

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

September, 2013 Issue

### Highlights

- Staple food prices continued to rise, with average retail prices of wheat and wheat flour in August registering an increase of 4.5 and 2.6 percent respectively, compared to the previous month.
- Headline CPI was recorded at 8.5 percent on a year-on-year (YoY) basis in August 2013, compared to 8.3 percent in the previous month, and 9.1 percent in August 2012. While, the CPI food was recorded at 10.3 and 2 percent, on YoY and month-on-month (MoM) basis respectively.
- World wheat production for 2013/14 is likely to be at record level of 709 million metric tonnes as per latest estimates.
- The prices of petrol and high speed diesel increased by 3 percent in average.
- Increasing cereal prices caused further worsening in the terms of trade in August.

### Inflation Watch

The headline inflation<sup>1</sup> and CPI food on YoY basis were recorded at 8.5 and 10.3 percent respectively in August<sup>2</sup>. The weighted contribution of food group in the overall inflation during the month decreased to 50.74 percent from 46.72 percent in July. Income group-wise data showed that income group above PKR 35,000 witnessed lower inflation than the overall inflation in CPI basket during August for general, food and non-food groups and also lowest among the groups. The lowest income group (up to PKR 8,000) experienced highest inflation among the groups during August. This differential impact of inflation is understandable because inflation being a regressive tax, affects the poor the most. Among five cities<sup>3</sup>, the lowest inflation was observed in Lahore at 6.6 percent while the highest inflation was observed in Peshawar at 11.2 percent

### Domestic prices of staple cereals continued upward trend

The retail prices of staple cereals continued increasing in August 2013. CPI inflation in domestic wheat and wheat flour per 10 kg was recorded at 7.42 and 1.37 on YoY and MoM basis. The average retail prices of wheat and wheat flour were recorded at Rs.35.17 and Rs.40.37 per kg in August, compared to Rs.33.64 and Rs.39 per kg respectively in the previous month. Likewise a marginal increase of

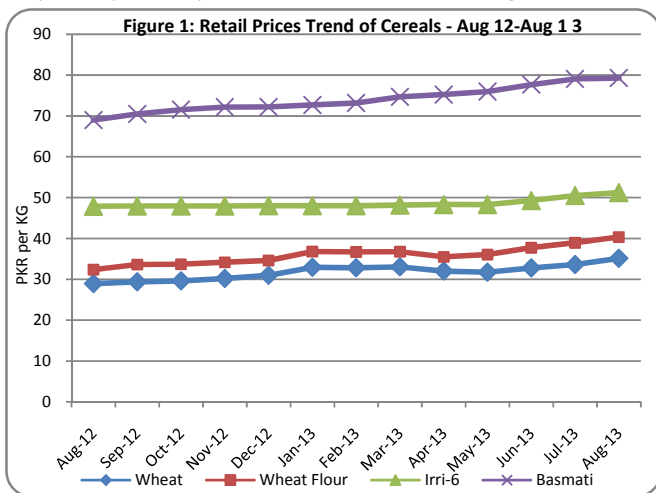
around one percent was also observed in the price of rice Irri-6, whereas *Basmati* broken almost remained the same on a month on month basis.

Fig. 1 reveals that prices of wheat and wheat flour have been on increase generally since end of the last year and reached all-time high in August 2013. Compared to the February this year, prices of wheat and wheat flour increased by 7 and 10 percent respectively, whereas prices of rice (*Basmati* and *Irri-6*) were found up by 8 and 7 percent respectively. Price disparities were recorded amongst the main markets for cereals, for instance, price of wheat and wheat flour remained relatively high in Karachi, recorded at Rs.36.40 and Rs.45.50 per kg respectively, while lowest price for wheat was recorded in Peshawar at Rs.34 per kg and for wheat flour in Multan at Rs.38 per kg. For rice (*Irri-6*), the highest price of Rs.60.43 per kg was recorded in Lahore, while lowest of Rs.43 per kg in Multan. Price of *Basmati* rice on the other hand was recorded at Rs.90.5 per kg in Quetta while Rs.74.13 per kg in Lahore<sup>4</sup>.

### Marginal fluctuations in prices of non-cereal food commodities

Price fluctuations were also observed in the non-cereal food commodities group. On a MoM basis, the price of eggs and chicken increased by 6 and 5 percent respectively. Price of pulses (*daal Moong* and *lentil-Masoor*) observed a marginal increase of 2 and 1 percent respectively, compared to previous month, while that of *daal Mash* remained almost unchanged. No changes were reported in the prices of vegetable ghee and cooking oil.

Marginal to significant increases were noticed in the prices of most commodities compared to May this year. Prices that registered significant increase include chicken (22%) *dal Masoor* (15%) and eggs (14%). Similarly the price of *daal moong* was also found up by 4 percent, vegetable ghee, sugar and vegetable oil went up by 3, 2 and 1 percent respectively. The only commodity that experienced a decrease in price was *dal mash* that decreased by 7 percent during this period. Compared to six months ago, most of these commodities experienced an upward trend. The commodities that registered decrease include only eggs (5%) and *dal mash* (1%). During this period, a significant increase was observed in the price of chicken that went by more than 16 percent; similarly the price of *dal masoor* and *moong* also experienced an increase of 16 and 9 percent respectively. The prices of

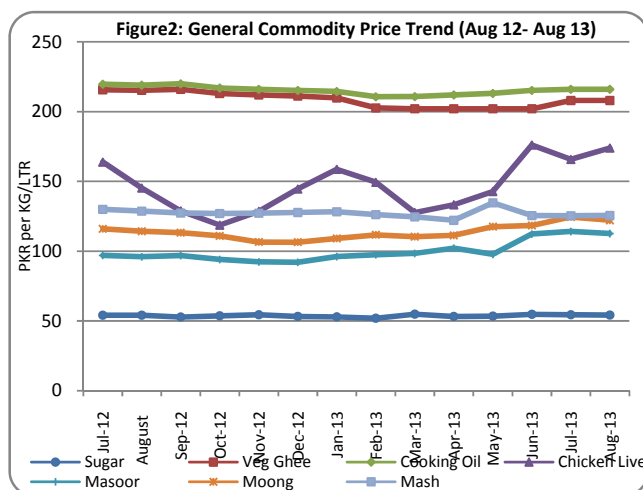


<sup>1</sup>Annual percentage change in cost to average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly – World Bank

<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

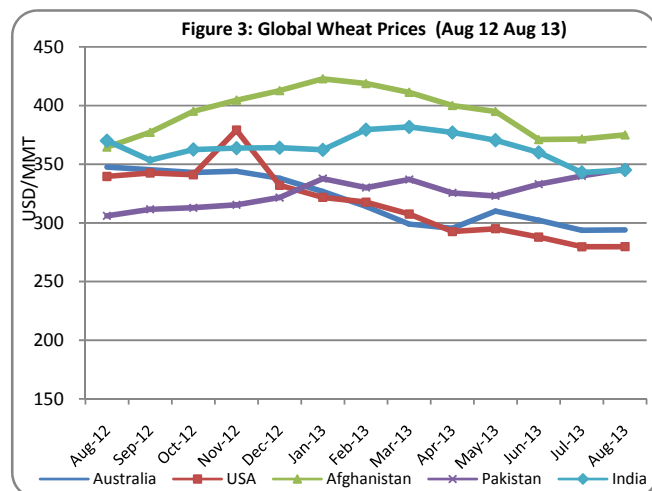


vegetable ghee and oil were also found up by 3 percent whereas the price of sugar went up by 4 percent.

Compared to a year ago, commodities that registered upward trend in prices included chicken (20%) *daal* Masoor (18%), and *dal* moong (7%). The price of vegetable ghee, *daal* mash and vegetable oil, on the other hand, decreased by 3, 2 and 1 percent respectively

#### World wheat production for 13/14 projected at a record 709 MMT

The FAO forecast of world cereal production has been raised to 2492 MMT up by 14 million tonnes (or 0.5 percent) from the July forecast-179 million tonnes (7.7 percent) higher than in 2012 and a new record. Global cereal utilization in 13/14 is projected at 2 413 million tonnes, down marginally from the previous forecast, but still 3.2 percent higher than in 12/13.



As per latest estimates, world wheat production for 2013-14 was projected at a record 709 million tonnes, up 53.7 million tonnes, or 8 percent, from 655.2 million tonnes in 2012-13. Global wheat consumption was projected at a record 706.5 million tonnes, down slightly from the August forecast and up 25.8 million tonnes, or 4 percent, from 680.7 million tonnes in 2012-13. World wheat exports were projected at 154.5 million tonnes, up slightly from August and up 16.2 million tonnes (12%) from 138.3 million tonnes in 2012<sup>5</sup>.

In this backdrop, global wheat prices remained stable in August 2013. Country prices however, observed nominal one percent increase in India<sup>6</sup>, remained unchanged in Australia and USA<sup>7</sup>, and increased by

<sup>5</sup>United States Department of Agriculture, September 2013

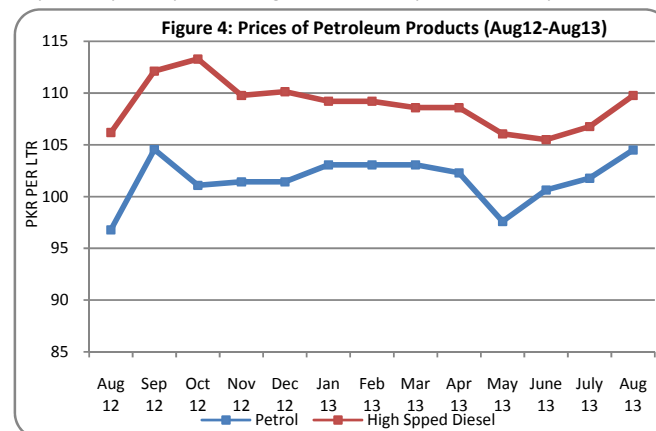
<sup>6</sup>India Ministry of Consumers Affairs

<sup>7</sup>WFP Procurement FOB Prices - <http://pbs.gov.pk/>

one percent in Afghanistan<sup>8</sup>. However, domestic wheat price in Pakistan, during August 2013, was 8 percent lower compared to Afghanistan and, remained closer to that of India. These were however, 19 and 15 percent higher than that in USA and Australia respectively.

#### Domestic petroleum prices increased

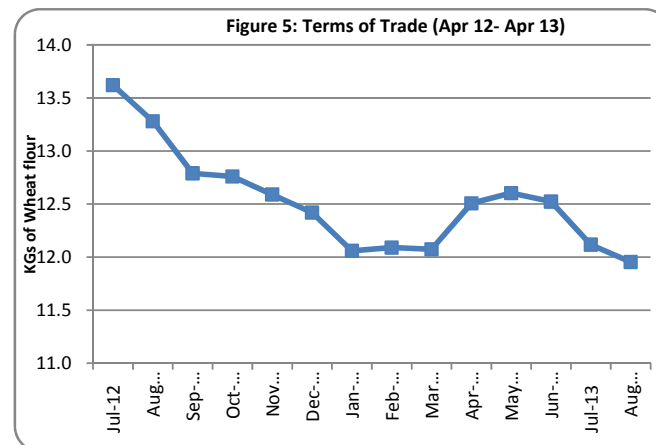
In August, the Government of Pakistan notified an increase of 3 percent on average, in the price of petroleum products, resulting in petrol and high speed diesel prices of Rs.104.50 and Rs.109.76 per litre respectively-one percent higher for both products compared to six



months before, and 8 and 3 percent respectively a year ago. However, no significant change was observed in the price of compressed natural gas (CNG) in August 2013.

#### Worsening state of access to food of low income groups

Assessing and monitoring the value of assets against what households can purchase in the market-Terms of Trade (TOT) is an important component of food security. Increase in prices of food especially staples can compromise HH food security.



A marginal decrease was noticed in the ToT<sup>9</sup> for the low income households. The purchasing capacity of a wage worker decreased from 12.12 kg in July to 11.95 kg in August. Compared to February this year, ToT registered a slight decrease of one percent, whereas it was found around 10 percent down, compared to a year ago. Figure 5 fairly explains 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>8</sup>WFP Afghanistan Office

<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 – August 2013

Major Commodities	Markets	Current Prices (August 2013) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	LAHORE	34.58	0.32	4.37%	13.64%	10.20%	27.70%	▲	▲	▲	▲
	MULTAN	35.15	0.31	5.91%	17.76%	12.03%	30.19%	▲	▲	▲	▲
	KARACHI	36.40	0.34	2.90%	5.20%	4.00%	17.04%	▲	▲	►	▲
	PESHAWAR	34.00	0.32	0.00%	8.28%	0.00%	14.61%	►	▲	►	▲
	QUETTA	35.70	0.32	9.85%	9.85%	9.85%	19.00%	▲	▲	►	▲
Wheat flour kg	LAHORE	38.54	0.36	5.59%	10.75%	11.71%	22.50%	▲	▲	▲	▲
	MULTAN	37.90	0.35	4.55%	11.47%	5.64%	24.26%	▲	▲	▲	▲
	KARACHI	45.50	0.41	4.00%	11.03%	10.30%	25.69%	▲	▲	▲	▲
	PESHAWAR	39.90	0.37	4.26%	13.80%	9.56%	29.97%	▲	▲	▲	▲
	QUETTA	40.00	0.37	0.00%	12.68%	12.68%	21.21%	►	▲	▲	▲
Rice Irri-6	LAHORE	60.43	0.59	0.00%	0.00%	2.42%	2.42%	►	►	►	►
	MULTAN	43.00	0.41	0.00%	4.88%	4.88%	4.88%	►	►	►	►
	KARACHI	56.54	0.51	7.10%	9.70%	9.70%	9.70%	▲	▲	▲	►
	PESHAWAR	48.33	0.48	-0.19%	-0.47%	-0.70%	0.83%	►	►	►	►
	QUETTA	48.00	0.43	0.00%	20.00%	20.00%	20.00%	►	▲	▲	▲
Rice Basmati broken	LAHORE	74.13	0.71	2.45%	2.45%	5.46%	7.76%	▲	►	▲	►
	MULTAN	77.50	0.76	0.00%	0.00%	0.00%	12.32%	►	►	►	►
	KARACHI	76.54	0.75	0.00%	1.32%	15.03%	15.03%	►	►	▲	▲
	PESHAWAR	78.33	0.78	-0.80%	-1.57%	2.17%	6.18%	►	►	►	►
	QUETTA	90.00	0.81	0.00%	20.00%	20.00%	34.33%	►	▲	▲	▲
Sugar	LAHORE	54.36	0.54	-0.91%	0.00%	2.35%	0.00%	►	►	►	►
	MULTAN	53.30	0.52	-0.37%	2.50%	6.32%	0.38%	►	►	▲	►
	KARACHI	54.11	0.53	0.91%	0.91%	5.85%	-0.93%	►	►	▲	►
	PESHAWAR	54.97	0.54	-0.05%	1.93%	3.31%	0.81%	►	►	►	►
	QUETTA	54.40	0.56	-1.09%	2.26%	4.62%	1.49%	▼	►	►	►
Veg. Ghee (tin)	LAHORE	202.00	1.99	0.00%	0.00%	0.00%	-6.48%	►	►	►	►
	MULTAN	202.00	1.99	0.00%	0.00%	0.00%	-6.48%	►	►	►	►
	KARACHI	216.00	1.99	0.00%	6.93%	6.93%	0.00%	►	►	▲	►
	PESHAWAR	202.00	1.99	0.00%	0.00%	0.00%	-4.90%	►	►	►	►
	QUETTA	218.00	1.99	0.00%	7.92%	6.08%	0.93%	►	▲	▲	►
Cooking oil (tin)	LAHORE	214.00	2.10	0.00%	0.75%	1.90%	-2.73%	►	►	►	►
	MULTAN	214.00	2.10	0.00%	0.00%	0.47%	-2.73%	►	►	►	►
	KARACHI	220.00	2.14	0.00%	2.42%	5.26%	0.00%	►	►	▲	►
	PESHAWAR	214.00	2.10	0.00%	0.00%	2.39%	-0.56%	►	►	►	►
	QUETTA	218.00	2.12	0.00%	3.81%	2.59%	-0.91%	►	►	►	►
Chicken live (farm)	LAHORE	152.77	1.54	-1.36%	23.81%	26.10%	13.53%	▼	▲	▲	▲
	MULTAN	165.56	1.60	2.72%	23.58%	18.26%	15.37%	▲	▲	▲	▲
	KARACHI	186.00	1.88	20.98%	20.78%	8.30%	41.77%	▲	▲	▲	▲
	PESHAWAR	178.00	1.79	0.85%	28.61%	25.80%	13.43%	►	▲	▲	▲
	QUETTA	187.00	1.84	2.47%	14.02%	8.41%	16.88%	▲	▲	▲	▲
Lentil- daal <i>Masoor</i> , washed	Lahore	101.95	1.02	-1.62%	2.72%	5.72%	2.68%	▼	►	▲	►
	Multan	112.50	1.11	0.00%	4.65%	15.38%	13.07%	►	►	▲	▲
	Karachi	105.85	1.10	-5.10%	17.45%	17.35%	23.86%	▼	▲	▲	▲
	Peshawar	109.87	1.07	-0.46%	24.15%	18.29%	21.44%	►	▲	▲	▲
	Quetta	133.00	1.23	0.38%	28.63%	20.91%	26.67%	►	▲	▲	▲
Daal <i>Moong</i> , washed	Lahore	118.93	1.04	0.00%	-1.25%	14.43%	-0.54%	►	►	▲	►
	Multan	120.30	1.17	-5.09%	2.38%	11.91%	15.48%	▼	►	▲	▲
	Karachi	129.85	1.29	-1.28%	5.50%	14.83%	6.16%	▲	▲	▲	►
	Peshawar	116.47	1.06	1.91%	18.04%	12.14%	13.44%	▲	▲	▲	▲
	Quetta	125.20	1.26	-4.43%	-2.19%	-3.69%	1.95%	▼	►	►	►
Daal Mash, Washed	Lahore	147.32	1.45	0.00%	-5.39%	-4.41%	-2.25%	►	▼	►	►
	Multan	117.50	1.16	0.00%	-17.54%	0.00%	-5.62%	►	▼	►	►
	Karachi	117.85	1.13	1.12%	6.09%	4.22%	4.16%	▲	▲	►	►
	Peshawar	115.00	1.14	-0.36%	-10.97%	-4.33%	-4.72%	►	▼	►	►
	Quetta	130.00	1.29	0.00%	-3.42%	3.17%	-3.27%	►	►	►	►

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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