Pakistan Market Price Bulletin – May 2012

The Market price bulletin is a monthly publication of the Vulnerability Analysis and Mapping (VAM) Unit of the United Nations World Food Programme Pakistan.

**Highlights**

- In May 2012, general inflation, based on the Consumer Price Index (CPI), increased by 12.3 percent, year-on-year basis, marginally higher than 11.3% in the previous month.
- Wheat prices remained stable with a very marginal fluctuation observed at both domestic as well as international markets.
- Marginal increases were observed in the prices of other major food commodities.
- Prices of petroleum products remained unchanged, on a month-to-month-basis.
- Purchasing power of the poor households also remained almost unchanged.

**Inflation Watch**

General inflation, based on Consumer Price Index (CPI), increased by 12.3% on a year-on-year basis in May 2012 as compared to 11.3% in the previous month and 12.6% in May 2011. On a month-to-month basis, CPI increased by 1.1% in May 2012 as compared to an increase by 1.8% in the previous month and an increase by 0.2% in May 2011.

**General commodities price trends**

In May 2012 prices of major food commodities across the major markets of the country showed marginal fluctuations. The average price of irri-6 rice increased by 1 percent compared to April, and by 2 percent from March 2012. Similarly, the price of cooking oil and vegetables ghee also increased by 1 percent compared to last month.

A significant increase was observed in the price of gram pulses which registered an increase of 10 percent compared to April 2012 and 11 percent against March 2012. Similarly the prices of poultry products saw significant fluctuation. In the one month period, the price of chicken went down by 12 percent whereas that of eggs went up by 6 percent. The price of sugar registered a decrease of 3 percent compared to April while it is 4 percent up against January 2012. The price of Basmati Rice went up by 2 percent in one month. However, the price of Basmati Rice registered a significant increase of 10 percent compared to January 2012.

Significant inter provincial disparities were also observed in the commodity prices. For instance, the prices of poultry products remained very high in Quetta with chicken at Rs.160 per kg and eggs at Rs.85 per dozen; while the lowest price of the same products were recorded in Lahore with Rs.136 per kg for chicken and Rs.74 per dozen for eggs. The highest price of irri-6 rice was observed in Lahore at Rs.56.8 per kg and the lowest in Quetta at Rs.40 per kg. Similarly for the wheat flour, the highest price was recorded in Karachi at Rs.35 per kg and the minimum in Multan at Rs.29.30 per kg. As for the wheat, the lowest price was recorded in Multan at Rs.24.9 per kg and the maximum in Quetta at Rs.30 per kg.

**Domestic wheat supply and prices**

The new wheat marketing year (2012-13) has started and the Government has set a target of 24 million MT for wheat production this year. This estimated wheat production is 3 percent above than the wheat production of 2011-12 (23.34mm t). In May, domestic wheat price saw a marginal decrease of 2 percent on a month-to-month-basis; whereas the price remained 3 percent lower than March in the major cities of Pakistan. In May, the price of wheat was at its lowest level so far this year. Compared to December 2011 the wheat price has declined by 2 percent; however, the wheat price in May 2012 is higher by 11 percent compared to a year ago. Despite speculations regarding increase in the wheat and wheat flour prices in view of increased wheat support price in November 2011, only marginal fluctuations have been observed so far.

---

1. Ministry of National Food Security and Research
2. Lahore, Multan, Karachi Peshawar and Quetta
3. Pakistan Bureau of Statistics

Pakistan Market Price Bulletin-May 2012
Similarly a marginal decrease of 1 percent was observed in the price of wheat flour. The average retail price of wheat flour fell from Rs.31.84 per kg in April to Rs. 31.57 per kg in May in the major cities of the country. However, the wheat flour price in May is still higher by 9 percent compared to a year ago. In view of the better harvest, the price of wheat flour is expected to remain stable during the coming months – lean seasons.

**Price of petroleum products remain unchanged from their high level**

On a month-to-month basis the prices of petroleum products remained unchanged in May. The transport and the gas station owners observed a strike to protest against the possible increase of prices by the government, and as such there was no increase in petroleum product prices. The price of super petrol remained at Rs. 103.36 per liter, diesel at Rs.98.74 per liter and the HOBC at Rs.135.81 per liter. The average price of petroleum products is 24 percent higher than a year ago. Compared to January 2012, price of super petrol has increased by 15.4 percent and that of diesel by 8.3 percent. The price of compact natural gas for transport also remained unchanged during May.

The global wheat prices also showed marginal fluctuation on a month-to-month basis. The average US wheat export price (soft white) increased marginally from USD254 per MT in April to USD258 per MT in May– an increase of 2 percent. Similarly, wheat price in India registered a marginal increase of 1 percent, whereas it increased by 4 percent in Afghanistan.

Comparing against international prices in May, domestic wheat prices in Pakistan remained 18 percent lower than Afghanistan, while they are about 17 percent higher than the US, and 16 percent higher than Australia.

**Purchasing power of poor households**

A marginal increase was observed in the terms of trade (ToT) between wheat flour and the daily wage of an unskilled labourer. The ToT, or the amount of wheat that can be purchased with a day’s wage of an unskilled labourer, increased slightly from 12.41 kg in April to 12.55 kg in May. Since the income level of the unskilled labourer has remained constant, this slight improvement in ToT is due to slight decrease in the price of wheat flour.
Retail prices of various food commodities in major cities– May 2012

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Lahore</th>
<th>Multan</th>
<th>Karachi</th>
<th>Peshawar</th>
<th>Quetta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat kg</td>
<td>25.75</td>
<td>24.90</td>
<td>28.70</td>
<td>28.60</td>
<td>30.00</td>
</tr>
<tr>
<td>Wheat flour av. Qt. Kg</td>
<td>30.00</td>
<td>29.30</td>
<td>35.00</td>
<td>30.54</td>
<td>33.00</td>
</tr>
<tr>
<td>Rice irri-6 kg</td>
<td>56.79</td>
<td>41.00</td>
<td>50.37</td>
<td>49.33</td>
<td>40.4</td>
</tr>
<tr>
<td>Rice basmati broken kg</td>
<td>66.18</td>
<td>68.3</td>
<td>62.54</td>
<td>71.91</td>
<td>67</td>
</tr>
<tr>
<td>Sugar kg</td>
<td>54.73</td>
<td>52.5</td>
<td>55.22</td>
<td>54.56</td>
<td>53.3</td>
</tr>
<tr>
<td>Veg. Ghee (tin) kg</td>
<td>208.8</td>
<td>208.8</td>
<td>206</td>
<td>206</td>
<td>67</td>
</tr>
<tr>
<td>Cooking oil (tin) ltr</td>
<td>208</td>
<td>208</td>
<td>206</td>
<td>206</td>
<td>206</td>
</tr>
<tr>
<td>Gram pulse kg</td>
<td>104.55</td>
<td>109.7</td>
<td>106.85</td>
<td>108.33</td>
<td>113</td>
</tr>
<tr>
<td>Chicken kg</td>
<td>136.36</td>
<td>143.5</td>
<td>150.8</td>
<td>148.6</td>
<td>160</td>
</tr>
</tbody>
</table>

Price fluctuation is considered normal if the price change is 5% during one month, 10% during three months, and 15% during six months and 20 percent during one year period.

Vulnerability Analysis and Mapping (VAM) Unit- World Food Programme (WFP)-Pakistan

Monthly price bulletins and more VAM publications are available on [http://vam.wfp.org.pk/](http://vam.wfp.org.pk/)
Please send your feedback and comments to [Islamabad.vam@wfp.org](mailto:Islamabad.vam@wfp.org)