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Food Commodities Photo WFP/Aman ur Rehman khan

Market Monitor Report

WFP VAM | Food Security Analysis

Pakistan | September 2020

HIGHLIGHTS

- In August 2020, the average retail prices for wheat and wheat flour increased by 6.6% and 1.4%, respectively, while the prices of rice *Irri-6* and rice *Basmati* increased by 0.6% and 0.7%, respectively, when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in August 2020 by 0.63% over July 2020 and increased by 8.21% over August 2019;
- The prices of staple cereals and non-cereal food commodities in August 2020 experienced negligible to slight fluctuations, except for sugar which experienced a significant price increase and live chicken which had a significant price decrease when compared to the previous month's prices;
- In August 2020, the average ToT slightly decreased by 1.3% from the previous month;
- In September 2020, the total global wheat production for 2020/21 is projected at 770.49 million MT, indicating an increase of 4.46 million MT compared to the projection made in August 2020.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in August 2020 by 0.63% over July 2020 and increased by 8.21% over August 2019. The food/non-food values of CPI disaggregated at urban and rural areas is presented in Table 1. The weighted contribution of food group in the overall CPI decreased from 140.11 indices in July 2020 to 138.87 in August 2020 registering a decrease of 0.88%, while it increased in August 2020 by 12.89% over August 2019¹.

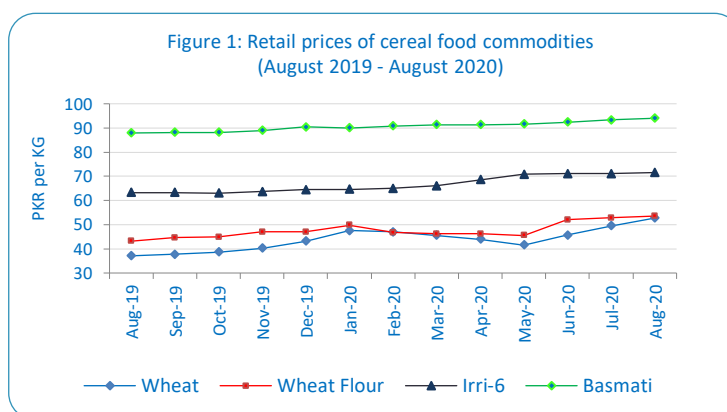
Table 1: CPI (%)

Period 2020	CPI (%)							
	Food				Non-Food			
	Urban		Rural		Urban		Rural	
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
July	15.1	3.0	17.8	4.0	3.9	1.7	6.3	2.0
August	11.3	-0.3	13.5	-0.9	4.8	1.5	6.8	1.5

YoY = Year-on-Year, MoM = Month-on-Month
Source: Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices² of staple cereals

In August 2020, the average retail prices of wheat and wheat flour across the country's main markets³ were recorded at PKR 52.74 and PKR 53.55 per kg, respectively, indicating slight increases in the prices of wheat (6.6%) and wheat flour (1.4%) from July 2020. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 71.55 and PKR 94.01, respectively, indicating negligible increases in prices of rice *Irri-6* (0.6%) and rice *Basmati* (0.7%) from the previous month, Figure 1.



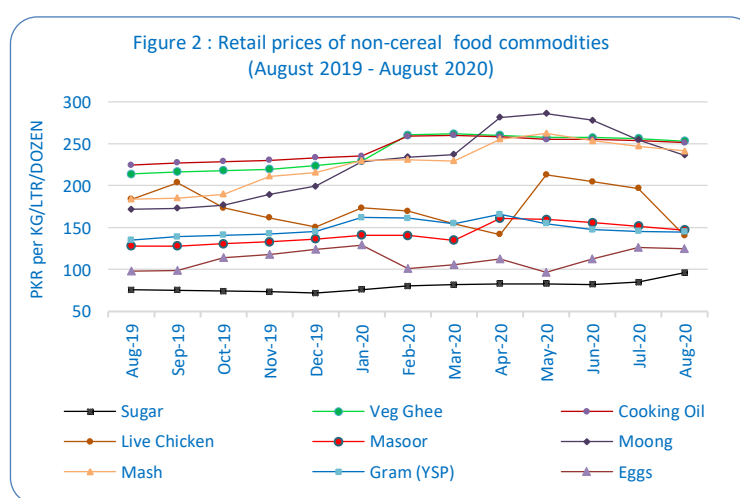
Compared to three months ago (May 2020), the prices of wheat and wheat flour both increased significantly by 26.7% and 17.7%, respectively, in August 2020. The prices of rice *Irri-6* and rice *Basmati* both increased slightly by 1% and 2.6%, respectively, in August 2020 when compared to their prices from three months ago.

Compared to six months ago (February 2020), in August 2020, significant increases were noted in the prices of wheat flour (14.6%), wheat (12.1%) and rice *Irri-6* (10.1%) along with a slight increase in the price of rice *Basmati* (3.5%).

On one-year comparison, in August 2020, the prices of wheat and wheat flour both increased significantly by 42.1% and 24%, respectively. The price of rice *Irri-6* also increased significantly by 13% while for rice *Basmati* it increased slightly by 6.9% for the same period.

Retail prices⁴ of non-cereal food commodities

In August 2020, negligible to significant fluctuations were observed in the retail prices of essential non-cereal food commodities when compared to their prices from a month ago, (Figure 2).



¹ Pakistan Bureau of Statistics, Government of Pakistan.
² Source: Pakistan Bureau of Statistics, Government of Pakistan.
³ Lahore, Multan, Karachi, Peshawar and Quetta.
⁴ Source: Pakistan Bureau of Statistics, Government of Pakistan.

noted in the prices of pulse *Masoor* (2.8%), pulse *Mash* (2.3%), eggs (1.6%), vegetable ghee (1.3%), cooking oil (1.1%) and a negligible decrease in the price of pulse *Gram* (0.6%) compared to their prices from the previous month.

Compared to three months ago (May 2020), significant increases were noted in the prices of eggs (28.8) and sugar (15.8%) and significant decreases in the prices of live chicken (34.1%) and pulse *Moong* (17.3%). Whereas, slight decreases were observed in the prices of pulses *Mash* (8%), *Masoor* (7.7%) and *Gram* (6.5%) along with decreases in the prices of cooking oil (1.5%) and vegetable ghee (1.7%) compared to three months ago.

Compared to six months ago (February 2020), in August 2020, significant increases were noted in the prices of eggs (23.3%) and sugar (19.9%), while slight increases were noted for pulses *Masoor* (4.7%) and *Mash* (4.5%) along with a negligible increase in the price of pulse *Moong* (0.9%). Whereas, significant decreases were noted in the prices of live chicken (17.1%) and pulse *Gram* (10.2%) along with slight decreases in the prices of vegetable ghee (2.9%) and cooking oil (2.9%) compared to six months ago.

Compared to a year ago (August 2019), significant increases were noted in the prices of pulses *Moong* (37.5%) and *Mash* (31.2%), sugar (27.3%), eggs (27.3%), vegetable ghee (18.2%), pulse *Masoor* (15.1%), cooking oil (11.8%) along with a slight increase in the price of pulse *Gram* (7.1%). Whereas, a significant decrease was noted in the price of live chicken (23.6%).

Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in August 2020, except for markets in Quetta, where the prices of pulses (*Masoor*, *Moong*, *Mash* and *Gram*) were significantly higher than the other big cities mainly because Quetta city is located farther from producing districts. Moreover, Quetta was also found to have the highest prices for rice (*Irri-6* and *Basmati*), sugar, live chicken and eggs compared to the other major cities. Karachi was noted to have the highest price for wheat flour while Lahore had the highest price for wheat compared to the other major cities.

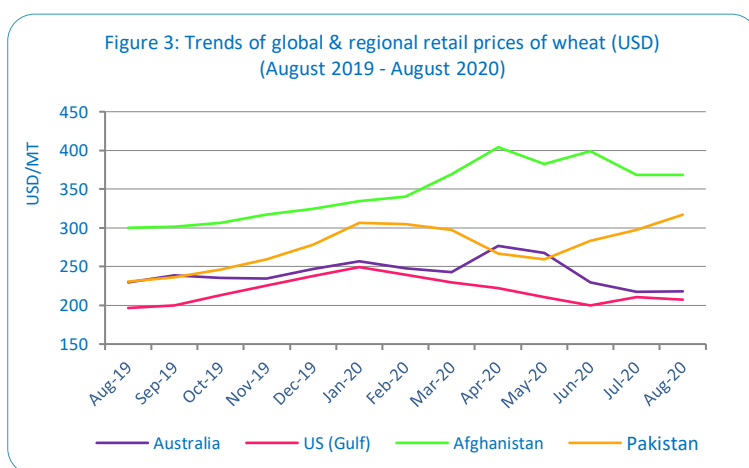
Global wheat production

In September 2020, the total global wheat production projection for 2020/21 increased to 770.49⁵ million MT from 766.03 million MT in August 2020 resulting in a projected production increase of 4.46 million MT for 2020/21.

Total global wheat consumption for 2020/21 is projected to increase in September 2020 by 0.76 million MT. Whereas, the total projected global ending stocks increased by 2.58 million MT this month⁶.

In August 2020, the price of wheat increased in Pakistan (6.5%)⁷ and Australia (0.3%)⁸, while it decreased in USA (5%)⁹ and India (0.4%) along with no change in Afghanistan¹⁰ compared to the previous month.

The retail price of wheat in Pakistan was 53% higher than in USA and 45% higher than in Australia, while it was 15% lower than in India and 14% lower than in Afghanistan. Trends of global and regional retail prices of wheat are shown in Figure 3.



⁵ World Agriculture Supply and Demand Estimates, USDA.

⁶ World Agriculture Supply and Demand Estimates, USDA.

⁷ Pakistan Bureau of Statistics, Government of Pakistan.

⁸ FAO Global Information and Early Warning System (GIEWS).

⁹ FAO Global Information and Early Warning System (GIEWS).

¹⁰ WFP, Afghanistan.

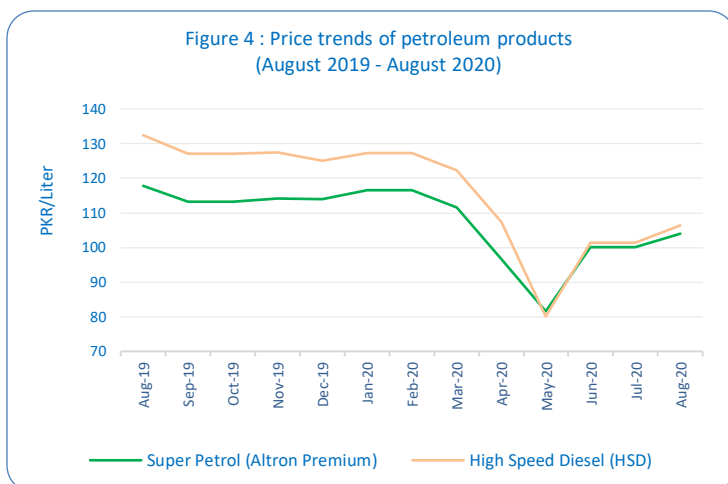
Prices of petroleum products

In August 2020, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 103.97 and PKR 106.46¹¹ per liter, respectively, indicating slight increases in the prices of Super Petrol (3.9%) and HSD (4.9%) compared to their prices in the previous month (Figure 4).

On a three-month comparison (May 2020), the prices for both Super Petrol and HSD increased significantly by 27.4% and 32.9%, respectively.

On a six-month comparison (February 2020), the prices for Super Petrol and HSD significantly decreased by 10.8% and 16.3%, respectively.

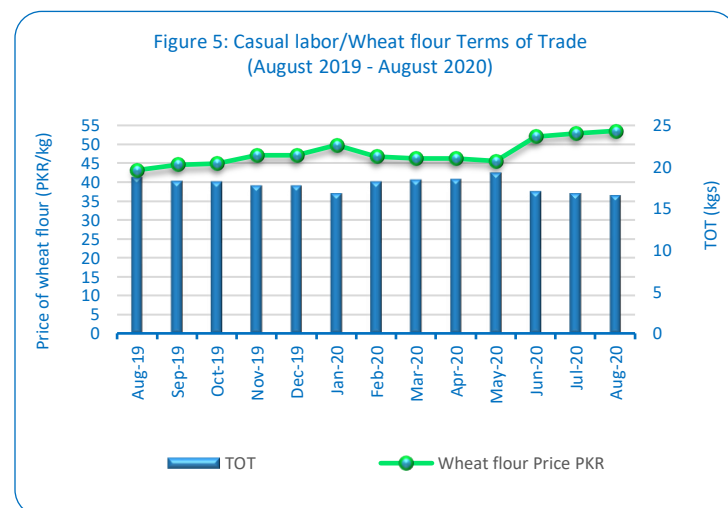
Compared to a year ago (August 2019), the prices for Super Petrol and HSD also significantly decreased by 11.8% and 19.6%, respectively.



Terms-of-Trade (ToT)¹²

In August 2020, the average ToT was recorded at 16.48 kg of wheat flour. The ToT slightly decreased by 1.3% from the previous month, mainly due to a slight increase in the price of wheat flour from the previous month while the average wage rate remained unchanged, (Figure 5).

Compared to three months ago (May 2020), the ToT significantly decreased in August 2020 by 14%. A more than slight decrease of 8.8% was observed from six months ago (February 2020) and a significant decrease of 11.5% was noted when compared to a year ago (August 2019).



City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹³, or both. The highest ToT was observed in Lahore at 21.3 kg, mainly due to higher wage rate and lower wheat flour price, while the lowest ToT was in Peshawar at 14.6 kg¹⁴ mainly due to lower wage rate and higher price of wheat flour.

¹¹ Pakistan State Oil (PSO).

¹² 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 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.

¹³ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

¹⁴ Pakistan Bureau of Statistics, Government of Pakistan.

Retail prices of main food commodities in major cities – August 2020											
Major Commodities	Markets	Current Prices-August-2020/kg		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	Lahore	54.50	0.33	6.19%	31.72%	20.66%	53.52%	▲	▲	▲	▲
	Multan	51.75	0.31	10.66%	46.81%	22.58%	47.44%	▲	▲	▲	▲
	Karachi	51.50	0.31	8.20%	17.05%	1.48%	30.05%	▲	▲	▶	▲
	Peshawar	54.19	0.33	3.42%	33.80%	26.75%	40.63%	▲	▲	▲	▲
	Quetta	51.74	0.31	5.18%	10.09%	-4.85%	40.60%	▲	▲	▶	▲
Wheat Flour	Lahore	43.00	0.26	-9.61%	6.18%	6.83%	37.77%	▼	▲	▲	▶
	Multan	43.00	0.26	-5.83%	6.83%	6.83%	6.30%	▼	▲	▲	▶
	Karachi	67.64	0.41	12.41%	25.70%	21.31%	40.83%	▲	▲	▲	▲
	Peshawar	54.89	0.33	-2.37%	21.53%	21.75%	28.30%	▼	▲	▲	▲
	Quetta	59.24	0.36	8.56%	23.74%	13.17%	17.46%	▲	▲	▲	▲
Rice Irri-6	Lahore	57.48	0.35	1.45%	1.45%	1.45%	0.84%	▲	▶	▶	▶
	Multan	66.17	0.40	1.94%	3.78%	14.64%	12.78%	▲	▶	▲	▲
	Karachi	69.19	0.42	0.00%	0.51%	3.36%	13.61%	▶	▶	▶	▲
	Peshawar	70.00	0.42	0.00%	0.00%	13.34%	18.30%	▶	▶	▲	▲
	Quetta	94.91	0.57	0.00%	0.00%	15.77%	17.46%	▶	▶	▲	▲
Rice Basmati (Broken)	Lahore	75.78	0.46	1.43%	1.43%	1.43%	1.28%	▲	▶	▶	▶
	Multan	93.75	0.56	0.00%	6.00%	6.32%	6.14%	▶	▲	▲	▶
	Karachi	95.59	0.57	0.90%	2.03%	3.68%	9.48%	▶	▶	▶	▶
	Peshawar	90.00	0.54	1.31%	4.01%	4.01%	6.93%	▲	▶	▶	▶
	Quetta	114.93	0.69	0.00%	0.00%	2.25%	9.46%	▶	▶	▶	▶
Sugar	Lahore	95.51	0.57	13.93%	13.32%	16.96%	26.74%	▲	▲	▲	▲
	Multan	92.98	0.56	11.89%	16.39%	17.92%	25.43%	▲	▲	▲	▲
	Karachi	96.35	0.58	13.75%	16.94%	22.80%	28.97%	▲	▲	▲	▲
	Peshawar	98.15	0.59	13.53%	16.54%	19.04%	28.59%	▲	▲	▲	▲
	Quetta	98.23	0.59	12.90%	15.91%	22.80%	26.91%	▲	▲	▲	▲
Vegetable Ghee (Tin)	Lahore	251.84	1.51	0.06%	0.06%	-3.88%	18.35%	▶	▶	▶	▲
	Multan	256.64	1.54	-2.05%	-2.05%	-2.05%	17.72%	▼	▶	▶	▲
	Karachi	250.00	1.50	-2.32%	-4.58%	-4.58%	15.96%	▼	▶	▶	▲
	Peshawar	256.95	1.54	-1.93%	-1.93%	-1.93%	23.53%	▼	▶	▶	▲
	Quetta	250.00	1.50	0.00%	0.00%	-2.05%	15.74%	▶	▶	▶	▲
Cooking Oil (Tin)	Lahore	248.00	1.49	0.00%	0.00%	-4.62%	11.91%	▶	▶	▶	▲
	Multan	255.31	1.54	-1.80%	-1.80%	-1.80%	11.01%	▼	▶	▶	▲
	Karachi	248.00	1.49	-2.34%	-4.62%	-4.62%	8.96%	▼	▶	▶	▶
	Peshawar	256.95	1.54	-1.17%	-1.17%	-1.17%	17.87%	▼	▶	▶	▲
	Quetta	248.00	1.49	0.00%	0.00%	-2.38%	9.73%	▶	▶	▶	▶
Chicken Live (Farm)	Lahore	115.32	0.69	-36.17%	-35.82%	-25.33%	-29.34%	▼	▼	▼	▼
	Multan	137.17	0.82	-29.09%	-35.60%	-18.67%	-24.10%	▼	▼	▼	▼
	Karachi	156.90	0.94	-22.64%	-36.29%	-9.15%	-21.71%	▼	▼	▼	▼
	Peshawar	134.42	0.81	-31.77%	-30.93%	-22.28%	-26.39%	▼	▼	▼	▼
	Quetta	158.25	0.95	-24.51%	-31.57%	-11.37%	-17.58%	▼	▼	▼	▼
Pulse Masoor (Washed)	Lahore	141.42	0.85	-4.95%	-18.38%	2.96%	5.59%	▶	▶	▶	▶
	Multan	139.23	0.84	0.77%	-2.34%	2.36%	19.34%	▶	▶	▶	▶
	Karachi	148.94	0.90	-1.48%	-11.20%	4.08%	20.00%	▼	▼	▶	▲
	Peshawar	147.00	0.88	-1.86%	-5.79%	6.80%	40.00%	▼	▼	▲	▲
	Quetta	159.91	0.96	-5.89%	0.85%	6.88%	-0.06%	▼	▶	▲	▶
Pulse Moong (Washed)	Lahore	237.4	1.43	-2.60%	-17.57%	9.86%	42.64%	▼	▼	▲	▲
	Multan	188	1.13	-14.54%	-31.70%	-16.30%	12.31%	▼	▼	▼	▲
	Karachi	241.91	1.45	-6.36%	-14.79%	-0.24%	39.28%	▼	▼	▶	▲
	Peshawar	234	1.41	-5.28%	-13.21%	0.57%	44.65%	▼	▼	▶	▲
	Quetta	279.90	1.68	-8.17%	-10.33%	9.84%	47.32%	▼	▼	▲	▲
Pulse Mash (Washed)	Lahore	243.29	1.46	-2.05%	-16.35%	3.87%	39.31%	▼	▼	▶	▲
	Multan	213.17	1.28	0.26%	-0.24%	5.31%	24.17%	▶	▶	▲	▲
	Karachi	228.29	1.37	1.05%	-3.02%	3.03%	33.18%	▲	▶	▶	▲
	Peshawar	245.54	1.48	-3.06%	-8.09%	6.95%	37.94%	▼	▼	▲	▲
	Quetta	276.21	1.66	-6.31%	-9.41%	3.35%	23.31%	▼	▼	▶	▲
Pulse Gram (a.k.a. Yellow Split Peas)	Lahore	124.66	0.75	-3.45%	-12.42%	-13.99%	3.27%	▼	▼	▼	▶
	Multan	125.46	0.75	5.22%	0.71%	-12.63%	4.55%	▲	▶	▼	▶
	Karachi	150.99	0.91	0.80%	-9.68%	-7.66%	13.69%	▶	▼	▼	▲
	Peshawar	148.67	0.89	-0.74%	-7.05%	-10.47%	7.73%	▶	▼	▼	▶
	Quetta	173.69	1.04	-3.40%	-3.40%	-7.25%	5.91%	▼	▶	▼	▶

▲ Price increase above normal fluctuation ▼ Price decrease above normal fluctuation ▶ Normal price fluctuation. M= One month, 3M= Three months, 6M= Six month, 1Y= One year

Price fluctuation is considered normal if the price change is 1% for one month, 5% during three and six months, and 10% during one-year period.

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