

MARKET PRICE MONITORING BULLETIN



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The World Food Programme carries out market analysis on a monthly basis to monitor the market situation in Armenia. Observing foreign currency exchange rates (namely USD and Russian Ruble) and retail market price fluctuations, WFP assesses possible implications on the overall socio-economic situation and purchasing power of households. The bulletin contains descriptive information about the market prices of selected food and non-food items. Main sources used for the bulletin are the Statistical Committee of the Republic of Armenia and Central Bank of the Republic of Armenia.

For further information, please contact the RAM Team:
Zaruhi.Ohanjanyan@wfp.org
Sona.Avakimyan@wfp.org

Food and basic needs price information can be found in WFP's online database: dataviz.vam.wfp.org



WFP ARMENIA: RAM

This bulletin focuses on market prices of the period of **September 2022 – September 2023**.



HIGHLIGHTS

- For the period of September 2022 – September 2023 USD vs AMD as well as RUB vs AMD exchange rates demonstrated downward tendency. Both in July and August USD vs AMD exchange rate stabilized at AMD 386 per 1 USD but slightly increased in September 2023: AMD 387 per 1 USD. RUB vs AMD exchange rate was AMD 4 per 1 RUB - the same as it was in August 2023.
- The net inflow of remittances to Armenia in August 2023 was USD 202,3mln. Five leading countries sending remittances to Armenia in August 2023 were Russia (USD 342.9mln), USA (USD 63.4mln), Germany (USD 16.9mln), Sweden (USD 14.7mln), Great Britain (USD 10.4mln). From Armenia the remittances are mainly sent to Russia.
- The Consumer Price Index (CPI) was 0.1 percent in September 2023 compared to September 2022. Food prices decreased by 3.1 percent for the same period.
- The highest monthly price drop was seen in “Meat” (0.4 percent), “Fish and seafood” (0.4 percent), and “Breads and cereals” (0.2 percent). The monthly prices of “Vegetables” increased by 14.9 percent, “Fruits” – 2.4 percent. The highest annual price drop was detected among the commodities in the group of “Oils and fats” (21 percent), “Bread and cereals” (8.3 percent), and “Fish and seafood” (4.4 percent). Yet, the prices of “Milk, cheese and eggs” group increased by 1.6 and “Vegetables” by 6.6 percent compared to September 2022.
- Food prices in the regions of Armenia decreased showing the highest decrease in Tavush (5.5), Lori (5.4), Kotayk (4.4) and Syunik (4.4).
- Regular diesel price decreased by 19 percent in September 2023 compared to September 2022, whereas the price of petrol increased by 1 percent for the same period. However, the prices of regular diesel and petrol price increased by 8 and 7 percent respectively compared to August 2023.
- The unemployment rate in the second quarter of 2023 in Armenia was 11.7 percent. The average monthly nominal wage was AMD 261,234.
- The price of food basket calculated by Statistical Committee of Armenia with the prices of the 2nd quarter of 2023 was AMD 34,825. The cost of WFP Emergency basket with a nutritional value of 2213 was AMD 14,403 or USD 37.



EXCHANGE RATE, AMD vs. USD and RUB

In September 2022 - September 2023 the USD vs AMD exchange rate predominantly demonstrated downward tendency with insignificant fluctuations. However, on the last days of September 2023, namely starting from September 28, it started increasing which coincided with the mass arrival of ethnic Armenians from Nagorno-Karabakh into Armenia.

For the period of September 2022 - September 2023, USD vs AMD exchange rate was the highest in September 2022 (AMD 410 per 1 USD). Afterwards it started decreasing continuously and stabilized around AMD 386 in July and August yet increased slightly in September: AMD 387 per 1 USD.

This sudden increase of USD vs AMD exchange rate might be explained by the growing demand of the foreign currency conditioned with the military escalation in Nagorno-Karabakh, paired with uncertainty and vagueness towards future among locals which made them buy currency that is relatively stable in the global market.

However, the USD vs AMD exchange rate overall continues to remain low which can mainly be attributed to the massive inflow of USD into the Armenian market resulting in depreciation of the currency against Armenian Dram. This is largely driven by an influx of Russians due to the war with Ukraine, who were mostly employed in the IT sector receiving their salaries in USD. Businesses involved in export/import activities and employees receiving salaries in USD have been significantly affected by these changes.

The annual decrease of the USD-AMD exchange rate was -45.15 percent, while the monthly deviation increased by 0.91 percent, according to the Central Bank of Armenia.

Similarly, a downward tendency for the observed period in RUB vs AMD exchange rate was detected. The highest result for the period of September 2022 - September 2023 was detected in September 2022 (AMD 6.9 per 1 Rub) which, slightly fluctuating, gradually decreased and reached AMD 4.0 per 1 RUB in August and September 2023.

The annual decrease of RUB-AMD exchange rate was -1.79 percent, while the monthly deviation decreased by -0.04 percent, according to the Central Bank of Armenia.

Figure 1: Exchange rate (AMD/USD), September 2022 – September 2023 (in AMD)

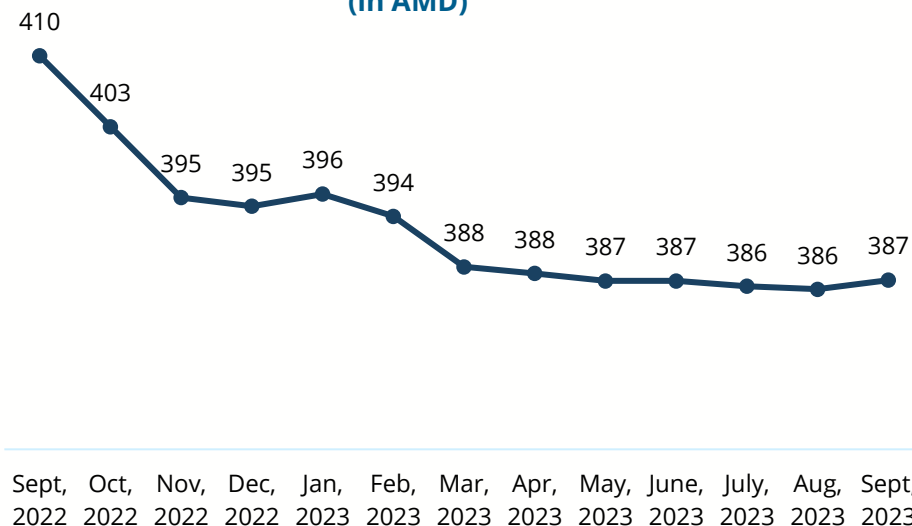
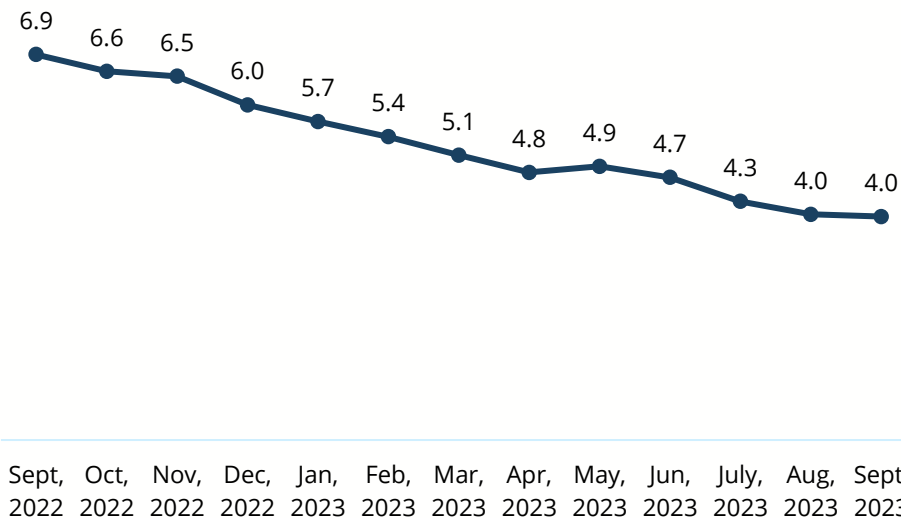


Figure 2: Exchange rate (AMD/RUB), September 2022 – September 2023 (in AMD)



Source: Central Bank of the Republic Armenia

REMITTANCES

Five leading countries sending remittances to Armenia in August 2023, were Russia (USD 342,9mln), US (USD 63,4mln), Germany (USD 16,9mln), Sweden (USD 14,7mln) and Great Britain (USD 10,4mln).

The countries where Armenia in August 2023 sent the biggest amount of money to, were Russia (USD 64,1mln), Monaco (USD 47mln), UAE (USD 37,7mln), US (USD 35mln).

In August 2023 the net inflow of remittances to Armenia from different countries was USD 202,3mln. This was considerably more than it was in previous 3 months. It means that in August 2023 the amount of money transferred to Armenia was far more than the money transferred from Armenia. Namely, the inflow of remittances to Armenia for the same period was USD 517,4mln while the outflow was USD 315,1mln.

Figure 3: Remittances in Armenia, August 2022 - August 2023, USD

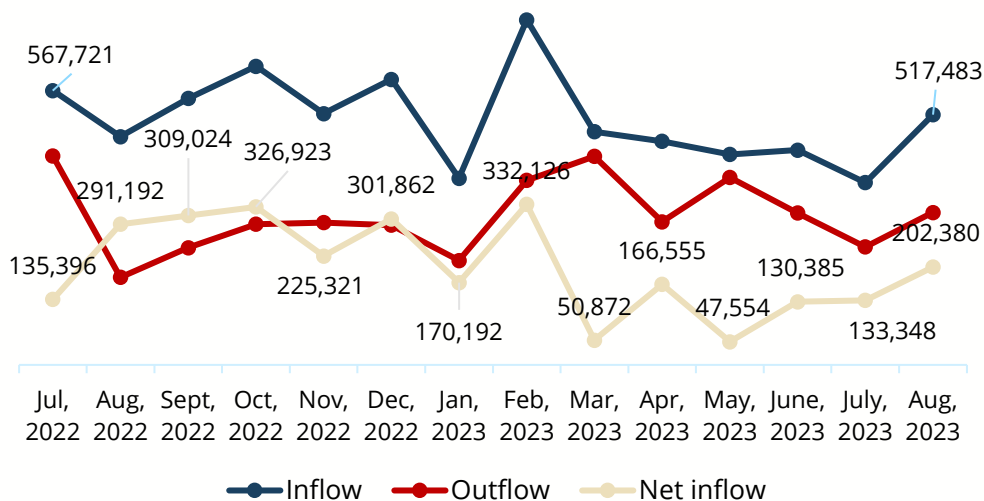


Figure 4: Top 5 countries sending remittances to Armenia, August 2022 - August 2023, USD

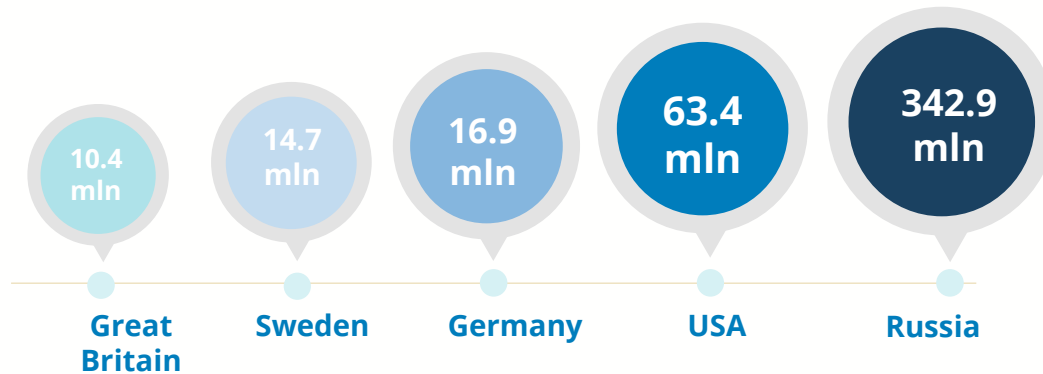
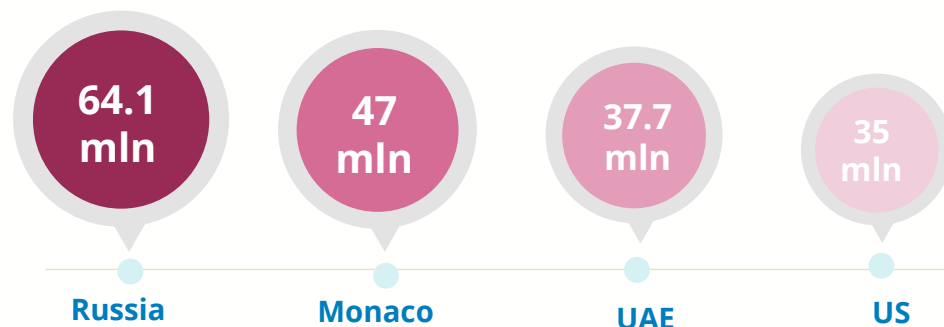


Figure 5: Top countries Armenia sends remittances to, August 2022 - August 2023, USD



Source: Central Bank of the Republic of Armenia

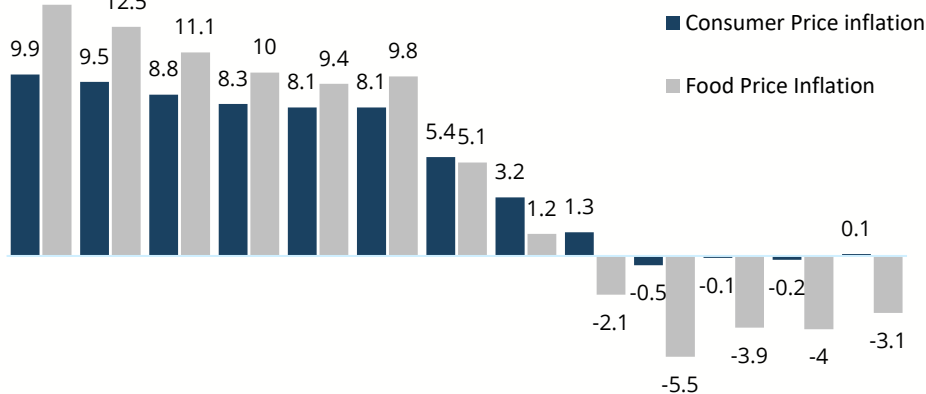
CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

The Consumer Price Index (CPI) in Armenia mostly demonstrated downward tendency for the period of September 2022 – September 2023 except for the last 4 months when it slightly fluctuated.

CPIs continued dropping in summer months reaching the level below zero (-0.5, -0.1, -0.2 percent in June, July and August respectively). However, in September 2023, they increased slightly and reached 0.1 percent.

Analogically, food prices in Armenia for the same period mostly had downward tendency. They were the highest in September 2022 (13.7 percent) for the period of September 2022 - September 2023. However, it has been followed by the period of a steady decrease of food prices till June 2023. Then they fluctuated a bit and reached -3.1 percent in September 2023.

Figure 6: Consumer Price Index and Food Price Inflation, September 2022 – September 2023, %



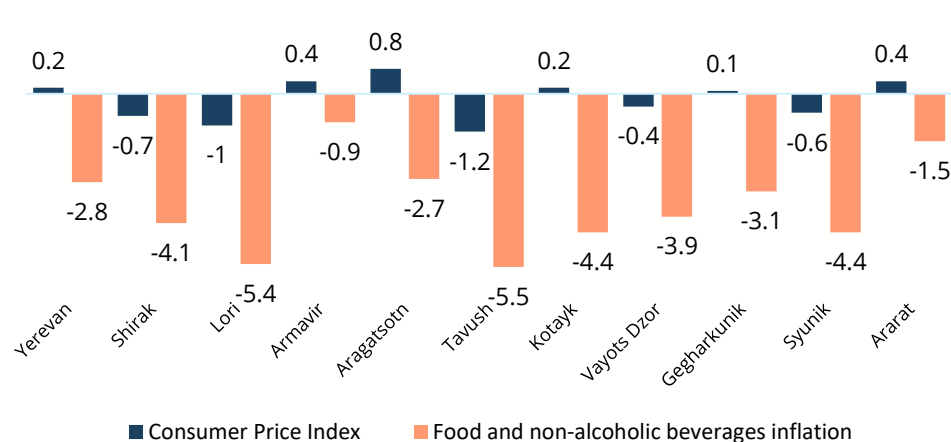
Sept, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, June, July, Aug, Sept, 2022 2022 2022 2022 2023 2023 2023 2023 2023 2023 2023 2023 2023

Source: Statistical Committee of the Republic of Armenia *Consumer Price Index in the Republic of Armenia January-June 2023*

The monitoring of Consumer Price Index and food price inflation in the regions of Armenia and the capital city Yerevan revealed comparatively higher CPI rates in Aragatsotn (0.8 percent), Ararat (0.4 percent), Armavir (0.4), Kotayk (0.2 percent) and Yerevan (0.2 percent).

At the same time, food prices were below zero in the regions of Armenia. In Armavir and Ararat, they were comparatively higher: -0.9 and -1.5 percent respectively. The lowest food prices were seen in Tavush (-5.5 percent), Lori (-5.4 percent), Kotayk (-4.4 percent) and Syunik (-4.4 percent).

Figure 7: Consumer Price Index and Food Price Inflation per region, September 2022 –September 2023, %



Source: Statistical Committee of the Republic of Armenia *Price Index in the Republic of Armenia January-June 2023*

PRICE INFLATION OF SELECTED FOOD GROUPS

The analysis of the annual prices of certain food groups showed annual price decrease among all food groups except for “Milk, cheese and eggs” (1.6 percent increase) and “Vegetables” (6.6 percent increase). Namely, the price of eggs included in the group “Milk, cheese and eggs” increased by 15.1 percent, while cheese and cottage cheese – decreased by 1.5 percent in September 2023 compared to September 2022.

On the other hand, the price of potato included in the “Vegetables”, which is produced locally, decreased by 11.9 percent.

The highest annual price drop was detected among the commodities in the group of “**Oils and fats**” (21 percent). The price of the subgroup “Butter” included in the “Oils and fats” decreased by 4.5 percent. “**Bread and cereals**” group was the second one with the highest annual price decrease of **8.3 percent**. The price of “Bread” subgroup decreased by 6.8 percent in September 2023 compared to September 2022. The third group with the highest price drop was “**Fish and seafood**” (4.4 percent).

Comparison of monthly prices of selected food groups highlights a price decrease of “Meat” (0.4 percent), “Fish and seafood” (0.4 percent), and “Breads and cereals” (0.2 percent). The monthly prices of “Vegetables” increased by 14.9 percent, “Fruits” – 2.4 percent. The monthly prices of “Oils and fats” remained the same.

The overall price decrease might be conditioned with the seasonality factor typical for fruits and vegetables produced locally as well as depreciation of foreign currencies (mainly USD and RUB) resulting in price fall of imported goods.

Figure 8: Annual Inflation of selected food groups, September 2022 – September 2023, %

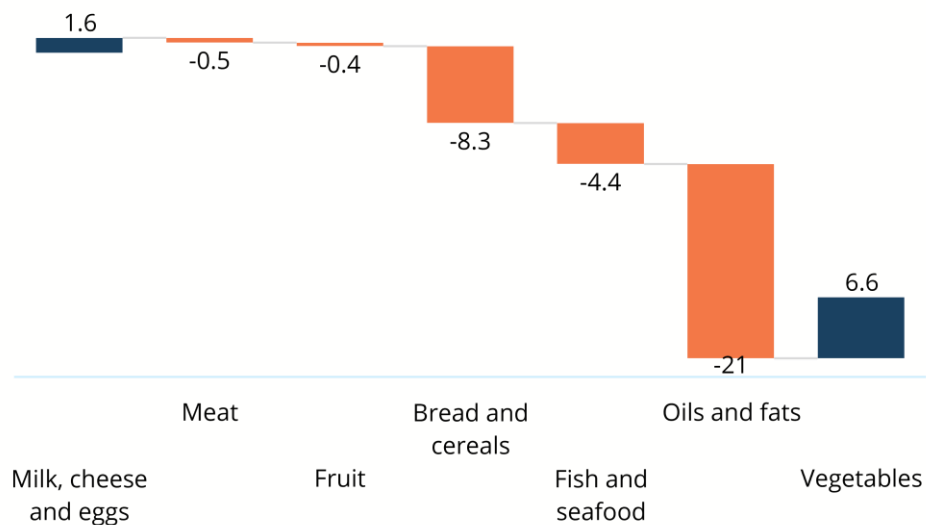
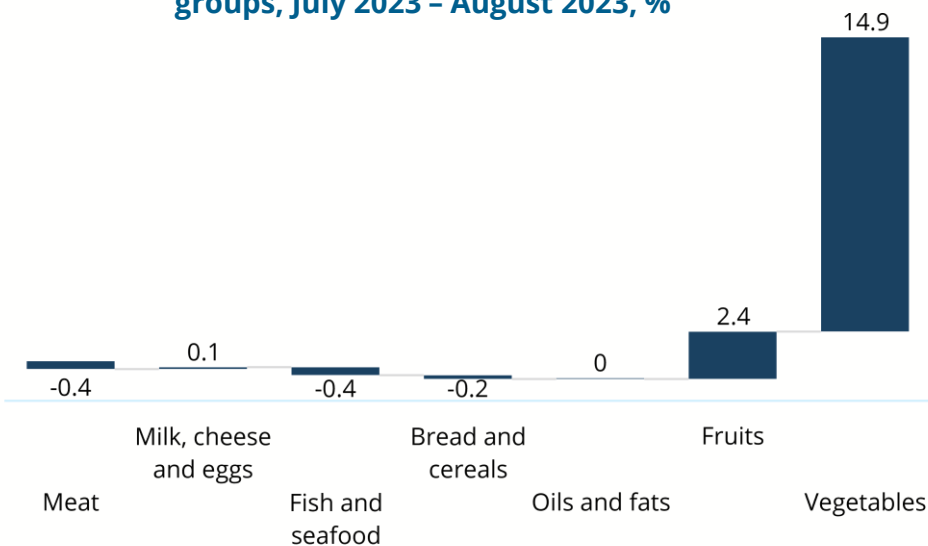


Figure 9: Monthly consumer price index of selected food groups, July 2023 – August 2023, %



Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF SELECTED FOOD COMMODITIES



Compared to September 2022, all food commodities assessed by this bulletin became cheaper in September 2023. This includes vegetable oil which became cheaper by 35, buckwheat – by 27, lentils – by 21, wheat flour by 18, pasta and rice by 12 and 6 percent respectively. All the mentioned items are predominantly imported rather than produced locally. The main supplier for most of these commodities is Russia. Namely, 99.7 percent of imported oil, 95 percent of wheat flour, 91 percent of buckwheat and 72 percent of imported pasta come from Russia.

Compared to August 2023, the prices of lentils and rice didn't change in September 2023. Pasta, wheat flour and chicken became cheaper by 1 percent while buckwheat by 2 percent in September 2023 compared to August 2023. Yet vegetable oil prices increased by 1 percent in September 2023 compared to August 2023.

This overall decline in food prices suggests an improvement in the supply and availability of these commodities, which can have positive effects on consumers' purchasing power and the overall affordability of these food items. However, other factors such as inflation, political instability and conflicts, economic conditions, transportation issues and supply chain dynamics might also influence these price changes.

Table 2: Annual and monthly inflation of selected food and non-food items

Commodity	September, 2022 (in AMD)	September, 2023 (in AMD)	% change September 2022 vs September 2023 (+/-10%)	August 2023 (in AMD)	September, 2023 (in AMD)	% change September 2023 vs August 2023 (+/-10%)
Pasta	826	730	-12	736	730	-1
Lentils	1472	1162	-21	1160	1162	0
Buckwheat	1383	1004	-27	1027	1004	-2
Rice	1028	966	-6	970	966	0
Wheat Flour	497	407	-18	411	407	-1
Oil (Vegetable)	1131	739	-35	733	739	1
Chicken	1693	1701	0	1710	1701	-1
Fuel (diesel (Regular))	634	512	-19	476	512	8
Fuel (petrol- gasoline)	500	502	1	471	502	7

Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF FUEL

Armenia lacks its own natural fossil fuel reserves, which means it has to rely heavily on importing fuel from other countries to meet its energy needs. Due to its reliance on fuel imports, Armenia is exposed to fluctuations in global fuel prices. Most of Armenia's import and export of goods by land are conducted through Georgia, particularly through the Upper-Lars border crossing point. The majority of trucks used for transportation in Armenia use diesel, thus any changes in fuel prices can directly affect transportation costs, which, in turn, impact the expenditures of companies involved in importing and exporting goods as well as influence the prices of imported goods. Fluctuations in global fuel prices can have significant consequences for the country's economy and businesses, especially those heavily reliant on transportation.

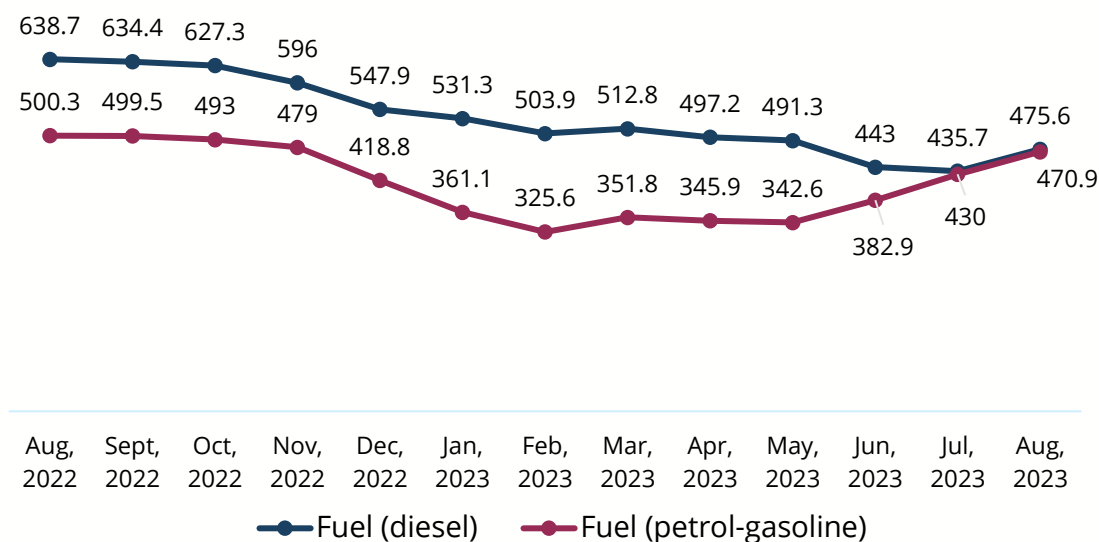
In September 2023, monthly and annual prices decreased for both regular diesel and petrol gasoline.

In September 2023, the price of regular diesel in Armenia decreased by 19 percent compared to September 2022. Compared to August 2023, however, it increased by 8 percent in September 2023 indicating an increase of price within a month.

The price of petrol gasoline in Armenia increased by 1 percent in September 2023 compared to September 2022.

However, when comparing the price of petrol gasoline in September 2023 to August 2023, there was an increase of 7 percent. (see Table 1).

Figure 10: Price of fuel (petrol-gasoline and diesel), AMD



Source: Statistical Committee of the Republic of Armenia

Emergency food basket



According to the Statistical Committee of RA, the unemployment rate in the 2nd quarter of 2023 was 11.7 percent. Compared to the first quarter it decreased by 2 percentage points (13.7 percent).

The average nominal wage in the 2nd quarter of 2023 was AMD 261,234 as per Armstat.

The cost of monthly per capita food basket calculated by the prices of the 2nd quarter of 2023 comprised AMD 34,825.

The cost of emergency food basket calculated by WFP is **AMD 14,403**. The basket has diversified food composition with the nutritional value of at least 2100 kcal per person per day.

Table 1: The composition of WFP emergency food basket

Products	Monthly kg	Daily, g	Price	Total price
Pasta	3.00	100.0	730.2	2191
Lentils	2.00	66.7	1162.2	2324
Buckwheat	3.00	100.0	1004	3012
Rice	3.00	100.0	966.3	2899
Spelt	3.00	100.0	500	1500
Dry beans	1.00	33.3	1623.1	1623
White sugar	0.30	10.0	382.6	115
Oil (Vegetable)	0.92	30.7	739.2	739.2
Total (kg)	16.22	540.67		
Total (AMD)				14,403
Total (USD)				37