



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 32nd issue of the update.

Highlights

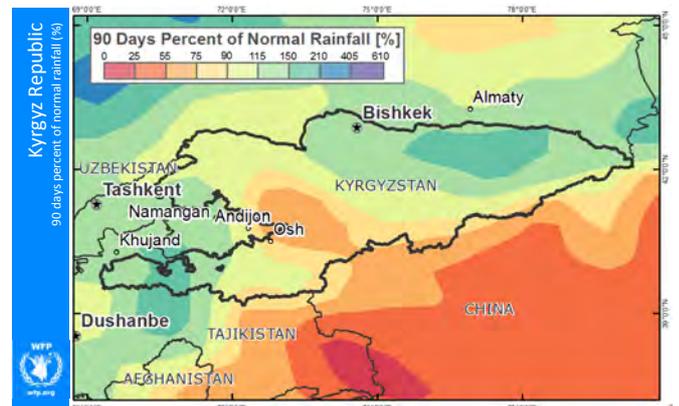
- ◆ Seasonal precipitation from October to April season is an important climatic parameter in the context of agricultural production in the Kyrgyz Republic. According to the analysis of the NOAA precipitation data, seasonal rain and snowfall has been average to above average in the northwest, but slightly below average in the southeast (**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 March 2015. However, it is still 15% higher than the same month of 2014 (**Figure 2**).
- ◆ The export price of wheat in Kazakhstan (Free on Board [FOB] rate) decreased by 2% on a month-on-month basis in February 2015 (**Figure 4**). The US FOB price also decreased by 3% in March 2015.
- ◆ The Kyrgyz Som depreciated against the US dollar by 2% on a month-on-month basis in March 2015 and by 14% when compared to the same month last year (**Figure 5**).
- ◆ The average price of diesel increased by 8% in March 2015 likely due to increased demand for agriculture. However, the price is 11% lower than the same month in 2014. (**Figure 6**).
- ◆ The price of mutton increased by 1% on a month-on-month basis in March 2015, but the price of beef remained unchanged. However, prices are 3% and 8% higher than in March 2014 for mutton and beef respectively (**Figure 7**).
- ◆ The average wage rate in February 2015 was 7% higher than in the same month of 2014 (**Figure 9**), while the national average price of wheat flour increased by 19% during the same period. This indicates a deterioration of wheat flour purchasing power among households whose income levels are not keeping pace with increasing wheat prices.
- ◆ The volume of incoming remittances was lower by 20% and 32% respectively in November and December 2014, compared with the same months of 2013 (**Figure 10**).

Seasonal snow and rainfall

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.

According to the analysis of seasonal precipitation, seasonal rain and snowfall has been average to above average in the northwest, but slightly below average in the southeast (**Figure 1**). Currently, an extreme dry spell is not anticipated.

Figure 1. 90 day seasonal rainfall averages January - April 2015

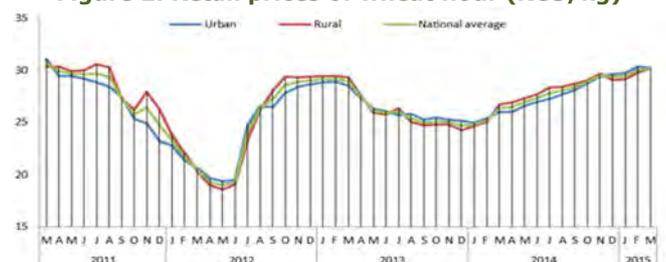


Data Source: NOAA-GFS
Map developed by WFP Emergency Preparedness and Response Branch

Wheat flour prices in urban and rural areas (March 2015)

The national average retail price of wheat did not change on a month-on-month basis in March 2015 (**Figure 2**). However, it is 19% higher than the same month of 2014.

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



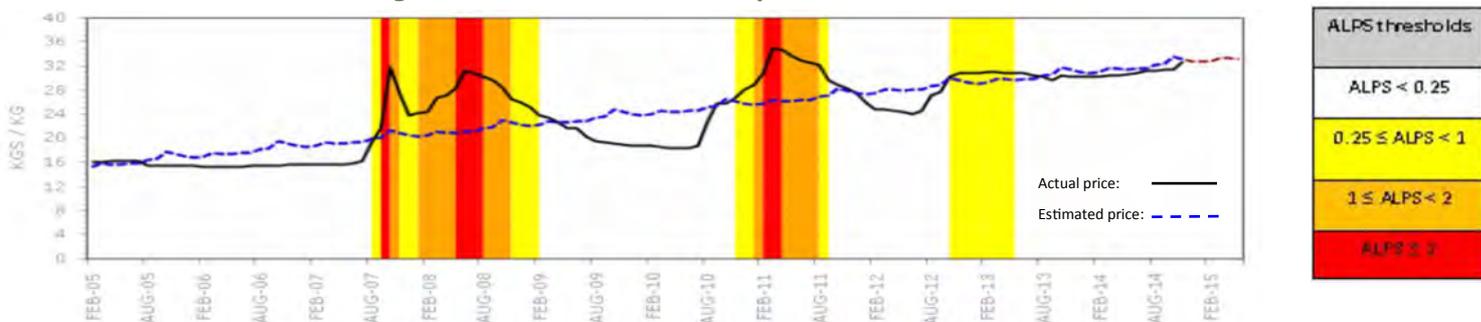
Data source: WFP Monthly Market Monitoring

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 3** 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 March 2015 was within the normal pattern of the price series. The intensity of price abnormalities are classified using standard deviations (STD).

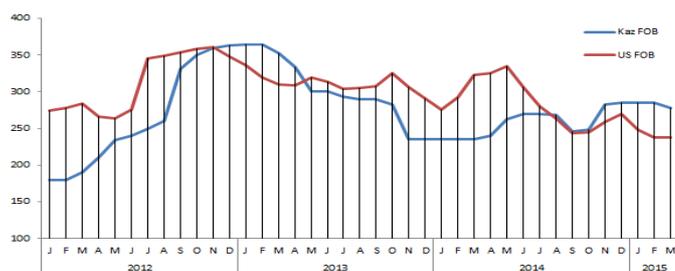
Figure 3. Abnormal wheat flour price hikes—Bishkek



Data source: National Statistics Committee, analysis provided by WFP

International prices of wheat (March 2015)

Figure 4. Export prices of wheat (USD/ton)



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

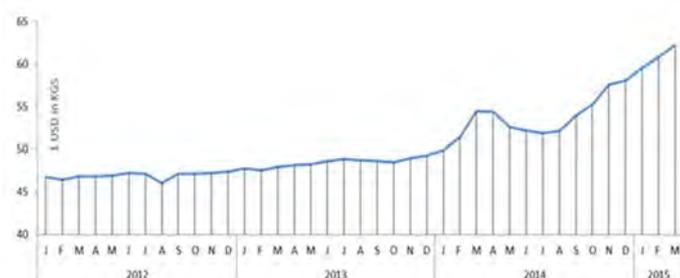
The export price of wheat in Kazakhstan (Free on Board [FOB] rate) decreased by 2% on a month-on-month basis in March 2015 (**Figure 4**). The US FOB price also decreased by 3% in March 2015 on a month-on-month basis.

Fuel prices (March 2015)

The national average price of Petrol 92 decreased by 3% in March 2015 on a month-on-month basis and decreased by 4% in comparison to the same month last year (**Figure 6**). The national average price of diesel increased by 8% in March 2015 on a month-on-month basis which is likely due to increased demand for agriculture. However, the price is 11% lower than the same month in 2014.

Currency exchange rate (March 2015)

Figure 5. 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 2% on a month-on-month basis and 13% during the last six months (October-March), and by 14% when compared to the same month last year (**Figure 5**). The sharp depreciation will likely affect retail prices of the main imported food commodities, including wheat.

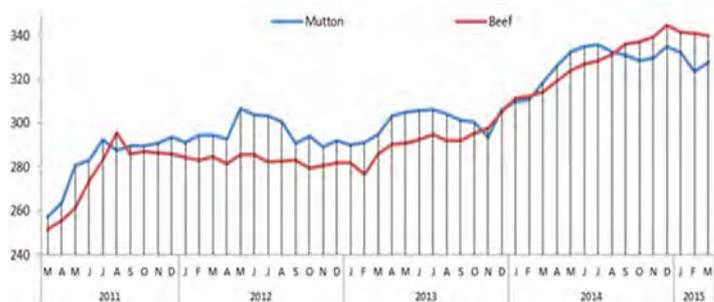
Figure 6. Retail prices of fuel (KGS/litre)



Source: WFP Monthly Market Monitoring

Prices of other basic food items (March 2015)

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



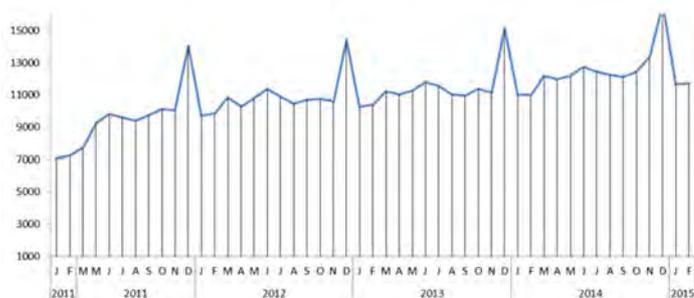
Data source: WFP Monthly Market Monitoring

Meat: The mutton price increased by 1% on a month-on-month basis in March 2015, while the price of beef remained unchanged. (**Figure 7**).

Household purchasing power

Wage rates

Figure 9. Average wage (average of all sectors, KGS/month)



Data source: NSC

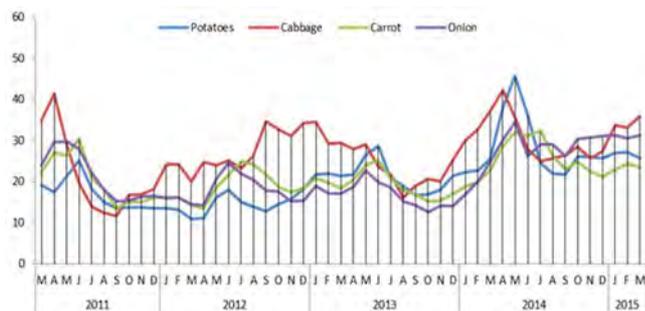
The average wage rate in February 2015 was 7% higher than in the same month of 2014 (**Figure 9**), while the national average price of wheat flour increased by 19% during the same period. This indicates deterioration of wheat flour purchasing power among households whose income levels are not keeping pace with increasing wheat price.

Outlook for the next few months

With a normal snow/rainfall during the main precipitation season, currently an extreme dry spell is not anticipated. The prices of basic food commodities such as wheat flour, meat, potatoes and vegetables were stable for the last few months, despite a depreciation in the national currency during the same period.

However, the prices of basic commodities remain at significantly higher levels compared to the same period in 2014. The increase in wheat flour prices was higher than the increase in the national average wage in 2014. This indicates a deterioration of wheat flour purchasing power among households whose income levels are not keeping pace with increasing wheat price. These effects could be further exacerbated during early spring, when additional resources for agricultural inputs are required. Economic access to basic food may also deteriorate further among households whose income from labor migration is reduced. In the months ahead, WFP will pay close attention to changes in food prices, remittances and household coping strategies, particularly with regard to the quality of food consumption among vulnerable groups.

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

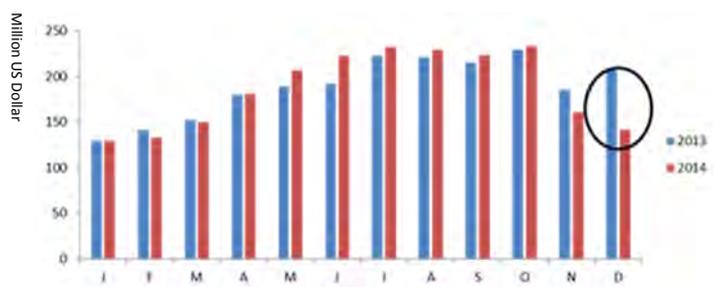


Data source: WFP Monthly Market Monitoring

Potatoes and vegetables: The prices of potato and carrot decreased by 6% and 4% respectively on a month-on-month basis, while cabbage and onion prices increased by 8% and 2% respectively (**Figure 8**).

Remittances

Figure 10. Aggregate volume of incoming remittances (mln. USD/month)



Data source: National Bank of the Kyrgyz Republic

From January to October 2014, the volume of incoming remittances was almost at the same level as in the same period of the previous year. However, the volume was lower by 20% and 32% respectively in November and December 2014 compared with the same months of 2013 (**Figure 10**).

ANNEX 1—PRICES OF BASIC COMMODITIES IN RURAL AND URBAN MARKETS (MARCH 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	Change in Price (%) 1 m	Level of fluctuation		Commodity	Current Price	Change in Price (%) 1 m	Level of fluctuation			
				3 m	1 yr				3 m	1 yr		
	Urban						Rural					
	Wheat flour (1st quality)	33	-5%	1%	14%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	307	13%	10%	-7%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	343	-3%	-5%	4%	▶	▶	▶	▶	▶	▶	
	Milk	37	-4%	-8%	5%	▶	▶	▶	▶	▶	▶	
	Potato	28	6%	-6%	-6%	▶	▶	▶	▶	▶	▶	
	Cooking oil	77	-6%	-4%	-22%	▶	▶	▶	▶	▶	▶	
	Sugar	50	0%	0%	-9%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	37	-1%	-20%	-1%	▶	▶	▶	▶	▶	▶	
Diesel	38	10%	-6%	-10%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	26	-1%	3%	8%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	290	-3%	-17%	-3%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	335	5%	-4%	10%	▶	▶	▶	▶	▶	▶	
	Milk	32	-3%	41%	27%	▶	▶	▶	▶	▶	▶	
	Potato	27	5%	21%	-11%	▶	▶	▶	▶	▶	▶	
	Cooking oil	93	2%	4%	2%	▶	▶	▶	▶	▶	▶	
	Sugar	51	-9%	-11%	-8%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	37	4%	-18%	-1%	▶	▶	▶	▶	▶	▶	
Diesel	36	8%	-7%	-9%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	33	0%	12%	25%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	320	0%	1%	10%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	330	0%	0%	10%	▶	▶	▶	▶	▶	▶	
	Milk	30	0%	50%	50%	▶	▶	▶	▶	▶	▶	
	Potato	15	-25%	-25%	-20%	▶	▶	▶	▶	▶	▶	
	Cooking oil	100	0%	0%	0%	▶	▶	▶	▶	▶	▶	
	Sugar	50	0%	-9%	-9%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	38	-4%	-21%	-3%	▶	▶	▶	▶	▶	▶	
Diesel	35	0%	-14%	-14%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	33	1%	1%	22%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	307	0%	-4%	-4%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	340	0%	0%	6%	▶	▶	▶	▶	▶	▶	
	Milk	30	-14%	-22%	50%	▶	▶	▶	▶	▶	▶	
	Potato	25	-17%	-17%	1%	▶	▶	▶	▶	▶	▶	
	Cooking oil	85	0%	-11%	-4%	▶	▶	▶	▶	▶	▶	
	Sugar	46	0%	-9%	-11%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	37	0%	-21%	-5%	▶	▶	▶	▶	▶	▶	
Diesel	37	9%	-11%	-9%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	28	-9%	-16%	3%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	350	0%	-5%	8%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	355	0%	-4%	11%	▶	▶	▶	▶	▶	▶	
	Milk	27	-24%	-11%	-9%	▶	▶	▶	▶	▶	▶	
	Potato	25	-19%	-6%	-12%	▶	▶	▶	▶	▶	▶	
	Cooking oil	90	0%	4%	-12%	▶	▶	▶	▶	▶	▶	
	Sugar	50	0%	-5%	-9%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	38	0%	-22%	0%	▶	▶	▶	▶	▶	▶	
Diesel	34	-1%	-17%	-16%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	28	0%	4%	17%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	350	0%	0%	9%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	350	0%	0%	17%	▶	▶	▶	▶	▶	▶	
	Milk	30	-14%	0%	0%	▶	▶	▶	▶	▶	▶	
	Potato	26	-13%	-13%	-7%	▶	▶	▶	▶	▶	▶	
	Cooking oil	83	0%	2%	-2%	▶	▶	▶	▶	▶	▶	
	Sugar	50	0%	0%	-9%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	38	0%	-24%	-5%	▶	▶	▶	▶	▶	▶	
Diesel	37	7%	-13%	-12%	▶	▶	▶	▶	▶	▶		
	Urban						Rural					
	Wheat flour (1st quality)	31	12%	12%	24%	▶	▶	▶	▶	▶	▶	
	Meat (mutton)	350	0%	0%	0%	▶	▶	▶	▶	▶	▶	
	Meat (beef)	350	0%	0%	9%	▶	▶	▶	▶	▶	▶	
	Milk	35	0%	24%	-5%	▶	▶	▶	▶	▶	▶	
	Potato	32	0%	30%	30%	▶	▶	▶	▶	▶	▶	
	Cooking oil	112	0%	0%	14%	▶	▶	▶	▶	▶	▶	
	Sugar	58	6%	6%	4%	▶	▶	▶	▶	▶	▶	
	Petrol (Octane rating 92)	40	-14%	-19%	-5%	▶	▶	▶	▶	▶	▶	
Diesel	43	19%	1%	-3%	▶	▶	▶	▶	▶	▶		

- ▲ 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.



Administrative boundaries Monitored markets



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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