
Armenian Prices Soar After Dram Devaluation

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The prices of several key food products and fuel have risen significantly in Armenia following the sharp depreciation of the national currency, the dram.

The dram lost over 20 percent of its nominal value against the U.S. dollar and other major currencies on Tuesday within hours after the Central Bank of Armenia (CBA) limited heavy dollar injections in the local currency market. Its exchange rate remained virtually unchanged at 372 drams per dollar in Wednesday's trading at Yerevan's stock exchange.

The dram's sudden drop immediately pushed up the retail prices of petrol and mainly imported foodstuffs such as cooking oil, sugar, butter and rice. In some grocery stores in Yerevan food prices were up by over 20 percent.

Shopkeepers blamed the price hikes on wholesale suppliers. 'When we ordered fresh supplies today they said that the prices have gone up by 20 percent,' one of them told RFE/RL. 'Everyone says the same thing.'

'There was a lot of panic yesterday, but things have calmed down today,' he said, referring to Tuesday's buying spree sparked by the dram depreciation.

'We won't raise prices until getting new products,' said the manager of another food store in downtown Yerevan. 'But we already have problems with suppliers. They can't decide at what prices to supply goods to us.'

The exchange rate fluctuation also affected the prices of cigarettes and medicines. 'I just bought a pack of cigarettes for 400 drams. It cost 350 drams yesterday,' complained one man. 'They said that prices won't go up but everything has become more expensive.'

Some drug stores in Yerevan remain closed on Wednesday while others opened with new price tags. 'Some drug firms won't take supply orders because of price changes,' one sales assistant told RFE/RL.

The price rises were downplayed by Armenia's State Commission on Protection of Economic Competition (SCPEC). Its chairman, Ashot Shahnazarian, said the regulatory body has inspected shops in central Yerevan and found that the cost of some food products rose by up to 12 percent. 'Only about 10 percent of shops have raised prices,' he claimed.

Shahnazarian dismissed rumors that bread will also become more expensive this week and urged Armenians not to stock up on foodstuffs, saying that consumer price inflation is under control.

CBA officials insisted on Tuesday that the inflation rate will not exceed 9 percent this year despite the dram's weakening.
