



MARKET PRICE MONITORING BULLETIN

ISSUE NO.28: JULY 2024

WFP ARMENIA





This bulletin focuses on market prices of the period **June 2023 – June 2024**



For the period of June 2023 – June 2024 the exchange rate of USD vs AMD was AMD 388 per 1 USD. RUB vs AMD exchange rate for the same period was AMD 4.4 per 1 RUB.



The net inflow of remittances to Armenia in May 2024 was USD 121,8mln. Leading countries sending remittances to Armenia in January - May 2024, were Russia (USD 524,2mln), USA (USD 72,6mln), Switzerland (USD 18,6mln), UAE (USD 15,1mln).



The Consumer Price Index (CPI) was 0.8 percent in June 2024 compared to June 2023. Food prices decreased by 0.7 percent for the same period.



The highest annual price drop was detected among the products included in "Oils and fats" (-9.8 percent). The price of butter included in this food group dropped by 0.1 percent compared to June 2023.

The second food group with the biggest annual price drop was "Fish and seafood" (4.2 percent).

Meat, bread and cereals, milk, cheese, and eggs also saw declines, but to a lesser extent – 2.5%, 1.8%, 0.4%, respectively. The price of bread in the group of bread and cereals grew by 0.2 percent and the price of eggs increased by 1%.

Fruit and vegetables were the only categories with an annual price increase, at 6.3% and 7%, respectively.



The highest decrease of food prices occurred in Armavir and Tavush regions with -2%, and the highest increase in Shirak and Vayots Dzor at 1%.



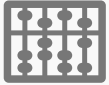
In June 2024, the price of regular diesel in Armenia increased by 19 percent compared to June 2023. Compared to May 2024, however, it increased by 1 percent.

The price of petrol gasoline in June 2024 increased by 27 percent compared to June 2023, while comparing the prices to May 2024 it didn't change.



56 percent of population in Armenia is economically capable of meeting their essential needs. Unemployment rate was 16 percent for the 1st quarter of 2024. For the same period the price of Consumer and Food Baskets were AMD 61,507 and 33,247, respectively.

EXCHANGE RATE: USD vs. AMD



The USD vs AMD exchange rate remained relatively stable with minor increases and decreases from June 2023 – June 2024.

There was a slight overall increase in the USD exchange rate around the end of 2023 and early 2024 primarily due to the mass influx of people to Armenia in September 2023. The uncertainty and lack of clarity about the future have led people to purchase a more stable global currency, causing a significant increase in the exchange rate. In September 2023, the rate was 387 AMD per USD, which surged to 404 AMD per USD by October 2023. The highest exchange rate was observed in January 2024 (AMD 405 for 1 USD). The fluctuation range, however, was relatively narrow (386 to 405 AMD/USD). The overall change from June 2023 to June 2024 was an increase of 1 AMD.

Figure 1: Exchange rate (AMD/USD), June 2023 – June 2024 (in AMD)

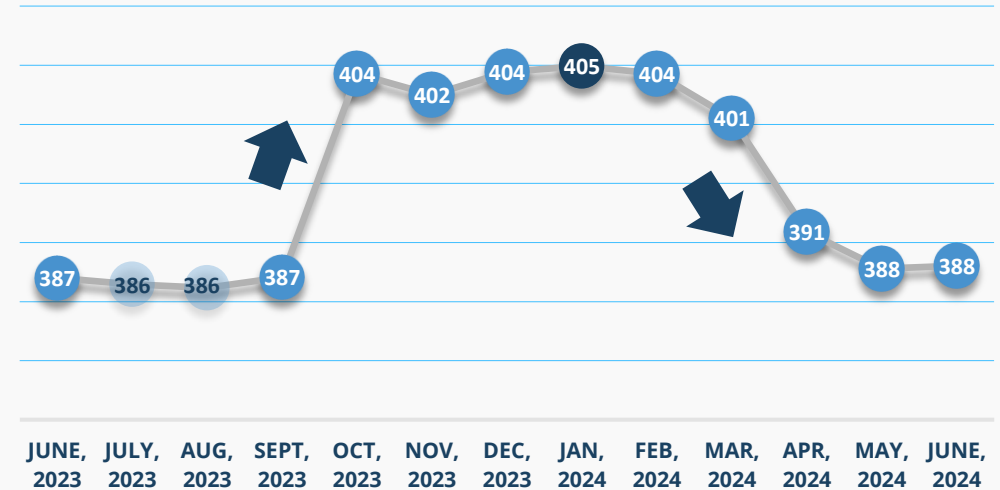
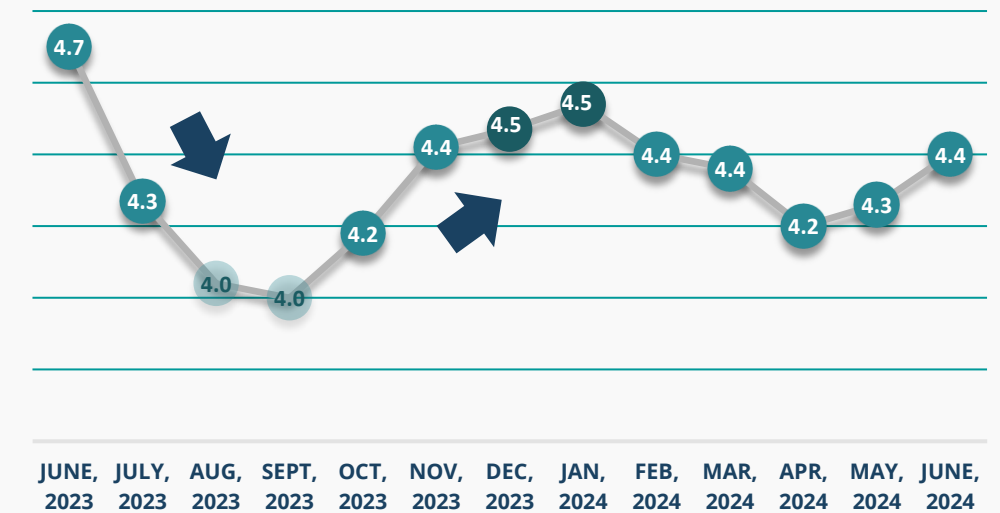


Figure 2: Exchange rate (AMD/RUB), June 2023 – June 2024 (in AMD)



EXCHANGE RATE: RUB vs. AMD



The RUB exchange rate experienced more variability compared to USD over the observed period. Overall, there was a general decreasing trend over the year dropping significantly from June to August 2023 (from AMD 4,7 to AMD 4). Though there was a slight recovery after August 2023 it did not reach the initial high rate.

Source: Central Bank of the Republic Armenia



Remittances

The net inflow of remittances in May 2024 was \$121,8mln

Remittances play a crucial role in Armenia's economy. According to the sixth Food Security and Vulnerability Assessment conducted by WFP in March 2024, remittances serve as the primary source of income for 4 percent of Armenia's population.

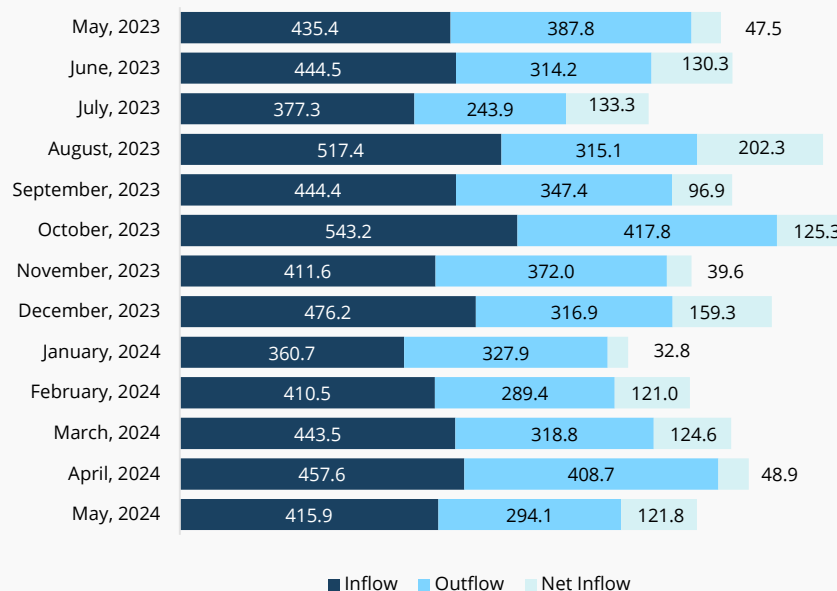
The overall trend in inflows indicates variability in monthly inflows, with a significant peak in October 2023 (USD 543.2mln) and a notable decrease in January 2024 (USD 360.7mln).

Outflows also show fluctuations, with a significant increase in October 2023 (USD 417.8mln) and generally lower values in the first half of 2024 compared to the second half of 2023.

The net inflow, representing the difference between inflow and outflow, was highest in August 2023 at USD 202.3 million and lowest in January 2024 at USD 32.8 million.

For the period of January – May 2024, the leading countries Armenia sent remittances to were Russia (USD 97,6mln), USA (USD 52mln), China (USD 30,2mln), UAE (USD 19,5mln), Germany (USD 15,4mln). On the other hand, countries sending most remittances to Armenia for the same period were Russia (USD 524,2mln), USA (USD 72,6mln), Switzerland (USD 18,6mln), UAE (USD 15,1mln).

Figure 3: Inflow, outflow and net remittances to Armenia, May 2023 – May 2024, in USD



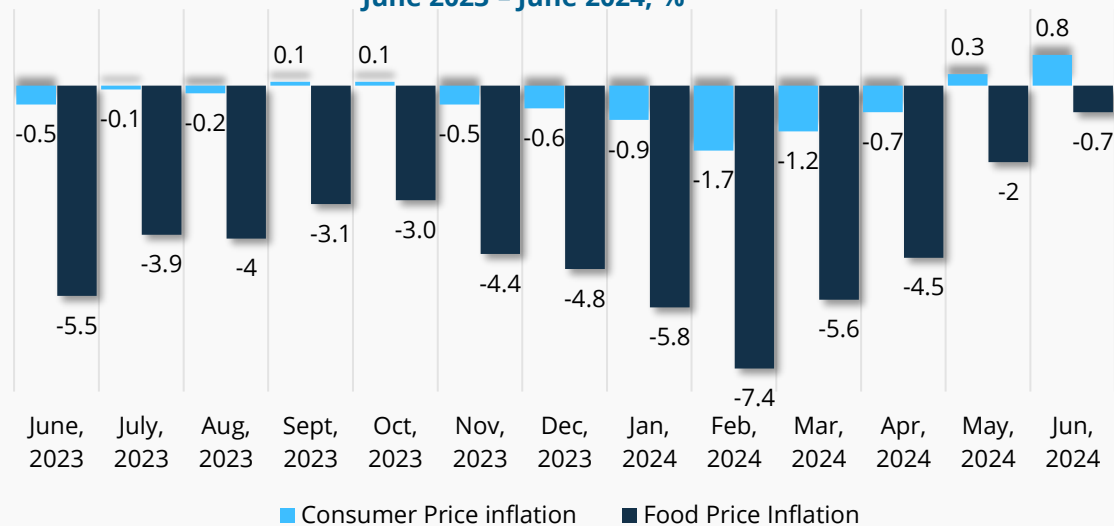
Source: Central Bank of the Republic Armenia



The consumer price inflation saw a general decline from June 2023 through February 2024, reaching its lowest point in February 2024 at -1.7%. This period shows a consistent deflationary trend, indicating a decrease in overall consumer prices.

From March 2024 onwards, there was a gradual recovery with inflation rates becoming less negative, and eventually turning positive in May 2024 (0.3%) and further increasing in June 2024 (0.8%).

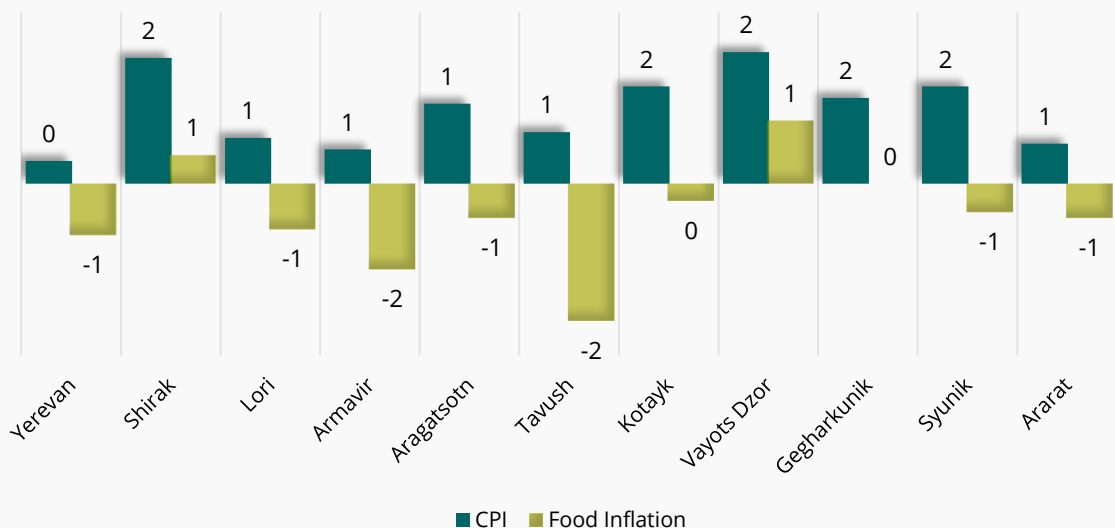
Figure 4: Consumer Price Index and Food Price Inflation, June 2023 - June 2024, %



Food price inflation was consistently negative throughout the entire period, indicating that food prices were generally falling. The most significant drop occurred in February 2024 at -7.4%, aligning with the lowest point of consumer price inflation. In subsequent months it started slightly increasing.

From March 2024 onwards, the rate of deflation in food prices started to moderate. By June 2024, the deflation rate had reduced significantly to -0.7%, suggesting a stabilization of food prices.

Figure 5: Consumer Price Index and Food Price Inflation per region, June 2023 - June 2024, %



The CPI was uniformly elevated at 2% in Shirak, Kotayk, Vayots Dzor, Gegharkunik, and Syunik, while in Yerevan, it stood at 0%. Food prices saw the greatest decrease in Armavir and Tavush at -2%, and the highest increase in Shirak and Vayots Dzor at 1%.

Source: Statistical Committee of the Republic of Armenia

PRICE INFLATION OF SELECTED FOOD GROUPS



Most food groups experienced a decrease in prices over the year. Oils and fats had the most significant drop at -9.8%, followed by fish and seafood at -4.2%. Butter price in Oils and fats group dropped by 0.1%, vegetable oil price plummeted by 15%.

Meat, bread and cereals, milk, cheese, and eggs also saw declines, but to a lesser extent – 2.5%, 1.8%, 0.4%, respectively. The price of bread in the group of bread and cereals grew by 0.2 percent and the price of eggs increased by 1%.

Fruit and vegetables were the only categories with an annual price increase, at 6.3% and 7%, respectively. This might indicate a rising demand in these categories.



Bread and cereals saw a minor monthly increase of 0.1%, while meat and oils and fats saw slight decreases of -0.1% and -0.2%, respectively.

Fish and seafood prices remained stable over the month. Milk, cheese, and eggs experienced a moderate decrease of -0.3%.

Fruit prices surged by 8%, suggesting a seasonal effect. Vegetables experienced a significant monthly decrease of -21.2%, which might be due to seasonal supply changes.

Sugar, jam, honey, chocolate, and confectionery saw a 1.1% increase.

Figure 6: Annual Inflation of selected food groups, June 2023 – June 2024, %

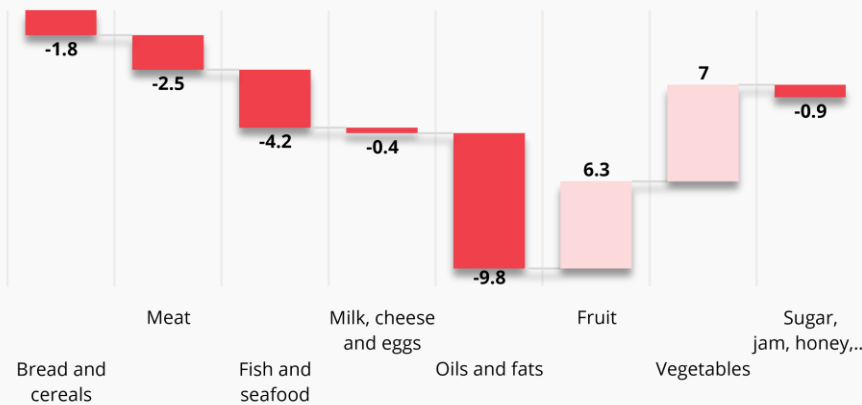
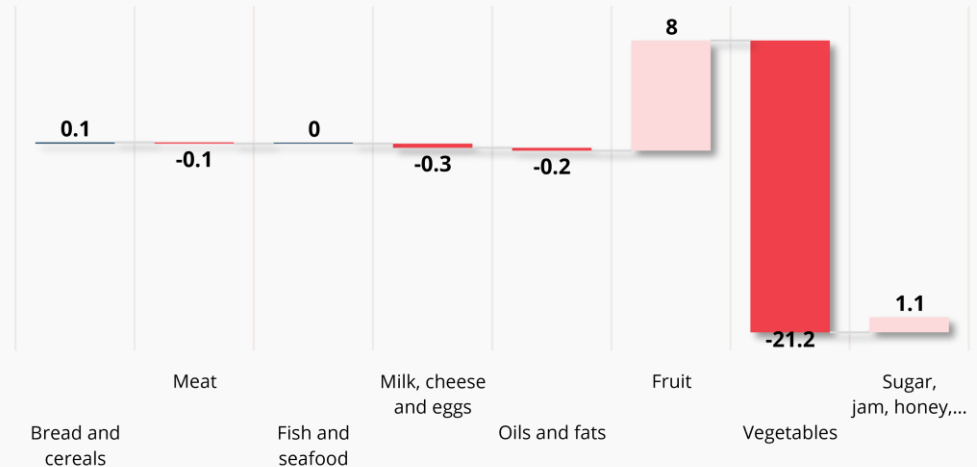


Figure 7: Monthly consumer price index of selected food groups, May 2024 – June 2024, %



Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF SELECTED FOOD COMMODITIES

Table 1: Prices of selected food and non-food items, AMD

Commodity	June 2023	May 2024	June 2024
Pasta	762	708	↓ 703
Lentils	1211	1227	↓ 1197
Buckwheat	1112	955	↑ 963
Rice	966	998	↓ 996
Wheat flour	429	404	↓ 396
Oil (Vegetable)	784	672	↓ 668
Meat (Chicken)	1707	1573	↓ 1565
Diesel (Regular)	443	523	↑ 529
Petrol gasoline	383	489	↓ 488

Compared to June 2023, all food commodities assessed by this bulletin became cheaper in June 2024 except for rice which got expensive by 3 percent. Vegetable oil got cheaper by 15, buckwheat – by 13, wheat flour, chicken and pasta by 8 percent, lentils – by 1 percent. All these 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 May 2024, the price of rice didn't change. The price of buckwheat rose by 1 percent while the remaining food products got cheaper.

The analysis of food commodity prices in Armenia indicated overall decreasing trend on both monthly and annual basis, while non-food commodity prices are increasing annually, with some stability in monthly changes. This could suggest various underlying economic factors affecting food versus non-food commodities differently in Armenia.

Figure 8: Annual price fluctuations of selected food and non-food items, %

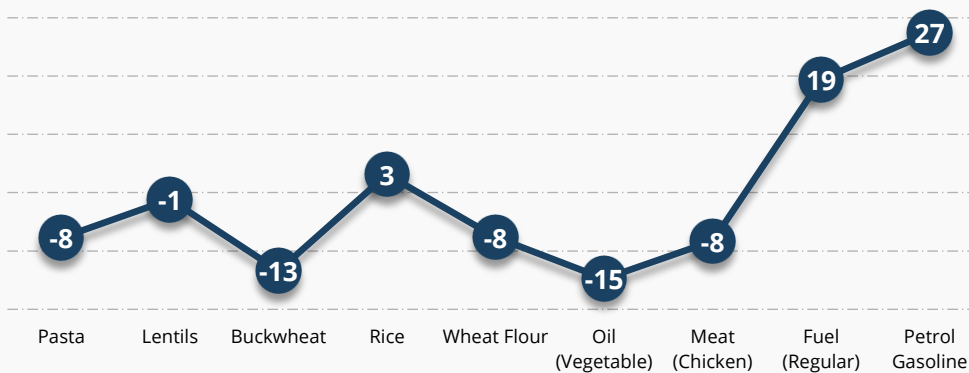
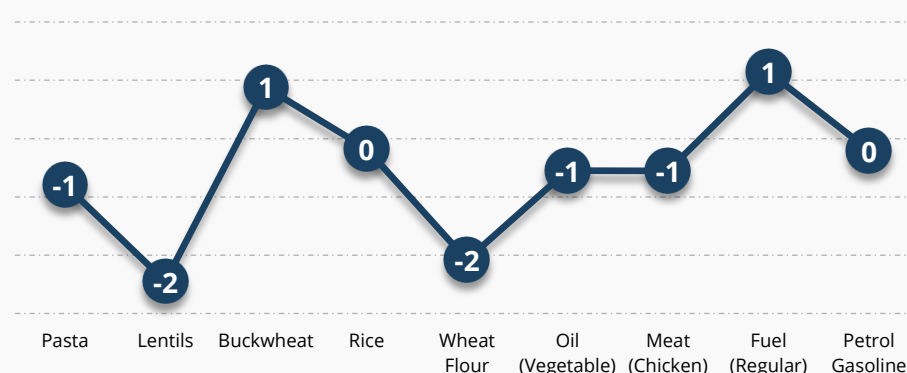


Figure 9: Monthly price fluctuations of selected food and non-food items, %



Source: Statistical Committee of the Republic of Armenia



Market Price of Fuel

Armenia does not have its own natural fossil fuel reserves and relies on importing fuel to fulfill its energy requirements. This dependency exposes Armenia to global fuel price fluctuations. The majority of Armenia's goods are imported and exported by land through Georgia, specifically via the Upper-Lars border crossing. Most transportation trucks in Armenia use diesel, so any changes in fuel prices directly impact transportation costs. This, in turn, affects the expenses of companies involved in importing and exporting goods and influences the prices of imported products. Consequently, global fuel price fluctuations can have significant effects on the Armenian economy and businesses, especially those dependent on transportation.

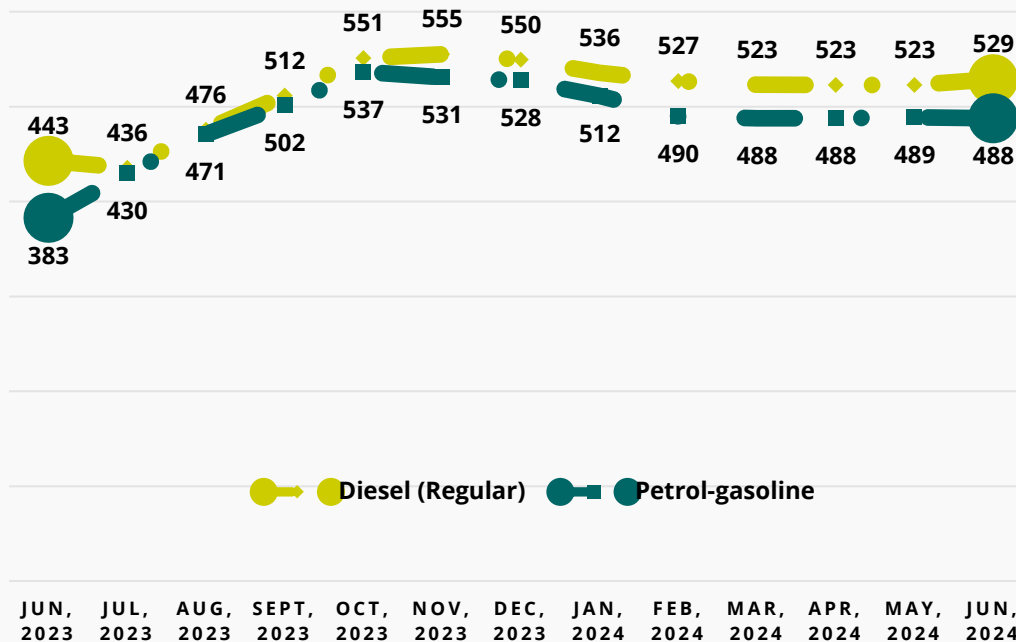


Both Diesel and Petrol-Gasoline prices saw significant increases from June 2023 to October 2023. Diesel prices experienced more fluctuation compared to petrol-gasoline, with more pronounced decreases in early 2024. However, there was a stabilization period for both fuels from around February 2024 onwards.

In June 2024, the price of regular diesel in Armenia increased by 19 percent compared to June 2023. Compared to May 2024, it increased by 1 percent indicating a slight price growth within a month. The comparison of the price of petrol gasoline in June 2024 to June 2023 showed that there was a 27 percent increase while comparing the prices to May 2024 they saw no change (see Figures 8, 9).

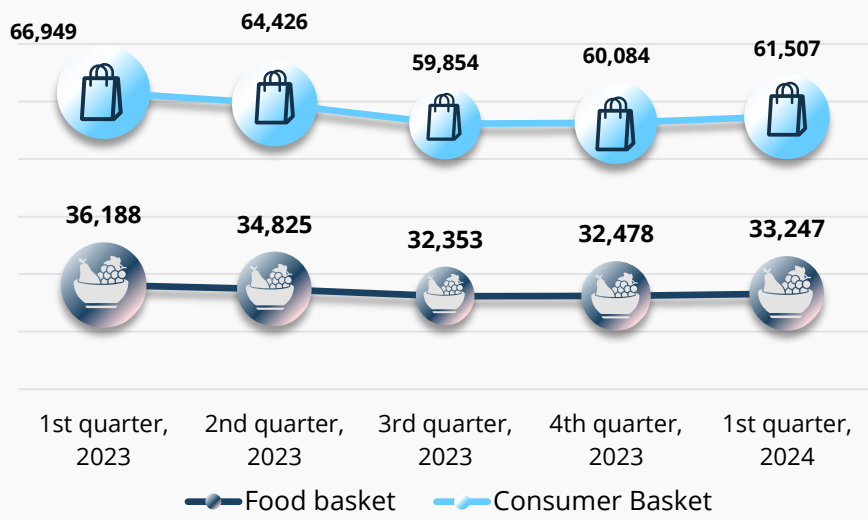


Figure 10: Price of fuel (petrol-gasoline and diesel), June 2023- June 2024, AMD



Source: Statistical Committee of the Republic of Armenia

Figure 11: Cost of Consumer and Food Baskets in 2023 and 1st quarter of 2024, AMD



The food basket showed a downward trend from the 1st to the 3rd quarter of 2023. However, there was a slight increase in the 4th quarter of 2023, followed by a more noticeable increase in the 1st quarter of 2024. Similarly, consumer basket showed downward trend in the first three quarters of 2023. There was a slight increase in the 4th quarter of 2023 and 1st quarter of 2024 (Figure 11).



In the 1st quarter of 2024, the unemployment rate in Armenia stood at 16 percent, an increase from 14 percent recorded in the 1st quarter of 2023. This rate was also higher than that of the 4th quarter of 2023. The relatively elevated unemployment level may be attributed to the influx of refugees into Armenia, many of whom have not yet secured stable employment.

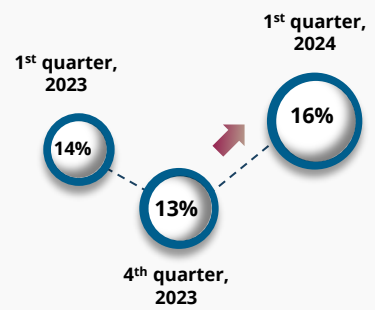
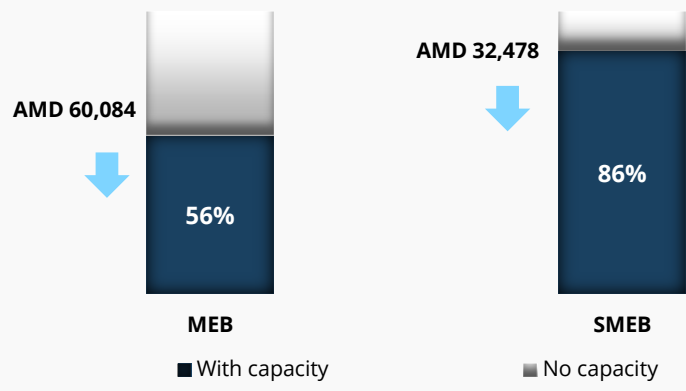


Figure 12: Proportion of households with capacity to meet their essential needs, %



The sixth Food Security and Vulnerability Assessment conducted by the WFP evaluated households' economic capacity to afford the minimum consumer and food baskets. By using the costs of these baskets as benchmarks, the assessment compared monthly per capita expenditures of households to determine the proportion capable of meeting these minimum requirements. In Armenia, 56 percent of the population has the economic capacity to meet their essential needs, meaning their monthly per capita expenses exceeded the cost of the minimum consumer basket, which was AMD 60,084 in the 4th quarter of 2023. Additionally, 86 percent of the Armenian population can afford the food basket, with their monthly per capita expenses surpassing AMD 32,478.

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/STATEEXTERNALSECTOR.ASPX](https://www.cba.am/am/sitepages/stateexternalsector.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

