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Food Commodities Photo WFP/Aman ur Rehman khan

Market Monitor Report

WFP VAM | Food Security Analysis

Pakistan | September 2021

HIGHLIGHTS

- The prices of staple cereals and non-cereal food commodities in August 2021 experienced negligible to significant fluctuations when compared to the previous month's prices.
- In August 2021, the average retail prices negligibly increased for wheat (0.1%) and wheat flour (0.6%) from July 2021. Moreover, the price of rice *Irri-6* negligibly decreased by 0.4% while the price of rice *Basmati* slightly increased by 1.3% from the previous month.
- In August 2021, compared to the previous month, slight increases were noted in the retail prices of vegetable ghee, cooking oil, pulses (*Masoor*, Gram) and sugar along with a negligible increase for eggs. Whereas a significant decrease was observed in the price of live chicken, a slight decrease for pulse *Moong* and a negligible decrease for pulse *Mash* from the previous month.
- Headline inflation based on the Consumer Price Index (CPI) increased in August 2021 by 0.58% over July 2021 and increased by 8.35% over August 2020.
- In August 2021, the average ToT negligibly decreased by 0.6% from the previous month.
- In September 2021, the total global wheat production for 2021/22 is projected at 780.28 million MT, indicating a production increase of 3.4 million MT compared to the projection in August 2021.

Headline inflation

Headline inflation based on the Consumer Price Index (CPI) increased in August 2021 by 0.58% over July 2021 and increased by 8.35% over August 2020. The food/non-food values of CPI disaggregated at urban and rural areas is presented in Table 1. The weighted contribution of food

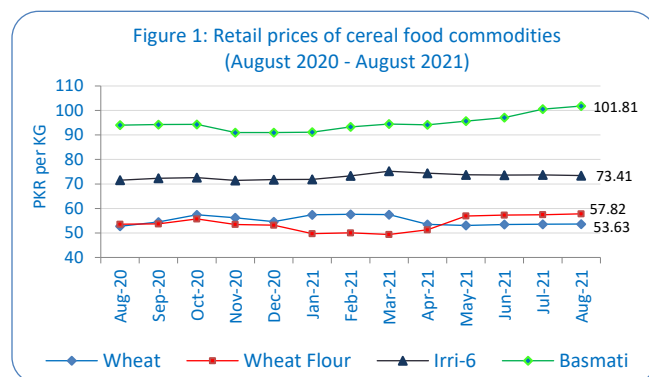
Period 2021	CPI (%)							
	Food				Non-Food			
	Urban		Rural		Urban		Rural	
	YoY	MoM	YoY	MoM	YoY	MoM	YoY	MoM
July	9.4	1.5	7.3	1.6	8.2	1.1	8.7	1.2
August	10.2	0.5	9.1	0.8	7.2	0.5	7.7	0.6

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

group in the overall CPI increased from 151.65 indices in July 2021 to 152.71 in August 2021 registering an increase of 0.70%, while it increased in August 2021 by 9.96% over August 2020¹.

Retail prices² of staple cereals

In August 2021, the average retail prices of wheat and wheat flour across the country's main markets³ were recorded at PKR 53.63 and PKR 57.82 per kg, respectively, indicating negligible⁴ increase in the prices of wheat (0.1%) and wheat flour (0.6%) from July 2021. Further, the prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 73.41 and PKR 101.81, respectively, indicating a negligible decrease for rice *Irri-6* (0.4%) and a slight increase for rice *Basmati* (1.3%) from the previous month, Figure 1.



Compared to three months ago (May 2021), the prices increased slightly for wheat (1%) and wheat flour (1.6%) in August 2021. Whereas the price decreased negligibly for rice *Irri-6* (0.5%) it increased slightly for rice *Basmati* (6.4%) in August 2021 when compared to their prices from three months ago.

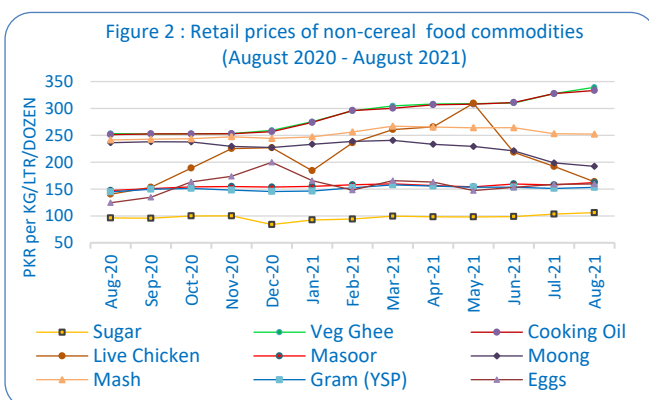
Compared to six months ago (February 2021), in August 2021, a slight decrease was noted in the price of wheat (6.9%) and a significant increase in the price of wheat flour (15.5%). Whereas the price increased negligibly for rice *Irri-6* (0.1%) it increased more than slightly for rice *Basmati* (9%) in August 2021 when compared to their prices from six months ago.

On one-year comparison (August 2020), in August 2021, a slight increase was noted in the price of wheat (1.7%) and a more than slight increase in the price of wheat flour (8%). Moreover, a slight increase was noted in the price of rice *Irri-6* (2.6%) and a more than slight increase in the price of rice *Basmati* (8.3%) over the same period.

Retail prices⁵ of non-cereal food commodities

In August 2021, 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.

In August 2021, compared to the prices from the previous month, slight increases were noted in the average retail prices of vegetable ghee (3.6%), pulse *Masoor* (2.7%), sugar (2.6%), cooking oil (1.8%), and pulse *Gram* (1.3%) along with a negligible increase for eggs (0.2%). Moreover, a significant decrease



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 Ranges of terms: Negligible: >0 to <1%, Slight: 1% to <8%, More than slight: 8% to <10%, Significant: 10% or higher.

⁵ Source: Pakistan Bureau of Statistics, Government of Pakistan.

was noted in the price of live chicken (14.8%), a slight decrease for pulse *Moong* (3.2%) and a negligible decrease for pulse *Mash* (0.3% when compared to the previous month).

Compared to three months ago (May 2021), in August 2021, more than slight increases were noted in the prices of vegetable ghee (9.9%), cooking oil (8.3%), eggs (8.2%), and sugar (8.1%) along with a slight increase for pulse *Masoor* (5.3%). Moreover, significant decreases were noted in the prices of live chicken (47.1%) and pulse *Moong* (16.2%) together with a slight decrease for pulse *Mash* (4.5%) and a negligible decrease pulse Gram (0.3%) compared to prices from three months ago.

Compared to six months ago (February 2021), in August 2021, significant increases were noted in the prices of vegetable ghee (14.9%), sugar (12.7%) and cooking oil (12.6%). Moreover, slight increases were noted for eggs (7.6%) and pulse *Masoor* (2.7%) along with a negligible increase for pulse Gram (0.5%) during the same period. Whereas significant decreases were observed for live chicken (30.7%) and pulse *Moong* (19.5%) along with a slight decrease for pulse *Mash* (1.6%) compared to six months ago.

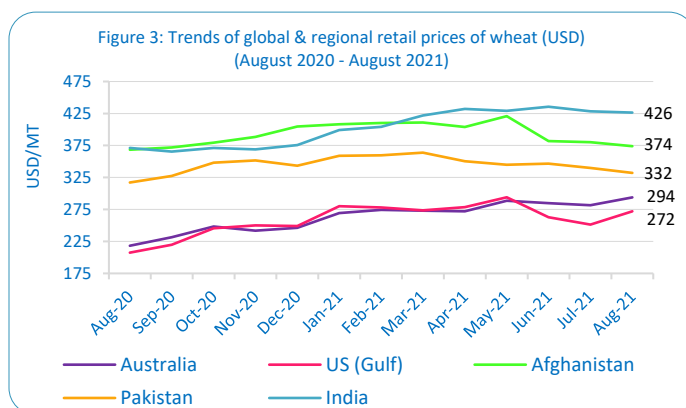
Compared to a year ago (August 2020), significant increases were noted in the prices of vegetable ghee (34.1%), cooking oil (32.7%), eggs (27.9%), live chicken (16.5%), sugar (10.2%) and pulse *Masoor* (10%) along with slight increases for pulses Gram (5.8%) and *Mash* (4.5%). Whereas a significant decrease was observed in the price of pulse *Moong* (18.7%) compared to a year ago.

Major markets across the country were found generally well-integrated for most of the essential cereal and non-cereal products in August 2021, except for markets in Quetta, where the prices of pulses (*Masoor*, *Moong*, *Mash* and Gram) were found the highest among the monitored cities - mainly because Quetta city is located farther from producing districts. Moreover, Quetta was also found to have the highest prices for wheat, rice *Irri-6*, sugar, live chicken, and eggs compared to the other cities. On the other hand, Karachi had the highest price for wheat flour and rice *Basmati*, while Lahore and Peshawar had the highest price for vegetable ghee along with Peshawar also had the highest price for cooking oil compared to the other cities.

Global wheat production

In September 2021, the total global wheat production projection for 2021/22 increased to 780.28⁶ million MT from 776.91⁷ million MT in August 2021 indicating a projected production increase of 3.4 million MT in September 2021.

Total global wheat consumption for 2021/22 is projected to increase in September 2021 by 3.0 million MT. Moreover, the total global ending stocks of wheat are projected to increase by 4.2 million MT in September 2021⁸.



In August 2021, the price of wheat increased in USA (8.2%)⁹ and Australia (4.4%)¹⁰ while it decreased in Pakistan (2.3%), Afghanistan (1.7%)¹¹, and India (0.5%) compared to the previous month.

In August 2021, the retail price of wheat in Pakistan was 22% higher than in USA, 13% higher than in Australia, while it was 22% lower than in India and 11% lower than in Afghanistan. Trends of global and regional retail prices of wheat are presented in Figure 3.

⁶ World Agriculture Supply and Demand Estimates, USDA.

⁷ World Agriculture Supply and Demand Estimates, USDA.

⁸ Ibid.

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

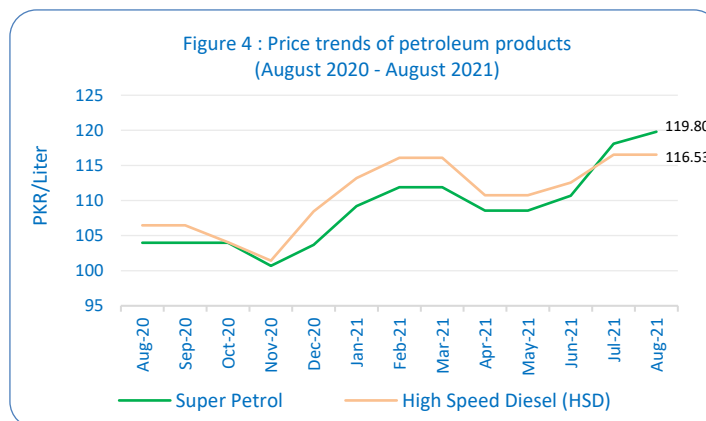
¹⁰ Ibid.

¹¹ WFP, Afghanistan.

Prices of petroleum products

In August 2021, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 119.80 and PKR 116.53¹² per liter, respectively, indicating a slight increase in the price of Super Petrol (1.4%) and no change in the price of HSD when compared to their prices from the previous month (Figure 4).

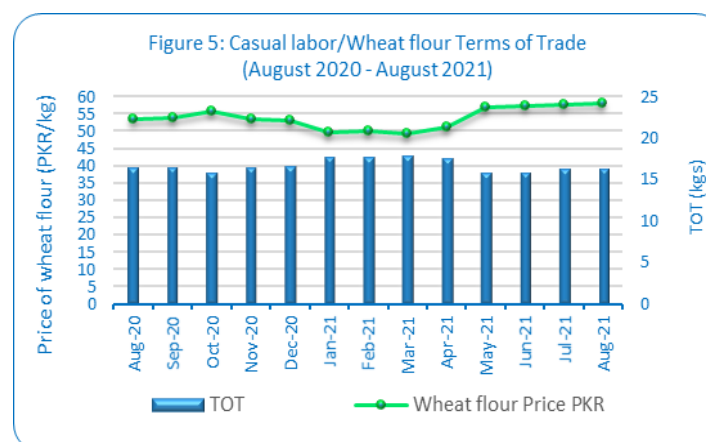
On a three-month comparison (May 2021), in August 2021 the price increased significantly for Super Petrol (10.4%) and slightly for HSD (5.2%). On a six-month comparison (February 2021), the price increased slightly for Super Petrol (7.1%) and negligibly for HSD (0.4%). Compared to a year ago (August 2020), the price increased significantly for Super Petrol (15.2%) and more than slightly for HSD (9.5%).



Terms-of-Trade (ToT)¹³

In August 2021, the average ToT was recorded at 16.25 kg of wheat flour. The ToT negligibly decreased by 0.6% from the previous month, mainly due to negligible increase in the price of wheat flour from the previous month while the average wage rate remained the same compared to the previous month, (Figure 5).

Compared to three months ago (May 2021), the ToT slightly increased in August 2021 by 2.3%, while compared to six months ago (February 2021) it decreased more than slightly by 8%. Whereas it also decreased slightly by 1.4% compared to a year ago (August 2020).



City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage¹⁴, or both. The highest ToT was observed in Lahore at 18.2 kg, mainly due to higher wage rate and lower price of wheat flour, while the lowest ToT was in Peshawar at 14.2 kg¹⁵ mainly due to higher price of wheat flour and low wage rate.

¹² Pakistan State Oil (PSO).

¹³ 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 of casual unskilled labor wage but does not say how many days a month a laborer can get work to cover the family food needs.

¹⁴ The income base for computation of ToT is the average wage rate of five major cities (Lahore, Multan, Karachi, Peshawar & Quetta).

¹⁵ Pakistan Bureau of Statistics, Government of Pakistan.

RETAIL PRICES OF ESSENTIAL FOOD COMMODITIES IN MAJOR CITIES – AUGUST 2021												
Major Commodities	Markets	Current Prices August 2021 per kg		% Change Over				Change Direction				
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y	
Wheat	Lahore	52.84	0.33	0.02%	2.44%	-12.29%	-3.04%	▶	▶	▼	▶	
	Multan	49.58	0.31	0.34%	6.19%	-13.20%	-4.19%	▶	▲	▼	▶	
	Karachi	56.00	0.35	0.00%	-3.45%	-2.61%	8.74%	▶	▶	▶	▶	
	Peshawar	50.22	0.31	0.45%	3.67%	-3.87%	-7.32%	▶	▶	▶	▶	
	Quetta	59.50	0.37	0.00%	-1.92%	-2.45%	15.00%	▶	▶	▶	▲	
Wheat Flour	Lahore	55.02	0.34	0.89%	3.67%	27.95%	27.95%	▶	▶	▲	▲	
	Multan	53.54	0.33	-0.27%	0.68%	20.85%	24.51%	▶	▶	▶	▲	
	Karachi	62.77	0.39	1.44%	-2.64%	-1.91%	-7.20%	▲	▶	▶	▶	
	Peshawar	56.20	0.35	0.95%	8.93%	10.40%	2.39%	▶	▲	▲	▶	
	Quetta	61.56	0.38	0.10%	-1.10%	28.25%	3.92%	▶	▶	▲	▶	
Rice Irri-6	Lahore	60.00	0.37	0.00%	0.00%	0.00%	4.38%	▶	▶	▶	▶	
	Multan	67.09	0.42	-2.24%	-2.57%	1.94%	1.39%	▼	▶	▶	▶	
	Karachi	80.03	0.50	0.10%	0.10%	5.23%	15.67%	▶	▶	▲	▲	
	Peshawar	70.00	0.43	0.00%	0.00%	-6.45%	0.00%	▶	▶	▼	▶	
	Quetta	89.91	0.56	0.00%	0.00%	0.00%	-5.27%	▶	▶	▶	▶	
Rice Basmati (Broken)	Lahore	88.78	0.55	0.00%	0.00%	15.49%	17.15%	▶	▶	▲	▲	
	Multan	99.18	0.61	1.07%	5.79%	5.79%	5.79%	▲	▲	▲	▶	
	Karachi	116.19	0.72	0.99%	4.87%	12.49%	21.55%	▶	▶	▲	▲	
	Peshawar	100.00	0.62	4.31%	11.11%	14.06%	11.11%	▲	▲	▲	▲	
	Quetta	104.92	0.65	0.00%	10.55%	0.00%	-8.71%	▶	▲	▶	▶	
Sugar	Lahore	106.23	0.66	2.60%	15.22%	11.29%	11.22%	▲	▲	▲	▲	
	Multan	103.04	0.64	1.25%	6.83%	11.90%	10.82%	▲	▲	▲	▲	
	Karachi	107.71	0.67	2.90%	6.63%	14.85%	11.79%	▲	▲	▲	▲	
	Peshawar	103.83	0.64	2.26%	3.01%	10.13%	5.79%	▲	▶	▲	▶	
	Quetta	109.49	0.68	4.17%	9.49%	15.25%	11.46%	▲	▲	▲	▲	
Vegetable Ghee (Tin)	Lahore	350.00	2.17	0.00%	12.90%	20.83%	38.98%	▶	▲	▲	▲	
	Multan	329.30	2.04	6.23%	6.23%	10.97%	28.31%	▲	▲	▲	▲	
	Karachi	340.41	2.11	-1.23%	9.81%	11.98%	36.16%	▼	▲	▲	▲	
	Peshawar	350.00	2.17	11.93%	15.13%	23.79%	36.21%	▲	▲	▲	▲	
	Quetta	326.96	2.02	1.81%	5.47%	7.55%	30.78%	▲	▲	▲	▲	
Cooking Oil (Tin)	Lahore	333.00	2.06	5.47%	8.12%	11.37%	34.27%	▲	▲	▲	▲	
	Multan	318.18	1.97	3.31%	3.31%	9.06%	24.62%	▲	▶	▲	▲	
	Karachi	336.93	2.09	-1.09%	9.39%	12.69%	35.86%	▼	▲	▲	▲	
	Peshawar	346.00	2.14	4.76%	12.34%	18.60%	34.66%	▲	▲	▲	▲	
	Quetta	333.00	2.06	-3.02%	8.12%	11.37%	34.27%	▼	▲	▲	▲	
Chicken Live (Farm)	Lahore	141.43	0.88	-15.29%	-48.98%	-32.77%	22.64%	▼	▼	▼	▲	
	Multan	168.96	1.05	-11.86%	-43.87%	-29.16%	23.18%	▼	▼	▼	▲	
	Karachi	165.77	1.03	-9.58%	-49.53%	-34.73%	5.65%	▼	▼	▼	▶	
	Peshawar	162.01	1.00	-12.73%	-42.77%	-27.28%	20.53%	▼	▼	▼	▲	
	Quetta	179.88	1.11	-22.68%	-49.74%	-29.20%	13.67%	▼	▼	▼	▲	
Pulse Masoor (Washed)	Lahore	169.39	1.05	6.91%	6.91%	8.50%	19.78%	▲	▲	▲	▲	
	Multan	150.83	0.93	2.11%	3.68%	1.43%	8.33%	▲	▶	▶	▶	
	Karachi	158.99	0.98	1.49%	0.42%	0.93%	6.75%	▲	▶	▶	▶	
	Peshawar	156.25	0.97	4.17%	9.70%	-1.93%	6.29%	▲	▲	▶	▶	
	Quetta	174.95	1.08	-0.56%	6.06%	4.49%	9.41%	▶	▲	▶	▶	
Pulse Moong (Washed)	Lahore	187.17	1.16	-0.88%	-20.54%	-20.54%	-21.16%	▶	▼	▼	▼	
	Multan	154	0.95	2.31%	-22.76%	-33.27%	-18.23%	▲	▼	▼	▼	
	Karachi	210.09	1.30	-2.79%	-14.94%	-14.38%	-13.15%	▼	▼	▼	▼	
	Peshawar	180	1.11	-10.00%	-10.00%	-14.57%	-23.19%	▼	▼	▼	▼	
	Quetta	229.85	1.42	-3.29%	-13.24%	-15.25%	-17.88%	▼	▼	▼	▼	
Pulse Mash (Washed)	Lahore	273.96	1.70	-0.30%	-4.56%	0.92%	12.61%	▶	▶	▶	▲	
	Multan	218.23	1.35	0.25%	-11.37%	-11.17%	2.37%	▶	▶	▼	▶	
	Karachi	237.23	1.47	-0.37%	-7.63%	-3.71%	3.92%	▶	▼	▶	▶	
	Peshawar	256.66	1.59	0.00%	0.65%	4.03%	4.53%	▶	▶	▶	▶	
	Quetta	274.97	1.70	-1.06%	0.02%	1.39%	-0.45%	▼	▶	▶	▶	
Pulse Gram (a.k.a. Yellow Split Peas)	Lahore	137.38	0.85	1.65%	-5.61%	-0.04%	10.20%	▲	▼	▶	▲	
	Multan	140.92	0.87	1.06%	0.30%	-1.12%	12.32%	▲	▶	▶	▲	
	Karachi	158.19	0.98	1.19%	-0.75%	0.11%	4.77%	▲	▶	▶	▶	
	Peshawar	153.99	0.95	2.66%	2.66%	2.66%	3.58%	▲	▶	▶	▶	
	Quetta	174.95	1.08	0.00%	1.46%	0.73%	0.73%	▶	▶	▶	▶	

▲ 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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