



CONCORDE CAPITAL

Ukraine / Economics

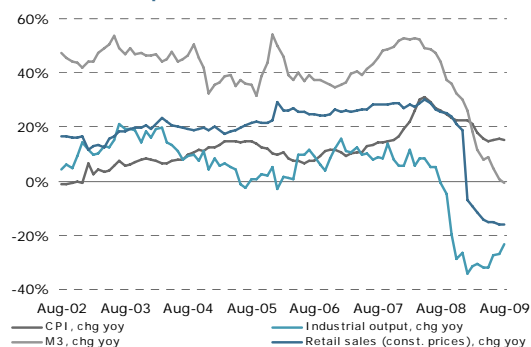
Macroeconomic Overview

Monthly update

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Economic snapshot



Source: State Statistics Committee, National Bank of Ukraine

Key macroeconomic indicators

	2008	2009E	2010F
Business cycle			
Real GDP, chg yoy	2.1	-14.1	4.0
Nominal GDP, USD bln	180.3	110.1	111.8
Industrial output, chg yoy	-3.1	-23.1	7.5
CPI (eop), chg yoy	22.3	15.0	7.0
PPI (eop), chg yoy	23.0	10.0	10.0
External sector			
NBU reserves (eop), USD bln	31.5	26.3	24.6
Current account balance, % GDP	-7.0	-1.3	2.0
Capital account balance, % GDP	7.7	-7.1	-3.6
External debt, % of GDP	56.4	92.9	89.6
Exchange rate			
Interbank UAH/USD (avg)	5.27	8.30	9.10

Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital

Prices for core commodities, as of September 30

	Current	chg YTD	chg yoy
Gas imports, USD/tcm	198.34	-45%	10%
Crude oil (URALS), USD/bbl	66.89	58%	-23%
Milling wheat 3rd gr, USD/mt, FOB*	116.00	-6%	-54%
Steel square billet, USD/mt, FOB*	445.00	22%	-11%

* Black Sea ports

Source: Gas of Ukraine, Bloomberg

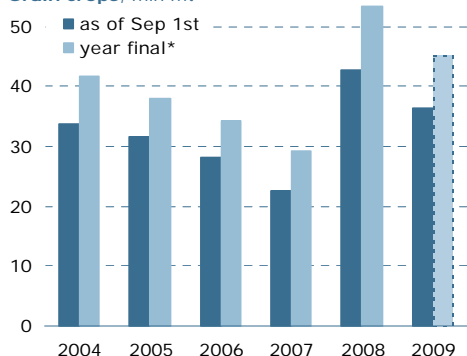
- In August industrial production declined 23.3% yoy, compared to -26.7% yoy in July, backed by a slight recovery in metallurgy and supported by the effect of a low comparison base at end-2008
- Real GDP dropped 17.8% yoy in 2Q09 vs. -20.3% yoy in 1Q09, based on final official figures. Household consumption was down 11.6% yoy and investments 57.8% yoy in 2Q09. We revise our GDP forecast from -12% to -14% in 2009
- Consumer prices grew 15.3% yoy in August, compared to 15.5% yoy in July. As before, we expect total consumer inflation in 2009 to be 15%
- The consolidated budget deficit reached UAH 16.7 bln (3.2% of GDP) in 8M09. Budget revenues continued falling while social expenditures went up. We believe by yearend the deficit could reach UAH 59 bln (6.5% of GDP)
- As of the end of August, the NBU's FX reserves equaled USD 28.9 bln (6.5 months of imports), which is only 8.5% lower than at the beginning of the year
- The NBU's strict monetary policy is still in place: the monetary base shrank 1.76% YTD, with hryvnyas withdrawn via FX interventions that were partially offset with lending by the NBU to troubled banks and the government
- We do not expect the NBU's course to change until at least spring 2010 when the BoP current account could finally turn positive and confidence in the hryvnya stabilizes after presidential elections are over
- We believe confidence in the banking system will slowly improve; FX retail deposits increased 2.9% mom in August, while depreciation at end-August and early- September caused a net withdrawal of 4% of hryvnya deposits
- The banking system remains exposed to FX risk: the share of FX deposits surged from 37% of total in mid-2008 to 43% in August 2009, while the share of FX loans decreased from a peak of 53% in September 2008 to 43% in August

Production of major metallurgy products, ths mt



Source: State Statistics Committee of Ukraine

Grain crops, mln mt



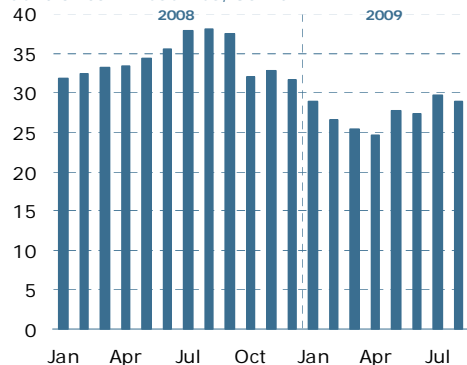
* 2009 total as forecasted by Concorde Capital
Source: State Statistics Committee of Ukraine, Concorde Capital calculations

UAH/USD interbank exchange rate, mid-market



Source: UkrDealing

Central bank reserves, USD bln



Source: National Bank of Ukraine

Real economy: decline slows thanks to metallurgy

The decline in Ukraine's real economy is still slowing, backed by a slight recovery in metallurgy. In addition, the low comparison base at end-2008 is also starting to come into play in most sectors. However, weak domestic consumer & investment demand is stifling a quick recovery.

In August 2009, industrial production decreased 23.3% yoy, compared to 26.7% yoy in July. Metallurgy's relatively high numbers (average 1.4-1.5 mln mt of crude steel in July and August vs. average of 1.1 mln mt in Oct-Jun) were mainly responsible for this. Overall, metallurgy output improved from down 41.2% yoy in 7M09 to down 39.0% in 8M09.

The relatively high steel production in July-August was due to a pickup in global demand as indicated by increases in steel prices (+43% in September from their trough in November 2008).

Importantly, the low comparison base partially explains metallurgy dynamics in August 2009, as August 2008 saw its first significant decline (-8.6% yoy). The low base will also contribute to the improvement in total industrial production for some time going forward.

Unlike with metallurgy, agricultural output deteriorated in August. In 8M09, agricultural output improved 0.4%, vs. +3.8% yoy in 7M09. In contrast to other sectors, agriculture is competing with a high comparison base, with the bumper crop of 53 mln mt. In 2009, grain crops are estimated to be high as well (~44 mln mt vs. the average of 38 mln mt in 2004-2008), but they will still be lower than in 2008.

According to final official figures, real GDP dropped 17.8% yoy in 2Q09 vs. -20.3% yoy in 1Q09. Household consumption declined 11.6% yoy in 2Q09, as it did in 1Q09, while investments plummeted 57.8% yoy (-48.7% in 1Q09). In our view, domestic consumer & investment demand will remain weak, which will dampen the economic recovery in Ukraine in 2010. We revise our forecast of GDP growth for 2009 from -12% yoy to -14%.

End of September UAH appreciation may be temporary

In the last days of September, the hryvnya appreciated quickly and reached 8.2 to a US dollar, from its most recent trough of 8.9 at the beginning of the month (strengthening 7.9%).

The appreciation was derived from higher foreign currency supply at the end of the quarter as companies needed hryvnias to pay taxes and make other regular payments. In addition, foreign owners of some Ukrainian banks were selling US dollars at the end of month to increase the capital of their local subsidiaries.

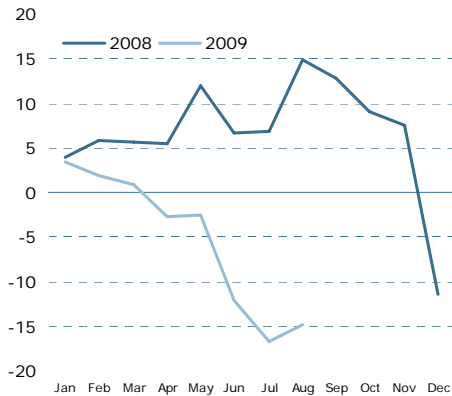
Taking into account the temporary nature of these factors, we do not expect the hryvnya to appreciate much further and downward pressure on the hryvnya to prevail for a few more months due to the double balance of payments deficit and demand from the retail market.

Ukraine gets USD 2 bln from IMF to support FX reserves

At the end of August, Ukraine received USD 1.6 bln as part of a general SDR allocation by the International Monetary Fund to support member nations' foreign exchange reserves. In September, the IMF intended to make the an additional SDR allocation to its members and Ukraine is set to receive USD 0.4 bln more from this program. This second tranche has not been received yet.

As of the end of August, the National Bank's reserves equaled USD 28.9 bln (6.5 months of imports), which is only 8.5% (USD 2.7 bln) lower than at the beginning of the year, despite massive FX interventions of USD 8.3 bln over 8M09. Borrowings from the IMF (USD 6.2 bln in 8M09) supported the reserves in 2009.

Cumulative consolidated budget deficit, UAH bln



Source: UkrDealing

Consolidated budget deficit at 3% of GDP

The consolidated budget deficit is remaining quite wide, with budget revenues still falling and social expenditures going up. In 8M09, the deficit reached UAH 16.7 bln (some 3% of GDP), compared to deficits of UAH 17.8 bln in 7M09 and UAH 13.3 bln in 6M09. We believe that the narrowing of the consolidated budget deficit in August was temporary and by yearend the deficit can reach as much as UAH 59 bln (6.5% of GDP).

In 8M09, total budget revenues declined 8.5% yoy. The contraction in the real economy and much lower volumes of international trade were behind this as taxes slumped: VAT down by 16.1% yoy (with its share of total revenues of 30%), enterprise income taxes down by 29% yoy, (12% of revenues) and import duties down by 53% yoy (2.3% of revenues). At the same time, the government increased its inflow of excise duties (+57% yoy, 7.2% of revenues) thanks to higher excise rates. Non-tax revenues also went up by 17.1% yoy in 8M09.

On the expenditures side, the government kept upping social outlays, which increased 11.4% yoy in 8M09 (they account for 52% of general expenditures). At the same time, the government tried to keep the deficit from widening by cutting capital expenditures (-47% yoy, 5% of outlays). Total expenditures went up by 7.5% yoy in 8M09.

By end-August, total public debt rose to UAH 280.5 bln (USD 35.1 bln), which constitutes some 30% of GDP. Since the beginning of the year, the public debt load is up 42.7%. Half of the increase in direct public debt is from the issuance of domestic t-bills, which were bought up the central bank, while the other ~50% came from borrowing from the IMF. In the future, we believe the government will have to find ways to reduce domestic debt in order to keep inflation under control and avoid upward pressure on domestic interest rates.

In 2010, the government forecasts a total deficit of UAH 46.7 bln (~4% of GDP). On top of that, additionally borrowed funds are to be spent on bank recapitalization (UAH 50 bln) and to increase the stabilization fund (UAH 9.7 bln).

Consumer inflation stabilizes at around 15% yoy

In August, consumer prices grew 15.3% yoy, compared to 15.5% yoy in July. Although domestic demand remains weak, the hryvnya's nominal depreciation, the price hike for certain administratively regulated prices (e.g. for utilities) and an increase in excise (see our macroeconomic overview of September 2 for details) kept inflation from faster deceleration. As before, we expect total consumer inflation in 2009 to be 15%.

Producer prices declined 3.6% yoy in August, the same as in July. Weak demand from low industrial production continued to drag on this number and keep it far from its peak of +47% yoy in August 2008.

Monetary base change and sources, %, p.p.

	2007	2008	8M08	8M09
Reserve money	46.0%	31.6%	19.1%	-1.8%
Net foreign assets*	55.6	-19.5	20.7	-30.2
Claims on banks	0.3	41.8	3.0	14.0
Net claims on gov't	2.8	12.0	-6.8	19.2
Claims on others*	-12.7	-2.8	2.2	-4.7

*Data adjusted for asset revaluation due to UAH depreciation
 Source: NBU, Concorde Capital estimates

Monetary policy remains restrictive

The NBU is continuing to pursue a strict monetary policy. The monetary base (MB) was down 1.76% YTD as of end-August (vs. +19.1% YTD at the same time in 2008).

This decline was mainly due to the NBU buying up the excessive hryvnya supply on the domestic FX market (interventions amounted to USD 8.3 bln in 8M09 and contributed -30.2 pp to the MB's decline). It was partially offset by the NBU's lending to troubled banks and the government.

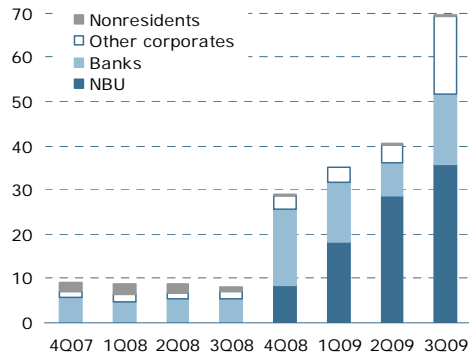
The net increase in the NBU's lending to banks equaled UAH 26.1 bln in 8M09 and contributed +14.0 pp to the MB. The lending was mainly directed at supporting troubled banks via medium-term loans (UAH 43.5 bln in total in 8M09). At the same time, the NBU significantly restricted banks' access to its overnight window (which supports the current liquidity of participating banks). Volumes of overnight loans dropped from UAH 46.3 bln in 8M08 to UAH 12.7 bln in 8M09.

Simultaneously, the NBU's holdings of government T-bills surged from almost zero in October 2008 to UAH 35.8 bln as of the end of September 2009. As a result, the contribution of net claims to the government to MB was +19.2 pp in 8M09.

In restricting monetary base growth, the NBU is trying, foremost, to limit downward pressure on the hryvnya. In addition, the IMF, as a prerequisite for providing its stand-by loan, limited maximum monetary base growth in 2009 to 13%, and we anticipate this target to be met.

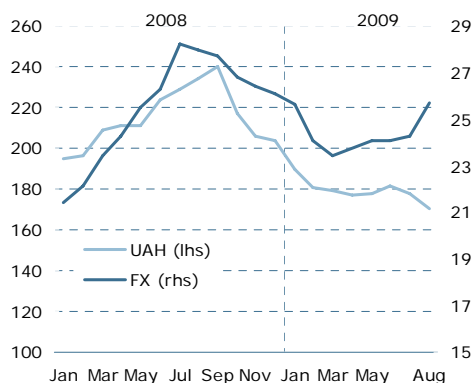
We do not expect the NBU to change its course until at least spring 2010 when the current account might finally turn positive and confidence in the hryvnya stabilizes after presidential elections are over.

The broad money supply (M3) declined 8.7% YTD and -0.8% yoy in August, compared to +30% yoy in December 2008. In 8M09, banks cut down on corporate and retail lending (in total their loan portfolios declined 1% in nominal UAH terms in 8M09). The money multiplier dropped to 2.5-2.6 in the recent months from its peak of 3.1 at the beginning of 2008.

Local sovereign bonds outstanding by holders, UAH bln


Source: National Bank of Ukraine

Banks total UAH and FX deposits
(UAH bln and USD bln respectively)



Source: National Bank of Ukraine, Concorde Capital calculations

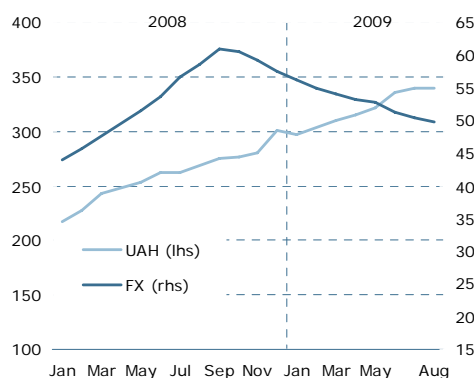
Retail deposits recovery stumbles; probably temporarily

Retail deposits were down net UAH 1 bln or 0.5% in August after four consecutive months of increases. We attribute this to higher volatility on the domestic FX market: the hryvnya's depreciation at end-August and early-September caused a net withdrawal of 4% of hryvnya deposits. FX retail deposits, in contrast, increased 2.9% mom.

We believe this is was a temporal interruption of a more general trend of slowly restoring confidence in banks and subsequent increases in the deposit base, which started in April. Overall, in April-August net deposit inflow (both retail and corporate) constituted UAH 8.4 bln after banks saw a net deposit outflow of UAH 91.5 bln in October-March.

The current revival in deposits is mostly thanks to FX deposits, as their share (adjusted for the exchange rate) surged from 37% in mid-2008 to 43% in August 2009. We do not expect the return of confidence in the hryvnya and a decrease in the share of FX deposits any earlier than 2Q10, after presidential elections are over.

Banks total UAH and FX loans
(UAH bln and USD bln respectively)



Source: National Bank of Ukraine, Concorde Capital calculations

Banks' lending is shrinking

Banks' loan portfolios have posted contrary trends to deposits in terms of volumes and currency composition. First, there has been now no recovery in total volumes. Total loan portfolios declined by UAH 6.3 bln (1%) in August and UAH 20 bln (2.8%) since their peak in September 2008.

Second, the decrease in loan portfolios is transpiring due to the clamping down on FX loans. As a result, their share (adjusted for the exchange rate) is down from a peak of 53% in September 2008 to 43% in August.

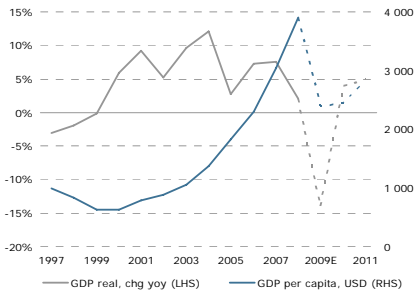
The current situation with banks attracting mostly foreign currency deposits is not sustainable, with the NBU limiting foreign exchange lending. Therefore, in order to expand asset portfolios in the future, banks will have to attract hryvnya resources or find ways to convert US dollars into UAH without violating NBU limits on open FX positions.

WB lends USD 400 mln to stabilize the banking system

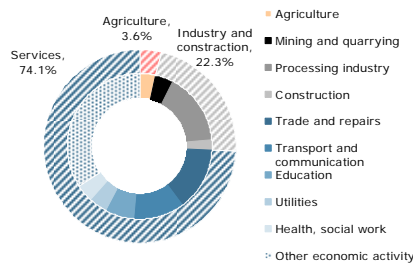
On September 17, the World Bank's board of directors approved a USD 400 mln loan to Ukraine (the Ministry of Finance) aimed at restoring stability in the banking system. The facility was given for 30 years with a five-year grace period. This was the first part of two tranches, with the second tranche of the loan equal to as much as USD 350 mln, according to Martin Raiser, World Bank Country Director for Ukraine, Belarus and Moldova.

MACRO MONITOR

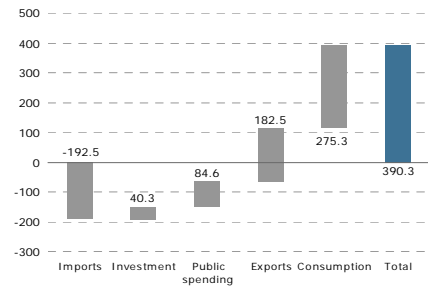
GDP growth and GDP per capita



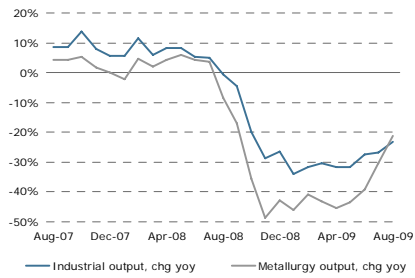
GDP by sector in 1H09



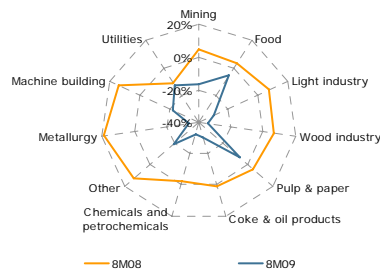
GDP by expenditures in 1H09, UAH bln



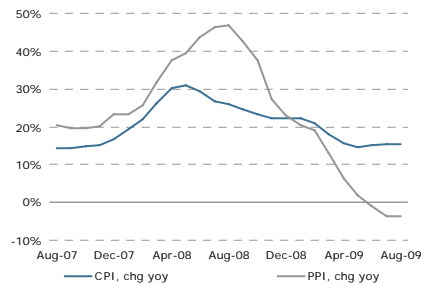
Manufacturing indicators



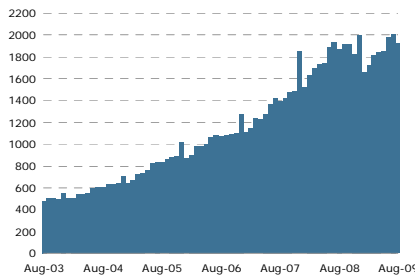
Industrial output growth by sector, chg yoy



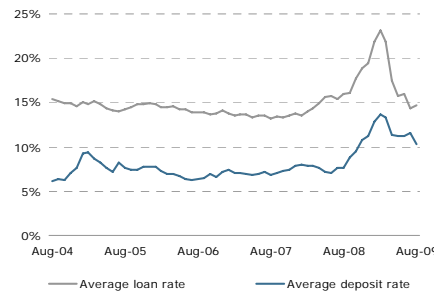
Inflation



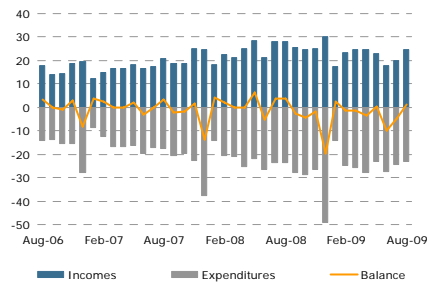
Average monthly salary, UAH



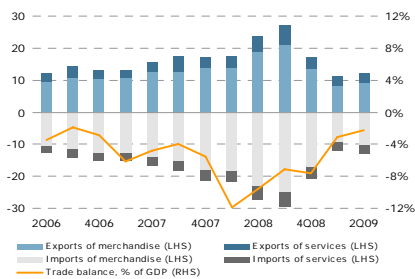
Interest rates



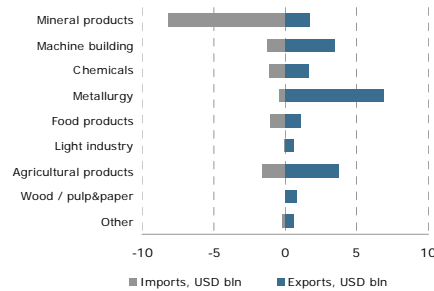
Consolidated budget execution, UAH bln



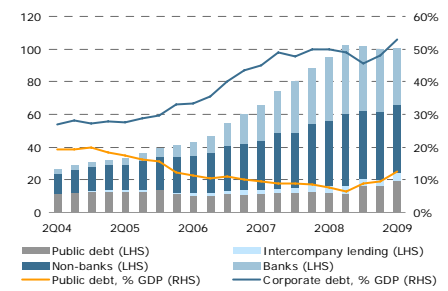
External trade, USD bln



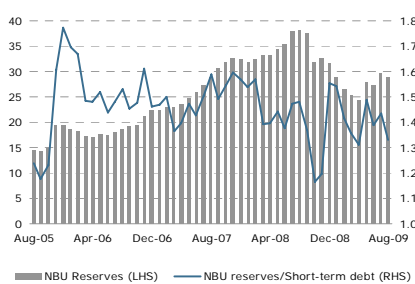
External trade in merchandise, 7M09



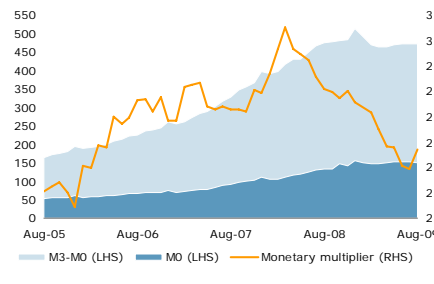
External debt, USD bln



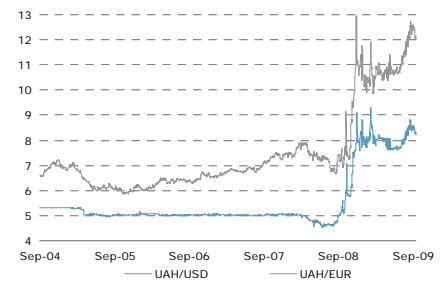
NBU reserves



Money supply structure, UAH bln



UAH exchange rates



Sources: National Bank of Ukraine, State Statistics Committee, Ministry of Finance, Bloomberg, Concorde Capital estimates

Ukrainian macro indicators yearly

	2001	2002	2003	2004	2005	2006	2007	2008	2009E	2010F
Business cycle indicators										
Real GDP, % chg yoy	9.2	5.2	9.6	12.1	2.7	7.3	7.6	2.1	-14.1	4.0
Nominal GDP, UAH bln	204	226	267	345	441	538	713	950	914	1017
Nominal GDP, USD bln	38.0	42.4	50.1	65.0	86.1	106.5	141.2	180.3	110.1	111.8
GDP per capita, UAH	4195	4685	5591	7273	9372	11630	15372	20600	19926	22275
GDP per capita, USD	781	880	1048	1371	1829	2303	3044	3909	2401	2448
Consumption, % chg yoy	9.6	9.5	11.5	13.1	20.6	15.9	17.1	11.8	-10.0	4.0
Investment, % chg yoy	17.9	-1.5	24.3	5.5	14.0	18.5	22.1	5.1	-35.0	5.0
Industrial output, % chg yoy	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-23.1	7.5
CPI (eop), % chg yoy	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	15.0	7.0
PPI (eop), % chg yoy	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	10.0	10.0
External indicators										
Current account balance, USD bln	1.4	3.2	2.9	6.9	2.5	-1.6	-5.9	-12.5	-1.4	2.3
Current account balance, % GDP	3.7	7.5	5.8	10.6	2.9	-1.5	-4.2	-7.0	-1.3	2.0
Trade balance, USD bln	0.6	1.9	1.3	5.0	0.7	-3.1	-7.9	-13.7	-1.9	1.3
Trade balance, % GDP	1.6	4.4	2.6	7.7	0.8	-2.9	-5.6	-7.6	-1.7	1.2
Exports, USD bln	21.1	23.4	29.0	41.3	44.4	50.2	64.0	85.7	57.9	68.0
Exports, % chg yoy	8.0	10.7	24.0	42.6	7.5	13.2	27.4	34.0	-32.5	17.5
Imports, USD bln	20.5	21.5	27.7	36.3	43.7	53.3	71.9	99.4	59.8	66.7
Imports, % chg yoy	14.1	5.0	28.7	31.3	20.4	22.0	34.8	38.3	-39.9	11.6
Capital account balance, USD bln	0.4	-1.2	0.1	-4.6	7.7	3.7	15.3	13.9	-7.8	-4.0
Capital account balance, % GDP	1.1	-2.9	0.2	-7.1	9.0	3.5	10.9	7.7	-7.1	-3.6
FDI net, USD bln	0.8	0.7	1.4	1.7	7.5	5.7	9.2	9.7	3.5	5.0
NBU reserves (eop), USD bln	n/a	4.4	5.1	9.5	19.4	22.3	32.5	31.5	26.3	24.6
Debt indicators										
Public debt, USD bln	12.5	13.8	14.5	16.0	15.5	15.9	17.6	24.6	39.9	50.0
Public debt, % GDP	33.0	32.5	29.0	24.7	18.0	15.0	12.4	13.6	36.2	44.7
Corporate external debt, USD bln	n/a	n/a	13.0	17.8	25.5	42.7	67.6	85.0	72.5	68.0
Corporate external debt, % GDP	n/a	n/a	25.9	27.3	29.6	40.1	47.9	47.1	65.8	60.8
Gross external debt, USD bln	n/a	n/a	23.8	30.6	38.9	54.5	80.0	101.7	102.4	100.2
Gross external debt, % GDP	n/a	n/a	47.5	47.1	45.2	51.2	56.6	56.4	92.9	89.6
Monetary indicators										
Monetary base, UAH bln	23.0	30.7	40.1	53.8	82.8	97.2	141.9	186.7	186.7	210.9
Monetary base, % chg yoy	37.4	33.6	30.5	34.1	53.9	17.5	46.0	31.6	0.0	13.0
Money supply (M3), UAH bln	45.8	64.9	95.0	125.8	194.1	261.1	396.2	514.7	466.7	569.5
Money supply, % chg yoy	41.9	41.8	46.5	32.4	54.3	34.5	51.7	29.9	-9.3	22.0
Monetary multiplier (eop MB/M3)	2.0	2.1	2.4	2.3	2.3	2.7	2.8	2.8	2.5	2.7
Monetization (avg M3/GDP), %	19.2	24.9	30.3	32.0	36.7	42.3	46.4	47.5	53.7	50.9
Exchange rate										
Interbank UAH/USD (avg)	5.38	5.33	5.33	5.32	5.10	5.04	5.03	5.27	8.30	9.10
State budget										
Revenues, UAH bln	n/a	n/a	55.1	70.3	105.2	133.5	165.9	231.7	182.3	213.6
Expenses, UAH bln	n/a	n/a	55.8	79.5	112.8	137.1	174.2	241.5	238.9	259.4
Balance, % GDP	n/a	n/a	-0.4	-3.0	-1.8	-0.7	-1.4	-1.3	-6.2	-4.5
Social indicators										
Population, mln (eop)	48.5	48.0	47.6	47.3	46.9	46.6	46.4	46.1	45.9	45.7
Unemployment (ILO methodology, avg), %	10.9	9.6	9.1	8.6	7.2	6.8	6.4	6.4	11.0	8.0
Average monthly salary, UAH	n/a	376	463	591	806	1 043	1 351	1 806	1 896	2 090
Real disposable income, % chg yoy	10.0	18.0	5.8	16.8	20.1	16.1	12.8	10.3	-10.0	5.0

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

Ukrainian macro indicators quarterly

	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09
Business cycle indicators													
Real GDP, % yoy	7.2	7.3	9.6	8.9	8.6	6.2	7.4	6.5	6.5	6.9	-8.0	-20.3	-17.8
Nominal GDP, UAH bln	124.1	150.4	157.7	133.1	161.4	197.4	212.8	186.6	232.5	285.4	269.7	183.2	207.1
Nominal GDP, USD bln	24.6	29.8	31.2	26.4	32.0	39.1	42.1	37.0	46.8	58.9	43.4	23.8	27.2
GDP per capita, UAH	10236	10842	11478	12087	12903	13929	15132	16306	17860	19785	21042	20995	20475
GDP per capita, USD	2027	2147	2273	2393	2555	2758	3032	3229	3554	3986	4019	3739	3319
Consumption, chg yoy	19.7	12.8	13.8	19.1	17.0	13.6	19.0	22.0	13.3	14.1	1.6	-11.6	-11.6
Investment, chg yoy	6.4	10.7	23.0	16.6	27.8	19.1	25.1	13.9	31.0	12.9	-24.8	-48.7	-57.8
Industrial output, chg yoy	3.8	5.6	6.2	12.9	11.8	10.7	10.2	7.8	7.5	5.1	-3.1	-31.9	-31.1
CPI (eop), chg yoy	6.8	9.1	11.6	10.1	13.0	14.4	16.6	26.2	29.3	24.6	22.3	18.1	15.0
PPI (eop), chg yoy	6.3	10.7	14.2	16.7	19.9	20.4	21.0	26.9	40.3	45.3	29.3	13.0	-0.9
External sector													
Current account balance, USD bln	0.0	0.5	-1.4	-1.2	-0.8	-0.5	-3.5	-3.6	-3.0	-1.6	-3.7	-0.7	-0.1
Current account balance, % GDP	-1.7	-0.3	-1.5	-4.6	-3.4	-2.5	-4.2	-9.7	-7.9	-5.8	-6.6	-2.9	-1.5
Trade balance, USD bln	-0.4	0.2	-1.7	-1.6	-1.2	-1.0	-4.1	-4.4	-3.6	-2.1	-3.6	-0.8	-0.4
Trade balance, % GDP	-3.4	-1.9	-2.9	-6.2	-4.8	-3.9	-5.6	-11.9	-9.6	-7.1	-7.6	-3.2	-2.3
Exports, USD bln	12.2	14.3	13.3	13.4	15.8	17.5	17.3	17.5	23.6	27.4	17.3	11.3	12.5
Exports, chg yoy	10.2	23.5	17.8	28.6	29.4	22.4	30.0	31.0	49.3	56.1	-0.1	-35.6	-47.1
Imports, USD bln	12.6	14.2	15.0	15.0	17.0	18.5	21.4	21.9	27.2	29.4	20.9	12.0	12.9
Imports, chg yoy	15.7	21.1	25.9	30.1	34.4	30.9	42.6	46.0	60.1	58.9	-2.3	-45.1	-52.6
Capital account balance, USD bln	0.3	0.9	3.9	2.5	3.5	4.2	5.2	3.5	5.7	6.1	-5.8	-4.5	-2.0
Capital account balance, % GDP	-2.5	-0.3	3.5	9.5	10.3	10.4	10.9	9.5	11.0	10.8	5.3	-19.0	-12.8
FDI net, USD bln	1.5	1.7	1.4	1.7	1.9	3.9	1.6	2.4	3.1	3.2	1.0	0.9	1.2
NBU reserves (eop), USD bln	17.6	19.1	22.3	23.0	25.9	30.6	32.5	33.2	35.4	37.5	31.5	25.4	27.3
NBU reserves, % of ST ext. debt	143.9	145.5	146.3	136.6	142.5	149.3	157.0	139.1	137.8	137.1	155.4	132.7	138.6
Debt indicators													
Public debt, USD bln	14.6	14.5	15.9	16.0	15.5	16.3	17.6	17.8	17.7	17.1	24.6	24.3	28.7
Public debt, % of GDP	15.4	14.4	15.0	14.2	13.0	12.7	12.4	11.8	10.7	9.2	13.2	14.0	18.7
Corporate external debt, USD bln	31.9	35.8	42.7	48.6	53.8	62.8	67.6	75.1	82.5	90.8	85.0	83.4	81.2
Corporate external debt, % of GDP	33.5	35.6	40.1	43.4	45.1	48.8	47.9	50.0	50.0	49.1	45.7	48.2	53.0
Gross external debt, USD bln	42.6	46.2	54.5	59.8	65.3	74.2	80.0	88.1	94.9	102.4	101.7	99.5	100.6
Gross external debt, % of GDP	44.7	45.9	51.2	53.4	54.7	57.7	56.6	58.7	57.5	55.4	54.6	57.6	65.6
Monetary indicators													
Monetary base, UAH bln	80.2	84.8	97.2	96.4	111.0	127.7	141.9	136.4	154.2	170.8	186.7	174.8	188.7
Money supply (M3), UAH bln	214.1	234.8	261.1	272.5	303.0	348.2	396.2	416.2	450.6	477.7	514.7	463.7	472.7
Money supply, chg yoy	37.0	37.3	34.5	39.5	41.5	48.3	51.7	52.8	48.7	37.2	29.9	11.4	4.9
Monetary multiplier (MB/M3)	2.7	2.8	2.7	2.8	2.7	2.7	2.8	3.1	2.9	2.8	2.8	2.7	2.5
Monetization (avg M3/GDP), %	41.9	44.1	42.3	41.9	44.4	44.8	46.4	44.1	45.9	45.5	46.0	46.8	47.2
Exchange rate													
Interbank UAH/USD (eop)	5.00	5.04	5.05	5.03	5.02	5.03	5.05	5.00	4.57	5.08	7.50	8.25	7.72
Interbank UAH/USD (avg)	5.03	5.02	5.04	5.04	5.03	5.01	5.05	5.04	4.85	4.71	6.58	8.26	7.82
State budget													
Revenues, UAH bln	54.8	92.2	133.5	33.5	71.3	113.7	165.9	46.7	104.8	169.1	231.7	51.3	101.1
Expenses, UAH bln	58.1	93.6	137.1	29.4	70.6	116.1	174.2	45.5	102.9	165.1	241.5	51.0	110.7
Balance, % GDP	-1.4	-0.4	-0.7	3.0	0.2	-0.6	-1.4	0.6	0.4	0.4	-1.3	-0.3	-2.7
Social indicators													
Population, mln (eop)	46.8	46.7	46.6	46.6	46.5	46.4	46.4	46.3	46.2	46.2	46.1	46.1	46.0
Unemployment (ILO methodology), %	5.8	5.5	8.2	7.4	5.8	5.4	6.9	7.1	5.4	5.5	7.5	9.5	8.6
Average monthly salary, UAH	1 017	1 080	1 157	1 161	1 290	1 415	1 603	1 619	1 787	1 906	1 914	1 735	1 892

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

Ukrainian macro indicators monthly

	2008						2009							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Business cycle indicators														
Industrial output, chg yoy	5.1	-0.5	-4.5	-19.8	-28.6	-26.6	-34.1	-31.6	-30.4	-31.8	-31.8	-27.5	-26.7	-23.3
Metallurgy	3.5	-8.6	-17.0	-35.6	-48.8	-42.7	-46.0	-40.7	-43.1	-45.5	-43.4	-39.3	-30.4	-21.1
Machine building	24.6	13.4	14.6	-11.2	-38.8	-37.1	-58.3	-53.5	-53.0	-52.6	-53.0	-48.0	-52.9	-50.2
Food processing	-1.6	-3.5	-5.5	-10.9	-8.7	-4.9	-14.3	-10.1	-9.4	-2.8	-2.1	0.9	-8.7	-10.1
Chemicals	-1.4	-9.1	-2.1	-19.2	-35.2	-38.0	-49.6	-37.7	-29.8	-28.6	-33.1	-25.3	-27.8	-22.1
Retail sales, chg yoy (cumulative)	26.6	25.8	25.1	23.6	20.9	18.6	-7.1	-9.4	-11.5	-14.3	-15.3	-15.2	-15.9	-15.9
Construction works, chg yoy	-2.1	-2.6	-7.2	-9.6	-12.8	-15.8	-57.6	-57.3	-56.7	-55.6	-55.8	-54.9	-54.3	-53.6
CPI, chg yoy	26.8	26.0	24.6	23.2	22.3	22.3	22.3	20.9	18.1	15.6	14.7	15.0	15.5	15.3
CPI, chg mom	-0.5	-0.1	1.1	1.7	1.5	2.1	2.9	1.5	1.4	0.9	0.5	1.1	-0.1	0.1
PPI, chg yoy	46.3	46.9	42.7	37.7	27.4	23.0	20.4	19.1	13.0	6.4	1.9	-0.9	-3.6	-3.6
PPI, chg mom	3.6	1.8	-1.8	-1.4	-6.5	-0.4	0.2	1.8	1.1	0.4	-0.7	1.4	1.0	1.0
External sector indicators														
Merchandise exports, USD bln	7.6	6.7	6.7	5.9	3.6	4.0	2.4	2.7	3.2	3.1	2.9	3.0	3.2	n/a
Merchandise exports, chg yoy	78.9	61.2	62.5	34.9	-18.6	-17.6	-33.4	-42.5	-41.1	-44.5	-53.4	-57.0	-57.8	n/a
Merchandise imports, USD bln	8.8	8.2	8.5	7.6	5.3	4.8	2.0	3.8	3.9	3.6	3.2	3.2	3.9	n/a
Merchandise imports, chg yoy	66.0	67.4	74.8	30.2	-9.6	-27.9	-55.9	-41.2	-48.9	-54.8	-58.5	-59.7	-55.8	n/a
Merchandise trade balance, USD bln	-1.2	-1.4	-1.8	-1.8	-1.6	-0.8	0.4	-1.1	-0.7	-0.5	-0.3	-0.2	-0.7	n/a
NBU reserves, USD bln	37.9	38.1	37.5	31.9	32.7	31.5	28.8	26.5	25.4	24.5	27.8	27.3	29.6	28.9
Monetary indicators														
Monetary base, UAH bln	163.7	169.0	170.8	173.4	172.8	186.7	180.0	173.4	174.8	180.2	181.7	188.7	189.2	183.4
Monetary base, chg yoy	41.6	40.2	33.8	33.2	32.5	31.5	32.1	29.1	28.1	24.3	24.5	22.4	15.6	8.5
Monetary base, chg mom	6.1	3.2	1.1	1.5	-0.3	8.0	-3.6	-3.7	0.8	3.1	0.8	3.9	0.2	-3.1
Money supply (M3), UAH bln	467.5	474.9	477.7	481.1	483.9	514.7	492.7	470.8	463.7	465.1	468.2	472.7	471.9	471.1
Money supply (M3), chg yoy	47.5	44.4	37.2	35.8	32.3	29.9	25.9	18.2	11.4	8.2	9.0	4.9	0.9	-0.8
Money supply (M3), chg mom	3.8	1.6	0.6	0.7	0.6	6.4	-4.3	-4.5	-1.5	0.3	0.7	1.0	-0.2	-0.2
Monetary multiplier (MB/M3)	2.9	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.6
Monetization (M3/GDP), %	45.0	45.4	45.5	44.3	44.4	46.0	48.2	47.1	46.8	46.9	47.0	47.2	47.2	47.1
Banking system														
Net assets, UAH bln	717.9	740.5	756.6	792.0	853.1	927.2	905.8	885.6	878.1	873.4	863.0	868.6	869.2	881.2
Net assets, chg yoy	56.3	55.1	48.6	52.5	54.1	54.7	50.0	44.0	35.9	32.6	29.0	24.2	21.1	19.0
Loans (hryvnya), UAH bln	261.7	268.5	275.1	276.7	280.1	300.1	293.7	302.1	311.4	312.1	320.6	333.8	339.1	338.8
Loans (foreign currency), UAH bln	269.7	279.3	290.9	341.6	391.6	433.8	422.0	414.0	412.6	399.3	388.6	380.9	378.9	388.9
Deposits (hryvnya), UAH bln	222.6	226.1	232.0	210.6	199.6	200.3	185.4	176.6	174.6	174.6	175.6	179.3	175.4	168.4
Deposits (foreign currency), UAH bln	109.5	110.5	108.1	120.4	139.2	157.5	154.1	143.8	139.3	140.9	143.4	142.3	144.6	162.0
Exchange rate														
Interbank UAH/USD (eop)	4.62	4.63	5.08	5.92	7.52	8.05	7.97	8.45	8.25	8.08	7.62	7.72	7.96	8.47
Interbank UAH/USD (avg)	4.62	4.63	4.88	5.59	6.16	7.87	8.24	8.28	8.26	8.08	7.73	7.64	7.84	8.28
State budget														
Revenues, UAH bln	n/a	149.2	169.1	188.0	208.0	231.7	13.4	32.0	51.3	70.5	88.6	101.1	115.9	135.3
Expenses, UAH bln	n/a	143.1	165.1	186.4	205.5	241.5	10.9	31.0	51.0	72.4	90.7	110.7	130.1	149.9
Social indicators														
Population, mln (eop)	46.2	46.2	46.2	46.2	46.2	46.1	46.1	46.1	46.1	46.1	46.0	46.0	46.0	n/a
Average monthly salary, UAH	1 930	1 872	1 916	1 917	1 823	2 001	1 665	1 723	1 818	1 845	1 851	1 980	2 008	1 919

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

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