

## Pakistan Market Price Bulletin

October 2015 Issue

### Highlights

- The price of staple remained generally stable in September 2015; wheat price remained unchanged while wheat flour price registered an increase of less than one percent compared to the previous month.
- The prices of most non-cereal food commodities experienced downward trend in September.
- The headline as well as food inflation, based on the Consumer Price Index (CPI), increased by 1.3% and 0.1% respectively on a yearly basis, while on a monthly basis, headline inflation decreased by 0.1% and for food, it declined by 0.4% in September 2015.
- Estimates for global wheat supply as well as production recorded a further increase owing to which global wheat prices have registered some decrease.
- Compared to previous month, purchasing capacity of daily wage earners as reflected by the terms-of-trade, remained almost unchanged in September 2015.

**Inflation watch:** The headline inflation based on CPI, increased by 1.3% on a year-on-year basis in September 2015 compared to an increase of 1.8% in the previous month and 7.7% in September 2014. On a month-on-month basis, it decreased by 0.1% compared to an increase of 0.2% in the previous month and 0.3% in September 2014. In September 2015, the CPI for food registered a decrease by 0.1% compared to 7.2% in September 2014 and on a month-on-month basis, it declined by 0.4% compared to an increase of 0.3% in the previous month. CPI Inflation on a year-on-year basis in federal and provincial capitals of Pakistan showed mixed trend during September 2015. Among the five cities (Lahore, Multan, Quetta, Peshawar and Karachi), the lowest inflation was observed in Quetta at -0.7 percent while the highest inflation was observed in Karachi at 3.4 percent<sup>1</sup>.

### Staple cereal prices remained almost unchanged

In September 2015, average retail price of wheat flour registered marginal increase of less than one percent, while that of wheat remained unchanged from the previous month. The average retail prices of wheat and wheat flour across Pakistan's five major markets<sup>2</sup> were recorded at PKR 33.13 and PKR 38.21 per Kg in September 2015. On a month-on-month basis, while the price of *Basmati* rice did not observe any change, that of *Irri-6* registered a nominal decrease of about 1%.

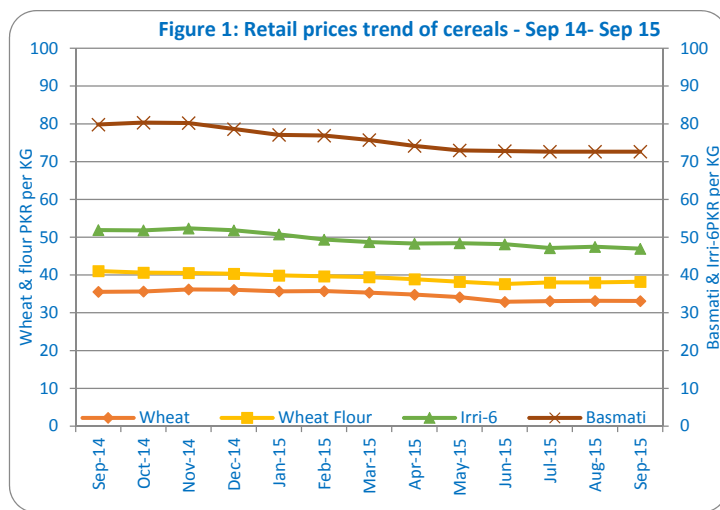
Comparing the current prices with those three months prior, the prices of wheat flour and wheat registered increases of 0.8% and 1.7% respectively. On the other hand, in case of rice, a decrease of 3% was registered for *Irri-6*, while that of *Basmati* remained unchanged (Figure 1). Compared to six months ago (March 2015), the prices of wheat and wheat flour in September were found to be lower by 6% and 3% respectively. A similar trend was seen in the prices of rice; the price of *Irri-6* and *Basmati* decreased by 4% each during the period.

As can be seen from Figure 1, prices of staple cereals have generally declined in the past one year (Sep 2014 – Sep 2015). For instance, on a yearly basis, prices of wheat and wheat flour have registered a decrease of 7% in Sep 2015. Similarly the prices of *Irri-6* and *Basmati* rice were found lower by 10% and 9% respectively during this period. Price differentials were noticed amongst the major markets. For example, the price of wheat in Quetta (PKR 35/kg) was recorded 15% higher than in Multan (PKR 30.5/kg). Similarly, the price of wheat flour was found to be higher by 11% in Karachi compared to its average price (PKR 37.09/KG) in Punjab (Lahore and Multan)<sup>3</sup>.

### Downward trend in the prices of non-cereal food commodities

In September 2015, on a month-on-month basis, non-cereal food commodities have generally registered price decrease, except *Daal Mash*, which registered an increase of about 4%. The commodities which registered price decrease include chicken (16%), *Daal Moong* (4%), sugar (2%), vegetable and cooking oil (1% each) and eggs (2%). A mixed trend was observed in prices compared to three months ago. Commodities which registered decrease in prices include chicken (31%), *Daal Moong* (9%) cooking oil (3%), vegetable ghee (2%) and lentil *Masoor* (1%). On the other hand, there was increase in the prices of eggs (14%), *Daal Mash* (5%) and sugar (2%).

Comparing the current prices of non-cereal food commodities with those six months prior, prices of most commodities displayed modest to significant upward trend. For instance, the prices of sugar and *Daal Mash* have registered increases of 18% and 17% during this period. Similarly the prices of eggs, lentil *Masoor* and chicken were also found higher by 6%, 3% and 1% respectively over the same period. On the other hand, the prices of *Daal*



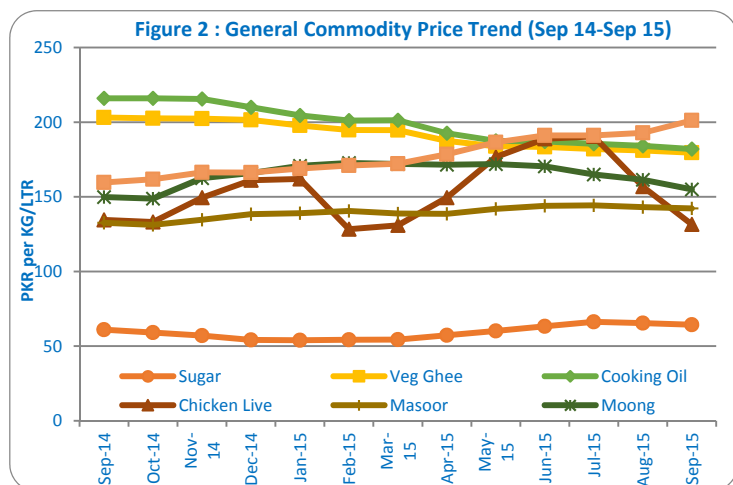
<sup>1</sup>Inflation Monitor September 2014 – State Bank of Pakistan

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

<sup>3</sup>Pakistan Bureau of Statistics

Moong and cooking oil were found lower by 10% each, and that of vegetable ghee declined by about 8% during this period.

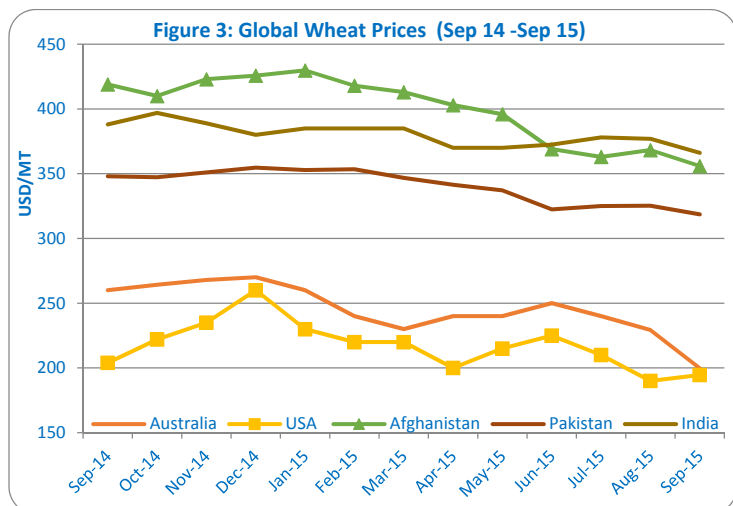
Looking at the one year trend (Figure 2), generally there has been an



increase in the prices of non-cereal food commodities. Commodities with increase in prices during this period include *Daal Mash* (26%), lentil *Masoor* (7%), sugar (6%), and *Daal Moong* (4%). On the other hand some commodities registered price decreases, which include cooking oil (17%), vegetable ghee (12%), eggs (11%) and chicken 2%<sup>4</sup>.

#### Global wheat supply and production estimates go up

In September 2015, the estimate for global wheat supply has been raised by 2 million tons (mt) mainly due to higher beginning stocks and increase in the global production. The estimated production increased by 1 mt each for Australia and Canada, and 1.1 mt for European Union. The estimated global wheat production is now projected at 732.8 mt. Similarly estimates for global wheat exports are also raised by 3 mt. The global wheat consumption has increased marginally. The global wheat ending stock thus has reached a record level of 228.5 mt<sup>5</sup>.

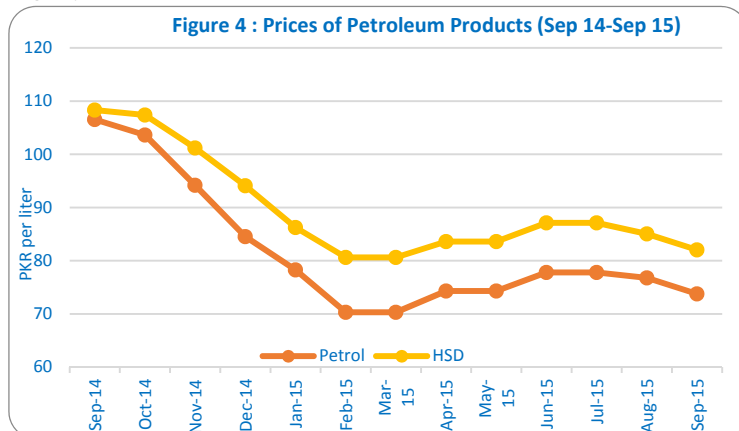


Along with the increased supply, the global wheat prices has experienced a downward trend. For instance, the price of wheat declined by 13% in Australia<sup>6</sup>, and 3% each in Afghanistan and India; with the exception of USA where it registered an increase of about 3%<sup>7</sup>. Compared to the international markets, wheat price in Pakistan remained 10% lower than in Afghanistan

and 13% percent lower than in India, whereas it was recorded 64% higher than in USA (Soft Red Winter) and 33% higher than in Australia.

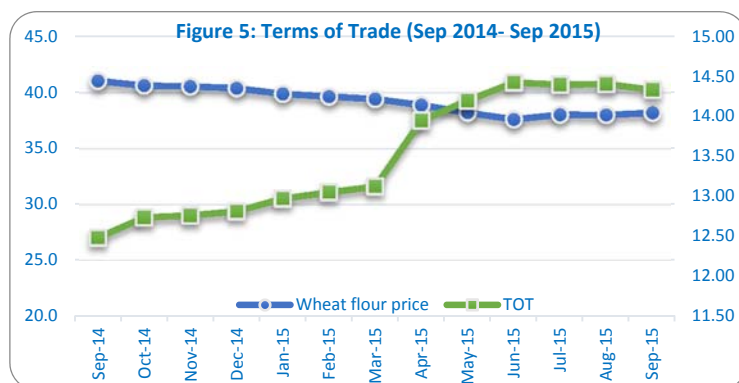
#### Marginal decrease in petroleum product prices

In September 2015, the government notified a decrease of, on average, 4% in the price of super petrol and high speed diesel (HSD). With this decrease, the prices of one liter of petrol and high speed diesel decreased from PKR 76.76 and PKR 85.05 in August to PKR 73.76 and 82.04 in September 2015. Compared to three month prior, the current prices of super petrol and HSD have registered decreases of 5% and 6% respectively. However, compared to six months prior, the price of super petrol and HSD in September were found higher by about 5% and 2%. On a year on year basis, these prices were lower by 31% and 24% respectively. The price of compressed natural gas (CNG) did not observe any change compared to previous month, and was recorded at PKR 75.82 per Kg in Region-I (Khyber Pakhtunkhwa, Balochistan, and in Potohar: Islamabad, Rawalpindi and Gujar Khan), and PKR 67.50 per kg in Region-II (Sindh and Punjab excluding the Potohar region)<sup>8</sup>.



#### Terms of Trade (ToT) remains almost unchanged<sup>9</sup>

On a month-on-month basis, there has been no significant change in the terms-of-trade between the daily wage rate<sup>10</sup> for an unskilled labour and wheat flour price (Figure 5). The amount of wheat flour that an unskilled wagger laborer could purchase with a day's wage was recorded at 14.31 Kg in September 2015 which was 14.41 Kg in August 2015. Compared to its level three months prior, this ToT is lower by one percent while it is 9% higher compared to six months ago. Compared to a year ago, the ToT in September 2015 was higher by 15%. Variations in ToT were observed among different markets as a result of disparities in wheat flour prices and wage rates. For instance, the highest ToT was recorded in Lahore at 15.98 Kgs of wheat flour per day of wage labour and it was the lowest in Peshawar at 12.86 Kgs per day of wage labour<sup>11</sup>.



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

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

<sup>6</sup>FAO Global Information and Early Warning System (GIEWS)

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

<sup>8</sup>Oil & Gas Regulatory Authority (OGRA) Govt. Pakistan

<sup>9</sup> Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

<sup>10</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

<sup>11</sup>Pakistan Bureau of Statistics

## Retail prices of various food commodities in major cities – September 2015

Major Commodities	Markets	Current Prices (Sep 2015) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.13	0.33	0.18%	5.00%	-2.93%	-2.15%	▲	▲	▼	▶
	Multan	30.50	0.29	-0.81%	2.52%	-6.34%	-9.46%	▼	▲	▼	▶
	Karachi	35.00	0.34	0.00%	0.00%	0.00%	2.94%	▶	▶	▼	▶
	Peshawar	31.00	0.30	0.00%	-0.80%	-12.68%	-15.65%	▼	▲	▼	▶
	Quetta	35.00	0.34	0.00%	-2.78%	-9.09%	-9.09%	▶	▶	▼	▶
WHEAT FLOUR kg	Lahore	37.55	0.36	1.56%	2.74%	-3.41%	-5.89%	▶	▲	▶	▶
	Multan	36.63	0.35	0.69%	3.90%	-2.01%	-6.69%	▶	▲	▼	▶
	Karachi	41.31	0.40	0.00%	2.48%	0.00%	-6.77%	▶	▶	▼	▶
	Peshawar	37.58	0.36	0.00%	1.63%	-2.75%	-8.03%	▶	▲	▼	▶
	Quetta	38.00	0.37	0.33%	-2.56%	-7.32%	-7.32%	▶	▶	▼	▶
RICE IRRI-6	Lahore	60.71	0.58	0.00%	-3.08%	-5.98%	-7.06%	▲	▶	▶	▶
	Multan	37.00	0.36	0.00%	0.00%	0.00%	-9.76%	▶	▶	▶	▶
	Karachi	44.62	0.43	0.00%	-8.23%	-13.43%	-24.42%	▼	▶	▶	▶
	Peshawar	42.50	0.41	0.00%	0.00%	0.00%	-13.57%	▶	▶	▶	▶
	Quetta	50.00	0.48	-4.76%	0.00%	4.17%	11.11%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	71.79	0.69	0.00%	-1.22%	-2.42%	-9.46%	▶	▶	▶	▶
	Multan	70.00	0.67	0.00%	0.00%	-3.45%	-9.68%	▶	▶	▶	▶
	Karachi	73.08	0.70	0.00%	0.00%	-4.52%	-4.52%	▶	▶	▶	▶
	Peshawar	68.33	0.66	0.00%	0.00%	-0.31%	-12.77%	▶	▶	▶	▶
	Quetta	80.00	0.77	0.00%	0.00%	-8.57%	-8.57%	▲	▶	▶	▶
SUGAR	Lahore	65.89	0.63	0.00%	4.12%	21.14%	7.28%	▲	▲	▲	▶
	Multan	63.13	0.61	-1.74%	2.65%	18.27%	6.55%	▲	▲	▲	▶
	Karachi	63.92	0.61	-3.11%	0.60%	17.03%	3.73%	▲	▲	▲	▶
	Peshawar	65.17	0.63	-0.76%	3.10%	17.59%	5.40%	▲	▲	▲	▶
	Quetta	63.75	0.61	-1.92%	-1.54%	18.06%	4.51%	▲	▲	▲	▶
VEG. GHEE (TIN)	Lahore	180.50	1.74	-0.82%	-0.82%	-3.99%	-10.64%	▶	▶	▶	▶
	Multan	178.00	1.71	-3.26%	-3.26%	-8.25%	-12.75%	▶	▶	▶	▶
	Karachi	181.20	1.74	0.00%	0.00%	-5.23%	-10.30%	▶	▶	▶	▶
	Peshawar	179.92	1.73	0.04%	-0.05%	-7.26%	-11.59%	▶	▶	▶	▶
	Quetta	178.00	1.71	0.00%	-6.32%	-13.59%	-12.75%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	184.00	1.77	-1.08%	-1.08%	-4.42%	-14.02%	▶	▶	▶	▶
	Multan	180.00	1.73	-3.23%	-3.23%	-8.16%	-16.67%	▶	▶	▶	▶
	Karachi	182.00	1.75	-1.41%	-2.78%	-9.90%	-16.51%	▶	▶	▶	▶
	Peshawar	182.00	1.75	0.00%	0.00%	-12.50%	-15.74%	▶	▶	▶	▶
	Quetta	182.00	1.75	0.00%	-6.19%	-12.50%	-15.74%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	106.11	1.02	-19.83%	-35.34%	-7.01%	-7.21%	▼	▼	▼	▼
	Multan	127.50	1.23	-14.41%	-31.62%	0.00%	0.99%	▼	▼	▼	▶
	Karachi	148.04	1.42	-12.28%	-25.26%	13.91%	8.36%	▼	▶	▼	▼
	Peshawar	126.00	1.21	-16.28%	-31.71%	-4.18%	-8.70%	▼	▶	▼	▼
	Quetta	150.00	1.44	-18.37%	-28.99%	-0.83%	-4.76%	▼	▶	▼	▶
Pulse Masoor, Washed	Lahore	161.96	1.56	0.00%	0.00%	3.77%	6.33%	▶	▶	▶	▲
	Multan	137.50	1.32	0.00%	0.00%	0.00%	10.00%	▲	▶	▲	▲
	Karachi	143.08	1.38	0.00%	0.00%	7.51%	13.07%	▶	▶	▲	▲
	Peshawar	128.75	1.24	0.52%	0.00%	1.98%	2.66%	▲	▶	▲	▲
	Quetta	140.00	1.35	14.29%	-5.88%	-0.88%	4.67%	▼	▶	▶	▶
Pulse Moong, Washed	Lahore	162.14	1.56	-8.75%	-8.10%	-6.78%	4.13%	▶	▶	▶	▲
	Multan	138.33	1.33	-1.78%	-12.17%	-15.52%	4.40%	▼	▼	▼	▲
	Karachi	173.08	1.66	0.00%	0.00%	-4.15%	2.21%	▼	▶	▲	▲
	Peshawar	145.42	1.40	-3.32%	-9.11%	-8.77%	0.87%	▼	▶	▲	▲
	Quetta	156.25	1.50	-5.30%	-15.54%	-14.38%	5.93%	▲	▶	▶	▲
Pulse Mash, Washed	Lahore	202.86	1.95	0.00%	0.80%	5.97%	15.25%	▲	▲	▲	▲
	Multan	186.67	1.79	1.82%	5.17%	14.87%	22.41%	▲	▶	▲	▲
	Karachi	189.62	1.82	4.28%	9.56%	23.87%	32.53%	▼	▶	▲	▲
	Peshawar	194.37	1.87	2.75%	3.09%	16.74%	27.46%	▶	▲	▲	▲
	Quetta	232.50	2.24	12.28%	8.14%	24.00%	33.81%	▼	▲	▲	▲
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>											
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