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Food Commodities Photo WFP / Aman ur Rehman Khan

Market Monitor Report

WFP VAM | Food Security Analysis

Pakistan | June 2019

HIGHLIGHTS

- In May 2019, the average retail prices of wheat and wheat flour increased by 0.8% and 1.2%, respectively; the prices of rice *Irri-6* and rice *Basmati* increased by 0.9% and 1.2%, respectively, in May 2019 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in May 2019 by 0.78% over April 2019 and increased by 9.11% over May 2018;
- The prices of staple cereals and most of non-cereal food commodities in May 2019 experienced slight fluctuations when compared to the previous month's prices;
- In May 2019, the average ToT slightly decreased by 0.1% from previous month;
- In June 2019, the total global wheat production for 2019/20 is projected at 780.83 million MT, indicating an increase of 3.3 million MT compared to the projection made in May 2019.



World Food
Programme

Headline inflation

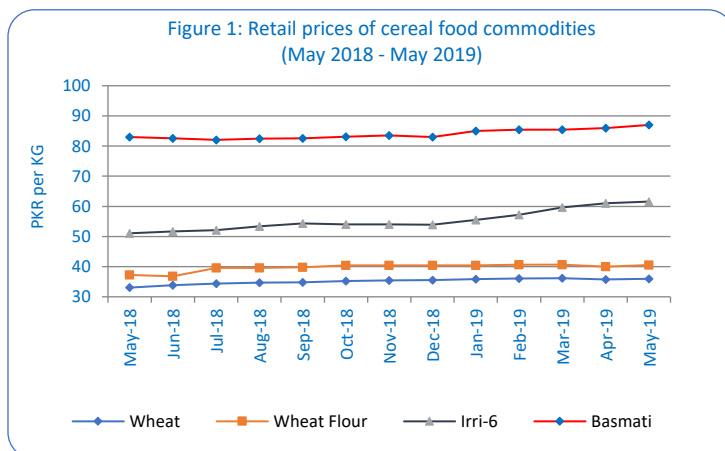
Headline inflation based on the Consumer Price Index (CPI) increased in May 2019 by 0.78% over April 2019 and increased by 9.11% over May 2018. The CPI for food increased by 1.1% in May 2019 as compared to an increase of 1.7% a month earlier and increased by 8.7% over May 2018; while for non-food it increased by 0.6% in May 2019 as compared to an increase of 1% a month earlier and increased by 9.4% over May 2018. The weighted contribution of food group in the overall CPI has increased from 251.63 indices in April 2019 to 254.52 in May 2019, registering an increase of 1.15%; while it increased in May 2019 by 8.58% over May 2018¹.

Retail prices of staple cereals

In May 2019, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 36 and PKR 40.52 per kg, respectively, indicating slight increases of 0.8% and 1.2% for wheat and wheat flour, respectively, from April 2019. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 61.58 and PKR 86.98, respectively, indicating increases of 0.9% and 1.2% in the price of *Irri-6* and rice *Basmati* from the previous month (Figure 1).

Compared to three months ago (February 2019), the price of wheat and wheat flour decreased by 0.3% and 0.2%, respectively. The price of rice *Irri-6* increased by 7.6% while price of rice *Basmati* increased by 1.8% in May 2019, when compared to their prices in February 2019.

Compared to six months ago (November 2018), the prices in May 2019 for wheat and wheat flour increased by 1.7% and 0.3%, respectively. Whereas, the prices of rice *Irri-6* and *Basmati* increased by 14.1% and 4.2%, respectively, for the same period.

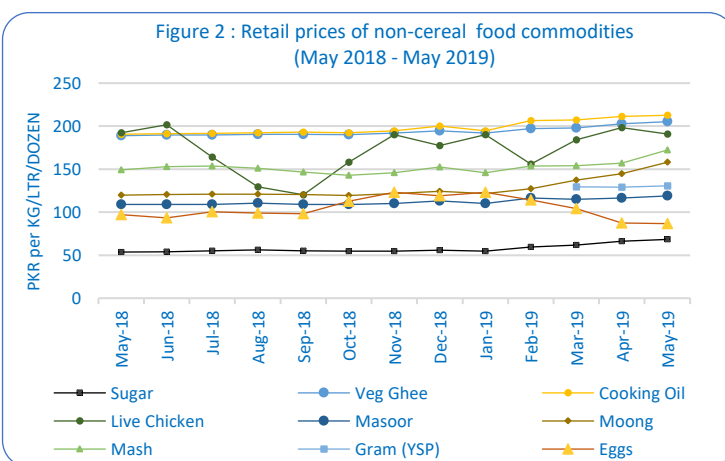


On one-year comparison, in May 2019 the prices of wheat and wheat flour both increased by 8.9%. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 20.6% and 4.8%, respectively, for the same period.

Retail prices of non-cereal food commodities

In May 2019, slight fluctuations were observed in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).

In May 2019, slight decreases were observed in the prices of live chicken (3.7%) and eggs (1%) compared to previous month. Whereas, slight increases were noted in the prices of pulse *Mash* (9.9%), pulse *Moong* (9.3%), sugar (3.2%), pulse *Masoor* (2.2%), vegetable ghee (1.2%), pulse Gram³ (1.2%), and cooking oil (0.6%) compared to their prices from a month ago.



¹ Pakistan Bureau of Statistics, Government of Pakistan.

² Lahore, Multan, Karachi, Peshawar and Quetta.

³ From May 2019 Bulletin, Pulse Gram (Yellow Split Peas) has been added to the price watch list.

Compared to three months ago (February 2019), significant increases were noted in the prices of pulse *Moong* (24.1%), live chicken (22.6%), sugar (14.7%), and pulse *Mash* (12.1%). Whereas, slight increases were noted in the prices of vegetable ghee (4.1%), cooking oil (2.9%), and pulse *Masoor* (2.01%). Meanwhile, a significant decrease was noted in the price of eggs (24%) compared to three months ago.

Compared to six months ago (November 2018), significant increases were noted in the prices of pulse *Moong* (29.9%), sugar (24.7%), and pulse *Mash* (18.3%). While slight increases were noted in the prices of cooking oil (9.3%), pulse *Masoor* (8.1%), and vegetable ghee (6.9%). Whereas, a significant decrease was noted in the price of eggs (29.6%) in May compared to six months ago.

Compared to a year ago (May 2018) significant increases were noted in prices of pulse *Moong* (31.7%), sugar (27.4%), pulse *Mash* (15.5%), and cooking oil (11.6%). While, slight increases were noted in the prices of pulse *Masoor* (9%) and vegetable ghee (8.6%). Whereas, a significant decrease was noted in the price eggs (10.6%) while a negligible decrease was observed in the price of live chicken (0.7%) in May compared to a year ago.

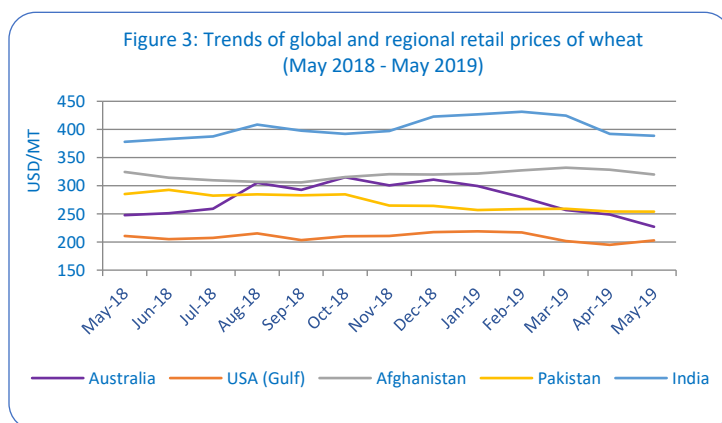
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in May 2019, except for Lahore and Quetta, where the prices of pulse *Mash* and pulse *Masoor* were significantly higher than the other big cities mainly because both Lahore and Quetta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

Global wheat production

In June 2019, the total global wheat production projection for 2019/20 increased to 780.83⁴ million MT from 777.49 million MT in May 2019, due to a projected production increase of 3.3 million MT for 2019/20.

Total global wheat consumption for 2019/20 is projected higher this month by 3.6 million MT. Total projected global ending stocks have increased by 1.3 million MT this month⁵.

Compared to April 2019, wheat price in May 2019 decreased in Australia (8.7%)⁶, Afghanistan (2.7%)⁷, and India (0.9%)⁸. While it increased in USA (4%)⁹ and Pakistan (0.01%)¹⁰ compared to previous month. In May 2019, the retail price of wheat in Pakistan was 25% higher than in USA and 12% higher than in Australia, while it was 35% lower than in India and 21% lower than in Afghanistan, (Figure 3).



Prices of petroleum products

In May 2019, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 108.42 and PKR 122.32¹¹ per liter, respectively, indicating slight increases in the prices of Super Petrol and HSD by 9.6% and 4.2%, respectively, when compared to their prices in April 2019, (Figure 4).

⁴ World Agriculture Supply and Demand Estimates, USDA.

⁵ World Agriculture Supply and Demand Estimates, USDA.

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

⁷ WFP, Afghanistan.

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

⁹ FAO Global Information and Early Warning System (GIEWS).

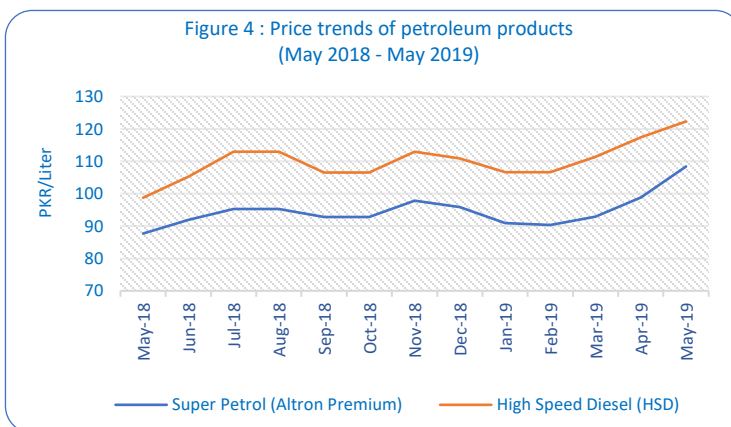
¹⁰ Pakistan Bureau of Statistics, Government of Pakistan.

¹¹ Pakistan State Oil (PSO). <http://www.psopk.com>.

On a three-month comparison (February 2019), the price of Super Petrol and HSD increased by 20% and 14.7%, respectively.

On a six-month comparison (November 2018), the prices increased for Super Petrol and HSD by 10.8% and 8.3%, respectively.

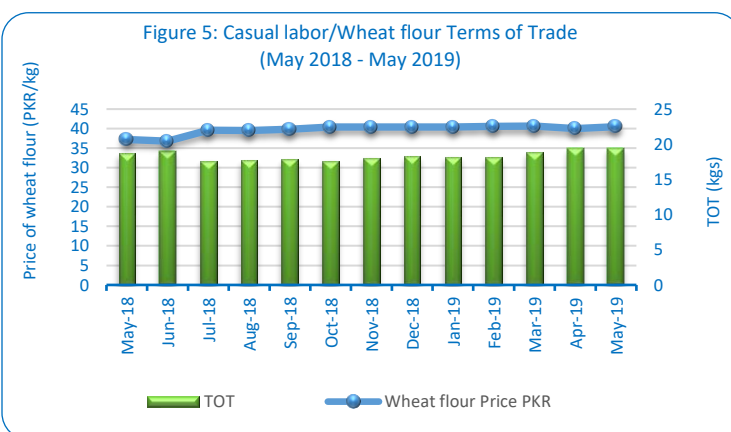
Compared to prices a year ago (May 2018), significant increases were noted in prices of both Super Petrol and HSD by 23.6% and 23.9%, respectively.



Terms-of-Trade (ToT)¹²

In May 2019, the average ToT slightly decreased by 0.1% from previous month and was recorded at 19.39 kg of wheat flour, mainly due to a slight increase in the price of wheat flour, (Figure 5).

Compared to three months ago (February 2019), the ToT slightly increased in May 2019 by 6.8%. A slight increase of 7.2% was also observed from six months ago (November 2018). Whereas, an increase of 3.6% was noted compared to a year ago (May 2018).



City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹³, or both. The highest ToT was observed in Karachi at 22.3 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 14.8 kg¹⁴ mainly due to a low wage rate and high price of wheat flour.

¹² 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. 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.

¹³ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

¹⁴ Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – May 2019											
Major Commodities	Markets	Current Prices - May 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%	0.00%	6.11%	▶	▶	▶	▶
	Multan	32.35	0.23	-0.51%	-4.15%	-1.82%	9.66%	▶	▶	▶	▶
	Karachi	38.30	0.27	0.13%	-1.79%	0.00%	6.39%	▶	▶	▶	▶
	Peshawar	38.60	0.27	4.32%	4.32%	7.22%	20.63%	▲	▶	▲	▲
	Quetta	36.00	0.25	0.00%	0.00%	2.86%	2.86%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	39.85	0.28	1.53%	1.53%	1.53%	9.55%	▲	▶	▶	▶
	Multan	37.40	0.26	0.29%	-1.58%	-0.27%	17.80%	▶	▶	▶	▲
	Karachi	43.92	0.31	3.15%	-2.65%	-1.09%	5.61%	▲	▶	▶	▶
	Peshawar	40.65	0.29	4.01%	4.01%	1.84%	11.96%	▲	▶	▶	▲
	Quetta	40.80	0.29	-2.86%	-1.69%	-0.49%	2.00%	▼	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.40	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	50.00	0.35	0.00%	0.00%	3.09%	5.26%	▶	▶	▶	▶
	Karachi	60.40	0.43	0.47%	5.08%	9.70%	13.38%	▶	▲	▲	▲
	Peshawar	58.50	0.41	0.65%	3.23%	-1.40%	23.16%	▶	▶	▶	▲
	Quetta	82.00	0.58	2.50%	26.15%	64.00%	64.00%	▲	▲	▲	▲
RICE BASMATI BROKEN	Lahore	74.82	0.53	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	88.16	0.62	0.75%	0.75%	0.75%	0.75%	▶	▶	▶	▶
	Karachi	85.77	0.61	0.00%	0.22%	1.32%	6.64%	▶	▶	▶	▶
	Peshawar	84.17	0.59	-0.25%	0.00%	2.02%	2.23%	▶	▶	▶	▶
	Quetta	102.00	0.72	4.62%	7.37%	15.91%	13.33%	▲	▲	▲	▲
SUGAR	Lahore	68.29	0.48	4.37%	13.27%	22.30%	24.98%	▲	▲	▲	▲
	Multan	65.63	0.46	1.75%	13.16%	23.36%	27.44%	▲	▲	▲	▲
	Karachi	68.57	0.48	5.12%	14.65%	24.54%	25.86%	▲	▲	▲	▲
	Peshawar	69.20	0.49	3.79%	15.33%	25.98%	31.81%	▲	▲	▲	▲
	Quetta	70.00	0.49	1.08%	17.15%	27.27%	27.27%	▲	▲	▲	▲
VEG. GHEE (TIN)	Lahore	208.00	1.47	1.22%	5.05%	7.00%	10.64%	▲	▲	▲	▲
	Multan	206.00	1.45	0.00%	4.04%	6.40%	8.42%	▶	▶	▶	▶
	Karachi	206.00	1.45	2.49%	5.10%	6.40%	6.68%	▲	▲	▲	▶
	Peshawar	198.00	1.40	0.00%	0.00%	3.13%	4.21%	▶	▶	▶	▶
	Quetta	208.00	1.47	2.46%	6.12%	11.59%	13.35%	▲	▲	▲	▲
COOKING OIL (TIN)	Lahore	212.00	1.50	0.47%	1.92%	7.72%	10.42%	▶	▶	▶	▶
	Multan	218.00	1.54	0.00%	4.81%	9.44%	13.54%	▶	▶	▶	▶
	Karachi	218.00	1.54	3.32%	6.86%	12.14%	11.74%	▲	▲	▲	▲
	Peshawar	205.20	1.45	0.00%	0.00%	5.77%	8.00%	▶	▶	▶	▶
	Quetta	210.00	1.48	-0.94%	0.96%	11.46%	14.13%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	169.80	1.20	-4.47%	16.70%	-1.39%	-6.32%	▼	▶	▶	▶
	Multan	184.17	1.30	-0.22%	23.81%	-0.45%	-1.78%	▶	▲	▶	▶
	Karachi	202.55	1.43	-8.80%	26.12%	-1.31%	0.32%	▼	▲	▶	▶
	Peshawar	179.20	1.26	-4.81%	15.43%	-3.86%	-5.56%	▼	▲	▶	▶
	Quetta	219.00	1.55	0.11%	29.78%	8.96%	8.82%	▶	▶	▶	▶
Lentil Masoor, Washed	Lahore	133.93	0.95	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	110	0.78	1.54%	0.00%	6.46%	9.09%	▲	▶	▲	▶
	Karachi	109.19	0.77	1.93%	-1.85%	5.26%	6.92%	▲	▶	▲	▶
	Peshawar	93.27	0.66	-0.06%	0.83%	5.20%	11.47%	▶	▶	▶	▶
	Quetta	148.00	1.04	6.67%	9.63%	23.33%	18.40%	▲	▲	▲	▲
Pulse Dal Moong, Washed	Lahore	149.86	1.06	8.70%	20.92%	20.92%	20.92%	▲	▲	▲	▲
	Multan	156	1.10	12.77%	31.37%	41.18%	56.00%	▲	▲	▲	▲
	Karachi	157.15	1.11	3.14%	17.33%	28.16%	33.31%	▲	▲	▲	▲
	Peshawar	147	1.04	9.44%	31.00%	41.18%	44.42%	▲	▲	▲	▲
	Quetta	180.00	1.27	12.50%	22.03%	22.45%	15.20%	▲	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	164.57	1.16	4.73%	4.73%	4.73%	-14.03%	▲	▶	▶	▼
	Multan	155.83	1.10	10.00%	3.89%	18.05%	25.50%	▲	▶	▶	▶
	Karachi	148.62	1.05	2.03%	-0.79%	15.97%	22.67%	▲	▶	▶	▶
	Peshawar	174.33	1.23	27.16%	32.40%	35.14%	46.09%	▲	▲	▲	▲
	Quetta	218.00	1.54	7.65%	21.11%	19.78%	14.74%	▲	▲	▲	▲
Pulse Gram (YSP)	Lahore	120.71	0.85	0.00%				▶			
	Multan	118.00	0.83	2.98%				▲			
	Karachi	130.00	0.92	0.52%				▶			
	Peshawar	128.33	0.91	0.00%				▶			
	Quetta	156.00	1.10	2.30%				▲			

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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