



Market Update - 4 (June 2015)

UKRAINE

Macro-Economic overview

Summary:

- Food inflation has slightly decreased in May and June. Food inflation in Ukraine however remains one of the highest in the world.
- Supply in the NGCA Oblasts remains still a challenge.
- Food prices remained stable during the month of June. Staple food items such as wheat and ryes bread were reported cheaper in NGCA compared to National level.
- Generally however food prices in NGCA are much higher (59%) then the National average.

Although at a low level, the Ukrainian economy has recently shown signs of stabilization. Improvements have been reported in many sectors with agriculture in particular being one of the best performing sectors during the first half of 2015¹.

The official Hryvnia exchange rate against US dollar remained relatively stable in June following the extremely high volatility that has characterized the currency over the past year. Hryvna hit an all-time low in February.

The Consumer Price Index (CPI) in Ukraine decreased for the second month in a row from a 10-year high of 114 in April to 102.2 in May and then 100.4 in June².

Food Inflation in Ukraine averaged 12.52 percent from 2007 until 2015, having reached a 10-year time high of 53.7 percent in April of 2015.

Food inflation in the months of May and June slightly decreased by 0.7% and a further 1.1% respectively. Food inflation in Ukraine however remains one of the highest in the world.

Focus group discussions (conducted with residents in NGCA) indicate that loss of employment alongside with price hikes, depletion of savings and general insecurity are among the major concerns of this population.

Food Supply

The Government of Ukraine (GoU) foresees the country will most likely maintain high exports levels for grain crops for the period 2015/2016. In 2014 63.8 million tons of grain were harvested and 34 million tons exported for the period 2014/2015³. Prices of staples and particularly wheat and rye bread have remained stable despite significant price hikes among other food commodities and is likely related to the self-sufficiency of the countries production.

Ukraine is one of the main exporters of grain in the world. The European Union and Asia are amongst the top destinations of Ukrainian exports. The Ministry of Agriculture estimates a 3% or around 1.5 million tons of loss in the general grain production⁴. This loss is registered from areas such as Donetsk and Luhansk oblasts where the on-going conflict and the likely affect this has had on land access and movement of grain.

Both commercial and humanitarian cargo continues to face challenges in accessing the Non-Controlled Government Areas (NGCA). Food items from Russia and Belarus, as alternatives of goods coming from Ukrainian border, have been reported in stores in main cities such as Donetsk and Luhansk. In many shops and restaurants, prices are displayed in both Hryvna and Rubbles⁵.

¹ <http://www.usubc.org/site/search?searchword=ukraine+macroeconom>

² https://ukrstat.org/en/operativ/operativ2015/ct/iscR/iscR_e/scR0615m_e.htm

³ <http://minagro.gov.ua/en/pressroom?nid=17629>

⁴ <http://minagro.gov.ua/en/pressroom?nid=17041>

⁵ <http://www.wsj.com/articles/cut-off-from-ukraine-business-in-rebel-held-east-turns-toward-russia-1438126161>

Table 1: Food Availability in NGCA

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

Table 1 Food Availability in NGCA is represented by the percentage of stores reporting that they do not have food items in stock at the time of data collection.

The analysis presented indicates how widely available food items are (% of stores reporting as defined) in four categories, and then if the commodity has changed category between observations (month to month).

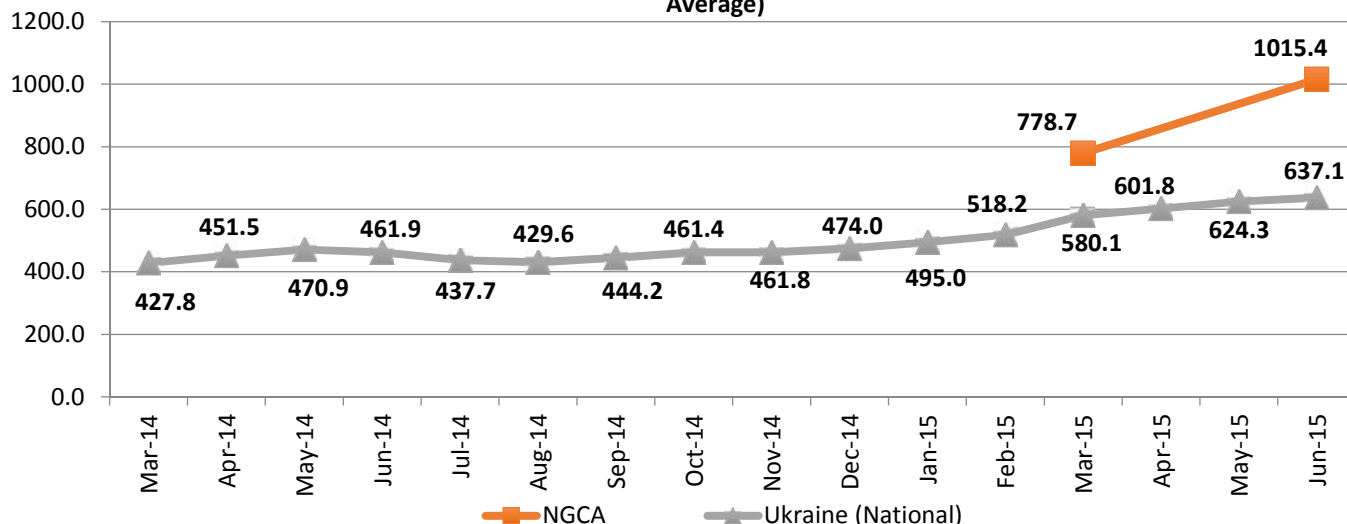
It should be noted that in May data from only one store was available. With increased data collection in the NGCA the July 2015 report will provide improved insights into commodity availability.

Food Commodity Price Trend

Analysis of the available data indicates that the cost of the food basket in Ukraine was 51.9 percent higher in June of 2015 compared to the same basket in June 2014. However, the current trends for this basket⁶ has remained relatively stable between May and June 2015, both nationally and in the NGCA.

The graph below represents the price development for National and NGCA regions.

Graph 1: National - NGCA price comparison of Food Basket (full) cost (NGCA compared to National Average)



Since May 2015 the food basket (national average) as increased only slightly, 2% with only the vegetable group indicating a high proportion of inflation (27% on average; with beetroots more than doubling in this period).

⁶ The GoU key food items of the full basket are monitored and reported at a regular basis thrice a month at http://ukrstat.org/uk/operativ/operativ2015/ct/mon_c/mon_c.htm. The same food items are monitored by WFP through its Third Party Monitoring (TPM) in the NGCA.

Table 2: Trends of food prices in NGCA

Commodity	NGCA		Month to Month Comparison (May-15 to Jun-15)	Change (+/-10%)
	Price in May-15	Price in Jun-15		
Rice	30	30	101%	▶
Wheat bread	7	5	71%	▼
Rye bread	9	6	71%	▼
Wheat flour	8	8	94%	▶
Pasta	12	14	116%	▲
Buckwheat grits	27	30	109%	▶
Potato	20	17	84%	▼
Beef		143	-	
Pork	126	131	104%	▶
Poultry	62	61	99%	▶
Boiled sausages	52	60	114%	▲
Eggs	27	26	96%	▶
Pork fat	89	87	97%	▶
Butter	112	108	96%	▶
Sunflower oil	42	38	91%	▶
Milk	17	17	97%	▶
Sour cream	74	55	74%	▼
Curd	96	80	84%	▼
Cabbage	21	19	91%	▶
Carrot	33	34	103%	▶
Beetroot	16	29	175%	▲
Onion	22	23	103%	▶
Sugar	22	21	97%	▶

Table 2 compares average food commodity prices in NGCA between May – June 2015.

Prices for staples decreased by 8% in NGCA with price decreases for all commodities except pasta and buckwheat.

Meats and Eggs group increased slightly by 3% in June in NGCA. Focus group discussions (conducted with residents in NGCA) indicate that poultry and eggs are the main protein rich commodities bought in the market, as they are the cheapest, and consistent with the market price data.

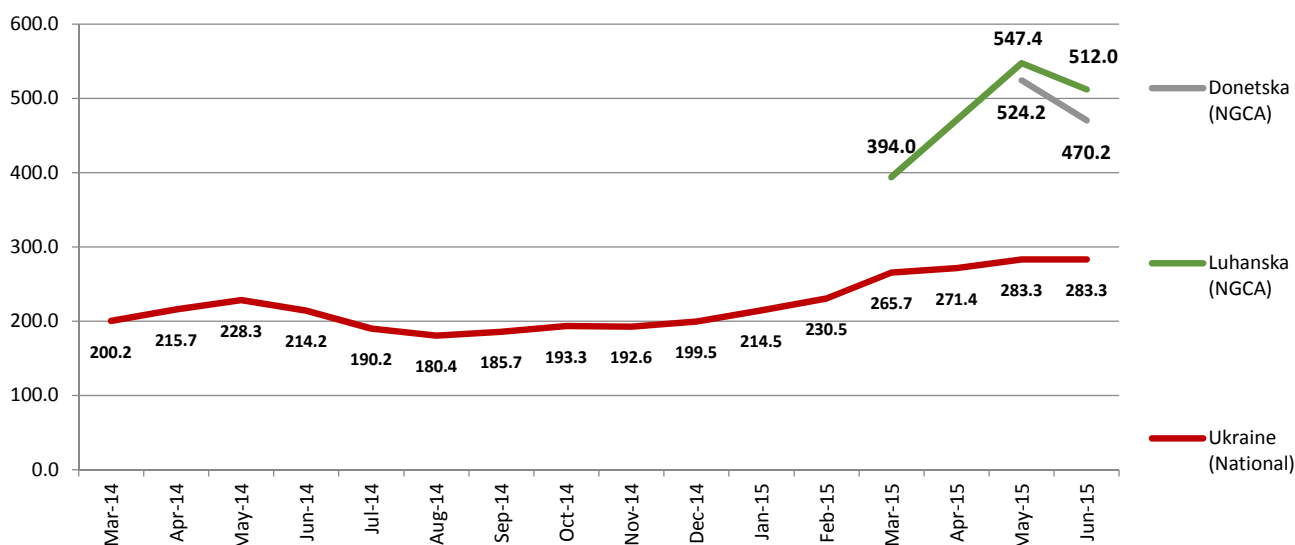
Prices for Fats/Oil decreased by a slight 5%. Pork fat (Salo) and butter remain some of the most expensive goods in the food basket. Availability of these two particular goods are also limited in the NGCA markets. Pork fat (salos) is one of most preferred food items Ukraine.

Decreases in prices were also reported for dairy products (a 15% decrease since May 2015) and sugar (3% decrease).

Vegetables continue to increase in price (18%) although the inflation in this group has slowed since the last data available (March - May 2015, between which times prices doubled).

On the other hand prices for a “partial food basket”⁷ have experienced decreasing patterns particularly so in both Donetsk and Luhansk NGCA during the month of June. Please see below for a specific breakdown of food items composing the partial food basket and their price development.

Graph 2: Cost of Food Basket (partial) by Oblast and Area of Control



⁷ A “Partial Food Basket” is composed of key food items that HHs are likely to continue to purchase and consume (if available) despite proportionate price rises. The “Partial Food Basket” facilitate comparison of average prices between National and NGCA markets whenever certain food items are missing in NGCA markets.

Price comparisons National - NGCA

Commodity	National	NGCA	Comparison (NGCA - National)	Difference (+/-5%)
Rice	20	30	150%	▲
Wheat bread	10	5	49%	▼
Rye bread	10	6	64%	▼
Wheat flour	10	8	79%	▼
Pasta	11	14	135%	▲
Buckwheat grits	19	30	157%	▲
Potato	6	17	285%	▲
Beef	80	143	180%	▲
Pork	70	131	187%	▲
Poultry	36	61	169%	▲
Boiled sausages	52	60	115%	▲
Eggs	15	26	175%	▲
Pork fat	35	87	249%	▲
Butter	82	108	132%	▲
Sunflower oil	30	38	128%	▲
Milk	10	17	160%	▲
Sour cream	26	55	209%	▲
Curd	63	80	128%	▲
Cabbage	6	19	297%	▲
Carrot	23	34	145%	▲
Beetroot	16	29	177%	▲
Onion	9	23	241%	▲
Sugar	11	21	192%	▲
Food Basket (full)	637	1015	159%	▲
Food Basket (partial)	283	489	173%	▲

Table 3 below represents a comparison between prices of food items as of June 2015 present in National and NGCA markets, indicating how the current conflict has affected food prices comparatively. Overall, food prices for a full basket in the NGCA were reported as 59% higher than the current national average, which are also subject to high inflation.

For many commodities it is clear the additional pressure on purchasing food commodities in the NGCA, noting that fresh produce appears to be particularly affected, with the increased risk, in the NGCA, of lowered quality of diets when households attempt to make savings of food items.

On average staple food commodities appeared to be 31% higher in NGCA, although this is only 6% with the exclusion of potatoes (that are almost tripled the cost compared to national prices; 17UAH/kg compared to 6UAH/kg nationally).

However, prices in the NGCA remain significantly higher compared to national prices in June 2105. On average prices for meat/eggs were reported to be 65% higher, Fats/Oil 69% higher, Dairy 65% higher, and average prices for Vegetables and Sugar doubling.

Summary

NGCA food commodity prices continue to be significantly higher than those nationally.

With basic staple foods still being of a reasonable price (cheaper than prices nationally) and continuing escalations in food items that provide dietary quality, it is likely that if this situation continues, with poor access to income, increased food insecurity of the population will become more evident as the months progress.



Market Update - Reporting Month - Jun-15

Oblast	Commodity	Price Data		Change From		Direction of Change	
		Current Month (Jun-15)	Previous Month (May-15)	Previous Month	Ref. Period (Jun-14)	From Prev. Month (+/-5%)	From Ref. Period (+/-15%)
Dnipropetrovsk (GCA)	Rice (Kg)	20.0	20.6	97%	200%	▲	▲
	Wheat bread (Loaf)	11.5	11.5	100%	222%	▲	▲
	Rye bread (Loaf)	9.3	9.3	100%	190%	▲	▲
	Wheat flour (Kg)	9.0	9.3	97%	180%	▲	▲
	Pasta (Kg)	10.8	11.0	98%	172%	▲	▲
	Buckwheat grits (Kg)	18.2	19.1	95%	230%	▲	▲
	Potato (Kg)	5.9	4.5	133%	84%	▲	▲
	Beef (Kg)	89.7	90.1	100%	143%	▲	▲
	Pork (Kg)	75.4	74.1	102%	133%	▲	▲
	Poultry (Kg)	34.8	35.4	98%	140%	▲	▲
	Boiled sausages (Kg)	51.1	51.4	99%	136%	▲	▲
	Eggs (10 Pieces)	14.2	15.0	95%	223%	▲	▲
	Milk (Litre)	11.3	11.1	102%	130%	▲	▲
	Sour cream (Litre)	27.2	27.1	100%	128%	▲	▲
	Curd (Kg)	61.2	61.1	100%	122%	▲	▲
	Butter (Kg)	83.3	83.1	100%	121%	▲	▲
	Sunflower oil (Litre)	29.3	29.5	99%	194%	▲	▲
	Pork fat (Kg)	39.6	43.0	92%	167%	▲	▲
	Cabbage (Kg)	6.0	13.3	45%	193%	▲	▲
	Carrot (Kg)	23.0	18.2	127%	281%	▲	▲
Beetroot (Kg)	15.4	8.4	184%	354%	▲	▲	
Onion (Kg)	8.5	9.8	87%	77%	▲	▲	
Sugar (Kg)	10.7	10.6	101%	109%	▲	▲	
Donetsk (GCA)	Rice (Kg)	22.9	24.5	94%	199%	▲	▲
	Wheat bread (Loaf)	10.7	10.7	100%	188%	▲	▲
	Rye bread (Loaf)	14.2	14.2	100%	192%	▲	▲
	Wheat flour (Kg)	10.7	11.3	95%	210%	▲	▲
	Pasta (Kg)	11.6	12.0	97%	171%	▲	▲
	Buckwheat grits (Kg)	20.1	22.2	91%	231%	▲	▲
	Potato (Kg)	7.1	5.6	128%	85%	▲	▲
	Beef (Kg)	69.2	68.6	101%	106%	▲	▲
	Pork (Kg)	70.2	69.4	101%	119%	▲	▲
	Poultry (Kg)	37.5	37.5	100%	147%	▲	▲
	Boiled sausages (Kg)	52.1	51.8	101%	146%	▲	▲
	Eggs (10 Pieces)	15.6	15.6	100%	212%	▲	▲
	Milk (Litre)	11.1	11.1	101%	130%	▲	▲
	Sour cream (Litre)	28.0	29.1	96%	122%	▲	▲
	Curd (Kg)	69.3	66.5	104%	149%	▲	▲
	Butter (Kg)	91.0	90.5	101%	131%	▲	▲
	Sunflower oil (Litre)	31.9	32.1	99%	214%	▲	▲
	Pork fat (Kg)	41.1	41.1	100%	161%	▲	▲
	Cabbage (Kg)	8.6	15.0	58%	196%	▲	▲
	Carrot (Kg)	23.1	19.5	119%	266%	▲	▲
Beetroot (Kg)	16.3	9.7	168%	324%	▲	▲	
Onion (Kg)	10.5	9.4	111%	83%	▲	▲	
Sugar (Kg)	11.5	12.0	95%	109%	▲	▲	
Donetsk (NGCA)	Rice (Kg)	29.4	29.8	99%	#N/A	▲	▲
	Wheat bread (Loaf)	3.8	5.0	76%	#N/A	▲	▲
	Rye bread (Loaf)	6.1	7.9	77%	#N/A	▲	▲
	Wheat flour (Kg)	7.8	8.8	90%	#N/A	▲	▲
	Pasta (Kg)	15.0	11.5	130%	#N/A	▲	▲
	Buckwheat grits (Kg)	28.8	23.2	125%	#N/A	▲	▲
	Potato (Kg)	16.5	22.9	72%	#N/A	▲	▲
	Beef (Kg)	145.0	#N/A	#N/A	#N/A	▲	▲
	Pork (Kg)	120.6	93.0	130%	#N/A	▲	▲
	Poultry (Kg)	60.0	61.0	98%	#N/A	▲	▲
	Boiled sausages (Kg)	55.2	42.3	131%	#N/A	▲	▲
	Eggs (10 Pieces)	25.5	25.5	100%	#N/A	▲	▲
	Milk (Litre)	16.2	15.3	106%	#N/A	▲	▲
	Sour cream (Litre)	48.6	60.4	81%	#N/A	▲	▲
	Curd (Kg)	86.2	101.1	85%	#N/A	▲	▲
	Butter (Kg)	111.8	114.4	98%	#N/A	▲	▲
	Sunflower oil (Litre)	35.0	38.9	90%	#N/A	▲	▲
	Pork fat (Kg)	71.8	#N/A	#N/A	#N/A	▲	▲
	Cabbage (Kg)	18.2	19.6	93%	#N/A	▲	▲
	Carrot (Kg)	31.5	31.4	100%	#N/A	▲	▲
Beetroot (Kg)	30.8	16.9	182%	#N/A	▲	▲	
Onion (Kg)	22.8	20.9	109%	#N/A	▲	▲	
Sugar (Kg)	19.9	19.9	100%	#N/A	▲	▲	
Kharkivka (GCA)	Rice (Kg)	19.0	21.0	90%	188%	▲	▲
	Wheat bread (Loaf)	8.2	8.2	100%	166%	▲	▲
	Rye bread (Loaf)	7.9	7.9	100%	151%	▲	▲
	Wheat flour (Kg)	7.9	8.8	90%	148%	▲	▲
	Pasta (Kg)	11.2	11.6	96%	170%	▲	▲
	Buckwheat grits (Kg)	19.9	19.8	100%	241%	▲	▲
	Potato (Kg)	6.0	3.8	155%	84%	▲	▲
	Beef (Kg)	81.6	79.8	102%	147%	▲	▲
	Pork (Kg)	70.0	69.8	100%	129%	▲	▲
	Poultry (Kg)	34.4	35.1	98%	132%	▲	▲
	Boiled sausages (Kg)	54.6	48.6	112%	155%	▲	▲
	Eggs (10 Pieces)	15.1	15.7	96%	213%	▲	▲
	Milk (Litre)	9.5	9.2	103%	122%	▲	▲
	Sour cream (Litre)	26.4	26.4	100%	130%	▲	▲
	Curd (Kg)	63.2	63.1	100%	118%	▲	▲
	Butter (Kg)	77.8	77.2	101%	114%	▲	▲
	Sunflower oil (Litre)	28.5	28.2	101%	191%	▲	▲
	Pork fat (Kg)	36.9	37.5	98%	158%	▲	▲
	Cabbage (Kg)	5.8	12.9	45%	161%	▲	▲
	Carrot (Kg)	24.7	16.8	148%	302%	▲	▲
Beetroot (Kg)	17.5	7.1	248%	377%	▲	▲	
Onion (Kg)	9.7	9.3	104%	85%	▲	▲	
Sugar (Kg)	11.2	10.8	103%	112%	▲	▲	
Luhanska (GCA)	Rice (Kg)	21.3	23.1	92%	210%	▲	▲
	Wheat bread (Loaf)	11.3	11.5	99%	209%	▲	▲
	Rye bread (Loaf)	10.5	10.4	101%	190%	▲	▲
	Wheat flour (Kg)	9.1	9.8	93%	162%	▲	▲
	Pasta (Kg)	10.5	11.5	92%	164%	▲	▲
	Buckwheat grits (Kg)	20.0	21.9	91%	235%	▲	▲
	Potato (Kg)	5.4	4.0	135%	67%	▲	▲
	Beef (Kg)	74.4	75.3	99%	123%	▲	▲
	Pork (Kg)	65.9	64.0	103%	112%	▲	▲
	Poultry (Kg)	31.3	31.7	98%	131%	▲	▲
	Boiled sausages (Kg)	42.8	43.0	99%	130%	▲	▲
	Eggs (10 Pieces)	15.3	14.9	102%	207%	▲	▲
	Milk (Litre)	9.6	9.4	103%	127%	▲	▲
	Sour cream (Litre)	27.9	28.3	99%	131%	▲	▲
	Curd (Kg)	64.1	65.0	99%	148%	▲	▲
	Butter (Kg)	74.2	75.1	99%	111%	▲	▲
	Sunflower oil (Litre)	28.0	29.1	96%	187%	▲	▲
	Pork fat (Kg)	36.3	37.8	96%	138%	▲	▲
	Cabbage (Kg)	6.3	12.5	51%	140%	▲	▲
	Carrot (Kg)	24.3	16.6	146%	290%	▲	▲
Beetroot (Kg)	17.0	8.8	194%	322%	▲	▲	
Onion (Kg)	9.2	9.8	94%	78%	▲	▲	
Sugar (Kg)	11.5	12.4	93%	107%	▲	▲	
Luhanska (NGCA)	Rice (Kg)	30.5	29.2	104%	#N/A	▲	▲
	Wheat bread (Loaf)	6.3	8.7	72%	#N/A	▲	▲
	Rye bread (Loaf)	6.2	9.3	66%	#N/A	▲	▲
	Wheat flour (Kg)	7.2	7.4	97%	#N/A	▲	▲
	Pasta (Kg)	13.5	13.1	103%	#N/A	▲	▲
	Buckwheat grits (Kg)	31.0	31.4	99%	#N/A	▲	▲
	Potato (Kg)	17.5	17.7	99%	#N/A	▲	▲
	Beef (Kg)	140.0	#N/A	#N/A	#N/A	▲	▲
	Pork (Kg)	143.2	159.0	90%	#N/A	▲	▲
	Poultry (Kg)	62.6	62.1	101%	#N/A	▲	▲
	Boiled sausages (Kg)	65.1	62.7	104%	#N/A	▲	▲
	Eggs (10 Pieces)	26.2	28.0	94%	#N/A	▲	▲
	Milk (Litre)	17.2	19.0	91%	#N/A	▲	▲
	Sour cream (Litre)	63.3	88.6	71%	#N/A	▲	▲
	Curd (Kg)	67.9	90.8	75%	#N/A	▲	▲
	Butter (Kg)	101.0	110.3	92%	#N/A	▲	▲
	Sunflower oil (Litre)	41.9	44.4	94%	#N/A	▲	▲
	Pork fat (Kg)	98.8	89.0	111%	#N/A	▲	▲
	Cabbage (Kg)	19.5	21.9	89%	#N/A	▲	▲
	Carrot (Kg)	35.3	33.7	105%	#N/A	▲	▲
Beetroot (Kg)	25.9	16.0	162%	#N/A	▲	▲	
Onion (Kg)	22.9	23.5	97%	#N/A	▲	▲	
Sugar (Kg)	22.9	23.7	96%	#N/A	▲	▲	
Zaporizhia (GCA)	Rice (Kg)	18.9	20.1	94%	188%	▲	▲
	Wheat bread (Loaf)	8.8	9.1	97%	184%	▲	▲
	Rye bread (Loaf)	8.6	8.6	100%	191%	▲	▲
	Wheat flour (Kg)	8.4	8.9	94%	163%	▲	▲
	Pasta (Kg)	11.0	11.8	93%	168%	▲	▲
	Buckwheat grits (Kg)	19.1	18.9	101%	228%	▲	▲
	Potato (Kg)	5.3	4.0	134%	81%	▲	▲
	Beef (Kg)	76.2	75.7	101%	136%	▲	▲
	Pork (Kg)	64.3	63.3	102%	122%	▲	▲
	Poultry (Kg)	37.6	36.2	104%	146%	▲	▲
	Boiled sausages (Kg)	50.3	50.2	100%	161%	▲	▲
	Eggs (10 Pieces)	14.2	15.6	91%	209%	▲	▲
	Milk (Litre)	11.1	10.7	103%	138%	▲	▲
	Sour cream (Litre)	26.0	25.9	100%	144%	▲	▲
	Curd (Kg)	58.2	58.6	99%	121%	▲	▲
	Butter (Kg)	81.9	82.2	100%	115%	▲	▲
	Sunflower oil (Litre)	28.0	28.7	98%	196%	▲	▲
	Pork fat (Kg)	29.9	29.6	101%	174%	▲	▲
	Cabbage (Kg)	5.9	11.6	51%	177%	▲	▲
	Carrot (Kg)	24.6	16.1	153%	348%	▲	▲
Beetroot (Kg)	15.7	7.2	217%	371%	▲	▲	
Onion (Kg)	8.1	8.7	93%	79%	▲	▲	
Sugar (Kg)	11.3	10.6	106%	110%	▲	▲	
National	Rice (Kg)	20.0	21.9	91%	195%	▲	▲
	Wheat bread (Loaf)	10.0	10.1	100%	185%	▲	▲
	Rye bread (Loaf)	9.6	9.6	100%	176%	▲	▲
	Wheat flour (Kg)	9.6	10.1	94%	176%	▲	▲
	Pasta (Kg)	10.5	11.2	94%	165%	▲	▲
	Buckwheat grits (Kg)	19.0	19.7	97%	233%	▲	▲
	Potato (Kg)	5.9	4.0	150%	83%	▲	▲
	Beef (Kg)	79.9	79.3	101%	138%	▲	▲
	Pork (Kg)	69.9	69.2	101%	132%	▲	▲
	Poultry (Kg)	36.2	36.0	100%	139%	▲	▲
	Boiled sausages (Kg)	51.8	50.6	102%	145%	▲	▲
	Eggs (10 Pieces)	14.7	15.1	98%	215%	▲	▲
	Milk (Litre)	10.4	10.3	102%	128%	▲	▲
	Sour cream (Litre)	26.3	26.6	99%			