## Highlights

- During the reporting month, wheat grain and wheat flour prices continued their increasing trend, started in June 2010, following a sustained decreasing drift since in June 2008.

- Wheat harvest has finished in most parts of the country except in central highlands, Badakshan and some high elevation districts of other provinces.

- The retail prices of wheat are 1.6% lower than pre-crisis level (January-October 2007) while wheat flour is noticeably 22% above pre-crisis level. All cereals together are 8.5% higher than the pre-crisis levels.

- The average price of **wheat** in most of the main urban markets is **14 Afs/Kg**, being:
  - 5.3% above June 2010 prices;
  - 20.4% below July 2009 prices;
  - 54.8 lower than July 2008;
  - 1.6% lower than pre-crisis average (January to October 2007).

- The average price of **wheat flour** in most of the main urban markets is **20.3 Afs/Kg**, showing:
  - 5.5% increase in comparison to June 2010;
  - 7% decrease compared to July 2009;
  - 42.4% below July 2008 prices;
  - 22% above pre-crisis average (January to October 2007).

- The average Terms of Trade between casual labor daily salary and wheat did not changed from June to July 2010 (20.5 kg). Compared to the same time last year, two year ago and pre-crisis level, this ToT improved **56%**, **217%** and **57%** respectively.

- The Terms of Trade between a live one year old female sheep and kg of wheat deteriorated by **4%** from last month, and improved **46%** from July 2009. This ToT improved by **166%** from July 2008 and **12.5%** from the pre-crisis levels.
Wheat Price in Main Cities

The monthly average price of wheat in the main urban markets was 14 Afs/kg; 5.3% higher than previous month.

Relative to the past month, the highest increase occurred in Hirat (16%) followed by Nili (10%), Mazar (8%), Kabul and Kandahar (7%). Changes in other main city markets were not significant (from -2 to 2%), with no changes in Faizabad.

Compared to a year ago (July 2009), all main cities show decrease. The average decrease was 20.4%; the highest (28%) happened in Jalalabad and the lowest (12%) in Kabul and Kandahar.

On a two-year comparison, prices decreased 54.8%. Compared with the pre-crisis average (Jan-Oct 2007), the current prices are 2% lower.

1 Source WFP/VAM market data from Afghanistan main cities.

Wheat Flour Price in Main Cities

The monthly average price of wheat flour in the main urban markets was 20.3 Afs/kg; 5.5% higher than the previous month.

Compared to the past month, the prices of wheat flour increased in all main cities: Mazar (11%), followed by Faizabad (8%), Kabul (7%), Hirat, Maimana and Jalalabad (6%). Increases in other main cities were not significant (2-3%).

Compared to a year ago (July 2009), the prices decreased 7%. The highest decrease occurred in Jalalabad (19%), followed by Maimana (15%), Nili (13%), Kabul and Kandahar (11%) and the highest increase was reported from Mazar (12%). Changes in other main cities were not significant (-2 to 3%), with no changes in Hirat.

On the two-year comparison (July 2008), the prices decreased 42.4%. Compared with the pre-crisis average (Jan-Oct 2007), the current prices are above by 22%.

2 Source WFP VAM Market Data from Afghanistan main cities
**Terms of Trade (ToT):**

**Casual Labour and Wheat:** The Terms of Trade (ToT) between casual Labour and wheat is a proxy indicator for 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 does not say how many days a month a laborer can get to cover the family food needs.

At national level, the reported wheat and casual labor ToT from June to July 2010 did not change (20.5 Kgs). Ghor (Cheghcheran) market had the better improvement (28%). Deterioration was higher in Hirat (7%), Kandahar (6%) and Kabul (5%). Changes in other main cities were not significant (from -4 to 4%), with no changes in Faizabad.

In comparison to one year ago, all main cities show improvement. On average, the ToT improved over one year ago from 13.2 Kg to 20.5 Kg (56%). Improvements were highest in Jalalabad (111%), followed by Hirat (103%), Mazar (87%), Nili (73%) and Ghor (Cheghcheran) (69%); the rest improved from 20% to 25% (July 2010 compared to July 2009).

**Sheep and Wheat:** 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 kg of wheat can be obtained when selling a one year old female sheep.

On average, this ToT deteriorated by 4% over the past month. The highest deterioration occurred in Hirat (14%) correlating with the highest increase in wheat price (16%). Nili was the 2nd (9%), Kabul and Mazar (7%) come as 3rd and Kandahar (6%) as 4th in degree of deterioration, while Maimana was the only city with 6% improvement, the rest of the cities show variations ranging -2 to 2% with no changes in Faizabad.

This ToT improved an average, 46% compared to one year ago. The improvement was particularly large in Maimana (88%) and Cheghcheran (85%). The remaining main cities showed increase from 17 to 46%. The ToT improved 166% in comparison to two years ago and 12.5% from pre-crisis average price.

---

3 Source: WFP/VAM

4 Source: WFP/VAM
## Annex 1: Market Watch on Main Food Commodities in Main Cities of Afghanistan Markets – July 2010

<table>
<thead>
<tr>
<th>Markets</th>
<th>Major Comm</th>
<th>Current Price per Kg</th>
<th>Price change (%)</th>
<th>Average Change</th>
<th>Markets</th>
<th>Major Comm</th>
<th>Current Price</th>
<th>Price change (%)</th>
<th>Average Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PCPA 2 Y 1Y 1M</td>
<td>PCPA 2 Y 1Y 1M</td>
<td></td>
<td></td>
<td>PCPA 2 Y 1Y 1M</td>
<td>PCPA 2 Y 1Y 1M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KABUL</td>
<td>Wheat (kg)</td>
<td>18</td>
<td>34.6 -10.5 -12.2 7.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KANDAHAR</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Wheat/Flour (kg)</td>
<td>20</td>
<td>33.5 -42.8 -11.2 6.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JALALABAD</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Rice Low Quality (kg)</td>
<td>26</td>
<td>35.4 -20.2 -10.3 0.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HIRAT</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Oil (kg)</td>
<td>59</td>
<td>6.9 -32.4 -3.5 -17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAZAR</td>
<td>Sheep</td>
</tr>
<tr>
<td>KANDAHAR</td>
<td>Wheat (kg)</td>
<td>16</td>
<td>36.7 -46.7 -12.2 6.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FAIZABAD</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Wheat/Flour (kg)</td>
<td>18</td>
<td>31.0 -44.7 -10.8 2.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAIMANA</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Rice Low Quality (kg)</td>
<td>34</td>
<td>51.8 -19.0 5.4 0.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NILI</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Oil (kg)</td>
<td>55</td>
<td>5.0 -32.6 3.6 14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CHEGHCHRAN</td>
<td>Sheep</td>
</tr>
<tr>
<td>JALALABAD</td>
<td>Wheat (kg)</td>
<td>14</td>
<td>16.0 -55.6 -27.6 13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KABUL</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Wheat/Flour (kg)</td>
<td>19</td>
<td>31.3 -43.7 -19.1 5.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>KANDAHAR</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Rice Low Quality (kg)</td>
<td>30</td>
<td>75.6 -23.5 24.7 3.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JALALABAD</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Oil (kg)</td>
<td>57</td>
<td>-16.3 -32.1 3.6 0.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>HIRAT</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td>HIRAT</td>
<td>Wheat (kg)</td>
<td>10</td>
<td>-12.0 -67.5 -25.0 16.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAZAR</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Wheat/Flour (kg)</td>
<td>20</td>
<td>40.3 -40.3 0.0 62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAZAR</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Rice Low Quality (kg)</td>
<td>23</td>
<td>-15.7 -48.4 -15.3 -8.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAIMANA</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td></td>
<td>Oil (kg)</td>
<td>95</td>
<td>5.5 -32.5 -1.1 0.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NILI</td>
<td>CasualLabour/heat</td>
</tr>
<tr>
<td>MAZAR</td>
<td>Wheat (kg)</td>
<td>11</td>
<td>-10.1 -64.5 -17.3 7.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FAIZABAD</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Wheat/Flour (kg)</td>
<td>18</td>
<td>14.7 -45.1 11.5 10.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>MAIMANA</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Rice Low Quality (kg)</td>
<td>27</td>
<td>14.4 -38.3 -14.3 0.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NILI</td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Oil (kg)</td>
<td>54</td>
<td>-0.4 -36.8 3.8 -3.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CHEGHCHRAN</td>
<td>Sheep</td>
</tr>
</tbody>
</table>

**Terms of Trade**

- **KABUL**: Sheep
- **KANDAHAR**: Sheep
- **JALALABAD**: Sheep
- **HIRAT**: Sheep
- **MAZAR**: Sheep
- **MAIMANA**: Sheep
- **NILI**: Sheep
- **CHEGHCHRAN**: Sheep

### Price Fluctuations

- **▲**: Price increase above normal price fluctuation
- **▼**: Price decrease below normal price fluctuation
- **Normal Price fluctuation**

Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months.

**Compared to July 2008 PCPA=Pre-Crisis Prices Average (Jan-Oct 2007)**