



**World Food
Programme**

Afghanistan Market Price Bulletin (April 2009)

Highlights

Consumer price index (CPI):

- National Consumer Price Index (CPI): Compared to March 2009, overall CPI decreased by 5.2 %, with a drop in the food index by 8.2 percent points and non-food index by 0.4 percent points. Bread and cereal index reflected a decrease of 16.2 %.

Price of Wheat flour in Main Urban Cities

- The prices of wheat flour in most of the main urban markets indicated following changes:
 - Decline of 5% compared to March 2009;
 - Decline of 45.3% compared to April 2008;
 - Increase of 49.7% compared to April 2007 (still very high compared to normal year).

Price of Wheat across the Country

- The average price of wheat in April 2009 was reported at Afghani 20/kg, which is lower than the price in March 2009, 30% lower compared to the price in April 2008 but 53% higher compared to April 2007 (normal /long term wheat flour price).

Wheat Flour price in border town

- In the border markets, the price of imported wheat flour in April 2009 compared to March 2009 decreased by 12% on average.

International Monthly Wheat Prices

- In Afghanistan, wheat price in April 2009 was 65% higher than the international prices, 56% than the prices in Delhi (India) and 18% than the price of wheat in Karachi (Pakistan).

Terms of Trade

- The terms of trade between wheat and labour in April 2009 compared to March 2009 increased by 5.6% on average.

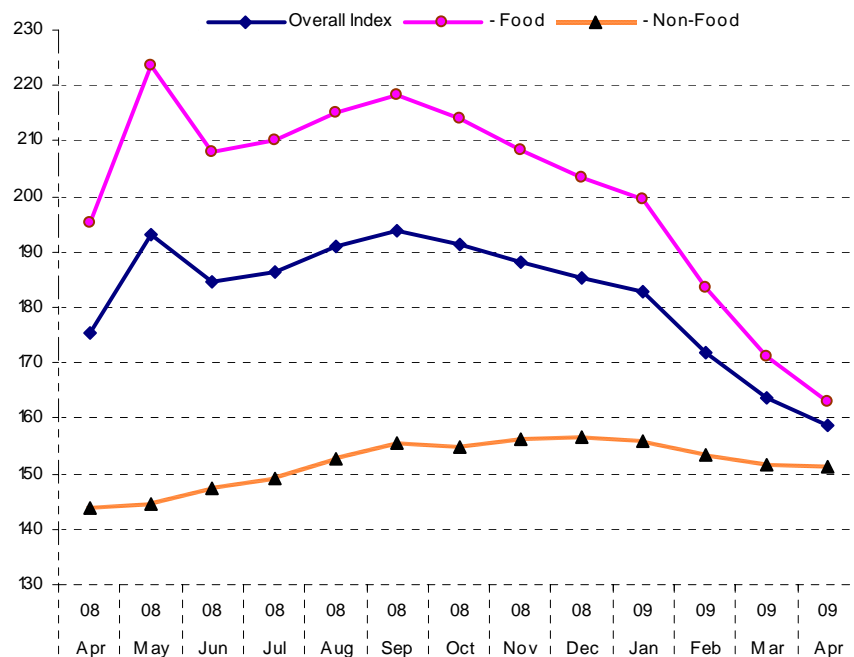
Wheat and Wheat flour Wholesalers

- The terms of trade between a sheep and kg of wheat in April 2009 increased on average by 5.2% compared to March 2009.
- Wheat and wheat flour wholesaler: a relatively large number of traders are physically located in the wholesale markets. Their main source for flour is from the large import merchants.

Consumer price index (CPI): ¹

National Consumer Price Index (CPI): from March to April 2009, overall CPI decreased by 5.2 % points, with drops in the food index by 8.2 percent points and non-food index by 0.4 percent points. Bread and cereal index showed drop of 16.2 % points.

Due to recent decrease in food prices the annual decrease in the national food index was 32.3 % points. Among food items, bread and cereal **annual** drop is 73.1 % points. Whilst non-food index showed 7.4 % points annual **increased**.



The highest annual drops in the overall CPI were reported in Jalalabad (26.5 % points), Khost (20.8 %), Mazar (19.4%) and Kabul (17.2 %). Equally, the highest annual falls in indexes, in the case of food items, were reported from Jalalabad (47.9 percent) and Khost (34.6 %).

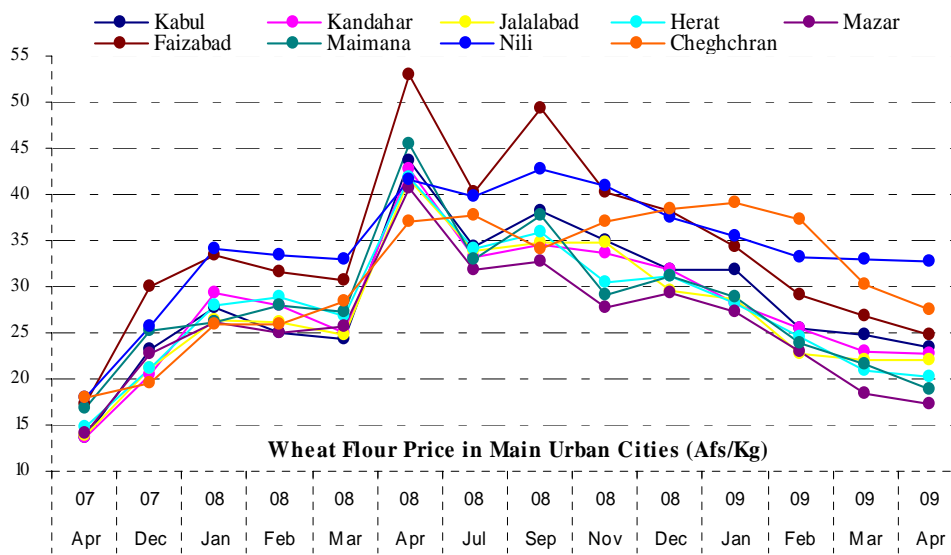
¹ Consumer Price Indices are a measure of the average price of consumer goods and services purchased by households. It is a price index determined by measuring the price of a standard group of goods meant to represent the typical market basket of a typical urban consumer Source: Central Statistics Office (CSO)
VULNERABILITY ANALYSIS AND MAPPING (VAM), WORLD FOOD PROGRAMME, AFGHANIISTAN
For detailed analysis and more information please contact Ahmad Shah Shahi VAM officer WFP CO Afghanistan at Ahmadshah.shahi@wfp.org

Wheat Flour Price in Main Cities: ²

Bread is the staple food of people in Afghanistan and it is not surprising that people prefer the taste and baking characteristics of traditional variety (Watani-Lalmi) wheat especially from rain-fed area. However, availability of this variety (Watani-Lalmi) is not adequate in terms of volumes and consistency and uniform lots. Kazakhstani flour has become widely accepted because of its low price and white color. This flour has generally dominated the markets in Kabul, Mazar, Herat and in surrounding provinces.

During the month of April price of wheat flour continued to decrease following the import of large amounts of wheat flour from Kazakhstan by traders, government price stabilization programme, decrease of cereal price in international markets and continued food aid interventions.

The prices of wheat flour in most of the main urban markets indicated a slight decline of 5% in April 2009 compared to March 2009. The prices of wheat flour decreased by 12% in Maimana, 9% in Cheghchran (Ghor), 7% in Faizabad, 6% in Mazar, 5% in Kabul, 3% in Heart, and only 1% in Nili (Daikundi). In Kandahar and Jalalabad markets however, there were no changes.



² WFP VAM Market Data from Afghanistan main cities

Compared to a year ago (April 2008), average wheat prices for all markets decreased by **45.3%**.

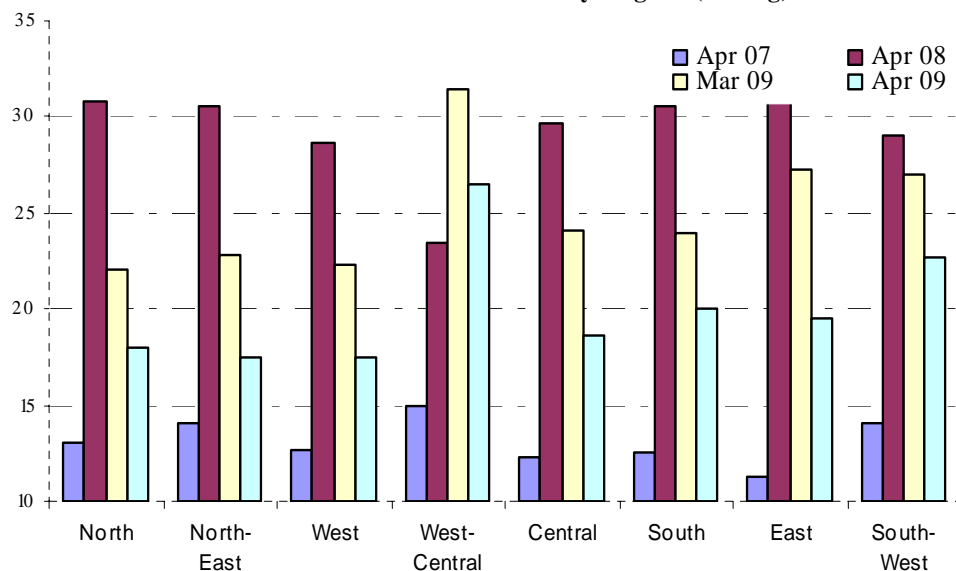
However, the price of wheat flour is still **49.7%** higher than the price of wheat flour in April 2007 (normal /long term wheat flour price).

Price of Wheat across the Country:

The main part of wheat for human consumption, in the range from 70 to 80 % of total requirement, is processed either at the household level by thousands of small-scale millers, water millers in villages or by diesel/electric powered millers in the cities³.

The average price of wheat in April 2009 was reported at Afghani 20/kg. The highest (28%) decrease in wheat price has been reported from the east part of the country. Northeast and central parts of the country experienced 23% decrease in wheat price

Wheat Retail Market Price by Region (Afs/Kg)



³ Source: Northern Wheat Trader Survey and Afghan Food Security

compared to the prices of wheat in March 2009. In the remaining parts of the country the decrease in wheat price compared to March 2009 is ranged from 16% to 22%.

The price of wheat in April 2009 was 30% lower than the price of April 2008.

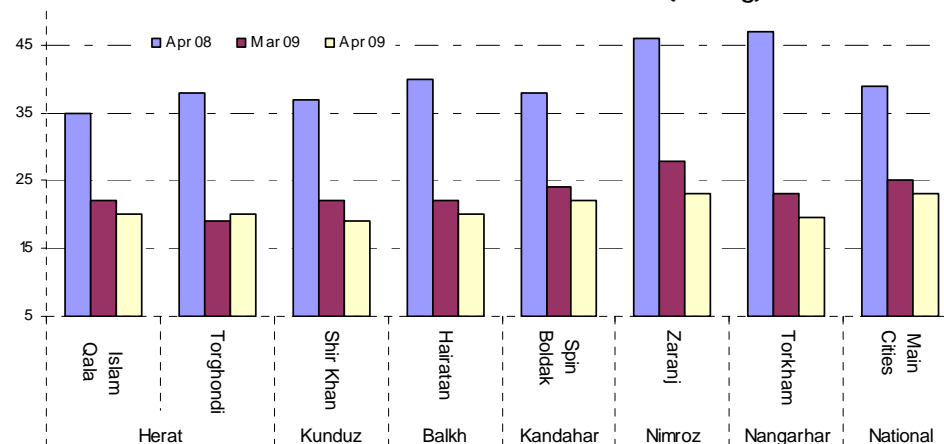
However, the price of wheat in provincial centers across the country was still 53% higher compared to April 2007 (normal /long term wheat flour price).

Market prices in border towns

There is slight change between the prices reported from the border towns and the ones reported from main cities. In April 2009, in border towns, on average, price of imported wheat flour is 12% lower than the price of imported wheat flour in the main cities/urban areas, in the same month.

In the border markets, the prices of imported wheat flour in April 2009 compared to March 2009, decreased on average by 10%. As indicated in the below charts, the wheat flour price in April 2009 decreased by 18% in Zaranj, 15% in Turkham, 14% in Shirkhan Bander, 9% in Islam Qala and Hairatan compared to March 2009. A slight increase has been showed in Torghondi (5%) compared to the price of March 2009.

Wheat Flour Price in Border Towns (Afs/Kg)

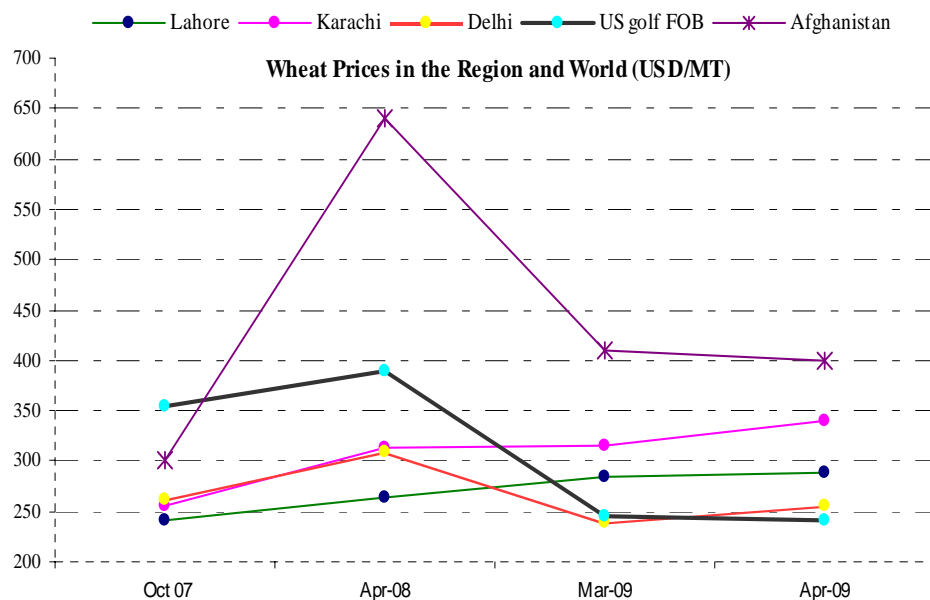


In April 2009, on average, the price of imported wheat flour in border towns is 49% lower compared to April 2008.

Monthly Price of Wheat on Global Market

International wheat prices have shown similar trend during the month of April 09, although they remained quite unstable. The US wheat (No. 2 Hard Red Winter, FOB Gulf) averaged US\$ 242 per MT in April 2009; one percent lower than the previous month's average, and was 38 percent below than the peak price of April 2008. Wheat price in Delhi (India) is US\$ 256 per MT, higher than international prices and 17% lower than in April 2008. Wheat prices in Karachi (Pakistan) are US\$ 339 per MT, and were 7.3% higher compared to March 2009 and 8.3% higher than April 2008.

In Afghanistan, wheat price in April 2009 was 65% higher than the international price, 56% than the price in Delhi and 18% than the price of wheat in Karachi.

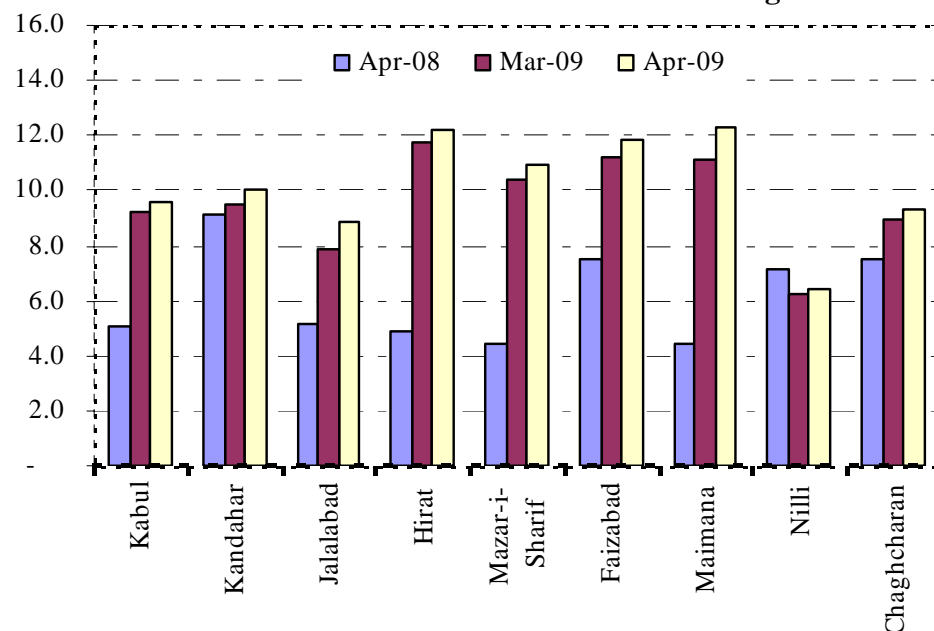


Terms of Trade (ToT)

Casual Labour and Wheat: The terms of trade between casual labour and wheat are a proxy for the purchasing power of those households who are mainly reliant on casual labour and those who purchase wheat from the market. On average the ToT between wheat and casual labour in April 2009 compared March 2009, increased by 5.6%.

The terms of trade for the casual labour and wheat in April 2009 have remained the same in Kandahar, Herat, Cheghcheran and Nili cities, compared to March 2009.

Casual Labour/Wheat in Main Cities of Afghanistan



The terms of trade between these two commodities considerably increased by 64% in Maimana, 59% in Hirat and Mazar-i-sharif, 47% in Kabul, 41.6% in Jalalabad and 36% in Faizabad (April 2009 compared to April 2008). There was a decline by 12 % in Nili of Daikundi province compared to last year.

Sheep and Wheat: The terms of trade between sheep and wheat are a proxy for the purchasing power of those households that are mainly reliant on income from livestock (pastoralists).

The terms of trade between a sheep and a kg of wheat in April 2009 increased on average by 20% compared to April 2008. This increase was particularly large in Mazar by 67.4%, in Maimana by 57.1%, in Hirat by 50.7%, in Jalalabad by 48%, in Kabul by 46%, in Cheghcheran by 19.4% and in Kandahar by 7.3%.

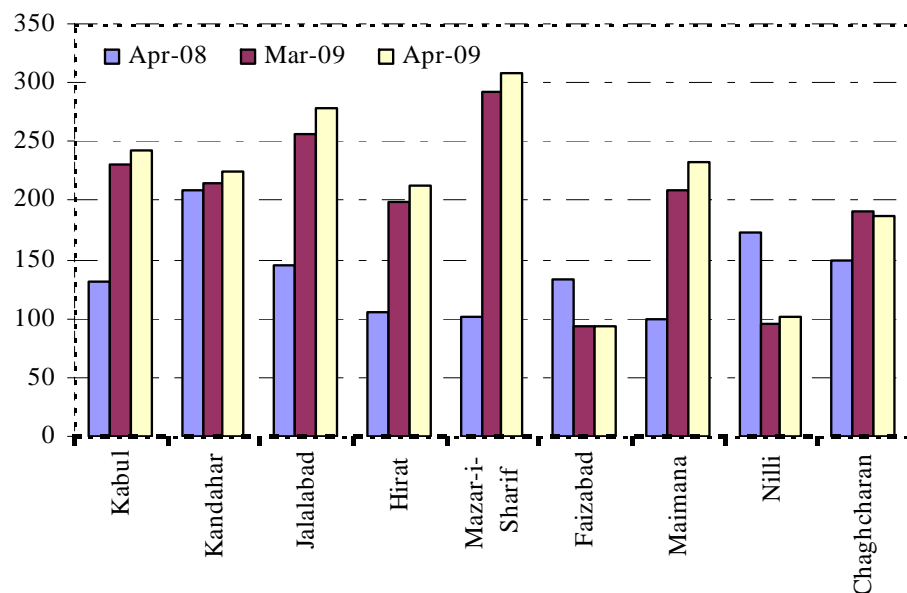
The ToT between sheep and wheat in April 2009 compared to April 2008 declined by 69.8% in Nili and 42.2% in Faizabad. Main reason for this decline could be a low level of demand for sheep and poor economic situation of the households following the very poor 2008 harvest due to drought and price increases.

On average the ToT between sheep and wheat in the month of April 2009 compared to March 2009 increased only by 5.2%.

Wheat and Wheat Flour Wholesalers

A relatively large number of traders are physically located in the wholesale markets. Their main source for flour is from the large import merchants. The wholesalers sell flour into surrounding districts, as well as to bakeries and retailers and end consumers. Wheat is typically acquired from farmers in the rural areas, often via the merchants' buying agents. It is brought to the central markets where it cleaned and bagged. Following last year drought and high food price, most of the wholesalers dealt only in wheat flour; only few wholesalers also dealt with wheat.

Sheep/Wheat in Main Cities of Afghanistan



Annex1: Market Watch on Main food Commodities in Main Cities of Afghanistan Markets

Markets	Major Comm	Current Price per Kg	Price change (%)			Average Change			Markets	Major Comm	Current Price	Price change (%)			Average Change		
			2 Y	1 Y	1 M	2 Y	1 Y	1 M				2 Y	1 Y	1 M	2 Y	1 Y	1 M
KABUL	Wheat (kg)	21	7.0	-43.2	-3.4	▲	▼	▼	Livestock-One year live Sheep (Female)								
	Wheat/Flour (kg)	24	73.1	-42.7	-5.1	▲	▼	▼	KABUL	Sheep	5,100	19.3	5.2	1.5	▼	►	►
	Rice Low Qaulity (Kg)	33	72.7	15.7	-9.5	▲	▲	▼	KANDAHAR	Sheep	4,500	-10.0	-10.9	0.0	▲	▲	►
	Oil (kg)	59	6.8	-28.6	-6.7	▲	▼	▼	JALALABAD	Sheep	5,000	14.9	1.0	0.0	▼	►	►
KANDAHAR	Wheat (kg)	20	66.9	-17.4	-4.7	▲	▼	▼	HERAT	Sheep	3,500	5.7	9.4	3.6	►	►	►
	Wheat/Flour (kg)	23	67.5	-42.1	-0.8	▲	▼	►	MAZAR	Sheep	4,250	5.6	24.1	0.0	►	▼	►
	Rice Low Qaulity (Kg)	32	54.9	-25.7	-0.8	▲	▼	►	FAIZABAD	Sheep	2,000	-55.6	-60.0	0.0	▲	▲	►
	Oil (kg)	52	13.0	-33.7	-1.4	▲	▼	►	MAIMANA	Sheep	3,925	-15.6	13.8	0.0	▲	▼	►
JALALABAD	Wheat (kg)	18	57.2	-47.4	-7.7	▲	▼	▼	NILI	Sheep	3,475		-28.4	13.9	N/A	▲	▼
	Wheat/Flour (kg)	22	58.3	-42.7	0.0	▲	▼	►	CHEGHCHHRAN	Sheep	4,000		6.7	-5.9	N/A	▼	►
	Rice Low Qaulity (Kg)	22	35.4	-34.3	-21.4	▲	▼	►	Terms of Trade								
	Oil (kg)	52	7.2	-37.7	-10.3	▲	▼	▼	KABUL	Casual Labour/Wheat		-35.2	88.7	3.8	▲	▼	►
HERAT	Wheat (kg)	16	39.9	-46.1	-3.7	▲	▼	►	KANDAHAR	Casual Labour/Wheat		-32.4	9.7	5.0	▲	▼	►
	Wheat/Flour (kg)	20	36.5	-43.8	-3.0	▲	▼	►	JALALABAD	Casual Labour/Wheat		-32.2	71.3	13.3	▲	▼	►
	Rice Low Qaulity (Kg)	27	11.6	-32.1	-1.9	▲	▼	►	HERAT	Casual Labour/Wheat		-4.5	147.7	3.8	►	▼	►
	Oil (kg)	54	13.7	-33.1	4.7	▲	▼	►	MAZAR-	Casual Labour/Wheat		-14.9	146.0	5.4	▲	▼	►
MAZAR	Wheat (kg)	14	17.0	-59.6	-5.2	▲	▼	►	FAIZABAD	Casual Labour/Wheat		-24.2	57.3	5.9	▲	▼	►
	Wheat/Flour (kg)	17	22.1	-56.3	-6.1	▲	▼	►	MAIMANA	Casual Labour/Wheat		-9.4	178.7	10.4	▲	▼	►
	Rice Low Qaulity (Kg)	33	40.4	-27.9	0.0	▲	▼	►	NILI	Casual Labour/Wheat		-10.7	2.9	N/A	▲	▼	►
	Oil (kg)	57	14.6	-31.6	5.6	▲	▼	►	CHEGHCHHRAN	Casual Labour/Wheat			23.7	3.5	N/A	▼	►
FAIZABAD	Wheat (kg)	21	32.5	-43.1	-0.1	▲	▼	►	KABUL	Sheep f/wheat		7.0	85.3	5.1	▼	►	►
	Wheat/Flour (kg)	25	42.7	-43.0	-7.4	▲	▼	►	KANDAHAR	Sheep f/wheat		-46.1	7.9	4.9	▲	▼	►
	Rice Low Qaulity (Kg)	54	107.7	7.5	0.9	▲	▲	►	JALALABAD	Sheep f/wheat		-26.9	92.2	8.3	▲	▼	►
	Oil (kg)	74	34.5	-25.1	-9.6	▲	▼	►	HERAT	Sheep f/wheat		-24.5	102.9	7.5	▲	▼	►
MAIMANA	Wheat (kg)	17	18.0	-51.2	-9.9	▲	▼	►	MAZAR	Sheep f/wheat		-9.8	206.8	5.5	▲	▼	►
	Wheat/Flour (kg)	19	12.8	-51.5	-12.1	▲	▼	►	FAIZABAD	Sheep f/wheat		-66.5	-29.7	0.1	▲	▼	►
	Rice Low Qaulity (Kg)	37	33.3	-0.7	-1.3	▲	▼	►	MAIMANA	Sheep f/wheat		-28.5	133.1	11.0	▲	▼	►
	Oil (kg)	78	52.5	-7.4	16.6	▲	▼	►	NILI	Sheep f/wheat			-35.8	17.1	N/A	▲	▼
NILI	Wheat (kg)	31	N/A	11.6	-2.7	N/A	▲	►	CHEGHCHHRAN	Sheep f/wheat			24.0	-2.6	N/A	▼	►
	Wheat/Flour (kg)	33	N/A	-13.2	-0.8	N/A	▼	►	Remark								
	Rice Low Qaulity (Kg)	32	N/A	4.9	0.0	N/A	▼	►	▲ Price increase above normal price fluctuation								
	Oil (kg)	62	N/A	-32.0	-1.2	N/A	▼	►	► Normal Price fluctuation								
CHEGHCHHRAN	Wheat (kg)	22	N/A	-14.0	-3.4	N/A	▼	►	▼ Price decrease below normal price fluctuation								
	Wheat/Flour (kg)	28	N/A	-25.7	-9.1	N/A	▼	►	N/A Not availbe								
	Rice Low Qaulity (Kg)	32	N/A	-2.3	-9.9	N/A	►	►	Price fluctuation is considered normal if the price change is within 5% for 1 month, or within								
	Oil (kg)	62	N/A	-23.9	4.6	N/A	▼	►	10% for 3 months								
									1M= Compared to month ago 1Y= Compared to April 2008; and 2Y= Compared to April 2007 (normal price/long term price)								