

Pakistan Market Price Bulletin

September 2016 Issue

Highlights

- In August 2016, wheat and wheat flour prices negligibly increased by 1% and 0.2%, respectively from July 2016;
- Headline inflation, based on Consumer Price Index (CPI), negligibly decreased by 0.3% from the previous month (July 2016), and slightly increased by 3.6% from the same month last year (August 2015);
- Compared to last month, prices of most non-cereal food commodities remained stable except for chicken and sugar;
- In August 2016, the average ToT recovered negligibly by 0.9% after taking a dip of 1% in July 2016.
- In August 2016, total global wheat production for 2016-2017 was projected at 744.8 million tons (MT).

Headline inflation negligibly decreased

In August 2016, the headline inflation based on Consumer Price Index (CPI) negligibly decreased by 0.3% from the previous month (July 2016), whereas it slightly increased by 3.6% from the same month last year (August 2015). The CPI for food negligibly decreased by 0.9% from July 2016, and slightly increased by 3.4% from August 2015, while the CPI for non-food increased by 0.2% and 3.7%, respectively. The weighted contribution of food groups in the overall CPI decreased from 228.4 indices in July 2016 to 225.9 in August, registering a negligibly negative change of 1%; compared to August 2015, the indices slightly increased by 2.5%¹.

Retail prices of staple cereals remained stable

In August 2016, the average retail prices of most staple cereals negligibly or slightly increased compared to the previous month (July 2016). The price of wheat and wheat flour across the country's main markets² were recorded at PKR 33.9 and PKR 38.7 per kg, respectively, indicating a negligible increase by 1.0% and 0.2%, respectively. The price of *Basmati* rice was recorded at PKR 66.2 per kg, indicating a slight increase by 2.4%, while rice *irri-6* was noted at PKR 47 which is 4.9% higher from July 2016.

Compared to three months ago (May 2016), wheat and wheat flour prices in August slightly increased by 2.3% and 1.2%, respectively. Similarly, during this period, the price of *Irri-6* varieties of rice significantly increased by 6.4%, and that of *Basmati* slightly increased by 3.3%.

Comparing the cereal prices with six months ago (February 2016), the price of wheat and wheat flour in August 2016 slightly decreased by 4.9% and 3.3%, respectively. Whereas, the price of *Basmati* rice negligibly increased by 0.2% and *Irri-6* significantly increased by 9.1%.

On a one-year comparison (August 2015), wheat and wheat flour price slightly increased by 2.1% and 1.7% each, while prices of *Irri-6* negligibly decreased by 0.9% and *Basmati* slightly decreased by 8.8%³.

Retail prices of non-cereal food commodities remained stable

In August 2016, compared to the previous month there were significant fluctuations in the prices of non-cereal food commodities especially for live chicken. The price of live chicken significantly decreased by 10.4%, while that of pulses *Dal Moong* and *Dal Mash* negligibly decreased by 1.0% and 0.5%, respectively. On the other hand, sugar price significantly increased by 5.7%, and lentil *Dal Masoor* price negligibly increased 0.5%.

Compared to three months ago (May 2016), prices of the majority of non-cereal commodities in August 2016 registered normal fluctuation, except sugar and live chicken. The prices of pulses *Dal Mash* and *Dal Moong* slightly decreased by 3.1% and 3%, respectively, while the price of live chicken significantly decreased by 22.9%. The price of lentil *Masoor* negligibly increased by 1.3%, while that of sugar significantly increased by 11.2%.

Over a six month period (February 2016), wider variations were observed in the prices. Increased prices were reported for sugar (by 13.6%), chicken

Figure 1: Retail prices of cereals (August 2015 - August 2016)

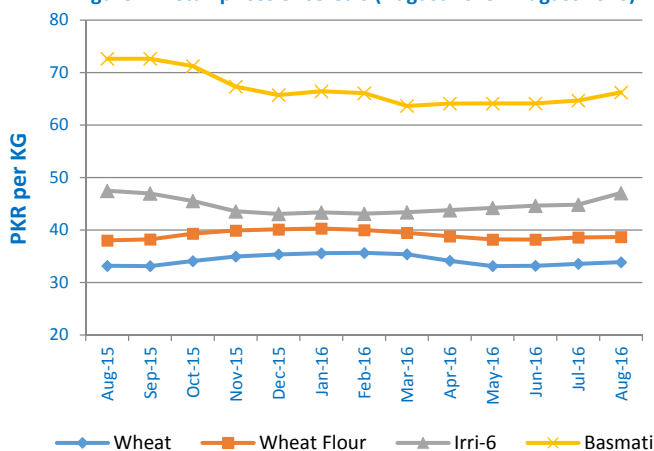
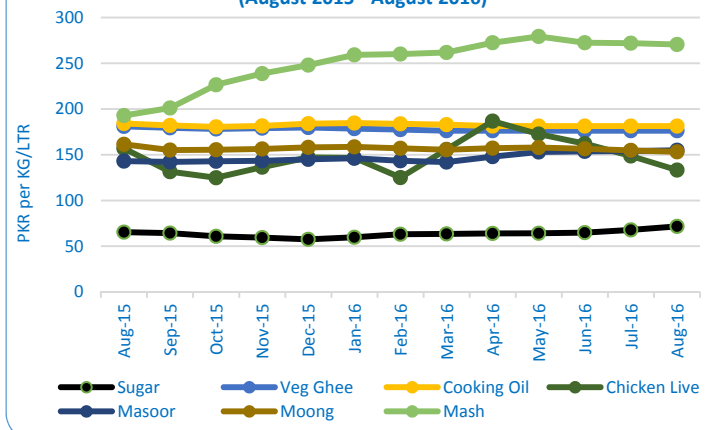


Figure 2: Retail prices of non-cereal commodities (August 2015 - August 2016)



¹Pakistan Bureau of Statistics, Islamabad

²Lahore, Multan, Karachi Peshawar and Quetta

³ Pakistan Bureau of Statistics, Islamabad

(6.6%), lentil *Dal Masoor* (8.1%) and pulse *Dal Mash* (4%). Meanwhile, egg price significantly decreased by 24.9%. A somewhat negligible price decline was seen in the prices of pulse *Dal Moong* (by 2.4%), cooking oil (1.3%) and vegetable ghee (0.9%).

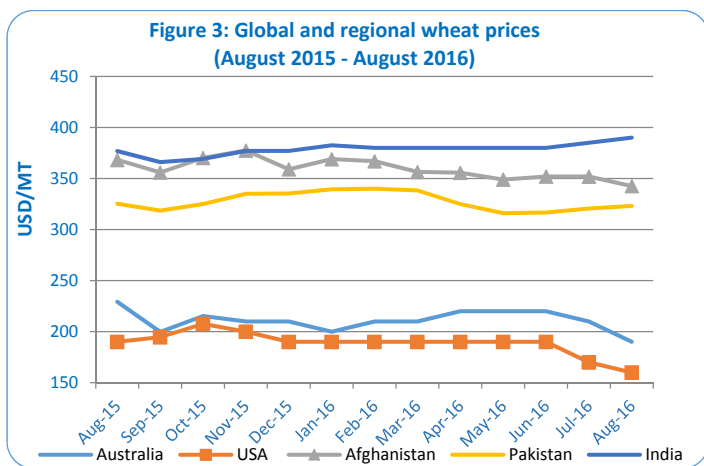
Compared to August 2015, the prices of several non-cereal food commodities experienced significant fluctuations. The prices of eggs and live chicken significantly decreased by 26.1% and 15.1%, respectively. The price of pulses *Dal Moong*, vegetable *ghee* slightly decreased by 5% and 2.6%, respectively, and the price of cooking oil negligibly decreased by 1.5%⁴. Whereas the price of pulse *Dal Mash* significantly increased by 40.3% and the prices of sugar and lentil *Dal Masoor* slightly increased by 9.8% and 8.2%, respectively.

Major markets across the country are generally well integrated in August 2016, with an exception of Quetta where prices of Basmati rice, live chicken, and pulse Moong were significantly higher than other big cities, mainly due to its remoteness and low rice production in the province.

Increase in estimated global wheat production

In August 2016, the global wheat production projection increased to 744.8 million MT due to increased production of 1.4 million MT compared to July 2016 (743.4 million MT). Production increases in India, Kazakhstan, Australia, Brazil, and Canada were partially offset by lower production in European Union and China. The increased production in Australia and Brazil was due to favorable growing conditions with nearly record high yield projected for both countries⁵.

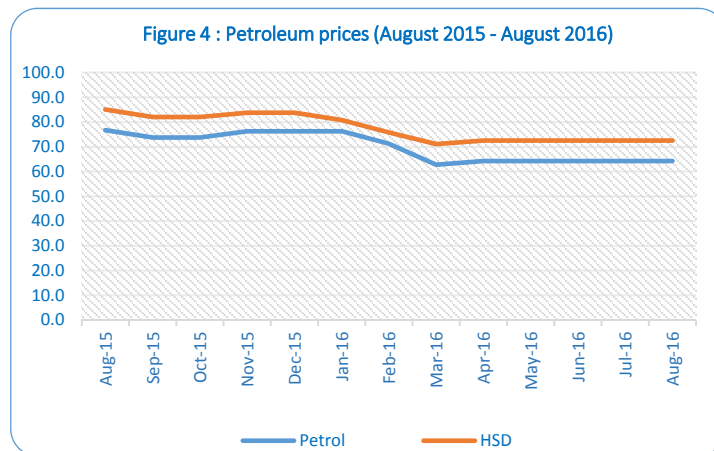
Compared to July 2016, wheat prices in August 2016 significantly decreased in the USA⁶ (by 5.9%), Australia⁷ (9.5%), and Afghanistan⁸ (2.7%), while India⁹ reported a negligible increase of 1.3%. The domestic retail wheat price in Pakistan was 102% higher than in USA, 70% higher than in Australia, while it was 17% and 6% lower than in India and Afghanistan, respectively.



Prices of petroleum products

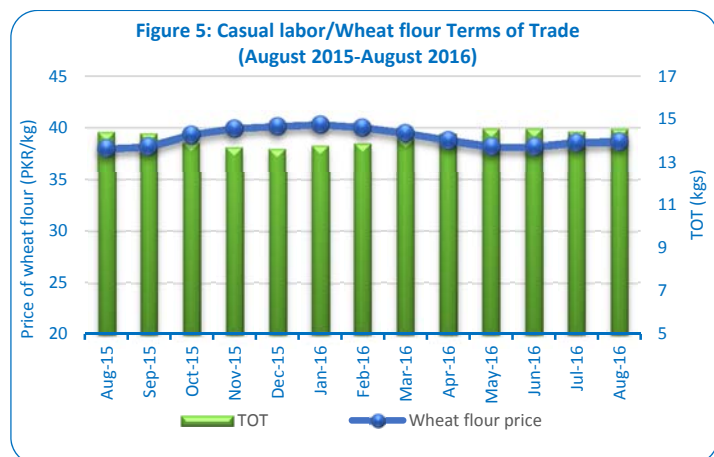
Compared to July 2016, customer's prices of petroleum products remained unchanged in August 2016. The current prices of super petrol and High Speed Diesel (HSD) were recorded at PKR 64.3 and PKR 72.5, respectively.

Similarly, no change was found in these prices compared to three months ago (May 2016). On a 6-month comparison with February 2016, the current prices of super petrol and HSD significantly lowered by 10% and 4%, respectively. Petrol and HSD prices significantly decreased by 16% and 15%, respectively, compared to August 2015¹⁰.



Terms-of-Trade (ToT)¹¹ negligibly improved

In August 2016, the average ToT was recorded at 14.5 kg of wheat flour, registering a negligible improvement by 0.9% compared to July 2016. Compared to three months ago (May 2016), the ToT negligibly decreased by 0.1%, mainly due a negligible increase in the average price of wheat flour in August. Whereas, it slightly improved by 4.6% compared to six months ago (February 2016), and negligibly improved by 0.9% compared to a year ago (August 2015). However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹², or both. The highest ToT was observed in Lahore at 15.8 kg, while the lowest was in Peshawar at 13.5 kg. Despite the highest labor wage recorded was in Karachi, the ToT in Karachi was relatively lower than other major cities due to higher wheat flour price. On the other hand, despite the relatively low wheat price in Peshawar, the ToT remained the lowest due to lower wage rates¹³.



⁴ Pakistan Bureau of Statistics

⁵ World Agriculture Supply and Demand Estimates, USDA

⁶ FAO Global Information and Early Warning System (GIEWS)

⁷ FAO Global Information and Early Warning System (GIEWS)

⁸ WFP Afghanistan Office

⁹ FAO Global Information and Early Warning System (GIEWS)

¹⁰ <http://www.psopk.com>

¹¹The 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.

¹² The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

¹³Pakistan Bureau of Statistics

Retail prices of main food commodities in major cities – August 2016

Major Commodities	Markets	Current Prices (August 2016) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	33.63	0.32	1.36%	1.51%	-6.92%	-1.29%	▲	▶	▼	▶
	Multan	32.00	0.31	0.00%	6.67%	-5.36%	4.07%	▶	▲	▼	▶
	Karachi	35.25	0.34	-0.98%	0.71%	-2.76%	0.71%	▶	▶	▶	▶
	Peshawar	33.50	0.32	4.69%	3.88%	-4.29%	8.06%	▲	▶	▶	▶
	Quetta	35.00	0.33	0.00%	-0.71%	-5.41%	0.00%	▶	▶	▼	▶
WHEAT FLOUR kg	Lahore	37.95	0.36	0.40%	1.20%	-2.69%	2.64%	▶	▶	▶	▶
	Multan	36.17	0.34	-0.18%	3.33%	-6.06%	-0.57%	▶	▶	▼	▶
	Karachi	42.22	0.40	0.87%	2.58%	-2.78%	2.20%	▶	▶	▶	▶
	Peshawar	37.01	0.35	0.01%	-0.81%	-5.33%	-1.52%	▶	▶	▼	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	5.61%	▶	▶	▶	▶
RICE IRRI-6	Lahore	49.07	0.47	0.00%	0.00%	0.00%	-19.17%	▶	▶	▶	▼
	Multan	45.00	0.43	9.76%	18.42%	28.57%	21.62%	▲	▲	▲	▲
	Karachi	43.64	0.42	0.76%	0.76%	0.76%	-2.20%	▶	▶	▶	▶
	Peshawar	47.50	0.45	16.56%	16.56%	15.38%	11.76%	▲	▲	▲	▲
	Quetta	50.00	0.48	0.00%	0.00%	6.38%	-4.76%	▶	▶	▲	▶
RICE BASMATI BROKEN	Lahore	57.68	0.55	0.00%	0.00%	0.00%	-19.65%	▶	▶	▶	▼
	Multan	67.50	0.64	5.21%	6.58%	6.58%	-3.57%	▲	▲	▲	▶
	Karachi	69.47	0.66	1.05%	1.05%	1.61%	-4.94%	▲	▶	▶	▶
	Peshawar	66.46	0.63	0.96%	0.96%	0.79%	-2.74%	▶	▶	▶	▶
	Quetta	70.00	0.67	4.48%	7.69%	-6.67%	-12.50%	▲	▲	▼	▼
SUGAR	Lahore	73.07	0.70	6.30%	12.28%	14.05%	10.90%	▲	▲	▲	▲
	Multan	70.00	0.67	5.42%	12.22%	12.90%	8.95%	▲	▲	▲	▶
	Karachi	72.45	0.69	7.10%	14.60%	15.98%	9.82%	▲	▲	▲	▶
	Peshawar	72.00	0.69	5.99%	10.99%	13.53%	9.64%	▲	▲	▲	▶
	Quetta	71.25	0.68	3.86%	9.62%	11.76%	9.62%	▲	▲	▲	▶
VEG. GHEE (TIN)	Lahore	176.00	1.68	0.00%	0.00%	0.00%	-3.30%	▶	▶	▶	▶
	Multan	176.00	1.68	0.00%	0.00%	0.00%	-4.35%	▶	▶	▶	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	176.00	1.68	0.00%	0.00%	-1.68%	-2.13%	▶	▶	▶	▶
	Quetta	172.00	1.64	0.00%	0.00%	-1.71%	-3.37%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	178.00	1.70	0.00%	0.00%	-4.30%	-4.30%	▶	▶	▶	▶
	Multan	186.00	1.77	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	1.41%	▶	▶	▶	▶
	Peshawar	178.00	1.70	0.00%	0.00%	-1.66%	-2.20%	▶	▶	▶	▶
	Quetta	178.00	1.70	0.00%	0.00%	-0.56%	-2.20%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	114.11	1.09	-10.12%	-28.28%	8.82%	-13.79%	▼	▼	▲	▼
	Multan	130.00	1.24	-7.47%	-20.61%	12.96%	-12.73%	▼	▼	▲	▼
	Karachi	130.52	1.25	-12.57%	-28.33%	-2.62%	-22.66%	▼	▼	▶	▼
	Peshawar	136.50	1.30	-8.63%	-22.44%	15.19%	-9.30%	▼	▼	▲	▶
	Quetta	155.00	1.48	-12.43%	-15.07%	1.64%	-15.65%	▼	▼	▶	▼
Lentil Masoor, Washed	Lahore	169.38	1.62	1.77%	1.77%	7.91%	4.58%	▲	▶	▲	▶
	Multan	142.5	1.36	0.00%	0.00%	0.00%	3.64%	▶	▶	▶	▶
	Karachi	155.38	1.48	1.40%	4.72%	9.86%	8.60%	▲	▶	▲	▶
	Peshawar	147.19	1.40	1.98%	6.08%	9.37%	14.91%	▲	▲	▲	▲
	Quetta	160	1.53	-2.44%	-5.19%	13.27%	30.61%	▼	▼	▲	▲
Pulse Dal Moong, Washed	Lahore	164.29	1.57	2.13%	-1.07%	2.00%	-7.54%	▲	▶	▶	▶
	Multan	132.92	1.27	-6.72%	-6.72%	-9.88%	-5.62%	▼	▼	▼	▶
	Karachi	165.24	1.58	-0.78%	-0.78%	3.77%	-4.53%	▶	▶	▶	▶
	Peshawar	141.33	1.35	-0.42%	-0.70%	-4.23%	-6.04%	▶	▶	▶	▶
	Quetta	162.5	1.55	0.31%	-5.80%	-4.41%	-1.52%	▶	▼	▶	▶
Pulse Dal Mash, Washed	Lahore	294.64	2.81	2.77%	-2.25%	14.58%	45.24%	▲	▶	▲	▲
	Multan	240.83	2.30	-6.11%	-8.54%	-5.56%	31.36%	▼	▼	▼	▲
	Karachi	270.34	2.58	-1.14%	-0.72%	1.79%	48.68%	▼	▶	▶	▲
	Peshawar	273.54	2.61	-1.13%	-0.83%	9.78%	44.60%	▼	▶	▲	▲
	Quetta	273.75	2.61	2.53%	-3.52%	0.00%	32.20%	▲	▶	▶	▲

1M= One month, 3M= Three months, 6M= Six month, 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% during one year period.

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