



Pakistan Market Price Bulletin

October 2017 Issue

Highlights

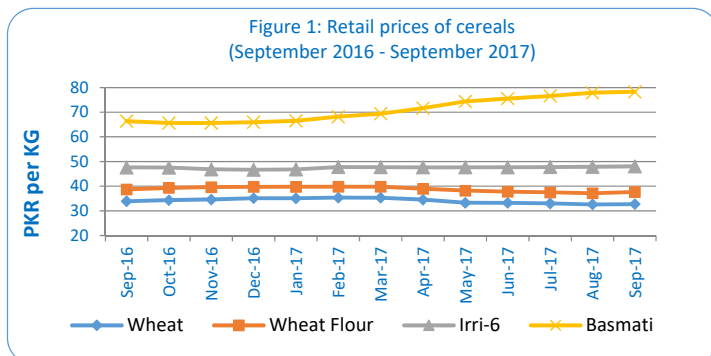
- In September 2017, the average retail price of wheat and wheat flour increased by 0.5% and 1.3%, respectively; the price of rice *Irri-6* negligibly increased by 0.4% whilst the price of rice *Basmati* increased by 0.5% from the previous month (August 2017);
- Headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.75% from August 2017, whereas it slightly increased by 3.98% from the same month last year (September 2016);
- There were negligible to significant fluctuations in the prices of non-cereal food commodities from the previous month;
- In September 2017, the average ToT negligibly decreased by 0.3% from the previous month;
- In October 2017, the total global wheat production for 2017/18 is projected at 751.19 million MT, showing an increase of 6.34 million MT compared to the projection made last month.

Headline inflation negligibly increased

In September 2017, the headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.75% from the previous month (August 2017), whereas it slightly increased by 3.98% from the same month last year (September 2016). The CPI for food has increased by 1.3% from August 2017 and by 2.4% from September 2016; while the CPI for non-food increased by 0.2% from last month and 4.9% from September 2016. The weighted contribution of food groups in the overall CPI has increased from 230.99 indices in August 2017 to 234.23 in September 2017, registering a positive change of 1.4%. Compared to September 2016 the indices increased by 3.5%¹.

Retail prices of staple cereals remained stable

In September 2017, there were negligible to slight fluctuations in the average retail prices of wheat, wheat flour, rice *Irri-6* and rice *Basmati* compared to the previous month. The prices of wheat and wheat flour across the country's main markets² were recorded at PKR 32.77 and PKR 37.66 per kg, indicating a negligible increase by 0.5% and 1.3%, respectively, from August 2017. The prices of rice *Irri-6* and *Basmati* were recorded at PKR 48.06 and PKR 78.28, indicating a 0.4% and 0.5% increase, respectively, from the previous month.



Compared to three months ago (June 2017), the wheat price slightly decreased by 1.4% while that of wheat flour negligibly decreased by 0.4%. The price of rice *Irri-6* negligibly increased by 0.8% and that of rice *Basmati* slightly increased by 3.6%.

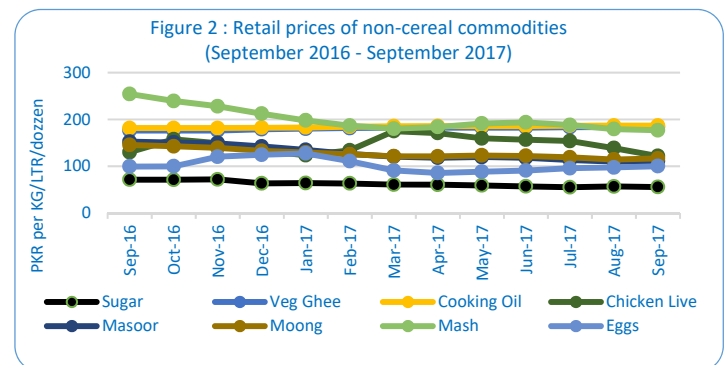
Compared to six months ago (March 2016), the price of wheat and wheat flour slightly decreased by 7.2% and 5.4%, respectively. Whilst, the price of

rice *Irri-6* negligibly increased by 0.7%, and that of rice *Basmati* significantly increased by 12.8%.

On a one-year comparison (September 2016), the price of wheat and wheat flour slightly decreased by 3.3% and 2.8%, respectively. Whereas, the price of rice *Irri-6* negligibly increased by 0.9%, and that of rice *Basmati* significantly increased by 17.9%.

Retail prices of non-cereal food commodities remained stable

In September 2017, there were negligible to significant fluctuations in the prices of non-cereal food commodities from the previous month. A significant decrease was recorded in the price of live chicken (by 12.2%), while slight decreases were noted in the prices of sugar (2.2%) and pulse *Dal Mash* (1.4%). On the other hand, the prices slightly increased for eggs (3%) and pulse *Dal Moong* (1.9%), and negligibly increased for lentil *Masoor* (0.7%). Prices of vegetable ghee and cooking oil remained unchanged.



Compared to three months ago (June 2017), the prices of the majority of non-cereal commodities in September 2017 registered slight to significant fluctuations. The price of live chicken significantly decreased (by 22.2%), while slight decreases were noted in the prices of pulse *Dal Mash* (8.7%), lentil *Masoor* (6.4%), pulse *Dal Moong* (4.4%), and sugar (2.2%). On the contrary, the price of eggs significantly increased by 10.2%, and that of vegetable ghee and cooking oil negligibly increased by 0.7% and 0.5%, respectively.

Compared to six months ago (March 2017), there were negligible increases in prices of vegetable ghee (0.9%) and cooking oil (0.7%). On the other hand,

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

there was a significant drop in the prices of live chicken (by 30.4%), eggs (10.1%), while slight decreases in prices were noted for sugar (8.5%), lentil *Masoor* (by 8.3%), pulse *Dal Moong* (3.9%), and pulse *Dal Mash* (1.8%).

Compared to a year ago (September 2016), the prices significantly decreased for pulses *Dal Mash* (by 30.5%), lentil *Masoor* (27.6%), sugar (22%) and pulse *Dal Moong* (19.7%), and slightly decreased for live chicken (6.2%). Meanwhile, the prices slightly increased for vegetable ghee (4.4%), cooking oil (3%) and negligibly increased for eggs (0.7%).

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in September 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 farther 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 remoteness from producing districts.

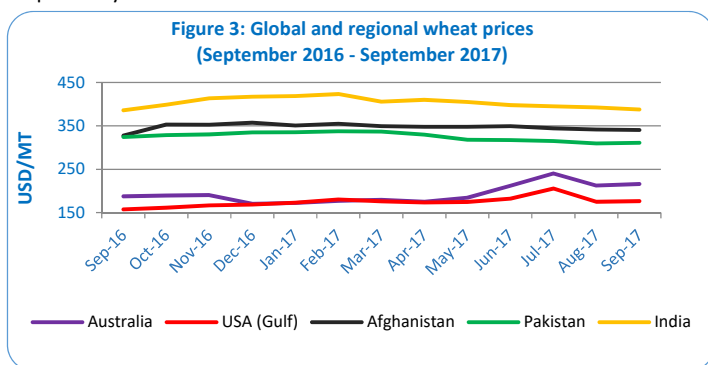
Increase in estimated global wheat production

In October 2017, the total global wheat production projection has increased to 751.19³ million MT from 744.85 million MT in September 2017.

The 6.34 million MT projected increase in production for 2017-18 is mainly related to increased forecasts in European Union by 2.2 million MT due to higher production in France, in Russia by 1.0 million MT, and in India by 2.38 million MT. However, this production increase is partially offset by lower production projection for Australia by 1.0 million MT due to persistent dry conditions in most parts of eastern Australia.

Total global wheat consumption for 2017-18 is projected higher by 2.09 million tons. The global ending stocks are projected to be higher by nearly 5.0 million MT this month⁴.

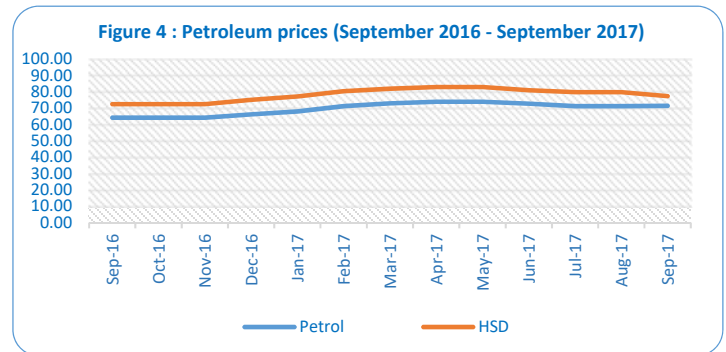
Compared to August 2017, wheat price in September 2017 negligibly increased in Pakistan (by 0.4%)⁵, Australia (1.7%)⁶, and USA (0.7%), while it decreased in India (1.2%)⁷ and Afghanistan (0.3%). The domestic retail wheat price in Pakistan was 76% higher than in the USA, 44% higher than in Australia, while it was 20% and 9% lower than in India and Afghanistan, respectively.



Prices of petroleum products slightly fluctuated

Compared to August 2017, the September 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 71.50 and PKR 77.40⁸

per liter, respectively, registering a negligible increase of 0.3% for Super Petrol (0.3%) and a slight decrease of 3.1% for HSD.

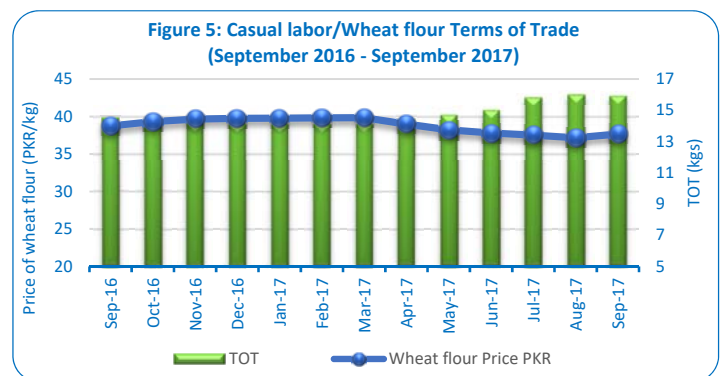


On a three-month comparison (June 2017), the prices of Super Petrol and HSD slightly decreased by 1.8% and 4.4%, respectively. On a six-month comparison (March 2017), these prices also slightly decreased by 2.1% and 5.6%, respectively. Compared to prices a year ago (September 2016), a significant increase of 11.2% for Super Petrol and a slight increase of 6.7% for HSD has been recorded.

Terms-of-Trade (ToT)⁹ decreased

In September 2017, the average ToT negligibly decreased by 0.3% from previous month and was recorded at 15.93 kg of wheat flour, mainly due to an increase in wheat flour price.

Compared to three months ago (June 2017), the ToT slightly increased by 6%. A significant improvement of 12.8% was observed from six months ago (March 2017) and of 9.7% from the same time last year (September 2016). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹⁰, or both. The highest ToT was observed in Karachi and Lahore at 17.6 kg and 17 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg¹¹ mainly due to a higher wheat flour price and lower wage rate.



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)

⁷ FAO Global Information and Early Warning System (GIEWS)

⁸ <http://www.psopk.com>

⁹ 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.

¹⁰ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

¹¹ Pakistan Bureau of Statistics, Government of Pakistan.

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

Major Commodities	Markets	Current Prices September 2017/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	31.60	0.30	0.00%	-3.14%	-11.30%	-6.30%	▶	▶	▼	▶
	Multan	30.06	0.29	1.91%	0.21%	-9.99%	-6.35%	▲	▶	▼	▶
	Karachi	35.00	0.33	0.00%	0.00%	-4.37%	1.16%	▶	▶	▶	▶
	Peshawar	32.17	0.31	0.52%	-4.26%	-10.65%	-5.39%	▶	▶	▼	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	37.13	0.35	3.99%	1.71%	-2.30%	-2.30%	▲	▶	▶	▶
	Multan	34.25	0.32	2.24%	0.15%	-9.63%	-6.51%	▲	▶	▼	▶
	Karachi	40.76	0.39	0.10%	-1.48%	-9.08%	-2.57%	▶	▶	▼	▶
	Peshawar	36.17	0.34	0.70%	-2.03%	-5.86%	-2.69%	▶	▶	▼	▶
	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%	10.74%	▶	▶	▶	▲
	Multan	40.00	0.38	0.00%	0.00%	0.00%	-11.11%	▶	▶	▶	▼
	Karachi	45.80	0.43	2.05%	2.67%	2.74%	4.19%	▲	▶	▶	▶
	Peshawar	47.50	0.45	0.00%	1.78%	1.06%	-0.29%	▶	▶	▶	▶
	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%	20.65%	▶	▶	▲	▲
	Multan	80.00	0.76	1.91%	3.23%	7.86%	18.52%	▲	▶	▲	▲
	Karachi	74.42	0.71	0.00%	0.99%	3.79%	6.38%	▶	▶	▶	▶
	Peshawar	73.75	0.70	0.57%	0.57%	2.90%	8.73%	▶	▶	▶	▶
	Quetta	90.00	0.85	0.00%	12.50%	45.16%	36.36%	▶	▲	▲	▲
SUGAR	Lahore	57.22	0.54	-2.09%	-2.42%	-9.97%	-21.69%	▼	▶	▼	▼
	Multan	53.25	0.51	-2.42%	-1.75%	-9.13%	-23.93%	▼	▶	▼	▼
	Karachi	57.15	0.54	-1.55%	-3.10%	-7.04%	-19.23%	▼	▶	▼	▼
	Peshawar	55.15	0.52	-2.09%	-2.09%	-8.50%	-23.40%	▼	▶	▼	▼
	Quetta	56.00	0.53	-2.78%	-1.75%	-7.89%	-21.57%	▼	▶	▼	▼
VEG. GHEE (TIN)	Lahore	188.00	1.78	0.00%	2.17%	2.17%	6.82%	▶	▶	▶	▶
	Multan	188.00	1.78	0.00%	0.00%	0.86%	6.82%	▶	▶	▶	▶
	Karachi	184.00	1.75	0.00%	1.55%	1.55%	1.55%	▶	▶	▶	▶
	Peshawar	184.00	1.75	0.00%	0.00%	0.00%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.67	0.00%	0.00%	0.00%	2.33%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	192.00	1.82	0.00%	3.23%	3.23%	7.87%	▶	▶	▶	▶
	Multan	190.00	1.80	0.00%	0.00%	0.85%	2.15%	▶	▶	▶	▶
	Karachi	186.00	1.76	0.00%	-0.64%	-0.64%	-0.64%	▶	▶	▶	▶
	Peshawar	188.00	1.78	0.00%	0.00%	0.00%	5.62%	▶	▶	▶	▶
	Quetta	178.00	1.69	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	94.50	0.90	-16.81%	-29.27%	-39.27%	-7.68%	▼	▼	▼	▶
	Multan	112.50	1.07	-14.77%	-27.18%	-34.91%	-14.45%	▼	▼	▼	▼
	Karachi	142.26	1.35	-8.14%	-14.17%	-28.87%	4.22%	▼	▼	▼	▶
	Peshawar	116.50	1.11	-13.32%	-23.25%	-32.58%	-9.41%	▼	▼	▼	▶
	Quetta	143.75	1.36	-9.59%	-19.24%	-17.39%	-4.80%	▼	▼	▼	▶
Lentil Masoor, Washed	Lahore	129.64	1.23	-1.41%	-6.69%	-9.07%	-22.98%	▼	▼	▼	▼
	Multan	103.33	0.98	0.00%	-6.06%	-9.36%	-27.49%	▶	▼	▼	▼
	Karachi	107.5	1.02	-1.09%	-10.99%	-9.52%	-29.10%	▼	▼	▼	▼
	Peshawar	97.17	0.92	-0.15%	-4.64%	-7.69%	-32.01%	▶	▶	▼	▼
	Quetta	115.00	1.09	6.48%	-3.36%	-5.74%	-27.22%	▲	▶	▼	▼
Pulse Dal Moong, Washed	Lahore	113.39	1.08	-0.84%	-12.78%	-17.58%	-29.26%	▶	▼	▼	▼
	Multan	105	1.00	-4.11%	-6.67%	-6.67%	-17.65%	▼	▼	▼	▼
	Karachi	118.27	1.12	-0.65%	-3.89%	-0.86%	-23.49%	▶	▶	▶	▼
	Peshawar	107.13	1.02	3.74%	3.87%	1.19%	-19.95%	▲	▶	▶	▼
	Quetta	140.00	1.33	10.24%	-1.41%	6.06%	-7.28%	▲	▶	▲	▶
Pulse Dal Mash, Washed	Lahore	193.93	1.84	-3.42%	-16.97%	-13.45%	-31.07%	▼	▼	▼	▼
	Multan	156.87	1.49	-1.24%	-8.17%	-4.35%	-32.09%	▼	▼	▶	▼
	Karachi	163.27	1.55	-7.50%	-7.66%	7.44%	-35.49%	▼	▼	▲	▼
	Peshawar	163.75	1.55	-0.56%	-6.88%	-5.73%	-36.06%	▶	▼	▼	▼
	Quetta	206.25	1.96	5.29%	-2.25%	10.29%	-17.50%	▲	▶	▲	▼