

### Issue 23 (Covering April 2022)

18 May 2022

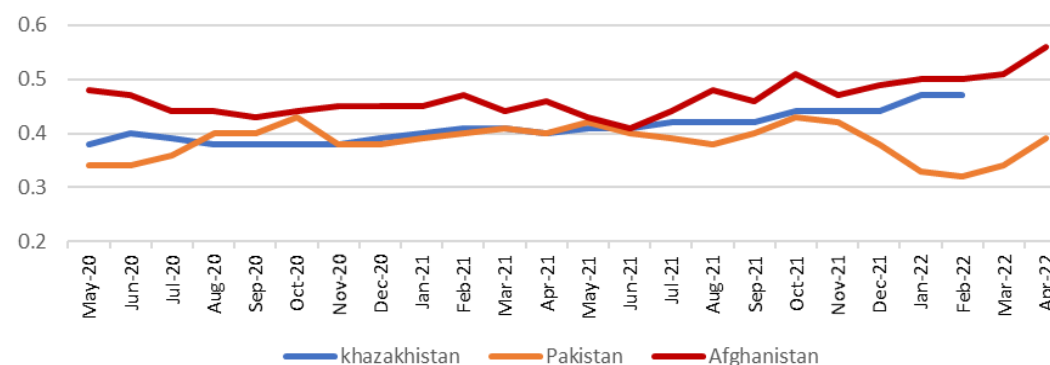
## Highlights

### In April 2022:

- After Kazakhstan imposes temporary quota on exports of wheat and wheat flour, regional concerns on food supply to importing countries raised. This quota will be in place until at least 15 June 2022 and limit exports of wheat grain to 1 million tonnes and wheat flour to 300,000 tonnes. These bans comes at time when prices for food commodities have risen to record level globally. As result of mentioned bans, in Afghanistan demand of wheat flour has been increased and prices are expected to raise again in near future.
- As of March 2022, prices of wheat flour in main markets of Kazakhstan are higher by 3 percent, 8 percent and 16 percent compared to last month, last year and 5 years average respectively. While in Pakistan -Karachi market as of April 2022, prices of wheat flour are increased by 18% compared to last month the same its increased by 18% compared to last year same time, where to average of 5 years its increased by 5 years average. Karachi is the main market from where some time wheat flour is being exported to Afghanistan.
- Staple commodity prices (wheat grain, wheat flour, cooking oil) increased compared to last month and remained significantly above last year, 2 years average and month of June 2021 "before the political unrest in the country".
- The national average prices of WFP food basket increased by 3 percent compared with last month, reaching 8016 Afghani (91.5 USD), while last month the prices of the same food basket was 7812 Afghani (88.6 USD). Its cost is higher by 37% compared to same time last year and 14% higher compared to the month of June 2021.

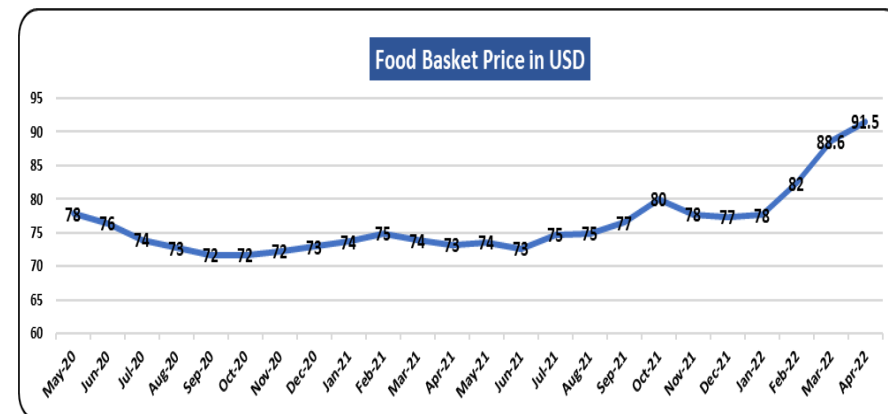
Price/rate & % of changes					
Items	Apr-22	Comp. Last Month	Comp. Last year	Comp. 2 years Average	Comp. June 2021
EXCHANGE RATE (USD:AFN)	87.6	-1%	13%	6%	11%
WHEAT (AFN/Kg)	43	6%	37%	16%	43%
WHEAT FLOUR - High price (AFN/Kg)	49	9%	44%	23%	47%
WHEAT FLOUR - Low price (AFN/Kg)	45	7%	43%	18%	47%
RICE HIGH QAULITY (AFN/Kg)	106	1%	20%	9%	19%
RICE LOW QAULITY (AFN/Kg)	54	2%	9%	4%	8%
PULSES (AFN/Kg)	113	0%	23%	10%	21%
COOKING OIL (AFN/Kg)	183	4%	46%	19%	37%
SUGAR (AFN/Kg)	63	1%	26%	11%	25%
FERTILIZER (DAP) - 50 Kg	5434	2%	95%	32%	91%
FERTILIZER (UREA) - 50 Kg	2828	0%	126%	39%	121%
ONE YEAR ALIVE FEMALE SHEEP(HEAD)	7987	1%	4%	2%	6%
LABOUR WAGE, UNSKILLED/DAY	292	3%	-5%	-2%	-6%
LABOUR WAGE SKILLED/DAY	579	1%	-11%	-6%	-11%
# OF DAYS WORK AVAILABLE /WEEK	1.9	160%	250%	190%	240%
DIESEL ( (AFN/LITER)	73	-9%	57%	22%	48%
CASUAL LABOUR WAGE TERMS of TRADE (ToT)	5.9	-5%	-34%	20%	-36%
PASTORALIST TERMS of TRADE (ToT)	190	-3%	-23%	-13%	-25%

Regional Wheat Flour Prices in USD



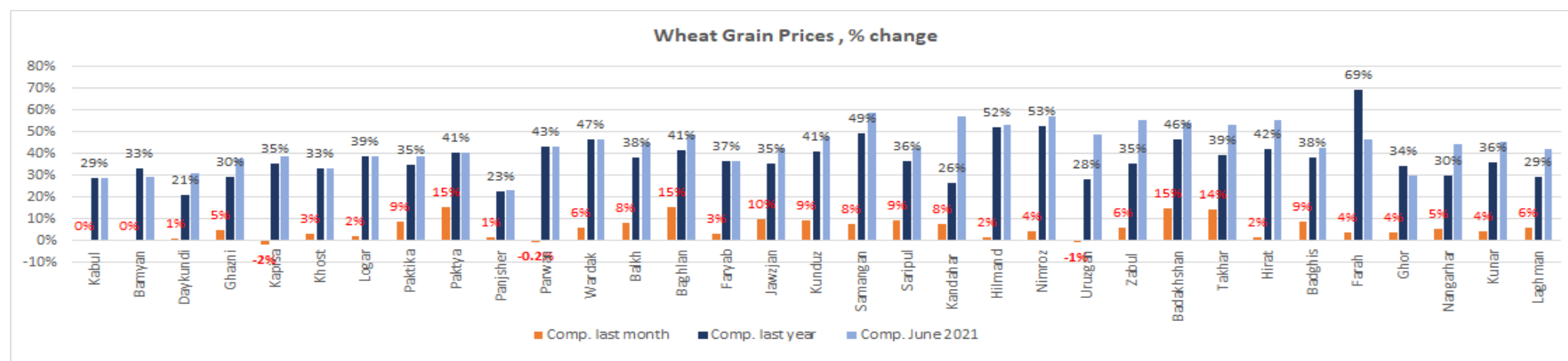
### Food Basket Prices:

WFP in kind food basket comprises 100 kgs of wheat flour, 9.1 KGs of cooking oil and 12.5 KG of pulses that corresponds to ensure adequacy of Minimum Kcal, minimum Protein, and Micro-nutrients. In April, the average price of food basket price is increased by 3 percent & 37 percent compared to last month and last year same time respectively. Last month the price of food basket was 88.6 USD that is increased to 91.5 USD in month of April 2022, where last year same time the price of this basket was 73 USD. Decreasing supply from origin markets and weakening economical situation in the country contributes to higher prices of food basket.



### Wheat Grain Prices :

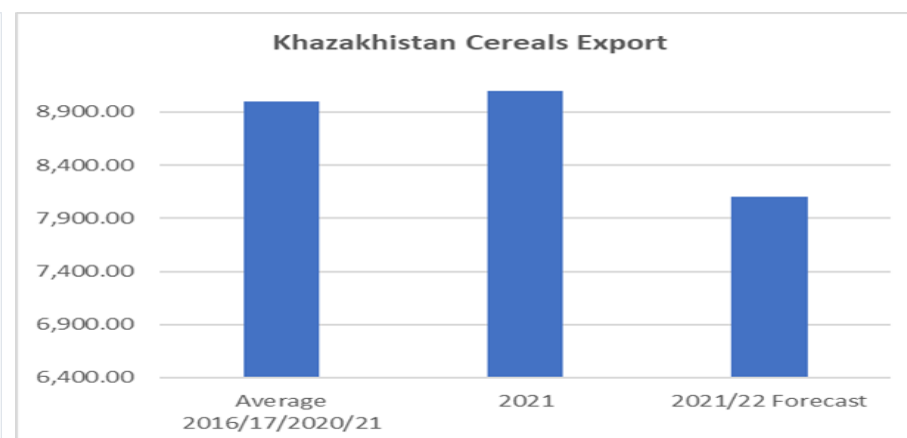
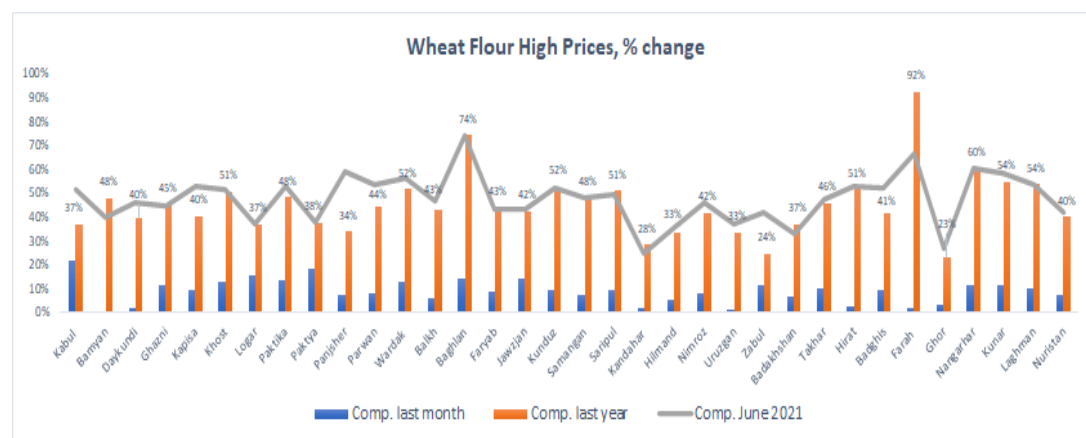
Expected below average 2021/22 cereal harvest is to start in May from eastern and some southern parts of the country. The production of rainfed crops in western, southwestern and southern areas is expected significantly below the average level. In April 2022, the average prices of wheat grain increased by 6% , 37%, 43% and 16% comparing to last month, last year, June 2021 and two years average respectively. Though prices are increased by 6% compared to last month which ideally should be good in terms of income for wheat growing farmers , but due to impacts of last year's drought farmers were not able to make money of the stock seeds as its already consumed by them. Prices increased considerably in Farah 69%, Nimroz 53%, Hilmand 52% , Samangan 49%, Wardak 47% compared to last year same time. Looking at the prices compared to last month, Paktya, Baghlan, & Badakhshan are the provinces experienced 15% increases relatively.



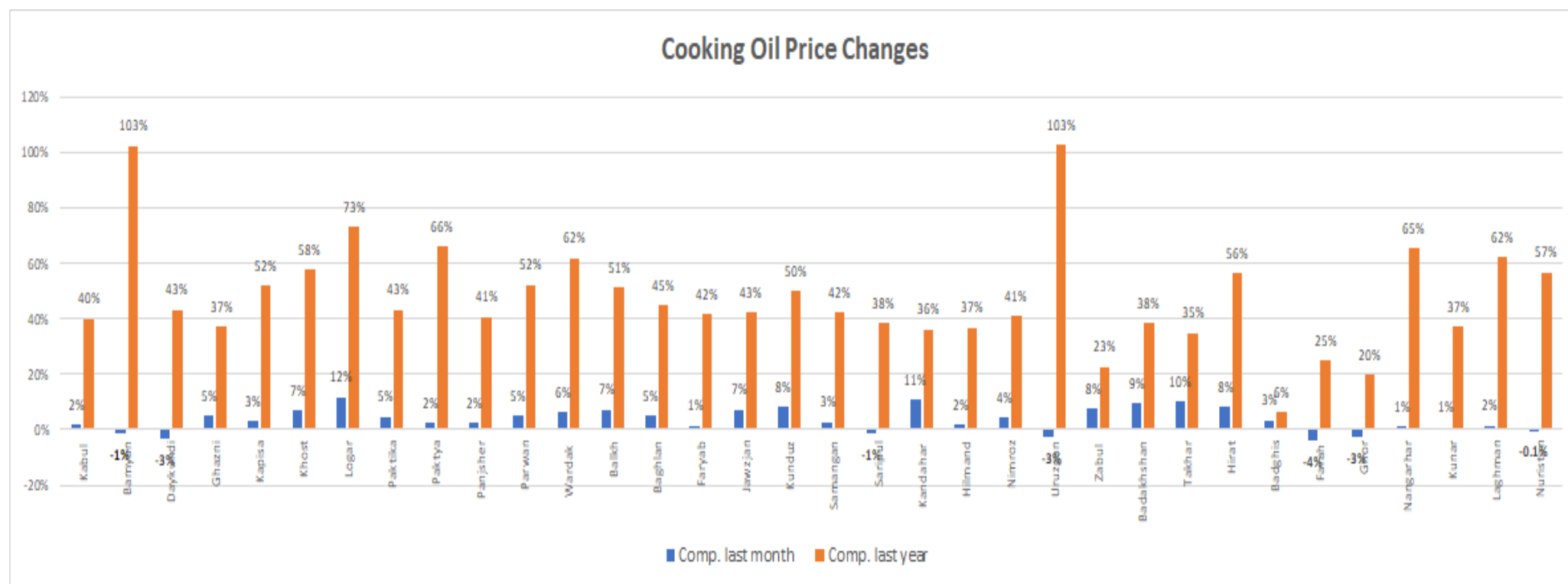
### Wheat Flour High Quality Prices:

As result of 2 consecutive drought in the country and significant bellow average domestic production , Afghanistan is heavily depend-ant on exported wheat from central Asian countries specifically Kazakhstan. Though even during above average production the country imports around 2-2.5 million metric tonnes of wheat /wheat flour from source markets.

Cereal import requirements wheat/wheat flour is expected to be above average and almost more than last previous year. As recently Kazakhstan imposes quota ban on wheat flour/ wheat grain exports, initially prices increased in Kazakhstan by 3% compared to last month and its expected to be increased furthermore in upcoming few weeks. In case of decreased of supply from Kazakhstan, the luck of affordable alternative sources for Afghanistan and deficit countries in the central Asia will be the biggest problem and will contribute to higher prices regionally.



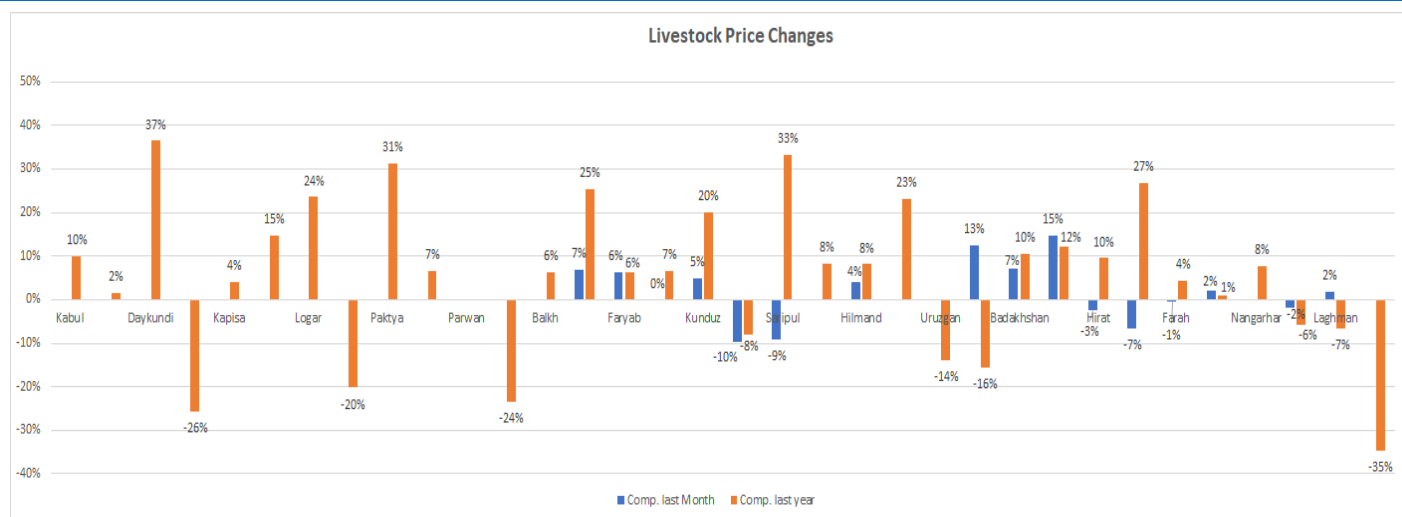
Prior to Kazakhstan's recent bans on wheat grain and wheat flour exports , based on ministry of Agriculture total cereal exports in the 2021/22 marketing year was forecasted about 7.5 million tonnes , 10 percent bellow average due to reduced output production obtained in 2021. On top of that , the Kazakhstan quota follows the decision in mid March by Russia to temporarily ban the export of wheat to Eurasian Economic Union (EAEU) countries . Despite of Kazakhstan being a surplus producing country and export wheat to central Asian countries, Kazakhstan also imports relatively inexpensive wheat from Russia to use domestically and to resell to other countries. Now because of Russian bans on exports, Kazakhstan's flour-milling companies began to raise concerns that they were running out of supplies and going out of business , eventually the Union of Grain Processors of Kazakhstan urged the government to halt exports in order to meet their domestic need and re-stabilize their flour- milling companies business. Its unclear till what time these export bans will be in placed and how the black market will play role in regional supply of cereal exports to central Asian coun- ties including Afghanistan.



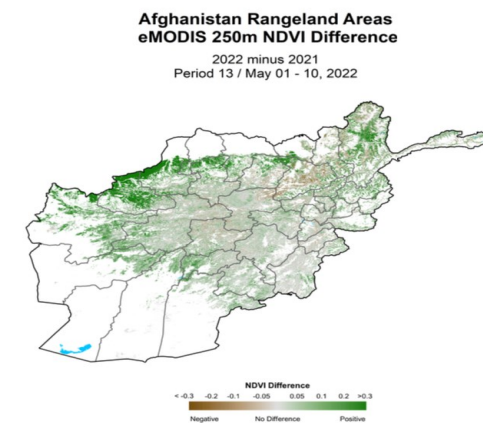
## Cooking Oil

Global cooking oil prices have been rising since the covid-19 pandemic from the past 2 years. In addition to that, due to recent Russian war in Ukraine prices of cooking oil globally increased significantly as Ukraine and Russia account for about 60% of the world sunflower production. Based on information there are three major countries from where edible oil is imported in Afghanistan, Malaysia, Pakistan and UAE where except Malaysia the source market for UAE and Pakistan is Russia and Ukraine .

On average cooking oil prices increased by 4 %, 46%, 37% and 19% compared to last month, last year , month of June 2021 and 2 years average respectively. Prices of cooking oil inside the country varies and depends on its geographical location and remoteness from urban areas . For instance , prices of edible cooking oil are increased by 103% in Uruzgan and Bamiyan compared to last year same time , while in rest of the provinces the range of the spike is between 50-70% spikes compared to same time period. Looking at the day to day increasing trend , compared to last month the average prices of cooking oil increased in Logar 12%, Kandahar 11%, Takhar 10% Badakhshan 9%, Hirat, Zabul and Kunduz 8%, Balkh and Jawzjan 7%. Its expected due to on going conflict between Ukraine and Russia prices of cooking oil will further increase till a certain period of time for central Asian countries including Afghanistan.



Source: USGS-FEWS NET



### Livestock Grain TOT:

This TOT estimates the purchasing power of pastoralists in livestock keeping zones of the country. It measures how many KG of wheat can be obtained against price of an alive, one-year old, female sheep. In April 2022, on average this TOT has been deteriorated by 3 percent and 23 percent compared to last month and last year same time respectively. Compared to last year same, NDVI indicates significant improvement in range land areas and ensures livestock's fodder availability. Though last year same time the implication of drought on pastures and fodder availability were severe than this year, despite of relative improved climate currently this purchasing power has been deteriorated mainly due to higher prices of wheat grain, on going unfolding economic crisis in the country, as other income sources are depleted, thus dependency on this income source is increasing and pastoralists are bound to sell their livestock at lower prices, while prices of staple food are at record level high compared to last year same time and average levels. During this month, pastoralist TOT has been significantly deteriorated in Wardak 48%, Ghazni 43%, Paktika 41%, Farah, Samangan & Zabul 38%, Kunar 31%, Parwan 30% and Laghman 28% compared to last year same time.

### Livestock Prices:

Due to seasonal progress, on average livestock prices are slightly improved comparing to last month, last year same time and two years average due to favorable pasture condition resulted from above average cumulative precipitation. Compared to last year same time, considerable improvement occurred in Daykundi 37%, Sar-e-Pul 33%, Kandahar 29% (not), Paktia 31%, Badkhis 27%, Baghlan 25%, Logar 24%, Nimroz 23% and Kunduz 20% compared to last year same time. In province where the prices decreased significantly compared to same period are Nuristan 35%, Urozgan 33%, Ghazni 26%, Wardak 24%, Paktika 20% and Zabul 16%. Where in rest of the province either prices of livestock remained the same as last year and last month or its increased or decreased slightly.

**Diesel:**

As of April, The average price of diesel around the world is 1.32 increased from ,1.31 U.S. Dollar per litre from last month . However, there is substantial difference in these prices among countries. The differences in prices across countries are due to the various taxes and subsidies for diesels. In Afghanistan as importing country , on average prices of diesel are decreased by 9% compared to last month, but still higher by 57%, 48% and 22% compared to last year, month of June 2021 and 2 years average. which has greater contribution in higher transportation cost resulted in higher food commodity prices across the country. In 2021, Russian crude and condensate output reached 10.5 million barrels per day making up 14% of the worlds total supply , further bans on Russia's export due to ongoing crisis will be resulted in higher prices globally, specially in European countries and middles east .

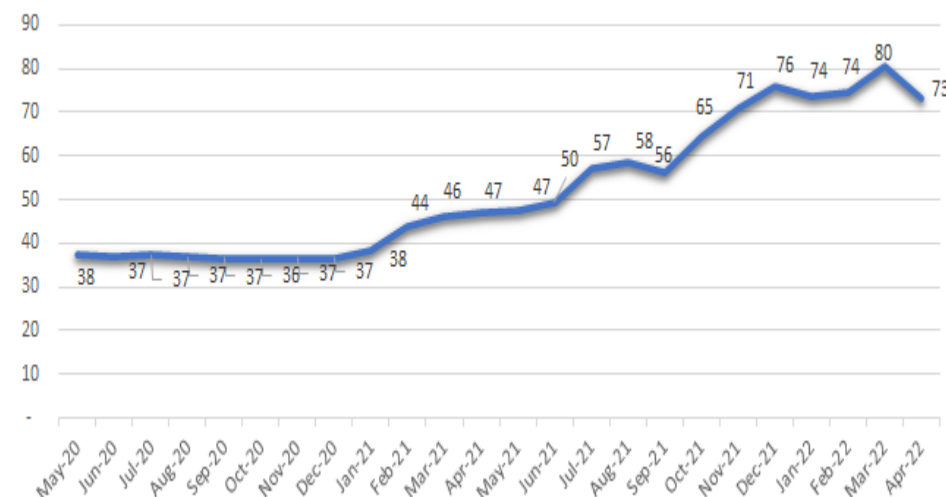
Russia is exporting 5.7 percent of natural gas to Kazakhstan in case of disruption in this supply chain associated costs will be increased in Kazakhstan & will have its negative implication on exporting wheat to Afghanistan. Black market in exporting of diesel from Russia can stabilize prices relatively in central Asian countries including Afghanistan.

**Exchange Rate:**

After Afghan currency hitting lowest level against US Dollar in months of Dec 2021 and Jan 2022, during month of April the value of Afghan currency was partially stabilized , one Dollar was converted in 87.6 Afghani where last month it was 88.2 Afghani, it shows 0.7% improvement in the value of Afghani. Devaluation of Afghan currency associated with economic and political factors increases prices of main food commodities during previous months. On average due to higher inflation rates prices of imported food and none food commodities are increased significantly.

Prices of domestic staple foods for instance wheat grain were also increased significantly as exported agriculture input prices were almost double compared to last years same time and average levels.

Average Diesel Prices (AFN/Liter)



Exchange Rate AFN Vs USD

