

Price Monitoring for Food Security in the Kyrgyz Republic

Monthly monitoring and outlook of basic food prices in the Kyrgyz Republic



Highlights and outlook for the next few months

- Export prices of wheat from the Russian Federation (RF) and Kazakhstan have started increasing in the last three months (Sept-Dec). The increase of prices from the RF was due to a shortage of high quality wheat and increasing demand from key importers. The increase of export prices from Kazakhstan is in accordance with seasonal change, and in December 2016 prices were still 39 percent lower compared to the last five year average. However domestic prices of wheat decreased from January to December 2016. This may be due to surplus of stock on the local market as a result of the high volume of harvest from exporters earlier in the year.
- Prices of vegetables; carrots, potatoes and cabbages continued to increase by 16 percent, 5 percent and 11 percent on a month-on-month basis. These increases are normal for this time of the year.
- The volume of remittances in 2016 has recovered compared to 2015. By November 2016 the aggregate volume of remittances had increased by 33.4 percent compared to the November 2015. This is attributed to the stabilizing of the Russian economy and increased value of the ruble.
- The US dollar has remained stable against the Kyrgyz som over the past month.

Trends of retail prices of the nine main food security commodities¹ (1 month, 3 months and 1 year)

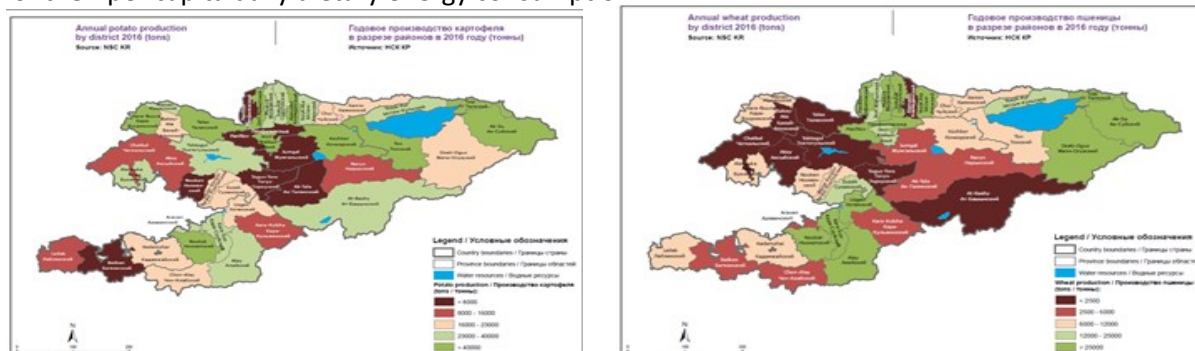
	Nov 2016	Sep 2016	Dec 2015		Nov 2016	Sep 2016	Dec 2015
Wheat flour (1-st grade)	0%	0%	-13%	Vegetable (carrot)	5%	4%	-11%
Rice	-2%	-2%	-10%	Vegetable (potato)	16%	32%	40%
Meat (beef)	1%	0%	-8%	Vegetable (cabbage)	11%	20%	2%
Meat (mutton)	0%	-1%	-5%	Fruit (apple)	5%	-12%	4%
Milk	6%	19%	0%	Sugar	-3%	-5%	-6%
Eggs	4%	16%	3%	Vegetable oil	-2%	-3%	-7%

Food Production in 2016

Production of wheat, potatoes and vegetables

According to estimates from the National Statistics Committee (NSC) the overall production of domestic wheat reached 661.5 MT in 2016, which is 4 percent less than the national average in the years 2013 to 2016. Chuy and Issik-Kul oblasts are the highest producers of wheat with 63 percent of the total annual domestic wheat production. Wheat is the primary dietary staple of most people in the Kyrgyz Republic, and on average people derive around 1,076 kcals of dietary energy from wheat a day, representing 38 percent of their daily energy requirements.

Overall production of potatoes reached 1.3 million MT in 2016, which is 2 percent less than the national average in the years 2013 to 2016. Talas and Issik-Kul oblasts produced 54 percent of potatoes in the country. Potatoes are also one of the primary staples in the diet of the people of the Kyrgyz Republic, accounting for about 184 kcals of their per capita daily dietary energy consumption.



Global wheat production and prices

According to the United States Department of Agriculture (USDA) global wheat production in 2016/17 will be 752.69 million metric tons. Wheat production in 2015/2016 was 735.49 million tons, and this year's production had increased by 2.3 percent. The wheat production in Russian Federation for 2016/17 is estimated to be a record 72.5 million metric tons, up 11.5 million metric tons from last year. This surpasses the previous record of 63.7 million tons harvested in 2008 by 14 percent.

However international export prices both from both RF and Kazakhstan have been fluctuating during 2016, export prices from RF increased in three months by 8 percent by December 2016, but stayed lower by 5 percent compared to the same month in 2015. This is

due to the poor quality of the abundant harvest and key importers have been competing for the high quality produce. Export prices from Kazakhstan also started increasing during last months, it increased by 2 percent on month-on-month bases. These prices have not yet impacted the Kyrgyz Republic.

Domestic prices

Domestic wheat prices continued to decrease during January-December 2016. It decreased by 13 percent compared to the same month in 2015, by 4 percent in six months and stayed stable on month-on-month basis. The prices are by 15% lower from the record high prices experienced in December 2014 during last 10 years. The lowest price is observed in Talas and the highest price is observed in Osh oblast.

Fig 1. Retail price of wheat flour, Kazakhstan and Russian Federation (US dollar per ton)

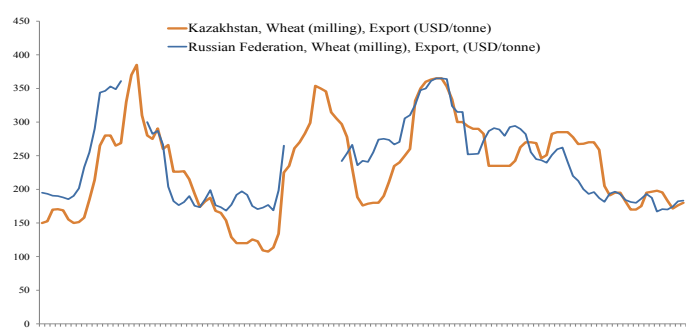
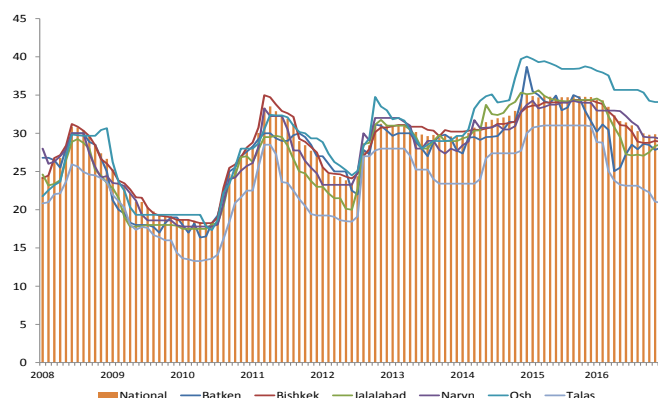


Fig 2. Retail price of wheat flour (first grade, kg) in Kyrgyz som per kg, national average



Prices of potatoes and vegetables

Vegetable prices (potato, cabbage, carrots)

Potato prices fluctuated throughout 2016. The lowest prices were observed during early spring during 2016 which was the result of an import ban in Kazakhstan with many of the potatoes from the first harvest remaining in Kyrgyzstan keeping the prices low. However the highest prices were observed in June and July after the ban was lifted. By December 2016 the annual winter price increases were observed; up by 16 percent on month-on-month basis and by 32 percent over three months. The current prices in December are by 20 percent higher from the seasonal average prices of 2012-2016.

The prices of both carrots and cabbage increased on month-on-month basis, by 5% and 11%, but prices of carrot by 11% lower compared to the same month in 2015, while price of cabbage increased by 2% compared to the same month in 2015. The highest prices for carrot were observed during May-June-July and lowest prices were observed in October 2016. for the cabbage, the highest prices were observed during first six months of the year and the lowest prices were observed in summer months during the harvest season.

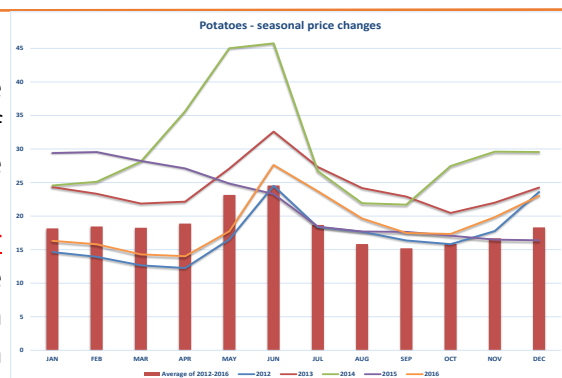


Fig 3. Retail price of vegetables (carrot, cabbage and potatoes, kg) in Kyrgyz som per kg

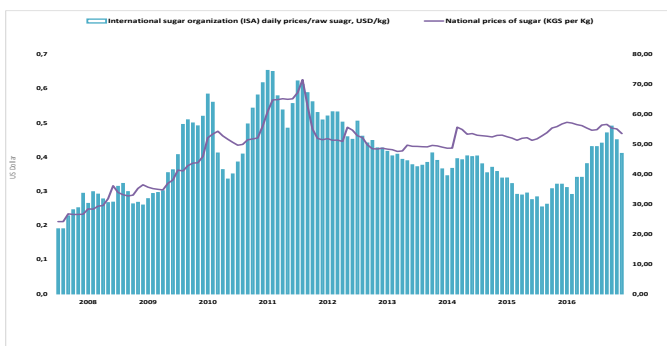


Other basic food commodities

International sugar prices

International sugar prices had been fluctuating throughout 2016, and have increased by 28 percent compared to the same month of last year. However, this has not impacted the domestic market to date as prices have decreased by 13 percent in the last three months. The domestic market price of sugar is still 37 percent lower than the record high prices observed in December 2014. Overall the domestic prices of sugar have decreased by 3 percent on a month-on-month basis. The price is currently 25 percent lower than the record high price observed in August 2011.

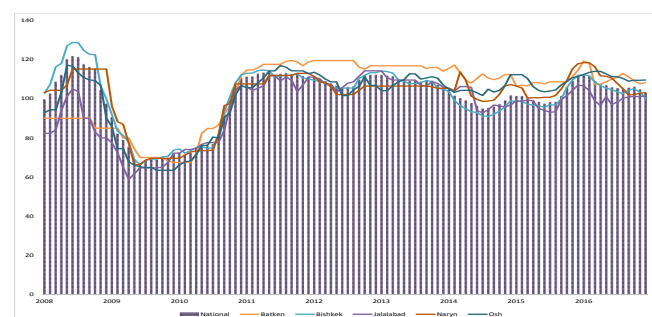
Fig 4. International and national price of sugar



Vegetable oil

The domestic price of vegetable oil has been decreasing since January 2016. In December 2016 it decreased by 2 percent on a month-on-month basis, and by 3 percent over three months. The prices are 7 percent lower compared to the same month in 2015 and 9 percent lower than the record high price observed in August 2011. The prices are lowest in Bishkek, and highest in Tokmok city and Osh province, which is most likely related to transportation costs.

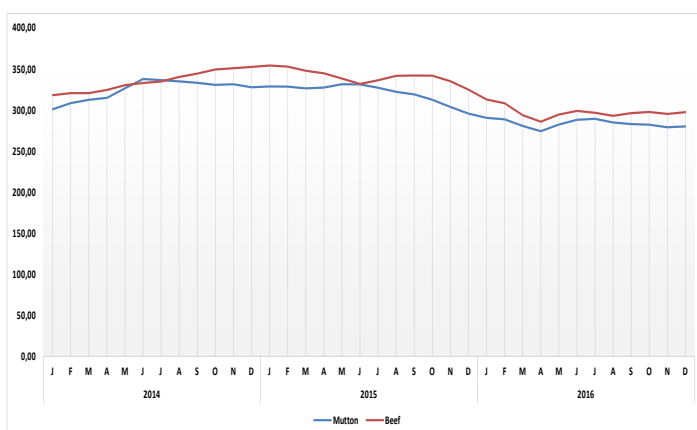
Fig 5. Retail prices of vegetable oil (kyrgyz som per litre)



Meat (beef and mutton)

The national price of mutton has decreased since July 2016, with a 5 percent decrease in six months. The current prices are 17 percent lower compared to the record high prices observed in June 2014. Unlike prices of mutton, beef prices fluctuated during the year. The price of beef has decreased by 8 percent compared to the same month in 2015, and it is 16 percent lower than the record high price observed in January 2015. However in December 2016, the price increased by 1 percent on a month-on-month basis.

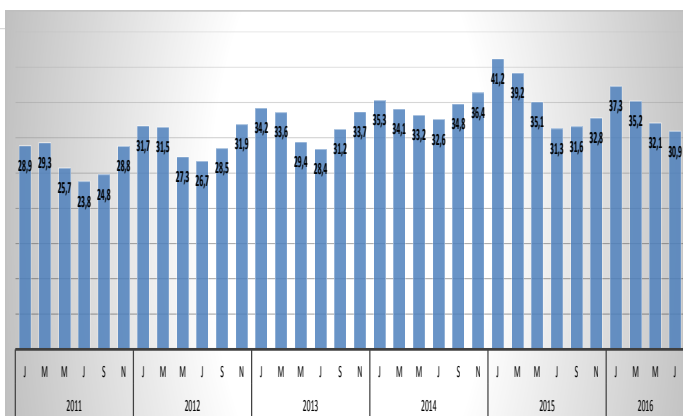
Fig 6. Retail price of meat (beef and mutton, kyrgyz som per kg)



Milk

The national price of milk has increased since August 2016. In December 2016 the prices are at the same level as the same month of the last year. The price is by 6% higher compared on-month-on-month basis and by 19% in three months. The prices are by 11% lower from the record high prices observed in January 2015. The highest prices were observed at the beginning of the year, during winter when milk production is at its lowest, and lowest prices during summer months. The lowest milk prices are in Yssyk-Kul province and highest in Batken province.

Fig 7. Retail prices of milk, (kyrgyz som per litre)



Remittances

Remittance inflows

Over the past five years, remittances have made up a least of quarter of total GDP in the Kyrgyz Republic. However, most remittances originate from the Russia Federation and are influenced by their economic conditions. The aggregate volume of remittances in Nov 2016 was 33.4 percent higher compared to the volume of remittances in November 2015 due to the signs of recovery of the Russian economy.

Fig 6. Share of remittances in GDP (in %,in USD)

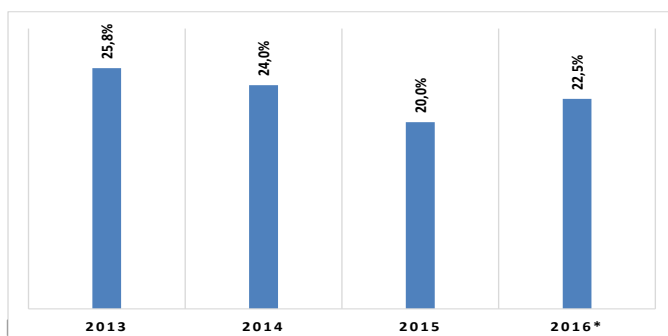
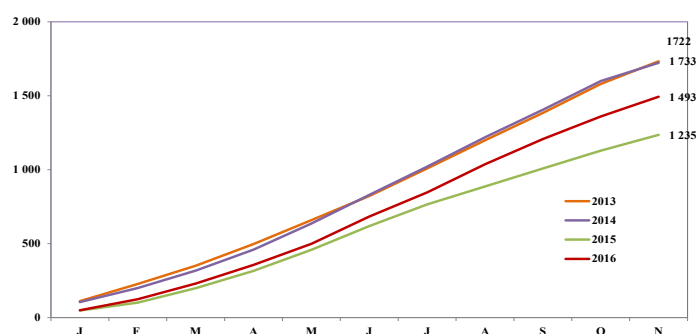


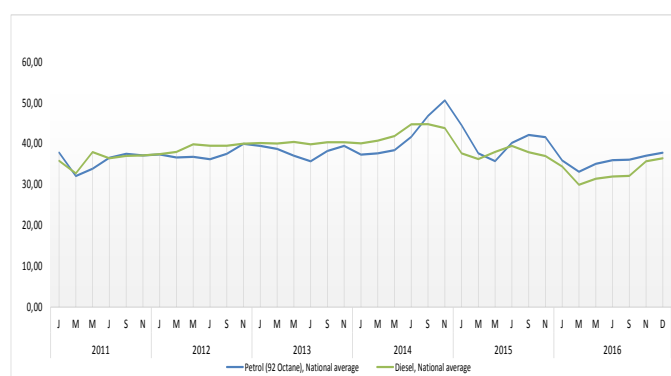
Fig 7. Aggregate amount of remittances (in mln.USD)



Fuel prices (petrol and diesel)

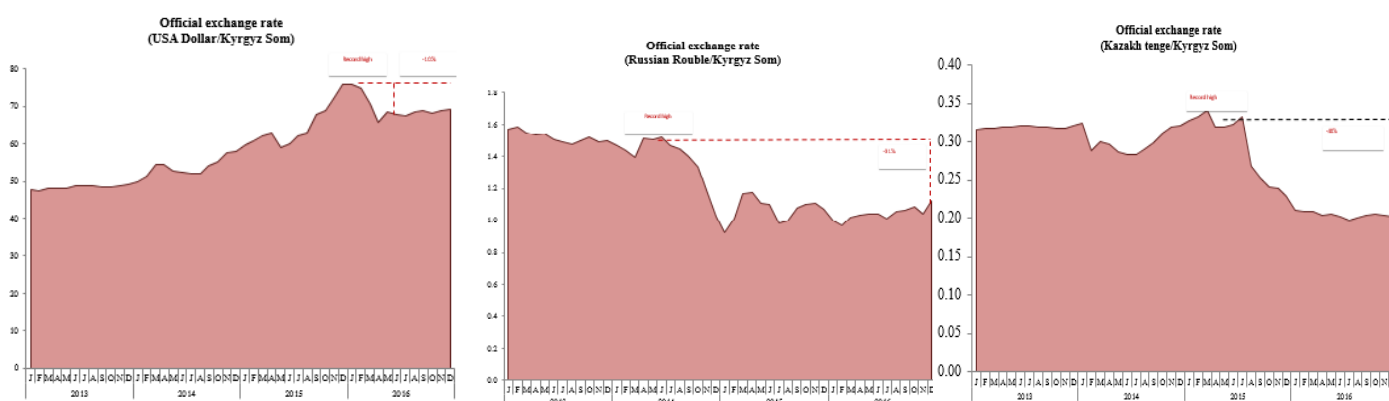
The Russian Federation is the main net importer of fuel to the Kyrgyz Republic and Kazakhstan. After the RF placed a limit fuel exports (due to maintenance work in one of their main depots) at the beginning of Dec2016 petrol prices increased. This was 2 percent increase since Nov 2016 and a 5 percent increase in three months. The prices are still 6 percent lower compared to the same month in 2015 and 25 percent lower than the record high observed in Nov 2014. Diesel prices also increased by 2 percent since Nov 2016 and by 13 percent over three months. The prices are 20 percent lower than the record high prices observed in August 2014.

Fig 8. Retail prices of petrol (92 octane) and diesel (Kyrgyz som / litre)













Currency exchange rate (Kyrgyz som versus US dollar, Russian ruble, Kazakhstan tenge)

The Kazakh tenge appreciated against the Kyrgyz som in December 2016 by 2 percent on a month-on-month basis and over the past three months. It depreciated by 9 percent compared to the same month last year. The Russian ruble has also appreciated by 4 percent on month-on-month basis, by 5 percent over three months and compared to the same month in 2015. This can be explained by the ongoing recovery of the Russian economy. The US dollar remained stable against the Kyrgyz som since Nov 2016. However it appreciated by 1 percent in three months and depreciated by 9 percent compared to the same month in 2015. Currency movements are among the main driving forces of the retail prices of imported commodities including wheat.



Annex: Prices of 9 food security commodities

The latest retail prices are compared against prices in the previous month, three months ago, and one year ago.

Area	Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr	1 m	3 m	1 yr
	Wheat flour (1st quality)	29	1%	1%	-15%	►	►	▼	Rice (medium grain)	71	0%	1%	-11%	►	►	►
	Meat (mutton)	284	0%	0%	-4%	►	►	►	Egg	74	3%	17%	5%	►	►	►
	Meat (beef)	312	1%	2%	-8%	►	►	▼	Vegetable (carrot)	22	6%	7%	-19%	►	►	▼
	Milk (unpasteurized)	39	5%	19%	0%	►	►	►	Vegetable (cabbage)	20	9%	8%	-1%	►	►	►
	Potato	24	17%	37%	43%	►	►	►	Fruit (apple)	64	0%	-24%	14%	►	▼	►
	Sunflower oil	100	-3%	-4%	-11%	►	►	▼	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	52	-4%	-5%	-7%	►	▼	▼	Diesel	36	4%	13%	1%	►	►	►
	Petrol (Octane rating 92)	38	3%	6%	-5%	►	►	►								
	Wheat flour (1st quality)	65	0%	0%	-10%	►	►	▼	Rice	59	0%	1%	-21%	►	►	▼
	Meat (mutton)	244	0%	-3%	4%	►	►	►	Egg	78	4%	11%	0%	►	►	►
	Meat (beef)	273	1%	1%	-6%	►	►	▼	Vegetable (carrot)	19	4%	14%	-9%	►	►	►
	Milk	30	3%	20%	20%	►	►	►	Vegetable (cabbage)	18	10%	34%	-2%	►	►	►
	Potato	18	8%	33%	43%	►	►	►	Fruit (apple)	52	7%	37%	-13%	►	►	►
	Cooking oil	109	-1%	0%	-2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	51	-7%	-12%	-9%	▼	▼	▼	Diesel	36	1%	15%	0%	►	►	►
	Petrol (Octane rating 92)	36	2%	5%	-7%	►	►	►								
	Wheat flour (1st quality)	29	-1%	-2%	-11%	►	►	▼	Rice	83	1%	-2%	-3%	►	►	►
	Meat (mutton)	284	2%	-5%	-10%	►	►	►	Egg	84	6%	19%	8%	►	►	►
	Meat (beef)	276	0%	-5%	-13%	►	▼	▼	Vegetable (carrot)	22	9%	21%	3%	►	►	►
	Milk	37	0%	2%	0%	►	►	►	Vegetable (cabbage)	18	17%	116%	-10%	►	►	►
	Potato	22	12%	43%	6%	►	►	►	Fruit (apple)	67	3%	35%	-5%	►	►	►
	Cooking oil	103	1%	0%	-6%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	49	-6%	-13%	-7%	▼	▼	▼	Diesel	35	2%	15%	1%	►	►	►
	Petrol (Octane rating 92)	37	0%	5%	-6%	►	►	▼								
	Wheat flour (1st quality)	21	0%	-6%	-28%	►	►	▼	Rice	65	0%	0%	-17%	►	►	▼
	Meat (mutton)	262	1%	0%	-7%	►	►	►	Egg	99	14%	19%	12%	►	►	►
	Meat (beef)	265	2%	1%	-7%	►	►	►	Vegetable (carrot)	21	14%	27%	35%	►	►	►
	Milk	38	26%	53%	26%	►	►	►	Vegetable (cabbage)	19	0%	13%	-4%	►	►	►
	Potato	20	35%	48%	41%	►	►	►	Fruit (apple)	29	10%	-31%	-33%	►	▼	▼
	Cooking oil	104	0%	-1%	-2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	-1%	-1%	-1%	►	►	►	Diesel	36	0%	17%	5%	►	►	►
	Petrol (Octane rating 92)	37	2%	6%	-6%	►	►	►								
	Wheat flour (1st quality)	29	0%	-7%	-13%	►	►	►	Rice	59	-5%	-7%	-26%	►	►	▼
	Meat (mutton)	263	0%	1%	0%	►	►	►	Egg	81	13%	32%	17%	►	►	►
	Meat (beef)	272	2%	2%	-1%	►	►	►	Vegetable (carrot)	15	0%	0%	14%	►	►	►
	Milk	30	16%	18%	2%	►	►	►	Vegetable (cabbage)	15	9%	0%	0%	►	►	►
	Potato	18	34%	63%	78%	►	►	►	Fruit (apple)	60	-9%	-5%	-7%	▼	-	-
	Cooking oil	102	0%	-6%	-2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	54	1%	-5%	-2%	►	►	►	Diesel	36	2%	14%	-1%	►	►	►
	Petrol (Octane rating 92)	38	2%	6%	-6%	►	►	►								
	Wheat flour (1st quality)	29	0%	-1%	-11%	►	►	►	Rice	62	0%	1%	-22%	►	►	▼
	Meat (mutton)	261	-1%	-9%	-15%	►	►	▼	Egg	90	6%	17%	0%	►	►	►
	Meat (beef)	282	-3%	-6%	-6%	►	►	►	Vegetable (carrot)	25	18%	44%	3%	►	►	►
	Milk	30	14%	48%	-22%	►	►	▼	Vegetable (cabbage)	15	0%	-3%	6%	►	►	►
	Potato	20	48%	41%	72%	►	►	►	Fruit (apple)	54	25%	8%	-6%	►	►	►
	Cooking oil	103	0%	1%	-13%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	52	-3%	-5%	-4%	►	►	►	Diesel	35	3%	10%	-3%	►	►	►
	Petrol (Octane rating 92)	37	2%	4%	-8%	►	►	►								
	Wheat flour (1st quality)	34	1%	0%	-10%	►	►	►	Rice	112	-4%	-5%	-22%	►	►	▼
	Meat (mutton)	280	0%	-2%	-12%	►	►	►	Egg	75	2%	7%	-5%	►	►	►
	Meat (beef)	280	0%	-2%	-12%	►	►	►	Vegetable (carrot)	19	-2%	-5%	7%	►	►	►
	Milk	35	8%	25%	0%	►	►	►	Vegetable (cabbage)	29	12%	41%	-10%	►	►	►
	Potato	24	9%	13%	20%	►	►	►	Fruit (apple)	44	56%	11%	-17%	►	-	▼
	Cooking oil	110	0%	1%	-2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	59	-1%	-5%	-5%	►	►	►	Diesel	38	-1%	12%	1%	►	►	►
	Petrol (Octane rating 92)	38	0%	2%	-8%	►	►	►								
	Wheat flour (1st quality)	28	0%	3%	-18%	►	►	▼	Rice	59	-4%	-11%	-22%	►	►	▼
	Meat (mutton)	286	0%	-5%	-4%	►	►	►	Egg	86	-1%	23%	-4%	►	►	►
	Meat (beef)	286	0%	-5%	-8%	►	►	►	Vegetable (carrot)	20	0%	1%	27%	►	►	►
	Milk	36	10%	14%	-9%	►	►	►	Vegetable (cabbage)	29	9%	28%	46%	►	►	►
	Potato	26	13%	24%	54%	►	►	►	Fruit (apple)	58	-2%	13%	23%	►	►	►
	Cooking oil	101	0%	0%	-5%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	-1%	-4%	-5%	►	►	►	Diesel	37	-1%	13%	1%	►	►	►
	Petrol (Octane rating 92)	38	1%	3%	-6%	►	►	►								
	Wheat flour (1st quality)	29	2%	1%	-5%	►	►	►	Rice	64	-1%	-16%	-20%	►	▼	▼
	Meat (mutton)	300	0%	0%	-5%	►	►	►	Egg	86	8%	11%	-4%	►	►	►
	Meat (beef)	300	0%	0%	-9%	►	►	►	Vegetable (carrot)	17	0%	1%	27%	►	►	►
	Milk	39	0%	6%	10%	►	►	►	Vegetable (cabbage)	30	31%	48%	-5%	►	►	►
	Potato	24	16%	22%	42%	►	►	►	Fruit (apple)	35	8%	25%	-7%	►	►	►
	Cooking oil	101	1%	-3%	-6%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	52	-4%	-5%	-7%	►	►	►	Diesel	40	-1%	16%	2%	►	►	►
	Petrol (Octane rating 92)	38	1%	3%	-6%	►	►	►								
	Wheat flour (1st quality)	30	0%	0%	-13%	►	►	►	Rice	75	-2%	-2%	-10%	►	►	►
	Meat (mutton)	280	0%	-1%	-5%	►	►	►	Egg	78	4%	16%	3%	►	►	►
	Meat (beef)	298	1%	0%	-8%	►	►	►	Vegetable (carrot)	20	5%	4%	-11%	►	►	►
	Milk	37	6%	19%	0%	►	►	►	Vegetable (cabbage)	22	11%	20%	2%	►	►	►
	Potato	23	16%	32%	40%	►	►	►	Fruit (apple)	58	5%	-12%	4%	►	▼	►
	Cooking oil	103	-2%	-3%	-7%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	54	-3%	-5%	-6%	►	►	►	Diesel	36	2%	13%	1%	►	►	►
	Petrol (Octane rating 92)	38	2%	5%	-6%	►	►	►								

▲ Price increase above normal price fluctuation
 ► Normal price fluctuation
 ▼ Price decrease below normal fluctuation

Price fluctuation is considered normal if change within:
 5% for 1 month, 10% for 3 months, 15% for 1 year

Data sources and methodologies

- ¹**Data for retail prices of 9 food security commodities** are collected by the National Statistics Committee of the Kyrgyz Republic on a daily basis from 10 markets across the country (Bishkek, Osh, Tokmok, Kara-balta, Talas, Karakol, Naryn, Kara-su, Kyzyl-kiya and Batken).
- ²**El Niño** - refers to the large-scale ocean-atmosphere climate phenomenon linked to a periodic warming in sea-surface temperatures across the central and east-central equatorial Pacific. Typical effects of El Niño include dry weather in Australasia and heavy rain in South America. **La Niña** - is characterized by unusually cold ocean temperatures in the Equatorial Pacific, compared to El Niño. La Niña and El Niño are the "cold" (La Niña) and "warm" (El Niño) phases of the El Niño-Southern Oscillation (ENSO). ENSO is series of linked weather- and ocean-related phenomena.
- ³**Normalized Difference Vegetation Index (NDVI)**-provides the alternative measures of the relative vegetation health. These indices can be used to monitor areas where vegetation may be stressed, as a proxy to detect potential drought. http://www.fao.org/giews/earthobservation/asis/index_2.jsp?lang=en
- ⁴**Data for export price of wheat in Kazakhstan** is Free on Board [FOB] price for milled wheat at Aktau port. The FAO Global Information and Early Warning System (GIEWS) updates this data on a monthly basis. Methodological details are available online at <http://www.fao.org/giews/pricetool/>
- ⁵**NSC**– National Statistical Committee of the Kyrgyz Republic
- ⁶**Commodity Markets Outlook**, April 2016. World Bank Quarterly Report. **Agricultural Information Market System (AMIS)** -is an inter-agency platform to enhance food market transparency and encourage coordination of policy action in response to market uncertainty. AMIS focuses on four crops that are particularly important in international food markets, namely wheat, maize, rice and soybeans.
- ⁷**International grain Council (IGC)**-Intergovernmental organization promoting the international cooperation in grains trade. <http://www.igc.int/en/Default.aspx>
- ⁸**Currency exchange rate** used is the official daily exchange rate provided by the National Bank of Kyrgyz Republic. The monthly average rate was calculated for the bulletin.
- ⁹**International price of sugar** refers to the International Sugar Agreement (ISA) daily price for raw sugar, obtained from the International Sugar Organization. The price data is widely used by global market monitoring publications such as the World Bank's Commodity Markets Outlook (<http://www.worldbank.org/en/research/commodity-markets>).
- ¹⁰**The deviation of the observed prices and estimated seasonal prices** are provided by WFP's Alert for Price Spikes (ALPS) in units of standard deviations. In July 2015, for example, the standard deviation of observed prices of wheat flour price and estimated seasonal prices was 0.74 in Osh, indicating that the market experienced unusually high price levels during this month. Seasonal prices were estimated using the price data for the last 10 years. Methodological guidance is available online at http://documents.wfp.org/stellent/groups/public/documents/manual_guide_proced/wfp264186.pdf
- ¹¹**Producer prices** are monitored by the National Statistics Committee.
- ¹²**Data for fuel prices** are provided by the National Statistics Committee on a monthly basis for 95-octane petrol, 92-octane petrol, 80-octane petrol and diesel. This bulletin reports the prices of 92-octane petrol and diesel which are the most commonly used for food transportation and agricultural machinery.
- ¹³**Data for remittance inflow** is provided by the National Bank of the Kyrgyz Republic. The amount includes remittances received from the Russian Federation, Kazakhstan, the United States, Germany and other countries, using money transfer systems.
- ¹⁴**FAO Food Price Monitoring and Analysis (FPMA)** <http://www.fao.org/giews/food-prices/food-policies/en/>

This bulletin is prepared by the Technical Working Group on Price Monitoring for Food Security (TWG-PMFS) which is chaired by the Ministry of Economy and attended by the Ministry of Agriculture and Melioration, the National Bank, the National Statistics Committee and the National Institute for Strategic Study, with the technical support of the United Nations World Food Programme (WFP) and Food and Agriculture Organization of the United Nations (FAO). The bulletin aims to provide timely information and analysis on the domestic prices of basic food and non-food items, complemented by analysis of international markets. It also provides early warning on high food prices. This is the 14 issue of the bulletin jointly for December 2016.

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<https://www.wfp.org/content/kyrgyz-republic-monthly-price-and-food-security-update-2015> (WFP)