



Market Update - 3 (April - May 2015)

UKRAINE

Summary:

Despite a slowing of inflation and decreased food prices in the GCA, food prices in NGCA are still considerably higher than those in GCA.

Food supply within the NGCA remains limited due to restricted movement of commodities. The current situation continues to reduce household's ability to access income and freely access food commodities.

Access to government social safety net payments in the NGCA remains a challenge for those living in NGCA.

Macro-Economic Overview

The current state of the Ukrainian economy is in general state of decline, with large amounts of financial assistance from the IMF being sought.

Consumer Price Index (CPI) has returned that of similar levels of the same period in 2014 (102.2 compared to 101 in the previous year), despite food inflation rates declining in the previous month, although only by <1%. The core consumer prices are considerably higher than the same period last year (109 compared to the current 146.5 index points), which is reflected in higher household food costs.

Fuel costs are generally lower (nationally) than they were last year (0.95 US dollar compared to 1.28 US dollar in July 2014), despite starting the year at a nine year low (0.67 US dollar).

The IMF financial aid has also been pinned to increases in fuel prices as part of the terms of future loans. The crisis has also affected energy supply into Ukraine, as historically this was a transit country for Russian gas pipelines to Europe. In order to ensure energy supply security Ukraine has looked to Europe for energy supplies, with a recent agreement with Hungary to assist with this strategy¹.

Recovery in Ukraine is forecast as slow, due to the on-going financial crisis and conflict in the East.



Figure 1: National Food Price Inflation Data

Food Supply

The conflict has resulted in restriction of normal commerce in the non-government controlled areas of Eastern Ukraine. Commercial supply chains including food and other goods from Ukraine into the NGCA have resulted in higher food prices within the NGCA, particularly for perishable goods (see analysis below).

At a first glance data suggest that availability of food items is relatively stable in both Donetsk and Luhansk NGCA when compared to the same respective areas of these two oblasts in the GCA. Only two out of 23 food items such pork fat (*salo*) in Donetsk GCA and beef in both Luhansk and Donetsk NGCA are missing.

¹<http://ec.europa.eu/energy/en/news/hungary-and-ukraine-sign-gas-flow-interconnection-agreement>

Finance Sector and Social Safety Nets

Banking services continue to be not functional in the NGCA, which has affected pensioners, people with disabilities and other vulnerable people supported by the former government-funded social safety nets.

Within the NGCA the use of a number of currencies have been reported with indications of a movement away from the Ukrainian Hryvnia. This has particular implications for cash and voucher transfer assistance, although how widespread these alternate currency transactions are is not clear.

Livelihoods and Income

The latest (February 2015) national level unemployment figures are at 10%, down 1% point since from the previous month with wages averaging at around 4000 UAH, although wage earnings are generally rising slower than inflation.

Although unemployment data for areas with high numbers of IDPs is not available, finding skilled labor opportunities appears to be difficult for IDPs (as noted in WFP assessment October 2014). This poses some challenges in ensuring adequate levels of financial access to food among these households.

Food Commodity Trends²

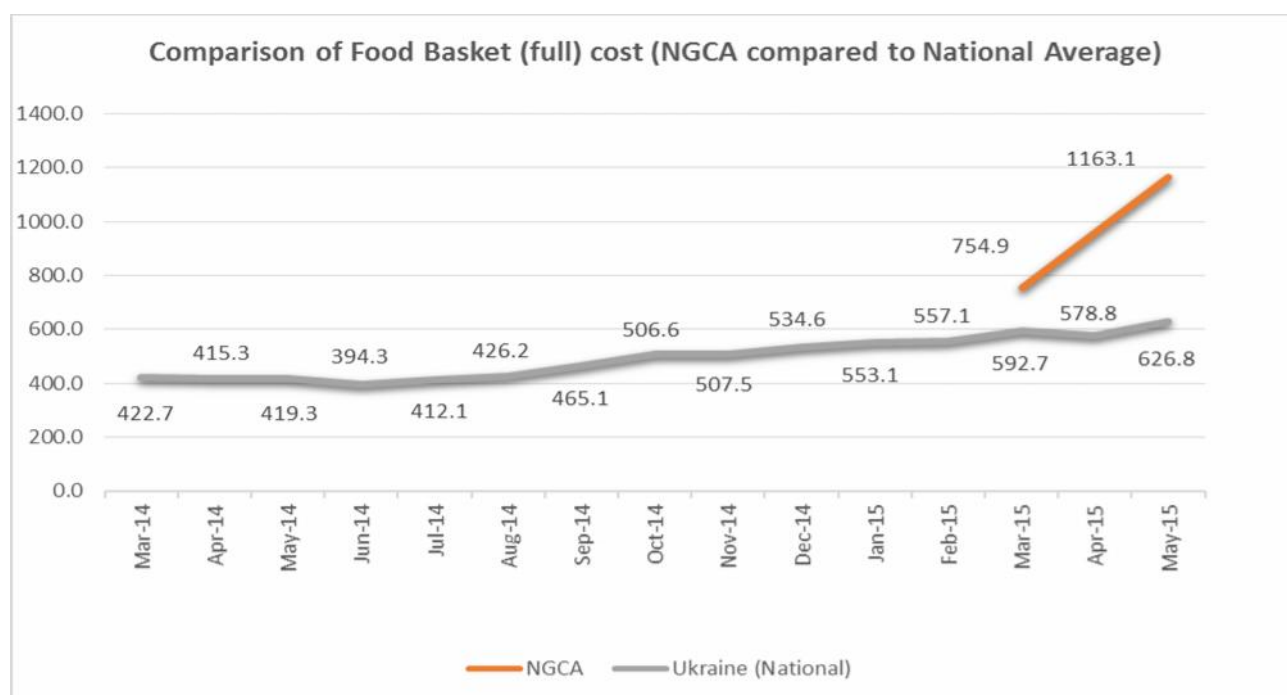


Figure 2: Food Basket Costs for Selected Oblasts (Note that there is no data for NGCA May 2015)

As seen in Figure 2 the cost of this basic food basket has been rising since July/August 2014. Although prices have been increasing at similar rates throughout the country the prices in Donetsk are about 10% higher than that of Luhansk. Prices in NGCA have seen much higher rates compared to national (GCA) rates.

Food commodity prices are tracked by the government in most of Ukraine except in the NGCA. The cost of a basic food basket provides an indication of the evolution of food prices and how this may affect household food access.

² Ministry of Economy and Trade of Ukraine secondary data are used to analyse price trends in GCA. Price data for NGCA are collected by WFP monitoring partners and field staff.

Price Comparisons NGCA and GCA

Table 1: Comparison of Commodity Prices between Selected Oblasts (GCA) and NGCA Oblasts

Commodity	National	NGCA	Comparison (NGCA compared to National)	Difference (+/-15%)
Rice	22.2	29.5	133%	▲
Wheat bread	10.0	6.9	68%	▼
Rye bread	9.6	8.6	89%	▶
Wheat flour	10.3	8.1	78%	▼
Pasta	11.3	12.3	109%	▶
Buckwheat grits	20.0	27.3	136%	▲
Potato	3.9	20.3	518%	▲
Beef	79.3	-	-	
Pork	69.0	126.0	183%	▲
Poultry	35.8	61.5	172%	▲
Boiled sausages	50.1	52.5	105%	▶
Eggs	14.4	26.8	185%	▲
Pork fat	35.7	89.0	249%	▲
Butter	81.2	112.4	138%	▲
Sunflower oil	30.1	41.6	138%	▲
Milk	10.3	17.1	167%	▲
Sour cream	26.7	74.5	279%	▲
Curd	61.7	95.9	155%	▲
Cabbage	13.4	20.7	154%	▲
Carrot	14.8	32.5	220%	▲
Beetroot	7.0	16.5	237%	▲
Onion	9.1	22.2	243%	▲
Sugar	11.2	21.8	195%	▲
Food Basket (full)	962.8	-	-	
Food Basket (partial)	626.8	1163.1	186%	▲

Table 1 is a comparison between selected Oblasts in GCA and NGCA food prices and indicates that within some of the food groups there are certain commodities that are seeing higher rises than others (for example potatoes are increasing much more rapidly than rice prices or pasta). However, on average, staples are not significantly more expensive (excluding potatoes). Meats/eggs and fats/oils are about 60% more expensive. Dairy and fresh fruit / vegetables are more than twice the price as they are in GCA on average, although prices nationally have been increasing rapidly since at least March '15.

The cheapest commodities available in the NGCA are staples (bread and wheat flour), eggs, and beetroot. With an indication that even a partial food basket in the NGCA is about 80% higher in cost than the equivalent basket in the GCA, it is likely that households are consuming less expensive, and possibly foods of lower nutritional value.

Changes in the food consumption patterns were observed between last year and the Multi-Sector Needs Assessment conducted in March 2015 which indicates that households are, in fact, not able to access nutritious foods as well as they had previously due to mainly high inflation and rising food prices.

High prices of perishable foods in the NGCA may reflect either poor availability or reduced availability, although systematically standardized data on this is not yet available. Bread prices are low in general, which may be attributed to the Ukrainian government bread subsidy social assistance program, though this does not explain, why bread prices are lower in the NGCA. The high food prices have affected the food security situation of the population in the NGCA significantly.

It is worth noting that the GCA has also experienced the increasing food prices, which affects the vulnerable population including IDPs

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Dnipropetrovsk (GCA)	Rice	20.9	22.1	106%	221%	▲	▲
	Wheat bread	11.5	11.5	100%	236%	▲	▲
	Rye bread	9.2	9.2	100%	189%	▲	▲
	Beef	90.1	90.1	100%	150%	▲	▲
	Pork	73.2	71.4	98%	134%	▲	▲
	Poultry	35.6	35.5	100%	172%	▲	▲
	Pork fat	43.3	43.3	100%	181%	▲	▲
	Wheat flour	9.1	9.5	105%	201%	▲	▲
	Pasta	11.3	11.5	102%	216%	▲	▲
	Buckwheat grits	19.3	20.2	104%	246%	▲	▲
	Boiled sausages	50.3	49.8	99%	145%	▲	▲
	Milk	11.0	10.6	97%	128%	▲	▲
	Sour cream	27.7	26.9	97%	129%	▲	▲
	Butter	82.4	79.9	97%	120%	▲	▲
	Curd	60.0	59.1	99%	121%	▲	▲
	Sugar	10.6	10.9	103%	113%	▲	▲
	Sunflower oil	29.4	29.4	100%	213%	▲	▲
	Eggs	14.0	12.4	89%	177%	▲	▲
	Potato	4.5	4.5	99%	61%	▲	▲
Cabbage	13.4	10.2	76%	153%	▲	▲	
Carrot	17.0	12.0	71%	353%	▲	▲	
Beetroot	7.6	6.4	85%	198%	▲	▲	
Onion	9.9	7.5	76%	84%	▲	▲	

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Kharkivka (GCA)	Rice	22.2	22.4	101%	233%	▲	▲
	Wheat bread	8.2	8.2	100%	180%	▲	▲
	Rye bread	7.9	7.9	100%	166%	▲	▲
	Beef	80.1	79.8	100%	151%	▲	▲
	Pork	69.6	67.5	97%	132%	▲	▲
	Poultry	34.7	34.6	100%	164%	▲	▲
	Pork fat	37.5	40.0	107%	154%	▲	▲
	Wheat flour	9.0	9.4	104%	189%	▲	▲
	Pasta	11.7	12.5	106%	193%	▲	▲
	Buckwheat grits	20.2	21.2	105%	247%	▲	▲
	Boiled sausages	46.3	46.6	101%	129%	▲	▲
	Milk	9.1	9.0	100%	116%	▲	▲
	Sour cream	26.4	24.6	93%	129%	▲	▲
	Butter	77.1	76.8	100%	113%	▲	▲
	Curd	63.1	58.8	93%	118%	▲	▲
	Sugar	10.8	11.0	103%	112%	▲	▲
	Sunflower oil	28.2	27.7	98%	209%	▲	▲
	Eggs	15.0	12.4	83%	190%	▲	▲
	Potato	3.9	3.8	98%	53%	▲	▲
Cabbage	13.0	10.4	80%	144%	▲	▲	
Carrot	14.8	11.4	77%	269%	▲	▲	
Beetroot	6.5	5.6	86%	177%	▲	▲	
Onion	9.5	6.9	73%	79%	▲	▲	

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		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Zaporizhia (GCA)	Rice	20.5	20.7	101%	219%	▲	▲
	Wheat bread	9.1	8.8	97%	206%	▲	▲
	Rye bread	8.6	8.6	100%	188%	▲	▲
	Beef	75.1	75.2	100%	141%	▲	▲
	Pork	62.6	61.9	99%	124%	▲	▲
	Poultry	35.5	35.0	98%	159%	▲	▲
	Pork fat	29.6	29.6	100%	172%	▲	▲
	Wheat flour	9.2	9.2	100%	202%	▲	▲
	Pasta	12.2	12.1	99%	204%	▲	▲
	Buckwheat grits	19.2	20.5	107%	230%	▲	▲
	Boiled sausages	50.2	49.1	98%	173%	▲	▲
	Milk	10.7	10.5	98%	136%	▲	▲
	Sour cream	26.1	24.3	93%	151%	▲	▲
	Butter	80.9	79.8	99%	124%	▲	▲
	Curd	57.4	56.4	98%	119%	▲	▲
	Sugar	10.6	10.7	101%	109%	▲	▲
	Sunflower oil	28.6	28.1	98%	214%	▲	▲
	Eggs	14.9	12.7	85%	186%	▲	▲
	Potato	4.0	4.2	105%	62%	▲	▲
Cabbage	11.0	9.2	83%	130%	▲	▲	
Carrot	13.9	9.2	66%	298%	▲	▲	
Beetroot	6.5	5.8	88%	183%	▲	▲	
Onion	9.0	7.3	82%	82%	▲	▲	

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Donetska (GCA)	Rice	24.5	23.0	94%	239%	▲	▲
	Wheat bread	10.6	10.3	97%	212%	▲	▲
	Rye bread	14.2	14.2	100%	232%	▲	▲
	Beef	68.8	66.5	97%	115%	▲	▲
	Pork	68.5	65.9	96%	128%	▲	▲
	Poultry	37.2	37.4	101%	173%	▲	▲
	Pork fat	41.1	44.3	108%	161%	▲	▲
	Wheat flour	11.5	12.3	106%	266%	▲	▲
	Pasta	11.9	12.1	102%	218%	▲	▲
	Buckwheat grits	23.0	23.9	104%	269%	▲	▲
	Boiled sausages	51.2	50.9	100%	156%	▲	▲
	Milk	11.1	11.1	99%	140%	▲	▲
	Sour cream	29.6	29.0	98%	139%	▲	▲
	Butter	86.4	88.3	102%	124%	▲	▲
	Curd	61.1	58.8	96%	134%	▲	▲
	Sugar	12.2	12.2	100%	123%	▲	▲
	Sunflower oil	31.9	32.7	103%	228%	▲	▲
	Eggs	14.9	13.3	89%	190%	▲	▲
	Potato	5.6	6.2	110%	71%	▲	▲
Cabbage	16.1	11.3	70%	175%	▲	▲	
Carrot	19.0	12.8	67%	284%	▲	▲	
Beetroot	8.8	7.2	81%	196%	▲	▲	
Onion	9.5	7.6	80%	78%	▲	▲	

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Luhanska (GCA)	Rice	23.6	23.8	101%	263%	▲	▲
	Wheat bread	11.5	11.5	100%	234%	▲	▲
	Rye bread	10.4	10.4	100%	205%	▲	▲
	Beef	75.7	74.7	99%	137%	▲	▲
	Pork	64.5	63.4	98%	118%	▲	▲
	Poultry	32.9	35.5	108%	152%	▲	▲
	Pork fat	37.8	37.8	100%	149%	▲	▲
	Wheat flour	10.3	10.9	106%	213%	▲	▲
	Pasta	11.6	11.8	102%	195%	▲	▲
	Buckwheat grits	21.9	22.6	103%	275%	▲	▲
	Boiled sausages	42.4	42.9	101%	137%	▲	▲
	Milk	10.0	9.9	99%	132%	▲	▲
	Sour cream	27.8	27.3	99%	132%	▲	▲
	Butter	73.9	77.8	105%	112%	▲	▲
	Curd	65.0	63.2	97%	152%	▲	▲
	Sugar	12.6	12.8	102%	124%	▲	▲
	Sunflower oil	29.6	28.9	97%	220%	▲	▲
	Eggs	14.2	12.4	88%	180%	▲	▲
	Potato	4.1	4.1	100%	51%	▲	▲
Cabbage	11.6	8.5	74%	123%	▲	▲	
Carrot	12.8	9.0	70%	218%	▲	▲	
Beetroot	8.0	6.5	82%	182%	▲	▲	
Onion	8.8	7.4	85%	78%	▲	▲	

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
National	Rice	22.2	23.0	103%	236%	▲	▲
	Wheat bread	10.0	10.0	99%	202%	▲	▲
	Rye bread	9.6	9.6	100%	190%	▲	▲
	Beef	79.3	78.8	99%	144%	▲	▲
	Pork	69.0	67.7	98%	135%	▲	▲
	Poultry	35.8	35.8	100%	165%	▲	▲
	Pork fat	35.7	36.3	102%	147%	▲	▲
	Wheat flour	10.3	10.7	103%	218%	▲	▲
	Pasta	11.3	11.6	102%	201%	▲	▲
	Buckwheat grits	20.0	20.9	104%	249%	▲	▲
	Boiled sausages	50.1	49.5	99%	149%	▲	▲
	Milk	10.3	10.1	99%	127%	▲	▲
	Sour cream	26.7	26.1	98%	128%	▲	▲
	Butter	81.2	81.2	100%	117%	▲	▲
	Curd	61.7	59.3	96%	123%	▲	▲
	Sugar	11.2	11.4	102%	118%	▲	▲
	Sunflower oil	30.1	29.9	99%	221%	▲	▲
	Eggs	14.4	12.7	88%	184%	▲	▲
	Potato	3.9	4.0	103%	57%	▲	▲
Cabbage	13.4	10.5	78%	160%	▲	▲	
Carrot	14.8	10.4	70%	286%	▲	▲	
Beetroot	7.0	5.9	85%	172%	▲	▲	
Onion	9.1	7.1	77%	83%	▲	▲	

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (May-15)	Previous Month (Apr-15)	Previous Month	Ref. Period (Apr-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Donetska (NGCA)	Rice	29.8	#N/A	#N/A	#N/A		
	Wheat bread	5.0	#N/A	#N/A	#N/A		
	Rye bread	7.9	#N/A	#N/A	#N/A		
	Beef	#N/A	#N/A	#N/A	#N/A		
	Pork	93.0	#N/A	#N/A	#N/A		
	Poultry	61.0	#N/A	#N/A	#N/A		
	Pork fat	#N/A	#N/A	#N/A	#N/A		
	Wheat flour	8.8	#N/A	#N/A	#N/A		
	Pasta	11.5	#N/A	#N/A	#N/A		
	Buckwheat grits	23.2	#N/A	#N/A	#N/A		
	Boiled sausages	42.3	#N/A	#N/A	#N/A		
	Milk	15.3	#N/A	#N/A	#N/A		
	Sour cream	60.4	#N/A	#N/A	#N/A		
	Butter	114.4	#N/A	#N/A	#N/A		
	Curd	101.1	#N/A	#N/A	#N/A		
	Sugar	19.9	#N/A	#N/A	#N/A		
	Sunflower oil	38.9	#N/A	#N/A	#N/A		
	Eggs	25.5	#N/A	#N/A	#N/A		
	Potato	22.9	#N/A	#N/A	#N/A		
Cabbage	19.6	#N/A	#N/A	#N/A			
Carrot	31.4	#N/A	#N/A	#N/A			
Beetroot	16.9	#N/A	#N/A	#N/A			
Onion	20.9	#N/A	#N/A	#N/A			