

Price Monitoring for Food Security in the Kyrgyz Republic

Situation Update

In September, drought conditions led to a decrease in crop yields due to abnormally high temperatures and lack of irrigation water. Other Central Asian countries are facing a similar situation as a result of climate change, which poses certain risks to the region's food security and sustainable development.

Gross Domestic Product (GDP) of the Kyrgyz Republic continued to grow and **increased by 3.3 percent**, adding KGS 677 billion (US \$7.6 billion) to the economy in January-August 2023 compared to the same period last year. This growth was primarily driven by the improvements in the services sector (+4.5 percent) and industry (+1.2 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 9.5 percent compared to August 2022 (NBKR)**. The seasonal decline in prices of fruits and vegetables, oils and fats contributed to the decline in food inflation. Nevertheless, compared to December 2022, the country still retains the second place in the EAEU region in monthly food inflation (+4.1 percent) and the first place in non-food inflation (+8.2 percent). Rising prices are one of the main factors contributing to food insecurity.

Remittances accounted for 30 percent of GDP in 2022, with 80 percent of remittances coming from the Russian Federation that experiences economy decline. Compared to the same period of 2022, **remittances decreased by 28 percent in January—July 2023**, which can affect household incomes and overall economic performance, as well as contribute to further increase in poverty.

The Kyrgyz Republic continues to **be exposed to market instability risks** due to its high dependence on imports of socially significant food commodities, particularly from Russia and Kazakhstan, where there is high volatility in wheat prices associated with drought and the termination of the Black Sea Grain Initiative (BSGI). In September 2023, Russian Federation wheat export prices declined by 2 percent/ percentage points compared to August 2023, but remained 6 percent/ percentage points higher than in June 2023 prior to the termination of the BSGI. Meanwhile, export prices for wheat in Kazakhstan increased by 17 percent/ percentage points compared to August 2023. In order to stabilize the domestic market, the Ministry of Agriculture (MoA) introduced a ban on exports of fodder (hay, straw, mixed fodder, bran and grain fodder), barley, and rice oats until March 2024. At the same time, the MoA developed a draft resolution of the Cabinet of Ministers on banning exports of wheat flour and wheat and submitted it for public discussion.

The growing of spring wheat crops continued under **abnormally high temperatures. The gross yield of wheat is estimated to decrease by 29.7 percent and gross yield of barley may decrease by 43.6 percent compared to the same period of last year.** The 2023/24 wheat output is expected at 520,000 mt – 7 percent lower than the annual average for 2018-2022 due to the larger area planted. The Italian locusts started fledging and mating in some parts of the country in August 2023, and, during January-August 2023, about 48,280 hectares of farmlands were treated with chemical methods for locust control. According to International Research Institute Climate Forecasts, in September-November 2023, rainfall across the country is likely to be light to moderate and above the national average (60-70 percent possibility of exceeding the median rainfall), and temperatures are likely to be above normal (WFP Seasonal Monitor).

According to the 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 an income source for 12.6 percent population: the poverty rate rises from 33.2 percent to 43.3 percent, and the extreme poverty level rises from 6 percent to 17.7 percent when income of labour migrants / remittances is excluded.

The following section discusses average national retail prices for the four weeks from 18 August to 15 September 2023, in comparison to the previous month, the annual average in September 2022 and the monthly average in February 2020 (before the COVID-19 outbreak began in the country).





- **Wheat:** The price of wheat decreased by 3 percent compared to the previous month, with an average price of 30 KGS/kg. As of 15 September 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 4 percent lower compared to September 2022 and 55 percent higher compared to February 2020.





- **Oil (Cooking):** The price of vegetable oil decreased by 3 percent compared to the previous month, with an average price of 153 KGS/L. As of 15 September 2023, the highest price was in Chuy province (167 KGS/L) and the lowest price was in Yssyk-Kul province (139 KGS/L). The prices were 18 percent lower compared to September 2022 and 60 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 price of eggs increased by 1 percent compared to the previous month, leading to an average price of 115 KGS/10 pcs. As of 15 September 2023, the highest price was observed in Jalal-Abad province (124 KGS/10 pcs) and the lowest price in Yssyk-Kul province (111 KGS/10 pcs). The price of eggs was **16 percent** and **49 percent** higher compared to September 2022 and February 2020.

 • **Potatoes:** Due to seasonal fluctuations, the price of potatoes decreased by 15 percent compared to last month, with an average of 41 KGS/kg. As of 15 September 2023, the highest price was in Batken province (43 KGS/l) and the lowest in Chuy province (32 KGS/l). The price of potatoes was **35 percent** and **84 percent** higher compared to September 2022 and February 2020 respectively, which is above normal annual price fluctuations.

 • **Rice (medium size):** The price of rice increased by 6 percent compared to last month, with an average price of 142 KGS/kg. As of 15 September 2023, the highest price was observed in Jalal-Abad province (157 KGS/kg) and the lowest in Chuy province (122 KGS/kg). The price of rice was **64 percent** and **84 percent** higher, compared to September 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 18 August to 15 September 2023, the Kyrgyz Som slightly depreciated from 87 KGS to 88.67 KGS against the US Dollar, the Russian Ruble depreciated from 93 RUB to 96 RUB against the US Dollar, and the Kazakh Tenge depreciated from 463 KZT to 466 KZT against the US Dollar. **Compared to September 2022, the Kyrgyz Som and Russian Ruble depreciated by 9 percent and 61 percent**, respectively, 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 15 September 2023, retail prices of diesel remained stable while prices for fuel (AI-92) increased by 5 percent compared to August 2023. However, compared to September 2022, prices for AI-92 remained 1 percent higher, while prices for diesel remained 13 percent lower, reaching almost 62 KGS/l for fuel (AI-92) and 66 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 15 September 2023, WTI price increased from USD 81 per barrel to USD 91 per barrel and Brent price increased from USD 85 per barrel to USD 96 per barrel. The WTI and Brent prices remained 8 percent and 6 percent higher respectively, compared to September 2022 levels, and 94 percent and 82 percent higher respectively compared to March 2020.

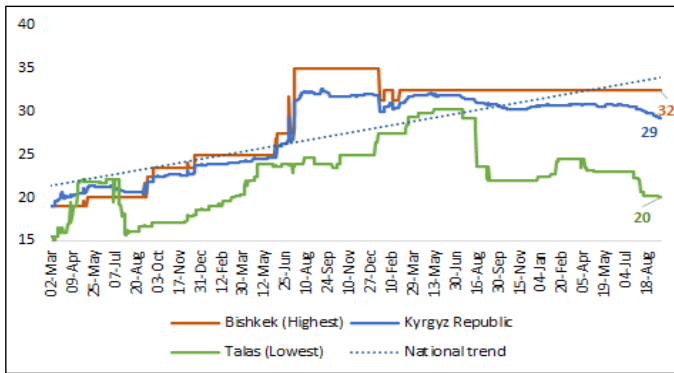
Trends of Retail Prices for 12 Staple Foods (Monthly Trends) in the Kyrgyz Republic

	18 Aug-15 Sep 2023 (KGS/kg)	Previous month (KGS/kg)	Trend		18 Aug-15 Sep 2023 (KGS/kg)	Previous month (KGS/kg)	Trend
Bread (1st grade)	65	64	2%	Rice (medium)	142	138	6%
Milk	55	54	2%	Sugar	89	91	-2%
Meat (beef)	550	550	0%	Wheat	30	31	-3%
Meat (mutton)	579	583	-1%	Wheat flour (1st grade)	51	51	0%
Oil (cooking)	153	158	-3%	Wheat flour (high-grade)	63	63	0%
Potatoes	41	48	-15%	Eggs	115	113	1%

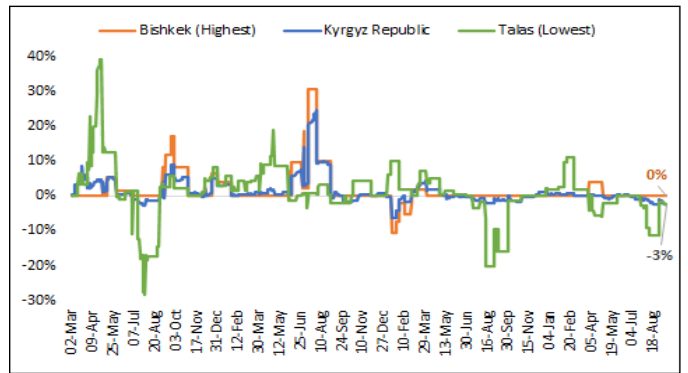
This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen,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

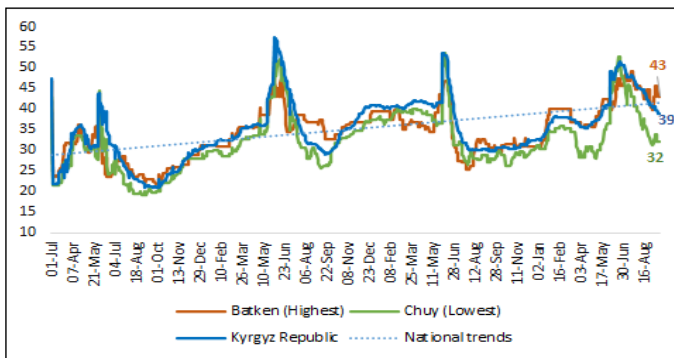


Pic 2. Growth rate of wheat prices, as a percentage of the daily prices from the previous average monthly price

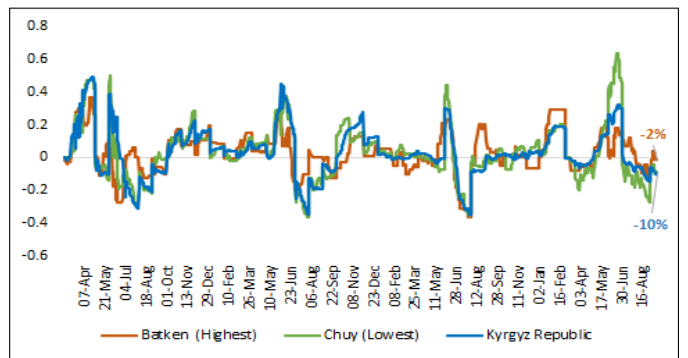


POTATO

Pic 3. Retail potatoes prices (KGS/kg)

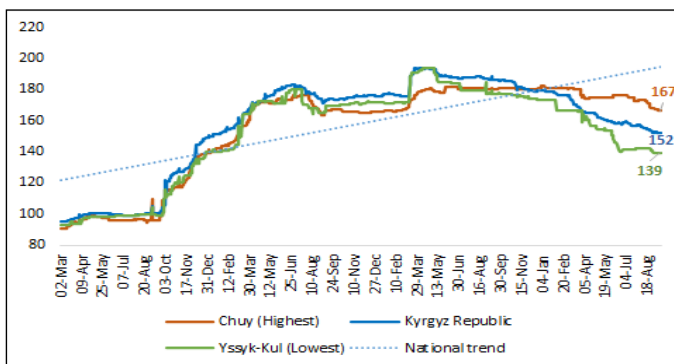


Pic 4. Growth rate of potatoes prices, as a percentage of the daily prices from the previous average monthly price

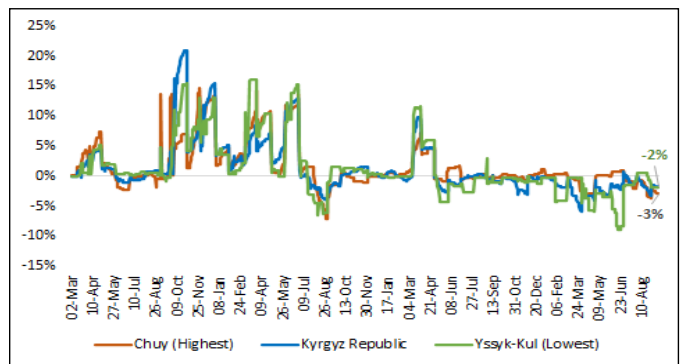


OIL (COOKING)

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

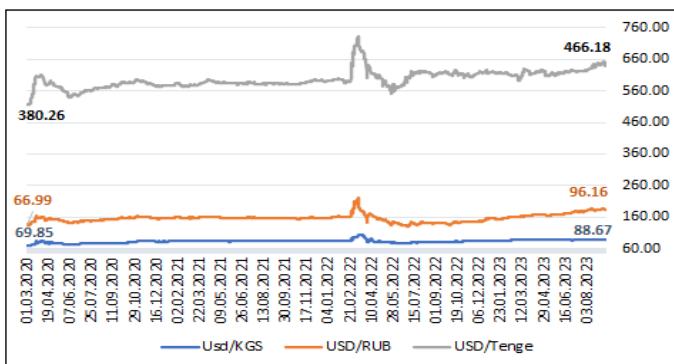


Pic 6. Growth rate of vegetable oil prices, as a percentage of the daily prices from the previous average monthly price



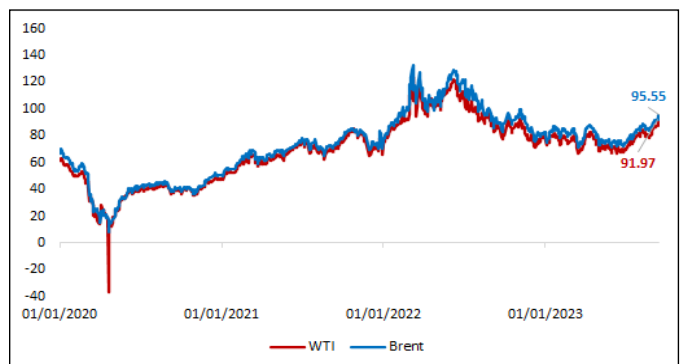
EXCHANGE RATE

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 15 Sep 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	September 15 Price (KGS)	MONTHLY PRICE / previous month	MONTHLY PRICE / September 2022	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / previous month	MONTHLY PRICE / September 2022	MONTHLY PRICE / Feb 2020	Commodity	September 15 Price (KGS)	MONTHLY PRICE / previous month	MONTHLY PRICE / September 2022	MONTHLY PRICE / Feb 2020	MONTHLY PRICE / previous month	MONTHLY PRICE / September 2022	MONTHLY PRICE / Feb 2020
	Bread (1st grade)	80	9%	9%	58%	▲	▶	▲	Potatoes	43	-8%	40%	77%	▼	▲	▲
	Bread (lepesika)	94	5%	5%	55%	▶	▶	▲	Rice (medium)	141	-1%	49%	89%	▶	▲	▲
	Eggs	118	-3%	6%	39%	▶	▶	▲	Sugar	88	-3%	-10%	105%	▶	▶	▲
	Meat (beef)	505	0%	6%	47%	▶	▶	▲	Wheat	29	-1%	-5%	49%	▶	▶	▲
	Meat (mutton)	600	0%	4%	71%	▶	▶	▲	Wheat flour (1st quality)	48	-4%	-7%	45%	▶	▶	▲
	Milk	60	0%	12%	71%	▶	▶	▲	Wheat flour (high grade)	62	-2%	-5%	44%	▶	▶	▲
	Oil (cooking)	165	-1%	-12%	74%	▶	▶	▲								
		Bread (1st grade)	65	2%	4%	48%	▶	▶	▲	Potatoes	40	-17%	29%	0%	▼	▲
Bread (lepesika)		87	0%	3%	38%	▶	▶	▲	Rice (medium)	142	-4%	72%	94%	▶	▲	▲
Eggs		113	2%	19%	50%	▶	▲	▲	Sugar	85	-4%	-9%	118%	▶	▶	▲
Meat (beef)		566	0%	2%	59%	▶	▶	▲	Wheat	32	0%	0%	71%	▶	▶	▲
Meat (mutton)		579	-1%	11%	86%	▶	▲	▲	Wheat flour (1st quality)	53	0%	2%	65%	▶	▶	▲
Milk		61	2%	4%	52%	▶	▶	▲	Wheat flour (high grade)	62	-2%	-3%	57%	▶	▶	▲
Oil (cooking)		145	-3%	-21%	51%	▶	▼	▲								
		Bread (1st grade)	58	0%	0%	49%	▶	▶	▲	Potatoes	32	-23%	17%	54%	▼	▲
	Bread (lepesika)	91	0%	0%	42%	▶	▶	▲	Rice (medium)	122	1%	29%	57%	▶	▲	▲
	Eggs	120	2%	1%	52%	▶	▶	▲	Sugar	89	2%	-4%	136%	▶	▶	▲
	Meat (beef)	530	0%	1%	63%	▶	▶	▲	Wheat	23	-5%	-5%	37%	▼	▶	▲
	Meat (mutton)	547	-1%	-1%	75%	▶	▶	▲	Wheat flour (1st quality)	50	1%	-2%	45%	▶	▶	▲
	Milk	55	8%	11%	49%	▶	▶	▲	Wheat flour (high grade)	60	2%	-2%	37%	▶	▶	▲
	Oil (cooking)	167	-4%	-7%	85%	▶	▶	▲								
		Bread (1st grade)	75	0%	0%	43%	▶	▶	▲	Potatoes	38	-14%	51%	69%	▼	▲
Bread (lepesika)		89	0%	2%	22%	▶	▶	▲	Rice (medium)	157	9%	51%	85%	▶	▲	▲
Eggs		124	-1%	17%	51%	▶	▶	▲	Sugar	91	-1%	-4%	124%	▶	▶	▲
Meat (beef)		505	-1%	5%	48%	▶	▶	▲	Wheat	30	-2%	-11%	45%	▶	▶	▲
Meat (mutton)		557	-1%	6%	63%	▶	▶	▲	Wheat flour (1st quality)	46	-2%	-5%	33%	▶	▶	▲
Milk		51	3%	-5%	32%	▶	▶	▲	Wheat flour (high grade)	62	0%	0%	49%	▶	▶	▲
Oil (cooking)		166	-1%	-12%	84%	▶	▶	▲								
		Bread (1st grade)	71	0%	14%	38%	▶	▶	▲	Potatoes	33	-22%	29%	78%	▼	▲
	Bread (lepesika)	92	1%	13%	54%	▶	▶	▲	Rice (medium)	135	3%	56%	92%	▶	▲	▲
	Eggs	118	0%	17%	40%	▶	▶	▲	Sugar	84	-1%	-9%	122%	▶	▶	▲
	Meat (beef)	550	-2%	7%	67%	▶	▶	▲	Wheat	22	1%	-1%	36%	▶	▶	▲
	Meat (mutton)	550	-3%	4%	68%	▶	▶	▲	Wheat flour (1st quality)	44	0%	-8%	40%	▶	▶	▲
	Milk	38	-8%	-5%	17%	▼	▶	▲	Wheat flour (high grade)	56	3%	-4%	45%	▶	▶	▲
	Oil (cooking)	159	-1%	-16%	69%	▶	▼	▲								
		Bread (1st grade)	71	0%	3%	17%	▶	▶	▲	Potatoes	40	-8%	44%	78%	▼	▲
Bread (lepesika)		111	3%	7%	32%	▶	▶	▲	Rice (medium)	146	14%	46%	56%	▶	▲	▲
Eggs		119	-1%	6%	73%	▶	▶	▲	Sugar	93	-1%	-6%	96%	▶	▶	▲
Meat (beef)		530	0%	4%	3%	▶	▶	▲	Wheat	29	-5%	-4%	50%	▼	▶	▲
Meat (mutton)		600	0%	6%	71%	▶	▶	▲	Wheat flour (1st quality)	48	-3%	-4%	28%	▶	▶	▲
Milk		48	0%	6%	32%	▶	▶	▲	Wheat flour (high grade)	62	-1%	1%	30%	▶	▶	▲
Oil (cooking)		164	6%	-13%	73%	▶	▶	▲								
		Bread (1st grade)	70	0%	-7%	54%	▶	▶	▲	Potatoes	38	-18%	28%	68%	▼	▲
	Bread (lepesika)	88	1%	4%	46%	▶	▶	▲	Rice (medium)	138	5%	68%	88%	▶	▲	▲
	Eggs	122	-2%	23%	51%	▶	▶	▲	Sugar	86	0%	-10%	116%	▶	▶	▲
	Meat (beef)	501	0%	8%	63%	▶	▶	▲	Wheat	20	-12%	-10%	30%	▼	▶	▲
	Meat (mutton)	545	0%	11%	76%	▶	▶	▲	Wheat flour (1st quality)	46	1%	-11%	38%	▶	▶	▲
	Milk	45	3%	25%	60%	▶	▶	▲	Wheat flour (high grade)	66	1%	1%	75%	▶	▶	▲
	Oil (cooking)	160	-3%	-10%	72%	▶	▶	▲								
		Bread (1st grade)	61	0%	1%	38%	▶	▶	▲	Potatoes	35	-21%	38%	99%	▼	▲
Bread (lepesika)		84	0%	5%	42%	▶	▶	▲	Rice (medium)	147	10%	70%	88%	▶	▲	▲
Eggs		111	4%	19%	48%	▶	▶	▲	Sugar	83	-3%	-8%	130%	▶	▶	▲
Meat (beef)		514	-1%	0%	54%	▶	▶	▲	Wheat	21	-6%	-10%	28%	▼	▶	▲
Meat (mutton)		555	-2%	4%	81%	▶	▶	▲	Wheat flour (1st quality)	44	0%	-10%	22%	▶	▶	▲
Milk		43	-2%	-3%	81%	▶	▶	▲	Wheat flour (high grade)	63	1%	2%	34%	▶	▶	▲
Oil (cooking)		139	0%	-21%	24%	▶	▼	▲								
		Bread (1st grade)	65	2%	3%	42%	▶	▶	▲	Potatoes	39	-15%	35%	84%	▼	▲
	Bread (lepesika)	90	0%	3%	41%	▶	▶	▲	Rice (medium)	143	6%	64%	84%	▶	▲	▲
	Eggs	115	1%	16%	49%	▶	▶	▲	Sugar	87	-2%	-8%	116%	▶	▶	▲
	Meat (beef)	549	0%	2%	57%	▶	▶	▲	Wheat	29	-3%	-4%	55%	▶	▶	▲
	Meat (mutton)	578	-1%	8%	80%	▶	▶	▲	Wheat flour (1st quality)	51	0%	-1%	53%	▶	▶	▲
	Milk	56	2%	2%	43%	▶	▶	▲	Wheat flour (high grade)	63	-1%	-2%	49%	▶	▶	▲
	Oil (cooking)	152	-3%	-18%	60%	▶	▼	▲								

▲ 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