

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

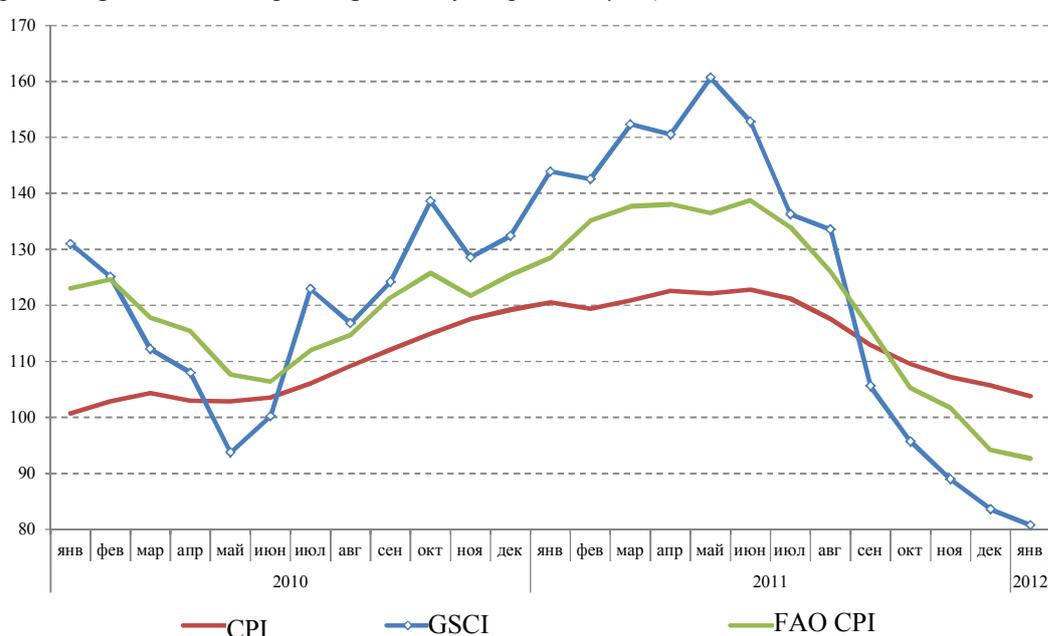
	<i>Production estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Consumer estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Ending stocks estimate, million tons</i>	<i>Change for a month, in %</i>	<i>Futures price¹ in USD per ton</i>	<i>Change for a month, in %</i>
Crops	1 808.0	0.0	1 818.0	-0.1	334.0	-3.2	262.0	+1.1
Wheat	692.9	+0.2	680.5	-0.1	213.1	+1.5	221.7	+2.6
Corn	864.1	-0.5	867.6	0.0	125.3	-2.2	251.2	+4.0
Rice	462.8	+0.3	459.9	+0.3	100.1	0.0	313.2	-2.1
Sunflower oil	13.8	-0.1	12.9	+0.2	1.9	1.1	1 120.0	-1.5
Sugar*	168.2	0.0	167.6	0.0	29.0	0.0	638.7	-1.1

* - November estimates of USDA

Food market

In January 2012 the average value of the consumer price index FAO (CPI FAO) totaled 214 points, having increased by 2.0 percent (4 points) as compared to the similar index of December 2011. This increase represents the first increase in the CPI FAO since July 2011, but the value of the Index is by 7.0 percent lower compared to its corresponding value of the last year. In January there was an increase in prices for all groups of primary commodity that make up the Index, and growth in prices for sugar and vegetable oil was stronger, whereas prices for crops, dairy products and meat have grown a little slower.

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



Crops

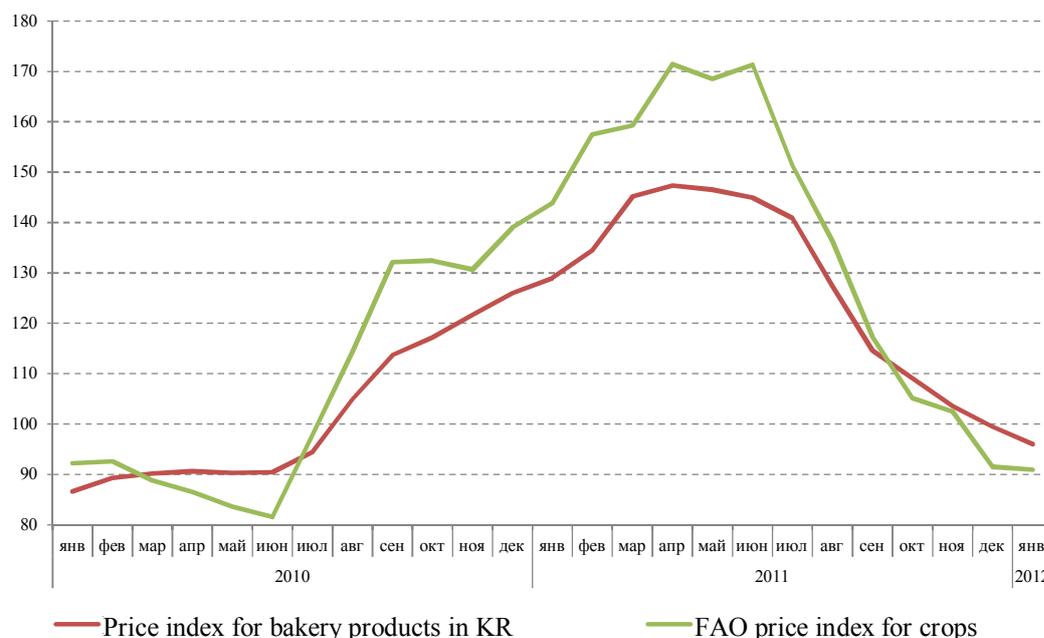
The average value of the index of prices for crops FAO in January constituted 222 points, having increased by of 2.3 percent (5 points) as compared to December 2011. In January 2012 there was an increase in international prices for all major crops except rice. The rapid growth in prices fell with coarse grains (corn), which in January 2012 increased by 6.0 percent, which was due to mainly a

¹ Hereinwith the average futures price is indicated.

significant mismatch between supply and demand at the global level as well as poor prognosis with respect to the harvest of these crops in South America.

The index of wheat prices rose by 1.5 percent, which was due to the increase in prices for corn, reduction of exports from the Russian Federation, as well as unfavorable weather conditions in some regions that are major producers of wheat. In contrast, rice prices kept declining, and the FAO price index for rice decreased from December 2011 to 3.0 percent, which was due to the influence of seasonal factors (high yield), as well as severe competition for market shares among exporters.

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



According to the February forecast of the US Department of Agriculture (USDA), world production of wheat in 2011/12 MY will constitute 692.9 million tons, which is by 0.2 percent high of the last month estimates. The forecast of consumption of wheat decreased in 2011/12 season to 680.5 million tons (-0.1 percent). Thus, ending stocks of wheat in the world in 2011/12 MY will amount to 213.1 million tons, which is by 1.5 percent high of the last month estimates.

Dynamics of world wheat prices are given in the Appendix, Chart 1-2.

USA

From January 20 to February 20, 2012 US wheat futures showed an upward trend. The main reason for the growth of quotations of wheat on world commodity markets is the increase in speculative activity on the background of rumors about the launch of the third round of quantitative easing program of the US Federal Reserve (QE3) in the second quarter of 2012. In general, commodity market reacts to the growing demand in the light of expectations of liquidity inflow.

According to the February report, the USDA forecast of wheat production in 2011/12 MY remained unchanged at the level of 54.4 million tons, the forecasts on consumption also remained on the same level and constituted 31.6 million tons. Assessment of export and import of wheat in 2011/12 MY has not been revised, and remained at the level of 25.0 million tons and 3.2 million tons, respectively.

Australia

Futures for Australian wheat as of February 20, 2012 within the reporting period increased by 0.1 percent and amounted to US\$ 210.0 per ton.

EU-27

The February 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 also remained unchanged at the level of 127.0 million tons (+4.1 per cent

against the volume of last season), the volume of ending stocks of wheat at the end of 2011/12 MY will constitute 12.7 million tons (+8.4 percent against ending stocks of 2010/11MY).

Within the period from January 20 to February 20, 2012 the price of wheat on the London Stock Exchange (LIFFE) has not changed and amounted to US\$ 230.0 per ton.

China

According to a February estimate of the USDA, the Chinese wheat market indicators remained at the previous levels: production of wheat in 2011/12 MY will be 117.9 million tons (+1.6 percent as compared to the previous season), consumption - 113.5 million tons (+3.2 percent), the estimate of wheat ending stocks in China was set at the level of 65.0 million tons (+8.2 percent).

Within the period from January 20 to February 20, 2012 futures price for Chinese wheat grew by 3.9 percent to US\$ 373.0 per ton.

Russia

According to the Ministry of Agriculture of the Russian Federation, grain exports from Russia since July 1, 2011 to the present time has reached 19.8 million tons. Export potential of the Russian Federation is estimated by the Ministry of Agriculture at 25 million tons by the end of the season, that is, until July 1, 2012, whereas First Vice-Prime Minister of the Russian Federation estimates the export of the season at 27 million tons. Wheat from the US and Australia takes first place due to the rise in prices for Russian grain and problems with logistics.

Based on data from Russian Statistics, the aggregate wheat stocks in all groups of enterprises (procuring, processing, and agricultural organizations) as of early February 2012 were lower by 9.0 percent as compared to a year ago. For the first time this season the remains of wheat are less than last year both in procurement and processing enterprises, as well as in agricultural organizations.

Most noticeably inferior to the level in 2010 are wheat stocks in the group of procurement and processing enterprises: by 15.0 percent. On the one hand, the growing backlog of wheat remains from the levels of lean year 2010 is stimulating the growth of prices for the market index. On the other hand, it is necessary to take into account the intervention factor in the market in making a decision as analysts say.

Kazakhstan

According to preliminary data of the regional administration of agriculture in Kazakhstan, the agricultural crops in 2012 are planned to be planted on the area of 21.2 million hectares (at the level of 2011). Squares of spring planting is planned at 18.5 million hectares, which is by 0.2 million hectares, or 0.9 percent less than the level of the previous year, according to a press-release from the Ministry of Agriculture of the RK.

Crops will be planted on an area of about 16.3 million hectares, including wheat which will be planted on the area of 13.5 million hectares. In comparison with last year, the area of wheat will decrease by 0.3 million hectares (in 2011 this figure amounted to 13.8 million hectares).

It is proposed to establish a preferential fixed selling price for diesel fuel to agricultural producers for spring-field works in 2012 from the refineries by 10-15 percent below market level.

Without additional public subsidies for the transportation of wheat from Kazakhstan, major regions which cultivate crops in the country will not have time to release the elevators until the fall to receive a new crop as the president of the Grain Union of Kazakhstan stated.

Last year the government allocated more than KGZ 15 billion to subsidize the transportation of Kazakh grain through the territory of Russia and China. However, this was not enough to relieve the domestic market after a record harvest.

Traders fear that the government may not accept their offer due to the fact that crops became more expensive both on the world and domestic market. In this regard, in mid-February, JSC “Food Corporation” increased purchasing price of grain in commercial resources. Now it constitutes KGZ 21.000 (about US\$ 142 per ton). Previously, the price for the VAT payers per ton on an “ex-elevator” terms constituted KGZ 16.500 (about US\$ 112 per ton). For those households that are not VAT payers, price is KGZ 14.732 (about US\$ 100.0 per ton).

Kyrgyzstan

As of the end of 2011 on DAF terms Lugovaya (Kazakhstan, Kyrgyzstan), wheat is sold at US\$ 168.0 per ton, wheat with gluten of 27-30 percent as US\$ 185.0 per ton.

According to the NSC KR, as of February 15, 2011 the price of a group of “bread and cereals” decreased by 1.0 percent relative to prices of last month.

Corn

According to the January forecast of the USDA, world production of corn in 2011/12 MY will be 864.1 million tons, which is lower by 0.5 per cent as compared to the last month. Estimation of consumption remained at the level of the previous month and amounted to 867.8 million tons. Forecast of world trade increased to 95.6 million tons (1.0 percent). In general, in 2011/12 MY ending stocks will make 125.3 million tons (-2.2 percent).

Within the reporting period futures prices on the world market of corn fluctuated between US\$ 241.5 to US\$ 251.2 per ton. Thus, corn prices on the American Stock Exchange as of February 20, 2012 totaled US\$ 251.2 per ton, having increased by 4.0 percent as compared to prices for January 20, 2012.

Dynamics of world corn prices are given in the Appendix, Chart 3-4.

Rice

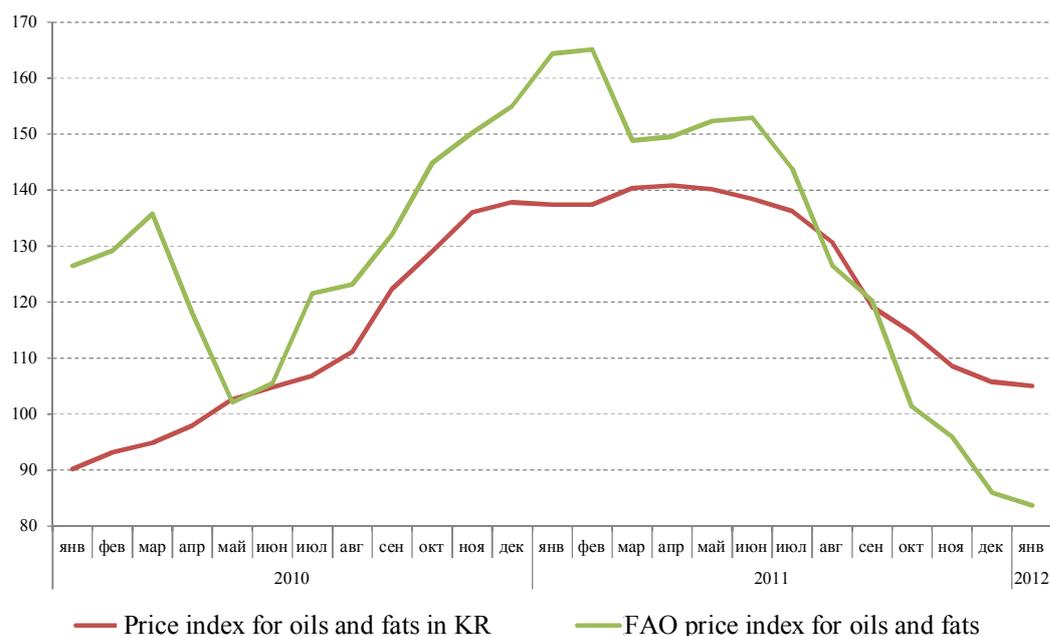
USDA in February 2012 increased the estimate of world rice production in 2011/12 MY by 0.3 percent, to 462.8 million tons. The forecast of consumption of rice increased against the past month estimates by 0.3 percent, to 459.9 million tons. The estimates of ending stocks on this type of corn has not changed and remained at the level of 100.1 million tons. On world markets, according to news agency “Reuters”, the average cost of futures contracts on rice as of February 20, 2012 amounted to US\$ 313.2 per ton.

World sunflower oil review

The February forecast of the USDA of world production of oil in 2011/12 MY increased slightly (+0.2 percent) and amounted to 153.1 million tons. Forecast of consumption increased to 150.8 million tons (+0.1 percent). The volume of world trade in oil will constitute 62.7 million tons. The estimates of ending stocks increased by 0.8 percent to 12.3 million tons.

The price index for oils/fats FAO increased to 234 points in January 2012, representing an increase of 3.0 percent (7 points) as compared to December 2011. The main factors that caused the increase in the index were increased import demand for palm oil and soybean oil in combination with the seasonal reduction in palm oil production and forecasts, according to which the volume of supply of soybean oil for export will be below average.

Chart 3. Dynamics of oil and fat prices
(percentages to the corresponding month of the previous year)



Sunflower oil

According to the USDA, in 2011/12 MY sunflower oil production will constitute 13.8 million tons (+0.1 percent), consumption - 12.9 million tons (+0.2 percent). Forecast of ending stocks rose by 1.1 percent and amounted to 1.9 million tons.

Within the reporting period, the average futures price for sunflower oil on world markets as of February 20, 2012 decreased by 1.5 percent and amounted to US\$1120.0 per ton.

Dynamics of world sunflower oil prices are given in the Appendix, Chart 5-6.

Kyrgyzstan

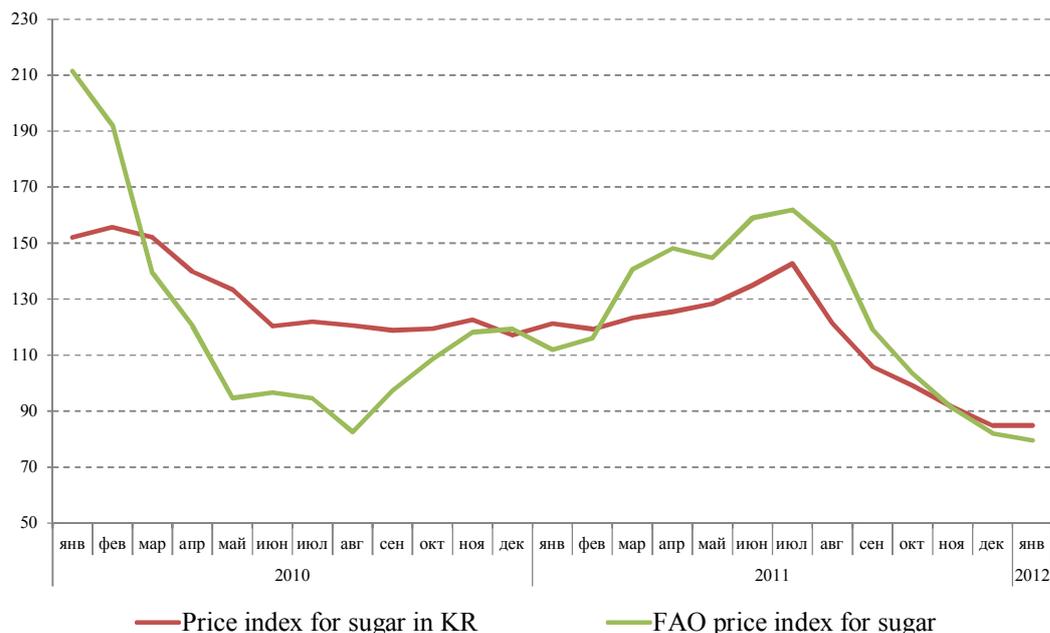
According to the NSC KR as of February 15, 2012, the price of the group “oils and fats” declined by 0.4 percent relative to prices of last month.

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 per cent 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 by 4.2 per cent higher than previous estimates.

The index of prices for sugar FAO rose in January to 334 points, which represents an increase of 2.2 percent (7.3 points) as compared to December 2011, but the index was still 20.0 per cent (86 points) below than in January 2011. The growth of this indicator over the last month was mainly explained by not very favorable weather conditions in Brazil, which is the largest producer and exporter of sugar in the world, and therefore there is fear that this may lead to delay in harvesting and reduction of the total volume of production. On the other hand, the rise in sugar prices in recent years was controlled by a good harvest in India, EU, Thailand and the Russian Federation.

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 February 20, 2012 amounted to US\$ 638.7 per ton, which is by 1.1 percent lower than in January 20, 2012.

Dynamics of the world sugar prices is presented in the Appendix, Chart 7-8.

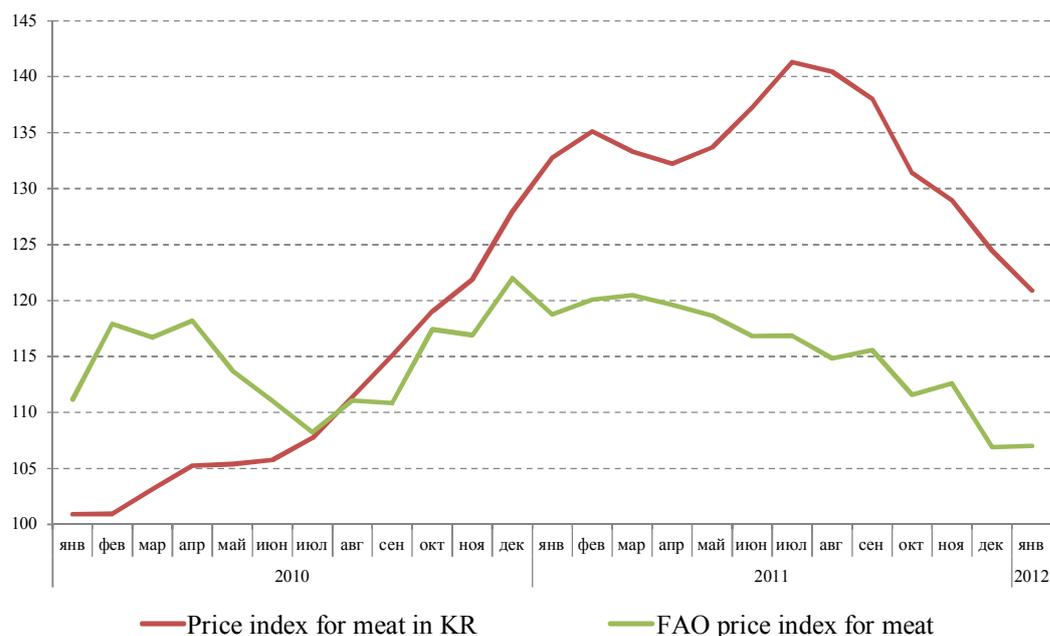
Kyrgyzstan

According to the NSC KR data as of February 15, 2012, prices for sugar decreased by 0.8 percent against the prices of the previous month.

Meat

The average value of the Index of FAO meat price in January 2012 constituted 179 points, having increased by 0.5 percent (1 point) as compared to its value, recorded in December 2011. Dynamics of prices for different types of meat was multidirectional: the price for pork increased by 2.8 percent in anticipation of a significant volume of imports of China, while poultry prices fell by 1.0 percent, which was due to the strengthening US dollar as compared to currencies of some major exporters, particularly Brazil. The price quotations for beef remained stable at a relatively high level, indicating a prolonged period of insufficient supply of these goods, while the favorable projections for lamb production in Oceania put pressure on prices for this product downward.

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



Kyrgyzstan

According to the NSC KR as of February 15, 2012, meat prices fell by 0.1 percent relative to prices of last month.

According to the NSC KR as of February 1, 2012 in the Kyrgyz Republic livestock and poultry for slaughter in live weight constituted 26.5 thousand tons, which is by 1.0 percent more than in 2011.

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)	1 808.0	0.0	1 818.0	-0.1	334.0	-3.2	262.0	+1.1
Wheat	692.9	+0.2	680.5	-0.1	213.1	+1.5	221.7	+2.6
<i>Kyrgyzstan</i>	1.1	0.0	1.3	+2.4	0.8	0.0	168.0	+3.1
<i>the USA</i>	54.4	0.0	31.6	0.0	23.0	-2.9	234.9	+4.3
<i>Australia</i>	28.3	0.0	8.0	0.0	9.0	-1.4	210.0	+0.1
<i>EU-27</i>	137.5	0.0	127.0	0.0	12.7	0.0	230.0	0.0
<i>China</i>	117.9	0.0	113.5	0.0	65.0	0.0	373.0	+3.9
<i>Russia</i>	56.2	0.0	38.6	0.0	10.9	-8.4	165.0	+0.4
<i>Kazakhstan</i>	22.7	+1.0	9.0	-9.1	15.9	0.0	171.0	+6.2
Corn	864.1	-0.5	867.6	0.0	125.3	-2.2	251.2	+4.0
Rice	462.8	+0.3	459.9	+0.3	100.1	0.0	313.2	-2.1
Sunflower oil	13.8	-0.1	12.9	+0.2	1.9	+1.1	1 120.0	-1.5
Sugar²	168.2	0.0	167.6	0.0	29.0	0.0	638.7	-1.1

² November estimates of USDA

Chart 1. Dynamics of world wheat prices. 07.01.11-20.02.11
(US\$ per ton)



Chart 2. Dynamics of world sunflower oil prices. 07.01.11-20.02.11
(US\$ per ton)



Chart 3. Dynamics of world corn prices. 07.01.11-20.02.11
(US\$ per ton)

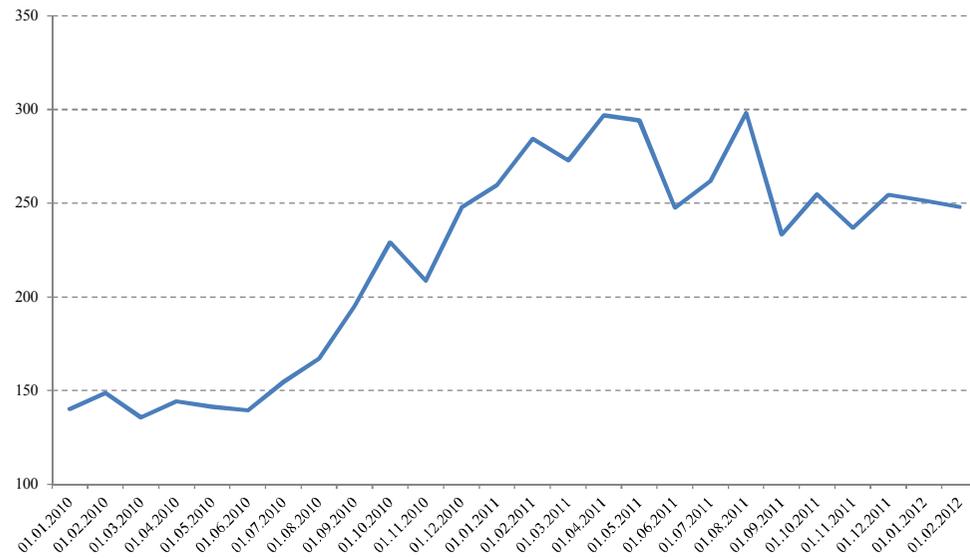


Chart 4. Dynamics of world white and raw sugar prices. 07.01.11-20.02.11
(US\$ per ton)



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’.