



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

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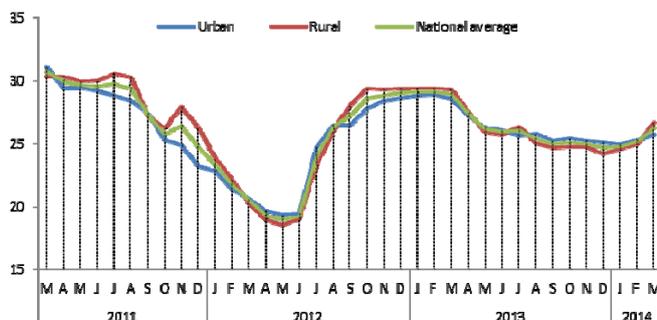
Monthly Update on Food Security and Price is produced by the Vulnerability Analysis and Mapping (VAM) Unit of the World Food Programme Country Office in the Kyrgyz Republic as a contribution to periodic food security monitoring in the country. This is the 22nd issue of the update.

Highlights

- The national average retail price of wheat flour increased by 4% on a month-on-month basis in March 2014. The increase was lower in urban areas (2%) and higher in rural areas (7%). The price was 9% lower on a year-on-year basis, but was 36% higher than the lowest point in the last three-years, which was recorded in May/June 2012. National Statistics Committee's (NSC) price monitoring, which covers the main urban markets showed a 1% increase in wheat flour prices on a month-on-month basis.
- In March 2014 the national average price of sugar sharply increased by 11% on a month-on-month basis. The price of cooking oil also increased by 2% on a month-on-month basis. Meat prices remained at record high levels - the prices were 8% and 10% higher for mutton and beef respectively, than in March 2013.
- Fuel prices showed a significant increase in March 2014 on a month-on-month basis: 92 octane petrol was 5% higher and diesel was 3% higher. Prices have been consistently higher in rural areas since WFP started price monitoring in rural areas in April 2012.
- The Kyrgyz Som had depreciated against the US dollar by 6% on a month-on-month basis and by 11% on the annual basis.
- 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.
- Market stability during the early spring period is critical for vulnerable households, because food consumption, especially dietary diversity, tends to deteriorate due to depleted household food stocks and increased expenditures on agricultural inputs. In the months ahead, WFP will pay close attention to a number of risk factors: the potential impact of the depreciation of the national currency on food and fuel prices, higher prices for some food items in rural areas, the levels of household level food consumption and the occurrence of natural disasters such as avalanches and landslides.

WHEAT FLOUR PRICES (MARCH 2014)

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

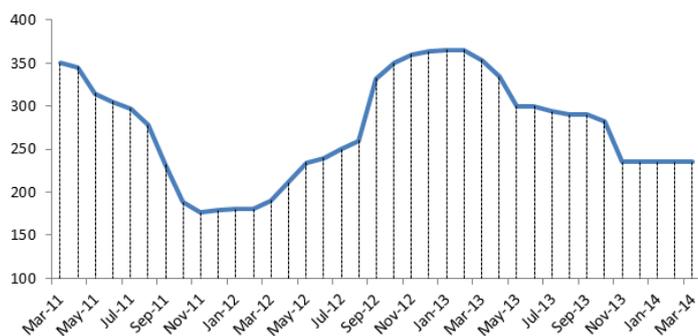


Source: WFP Monthly Market Monitoring

The national average retail price of wheat flour increased 4% on a month-on-month basis in March 2014 (Figure 1). The increase was lower in urban areas (2%) and higher in rural areas (7%). The price was 9% lower on a year-on-year basis, but was 36% higher than the lowest point in the last three-years, which was recorded in May/June 2012. National Statistics Committee's (NSC) price monitoring, which covers the main urban markets showed a 1% increase in wheat flour prices on a month-on-month basis.

INTERNATIONAL PRICES (MARCH 2014)

Figure 2. Wholesale price of wheat, USD/ton

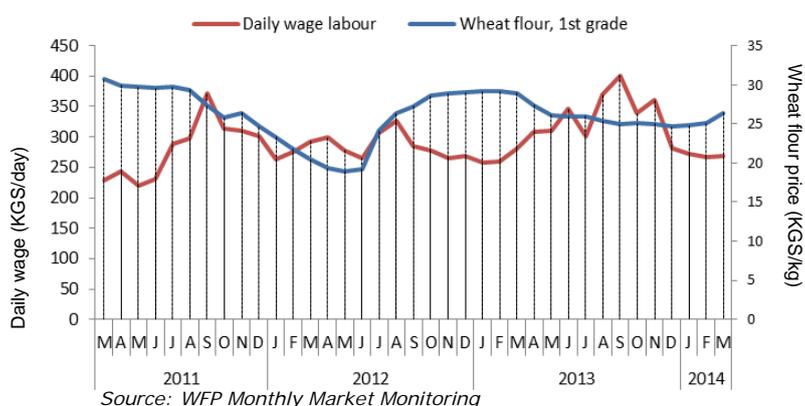


Source: milling wheat export price, Kazakhstan, Global Information and Early Warning System

The export price of wheat in Kazakhstan (Free on Board [FOB] rate) was stable during the last four months following a sharp 17% decrease in November 2013. On a year-on-year basis, the price in February 2014 was 33% lower (Figure 2).

HOUSEHOLD PURCHASING POWER (MARCH 2014)

Figure 3. Retail prices of wheat flour and daily wage rates of unskilled labourer

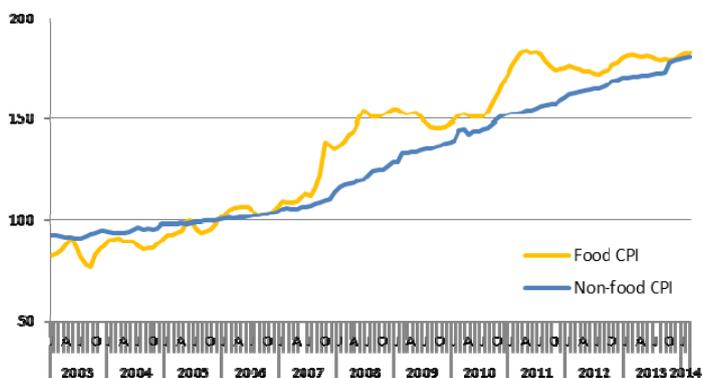


Source: WFP Monthly Market Monitoring

According to WFP's monthly monitoring, daily wage rates of unskilled labour did not show fluctuations. However, increased domestic retail prices of wheat flour in March 2014 indicate that wheat flour continues to become less affordable for unskilled labourers (Figure 3).

INFLATION (FEBRUARY 2014)

Figure 4. Consumer Price Index (food and non-food)

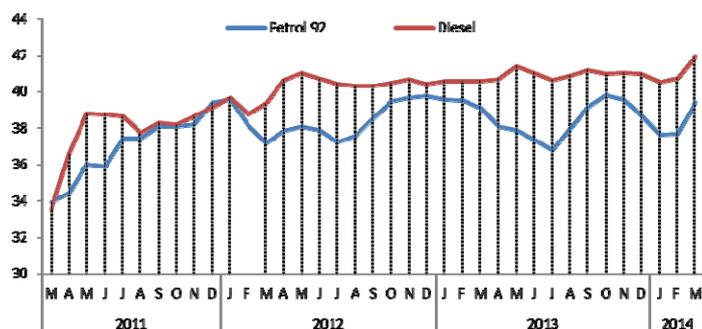


Source: WFP elaboration based on NSC data

Inflation in the Kyrgyz Republic has steadily increased since 2007, driven both by food and non-food price inflation as indicated by the Consumer Price Index (CPI) in Figure 4. The growth rate of non-food prices has steadily climbed since 2003 while the prices of food items have shown some fluctuations. In February, non-food CPI increased 0.6% while food CPI increased by 0.9%. On the annual basis, non-food CPI increased 6.9% and food CPI increased by 1.9%.

FUEL PRICES AND EXCHANGE RATE (MARCH 2014)

Figure 5. Retail prices of fuel (Petrol 92 and diesel, KGS/litre)

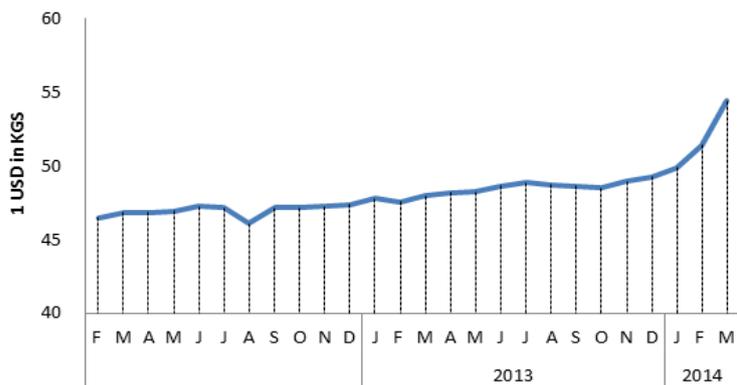


Source: WFP Monthly Market Monitoring

Fuel prices showed a significant increase in March 2014 on a month-on-month basis: 92 octane petrol was 5% higher and diesel was 3% higher (Figure 5). 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 (MARCH 2014)

Figure 6. Exchange rate of US Dollar against the KGS

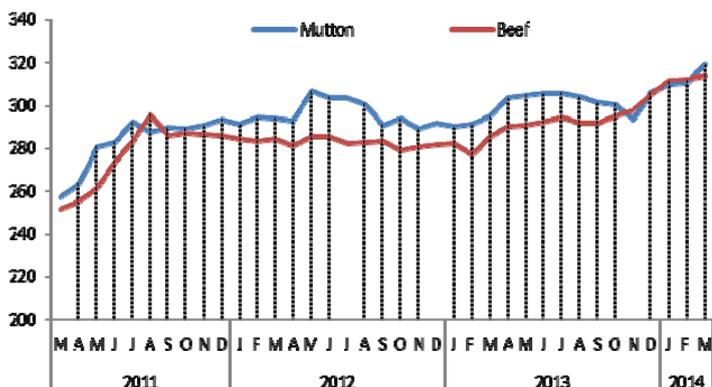


Source: National Bank of the Kyrgyz Republic

The Kyrgyz Som depreciated against the US dollar by 6% on a month-on-month basis in March 2014 and by 11% on annual basis (Figure 6). Sharp depreciation likely affected the retail prices of the main imported food commodities. A close monitoring of the situation in currency exchange markets and the impact on domestic retail prices is required.

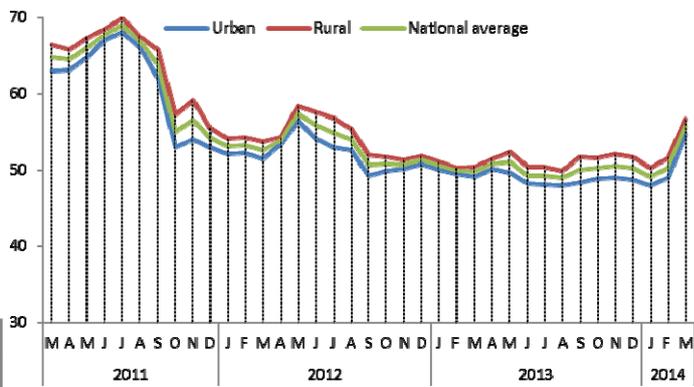
PRICES OF OTHER BASIC COMMODITIES (MARCH 2014)

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



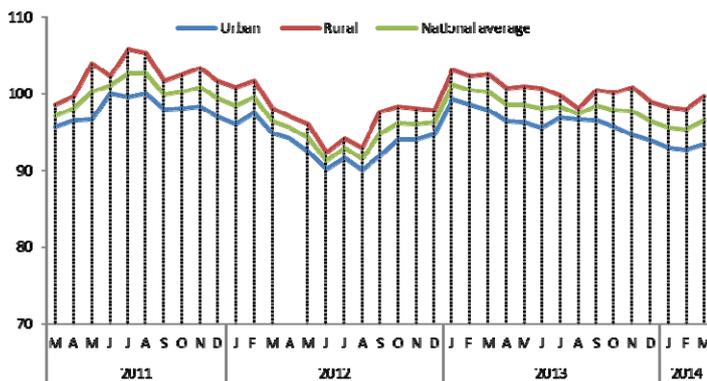
Source: WFP Monthly Market Monitoring

Figure 8. Retail prices of sugar (KGS per kg)



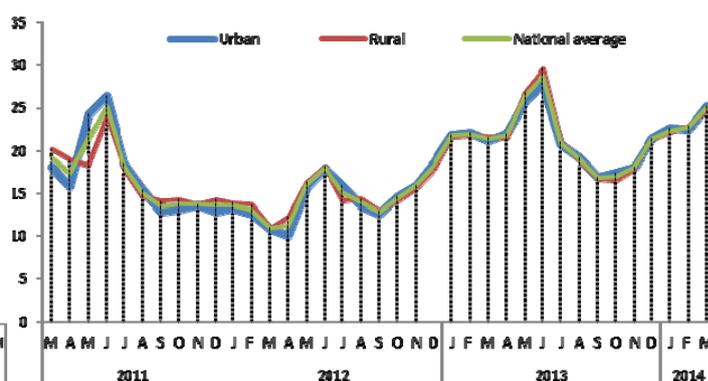
Source: WFP Monthly Market Monitoring

Figure 9. Retail prices of cooking oil (KGS per liter)



Source: WFP Monthly Market Monitoring

Figure 10. Retail prices of potato (KGS per kg)



Source: WFP Monthly Market Monitoring

In March 2014 the national average price of sugar sharply increased by 11% on a month-on-month basis. The price of cooking oil increased 2% in March 2014. Milk prices remained unchanged on a month-on-month basis but were 8% higher than a year ago. Meat prices did not show major fluctuations on a month-on-month basis, but record high prices were observed in February-March 2014. The prices were 8% and 10% higher for mutton and beef respectively, than in March 2013. Similar changes in the abovementioned commodities were reported by NSC monitoring. Potato prices increased for five consecutive months at a higher than normal rate in both rural and urban areas, following seasonal trends. However, in March 2014, the national average price of potato increased by 10% on a month-on-month basis and 17% on a year-on-year basis.

OUTLOOK FOR THE NEXT FEW MONTHS

- ◆ Market stability during the early spring period is critical for vulnerable households, because food consumption, especially dietary diversity, tends to deteriorate due to depleted household food stocks and increased expenditures on agricultural inputs.
- ◆ In the months ahead, the potential effects of the following factors on food prices are to be monitored: currency exchange rate, fuel prices, transportation costs, international grain prices and remittances from migrant workers.
- ◆ Wheat export prices in Kazakhstan remained stable during the last four months, but potential effects of increased export prices in the Russian Federation and Ukraine needs to be closely monitored.
- ◆ The prices of potatoes are considerably higher than the same period in the last year. The increase in potato prices in spring is seasonal and a further increase is expected for the next few months.

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 the 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 irrigation networks, riverbank reinforcement works and vegetable growing, with view to building the resilience of vulnerable communities. WFP is also assisting the Government in developing a national school meals policy and implementation strategy and is providing technical assistance to the government to sustainably improve the quality and efficiency of the existing school meal 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 over the coming year.



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Monthly bulletins and more VAM publications are available on:

www.wfp.org/countries/kyrgyzstan/publications

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (MARCH 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
	Urban						Rural									
	Wheat flour (1st quality)	29	2%	7%	2%	▶	▲	▶	Wheat flour (1st quality)	28	5%	9%	-9%	▶	▶	▶
	Meat (mutton)	330	14%	18%	10%	▲	▲	▲	Meat (mutton)	300	0%	0%	7%	▶	▶	▶
	Meat (beef)	330	3%	10%	14%	▶	▲	▲	Meat (beef)	300	0%	0%	7%	▶	▶	▶
	Milk	35	6%	9%	17%	▲	▲	▲	Milk	-	-	-	-	-	-	-
	Potato	30	30%	43%	20%	▲	▲	▲	Potato	24	0%	9%	9%	▶	▶	▶
	Cooking oil	98	0%	2%	7%	▶	▶	▶	Cooking oil	98	1%	4%	5%	▶	▶	▶
	Sugar	55	2%	17%	10%	▶	▲	▲	Sugar	59	2%	3%	15%	▶	▶	▶
Petrol (Octane rating 92)	39	5%	3%	3%	▲	▶	▶	Petrol (Octane rating 92)	39	5%	4%	4%	▲	▶	▶	
Diesel	42	5%	5%	6%	▶	▶	▲	Diesel	42	5%	5%	6%	▶	▶	▲	
	Urban						Rural									
	Wheat flour (1st quality)	24	2%	3%	-10%	▶	▶	▶	Wheat flour (1st quality)	24	1%	2%	-9%	▶	▶	▶
	Meat (mutton)	305	11%	14%	11%	▲	▲	▶	Meat (mutton)	300	7%	7%	5%	▲	▶	▶
	Meat (beef)	298	7%	10%	8%	▲	▲	▶	Meat (beef)	-	-	-	-	-	-	-
	Milk	25	-9%	11%	25%	▼	▶	▲	Milk	25	-9%	11%	25%	▼	▲	▲
	Potato	22	6%	4%	60%	▲	▶	▲	Potato	23	0%	0%	61%	▶	▶	▲
	Cooking oil	82	-1%	-1%	-16%	▶	▶	▼	Cooking oil	90	2%	2%	-8%	▶	▶	▶
	Sugar	55	15%	20%	19%	▲	▲	▲	Sugar	55	13%	15%	15%	▲	▲	▲
Petrol (Octane rating 92)	38	6%	11%	4%	▲	▲	▶	Petrol (Octane rating 92)	38	6%	7%	1%	▲	▶	▶	
Diesel	40	2%	5%	8%	▶	▶	▶	Diesel	40	4%	7%	8%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	27	9%	16%	-11%	▲	▲	▶	Wheat flour (1st quality)	27	8%	17%	-10%	▲	▲	▶
	Meat (mutton)	290	0%	0%	14%	▶	▶	▶	Meat (mutton)	290	0%	0%	12%	▶	▶	▶
	Meat (beef)	300	-6%	-6%	5%	▼	▶	▶	Meat (beef)	300	-6%	-6%	3%	▼	▶	▶
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	25	0%	0%	25%	▶	▶	▲
	Potato	19	12%	27%	56%	▲	▲	▲	Potato	18	20%	50%	54%	▲	▲	▲
	Cooking oil	100	0%	0%	-5%	▶	▶	▶	Cooking oil	105	0%	0%	-5%	▶	▶	▶
	Sugar	55	9%	10%	10%	▲	▶	▶	Sugar	60	12%	12%	9%	▲	▲	▶
Petrol (Octane rating 92)	39	2%	3%	0%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	-	-	-	
Diesel	40	0%	0%	0%	▶	▶	▶	Diesel	-	-	-	-	-	-	-	
	Urban						Rural									
	Wheat flour (1st quality)	25	-7%	-7%	-18%	▼	▶	▼	Wheat flour (1st quality)	30	-	-	-8%	▶	▶	▶
	Meat (mutton)	320	0%	14%	12%	▶	▲	▶	Meat (mutton)	350	-	-	17%	▶	▶	▶
	Meat (beef)	320	0%	7%	4%	▶	▶	▶	Meat (beef)	350	-	-	10%	▶	▶	▶
	Milk	20	-33%	-25%	-20%	▼	▶	▼	Milk	20	-33%	-	-20%	▼	▶	▼
	Potato	25	0%	23%	23%	▶	▲	▲	Potato	-	-	-	-	-	-	-
	Cooking oil	88	2%	4%	-2%	▶	▶	▶	Cooking oil	120	7%	9%	6%	▲	▶	▶
	Sugar	52	11%	14%	17%	▲	▲	▲	Sugar	60	9%	9%	20%	▲	▶	▶
Petrol (Octane rating 92)	39	6%	-2%	4%	▲	▶	▶	Petrol (Octane rating 92)	40	0%	0%	5%	▶	▶	▶	
Diesel	40	4%	1%	3%	▶	▶	▶	Diesel	45	4%	4%	13%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	27	0%	0%	-1%	▶	▶	▶	Wheat flour (1st quality)	26	0%	8%	-4%	▶	▶	▶
	Meat (mutton)	323	-2%	-2%	8%	▶	▶	▶	Meat (mutton)	320	-3%	0%	7%	▶	▶	▶
	Meat (beef)	320	0%	-2%	14%	▶	▶	▶	Meat (beef)	320	0%	0%	14%	▶	▶	▶
	Milk	29	-7%	-12%	-26%	▼	▶	▼	Milk	30	0%	0%	12%	▶	▶	▶
	Potato	28	13%	16%	0%	▲	▲	▶	Potato	32	19%	36%	0%	▲	▲	▶
	Cooking oil	102	2%	2%	2%	▶	▶	▶	Cooking oil	100	0%	0%	0%	▶	▶	▶
	Sugar	55	10%	8%	10%	▲	▶	▶	Sugar	55	10%	10%	10%	▲	▶	▶
Petrol (Octane rating 92)	38	3%	-4%	-6%	▶	▶	▶	Petrol (Octane rating 92)	40	8%	0%	-2%	▲	▶	▶	
Diesel	41	2%	-2%	-2%	▶	▶	▶	Diesel	43	5%	3%	3%	▲	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	24	-1%	0%	-14%	▶	▶	▶	Wheat flour (1st quality)	26	0%	2%	-13%	▶	▶	▶
	Meat (mutton)	320	0%	0%	7%	▶	▶	▶	Meat (mutton)	320	0%	7%	14%	▶	▶	▶
	Meat (beef)	300	-6%	0%	7%	▼	▶	▶	Meat (beef)	300	0%	3%	20%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	30	0%	0%	0%	▶	▶	▶
	Potato	28	17%	12%	0%	▲	▲	▶	Potato	30	0%	25%	-3%	▶	▲	▶
	Cooking oil	85	0%	-6%	-12%	▶	▶	▶	Cooking oil	85	-8%	-6%	-15%	▼	▶	▶
	Sugar	55	15%	10%	10%	▲	▶	▶	Sugar	55	5%	-3%	-5%	▲	▶	▶
Petrol (Octane rating 92)	40	5%	0%	-1%	▲	▶	▶	Petrol (Octane rating 92)	40	-3%	-9%	-7%	▶	▶	▶	
Diesel	42	0%	-1%	-1%	▶	▶	▶	Diesel	42	-1%	-2%	-1%	▶	▶	▶	
	Urban						Rural									
	Wheat flour (1st quality)	25	0%	0%	-16%	▲	▶	▼	Wheat flour (1st quality)	26	8%	3%	-15%	▲	▶	▶
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	320	0%	7%	14%	▶	▶	▶	Meat (beef)	320	0%	7%	14%	▶	▶	▶
	Milk	37	16%	10%	0%	▲	▶	▶	Milk	38	44%	44%	10%	▲	▲	▶
	Potato	24	4%	5%	16%	▶	▶	▲	Potato	22	-8%	-5%	2%	▼	▶	▶
	Cooking oil	98	2%	-5%	-5%	▶	▶	▶	Cooking oil	100	2%	-2%	-3%	▶	▶	▶
	Sugar	56	0%	8%	5%	▶	▶	▶	Sugar	58	9%	9%	9%	▲	▶	▶
Petrol (Octane rating 92)	42	6%	3%	-2%	▲	▶	▶	Petrol (Octane rating 92)	41	3%	0%	-2%	▶	▶	▶	
Diesel	44	4%	3%	1%	▶	▶	▶	Diesel	44	2%	1%	-2%	▶	▶	▶	

- ▲ 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 about 76% 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.

