**Highlights**

Wheat and wheat flour prices presented slight decreases during the reporting month. Increases in regional and global markets, however, are likely to show effects in the next period. Current prices remain 25% higher than the pre-crisis levels.

- **The National Consumer Price Index (CPI):** decreased by 1.4 percent compared to November 2009. Food index decreased 4.2 points and non-food index increased by 2.9 points.

- The prices of wheat flour in most of the main urban markets show:
  - 1.7% decrease in comparison to November 2009;
  - 35.5% decreased compared to December 2008;
  - 7.7% lower compared to December 2007
  - 28.3% higher than pre-crisis price average (January to October 2007).

- The average price of wheat in December 2009 was 16.3 Afs/kg, 1% lower than November 2009; 43.4% lower than December 2008 and 5% lower than December 2007.

- Compared with November 2009, prices of imported wheat flour in border markets remained without variations in the border markets and decreased by 34.4% compared to December 2008. In the main cities there were decreases from previous month and same time last year of 1.7% and 35.5%, respectively.

- In Afghanistan, the price of wheat in December 2009 was 324 US$/MT; 46.2% higher than the international price by 0.7% and 3% above the price in Karachi (Pakistan).

- The average Terms of Trade between casual labor daily salary and wheat show no significative change compared to November 2009; and improvements compared to the same time last year, two years ago and pre-crisis levels price by 116.8%, 53.2% and 21.3% respectively.

- The Terms of Trade between a female one year old sheep and kg of wheat improved 3.7% from last month and 106% from December 2008. This ToT improved by 20.3% from December 2007 and deteriorated by 2.1 % from the pre-crisis levels.
Consumer price index (CPI): ¹

From the past month, the overall CPI decreased by 1.4 percent points. The food index decreased 4.2 points and the non-food index increased by 2.9 points. The bread and cereal index decreased 9.8 points.

Due mainly to wheat prices, the inter-annual decrease in the national food index was 43.8 percent points.

For food items, the inter-annual change in bread and cereals dropped 93.8 points, whilst the index for non-food items increased by 3.7%.

The annual drop in the national CPI was 25.4 percent points. The highest inter-annual drops in the CPI were reported in Herat (35.2%), Kandahar (29%), Khost (27%) and least in Jalalabad (11.6%), Mazar (21.9%) and Kabul (24.6%).

Inter-annual decreases in the food component of the CPI happened in Herat (58.3%), Kandahar (50.8%), Mazar (41.3%), Kabul (40.9%), Khost (40.8%) and Jalalabad the least (15.2%).

Wheat Flour Price in Main Cities: ²

The monthly average price of Wheat flour in the main urban markets was 21 Afs/kg, 1.7% lower than previous month.

Compared to the past month, the highest decreases occurred in Jalalabad (14.3%), Hirat (11.5%) and Kandahar (7.9%) with highest increases in Faizabad (8.2%) and Cheghcheran (7.1%), while in the rest main cities changes were not significant (-2.8% to 3.7%).

In the main urban markets, the prices decreased an average 35.5% compared to a year ago (Dec 2008). On the two year comparison the prices decreased 7.7%, while increasing by 28.3% from the pre-crisis prices average (Jan-Oct 2009).

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.

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 16.3 Afs/Kg; with 1% monthly and 43.4% annual decreases.

Compared to November 2009, the highest increase occurred in West (7%) and highest decrease in Central (5.8%) regions, while in the rest of regions the variations were not significant (-2.7 to 2.9%). No changes are reported in the North.

Compared to the same month two years ago, the average price was 5% lower. However, the price in the main cities across the country was still, on average, 11% 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 remained the same as the previous month, 35.5% lower compared to one year ago respectively.

The price of Wheat Flour in main cities was 28.3% 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 in 2009 up to October, but started increasing since November.

The US wheat (No. 2 Hard Red Winter, FOB Gulf) averaged US$ 222 per MT in the reporting month; 2.6 percent lower than the previous month’s average, 5.5 percent lower than one year ago, 37.2% lower than October 2007 and 53.9% lower than its peak in March 2008 (482 US $/mt).

The Wheat price in Karachi (Pakistan) was US$ 316 per mt, 0.5% higher than the previous month, 12.4% lower than one year ago and 23.6% lower than October 2007.

In Afghanistan, the price of wheat for the reporting month was 324 US $/mt, 46.2% higher than the international price (US gulf FOB); 0.7% higher than the average price in regional markets (Karachi, Lahore and Delhi) and 3% higher than prices in Karachi Pakistan.

Terms of Trade (ToT): 6

Casual Labour and Wheat: The Terms of Trade between casual labour and wheat are a proxy indicator of the purchasing capacity of households relying on casual labour as main income, and purchase of wheat in the market. This ToT reveals 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 remained constant (15.9 Kg). The highest increases happened in Nilli (19.7%), Jalalabad (12.3%) and Kandahar (8.7%), while the highest decreases were reported in Cheghcheran (10.9%) and Maimana (5.3%). Changes in other cities were not significant (-4.6 to -0.3%) with no changes in Hirat.

Country wise, the ToT improved over the same time past year from 7.3 Kg to 15.9 Kg (116.8%). In Jalalabad this indicator improved by 166.5%, 153.5% in Hirat, 139.6% in Cheghcheran, 131.5% and Maimana. The rest of provincial centers improved from 80.2% to 100.2%( Dec 2009 compared to Dec 2008).

Improvement is observed in the two year back comparison (53.2%) as well as when compared with the average pre-crisis price (21.3%).

5 Source: WFP/MAIL-FAAHM
6 Source: WFP/VAM
**Sheep and Wheat:** 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 3.7% over the past month. The highest improvements occurred in Jalalabad (28.6%) and Maimana (15.5%), while the rest changed from -8.7 to 7.8%.

This ToT improved an average 106% compared to one year ago. Improvement was particularly large in Maimana (176.4%), Cheghcheran (175.2%), Faizabad (119.8%) and Hirat (117.2%) and to lesser extent in Kandahar (56.1%) and Kabul (66.4%), while the rest was in between. The ToT improved 20.3% in comparison to two years ago and deteriorated 2.1% from the pre-crisis average prices.

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**Source:** WFP/VAM
## Annex 1: Market Watch on Main Food Commodities in Main Cities of Afghanistan Markets – December 2009

<table>
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<tr>
<th>Markets</th>
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<th>Markets</th>
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