

Pakistan Market Price Bulletin – August 2012[†]

The Market price bulletin is a monthly publication of the Vulnerability Analysis and Mapping (VAM) Unit of the United Nations World Food Programme, Pakistan.

Highlights

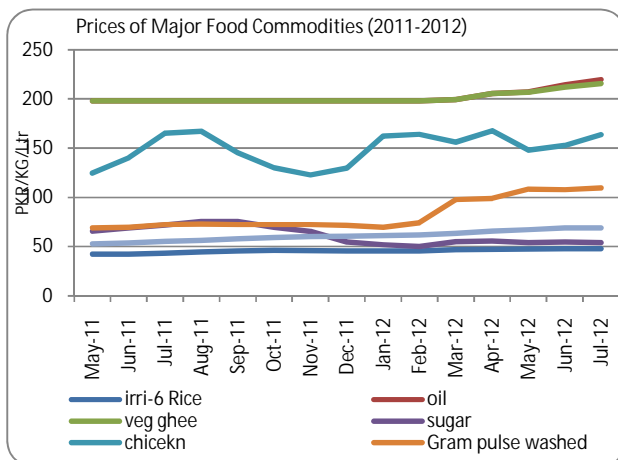
- In July 2012, general inflation, based on Consumer Price Index (CPI), increased by 9.6%, year-on-year basis compared to 11.3% in the previous month.
- Domestic wheat price experienced a marginal increase while significant increases were observed in international wheat markets
- Significant increase was observed in the prices of poultry products while there was marginal fluctuation in the prices of other major food commodities in local markets
- Prices of petroleum products saw marginal fluctuations.
- A nominal decrease was observed in purchasing power of poor households due to nominal increase in wheat flour price.

Inflation Watch

General inflation, based on Consumer Price Index (CPI), increased by 9.6% on year-on-year basis in July 2012 compared to 11.3% in the previous month and 12.4% in July 2011. On a month-to-month basis, CPI decreased by 0.2% in July 2012 compared to an increase by 0.04% in the previous month and an increase by 1.3% in July 2011¹.

General commodities price trends

Fluctuations have been observed in the prices of major food commodities across the main markets of the country in July. Average price of irri-6 rice remained the same as in June, whereas the price is 5 percent up against January and 11 percent up against July 2011. Similarly, the prices of cooking oil and vegetable ghee also increased by 2.5 percent and 1.7 percent respectively compared to last month. These prices are up by 11 percent and 9 percent respectively against January 12.



On a month to month basis a decrease of 1 percent was observed in the price of sugar. The price of sugar in July is higher by 4 percent compared to January and is 25 percent lower than that in

July 2011. The price of gram pulse was found to be about 2 percent up on a month-to-month basis. However, a significant increase was observed in the price of this commodity on a year-to-year basis, by a whopping 55 percent. The prices of poultry products saw a significant increase; the price of chicken and eggs being higher by 7 percent and 6 percent respectively compared to a month ago. However, compared to January 2012, the price of eggs in July was 33 percent lower while that of chicken was higher by a nominal 1 percent. A marginal increase of 0.3 percent was recorded in the price of Basmati Rice in the one month period, which is about 5 percent higher than in May 2012².

In July, significant differences were observed in the price of major food commodities across different provinces. For instance, the highest price of gram pulse was recorded in Quetta at Rs.116/kg whereas the lowest was in Lahore at Rs.105/kg. The price of chicken remained high in Peshawar at Rs.182/kg whereas it was Rs.138/kg in Karachi. For eggs, the highest price was recorded in Quetta and lowest in Peshawar at Rs.85.6 and Rs.73 per dozen respectively. The highest price of irri-6 rice was observed in Lahore at Rs.59 per kg and the lowest in Quetta at Rs.40 per kg.

Domestic wheat supply and prices

No significant fluctuations were observed in the price of wheat and wheat flour in the major markets of the country. The Government has planned a wheat production target of 24 MMT for the current marketing year (2013). On a month-to-month basis, the price of wheat saw a marginal increase from Rs.27.71 to Rs.27.78 per kg in the major cities³ of Pakistan⁴. The price of wheat in July is 2 percent lower than that in January 2012, but still 8 percent higher than a year ago. The wheat price has remained somewhat stable so far this year due to a good harvest.

In July, the price of wheat flour marginally increased from Rs.31.55 to Rs.31.58 per kg compared to the previous month. The price is 6

[†] Based on data from July 2012

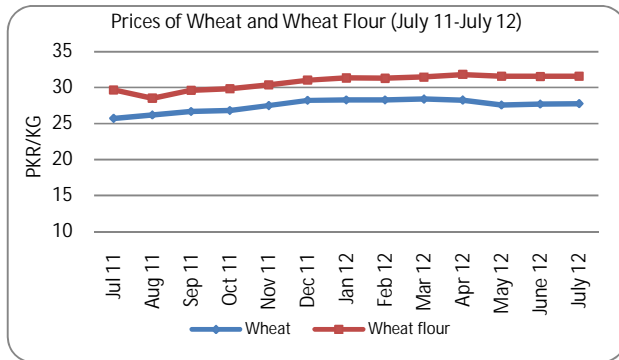
¹ Pakistan Bureau of Statistics

² Pakistan Bureau of Statistics

³ Lahore, Multan, Karachi Peshawar and Quetta

⁴ Pakistan Bureau of Statistics

percent higher than a year ago. A marginal increase has been observed in the price of wheat flour compared to January 2012.



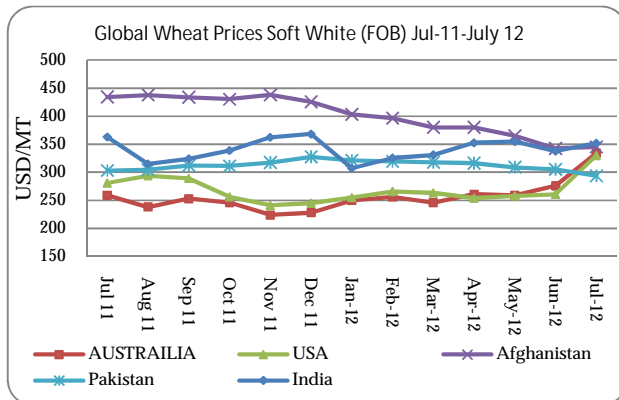
Significant inter provincial differences were also observed in the price of wheat and wheat flour. The highest price for wheat was recorded in Quetta at Rs.30 per kg and the lowest in Multan at Rs.25.3 per kg. Likewise, the highest price of the wheat flour was recorded in Karachi at Rs.35.25 per kg and the lowest price in Multan at Rs.29.12 per kg⁵.

Increase in global wheat prices

Estimates for global wheat supplies for 2012/13 are now projected to be lower by 2.1 million tons mostly reflecting a 3.7-million-ton reduction in global production.

Production estimates are lowered by 6.0 million tons for Russia due to reduced area and yield prospects due to July heat and dryness across most of the spring wheat growing areas.

Spring wheat in adjoining areas of Kazakhstan was also affected by



the same adverse weather, reducing production prospects by 2.0 million tons. Other reductions this month include 0.8 million ton for Turkey due to lower reported yields, 0.5 million ton for Argentina due to reduced area, and 0.3 million ton for Syria. On the other hand, production estimates have been raised by 2.9 million tons for India, 2.0 million tons for Ukraine, and 0.4 million tons each for Canada and Uzbekistan⁶.

As can be expected with such volatility in production estimates, significant increases were observed in global wheat prices. US wheat export price (soft white) increased by 26 percent, from USD260/MT in June to USD330/MT in July, whereas in Australia, it increased from USD276/MT to USD334/MT during the same

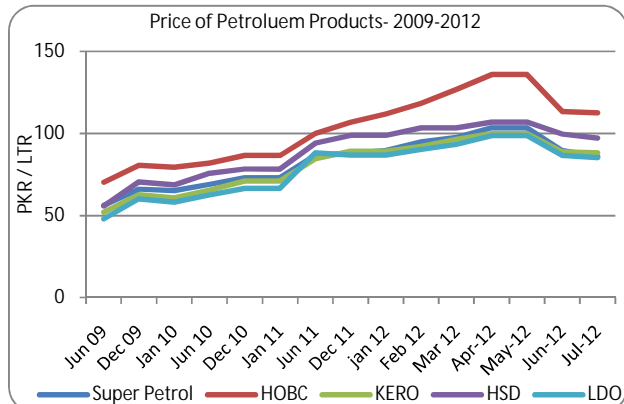
⁵ Pakistan Bureau of Statistics

⁶ World Agricultural Supply and Demand Estimates

period. Similarly, the prices increased by 4 percent in India and by 1 percent in Afghanistan⁷. In July, domestic wheat prices in Pakistan remained 17.5 percent lower than in Afghanistan and USA, and 13.7 percent lower than in Australia.

Decrease in the price of petroleum products

In June the government had announced a significant decrease (12 percent) in the price of the petroleum products. In July, at the outset, government announced a further decrease of 4 percent in the price of petroleum products. After a continuous increase of fuel prices in recent years and months, the price of super petrol thus decreased from Rs.89.51 per ltr to Rs.84.99 per ltr, HOBC from Rs.113.32 to Rs.106.88 while that of high speed diesel decreased from Rs.99.69 to Rs.97.21 per ltr.

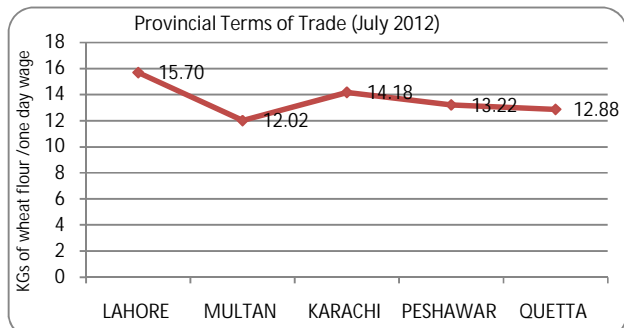


However, the government announced on average, an increase of 2 percent in the fuel prices later in July. Thus by the end of the month, the price of super petrol remained at Rs.89.90 per ltr, HOBC as Rs.112.52 and high speed diesel as Rs.97.21 per ltr⁸.

Purchasing power of poor households

The terms of trade (ToT) between wheat flour and daily wage of an unskilled labour marginally decreased. Amount of wheat that can be purchased with a day's wage of an unskilled labour decreased from 13.63 kg in June to 13.62 kg in July. This decrease could be attributed to a nominal increase in wheat flour price.

Looking at the situation by provinces, the highest ToT was



observed in Lahore at 15.70 kg whereas the lowest was at Multan at 12.02 kg of wheat that could be purchased with a day's wage of an unskilled labour. The ToT was 14.18 kg in Karachi, 13.22 in Peshawar and 12.88 kg in Quetta.

⁷ FAO GIEWS – price data collection and analysis tool

⁸ Oil companies advisory committee Pakistan

Retail prices of various food commodities in major cities– July 2012

Major Commodities	Markets	Current Prices (June 2012) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat kg	LAHORE	26.44	0.28	0%	-3%	-4%	9.29%	▶	▶	▶	▶
	MULTAN	25.31	0.28	-1%	-2%	-4%	7.71%	▶	▶	▶	▶
	KARACHI	29.13	0.32	2%	0%	2%	0.43%	▲	▶	▶	▶
	PESHAWAR	28.00	0.31	0%	-3%	-3%	6.67%	▶	▶	▶	▶
	QUETTA	30.00	0.33	0%	0%	0%	-3.23%	▶	▶	▶	▶
Wheat flour av. Qlt. Kg	LAHORE	30.25	0.33	1%	1%	1%	4.74%	▶	▶	▶	▶
	MULTAN	29.13	0.32	-1%	-4%	-3%	5.91%	▶	▶	▶	▶
	KARACHI	35.25	0.39	1%	1%	4%	8.06%	▶	▶	▶	▶
	PESHAWAR	30.25	0.33	0%	-2%	0%	4.17%	▶	▶	▶	▶
	QUETTA	33.00	0.36	0%	0%	2%	8.62%	▶	▶	▶	▶
Rice irri-6 kg	LAHORE	59.00	0.65	1%	4%	6%	24.58%	▶	▶	▲	▲
	MULTAN	41.00	0.45	0%	1%	11%	-3.53%	▶	▶	▲	▲
	KARACHI	51.54	0.57	0%	6%	6%	20.93%	▶	▶	▲	▲
	PESHAWAR	48.92	0.54	-1%	0%	4%	5.48%	▶	▶	▶	▶
	QUETTA	40.00	0.44	0%	-2%	0%	5.26%	▶	▶	▶	▶
Rice basmati broken kg	LAHORE	68.79	0.76	1%	6%	14%	25.74%	▶	▲	▲	▲
	MULTAN	69.00	0.76	0%	6%	13%	21.05%	▶	▲	▲	▲
	KARACHI	66.54	0.73	0%	8%	12%	29.88%	▶	▲	▲	▲
	PESHAWAR	74.21	0.82	0%	6%	12%	37.32%	▶	▲	▲	▲
	QUETTA	67.00	0.74	0%	0%	14%	11.67%	▶	▶	▲	▲
Sugar kg	LAHORE	54.29	0.60	-3%	-4%	5%	-24.06%	▼	▶	▶	▼
	MULTAN	53.00	0.58	-1%	-3%	5%	-24.69%	▶	▶	▶	▼
	KARACHI	54.62	0.60	0%	-2%	6%	-24.02%	▶	▶	▲	▼
	PESHAWAR	54.59	0.60	-1%	-3%	3%	-25.56%	▶	▶	▶	▼
	QUETTA	53.88	0.59	-2%	-3%	4%	-24.64%	▼	▶	▶	▼
Veg. Ghee (tin) kg	LAHORE	216.00	2.38	0%	5%	9%	9.09%	▶	▶	▲	▶
	MULTAN	216.00	2.38	0%	5%	9%	9.09%	▶	▶	▲	▶
	KARACHI	216.00	2.38	4%	5%	9%	9.09%	▲	▶	▲	▶
	PESHAWAR	214.50	2.36	4%	4%	8%	8.33%	▲	▶	▲	▶
	QUETTA	216.00	2.38	1%	6%	9%	9.09%	▶	▲	▲	▶
Cooking oil (tin) ltr	LAHORE	220.00	2.42	0%	7%	11%	11.11%	▶	▲	▲	▲
	MULTAN	220.00	2.42	0%	7%	11%	11.11%	▶	▲	▲	▲
	KARACHI	220.00	2.42	5%	7%	11%	11.11%	▲	▲	▲	▲
	PESHAWAR	218.50	2.41	6%	6%	10%	10.35%	▲	▲	▲	▲
	QUETTA	220.00	2.42	2%	8%	11%	11.11%	▲	▲	▲	▲
Gram pulse kg	LAHORE	104.81	1.15	-2%	8%	60%	50.57%	▼	▲	▲	▲
	MULTAN	111.38	1.23	3%	12%	55%	50.01%	▲	▲	▲	▲
	KARACHI	107.31	1.18	6%	13%	50%	51.95%	▲	▲	▲	▲
	PESHAWAR	109.83	1.21	0%	12%	47%	46.26%	▶	▲	▲	▲
	QUETTA	115.75	1.27	3%	10%	78%	60.76%	▲	▲	▲	▲
Chicken kg	LAHORE	164.36	1.81	12%	3%	14%	11.56%	▲	▶	▲	▲
	MULTAN	166.25	1.83	9%	-1%	6%	5.53%	▲	▶	▲	▶
	KARACHI	138.50	1.53	-1%	-16%	-21%	-13.17%	▶	▼	▼	▼
	PESHAWAR	182.50	2.01	9%	8%	8%	3.55%	▲	▲	▲	▶
	QUETTA	167.50	1.84	7%	-6%	1%	-9.46%	▲	▼	▶	▶

1M= One month
3M= Three months
6M= Six months
1Y= One year

▲ Price increase above normal price fluctuation

▼ Price decrease above normal price fluctuation

▶ Normal price fluctuations

Price fluctuation is considered normal if the price change is 1 % during one month, 5% during three and six months and 10 percent during one year period.

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