

## Pakistan Market Price Bulletin

December 2017 Issue

### Highlights

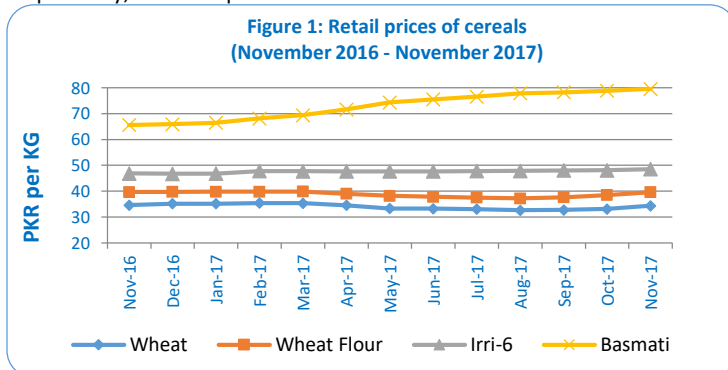
- In November 2017, the average retail price of wheat and wheat flour increased by 3.7% and 2.9%, respectively; the price of rice *Irri-6* negligibly increased by 0.9% whilst the price of rice *Basmati* increased by 0.8% from the previous month (October 2017);
- Headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.37% from October 2017, whereas it slightly increased by 3.97% from the same month last year (November 2016);
- The prices of non-cereal food commodities remained somewhat stable from the previous month;
- In November 2017, the average ToT slightly decreased by 1.7% from previous month;
- In December 2017, the total global wheat production for 2017/18 is projected at 755.21 million MT, showing an increase of 3.23 million MT compared to the projection made last month.

### Headline inflation negligibly increased

In November 2017, the headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.37% from the previous month (October 2017), whereas it slightly increased by 3.97% from the same month last year (November 2016). The CPI for food has increased by 0.4% from October 2017 and by 2.4% from November 2016; while the CPI for non-food increased by 0.4% from last month and 5.1% from November 2016. The weighted contribution of food groups in the overall CPI has increased from 235.69 indices in October 2017 to 236.61 in November 2017, registering a positive change of 0.39%. Compared to November 2016 the indices increased by 3.44%<sup>1</sup>.

### Retail prices of staple cereals remained stable

In November 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 markets<sup>2</sup> were recorded at PKR 34.33 and PKR 39.62 per kg, indicating a slight increase by 3.7% and 2.9%, respectively, from October 2017. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 48.53 and PKR 79.55, indicating a 0.9% and 0.8% increase, respectively, from the previous month.



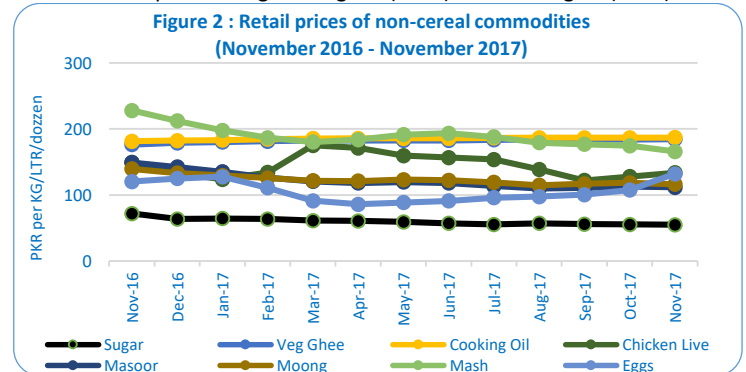
Compared to three months ago (August 2017), the wheat and wheat flour prices slightly increased by 5.2% and 6.6%, respectively. The prices of rice *Irri-6* and rice *Basmati* also slightly increased by 1.4% and 2.1%, respectively.

Compared to six months ago (May 2016), the price of wheat and wheat flour slightly increased by 3.1% and 3.7%, respectively. Similarly, the price of rice *Irri-6* and rice *Basmati* slightly increased by 1.8% and 7%, respectively.

On a one-year comparison (November 2016), the price of wheat and wheat flour negligibly decreased by 0.8% and 0.1%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 3.6%, and that of rice *Basmati* significantly increased by 21.2%.

### Retail prices of non-cereal food commodities remained somewhat stable

In November 2017, there were negligible to significant fluctuations in the prices of non-cereal food commodities from the previous month. A negligible decrease was noted in the price of sugar (0.9%) while slight decreases were noted in the price of pulse *Dal Mash* (4.9%), pulse *Dal Moong* (2%), and lentil *Masoor* (1%). On the other hand, a slight increase was recorded in the price of live chicken (4.5%) while a significant increase was observed in the price of eggs (22.9%). Whereas, negligible increases were noted in price of vegetable ghee (0.4%) and cooking oil (0.2%).



Compared to three months ago (August 2017), the prices of the majority of non-cereal commodities in November 2017 registered negligible to significant fluctuations. Slight decreases were noted in the prices of pulse *Dal Mash* (7.5%), sugar (4.1%), and live chicken (3.8%). On the other hand, the price of eggs significantly increased by 35.4%. Whereas, slight increases were noted in the prices of lentil *Masoor* (1.6%) and pulse *Dal Moong* (1.3%). The prices of vegetable ghee and cooking oil negligibly increased by 0.3% and 0.2%, respectively.

Compared to six months ago (May 2017), there was a significant increase in the price of eggs (49%), while a slight increase was noted in price of vegetable ghee (1.1%) and a negligible increase was observed in price of cooking oil (0.7%). On the other hand, there was a significant drop in the

<sup>1</sup>Pakistan Bureau of Statistics, Islamabad

<sup>2</sup>Lahore, Multan, Karachi Peshawar and Quetta

price of live chicken (16.3%), while slight decreases in prices were noted for pulse *Dal Mash* (13.3%), lentil *Masoor* (6.8%), pulse *Dal Moong* (5.7%), and sugar (7.5%).

Compared to a year ago (November 2016), the prices significantly decreased for pulses *Dal Mash* (27.3%), *Dal Moong* (by 16.7%), lentil *Masoor* (25.2%), sugar (23.9%) and live chicken (10.5%). Meanwhile, the prices slightly increased for eggs (9.6%), vegetable ghee (4.8%), and cooking oil (3.1%).

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in November 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.

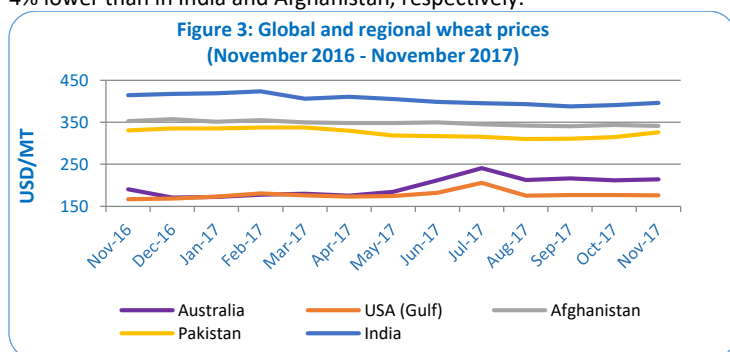
### Increase in estimated global wheat production

In December 2017, the total global wheat production projection has slightly increased to 755.21<sup>3</sup> million MT from 751.98<sup>4</sup> million MT in November 2017.

The 3.23 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts in Canada by 3.0 million MT and in European Union by 1.0 million MT. However, there is decline in production noted in Brazil, South Africa, and Yemen.

Total global wheat consumption for 2017/18 is projected higher this month by 2.1 million tons. With total production higher than usage, the global ending stocks are projected higher by 0.9 million tons this month<sup>5</sup>.

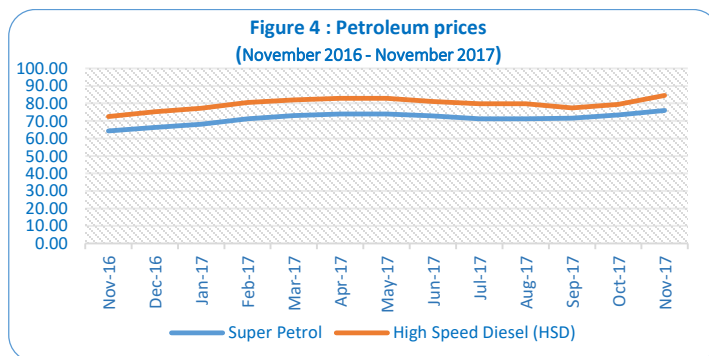
Compared to October 2017, wheat price in November 2017 slightly increased in Pakistan (by 3.7%)<sup>6</sup>, India (1.3%)<sup>7</sup>, and Australia (1.1%)<sup>8</sup>. Whereas, a negligible decrease in wheat price was noted for Afghanistan (0.6%) and USA (0.5%)<sup>9</sup>. The domestic retail wheat price in Pakistan was 86% higher than in the USA, 52% higher than in Australia, while it was 18% and 4% lower than in India and Afghanistan, respectively.



### Prices of petroleum products slightly increased

Compared to October 2017, the November 2017 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 75.99 and PKR 84.59<sup>10</sup> per liter, respectively, registering slight increases for both Super Petrol (3.4%) and HSD (6.5%).

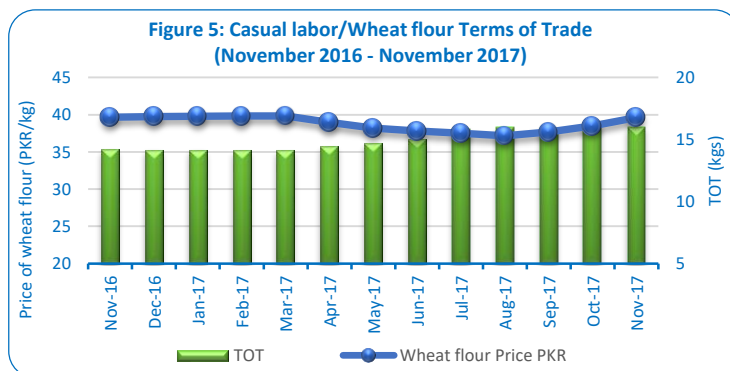
On a three-month comparison (August 2017), the price of Super Petrol and HSD slightly increased by 6.6% and 5.9%, respectively. On a six-month comparison (May 2017), these prices increased by 2.7% for Super Petrol and by 1.9% for HSD. Compared to prices a year ago (November 2016), a significant increase of 18.2% for Super Petrol and 16.6% for HSD has been recorded.



### Terms-of-Trade (ToT)<sup>11</sup> decreased

In November 2017, the average ToT slightly decreased by 1.7% from previous month and was recorded at 16 kg of wheat flour, mainly due to an increase in the price of wheat flour.

Compared to three months ago (August 2017), the ToT negligibly increased by 0.1%. A slight improvement of 8.7% was observed from six months ago (May 2017) and a significant improvement of 12.8% was noted from the same time last year (November 2016). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>12</sup>, or both. The highest ToT was observed in Lahore and Karachi at 18.3 kg and 16.5 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg<sup>13</sup> mainly due to a higher wheat flour price and lower wage rate.



<sup>3</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>5</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>6</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>7</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>8</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>9</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>10</sup> <http://www.psopk.com>

<sup>11</sup> 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 laborer can get to cover the family food needs.

<sup>12</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

<sup>13</sup> Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – November 2017											
Major Commodities	Markets	Current Prices November 2017/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	33.07	0.31	4.65%	4.65%	0.40%	-4.49%	▲	▶	▶	▶
	Multan	32.60	0.31	5.59%	10.51%	8.67%	-0.27%	▲	▲	▲	▶
	Karachi	36.25	0.34	3.42%	3.57%	2.11%	0.00%	▲	▶	▶	▶
	Peshawar	34.73	0.33	5.25%	8.54%	5.25%	0.68%	▲	▲	▲	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.70	0.38	4.47%	11.20%	8.40%	4.47%	▲	▲	▲	▶
	Multan	36.90	0.35	3.94%	10.15%	5.43%	-2.25%	▲	▲	▲	▶
	Karachi	43.56	0.41	2.47%	6.97%	3.13%	-1.61%	▲	▲	▶	▶
	Peshawar	37.93	0.36	4.17%	5.62%	1.95%	-0.83%	▲	▲	▶	▶
	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%	-1.23%	▶	▶	▶	▶
	Karachi	48.15	0.46	4.67%	7.29%	8.01%	9.53%	▲	▲	▲	▶
	Peshawar	47.50	0.45	0.00%	0.00%	1.78%	1.78%	▶	▶	▶	▶
	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%	0.00%	16.80%	▶	▶	▶	▲
	Multan	82.50	0.78	0.76%	5.10%	6.45%	22.22%	▶	▲	▲	▲
	Karachi	74.54	0.71	0.16%	0.16%	1.73%	7.07%	▶	▶	▶	▶
	Peshawar	77.50	0.74	3.33%	5.69%	6.28%	13.42%	▲	▲	▲	▲
	Quetta	90.00	0.85	0.00%	0.00%	20.00%	50.00%	▶	▶	▲	▲
SUGAR	Lahore	56.59	0.54	0.53%	-3.17%	-8.58%	-22.26%	▶	▶	▼	▼
	Multan	52.20	0.50	0.31%	-4.34%	-5.95%	-25.03%	▶	▶	▼	▼
	Karachi	55.07	0.52	-2.58%	-5.13%	-9.11%	-23.70%	▼	▼	▼	▼
	Peshawar	53.70	0.51	-1.88%	-4.67%	-8.02%	-26.27%	▼	▶	▼	▼
	Quetta	55.80	0.53	-0.80%	-3.13%	-5.42%	-22.23%	▶	▶	▼	▼
VEG. GHEE (TIN)	Lahore	191.20	1.81	1.70%	1.70%	3.91%	8.64%	▲	▶	▶	▶
	Multan	188.00	1.78	0.00%	0.00%	0.00%	6.82%	▶	▶	▶	▶
	Karachi	184.00	1.75	0.00%	0.00%	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	193.60	1.84	0.83%	0.83%	4.09%	8.76%	▶	▶	▶	▶
	Multan	190.00	1.80	0.00%	0.00%	0.00%	2.15%	▶	▶	▶	▶
	Karachi	186.00	1.77	0.00%	0.00%	-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	116.60	1.11	8.47%	2.64%	-17.74%	-7.36%	▲	▶	▼	▶
	Multan	132.83	1.26	6.26%	0.63%	-16.98%	-9.95%	▲	▶	▼	▶
	Karachi	139.58	1.32	3.13%	-9.87%	-21.48%	-10.32%	▲	▼	▼	▼
	Peshawar	134.80	1.28	0.60%	0.30%	-13.73%	-4.40%	▶	▶	▼	▶
	Quetta	144.00	1.37	4.73%	-9.43%	-11.38%	-18.30%	▲	▼	▼	▼
Lentil Masoor, Washed	Lahore	127.36	1.21	-1.76%	-3.15%	-8.33%	-23.88%	▼	▶	▼	▼
	Multan	103.33	0.98	0.00%	0.00%	-6.06%	-22.99%	▶	▶	▼	▼
	Karachi	106.46	1.01	-0.43%	-2.05%	-13.99%	-28.43%	▶	▶	▼	▼
	Peshawar	88.2	0.84	-6.44%	-9.37%	-15.36%	-36.58%	▼	▼	▼	▼
	Quetta	132.00	1.25	2.52%	22.22%	8.87%	-15.52%	▲	▲	▲	▼
Pulse Dal Moong, Washed	Lahore	111.61	1.06	-1.57%	-2.40%	-14.15%	-27.66%	▼	▶	▼	▼
	Multan	102	0.97	-2.86%	-6.85%	-9.33%	-17.30%	▼	▼	▼	▼
	Karachi	118.61	1.13	0.45%	-0.36%	-3.73%	-20.36%	▶	▶	▶	▼
	Peshawar	96	0.92	-9.89%	-6.63%	-8.35%	-23.12%	▼	▼	▼	▼
	Quetta	152.00	1.44	2.18%	19.69%	4.83%	4.83%	▲	▲	▶	▶
Pulse Dal Mash, Washed	Lahore	189.43	1.80	-2.32%	-5.66%	-19.39%	-28.52%	▼	▼	▼	▼
	Multan	154.83	1.47	-2.21%	-2.52%	-9.37%	-23.85%	▼	▶	▼	▼
	Karachi	135.58	1.29	-7.96%	-23.18%	-21.03%	-36.20%	▼	▼	▼	▼
	Peshawar	145.67	1.38	-7.07%	-11.54%	-17.55%	-33.69%	▼	▼	▼	▼
	Quetta	204.00	1.94	-5.66%	4.15%	0.74%	-15.00%	▼	▶	▶	▼
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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