

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

The current global food crisis is heightening inequalities and vulnerabilities in a world still confronting the effects of the COVID-19 pandemic. The key factors contributing to increased food insecurity are decreased access to nutritious foods, reduced purchasing power and increased cost of living. While we see stabilization trends and some half year positive figures in the Kyrgyz Republic, the situation is volatile and the effects of this remain to be born by the most vulnerable. In 2021, poverty sky-rocketed reaching 33 percent, with an additional 10 percent of the population being at risk of poverty. This means almost 3 million people were living under or close to the poverty line. **After significant depreciation in March 2022** (99 KGS per USD compared to 86 KGS in February), as of 15th July, the **Kyrgyz Som appreciated by 18 percent against the dollar reaching 81 KGS per USD**.

Notwithstanding the challenges to recover from the effects of the COVID-19 pandemic, in January – June 2022, the **Gross Domestic Product (GDP) of the Kyrgyz Republic increased by 6.3 percent**, compared to the previous year, **adding a net 335 billion Kyrgyz Soms (USD 4.1 billion)** to the economy. The IMF estimated that GDP will increase by 2.8 percent this year. On the other hand, in June 2022, annual **inflation continued to remain high at 13.1 percent** (NBKR) compared to June 2021, among the **highest in the region**.

Domestic food price inflation remains high in the Kyrgyz Republic. In January – June 2022, the Consumer Price Index (CPI) increased by **12.8 percent for all goods and services and by 16.4 percent for staple foods**, as compared to January – June 2021. As reported by the Government, in March 2022, the state reserve still has five-month of national stocks of vegetable oil, three-month stocks of sugar and 60,000 tons of wheat flour. The CPI for **fuel and lubricants is estimated to have increased by 47 percent**, leading to an increase of transportation costs, which in turn has impacted all other prices. Rising food and fuel prices, combined with inflation are eroding the purchasing power of the most vulnerable to access a nutritious diet.

Both the Russian Federation and Kazakhstan have announced export bans on wheat and sugar, with quotas provided to the EAEU states, including the Kyrgyz Republic. These restrictions, introduced before June 30 expired for wheat in the Russian Federation, but remain valid for sugar until August 31, 2022, and for wheat and sugar in Kazakhstan until September 31, 2022, which may be revised as the situation develops. Despite a record wheat harvest expected in Russia in 2022, Russian regulators continue to exercise tight control over grain exports. The Kyrgyz Republic has a high dependency on imports: 30 percent for wheat, 84 percent for vegetable oil and 37 percent for sugar. Out of the imported wheat, vegetable oil and sugar, 95 percent, 81 percent and 99 percent respectively come from the Russian Federation. The Government has prepared a decree for the Cabinet of 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 also introduced Zero VAT for the import of sugar and vegetable oil.

Fertilizer prices have been rising sharply worldwide and rising input costs could impact next season's harvest, leading to elevated food prices in the longer run. The Russian Federation is one of the world's most important exporters of the three major groups of fertilizers – nitrogen, phosphorus and potassium, however, its exports are affected by sanctions. Globally, fertilizer prices have increased by 230 percent since May 2020 and by almost 30 percent since January 2022, mainly because of surging input costs, supply disruptions, and export restrictions. This is likely to have major impacts on agriculture and food production —and thus food security — around the world as farmers struggle to pay for a key input and face potential supply chain disruptions. Current restrictions affect 20 percent of global trade and threaten more than 50 percent of fertilizer supply for 24 countries.

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 spring led to an increase in the pace of spring field works. Thus, in 2022, the planting areas increased slightly (by 0.2 percent) compared to the previous year, more specifically planting areas increased by: +7.1 percent for barley, +1.9 percent for vegetables, +12.5 percent for cotton, and +4.5 percent for oil crops (sunflower, cotton and safflower). Along with this, there was a decrease in planting of wheat by -6.7 percent, leguminous crops by -5.9 percent, sugar beets by -11.3 percent, rice by -6.2 percent, as well as potatoes by -0.9 percent. The largest share of planting area decrease were observed in Chuy province 33.9 percent, Yssyk-Kul 15 percent, Osh 14.7 percent, Jalal-Abad 12.9 percent and Naryn oblast 9.1 percent.

The following section discusses average prices for the four weeks from 17 June to 15 July 2022, in comparison to the previous month, June 2022, the annual average of July 2021 and the monthly average in February 2020 (before the COVID-19 outbreak began in the country).



- **Wheat:** From 17 June to 15 July 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 15 July 2022, the highest price for wheat was observed in Jalal-Abad province (34 KGS/kg) and the lowest price in Naryn province (27 KGS/kg). Prices were 8 percent and 67 percent higher compared to July 2021 and February 2020 respectively.



- **Wheat flour (1st grade):** The national retail price of wheat flour (1st grade) increased by 3 percent compared to the previous month, reaching an average price of 51 KGS/kg. As of 15 July, the highest price for wheat flour (1st grade) was observed in Batken province (55 KGS/kg) and the lowest price in Yssyk-Kul and Jalal-Abad provinces (48 KGS/kg). Prices were 32 percent and 53 percent higher compared to July 2021 and February 2020 respectively.



- **Oil (Cooking):** The national retail price of vegetable oil decreased by 1 percent compared to the previous month, leading to an average price of almost 188 KGS/L. As of 15 July 2022, the highest price was in Naryn and Batken provinces (200 KGS/L) and the lowest price was in Talas province (172 KGS/L). The prices were 4 percent higher compared to July 2021 and 97 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. Globally, Black Sea countries are large exporters of sunflower oil and the developments in Ukraine have pushed vegetable oil prices significantly higher (almost +30 percent) and triggered trade policy responses around the world that further restrict supplies and raise prices.

Situation Update

Sugar: The national retail price of sugar increased by 3 percent compared to last month, leading to an average price of 98 KGS/kg. As of 15 July 2022, the highest prices were observed in Jalal-Abad province (103 KGS/kg) and the lowest in Yssyk-Kul province (96 KGS/kg). The price of sugar was 49 percent and 138 percent higher, compared to July 2021 and February 2020 levels respectively, 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 with availability of new harvest decreased by 21 percent compared to previous month, leading to an average price of almost 37 KGS/kg. As of 15 July 2022, the highest prices were observed in Bishkek city (35 KGS/kg) and the lowest price in Batken province (27 KGS/kg). The price of potatoes was 4 percent lower compared to July 2021 and 70 percent higher than February 2020 respectively.

Meat (beef and mutton): The national retail prices of meat increased by 5 percent for beef and by 2 percent for mutton compared to the previous month's levels, with an average price of 514 KGS/kg for beef and 575 KGS/kg for mutton. As of 15 July 2022, the highest prices were observed in Bishkek city at 531 KGS/kg for beef and at 519 KGS/kg for mutton in Batken province. The latest increase in the prices of meat in the Kyrgyz Republic was caused by the restrictions imposed by Kazakhstan on the export of meat and livestock, which boosted the demand from Uzbekistan and encouraged the Kyrgyz Republic to increase its exports to Uzbekistan. The Kyrgyz Republic banned the export of livestock to reduce trade through the black market. The prices of beef and mutton rose by 10 percent and 8 percent, compared to July 2021 respectively, and by 47 percent and 66 percent, compared to February 2020 respectively, increases are above normal annual price fluctuations.

Exchange Rate: The National Bank continues to monitor the situation and, if necessary, takes appropriate measures to prevent sharp fluctuations in the exchange rate. During the weeks from 17 June to 15 July 2022, the Kyrgyz Som slightly depreciated from 79.5 KGS to 81 KGS against the US Dollar, the Russian Ruble depreciated from 57 RUB to around 58 RUB against the US Dollar, and the Kazakh tenge depreciated significantly from 442 KZT to 478 KZT against the US Dollar. Compared to July 2021, the Kyrgyz Som and Russian Ruble appreciated by 4 percent and 21 percent respectively against the US Dollar, and Kazakh tenge depreciated by 12 percent. 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 the significant increase of the national retail price for fuel (AI-92) and for diesel, prices have gradually stabilized due to Government regulations. In July 2022, retail prices of diesel increased by 4 percent, while the price of fuel (AI-92) decreased by 1 percent compared to June 2022. As of 15 July 2022 compared to July 2021, the prices remained 13 percent and 37 percent higher for AI-92 and diesel respectively, and 38 percent higher for both compared to February 2021 levels (when oil retail prices went up), reaching almost 62 KGS/l for fuel (AI-92) and 67 KGS/l for diesel. According to official data, the Kyrgyz Republic's annual demand for fuel and lubricants is 1 million 200 thousand tons. 90 percent of oil is imported from Russian refineries. To stabilise the internal market, the Russian Federation has increased export prices of oil. Kyrgyz Association of Oil Traders will continue to keep 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 avert shortages. 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, oil prices have soared to highs not seen since 2008 as a result of the Ukraine situation. A decrease of prices is noted since beginning of July 2022 due to the accelerated fears of a looming spread of Covid-19. From 13 June to 11 July 2022, WTI price decreased significantly from USD 121 per barrel to USD 107 per barrel and Brent increased from USD 115 per barrel to USD 128 per barrel. As of 11 July 2022, WTI and Brent prices increased significantly from 129 USD per barrel to 115 USD per barrel respectively. The WTI and Brent prices remained 73 percent and 75 percent higher respectively, compared to July 2021 levels, and 127 percent and 119 percent compared to March 2020.

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

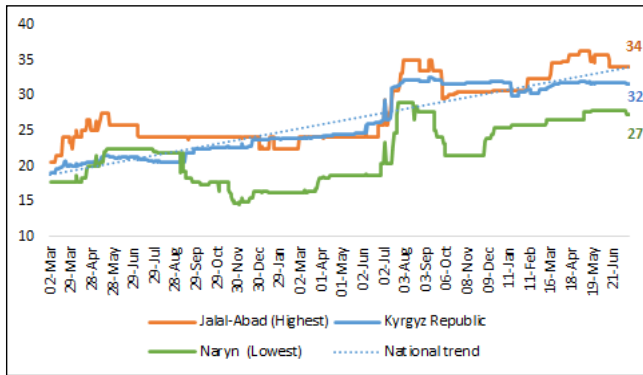
	17 June—15 July 2022 (KGS/kg)	20 May—17 June 2022 (KGS/kg)	Trend		17 June—15 July 2022 (KGS/kg)	20 May—17 June 2022 (KGS/kg)	Trend
Bread (1st grade)	62.05	60.06	2%	Rice (medium)	87.52	80.23	1%
Milk	50.18	57.71	-3%	Sugar	97.95	95.25	3%
Meat (beef)	514	495.64	5%	Wheat	31.81	32.40	0%
Meat (mutton)	533.4	516.64	2%	Wheat flour (1st grade)	51.05	50.13	3%
Oil (cooking)	187.57	188.57	-1%	Wheat flour (high-grade)	62.07	60.83	3%
Potatoes	37.44	47.26	-21%	Eggs	96.98	98.07	-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.

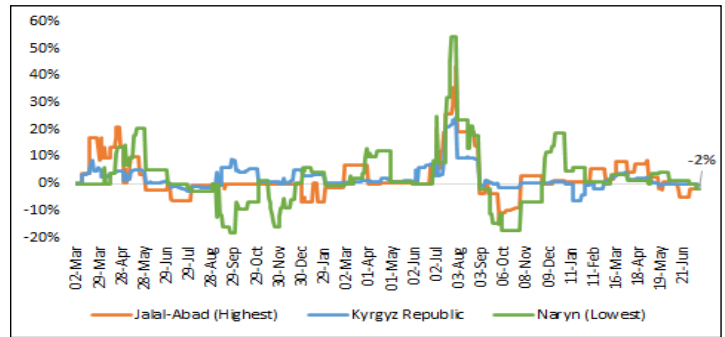
For additional information on the Price Monitoring Bulletins, please contact WFP.Bishkek@wfp.org

WHEAT

Pic 1. Retail wheat prices (KGS/kg)

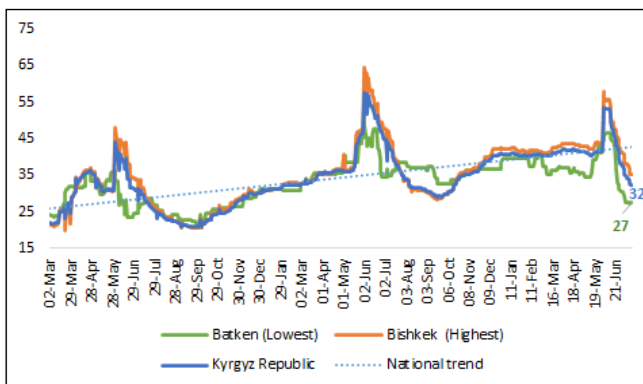


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

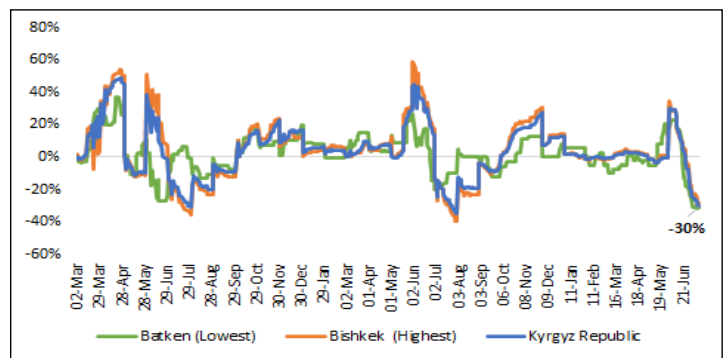


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

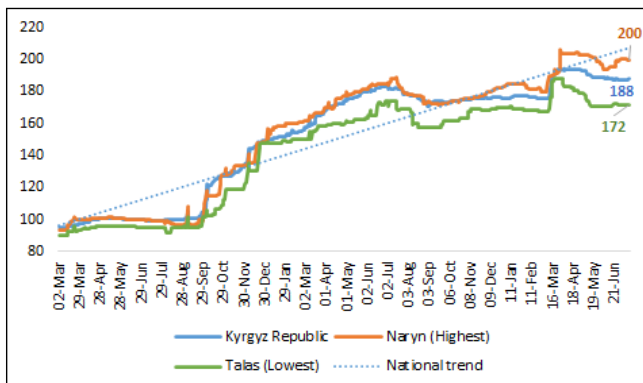


Pic 4. Growth rate of potatoes, as a percentage of the daily prices from the previous average monthly price

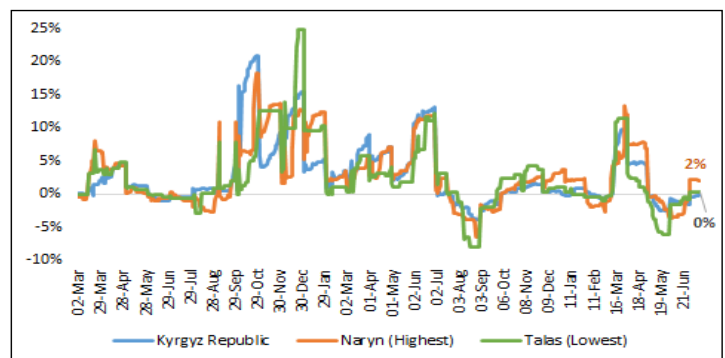


OIL (COOKING)

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

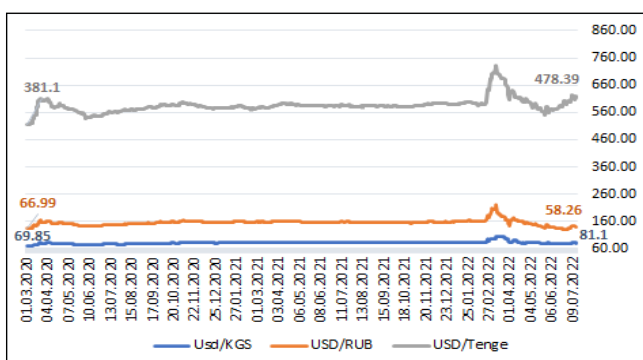


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



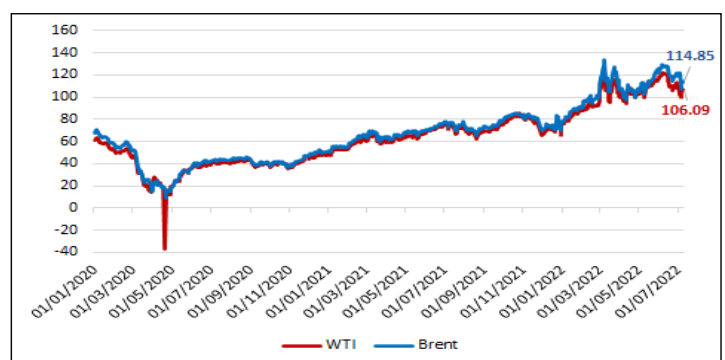
EXCHANGE RATE

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 11 July 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	July 15 Price (KGS)	MONTHLY PRICE / June 2022	MONTHLY PRICE / July 2021	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / June 2022	MONTHLY PRICE / July 2021	MONTHLY PRICE / Feb 2020	Commodity	July 15 Price (KGS)	MONTHLY PRICE / June 2022	MONTHLY PRICE / July 2021	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / June 2022	MONTHLY PRICE / July 2021	MONTHLY PRICE / Feb 2020
BATKEN																
	Bread (1st grade)	67	0%	18%	32%	▶	▲	▲	Potatoes	27	-23%	-17%	26%	▼	▼	▲
	Bread (lepeszka)	85	0%	27%	36%	▶	▲	▲	Rice (medium)	90	4%	-2%	17%	▶	▶	▲
	Eggs	108	1%	11%	28%	▶	▶	▲	Sugar	97	-1%	-45%	127%	▶	▶	▲
	Meat (beef)	475	1%	5%	37%	▶	▶	▲	Wheat	32	-2%	18%	67%	▶	▲	▲
	Meat (mutton)	575	2%	12%	60%	▶	▶	▲	Wheat flour (1st quality)	55	6%	29%	51%	▶	▲	▲
	Milk	50	0%	25%	30%	▶	▲	▲	Wheat flour (high grade)	68	5%	31%	42%	▶	▲	▲
	Oil (cooking)	200	3%	5%	102%	▶	▶	▲								
BISHKEK CITY																
	Bread (1st grade)	62	2%	28%	40%	▶	▲	▲	Potatoes	35	-17%	1%	0%	▼	▶	▶
	Bread (lepeszka)	83	0%	21%	32%	▶	▲	▲	Rice (medium)	81	0%	8%	10%	▶	▶	▲
	Eggs	92	-2%	-3%	23%	▶	▶	▲	Sugar	99	0%	52%	145%	▶	▶	▲
	Meat (beef)	531	3%	13%	48%	▶	▶	▲	Wheat	32	0%	2%	71%	▶	▶	▲
	Meat (mutton)	521	0%	7%	69%	▶	▶	▲	Wheat flour (1st quality)	52	2%	34%	59%	▶	▲	▲
	Milk	55	-3%	43%	38%	▶	▲	▲	Wheat flour (high grade)	63	2%	33%	57%	▶	▶	▲
	Oil (cooking)	185	-1%	2%	91%	▶	▶	▲								
CHUY																
	Bread (1st grade)	56	1%	26%	43%	▶	▲	▲	Potatoes	29	-21%	-7%	52%	▼	▶	▲
	Bread (lepeszka)	93	1%	3%	44%	▶	▶	▲	Rice (medium)	94	1%	7%	21%	▶	▶	▲
	Eggs	103	1%	-1%	28%	▶	▶	▲	Sugar	98	2%	47%	149%	▶	▶	▲
	Meat (beef)	495	3%	5%	51%	▶	▶	▲	Wheat	29	0%	11%	61%	▶	▶	▲
	Meat (mutton)	523	4%	7%	66%	▶	▶	▲	Wheat flour (1st quality)	50	2%	20%	44%	▶	▶	▲
	Milk	48	0%	41%	34%	▶	▶	▲	Wheat flour (high grade)	59	2%	19%	34%	▶	▶	▲
	Oil (cooking)	181	0%	3%	99%	▶	▶	▲								
JALALABAD																
	Bread (1st grade)	74	1%	30%	42%	▶	▲	▲	Potatoes	29	-19%	11%	47%	▼	▶	▲
	Bread (lepeszka)	86	0%	11%	16%	▶	▶	▲	Rice (medium)	97	1%	11%	14%	▶	▶	▲
	Eggs	101	0%	-5%	23%	▶	▶	▲	Sugar	103	4%	53%	154%	▶	▶	▲
	Meat (beef)	475	0%	2%	39%	▶	▶	▲	Wheat	34	-2%	16%	65%	▶	▶	▲
	Meat (mutton)	517	1%	6%	52%	▶	▶	▲	Wheat flour (1st quality)	48	3%	23%	35%	▶	▶	▲
	Milk	46	2%	30%	22%	▶	▶	▲	Wheat flour (high grade)	58	1%	22%	38%	▶	▶	▲
	Oil (cooking)	194	-1%	6%	111%	▶	▶	▲								
NARYN																
	Bread (1st grade)	62	2%	3%	18%	▶	▶	▲	Potatoes	29	-4%	-15%	66%	▶	▼	▲
	Bread (lepeszka)	82	1%	17%	36%	▶	▶	▲	Rice (medium)	81	2%	15%	14%	▶	▶	▲
	Eggs	98	3%	-1%	15%	▶	▶	▲	Sugar	99	3%	50%	155%	▶	▶	▲
	Meat (beef)	523	3%	10%	55%	▶	▶	▲	Wheat	27	0%	18%	57%	▶	▶	▲
	Meat (mutton)	550	5%	14%	65%	▶	▶	▲	Wheat flour (1st quality)	52	2%	41%	65%	▶	▶	▲
	Milk	35	-1%	40%	8%	▶	▶	▲	Wheat flour (high grade)	60	1%	36%	57%	▶	▶	▲
	Oil (cooking)	200	1%	8%	111%	▶	▶	▲								
OSH																
	Bread (1st grade)	68	0%	10%	12%	▶	▶	▲	Potatoes	28	-22%	-7%	47%	▼	▶	▲
	Bread (lepeszka)	102	0%	30%	20%	▶	▶	▲	Rice (medium)	103	0%	3%	11%	▶	▶	▲
	Eggs	112	0%	5%	99%	▶	▶	▲	Sugar	100	3%	40%	102%	▶	▶	▲
	Meat (beef)	510	3%	5%	3%	▶	▶	▲	Wheat	31	-2%	20%	65%	▶	▶	▲
	Meat (mutton)	564	1%	7%	56%	▶	▶	▲	Wheat flour (1st quality)	51	1%	26%	32%	▶	▶	▲
	Milk	42	2%	13%	20%	▶	▶	▲	Wheat flour (high grade)	61	2%	17%	26%	▶	▶	▲
	Oil (cooking)	188	0%	6%	99%	▶	▶	▲								
TALAS																
	Bread (1st grade)	74	6%	27%	61%	▶	▶	▲	Potatoes	31	-17%	-6%	68%	▼	▶	▲
	Bread (lepeszka)	85	3%	16%	40%	▶	▶	▲	Rice (medium)	80	2%	21%		▶	▶	▲
	Eggs	104	-1%	12%	26%	▶	▶	▲	Sugar	98	1%	49%	143%	▶	▶	▲
	Meat (beef)	454	1%	3%	48%	▶	▶	▲	Wheat	29	0%	26%	94%	▶	▶	▲
	Meat (mutton)	485	1%	5%	56%	▶	▶	▲	Wheat flour (1st quality)	52	4%	31%	54%	▶	▶	▲
	Milk	37	-1%	23%	31%	▶	▶	▲	Wheat flour (high grade)	64	3%	26%	71%	▶	▶	▲
	Oil (cooking)	172	0%	0%	91%	▶	▶	▲								
YSSYK-KUL																
	Bread (1st grade)	60	2%	27%	37%	▶	▶	▲	Potatoes	28	-28%	-10%	82%	▼	▶	▲
	Bread (lepeszka)	80	3%	25%	35%	▶	▶	▲	Rice (medium)	85	0%	2%	8%	▶	▶	▲
	Eggs	91	0%	3%	20%	▶	▶	▲	Sugar	96	0%	49%	159%	▶	▶	▲
	Meat (beef)	505	4%	12%	50%	▶	▶	▲	Wheat	30	2%	30%	69%	▶	▶	▲
	Meat (mutton)	534	1%	16%	72%	▶	▶	▲	Wheat flour (1st quality)	48	5%	17%	35%	▶	▶	▲
	Milk	43	1%	49%	72%	▶	▶	▲	Wheat flour (high grade)	62	3%	9%	30%	▶	▶	▲
	Oil (cooking)	179	3%	4%	18%	▶	▶	▲								
KYRGYZ REPUBLIC																
	Bread (1st grade)	63	1%	24%	35%	▶	▶	▲	Potatoes	32	-19%	-4%	70%	▼	▶	▲
	Bread (lepeszka)	86	1%	25%	35%	▶	▶	▲	Rice (medium)	88	1%	8%	13%	▶	▶	▲
	Eggs	97	-1%	1%	26%	▶	▶	▲	Sugar	99	1%	49%	138%	▶	▶	▲
	Meat (beef)	517	3%	10%	47%	▶	▶	▲	Wheat	32	0%	8%	67%	▶	▶	▲
	Meat (mutton)	533	1%	8%	66%	▶	▶	▲	Wheat flour (1st quality)	51	2%	32%	53%	▶	▶	▲
	Milk	50	-1%	36%	30%	▶	▶	▲	Wheat flour (high grade)	63	2%	28%	48%	▶	▶	▲
	Oil (cooking)	188	0%	4%	97%	▶	▶	▲								

▲ 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