

Table 1. Food market (change in the estimates of production, consumption, ending stocks and prices for consumer goods in 2011/12 marketing year)

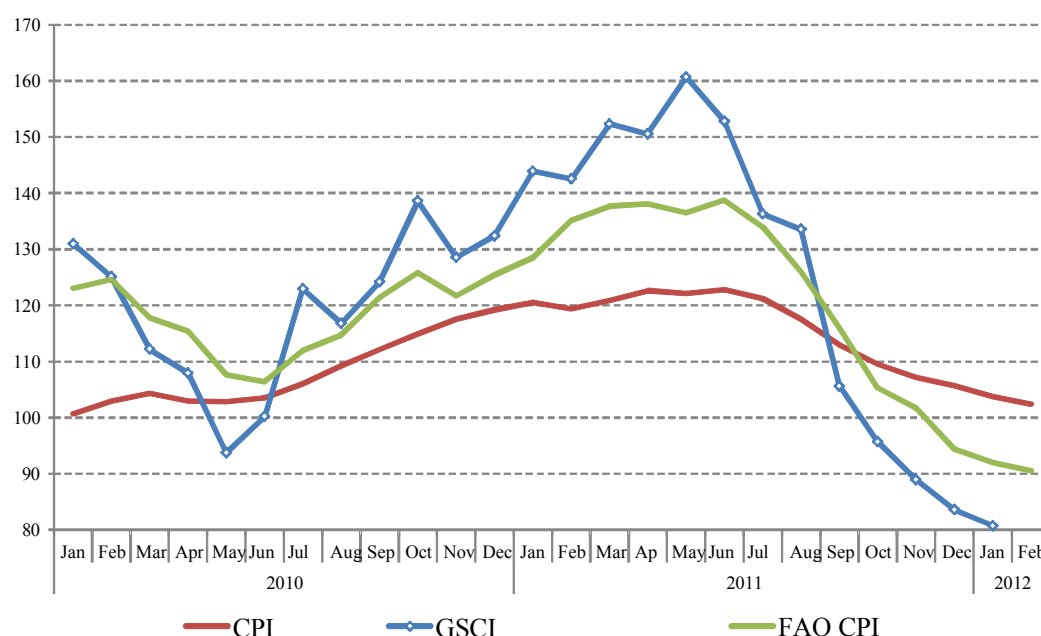
	<i>Production estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Consumer estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Ending stocks estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Futures price¹ in USD per ton</i>	<i>Change for a month, in %</i>
Crops	1 841.0	+1.8	1 836.0	+1.0	378.0	+2.4	268.0	+2.3
Wheat	694.0	+0.2	683.9	+0.5	209.6	-1.6	277.1	+4.9
Corn	865.0	+0.1	869.5	+0.2	124.5	-0.6	253.7	+1.0
Rice	465.4	+0.6	462.9	+0.7	100.3	+0.2	322.0	+2.8
Sunflower oil	14.1	+1.9	13.0	+0.9	1.8	-5.2	1 173.6	+4.8
Sugar*	168.2	0.0	167.6	0.0	29.0	0.0	659.7	+3.3

* - November estimates of USDA

Food market

In February 2012 the average value of the consumer price index FAO (CPI FAO) totaled 215 points, which is approximately 1.1 percent (2.4 points) more than the corresponding value of the revised index in January. The increase of CPI FAO in February 2012 was due mainly to higher prices for sugar, vegetable oils and crops, while the dairy products' prices were slightly decreased after the significant growth in January 2012. At present, the value of CPI FAO is 10.0 percent below its record level (in nominal terms) which was reached in February 2011.

Chart 1. Dynamics of CPI in KR and GSCI index (percentages to the corresponding month of the previous year)



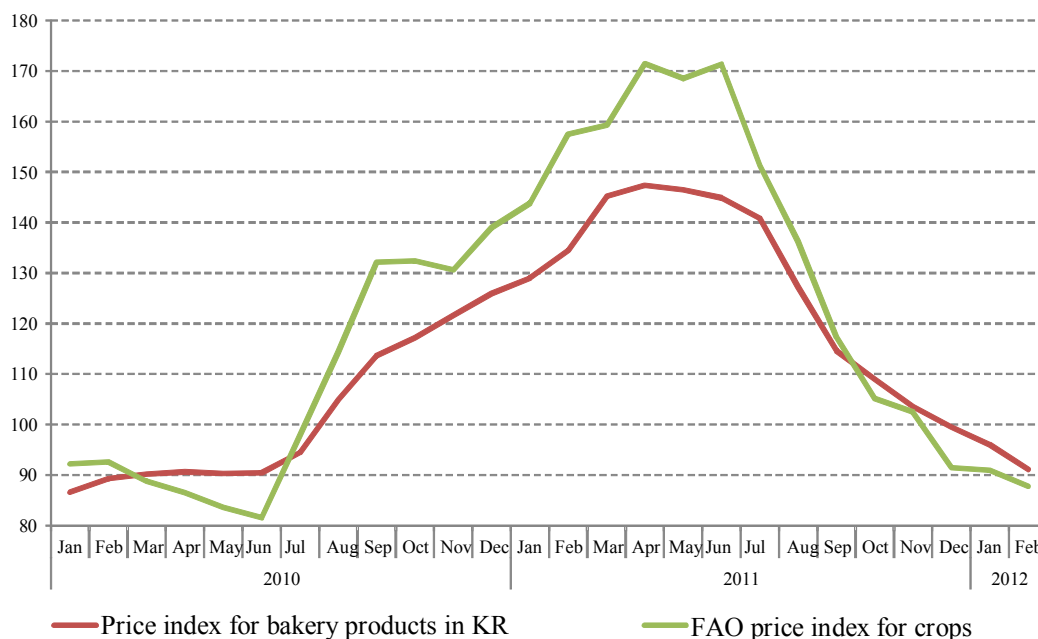
Crops

The average value of the index of prices for crops FAO in February constituted 227 points, having increased the level of this index by 2.2 percent (4.4 points) in January 2012. The most significant was the growth in international wheat

¹ Hereinafter, the average futures price is indicated to the nearest execution.

prices, then corn, while rice price quotations in general decreased. The increase in wheat prices was caused by supply constraints, as well as fears of the consequences of adverse weather conditions for harvest of this year in Europe and CIS countries. Factors contributing to the increase in corn prices in February were: the growth of Asian import needs, as well as weakening of the dollar and freight rates, just as concerns about the forecast for the harvest of this crop in South America. However, the continued downward trend in rice prices, which was mainly due to low import demand and a high degree of competition among exporters.

Chart 2. Dynamics of crops prices
(percentages to the corresponding month of the previous year)



In 2012, the FAO analysts expect high wheat yields. According to the FAO quarterly report, the yield of wheat in 2012 will reach 690 million tons, which is 10.0 million tons (1.4 percent) less than the record levels in 2011, but significantly higher than the average value for the last five years. The basis of FAO’s forecast of analysts is in the expansion of cultivated areas as a reaction of the crop producers to the ongoing rise in prices on world commodity markets.

However, the FAO analysts expect the growth of the total cost of grain imports in 2012 with low-income and food deficit; average cost of grain imports is projected at 4.0 percent which is higher of the 2010-2011 MY level, mainly due to the decline in production and growth requirements in the major importing countries.

The overall situation in the grain market, high yield expectations remain stable in the world markets, but its prices continue their upward trend, which is largely due to excess liquidity in the global commodities a market.

According to the March forecast of the US Department of Agriculture (USDA), world production of wheat in 2011/12 MY will constitute 694.0 million tons, which is 0.2 percent high of the last month estimates. The forecast of consumption of wheat increased in 2011/12 season to 683.9 tons (+0.5 percent). Thus, ending stocks of wheat in the world in 2011/12 MY will amount to 209.6 million tons, which is 1.6 percent low of the last month estimates.

Dynamics of world wheat prices is given in the Appendix, Chart 1.

USA

According to the March report, the USDA forecast of wheat production in 2011/12 MY remained unchanged at the level of 54.4 million tons, forecast of consumption decreased by 0.4 percent and amounted to 31.5 million tons.

Assessment of export and import of wheat in 2011/12 MY has not been revised, and remained at the level of 26.5 million tons and 3.2 million tons, respectively.

EC-27

The March forecast by the USDA on wheat production in EU-27 countries in 2011/12 MY remained at 137.5 million tons, which is by 1.3 percent more than actually produced wheat in 2010/11. Forecast of consumption in 2011/12 MY has decreased by 1.2 percent as compared with February forecast and amounted to 125.5 million tons, the volume of ending stocks of wheat at the end of 2011/12 MY is forecasted at the level of 14.2 million tons, which is by 11.8 percent more of the forecast of the previous month.

Within the period from February 20 to March 23, 2012 the price of wheat on the London Stock Exchange (LIFFE) has been increased by 5.3 percent and constituted US\$ 277.7 per ton.

China

According to the March estimate of the USDA, the forecast of wheat consumption remained at the same level in 2011/12 MY and constituted 117.9 million tons (+1.6 percent as compared to the previous season), the forecast consumption increased by 2.2 percent and constituted 116.0 million tons, the estimate of wheat ending stocks in China was set at the level of 61.5 million tons (-5.4 percent).

During the period from February 20 to 23 March, 2012 the future price for Chinese wheat increased by 3.5 percent and amounted to US\$ 386.0 per ton.

Russia

Short-term prognosis of the parameters of crop markets of Russia provides:

1. **Winter crops:** reduction of the remaining winter crops by 2.0 percent, which made 14.7 million hectares (as a consequence of a cold winter in 2011), under conditions of formation of the crop in spring of 2012, close to the average annual harvest; ingathering of winter crops in general in 2012 could reach 38.5-40.5 million tons, which is about six million tons below of the previous forecasts.
2. **Spring crops:** gross harvest and yield of spring crops are quite stable (except for 2008 and 2010), production in the range of 45-50 million tons, the yield is around 15.5 cwt/ha of the cultivated area.

Thus, in 2012, the gross grain harvest can be expected in the range of 87-93 million tons in weather conditions of crop formation close to the average annual harvest.

Kazakhstan

The Fifth Kazakhstan Grain Forum “KazGrain-2012” was traditionally held on March 16-17 in Astana. The long-term platform for dialogue established under support of the Ministry of Agriculture of Kazakhstan, the National Holding “KazAgro”, “Grain Union of Kazakhstan” with the active assistance of JSC “NC” Food Contract Corporation, Corporation “AIC-Invest” LLP, “Kazakhstan Grain Company” LLP has attracted attention of Kazakh and many foreign grain producers, exporters, traders and experts. Forum participants discussed the current trends and projections of world grain market.

Forecast of grain harvests in Kazakhstan in the next season (2012-2013 MY) is expected at an annual average level: for the last five years the average annual grain production in Kazakhstan amounted to 19.1 million tons, the average yield - 12.2 cwt/ha, while exports of grain adjusted for flour in grain equivalent made 7.8 million tons. Particularly, notable results in the development of grain production were achieved in 2011. Gross grain harvest in weight constituted 27.0 million tons with an average yield of 16.9 cwt/ha.

Kyrgyzstan

Currently, the country recorded a significant lack of fertilizer. According to the Ministry of Agriculture of the Kyrgyz Republic, the average annual demand of

agricultural industry of the country in mineral fertilizers is about 341 thousand tons, about 120-150 thousand tons are imported annually, most of the fertilizers (85 percent) are imported from Uzbekistan. Given that the country does not produce fertilizers, lack of imports does not meet the requirements in full. The main reason for lack of imports of fertilizers is the limit of producer countries to export fertilizers for the purpose of protecting domestic market.

Table 1. Dynamics of mineral fertilizers import

	2007	2008	2009	2010	2011	Jan'11	Jan'12
Imported thousand ton	152.1	85.2	86.7	148.7	125.2	11.0	12.5
Average price som/kg	5.4	10.9	8.6	9.1	15.6	11.4	19.5

The consequences of lack of fertilizers is the depletion of cultivated areas and as a result of this, reduced yield of major crops, which leads to the growth of import dependence on the consumer.

According to the Ministry of Agriculture and Land Reclamation of the Kyrgyz Republic the Government helped the farmers with seeds, fuels and lubricants; now they are ready for the beginning of spring field work, reports IA “24.kg”. According to the minister’s words, there will be no shortages of seeds in 2012. For this purpose the government has allocated 50 million soms. With respect to Minister’s words, the Government has already bought 3.5 tons of seeds. Only wheat and barley is needed. And still, in the nearest future, the farmers will be provided with seeds completely. There will be no problems with fuel supply during the spring field work; the Government of the Kyrgyz Republic has reached an agreement with Association of Oil Traders of Kyrgyzstan to supply the required amount of fuel.

As of March 16, 2012 on the terms of DAF, from station Meadow (Kazakhstan-Kyrgyzstan) wheat is sold at US\$ 200.0 per ton, wheat gluten 27-30 percent - US\$ 215.0 per ton, it is 20-25 percent higher than the price of wheat at the end of 2011.

According to the NSC KR, as of March 14, 2011, since the beginning of the month, the price for group “bread and cereals” decreased by 0.6 percent and 15.6 percent in annual terms (March 2012 to March 2011).

Corn

According to the March forecast of the USDA, world production of corn in 2011/12 MY will constitute 865.0 million tons, which is 0.1 percent higher as compared to the last month. Estimation of consumption increased by 0.2 percent and amounted to 869.5 million tons. Forecast of world trade increased to 96.3 million tons (+1.0 percent). In general, in 2011/12 MY ending stocks will make 124.5 million tons (-0.6 percent).

During the reporting period the futures prices of corn in the world market grew by 1.0 percent and totaled to US\$ 253.7 per ton.

Dynamics of world corn prices is given in the Appendix, Chart 2.

Rice

USDA in March, 2012 increased the estimate of world rice production in 2011/12 MY by 0.6 percent, to the level of 465.4 million tons. The forecast of consumption of rice increased against the past month estimates by 0.7 percent, to 462.9 million tons. The estimates of ending stocks increased by 0.2 percent and amounted to 100.3 million tons. On world markets, according to news agency “Reuters”, the average cost of futures contracts on rice as of March 23, 2012 amounted to US\$ 322.0 per ton.

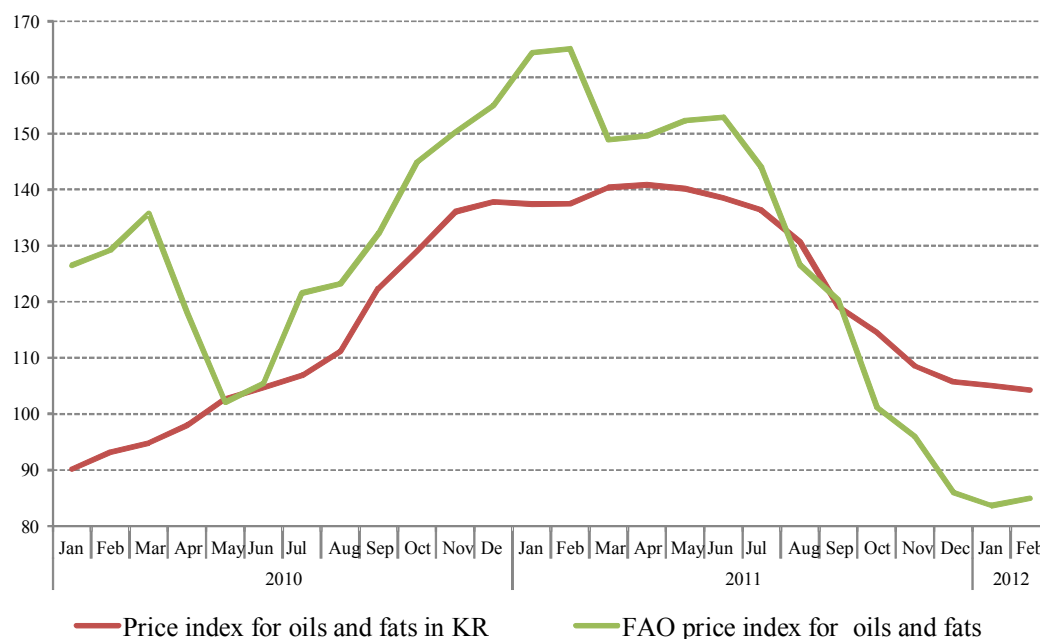
World sunflower oil review

The forecast of the USDA of world production of oil in 2011/12 MY (+0.1 percent) has been increased and amounted to 153.2 million tons. Forecast of consumption increased to 150.8 million tons (+0.1 percent). The volume of world trade in oil will constitute 62.6 million tons. The estimates of ending stocks

increased by 0.1 percent and amounted to 12.4 million tons.

The price index for FAO oils/fats again increased to 239 points in February 2012, representing an increase of 2.0 percent (5.0 points) as compared to January 2012. Factors contributing to the dynamics of this index are low growth of monthly production of palm oil, as well as forecast, providing an imbalance of the supply and demand for vegetable oils as a whole in 2011-2012. In particular, the reduction in the forecast for the production of soybean oil, which implies reducing the global supply of soybean oil for export to the lowest level over many years, contributes to higher prices.

Chart 3. Dynamics of prices for oils and fats
(percentages to the corresponding month of the previous year)



Sunflower oil

According to the USDA, in 2011/12 MY sunflower oil production will constitute 14.1 million tons (+1.9 percent), consumption - 13.0 million tons (+0.9 percent). Forecast of ending stocks fell by 5.2 percent and amounted to 1.8 million tons.

Within the reporting period, the average futures price for sunflower oil on world markets as of March 23, 2012 increased by 4.8 percent and amounted to US\$ 173.6 per ton.

Dynamics of world sunflower oil prices is given in the Appendix, Chart 3.

Kyrgyzstan

According to the NSC KR as of March 14, 2012, the price of the group “oils and fats” declined by 0.1 percent relative to prices of last month, in annual terms, prices for this type of goods increased by 1.5 percent.

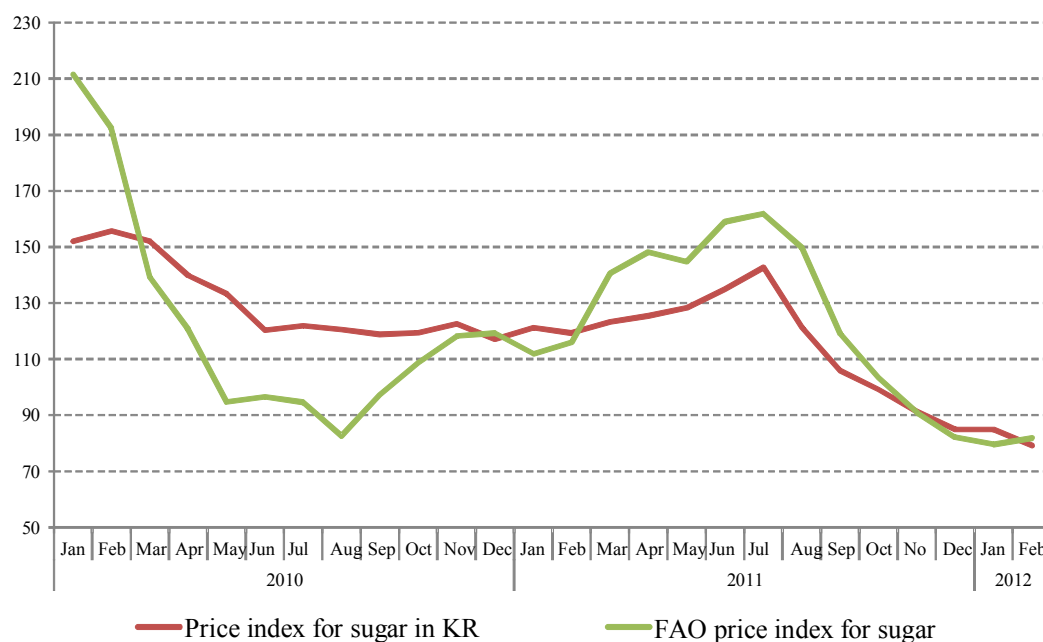
Sugar

According to the November forecast of the USDA the estimate of world sugar production in 2011 is set at 168.2 million tons (-0.1 percent to the previous forecast), while consumption is estimated at 159.3 million tons (-1.2 percent). The volume of world stocks of sugar at the end of 2011 is estimated at 30.0 million tons, which is 4.2 percent higher than previous estimates.

The index of prices for FAO sugar in February 2012 rose to 342 points, which represents an increase of 2.4 percent (8 points) as compared to January 2012, but the index was still 18.0 percent (76 points) below than in February 2011. The growth of this indicator over the last month was mainly explained by adverse weather conditions in Brazil, which is the world’s largest producer and exporter of sugar, as well as fears that it will be associated with delay in harvesting and consequent decrease in supply of the product on the market. However, a good

harvest in India, EU countries, Thailand and the Russian Federation held back the further growth of prices.

Chart 4. Dynamics of sugar prices
(percentages to the corresponding month of the previous year)



Futures price of sugar on the London Stock Exchange within the reporting period as of March 23, 2012 amounted to US\$ 659.7 per ton, which is by 3.3 percent higher than in February 20, 2012.

Dynamics of the world sugar prices is presented in the Appendix, Chart 4.

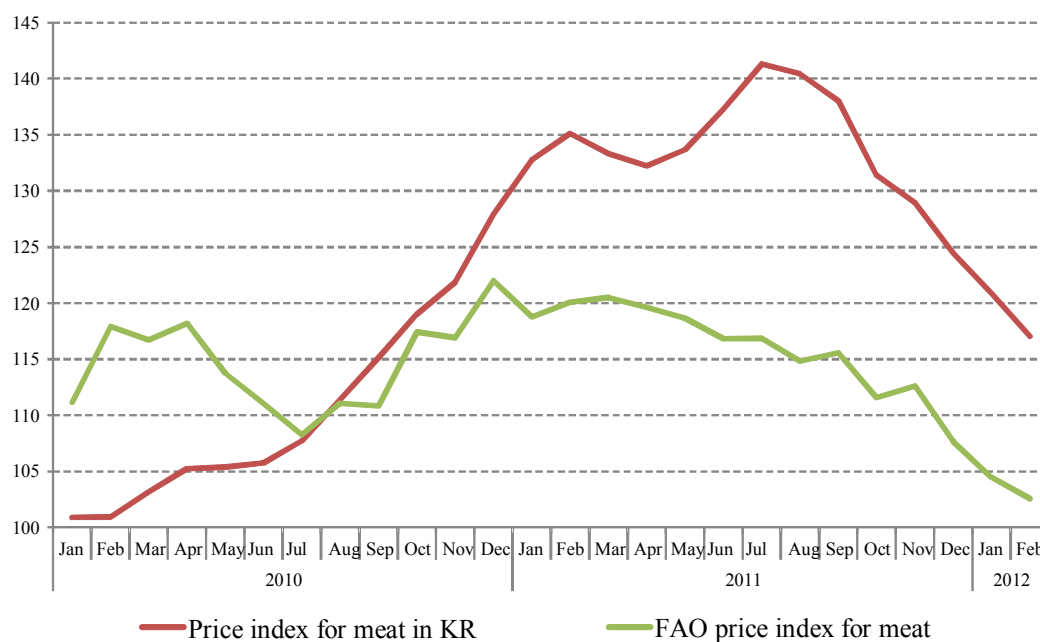
Kyrgyzstan

According to the NSC KR data as of March 14, 2012, prices for sugar increased by 0.1 percent against the prices of the previous month, in annual terms sugar prices decreased by 20.9 percent.

Meat

The average value of the Index of FAO meat price in February constituted 175 points, almost unchanged as compared to the previous month (revised). The price for pork increased by 3.4 percent, which was caused by heavy buying by Hong-Kong and latest pig disease outbreaks marked in Russia. In contrast, the prices for poultry, beef and mutton slightly decreased. In comparison with traditional figures, meat prices remain high, exceeding about by 3.0 percent which was recorded in February 2011.

Chart 5. Dynamics of meat prices
(percentages to the corresponding month of the previous year)



Kyrgyzstan

Since the beginning of the year the country recorded an increased loss of cattle caused by lack of fodder and lingering colds. The greatest damage occurred in the southern regions of the country.

In turn, the situation with lack of fodder was due to the inactivity of domestic flour mills, as in recent years the import of flour from Kazakhstan has substantially grown. Shortage of livestock feed contributes to higher prices for feeding stuff: the average cost of feeding bran (grain processing wastes) for today is 13 soms per kilogram, while the grain price is 10 soms per kilogram, in March 2012 hay bale rose to 450 soms; in early March 2012 it cost 350 soms.

According to the NSC KR as of March 14, 2012, meat prices fell by 1.1 percent relative to prices of last month; in annual terms meat prices increased by 14.7 percent.

Potato

Kyrgyzstan

According to the Press Service of the Ministry of Agriculture of the Kyrgyz Republic, the volume of potato crop in Kyrgyzstan as per results of 2011 amounted to 1.4 million tons. This is 42.9 thousand tons more than in 2010. The harvested area of the potatoes made 84.9 hectares. Yields of potatoes constituted 161.1 cwt/ha.

In Russia, potato production in 2011 increased by 60.8 percent, but this growth was achieved against a background of a significant reduction in potato production in 2010 (-30.8 percent).

Thus, a significant yield of potatoes in the countries of our region (Russia, Kazakhstan and Belarus) led to an excess of the product, thus reducing the interest of farmers in its production, which in turn may cause a shortage of potatoes in 2012.

Table 1. Food market (monthly change in the estimates of production, consumption, ending stocks and prices for consumer goods in 2011/12 marketing year).

	<i>Production estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Consumer estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Ending stocks estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Price in US\$ per ton</i>	<i>Change for a month, in %</i>
Crops (world)	1 841.0	+1.8	1 836.0	+1.0	378.0	+2.4	268.0	+2.3
Wheat	694.0	+0.2	683.9	+0.5	209.6	-1.6	277.1	+4.9
<i>Kyrgyzstan</i>	1.1	0.0	1.3	0.0	0.8	0.0	215.0	+28.0
<i>the USA</i>	54.4	0.0	31.5	-0.4	22.5	-2.4	240.3	+2.3
<i>Australia</i>	29.5	+4.2	8.0	0.0	9.2	+2.2	365.7	-0.3
<i>EU-27</i>	137.5	0.0	125.5	-1.2	14.2	+11.8	277.7	+5.3
<i>China</i>	117.9	0.0	116.0	+2.2	61.5	-5.4	386.0	+3.5
<i>Russia</i>	56.2	0.0	38.6	0.0	10.9	0.0	275.0	+1.1
<i>Kazakhstan</i>	22.7	0.0	9.0	0.0	17.8	+11.9	179.8	+5.1
Corn	865.0	+0.1	869.5	+0.2	124.5	-0.6	253.7	+1.0
Rice	465.4	+0.6	462.9	+0.7	100.3	0.2	322.0	+2.8
Sunflower oil	14.1	+1.9	13.0	+0.9	1.8	-5.2	1 173.6	+4.8
Sugar²	168.2	0.0	167.6	0.0	29.0	0.0	659.7	+3.3

² November estimates of USDA

Chart 1. Dynamics of world wheat prices, 07.01.11-23.03.12
(US\$ per ton)

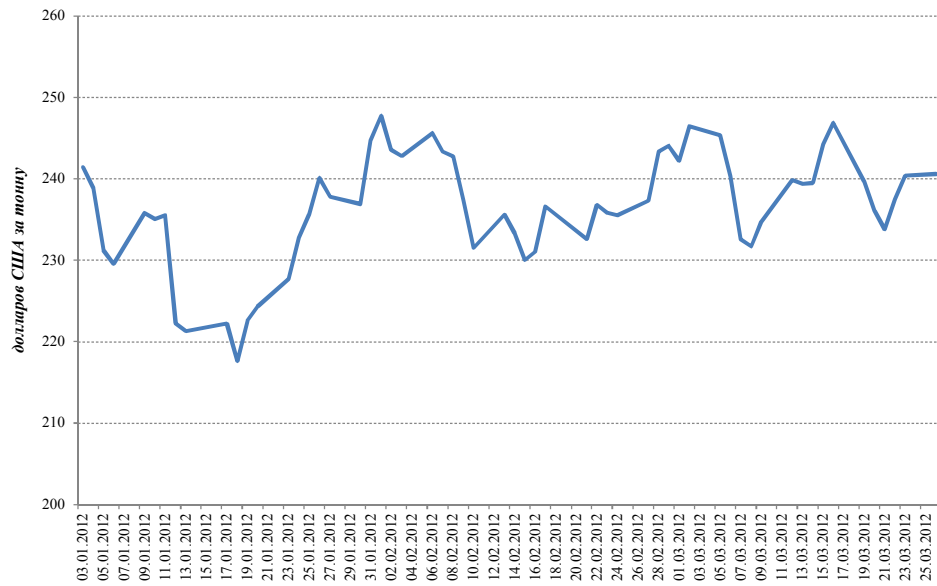


Chart 2. Dynamics of world corn prices, 07.01.11-23.03.12
(US\$ per ton)

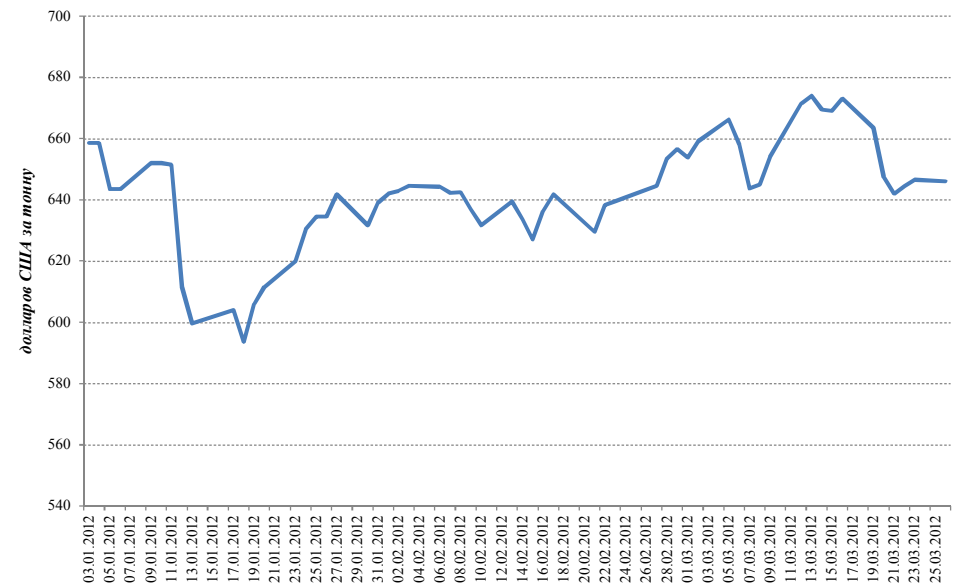
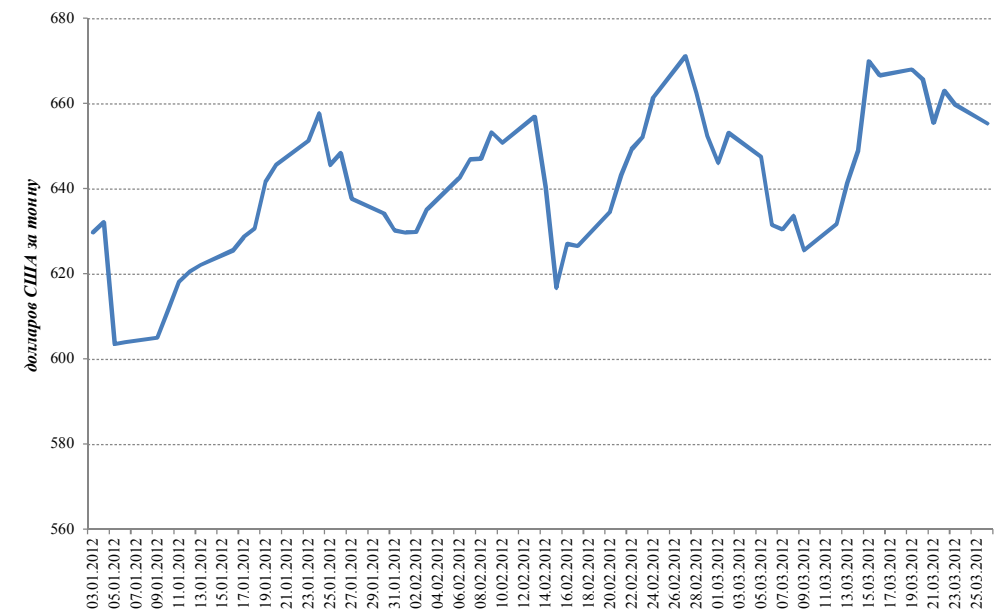


Chart 3. Dynamics of world sunflower oil prices, 07.01.11-23.03.12
(US\$ per ton)



Chart 4. Dynamics of world white and raw sugar prices, 07.01.11-23.03.12
(US\$ per ton)



The review was prepared based on the data submitted by the National Statistical Committee of the Kyrgyz Republic (NSC KR), Ministry of Agriculture of the Kyrgyz Republic, the State Agency on Antitrust Policy and Development of Competition under the Government of the Kyrgyz Republic, State Customs Service of the Kyrgyz Republic, International Grains Council (IGC), MOA RF, USDA, MOA RK, Statistics Agency of the Republic of Kazakhstan, Federal Service for State Statistics of the Russian Federation, Internet resources: News Agency “AKIpress”, News Agency “24.kg”, News Agency “KirTag”, News Agency “APK-inform”, News Agency “Soyuzrossahar”, News Agency “Agronews”, News Agency “Newsru”, “Oil World”, News Agency “KazakhZerno” News Agency “Reuters”.