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food security analysis

Afghanistan Market Price Bulletin

October 2011

(Reporting September 2011)

Highlights

- ❖ During the reporting month, wheat grain retail price has slightly decreased compared to the last month, mainly due to the decreasing trend of wheat prices on the global and regional markets. It is estimated that it can get high in Afghanistan due to the poor 2011 wheat harvest as a result of the drought situation in the country and start of wheat sowing season.
- ❖ Following the Wheat price trend, Wheat flour average price has also decreased by 2.6%. But increased by 57.1% above pre-food price crisis (Jan-Oct 2007) level. All cereals together are 57% higher than the pre-crisis level. The difference between wheat and wheat flour prices is worrisome.
- ❖ Cooking oil price increased by 55% in September 2011 when compared to the same time one year ago.

Price of Wheat in Main Urban Cities

- The average wheat price in the main cities markets was 20.4 Afs/Kg, being:
 - 1.1% lower compared to the August 2011 prices;
 - 24.7% higher on the inter-annual comparison (September 2010 prices);
 - 18% higher than September 2009 and
 - 48% higher than pre-crisis level average (January to October 2007).

Price of Wheat flour in Main Urban Cities

- The average price of wheat flour in the main urban markets was 26.2 Afs/Kg, showing:
 - 2.6% decrease in comparison to August 2011;
 - 7.5% increase compared to September 2010;
 - 21.3% increase from September 2009 prices;
 - 57.1% increase from pre-crisis average (January to October 2007).

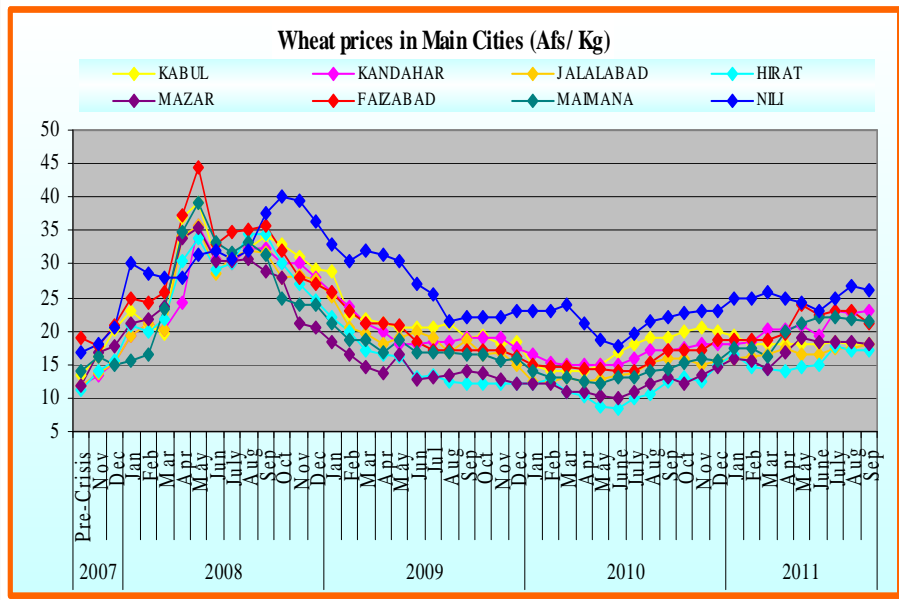
Terms of Trade

- The average Terms of Trade between casual labor daily salary and wheat deteriorated by 3% from August to September 2011 (from 17Kgs to 16.5kgs) due to decrease in the labor wages.
On the one year comparison, the above ToT deteriorated by 5.8%, while improved on the two years and pre-crisis level comparison by 20.5% and 24.1% respectively.
- The average Terms of Trade between sheep and wheat improved by 0.7% compared to August 2011, while deteriorated by 17.5%, 1.4% and 23% on the one year ago, two years ago and pre-crisis level respectively.

Wheat Retail Price in Main Cities¹

The monthly average price of wheat in the main urban markets was 20.4 Afs/Kg.

Compared to the past month the average price decreased by 1.1%. The highest decrease is in Faizabad (7.6%) due to harvesting time and supply of wheat flour. However there is an increase of 3.1% in Jalalabad. The variation in the rest of main cities is non-significant (-3% to 2%).



Compared to one year ago (September 2010) the average increase is 24.7%. The highest increase is in Maimana (51%) followed by Hirat (39.6%), Mazar (38%), Kandahar (35%), Faizabad (23.5%), Nili (18.2%) and Jalalabad (13.1%). However there is a decrease of 5% in Kabul.

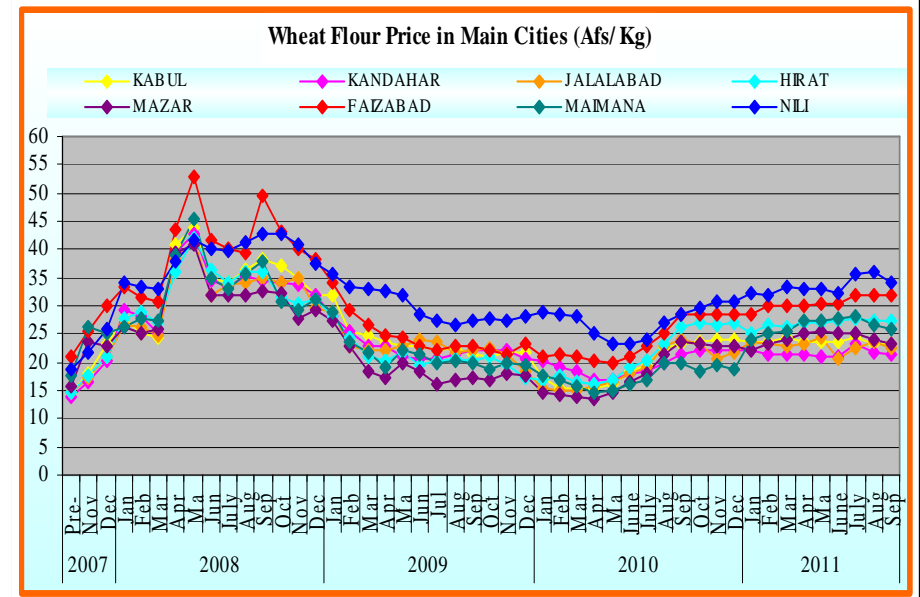
On the two-year comparison, the average price increased by 18%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are 48.1% higher.

¹ 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: ²

The monthly average price of wheat flour in the main urban markets was 26.2Afs/Kg, which is 2.6% lower compared to the previous month. The highest decrease occurred in Jalalabad (6%) followed by Nili (5%). The variation in other main city markets is non-significant (-3.2% to 0.2%).

Compared to a year ago (September 2010), the wheat flour price increased in all main cities by 7.5%. The highest increase noticed



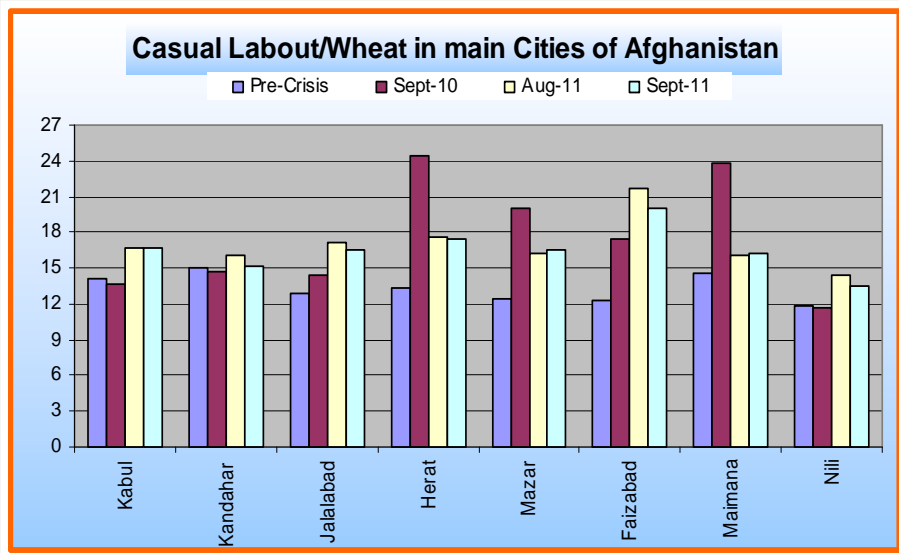
in Maimana (30.3%), followed by Nili (20.2%) and Faizabad (11.9%). However, there is a decrease of 7% in Jalalabad. The variation in other main cities is non-significant (0.5% to 3.8%).

On the two-year comparison (September 2009), the average prices increased by 21.3%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are high by 57.1%.

² Source: WFP VAM Market Data from Afghanistan main cities

Terms of Trade (ToT):³

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 has deteriorated from August to September 2011 from 17Kgs to 16.5kgs (3%). The highest deterioration occurred in Faizabad (8.1%) followed by Nili (7%) and Kandahar (5.3%). The variation in other main cities is normal (-3% to 2%).

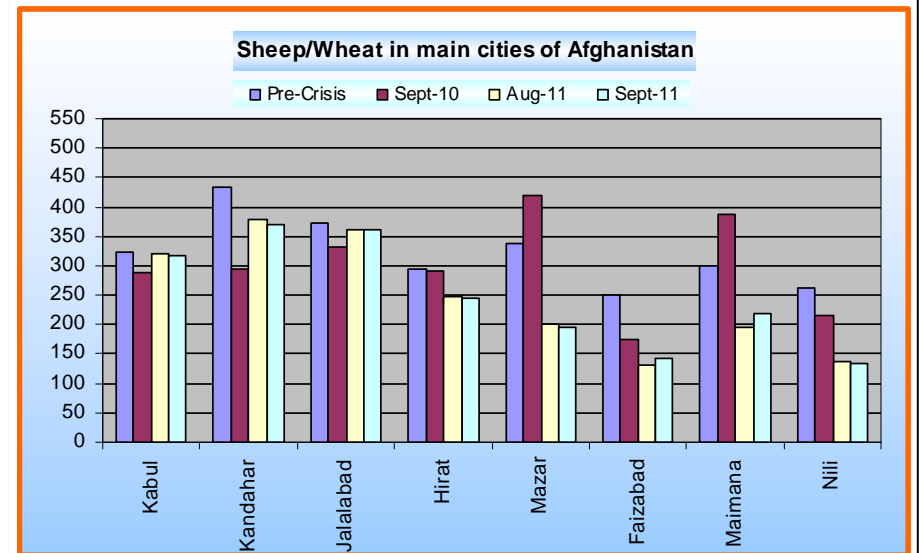
In comparison to one year ago (Sept. 2010), the average ToT deteriorated by 5.8%. The highest deterioration occurred in Maimana (32%) followed by Hirat (29%), Mazar and (17.2). However there is improvement of 21.3%, 15.3%, 15%, and 14.5% Kabul, Jalalabad, Nili and Faizabad respectively. Improvements over 2-year back and pre-crisis levels are 20.5% and 24.1% respectively.

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

Sheep and Wheat:⁴

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 kilograms of wheat can be obtained when selling a one year old female sheep.

On average, this ToT improved by 0.7% over the past month due to increase in sheep prices because of the coming Eidul Adha



where animals are sacrificed by most of Muslims. The highest deterioration occurred in Maimana (12%), followed by Faizabad (8.2%). The variation in other main cities is normal (-2.8% to -0.1%).

Compared to one year ago, the average ToT deteriorated (17.5%). The highest decrease occurred in Mazar (536%), followed by Maimana (43.4%), Nili (37.3%), Faizabad (19.1%) and Hirat (16.4%). However, there is an improvement of 25.3%, 10% and 9.1% in Kandahar, Kabul and Jalalabad respectively.

On the 2-year comparison, the average sheep/wheat ToT has deteriorated by 1.4%, while on the pre-crisis level comparison, it has deteriorated by 23%.

⁴ Source: WFP/VAM

Market Watch on Main Food Commodities in Main Cities of Afghanistan - September 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	1M	PC PA	2 Y	1 Y	1M				PCP A	2 Y	1 Y	1M	PC PA	2 Y	1 Y	1M
KABUL	Wheat (kg)	18.1	34.9	-5.0	-5.0	0.3	▲	▶	▶	▶	Livestock-One gear live Sheep (Female)										
	Wheat/Flour (kg)	23.4	59.1	9.9	1.1	0.2	▲	▶	▶	▶	KABUL	Sheep	5750	33.9	9.5	4.5	0.0	▲	▶	▶	▶
	Rice Low Quality (Kg)	28.3	47.1	-5.0	0.9	0.9	▲	▶	▶	▶	KANDAHAR	Sheep	8500	66.3	70.0	70.0	-0.6	▲	▲	▲	▶
KANDAHAR	Oil (kg)	88.9	61.1	44.5	45.7	-2.3	▲	▲	▲	▶	JALALABAD	Sheep	6540	48.8	27.0	23.4	3.0	▲	▲	▲	▶
	Wheat (kg)	23.1	95.7	21.4	35.7	2.0	▲	▲	▲	▶	HIRAT	Sheep	4200	26.4	20.0	16.7	0.0	▲	▲	▲	▶
	Wheat/Flour (kg)	21.2	51.3	-3.5	-0.1	-3.1	▲	▶	▶	▶	MAZAR	Sheep	3525	-11.8	-18.3	-35.9	-4.7	▼	▼	▼	▶
JALALABAD	Rice Low Quality (Kg)	27.7	23.8	-16.0	-18.5	-1.5	▲	▼	▼	▶	FAIZABAD	Sheep	3000	-35.6	7.1	0.0	0.0	▼	▶	▶	▶
	Oil (kg)	77.4	48.4	43.9	35.7	2.5	▲	▲	▲	▶	MAIMANA	Sheep	4700	12.7	10.6	-14.5	10.6	▲	▲	▼	▲
	Wheat (kg)	18.1	52.6	-2.2	13.1	3.1	▲	▶	▲	▶	NILI	Sheep	3500	-20.8	-11.4	-25.9	-3.4	▼	▼	▼	▶
HIRAT	Wheat/Flour (kg)	22.4	54.7	0.7	-6.7	-5.9	▲	▶	▶	▶	Terms of Trade										
	Rice Low Quality (Kg)	28.4	64.9	-28.1	-2.1	6.1	▲	▼	▶	▶	KABUL	Casual Labour/wheat	17.8	31.1	21.3	-0.3	▼	▼	▼	▶	
	Oil (kg)	88.6	52.8	50.7	36.2	0.0	▲	▲	▲	▶	KANDAHAR	Casual Labour/wheat	1.2	15.4	3.2	-5.3	▶	▼	▶	▶	
MAZAR	Wheat (kg)	17.2	51.9	40.0	39.6	1.2	▲	▲	▲	▶	JALALABAD	Casual Labour/wheat	29.2	88.6	15.3	-3.1	▼	▼	▼	▶	
	Wheat/Flour (kg)	27.3	87.6	33.9	3.8	-1.1	▲	▲	▶	▶	HIRAT	Casual Labour/wheat	30.9	-14.4	-28.7	-1.2	▼	▲	▲	▶	
	Rice Low Quality (Kg)	28.0	4.9	5.7	12.0	0.9	▶	▶	▲	▶	MAZAR-	Casual Labour/wheat	32.6	42.6	-17.2	2.1	▼	▼	▼	▶	
FAIZABAD	Oil (kg)	80.0	53.3	45.5	33.3	1.3	▲	▲	▲	▶	FAIZABAD	Casual Labour/wheat	61.8	37.4	14.5	-8.1	▼	▼	▼	▶	
	Wheat (kg)	18.1	51.5	29.5	38.1	-2.0	▲	▲	▲	▶	MAIMANA	Casual Labour/wheat	12.2	-16.1	-31.8	1.1	▼	▲	▼	▶	
	Wheat/Flour (kg)	23.4	47.9	35.5	-0.5	-2.6	▲	▲	▶	▶	NILI	Casual Labour/wheat	13.7	48.1	15.0	-7.0	▼	▼	▼	▶	
MAIMANA	Rice Low Quality (Kg)	30.0	27.1	-10.4	11.1	0.0	▲	▼	▲	▶	KABUL	Sheep /wheat	-0.9	15.3	10.0	-0.3	▶	▼	▼	▶	
	Oil (kg)	85.0	56.8	63.5	39.3	0.0	▲	▲	▲	▶	KANDAHAR	Sheep /wheat	-15.2	40.1	25.3	-2.5	▲	▼	▼	▶	
	Wheat (kg)	21.3	11.7	23.5	23.5	-7.6	▲	▲	▲	▶	JALALABAD	Sheep /wheat	-2.6	29.8	9.1	-0.1	▶	▼	▶	▶	
NILI	Wheat/Flour (kg)	32.0	53.5	40.4	11.9	0.0	▲	▲	▶	▶	HIRAT	Sheep /wheat	-17.3	-14.3	-16.4	-1.2	▲	▲	▲	▶	
	Rice Low Quality (Kg)	49.0	47.4	-8.4	10.6	0.0	▲	▶	▲	▶	MAZAR	Sheep /wheat	-42.5	-36.9	-53.6	-2.8	▲	▲	▲	▶	
	Oil (kg)	110.0	85.2	46.7	73.5	0.0	▲	▲	▲	▶	FAIZABAD	Sheep /wheat	-43.7	-13.3	-19.1	8.2	▲	▲	▲	▼	
NILI	Wheat (kg)	21.5	53.8	30.3	50.9	-1.1	▲	▲	▲	▶	MAIMANA	Sheep /wheat	-26.9	-15.1	-43.4	11.9	▲	▲	▲	▼	
	Wheat/Flour (kg)	25.9	47.2	31.1	30.3	-3.2	▲	▲	▶	▶	NILI	Sheep /wheat	-48.5	-25.0	-37.3	-0.7	▲	▲	▲	▶	
	Rice Low Quality (Kg)	35.5	28.1	-9.0	19.3	0.0	▲	▶	▲	▶	Remark										
NILI	Oil (kg)	91.0	65.4	31.9	45.6	-1.6	▲	▲	▲	▶	▲ Price increase above normal price fluctuation										
	Wheat (kg)	26.0	53.5	18.2	18.2	-2.8	▲	▲	▲	▶	▶ Normal Price fluctuation										
	Wheat/Flour (kg)	34.3	82.9	25.7	20.2	-4.9	▲	▲	▲	▶	▼ Price decrease below normal price fluctuation										
NILI	Rice Low Quality (Kg)	37.0	-13.1	1.4	7.2	2.8	▼	▶	▶	▶	Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months										
	Oil (kg)	86.5	21.5	39.0	16.9	-1.4	▲	▲	▲	▶	1M= Compared to month ago 1Y= Compared to Sept. 2010 and 2Y= Compared to Sept. 2009 PCPA=Pre-Crisis Prices Average (Jan-Oct 2007)										