Main highlights:

- Average wheat grain retail prices were on decreasing since July-2011 and continued until the reporting month (July 2012). It is mainly due to decrease of wheat price on the regional markets (Pakistan and Kazakhstan) and harvesting time in some areas. On the international market continues decreasing trend of wheat price started from October 2011 till June 2012, while increased in the month of July 2012.

- Following the Wheat grain price trend, Wheat flour average price is also on decreasing since July-2011 till May 2012 while price is increased in the months of June and July 2012.

Price of Wheat Grain in Main Urban Cities:

- The monthly average price of wheat in the main urban markets was 18.4AFs/Kg. Compared to the past month (June 2012) the average price increased by 1.2%. The highest increase occurred in Jalalabad (7.1%) followed by Maimana (6.8%), Kandahar (5.6%) and Kabul (3.4%). The main reason for increase is due to increased demand in the month of Ramazan and daily market fluctuation. While slightly decreased only in Hirat (8.5%). Main reason for decrease is due to harvesting time in Hirat. The variation in Mazar and Nili is zero.

- Compared to one year ago (July 2011) the average price decreased by 10.7%. The highest decrease occurred in Faizabad (26.1%) followed by Hirat (19.7%), Mazar (13.5%), Kandahar (12.2%), Maimana (10.8%), Nili (4%) and Jalalabad (1%). Main reason for decrease is due to more supply as compared to last year. While slightly increased only in Kabul (3.4%).

- On the two-years comparison (July 2010), the average price of wheat is higher by 28.3% and compared with the pre-crisis average (Jan-Oct 2007), the current prices are 33.8% higher.

Price of Wheat Flour in the Main Urban Cities:

- The highest decrease noticed in Hirat (17.8%) followed by Faizabad (17.2%), Maimana (14.3%), Nili (12.7%), Kandahar (9.8%), Mazar (9.5%), Jalalabad (6.0%) and Kabul (0.8%). The main reason for decrease is due to decrease in price in neighbouring countries and more supply than last year.

- On the two-year comparison (July 2010), the average prices of wheat flour increased by 21.1%, and compared with the pre-crisis average (Jan-Oct 2007), the current prices is higher by 44.5%.

Terms of Trade (ToT):

Casual Labor and Wheat: The Terms of Trade (ToT) between casual labor and wheat is a proxy indicator of 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 wage, but do not say how many days a month a laborer can get to cover the family food needs.

- On average, this ToT slightly improved by 3.1% from June to July 2012. The highest improvement is observed in Faizabad (12.3%) followed by Mazar (9.8%), Hirat (9.4%) and Jalalabad (1.4%). The main reason for improvement is due to increase in labor wage and decrease in wheat price. However, there is deterioration in Kandahar (5.2%) followed by Kabul and Maimana (3.3%). The variation in Nili is normal.

- In comparison to one year ago (July 2011), the improvement is observed by 16.6%. The highest improvement occurred in Hirat (36.2%) followed by Maimana (32.1%), Mazar (29.1%), Jalalabad (28.1%), Faizabad (8.2%) and Nili (4.0%). However, there is deterioration in Kabul by 3.4% followed by Kandahar (2.4%). On the 2 years comparison it deteriorated by 6.0%. The highest deterioration was in Hirat (31.1%), Mazar (20.4%), Maimana (19.4%), Nili (8.1%) and Kandahar (5.3%). However, there is improvement of 31.2% in Jalalabad followed by Faizabad (30.7%) and Kabul (9.3%).

- This ToT improved by 42.4% over pre-crisis price level.
Sheep and Wheat (ToT): 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 1.0% over the past month (July 2012) due to slight increase in sheep prices. The highest improvement occurred in Faizabad (9.6%) followed by Jalalabad (9.4%) and Hirat (5.9%). However, there is deterioration in Kandahar by 9.7% followed by Kabul (2.5%), Mazar (0.7%) and Maimana (0.4%).

- Compare to same month (July 2012) one year ago, the average ToT improved by 19.7%. The highest improvement occurred in Mazar (91.3%) followed by Faizabad (80.4%), Maimana (39.5%), Hirat (33.6%) and Jalalabad (10.2%). However, there is deterioration occurred in Nili (26.4%) followed by Kandahar (9.9%) and Kabul (0.7%).

- On the 2-year comparison, the average sheep/wheat ToT has deteriorated by 8.5%, while on the pre-crisis level comparison, it has deteriorated by 5.0%.

Source:
WFP/VAM market data from Afghanistan main cities (Kabul, Kandahar, Mazar, Jalalabad, Faizabad, Hirat, Maimana and Nili)
Vulnerability Analysis and Mapping (VAM) – World Food Programme (WFP), Afghanistan