | | | | | | |
|--|----------|-------------------------------------|------|---------------|---------|---------|---------|------------------|----|----|----|
| Major Commodities | Markets | Current Prices (February 2017) / KG | | % Change Over | | | | Change Direction | | | |
| | | PKR | USD | 1M | 3M | 6M | 1Y | 1M | 3M | 6M | 1Y |
| WHEAT | Lahore | 35.63 | 0.34 | 2.89% | 2.89% | 5.95% | -1.38% | ▲ | ▶ | ▲ | ▶ |
| | Multan | 33.50 | 0.32 | 0.00% | 2.48% | 4.69% | -0.93% | ▶ | ▶ | ▶ | ▶ |
| | Karachi | 36.75 | 0.35 | 0.68% | 1.38% | 4.26% | 1.38% | ▶ | ▶ | ▶ | ▶ |
| | Peshawar | 36.00 | 0.34 | 0.00% | 4.35% | 7.46% | 2.86% | ▶ | ▶ | ▲ | ▶ |
| | Quetta | 35.00 | 0.33 | 0.00% | 0.00% | 0.00% | -5.41% | ▶ | ▶ | ▶ | ▶ |
| WHEAT FLOUR | Lahore | 38.00 | 0.36 | 0.00% | 0.00% | 0.13% | -2.56% | ▶ | ▶ | ▶ | ▶ |
| | Multan | 38.00 | 0.36 | 0.00% | 0.66% | 5.07% | -1.30% | ▶ | ▶ | ▲ | ▶ |
| | Karachi | 44.65 | 0.43 | 0.43% | 0.87% | 5.78% | 2.83% | ▶ | ▶ | ▲ | ▶ |
| | Peshawar | 38.42 | 0.37 | 0.00% | 0.44% | 3.80% | -1.73% | ▶ | ▶ | ▶ | ▶ |
| | Quetta | 40.00 | 0.38 | 0.00% | 0.00% | 0.00% | 0.00% | ▶ | ▶ | ▶ | ▶ |
| RICE IRRI-6 | Lahore | 57.00 | 0.54 | 7.41% | 7.41% | 16.16% | 16.16% | ▲ | ▲ | ▲ | ▲ |
| | Multan | 40.00 | 0.38 | 0.00% | -1.23% | -11.11% | 14.29% | ▶ | ▶ | ▼ | ▲ |
| | Karachi | 44.43 | 0.42 | 1.07% | 1.07% | 1.81% | 2.59% | ▲ | ▶ | ▶ | ▶ |
| | Peshawar | 47.50 | 0.45 | 0.89% | 1.78% | 0.00% | 15.38% | ▶ | ▶ | ▶ | ▲ |
| | Quetta | 50.00 | 0.48 | 0.00% | 0.00% | 0.00% | 6.38% | ▶ | ▶ | ▶ | ▶ |
| RICE BASMATI BROKEN | Lahore | 67.50 | 0.64 | 7.69% | 7.69% | 17.02% | 17.02% | ▲ | ▲ | ▲ | ▲ |
| | Multan | 72.09 | 0.69 | 3.91% | 6.80% | 6.80% | 13.83% | ▲ | ▲ | ▲ | ▲ |
| | Karachi | 69.62 | 0.66 | 0.00% | 0.00% | 0.22% | 1.83% | ▶ | ▶ | ▶ | ▶ |
| | Peshawar | 71.67 | 0.68 | 1.17% | 4.89% | 7.84% | 8.69% | ▲ | ▶ | ▲ | ▶ |
| | Quetta | 60.00 | 0.57 | 0.00% | 0.00% | -14.29% | -20.00% | ▶ | ▶ | ▼ | ▼ |
| SUGAR | Lahore | 64.80 | 0.62 | 1.19% | -10.98% | -11.32% | 1.14% | ▲ | ▼ | ▼ | ▶ |
| | Multan | 61.13 | 0.58 | -3.35% | -12.21% | -12.67% | -1.40% | ▼ | ▼ | ▼ | ▶ |
| | Karachi | 63.86 | 0.61 | -0.93% | -11.53% | -11.86% | 2.23% | ▶ | ▼ | ▼ | ▶ |
| | Peshawar | 64.34 | 0.61 | -1.65% | -11.66% | -10.64% | 1.45% | ▼ | ▼ | ▼ | ▶ |
| | Quetta | 63.00 | 0.60 | -1.56% | -12.20% | -11.58% | -1.18% | ▼ | ▼ | ▼ | ▶ |
| VEG. GHEE (TIN) | Lahore | 184.00 | 1.76 | 0.00% | 4.55% | 4.55% | 4.55% | ▶ | ▶ | ▶ | ▶ |
| | Multan | 184.00 | 1.76 | 0.00% | 4.55% | 4.55% | 4.55% | ▶ | ▶ | ▶ | ▶ |
| | Karachi | 181.20 | 1.73 | 0.00% | 0.00% | 0.00% | 0.00% | ▶ | ▶ | ▶ | ▶ |
| | Peshawar | 182.00 | 1.74 | 3.41% | 3.41% | 3.41% | 1.68% | ▲ | ▶ | ▶ | ▶ |
| | Quetta | 176.00 | 1.68 | 0.00% | 2.33% | 2.33% | 0.57% | ▶ | ▶ | ▶ | ▶ |
| COOKING OIL (TIN) | Lahore | 186.00 | 1.77 | 0.00% | 4.49% | 4.49% | 0.00% | ▶ | ▶ | ▶ | ▶ |
| | Multan | 186.00 | 1.77 | 0.00% | 0.00% | 0.00% | 0.00% | ▶ | ▶ | ▶ | ▶ |
| | Karachi | 187.20 | 1.79 | 0.00% | 0.00% | 0.00% | 0.00% | ▶ | ▶ | ▶ | ▶ |
| | Peshawar | 185.50 | 1.77 | 4.21% | 4.21% | 4.21% | 2.49% | ▲ | ▶ | ▶ | ▶ |
| | Quetta | 178.00 | 1.70 | 0.00% | 0.00% | 0.00% | -0.56% | ▶ | ▶ | ▶ | ▶ |
| CHICKEN LIVE (FARM) | Lahore | 119.68 | 1.14 | 13.86% | -4.91% | 4.88% | 14.13% | ▲ | ▶ | ▶ | ▲ |
| | Multan | 135.00 | 1.29 | 10.58% | -8.47% | 3.85% | 17.31% | ▲ | ▼ | ▶ | ▲ |
| | Karachi | 139.15 | 1.33 | 4.30% | -10.59% | 6.61% | 3.82% | ▲ | ▼ | ▲ | ▶ |
| | Peshawar | 135.25 | 1.29 | 10.86% | -4.08% | -0.92% | 14.14% | ▲ | ▶ | ▶ | ▲ |
| | Quetta | 141.25 | 1.35 | 3.67% | -19.86% | -8.87% | -7.38% | ▲ | ▼ | ▼ | ▶ |
| Lentil Masoor, Washed | Lahore | 149.11 | 1.42 | -4.79% | -10.88% | -11.97% | -5.00% | ▼ | ▼ | ▼ | ▶ |
| | Multan | 122.5 | 1.17 | -1.34% | -8.70% | -14.04% | -14.04% | ▼ | ▼ | ▼ | ▼ |
| | Karachi | 124.09 | 1.18 | -2.57% | -16.58% | -20.14% | -12.27% | ▼ | ▼ | ▼ | ▼ |
| | Peshawar | 106.29 | 1.01 | -16.23% | -23.58% | -27.79% | -21.02% | ▼ | ▼ | ▼ | ▼ |
| | Quetta | 130.00 | 1.24 | -7.14% | -16.80% | -18.75% | -7.96% | ▼ | ▼ | ▼ | ▶ |
| Pulse Dal Moong, Washed | Lahore | 144.38 | 1.38 | -5.60% | -6.42% | -12.12% | -10.36% | ▼ | ▼ | ▼ | ▼ |
| | Multan | 115 | 1.10 | 0.00% | -6.75% | -13.48% | -22.03% | ▶ | ▼ | ▼ | ▼ |
| | Karachi | 122.55 | 1.17 | -3.15% | -17.72% | -25.84% | -23.04% | ▼ | ▼ | ▼ | ▼ |
| | Peshawar | 107.71 | 1.03 | -6.85% | -14.12% | -23.79% | -27.02% | ▼ | ▼ | ▼ | ▼ |
| | Quetta | 140.00 | 1.34 | 1.82% | -3.45% | -13.85% | -17.65% | ▲ | ▶ | ▼ | ▼ |
| Pulse Dal Mash, Washed | Lahore | 231.43 | 2.21 | -3.14% | -12.67% | -21.45% | -10.00% | ▼ | ▼ | ▼ | ▶ |
| | Multan | 173.33 | 1.65 | -6.73% | -14.75% | -28.03% | -32.03% | ▼ | ▼ | ▼ | ▼ |
| | Karachi | 158.56 | 1.51 | -7.18% | -25.38% | -41.35% | -40.30% | ▼ | ▼ | ▼ | ▼ |
| | Peshawar | 172.46 | 1.65 | -8.28% | -21.49% | -36.95% | -30.79% | ▼ | ▼ | ▼ | ▼ |
| | Quetta | 198.13 | 1.89 | -3.94% | -17.45% | -27.62% | -27.62% | ▼ | ▼ | ▼ | ▼ |