Main highlights:

- Average wheat grain retail prices were on decreasing trend since July-2011 and continued until July 2012. It is mainly due to decrease of wheat price on the regional markets (Pakistan and Kazakhstan) and harvesting time in the country. 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 increased in the months of June - August 2012 in the main urban cities of Afghanistan.

Price of Wheat Grain in Main Urban Cities:

- The monthly average price of wheat in the main urban markets was 18.7 Afs/Kg. Compared to the past month (July 2012) the average price increased by 1.3%. The highest increase occurred in Mazar (4.7%) followed by Kabul and Jalalabad (3.9%), Hirat (1.8%), Nili (1%) and Kandahar (0.5%). The main reason for increase was due to increased price of imported Wheat Flour and price fluctuation based on temporary supply and demand. While slightly decreased only in Maimana (4.4%) due to temporary price fluctuation linked with supply. Faizabad price stayed stable.

- Compared to one year ago (August 2011) the average price decreased by 9.5%. The highest decrease occurred in Faizabad (26.1%) followed by Hirat (14.7%), Maimana (13.2%), Kandahar (10%), Mazar (9.5%) and Nili (9.3%). Main reason for decrease was due to good harvest this year and maintained supply of Wheat Flour. An increase was observed in Kabul (9.7%) and in Jalalabad (2.3%).

- On the two-year comparison (Aug 2010), the average price of wheat is higher by 19.8% and compared with the pre-crisis average (Jan-Oct 2007), the current average price is 35.5% higher.

Price of Wheat Flour in the Main Urban Cities:

- The monthly average price of wheat flour in the main urban markets was 25.6 Afs/Kg in the reporting month (Aug 2012), which shows 6.1% increase compared to the past month (July 2012). The highest increase was in Hirat (10.6%) followed by Nili (10.1%), Mazar (7.8%), Kandahar (7.1%), Faizabad (6.1%), Kabul (4.9%) and Jalalabad (4.1%). Main reason for increase was normal increase of cereal after completion of harvest, decreased supply and increased demand in the month of Ramadan. While slight decrease is observed only in Maimana (3.1%).

- In the one year comparison (August 2011), the average wheat flour price decreased in main cities by 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 deteriorated by 2.3% from July to Aug 2012. The highest deterioration is observed in Jalalabad (11.4%) followed by Kabul (3.7%), Hirat (1.8%), Nili (1%), Kandahar (0.5%) and Mazar (0.1%). The main reason for deterioration was decreased labor wage and increased Wheat price. However, there was slightly improvement only in Maimana (1.4%). The variation in Faizabad is normal.

- In comparison to one year ago (Aug 2011), it improved by 9%. The highest improvement occurred in Maimana (31.8%) followed by Mazar (28.9%), Hirat (17.3%) and Faizabad (8.2%). However, there was deterioration in Nili by 14.5% followed by Kabul (8.8%) and Kandahar (8%). On the 2 years comparison it deteriorated by 1.4%. The highest deterioration was in Hirat (26.5%), Maimana (15.5%), Mazar (6.1%) and Nili (5.9%). However, there was improvement of 30% in Faizabad followed by Jalalabad (28.9%), Kabul (11.2%) and Kandahar (0.3%).

- This ToT improved by 39.2% 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 0.3% over the past month (July 2012) due to slight increase in sheep prices. The highest improvement occurred in Jalalabad (8.3%) followed by Maimana (6.2%) and Nili (0.3%). However, there was deterioration in Kandahar by 4.6% followed by Mazar (4.4%), Kabul (2.5%) and Hirat (0.7%).

- Compare to same month one year ago (Aug 2011), the average ToT improved by 24.5%. The highest improvement occurred in Mazar (100.1%) followed by Faizabad (80.4%), Maimana (46.4%), Hirat (27%), Jalalabad (21.2%) and Nili (17.1 %) due to increase in sheep price and decrease in wheat price. However, there was deterioration in Kandahar (16.2%) followed by Kabul (6%).

- On the 2-year comparison, the average sheep/wheat ToT is deteriorated by 2.6%, while on the pre-crisis level comparison, it is deteriorated by 4.7%.