

**Pakistan Market Price Bulletin – a monthly publication of the Vulnerability Analysis and Mapping (VAM) Unit, World Food Program, Pakistan** **August, 2013 Issue**

**H i g h l i g h t s**

- Headline CPI was recorded at 8.3 percent on year-on-year (YoY) basis in July 2013, compared to 5.9 percent in June 2013, and 9.6 percent in July 2012. The CPI food was recorded at 9.1 and 1.8, on YoY and month-on-month(MoM) basis respectively
- Global wheat prices of wheat, that started declining in June with the onset of the 2013 harvests in the Northern Hemisphere, followed the trend in July 2013. The domestic price of wheat however, registered an increase of 3.5 percent during the month over June 2013
- Marginal fluctuations were also observed in the price of major non-cereal food commodities
- World cereal output, forecast to increase by about 7 percent in 2013, is likely to help replenish global inventories and raise expectations for more stable markets in 2013/14
- Prices of petroleum products experienced marginal increase in the country during the month
- Purchasing power of the low income groups worsened further during July 2013, compared to the previous month

**Inflation Watch**

The headline inflation<sup>1</sup> and CPI food in July 2013 on YoY basis were recorded at 8.3 and 9.1 percent respectively. On MoM basis, both indices on the other hand increased by 2 and 3 percent respectively during the month<sup>2</sup>. The weighted contribution of food group in the overall inflation decreased to 46.72 percent in July, from 55.58 percent in the previous month.

**Prices of staple cereals continued upward trend**

In July average retail price of staple cereals in the country registered an increase, compared to June 2013. Wheat and wheat flour prices increased by 3.5 and 2.4 percent respectively across the main markets of the country<sup>3</sup>. The average retail price of wheat flour was recorded at Rs.39/ kg in July 2013, compared to Rs.37.74/ kg in the previous month. Average retail price of rice (Irri-6 and Basmati broken) also registered an increase in the range of 2-3 percent.

The prices of staple cereals in July 2013 increased appreciably, compared to April this year. For example, average price of wheat and wheat flour increased by 5 and 10 percent respectively, while that of

rice (Basmati and Irri-6) increased by five percent.

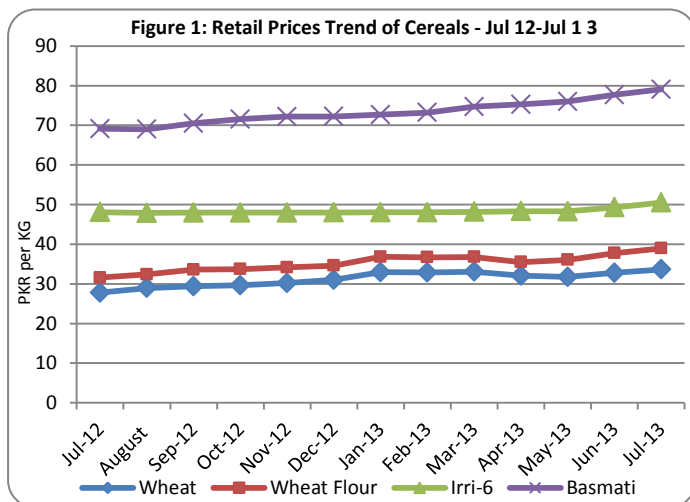
Price trends depicted in Fig. 1 suggest that cereal prices increased in July compared to the beginning of the year. For example, prices of wheat and wheat flour increased by 2 and 6 percent respectively in July compared to January 2013. The prices of rice (Basmati and Irri-6) also increased by 9 and 5 percent respectively during the same period. Compared to same month last year, cereal prices went up significantly e.g. prices of wheat and wheat flour were up by 21 and 24 percent respectively, and that of rice: Basmati and Irri-6 by 14 and 5 percent respectively.

Inter and intra provincial price differentials for different cereal commodities were recorded across the country. For instance, both wheat and wheat flour remained relatively expensive in Karachi, recorded at Rs.35.38 and Rs.43.75/ kg respectively, while lowest price for wheat was recorded in Quetta at Rs.32.50/kg and for wheat flour in Multan at Rs.36.25/kg. For rice (Irri-6), the highest price of Rs.60.43/kg was recorded in Lahore, while lowest of Rs.43/kg in Multan. Price of Basmati rice on the other hand was recorded at Rs.90.5/kg in Quetta while Rs.72.36/kg in Lahore<sup>4</sup>.

**An upward trend in prices of non-cereal food commodities**

On MoM basis, a mix trend was observed in the prices of non-cereal food commodities during July. The price of chicken and sugar decreased by 6 and one percent respectively. On the other hand price of pulses (*daal Moong and lentil-Masoor*) observed an increase of 5 and 2 percent respectively, compared to previous month, while that of *daal Mash* remained unchanged. Price of vegetable ghee declined by 3 percent, while that of vegetable oil remained stable during the month.

In general, average retail prices of non-cereal food commodities were found higher in July compared to April this year, e.g. price of chicken was higher by 24 percent, and that of lentil (*Masoor*) and *daal Moong* went up by 12 percent. Price of vegetable ghee also increased by three percent while that of cooking oil by two percent. Likewise, an increase of 3 percent was observed in the price of sugar during the same period. Compared to beginning of this year, marginal fluctuations were observed in this group of commodities barring pulses (lentil-masoor and *daal moong*), that went up significantly. Price of lentil (*daal*



<sup>1</sup> Annual percentage change in cost to average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly – World Bank

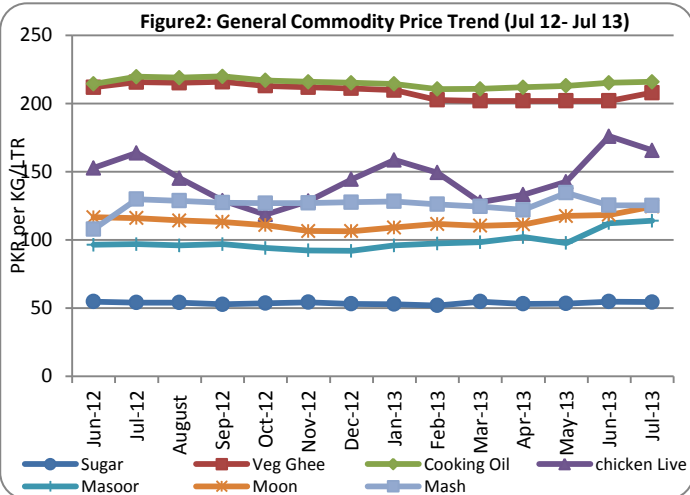
<sup>2</sup> Pakistan Bureau of Statistics ([www.pbs.gov.pk](http://www.pbs.gov.pk)) and State Bank of Pakistan ([www.sbp.org.pk](http://www.sbp.org.pk))

<sup>3</sup> Lahore, Multan, Karachi Peshawar and Quetta

<sup>4</sup>Source: Pakistan Bureau of Statistics

Masoor) and *daal* moong went by 19 and 14 percent respectively. Price of chicken was found down by five percent and that of eggs up by 28 percent. Similarly the price of vegetable ghee was down by one percent while that of cooking oil up by one percent.

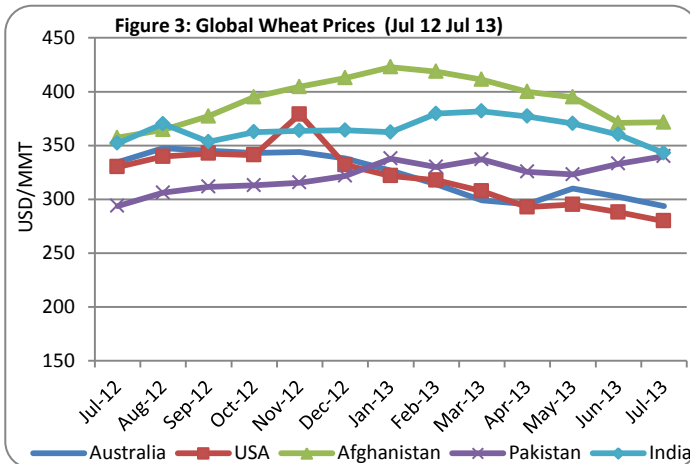
On YoY basis, some fluctuations were observed in the prices of these commodities. The commodities that registered upward trend in prices included *inter alia* *daal* Masoor (18%), and *dal* moong (7%), while the prices of chicken and sugar were found up by one percent. On the other hand price of *daal* mash and vegetable ghee decreased by 4



percent, while 2 percent decrease was observed in case of cooking oil.

### World cereal output likely to increase by 7 percent

World cereal production is forecast to increase by about 7 percent in 2013, helping to replenish global inventories and raise expectations for more stable markets during 2013-14. Consequently, 2013/14 estimates for wheat supplies were raised by 7.5 million tons (MT) with increases in wheat output from several of the world's wheat producing countries. Wheat Production was raised by 2.8 MT for the EU, by 2.5 MT for Kazakhstan, by 2.0 MT for Ukraine, by 0.5 MT for Canada, by 0.5 MT for India and by 0.4 MT for Turkey. Global wheat consumption was



also projected to increase by 6.9MT with increases in use of wheat as feed for number of countries and higher food use expected for India and Iran. Use of wheat as feed was projected to increase in China, European Union, Syria, Moldova, Kazakhstan, and Morocco<sup>5</sup>.

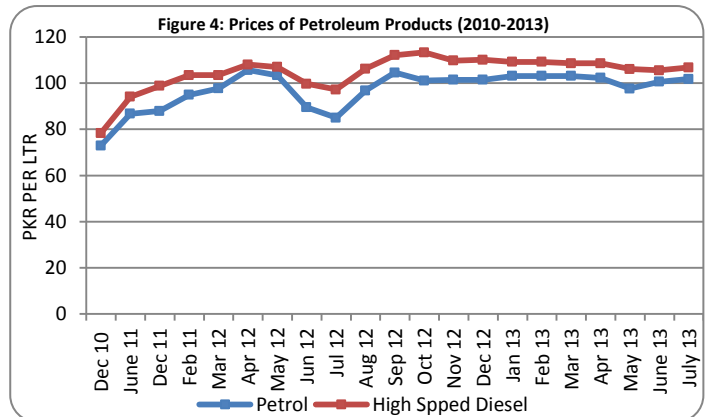
Whereas, global wheat prices started declining in June this year with the onset of the harvests, in the Northern Hemisphere, these decreased further in July 2013 in most of the countries. Price

<sup>5</sup> World Agriculture Supply and Demand Estimates August 2013

decreased by around 3 percent in Australia and USA<sup>6</sup>, remained stable in Afghanistan,<sup>7</sup> while these decreased by around 5 five percent in India<sup>8</sup>. The wheat price in Pakistan during July was 9 percent lower compared to in Afghanistan, and one percent lower than in India, but still 18 and 14 percent higher than that in USA and Australia respectively.

### A slight increase in price of super petrol and high speed diesel

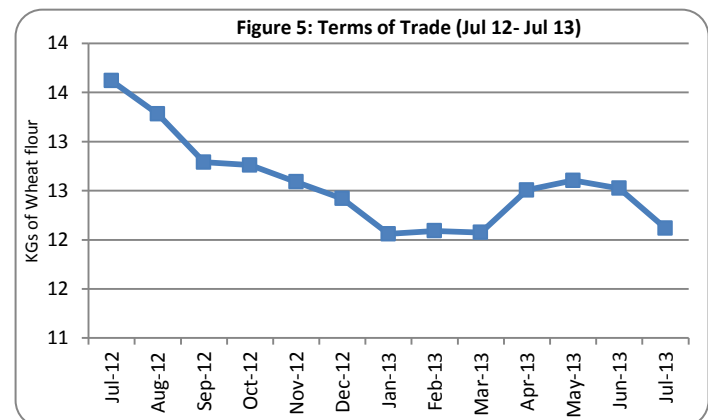
In July, after a marginal increase of one percent on average announced by the Government, the prices of superior grade petrol and high speed diesel registered at Rs.101.77 and Rs.10676 per Liter respectively. These were however, still lower by 1 and 2 percent respectively, compared to the prices six months ago, but were 14 and 7 percent higher respectively, compared to a year ago.



On the contrary, no change was observed in the price of compressed natural gas (CNG) in July 2013. It was recorded as Rs.74.44 per kg in Region 1 (Potohar, Khyber Pakhtunkhwa, and Balochistan) and Rs.65.78 per kg in Region 2 (Sindh, Punjab- excluding Potohar).

### Purchasing power of low income households deteriorated

In July, due to an increase in the price of wheat flour by an average of 2.4 percent, the Terms of Trade (ToT<sup>9</sup>) for the low income households worsened from 12.5 kg in June to 12.12 kg in July. Compared to the beginning of this year the ToT however, registered a slight improvement of one percent. Nonetheless, it was 11 percent low compared to a year ago. Figure 5 depicts ToT trend over the past one year, suggesting that it has been generally worsening since mid of last year mainly due to increase in the prices of wheat flour and stagnation of daily wages. Among the five major cities the highest ToT was observed for Quetta, while the lowest for Multan.



<sup>6</sup>WFP Procurement FOB Prices - <http://pbs.gov.pk/>

<sup>7</sup>WFP Afghanistan Office

<sup>8</sup> India Ministry of Consumers Affairs

<sup>9</sup>Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

**Retail prices of various food Commodities in major cities – July 2013**

Major Commodities	Markets	Current Prices (July 2013) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	LAHORE	33.13	0.33	2.97%	4.80%	6.90%	25.30%	▲	▶	▲	▲
	MULTAN	33.19	0.32	4.73%	14.94%	2.43%	31.11%	▲	▲	▲	▲
	KARACHI	35.38	0.35	1.07%	2.54%	2.54%	21.46%	▲	▶	▶	▲
	PESHAWAR	34.00	0.33	4.08%	3.88%	-2.02%	21.43%	▲	▶	▶	▲
	QUETTA	32.50	0.33	0.00%	0.00%	0.93%	8.33%	▶	▶	▶	▶
Wheat flour kg	LAHORE	36.50	0.37	0.07%	5.80%	6.41%	20.66%	▶	▲	▲	▲
	MULTAN	36.25	0.36	2.65%	6.62%	0.14%	24.46%	▲	▲	▶	▲
	KARACHI	43.75	0.42	4.17%	13.95%	7.49%	24.11%	▲	▲	▲	▲
	PESHAWAR	38.27	0.38	3.03%	9.02%	1.70%	26.52%	▲	▲	▶	▲
Rice irri-6	QUETTA	40.00	0.38	5.96%	12.68%	13.64%	21.21%	▲	▲	▲	▲
	LAHORE	60.43	0.61	0.00%	0.00%	2.42%	2.42%	▶	▶	▶	▶
	MULTAN	43.00	0.42	2.38%	4.88%	4.88%	4.88%	▲	▶	▶	▶
	KARACHI	52.79	0.52	2.43%	2.43%	2.43%	2.43%	▲	▶	▶	▶
	PESHAWAR	48.42	0.49	-0.16%	-0.47%	-0.51%	-1.02%	▶	▶	▶	▶
Rice basmati broken	QUETTA	48.00	0.44	9.09%	20.00%	20.00%	20.00%	▲	▲	▲	▲
	LAHORE	72.36	0.73	0.00%	0.00%	4.73%	5.19%	▶	▶	▶	▶
	MULTAN	77.50	0.78	0.00%	0.00%	1.31%	12.32%	▶	▶	▶	▲
	KARACHI	76.54	0.77	0.00%	6.99%	15.03%	15.03%	▶	▲	▲	▲
	PESHAWAR	78.96	0.80	-0.78%	-1.18%	3.45%	6.40%	▶	▶	▶	▶
Sugar	QUETTA	90.00	0.83	9.09%	20.00%	20.00%	34.33%	▲	▲	▲	▲
	LAHORE	54.86	0.56	-0.45%	0.92%	4.00%	1.05%	▶	▶	▶	▶
	MULTAN	53.50	0.54	0.70%	2.39%	4.29%	0.94%	▶	▶	▶	▶
	KARACHI	53.62	0.54	0.00%	0.47%	-0.02%	-1.83%	▶	▶	▶	▶
	PESHAWAR	55.00	0.55	0.46%	2.00%	2.23%	0.75%	▶	▶	▶	▶
Veg. Ghee (tin)	QUETTA	55.00	0.58	-3.93%	5.77%	4.17%	2.08%	▲	▲	▶	▶
	LAHORE	202.00	2.04	0.00%	-3.81%	-6.48%	-6.48%	▶	▶	▼	▶
	MULTAN	202.00	2.04	0.00%	-5.61%	0.00%	-6.48%	▶	▼	▶	▶
	KARACHI	216.00	2.04	6.93%	0.93%	6.93%	0.00%	▲	▶	▼	▶
	PESHAWAR	202.00	2.04	0.00%	-4.72%	-5.25%	-5.83%	▶	▶	▼	▶
Cooking oil (tin)	QUETTA	218.00	2.04	7.92%	3.81%	0.93%	0.93%	▲	▶	▼	▶
	LAHORE	214.00	2.16	0.00%	5.94%	-2.73%	-2.73%	▶	▲	▶	▶
	MULTAN	214.00	2.16	0.00%	5.94%	2.69%	-2.73%	▶	▲	▶	▶
	KARACHI	220.00	2.20	0.92%	8.91%	6.80%	0.00%	▶	▲	▲	▶
	PESHAWAR	214.00	2.16	0.00%	5.94%	-1.83%	-2.06%	▶	▲	▶	▶
Chicken live (farm)	QUETTA	218.00	2.18	0.93%	7.92%	-0.91%	-0.91%	▶	▲	▶	▶
	LAHORE	154.87	1.58	-1.11%	25.36%	7.43%	-5.77%	▼	▲	▲	▶
	MULTAN	161.17	1.64	-0.90%	23.65%	1.36%	-3.06%	▲	▲	▶	▶
	KARACHI	153.75	1.93	-19.50%	20.33%	4.17%	11.01%	▼	▲	▶	▲
	PESHAWAR	176.50	1.84	-3.29%	24.30%	0.06%	-3.29%	▼	▲	▶	▶
Pulse Masoor, washed	QUETTA	182.50	1.90	-2.67%	28.07%	9.94%	8.96%	▼	▲	▲	▶
	Lahore	103.63	1.05	-0.48%	1.81%	12.29%	4.37%	▶	▶	▶	▶
	Multan	112.50	1.14	0.00%	10.61%	15.38%	9.76%	▶	▲	▲	▶
	Karachi	111.54	1.13	0.00%	26.63%	19.83%	34.26%	▶	▲	▲	▲
	Peshawar	110.38	1.10	1.89%	12.97%	20.85%	30.63%	▲	▲	▲	▲
Pulse Moong, washed	QUETTA	132.50	1.26	6.00%	9.28%	25.00%	14.72%	▲	▲	▲	▲
	Lahore	118.93	1.07	12.37%	11.98%	14.43%	-0.54%	▲	▲	▲	▶
	Multan	126.75	1.20	6.40%	19.29%	24.88%	21.68%	▲	▲	▲	▲
	Karachi	131.54	1.33	0.00%	16.32%	22.84%	0.71%	▶	▲	▲	▶
	Peshawar	114.29	1.09	6.32%	14.29%	8.85%	13.81%	▲	▲	▲	▲
Pulse Mash, Washed	QUETTA	131.00	1.29	2.34%	0.00%	2.34%	4.48%	▲	▶	▶	▶
	Lahore	147.32	1.49	0.00%	0.00%	-5.50%	-3.05%	▶	▶	▼	▶
	Multan	117.50	1.19	0.00%	0.00%	0.00%	-7.84%	▶	▶	▶	▶
	Karachi	116.54	1.17	1.08%	13.06%	3.06%	5.34%	▲	▲	▶	▶
	Peshawar	115.42	1.17	-0.35%	2.50%	-6.16%	-8.85%	▶	▶	▼	▶
QUETTA	130.00	1.33	-1.14%	0.00%	-1.22%	-2.26%	▼	▶	▶	▶	

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.

Monthly price bulletins and more VAM publications are available on <http://vam.wfp.org.pk/>

Please send you feedback and comments on [islahabad.vam@wfp.org](mailto:islahabad.vam@wfp.org)