



# PIDE COVID-19 BULLETIN

No. 12

## FOOD PRICES POST-COVID-19 OUTBREAK *The Case of Punjab*

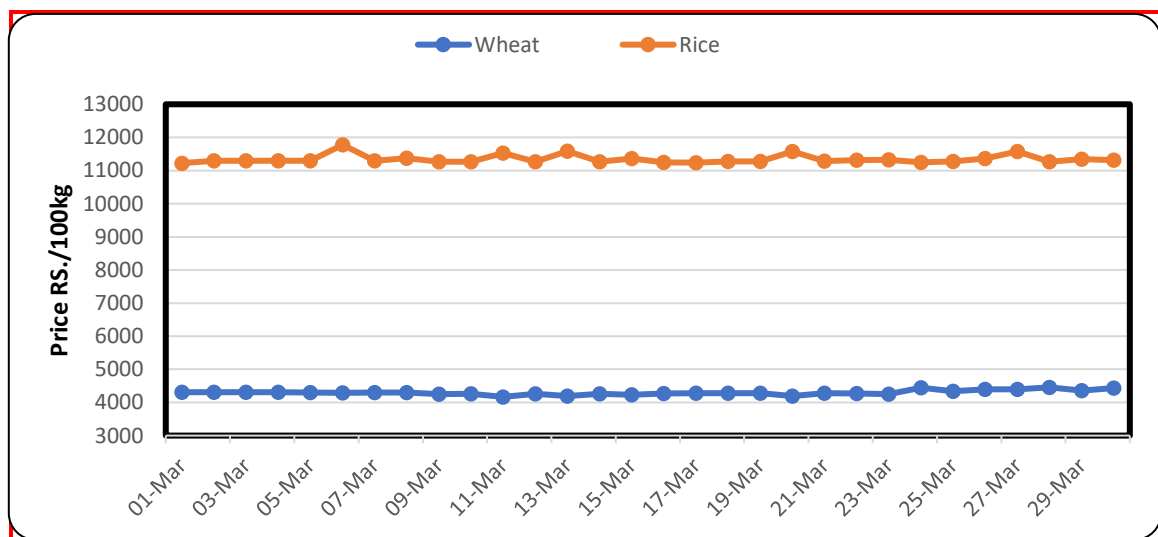
It is vital to keep an eye on the food situation in the country in the middle of this pandemic. There have been reports of some panic-buying and disruptions in logistics. Here we will begin to review the food situation. We present some idea of prices and availability.

For investigating the impact of COVID-19 on food prices, we group different food items into four major categories: grain, fruits, vegetables and pulses. The price trends for these four groups are plotted for the month of March by collecting daily price data from ten major markets of the Punjab province. Since daily price data for all provinces are not available, we are limiting our analysis only to the province of Punjab.

### Grains

Prices of rice and wheat remained stable with slight variation over the 31-day period, implying that COVID-19 had not majorly impacted the grain prices yet (Figure 1).

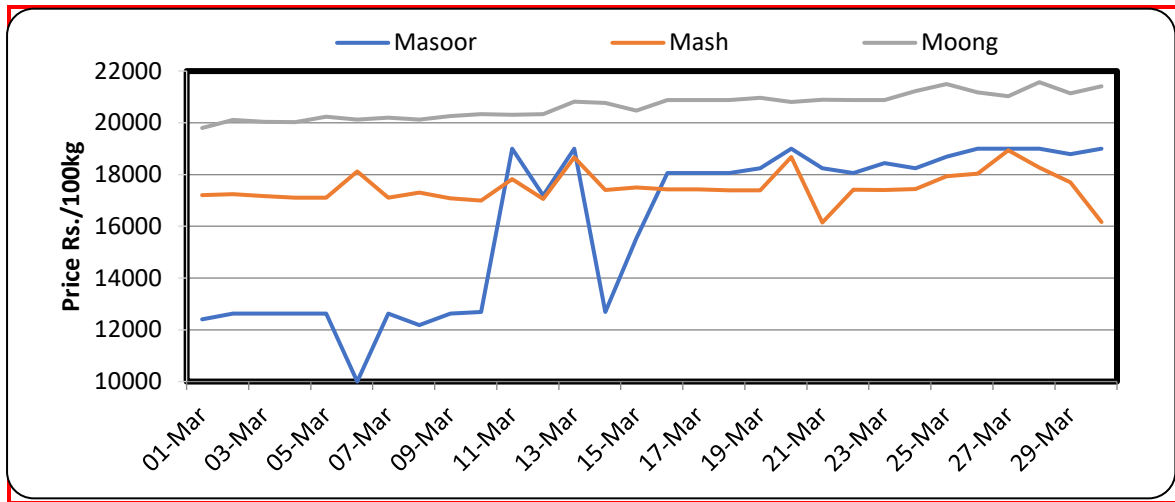
Figure 1: Average Price Trend of Grains in Punjab Markets



Data Source: Agriculture Marketing Information Service (AMIS)

Disaggregating grains, it is interesting to note that among pulses, the prices of *moong* and *masoor* have increased by 8% and 53%, respectively (Figure 2). It is mainly due to the increase in demand as pulses are easy to store for a longer period. The price of *maash* shows a 6% decline, but that has taken place only during the last two days of our study period.

**Figure 2: Average Price Trends of Pulses in Punjab Markets**

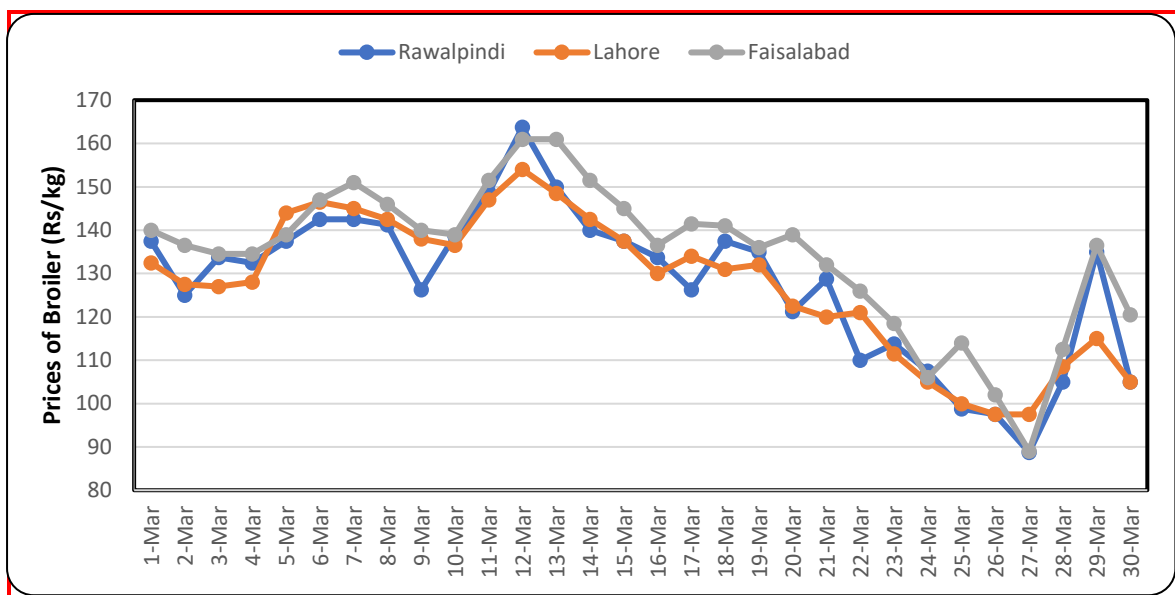


Data Source: Agriculture Marketing Information Service (AMIS)

### Broiler Chicken

In contrast to pulses, prices of broiler chicken have declined between 14 to 24 percent in three major markets of Punjab, namely Rawalpindi, Lahore and Faisalabad, mainly due to the dwindling demand (Figure 3). Declining trend started with the start of the Coronavirus pandemic and prior to lockdown. This implies that it was mainly the reduced demand that led to the decline in prices.

**Figure 3: Average Price Trends of Broiler Chicken in Punjab Markets**

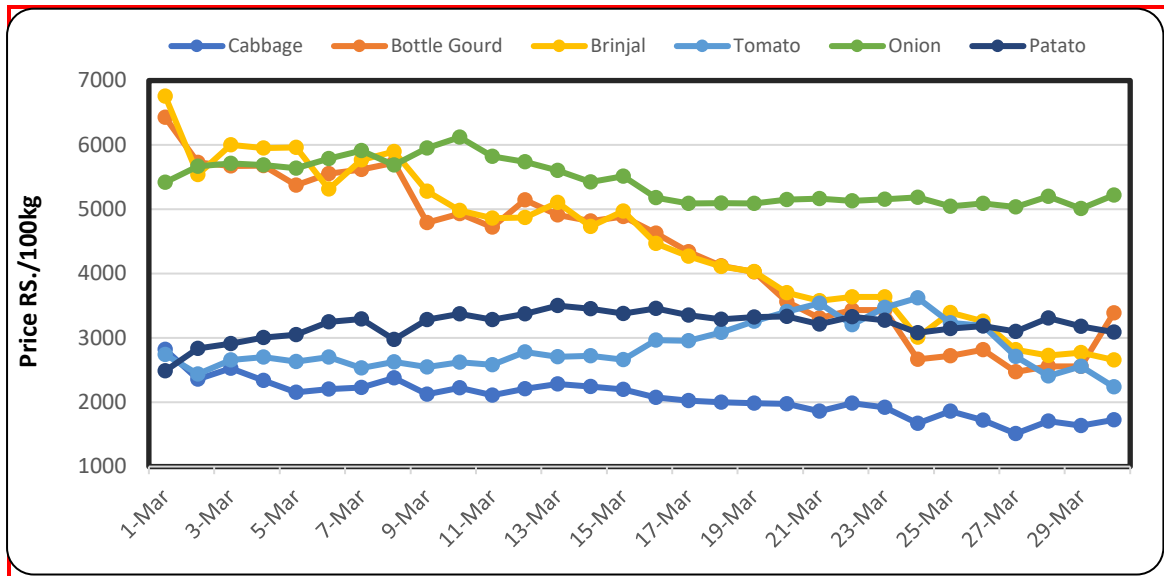


Data Source: Agriculture Marketing Information Service (AMIS)

### Vegetables

We also explored prices of six most commonly consumed vegetables: potato, tomato, onion, cabbage, bottle gourd and brinjal (Figure 4). Their price trends clearly depict that most of the vegetable prices (except potato) have declined in the range of 4% to 61%. Major contribution in the price decline is of the production cycle as it can be observed that the declining trend starts prior to the lockdown period. This can also be due to the decline in demand driven by income shocks and more importantly the perishable nature of these food items.

**Figure 4: Average Price Trends of Vegetables in Punjab Markets**

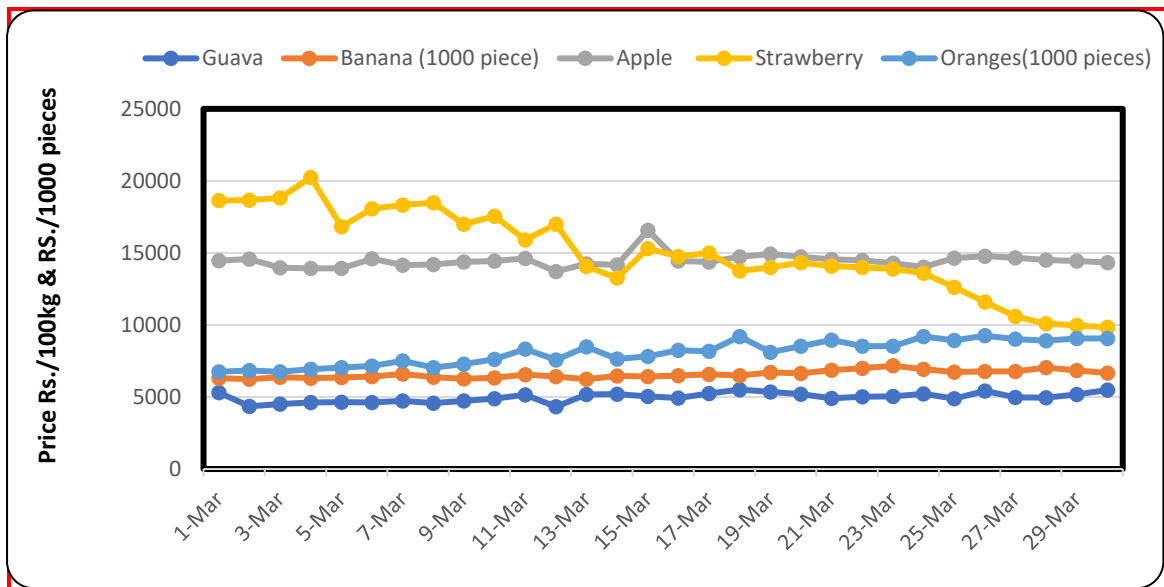


Data Source: Agriculture Marketing Information Service (AMIS)

### Fruits

Prices of the chosen fruits, namely strawberry, guava, apples, banana and orange, show a mix trend (Figure 5). Highly increasing and decreasing price trends are observed in orange (34 percent) and strawberry (47 percent), respectively. Along with the effect of the production cycle, promotion of oranges as a means of improving immunity to counter COVID-19 infection can be a factor in increasing demand for the fruit. Prices of banana and guava is just between 3% to 5% which can be attributed to the routine fluctuation.

**Figure 5: Average Price Trends of Fruits in Punjab Markets**



Data source: Agriculture Marketing Information Service (AMIS)

Available data suggests that the COVID-19 outbreak has not impacted the food prices yet, except for some impact on the prices of pulses. It is, however, too early to make any conclusions. The possible spread of the Coronavirus to the rural areas and widening lockdowns may disrupt distribution channels affecting the food prices.

We can take hope from the fact that Pakistan has good storage facilities of grains and the new wheat crop is about to be harvested. We cannot rely on global reserves in such a situation but there are enough reserves of non-perishable food items, such as wheat and rice, globally to meet any surge in demand.

While there is no need to panic for an imminent risk to food security, there is also no reason to be complacent either. If the COVID-19 pandemic does not last for too long, it is believed that there will have no major shortage of staple foods. If, however, the situation prolongs, then it will impact perishable food items first and then the staple foods. Perishable food items are plucked, packed and shipped on daily basis, which demands continuity of farm labour supply and human-to-human interaction.

Prolonged restrictions will affect every stage of the food supply chain especially inputs (certified seed, pesticide and fertilizer) and distribution. Shortage of labour supply could seriously hurt plantation and harvesting of new vegetables and staple crops. For an uninterrupted food supply, the government must maintain the provision of inputs to farmers, mobility of labour in the agriculture sector, and shipment of food from farm to markets and market to retailers.

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PIDE COVID-19 Bulletin is an initiative by the Institute in response to the current pandemic, which is bound to have serious consequences for the country, specifically for its economy. The Bulletin would carry research that would aid in an informed policymaking to tackle the issue.

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