

## Pakistan Market Price Bulletin

February 2014 Issue

A monthly publication of the Vulnerability Analysis and Mapping (VAM) Unit, World Food Program, Pakistan

### Highlights

- Domestic average retail prices of staple cereals remained stable in January compared to the previous month; compared to a year ago, the prices for wheat and wheat flour were 21 and 20% higher, respectively.
- Most non-cereal food commodities registered an increase in price.
- Global outlook for January suggests a decline in global wheat supply and production.
- Average terms-of-trade for low income earners remained stable in January.
- Headline CPI inflation increased by 7.9% on a year-on-year basis, compared to 8.1% in January 2013. Similarly, CPI food also increased by 7.2% compared to 8.1% in January 2013.
- The price of petroleum products remained unchanged.

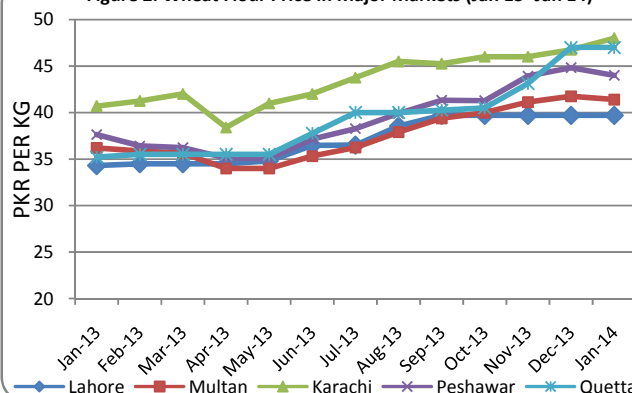
**Inflation watch:** Headline inflation, based on Consumer Price Index (CPI) increased by 7.9% on a year-on-year (YoY) basis in January 2014, compared to 9.2% in the previous month and 8.1% in January 2013. On a month-on-month (MoM) basis, it increased by 0.5%, compared to a decrease of 1.3% in the previous month, and an increase of 1.7% in January 2013. Similarly, on a YoY basis, an increase of 7.2% was noticed in CPI Food compared to an increase of 9.3% in the previous month and 8.1% in January 2013, whereas no change was observed in the index on a MoM basis.<sup>1</sup>

### Staple cereal prices remained stable in January

*Rabi* season in Pakistan started in November last year and plantation reached the active vegetation stage in January 2014. The government has set 25 million tons as the wheat production target for marketing year 2013-14. The prospects for wheat crops in irrigated areas of the country remain good. However, the wheat crop in rain-fed areas experienced water stress for a period of time. Overall though, predictions suggest a good national wheat output for this year. So far the government has not announced any change in support price for wheat. In January average retail prices of staple cereals remained stable in the major markets<sup>2</sup> across the country compared to the previous month. The average retail price of one kg of wheat in January was recorded at Rs.39.97, and wheat flour at Rs.44.02. Similarly, price of *Irri-6* and *Basmati* rice also remained unchanged compared to the previous month. The prices of wheat and wheat flour remained

this period. By contrast, the price of *Irri-6* rice declined by 2%, while *Basmati* remained unchanged during this period. Compared to six months before (July 2013), wheat and wheat flour prices registered an increase of 19% and 13% respectively, while *Irri-6* and *Basmati* rice were higher by only 1%. Compared to a year ago, both wheat and wheat flour prices surged by 21 and 20% respectively. The prices of *Irri-6* and *Basmati* rice experienced an increase of 6% and 10% respectively in the same period.

Figure 2: Wheat Flour Price in Major Markets (Jan 13- Jan 14)

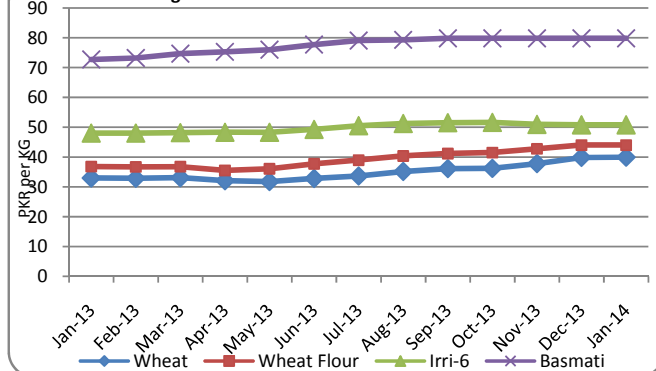


In January, in addition to stability in average prices at the country level, the prices of staple cereals also remained stable at the regional level (Figure 2). Prices between the provinces, however, varied, e.g. wheat flour prices in Karachi (Sindh) at Rs.48 per kg remained higher (by 21%) compared to Lahore (Punjab) at Rs.39.7 per kg. Likewise, the price of wheat flour in Quetta and Peshawar also remained relatively high compared to Lahore. Similarly, price of *Irri-6* rice remained 54% higher in Lahore compared to Multan, while the price of *Basmati* rice was highest in Quetta at Rs.90 per kg and lowest in Lahore at Rs.77 per kg.

### Upward trends in prices of most non-cereal food commodities

In January, most of the non-cereal food commodities registered modest to significant increases in their average retail prices compared to the previous month. This included, chicken (15%), *Daal Moong* (2%), and *Daal Masur/lentil* (1%), while prices of vegetable ghee and oil experienced nominal increases of 0.4%. The commodities that exhibited a decrease in their prices were: sugar (5%) and eggs (7%) compared to the previous month. Compared to three months ago (Oct

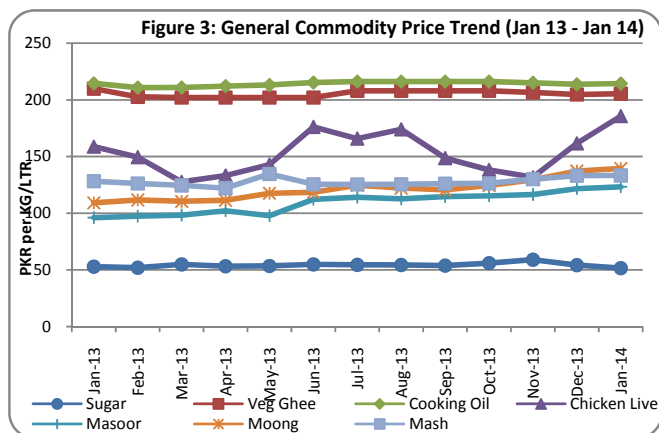
Figure 1: Retail Price Trend of Cereals - Jan 13- Jan 14



significantly higher compared to three months ago (Oct 2013): prices of wheat and wheat flour increased by 10% and 6% respectively during

<sup>1</sup> Pakistan Bureau of Statistics

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

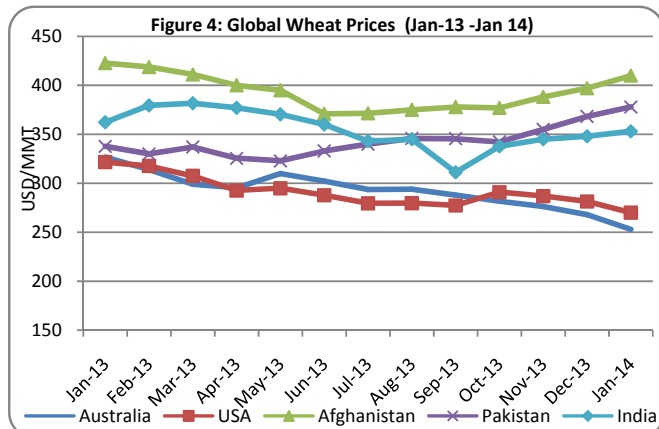


2013), the prices of chicken and eggs experienced an increase of 34% and 8% respectively while *Daal Moong*, *Daal Masur/lentil* and *Daal Mash* increased by 12%, 7% and 6%, respectively, during the same period. The price of sugar declined by 8%, as did vegetable ghee and oil, by 1% for the same period. During the past six months, prices of non-cereal commodities registered modest to significant variations, e.g. the price of eggs went up significantly by 33%, while *Daal Moong* and chicken increased by around 12%. The prices of *Daal Masur/Lentil* and *Daal Mash* also registered increases of 8% and 6% respectively during this period, while the price of sugar declined by around 5% and vegetable ghee and oil by 1%..

On a YoY basis, the prices of most of the non-cereal food commodities exhibited modest fluctuations except *Daal Masur* (lentil) and *Daal Moong* which increased by 28%. The price of chicken went up by 17% while the price of eggs declined by 5%. The price of *Daal Mash* also registered an increase 4%. By contrast, the prices of sugar and vegetable ghee observed a decline of 3% and 2% respectively, while vegetable oil remained unchanged.

#### A decline in estimates for global wheat supplies and output

Estimates for global wheat supplies were lowered by 1.1 million MT, mainly due to lower beginning stocks for Argentina and Russia and reduction in global production. Estimates of global carry-forward supplies for 2013/14 were reduced due to small reductions in 2012/13 production for Argentina and imports for Russia. Estimated production for Kazakhstan was lower by 1.6 million MT, based on the latest official estimates, and by 0.3 million MT for Algeria. Partly offsetting these



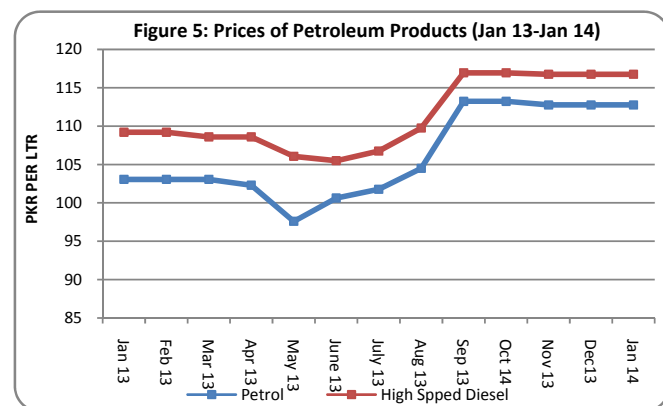
reductions was a 0.6 million MT increase for Brazil and a 0.3 million MT for Ukraine, based on latest government estimates. Similarly estimates for global wheat exports for 2013/14 were also lowered, mainly as

reductions for Kazakhstan and Argentina were more than to offset an increase for the European Union (EU). Export projections were also lower for Argentina by 1 million MT, whereas they rose for the EU by 1.5 million MT<sup>3</sup>.

Global wheat prices experienced some fluctuations in January compared to the previous month. The price of wheat saw an increase of 3% and 2% in Afghanistan<sup>4</sup> and India respectively, but declined in Australia and the U.S.<sup>5</sup> by 6% and 4% respectively, compared to the previous month. The domestic wheat price in Pakistan<sup>6</sup> was 33% higher compared to Australia, 29% higher compared to the U.S. and 7% higher than India, but 8% lower than in Afghanistan.

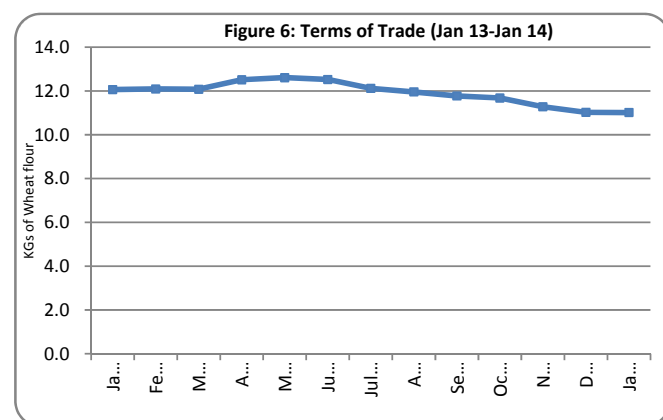
#### Prices of petroleum products remained stable

No change was observed in the prices of petroleum products in January 2014 in comparison to the previous month (Figure 5). The price of super petrol remained at Rs.112.76 per liter and high-speed diesel stayed at Rs.116.75 per liter in January; these prices are 11% and 9% higher compared with six months before. Similarly, no change was observed in the price of Compressed Natural Gas (CNG) in January 2014.



#### Purchasing power of low income households remained stable

Figure 6 shows the trend in the Terms of Trade (ToT<sup>7</sup>) for low income households. The ToT, which began worsening in the middle of last year, remained stable during January. However, the ToT worsened by 6% and 9% respectively in comparison to ToT levels three and six



<sup>3</sup> World Agriculture Supply and Demand Estimates – USDA February 2014

<sup>4</sup> WFP Afghanistan Office

<sup>5</sup> WFP Procurement FOB Prices

<sup>6</sup> The spikes in price are mainly due to appreciation of Pak Rupee against the USD in January

<sup>7</sup> Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

months earlier.

## Retail prices of various food commodities in major cities – January 2014

Major Commodities	Markets	Current Prices (Jan 2014) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	LAHORE	40.68	0.31	2.17%	11.36%	22.79%	31.26%	▲	▲	▲	▲
	MULTAN	37.75	0.30	-2.27%	6.64%	13.75%	16.51%	▼	▲	▲	▲
	KARACHI	37.00	0.33	0.00%	0.00%	4.59%	7.25%	►	►	►	►
	PESHAWAR	40.40	0.31	1.00%	13.48%	18.82%	16.43%	▲	▲	▼	▲
	QUETTA	44.00	0.31	0.00%	20.55%	35.38%	36.65%	►	▲	▲	▲
WHEAT FLOUR kg	LAHORE	39.70	0.35	0.00%	0.00%	8.77%	15.74%	►	►	▲	▲
	MULTAN	41.40	0.33	-0.84%	3.50%	14.21%	14.36%	►	►	▲	▲
	KARACHI	48.00	0.40	2.67%	4.35%	9.71%	17.94%	▲	►	▲	▲
	PESHAWAR	44.00	0.35	-1.84%	6.58%	14.97%	16.92%	▼	▲	▲	▲
	QUETTA	47.00	0.36	0.00%	16.05%	17.50%	33.52%	►	▲	▲	▲
RICE IRRI-6	LAHORE	63.07	0.57	0.00%	0.00%	4.37%	6.90%	►	►	►	►
	MULTAN	41.00	0.40	0.00%	-2.84%	-4.65%	0.00%	►	►	►	►
	KARACHI	56.54	0.49	0.00%	0.00%	7.10%	9.70%	►	►	▲	►
	PESHAWAR	48.42	0.46	0.00%	0.19%	0.00%	-0.51%	►	►	►	►
	QUETTA	45.00	0.42	0.00%	-6.25%	-6.25%	12.50%	►	▼	▼	▲
RICE BASMATI BROKEN	LAHORE	76.79	0.69	0.00%	0.00%	6.12%	11.14%	►	►	▲	▲
	MULTAN	77.50	0.74	0.00%	0.00%	0.00%	1.31%	►	►	►	►
	KARACHI	76.54	0.73	0.00%	0.00%	0.00%	15.03%	►	►	►	▲
	PESHAWAR	78.33	0.75	0.00%	0.00%	-0.80%	2.62%	►	►	►	►
	QUETTA	90.00	0.78	0.00%	0.00%	0.00%	20.00%	►	►	►	▲
SUGAR	LAHORE	52.19	0.52	-4.55%	-6.84%	-4.87%	-1.06%	▼	▼	►	►
	MULTAN	50.20	0.50	-4.16%	-7.38%	-6.17%	-2.14%	▼	▼	▼	►
	KARACHI	51.02	0.51	-5.43%	-8.83%	-4.85%	-4.87%	▼	▼	►	►
	PESHAWAR	52.33	0.52	-4.85%	-8.08%	-4.85%	-2.73%	▼	▼	►	►
	QUETTA	51.60	0.54	-5.32%	-8.51%	-6.18%	-2.27%	▼	▼	▼	►
VEG. GHEE (TIN)	LAHORE	202.00	1.92	0.00%	0.00%	0.00%	-6.48%	►	►	►	►
	MULTAN	203.04	1.92	1.93%	0.51%	0.51%	0.51%	▲	►	►	►
	KARACHI	208.00	1.92	0.00%	-3.70%	-3.70%	2.97%	►	►	►	►
	PESHAWAR	202.00	1.92	0.00%	0.00%	0.00%	-5.25%	►	►	►	►
	QUETTA	212.00	1.92	0.00%	-2.75%	-2.75%	-1.85%	►	►	►	►
COOKING OIL (TIN)	LAHORE	214.00	2.03	0.00%	0.00%	0.00%	-2.73%	►	►	►	►
	MULTAN	215.20	2.03	1.51%	0.56%	0.56%	3.26%	►	►	►	►
	KARACHI	214.00	2.07	0.00%	-2.73%	-2.73%	3.88%	►	►	►	►
	PESHAWAR	214.00	2.03	0.00%	0.00%	0.00%	-1.83%	►	►	►	►
	QUETTA	214.00	2.05	0.00%	-1.83%	-1.83%	-2.73%	►	►	►	►
CHICKEN LIVE (FARM)	LAHORE	158.57	1.49	8.90%	33.75%	2.39%	10.00%	▲	▲	►	▲
	MULTAN	175.83	1.54	7.38%	32.17%	9.10%	10.58%	▲	▲	▲	▲
	KARACHI	208.12	1.81	24.79%	44.21%	35.36%	41.00%	▲	▲	▲	▲
	PESHAWAR	183.40	1.73	11.66%	28.43%	3.91%	3.97%	▲	▲	►	►
	QUETTA	202.00	1.78	20.60%	32.89%	10.68%	21.69%	▲	▲	▲	▲
Pulse Masoor, Washed	Lahore	134.21	0.99	6.76%	29.10%	29.51%	45.42%	▲	▲	▲	▲
	Multan	119.00	1.07	0.00%	5.78%	5.78%	22.05%	►	▲	▲	▲
	Karachi	116.54	1.06	0.74%	3.06%	4.48%	25.20%	►	►	►	▲
	Peshawar	116.67	1.03	-1.40%	5.78%	5.70%	27.73%	▼	►	▲	▲
	Quetta	130.00	1.19	0.00%	-5.11%	-1.89%	22.64%	►	▼	►	▲
Pulse Moong, Washed	Lahore	140.59	1.00	4.28%	16.47%	18.21%	35.27%	▲	▲	▲	▲
	Multan	137.50	1.13	3.77%	15.23%	8.48%	35.47%	▲	▲	▲	▲
	Karachi	153.08	1.25	1.66%	10.06%	16.38%	42.96%	▲	▲	▲	▲
	Peshawar	124.00	1.02	0.71%	7.20%	8.50%	18.10%	►	▲	▲	▲
	Quetta	142.00	1.21	-1.90%	11.64%	8.40%	10.94%	▼	▲	▲	▲
Pulse Mash, Washed	Lahore	148.57	1.40	0.00%	4.13%	0.85%	-4.70%	►	►	►	►
	Multan	122.50	1.11	0.00%	4.26%	4.26%	4.26%	►	►	►	►
	Karachi	123.08	1.09	0.00%	0.00%	5.61%	8.84%	►	►	▲	►
	Peshawar	122.08	1.10	-0.34%	6.16%	5.77%	-0.75%	►	▲	▲	►
	Quetta	150.00	1.25	0.84%	12.61%	15.38%	13.98%	►	▲	▲	▲

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 % during one year period.

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