

## Pakistan Market Price Bulletin

May 2015 Issue

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

### Highlights

- In April, the price of staple cereals showed a further decline in Pakistan.
- Prices of non-cereal food commodities showed a mixed trend.
- A significant improvement was seen in the purchasing capacity of the casual labourers due to an improvement in the terms of trade as a result of decline in wheat prices and increase in wage rates.
- In April, the headline inflation, based on consumer price index, increased by 2.1% on a year-on-year basis, while for food it remained the same as the corresponding period of the previous year.
- Estimates for global wheat supplies for 2014/15 have been raised marginally; the global wheat price also experienced a downward trend in several countries.
- In April, the government notified an increase in the prices of petroleum products.

**Inflation watch:** In April, the headline inflation, based on consumer price index, increased by 2.1% on a year-on-year (YoY) basis compared to 2.5 % in the previous month and 9.2% in April 2014. On a monthly basis, it increased by 41.3% in April 2015 compared to an increase of 0.2% in the previous month and 1.7% in April 2014. On the other hand, the CPI for food on a YoY basis did not observe any change in April, while on a monthly basis it increased by 1.4% compared to 0.5% in the previous month and an increase of 2.1% a year ago<sup>1</sup>. The weighted contribution of food group in the overall inflation decreased to -0.64 during April 2015 from 8.95% in March 2015. It was 44.99% in April 2014. Significant inter-provincial differences were observed in CPI Inflation on a year-on-year basis in April 2015. Among the five major cities<sup>2</sup>, the lowest inflation was observed in Quetta at -0.1%, while the highest inflation was observed in Islamabad at 4.0 %<sup>3</sup>.

### Further decline in staple cereal prices

In April, the Rabi season was half way through in Punjab and upper Sindh, Balochistan and Southern KP. The harvesting is expected to be over in most wheat producing areas by mid-May. As of mid-April, harvesting of the wheat crop was almost complete in lower Sindh and the crop was at harvesting stage in upper Sindh, Punjab and Balochistan. The Government had set a wheat production target of 26 million MT for this year at the outset of the Rabi season. The government has fixed support price of wheat at PKR 1300 per 40 kg. This year, the Government

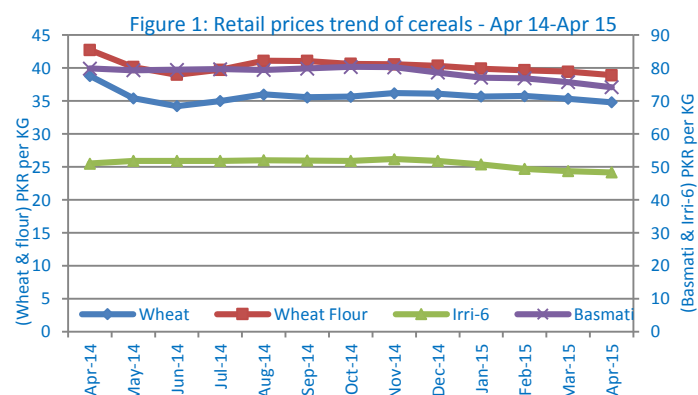
has clearly seen the declining trend of staple cereals in the past few months. The prices of wheat and wheat flour in April registered further decreases of 2 and 1 percent respectively compared to the previous month. Across the country's main markets<sup>4</sup>, the average retail price per kg of wheat and wheat flour was thus recorded at PKR 34.81 and PKR 38.90 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*. Similar declining trend can be seen (Fig 1) in the price of staple cereals over a period of last three months. For instance, the price of wheat and wheat flour in April were found to be lower by 3% each compared to January. During the same period, the price of rice *Irri-6* and *Basmati* also registered decreases of 5% and 4% respectively. Compared to six month prior, the price of wheat and wheat flour registered decreases of 2% and 4% respectively. Similarly, the price of rice *Irri-6* and *Basmati* also registered decreases of 7% and 8% respectively during the same period. The changes in staple cereal prices are more significant on a YoY basis. The prices of wheat and wheat flour in April registered decreases of 10% and 9% respectively, compared to a year ago. Similarly in case of rice, a 5% decrease was observed for *Irri-6* and 7% for *Basmati*, during the same period.

Price differential analysis showed significant difference in staple cereal prices across the country's main markets. The highest price for wheat and wheat flour in April was recorded in Quetta at PKR 38.5 and PKR 41 per kg respectively, while the lowest price was recorded in Multan at PKR 31.20 and 36.60 per kg respectively<sup>5</sup>.

### Mixed trend in non-cereal food commodity prices

A mixed trend was seen in the prices of non-cereal food commodities - prices of some commodities increased significantly while others declined compared to the previous month. Commodities which registered increase in prices include: chicken (14%), sugar (5%) and *daal Mash* (4%). On the other hand, prices of vegetable ghee and cooking oil registered decreases of 4% each. The prices of *daal Moong* and lentil *Masoor* also declined nominally, by less than one percent. Compared to three months before, prices of most commodities showed downward trend in April. Commodities that registered increases in prices included: sugar (6%), *daal Mash* (6%) and lentil *Masoor* (1%). During the same period, commodities that registered decrease in prices include: eggs (23%), chicken (8%), cooking oil (6%) and vegetable ghee (5%).

Modest to significant fluctuations were noticed in the prices of non-cereal food commodities, compared to six months ago. Commodities



has set a wheat procurement target of around 6.1 million tons (Punjab 4.0 mt, Sindh 0.9 mt, PASSCO 0.8 mt, KP 0.3 mt and Balochistan 0.1 mt). The prices of staple cereals have registered a further decrease in April. Figure 1 shows the one year price trend of staple cereals, where it can

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

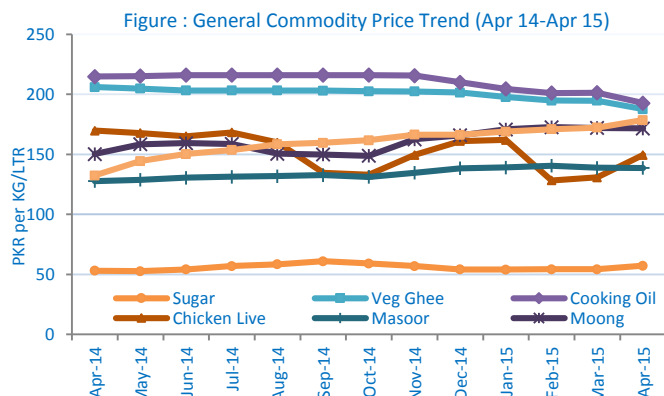
<sup>2</sup>Lahore, Multan, Karachi, Peshawar and Quetta

<sup>3</sup>Inflation Monitor State Bank of Pakistan

<sup>4</sup>Lahore, Multan, Karachi Peshawar and Quetta

<sup>5</sup>Pakistan Bureau of Statistics

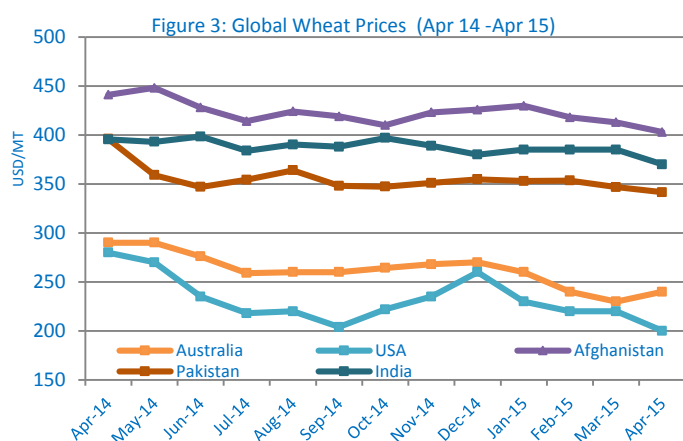
that showed an increase in price included: *daal Moong* (15%), chicken (12%), *daal Mash* (10%) and lentil *masoor* (6%). On the other hand, commodities that registered decreases included: eggs (16%), cooking oil (11%), vegetable ghee (7%) and sugar (3%).



On a YoY basis, in April the most significant increase was observed in the price of *daal mash* that rose by about 35 percent compared to a year ago. Other commodities that registered increases in prices included: *daal moong* (14%), lentil *masoor* (9%), sugar (8%) and eggs (6%). On the other hand, the prices of chicken, cooking oil and vegetable ghee declined by 12%, 10% and 8% respectively, during this one year period.

#### Marginal increase in global wheat supply estimates

In April, estimates for global wheat supplies (2014/15) were raised fractionally, as increased beginning stocks more than offset a slight decline in production. Total global wheat production is projected at 718.9 million tons, the second highest total on record. Global production is down 9.2 million tons with reductions mainly for European Union, India, Russia, and Ukraine more than offsetting increases for China, Turkey, Morocco, Australia, Iran, and Syria. Global wheat consumption for 2015/16 is estimated to be slightly higher in 2014/15 with higher food use more than offsetting a reduction in world wheat feeding. Global import demand for 2015/16 is lower with the largest reductions coming from Turkey, Iran, Morocco, and Syria. Exports are lower for Canada, India, EU, Russia, and Ukraine, but higher for Argentina and Australia<sup>6</sup>.



On the other hand, wheat price in USA, India and Afghanistan showed a downward trend in April. It registered a decrease of 9% in USA<sup>7</sup>, 4% in India<sup>8</sup> and about 2% in Afghanistan<sup>9</sup> compared to the previous month. The domestic wheat price in Pakistan in April was higher than the US

<sup>6</sup> World Agriculture Supply and Demand Estimates (WASDE)—USDA

<sup>7</sup>FAO Global Information and Early Warning System (GIEWS)

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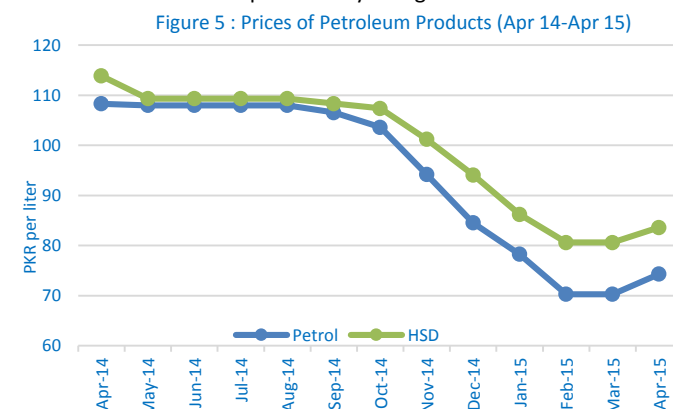
<sup>9</sup> WFP Afghanistan Office

<sup>10</sup> <http://www.psopk.com>

and Australia by 51% and 57%, while it was lower than Afghanistan and India by 16% and 8% respectively.

#### Increase in petroleum prices

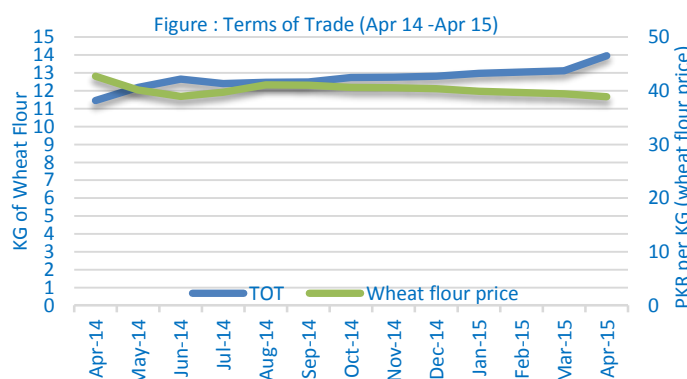
After a continuous decline and then stability seen in the price of petroleum products in the last few months, the Government notified of an increase in April. The price of super petrol and high speed diesel registered increases of 6% and 4% respectively, compared to the previous month. With this increase, the price of super petrol and high speed diesel increased from PKR 70.3 and PKR 80.61 in March to PKR 74.3 and PKR 83.61 respectively per liter in April. These prices are still lower by 28% and 22% respectively compared to six months ago, and 31% and 27% lower compared to a year ago<sup>10</sup>.



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 April 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)<sup>11</sup>.

#### Terms of Trade (ToT)<sup>12</sup>

In April, due to an increase reported in the income of the casual laborers and also due to a further decrease in the price of wheat flour, the purchasing capacity of the casual laborer improved significantly compared to the previous month. The ToT between the daily wage rate<sup>13</sup> for an unskilled laborer and wheat flour in April was thus higher by 6.1 % compared to the previous month (Figure 5). The amount of wheat flour that an unskilled laborer could purchase with a day's wage increased from 13.1 kg in March to 13.9 kg in April. This ToT was higher by 7%, 10% and 22% 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.



<sup>11</sup>Oil & Gas Regulatory Authority (OGRA) Govt. Pakistan

<sup>12</sup> Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

<sup>13</sup>The 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 – April 2015

| Major Commodities   | Markets  | Current Prices<br>(April 2015) / KG |      | % Change Over   |         |         |         | Change Direction |    |    |    |
|---|----------|-------------------------------------|------|---|---------|---------|---------|------------------|----|----|----|
|   |          | PKR                                 | USD  | 1M  | 3M      | 6M      | 1Y      | 1M               | 3M | 6M | 1Y |
| WHEAT   | LAHORE   | 34.33                               | 0.34 | -2.36%  | -2.62%  | -2.00%  | -8.59%  | ▼                | ►  | ►  | ►  |
|   | MULTAN   | 31.20                               | 0.31 | -4.19%  | -5.17%  | -6.87%  | -9.96%  | ▼                | ▼  | ▼  | ►  |
|   | KARACHI  | 35.00                               | 0.34 | 0.00%   | 0.86%   | 2.94%   | -6.42%  | ►                | ►  | ►  | ►  |
|   | PESHAWAR | 35.00                               | 0.34 | -1.41%  | -5.41%  | -5.91%  | -13.37% | ▼                | ▼  | ▼  | ▼  |
|   | QUETTA   | 38.50                               | 0.38 | 0.00%   | 0.00%   | 0.00%   | -12.50% | ►                | ►  | ►  | ▼  |
| WHEAT FLOUR kg  | LAHORE   | 38.70                               | 0.38 | -0.45%  | 0.00%   | -3.01%  | -1.93%  | ►                | ►  | ►  | ►  |
|   | MULTAN   | 36.60                               | 0.36 | -2.07%  | -4.19%  | -5.91%  | -7.69%  | ▼                | ►  | ▼  | ►  |
|   | KARACHI  | 40.71                               | 0.40 | -1.45%  | -3.36%  | -5.57%  | -8.12%  | ▼                | ►  | ▼  | ►  |
|   | PESHAWAR | 37.50                               | 0.37 | -2.97%  | -5.02%  | -6.91%  | -12.25% | ▼                | ▼  | ▼  | ▼  |
|   | QUETTA   | 41.00                               | 0.40 | 0.00%   | 0.00%   | 0.00%   | -13.68% | ►                | ►  | ►  | ▼  |
| RICE IRRI-6   | LAHORE   | 64.57                               | 0.63 | 0.00%   | -0.92%  | -1.15%  | 2.38%   | ►                | ►  | ►  | ►  |
|   | MULTAN   | 37.00                               | 0.36 | 0.00%   | -3.14%  | -9.76%  | -9.76%  | ►                | ►  | ▼  | ►  |
|   | KARACHI  | 51.54                               | 0.51 | 0.00%   | -8.84%  | -8.84%  | -10.43% | ►                | ▼  | ▼  | ▼  |
|   | PESHAWAR | 42.50                               | 0.42 | 0.00%   | -3.03%  | -13.57% | -12.26% | ►                | ►  | ▼  | ▼  |
|   | QUETTA   | 46.00                               | 0.45 | -4.17%  | -8.00%  | -2.13%  | 2.22%   | ▼                | ▼  | ►  | ►  |
| RICE BASMATI<br>BROKEN  | LAHORE   | 73.57                               | 0.72 | 0.00%   | 0.00%   | -7.21%  | -4.19%  | ►                | ►  | ▼  | ►  |
|   | MULTAN   | 71.50                               | 0.70 | -1.38%  | -5.92%  | -7.74%  | -7.74%  | ▼                | ▼  | ▼  | ►  |
|   | KARACHI  | 74.46                               | 0.73 | -2.72%  | -2.72%  | -2.72%  | -2.72%  | ▼                | ►  | ►  | ►  |
|   | PESHAWAR | 68.33                               | 0.67 | -0.31%  | -1.44%  | -12.77% | -12.77% | ►                | ►  | ▼  | ▼  |
|   | QUETTA   | 83.00                               | 0.81 | -5.14%  | -7.78%  | -7.78%  | -7.78%  | ▼                | ▼  | ▼  | ►  |
| SUGAR   | LAHORE   | 57.84                               | 0.57 | 6.34%   | 3.95%   | -4.85%  | 6.60%   | ▲                | ►  | ►  | ►  |
|   | MULTAN   | 56.30                               | 0.55 | 5.47%   | 6.03%   | -0.93%  | 10.18%  | ▲                | ▲  | ►  | ▲  |
|   | KARACHI  | 58.06                               | 0.57 | 6.30%   | 9.71%   | -0.96%  | 7.08%   | ▲                | ▲  | ►  | ►  |
|   | PESHAWAR | 57.57                               | 0.56 | 3.88%   | 4.18%   | -3.68%  | 7.59%   | ▲                | ►  | ►  | ►  |
|   | QUETTA   | 56.60                               | 0.56 | 4.81%   | 6.79%   | -4.71%  | 8.43%   | ▲                | ▲  | ►  | ►  |
| VEG. GHEE (TIN)   | LAHORE   | 182.00                              | 1.79 | -3.19%  | -6.57%  | -9.90%  | -9.90%  | ▼                | ▼  | ▼  | ►  |
|   | MULTAN   | 190.00                              | 1.86 | -2.06%  | -2.86%  | -6.31%  | -6.86%  | ▼                | ►  | ▼  | ►  |
|   | KARACHI  | 185.20                              | 1.82 | -3.14%  | -8.32%  | -8.32%  | -10.96% | ▼                | ▼  | ▼  | ▼  |
|   | PESHAWAR | 188.40                              | 1.85 | -2.89%  | -4.46%  | -6.73%  | -7.65%  | ▼                | ►  | ▼  | ►  |
|   | QUETTA   | 192.00                              | 1.88 | -6.80%  | -3.61%  | -5.88%  | -9.43%  | ▼                | ►  | ▼  | ►  |
| COOKING OIL (TIN)   | LAHORE   | 186.00                              | 1.82 | -3.38%  | -9.53%  | -13.08% | -13.08% | ▼                | ▼  | ▼  | ▼  |
|   | MULTAN   | 192.00                              | 1.88 | -2.04%  | -2.04%  | -11.11% | -11.11% | ▼                | ►  | ▼  | ▼  |
|   | KARACHI  | 193.12                              | 1.89 | -4.40%  | -7.15%  | -11.41% | -9.76%  | ▼                | ▼  | ▼  | ►  |
|   | PESHAWAR | 196.00                              | 1.92 | -5.77%  | -5.77%  | -9.26%  | -9.26%  | ▼                | ▼  | ▼  | ►  |
|   | QUETTA   | 196.00                              | 1.92 | -5.77%  | -4.30%  | -9.26%  | -8.41%  | ▼                | ►  | ▼  | ►  |
| CHICKEN LIVE (FARM)   | LAHORE   | 127.76                              | 1.25 | 11.96%  | -7.93%  | 16.19%  | -14.35% | ▲                | ▼  | ▲  | ▼  |
|   | MULTAN   | 149.50                              | 1.47 | 17.25%  | -1.97%  | 14.56%  | -7.43%  | ▲                | ►  | ▲  | ►  |
|   | KARACHI  | 157.03                              | 1.54 | 20.83%  | -12.27% | 13.47%  | -19.38% | ▲                | ▼  | ▲  | ▼  |
|   | PESHAWAR | 146.80                              | 1.44 | 11.63%  | -9.05%  | 9.88%   | -12.83% | ▲                | ▼  | ▲  | ▼  |
|   | QUETTA   | 166.00                              | 1.63 | 9.75%   | -6.74%  | 8.50%   | -5.14%  | ▲                | ▼  | ▲  | ►  |
| Pulse Masoor,<br>Washed   | Lahore   | 156.07                              | 1.53 | 0.00%   | 1.61%   | 3.63%   | -0.79%  | ►                | ►  | ►  | ►  |
|   | Multan   | 137.50                              | 1.35 | 0.00%   | 0.00%   | 7.84%   | 15.55%  | ►                | ►  | ▲  | ▲  |
|   | Karachi  | 133.08                              | 1.31 | 0.00%   | 3.90%   | 7.52%   | 14.65%  | ►                | ►  | ▲  | ▲  |
|   | Peshawar | 126.42                              | 1.24 | 0.13%   | -2.69%  | 5.35%   | 11.26%  | ►                | ►  | ▲  | ▲  |
|   | Quetta   | 140.00                              | 1.37 | -0.88%  | -4.11%  | 4.48%   | 5.66%   | ►                | ►  | ►  | ►  |
| Pulse Moong,<br>Washed  | Lahore   | 174.43                              | 1.71 | 0.29%   | 5.97%   | 12.02%  | 10.57%  | ►                | ▲  | ▲  | ▲  |
|   | Multan   | 162.50                              | 1.59 | -0.76%  | -4.51%  | 22.64%  | 7.14%   | ►                | ►  | ▲  | ►  |
|   | Karachi  | 173.08                              | 1.70 | -4.15%  | 1.17%   | 5.49%   | 11.61%  | ▼                | ▲  | ▲  | ▲  |
|   | Peshawar | 164.72                              | 1.62 | 3.34%   | 2.95%   | 21.41%  | 24.08%  | ▲                | ►  | ▲  | ▲  |
|   | Quetta   | 183.00                              | 1.80 | 0.27%   | -2.66%  | 17.31%  | 18.83%  | ►                | ►  | ▲  | ▲  |
| Pulse Mash, Washed  | Lahore   | 196.43                              | 1.93 | 2.61%   | 7.36%   | 11.00%  | 36.82%  | ▲                | ▲  | ▲  | ▲  |
|   | Multan   | 164.50                              | 1.61 | 1.23%   | 2.49%   | 5.79%   | 34.29%  | ▲                | ►  | ▲  | ▲  |
|   | Karachi  | 153.08                              | 1.50 | 0.00%   | 0.00%   | 2.68%   | 22.39%  | ►                | ►  | ►  | ▲  |
|   | Peshawar | 178.50                              | 1.75 | 7.21%   | 10.92%  | 15.16%  | 47.52%  | ▲                | ▲  | ▲  | ▲  |
|   | Quetta   | 200.00                              | 1.96 | 6.67%   | 6.95%   | 16.28%  | 33.33%  | ▲                | ▲  | ▲  | ▲  |
| 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 <a href="http://vam.wfp.org.pk/">http://vam.wfp.org.pk/</a><br>Please send you feedback and comments on <a href="mailto:Islamabad.vam@wfp.org">Islamabad.vam@wfp.org</a> |          |                                     |      |   |         |         |         |                  |    |    |    |