



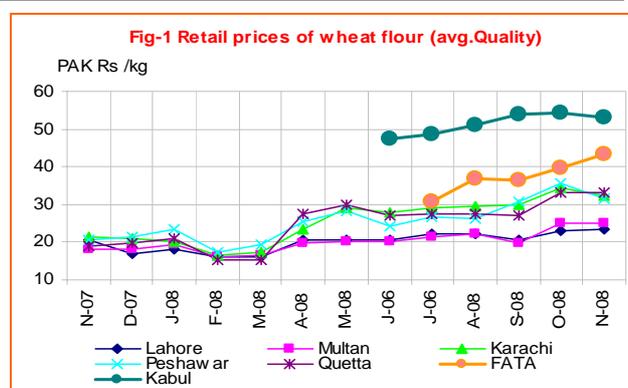
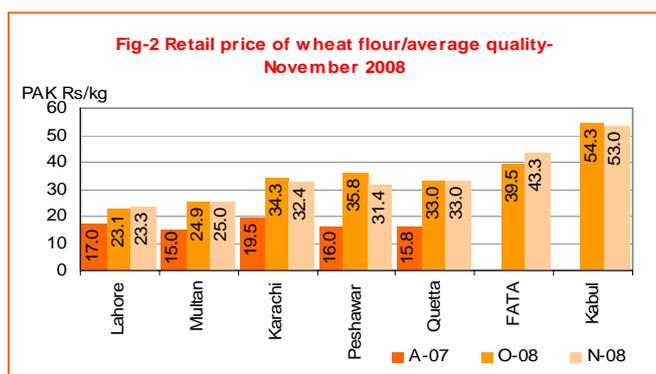
FOOD SECURITY MARKET PRICE MONITORING BULLETIN- 4

Summary

- During November 2008, the average retail price of wheat flour declined by 4 percent to PAK Rs. 29 per kg as compared to October. The price of coarse rice (IRRI-6) declined by 3 percent to PAK Rs. 42.6 per kg during the same period.
- Food prices were higher in FATA during November 2008 as compared to other provinces. Situation in Mohmand and Kurram is quite alarming due to scarcity of food in the markets because of road blockage and fighting.
- International wheat prices continued to decline. After a short revival in the first week of the month, international wheat prices have since been on the decline, due to a record world production in 2008 with large exportable supplies, world financial crisis and falling petroleum prices.
- Export of food items including wheat to Afghanistan appears to have slightly increased during October as compared to the previous month.
- Prices of crude oil/petroleum, in the world market, are on decline and reached to USD 38 per barrel at its lowest point for more than four years. The Government of Pakistan has reduced the prices of petrol from Rs. 87 to Rs. 58 per liter. Further price reduction is expected.

1. Wheat retail prices

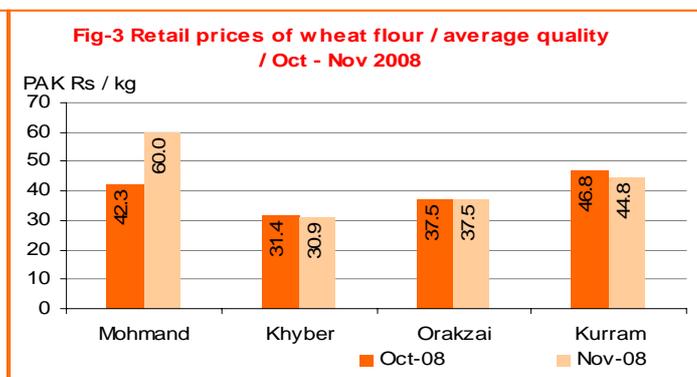
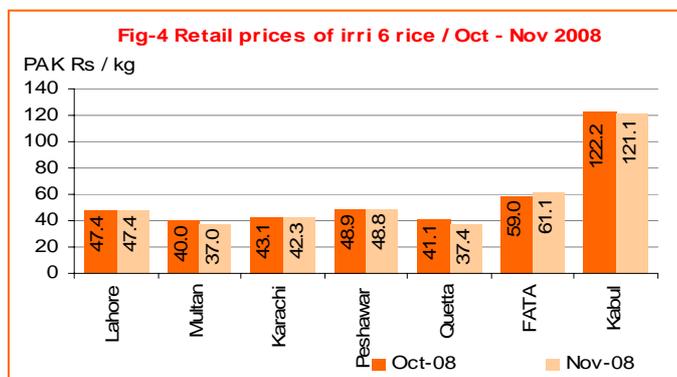
Price of average quality wheat flour, during November 2008, has decreased by 4 percent as compared to last month (from PAK Rs. 30.2 to 29 per kg). The price of wheat flour in FATA is 49% higher than the national average.



Wheat flour prices in Kabul slightly declined since last month but remained significantly higher than in Pakistan, offering an attractive margin for traders.

Fig-3 shows the wheat flour prices within Federally Administered Tribal Areas' (FATA)¹. Prices remained nearly unchanged in Khyber and Orakzai agencies and declined slightly in Kurram agency during November

2008. In Mohmand, as a result of security related road blockages, wheat flour price was 41 percent higher as compared to last month. Prices of food commodities are significantly higher in FATA as compared to the rest of the country, mainly due to security problems. The rise in electricity and gas tariffs also puts upward pressure on the commodity



¹ WFP started collecting food price data in FATA from 20 locations, **Mohammad** (Haleemzai, Baizai, Lakaro, Yekka Ghund), **Orakzai** (Sangra, Meshti mela, Kalaya, Ghiljo, Feroz Khel), **Khyber** (Jamrud, Shalman, Bara, Landi kotal, Mulagori), **Kurram** (Sholozan, Burki, Melana, Sadda, Alizai) of four agencies since July 2008, to complement the existing FBS data.



prices.

A decline in Irri-6 rice prices was observed in the country during November 2008. The price was recorded at PAK Rs. 42.6 per kg, about 3 percent lower from October 2008. The current bumper rice crop has put downward pressure on domestic rice prices. The decline is expected to continue over the next couple of months. Government has started the procurement of rice and encouraged traders to export. According to the government directives, the rice mill owners will purchase Basmati paddy at Rs 1,500 per 40 kg from the growers. Later, Pakistan Agriculture Storage and Services Corporation (PASSCO) will buy rice at Rs 3,000 per 40 kg from rice mills.

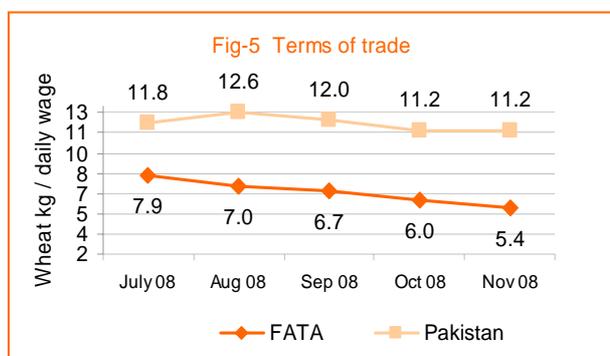
Similarly, rice mill owners will procure Irri-6 from the growers at Rs 700 per 40 kg and then PASSCO will buy best quality at Rs 1,400 per 40 kg, while the fair average quality will be bought at Rs 1,200 per 40 kg.

The country has harvested a bumper rice crop this year, i.e. 6.3 million tons -about 10 percent more than its production target of 5.7 million tons set for 2008-09. The domestic requirement for rice is about 3.5 million tons.

2. Oil prices slump to four-year low

Crude oil traded under USD 38 dollars per barrel at the lowest point during the month. The last time oil was this cheap was four and a half years ago as traders fretted over weak global demand despite an OPEC output cut.

As a result of sharp decline in world prices, the Government of Pakistan has reduced the price of petrol from Rs. 87 per liter to Rs. 58 per liter. Further reduction in prices is expected.

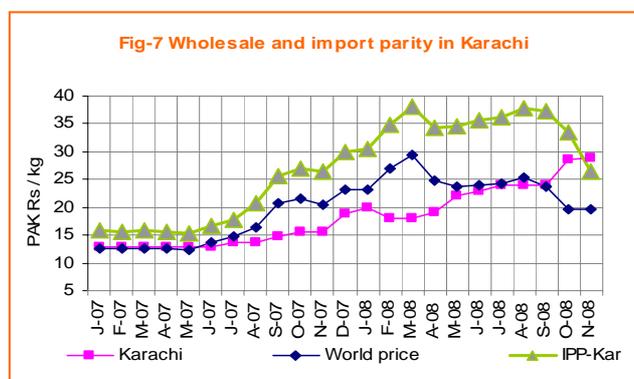
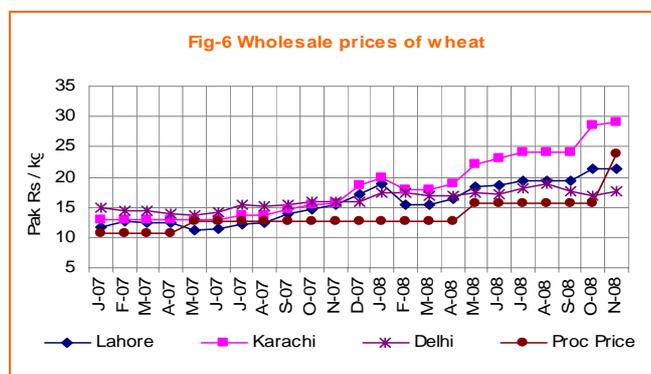


3. Falling Purchasing Power

Within Pakistan, the population of FATA faces the lowest terms of trade (TOT), i.e. the quantity of wheat flour that can be bought with the income of one day of unskilled work. The worsening of TOT is because of the price rise of food commodities against an insignificant improvement in wage rate. This signals an extreme food access problem in this sensitive border area. Compared to last month, purchasing power has declined by 10 percent in FATA while it remained unchanged in the rest of the country during November 2008.

4. International wheat prices on the decline

International wheat prices continue to decline. A record world production in 2008 with large exportable supplies, removal of most export restrictions, falling crude oil prices and decline in petroleum prices have contributed to the decrease in food prices including wheat. The US wheat (No.2 Hard Red Winter, f.o.b. Gulf) averaged USD 249 in the first three weeks of November, USD 3 per ton below the October average and 25 percent down from the November average last year.



Average wholesale wheat price in the local market, during November 2008, remained unchanged as Pak Rs. 25/kg, while a 4 percent increase was observed in Delhi as compared to the last month. However, wholesale wheat price in Delhi is now considerably lower than in Pakistan. Similarly, Pakistan export parity price for wheat is now higher than the FOB international price.

5. Cross border trade

The tribal area witnessed a severe wheat flour crisis in the recent past due to security problems and higher prices in neighboring Afghanistan. Cross border trade of wheat and wheat flour appears to have increased during November 2008 contributing to a slight decline of the wheat flour price in Kabul.



APPENDIX: PRICE TABLES

RETAIL PRICES FOR PAKISTAN, FATA AND KABUL NOVEMBER 2008											ANNEX-1
Commodities	Unit	Lahore	Multan	Karachi	Peshawar	Quetta	Moham nd	Khyber	Orakzai	Kurram	Kabul
1. Wheat Flour	Kg	23.3	25.0	32.4	31.4	33.0	60	31	37	45	53
2. Broken Rice	Kg	48.9	50.0	48.5	54.2	51.5	-	42	70	63	58
3. Irri-6 Rice	Kg	47.4	37.0	42.3	48.8	37.4	-	54	55	75	121.1
4. Fine rice / sella plain	Kg						100	103	124	115	
5. Dal Channa (Yellow Peas)	Kg	58.3	57.3	61.9	64.7	55.3	91	60	80	76	72.5
6. Pakwan Edible oil	Liter	142.0	142.0	142.0	142.0	142.0	160	93	159	124	113.9
7. Pakwan Ghee	Kg	142.0	142.0	142.0	142.0	142.0	114	103	108	119	
8. Dalda Ghee	Kg						130	128	146	150	
9. Sugar	Kg	35.8	34.6	36.0	36.8	36.0	50	36	47	41	
10. Maize	Kg						-	41	24	40	
11. Potatoes	Kg	33.7	34.3	20.6	27.1	21.8	-	20	29	24	
12. Onion	Kg	25.4	24.8	21.1	25.9	19.9	-	20	39	26	
13. Tea	Kg	42.0	43.0	40.0	40.0	43.0	340	320	273	293	
14. Chicken	Kg	82.2	89.3	93.8	102.3	96.8	-	136	132	222	
15. Beef	Kg	143.2	141.7	165.0	137.9	160.0	-	160	211	220	
16. Mutton	Kg	277.5	242.5	285.0	240	280.0	-	356	256	241	

INTERNATIONAL AND WHOLESALE PRICES FOR WHEAT ANNEX -2				
	Lahore (USD/mt)	Karachi (USD/mt)	Delhi (USD/mt)	Int. Price \ a (USD/mt)
Aug-07	204.7	227.3	250.5	273.0
Sep-07	228.8	243.3	254.1	342.5
Oct-07	241.0	255.4	261.4	353.5
Nov-07	254.2	257.5	261.8	334.6
Dec-07	281.8	306.3	261.7	380.7
Jan-08	308.3	326.7	282.7	376.8
Feb-08	253.2	294.0	282.3	438.6
Mar-08	252.7	293.5	277.4	481.5
Apr-08	257.9	298.1	266.4	388.8
May-08	273.7	325.5	255.7	350.2
Jun-08	277.4	341.4	253.7	357.5
Jul-08	272.0	338.3	257.2	342.8
Aug-08	261.5	325.0	257.2	343.0
Sep-08	253.8	315.4	231.8	308.0
Oct-08	280.0	374.5	222.4	257.0
Nov-08	268.3	365.0	221.8	268.3

\ a: Wheat (red, hard winter, no.2, US golf FOB)