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food security analysis

# Afghanistan Market Price Bulletin

## May 2011

(Reporting April 2011)

### Highlights

- ❖ During the reporting month, wheat grain retail price increased from the last month. Analysts are close following the situation, as the increases from third to fourth week of April were remarkably high. Northern and Central highlands provinces are the most affected. Inter-month comparison does not show the severity of changes.
- ❖ Wheat flour prices also increased to 58 % above pre-crisis level. All cereals together are 39% higher than the pre-crisis levels. The difference between wheat and wheat flour prices is worrisome.
- ❖ Cooking oil price increased by 40% in April 2011 when compared to the same time one year ago.
- The average wheat price in the main urban markets was 18.8 Afs/Kg, being:
  - 5% higher than March 2011 prices;
  - 36% higher on the inter-annual comparison (March 2010 prices);
  - 5% lower than March 2009 and
  - 37% higher than pre-crisis level average (January to October 2007).
- The average price of wheat flour in the main urban markets was 26.4 Afs/Kg, showing:
  - 2% increase in comparison to March 2011;
  - 53% increase compared to April 2010;
  - 16% increase from April 2009 prices;
  - 58% increase from pre-crisis average (January to October 2007).
- The average Terms of Trade between casual labor daily salary and wheat from March to April 2011, improved by only one percent (from 15.7 to 16 Kg) due to increase in the labor cost as after-winter work started. There was deterioration by the last week of the month. On the one year comparison, it deteriorated by 17%, while it improved on two years and pre-crisis level comparison by 56% and 20% respectively.
- The average Terms of Trade between sheep and wheat deteriorated by 3%, 18% and 7% compared to March 2011, on one year and pre-crisis level comparison respectively. While it improved by 41% on the two year comparison during the reported month.

**Price of Wheat in Main Urban Cities**

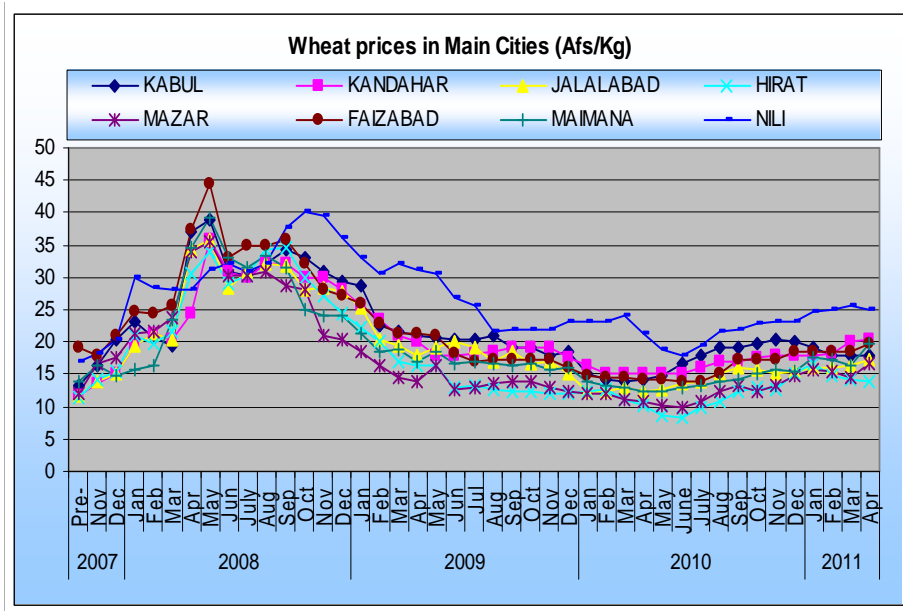
**Price of Wheat flour in Main Urban Cities**

**Terms of Trade**

## Wheat Retail Price in Main Cities<sup>1</sup>

The monthly average price of wheat in the main urban markets was 18.8 Afs/Kg.

Compared to the past month, the monthly average got 5% high. Highest increases occurred in Maimana (22%), Mazar (17%), Faizabad (6%) and Jalalabad (5%). The variation in the rest of main cities is not significant.



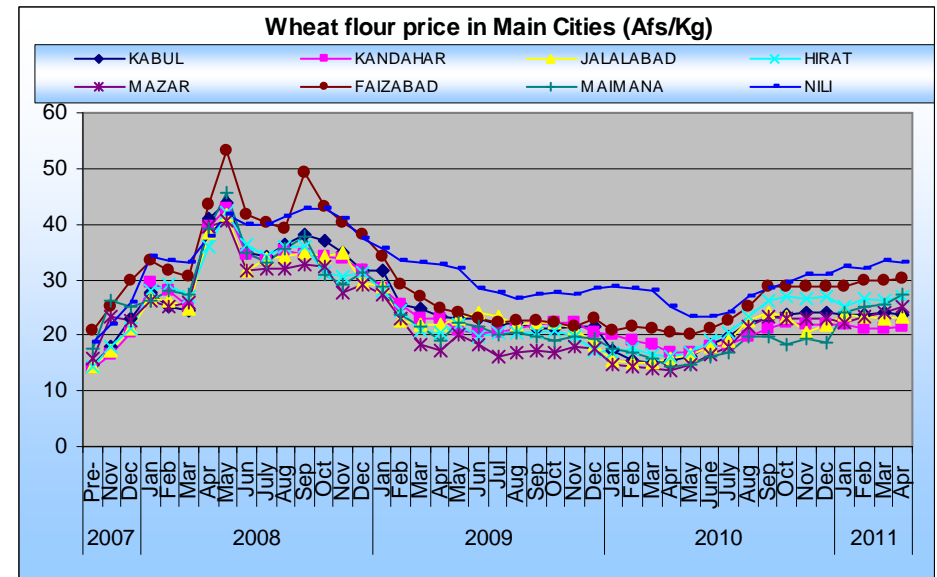
Compared to one year ago (April 2010) the average increase was 36%. The highest increase occurs in Maimana (61%), followed by Mazar (54%), Jalalabad (38%), Faizabad (37%), Hirat (36%), Kandahar (35%), Kabul (27%) and Nili (18%).

On the two-year comparison, the average price decreased by 5%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are 37% higher.

<sup>1</sup> Source: WFP/VAM market data from Afghanistan main cities.  
VULNERABILITY ANALYSIS AND MAPPING (VAM), WORLD FOOD PROGRAMME, AFGHANIISTAN

## Wheat Flour Retail Price in Main Cities: <sup>2</sup>

The monthly average, price of wheat flour in the main urban markets was 26.4 Afs/Kg, 2% above) the previous month. The highest increase occurred in Maimana and Mazar by 8% and 5% respectively. The variation in other main city markets has not been significant (-3% to 0).



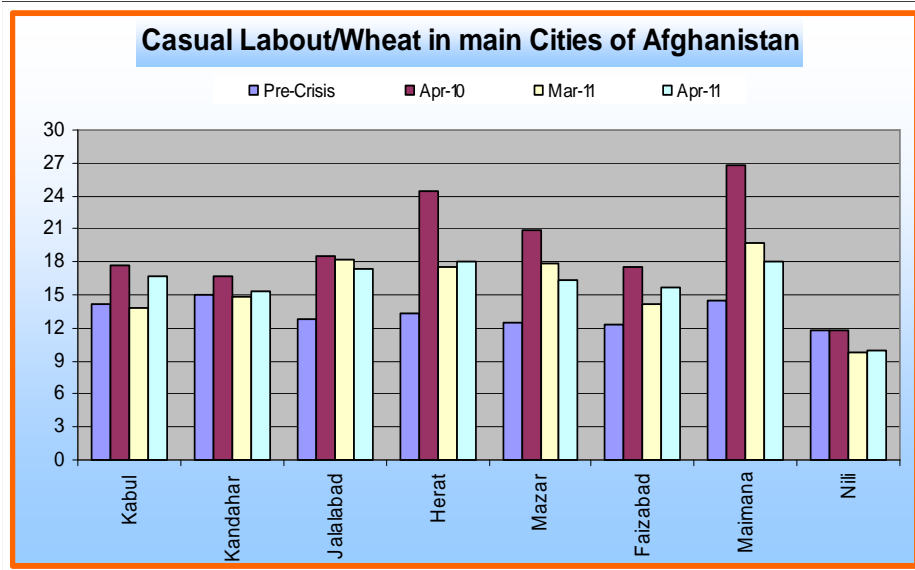
Compared to a year ago (April 2010), the wheat flour price increased in all main cities by 53%. The highest increase occurred in Maimana (89%), followed by Mazar (85%), Hirat (68%), Kabul (53%), Faizabad (48%), Jalalabad (47%), Nili (31%) and Kandahar (26%).

On the two-year comparison (April 2009), the average prices increased by 16%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are high by 58%.

<sup>2</sup> Source: WFP VAM Market Data from Afghanistan main cities

### Terms of Trade (ToT):<sup>3</sup>

**Casual Labor and Wheat:** The Terms of Trade (ToT) between casual Labor and wheat is a proxy indicator or the purchasing capacity of households relying on casual labor as main income, and purchase of wheat in the market. This ToT reveal how many



kilograms of wheat can be purchased with one day of casual labor salary, but do not say how many days a month a laborer can get to cover the family food needs.

On average, this ToT slightly improved from March to April 2011 (15.7 to 16AfsKg). The highest improvements were in Kabul and Faizabad (20% and 11% respectively). Maimana and Mazar showed deterioration of 8% each and Jalalabad deteriorated by 5%. Changes in other main cities were not significant (3 to 4 %).

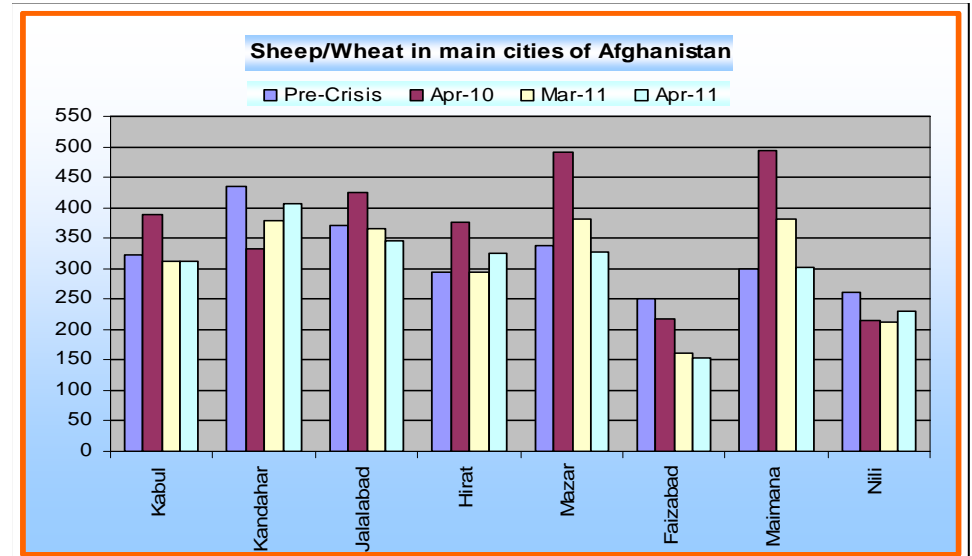
In comparison to one year ago, the average ToT reduced by 17%. The highest decrease appeared in Maimana (32%), followed by Hirat (26%), Mazar (22%), Nili (15%), Faizabad (10%), Kandahar (8%) and Jalalabad and Kabul (6% each).

Improvements over 2-year back and pre-crisis values are 56% and 20% respectively.

<sup>3</sup> Source: WFP/VAM  
VULNERABILITY ANALYSIS AND MAPPING (VAM), WORLD FOOD PROGRAMME, AFGHANIISTAN

### Sheep and Wheat:<sup>4</sup>

The Terms of Trade between a one year old female sheep and wheat is a proxy for the purchasing capacity of those households that are mainly reliant on income from livestock (pastoralists). It says how many Kgs of wheat can be obtained when selling a one year old female sheep.



On average, this ToT decrease by 3% over the past month due to decrease in sheep prices, credited to a bad pasture situation this spring. The highest deterioration occurred in Maimana (21%), followed by Herat (14%), and Jalalabad and Faizabad (5% each). Improvement showed by Hirat, Nili and Kandahar by 10%, 8% and 7% respectively.

Compared to one year ago, the average ToT deteriorated by 18%. The highest decrease occurred in Maimana (39%), followed by Mazar (34%), Faizabad (30%), Kabul (19%), Jalalabad (18%) and Hirat (14%), Meanwhile there is improvement in Kandahar and Nili by 22% and 7% respectively.

On the 2 year comparison, the average sheep/wheat ToT has improved by 41%, while on the Pre-crisis level comparison, it has deteriorated by 7%.

<sup>4</sup> Source: WFP/VAM

## Annex1: Market Watch on Main Food Commodities in Main Cities of Afghanistan Markets – April 2011

Markets	Major Comm	Current Price per Kg	Price change (%)				Average Change				Markets	Major Comm	Current Price	Price change (%)				Average Change				
			PCP A	2 Y	1 Y	1 M	PC PA	2 Y	1 Y	1 M				PCP A	2 Y	1 Y	1 M	PC PA	2 Y	1 Y	1 M	
KABUL	Wheat (kg)	18.0	34.6	-14.3	27.2	0.0	▲	▼	▲	▲	Livestock-One gear live Sheep (Female)	KABUL	Sheep	5638	31.3	10.5	2.5	0.7	▲	▲	▲	▲
	Wheat/Flour (kg)	23.6	60.9	0.5	52.9	-2.6	▲	▲	▲	▲		KANDAHAR	Sheep	8225	60.9	82.8	64.5	7.5	▲	▲	▲	▲
	Rice Low Quality (Kg)	26.0	35.4	-21.8	0.0	0.0	▲	▲	▲	▲		JALALABAD	Sheep	5982	36.1	19.6	12.9	-0.3	▲	▲	▲	▲
Oil (kg)	81.3	47.3	38.3	34.3	1.6	▲	▲	▲	▲	HIRAT		Sheep	4500	35.4	28.6	16.9	7.1	▲	▲	▲	▲	
KANDAHAR	Wheat (kg)	20.3	72.0	1.3	35.2	0.4	▲	▲	▲	▲		MAZAR	Sheep	5475	37.0	28.8	2.3	0.0	▲	▲	▲	▲
	Wheat/Flour (kg)	21.5	53.1	-5.9	26.3	1.1	▲	▲	▲	▲		FAIZABAD	Sheep	3000	-35.6	50.0	-4.0	0.0	▲	▲	▲	▲
	Rice Low Quality (Kg)	42.9	91.4	35.0	26.1	6.1	▲	▲	▲	▲		MAIMANA	Sheep	5975	43.3	52.2	-1.6	-3.6	▲	▲	▲	▲
JALALABAD	Oil (kg)	70.1	34.4	34.1	30.3	0.4	▲	▲	▲	▲		NILI	Sheep	5750	30.2	65.5	26.4	4.5	▲	▲	▲	▲
	Wheat (kg)	17.3	45.7	-4.0	38.2	5.0	▲	▲	▲	▲		Terms of Trade										
	Wheat/Flour (kg)	23.2	60.4	5.6	47.5	0.8	▲	▲	▲	▲		KABUL	Casual Labour/Wheat	18.1	74.6	-5.7	20.0	▼	▼	▼	▼	
HIRAT	Rice Low Quality (Kg)	26.1	51.7	18.8	1.5	5.1	▲	▲	▲	▲	KANDAHAR	Casual Labour/Wheat	2.7	54.1	-7.5	3.8	▲	▲	▲	▲		
	Oil (kg)	84.7	46.1	62.8	45.4	2.9	▲	▲	▲	▲	JALALABAD	Casual Labour/Wheat	35.4	95.4	-6.4	-4.8	▼	▼	▼	▼		
	Wheat (kg)	13.9	22.3	-15.7	35.6	-2.6	▲	▲	▲	▲	HIRAT	Casual Labour/Wheat	35.8	48.4	-26.1	2.9	▼	▼	▼	▼		
MAZAR	Wheat/Flour (kg)	27.1	86.7	33.6	68.2	2.8	▲	▲	▲	▲	MAZAR-	Casual Labour/Wheat	31.4	50.1	-21.7	-8.5	▼	▼	▼	▼		
	Rice Low Quality (Kg)	26.0	-2.6	-1.9	5.1	0.0	▲	▲	▲	▲	FAIZABAD	Casual Labour/Wheat	27.1	32.6	-10.1	11.2	▼	▼	▼	▼		
	Oil (kg)	75.1	44.0	39.1	39.6	1.3	▲	▲	▲	▲	MAIMANA	Casual Labour/Wheat	24.7	47.5	-32.3	-8.1	▲	▲	▲	▲		
FAIZABAD	Wheat (kg)	16.8	40.0	21.8	54.0	16.5	▲	▲	▲	▲	NILI	Casual Labour/Wheat	-15.5	56.1	-15.0	3.0	▲	▲	▲	▲		
	Wheat/Flour (kg)	25.3	59.8	46.4	85.3	5.2	▲	▲	▲	▲	KABUL	Sheep /Wheat	-2.6	29.0	-19.4	0.7	▲	▲	▲	▲		
	Rice Low Quality (Kg)	27.0	14.4	-18.2	-8.5	0.0	▲	▲	▲	▲	KANDAHAR	Sheep /Wheat	-6.7	80.5	21.7	7.1	▲	▲	▲	▲		
MAIMANA	Oil (kg)	79.0	45.7	39.2	41.1	0.0	▲	▲	▲	▲	JALALABAD	Sheep /Wheat	-6.7	24.7	-18.3	-5.1	▲	▲	▲	▲		
	Wheat (kg)	19.7	3.3	-7.3	37.2	5.6	▲	▲	▲	▲	HIRAT	Sheep /Wheat	10.1	52.6	-13.8	10.0	▲	▲	▲	▲		
	Wheat/Flour (kg)	30.2	44.7	21.6	48.2	0.5	▲	▲	▲	▲	MAZAR	Sheep /Wheat	-3.4	5.8	-33.6	-14.2	▲	▲	▲	▲		
NILI	Rice Low Quality (Kg)	34.1	2.6	-36.9	-16.9	-23.0	▲	▲	▲	▲	FAIZABAD	Sheep /Wheat	-39.1	61.8	-30.0	-5.3	▲	▲	▲	▲		
	Oil (kg)	92.0	54.9	24.3	45.7	2.2	▲	▲	▲	▲	MAIMANA	Sheep /Wheat	0.6	29.7	-39.1	-21.2	▲	▲	▲	▲		
	Wheat (kg)	19.9	42.2	17.4	61.4	22.3	▲	▲	▲	▲	NILI	Sheep /Wheat	-12.0	106.8	7.4	7.7	▲	▲	▲	▲		
REMARKS	Wheat/Flour (kg)	27.4	55.6	44.3	89.4	7.9	▲	▲	▲	▲	<b>Remark</b> ▲ Price increase above normal price fluctuation ▲ Normal Price fluctuation ▼ Price decrease below normal price fluctuation Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months IM= Compared to month ago 1Y= Compared to April 2010 and 2Y= Compared to April 2009 PCPA=Pre-Crisis Prices Average (Jan-Oct 2007)											
	Rice Low Quality (Kg)	32.8	18.1	-11.5	-2.2	2.3	▲	▲	▲	▲												
	Oil (kg)	83.3	51.3	7.1	39.3	2.6	▲	▲	▲	▲												
	Wheat (kg)	25.0	47.6	-20.0	17.6	-2.9	▲	▲	▲	▲												
NILI	Wheat/Flour (kg)	33.0	76.2	0.8	30.7	-1.5	▲	▲	▲	▲												
	Rice Low Quality (Kg)	42.0	-1.3	30.2	20.0	3.7	▲	▲	▲	▲												
	Oil (kg)	86.5	21.5	39.0	40.1	2.4	▲	▲	▲	▲												