

Pakistan Market Price Bulletin

January 2019 Issue

Highlights

- In December 2018, the average retail price of wheat increased by 0.4% while it decreased by 0.05% for wheat flour, from November 2018; the prices of rice *Irri-6* decreased by 0.1% and rice *Basmati* decreased by 0.5 in December 2018 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) decreased in December 2018 by 0.41% over November 2018 and increased by 6.17% over December 2017;
- The prices of staple cereals and most of non-cereal food commodities in December 2018 experienced slight fluctuations when compared to the previous month's prices;
- In December 2018, the average ToT slightly increased by 0.9% 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) decreased in December 2018 by 0.41% over November 2018 and increased by 6.17% over December 2017. The CPI for food decreased by 1.4% in December 2018 as compared to a decrease of 0.5% a month earlier and increased by 0.9% over December 2017; while for non-food it increased by 0.2% in December 2018 as compared to an increase of 0.5% a month earlier and increased by 9.8% over December 2017. The weighted contribution of food group in the overall CPI has decreased from 239.03 indices in November 2018 to 235.23 in December 2018, registering a decrease of 1.59%; while it increased in December 2018 by 0.05% over December 2017¹.

Whereas, the prices of rice *Irri-6* and *Basmati* increased by 4.3% and 0.6%, respectively, for the same period.

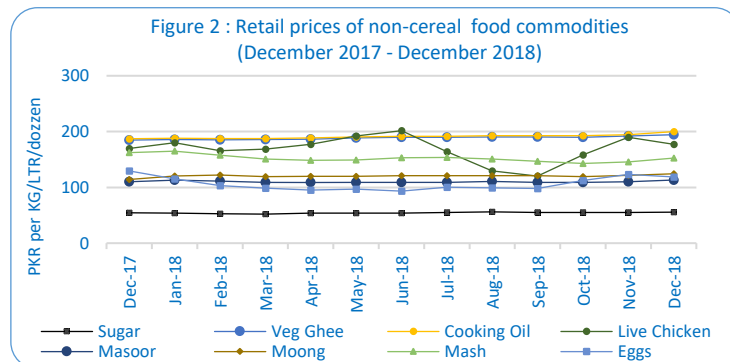
On a one-year comparison, in December 2018 the prices of wheat and wheat flour both slightly increased by 1.1%. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 10.2% and 4.1%, respectively, for the same period.

Retail prices of non-cereal food commodities

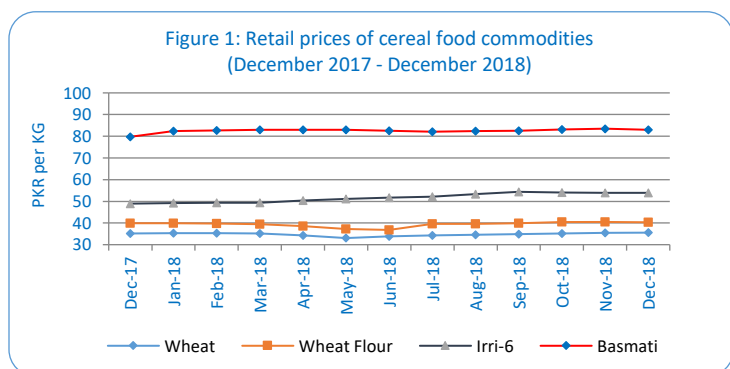
In December 2018, there were slight fluctuations in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).

Retail prices of staple cereals

In December 2018, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 35.55 and PKR 40.40 per kg, respectively, indicating a negligible increase of 0.4% for wheat and a negligible decrease for wheat flour (0.05%), from November 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 53.94 and PKR 83.04, respectively, indicating a 0.1% decrease in the price of *Irri-6* and a 0.5% decrease for rice *Basmati* from the previous month (Figure 1).



In December 2018, a slight decrease was observed in the price of live chicken (6.6%) and eggs (3.4%). Whereas, slight increases were noted in the prices of pulse *Dal Mash* (4.7%), lentil *Dal Masoor* (3%), pulse *Dal Moong* (2.3%), cooking oil (2.8%), sugar (1.6%), and vegetable ghee (1.3%) compared to their prices from a month ago.



Compared to three months ago (September 2018), the prices of wheat and wheat flour increased by 2.1% and 1.4%, respectively. The price of rice *Irri-6* decreased by 0.8% while price of rice *Basmati* increased by 0.6% in December 2018, when compared to their prices in September 2018.

Compared to three months ago (September 2018), significant increases were noted in the prices of live chicken (47.5%) and eggs (21.1%). Whereas slight increases were noted in the prices of pulse *Dal Mash* (4.1%), lentil *Dal Masoor* (3.9%), pulse *Dal Moong* (3%), cooking oil (3.7%), vegetable ghee (2.1%), and sugar (1.2%).

Compared to six months ago (June 2018), the prices of wheat in December 2018 increased for wheat and wheat flour by 5% and 9.8%, respectively.

Compared to six months ago (June 2018), a significant increase was noted in the price of eggs (27.4%), while slight increases were noted in the prices of cooking oil (4.6%), pulse *Dal Masoor* (3.7%), pulse *Dal Moong* (3.1%),

¹Pakistan Bureau of Statistics, Government of Pakistan.

²Lahore, Multan, Karachi, Peshawar and Quetta.

sugar (3%), and vegetable ghee (2.5%). On the other hand, there was a slight drop in the price of pulse *Dal Mash* (0.3%) and a significant drop in the price of live chicken (12%).

Compared to a year ago (December 2017), the prices slightly decreased for eggs (8.2%) and pulse *Dal Mash* (5.9%). While slight increases were noted in prices of pulse *Dal Moong* (9%), cooking oil (6.8%), vegetable ghee (5.2%), live chicken (4.6%), lentil *Masoor* (2.7%), and sugar (1.9%).

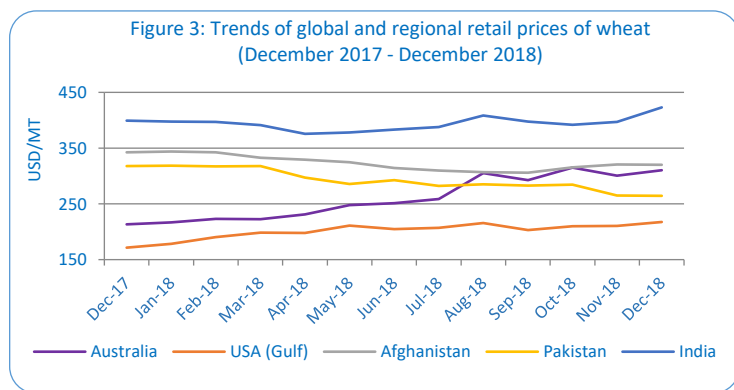
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in December 2018, except for Lahore and Quetta, where the prices of pulse *Dal Mash* and lentil *Masoor* were significantly higher than the other big cities mainly because both Lahore and Quetta are located farther from producing districts. Some price variations among markets were also noted for Peshawar markets, where Peshawar had the lowest prices of lentil *Dal Masoor*, pulse *Dal Moong* and *Dal Mash* among the major cities.

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 2018.⁴

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 month⁵.

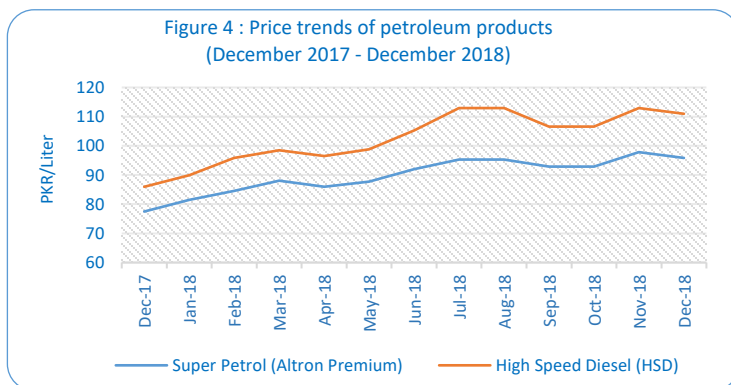
Compared to November 2018, wheat price in December 2018 negligibly decreased in Pakistan (0.2%)⁶ and Afghanistan (0.1%)⁷. Whereas, slight increases in prices of wheat were noted for India (6.5%)⁸, USA (3.3%)⁹, and Australia (3.2%) compared to previous month. In December 2018, the retail price of wheat in Pakistan was 22% higher than in USA, while it was 37% lower than in India, 17% lower than in Afghanistan and 15% lower than in Australia, (Figure 3).



Prices of petroleum products

In December 2018, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 95.83 and PKR 110.94¹⁰ per liter, respectively,

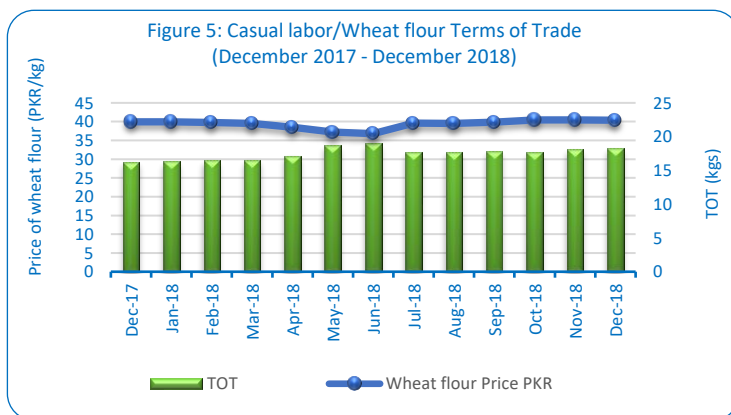
indicating slight decreases of 2% and 1.8%, respectively, when compared to their prices in November 2018 (Figure 4).



On a three-month comparison (September 2018), the price of Super Petrol increased in December 2018 by 3.2%, while the price of HSD increased by 4.1%. On a six-month comparison (June 2018), the prices slightly increased for Super Petrol and HSD by 4.2% and 5.3%, respectively. Similarly, compared to prices a year ago (December 2017), a significant increase of 23.7% for Super Petrol and 29.1% for HSD was recorded.

Terms-of-Trade (ToT)¹¹

In December 2018, the average ToT negligibly increased by 0.9% from previous month and was recorded at 18.24 kg of wheat flour, mainly due to a negligible increase in the average daily wage rate, (Figure 5).



Compared to three months ago (September 2018), the ToT slightly increased in December 2018 by 2.44%. A slight decline of 3.8% was observed from six months ago (June 2018). Whereas, an increase of 12.5% was noted compared to a year ago (December 2017).

City-wise, 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 21.7 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 15.2 kg¹³ mainly due to a low wage rate and high price of wheat flour.

³ World Agriculture Supply and Demand Estimates, USDA.

⁴The Global wheat production update provided here is latest available information as of December 2018. As per the USDA website that provides global wheat production information, the USDA website will not be updated during a lapse in federal funding until funding issues have been resolved.

⁵ World Agriculture Supply and Demand Estimates, USDA.

⁶ Pakistan Bureau of Statistics, Government of Pakistan.

⁷ WFP, Afghanistan.

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.psopk.com>.

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 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 – December 2018

Major Commodities	Markets	Current Prices December 2018/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.26	0.00%	2.21%	6.11%	-0.01%	▶	▶	▲	▶
	Multan	33.00	0.25	0.15%	1.34%	3.13%	0.00%	▶	▶	▶	▶
	Karachi	38.50	0.29	0.52%	2.67%	6.21%	3.91%	▶	▶	▲	▶
	Peshawar	36.00	0.27	0.00%	2.86%	8.27%	0.00%	▶	▶	▲	▶
	Quetta	35.50	0.26	1.43%	1.43%	1.43%	1.43%	▲	▶	▶	▶
WHEAT FLOUR	Lahore	39.25	0.29	0.00%	1.78%	12.14%	-1.88%	▶	▶	▲	▶
	Multan	37.50	0.28	0.00%	1.35%	23.97%	1.35%	▶	▶	▲	▶
	Karachi	44.73	0.33	0.73%	1.90%	6.86%	1.81%	▶	▶	▲	▶
	Peshawar	39.50	0.29	-1.04%	0.85%	7.06%	1.83%	▼	▶	▲	▶
	Quetta	41.00	0.30	0.00%	1.23%	2.50%	2.50%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.42	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	50.00	0.37	3.09%	-2.44%	0.00%	25.00%	▲	▶	▶	▲
	Karachi	56.04	0.42	1.78%	4.30%	5.20%	11.74%	▲	▶	▲	▲
	Peshawar	56.67	0.42	-4.48%	-5.39%	17.55%	19.31%	▼	▼	▲	▲
	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	85.38	0.64	0.86%	2.81%	6.05%	14.42%	▶	▶	▲	▲
	Peshawar	82.50	0.61	0.00%	0.21%	0.21%	5.26%	▶	▶	▶	▶
	Quetta	85.00	0.63	-3.41%	0.00%	-2.86%	-5.56%	▼	▶	▶	▶
SUGAR	Lahore	56.14	0.42	0.54%	0.45%	2.75%	-1.14%	▶	▶	▶	▶
	Multan	54.25	0.40	1.97%	2.11%	2.84%	4.33%	▲	▶	▶	▶
	Karachi	55.32	0.41	0.47%	0.22%	1.88%	0.13%	▶	▶	▶	▶
	Peshawar	56.83	0.42	3.46%	3.25%	5.65%	4.20%	▲	▶	▲	▶
	Quetta	56.00	0.42	1.82%	0.00%	1.82%	2.28%	▲	▶	▶	▶
VEG. GHEE (TIN)	Lahore	196.00	1.46	0.82%	4.26%	4.26%	2.08%	▶	▶	▶	▶
	Multan	197.00	1.47	1.76%	2.60%	3.68%	4.79%	▲	▶	▶	▶
	Karachi	196.00	1.46	1.24%	0.82%	0.82%	6.52%	▲	▶	▶	▶
	Peshawar	192.00	1.43	0.00%	0.00%	1.05%	4.35%	▶	▶	▶	▶
	Quetta	191.00	1.42	2.47%	2.69%	2.69%	8.52%	▲	▶	▶	▶
COOKING OIL (TIN)	Lahore	198.00	1.47	0.61%	3.13%	3.13%	2.06%	▶	▶	▶	▶
	Multan	206.00	1.53	3.41%	5.10%	7.29%	8.42%	▲	▲	▶	▶
	Karachi	204.00	1.52	4.94%	3.87%	3.87%	9.68%	▲	▶	▶	▶
	Peshawar	194.00	1.44	0.00%	0.00%	2.11%	3.19%	▶	▶	▶	▶
	Quetta	198.00	1.47	5.10%	6.45%	6.45%	11.24%	▲	▲	▲	▲
CHICKEN LIVE (FARM)	Lahore	159.50	1.19	-7.38%	57.14%	-10.89%	2.41%	▼	▲	▼	▶
	Multan	164.38	1.22	-11.15%	39.90%	-16.51%	-1.62%	▼	▲	▼	▶
	Karachi	179.55	1.34	-12.51%	46.80%	-12.11%	-4.42%	▼	▲	▼	▶
	Peshawar	169.50	1.26	-9.07%	49.34%	-15.99%	-3.56%	▼	▲	▼	▶
	Quetta	213.75	1.59	6.34%	46.15%	-5.52%	32.56%	▲	▲	▼	▲
Lentil <i>Masoor</i> , Washed	Lahore	133.93	1.00	0.00%	0.00%	0.00%	8.07%	▶	▶	▶	▶
	Multan	110	0.82	6.46%	9.09%	9.09%	6.46%	▲	▲	▲	▶
	Karachi	107.55	0.80	3.68%	7.70%	5.32%	1.32%	▲	▲	▲	▶
	Peshawar	93.33	0.69	5.27%	3.70%	11.32%	10.88%	▲	▶	▲	▲
	Quetta	121.25	0.90	1.04%	1.04%	-3.00%	-9.35%	▲	▶	▶	▶
Pulse Dal <i>Moong</i> , Washed	Lahore	123.93	0.92	0.00%	0.00%	0.00%	13.77%	▶	▶	▶	▲
	Multan	118	0.87	6.33%	17.50%	17.50%	17.50%	▲	▲	▲	▲
	Karachi	126.35	0.94	3.04%	5.97%	7.19%	8.38%	▲	▲	▲	▶
	Peshawar	107	0.79	2.57%	1.19%	4.92%	19.91%	▲	▶	▶	▲
	Quetta	147.50	1.10	0.34%	-4.84%	-7.81%	-5.60%	▶	▶	▼	▶
Pulse Dal <i>Mash</i> , Washed	Lahore	157.14	1.17	0.00%	0.00%	-14.89%	-15.71%	▶	▶	▼	▼
	Multan	147.5	1.10	11.74%	23.77%	18.79%	-2.48%	▲	▲	▲	▶
	Karachi	142.89	1.06	11.50%	16.83%	17.57%	12.58%	▲	▲	▲	▲
	Peshawar	135	1.00	4.65%	13.28%	13.13%	-4.82%	▲	▲	▲	▶
	Quetta	180.00	1.34	-1.10%	-16.28%	-16.28%	-11.66%	▼	▼	▼	▼

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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