

Pakistan Market Price Bulletin

April 2015 Issue

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

Highlights

- In March, the prices of wheat and wheat flour registered a further decrease of 1% compared to the previous month.
- Most non-cereal food commodities also showed a stable trend compared to the previous month.
- Both headline as well as food inflation, based on consumer price index are continuously declining from last several months and touched the decade's lowest level of 2.5 and 0.5% respectively in March over the corresponding period of previous year.
- This March, estimates for global wheat supplies for 2014/15 are lowered fractionally, while the global wheat price experienced a downward trend in some countries.
- The prices of petroleum products In March remained unchanged from the previous month.
- The purchasing capacity of daily wage earners as reflected by their terms-of-trade, remained almost the same.

Inflation watch: Both headline as well as food inflation, based on consumer price index have been continuously declining since last several months and have touched the decade's lowest level of 2.5 and 0.5% in March, on a year-on-year (YOY) basis. This decline can mainly be attributed to the significant decline in oil prices in the last six months. On a month-on-month (MoM) basis, headline CPI increased by 0.2% compared to a decrease of 0.9% in the previous month and an increase of 1.0% a year ago. Similarly the CPI for food on monthly basis was recorded at 0.5% compared to a decrease of 1.8% in the previous month and an increase of 2.1% a year ago¹. The weighted contribution of food group in the overall inflation decreased to 8.95% during March 2015 from 26.97% in February 2015. It was 45.11% in March 2014. Among the five major cities, the lowest inflation was observed in Quetta at -0.2% while the highest inflation was observed in Islamabad at 5.5 percent².

Further decline in staple cereal prices

As of mid-April, harvesting of the wheat crop has been completed in lower Sindh and the crop is at maturing/harvesting stage in upper Sindh, Punjab and Balochistan. The peak growth in northern parts of KP is still continuing and maturity is likely to be reached at the end of April/early May. SUPARCO has estimated wheat production for 2014-15 at 26.96 million tons, in an area of 9.52 million hectares and with an estimated yield of 2.83 t/ha.

Meanwhile, the prices of staple cereals have shown downward trend in

of 1 percent compared to the previous month. Across the country's main markets³, the average retail price per kg of wheat and wheat flour was recorded at Rs.34.34 and Rs.39.44 respectively. A similar trend was seen in the price of rice; *Irri-6* registered a decrease of 1% while a 2% decline was noticed in the price of *Basmati*.

Some decline was observed in the price of staple cereals over the last three months. In March, for example, a decrease of 2 percent was observed in the price of both wheat and wheat flour, compared to three months ago. During the same period, the price of rice *Irri-6* and *Basmati* also registered decreases of 6 and 5 percent respectively.

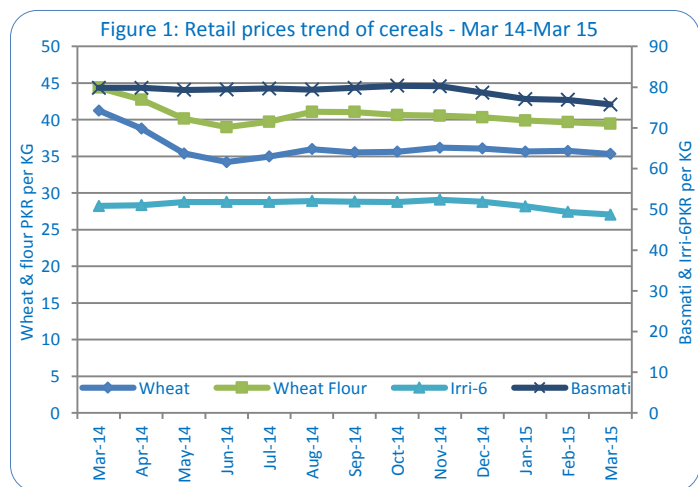
Figure 1 shows the one year price trend of staple cereals. It can be seen that the price of wheat in March was almost at the same level as it was six months ago, while the price of wheat flour has decreased by 6 percent during this period. The price of rice *Irri-6* and *Basmati* registered decreases of 6 and 5 percent during the same period.

The change in the prices of wheat and wheat flour was more significant on a yearly basis; the prices of wheat and wheat flour in March registered decreases of 14 and 11 percent respectively, compared to their prices a year ago. The price of rice (*Basmati* and *Irri-6*) also registered decreases of 4 and 5 percent respectively, during the same one-year period⁴.

The prices of staple cereals varied across the country's main markets. The price of wheat remained highest in Quetta at PKR 38.5 per kg, and lowest in Multan at PKR 32.5 per kg. Similarly, the highest price of wheat flour was recorded in Karachi at PKR 41.31 per kg, and the lowest in Multan at PKR 37.38 per kg⁴

Marginal fluctuation in non-cereal food commodity prices

The prices of most non-cereal food commodities showed stable trends in March, compared to the previous month. The prices of sugar and cooking oil remained almost the same while the price of *Dal Mash* increased by 1 percent. On the other hand the price of eggs registered a significant decrease of 8 percent and that of lentil *Masoor* also decreased by 1 percent. Similarly modest to significant 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* (4%), *daal Mash* (4%), similarly the price of lentil *Masoor* and sugar increased by less than a percent during this period. On the other hand, the price of eggs, chicken cooking oil and vegetable ghee increased by 23, 18, 4 and 3 percent respectively during the same period.



March. The prices of both wheat and wheat flour registered decreases

¹Pakistan Bureau of Statistics

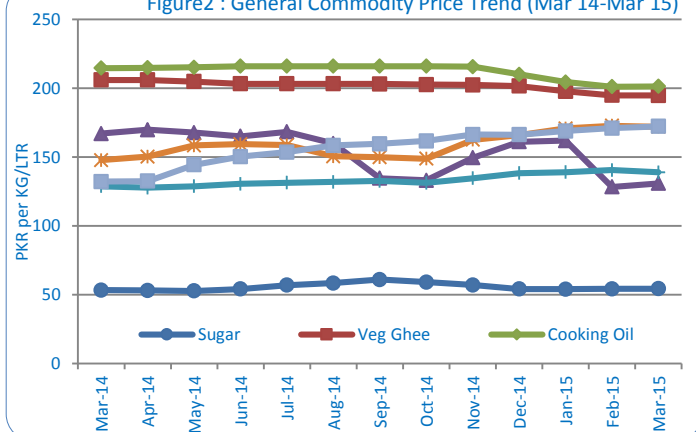
²Inflation Monitor State Bank of Pakistan

³Lahore, Multan, Karachi Peshawar and Quetta

⁴Pakistan Bureau of Statistics

Significant fluctuations were noticed in the prices of non-cereal commodities, compared to six months ago (September 2014). During this period while prices of some commodities experienced significant

Figure2 : General Commodity Price Trend (Mar 14-Mar 15)



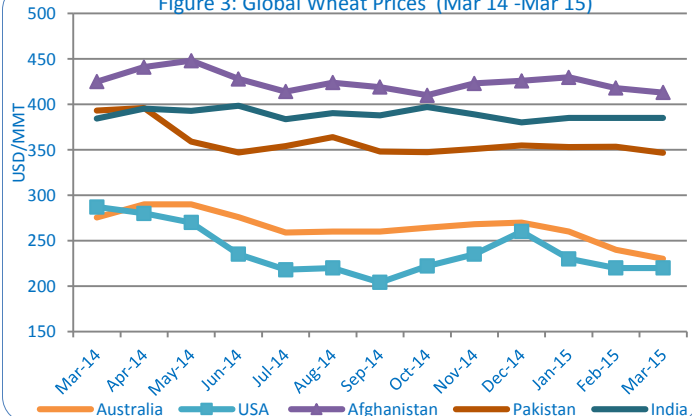
decreases that of others increased significantly. Commodities which registered increase included: *daal moong* (15%), *dal mash* (8%), and *lentil masoor* (5%). On the other hand commodities that registered decreases included; eggs (16%), sugar (11%), cooking oil (6%), vegetable ghee (4%) and chicken (3%) during to the same period.

On a YoY basis, the price of pulses rose significantly, for instance the prices of *daal Mash* and *daal moong* and *lentil masoor* experienced an increase of 31, 17 and 8 percent respectively in March. On the other hand, during this period the price of chicken, eggs and vegetable ghee and oil declined by 22, 20 and 6 percent respectively. The prices of sugar increased but by a smaller margin, at 2 percent.

Marginal decline in global wheat supply and production estimates

In March, estimates for global wheat supplies for 2014/15 are lowered marginally mainly due to reduced Brazil production, which is partially offset by a larger Belarus crop. Both changes are made on updated government statistics. On the other hand, global wheat exports are raised by 0.5 million tons (mt). The primary export increase is for European Union (EU) on a fast pace of both shipments and export licenses. Similarly, imports are raised by 0.3 mt each for Morocco, Philippines, and Thailand, 0.2 mt each for Jordan and Vietnam, and 0.1 mt each for Ecuador and Saudi Arabia. These increases are partially offset by reductions of 0.3 mt each for Algeria, Syria, and Yemen; 0.2 mt for Libya, and 0.1 mt each for Israel and Japan. Estimates for global wheat consumption for 2014/15 are down marginally on lower food use,

Figure 3: Global Wheat Prices (Mar 14 -Mar 15)



⁵ World Agriculture Supply and Demand Estimates (WASDE)–USDA

⁶FAO Global Information and Early Warning System (GIEWS)

⁷ WFP Afghanistan Office

⁸FAO Global Information and Early Warning System (GIEWS)

⁹ <http://www.pso.pk.com>

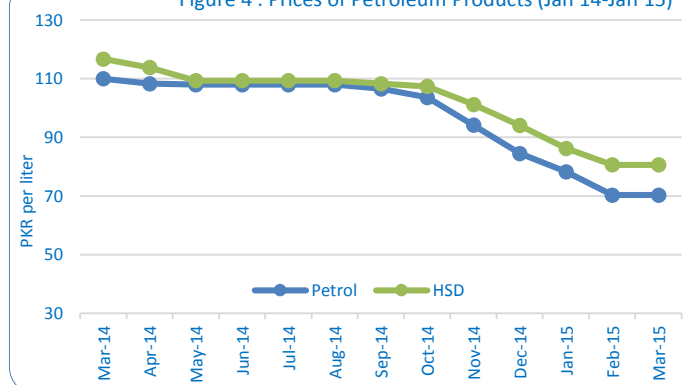
which is partially offset by increased wheat feeding. The largest decreases for food use are for Brazil, India, and Syria (down 0.3 mt each), and Libya and Yemen (down 0.2 mt each). Feed use is raised by 0.5 mt for Australia and 0.2 mt for Thailand. This is partially offset by a 0.2 mt reduction for Israel wheat feeding. With world supplies falling faster than use, ending stocks are reduced fractionally⁵.

Wheat prices in Australia⁶ and Afghanistan⁷ saw a decline in March while in India and USA⁸ (soft red winter) it remained the same as in the previous month. The domestic wheat price in Pakistan in March was higher than the US and Australia by 51% and 57%, whereas it was lower than Afghanistan and India by 16% and 8% respectively.

Petroleum prices remained unchanged

In March, the price of petroleum product remained unchanged from the previous month. The price of super petrol was recorded at PKR 70.30 per liter and that of high speed diesel at PKR 80.61 per liter. These prices were lower by 17% and 14% respectively compared to three months ago; 34% and 26% respectively compared to six months ago; and 36 and 31% compared to a year ago⁹.

Figure 4 : Prices of Petroleum Products (Jan 14-Jan 15)

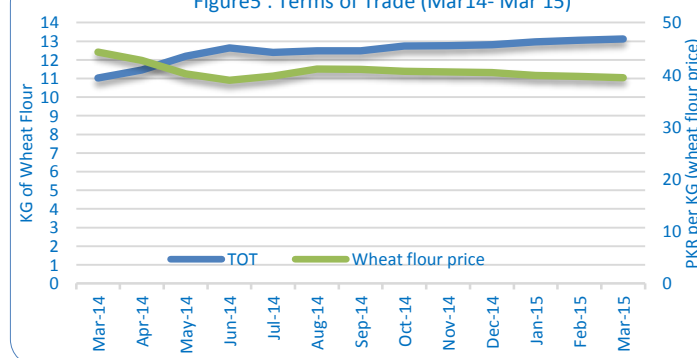


The provision of Compact Natural Gas (CNG) for vehicles in Punjab and the federal capital territory, which was stopped few months ago, has remained in place. CNG prices remained unchanged in March at PKR 76.35 per kg in Region-I (Khyber Pakhtunkhwa, Balochistan, and in Potohar: Islamabad, Rawalpindi and Gujar Khan), and PKR 71.50 per kg in Region-II (Sindh and Punjab excluding the Potohar region)¹⁰.

Terms of Trade (ToT)¹¹

The ToT between the daily wage rate¹² for an unskilled laborer and wheat flour did not observe any change from the previous month (Figure 5). The amount of wheat flour that an unskilled laborer could purchase with a day's wage was recorded at 13.1 kg in March. This ToT was higher by 2%, 5% and 19% respectively compared to three months, six months and one year ago. Among the provinces, the highest ToT was observed in Lahore, and the lowest in Multan.

Figure5 : Terms of Trade (Mar14- Mar 15)



¹⁰Oil & Gas Regulatory Authority (OGRA) Govt. Pakistan

¹¹ Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

¹²The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

Retail prices of various food commodities in major cities – March 2015

Major Commodities	Markets	Current Prices (March 2015) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	LAHORE	35.16	0.34	-0.27%	-0.27%	0.81%	-14.81%	►	►	►	▼
	MULTAN	32.56	0.32	-1.32%	-1.70%	-3.34%	-18.59%	▼	►	►	▼
	KARACHI	35.00	0.34	0.00%	1.45%	2.94%	-10.26%	►	►	►	▼
	PESHAWAR	35.50	0.35	-4.05%	-8.97%	-3.40%	-15.48%	▼	▼	►	▼
	QUETTA	38.50	0.38	0.00%	0.00%	0.00%	-12.50%	►	►	►	▼
WHEAT FLOUR kg	LAHORE	38.88	0.38	0.97%	-2.57%	-2.57%	-2.08%	►	►	►	►
	MULTAN	37.38	0.37	-1.64%	-2.92%	-4.78%	-13.08%	▼	►	►	▼
	KARACHI	41.31	0.41	-0.60%	-4.11%	-6.77%	-13.00%	►	►	▼	▼
	PESHAWAR	38.65	0.38	-1.49%	-1.43%	-5.43%	-13.07%	▼	►	▼	▼
	QUETTA	41.00	0.40	0.00%	0.00%	0.00%	-13.23%	►	►	►	▼
RICE IRRI-6	LAHORE	64.57	0.63	0.00%	-1.15%	-1.15%	2.38%	►	►	►	►
	MULTAN	37.00	0.36	0.00%	-8.07%	-9.76%	-9.76%	►	▼	▼	►
	KARACHI	51.54	0.51	-2.37%	-8.84%	-12.70%	-8.84%	▼	▼	▼	►
	PESHAWAR	42.50	0.42	0.00%	-9.73%	-13.57%	-12.37%	►	▼	▼	▼
	QUETTA	48.00	0.47	-4.00%	-4.00%	6.67%	6.67%	▼	►	▲	▼
RICE BASMATI BROKEN	LAHORE	73.57	0.72	0.00%	-1.91%	-7.21%	-4.19%	►	►	▼	►
	MULTAN	72.50	0.71	-3.33%	-6.45%	-6.45%	-6.45%	▼	▼	▼	►
	KARACHI	76.54	0.75	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	PESHAWAR	68.54	0.67	-1.21%	-7.59%	-12.50%	-12.50%	▼	▼	▼	▼
	QUETTA	87.50	0.86	-2.78%	-2.78%	0.00%	-2.78%	▼	►	►	►
SUGAR	LAHORE	54.39	0.53	-0.57%	-2.23%	-11.45%	-0.29%	►	►	▼	►
	MULTAN	53.38	0.52	-0.22%	3.15%	-9.91%	2.89%	▲	►	▼	►
	KARACHI	54.62	0.54	0.00%	-1.44%	-11.36%	2.82%	►	►	▼	►
	PESHAWAR	55.42	0.54	0.31%	0.24%	-10.37%	1.76%	►	►	▼	►
	QUETTA	54	0.53	1.41%	2.37%	-11.48%	2.37%	▲	►	▼	►
VEG. GHEE (TIN)	LAHORE	188	1.84	-3.09%	-4.81%	-6.93%	-6.93%	▼	►	▼	►
	MULTAN	194	1.90	0.00%	-3.96%	-4.90%	-4.90%	►	►	►	►
	KARACHI	191.2	1.88	-1.39%	-5.35%	-5.35%	-8.08%	▼	▼	▼	►
	PESHAWAR	194	1.90	0.00%	-3.96%	-4.67%	-4.90%	►	►	►	►
	QUETTA	206	2.02	4.04%	0.98%	0.98%	-2.83%	▲	►	►	►
COOKING OIL (TIN)	LAHORE	192.5	1.89	-1.79%	-8.11%	-10.05%	-10.05%	▼	▼	▼	▼
	MULTAN	196	1.92	0.00%	-4.85%	-9.26%	-9.26%	►	►	▼	►
	KARACHI	202	1.98	-0.74%	-4.04%	-7.34%	-5.61%	►	►	▲	►
	PESHAWAR	208	2.04	0.00%	0.00%	-3.70%	-3.26%	►	►	►	►
	QUETTA	208	2.04	2.97%	-3.70%	-3.70%	-2.80%	▲	►	►	►
CHICKEN LIVE (FARM)	LAHORE	114.11	1.12	8.56%	-20.26%	-0.22%	-21.50%	▲	▼	►	▼
	MULTAN	127.5	1.25	2.00%	-15.47%	0.99%	-20.11%	▲	▼	►	▼
	KARACHI	129.96	1.28	-10.66%	-22.01%	-4.87%	-30.44%	▼	▼	►	▼
	PESHAWAR	131.5	1.29	10.04%	-19.57%	-4.71%	-18.32%	▲	▼	►	▼
	QUETTA	151.25	1.48	3.42%	-16.55%	-3.97%	-17.12%	▲	▼	▼	▼
Pulse Masoor, Washed	Lahore	156.07	1.53	0.00%	2.70%	2.46%	-0.79%	►	►	►	►
	Multan	137.5	1.35	0.00%	0.00%	10.00%	15.55%	►	►	▲	▲
	Karachi	133.08	1.31	0.00%	3.90%	5.17%	11.52%	►	►	▲	▲
	Peshawar	126.25	1.24	-2.73%	-1.31%	0.66%	8.21%	▼	►	►	
	Quetta	141.25	1.39	-3.42%	-3.42%	5.61%	7.62%	▼	►	▲	►
Pulse Moong, Washed	Lahore	173.93	1.71	2.04%	7.98%	11.70%	11.00%	▲	▲	▲	▲
	Multan	163.75	1.61	-5.07%	0.77%	23.58%	9.62%	▼	►	▲	►
	Karachi	180.58	1.77	4.33%	10.73%	6.64%	18.94%	▲	▲	▲	▲
	Peshawar	159.4	1.56	-2.54%	0.14%	10.56%	20.87%	▼	►	▲	▲
	Quetta	182.5	1.79	-0.68%	-0.68%	23.73%	22.90%	►	►	▲	▲
Pulse Mash, Washed	Lahore	191.43	1.88	1.18%	8.18%	8.75%	33.34%	▲	▲	▲	▲
	Multan	162.5	1.59	0.00%	3.17%	6.56%	32.65%	►	►	▲	▲
	Karachi	153.08	1.50	0.00%	0.00%	6.99%	24.37%	►	►	▲	▲
	Peshawar	166.5	1.63	0.96%	2.57%	9.18%	36.85%	►	►	▲	▲
	Quetta	187.5	1.84	1.35%	3.45%	7.91%	25.00%	▲	►	▲	▲
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/											
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