

Pakistan Market Price Bulletin – June 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

- In May, general inflation, based on Consumer Price Index (CPI), increased by 5.1% whereas CPI for food increased by 6.5% on a year-on-year basis, compared to 5.8% and 6.5 % respectively in the previous month.
- A marginal increase was noticed in the staple cereal prices.
- Some fluctuations were observed in prices of essential non-cereal food commodities.
- Estimates for global wheat supply were slightly lower in May and marginal fluctuations were noticed in international wheat prices.
- Petroleum product prices experienced some decline in May.
- A nominal increase in average wage rate caused a slight improvement in the Terms of Trade (ToT) of low income households.

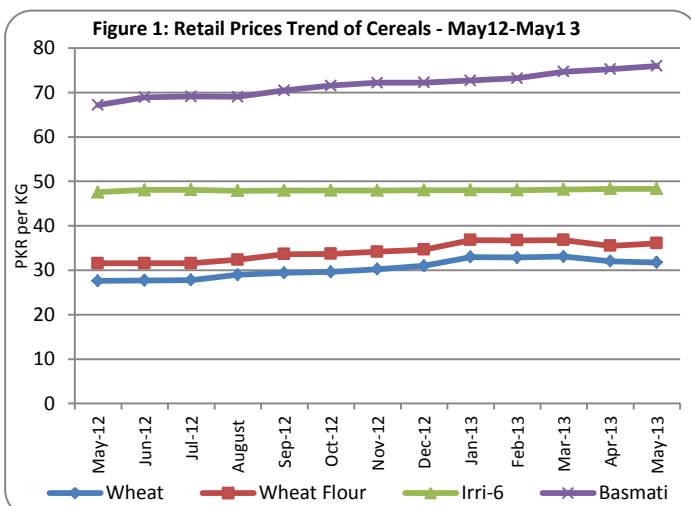
Inflation Watch

General inflation based on consumer price index, increased by 5.1% on a year-on-year basis in May 2013 compared to 5.8% in the previous month and 12.3% in May 2012. On a month-on-month basis, it increased by 0.5% in May 2013 compared to 1.1% in the previous month and an increase of 1.1% over May 2012¹.

Marginal increase in staple cereal prices

The prices of staple cereals showed marginal fluctuations in May across the main markets² in the country. The average retail price of wheat decreased by nominal one percent (from Rs.32/kg in April to Rs.31.8/kg in May) while that of wheat flour increased by around two percent (from Rs.35.5/kg to RS.36/kg). Similarly, the average retail price of rice *irri-6* remained unchanged while *Basmati* broken saw an increase of one percent.

A downward trend was noticed in the prices of wheat and wheat flour



since February. The prices of these commodities in May were thus lower by three and two percent respectively compared to three months ago. However, the prices of rice *irri-6* and *basmati* have increased by 0.5 and four percent respectively during the same period.

The trend of cereal prices as shown in figure 1, indicates that the prices have been increasing since November last year and became somewhat remained stable in recent months. Compared to six months ago, prices of wheat and wheat flour are still higher by three and four percent respectively. The variations are more significant on an annual basis, as the prices of wheat and wheat flour in May were higher by 15 and 14 percent compared to a year ago. In the same period, price of rice *irri-6* and *Basmati* experienced an increase of two and 13 percent respectively.

Significant variation in prices was observed between provinces. For instance, prices of both wheat and wheat flour remained highest in Karachi at Rs.34.6/kg and 40.98/kg respectively while the lowest was recorded in Multan at Rs.29.81/kg and Rs.34/kg respectively. The price of *irri-6* was recorded highest in Lahore at Rs.60.43/kg while it was lowest in Quetta at Rs.40/kg³.

Price trends of non-cereal food commodities

Prices of non-cereal essential food commodities experienced fluctuations in the past one month. The commodities that registered a decrease in price include eggs and Lentil (*Masoor*) that went down by four percent. On the other hand, commodities which registered increase in prices include chicken by seven percent, and Lentils: *Moong and Mash* by 6 and 10 percent respectively. Sugar and cooking oil also observed marginal increases of 0.5 percent.

Significant fluctuations were noticed in the prices of certain commodities in the past three months. Compared to February, prices of eggs and chicken were found lower by 17 and four percent respectively while price of lentils: *Moong and Mash* experienced an increase of five and seven percent respectively. Similarly, compared to six months ago, some commodities showed downward trends e.g. price of eggs declined by 38 percent, vegetable ghee by four percent, chicken and cooking oil by one percent respectively. On the other hand, prices of dal *masoor* and *mash* were found up by around six percent while dal *Moong* experienced an increase of 11 percent during the same period.

Compared to a year ago, the prices of these commodities showed marginal fluctuations. Prices that registered decrease include chicken

⁺ Based on Data from May 2013

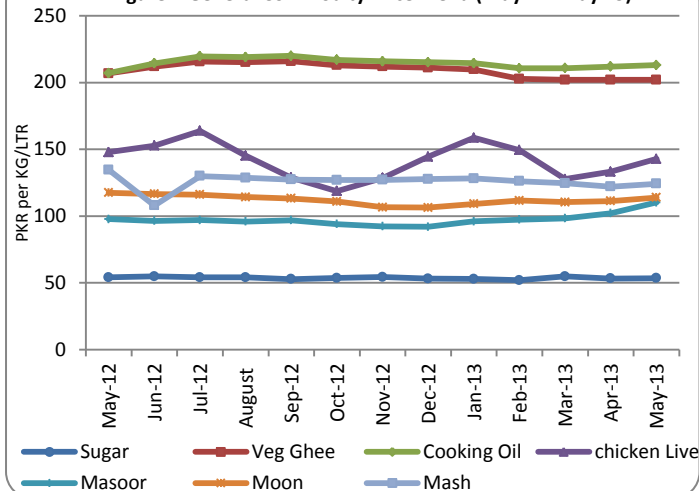
¹ Pakistan Bureau of Statistics

² Lahore, Multan, Karachi Peshawar and Quetta

³Source: Pakistan Bureau of Statistics

(4%), Eggs (3%) vegetable ghee (2%) and sugar (1%). On the other hand, the price of cooking oil registered an increase of three percent while that of lentils remained unchanged during the same period.

Figure2: General Commodity Price Trend (May 12- May 13)

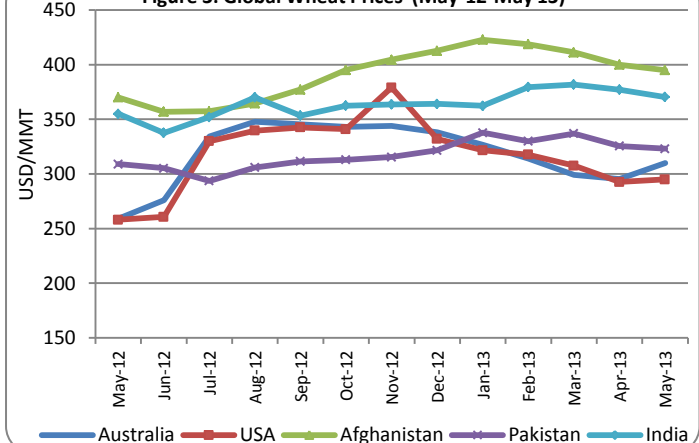


Significant variation was observed in prices between the provinces. For instance the price of chicken was 33 percent higher (Rs.164/kg) in Quetta than in Lahore (Rs.123.39/kg). Prices of *dal Moong* and *Masoor* were significantly higher in Balochistan than in Punjab.

A decline in global estimated wheat supply

In May, estimated global wheat supplies for 2013/14 was lowered by 5.6 million tons due to lower production for certain countries. World production was projected at 695.9 million tons, down 5.2 million from last month with reductions for Ukraine, Russia, and EU-27. Persistent dry weather in key growing areas of southeastern Ukraine and adjoining areas of southern Russia reduces production prospects by 2.5 million tons and 2.0 million tons, respectively. EU-27 production estimate was lowered by 1.3 million tons with small reductions in a number of countries. Estimated global wheat consumption for 2013/14 was reduced slightly with reductions in feed and residual use for EU-27, Russia, and Ukraine more than offsetting higher expected food use for India, Iran, and Egypt⁴.

Figure 3: Global Wheat Prices (May-12-May 13)



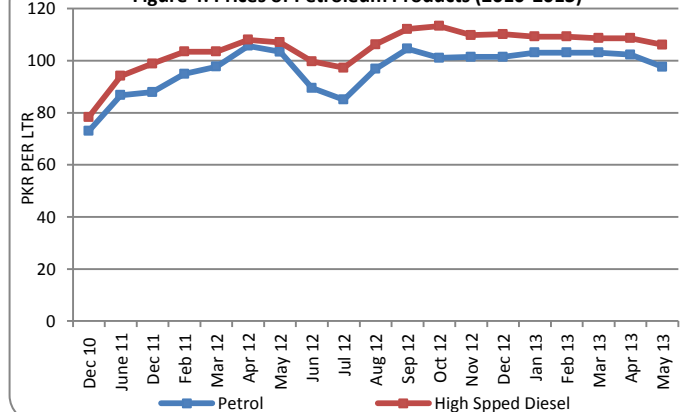
Global wheat prices also saw some marginal fluctuations in May. Prices increased by five percent in Australia and a nominal one percent in USA. However, it decreased by around two percent in India and one percent in Afghanistan compared to the previous month. The wheat

price in Pakistan remained 22 percent lower than in Afghanistan and 15 percent lower than in India, but still nine and four percent higher than that in USA and Australia respectively⁵.

A decline in the price of petroleum products

In May, the oil and gas regulatory authority announced a decrease of five percent in the price of petrol and two percent in the price of high speed diesel. With this, the price of petrol declined from Rs.102.30 per liter in April to Rs.97.59 in May and high speed diesel from Rs.108.59 to Rs.106.06 per ltr. Prior to this, the prices were fairly stable in the past few months. On a year-on-year basis, the price of petrol has experienced a decrease of 6 percent while that of high speed diesel has increased by a nominal one percent.

Figure 4: Prices of Petroleum Products (2010-2013)

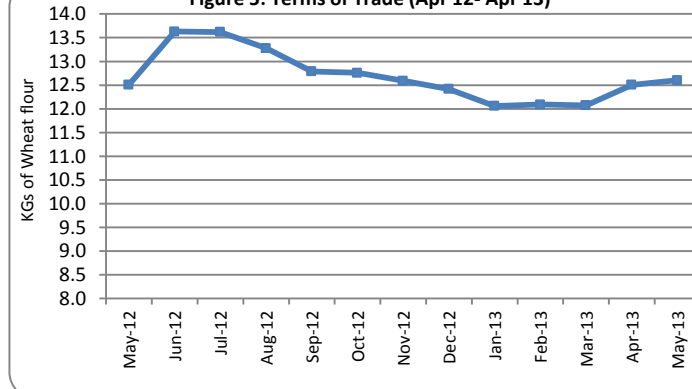


The price of compact natural gas also remained unchanged in May. It was recorded at Rs.74.44 per kg in Region 1 (Potohar, Khyber Pakhtunkhwa, and Balochistan) and Rs.65.78 per kg in Region 2 (Sindh, Punjab, and its areas excluding Potohar).

Nominal increase in purchasing power of low income households

The Terms of Trade (ToT⁶) for the low income households remained nearly unchanged in May. Even though the price of wheat flour increased slightly, there was also a nominal increase in the average wage rate, which resulted in a slight increase on ToT from 12.5 kg in

Figure 5: Terms of Trade (Apr 12- Apr 13)



April to 12.60 kg in May. The ToT is still two percent lower compared to six months ago and one percent lower compared to a year ago. There was some variation in ToT between different cities. The highest ToT was recorded in Lahore (13.65 kg of wheat flour per day of unskilled wage labour) while the lowest was in Multan (11.47 kg).

⁵WFP Procurement FOB Prices

⁶Amount of wheat flour that could be purchased with a day's wage of an unskilled labour

⁴World Agriculture Supply and Demand Estimates - USDA

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

Major Commodities	Markets	Current Prices (May 2013) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	LAHORE	30.43	0.31	-3.75%	-3.03%	-1.31%	18.16%	▼	►	►	▲
	MULTAN	29.85	0.30	3.38%	-4.86%	2.05%	19.88%	▲	►	►	▲
	KARACHI	34.60	0.35	0.29%	-1.14%	7.70%	20.56%	►	►	▲	▲
	PESHAWAR	31.40	0.32	-4.06%	-7.65%	-1.10%	9.79%	▼	▼	►	►
	QUETTA	32.50	0.33	0.00%	0.00%	4.84%	8.33%	►	►	►	►
Wheat flour kg	LAHORE	34.80	0.35	0.87%	0.87%	5.06%	16.00%	►	►	▲	▲
	MULTAN	34.00	0.35	0.00%	-5.23%	2.26%	16.04%	►	▼	►	▲
	KARACHI	40.98	0.42	6.74%	-0.65%	6.10%	17.09%	▲	►	▲	▲
	PESHAWAR	35.06	0.36	-0.12%	-3.72%	2.87%	14.80%	►	►	►	▲
	QUETTA	35.50	0.36	0.00%	0.00%	4.41%	7.58%	►	►	►	►
Rice irri-6	LAHORE	60.43	0.61	0.00%	2.42%	2.42%	6.41%	►	►	►	►
	MULTAN	41.00	0.42	0.00%	0.00%	0.00%	0.00%	►	►	►	►
	KARACHI	51.54	0.52	0.00%	0.00%	0.00%	2.32%	►	►	►	►
	PESHAWAR	48.56	0.49	-0.18%	-0.23%	-0.06%	-1.56%	►	►	►	►
	QUETTA	40.00	0.41	0.00%	0.00%	0.00%	-0.99%	►	►	►	►
Rice basmati broken	LAHORE	72.36	0.74	0.00%	2.94%	5.19%	9.34%	►	►	▲	►
	MULTAN	77.50	0.79	0.00%	0.00%	3.33%	13.47%	►	►	►	▲
	KARACHI	75.54	0.77	5.59%	13.53%	13.53%	20.79%	▲	▲	▲	▲
	PESHAWAR	79.58	0.81	-0.40%	3.80%	4.95%	10.67%	►	►	►	▲
	QUETTA	75.00	0.76	0.00%	0.00%	0.00%	11.94%	►	►	►	▲
Sugar	LAHORE	54.36	0.55	0.00%	2.35%	1.63%	-0.68%	►	►	►	►
	MULTAN	52.00	0.53	-0.48%	3.73%	1.46%	-0.95%	►	►	►	►
	KARACHI	53.62	0.54	0.47%	4.89%	-1.27%	-2.90%	►	►	►	►
	PESHAWAR	53.93	0.55	0.02%	1.35%	-1.05%	-1.15%	►	►	►	►
	QUETTA	53.20	0.54	2.31%	2.31%	1.82%	-0.19%	▲	►	►	►
Veg. Ghee (tin)	LAHORE	202.00	2.05	-3.81%	0.00%	-6.48%	-2.88%	▼	►	►	►
	MULTAN	202.00	2.05	-5.61%	0.00%	0.00%	-2.88%	▼	►	►	►
	KARACHI	202.00	2.05	-5.61%	0.00%	-1.94%	-1.94%	▼	►	►	►
	PESHAWAR	202.00	2.05	-4.72%	0.00%	-6.48%	-1.94%	▼	►	▼	►
	QUETTA	202.00	2.05	-3.81%	-1.70%	-6.48%	-1.94%	▼	►	▼	►
Cooking oil (tin)	LAHORE	212.40	2.16	5.15%	1.14%	-3.45%	1.72%	▲	►	►	►
	MULTAN	214.00	2.17	5.94%	0.47%	3.88%	2.49%	▲	►	►	►
	KARACHI	214.80	2.18	6.34%	2.78%	2.29%	4.27%	▲	►	►	►
	PESHAWAR	214.00	2.17	5.94%	2.39%	-2.73%	3.88%	▲	►	►	►
	QUETTA	210.00	2.13	3.96%	-1.18%	-4.55%	1.94%	▲	►	►	►
Chicken live (farm)	LAHORE	123.39	1.25	-0.12%	1.85%	-2.74%	-9.51%	►	►	►	►
	MULTAN	133.97	1.36	2.79%	-4.31%	-1.67%	-6.64%	▲	►	►	►
	KARACHI	154.00	1.56	20.53%	-10.33%	-0.65%	2.12%	▲	▼	►	►
	PESHAWAR	138.40	1.41	-2.54%	-2.19%	-5.85%	-6.86%	▼	►	▼	►
	QUETTA	164.00	1.67	15.09%	-4.93%	4.13%	2.50%	▲	►	►	►
Pulse Masoor, washed	Lahore	99.25	1.01	-2.50%	2.92%	12.06%	0.00%	▼	►	▲	►
	Multan	107.5	1.09	5.69%	10.26%	10.26%	0.00%	▲	▲	▲	►
	Karachi	90.12	0.92	2.32%	-0.09%	5.30%	0.00%	▲	►	▲	►
	Peshawar	88.5	0.90	-9.43%	-4.72%	0.19%	0.00%	▼	►	►	►
	Quetta	103.4	1.05	-14.72%	-6.00%	3.40%	0.00%	▼	▼	►	►
Pulse Moong, washed	Lahore	120.43	1.22	13.39%	15.88%	15.88%	0.00%	▲	▲	▲	►
	Multan	117.5	1.19	10.59%	9.30%	20.51%	0.00%	▲	▲	▲	►
	Karachi	123.08	1.25	8.84%	8.84%	19.40%	0.00%	▲	▲	▲	►
	Peshawar	98.67	1.00	-1.33%	-5.00%	-6.03%	0.00%	▼	▼	▼	►
	Quetta	128	1.30	-2.29%	-1.54%	4.49%	0.00%	▼	►	►	►
Pulse Mash, Washed	Lahore	155.71	1.58	5.70%	1.04%	-0.12%	0.00%	▲	►	►	►
	Multan	142.5	1.45	21.28%	21.28%	21.28%	0.00%	▲	▲	▲	►
	Karachi	111.08	1.13	7.76%	-1.77%	-1.77%	0.00%	▲	►	►	►
	Peshawar	129.17	1.31	14.71%	7.45%	5.80%	0.00%	▲	▲	▲	►
	Quetta	134.6	1.37	3.54%	6.83%	3.54%	0.00%	▲	▲	►	►

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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