

Pakistan Market Price Bulletin

June 2018 Issue

Highlights

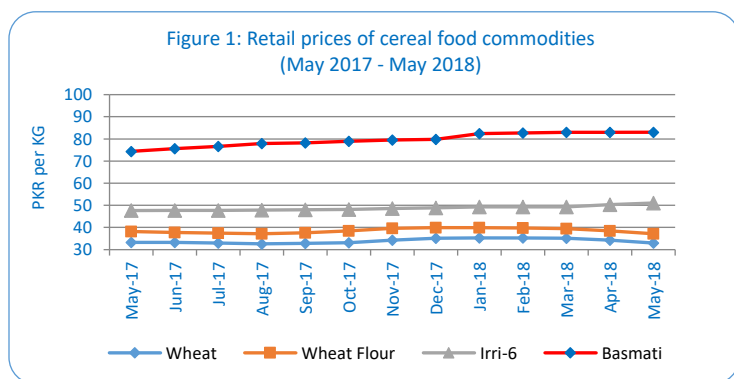
- In May 2018, the prices of wheat and wheat flour decreased by 3.8% and 3.4%, respectively, over April 2018; the price of rice *Irri-6* increased by 1.5%, while the price of rice *Basmati* increased by 0.01% in May 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in May 2018 by 0.51% over April 2018 and increased by 4.18% over May 2017;
- The prices of staple cereals and most of non-cereal food commodities in May 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In May 2018, the average ToT more than slightly increased by 9% from previous month;
- In June 2018, the total global wheat production for 2018/19 is projected at 744.69 million MT, showing a decrease of 3.07 million MT compared to the projection made last month.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in May 2018 by 0.51% over April 2018 and increased by 4.18% over May 2017. The CPI for food increased by 1% in May 2018 as compared to an increase of 1.5% a month earlier and increased by 1% over May 2017; while for non-food it increased by 0.2% in May 2018 as compared to an increase of 2.1% a month earlier and increased by 6.4% over May 2017. The weighted contribution of food group in the overall CPI has increased from 231.90 indices in April 2018 to 234.40 in May 2018, registering a positive change of 1.08%; while it increased in May 2018 by 2.07%¹ over May 2017.

Retail prices of staple cereals

In May 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 33.05 and PKR 37.20 per kg, respectively, indicating slight decreases of 3.8% and 3.4% for wheat and wheat flour, respectively, from April 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 50.05 and PKR 83.02, respectively, indicating a 1.5% increase in the price of *Irri-6* and a 0.01% increase for *Basmati* from the previous month, (Figure 1).



Compared to three months ago (February 2018), the prices of wheat and wheat flour in May 2018 decreased by 6.3% and 6.4%, respectively. The prices of rice *Irri-6* and rice *Basmati* in May 2018 increased by 3.5% and 0.5%, respectively, when compared to their prices in February 2018.

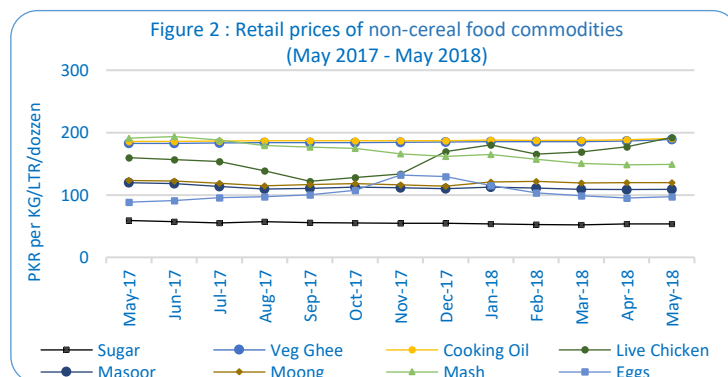
Compared to six months ago (November 2017), the prices of wheat and wheat flour in May 2018 decreased by 3.7% and 6.1%, respectively. On the

other hand, the prices of rice *Irri-6* and rice *Basmati* increased by 5.2% and 4.4%, respectively, for the same period.

On a one-year comparison, in May 2018 the price of wheat negligibly decreased by 0.7% and that of wheat flour slightly decreased by 2.6%. Whereas, the price of rice *Irri-6* slightly increased by 7.1%, and that of rice *Basmati* significantly increased by 11.6% for the same period.

Retail prices of non-cereal food commodities

In May 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).



A negligible decrease was noted in the average retail price of sugar (0.2%). On the other hand, slight increases were noted in the prices of live chicken (8.6%), eggs (1.9%), vegetable ghee (1.3%) and cooking oil (1.2%), and negligible increases were observed in the prices of pulse *Dal Mash* (0.6%), lentil *Masoor* (0.3%) and pulse *Dal Moong* (0.01%).

Compared to three months ago (February 2018), the prices of most of the non-cereal commodities in May 2018 registered negligible to slight fluctuations, except for the price of live chicken which significantly increased by 16.1%. Negligible increases were noted in the prices of vegetable ghee (2%), sugar (1.7%) and cooking oil (1.6%). Whereas, slight decreases were noted in the prices of eggs (6%), pulse *Dal Mash* (5.2%), lentil *Masoor* (1.8%), and pulse *Dal Moong* (1.7%).

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi Peshawar and Quetta.

Compared to six months ago (November 2017), there was a significant increase in the price of live chicken (44%). Slight increases were also noted in the prices of pulse *Dal Moong* (3.3%), vegetable ghee (2.3%), and cooking oil (1.9%). On the other hand, there was a significant drop in the prices of eggs (26.5%), pulse *Dal Mash* (10.1%), while slight decreases were noted in the prices of lentil *Masoor* (2.1%) and sugar (1.9%).

Compared to a year ago (May 2017), the price significantly decreased for pulse *Dal Mash* (22%). While slight decreases were noted in prices of sugar (9.2%), lentil *Masoor* (8.8%), and pulse *Dal Moong* (2.6%). Meanwhile, a significant increase was noted in the price of live chicken (20.5%). While slight increases were noted in the prices of eggs (9.6%), vegetable ghee (3.4%) and cooking oil (2.6%).

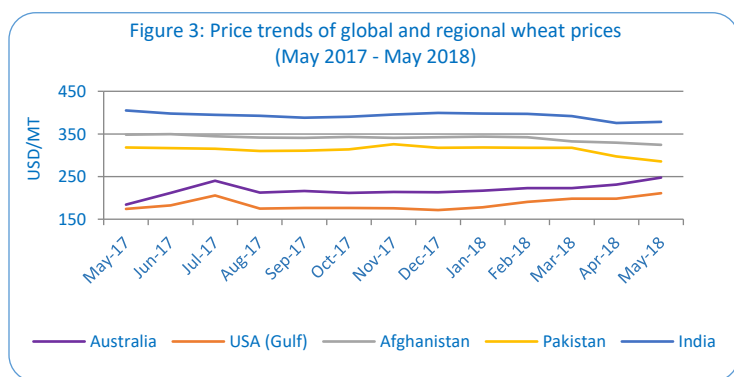
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in May 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from producing 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 June 2018, the total global wheat production projection has decreased to 744.69³ million MT from 747.76 million MT in May 2018.

The 3.07 million MT projected decrease in production for 2018/19 is mainly related to decreased production forecasts for Russia, the European Union, and Mexico. Total global wheat consumption for 2018/19 is projected lower this month by 3 million MT. Total projected global ending stocks are higher by 1.8 million MT this month⁴.

Compared to April 2018, wheat price in May 2018 slightly decreased in Pakistan (3.9%)⁵ and Afghanistan (1.6%)⁶. Whereas, slight increases in wheat prices were noted for Australia (7.1%)⁷ and USA (6.6%)⁸, and a negligible increase in India (1.8%)⁹. The domestic retail wheat price in Pakistan was 35% higher than in the USA, 15% higher than in Australia, while it was 24% and 12% 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 WFP, Afghanistan.

⁷ FAO Global Information and Early Warning System (GIEWS).

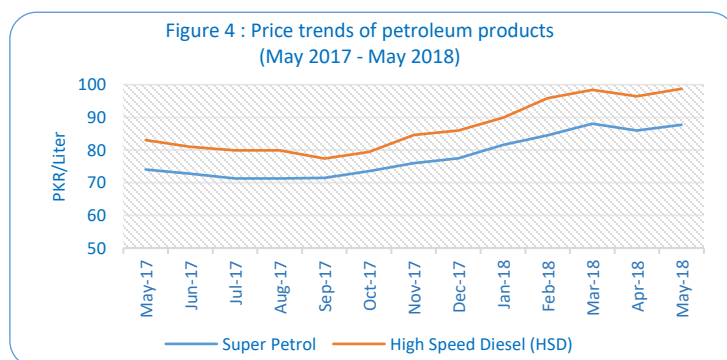
⁸ FAO Global Information and Early Warning System (GIEWS).

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

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

Prices of petroleum products

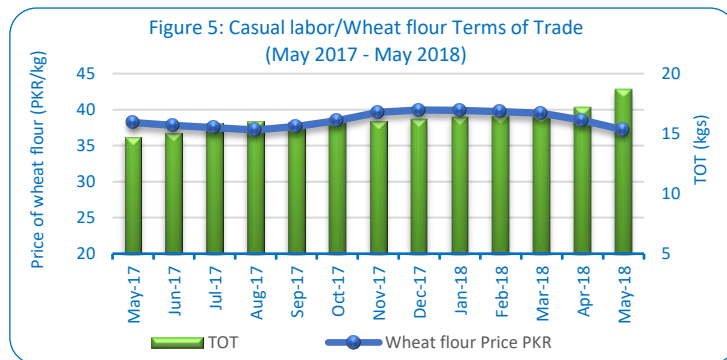
In May 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 87.70 and PKR 98.76¹⁰ per liter, respectively, registering slight increases for both Super Petrol (2%) and HSD (2.4%) when compared to their prices in April 2018 (Figure 4).



On a three-month comparison (February 2018), the price of both Super Petrol and HSD slightly increased in May 2018 by 3.8% and 3.1%, respectively. On a six-month comparison (November 2017), the prices increased by 15.4% for Super Petrol and by 16.8% for HSD. Compared to prices a year ago (May 2017), a significant increase of 18.5% for Super Petrol and by 19% for HSD has been recorded.

Terms-of-Trade (ToT)¹¹

In May 2018, the average ToT more than slightly increased by 9% from previous month and was recorded at 18.71 kg of wheat flour, mainly due to a decrease in the price of wheat flour and an increase in average daily wages, (Figure 5).



Compared to three months ago (February 2018), the ToT significantly increased in May 2018 by 13.8%. Similarly, significant improvements of 16.9% and 27.1% were observed from six months ago (November 2017) and a year ago (May 2017), respectively. 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 Lahore at 21.3 kg, mainly due to higher wage rates and lower wheat flour price, while the lowest ToT was in Peshawar at 16.5 kg¹³ mainly due to a 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 – May 2018											
Major Commodities	Markets	Current Prices May 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.75	0.28	-5.76%	-5.76%	-0.97%	-0.57%	▼	▼	►	►
	Multan	29.50	0.25	-4.07%	-9.58%	-9.51%	-1.67%	▼	▼	▼	►
	Karachi	36.00	0.31	-1.37%	-5.26%	-0.69%	1.41%	▼	▼	►	►
	Peshawar	32.00	0.28	-7.91%	-11.11%	-7.87%	-3.03%	▼	▼	▼	►
	Quetta	35.00	0.30	0.00%	0.00%	0.00%	0.00%	►	►	►	►
WHEAT FLOUR	Lahore	36.38	0.31	-4.28%	-6.73%	-8.38%	-0.68%	▼	►	▼	►
	Multan	31.75	0.27	-9.29%	-13.31%	-13.96%	-9.29%	▼	▼	▼	►
	Karachi	41.59	0.36	-1.75%	-5.94%	-4.53%	-1.54%	▼	▼	►	►
	Peshawar	36.31	0.31	-2.64%	-6.50%	-4.29%	-2.42%	▼	▼	►	►
	Quetta	40.00	0.35	0.00%	0.00%	0.00%	0.00%	►	►	►	►
RICE IRRI-6	Lahore	57.00	0.49	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	Multan	47.50	0.41	8.57%	18.75%	18.75%	18.75%	▲	▲	▲	▲
	Karachi	53.27	0.46	0.00%	2.21%	10.63%	19.49%	►	►	▲	▲
	Peshawar	47.50	0.41	0.00%	0.00%	0.00%	1.78%	►	►	►	►
	Quetta	50.00	0.43	0.00%	0.00%	0.00%	0.00%	►	►	►	►
RICE BASMATI BROKEN	Lahore	74.82	0.65	0.00%	0.00%	2.20%	2.20%	►	►	►	►
	Multan	87.50	0.76	0.00%	0.00%	6.06%	12.90%	►	►	▲	▲
	Karachi	80.43	0.69	0.06%	2.51%	7.90%	9.77%	►	►	▲	►
	Peshawar	82.33	0.71	0.00%	0.00%	6.23%	12.90%	►	►	▲	▲
	Quetta	90.00	0.78	0.00%	0.00%	0.00%	20.00%	►	►	►	▲
SUGAR	Lahore	54.64	0.47	0.00%	0.00%	-3.45%	-11.73%	►	►	►	▼
	Multan	51.50	0.44	-0.96%	4.04%	-1.34%	-7.21%	►	►	►	►
	Karachi	54.48	0.47	-0.06%	-0.22%	-1.07%	-10.08%	►	►	►	▼
	Peshawar	52.50	0.45	-0.25%	2.86%	-2.23%	-10.07%	►	►	►	▼
	Quetta	55.00	0.48	0.46%	2.33%	-1.43%	-6.78%	►	►	►	►
VEG. GHEE (TIN)	Lahore	188.00	1.62	0.00%	-1.57%	-1.67%	2.17%	►	►	►	►
	Multan	190.00	1.64	0.00%	2.70%	1.06%	1.06%	►	►	►	►
	Karachi	193.10	1.67	2.06%	2.06%	4.95%	6.57%	▲	►	►	►
	Peshawar	190.00	1.64	0.53%	2.52%	3.26%	3.26%	►	►	►	►
	Quetta	183.50	1.58	4.26%	4.26%	4.26%	4.26%	▲	►	►	►
COOKING OIL (TIN)	Lahore	192.00	1.66	0.00%	-0.78%	-0.83%	3.23%	►	►	►	►
	Multan	192.00	1.66	0.00%	2.67%	1.05%	1.05%	►	►	►	►
	Karachi	195.10	1.69	2.04%	2.04%	4.89%	4.22%	▲	►	►	►
	Peshawar	190.00	1.64	0.53%	1.06%	1.06%	1.06%	►	►	►	►
	Quetta	184.00	1.59	3.37%	3.37%	3.37%	3.37%	▲	►	►	►
CHICKEN LIVE (FARM)	Lahore	181.25	1.57	13.64%	20.83%	55.45%	27.87%	▲	▲	▲	▲
	Multan	187.50	1.62	7.91%	20.97%	41.16%	17.19%	▲	▲	▲	▲
	Karachi	201.91	1.74	-1.68%	14.27%	44.66%	13.59%	▼	▲	▲	▲
	Peshawar	189.75	1.64	10.48%	9.68%	40.76%	21.44%	▲	▲	▲	▲
	Quetta	201.25	1.74	15.00%	15.83%	39.76%	23.85%	▲	▲	▲	▲
Lentil Masoor, Washed	Lahore	133.93	1.16	1.90%	3.88%	5.16%	-3.60%	▲	►	▲	►
	Multan	100.83	0.87	0.00%	-2.42%	-2.42%	-8.34%	►	►	►	►
	Karachi	102.12	0.88	-2.57%	-5.35%	-4.08%	-17.49%	▼	▼	►	▼
	Peshawar	83.67	0.72	1.00%	-7.47%	-5.14%	-19.71%	▲	▼	▼	▼
	Quetta	125.00	1.08	1.01%	0.00%	-5.30%	3.09%	▲	►	▼	►
Pulse Dal Moong, Washed	Lahore	123.93	1.07	2.06%	4.20%	11.04%	-4.67%	▲	►	▲	►
	Multan	100	0.86	0.00%	0.00%	-1.96%	-11.11%	►	►	►	▼
	Karachi	117.88	1.02	-2.70%	-2.71%	-0.62%	-4.32%	▼	►	►	►
	Peshawar	102	0.88	0.82%	-7.57%	5.44%	-3.36%	►	▼	►	►
	Quetta	156.25	1.35	0.00%	-2.34%	2.80%	7.76%	►	►	►	►
Pulse Dal Mash, Washed	Lahore	191.43	1.65	1.32%	2.68%	1.06%	-18.54%	▲	►	►	▼
	Multan	124.17	1.07	0.00%	-7.16%	-19.80%	-27.31%	►	▼	▼	▼
	Karachi	121.15	1.05	-2.48%	-4.48%	-10.64%	-29.43%	▼	►	▼	▼
	Peshawar	119.33	1.03	0.00%	-13.74%	-18.08%	-32.46%	►	▼	▼	▼
	Quetta	190.00	1.64	2.70%	-5.88%	-6.86%	-6.17%	▲	▼	▼	►