



World Food
Programme

Afghanistan Market Price Bulletin

February 2010

(Reporting January 2010)

Highlights

Wheat and wheat flour retail prices had slight decreases during the reporting month. There were also increases in regional markets and slight decrease in global markets, which are likely to show the effects in the next period. Current retail prices of wheat flour are still 20% above pre-crisis level, while all cereals together are 15% higher than the pre-crisis levels. Improvements of the Afghani against US Dollar are being reflected in the market. The Afghani went down from 48.8 to 47.3 per Dollar, with variations in different provinces.

Consumer price index (CPI):

- **The National Consumer Price Index (CPI):** decreased by **1.7 percent** compared to December 2009. Food index decreased **2.5** points and non-food index decreased by **0.3** points.

Price of Wheat flour in Main Urban Cities

- The prices of **wheat flour** in most of the main urban markets show:
 - **6.6%** decrease in comparison to December 2009;
 - **36.1%** decreased compared to Jan 2009;
 - **30.1%** lower compared to January 2008
 - **19.8%** higher than pre-crisis price average (January to October 2007).

Price of Wheat across the Country

- The average price of **wheat** in in January 2010 was 15.8 Afs/kg, **3.7%** lower than December 2009; **41%** lower than January 2009 and **26.5%** lower than January 2008.

Wheat Flour price in border town

- Compared with December 2009, prices of imported wheat flour in **border markets** decreased by 5.7% and decreased by **30.7%** compared to January 2009. Main Cities have shown 6.6% monthly and 35.5% annual decreases.

International Monthly Wheat Prices

- In Afghanistan, the price of wheat in January 2010 was 306 US\$/MT; **42.3%** higher than the **international price** and **6.9%** and **2.4%** lower than the prices in region and **Karachi** (Pakistan) respectively.

Terms of Trade

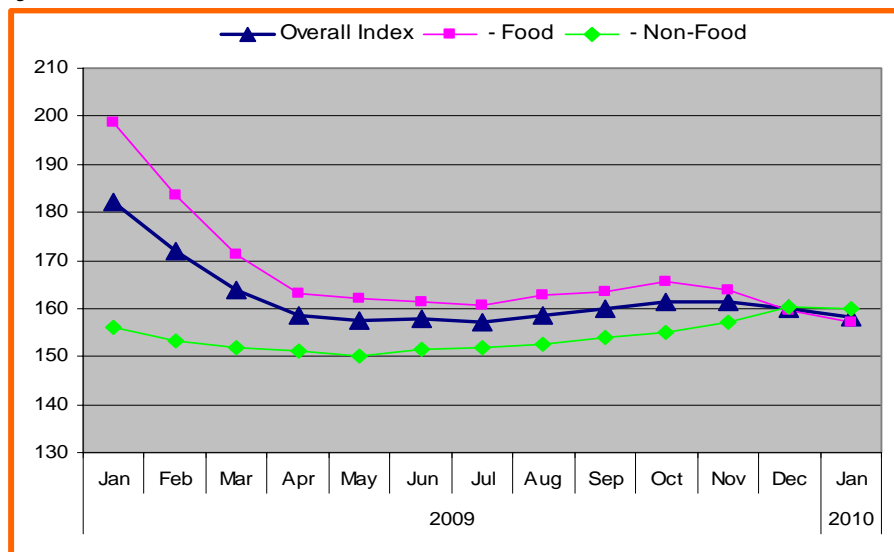
- The average Terms of Trade between casual labor daily salary and wheat show 6.4% improvement compared to December 2009; and improvements compared to the same time last year, two years ago and pre-crisis levels price by **120.2%**, **105%** and **29%** respectively.
- The Terms of Trade between a female one year old sheep and kg of wheat improved **8.9%** from last month and **110.1%** from January 2009. This ToT improved by **59.9%** from January 2008 and 6.6 % from the pre-crisis levels.

Consumer price index (CPI):¹

From the past month, the overall CPI decreased by 1.7 points. The food index decreased 2.5 points and the non-food index decreased by 0.3 points. The bread and cereal index decreased 6.7 points.

Due mainly to wheat prices, the inter-annual decrease in the national food index was 24.1 points.

For food items, the inter-annual change in bread and cereals dropped 90.9 points, whilst the index for non-food items increased by 3.9%.



The annual drop in the national CPI was 24.1 percent points. The highest inter-annual drops in the CPI were reported in Herat (34.4%), Kabul (23.9%), Mazar (23.4%) and least in Jalalabad (12.5%), Khost (21.2%) and Kandahar (22.6%).

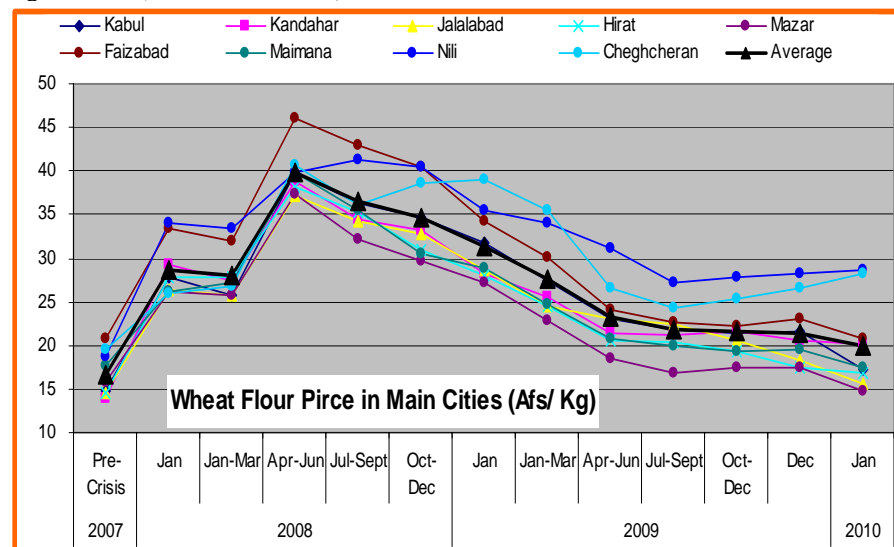
Inter-annual decreases in the food component of the CPI happened in Herat (58.1%), Mazar (45.2%), Kabul (40.2%) and least in Jalalabad (24.6%), Khost (32.5%) and Kandahar (38.3%).

¹ CPI: Source: Central Statistics Organization (CSO). Consumer Price Indices (CPI) is 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.

Wheat Flour Price in Main Cities:²

The monthly average price of Wheat flour in the main urban markets was **20 Afs/kg**, 6.6% lower than previous month.

Compared to the past month, the highest decreases occurred in Kabul (20.3%), Mazar (15.7%), Jalalabad (15.1%), Maimana (10.6%) and Faizabad (10%),, while the highest increase observed in Jeghcheran (6.6%) and Nili (1.8%). Changes in Kandahar and Hirat were not significant (-1.2 and -2.9%).



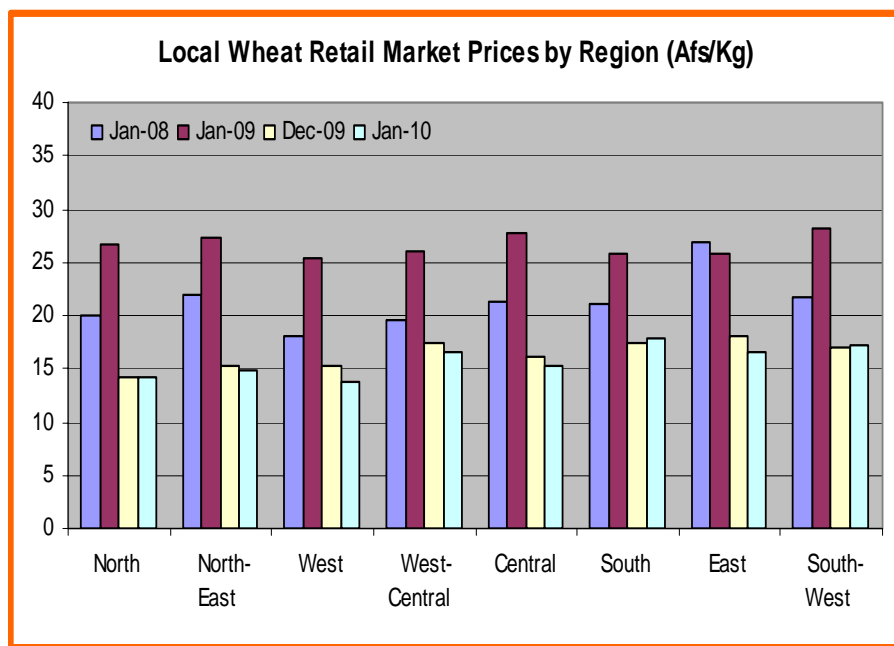
In the main urban markets, the prices decreased an average **36.1%** compared to a year ago (Jan 2009). On the two year comparison the prices decreased 30.1%, while increasing by 19.8% from the pre-crisis prices average (Jan-Oct 2009).

² Source WFP VAM Market Data from Afghanistan main cities

Price of Wheat across the Country: ³

The average price of wheat for the reporting month was 15.8 Afs/Kg; a decrease of 3.7% from last month monthly and 41% from one year ago.

Compared to December 2009, the highest decrease occurred in West (10.7%), East (8.3%), West Central (5.7%) and Central (5.4%). Variations were not significant in other regions (-3 to 1.7 %). No changes are reported in the North.



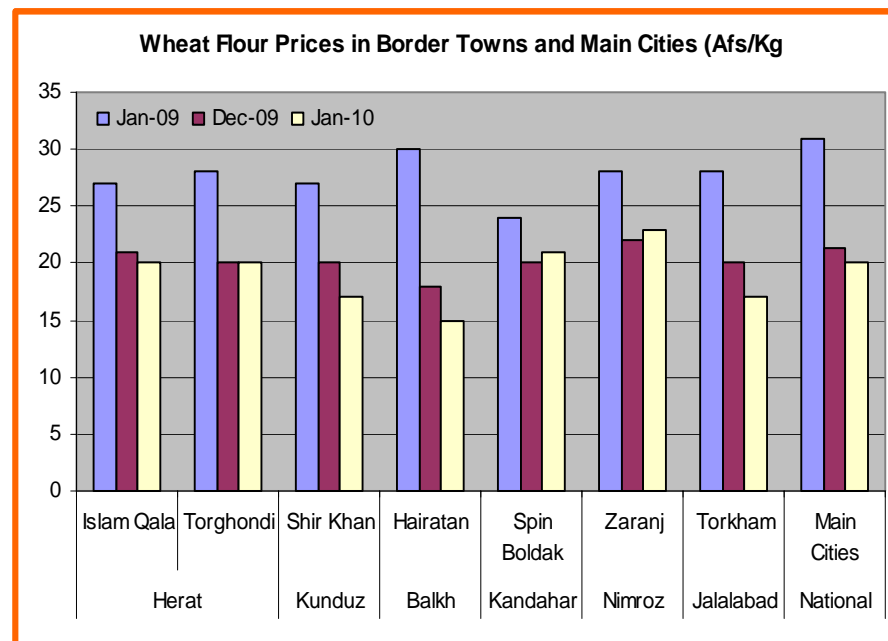
Compared to the same month two years ago, the average price was 26.5% lower. However, the price in the main cities across the country was still, on average, 3.2% higher than the Pre-Crisis prices (Jan-Oct 2007).

³ Data source MAIL-FAAHM

Market prices in border towns: ⁴

In the border markets the prices of imported wheat flour decreased by 5.7% compared with December 2009 and were 30.7% lower than January 2009. Wheat flour prices in main cities showed monthly and annual decrease of 6.6% and 35.5% respectively.

The highest monthly decrease occurred in Hairatan (16.7%) and Shirkhan and Torkham (15%) while changes in other border markets were not significant (-4.8 to 5%), with no changes in Torghondi.



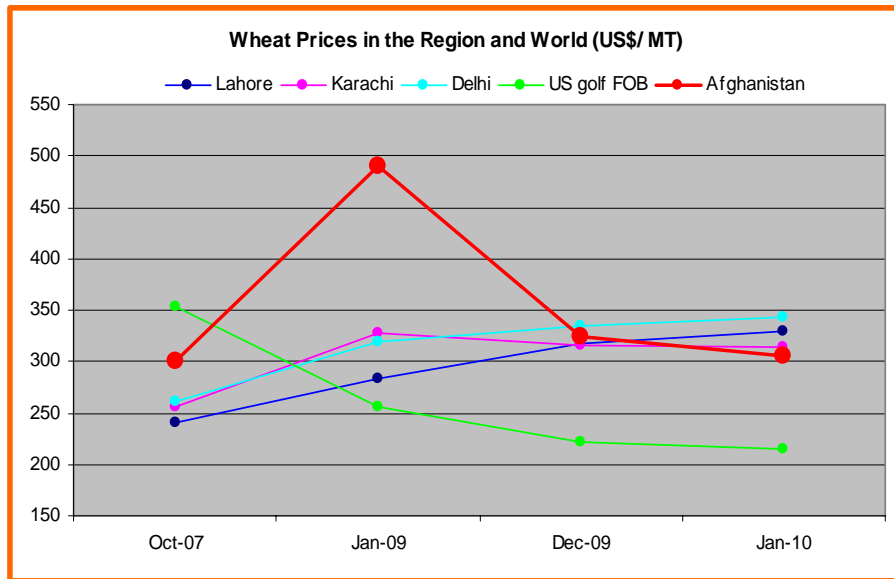
The price of Wheat Flour in main cities was 19.8% lower than the pre-crisis average.

⁴ Data source MAIL-FAAHM

Monthly Price of Wheat on Global Market:⁵

The international price of wheat decreased along 2009 up to September, but started increasing in October and November and again started decreasing since December 2009.

The US wheat (No. 2 Hard Red Winter, FOB Gulf) averaged US\$ 215 per MT in the reporting month; 3.2 percent less than the previous, 7.5 percent lower than one year ago, 31.2% lower than October 2007 and 55.4% lower than its peak in March 2008 (482 US \$/MT).



The wheat price in Karachi (Pakistan) was US\$ 313 per MT, 0.7% lower than the previous month, 4.3% lower than one year ago and 22.7% lower than October 2007.

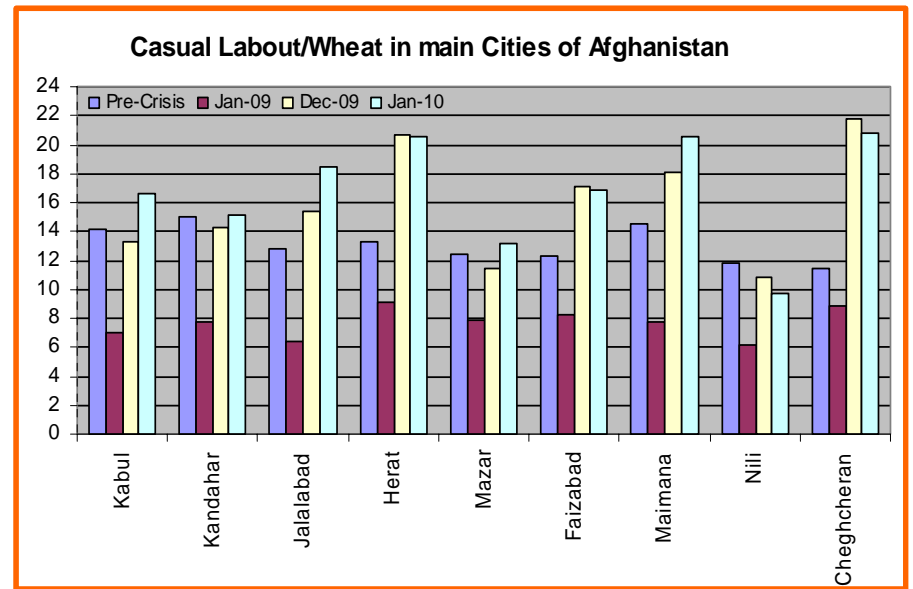
In Afghanistan, the price of wheat for the reporting month was 306 US \$/MT, 42.3% higher than the international price (US gulf FOB); 6.9% lower than the average price in regional markets (Karachi, Lahore and Delhi) and 2.4% lower than prices in Karachi, Pakistan

⁵ Source: WFP/MAIL-FAAHM

Terms of Trade (ToT):⁶

Casual Labour and Wheat: The Terms of Trade between casual labour and wheat are a proxy indicator or the purchasing capacity of households relying on casual labour 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.

Compared with the previous month, the reported wheat and casual labor ToT increased from 15.9 Kg to 16.9 Kg (1Kg or 6.4%).



The highest increases happened in Kabul (25.8 %), Jalalabad (19.9%), Mazar (14.8%) and Maimana (13.4%), while the highest decreases were reported in Cheghcheran (10.1%). Changes in other cities were not significant (-4.3 to 6.3%).

Country wise, the ToT improved over the same time past year from 8.2 Kg to 16.9 Kg (120.2%). In Jalalabad this indicator improved by 187.3%, 166.5% in Maimana, 139.5% in Kabul, 134% in Ghor, 127.2% in Hirat, 105.5% in Faizabad. The rest of provincial centers

⁶ Source: WFP/VAM

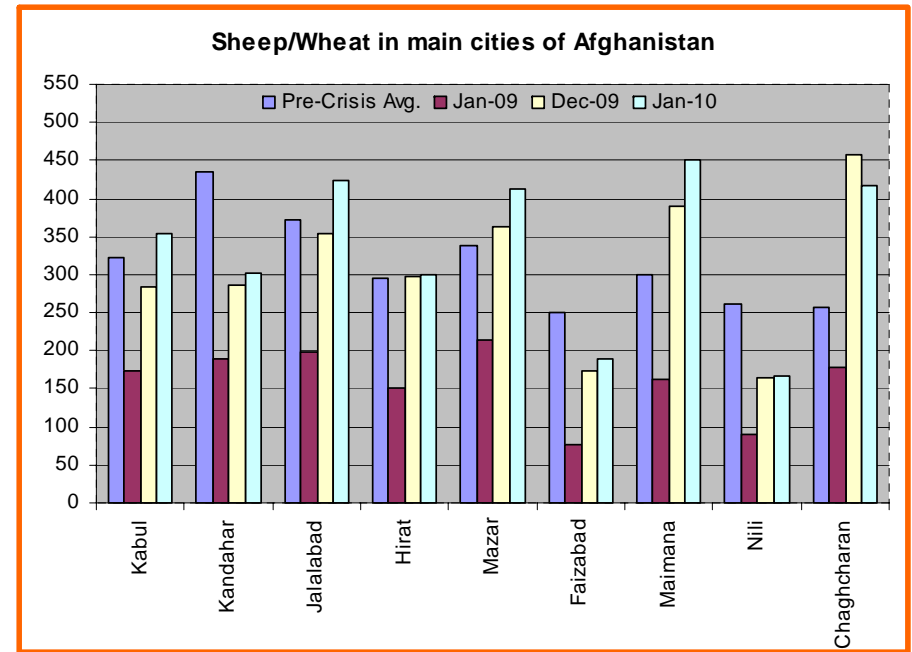
improved from 59.9% to 95.2%(January 2010 compared to January 2009).

Improvement is observed in the two year back comparison (105%) as well as when compared with the average pre-crisis price (29%).

Sheep and Wheat:⁷ The Terms of Trade between a one year old female sheep and wheat are a proxy for the purchasing capacity of those households that are mainly reliant on income from livestock (pastoralists). It says how many kg of wheat can be obtained when selling a one year old female sheep.

On average, this ToT improved 8.9% over the past month. The highest improvements occurred in Kabul (24.2%),Maimana (15.7%) and Mazar (13.9%), while the rest changed from -8.7 to 8.3%.

This ToT improved an average 110.1% compared to one year ago. Improvement was particularly large in Maimana (179.3%), Faizabad (144.4%), Cheghcheran (134.4%) and Jalalabad (114.1%) and to lesser extent in Kandahar (60.1%) and Nili (84.1%), while the rest was in between. The ToT improved 59.9% in comparison to two years ago and 6.6% from the pre-crisis average prices.



⁷ Source: WFP/VAM

Annex1: Market Watch on Main food Commodities in Main Cities of Afghanistan Markets – January 2010

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	12.1	-35.1	-47.8	-18.9	▲	▼	▼	▼	Livestock-One gear live Sheep (Female)	KABUL	Sheep	5313	23.4	10.1	6.0	0.7	▲	▲	▶	▶
	Wheat/Flour (kg)	22	17.3	-37.9	-45.7	-20.3	▲	▼	▼	▼		KANDAHAR	Sheep	5375	-2.2	0.0	2.6	0.0	▶	▶	▶	▶
	Rice Low Quality (Kg)	27	47.1	14.1	-19.3	-5.0	▶	▲	▼	▶		JALALABAD	Sheep	4625	20.6	13.6	6.0	0.0	▲	▲	▶	▶
	Oil (kg)	56	1.9	-22.4	-14.8	-2.2	▶	▼	▼	▶		HERAT	Sheep	3663	9.8	19.2	8.6	1.4	▶	▶	▶	▶
KANDAHAR	Wheat (kg)	19	40.0	-14.5	-35.9	-5.7	▲	▼	▼	▼		MAZAR	Sheep	4325	23.8	9.4	24.5	11.5	▲	▶	▲	▲
	Wheat/Flour (kg)	22	44.4	-31.1	-28.3	-1.2	▲	▼	▼	▶		FAIZABAD	Sheep	2900	-39.9	-42.0	40.0	0.0	▼	▼	▶	▶
	Rice Low Quality (Kg)	33	42.9	18.5	-17.4	0.0	▶	▲	▼	▶		MAIMANA	Sheep	5300	49.9	43.7	82.5	0.8	▶	▶	▶	▶
	Oil (kg)	53	-1.7	-29.3	-7.2	4.6	▶	▼	▼	▶		NILI	Sheep	3800	-12.8	-20.6	28.3	1.3	▼	▼	▶	▶
JALALABAD	Wheat (kg)	17	5.4	-35.6	-50.5	-16.7	▶	▼	▼	▼		CHEGHCHRAN	Sheep	5125	11.1	60.0	25.0	-4.8	▶	▶	▶	▶
	Wheat/Flour (kg)	21	7.1	-41.4	-46.1	-15.1	▶	▼	▼	▶		Terms of Trade										
	Rice Low Quality (Kg)	30	42.2	-2.0	-24.6	-3.9	▶	▼	▼	▶		KABUL	Casual Labour/wheat	18.1	120.1	139.5	25.8	▶	▶	▶	▶	
	Oil (kg)	57	0.1	-24.7	-14.7	0.0	▶	▼	▼	▶		KANDAHAR	Casual Labour/wheat	1.3	59.7	95.2	6.3	▶	▶	▶	▶	
HERAT	Wheat (kg)	12	7.7	-41.6	-44.9	1.1	▶	▼	▼	▶		JALALABAD	Casual Labour/wheat	43.7	113.3	187.3	19.9	▶	▶	▶	▶	
	Wheat/Flour (kg)	20	16.2	-39.5	-39.9	-2.9	▶	▼	▼	▶		HERAT	Casual Labour/wheat	54.6	181.1	127.2	-0.6	▶	▶	▶	▶	
	Rice Low Quality (Kg)	26	-2.6	-14.8	-8.8	-2.8	▶	▼	▼	▶	MAZAR-	Casual Labour/wheat	5.2	98.7	66.7	14.8	▶	▶	▶	▶		
	Oil (kg)	52	2.8	-26.5	-1.6	-1.8	▶	▼	▼	▶	FAIZABAD	Casual Labour/wheat	36.8	132.1	105.5	-1.3	▶	▶	▶	▶		
MAZAR	Wheat (kg)	13	0.3	-43.5	-35.1	-2.0	▶	▼	▼	▶	MAIMANA	Casual Labour/wheat	41.8	76.1	166.5	13.4	▶	▶	▶	▶		
	Wheat/Flour (kg)	18	-6.7	-43.8	-45.9	-15.7	▶	▼	▼	▶	NILI	Casual Labour/wheat	-17.3	45.0	59.9	-10.1	▶	▶	▶	▶		
	Rice Low Quality (Kg)	32	35.6	0.8	-9.2	0.0	▶	▼	▼	▶	CHEGHCHRAN	Casual Labour/wheat	82.3	135.7	134.0	-4.3	▶	▶	▶	▶		
	Oil (kg)	53	2.8	-28.1	-9.0	4.2	▶	▼	▼	▶	KABUL	Sheep /wheat	9.9	69.8	103.2	24.2	▶	▶	▶	▶		
FAIZABAD	Wheat (kg)	17	-22.1	-40.2	-42.7	-7.7	▶	▼	▼	▶	KANDAHAR	Sheep /wheat	-30.3	17.0	60.1	6.1	▶	▶	▶	▶		
	Wheat/Flour (kg)	21	-0.1	-37.8	-39.2	-10.0	▶	▼	▼	▶	JALALABAD	Sheep /wheat	14.3	76.3	114.1	20.0	▶	▶	▶	▶		
	Rice Low Quality (Kg)	46	26.0	-5.8	-38.8	-2.1	▶	▼	▼	▶	HERAT	Sheep /wheat	1.4	103.9	97.1	0.2	▶	▶	▶	▶		
	Oil (kg)	79	5.7	-34.8	-37.2	-1.4	▶	▼	▼	▶	MAZAR	Sheep /wheat	21.9	93.7	92.0	13.9	▶	▶	▶	▶		
MAIMANA	Wheat (kg)	16	-0.9	-11.2	-34.7	-12.9	▶	▼	▼	▶	FAIZABAD	Sheep /wheat	-24.7	-3.0	144.4	8.3	▶	▶	▶	▶		
	Wheat/Flour (kg)	20	-0.8	-33.2	-39.5	-10.6	▶	▼	▼	▶	MAIMANA	Sheep /wheat	51.0	61.8	179.3	15.7	▶	▶	▶	▶		
	Rice Low Quality (Kg)	39	30.8	15.1	-9.9	-7.1	▶	▼	▼	▶	NILI	Sheep /wheat	-36.0	3.5	84.1	1.3	▶	▶	▶	▶		
	Oil (kg)	63	13.6	-21.1	0.4	-4.6	▶	▼	▼	▶	CHEGHCHRAN	Sheep /wheat	62.0	126.7	134.4	-8.7	▶	▶	▶	▶		
NILI	Wheat (kg)	22	35.8	-23.3	-30.3	0.0	▶	▼	▼	▶	Remark											
	Wheat/Flour (kg)	27	53.5	-15.4	-19.0	1.8	▶	▼	▼	▶	▲ Price increase above normal price fluctuation											
	Rice Low Quality (Kg)	35	-23.6	-34.3	-5.8	8.3	▶	▼	▼	▶	▶ Normal Price fluctuation											
	Oil (kg)	60	-18.9	-32.7	-17.8	4.8	▶	▼	▼	▶	▼ Price decrease below normal price fluctuation											
CHEGHCHRAN	Wheat (kg)	10	-31.4	-29.4	-46.7	4.3	▶	▼	▼	▶	Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months											
	Wheat/Flour (kg)	25	44.9	8.9	-27.6	6.6	▶	▼	▼	▶	IM= Compared to month ago 1Y= Compared to January 2009 and 2Y= Compared to January 2008 PCPA=Pre-Crisis Prices Average (Jan-Oct 2007)											
	Rice Low Quality (Kg)	50	33.5	126.3	80.4	22.5	▶	▼	▼	▶												
	Oil (kg)	54	-9.6	-16.8	-9.6	9.1	▶	▼	▼	▶												