

## Pakistan Market Price Bulletin

February 2019 Issue

### Highlights

- In January 2019, the average retail prices of wheat and wheat flour increased by 0.9% and 0.14%, respectively; the prices of rice *Irri-6* and rice *Basmati* increased by 2.9% and 2.4%, respectively, in January 2019 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in January 2019 by 1% over December 2018 and increased by 7.19% over January 2018;
- The prices of staple cereals and most of non-cereal food commodities in January 2019 experienced only slight fluctuations when compared to the previous month's prices;
- In January 2019, the average ToT negligibly decreased by 0.1% from previous month;
- In February 2019, the total global wheat production for 2018/19 is projected at 734.75 million MT, indicating an increase of 1.34 million MT compared to the projection made in December 2018<sup>1</sup>.

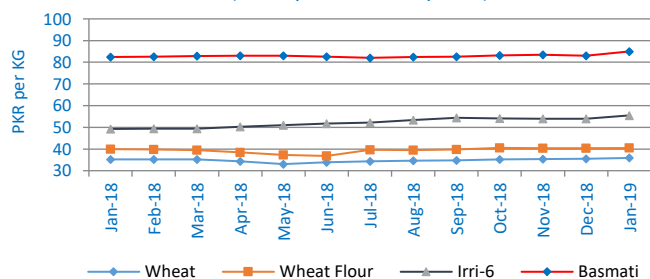
### Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in January 2019 by 1% over December 2018 and increased by 7.19% over January 2018. The CPI for food increased by 0.3% in January 2019 as compared to a decrease of 1.4% a month earlier and increased by 2.4% over January 2019; while for non-food it increased by 1.4% in January 2019 as compared to an increase of 0.2% a month earlier and increased by 10.5% over January 2019. The weighted contribution of food group in the overall CPI has increased from 235.23 indices in December 2018 to 235.91 in January 2019, registering an increase of 0.29%; while it increased in January 2019 by 1.58% over January 2018<sup>2</sup>.

### Retail prices of staple cereals

In January 2019, the average retail prices of wheat and wheat flour across the country's main markets<sup>3</sup> were recorded at PKR 35.88 and PKR 40.45 per kg, respectively, indicating a negligible increase of 0.9% and 0.14% for wheat and wheat flour, respectively, from December 2018. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 55.50 and PKR 85.01, respectively, indicating increases of 2.9% and 2.4% in the price of *Irri-6* and rice *Basmati* from the previous month (Figure 1).

Figure 1: Retail prices of cereal food commodities (January 2018 - January 2019)



Compared to three months ago (October 2018), the price of wheat increased by 1.9% while price of wheat flour remained unchanged. The price of rice *Irri-6* increased by 2.7% while price of rice *Basmati* increased by 2.3% in January 2019, when compared to their prices in October 2018.

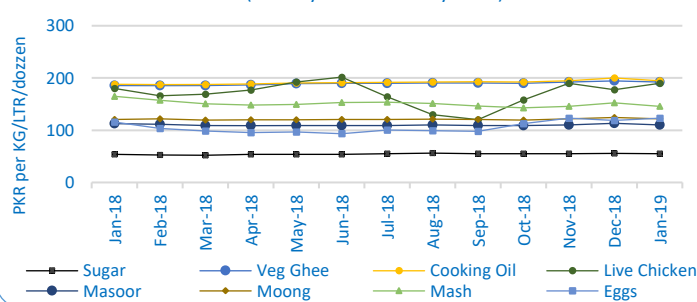
Compared to six months ago (July 2018), the prices in January 2019 increased for wheat and wheat flour by 4.5% and 2.2%, respectively. Whereas, the prices of rice *Irri-6* and *Basmati* increased by 6.5% and 3.6%, respectively, for the same period.

On a one-year comparison, in January 2019 the prices of wheat and wheat flour both slightly increased by 1.8% and 1.3%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 12.7% and 3.1%, respectively, for the same period.

### Retail prices of non-cereal food commodities

In January 2019, only slight fluctuations observed 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 (January 2018 - January 2019)



In January 2019, a slight increase was observed in the price of live chicken (7.1%) and eggs (3.5%). Whereas, slight decreases were noted in the prices of pulse *Dal Mash* (4.5%), lentil *Dal Masoor* (2.9%), pulse *Dal Moong* (2.2%), cooking oil (2.7%), sugar (1.6%), and vegetable ghee (1.2%) compared to their prices from a month ago.

Compared to three months ago (October 2018), a significant increase was noted in the price of live chicken (20.1%). Whereas slight increases were noted in the prices of eggs (9.4%), pulse *Dal Mash* (1.9%), pulse *Dal Moong* (1.9%), lentil *Masoor* (0.93%), cooking oil (1.1%), and vegetable ghee (1%). Whereas, the price of sugar decreased negligibly by 0.05%.

<sup>1</sup>The USDA website that provides global wheat production information through WASDE publication was not updated for January 2019 during a lapse in federal funding.

<sup>2</sup>Pakistan Bureau of Statistics, Government of Pakistan.

<sup>3</sup>Lahore, Multan, Karachi, Peshawar and Quetta.

Compared to six months ago (July 2018), significant increases were noted in the prices of eggs (22.7%) and live chicken (15.9%), while slight increases were noted in the prices of cooking oil (1.5%), vegetable ghee (1.1%), pulse *Dal Masoor* (0.9%), and pulse *Dal Moong* (0.6%). On the other hand, there was a slight drop in the prices of pulse *Dal Mash* (5.2%) and sugar (0.6%).

Compared to a year ago (January 2018), the price significantly decreased for pulse *Dal Mash* (11.7%), while a slight decrease was noted in price of lentil *Masoor* (2.5%). Whereas, slight increases were noted in the prices of eggs (6.7%), live chicken (5.5%), cooking oil (3.5%), vegetable ghee (3.5%), and sugar (1.8%). A negligible increase was noted in the price of pulse *Dal Moong* (0.8%).

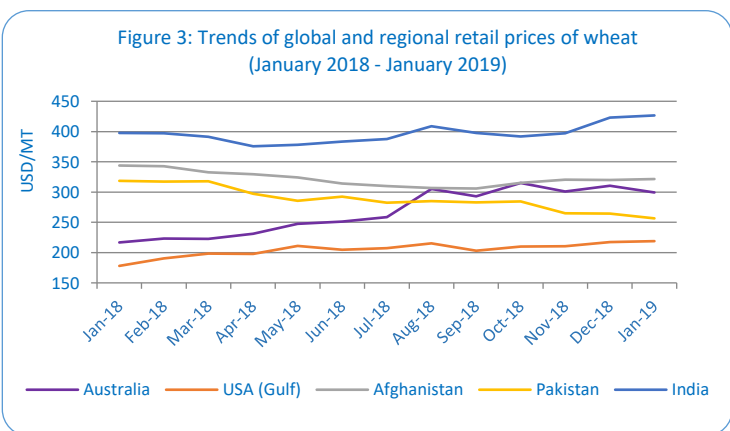
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in January 2019, except for Lahore and Quetta, where the prices of pulse *Dal Mash* and lentil *Masoor* were significantly higher than the other big cities mainly because both Lahore and Quetta are located farther from producing districts. Some price variations among markets were also noted for Peshawar markets where Peshawar was observed to have the lowest prices of lentil *Dal Masoor* and pulse *Dal Moong* among the major cities.

### Global wheat production

In February 2018, the total global wheat production projection for 2018/19 increased to 734.75<sup>4</sup> million MT from 733.41 million MT in December 2018.

The 1.34 million MT projected increase in production for 2018/19 is primarily related to increased production forecasts for Russia, Brazil, and Paraguay. Total global wheat consumption for 2018/19 is projected higher this month by 2 million MT. Total projected global ending stocks have decreased by 0.6 million MT this month<sup>5</sup>.

Compared to December 2018, wheat price in January 2019 decreased in Pakistan (3%)<sup>6</sup> and Australia (3.6%). Whereas, negligible increases in prices of wheat were noted for India (0.8%)<sup>7</sup>, USA (0.7%)<sup>8</sup>, and Afghanistan (0.4%)<sup>9</sup> compared to previous month. In January 2019, the retail price of wheat in Pakistan was 17% higher than in USA, while it was 40% lower than in India, 20% lower than in Afghanistan and 14% lower than in Australia, (Figure 3).



<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>5</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>6</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>7</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>8</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>9</sup> WFP, Afghanistan.

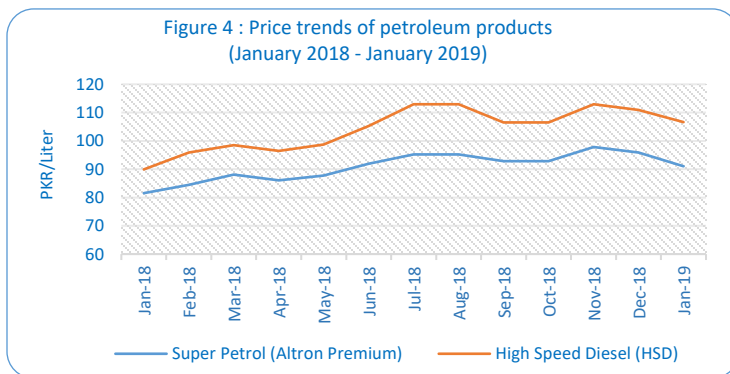
<sup>10</sup> Pakistan State Oil (PSO). <http://www.psopk.com>.

<sup>11</sup> 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 January 2019, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 90.97 and PKR 106.68<sup>10</sup> per liter, respectively, indicating slight decreases of 5.1% and 3.8%, respectively, when compared to their prices in December 2018 (Figure 4).

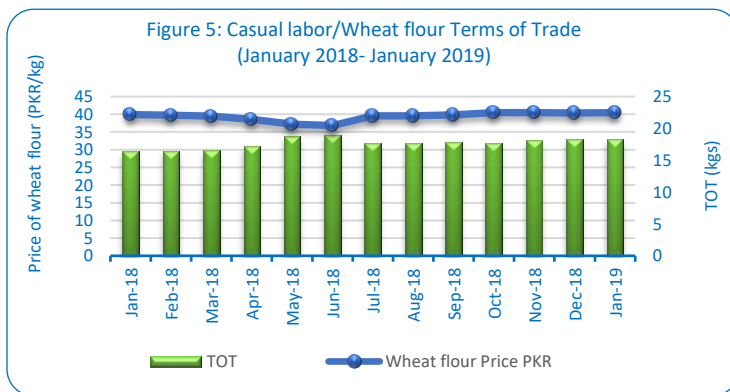
On a three-month comparison (October 2018), the price of Super Petrol



decreased in January 2019 by 2%, while the price of HSD increased by 0.1%. On a six-month comparison (July 2018), the prices slightly decreased for Super Petrol and HSD by 4.5% and 5.5%, respectively. Similarly, compared to prices a year ago (January 2018), a significant increase of 11.6% for Super Petrol and 18.7% for HSD was recorded.

### Terms-of-Trade (ToT)<sup>11</sup>

In January 2019, the average ToT negligibly decreased by 0.1% from previous month and was recorded at 18.22 kg of wheat flour, mainly due to a negligible increase in the price of wheat flour, (Figure 5).



Compared to three months ago (October 2018), the ToT slightly increased in January 2019 by 3.35%. A slight increase of 3.4% was observed from six months ago (July 2018). Whereas, an increase of 11.4% was noted compared to a year ago (January 2018).

City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>12</sup>, 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 15.3 kg<sup>13</sup> mainly due to a low 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.

<sup>12</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

<sup>13</sup> Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – January 2019											
Major Commodities	Markets	Current Prices January 2019/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.75	0.25	0.00%	0.00%	6.11%	-0.01%	▶	▶	▲	▶
	Multan	33.25	0.24	0.76%	1.53%	3.50%	0.76%	▶	▶	▶	▶
	Karachi	38.80	0.28	0.78%	2.44%	5.22%	3.40%	▶	▶	▲	▶
	Peshawar	36.60	0.26	1.67%	2.38%	4.57%	1.67%	▲	▶	▶	▶
	Quetta	36.00	0.26	1.41%	2.86%	2.86%	2.86%	▲	▶	▶	▶
WHEAT FLOUR	Lahore	39.25	0.28	0.00%	0.00%	0.64%	-0.63%	▶	▶	▶	▶
	Multan	37.80	0.27	0.80%	-0.85%	2.16%	2.16%	▶	▶	▶	▶
	Karachi	45.09	0.32	0.80%	2.18%	4.69%	1.83%	▶	▶	▶	▶
	Peshawar	39.12	0.28	-0.97%	-1.59%	0.51%	0.84%	▶	▶	▶	▶
	Quetta	41.00	0.29	0.00%	0.00%	2.50%	2.50%	▶	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.41	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	50.00	0.36	0.00%	1.26%	0.00%	25.00%	▶	▶	▶	▲
	Karachi	56.81	0.41	1.37%	5.50%	6.65%	9.82%	▲	▲	▲	▶
	Peshawar	56.67	0.41	0.00%	-5.55%	12.60%	19.31%	▶	▼	▲	▲
	Quetta	57.00	0.41	14.00%	14.00%	14.00%	14.00%	▲	▲	▲	▲
RICE BASMATI BROKEN	Lahore	74.82	0.54	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	87.50	0.63	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	85.54	0.61	0.19%	2.66%	6.16%	9.08%	▶	▶	▲	▶
	Peshawar	84.17	0.60	2.02%	2.07%	2.23%	3.28%	▲	▶	▶	▶
	Quetta	93.00	0.66	9.41%	6.29%	9.41%	3.33%	▲	▲	▲	▶
SUGAR	Lahore	55.84	0.40	-0.53%	-1.41%	2.20%	1.73%	▶	▶	▶	▶
	Multan	53.20	0.38	-1.94%	1.33%	-1.48%	3.30%	▼	▶	▶	▶
	Karachi	55.06	0.39	-0.47%	0.84%	-0.95%	-0.02%	▶	▶	▶	▶
	Peshawar	54.93	0.39	-3.34%	0.48%	-1.98%	2.75%	▼	▶	▶	▶
	Quetta	55.00	0.39	-1.79%	-1.35%	-0.90%	1.38%	▼	▶	▶	▶
VEG. GHEE (TIN)	Lahore	194.40	1.39	-0.82%	3.40%	3.40%	1.25%	▶	▶	▶	▶
	Multan	193.60	1.38	-1.73%	0.83%	1.89%	2.98%	▼	▶	▶	▶
	Karachi	193.60	1.38	-1.22%	0.73%	-0.41%	3.03%	▼	▶	▶	▶
	Peshawar	192.00	1.37	0.00%	0.00%	0.52%	4.35%	▶	▶	▶	▶
	Quetta	186.40	1.33	-2.41%	0.22%	0.22%	5.91%	▼	▶	▶	▶
COOKING OIL (TIN)	Lahore	196.80	1.41	-0.61%	2.50%	2.50%	1.44%	▶	▶	▶	▶
	Multan	199.20	1.42	-3.30%	1.63%	3.75%	4.84%	▼	▶	▶	▶
	Karachi	194.40	1.39	-4.71%	0.10%	-1.02%	2.37%	▼	▶	▶	▶
	Peshawar	194.00	1.39	0.00%	0.00%	1.04%	3.19%	▶	▶	▶	▶
	Quetta	188.40	1.35	-4.85%	1.29%	1.29%	5.84%	▼	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	172.20	1.23	7.96%	24.33%	16.55%	6.13%	▲	▲	▲	▶
	Multan	185.00	1.32	12.54%	19.35%	28.70%	3.62%	▲	▲	▲	▶
	Karachi	205.23	1.47	14.30%	14.26%	30.92%	3.40%	▲	▲	▲	▶
	Peshawar	186.40	1.33	9.97%	21.83%	19.11%	5.16%	▲	▲	▲	▶
	Quetta	201.00	1.44	-5.96%	21.82%	-6.51%	9.39%	▼	▲	▼	▶
Lentil <i>Masoor</i> , Washed	Lahore	133.93	0.96	0.00%	0.00%	0.00%	5.93%	▶	▶	▶	▶
	Multan	103.33	0.74	-6.06%	2.48%	2.48%	0.00%	▼	▶	▶	▶
	Karachi	103.73	0.74	-3.55%	3.93%	3.04%	-3.51%	▶	▶	▶	▶
	Peshawar	88.66	0.63	-5.00%	-1.49%	5.13%	-1.49%	▼	▶	▲	▶
	Quetta	120.00	0.86	-1.03%	0.00%	-4.00%	-11.93%	▼	▶	▶	▼
Pulse <i>Dal Moong</i> , Washed	Lahore	123.93	0.89	0.00%	0.00%	0.00%	7.60%	▶	▶	▶	▶
	Multan	111	0.79	-5.96%	9.14%	10.50%	10.50%	▼	▲	▲	▲
	Karachi	122.62	0.88	-2.95%	2.51%	2.68%	2.84%	▼	▶	▶	▶
	Peshawar	104	0.74	-2.50%	-0.55%	-1.74%	-5.45%	▼	▶	▶	▶
	Quetta	147.00	1.05	-0.34%	-0.34%	-5.16%	-7.40%	▶	▶	▼	▶
Pulse <i>Dal Mash</i> , Washed	Lahore	157.14	1.12	0.00%	0.00%	-14.89%	-15.71%	▶	▶	▼	▼
	Multan	132	0.94	-10.51%	10.00%	6.31%	-12.48%	▼	▲	▲	▼
	Karachi	128.15	0.92	-10.32%	6.62%	4.45%	0.97%	▼	▲	▶	▶
	Peshawar	129	0.92	-4.44%	6.75%	5.89%	-7.25%	▼	▲	▲	▶
	Quetta	182.00	1.30	1.11%	-7.26%	-15.35%	-17.74%	▲	▼	▼	▼

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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