AFGHANISTAN ECONOMIC MONITOR

THE WORLD BANK

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This monthly Afghanistan Economic Monitor is part of **Afghanistan Futures**, the World Bank's program of research, monitoring, and analytical reports on the Afghan economy and society. **Afghanistan Futures** seeks to inform the international policy dialogue as the international community assesses how it can support the people of Afghanistan. This Afghanistan Economic Monitor joins the regular surveys on the private sector, household welfare, and gender, as well as the sectoral reports that inform the Afghanistan Development Update, a biannual flagship report.

HIGHLIGHTS

Afghanistan's modest recovery remains insufficient to alleviate poverty and unemployment, with declining foreign aid posing further risks.

Afghanistan's economic growth in FY2023 represents a positive development, and the momentum is expected to have continued into FY2024. However, the pace of growth remains insufficient to generate meaningful improvements in social indicators. Widespread poverty, high unemployment, limited resources, weak policy instruments, and diminished purchasing power continue to leave millions vulnerable. The economic outlook remains fragile, hindered by persistent policy uncertainty, financial isolation, and inadequate human and physical capital. These challenges may be further exacerbated by trade and aid uncertainties.

Domestic prices rose in February 2025 compared to January, amid global food price inflation, heightened pre-Ramadan demand.

In February 2025, domestic prices rose by 1.7 percent month-on-month (MoM), following a modest increase in January. This acceleration was driven by a 2.4 percent rise in food prices and a 1.0 percent increase in non-food prices. The MoM increase in non-food prices was mainly attributed to notable increases in several categories: clothing (2.3 percent), transportation (1.6 percent), furniture and household goods (1.6 percent), education (0.9 percent), housing (0.6 percent), as well as health and information services. For example, the average price of floral cotton fabric rose by 8 percent, reaching AFN 111 (USD 1.5) in February, up from AFN 103 (USD 1.4) in January. Rental costs also increased: non-concrete house rents rose by 3 percent to AFN 8,695 (USD 118) from AFN 8,439 (USD 113), while concrete house rents in Kabul increased by 1 percent to AFN 11,640 (USD 158) from AFN 11,503 (USD 154). Transportation costs rose by 1.6 percent, mainly due to a 2 percent increase in diesel prices, while petrol prices remained stable. However, energy prices declined, with firewood and liquid gas prices falling by 9 percent and 1 percent, respectively.

On a year-on-year (YoY) basis, domestic prices declined by 0.3 percent in February 2025, compared to a decrease of 9.7 percent in February 2024. This decline was largely driven by a 2.2 percent drop in food prices, attributed to improved supply. In contrast, non-food prices rose by 1.6 percent compared to February 2024, mainly due to a gradual increase in demand. Core inflation — which excludes food and energy — stood at 1.9 percent, indicating a modest recovery in aggregate demand ahead of Ramadan, thus easing the prolonged deflationary pressure.

Cumulatively since the beginning of the Afghan fiscal year 2024, domestic prices have declined by 4.6 percent, compared to a 7.6 percent decline in the first eleven months of fiscal year 2023. This trend was primarily driven by an 8.1 percent decrease in food prices. In contrast, non-food prices saw a modest decline of only 0.9 percent over the same period.

The Afghani continued to appreciate in March amid continued US dollar auctions and increased inward remittances during Ramadan and Eid.

In March 2025, the Afghani (AFN) appreciated by 3.6 percent against the US dollar, trading at AFN 71.1 per US dollar, compared to AFN 73.1 in February. The Afghani also appreciated against the currencies of its main trading partners, causing the Nominal Effective Exchange Rate (NEER) to appreciate by 1.6 percent month-over-month in February 2025. This appreciation was driven by ongoing auctions of US dollars by DAB, the Central Bank, coupled with increased inflows of US dollars during Ramadan and Eid. These factors boosted the supply of US dollars and increased the demand for the local currency, contributing to the Afghani's appreciation. Correcting for the significant inflation difference between Afghanistan and its trading partners, the Real Effective Exchange Rate (REER) remained almost stable in February compared to January.

On an annual basis, the Afghani (AFN) appreciated by 9.4 percent against the US dollar, trading at an average of AFN 70.9 per US dollar in the 2024 Afghan fiscal year, compared to AFN 78.2 in FY 2023.

Afghanistan's trade deficit contracted slightly in March 2025, but widened significantly on an annual basis in FY2024 due to increased imports, decreased exports, and various economic challenges.

In March 2025, Afghanistan's trade deficit contracted slightly by 0.6 percent month-over-month, reaching USD 804 million compared to USD 809 million in February. This contraction was due to a decline of USD 27 million in exports, which was more than compensated by a decline of USD 32 million in imports. However, on a YoY basis, the trade deficit rose by 27.6 percent compared to March 2024, driven by a 17.9 percent increase in imports combined with a 26.9 percent decrease in exports. On an annual basis, the trade deficit widened significantly by 48.2 percent in FY2024, reaching USD 9.4 billion (45.4 percent of GDP), up from USD 6.3 billion (40.4 percent of GDP) in FY2023. This increase was primarily driven by several factors, including a stronger Afghani, significant trade challenges with Pakistan, and a gradual rise in aggregate demand.

In March 2025, Afghanistan's exports fell by 21.3 percent, reaching USD 100 million compared to USD 127 million in February. From January to March 2025, total exports were recorded at USD 376 million, down from USD 686 million in the previous quarter and USD 419.4 million in the same period in 2024. In FY2024, total exports were USD 1.79 billion, a decrease from USD 1.81 billion in FY2023.

The decline in exports was mainly driven by a steep 64 percent drop in coal exports, which reached USD 92 million in FY2024. This significantly contributed to a 12 percent decline in total exports, falling to USD 1.79 billion, as Pakistan resumed sourcing coal from its traditional suppliers. Textile exports also contracted by 14 percent, reaching USD 242 million, largely due to a stronger Afghani, weakening global demand, and higher tariffs imposed by Pakistan. In contrast, food exports increased by 4 percent to USD 1.31 billion, supported by China's tariff exemptions and a pickup in trade with Pakistan in December 2024.

In 2024, Afghanistan's export profile consisted of 47 percent intermediate goods and 53 percent consumer goods. Intermediate goods exports declined by 9 percent, while consumer goods exports recorded a marginal increase of 0.1 percent, indicating a gradual shift toward more consumption-oriented trade. Pakistan remained Afghanistan's top export destination, though its share fell from 54 percent in 2023 to 45 percent in 2024, while India's share rose to 34 percent, driven by food exports. Efforts to diversify trade saw Iran, Kazakhstan, and Uzbekistan each account for about 3 percent of exports. Food and textiles dominated, making up 82 percent of total exports, up from 71 percent in 2023.

Afghanistan's imports fell by 3.4 percent in March 2025, but saw a significant annual increase in FY2024, driven by higher imports of capital goods, intermediate raw materials, and consumer goods.

In March 2025, Afghanistan's imports fell by 3.4 percent, reaching USD 904 million compared to USD 936 million in February. From January to March 2025, total imports were recorded at USD 2.82 billion, down from USD 3.41 billion in the previous quarter but up from USD 2.32 billion in the same period in 2024. In FY2024, total imports were USD 11.16 billion, an increase from USD 8.14 billion in FY2023.

The sharp increase in imports was primarily driven by higher imports of capital goods and intermediate raw materials, which grew by 49 percent and 43 percent, respectively, in 2024. Together, these goods accounted for 53 percent of total imports, up by two percentage points compared to the previous year, indicating a rise in industrial and productive activities in the country. Consumer goods also registered a significant YoY increase of 30 percent in 2024, contributing 40 percent to total imports.

In 2024, key import items included transportation equipment (up 86 percent YoY), mineral products—particularly petroleum and cement (up 56 percent), and chemicals (up 51 percent). The composition of imports shifted notably in 2024: the share of transportation goods rose from 7 percent in 2023 to 10 percent (USD 1.04 billion), mineral products increased from 20 percent to 22 percent (USD 2.41 billion), and chemicals and allied industries grew from 7 percent to 8 percent (USD 0.84 billion). Iran remained Afghanistan's top import partner, contributing 30 percent of total imports in 2024, while Pakistan and China accounted for 16 percent and 7 percent, respectively.

Afghanistan's total revenue collection in FY2024 reached AFN 241.3 billion, driven by significant increases in tax revenues, customs duties, and non-tax revenues, despite a sharp decline in miscellaneous income.

In month 12 of the Afghan fiscal year 2024 (FY2024, from March 21, 20204 to March 20, 2025), total revenue collection reached AFN 29.6 billion, reflecting a 39 percent increase compared to Month 11 (MoM) and a 33 percent increase compared to Month 11 of FY2023 (YoY). This strong MoM performance was primarily driven by substantial increases in tax revenues, non-tax revenues, and customs duties, which rose by 16 percent, 14 percent, and 11 percent, respectively. On a YoY basis, both tax and customs revenues increased, while non-tax revenues experienced a slight decline.

For the full fiscal year (March 22, 2024 – March 21, 2025), total revenue collection remained robust, reaching AFN 241.3 billion (about USD 3.4 billion), which is equivalent to 16.6 percent of GDP. This marks a 14 percent increase over the fiscal year, surpassing the target by 6 percent.

Domestic tax revenue increased by 28.5 percent, totaling AFN 93.0 billion and contributing 5.3 percentage points to overall revenue growth for the fiscal year. Approximately 50 percent of this amount was collected at customs points, tied to trade activity. Trade-related taxes comprised 37 percent of total customs revenue, while the remaining tax revenues were generated from various sources.

Customs duties rose by 29 percent to AFN 63.8 billion, contributing 3.8 percentage points to overall revenue growth. This improvement was driven by increased imports, improved border management, and tariff adjustments.

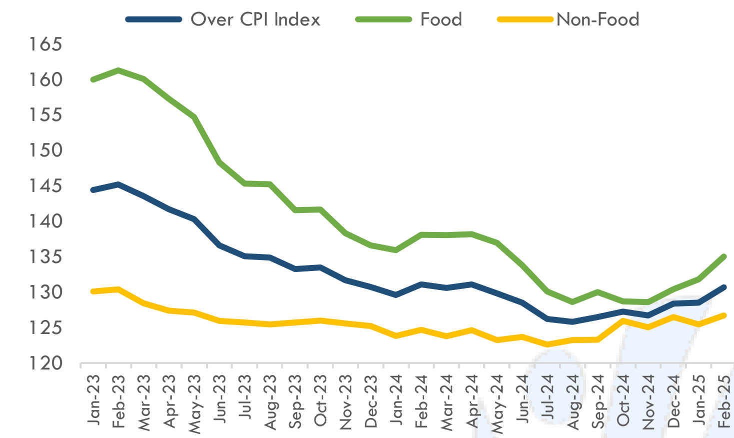
Non-tax revenue also performed strongly, increasing by 31.2 percent to AFN 83.7 billion in FY2024. This growth was largely attributed to collections from the mining sector, toll roads, vehicle registrations, passport issuance, transportation services, overflight fees, railways, and telecommunications. Non-tax revenue exceeded its annual targets by 26 percent.

In contrast, revenue from other sources declined sharply—from AFN 25 billion in FY2023 to just AFN 0.9 billion in FY2024—thereby dampening overall revenue growth. This category primarily includes miscellaneous income and transfers from prior years.

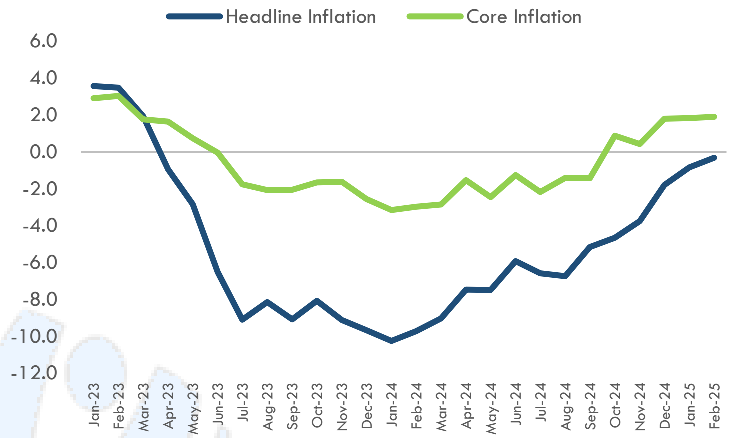
1. PRICE TRENDS

Inflation in Afghanistan was recorded at negative 0.3 percent YoY in February 2025, primarily driven by declining food prices (2.2 percent), while core inflation reached positive 1.9 percent.

1.1. HEADLINE PRICE INDEX



1.2. HEADLINE & CORE INFLATION (Y-O-Y)



Source: National Statistics and Information Authority (NSIA).

1.3. BASIC HOUSEHOLD GOODS – Y-O-Y INFLATION

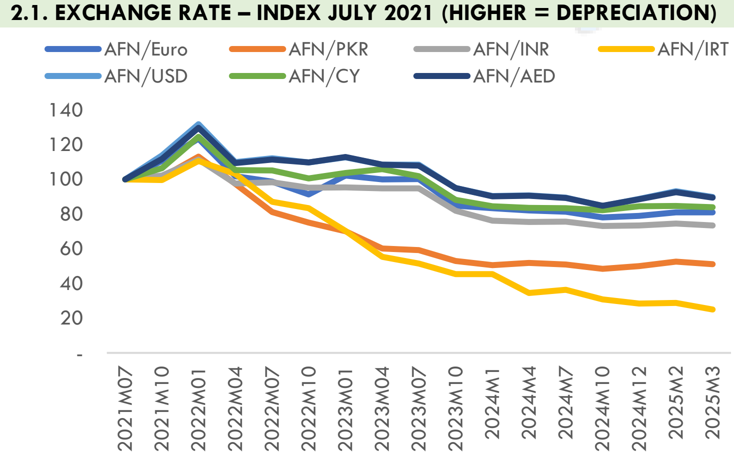
	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Bread	-8.2	-8.2	-6.5	-6.7	-8.0	-8.3	-14.3	-7.7	-6.8	-6.0	-6.2	-5.0
Fuel (diesel)	-15.1	-13.2	-8.2	-5.9	-2.8	-6.9	-13.9	-8.7	-5.5	1.7	2.3	-2.2
Oil (cooking)	-31.2	-26.4	-22.7	-18.3	-17.0	-11.0	-0.4	14.1	20.4	22.3	21.5	20.7
Pulses	-5.5	-5.2	-4.8	-7.0	-8.1	-9.1	-10.5	-5.7	-4.5	-3.6	-1.6	-3.4
Rice (high quality)	-18.1	-19.3	-19.7	-19.3	-18.5	-16.5	-15.1	-10.6	-9.1	-7.8	-8.0	-4.9
Rice (low quality)	-4.3	-7.0	-8.7	-10.2	-11.0	-11.5	-11.6	-8.1	-6.1	-6.2	-7.7	-6.9
Salt	-2.3	2.6	1.5	4.2	10.5	12.9	11.8	11.6	13.1	17.1	18.6	17.0
Sugar	7.1	-9.9	-15.0	-13.5	-16.2	-19.6	-21.7	-21.5	-19.3	-15.6	-17.0	-16.1
Wheat	-25.9	-24.0	-22.8	-20.5	-20.7	-19.4	-20.9	-19.8	-16.8	-17.0	-17.7	-17.0
Wheat flour (high quality)	-21.8	-19.5	-13.0	-9.4	-9.2	-7.7	-13.8	-9.8	-6.6	-4.0	-7.3	-7.4
Wheat flour (low quality)	-27.6	-24.3	-18.8	-14.2	-13.5	-11.9	-15.3	-11.8	-7.5	-3.8	-5.6	-6.6
Basic Household Goods Price Inflation	**-18.2**	**-17.2**	**-14.3**	**-12.0**	**-11.7**	**-10.8**	**-12.4**	**-7.2**	**-3.9**	**-1.3**	**-2.5**	**-2.8**

Source: Price data from WFP weekly report; index constructed by World Bank staff.
Note: This Index uses WFP price data for 11 critical household goods from all provinces. It applies consumption and population weights from NSIA to provide an aggregate snapshot of basic household inflation trends.

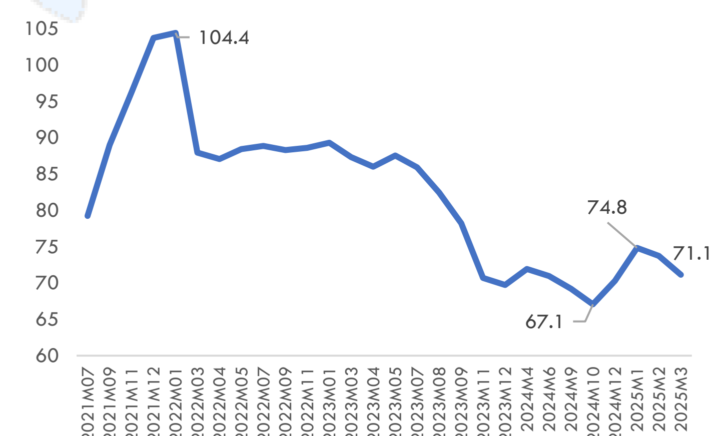
2. FOREIGN EXCHANGE

The Afghan currency appreciated in nominal terms against key trading partners in February 2025, while remaining stable in real terms amid easing deflationary pressures.

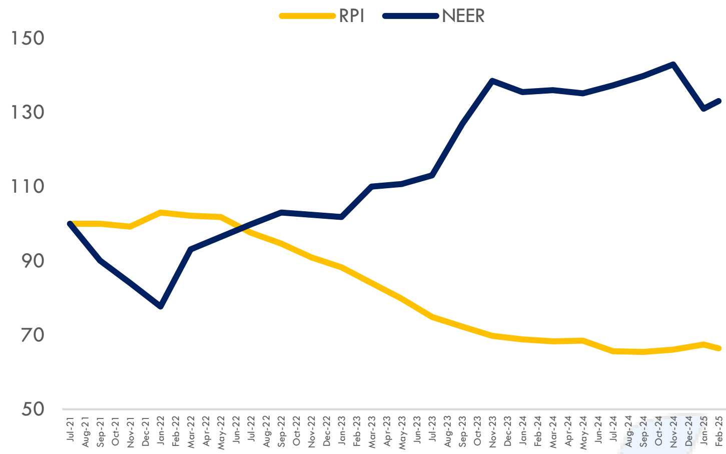
2.1. EXCHANGE RATE – INDEX JULY 2021 (HIGHER = DEPRECIATION)



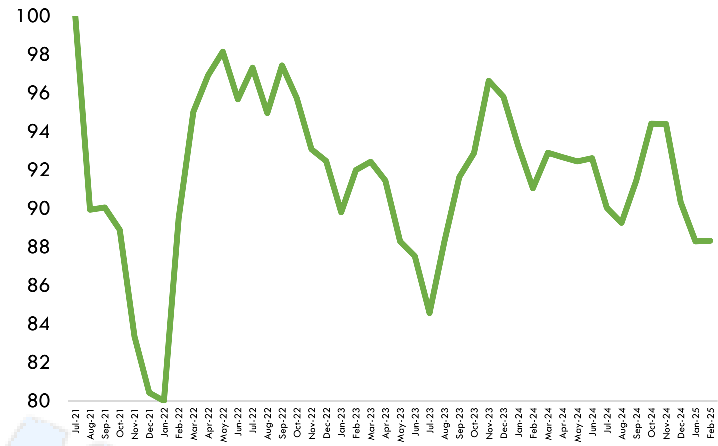
2.2. AVERAGE MONTHLY AFN/$ EXCHANGE RATE



2.3. NEER AND RELATIVE PRICE INDEX (RPI) – INDEX (JULY 2021 =100) (HIGHER = APPRECIATION)



2.4. REER – INDEX (JULY 2021 =100) (HIGHER = APPRECIATION)



Source: Data in Figures and Table is from DAB and IFS, World Bank staff elaboration. Note: RPI and REER for October are projections and highlighted in red.

2.5. EXCHANGE RATE – APPRECIATION/DEPRECIATION BY CURRENCY SINCE AUGUST 15, 2021

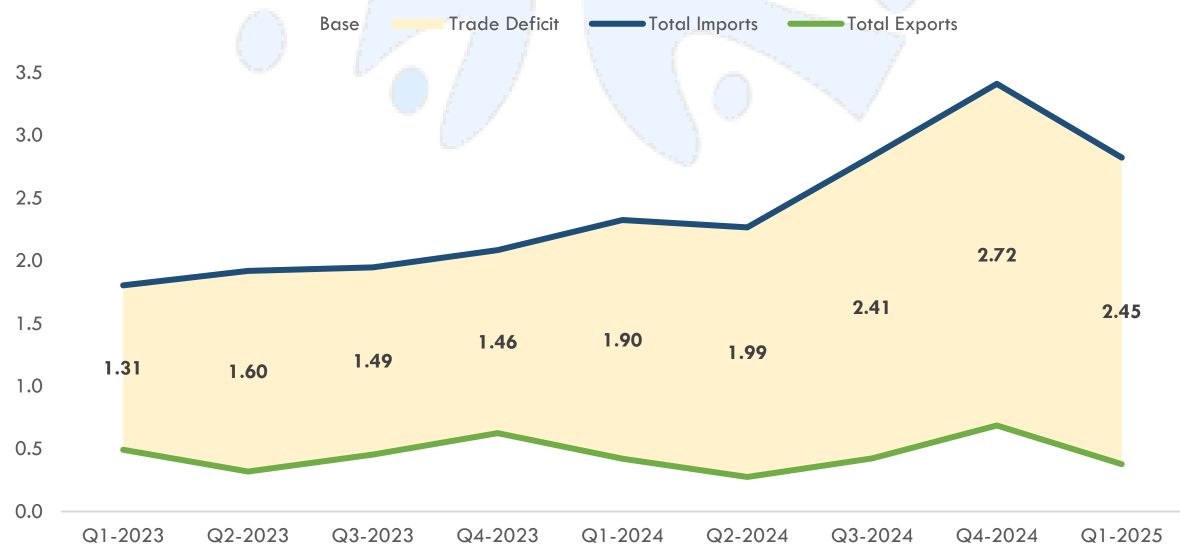
	30-Apr-24	28-May-24	27-Jun-24	31-Jul-24	31-Aug-24	30-Sep-24	31-Oct-24	30-Nov-24	31-Dec-24	30-Jan-25	27-Feb-25	27-Mar-25
AFN/Euro	25.87	27.05	28.96	27.04	25.86	28.11	33.46	35.18	31.84	25.32	28.32	29.42
AFN/PKR	96.79	100.91	100.51	103.31	105.53	108.13	112.21	110.28	105.61	93.80	95.88	102.83
AFN/INR	42.00	42.57	42.68	42.75	42.19	47.98	48.15	46.28	47.61	43.55	44.69	46.95
AFN/IRT	190.91	166.67	166.67	166.67	166.67	166.67	220.00	255.56	255.56	220.00	255.56	300.00
AFN/US$	18.88	20.68	21.23	21.32	22.50	25.72	28.72	26.51	22.28	14.05	17.00	21.40
AFN/CY	22.85	23.92	23.27	23.75	24.46	25.13	22.97	24.09	21.95	19.01	20.99	23.55

Source: Data in Figures and Table is from DAB, World Bank staff elaboration.

3. TRADE DEVELOPMENTS

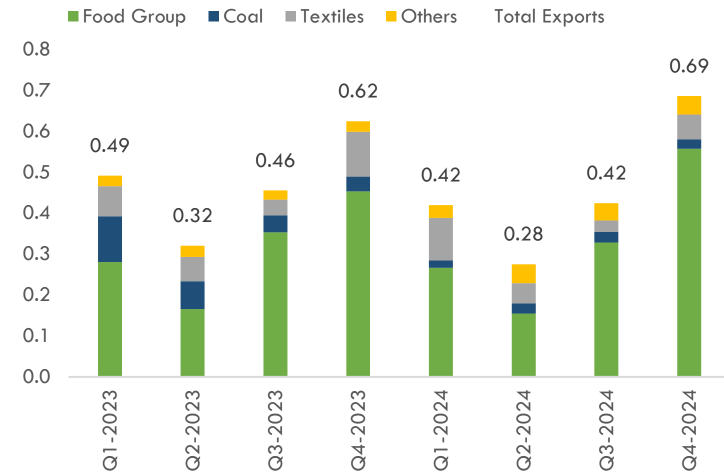
**Afghanistan's trade deficit for the FY2024 was significantly larger compared to FY2023, driven by rising imports and
challenges in export growth.**

3.1. AFGHANISTAN TRADE DEFICIT (US$ BILLIONS)



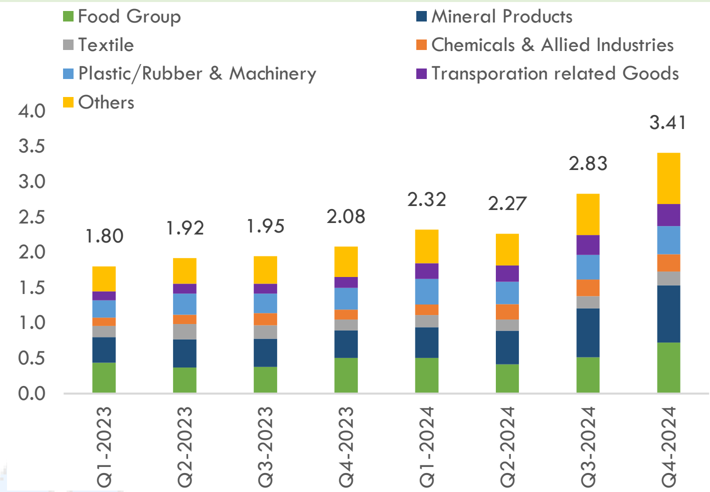
Source: ASYCUDA

3.2 AFGHANISTAN'S EXPORTS (US$ BILLIONS): 2023 - 2024



Source: ASYCUDA

3.3 AFGHANISTAN'S IMPORTS (US$ BILLIONS): 2023 – 2024

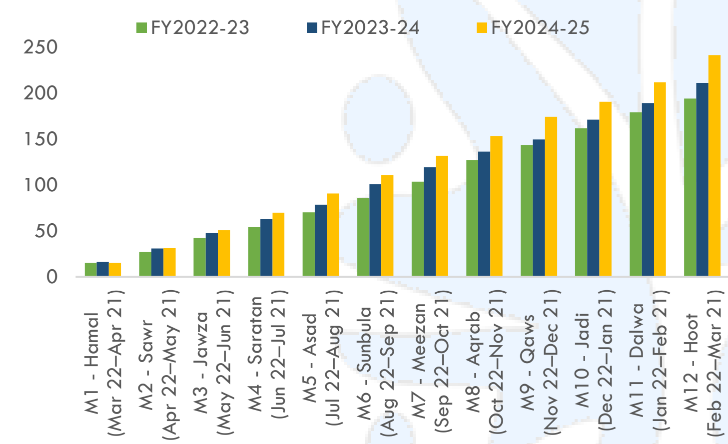


Source: ASYCUDA

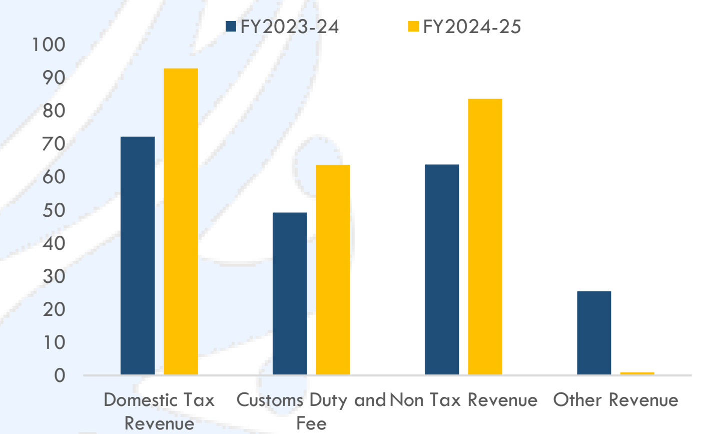
4. REVENUES

The revenue collection during FY2024 remained strong (AFN 241.3 billion) largely driven by nontax revenue and taxes collected at border.

4.1. TOTAL REVENUE (AFN BILLIONS; FY 2024-25) (MARCH 22nd – MARCH 21st, FY2024-25)

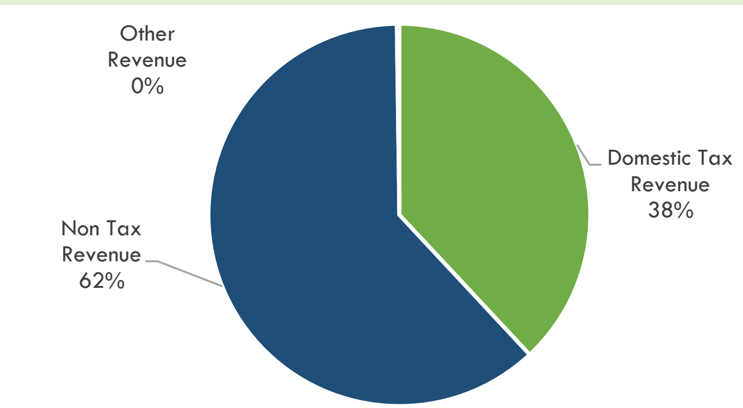


4.2. REVENUE COLLECTION BY COMPONENT (AFN BILLIONS; FY 2024-25), (MARCH 22nd – MARCH 21st, FY2024-25)

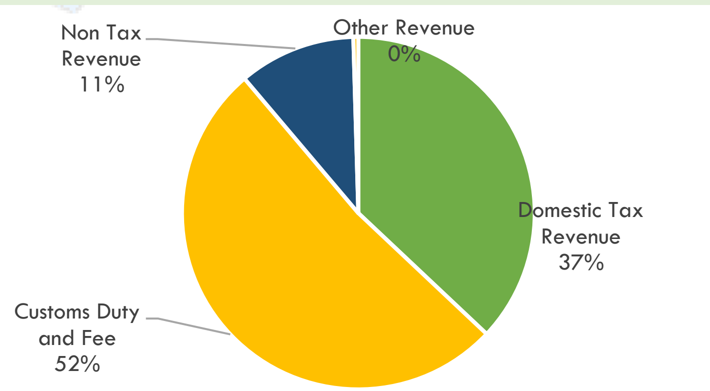


Source: Ministry of Finance

4.3. DISTRIBUTION OF INLAND COLLECTIONS (MARCH 22nd – MARCH 21st, FY2024-25)



4.3. DISTRIBUTION OF CUSTOMS COLLECTIONS (MARCH 22nd - MARCH 21st, FY2024-25)



Source: Ministry of Finance.
Note: The Afghan fiscal calendar month, Hamal, runs from March 22–April 21.

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Data notes: The Afghanistan Economic Monitor is produced by World Bank staff, drawing from various data sources. Reflecting limited data availability, data sources and coverage may vary between editions. Data sources are cited for each chart. The Afghanistan Economic Monitor uses data from the following sources: (i) official statistics on prices produced by the NSIA; (ii) data on prices and wages collected from all provinces by the World Food Program; (iii) data on exchange rates collected and reported by DAB; and (iv) data on trade from the ASYCUDA.