



CONCORDE CAPITAL

Ukraine / Economics

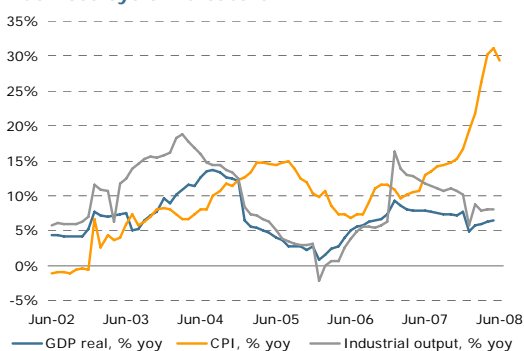
# CPI basket

Revision, only minor changes

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**Andrii Parkhomenko**  
pav@concorde.com.ua  
+380 44 391 5577

## Business cycle indicators



Source: State Statistics Committee

## Key macroeconomic indicators

	2007	2008E	2009F
<b>Real economy</b>			
Real GDP, % yoy	7.6	6.8	6.5
Nominal GDP, USD bln	141.2	194.0	239.3
Industrial output, % yoy	10.2	8.7	7.5
CPI (eop), % yoy	16.6	21.0	15.0
PPI (eop), % yoy	23.2	33.0	18.0
Retail trade, % yoy	28.8	25.5	25.0
Banking assets, % yoy	76.0	50.0	45.0
Construction, % yoy	15.8	5.0	10.0
<b>External sector</b>			
Trade balance, % GDP	-5.6	-5.5	-5.8
Current account balance, % GDP	-4.2	-4.5	-5.3
Net FDI, USD bln	9.9	11.4	15.0
NBU reserves, USD bln	32.5	38.7	37.5
External debt, % GDP	59.9	58.8	58.8
<b>Monetary &amp; fiscal policy</b>			
Money supply (M3), % yoy	51.7	25.0	40.0
Official UAH/USD (eop)	5.05	4.95	4.90
Consolidated budget, % GDP	-1.1	-1.0	-0.5

Source: State Statistics Committee, National Bank of Ukraine, Concorde Capital estimates

## Prices for core commodities, as of July 9, 2008

	Current	%, YTD	%, yoy
Gas imports, USD/tcm	179.5	0%	38%
Crude oil (URALS), USD/bbl	133.0	44%	83%
Winter wheat, USD/mt, FOB**	292.0	14%	33%
Square billet, USD/mt, FOB**	1170.0	116%	139%

\*\*Black Sea ports

Source: Bloomberg, Metal-Courier

- Today, the State Statistics Committee announced new weights for the CPI basket, effective July 2008
- The share of food and beverages, the main drivers of CPI in the last 12 months, decreased only marginally and will not impact inflation numbers in upcoming months

## New weights, same old problems

The State Statistics Committee today introduced new weights for Ukraine's CPI basket, which will be the basis for the calculation of CPI effective July 2008. The revision was part of a regular annual procedure based on a survey of household consumption conducted in June. Alteration in the weighting is called for to align CPI in accordance with changes in the consumption patterns of the average Ukrainian over last 12 months.

Nominal disposable income (+47.0% yoy in April, latest available data) has grown in line with food prices (+47.2% yoy in April), therefore the share of food and beverages, the main driver of CPI growth over the last 12 months, is only 1.9% lower in the new basket.

Changes in the basket components vary from 0.0% to 1.9% and will not influence the consumer price index substantially in subsequent months. Interestingly, if June's CPI growth in yoy terms were recalculated using the new weightings, it would still make up 29.3%.

## Changes in CPI basket

Item	New share	Prev. share	% yoy in June*
Food and beverages ↓	53.1%	55.0%	43.9%
Utilities and housing ↑	12.6%	11.6%	11.5%
Apparel ↓	7.2%	7.2%	2.8%
Alcohol and tobacco ↑	4.6%	3.4%	13.7%
Transportation ↓	3.9%	4.3%	25.6%
Housewares ↑	3.2%	3.2%	6.8%
Communications ↓	3.2%	3.2%	-0.6%
Healthcare ↑	2.8%	2.8%	19.7%
Restaurants and hotels ↑	2.7%	2.7%	32.5%
Recreation and cultural services ↓	2.7%	2.8%	7.5%
Miscellaneous goods and services ↑	2.2%	2.1%	22.7%
Education ↑	1.7%	1.7%	19.0%
<b>CPI</b>			<b>29.3%</b>

\* Calculated using previous weights

Source: State Statistics Committee

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**Concorde Capital**  
**2 Mechnikova Street**  
**21st Floor**  
**Kyiv 01601, UKRAINE**

**Tel.: +380 44 391 5577**  
**Fax: +380 44 391 5571**  
**www.concorde.com.ua**  
**office@concorde.com.ua**

**CEO**

Igor Mazepa

im@concorde.com.ua

**Head of Equity Sales**

Roman Nasirov

rn@concorde.com.ua

**Equity Sales**

Anastasiya Nazarenko  
Duff Kovacs, CFA  
Marina Martirosyan  
Andriy Supranonok

an@concorde.com.ua  
dk@concorde.com.ua  
mm@concorde.com.ua  
sap@concorde.com.ua

**Director of Research**

Konstantin Fisun, CFA

kf@concorde.com.ua

**RESEARCH**

**Strategy**

Konstantin Fisun  
Oleksandr Klymchuk

kf@concorde.com.ua  
ok@concorde.com.ua

**Metals & Mining**

Eugene Cherviachenko  
Andriy Gerus

ec@concorde.com.ua  
ga@concorde.com.ua

**Utilities (Telecom, Energy)**

Alexander Paraschiy

ap@concorde.com.ua

**Oil & Gas, Chemicals,  
Pharmaceuticals**

Vladimir Nesterenko

vn@concorde.com.ua

**Real Estate/Construction**

Andriy Gostik, CFA  
Alexander Romanov

ag@concorde.com.ua  
ar@concorde.com.ua

**Consumer-related**

Olha Pankiv  
Anna Dudchenko

op@concorde.com.ua  
ad@concorde.com.ua

**Machinery**

Inna Perepelytsya

pi@concorde.com.ua

**Financial Services, Retail**

Alexander Viktorov

av@concorde.com.ua

**Macroeconomics**

Polina Khomenko  
Andrii Parkhomenko

pk@concorde.com.ua  
pav@concorde.com.ua

**Fixed Income**

Oleksandr Klymchuk

ok@concorde.com.ua

**Editor**

Brad Wells

bw@concorde.com.ua

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