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Food Commodities Photo WFP/Aman ur Rehman khan

Market Monitor Report

WFP VAM | Food Security Analysis

Pakistan | August 2019

HIGHLIGHTS

- In July 2019, the average retail prices of wheat and wheat flour increased by 1.4% and 2.6%, respectively; the prices of rice *Irri-6* and rice *Basmati* increased by 2.5% and 4.9%, respectively, in July 2019 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in July 2019 by 2.29% over June 2019 and increased by 10.34% over July 2018;
- The prices of staple cereals experienced slight fluctuations while most of non-cereal food commodities in July 2019 experienced negligible to slight fluctuations when compared to the previous month's prices;
- In July 2019, the average ToT slightly decreased by 2.5% from previous month;
- In August 2019, the total global wheat production for 2019/20 is projected at 768.07 million MT, indicating a decrease of 3.39 million MT compared to the projection made in July 2019.

Headline inflation

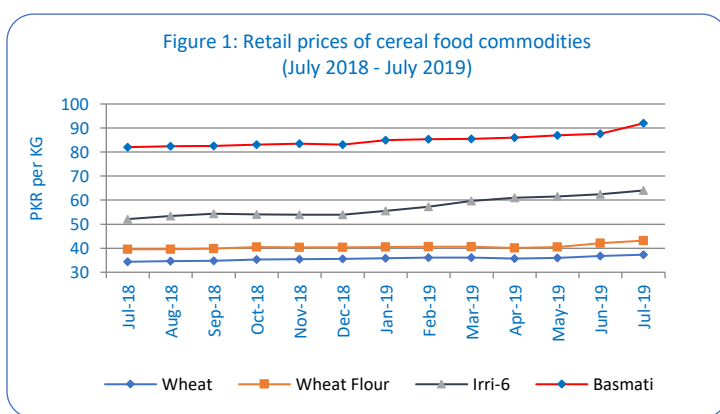
Headline inflation based on the Consumer Price Index (CPI) increased in July 2019 by 2.29% over June 2019 and increased by 10.34% over July 2018. The CPI for food increased by 1.5% in July 2019 as compared to an increase of 0.4% a month earlier and increased by 9.2% over July 2018; while for non-food it increased by 2.8% in July 2019 as compared to an increase of 0.4% a month earlier and increased by 11.1% over July 2018. The weighted contribution of food group in the overall CPI has increased from 254.35 indices in June 2019 to 256.84 in July 2019, registering an increase of 0.98%; while it increased in July 2019 by 7.88% over July 2018¹.

Retail prices of staple cereals

In July 2019, the average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 37.31 and PKR 43.17 per kg, respectively, indicating slight increases of 1.4% and 2.6% for wheat and wheat flour, respectively, from June 2019. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 64.01 and PKR 91.96, respectively, indicating increases of 2.5% and 4.9% in the price of *Irri-6* and rice *Basmati* from the previous month (Figure 1).

Compared to three months ago (April 2019), the price of wheat and wheat flour increased by 4.5% and 7.8%, respectively. The price of rice *Irri-6* increased by 4.9% while price of rice *Basmati* increased by 6.9% in July 2019 when compared to their prices from three months ago.

Compared to six months ago (January 2019), the prices in July 2019 for wheat and wheat flour increased by 4% and 6.7%, respectively. Whereas, the prices of rice *Irri-6* and *Basmati* increased by 15.3% and 8.2%, respectively, for the same period.

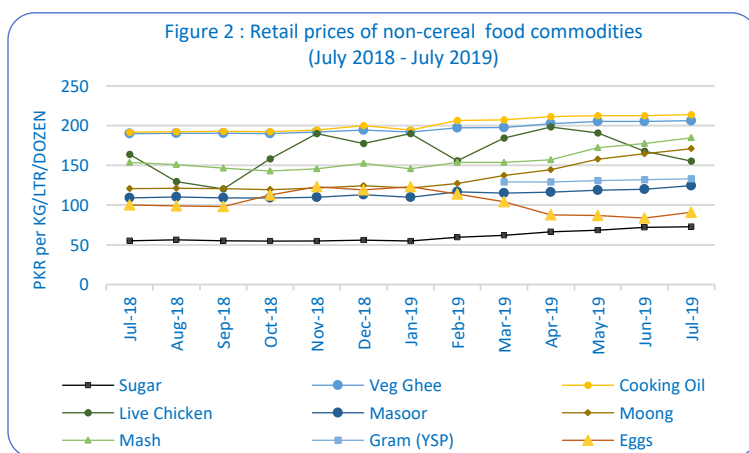


On one-year comparison, in July 2019 wheat and wheat flour increased by 8.6% and 9%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 22.8% and 12.1%, respectively, for the same period.

Retail prices of non-cereal food commodities

In July 2019, negligible to 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 July 2019, a slight decrease was observed in the price of live chicken (7.3%) compared to previous month. Whereas, slight increases were noted in the prices of eggs (8.7%), pulse *Mash* (3.9%), pulse *Moong* (3.8%), pulse *Masoor* (3.8%), and sugar (1.3%). Moreover, negligible increases were observed in the prices of pulse *Gram*³ (0.7%), cooking oil (0.6%), vegetable ghee (0.5%) compared to their prices from a month ago.



Compared to three months ago (April 2019), significant increases were noted in

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.

the prices of pulse *Moong* (18.3%) and pulse *Mash* (17.7%). While slight increases were noted in the prices of sugar (9.8%), pulse *Masoor* (7.1%), eggs (3.8%), pulse Gram (3.1%), vegetable ghee (1.8%), and cooking oil (1.2%). Meanwhile, a significant decrease was noted in the price of live chicken (21.6%) compared to three months ago.

Compared to six months ago (January 2019), significant increases were noted in the prices of pulse *Moong* (40.6%), sugar (32.6%), pulse *Mash* (26.8%), and pulse *Masoor* (13.3%). While slight increases were noted in the prices of cooking oil (9.9%) and vegetable ghee (7.4%). Whereas, significant decreases were noted in the prices of eggs (26.1%) and live chicken (18.1%) in July compared to six months ago.

Compared to a year ago (July 2018) significant increases were noted in prices of pulse *Moong* (41.5%), sugar (31.8%), pulse *Mash* (20.2%), pulse *Masoor* (14.3%), and cooking oil (11.6%). While a slight increase was noted in the price of vegetable ghee (8.6%). Whereas, slight decreases were noted in the prices of eggs (9.3%) and live chicken (5.2%) in July compared to a year ago.

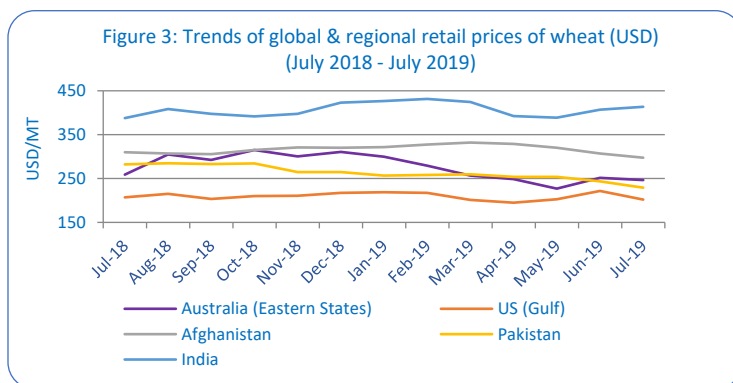
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in July 2019, except for markets in Lahore and Quetta, where the price of pulse *Masoor* was significantly higher than the other big cities mainly because both Lahore and Quetta cities are located farther from producing districts. Furthermore, Quetta was also found to have the highest prices for pulse *Mash*, pulse *Moong*, pulse Gram, eggs, sugar, rice *Irri-6*, and rice *Basmati* compared to other major cities. Some price variations among markets were also noted for Peshawar, where markets in Peshawar were observed to have the lowest prices for pulse *Masoor*, pulse *Moong*, cooking oil, and vegetable ghee among the major cities.

Global wheat production

In August 2019, the total global wheat production projection for 2019/20 decreased to 768.07⁴ million MT from 771.46 million MT in July 2019, resulting in a projected production decrease of 3.39 million MT for 2019/20.

Total global wheat consumption for 2019/20 is projected lower this month by 2 million MT. Total projected global ending stocks decreased by 1.1 million MT this month⁵.

Compared to June 2019, wheat price in July 2019 decreased in USA (8.9%)⁶, Pakistan (6%)⁷, Afghanistan (3%)⁸, and Australia (2.1%)⁹, while it increased in India (1.5%)¹⁰. In July 2019, the retail price of wheat in Pakistan was 14% higher than in USA, while it was 45% lower than in India, 23% lower than in Afghanistan, and 7% lower than in Australia, (Figure 3).



Prices of petroleum products

In July 2019, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 112.68 and PKR 126.82¹¹ per liter, respectively, indicating no change in the prices of Super Petrol and HSD compared to their prices in June 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 Pakistan Bureau of Statistics, Government of Pakistan.

⁸ WFP, Afghanistan.

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

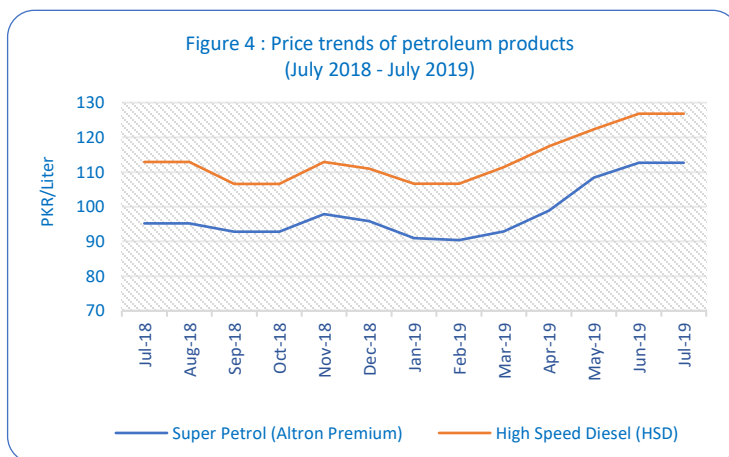
¹⁰ FAO Global Information and Early Warning System (GIEWS).

¹¹ Pakistan State Oil (PSO).

On a three-month comparison (April 2019), the price of Super Petrol and HSD increased by 13.9% and 8%, respectively.

On a six-month comparison (January 2019), the prices significantly increased for Super Petrol and HSD by 23.9% and 18.9%, respectively.

Compared to prices a year ago (July 2018), significant increases were noted in prices of both Super Petrol and HSD by 18.3% and 12.3%, respectively.

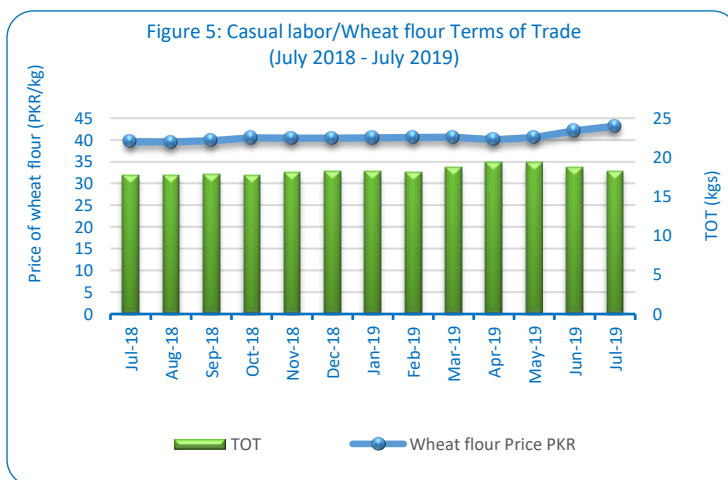


Terms-of-Trade (ToT)¹²

In July 2019, the average ToT slightly decreased by 2.5% from previous month and was recorded at 18.24 kg of wheat flour, mainly due to a slight increase in the price of wheat flour, (Figure 5).

Compared to three months ago (April 2019), the ToT slightly decreased in July 2019 by 6%. A negligible increase of 0.1% was observed from six months ago (January 2019). Whereas, a slight increase of 3.5% was noted when compared to a year ago (July 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 Quetta at 20.9 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13.7 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 – July 2019											
Major Commodities	Markets	Current Prices – July 2019/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	35.50	0.22	2.16%	2.16%	2.16%	8.40%	▲	▶	▶	▶
	Multan	35.13	0.22	1.63%	8.02%	5.64%	9.34%	▲	▲	▲	▶
	Karachi	39.25	0.24	1.29%	2.61%	1.16%	6.44%	▲	▶	▶	▶
	Peshawar	40.67	0.25	1.99%	9.91%	11.11%	16.19%	▲	▲	▲	▲
	Quetta	36.00	0.22	0.00%	0.00%	0.00%	2.86%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	41.00	0.25	1.86%	4.46%	4.46%	5.13%	▲	▶	▶	▶
	Multan	40.67	0.25	2.31%	9.05%	7.58%	9.91%	▲	▲	▲	▶
	Karachi	47.51	0.29	3.85%	11.57%	5.37%	10.30%	▲	▲	▲	▲
	Peshawar	43.69	0.27	3.25%	11.78%	11.69%	12.26%	▲	▲	▲	▲
	Quetta	43.00	0.26	1.47%	2.38%	4.88%	7.50%	▲	▶	▶	▶
RICE IRRI-6	Lahore	57.00	0.35	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	59.79	0.37	12.11%	19.58%	19.58%	19.58%	▲	▲	▲	▲
	Karachi	60.69	0.37	0.28%	0.95%	6.83%	13.93%	▶	▶	▲	▲
	Peshawar	59.07	0.36	0.54%	1.63%	4.24%	17.37%	▶	▶	▶	▲
	Quetta	83.50	0.51	1.21%	4.38%	46.49%	67.00%	▲	▶	▲	▲
RICE BASMATI BROKEN	Lahore	74.82	0.46	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	88.33	0.54	0.00%	0.95%	0.95%	0.95%	▶	▶	▶	▶
	Karachi	86.25	0.53	0.44%	0.56%	0.83%	7.04%	▶	▶	▶	▶
	Peshawar	84.17	0.52	0.00%	-0.25%	0.00%	2.23%	▶	▶	▶	▶
	Quetta	126.25	0.78	20.24%	29.49%	35.75%	48.53%	▲	▲	▲	▲
SUGAR	Lahore	73.46	0.45	2.35%	12.27%	31.55%	34.44%	▲	▲	▲	▲
	Multan	70.58	0.43	3.47%	9.43%	32.67%	30.70%	▲	▲	▲	▲
	Karachi	72.41	0.44	3.40%	11.01%	31.51%	30.26%	▲	▲	▲	▲
	Peshawar	72.54	0.45	0.14%	8.80%	32.06%	29.44%	▶	▲	▲	▲
	Quetta	74.50	0.46	-2.61%	7.58%	35.45%	34.23%	▼	▲	▲	▲
VEG. GHEE (TIN)	Lahore	208.00	1.28	0.00%	1.22%	7.00%	10.64%	▶	▶	▲	▲
	Multan	209.00	1.28	1.46%	1.46%	7.95%	10.00%	▲	▶	▲	▶
	Karachi	206.00	1.27	0.00%	2.49%	6.40%	5.97%	▶	▶	▲	▶
	Peshawar	200.50	1.23	1.26%	1.26%	4.43%	4.97%	▲	▶	▶	▶
	Quetta	208.00	1.28	0.00%	2.46%	11.59%	11.83%	▶	▶	▲	▲
COOKING OIL (TIN)	Lahore	212.00	1.30	0.00%	0.47%	7.72%	10.42%	▶	▶	▲	▲
	Multan	221.00	1.36	1.38%	1.38%	10.94%	15.10%	▲	▶	▲	▲
	Karachi	218.00	1.34	0.00%	3.32%	12.14%	11.00%	▶	▶	▲	▲
	Peshawar	208.40	1.28	1.56%	1.56%	7.42%	8.54%	▲	▶	▲	▶
	Quetta	210.00	1.29	0.00%	-0.94%	11.46%	12.90%	▶	▶	▲	▲
CHICKEN LIVE (FARM)	Lahore	136.56	0.84	-8.61%	-23.17%	-20.70%	-7.57%	▼	▼	▼	▶
	Multan	147.50	0.91	-7.93%	-20.09%	-20.27%	2.61%	▼	▼	▼	▶
	Karachi	171.20	1.05	-2.90%	-22.91%	-16.58%	9.21%	▼	▼	▼	▶
	Peshawar	153.50	0.94	-4.95%	-18.46%	-17.65%	-1.92%	▼	▼	▼	▶
	Quetta	168.75	1.04	-11.76%	-22.86%	-16.04%	-21.51%	▼	▼	▼	▼
Lentil Masoor, Washed	Lahore	133.93	0.82	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	116.67	0.72	2.19%	7.70%	12.91%	15.71%	▲	▲	▲	▲
	Karachi	117.02	0.72	5.19%	9.24%	12.81%	16.24%	▲	▲	▲	▲
	Peshawar	105	0.64	4.65%	12.50%	18.43%	24.51%	▲	▲	▲	▲
	Quetta	150.00	0.92	7.14%	8.11%	25.00%	20.00%	▲	▲	▲	▲
Pulse Dal Moong, Washed	Lahore	166.43	1.02	4.02%	20.72%	34.29%	34.29%	▲	▲	▲	▲
	Multan	168	1.03	2.02%	21.68%	52.33%	68.33%	▲	▲	▲	▲
	Karachi	169.67	1.04	2.35%	11.36%	38.37%	42.08%	▲	▲	▲	▲
	Peshawar	160	0.99	3.50%	19.56%	54.25%	51.57%	▲	▲	▲	▲
	Quetta	190.00	1.17	7.04%	18.75%	29.25%	22.58%	▲	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	174.64	1.07	3.66%	11.14%	11.14%	-5.42%	▲	▲	▲	▶
	Multan	171.67	1.05	4.04%	21.18%	30.05%	38.25%	▲	▲	▲	▲
	Karachi	166.92	1.03	2.27%	14.59%	30.25%	36.05%	▲	▲	▲	▲
	Peshawar	187.5	1.15	3.21%	36.77%	45.35%	53.90%	▲	▲	▲	▲
	Quetta	222.50	1.37	5.95%	9.88%	22.25%	3.49%	▲	▲	▲	▶
Pulse Gram (YSP)	Lahore	120.71	0.74	0.00%	0.00%			▶	▶		
	Multan	120.00	0.74	0.70%	4.73%			▶	▶		
	Karachi	131.15	0.81	0.51%	1.41%			▶	▶		
	Peshawar	133.33	0.82	2.56%	3.90%			▲	▶		
	Quetta	160.00	0.98	0.00%	4.92%			▶	▶		

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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