



World Food Programme

Monthly Price and Food Security Update Kyrgyz Republic, October 2012

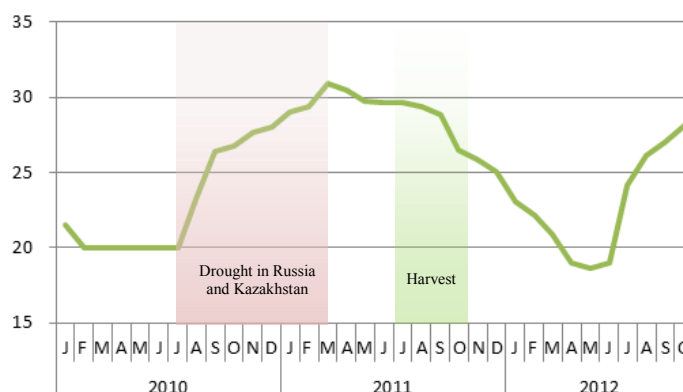
HIGHLIGHTS

- ◆ In October 2012, the retail price of wheat flour increased by 4% in rural and 5% in urban areas on a month-on-month basis. This means that the price has increased by 53% in rural and 42% in urban areas since June 2012, and an average of 47% across the country.
- ◆ The domestic retail price of wheat flour in October was only 7% lower than the peak level of early 2011.
- ◆ Milk prices increased by 9% in rural and 11% in urban areas on a month-on-month basis. This highest increase was observed in rural Naryn (33%) and Batken (32%). The increase reflects a seasonal pattern.
- ◆ The average retail price of potatoes increased by 15% in rural and 16% in urban areas on a month-on-month basis. In Issyk-Kul oblast, a traditional potato-producing area, the price decreased by 37% in rural and 30% in urban areas.
- ◆ The increased food prices will affect poor families the most because they spend up to 61% of their household budgets on food.
- ◆ WFP's latest food security assessment conducted in September 2012 showed that household food insecurity levels in the country deteriorated with an estimated 25% of households or about 1.3 million people deemed food insecure.
- ◆ In response to wheat flour price increases, the government released wheat flour stock from the State Material Reserve in October to be sold at a subsidised price.

WHEAT FLOUR PRICES (OCTOBER 2012)

- ◆ The retail price of wheat flour continued to increase for a fourth month in October 2012. On a month-on-month basis the price increased by 4% in rural areas and by 5% in urban areas. Since June 2012, the price has increased by 53% in rural and 42% in urban areas. This reflects the impact of increased international prices, estimated reduction in domestic production by 31% as well as market forces. In normal years with a good harvest (2008 and 2011, for example) prices decreased during the same period.
- ◆ The domestic retail price of wheat flour in October was 7% lower than the peak level of early 2011.
- ◆ The latest retail prices and comparison against the price in previous months are highlighted in the Annex.

Figure 1: Retail price of wheat flour by area (nation-wide average, in Kyrgyz som per kg)



Source: WFP Monthly Market Monitoring

INFLATION (SEPTEMBER 2012)

- ◆ On a month-on-month basis, the Consumer Price Index increased 1.1% (Figure 2). The Food Price Index continued to increase for a third month and rose 0.9%. On a year-on-year basis, foodstuff prices decreased 1.4% in September 2012. Both indices are provided by the National Statistics Committee of the Kyrgyz Republic on a monthly basis.

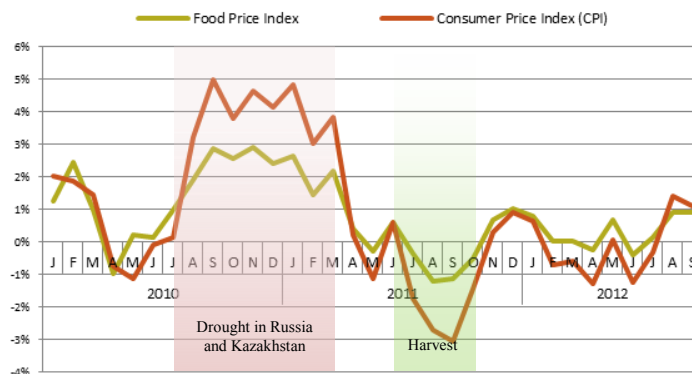
PRICES OF OTHER BASIC COMMODITIES

- ◆ Milk prices increased by 9% in rural and 11% in urban areas on a month-on-month basis. The highest increase was observed in rural Naryn (33%) and Batken (32%) reflecting a seasonal pattern. The price did not increase in October in Talas and Chuy likely due to the ban on the import by Kazakhstan in early October.
- ◆ The average retail price of potatoes increased by 15% in rural and 16% in urban areas on a month-on-month basis. In Issyk-Kul oblast, a traditional potato-producing area, the price decreased by 37% in rural and 30% in urban areas.
- ◆ Fuel prices (Petrol 92) were 6% higher than the same month last year. The price remained higher in southern provinces, particularly in rural Batken, likely due to high delivery cost. This may continue to keep the prices of some basic commodities high.

INSIGHTS ON EFFECTS AT HOUSEHOLD LEVEL

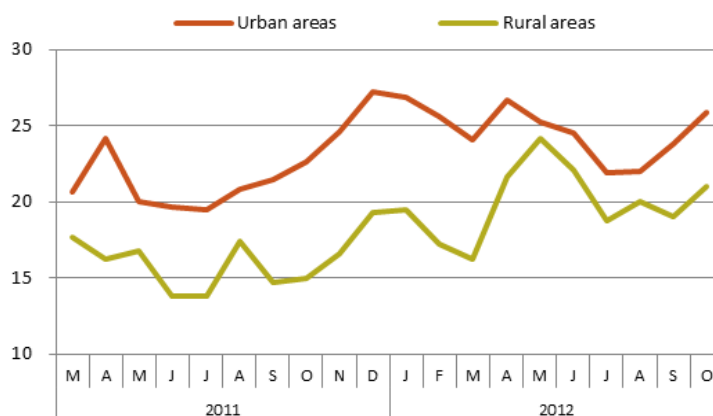
- ◆ Increased food prices will affect poor families the most because they spend the largest proportion of their household budgets on food. The latest results of WFP's household food security assessment, conducted in September 2012, revealed that 61% of the budget of food insecure households were spent on food. Wheat flour and its products accounted for 22% of total expenditure (Figure 4).
- ◆ Average Kyrgyz households get 40% of their caloric intake from wheat flour, 12% from dairy products and 8% from potatoes (FAO 2005-2007 estimates). In October 2012, the prices of respective items changed by +47%, +15% and -3% compared to June 2012. This means that the total cost of the basic food basket increased by 20% in October compared to June 2012.

Figure 2: Month-on-month change in Consumer Price Index and Food Price Index



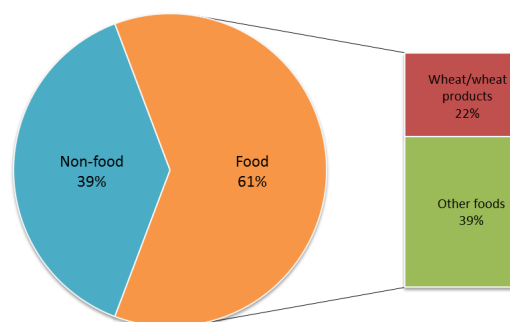
Source: National Statistics Committee of the Kyrgyz Republic

Figure 3: Retail price of milk by area (in Kyrgyz som per liter)



Source: WFP Market Monitoring

Figure 4: Proportion of household expenditure of food insecure households (%)



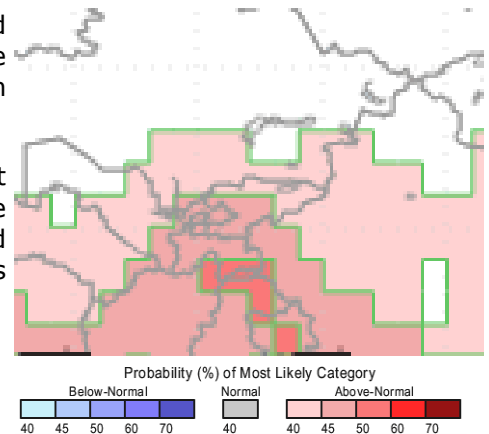
Source: Household Food Security Assessment, WFP September 2012

- ◆ Reduced frequency and quality of food consumption due to high food prices entail risks of malnutrition if continued in the medium and longer term, especially for young children. The latest PDM also revealed that the diet of vulnerable households was exclusively based on staples and oils (6-7 days a week), with some sugar and potato (4-5 days a week), while animal and vegetable proteins were almost absent from the diet.

OUTLOOK FOR THE NEXT FEW MONTHS

- ◆ High food prices, particularly high prices of wheat flour, will have a profound effect on household purchasing power and food security, particularly among the most vulnerable households that spend a large proportions of their income on food.
- ◆ High expenditures on coal and firewood during winter will put further pressure on the economic capacity of vulnerable households to purchase food. According to the PDM conducted in December 2011 - January 2012, vulnerable households spent 17% of their monthly budget on coal and firewood.
- ◆ The forecast provided by the International Research Institute for Climate and Society (IRI) in Figure 5 shows that the temperatures in Kyrgyzstan in November-January period will be above normal with a probability of 40-50%. The Agency for Hydrometeorology of the Kyrgyz Republic also forecasts 1-1.5 degree above normal temperature for November 2012. Although this anomaly is unlikely to have a significant impact on food security, close monitoring is required.

Figure 5. Multi-Model Probability Forecast for Temperature for Nov-Dec-Jan







Source: The International Research Institute for Climate and Society (IRI), issued in Oct 2012




WFP IN THE KYRGYZ REPUBLIC

- ◆ WFP's latest food security assessment conducted in September 2012 showed that household food insecurity levels in the country deteriorated with an estimated 25% of households or about 1.3 million people deemed food insecure, compared with 18% of households in March 2012. This can be attributed to increased prices of wheat flour from which average Kyrgyz households get 40% of their calorific intake.
- ◆ WFP's VGF programme is supporting the most vulnerable people in the country by providing fortified staple foods to fill calorific needs as well as help ease the burden of increasing expenditures for basic food. This autumn, WFP plans to reach about 230,000 people who will be identified as the most vulnerable, out of the estimated 1.3 million food insecure and vulnerable people in the country.
- ◆ The Food for Assets Programme helps communities to rehabilitate rural infrastructure such as irrigation canals, run-off ponds and roads to achieve sustainable agricultural production and improve communities' resilience to natural disasters and high food prices.
- ◆ WFP also supports the country in strengthening the domestic system for monitoring food security in order to better predict and respond to food insecurity in an efficient, timely manner.

PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (OCTOBER 2012)

Retail prices of basic commodities are monitored on a monthly basis in selected urban and rural markets in all oblasts (provinces) in the country. The latest retail prices are compared against prices in the previous month, three months ago, and one year ago.

Area	Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr	1 m	3 m	1 yr
CHUY 	Urban						Rural									
	Wheat flour (1st quality)	28	4%	0%	12%	▶	▶	▶	Wheat flour (1st quality)	35	9%	25%	▶	▶	▶	
	Meat (mutton)	300	0%	0%	10%	▶	▶	▶	Meat (mutton)	280	4%	0%	▶	▶	▶	
	Meat (beef)	280	4%	4%	-14%	▶	▶	▶	Meat (beef)	280	0%	0%	▶	▶	▶	
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	-			▶	▶	▶	
	Potato	14	12%	-7%	-18%	▶	▶	▼	Potato	20	33%	33%	▶	▶	▶	
	Cooking oil	87	2%	2%	-10%	▶	▶	▶	Cooking oil	100	0%	25%	▶	▶	▶	
	Sugar	50	0%	0%	0%	▶	▶	▶	Sugar	55	0%	0%	▶	▶	▶	
	Petrol (Octane rating 92)	39	3%	11%	10%	▶	▶	▶	Petrol (Octane rating 92)	39	3%	11%	▶	▶	▶	
	Diesel	40	0%	2%	9%	▶	▶	▶	Diesel	40	0%	2%	▶	▶	▶	
TALAS 	Urban						Rural									
	Wheat flour (1st quality)	25	7%	53%	9%	▶	▶	▶	Wheat flour (1st quality)	25	3%	49%	5%	▶	▶	▶
	Meat (mutton)	273	-6%	-5%	-3%	▶	▶	▶	Meat (mutton)	285	-3%		5%	▶	▶	▶
	Meat (beef)	275	-8%	-2%	-3%	▶	▶	▶	Meat (beef)	-				▶	▶	▶
	Milk	20	0%	0%	33%	▶	▶	▶	Milk	20	0%	0%	33%	▶	▶	▶
	Potato	13	18%	22%	56%	▶	▶	▶	Potato	14	12%	40%	56%	▶	▶	▶
	Cooking oil	98	0%	3%	-2%	▶	▶	▶	Cooking oil	98	0%	1%	-2%	▶	▶	▶
	Sugar	47	-1%	-14%	-13%	▶	▶	▶	Sugar	48	-3%	-13%	-14%	▶	▶	▶
	Petrol (Octane rating 92)	36	0%	0%	3%	▶	▶	▶	Petrol (Octane rating 92)	37	0%	2%	6%	▶	▶	▶
	Diesel	37	0%	-1%	4%	▶	▶	▶	Diesel	38	0%	0%	6%	▶	▶	▶
ISSYK-KUL 	Urban						Rural									
	Wheat flour (1st quality)	30	11%	20%	50%	▶	▶	▶	Wheat flour (1st quality)	30	11%	20%	50%	▶	▶	▶
	Meat (mutton)	280	1%	0%	4%	▶	▶	▶	Meat (mutton)	-				▶	▶	▶
	Meat (beef)	282	1%	1%	-3%	▶	▶	▶	Meat (beef)	290	0%	-3%	-3%	▶	▶	▶
	Milk	25	25%	67%	25%	▶	▶	▶	Milk	20	0%	33%	33%	▶	▶	▶
	Potato	7	-30%	-65%	17%	▶	▶	▶	Potato	6	-37%	0%	6%	▶	▶	▶
	Cooking oil	105	0%	0%	5%	▶	▶	▶	Cooking oil	110	0%	0%	5%	▶	▶	▶
	Sugar	50	0%	-6%	1%	▶	▶	▶	Sugar	55	0%	0%	6%	▶	▶	▶
	Petrol (Octane rating 92)	37	3%	3%	-2%	▶	▶	▶	Petrol (Octane rating 92)	-				▶	▶	▶
	Diesel	40	2%	1%		▶	▶		Diesel	40	0%	0%		▶	▶	
NARYN 	Urban						Rural									
	Wheat flour (1st quality)	24	-8%	-10%	-17%	▶	▶	▶	Wheat flour (1st quality)	30	0%	15%	-14%	▶	▶	▶
	Meat (mutton)	260	-3%	-7%	-1%	▶	▶	▶	Meat (mutton)	260	0%	-7%		▶	▶	▶
	Meat (beef)	287	-3%	-4%	-3%	▶	▶	▶	Meat (beef)	280	-7%			▶	▶	▶
	Milk	25	25%	25%	25%	▶	▶	▶	Milk	20	33%		33%	▶	▶	▶
	Potato	15	50%	0%	18%	▶	▶	▶	Potato	14	71%	14%	52%	▶	▶	▶
	Cooking oil	97	0%	14%	0%	▶	▶	▶	Cooking oil	112	0%	12%	-3%	▶	▶	▶
	Sugar	47	-1%	-10%	-10%	▶	▶	▶	Sugar	48	0%	-26%	-23%	▶	▶	▶
	Petrol (Octane rating 92)	38	0%	6%	6%	▶	▶	▶	Petrol (Octane rating 92)	37	0%	6%	-8%	▶	▶	▶
	Diesel	39	1%	-1%	5%	▶	▶	▶	Diesel	39	0%			▶	▶	▶

Area	Commodity	Current Price (KGS/unit)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS/unit)	Change in Price (%)			Level of Fluctuation		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr	1 m	3 m	1 yr
	Urban						Rural									
	Wheat flour (1st quality)	30	7%	7%	6%	▲	▶	▶	Wheat flour (1st quality)	30	3%	18%	20%	▶	▲	▲
	Meat (mutton)	293	0%	-2%	-2%	▶	▶	▶	Meat (mutton)	307	-3%	-4%	2%	▶	▶	▶
	Meat (beef)	280	0%	0%	0%	▶	▶	▶	Meat (beef)	290	0%	0%	0%	▶	▶	▶
	Milk	25	-6%	15%	-17%	▼	▲	▼	Milk	20	0%	0%	33%	▶	▶	▲
	Potato	18	-2%	4%	18%	▶	▶	▲	Potato	15	-16%	-10%	-43%	▼	▶	▼
	Cooking oil	100	5%	3%	0%	▲	▶	▶	Cooking oil	100	0%	0%	0%	▶	▶	▶
	Sugar	50	0%	-4%	0%	▶	▶	▶	Sugar	50	0%	-9%	-9%	▶	▶	▶
	Petrol (Octane rating 92)	42	7%	10%	0%	▲	▲	▶	Petrol (Octane rating 92)	42	4%	10%	8%	▶	▲	▶
Diesel	41	0%	1%	8%	▶	▶	▶	Diesel	42	0%	1%	8%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	29	7%	12%	21%	▲	▲	▲	Wheat flour (1st quality)	30	10%	64%	18%	▲	▲	▲
	Meat (mutton)	303	1%	1%	1%	▶	▶	▶	Meat (mutton)	280	0%	0%	-7%	▶	▶	▶
	Meat (beef)	280	0%	0%	-5%	▶	▶	▶	Meat (beef)	250	0%	-4%	-14%	▶	▶	▶
	Milk	30	0%	20%	38%	▶	▲	▲	Milk	30	13%	38%	50%	▲	▲	▲
	Potato	17	0%	0%	-6%	▶	▶	▶	Potato	17	0%	0%	-17%	▶	▶	▼
	Cooking oil	97	0%	-3%	-11%	▶	▶	▶	Cooking oil	97	0%	-3%	-12%	▶	▶	▶
	Sugar	51	1%	-1%	-11%	▶	▶	▶	Sugar	51	0%	-3%	-14%	▶	▶	▶
	Petrol (Octane rating 92)	42	4%	10%	6%	▶	▲	▶	Petrol (Octane rating 92)	42	4%	10%	6%	▶	▲	▶
Diesel	42	0%	0%	7%	▶	▶	▶	Diesel	42	0%	0%	7%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	28	2%	19%	0%	▶	▲	▶	Wheat flour (1st quality)	28	2%	14%	-2%	▶	▲	▶
	Meat (mutton)	350	26%	0%	17%	▲	▶	▲	Meat (mutton)	350	0%	0%	17%	▶	▶	▲
	Meat (beef)	280	1%	0%	8%	▶	▶	▶	Meat (beef)	280	-3%	0%	8%	▶	▶	▶
	Milk	26	32%	22%	22%	▲	▲	▲	Milk	25	25%	25%	0%	▲	▲	▶
	Potato	19	90%	12%	27%	▲	▲	▲	Potato	18	83%	31%	22%	▲	▲	▲
	Cooking oil	75	13%	0%	-12%	▲	▶	▶	Cooking oil	72	8%	0%	-16%	▲	▶	▼
	Sugar	55	10%	-5%	-6%	▲	▶	▶	Sugar	55	0%	-6%	-6%	▶	▶	▶
	Petrol (Octane rating 92)	41	3%	3%	2%	▶	▶	▶	Petrol (Octane rating 92)	42	0%	0%	0%	▶	▶	▶
Diesel	44	0%	0%	8%	▶	▶	▶	Diesel	45	0%	0%	6%	▶	▶	▶	

- ▲ Price increase above normal price fluctuation
- ▶ Normal price fluctuation
- ▼ Price decrease below normal fluctuation

Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year