

Pakistan Market Price Bulletin

July 2017 Issue

Highlights

- In June 2017, the average retail price of wheat and wheat flour decreased by 0.1% and 1.1%, respectively; the price of rice *Irri-6* negligibly increased by 0.01% and the price of rice *Basmati* slightly increased by 1.6% from the previous month (May 2017);
- Headline inflation based on the Consumer Price Index (CPI) negligibly decreased by 0.4% from May 2017, whereas it has increased by 3.93% from the same month last year (June 2016);
- There were slight fluctuations in the prices of non-cereal food commodities compared to the previous month;
- In June 2017, the average ToT slightly increased by 2.1% from the previous month;
- In July 2017, the total global wheat production for 2017/18 is projected at 737.83 million MT, showing a decrease of 1.7 million MT compared to the projections made last month.

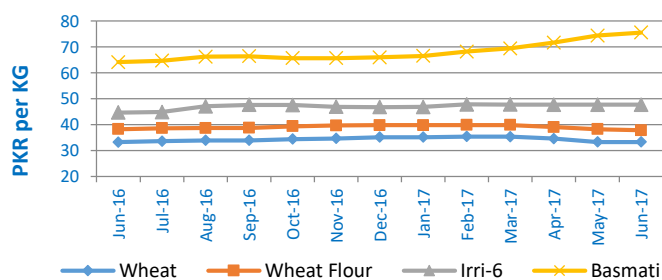
Headline inflation negligibly increased

In June 2017, the headline inflation based on the Consumer Price Index (CPI) negligibly decreased by 0.41% from the previous month (May 2017), whereas it has increased by 3.93% from the same month last year (June 2016). The CPI for food has negligibly decreased by 1.1% from May 2017 and 2.4% from June 2016; while the CPI for non-food increased by 0.1% from last month and 5% from June 2016. The weighted contribution of food groups in the overall CPI has decreased from 229.65 indices in May 2017 to 229.18 in June 2017, registering a negative change of 0.2%. Compared to June 2016 the indices increased by 3.05%¹.

Retail prices of staple cereals remained stable

In June 2017, the average retail price of wheat, wheat flour, rice *Irri-6* and rice *Basmati* have slightly fluctuated from the previous month (May 2017). The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 33.25 and PKR 37.80 per kg, indicating a slight decrease by 0.13% and 1.1%, respectively. The price of rice *Irri-6* was recorded at PKR 47.66 with 0.01% increase, whereas the price for rice *Basmati* was recorded at PKR 75.55 reflecting a slight increase of 1.6% from previous month.

Figure 1: Retail prices of cereals (June 2016 - June 2017)



Compared to three months ago (March 2017), the prices of wheat and wheat flour in June slightly decreased by 5.9% and 5.1%, respectively, while that of rice *Irri-6* negligibly decreased by 0.1% and rice *Basmati* significantly increased by 8.8%.

Comparing prices of these commodities with six months ago (December 2016), the price of wheat and wheat flour slightly decreased by 5.4% and

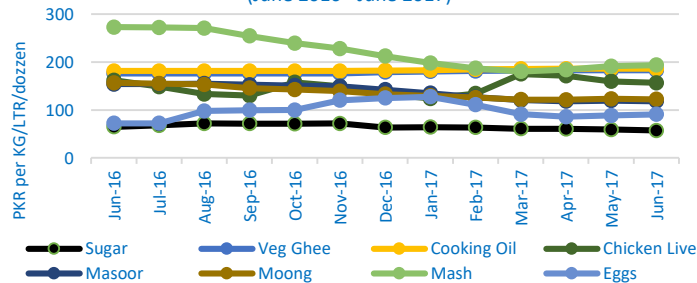
4.9%, respectively, while that of rice *Irri-6* slightly increased by 2%, and rice *Basmati* significantly increased by 14.5%.

On a one-year comparison (June 2016), the price of wheat negligibly increased by 0.2% and wheat flour decreased by 1%. Whereas, the price of rice *Irri-6* slightly increased by 6.8% while rice *Basmati* significantly increased by 17.8%.

Retail prices of non-cereal food commodities remained stable

In June 2017, there were slight fluctuations in the prices of non-cereal food commodities compared to the previous month. The prices of sugar and live chicken decreased slightly by 3.5% and 1.8%, respectively, while prices of lentil *Masoor* and pulse *Dal Moong* decreased by 1.3% and 0.8%, respectively. Whereas, the prices of eggs and pulse *Dal Mash* slightly increased by 2.8% and 1.2%, respectively. The prices of vegetable ghee and cooking oil both remained unchanged.

Figure 2: Retail prices of non-cereal commodities (June 2016 - June 2017)



Compared to three months ago (March 2017), the prices of the majority of non-cereal commodities in June 2017 registered slight to significant fluctuations. The prices of live chicken significantly decreased by 10.5%, while the prices of sugar, lentil *Masoor* and eggs decreased by 6.4%, 2%, and 0.1%, respectively. On the contrary, the price of pulse *Dal Mash* significantly increased by 7.5%, pulse *dal Moong* negligibly increased by 0.6%, while vegetable ghee and cooking oil decreased by 0.2% each.

Over a period of six months (starting December 2016), there was significant price increase for live chicken (17.7%), while slight increases were noted for

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

vegetable ghee (2.1%) and cooking oil (1.9%). On the other hand, there was a significant drop in the prices of eggs (by 27.1%), lentil *Masoor* (17%), sugar (10.3%), pulse *Dal Mash* (8.8%), and pulse *dal Moong* (8.2%).

Compared to a year ago (June 2016), the prices of pulses *Dal Mash*, *Dal Moong*, lentil *Masoor*, and sugar significantly decreased by 29%, 21.9%, 23.2%, and 12%, respectively, while live chicken slightly decreased by 3.3%. Meanwhile, the prices increased for eggs (26%), 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 June 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

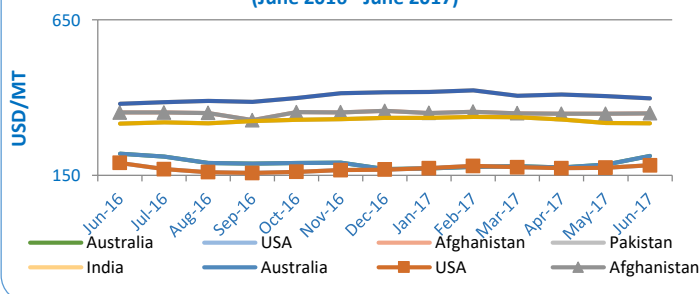
In July 2017, the total global wheat production projection has decreased to 737.83³ million MT from the estimated projection of 739.53⁴ million MT in June 2017.

This 1.7 million MT production projection decrease is mainly due to lower production forecasts for the USA, Australia, China, and the EU, which are partially offset by higher production expected by Russia and Turkey due to favorable crop conditions. Meanwhile, European Union's wheat production is down due to lower crop production in Spain and France, similarly, Australia's production is expected to be slightly lower due to dry conditions.

The total global wheat consumption for 2017-18 is projected higher primarily due to larger use by Russia. The global ending stocks are projected to be marginally lower by 0.59 million MT this month⁵.

Compared to May 2017, wheat prices in June 2017 decreased in Pakistan (by 0.3%)⁶ and India (1.7%)⁷, while prices increased for Australia (15.1%)⁸ and USA (4.5%)⁹ and Afghanistan (0.4%). The domestic retail wheat price in Pakistan was 74% higher than in the USA, 50% higher than in Australia, while it was 20% and 9% lower than in India and Afghanistan, respectively.

Figure 3: Global and regional wheat prices (June 2016 - June 2017)

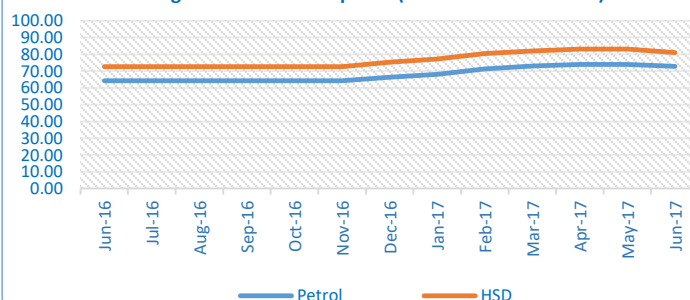


Prices of petroleum products remained unchanged

The June 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 72.80 and PKR 81 per liter, showing a slight decrease by 1.6% and 2.4%, respectively¹⁰ compared to the previous month (May 2017).

On a three-month comparison (March 2017), the price of Super Petrol negligibly decreased by 0.3% while that of HSD slightly decreased by 1.2%. However, on a six-month comparison (December 2016), the prices have significantly increased for Super Petrol by 9.9% and for HSD by 7.7%. Compared to prices a year ago (June 2016), a significant increase of 13.3% for Super Petrol and 11.7% for HSD has been recorded.

Figure 4 : Petroleum prices (June 2016 - June 2017)

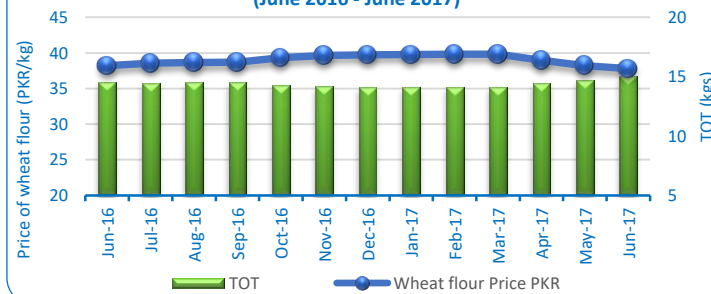


Terms-of-Trade (ToT)¹¹ increased

In June 2017, the average ToT slightly increased by 2.1% from previous month and was recorded at 15.03 kg of wheat flour, mainly due to a seasonal decrease in wheat flour price during the new harvest.

Compared to three months ago (March 2017), the ToT slightly increased by 6.4%. A slight improvement of 6.2% was also observed from six months ago (December 2016) and of 3.2% from the same time last year (June 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 16.7 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13.5 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates¹³.

Figure 5: Casual labor/Wheat flour Terms of Trade (June 2016 - June 2017)



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 – June 2017											
Major Commodities	Markets	Current Prices June 2017) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.63	0.31	-0.95%	-8.42%	-5.78%	-0.76%	▶	▼	▼	▶
	Multan	30.00	0.29	0.00%	-10.18%	-10.58%	-3.38%	▶	▼	▼	▶
	Karachi	35.00	0.33	-1.41%	-4.37%	-4.11%	0.00%	▼	▶	▶	▶
	Peshawar	33.60	0.32	1.82%	-6.67%	-6.67%	5.00%	▲	▶	▼	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	36.50	0.35	-0.34%	-3.95%	-3.95%	-2.20%	▶	▶	▶	▶
	Multan	34.20	0.33	-2.29%	-9.76%	-10.00%	-3.93%	▼	▼	▼	▶
	Karachi	41.37	0.39	-2.04%	-7.71%	-6.95%	0.53%	▼	▼	▼	▶
	Peshawar	36.92	0.35	-0.78%	-3.90%	-3.65%	0.09%	▶	▶	▶	▶
	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%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	44.61	0.43	0.07%	0.07%	1.48%	3.00%	▶	▶	▶	▶
	Peshawar	46.67	0.45	0.00%	-0.70%	0.37%	14.53%	▶	▶	▶	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	73.21	0.70	0.00%	8.46%	16.80%	26.92%	▶	▲	▲	▲
	Multan	77.50	0.74	0.00%	4.49%	14.81%	22.37%	▶	▶	▲	▲
	Karachi	73.69	0.70	0.57%	2.78%	5.85%	7.19%	▶	▶	▲	▶
	Peshawar	73.33	0.70	0.56%	2.32%	4.76%	11.39%	▶	▶	▶	▲
	Quetta	80.00	0.76	6.67%	29.03%	33.33%	23.08%	▲	▲	▲	▲
SUGAR	Lahore	58.64	0.56	-5.27%	-7.74%	-8.89%	-11.19%	▼	▼	▼	▼
	Multan	54.20	0.52	-2.34%	-7.51%	-11.58%	-14.78%	▼	▼	▼	▼
	Karachi	58.98	0.56	-2.66%	-4.07%	-7.03%	-7.51%	▼	▶	▼	▶
	Peshawar	56.33	0.54	-3.51%	-6.54%	-10.35%	-14.35%	▼	▼	▼	▼
	Quetta	57.00	0.54	-3.39%	-6.25%	-13.64%	-12.31%	▼	▼	▼	▼
VEG. GHEE (TIN)	Lahore	184.00	1.75	0.00%	0.00%	1.77%	4.55%	▶	▶	▶	▶
	Multan	188.00	1.79	0.00%	0.86%	3.07%	6.82%	▶	▶	▶	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	184.00	1.75	0.00%	0.00%	4.55%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.68	0.00%	0.00%	0.92%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	186.00	1.77	0.00%	0.00%	1.75%	4.49%	▶	▶	▶	▶
	Multan	190.00	1.81	0.00%	0.85%	2.15%	2.15%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	188.00	1.79	0.00%	0.00%	5.62%	5.62%	▶	▶	▲	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	133.60	1.27	-5.75%	-14.14%	23.02%	-7.20%	▼	▼	▲	▶
	Multan	154.50	1.47	-3.44%	-10.61%	23.11%	0.65%	▼	▼	▲	▶
	Karachi	165.75	1.58	-6.76%	-17.12%	10.05%	0.85%	▼	▼	▲	▶
	Peshawar	151.80	1.45	-2.85%	-12.15%	23.21%	-9.43%	▼	▼	▲	▶
	Quetta	178.00	1.70	9.54%	2.30%	12.66%	-1.66%	▲	▶	▲	▶
Lentil Masoor, Washed	Lahore	138.93	1.32	0.00%	-2.55%	-14.05%	-16.52%	▶	▶	▼	▼
	Multan	110	1.05	0.00%	-3.51%	-15.06%	-22.81%	▶	▶	▼	▼
	Karachi	120.77	1.15	-2.42%	1.65%	-12.71%	-19.32%	▼	▶	▼	▼
	Peshawar	101.9	0.97	-2.22%	-3.19%	-22.31%	-29.32%	▼	▶	▼	▼
	Quetta	119.00	1.13	-1.86%	-2.46%	-21.19%	-28.31%	▼	▶	▼	▼
Pulse Dal Moong, Washed	Lahore	130	1.24	0.00%	-5.50%	-15.74%	-18.27%	▶	▼	▼	▼
	Multan	112.5	1.07	0.00%	0.00%	-6.89%	-21.05%	▶	▶	▼	▼
	Karachi	123.06	1.17	-0.11%	3.15%	-9.82%	-26.11%	▶	▶	▼	▼
	Peshawar	103.14	0.98	-1.97%	-2.58%	-10.83%	-27.53%	▼	▶	▼	▼
	Quetta	142.00	1.35	-2.07%	7.58%	2.90%	-17.44%	▼	▲	▶	▼
Pulse Dal Mash, Washed	Lahore	233.57	2.23	-0.61%	4.24%	-8.48%	-17.01%	▶	▶	▼	▼
	Multan	170.83	1.63	0.00%	4.16%	-11.64%	-33.87%	▶	▶	▼	▼
	Karachi	176.81	1.69	2.99%	16.35%	-5.18%	-35.29%	▲	▲	▼	▼
	Peshawar	175.84	1.68	-0.47%	1.23%	-10.83%	-36.44%	▶	▶	▼	▼
	Quetta	211.00	2.01	4.20%	12.83%	-7.86%	-22.71%	▲	▲	▼	▼
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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