



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

World Food Programme

ISSUE 17, SEPTEMBER 2013

Monthly Update on Food Security and Price 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 17th issue of the update.

HIGHLIGHTS

- ◆ In September 2013, the retail price of wheat flour in both urban and rural areas decreased 1% on a month-on-month basis. National Statistics Committee's price monitoring data for urban markets also revealed 1% decrease in wheat flour prices.
- ◆ Despite a significant increase in the domestic harvest, the retail price of wheat flour decreased marginally and the national average price remained 30% higher than in June 2012 in both rural and urban areas. High prices of wheat in the international market and Kazakhstan are considered as potential factors that contributed to high domestic prices.
- ◆ While the price of wheat flour increased by 54% between June 2012 and February 2013, the wage rate for unskilled labour decreased by 7%. This indicates a significant deterioration in purchasing power during this period. The amount of wheat flour which could be bought by an unskilled labourer with a day's wage was 13.8 kg in June 2012 and 8.9 kg in February 2013. However, this situation improved in September 2013, with an increase in the ToT to 16.0 kg of wheat flour, reflecting higher wages and lower wheat flour prices.
- ◆ The national average price of sugar increased 2% on a month-on-month basis. The increase was particularly higher in rural areas (4% on month-on-month) compared to urban area (1%).
- ◆ National average prices of fuel (petrol 92) continued increasing for a second consecutive month with an additional 3% rise on a month-on-month basis. Diesel prices followed the same pattern for a second month with a 1% monthly increase. This might affect the prices of basic commodities, especially in remote rural markets.
- ◆ The price data comes from WFP's actual monthly recording of prices in seven urban and 13 rural markets around the country.
- ◆ Should any recipient of this bulletin require information from previous monitoring exercises conducted by WFP since June 2009, please contact the WFP Country Office in the Kyrgyz Republic at WFP.Bishkek@wfp.org

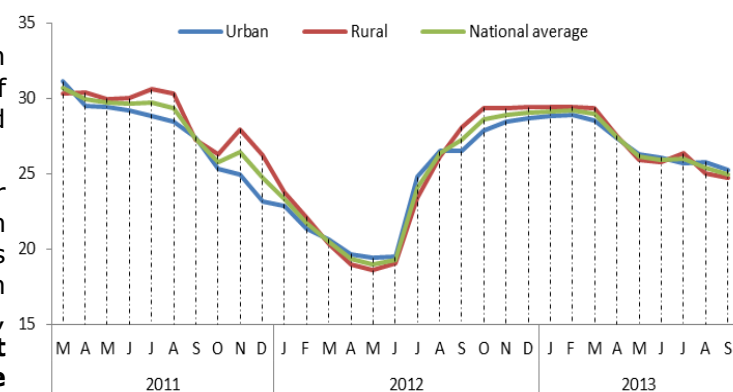
CONTENTS

Highlights.....	1
Wheat flour prices.....	1
International food market.....	2
Household purchasing power.....	2
Inflation.....	2
Prices of other basic commodities.....	2
Outlook for the next few months.....	3
WFP in the Kyrgyz Republic.....	4
Annex 1. Prices of basic commodities in rural and urban markets.....	5
Annex 2. Location of the markets monitored by WFP and NSC.....	6

WHEAT FLOUR PRICES (September 2013)

- ◆ The domestic harvest has been good with estimates suggesting a total national production of about 897,100 metric tonnes of wheat, compared to 570,000 metric tonnes last year.
- ◆ The national average retail price of wheat flour decreased by 1% on a month-on-month basis in September 2013 in both urban and rural areas (**Figure 1**). The NSC's price monitoring, which covered the main urban markets in the country, also recorded a 1% nation-wide decrease. **Market locations monitored by WFP and NSC are mapped in Annex 2.**

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



Source: WFP Monthly Market Monitoring

- ◆ Despite a significant increase in the domestic harvest, the retail price of wheat flour decreased by only 1% in September and the national average price of wheat flour remained 30% higher than in June 2012 in both rural and urban areas. High prices of wheat in the international market and Kazakhstan are considered as potential factors that contributed to high domestic prices.

INTERNATIONAL WHOLESALE PRICES

- ◆ In September 2013, the export FOB price of wheat in Kazakhstan remain unchanged month-on-month, while the export price in international markets (FOB Gulf of Mexico) increased marginally (0.3%). In both markets, prices remained significantly higher than in June 2012 (21% for FOB Kazakhstan and 11% for FOB Gulf of Mexico).

HOUSEHOLD PURCHASING POWER (SEPTEMBER 2013)

- ◆ While the price of wheat flour increased by 54% between June 2012 and February 2013, the wage rate for unskilled labour decreased by 7%. The ratio of the daily wage rate of unskilled labour and the retail price of wheat flour in the market (Terms of Trade, ToT) measures the amount of wheat flour that an unskilled wage labourer can purchase with a daily wage.
- ◆ As **Figure 3** shows, the ToT decreased for nine consecutive months from May 2012 due to a sharp increase in wheat flour prices. On average, the amount of wheat flour that an unskilled wage labourer can purchase with a daily wage, or ToT, was about 14 kg during March-June in 2012 but it decreased to 8.9 kg in February 2013.
- ◆ The ToT improved to 16.0 kg in September 2013, reflecting increased wages and reduced wheat flour prices. This indicates an improvement in purchasing power among households that relied on income wage labour.

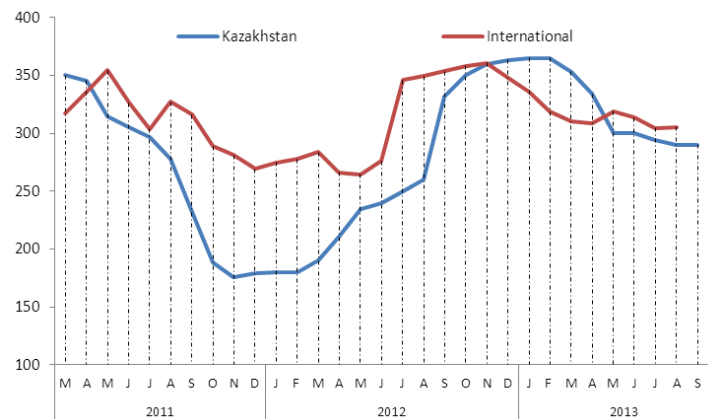
INFLATION (August 2013)

- ◆ Inflation in the Kyrgyz Republic has steadily increased since 2003, driven both by food and non-food items as indicated by the Consumer Price Index (**Figure 4**). The growth rate has been steady for non-food prices, but unsteady for food items. In August 2013, non-food CPI increased 0.1% while food CPI decreased by 0.7%.

PRICES OF OTHER BASIC COMMODITIES

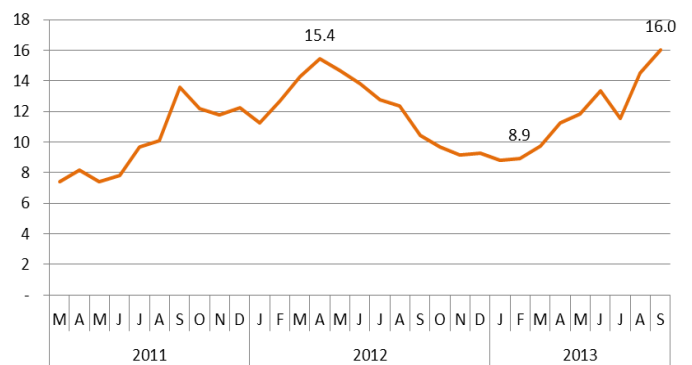
- ◆ The national average prices of beef and mutton show minor fluctuations for the last three months (-0.8% and -1.4% respectively). Compared with the same month in 2012, the price of mutton and beef was higher by 4% and 3% respectively (**Figure 5**). NSC data also shows minor changes in the price of mutton and beef for the last three months (2% and -3% respectively).

Figure 2. Wholesale price of wheat, USD/ton



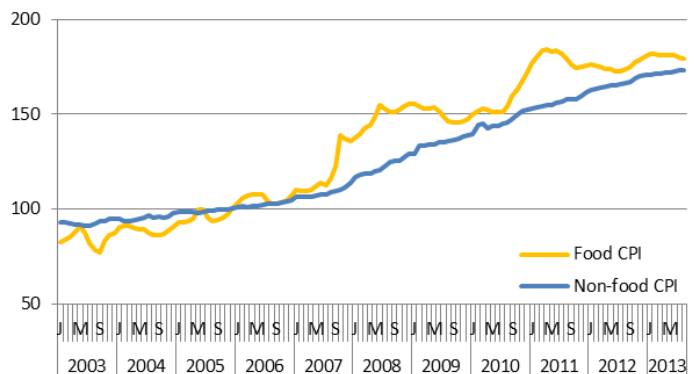
Source: 'International' refers to Wheat, Hard Red Winter No. 1, FOB Gulf of Mexico (IMF); 'Kazakhstan' to Milling Wheat, Export (APK-Inform Agency)

Figure 3. Terms of trade (ToT) March 2011-September 2013



Source: WFP Monthly Market Monitoring

Figure 4. Consumer Price Index (food and non-food) (base year = 2003)



Source: WFP elaboration based on NSC data

- ◆ The average prices of sugar increased 2% on a month-on-month basis (1% in urban and 4% in rural areas, **Figure 6**). NCS price monitoring also points to a nation-wide increase of 1% in urban markets.
- ◆ The cooking oil price remained unchanged in urban markets on a month-on-month basis. However, a 2% increase was observed in rural markets (**Figure 7**). NSC price monitoring also points to a marginal increase (1%) in urban areas.
- ◆ The national average price of fuel (petrol 92) continued to increase for a second consecutive month with an additional 3% rise on a month-on-month basis (**Figure 8**). Diesel prices followed the same pattern for a second month with a 1% monthly increase. This might affect the prices of basic commodities, especially in remote rural markets.

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

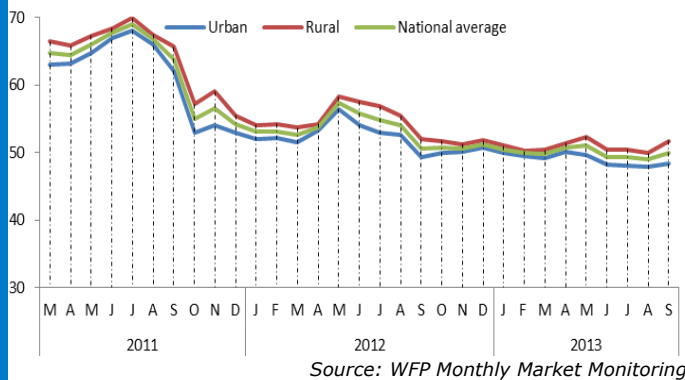


Figure 5. Retail prices of beef and mutton (national average, in Kyrgyz som per kg)

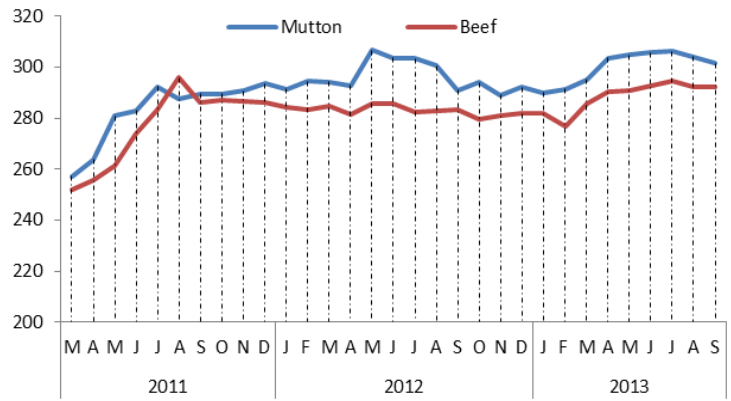


Figure 7. Retail prices of cooking oil (Rural and urban, KGS/liter)

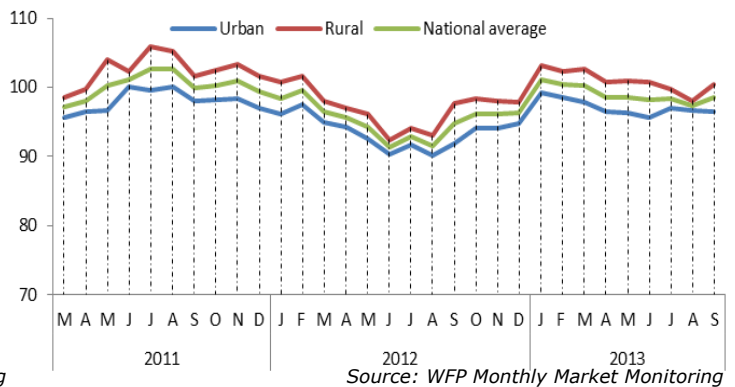
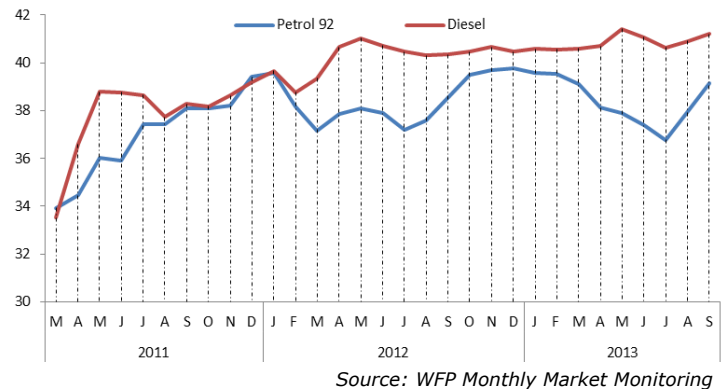


Figure 8. Retail prices of fuel (Petrol 92 and diesel, KGS/liter)



OUTLOOK FOR THE NEXT FEW MONTHS








- ◆ The price of wheat flour was relatively low in 2012, but has increased since mid-2012. Despite a good cereal harvest in 2013, the retail price of wheat flour has yet to come down significantly. The stability of wheat prices rely also on low and stable import prices, the quality of domestically produced wheat flour, stable transportation costs, sufficient storage capacity, and the existence of efficient market intervention mechanisms.
- ◆ The results of WFP's regular household food security assessments (HFSAs) showed household food consumption and purchasing power deteriorated during the autumn of 2012 and in early spring of 2013. The ToT analysis indicates that household purchasing power has improved towards the autumn. Household food consumption is also expected to improve in autumn as the production of the main crops (wheat, potatoes and vegetables) is good. However, the high cost of the food basket remains a key concern.
- ◆ Increased fuel prices will keep prices high for the main commodities. It is unlikely that basic foods prices will go down significantly to pre-2007/8 crisis levels in the near future. Close attention should be paid to volatile wheat flour prices and higher prices for some basic food items in rural areas, as this could indicate deteriorating food security.

WFP IN THE KYRGYZ REPUBLIC

- ◆ **Food security analysis and monitoring:** In July 2013, WFP completed an EU-funded project that aimed to strengthen the national food security monitoring system in order to better predict and respond to food insecurity in an efficient, and timely manner. WFP shared its expertise to strengthen food security analysis using a mobile data collection system, and provided new equipment for anthropometric measurements to improve government capacity to efficiently monitor food security for timely and appropriate responses. WFP is also executing "Real-time Monitoring of Social Impacts of Food Crisis" in the Kyrgyz Republic and Tajikistan, a qualitative monitoring project funded by the World Bank. This project provides qualitative information on the social impacts of rising food prices, and complements WFP's current food security assessments and monitoring activities.
- ◆ **Vulnerable Group Feeding (VGF):** WFP's VGF programme is supporting the most vulnerable people in the country by providing fortified staple foods to meet calorific needs and by helping ease the burden of increasing expenditures for basic foods. In April-May 2013, WFP supported 123,000 people in the most food-insecure rural areas with 1,395 tons of food commodities. Selection criteria included being a low income household (earning less than 450 soms (US\$10) per person per month) with three or more children below the age of 14, having no productive assets and livestock, and limited land plots.
- ◆ **Community asset development for food security:** In 2013 WFP expanded its Food-for-Assets/ Training (FFA/T) projects aimed at disaster mitigation and rural infrastructure rehabilitation and is planning to reach 90,000 project beneficiaries who will receive food commodities from WFP. Project activities include rehabilitation of irrigation networks, riverbank reinforcement works, protection and expansion of existing forests and vegetable growing across the country. These activities have proved to be an effective instrument in building a foundation for lasting improvements in food security.
- ◆ **Optimising Primary School Meals Programme:** From 2013-2016, WFP will provide technical assistance to government to reform the country's national school meals programme by helping to sustainably improve the quality and efficiency of its existing programme while building government capacity. WFP will assist the government in developing a national school meals policy and implementation strategy. As a secondary component, WFP will implement pilots to improve meals in selected schools, renovate school canteens and water and sanitation facilities, and introduce more nutritious meals in selected food-insecure areas of the country.

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (SEPTEMBER 2013)

Retail prices of basic commodities are monitored on a monthly basis in selected rural and urban 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
	Urban							Rural								
	Wheat flour (1st quality)	26	-4%	-7%	-4%	▶	▶	▶	Wheat flour (1st quality)	25	0%	0%	-22%	▶	▶	▼
	Meat (mutton)	270	0%	-4%	-10%	▶	▶	▶	Meat (mutton)	300	0%	0%	11%	▶	▶	▶
	Meat (beef)	280	0%	0%	4%	▶	▶	▶	Meat (beef)	300	0%	-3%	7%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	-	-	-	-	▶	▶	▶
	Potato	20	0%	11%	60%	▶	▶	▶	Potato	18	-10%	-28%	20%	▶	▶	▶
	Cooking oil	93	0%	1%	9%	▶	▶	▶	Cooking oil	93	3%	-2%	-7%	▶	▶	▶
	Sugar	47	0%	-2%	-6%	▶	▶	▶	Sugar	53	1%	-1%	-5%	▶	▶	▶
	Petrol (Octane rating 92)	39	6%	7%	2%	▶	▶	▶	Petrol (Octane rating 92)	39	6%	11%	1%	▶	▶	▶
Diesel	40	0%	0%	1%	▶	▶	▶	Diesel	40	0%	1%	1%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	23	3%	-3%	-1%	▶	▶	▶	Wheat flour (1st quality)	24	3%	-6%	-4%	▶	▶	▶
	Meat (mutton)	268	0%	-4%	-8%	▶	▶	▶	Meat (mutton)	280	0%	-2%	-5%	▶	▶	▶
	Meat (beef)	272	0%	-5%	-9%	▶	▶	▶	Meat (beef)	-	-	-	-	▶	▶	▶
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	18	23%	-38%	61%	▶	▶	▶	Potato	17	18%	-45%	32%	▶	▶	▶
	Cooking oil	95	-1%	5%	-3%	▶	▶	▶	Cooking oil	95	8%	0%	-3%	▶	▶	▶
	Sugar	46	1%	-4%	-2%	▶	▶	▶	Sugar	48	0%	0%	-4%	▶	▶	▶
	Petrol (Octane rating 92)	37	2%	4%	2%	▶	▶	▶	Petrol (Octane rating 92)	37	2%	4%	-1%	▶	▶	▶
Diesel	38	0%	1%	4%	▶	▶	▶	Diesel	38	0%	-1%	3%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	25	-7%	-7%	-7%	▶	▶	▶	Wheat flour (1st quality)	25	-7%	-7%	-7%	▶	▶	▶
	Meat (mutton)	290	-3%	-2%	5%	▶	▶	▶	Meat (mutton)	290	-3%	-3%	0%	▶	▶	▶
	Meat (beef)	320	0%	0%	15%	▶	▶	▶	Meat (beef)	320	0%	0%	10%	▶	▶	▶
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	20	0%	0%	0%	▶	▶	▶
	Potato	15	-25%	-57%	50%	▶	▶	▶	Potato	15	-25%	-57%	50%	▶	▶	▶
	Cooking oil	102	0%	0%	-3%	▶	▶	▶	Cooking oil	105	0%	0%	-5%	▶	▶	▶
	Sugar	50	0%	0%	0%	▶	▶	▶	Sugar	54	0%	-2%	-2%	▶	▶	▶
	Petrol (Octane rating 92)	38	0%	0%	5%	▶	▶	▶	Petrol (Octane rating 92)	-	0%	0%	0%	▶	▶	▶
Diesel	40	0%	-3%	2%	▶	▶	▶	Diesel	-	0%	0%	0%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	26	0%	-7%	-1%	▶	▶	▶	Wheat flour (1st quality)	25	0%	-17%	-17%	▶	▶	▶
	Meat (mutton)	270	-1%	-10%	1%	▶	▶	▶	Meat (mutton)	-	-	-	-	▶	▶	▶
	Meat (beef)	-	0%	0%	0%	▶	▶	▶	Meat (beef)	-	-	-	-	▶	▶	▶
	Milk	20	33%	-20%	0%	▶	▶	▶	Milk	15	0%	-40%	0%	▶	▶	▶
	Potato	12	-38%	-63%	23%	▶	▶	▶	Potato	10	-50%	-72%	25%	▶	▶	▶
	Cooking oil	95	0%	-2%	-2%	▶	▶	▶	Cooking oil	120	7%	0%	7%	▶	▶	▶
	Sugar	46	2%	1%	-3%	▶	▶	▶	Sugar	55	10%	6%	15%	▶	▶	▶
	Petrol (Octane rating 92)	36	0%	0%	-4%	▶	▶	▶	Petrol (Octane rating 92)	-	0%	0%	0%	▶	▶	▶
Diesel	40	3%	2%	5%	▶	▶	▶	Diesel	-	0%	0%	0%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	27	-2%	-2%	-2%	▶	▶	▶	Wheat flour (1st quality)	25	0%	0%	-14%	▶	▶	▶
	Meat (mutton)	327	0%	9%	11%	▶	▶	▶	Meat (mutton)	320	-3%	-3%	1%	▶	▶	▶
	Meat (beef)	300	0%	7%	7%	▶	▶	▶	Meat (beef)	300	2%	3%	3%	▶	▶	▶
	Milk	25	0%	0%	-6%	▶	▶	▶	Milk	27	0%	7%	33%	▶	▶	▶
	Potato	18	0%	-35%	2%	▶	▶	▶	Potato	20	20%	-33%	9%	▶	▶	▶
	Cooking oil	99	-1%	-1%	5%	▶	▶	▶	Cooking oil	99	-1%	-1%	-1%	▶	▶	▶
	Sugar	53	2%	6%	6%	▶	▶	▶	Sugar	53	6%	6%	6%	▶	▶	▶
	Petrol (Octane rating 92)	38	0%	2%	-1%	▶	▶	▶	Petrol (Octane rating 92)	42	8%	10%	4%	▶	▶	▶
Diesel	42	0%	0%	1%	▶	▶	▶	Diesel	42	0%	1%	2%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	25	-3%	4%	-7%	▶	▶	▶	Wheat flour (1st quality)	25	-3%	5%	-6%	▶	▶	▶
	Meat (mutton)	300	0%	0%	0%	▶	▶	▶	Meat (mutton)	300	0%	0%	7%	▶	▶	▶
	Meat (beef)	290	0%	0%	4%	▶	▶	▶	Meat (beef)	270	0%	0%	8%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	27	0%	0%	0%	▶	▶	▶
	Potato	20	-8%	-25%	20%	▶	▶	▶	Potato	20	-8%	-20%	20%	▶	▶	▶
	Cooking oil	88	0%	-2%	-9%	▶	▶	▶	Cooking oil	90	0%	-4%	-7%	▶	▶	▶
	Sugar	47	0%	4%	-6%	▶	▶	▶	Sugar	47	0%	3%	-8%	▶	▶	▶
	Petrol (Octane rating 92)	41	4%	10%	4%	▶	▶	▶	Petrol (Octane rating 92)	37	0%	-3%	-8%	▶	▶	▶
Diesel	43	2%	1%	2%	▶	▶	▶	Diesel	43	2%	1%	2%	▶	▶	▶	
	Urban							Rural								
	Wheat flour (1st quality)	25	0%	3%	-9%	▶	▶	▶	Wheat flour (1st quality)	24	-1%	-1%	-11%	▶	▶	▶
	Meat (mutton)	350	0%	0%	26%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	280	0%	0%	1%	▶	▶	▶	Meat (beef)	280	0%	0%	-3%	▶	▶	▶
	Milk	28	0%	-15%	42%	▶	▶	▶	Milk	27	0%	0%	33%	▶	▶	▶
	Potato	15	-25%	-42%	50%	▶	▶	▶	Potato	17	-13%	-33%	73%	▶	▶	▶
	Cooking oil	103	0%	5%	55%	▶	▶	▶	Cooking oil	102	0%	5%	53%	▶	▶	▶
	Sugar	49	0%	-1%	-1%	▶	▶	▶	Sugar	53	8%	7%	-3%	▶	▶	▶
	Petrol (Octane rating 92)	43	7%	9%	7%	▶	▶	▶	Petrol (Octane rating 92)	43	7%	2%	3%	▶	▶	▶
Diesel	45	1%	1%	1%	▶	▶	▶	Diesel	44	1%	-2%	-1%	▶	▶	▶	

- ▲ 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 - LOCATION OF THE MARKETS MONITORED BY WFP AND NSC

- ◆ Retail prices of basic food commodities are monitored and reported by the NSC in selected rayon capitals (coloured in red) and Kyzyl-Kiya (major market in Kadamjai rayon in Batken Oblast).
- ◆ WFP monitors prices of basic food commodities in seven markets in urban areas and thirteen markets in rural areas, where about 76% of people classified as 'poor' live.
- ◆ Higher 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.



Administrative boundaries Monitored markets

