

Pakistan Market Price Bulletin

March 2014 Issue

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

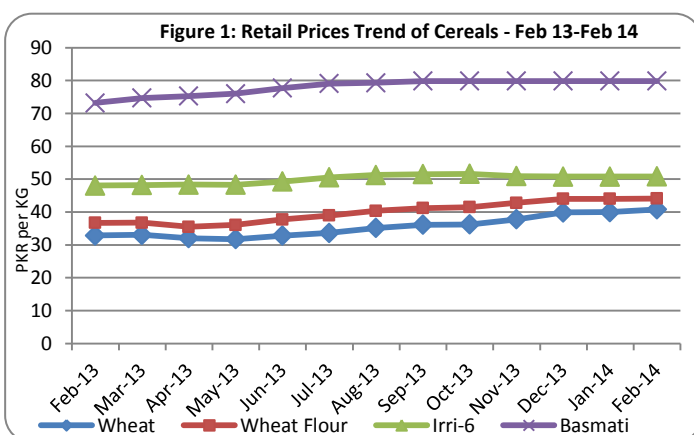
Highlights

- Average retail prices of staple cereals remained stable in February compared to the previous month. Wheat and wheat flour prices were however, higher by 24 and 20 percent respectively, compared to a year ago.
- Non-cereal food commodities registered marginal fluctuations in price.
- Headline CPI remained the same (7.9 percent) as in January this year but was 0.5 percent higher compared to the same month last year.
- Estimates suggest a slight increase in global wheat supply and production.
- Average terms-of-trade for low-income earners remained stable in February.
- The price of petroleum products remained unchanged.

Inflation watch: For the second month in a row, the headline inflation, based on the Consumer Price Index (CPI), remained at 7.9 percent, showing no change from the previous month, but was 0.5 percent higher compared to the same month last year. On a monthly basis, CPI decreased by 0.3 percent in February 2014, compared to an increase of 0.5 percent in the previous month and to a decrease of 0.3 percent in February 2013. Stable inflation rates can primarily be attributed to stability in food prices and the stable prices of petroleum products over the last few months. On the other hand, on a yearly basis, CPI for food rose by 7.6 percent, whereas on a MoM basis, it declined, nominally, by one percent (in February)¹. The weighted contribution of food groups in overall inflation increased to 39.6% during February 2014, from 38.4% in January 2014; it was 41.6% in February 2013.

Staple cereal prices remain stable

The major harvest of the *Rabi* season (wheat) for 2014 is approaching. The wheat crop condition in the *Potohar Region* (rain-fed Punjab) has suffered from medium level drought as a result of fewer rains throughout the season, but crop condition in the more irrigated areas of Punjab, Sindh, Balochistan and Khyber Pakhtunkhwa is generally satisfactory. Estimates based on satellite data has suggested that a wheat harvest of 24.12 million MT may be expected², which is close to last year's level.

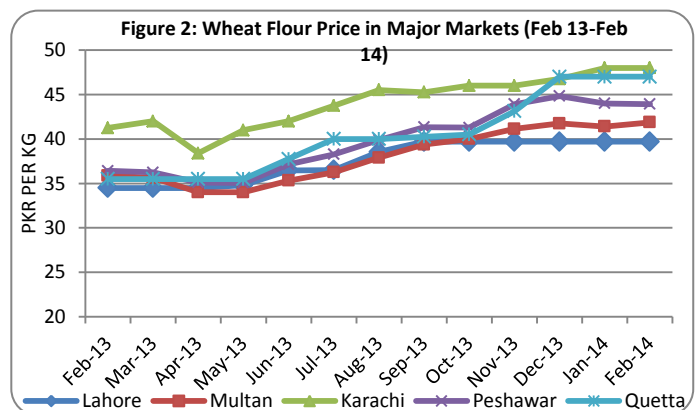


Despite the lean season, the average retail prices of staple cereals have remained somewhat stable over the last two months. In February, while the price of wheat demonstrated an increase of 2 percent (from Rs. 40 to Rs. 41 per kg), that of wheat flour remained the same (Rs. 44 per kg), compared to the previous month across the country's main

markets³. Similarly, the price of rice (*Irri-6* and *Basmati*) also remained unchanged.

Compared to prices three months ago, wheat and wheat flour prices were 8 and 3 percent higher, respectively. The prices of *Basmati* and *Irri-6* rice however, remained unchanged during the same period. Compared to prices six months prior, wheat and wheat flour prices surged by 16 and 9 percent in February. On the other hand, there was an increase of one percent in the price of *Basmati* rice and a decline of one percent in the prices of *Irri-6* rice during this period.

On a yearly basis, a steep rise has been observed in the price of staple



cereals. The prices of wheat and wheat flour in February were higher by 24 and 20 percent respectively, compared to February 2013. Similarly, prices of rice (*Basmati* and *Irri-6*) were higher by 6 and 9 percent, respectively, compared to a year ago.

At the national level, average prices of staple cereals during the month remained stable, although slight fluctuations were observed in their prices at the regional level. For example, the price of wheat registered an increase of four percent in Karachi and Peshawar compared to previous month, while it increased by two percent in Multan. The highest price of wheat flour was recorded in Karachi (Rs.48.0/Kg) while the lowest was in Lahore (Rs.39.70/Kg).

Marginal fluctuation in non-cereal food commodity prices

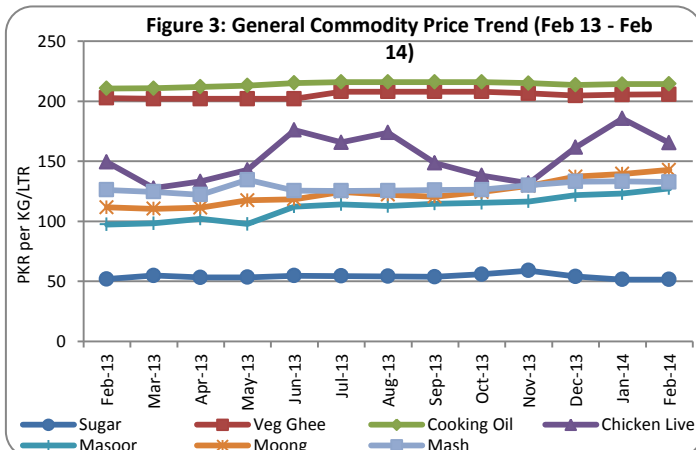
The prices of most non-cereal food commodities remained largely stable with the exception of poultry products. The price of chicken experienced a decline of 11 percent while the price of eggs decreased by two percent on a monthly basis. Other commodities that registered increases in prices during the month included, *Daal Masur* (Lentil)

¹ Pakistan Bureau of Statistics

² SUPARCO Pakistan Satellite based Crop Monitoring System Bulletin (PAK-SCMS)

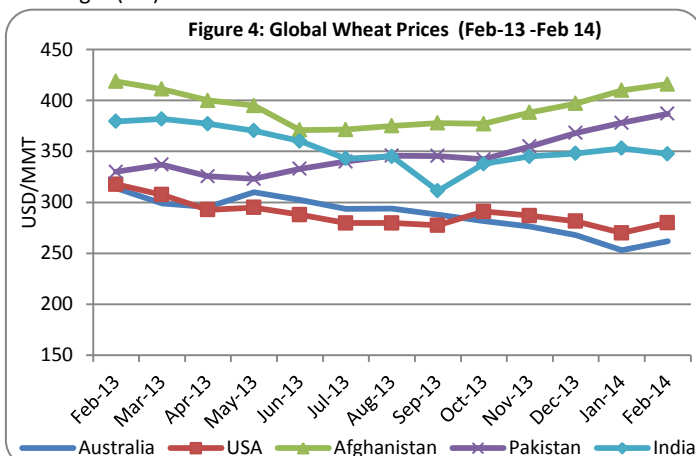
³ Lahore, Multan, Karachi Peshawar and Quetta

(4%), *Daal moong* (2%) and sugar (1%). On the other hand, the prices of vegetable ghee and cooking oil remained almost unchanged compared to the previous month. Compared to three months ago, however, prices of non-cereal food commodities have experienced significant fluctuations: prices that went up include chicken (26%), *daal moong* and *daal masoor* (10%), and *daal mash* (2%). On the other hand, the price of sugar and eggs declined by 13 and 8 percent respectively, during the same period.



Compared to six months prior (August 2013), a mixed trend was observed in the prices; some of these commodities experienced significant increases, while others declined marginally. Commodities with price increases included: eggs (22%); *daal moong* (17%), *daal masoor* (13%) and *daal mash* (6%). Those commodities which saw a decline in prices included: chicken and sugar (5%), vegetable ghee and cooking oil (1%).

On a yearly basis, prices of most commodities showed modest to significant increases. The prices of lentil (*Masoor*) and *daal Moong* experienced an increase of 31 and 28 percent respectively, while those of chicken and *daal Mash* increased by 11 and 5 percent. Similarly, prices of vegetable ghee and cooking oil went up by 2 percent during this period. The only commodity whose price registered a decrease was sugar (1%).



Slight rise in global wheat supply and production estimates

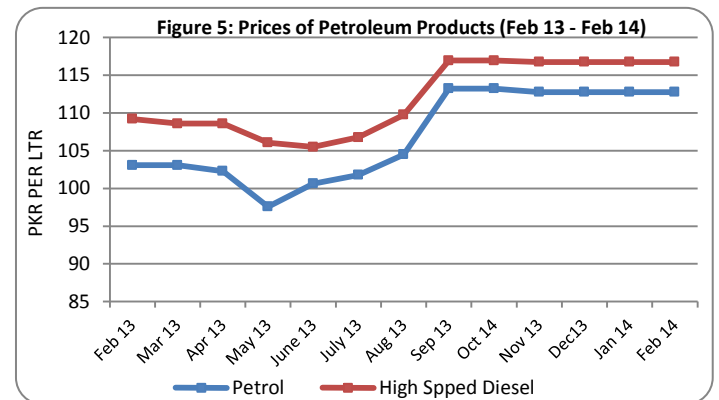
Estimates for global wheat supplies in 2013-14 were projected to rise slightly due to an increase of 0.8 million tons (mt) in global wheat production. Production grew by 1.1 mt for India and by 0.5 mt for Australia based on the latest reports by their respective governments. Estimates for China were lowered by 0.3 mt, also based on the latest official indications. Similarly, estimates for Uruguay and Paraguay were down by 0.3 mt and 0.2 mt respectively due to a dry growing season

prevailing in both countries coupled with early-in-the-season freeze damage in Paraguay. Estimated global wheat consumption grew slightly for 2013-14, with increased use for India, Iran, Australia, Iraq, and Morocco which collectively offset lower consumption in the European Union, Russia, and South Korea, where wheat imports decreased⁴.

Global wheat prices experienced some fluctuations in February, compared to the previous month. The price of wheat saw an increase of four percent in Australia and the U.S.⁵, and two percent in Afghanistan⁶, but declined by two percent in India. The domestic wheat price in Pakistan was 32 percent higher compared to Australia, 28 percent higher compared to the U.S., 10 percent higher than India, but 8 percent lower than in Afghanistan.

Petroleum prices remained unchanged

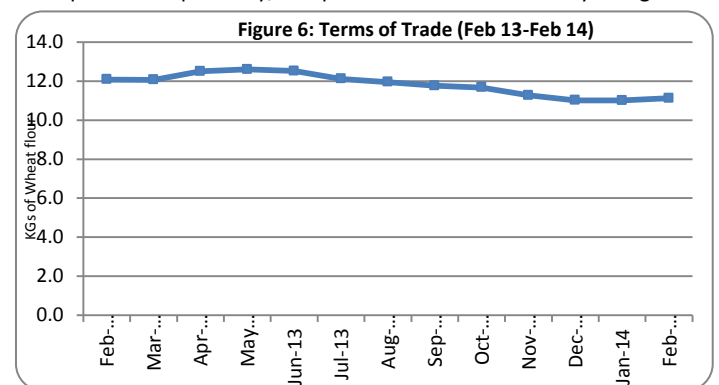
On a monthly basis, petroleum products saw no change in prices in February for the third month in a row (Figure 5). The price of super petrol remained at Rs.112.76 per liter and high-speed diesel stayed at Rs.116.75 per liter in February. These prices were however higher by 8 percent and 6 percent compared to six months before (August 2013).



Similarly, no change was observed in the price of Compressed Natural Gas (CNG) in February 2014.

Terms of Trade (ToT)⁷

In view of the relative stability in the prices of staple cereals, there has not been much change in the purchasing capacity of casual laborers on a monthly basis. As shown in Figure 6, the ToT registered slight improvement in February due to a nominal increase in the average wage of daily unskilled labor while the price of wheat flour remained roughly the same as the previous month. However, ToT worsened by 7 and 8 percent respectively, compared to six months and a year ago.



⁴ World Agriculture Supply and Demand Estimates (WASDE)-USDA

⁵ WFP Procurement FOB Prices

⁶ WFP Afghanistan Office

⁷ 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 – February 2013

Major Commodities	Markets	Current Prices (Feb 2014) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	LAHORE	41.13	0.31	1.11%	7.87%	18.94%	31.08%	▲	▲	▲	▲
	MULTAN	38.44	0.30	1.82%	4.59%	9.35%	22.51%	▲	►	▲	▲
	KARACHI	38.50	0.33	4.05%	4.05%	5.77%	10.00%	▲	►	▲	▲
	PESHAWAR	42.00	0.31	3.96%	9.45%	23.53%	23.53%	▲	▲	▲	▲
	QUETTA	44.00	0.31	0.00%	13.55%	23.25%	35.38%	►	▲	▲	▲
WHEAT FLOUR kg	LAHORE	39.70	0.35	0.00%	0.00%	3.01%	15.07%	►	►	►	▲
	MULTAN	41.88	0.33	1.15%	1.82%	10.49%	16.72%	▲	►	▲	▲
	KARACHI	48.00	0.40	0.00%	4.35%	5.49%	16.36%	►	►	▲	▲
	PESHAWAR	43.92	0.35	-0.19%	-0.02%	10.07%	20.59%	►	►	▲	▲
	QUETTA	47.00	0.36	0.00%	8.99%	17.50%	32.39%	►	▲	▲	▲
RICE IRRI-6	LAHORE	63.07	0.57	0.00%	0.00%	4.37%	6.90%	►	►	►	►
	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	48.48	0.46	0.12%	0.17%	0.31%	-0.39%	►	►	►	►
	QUETTA	45.00	0.42	0.00%	-1.64%	-6.25%	12.50%	►	►	▼	▲
RICE BASMATI BROKEN	LAHORE	76.79	0.69	0.00%	0.00%	3.59%	9.25%	►	►	►	►
	MULTAN	77.50	0.74	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	KARACHI	76.54	0.73	0.00%	0.00%	0.00%	15.03%	►	►	►	▲
	PESHAWAR	78.33	0.75	0.00%	0.00%	0.00%	2.17%	►	►	►	►
	QUETTA	90.00	0.78	0.00%	0.00%	0.00%	20.00%	►	►	►	▲
SUGAR	LAHORE	52.11	0.52	-0.15%	-12.41%	-4.14%	-1.88%	►	▼	►	►
	MULTAN	50.50	0.50	0.60%	-10.82%	-5.25%	0.74%	►	▼	▼	►
	KARACHI	50.62	0.51	-0.78%	-14.32%	-6.45%	-0.98%	►	▼	▼	►
	PESHAWAR	52.33	0.52	0.00%	-11.50%	-4.80%	-1.65%	►	▼	►	►
	QUETTA	52.00	0.54	0.78%	-13.69%	-4.41%	0.00%	►	▼	►	►
VEG. GHEE (TIN)	LAHORE	202.00	1.92	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	MULTAN	204.00	1.92	0.47%	2.41%	0.99%	0.99%	►	►	►	►
	KARACHI	208.00	1.92	0.00%	-3.70%	-3.70%	2.97%	►	►	►	►
	PESHAWAR	202.50	1.92	0.25%	0.25%	0.25%	0.25%	►	►	►	►
	QUETTA	212.00	1.92	0.00%	-0.70%	-2.75%	3.16%	►	►	►	►
COOKING OIL (TIN)	LAHORE	214.00	2.03	0.00%	0.00%	0.00%	1.90%	►	►	►	►
	MULTAN	216.00	2.03	0.37%	1.89%	0.93%	1.41%	►	►	►	►
	KARACHI	214.00	2.07	0.00%	-2.73%	-2.73%	2.39%	►	►	►	►
	PESHAWAR	214.00	2.03	0.00%	0.00%	0.00%	2.39%	►	►	►	►
	QUETTA	214.00	2.05	0.00%	-0.47%	-1.83%	0.71%	►	►	►	►
CHICKEN (FARM) LIVE	LAHORE	139.86	1.49	-11.80%	25.30%	-8.45%	15.44%	▼	▲	▼	▲
	MULTAN	157.29	1.54	-10.54%	24.59%	-5.00%	12.35%	▼	▲	►	▲
	KARACHI	183.95	1.81	-11.61%	43.79%	-1.10%	7.10%	▼	▲	►	►
	PESHAWAR	163.25	1.73	-10.99%	17.45%	-8.29%	15.37%	▼	▲	▼	▲
	QUETTA	182.50	1.78	-9.65%	18.70%	-2.41%	5.80%	▼	▲	►	►
Pulse Masoor, Washed	Lahore	152.05	0.99	13.29%	32.41%	49.14%	57.68%	▲	▲	▲	▲
	Multan	119.00	1.07	0.00%	3.48%	5.78%	22.05%	►	►	▲	▲
	Karachi	119.81	1.06	2.81%	5.95%	13.19%	32.83%	▲	▲	▲	▲
	Peshawar	116.67	1.03	0.00%	5.26%	6.19%	25.61%	►	▲	▲	▲
	Quetta	130.00	1.19	0.00%	0.97%	-2.26%	18.18%	►	►	►	▲
Pulse Moong, Washed	Lahore	154.82	1.00	10.12%	24.61%	30.18%	48.97%	▲	▲	▲	▲
	Multan	138.75	1.13	0.91%	9.90%	15.34%	29.07%	►	▲	▲	▲
	Karachi	153.08	1.25	0.00%	6.99%	17.89%	35.37%	►	▲	▲	▲
	Peshawar	125.21	1.02	0.98%	8.72%	7.50%	20.56%	►	▲	▲	►
	Quetta	142.00	1.21	0.00%	2.34%	13.42%	9.23%	►	▲	▲	►
Pulse Mash, Washed	Lahore	144.82	1.40	-2.52%	-2.50%	-1.70%	-6.03%	►	►	►	►
	Multan	122.50	1.11	0.00%	2.08%	4.26%	4.26%	►	►	►	►
	Karachi	123.08	1.09	0.00%	0.00%	4.44%	8.84%	►	►	►	►
	Peshawar	121.88	1.10	-0.16%	5.22%	5.98%	1.39%	►	▲	▲	►
	Quetta	151.25	1.25	0.83%	6.14%	16.35%	20.04%	►	▲	▲	▲

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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