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Food Commodities Photo WFP / Aman ur Rehman Khan

# Market Monitor Report

WFP VAM | Food Security Analysis

## Pakistan | June 2019

### HIGHLIGHTS

- In May 2019, the average retail prices of wheat and wheat flour increased by 0.8% and 1.2%, respectively; the prices of rice *Irri-6* and rice *Basmati* increased by 0.9% and 1.2%, respectively, in May 2019 when compared to the previous month;
- Headline inflation based on the Consumer Price Index (CPI) increased in May 2019 by 0.78% over April 2019 and increased by 9.11% over May 2018;
- The prices of staple cereals and most of non-cereal food commodities in May 2019 experienced slight fluctuations when compared to the previous month's prices;
- In May 2019, the average ToT slightly decreased by 0.1% from previous month;
- In June 2019, the total global wheat production for 2019/20 is projected at 780.83 million MT, indicating an increase of 3.3 million MT compared to the projection made in May 2019.



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### Headline inflation

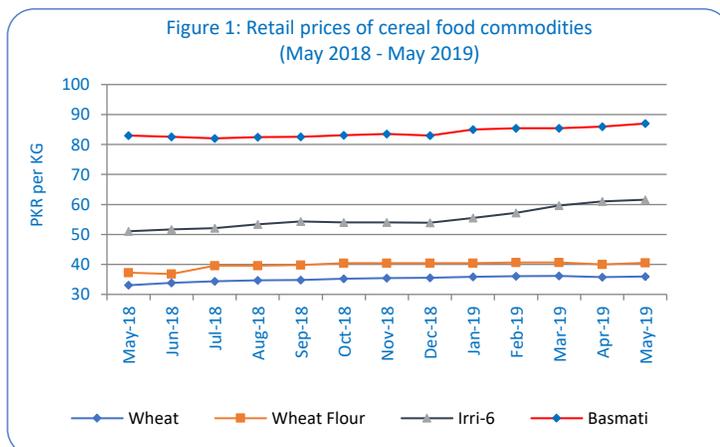
Headline inflation based on the Consumer Price Index (CPI) increased in May 2019 by 0.78% over April 2019 and increased by 9.11% over May 2018. The CPI for food increased by 1.1% in May 2019 as compared to an increase of 1.7% a month earlier and increased by 8.7% over May 2018; while for non-food it increased by 0.6% in May 2019 as compared to an increase of 1% a month earlier and increased by 9.4% over May 2018. The weighted contribution of food group in the overall CPI has increased from 251.63 indices in April 2019 to 254.52 in May 2019, registering an increase of 1.15%; while it increased in May 2019 by 8.58% over May 2018<sup>1</sup>.

### Retail prices of staple cereals

In May 2019, the average retail prices of wheat and wheat flour across the country's main markets<sup>2</sup> were recorded at PKR 36 and PKR 40.52 per kg, respectively, indicating slight increases of 0.8% and 1.2% for wheat and wheat flour, respectively, from April 2019. The prices of rice *Irri-6* and rice *Basmati* were recorded at PKR 61.58 and PKR 86.98, respectively, indicating increases of 0.9% and 1.2% in the price of *Irri-6* and rice *Basmati* from the previous month (Figure 1).

Compared to three months ago (February 2019), the price of wheat and wheat flour decreased by 0.3% and 0.2%, respectively. The price of rice *Irri-6* increased by 7.6% while price of rice *Basmati* increased by 1.8% in May 2019, when compared to their prices in February 2019.

Compared to six months ago (November 2018), the prices in May 2019 for wheat and wheat flour increased by 1.7% and 0.3%, respectively. Whereas, the prices of rice *Irri-6* and *Basmati* increased by 14.1% and 4.2%, respectively, for the same period.

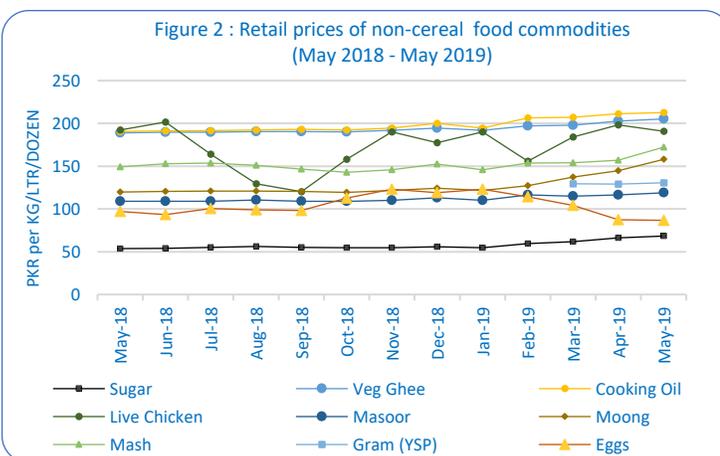


On one-year comparison, in May 2019 the prices of wheat and wheat flour both increased by 8.9%. Whereas, the prices of rice *Irri-6* and rice *Basmati* increased by 20.6% and 4.8%, respectively, for the same period.

### Retail prices of non-cereal food commodities

In May 2019, slight fluctuations were observed in the prices of most of the non-cereal food commodities when compared to their prices from a month ago, (Figure 2).

In May 2019, slight decreases were observed in the prices of live chicken (3.7%) and eggs (1%) compared to previous month. Whereas, slight increases were noted in the prices of pulse *Mash* (9.9%), pulse *Moong* (9.3%), sugar (3.2%), pulse *Masoor* (2.2%), vegetable ghee (1.2%), pulse Gram<sup>3</sup> (1.2%), and cooking oil (0.6%) compared to their prices from a month ago.



<sup>1</sup> Pakistan Bureau of Statistics, Government of Pakistan.

<sup>2</sup> Lahore, Multan, Karachi, Peshawar and Quetta.

<sup>3</sup> From May 2019 Bulletin, Pulse Gram (Yellow Split Peas) has been added to the price watch list.

Compared to three months ago (February 2019), significant increases were noted in the prices of pulse *Moong* (24.1%), live chicken (22.6%), sugar (14.7%), and pulse *Mash* (12.1%). Whereas, slight increases were noted in the prices of vegetable ghee (4.1%), cooking oil (2.9%), and pulse *Masoor* (2.01%). Meanwhile, a significant decrease was noted in the price of eggs (24%) compared to three months ago.

Compared to six months ago (November 2018), significant increases were noted in the prices of pulse *Moong* (29.9%), sugar (24.7%), and pulse *Mash* (18.3%). While slight increases were noted in the prices of cooking oil (9.3%), pulse *Masoor* (8.1%), and vegetable ghee (6.9%). Whereas, a significant decrease was noted in the price of eggs (29.6%) in May compared to six months ago.

Compared to a year ago (May 2018) significant increases were noted in prices of pulse *Moong* (31.7%), sugar (27.4%), pulse *Mash* (15.5%), and cooking oil (11.6%). While, slight increases were noted in the prices of pulse *Masoor* (9%) and vegetable ghee (8.6%). Whereas, a significant decrease was noted in the price eggs (10.6%) while a negligible decrease was observed in the price of live chicken (0.7%) in May compared to a year ago.

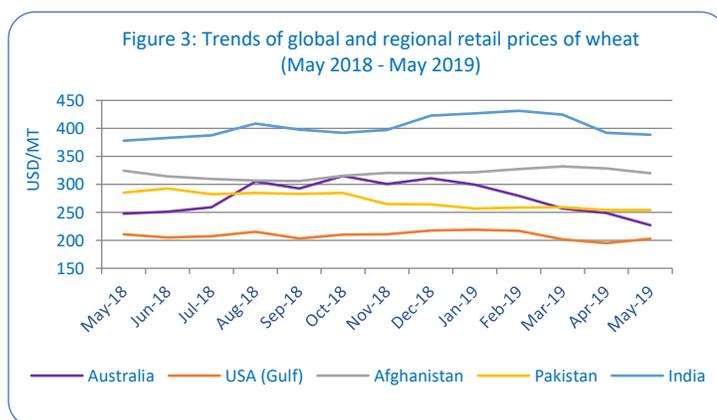
Major markets across the country were found generally well-integrated for most of the cereal and non-cereal products in May 2019, except for Lahore and Quetta, where the prices of pulse *Mash* and pulse *Masoor* were significantly higher than the other big cities mainly because both Lahore and Quetta are located farther from producing districts. Quetta was found to have also the highest price for eggs, sugar, wheat flour, and live chicken compared to other major cities. Some price variations among markets were also noted for Peshawar markets where Peshawar was observed to have the lowest prices of pulse *Masoor* and *Moong* among the major cities.

### Global wheat production

In June 2019, the total global wheat production projection for 2019/20 increased to 780.83<sup>4</sup> million MT from 777.49 million MT in May 2019, due to a projected production increase of 3.3 million MT for 2019/20.

Total global wheat consumption for 2019/20 is projected higher this month by 3.6 million MT. Total projected global ending stocks have increased by 1.3 million MT this month<sup>5</sup>.

Compared to April 2019, wheat price in May 2019 decreased in Australia (8.7%)<sup>6</sup>, Afghanistan (2.7%)<sup>7</sup>, and India (0.9%)<sup>8</sup>. While it increased in USA (4%)<sup>9</sup> and Pakistan (0.01%)<sup>10</sup> compared to previous month. In May 2019, the retail price of wheat in Pakistan was 25% higher than in USA and 12% higher than in Australia, while it was 35% lower than in India and 21% lower than in Afghanistan, (Figure 3).



### Prices of petroleum products

In May 2019, retail prices of Super Petrol and High-Speed Diesel (HSD) were recorded at PKR 108.42 and PKR 122.32<sup>11</sup> per liter, respectively, indicating slight increases in the prices of Super Petrol and HSD by 9.6% and 4.2%, respectively, when compared to their prices in April 2019, (Figure 4).

<sup>4</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>5</sup> World Agriculture Supply and Demand Estimates, USDA.

<sup>6</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>7</sup> WFP, Afghanistan.

<sup>8</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>9</sup> FAO Global Information and Early Warning System (GIEWS).

<sup>10</sup> Pakistan Bureau of Statistics, Government of Pakistan.

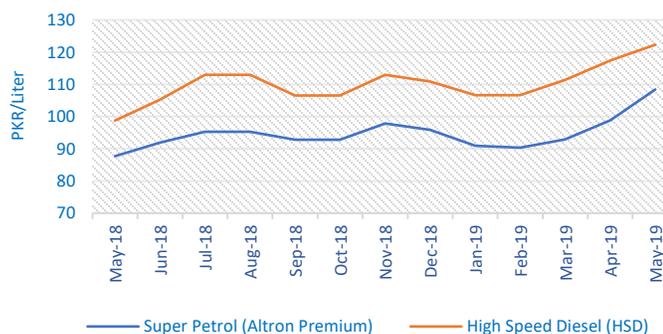
<sup>11</sup> Pakistan State Oil (PSO). <http://www.psopk.com>.

On a three-month comparison (February 2019), the price of Super Petrol and HSD increased by 20% and 14.7%, respectively.

On a six-month comparison (November 2018), the prices increased for Super Petrol and HSD by 10.8% and 8.3%, respectively.

Compared to prices a year ago (May 2018), significant increases were noted in prices of both Super Petrol and HSD by 23.6% and 23.9%, respectively.

Figure 4 : Price trends of petroleum products  
(May 2018 - May 2019)

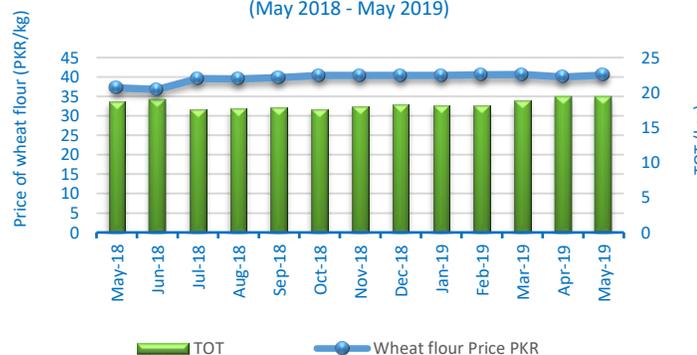


### Terms-of-Trade (ToT)<sup>12</sup>

In May 2019, the average ToT slightly decreased by 0.1% from previous month and was recorded at 19.39 kg of wheat flour, mainly due to a slight increase in the price of wheat flour, (Figure 5).

Compared to three months ago (February 2019), the ToT slightly increased in May 2019 by 6.8%. A slight increase of 7.2% was also observed from six months ago (November 2018). Whereas, an increase of 3.6% was noted compared to a year ago (May 2018).

Figure 5: Casual labor/Wheat flour Terms of Trade  
(May 2018 - May 2019)



City-wise, the ToT varied across different cities due to variations either in wheat flour price or the labor wage<sup>13</sup>, or both. The highest ToT was observed in Karachi at 22.3 kg, mainly due to higher wage rates, while the lowest ToT was in Peshawar at 14.8 kg<sup>14</sup> mainly due to a low wage rate and high price of wheat flour.

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