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Market Monitor Report

WFP VAM | Food Security Analysis

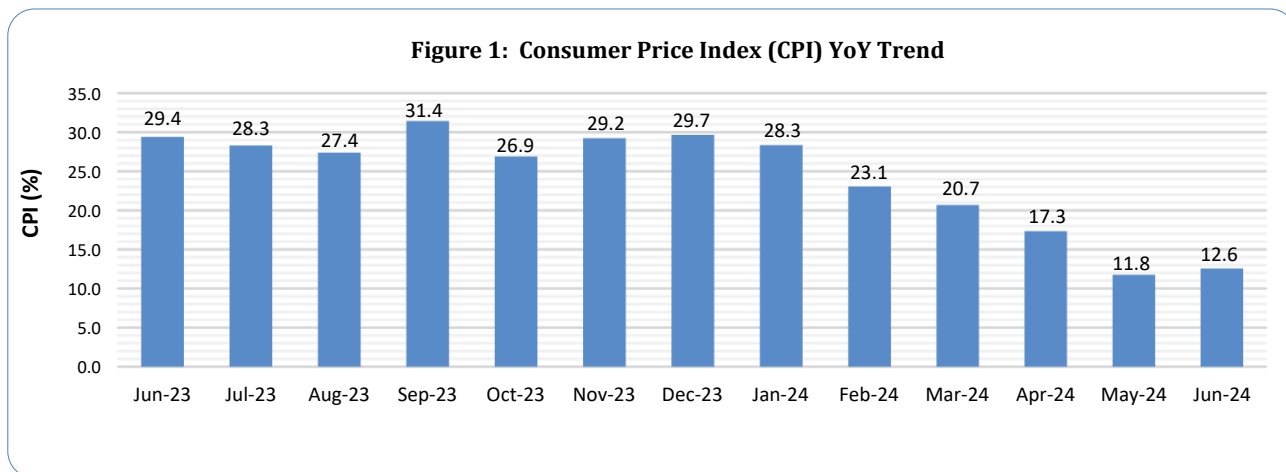
Pakistan | July 2024

HIGHLIGHTS of June 2024

- **CPI-Based Annual Headline Inflation is at 12.6%**, up by 0.5% from previous month.
- **Annual Food Inflation increased to 0.97%**, up from -0.17% in May 2024.
- **Staple cereals prices declined compared to the previous month.**
 - Wheat, wheat flour, and rice prices declined slightly.
 - Compared to the previous year, a significant year-on-year increase in price was observed for rice variety Irri-6 (average quality rice) and a significant decrease in the prices of wheat and wheat flour.
- **Fluctuations in non-cereal food prices**
 - Significant (MoM) increase was noted in the price of pulse Gram and a slight increase for *mash*, while a slight decrease was noted in the price of pulse *masoor*. Significant (YoY) price spikes were observed for pulses *mash*, Gram, moong, and masoor.
 - Price of chicken and eggs decreased by 3% while sugar decreased by 1% compared to prices in May 2024. YoY price of sugar was higher by 16%, while prices were significantly lower for live chicken, cooking oil and ghee and slightly lower for eggs.
- **Terms of Trade (ToT)** has improved by 8% over the past month and by 54% compared to a year ago.

Headline inflation

In June 2024, headline inflation, based on the Consumer Price Index (CPI) was 12.6%, up by 0.5% compared to the previous month. Trends in CPI are summarized in Figure 1, showing that the inflation rate increased in June after declining for five consecutive months. Annual Food Inflation increased to 0.97%, up from -0.17% in May 2024. The weighted contribution of food in the CPI increased by 0.12% from 264.01 in May to 264.33 in June 2024, and 0.97% higher than in June 2023¹.

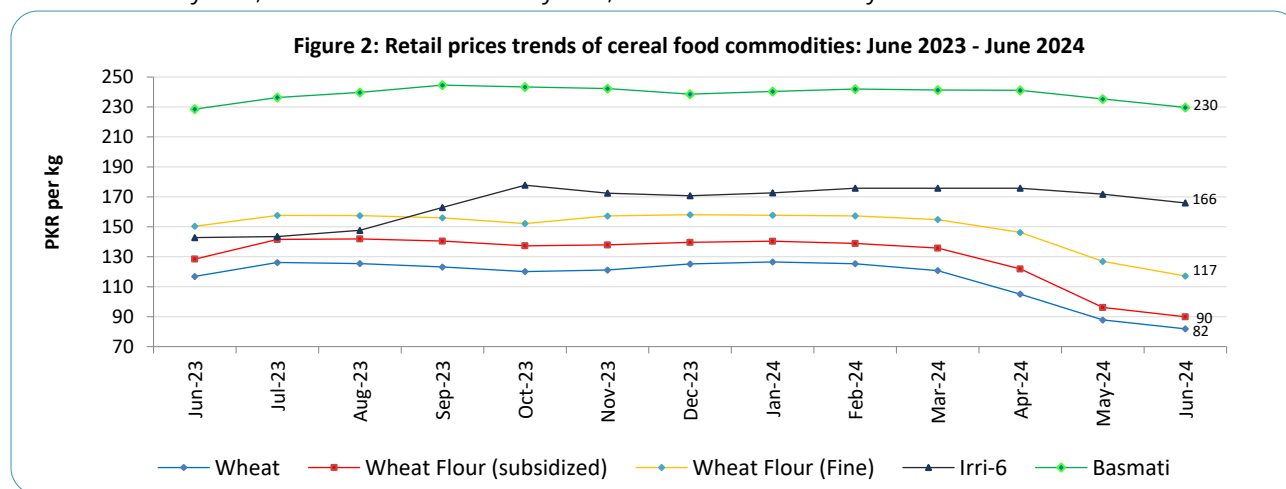


Retail prices² of staple cereals

Pakistani households are highly dependent on markets for both food and non-food items, mostly for selling and/or sourcing of food, agro-livestock commodities and related inputs, labor, and other non-food items.

As shown in Figure 2, in June 2024, the average retail prices (per kg) of wheat, wheat flour (subsidized), and wheat flour (fine) decreased compared to the previous month, across the country's main markets³.

- Wheat grain: PKR 82 (-7%); wheat flour (subsidized): PKR 90 (-6%); wheat flour (fine): PKR 117 (-8%)
- *Irri-6* was recorded at PKR 166/kg, down 3% while *Basmati* was PKR 230/kg, down 2%.
- A comparison of prices with same time previous year (June 2023) shows an increase in the price of rice (*Irri-6* by 16% and *Basmati* by 0.5%) and a significant decrease in the prices of wheat and wheat flour: wheat down by 30%, subsidized wheat flour by 30%, and fine wheat flour by 22%.



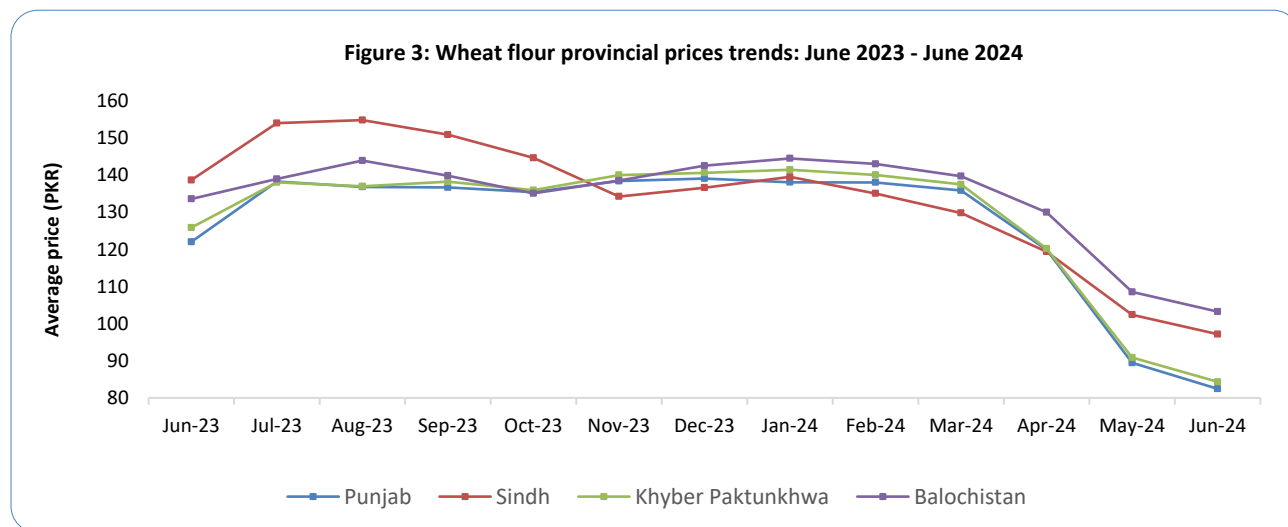
¹ Pakistan Bureau of Statistics, Government of Pakistan.

² Source: Pakistan Bureau of Statistics, Government of Pakistan.

³ Lahore, Multan, Karachi, Peshawar, and Quetta.

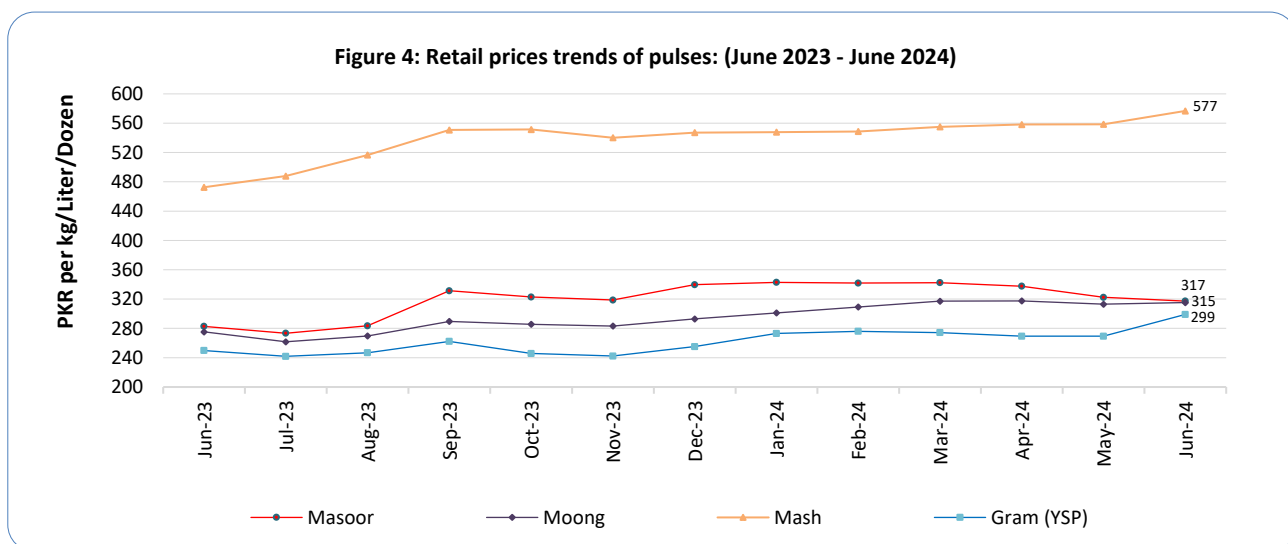
Wheat Flour Price Trends (by Province)

By province, the highest price of wheat flour per kg in June 2024 was observed in Balochistan (PKR 103), followed by Sindh (PKR 97). Khyber Pakhtunkhwa (PKR 84) and Punjab (PKR 82). Figure 3 shows retail price trends (by province) of wheat flour over one year. Wheat flour prices declined in June 2024 compared to previous month across all provinces.



Retail prices⁴ of non-cereal food commodities

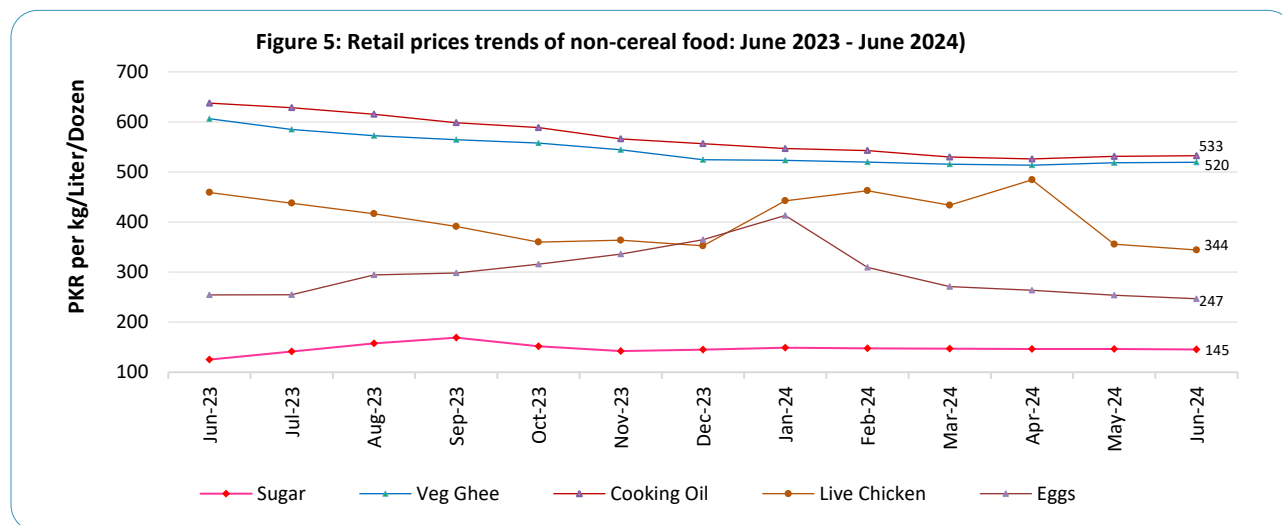
As shown in Figure 4, between May and June 2024, there was a significant increase in price for pulse Gram (+11%), a slight increase for *mash* (+3.3%) and a negligible increase for *moong* (+0.7), whereas price decreased for *masoor* (-1.6%). Over the past year, the largest increases were noted for *mash* (+22%), Gram (+20%), *moong* (+15%), and *masoor* (+12%). Pulses gram, moong, and masoor are mostly preferred as these are generally affordable compared to other pulses e.g., mash.



Compared to the previous month, there was a slight decrease in the price of live chicken (-3%), eggs (-3%) and sugar (-1.0), while prices of cooking oil and ghee increased negligibly. Compared to last year (June 2023), the price of sugar

⁴ Pakistan Bureau of Statistics, Government of Pakistan.

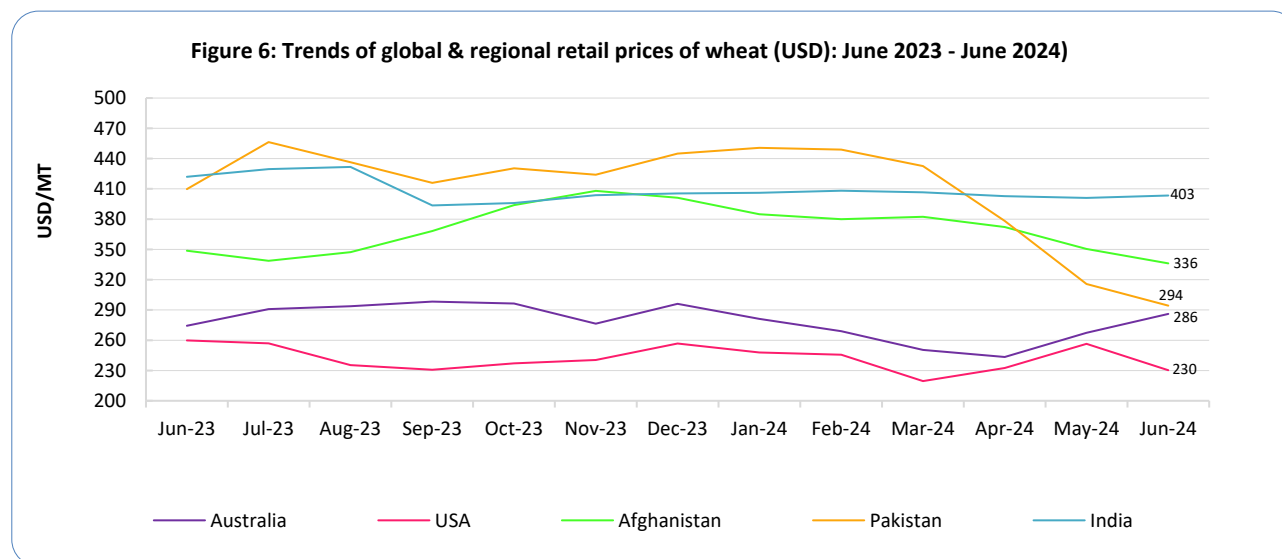
was higher by 16 percent, while prices were noticeably lower for live chicken (-25%), cooking oil (-16%), ghee (-14%), and slightly lower for eggs (-3.0%), as shown in Figure 5 below.



In June 2024, in general, major markets demonstrated effective integration in terms of pricing for most of the essential cereal and non-cereal items across the country. However, some exceptions were noticed for markets in Quetta (Balochistan), Karachi (Sindh), Multan and Lahore (Punjab) and Peshawar (Khyber Pakhtunkhwa). In Quetta, the prices of wheat, wheat flour, rice (Basmati, Irri-6), sugar, and pulses (*Masoor*, *Moong*, Gram) were the highest among monitored cities. Karachi had the highest price for live chicken. Highest prices were recorded in markets in Multan for cooking oil, Lahore for pulse *mash* and Peshawar for eggs.

Wheat

With the wheat harvest ending in June, the 2023-24 wheat production was recorded at 31.4 million tonnes compared to 28.2 million tonnes last year – an increase of 11.6 percent.⁵ The 2023-24 wheat production target was 32.2 million tonnes.⁶ During 2023-24, wheat was sown on 9.6 million ha against last year’s area of 9.0 million ha, an increase of 6.6 percent.



⁵ Pakistan Economic Survey 2023-24.

⁶ Business Recorder, 25 April 2024, News report: “Pakistan misses wheat production target”. <https://www.brecorder.com/news/40300225/pakistan-misses-wheat-production-target>

Price comparison of wheat in Pakistan with other wheat producing countries indicates that in June 2024 the average retail price of wheat in Pakistan was 28% higher than in the USA, 3% higher than in Australia, 27% lower than in India and 12% lower than in Afghanistan. Figure 6 shows trends of global and regional retail prices of wheat in US dollars from June 2023 to June 2024.

Possibility of nationwide strike by Pakistan Flour Mills Association

The Pakistan Flour Mills Association (PFMA) announced a nationwide strike against imposition of withholding tax by shutting down the mills for an indefinite period. The call for closure came after persistent deadlock between flour millers and the government over the withholding tax. The PFMA Punjab Chairman indicated that the new tax is unacceptable to flour millers. Wheat washing in more than 1,500 flour mills of the country was to be halted while flour packing and supply would also stopped from July 11.⁷ However, PFMA later announced postponement of their nationwide strike until 22nd of July after a meeting held between the PFMA delegation and members of a high-level committee established on the directive of Prime Minister.⁸ If the flour miller's strike would continue for a longer period, it will likely create shortage of wheat flour availability in the markets leading to higher prices.

Outlook for Monsoon (July) 2024

The Pakistan Meteorological Department (PMD) forecast a seasonal outlook in 2024 of above-normal rainfall from June to August. July is anticipated to see slightly above-normal rainfall in western regions and above-normal precipitation in eastern areas, including northeastern Punjab, southeastern Sindh, and southern Azad Jammu and Kashmir (AJK.) Normal rainfall is expected in the north, encompassing northern Khyber Pakhtunkhwa and Gilgit Baltistan. For August, above-normal rainfall is forecasted for eastern areas, specifically Eastern Punjab and Eastern Sindh, while normal rainfall is predicted for northwestern regions. Overall, the seasonal outlook suggests slightly above-normal rainfall for most parts of the country during July and August. However, western to northwestern areas may experience rainfall close to normal during the June to August 2024 season, while above normal precipitation is anticipated in the eastern regions of the country⁹.

Petroleum

In June 2024, the retail price of Super Petrol was PKR 258.16¹⁰ and High-Speed Diesel (HSD) was PKR 267.89¹¹ per liter, indicating a 5.5% decrease in the price of petrol and a 2.3% decrease for HSD compared to the previous month. Compared to a year ago, the price decreased for Super Petrol (-1.5%) and increased for HSD (+5.9%).

Terms-of-Trade (ToT)¹²

In June 2024, the average ToT was recorded at 14 kg of wheat flour which was 8% higher than the previous month, mainly due a slight decrease in the price of wheat flour in June. The average daily wage rate increased by 1%. Compared to a year ago the ToT increased by 54 percent, Figure 7.

⁷ Pakistan Today, 10 July 2024, News Report: "Flour millers announce nationwide shutdown. Is Pakistan heading towards a food crisis?" <https://www.pakistantoday.com.pk/2024/07/10/flour-millers-announce-nationwide-shutdown-is-pakistan-heading-towards-a-food-crisis/>

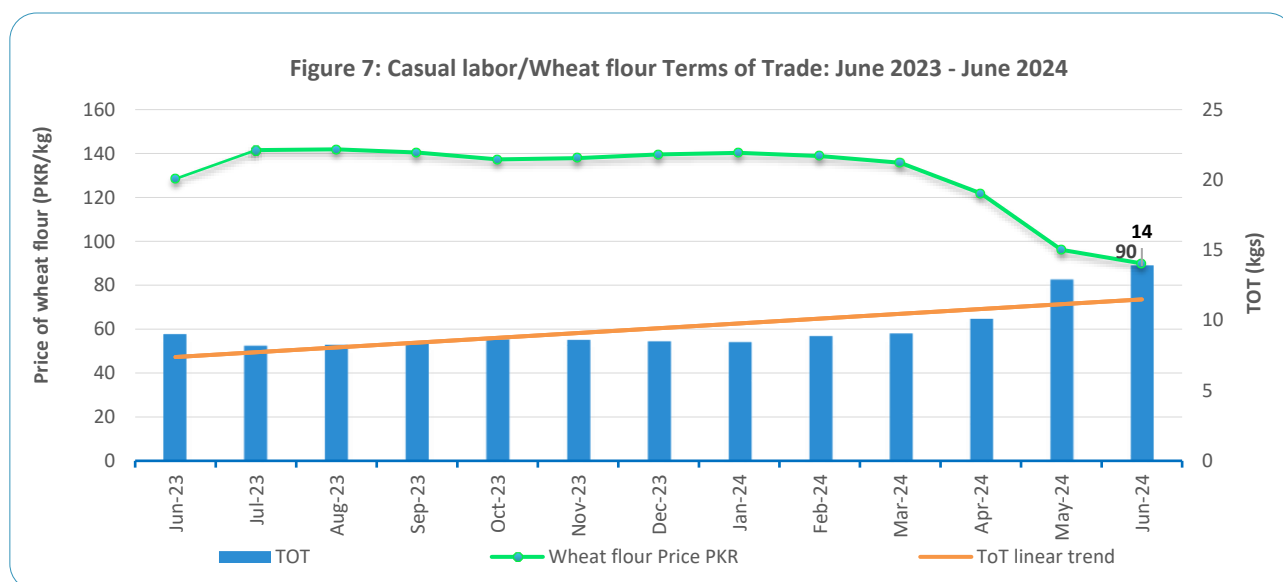
⁸ Radio Pakistan, 13 July 2024 News Report: "Pakistan Flour Mills Association postpones nationwide strike." <https://radio.gov.pk/13-07-2024/pakistan-flour-mills-association-postpones-strike>

⁹ NWFC, Pakistan Meteorological Department, 20 July 2024, Press Release: "More rains-wind/thundershower predicted during the next week (with occasional gaps)." <https://nwfc.pmd.gov.pk/new/press-releases.php>

¹⁰ Pakistan State Oil (PSO).

¹¹ Ibid.

¹² Terms of Trade (ToT) between unskilled wage labor and wheat flour shows how many kgs of wheat flour can be purchased with one-day of work but does not assume the days per month a laborer can work.



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 18.3 kg mainly due to a higher wage rate, while the lowest ToT was recorded in Multan at 11.6 kg¹⁴, mainly due to a lower wage rate.

IMF Reaches Staff-Level Agreement on Economic Policies with Pakistan for 37-month Extended Fund Facility

The Pakistani authorities and the IMF team reached a staff-level agreement on a comprehensive program endorsed by the federal and provincial governments, that could be supported by a 37-month Extended Fund Arrangement (EFF) in the amount equivalent to USD 7 billion, subject to approval by the IMF’s Executive Board and confirmation of financing assurances from Pakistan’s development and bilateral partners. The program aims to capitalize on the macroeconomic stability achieved over the past year by furthering efforts to strengthen public finances, reduce inflation, rebuild external buffers, and remove economic distortions to spur private sector led growth. One of the key policy goals of the authorities’ program includes restoring energy sector viability and minimizing fiscal risks through the timely adjustment of energy tariffs, cost-reducing reforms, and refraining from unnecessary expansion of generation capacity. The authorities remain committed to undertaking targeted subsidy reforms and replace cross-subsidies to households with direct and targeted BISP support.¹⁵ It is anticipated that the fund’s realization might have a favorable effect on the economy, help further stabilize currency rates, help maintain foreign exchange reserves, and ultimately boost investor confidence.

¹³ The income base for ToT is the average daily wage rate for unskilled labor of Lahore, Multan, Karachi, Peshawar & Quetta).

¹⁴ Pakistan Bureau of Statistics, Government of Pakistan.

¹⁵ Press Release, 12 July 2024 “Pakistan: IMF Reaches Staff-Level Agreement on Economic Policies with Pakistan for 37-month Extended Fund Facility.” <https://www.imf.org/en/News/Articles/2024/07/12/pr-24273-pakistan-imf-reaches-agreement-on-economic-policies-for-37-month-eff>

RETAIL PRICES OF ESSENTIAL FOOD COMMODITIES IN MAJOR CITIES – JUNE 2024											
Major Commodities	Markets	Current Prices June 2024 per kg		% Change Over				Change Direction			
		PKR	USD	1M	3M	6M	1Y	1M	3M	6M	1Y
Wheat	Lahore	78.75	0.28	-9.13%	-37.93%	-39.42%	-29.37%	▼	▼	▼	▼
	Multan	78.74	0.28	-1.56%	-31.53%	-34.38%	-25.67%	▼	▼	▼	▼
	Karachi	82.00	0.29	-4.65%	-28.07%	-31.67%	-34.40%	▼	▼	▼	▼
	Peshawar	78.83	0.28	-10.74%	-35.94%	-37.93%	-34.31%	▼	▼	▼	▼
	Quetta	91.00	0.33	-7.13%	-27.20%	-29.46%	-25.41%	▼	▼	▼	▼
Wheat Flour	Lahore	84.54	0.30	-6.44%	-39.03%	-39.57%	-31.56%	▼	▼	▼	▼
	Multan	80.34	0.29	-9.23%	-39.64%	-41.90%	-33.35%	▼	▼	▼	▼
	Karachi	97.16	0.35	-5.11%	-25.15%	-28.89%	-29.94%	▼	▼	▼	▼
	Peshawar	84.32	0.30	-7.20%	-38.68%	-40.04%	-33.01%	▼	▼	▼	▼
	Quetta	103.24	0.37	-4.89%	-26.11%	-27.58%	-22.73%	▼	▼	▼	▼
Rice Irri-6	Lahore *	160.46	0.58	-4.08%	-5.62%	-1.78%	95.99%	▼	▼	►	▲
	Multan	156.59	0.56	-5.32%	-6.60%	-0.72%	-2.13%	▼	▼	►	►
	Karachi	167.77	0.60	-6.02%	-6.92%	-5.57%	11.44%	▼	▼	▼	▲
	Peshawar	160.00	0.58	-1.61%	-9.11%	-5.88%	-9.40%	▼	▼	▼	►
	Quetta	184.95	0.66	0.00%	0.00%	0.00%	27.60%	►	►	►	▲
Rice Basmati (Broken)	Lahore	215.94	0.78	-5.57%	-7.71%	-4.78%	-0.51%	▼	▼	►	►
	Multan	193.10	0.69	-2.77%	-3.45%	-3.45%	-1.76%	▼	►	►	►
	Karachi	253.72	0.91	-4.52%	-5.45%	-5.11%	1.74%	▼	▼	►	►
	Peshawar	222.18	0.80	-0.30%	-4.15%	-5.93%	5.80%	►	►	▼	►
	Quetta	263.46	0.95	1.02%	-3.30%	0.39%	-2.39%	▲	►	►	►
Sugar	Lahore	145.00	0.52	-0.51%	-0.56%	1.24%	18.68%	►	►	►	▲
	Multan	140.00	0.50	-0.28%	0.92%	0.09%	17.63%	►	►	►	▲
	Karachi	144.54	0.52	-1.08%	-0.66%	6.00%	15.14%	▼	►	▲	▲
	Peshawar	147.70	0.53	0.72%	0.02%	2.51%	18.85%	►	►	►	▲
	Quetta	149.62	0.54	-2.13%	-4.83%	-7.83%	10.84%	▼	►	▼	▲
Vegetable Ghee (Tin)	Lahore	514.00	1.85	0.00%	-0.48%	-3.18%	-15.74%	►	►	►	▼
	Multan	524.00	1.88	0.39%	0.97%	0.00%	-15.48%	►	►	►	▼
	Karachi	524.00	1.88	0.39%	1.95%	0.00%	-12.61%	►	►	►	▼
	Peshawar	512.00	1.84	0.00%	-0.39%	-1.54%	-13.51%	►	►	►	▼
	Quetta	524.00	1.88	0.39%	1.95%	0.00%	-14.21%	►	►	►	▼
Cooking Oil (Tin)	Lahore	523.00	1.88	0.00%	-1.21%	-7.76%	-19.29%	►	►	▼	▼
	Multan	539.00	1.94	0.00%	-0.46%	-4.94%	-15.78%	►	►	►	▼
	Karachi	539.00	1.94	0.60%	2.08%	-1.82%	-16.05%	►	►	►	▼
	Peshawar	522.66	1.88	0.00%	-0.25%	-1.94%	-14.32%	►	►	►	▼
	Quetta	539.00	1.94	0.60%	2.29%	-4.94%	-16.82%	►	►	►	▼
Chicken Live (Farm)	Lahore	307.13	1.10	-3.04%	-24.23%	-5.76%	-27.58%	▼	▼	▼	▼
	Multan	320.76	1.15	-3.18%	-22.90%	-8.30%	-27.48%	▼	▼	▼	▼
	Karachi	366.78	1.32	-8.17%	-16.94%	2.02%	-24.01%	▼	▼	►	▼
	Peshawar	342.90	1.23	-0.52%	-20.69%	-2.02%	-22.25%	►	▼	►	▼
	Quetta	383.63	1.38	-0.79%	-18.87%	1.71%	-24.14%	►	▼	►	▼
Pulse Masoor (Washed)	Lahore	331.80	1.19	-0.54%	-2.66%	1.42%	18.94%	►	►	►	▲
	Multan	306.19	1.10	2.85%	-3.52%	-9.01%	11.19%	▲	►	▼	▲
	Karachi	302.24	1.09	-5.89%	-11.72%	-11.31%	3.90%	▼	▼	▼	►
	Peshawar	298.87	1.07	-0.73%	-10.54%	-8.40%	11.21%	►	▼	▼	▲
	Quetta	347.34	1.25	-3.16%	-7.97%	-5.50%	15.87%	▼	▼	▼	▲
Pulse Moong (Washed)	Lahore	294.03	1.06	1.61%	1.61%	8.74%	8.74%	▲	►	▲	►
	Multan	321	1.15	5.45%	5.45%	9.41%	24.43%	▲	▲	▲	▲
	Karachi	299.71	1.08	-0.74%	-2.29%	2.22%	4.31%	►	►	►	►
	Peshawar	301	1.08	0.59%	1.20%	13.14%	19.16%	►	►	▲	▲
	Quetta	359.74	1.29	-2.69%	-7.15%	5.38%	17.01%	▼	▼	▲	▲
Pulse Mash (Washed)	Lahore	624.64	2.25	6.38%	7.29%	16.71%	35.69%	▲	▲	▲	▲
	Multan	574.06	2.06	7.27%	8.60%	5.34%	19.06%	▲	▲	▲	▲
	Karachi	549.77	1.98	2.40%	8.32%	1.68%	18.69%	▲	▲	►	▲
	Peshawar	574.11	2.06	2.16%	3.97%	6.01%	24.21%	▲	►	▲	▲
	Quetta	561.12	2.02	-1.80%	-7.24%	-2.19%	13.36%	▼	▼	►	▲
Pulse Gram (a.k.a. Yellow Split Peas)	Lahore	263.36	0.95	8.44%	4.97%	18.68%	14.80%	▲	►	▲	▲
	Multan	311.38	1.12	22.33%	16.98%	24.33%	26.83%	▲	▲	▲	▲
	Karachi	288.89	1.04	6.58%	8.39%	18.57%	12.74%	▲	▲	▲	▲
	Peshawar	318.06	1.14	10.31%	8.68%	17.61%	31.05%	▲	▲	▲	▲
	Quetta	313.31	1.13	8.06%	6.22%	8.37%	13.94%	▲	▲	▲	▲

▲ 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 considered normal if price change is 1% for one month, 5% during three and six months, and 10% during one-year period. * National average as rates unavailable currently.
 Monthly price bulletins and more VAM publications are available on <http://vam.wfp.org.pk/> For feedback email to: Islamabad.vam@wfp.org or amanur-rehman.khan@wfp.org

Annex 1:

Map showing geographic coverage of monitored markets.

