

Price Monitoring for Food Security in the Kyrgyz Republic

This issue of the Price Monitoring Bulletin is prepared based on the operational daily food price data collected by the National Statistics Committee from 18 markets across the country and disaggregated at province level as the average value (Chuy province - Tokmok, Kara-Balta; Osh province - Osh, Uzgen, Kara-Suu and Nookat; Talas province - Talas and Manas; Naryn province - Naryn and Chaek; Batken province - Batken and Isfana; Jalal-Abad province - Jalal-Abad, Toktogul and Kerben; Yssyk-Kul province - Karakol and Balykchy; and Bishkek city). This is a secondary data analysis.

Highlights

SITUATION UPDATE: Since March 2020, the COVID-19 global pandemic and its resulting negative impacts on the global economy have led to a recession in the economies of many countries, including the Kyrgyz Republic. The situation in regard to COVID-19 remained stable with 82 COVID-19 cases on 10 February. The Ministry of Health (MoH) of the Kyrgyz Republic developed a National Plan for the deployment of vaccinations against the COVID-19 infection that will be deployed in three stages. The first stage is expected to cover high-risk groups (less than 3 percent of the population) and frontline workers, including medical workers, health professionals in long-term care facilities, vaccinators and teachers. In January 2021, the Kyrgyz Republic's GDP decreased by 7.6 percent totalling 33 billion Kyrgyz soms. Negative trends continued to be observed in the construction, wholesale and retail trade sectors. The highest share of GDP accounted for the service sectors (48.8 percent). The Consumer Price Index, which measures price inflation, increased by 1 percent for all goods and services and by 1.7 percent for staple foods (+1.3 percent for meat, +3.5 percent for milk and dairy products, +3.2 percent for oils and fats, and +6.4 percent for vegetables). The rising food prices are affecting the access of households to nutritious diets, especially during the lean season (winter – spring). The Government continues to monitor and stabilize food markets across the country through price controls on 11 essential food items and regulating import and export volumes.

The following section discusses the average prices for the two weeks from 27 January to 10 February 2021 in comparison to the previous two weeks, the annual average of February 2020 (before the COVID-19 outbreak began in the country), the previous month's average (January 2021). The weekly monitoring of food prices revealed the fluctuations of several commodities with significant increase of sugar prices:

- **WHEAT:** During the weeks from 27 January to 10 February 2021, the national retail prices of wheat remained stable from the previous two weeks' levels, with an average price of 23.88 KGS/Kg. As of 13 February 2021, the highest price of wheat was observed in Bishkek city (25 KGS/Kg) and the lowest price was in Naryn province (16 KGS/Kg). Globally, higher cereal prices were driven by lower production forecasts in major exporting countries, new and rumoured export restrictions, and export wheat taxes in some major producing countries. Wheat prices rose in most major exporting countries in December and early January and reflect news of **new** export restrictions in Russia. Prices remained stable compared to January 2021, by 25 percent higher compared to February 2020, and continued to be higher than normal annual price fluctuations, within 15 percent of the benchmark.
- **POTATOES:** The national retail prices of potatoes continued to grow by another 2 percent from the previous two weeks' levels, reaching a national average of 32 KGS/Kg. As of 13 February 2021, the highest price was observed in Bishkek town, Jalal-Abad and Osh provinces (33 KGS/Kg), while the lowest price was in Talas province (27 KGS/Kg). Compared to January 2021 and February 2020, prices were 3 percent and 45 percent higher, respectively. The prices are significantly higher than normal annual price fluctuations.
- **OIL (COOKING):** From 27 January to 10 February 2021, the national retail prices of vegetable oil rose by another 1 percent from the previous two weeks' levels (153 KGS/l), reaching the highest value of all time. As of 10 February 2021, the highest price was in Naryn province and Bishkek town (160 KGS/l) and the lowest was in Yssyk-Kul province (141 KGS/l). The Kyrgyz Republic has a high import dependency on vegetable oil due to its low internal production and its low capacity for the processing of oil seeds. The trend of increasing vegetable oil prices was caused by the growing export prices in the Russian Federation and Kazakhstan, attributed to unfavourable weather conditions, and a consequently lower harvest. Compared to January 2021 and February 2020, the prices were 1 percent and 60 percent higher, respectively, an increase above normal annual price fluctuations.
- **SUGAR:** The national retail prices of sugar significantly increased by 6 percent from the previous two weeks' levels, at an average price of 57.92 KGS/Kg. The recent increase in sugar prices was in line with global trends, as historically proven by the positive correlation between global and national prices. Globally, sugar prices increased in 2020 due to prospects of a lower sugar output in both Brazil and India, the two largest sugar-producing countries, caused by below average rainfalls. As of 10 February 2021, the highest price was observed in Jalal-Abad province (62 KGS/Kg), while the lowest price was in Chuy and Talas provinces (57 KGS/Kg). The prices of sugar were 6 percent and 41 percent higher than January 2021 and February 2020 levels, respectively, an increase significantly higher than normal annual price fluctuations.
- **MEAT (BEEF and MUTTON):** During the weeks from 27 January to 10 February 2021, the national retail prices of meat remained stable for beef and increased by another 1 percent for mutton compared to the previous two weeks' levels, leading to an average price of 441.89 KGS/Kg for beef and 434.40 KGS/Kg for mutton. As of 10 February 2021, the highest prices for beef were observed in Bishkek city at 453 KGS/Kg and for mutton in Batken province at 450 KGS/Kg, respectively. The late increase in the prices of meat in Kyrgyzstan was caused by the restriction imposed by Kazakhstan on the export of meat and livestock, which boosted the demand from Uzbekistan and encouraged Kyrgyzstan to increase exports to Uzbekistan. The prices for beef remained stable, while prices for mutton increased by 2 percent, respectively, compared to January 2021 levels. The prices of beef and mutton increased by 26 percent and 35 percent, respectively, compared to February 2020, an increase above normal annual price fluctuations.
- **EGGS:** The national retail price of eggs increased by 2 percent from the previous weeks' levels, reaching 105.21 KGS/10 pcs. The increasing trend of egg prices was caused by the growing export prices in Kazakhstan, attributed to unfavourable seasonal conditions and the instability of the currency exchange. As of 10 February 2021, the highest price was observed in Talas province (118 KGS/10 pcs) and the lowest in Batken province (103 KGS/10 pcs). The price of eggs was 2 percent and 37 percent higher compared to January 2021 and February 2020, respectively. The prices were significantly higher than normal annual price fluctuations.

EXCHANGE RATE: During the two weeks from 27 January to 10 February 2021, the Kyrgyz som slightly appreciated from 84.8 KGS per 1 USD, the Russian ruble also appreciated from 75.64 RUB to 74 RUB per 1 USD and the Kazakh tenge appreciated from 422 to 418 KZT per 1 USD. However, these currencies depreciated by 21 percent, 11 percent and 10 percent, respectively, against the US dollar since the beginning of March 2020, according to the exchange rate of the National Bank. Lower remittance levels were among the factors affecting the weakening of the external position of the Kyrgyz som. Currency movements are one of the main driving forces of the retail prices of imported basic food commodities including wheat, vegetable oil and sugar.

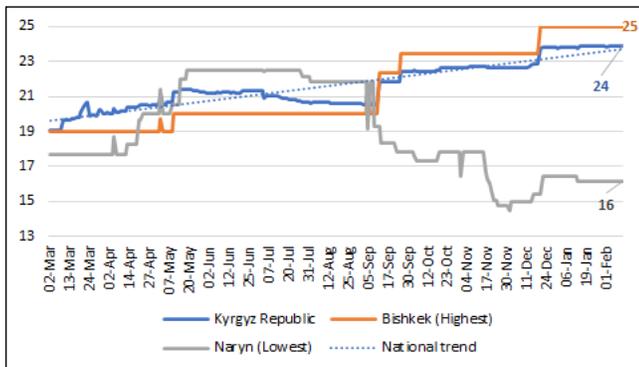
GLOBAL OIL PRICES: Since the beginning of 2020, crude oil prices slumped dramatically following the 'Russia–Saudi Arabia oil price war' in March 2020 and the decline in consumer demand with the spread of the COVID-19 pandemic, further impacting the global economy. According to global forecasts, the full recovery of oil demand levels may not take place until 2022. However, the news of a successful coronavirus vaccine impacted the oil market again with the price of crude oil moving up to more than 20 percent in a month to hover close to 50 USD per barrel. Despite rising oil price forecasts in early 2021, experts still expect a downward oil price at the beginning of the second quarter of 2021 when global oil production is forecasted to rise and cause inventories to draw up slower. During the weeks from 25 January to 8 February 2021, the WTI prices slightly increased from 52.78 USD per barrel to 57.95 USD per barrel, while Brent prices increased from 54.44 USD per barrel to 60.17 USD per barrel. As of 8 February, the WTI and Brent prices remained 24 percent and 15 percent higher, respectively, than March 2020 levels.

Trends of Retail Prices of 12 Staple Foods (Weekly Trends) - Kyrgyz Republic

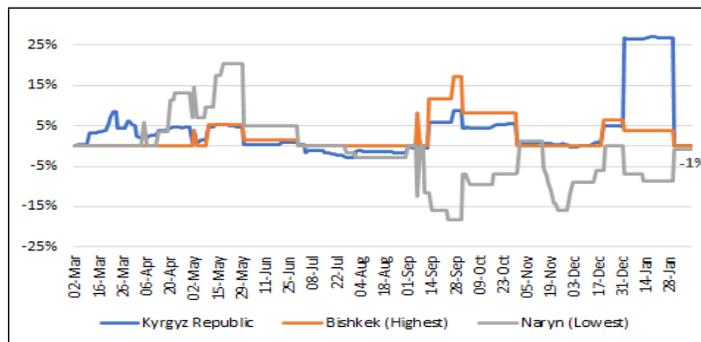
	27 Jan—10 Feb 2021 (KGS/kg)	13—27 Jan 2021 (KGS/kg)	Trend		27 Jan—10 Feb 2021 (KGS/kg)	13—27 Jan 2021 (KGS/kg)	Trend
Bread (1st grade)	48.72	48.60	1%	Rice (medium)	80.90	81.55	-1%
Milk	39.07	38.97	0%	Sugar	57.92	54.64	6%
Meat (beef)	441.89	439.95	0%	Wheat	23.88	23.87	0%
Meat (mutton)	434.40	429.16	1%	Wheat flour (1st grade)	39.62	39.54	0%
Oil (cooking)	153.13	151.47	1%	Wheat flour (high-grade)	48.33	48.17	0%
Potatoes	32.04	31.26	2%	Eggs	105.21	103.45	2%

WHEAT

Pic 1. Retail wheat prices (KGS/Kg)

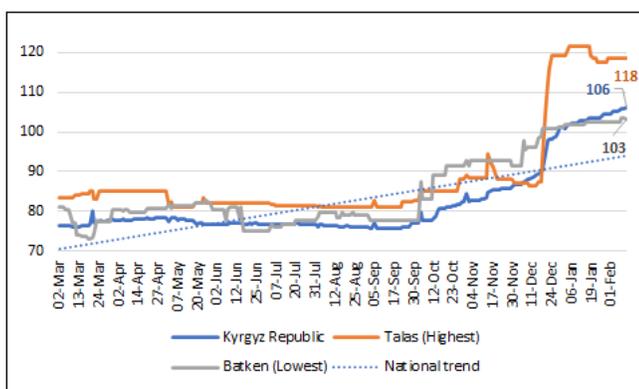


Pic 2. Growth rate of wheat, as a percentage of the daily prices from the previous average monthly price

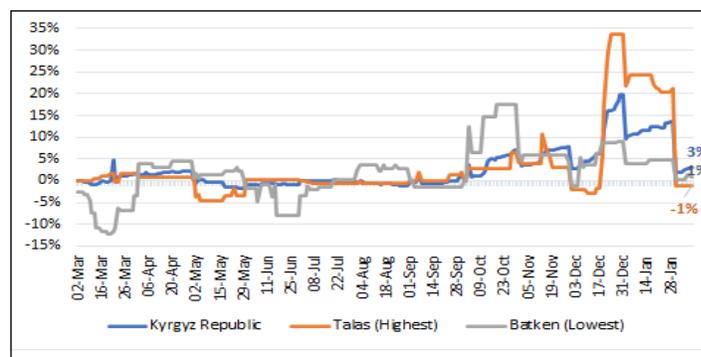


EGGS

Pic 3. Retail egg prices (KGS/10 pcs)

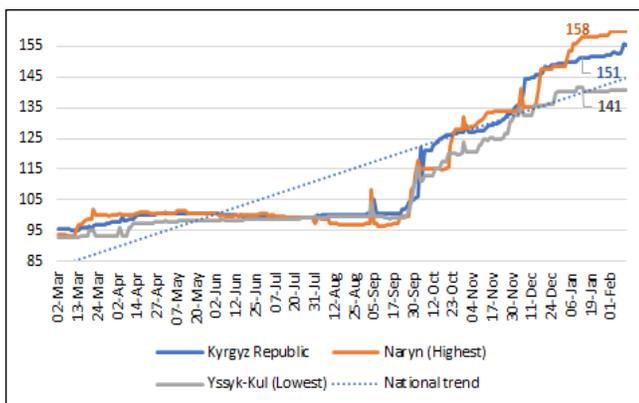


Pic 4. Growth rate of eggs, as a percentage of the daily prices from the previous average monthly price

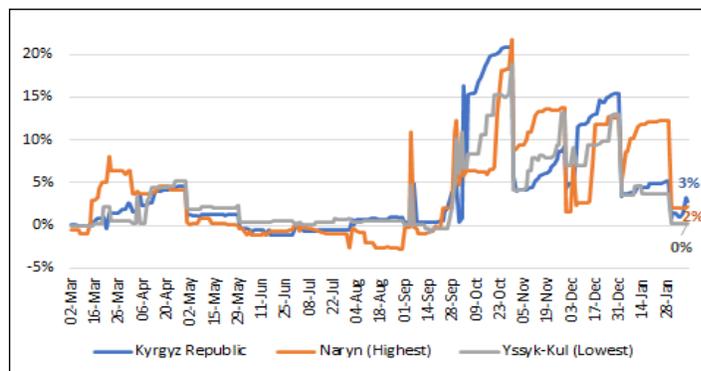


OIL (COOKING)

Pic 5. Retail vegetable oil prices (KGS/Kg)

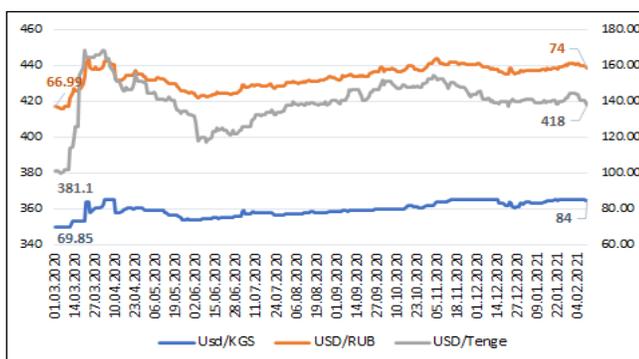


Pic 6. Growth rate of vegetable oil, as a percentage of the daily prices from the previous average monthly price



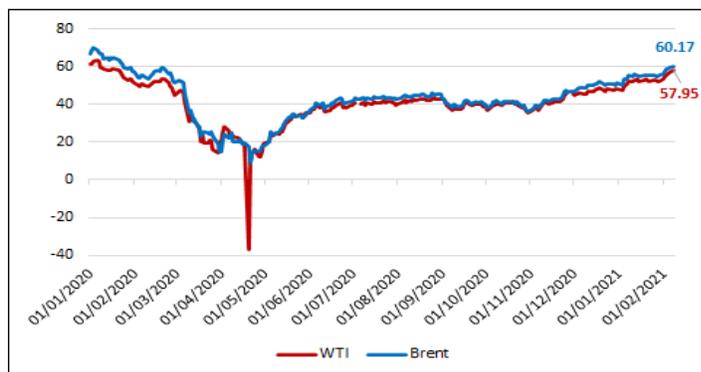
EXCHANGE RATE

Pic 7. Exchange rates of the Russian ruble, Kyrgyz som and Kazakh tenge against the US dollar (source: National Banks of Russia, Kazakhstan and Kyrgyzstan)



GLOBAL OIL PRICES

Pic 8. Daily WTI, Brent prices (Jan 2020 to 08 Feb 2021, source: EIA)



Annex: Prices of 13 Food Commodities

The table shows the changes of the average retail prices of the current day, current week and current month compared to the average prices of the previous month.

Province	Commodity	Feb 10 Price (KGS)	Change in Price (%)			Level of Fluctuation			Commodity	Feb 10 Price (KGS)	Change in Price (%)			Level of Fluctuation		
			27 Jan - 10 Feb / 13 - 27 Jan	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/F eb 2020	27 Jan - 10 Feb / 13 - 27 Jan	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/F eb 2020			27 Jan - 10 Feb / 13 - 27 Jan	WEEKLY PRICE/ Jan 2021	WEEKLY PRICE/F eb 2020			
BATKEN	Bread (1st grade)	57	0%	0%	12%	▶	▶	▲	Potatoes	31	0%	-1%	27%	▶	▶	▲
	Bread (lepeszka)	63	0%	0%	5%	▶	▶	▲	Rice (medium)	75	-1%	-1%	0%	▶	▶	▶
	Eggs	#	0%	1%	23%	▶	▶	▲	Sugar	61	7%	6%	38%	▲	▲	▲
	Meat (beef)	#	0%	0%	15%	▶	▶	▲	Wheat	24	-1%	-1%	19%	▶	▶	▲
	Meat (mutton)	#	0%	0%	29%	▶	▶	▲	Wheat flour (1st quality)	40	0%	0%	18%	▶	▶	▲
	Milk	43	7%	9%	21%	▲	▲	▲	Wheat flour (high grade)	49	-1%	-1%	11%	▶	▶	▲
	Oil (cooking)	#	2%	2%	57%	▶	▶	▲								
BISHKEK CITY	Bread (1st grade)	47	0%	1%	6%	▶	▶	▲	Potatoes	33	4%	4%	0%	▶	▶	▶
	Bread (lepeszka)	68	0%	0%	7%	▶	▶	▲	Rice (medium)	74	-1%	-1%	2%	▶	▶	▶
	Eggs	105	2%	3%	39%	▶	▶	▲	Sugar	59	5%	5%	42%	▲	▲	▲
	Meat (beef)	453	0%	0%	26%	▶	▶	▲	Wheat	25	0%	0%	32%	▶	▶	▲
	Meat (mutton)	437	2%	2%	39%	▶	▶	▲	Wheat flour (1st quality)	40	0%	0%	23%	▶	▶	▲
	Milk	40	0%	0%	0%	▶	▶	▶	Wheat flour (high grade)	46	0%	0%	16%	▶	▶	▲
	Oil (cooking)	160	1%	2%	61%	▶	▶	▲								
CHUY	Bread (1st grade)	43	0%	0%	10%	▶	▶	▲	Potatoes	30	1%	2%	41%	▶	▶	▲
	Bread (lepeszka)	67	0%	0%	4%	▶	▶	▶	Rice (medium)	85	0%	0%	11%	▶	▶	▲
	Eggs	111	0%	1%	40%	▶	▶	▲	Sugar	57	6%	7%	46%	▲	▲	▲
	Meat (beef)	418	0%	1%	27%	▶	▶	▲	Wheat	22	0%	1%	20%	▶	▶	▲
	Meat (mutton)	423	2%	3%	33%	▶	▶	▲	Wheat flour (1st quality)	40	0%	0%	16%	▶	▶	▲
	Milk	35	-3%	-3%	-1%	▶	▶	▶	Wheat flour (high grade)	47	0%	1%	8%	▶	▶	▲
	Oil (cooking)	144	1%	2%	58%	▶	▶	▲								
JALALABAD	Bread (1st grade)	54	0%	0%	4%	▶	▶	▶	Potatoes	33	0%	0%	38%	▶	▶	▲
	Bread (lepeszka)	77	0%	0%	6%	▶	▶	▲	Rice (medium)	88	0%	0%	4%	▶	▶	▶
	Eggs	108	2%	3%	28%	▶	▶	▲	Sugar	62	8%	8%	47%	▲	▲	▲
	Meat (beef)	440	1%	1%	28%	▶	▶	▲	Wheat	22	-3%	-2%	9%	▶	▶	▲
	Meat (mutton)	443	1%	1%	28%	▶	▶	▲	Wheat flour (1st quality)	40	0%	0%	15%	▶	▶	▲
	Milk	35	-6%	-6%	-4%	▼	▼	▶	Wheat flour (high grade)	46	0%	0%	9%	▶	▶	▲
	Oil (cooking)	148	0%	0%	62%	▶	▶	▲								
NARYN	Bread (1st grade)	56	0%	0%	6%	▶	▶	▲	Potatoes	28	0%	0%	38%	▶	▶	▲
	Bread (lepeszka)	67	0%	0%	11%	▶	▶	▲	Rice (medium)	72	-1%	-1%	5%	▶	▶	▲
	Eggs	116	1%	1%	38%	▶	▶	▲	Sugar	59	7%	7%	51%	▲	▲	▲
	Meat (beef)	435	2%	2%	29%	▶	▶	▲	Wheat	16	0%	-1%	-9%	▶	▶	▼
	Meat (mutton)	430	1%	2%	30%	▶	▶	▲	Wheat flour (1st quality)	35	0%	0%	12%	▶	▶	▲
	Milk	30	-5%	-4%	-5%	▶	▶	▶	Wheat flour (high grade)	40	0%	0%	4%	▶	▶	▶
	Oil (cooking)	160	1%	2%	69%	▶	▶	▲								
OSH	Bread (1st grade)	62	0%	0%	2%	▶	▶	▶	Potatoes	33	2%	3%	38%	▶	▶	▲
	Bread (lepeszka)	77	0%	0%	7%	▶	▶	▲	Rice (medium)	99	0%	0%	8%	▶	▶	▲
	Eggs	112	3%	3%	59%	▶	▶	▲	Sugar	60	4%	4%	23%	▶	▶	▲
	Meat (beef)	431	0%	0%	3%	▶	▶	▶	Wheat	23	2%	1%	20%	▶	▶	▲
	Meat (mutton)	449	0%	0%	28%	▶	▶	▲	Wheat flour (1st quality)	41	0%	0%	8%	▶	▶	▲
	Milk	37	-2%	0%	7%	▶	▶	▲	Wheat flour (high grade)	53	1%	1%	11%	▶	▶	▲
	Oil (cooking)	152	1%	-3%	59%	▶	▶	▲								
TALAS	Bread (1st grade)	51	0%	0%	12%	▶	▶	▲	Potatoes	27	2%	2%	20%	▶	▶	▲
	Bread (lepeszka)	71	0%	0%	17%	▶	▶	▲	Rice (medium)	67	0%	0%	24%	▶	▶	▲
	Eggs	118	-1%	-1%	42%	▶	▶	▲	Sugar	57	3%	3%	38%	▶	▶	▲
	Meat (beef)	401	1%	1%	29%	▶	▶	▲	Wheat	19	1%	2%	23%	▶	▶	▲
	Meat (mutton)	390	0%	0%	25%	▶	▶	▲	Wheat flour (1st quality)	39	0%	0%	15%	▶	▶	▲
	Milk	30	0%	0%	6%	▶	▶	▶	Wheat flour (high grade)	49	0%	0%	30%	▶	▶	▲
	Oil (cooking)	150	0%	0%	66%	▶	▶	▲								
YSSYK-KUL	Bread (1st grade)	46	1%	1%	3%	▶	▶	▶	Potatoes	29	6%	5%	56%	▲	▲	▲
	Bread (lepeszka)	63	1%	1%	5%	▶	▶	▶	Rice (medium)	85	0%	0%	8%	▶	▶	▲
	Eggs	111	-1%	-1%	49%	▶	▶	▲	Sugar	60	6%	6%	57%	▲	▲	▲
	Meat (beef)	436	2%	2%	28%	▶	▶	▲	Wheat	20	0%	1%	10%	▶	▶	▲
	Meat (mutton)	409	2%	2%	32%	▶	▶	▲	Wheat flour (1st quality)	41	0%	0%	14%	▶	▶	▲
	Milk	35	0%	2%	32%	▶	▶	▲	Wheat flour (high grade)	51	1%	1%	6%	▶	▶	▲
	Oil (cooking)	141	0%	0%	0%	▶	▶	▶								
KYRGYZ REPUBLIC	Bread (1st grade)	49	0%	1%	6%	▶	▶	▲	Potatoes	32	2%	3%	45%	▶	▶	▲
	Bread (lepeszka)	68	0%	0%	6%	▶	▶	▲	Rice (medium)	81	-1%	-1%	5%	▶	▶	▶
	Eggs	106	2%	2%	37%	▶	▶	▲	Sugar	60	6%	6%	41%	▲	▲	▲
	Meat (beef)	445	0%	0%	26%	▶	▶	▲	Wheat	24	0%	0%	25%	▶	▶	▲
	Meat (mutton)	438	1%	2%	35%	▶	▶	▲	Wheat flour (1st quality)	39	0%	0%	19%	▶	▶	▲
	Milk	39	0%	0%	1%	▶	▶	▶	Wheat flour (high grade)	48	0%	0%	15%	▶	▶	▲
	Oil (cooking)	155	1%	1%	60%	▶	▶	▲								

▲ 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