



Food Commodities Photo WFP/Aman ur Rehman khan

# Market Monitor Report

WFP VAM | Food Security Analysis

## Pakistan | October 2019

### HIGHLIGHTS

- In September 2019, the average retail prices of wheat and wheat flour slightly increased by 1.6% and 3.3% from August 2019; the price of rice *Irri-6* negligibly decreased by 0.1% while price of rice *Basmati* negligibly increased by 0.2% in September 2019 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in September 2019 by 0.75% over August 2019 and increased by 12.55% over September 2018;
- The prices of staple cereals and most of non-cereal food commodities experienced negligible to slight fluctuations in September 2019 when compared to the previous month's prices;
- In September 2019, the average ToT slightly decreased by 2.3% from previous month;
- In October 2019, the total global wheat production for 2019/20 is projected at 765.23 million MT, indicating a decrease of 0.3 million MT compared to the projection made in September 2019.

### Headline inflation

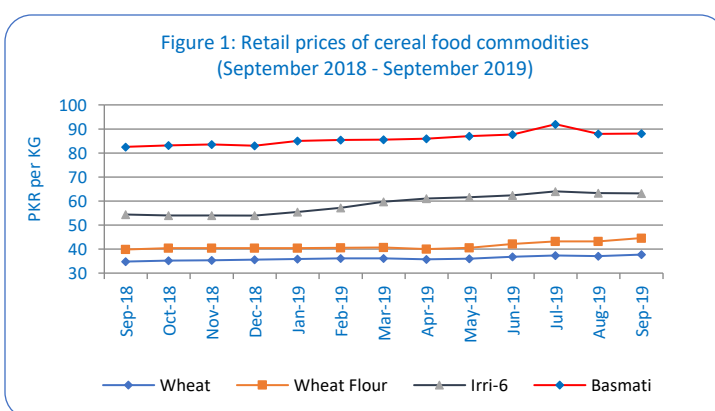
Headline inflation based on the Consumer Price Index (CPI) increased in September 2019 by 0.75% over August 2019 and increased by 12.55% over September 2018. The CPI for food increased by 1.5% in September 2019 as compared to an increase of 2.6% a month earlier and increased by 14.3% over September 2018; while for non-food it increased by 0.2% in September 2019 as compared to an increase of 0.6% a month earlier and increased by 11.4% over September 2018. The weighted contribution of food group in the overall CPI has increased from 264.07 indices in August 2019 to 268.4 in September 2019, registering an increase of 0.75%; while it increased in September 2019 by 12.55% over September 2018<sup>1</sup>.

### Retail prices of staple cereals

In September 2019, the average retail prices of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 37.71 and PKR 44.59 per kg, respectively, indicating a slight increase of 1.6% and 3.3% in the price of wheat and wheat flour, respectively, from August 2019. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 63.22 and PKR 88.13, respectively, indicating a negligible decrease of 0.1% in the price of *Irri-6* and a negligible increase of 0.2% in the price of *Basmati*, from the previous month (Figure 1).

Compared to three months ago (June 2019), the price of wheat and wheat flour increased by 2.5% and 6%, respectively. The price of rice *Irri-6* increased by 1.3% while price of rice *Basmati* increased by 0.6% in September 2019 when compared to their prices from three months ago.

Compared to six months ago (March 2019), the prices in September 2019 for wheat and wheat flour increased by 4.3% and 9.7%, respectively. Whereas, the prices of rice *Irri-6* and *Basmati* increased by 5.9% and 3.1%, respectively, for the same period.

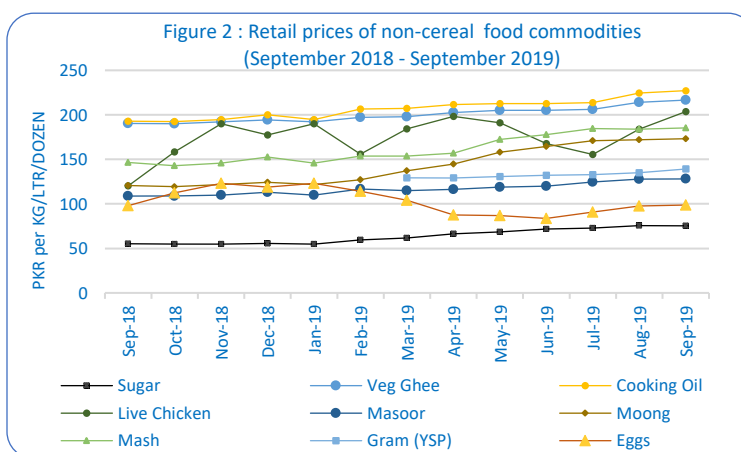


On one-year comparison, in September 2019 wheat and wheat flour increased by 8.3% and 12%, respectively. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 16.3% and 6.8%, respectively, for the same period.

### Retail prices of non-cereal food commodities

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

In September 2019, a negligible decrease was observed in the price of sugar (0.2%) compared to previous month while a significant increase was noted in the price of live chicken (10.8%) compared to previous month. Whereas, slight increases were noted in the prices of pulse Gram<sup>3</sup> (3%), vegetable ghee (1.2%), cooking oil (1.1%), and eggs (1.1%). Moreover, negligible increases were observed in the prices of pulse *Mash* (0.8%), pulse *Moong* (0.7%), and pulse *Masoor* (0.1%) compared to their prices from a month ago.



<sup>1</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>2</sup> Lahore, Multan, Karachi, Peshawar and Quetta.

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

Compared to three months ago (June 2019), significant increases were noted in the prices of live chicken (21.4%) and eggs (18.1%). While slight increases were noted in the prices of cooking oil (6.8%), pulse *Masoor* (6.75%), vegetable ghee (5.6%), pulse Gram (5.4%), pulse *Moong* (5.2%), sugar (5.1%), and pulse *Mash* (4.3%).

Compared to six months ago (March 2019), significant increases were noted in the prices of pulse *Moong* (26.1%), sugar (22.2%), pulse *Mash* (20.5%), pulse *Masoor* (11.4%), and live chicken (10.5%). While slight increases were noted in the prices of cooking oil (9.7%), vegetable ghee (9.5%), and pulse Gram (7.6%). Whereas, a slight decrease was noted in the price of eggs (5%) in September compared to six months ago.

Compared to a year ago (September 2018) significant increases were noted in the prices of live chicken (69.4%), pulse *Moong* (43.5%), sugar (37%), pulse *Mash* (26.5%), cooking oil (17.8%), pulse *Masoor* (17.5%), and vegetable ghee (13.7%). Whereas, a negligible decrease was noted in the price of eggs (0.7%) in September compared to a year ago.

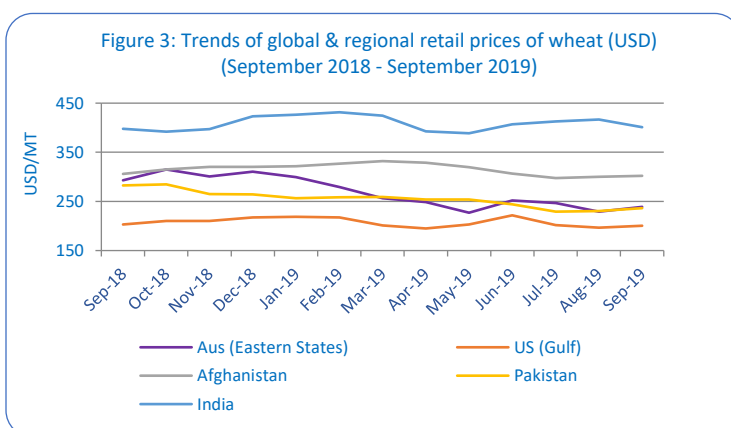
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in September 2019, except for markets in Quetta, where the prices of pulse *Masoor*, pulse *Moong*, pulse *Mash*, and pulse Gram were significantly higher than the other big cities mainly because Quetta city is located farther from producing districts. Furthermore, Quetta was also found to have the highest prices for rice *Irri-6*, rice *Basmati*, and wheat flour 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 vegetable ghee, cooking oil, and pulse *Masoor* among the major cities.

### Global wheat production

In October 2019, the total global wheat production projection for 2019/20 decreased to 765.23<sup>4</sup> million MT from 765.53 million MT in September 2019, resulting in a projected production decrease of 0.3 million MT for 2019/20.

Total global wheat consumption for 2019/20 is projected lower this month by 1.1 million MT. Total projected global ending stocks increased by 1.3 million MT this month<sup>5</sup>.

Compared to August 2019, wheat price in September 2019 decreased in India (3.7%)<sup>6</sup>, while it increased in Australia (4.3%)<sup>7</sup>, Pakistan (2.4%)<sup>8</sup>, USA (1.9%)<sup>9</sup>, and Afghanistan (0.6%)<sup>10</sup>. The retail price of wheat in Pakistan was 18% higher than in USA, while it was 41% lower than in India, 22% lower than in Afghanistan, and 1.2% 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> FAO Global Information and Early Warning System (GIEWS).

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

<sup>8</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>9</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>10</sup> WFP, Afghanistan.

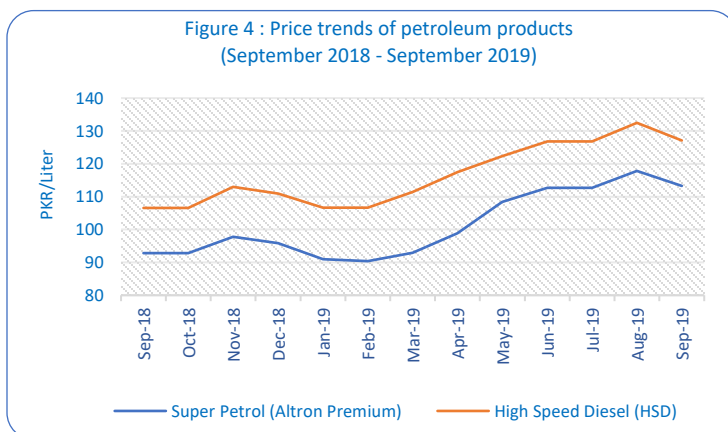
### Prices of petroleum products

In September 2019, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 113.24 and PKR 127.14<sup>11</sup> per liter, respectively, indicating slight decreases in the prices of Super Petrol and HSD by 3.9% and 4%, respectively, when compared to their prices in August 2019, (Figure 4).

On a three-month comparison (June 2019), the price of Super Petrol and HSD negligibly increased by 0.5% and 0.3%, respectively.

On a six-month comparison (March 2019), the prices significantly increased for Super Petrol and HSD by 21.9% and 14.1%, respectively.

Compared to prices a year ago (September 2018), significant increases were noted in prices of both Super Petrol and HSD by 22% and 19.3%, respectively.

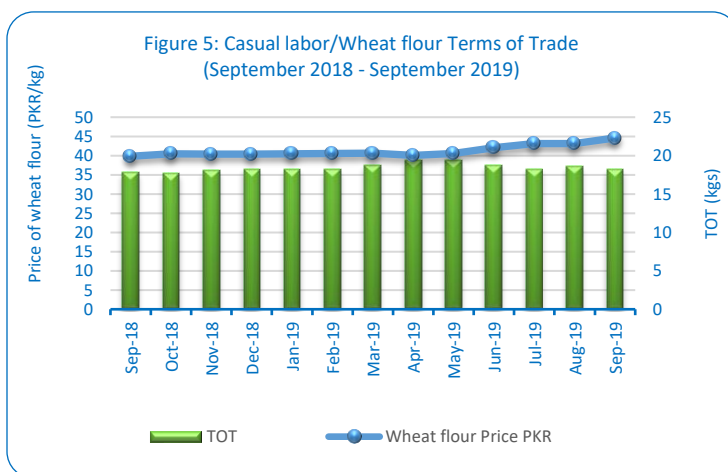


### Terms-of-Trade (ToT)<sup>12</sup>

In September 2019, the average ToT slightly decreased by 2.3% from previous month and was recorded at 18.18 kg of wheat flour, mainly due to a slight increase in the price of wheat flour, (Figure 5).

Compared to three months ago (June 2019), the ToT slightly decreased in September 2019 by 2.9%. A slight decrease of 3.2% was observed from six months ago (March 2019). While, a slight increase of 2.1% was noted when compared to a year ago (September 2018).

City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>13</sup>, or both. The highest ToT was observed in Quetta at 22 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 14.5 kg<sup>14</sup> mainly due to a low wage rate and high price of wheat flour.



<sup>11</sup> Pakistan State Oil (PSO).

<sup>12</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. 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>13</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

<sup>14</sup> Pakistan Bureau of Statistics, Government of Pakistan.



Retail prices of main food commodities in major cities – September 2019											
Major Commodities	Markets	Current Prices - September 2019/KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	35.50	0.22	0.00%	2.16%	2.16%	4.41%	▶	▶	▶	▶
	Multan	36.03	0.23	2.65%	4.25%	5.97%	10.65%	▲	▶	▶	▲
	Karachi	40.50	0.25	2.27%	4.52%	3.85%	8.00%	▲	▶	▶	▶
	Peshawar	39.50	0.25	2.51%	-0.94%	6.76%	12.86%	▲	▶	▲	▲
	Quetta	37.00	0.23	0.54%	2.78%	2.78%	5.71%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	41.00	0.26	-1.44%	1.86%	4.46%	6.32%	▼	▶	▶	▶
	Multan	40.43	0.25	-0.05%	1.72%	6.52%	9.28%	▶	▶	▲	▶
	Karachi	52.82	0.33	9.97%	15.46%	17.39%	20.34%	▲	▲	▲	▲
	Peshawar	43.46	0.27	1.58%	2.71%	11.19%	10.96%	▲	▶	▶	▲
	Quetta	45.25	0.28	5.23%	6.78%	7.74%	11.73%	▲	▲	▲	▲
RICE IRRI-6	Lahore	57.00	0.36	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	56.04	0.35	-4.48%	5.08%	12.08%	9.35%	▼	▲	▲	▶
	Karachi	61.41	0.38	0.84%	1.47%	3.58%	14.29%	▶	▶	▶	▲
	Peshawar	59.17	0.37	0.00%	0.71%	3.64%	-1.22%	▶	▶	▶	▶
	Quetta	82.50	0.52	2.10%	0.00%	10.00%	65.00%	▲	▶	▲	▲
RICE BASMATI BROKEN	Lahore	74.82	0.47	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	88.33	0.55	0.00%	0.00%	0.95%	0.95%	▶	▶	▶	▶
	Karachi	87.91	0.55	0.69%	2.38%	2.60%	5.85%	▶	▶	▶	▶
	Peshawar	84.59	0.53	0.50%	0.50%	0.25%	2.75%	▶	▶	▶	▶
	Quetta	105.00	0.66	0.00%	0.00%	10.53%	23.53%	▶	▶	▲	▲
SUGAR	Lahore	76.42	0.48	1.41%	6.48%	23.68%	36.73%	▲	▲	▲	▲
	Multan	73.09	0.46	-1.40%	7.15%	21.82%	37.57%	▼	▲	▲	▲
	Karachi	75.44	0.47	0.98%	7.73%	22.31%	36.67%	▶	▲	▲	▲
	Peshawar	76.25	0.48	-0.10%	5.26%	23.56%	38.54%	▶	▶	▲	▲
	Quetta	76.00	0.48	-1.81%	-0.65%	19.69%	35.71%	▼	▶	▲	▲
VEG. GHEE (TIN)	Lahore	216.00	1.35	1.50%	3.85%	9.09%	14.89%	▲	▶	▲	▲
	Multan	218.00	1.37	0.00%	5.83%	9.00%	13.54%	▶	▲	▲	▲
	Karachi	218.00	1.37	1.11%	5.83%	11.22%	12.14%	▲	▲	▲	▲
	Peshawar	213.00	1.33	2.40%	7.58%	7.58%	10.94%	▲	▲	▲	▲
	Quetta	218.00	1.37	0.93%	4.81%	10.66%	17.20%	▶	▶	▲	▲
COOKING OIL (TIN)	Lahore	228.00	1.43	2.89%	7.55%	9.62%	18.75%	▲	▲	▲	▲
	Multan	230.00	1.44	0.00%	5.50%	9.26%	17.35%	▶	▲	▲	▲
	Karachi	230.00	1.44	1.05%	5.50%	12.75%	17.11%	▲	▲	▲	▲
	Peshawar	218.00	1.37	0.00%	6.24%	6.24%	12.37%	▶	▲	▲	▲
	Quetta	230.00	1.44	1.77%	9.52%	10.58%	23.66%	▲	▲	▲	▲
CHICKEN LIVE (FARM)	Lahore	181.50	1.14	11.21%	21.47%	13.62%	78.82%	▲	▲	▲	▲
	Multan	196.25	1.23	8.59%	22.50%	5.68%	67.02%	▲	▲	▲	▲
	Karachi	224.47	1.41	12.00%	27.31%	9.62%	83.53%	▲	▲	▲	▲
	Peshawar	202.25	1.27	10.76%	25.23%	18.10%	78.19%	▲	▲	▲	▲
	Quetta	213.75	1.34	11.33%	11.76%	6.88%	46.15%	▲	▲	▲	▲
Lentil Masoor, Washed	Lahore	133.93	0.84	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	115	0.72	-1.43%	0.73%	5.34%	14.05%	▼	▶	▲	▲
	Karachi	126.83	0.79	2.18%	14.00%	20.30%	27.01%	▲	▶	▲	▲
	Peshawar	104.37	0.65	-0.60%	4.03%	11.33%	15.97%	▶	▶	▲	▲
	Quetta	160.00	1.00	0.00%	14.29%	20.75%	33.33%	▶	▲	▲	▲
Pulse Dal Moong, Washed	Lahore	166.43	1.04	0.00%	4.02%	31.26%	34.29%	▶	▶	▲	▲
	Multan	162	1.01	-3.57%	-2.02%	12.14%	61.67%	▼	▶	▲	▲
	Karachi	175.29	1.10	0.92%	5.74%	20.11%	47.02%	▶	▶	▲	▲
	Peshawar	163	1.02	0.44%	4.97%	33.05%	54.34%	▶	▶	▲	▲
	Quetta	200.00	1.25	5.26%	12.68%	35.59%	29.03%	▲	▲	▲	▲
Pulse Dal Mash, Washed	Lahore	174.64	1.09	0.00%	3.66%	11.14%	11.14%	▶	▶	▲	▲
	Multan	171.67	1.08	0.00%	4.04%	17.72%	44.05%	▶	▶	▲	▲
	Karachi	173.66	1.09	1.31%	6.40%	18.86%	41.98%	▲	▲	▲	▲
	Peshawar	174.17	1.09	-2.15%	-4.13%	28.85%	46.15%	▼	▶	▲	▲
	Quetta	232.50	1.46	3.79%	10.71%	25.68%	8.14%	▲	▲	▲	▶
Pulse Gram (YSP)	Lahore	120.71	0.76	0.00%	0.00%	0.00%		▶	▶	▶	
	Multan	121.04	0.76	0.87%	1.57%	2.65%		▶	▶	▶	
	Karachi	136.16	0.85	2.52%	4.35%	3.32%		▲	▶	▶	
	Peshawar	147.92	0.93	7.19%	13.78%	15.82%		▲	▲	▲	
	Quetta	170.00	1.06	3.66%	6.25%	14.29%		▲	▲	▲	
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% for one month, 5% during three and six months, and 10% during one-year period.											
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