

## Pakistan Market Price Bulletin

December 2016 Issue

### Highlights

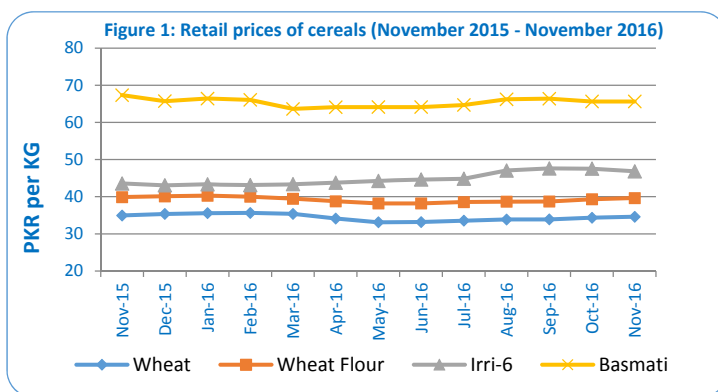
- In November 2016, the price of wheat and wheat flour negligibly increased by 0.8% each;
- Headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.2% from the previous month (October 2016), and slightly increased by 3.8% for the same month last year (November 2015);
- Compared to the previous month, prices of most non-cereal food commodities remained stable except a significant increase in egg price, a significant decrease in live chicken price and slight decreases in the prices of pulse *Dal Mash*, pulse *Dal Moong* and lentil *Masoor*;
- In November 2016, the average ToT negligibly declined by 0.8% compared to October 2016;
- In December 2016, the total global wheat production for 2016-2017 is projected at 751.3 million MT.

#### Headline inflation negligibly increased

In November 2016, the headline inflation based on the Consumer Price Index (CPI) negligibly increased by 0.2% from the previous month (October 2016), whereas it has slightly increased by 3.8% for the same month last year (November 2015). The CPI for food has negligibly increased by 0.2% from October 2016, and slightly increased by 3.3% from November 2015, while the CPI for non-food increased by 0.2% from last month and 4.2% from November 2015. The weighted contribution of food groups in the overall CPI has increased from 228.3 indices in October 2016 to 228.7 in November 2016, registering a negligibly positive change of 0.2%. Compared to November 2015, the indices increased by 2.5%<sup>1</sup>.

#### Retail prices of staple cereals remained stable

In November 2016, the average retail prices of some staple cereals, wheat and wheat flour negligibly increased compared to the previous month (October 2016), while the price of rice *Irri-6* negligibly decreased and that of rice *Basmati* remained unchanged. The price of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 34.6 and PKR 39.7 per kg, respectively, indicating negligible increases in the prices of both wheat and wheat flour by 0.8%. The price of rice *Basmati* remained unchanged from previous month at PKR 65.6 per kg, while the price of rice *Irri-6* was recorded at PKR 46.8, which was 1.5% lower from October 2016.



Compared to three months ago (August 2016), wheat and wheat flour prices in November slightly increased by 2.2% and 2.5%, respectively. Whereas, during this same period, the prices of rice *Irri-6* and *Basmati* negligibly decreased by 0.4% and 0.9%, respectively.

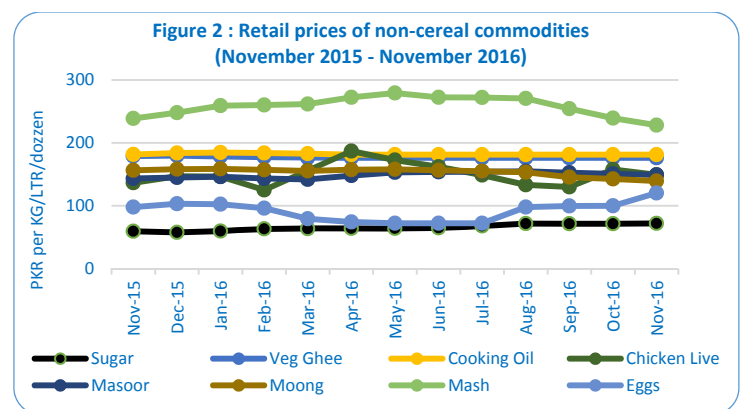
Comparing cereal prices with six months ago (May 2016), the price of wheat and wheat flour slightly increased by 4.5% and 3.8%, respectively. Whereas, the price of rice *Basmati* slightly increased by 2.4% and the price of rice *Irri-6* significantly increased by 5.9%.

On a one-year comparison (November 2015), prices of wheat and wheat flour negligibly decreased by 1% and 0.6%, respectively. The price of rice *Irri-6* significantly increased by 7.5% while that of rice *Basmati* decreased by 2.5%<sup>3</sup>.

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

In November 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*, pulse *Dal Moong* and lentil *Masoor* decreased by 4.7%, 2.3% and 1.1%, respectively, while the price of live chicken significantly decreased by 5.3%. Whereas, the egg price significantly increased by 20.4% while sugar price increased negligibly by 0.8%.

Compared to three months ago (August 2016), price of the majority of non-cereal commodities in November 2016 registered slight to significant fluctuations, except vegetable ghee and cooking oil which remained unchanged. The price of lentil *Masoor* decreased slightly by 3.7%, while the price of pulses *Dal Mash* and *Dal Moong* significantly decreased by 15.7% and 9%, respectively. On the other hand, the price of live chicken and sugar increased by 12% and 0.1%, respectively, while egg price significantly increased by 22.9%.



<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

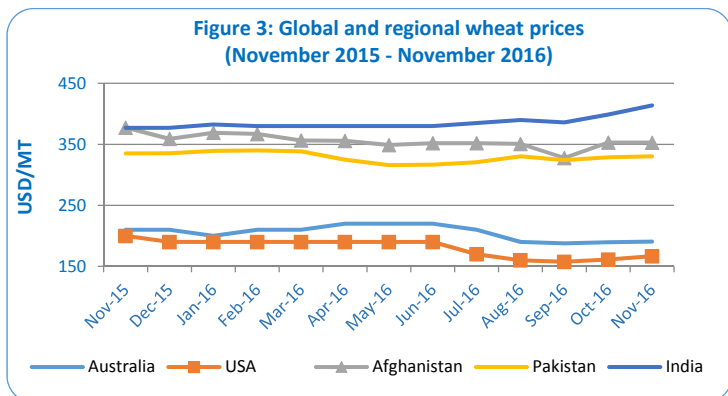
Over a six months period (May 2016), wider variations were observed in prices. On one hand, there were significant price increases for eggs (66.5%) and sugar (12.1%), on the other hand, there was a significant drop in the prices of pulse *Dal Mash* (18.3%), live chicken (13.6%), and pulse *dal Moong* (11.8%). Lentil *Masoor* also registered a slight decrease (2.5%) in price. The price of cooking oil and vegetable ghee remained unchanged.

Compared to November 2015, the prices of several non-cereal food commodities experienced negligible to significant fluctuations. The price of pulse *Dal Moong* significantly decreased by 10.9%, while the price of pulse *dal Mash* and vegetable ghee slightly decreased by 4.5% and 1.6%, respectively. Meanwhile, the prices of eggs, sugar, and live chicken significantly increased by 23%, 21%, and 9.4% respectively, while the price of pulse *Dal Masoor* slightly increased by 4%; whereas the price of cooking oil remained unchanged.

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

### Increase in estimated global wheat production

The December 2016 global wheat production projection has significantly increased to 751.3 million MT from the estimated production of 744.7 million MT in November 2016. This 6.5 million MT production increase projection is due to a 4.7 million MT production increase for Australia, a 0.9 million MT increase for China, and 0.4 million MT increases for both the European Union and Brazil. Higher area estimate and higher yield projection due to near ideal weather conditions in Australia is attributed to the large increase in its production projection. Total consumption is raised by 3.3 million MT with higher food, feed and residual use. As Global supplies are rising faster than use, ending stocks have increased by 2.9 million MT and remain record large<sup>4</sup>.



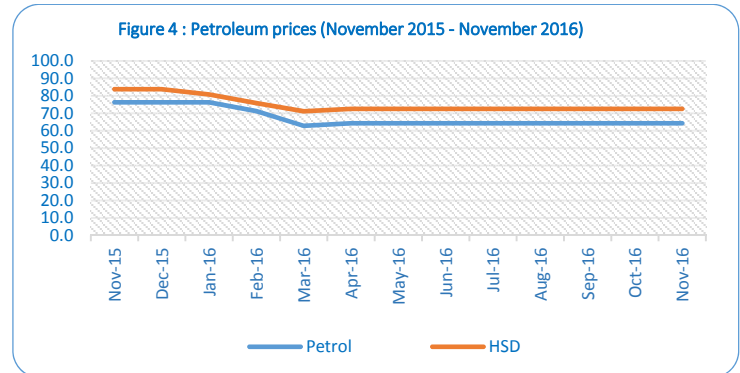
Compared to October 2016, wheat prices in November 2016 increased in the USA<sup>5</sup> (by 3.3%), Australia<sup>6</sup> (0.6%), India (3.7%), and Pakistan (0.5%), with a negligible decrease in Afghanistan by 0.1%<sup>7</sup>. The domestic retail wheat price in Pakistan was 98% higher than in the USA, 73% higher than in Australia, while it was 20% and 6% lower than in India and Afghanistan, respectively.

<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA  
<sup>5</sup> FAO Global Information and Early Warning System (GIEWS)  
<sup>6</sup> Ibid  
<sup>7</sup> WFP Afghanistan Office  
<sup>8</sup> <http://www.psopk.com>

<sup>9</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 group. In this Bulletin, the Terms of Trade (ToT) between casual unskilled labor wage and

### Prices of petroleum products

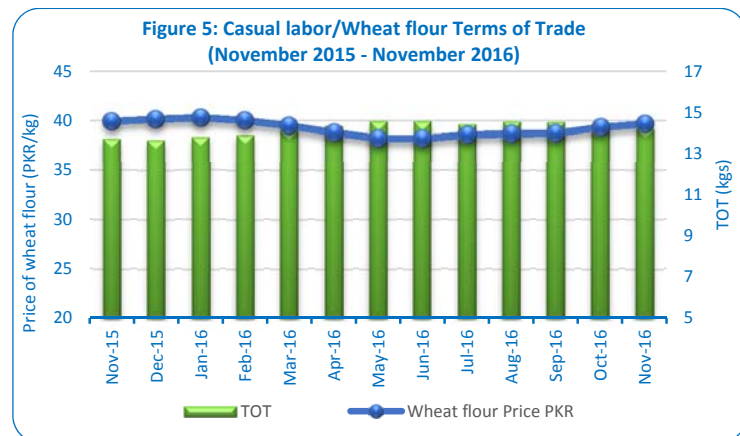
On a monthly, quarterly and semi-annual price comparison, there has been no change in prices of petroleum products, however a significant price reduction (16% for petrol and 13% for HSD) has been recorded compared to prices a year ago (November 2015). The current prices of super petrol and High Speed Diesel (HSD) were recorded at PKR 64.3 and PKR 72.5, respectively<sup>8</sup>.



### Terms-of-Trade (ToT)<sup>9</sup> slightly declined

In November 2016, the average ToT was recorded at 14.2 kg of wheat flour, registering a negligible decrease of 0.8% compared to October 2016. Compared to three months ago (August 2016), the ToT has decreased by 2.5%, mainly due to a slight increase in the average price of wheat flour in November. Furthermore, it slightly declined by 2.6% compared to six months ago (May 2016). Whereas, it improved by 3.4% compared to a year ago (November 2015).

However, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>10</sup>, or both. The highest ToT was observed in Lahore and Karachi at 15.8 kg and 15 kg, respectively, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 13.1 kg. Despite relatively low wheat flour price in Peshawar the ToT remained the lowest due to lower wage rates<sup>11</sup> compared to the other cities.



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>10</sup> The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta)  
<sup>11</sup> Pakistan Bureau of Statistics

Retail prices of main food commodities in major cities – November 2016											
Major Commodities	Markets	Current Prices (November 2016) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
WHEAT	Lahore	34.63	0.33	0.73%	2.97%	4.53%	-1.77%	▶	▶	▶	▶
	Multan	32.69	0.31	0.97%	2.15%	8.96%	-2.06%	▶	▶	▲	▶
	Karachi	36.25	0.35	0.69%	2.84%	3.57%	-2.03%	▶	▶	▶	▶
	Peshawar	34.50	0.33	1.47%	2.99%	6.98%	4.02%	▲	▶	▲	▶
	Quetta	35.00	0.33	0.00%	0.00%	-0.71%	-2.78%	▶	▶	▶	▶
WHEAT FLOUR	Lahore	38.00	0.36	0.00%	0.13%	1.33%	-2.56%	▶	▶	▶	▶
	Multan	37.75	0.36	1.00%	4.38%	7.86%	-3.21%	▲	▶	▲	▶
	Karachi	44.27	0.42	1.18%	4.87%	7.57%	1.27%	▲	▶	▲	▶
	Peshawar	38.25	0.37	2.06%	3.35%	2.51%	-1.50%	▲	▶	▶	▶
	Quetta	40.00	0.38	0.00%	0.00%	0.00%	2.56%	▶	▶	▶	▶
RICE IRRI-6	Lahore	53.07	0.51	0.00%	8.15%	8.15%	11.59%	▶	▲	▲	▲
	Multan	40.50	0.39	-5.81%	-10.00%	6.58%	14.89%	▼	▼	▲	▲
	Karachi	43.96	0.42	0.00%	0.73%	1.50%	1.34%	▶	▶	▶	▶
	Peshawar	46.67	0.45	-2.10%	-1.75%	14.53%	12.00%	▼	▶	▲	▲
	Quetta	50.00	0.48	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
RICE BASMATI BROKEN	Lahore	62.68	0.60	0.00%	8.67%	8.67%	15.69%	▶	▲	▲	▲
	Multan	67.50	0.64	0.00%	0.00%	6.58%	3.85%	▶	▶	▲	▶
	Karachi	69.62	0.66	0.00%	0.22%	1.27%	-0.54%	▶	▶	▶	▶
	Peshawar	68.33	0.65	0.00%	2.81%	3.80%	1.23%	▶	▶	▶	▶
	Quetta	60.00	0.57	0.00%	-14.29%	-7.69%	-25.00%	▶	▼	▼	▼
SUGAR	Lahore	72.79	0.69	0.82%	-0.38%	11.85%	18.15%	▶	▶	▲	▲
	Multan	69.63	0.66	-1.23%	-0.53%	11.62%	19.27%	▼	▶	▲	▲
	Karachi	72.18	0.69	1.46%	-0.37%	14.17%	23.49%	▲	▶	▲	▲
	Peshawar	72.83	0.70	1.56%	1.15%	12.27%	20.54%	▲	▶	▲	▲
	Quetta	71.75	0.69	1.41%	0.70%	10.38%	22.65%	▲	▶	▲	▲
VEG. GHEE (TIN)	Lahore	176.00	1.68	0.00%	0.00%	0.00%	-2.22%	▶	▶	▶	▶
	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	1.64	0.00%	0.00%	0.00%	-3.37%	▶	▶	▶	▶
COOKING OIL (TIN)	Lahore	178.00	1.70	0.00%	0.00%	0.00%	-2.20%	▶	▶	▶	▶
	Multan	186.00	1.78	0.00%	0.00%	0.00%	4.49%	▶	▶	▶	▶
	Karachi	187.20	1.79	0.00%	0.00%	0.00%	2.13%	▶	▶	▶	▶
	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	125.86	1.20	-10.49%	10.30%	-20.90%	4.79%	▼	▲	▼	▶
	Multan	147.50	1.41	-7.45%	13.46%	-9.92%	16.83%	▼	▲	▼	▲
	Karachi	155.64	1.49	1.61%	19.25%	-14.54%	13.15%	▲	▲	▼	▲
	Peshawar	141.00	1.35	-15.06%	3.30%	-19.89%	0.00%	▼	▶	▼	▶
	Quetta	176.25	1.68	4.44%	13.71%	-3.42%	11.90%	▲	▲	▶	▲
Lentil Masoor, Washed	Lahore	167.32	1.60	0.00%	-1.22%	0.53%	3.31%	▶	▶	▶	▶
	Multan	134.17	1.28	0.00%	-5.85%	-5.85%	-2.42%	▶	▼	▼	▶
	Karachi	148.75	1.42	-0.32%	-4.27%	0.26%	4.35%	▶	▶	▶	▶
	Peshawar	139.08	1.33	-1.19%	-5.51%	0.24%	4.31%	▼	▼	▶	▶
	Quetta	156.25	1.49	-3.85%	-2.34%	-7.41%	10.62%	▼	▶	▼	▲
Pulse Dal Moong, Washed	Lahore	154.29	1.47	-3.14%	-6.09%	-7.09%	-2.70%	▼	▼	▼	▶
	Multan	123.33	1.18	-1.67%	-7.21%	-13.45%	-16.39%	▼	▼	▼	▶
	Karachi	148.94	1.42	-0.32%	-9.86%	-10.57%	-7.91%	▶	▼	▼	▶
	Peshawar	125.42	1.20	-2.84%	-11.26%	-11.88%	-15.21%	▼	▼	▼	▼
	Quetta	145.00	1.38	-3.33%	-10.77%	-15.94%	-12.78%	▼	▼	▼	▼
Pulse Dal Mash, Washed	Lahore	265	2.53	-0.54%	-10.06%	-12.09%	30.63%	▶	▼	▼	▲
	Multan	203.33	1.94	-3.56%	-15.57%	-22.79%	-18.12%	▼	▼	▼	▼
	Karachi	212.5	2.03	-8.37%	-21.40%	-21.96%	-17.20%	▼	▼	▼	▼
	Peshawar	219.67	2.10	-8.34%	-19.69%	-20.36%	-5.52%	▼	▼	▼	▶
	Quetta	240.00	2.29	-3.03%	-12.33%	-15.42%	-5.42%	▼	▼	▼	▶