

# Price Monitoring for Food Security in the Kyrgyz Republic

This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen, Kara-Suu and Nookat; Talas province - Talas and Manas; Naryn province - Naryn and Chaeik; Batken province - Batken and Isfana; Jalal-Abad province - Jalal-Abad, Toktogul and Kerben; Yssyk-Kul province - Karakol and Balykchy; and Bishkek city). This is a secondary data analysis.

## Highlights

**SITUATION UPDATE:** The development of the global economy remains uncertain amid the impact of the COVID-19 pandemic. International trade shows a decline in volumes, while the global commodity markets remains uncertain. All these factors continue to have a constraining effect on both the growth of the global economy and the economy of the Kyrgyz Republic. The economic recovery in the Kyrgyz Republic is proceeding at a moderate pace (NBKR). The decline of production volumes persists in all major sectors of the country's economy. Domestic demand remains weak, but among the positive dynamics are the remittance inflows to the country. At the end of 2020, the net inflow of remittances from individuals to the country increased by 2 percent and amounted to USD 1.9 billion. The rise of export prices on the global food markets is leading to an increase of inflation in the country. As of 12 February 2021, annual inflation has amounted to 10.2 percent, which is mainly due to the increase of staple food prices due to their importation into the country. The rising food prices are affecting the access of households to nutritious diets, especially during the lean season (winter – spring). The Government continues to monitor and stabilize food markets across the country through price controls on 11 essential food items and regulating import and export volumes.

**The following section discusses the average prices for the two weeks from 10 to 24 February 2021 in comparison to the previous two weeks, the annual average of February 2020 (before the COVID-19 outbreak began in the country), the previous month's average (January 2021). The weekly monitoring of food prices revealed the fluctuations of several commodities and the continued increase of sugar prices:**

- **WHEAT:** During the weeks from 10 to 24 February 2021, the national retail prices of wheat remained stable from the previous two weeks' levels, with an average price of 23.91 KGS/Kg. As of 24 February 2021, the highest price of wheat was observed in Bishkek city (25 KGS/Kg) and the lowest price was in Naryn province (16 KGS/Kg). Globally, higher cereal prices were driven by lower production forecasts in major exporting countries, new and rumoured export restrictions, and export wheat taxes in some major producing countries. Wheat prices rose in most major exporting countries in December and early January and reflect news of new export restrictions in Russia. Prices remained stable compared to January 2021, by 26 percent higher compared to February 2020, and continued to be higher than normal annual price fluctuations, within 15 percent of the benchmark.
- **OIL (COOKING):** The national retail prices of vegetable oil rose by another 1 percent from the previous two weeks' levels (154.89 KGS/l), reaching the highest value of all time. As of 24 February 2021, the highest price was in Naryn province (161 KGS/l) and the lowest was in Yssyk-Kul province (142 KGS/l). The Kyrgyz Republic has a high import dependency on vegetable oil due to its low internal production and its low capacity for the processing of oil seeds. The trend of increasing vegetable oil prices was caused by the growing export prices in the Russian Federation and Kazakhstan, attributed to unfavourable weather conditions and a consequently lower harvest. Compared to January 2021 and February 2020, the prices were 3 percent and 62 percent higher, respectively, an increase above normal annual price fluctuations.
- **SUGAR:** The national retail prices of sugar significantly increased by another 5 percent from the previous two weeks' levels, at an average price of 60.75 KGS/Kg. The recent increase in sugar prices was in line with global trends, as historically proven by the positive correlation between global and national prices. Globally, sugar prices increased in 2020 due to prospects of a lower sugar output in both Brazil and India, the two largest sugar-producing countries, caused by below average rainfalls. As of 24 February 2021, the highest price was observed in Osh and Batken provinces (64 KGS/Kg), while the lowest price was in Talas province (59 KGS/Kg). The prices of sugar were 11 percent and 48 percent higher than January 2021 and February 2020 levels, respectively, an increase significantly higher than normal annual price fluctuations.

The rise in prices for sunflower oil and sugar is associated with an increase in prices of suppliers, their significant reduction in volume due to poor harvests, as well as the depreciation of the national currency. The Ministry of Economy and Finance proposed the introduction of a new temporary state regulation to control their prices.

- **MEAT (BEEF and MUTTON):** During the weeks from 10 to 24 February 2021, the national retail prices of meat increased by another 1 percent for mutton and beef compared to the previous two weeks' levels, leading to an average price of 445.34 KGS/Kg for beef and 434.40 KGS/Kg for mutton. As of 24 February 2021, the highest prices for beef were observed in Bishkek city at 453 KGS/Kg and for mutton in Osh province at 457 KGS/Kg. The late increase in the prices of meat in Kyrgyzstan was caused by the restriction imposed by Kazakhstan on the export of meat and livestock, which boosted the demand from Uzbekistan and encouraged Kyrgyzstan to increase exports to Uzbekistan. The prices for beef and mutton increased by 1 percent and 3 percent, respectively, compared to January 2021 levels. The prices of beef and mutton remained low by 27 percent and 37 percent, respectively, compared to February 2020, an increase above normal annual price fluctuations.
- **EGGS:** The national retail price of eggs increased by 1 percent from the previous weeks' levels, reaching 106.29 KGS/10 pcs. The increasing trend of egg prices was caused by the growing export prices in Kazakhstan, attributed to unfavourable seasonal conditions and the instability of the currency exchange. As of 24 February 2021, the highest price was observed in Talas province (118 KGS/10 pcs) and the lowest in Batken province (101 KGS/10 pcs). The price of eggs was 3 percent and 39 percent higher compared to January 2021 and February 2020, respectively. The prices were significantly higher than normal annual price fluctuations.

**EXCHANGE RATE:** The domestic foreign exchange market remained relatively stable. The influence of external economic conditions periodically led to an increase of demand for foreign currency. The National Bank continues to participate in the foreign exchange market to smooth out sharp fluctuations of the exchange rate. During the two weeks from 10 to 24 February 2021, the Kyrgyz som depreciated from 84.2 KGS to 84.68 KGS per 1 USD, the Russian ruble also remained stable at 74 RUB per 1 USD and the Kazakh tenge appreciated from 418 to 415 KZT per 1 USD. However, these currencies depreciated by 21 percent, 10 percent and 9 percent, respectively, against the US dollar since the beginning of March 2020, according to the exchange rate of the National Bank. Lower remittance levels were among the factors affecting the weakening of the external position of the Kyrgyz som. Currency movements are one of the main driving forces of the retail prices of imported basic food commodities including wheat, vegetable oil and sugar.

**GLOBAL OIL PRICES:** Since the beginning of 2020, crude oil prices slumped dramatically following the 'Russia-Saudi Arabia oil price war' in March 2020 and the decline in consumer demand with the spread of the COVID-19 pandemic, further impacting the global economy. According to global forecasts, the full recovery of oil demand levels may not take place until 2022, while the demand for 2021 expected to remain below 2019 levels. The news of a successful coronavirus vaccine impacted the oil market again with the price of crude oil moving up to more than 20 percent in a month in December 2020. Despite rising oil price forecasts in early 2021, experts still expect a downward oil price at the beginning of the second quarter of 2021 when global oil production is forecasted to rise and cause inventories to draw up slower. During the weeks from 8 to 22 February 2021, the WTI prices increased from 52.95 USD per barrel to 61.67 USD per barrel, while Brent prices increased from 60.17 USD per barrel to 64.73 USD per barrel. As of 22 February, the WTI and Brent prices remained 32 percent and 23 percent higher, respectively, than March 2020 levels.

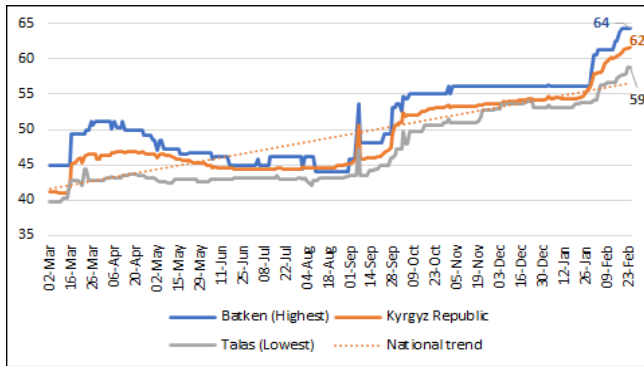
**AVAILABILITY:** Since the last price monitoring issue, the availability of wheat and wheat flour slightly decreased in Jalal-Abad, Talas and Batken, while it improved in Naryn. Overall, the availability of wheat and wheat flour was good and remained relatively stable. Thirty districts showed very good levels of availability though the situation was critical in seven districts. Considering the prevalence of poverty, the already high share of income spent on food by the poor and the increasing retail prices for wheat and wheat flour in the provinces—which affected the access to food and households' purchasing power—particular attention should be devoted to districts showing 'insufficient' availability in Jalal-Abad province. Since the last issue, the availability of vegetable oil improved in Talas and Jalal-Abad provinces, while it worsened in Yssyk-Kul province. Only fourteen districts showed 'sufficient' stock levels. Given the high poverty rate in Batken province (33 percent), the most dramatic situation was observed in Leilek and Bakten districts where 'insufficient' availability may have further hindered the ability of the most vulnerable to consume vegetable oil. Compared to the previous issue, the availability of sugar improved in Chuy, Talas and Yssyk-Kul provinces, while it worsened in Naryn. Overall, the situation remained critical with 'insufficient' or 'severely insufficient' stock levels in thirty districts. Considering the high incidence of poverty, the high prices and the scarce availability of sugar, particular attention should be devoted to Leilek and Batken districts in Batken province.

## Trends of Retail Prices of 12 Staple Foods (Weekly Trends) - Kyrgyz Republic

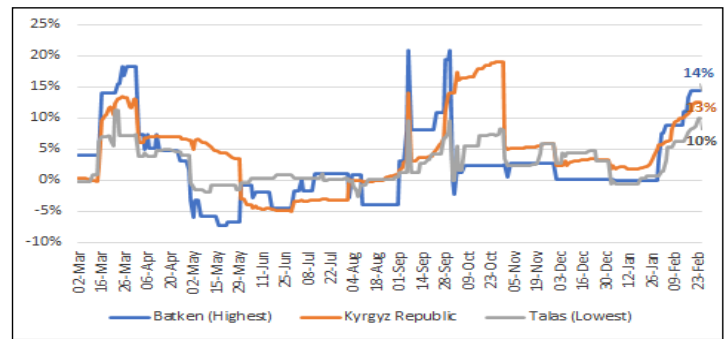
	10—24 Feb 2021 (KGS/kg)	27 Jan—10 Feb 2021 (KGS/kg)	Trend		10—24 Feb 2021 (KGS/kg)	27 Jan—10 Feb 2021 (KGS/kg)	Trend
<b>Bread (1st grade)</b>	48.95	48.72	0%	<b>Rice (medium)</b>	80.50	80.90	0%
<b>Milk</b>	38.46	39.07	-2%	<b>Sugar</b>	60.75	57.92	5%
<b>Meat (beef)</b>	445.34	441.89	1%	<b>Wheat</b>	23.91	23.88	0%
<b>Meat (mutton)</b>	438.94	434.40	1%	<b>Wheat flour (1st grade)</b>	39.26	39.62	-1%
<b>Oil (cooking)</b>	154.89	153.13	1%	<b>Wheat flour (high-grade)</b>	48.29	48.33	0%
<b>Potatoes</b>	32.41	32.04	1%	<b>Eggs</b>	106.29	105.21	1%

## SUGAR

Pic 1. Retail sugar prices (KGS/Kg)

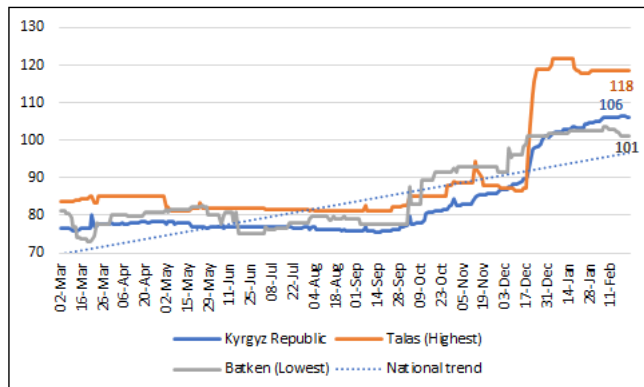


Pic 2. Growth rate of sugar, as a percentage of the daily prices from the previous average monthly price

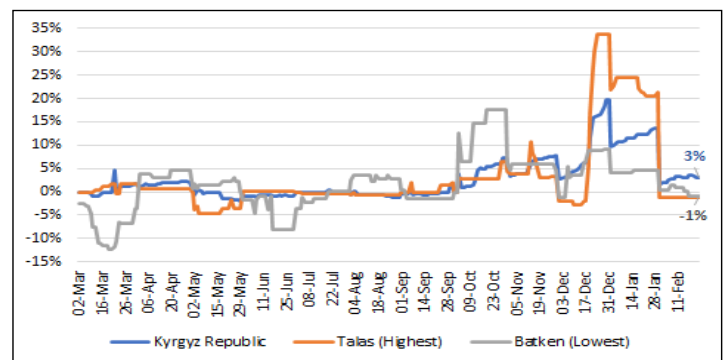


## EGGS

Pic 3. Retail egg prices (KGS/10 pcs)

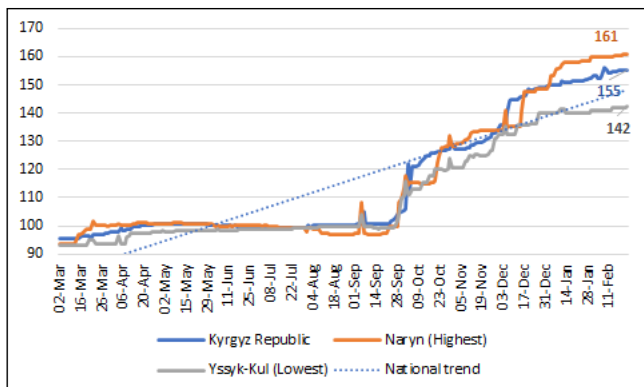


Pic 4. Growth rate of eggs, as a percentage of the daily prices from the previous average monthly price

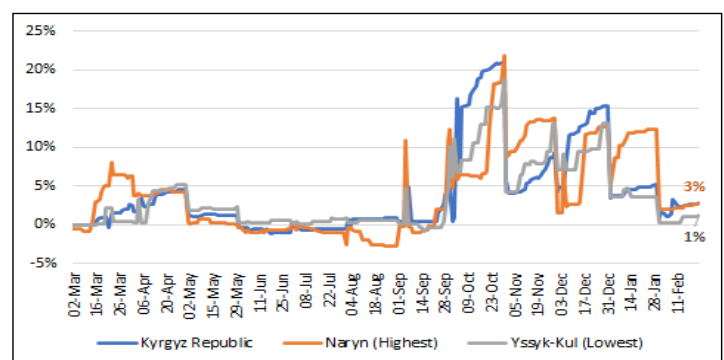


## OIL (COOKING)

Pic 5. Retail vegetable oil prices (KGS/Kg)

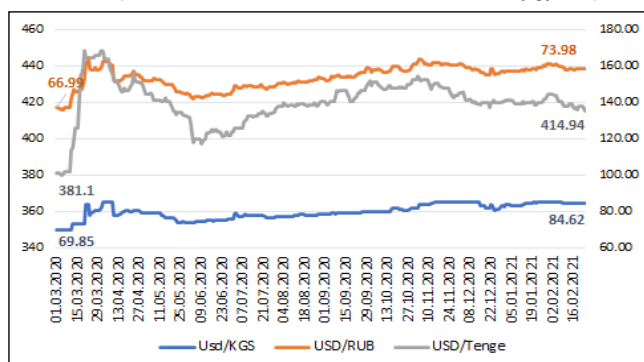


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



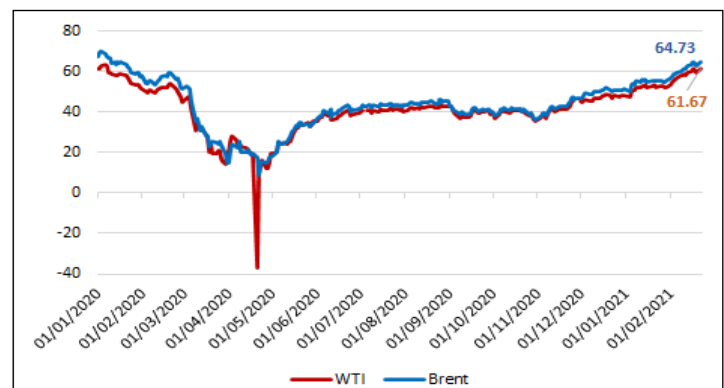
## EXCHANGE RATE

Pic 7. Exchange rates of the Russian ruble, Kyrgyz som and Kazakh tenge against the US dollar (source: National Banks of Russia, Kazakhstan and Kyrgyzstan)












## GLOBAL OIL PRICES

Pic 8. Daily WTI, Brent prices (Jan 2020 to 22 Feb 2021, source: EIA)



## Annex: Prices of 13 Food Commodities

The table shows the changes of the average retail prices of the current day, current week and current month compared to the average prices of the previous month.

Province	Commodity	Feb 24 Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Feb 24 Price (KGS)	Change in Price (%)			Level of Fluctuation		
			10 - 24 Feb / 27 Jan - 10 Feb	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/Feb 2020	10 - 24 Feb / 27 Jan - 10 Feb	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/Feb 2020			10 - 24 Feb / 27 Jan - 10 Feb	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/Feb 2020			
BATKEN																
	Bread (1st grade)	57	0%	0%	12%	►	►	▲	Potabes	31	0%	-1%	27%	►	►	▲
	Bread (lepeska)	63	0%	0%	5%	►	►	▲	Rice (medium)	74	-1%	-2%	-1%	►	►	►
	Eggs	#	-1%	0%	23%	►	►	▲	Sugar	64	5%	12%	46%	▲	▲	▲
	Meat (beef)	#	0%	0%	15%	►	►	►	Wheat	24	1%	0%	21%	►	►	▲
	Meat (mutton)	#	0%	0%	29%	►	►	▲	Wheat flour (1st quality)	40	0%	0%	17%	►	►	►
	Milk	40	-4%	4%	16%	►	►	▲	Wheat flour (high grade)	49	0%	-1%	11%	►	►	▲
	Oil (cooking)	#	3%	5%	61%	►	▲	▲								
BISHKEK CITY																
	Bread (1st grade)	47	1%	1%	7%	►	►	▲	Potabes	33	2%	7%	0%	►	▲	►
	Bread (lepeska)	68	0%	0%	7%	►	►	▲	Rice (medium)	74	-1%	-2%	1%	►	►	►
	Eggs	105	1%	4%	40%	►	►	▲	Sugar	61	5%	11%	50%	▲	▲	▲
	Meat (beef)	453	1%	1%	27%	►	►	▲	Wheat	25	0%	0%	32%	►	►	▲
	Meat (mutton)	437	1%	3%	41%	►	►	▲	Wheat flour (1st quality)	39	-2%	-2%	20%	►	►	▲
	Milk	40	0%	0%	0%	►	►	►	Wheat flour (high grade)	45	-1%	-1%	15%	►	►	▲
	Oil (cooking)	157	1%	2%	62%	►	►	▲								
CHUY																
	Bread (1st grade)	43	1%	1%	11%	►	►	▲	Potatoes	29	-4%	-2%	35%	►	►	▲
	Bread (lepeska)	67	0%	0%	4%	►	►	►	Rice (medium)	86	1%	1%	11%	►	►	▲
	Eggs	107	-1%	0%	38%	►	►	►	Sugar	60	5%	13%	53%	▲	▲	▲
	Meat (beef)	422	2%	2%	29%	►	►	▲	Wheat	22	0%	1%	20%	►	►	▲
	Meat (mutton)	425	1%	4%	35%	►	►	►	Wheat flour (1st quality)	40	0%	0%	16%	►	►	▲
	Milk	33	-7%	-9%	-8%	▼	▼	▼	Wheat flour (high grade)	47	1%	1%	8%	►	►	▲
	Oil (cooking)	147	1%	3%	60%	►	►	▲								
JALALABAD																
	Bread (1st grade)	54	0%	0%	4%	►	►	►	Potabes	34	1%	1%	40%	►	►	▲
	Bread (lepeska)	77	0%	-1%	5%	►	►	▲	Rice (medium)	88	0%	0%	4%	►	►	►
	Eggs	109	3%	6%	32%	►	▲	▲	Sugar	62	3%	12%	51%	►	▲	▲
	Meat (beef)	447	2%	3%	30%	►	►	▲	Wheat	22	0%	-2%	9%	►	►	▲
	Meat (mutton)	450	2%	3%	31%	►	►	▲	Wheat flour (1st quality)	40	0%	0%	14%	►	►	▲
	Milk	33	-6%	-12%	-10%	▼	▼	▼	Wheat flour (high grade)	46	0%	0%	9%	►	►	▲
	Oil (cooking)	149	1%	1%	64%	►	►	▲								
NARYN																
	Bread (1st grade)	56	0%	0%	6%	►	►	▲	Potabes	28	0%	0%	38%	►	►	▲
	Bread (lepeska)	67	0%	0%	11%	►	►	▲	Rice (medium)	72	-2%	-3%	3%	►	►	►
	Eggs	116	0%	1%	38%	►	►	►	Sugar	60	2%	9%	53%	►	▲	▲
	Meat (beef)	435	1%	3%	31%	►	►	▲	Wheat	16	0%	-1%	-9%	►	►	▼
	Meat (mutton)	435	1%	3%	32%	►	►	▲	Wheat flour (1st quality)	35	0%	0%	12%	►	►	▲
	Milk	30	-3%	-7%	-7%	►	▼	▼	Wheat flour (high grade)	42	1%	1%	5%	►	►	►
	Oil (cooking)	161	1%	2%	70%	►	►	▲								
OSH																
	Bread (1st grade)	62	0%	0%	2%	►	►	►	Potabes	33	1%	4%	40%	►	►	▲
	Bread (lepeska)	79	1%	1%	2%	►	►	►	Rice (medium)	98	0%	0%	7%	►	►	▲
	Eggs	113	5%	8%	61%	▲	▲	▲	Sugar	64	4%	8%	28%	►	▲	▲
	Meat (beef)	433	0%	0%	3%	►	►	►	Wheat	23	0%	2%	21%	►	►	▲
	Meat (mutton)	457	1%	1%	29%	►	►	▲	Wheat flour (1st quality)	41	1%	1%	9%	►	►	▲
	Milk	34	-4%	1%	2%	►	►	►	Wheat flour (high grade)	53	1%	2%	12%	►	►	▲
	Oil (cooking)	154	1%	-7%	61%	►	▼	▲								
TALAS																
	Bread (1st grade)	51	0%	0%	12%	►	►	▲	Potabes	30	10%	12%	32%	▲	▲	▲
	Bread (lepeska)	71	0%	0%	17%	►	►	▲	Rice (medium)	66	-1%	-1%	23%	►	►	▲
	Eggs	118	0%	-1%	42%	►	►	▲	Sugar	59	4%	8%	44%	►	▲	▲
	Meat (beef)	421	4%	5%	34%	►	►	▲	Wheat	20	2%	3%	25%	►	►	▲
	Meat (mutton)	422	6%	7%	33%	▲	▲	▲	Wheat flour (1st quality)	39	1%	1%	16%	►	►	▲
	Milk	33	5%	5%	12%	▲	▲	▲	Wheat flour (high grade)	49	1%	1%	31%	►	►	▲
	Oil (cooking)	150	1%	1%	67%	►	►	▲								
YSSYK-KUL																
	Bread (1st grade)	46	1%	2%	4%	►	►	►	Potabes	30	3%	8%	60%	►	▲	▲
	Bread (lepeska)	63	2%	4%	7%	►	►	▲	Rice (medium)	85	0%	0%	8%	►	►	▲
	Eggs	111	0%	-1%	48%	►	►	▲	Sugar	60	5%	11%	64%	▲	▲	▲
	Meat (beef)	442	2%	4%	31%	►	►	▲	Wheat	20	0%	1%	10%	►	►	▲
	Meat (mutton)	420	2%	4%	35%	►	►	▲	Wheat flour (1st quality)	41	1%	1%	14%	►	►	▲
	Milk	35	0%	4%	35%	►	►	▲	Wheat flour (high grade)	51	1%	1%	7%	►	►	▲
	Oil (cooking)	142	1%	0%	0%	►	►	►								
KYRGYZ REPUBLIC																
	Bread (1st grade)	49	0%	1%	7%	►	►	▲	Potabes	32	1%	4%	47%	►	►	▲
	Bread (lepeska)	68	0%	0%	7%	►	►	▲	Rice (medium)	80	0%	-1%	4%	►	►	►
	Eggs	106	1%	3%	39%	►	►	▲	Sugar	62	5%	11%	48%	►	▲	▲
	Meat (beef)	446	1%	1%	27%	►	►	▲	Wheat	24	0%	0%	26%	►	►	▲
	Meat (mutton)	440	1%	3%	37%	►	►	▲	Wheat flour (1st quality)	39	-1%	-1%	18%	►	►	▲
	Milk	38	-2%	-1%	-1%	►	►	►	Wheat flour (high grade)	48	0%	0%	15%	►	►	▲
	Oil (cooking)	155	1%	3%	62%	►	►	▲								

▲ 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

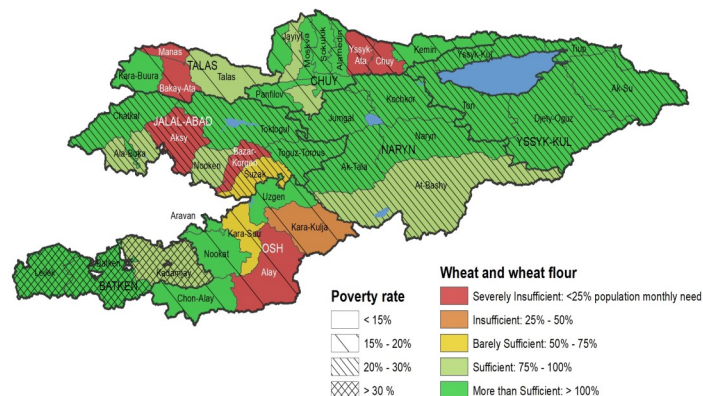


## Annex 2: Availability of three main food commodities

The maps below show the level of availability and sufficiency of three main staple foods at district level — wheat and wheat flour, vegetable oil and sugar as of 26 February 2021. Given the high import dependency that the Kyrgyz Republic has of these commodities, they are being monitored by the Ministry of Agriculture, Food Industry and Melioration and reflect the population's overall physiological needs of the commodities under consideration. The overlapping of poverty rates shows a population's economic access to food and provides useful information on the geographical areas to which particular attention should be devoted, as insufficient levels in these areas may further prevent the poor to consume the commodity. It should also be noted that the poverty rates are pre-COVID-19 estimates, which are likely to have worsened as a result of the pandemic.

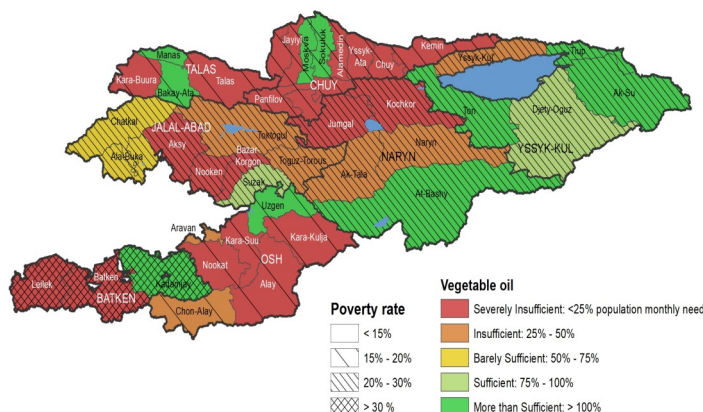
### WHEAT AND WHEAT FLOUR

Since the last price monitoring issue, the availability of wheat and wheat flour slightly decreased in Jalal-Abad, Talas and Batken, while it improved in Naryn. Overall, the availability of wheat and wheat flour was good. As of 26 February 2021, 30 districts reached 'sufficient' wheat and wheat flour stock levels to cover over 75 percent of their population's monthly needs. Among these 30 districts, 24 districts were able to satisfy the needs of their entire population for more than one month. Although the availability may have been 'sufficient', given the incidence of poverty, increasing retail prices affect the ability of the most vulnerable to access wheat and wheat flour. One district showed 'insufficient' levels (Kara-Kulja) and seven districts experienced 'severely insufficient' levels of wheat and wheat flour stock (Aksy and Bazar-Korgon districts in Jalal-Abad province, Alay district in Osh province, Bakay-Ata and Manas districts in Talas province, and Yssyk-Ata and Chuy districts in Chuy province). Considering the incidence of poverty (27 percent), the already high share of income spent on food (59 percent) and the increasing retail prices for wheat and wheat flour in the province, which affected the access to food and households' purchasing power, particular attention should be devoted to districts showing 'severely insufficient' levels in Jalal-Abad as the scarce availability may further prevent the most vulnerable to consume wheat and wheat flour.



### OIL (COOKING)

Since the last price monitoring issue, the availability of vegetable oil improved in Yssyk-Kul province and worsened in Batken, Jalal-Abad, Naryn and Talas provinces. Fourteen districts showed 'sufficient' levels to satisfy more than half of their population's monthly needs, with ten districts being able to satisfy their population's needs for over a month. Given the incidence of poverty in the province (28 percent), the high retail prices observed in Naryn—the highest in the country—could have hindered the capacity of the most poor to access cooking oil even in the districts showing good levels of availability. The availability of vegetable oil was 'insufficient' in seven districts (Yssyk-Kul, Toktogul, Toguz-Torous, Naryn, Ak-Tala, Aravan and Chon-Alay) and 'severely insufficient' in all districts in Chuy province (except for Moskva and Sokuluk), Kara-Buura and Talas districts in Talas province, Ask, Nookan and Bazar-Korgon districts in Jalal-Abad province, Kochkor and Jumgal districts in Naryn province, Kara-Kulja, Kara-Suu, Alay and Nookat districts in Osh province, Leilek and Batken districts in Batken province. Given the high poverty rate in Batken (33 percent)—a factor that affects access to the commodity—the most dramatic situation was noted in Leilek and Batken districts, where the 'insufficient' availability may have further hindered the ability of the most vulnerable to consume vegetable oil.



### SUGAR

Compared to the previous issue, the availability of sugar improved in Chuy, Talas and Yssyk-Kul provinces, while it worsened in Naryn province. Overall, the availability of sugar was critical. Only ten districts had 'sufficient' levels to satisfy more than half of their population's monthly needs, with six districts being able to satisfy their population's needs for over a month. Although there were good availability levels in some districts, the overall incidence of poverty in Naryn (28 percent) and Yssyk-Kul (24 percent) provinces may affect the ability of the poorest households to access sugar. All districts in Batken (apart from Kadamjay), Osh (except Kara-Suu), Jalal-Abad (apart from Ala-Buka), Chuy (except Panfilov, Jayyl, Moskva and Sokuluk) and Naryn provinces (with the exception of At-Bashy) faced a status of 'severely insufficient' levels of sugar stocks that satisfied less than a quarter of their population's monthly needs. In addition, Yssyk-Kul district in Yssyk-Kul province had 'severely insufficient' levels of sugar stocks. Considering that 33 percent of the population was living below the national poverty line in Batken province—with the poorest quintile already spending 57 percent of their income on food—and that the highest retail price for sugar was observed in this province, particular attention should be devoted to the 'severely insufficient' levels in Leilek and Batken districts. Poverty and higher prices affect access to food, which combined with a reduced availability, may further compromise the ability of the poor to consume sugar.

