

Pakistan Market Price Bulletin

November 2017 Issue

Highlights

- In October 2017, the average retail price of wheat and wheat flour increased by 1% and 2.2%, respectively; the price of rice *Irri-6* negligibly increased by 0.1% whilst the price of rice *Basmati* increased by 0.8% from the previous month (September 2017);
- Headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.75% from September 2017, whereas it slightly increased by 3.8% from the same month last year (October 2016);
- There were slight fluctuations in the prices of non-cereal food commodities from the previous month;
- In October 2017, the average ToT slightly increased by 2.1% from previous month;
- In November 2017, the total global wheat production for 2017/18 is projected at 751.98 million MT, showing an increase of 0.8 million MT compared to the projection made last month.

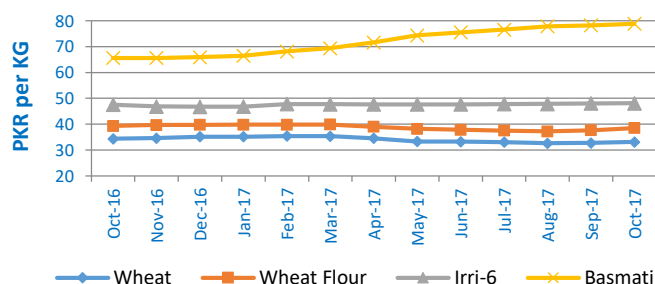
Headline inflation negligibly increased

In October 2017, the headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.75% from the previous month (September 2017), whereas it slightly increased by 3.8% from the same month last year (October 2016). The CPI for food has increased by 0.6% from September 2017 and by 2.2% from October 2016; while the CPI for non-food increased by 0.8% from last month and 4.9% from October 2016. The weighted contribution of food groups in the overall CPI has increased from 234.23 indices in September 2017 to 235.69 in October 2017, registering a positive change of 0.62%. Compared to October 2016 the indices increased by 3.24%¹.

Retail prices of staple cereals remained stable

In October 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 33.11 and PKR 38.49 per kg, indicating a slight increase by 1% and 2.2%, respectively, from September 2017. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 48.10 and PKR 78.90, indicating a 0.1% and 0.8% increase, respectively, from the previous month.

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



Compared to three months ago (July 2017), the wheat price negligibly increased by 0.2% while that of wheat flour slightly increased by 2.6%. The price of rice *Irri-6* negligibly increased by 0.7% and that of rice *Basmati* slightly increased by 3%.

Compared to six months ago (April 2016), the price of wheat and wheat flour slightly decreased by 4.1% and 1.3%, respectively. Whilst, the price of

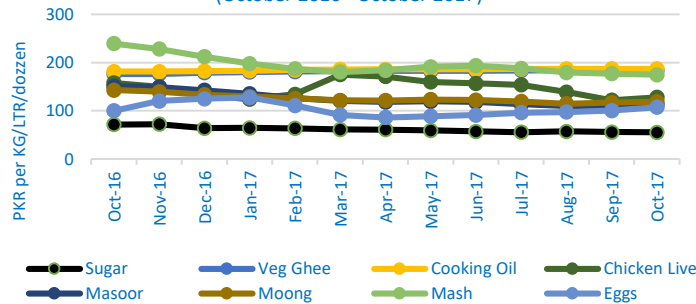
rice *Irri-6* negligibly increased by 0.9% and that of rice *Basmati* significantly increased by 10.1%.

On a one-year comparison (October 2016), the price of wheat and wheat flour slightly decreased by 3.6% and 2.1%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 1.2%, and that of rice *Basmati* significantly increased by 20.2%.

Retail prices of non-cereal food commodities remained stable

In October 2017, there were slight fluctuations in the prices of non-cereal food commodities from the previous month. A slight decrease was noted in the price of sugar (1.1%) and pulse *Dal Mash* (1.3%). On the other hand, the prices slightly increased for lentil *Masoor* (1.9%), pulse *Dal Moong* (1.4%), live chicken (4.9%), and eggs (7%), while prices of vegetable ghee and cooking oil remained unchanged.

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



Compared to three months ago (July 2017), the prices of the majority of non-cereal commodities in October 2017 registered negligible to significant fluctuations. The price of live chicken significantly decreased (by 16.9%), while a slight decrease was noted in the price of pulse *Dal Mash* (7.2%). Whereas, negligible decreases were noted in the prices of lentil *Masoor* (0.8%), pulse *Dal Moong* (0.5%), and sugar (0.2%). On the contrary, the price of eggs significantly increased by 12%, and that of vegetable ghee and cooking oil negligibly increased by 0.3% and 0.1%, respectively.

Compared to six months ago (April 2017), there was a significant increase in the price of eggs (by 25%), while negligible increases were noted in prices of vegetable ghee (0.7%) and cooking oil (0.5%). On the other hand, there was a significant drop in the price of live chicken (by 25.3%), while slight

¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

decreases in prices were noted for pulse *Dal Moong* (2.2%), lentil *Masoor* (4.7%), pulse *Dal Mash* (5.1%) and sugar (8.9%).

Compared to a year ago (October 2016), the prices significantly decreased for pulses *Dal Moong* (by 17%), *Dal Mash* (27.1%), lentil *Masoor* (25.3%), sugar (22.6%) and live chicken (18.9%). Meanwhile, the prices slightly increased for eggs (7.3%), vegetable ghee (4.4%), and cooking oil (3%).

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in October 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*, *Dal Moong*, and lentil *Masoor* which may also be attributed to its remoteness from producing districts.

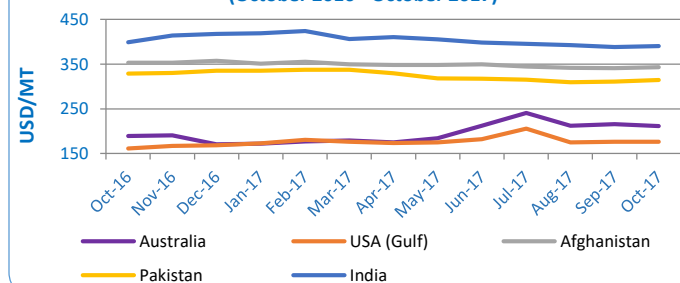
Increase in estimated global wheat production

In November 2017, the total global wheat production projection has slightly increased to 751.98³ million MT from 751.19 million MT in October 2017.

The 0.8 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts in Russia by 1.0 million MT and in European Union by 0.5 million MT. However, this production increase is partially offset by a 0.5 million MT decrease in Pakistan. Total global wheat consumption for 2017/18 is fractionally projected higher this month by 0.42 million tons. With total use increasing, the global ending stocks are projected lower by 0.6 million tons this month⁴.

Compared to September 2017, wheat price in October 2017 slightly increased in Pakistan (by 1%)⁵, Afghanistan (0.7%), and India (0.7%) while a negligible price increase was noted for USA (0.2%). Whereas, a slight decrease in wheat price was noted for Australia (2.1%)⁶. The domestic retail wheat price in Pakistan was 78% higher than in the USA, 49% higher than in Australia, while it was 20% and 8% lower than in India and Afghanistan, respectively.

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

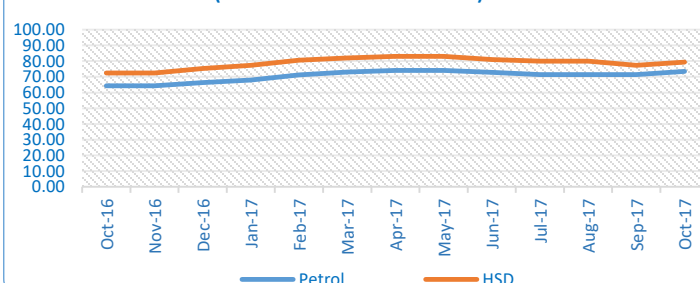


Prices of petroleum products negligibly increased

Compared to September 2017, the October 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 73.50 and PKR 79.40⁷ per liter, respectively, registering negligible increases for both Super Petrol (2.8%) and HSD (2.6%).

On a three-month comparison (July 2017), the price of Super Petrol slightly increased by 3.1% and negligibly decreased by 0.6% for HSD. On a six-month comparison (April 2017), these prices decreased by 0.7% for Super Petrol and by 4.3% for HSD. Compared to prices a year ago (October 2016), a significant increase of 14.4% for Super Petrol and a slight increase of 9.5% for HSD has been recorded.

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

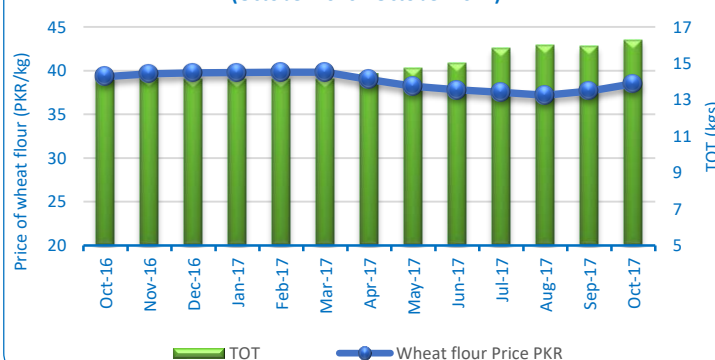


Terms-of-Trade (ToT)⁸ increased

In October 2017, the average ToT slightly increased by 2.1% from previous month and was recorded at 16.27 kg of wheat flour, mainly due to an increase in daily wage rates in Lahore and Multan.

Compared to three months ago (July 2017), the ToT slightly increased by 2.8%. A significant improvement of 12.8% was observed from six months ago (April 2017) and of 13.8% from the same time last year (October 2016). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage⁹, or both. The highest ToT was observed in Lahore and Karachi at 19.1 kg and 16.9 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg¹⁰ mainly due to a higher wheat flour price and lower wage rate.

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



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.

⁹ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

¹⁰ Pakistan Bureau of Statistics, Government of Pakistan.

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 <http://www.psopk.com>

⁸ 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

Retail prices of main food commodities in major cities – October 2017											
Major Commodities	Markets	Current Prices October 2017/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	31.60	0.30	0.00%	-2.38%	-11.30%	-8.07%	▶	▶	▼	▶
	Multan	30.88	0.29	2.70%	3.78%	-0.61%	-4.63%	▲	▶	▶	▶
	Karachi	35.05	0.33	0.14%	0.14%	-2.64%	-2.64%	▶	▶	▶	▶
	Peshawar	33.00	0.31	2.59%	0.00%	-5.71%	-2.94%	▲	▶	▼	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.36	2.36%	4.11%	0.93%	0.00%	▲	▶	▶	▶
	Multan	35.50	0.34	3.65%	5.58%	-1.05%	-5.02%	▲	▲	▶	▶
	Karachi	42.51	0.40	4.29%	3.71%	-2.10%	-2.85%	▲	▶	▶	▶
	Peshawar	36.42	0.35	0.69%	0.00%	-4.06%	-2.83%	▶	▶	▶	▶
	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%	7.41%	▶	▶	▶	▶
	Multan	40.00	0.38	0.00%	0.00%	0.00%	-6.98%	▶	▶	▶	▶
	Karachi	46.00	0.44	0.44%	3.07%	3.19%	4.64%	▶	▶	▶	▶
	Peshawar	47.50	0.45	0.00%	0.44%	1.78%	-0.36%	▶	▶	▶	▶
	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%	4.32%	16.80%	▶	▶	▶	▲
	Multan	81.88	0.78	2.35%	5.65%	7.96%	21.30%	▲	▲	▲	▲
	Karachi	74.42	0.71	0.00%	0.58%	1.83%	6.89%	▶	▶	▶	▶
	Peshawar	75.00	0.71	1.69%	2.28%	4.65%	9.76%	▲	▶	▶	▶
	Quetta	90.00	0.85	0.00%	5.88%	33.33%	50.00%	▶	▲	▲	▲
SUGAR	Lahore	56.29	0.53	-1.63%	-1.19%	-11.49%	-22.04%	▼	▶	▼	▼
	Multan	52.04	0.49	-2.27%	-0.88%	-9.70%	-26.18%	▼	▶	▼	▼
	Karachi	56.53	0.54	-1.08%	-1.72%	-7.39%	-20.54%	▼	▶	▼	▼
	Peshawar	54.73	0.52	-0.76%	0.42%	-8.28%	-23.68%	▶	▶	▼	▼
	Quetta	56.25	0.53	0.45%	2.27%	-7.79%	-20.49%	▶	▶	▼	▼
VEG. GHEE (TIN)	Lahore	188.00	1.78	0.00%	0.53%	2.17%	6.82%	▶	▶	▶	▶
	Multan	188.00	1.78	0.00%	0.00%	0.00%	6.82%	▶	▶	▶	▶
	Karachi	184.00	1.75	0.00%	0.77%	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%	0.79%	3.23%	7.87%	▶	▶	▶	▶
	Multan	190.00	1.80	0.00%	0.00%	0.00%	2.15%	▶	▶	▶	▶
	Karachi	186.00	1.76	0.00%	-0.32%	-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	107.50	1.02	13.76%	-19.17%	-30.31%	-23.55%	▲	▼	▼	▼
	Multan	125.00	1.19	11.11%	-14.04%	-24.91%	-21.57%	▲	▼	▼	▼
	Karachi	135.34	1.28	-4.86%	-14.02%	-27.56%	-11.64%	▼	▼	▼	▼
	Peshawar	134.00	1.27	15.02%	-16.77%	-19.64%	-19.28%	▲	▼	▼	▼
	Quetta	137.50	1.30	-4.35%	-20.29%	-24.14%	-18.52%	▼	▼	▼	▼
Lentil <i>Masoor</i> , Washed	Lahore	129.64	1.23	0.00%	-6.69%	-6.69%	-22.52%	▶	▼	▼	▼
	Multan	103.33	0.98	0.00%	0.00%	-6.06%	-22.99%	▶	▶	▼	▼
	Karachi	106.92	1.01	-0.54%	-4.88%	-8.93%	-28.35%	▶	▶	▼	▼
	Peshawar	94.27	0.89	-2.98%	-5.95%	-9.72%	-33.02%	▼	▼	▼	▼
	Quetta	128.75	1.22	11.96%	14.44%	7.29%	-20.77%	▲	▲	▲	▼
Pulse <i>Dal Moong</i> , Washed	Lahore	113.39	1.08	0.00%	-10.44%	-14.08%	-28.82%	▶	▼	▼	▼
	Multan	105	1.00	0.00%	-6.67%	-6.67%	-16.28%	▶	▼	▼	▼
	Karachi	118.08	1.12	-0.16%	-1.16%	0.13%	-20.97%	▶	▶	▶	▼
	Peshawar	107	1.02	-0.12%	5.54%	1.44%	-17.11%	▶	▲	▶	▼
	Quetta	148.75	1.41	6.25%	10.19%	8.18%	-0.83%	▲	▲	▲	▶
Pulse <i>Dal Mash</i> , Washed	Lahore	193.93	1.84	0.00%	-15.48%	-15.29%	-27.21%	▶	▼	▼	▼
	Multan	158.33	1.50	0.93%	-4.04%	-3.06%	-24.91%	▶	▶	▶	▼
	Karachi	147.31	1.40	-9.78%	-19.24%	-4.07%	-36.48%	▼	▼	▶	▼
	Peshawar	156.75	1.49	-4.27%	-8.35%	-11.77%	-34.60%	▼	▼	▼	▼
	Quetta	216.25	2.05	4.85%	12.34%	10.19%	-12.63%	▲	▲	▲	▼
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.											
Monthly price bulletins and more VAM publications are available on http://vam.wfp.org.pk/						Please send your feedback and comments on Islamabad.vam@wfp.org					