



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

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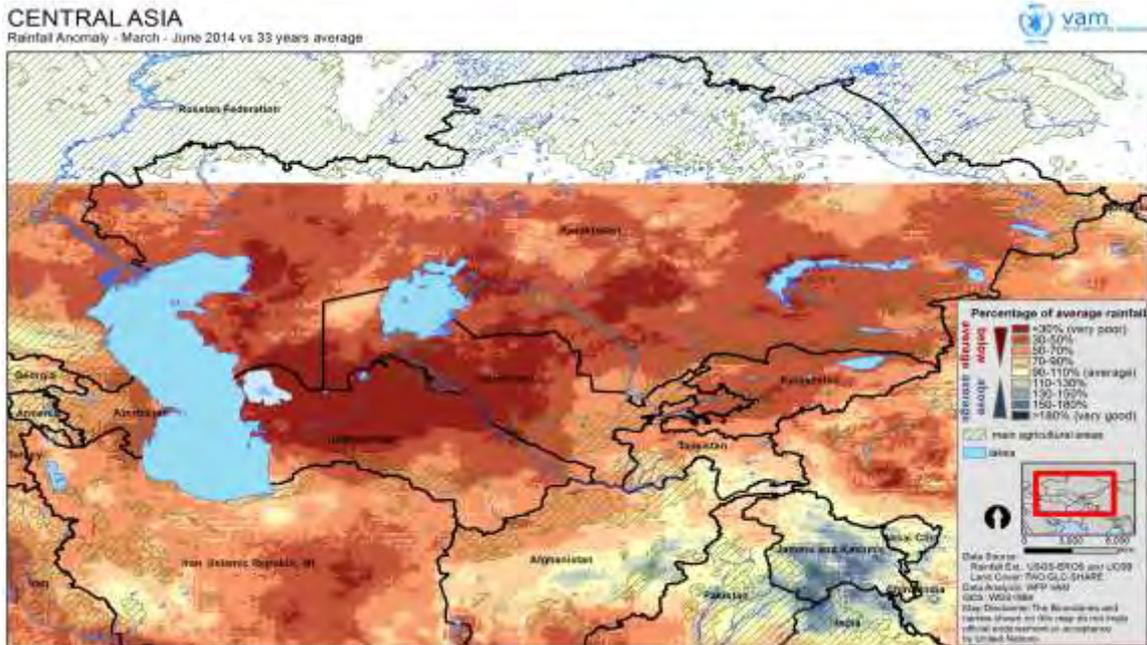
Monthly Update on Food Security and Prices is produced by the Vulnerability Analysis and Mapping (VAM) Unit of the World Food Programme Country Office in the Kyrgyz Republic as a contribution to periodic food security monitoring in the country. This is the 24th issue of the update.

Highlights

- ◆ The national average retail price of wheat flour increased by 1% on a month-on-month basis in June 2014 in urban and rural areas. The price was 5% higher on a year-on-year basis and 42% higher than the lowest point in the last three years, which was recorded in May/June 2012. The National Statistics Committee's (NSC) price monitoring, which covers the main urban markets also showed 1% increase in wheat flour prices on a month-on-month basis.
- ◆ Meat prices continued to increase (1% on a month-on-month basis) and remained at a record high level - the prices were 10% and 12% higher for mutton and beef respectively than in June 2013.
- ◆ Fuel prices increased by 2% and 3% for petrol 92 and diesel respectively in June 2014 and were 6% and 4% higher than a year ago.
- ◆ WFP analysis of rainfall and vegetation patterns in relation to a long-term average indicates reduced rainfall during March-June 2014 throughout the country and deteriorated vegetation patterns, mainly in the north of the country. This could potentially affect the upcoming agricultural harvest season, impacting the food security of the most vulnerable households.
- ◆ In the months ahead, WFP will pay close attention to a number of risk factors: the potential impact of volatile food and fuel prices, higher prices for some food items in rural areas, the national currency exchange rates, as well as the levels of household level food consumption and the occurrence of natural disasters such as floods and droughts.
- ◆ 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.

RAINFALL AND VEGETATION PATTERNS

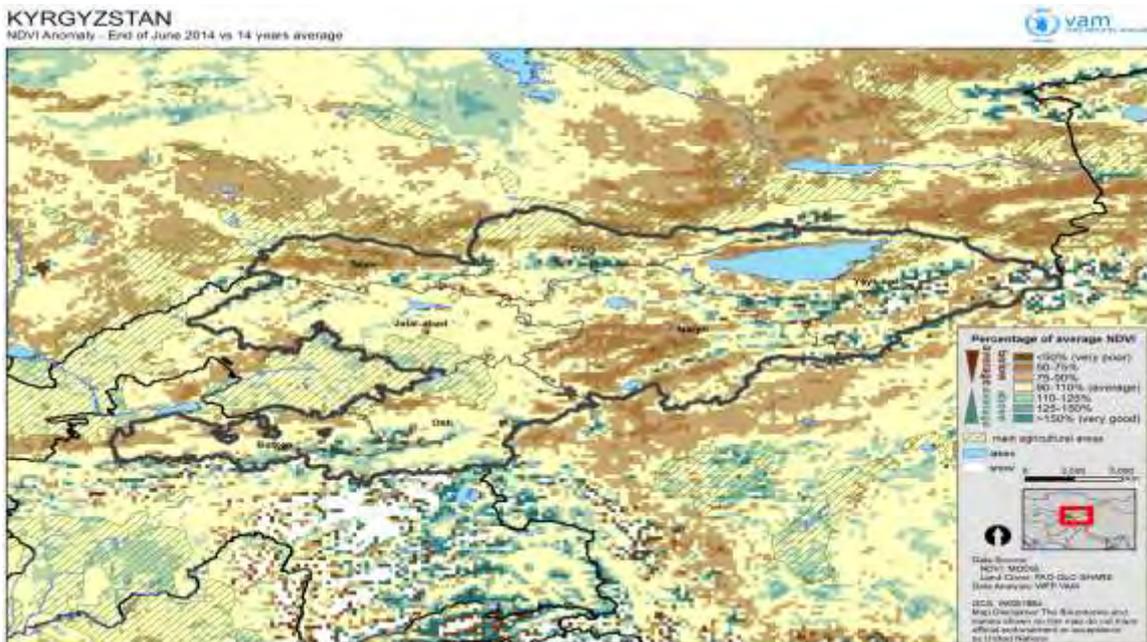
Figure 1. Rainfall anomaly (March-June 2014 vs 33 years average)



Source: WFP Analysis

The Central Asia region appears affected by poor spring rains with strong deficits in Central Uzbekistan and Northern and Western Turkmenistan as presented in Figure 1. Precipitation level during March-June 2014 was compared to the long-term (33 years) average. The identified decreased rainfall might lead to deterioration of agricultural production, with limited precipitation hampering irrigation of crops, potentially leading to a reduced harvest.

Figure 2. Normalized Difference Vegetation Index (NDVI) anomaly (end of June 2014 vs 14 years average)

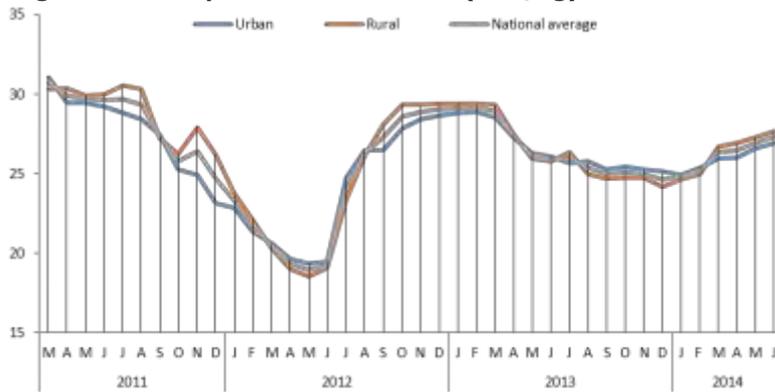


Source: WFP Analysis

Figure 2 presents a Normalized Difference Vegetation Index (NDVI), which monitors the vegetation growth and its deviation comparing to the long-term standard index of the vegetation (14 years average). With the progress of the season, areas with unfavourable vegetation and crop development remain in evidence in Talas, Naryn, Chuy and Issyk-Kul. In Osh and Jalalabad, the situation seems improved in the main cropping areas compared to April and May 2014 with NDVI close to average. NDVI is also below the average in some parts of Batken, however, the region has no major agricultural areas. Following the reduced rainfall patterns, rainfed cropping areas will have been more intensely affected. Overall, summer crop production has had a poor start across the country.

WHEAT FLOUR PRICES (JUNE 2014)

Figure 3. Retail prices of wheat flour (KGS/kg)

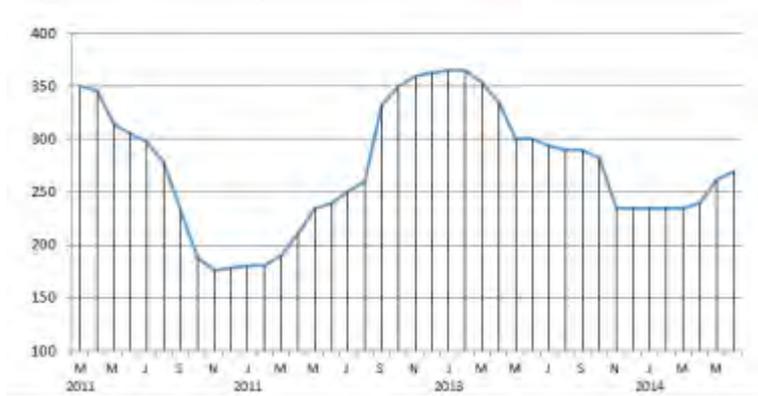


The national average retail price of wheat flour slightly increased 1% on a month-on-month basis in June 2014 in urban and rural areas (Figure 3). The price was 5% higher on a year-on-year basis and 42% higher than the lowest point in the last three years, which was recorded in May/June 2012. The National Statistics Committee's (NSC) price monitoring, which covers the main urban markets, also showed 1% increase in wheat flour prices on a month-on-month basis.

Source: WFP Monthly Market Monitoring

INTERNATIONAL PRICES (JUNE 2014)

Figure 4. Wholesale price of wheat, USD/ton

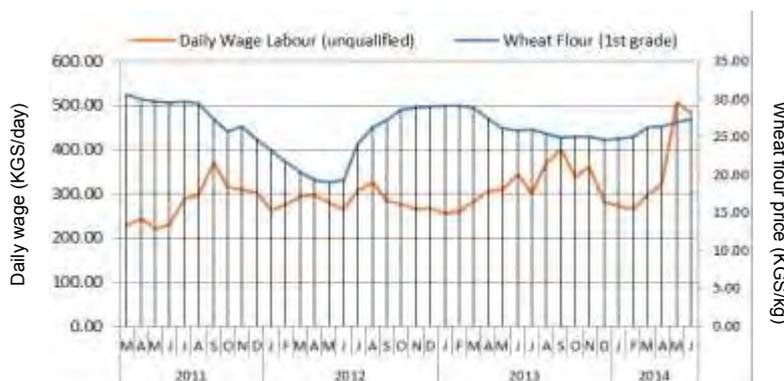


The export price of wheat in Kazakhstan (Free on Board [FOB] rate) continued to increase for a third consecutive month and went up 3% in June 2014. On a year-on-year basis, the price in June 2014 was 10% lower (Figure 4). Potential impacts of increased wheat export prices on domestic retail prices for wheat flour will be closely monitored.

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

HOUSEHOLD PURCHASING POWER (JUNE 2014)

Figure 5. Retail prices of wheat flour and daily wage rates of unskilled labourer

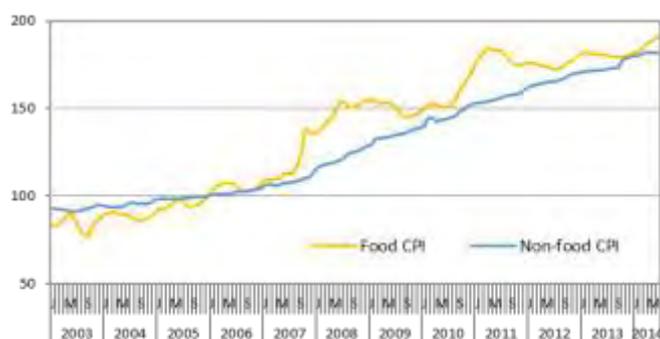


According to WFP's monthly monitoring, daily wage rates of unskilled labour decreased in June 2014, while domestic retail prices of wheat flour slightly increased, indicating that wheat flour continues to be less affordable for unskilled labourers (Figure 5).

Source: WFP Monthly Market Monitoring

INFLATION (JUNE 2014)

Figure 6. Consumer Price Index (food and non-food)

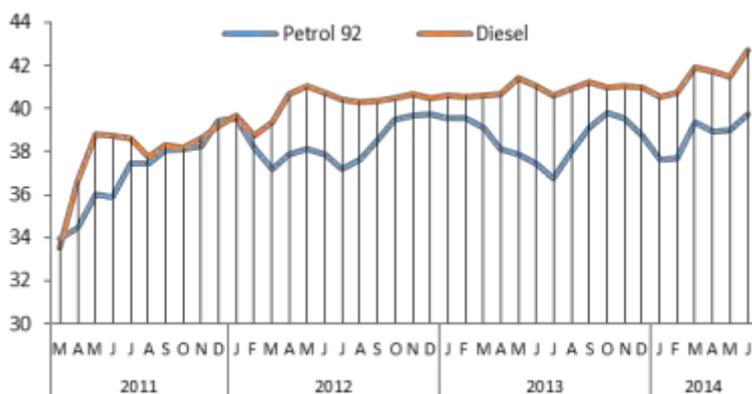


Inflation in the Kyrgyz Republic has steadily increased since 2007, driven both by food and non-food price inflation as indicated by the Consumer Price Index (CPI) in Figure 6. The growth rate for non-food prices has steadily climbed since 2003 while the prices of food items have shown some fluctuations. In June 2014, non-food CPI increased 0.2% while food CPI increased 0.7%. On the annual basis, non-food CPI increased 6.7% and food CPI increased 10.8%.

Source: WFP elaboration based on NSC data

FUEL PRICES (JUNE 2014)

Figure 7. Retail prices of fuel (Petrol 92 and diesel, KGS/litre)

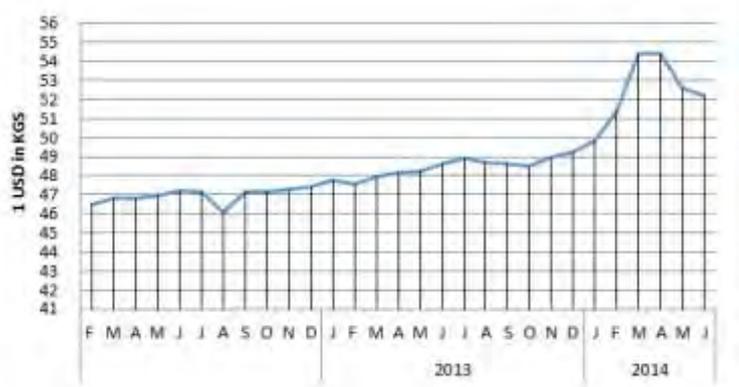


Fuel prices increased by 2% and 3% for petrol 92 and diesel respectively in June 2014 and were 6% and 4% higher than a year ago (Figure 7). Prices have been consistently higher in rural areas since WFP started price monitoring in rural areas in April 2012. Close monitoring of prices in rural areas will be required as high fuel prices and transportation costs may continue to be transmitted to consumers.

Source: WFP Monthly Market Monitoring

CURRENCY EXCHANGE RATE (JUNE 2014)

Figure 8. Exchange rate of US Dollar against the KGS

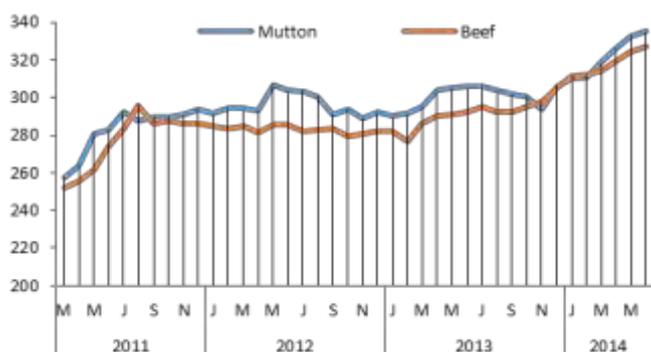


The exchange rate continued to decrease in June 2014 with a 1% depreciation of a US dollar on a month-on-month basis (Figure 8). US Dollar exchange rate in June 2014 was 7% higher than a year ago. A close monitoring of the situation in currency exchange markets and the impact on domestic retail prices is further required, in case a sharp depreciation of the Kyrgyz Som, as observed in March 2014, affects the retail prices of some imported food commodities.

Source: National Bank of the Kyrgyz Republic

PRICES OF OTHER BASIC COMMODITIES (JUNE 2014)

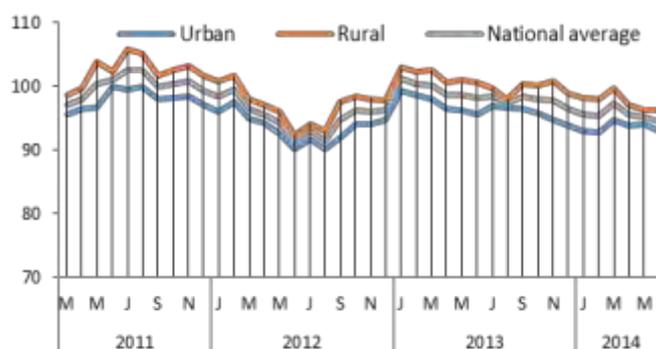
Figure 9. Retail prices of meat (KGS/kg)



Source: WFP Monthly Market Monitoring

Meat prices continued to increase with a 1% rise for both mutton and beef on a month-on-month basis. The prices in June 2014 remained at a record high level - the prices were 10% and 12% higher for mutton and beef respectively than in June 2013. Prices for other main food commodities, such as sugar and cooking oil, slightly decreased in June 2014 on a month-on-month basis, with 1% decrease for cooking oil and 3% decrease for sugar. On an annual basis, cooking oil prices were 4% lower, while sugar prices were 9% higher compared to June 2013. Similar month-on-month price change tendencies for meat and cooking oil were reported by NSC monitoring in June 2014.

Figure 10. Retail prices of cooking oil (KGS per liter)



Source: WFP Monthly Market Monitoring

OUTLOOK FOR THE NEXT FEW MONTHS

- ◆ WFP will continue to monitor the potential impact of reduced rainfall and vegetation patterns on agricultural production, which might affect food security of the most vulnerable households.
- ◆ In the months ahead, WFP will also continue to pay close attention to a number of risk factors: the potential impact of volatile food and fuel prices, higher prices for some food items in rural areas, the national currency exchange rates, as well as the levels of household level food consumption and the occurrence of natural disasters.
- ◆ The potential effects of increased wheat export prices in Kazakhstan as well as prices of other regional exporters, such as the Russian Federation and Ukraine, need to be closely monitored.
- ◆ The alarming increase in meat prices with a record-high level in June 2014 might strengthen the pressure on already limited economical food access among the most vulnerable and food insecure households, potentially worsening the diets of these households.

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 stakeholders when the observed price is above the normal seasonal trend.
- ◆ WFP will continue to implement community asset development for food security, including Food Assistance for Asset/Training (FFA/T) projects on rehabilitation of rural infrastructure, value chain development and vegetable growing, with a view to building the resilience of vulnerable communities.
- ◆ WFP is also assisting the Government in developing a national school meals policy and implementation strategy. Technical assistance is provided to the Government to sustainably improve the quality and efficiency of the existing school meals 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.
- ◆ WFP has been studying climate risk impact on agricultural production and food security and how it is transmitted to the most vulnerable communities and households. The study also identified the key policies for building the adaptive capacity and reducing climate-related food insecurity in most vulnerable communities. The final report will be published in August and shared with all relevant stakeholders.
- ◆ WFP is developing the Food Security and Vulnerability Atlas (FSVA) of the Kyrgyz Republic in collaboration with the government institutions (Ministry of Agriculture and Melioration, Natstatcom). This exercise will provide district-level evidence base for identifying geographic and thematic priority areas for food security related interventions. FSVA will align with the indicators of the Food Security and Nutrition Programme (2013-2017) of the Kyrgyz Republic on four pillars of food security (availability, access, utilization and stability) by providing a useful baseline for both national and sub-national level goals.

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (JUNE 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			
	Urban															
	Wheat flour (1st quality)	29	0%	0%	4%	▶	▶	▶	Wheat flour (1st quality)	28	0%	0%	12%	▶	▶	▶
	Meat (mutton)	330	0%	0%	18%	▶	▶	▶	Meat (mutton)	320	0%	7%	7%	▶	▶	▶
	Meat (beef)	330	0%	0%	18%	▶	▶	▶	Meat (beef)	300	0%	0%	-3%	▶	▶	▶
	Milk	34	-2%	-2%	13%	▶	▶	▶	Milk	25	0%	-7%	-7%	▶	▶	▶
	Potato	35	22%	17%	94%	▶	▶	▶	Potato	33	-6%	38%	32%	▶	▶	▶
	Cooking oil	88	0%	0%	7%	▶	▶	▶	Cooking oil	85	0%	-13%	-11%	▶	▶	▶
	Sugar	54	-2%	-2%	13%	▶	▶	▶	Sugar	54	0%	-1%	1%	▶	▶	▶
Petrol (Octane rating 92)	41	0%	6%	13%	▶	▶	▶	Petrol (Octane rating 92)	38	-8%	-6%	18%	▶	▶	▶	
Diesel	44	6%	6%	10%	▶	▶	▶	Diesel	42	0%	6%	12%	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	22	-3%	-7%	-6%	▶	▶	▶	Wheat flour (1st quality)	23	5%	-3%	-7%	▶	▶	▶
	Meat (mutton)	318	-2%	-7%	14%	▶	▶	▶	Meat (mutton)	330	8%	10%	16%	▶	▶	▶
	Meat (beef)	318	-2%	4%	11%	▶	▶	▶	Meat (beef)	330	-	-	-	▶	▶	▶
	Milk	23	0%	-10%	13%	▶	▶	▶	Milk	23	-8%	-8%	15%	▶	▶	▶
	Potato	35	-27%	14%	24%	▶	▶	▶	Potato	38	-25%	67%	25%	▶	▶	▶
	Cooking oil	91	7%	-3%	1%	▶	▶	▶	Cooking oil	88	12%	-2%	-7%	▶	▶	▶
	Sugar	53	0%	-4%	10%	▶	▶	▶	Sugar	55	-8%	0%	15%	▶	▶	▶
Petrol (Octane rating 92)	38	1%	3%	8%	▶	▶	▶	Petrol (Octane rating 92)	38	1%	0%	0%	▶	▶	▶	
Diesel	39	-1%	-1%	3%	▶	▶	▶	Diesel	39	-2%	-4%	0%	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	28	4%	8%	4%	▶	▶	▶	Wheat flour (1st quality)	28	0%	2%	4%	▶	▶	▶
	Meat (mutton)	317	-7%	-9%	-7%	▶	▶	▶	Meat (mutton)	305	-2%	5%	2%	▶	▶	▶
	Meat (beef)	323	3%	8%	1%	▶	▶	▶	Meat (beef)	120	0%	7%	0%	▶	▶	▶
	Milk	20	0%	0%	0%	▶	▶	▶	Milk	25	0%	0%	15%	▶	▶	▶
	Potato	38	0%	105%	10%	▶	▶	▶	Potato	35	0%	94%	0%	▶	▶	▶
	Cooking oil	100	0%	0%	-2%	▶	▶	▶	Cooking oil	105	0%	0%	0%	▶	▶	▶
	Sugar	55	0%	0%	10%	▶	▶	▶	Sugar	60	0%	0%	9%	▶	▶	▶
Petrol (Octane rating 92)	39	3%	6%	3%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	▶	▶	▶	
Diesel	42	3%	6%	5%	▶	▶	▶	Diesel	-	-	-	-	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	28	1%	4%	0%	▶	▶	▶	Wheat flour (1st quality)	33	0%	8%	8%	▶	▶	▶
	Meat (mutton)	350	-3%	9%	17%	▶	▶	▶	Meat (mutton)	-	-	-	-	▶	▶	▶
	Meat (beef)	350	3%	9%	9%	▶	▶	▶	Meat (beef)	-	-	-	-	▶	▶	▶
	Milk	17	25%	-17%	-31%	▶	▶	▶	Milk	30	0%	50%	20%	▶	▶	▶
	Potato	43	8%	76%	30%	▶	▶	▶	Potato	40	0%	0%	11%	▶	▶	▶
	Cooking oil	80	6%	-9%	-17%	▶	▶	▶	Cooking oil	122	-5%	1%	1%	▶	▶	▶
	Sugar	51	1%	-2%	11%	▶	▶	▶	Sugar	58	-3%	-3%	12%	▶	▶	▶
Petrol (Octane rating 92)	38	-3%	-3%	9%	▶	▶	▶	Petrol (Octane rating 92)	-	-	-	-	▶	▶	▶	
Diesel	40	-3%	-3%	1%	▶	▶	▶	Diesel	-	-	-	-	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	28	7%	3%	1%	▶	▶	▶	Wheat flour (1st quality)	28	8%	8%	12%	▶	▶	▶
	Meat (mutton)	350	6%	8%	17%	▶	▶	▶	Meat (mutton)	300	-9%	9%	6%	▶	▶	▶
	Meat (beef)	330	0%	3%	18%	▶	▶	▶	Meat (beef)	350	3%	9%	21%	▶	▶	▶
	Milk	38	8%	30%	33%	▶	▶	▶	Milk	25	-17%	-17%	0%	▶	▶	▶
	Potato	35	-28%	24%	25%	▶	▶	▶	Potato	37	-24%	16%	22%	▶	▶	▶
	Cooking oil	93	-3%	-9%	-7%	▶	▶	▶	Cooking oil	87	-7%	-13%	-13%	▶	▶	▶
	Sugar	53	-3%	-3%	7%	▶	▶	▶	Sugar	50	-0%	-0%	0%	▶	▶	▶
Petrol (Octane rating 92)	39	1%	4%	5%	▶	▶	▶	Petrol (Octane rating 92)	39	1%	0%	4%	▶	▶	▶	
Diesel	44	4%	7%	5%	▶	▶	▶	Diesel	43	4%	1%	4%	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	25	0%	4%	4%	▶	▶	▶	Wheat flour (1st quality)	26	-2%	1%	9%	▶	▶	▶
	Meat (mutton)	350	3%	9%	17%	▶	▶	▶	Meat (mutton)	340	3%	6%	13%	▶	▶	▶
	Meat (beef)	330	0%	10%	14%	▶	▶	▶	Meat (beef)	330	0%	10%	22%	▶	▶	▶
	Milk	30	0%	0%	0%	▶	▶	▶	Milk	30	0%	0%	13%	▶	▶	▶
	Potato	25	-53%	-11%	-6%	▶	▶	▶	Potato	25	-95%	-17%	0%	▶	▶	▶
	Cooking oil	85	0%	0%	-6%	▶	▶	▶	Cooking oil	85	0%	0%	-0%	▶	▶	▶
	Sugar	50	-9%	-9%	10%	▶	▶	▶	Sugar	51	-8%	-8%	11%	▶	▶	▶
Petrol (Octane rating 92)	41	3%	2%	7%	▶	▶	▶	Petrol (Octane rating 92)	40	0%	1%	6%	▶	▶	▶	
Diesel	44	5%	7%	5%	▶	▶	▶	Diesel	44	5%	6%	5%	▶	▶	▶	
	Urban															
	Wheat flour (1st quality)	28	0%	14%	18%	▶	▶	▶	Wheat flour (1st quality)	28	0%	9%	14%	▶	▶	▶
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	Meat (mutton)	350	0%	0%	0%	▶	▶	▶
	Meat (beef)	320	0%	0%	14%	▶	▶	▶	Meat (beef)	320	0%	0%	14%	▶	▶	▶
	Milk	40	0%	9%	20%	▶	▶	▶	Milk	35	0%	-0%	-	▶	▶	▶
	Potato	45	-18%	85%	73%	▶	▶	▶	Potato	43	-10%	94%	67%	▶	▶	▶
	Cooking oil	103	3%	5%	5%	▶	▶	▶	Cooking oil	102	3%	2%	5%	▶	▶	▶
	Sugar	55	0%	-2%	10%	▶	▶	▶	Sugar	57	-3%	-2%	13%	▶	▶	▶
Petrol (Octane rating 92)	40	0%	-4%	-2%	▶	▶	▶	Petrol (Octane rating 92)	42	0%	1%	-3%	▶	▶	▶	
Diesel	44	4%	-1%	-1%	▶	▶	▶	Diesel	44	5%	1%	-2%	▶	▶	▶	
	Rural															
	Wheat flour (1st quality)	28	8%	8%	12%	▶	▶	▶	Wheat flour (1st quality)	28	8%	8%	12%	▶	▶	▶
	Meat (mutton)	300	-9%	9%	6%	▶	▶	▶	Meat (mutton)	300	-9%	9%	6%	▶	▶	▶
	Meat (beef)	350	3%	9%	21%	▶	▶	▶	Meat (beef)	350	3%	9%	21%	▶	▶	▶
	Milk	25	-17%	-17%	0%	▶	▶	▶	Milk	25	-17%	-17%	0%	▶	▶	▶
	Potato	37	-24%	16%	22%	▶	▶	▶	Potato	37	-24%	16%	22%	▶	▶	▶
	Cooking oil	87	-7%	-13%	-13%	▶	▶	▶	Cooking oil	87	-7%	-13%	-13%	▶	▶	▶
	Sugar	50	-0%	-0%	0%	▶	▶	▶	Sugar	50	-0%	-0%	0%	▶	▶	▶
Petrol (Octane rating 92)	39	1%	0%	4%	▶	▶	▶	Petrol (Octane rating 92)	39	1%	0%	4%	▶	▶	▶	
Diesel	43	4%	1%	4%	▶	▶	▶	Diesel	43	4%	1%	4%	▶	▶	▶	

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

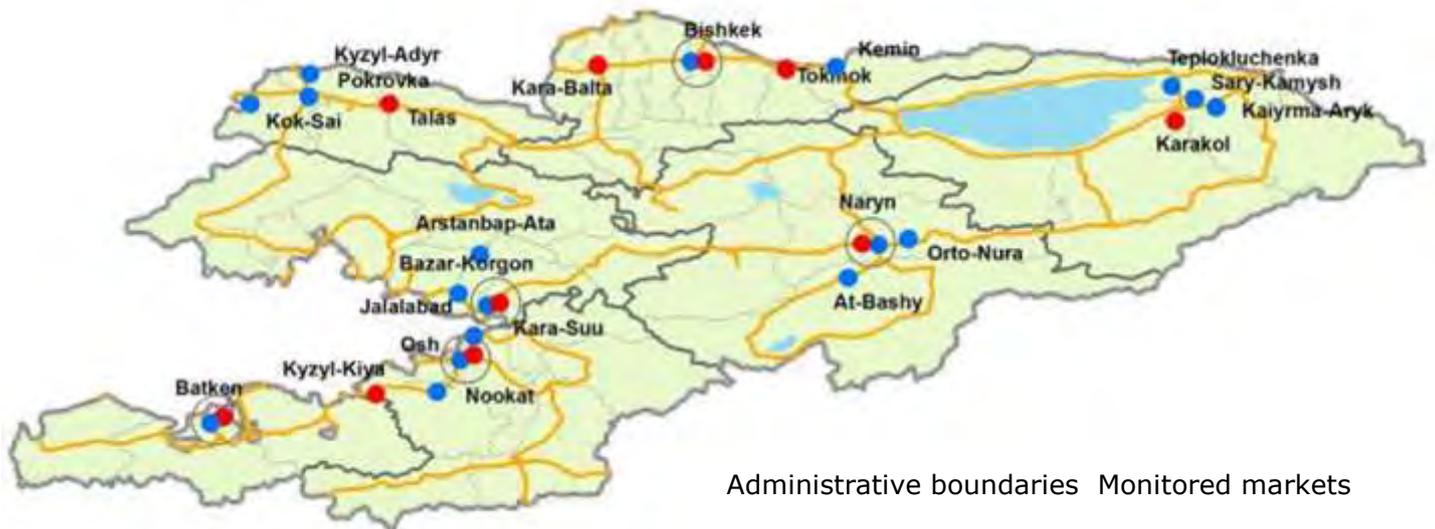
Price fluctuation is considered normal if change within:
5% for 1 month, 10% for 3 months, 15% for 1 year

ANNEX 2 – 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.



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