

Pakistan Market Price Bulletin

October 2018 Issue

Highlights

- In September 2018, the prices of wheat and wheat flour increased by 0.5% and 0.7%, respectively, over August 2018; the prices of rice *Irri-6* and rice *Basmati* increased by 1.9% and 0.1%, respectively, in September 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) decreased in September 2018 by 0.06% over August 2018 and increased by 5.12% over September 2017;
- The prices of staple cereals and most of non-cereal food commodities in September 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In September 2018, the average ToT negligibly increased by 0.9% from previous month;
- In October 2018, the total global wheat production for 2018/19 is projected at 730.92 million MT, showing a decrease of 2.08 million MT compared to the projection made last month.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) decreased in September 2018 by 0.06% over August 2018 and increased by 5.12% over September 2017. The CPI for food decreased by 0.7% in September 2018 as compared to an increase of 0.2% a month earlier and increased by 1.4% over September 2017; while for non-food it increased by 0.3% in September 2018 as compared to an increase of 0.2% a month earlier and increased by 7.7% over September 2017. The weighted contribution of food group in the overall CPI has decreased from 238.58 indices in August 2018 to 236.78 in September 2018, registering a negative change of 0.75%; while it increased in September 2018 by 1.09%¹ over September 2017.

increased by 0.9%. On the other hand, the price of rice *Irri-6* increased by 10.2% while price of rice *Basmati* decreased by 0.5%, for the same period.

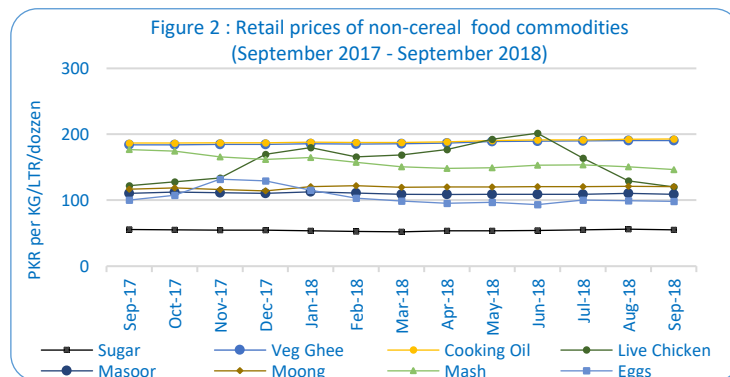
On a one-year comparison, in September 2018 the price of wheat and wheat flour slightly increased by 6.2% and 5.7%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 13.1% and 5.4%, respectively, for the same period.

Retail prices of non-cereal food commodities

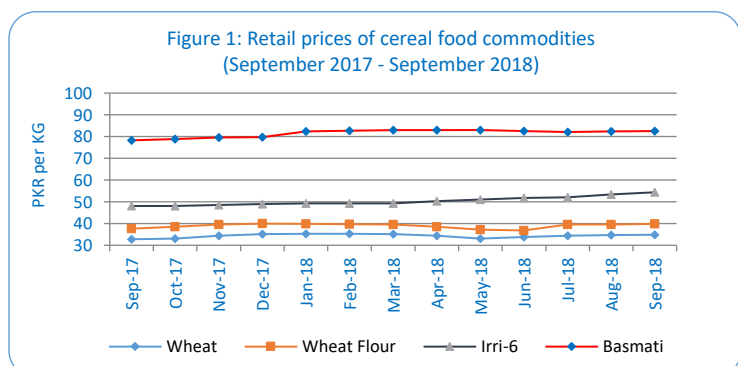
In September 2018, there were negligible to slight fluctuations in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).

Retail prices of staple cereals

In September 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 34.81 and PKR 39.82 per kg, respectively, indicating negligible increases of 0.5% and 0.7% for wheat and wheat flour, respectively, from August 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 54.38 and PKR 82.54, respectively, indicating a 1.9% increase in the price of *Irri-6* and a 0.1% increase for rice *Basmati* from the previous month, (Figure 1).



In September 2018, slight decreases were noted in the average retail prices of live chicken (7.1%), pulse *Dal Mash* (2.9%), lentil *Dal Masoor* (1.4%) and sugar (1.9%). While negligible decreases were noted in the prices of eggs (0.9%) and pulse *Dal Moong* (0.2%) from previous month. Whereas, negligible increases were observed in the prices of cooking oil (0.2%) and vegetable ghee (0.1%) compared to their prices from a month ago.



Compared to three months ago (June 2018), the prices of wheat and wheat flour increased by 2.8% and 8.2%, respectively. The price of rice *Irri-6* increased by 5.2% while price of rice *Basmati* increased by 0.01% in September 2018, when compared to their prices in June 2018.

Compared to three months ago (June 2018), the prices of most of the non-cereal commodities in September 2018 registered negligible to slight fluctuations except for significant decrease in the price of live chicken (40.4%). A slight decrease was noted in the price of pulse *Dal Mash* (4.2%) and a negligible decrease was noted in the price of lentil *Dal Masoor* (0.2%). Whereas, slight increases were noted in the prices of eggs (5.2%) and sugar

Compared to six months ago (March 2018), the prices of wheat in September 2018 decreased by 1.1% while for wheat flour negligibly

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi, Peshawar and Quetta.

(1.8%), while negligible increases were observed in the prices of cooking oil (0.8%), vegetable ghee (0.4%), and pulse *Dal Moong* (0.02%).

Compared to six months ago (March 2018), slight increases were noted in the prices of sugar (5.7%), cooking oil (2.9%), vegetable ghee (2.7%), and pulse *Dal Moong* (1%). A negligible increase was noted in the price of pulse *Dal Masoor* (0.05%). On the other hand, there was a significant drop in the price of live chicken (28.8%), while a slight decrease was observed in the price of pulse *Dal Mash* (2.6%) and a negligible decrease was observed in the price of eggs (0.4%).

Compared to a year ago (September 2017), the price significantly decreased for pulse *Dal Mash* (17.1%). While slight decreases were noted in prices of eggs (2.1%), lentil *Masoor* (1.5%), live chicken (1.4%), and sugar (1.3%). Meanwhile, slight increases were noted in the prices of vegetable ghee (3.5%), pulse *Dal Moong* (3.4%), and cooking oil (3.3%).

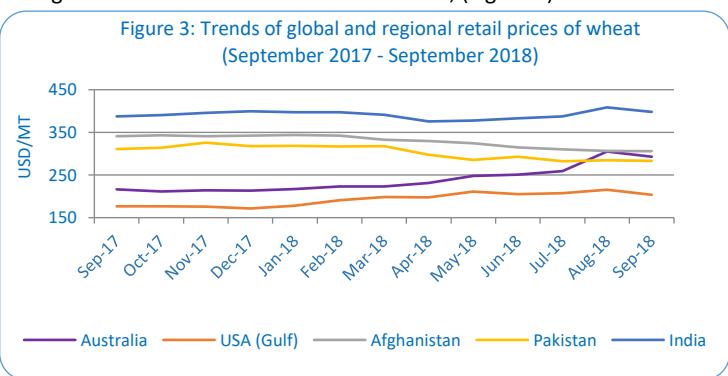
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in September 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from 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 October 2018, the total global wheat production projection for 2018/19 has decreased to 730.92³ million MT from 733 million MT in 2018.

The 2.08 million MT projected decrease in production for 2018/19 is primarily related to decreased production forecasts for Australia and Russia. Total global wheat consumption for 2018/19 is projected fractionally lower this month by 0.2 million MT. Total projected global ending stocks are reduced by 1.1 million MT this month⁴.

Compared to August 2018, wheat prices in September 2018 slightly decreased in USA (5.7%)⁵, Australia (4%)⁶, and India (2.7%)⁷. Whereas, negligible price decreases were noted for Pakistan (0.7%)⁸ and Afghanistan (0.3%). In September 2018, the retail price of wheat in Pakistan was 39% higher than in the USA, while it was 29% lower than in India, 8% lower than in Afghanistan and 3% lower than in Australia, (Figure 3).



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).

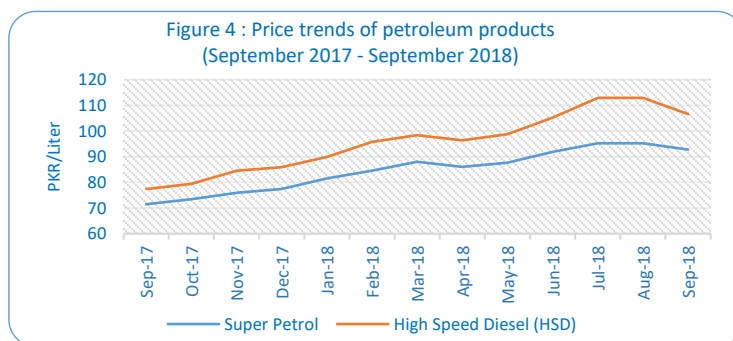
⁸ Pakistan Bureau of Statistics, Government of Pakistan.

⁹ Pakistan State Oil (PSO). <http://www.pso.pk.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.

Prices of petroleum products

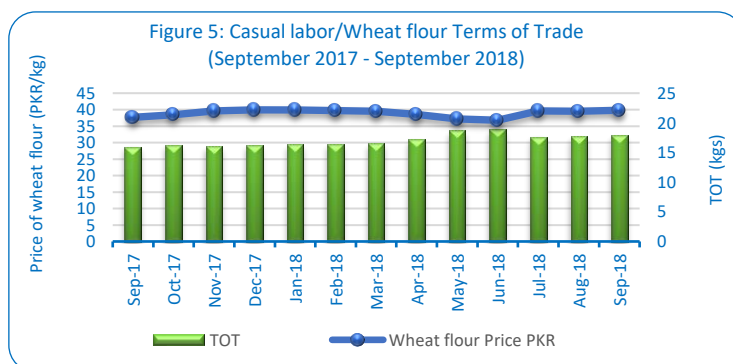
In September 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 92.83 and PKR 106.57⁹ per liter, respectively, registering slight decreases for both Super Petrol (2.5%) and HSD (5.6%) when compared to their prices in August 2018 (Figure 4).



On a three-month comparison (June 2018), the price of both Super Petrol and HSD slightly increased in September 2018 by 0.9% and 1.2%, respectively. On a six-month comparison (March 2018), the prices slightly increased by 5.4% for Super Petrol and by 8.2% for HSD. Similarly, compared to prices a year ago (September 2017), a significant increase of 29.8% for Super Petrol and 37.7% for HSD was recorded.

Terms-of-Trade (ToT)¹⁰

In September 2018, the average ToT negligibly increased by 0.9% from previous month and was recorded at 17.81 kg of wheat flour, mainly due to a slight increase in the average daily wages, (Figure 5).



Compared to three months ago (June 2018), the ToT slightly decreased in September 2018 by 6.1%. Similarly, a slight improvement of 7.7% was observed from six months ago (March 2018) and a significant improvement of 11.8% was noted from a year ago (September 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 21.6 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 – September 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	34.00	0.28	1.49%	3.82%	-2.17%	7.59%	▲	▶	▶	▶
	Multan	32.56	0.26	0.19%	1.76%	0.50%	8.32%	▶	▶	▶	▶
	Karachi	37.50	0.30	0.67%	3.45%	-0.79%	7.14%	▶	▶	▶	▶
	Peshawar	35.00	0.28	0.00%	5.26%	-2.78%	8.81%	▶	▲	▶	▶
	Quetta	35.00	0.28	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.56	0.31	1.48%	10.18%	-1.12%	3.87%	▲	▲	▶	▶
	Multan	37.00	0.30	0.00%	22.31%	1.65%	8.03%	▶	▲	▶	▶
	Karachi	43.89	0.36	0.74%	4.86%	0.31%	7.68%	▶	▶	▶	▶
	Peshawar	39.17	0.32	0.00%	6.16%	2.40%	8.29%	▶	▲	▶	▶
	Quetta	40.50	0.33	1.25%	1.25%	1.25%	1.25%	▲	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.46	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	51.25	0.42	-2.38%	2.50%	28.13%	28.13%	▼	▶	▲	▲
	Karachi	53.73	0.44	0.79%	0.86%	3.09%	17.31%	▶	▶	▶	▲
	Peshawar	59.90	0.49	10.97%	24.25%	26.11%	26.11%	▲	▲	▲	▲
	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	0.71	0.00%	0.00%	0.00%	9.38%	▶	▶	▶	▶
	Karachi	83.05	0.67	0.54%	3.15%	3.81%	11.60%	▶	▶	▶	▲
	Peshawar	82.33	0.67	0.00%	0.00%	0.00%	11.63%	▶	▶	▶	▲
	Quetta	85.00	0.69	0.00%	-2.86%	-5.56%	-5.56%	▶	▶	▼	▶
SUGAR	Lahore	55.89	0.45	-2.19%	2.29%	2.29%	-2.32%	▼	▶	▶	▶
	Multan	53.13	0.43	-2.06%	0.72%	7.12%	-0.23%	▼	▶	▲	▶
	Karachi	55.20	0.45	-2.30%	1.66%	6.30%	-3.41%	▼	▶	▲	▶
	Peshawar	55.04	0.45	-3.37%	2.32%	8.41%	-0.20%	▼	▶	▲	▶
	Quetta	56.00	0.45	0.45%	1.82%	4.87%	0.00%	▶	▶	▶	▶
VEG. GHEE (TIN)	Lahore	188.00	1.53	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	192.00	1.56	0.52%	1.05%	3.00%	2.13%	▶	▶	▶	▶
	Karachi	194.40	1.58	0.00%	0.00%	2.75%	5.65%	▶	▶	▶	▶
	Peshawar	192.00	1.56	0.00%	1.05%	2.13%	4.35%	▶	▶	▶	▶
	Quetta	186.00	1.51	0.00%	0.00%	5.68%	5.68%	▶	▶	▲	▶
COOKING OIL (TIN)	Lahore	192.00	1.56	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	196.00	1.59	1.03%	2.08%	4.03%	3.16%	▲	▶	▶	▶
	Karachi	196.40	1.60	0.00%	0.00%	2.72%	5.59%	▶	▶	▶	▶
	Peshawar	194.00	1.58	0.00%	2.11%	3.19%	3.19%	▶	▶	▶	▶
	Quetta	186.00	1.51	0.00%	0.00%	4.49%	4.49%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	101.50	0.82	-2.87%	-43.30%	-35.92%	7.41%	▼	▼	▼	▶
	Multan	117.50	0.95	0.00%	-40.32%	-32.08%	4.44%	▶	▼	▼	▶
	Karachi	122.31	0.99	-5.23%	-40.13%	-27.04%	-14.02%	▼	▼	▼	▼
	Peshawar	113.50	0.92	-1.30%	-43.74%	-34.89%	-2.58%	▼	▼	▼	▶
	Quetta	146.25	1.19	-19.31%	-35.36%	-14.47%	1.74%	▼	▼	▼	▶
Lentil Masoor, Washed	Lahore	133.93	1.09	0.00%	0.00%	3.88%	3.31%	▶	▶	▶	▶
	Multan	100.83	0.82	0.00%	0.00%	-0.98%	-2.42%	▶	▶	▶	▶
	Karachi	99.86	0.81	-0.14%	-2.21%	-4.05%	-7.11%	▶	▶	▶	▶
	Peshawar	90	0.73	2.95%	7.35%	4.01%	-7.38%	▲	▲	▶	▶
	Quetta	120.00	0.97	-7.69%	-4.00%	-2.44%	4.35%	▼	▶	▶	▶
Pulse Dal Moong, Washed	Lahore	123.93	1.01	0.00%	0.00%	4.20%	9.30%	▶	▶	▶	▶
	Multan	100	0.81	0.00%	0.00%	0.00%	-4.76%	▶	▶	▶	▶
	Karachi	119.23	0.97	-0.08%	1.15%	-1.46%	0.81%	▶	▶	▶	▶
	Peshawar	105	0.86	-1.17%	3.69%	2.85%	-1.60%	▼	▶	▶	▶
	Quetta	155.00	1.26	0.00%	-3.13%	0.00%	10.71%	▶	▶	▶	▲
Pulse Dal Mash, Washed	Lahore	157.14	1.28	-8.05%	-14.89%	-15.71%	-18.97%	▼	▼	▼	▼
	Multan	119.17	0.97	-2.22%	-4.03%	-7.02%	-24.03%	▼	▶	▼	▼
	Karachi	122.31	0.99	-0.31%	0.63%	-2.09%	-25.09%	▶	▶	▶	▼
	Peshawar	119.17	0.97	-3.96%	-0.13%	-6.97%	-27.22%	▼	▶	▼	▼
	Quetta	215.00	1.75	0.00%	0.00%	16.22%	4.24%	▶	▶	▲	▶

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