

## Pakistan Market Price Bulletin

May 2014 Issue

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

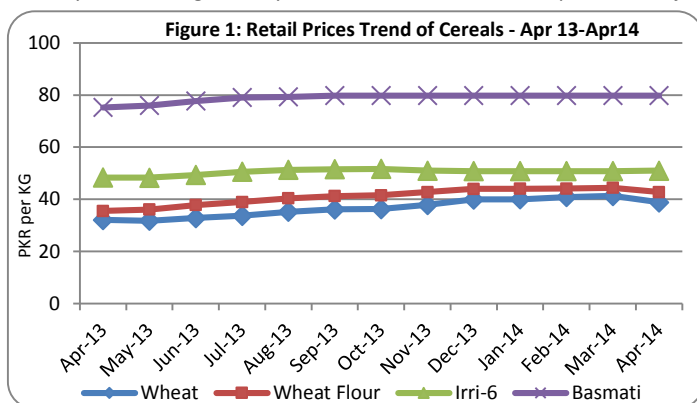
### Highlights

- The average retail price of wheat and wheat flour in April declined by 6 and 4 percent respectively compared to the previous month. These prices, however, are still higher, by 21 and 20 percent respectively, compared to a year ago.
- Estimates suggest a wheat harvest of some 25 million MT in Pakistan this year, slightly higher than the 24 million MT in the previous year.
- Headline CPI on a yearly basis was recorded at 9.2 percent, while CPI for food rose by 9.9 percent.
- Estimates suggest a marginal decline in global wheat production and supply for the year 2014-15 over the year 2013-14.
- Modest improvement was noted in the purchasing capacity of unskilled wage earners due to the decrease in wheat prices.
- The Government of Pakistan notified of a small decrease in the price of petroleum products.

**Inflation watch:** In April 2014, the headline consumer price inflation (CPI) increased by 9.2 percent on a year-on-year basis, compared to 8.5 percent in the previous month and 5.8 percent in April 2013. On a month-on-month basis, CPI increased by 1.7 percent in April 2014, compared to a decrease of 1.0 percent in the month prior and an increase of 1.1 percent in April 2013. On the other hand, on a yearly basis, CPI for food rose by 9.9 percent in April compared to a 9.3 percent increase in the previous month, whereas on a MoM basis, a 2 percent increase was seen, set against an increase of 2 percent in the month prior<sup>1</sup>.

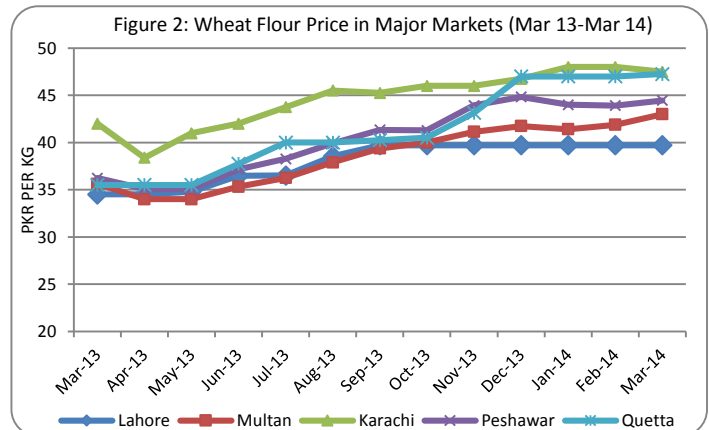
### Decrease in staple cereal prices:

At the beginning of the current marketing year (2014) the Government of Pakistan set a wheat production target of 25 million metric tons (MMT), which is close to the estimates (25.42 MMT) from by the Pakistan Space and Upper Atmosphere Research Commission (SUPARCO). The final official estimate of national production is expected once the government procures its wheat from farmers. Wheat procurement from farmers has already begun in some parts of the country and will begin in Khyber Pakhtunkhwa and some parts of Punjab



by mid-May. Along with the fresh harvest, a decrease has been reported in the prices of wheat. The average retail price of wheat across the country's main markets<sup>2</sup> came down by 6 percent from Rs.41.25/Kg in March to 38.80/Kg in April, and the average retail price of wheat flour came down 4 percent from Rs.44.38/Kg to Rs.42.73/Kg. No price change was observed in the price of rice (*Irri-6* and *Basmati*) in the same one month period.

Compared to three months ago, the price of both wheat and wheat flour was 3 percent lower while that of rice (*Basmati* and *Irri-6*) remained unchanged. However, compared to six months prior, the wheat and



wheat flour prices seen in April were higher by 7 and 3 percent respectively. The price of rice (*Basmati*) remained unchanged, while a nominal 1 percent decline was observed in the price of rice (*Irri-6*) during that period.

Figure 2 illustrates the trend in staple cereal prices for the past year, showing that increases in prices are more significant on an annual basis. For instance, the price of wheat in April 2014 was a marked 21 percent higher, and wheat flour, 20 percent higher, compared to the same period a year ago. A more modest increase of 6 percent was seen in the prices of both *Irri-6* and *Basmati* rice during the same period.

The influence of geographic dimensions can be observed in wheat and wheat flour price trends. For example, in Multan, the price of wheat declined by 13 percent while that of wheat flour only by 8 percent compared to the previous month. In Lahore, the price of wheat decreased by 9 percent and in Karachi the price of wheat flour was 7 percent lower during the same period. The highest price for wheat flour was recorded in Quetta (Rs.47.50/kg) and the lowest in Lahore (Rs.39.46/kg).

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

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

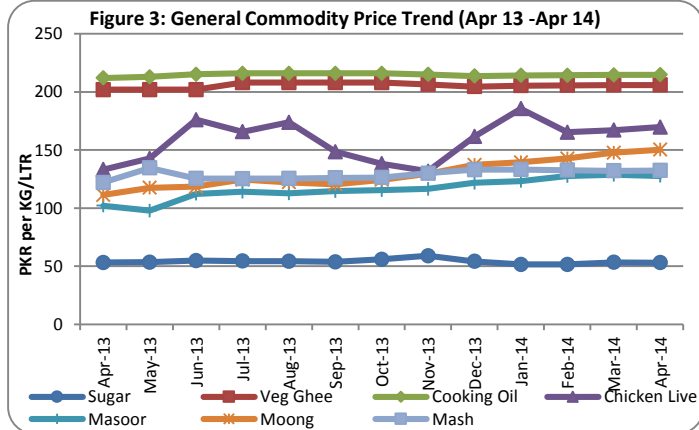
**Non-cereal food commodity prices:** In April, prices of most non-cereal commodities showed marginal fluctuations with the exception of eggs which declined by 25 percent compared to the previous month. Commodities that experienced an upward price trend include chicken (2%), and *daal Moong* (2%), while prices of vegetable ghee and cooking oil remained unchanged. By contrast a nominal 1 percent decrease was registered in the prices of sugar and *Lentil Masur*. Similarly, modest to

which is lower than 2013-14 by two percent, due in part to estimated reductions for Canada, Turkey, Morocco, Ukraine, Australia, Iran and Syria. Global wheat consumption for 2014-15 is also projected to be one percent lower than in 2013-14. Estimates for global wheat imports were also lower, largely due to China, Iran, Brazil, Mexico, and Algeria offsetting increases for the EU and Turkey.<sup>3</sup>

On a monthly basis, wheat prices in Afghanistan increased by 4 percent<sup>4</sup> whereas in India they increased by 3 percent<sup>5</sup>. Domestic wheat prices in Pakistan remained some 11 percent lower than Afghanistan and on par with India.

#### Marginal decrease in prices of super petrol and high speed diesel

In April, the GoP notified of a marginal decrease (2%) in the price of super petrol and high-speed diesel. With this decrease, the price of super petrol came down from Rs.110.03 per liter in March to Rs.108.31 per liter in April; high-speed diesel came down from Rs.116.75 per liter to Rs.113.85 per liter. The prices of super petrol and diesel in April were however, still higher by 4 and 3 percent respectively, compared to six month ago and 6 and 5 percent higher compared to prices from a year ago. No change was observed in the price of Compressed Natural Gas (CNG) in April; which remained at Rs.74.25 per kg in Region-I (Khyber



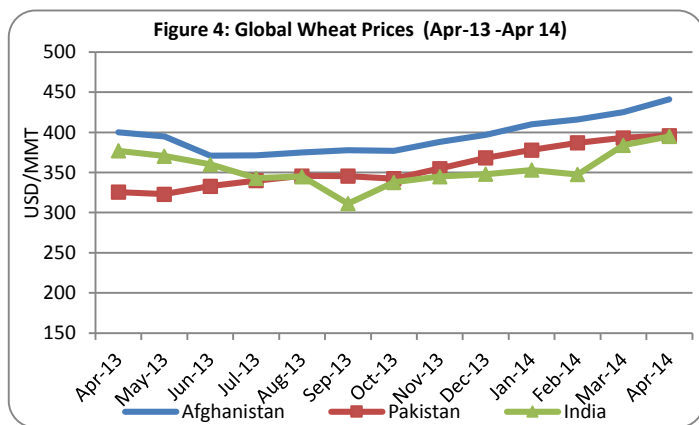
significant fluctuations were noted in the prices of non-cereal food commodities compared to three months ago. Commodities that showed an increase in price included: *daal Moong* (8%), *lentil Masur* (4%) and sugar (3%) while the prices of eggs, chicken, and *daal Mash* declined by 20, 9 and 1 percent respectively during this period.

Compared to six months ago (Oct 2013), the prices of all these non-cereal commodities exhibited a mixed trend. Commodities that registered an increase include: chicken (23%), *daal moong* (21%), *lentil Masur* (11%) and *daal mash* (5%). On the other hand the price of eggs decreased by 14 percent, sugar by 5 percent, and vegetable ghee and cooking oil both declined one percent, all during the same period.

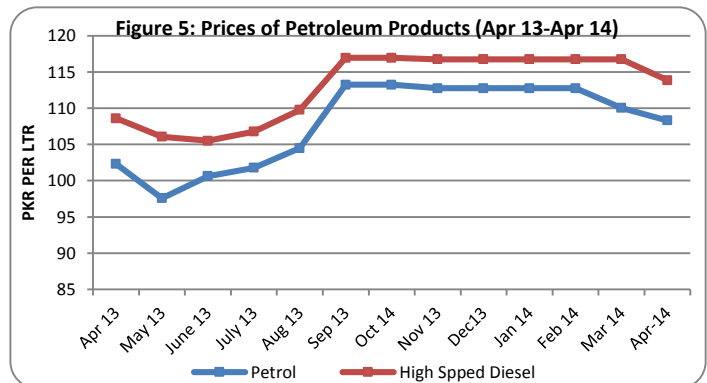
On a yearly basis, the prices of pulses and poultry products registered significant increases. Specifically, the prices of *daal Moong* and lentil (*Masur*) both exhibited an increase of 35 and 25 percent respectively. Similarly, the price of chicken increased by 25 percent, eggs by 8 percent and *daal Mash* by 9 percent. The prices of vegetable ghee and cooking oil also increased but by a more modest 2 percent, while sugar remained steady during this period.

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

In April, the estimate for the global wheat supply for 2014-15 was down by less than one percent from 2013-14 as a result of lower beginning stocks and production in the US, which offset higher global beginning



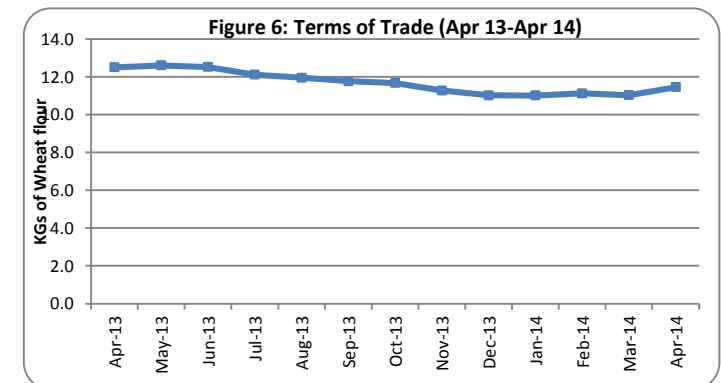
stocks. This year, global wheat production is projected at 697 MMT,



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).

#### Modest improvement in terms-of-trade (ToT)<sup>6</sup>

A decrease in the price of staple cereals had a positive impact on the purchasing capacity of low-income casual laborers, although no change was observed in the income level for this group. Thus, the terms-of-trade (ToT) in April measured about 4 percent higher compared to the previous month but two percent lower than six months ago. The ToT in April was 8 percent higher than a year ago (Figure 6). In April the highest ToT was recorded in Lahore at 12.7 kg of wheat flour per day of unskilled wage labour, and the lowest in Multan at 10.09 kg flour per day of unskilled wage labour<sup>7</sup>.



<sup>3</sup> World Agriculture Supply and Demand Estimates (WASDE)--USDA

<sup>4</sup> WFP Afghanistan Office

<sup>5</sup> FAO, Global Information Early Warning System

<sup>6</sup> Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

<sup>7</sup> Pakistan Bureau of Statistics

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

Major Commodities	Markets	Current Prices (Apr 2014) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	LAHORE	37.55	0.33	-9.00%	-7.68%	2.81%	18.79%	▼	▼	►	▲
	MULTAN	34.65	0.32	-13.38%	-8.21%	-2.12%	20.00%	▼	▼	►	▲
	KARACHI	37.40	0.36	-4.10%	1.08%	1.08%	8.41%	▼	►	►	►
	PESHAWAR	40.40	0.33	-3.81%	0.00%	13.48%	23.44%	▼	►	▲	▲
	QUETTA	44.00	0.33	0.00%	0.00%	20.55%	35.38%	►	►	▲	▲
WHEAT FLOUR kg	LAHORE	39.46	0.37	-0.60%	-0.60%	-0.60%	14.38%	►	►	►	▲
	MULTAN	39.65	0.36	-7.79%	-4.23%	-0.88%	16.62%	▼	►	►	▲
	KARACHI	44.31	0.43	-6.68%	-7.69%	-3.68%	15.40%	▼	▼	►	▲
	PESHAWAR	42.73	0.38	-3.88%	-2.88%	3.51%	21.73%	▼	►	►	▲
	QUETTA	47.50	0.38	0.53%	1.06%	17.28%	33.80%	►	►	▲	▲
RICE IRRI-6	LAHORE	63.07	0.62	0.00%	0.00%	0.00%	4.37%	►	►	►	►
	MULTAN	41.00	0.43	0.00%	0.00%	-2.84%	0.00%	►	►	►	►
	KARACHI	57.54	0.53	1.77%	1.77%	1.77%	11.64%	▲	►	►	►
	PESHAWAR	48.44	0.49	-0.12%	0.04%	0.23%	-0.43%	►	►	►	►
	QUETTA	45.00	0.45	0.00%	0.00%	-6.25%	12.50%	►	►	▼	▲
RICE BASMATI BROKEN	LAHORE	76.79	0.74	0.00%	0.00%	0.00%	6.12%	►	►	►	►
	MULTAN	77.50	0.79	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	KARACHI	76.54	0.78	0.00%	0.00%	0.00%	6.99%	►	►	►	►
	PESHAWAR	78.33	0.81	0.00%	0.00%	0.00%	-1.96%	►	►	►	►
	QUETTA	90.00	0.84	0.00%	0.00%	0.00%	20.00%	►	►	►	▲
SUGAR	LAHORE	54.26	0.56	-0.53%	3.97%	-3.14%	-0.18%	►	►	►	►
	MULTAN	51.10	0.54	-1.50%	1.79%	-5.72%	-2.20%	▼	►	▼	►
	KARACHI	54.22	0.55	2.07%	6.27%	-3.11%	1.59%	▲	▲	►	►
	PESHAWAR	53.51	0.56	-1.74%	2.25%	-6.01%	-0.76%	▼	►	▼	►
	QUETTA	52.20	0.58	-1.04%	1.16%	-7.45%	0.38%	▼	►	▼	▼
VEG. GHEE (TIN)	LAHORE	202.00	2.06	0.00%	0.00%	0.00%	-3.81%	►	►	►	►
	MULTAN	204.00	2.06	0.00%	0.47%	0.99%	-4.67%	►	►	►	►
	KARACHI	208.00	2.06	0.00%	0.00%	-3.70%	-2.80%	►	►	►	►
	PESHAWAR	204.00	2.06	0.00%	0.99%	0.99%	-3.77%	►	►	►	►
	QUETTA	212.00	2.06	0.00%	0.00%	-2.75%	0.95%	►	►	►	►
COOKING OIL (TIN)	LAHORE	214.00	2.18	0.00%	0.00%	0.00%	5.94%	►	►	►	►
	MULTAN	216.00	2.18	0.00%	0.37%	0.93%	6.93%	►	►	►	►
	KARACHI	214.00	2.22	0.00%	0.00%	-2.73%	5.94%	►	►	►	►
	PESHAWAR	216.00	2.18	0.47%	0.93%	0.93%	6.93%	►	►	►	►
	QUETTA	214.00	2.20	0.00%	0.00%	-1.83%	5.94%	►	►	►	►
CHICKEN LIVE (FARM)	LAHORE	149.16	1.60	2.61%	-5.93%	25.81%	20.74%	▲	▼	▲	▲
	MULTAN	161.50	1.66	1.20%	-8.15%	21.40%	23.91%	▲	▼	▲	▲
	KARACHI	194.77	1.95	4.25%	-6.41%	34.96%	52.44%	▲	▼	▲	▲
	PESHAWAR	168.40	1.86	4.60%	-8.18%	17.93%	18.59%	▲	▼	▲	▲
	QUETTA	175.00	1.91	-4.11%	-13.37%	15.13%	22.81%	▼	▼	▲	▲
Pulse Masoor, Washed	Lahore	157.32	1.06	0.00%	17.22%	51.33%	54.55%	►	▲	▲	▲
	Multan	119.00	1.15	0.00%	0.00%	5.78%	17.00%	►	►	▲	▲
	Karachi	116.08	1.14	-2.72%	-0.39%	2.65%	31.79%	▼	►	►	▲
	Peshawar	113.63	1.10	-2.61%	-2.61%	3.02%	16.29%	▼	►	►	▲
	Quetta	132.50	1.27	0.95%	1.92%	-3.28%	9.28%	►	►	►	▲
Pulse Moong, Washed	Lahore	157.75	1.08	0.67%	12.21%	30.69%	48.53%	►	▲	▲	▲
	Multan	151.67	1.21	1.53%	10.31%	27.10%	42.75%	▲	▲	▲	▲
	Karachi	155.08	1.34	2.14%	1.31%	11.50%	37.14%	▲	►	▲	▲
	Peshawar	132.75	1.10	0.66%	7.06%	14.77%	32.75%	►	▲	▲	▲
	Quetta	154.00	1.31	3.70%	8.45%	21.07%	17.56%	▲	▲	▲	▲
Pulse Mash, Washed	Lahore	143.57	1.50	0.00%	-3.37%	0.62%	-2.55%	►	►	►	►
	Multan	122.50	1.20	0.00%	0.00%	4.26%	4.26%	►	►	►	►
	Karachi	125.08	1.18	1.62%	1.62%	1.62%	21.34%	▲	►	►	►
	Peshawar	121.00	1.18	-0.55%	-0.88%	5.22%	7.45%	►	►	▲	►
	Quetta	150.00	1.34	0.00%	0.00%	12.61%	15.38%	►	►	▲	▲

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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