



## Pakistan Market Price Bulletin

January 2017 Issue

### Highlights

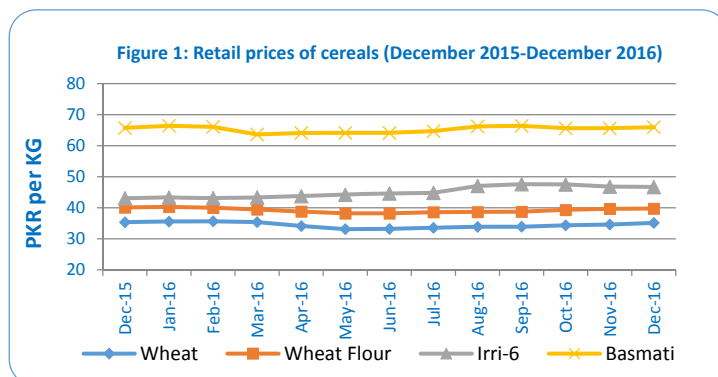
- In December 2016, the price of wheat slightly increased by 1.5% and a negligible increase of 0.3% was registered in price of wheat flour;
- Headline inflation based on the Consumer Price Index (CPI) negligibly decreased by 0.7% from the previous month (November 2016), whereas it has increased by 3.7% for the same month last year (December 2015);
- There were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month with the price of sugar and live chicken significantly decreased by 11.48% and 10.8%, respectively;
- In December 2016, the average ToT remained unchanged from the previous month;
- In January 2017, the total global wheat production for 2016-2017 is projected at 752.7 million MT.

#### Headline inflation negligibly decreased

In December 2016, the headline inflation based on the Consumer Price Index (CPI) negligibly decreased by 0.7% from the previous month (November 2016), whereas it has increased by 3.7% for the same month last year (December 2015). The CPI for food has slightly decreased by 1.9% from November 2016, and increased by 3% from December 2015; while the CPI for non-food increased by 0.2% from last month and 4.2% from December 2015. The weighted contribution of food groups in the overall CPI has decreased from 228.7 indices in November 2016 to 223.6 in December 2016, registering a negative change of 2.3%. Compared to December 2015, the indices increased by 2.4%<sup>1</sup>.

#### Retail prices of staple cereals remained stable

In December 2016, the average retail prices of wheat, wheat flour and rice Basmati increased compared to the previous month (November 2016), while the price of rice Irri-6 negligibly decreased. The prices of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 35.1 and PKR 39.8 per kg, respectively, indicating a slight increase in the price of wheat by 1.5% and a negligible increase in price of wheat flour by 0.3%. The price of rice Basmati was recorded at PKR 66 - a negligible increase of 0.5% from previous month, while the price of rice Irri-6 was recorded at PKR 46.7 - a negligible decrease by 0.3% from November 2016.



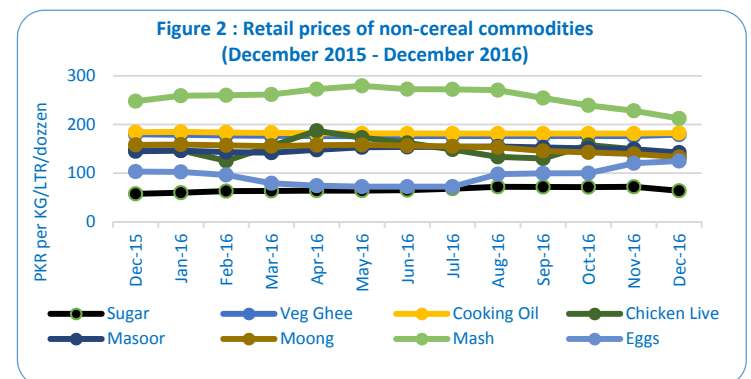
Compared to three months ago (September 2016), wheat and wheat flour prices in December slightly increased by 3.7% and 2.7%, respectively. Whereas, during this same period, the prices of rice Irri-6 and Basmati decreased by 1.9% and 0.7%, respectively.

Comparing cereal prices with six months ago (June 2016), the prices of wheat and wheat flour slightly increased by 5.9% and 4.1%, respectively. Whereas, the prices of rice Basmati and Irri-6 slightly increased by 2.9% and 4.7%, respectively.

On a one-year comparison (December 2015), the prices of wheat and wheat flour negligibly decreased by 0.6% and 0.9%, respectively. The price of rice Irri-6 significantly increased by 8.5%, while that of rice Basmati increased by 0.4%<sup>3</sup>.

#### Retail prices of non-cereal food commodities remained somewhat stable

In December 2016, there were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. The prices of pulse Dal Mash, pulse Dal Moong and lentil Masoor decreased by 7%, 4.6% and 4.5%, respectively, while the prices of live chicken and sugar significantly decreased by 10.8% and 11.48%, respectively. The egg price slightly increased by 3.7%.



Compared to three months ago (September 2016), the price of the majority of non-cereal commodities in December 2016 registered negligible to significant fluctuations. The prices of sugar and pulses Dal Mash, Dal Moong, and lentil Masoor decreased significantly by 11%, 16.5%, 8.5%, and 6.8%, respectively. On the other hand, the price of eggs significantly increased by 25.3%, while the price of live chicken, vegetable ghee, and cooking oil increased by 2.5%, 1.5%, 0.5%, respectively.

Over a six months period (starting June 2016), wider variations were also observed in these prices. There was a significant price increase for eggs

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

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

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

(72.7%), on the other hand, there was a significant drop in the prices of pulse *Dal Mash* (22.1%), live chicken (17.8%), pulse *dal Moong* (15%) and lentil *Masoor* (7.4%). Sugar also registered a slight decrease (1.9%) in price. There was a slight increase in the price of vegetable ghee (1.5%), while cooking oil registered a negligible increase (0.5%).

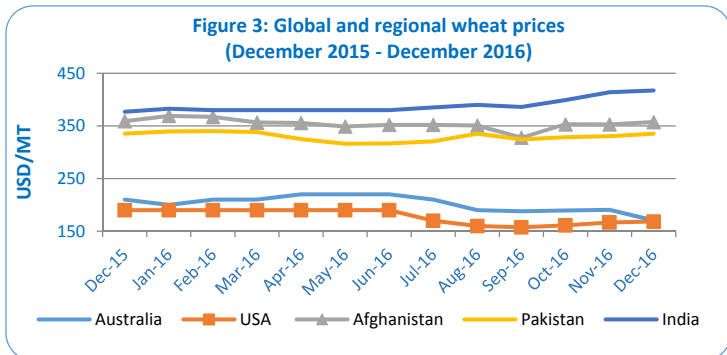
Compared to December 2015, the prices of several non-cereal food commodities experienced negligible to significant fluctuations. The price of pulses *Dal Moong and Dal Mash*, and live chicken significantly decreased by 15.9%, 14.4%, and 9.4%, respectively, while the prices of lentil *Masoor*, vegetable ghee, and cooking oil slightly decreased by 1.8%, 0.9%, and 0.5%, respectively. Meanwhile, the prices of eggs and sugar significantly increased by 21% and 10.5%, respectively.

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in December 2016, with the exception of Quetta, where the price of live chicken was slightly higher than other big cities mainly due to its remoteness.

### Increase in estimated global wheat production

In January 2017, the global wheat production projection has negligibly increased to 752.7<sup>4</sup> million MT from the estimated projection of 751.3 million MT in December 2016.

This 1.4 million MT production increase projection is mainly due to increased production in Argentina, Russia, and the European Union. Total global consumption for 2016/17 has increased by 0.1 million MT with the increased food use which is partially offset by a reduction in feed and residual use. As total global supplies are rising faster than use, ending stocks have increased by 1.2 million MT and remain at record levels<sup>5</sup>.



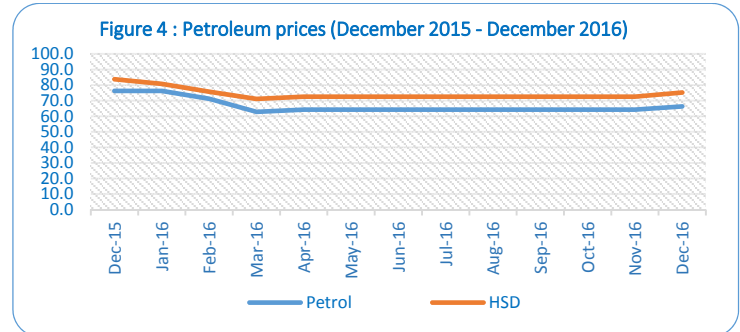
Compared to November 2016, wheat prices in December 2016 increased in Pakistan (by 1.4%)<sup>6</sup>, Afghanistan (1.3%)<sup>7</sup>, USA (1.1%)<sup>8</sup>, and India (0.9%)<sup>9</sup>, while a significant decrease in wheat prices was seen in Australia (10.5%)<sup>10</sup>. The domestic retail wheat price in Pakistan was 99% higher than in the USA, 97% higher than in Australia, while it was 20% and 6% lower than in India and Afghanistan, respectively.

### Prices of petroleum products increased slightly

The current (December 2016) retail prices of Super Petrol and HSD were recorded at PKR 66.3 and PKR 75.2 per liter respectively<sup>11</sup>. Compared to the

previous month (November 2016), the prices of Super Petrol and HSD increased by 3% and 4%, respectively.

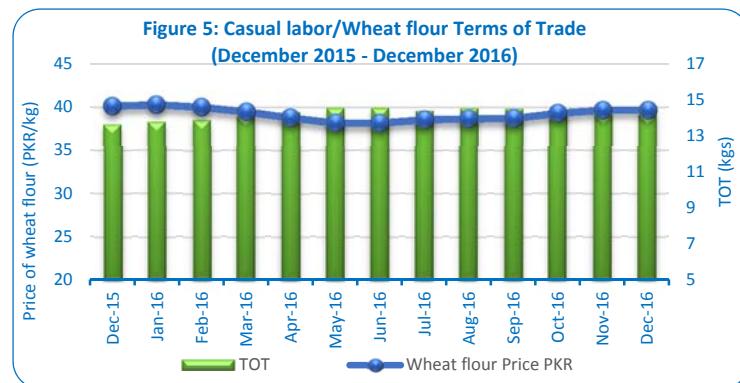
On a three month comparison (Sept. 2016), the prices have increased for both Super Petrol and HSD by 3.1% and 3.7%, respectively. Similarly, on a six month comparison (June 2016) the prices have increased for both Super Petrol and HSD by 3% and 4%, respectively. Whereas, compared to prices a year ago (December 2015) a significant price reduction of 13% for Super Petrol and 10% for HSD was recorded. Basically, the retail prices of Super Petrol and HSD remained unchanged from April-November 2016, however, from December 2016 the prices of both Super Petrol and HSD increased by PKR 2 and PKR 2.70 per liter, respectively.



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

In December 2016, the average ToT remained unchanged from previous month and was recorded at 14.2 kg of wheat flour. Compared to three months ago (September 2016), the ToT has decreased by 2.6%, mainly due to a slight increase in the average price of wheat flour in December. Furthermore, it slightly declined by 2.8% compared to six months ago (June 2016). Whereas, it improved by 3.6% compared to a year ago (December 2015).

However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>13</sup>, or both. The highest ToT was observed in Lahore and Karachi at 15.8 kg and 14.9 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates<sup>14</sup>.



<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>5</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>6</sup> Pakistan Bureau of Statistics, GoP.

<sup>7</sup> WFP Afghanistan Office.

<sup>8</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>9</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>10</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>11</sup> <http://www.psopk.com>

<sup>12</sup>The ratio of the price of the primary income good relative to the price of the primary expenditure good, it simply measures the purchasing power of a particular livelihood group. In this Bulletin, the Terms of Trade (ToT) between casual unskilled labor wage and Wheat flour is applied. This ToT reveals how many Kilograms of Wheat flour can be purchased with one-day casual unskilled labor wage, but does not say how many days a month a laborer can get to cover the family food needs.

<sup>13</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

<sup>14</sup>Pakistan Bureau of Statistics

Retail prices of main food commodities in major cities – December 2016											
Major Commodities	Markets	Current Prices (December 2016) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.63	0.33	0.00%	2.67%	5.32%	-2.81%	▶	▶	▲	▶
	Multan	33.55	0.32	2.64%	4.52%	8.05%	0.60%	▲	▶	▲	▶
	Karachi	36.50	0.35	0.69%	5.49%	4.29%	-1.35%	▶	▲	▶	▶
	Peshawar	36.00	0.34	4.35%	5.88%	12.50%	5.88%	▲	▲	▲	▶
	Quetta	35.00	0.33	0.00%	0.00%	0.00%	-4.89%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.36	0.00%	0.00%	1.82%	-2.81%	▶	▶	▶	▶
	Multan	38.00	0.36	0.66%	3.73%	6.74%	-1.04%	▶	▶	▲	▶
	Karachi	44.46	0.42	0.43%	6.28%	8.04%	0.32%	▶	▲	▲	▶
	Peshawar	38.32	0.37	0.18%	3.09%	3.89%	-1.65%	▶	▶	▶	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	0.50%	▶	▶	▶	▶
RICE IRRI-6	Lahore	53.07	0.51	0.00%	3.11%	8.15%	17.10%	▶	▶	▲	▲
	Multan	40.00	0.38	-1.23%	-11.11%	0.00%	14.29%	▼	▼	▶	▲
	Karachi	43.96	0.42	0.00%	0.00%	1.50%	1.50%	▶	▶	▶	▶
	Peshawar	46.50	0.44	-0.36%	-2.39%	14.11%	11.59%	▶	▶	▲	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	62.68	0.60	0.00%	3.30%	8.67%	26.45%	▶	▶	▲	▲
	Multan	67.50	0.64	0.00%	0.00%	6.58%	7.14%	▶	▶	▲	▶
	Karachi	69.62	0.66	0.00%	-0.49%	1.27%	1.61%	▶	▶	▶	▶
	Peshawar	70.00	0.67	2.44%	3.20%	6.33%	3.70%	▲	▶	▲	▶
	Quetta	60.00	0.57	0.00%	-9.09%	-7.69%	-25.00%	▶	▼	▼	▼
SUGAR	Lahore	64.36	0.61	-11.58%	-11.92%	-2.53%	6.72%	▼	▼	▶	▶
	Multan	61.30	0.58	-11.96%	-12.43%	-3.62%	11.25%	▼	▼	▶	▲
	Karachi	63.44	0.61	-12.11%	-10.34%	-0.52%	9.27%	▼	▼	▶	▶
	Peshawar	62.83	0.60	-13.73%	-12.74%	-4.47%	8.57%	▼	▼	▶	▶
	Quetta	66.00	0.63	-8.01%	-7.56%	1.54%	17.02%	▼	▼	▶	▲
VEG. GHEE (TIN)	Lahore	180.80	1.72	2.73%	2.73%	2.73%	-1.74%	▲	▶	▶	▶
	Multan	182.40	1.74	3.64%	3.64%	3.64%	3.64%	▲	▶	▶	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	176.00	1.68	0.00%	0.00%	0.00%	-2.22%	▶	▶	▶	▶
	Quetta	174.40	1.66	1.40%	1.40%	1.40%	-2.02%	▲	▶	▶	▶
COOKING OIL (TIN)	Lahore	182.80	1.74	2.70%	2.70%	2.70%	-1.72%	▲	▶	▶	▶
	Multan	186.00	1.77	0.00%	0.00%	0.00%	1.75%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	178.00	1.70	0.00%	0.00%	0.00%	-2.20%	▶	▶	▶	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	-2.20%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	108.60	1.04	-13.71%	6.10%	-24.56%	-18.57%	▼	▲	▼	▼
	Multan	125.50	1.20	-14.92%	-4.56%	-18.24%	-11.31%	▼	▶	▼	▼
	Karachi	150.61	1.44	-3.23%	10.34%	-8.37%	1.69%	▼	▲	▼	▶
	Peshawar	123.20	1.18	-12.62%	-4.20%	-26.49%	-19.16%	▼	▼	▼	▼
	Quetta	158.00	1.51	-10.35%	4.64%	-12.71%	-1.25%	▼	▶	▼	▶
Lentil Masoor, Washed	Lahore	161.64	1.54	-3.39%	-3.97%	-2.88%	-0.20%	▼	▶	▶	▶
	Multan	129.5	1.24	-3.48%	-9.12%	-9.12%	-7.83%	▼	▼	▼	▶
	Karachi	138.35	1.32	-6.99%	-8.75%	-7.58%	-1.59%	▼	▼	▼	▶
	Peshawar	131.17	1.25	-5.69%	-8.22%	-9.02%	-3.14%	▼	▼	▼	▶
	Quetta	151.00	1.44	-3.36%	-4.43%	-9.04%	3.42%	▼	▶	▼	▶
Pulse Dal Moong, Washed	Lahore	154.29	1.47	0.00%	-3.74%	-3.00%	-3.61%	▶	▶	▶	▶
	Multan	120.83	1.15	-2.03%	-5.23%	-15.21%	-18.08%	▼	▼	▼	▼
	Karachi	136.46	1.30	-8.38%	-11.72%	-18.06%	-14.57%	▼	▼	▼	▼
	Peshawar	115.67	1.10	-7.77%	-13.57%	-18.73%	-23.14%	▼	▼	▼	▼
	Quetta	138.00	1.32	-4.83%	-8.61%	-19.77%	-20.23%	▼	▼	▼	▼
Pulse Dal Mash, Washed	Lahore	255.21	2.43	-3.69%	-9.29%	-9.32%	5.58%	▼	▼	▼	▶
	Multan	193.33	1.84	-4.92%	-16.31%	-25.16%	-23.58%	▼	▼	▼	▼
	Karachi	186.46	1.78	-12.25%	-26.32%	-31.76%	-22.77%	▼	▼	▼	▼
	Peshawar	197.2	1.88	-10.23%	-22.99%	-28.72%	-18.06%	▼	▼	▼	▼
	Quetta	229.00	2.18	-4.58%	-8.40%	-16.12%	-12.93%	▼	▼	▼	▼