



Pakistan Market Price Bulletin

March 2018 Issue

Highlights

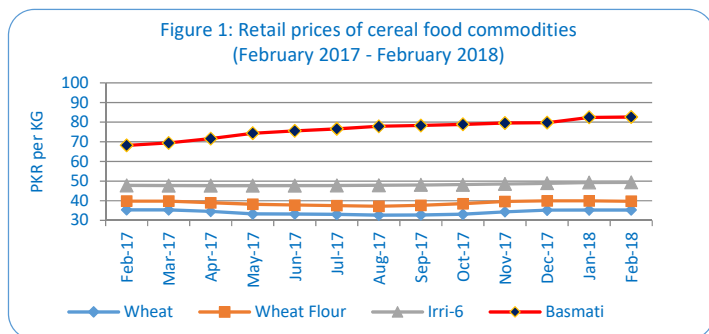
- In February 2018, the price of wheat increased by 0.1% over January 2018, while the price of wheat flour decreased by 0.4%; the prices of rice *Irri-6* and rice *Basmati* both increased by 0.2% in February 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) decreased in February 2018 by 0.31% over January 2018 and increased by 3.8% over February 2017;
- The prices of staple cereals and most of non-cereal food commodities in February 2018 experienced negligible to slight fluctuations when compared to the previous month's prices except for a significant decrease in the price of eggs (10.6%);
- In February 2018, the average ToT negligibly increased by 0.5% from previous month;
- In March 2018, the total global wheat production for 2017/18 is projected at 758.79 million MT, showing an increase of 0.5 million MT compared to the projection made last month.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) decreased in February 2018 by 0.31% over January 2018 and increased by 3.8% over February 2017. Similarly, the CPI for food decreased by 1.1% in February 2018 as compared to decrease of 1% a month earlier and increased by 2.2% over February 2017; while for non-food it increased by 0.2% in February 2018 as compared to an increase of 0.8% in January 2018 and an increase of 4.9% over February 2017. The weighted contribution of food group in the overall CPI has decreased from 232.23 indices in January 2018 to 229.23 in February 2018, registering a negative change of 1.29%; while it increased in February 2018 by 3.42%¹ over February 2017.

Retail prices of staple cereals

In February 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.28 and PKR 39.73 per kg, respectively, indicating a negligible increase by 0.1% for wheat and a decrease by 0.4% for wheat flour, from January 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 49.32 and PKR 82.62, respectively, indicating a 0.2% increase for both from the previous month, (Figure 1).



Compared to three months ago (November 2017), the wheat and wheat flour prices in February 2018 increased by 2.8% and 0.3%, respectively. Similarly, the prices of rice *Irri-6* and rice *Basmati* in February 2018 also slightly increased by 1.6% and 3.9%, respectively, when compared to their prices in November 2017.

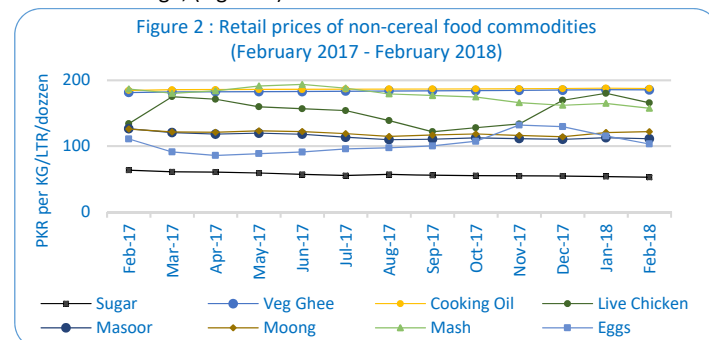
Compared to six months ago (August 2017), the prices of wheat and wheat flour in February 2018 slightly increased by 8.1% and 6.9%, respectively.

Similarly, the prices of rice *Irri-6* and rice *Basmati* also increased by 3% and 6.1%, respectively for the same period.

On a one-year comparison, the prices of wheat and wheat flour in February 2018 negligibly decreased by 0.3% and 0.2%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 3.2%, and that of rice *Basmati* significantly increased by 21.2% for the same period.

Retail prices of non-cereal food commodities

In February 2018, there were negligible to slight fluctuations in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).



Slight decreases were noted in the average retail price of live chicken (8%), pulse *Dal Mash* (4.5%), lentil *Masoor* (1.4%), sugar (2.1%) and negligible decreases were noted for cooking oil (0.2%) and vegetable ghee (0.1%). Whereas, a significant decrease was noted in the price of eggs (10.6%). On the other hand, a negligible increase was observed in the price of pulse *Dal Moong* (1.1%).

Compared to three months ago (November 2017), the prices of most of the non-cereal commodities in February 2018 registered negligible to slight fluctuations, except for the price of chicken which significantly increased by 24.1% while the price of eggs significantly decreased by 21.8%. Slight increase was noted in the price of pulse *Dal Moong* (5.1%), and negligible increases were noted in the prices of vegetable ghee (0.4%) and cooking oil (0.2%). Whereas, slight decreases were noted in the prices of pulse *Dal Mash* (5.1%) and sugar (3.6%), while a negligible decrease was observed in the price of lentil *Masoor* (0.3%).

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi Peshawar and Quetta.

Compared to six months ago (August 2017), there was a significant increase in the price of live chicken (19.4%). Slight increases were noted in the prices of pulse *Dal Moong* (6.4%), lentil *Masoor* (1.2%) and eggs (5.9%), while negligible increases were noted in the prices of vegetable ghee (0.7%) and cooking oil (0.4%). On the other hand, there was a significant drop in the price of pulse *Dal Mash* (12.2%), while a slight decrease was noted in the price of sugar (7.5%).

Compared to a year ago (February 2017), the prices significantly decreased for sugar (16.9%), pulses *Dal Mash* (15.7%), lentil *Masoor* (12.1%), while slight decreases were noted in prices of pulse *Dal Moong* (3.1%) and eggs (7%). Meanwhile, the price of live chicken significantly increased by 23.6%, and slight increases were noted for the prices of vegetable ghee (2.1%) and cooking oil (1.6%).

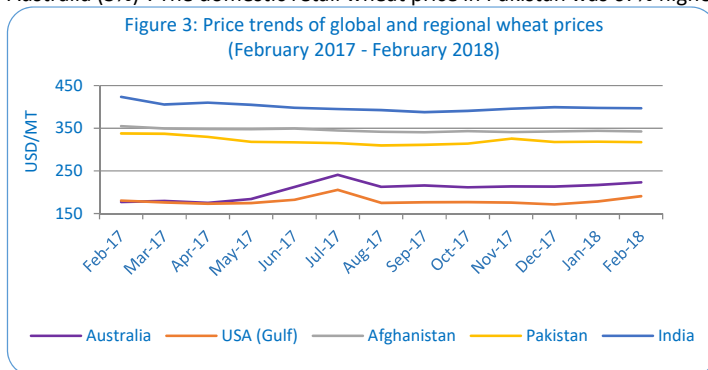
Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in February 2018, with the exception of Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located 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. Additionally, price of eggs was also observed to be on the higher side in Quetta compared to other major cities of the country owing to its remoteness from major suppliers of eggs in the country as well as higher demand versus supply of eggs from local farms.

Global wheat production

In March 2018, the total global wheat production projection has slightly increased to 758.79³million MT from 758.25 million MT in February 2018.

The 0.5 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts for Kazakhstan. Total global wheat consumption for 2017/18 is projected lower this month, primarily due to a 2 million MT reduction in consumption forecast for India. Total projected global ending stocks are higher by 2.8 million MT this month⁴.

Compared to January 2018, wheat price in February 2018 negligibly decreased in Pakistan (0.4%)⁵, Afghanistan (0.4%)⁶, and India (0.1%)⁷. Whereas, slight increases in wheat price were noted for USA (7%)⁸ and Australia (3%)⁹. The domestic retail wheat price in Pakistan was 67% higher



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 WFP, Afghanistan.

⁷ FAO Global Information and Early Warning System (GIEWS).

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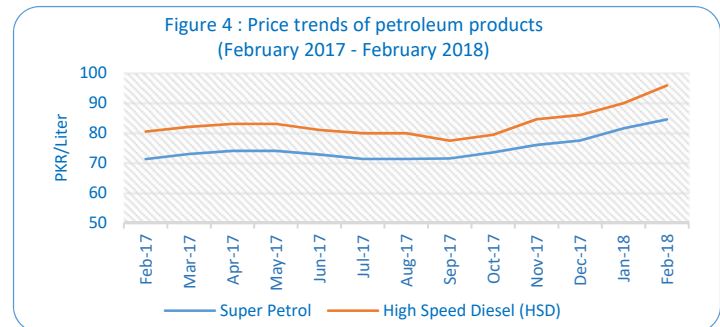
⁹ FAO Global Information and Early Warning System (GIEWS).

¹⁰ Pakistan State Oil (PSO). <http://www.pso.pk.com>.

than in the USA, 42% higher than in Australia, while it was 20% and 7% lower than in India and Afghanistan, respectively (Figure 3).

Prices of petroleum products

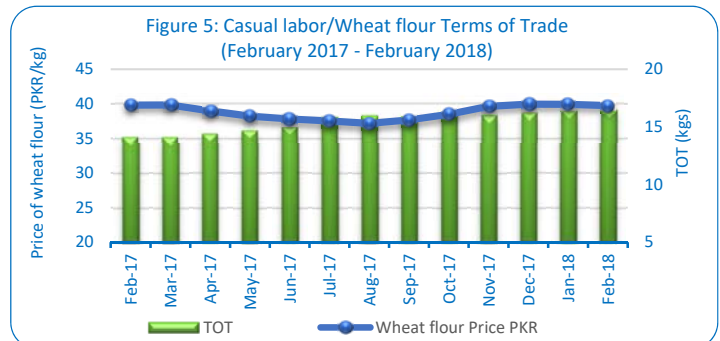
In February 2018, retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 84.51 and PKR 95.83¹⁰ per liter, respectively, registering slight increases for both Super Petrol (3.7%) and HSD (6.6%) when compared to their prices in January 2018 (Figure 4).



On a three-month comparison (November 2017), the price of both Super Petrol and HSD significantly increased in February 2018 by 11.2% and 13.3%, respectively. On a six-month comparison (August 2017), these prices increased by 18.5% for Super Petrol and by 19.9% for HSD. Compared to prices a year ago (February 2017), a significant increase of 18.5% for Super Petrol and 19.1% for HSD has been recorded.

Terms-of-Trade (ToT)¹¹

In February 2018, the average ToT negligibly increased by 0.5% from previous month and was recorded at 16.43 kg of wheat flour, mainly due to a decrease in the price of wheat flour price, (Figure 5).



Compared to three months ago (November 2017), the ToT negligibly increased in February 2018 by 2.7%. A slight improvement of 2.9% was also observed from six months ago (August 2017) and a significant improvement of 16.3% was noted from the same month last year (February 2017). 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 at 18.6 kg, 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).

¹³Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – February 2018

Major Commodities	Markets	Current Prices February 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.31	0.00%	5.09%	9.98%	-2.45%	▶	▲	▲	▶
	Multan	32.63	0.29	-1.14%	0.08%	10.59%	-2.61%	▼	▶	▲	▶
	Karachi	38.00	0.34	1.27%	4.83%	8.57%	3.40%	▲	▶	▲	▶
	Peshawar	36.00	0.32	0.00%	3.65%	12.50%	0.00%	▶	▶	▲	▶
	Quetta	35.00	0.31	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.00	0.35	-1.27%	-1.76%	9.24%	2.63%	▼	▶	▲	▶
	Multan	36.63	0.33	-1.01%	-0.75%	9.33%	-3.62%	▼	▶	▲	▶
	Karachi	44.21	0.40	-0.14%	1.50%	8.58%	-0.99%	▶	▶	▲	▶
	Peshawar	38.83	0.35	0.11%	2.37%	8.12%	1.08%	▶	▶	▲	▶
	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%	0.00%	▶	▶	▶	▶
	Multan	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	52.12	0.47	0.75%	8.25%	16.13%	17.31%	▶	▲	▲	▲
	Peshawar	47.50	0.43	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Quetta	50.00	0.45	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.67	0.00%	2.20%	2.20%	10.84%	▶	▶	▶	▲
	Multan	87.50	0.79	0.00%	6.06%	11.46%	21.38%	▶	▲	▲	▲
	Karachi	78.46	0.71	0.05%	5.26%	5.43%	12.70%	▶	▲	▲	▲
	Peshawar	82.33	0.74	1.02%	6.23%	12.27%	14.87%	▲	▲	▲	▲
	Quetta	90.00	0.81	0.00%	0.00%	0.00%	50.00%	▶	▶	▶	▲
SUGAR	Lahore	54.64	0.49	-0.46%	-3.45%	-6.50%	-15.68%	▶	▶	▼	▼
	Multan	49.50	0.45	-3.88%	-5.17%	-9.29%	-19.03%	▼	▼	▼	▼
	Karachi	54.60	0.49	-0.85%	-0.85%	-5.94%	-14.50%	▶	▶	▼	▼
	Peshawar	51.04	0.46	-4.53%	-4.95%	-9.39%	-20.67%	▼	▶	▼	▼
	Quetta	53.75	0.48	-0.92%	-3.67%	-6.68%	-14.68%	▶	▶	▼	▼
VEG. GHEE (TIN)	Lahore	191.00	1.72	-0.52%	-0.10%	1.60%	3.80%	▶	▶	▶	▶
	Multan	185.00	1.66	-1.60%	-1.60%	-1.60%	0.54%	▼	▶	▶	▶
	Karachi	189.20	1.70	0.69%	2.83%	2.83%	4.42%	▶	▶	▶	▶
	Peshawar	185.33	1.67	0.72%	0.72%	0.72%	1.83%	▶	▶	▶	▶
	Quetta	176.00	1.58	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	193.50	1.74	-0.26%	-0.05%	0.78%	4.03%	▶	▶	▶	▶
	Multan	187.00	1.68	-1.58%	-1.58%	-1.58%	0.54%	▼	▶	▶	▶
	Karachi	191.20	1.72	0.68%	2.80%	2.80%	2.14%	▶	▶	▶	▶
	Peshawar	188.00	1.69	0.00%	0.00%	0.00%	1.35%	▶	▶	▶	▶
	Quetta	178.00	1.60	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	150.00	1.35	-7.55%	28.64%	32.04%	25.33%	▼	▲	▲	▲
	Multan	155.00	1.39	-13.18%	16.69%	17.42%	14.81%	▼	▲	▲	▲
	Karachi	176.69	1.59	-10.98%	26.59%	14.09%	26.98%	▼	▲	▲	▲
	Peshawar	173.00	1.56	-2.40%	28.34%	28.72%	27.91%	▼	▲	▲	▲
	Quetta	173.75	1.56	-5.44%	20.66%	9.28%	23.01%	▼	▲	▲	▲
Lentil Masoor, Washed	Lahore	128.93	1.16	1.98%	1.23%	-1.95%	-13.53%	▲	▶	▶	▼
	Multan	103.33	0.93	0.00%	0.00%	0.00%	-15.65%	▶	▶	▶	▼
	Karachi	107.89	0.97	0.36%	1.34%	-0.74%	-13.06%	▶	▶	▶	▼
	Peshawar	90.42	0.81	0.47%	2.52%	-7.09%	-14.93%	▶	▶	▼	▼
	Quetta	125.00	1.12	-8.26%	-5.30%	15.74%	-3.85%	▼	▼	▲	▶
Pulse Dal Moong, Washed	Lahore	118.93	1.07	3.26%	6.56%	4.01%	-17.63%	▲	▲	▶	▼
	Multan	100	0.90	0.00%	-1.96%	-8.68%	-13.04%	▶	▶	▼	▼
	Karachi	121.16	1.09	1.62%	2.15%	1.78%	-1.13%	▲	▶	▶	▶
	Peshawar	110	0.99	0.00%	14.08%	6.52%	2.13%	▶	▲	▲	▶
	Quetta	160.00	1.44	0.79%	5.26%	25.98%	14.29%	▶	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	186.43	1.68	0.00%	-1.58%	-7.15%	-19.44%	▶	▶	▼	▼
	Multan	133.75	1.20	-11.32%	-13.61%	-15.80%	-22.84%	▼	▼	▼	▼
	Karachi	126.83	1.14	-0.07%	-6.45%	-28.14%	-20.01%	▶	▼	▼	▼
	Peshawar	138.33	1.24	-0.54%	-5.04%	-16.00%	-19.79%	▶	▼	▼	▼
	Quetta	201.88	1.82	-8.75%	-1.04%	3.06%	1.89%	▼	▶	▶	▶

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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