

## Pakistan Market Price Bulletin

February 2018 Issue

### Highlights

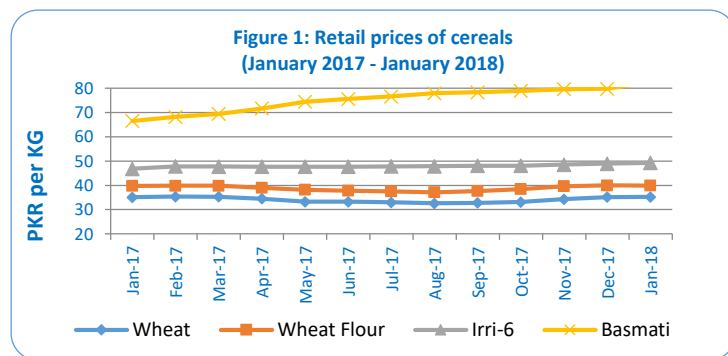
- In January 2018, the average retail price of wheat increased by 0.3% while price of wheat flour decreased by 0.1%; the price of rice *Irri-6* and rice *Basmati* increased by 0.6% and 3.4%, respectively, from the previous month (December 2017);
- Headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.03% from December 2017, whereas it slightly increased by 4.42% from the same month last year (January 2017);
- The prices of most non-cereal food commodities remained stable from the previous month except for a significant decrease in the price of eggs (10.9%);
- In January 2018, the average ToT negligibly increased by 0.9% from previous month;
- In February 2018, the total global wheat production for 2017/18 is projected at 758.25 million MT, showing an increase of 1.24 million MT compared to the projection made last month.

### Headline inflation negligibly increased

In January 2018, the headline inflation based on the Consumer Price Index (CPI) has negligibly increased by 0.03% from the previous month (December 2017), whereas it slightly increased by 4.42% from the same month last year (January 2017). The CPI for food has decreased by 1% from December 2017 and increased by 3.7% from January 2017; while the CPI for non-food increased by 0.8% from last month and 4.9% from January 2017. The weighted contribution of food groups in the overall CPI has decreased from 235.12 indices in December 2017 to 232.23 in January 2018, registering a negative change of 1.23%. Compared to January 2017 the indices increased by 5.10%<sup>1</sup>.

### Retail prices of staple cereals remained stable

In January 2018, the prices of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 35.26 and PKR 39.91 per kg, indicating a negligible increase by 0.3% for wheat and a decrease by 0.1% for wheat flour, from December 2017. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 49.25 and PKR 82.45, indicating a 0.6% and 3.4% increase, respectively, from the previous month.



Compared to three months ago (October 2017), the wheat and wheat flour prices slightly increased by 6.5% and 3.7%, respectively. The prices of rice *Irri-6* and rice *Basmati* also slightly increased by 2.4% and 4.5%, respectively.

Compared to six months ago (July 2017), the price of wheat and wheat flour slightly increased by 6.8% and 6.4%, respectively. Similarly, the price of rice *Irri-6* and rice *Basmati* slightly increased by 3.1% and 7.6%, respectively.

On a one-year comparison (January 2017), the price of wheat and wheat flour negligibly increased by 0.4% and 0.3%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 5.2%, and that of rice *Basmati* significantly increased by 24%.

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

In January 2018, there were negligible to significant fluctuations in the prices of non-cereal food commodities from the previous month.

Slight increases were noted in the price of live chicken (6.2%), pulse *Dal Moong* (5.7%), lentil *Masoor* (2.2%), pulse *Dal Mash* (1.8%), and negligible increase of 0.42% each was noted for vegetable ghee and cooking oil. On the other hand, a significant decrease was observed in the price of eggs (10.9%) while a slight decrease was recorded for sugar (1.5%).

Compared to three months ago (October 2017), the prices of the majority of non-cereal commodities in January 2018 registered negligible to slight fluctuations, except for the price of chicken which registered a significant increase of 40.8%. Slight increases were noted in the price of eggs (7.5%), pulse *Dal Moong* (1.8%), and negligible increases were noted in the price of lentil *Masoor* (0.1%), vegetable ghee (0.9%) and cooking oil (0.6%). Whereas slight decreases were noted in the prices of pulse *Dal Mash* (5.5%) and sugar (2.4%).

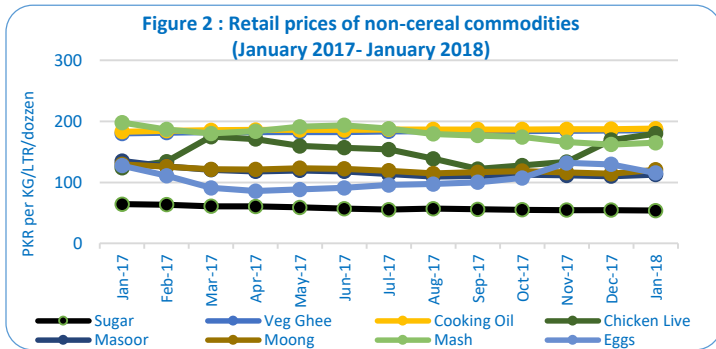
Compared to six months ago (July 2017), there was a significant increase in the price of eggs (20.5%) and live chicken (17%). A slight increase was noted in price of pulse *Dal Moong* (1.4%), vegetable ghee (1.1%) and a negligible increase was observed in price of cooking oil (0.7%). On the other hand, there was a significant drop in the price of pulse *Dal Mash* (12.3%), while slight decreases were noted in the prices of lentil *Masoor* (0.7%) and sugar (2.6%).

Compared to a year ago (January 2017), the prices significantly decreased for pulses *Dal Mash* (16.7%), lentil *Masoor* (16.5%) and sugar (16.2%). While slight decreases were noted in prices of pulse *Dal Moong* (6.9%) and eggs (9.5%). Meanwhile, the price of live chicken significantly increased by 45.5%, and slight increases were noted for price of vegetable ghee (3%) and cooking oil (2.7%).

<sup>1</sup>Pakistan Bureau of Statistics, Government of Pakistan.

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

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in January 2018, 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. Additionally, price of eggs was also observed to be on the higher side in Quetta compared to other major cities of the country owing to its remoteness from major suppliers of eggs in the country as well as higher demand versus supply of eggs from local farms.

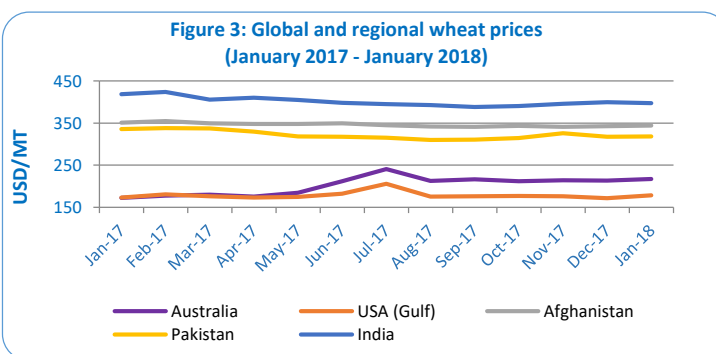


### Increase in estimated global wheat production

In February 2018, the total global wheat production projection has slightly increased to 758.25<sup>3</sup>million MT from 757.01<sup>4</sup> million MT in January 2018.

The 1.24 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts for Argentina (0.5 MT) and Ukraine (0.5 million MT). Total global wheat consumption for 2017/18 is projected higher this month by 3.1 million tons. Total projected global ending stocks are lower by 1.9 million tons this month<sup>5</sup> but remain significantly higher than a year ago.

Compared to December 2017, wheat price in January 2018 negligibly decreased in India (0.5%)<sup>6</sup>. Whereas, slight increases in wheat price were noted for USA (3.8%)<sup>7</sup>and Australia (1.7%)<sup>8</sup> while negligible increases were recorded for Afghanistan (0.4%)<sup>9</sup> and Pakistan (0.3%)<sup>10</sup>. The domestic retail wheat price in Pakistan was 79% higher than in the USA, 47% higher than in



<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> FAO Global Information and Early Warning System (GIEWS).

<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> WFP, Afghanistan.

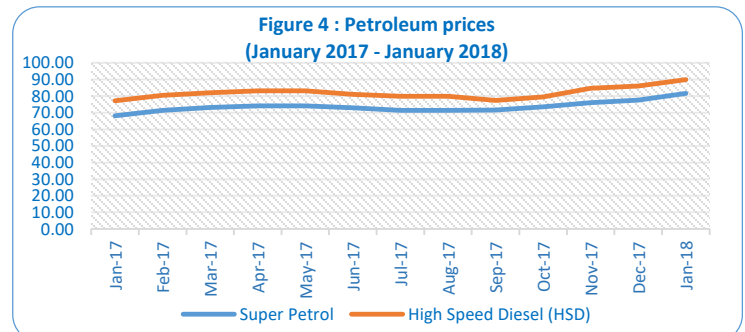
<sup>10</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>11</sup> Pakistan State Oil (PSO). <http://www.pso.pk>

Australia, while it was 20% and 7% lower than in India and Afghanistan, respectively.

### Prices of petroleum products slightly increased

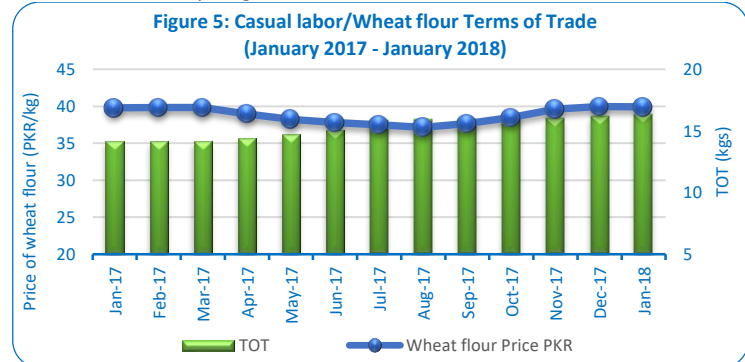
Compared to December 2017, the January 2018 retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 81.53 and PKR 89.91<sup>11</sup> per liter, respectively, registering slight increases for both Super Petrol (5.2%) and HSD (4.6%).



On a three-month comparison (October 2017), the price of both Super Petrol and HSD significantly increased by 10.9% and 13.2%, respectively. On a six-month comparison (July 2017), these prices increased by 14.3% for Super Petrol and by 12.5% for HSD. Compared to prices a year ago (January 2017), a significant increase of 19.8% for Super Petrol and 16.4% for HSD has been recorded.

### Terms-of-Trade (ToT)<sup>12</sup> increased

In January 2018, the average ToT negligibly increased by 0.9% from previous month and was recorded at 16.36 kg of wheat flour, mainly due to an increase in the daily wage rates.



Compared to three months ago (October 2017), the ToT negligibly increased by 0.5%. A slight improvement of 3.3% was also observed from six months ago (July 2017) and a significant improvement of 15.7% was noted from the same month last year (January 2017). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>13</sup>, or both. The highest ToT was observed in both Lahore and Karachi at 18.4 kg each, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg<sup>14</sup> mainly due to a higher wheat flour price and lower wage rate.

<sup>12</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>13</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

<sup>14</sup>Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – January 2018											
Major Commodities	Markets	Current Prices January 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.31	0.00%	9.98%	7.37%	0.37%	▶	▲	▲	▶
	Multan	33.00	0.30	0.00%	6.88%	10.92%	-1.49%	▶	▲	▲	▶
	Karachi	37.53	0.34	1.28%	7.06%	7.21%	2.81%	▲	▲	▲	▶
	Peshawar	36.00	0.33	0.00%	9.09%	9.09%	0.00%	▶	▲	▲	▶
	Quetta	35.00	0.32	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.50	0.36	-1.25%	3.95%	8.22%	3.95%	▼	▶	▲	▶
	Multan	37.00	0.33	0.00%	4.23%	10.04%	-2.63%	▶	▶	▲	▶
	Karachi	44.27	0.40	0.78%	4.15%	8.01%	-0.42%	▶	▶	▲	▶
	Peshawar	38.79	0.35	0.00%	6.52%	6.52%	0.98%	▶	▲	▲	▶
	Quetta	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.51	0.00%	0.00%	0.00%	7.41%	▶	▶	▶	▶
	Multan	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	51.73	0.47	3.15%	12.46%	15.91%	17.68%	▲	▲	▲	▲
	Peshawar	47.50	0.43	0.00%	0.00%	0.44%	0.89%	▶	▶	▶	▶
	Quetta	50.00	0.45	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.68	2.20%	2.20%	2.20%	19.37%	▲	▶	▶	▲
	Multan	87.50	0.79	6.06%	6.86%	12.90%	26.12%	▲	▲	▲	▲
	Karachi	78.42	0.71	5.09%	5.37%	5.99%	12.64%	▲	▲	▲	▲
	Peshawar	81.50	0.74	3.98%	8.67%	11.14%	15.05%	▲	▲	▲	▲
	Quetta	90.00	0.81	0.00%	0.00%	5.88%	50.00%	▶	▶	▶	▲
SUGAR	Lahore	54.89	0.50	-3.35%	-2.49%	-3.65%	-14.29%	▼	▶	▶	▼
	Multan	51.50	0.47	-0.96%	-1.04%	-1.90%	-18.58%	▶	▶	▶	▼
	Karachi	55.07	0.50	-0.33%	-2.58%	-4.26%	-14.57%	▶	▶	▶	▼
	Peshawar	53.46	0.48	-1.98%	-2.32%	-1.91%	-18.28%	▼	▶	▶	▼
	Quetta	54.25	0.49	-0.91%	-3.56%	-1.36%	-15.23%	▶	▶	▶	▼
VEG. GHEE (TIN)	Lahore	192.00	1.73	0.00%	2.13%	2.67%	4.35%	▶	▶	▶	▶
	Multan	188.00	1.70	0.00%	0.00%	0.00%	2.17%	▶	▶	▶	▶
	Karachi	187.90	1.70	2.12%	2.12%	2.90%	3.70%	▲	▶	▶	▶
	Peshawar	184.00	1.66	0.00%	0.00%	0.00%	4.55%	▶	▶	▶	▶
	Quetta	176.00	1.59	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	194.00	1.75	0.00%	1.04%	1.84%	4.30%	▶	▶	▶	▶
	Multan	190.00	1.72	0.00%	0.00%	0.00%	2.15%	▶	▶	▶	▶
	Karachi	189.90	1.72	2.10%	2.10%	1.77%	1.44%	▲	▶	▶	▶
	Peshawar	188.00	1.70	0.00%	0.00%	0.00%	5.62%	▶	▶	▶	▶
	Quetta	178.00	1.61	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	162.25	1.47	4.17%	50.93%	21.99%	54.36%	▲	▲	▲	▲
	Multan	178.54	1.61	6.86%	42.83%	22.78%	46.25%	▲	▲	▲	▲
	Karachi	198.49	1.79	5.66%	46.66%	26.10%	48.78%	▲	▲	▲	▲
	Peshawar	177.25	1.60	0.85%	32.28%	10.09%	45.29%	▶	▲	▲	▲
	Quetta	183.75	1.66	13.95%	33.64%	6.52%	34.86%	▲	▲	▲	▲
Lentil Masoor, Washed	Lahore	126.43	1.14	2.02%	-2.48%	-9.00%	-19.27%	▲	▶	▼	▼
	Multan	103.33	0.93	0.00%	0.00%	0.00%	-16.78%	▶	▶	▶	▼
	Karachi	107.5	0.97	1.27%	0.54%	-4.36%	-15.59%	▲	▶	▶	▼
	Peshawar	90	0.81	6.93%	-4.53%	-10.21%	-29.07%	▲	▶	▼	▼
	Quetta	136.25	1.23	1.87%	5.83%	21.11%	-2.68%	▲	▲	▲	▶
Pulse Dal Moong, Washed	Lahore	115.18	1.04	5.74%	1.58%	-9.03%	-24.69%	▲	▶	▼	▼
	Multan	100	0.90	0.00%	-4.76%	-11.11%	-13.04%	▶	▶	▼	▼
	Karachi	119.23	1.08	2.27%	0.97%	-0.20%	-5.78%	▲	▶	▶	▶
	Peshawar	110	0.99	23.65%	2.80%	8.50%	-4.87%	▲	▶	▲	▶
	Quetta	158.75	1.43	1.60%	6.72%	17.59%	15.45%	▲	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	186.43	1.68	0.00%	-3.87%	-18.75%	-21.97%	▶	▶	▼	▼
	Multan	150.83	1.36	-0.28%	-4.74%	-8.59%	-18.84%	▶	▶	▼	▼
	Karachi	126.92	1.15	0.00%	-13.84%	-30.42%	-25.70%	▶	▼	▼	▼
	Peshawar	139.08	1.26	-1.95%	-11.27%	-18.69%	-26.03%	▼	▼	▼	▼
	Quetta	221.25	2.00	8.59%	2.31%	14.94%	7.27%	▲	▶	▲	▶

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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