

Pakistan Market Price Bulletin

September 2018 Issue

Highlights

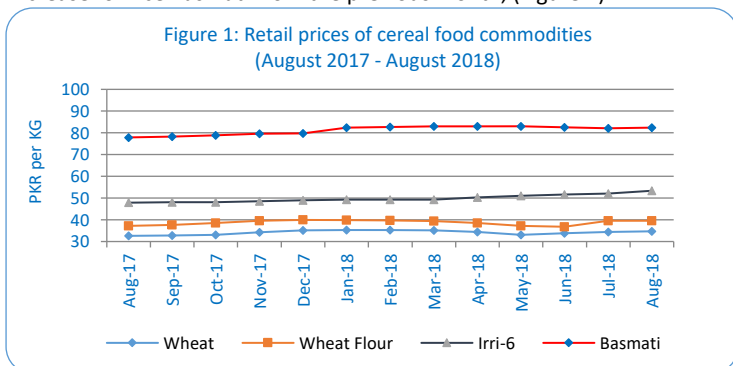
- In August 2018, the price of wheat increased by 0.9% and the price of wheat flour decreased by 0.1%, over July 2018; the prices of rice *Irri-6* and rice *Basmati* increased by 2.4% and 0.5%, respectively, in August 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in August 2018 by 0.21% over July 2018 and increased by 5.84% over August 2017;
- The prices of staple cereals and most of non-cereal food commodities in August 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In August 2018, the average ToT negligibly increased by 0.1% from previous month;
- In August 2018, the total global wheat production for 2018/19 is projected at 733 million MT, showing an increase of 3.37 million MT compared to the projection made last month.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in August 2018 by 0.21% over July 2018 and increased by 5.84% over August 2017. The CPI for food increased by 0.2% in August 2018 as compared to an increase of 0.6% a month earlier and increased by 3.3% over August 2017; while for non-food it increased by 0.2% in August 2018 as compared to an increase of 1.2% a month earlier and increased by 7.6% over August 2017. The weighted contribution of food group in the overall CPI has increased from 238.08 indices in July 2018 to 238.58 in August 2018, registering a positive change of 0.21%; while it increased in August 2018 by 3.29%¹ over August 2017.

Retail prices of staple cereals

In August 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 34.65 and PKR 39.55 per kg, respectively, indicating a negligible increase of 0.9% for wheat and a negligible decrease of 0.1% for wheat flour, from July 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 53.36 and PKR 82.45, respectively, indicating a 2.4% increase in the price of *Irri-6* and a 0.5% increase for rice *Basmati* from the previous month, (Figure 1).



Compared to three months ago (May 2018), the prices of wheat and wheat flour increased by 4.8% and 6.3%, respectively. The price of rice *Irri-6* increased by 4.5% while price of rice *Basmati* decreased by 0.7% in August 2018, when compared to their prices in May 2018.

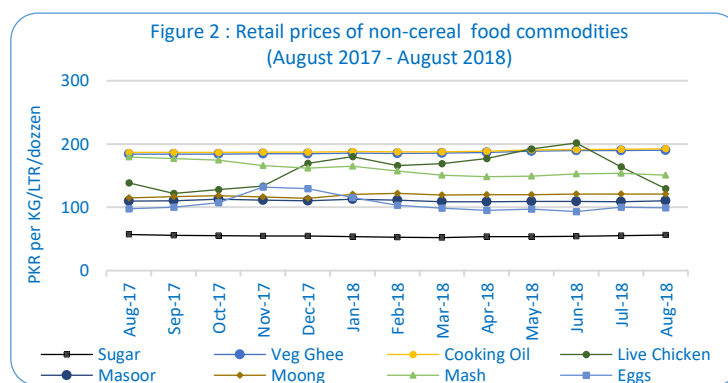
Compared to six months ago (February 2018), the prices of wheat and wheat flour in August 2018 decreased by 1.8% and 0.5%, respectively. On

the other hand, the price of rice *Irri-6* increased by 8.2% while price of rice *Basmati* decreased by 0.2%, for the same period.

On a one-year comparison, in August 2018 the price of wheat and wheat flour slightly increased by 6.2% and 6.4%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 11.5% and 5.9%, respectively, for the same period.

Retail prices of non-cereal food commodities

In August 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 August 2018, a significant decrease was noted in the average retail price of live chicken (21%) and slight decreases in the price of pulse *Dal Mash* (1.8%) and eggs (1.2%) from previous month. On the other hand, slight increases were noted in the prices of sugar (1.8%) and lentil *dal Masoor* compared to their prices a month ago. While negligible increases were observed in the prices of pulse *Dal Moong* (0.1%), cooking oil (0.4%) and vegetable ghee (0.2%) compared to their prices from a month ago.

Compared to three months ago (May 2018), the prices of most of the non-cereal commodities in August 2018 registered negligible to slight fluctuations. Negligible increases were noted in the prices of pulse *Dal Moong* (0.9%) and vegetable ghee (0.7%), while slight increases were observed in the prices of sugar (4.7%), eggs (2.2%), lentil *Masoor* (1.2%),

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi, Peshawar and Quetta.

pulse *Dal mash* (1.1%), and cooking oil (1%). Whereas, a significant decrease was noted in the price of live chicken (32.7%).

Compared to six months ago (February 2018), slight increases were noted in the prices of sugar (6.5%), vegetable ghee (2.7%), and cooking oil (2.6%). On the other hand, there was a significant drop in the price of live chicken (21.9%), while slight decreases were observed in the prices of eggs (3.9%), pulse *Dal Mash* (4.2%), pulse *dal moong* (0.2%), and lentil *Masoor* (0.6%).

Compared to a year ago (August 2017), the price significantly decreased for pulse *Dal Mash* (15.9%). While slight decreases were noted in prices of live chicken (6.7%) and sugar (1.5%). Meanwhile, some slight increases were noted in the price of pulse *Dal Moong* (5.5%), vegetable ghee (3.4%), cooking oil (3%), eggs (1.8%), and a negligible increase in the price of lentil *Masoor* (0.6%).

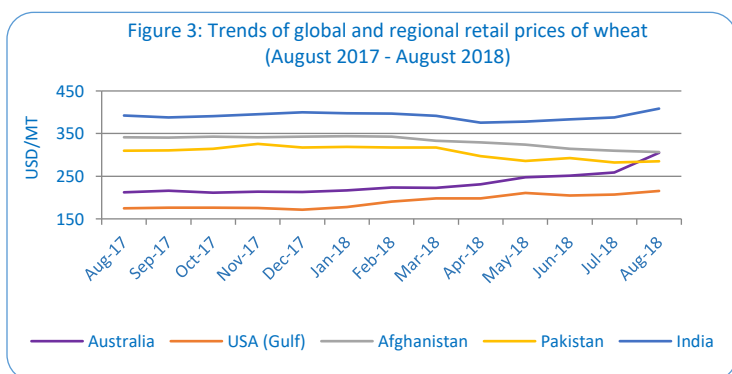
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in August 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from 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 September 2018, the total global wheat production projection for 2018/19 has increased to 733³ million MT from 729.63 million MT in August 2018.

The 3.37 million MT projected increase in production for 2018/19 is primarily related to increased production forecasts for Russia, Kazakhstan, and India. Total global wheat consumption for 2018/19 is projected higher this month by 2.3 million MT. Total projected global ending stocks are higher by 2.3 million MT this month⁴.

Compared to July 2018, wheat prices in August 2018 significantly increased in Australia (17.9%)⁵, while slight increases were noted for India (5.4%)⁶, USA (4%)⁷, and Pakistan (0.9%)⁸. Whereas, slight decrease in wheat price was noted for Afghanistan (1%). The retail price of wheat in Pakistan was



³ World Agriculture Supply and Demand Estimates, USDA.

⁴ World Agriculture Supply and Demand Estimates, USDA.

⁵ FAO Global Information and Early Warning System (GIEWS).

⁶ FAO Global Information and Early Warning System (GIEWS).

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

⁸ Pakistan Bureau of Statistics, Government of Pakistan.

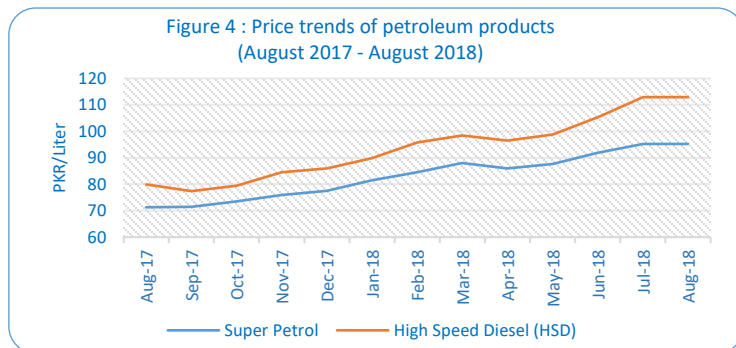
⁹ Pakistan State Oil (PSO). <http://www.psopk.com>.

¹⁰ 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.

32% higher than in the USA, while it was 30% lower than in India, 7% lower than in Afghanistan and Australia, (Figure 3).

Prices of petroleum products

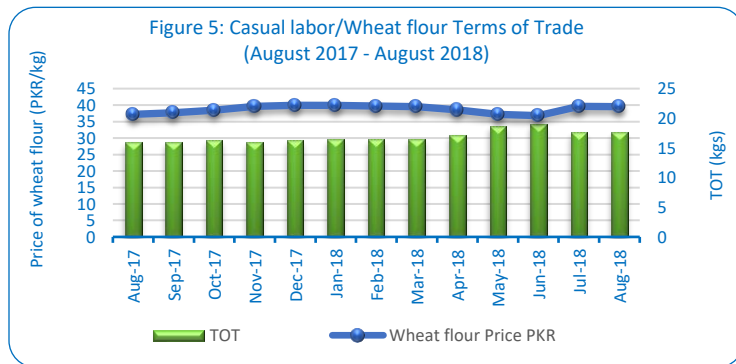
In August 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) remained unchanged from July 2018 and were recorded at PKR 95.24 and PKR 112.94⁹ per liter, respectively, (Figure 4).



On a three-month comparison (May 2018), the price of Super Petrol slightly increased in August 2018 by 8.6% while price of HSD significantly increased by 14.4%. On a six-month comparison (February 2018), the prices significantly increased by 12.7% for Super Petrol and by 17.9% for HSD. Similarly, compared to prices a year ago (August 2017), a significant increase of 33.6% for Super Petrol and 41.4% for HSD has been recorded.

Terms-of-Trade (ToT)¹⁰

In August 2018, the average ToT negligibly increased by 0.1% from previous month and was recorded at 17.65 kg of wheat flour, mainly due to a negligible decrease in the price of wheat flour, (Figure 5).



Compared to three months ago (May 2018), the ToT slightly decreased in August 2018 by 5.7%. Similarly, a slight improvement of 7.4% was observed from six months ago (February 2018) and a significant improvement of 10.5% was noted from a year ago (August 2017). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹¹, or both. The highest ToT was observed in Lahore at 20.4 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 15.3 kg¹² mainly due to a lower wage rate and high price of wheat flour.

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.

¹¹ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

¹² Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – August 2018											
Major Commodities	Markets	Current Prices August 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	33.50	0.28	2.29%	2.29%	-3.61%	6.01%	▲	▶	▶	▶
	Multan	32.50	0.27	1.17%	10.17%	-0.38%	10.17%	▲	▲	▶	▲
	Karachi	37.25	0.31	1.02%	3.47%	-1.97%	6.43%	▲	▶	▶	▶
	Peshawar	35.00	0.29	0.00%	9.38%	-2.78%	9.38%	▶	▲	▶	▶
	Quetta	35.00	0.29	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.31	-2.56%	4.47%	-2.56%	6.44%	▼	▶	▶	▶
	Multan	37.00	0.30	0.00%	16.54%	1.02%	10.45%	▶	▲	▶	▲
	Karachi	43.57	0.36	1.16%	4.76%	-1.46%	6.99%	▲	▶	▶	▶
	Peshawar	39.17	0.32	0.64%	7.87%	0.86%	9.05%	▶	▲	▶	▶
	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	52.50	0.43	5.00%	10.53%	31.25%	31.25%	▲	▲	▲	▲
	Karachi	53.31	0.44	0.08%	0.08%	2.28%	18.78%	▶	▶	▶	▶
	Peshawar	53.98	0.44	7.25%	13.64%	13.64%	13.64%	▲	▲	▲	▲
	Quetta	50.00	0.41	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.62	0.00%	0.00%	0.00%	2.20%	▶	▶	▶	▶
	Multan	87.50	0.72	0.00%	0.00%	0.00%	11.46%	▶	▶	▶	▲
	Karachi	82.60	0.68	2.51%	2.70%	5.28%	10.99%	▲	▶	▲	▲
	Peshawar	82.33	0.68	0.00%	0.00%	0.00%	12.27%	▶	▶	▶	▶
	Quetta	85.00	0.70	0.00%	-5.56%	-5.56%	-5.56%	▶	▼	▼	▶
SUGAR	Lahore	57.14	0.47	4.58%	4.58%	4.58%	-2.22%	▲	▶	▶	▶
	Multan	54.25	0.45	0.46%	5.34%	9.60%	-0.59%	▶	▲	▲	▶
	Karachi	56.50	0.46	1.64%	3.71%	3.48%	-2.67%	▲	▶	▶	▶
	Peshawar	56.96	0.47	1.64%	8.50%	11.60%	1.12%	▲	▲	▲	▶
	Quetta	55.75	0.46	0.45%	1.36%	3.72%	-3.21%	▶	▶	▶	▶
VEG. GHEE (TIN)	Lahore	188.00	1.55	0.00%	0.00%	-1.57%	0.00%	▶	▶	▶	▶
	Multan	191.00	1.57	0.53%	0.53%	3.24%	1.60%	▶	▶	▶	▶
	Karachi	194.40	1.60	0.00%	0.67%	2.75%	5.65%	▶	▶	▶	▶
	Peshawar	192.00	1.58	0.52%	1.05%	3.60%	4.35%	▶	▶	▶	▶
	Quetta	186.00	1.53	0.00%	1.36%	5.68%	5.68%	▶	▶	▲	▶
COOKING OIL (TIN)	Lahore	192.00	1.58	0.00%	0.00%	-0.78%	0.00%	▶	▶	▶	▶
	Multan	194.00	1.59	1.04%	1.04%	3.74%	2.11%	▲	▶	▶	▶
	Karachi	196.40	1.61	0.00%	0.67%	2.72%	5.59%	▶	▶	▶	▶
	Peshawar	194.00	1.59	1.04%	2.11%	3.19%	3.19%	▲	▶	▶	▶
	Quetta	186.00	1.53	0.00%	1.09%	4.49%	4.49%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	104.50	0.86	-29.27%	-42.34%	-30.33%	-8.01%	▼	▼	▼	▶
	Multan	117.50	0.97	-18.26%	-37.33%	-24.19%	-10.98%	▼	▼	▼	▼
	Karachi	129.06	1.06	-17.67%	-36.08%	-26.96%	-16.67%	▼	▼	▼	▼
	Peshawar	115.00	0.95	-26.52%	-39.39%	-33.53%	-14.43%	▼	▼	▼	▼
	Quetta	181.25	1.49	-15.70%	-9.94%	4.32%	13.99%	▼	▶	▶	▲
Lentil Masoor, Washed	Lahore	133.93	1.10	0.00%	0.00%	3.88%	1.85%	▶	▶	▶	▶
	Multan	100.83	0.83	0.00%	0.00%	-2.42%	-2.42%	▶	▶	▶	▶
	Karachi	100	0.82	-0.67%	-2.08%	-7.31%	-8.00%	▶	▶	▼	▶
	Peshawar	87.42	0.72	3.66%	4.48%	-3.32%	-10.17%	▲	▶	▶	▼
	Quetta	130.00	1.07	4.00%	4.00%	4.00%	20.37%	▲	▶	▶	▲
Pulse Dal Moong, Washed	Lahore	123.93	1.02	0.00%	0.00%	4.20%	8.38%	▶	▶	▶	▶
	Multan	100	0.82	0.00%	0.00%	0.00%	-8.68%	▶	▶	▶	▶
	Karachi	119.33	0.98	-0.08%	1.23%	-1.51%	0.24%	▶	▶	▶	▶
	Peshawar	107	0.88	0.78%	4.92%	-3.03%	3.29%	▶	▶	▶	▶
	Quetta	155.00	1.27	0.00%	-0.80%	-3.13%	22.05%	▶	▶	▶	▲
Pulse Dal Mash, Washed	Lahore	170.89	1.40	-7.45%	-10.73%	-8.34%	-14.89%	▼	▼	▼	▼
	Multan	121.88	1.00	-1.84%	-1.84%	-8.87%	-23.27%	▼	▶	▼	▼
	Karachi	122.69	1.01	0.00%	1.27%	-3.26%	-30.49%	▶	▶	▶	▼
	Peshawar	124.08	1.02	1.85%	3.98%	-10.30%	-24.65%	▲	▶	▼	▼
	Quetta	215.00	1.77	0.00%	13.16%	6.50%	9.76%	▶	▲	▲	▶

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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