

## Pakistan Market Price Bulletin

November 2016 Issue

### Highlights

- In October 2016, the price of wheat and wheat flour slightly increased by 1.4% and 1.5%, respectively;
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.8% from the previous month (September 2016), whereas it has increased by 4.2% from the same month last year (October 2015);
- Compared to the previous month, prices of most non-cereal food commodities remained stable except for the significant increase in price of live chicken, a significant decrease in price of pulse *Dal Mash* and a slight decrease in the price of *Dal Moong*;
- In October 2016, the average ToT slightly declined by 1.5% compared to September 2016;
- In November 2016, the total global wheat production for 2016-2017 is projected at 744.7 million tons (MT).

### Headline inflation negligibly increased

In October 2016, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.8% from the previous month (September 2016), whereas it has slightly increased by 4.2% for the same month last year (October 2015). The CPI for food has increased by 0.8% from September 2016, and slightly increased by 4.4% from October 2015, while the CPI for non-food increased by 0.8% from last month and 4.1% from October 2015. The weighted contribution of food groups in the overall CPI has increased from 226.3 indices in September 2016 to 228.30 in October 2016, registering a negligibly positive change of 0.9%. Compared to October 2015, the indices increased by 3.6%<sup>1</sup>.

### Retail prices of staple cereals remained stable

In October 2016, the average retail prices of some staple cereals, wheat and wheat flour, slightly increased compared to the previous month (September 2016) while prices of rice varieties *Basmati* and *Irri-6* negligibly decreased. The price of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 34.4 and PKR 39.3 per kg, respectively, indicating slight increases in the price of wheat and wheat flour by 1.4% and 1.5%, respectively. The price of *Basmati* rice was recorded at PKR 65.6 per kg, indicating a negligible decrease of 1.2% while that of rice *irri-6* price was noted at PKR 47.5 which was 0.2% lower from September 2016.

Compared to three months ago (July 2016), wheat and wheat flour prices in October slightly increased by 2.4% and 1.9%, respectively. Similarly, during this period, the price of *Irri-6* rice significantly increased by 6.1% while the price of *Basmati* rice slightly increased by 1.5%.

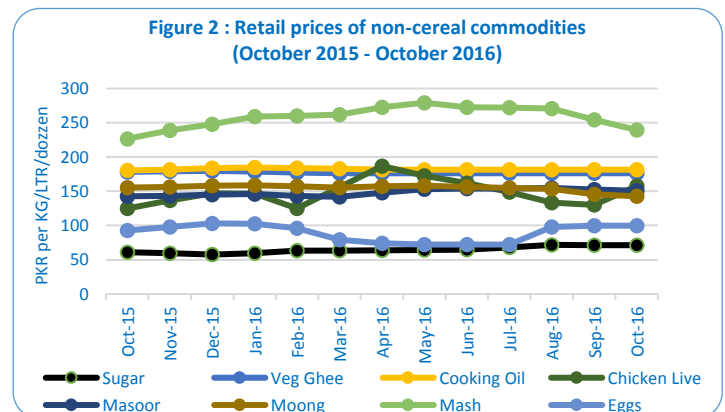
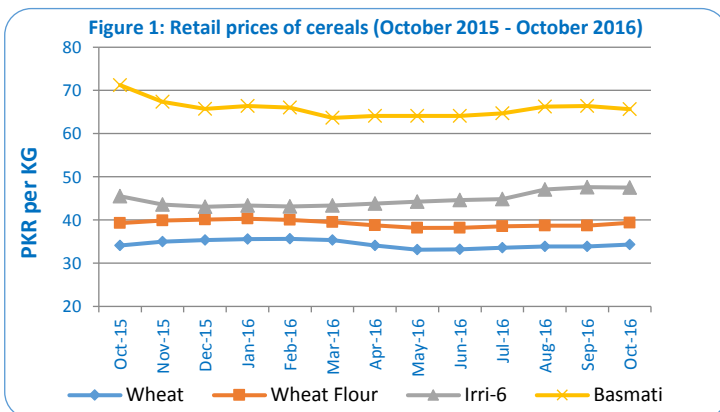
Comparing cereal prices with six months ago (April 2016), the price of wheat negligibly increased by 0.7% and the price of wheat flour slightly increased by 1.4%. Whereas, the price of *Basmati* rice slightly increased by 2.4% and the price of *Irri-6* significantly increased by 8.6%.

On a one-year comparison (October 2015), wheat price negligibly increased by 0.8%, though the price of wheat flour remained unchanged. The price of *Irri-6* rice negligibly increased by 4.4% while that of *Basmati* rice decreased by 7.9%<sup>3</sup>.

### Retail prices of non-cereal food commodities remained somewhat stable

In October 2016, there were slight to significant fluctuations in the prices of non-cereal food commodities compared to the previous month. The prices of pulse *Dal Mash* significantly decreased by 5.9% while pulse *Dal Moong* and lentil *Masoor* slightly decreased by 1.9% and 1.2%, respectively and the price of sugar decreased by 0.3%. Whereas, the price of live chicken significantly increased by 21.2% while eggs increased negligibly by 0.4%.

Compared to three months ago (July 2016), prices of the majority of non-cereal commodities in October 2016 registered slight to significant fluctuations, except vegetable ghee and cooking oil which remained unchanged. The price of lentil *Masoor* decreased negligibly by 2.1%, while prices of pulses *Dal Mash* and *Dal Moong* significantly decreased by 12.1% and 7.8%, respectively. On the other hand, the price of sugar and live chicken increased by 5% and 6%, respectively, while price of eggs significantly increased by 38.4%.



<sup>1</sup>Pakistan Bureau of Statistics, Islamabad

<sup>2</sup>Lahore, Multan, Karachi Peshawar and Quetta

<sup>3</sup> Pakistan Bureau of Statistics, Islamabad

Over a six months period (April 2016), wider variations were observed in prices. While significant price increase was reported for eggs (34.9%) and sugar (11.5%), negligible increase was reported for the price of lentil *Masoor* (1.9%). Meanwhile, the price of live chicken and pulse *Dal Mash* decreased significantly by 15.7% and 12.2%, respectively, and the price of *Dal Moong* slightly decreased by 9.3%. Whereas, the price of cooking oil and vegetable ghee remained unchanged.

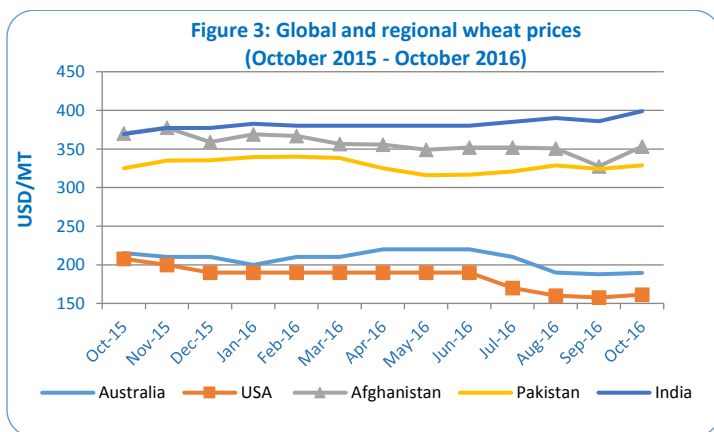
Compared to October 2015, the prices of several non-cereal food commodities experienced slight to significant fluctuations. The price of pulse *Dal Moong* decreased by 8.2%, while the price of vegetable ghee negligibly decreased by 1.1%. The prices of live chicken and sugar significantly increased by 26.2% and 17%, respectively, while the price of pulse *Dal Mash*, lentil *Dal Masoor* and eggs slightly increased by 5.6%, 5.5%, and 8%, respectively. Meanwhile cooking oil price negligibly increased by 0.6%.

Major markets across the country were found generally well integrated for most of the cereal and non-cereal products in October 2016, with the exception of Quetta, where the prices of live chicken and eggs were slightly higher than other big cities mainly due to its remoteness.

### Increase in estimated global wheat production

The November 2016 global wheat production projection has slightly increased to 744.7<sup>4</sup> million MT from the estimated production of 744.4 million MT in October 2016 due to a 0.3 million MT production increase projection and lower food use for Ukraine. Global use for wheat for 2016/17 is raised by 0.8 million MT led by increases in feed use in Ukraine, Canada, and Russia but partially off-set by reduced food use in Ukraine. As Global supplies are rising faster than use, ending stocks have increased by 0.9 million MT and remain record large<sup>5</sup>.

Compared to September 2016, wheat prices in October 2016 increased slightly in the USA<sup>6</sup> (by 2.3%), Australia<sup>7</sup> (0.9%), India (3.3%), and Pakistan (1.4%), with a significant increase in Afghanistan by 7.7%<sup>8</sup>. The domestic retail wheat price in Pakistan was 104% higher than in the USA, 73% higher than in Australia, while it was 18% and 7% lower than in India and Afghanistan, respectively.



<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA

<sup>5</sup> Ibid

<sup>6</sup> FAO Global Information and Early Warning System (GIEWS)

<sup>7</sup> Ibid

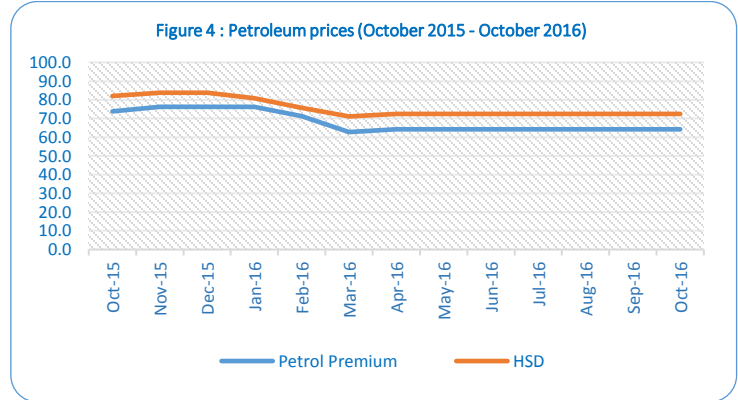
<sup>8</sup> WFP Afghanistan Office

<sup>9</sup> <http://www.pso.pk.com>

<sup>10</sup> The 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

### Prices of petroleum products

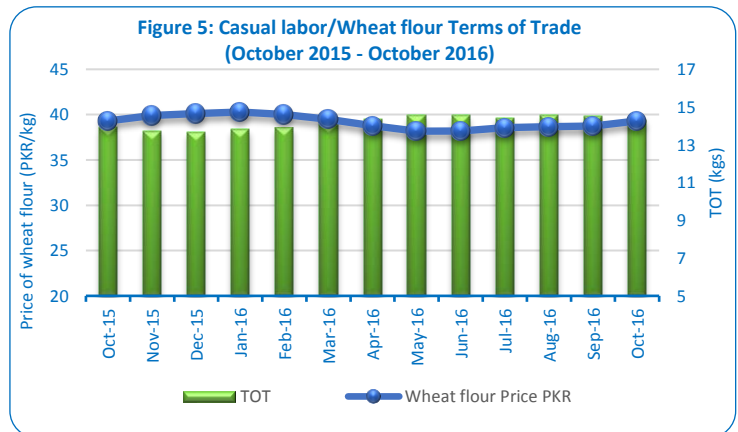
On monthly, quarterly and semi-annual price comparison, there has been no change in prices of petroleum products, however significant price reduction (13% for petrol and 12% for HSD) has been recorded compared to prices a year ago (October 2015). The current prices of super petrol and High Speed Diesel (HSD) were recorded at PKR 64.3 and PKR 72.5, respectively<sup>9</sup>.



### Terms-of-Trade (ToT)<sup>10</sup> slightly declined

In October 2016, the average ToT was recorded at 14.3 kg of wheat flour, registering a slight decrease of 1.5% compared to September 2016. Compared to three months ago (July 2016), the ToT also decreased by 0.8%, mainly due a slight increase in the average price of wheat flour in October. Furthermore, it negligibly declined by 0.3% compared to six months ago (April 2016). Whereas, it slightly improved by 2.7% compared to a year ago (October 2015).

However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>11</sup>, or both. The highest ToT was observed in Lahore and Karachi at 15.8 kg and 15.1 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13.3 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates<sup>12</sup> compared to the other cities.



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.

<sup>11</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)

<sup>12</sup> Pakistan Bureau of Statistics

### Retail prices of main food commodities in major cities – October 2016

Major Commodities	Markets	Current Prices (October 2016) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.38	0.33	1.93%	3.62%	-0.72%	-0.43%	▲	▶	▶	▶
	Multan	32.38	0.31	0.86%	1.17%	2.78%	-0.38%	▶	▶	▶	▶
	Karachi	36.00	0.34	4.05%	1.12%	2.86%	-2.17%	▲	▶	▶	▶
	Peshawar	34.00	0.33	0.00%	6.25%	1.49%	8.28%	▶	▲	▶	▶
	Quetta	35.00	0.33	0.00%	0.00%	-2.78%	-0.57%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.36	0.00%	0.53%	-1.55%	-2.11%	▶	▶	▶	▶
	Multan	37.38	0.36	2.03%	3.15%	2.75%	-2.92%	▲	▶	▶	▶
	Karachi	43.76	0.42	4.59%	4.55%	7.76%	1.97%	▲	▶	▲	▶
	Peshawar	37.48	0.36	0.84%	1.27%	-2.33%	-1.76%	▶	▶	▶	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	4.71%	▶	▶	▶	▶
RICE IRRI-6	Lahore	53.07	0.51	3.11%	8.15%	8.15%	-2.70%	▲	▲	▲	▶
	Multan	43.00	0.41	-4.44%	4.88%	20.28%	18.78%	▼	▶	▲	▲
	Karachi	43.96	0.42	0.00%	1.50%	1.50%	-1.48%	▶	▶	▶	▶
	Peshawar	47.67	0.46	0.06%	16.98%	16.98%	12.62%	▶	▲	▲	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	62.68	0.60	3.30%	8.67%	8.67%	-4.73%	▲	▲	▲	▶
	Multan	67.50	0.65	0.00%	5.21%	6.58%	-2.17%	▶	▲	▲	▶
	Karachi	69.62	0.67	-0.49%	1.27%	1.40%	-4.73%	▶	▶	▶	▶
	Peshawar	68.33	0.65	0.74%	3.80%	3.80%	0.00%	▶	▶	▶	▶
	Quetta	60.00	0.57	-9.09%	-10.45%	-7.69%	-25.00%	▼	▼	▼	▼
SUGAR	Lahore	72.20	0.69	-1.19%	5.03%	12.06%	11.44%	▼	▲	▲	▲
	Multan	70.50	0.67	0.71%	6.17%	13.25%	18.89%	▶	▲	▲	▲
	Karachi	71.14	0.68	0.54%	5.16%	11.42%	18.84%	▶	▲	▲	▲
	Peshawar	71.71	0.69	-0.40%	5.56%	10.61%	16.17%	▶	▲	▲	▲
	Quetta	70.75	0.68	-0.91%	3.13%	10.12%	20.32%	▶	▶	▲	▲
VEG. GHEE (TIN)	Lahore	176.00	1.68	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	176.00	1.68	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Karachi	181.20	1.73	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Peshawar	176.00	1.68	0.00%	0.00%	0.00%	-2.22%	▶	▶	▶	▶
	Quetta	172.00	1.65	0.00%	0.00%	0.00%	-3.37%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	178.00	1.70	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
	Multan	186.00	1.78	0.00%	0.00%	0.00%	4.49%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	2.86%	▶	▶	▶	▶
	Peshawar	178.00	1.70	0.00%	0.00%	0.00%	-2.20%	▶	▶	▶	▶
	Quetta	178.00	1.70	0.00%	0.00%	0.00%	-2.20%	▶	▶	▶	▶
CHICKEN LIVE (FARM)	Lahore	140.61	1.35	37.37%	10.75%	-15.98%	45.32%	▲	▲	▼	▲
	Multan	159.38	1.53	21.20%	13.44%	-10.21%	32.27%	▲	▲	▼	▲
	Karachi	153.17	1.47	12.21%	2.61%	-25.97%	11.27%	▲	▶	▼	▲
	Peshawar	166.00	1.59	29.08%	11.11%	-9.04%	44.10%	▲	▲	▼	▲
	Quetta	168.75	1.61	11.75%	-4.66%	-15.63%	9.58%	▲	▶	▼	▶
Lentil Masoor, Washed	Lahore	167.32	1.60	-0.59%	0.53%	3.91%	3.31%	▶	▶	▶	▶
	Multan	134.17	1.28	-5.85%	-5.85%	-2.13%	-2.42%	▼	▼	▶	▶
	Karachi	149.23	1.43	-1.58%	-2.61%	3.81%	4.30%	▼	▶	▶	▶
	Peshawar	140.75	1.35	-1.52%	-2.48%	3.14%	6.63%	▼	▶	▶	▶
	Quetta	162.50	1.55	2.85%	-0.91%	0.78%	16.07%	▲	▶	▶	▲
Pulse Dal Moong, Washed	Lahore	159.29	1.52	-0.62%	-0.98%	-2.62%	0.45%	▶	▶	▶	▶
	Multan	125.42	1.20	-1.63%	-11.99%	-12.37%	-11.36%	▼	▼	▼	▼
	Karachi	149.42	1.43	-3.34%	-10.28%	-7.06%	-8.38%	▼	▼	▼	▶
	Peshawar	129.08	1.24	-3.55%	-9.05%	-8.78%	-12.19%	▼	▼	▼	▼
	Quetta	150.00	1.44	-0.66%	-7.41%	-15.49%	-10.18%	▶	▼	▼	▼
Pulse Dal Mash, Washed	Lahore	266.43	2.55	-5.31%	-7.07%	-8.69%	31.34%	▼	▼	▼	▲
	Multan	210.84	2.02	-8.73%	-17.80%	-18.91%	-8.73%	▼	▼	▼	▶
	Karachi	231.92	2.22	-8.36%	-15.19%	-13.08%	-1.86%	▼	▼	▼	▶
	Peshawar	239.67	2.29	-6.41%	-13.37%	-8.62%	9.65%	▼	▼	▼	▶
	Quetta	247.50	2.37	-1.00%	-7.30%	-12.00%	1.43%	▶	▼	▼	▶

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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