



MONTHLY UPDATE ON FOOD SECURITY AND PRICES IN RURAL AND URBAN AREAS ISSUE #26, World Food Programme

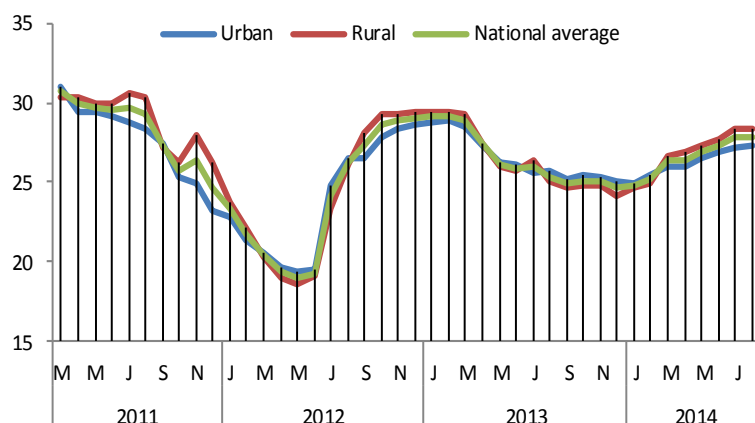
Monthly Update on Food Security and Prices is produced by the Vulnerability Analysis and Mapping (VAM) Unit of the World Food Programme Country Office in the Kyrgyz Republic as a contribution to periodic food security monitoring in the country. This is the 26th issue of the update.

Highlights

- ◆ The national average retail price of wheat flour did not change on a month-on-month basis in August 2014 but was 10% higher on a year-on-year basis.
- ◆ The export price of wheat in Kazakhstan, the Russian Federation and Ukraine remained stable in July and August 2014.
- ◆ Fuel prices (Petrol 92) increased by 3% in August 2014 and were 16% higher than the same month in 2013.
- ◆ Meat prices remained at near the record high level. The prices were 9% and 13% higher for mutton and beef respectively than in August 2013.
- ◆ Potato price was 15% higher compared to the same months last year, despite a significant month-on-month decrease (11%).
- ◆ Remote-sensing based analysis shows that the rainfall amount during the main rain and snow season in 2013 and 2014 was below the long-term average. This affected crop production particularly in the main crop producing areas in the northern parts of the country including Chuy province.
- ◆ In the months ahead, WFP will pay close attention to a number of risk factors and their impact on household level food security: reduced domestic crop production, high 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.

WHEAT FLOUR PRICES (AUGUST 2014)

Figure 1. Retail prices of wheat flour (KGS/kg)



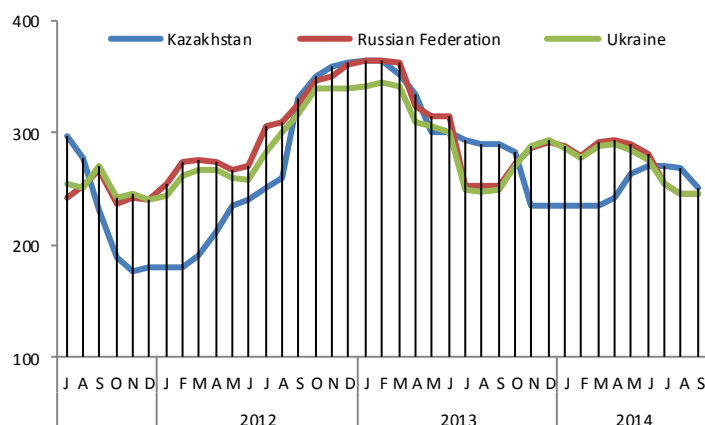
Source: WFP Monthly Market Monitoring

The national average retail price of wheat flour remained unchanged on a month-on-month basis in August 2014 (Figure 1). However, the price was 10% higher on a year-on-year basis, reflecting the anticipated reduction of domestic production due to dry weather conditions in the main crop producing areas in the north. The price is 45% 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 no change in wheat flour prices on a month-on-month basis.

INTERNATIONAL PRICES (KAZAKHSTAN, RUSSIA AND UKRAINE)

Figure 2. Wholesale price of wheat, USD/ton



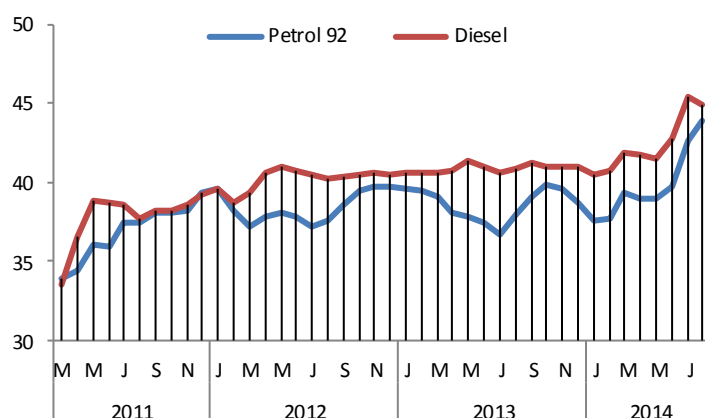
After an increase for three consecutive months from April to June 2014, the export price of wheat in Kazakhstan (Free on Board [FOB] rate) remained stable in July-August 2014 (Figure 2). On a year-on-year basis, the price in August 2014 was 7% lower.

Wheat export prices in the Russian Federation and Ukraine also remained lower than in 2012 and early 2013.

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

FUEL PRICES (AUGUST 2014)

Figure 3. Retail prices of fuel (Petrol 92 and diesel, KGS/litre)



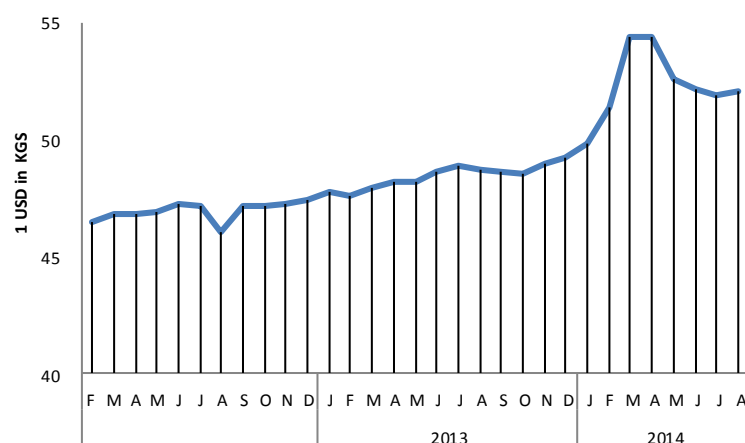
Fuel prices (Petrol 92) increased by 3% in August 2014 and was 16% higher than a year ago (Figure 3). Prices for diesel remained almost unchanged on a month-on-month basis, but were 10% higher than a year ago. Fuel prices have been consistently higher in rural areas since WFP started price monitoring 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.

Source: WFP Monthly Market Monitoring

CURRENCY EXCHANGE RATE (AUGUST 2014)

Figure 4. Exchange rate of US Dollar against the KGS



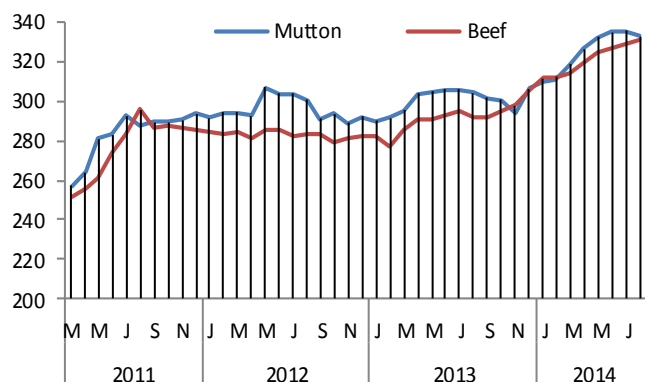
After a sharp depreciation of the Kyrgyz Som against US dollar from late 2013 to early 2014, the exchange rate remained around 52 som per US dollar (Figure 4).

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

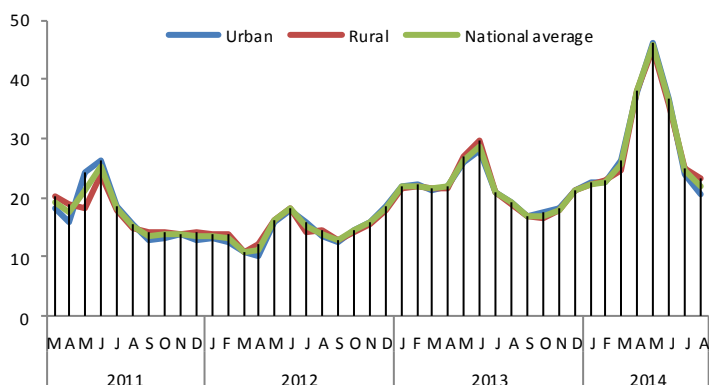
PRICES OF OTHER BASIC COMMODITIES (AUGUST 2014)

Figure 5. Retail prices of meat (KGS/kg)



Meat: Meat prices remained almost unchanged in August 2014 and remained at near the record high level - the prices were 9% and 13% higher for mutton and beef respectively than in August 2013 (Figure 5).

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



Source: WFP Monthly Market Monitoring

Potato: Potato prices have a seasonal tendency to decrease during summer-autumn months with availability of the new harvest. However, despite a significant month-on-month decrease (11%), the price in August 2014 was 15% higher compared to the same months last year (Figure 6).

WEATHER CONDITIONS AND IMPACT ON FOOD SECURITY (UPDATE)

October to June constitutes a critical rain and snow season during which the majority of the Kyrgyz Republic receives its annual rainfall. As **Figure 7** shows, the rainfall amount during this period in 2014 was 30-70% below the long-term average. This affected crop production particularly in the main crop producing areas in the northern parts of the country including Chuy province. **Figure 8** (the deviation of the latest plant vegetation level measured by Normalized Difference Vegetation Index) shows that areas with unfavourable vegetation remain in evidence in the main crop producing areas.

The purchasing power of smallholder farmers in the affected areas is at risk of deterioration, as crop production is the main source of both income and food consumption for smallholders. WFP will conduct a Household Food Security Assessment (HFSA) in September and October to monitor the impact on food security at household level.

Figure 7. Total snow/rainfall (October 2013 – July 2014 compared to 33 years average)

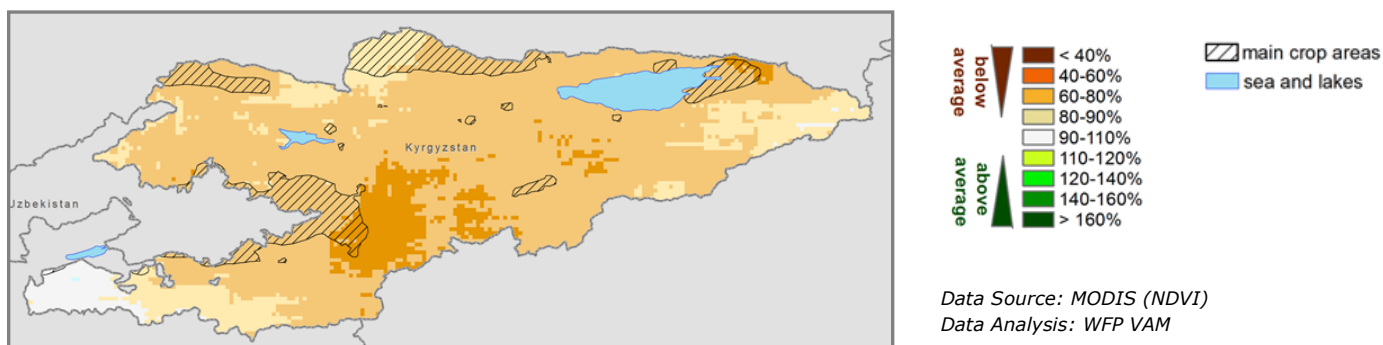
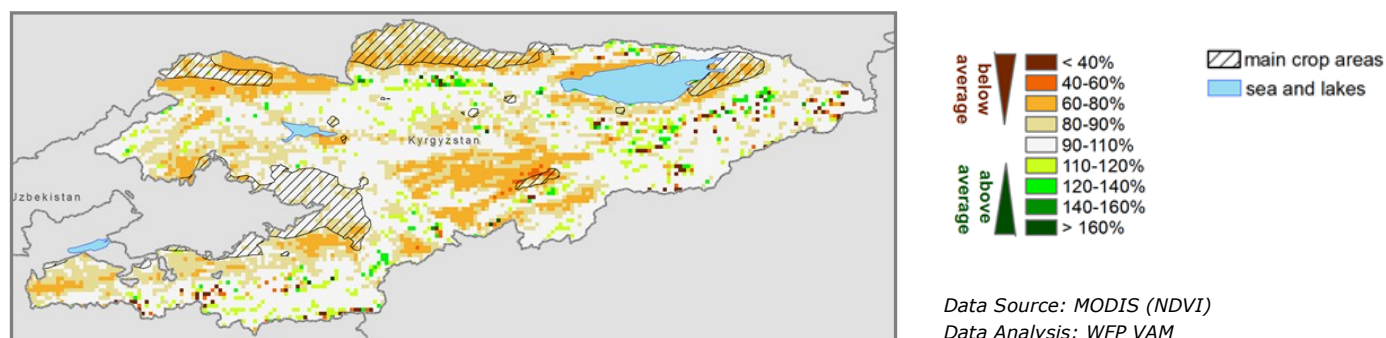


Figure 8. Vegetation levels (NDVI, 20 July–04 August 2014 compared to 14 years average)



OUTLOOK FOR THE NEXT FEW MONTHS








- ◆ Increased fuel prices will keep prices of the main commodities high. 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.
- ◆ The alarming increase in meat prices with prices at the near-record-high level in August 2014 might increase the pressure on already limited economic food access among the most vulnerable households, potentially worsening the diets of these households.
- ◆ WFP will continue to monitor the potential impact of drought on household level food security particularly among the most vulnerable groups.

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. An 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 production, 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 included in 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.
- ◆ WFP is developing the Food Security and Vulnerability Atlas (FSVA) of the Kyrgyz Republic in collaboration with the government institutions (the Ministry of Agriculture and Melioration, and the NSC). This exercise will provide district-level evidence base for identifying geographic and thematic priority areas for food security related interventions. The FSVA will align with the indicators included in the Food Security and Nutrition Programme (2013-2017) of the Kyrgyz Republic relating to 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 (AUGUST 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)	30	1%	2%	10%	►	►	▲	Wheat flour (1st quality)	29	1%	2%	14%	►	►	►
	Meat (mutton)	330	0%	0%	22%	►	►	▲	Meat (mutton)	310	-3%	-3%	3%	►	►	►
	Meat (beef)	340	3%	3%	21%	►	►	▲	Meat (beef)	310	3%	3%	3%	►	►	►
	Milk	35	2%	0%	17%	►	►	▲	Milk	25	0%	0%	0%	►	►	►
	Potato	24	-17%	-40%	20%	▼	▼	▲	Potato	22	-27%	-37%	10%	▼	▼	►
	Cooking oil	95	-2%	-3%	2%	►	►	►	Cooking oil	87	2%	2%	-3%	►	►	►
	Sugar	52	-2%	-5%	11%	►	▼	▲	Sugar	52	-3%	-3%	0%	►	►	►
Petrol (Octane rating 92)	46	6%	20%	24%	▲	▲	▲	Petrol (Octane rating 92)	46	6%	20%	25%	▲	▲	▲	
Diesel	45	-1%	6%	12%	►	▲	▲	Diesel	45	0%	7%	12%	►	▲	▲	
	TALAS															
	Urban								Rural							
	Wheat flour (1st quality)	23	0%	0%	3%	►	►	►	Wheat flour (1st quality)	24	0%	7%	4%	►	►	►
	Meat (mutton)	325	0%	0%	21%	►	►	▲	Meat (mutton)	330	0%	6%	18%	►	►	▲
	Meat (beef)	320	0%	-2%	18%	►	►	▲	Meat (beef)	330	0%	3%	3%	►	►	►
	Milk	20	0%	-11%	0%	►	▼	►	Milk	23	0%	-10%	13%	►	►	►
	Potato	17	0%	-64%	21%	►	▼	▲	Potato	23	0%	-55%	61%	►	▼	▲
	Cooking oil	91	0%	7%	-5%	►	►	►	Cooking oil	92	0%	16%	4%	►	▲	►
	Sugar	55	0%	3%	21%	►	►	▲	Sugar	55	0%	-8%	16%	►	►	▲
Petrol (Octane rating 92)	38	0%	1%	6%	►	►	►	Petrol (Octane rating 92)	38	0%	0%	5%	►	►	►	
Diesel	39	0%	-1%	3%	►	►	►	Diesel	39	0%	-2%	1%	►	►	►	
	ISSYK-KUL															
	Urban								Rural							
	Wheat flour (1st quality)	28	0%	4%	4%	►	►	►	Wheat flour (1st quality)	28	0%	0%	4%	►	►	►
	Meat (mutton)	317	0%	7%	6%	►	►	►	Meat (mutton)	305	0%	2%	2%	►	►	►
	Meat (beef)	330	2%	5%	3%	►	►	►	Meat (beef)	330	3%	3%	3%	►	►	►
	Milk	20	0%	0%	0%	►	►	►	Milk	25	0%	0%	25%	►	►	▲
	Potato	20	-8%	-48%	0%	▼	▼	►	Potato	20	0%	-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	0%	5%	6%	►	►	►	Petrol (Octane rating 92)	-							
Diesel	46	0%	11%	15%	►	▲	►	Diesel	-							
	NARYN															
	Urban								Rural							
	Wheat flour (1st quality)	-	-100%	-100%	-100%	▼	▼	▼	Wheat flour (1st quality)	35	0%	8%	8%	►	►	►
	Meat (mutton)	320	-9%	-10%	17%	▼	►	▲	Meat (mutton)	-						
	Meat (beef)	320	-9%	-6%	7%	▼	►	►	Meat (beef)	-						
	Milk	25	67%	0%	67%	▲	►	▲	Milk	20	0%	-33%	33%	►	▼	▲
	Potato	19	-39%	-52%	-3%	▼	▼	►	Potato	35	0%	-13%	75%	►	▼	▲
	Cooking oil	90	0%	-4%	-5%	►	►	►	Cooking oil	120	-1%	-6%	7%	►	►	►
	Sugar	54	7%	8%	20%	▲	►	▲	Sugar	65	11%	8%	30%	▲	►	▲
Petrol (Octane rating 92)	38	0%	0%	5%	►	►	►	Petrol (Octane rating 92)	-							
Diesel	45	0%	9%	14%	►	►	►	Diesel	-							
	OSH															
	Urban								Rural							
	Wheat flour (1st quality)	28	0%	8%	3%	►	►	►	Wheat flour (1st quality)	29	1%	10%	14%	►	►	►
	Meat (mutton)	350	0%	6%	7%	►	►	►	Meat (mutton)	350	0%	-9%	6%	►	►	►
	Meat (beef)	360	3%	9%	20%	►	►	▲	Meat (beef)	360	3%	6%	23%	►	►	▲
	Milk	37	0%	22%	47%	►	▲	▲	Milk	30	0%	0%	13%	►	►	►
	Potato	20	0%	-59%	9%	►	▼	►	Potato	20	0%	-59%	20%	►	▼	►
	Cooking oil	85	-2%	-12%	-15%	►	▼	►	Cooking oil	83	-4%	-11%	-17%	►	▼	►
	Sugar	55	10%	0%	6%	▲	►	►	Sugar	55	9%	0%	10%	▲	►	►
Petrol (Octane rating 92)	48	6%	21%	25%	▲	▲	▲	Petrol (Octane rating 92)	48	7%	23%	25%	▲	▲	▲	
Diesel	46	-2%	10%	11%	►	►	►	Diesel	46	-4%	10%	9%	►	►	►	
	JALALABAD															
	Urban								Rural							
	Wheat flour (1st quality)	26	4%	4%	1%	►	►	►	Wheat flour (1st quality)	27	1%	-1%	2%	►	►	►
	Meat (mutton)	350	0%	3%	17%	►	►	▲	Meat (mutton)	340	0%	3%	13%	►	►	►
	Meat (beef)	340	3%	3%	17%	►	►	▲	Meat (beef)	330	0%	0%	22%	►	►	▲
	Milk	30	0%	0%	0%	►	►	►	Milk	30	0%	0%	13%	►	►	►
	Potato	20	-20%	-63%	-8%	▼	▼	►	Potato	20	-20%	-64%	-8%	▼	▼	►
	Cooking oil	80	-6%	-6%	-9%	▼	▼	►	Cooking oil	80	-6%	-6%	-11%	▼	▼	►
	Sugar	50	0%	-9%	6%	►	►	►	Sugar	50	-1%	-9%	6%	►	►	►
Petrol (Octane rating 92)	48	6%	21%	19%	▲	▲	▲	Petrol (Octane rating 92)	48	4%	18%	29%	►	▲	▲	
Diesel	46	-2%	10%	11%	►	►	►	Diesel	46	-2%	9%	11%	►	►	►	
	BATKEN															
	Urban								Rural							
	Wheat flour (1st quality)	29	0%	2%	18%	►	►	▲	Wheat flour (1st quality)	29	0%	4%	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	0%	-58%	17%	►	▼	▲	Potato	23	0%	-58%	13%	►	▼	►
	Cooking oil	110	0%	10%	6%	►	►	►	Cooking oil	108	0%	10%	7%	►	▲	►
	Sugar	55	0%	0%	11%	►	►	►	Sugar	57	0%	-3%	15%	►	►	►
Petrol (Octane rating 92)	45	0%	13%	11%	►	▲	►	Petrol (Octane rating 92)	45	0%	9%	11%	►	►	►	
Diesel	49	0%	16%	10%	►	►	►	Diesel	49	0%	15%	11%	►	▲	►	

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

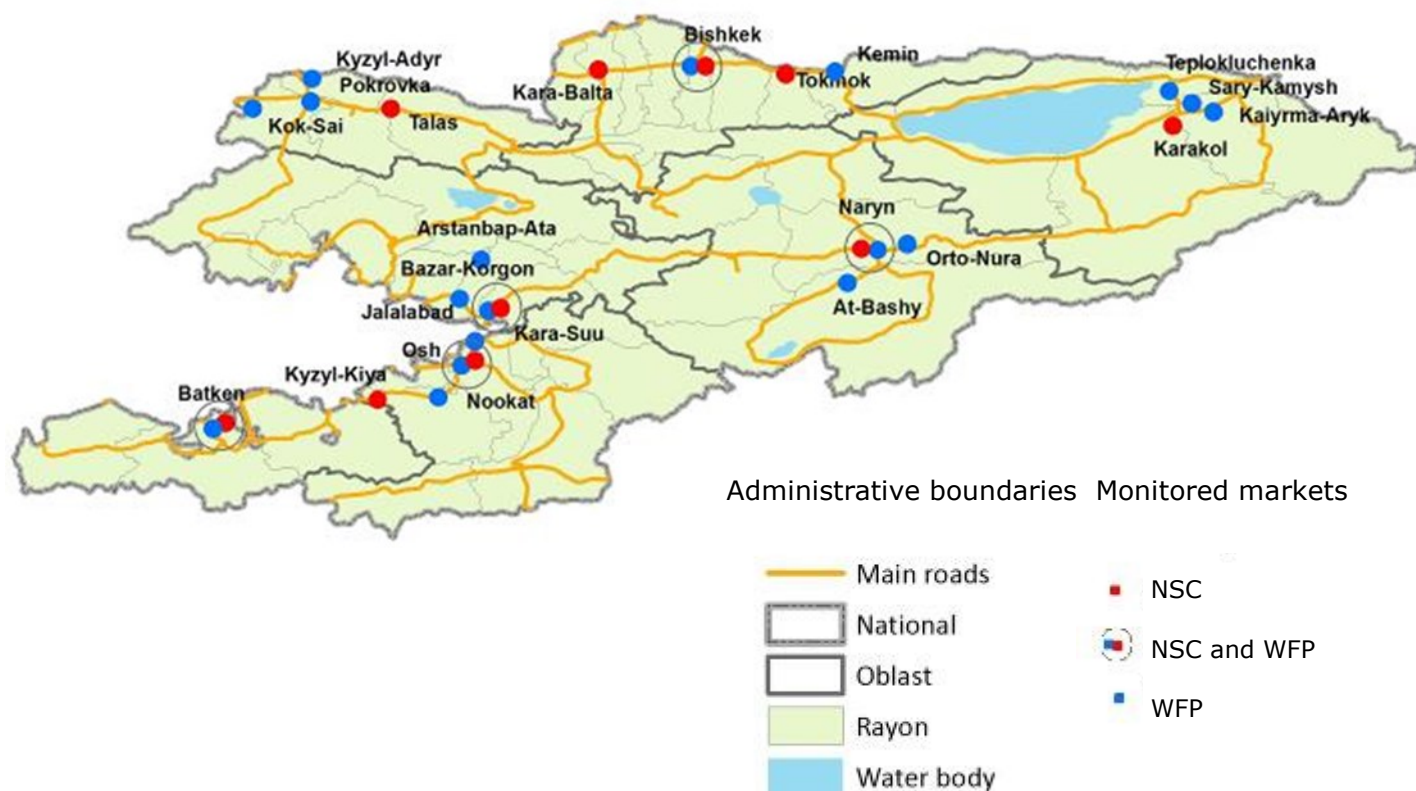
Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year

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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