



# MARKET TRENDS 2023

## JOINT MARKET MONITORING INITIATIVE (JMMI)

**REACH Ukraine, April 2024**



# Contents

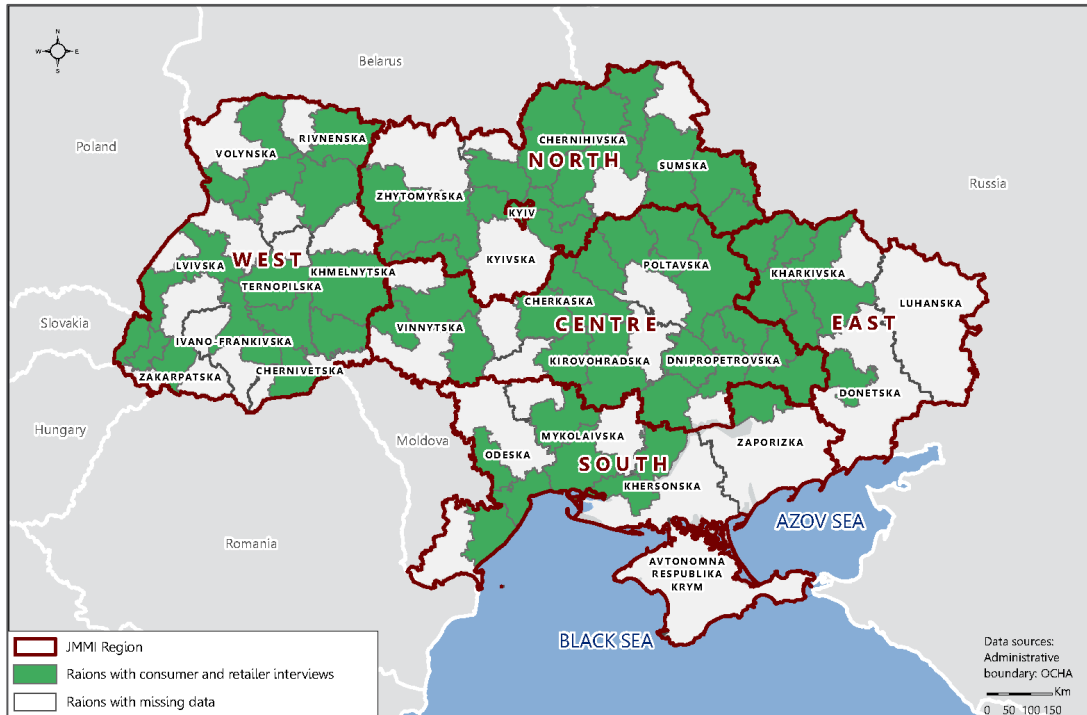
- 01** Methodology
- 02** Key findings
- 03** Availability of goods and financial services
- 04** Market functionality
- 05** Prices, affordability and inflation
- 06** Potential future risks and impediments
- 07** Conclusion



01

# Methodology

# Methodology



The map shows the assessment coverage in December 2023.

Data collection –  
joint, partner-led exercise

Quantitative structured interviews  
with purposively selected  
respondents (retailer and  
customer KI interviews)

Per assessed hromada:

- 3 prices per item
- 5 customer KI interviews

## Limitations:

The results  
should be  
considered as  
indicative.

Only the price of the  
least expensive  
commonly purchased  
brand or variety is  
recorded for each  
JMMI item.

Where necessary,  
imputation from raion-  
level or oblast-level  
medians was utilized to  
compensate for missing  
prices.

December 2022 and December  
2023 were chosen as the  
primary reference points to  
track changes throughout 2023,  
introducing a bias in the  
analysis.



02

# Key findings

# Key findings

- Markets appeared to have recovered and adapted over 2023, supporting the provision of basic goods on a national scale. However, the situation seemed to be different in areas close to the frontline, especially in Khersonska oblast.
- The perception of affordability was the most notable issue. In December 2023, 61% of customer KIs recognized the increase in item prices as the main barrier to buying goods.
- Financial services remained accessible for customers throughout the areas under the control of the Government of Ukraine, with the exception of the South, particularly Khersonska and Zaporizka oblasts.
- Multi-purpose cash (MPC) remains appropriate for assistance in the majority of areas under the control of the Government of Ukraine. However, some particular areas with heightened insecurity and barriers to access to financial services may need other modalities of humanitarian assistance.

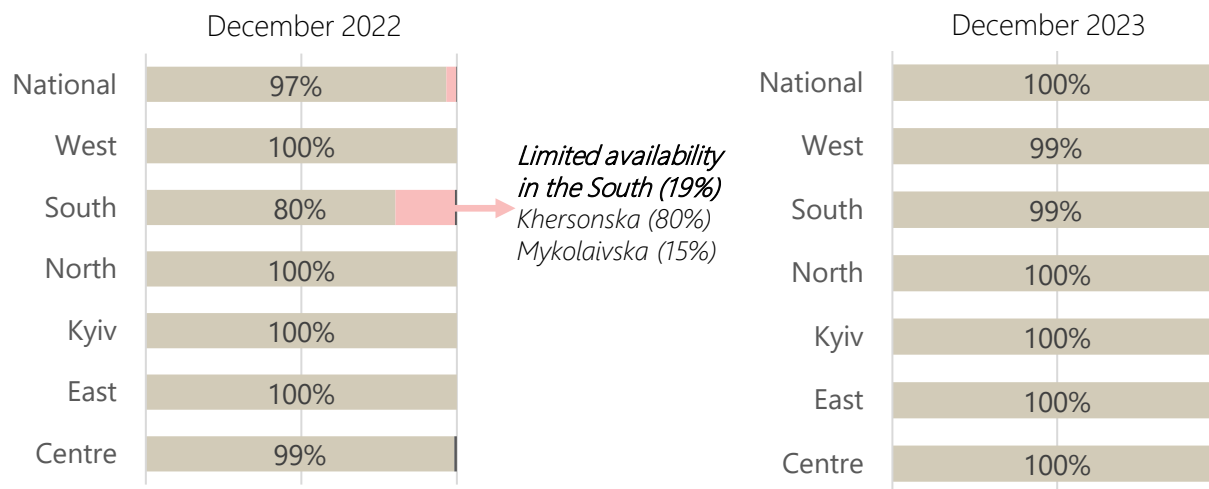


03

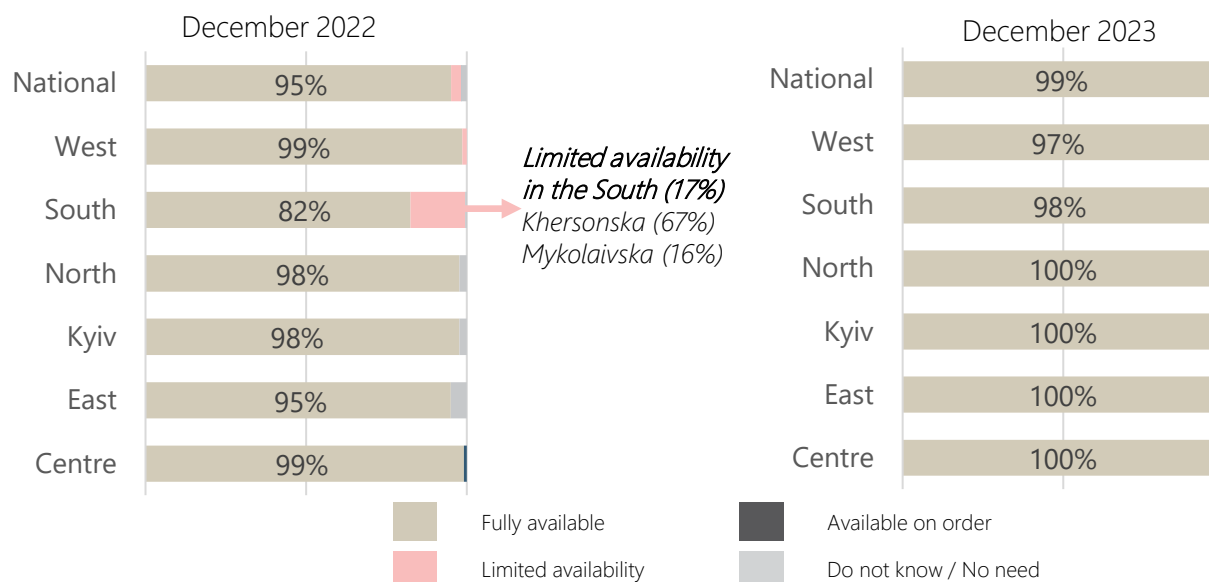
# Availability of goods and financial services

# Availability of goods

## % of customer KIs reporting availability of food items, by region



## % of customer KIs reporting availability of hygiene items, by region

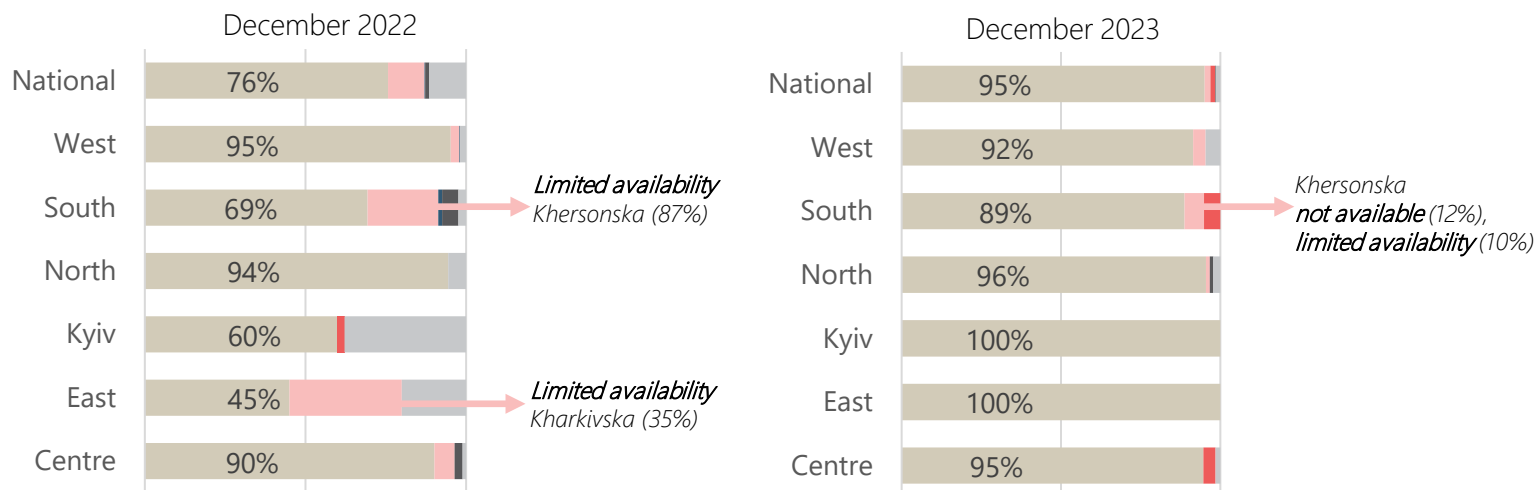


There was a notable improvement in the availability of food and hygiene items across the majority of areas under the control of the Government of Ukraine. Particularly, in the South, including Khersonska and Mykolaivska oblasts, which experienced challenges with essential item availability in December 2022.

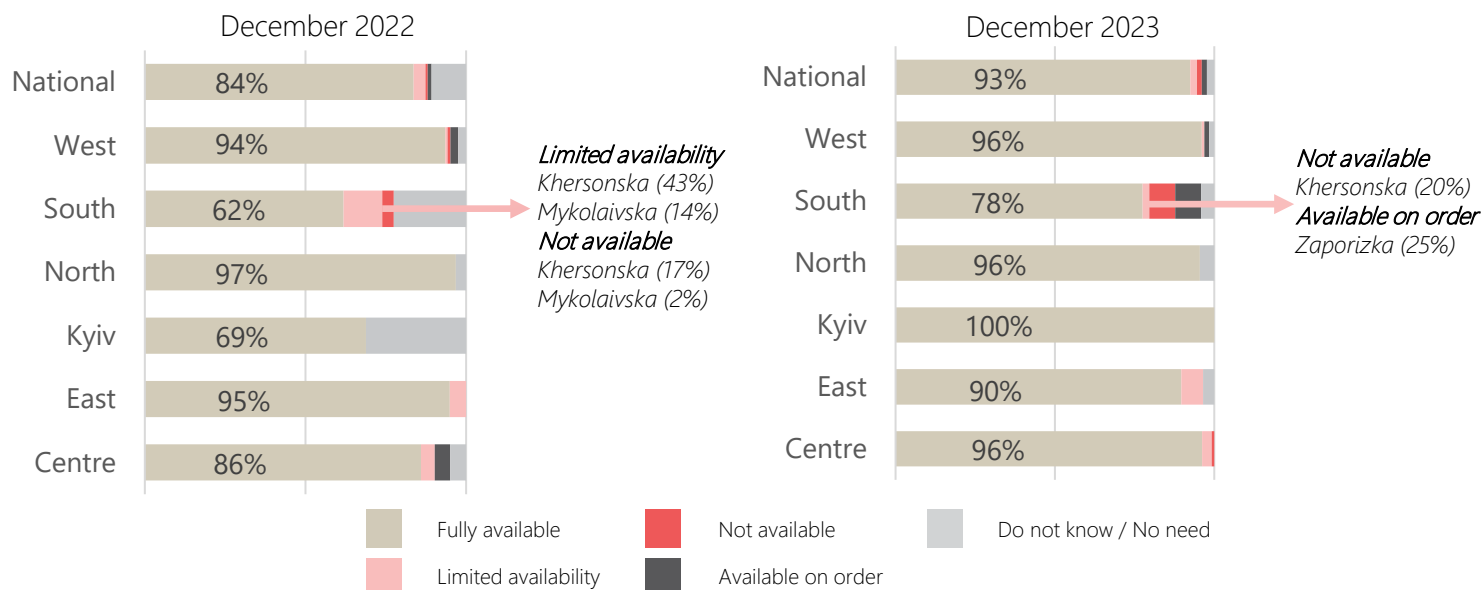


# Availability of goods

## % of customer KIs reporting availability of medications, by region

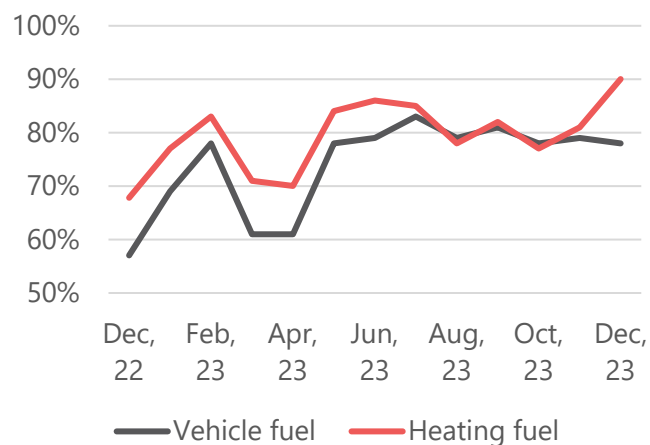


## % of customer KIs reporting availability of warm clothes, by region

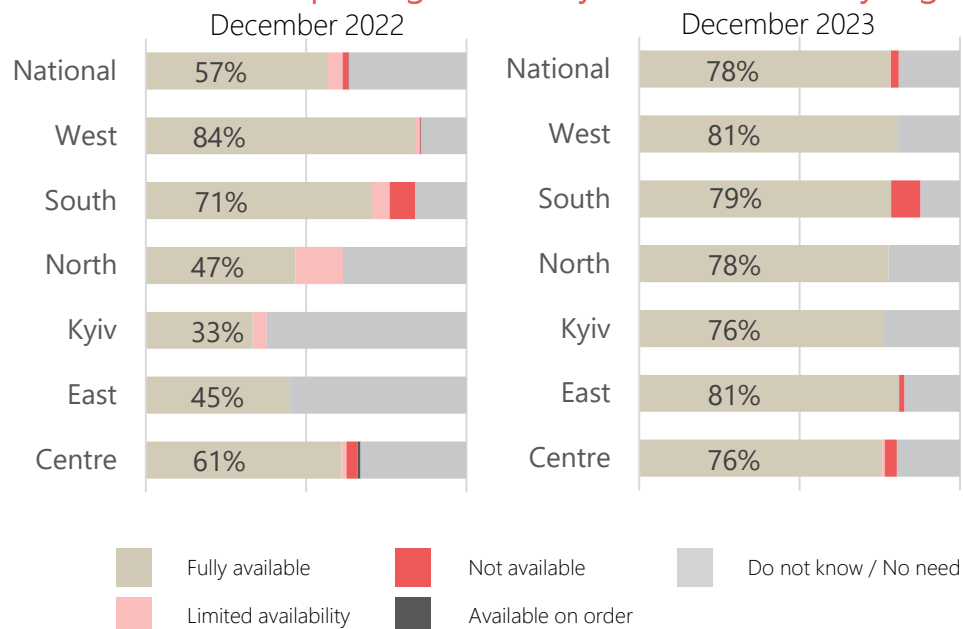


# Availability of energy resources

% of customer KIs reporting full availability of vehicle and heating fuel



% of customer KIs reporting availability of vehicle fuel, by region



# Availability of financial services in the South region

in December 2023

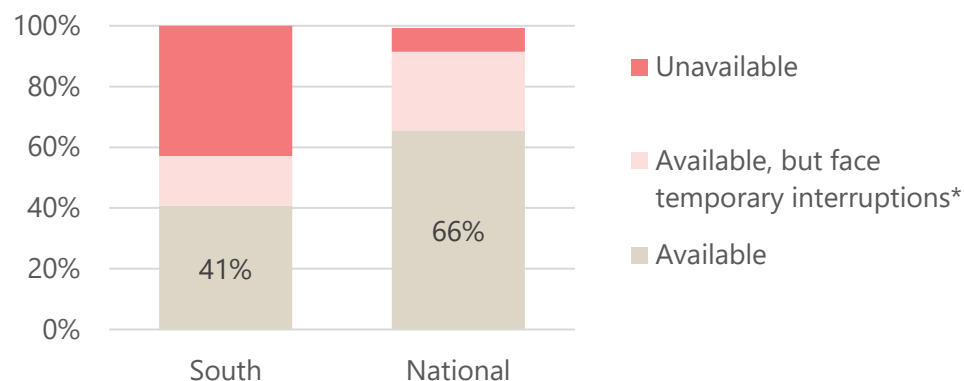
Towards the end of 2023, challenges persisted in accessing bank branches and ATMs in the South.

In **Khersonska oblast**, 56% of customer KIs reported unavailability of banks, with additional 29% reported their accessibility only in nearby communities. Moreover, 54% noted the absence of ATMs, 22% mentioned that ATMs faced temporary interruptions due to power outages, and 12% indicated non-functioning ATMs due to cash shortages.

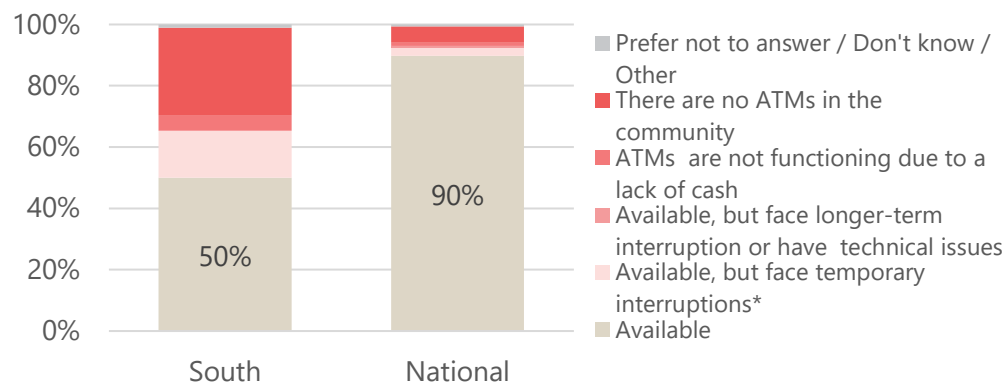
In **Zaporizka oblast**, 25% of customer KIs reported bank unavailability, and 25% reported a lack of ATMs.

**Mykolaivska oblast** had 17% of customer KIs reporting bank accessibility only in nearby communities.

% of customer KIs reporting availability of functioning banks



% of customer KIs reporting availability of functioning ATMs



\* Temporary interruptions during air alerts or power outages.

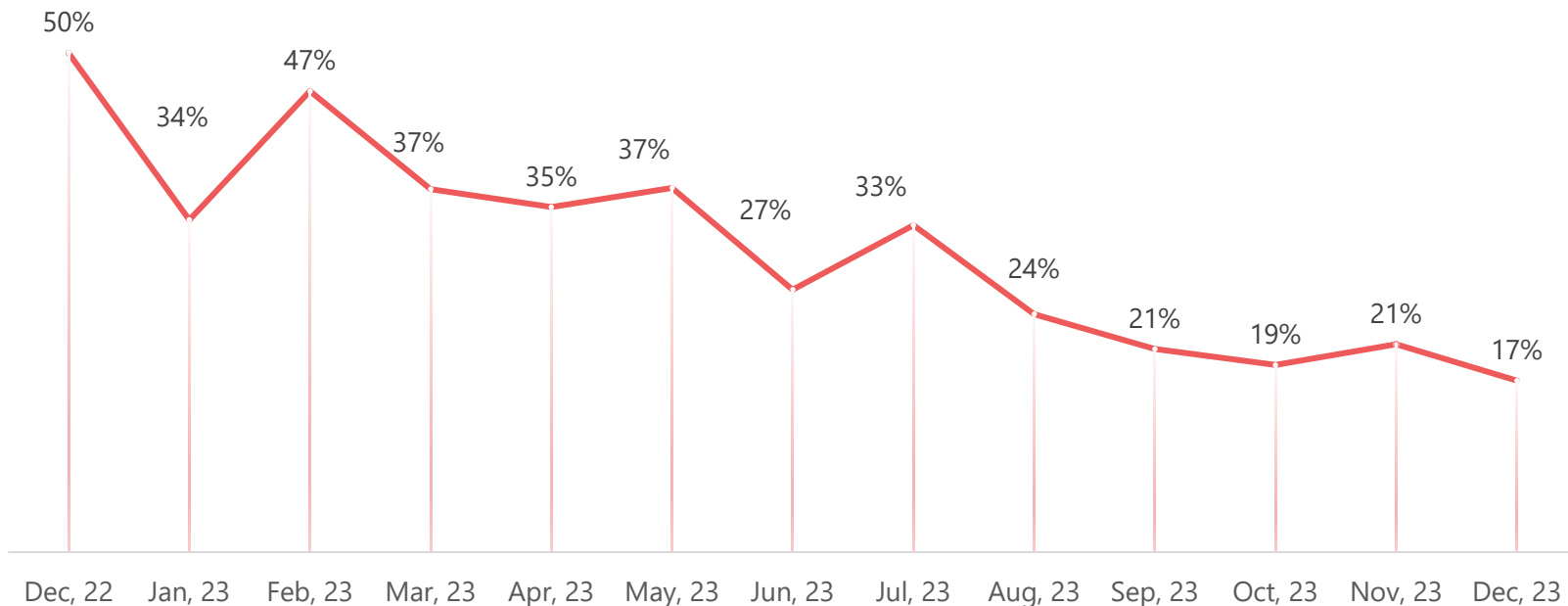


04

# Market functionality

# Market functionality

% of retailer KIs reporting difficulties in keeping their stores operational and well-stocked

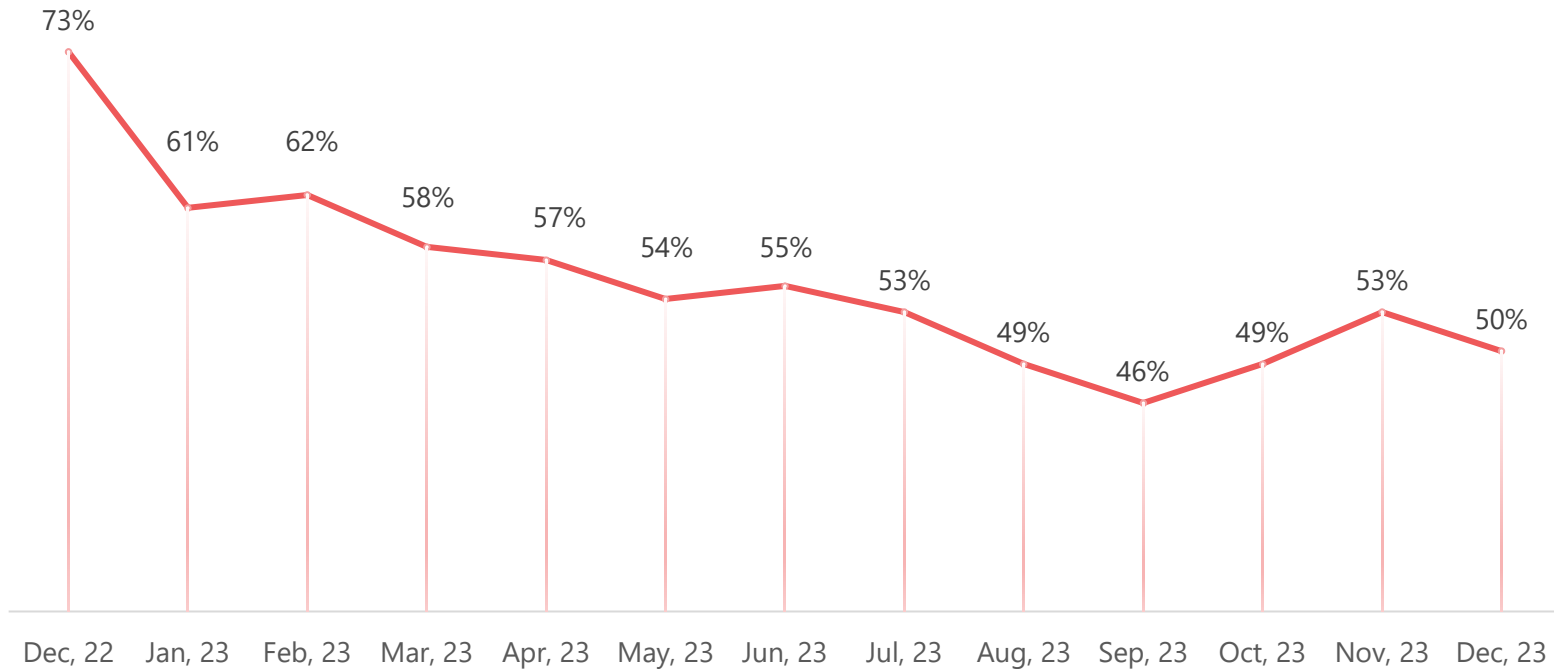


The primary challenge reported by retailer KIs throughout the year nationwide was high prices from suppliers.

By the end of the year, **retail trade** had almost recovered to pre-war levels, while further growth was constrained by a shortage of employees.

# Market functionality

% of retailer KIs reporting anticipating new challenges due to the full-scale war, nationally



According to the National Bank of Ukraine's (NBU)\* monthly business outlook survey, after reporting a positive economic outlook for nine months running, **trading companies worsened their performance expectations in December 2023 on the back of a fall in imports of goods due to the border blockade and the weaker purchasing power of households.**

\* National Bank of Ukraine, Businesses Downgrade Their Expectations for Their Economic Performance – Business Outlook Survey in December, 1 January 2024, available [here](#)

# Market functionality

% of retailer KIs reporting anticipating new challenges due to the war by challenge category, nationally, in 2023

Month	Reduced availability cash	Reduced availability goods	Reduced mobility customers	Reduced purchasing power	Rising prices
Jan	2%	3%	7%	22%	25%
Feb	3%	2%	6%	23%	27%
Mar	10%	5%	13%	42%	53%
Apr	7%	5%	14%	44%	49%
May	10%	3%	8%	38%	46%
Jun	7%	8%	5%	31%	46%
Jul	9%	4%	11%	37%	44%
Aug	6%	4%	9%	32%	39%
Sep	7%	4%	9%	35%	41%
Oct	6%	2%	8%	37%	41%
Nov	3%	4%	4%	35%	44%
Dec	1%	2%	6%	35%	41%

Through 2023, among the most reported challenges retailer KIs expected to face in the near future due to the war were rising prices and declining purchasing power of customers.



05

# Prices, affordability and inflation



# JMMI Basket

The JMMI basket is a set of 20 food and non-food (hygiene) items

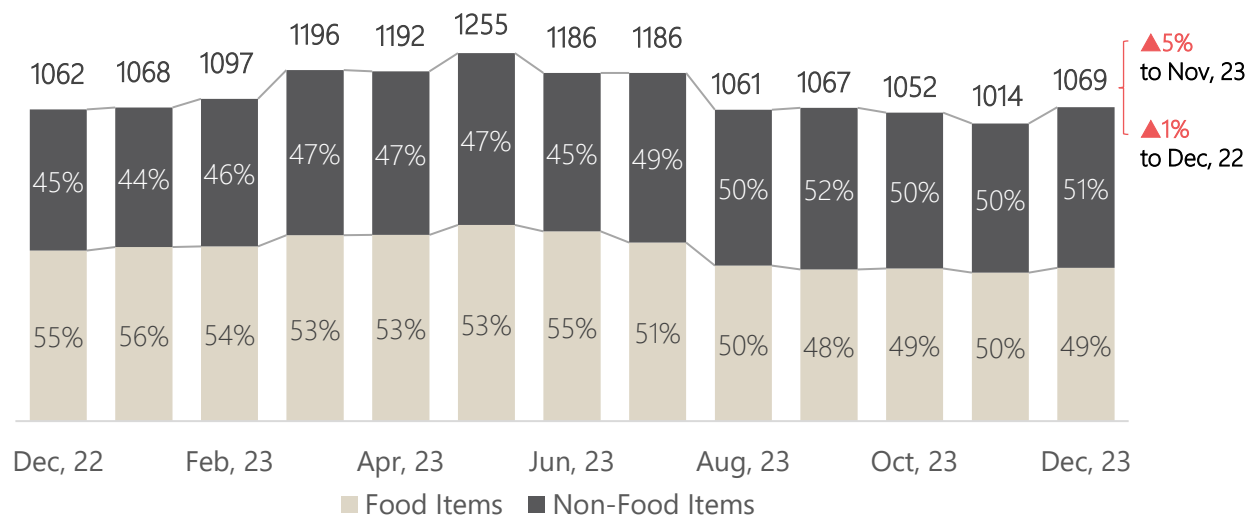


Bread	500 g
Buckwheat	1 kg
Cabbage	1 kg
Carrots	1 kg
Chicken (legs, fresh)	1 kg
Complementary cereal for babies	200 g
Eggs (chicken)	10 pcs
Milk (2.5%, fresh)	900 ml
Sunflower oil (refined)	900 ml
Onion	1 kg
Potato	1 kg
Round rice	1 kg
Water	1.5 L
Wheat flour (white)	1 kg



Body soap	1 bar (75 g)
Diapers for infants	1 pack (40-60 pcs)
Hygiene pads	1 pack (10 pcs)
Laundry soap	1 bar (200 g)
Toothpaste	1 tube (75 ml)
Washing powder	1 box (500g)

Monthly evolution of the JMMI basket price (in UAH)

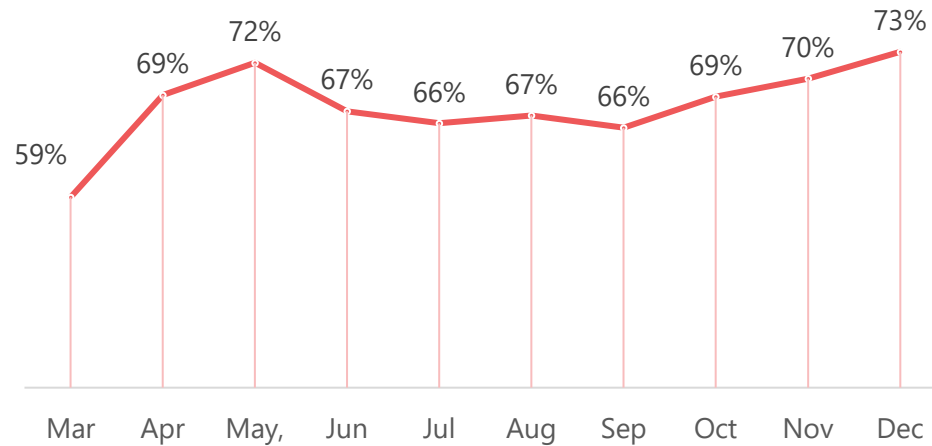


In 2023, the maximum cost of the full JMMI basket was calculated based on prices reported by retailer KIs from March to July, with the highest total price calculated in May. However, already in August the cost of the basket significantly decreased (by 11%) mainly due to the new harvest vegetables becoming available at a significantly lower price.

Throughout the year, structural changes occurred in the JMMI basket cost: while at the beginning of the year food items accounted for the largest share of the basket's total cost (56%), by the end of the year, non-food items had taken the lead (51%).

# Affordability

% of customer KIs reporting that financial factors affected their access to stores or marketplaces, in 2023



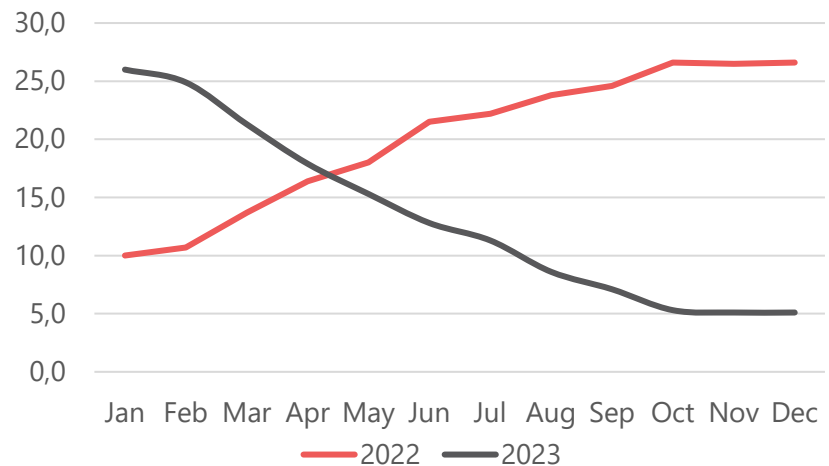
% of customer KIs reporting financial barriers to accessing goods in stores or marketplaces, nationally, in 2023

Month	Prices increased	Can't afford the items	Fuel is too expensive	Public transportation is too expensive	Items are not available	Not enough cash
Mar	53%	20%	12%	12%	3%	4%
Apr	61%	17%	13%	4%	2%	6%
May	61%	19%	12%	0%	3%	11%
Jun	53%	21%	17%	5%	2%	3%
Jul	52%	20%	18%	7%	2%	3%
Aug	59%	16%	21%	7%	2%	1%
Sept	54%	18%	18%	7%	2%	3%
Oct	53%	18%	19%	9%	1%	5%
Nov	60%	17%	24%	8%	3%	3%
Dec	61%	14%	23%	7%	1%	3%

# Inflation

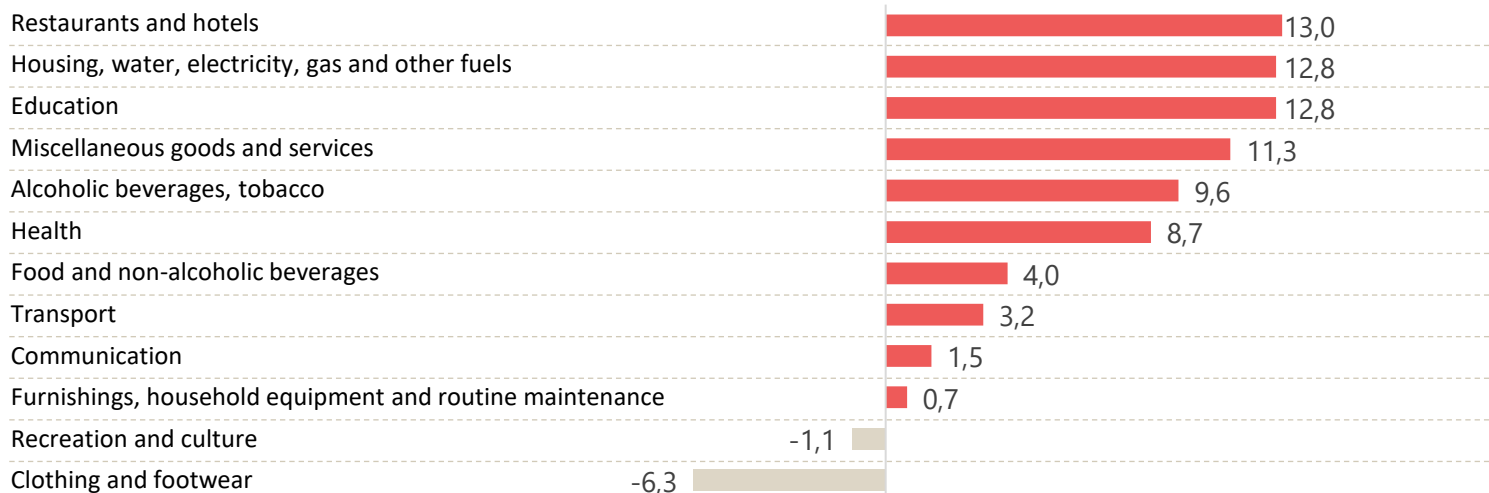
According to the State Statistics Service of Ukraine (SSSU), over the past year, inflation in Ukraine slowed down five times compared to 2022 and amounted to 5.1%. In 2022, it was at the level of 26.6%.

Annual Inflation rate (%)



Source: SSSU

## Consumer price changes (%) for groups of food and services, from December 2022 to December 2023



Source: SSSU

# Inflation



## Factors that accelerated inflation

### ▲ Increased costs for businesses

- Increased impact of labour costs on enterprise pricing (migration, mobilisation, lack of skilled employees).

*Especially in the service sector, where labour costs have the highest weight in the cost structure.*

- The rise in electricity prices for businesses due to limited supply in the domestic market indirectly affected production costs.
- Increased logistics costs due to security factors, the occupation of part of the territory and subsequent attacks on critical infrastructure, as well as the blockade of the western borders.

### ▲ Governmental decisions

- Increase in the cost of electricity for households in June 2023.
- Returning fuel taxation to pre-war levels.
- Increase excise taxes on tobacco products to gradually bring them to European levels.



## Factors that decelerated inflation

### ▼ Saturation of the market with goods related to:

- Extremely favourable weather conditions resulted in high harvests (vegetables and fruits, grains and oilseeds) + increased production in certain regions.
- Continued logistical and trade restrictions on exports kept domestic agricultural prices below world market levels.
- Repairing broken supply chains and creating alternative routes.

▼ **The decline in global oil prices** offset the effect of returning fuel taxation to pre-war levels.

▼ **A moratorium on tariff increases for certain utilities** restrained the impact of still high global natural gas prices.

▼ **NBU measures to maintain exchange rate stability** (fixed NBU exchange rate until October 2023 and switch to managed flexibility in October 2023).



06

# Potential future risks and impediments

# Potential future risks and impediments



The course of the full-scale war continues to be the key risk to inflation dynamics and economic development.

Inflation is expected to accelerate slightly in the middle of the year as the effects of last year's high harvests are exhausted (according to NBU – 8.6% by the end of the year).

It is expected that **economic growth will continue despite the war**. However, the pace of economic growth will likely be lower than the previous year due to an expected decrease in harvests and greater labor market mismatches caused by the war.



07

# Conclusion

# Concluding remarks



Considering that markets have recovered and were functioning well in most of the country, the availability of essential items and financial services was no longer a concern, **cash assistance appears to be an appropriate modality for humanitarian response.**



Continued monitoring, in particular in areas with heightened insecurity and barriers to access to financial services remains essential to determine the most effective form of humanitarian assistance.



With over 60% of customer KIs identifying increased prices as the main financial barrier to accessing goods, and a considerable proportion of retailer KIs expecting increased prices and reduced purchasing power to be major challenges in the future, it is likely **that differentiated levels of cash assistance should be considered and coupled with monitoring, with particular attention to the needs of the most vulnerable groups.**



# Thank you for your attention



[cailean.mallon@impact-initiatives.org](mailto:cailean.mallon@impact-initiatives.org)

[ievgen.volkovskyi@reach-initiative.org](mailto:ievgen.volkovskyi@reach-initiative.org)

[nataliia.kozar@reach-initiative.org](mailto:nataliia.kozar@reach-initiative.org)



**REACH** Informing  
more effective  
humanitarian action