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food security analysis

# Afghanistan Market Price Bulletin

## April 2011

(Reporting March 2011)

### Highlights

- ❖ During the reporting month, wheat grain retail price showed no change compared to the last month's price decrease that occurred after a continued increasing trend started in July 2010, while wheat flour price kept its increasing trend (1.3%).
- ❖ The retail prices of wheat are 30.5% higher than pre-crisis level (January-October 2007). Wheat flour is noticeably (56 %) above pre-crisis level. All cereals together are 36% higher than the pre-crisis levels. The difference between wheat and wheat flour prices is worrisome.
- ❖ Cooking oil price increased by 36% in March 2011 when compared to the same time one year ago.

### Price of Wheat in Main Urban Cities

- The average wheat price in the main urban markets was 18 Afs/Kg, being:
  - No changed compared to February 2011 prices;
  - 24% higher than March 2010 prices;
  - 13% lower than March 2009;
  - 30.5% higher than pre-crisis 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 Afs/Kg, showing:
  - 1.3% increase in comparison to February 2011;
  - 44.6% increase compared to March 2010;
  - 9% increase from March 2009 prices;
  - 55.7% increase from pre-crisis average (January to October 2007).

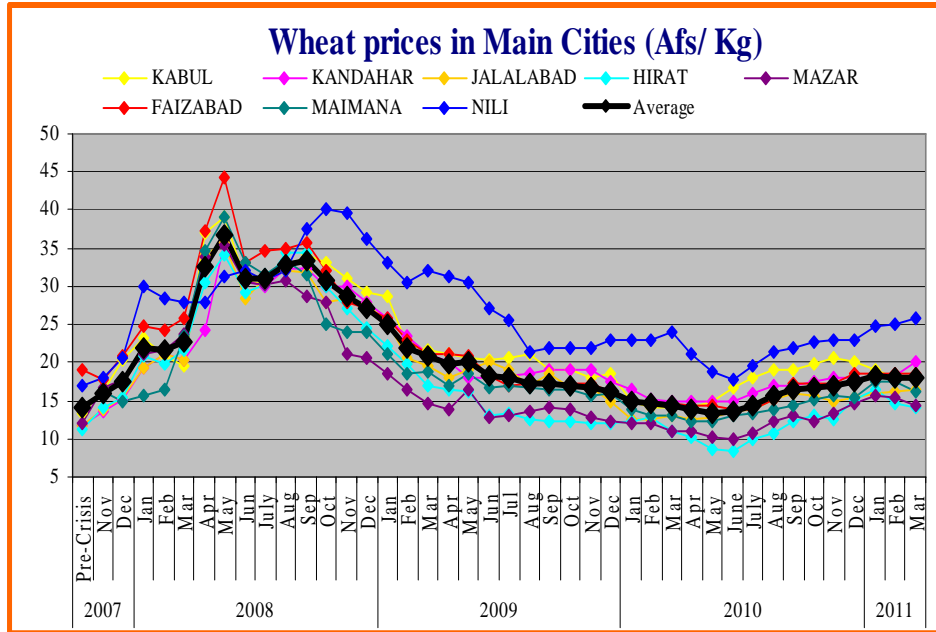
### Terms of Trade

- The average Terms of Trade between casual labor daily salary and wheat has improved from February to March 2011, rising by 6.7% (from 14.8 to 15.7 Kg) due to the increase in the labor cost as winter passed and construction works start. On the one year comparison it deteriorated by 9%, while it improved on two years and pre-crisis level comparison by 63% and 18.4% respectively.
- The average Terms of Trade between a live one year old female sheep and kg of wheat improved by 1.3% and 48% since February 2011 and on two years comparison respectively. While it deteriorated by 16% and 8.3% on one year and pre-crisis level comparison respectively.

## Wheat Retail Price in Main Cities<sup>1</sup>

The monthly average price of wheat in the main urban markets was 18 Afs/Kg.

Compared to the past month, average wheat prices show no changes. It decreased in some of the main cities, highest decrease occurred in Mazar (7%) followed by Kabul (6%). While Kandahar shows 11% increase. Variation in the rest of main cities is not significant (-4 to 2%).



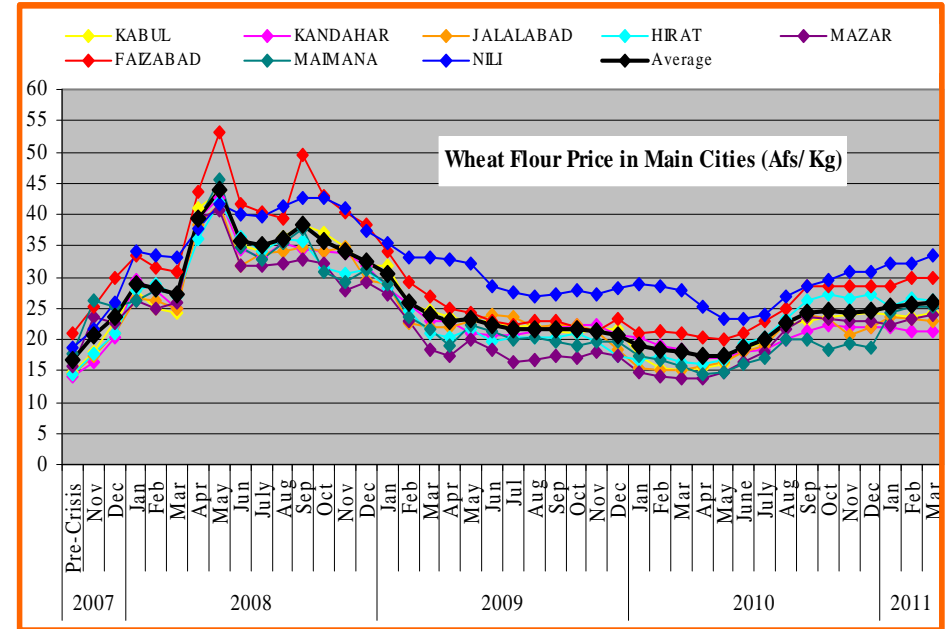
Compared to one year ago (March 2010) average wheat price increased by 24%. All main cities show increase of wheat prices. The highest increase occurred in Kandahar (35%) followed by Mazar (31%), Kabul and Hirat (29% each), Jalalabad and Faizabad (27% each), Maimana (25%) and Nili (7%).

On the two-year comparison, average price decreased by 13%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are 30.5% higher.

<sup>1</sup> 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: <sup>2</sup>

The monthly average, price of wheat flour in the main urban markets was 26 Afs/Kg shows no significant changes (1.3%) compared to the previous month. The highest increase occurred only in Nili (5%). Variation in other main city markets has not been significant (-1 to 3%).



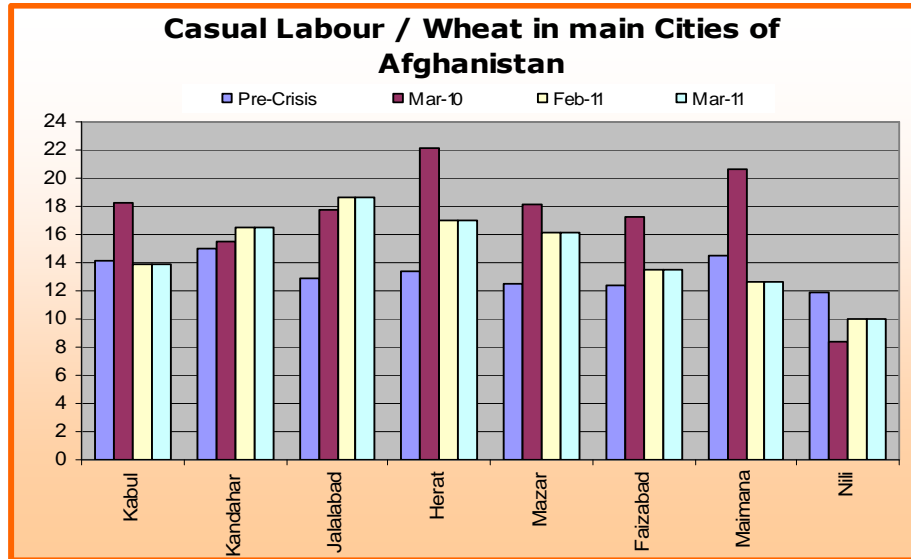
Compared to a year ago (March 2010), the wheat flour price increased in all main cities. The average price increase was 44.6%. The highest increase occurred in Mazar (73%), followed by Maimana (61%), Kabul and Hirat (60% each), Jalalabad (54%), Faizabad (42%), Nili (20% each) and Kandahar (16%).

On the two-year comparison (March 2009), the average prices increased by 9%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices are high by 56%.

<sup>2</sup> Source: WFP VAM Market Data from Afghanistan main cities

### Terms of Trade (ToT):<sup>3</sup>

**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, wheat and casual labor ToT from February to March 2011 slightly improved by 7% (from 14.8 to 15.7Kg). Maimana shows the highest improvement (55%), followed by Mazar (11%), Faizabad (5%). Meanwhile Kandahar showed (10%) deterioration. Changes in other main cities were not significant (-3 to 4 %).

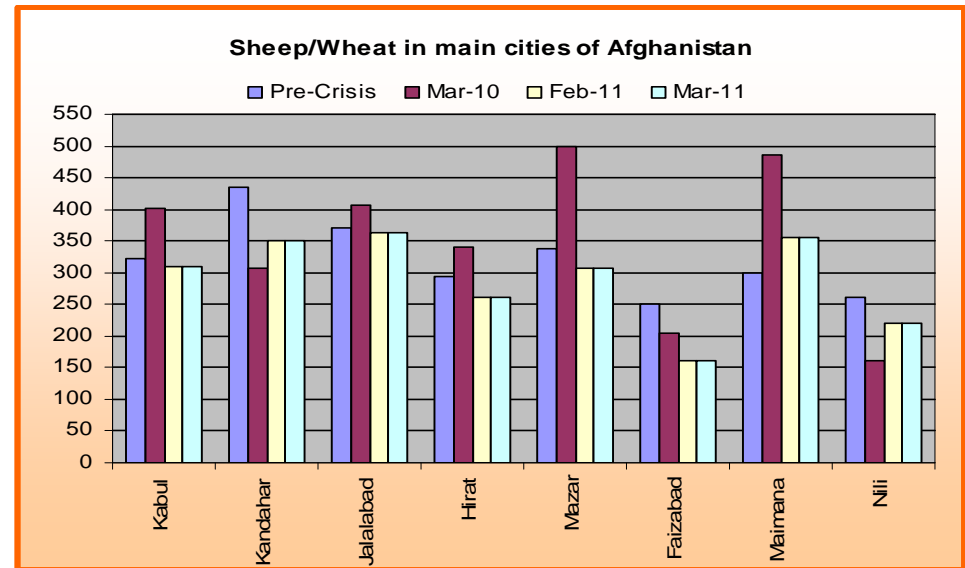
In comparison to one year ago, the average ToT reduced by (8.8%). Kabul has showed the highest decrease (24%), followed by Hirat (21%), Faizabad (18%) and Maimana (5%). Meanwhile improvement occurred in Nili by (15%). No significant changes occurred in the rest of main cities (-4 to 3%).

Improvements over 2-year back and pre-crisis values are 63% and 18.4% respectively.

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

### Sheep and Wheat:<sup>4</sup>

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



On average, this ToT improved by 1.3% over the past month due to increase in sheep prices. The highest improvement occurred only in Kandahar by 8% due to increase in the sheep price. No changes occurred in the rest of main cities during this month.

Compared to one year ago, the average ToT deteriorated by (16%). Highest decrease occurred in Mazar (38%), followed by Maimana (27%), Hirat (24%), Kabul (23%), Faizabad (21%), and Jalalabad (11%), Meanwhile there is improvement in Nili and Kandahar by 38% and 23% respectively.

<sup>4</sup> Source: WFP/VAM



## Annex1: Market Watch on Main Food Commodities in Main Cities of Afghanistan Markets – March 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	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)	18.0	34.6	-17.2	28.6	-0.3	▲	▼	▲	▼	Livestock-One year live Sheep (Female)	KABUL	Sheep	5600	30.4	11.4	1.8	0.0	▲	▲	▲	▲
	Wheat/Flour (kg)	24.3	65.2	-2.0	59.5	2.6	▲	▲	▲	▲		KANDAHAR	Sheep	7650	49.6	70.0	53.0	20.0	▲	▲	▲	▲
	Rice Low Quality (Kg)	26.0	35.4	-29.3	0.0	0.0	▲	▼	▲	▲		JALALABAD	Sheep	6000	36.6	20.0	13.2	2.5	▲	▲	▲	▲
KANDAHAR	Wheat (kg)	20.2	71.4	-3.8	34.7	10.7	▲	▼	▲	▲		HIRAT	Sheep	4200	26.4	24.3	9.1	9.4	▲	▲	▲	▲
	Wheat/Flour (kg)	21.3	51.5	-7.6	16.4	0.0	▲	▲	▲	▲		MAZAR	Sheep	5475	37.0	28.8	0.0	14.7	▲	▲	▲	▲
	Rice Low Quality (Kg)	40.4	80.5	26.3	19.8	13.1	▲	▲	▲	▲		FAIZABAD	Sheep	3000	-35.6	50.0	1.7	0.0	▼	▲	▲	▲
JALALABAD	Oil (kg)	69.8	33.9	31.7	34.5	-1.6	▲	▲	▲	▲		MAIMANA	Sheep	6200	48.7	58.0	2.5	0.4	▲	▲	▲	▲
	Wheat (kg)	16.5	38.7	-15.6	26.5	2.2	▲	▼	▲	▲		NILI	Sheep	5500	24.5	80.3	44.7	0.0	▲	▲	▲	▲
	Wheat/Flour (kg)	23.1	59.2	4.8	53.7	-0.5	▲	▲	▲	▲		Terms of Trade										
HIRAT	Rice Low Quality (Kg)	24.9	44.3	-11.3	1.4	7.3	▲	▼	▲	▲		KABUL	Casual Labour/Wheat	-1.5	51.0	-24.0	0.3	▲	▼	▲	▲	
	Oil (kg)	82.3	42.0	41.9	41.9	8.9	▲	▲	▲	▲	KANDAHAR	Casual Labour/Wheat	-1.0	55.9	-4.1	-9.7	▲	▼	▲	▲		
	Wheat (kg)	14.2	25.6	-16.7	29.3	-3.6	▲	▼	▲	▲	JALALABAD	Casual Labour/Wheat	42.2	132.4	3.1	-2.1	▼	▼	▲	▲		
MAZAR	Wheat/Flour (kg)	26.4	81.6	26.1	59.8	-0.8	▲	▲	▲	▲	HIRAT	Casual Labour/Wheat	31.9	49.7	-20.6	3.7	▼	▼	▲	▲		
	Rice Low Quality (Kg)	26.0	-2.6	-3.7	4.0	-3.7	▲	▲	▲	▲	MAZAR	Casual Labour/Wheat	43.5	73.0	-1.5	11.1	▼	▼	▲	▲		
	Oil (kg)	74.1	42.1	43.7	37.0	1.2	▲	▲	▲	▲	FAIZABAD	Casual Labour/Wheat	14.3	26.3	-18.2	5.0	▼	▼	▲	▲		
FAIZABAD	Wheat (kg)	14.4	20.2	-0.9	30.7	-7.3	▲	▼	▲	▲	MAIMANA	Casual Labour/Wheat	35.7	77.1	-4.8	55.5	▼	▼	▲	▲		
	Wheat/Flour (kg)	24.0	-9.0	-21.8	3.6	-38.2	▲	▲	▲	▲	NILI	Casual Labour/Wheat	-18.0	55.9	15.3	-2.9	▲	▼	▲	▲		
	Rice Low Quality (Kg)	27.0	14.4	-18.2	-11.5	0.0	▲	▼	▲	▲	KABUL	Sheep /Wheat	-3.3	34.7	-22.6	0.3	▲	▼	▲	▲		
MAIMANA	Oil (kg)	79.0	45.7	47.0	41.7	-0.3	▲	▲	▲	▲	KANDAHAR	Sheep /Wheat	-12.9	76.7	23.1	8.4	▲	▼	▲	▲		
	Wheat (kg)	18.6	-2.2	-12.4	27.4	0.0	▲	▼	▲	▲	JALALABAD	Sheep /Wheat	-1.7	42.2	-10.5	0.3	▲	▼	▲	▲		
	Wheat/Flour (kg)	30.0	43.9	12.0	42.2	0.0	▲	▲	▲	▲	HIRAT	Sheep /Wheat	0.1	49.1	-13.3	13.5	▲	▼	▲	▲		
NILI	Rice Low Quality (Kg)	44.3	33.2	-17.2	7.0	0.0	▲	▲	▲	▲	MAZAR	Sheep /Wheat	12.5	29.9	-23.5	23.6	▲	▼	▲	▲		
	Oil (kg)	81.1	51.5	9.9	44.0	0.0	▲	▲	▲	▲	FAIZABAD	Sheep /Wheat	-35.7	71.2	-20.7	0.0	▲	▼	▲	▲		
	Wheat (kg)	16.3	16.3	-13.5	25.0	-6.5	▲	▼	▲	▲	MAIMANA	Sheep /Wheat	27.6	82.7	-21.4	7.4	▼	▼	▲	▲		
NILI	Wheat/Flour (kg)	25.4	44.2	17.6	60.6	0.5	▲	▲	▲	▲	NILI	Sheep /Wheat	-18.3	125.0	33.5	-2.9	▲	▼	▲	▲		
	Rice Low Quality (Kg)	32.0	15.4	-14.7	5.8	0.0	▲	▲	▲	▲	Remark											
	Oil (kg)	81.1	47.4	21.6	36.9	-4.6	▲	▲	▲	▲	▲ Price increase above normal price fluctuation											
											▼ Normal Price fluctuation											
											▼ Price decrease below normal price fluctuation											
											Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months											
											1M= Compared to month ago 1Y= Compared to March 2010 and 2Y= Compared to March 2009 PCPA=Pre-Crisis Prices Average (Jan-Oct 2007)											