

Pakistan Market Price Bulletin

August 2018 Issue

Highlights

- In July 2018, the prices of wheat and wheat flour increased by 1.5% and 7.6%, respectively, over June 2018; the price of rice *Irri-6* increased by 0.8% while the price of rice *Basmati* decreased by 0.6% in July 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in July 2018 by 0.94% over June 2018 and increased by 5.83% over July 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 July 2018, the average ToT more than slightly decreased by 7.1% from previous month;
- In August 2018, the total global wheat production for 2018/19 is projected at 729.63 million MT, showing a decrease of 6.63 million MT compared to the projection made last month.

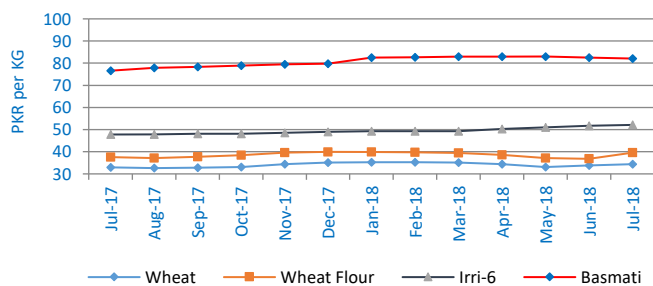
Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in July 2018 by 0.94% over June 2018 and increased by 5.83% over July 2017. The CPI for food increased by 0.6% in July 2018 as compared to an increase of 0.8% a month earlier and increased by 3.5% over July 2017; while for non-food it increased by 1.2% in July 2018 as compared to an increase of 0.4% a month earlier and increased by 7.4% over July 2017. The weighted contribution of food group in the overall CPI has increased from 236.58 indices in June 2018 to 238.08 in July 2018, registering a positive change of 0.63%; while it increased in July 2018 by 3.52%¹ over July 2017.

Retail prices of staple cereals

In July 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 34.35 and PKR 39.60 per kg, respectively, indicating slight increases of 1.5% and 7.6% for wheat and wheat flour, respectively, from June 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 52.12 and PKR 82.05, respectively, indicating a 0.8% increase in the price of *Irri-6* and a 0.6% decrease for rice *Basmati* from the previous month, (Figure 1).

Figure 1: Retail prices of cereal food commodities (July 2017 - July 2018)



Compared to three months ago (April 2018), the price of wheat remained unchanged while price of wheat flour increased by 2.8%. The price of rice *Irri-6* increased by 3.6% while price of rice *Basmati* decreased by 1.2% in July 2018, when compared to their prices in April 2018.

Compared to six months ago (January 2018), the prices of wheat and wheat flour in July 2018 decreased by 2.6% and 0.8%, respectively. On the other

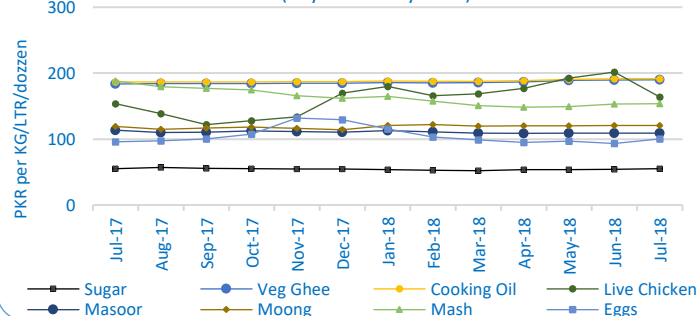
hand, the prices of rice *Irri-6* increased by 5.8% while price of rice *Basmati* decreased by 0.5%, for the same period.

On a one-year comparison, in July 2018 the price of wheat and wheat flour slightly increased by 4% and 5.6%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 9.1% and 7.1%, respectively, for the same period.

Retail prices of non-cereal food commodities

In July 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).

Figure 2: Retail prices of non-cereal food commodities (July 2017 - July 2018)



In July 2018, a significant decrease was noted in the average retail price of live chicken (18.7%) and a negligible decrease in the price of lentil *dal masoor* (0.2%) from previous month. On the other hand, slight increases were noted in the prices of eggs (7.5%) and sugar (2%) compared to their prices a month ago. While negligible increases were observed in the prices of pulse *Dal Mash* (0.5%), pulse *Dal Moong* (0.1%), cooking oil (0.2%) and vegetable ghee (0.1%) compared to their prices from a month ago.

Compared to three months ago (April 2018), the prices of most of the non-cereal commodities in July 2018 registered negligible to slight fluctuations. Negligible increases were noted in the prices of pulse *Dal Moong* (0.8%) and lentil *Masoor* (0.2%), while slight increases were observed in the prices of eggs (5.4%), pulse *Dal mash* (3.6%), sugar (2.7%), vegetable ghee (1.8%), and cooking oil (1.7%). Whereas, a slight decrease was noted in the price of live chicken (7.4%).

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi, Peshawar and Quetta.

Compared to six months ago (January 2018), slight increases were noted in the prices of sugar (2.5%), vegetable ghee (2.3%), and cooking oil (2%), while a negligible increase was noted in the price of pulse *dal moong* (0.2%). On the other hand, there was a significant drop in the price of eggs (13.1%) along with slight decreases in the prices of live chicken (8.9%), pulse *Dal Mash* (6.8%) and lentil *Masoor* (3.3%).

Compared to a year ago (July 2017), the price significantly decreased for pulse *Dal Mash* (18.3%). While slight decreases were noted in prices of lentil *Masoor* (4%), and a negligible decrease in the price of sugar (0.3%). Meanwhile, some slight increases were noted in the prices of live chicken (6.6%), eggs (4.7%), vegetable ghee (3.5%), cooking oil (2.7%), and pulse *Dal Moong* (1.6%).

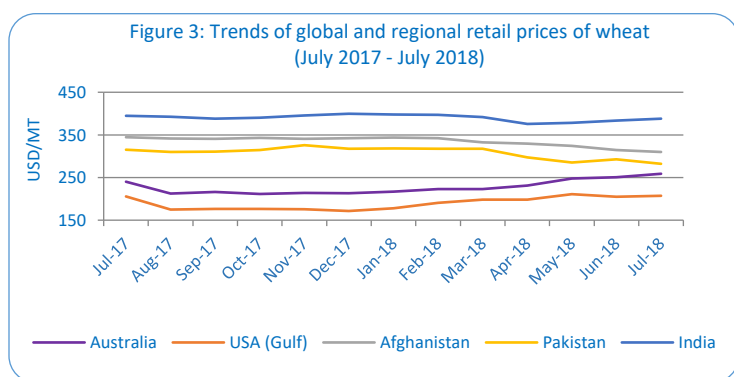
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in July 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from producing 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 August 2018, the total global wheat production projection for 2018/19 has decreased to 729.63³ million MT from 736.26 million MT in July 2018.

The 6.63 million MT projected decrease in production for 2018/19 is primarily related to decreased production forecasts for European Union. Total global wheat consumption for 2018/19 is projected lower this month by 5.1 million MT. Total projected global ending stocks are lower by 1.9 million MT this month⁴.

Compared to June 2018, wheat prices in July 2018 slightly decreased in Pakistan (3.6%)⁵ and Afghanistan (1.4%)⁶. Whereas, slight increases in wheat prices were noted for India (1.2%)⁷, Australia (3.1%)⁸ and the USA (1.1%)⁹. The retail price of wheat in Pakistan was 36% higher than in the USA, 9% higher than in Australia, while it was 27% and 9% 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).

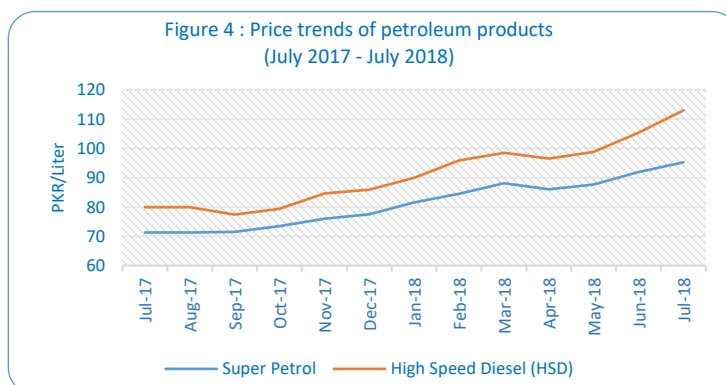
⁸ FAO Global Information and Early Warning System (GIEWS).

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

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

Prices of petroleum products

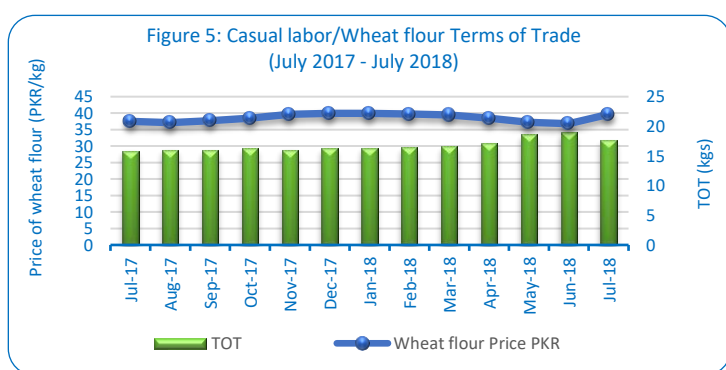
In July 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 95.24 and PKR 112.94¹⁰ per liter, respectively, registering slight increases for both Super Petrol (3.6%) and HSD (7.2%) when compared to their prices in June 2018 (Figure 4).



On a three-month comparison (April 2018), the price of both Super Petrol and HSD significantly increased in July 2018 by 10.7% and 17.1%, respectively. On a six-month comparison (January 2018), the prices also significantly increased by 16.8% for Super Petrol and by 25.6% for HSD. Similarly, compared to prices a year ago (July 2018), a significant increase of 33.6% for Super Petrol and 41.4% for HSD has been recorded.

Terms-of-Trade (ToT)¹¹

In July 2018, the average ToT more than slightly decreased by 7.1% from previous month and was recorded at 17.63 kg of wheat flour, mainly due to a slight increase in the price of wheat flour, (Figure 5).



Compared to three months ago (April 2018), the ToT slightly increased in July 2018 by 2.7%. Similarly, a slight improvement of 7.8% was observed from six months ago (January 2018) and a significant improvement of 11.3% was noted from a year ago (July 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 Lahore at 19.9 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 15.4 kg¹³ mainly due to a lower wage rate and high price of wheat flour.

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 – July 2018

Major Commodities	Markets	Current Prices July 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.75	0.27	0.00%	-5.76%	-5.76%	1.18%	▶	▼	▼	▶
	Multan	32.13	0.26	0.39%	4.47%	-2.65%	7.98%	▶	▶	▶	▶
	Karachi	36.88	0.30	1.72%	1.03%	-1.73%	5.36%	▲	▶	▶	▶
	Peshawar	35.00	0.29	5.26%	0.72%	-2.78%	6.06%	▲	▶	▶	▶
	Quetta	35.00	0.29	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.00	0.32	11.43%	2.63%	-1.27%	6.85%	▲	▶	▶	▶
	Multan	37.00	0.30	22.31%	5.71%	0.00%	10.04%	▲	▲	▶	▲
	Karachi	43.07	0.35	2.89%	1.75%	-2.73%	5.07%	▲	▶	▶	▶
	Peshawar	38.92	0.32	5.48%	4.36%	0.32%	6.86%	▲	▶	▶	▶
	Quetta	40.00	0.33	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.47	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	50.00	0.41	0.00%	14.29%	25.00%	25.00%	▶	▲	▲	▲
	Karachi	53.27	0.44	0.00%	0.00%	2.98%	19.36%	▶	▶	▶	▲
	Peshawar	50.33	0.41	4.40%	5.96%	5.96%	6.43%	▲	▲	▲	▶
	Quetta	50.00	0.41	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.61	0.00%	0.00%	0.00%	2.20%	▶	▶	▶	▶
	Multan	87.50	0.72	0.00%	0.00%	0.00%	12.90%	▶	▶	▶	▲
	Karachi	80.58	0.66	0.09%	0.25%	2.75%	8.91%	▶	▶	▶	▶
	Peshawar	82.33	0.68	0.00%	0.00%	1.02%	12.27%	▶	▶	▶	▲
	Quetta	85.00	0.70	-2.86%	-5.56%	-5.56%	0.00%	▼	▼	▼	▶
SUGAR	Lahore	54.64	0.45	0.00%	0.00%	-0.46%	-4.09%	▶	▶	▶	▶
	Multan	54.00	0.44	2.37%	3.85%	4.85%	2.86%	▲	▶	▶	▶
	Karachi	55.59	0.46	2.38%	1.98%	0.94%	-3.36%	▲	▶	▶	▶
	Peshawar	56.04	0.46	4.18%	6.48%	4.83%	2.83%	▲	▲	▶	▶
	Quetta	55.50	0.46	0.91%	1.37%	2.30%	0.91%	▶	▶	▶	▶
VEG. GHEE (TIN)	Lahore	188.00	1.54	0.00%	0.00%	-2.08%	0.53%	▶	▶	▶	▶
	Multan	190.00	1.56	0.00%	0.00%	1.06%	1.06%	▶	▶	▶	▶
	Karachi	194.40	1.60	0.00%	2.75%	3.46%	6.46%	▶	▶	▶	▶
	Peshawar	191.00	1.57	0.53%	1.06%	3.80%	3.80%	▶	▶	▶	▶
	Quetta	186.00	1.53	0.00%	5.68%	5.68%	5.68%	▶	▲	▲	▶
COOKING OIL (TIN)	Lahore	192.00	1.58	0.00%	0.00%	-1.03%	0.79%	▶	▶	▶	▶
	Multan	192.00	1.58	0.00%	0.00%	1.05%	1.05%	▶	▶	▶	▶
	Karachi	196.40	1.61	0.00%	2.72%	3.42%	5.25%	▶	▶	▶	▶
	Peshawar	192.00	1.58	1.05%	1.59%	2.13%	2.13%	▲	▶	▶	▶
	Quetta	186.00	1.53	0.00%	4.49%	4.49%	4.49%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	147.75	1.21	-17.46%	-7.37%	-8.94%	11.09%	▼	▼	▼	▲
	Multan	143.75	1.18	-26.99%	-17.27%	-19.49%	-1.15%	▼	▼	▼	▶
	Karachi	156.76	1.29	-23.26%	-23.66%	-21.02%	-0.41%	▼	▼	▼	▶
	Peshawar	156.50	1.29	-22.43%	-8.88%	-11.71%	-2.80%	▼	▼	▼	▶
	Quetta	215.00	1.77	-4.97%	22.86%	17.01%	24.64%	▼	▲	▲	▲
Lentil Masoor, Washed	Lahore	133.93	1.10	0.00%	1.90%	5.93%	-3.60%	▶	▶	▲	▶
	Multan	100.83	0.83	0.00%	0.00%	-2.42%	-2.42%	▶	▶	▶	▶
	Karachi	100.67	0.83	-1.42%	-3.95%	-6.35%	-10.44%	▼	▶	▼	▼
	Peshawar	84.33	0.69	0.58%	1.80%	-6.30%	-15.86%	▶	▶	▼	▼
	Quetta	125.00	1.03	0.00%	1.01%	-8.26%	11.11%	▶	▶	▼	▲
Pulse Dal Moong, Washed	Lahore	123.93	1.02	0.00%	2.06%	7.60%	-2.12%	▶	▶	▲	▶
	Multan	100	0.82	0.00%	0.00%	0.00%	-11.11%	▶	▶	▶	▼
	Karachi	119.42	0.98	1.31%	-1.43%	0.16%	-0.04%	▲	▶	▶	▶
	Peshawar	106	0.87	4.10%	4.96%	-3.78%	4.40%	▲	▶	▶	▶
	Quetta	155.00	1.27	-3.13%	-0.80%	-2.36%	14.81%	▼	▶	▶	▲
Pulse Dal Mash, Washed	Lahore	184.64	1.52	0.00%	-2.27%	-0.96%	-19.53%	▶	▶	▶	▼
	Multan	124.17	1.02	0.00%	0.00%	-17.68%	-24.75%	▶	▶	▼	▼
	Karachi	122.69	1.01	0.95%	-1.24%	-3.33%	-32.74%	▶	▶	▶	▼
	Peshawar	121.83	1.00	2.10%	2.10%	-12.40%	-28.77%	▲	▶	▼	▼
	Quetta	215.00	1.77	0.00%	16.22%	-2.82%	11.69%	▶	▲	▶	▲

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% in one month, 5% during three and six months, and 10% during one-year period.

Monthly price bulletins and more VAM publications are available on <http://vam.wfp.org.pk/> Please send your feedback and comments on Islamabad.vam@wfp.org