Approximately 5.6 million people in the flood affected areas are food insecure

Flood Recovery Assessment (FRA) indicates that 3.6 million people are in need of recovery food assistance

International wheat flour prices in 2011 are well above prices in 2009 and 2010 but remained below highs seen in 2008

Domestic cereal output in 2010/2011 declined by 4.7 million tonnes due to flood-related crop loss

Domestic cereal supply should satisfy national requirements through April 2012

Lower wheat opening stocks in May 2011 and reduced wheat production may lead to import requirements in 2011/2012 marketing year

Wholesale wheat prices remain high compared to previous years but have stabilized between November 2010 and April 2011

In April 2011 the average retail wheat flour price remains at Sept 2010 highs

Wheat flour prices in February 2011 in KPK markets remained 14 to 22% higher than pre flood averages

Consumer purchasing power has deteriorated further since the floods

Deterioration in food security status is a result of asset loss and shifting livelihoods (from farming to wage labour activities) resulting in lost purchasing power and more difficulty in accessing food.

Among the people affected by the floods, the most vulnerable to food insecurity appear to be farmers, many of which are now unable to cultivate but instead rely on daily wage labour activities to provide food for their households. Overall, at least 80% of the newly food insecure were farmers before the floods.

FRA indicates that 3.6 million people are in need of recovery food assistance

Medium to longer-term food assistance will be required in flood affected areas to help those who were not able to fully recover their livelihoods after the floods. FRA estimates that 3.6 million people are in need of recovery food assistance for the foreseeable future.
INTERNATIONAL WHEAT AND RICE MARKETS

In the first four months of 2011, International wheat prices remained well above the prices observed in 2009 and 2010 but still below highs seen in 2008.

- The average US wheat export price (US No 2 Hard Red winter) was 359 USD per tone in April, 25 percent below its peak in March 2008 but 79 percent higher than a year earlier.
- Concerns about a slowdown in imports because of political instability in a number of major wheat importing countries weighed on prices but worries over dry conditions in major winter wheat producing areas of United States and a rally in maize markets limited the price decline.

Domestic cereal supply should satisfy national requirements through April 2012

- Wheat is the country's main staple food, accounting for 35 percent of the total dietary energy supply in Pakistan. From May 2010 to April 2012, the wheat supply is expected to satisfy national requirements (estimated at 25 million tonnes for this period) thanks to high beginning stocks (4.3 million tonnes in May 2010) and good pre-flood production (with 23.8 million tonnes harvested before the floods) and as expecting good rabi crop.
- Rice is a secondary cereal as far as consumption is concerned but is a substantial export earner. Pakistan typically exports between 40 and 60 percent of its domestic production and is the world's third largest rice exporter, with an estimated 2.9 and 3.5 million tonnes exported in 2009 and 2010 respectively. For the 2010/2011 marketing year, the combined impacts of flood-related crop loss and continued emphasis on rice exports (conservatively estimated to be 1.8 million tonnes) is likely to result in a decrease in domestic rice availability. Increased wheat consumption, however, can likely compensate for this shortfall.

Lower wheat opening stocks in May 2011 and reduced wheat production may lead to import requirements in 2011/2012 marketing year

- Because of the floods, winter season (Rabi) wheat production for the 2010/2011 marketing year could be reduced compared to 2009/2010 (a wheat planting survey is needed to provide a better estimate).
- The recovery of agriculture sector in the flood affected areas will take at least five years.

DOMESTIC STAPLE FOOD PRICES

Wholesale wheat prices remain high compared to previous years but have stabilized between November 2010 and April 2011

- Wheat import parity prices in Multan or Rahim Yar Khan have increased to 833 USD per tonne in April 2011, but...
wheat wholesale prices remained much lower at 327 USD per tonne.

- Wholesale wheat prices still remain very high compared to previous years, however, wheat prices have stabilized between November 2010 (Rs.25.2/KG) and April 2011 (Rs.26.4/KG).

In April 2011 the average retail wheat flour price remains at Sept 2010 highs

- The average wheat flour retail price in the main Punjab markets has increased since 2006, reaching its highest level at Rs.30/kg in April 2011.
- Price has remained at current levels since September 2010

Wheat flour prices in February 2011 in KPK markets remained 14 to 22% higher than pre flood averages

- District level wheat flour prices in February 2011 are 14-22% higher than pre flood prices throughout the Swat Valley region of KP. Highest increases in prices are seen in Markets along the Swat River
- Prices have remained stable since November 2010.

- In non-Punjab markets, especially during the 2008 food-price crisis, the average wheat retail price was more responsive to international prices; between March and October 2008 prices remained more than doubled, peaking at 33 Rs/kg in October 2008. Since then, prices have declined slightly but remained significantly higher than pre-food-price crisis levels.
- Retail wheat flour prices in the main non-Punjab markets 10.3 percent increased between April 2010 (29 Rs/kg) and April 2011 (32 Rs/KG) Price increases in Punjab markets are comparable.
WAGE RATES AND CONSUMER PURCHASE POWER

Consumer purchasing power has deteriorated further since the floods

- Wages play an important role in the household economy in Pakistan, especially in urban areas where they account for almost half of the household income (compared to one quarter in rural areas).
- Wage rates increased sharply in the immediate aftermath of floods, but stabilized thereafter in most areas.
- FRA findings from November show continued modest improvements in daily wages for unskilled workers (between 5 and 20 percent) however, qualitative findings suggest the increase in wages may be having little effect as the number of days worked has declined.

- The ToT between daily wage rates and IRRI-6 rice prices have also deteriorated since 2006.
- In March 2011, daily wage labourers could purchase 7.6 KGs of IRRI-6 in Multan, 9 KGs in Karachi, 6.8 KGs in Peshawar, 11 KGs in Quetta and 8.8 KGs in Lahore.

- Since 2006, and especially during the 2008 food price crisis, the amount of wheat flour or rice that could be purchased with one day of wages (Terms of Trade -ToT- between daily wage labour and retail wheat flour and rice prices) has decreased significantly.

- Probably as a result of reduced labour supply during the floods, wage rates temporarily increased between June and November 2010. Given comparatively larger increases in food prices, however, this has still resulted in a reduction of purchasing power.

Short-lived increase in purchasing power during the floods