

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

Given that the Kyrgyz Republic is a country dependent on food imports and remittances, external factors continue to influence the food security of the population. This is particularly the case for poor households, who spend most of their income on food and remain vulnerable to high inflation and income volatility, which undermines their resilience in the event of new economic or other shocks caused by climate change or conflict. Despite stable wheat imports to the Kyrgyz Republic, wheat export prices from the Russian Federation increased by 2% in July 2023. The suspension of the Black Sea Initiative, with Ukrainian crops from the imminent new harvest not reaching world markets and the fertilizer sector vulnerable to new trade and energy shocks, results in further **upward pressure on prices for grains and oilseeds on global markets, which will lead to higher prices for staple foods.**

At the same time, the Gross Domestic Product (GDP) of the Kyrgyz Republic continued to grow and increased by 3.9 percent, adding 453 billion KGS (\$5.2 billion) to the economy in January-June 2023 compared to the same period last year. This growth was primarily driven by the improvements in the services sector and industry. The IMF forecasts a slowdown in annual GDP growth to 3.5 percent as the impacts of the global crisis begin to affect the Kyrgyz economy in 2023.

In June 2023, **inflation reached 10.5 percent** compared to June 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-June 2023, **the Consumer Price Index (CPI) for staple foods** increased by **12 percent**, compared to the same period in 2022. In this regard, rising food prices reduce the purchasing power of the most vulnerable who cannot afford nutritious food.


Consequently, the cumulative effect of previous years' socio-economic challenges continues to affect the recovery from the impact of crises by the vulnerable population, reducing the resilience of households. According to the June 2023 mobile vulnerability survey carried out by WFP, **10 percent of the country's population is acutely food insecure**, while **half of the population remains to be only marginally food secure** and continues to apply asset depleting coping strategies (labour migration, reduction of expenses for agriculture needs, selling livestock and seeds, and using savings, borrowing money for essential food). The provinces with the highest level 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).


As global wheat markets remain volatile, this creates possible risk to the stability of the Kyrgyz domestic market, since the **Kyrgyz Republic has a low level of self-sufficiency in terms of domestic 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 initiated the duty-free import 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.

For domestic production, a **key challenge is the significant increase in the price of agricultural inputs** in recent years, in particular fuel and fertilizers. While fuel costs in the Kyrgyz Republic have been more or less stable, IFPRI is concerned about fertilizer: prices are historically high and the sector remains vulnerable to further shocks from uncertain global market conditions, and the cancellation of the Sea Black Initiative is expected to affect fuel and fertilizer supplies.

In the Kyrgyz Republic, the **harvesting of winter wheat and barley crops began** in June 2023 and the **planting of spring crops** (wheat, maize) **continued under drier conditions across the country**. The 2023/24 output of wheat is expected at 570,000 mt, that is 1.8 percent higher than the five-year average for 2018-2022 due to a larger area planted. According to International Research Institute Climate Forecasts, **rainfall during July-September 2023 is likely to be near-average** (40-60 percent possibility of exceeding the median rainfall) across the country, while air **temperature is likely to be above the normal conditions** in the Kyrgyz Republic.

The following section discusses average prices for the four weeks from 16 June to 14 July 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 16 June to 14 July 2023, the national retail price of wheat remained stable compared to the previous month, with an average price of 31 KGS/kg. As of 14 July 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 3 percent lower compared to July 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 158 KGS/L. As of 14 July 2023, the highest price was in Chuy province (175 KGS/L) and the lowest price was in Yssyk-Kul province (142 KGS/L). The prices remained 16 percent lower compared to July 2022 and 66 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 2 percent compared to the previous month, leading to an average price of 114 KGS/10 pcs. As of 14 July 2023, the highest price was observed in Talas province (130 KGS/10 pcs) and the lowest price in Yssyk-Kul province (106 KGS/10 pcs). The price of eggs was 18 percent and 48 percent higher compared to July 2022 and February 2020.



• **Potatoes:** The national retail price of potatoes increased by 27 percent (or 11 KGS) compared to last month, leading to an average price of 50 KGS/kg. The price increase is associated with seasonality and availability of new crop, which traditionally has higher prices. As of 14 July 2023, the highest price was in Bishkek city (50 KGS/l) and the lowest in Talas and Osh provinces (45 KGS/l). The price of potatoes was 52 percent and 126 percent higher compared to July 2022 and February 2020 respectively, these increases are above normal annual price fluctuations.



• **Rice (medium size):** The national retail price of rice increased by 13 percent compared to last month, with an average price of 132 KGS/kg. As of 14 July 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 52 percent and 126 percent higher, compared to July 2022 and February 2020 levels respectively, which represents a significant increase above normal annual price fluctuations.



• **Exchange Rate:** Currency movements are one of the main driving forces of retail prices of imported basic food commodities, including wheat, vegetable oil and sugar. During the period from 16 June to 14 July 2023, the Kyrgyz Som slightly depreciated from 87.6 KGS to 87.87 KGS against the US Dollar, the Russian Ruble depreciated from 84 RUB to 90 RUB against the US Dollar, and the Kazakh Tenge appreciated from 452 KZT to 442 KZT against the US Dollar. **Compared to July 2022, the Kyrgyz Som and Russian Ruble depreciated by 9 percent and by 55 percent,** while the Kazakh Tenge appreciated by 7 percent against the US Dollar. The National Bank of the Kyrgyz Republic continues to constantly monitor the situation, and if necessary, will use additional tools and take appropriate measures to stabilize the exchange rate.



• **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 2-3 KGS,** due to the possibility of a temporary ban on gasoline exports in the Russian Federation to avoid shortages and continued price increases in the domestic market. In this regard, local suppliers in the Kyrgyz Republic are experiencing difficulties in securing the necessary volume for upcoming months. As of 14 July 2023, retail prices of diesel decreased by 2 percent, while prices for fuel (AI-92) increased by 6 percent respectively, compared to May 2023. However, compared to June 2022, the prices for AI-92 decreased by 8 percent, while prices for diesel increased by 4 percent, reaching almost 57 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.

The decline in global fuel prices between April and June 2023 was due to a combination of supply and demand factors. However, **oil prices may recover in the second half of the year on the back of another reduction in global supply.** From 12 June to 14 July 2023, WTI price increased from USD 67 per barrel to USD 75 per barrel and Brent price increased from USD 72 per barrel to USD 80 per barrel. The WTI and Brent prices remained 34 percent and 35 percent lower respectively, compared to July 2022 levels, and 61 percent and 52 percent higher respectively compared to March 2020.

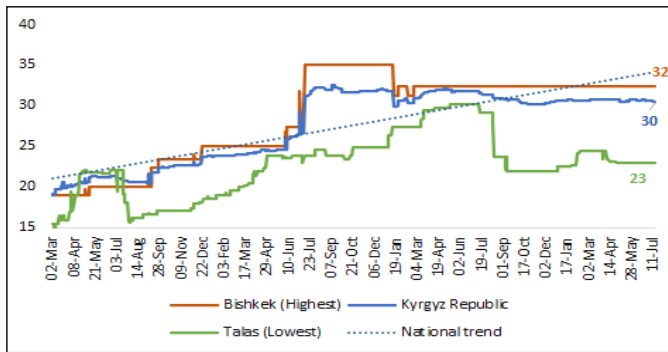
Trends of Retail Prices for 12 Staple Foods (Monthly Trends) in the Kyrgyz Republic

	16 June—14 Jul 2023 (KGS/kg)	Previous month (KGS/kg)	Trend		16 June—14 Jul 2023 (KGS/kg)	Previous month (KGS/kg)	Trend
Bread (1st grade)	64	64	0%	Rice (medium)	132	117	13%
Milk	54	56	-4%	Sugar	91	91	0%
Meat (beef)	550	548	0%	Wheat	31	31	0%
Meat (mutton)	590	576	2%	Wheat flour (1st grade)	51	51	0%
Oil (cooking)	158	161	-2%	Wheat flour (high-grade)	63	53	0%
Potatoes	50	39	27%	Eggs	114	116	-2%

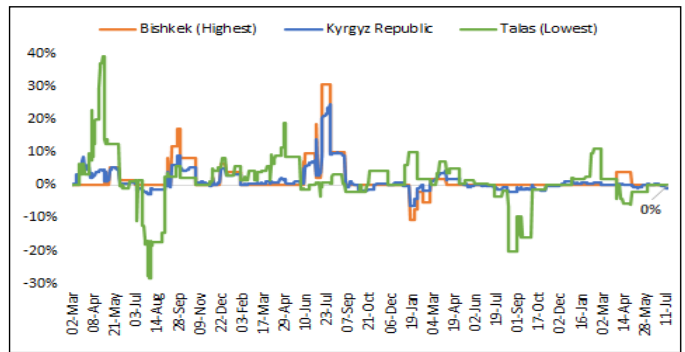
This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen,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

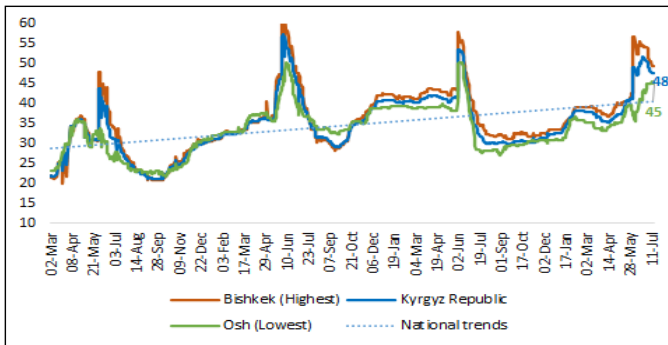


Pic 2. Growth rate of wheat prices, as a percentage of the daily prices from the previous average monthly price

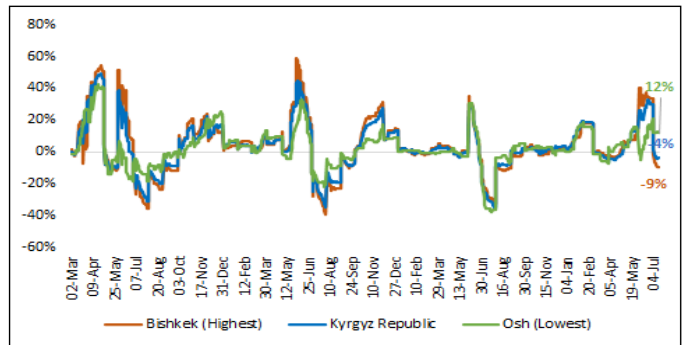


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

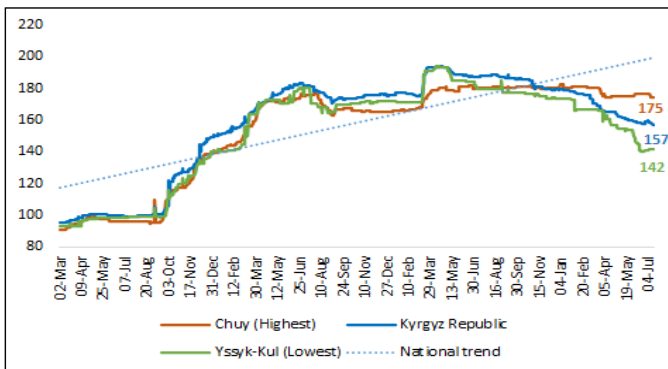


Pic 4. Growth rate of potatoes prices, as a percentage of the daily prices from the previous average monthly price

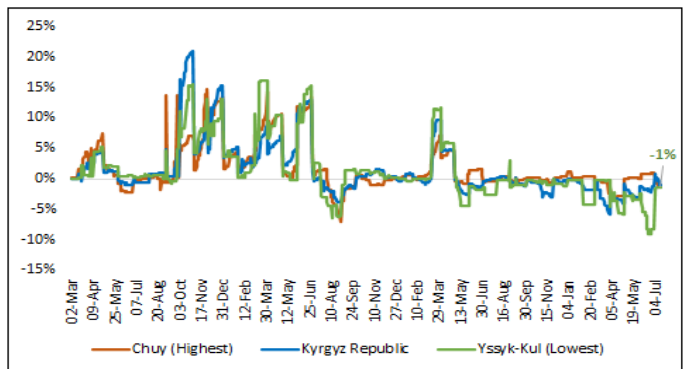


OIL (COOKING)

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

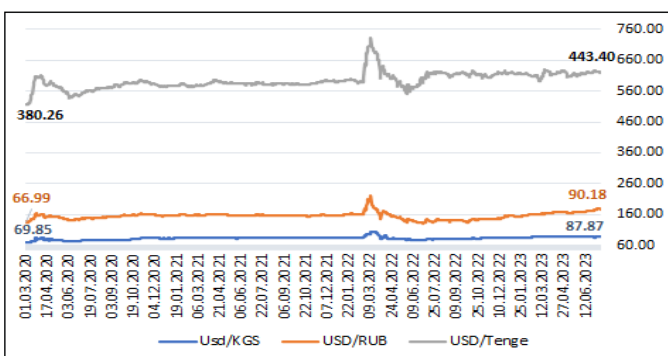


Pic 6. Growth rate of vegetable oil prices, as a percentage of the daily prices from the previous average monthly price



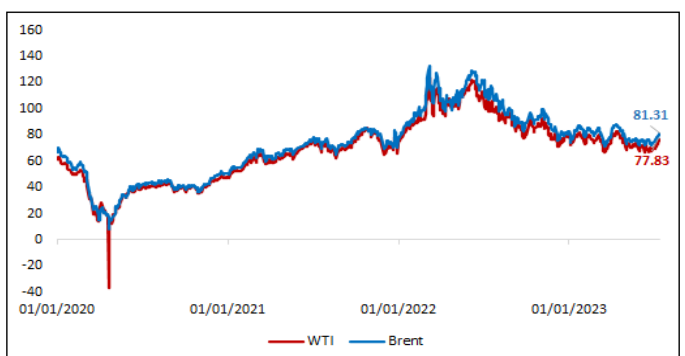
EXCHANGE RATE

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 14 Jul 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	July 14 Price (KGS)	MONTHLY PRICE/previous month	MONTHLY PRICE/July 2022	MONTHLY PRICE/Feb 2020	MONTHLY PRICE/previous month	MONTHLY PRICE/July 2022	MONTHLY PRICE/Feb 2020	Commodity	July 14 Price (KGS)	MONTHLY PRICE/previous month	MONTHLY PRICE/July 2022	MONTHLY PRICE/Feb 2020	MONTHLY PRICE/previous month	MONTHLY PRICE/July 2022	MONTHLY PRICE/Feb 2020
BATKEN																
	Bread (1st grade)	73	0%	10%	45%	▶	▶	▲	Potatoes	47	17%	73%	92%	▲	▲	▲
	Bread (lepeskha)	89	0%	5%	48%	▶	▶	▲	Rice (medium)	141	24%	62%	93%	▲	▲	▲
	Eggs	120	-3%	11%	43%	▶	▶	▲	Sugar	91	-5%	-7%	112%	▼	▶	▲
	Meat (beef)	505	1%	4%	45%	▶	▶	▲	Wheat	30	0%	-6%	51%	▶	▶	▲
	Meat (mutton)	600	0%	5%	71%	▶	▶	▲	Wheat flour (1st quality)	51	-3%	-4%	51%	▶	▶	▲
	Milk	60	4%	26%	71%	▶	▶	▲	Wheat flour (high grade)	64	-1%	-2%	47%	▶	▶	▲
	Oil (cooking)	168	2%	-15%	77%	▶	▶	▲								
BISHKEK CITY																
	Bread (1st grade)	64	0%	2%	45%	▶	▶	▲	Potatoes	50	30%	46%	0%	▲	▲	▶
	Bread (lepeskha)	87	0%	5%	38%	▶	▶	▲	Rice (medium)	136	15%	66%	83%	▲	▲	▲
	Eggs	110	0%	21%	48%	▶	▶	▲	Sugar	90	1%	-8%	127%	▶	▶	▲
	Meat (beef)	567	-1%	7%	59%	▶	▶	▲	Wheat	32	0%	0%	71%	▶	▶	▲
	Meat (mutton)	583	2%	14%	91%	▶	▶	▲	Wheat flour (1st quality)	54	2%	4%	65%	▶	▶	▲
	Milk	59	-4%	7%	48%	▶	▶	▲	Wheat flour (high grade)	63	2%	0%	60%	▶	▶	▲
	Oil (cooking)	150	-2%	-18%	56%	▶	▼	▲								
CHUY																
	Bread (1st grade)	58	-2%	3%	48%	▶	▶	▲	Potatoes	46	47%	61%	122%	▲	▲	▲
	Bread (lepeskha)	91	-5%	-3%	42%	▶	▶	▲	Rice (medium)	120	3%	28%	55%	▶	▶	▲
	Eggs	118	-2%	-2%	50%	▶	▶	▲	Sugar	89	-1%	-8%	132%	▶	▶	▲
	Meat (beef)	528	0%	0%	63%	▶	▶	▲	Wheat	26	-2%	-4%	49%	▶	▶	▲
	Meat (mutton)	557	1%	0%	78%	▶	▶	▲	Wheat flour (1st quality)	49	-1%	-2%	41%	▶	▶	▲
	Milk	50	-8%	2%	36%	▶	▶	▲	Wheat flour (high grade)	59	-2%	0%	35%	▶	▶	▲
	Oil (cooking)	175	1%	-3%	94%	▶	▶	▲								
JALALABAD																
	Bread (1st grade)	74	0%	0%	43%	▶	▶	▲	Potatoes	46	31%	44%	99%	▲	▲	▲
	Bread (lepeskha)	89	1%	4%	22%	▶	▶	▲	Rice (medium)	142	6%	44%	66%	▲	▲	▲
	Eggs	126	0%	25%	53%	▶	▶	▲	Sugar	92	0%	-12%	125%	▶	▶	▲
	Meat (beef)	511	1%	8%	49%	▶	▶	▲	Wheat	31	1%	-10%	49%	▶	▶	▲
	Meat (mutton)	563	1%	8%	64%	▶	▶	▲	Wheat flour (1st quality)	48	-1%	-1%	36%	▶	▶	▲
	Milk	48	4%	0%	23%	▶	▶	▲	Wheat flour (high grade)	62	0%	8%	49%	▶	▶	▲
	Oil (cooking)	171	0%	-12%	88%	▶	▶	▲								
NARYN																
	Bread (1st grade)	71	1%	14%	36%	▶	▶	▲	Potatoes	47	30%	20%	84%	▲	▲	▲
	Bread (lepeskha)	90	0%	11%	51%	▶	▶	▲	Rice (medium)	129	6%	57%	84%	▲	▲	▲
	Eggs	118	-3%	21%	40%	▶	▶	▲	Sugar	86	0%	-14%	124%	▶	▶	▲
	Meat (beef)	565	1%	8%	70%	▶	▶	▲	Wheat	24	-2%	-15%	34%	▶	▶	▲
	Meat (mutton)	565	1%	3%	72%	▶	▶	▲	Wheat flour (1st quality)	45	-2%	-14%	41%	▶	▶	▲
	Milk	41	7%	24%	33%	▶	▶	▲	Wheat flour (high grade)	54	-2%	-11%	41%	▶	▶	▲
	Oil (cooking)	160	-5%	-19%	72%	▶	▼	▲								
OSH																
	Bread (1st grade)	71	0%	5%	17%	▶	▶	▲	Potatoes	45	18%	50%	86%	▲	▲	▲
	Bread (lepeskha)	108	1%	6%	25%	▶	▶	▲	Rice (medium)	127	10%	21%	35%	▲	▲	▲
	Eggs	120	-2%	7%	78%	▶	▶	▲	Sugar	95	-1%	-5%	98%	▶	▶	▲
	Meat (beef)	529	1%	4%	3%	▶	▶	▲	Wheat	30	2%	-3%	58%	▶	▶	▲
	Meat (mutton)	600	2%	7%	71%	▶	▶	▲	Wheat flour (1st quality)	50	0%	-1%	33%	▶	▶	▲
	Milk	44	3%	5%	25%	▶	▶	▲	Wheat flour (high grade)	63	1%	3%	32%	▶	▶	▲
	Oil (cooking)	167	-4%	-10%	78%	▶	▶	▲								
TALAS																
	Bread (1st grade)	70	-4%	-6%	54%	▶	▶	▲	Potatoes	45	30%	43%	105%	▲	▲	▲
	Bread (lepeskha)	88	2%	2%	43%	▶	▶	▲	Rice (medium)	134	11%	61%		▶	▶	▲
	Eggs	130	4%	24%	54%	▶	▶	▲	Sugar	86	0%	-12%	116%	▶	▶	▲
	Meat (beef)	501	3%	10%	63%	▶	▶	▲	Wheat	23	0%	-22%	48%	▶	▼	▲
	Meat (mutton)	543	8%	12%	76%	▶	▶	▲	Wheat flour (1st quality)	45	-1%	-11%	37%	▶	▶	▲
	Milk	44	-6%	20%	56%	▶	▶	▲	Wheat flour (high grade)	65	0%	1%	73%	▶	▶	▲
	Oil (cooking)	163	-3%	-7%	78%	▶	▶	▲								
YSSYK-KUL																
	Bread (1st grade)	60	0%	0%	37%	▶	▶	▲	Potatoes	49	48%	89%	179%	▲	▲	▲
	Bread (lepeskha)	84	0%	5%	42%	▶	▶	▲	Rice (medium)	132	20%	55%	68%	▲	▲	▲
	Eggs	106	-2%	17%	41%	▶	▶	▲	Sugar	86	0%	-10%	137%	▶	▶	▲
	Meat (beef)	525	5%	3%	56%	▶	▶	▲	Wheat	24	-5%	-19%	36%	▶	▶	▲
	Meat (mutton)	571	11%	7%	85%	▶	▶	▲	Wheat flour (1st quality)	43	-3%	-8%	25%	▶	▶	▲
	Milk	43	11%	1%	85%	▶	▶	▲	Wheat flour (high grade)	62	0%	2%	33%	▶	▶	▲
	Oil (cooking)	142	-13%	-21%	24%	▶	▼	▲								
KYRGYZ REPUBLIC																
	Bread (1st grade)	64	0%	2%	40%	▶	▶	▲	Potatoes	48	27%	52%	126%	▲	▲	▲
	Bread (lepeskha)	90	0%	4%	40%	▶	▶	▲	Rice (medium)	134	13%	51%	71%	▲	▲	▲
	Eggs	113	-2%	18%	48%	▶	▶	▲	Sugar	91	0%	-8%	122%	▶	▶	▲
	Meat (beef)	550	0%	6%	57%	▶	▶	▲	Wheat	30	0%	-3%	61%	▶	▶	▲
	Meat (mutton)	583	2%	11%	84%	▶	▶	▲	Wheat flour (1st quality)	51	0%	0%	54%	▶	▶	▲
	Milk	54	-4%	7%	39%	▶	▶	▲	Wheat flour (high grade)	63	1%	1%	51%	▶	▶	▲
	Oil (cooking)	157	-2%	-16%	66%	▶	▼	▲								

▲ 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