

Monthly Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

The events in Ukraine, which began on 24 February 2022, and its potential impact on the economy of the Russian Federation, have already plunged global food and energy markets into turmoil, pushing food prices even higher. For countries dependent on the Russian Federation for food imports like the Kyrgyz Republic, the spill-over effects could be severe. **After significant depreciation** in February 2022, by 8th April 2022, the **Kyrgyz Som appreciated by 17 percent from almost 103 KGS to around 82 KGS against the US Dollar.** Despite the recent appreciation, the situation remains highly volatile and the poorest households, who already spend 65 percent of their income on food, will be the most affected by currency fluctuations.

Despite the challenge to the Kyrgyz economy to recover from the effects of the COVID-19 pandemic, some improvements were observed in early 2022. In January – March 2022, monthly **Global Domestic Product (GDP) increased by 4.5 percent**, compared to the previous year, **adding a net 145 billion Kyrgyz Soms (USD 1.7 billion)** to the economy. This increase was predominantly driven by improvements in the agriculture, construction, service sector and industry. Yet, ADB growth projection for 2022 were revised downwards from 5 percent to 2 percent. Inflation, currently at 13.2 percent (NBKR) is forecasted to reach 15 percent in 2022 (ADB), the highest in the region.

Increasing geopolitical risks in the world and the region, have already begun to negatively affect the recovery in the Kyrgyz Republic, most notably seen in **rising consumer prices**. In January – March 2022, the Consumer Price Index (CPI) increased by **12 percent for all goods and services** and by **15 percent for staple foods**, as compared to January – March 2021. It is worth noting that the Government imported key food commodities last year in a bid to stabilise prices, which helped prevent a further deterioration of food prices (wheat, vegetable oil and sugar were purchased for a cumulative sum of KGS 1.8 billion or USD 21.2 million). Due to the events in Ukraine and the related destabilization of global and regional markets, imports could be potentially harder to undertake this year. The CPI for **fuel and lubricants is estimated to have increased by 61 percent**, leading to an increase of transportation costs, which in turn has affected all other prices.

The Russian Federation has lifted the ban on the export of grain and sugar to the countries of the Eurasian Economic Union (EAEU). Russian Federation suspended grain and sugar exports to Eurasian Economic Union (EAEU) countries until 31 August 2022. While the Kyrgyz Republic produced almost 363,000 tons of its own wheat in 2021, it also imported approximately 125,000 tons from the Russian Federation. The Government has prepared a decree for the Cabinet Ministers on the introduction of a temporary ban starting from 15 February until 15 August 2022 on the export of wheat, wheat flour, sugar, vegetable oil, eggs and feed crops from the Kyrgyz Republic to other countries outside the EAEU to ensure the food security of the country, prevent critical shortages of food and promptly respond to internal and external threats to the food market. To stabilise the market, the Government has introduced Zero VAT for import of sugar and vegetable oil.

The abnormally high temperatures last summer and the lack of irrigation water led to **lower yields across multiple key crops**: wheat (-42 percent) barley (-46 percent), oil crops (-25.4 percent), sugar beet (-18 percent) and melons (-14 percent). Unstable weather conditions (frequent rains with decreasing temperatures) observed in March caused a slowdown in the pace of spring field works. Thus, as of 23 March 2022, 26 percent less of spring crops were sown compared to the previous year. According to ECMF, the rainfall from April to June 2022 is likely to be slightly below average conditions (20-40% possibility of exceeding the median rainfall) across the country. Above average temperatures may lead to flash floods and landslides caused by earlier than normal snowmelt that could result in crop damage in the next coming months. Further, early snowmelt may lead to the reduction of water supply for planting of spring season crops in all areas of this subregion in the next coming months.

The following section discusses average prices for the four weeks from 11 March to 08 April 2022, in comparison to the previous four weeks in 2022, the monthly average in February 2020 (before the COVID-19 outbreak began in the country) and the annual average of March 2021.



- **Wheat:** During the current reporting period (from 11 March to 08 April 2022), the national retail price of wheat increased by 3 percent, with an average price of almost 32 KGS/kg. As of 08 April 2022, the highest price for wheat was observed in Jalal-Abad province (35 KGS/kg) and the lowest price in Naryn and Yssyk-Kul provinces (27 KGS/kg). Prices were 31 percent and 66 percent higher, compared to March 2021 and February 2020 respectively, and continued to be higher than normal annual price fluctuations (within the benchmark of 15 percent).



- **Wheat flour (1st grade):** The national retail prices of wheat flour (1st grade) increased by 11 percent, with an average price of 47 KGS/kg. As of 08 April, the highest price for wheat flour (1st grade) was observed in Osh province (49 KGS/kg) and the lowest price in Naryn, Jalal-Abad and Yssyk-Kul provinces (44 KGS/kg). Prices were 19 percent and 40 percent higher compared to March 2021 and February 2020.



- **Oil (Cooking):** The national retail price of vegetable oil increased by 8 percent in comparison to the previous month, leading to an average price of almost 191 KGS/L. As of 08 April 2022, the highest price was in Naryn province (204 KGS/L) and the lowest price was in Chuy province (179 KGS/L). The prices were 18 percent higher compared to March 2021 and 100 percent higher compared to February 2020, which represents 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.

Global wheat and oil exporters: Both Ukraine and the Russian Federation are critical players in global wheat and vegetable oil markets. The Russian Federation is the world's largest exporter of wheat, and Ukraine is the fifth largest. Together, they make up more than one-third of global cereal exports. They also account for 52 percent of the world's sunflower oil export market.

Situation Update



• **Sugar:** The national retail price of sugar increased significantly by 23 percent, with an average price of 89 KGS/kg. As of 08 April 2022, the highest prices were observed in Chuy and Naryn provinces (80 KGS/kg), while the lowest prices were in Yssyk-Kul province (73 KGS/kg). The price of sugar was 39 percent and 117 percent higher, compared to March 2021 and February 2020 levels, which represents a significant increase above 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 outlook and an upward pressure on prices.



• **Potatoes:** The national retail price of potatoes increased by 2 percent from the previous period, leading to an average price of almost 41 KGS/kg. As of 08 April 2022, the highest prices were observed in Bishkek city (44 KGS/kg) and the lowest price in Batken province (37 KGS/kg). The price of potatoes was 23 percent and 88 percent higher than March 2021 and February 2020 respectively, an increase above normal annual price fluctuations.



• **Milk:** The national retail price of milk decreased by 2 percent compared to the previous month, reaching an average price of around 55 KGS/L. As of 08 April 2022, the highest prices were observed in Bishkek city at 61 KGS/L and the lowest in Naryn province at 39 KGS/L. The price of milk rose by 47 percent and 41 percent compared to March 2021 and February 2020 respectively, these increases are above normal annual price fluctuations.



• **Eggs:** The national retail price of eggs remained stable, at an average of around 104 KGS/10 pcs. As of 08 April 2022, the highest prices were observed in Jalal-Abad province (118 KGS/10 pcs), and the lowest in Yssyk-Kul province (93 KGS/10 pcs). Egg prices were 2 percent lower compared to March 2021 but remained 35 percent higher compared to 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 March 2022, producer prices for wheat and barley remained 43 percent and 67 percent higher compared to March 2021.



• **Exchange Rate:** The situation in the domestic foreign exchange market is highly volatile due to the events in Ukraine, with the National Bank trying to prevent sharp fluctuations in the exchange rate. During the weeks from 11 March to 08 April 2022, the Kyrgyz Som appreciated by 17 percent from almost 103 KGS to around 82 KGS against the US Dollar, the Russian Ruble appreciated significantly (+28 percent) from almost 102 RUB to around 63 RUB against the US Dollar, and the Kazakh tenge appreciated (+7 percent) from 510 KZT to 466 against the US Dollar. Compared to March 2021, the Kyrgyz Som, Russian Ruble and Kazakh Tenge appreciated by 7 percent, 2 percent and 9 percent respectively, against the US Dollar. 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:** The national retail price for fuel (AI-92) and for diesel significantly increased. As of 08 April 2022 compared to March 2021, the prices increased by 47 percent (AI-92) and 54 percent (diesel) respectively, and by 68 percent and 67 percent compared to February 2021 levels (when oil retail prices went up), reaching almost 65 KGS/l for fuel (AI-92) and 64 KGS/l for diesel. According to the Oil Traders Association, the recent rise in fuel prices is due to the compounding factors of Russian oil refineries rising prices and the devaluation of the national currency. At the same time, Kyrgyz Association of Oil Traders keeps prices down to prevent sharp price changes and shortages of petroleum products in the fuel market of the Kyrgyz Republic by applying mechanisms to equalize prices to a break-even level, ensuring the necessary reserves of petroleum, oil and lubricants to saturate the market and averting shortages of petroleum products. Moreover, they are tightening the control to prevent infringements of consumer rights due to underfilling of petroleum, oil and lubricants at the filling stations, and they are providing feedback to the Government in case of changes in the market situation, allowing them to take preventive measures.

Globally, prices are likely to remain volatile in the coming weeks. From 7 March to 4 April 2022, the prices of the two most prevalent grades of crude oil (Brent and WTI) decreased; WTI decreased from almost USD 119 per barrel to USD 103 per barrel (-13 percent) and Brent decreased from almost USD 121 per barrel to USD 108 per barrel (-16 percent). As of 4 April 2022, WTI and Brent prices still remained 130 percent and 118 percent higher respectively, compared to March 2020 levels, and 66 percent and 65 percent compared to March 2021.

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

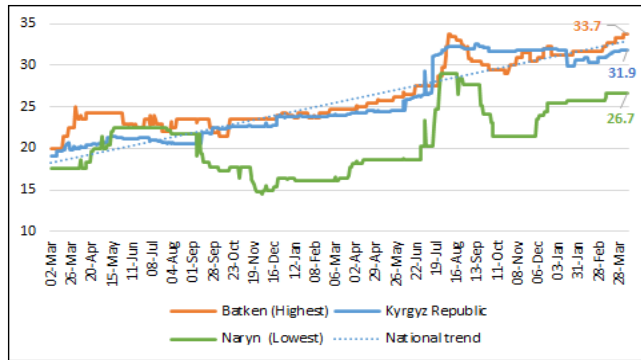
	11 Mar—08 Apr 2022 (KGS/kg)	11 Feb—11 Mar 2022 (KGS/kg)	Trend		11 Mar—08 Apr 2022 (KGS/kg)	11 Feb—11 Mar 2022 (KGS/kg)	Trend
Bread (1st grade)	58.95	56	5%	Rice (medium)	85.40	83.19	3%
Milk	55.34	56.42	-2%	Sugar	89.29	72.12	23%
Meat (beef)	477.62	474.67	1%	Wheat	31.64	30.64	3%
Meat (mutton)	478.25	468.12	2%	Wheat flour (1st grade)	46.64	41.72	11%
Oil (cooking)	191.30	175.97	8%	Wheat flour (high-grade)	57.89	53.22	8%
Potatoes	41.48	40.50	2%	Eggs	103.47	103.33	-1%

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.

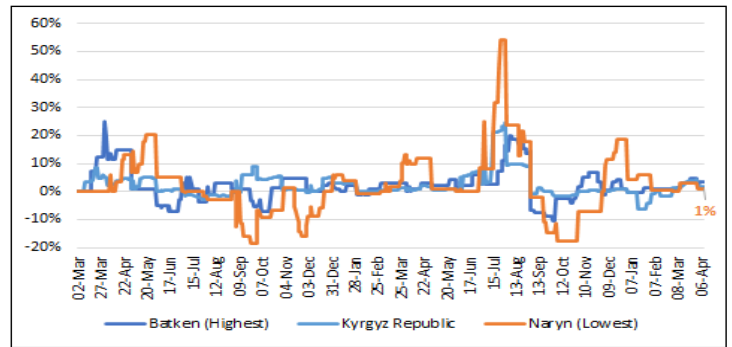
For additional information on the Price Monitoring Bulletins, please contact WFP.Bishkek@wfp.org

WHEAT

Pic 1. Retail wheat prices (KGS/kg)

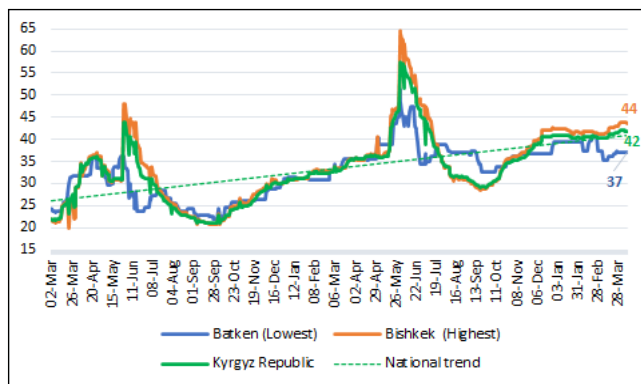


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

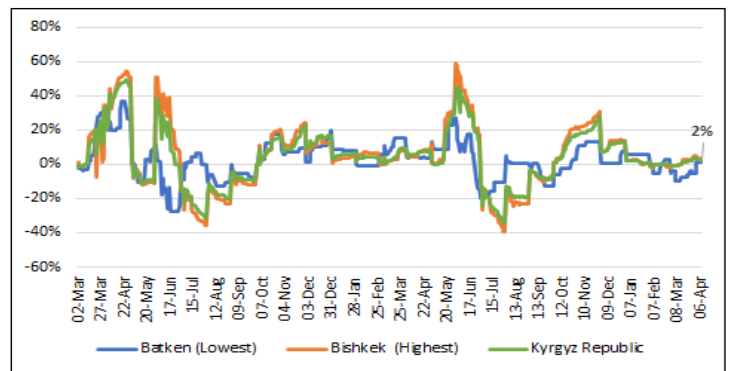


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

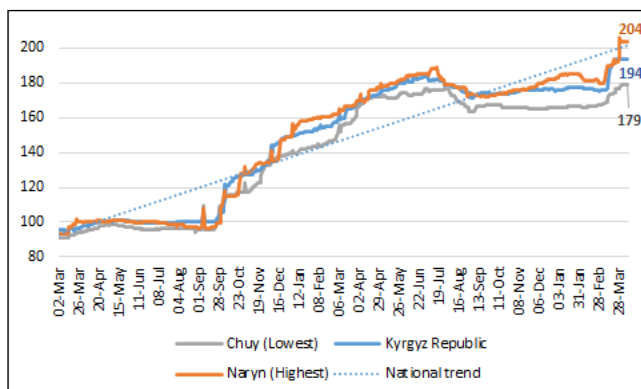


Pic 4. Growth rate of potatoes, as a percentage of the daily prices from the previous average monthly price

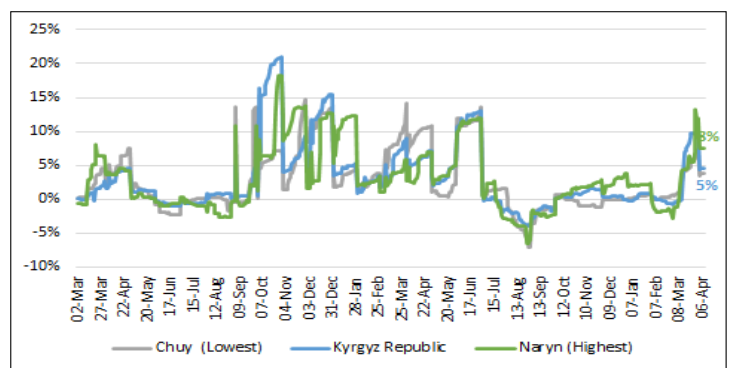


OIL (COOKING)

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

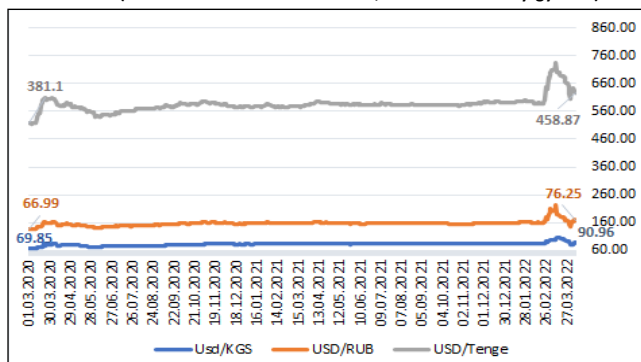


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



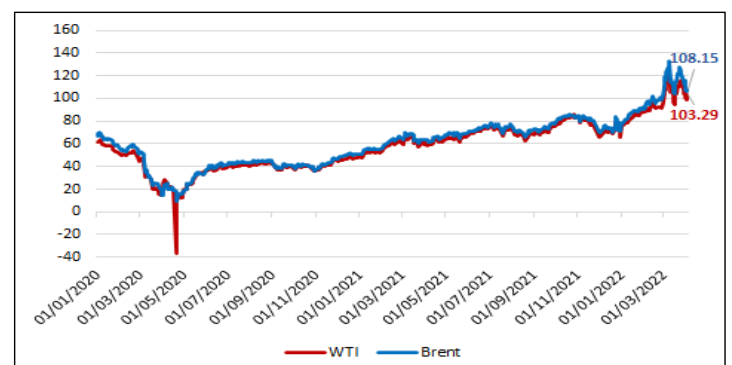
EXCHANGE RATE

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 4 April 2022, 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	April 08 Price (KGS)	MONTHLY PRICE / March 2022	MONTHLY PRICE / April 2021	MONTHLY PRICE /Feb 2020	MONTHLY PRICE / March 2022	MONTHLY PRICE / April 2021	MONTHLY PRICE /Feb 2020	Commodity	April 08 Price (KGS)	MONTHLY PRICE / March 2022	MONTHLY PRICE / April 2021	MONTHLY PRICE /Feb 2020	MONTHLY PRICE / March 2022	MONTHLY PRICE / April 2021	MONTHLY PRICE /Feb 2020
 BATKEN	Bread (1st grade)	67	3%	18%	32%	▶	▲	▲	Potatoes	37	-6%	7%	50%	▼	▶	▲
	Bread (Iepeshka)	78	0%	23%	29%	▶	▲	▲	Rice (medium)	83	1%	12%	10%	▶	▶	▲
	Eggs	106	0%	7%	30%	▶	▶	▶	Sugar	92	30%	43%	125%	▶	▲	▲
	Meat (beef)	465	0%	13%	36%	▶	▶	▲	Wheat	34	4%	34%	66%	▶	▲	▲
	Meat (mutton)	500	0%	9%	43%	▶	▶	▲	Wheat flour (1st quality)	47	6%	18%	39%	▲	▲	▲
	Milk	45	0%	22%	29%	▶	▶	▲	Wheat flour (high grade)	57	6%	15%	27%	▶	▶	▲
	Oil (cooking)	192	7%	26%	107%	▲	▲	▲								
 BISHKEK CITY	Bread (1st grade)	58	5%	21%	30%	▲	▲	▲	Potatoes	44	3%	27%	0%	▶	▶	▶
	Bread (Iepeshka)	82	7%	21%	30%	▲	▶	▶	Rice (medium)	80	2%	8%	9%	▶	▶	▶
	Eggs	101	-1%	-5%	33%	▶	▶	▶	Sugar	84	28%	39%	121%	▶	▶	▶
	Meat (beef)	481	1%	5%	34%	▶	▶	▲	Wheat	32	2%	30%	71%	▶	▲	▲
	Meat (mutton)	463	3%	5%	48%	▶	▶	▲	Wheat flour (1st quality)	47	13%	21%	45%	▶	▶	▶
	Milk	61	2%	52%	52%	▶	▲	▲	Wheat flour (high grade)	56	11%	27%	46%	▲	▲	▲
	Oil (cooking)	193	8%	16%	97%	▲	▲	▲								
 CHUY	Bread (1st grade)	54	9%	20%	35%	▲	▲	▲	Potatoes	40	2%	29%	85%	▶	▶	▲
	Bread (Iepeshka)	86	12%	10%	33%	▶	▶	▶	Rice (medium)	87	5%	-1%	11%	▶	▶	▶
	Eggs	105	2%	2%	35%	▶	▶	▲	Sugar	80	21%	30%	112%	▶	▶	▶
	Meat (beef)	468	2%	1%	44%	▶	▶	▶	Wheat	30	7%	32%	59%	▲	▲	▲
	Meat (mutton)	482	4%	4%	54%	▶	▶	▲	Wheat flour (1st quality)	48	9%	17%	37%	▶	▶	▶
	Milk	50	0%	55%	44%	▶	▲	▲	Wheat flour (high grade)	55	8%	16%	27%	▲	▲	▲
	Oil (cooking)	179	6%	13%	94%	▶	▶	▲								
 JALALABAD	Bread (1st grade)	73	10%	25%	31%	▲	▲	▲	Potatoes	41	3%	2%	64%	▶	▶	▲
	Bread (Iepeshka)	85	0%	12%	19%	▶	▶	▶	Rice (medium)	92	4%	2%	6%	▶	▶	▶
	Eggs	118	4%	6%	43%	▶	▶	▶	Sugar	89	24%	41%	125%	▲	▲	▲
	Meat (beef)	477	3%	5%	37%	▶	▶	▶	Wheat	35	7%	42%	66%	▶	▶	▲
	Meat (mutton)	490	6%	8%	42%	▲	▶	▶	Wheat flour (1st quality)	44	3%	11%	27%	▶	▶	▲
	Milk	42	-19%	34%	16%	▼	▶	▶	Wheat flour (high grade)	55	5%	18%	30%	▲	▲	▲
	Oil (cooking)	194	10%	23%	112%	▲	▲	▲								
 NARYN	Bread (1st grade)	60	0%	5%	14%	▶	▶	▲	Potatoes	38	1%	55%	116%	▶	▶	▲
	Bread (Iepeshka)	78	6%	15%	29%	▶	▶	▶	Rice (medium)	78	5%	7%	11%	▶	▶	▲
	Eggs	106	-12%	-4%	28%	▼	▶	▶	Sugar	80	19%	32%	117%	▶	▶	▶
	Meat (beef)	475	2%	8%	42%	▶	▶	▶	Wheat	27	3%	60%	51%	▶	▲	▲
	Meat (mutton)	475	2%	8%	44%	▶	▶	▶	Wheat flour (1st quality)	44	9%	23%	40%	▲	▲	▲
	Milk	39	-2%	42%	22%	▶	▶	▶	Wheat flour (high grade)	50	8%	16%	31%	▶	▶	▶
	Oil (cooking)	204	8%	19%	109%	▲	▲	▲								
 OSH	Bread (1st grade)	67	0%	11%	10%	▶	▶	▲	Potatoes	39	-1%	14%	66%	▶	▶	▲
	Bread (Iepeshka)	95	2%	19%	29%	▶	▶	▶	Rice (medium)	104	3%	6%	11%	▶	▶	▶
	Eggs	111	0%	0%	97%	▶	▶	▶	Sugar	94	24%	43%	99%	▶	▶	▶
	Meat (beef)	483	0%	10%	3%	▶	▶	▶	Wheat	33	9%	36%	69%	▲	▲	▲
	Meat (mutton)	523	1%	14%	49%	▶	▶	▶	Wheat flour (1st quality)	49	8%	15%	25%	▶	▶	▶
	Milk	45	1%	37%	29%	▶	▶	▶	Wheat flour (high grade)	59	4%	10%	22%	▶	▶	▶
	Oil (cooking)	188	-10%	19%	97%	▼	▶	▶								
 TALAS	Bread (1st grade)	67	2%	26%	42%	▶	▶	▲	Potatoes	39	-1%	26%	81%	▶	▶	▲
	Bread (Iepeshka)	80	2%	10%	30%	▶	▶	▶	Rice (medium)	73	9%	10%		▶	▶	▶
	Eggs	108	2%	-5%	31%	▶	▶	▶	Sugar	89	30%	44%	127%	▶	▶	▶
	Meat (beef)	446	2%	4%	44%	▶	▶	▶	Wheat	29	6%	45%	88%	▲	▲	▲
	Meat (mutton)	461	6%	8%	47%	▶	▶	▶	Wheat flour (1st quality)	46	8%	17%	36%	▶	▶	▶
	Milk	47	4%	45%	66%	▶	▶	▶	Wheat flour (high grade)	59	6%	15%	53%	▶	▶	▶
	Oil (cooking)	183	10%	19%	105%	▶	▶	▶								
 YSSYK-KUL	Bread (1st grade)	58	11%	23%	28%	▲	▶	▶	Potatoes	38	0%	20%	101%	▶	▶	▲
	Bread (Iepeshka)	75	3%	18%	26%	▶	▶	▶	Rice (medium)	83	1%	-3%	5%	▶	▶	▶
	Eggs	93	-7%	-7%	35%	▼	▶	▶	Sugar	85	26%	39%	140%	▶	▶	▶
	Meat (beef)	461	0%	4%	37%	▶	▶	▶	Wheat	27	5%	35%	51%	▶	▶	▶
	Meat (mutton)	457	0%	8%	48%	▶	▶	▶	Wheat flour (1st quality)	44	13%	5%	22%	▶	▶	▶
	Milk	42	0%	32%	48%	▶	▶	▶	Wheat flour (high grade)	58	7%	7%	21%	▶	▶	▶
	Oil (cooking)	194	-5%	21%	29%	▶	▶	▶								
 KYRGYZ REPUBLIC	Bread (1st grade)	60	5%	20%	29%	▲	▶	▶	Potatoes	42	2%	23%	88%	▶	▶	▶
	Bread (Iepeshka)	84	5%	23%	31%	▶	▶	▶	Rice (medium)	86	3%	6%	11%	▶	▶	▶
	Eggs	103	-1%	-2%	35%	▶	▶	▶	Sugar	87	26%	39%	117%	▶	▶	▶
	Meat (beef)	481	1%	7%	37%	▶	▶	▶	Wheat	32	4%	31%	66%	▶	▶	▶
	Meat (mutton)	480	3%	8%	49%	▶	▶	▶	Wheat flour (1st quality)	47	12%	19%	40%	▶	▶	▶
	Milk	55	-2%	47%	43%	▶	▶	▶	Wheat flour (high grade)	57	9%	19%	38%	▶	▶	▶
	Oil (cooking)	194	8%	18%	100%	▶	▶	▶								

▲ 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