

## Pakistan Market Price Bulletin

July 2018 Issue

### Highlights

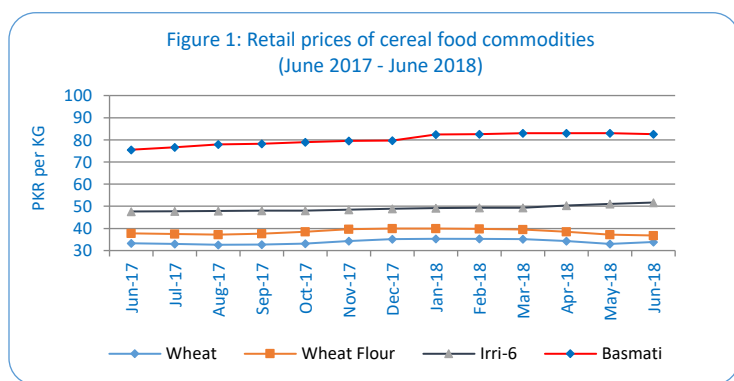
- In June 2018, the price of wheat increased by 2.4% while wheat flour decreased by 1.1% over May 2018; the price of rice *Irri-6* increased by 1.3% while the price of rice *Basmati* decreased by 0.6% in June 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in June 2018 by 0.57% over May 2018 and increased by 5.21% over June 2017;
- The prices of staple cereals and most of non-cereal food commodities in June 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In June 2018, the average ToT slightly increased by 1.4% from previous month;
- In July 2018, the total global wheat production for 2018/19 is projected at 736.26 million MT, showing a decrease of 8.43 million MT compared to the projection made last month.

### Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in June 2018 by 0.57% over May 2018 and increased by 5.21% over June 2017. The CPI for food increased by 0.8% in June 2018 as compared to an increase of 1% a month earlier and increased by 3% over June 2017; while for non-food it increased by 0.4% in June 2018 as compared to an increase of 0.2% a month earlier and increased by 6.7% over June 2017. The weighted contribution of food group in the overall CPI has increased from 234.40 indices in May 2018 to 236.58 in June 2018, registering a positive change of 0.93%; while it increased in June 2018 by 3.23%<sup>1</sup> over June 2017.

### Retail prices of staple cereals

In June 2018, the average retail prices of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 33.85 and PKR 36.80 per kg, respectively, indicating a slight increase of 2.4% for wheat and a slight decrease of 1.1% for wheat flour, from May 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 51.70 and PKR 82.53, respectively, indicating a 1.3% increase in the price of *Irri-6* and a 0.6% decrease for rice *Basmati* from the previous month, (Figure 1).



Compared to three months ago (March 2018), the prices of wheat and wheat flour in June 2018 decreased by 3.8% and 6.8%, respectively. The price of rice *Irri-6* increased by 4.8% while price of rice *Basmati* decreased by 0.5% in June 2018, when compared to their prices in March 2018.

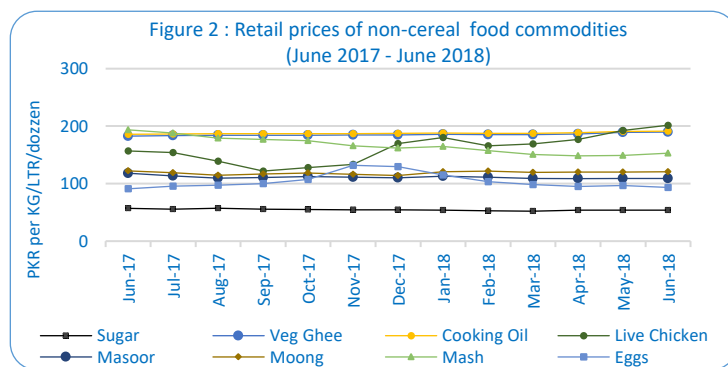
Compared to six months ago (December 2017), the prices of wheat and wheat flour in June 2018 decreased by 3.7% and 7.9%, respectively. On the

other hand, the prices of rice *Irri-6* and rice *Basmati* increased by 5.7% and 3.5%, respectively, for the same period.

On a one-year comparison, in June 2018 the price of wheat slightly increased by 1.8% and that of wheat flour slightly decreased by 2.6%. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 8.5% and 9.2%, respectively, for the same period.

### Retail prices of non-cereal food commodities

In June 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).



In June 2018, a slight decrease was noted in the average retail price of eggs (3.8%) from previous month. On the other hand, slight increases were noted in the prices of live chicken (4.8%) and pulse *Dal Mash* (2.5%) compared to their prices a month ago. While negligible increases were observed in the prices of pulse *Dal Moong* (0.6%), lentil *Masoor* (0.03%), sugar (0.9%), vegetable ghee (0.4%) and cooking oil (0.3%) compared to their prices from a month ago.

Compared to three months ago (March 2018), the prices of most of the non-cereal commodities in June 2018 registered negligible to slight fluctuations, except for the price of live chicken which significantly increased by 19.4%. Negligible increase was noted in the price of lentil *Masoor* (0.2%), while slight increases were observed in the prices of sugar (3.9%), vegetable ghee (2.2%), cooking oil (2%), pulse *Dal Mash* (1.6%) and pulse *Dal Moong* (1%). Whereas, a slight decrease was noted in the price of eggs (5.4%).

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

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

Compared to six months ago (December 2017), there was a significant increase in the price of live chicken (18.9%). Slight increases were noted in the prices of pulse *Dal Moong* (5.7%), vegetable ghee (2.6%) and cooking oil (2.2%). On the other hand, there was a significant drop in the price of eggs (27.9%) along with slight decreases in the prices of pulse *Dal Mash* (5.6%), lentil *Masoor* (1%) and sugar (1%).

Compared to a year ago (June 2017), the price significantly decreased for pulse *Dal Mash* (21%). While slight decreases were noted in prices of lentil *Masoor* (7.6%), pulse *Dal Moong* (1.2%), and sugar (5.1%). Meanwhile, a significant increase was noted in the price of live chicken (28.6%), while slight increases were noted in the prices of vegetable ghee (3.9%), cooking oil (2.9%), and eggs (2.5%).

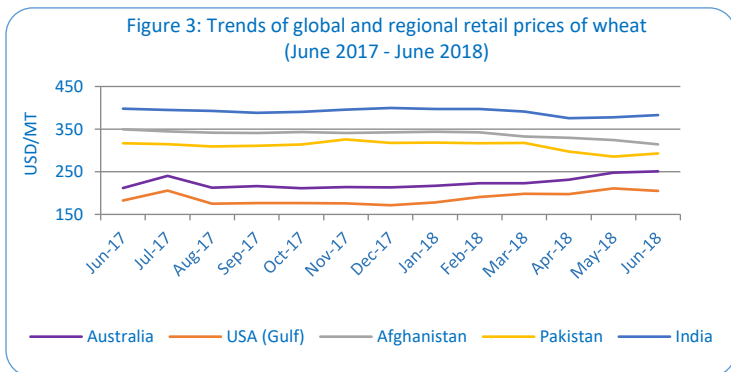
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in June 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from producing districts. In Quetta, significantly higher prices were observed for pulses *Dal Mash* and *Dal Moong* while slightly higher prices were noted for lentil *Masoor* which may also be attributed to the remoteness of Quetta from producing districts.

**Global wheat production**

In July 2018, the total global wheat production projection for 2018/19 has decreased to 736.26<sup>3</sup> million MT from 744.69 million MT in June 2018.

The 8.43 million MT projected decrease in production for 2018/19 is mainly related to decreased production forecasts for European Union, Australia, Russia, and Ukraine due to continued dryness and lower production in China due to lower harvested area. Total global wheat consumption for 2018/19 is projected lower this month by 2.3 million MT. Total projected global ending stocks are lower by 5.3 million MT this month<sup>4</sup>.

Compared to May 2018, wheat prices in June 2018 slightly increased in Pakistan (2.5%)<sup>5</sup>, India (1.4%)<sup>6</sup>, and Australia (1.4%)<sup>7</sup>. Whereas, slight decreases in wheat prices were noted for Afghanistan (3.1%)<sup>8</sup> and the USA (2.9%)<sup>9</sup>. The retail price of wheat in Pakistan was 43% higher than in the USA, 17% higher than in Australia, while it was 24% and 7% lower than in India and Afghanistan, respectively, (Figure 3).



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

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

<sup>5</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>6</sup> FAO Global Information and Early Warning System (GIEWS).

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

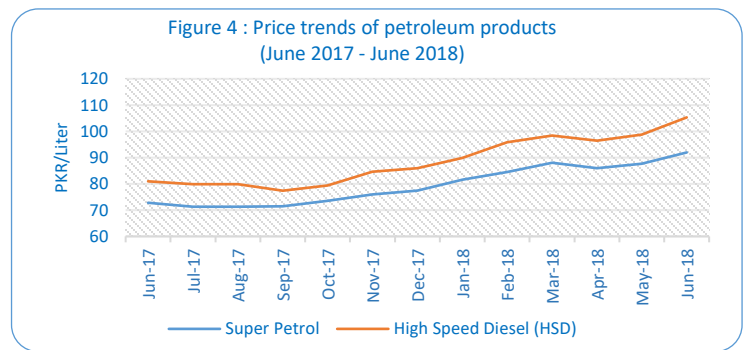
<sup>8</sup> WFP, Afghanistan.

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

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

**Prices of petroleum products**

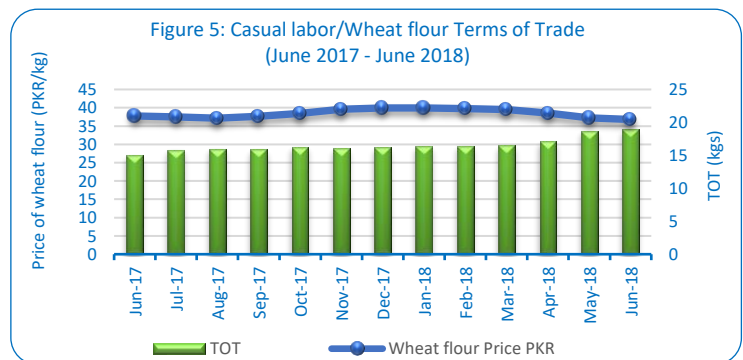
In June 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 91.96 and PKR 105.31<sup>10</sup> per liter, respectively, registering slight increases for both Super Petrol (4.9%) and HSD (6.6%) when compared to their prices in May 2018 (Figure 4).



On a three-month comparison (March 2018), the price of both Super Petrol and HSD also slightly increased in June 2018 by 4.4% and 7%, respectively. On a six-month comparison (December 2017), the prices significantly increased by 18.7% for Super Petrol and by 22.5% for HSD. Similarly, compared to prices a year ago (June 2017), a significant increase of 26.3% for Super Petrol and 30% for HSD has been recorded.

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

In June 2018, the average ToT slightly increased by 1.4% from previous month and was recorded at 18.97 kg of wheat flour, mainly due to a slight decrease in the price of wheat flour, (Figure 5).



Compared to three months ago (March 2018), the ToT significantly increased in June 2018 by 14.7%. Similarly, significant improvements of 16.9% and 26.2% were observed from six months ago (December 2017) and a year ago (June 2017), respectively. 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 at 22.1 kg, mainly due to higher wage rates and lower wheat flour price, while the lowest ToT was in Peshawar at 16.3 kg<sup>13</sup> mainly due to a lower wage rate.

<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 month 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 – June 2018											
Major Commodities	Markets	Current Prices June 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.75	0.28	0.00%	-5.76%	-5.76%	0.38%	▶	▼	▼	▶
	Multan	32.00	0.28	8.47%	-1.23%	-3.03%	6.67%	▲	▶	▶	▶
	Karachi	36.25	0.31	0.69%	-4.10%	-2.16%	3.57%	▶	▶	▶	▶
	Peshawar	33.25	0.29	3.91%	-7.64%	-7.64%	-1.04%	▲	▼	▼	▶
	Quetta	35.00	0.30	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	35.00	0.30	-3.78%	-10.26%	-12.50%	-4.11%	▼	▼	▼	▶
	Multan	30.25	0.26	-4.72%	-16.90%	-18.24%	-11.55%	▼	▼	▼	▼
	Karachi	41.86	0.36	0.65%	-4.34%	-4.73%	1.17%	▶	▶	▶	▶
	Peshawar	36.90	0.32	1.62%	-3.54%	-4.89%	-0.06%	▲	▶	▶	▶
	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	50.00	0.43	5.26%	25.00%	25.00%	25.00%	▲	▲	▲	▲
	Karachi	53.27	0.46	0.00%	2.21%	6.22%	19.41%	▶	▶	▲	▲
	Peshawar	48.21	0.42	1.49%	1.49%	1.49%	3.30%	▲	▶	▶	▶
	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	80.51	0.70	0.10%	0.64%	7.89%	9.25%	▶	▶	▲	▶
	Peshawar	82.33	0.71	0.00%	0.00%	5.04%	12.27%	▶	▶	▲	▲
	Quetta	87.50	0.76	-2.78%	-2.78%	-2.78%	9.38%	▼	▶	▶	▶
SUGAR	Lahore	54.64	0.47	0.00%	0.00%	-3.79%	-6.82%	▶	▶	▶	▶
	Multan	52.75	0.46	2.43%	6.35%	1.44%	-2.68%	▲	▲	▶	▶
	Karachi	54.30	0.47	-0.33%	4.56%	-1.72%	-7.93%	▶	▶	▶	▶
	Peshawar	53.79	0.46	2.46%	5.95%	-1.38%	-4.51%	▲	▲	▶	▶
	Quetta	55.00	0.48	0.00%	3.00%	0.46%	-3.51%	▶	▶	▶	▶
VEG. GHEE (TIN)	Lahore	188.00	1.62	0.00%	0.00%	-2.08%	2.17%	▶	▶	▶	▶
	Multan	190.00	1.64	0.00%	1.93%	1.06%	1.06%	▶	▶	▶	▶
	Karachi	194.40	1.68	0.67%	2.75%	5.65%	7.28%	▶	▶	▲	▶
	Peshawar	190.00	1.64	0.00%	1.06%	3.26%	3.26%	▶	▶	▶	▶
	Quetta	186.00	1.61	1.36%	5.68%	5.68%	5.68%	▲	▲	▲	▶
COOKING OIL (TIN)	Lahore	192.00	1.66	0.00%	0.00%	-1.03%	3.23%	▶	▶	▶	▶
	Multan	192.00	1.66	0.00%	1.91%	1.05%	1.05%	▶	▶	▶	▶
	Karachi	196.40	1.70	0.67%	2.72%	5.59%	4.91%	▶	▶	▲	▶
	Peshawar	190.00	1.64	0.00%	1.06%	1.06%	1.06%	▶	▶	▶	▶
	Quetta	186.00	1.61	1.09%	4.49%	4.49%	4.49%	▲	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	179.00	1.55	-1.24%	13.01%	14.93%	33.98%	▼	▲	▲	▲
	Multan	196.88	1.70	5.00%	13.80%	17.84%	27.43%	▲	▲	▲	▲
	Karachi	204.28	1.77	1.17%	21.86%	8.75%	23.25%	▲	▲	▲	▲
	Peshawar	201.75	1.74	6.32%	15.73%	14.79%	32.91%	▲	▲	▲	▲
	Quetta	226.25	1.96	12.42%	32.31%	40.31%	27.11%	▲	▲	▲	▲
Lentil Masoor, Washed	Lahore	133.93	1.16	0.00%	3.88%	8.07%	-3.60%	▶	▶	▲	▶
	Multan	100.83	0.87	0.00%	-0.98%	-2.42%	-8.34%	▶	▶	▶	▶
	Karachi	102.12	0.88	0.00%	-1.88%	-3.80%	-15.44%	▶	▶	▶	▼
	Peshawar	83.84	0.72	0.20%	-3.11%	-0.39%	-17.72%	▶	▶	▶	▼
	Quetta	125.00	1.08	0.00%	1.63%	-6.54%	5.04%	▶	▶	▼	▶
Pulse Dal Moong, Washed	Lahore	123.93	1.07	0.00%	4.20%	13.77%	-4.67%	▶	▶	▲	▶
	Multan	100	0.86	0.00%	0.00%	0.00%	-11.11%	▶	▶	▶	▼
	Karachi	117.88	1.02	0.00%	-2.58%	1.12%	-4.21%	▶	▶	▶	▶
	Peshawar	102	0.88	0.00%	-0.81%	14.29%	-1.43%	▶	▶	▲	▶
	Quetta	160.00	1.38	2.40%	3.23%	2.40%	12.68%	▲	▶	▶	▲
Pulse Dal Mash, Washed	Lahore	184.64	1.60	-3.55%	-0.96%	-0.96%	-20.95%	▼	▶	▶	▼
	Multan	124.17	1.07	0.00%	-3.12%	-17.90%	-27.31%	▶	▶	▼	▼
	Karachi	121.54	1.05	0.32%	-2.71%	-4.24%	-31.26%	▶	▶	▶	▼
	Peshawar	119.33	1.03	0.00%	-6.85%	-15.87%	-32.14%	▶	▼	▼	▼
	Quetta	215.00	1.86	13.16%	16.22%	5.52%	1.90%	▲	▲	▲	▶

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 fluctuation

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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