



# MARKET PRICE MONITORING BULLETIN

ISSUE NO.24: FEBRUARY 2024

WFP ARMENIA





## H I G H L I G H T S



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

Gross Domestic Product increased in 2020-2022 but decreased in 2023. So did economic activity. Unemployment rate was decreasing in the first 2 quarters of 2023 but increased slightly in the 3<sup>rd</sup> quarter.



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 January 2024, USD vs AMD exchange was AMD 405 per 1 USD. RUB vs AMD exchange rate in January 2024 was AMD 4.5 per 1 RUB.



The net inflow of remittances to Armenia in December 2023 was USD 159,3mln. Five leading countries sending remittances to Armenia in December 2023, were Russia (USD 297,4mln), US (USD 66,4mln), Switzerland (USD 14,3mln), Monaco (USD 11,7mln), Germany (USD 9,8mln).



The Consumer Price Index (CPI) was -0.9 percent in January 2024 compared to January 2023. Food prices decreased by 5.8 percent for the same period. The prices of Consumer Basket and Food basket were dropping during the first 3 quarters of 2023, yet slightly increased in the 4<sup>th</sup> quarter (AMD 60,084 and AMD 32,478, respectively).

The highest annual price drop was detected among the products included in “Oils and fats” (-21 percent). The price of butter included in this food group decreased by 6.7 percent compared to January 2023.



The second food group with the biggest annual price drop was “Vegetables” (11.6 percent). The price of potato included in this food group dropped by 40 percent compared to January 2023.

“Bread and cereals” was the third group with higher price drops (8.8 percent). The price of bread included in this group dropped by 7.3 percent compared to January 2023.



Food prices dropped below zero in all the regions of Armenia for the observed period. The lowest food prices were seen in Tavush (-7.8 percent), Kotayk (-7.2 percent) and Lori (-6.7 percent).

In January 2024, the price of regular diesel in Armenia increased by 1 percent compared to January 2023. Compared to December 2023, however, it decreased by 2 percent in January 2024 indicating a slight decrease of price within a month.



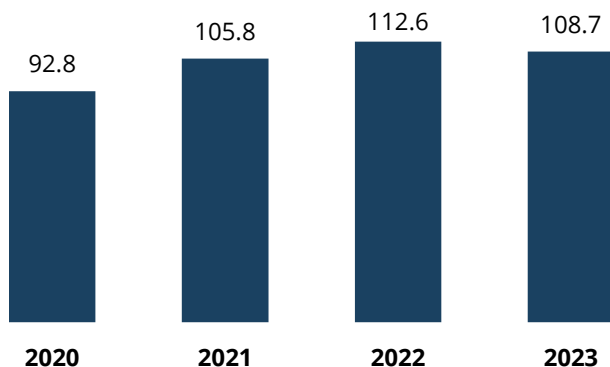
The price of petrol gasoline in January 2024 increased by 42 percent compared to January 2023, while comparing the prices to December 2023 they decreased by 3 percent.

## Gross Domestic Product (GDP)

The **Gross Domestic Product (GDP)** is one of the most widely used indicators of economic performance. Comparison of the dynamics of GDP in 2020-2023 showed a steady growth during 2020 – 2022 however it decreased in 2023 (108.7 percent). The share of agriculture in the GDP in 2023 was 8.3 percent according to the Statistical Committee of RA.

To be able to estimate a tangible progress in population’s socio-economic status, the distribution of wealth/GDP increase should be taken into consideration.

**Figure 1: GDP in 2020-2023, %**



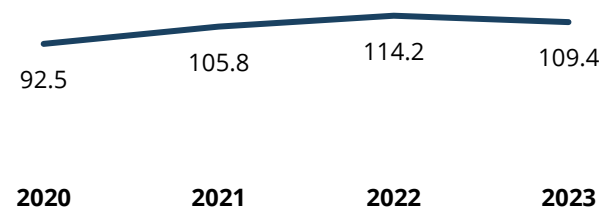
## Unemployment rate

The comparison of unemployment rate in Armenia in 3 quarters of 2023 showed that it’s been the highest in the 1<sup>st</sup> quarter (13.7 percent). However, it decreased in the 2<sup>nd</sup> quarter (11.7 percent) but slightly increased in the 3<sup>rd</sup> quarter (12 percent). Comparing unemployment rates in 3 quarters of 2023 to 3 quarters of 2022, it becomes clear that in first 2 quarters in 2022 it was relatively higher (14.8 and 13 percent) but slightly lower than in 2023 (11.6 percent).

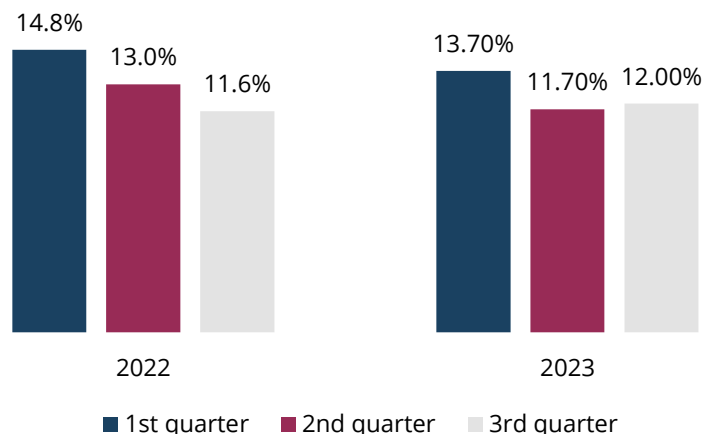
## Economic Activity

Analogically, economic activity in Armenia kept growing in 2020-2022 (92.5, 105.8 and 114.2 percent respectively). Yet, in 2023 economic activity decreased comprising 109.4 percent.

**Figure 2: Economic Activity in 2020-2023, %**



**Figure 3: Unemployment rate in 3 quarters of 2022 and 2023, %**



Source: Statistical Committee of the Republic of Armenia

### EXCHANGE RATE, AMD vs. USD and RUB

Starting from the end of September, the USD vs AMD exchange rate was increasing 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. Yet, in December 2023 and January 2024, the USD vs AMD exchange rate was growing becoming AMD 405 per 1 USD which was the highest result for the period of January 2023 – January 2024.

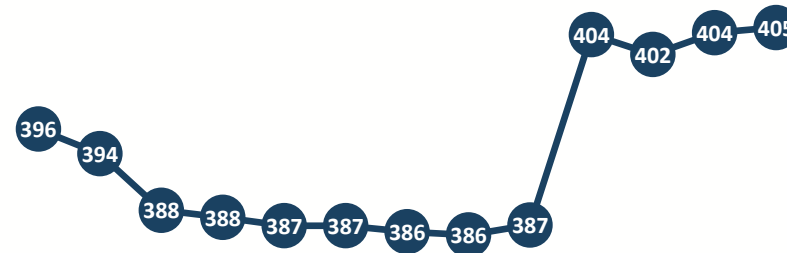
The annual fluctuation of the USD-AMD exchange rate was 12.14 percent, according to the Central Bank of Armenia.

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 January 2023 – 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 and remained stable also in January 2024.

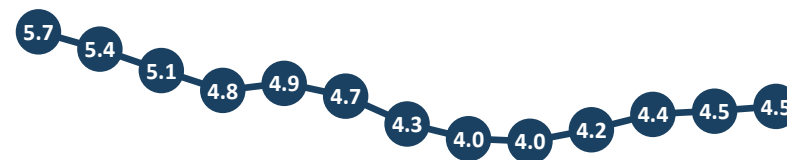
The annual decrease of RUB-AMD exchange rate was -0.18 percent, according to the Central Bank of Armenia.

Figure 4: Exchange rate (AMD/USD), January 2023 – January 2024 (in AMD)



JAN, FEB, MAR, APR, MAY, JUNE, JULY, AUG, SEPT, OCT, NOV, DEC, JAN,  
2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2024

Figure 5: Exchange rate (AMD/USD), January 2023 – January 2024 (in AMD)

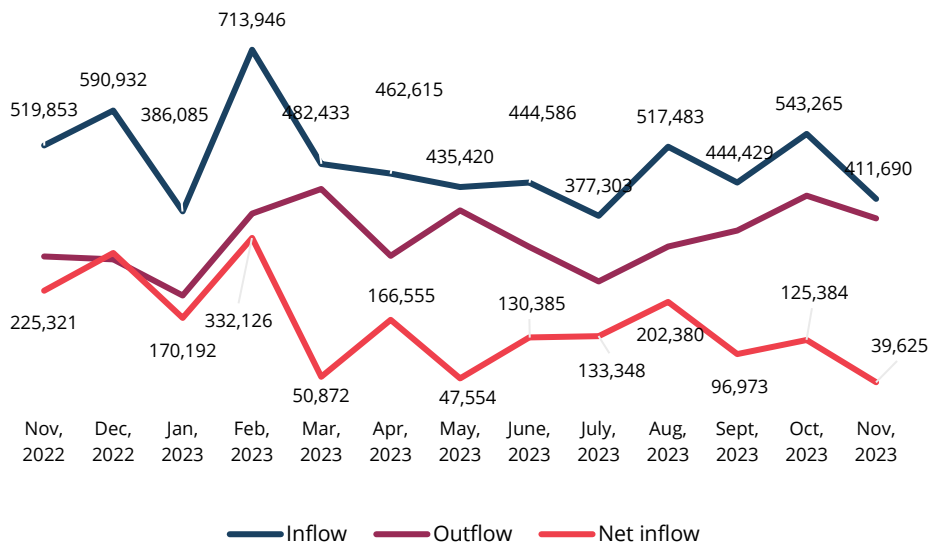


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2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2023 2024

Source: Central Bank of the Republic Armenia

In December 2023, the amount of inflow of remittances to Armenia was USD 476,2mln, while the outflow was USD 316,9mln. Hence the net inflow of remittances was USD 159,3mln which was considerably higher than it was in November 2023 (USD 39,6mln). For the period of December 2022 – December 2023, the average amount of inflows to Armenia was USD 483,5mln whereas the average net inflow was USD 150,5mln.

Figure 6: Inflow, outflow and net remittances to Armenia, November 2022 - November 2023, in USD



Source: Central Bank of the Republic of Armenia

Figure 7: Top 5 countries sending remittances to Armenia, December 2023, USD

Five leading countries sending remittances to Armenia in December 2023, were Russia (USD 297,4mln), US (USD 66,4mln), Switzerland (USD 14,3mln), Monaco (USD 11,7mln), Germany (USD 9,8mln).

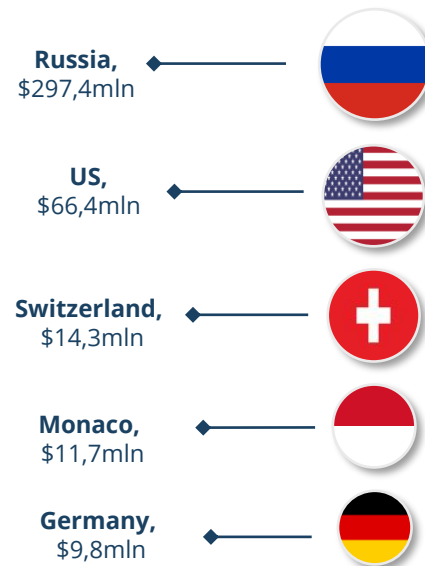
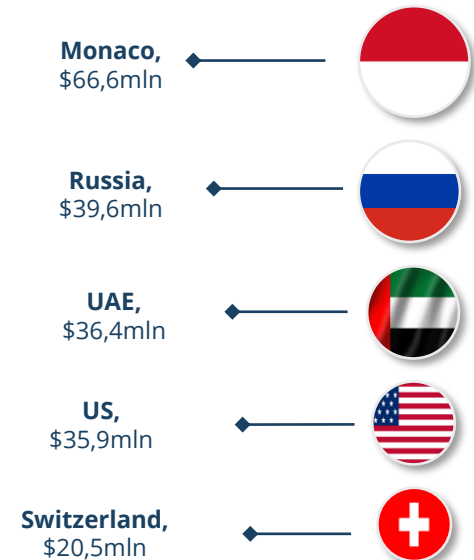


Figure 8: Top 5 countries receiving remittances from Armenia, December 2023, USD

The countries where Armenia in December 2023 sent the biggest amount of money to, were Monaco (USD 66,6mln), Russia (USD 39,6mln), UAE (USD 36,4mln), US (USD 35,9mln), Switzerland (USD 20,5mln).



## CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

The Consumer Price Index (CPI) in Armenia was falling in January 2023 – June 2023, then fluctuated 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, December 2023, and January 2024 dropped by 0.5, 0.6 and 0.9 percent, respectively.

Food prices in Armenia kept falling in January 2023 – 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 – January 2024 they were fluctuating though remaining below zero. In January 2024 food prices decreased by 5.8 percent compared to January 2023.

**Figure 9: Consumer Price Index and Food Price Inflation, January 2023 –January 2024, %**

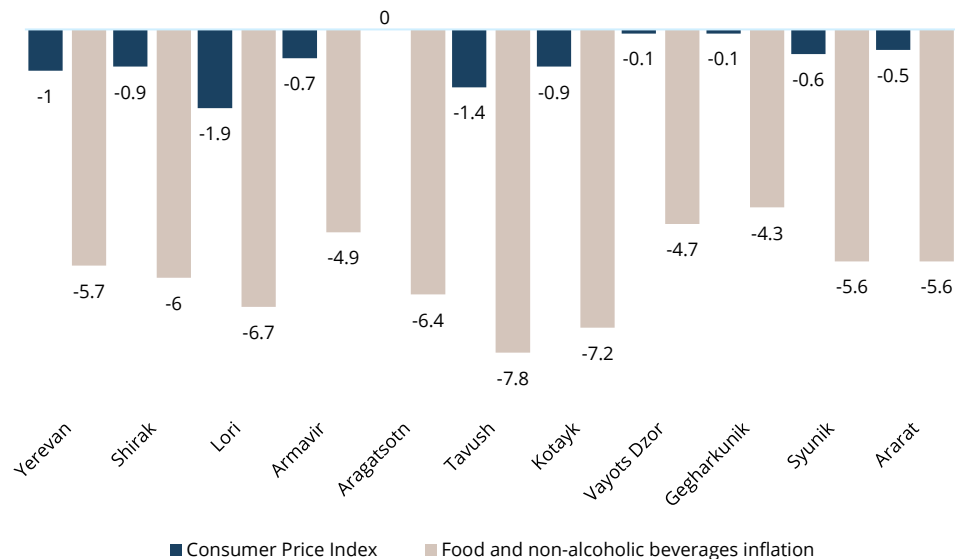


Source: Statistical Committee of the Republic of Armenia Consumer Price Index in the Republic of Armenia January-October 2023

The monitoring of Consumer Price Index and food price inflation in the regions of Armenia and the capital city Yerevan revealed the lowest CPI rates in Lori (-1.9 percent), Tavush (-1.4 percent), and Yerevan (-1 percent).

At the same time, food prices dropped below zero in all the regions of Armenia for the observed period. The lowest food prices were seen in Tavush (-7.8 percent), Kotayk (-7.2 percent) and Lori (-6.7 percent).

**Figure 10: Consumer Price Index and Food Price Inflation per region, January 2023 –January 2024 %**

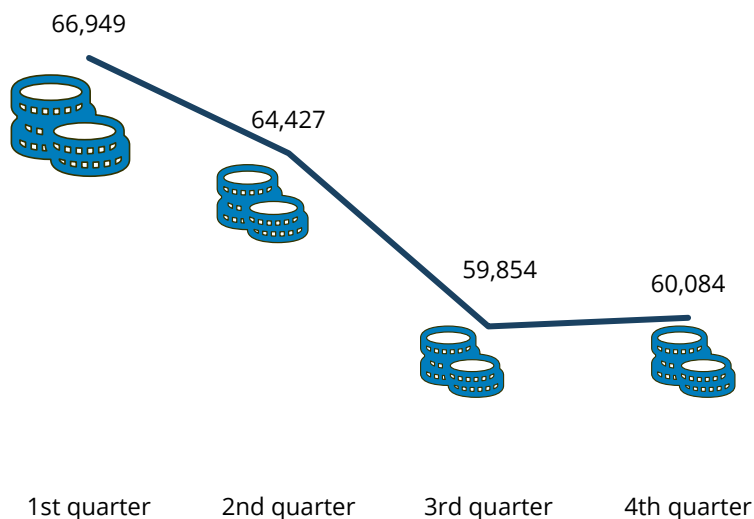


Source: Statistical Committee of the Republic of Armenia Price Index in the Republic of Armenia January-October 2023

## CONSUMER PRICE INDEX AND FOOD PRICE INFLATION

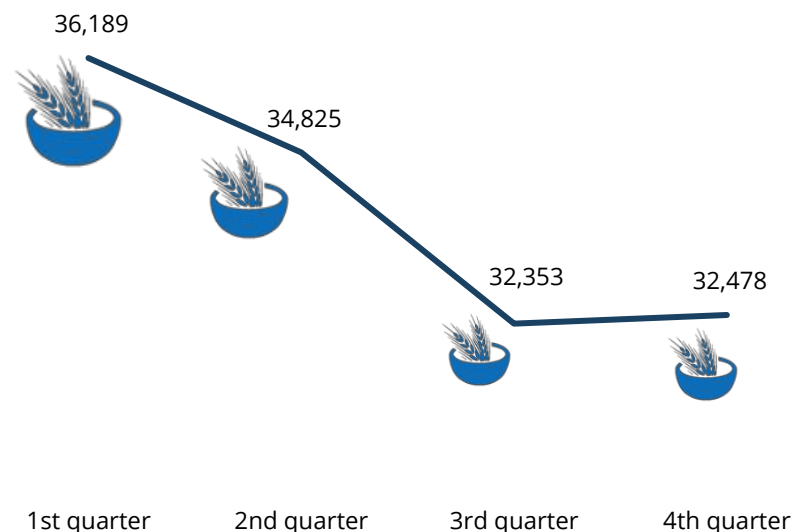
The price of the minimum consumer basket in 4 quarters of 2023 changed conditioned with the price dynamics in the market. In the 1<sup>st</sup> quarter, it was the highest for the observed period (AMD 66,949). In next two quarters it declined becoming AMD 64,427 and AMD 59,854 for the 2<sup>nd</sup> and 3<sup>rd</sup> quarters, respectively. However, in the 4<sup>th</sup> quarter the cost of minimum consumer basket slightly increased compared to the 3<sup>rd</sup> quarter (AMD 60,084).

**Figure 11: Price of Consumer Basket in 4 quarters of 2023, AMD**



Similarly, the price of food basket gradually fell in the first 3 quarters of 2023. During the 1<sup>st</sup> quarter it was AMD 36,189 while in the 3<sup>rd</sup> quarter it was AMD 32,353. In the 4<sup>th</sup> quarter it insignificantly rose to AMD 32,478.

**Figure 12: Price of Food Basket in 4 quarters of 2023, AMD**



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

Source: Statistical Committee of the Republic of Armenia Price Index in the Republic of Armenia

## PRICE INFLATION OF SELECTED FOOD GROUPS

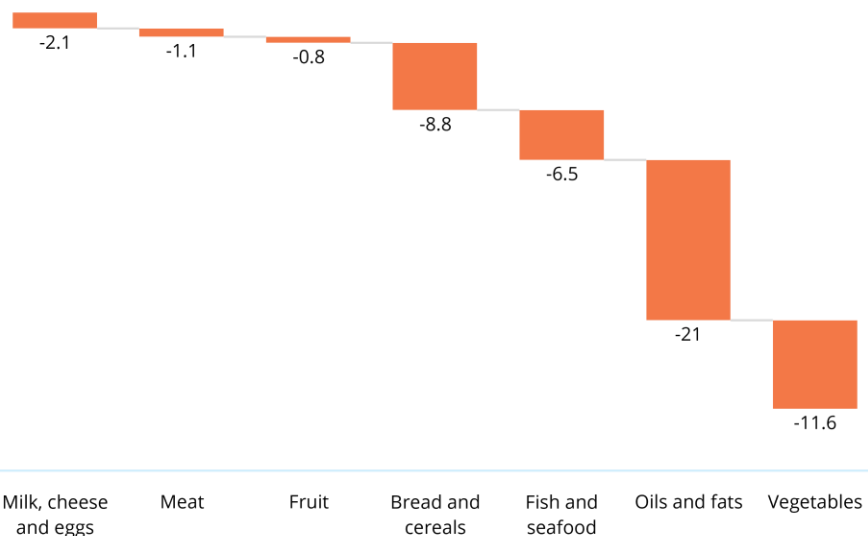
The analysis of the annual prices of certain food groups showed annual price decrease among all food groups. The highest annual price drop was detected among the products included in “Oils and fats” (-21 percent). The price of butter included in this food group decreased by 6.7 percent compared to January 2023.

The second food group with the biggest annual price drop was “Vegetables” (11.6 percent). The price of potato included in this food group dropped by 40 percent compared to January 2023.

“Bread and cereals” was the third group with higher price drops (8.8 percent). The price of bread included in this group dropped by 7.3 percent compared to January 2023.

Other food groups with considerable annual price drop compared to January 2023 were “Fish and seafood” (-6.5 percent) and “Milk, cheese and eggs” (-2.1 percent) and “Meat” (-1.1 percent).

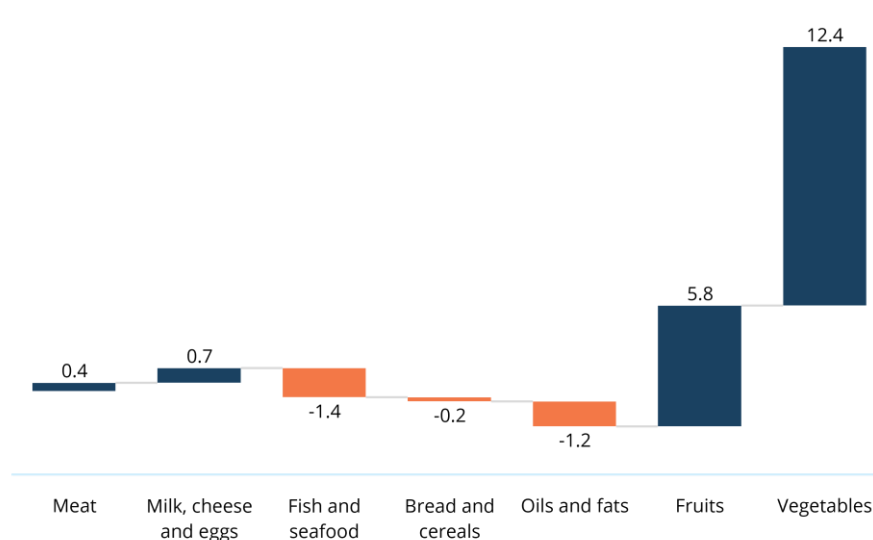
**Figure 13: Annual Inflation of selected food groups, January 2023 – January 2024, %**



Comparison of monthly prices of selected food groups highlighted a price decrease of “Fish and seafood” (-1.4 percent), “Oils and fats” (-1.2 percent), “Breads and cereals” (-0.2 percent).

Prices of other food groups increased compared to December 2023, i.e., “Vegetables” increased by 12.4 percent, “Fruit” – by 5.8 percent, “Meat” - by 0.4 percent, “Milk, cheese and eggs” – by 0.7 percent. Seasonality might be a factor for price increase of fruit and vegetables.

**Figure 14: Monthly consumer price index of selected food groups, December 2023 – January 2024, %**



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 January 2023 except for chicken which became expensive by 1 percent. Vegetable oil became cheaper by 31, buckwheat – by 24, wheat flour by 19 percent, lentils – by 17, 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 December 2023, the prices of pasta, buckwheat and wheat flour didn't change considerably in January 2024. The price of lentils, rice, chicken and oil decreased by 2 and 1 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	January, 2023	January, 2024	% change January 2023 vs January 2024 (+/-10%)		December, 2023	January, 2024	% change December 2023 vs January 2024 (+/-10%)	
	(in AMD)	(in AMD)			(in AMD)	(in AMD)		
Pasta	843	740		-12	740	740		0
Lentils	1367	1139		-17	1164	1139		-2
Buckwheat	1288	1014		-21	1010	1014		0
Rice (White)	1019	987		-3	993	987		-1
Wheat Flour	495	401		-19	402	401		0
Oil (Vegetable)	1041	722		-31	726	722		-1
Chicken	1656	1670		1	1681	1670		-1
Diesel (Regular)	531	536		1	550	536		-2
Petrol-gasoline	361	512		42	528	512		-3

Source: Statistical Committee of the Republic of Armenia

## MARKET PRICES OF FUEL

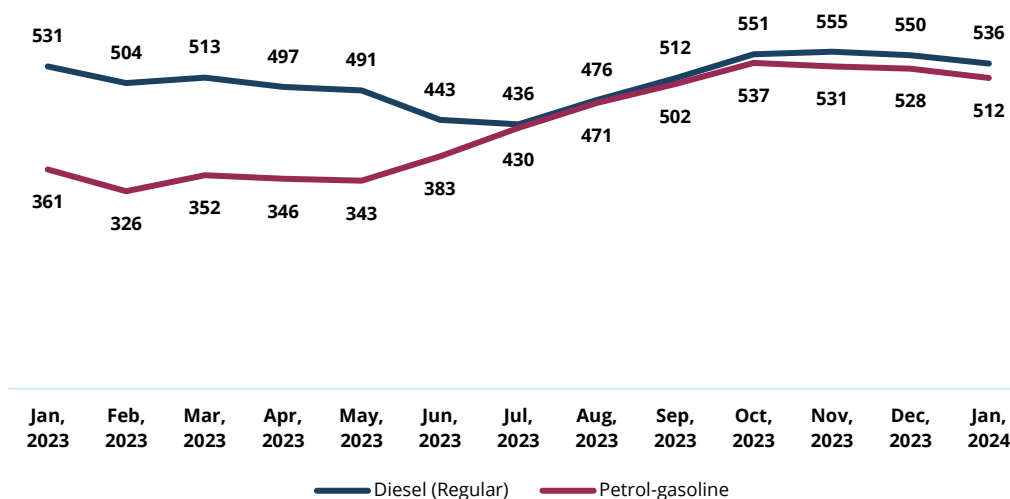
Armenia lacks its own natural fossil fuel reserves, which means it has to rely on importing fuel from other countries to meet its energy needs. Due to its reliance on fuel imports, Armenia is exposed to fluctuations in global fuel prices. Most of Armenia's import and export of goods by land are conducted 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 January 2024, monthly and annual prices decreased for both regular diesel and petrol gasoline.**

In January 2024, the price of regular diesel in Armenia didn't change significantly compared to January 2023 (it increased by 1 percent). Compared to December 2023, however, it decreased by 2 percent in January 2024 indicating a slight decrease of price within a month.

The comparison of the price of petrol gasoline in January 2024 to January 2023 showed that there was an increase of 42 percent while comparing the prices to December 2023 they decreased by 3 percent. (see Table 1).

**Figure 15: 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)

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Food and basic needs price information can be found in WFP's online database: [dataviz.vam.wfp.org](https://dataviz.vam.wfp.org)

