



MONTHLY UPDATE ON FOOD SECURITY AND PRICES IN RURAL AND URBAN AREAS

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Monthly Update on Food Security and Prices is produced by the Vulnerability Analysis and Mapping (VAM) Unit of the World Food Programme Country Office in the Kyrgyz Republic as a contribution to periodic food security monitoring in the country. This is the 25th issue of the update.

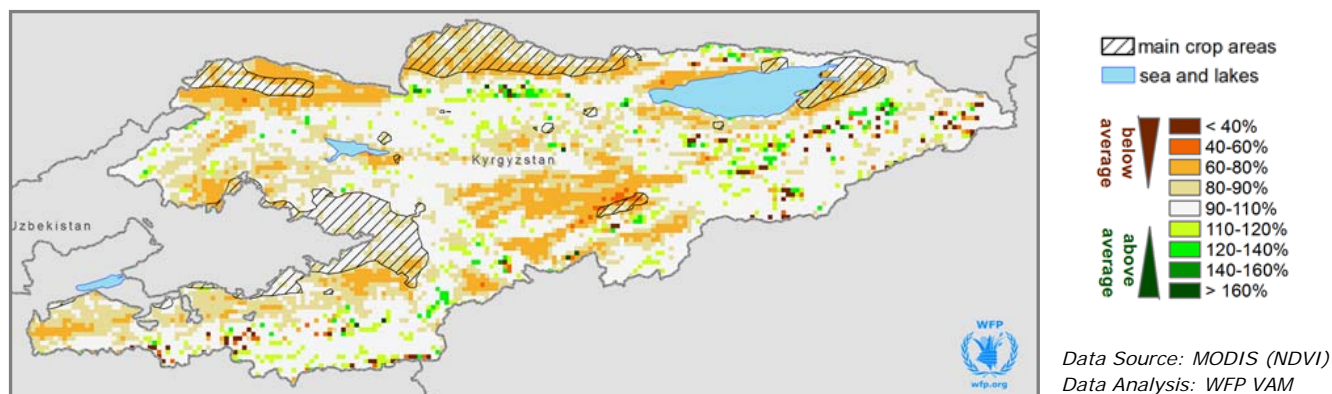
Highlights

- ◆ The analysis of vegetation level shows that areas with unfavourable vegetation remain in evidence in the main crop producing areas in the north including lowland Chuy and Talas. Purchasing power of smallholder farmers in the affected areas is at risk of deterioration, because crop production is the main source of both income and food consumption for smallholders.
- ◆ The national average retail price of wheat flour increased by 2% on a month-on-month basis in July 2014 with 1% increase in urban and 2% increase in rural areas. The price was 7% higher on a year-on-year basis.
- ◆ Fuel prices increased by 7% and 6% for petrol 92 and diesel respectively in July 2014 and were 16% and 12% higher than the same month in 2013.
- ◆ In the months ahead, WFP will pay close attention to a number of risk factors and their impact on household level food security: drought, volatile food and fuel prices, the national currency exchange rates, as well as the occurrence of natural disasters.
- ◆ The price data of this report reflects WFP's actual monthly recording of prices in seven urban and thirteen rural markets around the country, as well as in urban settlements monitored by the NSC. Should any recipient of this bulletin require information from previous monitoring conducted by WFP since June 2009, please contact the WFP Country Office in the Kyrgyz Republic at WFP.Bishkek@wfp.org.

WEATHER CONDITIONS (JULY 2014)

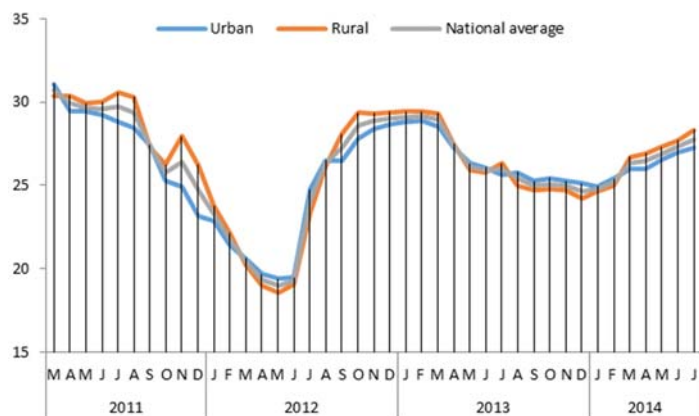
Figure 1 presents the deviation of the latest plant vegetation level (based on the Normalized Difference Vegetation Index — NDVI) from its long-term (14 years) average. The map is overlaid with the country's main crop producing areas. The result shows that areas with unfavourable vegetation remain in evidence in the main crop producing areas in the north including lowland Chuy and Talas. Purchasing power of smallholder farmers in the affected areas is at risk of deterioration, because crop production is the main source of both income and food consumption for smallholders.

Figure 1. Vegetation levels (NDVI, 20 July—04 August 2014 compared to 14 years average)



WHEAT FLOUR PRICES (JULY 2014)

Figure 2. Retail prices of wheat flour (KGS/kg)



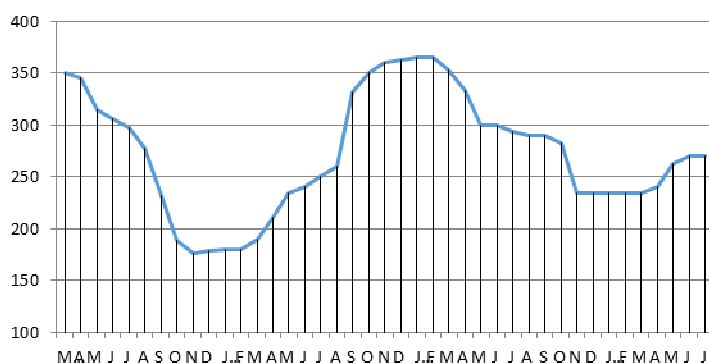
Source: WFP Monthly Market Monitoring

The national average retail price of wheat flour increased 2% on a month-on-month basis in July 2014 with 1% increase in urban and 2% increase in rural areas (Figure 2). The price was 7% higher on a year-on-year basis and 44% higher than the lowest point in the last three years, which was recorded in May/June 2012.

The National Statistics Committee's (NSC) price monitoring, which covers the main urban markets, also showed 1% increase in wheat flour prices on a month-on-month basis. Lower wheat harvest due to dry weather conditions from March to July (Figure 1), as well as export prices of wheat in Kazakhstan (Figure 3) might further influence the levels of food prices in the coming months.

INTERNATIONAL PRICES (JULY 2014)

Figure 3. Wholesale price of wheat, USD/ton



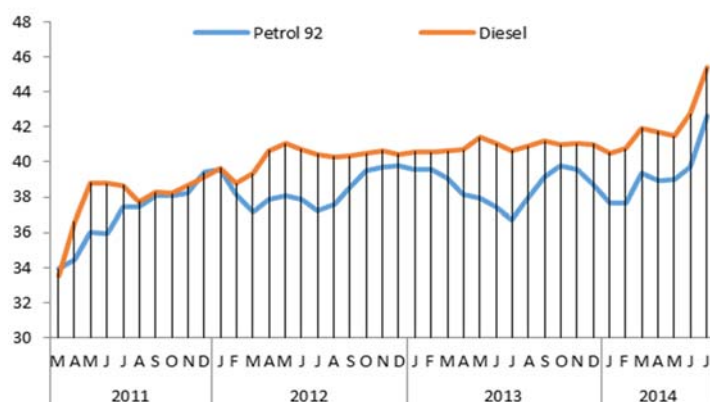
After an increase for three consecutive months from April 2014, the export price of wheat in Kazakhstan (Free on Board [FOB] rate) stayed stable in July 2014 (Figure 2).

On a year-on-year basis, the price in July 2014 was 8% lower. Potential impacts of increased wheat export prices on domestic retail prices for wheat flour will be closely monitored.

Source: Milling wheat export price, Kazakhstan, Global Information and Early Warning System

FUEL PRICES (JULY 2014)

Figure 4. Retail prices of fuel (Petrol 92 and diesel, KGS/litre)

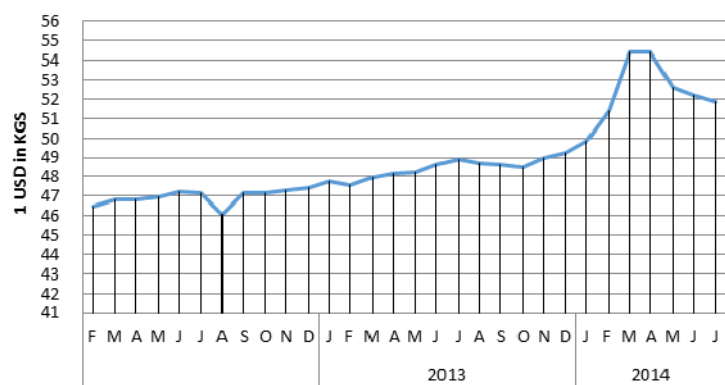


Fuel prices increased by 7% and 6% for petrol 92 and diesel respectively in July 2014 and were 16% and 12% higher than a year ago (Figure 4). Prices have been consistently higher in rural areas since WFP started price monitoring in rural areas in April 2012.

Close monitoring of prices in rural areas will be required as high fuel prices and transportation costs may continue to be transmitted to consumers.

CURRENCY EXCHANGE RATE (JULY 2014)

Figure 5. Exchange rate of US Dollar against the KGS



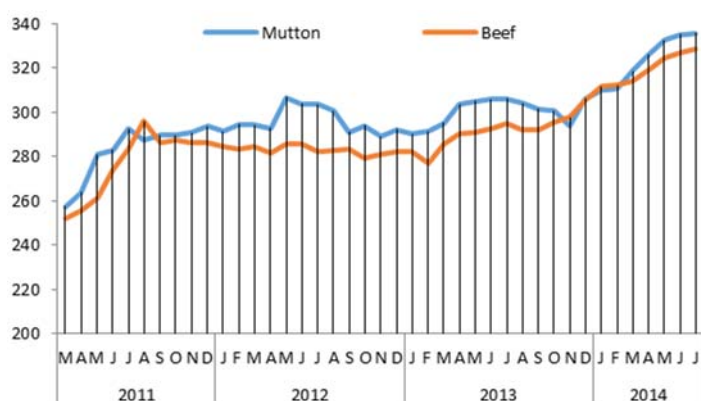
After a sharp depreciation of Kyrgyz Som against US dollar since late 2013 to early 2014, the exchange rate remained around 52 som per US dollar (Figure 5).

A close monitoring of the situation in currency exchange markets and the impact on domestic retail prices is required.

Source: National Bank of the Kyrgyz Republic

PRICES OF OTHER BASIC COMMODITIES (JULY 2014)

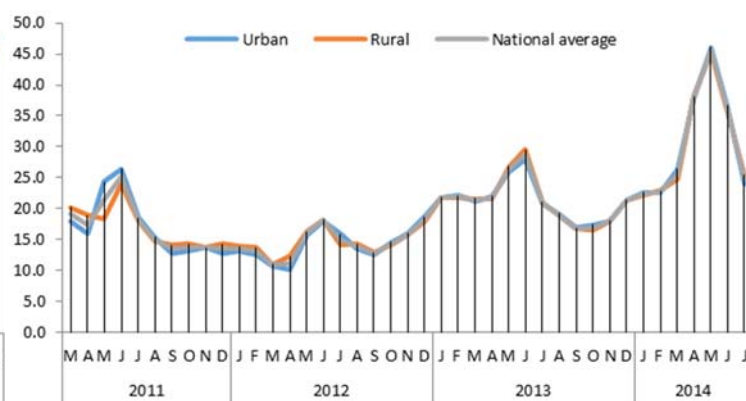
Figure 6. Retail prices of meat (KGS/kg)



Source: WFP Monthly Market Monitoring

Meat: Meat prices remained unchanged in July 2014 and remained at record high level - the prices were 10% and 11% higher for mutton and beef respectively than in July 2013 (Figure 6).

Figure 7. Retail prices of potato (KGS/kg)



Source: WFP Monthly Market Monitoring

Potato: Potato prices have a seasonal tendency to decrease during summer months with availability of fresh harvest. However, despite a significant decrease (32%), the price in July 2014 is 18% higher compared to the same months last year (Figure 7).

OUTLOOK FOR THE NEXT FEW MONTHS








- ◆ The alarming increase in meat prices with a record-high level in June-July 2014 might strengthen the pressure on already limited economical food access among the most vulnerable households, potentially worsening the diets of these households.
- ◆ Increased fuel prices will keep prices high for the main commodities. It is unlikely that basic foods prices will go down significantly during the next few months. Close attention should be paid to volatile wheat flour prices and higher prices for some basic food items in rural areas.
- ◆ WFP will continue to monitor the potential impact of drought on household level food security particularly among the most vulnerable groups.
- ◆ The potential effects of increased wheat export prices in Kazakhstan as well as prices of other regional exporters, such as the Russian Federation and Ukraine, need to be closely monitored.

WFP IN THE KYRGYZ REPUBLIC

- ◆ In the months ahead, WFP will pay close attention to food prices in local markets to detect whether the price change is seasonal or abnormal. The alert will be shared with stakeholders when the observed price is above the normal seasonal trend.
- ◆ WFP will continue to implement community asset development for food security including rehabilitation of rural infrastructure, value chain development and vegetable growing, with a view to building the resilience of vulnerable communities.
- ◆ WFP is also assisting the Government in developing a national school meals policy and implementation strategy. Technical assistance is provided to the Government to sustainably improve the quality and efficiency of the existing school meals programme. At the same time, WFP is implementing projects to improve meals in selected pilot schools. In total, 250 schools are planned to be covered by the project.
- ◆ WFP has been studying climate risk impact on agricultural production and food security and how it is transmitted to the most vulnerable communities and households. The study also identified the key policies for building the adaptive capacity and reducing climate-related food insecurity in most vulnerable communities. The final report will be published in August and shared with all relevant stakeholders.
- ◆ WFP is developing the Food Security and Vulnerability Atlas (FSVA) of the Kyrgyz Republic in collaboration with the government institutions (Ministry of Agriculture and Melioration, Natstatcom). This exercise will provide district-level evidence base for identifying geographic and thematic priority areas for food security related interventions. FSVA will align with the indicators of the Food Security and Nutrition Programme (2013-2017) of the Kyrgyz Republic on four pillars of food security (availability, access, utilization and stability) by providing a useful baseline for both national and sub-national level goals.

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (JULY 2014)

The retail prices of basic commodities are monitored on a monthly basis in selected rural and urban markets in all oblasts (provinces) of 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)	29	1%	1%	9%	►	►	▲	Wheat flour (1st quality)	28	1%	1%	14%	►	►	►
	Meat (mutton)	330	0%	0%	22%	►	►	►	Meat (mutton)	320	0%	0%	7%	►	►	►
	Meat (beef)	330	0%	0%	18%	►	►	▲	Meat (beef)	300	0%	0%	-3%	►	►	►
	Milk	34	1%	-2%	14%	►	►	►	Milk	25	0%	0%	-7%	►	►	▼
	Potato	29	-17%	-21%	61%	▼	▼	▲	Potato	33	0%	20%	43%	►	▲	▲
	Cooking oil	97	-1%	-1%	4%	►	►	►	Cooking oil	85	0%	0%	-11%	►	►	►
	Sugar	53	-2%	-4%	13%	►	►	►	Sugar	54	0%	0%	3%	►	►	►
Petrol (Octane rating 92)	43	5%	13%	24%	►	▲	▲	Petrol (Octane rating 92)	43	5%	13%	26%	►	▲	▲	
Diesel	45	1%	7%	15%	►	▲	▲	Diesel	45	1%	7%	15%	►	▲	▲	
TALAS																
	Urban								Rural							
	Wheat flour (1st quality)	23	2%	-4%	3%	►	►	►	Wheat flour (1st quality)	24	1%	-1%	3%	►	►	►
	Meat (mutton)	325	2%	7%	17%	►	►	▲	Meat (mutton)	330	0%	10%	16%	►	►	▲
	Meat (beef)	320	1%	8%	12%	►	►	►	Meat (beef)	330	0%			►	►	►
	Milk	20	-11%	-20%	0%	▼	▼	►	Milk	23	-2%	-10%	13%	►	►	►
	Potato	17	-50%	-22%	-2%	▼	▼	►	Potato	23	-40%	-31%	13%	▼	▼	►
	Cooking oil	91	0%	10%	-5%	►	▲	►	Cooking oil	92	4%	2%	4%	►	►	►
	Sugar	55	4%	1%	21%	►	►	▲	Sugar	55	1%	1%	16%	►	►	▲
Petrol (Octane rating 92)	38	0%	0%	7%	►	►	►	Petrol (Octane rating 92)	38	-1%	0%	5%	►	►	►	
Diesel	39	0%	-1%	3%	►	►	►	Diesel	39	0%	-2%	2%	►	►	►	
ISSYK-KUL																
	Urban								Rural							
	Wheat flour (1st quality)	28	0%	6%	4%	►	►	►	Wheat flour (1st quality)	28	0%	0%	4%	►	►	►
	Meat (mutton)	317	0%	7%	7%	►	►	►	Meat (mutton)	305	0%	2%	2%	►	►	►
	Meat (beef)	323	0%	3%	1%	►	►	►	Meat (beef)	320	0%	0%	0%	►	►	►
	Milk	20	0%	0%	0%	►	►	►	Milk	25	0%	0%	25%	►	►	▲
	Potato	22	-43%	-38%	-13%	▼	▼	►	Potato	20	-43%	-43%	0%	▼	▼	►
	Cooking oil	100	0%	0%	-2%	►	►	►	Cooking oil	105	0%	0%	0%	►	►	►
	Sugar	55	0%	0%	10%	►	►	►	Sugar	60	0%	0%	12%	►	►	►
Petrol (Octane rating 92)	40	3%	5%	6%	►	►	►	Petrol (Octane rating 92)	-							
Diesel	46	8%	11%	12%	▲	▲	►	Diesel	-							
NARYN																
	Urban								Rural							
	Wheat flour (1st quality)	28	0%	3%	8%	►	►	►	Wheat flour (1st quality)	35	8%	8%	3%	►	►	►
	Meat (mutton)	350	0%	9%	21%	►	►	▲	Meat (mutton)	-						
	Meat (beef)	350	0%	9%	12%	►	►	►	Meat (beef)	-						
	Milk	15	-10%	-40%	-25%	▼	▼	▼	Milk	20	-33%	-33%	-20%	▼	▼	▼
	Potato	32	-27%	-14%	38%	▼	▼	▲	Potato	35	-13%	-3%	46%	▼		▲
	Cooking oil	90	13%	-4%	-5%	▲	►	►	Cooking oil	122	0%	-1%	1%	►	►	►
	Sugar	51	0%	-2%	10%	►	►	►	Sugar	59	1%	-2%	14%	►	►	►
Petrol (Octane rating 92)	38	2%	3%	11%	►	►	►	Petrol (Octane rating 92)	-							
Diesel	45	12%	11%	13%	▲	▲	►	Diesel	-							
OSH																
	Urban								Rural							
	Wheat flour (1st quality)	28	1%	8%	3%	►	►	►	Wheat flour (1st quality)	28	1%	20%	13%	►	▲	►
	Meat (mutton)	350	0%	6%	7%	►	►	►	Meat (mutton)	350	0%	-9%	6%	►	►	►
	Meat (beef)	350	6%	6%	17%	▲	►	▲	Meat (beef)	350	0%	3%	21%	►	►	▲
	Milk	37	-4%	22%	57%	►	▲	▲	Milk	30	20%	0%	20%	►	►	►
	Potato	20	-43%	-52%	9%	▼	▼	►	Potato	20	-45%	-59%	33%	▼	▼	▲
	Cooking oil	87	-7%	-12%	-13%	▼	▼	►	Cooking oil	87	0%	-7%	-13%	►	►	►
	Sugar	50	-6%	-9%	-6%	▼	►	►	Sugar	51	1%	-8%	-3%	►	►	►
Petrol (Octane rating 92)	45	14%	14%	20%	▲	▲	▲	Petrol (Octane rating 92)	45	14%	15%	19%	▲	▲	▲	
Diesel	47	8%	12%	14%	▲	▲	►	Diesel	47	9%	14%	14%	▲	▲	►	
JALALABAD																
	Urban								Rural							
	Wheat flour (1st quality)	25	0%	2%	-3%	►	►	►	Wheat flour (1st quality)	26	0%	-1%	1%	►	►	►
	Meat (mutton)	350	0%	6%	17%	►	►	▲	Meat (mutton)	340	0%	6%	13%	►	►	►
	Meat (beef)	330	0%	3%	14%	►	►	►	Meat (beef)	330	0%	3%	22%	►	►	▲
	Milk	30	0%	0%	0%	►	►	►	Milk	30	0%	0%	13%	►	►	►
	Potato	25	0%	-44%	25%	►	▼	▲	Potato	25	0%	-44%	25%	►	▼	▲
	Cooking oil	85	0%	0%	-6%	►	►	►	Cooking oil	85	0%	0%	-9%	►	►	►
	Sugar	50	0%	-9%	6%	►	►	►	Sugar	51	0%	-8%	8%	►	►	►
Petrol (Octane rating 92)	45	11%	13%	22%	▲	▲	▲	Petrol (Octane rating 92)	46	13%	15%	24%	▲	▲	▲	
Diesel	47	7%	13%	13%	▲	▲	►	Diesel	47	7%	13%	13%	▲	▲	►	
BATKEN																
	Urban								Rural							
	Wheat flour (1st quality)	29	2%	17%	21%	►	►	▲	Wheat flour (1st quality)	29	4%	10%	18%	►	▲	▲
	Meat (mutton)	350	0%	0%	0%	►	►	►	Meat (mutton)	350	0%	0%	0%	►	►	►
	Meat (beef)	320	0%	0%	14%	►	►	►	Meat (beef)	320	0%	0%	14%	►	►	►
	Milk	40	0%	0%	0%				Milk	35	0%	0%	0%	►	►	►
	Potato	23	-48%	-52%	0%	▼	▼	►	Potato	23	-48%	-48%	-9%	▼	▼	►
	Cooking oil	110	6%	10%	6%	▲	►	►	Cooking oil	108	7%	10%	12%	▲	▲	►
	Sugar	55	0%	0%	15%	►	►	►	Sugar	57	0%	-3%	15%	►	►	►
Petrol (Octane rating 92)	45	12%	12%	14%	▲	▲	►	Petrol (Octane rating 92)	45	8%	8%	13%	▲	►	►	
Diesel	49	11%	11%	11%	►	►	►	Diesel	49	10%	10%	14%	▲	▲	►	

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

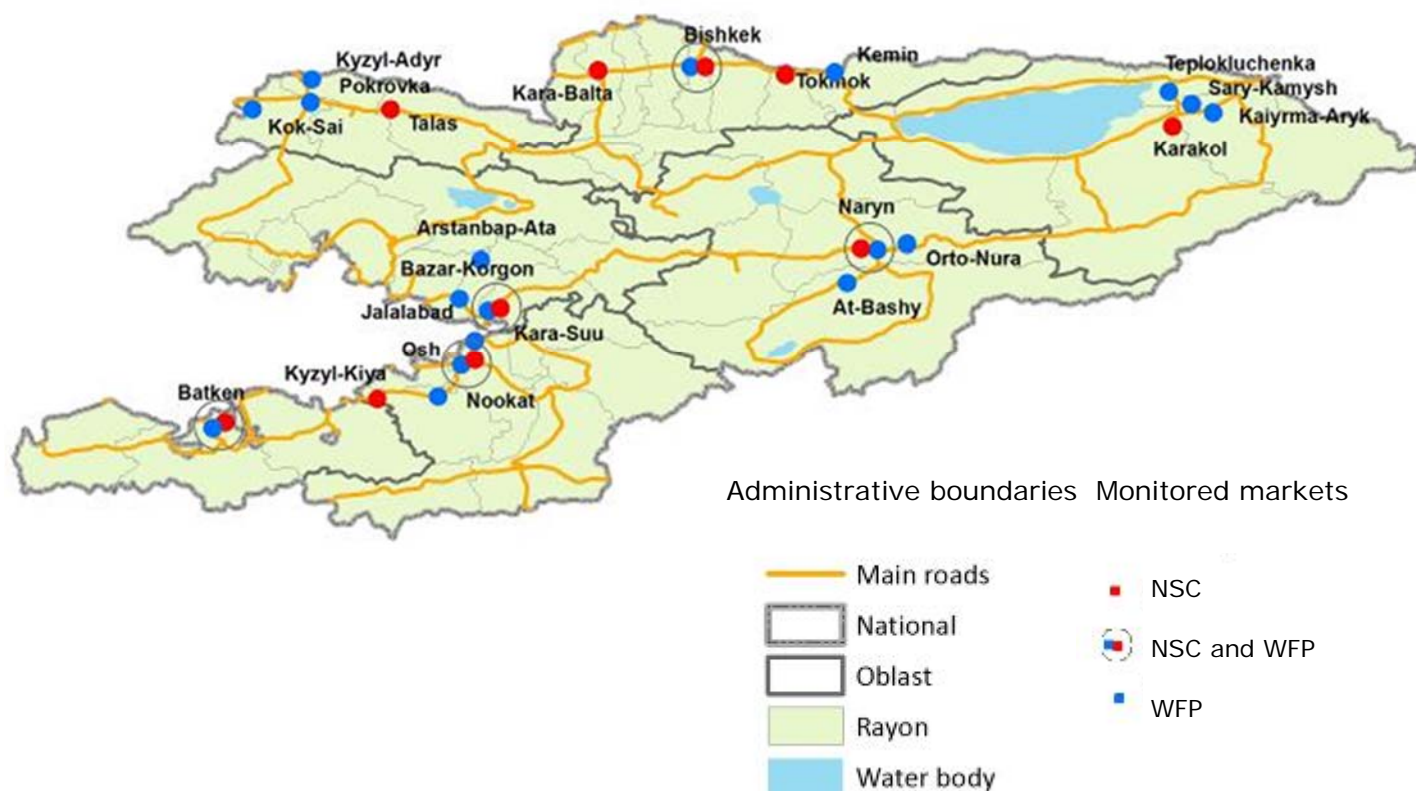
Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year

ANNEX 2 – MARKET LOCATIONS MONITORED BY WFP AND NSC

Retail prices of basic food commodities are monitored and reported by the NSC in selected province and rayon capitals (coloured in red).

WFP monitors prices of basic food commodities in seven markets in urban areas and thirteen markets in rural areas, where more than two thirds of people classified as 'poor' live.

Increased and volatile food prices will affect food insecure and vulnerable families the most because they spend the largest proportion of their household budgets on food.



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