

Pakistan Market Price Bulletin – May 2013[†]

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

- Projections so far indicate a bumper wheat harvest in Pakistan for 2013, and a marginal decline was noticed in the wheat prices in April.
- In April, general inflation, based on Consumer Price Index (CPI), increased by 5.8% on a year-on-year basis compared to 6.6% in the previous month.
- Some fluctuations were observed in prices of essential non-cereal food commodities.
- Record global wheat production expected in 2013-14, which resulted in some decline in international prices.
- Petroleum product prices remained unchanged in April.
- A decrease in wheat flour prices caused a slight improvement in the Terms of Trade (ToT) of low income households.

Inflation Watch

General inflation, based on the Consumer Price Index (CPI), increased by 5.8% on a year-on-year basis in April 2013 compared to 6.6% in the previous month and 11.3% in April 2012. Month-on-month basis, it increased by 1.1% in April 2013 compared to 0.4% in the previous month and an increase of 1.8% in April 2012

Record wheat harvest expected for 2013, marginal decline in prices

At the outset of the current marketing year (2013) the government had set a wheat production target of 25 million metric ton (MMT). Estimate from Pakistan Space and Upper Atmosphere Research Commission (SUPARCO) suggests a 26.3 million tons production for the current year which is a new record for the country. The final official estimate of national production is expected once the government procures wheat from the farmers. Along with this bumper harvest, the average retail price of wheat declined slightly from Rs.33.06/kg in March to Rs.32.04 in April, and that of wheat flour from Rs.36.66/kg to Rs.35.50 across the main markets¹ in the country. The price of rice *Basmati and Irri-6* also saw a nominal decrease of 0.3 and one percent

percent respectively. During the same period, the price of *Basmati* has gone up by 4 percent while that of *Irri-6* registered a nominal increase of one percent.

Looking at the trends of cereal prices as shown in Figure 1, the prices of cereals remained generally stable until the middle of the last year, and then have been increasing until start of current year. Compared to six months ago, prices of wheat and wheat flour are still higher by six and four percent respectively. The variations are more significant on an annual basis - the prices of wheat and wheat flour in April were higher by 13.5 and 12.5 percent compared to a year ago. In the same period, price of rice *irri-6* and *Basmati* experienced an increase of 2.5 and 14.5 percent respectively.

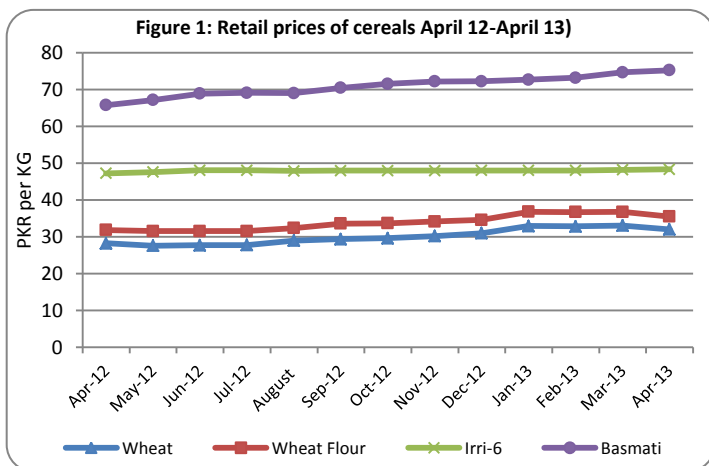
Prices of both wheat and wheat flour remained highest in Karachi at Rs.34.50/kg and 38.39/kg respectively while the lowest was recorded in Multan at Rs.28.88/kg and Rs.34/kg respectively².

Price trends of non-cereal food commodities

On a month-on-basis, prices of non-cereal essential food commodities showed nominal to significant fluctuations. A significant decline was noticed in the price of eggs from Rs.91/dozen in March to Rs.79 in April (13 percent) while that of chicken increased by four percent during the same period. Other commodities that registered decrease in prices include sugar by three percent, cooking oil by four percent, and pulse *mash* by two percent. On the other hand, the price of vegetable ghee increased by five percent, that of pulse *masoor* by 4 percent and *moong* by nominal one percent.

Compared to the beginning of the current year, significant decrease was noticed in the prices of certain commodities. Prices of chicken and eggs reduced by 16 and 2.5 percent respectively while price of cooking oil declined by six percent and *mash* by five percent. Similarly, compared to six months ago, prices that declined include eggs by 30 percent, cooking oil by around seven percent, *mash* and sugar by four and two percent respectively. On the other hand, prices of pulse *masoor* and *moong* went up by 11 and five percent, while that of chicken by around four percent in the same period.

On a year-on-year basis, significant decrease was noticed in the price of chicken (21%), pulses *moong* (6%) and *mash* (11%), and that of



respectively.

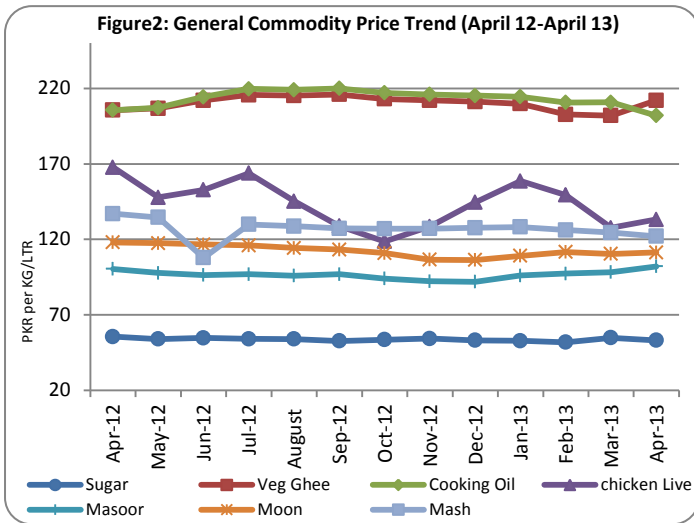
Compared to beginning of the current year, the average price of wheat and wheat flour have experienced a decrease of three and four

[†] Based on Data from April 2013

¹ Lahore, Multan, Karachi Peshawar and Quetta

²Source: Pakistan Bureau of Statistics

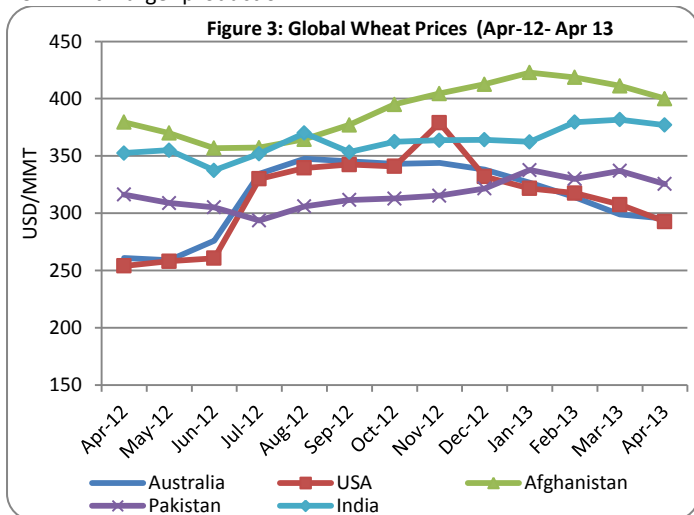
sugar by (4.5%). On the other hand, the price of eggs increased by 7.2 percent and that of vegetable ghee by 3 percent in the same period. Significant variation in prices was observed between provinces. For instance, the price of *irri-6* was recorded highest in Lahore at



Rs.60.43/kg while it was lowest in Quetta at Rs.40/kg. Similarly, the price of chicken was 15 percent higher (Rs.142.5/kg) in Quetta than in Lahore (Rs.123.54/kg). Prices of pulses Moong and Masoor were highest in Balochistan and lowest in Punjab province.

Record global wheat production expected in 2013-14

Estimated global wheat supplies for 2013/14 are projected three percent higher than in 2012/13 with a 51.2-million-ton estimated increase in production more than offsetting a 19.3-million-ton reduction in global beginning stocks. With a projected total of 701.1 million tons, global production would be a record and 45.5 million higher than that in 2012/13. Production for 2013/14 is projected higher in all of the world's major exporting countries FSU-12 and EU-27, Australia, Argentina, and Canada. Global wheat consumption is also projected 20.0 million tons higher with increases for FSU-12 and EU-27 with larger production³.



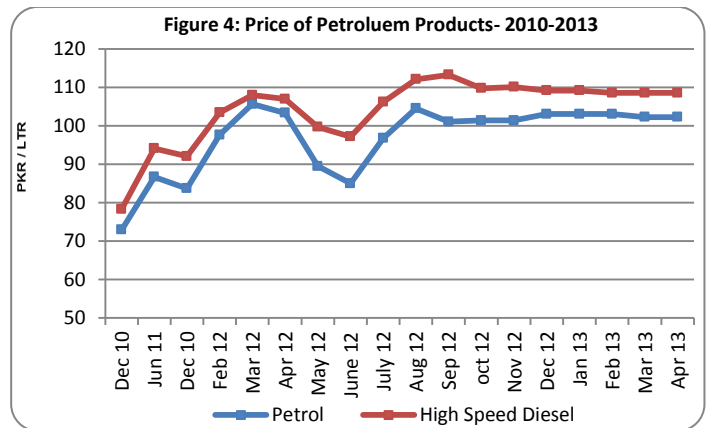
Global wheat prices saw some decline in April. Prices decreased by around five percent in USA, about three percent in Afghanistan⁴ and a nominal one percent in Australia and India compared to the previous

³ World Agriculture Supply and Demand Estimates April 2013
⁴ WFP Afghanistan Office

month. The wheat price in Pakistan remained 23 percent lower than in Afghanistan and 16 percent lower than in India, but still 10 and nine percent higher than that in USA and Australia respectively⁵.

Price of Petroleum Products remained unchanged

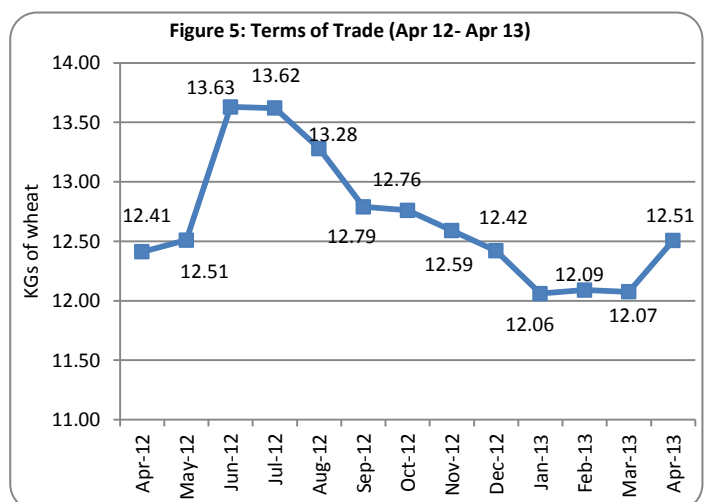
No change was recorded in the price of petroleum products in April. The prices of super petrol and high speed diesel remained at Rs.103.07 and Rs.108.59 per ltr respectively. These prices have remained fairly stable in the past six months, with a nominal increase of one percent during this period. Compared to a year ago, the price of petrol has experienced a decrease of one percent while that of high speed diesel has increased by a nominal one percent.



The price of compact natural gas also remained unchanged in April. It was recorded as Rs.74.44 per kg in Region 1 (Potohar, Khyber Pakhtunkhwa, and Balochistan) and Rs.65.78 per kg in Region2 (Sindh, Punjab, and its areas excluding Potohar).

Marginal increase in purchasing power of low income households

The Terms of Trade (ToT⁶) for the low income households increased from 12 kg in March to 12.5 kg in April. It is due to the decline in the price of wheat flour while the wage rate has remained about the same. In spite of this, the ToT is still one percent lower compared to six months ago and also one year ago. There was some variation in ToT between different cities. The highest ToT was observed in Lahore



(13.77 kg of wheat flour per day of unskilled wage labour) while the lowest was in Multan (10.88 kg).

⁵ WFP Procurement FOB Prices
⁶ Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

Retail prices of various food commodities in major cities – April 2013

Major Commodities	Markets	Current Prices (Apr 2013) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	LAHORE	31.61	0.32	-0.25%	2.01%	9.71%	15.40%	▶	▼	▲	▲
	MULTAN	28.88	0.29	-7.23%	-10.88%	0.61%	11.32%	▼	▼	▶	▲
	KARACHI	34.50	0.35	-4.17%	0.00%	7.81%	18.97%	▼	▲	▲	▲
	PESHAWAR	32.73	0.33	-3.74%	-5.68%	6.96%	12.86%	▼	▼	▲	▲
	QUETTA	32.50	0.33	0.00%	0.93%	4.84%	8.33%	▶	▶	▶	▶
Wheat flour kg	LAHORE	34.50	0.35	0.00%	0.58%	4.55%	15.00%	▶	▶	▶	▲
	MULTAN	34.00	0.35	-4.56%	-6.08%	3.66%	11.93%	▼	▼	▶	▲
	KARACHI	38.39	0.39	-8.59%	-5.67%	1.22%	9.70%	▼	▼	▶	▶
	PESHAWAR	35.10	0.36	-3.11%	-6.72%	6.05%	13.93%	▼	▼	▲	▲
	QUETTA	35.50	0.36	0.00%	0.85%	4.41%	7.58%	▶	▶	▶	▶
Rice irri-6	LAHORE	60.43	0.61	1.19%	2.42%	2.42%	6.41%	▲	▶	▶	▶
	MULTAN	41.00	0.42	0.00%	0.00%	0.00%	0.61%	▶	▶	▶	▶
	KARACHI	51.54	0.52	0.00%	0.00%	0.00%	6.01%	▶	▶	▶	▶
	PESHAWAR	48.65	0.49	-0.04%	-0.04%	0.66%	-0.88%	▶	▶	▶	▶
	QUETTA	40.00	0.41	0.00%	0.00%	0.00%	-2.44%	▶	▶	▶	▶
Rice basmati broken	LAHORE	72.36	0.74	0.70%	4.73%	5.19%	11.22%	▶	▶	▲	▲
	MULTAN	77.50	0.79	0.00%	1.31%	3.33%	18.77%	▶	▶	▶	▲
	KARACHI	71.54	0.73	3.62%	7.51%	7.51%	16.25%	▲	▲	▲	▲
	PESHAWAR	79.90	0.81	-0.12%	4.68%	5.60%	13.98%	▶	▶	▲	▲
	QUETTA	75.00	0.76	0.00%	0.00%	0.00%	11.94%	▶	▶	▶	▶
Sugar	LAHORE	54.36	0.55	2.97%	3.05%	-1.38%	-4.19%	▲	▶	▶	▶
	MULTAN	52.25	0.53	2.19%	1.85%	-1.91%	-3.92%	▲	▶	▶	▶
	KARACHI	53.37	0.54	5.43%	-0.48%	-1.73%	-4.05%	▲	▶	▶	▶
	PESHAWAR	53.92	0.55	1.89%	0.22%	-1.73%	-3.71%	▲	▶	▶	▶
	QUETTA	52.00	0.53	-22.03%	-1.52%	-4.06%	-6.31%	▼	▶	▶	▶
Veg. Ghee (tin)	LAHORE	210.00	2.13	3.96%	-2.78%	-2.78%	1.94%	▲	▶	▶	▶
	MULTAN	214.00	2.17	5.94%	5.94%	5.94%	3.88%	▲	▲	▲	▶
	KARACHI	214.00	2.17	5.94%	5.94%	1.90%	3.88%	▲	▲	▶	▶
	PESHAWAR	212.00	2.15	4.95%	-0.56%	-1.85%	2.91%	▲	▶	▶	▶
	QUETTA	210.00	2.13	3.96%	-2.78%	-2.78%	2.94%	▲	▶	▶	▶
Cooking oil (tin)	LAHORE	202.00	2.05	-3.81%	-8.18%	-8.18%	-1.94%	▼	▼	▼	▶
	MULTAN	202.00	2.05	-5.61%	-3.07%	-1.94%	-1.94%	▼	▶	▶	▶
	KARACHI	202.00	2.05	-3.81%	-1.94%	-5.61%	-1.94%	▼	▶	▶	▶
	PESHAWAR	202.00	2.05	-3.81%	-7.34%	-8.18%	-1.94%	▼	▼	▼	▶
	QUETTA	202.00	2.05	-3.81%	-8.18%	-8.18%	-0.98%	▼	▼	▼	▶
Chicken live (farm)	LAHORE	123.54	1.26	18.45%	-14.30%	21.99%	-22.60%	▲	▼	▲	▼
	MULTAN	130.34	1.32	10.57%	-18.03%	8.77%	-22.19%	▲	▼	▲	▼
	KARACHI	127.77	1.30	-9.06%	-13.43%	-11.27%	-22.56%	▼	▼	▼	▼
	PESHAWAR	142.00	1.44	13.15%	-19.50%	12.70%	-16.10%	▲	▼	▲	▼
	QUETTA	142.50	1.45	-5.00%	-14.16%	-5.94%	-19.72%	▼	▼	▶	▼
Pulse Masoor, washed	Lahore	101.79	1.03	4.41%	10.29%	14.93%	-1.19%	▲	▲	▲	▶
	Multan	101.71	1.03	4.32%	4.32%	4.32%	-5.39%	▲	▶	▶	▶
	Karachi	88.08	0.90	1.78%	-5.37%	6.02%	-7.10%	▲	▼	▲	▶
	Peshawar	97.71	0.99	2.81%	6.97%	10.62%	5.87%	▲	▲	▲	▶
	Quetta	121.25	1.23	5.43%	14.39%	16.59%	16.03%	▲	▲	▲	▲
Pulse Moong, washed	Lahore	106.21	1.08	2.19%	2.19%	1.22%	-11.81%	▲	▶	▶	▼
	Multan	106.25	1.08	1.19%	4.68%	8.97%	-9.57%	▲	▶	▶	▶
	Karachi	113.08	1.15	0.00%	5.60%	9.70%	-8.12%	▶	▲	▲	▶
	Peshawar	100.00	1.02	-0.93%	-4.76%	-4.76%	1.01%	▶	▶	▶	▶
	Quetta	131.00	1.33	1.55%	2.34%	7.20%	0.77%	▲	▶	▲	▶
Pulse Mash, Washed	Lahore	147.32	1.50	-1.67%	-5.50%	-4.23%	-5.39%	▼	▼	▶	▶
	Multan	117.50	1.19	0.00%	0.00%	0.00%	-17.54%	▶	▶	▶	▼
	Karachi	103.08	1.05	-6.78%	-8.84%	-8.84%	-13.34%	▼	▼	▼	▶
	Peshawar	112.61	1.14	-2.79%	-8.45%	-8.69%	-14.20%	▼	▼	▼	▼
	Quetta	130.00	1.32	0.78%	-1.22%	1.56%	-4.76%	▶	▶	▶	▶

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.

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