



Pakistan Market Price Bulletin

July 2016 Issue

Highlights

- In June 2016, wheat and wheat flour price remained unchanged from May 2016;
- The headline inflation based on the overall Consumer Price Index (CPI) increased by 0.6% from May 2016, and by 3.2% from the same month last year (June 2015);
- Prices of most non-cereal food commodities either declined or remained unchanged from May 2016;
- The Casual labour wage/Wheat flour Terms-of-Trade (ToT) average has been slightly improving since the last quarter of 2015 due to stable wheat flour price; and
- In June 2016, the estimated global wheat supplies increased by 9.2 million tons (MT) amounting to 983 million MT primarily due to greater wheat production in Russia and Ukraine.

Inflation watch:

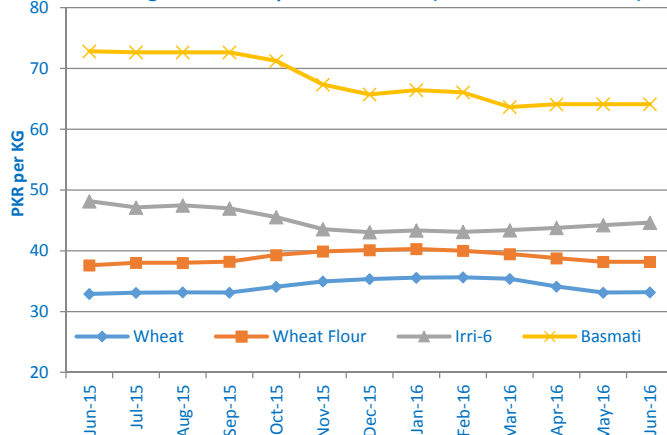
In June 2016, the headline inflation based on overall Consumer Price Index (CPI) increased by 0.6% from the previous month (May 2016), and by 3.2% from June 2015. The CPI for food increased by 1.4% from May 2016, and by 2.3% from June 2015. The weighted contribution of the food group in the overall inflation remained at 34.8% in June 2016, compared to 41.8% in June 2015¹.

Unchanged staple cereal prices (Figure 1)

In June 2016, retail prices of staple cereal remained unchanged as compared to the previous month (May 2016), except for the price of rice Irri-6 which negligibly increased by less than 1%. The average retail prices of wheat and wheat flour across the country's main markets² were recorded at PKR 33.1 and PKR 38.2 per kg, respectively.

In June 2016, wheat and wheat flour decreased by 6% and 3%, respectively compared to three months ago (March 2016) as did the price of *Basmati* (4%) and Irri-6 varieties of rice (1%). Comparing prices from January 2016, the prices of wheat and wheat flour in June 2016 slightly decreased by 6% and 5%, respectively, whereas *Basmati* increased by 4%, and *irri-6* declined by 4%.

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

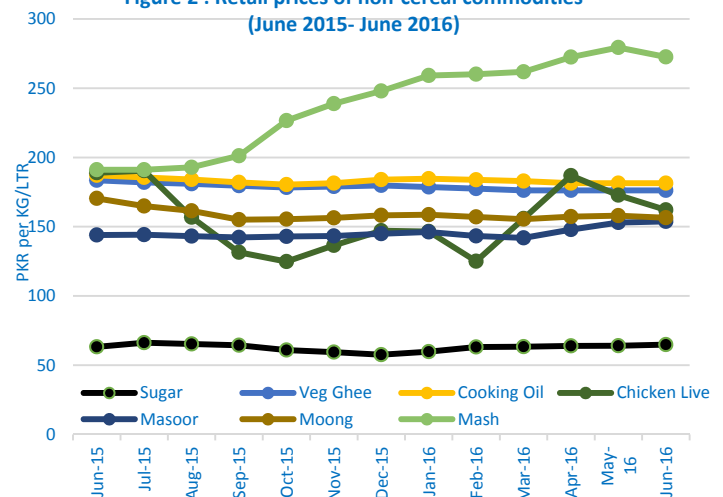


Compared to June 2015, wheat and wheat flour negligibly increased by 1% and 2%, respectively, *Basmati* rice prices significantly decreased by 12%, and *Irri-6* varieties of rice slightly decreased by 7%.

Declined or unchanged prices of non-cereal food commodities (Figure 2)

Retail prices of most non-cereal food commodities compared to May 2016, either declined or remained unchanged. The commodities which registered a slight or negligible decrease included chicken (6%), pulses *Dal Mash* (2%) and *Dal Moong* (1%). Lentil *Masoor* and sugar negligibly increased by 1% each.

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



Compared to three months ago (March 2016), the price of non-cereal commodities showed slight or negligible fluctuations. Commodities that experienced a slight increase in price included lentil *Masoor* (8%), pulse *Dal Mash* and chicken (4% each), while the price of sugar and pulse *Dal Moong* only negligibly increased by 2% and 1%, respectively. On the other hand, the price of eggs and cooking oil declined by 9% and 1%, respectively.

Since January 2016, some commodities have significantly increased while others have declined sharply. The price of sugar increased by 13%, chicken and pulses *Dal Mash* by 10% each, and lentil *Masoor* by 6%. Whereas, the

¹Pakistan Bureau of Statistics

²Lahore, Multan, Karachi Peshawar and Quetta

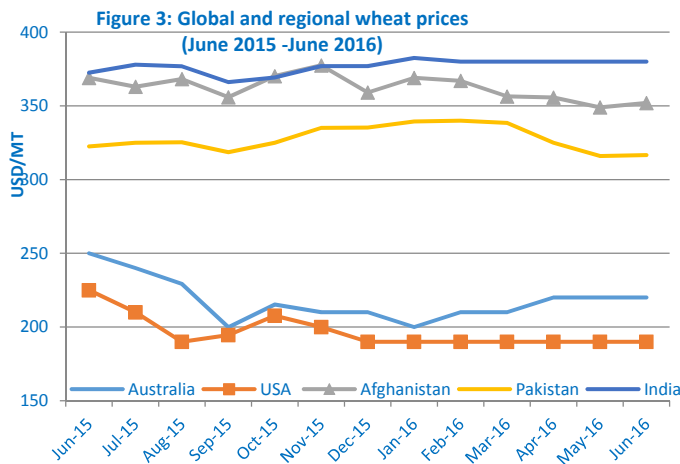
egg price significantly declined by 30%, vegetable ghee price negligibly decreased by 2%, and cooking oil and pulse *Dal Moong* price also negligibly declined by 1% each.

Compared to June 2015, the price of non-cereal food commodities widely fluctuated, ranging from negligible to significant levels. Pulse *Dal Mash* significantly increased (43%), while lentil *Masoor* and sugar slightly increased by 7% and 3%, respectively. On the other hand, chicken prices significantly decreased by 14%, pulse *Dal Moong*, vegetable ghee and cooking oil slightly decreased by 8%, 4% and 3%, respectively³.

Regarding **market integration**, the major markets across the country are generally well integrated as of June 2016, with the exception of Quetta where prices of the majority of cereals and non-cereal food commodities, especially wheat flour, were higher than other cities, mainly due to its remoteness.

Increase in estimated global wheat supply

In June 2016, the estimated global wheat supplies were higher by 9.2 million MT, amounting to 983 million MT, primarily due to increased production as well as a 1.5 million MT increase in stocks at the beginning of this year. Production increased by 2.7 million MT, mainly because of increased production in Russia and Ukraine (1 million MT increase each) on the account of favorable weather. Production for Argentina, Australia and Canada also increased by 0.5 million MT each. These increases were partially offset by a 1 million MT decreased production in the European Union due to heavy rains in France and a 0.7 million MT decrease for Algeria due to drought. The total global wheat production is now projected at a record 739 million MT. The estimates for global wheat consumption also increased by 13.3 million MT to 729.3 million MT, primarily due to an increased in feed use. Feed use in China and the EU have increased by 5.5 million MT and 1.5 million MT, respectively. The global food and industrial use increased by 1.7 million MT mainly because of a 1 million MT increase by China⁴.

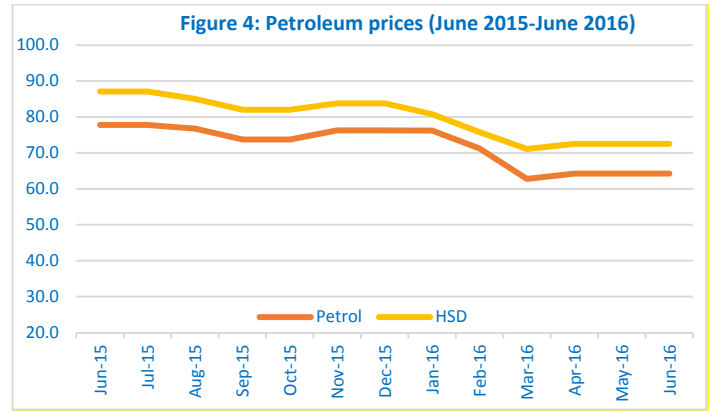


Compared with May 2016, wheat prices in June 2016 remained unchanged in the USA, Australia and India⁵. While there was a negligible 1% increase in Afghanistan⁶. The domestic retail wheat price in Pakistan was 67% higher than in the USA and 44% higher than in Australia, however it was 17% and 10% lower than in India and Afghanistan, respectively.

³ Pakistan Bureau of Statistics
⁴ World Agriculture Supply and Demand Estimates (WASDE)—USDA
⁵ FAO Global Information and Early Warning System (GIEWS)
⁶ WFP Afghanistan Office
⁷ http://www.psopk.com
⁸ The Terms of Trade (ToT) between casual unskilled labor wage and Wheat flour is a proxy indicator or the purchasing capacity of households mainly relying on casual labor as main

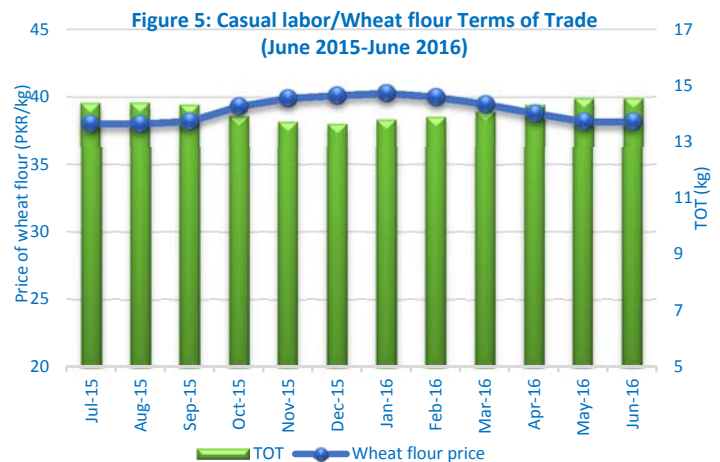
Stable prices of petroleum products (Figure 4)

Compared to May 2016, the customer price of petroleum products remained unchanged in June 2016. The current prices of super petrol and High Speed Diesel (HSD) were recorded at PKR 64.3 and PKR 72.5, respectively, which was the same compared to three months ago (March 2016). Compared to January 2016, the current prices of HSD and super petrol are significantly lowered by 16% and 10%, respectively. HSD and petrol price decreased by 10% and 4%, respectively compared to June 2015⁷.



Improving trends in the Casual unskilled labor wage /Wheat Terms-of-Trade (ToT)⁸ (Figure 5)

In June 2016, the average ToT remained unchanged compared to May 2016. It was recorded at 14.6 kg of wheat flour, an improvement of 3% from March 2016, 7% from January 2016 and 1% from one year ago (June 2015), mainly due to stable wheat flour price. However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage, or both. The highest ToT was observed in Lahore at 16.1 kg, while the lowest was in Peshawar at 13.6 kg. Despite the highest labor wage in Karachi, the ToT in this city was relatively lower than other major cities due to higher wheat flour price; whereas, despite the relatively lower wheat price in Peshawar, the ToT remained the lowest due to lower wage rates⁹.



income, and purchase of Wheat flour in the market. 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.

⁹Pakistan Bureau of Statistics

Retail prices of various food commodities in major cities – June 2016

Major Commodities	Markets	Current Prices (June 2016) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	32.88	0.31	-0.75%	-9.00%	-7.72%	1.15%	▶	▼	▼	▶
	Multan	31.05	0.30	3.50%	-8.17%	-6.90%	4.37%	▲	▼	▼	▶
	Karachi	35.00	0.33	0.00%	-3.45%	-5.41%	0.00%	▶	▼	▼	▶
	Peshawar	32.00	0.31	-0.78%	-8.57%	-5.88%	2.40%	▶	▼	▼	▶
	Quetta	35.00	0.33	-0.71%	-5.41%	-4.89%	-2.78%	▶	▼	▶	▶
WHEAT FLOUR kg	Lahore	37.32	0.36	-0.48%	-4.31%	-4.55%	2.11%	▶	▶	▶	▶
	Multan	35.60	0.34	1.71%	-7.53%	-7.29%	0.99%	▲	▶	▼	▶
	Karachi	41.15	0.39	0.00%	-5.23%	-7.14%	2.10%	▶	▼	▼	▶
	Peshawar	36.88	0.35	-1.15%	-5.66%	-5.33%	-0.26%	▼	▼	▼	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.50%	2.56%	▶	▶	▶	▶
RICE IRRI-6	Lahore	49.07	0.47	0.00%	0.00%	8.27%	-21.66%	▶	▶	▲	▼
	Multan	40.00	0.38	5.26%	14.29%	14.29%	8.11%	▲	▲	▲	▶
	Karachi	43.31	0.41	0.00%	0.00%	0.00%	-10.92%	▶	▶	▶	▼
	Peshawar	40.75	0.39	0.00%	-1.02%	-2.21%	-4.12%	▶	▶	▶	▶
	Quetta	50.00	0.48	0.00%	6.38%	0.00%	0.00%	▶	▲	▶	▶
RICE BASMATI BROKEN	Lahore	57.68	0.55	0.00%	0.00%	16.36%	-20.64%	▶	▶	▲	▼
	Multan	63.33	0.60	0.00%	0.00%	0.52%	-9.53%	▶	▶	▶	▶
	Karachi	68.75	0.66	0.00%	0.56%	0.34%	-5.93%	▶	▶	▶	▶
	Peshawar	65.83	0.63	0.00%	-0.17%	-2.47%	-3.66%	▶	▶	▶	▶
	Quetta	65.00	0.62	0.00%	-13.33%	-18.75%	-18.75%	▶	▼	▲	▼
SUGAR	Lahore	66.03	0.63	1.46%	3.06%	9.48%	4.35%	▲	▶	▲	▶
	Multan	63.60	0.61	1.96%	2.58%	15.43%	3.41%	▲	▶	▲	▶
	Karachi	63.77	0.61	0.87%	2.08%	9.83%	0.36%	▶	▶	▲	▶
	Peshawar	65.77	0.63	1.39%	3.71%	13.65%	4.05%	▲	▶	▲	▶
	Quetta	65.00	0.62	0.00%	1.96%	15.25%	0.39%	▶	▶	▲	▶
VEG. GHEE (TIN)	Lahore	176.00	1.68	0.00%	0.00%	-4.35%	-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%	-1.68%	-2.22%	-2.22%	▶	▶	▶	▶
	Quetta	172.00	1.64	0.00%	-1.71%	-3.37%	-9.47%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	178.00	1.70	0.00%	-4.30%	-4.30%	-4.30%	▶	▶	▶	▶
	Multan	186.00	1.78	0.00%	0.00%	1.75%	0.00%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	178.00	1.70	0.00%	-1.66%	-2.20%	-2.20%	▶	▶	▶	▶
	Quetta	178.00	1.70	0.00%	-0.56%	-2.20%	-8.25%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	143.96	1.37	-9.52%	37.29%	7.95%	-12.28%	▼	▲	▲	▼
	Multan	153.50	1.47	-6.26%	33.39%	8.48%	-17.68%	▼	▲	▲	▼
	Karachi	164.36	1.57	-9.75%	22.63%	10.97%	-17.02%	▼	▲	▲	▼
	Peshawar	167.60	1.60	-4.77%	41.43%	9.97%	-9.16%	▼	▲	▲	▶
	Quetta	181.00	1.73	-0.82%	18.69%	13.13%	-14.32%	▶	▲	▲	▼
Lentil Masoor, Washed	Lahore	166.43	1.59	0.00%	6.03%	2.76%	2.76%	▶	▲	▶	▶
	Multan	142.50	1.36	0.00%	0.00%	1.42%	3.64%	▶	▶	▶	▶
	Karachi	149.69	1.43	0.89%	5.83%	6.48%	4.62%	▶	▲	▲	▶
	Peshawar	144.17	1.38	3.91%	7.13%	6.46%	11.98%	▲	▲	▲	▲
	Quetta	166.00	1.59	-1.63%	17.52%	13.70%	11.60%	▼	▲	▲	▲
Pulse Dal Moong, Washed	Lahore	159.07	1.52	-4.22%	-1.24%	-0.62%	-9.84%	▼	▶	▶	▶
	Multan	142.50	1.36	0.00%	-3.39%	-3.39%	-9.52%	▶	▶	▶	▶
	Karachi	166.54	1.59	0.00%	4.59%	4.26%	-3.78%	▶	▶	▶	▶
	Peshawar	142.33	1.36	0.00%	-3.56%	-5.43%	-11.04%	▶	▶	▼	▼
	Quetta	172.00	1.64	-0.29%	1.18%	-0.58%	-7.03%	▶	▶	▶	▶
Pulse Dal Mash, Washed	Lahore	281.43	2.69	-6.64%	9.45%	16.43%	39.84%	▼	▲	▲	▲
	Multan	258.33	2.47	-1.90%	1.31%	2.11%	45.54%	▼	▶	▶	▲
	Karachi	273.23	2.61	0.34%	2.88%	13.18%	57.86%	▶	▶	▲	▲
	Peshawar	276.67	2.64	0.30%	11.04%	14.96%	46.74%	▶	▶	▲	▲
	Quetta	273.00	2.61	-3.79%	-0.27%	3.80%	26.98%	▼	▶	▶	▲

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% during one year period

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