



## Market Update - 5 (July 2015)

# UKRAINE

## Macro-Economic overview

### Summary:

- Albeit slightly both Consumer Price Index (CPI) and food inflation continued to decrease.
- Prices of the full food basket started also decreasing in July 2015.
- Supply chain for commercial as well as humanitarian cargo to the NGCA has reached critical levels.
- More households (HHs) in the NGCA are engaged in agricultural activities. Availability of vegetables increased as more HHs sold their products in the market.
- Food prices for a full basket in the NGCA in July 2015 were reported as 70% higher than the current national average.

In its press release on the 31<sup>st</sup> July 2015, the IMF Executive Board recognized that the Ukrainian economy remains fragile, but encouraging signs are emerging. Furthermore, the IMF Executive Board approved the disbursement of the USD 1.7 billion tranche under the EFF program<sup>1</sup>.

CPI in Ukraine decreased to 99 Index Points in July from 100.40 Index Points in June of 2015<sup>2</sup>. Although slightly (1%) food inflation continued to decrease for a third month in a row<sup>3</sup>. Food inflation reached an all-time high of 53.7% in April 2015. A record low of -5% has been registered in June of 2012.

Registered unemployment has seen a steady decrease since January 2015. Registered unemployment has reduced from 2.0% in January 2015 to 1.7% in June 2015. A decrease of around 6% was also registered in June compared to May 2015 with approximately 80,000 fewer people unemployed.

The main sectors for employment remain wholesale and trade, agriculture, forestry and fishing as well as industry<sup>4</sup>.

The official hryvna exchange, although stressed, remained relatively stable in July 2015. Over the next few months, some depreciation pressures may emerge around September/October due to large external debt repayments and the need to increase natural gas purchases<sup>5</sup>.

Recent improvement in merchandise exports were observed in agriculture, whereas exports of metals and machinery continued to suffer from the negative impact of the conflict in eastern Ukraine, where many metallurgical plants are located<sup>6</sup>.

Ukraine is strengthening ties with new markets in Asia and China in particular. During the initial 6 months of 2015, the total amount of agrarian trade between the countries reached \$832.4 million, 84.3% more than the previous year's index for the same period<sup>7</sup>. Traditionally agricultural exports to China include corn and sunflower oil.

## Food Supply

Supply of food items from Ukraine to the NGCAs is increasingly challenging for both commercial and humanitarian organizations due to the following reasons inter alia:

<sup>1</sup> [http://www.usubc.org/site/files/Ukr-Monthly\\_Ec\\_Report\\_July\\_2015.pdf](http://www.usubc.org/site/files/Ukr-Monthly_Ec_Report_July_2015.pdf)

<sup>2</sup> <http://www.tradingeconomics.com/ukraine/consumer-price-index-cpi>

<sup>3</sup> <http://www.tradingeconomics.com/ukraine/food-inflation>

<sup>4</sup> [https://ukrstat.org/en/operativ/operativ2014/rp/zn\\_ed/zn\\_ed\\_e/zn\\_ed\\_2013\\_e.htm](https://ukrstat.org/en/operativ/operativ2014/rp/zn_ed/zn_ed_e/zn_ed_2013_e.htm)

<sup>5</sup> [http://www.usubc.org/site/files/Ukr-Monthly\\_Ec\\_Report\\_July\\_2015.pdf](http://www.usubc.org/site/files/Ukr-Monthly_Ec_Report_July_2015.pdf)

<sup>6</sup> [http://www.usubc.org/site/files/Ukr-Monthly\\_Ec\\_Report\\_July\\_2015.pdf](http://www.usubc.org/site/files/Ukr-Monthly_Ec_Report_July_2015.pdf)

<sup>7</sup> <http://minagro.gov.ua/en/node/18099>

- Restrictions for transporting commercial cargo from Ukraine to the NGCA;
- Lengthy and complicated procedures of obtaining permits for humanitarian cargoes;
- Intensified fighting in proximity to crossing points which often result to the closure of check-points as well as damaged roads and the risk of unexploded ordnance (UXO) on certain roads;
- Restrictions put by the self-proclaimed authorities in Donetsk and Luhansk oblast for importing cargoes by humanitarian organizations.

Table 1: Availability of Commodities in NGCA

Commodity	Donetska (NGCA) Jul-15	Change in Avail.	Luhanska (NGCA) Jul-15	Change in Avail.
Rice (Kg)	WA	▶	WA	▶
Wheat bread (Loaf)	WA	▶	WA	▶
Rye bread (Loaf)	WA	▶	WA	▶
Wheat flour (Kg)	NWA	▼	WA	▶
Pasta (Kg)	WA	▲	WA	▶
Buckwheat grits (Kg)	WA	▶	WA	▶
Potato (Kg)	WA	▲	WA	▶
Beef (Kg)	SA	▶	NWA	▲
Pork (Kg)	NWA	▶	WA	▲
Poultry (Kg)	NWA	▶	WA	▲
Boiled sausages (Kg)	WA	▶	WA	▶
Eggs (10 Pieces)	WA	▶	WA	▶
Butter (Kg)	NWA	▼	WA	▲
Sunflower oil (Litre)	WA	▶	WA	▶
Pork fat (Kg)	NWA	▶	WA	▲
Milk (Litre)	WA	▲	WA	▶
Sour cream (Litre)	WA	▲	NWA	▶
Curd (Kg)	NWA	▶	NWA	▶
Cabbage (Kg)	WA	▲	WA	▶
Carrot (Kg)	WA	▲	WA	▲
Beetroot (Kg)	WA	▲	WA	▲
Onion (Kg)	WA	▲	WA	▶
Sugar (Kg)	NWA	▼	WA	▶

Table 1 represents availability levels of the 23 food items monitored in NGCAs of Luhansk and Donetsk oblasts.

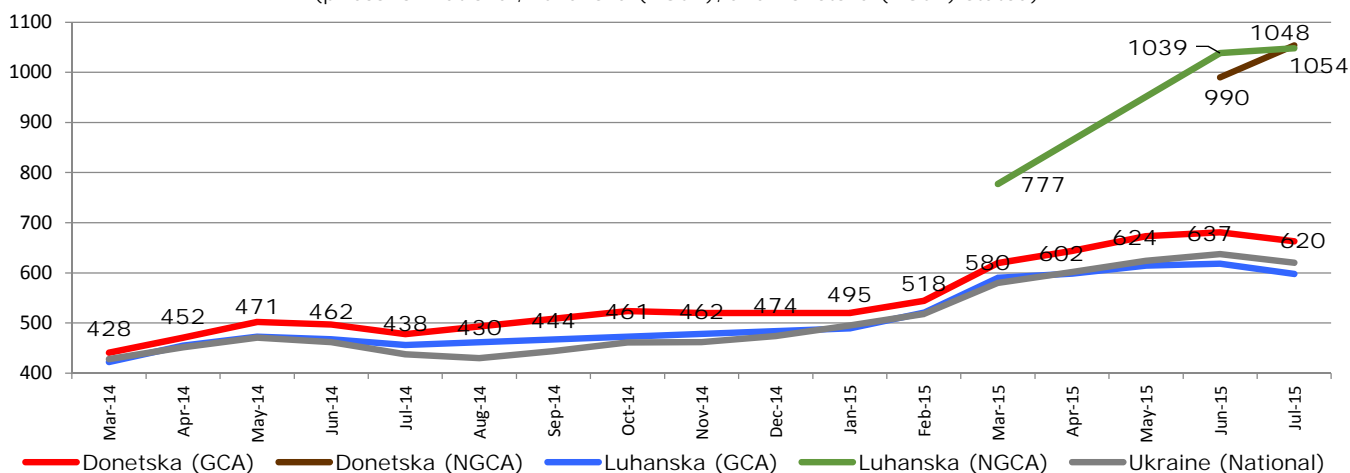
Staples (including potatoes) appear to be Widely Available (WA) in both Donetsk and Luhanska NGCAs, with no change since June 2015.

Vegetables in NGCA were also widely available in July 2015. Increased availability of vegetables in markets could be the result of increased production from home gardening (as reported from focus group discussions). This observation is reinforced by reports of interviewed households selling their produce in the markets, an activity that has been reported as a main source of livelihood for many of the HHs interviewed.

Nevertheless, HHs are concerned that with the onset of the winter season this is not a sustainable livelihood and vegetable availability in the markets will also become poor.

Meat and fat groups have been reported as Not Widely Available (NWA) in Donetsk NGCA. AKP-Invest, Ukraine's largest producer of pork meat reported significant losses due to ongoing conflict in the east where the company's largest assets are located. The company reports 76 specialised meat stores in the region have been closed.

Graph 1: Cost of Food Basket (full) by Oblast and Area of Control (prices for National, Luhanska (NGCA), and Donetska (NGCA) stated)



## Food Commodity Price Trend

Table 2: Monthly Price Changes in NGCA

Commodity	NGCA		Change (+/-10%)
	Price in Jun-15	Price in Jul-15	
Rice	30	30	▶
Wheat bread	5	10	▲
Rye bread	6	7	▲
Wheat flour	8	8	▶
Pasta	14	13	▶
Buckwheat grits	30	33	▲
Potato	17	14	▼
Beef	143	143	▶
Pork	131	145	▲
Poultry	61	59	▶
Boiled sausages	60	90	▲
Eggs	26	20	▼
Pork fat	87	76	▼
Butter	108	102	▶
Sunflower oil	38	35	▶
Milk	17	21	▲
Sour cream	55	59	▶
Curd	80	103	▲
Cabbage	19	14	▼
Carrot	34	26	▼
Beetroot	29	17	▼
Onion	23	19	▼
Sugar	21	23	▶
Food Basket (full)	1015	1052	▶
Food Basket (partial)	489	488	▶

Graph 1 above represents the price development of a full food basket for national and NGCA regions.

Although the food basket in Ukraine was 41.7% higher in July of 2015, compared to July 2014, there was a slight decrease, 2.7%, from June 2015. Slight decreases in food basket costs were observed in oblasts with the highest concentrations of IDPs Donetsk and Luhansk (GCA), and aligned with national prices, and indicates good market integration. Donetsk (GCA) oblast food costs continue to remain higher than the national prices, whereas Luhansk prices remain similar or lower than average. However, the cost of the (full) food basket continued to increase in NGCAs of Donetsk and Luhansk, although at a slower rate in Luhanska.

Table 2 compares prices of food items in NGCA between June - July 2015, organised by food group.

Prices for staple food commodities in the NGCA increased by 16%. This is mainly due to increases of price for wheat bread. Prices decreased by 20% for potatoes, a result of local production as noted earlier. Local production appears to have reduced prices for vegetables as well, with a decrease of 26% in July 2015.

Prices for poultry and eggs in NGCAs decreased in July 2015, by 4% and 21% respectively. These are also among the cheapest food commodities of this group. HHs interviewed through recent focus group discussions reported these two food items to be the most preferred due to their favorable price compared to other commodities of this group. Prices for dairy products increased by 21% in July 2015 whereas prices for sugar remained relatively stable in July 2015.

## Summary

Overall, food prices for a full basket in the NGCA in July 2015, were reported as 70% higher than the current national average. Prices in Donetsk continue to rise and the food basket price is currently similar to that of Luhansk. There has been some recovery of food basket total cost nationally (a decrease of 3%). This is reflected in lowering of costs for the population in the GCA of Donetska and Luhanska.

Focus group discussions indicate that HHs, particularly those in rural areas, have started or increased home gardening. Furthermore, selling the produce in the markets was reported as the main livelihood for many of the HHs interviewed. Further understanding of how production and preservation of fresh foods can be supported or expanded should be explored.

Supply chain of commercial and humanitarian cargo has become increasingly challenging from Ukraine to the NGCA. Combined with overall increasing food prices, poor access to income, reduced employment opportunities particularly in NGCA, increased food insecurity of the population will become more evident as the months progress.

WFP will continue to monitor the situation with market price data collection and qualitative analysis of availability and how the population is accessing food.



## Market Update - Reporting Month - Jul-15

Oblast	Commodity	Price Data		Change From		Direction of Change		Oblast	Price Data		Change From		Direction of Change		Oblast	Price Data		Change From		Direction of Change	
		Current Month (Jul-15)	Previous Month (Jun-15)	Previous Month	Ref. Period (Jul-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)		Current Month (Jul-15)	Previous Month (Jun-15)	Previous Month	Ref. Period (Jul-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)		Current Month (Jul-15)	Previous Month (Jun-15)	Previous Month	Ref. Period (Jul-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Dnipropetrovsk (GCA)	Rice (Kg)	16.7	20.0	83%	167%	▲	▲	Donetska (GCA)	21.1	22.9	92%	181%	▲	▲	Donetska (NGCA)	28.3	29.4	96%	#N/A	▲	▲
	Wheat bread (Loaf)	11.5	11.5	100%	211%	▲	▲		11.3	10.7	105%	192%	▲	▲		11.2	3.8	293%	#N/A	▲	▲
	Rye bread (Loaf)	9.2	9.3	99%	177%	▲	▲		14.2	14.2	100%	190%	▲	▲		7.3	6.1	120%	#N/A	▲	▲
	Wheat flour (Kg)	8.4	9.0	94%	164%	▲	▲		10.3	10.7	96%	197%	▲	▲		8.4	7.8	107%	#N/A	▲	▲
	Pasta (Kg)	8.7	10.8	81%	141%	▲	▲		11.0	11.6	95%	159%	▲	▲		13.3	15.0	88%	#N/A	▲	▲
	Buckwheat grits (Kg)	19.5	18.2	107%	251%	▲	▲		20.2	20.1	100%	228%	▲	▲		33.7	28.8	117%	#N/A	▲	▲
	Potato (Kg)	5.4	5.9	91%	122%	▲	▲		6.1	7.1	86%	97%	▲	▲		13.5	16.5	82%	#N/A	▲	▲
	Beef (Kg)	90.2	89.7	101%	141%	▲	▲		71.0	69.2	103%	110%	▲	▲		146.0	145.0	101%	#N/A	▲	▲
	Pork (Kg)	78.2	75.4	104%	134%	▲	▲		75.6	70.2	108%	126%	▲	▲		145.1	120.6	120%	#N/A	▲	▲
	Poultry (Kg)	34.8	34.8	100%	126%	▲	▲		37.7	37.5	100%	135%	▲	▲		59.1	60.0	98%	#N/A	▲	▲
	Boiled sausages (Kg)	53.5	51.1	105%	136%	▲	▲		52.1	52.1	100%	133%	▲	▲		93.0	55.2	169%	#N/A	▲	▲
	Eggs (10 Pieces)	12.9	14.2	91%	148%	▲	▲		14.0	15.6	89%	165%	▲	▲		18.8	25.5	74%	#N/A	▲	▲
	Milk (Litre)	11.3	11.3	100%	130%	▲	▲		11.3	11.1	101%	131%	▲	▲		20.8	16.2	128%	#N/A	▲	▲
	Sour cream (Litre)	27.7	27.2	102%	129%	▲	▲		28.8	28.0	103%	138%	▲	▲		61.2	48.6	126%	#N/A	▲	▲
	Curd (Kg)	61.3	61.2	100%	129%	▲	▲		69.5	69.3	100%	149%	▲	▲		106.2	86.2	123%	#N/A	▲	▲
	Butter (Kg)	84.3	83.3	101%	127%	▲	▲		90.5	91.0	99%	128%	▲	▲		100.6	111.8	90%	#N/A	▲	▲
Sunflower oil (Litre)	28.5	29.3	97%	179%	▲	▲	31.8	31.9	100%	211%	▲	▲	33.9	35.0	97%	#N/A	▲	▲			
Pork fat (Kg)	38.3	39.6	97%	161%	▲	▲	43.4	41.1	106%	170%	▲	▲	73.8	71.8	103%	#N/A	▲	▲			
Cabbage (Kg)	3.8	6.0	63%	156%	▲	▲	5.7	8.6	66%	189%	▲	▲	12.7	18.2	70%	#N/A	▲	▲			
Carrot (Kg)	15.4	23.0	67%	395%	▲	▲	16.8	23.1	73%	288%	▲	▲	23.5	31.5	75%	#N/A	▲	▲			
Beetroot (Kg)	10.3	15.4	67%	356%	▲	▲	12.3	16.3	75%	297%	▲	▲	15.9	30.8	52%	#N/A	▲	▲			
Onion (Kg)	6.6	8.5	78%	181%	▲	▲	7.2	10.5	69%	107%	▲	▲	17.5	22.8	77%	#N/A	▲	▲			
Sugar (Kg)	11.4	10.7	107%	116%	▲	▲	12.3	11.5	107%	114%	▲	▲	23.3	19.9	117%	#N/A	▲	▲			
Kharkivka (GCA)	Rice (Kg)	18.1	19.0	96%	183%	▲	▲	Luhanska (GCA)	20.8	21.3	97%	203%	▲	▲	Luhanska (NGCA)	34.8	30.5	114%	#N/A	▲	▲
	Wheat bread (Loaf)	8.2	8.2	100%	164%	▲	▲		11.3	11.3	99%	197%	▲	▲		7.1	6.3	113%	#N/A	▲	▲
	Rye bread (Loaf)	7.9	7.9	100%	150%	▲	▲		10.4	10.5	100%	184%	▲	▲		5.3	6.2	85%	#N/A	▲	▲
	Wheat flour (Kg)	7.9	7.9	100%	155%	▲	▲		8.8	9.1	97%	156%	▲	▲		6.1	7.2	85%	#N/A	▲	▲
	Pasta (Kg)	10.6	11.2	95%	159%	▲	▲		10.1	10.5	96%	156%	▲	▲		13.8	13.5	103%	#N/A	▲	▲
	Buckwheat grits (Kg)	20.8	19.9	104%	253%	▲	▲		21.6	20.0	108%	249%	▲	▲		30.2	31.0	97%	#N/A	▲	▲
	Potato (Kg)	5.5	6.0	92%	148%	▲	▲		5.0	5.4	92%	73%	▲	▲		14.3	17.5	82%	#N/A	▲	▲
	Beef (Kg)	82.0	81.6	101%	143%	▲	▲		74.4	74.4	100%	121%	▲	▲		140.0	140.0	100%	#N/A	▲	▲
	Pork (Kg)	73.1	70.0	104%	129%	▲	▲		66.8	65.9	101%	110%	▲	▲		145.5	143.2	102%	#N/A	▲	▲
	Poultry (Kg)	34.6	34.4	101%	124%	▲	▲		32.0	31.3	102%	129%	▲	▲		56.5	62.6	90%	#N/A	▲	▲
	Boiled sausages (Kg)	55.4	54.6	102%	155%	▲	▲		42.0	42.8	98%	126%	▲	▲		80.3	65.1	123%	#N/A	▲	▲
	Eggs (10 Pieces)	13.0	15.1	86%	145%	▲	▲		13.6	15.3	89%	182%	▲	▲		26.3	26.2	100%	#N/A	▲	▲
	Milk (Litre)	9.6	9.5	101%	123%	▲	▲		9.6	9.6	100%	125%	▲	▲		22.5	17.2	131%	#N/A	▲	▲
	Sour cream (Litre)	26.6	26.4	101%	132%	▲	▲		27.4	27.9	98%	126%	▲	▲		38.4	63.3	61%	#N/A	▲	▲
	Curd (Kg)	64.7	63.2	102%	119%	▲	▲		62.9	64.1	98%	145%	▲	▲		85.4	67.9	126%	#N/A	▲	▲
	Butter (Kg)	78.9	77.8	101%	117%	▲	▲		75.3	74.2	102%	113%	▲	▲		104.9	101.0	104%	#N/A	▲	▲
Sunflower oil (Litre)	28.4	28.5	100%	188%	▲	▲	27.4	28.0	98%	178%	▲	▲	39.2	41.9	93%	#N/A	▲	▲			
Pork fat (Kg)	38.9	36.9	106%	159%	▲	▲	35.5	36.3	98%	135%	▲	▲	81.3	98.8	82%	#N/A	▲	▲			
Cabbage (Kg)	3.7	5.8	65%	184%	▲	▲	5.1	6.3	81%	184%	▲	▲	20.3	19.5	104%	#N/A	▲	▲			
Carrot (Kg)	17.4	24.7	71%	446%	▲	▲	16.5	24.3	68%	234%	▲	▲	36.0	35.3	102%	#N/A	▲	▲			
Beetroot (Kg)	9.8	17.5	56%	342%	▲	▲	11.8	17.0	69%	241%	▲	▲	22.5	25.9	87%	#N/A	▲	▲			
Onion (Kg)	6.7	9.7	69%	157%	▲	▲	7.1	9.2	77%	82%	▲	▲	23.0	22.9	101%	#N/A	▲	▲			
Sugar (Kg)	11.9	11.2	106%	117%	▲	▲	12.1	11.5	106%	114%	▲	▲	22.3	22.9	97%	#N/A	▲	▲			
Zaporizhia (GCA)	Rice (Kg)	17.4	18.9	92%	182%	▲	▲	National	18.4	20.0	92%	179%	▲	▲	NGCA	29.6	29.9	99%	#N/A	▲	▲
	Wheat bread (Loaf)	8.8	8.8	100%	175%	▲	▲		10.1	10.0	100%	183%	▲	▲		10.4	4.9	212%	#N/A	▲	▲
	Rye bread (Loaf)	8.4	8.6	98%	177%	▲	▲		9.6	9.6	100%	176%	▲	▲		6.9	6.1	112%	#N/A	▲	▲
	Wheat flour (Kg)	7.6	8.4	91%	143%	▲	▲		9.1	9.6	95%	164%	▲	▲		7.9	7.6	104%	#N/A	▲	▲
	Pasta (Kg)	10.4	11.0	95%	153%	▲	▲		9.8	10.5	93%	151%	▲	▲		13.4	14.3	94%	#N/A	▲	▲
	Buckwheat grits (Kg)	20.2	19.1	105%	240%	▲	▲		19.8	19.0	104%	245%	▲	▲		33.0	29.8	111%	#N/A	▲	▲
	Potato (Kg)	4.8	5.3	90%	116%	▲	▲		5.3	5.9	89%	123%	▲	▲		13.6	17.0	80%	#N/A	▲	▲
	Beef (Kg)	77.0	76.2	101%	134%	▲	▲		81.2	79.9	102%	136%	▲	▲		143.0	143.3	100%	#N/A	▲	▲
	Pork (Kg)	70.2	64.3	109%	129%	▲	▲		73.7	69.9	105%	135%	▲	▲		145.2	130.6	111%	#N/A	▲	▲
	Poultry (Kg)	36.3	37.6	97%	128%	▲	▲		36.1	36.2	100%	127%	▲	▲		58.5	61.1	96%	#N/A	▲	▲
	Boiled sausages (Kg)	49.0	50.3	97%	150%	▲	▲		52.1	51.8	101%	141%	▲	▲		90.5	59.7	152%	#N/A	▲	▲
	Eggs (10 Pieces)	12.9	14.2	91%	133%	▲	▲		13.4	14.7	91%	150%	▲	▲		20.3	25.8	79%	#N/A	▲	▲
	Milk (Litre)	11.2	11.1	101%	134%	▲	▲		10.6	10.4	101%	129%	▲	▲		21.2	16.7	127%	#N/A	▲	▲
	Sour cream (Litre)	25.9	26.0	100%	144%	▲	▲		26.5	26.3	100%	125%	▲	▲		58.7	54.9	107%	#N/A	▲	▲
	Curd (Kg)	58.2	58.2	100%	126%	▲	▲		63.4	62.8	101%	124%	▲	▲		103.2	80.1	129%	#N/A	▲	▲
	Butter (Kg)	80.1	81.9	98%	114%	▲	▲		82.3	81.5	101%	120%	▲	▲		101.5	107.5	94%	#N/A	▲	▲
Sunflower oil (Litre)	28.6	28.0	102%	192%	▲	▲	29.5	29.8	99%	193%	▲	▲	34.9	38.0	92%	#N/A	▲	▲			
Pork fat (Kg)	32.2	29.9	108%	183%	▲	▲	35.8	34.8	103%	150%	▲	▲	76.3	86.5	88%	#N/A	▲	▲			
Cabbage (Kg)	3.4	5.9	57%	159%	▲	▲	4.4	6.3	69%	187%	▲	▲	14.2	18.8	75%	#N/A	▲	▲			
Carrot (Kg)	15.5	24.6	63%	443%	▲	▲	16.3	23.2	71%	373%	▲	▲	26.0	33.5	78%	#N/A	▲	▲			
Beetroot (Kg)	11.5	15.7	73%	404%	▲	▲	10.5	16.3	64%	326%	▲	▲	17.2	28.7	60%	#N/A	▲	▲			
Onion (Kg)	6.3	8.1	78%	173%	▲	▲	7.0	9.5	74%	151%	▲	▲	18.6	22.8	82%	#N/A	▲	▲			
Sugar (Kg)	11.8	11.3	105%	115%	▲	▲	11.7	11.1	106%	117%	▲	▲	23.1	21.2	109%	#N/A	▲	▲			