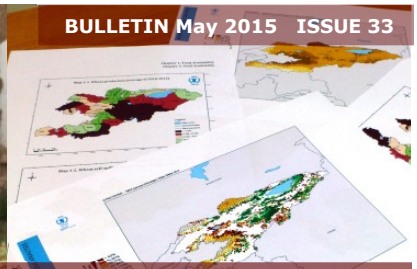




BULLETIN May 2015 ISSUE 33

MONTHLY UPDATE ON FOOD SECURITY AND PRICES IN RURAL AND URBAN AREAS IN THE KYRGYZ REPUBLIC

ISSUE #33, 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 33rd issue of the update.

Highlights

- According to the analysis of global precipitation data, the rainfall during Aprill and May has been above average in the northeast and southwest, and average in the northwest (**Figure 1**). Currently, an extreme dry spell is not anticipated.
- The national average retail price of wheat flour did not change on a month-on-month basis in May 2015 (**Figure 2**). However, it remained at a near-record level in nominal terms with the price around 13% higher than the same month of 2014, pressured by a sharp depreciation of the Kyrgyz Som (**Figure 6**) and high export prices from Kazakhstan (**Figure 5**) since September 2014, as well as reduced domestic production in 2014.
- The International Grains Council (IGC)'s Wheat Price Index fell in the first quarter of 2015 (**Figure 4**). The export price of wheat in Kazakhstan remained unchanged in May 2015. However, the price was 2% higher on a year-on-year basis (**Figure 5**).
- After nine consecutive months of depreciation since August 2014, the Kyrgyz som appreciated against the US dollar by around 6% in May 2015. However, the currency depreciated by 12% when compared to the same month last year (**Figure 6**).
- During January and April in 2015, the net inflow of remittances decreased by 31% in US dollar terms compared to the same period last year (**Figure 12**).

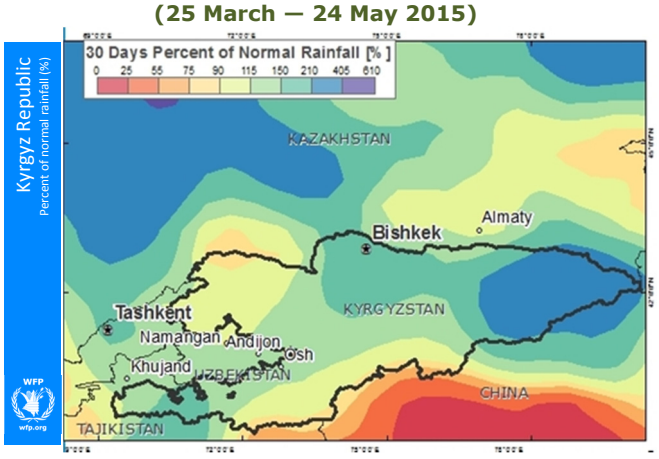
Seasonal precipitation

According to the analysis of global precipitation data, the rainfall during April and May has been above average in the northeast and southwest, and average in the northwest (**Figure 1**). Currently, an extreme dry spell is not anticipated.

Box 1. Seasonal precipitation

October to April constitutes a critical rain and snow season, during which most of the Kyrgyz Republic receives its annual rain or snowfall. Seasonal precipitation during this season is an important climatic parameter in the context of agricultural production, given that large amounts of water for domestic and agricultural use originate from snow melt. The map was developed by WFP using the Global Forecast System (GFS) data of the National Oceanic and Atmospheric Administration (NOAA) of the United States.

Figure 1. Anomaly of rainfall (25 March — 24 May 2015)



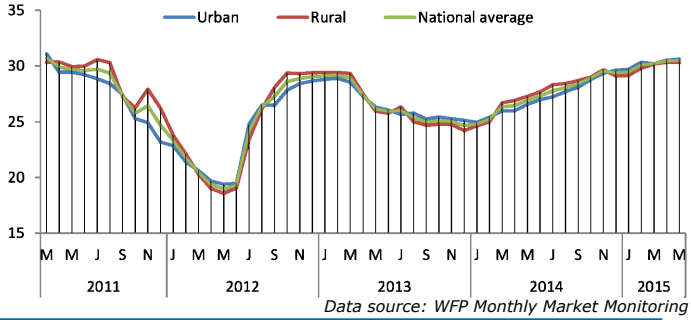
Data Source: NOAA-GFS

Map developed by WFP Emergency Preparedness and Response Branch

Wheat flour prices in domestic markets (May 2015)

The national average retail price of wheat flour did not change on a month-on-month basis in May 2015 (**Figure 2**). However, it remained at a near-record level in nominal terms with the price around 13% higher than during the same month of 2014, pressured by a sharp depreciation of the Kyrgyz Som (**Figure 6**) and increased export prices from Kazakhstan (**Figure 5**) since September 2014.

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



Data source: WFP Monthly Market Monitoring

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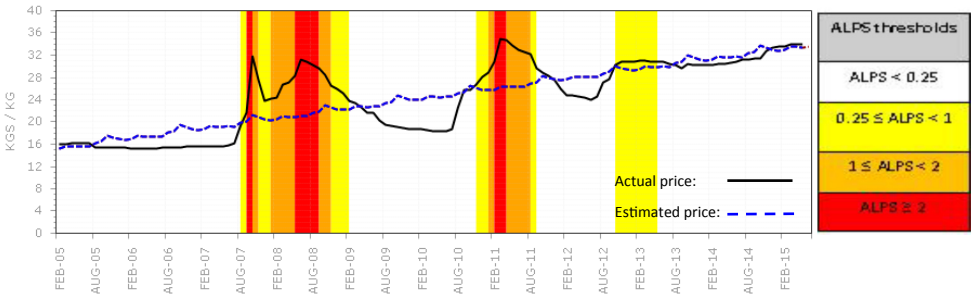
Early detection of price hike by Alert for Price Spikes (ALPS)

Figure 3. Abnormal wheat flour price hikes — Bishkek



Data source: National Statistics Committee, analysis by WFP

The Alert for Price Spikes (ALPS) analysis shows that wheat flour prices in Bishkek market experienced an alarmingly higher than normal seasonal trend from mid-2007 to mid-2008 and from late 2010 to mid 2011. The price level in Bishkek in May 2015 was slightly higher than the estimated seasonal price trend but it was within the normal pattern of the price series.

Box 2. Early detection of price hike

The Alert for Price Spikes (ALPS) provides early warning of rising food prices by detecting abnormally high levels of local food prices. The ALPS calculates the difference between the latest observed price available and the corresponding seasonal price trend. Colour-shaded bars indicate the periods where the actual price (black line) was above the estimated trend (blue dotted line). The ALPS attributes colour codes according to the severity of the gap between the two lines. The ALPS is updated each month using the latest price data available for the main staples in more than 30 countries.

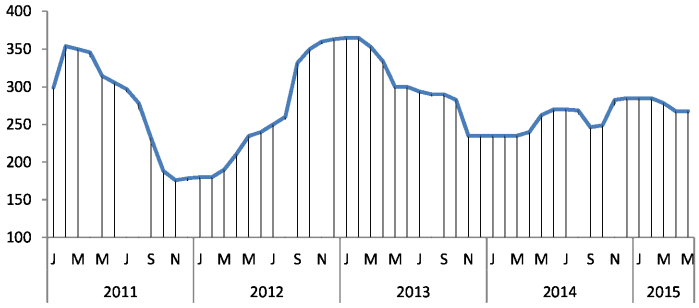
WFP has conducted ALPS analysis for prices of wheat flour in Bishkek, Osh, Jalal-Abad, Batken and Naryn using long-term price data from the National Statistics Committee.

International prices of wheat (May 2015)

Figure 4. IGC Wheat Price Index (2000=100)

Data source: International Grains Council (IGC)

Figure 5. Export prices of wheat (USD/ton)



Data source: FAO GIEWS

The International Grains Council (IGC)'s Wheat Price Index, a composite index of wheat export quotations from 10 major shipment locations fell in the first quarter of 2015 (**Figure 4**).

The export price of wheat in Kazakhstan (Free on Board [FOB] rate) remained unchanged on a month-on-month basis in May 2015; however, the price was 2% higher on a year-on-year basis (**Figure 5**).

Box 3. Wheat Price Index

The International Grains Council (IGC)'s Wheat Price Index is a composite index of wheat export quotations from the following 10 major shipment locations: Argentina, Australia, Black Sea, Canada (St. Lawrence), Canada (Vancouver), France, United States (North Pacific Ports, 2 types of wheat), United States (Mexican Gulf, 2 types of wheat). The index is updated by the Council on a daily basis.

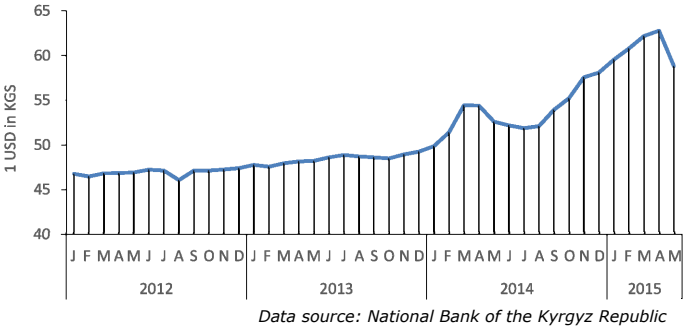
Currency exchange rate (May 2015)

After nine consecutive months of depreciation since August 2014, the Kyrgyz som appreciated against the US dollar by around 6% in May 2015.

However, the currency has depreciated by 12% when compared to the same month last year (**Figure 6**). The currency movement is one of the main driving factors of retail prices of imported food commodities including wheat and cooking oil.

The national average retail price of wheat flour in Kyrgyz som increased by 9% between August 2014 and May 2015 (**Figure 2**), but decreased by 4% when measured in US dollars, indicating the impact of currency depreciation on prices during this period.

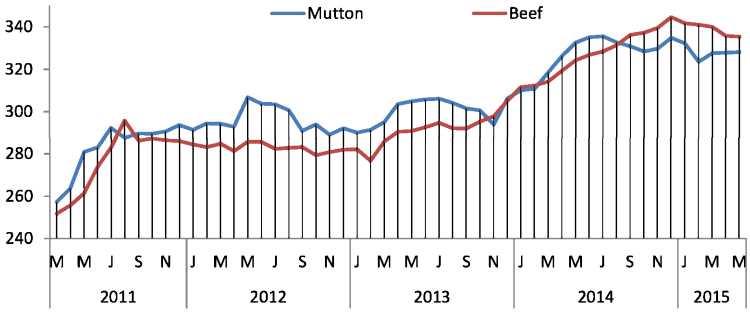
Figure 6. Exchange rate of US dollar against the KGS



Data source: National Bank of the Kyrgyz Republic

Prices of other basic food items (May 2015)

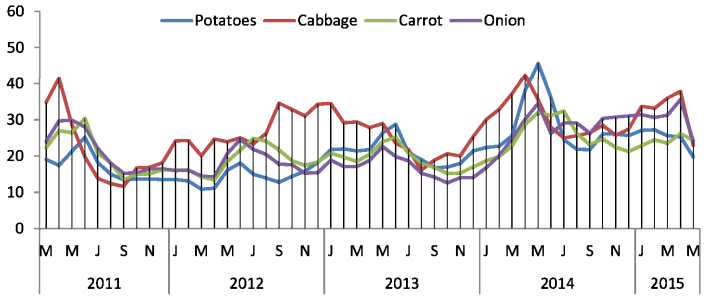
Figure 7. Retail prices of meat (KGS/kg)



Data source: WFP Monthly Market Monitoring

Meat: The national average retail price of beef and mutton are decreasing, a trend which has continued since early 2015. However, both prices remained at near-record level. The prices are 8% and 6% higher for beef and mutton than they were in January 2014 (**Figure 7**).

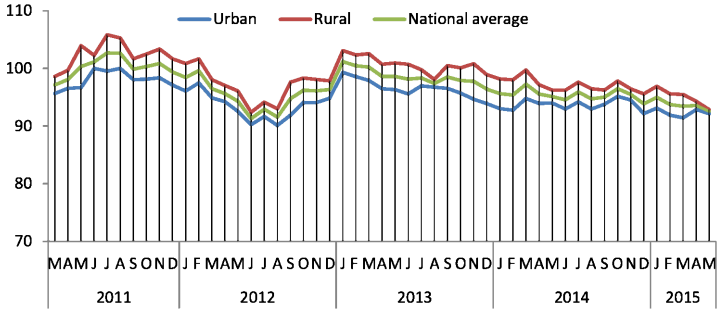
Figure 8. Retail prices of potato, cabbage, carrot and onion (KGS/kg)



Data source: WFP Monthly Market Monitoring

Potatoes and vegetables: The price of potatoes decreased by 22% on a month-on-month basis in May 2015. The price of cabbage, carrots and onions decreased by 39%, 7% and 32% respectively in comparison to the last month (**Figure 8**).

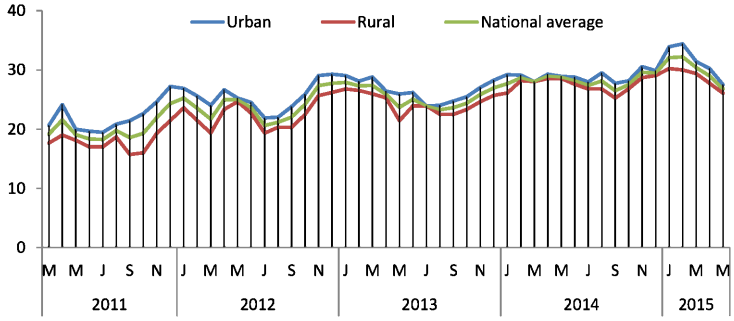
Figure 9. Retail prices of cooking oil (KGS/litre)



Source: WFP Monthly Market Monitoring

Cooking oil: The national average price of cooking oil remains at the same level since 2014 (**Figure 9**). However, the price was higher in rural areas by around 2-4% throughout the monitored period, which is likely due to transportation costs.

Figure 10. Retail prices of milk (KGS/litre)

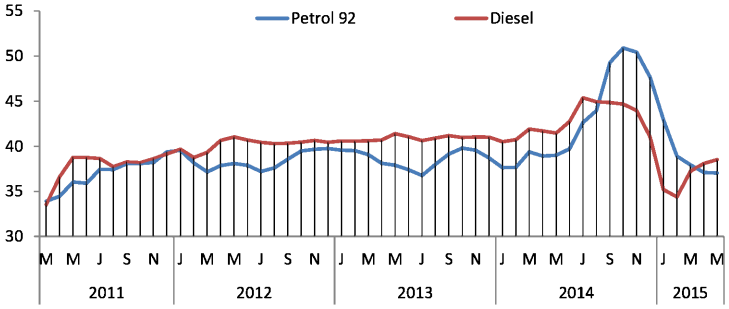


Source: WFP Monthly Market Monitoring

Milk: The national average price of milk decreased for three consecutive months since March 2015 and was around 7% lower than in May 2014 (**Figure 10**).

Fuel prices (May 2015)

Figure 11. Retail prices of fuel (KGS/litre)

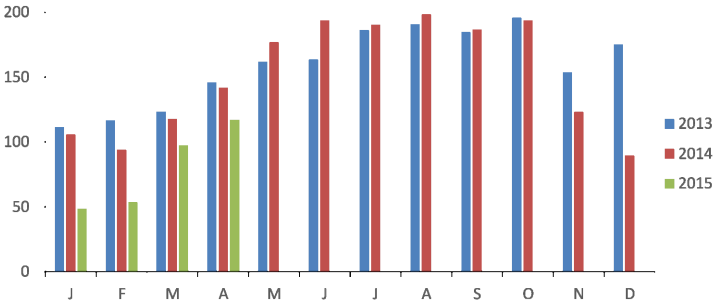


Source: WFP Monthly Market Monitoring

The national average price of Petrol 92 remained unchanged in May 2015 on a month-on-month basis and decreased by 5% in comparison to the same month last year (**Figure 11**). The national average price of diesel increased by 1% in May 2015 on a month-on-month basis, which is likely due to increased demand for agriculture. However, the price is 7% lower than the same month in 2014.

Remittances (April 2015)

Figure 12. Net inflow of remittances (million USD)



Source: National Bank of the Kyrgyz Republic

During January and April in 2015, the net inflow of remittances decreased by 31% in US dollar terms compared to the same period last year. It was significantly lower in January (-54%) and February (-43%). The remittance flows recovered in March and April, but the amount was lower by 17% and 18% respectively.

Outlook for the next few months

- After a sharp depreciation since September 2014, the currency exchange rate stabilized in May 2015. Close monitoring of the situation is required, as depreciation of the national currency is a risk element that underpins the outlook on the prices of imported basic commodities, including wheat.
- With normal or above normal snow/rainfall during the main precipitation season, currently an extreme dry spell is not anticipated. The latest domestic production prospects are favourable for wheat and potatoes in 2015. These will contribute to the stabilization of retail prices.
- Despite stable prices in the last few months, the prices of wheat flour and meat remain at significantly higher levels compared to the same period in 2014. These increased prices indicates a deterioration of purchasing power among households whose income levels are not keeping pace with increasing prices.

ANNEX 1— PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (MAY 2015)

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)	34	3%	-2%	18%	▶	▶	▲	Wheat flour (1st quality)	30	-2%	-4%	6%	▶	▶	▶
	Meat (mutton)	313	-5%	15%	-5%	▼	▲	▼	Meat (mutton)	320	0%	7%	0%	▶	▶	▶
	Meat (beef)	350	-4%	-1%	6%	▶	▶	▲	Meat (beef)	320	1%	0%	7%	▶	▶	▶
	Milk	33	-5%	-13%	-5%	▶	▼	▶	Milk	23	-7%	-13%	-7%	▼	▼	
	Potato	22	-19%	-19%	-46%	▼	▼	▼	Potato	19	-11%	-23%	-45%	▼	▼	▼
	Cooking oil	78	0%	-4%	-20%	▶	▶	▼	Cooking oil	82	-4%	3%	-4%	▶	▶	▶
	Sugar	49	0%	-1%	-10%	▶	▶	▼	Sugar	51	-3%	1%	-5%	▶	▶	▶
	Petrol (Octane rating 92)	35	-3%	-8%	-9%	▶	▼	▼	Petrol (Octane rating 92)	35	0%	-8%	-9%	▶	▶	▶
	Diesel	38	0%	12%	-9%	▶	▲	▼	Diesel	37	0%	9%	-11%	▶	▲	▼
TALAS	**Urban**								**Rural**							
	Wheat flour (1st quality)	27	2%	1%	15%	▶	▶	▲	Wheat flour (1st quality)	27	6%	7%	22%	▲	▶	▲
	Meat (mutton)	310	-1%	3%	-5%	▶	▶	▶	Meat (mutton)	320	7%	10%	3%	▲	▲	▶
	Meat (beef)	335	0%	5%	3%	▶	▶	▶	Meat (beef)	320	0%	-4%	0%	▶	▶	
	Milk	23	-10%	-31%	0%	▼	▶	▶	Milk	23	-18%	-29%	-10%	▼	▼	▶
	Potato	20	-8%	-23%	-58%	▼	▼	▼	Potato	23	-18%	1%	-55%	▼	▶	▼
	Cooking oil	93	0%	2%	10%	▶	▶	▶	Cooking oil	92	0%	-2%	16%	▶	▶	▲
	Sugar	48	-2%	-14%	-10%	▶	▼	▶	Sugar	51	-5%	-5%	-15%	▶	▶	▶
	Petrol (Octane rating 92)	36	0%	1%	-4%	▶	▶	▶	Petrol (Octane rating 92)	37	0%	4%	-3%	▶	▶	▶
	Diesel	36	0%	9%	-8%	▶	▶	▶	Diesel	37	0%	8%	-8%	▶	▶	▶
ISSYK-KUL	**Urban**								**Rural**							
	Wheat flour (1st quality)	33	0%	0%	20%	▶	▶	▲	Wheat flour (1st quality)	30	0%	0%	7%	▶	▶	▶
	Meat (mutton)	303	0%	-5%	2%	▶	▶	▶	Meat (mutton)	300	0%	-2%	0%	▶	▶	▶
	Meat (beef)	320	1%	-3%	2%	▶	▶	▶	Meat (beef)	315	3%	-5%	-2%	▶	▶	▶
	Milk	25	-17%	-17%	25%	▼	▼	▲	Milk	25	0%	0%	0%	▶	▶	▶
	Potato	15	-25%	-25%	-61%	▼	▼	▼	Potato	11	-47%	-47%	-70%	▼	▼	▼
	Cooking oil	100	0%	0%	0%	▶	▶	▶	Cooking oil	100	0%	0%	-5%	▶	▶	▶
	Sugar	50	0%	0%	-9%	▶	▶	▶	Sugar	55	0%	10%	-8%	▶	▶	▶
	Petrol (Octane rating 92)	38	-1%	-4%	-1%	▶	▶	▶	Petrol (Octane rating 92)		-	-	-			
	Diesel	37	-1%	7%	-10%	▶	▶	▶	Diesel		-	-	-			
NARYN	**Urban**								**Rural**							
	Wheat flour (1st quality)	31				▶	▶	▶	Wheat flour (1st quality)	35						
	Meat (mutton)	350	3%	14%	-1%	▶	▲	▶	Meat (mutton)	-						
	Meat (beef)	350	0%	3%	3%	▶	▶	▶	Meat (beef)	-						
	Milk	30	0%	-14%	20%	▶	▼	▲	Milk	30	-14%			▼		
	Potato	27	7%	-11%	-33%	▲	▼	▼	Potato	25	-17%	-12%		▼	▼	
	Cooking oil	88	-4%	4%	-5%	▶	▶	▶	Cooking oil	100	-9%	-9%	-22%	▼	▶	▼
	Sugar	49	-4%	7%	-1%	▶	▶	▶	Sugar	55	-8%	-8%	-8%	▼	▶	▶
	Petrol (Octane rating 92)	37	-1%	-1%	-5%	▶	▶	▶	Petrol (Octane rating 92)	-						
	Diesel	37	-7%	8%	-11%	▼	▶	▶	Diesel	-						

Area	Commodity	Current Price (KGS/unit)	Change in Price (%)			Level of Fluctuation			Commodity	Current Price (KGS/unit)	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
OSH	**Urban**								**Rural**							
	Wheat flour (1st quality)	32	-2%	4%	22%	▶	▶	▲	Wheat flour (1st quality)	32	-1%	1%	24%	▶	▶	▲
	Meat (mutton)	330	0%	-6%	0%	▶	▶	▶	Meat (mutton)	330	0%	-8%	-15%	▶	▶	▶
	Meat (beef)	337	0%	-5%	2%	▶	▶	▶	Meat (beef)	340	0%	-6%	0%	▶	▶	▶
	Milk	22	-19%	-38%	-28%	▼	▼	▼	Milk	23	0%	-22%	-22%	▶	▼	▼
	Potato	15	-44%	-52%	-69%	▼	▼	▼	Potato	17	-31%	-44%	-66%	▼	▼	▼
	Cooking oil	90	-2%	0%	-7%	▶	▶	▶	Cooking oil	83	4%	-11%	-11%	▶	▼	▶
	Sugar	50	0%	0%	-9%	▶	▶	▶	Sugar	50	1%	0%	-9%	▶	▶	▶
	Petrol (Octane rating 92)	37	0%	-1%	-4%	▶	▶	▶	Petrol (Octane rating 92)	37	0%	-1%	-4%	▶	▶	▶
	Diesel	40	3%	14%	-6%	▶	▲	▶	Diesel	39	1%	14%	-6%	▶	▲	▶
JALALABAD	**Urban**								**Rural**							
	Wheat flour (1st quality)	28	-1%	-1%	11%	▶	▶	▶	Wheat flour (1st quality)	28	-2%	-2%	5%	▶	▶	▶
	Meat (mutton)	350	0%	0%	3%	▶	▶	▶	Meat (mutton)	340	-3%	-3%	3%	▶	▶	▶
	Meat (beef)	350	0%	0%	6%	▶	▶	▶	Meat (beef)	330	-3%	-3%	0%	▶	▶	▶
	Milk	25	-17%	-29%	-17%	▼	▼	▼	Milk	25	0%	-25%	-17%	▶	▼	▼
	Potato	20	-20%	-33%	-63%	▼	▼	▼	Potato	21	-17%	-31%	-62%	▼	▼	▼
	Cooking oil	83	0%	0%	-2%	▶	▶	▶	Cooking oil	83	0%	0%	-2%	▶	▶	▶
	Sugar	50	0%	0%	-9%	▶	▶	▶	Sugar	50	0%	0%	-9%	▶	▶	▶
	Petrol (Octane rating 92)	37	-1%	-4%	-7%	▶	▶	▶	Petrol (Octane rating 92)	37	-1%	#DIV/0!	-9%			
	Diesel	38	2%	11%	-10%	▶	▲	▶	Diesel	38	1%	11%	-10%	▶	▲	▶
BATKEN	**Urban**								**Rural**							
	Wheat flour (1st quality)	31	0%	12%	9%	▶	▲	▶	Wheat flour (1st quality)	30	-2%	12%	9%	▶	▲	▶
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	350	0%	0%	9%	▶	▶	▶	Meat (beef)	350	0%	0%	9%	▶	▶	▶
	Milk	35	0%	0%	-13%	▶	▶		Milk	33	0%	0%	-5%	▶	▶	
	Potato	23	-26%	-26%	-58%	▼	▼	▼	Potato	20	-33%	-33%	-63%	▼	▼	▼
	Cooking oil	112	0%	0%	12%	▶	▶	▶	Cooking oil	110	0%	0%	12%	▶	▶	▶
	Sugar	57	-3%	3%	3%	▶	▶	▶	Sugar	58	-3%	9%	0%	▶	▶	▶
	Petrol (Octane rating 92)	40	1%	-14%	0%	▶	▼	▶	Petrol (Octane rating 92)	40	2%	-15%	-4%	▶	▼	▶
	Diesel	43	7%	19%	3%	▶	▶	▶	Diesel	43	7%	17%	2%	▲	▲	▶

▲ Price increase amove normal price fluctuation
▶ Normal price fluctuation
▼ Price decrease below normal fluctuation

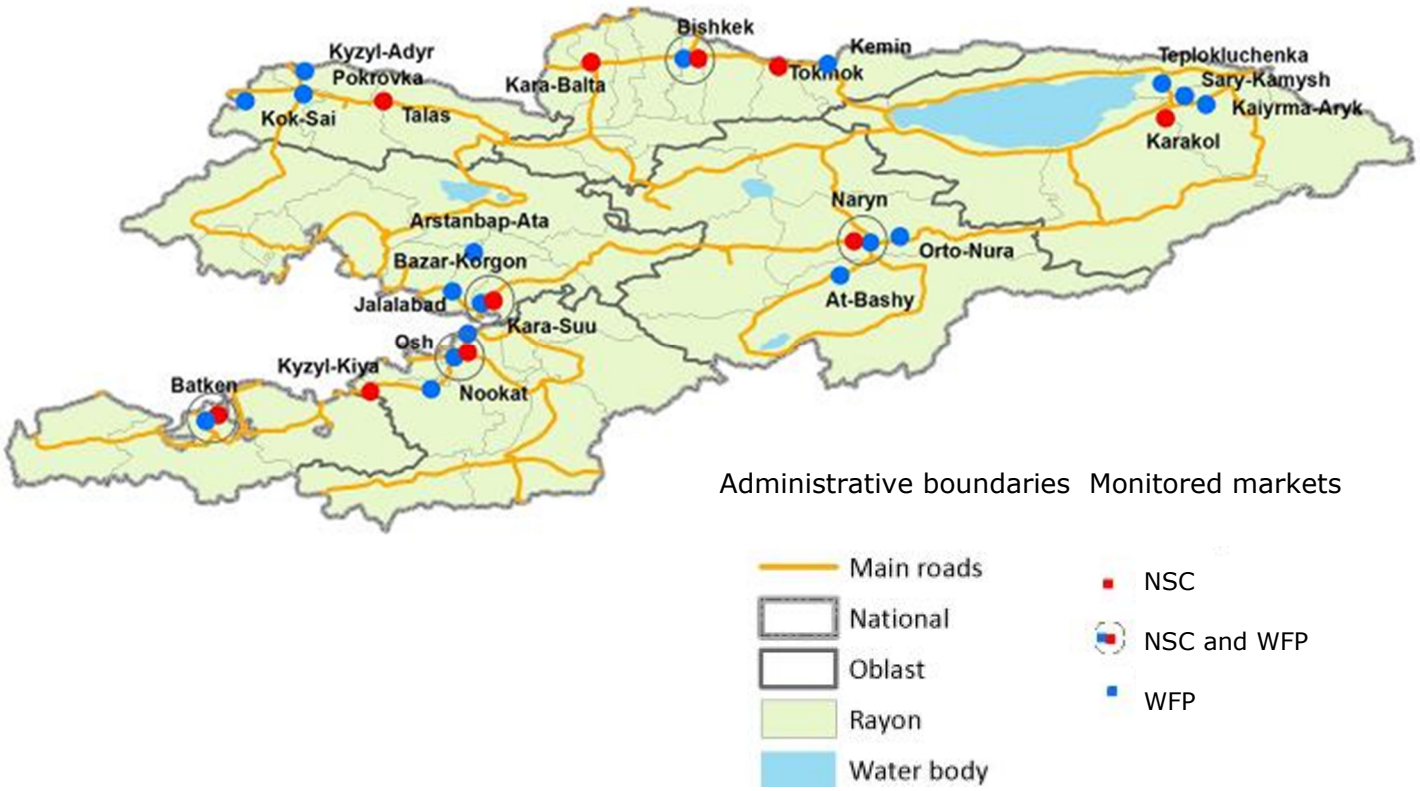
Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year

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 who are 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.



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

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