

# Price Monitoring for Food Security in the Kyrgyz Republic

## Situation Update

**GDP has shown high growth rates, reaching 7 percent in 2022. Nevertheless, one third of population is still remain poor similarly to 2021, suggesting that rising prices are undermining the resilience of the population.**

Rapidly intensifying climate change continues to impact the fragile economy of the Kyrgyz Republic, while undermining the resilience of food systems. Dry weather conditions as a result of El Niño impact could lead to **lower agricultural productivity, affecting food prices in 2023**, despite the earlier positive agriculture outlook (rice, wheat, barley and maize). The economic and market diversification remains critical for the resilience of the food systems as urged by the International Food Policy Research Institute.

According to the recently published National Statistics Committee data, in 2022, **33.4 percent of the population were living below the poverty line with additional 7 percent living at risk of poverty**. Thus, the cumulative impact of the socio-economic challenges of recent years continues to sustain the poverty rates. Labour remittances play an important role in reducing poverty and inequality, accounting to one third of GDP and serving as a main income source for 12.6 percent population: the poverty rate rises from 33.2% to 43.3%, and the extreme poverty level rises from 6% to 17.7% when income from remittances is excluded.

At the same time, the **Gross Domestic Product (GDP)** of the Kyrgyz Republic continued to grow and **increased by 2.9 percent**, adding 563 billion KGS (\$6.3 billion) to the economy in January-July 2023 compared to the same period last year. This growth was primarily driven by the improvements in the services sector (+4.6 percent) and industry (+0.1 percent). 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 August 2023, **inflation reached 9.4 percent compared to August 2022** (NBKR). Seasonal decline of prices for fruits and vegetables, oils and fats contributed to the decline of the food inflation rate, while steady prices for non-food items and services continue to rise. In January-July 2023, the consumer price index (CPI) for basic food items increased by 12 percent, non-food items by 13 percent, and services by 11 percent compared to the same period in 2022. In this regard, **rising prices is one of the main factor of driving food insecurity**.

With the suspension of the Black Sea Initiative, global wheat markets remain volatile. This creates possible risk to the stability of the Kyrgyz domestic market. In August 2023 export wheat prices in the Russian Federation increased by 7 percent compared to June 2023. **Kyrgyz Republic remains with 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) in 2022.

Fertilizer prices have been one of the main drivers of food inflation in recent years, given their important role in agricultural production. Although the cost of fertilizers in the Kyrgyz Republic has been more or less stable, uncertain global market conditions and the cancellation of the Sea Black initiative make fuel and fertilizer prices unstable.

**Agricultural input costs, including chemical fertilizers and fuel, increased due to currency depreciation, potentially affecting rice production** in 2023. In July 2023, the country experienced an outbreak of Moroccan locusts that resulted in mating and egg-laying throughout the country. Between January and June 2023, 38,780 hectares of agricultural land were chemically treated. According to International Research Institute Climate Forecasts, rainfall in August-October 2023 across the country is likely to be near average (40-60% chance of above average rainfall) and temperatures are likely to be above normal (WFP Seasonal Monitor).

**The following section discusses average prices for the five weeks from 14 July to 18 August 2023, in comparison to the previous month, the annual average in August 2022 and the monthly average in February 2020 (before the COVID-19 outbreak began in the country).**




- **Wheat:** From 14 July to 18 August 2023, the national retail price of wheat decreased by 2 percent compared to the previous month, with an average price of 30 KGS/kg. As of 18 August 2023, the highest price for wheat was observed in Bishkek city (32 KGS/kg) and the lowest price in Talas province (20 KGS/kg). Prices were 3 percent lower compared to August 2022 and 59 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 156 KGS/L. As of 18 August 2023, the highest price was in Chuy province (172 KGS/L) and the lowest price was in Yssyk-Kul province (143 KGS/L). The prices remained 17 percent lower compared to August 2022 and 64 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 113 KGS/10 pcs. As of 18 August 2023, the highest price was observed in Talas province (127 KGS/10 pcs) and the lowest price in Yssyk-Kul province and Bishkek town (111 KGS/10 pcs). The price of eggs was **16 percent** and **48 percent** higher compared to August 2022 and February 2020.

 • **Potatoes:** Due to seasonal fluctuations, the retail price of potatoes in the country decreased by 8% compared to last month, with an average of 46 KGS/kg. As of 18 August 2023, the highest price was in Osh and Jalal-Abad provinces (45 KGS/l) and the lowest in Chuy province (35 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 7 percent compared to last month, with an average price of 138 KGS/kg. As of 18 August 2023, the highest price was observed in Jalal-Abad province (152 KGS/kg) and the lowest in Chuy province (119 KGS/kg). The price of rice was **60 percent** and **78 percent higher**, compared to August 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 14 July to 18 August 2023, the Kyrgyz Som slightly depreciated from 87.87 KGS to 88.27 KGS against the US Dollar, the Russian Ruble depreciated from 90 RUB to 93 RUB against the US Dollar, and the Kazakh Tenge depreciated from 442 KZT to 463 KZT against the US Dollar. **Compared to August 2022, the Kyrgyz Som and Russian Ruble depreciated by 8 percent and by 55 percent**, while the Kazakh Tenge appreciated by 2 percent against the US Dollar. The National Bank of the Kyrgyz Republic indicates that it continues to constantly monitor the situation and, if necessary, would use additional tools and take appropriate measures to stabilize the exchange rate.

 • **Global oil and retail prices:** Fuel prices in the Kyrgyz Republic have been decreasing since the beginning of the year. However, in August 2023 a sharp increase in diesel fuel prices (by 30%) was observed in the Russian Federation due to the global price situation (increased demand, low stocks). As of 18 August 2023, retail prices of diesel decreased by 8 percent, while prices for fuel (AI-92) increased by 4 percent respectively, compared to July 2023. However, compared to August 2022, both prices for AI-92 and diesel decreased by 4 percent, reaching almost 60 KGS/l for fuel (AI-92) and 65 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.

• Oil demand around the world is scaling record highs, boosted by strong summer air travel, increased oil use in power generation. Oil price forecast for 2023: rising global demand and declining production will continue to reduce global oil inventories. From 18 August to 14 July 2023, WTI price increased from USD 75 per barrel to USD 81 per barrel and Brent price increased from USD 80 per barrel to USD 83 per barrel. The WTI and Brent prices remained 13 percent and 14 percent lower respectively, compared to August 2022 levels, and 74 percent and 64 percent higher respectively compared to March 2020.

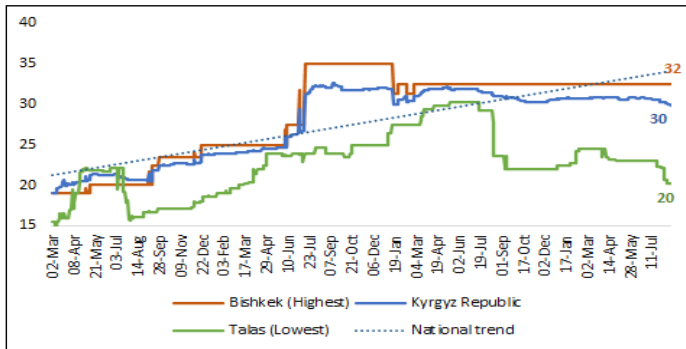
### Trends of Retail Prices for 12 Staple Foods (Monthly Trends) in the Kyrgyz Republic

	14 Jul—18 Aug 2023 (KGS/kg)	Previous month (KGS/kg)	Trend		14 Jul—18 Aug 2023 (KGS/kg)	Previous month (KGS/kg)	Trend
<b>Bread (1st grade)</b>	64	64	0%	<b>Rice (medium)</b>	138	133	7%
<b>Milk</b>	54	54	0%	<b>Sugar</b>	91	91	0%
<b>Meat (beef)</b>	551	550	0%	<b>Wheat</b>	30	31	-2%
<b>Meat (mutton)</b>	583	589	-2%	<b>Wheat flour (1st grade)</b>	51	51	0%
<b>Oil (cooking)</b>	156	158	-1%	<b>Wheat flour (high-grade)</b>	63	63	0%
<b>Potatoes</b>	46	50	-8%	<b>Eggs</b>	113	117	-1%

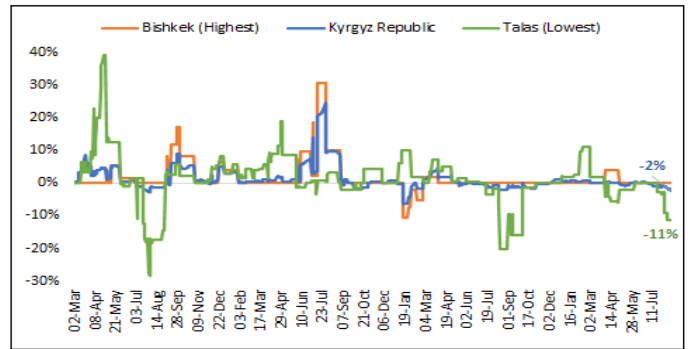
This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen,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

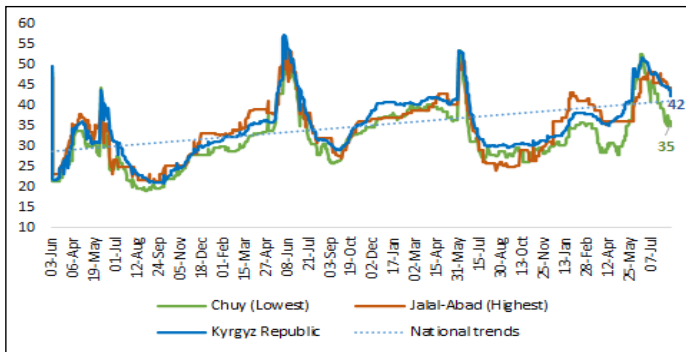


Pic 2. Growth rate of wheat prices, as a percentage of the daily prices from the previous average monthly price

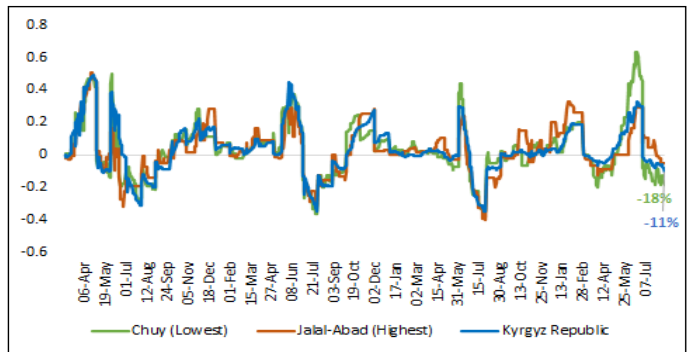


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

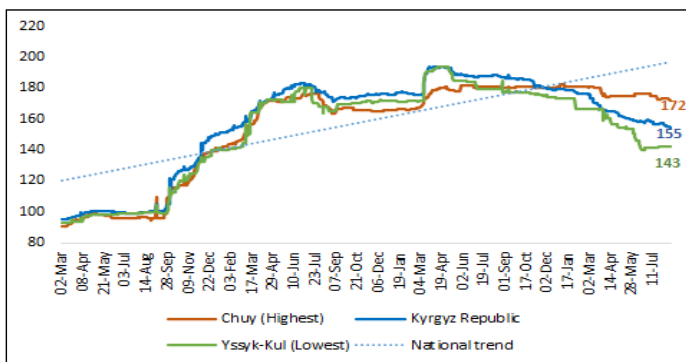


Pic 4. Growth rate of potatoes prices, as a percentage of the daily prices from the previous average monthly price

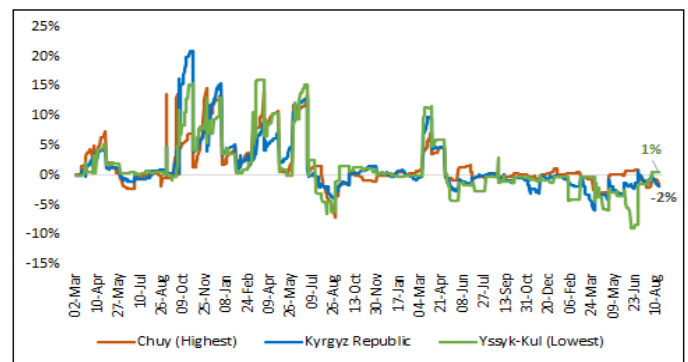


OIL (COOKING)

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

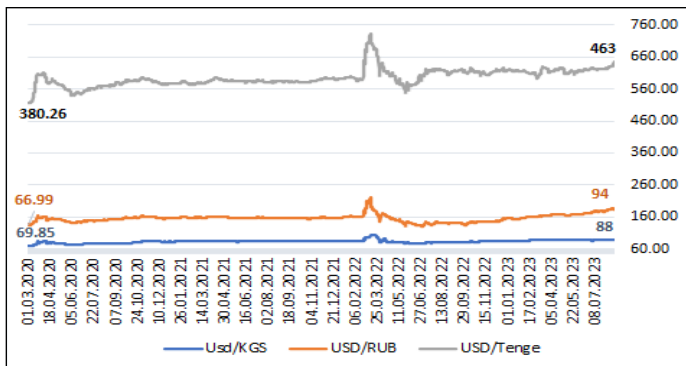


Pic 6. Growth rate of vegetable oil prices, as a percentage of the daily prices from the previous average monthly price



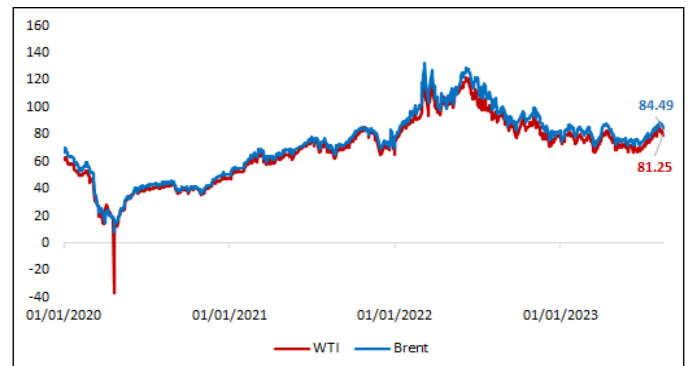
EXCHANGE RATE

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 18 Aug 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	August 18 Price (KGS)	MONTHLY PRICE/ previous month	MONTHLY PRICE / August 2022	MONTHLY PRICE/ Feb 2020	MONTHLY PRICE/ previous month	MONTHLY PRICE / August 2022	MONTHLY PRICE/ Feb 2020	Commodity	August 18 Price (KGS)	MONTHLY PRICE/ previous month	MONTHLY PRICE / August 2022	MONTHLY PRICE/ Feb 2020	MONTHLY PRICE/ previous month	MONTHLY PRICE / August 2022	MONTHLY PRICE/ Feb 2020
	Bread (1st grade)	80	2%	13%	48%	▶	▶	▲	Potatoes	42	3%	52%	86%	▶	▲	▲
	Bread (lepeshtka)	92	1%	3%	50%	▶	▶	▲	Rice (medium)	148	6%	58%	92%	▲	▲	▲
	Eggs	114	-2%	9%	41%	▶	▶	▲	Sugar	91	-3%	-9%	109%	▶	▶	▲
	Meat (beef)	505	3%	6%	47%	▶	▶	▲	Wheat	30	0%	-3%	51%	▶	▶	▲
	Meat (mutton)	600	0%	4%	71%	▶	▶	▲	Wheat flour (1st quality)	49	-1%	-4%	49%	▶	▶	▲
	Milk	60	0%	20%	71%	▶	▲	▲	Wheat flour (high grade)	63	-1%	-5%	46%	▶	▶	▲
	Oil (cooking)	168	0%	-15%	76%	▶	▼	▲								
		Bread (1st grade)	65	1%	3%	46%	▶	▶	▲	Potatoes	42	-15%	44%	0%	▼	▲
Bread (lepeshtka)		87	0%	4%	38%	▶	▶	▲	Rice (medium)	141	8%	71%	90%	▲	▲	▲
Eggs		111	-1%	19%	47%	▶	▲	▲	Sugar	89	0%	-7%	126%	▶	▶	▲
Meat (beef)		568	0%	5%	60%	▶	▶	▲	Wheat	32	0%	0%	71%	▶	▶	▲
Meat (mutton)		582	-3%	11%	88%	▶	▲	▲	Wheat flour (1st quality)	54	1%	2%	64%	▶	▶	▲
Milk		60	0%	6%	49%	▶	▲	▲	Wheat flour (high grade)	62	-1%	-2%	58%	▶	▶	▲
Oil (cooking)		148	-1%	-19%	55%	▶	▼	▲								
		Bread (1st grade)	58	0%	2%	49%	▶	▶	▲	Potatoes	35	-19%	39%	84%	▼	▲
	Bread (lepeshtka)	91	-1%	0%	42%	▶	▶	▲	Rice (medium)	119	1%	28%	55%	▶	▶	▲
	Eggs	120	-1%	0%	50%	▶	▶	▲	Sugar	89	-1%	-6%	132%	▶	▶	▲
	Meat (beef)	530	-1%	-1%	62%	▶	▶	▲	Wheat	27	-5%	-4%	43%	▼	▶	▲
	Meat (mutton)	550	-1%	-1%	76%	▶	▶	▲	Wheat flour (1st quality)	50	2%	-1%	44%	▶	▶	▲
	Milk	51	-1%	6%	41%	▶	▶	▲	Wheat flour (high grade)	59	1%	-2%	36%	▶	▶	▲
	Oil (cooking)	172	-2%	-4%	91%	▶	▶	▲								
		Bread (1st grade)	74	0%	0%	43%	▶	▶	▲	Potatoes	45	4%	47%	92%	▶	▲
Bread (lepeshtka)		89	1%	4%	22%	▶	▶	▲	Rice (medium)	152	7%	47%	73%	▲	▲	▲
Eggs		125	0%	23%	53%	▶	▲	▲	Sugar	92	0%	-8%	126%	▶	▶	▲
Meat (beef)		511	0%	7%	49%	▶	▶	▲	Wheat	30	-2%	-12%	46%	▶	▶	▲
Meat (mutton)		563	0%	6%	64%	▶	▶	▲	Wheat flour (1st quality)	48	0%	-3%	36%	▶	▶	▲
Milk		49	9%	-3%	30%	▲	▶	▲	Wheat flour (high grade)	62	0%	5%	49%	▶	▶	▲
Oil (cooking)		167	-2%	-13%	85%	▶	▶	▲								
		Bread (1st grade)	73	3%	15%	39%	▶	▲	▲	Potatoes	40	50%	74%	126%	▲	▲
	Bread (lepeshtka)	92	2%	12%	54%	▶	▶	▲	Rice (medium)	135	3%	55%	90%	▶	▶	▲
	Eggs	118	0%	22%	40%	▶	▶	▲	Sugar	86	0%	-9%	125%	▶	▶	▲
	Meat (beef)	565	0%	9%	70%	▶	▶	▲	Wheat	24	0%	-17%	34%	▶	▼	▲
	Meat (mutton)	550	-1%	4%	71%	▶	▶	▲	Wheat flour (1st quality)	44	-1%	-13%	40%	▶	▶	▲
	Milk	39	-12%	2%	22%	▼	▶	▲	Wheat flour (high grade)	56	1%	-8%	43%	▶	▶	▲
	Oil (cooking)	159	-2%	-18%	70%	▶	▼	▲								
		Bread (1st grade)	71	-2%	5%	17%	▶	▶	▲	Potatoes	45	16%	66%	98%	▲	▲
Bread (lepeshtka)		111	1%	6%	26%	▶	▶	▲	Rice (medium)	141	6%	34%	41%	▲	▲	▲
Eggs		119	-1%	7%	77%	▶	▶	▲	Sugar	94	0%	-7%	99%	▶	▶	▲
Meat (beef)		530	0%	4%	3%	▶	▶	▲	Wheat	29	0%	-2%	58%	▶	▶	▲
Meat (mutton)		600	0%	6%	71%	▶	▶	▲	Wheat flour (1st quality)	49	-1%	-2%	32%	▶	▶	▲
Milk		46	1%	5%	26%	▶	▶	▲	Wheat flour (high grade)	61	-1%	2%	31%	▶	▶	▲
Oil (cooking)		164	1%	-11%	77%	▶	▶	▲								
		Bread (1st grade)	70	0%	-6%	54%	▶	▶	▲	Potatoes	37	4%	46%	93%	▶	▲
	Bread (lepeshtka)	88	2%	3%	45%	▶	▶	▲	Rice (medium)	138	9%	68%	▶	▶	▶	
	Eggs	127	1%	26%	53%	▶	▶	▲	Sugar	86	0%	-11%	116%	▶	▶	▲
	Meat (beef)	501	0%	10%	63%	▶	▶	▲	Wheat	20	-6%	-17%	39%	▼	▼	▲
	Meat (mutton)	545	1%	11%	76%	▶	▶	▲	Wheat flour (1st quality)	45	-1%	-11%	37%	▶	▶	▲
	Milk	45	-1%	21%	57%	▶	▶	▲	Wheat flour (high grade)	65	0%	1%	73%	▶	▶	▲
	Oil (cooking)	153	-2%	-9%	74%	▶	▶	▲								
		Bread (1st grade)	61	1%	1%	38%	▶	▶	▲	Potatoes	40	-11%	56%	137%	▼	▲
Bread (lepeshtka)		84	0%	5%	42%	▶	▶	▲	Rice (medium)	147	9%	62%	78%	▲	▲	▲
Eggs		111	3%	20%	46%	▶	▶	▲	Sugar	85	0%	-8%	136%	▶	▶	▲
Meat (beef)		529	1%	1%	56%	▶	▶	▲	Wheat	24	-1%	-9%	36%	▶	▶	▲
Meat (mutton)		566	2%	7%	85%	▶	▶	▲	Wheat flour (1st quality)	43	-5%	-11%	21%	▶	▶	▲
Milk		43	2%	-2%	85%	▶	▶	▲	Wheat flour (high grade)	63	0%	2%	33%	▶	▶	▲
Oil (cooking)		143	-3%	-21%	24%	▶	▼	▲								
		Bread (1st grade)	65	0%	3%	41%	▶	▶	▲	Potatoes	42	-8%	52%	107%	▼	▲
	Bread (lepeshtka)	90	0%	4%	41%	▶	▶	▲	Rice (medium)	141	7%	60%	78%	▶	▶	▲
	Eggs	114	-1%	16%	48%	▶	▶	▲	Sugar	90	0%	-7%	121%	▶	▶	▲
	Meat (beef)	551	0%	5%	58%	▶	▶	▲	Wheat	30	-2%	-3%	59%	▶	▶	▲
	Meat (mutton)	581	-2%	9%	81%	▶	▶	▲	Wheat flour (1st quality)	51	0%	-1%	53%	▶	▶	▲
	Milk	55	0%	4%	40%	▶	▶	▲	Wheat flour (high grade)	63	0%	-1%	50%	▶	▶	▲
	Oil (cooking)	155	-1%	-17%	64%	▶	▼	▲								

▲ 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