

Pakistan Market Price Bulletin – February 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

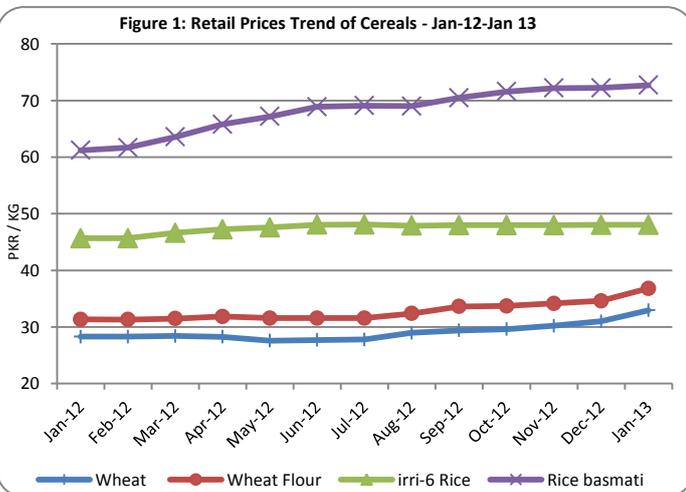
- In January, the prices of wheat and wheat flour in Pakistan reached an all-time high with an increase of 6.35% and 6.33% respectively, compared to the previous month. This was in contrast to a marginal decline observed in the prices in USA, Australia and India.
- General inflation, based on Consumer Price Index (CPI) increased by 8.1% year-on-year basis compared to 7.9% in the previous month and 10.1% in January 2012.
- Prices of most non-cereal essential food commodities showed marginal to modest increase. However, for the poultry products, the price of chicken increased by 9.8% while that of eggs decreased by 8.9%
- The price of petroleum products remained fairly stable.
- Further deterioration was observed in the purchasing power of poor households.

Inflation Watch

General inflation, based on Consumer Price Index (CPI), increased by 8.1 percent year-on-year basis in January, compared to 7.9 percent in the previous month and 10.1 percent in January 2012. Month-on-month basis, it increased by 1.7 percent in January 2013 compared to 0.2 percent in the previous month and an increase of 1.5 percent in January 2012¹.

Significant rise in staple cereal prices

The wheat and wheat flour prices reached a new all-time high in January. The average retail price of wheat increased by 6.35 percent from Rs.31/kg to Rs.33/kg while that of wheat flour increased by 6.33 percent from Rs.34.6/kg to Rs.36.81/kg in the major markets² across the country. Along with this hike in price, there is also a sudden shortage in the supply of wheat and wheat flour in the country which could be associated with the lean season. As we approach towards the end of the current marketing year, the steady rise in wheat prices in recent months is likely to have impacts on the price of fresh wheat harvest expected in April-May this year. The price of rice (*Basmati and Irri-6*) remained stable compared to previous month.



Compared to mid-2012, prices of wheat and wheat flour have gone up by a whopping 18.7 and 16.6 percent respectively. This significant and steady rise in wheat price since July 2012 can be clearly noticed from Figure 1, which shows the trend of cereal prices in the past one year. In the same period, the price of Basmati has gone up by 5.20 percent while that of *Irri-6* registered a nominal decrease of 0.1 percent.

Compared to a year ago, average retail prices of wheat and wheat flour were 16.5 percent and 17.4 percent higher in January. In the same period, prices of rice Basmati and irri-6 went up by 18.8 and 5.2 percent respectively.

Significant spatial variation in the prices of different cereals was also noticed. The highest price of wheat was recorded in Peshawar at Rs.34.70/kg whereas lowest was in Lahore as Rs.30.99/kg. As for the wheat flour, the price remained highest in Karachi at Rs.40.70/kg and lowest in Lahore at Rs.34.30/kg³.

Non-cereal food commodity price trends

Prices of major non-cereal food commodities registered marginal to modest increases except for poultry products, which had significant price fluctuations. The prices of pulses *Massor*, *Moong* and *Mash* increased by 4.4, 2.5 and 0.4 percent respectively compared to the previous month. Marginal increase was also noted in the prices of sugar (0.6%), vegetable oil (0.3%) and ghee (0.6%). As for the poultry products, the price of chicken increased by 9.8% (from Rs.144.52 per kg to Rs.158.63 per kg) while that of eggs decreased by 8.9 percent (from Rs.122.47 per dozen to Rs.111.56 per dozen) in the same period. Looking at the historical prices, prices of poultry products are expected to fall in the summer seasons due to decrease in demand.

Compared to six month ago, prices of these commodities have shown a modest decline until January except for eggs, the price of which rose by a whopping 44.6 percent during this period. However, the prices were still higher compared to a year ago. For instance, prices of *Moong* and *Mash* increased by 5 and 6 percent while that of chicken and eggs rose by 3 and 4 percent respectively. During the same period,

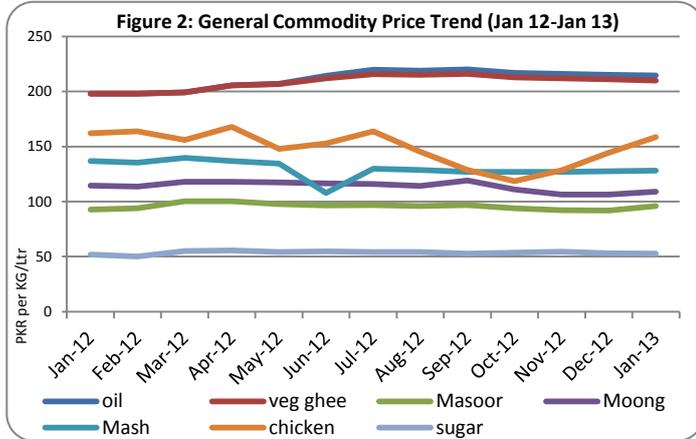
[†] Based on data from January 2013

¹ Pakistan Bureau of Statistics

² Lahore, Multan, Karachi Peshawar and Quetta

³Source: Pakistan Bureau of Statistics

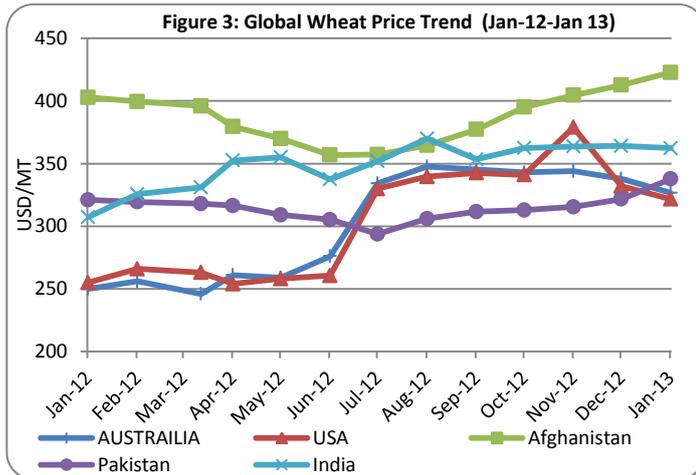
the prices of vegetable oil and *ghee* have increased by 8 and 6 percent respectively. On the other hand, the prices of pulse *Masoor* and Sugar registered some modest decline in the same period.



Significant variation was also noted in the price of these commodities between provinces. For instance, the highest price of *irri-6* was recorded in Lahore at Rs.59/kg while the lowest was in Quetta at Rs.40/kg. Similarly, the highest price of chicken was recorded in Peshawar at Rs.176.40 per kg, which is 22 percent higher than that in Lahore (Rs.144.16 per kg). Prices of all pulses were recorded very high in Balochistan and lowest in Punjab province.

Global wheat supply marginally decreased, some decline in prices

In January, estimated global wheat supply remained nearly unchanged with a small increase in beginning stocks more than offsetting a small decrease in production. Global wheat production was projected as 0.7 million tons lower with projected decrease in Kazakhstan and Brazil, but increased in Ukraine, South Africa, and Belarus. Global wheat consumption was almost unchanged at 673.4 million tons; even though annual global consumption was projected to be 24.6 million tons lower this year compared to last year, reflecting overall lower consumption in 2012-13.



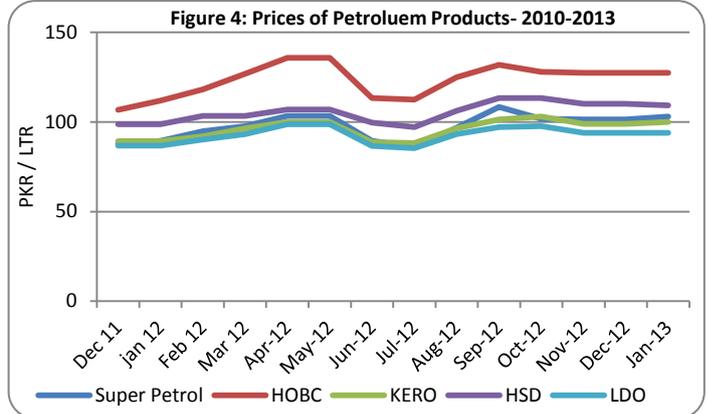
As for the international prices in January, wheat prices showed some decline in USA and Australia (3% each)⁴ and India (1%) while it increased by 2.5 percent in Afghanistan⁵. Despite sharp increase in recent months, domestic wheat price in Pakistan in January was still lower than India and Afghanistan by 7.3 percent and 25.2 percent

⁴WFP Procurement FOB Prices
⁵WFP Afghanistan Office

respectively. On the other hand, the wheat price in Pakistan remained higher by about 5 percent than that in the US and 3.3 percent than Australia.

Prices of petroleum products remained stable

Prices of petroleum products remained fairly stable in January. The Government announced marginal increase in the price of petrol by Rs.1.65/Ltr and a marginal decrease in that of high speed diesel by Rs.0.92/Ltr. With this, the new prices have been Rs.103.07/Ltr for petrol and Rs.109.21/Ltr for HSD.

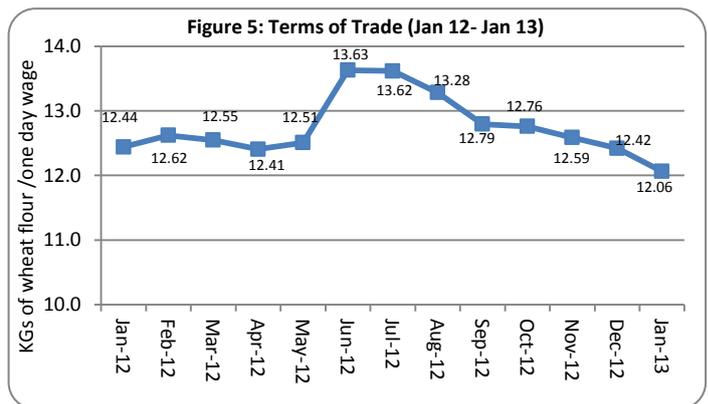


The price of compact natural gas remained unchanged. Price of CNG was recorded as Rs.74.44 per kg in Region 1 (Potohar, Khyber Pakhtunkhwa, and Balochistan), and Rs.65.78 per kg in Region2 (Sindh, Punjab, and its areas excluding Potohar).

Purchasing power of poor households

Figure 5 shows that Terms of Trade (ToT)⁶ for the low income group further deteriorated marginally from 12.42 kg in December to 12.06 kg in January. Even though there was an increase in unskilled wage rate by three percent, a higher increase in wheat prices (by 6.4%) caused the ToT to decline further.

On a year-on-year basis, average daily wage rate and price of wheat flour did not increase in the same proportion. The wage rate in



January was found to be higher by 14 percent compared to a year ago, while the price of wheat flour has increased by 17.4 percent in the same period. Thus there has been an overall decline in ToT by three percent. Among the provinces, the highest ToT in January was observed in Lahore at 13.8 kg and the lowest in Multan at 10.22 kg.

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

Retail prices of various food commodities in major cities– January 2012

Major Commodities	Markets	Current Prices (Jan 2013) / KG		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	LAHORE	30.99	0.32	0.52%	9.73%	17.21%	12.05%	▶	▲	▲	▲
	MULTAN	32.40	0.33	10.77%	16.23%	28.00%	23.13%	▲	▲	▲	▲
	KARACHI	34.50	0.35	7.39%	11.29%	18.45%	21.05%	▲	▲	▲	▲
	PESHAWAR	34.70	0.36	9.29%	15.67%	23.93%	19.66%	▲	▲	▲	▲
	QUETTA	32.20	0.33	3.87%	3.87%	7.33%	7.33%	▲	▶	▶	▶
Wheat flour kg	LAHORE	34.30	0.35	3.55%	5.54%	13.39%	14.33%	▲	▲	▲	▲
	MULTAN	36.20	0.37	8.87%	11.38%	24.29%	20.67%	▲	▲	▲	▲
	KARACHI	40.70	0.42	5.37%	10.00%	15.46%	19.71%	▲	▲	▲	▲
	PESHAWAR	37.63	0.39	10.41%	15.79%	24.41%	24.41%	▲	▲	▲	▲
	QUETTA	35.20	0.36	3.53%	3.53%	6.67%	8.31%	▲	▶	▲	▶
Rice irri-6	LAHORE	59.00	0.60	0.00%	0.00%	0.00%	6.04%	▶	▶	▶	▶
	MULTAN	41.00	0.42	0.00%	0.00%	0.00%	10.81%	▶	▶	▶	▲
	KARACHI	51.54	0.53	0.00%	0.00%	0.00%	6.01%	▶	▶	▶	▶
	PESHAWAR	48.67	0.50	0.16%	0.70%	-0.51%	3.55%	▶	▶	▶	▶
	QUETTA	40.00	0.41	0.00%	0.00%	0.00%	0.00%	▶	▶	▶	▶
Rice basmati broken	LAHORE	69.09	0.71	0.44%	0.44%	0.44%	14.60%	▶	▶	▶	▲
	MULTAN	76.50	0.78	2.00%	2.00%	10.87%	25.41%	▲	▶	▲	▲
	KARACHI	66.54	0.68	0.00%	0.00%	0.00%	12.04%	▶	▶	▶	▲
	PESHAWAR	76.33	0.78	0.66%	1.77%	2.86%	15.08%	▶	▶	▶	▲
	QUETTA	75.00	0.77	0.00%	3.45%	11.94%	27.12%	▶	▶	▲	▲
Sugar	LAHORE	52.75	0.54	-1.38%	-2.93%	-2.84%	1.58%	▼	▶	▶	▶
	MULTAN	51.30	0.53	0.10%	-1.35%	-3.21%	1.58%	▶	▶	▶	▶
	KARACHI	53.63	0.55	-1.25%	-0.74%	-1.81%	3.73%	▼	▶	▶	▶
	PESHAWAR	53.80	0.55	-1.28%	0.09%	-1.45%	1.03%	▼	▶	▶	▶
	QUETTA	52.80	0.54	1.05%	-1.95%	-2.00%	2.03%	▲	▶	▶	▶
Veg. Ghee (tin)	LAHORE	216.00	2.21	0.00%	0.00%	0.00%	9.09%	▶	▶	▶	▶
	MULTAN	202.00	2.07	0.00%	-1.70%	-6.48%	2.02%	▶	▶	▼	▶
	KARACHI	202.00	2.07	-1.94%	-4.49%	-6.48%	2.02%	▼	▶	▼	▶
	PESHAWAR	213.20	2.18	-1.30%	-1.30%	-0.61%	7.68%	▼	▶	▶	▶
	QUETTA	216.00	2.21	0.00%	0.00%	0.00%	9.09%	▶	▶	▶	▶
Cooking oil (tin)	LAHORE	220.00	2.25	0.00%	0.00%	0.00%	11.11%	▶	▶	▶	▲
	MULTAN	208.40	2.14	1.17%	-0.53%	-5.27%	5.25%	▲	▶	▼	▶
	KARACHI	206.00	2.11	-1.90%	-4.41%	-6.36%	4.04%	▼	▶	▼	▶
	PESHAWAR	218.00	2.23	-0.91%	-0.91%	-0.23%	10.10%	▶	▶	▶	▲
	QUETTA	220.00	2.25	0.00%	0.00%	0.00%	11.11%	▶	▶	▶	▲
Chicken live (farm)	LAHORE	144.16	1.48	13.64%	46.59%	-12.29%	0.21%	▲	▲	▼	▶
	MULTAN	159.00	1.63	16.70%	39.47%	-4.36%	1.76%	▲	▲	▶	▶
	KARACHI	147.60	1.51	-4.77%	24.03%	6.57%	-15.66%	▼	▲	▲	▼
	PESHAWAR	176.40	1.81	20.00%	50.77%	-3.34%	3.92%	▲	▲	▶	▶
	QUETTA	166.00	1.70	5.40%	14.48%	-0.90%	-0.15%	▲	▲	▶	▶
Pulse Masoor, washed	Lahore	92.29	0.95	4.20%	-0.14%	-7.05%	-0.23%	▲	▶	▼	▶
	Multan	97.50	1.00	0.00%	0.00%	-4.88%	-4.88%	▶	▶	▶	▶
	Karachi	93.08	0.95	8.76%	-2.02%	12.04%	14.15%	▲	▶	▲	▲
	Peshawar	91.34	0.94	3.41%	-3.44%	8.09%	-2.13%	▲	▶	▲	▶
	Quetta	106.00	1.09	6.00%	0.95%	-8.23%	13.07%	▲	▶	▼	▲
Pulse Moong, washed	Lahore	103.93	1.07	0.00%	-11.60%	-13.08%	-15.52%	▶	▼	▼	▼
	Multan	101.50	1.04	4.10%	2.35%	-2.56%	-5.58%	▲	▶	▶	▶
	Karachi	107.08	1.10	3.88%	-12.45%	-18.02%	-13.00%	▲	▼	▼	▼
	Peshawar	105.00	1.08	0.00%	-1.57%	4.56%	8.25%	▶	▶	▶	▶
	Quetta	128.00	1.31	4.49%	6.22%	2.09%	4.49%	▲	▲	▶	▶
Pulse Mash, Washed	Lahore	155.89	1.60	0.00%	3.44%	2.59%	-0.20%	▶	▶	▶	▶
	Multan	117.50	1.20	0.00%	-4.08%	-7.84%	-17.54%	▶	▶	▼	▼
	Karachi	113.08	1.16	0.00%	-0.05%	2.21%	-2.25%	▶	▶	▶	▶
	Peshawar	123.00	1.26	0.75%	0.75%	-2.86%	-9.45%	▶	▶	▶	▶
	Quetta	131.60	1.35	1.23%	2.81%	-1.05%	-2.16%	▲	▶	▶	▶

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 within 1 % during one month, 5% during three and six months and 10 percent during one year period.

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