

# MARKET PRICE MONITORING BULLETIN



## ISSUE NO.11: JANUARY 2023

*The World Food Programme carries out market analysis on monthly basis to monitor the market situation in Armenia. Observing foreign currency exchange rates (namely USD and Russian Ruble) and retail market price fluctuations WFP seeks to draw possible implications on the overall socio-economic situation and purchasing power of the society. Based on the interest, the bulletin contains descriptive information about the market prices of selected food and non-food items.*

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Food and basic needs price information can be found in  
WFP's online database: [dataviz.vam.wfp.org](http://dataviz.vam.wfp.org)

## WFP ARMENIA: RAM



This bulletin focuses on market prices of the period of **December 2021 – December 2022**. Main sources used for the bulletin are the Statistical Committee of the Republic of Armenia and Central Bank of the Republic of Armenia.

### HIGHLIGHTS



The exchange rate of USD (United States Dollar)/AMD (Armenian Dram) kept decreasing since the end of March 2022. According to the Central Bank, December 2022, the USD exchange rate was AMD 394. Mostly maintaining upward tendency since April 2022, the exchange rate of RUB (Russian Ruble)/AMD slightly decreased in November 2022 comprising AMD 6 per 1 Ruble. Both USD and RUB exchange rates slightly decreased compared to November 2022.

Price inflation exists for both food and non-food items in Armenia. Consumer Price Index, which includes consumer goods and services, increased by 8.3 percent in December 2022 compared to December 2021. Meantime, food price inflation was 10 percent for the same period. Despite the overall downward tendency in prices, they remain relatively high further impoverishing vulnerable families in the country.

Diesel price increase comprised 11 percent in December 2022 compared to December 2021, whereas the price of petrol decreased by 19 percent for the same period.

The highest level of Consumer Price Index (CPI) is detected in Yerevan (9.1%), Kotayk region (8.3 %) and Armavir region (7.5%).

The highest food price inflation was seen in Yerevan (10.8 percent,) Tavush (10.4 percent), Armavir (9.6 percent), followed by Kotayk (9.5 percent) compared to December 2021.



## EXCHANGE RATE, AMD vs. USD and RUB

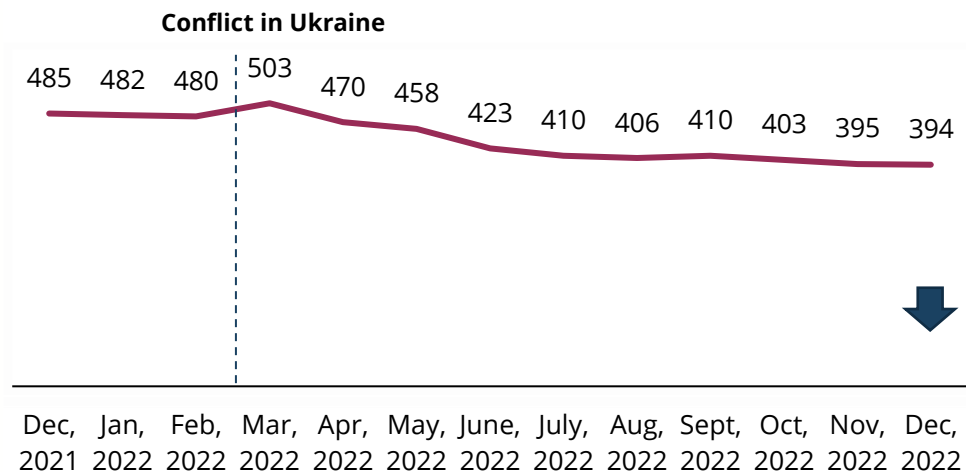
Since the onset of the situation in and around Ukraine, appreciation of the Armenian Dram vs US Dollars has been detected. In March 2022, the average USD vs AMD exchange rate peaked at AMD 503 for 1 USD steadily falling onwards and comprising AMD 394 for 1 USD in December 2022. This means that compared to March 2022 the exchange rate for USD has decreased approximately 21.6 percent in December 2022. Similarly, compared to the results in December 2021 (AMD 485 for 1 USD), the USD vs AMD exchange rate has decreased for around 18.7 percent.

This sharp drop of the USD vs AMD exchange rate is mostly triggered by an excessive inflow of USD into the Armenian market caused by external factors.

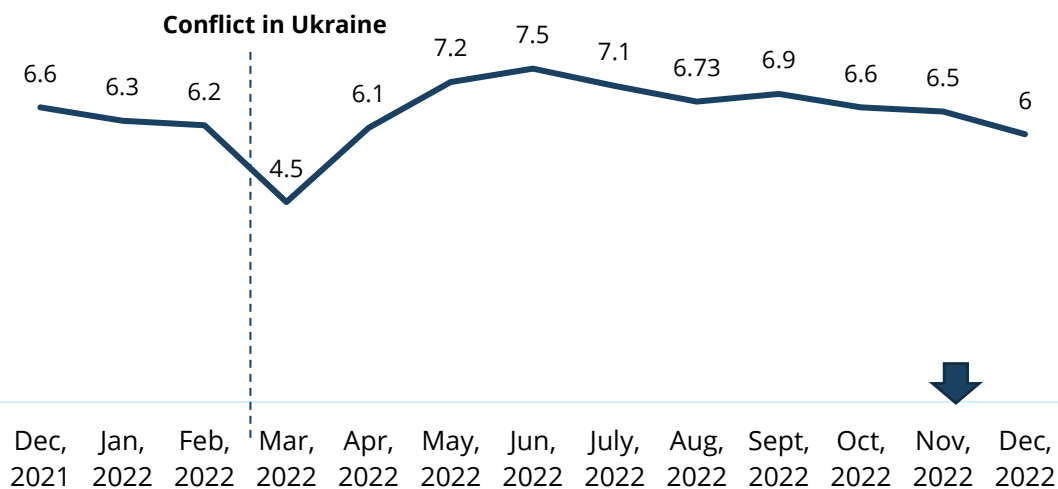
On the other hand, conditioned with the Ukrainian situation, Armenian Dram has been depreciating against Russian Ruble. If in March 2022, the average exchange rate for Russian Ruble vs AMD was the lowest for this period comprising AMD 4.5 for 1 Ruble, it started to continuously increase in April-June, then mostly demonstrating downward tendency till December 2022.

This appreciation is primarily connected to the imposed requirement of the Russian Federation to pay for its exported fossil fuels exclusively in Russian Rubles, thus increasing demand for Ruble.

**Figure 1: Exchange rate (AMD/USD), December 2021 – December 2022 (in AMD)**



**Figure 2: Exchange rate (AMD/RUB), December 2021 – December 2022 (in AMD)**



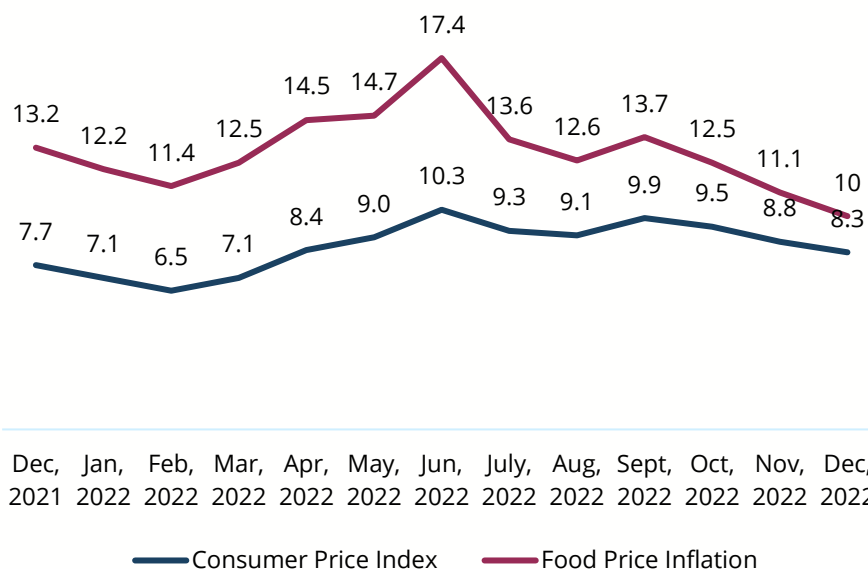
Source: Central Bank of Armenia

## CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

Starting from September 2022, both Consumer Price Index and food and non-alcoholic beverages prices in Armenia have continuously been declining. In December 2022, the Consumer Price Index comprised 8.3 percent which is slightly higher than it was in December 2021 (7.7 percent). However, compared to the CPI in November 2022 it has declined by 0.5 percentage points.

Similarly, food prices in Armenia for the mentioned period have been decreasing gradually as well. Interestingly, food price inflation in December 2022 (10 percent) was even lower than it was in December 2021 (13.2 percent).

**Figure 3: Consumer Price Index and Food Price Inflation, December 2021-December 2022, %**

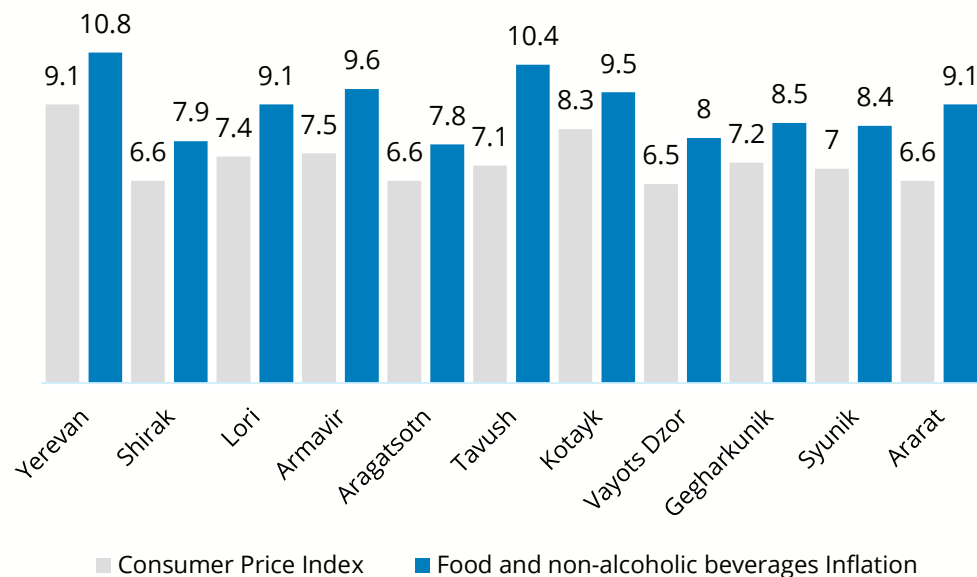


Dec, Jan, Feb, Mar, Apr, May, Jun, July, Aug, Sept, Oct, Nov, Dec, 2021 2022 2022 2022 2022 2022 2022 2022 2022 2022 2022 2022

Source: Statistical Committee of the Republic of Armenia Consumer Price Index in the Republic of Armenia January-December 2022

The monitoring of the CPIs in the regions of Armenia and the capital city Yerevan showcased the highest inflation in Yerevan (9.1 percent), Kotayk (8.3 percent) followed by Armavir (7.5 percent). As for the inflation rates of food and non-alcoholic beverages, again Yerevan showed the highest rate (10.8 percent), followed by Tavush (10.4 percent), Armavir (9.6 percent) and Kotayk (9.5 percent) compared to December 2021.

**Figure 4: Consumer Price Index and Food Price Inflation per region, December 2022, %**



Yerevan Shirak Lori Armavir Aragatsotn Tavush Kotayk Vayots Dzor Gegharkunik Syunik Ararat

Source: Statistical Committee of the Republic of Armenia Price Index in the Republic of Armenia January-December 2022

## PRICE INFLATION OF SELECTED FOOD GROUPS

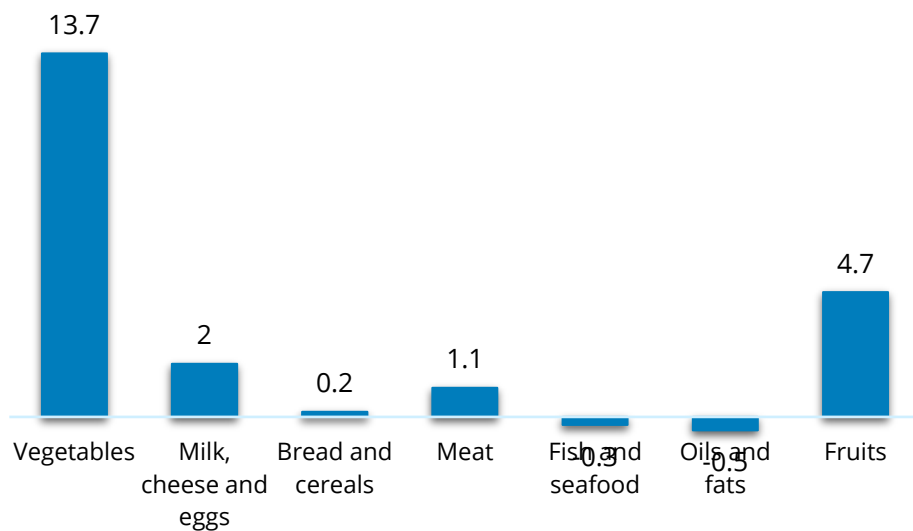
All the essential food groups have recorded annual price inflation. The highest inflation rate, however, was detected among the commodities in the group of “Bread and Cereals” (14.1 percent) followed by the “Meat” (12.3 percent), then “Milk, cheese and eggs” (11.4 percent).

According to the Statistical Committee of Armenia, bread and bakery products constitute more than one-third of the value of food basket of Armenian families. Since almost two-thirds of wheat consumption is imported, bread prices in Armenia depend heavily on the structure of Armenian wheat import market, in particular from the Russian Federation.

On the other hand, the lowest inflation was observed among the products of the group “Fish and seafood” (1.3 percent), followed by “Vegetables” (2.1 percent).

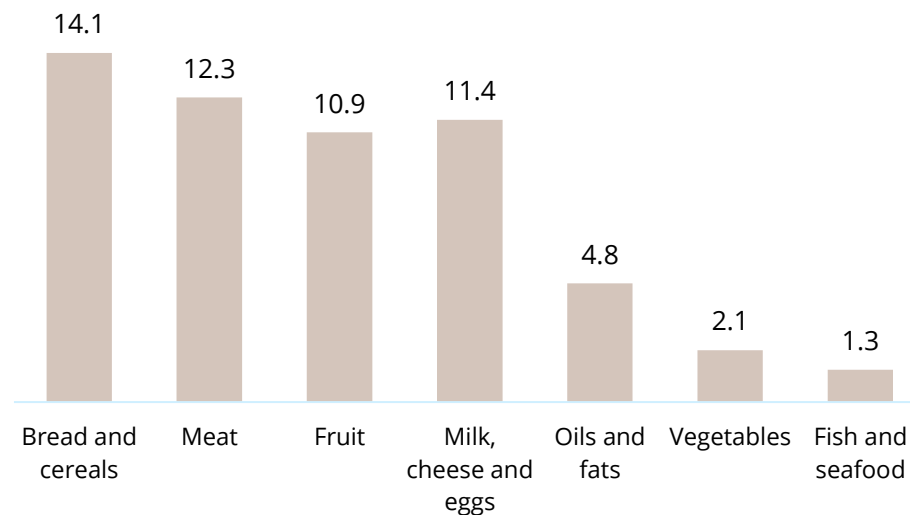
Interestingly, products of the group “Fish and seafood” and “Oils and fats” have experienced tiny decrease of monthly inflation (0.3 and 0.5 percent respectively). Other groups recorded price hikes in December 2022 compared to November 2022.

**Figure 5: Monthly consumer price index of selected food groups, December 2022 vs December 2021, %**



Source: Statistical Committee of the Republic of Armenia

**Figure 6: Annual Inflation of selected food groups, %**



## MARKET PRICES OF SELECTED FOOD COMMODITIES



Among the most consumed food commodities, pasta has the highest annual inflation rate of 27 percent, followed by lentils, recording price increase of 15 percent compared to December 2021. Buckwheat and rice have equal annual inflation rate of 6 percent compared to December 2021.

The analysis of monthly price inflation of the selected food products revealed that the majority of the food commodities didn't face any price change. The prices of lentils and oil have declined for 2 percent in December 2022 compared to November 2022 whereas buckwheat had 1 percent annual price decrease.

**Table 1: Annual and monthly inflation of selected food items**

Commodity	December 2021 (in AMD)	December 2022 (in AMD)	% change December 2022 vs December 2021 (+/-10%)	November 2022 (in AMD)	December 2022 (in AMD)	% change November 2022 vs December 2022 (+/-10%)
Pasta	664	845	27	848	845	0
Lentils	1212	1393	15	1420	1393	-2
Buckwheat	1251	1325	6	1345	1325	-1
Rice	969	1027	6	1027	1027	0
Wheat Flour	478	499	4	501	499	0
Oil (Vegetable)	1097	1049	-4	1071	1049	-2
Chicken	1675	1655	-1	1661	1655	0
Fuel (diesel)	493	548	11	596	548	-8
Fuel (petrol-gasoline)	518	419	-19	479	419	-13

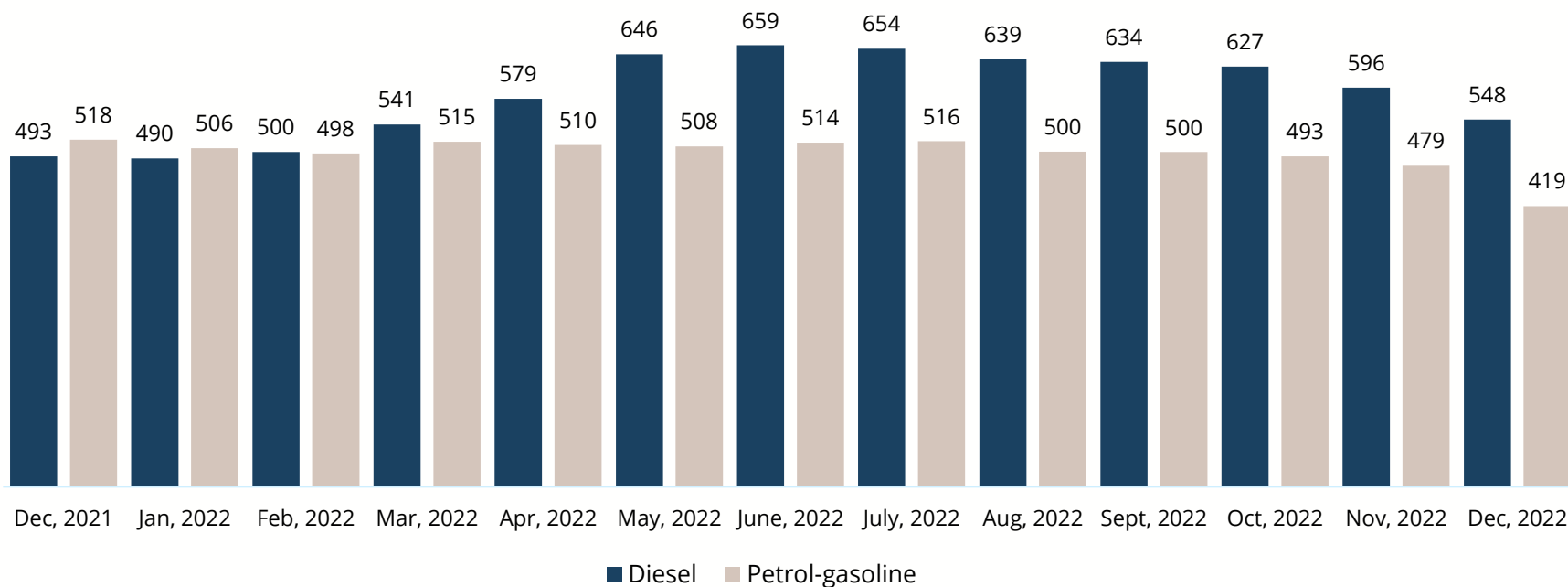
Source: Statistical Committee of the Republic of Armenia

## MARKET PRICES OF FUEL

Rising oil prices globally connected with the situation in and around Ukraine had its impact on fuel prices in Armenia too. Diesel fuel price increased in December 2022 with 11 percent compared to December 2021, whereas petrol price decreased by 19 percent for the same period. One of the negative consequences of the situation is that fuel price increases has led to higher cargo and passenger traffic tariffs. Moreover, high fuel prices are going to disrupt household budgets augmenting the part of transportation costs in their budgets. If remaining constant or rising further, the situation is going to be difficult for the households in Armenia, who would probably compromise on their other needs to be able to meet their winterization needs during the heating season.

The prices of diesel decreased by 8 percent and the price of petrol decreased by 13 percent compared to November 2022. It is important to note that a major part of import and export of goods to and from Armenia are basically done through Georgia (Upper-Lars border crossing point) and the trucks predominantly have diesel engines. Thus, this also impacts the increase of food and non-food items' prices.

**Figure 7: Price of fuel (petrol-gasoline and diesel), AMD**



Source: Statistical Committee of the Republic of Armenia