

# Monthly Price Monitoring for Food Security in the Kyrgyz Republic

## Situation Update

Economic activity in the Kyrgyz Republic is recovering at a moderate pace, although pre-pandemic levels are still out of reach. From January-November 2021, GDP increased by 2.4 percent compared to the previous year, totalling 626 billion Kyrgyz soms (USD 7.4 billion). While this increase is driven by the service sector (+6.1 percent) and improvement of agriculture (+1.4 percent), the restraining factor is still the decline in production of the main sectors of the economy: industry (-1.7 percent) and construction (-1.3 percent). ADB forecasted a growth of 3.5 percent for 2021 and a 5 percent growth for 2022, while Ministry of Economy and Commerce projected a growth of 6.1 percent for 2022.

There was a positive inflow of foreign currencies into the country with formal remittances increasing by 16.6 percent, amounting to USD 1.6 billion compared to the same period last year. In November 2021, compared to the same period last year, the Consumer Price Index (CPI), which measures price inflation, increased by 12 percent for all goods and services and by 18.4 percent for staple foods. The increase in the cost of a number of administrative prices and tariffs further contributed to headline inflation. The CPI for fuel and lubricants is estimated to be at +35.7 percent, leading to an increase in transportation costs.

The abnormally high temperature this summer and the lack of irrigation water during the growing season led to a decrease in the yield of grain crops. The harvest of wheat decreased almost two times or by 42 percent, barley by 46 percent, oil crops by 25.4 percent, sugar beet by 19 percent, potatoes by 2.9 percent, melons by 14 percent, fruit and berry crops by 3.9 percent, corn by 3.3 percent and vegetables by 1.2 percent. This creates the risk of a decrease in egg production during winter due to the lower availability of feeding crops and consequently higher prices.

The observed increase in food prices in world markets, the limited supply in producing countries, the possible limited availability of staple foods due to decreased yields in the Kyrgyz Republic, the increase of tariffs for public transportation due to the significant increase of fuel prices will lead to continued growth in consumer prices for the remaining months of 2021 and in the first half of 2022. Rising food prices worsen the purchasing power of poor households, for which food already accounts for 65 percent of their expenses, and are affecting households' access to a nutritious diet, vital for all-around growth and development. To mitigate further deterioration, the Government purchased wheat for 1.5 billion KGS (approximately 17.7 million USD), and vegetable oil and sugar for 300 million KGS (approximately 3.5 million USD) for Material Reserve. Additionally, the Government continues to monitor and stabilize food markets across the country through price controls on 11 essential food items and to regulate import and export volumes. The Antimonopoly Agency will continue the monitoring of fuels and lubricants prices, and issuing recommendations to prevent an unjustified increase of fuels and lubricants prices.

**The following section discusses the average prices for the four weeks from 19 November to 17 December 2021 in comparison to the previous four weeks (November 2021), the monthly average in February 2020 (before the COVID-19 outbreak began in the country) and the annual average of December 2020.**



- **WHEAT:** During the weeks from 19 November to 17 December 2021, the national retail price of wheat remained stable, with an average price of 31.86 KGS/kg. As of 17 December 2021, the highest price of wheat was observed in Bishkek city (35 KGS/kg) and the lowest price was in Naryn province (24 KGS/kg). Prices were 38 percent and 67 percent higher compared to December and February 2020 respectively, and continued to be higher than normal annual price fluctuations (within the benchmark of 15 percent). Globally, wheat prices have stabilized during the past two quarters, following considerable gains since the summer of 2020 when weather problems affected production of some key exporters. Production during the ongoing season appears favorable as good crops in the Southern Hemisphere are expected to compensate for lower-than-expected yields in parts of Canada, Kazakhstan, Russian Federation, and the United States. However, although global production is expected to be marginally higher than last season, the available stocks will be lower due to a strong increase in demand. The price increase in the country is also driven by the usage of locally produced wheat for feeding livestock.



- **OIL (COOKING):** The national retail prices of vegetable oil increased by 1 percent from the previous month, leading to an average price of 176.13 KGS/L. As of 17 December 2021, the highest price was in Naryn province (182 KGS/L) and the lowest was in Chuy province (165 KGS/L). Compared to December and February 2020, the prices were 22 percent and 85 percent higher respectively, an increase above normal annual price fluctuations. The Kyrgyz Republic has a high import dependency on vegetable oil due to its low internal production and its low capacity for processing oil seeds.



- **SUGAR:** The national retail prices of sugar increased by 2 percent, with an average price of 70.44 KGS/kg. As of 17 December 2021, the highest prices were observed in Batken province (75 KGS/kg), while the lowest prices were in Chuy province (67 KGS/kg). The price of sugar was 30 percent and 71 percent higher compared to December and February 2020 levels, a significant increase than normal annual price fluctuations. The international sugar market is characterised by production shortfalls in some major producing countries for a third consecutive year, resulting in a tight global sugar balance and an upward pressure on prices.



- **POTATOES:** The national retail prices of potatoes increased by 10 percent (or 3 KGS) from the previous period, leading to an average price of 38.72 KGS/kg. The price increase is significantly higher than normal seasonal fluctuations. As of 17 December 2021, the highest prices were observed in Bishkek city (42 KGS/kg) and the lowest in Chuy and Jalal-Abad provinces (37 KGS/kg). The price of potatoes was 31 percent and 76 percent higher than December and February 2020 respectively, an increase above normal annual price fluctuations.

## Situation Update



• **MILK:** The national retail prices of milk increased by 14 percent for mutton compared to the previous month's levels, with an average price of 47.11 KGS/l. As of 17 December 2021, the highest prices were observed in Jalal-Abad province at 56 KGS/l, and the lowest in Naryn province at 39 KGS/l. The prices of milk rose by 21 percent and 22 percent compared to December and February 2020 respectively, increases are above normal annual price fluctuations. The latest increase in the prices of milk in the Kyrgyz Republic was following the seasonal price fluctuations and was caused by headline inflation.



• **EGGS:** The national retail prices of eggs increased by 3 percent (or 3 KGS), leading to an average of 103.44 KGS/10 pcs. As of 17 December, the highest prices were observed in Naryn province (115 KGS/10 pcs), and the lowest in Bishkek city (100 KGS/10 pcs). Egg prices were 12 percent and 35 percent higher compared to the December and February 2020. The increase of egg prices in 2021 is due to lower domestic production as a result of dry conditions and higher prices for forage crops. As of November 2021, producer prices for wheat and barley remained 41% and 70% high compared to November 2020.



• **EXCHANGE RATE:** The situation in the domestic foreign exchange market remained stable as the National Bank interventions prevented sharp fluctuations in the exchange rate. During the weeks from 19 November to 17 December 2021, the Kyrgyz som slightly appreciated from 84.8 KGS to 84.79 KGS per 1 USD, the Russian ruble depreciated from 72.6 RUB to 73.57 RUB per 1 USD, and the Kazakh tenge depreciated from 431.6 KZT to 435.54 per 1 USD. Compared to December 2020, the Kyrgyz Som and Kazakh tenge depreciated by 2 percent and 4 percent, while Russian ruble appreciated by 1 percent. However, since March 2020, according to the exchange rate of the National Bank, these currencies had a sharp devaluation of 21 percent, 10 percent and 14 percent respectively against the US dollar. Lower informal 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 AND RETAIL PRICES:** Prices for fuels and lubricants in Kyrgyzstan have significantly increased over the year. The national retail prices for fuel (AI-92) significantly increased by 54 percent and for diesel by 52 percent as of 17 December 2021 compared to February 2021 levels (when oil retail prices went up), and compared to December 2020, prices increased by 73 percent and 68 percent respectively, reaching 59.33 KGS/l for fuel (AI-92) and 58.17 KGS/l for diesel. According to the Antimonopoly Agency, the rise of fuel prices in Kyrgyzstan is due to a decrease of production volumes in 2020 due to the epidemiological situation in the world and a decrease in the margin to the level of 2011, the growth in demand for petroleum products in the Russian Federation before spring field work, and an increase in excise taxes in the Russian Federation on gasoline, diesel fuel, motor oils and middle distillates. At the same time, according to the forecasts of Association of Oil Traders of Kyrgyzstan the price of diesel is expected to rise by about 12 KGS and gasoline by 7/8 KGS by the end of 2021. The Ministry of Economy just recently signed an agreement with the Russian government, and adjusted the fuel and energy balance. It turns out that now supplies to Kyrgyzstan from Russia will be 40 percent higher, which means that the increasing demand will be satisfied. The fuel and lubricant prices remained lowest in comparison with neighbouring countries and some EAEU countries.

Globally, after a gradual recovery since March 2021, global oil production declined in August and September, after reaching a post-pandemic high in July, as output was disrupted by maintenance, weather, and production constraints. Reflecting the faster recovery in consumption than production, oil inventories have also continued to fall, which will lead to crude oil prices falling in 2022. However, recent lockdowns sap demand for petroleum products and businesses are closed. Oil prices slumped as surging cases of the Omicron coronavirus variant in Europe and the United States stoked investor worries that new restrictions to combat its spread could dent fuel demand. Globally, from 22 November to 13 December 2021, the prices of the two most prevalent grades of crude oil (Brent and WTI) decreased from 76.74 USD per barrel to 71.19 USD per barrel, and WTI decreased from 80.97 USD per barrel to 74.12 USD per barrel. As of 13 December 2021, WTI and Brent prices still remained 18 percent and 15 percent higher respectively, than March 2020 levels.

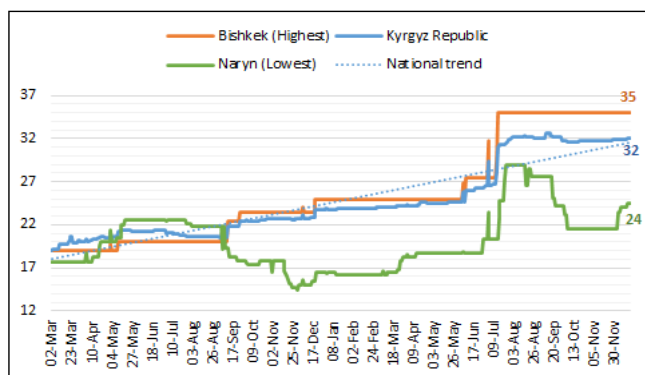
### Trends of Retail Prices of 12 Staple Foods (Weekly Trends) - Kyrgyz Republic

	19 Nov—17 Dec 2021 (KGS/kg)	22 Oct—19 Nov 2021 (KGS/kg)	Trend		19 Nov—17 Dec 2021 (KGS/kg)	22 Oct—19 Nov 2021 (KGS/kg)	Trend
<b>Bread (1st grade)</b>	54.76	52.28	5%	<b>Rice (medium)</b>	81.87	81.38	1%
<b>Milk</b>	47.11	41.48	14%	<b>Sugar</b>	70.66	68.96	2%
<b>Meat (beef)</b>	481.06	478.47	1%	<b>Wheat</b>	31.86	31.76	0%
<b>Meat (mutton)</b>	474.43	483.03	-1%	<b>Wheat flour (1st grade)</b>	40.82	40.27	2%
<b>Oil (cooking)</b>	176.36	175.17	1%	<b>Wheat flour (high-grade)</b>	51.20	50.31	2%
<b>Potatoes</b>	38.72	35.33	10%	<b>Eggs</b>	103.44	100.40	3%

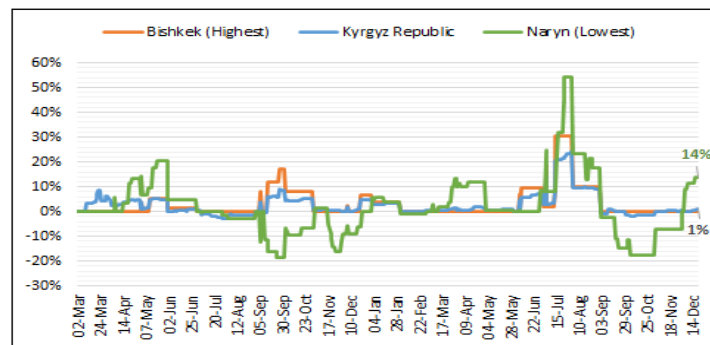
This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen, Kara-Suu and Nookat; Talas province - Talas and Manas; Naryn province - Naryn and Chaek; 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.

## WHEAT

Pic 1. Retail wheat prices (KGS/kg)

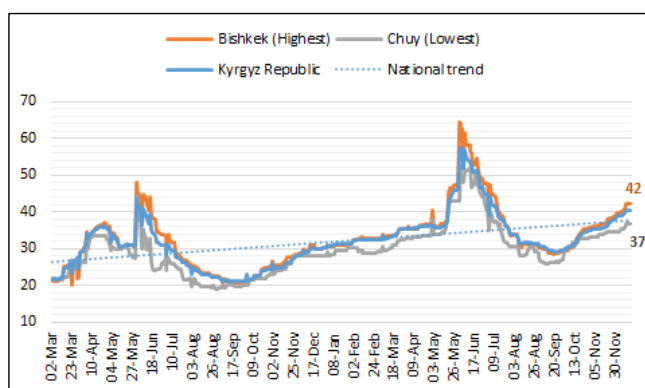


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

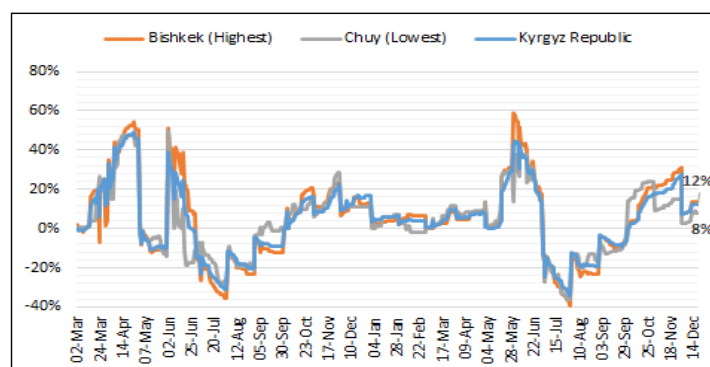


## POTATO

Pic 3. Retail potatoes prices (KGS/kg)

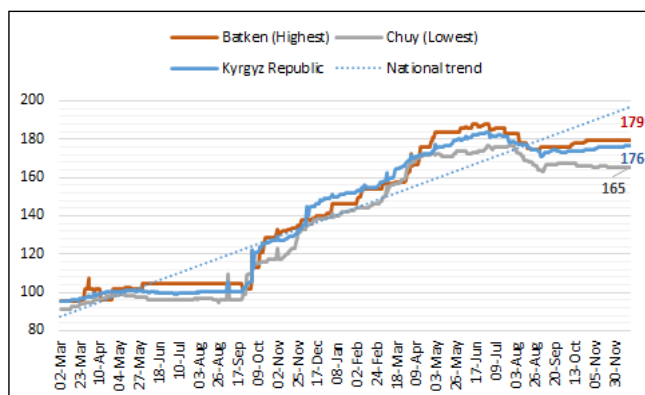


Pic 4. Growth rate of potatoes, as a percentage of the daily prices from the previous average monthly price

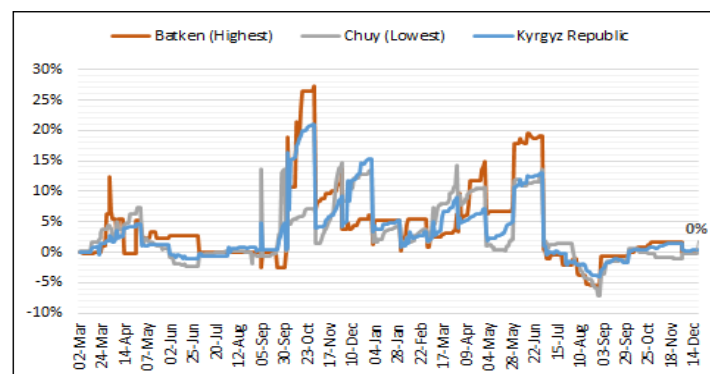


## OIL (COOKING)

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

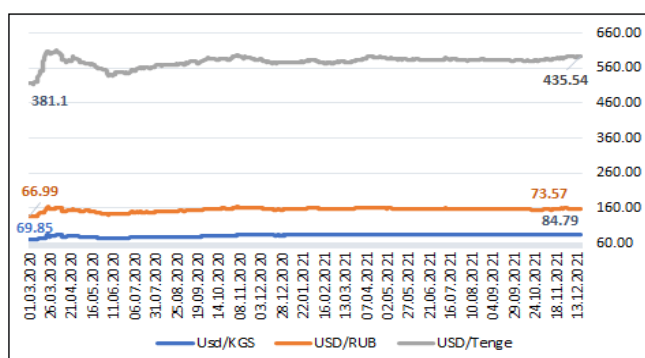


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



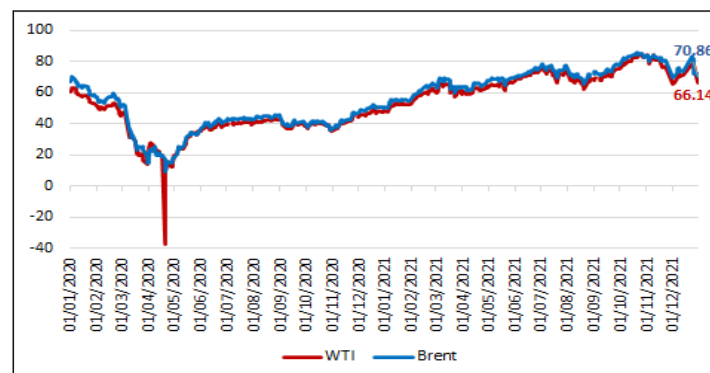
## EXCHANGE RATE

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 13 Dec 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	December 17 Price (KGS)	Change in Price (%)				Level of Fluctuation				Commodity	December 17 Price (KGS)	Change in Price (%)				Level of Fluctuation			
			19 Nov - 17 Dec / 22 Oct - 19 Nov	MONTHLY PRICE / November r 2021	MONTHLY PRICE / December r 2020	MONTHLY PRICE / November b 2020	19 Nov - 17 Dec / 22 Oct - 19 Nov	MONTHLY PRICE / November r 2021	MONTHLY PRICE / December r 2020	MONTHLY PRICE / November b 2020			19 Nov - 17 Dec / 22 Oct - 19 Nov	MONTHLY PRICE / November r 2021	MONTHLY PRICE / December r 2020	MONTHLY PRICE / November b 2020				
	Bread (1st grade)	60	2%	0%	6%	19%	▶	▶	▶	▶	Potatoes	37	3%	1%	28%	51%	▶	▶	▶	▶
	Bread (lepesika)	78	0%	1%	21%	28%	▶	▶	▶	▶	Rice (medium)	84	-3%	-2%	11%	13%	▶	▶	▶	▶
	Eggs	110	1%	0%	12%	32%	▶	▶	▶	▶	Sugar	75	3%	3%	31%	70%	▶	▶	▶	▶
	Meat (beef)	465	0%	0%	19%	36%	▶	▶	▶	▶	Wheat	32	3%	1%	31%	56%	▶	▶	▶	▶
	Meat (mutton)	500	0%	0%	12%	43%	▶	▶	▶	▶	Wheat flour (1st quality)	43	2%	2%	7%	26%	▶	▶	▶	▶
	Milk	50	9%	4%	33%	43%	▶	▶	▶	▶	Wheat flour (high grade)	51	1%	0%	4%	16%	▶	▶	▶	▶
	Oil (cooking)	179	0%	0%	29%	88%	▶	▶	▶	▶										
	Bread (1st grade)	54	5%	3%	16%	21%	▶	▶	▶	▶	Potatoes	42	11%	8%	33%	0%	▶	▶	▶	▶
	Bread (lepesika)	76	0%	0%	18%	21%	▶	▶	▶	▶	Rice (medium)	76	2%	1%	0%	4%	▶	▶	▶	▶
	Eggs	100	4%	2%	14%	33%	▶	▶	▶	▶	Sugar	70	3%	2%	30%	75%	▶	▶	▶	▶
	Meat (beef)	489	1%	1%	8%	36%	▶	▶	▶	▶	Wheat	35	0%	0%	46%	84%	▶	▶	▶	▶
	Meat (mutton)	461	-2%	-1%	17%	51%	▶	▶	▶	▶	Wheat flour (1st quality)	40	1%	1%	2%	24%	▶	▶	▶	▶
	Milk	50	12%	11%	16%	15%	▶	▶	▶	▶	Wheat flour (high grade)	49	2%	2%	6%	23%	▶	▶	▶	▶
	Oil (cooking)	177	1%	1%	21%	82%	▶	▶	▶	▶										
	Bread (1st grade)	49	3%	1%	13%	23%	▶	▶	▶	▶	Potatoes	37	6%	4%	26%	66%	▶	▶	▶	▶
	Bread (lepesika)	74	3%	2%	3%	14%	▶	▶	▶	▶	Rice (medium)	81	1%	1%	-3%	6%	▶	▶	▶	▶
	Eggs	104	2%	0%	2%	32%	▶	▶	▶	▶	Sugar	67	0%	0%	35%	76%	▶	▶	▶	▶
	Meat (beef)	464	0%	0%	0%	43%	▶	▶	▶	▶	Wheat	26	2%	2%	22%	38%	▶	▶	▶	▶
	Meat (mutton)	465	-1%	0%	-1%	47%	▶	▶	▶	▶	Wheat flour (1st quality)	43	1%	1%	6%	24%	▶	▶	▶	▶
	Milk	43	6%	4%	15%	17%	▶	▶	▶	▶	Wheat flour (high grade)	51	1%	0%	10%	17%	▶	▶	▶	▶
	Oil (cooking)	165	0%	0%	21%	82%	▶	▶	▶	▶										
	Bread (1st grade)	61	1%	0%	13%	18%	▶	▶	▶	▶	Potatoes	37	4%	2%	-4%	54%	▶	▶	▶	▶
	Bread (lepesika)	88	4%	2%	14%	20%	▶	▶	▶	▶	Rice (medium)	85	-2%	-1%	-4%	1%	▶	▶	▶	▶
	Eggs	109	1%	0%	13%	32%	▶	▶	▶	▶	Sugar	72	6%	4%	32%	74%	▶	▶	▶	▶
	Meat (beef)	463	1%	0%	9%	36%	▶	▶	▶	▶	Wheat	31	0%	0%	27%	48%	▶	▶	▶	▶
	Meat (mutton)	477	-1%	-2%	12%	40%	▶	▶	▶	▶	Wheat flour (1st quality)	43	7%	4%	8%	23%	▶	▶	▶	▶
	Milk	56	18%	15%	28%	32%	▶	▶	▶	▶	Wheat flour (high grade)	52	6%	4%	14%	24%	▶	▶	▶	▶
	Oil (cooking)	178	0%	0%	21%	96%	▶	▶	▶	▶										
	Bread (1st grade)	61	-1%	0%	9%	16%	▶	▶	▶	▶	Potatoes	38	17%	13%	34%	57%	▶	▶	▶	▶
	Bread (lepesika)	72	0%	0%	10%	20%	▶	▶	▶	▶	Rice (medium)	74	1%	1%	-1%	5%	▶	▶	▶	▶
	Eggs	115	16%	4%	13%	34%	▶	▶	▶	▶	Sugar	69	7%	1%	31%	80%	▶	▶	▶	▶
	Meat (beef)	465	0%	0%	11%	40%	▶	▶	▶	▶	Wheat	24	2%	6%	47%	29%	▶	▶	▶	▶
	Meat (mutton)	465	0%	0%	11%	42%	▶	▶	▶	▶	Wheat flour (1st quality)	41	6%	4%	15%	29%	▶	▶	▶	▶
	Milk	39	32%	10%	27%	18%	▶	▶	▶	▶	Wheat flour (high grade)	47	6%	3%	17%	21%	▶	▶	▶	▶
	Oil (cooking)	182	3%	1%	27%	90%	▶	▶	▶	▶										
	Bread (1st grade)	67	6%	3%	7%	9%	▶	▶	▶	▶	Potatoes	39	13%	6%	27%	62%	▶	▶	▶	▶
	Bread (lepesika)	89	6%	3%	15%	32%	▶	▶	▶	▶	Rice (medium)	100	0%	0%	0%	8%	▶	▶	▶	▶
	Eggs	112	3%	0%	12%	87%	▶	▶	▶	▶	Sugar	74	4%	0%	32%	55%	▶	▶	▶	▶
	Meat (beef)	483	0%	0%	13%	3%	▶	▶	▶	▶	Wheat	29	1%	1%	25%	50%	▶	▶	▶	▶
	Meat (mutton)	519	0%	0%	17%	48%	▶	▶	▶	▶	Wheat flour (1st quality)	43	3%	2%	5%	13%	▶	▶	▶	▶
	Milk	47	16%	0%	19%	32%	▶	▶	▶	▶	Wheat flour (high grade)	55	4%	1%	7%	15%	▶	▶	▶	▶
	Oil (cooking)	176	0%	9%	21%	87%	▶	▶	▶	▶										
	Bread (1st grade)	60	1%	1%	18%	32%	▶	▶	▶	▶	Potatoes	39	31%	13%	47%	71%	▶	▶	▶	▶
	Bread (lepesika)	77	1%	0%	7%	26%	▶	▶	▶	▶	Rice (medium)	65	0%	0%	-3%	5%	▶	▶	▶	▶
	Eggs	107	13%	3%	9%	28%	▶	▶	▶	▶	Sugar	70	6%	1%	32%	76%	▶	▶	▶	▶
	Meat (beef)	435	-1%	-1%	13%	43%	▶	▶	▶	▶	Wheat	25	5%	0%	38%	61%	▶	▶	▶	▶
	Meat (mutton)	441	-3%	-2%	16%	44%	▶	▶	▶	▶	Wheat flour (1st quality)	42	0%	-1%	10%	27%	▶	▶	▶	▶
	Milk	40	8%	2%	19%	26%	▶	▶	▶	▶	Wheat flour (high grade)	54	1%	0%	11%	44%	▶	▶	▶	▶
	Oil (cooking)	169	4%	0%	25%	88%	▶	▶	▶	▶										
	Bread (1st grade)	48	0%	0%	8%	10%	▶	▶	▶	▶	Potatoes	38	39%	10%	44%	90%	▶	▶	▶	▶
	Bread (lepesika)	70	6%	0%	15%	19%	▶	▶	▶	▶	Rice (medium)	82	-1%	0%	-3%	5%	▶	▶	▶	▶
	Eggs	109	19%	5%	5%	37%	▶	▶	▶	▶	Sugar	68	8%	2%	29%	87%	▶	▶	▶	▶
	Meat (beef)	455	-3%	0%	13%	35%	▶	▶	▶	▶	Wheat	27	0%	0%	34%	46%	▶	▶	▶	▶
	Meat (mutton)	442	-4%	-1%	17%	46%	▶	▶	▶	▶	Wheat flour (1st quality)	41	-2%	0%	2%	15%	▶	▶	▶	▶
	Milk	45	39%	-1%	20%	46%	▶	▶	▶	▶	Wheat flour (high grade)	57	1%	0%	13%	19%	▶	▶	▶	▶
	Oil (cooking)	172	1%	17%	27%	20%	▶	▶	▶	▶										
	Bread (1st grade)	55	5%	3%	14%	19%	▶	▶	▶	▶	Potatoes	41	10%	7%	31%	76%	▶	▶	▶	▶
	Bread (lepesika)	78	2%	1%	17%	21%	▶	▶	▶	▶	Rice (medium)	82	1%	0%	1%	6%	▶	▶	▶	▶
	Eggs	104	3%	2%	12%	35%	▶	▶	▶	▶	Sugar	71	2%	1%	30%	71%	▶	▶	▶	▶
	Meat (beef)	484	1%	0%	10%	38%	▶	▶	▶	▶	Wheat	32	0%	0%	38%	67%	▶	▶	▶	▶
	Meat (mutton)	474	-1%	-1%	17%	49%	▶	▶	▶	▶	Wheat flour (1st quality)	41	2%	1%	3%	22%	▶	▶	▶	▶
	Milk	50	14%	11%	21%	22%	▶	▶	▶	▶	Wheat flour (high grade)	52	2%	1%	7%	22%	▶	▶	▶	▶
	Oil (cooking)	176	1%	0%	22%	85%	▶	▶	▶	▶										

▲ 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