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Analysis of changes in prices in the Republic of Kazakhstan

February 2024

Introduction



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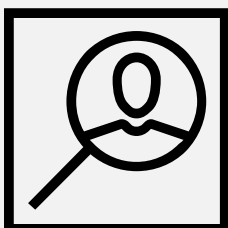
We are presenting our second issue of our regular research, "Analysis of Changes in Prices in the Republic of Kazakhstan," which reflects price changes over a 12-month period (from December 2022 to December 2023). The purpose of this research is to depict the real situation regarding changes in prices for certain categories of goods, including staple foods, pharmaceuticals, consumer electronics and home appliances, and construction materials.

In February 2023, according to the Bureau of National Statistics (BNS), the inflation rate reached 21.3%, the highest in the last 26 years (since 1997, the inflation rate had not exceeded 20%). After reaching its peak, the annual inflation rate began to gradually decrease, reaching 9.8% by December. The analysis of prices for the categories of goods selected in our research shows the following changes: construction materials +24%, consumer electronics and home appliances +11%, and pharmaceuticals +3%. The year-on-year rate of increase in food prices remained the same at +10% (a similar rate of increase was noted in the first half of 2023).

We hope this research proves useful to a wide range of readers and all interested parties.

The analysis was conducted in January 2024.

Sincerely yours,
Natalya Lim



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Research overview and objectives

The analysis of changes in food prices is a study aimed at reflecting the real market situation regarding price changes in certain product categories.

This analysis covers the period from December 2022 to December 2023 and includes the average price change of the following product categories:

- Staple foods
- Pharmaceuticals
- Consumer electronics and home appliances
- Construction materials

Due to variations in data quality and accessibility, the methodology and approach to comparative price analysis differ for staple foods compared to other categories of goods (see p. 5).

We hope this research proves useful to a wide range of readers and all interested parties.



Methodology and approach to data analysis

Staple foods

The analysis of changes in food prices in the Republic of Kazakhstan utilized data from large online shops*, including categories, subcategories, and names of foods. Categories and subcategories of foods were primarily selected from a list of the minimum food basket (a total of 9 categories and 38 subcategories, see p. 8), with the condition of sufficient data availability for the period from December 2022 to December 2023. To calculate the correct average price, all foods were adjusted to a common unit of measurement, as shown in the table below.

**In 2023, the range of goods represented in large online shops was significantly extended. In the report for December 2023, the scope of data was increased, and adjustments were made in the grouping of goods for a more accurate reflection of the product basket.*

Foods	UoM	Foods	UoM
bread	100 g	meat and poultry	1 kg
flour	1 kg	preserved food	1 kg
pasta	1 kg	salt and sugar	1 kg
cereals and beans	1 kg	water	1 litre
vegetables and fruits	1 kg	tea, instant coffee	1 kg
milk, cream, kefir, ayran, tan	1 litre	eggs	10 pcs
cheese, cottage cheese, sour cream, mayonnaise	1 kg	vegetable oil	1 litre

Our analysis focuses on foods within the lower price range. Accordingly, the analysis included foods whose price did not exceed the minimum price and 25% of the difference between the minimum and maximum prices.

The calculation of the average price for each subcategory of foods was conducted as follows:

- Identifying and eliminating goods whose prices are abnormally far from other prices in the dataset.
- Identifying and eliminating foods exceeding the lower price range.
- Calculating the average price for subcategories of foods in each analyzed period.

Other product categories

Besides food products, our analysis includes categories such as pharmaceuticals (a total of 7 categories, see p. 11), consumer electronics and home appliances (a total of 4 categories and 17 subcategories, see p. 12), and construction materials (a total of 11 categories, see p. 13). The analysis of data for these categories covers the period from December 2022 to December 2023.

The analysis of changes in prices for these categories involves comparing prices of similar goods due to the impossibility of standardizing them into a single unit of measurement. Goods were selected so that the same items were present in the majority of the analyzed periods/months. The analysis takes into account only those categories and/or subcategories of goods whose specific weight in the total number of analyzed goods is not lower than a certain limit, which varies for different categories of goods. To extrapolate missing data, the average prices and changes in prices for goods of the same category were taken into account, considering factors such as brand, country of origin, category, and/or subcategory.

This approach also includes identifying and eliminating, at different stages of the analysis, goods with abnormal price differences during different periods. To evaluate the pharmaceutical element, medicines from the high price category were excluded from the list of products considered.

Key findings

1

Prices for staple foods increased on average by

+10%

In December 2023 compared to December 2022

2

Prices for pharmaceuticals increased on average by

+3%

in December 2023 compared to December 2022

3

Prices for consumer electronics and home appliances increased on average by

+11%

In December 2023 compared to December 2022

4

Prices for construction materials increased on average by

+24%

In December 2023 compared to December 2022



Staple foods

According to BNS, in December 2023, the inflation for the year slowed down and amounted to 9.8%, which is 10.5 percentage points lower than the similar period in 2022. Food prices in December 2023 increased by 9% compared to January of the same year. This increase is significantly less than the similar period of the prior year, where the increase was 40% (December compared to January 2022). In total, the annual price change in December 2023 was 10%.

A significant annual growth in prices is noted in several subcategories of goods, particularly cheese (+48%), butter (+47%), and tomatoes (+47%). This change is explained by an extension of the range of goods in the market, mainly due to the appearance of imported foods and the impact of seasonal fluctuations in prices for vegetables and fruit. However, prices for goods such as bread (-40%), canned meats (-34%), and beet (-24%) decreased.

In the market of imported goods, a general increase in prices by 8% is noted. It should be noted that the highest increase in cost was demonstrated by butter (+75%), bananas (+72%), and rice (+56%). It is important to note that goods produced in Kazakhstan also became more expensive by 10%. Among the individual local product categories with the highest increase in prices, pasta (+58%), cheese (+49%), and tomatoes (+47%) stand out.

According to BNS, the total volume of food product imports for the period from January to November 2023 approximated USD 4.4 billion. Of this amount, sugar, chocolate, and pastries account for the majority at 18% (6% for each category). Additionally, the volume of imports of certain food products* in quantitative terms (in thousand tons/liters) increased, during the period from January to November 2023, on average by 15% compared to a similar period in 2022, whereas the volume of imports of these goods in monetary terms (US dollars) decreased by 7%, amounting to USD 377 million.

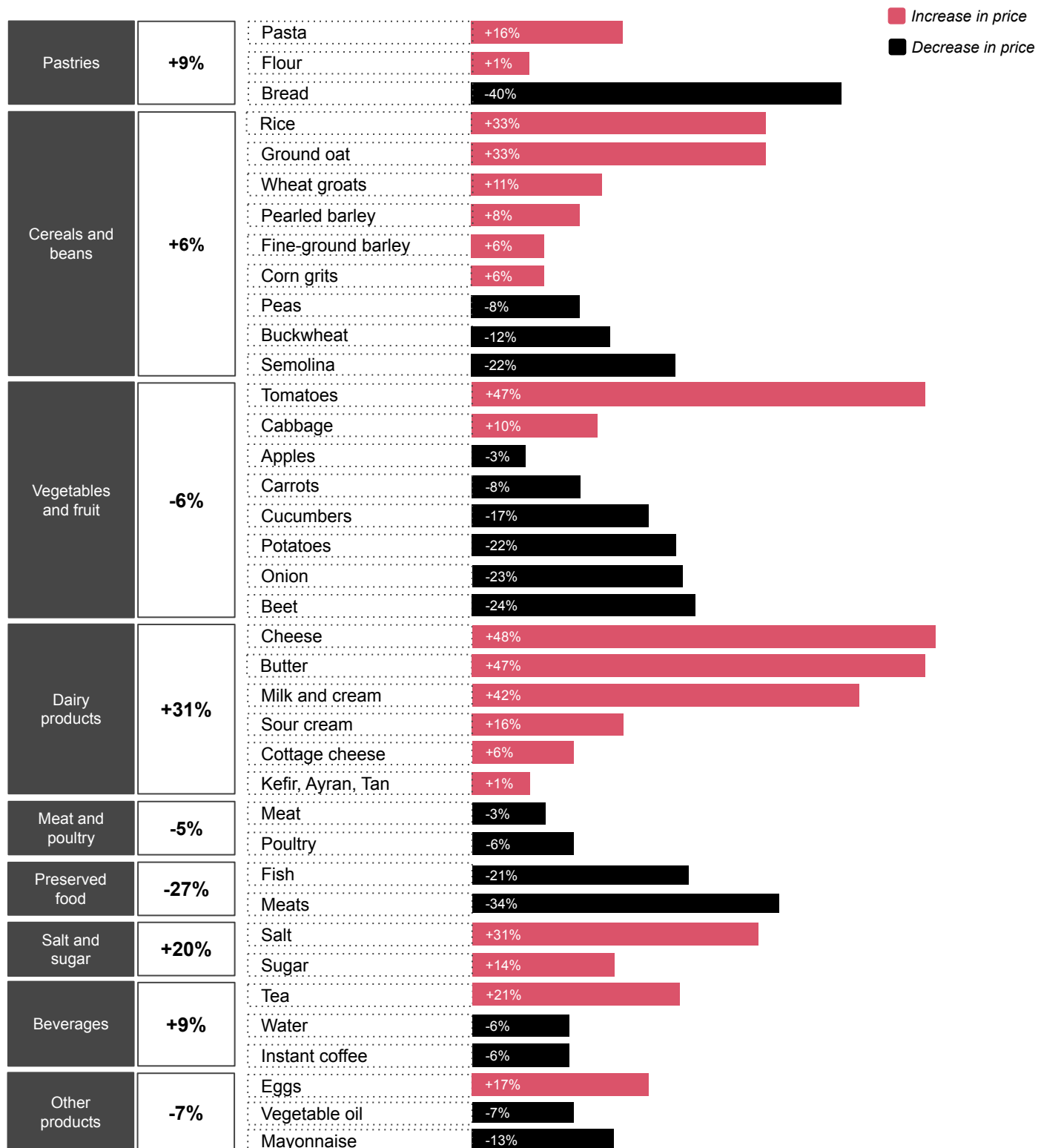
* According to preliminary data of stat.gov.kz, including:

- Water, including mineral and sparkling, containing additives of sugar or other sweetening or flavoring agents, and other alcohol-free beverages, except for fruit or vegetable juices within commodity item 2009
- Edible by-products of cattle, swine, sheep, goats, horses, donkeys, mules or hinnies, fresh, chilled or frozen
- Fruit and nuts, cooked or uncooked in boiling water or steamed, frozen, with or without addition of sugar or other sweetening agents
- Flour from grains of other cereals, other than wheat or wheat-rye
- Grits, coarse flour and pellets from cereals
- Cocoa powder without addition of sugar or other sweetening agents
- Tea with or without flavoring agents
- Milk and cream, non-condensed and without adding sugar or other sweetening agents



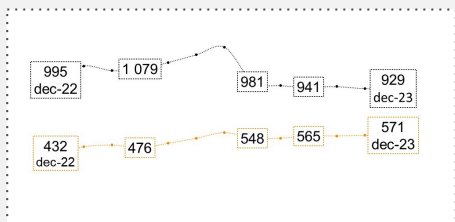
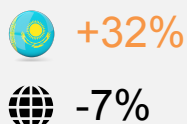
Staple foods

Changes in prices in December 2023 vs December 2022 for staple foods (%) of local and foreign origin. The analysis included 3 487 unique product items.

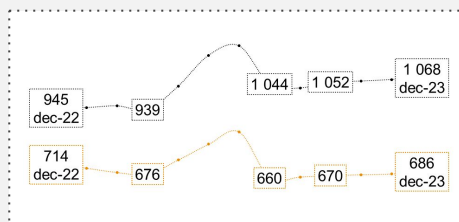
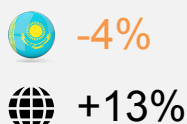


Change in average prices during the period from December 2022 to December 2023 (in tenge) and overall change in average prices in December 2023 vs December 2022 by categories for Kazakhstani and imported products (in %).

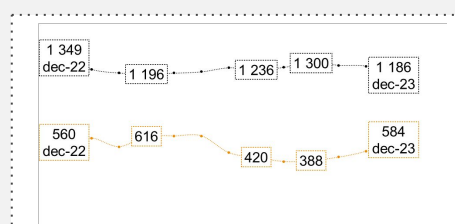
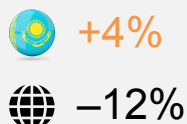
Pastries



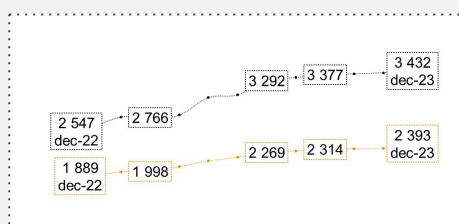
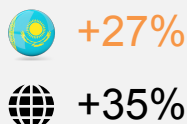
Cereals and beans



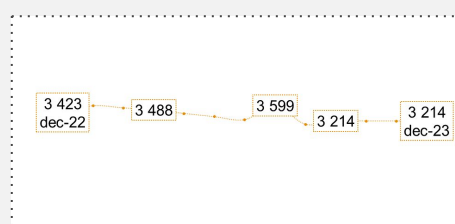
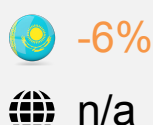
Vegetables and fruit



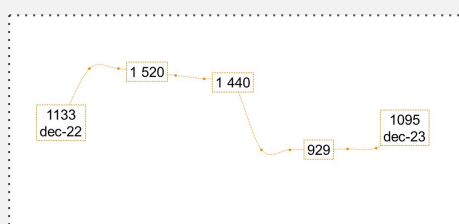
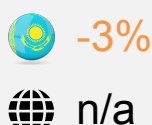
Dairy products



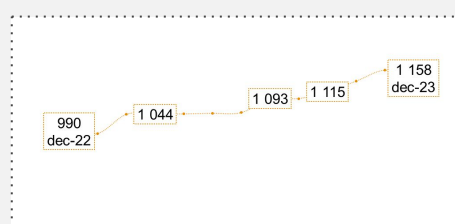
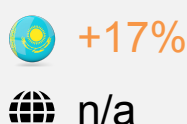
Meat



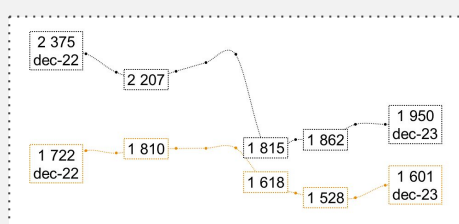
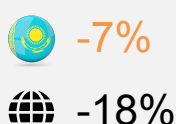
Poultry



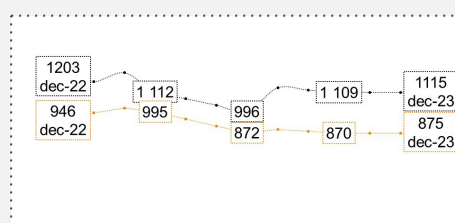
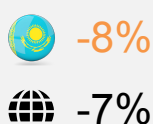
Eggs



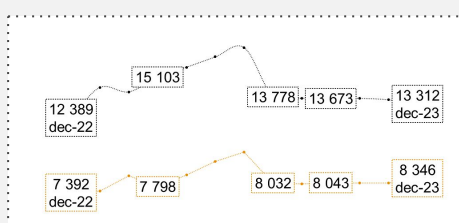
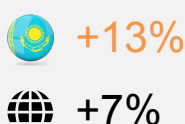
Mayonnaise



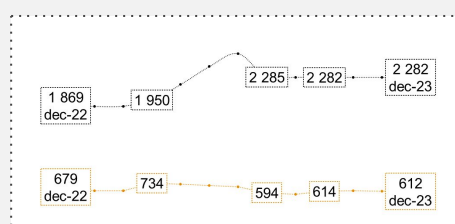
Vegetable oil



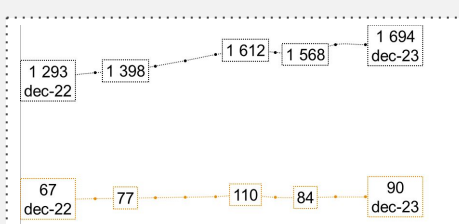
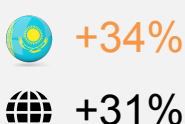
Tea and instant coffee



Sugar

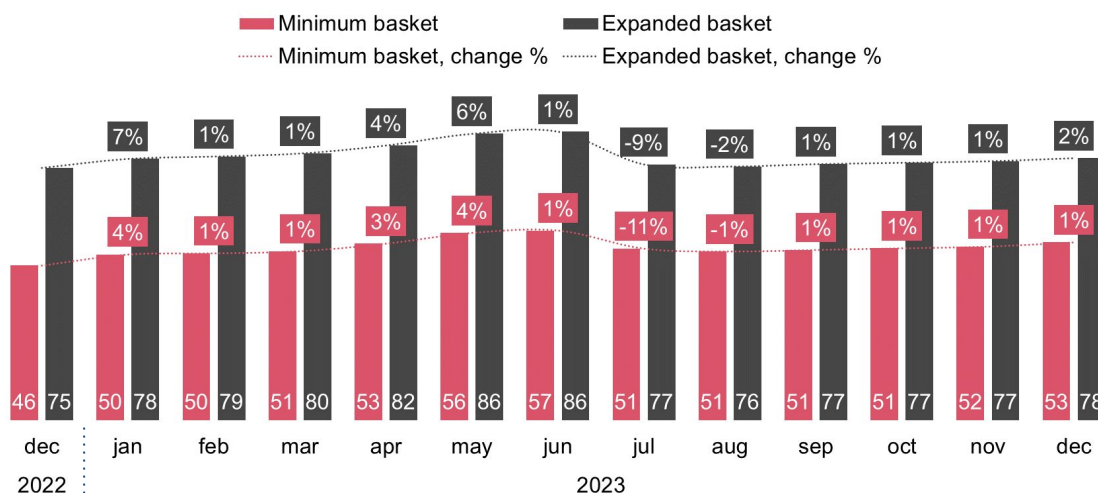


Salt



How the amount of one-time purchase of food basket changed

Change in prices December 2023 vs December 2022 (%)



The amount of purchasing the **minimum basket** increased by

15%

The amount of purchasing the **extended basket** increased by

4%

Minimum basket

Price increase
Price decrease



	Dec-22	Dec-23
Pea	831 ₸/kg	767 ₸/kg
Buckwheat	1 203 ₸/kg	1 065 ₸/kg
Cabbage	219 ₸/kg	242 ₸/kg
Potatoes	260 ₸/kg	204 ₸/kg
Onion	290 ₸/kg	223 ₸/kg
Mayonnaise	2 048 ₸/kg	1 776 ₸/kg
Pasta	1 050 ₸/kg	1 216 ₸/kg
Semolina	852 ₸/kg	667 ₸/kg
Butter	3 314 ₸/kg	4 865 ₸/kg
Milk and cream	527 ₸/l	750 ₸/l
Carrots	240 ₸/kg	220 ₸/kg
Flour	520 ₸/kg	525 ₸/kg
Meat	3 423 ₸/kg	3 214 ₸/kg
Poultry	1 133 ₸/kg	1 095 ₸/kg
Groats	771 ₸/kg	1 029 ₸/kg
Cucumbers	1 479 ₸/kg	1 226 ₸/kg
Barley groats	649 ₸/kg	698 ₸/kg
Tomatoes	979 ₸/kg	1 440 ₸/kg
Vegetable oil	1 075 ₸/kg	995 ₸/kg
Rice	1 021 ₸/kg	1 353 ₸/kg
Sugar	1 274 ₸/kg	1 447 ₸/kg
Salt	680 ₸/kg	892 ₸/kg
Sour cream	2 144 ₸/kg	2 496 ₸/kg
Cheese	3 918 ₸/kg	5 785 ₸/kg
Cottage cheese	2 723 ₸/kg	2 890 ₸/kg
Bread	147 ₸/100g.	88 ₸/100g
Tea	11 631 ₸/kg	14 025 ₸/kg
Apples	921 ₸/kg	898 ₸/kg
Eggs	990 ₸/kg	1 158 ₸/kg
Total:	46 314 ₸	53 247 ₸

Extended basket

Price increase
Price decrease



Minimum basket +

	Dec-22	Dec-23
+ Oranges	1 333 ₸/kg	1 430 ₸/kg
+ Bananas	465 ₸/kg	800 ₸/kg
+ Water	339 ₸/l.	318 ₸/l
+ Pears	1 857 ₸/kg	1 109 ₸/kg
+ Beet	305 ₸/kg	232 ₸/kg
+ Kefir, ayran, tan	681 ₸/l.	689 ₸/l
+ Canned meats	4 940 ₸/kg	3 160 ₸/kg
+ Canned fish	5 663 ₸/kg	4 498 ₸/kg
+ Instant coffee	8 149 ₸/kg	7 633 ₸/kg
+ Corn grits	749 ₸/kg	792 ₸/kg
+ Lemons	7 621 ₸/kg	1 811 ₸/kg
+ Tangerine	1 680 ₸/kg	1 059 ₸/kg
+ Millet	817 ₸/kg	910 ₸/kg
+ Fine-ground barley	577 ₸/kg	601 ₸/kg

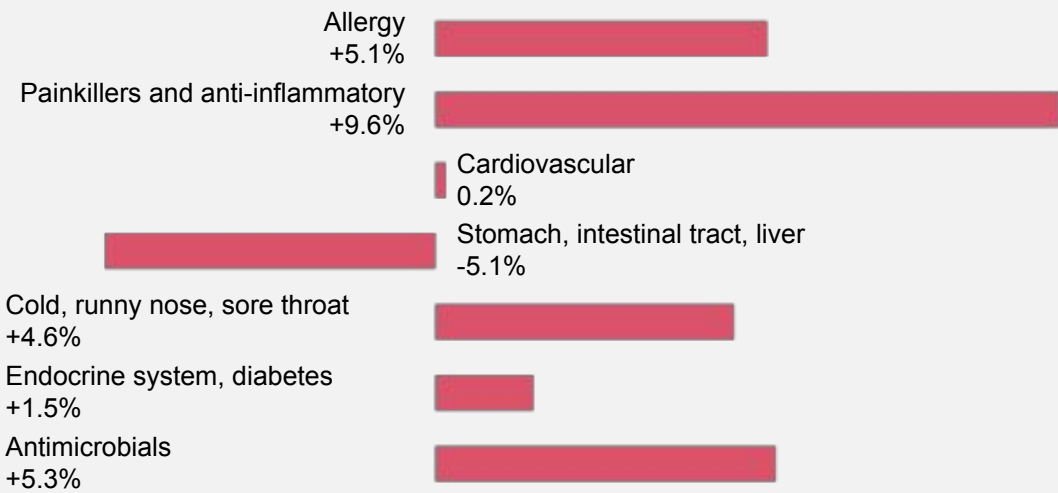
Total: 75 487 ₸ 78 423 ₸

Pharmaceuticals

The analysis of changes in pharmaceutical prices in Kazakhstan showed that the average cost increased by +3% in December 2023 compared to the similar period of the prior year. However, since the pattern of prices by categories of pharmaceuticals differs significantly: medications for painkillers and anti-inflammatory purposes showed a growth (+9.6%), whereas the prices for medications for stomach, intestinal tract, and liver decreased by 5.1%.

The analysis included 740 unique product items.

The average change in prices by type of medication from December 2022 to December 2023



Source: Analysis of changes in prices in the Republic of Kazakhstan, 12M2023

During 2023, in the pharmaceutical market, there was a moderate increase in the cost of medicines in the categories of painkillers and anti-inflammatory drugs, antimicrobial medications, and cold and runny nose medications. Tables 1 and 2 reflect five product items whose cost demonstrated the most increase and decrease in the period from December 2022 to December 2023.

Table 1. Top 5 medications with the most price increase from December 2022 to December 2023

Medication	Price in December 2022, KZT	Price in June 2023, KZT	Price in December 2023, KZT	Change, %
Avalexon 1 g №5	1 515	4 854	5 727	278%
Zetrinal sirup 200 ml	451	453	1 367	203%
L-Viava 1 g / 5 ml № 5	1 180	3 221	3 357	185%
Benzylpenicillin	238	156	542	128%
Streptocide 300 mg №10 p.	56	54	114	104%

Table 2. Top 5 medications with the most price decrease from December 2022 to December 2023

Medication	Price in December 2022, KZT	Price in June 2023, KZT	Price in December 2023, KZT	Change, %
Paracetamol	486	189	185	-62%
Bicillin-3 600000 UI № 1	1 002	510	396	-61%
Teveten 600 mg №14	5 873	5 689	2 657	-55%
Bicillin-5 1500000 UI № 1	1 339	1 102	610	-54%
Amikacin	873	1 135	481	-45%

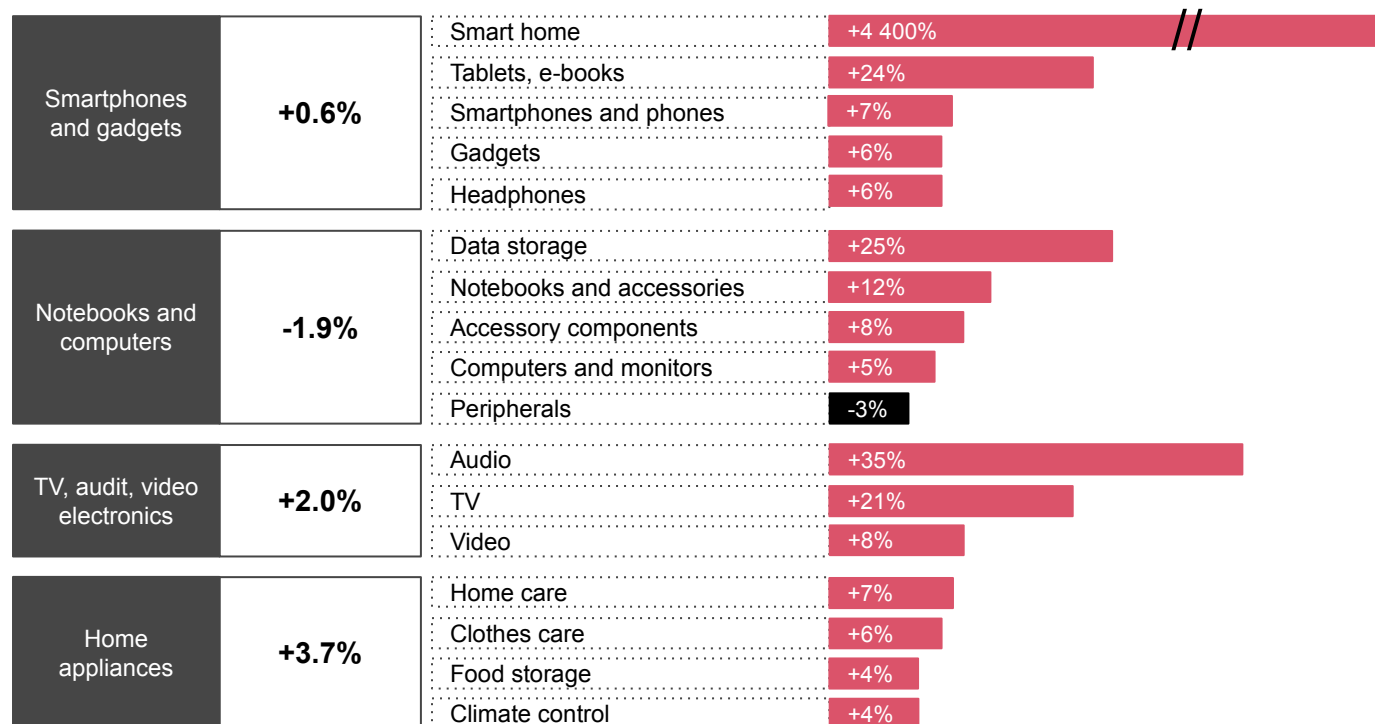
Consumer electronics and home appliances

The analysis of changes in prices for consumer electronics and home appliances includes such subcategories as smartphones and gadgets, notebooks and computers, TV, audio, video electronics, and home appliances. The analysis included 4 008 unique product items.

In general, the results of the analysis showed an 11% increase in prices in December 2023 compared to December 2022. This pattern can be attributed to the specific approach to determining pricing policies within the electronics and home appliances category. In the majority of cases, price decreases occur due to the release of new models of electronics.

An increase in price should be noted for such product categories as audio electronics (+35%), data storage (+25%), and tablets and e-books (+24%). The goods in the smart home category exhibited a significant increase in prices (+4 400%), driven by the introduction of new expensive products in the market, particularly electronic locks with facial recognition functionality imported from the Netherlands. It is noteworthy that price decreases are observed exclusively in the category of peripherals (-3%).

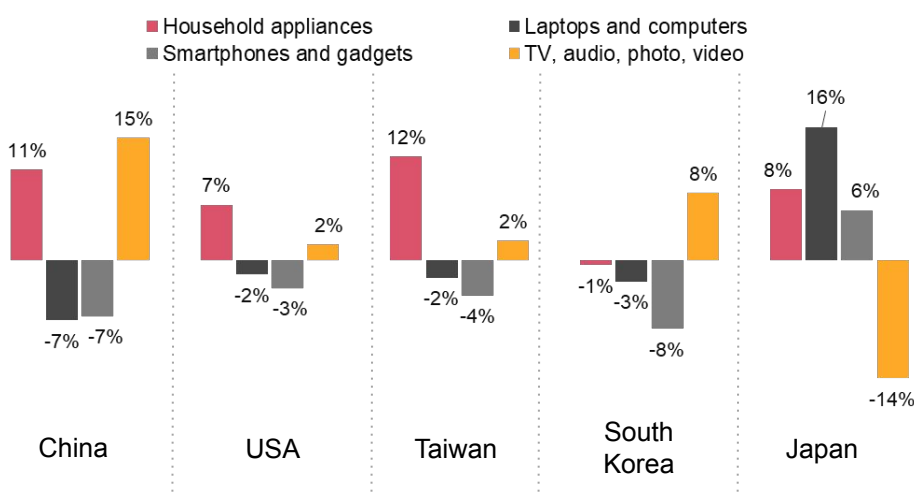
Average change in prices for electronics and home appliances from December 2022 to December 2023



Source: Analysis of changes in prices in the Republic of Kazakhstan, 12M2023

About 82% of the goods included in the analysis (4 008 unique units) originate from countries such as China with a 27% share, the USA with 21%, South Korea with 18%, Taiwan with 10%, and Japan with 6%. The greatest growth in prices was noted for goods from Japan (+4%), whereas the least growth was observed for equipment from South Korea (-1%). It should be noted that despite a general fall in prices for smartphones and computers from other countries, the prices for equipment from this category of Japanese manufacture increased by 6% and 16%, respectively.

Average price change by country of origin

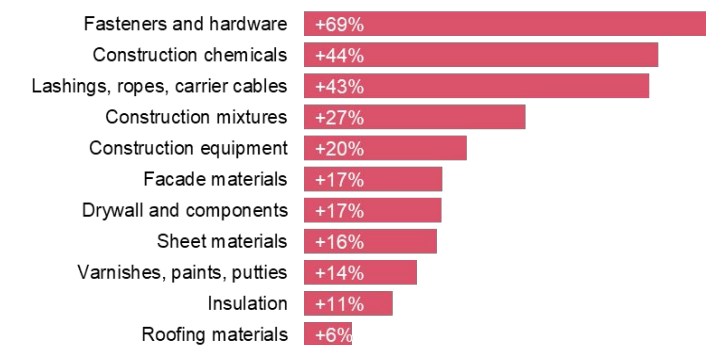


Construction materials

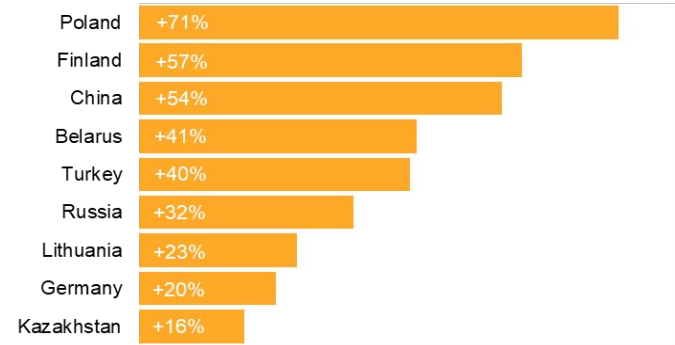
The data analysis revealed that in December, the prices for construction materials increased by 24% compared to December 2022. The most significant increase in prices was observed in subcategories of fixtures and metal hardware (+69%), construction chemicals (+44%), and lashings, ropes, and carrier cables (+43%). The comparative analysis of changes in prices in various countries showed that goods imported from Poland and Finland increased in price the most – by 71% and 57%, respectively.

The analysis considered 1 951 unique product items.

Average price change by subcategories in December 2023 vs December 2022



Average price change by countries of origin in December 2023 vs December 2022

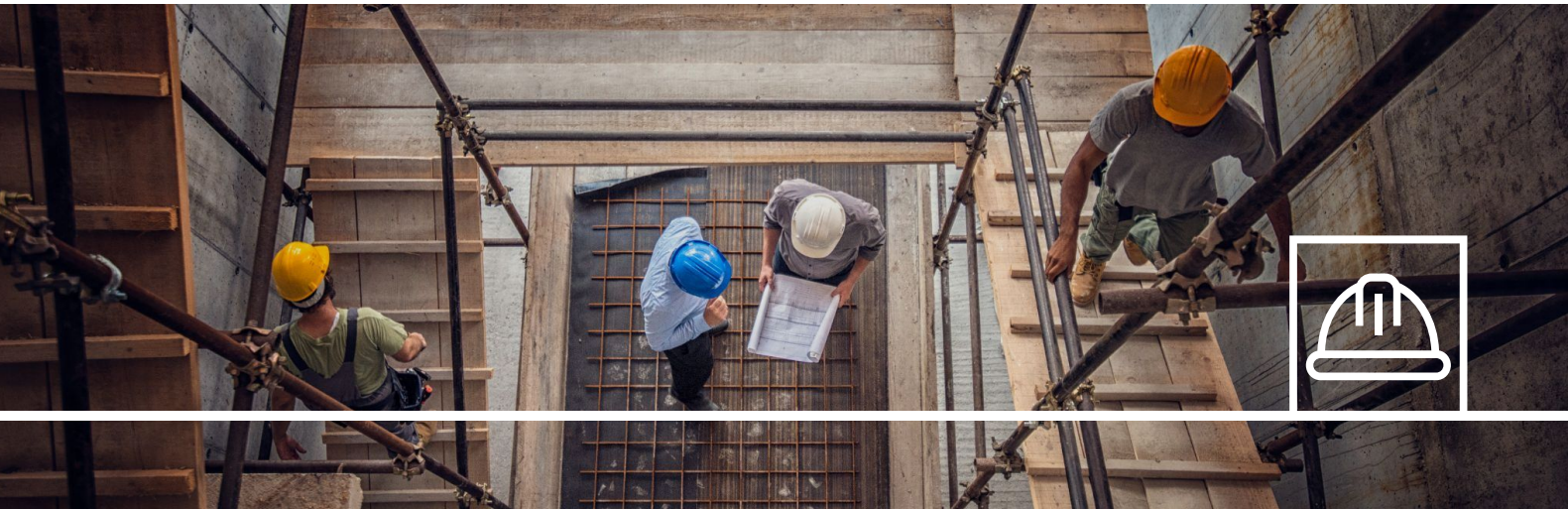


Source: Analysis of changes in prices in the Republic of Kazakhstan, 12M2023

Matrix of average price changes in December 2023 vs December 2022 by countries and subcategories

	China	Finland	Russia	Turkey	Germany	Poland	Lithuania	Kazakhstan	Belarus
Drywall and components	-	-	6%	-	-	-	-	19%	-
Fasteners and hardware	59%	41%	89%	69%	58%	-	-	-	63%
Roofing materials	-	-	6%	-	-	-	-	-	-
Varnishes, paints, putties	-	15%	36%	45%	57%	42%	-	21%	-
Sheet materials	-	-	23%	-	-	-	-	19%	-
Construction equipment	33%	-	23%	-	22%	35%	-	-	-
Construction mixtures	-	-	56%	-	-	-	-	24%	-
Insulation	-	-	7%	-	9%	-	10%	14%	-
Facade materials	-	-	-	-	-	-	-	-	20%
Construction chemicals	-	56%	43%	30%	26%	34%	42%	59%	-
Lashings, ropes, carrier cables	28%	-	32%	-	3%	-	-	39%	-

Source: Analysis of changes in prices in the Republic of Kazakhstan, 12M2023



Thank you!

We would like to acknowledge each reader of our research and hope that the results of our analysis will enable a deeper understanding of the current situation in the market of certain goods and contribute to improvements in the market of Kazakhstan as a whole.



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