



MARKET PRICE MONITORING BULLETIN

ISSUE NO.23: JANUARY 2024

WFP ARMENIA





H I G H L I G H T S



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

For the period of December 2022 – December 2023 USD vs AMD as well as RUB vs AMD exchange rates remained relatively low compared to the previous years. In December 2023, USD vs AMD exchange was AMD 404 per 1 USD. RUB vs AMD exchange rate in December 2023 was AMD 4.5 per 1 RUB.



The net inflow of remittances to Armenia in November 2023 was USD 39,6mln. Five leading countries sending remittances to Armenia in November 2023, were Russia (USD 266,3mln), US (USD 53,9mln), Switzerland (USD 17,4mln), Germany (USD 7,6mln) and Great Britain (USD 5,9mln).



The Consumer Price Index (CPI) was -0.6 percent in December 2023 compared to December 2022. Food prices decreased by 4.8 percent for the same period.



The highest annual price drop was detected among the products included in “Oils and fats” (-20.6 percent). The price of butter included in this group decreased by 5.7 percent. The second food group with the biggest annual price drop was “Bread and cereals” (-8.7 percent). The price of bread included in this group dropped by 7.3 percent. “Vegetables” (-6.6 percent). The price of potato included in this food group dropped by 34.3 percent compared to December 2022.



Food prices were below zero in all the regions of Armenia for the observed period. Food prices in Armavir and Ararat were comparatively higher: -2.6 and -2.8 percent respectively. The lowest food prices were seen in Tavush (-7.4 percent), Kotayk (-7 percent) and Lori (-6.8 percent).



In December 2023, the price of regular diesel in Armenia didn't change significantly compared to December 2022. Compared to November 2023, however, it decreased by 1 percent in December 2023 indicating a slight decrease of price within a month. In December 2023 the price of petrol gasoline increased by 26 percent compared to December 2022, while comparing the prices to November 2023 they decreased by 1 percent.

EXCHANGE RATE, AMD vs. USD and RUB

Starting from the end of September, the USD vs AMD exchange rate was growing mostly caused by the mass influx to Armenia. Uncertainty and vagueness towards future among locals made them buy currency that is relatively stable in the global market which resulted in a drastic increase of the exchange rate (in September 2023 the USD vs AMD exchange rate was AMD 387 for 1 USD while in October 2023 it was AMD 404 for 1 USD). In November, however, the exchange rate slightly decreased and became AMD 402 per 1 USD. In December 2023, the USD vs AMD exchange rate was AMD 404 per 1 USD which was the highest result for the period of December 2022 – December 2023.

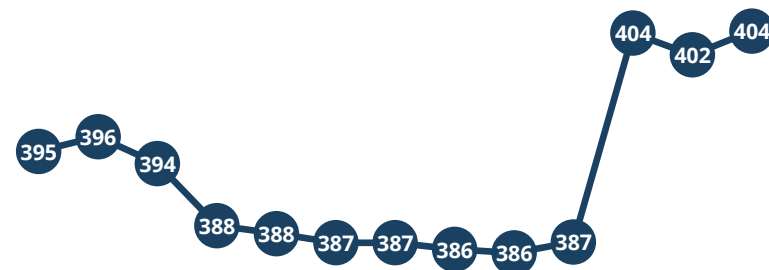
The annual fluctuation of the USD-AMD exchange rate was -43.41 percent, while the monthly deviation increased by 1.96 percent, according to the Central Bank of Armenia.

Despite this abrupt spike of the USD vs AMD exchange rate in October 2023, overall it continues to remain relatively lower compared to the previous years (i.e. in November 2021 the USD vs AMD exchange rate was AMD 477.6 per 1 USD). This may be mainly 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.

In December 2022 – April 2023 the RUB vs AMD exchange rate kept gradually falling. However, in May 2023, it went up slightly and then steadily fell till September 2023. Starting from the end of September 2023 RUB vs AMD exchange rate was slightly increasing and became AMD 4.5 in December 2023.

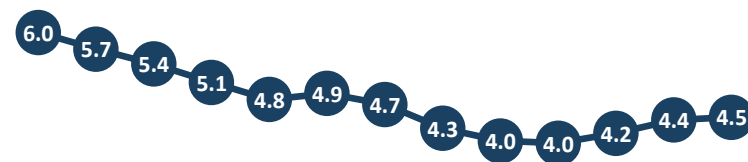
The annual decrease of RUB-AMD exchange rate was -1.83 percent, while the monthly deviation increased by 0.05 percent, according to the Central Bank of Armenia.

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



DEC, 2022 JAN, 2023 FEB, 2023 MAR, 2023 APR, 2023 MAY, 2023 JUNE, 2023 JULY, 2023 AUG, 2023 SEPT, 2023 OCT, 2023 NOV, 2023 DEC, 2023

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



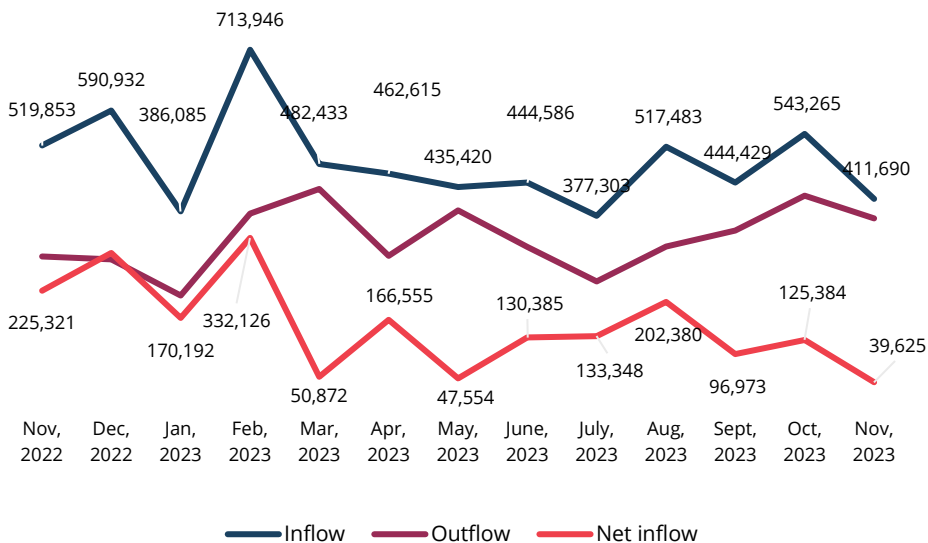
DEC, 2022 JAN, 2023 FEB, 2023 MAR, 2023 APR, 2023 MAY, 2023 JUN, 2023 JULY, 2023 AUG, 2023 SEPT, 2023 OCT, 2023 NOV, 2023 DEC, 2023

Source: Central Bank of the Republic Armenia

In November 2023, the amount of inflow of remittances to Armenia was USD 411,6mln, while the outflow was USD 372mln. Hence the net inflow of remittances was USD 39,6mln which was the lowest for the period of November 2022 – November 2023. For the period of November 2022 – November 2023, the average amount of inflows to Armenia was USD 486,9mln whereas the average net inflow was USD 155,5mln.

In the observed period, the highest amount of remittances was received in February, 2023 (**USD 713,9mln**). Similarly, the biggest net inflow was detected in February 2023 too (**USD 332,1mln**).

Figure 4: Inflow, outflow and net remittances to Armenia, November 2022 - November 2023, in USD



Source: Central Bank of the Republic of Armenia

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

Five leading countries sending remittances to Armenia in November 2023, were Russia (USD 266,3mln), US (USD 53,9mln), Switzerland (USD 17,4mln), Germany (USD 7,6mln) and Great Britain (USD 5,9mln).

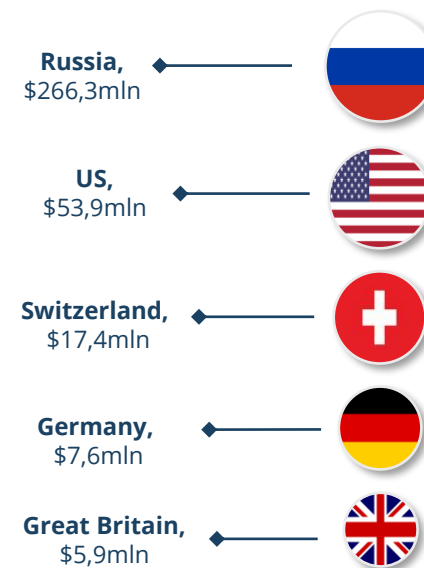
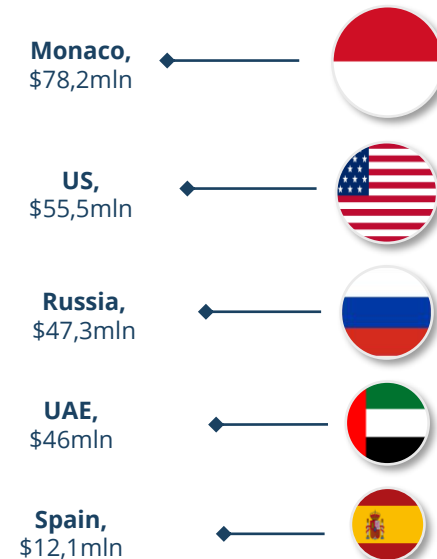


Figure 6: Top 5 countries receiving remittances from Armenia, November 2023, USD

The countries where Armenia in November 2023 sent the biggest amount of money to, were Monaco (USD 78,2mln), US (USD 55,5mln), Russia (USD 47,3mln), UAE (USD 46mln), Spain (USD 12,1mln).



CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

The Consumer Price Index (CPI) in Armenia was falling in December 2022 – June 2023, then fluctuating slightly in July – December 2023. During summer months CPIs reached the level below zero (-0.5, -0.1, -0.2 percent in June, July and August, respectively). In September and October, however, they increased by 0.1 percent then in November and December 2023, dropped by 0.5 and 0.6 percent, respectively.

Food prices in Armenia kept falling in December 2022 – June 2023 with minor fluctuation (in January 2023 they were 9.4 percent while in February they increased to 9.8 percent). In July 2023 – December 2023 they were fluctuating though remaining below zero. In December 2023 food prices decreased by 4.8 percent compared to December 2023.

The monitoring of Consumer Price Index and food price inflation in the regions of Armenia and the capital city Yerevan revealed the lowest CPI rates in Tavush (-1.6 percent), Lori (-1.5 percent), and Kotayk (-0.8 percent).

At the same time, food prices were below zero in all the regions of Armenia for the observed period. The lowest food prices were seen in Tavush (-7.4 percent), Kotayk (-7 percent) and Lori (-6.8 percent).

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

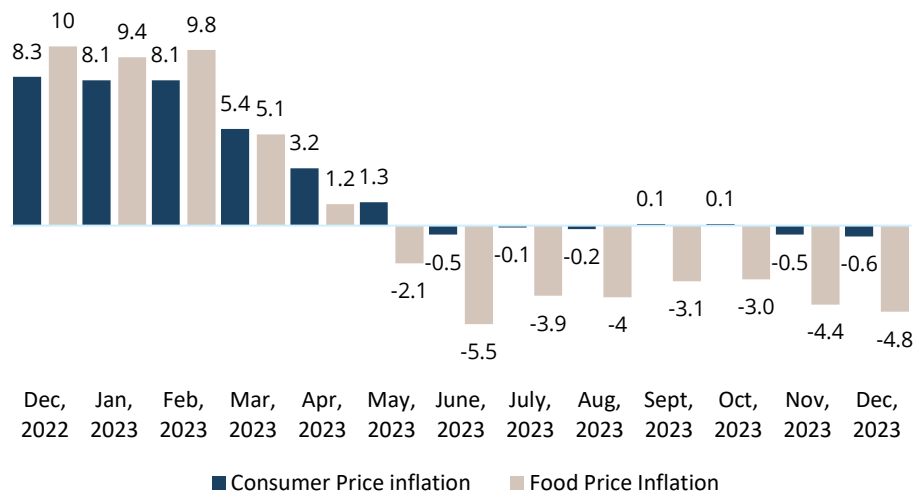
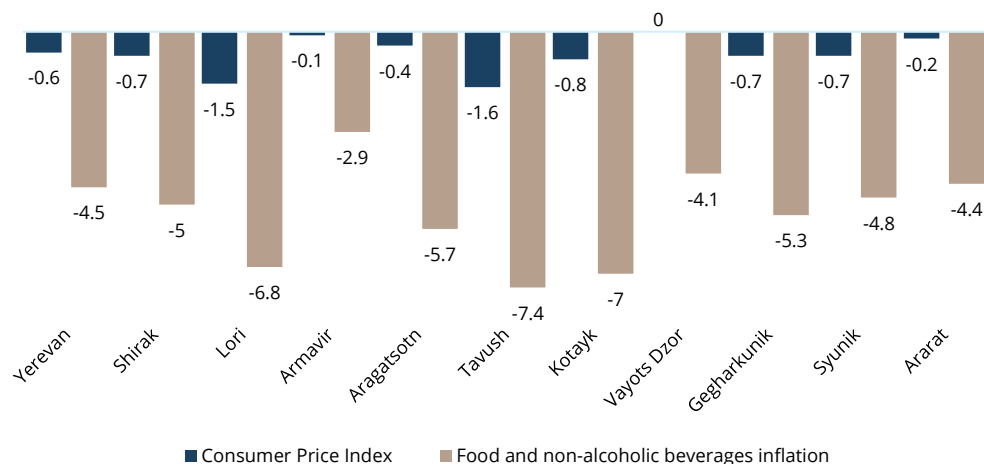


Figure 8: Consumer Price Index and Food Price Inflation per region, December 2022 –December 2023, %



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

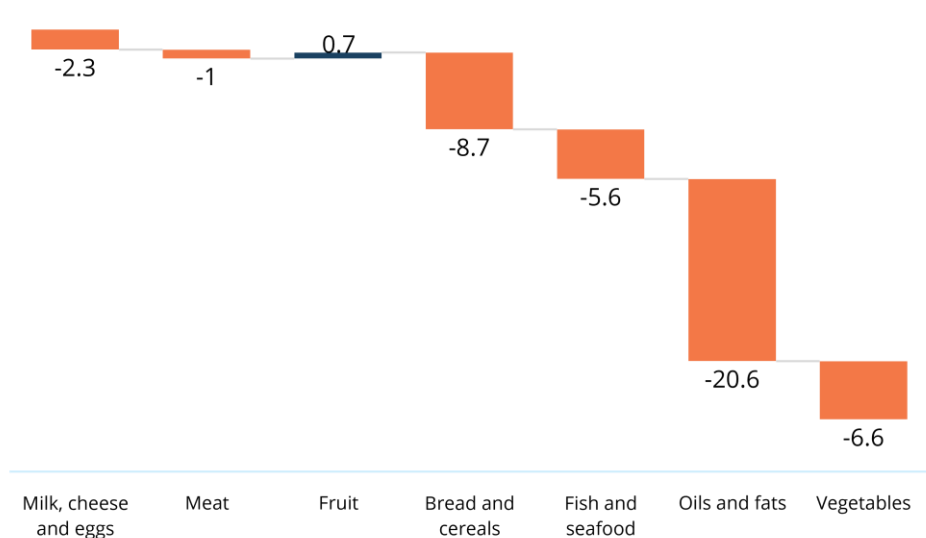
The analysis of the annual prices of certain food groups showed annual price decrease among all food groups except for “Fruit” (increased by 0.7 percent). The highest annual price drop was detected among the products included in “Oils and fats” (-20.6 percent). The price of butter included in this food group decreased by 5.7 percent compared to December 2022.

The second food group with the biggest annual price drop was “Bread and cereals” (-8.7 percent). The price of bread included in this group dropped by 7.3 percent compared to December 2022.

The third food group with annual price drop was “Vegetables” (-6.6 percent). The price of potato included in this food group dropped by 34.3 percent compared to December 2022.

Other food groups with considerable annual price drop compared to December 2022 were “Fish and seafood” (-5.6 percent) and “Milk, cheese and eggs” (-2.3 percent) and “Meat” (-1 percent).

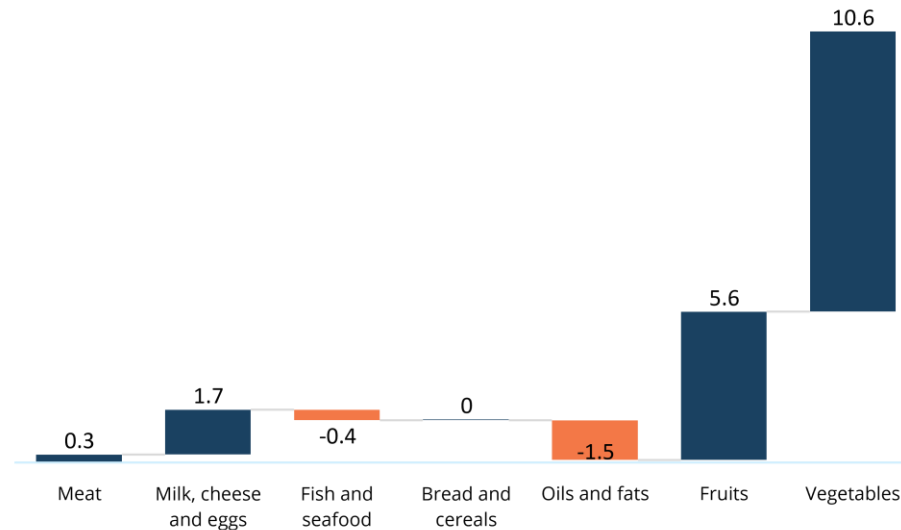
Figure 9: Annual Inflation of selected food groups, December 2022 – December 2023, %



Comparison of monthly prices of selected food groups highlighted a price decrease of “Oils and fats” (-1.5 percent) and “Fish and seafood” (-0.4 percent).

Prices of other food groups increased compared to November 2023, i.e., “Meat” increased by 0.3 percent, “Milk, cheese and eggs” – by 1.7 percent, “Fruit” – 5.6 percent, and “Vegetables” – by 10.6 percent. Prices of “Breads and cereals” didn’t change compared to November 2023.

Figure 10: Monthly consumer price index of selected food groups, November 2023– December 2023, %



Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF SELECTED FOOD COMMODITIES



Compared to December 2022, all food commodities assessed by this bulletin became cheaper in December 2023 except for chicken which became expensive by 2 percent. Vegetable oil became cheaper by 31, buckwheat – by 24, wheat flour by 19 percent, lentils – by 16, pasta and rice by 12 and 3 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 November 2023, the prices of chicken, pasta, lentils and wheat flour didn't change considerably in December 2023. The price of rice and oil decreased by 2 and 3 percents, respectively.

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	December, 2022	December, 2023	% change December 2022 vs December 2023 (+/-10%)	November, 2023	December, 2023	% change November 2023 vs December (+/-10%)
	(in AMD)	(in AMD)		(in AMD)	(in AMD)	
Pasta	845	740	-12	744	740	0
Lentils	1393	1164	-16	1164	1164	0
Buckwheat	1325	1010	-24	1029	1010	-2
Rice (White)	1027	993	-3	989	993	0
Wheat Flour	499	402	-19	403	402	0
Oil (Vegetable)	1049	726	-31	746	726	-3
Chicken	1655	1681	2	1687	1681	0
Diesel (Regular)	548	550	0	555	550	-1
Petrol-gasoline	419	528	26	531	528	-1

Source: Statistical Committee of the Republic of Armenia

MARKET PRICES OF FUEL

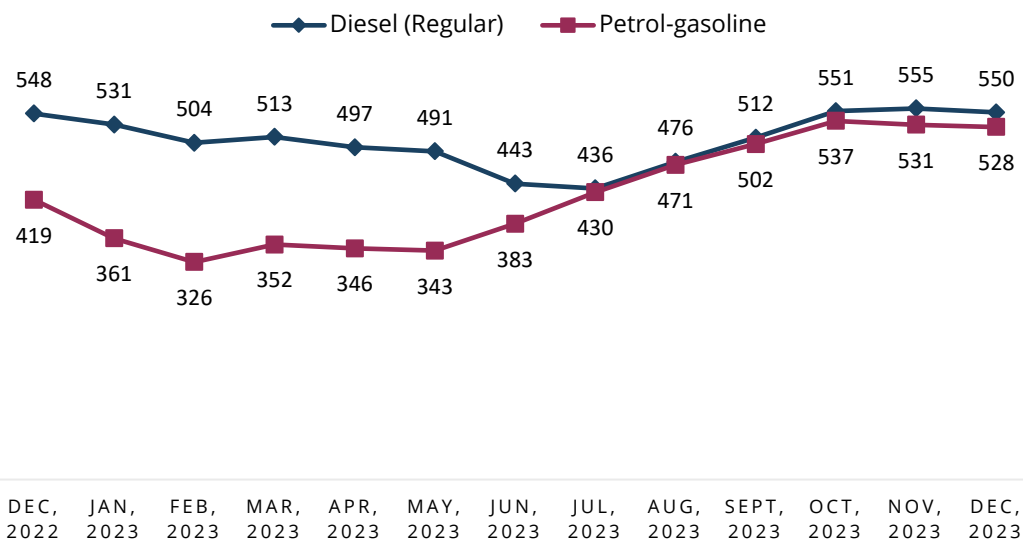
Armenia lacks its own natural fossil fuel reserves, which means it has to rely on importing fuel from other countries to meet its energy needs. Due to its reliance on fuel imports, Armenia is exposed to fluctuations in global fuel prices. Most of Armenia's import and export of goods by land are conducted 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 December 2023, monthly and annual prices decreased for both regular diesel and petrol gasoline.

In December 2023, the price of regular diesel in Armenia didn't change significantly compared to December 2022. Compared to November 2023, however, it decreased by 1 percent in December 2023 indicating a slight decrease of price within a month.

The comparison of the price of petrol gasoline in December 2023 to December 2022, there was an increase of 26 percent while comparing the prices to November 2023 they decreased by 1 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/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)

For further information, please contact:

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

