



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

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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 29th issue of the update.

Highlights

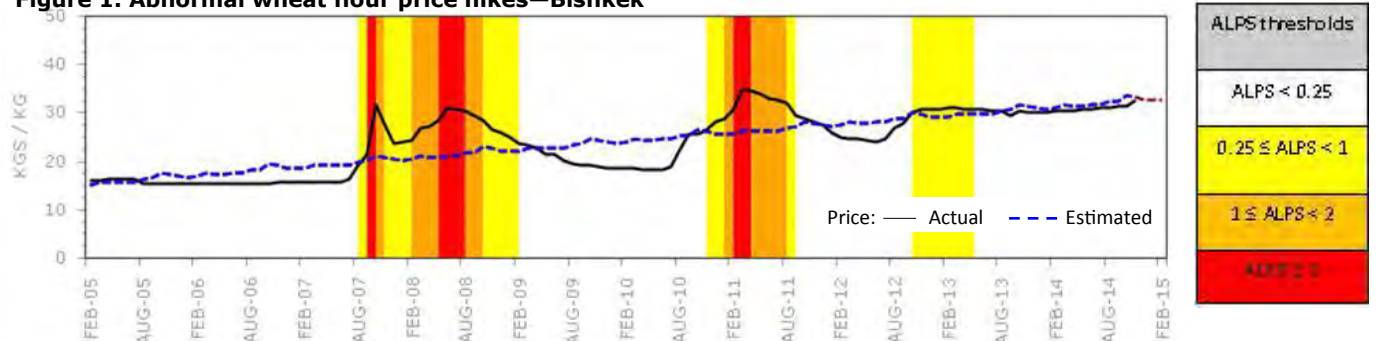
- ◆ The national average retail price of wheat flour decreased by 1% on a month-on-month basis in December 2014 (**Figure 2**). However, it is still 18% higher than the same month of 2013.
- ◆ The export price of wheat in Kazakhstan (Free on Board [FOB] rate) increased by 1% on a month-on-month basis in December 2014 and the price was 21% higher than in the same period last year (**Figure 3**).
- ◆ The Kyrgyz som depreciated against the US dollar by 1% on a month-on-month basis and 12% during the last five months (August-December), and by 18% compared to the same month last year (**Figure 4**).
- ◆ The national average price of Petrol 92 decreased by 6% in December 2014 on a month-on-month basis. Similarly, the average price of diesel decreased by 7% in December 2014 (**Figure 5**).
- ◆ Meat prices did not show major fluctuations in December 2014, but their prices are 9% and 13% higher for mutton and beef respectively than in December 2013 (**Figure 6**).
- ◆ After a sharp increase in October 2014, the prices of potatoes and carrots have decreased by 2% and 5% respectively in December 2014. However, the price of onions remains 120% higher than in the same month last year (**Figure 7**).
- ◆ The average wage rate in October 2014 was 9% higher than in October 2013 (**Figure 8**), while the national average price of wheat flour increased by 15% during the same period. This indicates a slight deterioration of wheat flour purchasing power among households reliant on income from wage labour.
- ◆ In 2014, the volume of incoming remittances was almost the same level as the previous year from January to October. However, the volume was around 20% lower in November compared with the same month in 2013 (**Figure 9**).
- ◆ From October to November 2014, seasonal precipitation has generally been above the historical average across the country. In December 2014, however, precipitation was below average in most areas (**Figure 10**).

Alert for Price Spikes (ALPS) for 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 wheat prices in Bishkek using long-term price data from the National Statistics Committee. The analysis in **Figure 1** illustrates that wheat flour prices 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 December 2014 was within the normal pattern of the price series. The intensity of price abnormalities are classified using standard deviations (STD).

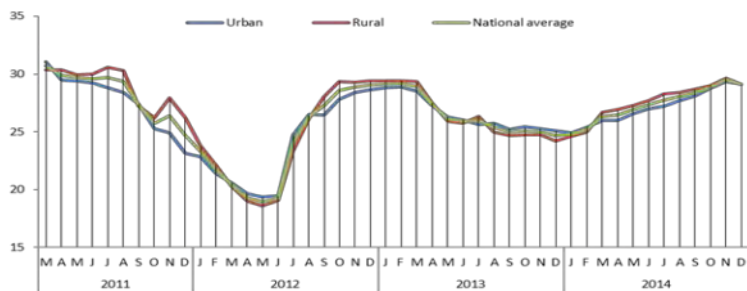
Figure 1. Abnormal wheat flour price hikes—Bishkek



Data source: National Statistics Committee, analysis provided by WFP

Wheat flour prices in urban and rural areas (December 2014)

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

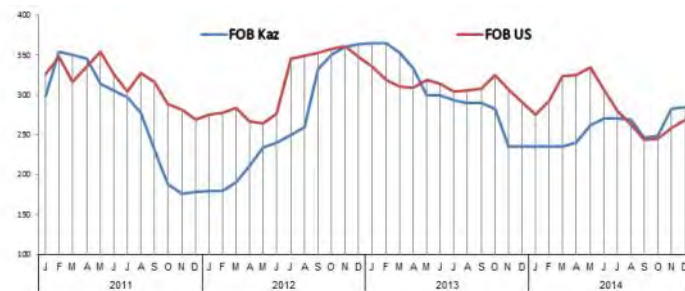


Data source: WFP Monthly Market Monitoring

The national average retail price of wheat flour decreased by 1% on a month-on-month basis in December 2014 (Figure 2). However, it is still 18% higher than the same month of 2013.

International prices of wheat flour (December 2014)

Figure 3. Wholesale price of wheat (USD/ton)



Data source: FAO GIEWS (Kazakhstan FOB, Gulf of Mexico US FOB)

The export price of wheat in Kazakhstan (Free on Board [FOB] rate) increased by 1% on a month-on-month basis in December 2014 and the price was 21% higher than in the same period last year (Figure 3). The US FOB price also increased by 4% in December 2014.

Currency exchange rate (December 2014)

Figure 4. Exchange rate of US dollar against the KGS

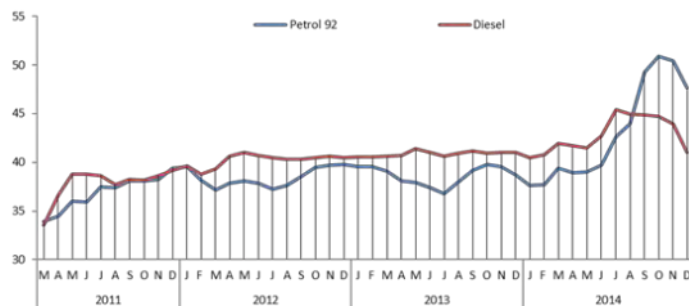


Source: National Bank of the Kyrgyz Republic

The Kyrgyz som (KGS) depreciated against the US dollar by 1% on a month-on-month basis and 12% during the last five months (August-December), and by 18% when compared to the same month last year (Figure 4). The sharp depreciation will likely affect fuel prices and retail prices of the main imported food commodities, including wheat.

Fuel prices (December 2014)

Figure 5. Retail prices of fuel (KGS/litre)

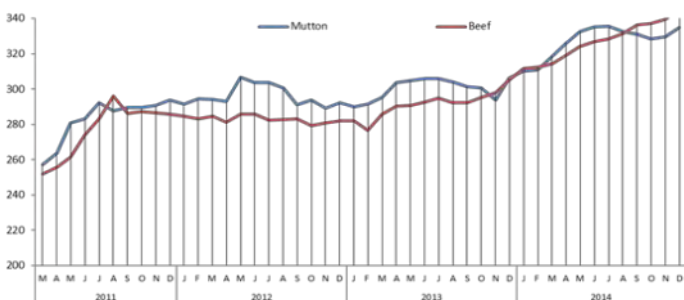


Source: WFP Monthly Market Monitoring

The national average price of Petrol 92 decreased by 6% in December 2014 on a month-on-month basis. However, the price in December 2014 was 23% higher than in the same month in 2013 (Figure 5). Similarly, the national average price of diesel decreased by 7% in December 2014 and equaled the price in the same month in 2013.

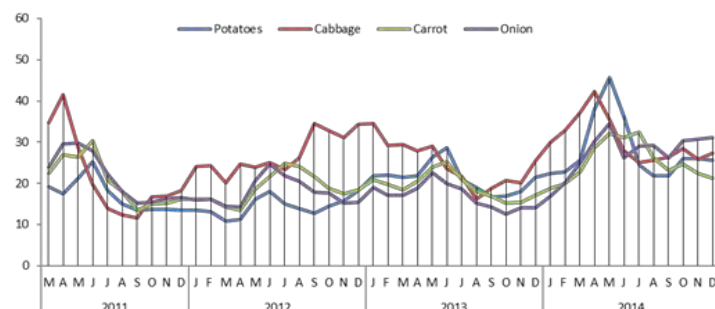
PRICES OF OTHER BASIC COMMODITIES (DECEMBER 2014)

Meat: Meat prices did not show major fluctuations in November and December 2014, but prices are 9% and 13% higher for mutton and beef respectively than in December 2013 (Figure 6).



Data source: WFP Monthly Market Monitoring

Potatoes and vegetables: After a sharp increase in October 2014, the prices of potatoes and carrot have decreased by 2% and 5% respectively in December 2014. However, the price of onions remains 120% higher than in the same month last year (Figure 7).

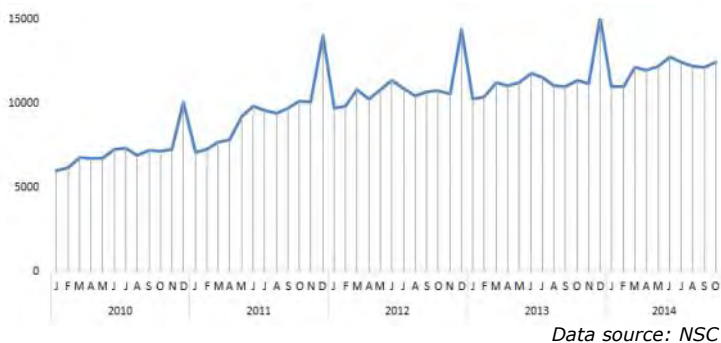


Data source: WFP Monthly Market Monitoring

HOUSEHOLD PURCHASING POWER

Wage rates

Figure 8. Average wage (average of all sectors, KGS/month)



Data source: NSC

The average wage rate in October 2014 was 9% higher than in October 2013¹ (Figure 8), while the national average price of wheat flour increased by 15% during the same period (Figure 2). This indicates a slight deterioration of wheat flour purchasing power among households reliant on income from wage labour.

Other Issues

The preliminary results of WFP's periodic household food security monitoring showed an increased number of farmers reporting access to water as the major problem for agriculture; from 41% in September 2013 to 46% in October 2014. The increase was most significant in Chuy oblast (from 16% to 57%). However, a significant deterioration of food consumption levels was not observed either at national or oblast levels.

WATER AVAILABILITY

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 in the Kyrgyz Republic, given that large amounts of water for domestic and agricultural use originate from snow melt.

From October to November 2014, seasonal precipitation has generally been above the historical average across the country. In December 2014, however, precipitation was below average in most areas. Close attention should be paid to precipitation in the next few months.

The forecast provided by the International Research Institute for Climate and Society (IRI) indicates that precipitation in northern parts of Central Asia, including some areas of the Kyrgyz Republic, will be above normal.

OUTLOOK FOR THE NEXT FEW MONTHS

Domestic retail prices of wheat flour remain high, likely due to depreciation of the local currency, high fuel prices, relatively high international prices, and reduced domestic production. Depreciation of the local currency may further increase transport costs and prices of imported food. It is unlikely that basic food prices will decrease significantly during the next few months. Close attention should be paid to volatile and higher prices for some basic food items.

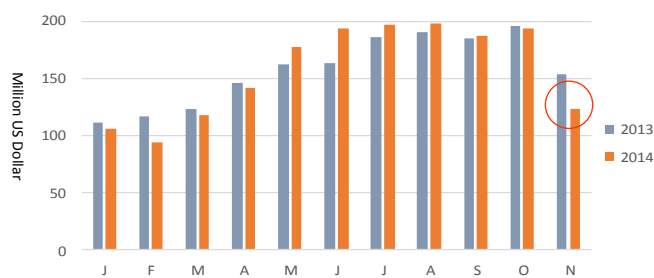
The alarming high prices for some basic commodities, such as meat, potatoes and vegetables, might strengthen the pressure on already limited food access among the most vulnerable households, potentially worsening the diets of these households. These effects could be further exacerbated before and during winter months and in the upcoming spring, when additional resources for heating and agricultural inputs are required.

In the months ahead, WFP will pay close attention to food prices in local markets to detect whether price changes are seasonal or abnormal. The alert will be shared with stakeholders when the observed price is above the normal seasonal trend.

¹ Wage rate figures are only available up to October 2014, and therefore comparisons have been made for the same period regarding wheat flour prices.

Remittances

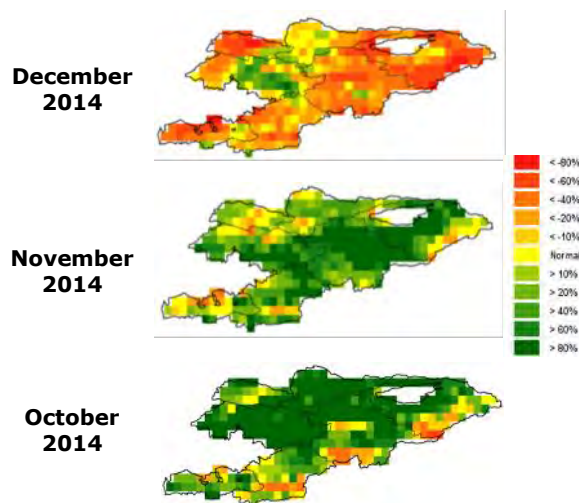
Figure 9. Aggregate volume of incoming remittances (mln. USD/month)



Data source: National Bank of the Kyrgyz Republic

In 2014, the volume of incoming remittances was almost the same level as the previous year from January to October. However, the volume was around 20% lower in November compared with the same month of 2013 (Figure 9).

Figure 10. Relative difference in precipitation compared to long term average



Source: European Center for Medium Range Weather Forecast (ECMWF), FAO GIEWS

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (DECEMBER 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	Change in Price (Fob)			Level of Disruption			Commodity	Current Price	Change in Price (Fob)			Level of Disruption		
			1 m	3 m	1 yr	1 m	3 m	1 yr			1 m	3 m	1 yr			
	Urban								Rural							
	Wheat flour (1st quality)	33	0%	10%	21%	▶	▶	▶	Wheat flour (1st quality)	33	5%	10%	27%	▶	▶	▶
	Meat (mutton)	280	-1%	-15%	0%	▶	▶	▶	Meat (mutton)	320	-1%	0%	7%	▶	▶	▶
	Meat (beef)	362	-5%	6%	21%	▶	▶	▶	Meat (beef)	320	0%	0%	7%	▶	▶	▶
	Milk	40	0%	11%	25%	▶	▶	▶	Milk	30	0%	20%	▶	▶	▶	
	Potato	30	-20%	25%	43%	▶	▶	▶	Potato	23	13%	-2%	2%	▶	▶	▶
	Cooking oil	80	-9%	-16%	-17%	▶	▶	▶	Cooking oil	81	3%	-7%	-14%	▶	▶	▶
	Sugar	50	0%	-4%	6%	▶	▶	▶	Sugar	48	-3%	-7%	-8%	▶	▶	▶
Petrol (Octane rating 92)	47	-6%	2%	24%	▶	▶	▶	Petrol (Octane rating 92)	47	-6%	2%	25%	▶	▶	▶	
Diesel	40	-8%	-10%	0%	▶	▶	▶	Diesel	40	-8%	-9%	0%	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	25	2%	6%	10%	▶	▶	▶	Wheat flour (1st quality)	26	7%	9%	11%	▶	▶	▶
	Meat (mutton)	350	15%	13%	31%	▶	▶	▶	Meat (mutton)	323	1%	1%	15%	▶	▶	▶
	Meat (beef)	350	15%	8%	30%	▶	▶	▶	Meat (beef)	323	1%	1%	1%	▶	▶	▶
	Milk	23	9%	13%	0%	▶	▶	▶	Milk	22	-4%	8%	-4%	▶	▶	▶
	Potato	23	0%	7%	5%	▶	▶	▶	Potato	23	0%	0%	0%	▶	▶	▶
	Cooking oil	90	-4%	-4%	9%	▶	▶	▶	Cooking oil	92	0%	0%	4%	▶	▶	▶
	Sugar	57	7%	3%	24%	▶	▶	▶	Sugar	53	-7%	-7%	12%	▶	▶	▶
Petrol (Octane rating 92)	45	-5%	-2%	33%	▶	▶	▶	Petrol (Octane rating 92)	45	-4%	-4%	27%	▶	▶	▶	
Diesel	39	-9%	-8%	3%	▶	▶	▶	Diesel	39	-7%	-8%	3%	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	29	0%	0%	26%	▶	▶	▶	Wheat flour (1st quality)	29	4%	0%	26%	▶	▶	▶
	Meat (mutton)	317	0%	0%	9%	▶	▶	▶	Meat (mutton)	305	0%	0%	5%	▶	▶	▶
	Meat (beef)	330	0%	0%	3%	▶	▶	▶	Meat (beef)	330	0%	0%	3%	▶	▶	▶
	Milk	20	-20%	0%	0%	▶	▶	▶	Milk	25	0%	0%	0%	▶	▶	▶
	Potato	20	0%	33%	36%	▶	▶	▶	Potato	19	0%	24%	56%	▶	▶	▶
	Cooking oil	100	0%	0%	0%	▶	▶	▶	Cooking oil	105	0%	0%	0%	▶	▶	▶
	Sugar	55	0%	0%	10%	▶	▶	▶	Sugar	60	0%	0%	12%	▶	▶	▶
Petrol (Octane rating 92)	48	-4%	9%	27%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	▶	▶	▶	
Diesel	40	-8%	-9%	0%	▶	▶	▶	Diesel	-	-	-	-	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	-	-	-	-	▶	▶	▶	Wheat flour (1st quality)	-	-	-	-	▶	▶	▶
	Meat (mutton)	320	8%	7%	14%	▶	▶	▶	Meat (mutton)	-	-	-	-	▶	▶	▶
	Meat (beef)	340	6%	6%	13%	▶	▶	▶	Meat (beef)	-	-	-	-	▶	▶	▶
	Milk	38	10%	53%	44%	▶	▶	▶	Milk	40	14%	-	-	▶	▶	▶
	Potato	30	6%	76%	50%	▶	▶	▶	Potato	28	0%	5%	-	▶	▶	▶
	Cooking oil	95	0%	6%	12%	▶	▶	▶	Cooking oil	110	-6%	-4%	0%	▶	▶	▶
	Sugar	51	0%	-1%	12%	▶	▶	▶	Sugar	60	5%	1%	9%	▶	▶	▶
Petrol (Octane rating 92)	47	10%	-2%	19%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	▶	▶	▶	
Diesel	41	-4%	-8%	3%	▶	▶	▶	Diesel	-	-	-	-	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	33	10%	17%	22%	▶	▶	▶	Wheat flour (1st quality)	33	-1%	12%	35%	▶	▶	▶
	Meat (mutton)	367	2%	2%	11%	▶	▶	▶	Meat (mutton)	370	0%	6%	16%	▶	▶	▶
	Meat (beef)	370	3%	3%	13%	▶	▶	▶	Meat (beef)	370	0%	3%	16%	▶	▶	▶
	Milk	30	-14%	-14%	-10%	▶	▶	▶	Milk	30	0%	0%	0%	▶	▶	▶
	Potato	27	7%	14%	10%	▶	▶	▶	Potato	29	-2%	26%	26%	▶	▶	▶
	Cooking oil	87	-7%	-2%	-13%	▶	▶	▶	Cooking oil	88	-4%	2%	-12%	▶	▶	▶
	Sugar	53	-1%	-4%	3%	▶	▶	▶	Sugar	52	-6%	-6%	3%	▶	▶	▶
Petrol (Octane rating 92)	49	-7%	-8%	24%	▶	▶	▶	Petrol (Octane rating 92)	49	-6%	-8%	24%	▶	▶	▶	
Diesel	42	-3%	-7%	0%	▶	▶	▶	Diesel	42	-3%	-9%	-1%	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	27	0%	2%	13%	▶	▶	▶	Wheat flour (1st quality)	27	0%	0%	13%	▶	▶	▶
	Meat (mutton)	350	0%	0%	9%	▶	▶	▶	Meat (mutton)	350	0%	3%	9%	▶	▶	▶
	Meat (beef)	350	3%	3%	17%	▶	▶	▶	Meat (beef)	340	0%	3%	13%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	30	0%	0%	0%	▶	▶	▶
	Potato	30	-3%	27%	20%	▶	▶	▶	Potato	30	-8%	20%	20%	▶	▶	▶
	Cooking oil	82	0%	2%	-9%	▶	▶	▶	Cooking oil	83	0%	4%	-11%	▶	▶	▶
	Sugar	50	0%	0%	0%	▶	▶	▶	Sugar	50	0%	0%	0%	▶	▶	▶
Petrol (Octane rating 92)	50	-4%	-2%	25%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	▶	▶	▶	
Diesel	42	-5%	-7%	0%	▶	▶	▶	Diesel	42	-5%	-7%	0%	▶	▶	▶	
	Urban								Rural							
	Wheat flour (1st quality)	28	-5%	-5%	11%	▶	▶	▶	Wheat flour (1st quality)	27	-7%	-7%	9%	▶	▶	▶
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	350	0%	0%	17%	▶	▶	▶	Meat (beef)	350	0%	0%	17%	▶	▶	▶
	Milk	28	0%	0%	-15%	▶	▶	▶	Milk	27	-6%	0%	0%	▶	▶	▶
	Potato	24	4%	4%	5%	▶	▶	▶	Potato	24	-3%	12%	4%	▶	▶	▶
	Cooking oil	112	2%	2%	8%	▶	▶	▶	Cooking oil	110	2%	2%	8%	▶	▶	▶
	Sugar	55	0%	0%	6%	▶	▶	▶	Sugar	53	-6%	-6%	0%	▶	▶	▶
Petrol (Octane rating 92)	49	-8%	-7%	21%	▶	▶	▶	Petrol (Octane rating 92)	49	-10%	-7%	19%	▶	▶	▶	
Diesel	43	-11%	-10%	-1%	▶	▶	▶	Diesel	43	-9%	-9%	-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 – 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 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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