

Pakistan Market Price Bulletin

September 2017 Issue

Highlights

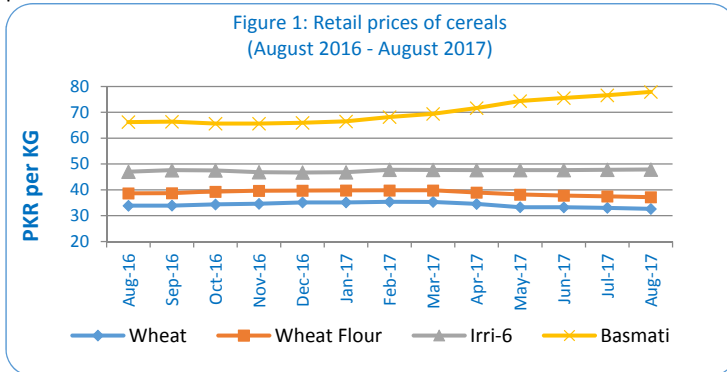
- In August 2017, the average retail price of wheat and wheat flour negligibly decreased by 1.2% and 0.9%, respectively; the price of rice *Irri-6* negligibly increased by 0.2% and that of rice *Basmati* slightly increased by 1.7% from the previous month (July 2017);
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.19% from July 2017, whereas it has slightly increased by 3.41% from the same month last year (August 2016);
- There were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month;
- In August 2017, the average ToT negligibly increased by 0.9% from the previous month;
- In September 2017, the total global wheat production for 2017/18 is projected at 744.85 million MT, showing an increase of 1.67 million MT compared to the projection made last month.

Headline inflation negligibly increased

In August 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.19% from the previous month (July 2017), whereas it has increased by 3.41% from the same month last year (August 2016). The CPI for food negligibly increased by 0.4% from July 2017 and by 1.3% from August 2016; while the CPI for non-food increased by 0.1% from last month and 5% from August 2016. The weighted contribution of food groups in the overall CPI has increased from 229.99 indices in July 2017 to 230.99 in August 2017, registering a positive change of 0.43%. Compared to August 2016 the indices increased by 2.25%¹.

Retail prices of staple cereals remained stable

In August 2017, the average retail price of wheat, wheat flour, rice *Irri-6* and rice *Basmati* have slightly fluctuated from the previous month (July 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 32.62 and PKR 37.17 per kg, indicating a negligible decrease by 1.2% and 0.9%, respectively. The price of rice *Irri-6* was recorded at PKR 47.88 showing a 0.2% increase, whereas the price of rice *Basmati* was recorded at PKR 77.89 reflecting a slight increase of 1.7% from previous month.



Compared to three months ago (May 2017), the prices of wheat and wheat flour in August slightly decreased by 2% and 2.7%, respectively, while that of rice *Irri-6* negligibly increased by 0.5% and rice *Basmati* slightly increased by 4.7%.

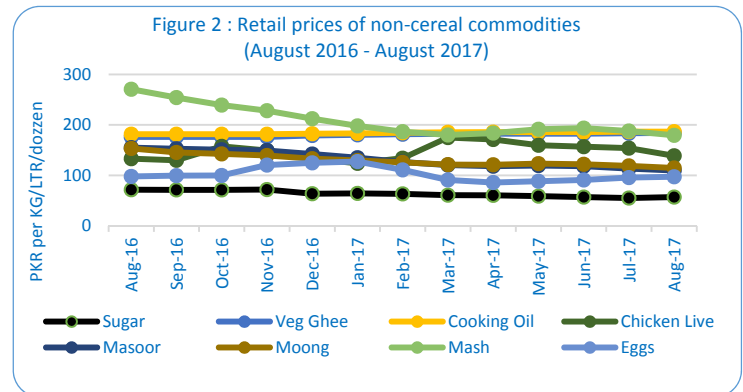
Comparing prices of these commodities with their prices six months ago (February 2016), the price of wheat and wheat flour slightly decreased by

7.8% and 6.6%, respectively, while that of rice *Irri-6* negligibly increased by 0.2%, and rice *Basmati* significantly increased by 14.3%.

On a one-year comparison (August 2016), the price of wheat and wheat flour slightly decreased by 3.7% and 3.9%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 1.8%, and that of rice *Basmati* significantly increased by 17.6%.

Retail prices of non-cereal food commodities remained stable

In August 2017, there were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. A significant decrease was recorded in the price of live chicken (by 9.8%), and slight decreases were noted in the prices of pulse *Dal Mash* (4.7%), pulse *Dal Moong* (3.7%), and lentil *Masoor* (3.3%). Whereas, prices slightly increased for sugar (3.1%), eggs (1.7%), and the prices of vegetable ghee and cooking oil negligibly increased by 0.3% and 0.1%, respectively.



Compared to three months ago (May 2017), the prices of the majority of non-cereal commodities in August 2017 registered slight to significant fluctuations. The price of live chicken significantly decreased (by 13.1%), while slight decreases were noted in the prices of lentil *Masoor* (8.2%), pulse *Dal Moong* (6.9%), pulse *Dal Mash* (6.3%), and sugar (3.5%). On the contrary, the price of eggs significantly increased by 10%, and that of vegetable ghee and cooking oil negligibly increased by 0.7% and 0.5%, respectively.

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

Compared to six months ago (February 2017), there were slight increases in prices for live chicken (3.5%), vegetable ghee (1.4%) and cooking oil (1.2%). On the other hand, there was a significant drop in the prices of lentil *Masoor* (by 13.2%), eggs (12.2%), sugar (10.1%), pulse *Dal Moong* (9%), and *Dal Mash* (4%).

Compared to a year ago (August 2016), the prices significantly decreased for pulses *Dal Mash* (33.7%) and *Dal Moong* (25.2%), lentil *Masoor* (29.1%), sugar (20.6%), and negligibly decreased for eggs (0.5%). Whereas the prices increased slightly for vegetable ghee (4.4%), live chicken (4.2%) and cooking oil (3%).

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

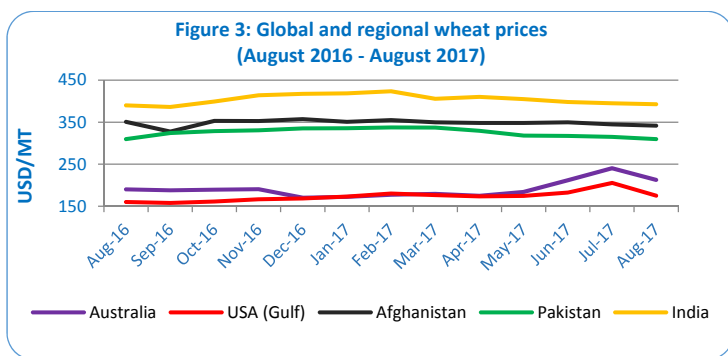
Increase in estimated global wheat production

In September 2017, the total global wheat production projection has increased to 744.85³ million MT from 743.18 million MT in August 2017.

The 1.67 million MT projected increase in production is mainly due to forecasts of increased production in Russia by 3.5 million MT, due to favorable weather conditions. However, this increase for Russia is offset by lower production projection of 1 million MT for Australia due to dry conditions and 0.7 million MT for European Union.

Total global wheat consumption for 2017-18 is projected higher by 0.5 million tons. The global ending stocks are projected to be lower by 1.6 million MT this month⁴ due to declining total supplies and increased consumption forecast.

Compared to July 2017, wheat price in August 2017 negligibly decreased in Pakistan (by 1.7%)⁵, Afghanistan (0.9%) and India (0.6%)⁶, while significantly reduced in Australia (11.7%)⁷ and the USA (14.9%)⁸. The domestic retail wheat price in Pakistan was 77% higher than in the USA, 46% higher than in Australia, while it was 21% and 9% lower than in India and Afghanistan, respectively.



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)

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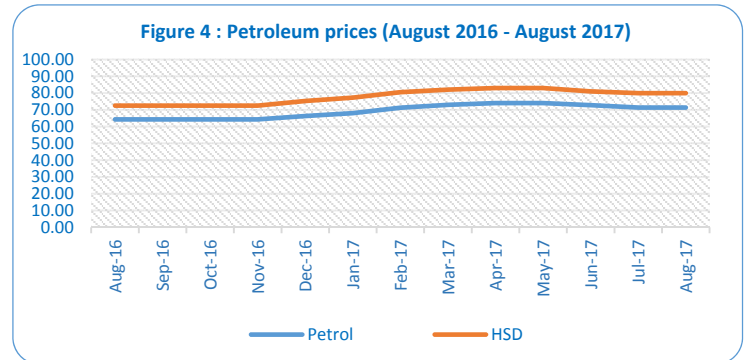
⁸ FAO Global Information and Early Warning System (GIEWS)

⁹ <http://www.psopk.com>

¹⁰ 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 remained unchanged

The August 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 71.30 and PKR 79.90⁹ per liter, respectively, which remain unchanged from the previous month (July 2017).

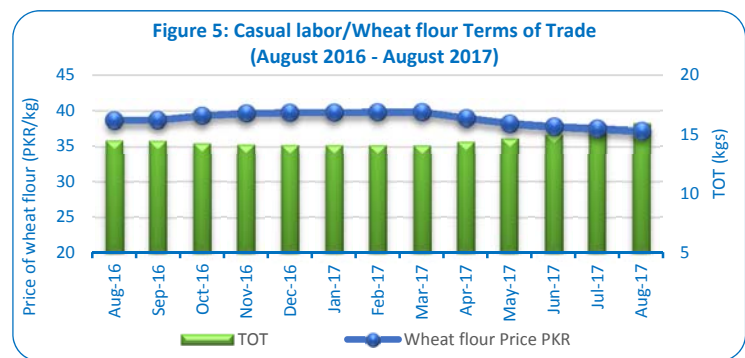


On a three-month comparison (May 2017), the prices of Super Petrol and HSD slightly decreased by 3.6% and 3.7%, respectively. On a six-month comparison (February 2016), the prices remained unchanged for Super Petrol while a negligible decrease of 0.7% was for HSD. Compared to prices a year ago (August 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 August 2017, the average ToT negligibly increased by 0.9% from previous month and was recorded at 15.98 kg of wheat flour, mainly due to a seasonal decrease in wheat flour price after harvest.

Compared to three months ago (May 2017), the ToT slightly increased by 8.5%. A significant improvement of 13.1% was observed from six months ago (February 2017) and of 9.8% from August 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 Lahore at 17.7 kg and 16.8 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.



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)

¹² Pakistan Bureau of Statistics

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

Major Commodities	Markets	Current Prices August 2017 / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	31.60	0.30	-2.38%	-4.06%	-11.30%	-6.02%	▼	▶	▼	▶
	Multan	29.50	0.28	-0.84%	-1.67%	-11.94%	-7.81%	▶	▶	▼	▶
	Karachi	35.00	0.33	0.00%	-1.41%	-4.76%	-0.71%	▶	▶	▶	▶
	Peshawar	32.00	0.30	-3.03%	-3.03%	-11.11%	-4.48%	▼	▶	▼	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	35.70	0.34	-2.19%	-2.53%	-6.05%	-5.93%	▼	▶	▼	▶
	Multan	33.50	0.32	-0.37%	-4.29%	-11.84%	-7.37%	▶	▶	▼	▶
	Karachi	40.72	0.39	-0.66%	-3.59%	-8.81%	-3.55%	▶	▶	▼	▶
	Peshawar	35.92	0.34	-1.37%	-3.47%	-6.51%	-2.95%	▼	▶	▼	▶
	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%	0.00%	16.16%	▶	▶	▶	▲
	Multan	40.00	0.38	0.00%	0.00%	0.00%	-11.11%	▶	▶	▶	▼
	Karachi	44.88	0.43	0.56%	0.67%	1.01%	2.84%	▶	▶	▶	▶
	Peshawar	47.50	0.45	0.44%	1.78%	0.00%	0.00%	▶	▶	▶	▶
	Quetta	50.00	0.47	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	73.21	0.69	0.00%	0.00%	8.46%	26.92%	▶	▶	▶	▲
	Multan	78.50	0.75	1.29%	1.29%	8.89%	16.30%	▲	▶	▶	▲
	Karachi	74.42	0.71	0.58%	1.57%	6.89%	7.13%	▶	▶	▶	▶
	Peshawar	73.33	0.70	0.00%	0.56%	2.32%	10.34%	▶	▶	▶	▲
	Quetta	90.00	0.85	5.88%	20.00%	50.00%	28.57%	▲	▲	▲	▲
SUGAR	Lahore	58.44	0.55	2.58%	-5.59%	-9.81%	-20.02%	▲	▼	▼	▼
	Multan	54.57	0.52	3.94%	-1.68%	-10.73%	-22.04%	▲	▶	▼	▼
	Karachi	58.05	0.55	0.92%	-4.19%	-9.10%	-19.88%	▶	▶	▼	▼
	Peshawar	56.33	0.53	3.36%	-3.51%	-12.45%	-21.76%	▲	▶	▼	▼
	Quetta	57.60	0.55	4.73%	-2.37%	-8.57%	-19.16%	▲	▶	▼	▼
VEG. GHEE (TIN)	Lahore	188.00	1.78	0.53%	2.17%	2.17%	6.82%	▶	▶	▶	▶
	Multan	188.00	1.78	0.00%	0.00%	2.17%	6.82%	▶	▶	▶	▶
	Karachi	184.00	1.75	0.77%	1.55%	1.55%	1.55%	▶	▶	▶	▶
	Peshawar	184.00	1.75	0.00%	0.00%	1.10%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.67	0.00%	0.00%	0.00%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	192.00	1.82	0.79%	3.23%	3.23%	7.87%	▶	▶	▶	▶
	Multan	190.00	1.80	0.00%	0.00%	2.15%	2.15%	▶	▶	▶	▶
	Karachi	186.00	1.77	-0.32%	-0.64%	-0.64%	-0.64%	▶	▶	▶	▶
	Peshawar	188.00	1.78	0.00%	0.00%	1.35%	5.62%	▶	▶	▶	▶
	Quetta	178.00	1.69	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	113.60	1.08	-14.59%	-19.86%	-5.08%	-0.45%	▼	▼	▼	▶
	Multan	132.00	1.25	-9.23%	-17.50%	-2.22%	1.54%	▼	▼	▶	▶
	Karachi	154.87	1.47	-1.61%	-12.88%	11.30%	18.66%	▼	▼	▶	▲
	Peshawar	134.40	1.28	-16.52%	-13.98%	-0.63%	-1.54%	▼	▼	▶	▶
	Quetta	159.00	1.51	-7.83%	-2.15%	12.57%	2.58%	▼	▶	▶	▶
Lentil Masoor, Washed	Lahore	131.50	1.25	-5.35%	-5.35%	-11.81%	-22.36%	▼	▼	▼	▼
	Multan	103.33	0.98	0.00%	-6.06%	-15.65%	-27.49%	▶	▼	▼	▼
	Karachi	108.69	1.03	-3.30%	-12.18%	-12.41%	-30.05%	▼	▼	▼	▼
	Peshawar	97.32	0.92	-2.90%	-6.61%	-8.44%	-33.88%	▼	▼	▼	▼
	Quetta	108.00	1.03	-4.00%	-10.93%	-16.92%	-32.50%	▼	▼	▼	▼
Pulse Dal Moong, Washed	Lahore	114.35	1.09	-9.68%	-12.04%	-20.80%	-30.40%	▼	▼	▼	▼
	Multan	109.5	1.04	-2.67%	-2.67%	-4.78%	-17.62%	▼	▶	▶	▼
	Karachi	119.04	1.13	-0.36%	-3.38%	-2.86%	-27.96%	▶	▶	▶	▼
	Peshawar	103.27	0.98	1.86%	-1.84%	-4.12%	-26.93%	▲	▶	▶	▼
	Quetta	127.00	1.21	-5.93%	-12.41%	-9.29%	-21.85%	▼	▼	▼	▼
Pulse Dal Mash, Washed	Lahore	200.79	1.91	-12.49%	-14.56%	-13.24%	-31.85%	▼	▼	▼	▼
	Multan	158.84	1.51	-3.73%	-7.02%	-8.36%	-34.04%	▼	▼	▼	▼
	Karachi	176.5	1.68	-3.24%	2.81%	11.31%	-34.71%	▼	▶	▶	▼
	Peshawar	164.67	1.56	-3.72%	-6.79%	-4.52%	-39.80%	▼	▼	▶	▼
	Quetta	195.88	1.86	1.76%	-3.27%	-1.14%	-28.45%	▲	▶	▶	▼

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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