# AFGHANISTAN ECONOMIC MONITOR

THE WORLD BANK

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(Aqrab 1404)

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 economy struggles under growing challenges**

Afghanistan's economy faces mounting pressures from migrant returns and prolonged border closures with Pakistan. Modest growth is supported by low inflation and stronger revenues, but weak investment limits productivity. Per capita GDP is projected to fall by 4 percent in FY2025, leaving poverty widespread.

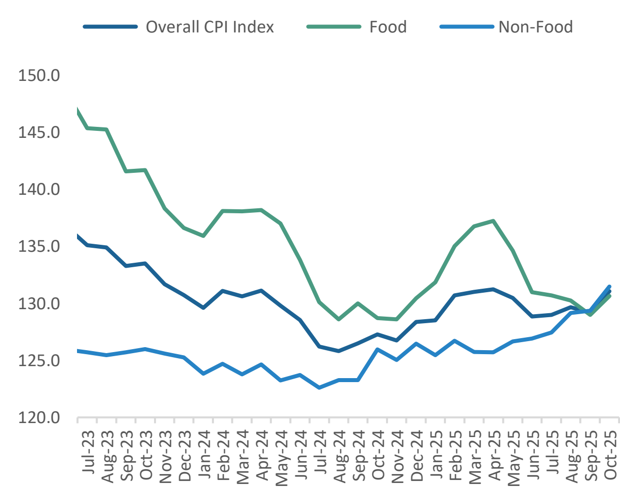
**Inflation remained moderate in October despite the Pakistan border closure, with consumer prices up 1.5 percent MoM and 3.0 percent YoY.**

In October 2025, the Consumer Price Index (CPI) increased by 1.5 percent month-on-month (MoM), driven by higher food and non-food prices. Food prices rose by 1.3 percent, led by sharp increases in fresh and dried fruits (7.7 percent) and vegetables (6.3 percent). Prices of milk, cheese, and eggs increased by 1.2 percent, while bread and cereals, sugar and sweets, and beverages rose by up to 1 percent. In contrast, prices of meat, spices, and oils and fats declined by 2.6 percent, 0.7 percent, and 0.6 percent, respectively.

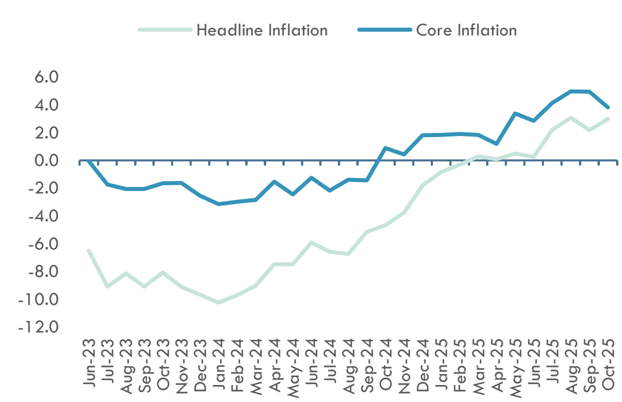
Non-food prices increased by 1.6 percent MoM, with housing up 2.6 percent amid strong rental demand from returnees. Transportation costs rose by 4.1 percent, driven by higher demand from returning populations. Clothing and household goods rose modestly, while health services and restaurants fell slightly.

On a year-on-year (YoY) basis, headline inflation reached 3.0 percent, up from 2.1 percent in September, driven by non-food prices (+4.4 percent) and food prices (+1.5 percent). Housing (+12.1 percent) and transport (+10.2 percent) were key contributors. However, core inflation eased to 3.8 percent, supported by the strong Afghani.

**HEADLINE PRICE INDEX (APRIL 2015 = 100)**




**HEADLINE & CORE INFLATION (Y-O-Y)**




***Source:*** National Statistics and Information Authority (NSIA).

**Afghani strengthened slightly amid significant trade disruptions**

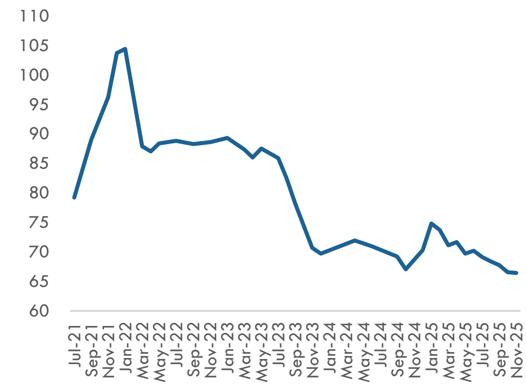
The Afghani appreciated marginally by 0.2 percent MoM against the U.S. dollar, strengthening from AFN 66.5 per USD in October to AFN 66.4 in November 2025. On a YoY basis, the Afghani appreciated by 2.3 percent.

In October 2025, the Afghani continued to strengthen in nominal effective terms against the currencies of all major trading partners. The Nominal Effective Exchange Rate (NEER) increased by 1.8 percent MoM, driven by the Afghani's appreciation against the U.S. dollar, Pakistani rupee, Indian rupee, Chinese yuan, UAE dirham, and Iranian rial.

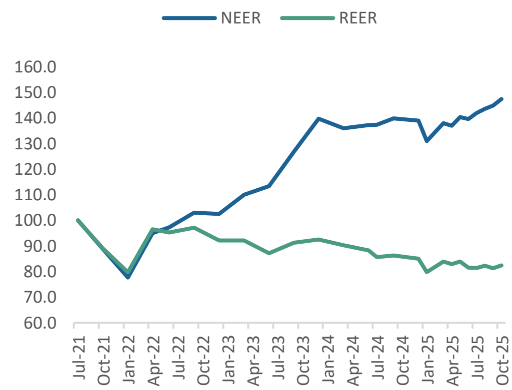
The Real Effective Exchange Rate (REER) also increased by 1.3 percent MoM, reflecting the combined effect of nominal appreciation and reduced inflation differential relative to trading partners. This real appreciation indicates a short-term erosion of price competitiveness, as Afghan goods and services became relatively more expensive compared to those of its trading partners.

On a YoY basis, the NEER appreciated by 2.0 percent, while the REER depreciated by 7.0 percent maintaining competitiveness gains in past months. The decline in the REER reflects Afghanistan's significantly lower inflation relative to its main trading partners, which more than offset the nominal appreciation. This has supported external competitiveness and helped sustain demand for Afghan exports during the fiscal year.

**AVERAGE MONTHLY AFN/$ EXCHANGE RATE**



**NEER AND REER – INDEX (JULY 2021 =100) (HIGHER = APPRECIATION)**




***Source:*** DAB, IFS, and World Bank staff.

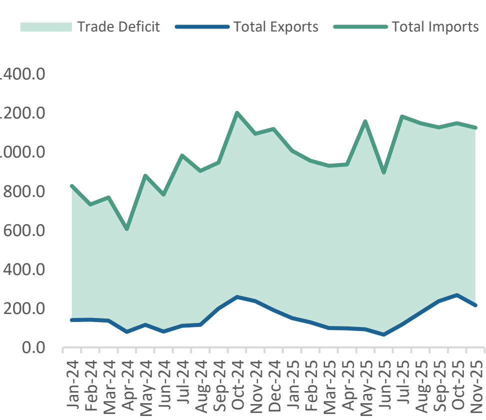
**Trade deficit widens as border disruptions hit exports despite import resilience**

Following the closure of the Pakistan border, Afghanistan's trade experienced significant disruptions. However, traders mitigated impacts by rerouting shipments through Iran and Central Asia. The trade deficit widened by 3 percent MoM to USD 0.91 billion in November, driven by a sharp decline in exports amid higher transport costs and delays on alternative routes. Imports remained strong, supported by increased inflows from Iran and Central Asian countries.

On a YoY basis, the trade deficit increased by 6 percent, with exports down 9 percent and imports up 3 percent, reflecting elevated transport costs and strong demand from returnees.

Cumulatively, during the first eight months of FY2025, the trade deficit widened 20 percent to USD 7.4 billion (34 percent of annual GDP), compared to USD 6.2

**AFGHANISTAN TRADE DEFICIT (US$ MILLIONS)**




***Source:*** ASYCUDA

billion (30 percent of annual GDP) in FY2024, driven by robust import demand and sustained rerouting costs.

### Costly Rerouting Hits Afghan Exports

Afghanistan's exports contracted sharply in November 2025, falling by 19 percent MoM and 9 percent YoY to USD 216 million, driven by Pakistan's border closure and delays in rerouting shipments to India and Central Asia.

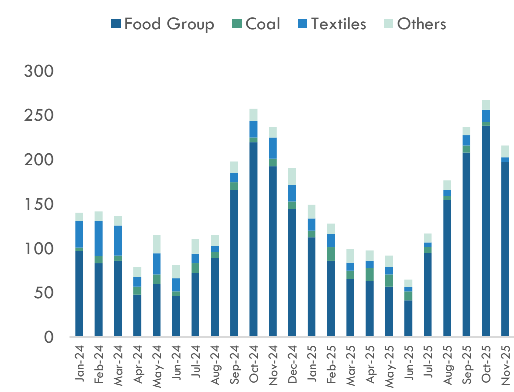
Food exports totaled USD 197.5 million, down 17.2 percent YoY, yet cumulative year to date (YTD) food exports grew 2.5 percent, representing 83 percent of total exports—underscoring Afghanistan's heavy reliance on food products. Textile exports remained weak at USD 5.4 million, a 77.6 percent YoY drop, reflecting dependence on Pakistan's market.

Coal exports fell to zero in November, raising production costs for Pakistan's industrial sector. Concurrently, higher prices of certain food items on both sides reflect reduced availability of goods normally supplied by each other, underscoring the strong trade complementarity between Afghanistan and Pakistan in coal, food, and overall trade.

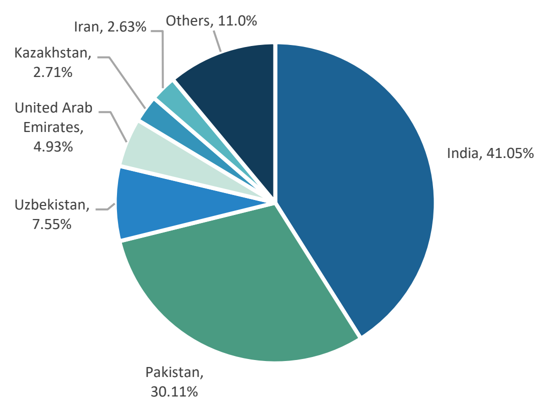
Cumulatively, exports reached USD 1.3 billion in the first eight months of FY2025, up 6.2 percent from FY2024. However, rising concentration in food exports (83 percent vs. 75 percent last year) heightens vulnerability to climate shocks, price volatility, and market disruptions.

While exports to Pakistan nearly ceased, India emerged as the largest destination, accounting for 54.4 percent of November exports and 41.1 percent cumulatively in FY2025. Uzbekistan's share also rose to 7.6 percent, but these gains did not offset Pakistan's decline to 30.1 percent cumulatively. Prolonged closures could further erode Pakistan's role in Afghanistan's trade.

**AFGHANISTAN'S EXPORTS (US$ MILLIONS)**




**AFGHANISTAN'S EXPORTS DESTINATIONS (SHARE OF TOTAL EXPORTS) – FY 2025 TO DATE.**




***Source:*** ASYCUDA

**Iran leads as trade routes shift, but imports fall slightly amid strong demand**

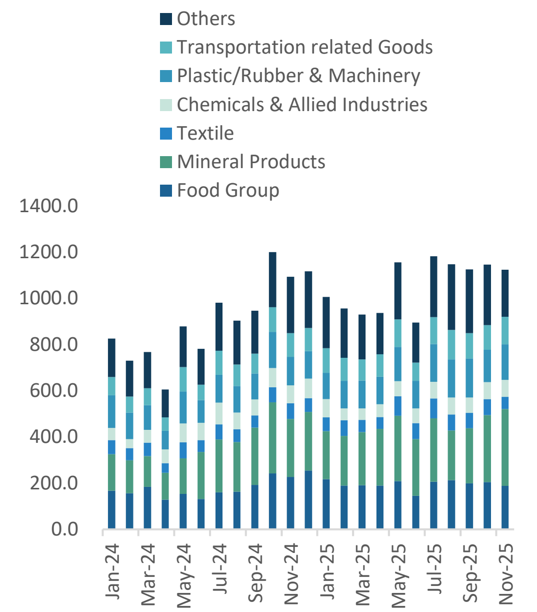
In November 2025, Afghanistan's imports remained strong at USD 1.12 billion declining by only 2 percent MoM. On a YoY basis, imports increased by 3 percent, reflecting sustained demand associated with the influx of returnees. The monthly moderation in imports partly reflects the impact of the Pakistan border closure, which disrupted trade flows, increased transportation and logistics costs.

By category, imports of food, textiles, chemicals, plastics, and other goods fell YoY, while mineral products surged 33 percent, machinery and electrical equipment rose 42 percent, and transport equipment increased 16 percent, signaling higher demand for energy inputs and productive assets. Intermediate goods and raw materials—nearly half of total imports expended 35 percent YoY, suggesting stronger manufacturing activity. Consumer goods dropped 20 percent YoY, while capital goods rose 24.4 percent, pointing to gradual investment recovery and efforts to offset supply disruptions.

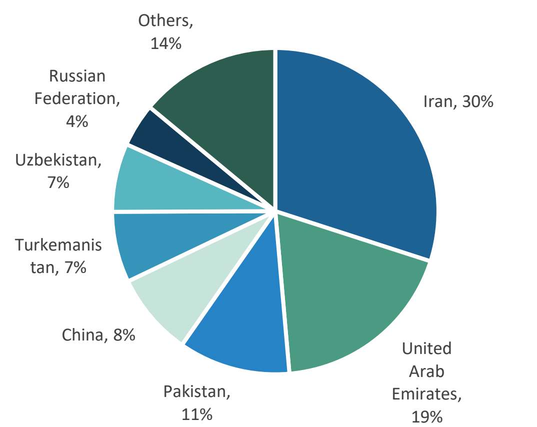
Cumulatively, imports reached USD 8.7 billion in the first eight months of FY2025, up 18 percent from FY2024, driven by sharp increases in raw materials and intermediate goods.

Iran remained Afghanistan's largest import partner (30 percent), followed by the UAE (19 percent), Pakistan (11 percent), and China (8 percent), underscoring a structural shift toward Iran and Central Asia.

**AFGHANISTAN'S IMPORTS (US$ MILLIONS)**




**AFGHANISTAN'S IMPORT ORIGINS (SHARE OF TOTAL IMPORTS) – FY 2025 TO DATE**




***Source:*** ASYCUDA

**Tax collections lead to revenue gains compensating for customs revenue losses amid border closure**

Afghanistan's domestic revenue collection reached AFN 23.2 billion (approximately USD 349 million) in November 2025, marking a 2.4 percent MoM increase and a 12 percent rise YoY. Despite notable revenue losses at eastern and southern border points due to closures and trade disruptions along the Pakistan corridor, overall revenue performance remained resilient.

Cumulatively, domestic revenue during the first eight months of FY2025 amounted to AFN 176.8 billion (USD 2.7 billion), equivalent to 11.5 percent of annual GDP. This represents a 14.7 percent increase compared to the same period in FY2024, underscoring continued improvements in revenue administration, strengthened compliance, and enhanced enforcement, alongside the reorientation of trade routes toward alternative border points.

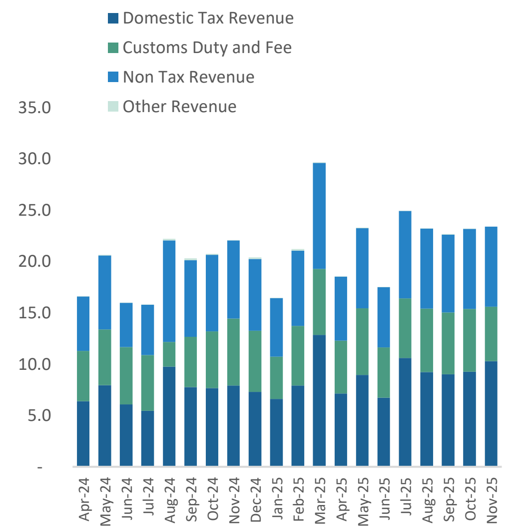
Tax revenues rose by 20.8 percent to AFN 71.2 billion during the first eight months of FY2025, contributing 8.3 percentage points (pp) to total revenue growth over the period.

Customs revenues declined by 13 percent MoM in November, reflecting reduced collections at Pakistan-facing border points following the border closure. However, on a cumulative basis, customs duties increased by 12.7 percent to AFN 46.0 billion in the first eight months of FY2025, contributing 3.2 pp to overall revenue growth.

Non-tax revenues increased by 9.8 percent to AFN 59.4 billion during the first eight months of FY2025, contributing 3.2 pp to total revenue growth. Key drivers included higher collections from road and transport tolls, passport and administrative service fees, overflight charges, and revenues from railway and telecommunications services.

Revenues from other minor sources amounted to AFN 0.4 billion during the first eight months of FY2025, making only a marginal contribution to total collections.

**ECONOMIC CLASSIFICATION OF TOTAL REVENUE (AFN BILLIONS)**




***Source:*** Ministry of Finance and World Bank Staff.

**Development spending soars while ITA outlays drop to maintain low fiscal deficit**

In November 2025, total government expenditure amounted to AFN 23.5 billion, representing a MoM decline of AFN 0.9 billion, or 3.6 percent. This decrease was driven primarily by a 28.4 percent contraction in spending on goods and services, followed by a 3.5 percent reduction in wages and salaries, which continue to be the largest contributor to monthly expenditure fluctuations. In contrast, spending on subsidies and transfers increased by 4.7 percent, reflecting expansion of social support programs. Expenditure on asset acquisition rose sharply by 81.6 percent; from a low base and confirming the volatility in monthly development spending.

On a YoY basis, expenditure increased 11.1 percent, reflecting unusually low spending in November 2024.

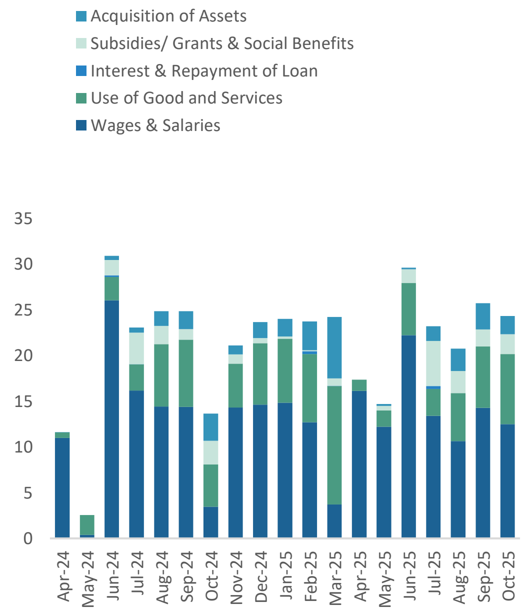
During the first eight months of FY2025, cumulative government expenditure reached AFN 179.2 billion (11.7 percent of annual GDP), marking a 17.4 percent increase from AFN 152.6 billion in the corresponding period of FY2024. Spending on wages and salaries rose by 13.2 percent, from AFN 100.2 billion to AFN 113.4 billion, accounting for 7.9 pp of the overall increase. Expenditure on goods and services increased by 16.3 percent to AFN 36.8 billion, contributing 3.1 pp to total expenditure growth.

Subsidies and transfers increased by 31.7 percent to AFN 15.6 billion, up from AFN 11.9 billion in FY2024, reflecting rising assistance to returnees, earthquake-affected households, and families of martyrs and persons with disabilities, as well as the resumption of pension payments under revised guidelines. These factors contributed 2.7 pp to overall expenditure growth. Development spending reached AFN 13.0 billion, representing a 51.4 percent increase and contributing 3.7 pp to total growth. Loan repayments by the ITA totaled AFN 0.3 billion, a 37 percent increase from the previous year, adding 0.1 pp.

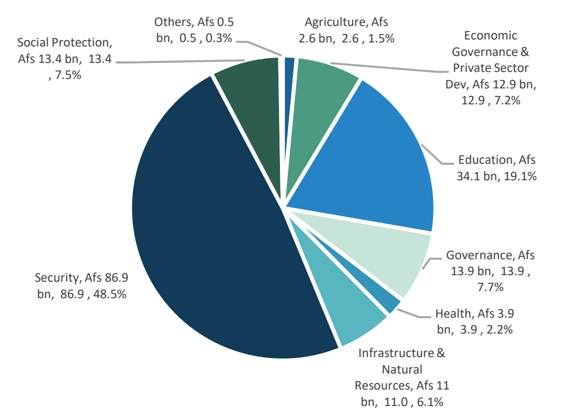
Security related expenditure amounted to AFN 86.9 billion (48.5 percent of total spending), while AFN 92.3 billion (51.5 percent) was allocated to civilian sectors and service delivery programs.

As a result, Afghanistan recorded a fiscal deficit of AFN 2.3 billion (0.15 percent of GDP) during the first eight months of FY2025, as total revenues of AFN 176.8 billion fell slightly short of total expenditures of AFN 179.2 billion.

**ECONOMIC CLASSIFICATION OF TOTAL EXPENDITURES (AFN BILLION)**




**SECTOR CLASSIFICATION OF TOTAL EXPENDITURES FY2025 TO DATE (AFN BILLION)**




***Source:*** Ministry of Finance and World Bank Staff.

# ANNEX

| | | | | | | MoM change (%) | YoY change (%) |
|---|---|---|---|---|---|---|---|
| **PRICES** | | | | | | | |
| | **Oct-25** | **Sep-25** | **Aug-25** | **Jul-25** | **Oct-24** | **Oct-25** | **Oct-25** |
| Overall CPI Index | 131.1 | 129.2 | 125.8 | 129.0 | 127.3 | 1.5% | 3.0% |
| Food | 130.6 | 129.0 | 130.2 | 130.7 | 128.7 | 1.3% | 1.5% |
| Tobacco | 163.7 | 162.9 | 161.9 | 162.9 | 167.7 | 0.5% | -2.4% |
| Clothing | 150.8 | 148.6 | 150.7 | 149.0 | 150.0 | 1.5% | 0.5% |
| Housing | 122.7 | 119.7 | 117.7 | 115.6 | 109.5 | 2.5% | 12.1% |
| Furnishing and household goods | 132.4 | 130.8 | 133.7 | 131.8 | 133.0 | 1.3% | -0.4% |
| Health | 143.2 | 143.9 | 143.2 | 142.9 | 146.2 | -0.5% | -2.1% |
| Transportation | 143.8 | 138.1 | 134.0 | 131.4 | 130.5 | 4.1% | 10.2% |
| Communication | 91.1 | 90.8 | 90.8 | 90.6 | 91.1 | 0.3% | 0.0% |
| Information and Culture | 111.1 | 110.1 | 111.1 | 110.0 | 110.8 | 0.9% | 0.3% |
| Education | 139.4 | 139.4 | 139.1 | 138.7 | 142.2 | 0.0% | -2.0% |
| Restaurants and Hotels | 113.5 | 113.8 | 114.4 | 114.6 | 112.5 | -0.3% | 0.9% |
| Miscellaneous | 159.0 | 158.2 | 160.9 | 157.1 | 159.0 | 0.5% | 0.0% |
| Core Price Index | 130.4 | 128.6 | 128.7 | 127.1 | 125.6 | 1.4% | 3.8% |
| | | | | | | | |
| **EXCHANGE RATE** | | | | | | ('-' depreciation, '+' appreciation) | |
| | **Nov-25** | **Oct-25** | **Sep-25** | **Aug-25** | **Nov-24** | **Nov-25** | **Nov-25** |
| AFN/USD | 66.4 | 66.5 | 67.7 | 68.4 | 68.0 | 0.2% | 2.4% |
| | **Oct-25** | **Sep-25** | **Aug-25** | **Jul-25** | **Oct-24** | **Oct-25** | **Oct-25** |
| NEER | 147.4 | 144.8 | 143.7 | 141.9 | 144.3 | 1.8% | 2.1% |
| REER | 82.4 | 81.3 | 86.5 | 85.0 | 88.6 | 1.4% | -7.0% |
| | | | | | | | |
| **TRADE** | | | | | | | |
| | **Nov-25** | **Oct-25** | **Sep-25** | **Aug-25** | **Nov-24** | **Nov-25** | **Nov-25** |
| **Total Exports (US$ Million)** | **215.9** | **267.4** | **236.9** | **116.9** | **237.1** | -19% | -9% |
| Food Group | 197.5 | 238.4 | 208.3 | 154.8 | 192.7 | -17% | 2% |
| Coal | 0.0 | 0.3 | 7.6 | 4.1 | 8.5 | -98% | -100% |
| Textiles | 5.4 | 13.9 | 11.6 | 7.1 | 24.1 | -61% | -78% |
| Others | 13.0 | 14.9 | 9.4 | 10.6 | 11.8 | -12% | 10% |
| | | | | | | | |
| **Total Imports (US$ Million)** | **1124.4** | **1146.6** | **1124.8** | **1147.2** | **1093.4** | -2% | 3% |
| Food Group | 188.7 | 204.6 | 198.7 | 213.7 | 227.3 | -8% | -17% |
| Mineral Products | 332.8 | 289.8 | 239.6 | 213.9 | 250.0 | 15% | 33% |
| Textile | 52.5 | 69.2 | 65.6 | 69.4 | 69.0 | -24% | -24% |
| Chemicals & Allied Industries | 72.7 | 73.1 | 66.6 | 73.4 | 76.7 | -1% | -5% |
| Plastic/Rubber & Machinery | 154.8 | 140.0 | 169.4 | 165.4 | 124.0 | 11% | 25% |
| Transportation related Goods | 119.2 | 106.8 | 109.6 | 127.1 | 102.6 | 12% | 16% |
| Others | 203.7 | 263.1 | 275.5 | 284.4 | 243.6 | -23% | -16% |
| | | | | | | | |
| **Trade Deficit (US$ Million)** | **908.4** | **879.2** | **887.8** | **1030.4** | **856.3** | 3% | 6% |
| | | | | | | | |
| **FISCAL** | | | | | | | |
| | **Nov-25** | **Oct-25** | **Sep-25** | **Aug-25** | **Nov-24** | **Nov-25** | **Nov-25** |
| **Total Revenue (AFN Billion)** | **23.4** | **23.2** | **22.7** | **23.2** | **22.1** | 1% | 6% |
| Domestic Tax Revenue | 10.3 | 9.3 | 9.0 | 9.2 | 7.9 | 11% | 30% |
| Customs Duty and Fee | 5.3 | 6.1 | 6.0 | 6.2 | 6.5 | -13% | -18% |
| Non-Tax Revenue | 7.8 | 7.8 | 7.6 | 7.8 | 7.6 | 0% | 3% |
| Other Revenue | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | -119% | -117% |
| | | | | | | | |
| **Total Expenditures (AFN Billion)** * | **23.4** | **24.3** | **25.7** | **20.8** | **21.1** | -4% | 11% |
| Wages & Salaries | 12.1 | 12.5 | 14.3 | 10.6 | 14.3 | -3% | -16% |
| Use of Good and Services | 5.5 | 7.7 | 6.7 | 5.3 | 4.8 | -28% | 14% |
| Interest & Repayment of Loan | 0.0 | 0.0 | | | 0.0 | - | - |
| Subsidies/ Grants & Social Benefits | 2.3 | 2.2 | 1.9 | 2.4 | 1.0 | 5% | 124% |
| Acquisition of Assets | 3.6 | 2.0 | 2.9 | 2.5 | 1.0 | 82% | 262% |
| | | | | | | | |
| **Fiscal Deficit** | **-0.1** | **-1.1** | **-3.1** | **2.4** | **1.0** | **-94%** | **-107%** |

* Revised

For analytical products in Afghanistan, kindly visit https://www.worldbank.org/en/country/afghanistan.

*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.