

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

The developments in Ukraine and its economic consequences continue to affect global grain and energy markets, pushing food prices higher. While in the Kyrgyz Republic we see stabilization trends and some Q1 positive figures, the situation is volatile and the effects of this remain to be born by the most vulnerable. **After significant depreciation in March 2022** (99 KGS per USD compared to 86 KGS in February), as of 6th May, the **Kyrgyz Som appreciated by 17 percent against the dollar reaching 82 KGS per USD**. The national retail prices for fuel (AI-92) and for diesel continue to gradually stabilize.

Notwithstanding the challenges for the Kyrgyz economy to recover from the effects of the COVID-19 pandemic, some current improvements were observed in early 2022. In January – April 2022, monthly **Global Domestic Product (GDP) increased by 5.4 percent**, compared to the previous year, **adding a net 189 billion Kyrgyz Soms (USD 2.3 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 12.4 percent (NSC), 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 – April 2022, the Consumer Price Index (CPI) increased by **12.4 percent for all goods and services** and by **15 percent for staple foods**, as compared to January – April 2021. It is worth noting that last year, the Government imported key food commodities in a bid to stabilise prices, which helped to 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, the sanctions imposed on the Russian Federation and the related destabilization of global and regional markets, importing commodities to the Kyrgyz Republic could be potentially harder this year. The CPI for **fuel and lubricants is estimated to have increased by 55 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). 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 the import of sugar and vegetable oil.

Last year abnormally high temperatures and lack of irrigation water led to significant 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). This year, favourable weather conditions observed in April led to an increase in the pace of spring field works. Thus, as of 23 April 2022, the planting areas increased by 14 percent compared to the previous year, more specifically +20 percent for potatoes, +15 percent for vegetables and +16 percent for oil crops (sunflower, cotton and safflower). Yet, according to the European Centre for Medium-Range Weather Forecasts, **rainfall from May to July 2022 is likely to be below average conditions**, with only a 10-30 percent possibility remaining of exceeding the median rainfall across the country. **In the same period, above average temperatures are forecasted** (with a 80 percent possibility of exceeding median temperature). 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. After last year losses, the resilience of smallholder farmers may be further challenged if abnormal dryness is also experienced this year, due to forecasted lower rainfall and higher temperatures.

The following section discusses average prices for the two weeks from 22 April to 06 May 2022, in comparison to the previous two weeks in 2022 and to the previous month, April 2022, the monthly average in February 2020 (before the COVID-19 outbreak began in the country) and the annual average of May 2021.



- **Wheat:** During the current reporting period (from 22 April to 06 May 2022), the national retail price of wheat remained stable compared to the previous month, with an average price of almost 32 KGS/kg. As of 06 May 2022, the highest price for wheat was observed in Jalal-Abad province (36 KGS/kg) and the lowest price in Naryn province (27 KGS/kg). Prices were 30 percent and 68 percent higher, compared to May 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 price of wheat flour (1st grade) increased by 1 percent compared to the previous month, with an average price of 47 KGS/kg. As of 06 May, the highest price for wheat flour (1st grade) was observed in Naryn province (52 KGS/kg) and the lowest price in Jalal-Abad and Yssyk-Kul provinces (44 KGS/kg). Prices were 24 percent and 44 percent higher compared to May 2021 and February 2020.



- **Oil (Cooking):** The national retail price of vegetable oil remained stable in comparison to April 2022, at an average price of almost 193 KGS/L. As of 06 May 2022, the highest price was in Naryn province (203 KGS/L) and the lowest price was in Talas province (177 KGS/L). The prices were 9 percent higher compared to May 2021 and 103 percent higher compared to February 2020. 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 remained stable compared to last month, with an average price of 86 KGS/kg. As of 06 May 2022, the highest prices were observed in Osh province (89 KGS/kg), while the lowest prices were in Chuy province (82 KGS/kg). The price of sugar was 32 percent and 110 percent higher, compared to May 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 the third consecutive year, resulting in a tight global sugar outlook and an upward pressure on prices.



• **Potatoes:** The national retail price of potatoes decreased by 1 percent compared to April 2022, leading to an average price of almost 41 KGS/kg. As of 06 May 2022, the highest prices were observed in Bishkek city and Jalal-Abad province (43 KGS/kg) and the lowest price in Batken provinces (34 KGS/kg). The price of potatoes was 4 percent and 88 percent higher than May 2021 and February 2020 respectively.



• **Milk:** The national retail price of milk decreased by 1 percent compared to the previous month, at an average price of around 53 KGS/L. As of 06 May 2022, the highest prices were observed in Bishkek city at 57 KGS/L and the lowest in Naryn province at 36 KGS/L. The price of milk rose by 35 percent and 37 percent compared to May 2021 and February 2020 respectively, these increases are above normal annual price fluctuations.



• **Eggs:** The national retail price of eggs decreased by 1 percent, leading to an average price of 103 KGS/10 pcs. As of 06 May 2022, the highest prices were observed in Osh province (111 KGS/10 pcs), and the lowest in Yssyk-Kul province (92 KGS/10 pcs). Egg prices were 2 percent lower compared to May 2021 but remained 34 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 22 April to 06 May 2022, the Kyrgyz Som depreciated from almost 80 KGS to around 82 KGS against the US Dollar, the Russian Ruble significantly appreciated from 75 RUB to around 66 RUB against the US Dollar, and the Kazakh tenge appreciated from 444 KZT to 428 against the US Dollar. Compared to May 2021, the Kyrgyz Som and Russian Ruble depreciated by 3 percent and 11 percent respectively against the US Dollar, and Kazakh tenge remained stable. 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:** After significant increase of the national retail price for fuel (AI-92) and for diesel, the prices have gradually begun to stabilize. As of 06 May 2022 compared to May 2021, the prices increased by 31 percent (AI-92) and 43 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. The subsequent stabilization of prices for fuels and lubricants in the domestic market will continue, taking into account available stocks of fuel purchased during the volatility of the exchange rate according to the Oil Traders Association. The Russian Federation is considering to decrease export volumes of oil to EU for the next three months to decrease internal shortages. However, it should not impact the Kyrgyz Republic due to the established agreements with the Russian Federation. 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 18 April to 2 May 2022, WTI price increased from USD 103 per barrel to USD 105 per barrel and Brent remained stable at almost USD 106 per barrel. As of 2 May 2022, WTI and Brent prices still remained 125 percent and 100 percent higher respectively, compared to March 2020 levels, and 70 percent and 60 percent compared to April 2021.

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

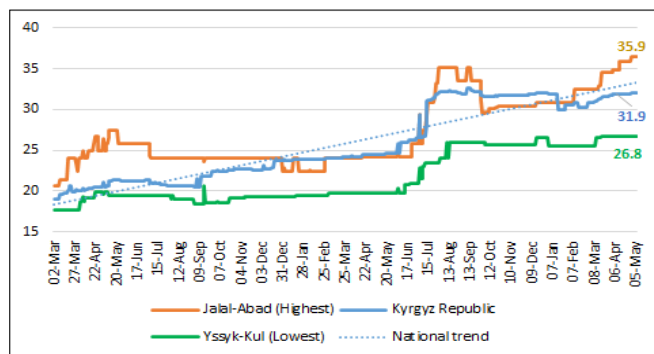
	22 Apr—06 May 2022 (KGS/kg)	08 –22 Apr 2022 (KGS/kg)	Trend		22 Apr—06 May 2022 (KGS/kg)	08 –22 Apr 2022 (KGS/kg)	Trend
Bread (1st grade)	60.89	60.05	1%	Rice (medium)	86.57	86.37	0%
Milk	52.98	53.55	-1%	Sugar	86.07	86.22	0%
Meat (beef)	481.78	480.56	0%	Wheat	31.99	31.90	0%
Meat (mutton)	492.51	482.74	2%	Wheat flour (1st grade)	47.94	47.24	1%
Oil (cooking)	193.38	193.85	0%	Wheat flour (high-	57.60	57.03	1%
Potatoes	41.41	41.90	-1%	Eggs	102.54	103.12	-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.

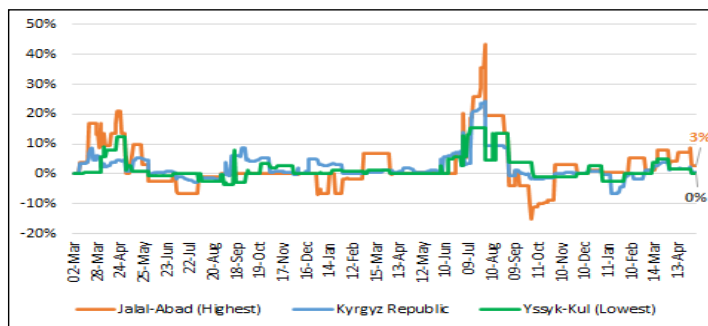
For additional information on the Price Monitoring Bulletins, please contact WFP.Bishkek@wfp.org

WHEAT

Pic 1. Retail wheat prices (KGS/kg)

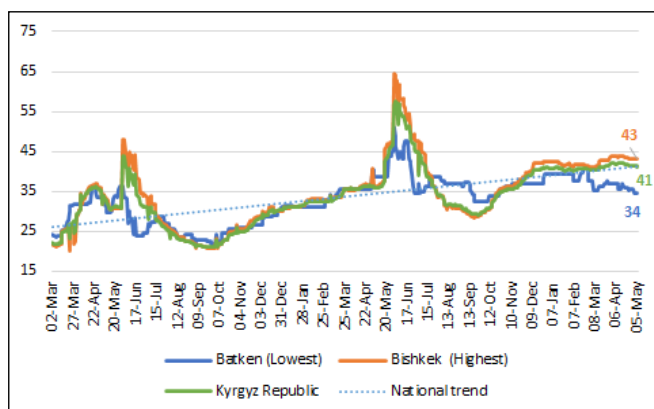


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

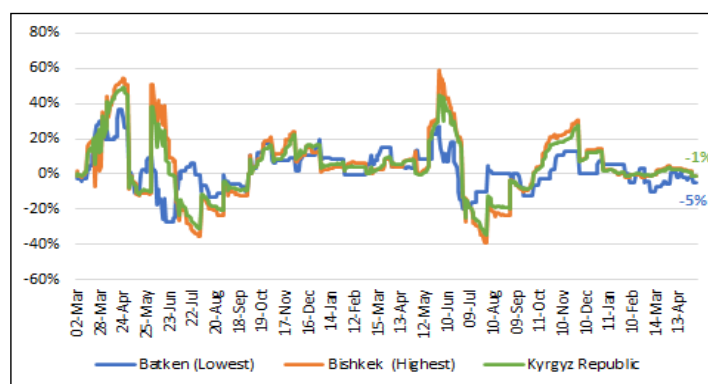


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

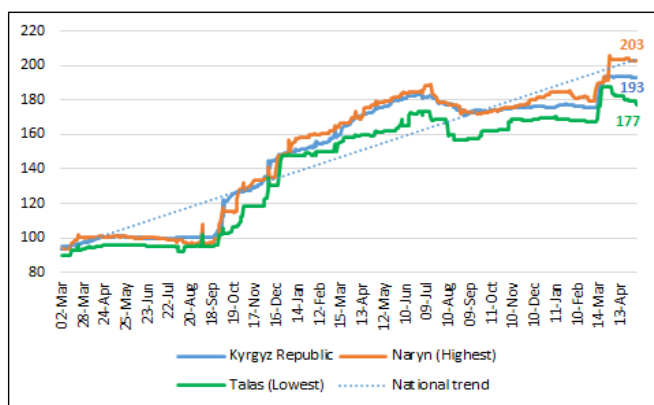


Pic 4. Growth rate of potatoes, as a percentage of the daily prices from the previous average monthly price

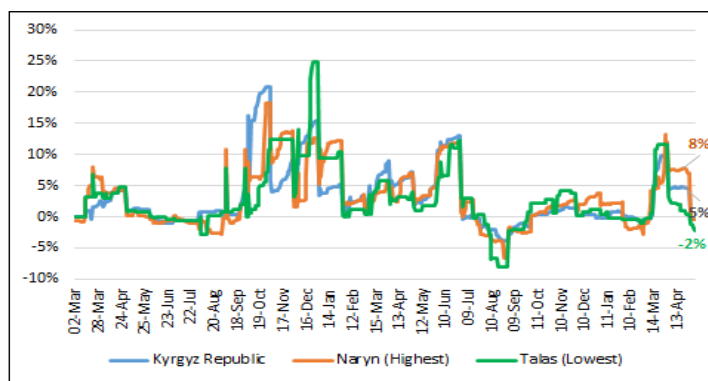


OIL (COOKING)

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

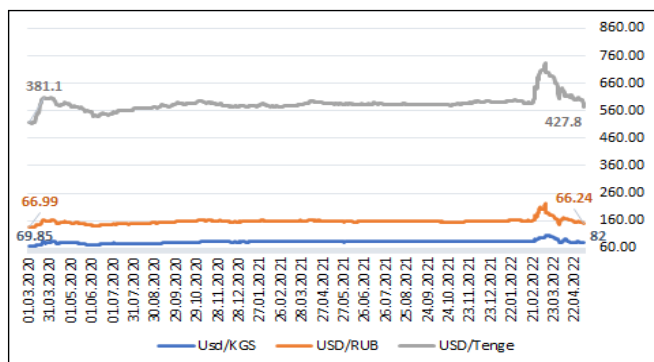


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



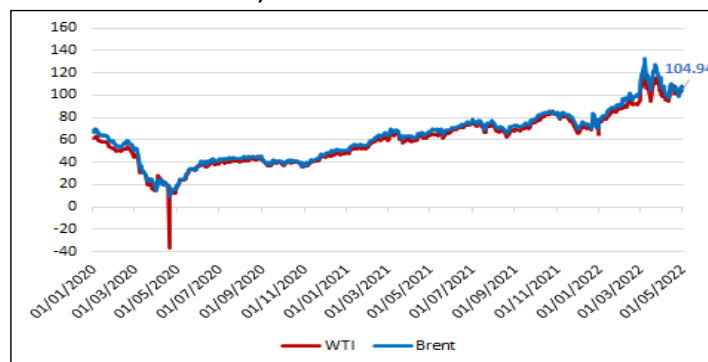
EXCHANGE RATE

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 02 May 2022, source: US Energy Information Administration)



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	May 06 Price (KGS)	MONTHLY PRICE / April 2022	MONTHLY PRICE / May 2021	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / April 2022	MONTHLY PRICE / May 2021	MONTHLY PRICE / Feb 2020	Commodity	May 06 Price (KGS)	MONTHLY PRICE / April 2022	MONTHLY PRICE / May 2021	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / April 2022	MONTHLY PRICE / May 2021	MONTHLY PRICE / Feb 2020
BATKEN																
	Bread (1st grade)	67	0%	18%	32%	▶	▲	▲	Potatoes	34	-3%	-13%	44%	▶	▶	▲
	Bread (lepeska)	81	1%	29%	35%	▶	▲	▲	Rice (medium)	83	0%	0%	10%	▶	▶	▲
	Eggs	106	0%	7%	27%	▶	▶	▲	Sugar	88	-3%	26%	104%	▶	▲	▲
	Meat (beef)	465	0%	8%	36%	▶	▶	▲	Wheat	34	-1%	29%	66%	▶	▲	▲
	Meat (mutton)	525	3%	6%	50%	▶	▶	▲	Wheat flour (1st quality)	47	-1%	18%	39%	▶	▲	▲
	Milk	45	0%	20%	29%	▶	▲	▲	Wheat flour (high grade)	57	0%	17%	30%	▶	▲	▲
	Oil (cooking)	186	-2%	1%	95%	▶	▶	▲								
BISHKEK CITY																
	Bread (1st grade)	60	2%	26%	36%	▶	▲	▲	Potatoes	43	-1%	6%	0%	▶	▶	▶
	Bread (lepeska)	82	0%	22%	31%	▶	▲	▲	Rice (medium)	81	0%	10%	10%	▶	▶	▲
	Eggs	101	0%	-4%	34%	▶	▶	▲	Sugar	85	0%	32%	110%	▶	▲	▲
	Meat (beef)	484	0%	6%	36%	▶	▶	▲	Wheat	32	0%	30%	71%	▶	▲	▲
	Meat (mutton)	483	2%	1%	54%	▶	▶	▲	Wheat flour (1st quality)	49	2%	25%	48%	▶	▲	▲
	Milk	57	-2%	43%	43%	▶	▲	▲	Wheat flour (high grade)	57	1%	21%	42%	▶	▲	▲
	Oil (cooking)	193	0%	8%	99%	▶	▲	▲								
CHUY																
	Bread (1st grade)	55	1%	22%	39%	▶	▲	▲	Potatoes	39	-1%	3%	82%	▶	▶	▲
	Bread (lepeska)	88	2%	2%	38%	▶	▶	▲	Rice (medium)	89	2%	0%	15%	▶	▶	▲
	Eggs	105	0%	-1%	34%	▶	▶	▲	Sugar	82	1%	26%	113%	▶	▲	▲
	Meat (beef)	469	0%	0%	44%	▶	▶	▲	Wheat	30	0%	38%	62%	▶	▲	▲
	Meat (mutton)	483	0%	0%	54%	▶	▶	▲	Wheat flour (1st quality)	47	-1%	14%	35%	▶	▲	▲
	Milk	50	0%	52%	41%	▶	▲	▲	Wheat flour (high grade)	55	0%	15%	26%	▶	▲	▲
	Oil (cooking)	179	0%	5%	98%	▶	▶	▲								
JALALABAD																
	Bread (1st grade)	72	0%	36%	42%	▶	▲	▲	Potatoes	43	3%	4%	80%	▶	▶	▲
	Bread (lepeska)	85	0%	16%	16%	▶	▶	▲	Rice (medium)	92	0%	4%	9%	▶	▶	▲
	Eggs	108	-4%	-1%	33%	▶	▶	▲	Sugar	86	-1%	28%	111%	▶	▲	▲
	Meat (beef)	472	0%	4%	37%	▶	▶	▲	Wheat	36	2%	50%	75%	▶	▲	▲
	Meat (mutton)	499	1%	7%	45%	▶	▶	▲	Wheat flour (1st quality)	44	0%	13%	26%	▶	▶	▲
	Milk	43	2%	46%	14%	▶	▶	▲	Wheat flour (high grade)	55	0%	18%	31%	▶	▲	▲
	Oil (cooking)	194	0%	10%	114%	▶	▶	▲								
NARYN																
	Bread (1st grade)	60	0%	3%	14%	▶	▶	▲	Potatoes	36	-8%	10%	73%	▶	▶	▲
	Bread (lepeska)	78	0%	14%	30%	▶	▶	▲	Rice (medium)	78	-1%	7%	10%	▶	▶	▲
	Eggs	98	-4%	-10%	20%	▶	▶	▲	Sugar	85	3%	31%	118%	▶	▲	▲
	Meat (beef)	485	1%	2%	44%	▶	▶	▲	Wheat	28	0%	43%	52%	▶	▲	▲
	Meat (mutton)	497	2%	3%	49%	▶	▶	▲	Wheat flour (1st quality)	52	3%	29%	49%	▶	▲	▲
	Milk	36	-4%	41%	11%	▶	▶	▲	Wheat flour (high grade)	70	15%	46%	68%	▶	▲	▲
	Oil (cooking)	203	0%	13%	116%	▶	▶	▲								
OSH																
	Bread (1st grade)	67	0%	9%	11%	▶	▶	▲	Potatoes	39	0%	4%	67%	▶	▶	▲
	Bread (lepeska)	100	2%	29%	28%	▶	▶	▲	Rice (medium)	103	0%	6%	12%	▶	▶	▲
	Eggs	111	0%	0%	100%	▶	▶	▲	Sugar	89	-2%	31%	92%	▶	▲	▲
	Meat (beef)	483	0%	7%	3%	▶	▶	▲	Wheat	33	0%	26%	72%	▶	▲	▲
	Meat (mutton)	523	0%	10%	49%	▶	▶	▲	Wheat flour (1st quality)	49	0%	21%	30%	▶	▲	▲
	Milk	45	0%	35%	28%	▶	▶	▲	Wheat flour (high grade)	59	0%	13%	24%	▶	▶	▲
	Oil (cooking)	189	0%	9%	100%	▶	▶	▲								
TALAS																
	Bread (1st grade)	67	0%	29%	47%	▶	▲	▲	Potatoes	38	-2%	5%	77%	▶	▶	▲
	Bread (lepeska)	80	0%	15%	33%	▶	▶	▲	Rice (medium)	74	1%	13%	13%	▶	▶	▶
	Eggs	108	0%	5%	29%	▶	▶	▲	Sugar	85	-3%	32%	110%	▶	▲	▲
	Meat (beef)	446	0%	2%	45%	▶	▶	▲	Wheat	30	0%	25%	92%	▶	▲	▲
	Meat (mutton)	466	0%	5%	50%	▶	▶	▲	Wheat flour (1st quality)	46	1%	19%	40%	▶	▲	▲
	Milk	45	-4%	37%	58%	▶	▶	▲	Wheat flour (high grade)	61	1%	22%	63%	▶	▲	▲
	Oil (cooking)	177	-1%	11%	99%	▶	▶	▲								
YSSYK-KUL																
	Bread (1st grade)	58	0%	26%	31%	▶	▲	▲	Potatoes	35	-4%	0%	88%	▶	▶	▲
	Bread (lepeska)	75	0%	20%	27%	▶	▶	▲	Rice (medium)	83	0%	0%	6%	▶	▶	▲
	Eggs	92	-2%	-7%	22%	▶	▶	▲	Sugar	83	-1%	31%	127%	▶	▲	▲
	Meat (beef)	461	0%	4%	37%	▶	▶	▲	Wheat	27	0%	35%	52%	▶	▲	▲
	Meat (mutton)	485	3%	11%	57%	▶	▶	▲	Wheat flour (1st quality)	44	0%	8%	25%	▶	▶	▲
	Milk	40	3%	43%	57%	▶	▶	▲	Wheat flour (high grade)	58	0%	4%	23%	▶	▶	▲
	Oil (cooking)	191	-3%	12%	14%	▶	▶	▲								
KYRGYZ REPUBLIC																
	Bread (1st grade)	61	1%	24%	33%	▶	▲	▲	Potatoes	41	-1%	4%	88%	▶	▶	▲
	Bread (lepeska)	85	0%	25%	33%	▶	▶	▲	Rice (medium)	87	0%	8%	12%	▶	▶	▲
	Eggs	102	-1%	-2%	34%	▶	▶	▲	Sugar	86	0%	32%	110%	▶	▲	▲
	Meat (beef)	482	0%	6%	38%	▶	▶	▲	Wheat	32	0%	30%	68%	▶	▲	▲
	Meat (mutton)	494	2%	5%	53%	▶	▶	▲	Wheat flour (1st quality)	48	1%	24%	44%	▶	▲	▲
	Milk	53	-1%	45%	37%	▶	▶	▲	Wheat flour (high grade)	58	1%	19%	37%	▶	▲	▲
	Oil (cooking)	193	0%	9%	103%	▶	▶	▲								

▲ 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