



World Food
Programme

Afghanistan Market Price Bulletin (July 2009)

Highlights

Food prices in the country continued a decreasing trend, though not as steeped as the increasing one initiated in mid 2007. Food prices are still 40 percent up the pre-crisis levels. In general, July is a favorable month, as labor demand (and prices) increases and food prices decrease as per the yearly seasonal behavior. Most vulnerable households still need assistance to cover their basic food needs.

Consumer price index (CPI):

- **National Consumer Price Index (CPI):** compared to June 2009, the overall CPI increased by 0.5 %, with a drop in the food index by 0.9 percentage points and an increase in non-food index by 0.2 percentage points.

Price of Wheat flour in Main Urban Cities

- The prices of **wheat flour** in most of the main urban markets indicated following changes:
 - 4% lower compared to June 2009;
 - Decrease of 38.1% compared to July 2008;
 - Increase of 32.1% compared to July 2007 (still very high compared to a normal year).

Price of Wheat across the Country

- The average price of **wheat** in July 2009 was reported at Afghani 16.5/kg, which is 9.7% lower than the price in June 2009, 45.8% lower compared to the price in July 2008 but 42.4% higher compared to July 2007 (normal/long term wheat price).

Wheat Flour price in border town

- In the **border markets**, the prices of imported wheat flour in July 2009 compared to June 2009 increased on average by 5%.

International Monthly Wheat Prices

- In Afghanistan, the price of wheat in July 2009 was 50.2% higher than the **international price**, 30.6% than the prices in Dehli (India) and 9.4% than the prices of wheat in Karachi (Pakistan).

Terms of Trade

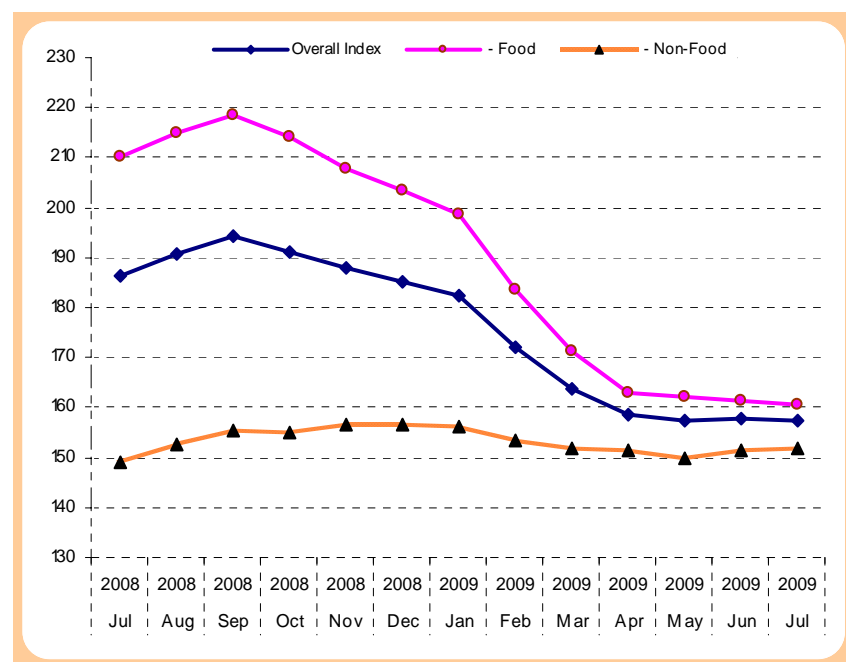
- The terms of trade between wheat and labour on average in July 2009 compared to June 2009 increased by 18.2%.
- The terms of trade between a sheep and kg of wheat in July 2009 increased on average by 41.5% compared to July 2008.

Consumer price index (CPI):¹

National Consumer Price Index (CPI): from June to July 2009, the overall CPI increased by 0.5 % points, with drops in the food index by 0.9 % and an increase in non-food index by 0.2 %.

The bread and cereal index showed 4% drop in a month period. Due to recent decreases in food prices, the annual decrease in the national food index was 49.4 % points which was mainly due to the fall in the price of wheat in local markets.

Among food items, the **annual** drop in bread and cereal was 106.5% points. Whilst non-food index showed 2.6 % annual **increased**.



The highest annual drops in the overall CPI were reported in Herat (37.4%), Kandahar (34.1%), Jalalabad (30.4 % points), and Mazar (28.7 %).

¹ Consumer Price Indices are 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 Source: Central Statistics Office (CSO)

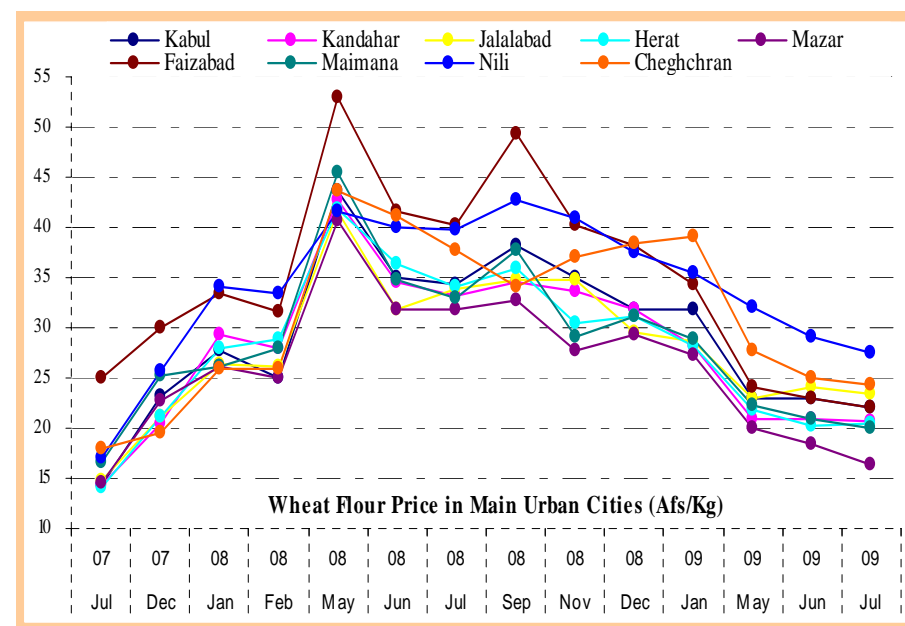
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Equally, the highest annual falls in the national food Indexes were also reported in Herat (64.3%), Kandahar(55.5%), Jalalabad (49.7%) and Mazar (49.4 %).

Wheat Flour Price in Main Cities:²

The average price of Wheat Flour in the main urban markets in July 2009 was reported at Afs. 22/ kg which is **4%** lower than the price in June 2009.

The prices of wheat flour decreased by 11% in Mazar-i-Sharif, 5% in Nili (Daikundi) and Maimana, 2 to 4% in Jalalabad, Kandahar, Cheghchran (Ghor), Faizabad and Kabul, no changes in Herat market compared to June 2009.

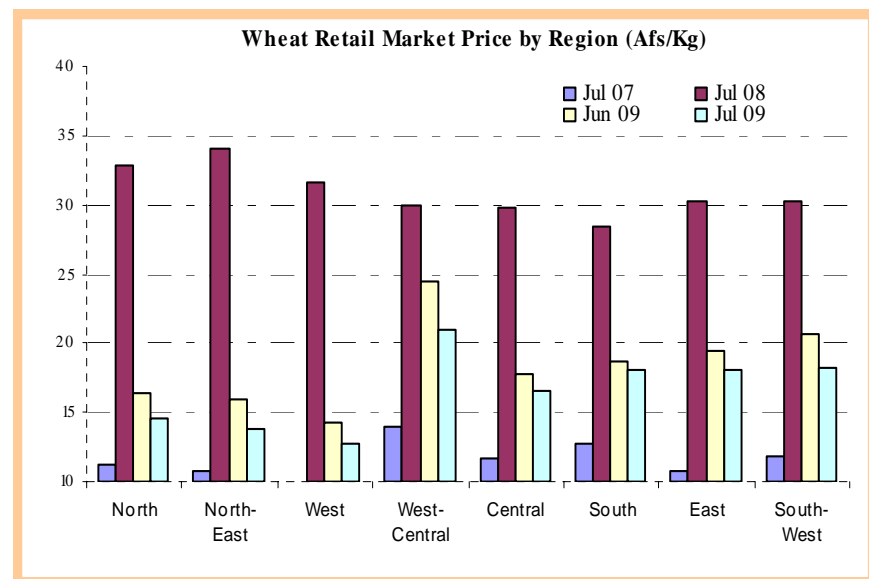


Compared to a year ago (July 2008) in the main urban markets, average wheat flour prices for all markets decreased by about **38.1%** and the price of wheat flour compared with July 2007 (normal price/long term price), showed an increase of **32.1%**.

² WFP VAM Market Data from Afghanistan main cities

Price of Wheat across the Country:

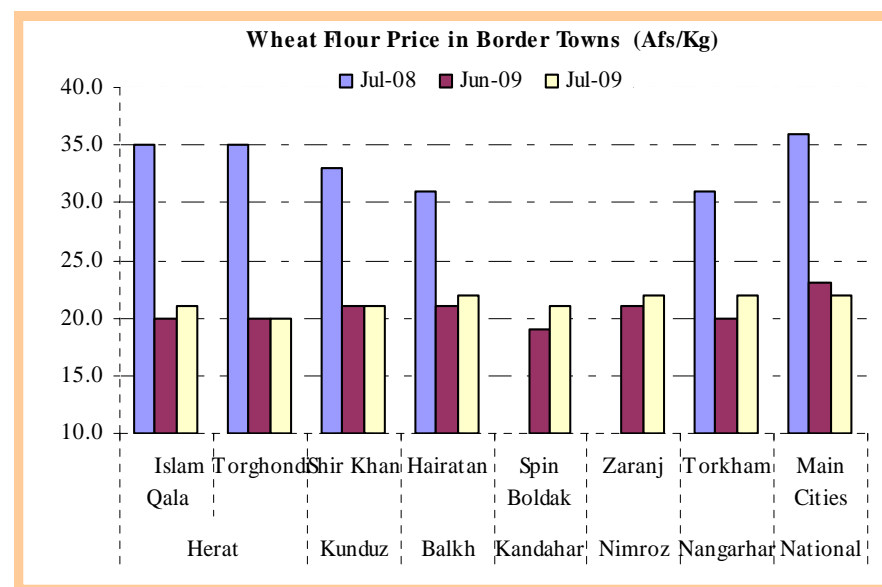
The average price of wheat in June 2009 was reported at Afs. 16.5/kg which is lower by 9.7 compared with its price in June 2009. The highest (14%) **decrease** in wheat price has been reported from the North-East and West-Central parts of the country. The South-West, West and North regions of the country experienced 11% to 12 % decreases and the South, Central and East regions ranged from 4% to 8% decreases in wheat price compared to the prices of wheat in June 2009.



The price of wheat in July 2009 was 45.8% lower than the price of July 2008. However, the price of wheat in provincial centers across the country was still **42.4% higher compared to July 2007** (normal /long term wheat price).

Market prices in border towns

In the border markets, the prices of imported wheat flour in July 2009 compared to June 2009, increased on average by 5%. As indicated in the below charts, the wheat flour price in July 2009 increased by 10.5% in Spin Boldak, 10% in Turkham and 5% in Zaranj, Hairatan and Islam Qala compared to June 2009. Torghondi and Shirkhan Bander remain the same as last Month.



In July 2009, on average, the price of imported wheat flour in border towns is 35.5% lower compared to July 2008.

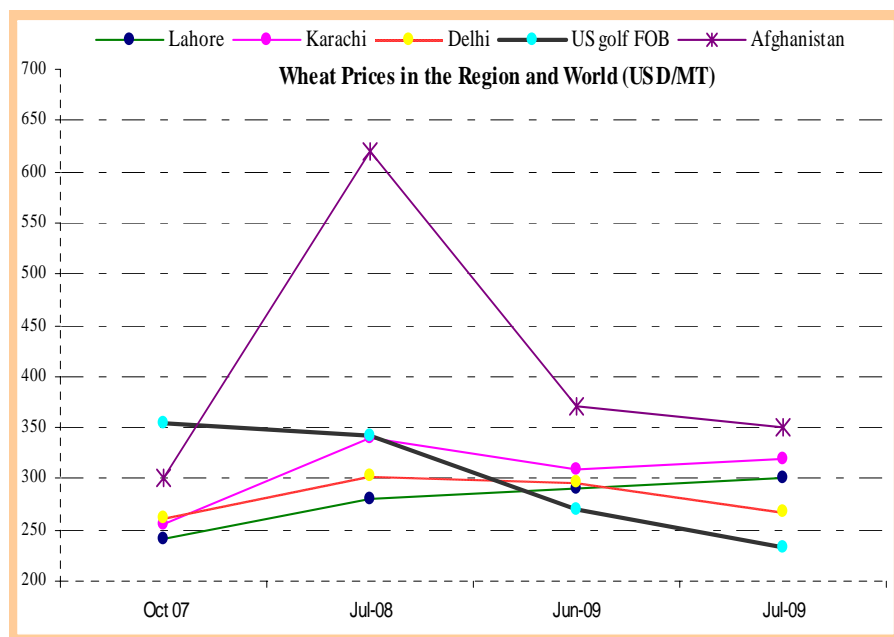
Monthly Price of Wheat on Global Market

The international price of wheat shows a downward trend during the month of July 2009.

The US wheat (No. 2 Hard Red Winter, FOB Gulf) averaged US\$ 233 per MT in July 2009; 14 percent lower than the previous month's average, but 32 percent lower than the peak price of July 2008.

The wheat price in Delhi (India) is US\$ 268 per MT, higher than international prices but 1% lower than in July 2008. Wheat prices in Karachi (Pakistan) are US\$ 320 per MT, and were 3.2% higher compared to June 2009 and 5.8% lower than July 2008.

In Afghanistan, the price of wheat in July 2009 was 50.2% higher than the international prices, 30.6% higher than the prices in Delhi and 9.4% higher than the price of wheat in Karachi.



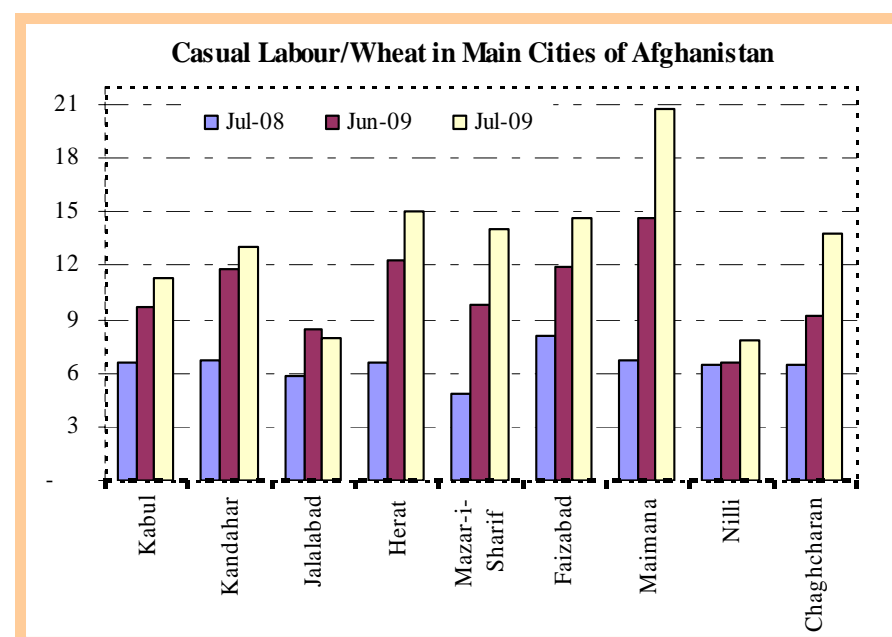
Terms of Trade (ToT)

Casual Labour and Wheat: The terms of trade between casual labour and wheat are a proxy for the purchasing power of those households who are mainly reliant on casual labour and who purchase wheat from the market.

On average the ToT between wheat and casual labour in July 2009 compared June 2009, increased by 18.2%.

The terms of trade for casual labour and wheat in July 2009 have remained roughly the same only in Jalalabad. Compared to June 2009 with larger increases in Cheghcheran, Mazar-i-sharif, Maimana, Faizabad, Heart, Nilli and Kabul cities.

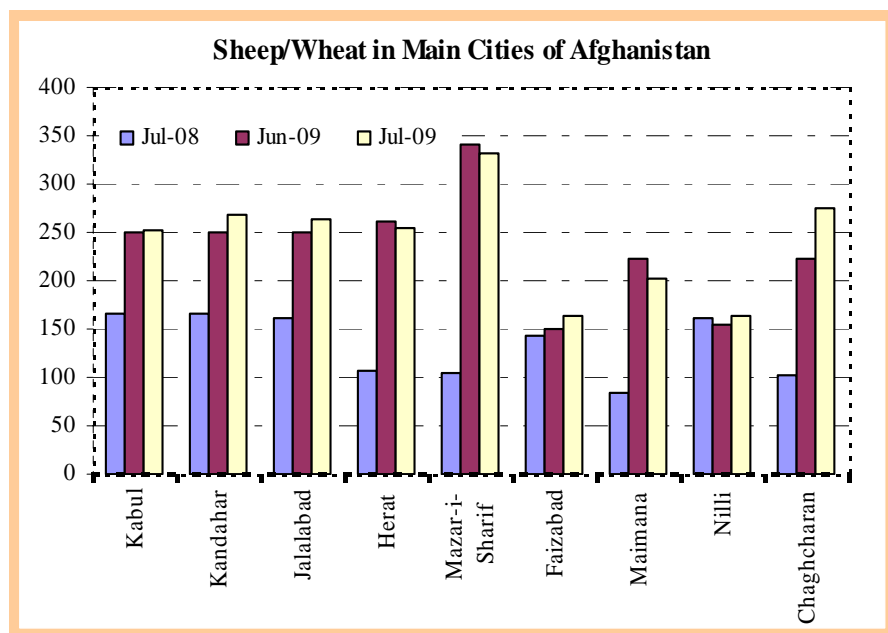
Over the past year, the terms of trade between these two commodities considerably increased by 67.6% in Maimana, 66% in Mazar-i-sharif, 41% to 56% in Kabul, Faizabad, Kandahar, Cheghcheran and Heart. 26.9% in Jalalabad and 17.1% in Nilli (July 2009 compared to July 2008).



Sheep and Wheat: The terms of trade between sheep and wheat are a proxy for the purchasing power of those households that are mainly reliant on income from livestock (pastoralists).

On average the ToT between sheep and wheat in the month of July 2009 compared to June 2009 increased by 4.3%.

The terms of trade between a sheep and kg of wheat in July 2009 increased on average by 41.5% compared to July 2008. This increase was particularly large in Mazar (68.4%), Cheghcheran 63.1%, Maimana and Herat (59%), with lesser increases in Kabul, Kandahar and Jalalabad 33% to 37%, Faizabad (12.5%) and Nili (2%).



Annex1: Market Watch on Main food Commodities in Main Cities of Afghanistan Markets – July 2009

| Markets | Major Comm | Current Price per Kg | Price change (%) | | | Average Change | | | Markets | Major Comm | Current Price | Price change (%) | | | Average Change | | |
|-------------|-----------------------|----------------------|------------------|-------|-------|----------------|-----|----|---|---------------------|---------------|------------------|-------|------|----------------|-----|----|
| | | | 2 Y | 1 Y | 1M | 2 Y | 1 Y | 1M | | | | 2 Y | 1 Y | 1M | 2 Y | 1 Y | 1M |
| KABUL | Wheat (kg) | 22 | 54.4 | -32.2 | 0.5 | ▲ | ▼ | ▶ | Livestock-One year live Sheep (Female) | | | | | | | | |
| | Wheat/Flour (kg) | 23 | 54.2 | -35.5 | -4.0 | ▲ | ▼ | ▶ | KABUL | Sheep | 5,250 | 27.5 | 2.2 | 12 | ▲ | ▶ | ▶ |
| | Rice Low Quality (Kg) | 30 | 43.2 | -22.1 | -3.3 | ▲ | ▼ | ▶ | KANDAHAR | Sheep | 5,000 | -2.5 | -2.5 | 8.3 | ▶ | ▶ | ▶ |
| | Oil (kg) | 57 | -7.3 | -34.7 | 0.0 | ▼ | ▼ | ▶ | JALALABAD | Sheep | 5,066 | 11.9 | 0.0 | 0.0 | ▶ | ▶ | ▶ |
| KANDAHAR | Wheat (kg) | 18 | 58.5 | -39.3 | 1.3 | ▲ | ▼ | ▶ | HERAT | Sheep | 3,400 | 1.6 | 6.8 | 0.2 | ▶ | ▶ | ▶ |
| | Wheat/Flour (kg) | 21 | 43.3 | -38.0 | -1.9 | ▲ | ▼ | ▶ | MAZAR | Sheep | 4,250 | 8.5 | 35.8 | -1.4 | ▲ | ▶ | ▶ |
| | Rice Low Quality (Kg) | 33 | 34.4 | -23.2 | 5.7 | ▲ | ▼ | ▶ | FAIZABAD | Sheep | 2,800 | -44.0 | -44.0 | 2.8 | ▼ | ▼ | ▶ |
| | Oil (kg) | 52 | -7.9 | -35.3 | -0.5 | ▼ | ▼ | ▶ | MAIMANA | Sheep | 5,200 | -17.7 | 30.5 | -8.1 | ▼ | ▶ | ▶ |
| JALALABAD | Wheat (kg) | 16 | 61.0 | -38.7 | -5.0 | ▲ | ▼ | ▶ | NILI | Sheep | 4,200 | -6.7 | -15.6 | 0.0 | ▼ | ▼ | ▶ |
| | Wheat/Flour (kg) | 21 | 58.8 | -30.4 | -2.1 | ▲ | ▼ | ▶ | CHEGHCHHRAN | Sheep | 4,000 | | 33.3 | 0.0 | | ▶ | ▶ |
| | Rice Low Quality (Kg) | 38 | 27.6 | -39.0 | 10.2 | ▲ | ▼ | ▶ | Terms of Trade | | | | | | | | |
| | Oil (kg) | 58 | -20.2 | -34.5 | 5.8 | ▼ | ▼ | ▶ | KABUL | Casual Labour/Wheat | | -23 | 72 | 16 | ▲ | ▼ | ▶ |
| HERAT | Wheat (kg) | 13 | 40.7 | -55.8 | 2.6 | ▲ | ▼ | ▶ | KANDAHAR | Casual Labour/Wheat | | -17 | 94 | 17 | ▲ | ▼ | ▼ |
| | Wheat/Flour (kg) | 21 | 43.4 | -40.4 | 0.3 | ▲ | ▼ | ▶ | JALALABAD | Casual Labour/Wheat | | -37 | 37 | 6 | ▶ | ▼ | ▼ |
| | Rice Low Quality (Kg) | 26 | -7.6 | -39.1 | -1.6 | ▶ | ▼ | ▶ | HERAT | Casual Labour/Wheat | | -5 | 127 | -2 | ▶ | ▶ | ▶ |
| | Oil (kg) | 55 | 2.0 | -32.1 | 5.2 | ▶ | ▼ | ▶ | MAZAR | Casual Labour/Wheat | | -7 | 194 | 13 | ▲ | ▼ | ▼ |
| MAZAR | Wheat (kg) | 14 | 22.4 | -57.1 | 1.6 | ▲ | ▼ | ▶ | FAIZABAD | Casual Labour/Wheat | | 47 | 82 | 7 | ▼ | ▼ | ▼ |
| | Wheat/Flour (kg) | 17 | 11.7 | -49.0 | -11.2 | ▲ | ▼ | ▼ | MAIMANA | Casual Labour/Wheat | | 28 | 209 | 0 | ▼ | ▼ | ▶ |
| | Rice Low Quality (Kg) | 31 | 23.5 | -28.0 | -4.0 | ▲ | ▼ | ▶ | NILI | Casual Labour/Wheat | | -33 | 21 | 6 | ▲ | ▼ | ▼ |
| | Oil (kg) | 52 | -8.4 | -38.8 | -5.1 | ▼ | ▼ | ▶ | CHEGHCHHRAN | Casual Labour/Wheat | | | 115 | 33 | | ▼ | ▼ |
| FAIZABAD | Wheat (kg) | 17 | -31.9 | -51.0 | -6.9 | ▼ | ▼ | ▶ | KABUL | Sheep /Wheat | | -17 | 51 | 1 | ▶ | ▼ | ▶ |
| | Wheat/Flour (kg) | 23 | -11.5 | -44.9 | -3.8 | ▼ | ▼ | ▶ | KANDAHAR | Sheep /Wheat | | -38 | 60 | 7 | ▲ | ▶ | ▶ |
| | Rice Low Quality (Kg) | 54 | 33.8 | -3.0 | 9.4 | ▲ | ▶ | ▶ | JALALABAD | Sheep /Wheat | | -31 | 63 | 5 | ▲ | ▶ | ▶ |
| | Oil (kg) | 70 | 12.0 | -30.0 | -1.8 | ▶ | ▶ | ▶ | HERAT | Sheep /Wheat | | -28 | 141 | -2 | ▲ | ▼ | ▶ |
| MAIMANA | Wheat (kg) | 17 | 24.3 | -46.6 | 1.0 | ▲ | ▼ | ▶ | MAZAR | Sheep /Wheat | | -11 | 217 | -3 | ▲ | ▼ | ▶ |
| | Wheat/Flour (kg) | 20 | 19.8 | -39.2 | -4.8 | ▲ | ▼ | ▶ | FAIZABAD | Sheep /Wheat | | -18 | 14 | 10 | ▲ | ▼ | ▼ |
| | Rice Low Quality (Kg) | 42 | 18.0 | -29.1 | 7.9 | ▲ | ▼ | ▶ | MAIMANA | Sheep /Wheat | | -34 | 145 | -9 | ▲ | ▼ | ▼ |
| | Oil (kg) | 70 | 24.5 | -21.3 | -3.7 | ▶ | ▼ | ▶ | NILI | Sheep /Wheat | | -38 | 2 | 6 | ▲ | ▶ | ▶ |
| NILI | Wheat (kg) | 21 | 50.0 | -17.1 | -5.6 | ▲ | ▼ | ▼ | CHEGHCHHRAN | Sheep /Wheat | | | 171 | 24 | | ▼ | ▼ |
| | Wheat/Flour (kg) | 27 | 61.8 | -30.8 | -5.2 | ▲ | ▼ | ▶ | Remark | | | | | | | | |
| | Rice Low Quality (Kg) | 35 | -6.7 | -6.7 | 17.4 | ▼ | ▼ | ▶ | ▲ Price increase above normal price fluctuation | | | | | | | | |
| | Oil (kg) | 63 | -11.9 | -32.6 | 0.8 | ▼ | ▼ | ▶ | ▶ Normal Price fluctuation | | | | | | | | |
| CHEGHCHHRAN | Wheat (kg) | 12 | | -50.8 | -19.4 | | ▼ | ▶ | ▼ Price decrease below normal price fluctuation | | | | | | | | |
| | Wheat/Flour (kg) | 24 | | -35.8 | -3.0 | | ▼ | ▶ | Price fluctuation is considered normal if the price change is within 5% for 1 | | | | | | | | |
| | Rice Low Quality (Kg) | 28 | | -30.9 | -3.4 | | ▼ | ▶ | month, or within | | | | | | | | |
| | Oil (kg) | 58 | | -29.8 | -0.8 | | ▼ | ▶ | 10% for 3 months | | | | | | | | |
| | | | | | | | | | 1M= Compared to month ago 1Y= Compared to July 2008; and 2Y= Compared to July 2007 (normal price/long term price) | | | | | | | | |