

Pakistan Market Price Bulletin

December 2018 Issue

Highlights

- In November 2018, the average retail price of wheat increased by 0.5% while it decreased by 0.1% for wheat flour, from October 2018; the prices of rice *Irri-6* decreased by 0.1% and rice *Basmati* increased by 0.4 in November 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in November 2018 by 0.11% over October 2018 and increased by 6.50% over November 2017;
- The prices of staple cereals and most of non-cereal food commodities in November 2018 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In November 2018, the average ToT slightly increased by 2.6% from previous month;
- In December 2018, the total global wheat production for 2018/19 is projected at 733.41 million MT, indicating a decrease of 0.10 million MT compared to the projection made last month.

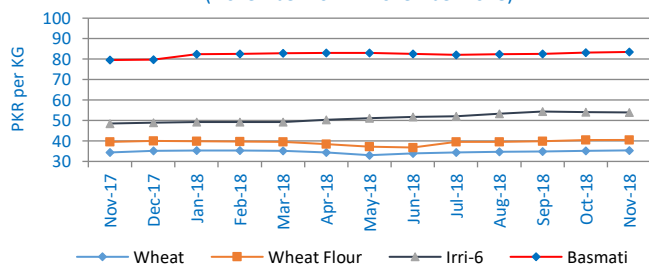
Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in November 2018 by 0.11% over October 2018 and increased by 6.50% over November 2017. The CPI for food decreased by 0.5% in November 2018 as compared to an increase of 1.9% a month earlier and increased by 1.8% over November 2017; while for non-food it increased by 0.5% in November 2018 as compared to an increase of 2.6% a month earlier and increased by 9.8% over November 2017. The weighted contribution of food group in the overall CPI has decreased from 240.50 indices in October 2018 to 234.75 in October 2018, registering a decrease of 0.61%; while it increased in November 2018 by 1.02% over November 2017¹.

Retail prices of staple cereals

In November 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.40 and PKR 40.41 per kg, respectively, indicating a negligible increase of 0.5% for wheat and a negligible decrease for wheat flour (0.1%), from October 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 53.98 and PKR 83.49, respectively, indicating a 0.1% decrease in the price of *Irri-6* and a 0.4% increase for rice *Basmati* from the previous month (Figure 1).

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



Compared to three months ago (August 2018), the prices of wheat and wheat flour increased by 2.2% and 2.2%, respectively. The price of rice *Irri-6* increased by 1.2% while price of rice *Basmati* increased by 1.3% in November 2018, when compared to their prices in August 2018.

Compared to six months ago (May 2018), the prices of wheat in November 2018 increased for wheat and wheat flour by 7.1% and 8.6%, respectively.

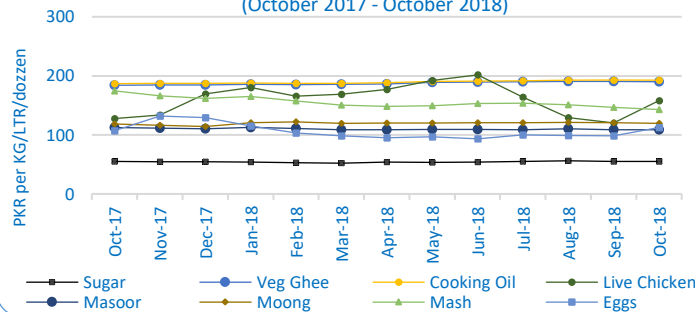
Whereas, the prices of rice *Irri-6* and *Basmati* increased by 5.7% and 0.6%, respectively, for the same period.

On a one-year comparison, in November 2018 the price of wheat and wheat flour slightly increased by 3.1% and 2%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 11.2% and 5%, respectively, for the same period.

Retail prices of non-cereal food commodities

In November 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 (October 2017 - October 2018)



In November 2018, a negligible decrease was observed in the price of sugar (0.05%). Whereas, a significant increase was noted in the price of live chicken (20.1%). Slight increases were noted in the prices of eggs (9.4%), pulse *Dal Moong* (1.9%), pulse *Dal Mash* (1.9%), cooking oil (1.1%), and vegetable ghee (1%) compared to their prices from a month ago, while a negligible increase was noted in the price of lentil *Dal Masoor* (0.9%).

Compared to three months ago (August 2018), slight decreases were noted in the average retail prices of pulse *Dal Mash* (3.5%), sugar (2.3%), and lentil *Masoor* (0.5%). Whereas, significant increases were noted in the prices of live chicken (46.7%) and eggs (24.2%). Further, a slight increase was noted in the price of cooking oil (1.1%) and negligible increases were noted in the prices of vegetable ghee (0.9%) and pulse *Dal Moong* (0.5%).

Compared to six months ago (May 2018), a significant increase was noted in the price of eggs (26.9%), while slight increases were noted in the prices

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi, Peshawar and Quetta.

of sugar (2.2%), cooking oil (2.1%), vegetable ghee (1.6%), and pulse *Dal Moong* (1.4%). A negligible increase was noted in the price of pulse *Dal Masoor* (0.8%). On the other hand, there was a slight drop in the prices of pulse *Dal Mash* (2.4%) and live chicken (1.2%).

Compared to a year ago (November 2017), the price significantly decreased for pulse *Dal Mash* (12.2%). While slight decreases were noted in prices of eggs (6.7%) and lentil *Masoor* (1.4%). Meanwhile, a significant increase was noted in the price live chicken (42.2%). Slight increases were noted in the prices of pulse *Dal Moong* (4.7%), vegetable ghee (4%), and cooking oil (4%), while a negligible increase was observed in the price of sugar (0.2%).

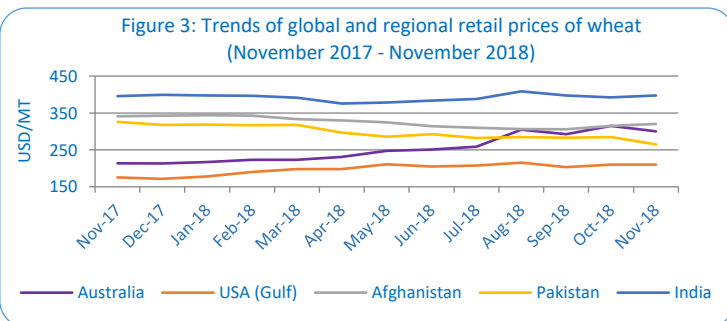
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in November 2018, except for Lahore, where the prices of pulse *Dal Mash* and lentil *Masoor* were slightly higher than the other big cities mainly because Lahore is located farther from producing districts. Some price variations among markets were also noted for Peshawar and Karachi markets, where Peshawar had the lowest prices of lentil *Dal Masoor* and pulse *Dal Moong* among the major cities and Karachi had the highest price for live chicken compared to other major cities. 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 December 2018, the total global wheat production projection for 2018/19 decreased to 733.41³ million MT from 733.51 million MT in November 2018.

The 0.10 million MT projected decrease in production for 2018/19 is primarily related to decreased production forecasts for Australia. Total global wheat consumption for 2018/19 is projected fractionally lower this month by 0.5 million MT. Total projected global ending stocks have increased by 1.4 million MT this month⁴.

Compared to October 2018, wheat price in November 2018 slightly decreased in Pakistan (7%)⁵ and Australia (4.5%). Whereas, slight increases in prices of wheat were noted for Afghanistan (1.7%)⁶, India (1.4%)⁷, and a negligible increase for USA (0.2%)⁸ compared to previous month. In November 2018, the retail price of wheat in Pakistan was 26% higher than in USA, while it was 33% lower than in India, 17% lower than in Afghanistan and 12% lower than in Australia, (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).

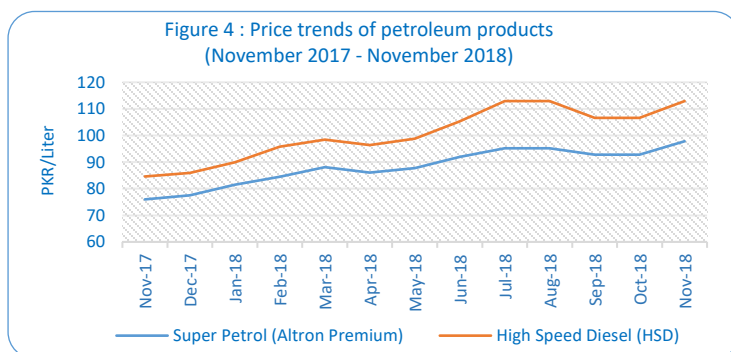
⁸ FAO Global Information and Early Warning System (GIEWS).

⁹ 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.

Prices of petroleum products

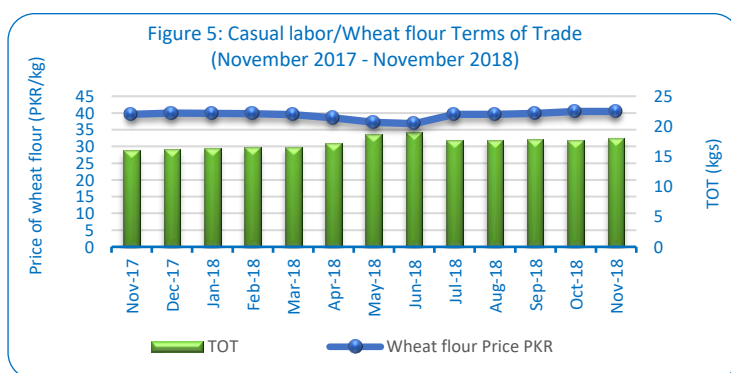
In November 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 97.83 and PKR 112.94⁹ per liter, respectively, indicating slight increases of 5.4% and 6%, respectively, when compared to their prices in October 2018 (Figure 4).



On a three-month comparison (August 2018), the price of Super Petrol increased in November 2018 by 5.4%, while the price of HSD remained unchanged. On a six-month comparison (May 2018), the prices significantly increased for Super Petrol and HSD by 11.6% and 14.4%, respectively. Similarly, compared to prices a year ago (November 2017), a significant increase of 28.7% for Super Petrol and 33.5% for HSD was recorded.

Terms-of-Trade (ToT)¹⁰

In November 2018, the average ToT slightly increased by 2.6% from previous month and was recorded at 18.09 kg of wheat flour, mainly due to a slight increase in the average daily wage rate, (Figure 5).



Compared to three months ago (August 2018), the ToT slightly increased in November 2018 by 2.48%. A slight decline of 3.3% was observed from six months ago (May 2018). Whereas, an increase of 13.1% was noted compared to a year ago (November 2017).

Citi-wise, 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 21.7 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 15 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 – November 2018											
Major Commodities	Markets	Current Prices November 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.26	0.00%	3.73%	6.11%	5.08%	▶	▶	▲	▶
	Multan	32.95	0.25	0.61%	1.38%	11.69%	1.07%	▶	▶	▲	▶
	Karachi	38.30	0.29	1.12%	2.82%	6.39%	5.66%	▲	▶	▲	▶
	Peshawar	36.00	0.27	0.70%	2.86%	12.50%	3.65%	▶	▶	▲	▶
	Quetta	35.00	0.26	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.25	0.29	0.00%	3.29%	7.90%	-1.13%	▶	▶	▲	▶
	Multan	37.50	0.28	-1.64%	1.35%	18.11%	1.63%	▼	▶	▲	▶
	Karachi	44.40	0.33	0.63%	1.92%	6.77%	1.94%	▶	▶	▲	▶
	Peshawar	39.92	0.30	0.42%	1.91%	9.94%	5.23%	▶	▶	▲	▶
	Quetta	41.00	0.31	0.00%	2.50%	2.50%	2.50%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.43	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	48.50	0.36	-1.78%	-7.62%	2.11%	21.25%	▼	▼	▶	▲
	Karachi	55.06	0.41	2.25%	3.28%	3.36%	14.35%	▲	▶	▶	▲
	Peshawar	59.33	0.44	-1.12%	9.91%	24.91%	24.91%	▼	▲	▲	▲
	Quetta	50.00	0.37	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	74.82	0.56	0.00%	0.00%	0.00%	2.20%	▶	▶	▶	▶
	Multan	87.50	0.65	0.00%	0.00%	0.00%	6.06%	▶	▶	▶	▶
	Karachi	84.65	0.63	1.60%	2.48%	5.25%	13.56%	▲	▶	▲	▲
	Peshawar	82.50	0.62	0.05%	0.21%	0.21%	6.45%	▶	▶	▶	▶
	Quetta	88.00	0.66	0.57%	3.53%	-2.22%	-2.22%	▶	▶	▶	▶
SUGAR	Lahore	55.84	0.42	-1.41%	-2.28%	2.20%	-1.33%	▼	▶	▶	▶
	Multan	53.20	0.40	1.33%	-1.94%	3.30%	1.92%	▲	▶	▶	▶
	Karachi	55.06	0.41	0.84%	-2.55%	1.06%	-0.02%	▶	▶	▶	▶
	Peshawar	54.93	0.41	0.48%	-3.56%	4.63%	2.29%	▶	▶	▶	▶
	Quetta	55.00	0.41	-1.35%	-1.35%	0.00%	-1.43%	▼	▶	▶	▶
VEG. GHEE (TIN)	Lahore	194.40	1.45	3.40%	3.40%	3.40%	1.67%	▲	▶	▶	▶
	Multan	193.60	1.45	0.83%	1.36%	1.89%	2.98%	▶	▶	▶	▶
	Karachi	193.60	1.45	0.73%	-0.41%	0.26%	5.22%	▶	▶	▶	▶
	Peshawar	192.00	1.44	0.00%	0.00%	1.05%	4.35%	▶	▶	▶	▶
	Quetta	186.40	1.39	0.22%	0.22%	1.58%	5.91%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	196.80	1.47	2.50%	2.50%	2.50%	1.65%	▲	▶	▶	▶
	Multan	199.20	1.49	1.63%	2.68%	3.75%	4.84%	▲	▶	▶	▶
	Karachi	194.40	1.45	0.10%	-1.02%	-0.36%	4.52%	▶	▶	▶	▶
	Peshawar	194.00	1.45	0.00%	0.00%	2.11%	3.19%	▶	▶	▶	▶
	Quetta	188.40	1.41	1.29%	1.29%	2.39%	5.84%	▲	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	172.20	1.29	24.33%	64.78%	-4.99%	47.68%	▲	▲	▶	▲
	Multan	185.00	1.38	19.35%	57.45%	-1.33%	39.28%	▲	▲	▶	▲
	Karachi	205.23	1.54	14.26%	59.02%	1.64%	47.03%	▲	▲	▶	▲
	Peshawar	186.40	1.39	21.83%	62.09%	-1.77%	38.28%	▲	▲	▶	▲
	Quetta	201.00	1.50	21.82%	10.90%	-0.12%	39.58%	▲	▲	▶	▲
Lentil Masoor, Washed	Lahore	133.93	1.00	0.00%	0.00%	0.00%	5.16%	▶	▶	▶	▶
	Multan	103.33	0.77	2.48%	2.48%	2.48%	0.00%	▲	▶	▶	▶
	Karachi	103.73	0.78	3.93%	3.73%	1.58%	-2.56%	▲	▶	▶	▶
	Peshawar	88.66	0.66	-1.49%	1.42%	5.96%	0.52%	▼	▶	▲	▶
	Quetta	120.00	0.90	0.00%	-7.69%	-4.00%	-9.09%	▶	▼	▶	▶
Pulse Dal Moong, Washed	Lahore	123.93	0.93	0.00%	0.00%	0.00%	11.04%	▶	▶	▶	▲
	Multan	111	0.83	9.14%	10.50%	10.50%	8.33%	▲	▲	▲	▶
	Karachi	122.62	0.92	2.51%	2.76%	4.02%	3.38%	▲	▶	▶	▶
	Peshawar	104	0.78	-0.55%	-2.50%	2.29%	7.86%	▶	▶	▶	▶
	Quetta	147.00	1.10	-0.34%	-5.16%	-5.92%	-3.29%	▶	▼	▼	▶
Pulse Dal Mash, Washed	Lahore	157.14	1.18	0.00%	-8.05%	-17.91%	-17.05%	▶	▼	▼	▼
	Multan	132	0.99	10.00%	8.30%	6.31%	-14.75%	▲	▲	▲	▼
	Karachi	128.15	0.96	6.62%	4.45%	5.78%	-5.48%	▲	▶	▶	▶
	Peshawar	129	0.97	6.75%	3.97%	8.10%	-11.44%	▲	▶	▲	▼
	Quetta	182.00	1.36	-7.26%	-15.35%	-4.21%	-10.78%	▼	▼	▶	▼
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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