Key Highlights:

During May 2012, wheat prices decreased significantly in the international market and Afghanistan, and slightly decreased in regional markets (Lahore, Karachi (Pakistan) and Indian (Delhi).

- On the monthly comparison global wheat price showed significant decrease (1.4%).
- Due to the good supply of wheat flour from the neighboring countries (Pakistan and Kazakhstan) and the government and other food aid interventions especially in the drought affected provinces, wheat and wheat flour prices have decreasing trend since Jan 2012.
- Wheat flour price in the main cities of Afghanistan was 22.2 Afs/Kg in May 2012 shows an inter-month decrease (2.5%) during the reporting month.

Consumer Price Index (CPI): (The data for April & May was not available, so used March data): On the monthly basis, the overall CPI, food and non-food component increased by 0.4%, and 0.3% respectively and on the yearly comparison it increased by 8.4%, 6.9% and 10.6% for Overall CPI, food and non-food components respectively.

The overall CPI increased in all main cities on the yearly comparison. The highest increase happened in Kabul (11.3) followed by Khost (10.3), Jalalabad (9.7), Kandahar (7.1) Hirat (6.8), and Mazar (4.9) Points.

The inter-annual increase in the food component of CPI was high in Jalalabad (9.9) followed by Kabul (9.5), Khost (7.9), Kandahar (5.7), Hirat (4.9) and least is Mazar (4.4) points.

The non-food component of national CPI (inter-annual) increased in all cities: highest is in Khost (14) followed by Kabul (13.9), Hirat (10), Kandahar (9.5), Jalalabad (9.3) and Mazar (5.9) points.

Compared to April 2012, decreased in all regions except West Central which is zero, the highest decrease occurred in South region (9.0%) followed by North (7.1%), East (6.2%), North East (5.9%), South West (2.2%), West (1.2%) and Central (0.6%).

In comparison to the same month one year ago (May 2011) the highest decrease occurred in North (23.2%) followed by North East (15.8%), while there was slightly increase in West (11.7%) followed by West Central (8.8%), South West (2.3%), East (1.7%) and South (0.6%).

On the 2 year comparison (May 2010), the highest increase occurred in West (74.2%) followed by North East (60.0%), North (39.3%), East (28%), West Central (27.6%), Central (27.4%), South West (9.7%) and South (3.6%).

Retail Price of Local Wheat across the Country:
The average price of Wheat by region across Afghanistan in May 2012 was 17.1 Afs/kg being 4.1% lower than the previous month (April 2012), 6.9% lower than the same month last year and 29.5% higher than May 2010, While 20.6% above the pre-crisis average in main cities.

Wheat Flour (Imported) Retail Price in Border Towns: In the border city markets, the average price of imported wheat flour for the reporting month (May 2012) was 20.3 Afs/Kg, 2.1% lower than April 2012.

The highest decrease is in Nimroz (Zaranj) (8.7%) followed by Balkh (Hairatan) (5.3%), Hirat (Torkhondi) by 4.5% and Hirat (Islam Qala) by 2.3%, while there was slightly increase in Kandahar (Spin Boldak) (5.0%) and Kunduz (Sher Khan) by 2.6%.
Compared to same month one year ago (May 2011) average price decrease of imported wheat flour in the border towns is 16.5%. The highest decrease occurred in Balkh (Hairatan) by 29.0% followed by Kunduz (Shir Khan Bandar) (25.9%), Hirat (Torghondi) by 16.0%, Hirat (Islam Qala) by 12.5%. However there is an increase of 23.5% in Kandahar (Spin Boldak) and 11.1% Jalalabad (Torkham) respectively. The variation in Nimroz (Zaranj) is zero.

The average price of wheat flour in the main cities is 33.0% higher than the pre-crisis (Jan-Oct 2007) level.

**Monthly price of wheat in regional and global markets:** On the international market continues decreasing trend of wheat price (US Gulf No, 2) started from October 2011 is continued up to May 2012 with significant decrease from March (280 $/MT to 276 $/MT).

The US wheat (No. 2 Hard Red, Gulf) averaged US$ 276 per MT in the reporting month, showed a decrease by 1.4%, 23.3% and 21.9% on the monthly comparison, the same month last year and the Pre-crisis level (Jan. to Oct. 2007) respectively and 42.7% lower than its peak price in May 2008.

The wheat price in Lahore (Pakistan) reported US$ 288 per MT during May 2012; 5.9% and 1.8% lower than the previous month and the same month last year respectively, while remained 19.7% higher than the October 2007.

In Delhi, the retail price of wheat (May 2012) reported US$ 315 per MT, 2.5% and 7.2% lower than last month and same month last year and remained 20.5% higher than October 2007.

In Afghanistan, the retail price of wheat for the reporting month was 370 US$/MT; 2.3% and 14.1% lower than previous month and the same month last year and 23.4% higher than October 2007 respectively.

Sources:
1. CPI Source: Central Statistics Organization (CSO). Consumer Price Index (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. Data source MAIL-FAAHM

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