

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

Despite the gradual decline of global food and oil prices, inflation forecasts remain high. The rising inflation, exchange rates, and declining remittance inflows reduce households' resilience and resistance to crises. According to the June 2023 mobile vulnerability survey carried out by WFP, **10 percent of the country's population is acutely food insecure.** Yet, **51 percent of the population remains to be only marginally food secure** and still applying asset depletion coping strategies (labour migration, reduction of expenses for agriculture needs, livestock and seeds, and using savings, borrow money for essential food). The provinces with the highest levels of food insecurity were Talas (16 percent) and Osh (15 percent). The key factors hindering purchases of both food and non-food items was economic accessibility (lack of money) and affordability (high food prices).

Notwithstanding the difficulties of a vulnerable population to recover from the impact of crises, the Gross Domestic Product (GDP) of the Kyrgyz Republic continued to grow and **increased by 3.4 percent**, adding 355 **billion Kyrgyz soms** (\$4.1 billion) to the economy in January-May 2023 compared to the same period last year. This growth was primarily driven by improvements of the services sector. The IMF forecasts a slowdown in annual GDP growth to 3.5 percent as the effects of the global crisis begin to affect the Kyrgyz Republic's economy in 2023.

In May 2023, **inflation reached 11.3 percent** compared to May 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-May 2023, **the Consumer Price Index (CPI) for staple foods** increased by **13.2 percent**, compared to the same period of 2022. In this regard, rising food prices reduce the purchasing power of the most vulnerable who cannot afford nutritious food.

At the same time, the global export prices for wheat are experiencing their steepest decline yet, including in the Russian Federation, and have reached July 2021 levels. This is driven by ample global supplies and strong competition among exporters. **The Kyrgyz Republic has a low level of self-sufficiency through its own production:** sugar (only 59 percent), wheat products (only 58 percent) and oil (only 20 percent). To stabilise the market and support local sugar producers, the Government has introduced Zero VAT for the import of sugar, raw sugar, grain and vegetable oil from January until December 2023. On 30 March 2023 the Council of the Eurasian Economic Commission announced an introduction of duty-free imports of raw sugar at preferential prices until 31 December 2023. The approved tariff aims to support the development of domestic sugar production and provision of raw materials to enterprises in the EAEU countries.

Globally, fertilizer prices hit record nominal prices in 2022 for many reasons, including sanctions imposed on Belarus and Russia and trade restrictions imposed by major fertilizer producers such as China. Although prices are down nearly 80% from their 2022 peaks, they are still nearly double their January 2022. The Russian Federation, one of the world's largest exporters of the three major groups of fertilizers – nitrogen, phosphorus and potassium, continue to cause supply disruptions. **The growing prices and supply disruptions poses an immediate risk to farmers' access to fertilizer, which increases the likelihood of reduced food crop production.**

The **cultivation of winter wheat and barley crops continued in May 2023 under light-to-moderate rainfall conditions** in some northern and southern parts of the Kyrgyz Republic, while dry weather conditions were observed in the eastern and western parts of the country. Planting of spring wheat and maize continued in May 2023. The 2023/24 output of wheat is expected at 570,000 tonnes, which is 1.8 percent higher than the five-year average for 2018-2022 due to a larger planted area. According to International Research Institute Climate Forecasts, **rainfall during June-August 2023 is likely to be near-average to above-average** (60-80 percent possibility of exceeding the median rainfall) across the country, while air **temperature is likely to be above the normal conditions** in the western part of the Kyrgyz Republic.

The following section discusses average prices for the four weeks from 19 May to 16 June 2023, in comparison to the previous month, the annual average in June 2022 and the monthly average in February 2020 (before the COVID-19 outbreak began in the country).





- **Wheat:** From 19 May to 16 June 2023, the national retail price of wheat remained stable compared to the previous month, with an average price of 31 KGS/kg. As of 16 June 2023, the highest price for wheat was observed in Bishkek city (32 KGS/kg) and the lowest price in Talas province (23 KGS/kg). Prices were 4 percent lower compared to June 2022 and 61 percent higher compared to February 2020.





- **Oil (Cooking):** The national retail price of vegetable oil decreased by 1 percent compared to the previous month, with an average price of 159 KGS/L. As of 16 June 2023, the highest price was in Chuy province (175 KGS/L) and the lowest price was in Bishkek city and Yssyk-Kul province (154 KGS/L). The prices remained 15 percent lower compared to June 2022 and 67 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.


Situation Update

 • **Eggs:** The national retail price of eggs decreased by 1 percent compared to the previous month, leading to an average price of 115 KGS/10 pcs. As of 16 June 2023, the highest price was observed in Talas province (128 KGS/10 pcs) and the lowest price in Yssyk-Kul province (106 KGS/kg). The price of eggs was **18 percent** and **50 percent** higher compared to June 2022 and February 2020, respectively.

 • **Potatoes:** The national retail price of potatoes increased by **16 percent** (or 6 KGS) compared to last month, leading to an average price of 45 KGS/kg. The price increase is associated with seasonality and availability of new crop, which traditionally has higher prices. As of 16 June 2023, the highest price was in Bishkek city (55 KGS/l) and the lowest in Naryn province (28 KGS/l). The price of potatoes was **2 percent lower** compared to June 2022 and **102 percent** higher compared to February 2020.

 • **Rice (medium size):** The national retail price of rice increased by 5 percent compared to last month, with an average price of 123 KGS/kg. As of 16 June 2023, the highest price was observed in Batken province (143 KGS/kg) and the lowest in Chuy province (118 KGS/kg). The price of rice was **42 percent** and **59 percent higher**, compared to June 2022 and February 2020 levels, respectively, which represents a significant increase above normal annual price fluctuations.

 • **Exchange Rate:** The National Bank of the Kyrgyz Republic will continue to constantly monitor the situation, and, if necessary, will use additional tools and take appropriate measures to stabilize the exchange rate. During the period from 19 May to 16 June 2023, the Kyrgyz Som slightly depreciated from 84.5 KGS to 84.6 KGS against the US Dollar, the Russian Ruble depreciated from 80 RUB to 84 RUB against the US Dollar, and the Kazakh Tenge depreciated from 449 KZT to 452 KZT against the US Dollar. Compared to June 2022, the Kyrgyz Som depreciated by 10 percent, Russian Ruble depreciated by 47 percent, while the Kazakh Tenge appreciated by 2 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 January 2023, a declining trend in fuel prices has been observed due to lower export prices in the Russian Federation. Nevertheless, according to the forecasts of the Kyrgyz Association of Oil Traders, fuel prices are expected to increase by 5-6 KGS as a result of seasonal increases in export prices. As of 16 June 2023, retail prices of diesel and fuel (AI-92) decreased by 1 percent and 4 percent, respectively, compared to May 2023. However, compared to June 2022, the prices for AI-92 and diesel increased by 10 percent, reaching almost 56 KGS/l for fuel (AI-92) and 71 KGS/l for diesel. The Kyrgyz Association of Oil Traders will continue to prevent sharp price changes 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 19 May to 12 June 2023, WTI price decreased from USD 72 per barrel to USD 67 per barrel and Brent price decreased from USD 75 per barrel to USD 72 per barrel. The WTI and Brent prices remained 64 percent and 41 percent lower respectively, compared to June 2022 levels, and 64 percent and 64 percent higher respectively compared to March 2020.

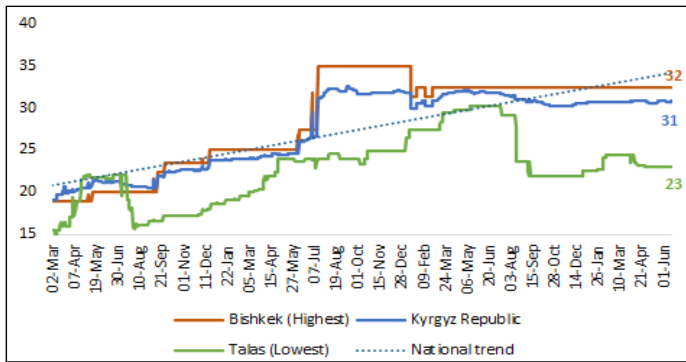
Trends of Retail Prices for 12 Staple Foods (Monthly Trends) in the Kyrgyz Republic

	19 May -16 June 2023 (KGS/kg)	Previous month (KGS/kg)	Trend		19 May -16 June 2023 (KGS/kg)	Previous month (KGS/kg)	Trend
Bread (1st grade)	64	64	0%	Rice (medium)	123	117	5%
Milk	55	56	-3%	Sugar	91	91	0%
Meat (beef)	552	549	1%	Wheat	31	31	0%
Meat (mutton)	593	576	3%	Wheat flour (1st grade)	51	51	0%
Oil (cooking)	159	161	-1%	Wheat flour (high-grade)	63	63	0%
Potatoes	45	39	16%	Eggs	115	116	-1%

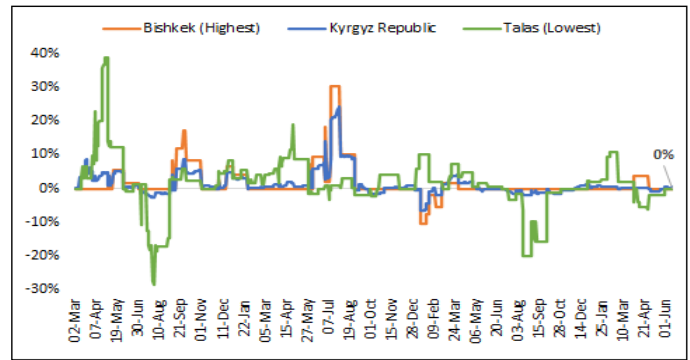
This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen, 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.

WHEAT

Pic 1. Retail wheat prices (KGS/kg)

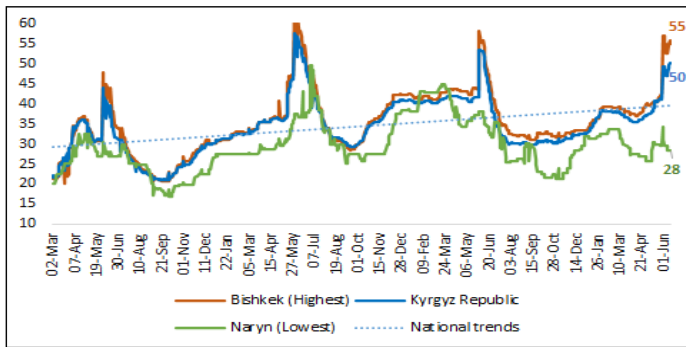


Pic 2. Growth rate of wheat prices, as a percentage of the daily prices from the previous average monthly price

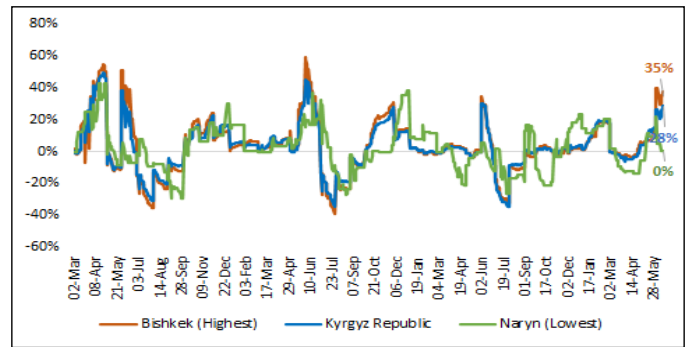


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

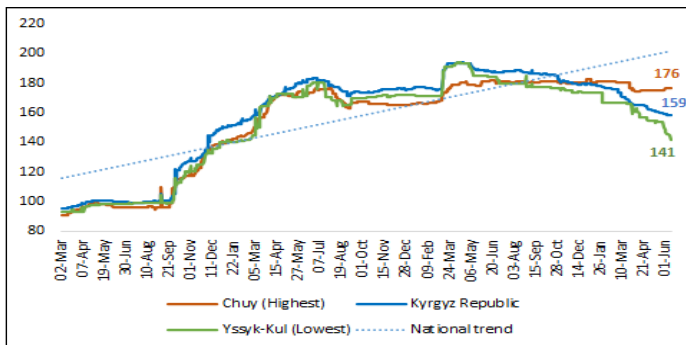


Pic 4. Growth rate of potatoes prices, as a percentage of the daily prices from the previous average monthly price

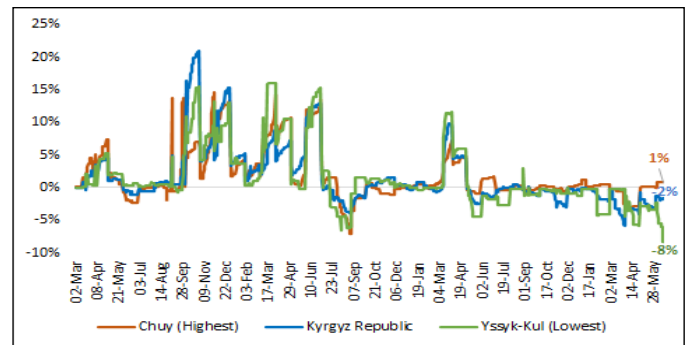


OIL (COOKING)

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

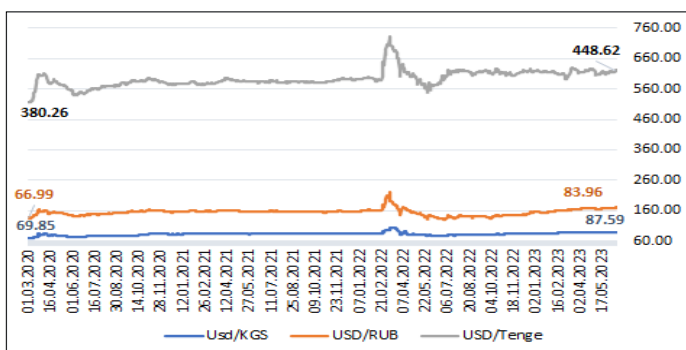


Pic 6. Growth rate of vegetable oil prices, as a percentage of the daily prices from the previous average monthly price



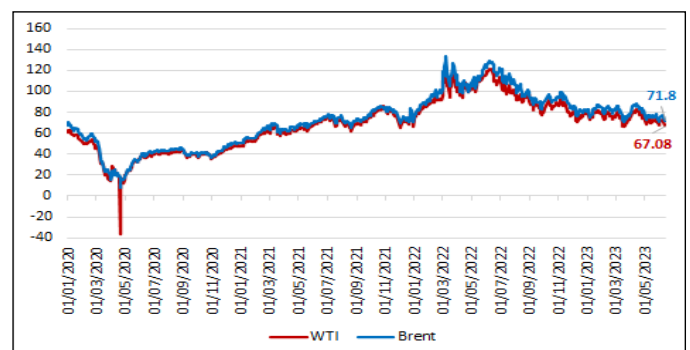
EXCHANGE RATE

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 12 Jun 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	June 16 Price (KGS)	MONTHLY PRICE/previous month	MONTHLY PRICE / June 2022	MONTHLY PRICE/ Feb 2020	MONTHLY PRICE/ previous month	MONTHLY PRICE / June 2022	MONTHLY PRICE/ Feb 2020	Commodity	June 16 Price (KGS)	MONTHLY PRICE/previous month	MONTHLY PRICE / June 2022	MONTHLY PRICE/ Feb 2020	MONTHLY PRICE/ previous month	MONTHLY PRICE / June 2022	MONTHLY PRICE/ Feb 2020
BATKEN																
	Bread (1st grade)	73	0%	10%	45%	▶	▶	▶	Potatoes	47	5%	6%	72%	▶	▶	▶
	Bread (lepushka)	89	0%	9%	48%	▶	▶	▶	Rice (medium)	143	6%	47%	66%	▶	▶	▶
	Eggs	120	-1%	15%	46%	▶	▶	▶	Sugar	93	-2%	-4%	121%	▶	▶	▶
	Meat (beef)	490	0%	5%	43%	▶	▶	▶	Wheat	30	0%	-11%	51%	▶	▶	▶
	Meat (mutton)	600	0%	9%	71%	▶	▶	▶	Wheat flour (1st quality)	51	-3%	7%	52%	▶	▶	▶
	Milk	60	2%	30%	69%	▶	▶	▶	Wheat flour (high grade)	65	-1%	8%	47%	▶	▶	▶
	Oil (cooking)	169	-1%	-13%	72%	▶	▶	▶								
BISHKEK CITY																
	Bread (1st grade)	64	0%	6%	45%	▶	▶	▶	Potatoes	55	20%	-1%	0%	▶	▶	▶
	Bread (lepushka)	87	0%	5%	38%	▶	▶	▶	Rice (medium)	129	6%	53%	68%	▶	▶	▶
	Eggs	112	0%	18%	48%	▶	▶	▶	Sugar	91	1%	-7%	126%	▶	▶	▶
	Meat (beef)	574	0%	12%	61%	▶	▶	▶	Wheat	32	0%	0%	71%	▶	▶	▶
	Meat (mutton)	610	4%	16%	94%	▶	▶	▶	Wheat flour (1st quality)	53	0%	4%	63%	▶	▶	▶
	Milk	59	-4%	6%	49%	▶	▶	▶	Wheat flour (high grade)	63	1%	3%	58%	▶	▶	▶
	Oil (cooking)	152	-2%	-19%	57%	▶	▼	▶								
CHUY																
	Bread (1st grade)	58	-1%	5%	49%	▶	▶	▶	Potatoes	50	31%	3%	97%	▶	▶	▶
	Bread (lepushka)	91	-2%	-3%	47%	▶	▶	▶	Rice (medium)	118	1%	27%	52%	▶	▶	▶
	Eggs	117	0%	0%	53%	▶	▶	▶	Sugar	89	0%	-4%	134%	▶	▶	▶
	Meat (beef)	532	0%	0%	64%	▶	▶	▶	Wheat	28	-1%	-7%	51%	▶	▶	▶
	Meat (mutton)	560	1%	2%	78%	▶	▶	▶	Wheat flour (1st quality)	49	-1%	0%	41%	▶	▶	▶
	Milk	49	0%	10%	47%	▶	▶	▶	Wheat flour (high grade)	58	-1%	2%	35%	▶	▶	▶
	Oil (cooking)	176	0%	-3%	93%	▶	▶	▶								
JALALABAD																
	Bread (1st grade)	74	0%	1%	43%	▶	▶	▶	Potatoes	46	8%	40%	64%	▶	▶	▶
	Bread (lepushka)	88	0%	4%	20%	▶	▶	▶	Rice (medium)	138	1%	40%	58%	▶	▶	▶
	Eggs	126	0%	25%	54%	▶	▶	▶	Sugar	92	0%	-8%	124%	▶	▶	▶
	Meat (beef)	511	1%	7%	49%	▶	▶	▶	Wheat	31	0%	-13%	48%	▶	▶	▶
	Meat (mutton)	563	1%	9%	64%	▶	▶	▶	Wheat flour (1st quality)	48	-1%	4%	36%	▶	▶	▶
	Milk	45	0%	-1%	18%	▶	▶	▶	Wheat flour (high grade)	62	0%	9%	49%	▶	▶	▶
	Oil (cooking)	171	1%	-11%	89%	▶	▶	▶								
NARYN																
	Bread (1st grade)	71	1%	17%	36%	▶	▶	▶	Potatoes	28	5%	-14%	48%	▶	▼	▶
	Bread (lepushka)	90	0%	13%	51%	▶	▶	▶	Rice (medium)	129	5%	61%	81%	▶	▶	▶
	Eggs	118	-2%	27%	42%	▶	▶	▶	Sugar	86	0%	-10%	123%	▶	▶	▶
	Meat (beef)	565	1%	13%	71%	▶	▶	▶	Wheat	24	-2%	-15%	34%	▶	▶	▶
	Meat (mutton)	565	1%	10%	73%	▶	▶	▶	Wheat flour (1st quality)	45	0%	-11%	43%	▶	▶	▶
	Milk	46	9%	23%	35%	▶	▶	▶	Wheat flour (high grade)	55	0%	-8%	43%	▶	▶	▶
	Oil (cooking)	163	-4%	-16%	74%	▶	▼	▶								
OSH																
	Bread (1st grade)	75	5%	10%	23%	▶	▶	▶	Potatoes	41	4%	-12%	64%	▶	▶	▶
	Bread (lepushka)	108	0%	6%	26%	▶	▶	▶	Rice (medium)	124	6%	17%	30%	▶	▶	▶
	Eggs	120	-1%	9%	78%	▶	▶	▶	Sugar	95	0%	1%	99%	▶	▶	▶
	Meat (beef)	529	1%	9%	3%	▶	▶	▶	Wheat	31	2%	-6%	58%	▶	▶	▶
	Meat (mutton)	600	2%	9%	68%	▶	▶	▶	Wheat flour (1st quality)	50	0%	2%	33%	▶	▶	▶
	Milk	44	1%	5%	26%	▶	▶	▶	Wheat flour (high grade)	63	1%	6%	32%	▶	▶	▶
	Oil (cooking)	169	-3%	-11%	78%	▶	▶	▶								
TALAS																
	Bread (1st grade)	70	-3%	3%	56%	▶	▶	▶	Potatoes	42	6%	-17%	67%	▶	▼	▶
	Bread (lepushka)	87	0%	4%	41%	▶	▶	▶	Rice (medium)	127	4%	57%	▶	▶	▶	▶
	Eggs	128	1%	17%	49%	▶	▶	▶	Sugar	86	0%	-10%	116%	▶	▶	▶
	Meat (beef)	498	2%	11%	62%	▶	▶	▶	Wheat	23	0%	-24%	48%	▶	▶	▶
	Meat (mutton)	543	5%	11%	71%	▶	▶	▶	Wheat flour (1st quality)	46	0%	-7%	38%	▶	▶	▶
	Milk	45	-3%	21%	60%	▶	▶	▶	Wheat flour (high grade)	65	0%	3%	73%	▶	▶	▶
	Oil (cooking)	160	-3%	-7%	78%	▶	▶	▶								
YSSYK-KUL																
	Bread (1st grade)	60	0%	3%	37%	▶	▶	▶	Potatoes	49	30%	-3%	145%	▶	▶	▶
	Bread (lepushka)	84	0%	9%	42%	▶	▶	▶	Rice (medium)	128	10%	43%	54%	▶	▶	▶
	Eggs	106	0%	21%	45%	▶	▶	▶	Sugar	86	1%	-9%	137%	▶	▶	▶
	Meat (beef)	525	2%	5%	51%	▶	▶	▶	Wheat	24	-2%	-16%	40%	▶	▶	▶
	Meat (mutton)	556	4%	1%	74%	▶	▶	▶	Wheat flour (1st quality)	45	-1%	-1%	28%	▶	▶	▶
	Milk	43	4%	18%	74%	▶	▶	▶	Wheat flour (high grade)	63	0%	6%	33%	▶	▶	▶
	Oil (cooking)	141	-5%	-19%	36%	▶	▼	▶								
KYRGYZ REPUBLIC																
	Bread (1st grade)	64	0%	5%	41%	▶	▶	▶	Potatoes	50	16%	-2%	105%	▶	▶	▶
	Bread (lepushka)	90	0%	5%	40%	▶	▶	▶	Rice (medium)	129	5%	42%	59%	▶	▶	▶
	Eggs	114	-1%	18%	50%	▶	▶	▶	Sugar	91	0%	-6%	121%	▶	▶	▶
	Meat (beef)	553	1%	10%	58%	▶	▶	▶	Wheat	31	0%	-4%	62%	▶	▶	▶
	Meat (mutton)	597	3%	12%	84%	▶	▶	▶	Wheat flour (1st quality)	51	0%	2%	53%	▶	▶	▶
	Milk	54	-3%	8%	41%	▶	▶	▶	Wheat flour (high grade)	63	0%	3%	50%	▶	▶	▶
	Oil (cooking)	159	-1%	-15%	67%	▶	▼	▶								

▲ 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