

## Pakistan Market Price Bulletin

April 2014 Issue

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

### Highlights

- Average retail prices of staple cereals showed a modest upward trend in March compared to the previous month.
- Wheat and wheat flour prices were higher by 25 and 21 percent respectively, compared to a year ago.
- Most non-cereal food commodities experienced marginal increases in their prices.
- Headline CPI on a yearly basis was recorded at 8.5 percent, compared to 7.9 percent in the previous month.
- Estimates suggest a marginal decline in global wheat production and supply in March.
- Average terms-of-trade for low-income earners worsened slightly during the month.
- The Government of Pakistan has notified of a small decrease in the price of super petrol.

**Inflation watch:** The year-on-year (YoY) headline CPI inflation, which had exhibited relatively stable trends over the last two months, was recorded up at 8.5 percent in March 2014, compared to 7.9 percent in February 2014. On a month-on-month (MoM) basis, CPI increased by 1.0 percent compared to a 0.3 percent decrease in the previous month, and compared to an increase of 0.4 percent a year ago. On the other hand, on a yearly basis, CPI for food rose by 9.3 percent against an increase of 7.6 during previous month; whereas on a MoM basis, a 2.1 percent increase was observed, set against a decrease of 1 percent in the month prior<sup>1</sup>.

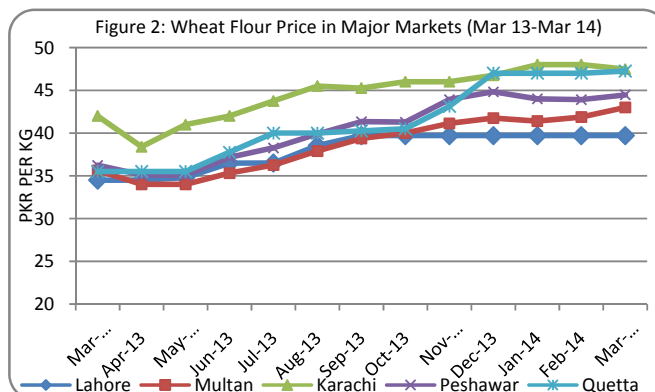
### Stable staple cereal prices with modest upward trend

According to estimates by SUPARCO (Space and Upper Atmosphere Research Commission), wheat production is expected to be around 25.42<sup>2</sup> million tons this year, whereas the government has set 25 million tons as the production target for marketing year 2013-14. Public sector procurement of wheat is also beginning soon in some parts of the country. So far no change has yet been announced to last year's GoP set procurement price of Rs.1,200 per 40 kg. Meanwhile, the prices of staple cereals have shown some positive stability. The prices of wheat and wheat flour registered nominal increases of 1 percent in average. Across the country's main markets<sup>3</sup>, the average retail price during the month for 1 kg of wheat was recorded at Rs.41.25 and wheat flour at Rs.44.38. Similarly, the price of rice (*Irri-6* and *Basmati*) also remained unchanged, compared to the previous month.

Some changes were observed in the price of staple cereals over the last three months. In March, for example, an increase of 3 and 1

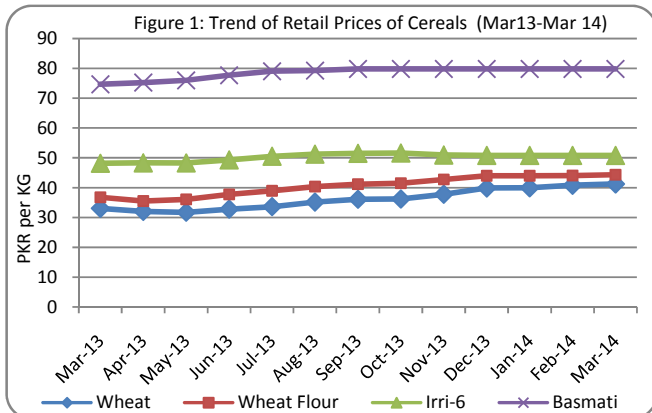
percent was observed in the price of wheat and wheat flour respectively, compared to three months ago. The price of rice (*Basmati* and *Irri-6*) remained unchanged during this period. However, when compared to six months prior, wheat and wheat flour prices were higher by 14 and 8 percent respectively. By contrast, a slight 1 percent decline was observed in the price of rice (*Irri-6*) while that of *Basmati* rice remained unchanged during that period.

The increase in the prices of wheat and wheat flour was significant on a yearly basis as illustrated by the steep rise in Figure 2, which shows that the prices of wheat and wheat flour in March were higher by 25 and 21 percent, respectively, compared to their prices a year ago. The price of rice (*Basmati* and *Irri-6*) increased by 6 and 7 percent



respectively, during the same one-year period<sup>4</sup>.

Across Pakistan, the prices of staple cereals remained relatively stable across different regions, save Multan, where the price of wheat and wheat flour registered an increase of 4 and 3 percent, respectively, on a monthly basis. The highest price for wheat flour was recorded in Karachi (Rs.47.5/kg) while the lowest was found in Lahore (Rs.39.7/kg).

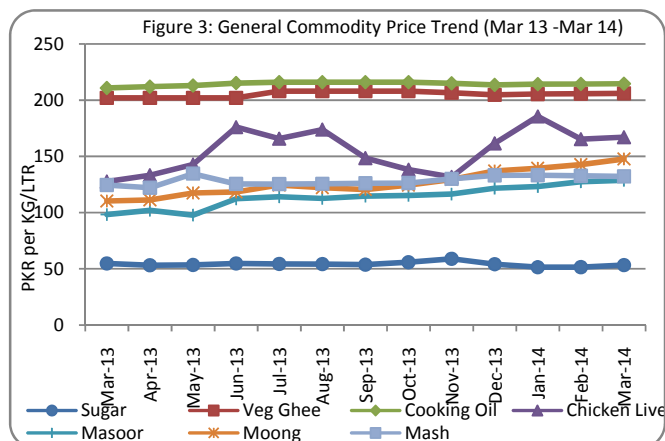


<sup>1</sup>Pakistan Bureau of Statistics

<sup>2</sup>SUPARCO Pakistan Satellite based Crop Monitoring System Bulletin (PAK-SCMS)

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

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



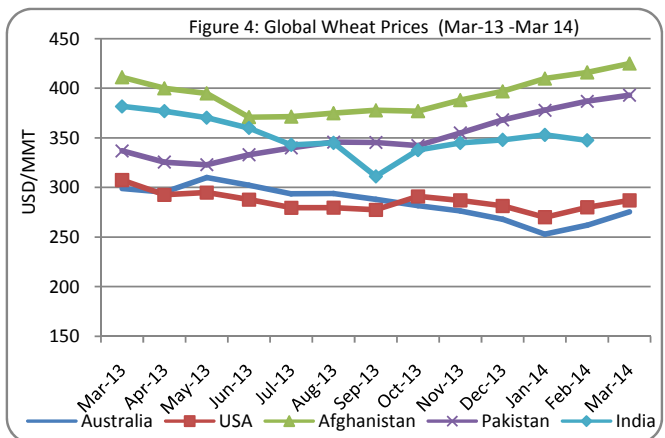
fluctuations were noticed in the prices of non-cereal food commodities, compared to three months ago. Commodities that showed an increase in price included: *daal Moong* (8%), *daal Masur* (6%), vegetable ghee and cooking oil (1%). Similarly, the price of chicken also increased by 3 percent. On the other hand, the price of sugar, *Daal Mash* and eggs declined by one percent each, compared to three months ago.

Compared to six months ago (September 2013), a mixed trend was observed in the prices. Some commodities experienced significant increases, while others declined marginally. Commodities which registered increase included: *daal moong* (23%), eggs (16%); *daal masoor* (12%) chicken (12%) and *daal mash* (5%). On the other hand the price of sugar, vegetable ghee and cooking oil declined by one percent compared to the same period.

On a YoY basis, the price of pulses rose significantly, for instance the prices of *daal Moong* and lentil (*Masoor*) experienced an increase of 34 and 31 percent respectively. During this period the price of chicken meat and eggs also increased by 31 and 25 percent. The prices of vegetable ghee and cooking oil also increased, but by a smaller margin, at 2 percent, while sugar decreased in price by 3 percent.

#### Marginal decline in global wheat supply and production estimates

This March, estimates for global wheat supplies suggest an increase attributable to both a higher starting stock and a decrease in wheat consumption in the European Union (EU) and Ukraine. Similarly global wheat production estimates were slightly lower by 0.2 million mt (MMT). Estimates for global wheat imports were also lower, largely a reflection of a 1.5 MMT reduction in China. Import reductions were also made in Bangladesh, the EU, Pakistan and South Africa, which were mostly offset by increases in Mexico, Nigeria and Russia. Projections for global wheat consumption (2013-14) were also lower

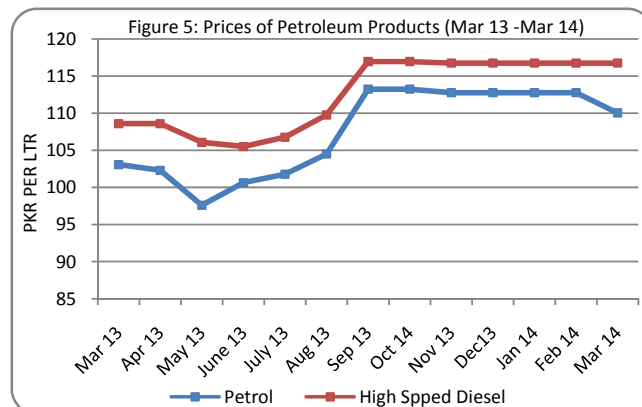


by 2.4 MMT, predominantly on the basis of a projected reduction of 2 MMT in China<sup>5</sup>.

Global wheat prices in most countries registered an increase in March with notable increases in Australia (5%), the U.S. (3%)<sup>6</sup> and Afghanistan (2%)<sup>7</sup> compared to the previous month. The domestic wheat price in Pakistan in March was higher compared to Australia (30%), and the U.S. (27%) but 8 percent lower than in Afghanistan.

#### Marginal decrease in the price of super petrol

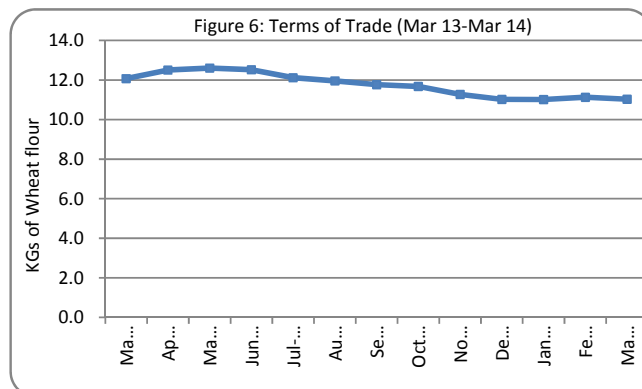
In March, the GoP notified a marginal decrease (2%) in the price of super petrol, while prices of high speed diesel remained unchanged. With this recent decrease, the price of super petrol came down from Rs.112.76 per liter in February to Rs.110.03 per liter in March; high-speed diesel remained at Rs.116.75 per liter. The prices of super petrol and diesel in March were however higher by 7 and 8 percent



respectively, compared to a year ago. No change was observed in the prices of Compressed Natural Gas (CNG) in March; which remained at Rs.74.25 per kg in Region-I (Khyber Pakhtunkhwa, Balochistan, and in *Potohar*: Islamabad, Rawalpindi and Gujar Khan), and at Rs.66.14 per kg in Region-II (Sindh and Punjab excluding the *Potohar* region).

#### Marginal decline in the Terms of Trade (ToT)<sup>8</sup>

A marginal increase in the price of wheat flour negatively impacted the purchasing power of casual laborers, which declined in March, while the income of casual unskilled labor remained unchanged. Thus the ToT in March declined by one percent, compared to February, and is down 9 percent compared to a year ago (Figure 6). The highest ToT was recorded in Lahore at 12.6 kg of wheat flour per day of unskilled wage labour, and the lowest in Multan at 9.3 kg of wheat flour per day of unskilled wage labour<sup>9</sup>



<sup>5</sup> World Agriculture Supply and Demand Estimates (WASDE)—USDA

<sup>6</sup> WFP Procurement FOB Prices

<sup>7</sup> WFP Afghanistan Office

<sup>8</sup> Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

<sup>9</sup> Pakistan Bureau of Statistics

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

Major Commodities	Markets	Current Prices (Mar 2014) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	LAHORE	41.27	0.31	0.34%	3.65%	12.86%	30.23%	▶	▶	▲	▲
	MULTAN	40.00	0.30	4.06%	3.56%	13.88%	28.51%	▲	▶	▲	▶
	KARACHI	39.00	0.33	1.30%	5.41%	5.41%	8.33%	▶	▶	▲	▶
	PESHAWAR	42.00	0.31	0.00%	5.00%	18.73%	23.53%	▶	▲	▲	▲
	QUETTA	44.00	0.31	0.00%	0.00%	20.55%	35.38%	▶	▶	▲	▲
WHEAT FLOUR kg	LAHORE	39.70	0.35	0.00%	0.00%	0.00%	15.07%	▶	▶	▶	▲
	MULTAN	43.00	0.34	2.69%	2.99%	9.21%	20.70%	▶	▶	▲	▲
	KARACHI	47.48	0.40	-1.08%	1.56%	4.93%	13.05%	▼	▶	▶	▲
	PESHAWAR	44.46	0.35	1.23%	-0.81%	7.56%	22.71%	▲	▶	▲	▲
	QUETTA	47.25	0.36	0.53%	0.53%	17.39%	33.10%	▶	▶	▲	▲
RICE IRRI-6	LAHORE	63.07	0.58	0.00%	0.00%	2.15%	5.61%	▶	▶	▶	▶
	MULTAN	41.00	0.40	0.00%	0.00%	-4.65%	0.00%	▶	▶	▶	▶
	KARACHI	56.54	0.49	0.00%	0.00%	0.00%	9.70%	▶	▶	▶	▶
	PESHAWAR	48.50	0.46	0.04%	0.17%	0.35%	-0.35%	▶	▶	▶	▶
	QUETTA	45.00	0.42	0.00%	0.00%	-6.25%	12.50%	▶	▶	▼	▲
RICE BASMATI BROKEN	LAHORE	76.79	0.69	0.00%	0.00%	0.00%	6.86%	▶	▶	▶	▶
	MULTAN	77.50	0.74	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	KARACHI	76.54	0.73	0.00%	0.00%	0.00%	10.86%	▶	▶	▶	▲
	PESHAWAR	78.33	0.76	0.00%	0.00%	0.00%	-2.09%	▶	▶	▶	▶
	QUETTA	90.00	0.79	0.00%	0.00%	0.00%	20.00%	▶	▶	▶	▲
SUGAR	LAHORE	54.55	0.53	4.68%	-0.24%	-0.57%	3.33%	▲	▶	▶	▶
	MULTAN	51.88	0.51	2.73%	-0.95%	-1.65%	1.47%	▲	▶	▶	▶
	KARACHI	53.12	0.51	4.94%	-1.54%	-0.36%	4.94%	▲	▶	▶	▶
	PESHAWAR	54.46	0.52	4.07%	-0.98%	0.00%	2.91%	▲	▶	▶	▶
	QUETTA	52.75	0.55	1.44%	-3.21%	-0.94%	-20.90%	▲	▶	▶	▼
VEG. GHEE (TIN)	LAHORE	202.00	1.93	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	MULTAN	204.00	1.93	0.00%	2.41%	0.99%	0.99%	▶	▶	▶	▶
	KARACHI	208.00	1.93	0.00%	0.00%	-3.70%	2.97%	▶	▶	▶	▶
	PESHAWAR	204.00	1.93	0.74%	0.99%	0.99%	0.99%	▶	▶	▶	▶
	QUETTA	212.00	1.93	0.00%	0.00%	-2.75%	4.95%	▶	▶	▶	▶
COOKING OIL (TIN)	LAHORE	214.00	2.04	0.00%	0.00%	0.00%	1.90%	▶	▶	▶	▶
	MULTAN	216.00	2.04	0.00%	1.89%	0.93%	0.93%	▶	▶	▶	▶
	KARACHI	214.00	2.08	0.00%	0.00%	-2.73%	1.90%	▶	▶	▶	▶
	PESHAWAR	215.00	2.04	0.47%	0.47%	0.47%	2.38%	▶	▶	▶	▶
	QUETTA	214.00	2.06	0.00%	0.00%	-1.83%	1.90%	▶	▶	▶	▶
CHICKEN (FARM) LIVE	LAHORE	145.36	1.49	3.93%	-0.17%	15.37%	39.37%	▲	▶	▲	▲
	MULTAN	159.59	1.55	1.46%	-2.54%	16.17%	35.38%	▲	▶	▲	▲
	KARACHI	186.83	1.82	1.57%	12.03%	16.04%	32.98%	▲	▲	▲	▲
	PESHAWAR	161.00	1.74	-1.38%	-1.98%	4.21%	28.29%	▼	▶	▶	▲
	QUETTA	182.50	1.79	0.00%	8.96%	11.45%	21.67%	▶	▶	▲	▲
Pulse Masoor, Washed	Lahore	157.32	0.99	3.47%	25.15%	54.30%	61.37%	▲	▶	▲	▲
	Multan	119.00	1.07	0.00%	0.00%	5.78%	22.05%	▶	▶	▲	▲
	Karachi	119.33	1.06	-0.40%	3.16%	5.53%	37.89%	▶	▶	▲	▲
	Peshawar	116.67	1.03	0.00%	-1.40%	5.42%	22.76%	▶	▶	▲	▲
	Quetta	131.25	1.19	0.96%	0.96%	-2.78%	14.13%	▶	▶	▶	▲
Pulse Moong, Washed	Lahore	156.70	1.01	1.21%	16.23%	30.97%	50.77%	▲	▲	▲	▲
	Multan	149.38	1.14	7.66%	12.74%	26.59%	42.27%	▲	▲	▲	▲
	Karachi	151.83	1.25	-0.82%	0.83%	23.36%	34.27%	▶	▶	▲	▲
	Peshawar	131.88	1.02	5.33%	7.12%	13.37%	30.65%	▲	▲	▲	▲
	Quetta	148.50	1.22	4.58%	2.59%	18.33%	15.12%	▲	▶	▲	▲
Pulse Mash, Washed	Lahore	143.57	1.40	-0.86%	-3.37%	-0.80%	-4.17%	▶	▶	▶	▶
	Multan	122.50	1.12	0.00%	0.00%	4.26%	4.26%	▶	▶	▶	▶
	Karachi	123.08	1.10	0.00%	0.00%	0.00%	11.30%	▶	▶	▶	▲
	Peshawar	121.67	1.10	-0.17%	-0.68%	5.80%	5.03%	▶	▶	▲	▶
	Quetta	150.00	1.25	-0.83%	0.84%	15.38%	16.28%	▶	▶	▲	▲

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 [Islamabad.vam@wfp.org](mailto:Islamabad.vam@wfp.org)