

Price Monitoring for Food Security in the Kyrgyz Republic

Monthly monitoring and outlook of basic food prices in the Kyrgyz Republic



Highlights

- ◆ The national average retail price of nine food security commodities remained stable in October 2015. However the prices of carrot, apple and potato continued to decrease, reflecting an increased supply from the new harvest. The prices of first grade wheat flour were stable but remained at a near-record level price, being 6% higher than the same month in 2014.
- ◆ After a period of price stability in 2014, the US dollar export price of wheat in Kazakhstan declined as of mid-2015. The overall conditions of global wheat production are favourable in 2015.
- ◆ The international price of sugar increased on a month-on-month basis by 17% in October 2015. Meanwhile the national average price of sugar increased by 3% in October 2015.
- ◆ An El Nino event, active since February 2015, is likely to last throughout 2015 and may extend into early-2016. Based on 30 years of global historical data, during a strong El Nino event the Central Asia region usually receives above-normal precipitation, resulting in a build up of snowpack for the next irrigation season.
- ◆ The net inflow of remittances for the period of January to September 2015 decreased by 28% in US dollar terms compared to the same period last year. However in Russian ruble terms there was an increase of 18% for the same period, according to data provided by the National Bank of the Kyrgyz Republic.

Trends of retail prices of 9 food security commodities¹ (compared to October 2015)

	Sep 2015	Jul 2015	Oct 2014		Sep 2015	Jul 2015	Oct 2014
Wheat flour (1st grade)	0%	0%	6%	Vegetable (carrot)	-16%	-16%	-16%
Rice	-1%	1%	7%	Vegetable (potato)	-3%	-7%	-38%
Meat (beef)	0%	2%	-2%	Fruit (apple)	-27%	-42%	-31%
Meat (mutton)	-2%	-4%	-5%	Sugar	3%	7%	6%
Milk	2%	7%	-10%	Sunflower oil	5%	8%	9%
Egg	2%	0%	-7%				

Outlook for the next few months

- ◆ Wheat production prospects are favourable in major exporting countries in the region, including Kazakhstan and the Russian Federation. This, combined with depreciated national currencies, will exert downward pressure on wheat prices.
- ◆ An El Nino event is likely to extend into early-2016. While above-normal precipitation will build up snowpack for the next irrigation season, it could also increase the frequency and severity of avalanches, floods and mud-flows.
- ◆ Close monitoring of the currency exchange rate and its impact on food prices are required, as continued depreciation of the national currency will impact the prices of imported basic commodities, including wheat, sugar and sunflower oil.
- ◆ The price data for the last 10 years show a marked seasonal trend in the price of milk, carrot, cabbage and potatoes, with prices at a higher level during winter and early spring.
- ◆ A close monitoring of regional price differences between markets is required; for example, the prices of meat, milk and eggs tend to be higher in Batken.

Wheat flour

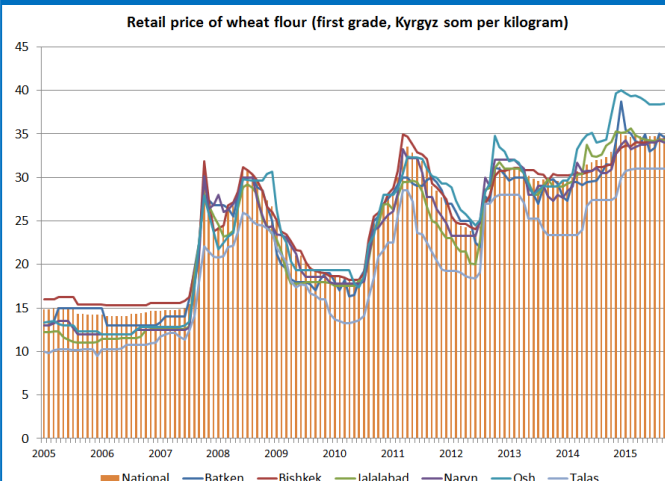
Domestic prices (October 2015)

The national average retail price of first grade wheat flour increased by 0.2% on a month-on-month basis in October 2015. The prices decreased in all monitored markets except Osh and Jalalabad. The national average price remains at a near-record level being 6% higher than the same month of 2014, impacted by a depreciation of the national currency. The prices tend to be lower in Talas and Issyk-kul, and higher in Osh.

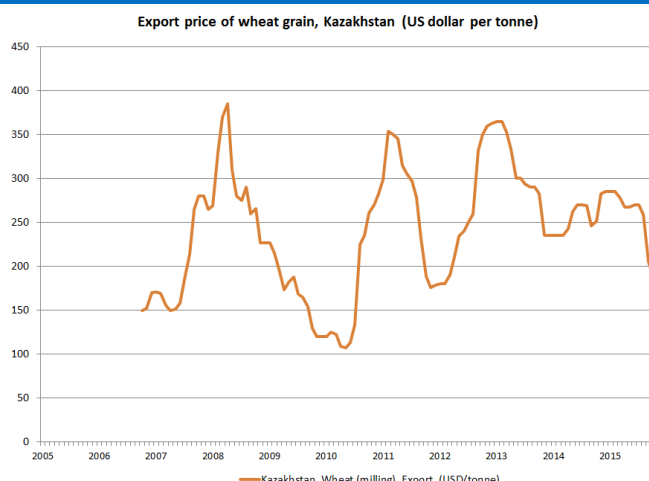
International prices (October 2015)

The export price of wheat in Kazakhstan (Free on Board [FOB] rate)² fell by 7% on a month-on-month basis in October 2015. The price was 24% lower on a year-on-year basis. Similarly, the export price of wheat in the Russian Federation (FOB rate) was 19% lower on a year-on-year basis.

Domestic and international prices of wheat flour



September 2015	0%
July 2015	0%
October 2014	6%



September 2015	-7%
July 2015	-29%
October 2014	-24%

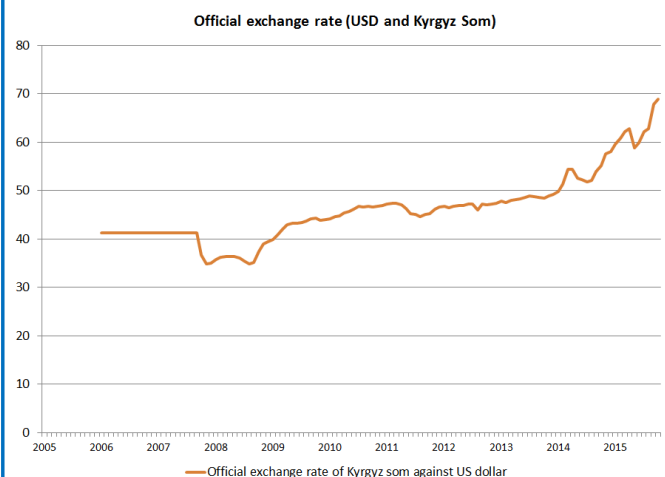
Currency exchange rate (October 2015)

The Kyrgyz som depreciated further against the US dollar by 2% in October 2015 and by 25% when compared to the same month last year³. Currency movements are among the main driving forces of retail prices of imported food commodities including wheat.

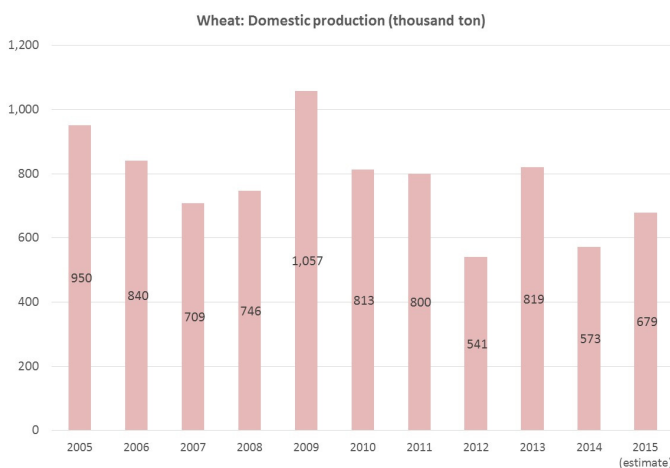
Domestic production (September 2015)

Harvesting of wheat was completed in almost all areas and the estimated aggregate output of September 2015 was 679,400 tonnes, 19% higher than in 2014 but 4% below the five-year average⁴.

Currency exchange rate and domestic production prospect



September 2015	2%
July 2015	11%
October 2014	25%



2014	19%
Average of 2010-2014 (5 years)	-4%
Average of 2005-2014 (10 years)	-13%

Other basic food commodities

Meat (beef and mutton)

After a sharp increase in prices in early to mid-2014, the national average prices of both beef and mutton remain at near-record levels. The data for the last 10 years presents a seasonal price pattern, with prices being at a lower level during winter and higher in spring and summer, especially for mutton.

Rice

In October 2015, the national average price of rice (medium grain) was 7% higher than in the same month in 2014. In Bishkek, there was a significant deviation from the estimated seasonal price based on historical trends⁵.

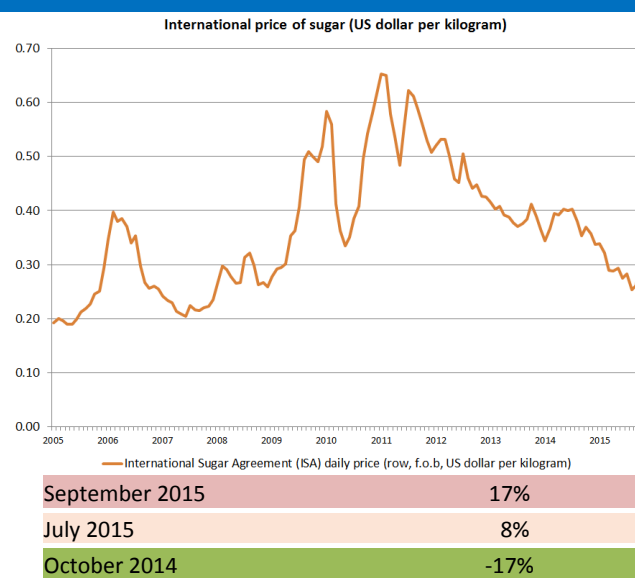
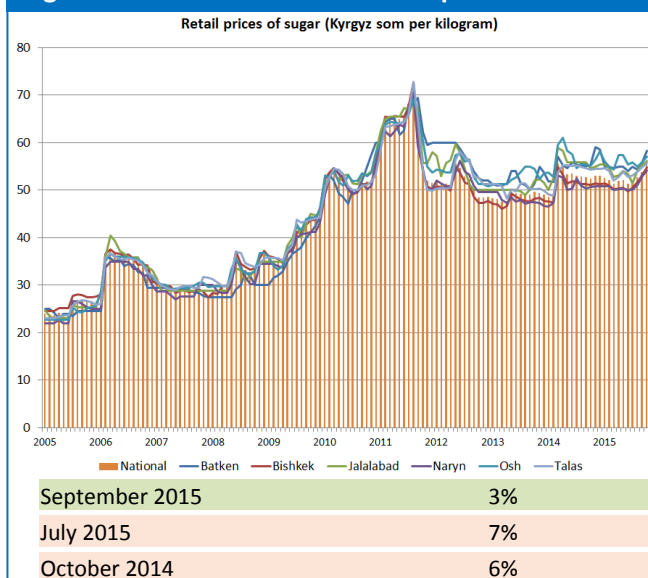
Vegetables (carrot and potatoes)

The national average price of potatoes and carrots are significantly lower compared to the same month in 2014, probably due to a higher supply from the 2015 harvest. Historical data shows significant seasonal price variations, with higher prices during winter and early spring.

Sugar

The national average price of sugar increased by 3% in October 2015. The price was 6% higher than the same month in 2014. The international price of sugar increased by 17% on a month-on-month basis in October 2015. However, it is still 17% lower than in October 2014.

Sugar - domestic and international prices



Milk

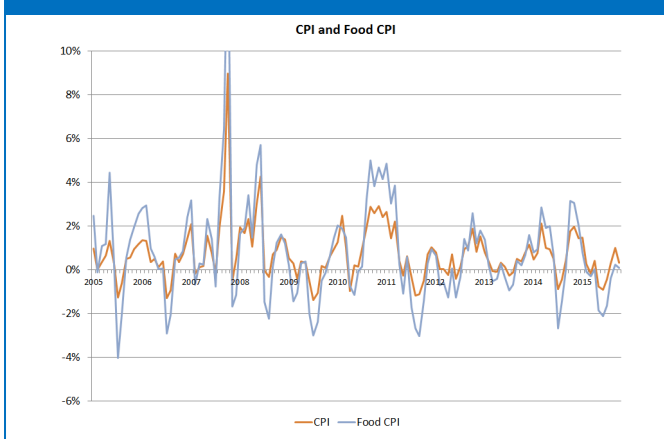
After six consecutive monthly decreases from February to July 2015, the national average price of milk increased by 1% in August, 3% in September and 2% in October 2015. The price is still 10% lower when compared to the same month in 2014. The prices tend to be lower in Osh, Naryn, Karakol and Tokmok (less than 30 KGS per litre and higher in Batken, Bishkek and Kara-balta (more than 35 KGS per litre).

Cost of food basket

CPI and Food CPI

In previous years, periods of sharp food inflation⁷ (>5% monthly) were recorded in September and October 2007, May and June 2008, January and September 2010. More recently, food inflation was high in October 2014 (3.2%) and November 2014 (3.1%), reflecting price increases in wheat flour, potatoes, meat and milk. In October 2015, Food CPI was 0.1% higher than in September 2015.

CPI and Food CPI



Agro-climatic context

Domestic and regional⁸

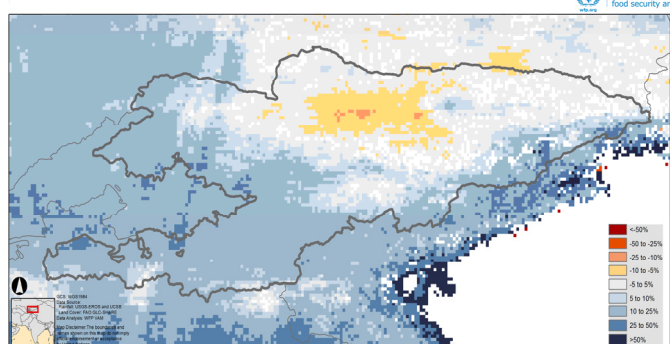
The months from October to June constitute a critical period of rain and snowfall during which the majority of the Kyrgyz Republic receives its annual precipitation. 30-year global historical data shows that, in a strong El Nino year, the Central Asia region usually receives above-normal precipitation building up snow-pack for next irrigation season. Multiple international forecasts indicate an active El Nino⁹ event since February 2015, which is likely to last through 2015 and possibly extend into early 2016.

Global¹⁰

The overall conditions of wheat production are favourable in the northern hemisphere, including Kazakhstan. In the Russian Federation, winter wheat planting continues under mixed conditions due to a colder-than-usual month and dry conditions that are affecting southern regions. Global wheat production in 2015 is now forecast to reach a record of 736 million tonnes, almost 3 million tonnes more than in 2014.

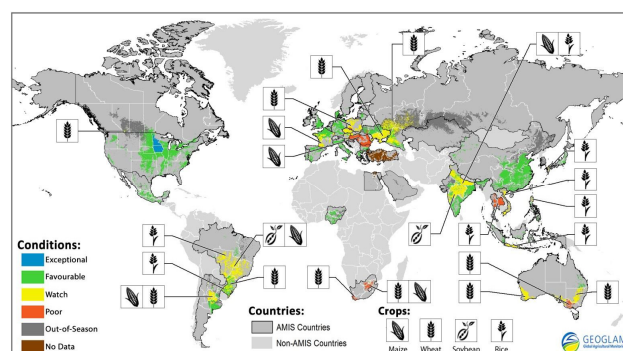
Agro-climatic context - Domestic and global

Relative difference between El Nino and neutral conditions during the months of October, November and December (Based on 30-year global historical data (1982-2013))



Data source: USGS-EROS and UCSB . Map produced by WFP VAM

Crop conditions in main producing areas (as of October 28th 2015)



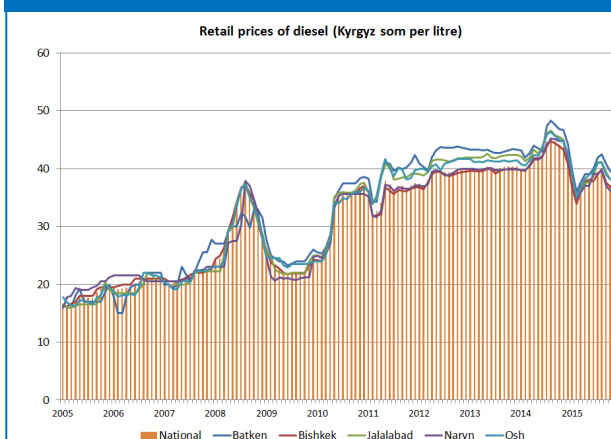
Source: AMIS (Agricultural Market Information System)

Fuel prices

Domestic prices

The price of diesel¹¹ decreased sharply from late 2014 to early 2015. In October 2015, the national average price was 16% lower than in the same month in 2014. Prices were consistently higher in Batken.

Fuel prices (diesel)



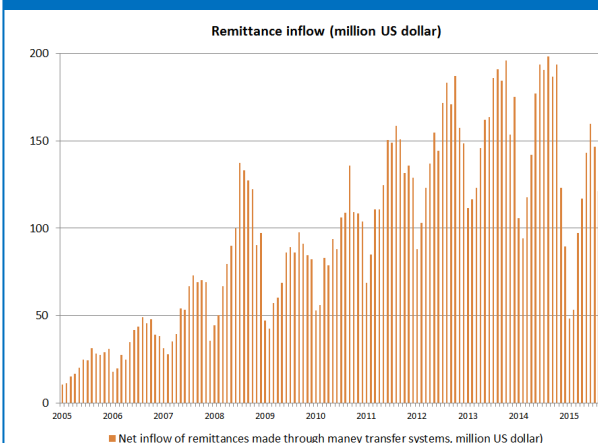
September 2015	-2%
July 2015	-6%
October 2014	-16%

Remittances

Remittance inflows

The net inflow of remittances for the period January to September 2015 decreased by 28% in US dollar terms compared to the same period last year. However in Russian ruble terms it increased by 18%, according to data provided by the National Bank of the Kyrgyz Republic¹².











Remittance inflows



August 2015	-17%
September 2014	-39%
January - September 2014	-27%

Annex: Prices of 9 food security commodities

The latest retail prices are compared against prices in the previous month, three months ago, and one year ago.

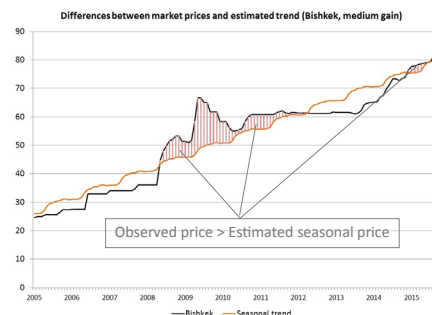
Area	Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS)	Change in Price (%)			Level of Fluctuation		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr	1 m	3 m	1 yr
BISHKEK																
	Wheat flour (1st quality)	34	0%	1%	9%	►	►	▲	Rice (medium grain)	81	0%	2%	11%	►	►	►
	Meat (mutton)	311	-2%	-6%	-6%	►	▼	▼	Egg	66	2%	0%	-3%	►	►	►
	Meat (beef)	353	0%	3%	0%	►	►	►	Vegetable (carrot)	28	-20%	-12%	-10%	▼	▼	►
	Milk (unpasteurized)	36	4%	11%	-6%	►	▲	▼	Vegetable (cabbage)	20	5%	27%	11%	▲	▲	►
	Potato	18	-7%	-14%	-36%	▼	▼	▼	Fruit (apple)	64	-33%	-39%	-39%	▼	▼	▼
	Sunflower oil	106	6%	9%	13%	▲	▲	▲	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	3%	9%	7%	►	▲	▲	Diesel	37	-2%	-6%	-16%	►	►	▼
	Petrol (Octane rating 92)	42	-1%	4%	-15%	►	►	▼								
TOKMOK																
	Wheat flour (1st quality)	37	0%	2%	13%	►	►	▲	Rice	75	0%	1%	-3%	►	►	►
	Meat (mutton)	260	-1%	-7%	-5%	►	▼	▼	Egg	66	2%	0%	-3%	►	►	►
	Meat (beef)	315	0%	1%	0%	►	►	►	Vegetable (carrot)	23	-6%	-23%	-5%	▼	▼	►
	Milk	25	0%	0%	-17%	►	►	▼	Vegetable (cabbage)	15	-2%	50%	0%	►	▲	►
	Potato	14	1%	-19%	-40%	►	▼	▼	Fruit (apple)	45	-30%	-63%	-15%	▼	▼	▼
	Cooking oil	106	4%	5%	11%	►	►	▲	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	4%	8%	8%	►	▲	▲	Diesel	37	-1%	-4%	-16%	►	►	▼
	Petrol (Octane rating 92)	40	0%	4%	-17%	►	►	▼								
KARA-BALTA																
	Wheat flour (1st quality)	33	-1%	-8%	-14%	►	▼	▼	Rice	85	-2%	3%	18%	►	►	▲
	Meat (mutton)	342	-2%	0%	6%	►	►	▲	Egg	75	1%	10%	5%	►	►	►
	Meat (beef)	339	-3%	0%	5%	►	►	►	Vegetable (carrot)	20	0%	-21%	-22%	►	▼	▼
	Milk	37	-2%	8%	-8%	►	▲	▼	Vegetable (cabbage)	18	14%	24%	-12%	▲	▲	►
	Potato	20	5%	14%	-29%	►	►	▼	Fruit (apple)	62	-3%	-12%	9%	►	▼	►
	Cooking oil	109	5%	13%	8%	▲	▲	▲	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	3%	5%	7%	►	►	▲	Diesel	36	-2%	-7%	-18%	►	►	▼
	Petrol (Octane rating 92)	41	0%	4%	-17%	►	►	▼								
TALAS																
	Wheat flour (1st quality)	31	0%	0%	13%	►	►	►	Rice	78	0%	1%	12%	►	►	►
	Meat (mutton)	294	-1%	-3%	-3%	►	►	►	Egg	86	2%	3%	-1%	►	►	►
	Meat (beef)	299	-1%	-5%	-8%	►	►	►	Vegetable (carrot)	18	-13%	-44%	-35%	▼	▼	▼
	Milk	28	17%	14%	2%	▲	►	►	Vegetable (cabbage)	16	-12%	25%	-22%	▼	▲	▼
	Potato	15	0%	-20%	-25%	►	▼	▼	Fruit (apple)	41	6%	-53%	-11%	▲	▼	►
	Cooking oil	102	1%	-1%	2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	56	2%	5%	2%	►	►	►	Diesel	35	0%	-2%	-18%	►	►	▼
	Petrol (Octane rating 92)	40	0%	5%	-13%	►	►	►								
KARAKOL																
	Wheat flour (1st quality)	32	-1%	-4%	-1%	►	►	►	Rice	79	0%	6%	13%	►	►	►
	Meat (mutton)	283	-6%	2%	-9%	▼	►	►	Egg	68	1%	12%	-14%	►	▲	►
	Meat (beef)	314	-2%	3%	-8%	►	►	►	Vegetable (carrot)	16	-17%	-41%	-28%	▼	▼	▼
	Milk	27	1%	20%	-6%	►	▲	►	Vegetable (cabbage)	14	-8%	-1%	-20%	▼	▼	►
	Potato	13	18%	-26%	-39%	▲	▼	▼	Fruit (apple)	64	-6%	-29%	-4%	▼	▼	►
	Cooking oil	102	4%	9%	3%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	1%	3%	3%	►	►	►	Diesel	37	-3%	-6%	-16%	►	►	▼
	Petrol (Octane rating 92)	42	0%	5%	-15%	►	►	▼								
NARYN																
	Wheat flour (1st quality)	34	0%	0%	10%	►	►	►	Rice	81	2%	7%	16%	►	►	▲
	Meat (mutton)	286	-2%	-17%	-5%	►	▼	►	Egg	84	8%	4%	5%	▲	►	►
	Meat (beef)	318	2%	-8%	-1%	►	►	►	Vegetable (carrot)	24	-5%	-5%	-10%	▼	►	►
	Milk	25	7%	18%	0%	▲	▲	►	Vegetable (cabbage)	19	-12%	-20%	-5%	▼	▼	►
	Potato	14	1%	-19%	-40%	►	▼	▼	Fruit (apple)	46	-17%	-56%	-1%	▼	▼	►
	Cooking oil	109	4%	8%	7%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	54	3%	8%	7%	►	►	►	Diesel	36	-2%	-7%	-19%	►	►	▼
	Petrol (Octane rating 92)	41	-1%	5%	-17%	►	►	▼								
OSH																
	Wheat flour (1st quality)	39	1%	1%	4%	►	►	►	Rice	112	1%	3%	3%	►	►	►
	Meat (mutton)	340	0%	0%	-3%	►	►	►	Egg	71	0%	-10%	-17%	►	▼	▼
	Meat (beef)	340	0%	-1%	-6%	►	►	►	Vegetable (carrot)	13	-13%	-30%	-45%	▼	▼	▼
	Milk	24	-2%	-5%	-29%	►	►	▼	Vegetable (cabbage)	23	38%	113%	4%	▲	▲	►
	Potato	17	2%	17%	-47%	►	▲	▼	Fruit (apple)	39	-17%	-53%	-32%	▼	-	▼
	Cooking oil	109	2%	5%	4%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	57	2%	2%	4%	►	►	►	Diesel	38	-2%	-7%	-15%	►	►	▼
	Petrol (Octane rating 92)	43	-1%	4%	-18%	►	►	▼								
JALALABAD																
	Wheat flour (1st quality)	34	0%	1%	1%	►	►	►	Rice	79	-10%	-13%	0%	▼	▼	►
	Meat (mutton)	317	-3%	-3%	-11%	►	►	►	Egg	83	7%	14%	13%	▲	▲	►
	Meat (beef)	313	0%	-1%	-12%	►	►	►	Vegetable (carrot)	20	7%	-2%	-31%	▲	►	▼
	Milk	33	-1%	-3%	-7%	►	►	►	Vegetable (cabbage)	17	-5%	50%	-26%	►	▲	►
	Potato	18	3%	29%	-40%	►	▲	▼	Fruit (apple)	47	-6%	-48%	-4%	▼	▼	►
	Cooking oil	102	2%	9%	6%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	56	2%	9%	3%	►	►	►	Diesel	38	-3%	-7%	-16%	►	►	▼
	Petrol (Octane rating 92)	43	0%	4%	-19%	►	►	▼								
BATKEN																
	Wheat flour (1st quality)	33	-5%	-1%	5%	►	►	►	Rice	79	-5%	-8%	3%	▼	►	►
	Meat (mutton)	350	0%	0%	0%	►	►	►	Egg	95	-11%	-11%	3%	▼	▼	►
	Meat (beef)	350	0%	0%	1%	►	►	►	Vegetable (carrot)	15	9%	-1%	-5%	▲	►	►
	Milk	35	-4%	-13%	-12%	►	▼	►	Vegetable (cabbage)	19	27%	64%	-31%	▲	▲	▼
	Potato	17	1%	18%	-31%	►	▲	▼	Fruit (apple)	28	-2%	-32%	-9%	►	▼	►
	Cooking oil	109	0%	0%	-2%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	58	5%	6%	6%	►	►	►	Diesel	39	-3%	-6%	-16%	►	►	▼
	Petrol (Octane rating 92)	44	0%	5%	-16%	►	►	▼								
NATIONAL																
	Wheat flour (1st quality)	35	0%	0%	6%	►	►	►	Rice	85	-1%	1%	7%	►	►	►
	Meat (mutton)	313	-2%	-4%	-5%	►	►	►	Egg	71	2%	0%	-7%	►	►	►
	Meat (beef)	342	0%	2%	-2%	►	►	►	Vegetable (carrot)	23	-16%	-16%	-16%	▼	▼	▼
	Milk	32	2%	7%	-10%	►	►	►	Vegetable (cabbage)	20	8%	36%	0%	▲	▲	►
	Potato	17	-3%	-7%	-38%	►	▼	▼	Fruit (apple)	56	-27%	-42%	-31%	▼	▼	▼
	Cooking oil	106	5%	8%	9%	►	►	►	Fruit (apricot)	-	-	-	-	-	-	-
	Sugar	55	3%	7%	6%	►	►	►	Diesel	37	-2%	-6%	-16%	►	►	▼
	Petrol (Octane rating 92)	42	0%	4%	-16%	►	►	▼								

▲ 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

Data sources and methodologies

- ¹ **Data for retail prices of 9 food security commodities** are collected by the National Statistics Committee of the Kyrgyz Republic on a daily basis from 10 markets across the country (Bishkek, Osh, Tokmok, Kara-balta, Talas, Karakol, Naryn, Kara-su, Kyzyl-kiya and Batken).
- ² **Data for export price of wheat in Kazakhstan** is Free on Board [FOB] price for milled wheat at Aktau port. The FAO Global Information and Early Warning System (GIEWS) updates this data on a monthly basis. Methodological details are available online at <http://www.fao.org/giews/pricetool/>
- ³ **Currency exchange rate** used is the official daily exchange rate provided by the National Bank of Kyrgyz Republic. The monthly average rate was calculated for the bulletin.
- ⁴ **Domestic production of wheat for 2005 - 2014** is provided by the National Statistics Committee. The figure for 2015 is provided by the Ministry of Agriculture and Melioration and is subject to change.
- ⁵ **The deviation of the observed prices and estimated seasonal prices** are provided by WFP's Alert for Price Spikes (ALPS) in units of standard deviations. In July 2015, for example, the standard deviation of observed prices of wheat flour price and estimated seasonal prices was 0.74 in Osh, indicating that the market experienced unusually high price levels during this month. Seasonal prices were estimated using the price data for the last 10 years. Methodological guidance is available online at http://documents.wfp.org/stellent/groups/public/documents/manual_guide_proced/wfp264186.pdf
- ⁶ **International price of sugar** refers to the International Sugar Agreement (ISA) daily price for raw sugar, obtained from the International Sugar Organization. The price data is widely used by global market monitoring publications such as the World Bank's Commodity Markets Outlook (<http://www.worldbank.org/en/research/commodity-markets>).
- ⁷ **Food inflation** is measured by monthly changes in the food component of CPI. The food component of CPI is provided by the National Statistics Committee on a monthly basis.
- ⁸ **Precipitation pattern during El Nino event** is analyzed using global precipitation data (Climate Hazards Group, USGS-EROS and UCSB) for the period of 1982-2013. The map is developed by the WFP HQ VAM.
- ⁹ **El Nino** refers to the large-scale ocean-atmosphere climate phenomenon linked to a periodic warming in sea-surface temperatures across the central and east-central equatorial Pacific. Typical effects of El Nino include dry weather in Australasia and heavy rain in South America.
- ¹⁰ **Global agro-climatic context** is based on the analysis provided by the Global Agriculture Market Information System (AMIS), an inter-agency platform to strengthen collaboration among main crop exporting and importing countries established at the request of the Agriculture Ministers of the G20 in 2011. The bulletin mainly refers to the analysis provided by the AMIS Market Monitor.
- ¹¹ **Data for fuel prices** are provided by the National Statistics Committee on a monthly basis for 95-octane petrol, 92-octane petrol, 80-octane petrol and diesel. This bulletin reports the prices of 92-octane petrol and diesel which are the most commonly used for food transportation and agricultural machinery.
- ¹² **Data for remittance inflow** is provided by the National Bank of the Kyrgyz Republic. The amount includes remittances received from the Russian Federation, Kazakhstan, the United States, Germany and other countries, using money transfer systems.



This bulletin is prepared by the Technical Working Group on Price Monitoring for Food Security (TWG-PMFS) which is chaired by the Ministry of Economy and attended by the Ministry of Agriculture and Melioration, the National Bank, the National Statistics Committee and the National Institute for Strategic Study, with the technical support of the United Nations World Food Programme (WFP) and Food and Agriculture Organization of the United Nations (FAO). The bulletin aims to provide timely information and analysis on the domestic prices of basic food and non-food items, complemented by analysis of international markets. It also provides early warning on high food prices. This is the second issue of the bulletin for October 2015.

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