Main highlights:

- Average wheat grain retail prices were on decreasing trend since July 2011 and continued until July 2012; however an increasing trend started from August through December 2012. On the international market, a decreasing trend of wheat price was continuously observed during October 2011 and May 2012, but has been increasing from June through December 2012. The sharp increase of wheat grain in international markets (June-August 2012) is slightly transmitted to the Afghan market.

- Following the Wheat grain price trend, Wheat flour average price was also on decreasing since July 2011 till May 2012 while the price increased in the months of June - December 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 21.5 Afs/Kg. Compared to the past month (November 2012) the average price increased by 0.1 %. The highest increase occurred in Jalalabad (6 %). The variation in other markets was normal (-1.9 to 4.6%). The main reason for increase was due to increased price of imported Wheat Flour and price fluctuation based on temporary supply and demand.

- Compared to same month one year ago (December 2011) the average price increased by 6%, the highest increase occurred in Jalalabad (24.6 %) followed by Nili and Kabul (15.4 %). The variation in other main cities was normal (0.7% - 2.9%) except Faizabad with 6% and Maimana with 5.4% decrease.

- On the two-year comparison (December 2010), the average price of wheat was higher by 22.3%.

- Compare to the 5 years average (Dec 2007 – Dec 2011) the average price increased by 9%. The highest increase occurred in Jalalabad (21 %) followed by Nili (17 %) and Kandahar (10 %). The variation in other main cities were normal (-1 to 9%).

Price of Wheat Flour in the Main Urban Cities:

- The monthly average price of wheat flour in the main urban markets was 30.9 Afs/Kg in the reporting month (December 2012), which shows 0.4% decrease compared to the past month (November 2012). The variations in all main cities were normal (-1.7 to 4.3%).

- In the one year comparison (December 2011), the average wheat flour price increased by 21.6 %. The highest increase noticed in Maimana (44.2 %) followed by Kabul (37.1 %), Jalalabad (30 %), Mazar (29.5 %), Hirat (22.8 %) and Nili (13.9 %). The variations in other main cities are normal (2 to 5.7%).

- On the two-year comparison (December 2010), the average price of Wheat Flour increased by 26.1 %. The highest increase occurred in Maimana (65.3 %) followed by Kabul (37.8 %), Nili (33.3 %), Mazar (23.9 %), Jalalabad (23.7 %), Hirat (14.3 %) and Faizabad (14.2 %), while normal in Kandhar (4.5 %).

- Compare to the 5 years average (Dec 2007 – Dec 2011) price, the average price increased by 22%, the highest increase occurred in Maimana (34 %), Kabul (33 %), Nili (30 %), Hirat (27 %), Mazar (24 %), Jalalabad (21 %) and Faizabad (7 %) and slight decrease occurred only in Kandahar (1 %).

Terms of Trade (ToT):

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 wage, but do not say how many days a month a laborer can get to cover the family food needs.

- Wage labour-Wheat ToT average for the reporting month was 15.1 Kgs of wheat against one day labour wage.

- On average, this ToT deteriorated by 2.7% from November to December 2012. The highest deterioration was observed in Faizabad (9.8 %) followed by Jalalabad (5.7 %). The variation in other markets was normal (-4.9% to 1.2%). The reason for deterioration was increased Wheat price and decreased labor wage.

- In comparison to one year ago (December 2011), it deteriorated by 5.3 %. The highest deterioration occurred in Jalalabad (33.1 %) followed by Kandahar (20.7 %) and Kabul (13.4 %). While improvement occurred in Maimana (19.6%) and Faizabad (12.5 %). The variation in other markets was normal (-2.8 % to -0.6%).
On the 2 years comparison (December 2010) it deteriorated by 4.4%. The highest deterioration was in Jalalabad (28.1 %), Hirat (15.3 %) and Nili (8 %). While improvement occurred in Faziabad (10.8 %) and Kabul (7.1 %). The variation in other markets was normal (-1.6% to 4.1%).

Compare to the 5 years average (Dec 2007 – Dec 2011), the average of this ToT improved by 17%, the highest improvement occurred in Mazar (38 %), Maimana (33 %), Faziabad (32 %), Kabul (20 %), Hirat (11 %), Nili and Kandahar (6 %). While deteriorated only in Jalalabad (12 %).

On average, this ToT was not changed over compare to past month (November 2012). While improvement occurred in Maimana (12.2 %) and deterioration occurred in Jalalabad (5.7 %). Main reason for improvement in Maimana was increased Sheep price and for deterioration in Jalalabad was increased Wheat price. The variation in other markets was normal (-2.8% to 1.1%).

Compare to same month one year ago (December 2011), the average ToT improved by 8.8 %. The highest improvement occurred in Faizabad (41.9 %) followed by Mazar (39.1 %), Jalalabad (29.7 %), Nili (28.8 %), Maimana (19.8 %) and Hirat (1.2 %) due to increase in sheep price. However, there was deterioration in Kandahar (30.5 %) followed by Kabul (10.4 %).

On the 2-year comparison, the average sheep/wheat ToT was slightly deteriorated by 2.8%.

Compare to the 5 years average (Dec 2007 – Dec 2011), the average of this ToT improved by 14%, the highest improvement occurred in Jalalabad (46 %), Faizabad (27 %), Hirat (13 %), Mazar (11 %), Kabul and Maimana (9 %), Nili (3 %). While deteriorated only in Jalalabad (8 %).

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.

The average Sheep-Wheat ToT for the reporting month was 282 Kgs of wheat against one year life female sheep.

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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