

Pakistan Market Price Bulletin

April 2018 Issue

Highlights

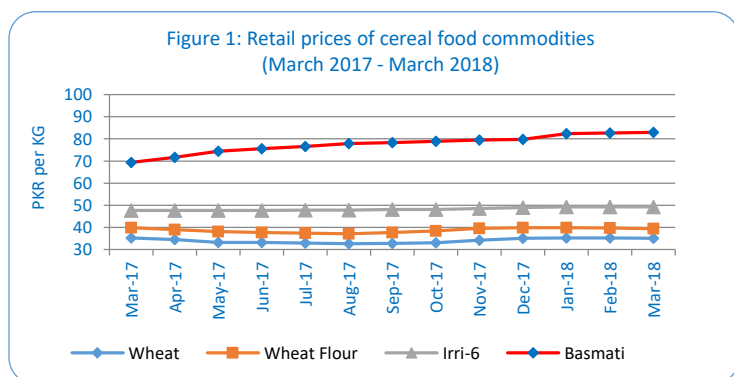
- In March 2018, the prices of wheat and wheat flour both decreased by 0.2% and 0.6%, respectively, over February 2018; the price of rice *Irri-6* remained unchanged, while the price of rice *Basmati* increased by 0.4% in March 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in March 2018 by 0.31% over February 2018 and increased by 3.25% over March 2017;
- The prices of staple cereals and most of non-cereal food commodities in March 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In March 2018, the average ToT negligibly increased by 0.6% from previous month;
- In April 2018, the total global wheat production for 2017/18 is projected at 759.75 million MT, showing an increase of 0.96 million MT compared to the projection made last month.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in March 2018 by 0.31% over February 2018 and increased by 3.25% over March 2017. Similarly, the CPI for food decreased by 0.3% in March 2018 as compared to a decrease of 1.1% a month earlier and increased by 0.1% over March 2017; while for non-food it increased by 0.7% in March 2018 as compared to an increase of 0.2% a month earlier and increased by 5.4% over March 2017. The weighted contribution of food group in the overall CPI has decreased from 229.23 indices in February 2018 to 228.39 in March 2018, registering a negative change of 0.37%; while it increased in March 2018 by 0.99%¹ over March 2017.

Retail prices of staple cereals

In March 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.19 and PKR 39.48 per kg, respectively, indicating a negligible decrease by 0.2% for wheat and 0.6% for wheat flour, from February 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 49.32 and PKR 82.93, respectively, indicating no change in price of *Irri-6* and a 0.4% increase for *Basmati* from the previous month, (Figure 1).



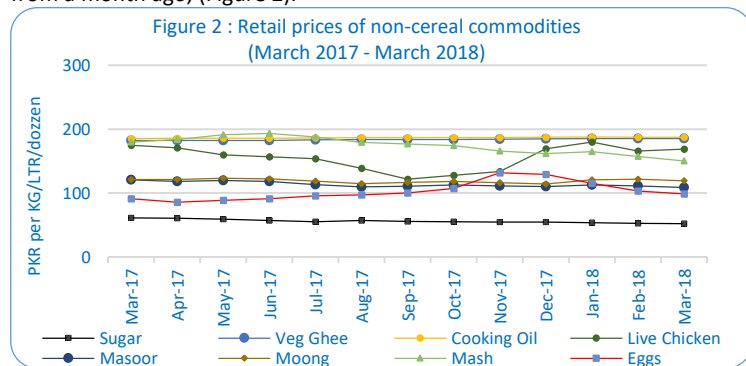
Compared to three months ago (December 2017), the price of wheat in March 2018 increased by 0.1% while price of wheat flour decreased by 1.2%. The prices of rice *Irri-6* and rice *Basmati* in March 2018 increased by 0.8% and 4%, respectively, when compared to their prices in December 2017.

Compared to six months ago (September 2017), the prices of wheat and wheat flour in March 2018 slightly increased by 7.4% and 4.8%, respectively. Similarly, the prices of rice *Irri-6* and rice *Basmati* also increased by 2.6% and 5.9%, respectively for the same period.

On a one-year comparison, the prices of wheat and wheat flour in March 2018 negligibly decreased by 0.4% and 0.9%, respectively. Whereas, the price of rice *Irri-6* slightly increased by 3.4%, and that of rice *Basmati* significantly increased by 19.5% for the same period.

Retail prices of non-cereal food commodities

In March 2018, there were negligible to slight fluctuations in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).



Slight decreases were noted in the average retail price of eggs (4.4%), pulse *Dal Mash* (4.4%), pulse *Dal Moong* (2.1%), lentil *Masoor* (2%), sugar (1.2%) and a negligible decrease was noted for cooking oil (0.01%). On the other hand, a slight increase was noted in the price of live chicken (1.9%) and a negligible increase was observed in the price of vegetable ghee (0.1%).

Compared to three months ago (December 2017), the prices of most of the non-cereal commodities in February 2018 registered negligible to slight fluctuations, except for the price of eggs which significantly decreased by 24%. Slight increase was noted in the price of pulse *Dal Moong* (4.7%), and negligible increases were noted in the prices of vegetable ghee (0.4%) and cooking oil (0.2%). Whereas, slight decreases were noted in the prices of pulse *Dal Mash* (7.1%), lentil *Masoor* (1.3%), and sugar (4.8%), while a negligible decrease was observed in the price of live chicken (0.4%).

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi Peshawar and Quetta.

Compared to six months ago (September 2017), there was a significant increase in the price of live chicken (38.5%). Slight increase was also noted in the price of pulse *Dal Moong* (2.3%), while negligible increases were noted in the prices of vegetable ghee (0.8%) and cooking oil (0.4%). On the other hand, there was a significant drop in the price of pulse *Dal Mash* (14.9%), while slight decreases were noted in the prices of sugar (6.6%), eggs (1.7%), and lentil *Masoor* (1.5%).

Compared to a year ago (March 2017), the prices significantly decreased for pulses *Dal Mash* (16.4%) and sugar (14.6%), while slight decreases were noted in prices of lentil *Masoor* (9.7%), pulse *Dal Moong* (1.6%) and live chicken (3.5%). Meanwhile, slight increases were noted for the prices of eggs (8.2%), vegetable ghee (1.8%) and cooking oil (1.1%).

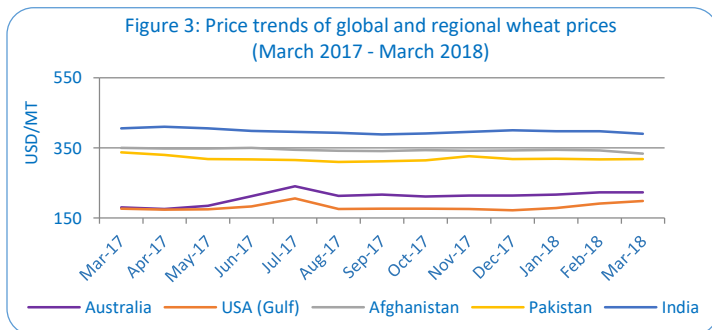
Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in March 2018, with the exception of Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther 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.

Global wheat production

In April 2018, the total global wheat production projection has slightly increased to 759.75³million MT from 758.79 million MT in March 2018.

The 0.96 million MT projected increase in production for 2017/18 is mainly related to increased production forecasts for Morocco, as it has recovered from a severe drought in 2016/17. Total global wheat consumption for 2017/18 is projected higher this month by 0.63 million MT, primarily due to increased consumption forecast in the European Union and Indonesia, which more than offsets the reductions in consumption forecast in Iran, India, and the United States. Total projected global ending stocks are higher by 2.3 million MT this month⁴.

Compared to February 2018, wheat price in March 2018 negligibly increased in Pakistan (0.2%)⁵, while slightly increased in USA (4.1%)⁶. Whereas, slight decreases in wheat price were noted for Afghanistan (2.8%)⁷and India (1.7%)⁸, while negligible decrease was observed in Australia (0.2%)⁹. The domestic retail wheat price in Pakistan was 60% higher than in the USA, 43% higher than in Australia, while it was 19% and 5% lower than in India and Afghanistan, respectively (Figure 3).



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 WFP, Afghanistan.

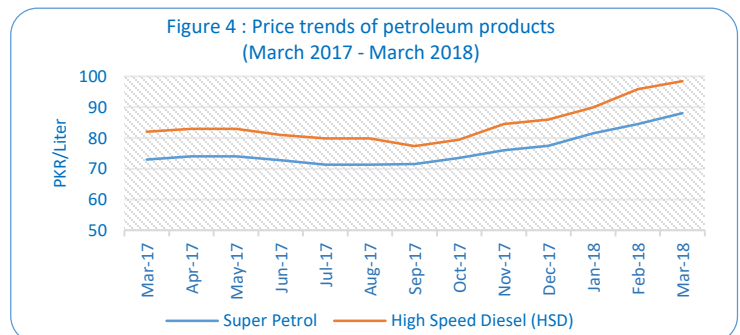
⁸ FAO Global Information and Early Warning System (GIEWS).

⁹ FAO Global Information and Early Warning System (GIEWS).

¹⁰ Pakistan State Oil (PSO). <http://www.pso.pk.com>.

Prices of petroleum products

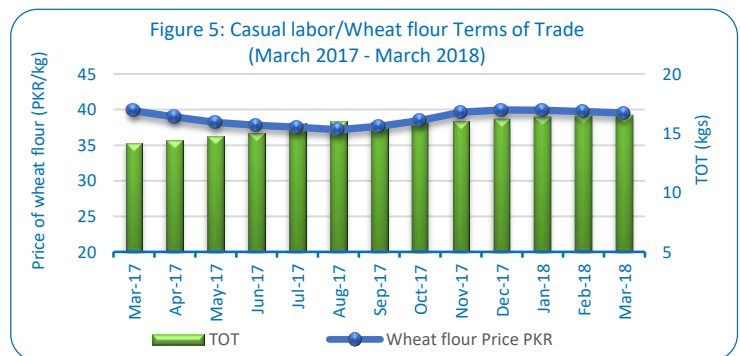
In March 2018, retail prices of Super Petrol and High Speed Diesel (HSD) were recorded at PKR 88.07 and PKR 98.45¹⁰ per liter, respectively, registering slight increases for both Super Petrol (4.2%) and HSD (2.7%) when compared to their prices in February 2018 (Figure 4).



On a three-month comparison (December 2017), the price of both Super Petrol and HSD significantly increased in March 2018 by 13.7% and 14.5%, respectively. On a six-month comparison (September 2017), these prices increased by 23.2% for Super Petrol and by 27.2% for HSD. Compared to prices a year ago (March 2017), a significant increase of 20.6% for Super Petrol and 20.1% for HSD has been recorded.

Terms-of-Trade (ToT)¹¹

In March 2018, the average ToT negligibly increased by 0.6% from previous month and was recorded at 16.54 kg of wheat flour, mainly due to a decrease in the price of wheat flour price, (Figure 5).



Compared to three months ago (December 2017), the ToT negligibly increased in March 2018 by 2%. A slight improvement of 3.8% was also observed from six months ago (September 2017) and a significant improvement of 17.1% was noted from the same month last year (March 2017). 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 both Lahore and Karachi at 18.6 kg, mainly due to higher wage rates, while the lowest ToT was in Quetta at 13.8 kg¹³ mainly due to a higher wheat flour price and lower wage rate.

¹¹The 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).

¹³Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – March 2018											
Major Commodities	Markets	Current Prices March 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.31	0.00%	0.00%	9.98%	-2.45%	▶	▶	▲	▶
	Multan	32.40	0.29	-0.69%	-1.82%	7.77%	-2.99%	▶	▶	▲	▶
	Karachi	37.80	0.34	-0.53%	2.02%	8.00%	3.28%	▶	▶	▲	▶
	Peshawar	36.00	0.33	0.00%	0.00%	11.92%	0.00%	▶	▶	▲	▶
	Quetta	35.00	0.32	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.00	0.35	0.00%	-2.50%	5.05%	2.63%	▶	▶	▲	▶
	Multan	36.40	0.33	-0.61%	-1.62%	6.28%	-3.96%	▶	▶	▲	▶
	Karachi	43.75	0.40	-1.04%	-0.41%	7.35%	-2.40%	▼	▶	▲	▶
	Peshawar	38.25	0.35	-1.50%	-1.40%	5.76%	-0.43%	▼	▶	▲	▶
	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%	0.00%	▶	▶	▶	▶
	Multan	40.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	52.12	0.47	0.00%	3.93%	13.80%	16.91%	▶	▶	▲	▲
	Peshawar	47.50	0.43	0.00%	0.00%	0.00%	1.06%	▶	▶	▶	▶
	Quetta	50.00	0.45	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.68	0.00%	2.20%	2.20%	10.84%	▶	▶	▶	▲
	Multan	87.50	0.79	0.00%	6.06%	9.38%	17.97%	▶	▲	▲	▲
	Karachi	80.00	0.72	1.96%	7.21%	7.50%	11.58%	▲	▲	▲	▲
	Peshawar	82.33	0.74	0.00%	5.04%	11.63%	14.87%	▶	▲	▲	▲
	Quetta	90.00	0.81	0.00%	0.00%	0.00%	45.16%	▶	▶	▶	▲
SUGAR	Lahore	54.64	0.49	0.00%	-3.79%	-4.51%	-14.03%	▶	▶	▶	▼
	Multan	49.60	0.45	0.20%	-4.62%	-6.85%	-15.36%	▶	▶	▼	▼
	Karachi	51.93	0.47	-4.89%	-6.01%	-9.13%	-15.53%	▼	▼	▼	▼
	Peshawar	50.77	0.46	-0.53%	-6.91%	-7.94%	-15.76%	▶	▼	▼	▼
	Quetta	53.40	0.48	-0.65%	-2.47%	-4.64%	-12.17%	▶	▶	▶	▼
VEG. GHEE (TIN)	Lahore	188.00	1.70	-1.57%	-2.08%	0.00%	2.17%	▼	▶	▶	▶
	Multan	186.40	1.68	0.76%	-0.85%	-0.85%	0.00%	▶	▶	▶	▶
	Karachi	189.20	1.71	0.00%	2.83%	2.83%	4.42%	▶	▶	▶	▶
	Peshawar	188.00	1.70	1.44%	2.17%	2.17%	2.17%	▲	▶	▶	▶
	Quetta	176.00	1.59	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	192.00	1.73	-0.78%	-1.03%	0.00%	3.23%	▶	▶	▶	▶
	Multan	188.40	1.70	0.75%	-0.84%	-0.84%	0.00%	▶	▶	▶	▶
	Karachi	191.20	1.73	0.00%	2.80%	2.80%	2.14%	▶	▶	▶	▶
	Peshawar	188.00	1.70	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Quetta	178.00	1.61	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	158.40	1.43	5.60%	1.70%	67.62%	1.80%	▲	▶	▲	▶
	Multan	173.00	1.56	11.61%	3.54%	53.78%	0.10%	▲	▶	▲	▶
	Karachi	167.63	1.51	-5.13%	-10.76%	17.83%	-16.18%	▼	▼	▲	▼
	Peshawar	174.33	1.57	0.77%	-0.81%	49.64%	0.89%	▶	▶	▲	▶
	Quetta	171.00	1.54	-1.58%	6.05%	18.96%	-1.72%	▼	▲	▲	▶
Lentil Masoor, Washed	Lahore	128.93	1.16	0.00%	4.03%	-0.55%	-9.57%	▶	▶	▶	▼
	Multan	101.83	0.92	-1.45%	-1.45%	-1.45%	-10.68%	▼	▶	▶	▼
	Karachi	104.08	0.94	-3.53%	-1.95%	-3.18%	-12.40%	▼	▶	▶	▼
	Peshawar	86.53	0.78	-4.30%	2.80%	-10.95%	-17.79%	▼	▶	▼	▼
	Quetta	123.00	1.11	-1.60%	-8.04%	6.96%	0.82%	▼	▼	▲	▶
Pulse Dal Moong, Washed	Lahore	118.93	1.07	0.00%	9.18%	4.89%	-13.55%	▶	▲	▶	▼
	Multan	100	0.90	0.00%	0.00%	-4.76%	-11.11%	▶	▶	▶	▼
	Karachi	121	1.09	-0.13%	3.79%	2.31%	1.42%	▶	▶	▶	▶
	Peshawar	103	0.93	-6.82%	15.22%	-4.32%	-3.18%	▼	▲	▶	▶
	Quetta	155.00	1.40	-3.13%	-0.80%	10.71%	17.42%	▼	▶	▲	▲
Pulse Dal Mash, Washed	Lahore	186.43	1.68	0.00%	0.00%	-3.87%	-16.80%	▶	▶	▶	▼
	Multan	128.17	1.16	-4.17%	-15.26%	-18.30%	-21.85%	▼	▼	▼	▼
	Karachi	124.92	1.13	-1.51%	-1.58%	-23.49%	-17.79%	▼	▶	▼	▼
	Peshawar	128.1	1.16	-7.40%	-9.69%	-21.77%	-26.25%	▼	▼	▼	▼
	Quetta	185.00	1.67	-8.36%	-9.20%	-10.30%	-1.07%	▼	▼	▼	▶

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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