



MARKET PRICE MONITORING BULLETIN

ISSUE NO.21: NOVEMBER 2023

WFP ARMENIA: RAM





H I G H L I G H T S



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

For the period of October 2022 – October 2023 USD vs AMD as well as RUB vs AMD exchange rates remained relatively low compared to the previous years. In October 2023, USD vs AMD exchange rate increased substantially compared to September 2023. Similarly, the upward tendency was detected for RUB vs AMD exchange rate in October 2023 compared to September 2023.



The net inflow of remittances to Armenia in September 2023 was USD 96,9mln. Five leading countries sending remittances to Armenia in September 2023 were Russia (USD 303,3mln), US (USD 53mln), Switzerland (USD 17,8mln), Germany (USD 6,7mln), and Great Britain (USD 6mln). From Armenia the remittances were mainly sent to UAE.



The Consumer Price Index (CPI) was 0.1 percent in October 2023 compared to October 2022. Food prices decreased by 3 percent for the same period.



The highest annual price drop was detected among the commodities in the group of “Oils and fats” (19 percent). The price of the subgroup “Butter” included in the “Oils and fats” decreased by 3.5 percent. “Bread and cereals” group was the second one with the highest annual price decrease of 8.4 percent. The price of “Bread” subgroup decreased by 7.1 percent in 2023 October compared to October 2022. The third group with the highest price drop was “Fish and seafood” (4.8 percent).



Food prices in Armavir and Ararat were comparatively higher: -0.9 and -1.4 percent respectively. The lowest food prices were seen in Tavush (-5.4 percent), Lori (-5.2 percent), Kotayk (-4.6 percent), Shirak (-4.4) and Syunik (-4.2 percent).



Regular diesel price in October 2023 decreased by 12 percent compared to October 2022, whereas the price of petrol increased by 9 percent for the same period. However, the prices of regular diesel and petrol price increased by 8 and 7 percent respectively compared to September 2023.

EXCHANGE RATE, AMD vs. USD and RUB

In October 2022 - September 2023 the USD vs AMD exchange rate predominantly decreased. Starting from the end of September 2023 and during October 2023, the exchange rate increased which coincided with the mass influx of refugees into Armenia. As a result, in October 2023, the USD vs AMD exchange rate was AMD 404 per 1 USD which was slightly higher than it was in October 2022 (AMD 403 per 1 USD).

This sudden increase of the USD vs AMD exchange rate may be explained by the growing demand for foreign currency due to the refugee influx to Armenia paired with perceptions of an uncertainty future among locals which made them buy currency that is relatively stable in the global market.

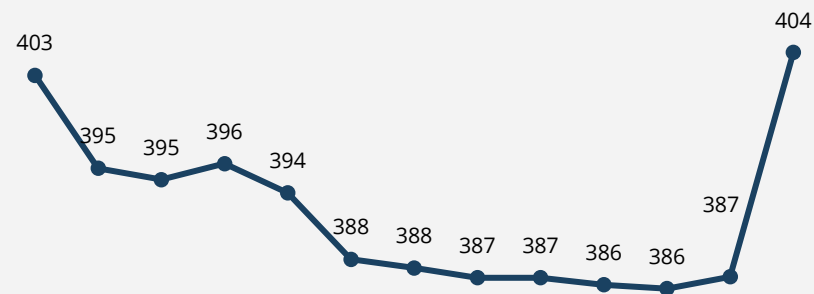
The annual decrease of the USD-AMD exchange rate was -44.5 percent, while the monthly deviation increased by 17.22 percent, according to the Central Bank of Armenia.

Despite the spike of the USD vs AMD exchange rate in October 2023, the exchange rate continues to remain low compared to the previous years which is attributed to the significant inflow of USD into the Armenian market resulting in depreciation of the currency against Armenian Dram. This was largely driven by an influx of Russians due to the war with Ukraine, who were mostly employed in the IT sector and receiving their salaries in USD. Businesses involved in export/import activities and employees receiving salaries in USD have been significantly affected by these changes.

A downward tendency for the RUB vs AMD exchange rate for the period of October 2022 - October 2023 was typical too. In October 2023, RUB vs AMD exchange rate slightly increased reaching AMD 4.2 per 1 RUB which was far lower than it was in October 2022 (AMD 6.6 per 1 RUB).

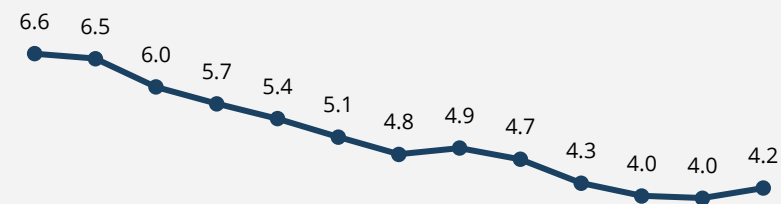
The annual decrease of RUB-AMD exchange rate was -1.82 percent, while the monthly deviation increased by 0.18 percent, according to the Central Bank of Armenia.

Figure 1: Exchange rate (AMD/USD), October 2022 - October 2023 (in AMD)



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

Figure 2: Exchange rate (AMD/RUB), October 2022 - October 2023 (in AMD)

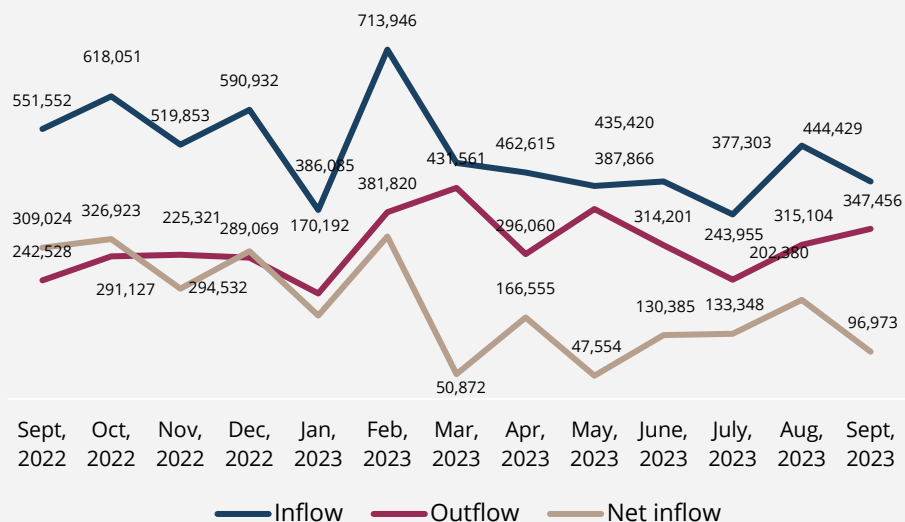


Oct, 2022, Nov, 2022, Dec, 2022, Jan, 2023, Feb, 2023, Mar, 2023, Apr, 2023, May, 2023, Jun, 2023, July, 2023, Aug, 2023, Sept, 2023, Oct, 2023

Source: Central Bank of the Republic Armenia

In September 2023, the amount of remittances sent from different countries to Armenia was USD 444,4mln whereas the outflow constituted USD 347,4mln. The net inflow therefore was calculated to be USD 96,9mln which is considerably low than it was last month (USD 202,3mln).

Figure 4: Inflow, outflow and net remittances to Armenia, September 2023, in USD



Source: Central Bank of the Republic of Armenia

Figure 5: Top 5 countries sending remittances to Armenia, September 2023, USD

Five leading countries sending remittances to Armenia in September 2023, were Russia (USD 303,3mln), US (USD 53mln), Switzerland (USD 17,8mln), Germany (USD 6,7mln), and Great Britain (USD 6mln).

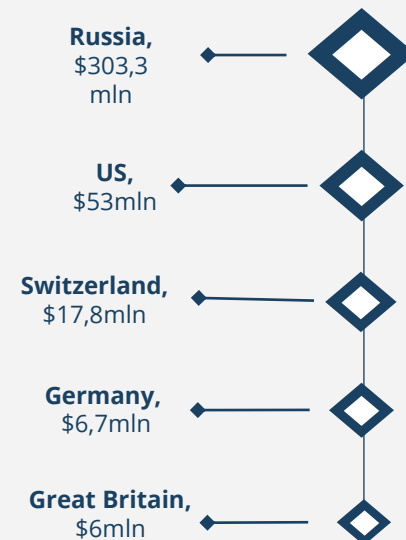
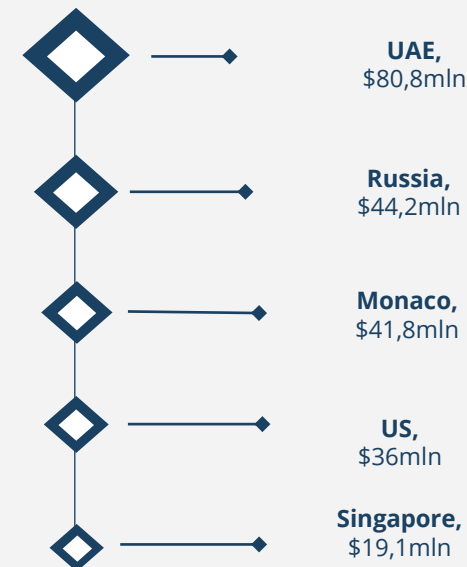


Figure 6: Top 5 countries receiving remittances from Armenia, September 2023, USD

The countries where Armenia in September 2023 sent the biggest amount of money to, were UAE (USD 80,8mln), Russia (USD 44,2mln), Monaco (USD 41,8mln), US (USD 36mln), Singapore (USD 19,1mln).



CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

The Consumer Price Index (CPI) in Armenia mostly decreased for the period of October 2022 – October 2023. CPIs reached the level below zero during summer months (-0.5, -0.1, -0.2 percent in June, July and August respectively). However, they slightly increased in September 2023 and in October 2023 they remained constant (0.1 percent).

Analogically, food prices in Armenia for the same period mostly decreased. They were the highest in October 2022 (12.5 percent) for the period of October 2022 - October 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 -3.0 percent in October 2023.

Figure 7: Consumer Price Index and Food Price Inflation, October 2022 – October 2023, %

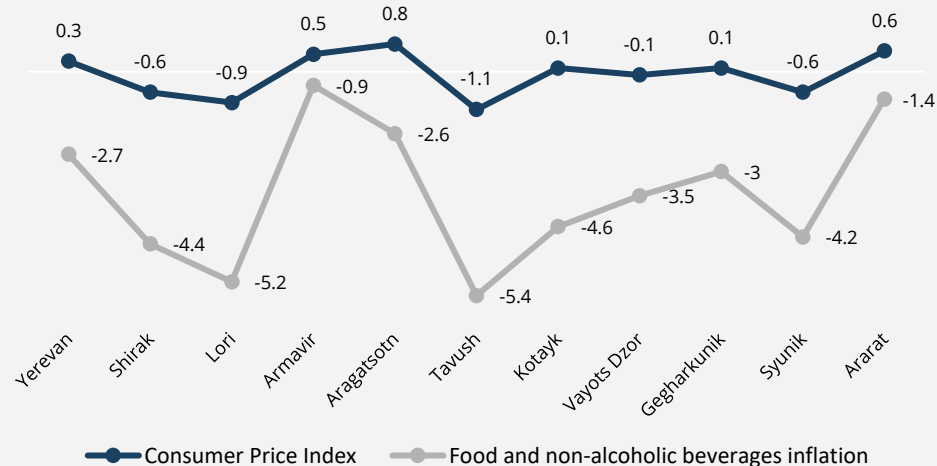


Source: Statistical Committee of the Republic of Armenia [Consumer Price Index in the Republic of Armenia January-October 2023](#)

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 (0.6 percent), Armavir (0.5), and Yerevan (0.2 percent). In Tavush, Lori and Shirak the CPIs were the lowest (-1.1, -0.9 and -0.6 percent respectively).

At the same time, food price inflation were below zero in some of the regions of Armenia. In Armavir and Ararat, they were comparatively higher: -0.9 and -1.4 percent respectively. The lowest food prices were seen in Tavush (-5.4 percent), Lori (-5.2 percent), Kotayk (-4.6 percent), Shirak (-4.4) and Syunik (-4.2 percent).

Figure 8: Consumer Price Index and Food Price Inflation per region, October 2022 –October 2023, %



Source: Statistical Committee of the Republic of Armenia [Price Index in the Republic of Armenia January-October 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” (0.8 percent increase) and “Vegetables” (8.3 percent increase). In other words, the price of eggs included in the group “Milk, cheese and eggs” increased by 13.3 percent, while cheese and cottage cheese – decreased by 2.8 percent in October 2023 compared to October 2022.

On the other hand, the price of potato included in the “Vegetables”, which is produced locally, decreased by 16.2 percent.

The highest annual price drop was detected among the commodities in the group of **“Oils and fats” (19 percent)**. The price of the subgroup “Butter” included in the “Oils and fats” decreased by 3.5 percent. **“Bread and cereals”** group was the second one with the highest annual price decrease of **8.4 percent**. The price of “Bread” subgroup decreased by 7.1 percent in 2023 October compared to October 2022. The third group with the highest price drop was **“Fish and seafood” (4.8 percent)**.

Comparison of monthly prices of selected food groups highlights a price decrease of “Fruits” (2.4 percent), “Fish and seafood” (0.4 percent). For the remaining food groups a monthly price hike was detected: “Vegetables” – 6.2 percent, “Oils and fats” – 1.6 percent, “Milk, cheese and eggs” – 0.3 percent, “Meat” - 0.1 percent, and “Breads and cereals” - 0.1 percent.

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 9: Annual Inflation of selected food groups, October 2022 – October 2023, %

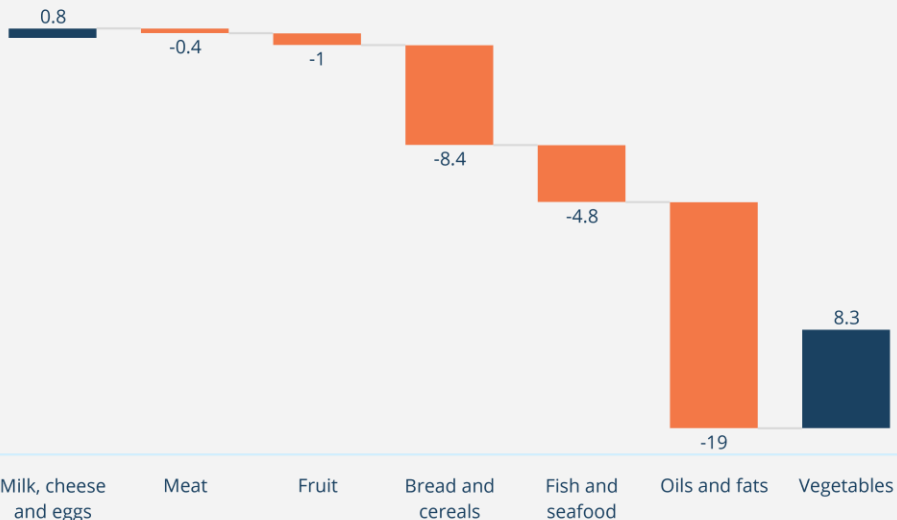
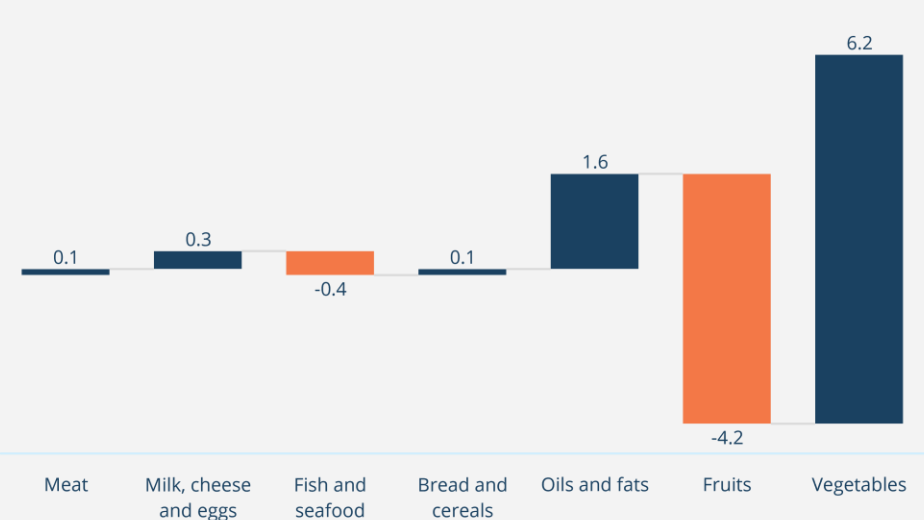


Figure 10: Monthly consumer price index of selected food groups, September 2023 – October 2023, %



Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF SELECTED FOOD COMMODITIES



Compared to October 2022, all food commodities assessed by this bulletin became cheaper in October 2023 except for chicken which became expensive by 2 percent. Vegetable oil became cheaper by 30, buckwheat – by 24, lentils – by 19, wheat flour by 18, pasta and rice by 10 and 4 percent respectively. All the mentioned items are predominantly imported rather than produced locally. The main supplier for most of these commodities is Russia. Specifically, 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 September 2023, the prices of chicken and wheat flour didn't change in October 2023. Pasta, lentils and rice became more expensive by 1 percent in October 2023 compared to September 2023, while buckwheat's and vegetable oil's prices rose by 3 percent.

The 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 1: Annual and monthly inflation of selected food and non-food items

Commodity	October, 2022 (AMD)	October, 2023 (AMD)	% change October 2022 vs October 2023 (+/-10%)	September, 2023 (AMD)	October, (AMD) 2023	% change October 2023 vs September 2023 (+/-10%)
Pasta	822	741	-10	730	741	1
Lentils	1452	1175	-19	1162	1175	1
Buckwheat	1362	1035	-24	1004	1035	3
Rice (White)	1024	980	-4	966	980	1
Wheat Flour	493	406	-18	407	406	0
Oil (Vegetable)	1094	762	-30	739	762	3
Chicken	1658	1694	2	1701	1694	0
Fuel (diesel)	627	551	-12	512	551	8
Fuel (petrol-gasoline)	493	537	9	502	537	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.

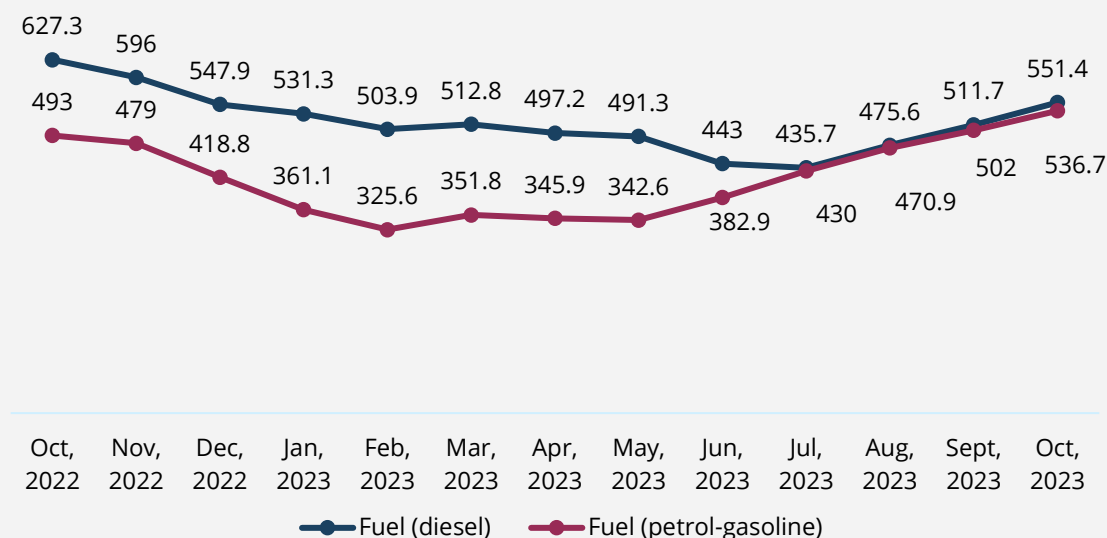
In October 2023, monthly and annual prices decreased for both regular diesel and petrol gasoline.

In October 2023, the price of regular diesel in Armenia decreased by 12 percent compared to October 2022. Compared to September 2023, however, it increased by 8 percent in October 2023 indicating an increase of price within a month.

The price of petrol gasoline in Armenia increased by 9 percent in October 2023 compared to October 2022.

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

Figure 11: Price of fuel (petrol-gasoline and diesel), AMD



Source: Statistical Committee of the Republic of Armenia

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 tries to draw possible implications on the overall socio-economic situation and purchasing power of the households. Based on the interest, the bulletin contains descriptive information about the market prices of selected food and non-food items.

THE SOURCES USED IN THIS MARKET BULLETIN

CENTRAL BANK OF THE REPUBLIC OF ARMENIA

[HTTPS://WWW.CBA.AM/AM/SITEPAGES/STATEXTERNALSECTOR.ASPX](https://www.cba.am/am/sitepages/statexternalsector.aspx)

STATISTICAL COMMITTEE OF THE REPUBLIC OF ARMENIA

[HTTPS://ARMSTAT.AM/AM](https://armstat.am/am)

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

