

Pakistan Market Price Bulletin

June 2017 Issue

Highlights

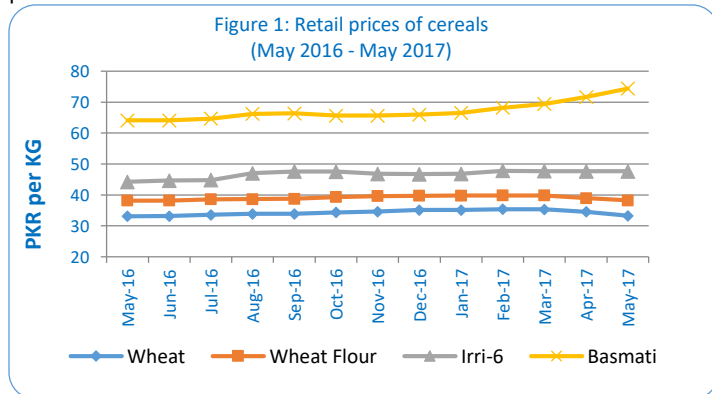
- In May 2017, the average retail price of wheat and wheat flour decreased by 3.62% and 1.97%, respectively; the price of rice *Irri-6* remained unchanged and the price of rice *Basmati* increased by 3.8% from the previous month (April 2017);
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.01% from April 2017, whereas it has increased by 5.02% from the same month last year (May 2016);
- There were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. The price of live chicken and sugar decreased by 6.7% and 2.5% respectively; the prices of eggs, pulse *Dal Mash*, pulse *Dal Moong* and lentil *Masoor* slightly increased by 3.1%, 4%, 1.7%, and 1.3%, respectively, whereas the prices of vegetable ghee and cooking oil remained unchanged;
- In May 2017, the average ToT increased by 2.01% from the previous month;
- In June 2017, the total global wheat production for 2017/18 is projected at 739.53 million MT, showing an increase of 1.7 million MT compared to the projections made last month.

Headline inflation negligibly increased

In May 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.01% from the previous month (April 2017), whereas it has increased by 5.02% from the same month last year (May 2016). The CPI for food has negligibly decreased by 0.2% from April 2017 and 4.9% from May 2016; while the CPI for non-food increased by 0.2% from last month and 5.1% from May 2016. The weighted contribution of food groups in the overall CPI has decreased from 230.25 indices in April 2017 to 229.65 in May 2017, registering a negative change of 0.26%. Compared to May 2016 the indices increased by 4.55%¹.

Retail prices of staple cereals remained stable

In May 2017, the average retail price of wheat, wheat flour, rice *Irri-6* and rice *Basmati* have slightly fluctuated from the previous month (April 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 33.29 and PKR 38.21 per kg, indicating a slight decrease by 3.62% and 1.97%, respectively. The price of rice *Irri-6* was recorded at PKR 47.65 with no price change, whereas the price for rice *Basmati* was recorded at PKR 74.38 reflecting a slight increase of 3.8% from previous month.



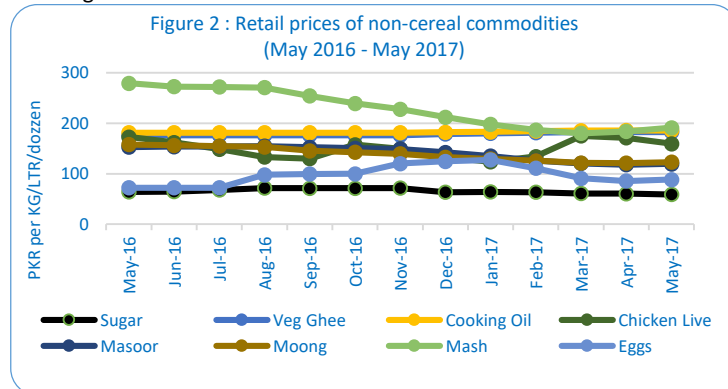
Compared to three months ago (February 2017), the prices of wheat and wheat flour in May slightly decreased by 5.9% and 4%, while that of rice *Irri-6* negligibly decreased by 0.3% and rice *Basmati* significantly increased by 9.1%.

Comparing prices of these commodities with six months ago (November 2016), the prices of wheat and wheat flour slightly decreased by 3.8% and 3.6%, respectively, while rice *Irri-6* slightly increased by 1.7% and the price of rice *Basmati* significantly increased by 13.3%.

On a one-year comparison (May 2016), the price of wheat and wheat flour negligibly increased by 0.5% and 0.1%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 7.7% and that of rice *Basmati* significantly increased by 16%.

Retail prices of non-cereal food commodities remained somewhat stable

In May 2017, there were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. The price of live chicken significantly decreased by 6.7% while price of sugar slightly decreased by 2.5%; whereas the prices of eggs, pulse *Dal Mash*, pulse *Dal Moong* and lentil *Masoor* slightly increased by 3.13%, 4%, 1.7%, and 1.3%, respectively. The prices of vegetable ghee and cooking oil both remained unchanged.



Compared to three months ago (February 2017), the prices of the majority of non-cereal commodities in May 2017 registered slight to significant fluctuations. The prices of eggs significantly decreased by 20.2%, while the prices of sugar, lentil *Masoor* and pulse *Dal Moong* slightly decreased by 6.9%, 5.4%, and 2.2%, respectively. On contrary, the price of live chicken significantly increased by 19.1%, whereas pulse *Dal Mash* slightly increased

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

by 2.4% and vegetable ghee and cooking oil negligibly decreased by 0.7% each.

Over a period of six months (starting November 2016), there were slight price increases for live chicken (7%), vegetable ghee (3.6%) and cooking oil (2.4%). On the other hand, there was a significant drop in the prices of eggs (by 26.4%), lentil *Masoor* (19.8%), pulse *Dal Mash* (16.1%), and pulse *dal Moong* (11.6%).

Compared to a year ago (May 2016), the prices of pulses *Dal Mash*, *Dal Moong* and lentil *Masoor* significantly decreased by 31.5%, 22%, and 21.8%, respectively, while sugar and live chicken slightly decreased by 7.9% and 7.6%, respectively. Meanwhile, the prices increased for eggs (22.5%), vegetable ghee (3.6%) and cooking oil (2.4%).

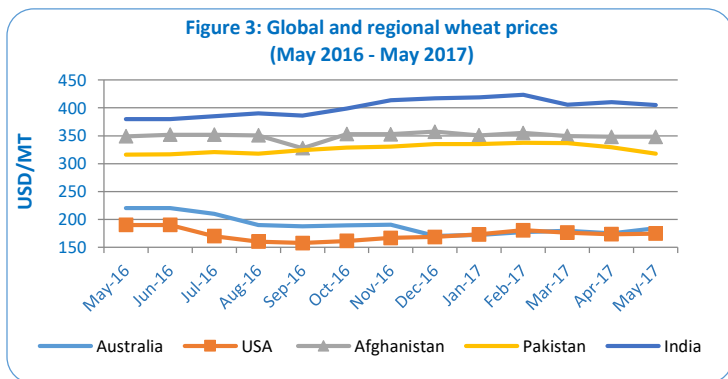
Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in May 2017, with the exception of Lahore, where the prices of pulse *Mash* and lentil *Masoor* were slightly higher than other big cities mainly because Lahore is located farther from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

Decrease in estimated global wheat production

In June 2017, the total global wheat production projection has increased to 739.53³ million MT from the estimated projection of 737.83⁴ million MT in May 2017.

This 1.7 million MT production projection increase is mainly due to an increase in production in Russia. The total global wheat consumption for 2017/18 is projected marginally lower due to a 1-million-ton reduction in India which is partially offset by increases in Russia, Brazil, and Chile. The global ending stocks projection are raised by 2.9 million MT this month⁵.

Compared to April 2017, wheat prices in May 2017 decreased in Pakistan (by 3.5%)⁶, India (1.2%)⁷, and Afghanistan (0.02%) while the prices increased for Australia (5.3%)⁸ and USA (0.8%)⁹. The domestic retail wheat price in Pakistan was 82% higher than in the USA, 73% higher than in Australia, while it was 21% and 9% lower than in India and Afghanistan, respectively.

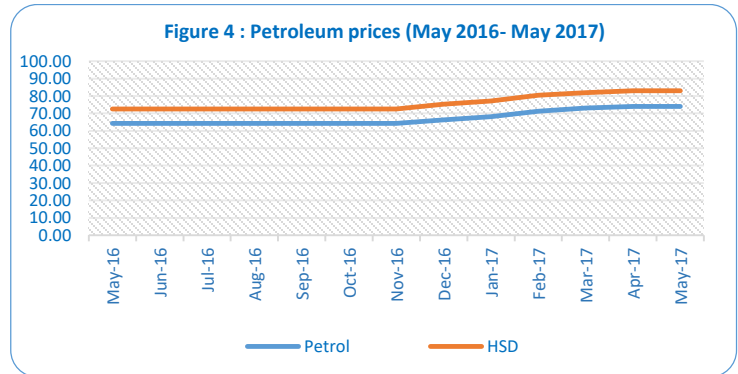


Prices of petroleum products remained unchanged

The May 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 74 and PKR 83 per liter respectively¹⁰. Compared to the

previous month (April 2017), the prices of Super Petrol and HSD remained unchanged.

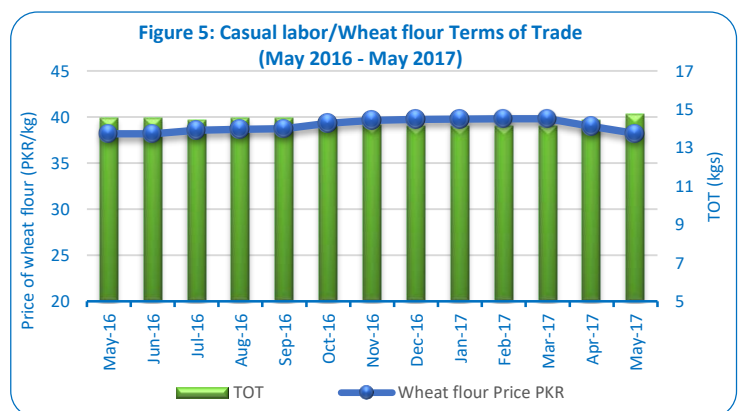
On a three month (February 2017) comparison, the prices have slightly increased for both Super Petrol and HSD by 3.8% and 3.1%, respectively. However, on a six months (November 2016) comparison, the prices have significantly increased for Super Petrol by 15.1% and for HSD by 14.5%. Compared to prices a year ago (May 2016), the same significant increase of 15.1% for Super Petrol and 14.5% for HSD was recorded.



Terms-of-Trade (ToT)¹¹ increased

In May 2017, the average ToT slightly increased by 2.01% from previous month and was recorded at 14.72 kg of wheat flour, mainly due to a seasonal decrease in price of wheat flour during the harvest. Compared to three months ago (February 2017), the ToT slightly increased by 4.2%. A slight improvement of 3.8% was observed from six months ago (November 2016), and of 1.1% from the same time last year (May 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 16.4 kg and 15.7 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13.4 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates¹³.



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 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 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 – May 2017											
Major Commodities	Markets	Current Prices May 2017) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.94	0.31	-7.54%	-7.54%	-4.87%	-0.56%	▼	▼	▶	▶
	Multan	30.00	0.29	-3.42%	-10.45%	-8.22%	0.00%	▼	▼	▼	▶
	Karachi	35.50	0.34	-1.39%	-3.40%	-2.07%	1.43%	▼	▶	▶	▶
	Peshawar	33.00	0.32	-5.71%	-8.33%	-4.35%	2.33%	▼	▶	▶	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	-0.71%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	36.63	0.35	-2.72%	-3.62%	-3.62%	-2.33%	▼	▶	▶	▶
	Multan	35.00	0.33	-2.44%	-7.89%	-7.28%	0.00%	▼	▼	▼	▶
	Karachi	42.24	0.40	-2.73%	-5.41%	-4.59%	2.63%	▼	▼	▶	▶
	Peshawar	37.21	0.36	-1.98%	-3.14%	-2.72%	-0.28%	▼	▶	▶	▶
	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%	-1.23%	5.26%	▶	▶	▶	▶
	Karachi	44.58	0.43	0.00%	0.34%	1.41%	2.93%	▶	▶	▶	▶
	Peshawar	46.67	0.45	0.00%	-1.75%	0.00%	14.53%	▶	▶	▶	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	73.21	0.70	4.32%	8.46%	16.80%	26.92%	▲	▲	▲	▲
	Multan	77.50	0.74	2.19%	7.50%	14.81%	22.37%	▲	▲	▲	▲
	Karachi	73.27	0.70	0.26%	5.24%	5.24%	6.57%	▶	▲	▲	▶
	Peshawar	72.92	0.70	1.74%	1.74%	6.72%	10.77%	▲	▶	▲	▲
	Quetta	75.00	0.72	11.11%	25.00%	25.00%	15.38%	▲	▲	▲	▲
SUGAR	Lahore	61.90	0.59	-2.67%	-4.48%	-14.96%	-4.89%	▼	▶	▼	▶
	Multan	55.50	0.53	-3.70%	-9.21%	-20.29%	-11.03%	▼	▼	▼	▼
	Karachi	60.59	0.58	-0.74%	-5.12%	-16.06%	-4.16%	▶	▼	▼	▶
	Peshawar	58.38	0.56	-2.16%	-9.26%	-19.84%	-10.00%	▼	▼	▼	▼
	Quetta	59.00	0.56	-3.28%	-6.35%	-17.77%	-9.23%	▼	▼	▼	▶
VEG. GHEE (TIN)	Lahore	184.00	1.76	0.00%	0.00%	4.55%	4.55%	▶	▶	▶	▶
	Multan	188.00	1.80	0.00%	2.17%	6.82%	6.82%	▶	▶	▲	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	184.00	1.76	0.00%	1.10%	4.55%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.68	0.00%	0.00%	2.33%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	186.00	1.78	0.00%	0.00%	4.49%	4.49%	▶	▶	▶	▶
	Multan	190.00	1.82	0.00%	2.15%	2.15%	2.15%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	188.00	1.80	0.00%	1.35%	5.62%	5.62%	▶	▶	▲	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	141.75	1.35	-8.10%	18.44%	12.63%	-10.91%	▼	▲	▲	▼
	Multan	160.00	1.53	-3.88%	18.52%	8.47%	-2.29%	▼	▲	▲	▶
	Karachi	177.76	1.70	-4.85%	27.75%	14.21%	-2.39%	▼	▲	▲	▶
	Peshawar	156.25	1.49	-6.30%	15.53%	10.82%	-11.22%	▼	▲	▲	▼
	Quetta	162.50	1.55	-10.34%	15.04%	-7.80%	-10.96%	▼	▲	▼	▼
Lentil Masoor, Washed	Lahore	138.93	1.33	0.00%	-6.83%	-16.97%	-16.52%	▶	▼	▼	▼
	Multan	110	1.05	0.00%	-10.20%	-18.01%	-22.81%	▶	▼	▼	▼
	Karachi	123.77	1.18	5.42%	-0.26%	-16.79%	-16.58%	▲	▶	▼	▼
	Peshawar	104.21	1.00	-0.20%	-1.96%	-25.07%	-24.89%	▶	▶	▼	▼
	Quetta	121.25	1.16	1.04%	-6.73%	-22.40%	-28.15%	▲	▶	▼	▼
Pulse Dal Moong, Washed	Lahore	130	1.24	-1.49%	-9.96%	-15.74%	-21.72%	▼	▼	▼	▼
	Multan	112.5	1.07	0.00%	-2.17%	-8.78%	-21.05%	▶	▶	▼	▼
	Karachi	123.2	1.18	4.47%	0.53%	-17.28%	-26.02%	▲	▶	▼	▼
	Peshawar	105.21	1.01	-0.26%	-2.32%	-16.11%	-26.08%	▶	▶	▼	▼
	Quetta	145.00	1.39	5.45%	3.57%	0.00%	-15.94%	▲	▶	▶	▼
Pulse Dal Mash, Washed	Lahore	235	2.25	2.65%	1.54%	-11.32%	-22.04%	▲	▶	▼	▼
	Multan	170.83	1.63	4.59%	-1.44%	-15.98%	-35.13%	▲	▶	▼	▼
	Karachi	171.68	1.64	11.80%	8.27%	-19.21%	-36.95%	▲	▲	▼	▼
	Peshawar	176.67	1.69	-0.56%	2.44%	-19.57%	-35.95%	▶	▶	▼	▼
	Quetta	202.50	1.93	3.18%	2.21%	-15.63%	-28.63%	▲	▶	▼	▼
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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