



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

World Food Programme

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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 20th issue of the update.

### HIGHLIGHTS

- ◆ The national average retail price of wheat flour did not change on a month-on-month basis in January 2014. However, a 1% increase was observed in rural areas as a result of an increase in some markets in the south of the country. On a year-on-year basis, the national average price of wheat flour decreased 15%, but remained 28% higher than the lowest point in the last three-years, which was recorded in May/June 2012. **These findings showed consistency with National Statistics Committee's (NSC) price monitoring which covers the main urban markets, and which showed no change in wheat flour prices on a month-on-month basis in January 2014.**
- ◆ The price of export wheat in Kazakhstan was stable during the last two months following a sharp 17% decrease in November 2013. On a year-on-year basis, the price in January 2014 was 36% lower.
- ◆ While domestic retail prices of wheat flour did not show significant fluctuations, daily wage rates of unskilled labour continued to decrease for a second month and went down by 4% on a month-on-month basis, **according to WFP's monthly monitoring. This indicates that wheat flour has become slightly less affordable for unskilled labourers.**
- ◆ The national average price of milk increased 3% on a month-on-month basis in both rural and urban areas, reflecting reduced availability during winter.
- ◆ Prices of sugar and cooking oil continued to decrease for a second month and went down 2% and 1% respectively. Fuel prices also continued to go down for a third consecutive month, decreasing 5% for 92 octane petrol. On a year-on-year basis, the price of 92 octane petrol was 5% lower. Fuel prices have been consistently higher in rural areas since WFP started price monitoring in rural areas in April 2012.
- ◆ **The price data of this report reflects WFP's actual recording of prices in seven urban and thirteen rural markets around the country on a monthly basis, as well as 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 WFP Country Office in the Kyrgyz Republic at [WFP.Bishkek@wfp.org](mailto:WFP.Bishkek@wfp.org).

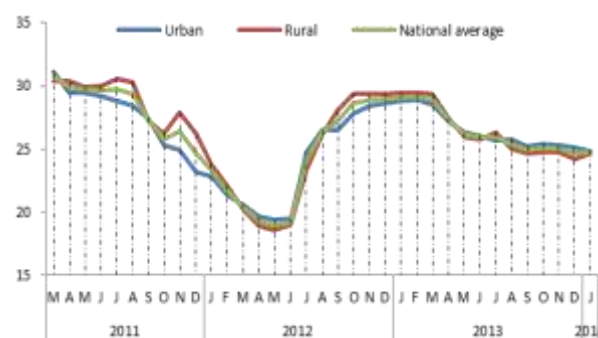
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### WHEAT FLOUR PRICES (JANUARY 2014)

- ◆ The national average retail price of wheat flour did not change on a month-on-month basis in January 2014 (Figure 1). However a 1% increase was observed in rural areas as a result of an increase in some markets in the south of the country. On a year-on-year basis, the national average price of wheat flour decreased 15%, but remained 28% higher than the lowest point in the last three-years, which was recorded in May/June 2012. **These findings showed consistency with National Statistics Committee's (NSC) price monitoring which covers the main urban markets, which showed no change in wheat flour prices on a month-on-month basis.**

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



Source: WFP Monthly Market Monitoring

- ◆ Stabilized wheat flour prices most likely reflect lower export prices in Kazakhstan and the increased domestic harvest. The weakening Kyrgyz Som may have prevented wheat flour prices from going down significantly. The Kyrgyz Som has depreciated by 4% against the US dollar over the last 12 months (Figure 6).

## INTERNATIONAL PRICES (JANUARY 2014)

- ◆ The price of export wheat in Kazakhstan (Free on Board [FOB] rate) was stable during the last two months following a sharp 17% decrease in November 2013 (Figure 2). On a year-on-year basis, the price in January 2014 was 36% lower. The increased wheat harvest in Kazakhstan in 2013 was one of the factors leading to a decrease in the export price.

## HOUSEHOLD PURCHASING POWER (JANUARY 2014)

- ◆ While domestic retail prices of wheat flour did not show significant fluctuations, daily wage rates of unskilled labour continued to decrease for a second month and went down by 4% on a month-on-month basis, according to WFP's monthly monitoring (Figure 3). This indicates that wheat flour has become slightly less affordable for unskilled labourers.

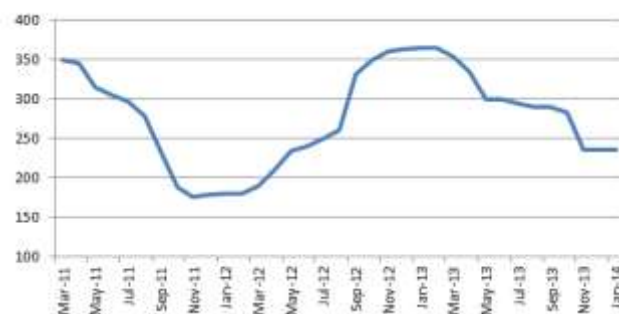
## INFLATION (DECEMBER 2013)

- ◆ Inflation in the Kyrgyz Republic has steadily increased since 2007, driven both by food and non-food items as indicated by the Consumer Price Index (CPI) in Figure 4. The growth rate for non-food prices has steadily climbed since 2003 while food items fluctuated. In December, non-food CPI increased 1% while food CPI increased by 0.7%. In the year 2013, non-food CPI increased 6%, while food CPI increased 2%.

## FUEL PRICES AND EXCHANGE RATE (JANUARY 2014)

- ◆ Fuel prices continued to go down for a third consecutive month, decreasing 5% for 92 octane petrol and 1% for diesel (Figure 5). On an annual basis, the national average price of 92 octane was 5% lower, while the national average price of diesel remained at the same level. 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.

Figure 2. Wholesale price of wheat, USD/ton



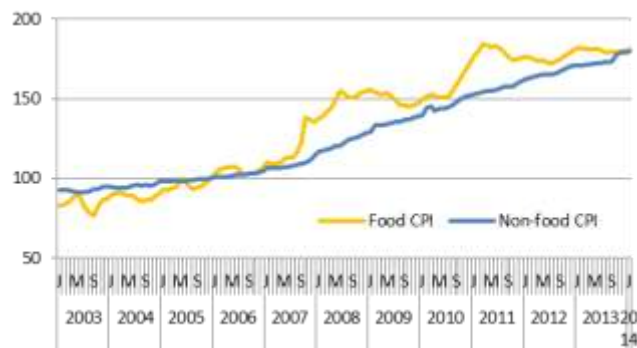
Source: milling wheat export price, Kazakhstan, GIEWS Food Price Data

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



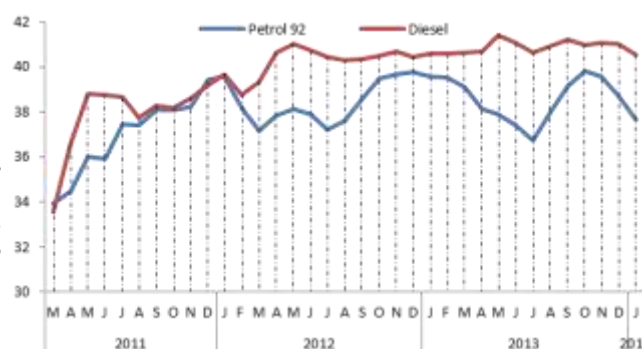
Source: WFP Monthly Market Monitoring

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



Source: WFP elaboration based on NSC data

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



Source: WFP Monthly Market Monitoring

- ◆ The Kyrgyz Som continued its depreciation against the US dollar in January 2014 (Figure 6). According to the National Bank of Kyrgyz Republic, a rapid devaluation of the currency in Kazakhstan will likely not affect retail prices in Kyrgyz Republic. However, a close monitoring of the situation in markets will be required.

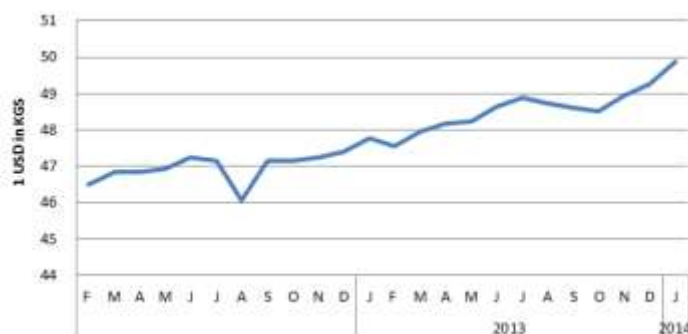
## PRICES OF OTHER BASIC COMMODITIES (JANUARY 2014)

- ◆ The national average prices of mutton and beef have shown minor increases for the last three months (3% and 6% respectively). NSC data also showed minor changes for the same period (almost no change for mutton and 2% increase for beef). On a year-on-year basis, mutton and beef prices were 7% and 10% higher respectively in January 2014.
- ◆ The national average price of milk increased 3% on a month-on-month basis in both rural and urban areas, reflecting reduced availability during winter. NSC's price monitoring in urban areas also confirmed an increase in milk prices by 1%.
- ◆ Consistent with NSC data, the prices of sugar and cooking oil continued to decrease for a second month and went down 2% and 1% respectively, which may be linked to the slight decrease in fuel prices.

## OUTLOOK FOR THE NEXT FEW MONTHS

- ◆ Despite decreased export prices of wheat from Kazakhstan and a higher cereal harvest this year in the Kyrgyz Republic, the retail price of wheat flour has yet to come down to levels recorded in May-June 2012. Domestic prices of wheat flour are also subject to other factors such as currency exchange rates and transportation costs. Close monitoring of all these factors will be required.
- ◆ The results of WFP's regular Household Food Security Assessments (HFSAs) since 2010 have shown that household food consumption during early spring deteriorates due to depleted food stocks at the household level, higher food prices in markets, and, increased expenditures on heating and agricultural inputs. The next HFSA in spring 2014 will assess household level food consumption and access to food.

Figure 6. Exchange rate of Kyrgyz Som against the US Dollar



Source: National Bank of the Kyrgyz Republic

Figure 7. Retail prices of beef and mutton (national average, in Kyrgyz som per kg)

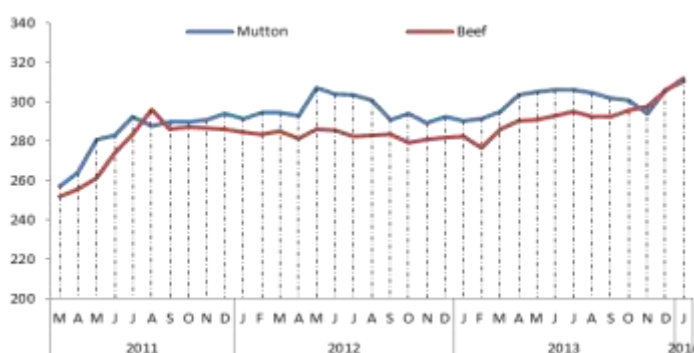


Figure 8. Retail prices of milk

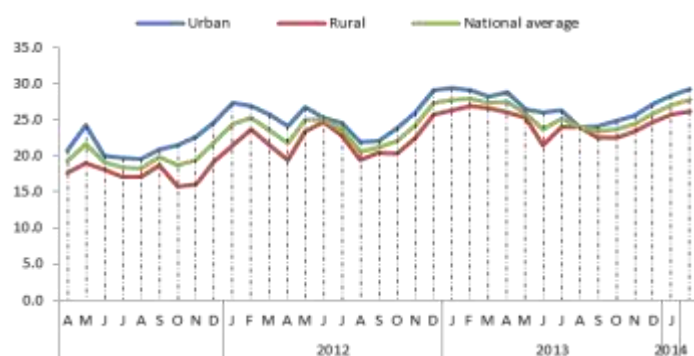
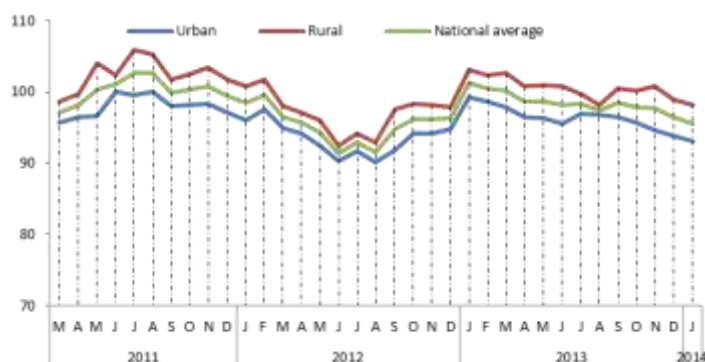


Figure 9. Retail prices of cooking oil (Kyrgyz som per lit)



Source: WFP Monthly Market Monitoring

## 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.**

**Food security and climate change analysis:** In 2013, WFP conducted a study on climate risk and household level food security in the Kyrgyz Republic. The study examined how climate-related risks affect livelihoods and food security of the vulnerable groups. The study aims to strengthen the evidence-base for planning policies and programmes to enhance the resilience of the vulnerable communities.









**Community asset development for food security:** In 2013 WFP expanded disaster mitigation and rural infrastructure rehabilitation projects and reached more than 94,000 project beneficiaries. 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.

**Optimizing Primary School Meals Programme:** From 2014 to 2016, WFP will assist the Government in developing a national school meals policy and implementation strategy. WFP will **provide technical assistance to the government to reform the country's national school meals programme by helping to sustainably improve the quality and efficiency of its existing programme and strengthening government's capacity. As a secondary component, WFP will implement pilot projects to improve meals in selected schools, renovate school canteens, support water and sanitation facilities, and introduce more nutritious meals in selected food-insecure areas of the country.** So far, 59 schools have been included in the first stage of the project and additional 75 are to be included in the second stage of the project, assessment of which is currently conducted. In total, 250 schools are planned to be covered by the project over the coming year.



## ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (JANUARY 2014)

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)	27	1%	3%	-3%	►	►	►	Wheat flour (1st quality)	26	0%	3%	-16%	►	►	▼
	Meat (mutton)	285	-2%	2%	-5%	►	►	►	Meat (mutton)	300	0%	0%	7%	►	►	►
	Meat (beef)	310	3%	3%	9%	►	►	►	Meat (beef)	300	0%	0%	7%	►	►	►
	Milk	33	3%	0%	10%	►	►	►	Milk							
	Potato	22	2%	-7%	8%	►	►	►	Potato	21	-5%	-5%	-16%	►	►	▼
	Cooking oil	97	1%	2%	8%	►	►	►	Cooking oil	94	0%	0%	-1%	►	►	►
	Sugar	47	0%	-2%	-6%	►	►	►	Sugar	52	-1%	-1%	11%	►	►	►
	Petrol (Octane rating 92)	37	0%	-6%	-5%	►	►	►	Petrol (Octane rating 92)	33	-11%	-13%	-14%	▼	▼	►
	Diesel	40	-1%	-1%	0%	►	►	►	Diesel	38	-5%	-5%	-4%	▼	►	►
	Urban								Rural							
	Wheat flour (1st quality)	23	0%	-2%	-13%	►	►	►	Wheat flour (1st quality)	24	0%	2%	-11%	►	►	►
	Meat (mutton)	273	2%	2%	5%	►	►	►	Meat (mutton)	260	0%	0%	-4%	►	►	►
	Meat (beef)	278	3%	2%	5%	►	►	►	Meat (beef)							
	Milk	25	11%	25%	25%	▲	▲	▲	Milk	25	11%	25%	25%	▲	▲	▲
	Potato	22	4%	26%	49%	►	▲	▲	Potato	23	0%	36%	50%	►	▲	▲
	Cooking oil	82	-1%	-13%	-16%	►	▼	▼	Cooking oil	90	2%	-5%	-8%	►	►	►
	Sugar	47	2%	1%	1%	►	►	►	Sugar	48	0%	0%	0%	►	►	►
	Petrol (Octane rating 92)	36	5%	-2%	-7%	▲	►	►	Petrol (Octane rating 92)	36	1%	-2%	-3%	►	►	►
	Diesel	38	1%	0%	4%	►	►	►	Diesel	38	1%	0%	7%	►	►	►
	Urban								Rural							
	Wheat flour (1st quality)	23	0%	-8%	-23%	►	►	▼	Wheat flour (1st quality)	23	0%	-8%	-23%	►	►	▼
	Meat (mutton)	293	1%	1%	15%	►	►	▲	Meat (mutton)	290	0%	0%	12%	►	►	►
	Meat (beef)	317	-1%	-1%	11%	►	►	►	Meat (beef)	320	0%	0%	10%	►	►	►
	Milk	20	0%	0%	-20%	►	►	▼	Milk	25	0%	25%	25%	►	▲	▲
	Potato	16	9%	60%	33%	▲	▲	▲	Potato	15	25%	50%	32%	▲	▲	▲
	Cooking oil	97	-3%	-5%	-8%	►	►	►	Cooking oil	105	0%	0%	-5%	►	►	►
	Sugar	50	0%	0%	0%	►	►	►	Sugar	54	0%	1%	-2%	►	►	►
	Petrol (Octane rating 92)	38	0%	0%	3%	►	►	►	Petrol (Octane rating 92)	-	0%	0%	0%	►	►	►
	Diesel	40	0%	0%	1%	►	►	►	Diesel	-	0%	0%	0%	►	►	►
	Urban								Rural							
	Wheat flour (1st quality)	27	0%	3%	-10%	►	►	►	Wheat flour (1st quality)	27		8%	-11%	►	►	►
	Meat (mutton)	320	14%	22%	19%	▲	▲	▲	Meat (mutton)							
	Meat (beef)	320	7%	7%	7%	▲	►	►	Meat (beef)	307			-4%			►
	Milk	30	13%	50%	0%	▲	▲	►	Milk	20	0%		-22%	►		▼
	Potato	25	25%	67%	3%	▲	▲	►	Potato							
	Cooking oil	90	6%	-2%	-11%	▲	►	►	Cooking oil	110	0%	-6%	-1%	►	►	►
	Sugar	45	-1%	-2%	-1%	►	►	►	Sugar	50	-9%	-9%	6%	▼	►	►
	Petrol (Octane rating 92)	39	0%	2%	3%	►	►	►	Petrol (Octane rating 92)	37	-8%		-4%	▼	►	►
	Diesel	40	0%	1%	0%	►	►	►	Diesel	41	-5%		2%	►	►	►
	Urban								Rural							
	Wheat flour (1st quality)	24	0%	-4%	-17%	►	►	▼	Wheat flour (1st quality)	24	2%	-4%	-16%	►	►	▼
	Meat (mutton)	320	0%	7%	7%	►	►	►	Meat (mutton)	320	0%	7%	14%	►	►	►
	Meat (beef)	320	7%	10%	14%	▲	▲	►	Meat (beef)	300	0%	7%	20%	►	►	▲
	Milk	30	0%	0%	0%	►	►	►	Milk	30	0%	0%	0%	►	►	►
	Potato	25	0%	25%	-14%	►	▲	►	Potato	25	0%	25%	0%	►	▲	►
	Cooking oil	88	-2%	0%	-9%	►	►	►	Cooking oil	90	-4%	0%	-10%	►	►	►
	Sugar	45	-10%	-9%	-11%	▼	►	►	Sugar	46	-9%	-9%	-12%	▼	►	►
	Petrol (Octane rating 92)	39	-2%	-5%	-4%	►	►	►	Petrol (Octane rating 92)	39	-2%	-6%	-4%	►	►	►
	Diesel	42	0%	-1%	0%	►	►	►	Diesel	42	-1%	-1%	0%	►	►	►
	Urban								Rural							
	Wheat flour (1st quality)	23	-7%	-7%	-21%	▼	►	▼	Wheat flour (1st quality)	24	-3%	-3%	-19%	►	►	▼
	Meat (mutton)	350	0%	0%	0%	►	►	►	Meat (mutton)	350	0%	0%	0%	►	►	►
	Meat (beef)	320	7%	14%	14%	▲	▲	►	Meat (beef)	320	7%	14%	14%	▲	▲	►
	Milk	32	-5%	-5%	-10%	►	►	►	Milk	27	0%	0%	-24%	►		▼
	Potato	23	1%	46%	-13%	►	▲	►	Potato	24	4%	40%	6%	►	▲	►
	Cooking oil	87	-6%	-6%	-6%	▼	►	►	Cooking oil	98	-3%	-3%	-8%	►	►	►
	Sugar	52	0%	0%	-6%	►	►	►	Sugar	53	0%	0%	-3%	►	►	►
	Petrol (Octane rating 92)	40	-2%	-7%	-5%	►	►	►	Petrol (Octane rating 92)	40	-3%	-6%	-6%	►	►	►
	Diesel	43	0%	-2%	-3%	►	►	►	Diesel	43	-1%	-1%	-4%	►	►	►

▲ 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 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.



Administrative boundaries Monitored markets

