World Food Programme

# AFGHANISTAN

## Monthly Market Report

Issue 50: July 2024

# KEY HIGHLIGHTS

## Macroeconomic Highlights

- **The economic growth in Afghanistan continues to be slow, with high unemployment rate, and reduced activity in the service sector.** Afghanistan has faced multiple shocks over the past few years, beginning with the COVID-19 pandemic. This was followed by a change in governing rule in August 2021, while the economy was still recovering from the aftermath of the pandemic. These shocks significantly impacted economic growth and the inflation rate, resulting in the loss of critical funding needs to millions of vulnerable households. Meanwhile, thousands of Afghans are being repatriated from neighbouring countries and are in dire need of assistance. Besides that, the country has also suffered from natural and climate shocks, leading to displacement and loss of livelihoods. Although market prices have decreased due to deflation, the appreciation of the Afghani, and a decline in global food prices, the employment rate remains low, with reduced activity in the agriculture and industry sectors, impacting the livelihood of vulnerable households.
- **After a year of deflation, the inflation curve is now moving upward.** The inflation rate surged to a peak of 18.3% in July 2022 following the political changes in August 2021, largely due to a significant depreciation of the Afghani currency. However, it subsequently plummeted into deflation, reaching -10.2% in January 2024 as the Afghani appreciated against the USD, and eventually returned to -5.9% in June 2024. Similarly, food inflation declined from +26% in June 2022 to -15.1% in January 2024, and -9.8% in June 2024. Despite these improvements, the overall economic situation remains precarious, with many households still struggling to afford basic necessities.
- **The average monthly exchange rate between the Afghani and the USD remained stable at around AFN 71 per USD during July 2024.** Following a notable increase in January 2022 to AFN 105 per USD, the value of Afghani began to consistently appreciate against the USD throughout 2023, maintaining relative stability within the range of AFN 70-74 per USD since November 2023. The stability of AFN against foreign currencies and the reduction in exchange rate volatility can be attributed to several key factors. These include the consistent UN dollar cash shipments and flow of remittances, which provide a steady inflow of foreign currencies. Furthermore, the utilization of monetary policy tools by the Central Bank of Afghanistan, an increase in export volumes, along with measures to prevent dollar smuggling abroad, has contributed to maintaining the exchange rate stability.

## Market Highlights

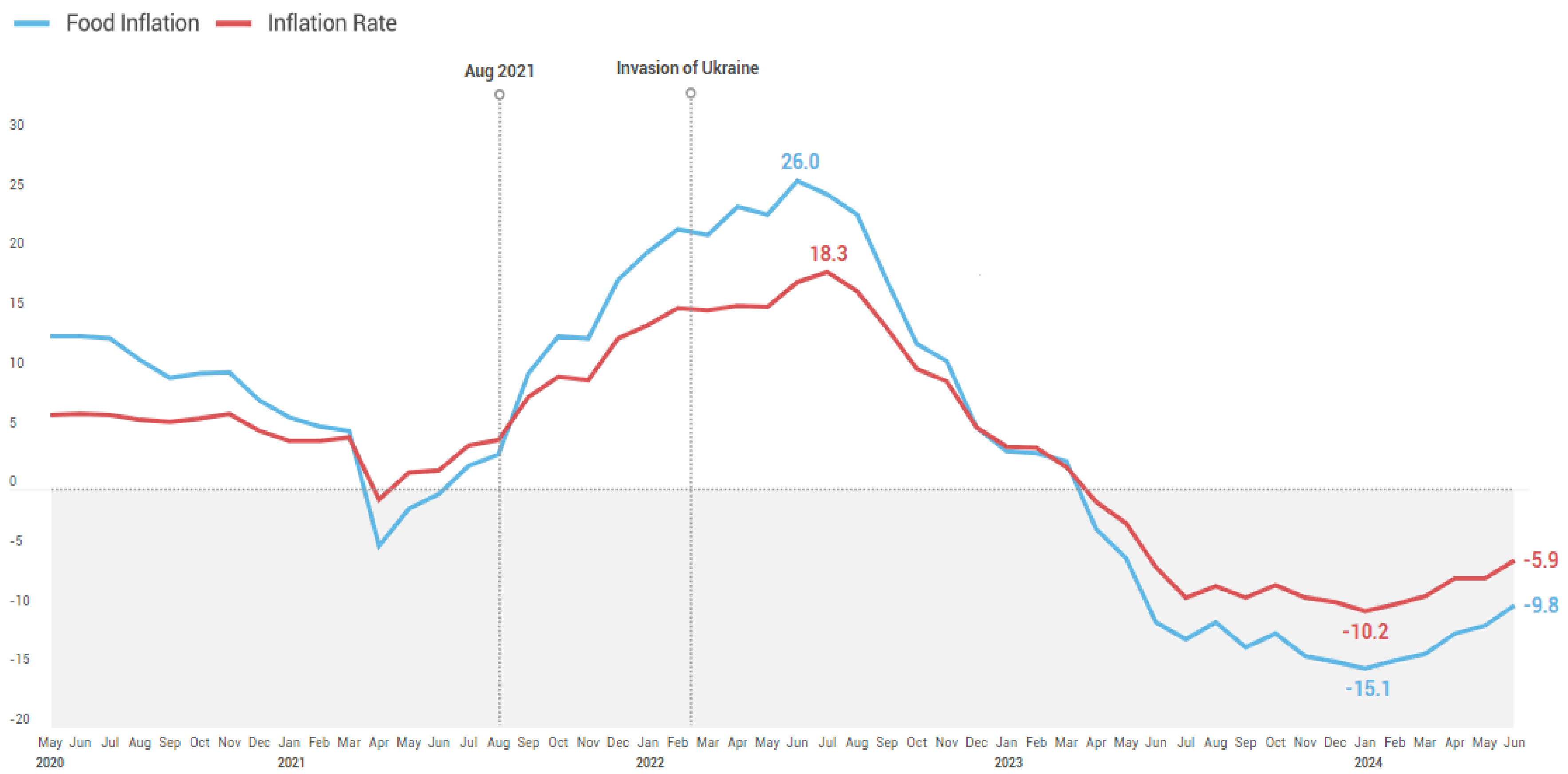
- **In July 2024, the national average price of the WFP’s in-kind food basket was AFN 5,232, showing a 0.9% increase from the previous month.** However, since July 2022, the price of the WFPs’ in-kind food basket is showing a declining trend, driven by lower prices for major food items, the appreciation of the Afghani, reduced inflation rates, and a decrease in global food prices. The price of the food basket varies across provinces; the cheapest market for food items in July 2024 was Baghlan with the food basket priced at AFN 4,565, whereas Nuristan emerged as the most expensive market with the same food basked priced at AFN 6,194.
- **The M-o-M real and nominal casual labour Terms of Trade (ToT) has improved by 7.3% and 4.3%, respectively**. The main reason behind this improvement is due to increase in the number of available unskilled labour work in a week by 2.9 percent and a 4.1 percent increase in the daily wage for unskilled labour compared to last month. However, with the decrease in the price of sheep, the ToT for livestock holders has deteriorated by 2.6% compared to last month. The national average expected monthly income for full-time casual labour workers (AFN 330 per day) considering the availability of workdays (2.4 days per week) is AFN 3,362, which can only afford 64% of the WFP's in-kind food basket (AFN 5,232).
- **Prices for food and non-food items often vary in district markets vs provincial capital markets** due to factors such as market availability, transportation costs, distance from source markets, regional consumption habits, and the range of products available in each province. To assess price differences between district markets and provincial capitals, 21 districts are analysed on month-to-month basis, focusing on their remoteness and high transportation costs due to challenging road access. Among the surveyed districts, majority reported significantly higher prices for both food and non-food items compared to provincial centres, with the highest prices observed in Wakhan and Darwaz Payan (Nesai) districts of Badakhshan due to high transportation cost to these districts.
- **An analysis was conducted during the month of July 2024 to identify the main source markets for food items in district markets and provincial capital markets.** While the first source market (or feeder market) for majority of district markets are the capital central markets of the same province, whereas for provincial capital markets, Kabul stands out as a central hub. Provinces such as Kabul, Kandahar, Herat, Nangarhar, Mazar-e-Sharif, Khost, Faryab, and Kunduz play essential roles in facilitating trade and transportation across the border and serve as key nodes in the regional trade network, influencing the flow of goods between Afghanistan and its neighbouring countries.

# AFGHANISTAN MACROECONOMIC OVERVIEW

## Inflation and Exchange Rate Trend

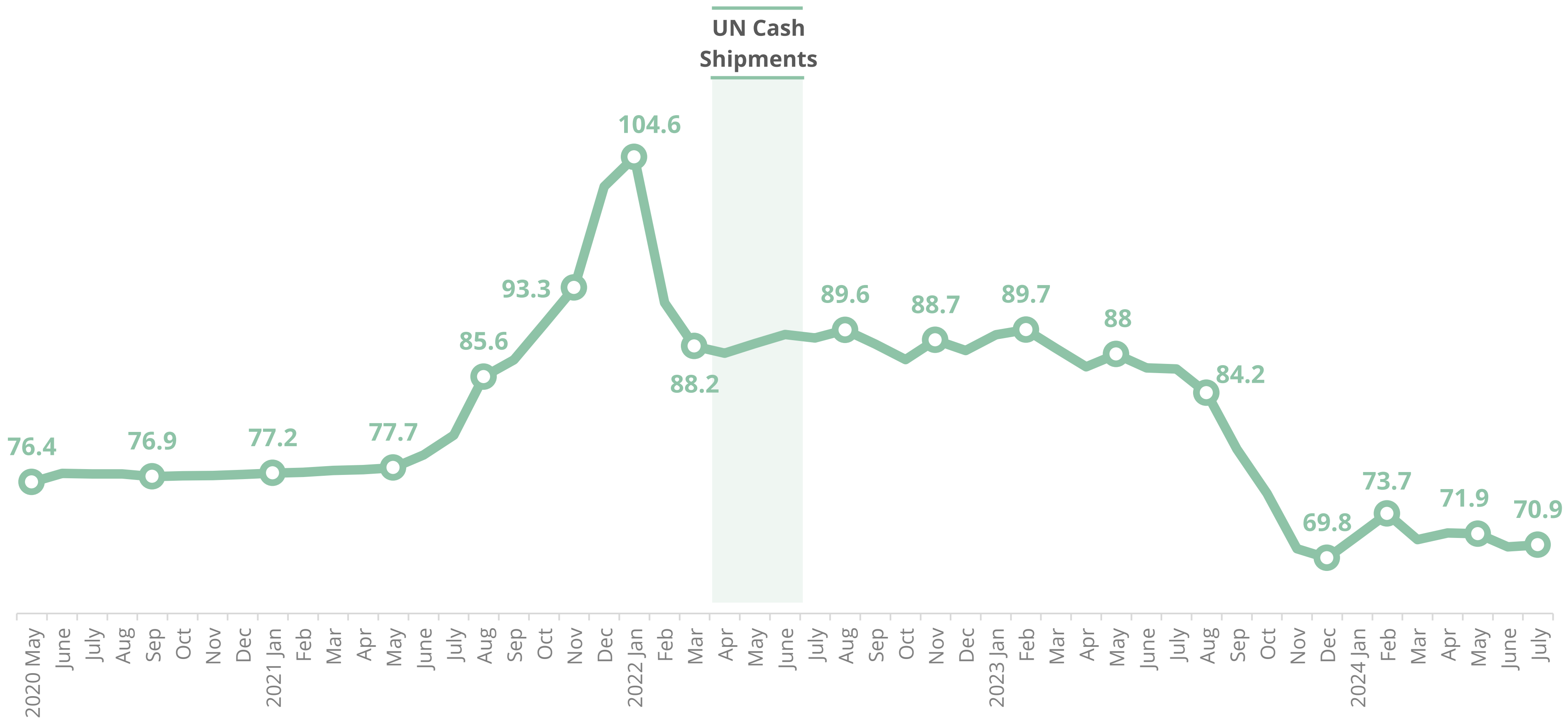
### Change in Food Inflation and Head-Line Inflation

MAY 2020 - JUNE 2024




### Change in Foreign Exchange Rate (AFN/USD)

MAY 2020 - JULY 2024




### The inflation rate starting to move upward from a year in deflation

Headline inflation saw a significant reduction, dropping from 18.3% in July 2022 to -10.2% in Jan 2024, and returning to -5.9% in June 2024, indicating a reverse in the deflation curve. Similarly, food inflation experienced a steep decline, dropping from 26% in June 2022 to -15.1% in Jan 2024 and -9.8% in June 2024. The deflation rate for main food items such as cereals, meat, oils, fruits and vegetables were -15.9%, -6.0%, -15.2%, -12.5% and -2.4%, respectively during the month of June 2024. The deflationary trend, which began in April 2023, continued into January 2024, largely due to various factors such as the adverse effects of the opium ban, an improved food supply, a reduction in the money supply, an overall increase in remittances, and the appreciation of the Afghani. However, since February 2024, the deflation trend has been decreasing as the inflation chart has started to move upward, indicating stability in price levels across the country.

### AFN remaining stable at around AFN 71 per USD during July 2024

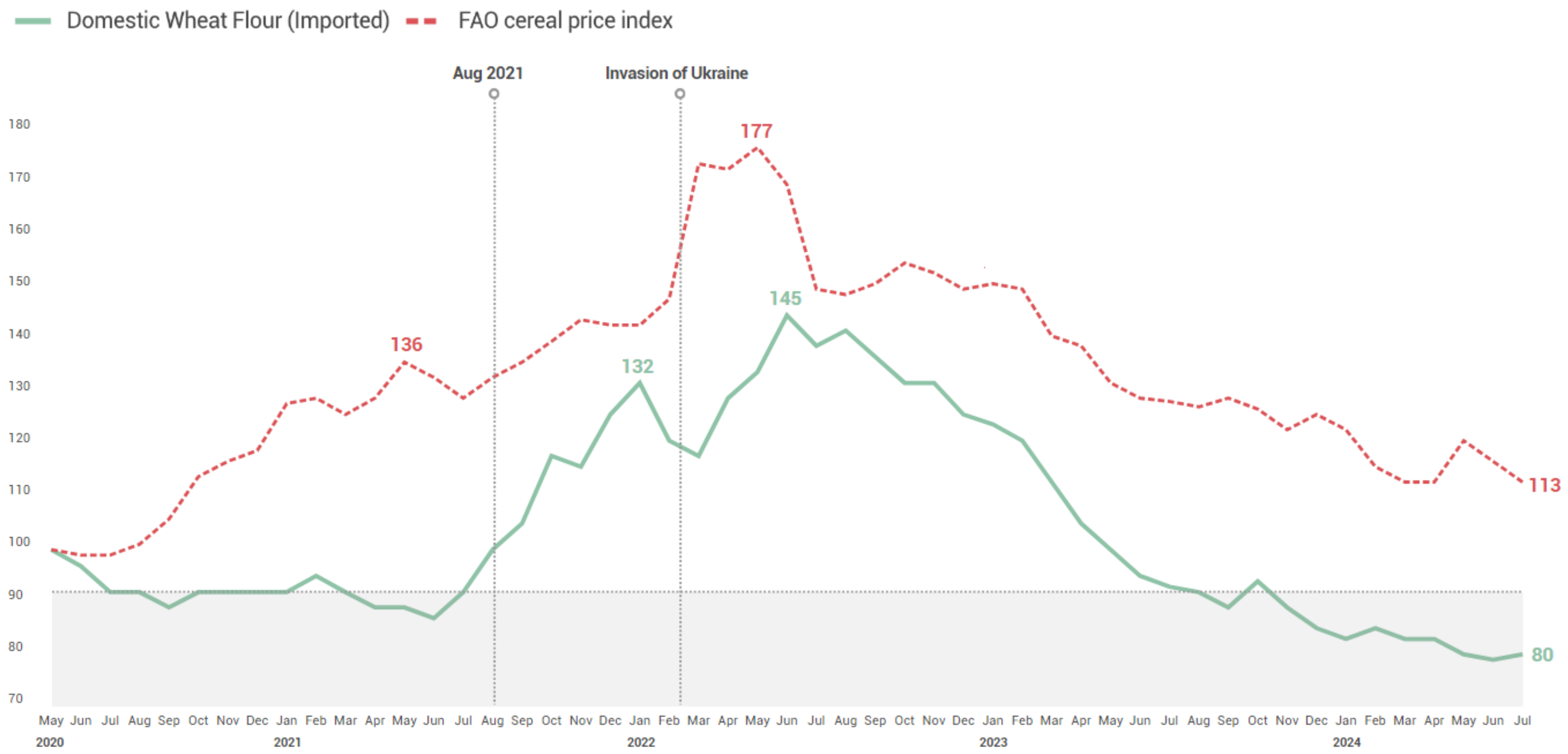
During July 2024, the average exchange rate between the AFN and the USD was AFN 70.9/USD, showing a negligible depreciation of 0.2 percent compared to the previous month, but a significant appreciation of 18 percent compared to the same time last year. After surging to AFN 104.6 per USD in January 2022, the Afghani consistently appreciated against the USD throughout 2023, stabilizing around AFN 70-74 per USD since November 2023. The stability of the Afghani against foreign currencies and the reduction in exchange rate volatility can be attributed to several key factors. These include the consistent UN dollar cash shipments and flow of remittances from Afghans abroad, which provide a steady inflow of foreign currencies. Furthermore, the utilization of monetary policy tools by the Central Bank of Afghanistan, an increase in export volumes, along with measures to prevent dollar smuggling abroad, has contributed to maintaining the exchange rate stability.

# GLOBAL TRENDS

## Wheat Flour and Oil Prices (Global Prices vs Domestic Prices)

### Percentage Change in Domestic Wheat Flour Prices and FAO Cereal Price Index

MAY 2020 - JULY 2024

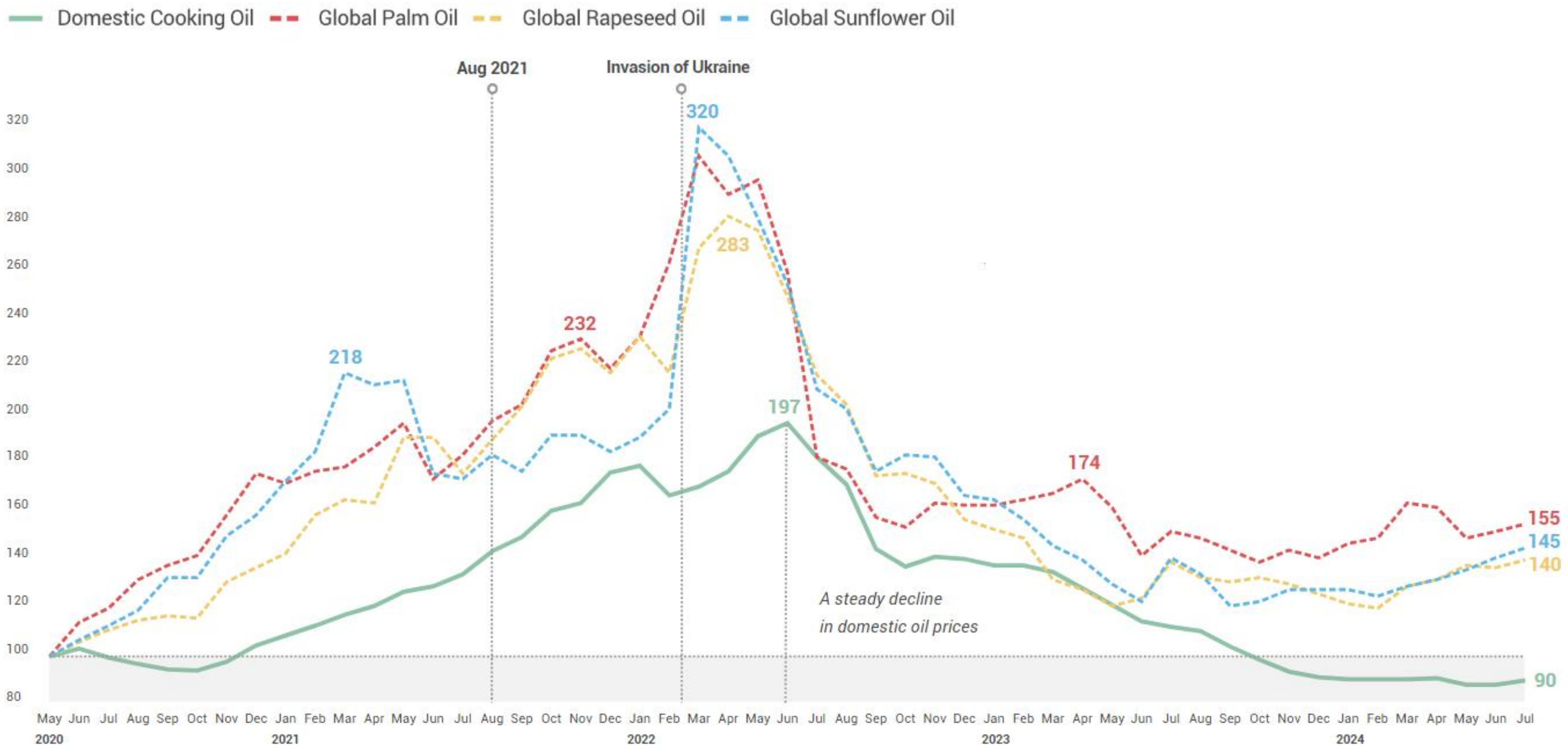



The FAO Cereal Price Index experienced a peak in May 2022, rising by 77 points, followed by a gradual decline. As of July 2024, it remains elevated by 13 points compared to the baseline (May 2020). In July 2024, the FAO Cereal Price Index was down 4.4 points (3.8 percent) from June and 15.1 points (12.0 percent) from its July 2023 value. “Global export prices for all major cereals fell for the second consecutive month due to increased seasonal availability from ongoing winter wheat harvests in the northern hemisphere, favourable conditions in Canada and the US, strong exporter competition, and weak global demand, continued to put downward pressure on international wheat prices.” (FAO – 02/08/2024)

**The national average price of one kilogram of imported wheat flour stands at AFN 30/Kg.** Using May 2020 as the base for the price index, the price of wheat flour has dropped by 65 points since its peak in June 2022, gradually falling to below normal levels (20 points lower than the May 2020 index). Compared to the previous month, the price of imported wheat flour has negligibly increased by 1.2%. Additionally, it is significantly lower by 13% compared to the same period last year and by 24% compared to the 4-year average prices.

### Percentage Change in Domestic Oil Prices and Global Oil Prices

MAY 2020 - JULY 2024



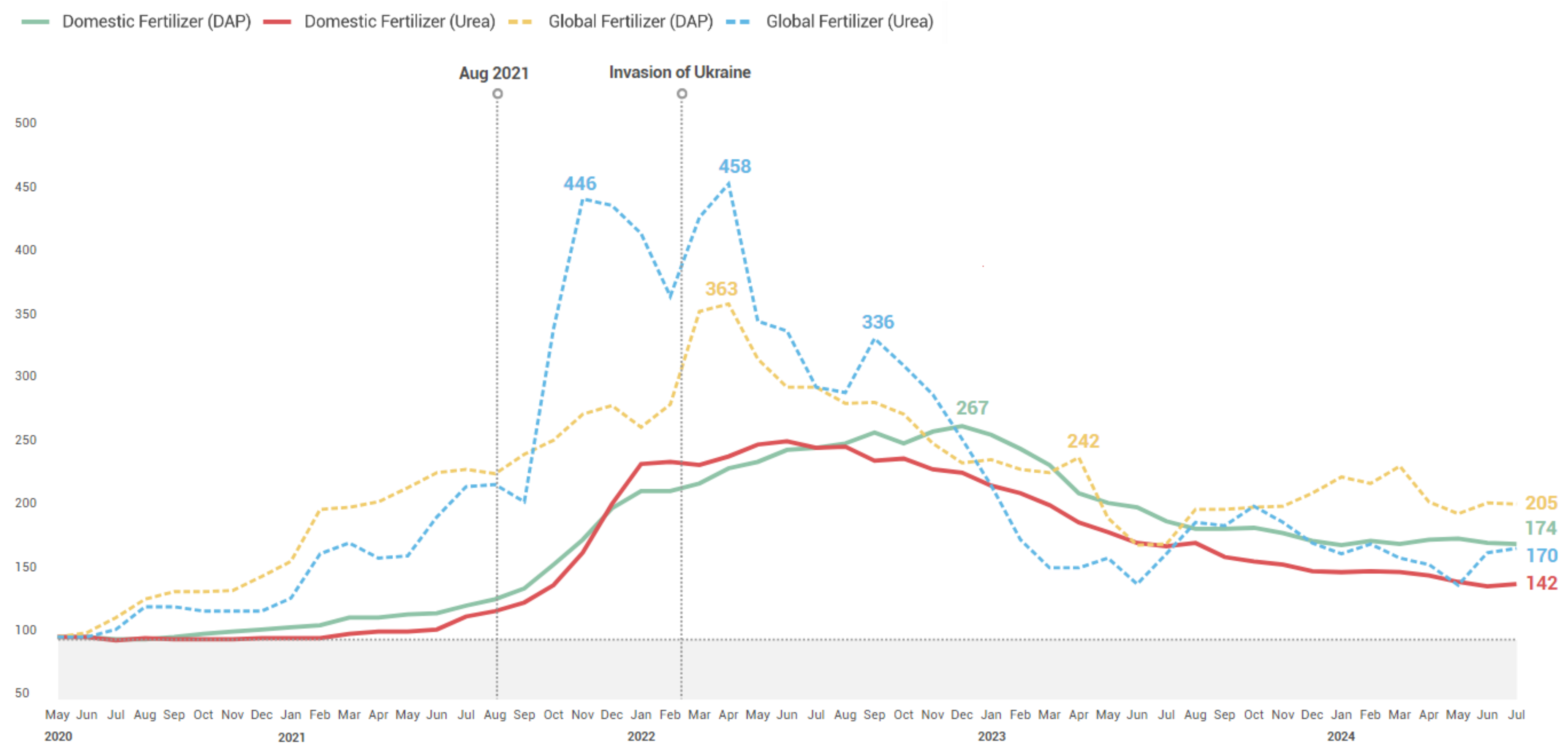

In June 2024, the FAO Vegetable Oil Price Index was up 3.2 points (2.4 percent) from June and marking the second consecutive increase to a one-and-a-half-year high. “The continued increase of the index reflected higher global quotations across palm, soy, sunflower and rapeseed oils. International palm oil prices rose marginally, mostly underpinned by firm global import purchases that coincided with below-potential output growth in Indonesia, the world’s leading palm oil producer. As for sunflower and rapeseed oils, rising international prices were mainly underpinned by deteriorating crop prospects in several major producing countries of respective oilseeds for the 2024/25 season.” (FAO – 02/08/2024)

**The domestic prices of cooking oil have significantly decreased** since reaching its peak in June 2022 (AFN 204/Kg) by 54 percent, however, it remained significantly higher by 21% compared to the pre–Covid period. The current price is higher by 2.3% compared to last month but lower than same time last year and the 4-year average prices by 20% and 32%, respectively. While considering May 2020 as the base for price index, the current average price index for cooking oil stands at 90 points, indicating a steady decline from its peak level.

# GLOBAL TRENDS

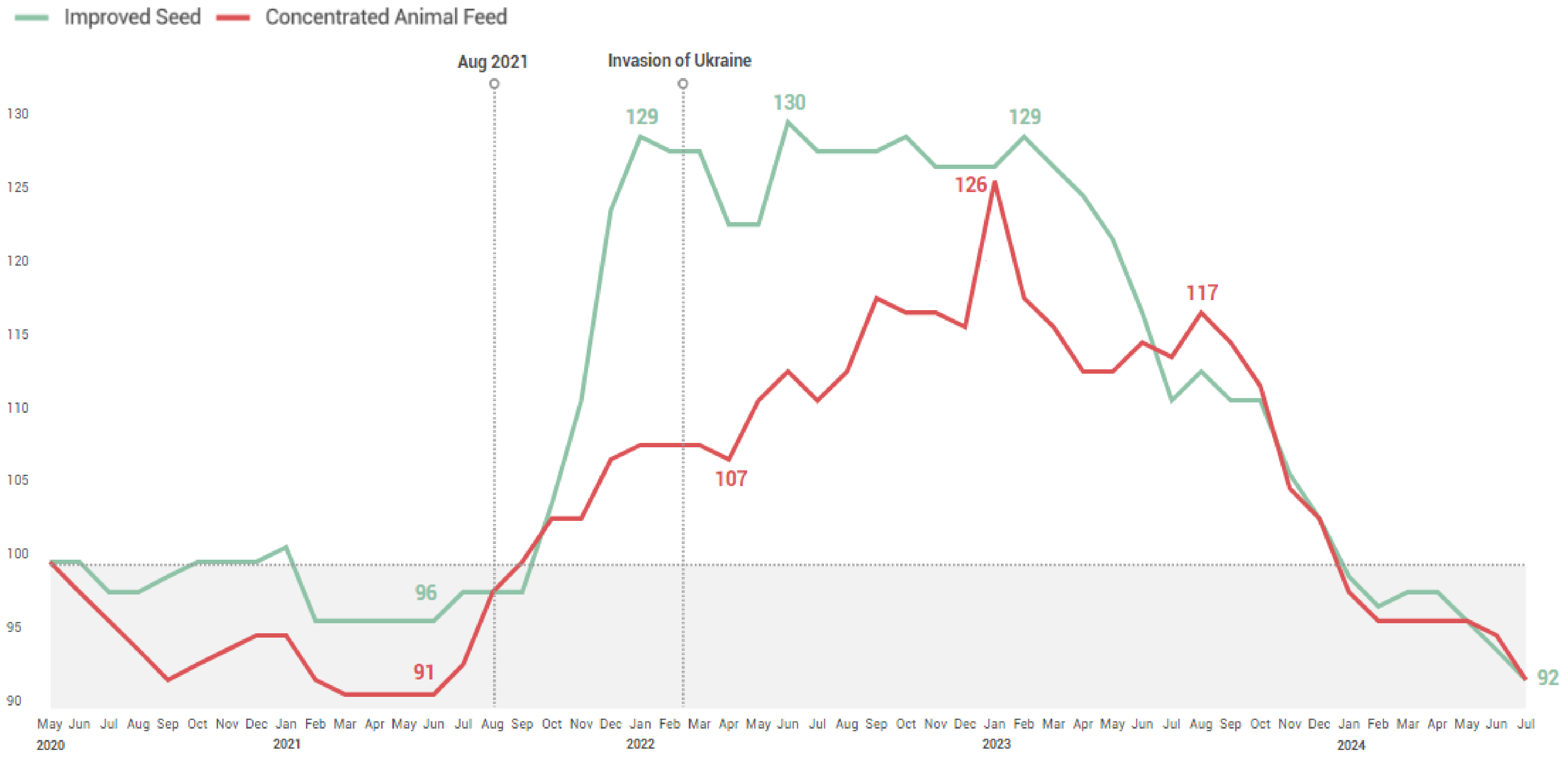
## Percent Change in Domestic and Global Fertilizer Prices

MAY 2020 - JULY 2024




## Percent Change in Improved Seed and Animal Feed

MAY 2020 - JULY 2024




**Fertilizer prices have declined gradually from their peak in 2022**: International fertilizer prices have experienced a substantial decline, dropping by about 50 percent from their peak in April 2022. Factors such as post-COVID economic recovery, supply chain disruptions, and the Russian invasion of Ukraine caused a significant surge in prices. The global fertilizer market is heavily influenced by key players such as China, Morocco, Saudi Arabia, Russia, and the USA, which collectively control 90% of global DAP imports. Russia's invasion of Ukraine disrupted global fertilizer markets, causing price spikes and fears of agricultural impacts, but since then, prices have stabilized, and Russia managed to increase fertilizer exports in 2023. While fertilizer prices have decreased in 2024 compared to previous years, the dominance of major exporting countries and slow adoption of green alternatives leave import-dependent nations vulnerable to future trade shocks.

**DAP Fertilizer:** The national average price of a 50-kg bag of DAP in July 2024 was recorded at AFN 4,159, negligibly decreased by 0.5% compared to last month and 9% lower than last year, but 46% higher compared to the month of June 2021. With May 2020 as the base for the price index, the current average price index for DAP stands at 174 points. M-o-M DAP prices slightly increased in Zabul by 8%, Ghor by 5%, and by 3% each in Baghlan and Saripul. However, it significantly decreased in Bamyan by 12%, slightly by 7% in Balkh, 6% in Badghis, 5% in Daykundi, and 4% each in Hilmand and Farah.

**Urea Fertilizer:** In the month of July 2024, the average price of a 50-kg bag of Urea was AFN 1,706, which is 1.1% higher than the prices observed in the previous month. (Higher by 42 points compared to the May 2020 index). It was 17% lower than the same period last year, but 33% higher compared to the month of June 2021. Compared to the previous month, the price significantly increased only in Zabul by 27%, Logar 11%, Paktya 9%, and by 7% each in Hilmand and Badakhshan. Whereas it slightly decreased in Jawzjan and Daykundi by 8% and 6%, respectively.

**Improved Seed:** The national average price of Improved Seed in July 2024 was AFN 1,803 per 50-kg bag, showing a 1.9% decrease compared to the last month and a significant 17% decline compared to the same period last year. (Prices are lower by 8 points, with May 2020 as the base for the price index). Compared to the previous month, prices only increased in Takhar by 13%, whereas it decreased by 20% in Wardak, 18% in Ghazni, 11% in Khost, 7% in Samangan and 6% in Jawzjan.

**Concentrated Animal Feed:** The national average price of a 100-kg bag Animal Feed was AFN 2,620 in July 2024, which shows a minor decrease 0f 0.7 percent compared to June 2024. (With May 2020 as the base for the price index, it has fallen by 34 points from its peak in Jan 2023). The prices mainly increased in Baghlan and Parwan by 3% and 2%, respectively. Whereas prices slightly decreased by 9% in Badghis, 6% in Nangarhar and 5% in Ghazni.

# NATIONAL PRICE UPDATE

## Monthly Price Changes and Trend Analysis : Food Commodities

| ITEMS | This Month | Last Month (%) | Last year (%) | Pre- Covid time (%) | June 2021 (%) | 4 Years Average |
|---|---|---|---|---|---|---|
| Exchange Rate (AFN/USD) | 70.9 | 0.2% | -18% | -6% | -10% | -15% |
| Wheat Grain (AFN/Kg) | 24 | -0.2% | -19% | -6% | -21% | -29% |
| Wheat Flour - High price (AFN/Kg) | 30 | 1.2% | -13% | -4% | -10% | -24% |
| Wheat Flour - Low price (AFN/Kg) | 26 | 2.1% | -17% | -9% | -15% | -28% |
| Rice - High Price - "Palawi" (AFN/Kg) | 95 | -0.1% | -20% | 17% | 7% | -9% |
| Rice - Low Price - "Sholae" (AFN/Kg) | 59 | -0.5% | -11% | 43% | 18% | 5% |
| Cooking Oil (AFN/Liter) | 93 | 2.3% | -20% | 21% | -30% | -32% |
| Pulses (AFN/Kg) | 107 | -0.6% | -6% | 46% | 15% | 2% |
| Sugar (AFN/Kg) | 64 | 0.6% | -14% | 55% | 27% | 4% |
| Bread (AFN/Kg) | 59 | -1.3% | -10% | | 13% | 0% |
| Salt (AFN/Kg) | 17 | 0.8% | 2% | 48% | 30% | 18% |
| Tomato (AFN/Kg) | 30 | -17.2% | 54% | | 13% | 32% |
| Potato (AFN/Kg) | 23 | -10.2% | -16% | | 12% | -7% |
| Onion (AFN/Kg) | 20 | 5.7% | 6% | | 21% | -3% |

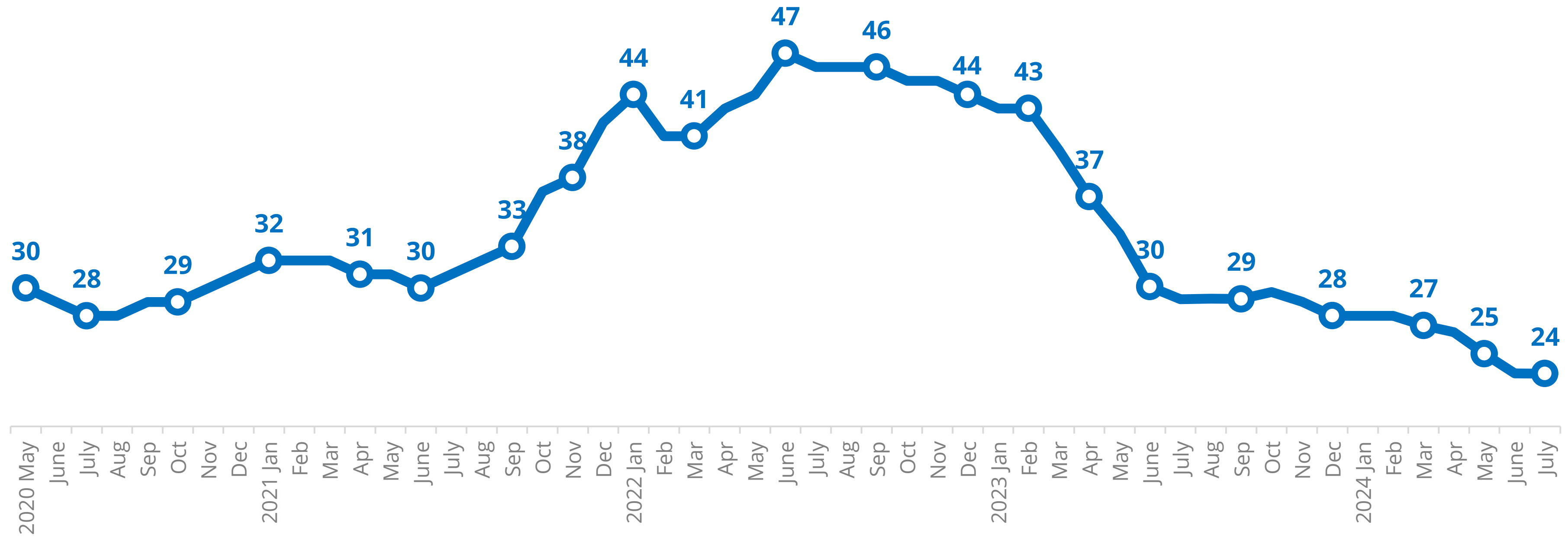
The national average prices of food items have generally decreased compared to the previous month, except for wheat flours, cooking oil, sugar, salt and onion. Prices of vegetable items have shown significant fluctuations due to the availability of locally harvested vegetables in the market. The amount of locally harvested produce when supplied into the market will influence market prices. With normalized volume of food commodity imports to the country, overall food prices are declining significantly compared to last year, except tomato and onion prices which are still significantly higher than the prices during the same time last year. Whereas the prices of food items (excluding wheat grain and wheat flours) during July 2024 are still significantly higher compared to the prices during the pre-Covid period. Similarly, except for wheat grain, wheat flours, and cooking oil, average prices for all other food commodities are significantly higher compared to June 2021, which was before the political changes.

# NATIONAL PRICE UPDATE

## Monthly Price Changes in Wheat Grain and Wheat Flour

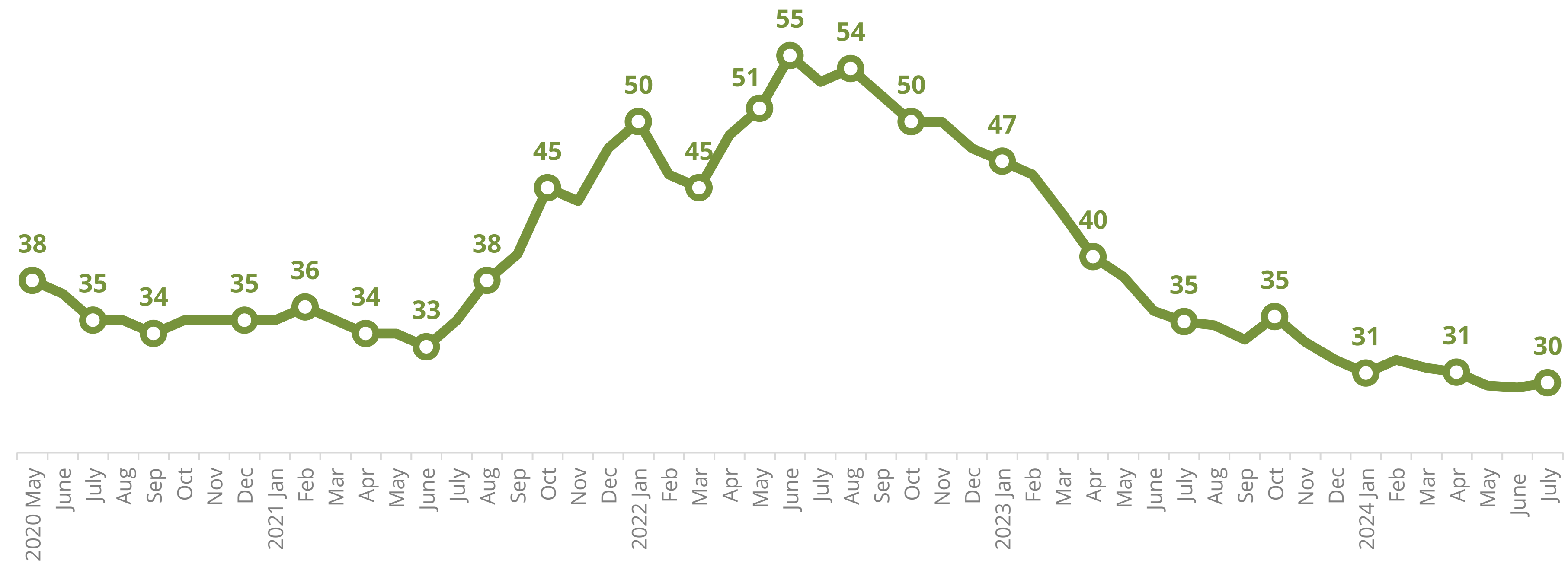
### Price of Wheat Grain in AFN/Kg

MAY 2020 - JULY 2024



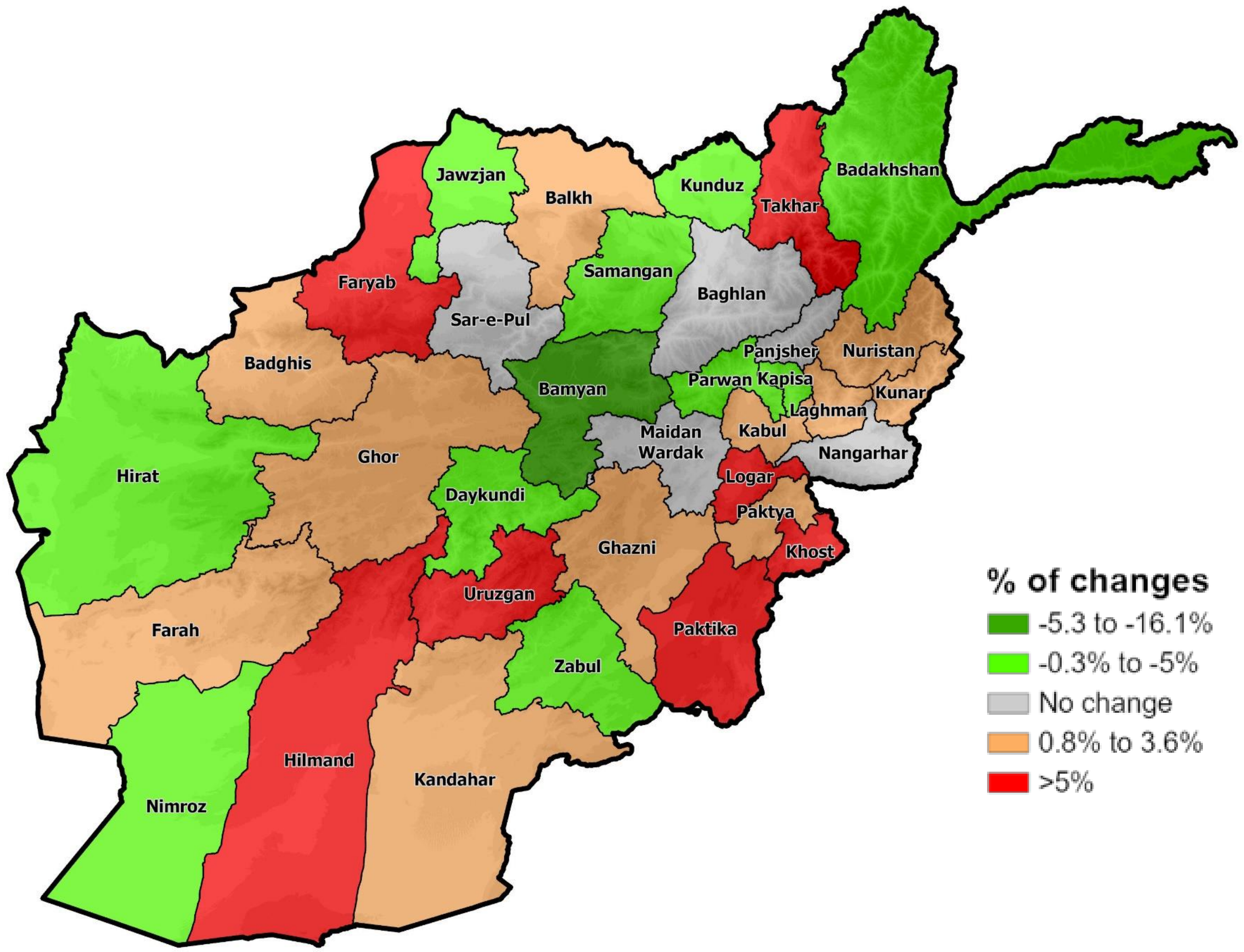

### Price of Wheat Flour (Imported) in AFN/Kg

MAY 2020 - JULY 2024




### Percentage of Changes in Wheat Flour by Province

Last month (%)



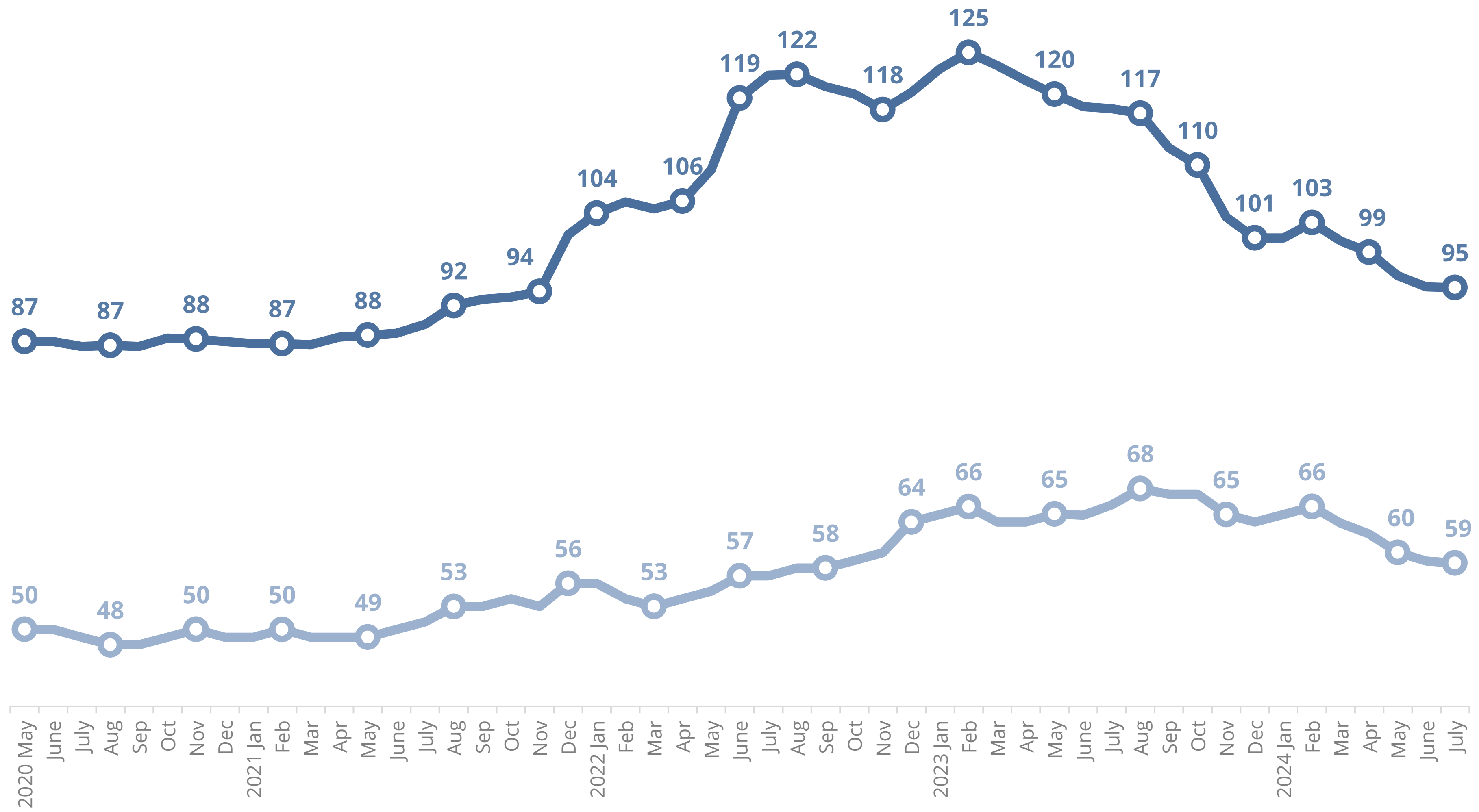
# NATIONAL PRICE UPDATE

## Monthly Price Changes in Rice

**Price of Rice in AFN/Kg**

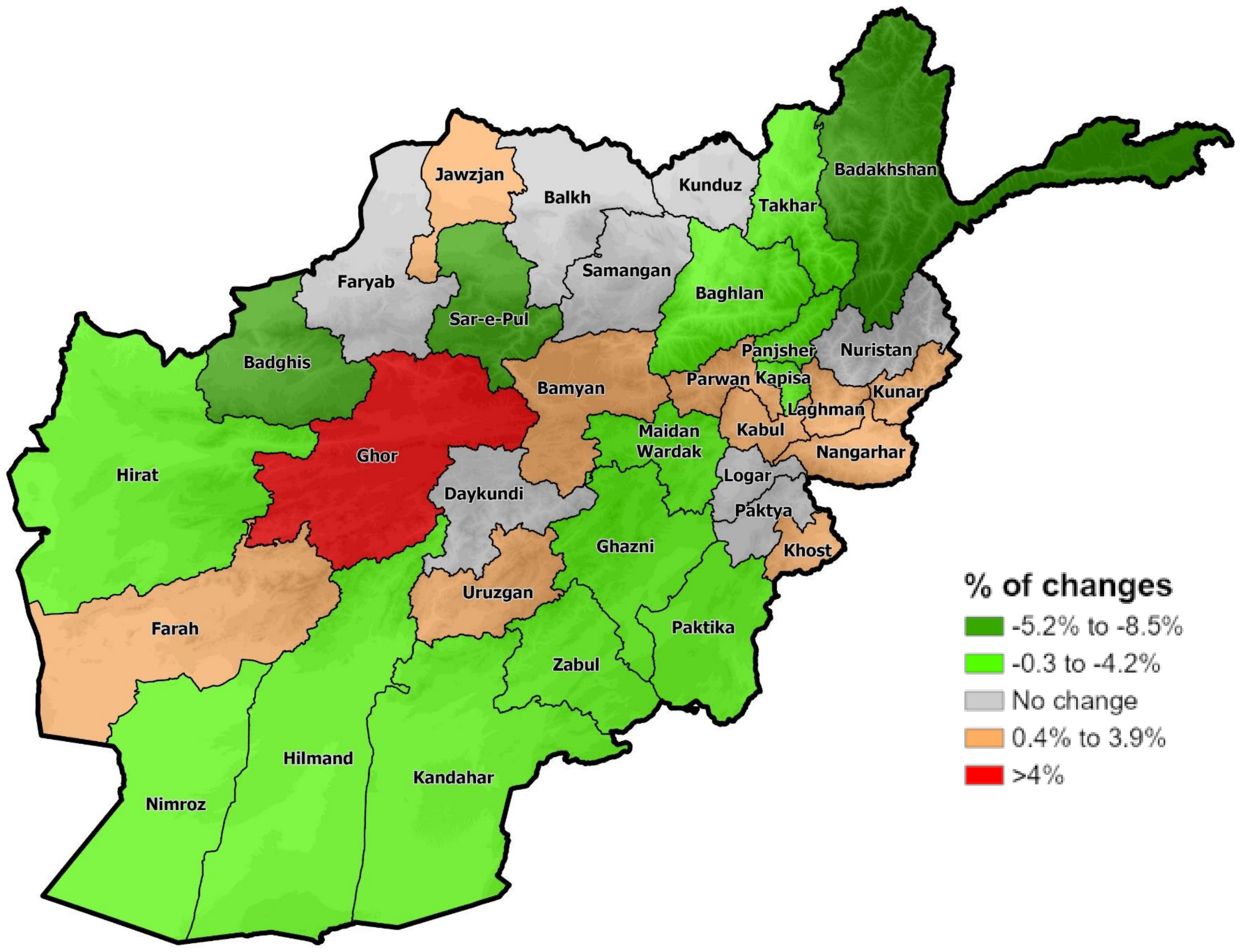
High Price (Palawi) & Low Price (Sholae)

MAY 2020 - JULY 2024




**Percentage of Changes in Palawi Rice by Province**

Last month (%)

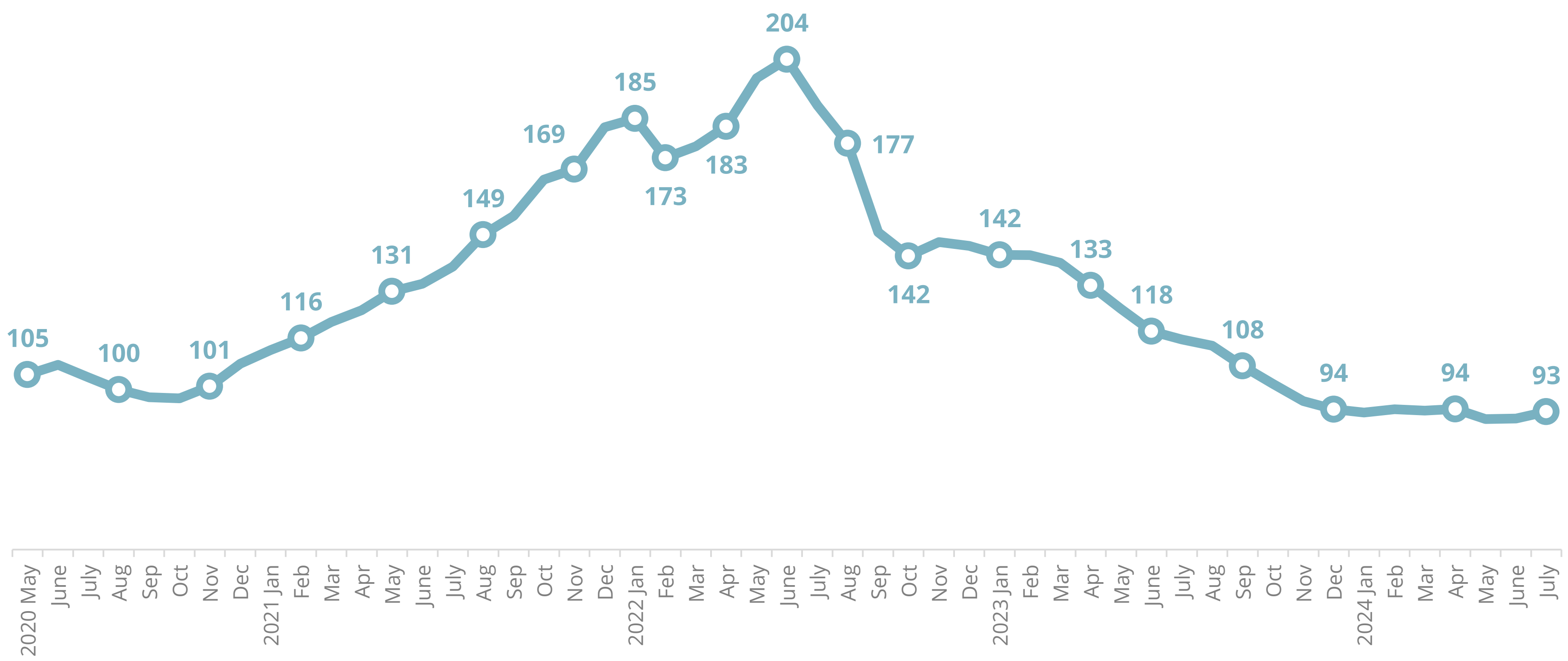


# NATIONAL PRICE UPDATE

## Monthly Price Changes in Cooking Oil

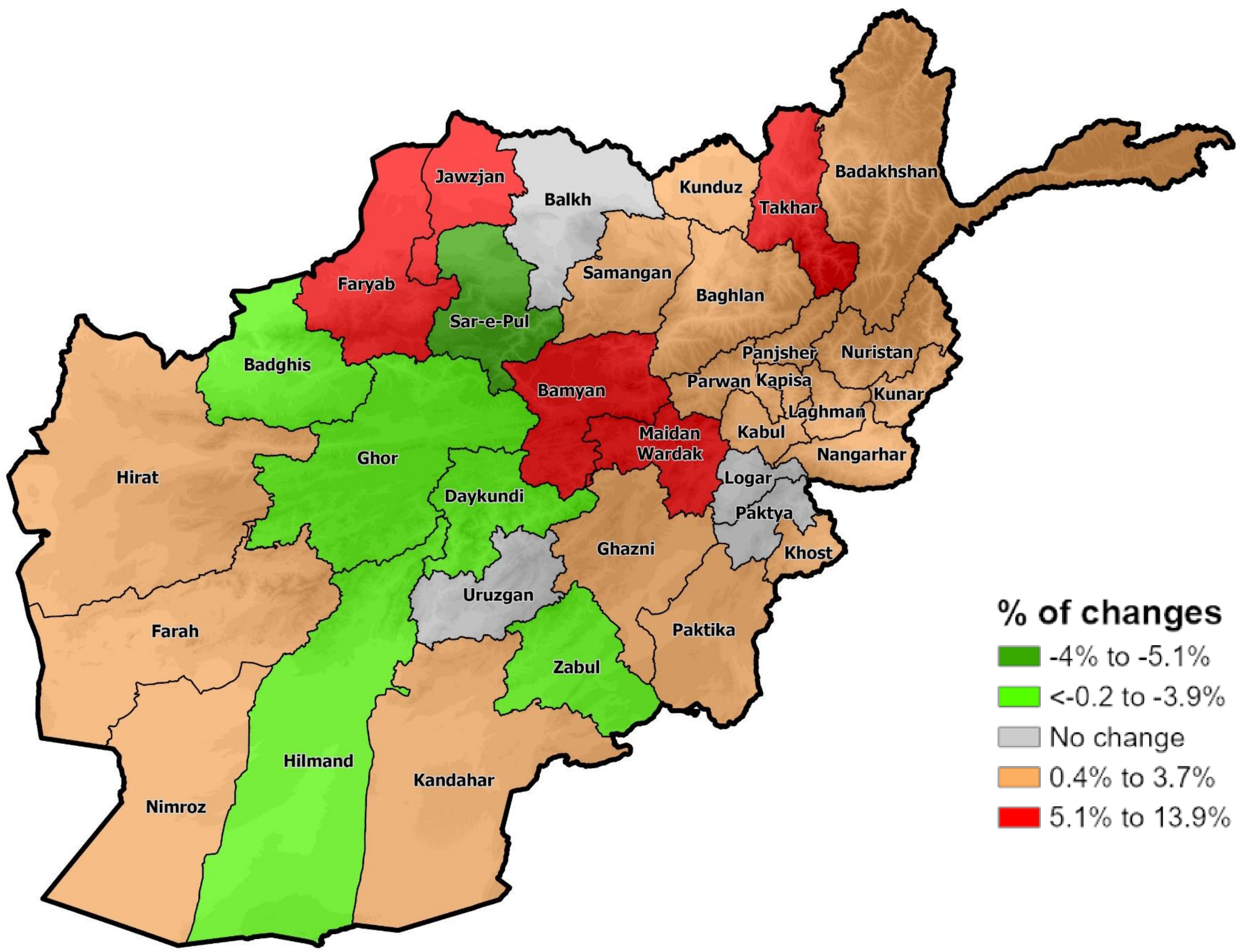
**Price of Cooking Oil in AFN/Kg**

MAY 2020 - JULY 2024




**Percentage of Changes in Cooking Oil by Province**

Last month (%)

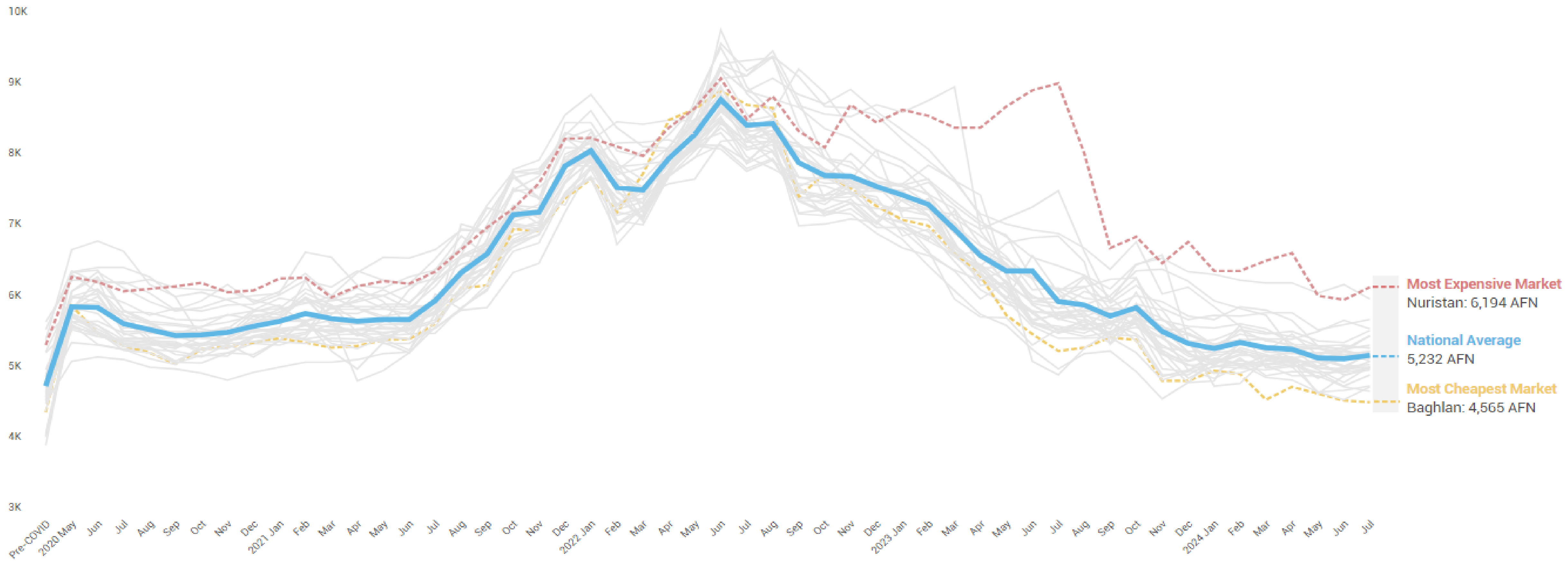


# NATIONAL PRICE UPDATE

## Monthly Price Changes in Food Basket

### WFP Food Basket Price (AFN)

MAY 2020 - JULY 2024




**Trigger Analysis for Transfer Value Revision**

**Transfer Value : 5800 AFN – May 2024**

| **4th Week of July 2024** | Current Prices | Consecutive Weeks ≥10% to <20% of TV (+/-) | Consecutive Weeks Increase ≥20% of TV (+/-) | % of TV |
|---|---|---|---|---|
| **FSAC Food Basket (AFN)** | **5,545** | **0** | **0** | **-4.4%** |

**Triggers are for Transfer Value (TV) revision.** Triggers are thresholds for the number of consecutive weeks that the national average price of the FSAC food basket in USD or AFN has increased or decreased in comparison to the most recent TV by a minimum proportion: four consecutive weeks for a price change of ≥ 20% and eight consecutive weeks for ≥ 10%.

**WFP In-kind Food Basket:**

During July 2024, the price of WFP in-kind food basket in Afghani averaged at AFN 5,232, increased negligibly by 0.9 percent compared to last month but lower by 13% compared to the same time last year. The chart for the food basket is indicating a declining trend, showing a significant 41% decline from its peak of AFN 8,849 in June 2022 and a 20% decline compared to the 4-year average prices.

In 16 provincial capitals, the AFN price of in-kind basket was higher than the national average price, with 5 markets being higher by over 5 percent (Nuristan 18%, Daykundi 15%, Kunar 10% and, Samangan and Ghor by 7% each). While in 18 provinces, the price of food basket was lower than the average price: Baghlan -13%, Kunduz -10%, Takhar -9%, Laghman -8%, Logar -5% and the rest were above -5%.

**FSAC Food Basket:**

The Food Security and Agriculture Cluster (FSAC) food basket used for cash-based transfers (CBTs) consists of 89 kg of wheat flour, 21 kg of domestic rice, 7 kg of vegetable oil, 9 kg of pulses, and 1 kg of salt. This is based on the latest minimum food basket and meets the monthly needs of an average-sized Afghan household.

The national average AFN price of FSAC basket in the month of July 2024 was 0.6 percent higher than the last month but 12 percent lower compared to the same time last year. Similarly, the national average USD price increased by 0.4 percent compared to the previous month, 6.4 percent higher than last year and 6.2 percent higher compared to month of June 2021.

# NATIONAL PRICE UPDATE

## Monthly Price Changes and Trend Analysis: Non-food Commodities

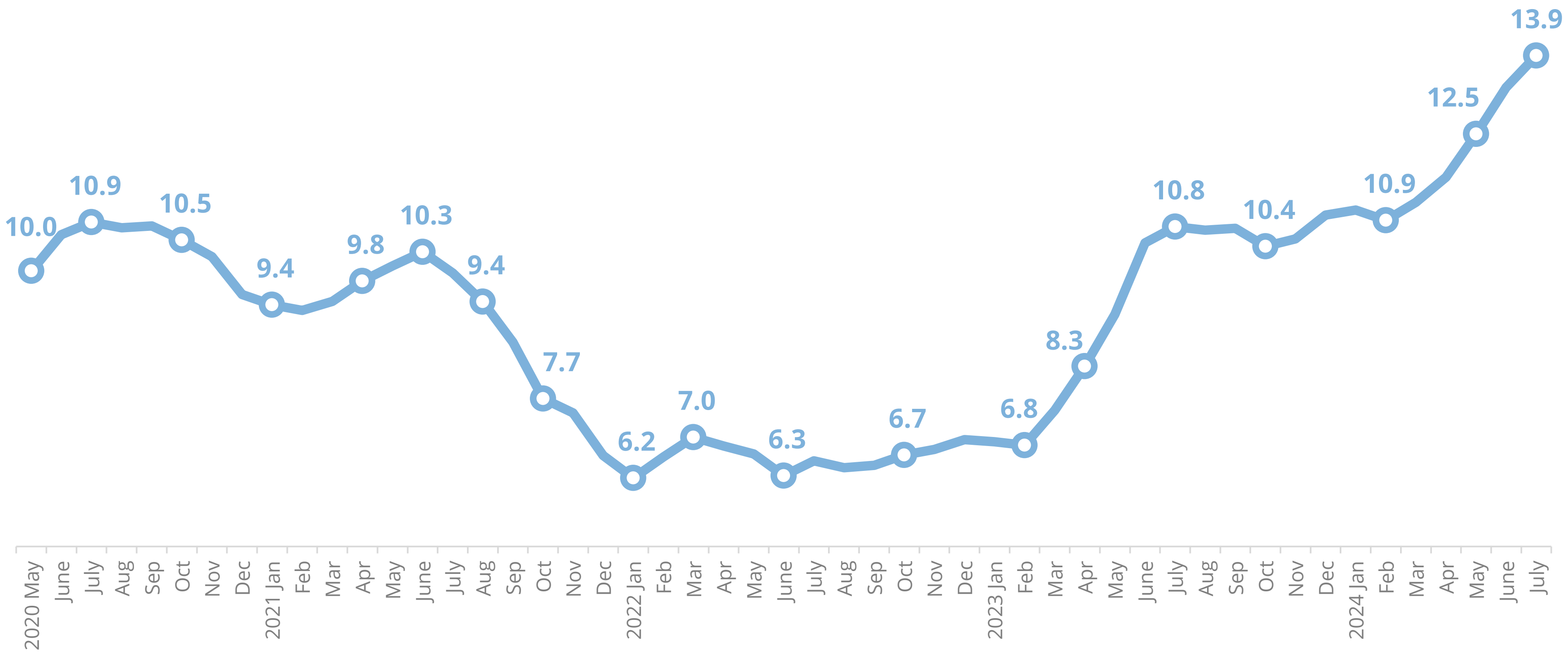
| ITEMS | This Month | Last Month (%) | Last year (%) | Pre- Covid time (%) | June 2021 (%) | 4 Years Average |
|---|---|---|---|---|---|---|
| 1-year Old Live Female Sheep (AFN/Head) | 7912 | -2.8% | 3% | 6% | 5% | -1% |
| Unskilled Labour Wage (AFN/day) | 330 | 4.1% | 5% | 15% | 7% | 8% |
| Skilled Labour Wage (AFN/day) | 671 | 2.5% | 4% | 17% | 4% | 4% |
| Days of Unskilled Work Available Per Week | 2.4 | 2.9% | 1% | -15% | -3% | 3% |
| Diesel (AFN/Liter) | 60 | 0.7% | -7% | 34% | 21% | -13% |
| Fertilizer - DAP (AFN/50 Kg) | 4159 | -0.5% | -9% | | 46% | 4% |
| Fertilizer - Urea (AFN/50 Kg) | 1706 | 1.1% | -17% | | 33% | -11% |
| Improved Seed (AFN/50 Kg) | 1803 | -1.9% | -17% | | -4% | -15% |
| Animal feed (Concentrate) AFN/100kg | 2620 | -0.7% | -19% | | 1% | -11% |
| Real Unskilled Labour Terms of Trade (Kgs) | 4.7 | 7.3% | 30% | 3% | 30% | 47% |
| Casual Labour wage/wheat Nominal (Kgs) | 14 | 4.3% | 29% | 22% | 34% | 46% |
| Pastoralist Terms of Trade (Kgs) | 332 | -2.6% | 26% | 13% | 32% | 35% |

Data collected during the month of July 2024 indicates a slight decline in the average prices of non-food items and improvements in labour wages, work availability and Terms of Trade (ToT) compared to the previous month. Other than Urea, the prices of other agriculture inputs have decreased compared to the previous month and a significant decrease in prices compared to those during the same time last year. Similarly, the national average price of diesel in Afghanistan has exhibited a consistent downward trend after its peak of AFN 118 per litre in July 2022 to AFN 60 per litre in July 2024. Notably, the current prices remain significantly higher than the pre-Covid period by 34% and the month of June 2021 by 21%. The current global average price for diesel stands at $1.24 per litre. The real and nominal ToT for casual labour are showing improvement compared to last month by 7.3% and 4.3%, respectively and a significant improvement compared to last year. Mainly ToT improved due to decline in price of wheat grain and increase in casual labour wage during this period.

# NATIONAL PRICE UPDATE

## Key Labour Market Highlights

**Change in Nominal Casual Labour/wheat ToT (Terms of Trade)**




**Days of Work Available & Labour Wage in July 2024**

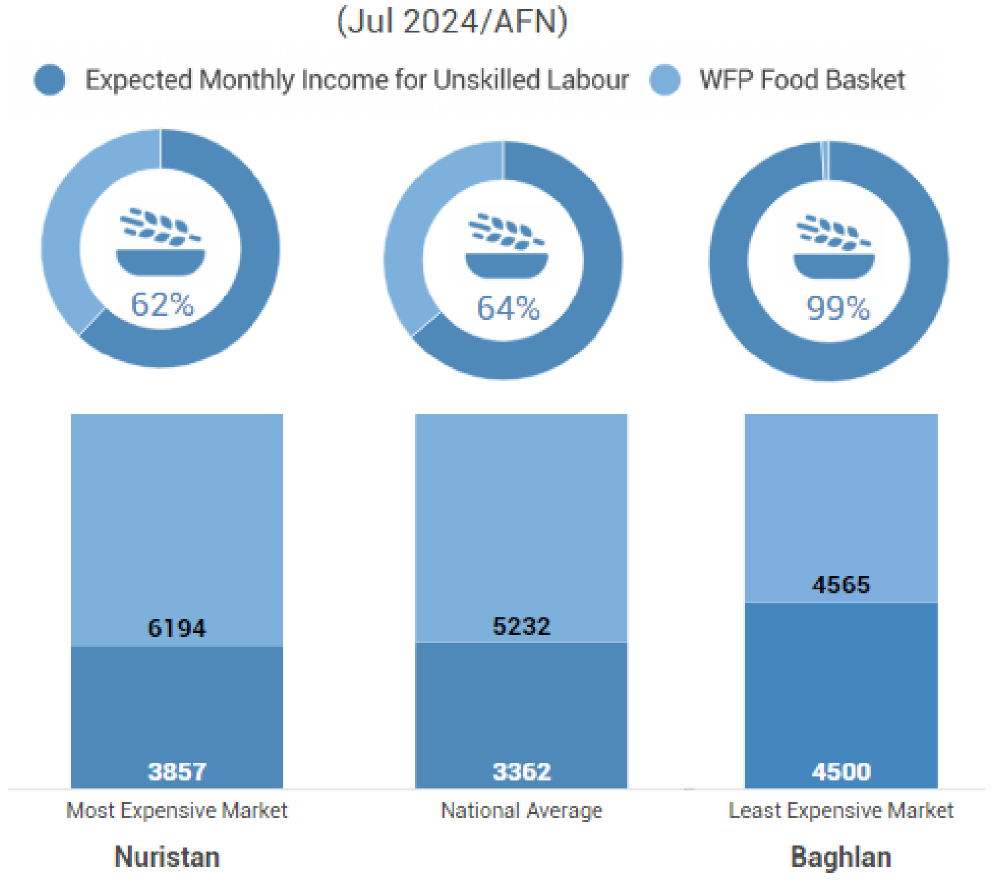
**2.4**

Average Working Days per week

**330**

Average Daily Wage for Unskilled Labour (AFN)

**Full-time Casual Laborers Can Afford 64% of the WFP Food Basket on Average**

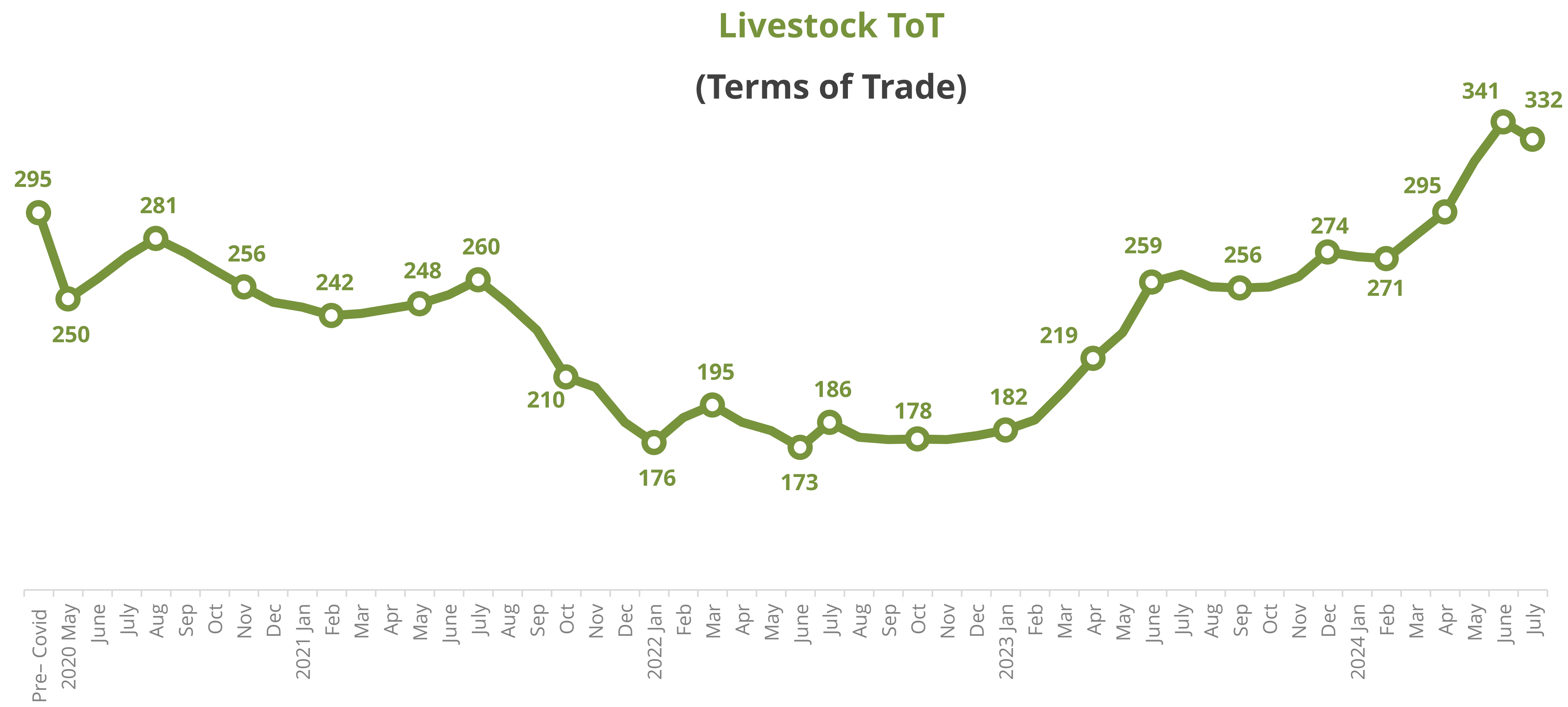


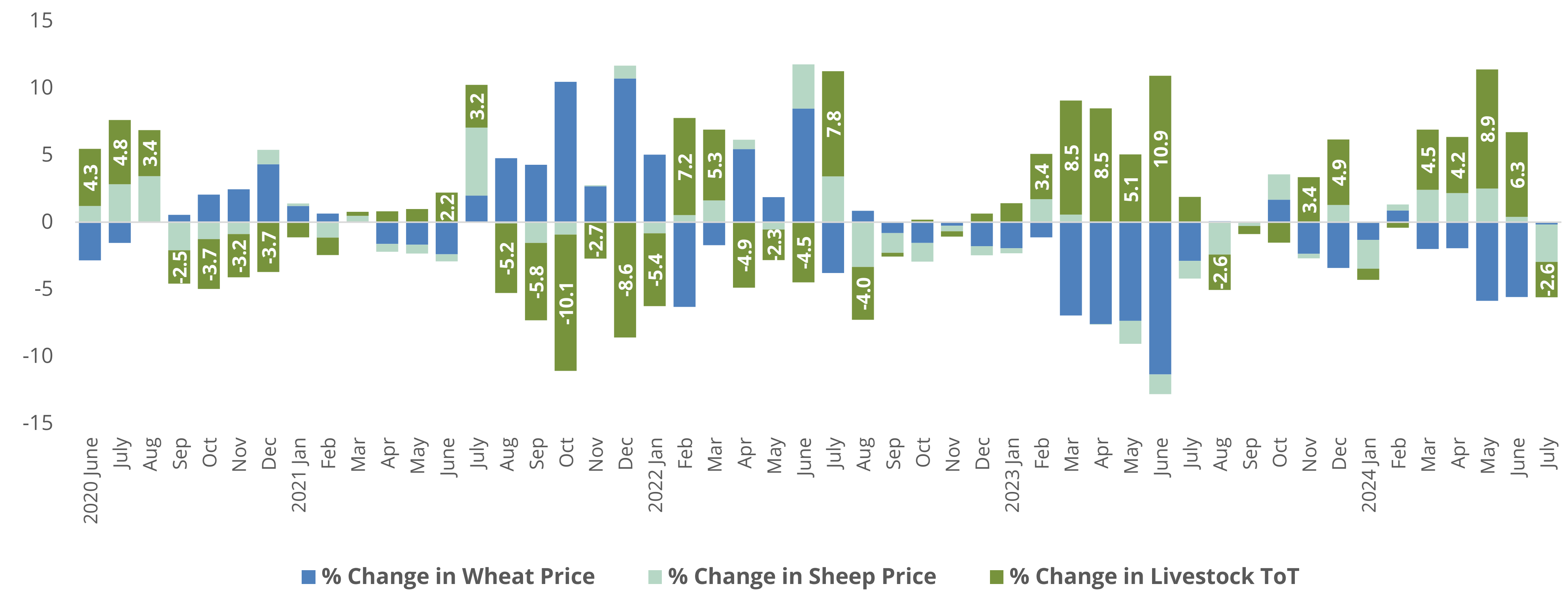

**The Month on Month (M-o-M) nominal casual labour Terms of Trade (ToT) has improved by 4.3% in July 2024.** Since January 2024, the ToT chart is indicating an upward trend, with 25% improvement during this year. The ToT has significantly improved compared to the same period last year and the 4-year average price by 29% and 46%, respectively. Recent M-o-M improvements in ToT were observed across various provinces. Significant ToT improvements occurred in Laghman (57%), Ghor (24%), Ghazni (19%), Jawzjan and Takhar each (16%), Badghis (15%), Baghlan and Daykundi each (13%) and Samangan (11%). These improvements were largely driven by decrease in wheat prices and increases in casual labour wages during this period. However, the price of wheat has significantly increased in some provinces which has resulted in nominal ToT deterioration, such as Kunduz (-12%), Saripul, Hilmand and Kunar each (-9%), and Nangarhar by (-7%) compared to the previous month.

In July 2024, **the MoM national average casual labour working days availability per week increased by 3%, indicating a 24 percent increase since Jan 2024.** On average, a casual labour can find 2.4 days of work per week and can gain AFN 330 per day. When examining the expected monthly income for unskilled labour (calculated average working day in a week to be divided by 7 and then multiplied by average daily wage and then multiplied by 30), it is found that on average, a full-time casual labour workers can afford 64% of WFP food basket. In the least expensive market, Baghlan, a full-time casual labourer can afford 99% of the WFP food basket (wheat grain ToT for casual labour in Baghlan is 18.4 Kgs of wheat against 350 daily labour wage for 3 days of work availability per week. ). On the other hand, in the most expensive market which is Nuristan, the expected monthly income for unskilled labour is equivalent to 62% of the WFP food basket.

# NATIONAL PRICE UPDATE

## Monthly Changes in Livestock TOT




**Livestock/Wheat Terms of Trade (TOT):** During July 2024, livestock/wheat ToT slightly declined to 332 Kgs of wheat against a one-year-old female sheep due to decrease in the national average price of sheep in the country. However, the ToT is still significantly higher by 26%, 13%, 32% and 35% compared to the same time last year, pre-Covid period, month of June 2021 and the 4-year average prices, respectively.

The increase or decrease in livestock ToT is calculated by comparing the percentage change in sheep prices divided by the percentage change in wheat prices during this period. Compared to the last month, major changes in ToT occurred in several provinces: Khost (-21%), Faryab (-16%), Saripul, Zabul and Farah each (-14%), Kunduz and Hilmand each (-12%), Nangarhar (-11%) and Kunar (-10%), whereas in Ghor (+21%), Ghazni (+18%), Badakhshan (+10%). Wheat prices decreased in Ghazni by (-16%) and Ghor (-13%) whereas it increased in Kunduz by (13%) and by (10%) each in Saripul, Hilmand and Kunar. Moreover, the price of a one-year-old female sheep significantly decreased in Khost, Faryab, Zabul, Samangan and Farah by 19%, 13%, 12%, 11% and 10%, respectively.

**Impact of Wheat Prices on Livestock Terms of Trade (ToT):** The relationship between the percentage changes in monthly average price of wheat significantly influences the fluctuations in the terms of trade for livestock. Over the observed 4-years period, changes in livestock ToT are primarily associated with national wheat prices, which exhibited substantial fluctuations. Likewise, in the month of July 2024, the 2.6% deterioration in livestock ToT was attributed to a 0.2% decrease in the national average price of wheat and a simultaneous 2.8% decrease in the price of sheep. Livestock is highest in Kandahar at 516 Kgs of wheat grain against the price of sheep which is mainly due to a relatively lower price of wheat and higher price of sheep than the national average price.

# *PRICES IN THE MOST REMOTE DISTRICTS

## Prices in Remote Districts Compared to Provincial Capitals

**Prices of food and non-food items often vary across the country due to factors such as market availability, transportation costs, distance from source markets, regional consumption habits, and the range of products available in each province.**

To assess price differences between district markets and provincial capitals, 21 districts are analysed on month-to-month basis, focusing on their remoteness and high transportation costs due to challenging road access. Among the surveyed districts, majority reported significantly higher prices for both food and non-food items compared to provincial centres, with the highest prices observed in Wakhan and Darwaz Payan (Nesai) districts of Badakhshan.

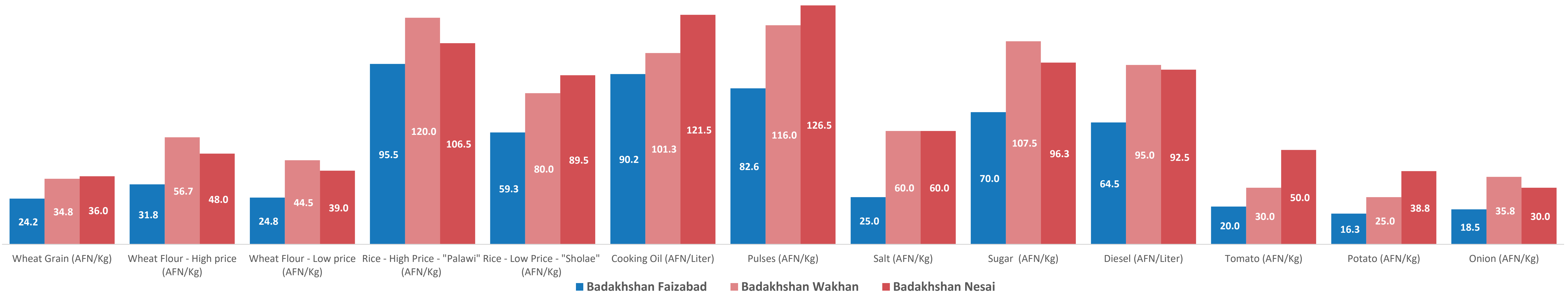
In Badakhshan's provincial centre, Faizabad, the primary source markets are Balkh and Kunduz provinces. This results in high transportation costs to Wakhan and Nusay districts. Conversely, Delaram and Khashrud districts in Nimroz and Bargimatal district in Nuristan have lower prices compared to their provincial capitals because they source their goods from the same markets as the provincial centers, albeit with variations in product quality and types.

Gizab district in Uruzgan shows a significant price difference due to the lack of a central food market, relying on supplies from Trinkot and Daikundi. Similarly, Nawur district in Ghazni and Reg district in Kandahar, which have few food shops, depend on provincial centres for their supplies. Moreover, in Reg district of Kandahar, the price of sheep, labour wages, and the availability of labour work per week are much lower compared to the provincial centre, significantly impacting the purchasing power of households in this district.

In some of the remote districts where prices are higher than in provincial capitals, the costs for sheep, labour wages, and work availability are also elevated. This suggests that labour workers and livestock keepers in these areas have comparable purchasing power to those in provincial centres. Such districts include Gizab in Uruzgan, Wakhan and Nusay in Badakhshan, Darzab in Jawzjan, Kohistan in Faryab, and Farsi in Hirat.

**For a detailed comparison, refer to "Annex Table 1,"** which contrasts district market prices with provincial centres. Pale red indicates slightly higher prices, while dark red denotes significantly higher prices. For sheep, labour wages, and work availability, pale red indicates slightly lower values, and dark red reflects significantly lower values, which is a negative indication of the earnings of labour workers and livestock keepers. Higher prices and lower wages suggest weaker purchasing power, while lower sheep prices and higher food prices indicate less favourable terms of trade for livestock keepers.

Overall, the table shows more red colours for price comparisons in district markets, indicating higher prices for food and non-food items compared to markets in provincial centres.



# *MAIN SUPPLY MARKETS

## Geographic and Trade Dynamics of Supply Markets in Afghanistan

An analysis was conducted during the month of July with the coordination and support from WFP-Area Offices and Third-Party Monitors (TPM) to identify the main sources of food items in district markets and provincial capital markets. While the first source market (or feeder market) for majority of district markets are the capital central markets of the same province, whereas for provincial capital markets, Kabul stands out as a central hub.

Afghanistan's trade routes are critical for its economic interaction with neighbouring countries. Provinces such as Kabul, Kandahar, Herat, Nangarhar, Mazar-e-Sharif, Khost, Faryab, and Kunduz play essential roles in facilitating trade and transportation across the borders. These provinces serve as key nodes in the regional trade network, influencing the flow of goods between Afghanistan and its neighbouring countries. The inclusion of Pakistan, Iran, and Central Asian countries as larger supply sources indicates a significant cross-border trade relationships which also points out the import routes to the country.

1. **Kabul**: As the capital of Afghanistan, Kabul serves as a major supply market for many provinces. Its central location within the country makes it a natural hub in the national supply network, facilitating the distribution of goods across Afghanistan and often listed as the top or second top supply market for many provinces.

2. **Hirat**: Major supply market for provinces like Badghis, Farah, Ghor, Nimroz, Faryab, Hilmand, and Kandahar. Playing a significant role in the western supply network for trade with Iran and Turkmenistan.

3. **Mazar-e-Sharif**: A major supply source for provinces like Kapisa, Baghlan, Bamyan, Ghazni, Takhar, Samangan, and Jawzjan. It has strong regional influence in the northern and central parts of Afghanistan and acts as a central trade hub, connecting northern Afghanistan with Uzbekistan and Tajikistan. Hairatan is the main border point with Uzbekistan, reach by road and railway.

4. **Kunduz:** Key for trade with Tajikistan and northern trade routes through Sher Khan bandar.

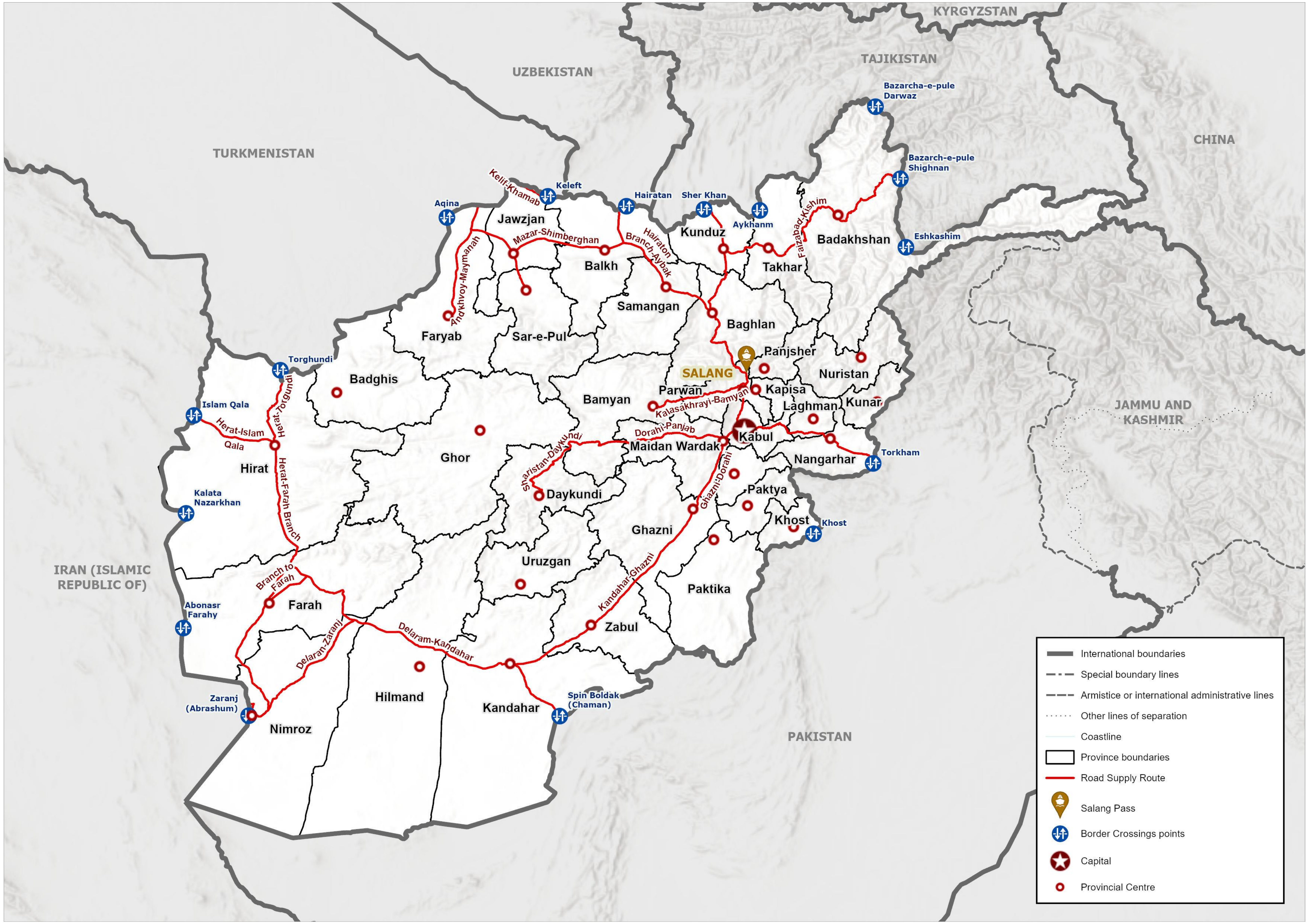
5. **Kandahar**: Key supply market for provinces including Maidan-Wardak, Logar, Ghazni, Khost, Paktya, Uruzgan, Zabul, and Hilmand. Represents the southern part of Afghanistan, and a strategic point for trade with Pakistan and central trade routes.

6. **Nangarhar**: A central supply market for neighbouring provinces such as Laghman, Kunar, and Nuristan. It's important for trade with Pakistan, especially through the Torkham border, and serves as a key point for eastern trade routes, facilitating the flow of goods between Afghanistan and Pakistan.

***The trade routes of Afghanistan from neighbouring countries are crucial for its economy, given the country's strategic location in South and Central Asia. Here's an overview of the primary trade routes and the provinces that play significant roles in these trade routes:***

- **Pakistan:** The primary trade routes with Pakistan are through the southwestern and southeastern borders. Key border crossings include **Spin Boldak-Chaman** (bordering Kandahar) and **Torkham** (bordering Nangarhar).
- **Iran:** The primary trade routes with Iran are through the western and southwestern borders. Key border crossings include **Islam Qala** (bordering Hirat) and **Zaranj-Delaram** (bordering Nimroz)
- **Turkmenistan:** The primary trade routes are through the northern borders. Key border crossings include **Torghundi** (bordering Hirat) and **Aqina** (bordering Faryab)
- **Uzbekistan**: Trade with Uzbekistan primarily occurs through the northern border by road and railway. Key border crossings include **Hairatan** (bordering Balkh)
- **Tajikistan:** Northeastern borders of the country. Key border crossings include **Sherkhan Bandar** (bordering Kunduz) and crossing points in Badakhshan.

# Main Supply Routes in Afghanistan - Map



# Annex Table 1: Percent Difference in Market Prices (Remote Districts Compared to Provincial Capitals) July 2024

The colours are scaled in reverse for the price of sheep, labour wages and work availability

| Province | District | Wheat | Wheat Flour High Price | Wheat Flour Low Price | High Quality Rice | Low Quality Rice | Cooking Oil | Pulses | Bread | Salt | Sugar | Tomato | Potato | Onion | Fertilizer (Dap) | Fertilizer (Urea) | Diesel | One Year Old Alive Female Sheep | Casual Labour Wage | Skilled Labour Wage | Work Availability For Daily Wage Labours (Days/Week) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bamyan** | Waras | 3% | 7% | 11% | -3% | 11% | 15% | 12% | 0% | 25% | 7% | 25% | -14% | -17% | 28% | 18% | 3% | 0% | 0% | 0% | 14% |
| **Daykundi** | Ashterlay | | -2% | -2% | 2% | -2% | -5% | -7% | 0% | 0% | 0% | 8% | -3% | 2% | -5% | -6% | 0% | -7% | 8% | 0% | 0% |
| **Ghazni** | Nawur | | 4% | 13% | 5% | 21% | 4% | 6% | 0% | 12% | 14% | 23% | 15% | 58% | | | 11% | 0% | 0% | -17% | |
| **Paktika** | Barmal | -6% | 2% | 4% | -3% | -1% | 6% | 7% | -44% | -45% | 6% | -4% | 19% | 40% | | 10% | 1% | -1% | -6% | -6% | -52% |
| **Baghlan** | Fering wa Gharo | 11% | 9% | 9% | 5% | 7% | 7% | 32% | 7% | 33% | 8% | 54% | 12% | 3% | 6% | 11% | 14% | 6% | 0% | 10% | -33% |
| **Faryab** | Kohistan | 39% | 21% | 25% | 16% | 38% | 14% | 3% | | 115% | 25% | 82% | 40% | 22% | | | 25% | -8% | 59% | 21% | 0% |
| **Jawzjan** | Darzab | 14% | 15% | 30% | 22% | -2% | -10% | -21% | -20% | 33% | 21% | 94% | 0% | -6% | | | 26% | 0% | 9% | 13% | 0% |
| **Sari Pul** | Kohistanat | 4% | 14% | -5% | 9% | 8% | 6% | 26% | -19% | 33% | 5% | | 10% | 25% | 5% | 13% | 4% | 0% | 14% | -4% | 0% |
| **Kandahar** | Reg | -1% | -17% | -19% | 23% | 25% | 15% | -1% | | 110% | 2% | 22% | -8% | -49% | 6% | -11% | 3% | -35% | -50% | -63% | -67% |
| **Helmand** | Washer | | | | 19% | 10% | 13% | -23% | 0% | -13% | 16% | -1% | 1% | 51% | | | 10% | 7% | -20% | -30% | -50% |
| **Nimroz** | Delaram | -11% | 3% | -8% | -7% | 3% | -3% | -3% | 43% | -39% | -8% | -14% | -22% | -40% | 22% | -7% | 1% | -4% | -18% | -6% | 0% |
| | Khashrud | -11% | | -8% | -4% | -1% | -3% | | 4% | 0% | 2% | -14% | 18% | -10% | | | 0% | -4% | -18% | 6% | 0% |
| **Uruzgan** | Gizab | 4% | -3% | 0% | -4% | -21% | -22% | -12% | | 15% | 8% | -2% | 10% | 16% | 4% | 7% | 11% | -13% | 20% | 25% | 0% |
| **Zabul** | Shamulzai | -10% | 18% | 11% | 22% | 71% | 0% | 21% | -32% | 17% | -5% | -16% | 3% | -8% | | -5% | 8% | -37% | 0% | -20% | 0% |
| **Badakhshan** | Wakhan | 44% | 78% | 80% | 26% | 35% | 12% | 40% | -60% | 140% | 54% | 50% | 54% | 93% | 20% | 106% | 47% | -42% | 17% | 60% | 200% |
| | Nusay | 49% | 51% | 58% | 12% | 51% | 35% | 53% | -74% | 140% | 38% | 150% | 138% | 62% | 58% | 106% | 43% | -27% | 100% | 140% | 300% |
| **Takhar** | Warsaj | 19% | 3% | 23% | 9% | 10% | 1% | 9% | 0% | -33% | 5% | 78% | 0% | 18% | 1% | 17% | 6% | 0% | -17% | 25% | -50% |
| **Hirat** | Farsi | 14% | 3% | 13% | 8% | 14% | 1% | 1% | 36% | 11% | 17% | 28% | 25% | 33% | | 20% | 5% | -23% | 40% | 40% | 200% |
| **Ghor** | Pasaband | 52% | 5% | 36% | | 43% | 11% | 6% | 0% | 2% | 17% | | 27% | 5% | | | 8% | -7% | -11% | -24% | 0% |
| **Nangarhar** | Hesarak | -4% | 7% | 2% | 2% | 8% | 0% | -12% | 3% | 25% | 1% | -12% | -12% | -25% | -44% | 8% | -2% | -1% | -30% | -42% | 33% |
| **Nuristan** | Bargimatal | | 0% | -2% | -15% | 0% | -15% | 8% | -30% | -20% | -3% | -11% | 20% | 33% | 0% | 0% | 1% | 2% | 0% | 0% | -33% |

## Annex Table 2: Main Food Items Market Watch (Provincial Level) – July 2024

| MAIN FOOD ITEMS | WHEAT FLOUR - HIGH PRICE (AFN/KG) | | | | HIGH QUALITY PRICE - (AFN/KG) | | | | COOKING OIL (AFN/LITER) | | | | PULSES (AFN/KG) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Price: July 2024 | Month-on-Month | Year-on-Year | 4-Year Average | Current Price: July 2024 | Month-on-Month | Year-on-Year | 4-Year Average | Current Price: July 2024 | Month-on-Month | Year-on-Year | 4-Year Average | Current Price: July 2024 | Month-on-Month | Year-on-Year | 4-Year Average |
| **National Average** | **30.3** | **1.3%** | **-12%** | **-24%** | **94.5** | **-0.1%** | **-20%** | **-9%** | **93.2** | **2.4%** | **-19%** | **-31%** | **107.0** | **-1%** | **-6%** | **2%** |
| **Kabul** | 31.5 | 2% | -2% | -17% | 100.0 | 1% | -15% | -7% | 90.0 | 3% | -19% | -36% | 110.7 | -1% | -12% | -3% |
| **Bamyan** | 30.3 | -4% | -12% | -27% | 116.3 | 1% | -18% | -5% | 86.8 | 5% | -29% | -40% | 107.5 | 1% | -15% | -3% |
| **Daykundi** | 35.8 | -3% | -5% | -17% | 122.5 | 0% | -8% | 5% | 108.8 | -1% | -19% | -21% | 115.0 | -4% | -3% | 13% |
| **Ghazni** | 30.8 | 2% | -10% | -22% | 86.8 | -2% | -25% | -8% | 98.9 | 2% | -15% | -22% | 104.0 | -1% | -4% | 12% |
| **Kapisa** | 29.5 | -3% | -7% | -21% | 89.3 | -1% | -19% | -11% | 92.0 | 3% | -12% | -32% | 106.8 | -6% | -7% | 0% |
| **Khost** | 29.9 | 7% | -7% | -21% | 83.8 | 1% | -28% | -12% | 88.3 | 4% | -17% | -33% | 101.5 | 1% | -9% | -7% |
| **Logar** | 28.5 | 6% | -9% | -25% | 100.0 | 0% | -17% | -3% | 87.0 | 0% | -28% | -33% | 103.0 | 0% | -14% | -8% |
| **Paktika** | 31.3 | 6% | -4% | -19% | 82.8 | -1% | -25% | -12% | 91.0 | 3% | -21% | -30% | 101.0 | -2% | 4% | 12% |
| **Paktya** | 28.8 | 3% | -8% | -25% | 100.0 | 0% | -17% | -6% | 88.0 | 0% | -27% | -32% | 105.7 | 0% | -12% | -5% |
| **Panjsher** | 31.0 | 0% | -6% | -19% | 82.3 | -1% | -31% | -23% | 93.8 | 1% | -22% | -34% | 108.7 | -3% | -16% | -2% |
| **Parwan** | 30.3 | -1% | -3% | -19% | 85.8 | 1% | -18% | -15% | 92.3 | 5% | -17% | -33% | 108.8 | -4% | -7% | 1% |
| **Wardak** | 30.3 | 0% | -4% | -22% | 88.8 | -2% | -20% | -10% | 98.7 | 5% | -12% | -22% | 105.2 | 1% | -3% | 12% |
| **Balkh** | 30.3 | 4% | -11% | -21% | 100.0 | 0% | -17% | -8% | 95.0 | 0% | -14% | -28% | 99.2 | 2% | -13% | -3% |
| **Baghlan** | 27.0 | 0% | -11% | -30% | 96.8 | 0% | -18% | -6% | 90.5 | 3% | -20% | -33% | 82.1 | -4% | -14% | -12% |
| **Faryab** | 32.0 | 7% | -8% | -18% | 95.0 | 0% | -16% | -9% | 95.0 | 6% | -16% | -29% | 96.7 | 0% | -12% | -2% |
| **Jawzjan** | 27.8 | -2% | -21% | -30% | 98.8 | 1% | -7% | -5% | 100.0 | 11% | -4% | -23% | 107.9 | 2% | 1% | 15% |
| **Kunduz** | 28.0 | -2% | -10% | -27% | 100.0 | 0% | -19% | -6% | 85.8 | 1% | -30% | -40% | 90.0 | -1% | -7% | -7% |
| **Samangan** | 33.0 | -3% | -6% | -16% | 100.0 | 0% | -15% | -6% | 98.8 | 1% | -11% | -27% | 110.8 | -2% | 14% | 16% |
| **Saripul** | 30.8 | 0% | -10% | -22% | 100.0 | -5% | -12% | -8% | 94.0 | -5% | -16% | -30% | 103.3 | 3% | -6% | 8% |
| **Kandahar** | 26.4 | 1% | -19% | -35% | 77.0 | -1% | -28% | -18% | 87.3 | 1% | -12% | -38% | 128.2 | -2% | -6% | 1% |
| **Hilmand** | 30.8 | 8% | -8% | -24% | 79.5 | -1% | -32% | -22% | 86.8 | 0% | -38% | -45% | 130.3 | 0% | 9% | 10% |
| **Nimroz** | 29.0 | -3% | -11% | -25% | 81.0 | -2% | -30% | -21% | 93.5 | 0% | -25% | -35% | 114.0 | 6% | -12% | -11% |
| **Uruzgan** | 29.0 | 6% | -26% | -33% | 81.0 | 1% | -30% | -18% | 120.0 | 0% | -29% | -27% | 119.8 | 1% | 1% | 9% |
| **Zabul** | 29.8 | -1% | -14% | -26% | 90.3 | -1% | -21% | -16% | 87.3 | -1% | -39% | -48% | 102.0 | 4% | -10% | -11% |
| **Badakhshan** | 31.8 | -1% | -18% | -25% | 95.5 | -5% | -20% | -12% | 90.2 | 4% | -17% | -33% | 82.6 | -2% | -7% | -8% |
| **Takhar** | 29.8 | 5% | -3% | -23% | 82.5 | -1% | -27% | -22% | 92.3 | 17% | -9% | -30% | 76.2 | -9% | -6% | -4% |
| **Hirat** | 29.3 | -1% | -6% | -24% | 85.0 | -1% | -25% | -15% | 94.5 | 3% | -10% | -29% | 111.7 | -7% | -9% | 8% |
| **Badghis** | 31.3 | 1% | -2% | -18% | 89.5 | -5% | -19% | -17% | 89.5 | -1% | -15% | -39% | 110.8 | -3% | -6% | -3% |
| **Farah** | 27.8 | 3% | -18% | -30% | 88.8 | 2% | -19% | -11% | 85.0 | 1% | -25% | -44% | 119.6 | 2% | -13% | 1% |
| **Ghor** | 32.3 | 5% | -4% | -20% | 112.3 | 10% | -14% | 5% | 85.5 | -2% | -27% | -35% | 124.2 | 2% | -7% | 12% |
| **Nangarhar** | 30.0 | 0% | 6% | -18% | 98.3 | 1% | -13% | 0% | 88.0 | 3% | -2% | -24% | 102.7 | 0% | 0% | 6% |
| **Kunar** | 31.3 | 1% | -37% | -26% | 110.0 | 2% | -15% | 5% | 87.3 | 3% | -27% | -31% | 144.2 | 1% | 21% | 44% |
| **Laghman** | 29.0 | 2% | -36% | -30% | 85.0 | 1% | -29% | -16% | 91.0 | 2% | -22% | -26% | 85.0 | 0% | -21% | -17% |
| **Nuristan** | 36.0 | 2% | -44% | -27% | 130.0 | 0% | -10% | 14% | 117.5 | 4% | 7% | -7% | 120.0 | 4% | -9% | 6% |

Price Decrease Below Normal Price Fluctuation

Normal Price Fluctuation

Price Increase Above Normal Price Fluctuation

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## Notes & Definitions

- WFP collects price data weekly from all 34 provincial capitals through third-party monitors. Monthly prices are an average of the four weekly prices.
- WFP reports on two types of rice in Afghanistan—*palawi*, a long-grain variety that is generally more preferred, more expensive, and primarily imported, and *sholae*, a short-grain variety that is generally less preferred, cheaper, and more commonly sourced domestically. There are no significant nutritional differences between these types.
- The price of pulses is an average of the prices of lentils, chickpeas, and red beans.
- Pastoralist Terms of Trade (ToT) captures the purchasing power of livestock-owning households. It indicates how many kilograms of wheat grain can be obtained by selling a one-year-old female sheep.
- Real Unskilled Labour Terms of Trade (ToT) captures the purchasing power of unskilled labourers. It indicates how many kilograms of wheat grain can be obtained with the average daily wage for unskilled labour adjusted by the average number of working days available per week in a market.
- Nominal Terms of Trade (ToT) for unskilled labour doesn't include the number of working days and only calculates the average daily wage of casual labour against the average price of wheat.
- Casual Labour: Casual labours normally don't have specific skills and usually hired by the hour or day or for the performance of specific tasks, paid at the lower rate compared to skilled labours.
- Skilled Labour: These workers need to have a set of specialized skills to perform their job duties effectively. They are normally paid at higher level compared to casual labour.

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