

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

According to the latest mobile vulnerability survey carried out by WFP in March 2023, 12 percent of the country's population is acutely food insecure. Yet, 53 percent of the population remain only marginally food secure. The highest levels of food insecurity were found in Talas (34 percent), Osh (19 percent) and Batken provinces (15 percent). For both food and non-food items, the key factor hindering purchases was the economic accessibility (lack of money) and affordability (high food prices). **The global food crisis and the subsequent high inflation, declining remittances inflow and growing poverty levels continue to undermine households' resilience as they resort to food and asset depletion coping strategies.**

Notwithstanding the challenges of the vulnerable population to recover from the impact of crises, the **Gross Domestic Product (GDP)** of the Kyrgyz Republic continued on a growth path and **increased by 6 percent, adding a net 111 billion Kyrgyz Soms (USD 1.3 billion)** to the economy in January-February 2023 compared to the same period last year. This increase was predominantly driven by the improvements to the trade (+11.5 percent), agriculture (+1.8 percent) and construction (+0.9 percent) sectors.

Nevertheless, in February 2023, **inflation reached 16.2 percent** compared to February 2022 (NBKR). The annual inflation rate remains **second highest in the EAEU region**. Domestic food price inflation is one of the drivers of the overall inflation, which also remains high. In January-February 2023, **the Consumer Price Index (CPI) for staple foods** increased by **17.6 percent**, compared to the same period of 2022. Rising food prices are eroding the purchasing power of the most vulnerable population to access a nutritious diet. The IMF forecasts a slowdown in GDP growth to 3.5% as Russia's shrinking economy will begin to put pressure on the Kyrgyz economy in 2023.

In the Russian Federation, export wheat prices slightly declined in February 2023 compared to previous month, in line with regional trends. Prices remained under downward pressure from the large domestic availabilities and fell to levels around 4 percent below those of February 2022. **The Kyrgyz Republic has a high dependency on imports from the Russian Federation** — 97 percent of imported wheat and 73 percent of imported vegetable oil came from Russia in 2022. To stabilise the market and support local sugar producers, the Government has also introduced Zero VAT for the import of sugar, raw sugar, grain and vegetable oil from January until December 2023. On March 30, 2023 the Council of the Eurasian Economic Commission announced an introduction of duty-free imports of raw sugar for period until December 31, 2023. The quota for the Kyrgyz Republic is estimated to be not more than 50,000 thousand tons. The approved tariff benefit is aimed in to support the development of domestic sugar production and provision of raw materials to enterprises in the EAEU countries.

Globally, limited supply and high prices have decreased demand for fertilizer, which has caused prices to decline from their peak in early 2022, although they **remain historically high** (WB). Despite a 35 to 50 percent drop in fertilizer prices since May 2022, prices remain 80 to 100 percent above 2020 levels. The decline is due to the weak demand caused by availability and affordability issues, while sanctions on exports from the Russian Federation, one of the world's most important exporters of the three major groups of fertilizers – nitrogen, phosphorus and potassium, continue to cause supply disruptions. **High fertilizer prices and, consequently, increased input costs can affect next season's harvest, leading to elevated food prices in the longer run.** The Ministry of Agriculture has submitted a draft resolution for public discussion to ban the export of fertilizers from internal stocks outside of EAEU for 2023 to ensure the availability of fertilizers during spring planting season.

In Kyrgyz Republic, the **cultivation of winter wheat and barley crops** continued in March 2023 under mixed weather conditions. As of 8 March 2023, the output of barley (450 thousand tons) is expected at 6.8 percent higher than the five-year average level due to large plantings, while the output of wheat is expected at a near-average level of 570 thousand tons. Rainfall during April-June 2023 is likely to be near average across country, while air temperature is likely to be above normal conditions.

The following section discusses average prices for the four weeks from 24 February to 24 March 2023, in comparison to the previous month, the annual average in March 2022 and the monthly average in February 2020 (before the COVID-19 outbreak began in the country).



- **Wheat:** From 24 February to 24 March 2023, the national retail price of wheat remained stable compared to the previous month, with an average price of 31 KGS/kg. As of 24 March 2022, the highest price for wheat was observed in Bishkek city (32 KGS/kg) and the lowest price in Talas, Naryn and Yssyk-Kul provinces (24 KGS/kg). Prices were 2 percent lower compared to March 2022 and 61 percent higher compared to February 2020.



- **Oil (Cooking):** The national retail price of vegetable oil decreased by 2 percent compared to the previous month, with an average price of 173 KGS/L. As of 24 March 2023, the highest price was in Naryn province (186 KGS/L) and the lowest price was in Bishkek city (163 KGS/L). The prices remained 7 percent lower compared to March 2022 and 81 percent higher compared to February 2020. The country has a high import dependency on vegetable oil due to its low internal production and capacity for processing oil seeds.



- **Rice (medium size):** The national retail price of rice increased by 3 percent compared to last month, with an average price of 107 KGS/kg. As of 24 March 2023, the highest price were observed in Jalal-Abad province (131 KGS/kg) and the lowest in Yssyk-Kul province (106 KGS/kg). The price of rice was 26 percent and 38 percent higher, compared to March 2022 and February 2020 levels, respectively, which represents a significant increase above normal annual price fluctuations.

Situation Update



• **Eggs:** The national retail price of eggs increased by another 1 percent compared to the previous month, leading to an average price of 118 KGS/10 pcs. As of 24 March 2023, the highest prices were observed in Batken province (129 KGS/10 pcs) and the lowest price in Yssyk-Kul province (108 KGS/kg). The price of eggs was **14 percent and 54 percent** higher compared to March 2022 and February 2020, respectively. The price increase is due to seasonality and higher seasonal cost of feed.



• **Milk:** The national retail price of milk decreased by 2 percent compared to last month, with an average price of 61 KGS/kg. As of 24 March 2023, the highest prices were in Bishkek city (66 KGS/l) and the lowest in Naryn province (43 KGS/l). The price of milk was **9 percent and 57 percent** higher compared to March 2022 and February 2020 respectively.



• **Potatoes:** The national retail price of potatoes decreased by 1 percent compared to last month, leading to an average price of 38 KGS/kg. As of 24 March 2023, the highest prices were in Jalal-Abad city (39 KGS/l) and the lowest in Naryn province (29 KGS/l). The price of potatoes was **8 percent lower** compared to March 2022 **and 71 percent** higher and February 2020.



• **Exchange Rate:** To ensure economic security, stabilize the situation in the domestic foreign exchange market and minimize the adverse effects of the outflow of US dollars in cash outside the Kyrgyz Republic, the National Bank of the Kyrgyz Republic on January 17, 2023 introduced a ban on the export of foreign currency. During the weeks from 24 February to 24 March 2023, the Kyrgyz Som remained stable at the level of 87.4 KGS against the US Dollar, the Russian Ruble depreciated from 75 RUB to 76 RUB against the US Dollar, and the Kazakh Tenge depreciated from 449 KZT to 462 KZT against the US Dollar. Compared to March 2022, the Kyrgyz Som and Russian Ruble appreciated by 12 percent and Kazakh Tenge appreciated by 8 percent against the US Dollar. Currency movements are one of the main driving forces of -retail prices of imported basic food commodities, including wheat, vegetable oil and sugar.



• **Global oil and retail prices:** Since July 2022, the Kyrgyz Republic and the Russian Federation fully switched to settle payments in Rubles, which led to an increase in fuel prices, supported also by a seasonal increase of export prices. According to the Antimonopoly Regulation Service, since January 2023 there has been a downward trend in fuel prices due to the decrease of export prices in the Russian Federation. As of 24 March 2023, both retail prices of diesel and fuel (AI-92) decreased by 1 percent compared to February 2023. However, compared to March 2022, the prices for AI-92 decreased by 17 percent, and diesel increased by 16 percent, and both are 38 percent and 93 percent higher respectively, compared to February 2021 levels (when oil retail prices went up), reaching almost 53 KGS/l for fuel (AI-92) and 74 KGS/l for diesel. According to the official data, the Kyrgyz Republic's annual demand for fuel and lubricants is 1,200,000 tons. 90 percent of oil is imported from refineries in the Russian Federation. To stabilise the domestic market, the Russian Federation raised export prices for oil. The Kyrgyz Association of Oil Traders will continue to prevent sharp price changes by containing prices 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.

According to the Energy Information Administration forecast, the WTI and Brent prices will stay relatively flat through first half of 2023. From 24 February to 24 March 2023, WTI price decreased from USD 76 per barrel to USD 69 per barrel and Brent decreased from USD 82 per barrel to USD 74 per barrel. The WTI and Brent prices remained 36 percent and 37 percent lower respectively, compared to March 2022 levels, and 48 percent and 40 percent higher compared to March 2020.

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

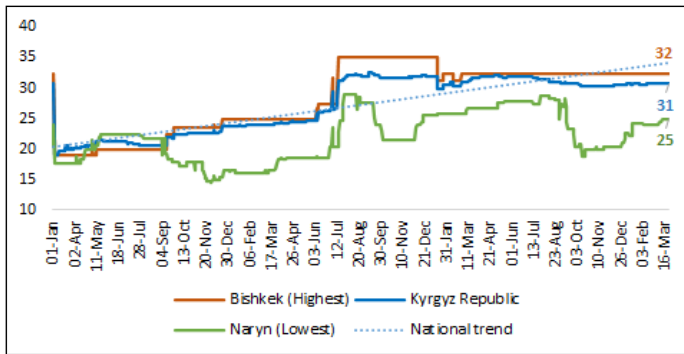
	24 Feb—24 Mar 2023 (KGS/kg)	Previous month (KGS/kg)	Trend		24 Feb—24 Mar 2023 (KGS/kg)	Previous month (KGS/kg)	Trend
Bread (1st grade)	64.11	64	0%	Rice (medium)	106.61	103.4	3%
Milk	60.88	62.1	-2%	Sugar	91.66	91.60	0%
Meat (beef)	544.97	545.7	0%	Wheat	30.73	30.7	0%
Meat (mutton)	533.38	528.8	1%	Wheat flour (1st grade)	52.33	52.4	0%
Oil (cooking)	172.70	176.50	-2%	Wheat flour (high-grade)	64.04	64	0%
Potatoes	37.62	38.1	-1%	Eggs	118.07	117.3	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.

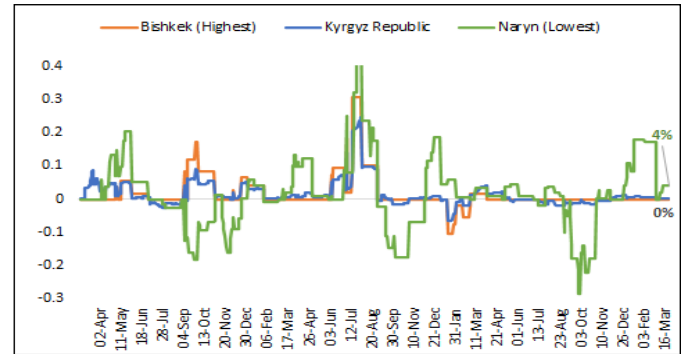
For additional information on the Price Monitoring Bulletins, please contact WFP.Bishkek@wfp.org

WHEAT

Pic 1. Retail wheat prices (KGS/kg)

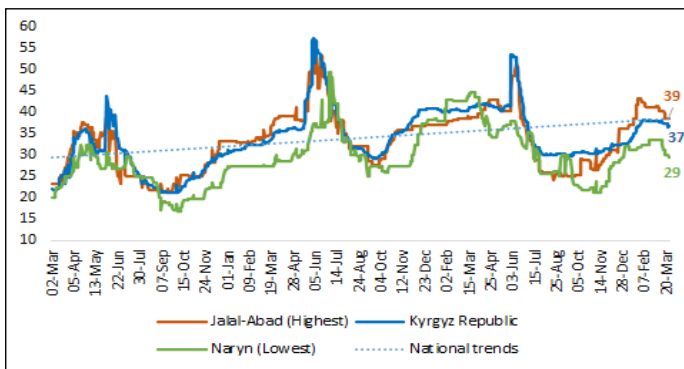


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

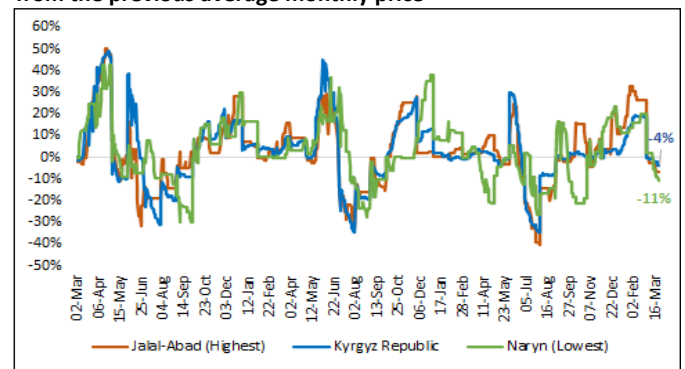


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

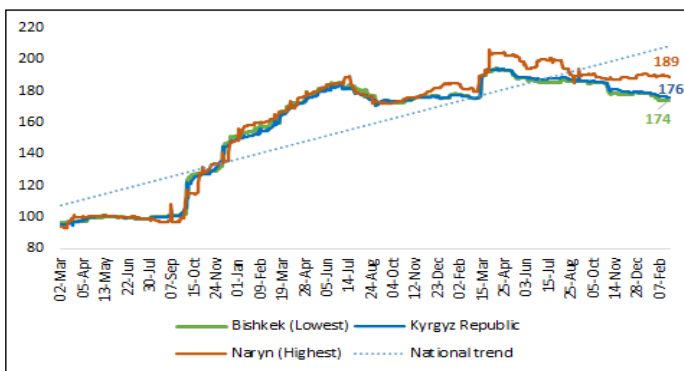


Pic 4. Growth rate of potatoes, as a percentage of the daily prices from the previous average monthly price

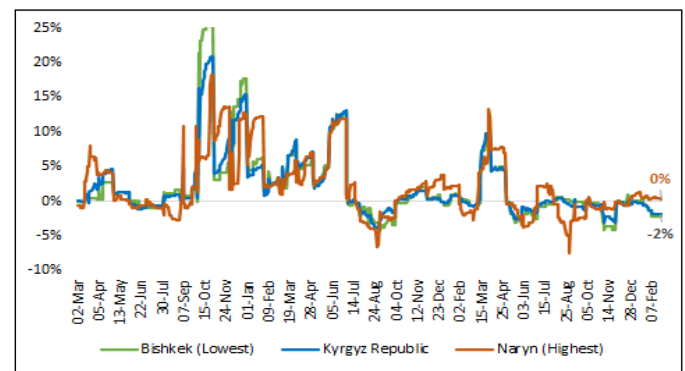


OIL (COOKING)

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

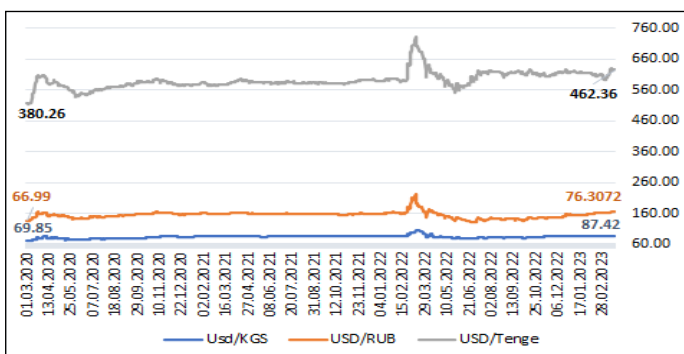


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



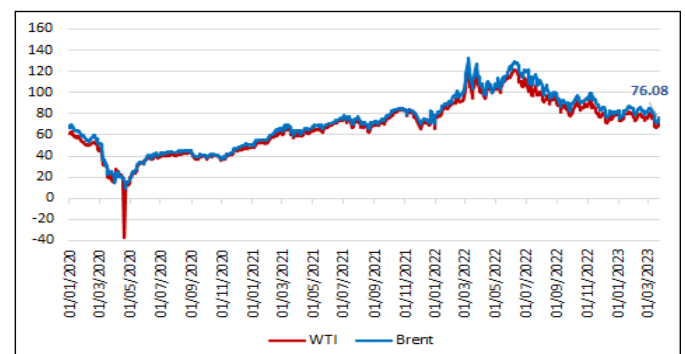
EXCHANGE RATE

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 24 Mar 2023, 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, past four weeks compared to the average prices of the previous month.

Province	Commodity	March 24 Price (KGS)	MONTHLY PRICE / previous month	MONTHLY PRICE / March 2022	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / previous month	MONTHLY PRICE / March 2022	MONTHLY PRICE / Feb 2020	Commodity	March 24 Price (KGS)	MONTHLY PRICE / previous month	MONTHLY PRICE / March 2022	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / previous month	MONTHLY PRICE / March 2022	MONTHLY PRICE / Feb 2020
BATKEN																
	Bread (1st grade)	73	3%	9%	43%	▶	▶	▲	Potatoes	37	-4%	6%	58%	▶	▶	▲
	Bread (lepeskha)	89	0%	15%	48%	▶	▶	▲	Rice (medium)	113	2%	37%	49%	▶	▶	▲
	Eggs	129	0%	19%	55%	▶	▶	▲	Sugar	100	3%	10%	129%	▶	▶	▲
	Meat (beef)	490	0%	5%	43%	▶	▶	▲	Wheat	31	0%	-5%	55%	▶	▶	▲
	Meat (mutton)	590	0%	18%	69%	▶	▶	▲	Wheat flour (1st quality)	54	0%	18%	60%	▶	▶	▲
	Milk	58	-4%	28%	65%	▶	▶	▲	Wheat flour (high grade)	66	0%	19%	48%	▶	▶	▲
	Oil (cooking)	175	-1%	-10%	80%	▶	▶	▲								
	BISHKEK CITY															
	Bread (1st grade)	64	0%	14%	45%	▶	▶	▲	Potatoes	38	-1%	-6%	0%	▶	▶	▶
	Bread (lepeskha)	87	0%	9%	38%	▶	▶	▲	Rice (medium)	107	3%	32%	43%	▶	▶	▲
	Eggs	115	2%	16%	53%	▶	▶	▲	Sugar	90	0%	8%	126%	▶	▶	▲
	Meat (beef)	571	0%	20%	60%	▶	▶	▲	Wheat	32	0%	0%	71%	▶	▶	▲
	Meat (mutton)	531	1%	13%	66%	▶	▶	▲	Wheat flour (1st quality)	53	0%	18%	64%	▶	▶	▲
	Milk	66	0%	9%	66%	▶	▶	▲	Wheat flour (high grade)	64	0%	13%	61%	▶	▶	▲
	Oil (cooking)	163	-3%	-9%	74%	▶	▼	▲								
	CHUY															
	Bread (1st grade)	59	0%	16%	51%	▶	▶	▲	Potatoes	30	-3%	-12%	62%	▶	▶	▲
	Bread (lepeskha)	97	0%	0%	51%	▶	▶	▲	Rice (medium)	107	-1%	29%	41%	▶	▶	▲
	Eggs	117	-2%	-2%	51%	▶	▶	▲	Sugar	90	0%	16%	135%	▶	▶	▲
	Meat (beef)	530	0%	0%	63%	▶	▶	▲	Wheat	31	0%	9%	68%	▶	▶	▲
	Meat (mutton)	532	0%	0%	69%	▶	▶	▲	Wheat flour (1st quality)	53	0%	17%	56%	▶	▶	▲
	Milk	53	0%	6%	54%	▶	▶	▲	Wheat flour (high grade)	63	1%	16%	44%	▶	▶	▲
	Oil (cooking)	180	0%	5%	99%	▶	▶	▲								
	JALALABAD															
	Bread (1st grade)	74	0%	15%	42%	▶	▶	▲	Potatoes	39	-3%	43%	69%	▶	▶	▲
	Bread (lepeskha)	88	0%	0%	19%	▶	▶	▲	Rice (medium)	131	8%	43%	50%	▶	▶	▲
	Eggs	124	0%	6%	51%	▶	▶	▲	Sugar	93	0%	8%	128%	▶	▶	▲
	Meat (beef)	493	0%	6%	44%	▶	▶	▲	Wheat	30	0%	-10%	45%	▶	▶	▲
	Meat (mutton)	540	0%	12%	57%	▶	▶	▲	Wheat flour (1st quality)	51	0%	15%	45%	▶	▶	▲
	Milk	46	-7%	18%	46%	▶	▼	▲	Wheat flour (high grade)	63	0%	20%	52%	▶	▶	▲
	Oil (cooking)	178	0%	-3%	96%	▶	▶	▲								
	MARYN															
	Bread (1st grade)	69	-1%	16%	33%	▶	▶	▲	Potatoes	29	-3%	-26%	61%	▶	▼	▲
	Bread (lepeskha)	90	-1%	19%	51%	▶	▶	▲	Rice (medium)	116	3%	48%	62%	▶	▶	▲
	Eggs	123	-1%	10%	47%	▶	▶	▲	Sugar	86	-1%	12%	133%	▶	▶	▲
	Meat (beef)	550	5%	16%	63%	▶	▶	▲	Wheat	25	2%	-7%	39%	▶	▶	▲
	Meat (mutton)	545	3%	15%	65%	▶	▶	▲	Wheat flour (1st quality)	47	-3%	10%	51%	▶	▶	▲
	Milk	43	-9%	15%	41%	▶	▼	▲	Wheat flour (high grade)	56	-2%	15%	47%	▶	▶	▲
	Oil (cooking)	186	-1%	-1%	99%	▶	▶	▲								
	OSH															
	Bread (1st grade)	69	0%	4%	14%	▶	▶	▲	Potatoes	34	-3%	-11%	47%	▶	▶	▲
	Bread (lepeskha)	106	0%	13%	33%	▶	▶	▲	Rice (medium)	107	1%	4%	15%	▶	▶	▲
	Eggs	122	0%	10%	91%	▶	▶	▲	Sugar	96	-1%	10%	102%	▶	▶	▲
	Meat (beef)	518	-1%	7%	3%	▶	▶	▶	Wheat	29	-1%	-8%	51%	▶	▶	▲
	Meat (mutton)	575	0%	10%	64%	▶	▶	▲	Wheat flour (1st quality)	51	-1%	11%	35%	▶	▶	▲
	Milk	45	0%	2%	33%	▶	▶	▲	Wheat flour (high grade)	62	0%	8%	30%	▶	▶	▲
	Oil (cooking)	180	-5%	-1%	91%	▶	▶	▲								
	TALAS															
	Bread (1st grade)	74	0%	17%	64%	▶	▶	▲	Potatoes	33	-7%	-12%	59%	▶	▼	▲
	Bread (lepeskha)	85	0%	10%	41%	▶	▶	▲	Rice (medium)	111	2%	57%		▶	▶	▶
	Eggs	122	0%	12%	46%	▶	▶	▲	Sugar	86	-1%	4%	116%	▶	▶	▲
	Meat (beef)	464	0%	6%	51%	▶	▶	▲	Wheat	25	2%	-14%	58%	▶	▶	▲
	Meat (mutton)	478	1%	7%	54%	▶	▶	▲	Wheat flour (1st quality)	49	-1%	13%	50%	▶	▶	▲
	Milk	49	-1%	6%	74%	▶	▶	▲	Wheat flour (high grade)	67	1%	21%	80%	▶	▶	▲
	Oil (cooking)	171	-1%	-3%	93%	▶	▶	▲								
	YSSYK-KUL															
	Bread (1st grade)	60	0%	11%	37%	▶	▶	▲	Potatoes	30	0%	-20%	61%	▶	▼	▲
	Bread (lepeskha)	85	0%	15%	43%	▶	▶	▲	Rice (medium)	106	3%	26%	32%	▶	▶	▲
	Eggs	108	1%	4%	44%	▶	▶	▲	Sugar	86	0%	6%	135%	▶	▶	▲
	Meat (beef)	495	-2%	7%	46%	▶	▶	▲	Wheat	25	0%	-4%	43%	▶	▶	▲
	Meat (mutton)	492	0%	8%	60%	▶	▶	▲	Wheat flour (1st quality)	46	0%	10%	29%	▶	▶	▲
	Milk	54	0%	20%	60%	▶	▶	▲	Wheat flour (high grade)	63	0%	12%	33%	▶	▶	▲
	Oil (cooking)	166	-2%	-9%	57%	▶	▶	▲								
	KYRGYZ REPUBLIC															
	Bread (1st grade)	64	0%	11%	40%	▶	▶	▲	Potatoes	37	-1%	-8%	71%	▶	▶	▲
	Bread (lepeskha)	90	0%	9%	40%	▶	▶	▲	Rice (medium)	108	3%	26%	38%	▶	▶	▲
	Eggs	118	1%	14%	54%	▶	▶	▲	Sugar	91	0%	10%	123%	▶	▶	▲
	Meat (beef)	546	0%	14%	56%	▶	▶	▲	Wheat	31	0%	-2%	61%	▶	▶	▲
	Meat (mutton)	541	1%	12%	66%	▶	▶	▲	Wheat flour (1st quality)	52	0%	17%	57%	▶	▶	▲
	Milk	59	-2%	9%	57%	▶	▶	▲	Wheat flour (high grade)	64	0%	14%	52%	▶	▶	▲
	Oil (cooking)	169	-2%	-7%	81%	▶	▶	▲								

▲ 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