



CONCORDE CAPITAL

Ukraine / Economics

# Macroeconomic Overview

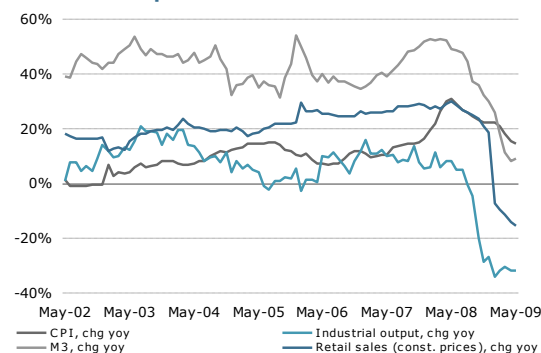
Monthly update

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## Economic snapshot



Source: State Statistics Committee, National Bank of Ukraine

## Key macroeconomic indicators

	2008	2009E	2010F
<b>Business cycle</b>			
Real GDP, chg yoy	2.1	-12.0	4.0
Nominal GDP, USD bln	180.3	117.0	134.2
Industrial output, chg yoy	-3.1	-19.1	7.5
CPI (eop), chg yoy	22.3	15.0	7.0
PPI (eop), chg yoy	23.0	11.0	10.0

### External sector

NBU reserves (eop), USD bln	31.5	23.5	21.3
Current account balance, % GDP	-6.6	-0.2	2.9
Capital account balance, % GDP	7.7	-6.7	-4.6
External debt, % of GDP	56.3	87.4	74.6

### Exchange rate

Interbank UAH/USD (avg)	5.27	8.00	7.80
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Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital

## Prices for core commodities, as of July 2

	Current	%, YTD	%, yoy
Gas imports, USD/tcm	270.95	-25%	51%
Crude oil (URALS), USD/bbl	67.84	61%	-51%
Milling wheat 3rd gr, USD/mt, FOB*	158.00	28%	-41%
Steel square billet, USD/mt, FOB*	395.00	8%	-67%

\* Black Sea ports

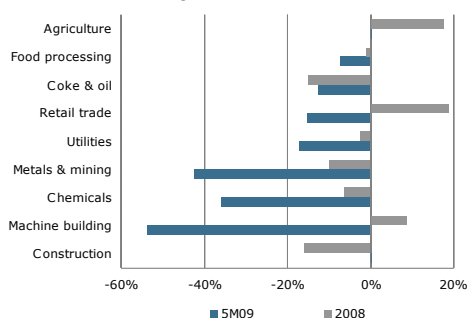
Source: Gas of Ukraine, Bloomberg

- Ukraine's economy fell by staggering 20.3% yoy in 1Q09, with manufacturing (-36.5% yoy) and construction (-54.1% yoy) taking the brunt of the recession. Consumption was relatively resilient to the crisis and only fell 11.6% yoy, while investment nosedived 48.7% yoy
- We do not think that both consumer and investment demand will pick up markedly by the yearend. Being an open economy with narrow domestic market, recovery in Ukraine will be strongly dependent on improvement in the global economy. We keep our 2009 GDP decline forecast unchanged at 12.0% yoy
- The forex market was fairly quiet in June with UAH/USD trading within 7.62-7.69 in first three weeks of the month. This week's increase of the exchange rate to 7.77 was successfully neutralized by the NBU intervention. UAH/USD short-term performance is foremost dependent on the outcome of the ongoing Ukraine-IMF negotiations on disbursement of the third tranche of the standby loan
- The sentiment in the banking system has slightly improved: deposit outflow stopped in May, and banks are even lowering deposit rates that had been hiked in fall 2008 in an attempt to stop deposit run. Moreover, after several months of just talking, in June the government took real steps to support the banking system and announced that it would inject UAH 9.6 bln into Ukrgazbank, Rodovid Bank, and Bank Kyiv
- We change our forecast of PPI inflation in 2009 from 18% yoy to 11% yoy, as previously expected increase in gas prices for local consumers is unlikely to happen in 2009

**Ukraine's GDP in 1Q09**

	yoy chg	UAH bln	% GDP
<b>by sector</b>			
Agriculture	1.3%	5.1	2.8%
Mining	-16.2%	7.9	4.3%
Industrial production	-36.5%	26.8	14.6%
Utilities	-19.3%	9.1	4.9%
Construction	-54.1%	3.6	2.0%
Trade	-18.0%	26.6	14.5%
Transport and communication	-14.4%	21.0	11.5%
Education	-2.8%	11.5	6.3%
Health, social work	-4.6%	7.0	3.8%
Other economic activity	-4.1%	49.8	27.2%
Financial intermediation	27.5%	-13.8	-7.6%
Net taxes	-36.4%	28.8	15.7%
<b>by expenditures</b>			
Private consumption	-11.6%	133.9	73.1%
Government consumption	1.8%	38.1	20.8%
Net investment	-48.7%	17.9	9.8%
Exports	-15.9%	87.1	47.6%
Imports	-35.6%	93.9	51.2%
<b>GDP</b>	<b>5.8%</b>	<b>183.2</b>	<b>100.0%</b>

Source: State Statistics Committee, Concorde Capital

**Performance of key sectors**


Source: State Statistics Committee, Concorde Capital

**External debt dynamics, USD bln**

	3Q08	4Q08	1Q09
Public debt	14.3	19.3	18.1
Corporate debt	91.1	82.3	81.0
Banking sector	42.1	39.4	37.6
Short-term	12.9	9.3	6.6
Long-term	29.2	30.1	31.0
Other sectors	44.3	38.7	39.2
Short-term	17.2	11.0	12.1
Long-term	27.2	27.6	27.2
<b>Total</b>	<b>105.4</b>	<b>101.7</b>	<b>99.2</b>

Source: National Bank of Ukraine

**Ukraine's economy contracts 20.3% in 1Q09**

The State Statistics Committee announced on June 30 that Ukraine's GDP plunged 20.3% yoy in 1Q09. The data came with a 45-day delay, which had prompted speculation that the government tries to hide the real state of Ukraine's economy. Nevertheless, the number appeared to be closer to the optimistic edge of our forecast (we had expected GDP to fall in a range of 20-25% yoy in 1Q09), and slightly better than a -20.5% yoy consensus forecast on Reuters.

Agriculture and financial intermediation were the only sectors to show growth in 1Q09 in yoy terms. On average, decline in services was moderate, with trade falling 18.0% yoy and transport & communication by 14.4% yoy, compared to the fallback in manufacturing (-36.5% yoy) and construction (-54.1%). We think that there is a decent probability that the services sector will prove to be more resilient to the crisis and will not shrink further to the extent the industry and construction have shrunk.

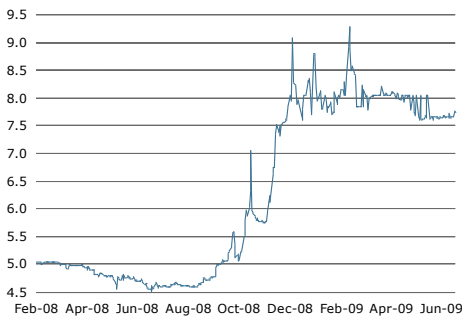
While consumption shed only 11.6% yoy, investment nearly halved (-48.7% yoy) in 1Q09. On the other hand, government spending rose 1.8% yoy in real terms. Net exports imbalance narrowed to -3.6% of GDP, compared to -11.0% of GDP in 1Q08, thanks to the sharp hryvnya depreciation and the resulting plunge in imports.

Ukraine's industrial production added 1.3% mom in May, while yoy decline was 31.8%. The sector breakdown shows very mixed picture, so a 1.3% rise cannot be treated as a number that shows any trend in the overall manufacturing. While Ukraine's flagship sector, metallurgy, added 7.2% mom, along with food processing (+5.7% mom), other important sectors fell back: machinery by 3.1% mom, and chemicals by 6.5% mom. Retail trade (excluding street markets) fell 20.5% yoy in 5M09.

We maintain our 2009 forecast of change in real GDP at -12% yoy, and we continue to believe that any substantial improvement in the economy is hardly possible through the yearend. We also think that in 2010 Ukraine's economy will return to positive growth and will show a 4% yoy increase in GDP.

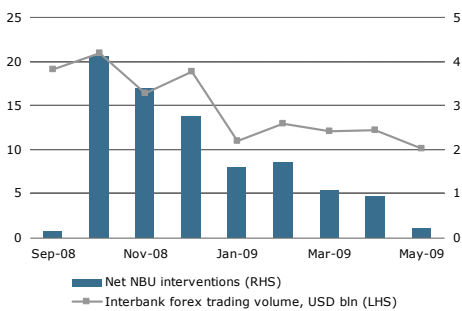
External debt burden continued to diminish in 1Q09 – the National Bank of Ukraine reported a 2.5% decrease in 1Q09 Ukraine's foreign debt compared to the previous quarter. The corporate part of Ukraine's external liabilities shed 1.6% qoq. We explain such a modest deleveraging by the fact that many companies managed to restructure their debt maturing in 1Q09. Interestingly, debt of non-financial companies even increased by 1.4% qoq. Taking into account the restructuring trend in the corporate sector, we think that our current forecast of the yearend external debt (USD 71.4 bln), could be too low; we will track the process and may upgrade the estimate soon.

**UAH/USD exchange rate**



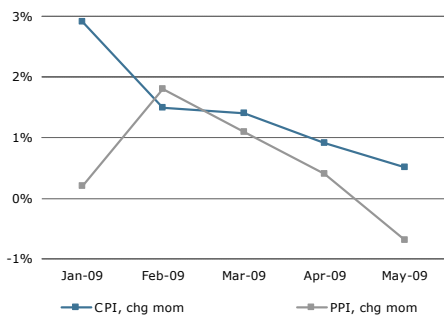
Source: Bloomberg

**UAH remains stable without NBU interventions**



Source: National Bank of Ukraine, Concorde Capital

**Inflation on the wane**



Source: State Statistics Committee

**Hryvnya stabilizes without much NBU support**

Over the month of June the forex market was comparatively quiet, and the hryvnya traded within a narrow margin of 7.62-7.69 against the US dollar over the first three weeks of the month. On June 30, however, UAH/USD increased to 7.77. We attribute this slight rise to decrease in supply of dollars after the deadline has passed (June 22) for commercial banks to swap their toxic assets reserves into hryvnyas. On July 1, the NBU intervened the market and managed to decrease the rate to 7.63.

Indeed, since March we have definitely seen a gradual improvement of the sentiment about Ukraine's currency. Notably, the central bank interventions on the forex market have almost come to zero, without causing devaluation or excessive volatility.

It is worth remembering that a slight UAH appreciation over the last couple of months partially owes to a USD 2.8 bln influx of the second tranche of the IMF standby loan in mid-May. The third USD 3.2 bln tranche, which may come in the second half of the summer (*for more see p.4*), may again act in favor of UAH strengthening, however we do not expect the NBU to allow a substantial revaluation and think that it will instead buy out excess dollar supply.

Looking farther into the end of the year, and taking into account this year's huge balance of payments deficit (USD 8.0 bln, by our estimates), we do not rule out that the hryvnya could return to ~8.00 per 1 USD some time in the fall.

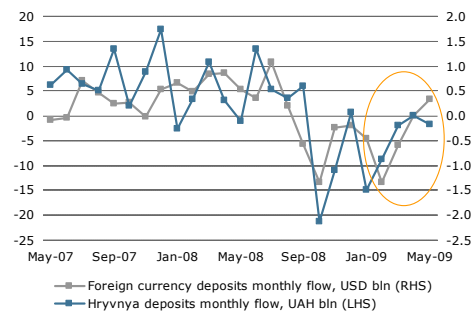
**Inflation: gas price hike postponed until 2010**

In May inflation continued to subside, with CPI showing the lowest number this year, up 0.5% mom, and PPI down 0.7% mom. We believe that this trend will prevail at least until the fall, and even think that a moderate deflation is possible in the summer.

We slash our forecast for PPI in 2009 from 18% yoy to 11% yoy, as now we think that the previously anticipated increase in gas price for industrial consumers is unlikely to happen this year, more so on the eve of presidential elections scheduled on January 17, 2010. At the end of 2008 the government had planned to increase the gas price every quarter in 2009 (*for more details see our macroeconomic overview of January 27*).

Now we believe that Naftogaz of Ukraine could start charging higher prices from the beginning of 2010. The things may become clearer as we move closer to the yearend; if we see signs that the prices will be hiked, we will most likely worsen our CPI and PPI forecasts for 2010, currently at 7% and 10% yoy.

### Deposits see gradual improvement



Source: National Bank of Ukraine

### Banking: government's move, finally

After several months of just talking, in June we saw the real action on the part of the government aimed to support the ailing banking sector. On June 10, the Cabinet of Ministers announced that it would inject UAH 9.6 bln into equity of Ukrgazbank, Rodovid Bank, and Bank Kyiv. According to the approved resolution, Bank Kyiv will receive UAH 3.6 bln in exchange for a 99.93% stake, Rodovid will get UAH 2.8 bln for a 99.97% stake, and Ukrgazbank will get UAH 3.2 bln for an 81.60% stake.

Current state budget earmarks UAH 44 bln for recapitalization of banks in 2009. However, we do not see obvious candidates to receive the rest of the money, so far. Out of the banks that were previously announced for recapitalization, Finance & Credit Bank has stepped back from yielding a 75% stake to the government, Nadra Bank has problems restructuring its foreign debt, while Kreditprombank is in talks to be bailed out by the EBRD.

In the previous macroeconomic overview we noted that we expected a decrease in deposits over June-July, as a result of the new NBU regulation which canceled the moratorium on early deposit withdrawals (*for more details see our macroeconomic overview of June 1, 2009*). Instead, in May, we saw a 1.8% mom increase in foreign currency deposits and a marginal 1% mom decrease in hryvnya deposits.

We explain the end of deposit outflow by improving trust to the banking system. Short-term demand deposits have become quite popular, and banks are even lowering deposit rates which had been hiked in fall 2008 in an attempt to curb deposit run.

### IMF program progress

On June 23, the International Monetary Fund mission arrived in Kyiv to review Ukraine's compliance with performance criteria and consider disbursement of the third tranche (USD 3.2 bln) of the USD 16.4 bln standby loan.

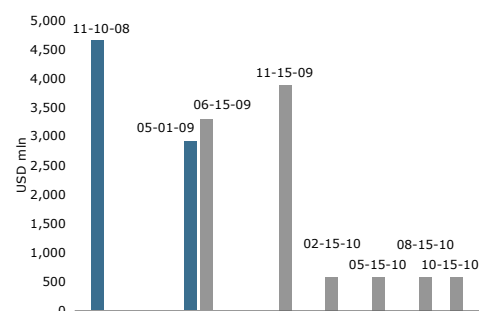
The arrival of the mission was preceded by rumors that the IMF will not provide the third tranche due to the failure of Ukrainian side to comply with the IMF requirements, namely, to pass laws on central bank independence, on procedure of a bank's recapitalization, and on disclosure of real shareholders of commercial banks. So far, adoption of neither of the laws has been finalized.

We think that Ukraine will most likely get the third tranche, however delays, similar to those preceding disbursement of the second tranche, are quite possible. As we have seen from the experience of receiving the second tranche, the IMF was very flexible about its requirements and ready to renegotiate terms of agreements. In our view, the IMF is committed to assure that Eastern European countries (including Ukraine) receive sufficient support to prevent aggravation of regional banking and currency crises.

From a different perspective, we think that currently Ukraine is less dependent on the IMF funds than back in the fall of 2008, when the IMF program was initiated. Ukraine is now in a more balanced external position than in the fall: both current and capital account deficits are narrowing, and exchange rate has so far stabilized and become almost independent from the central bank interventions.

One gap where the IMF's funds could be of significant help is the budget deficit. A half of the USD 2.8 bln of the second tranche was already directed to the State Treasury with the aim to cover Ukraine's state budget deficit. On June 22, Acting Finance Minister Ihor Umanskiy said that the government approached the IMF with a request to increase the third tranche to USD 3.8 bln and to direct the entire amount to finance the budget deficit. USD 3.8 bln, together with USD 1.4 bln that has already been directed into the budget, could almost entirely cover this year's budget shortfall (which we estimate at USD 5.5 bln).

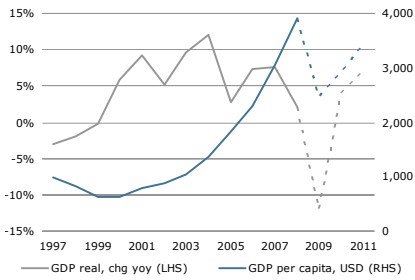
### IMF standby loan tranche schedule



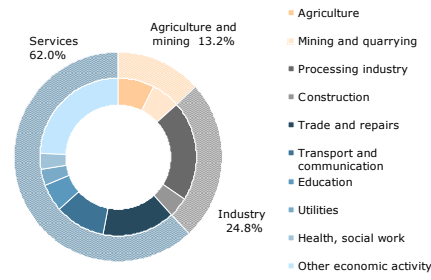
Source: IMF-Ukraine Memorandum of Economic and Financial Policies, May 2009  
Grey bars indicate tranches that have not been disbursed

# MACRO MONITOR

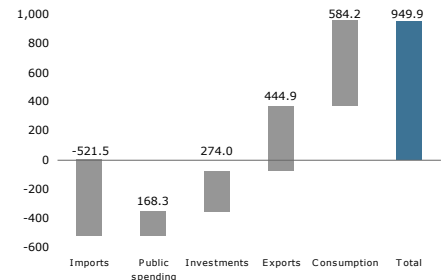
GDP growth and GDP per capita



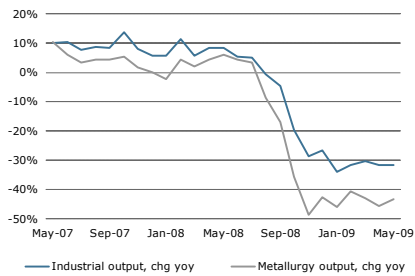
GDP by sector in 2008



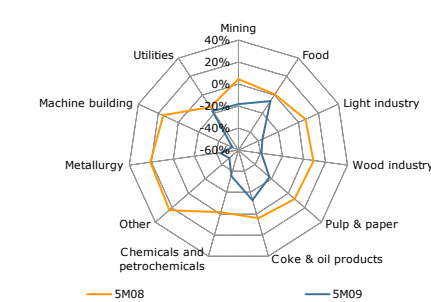
GDP by expenditures in 2008, UAH bln



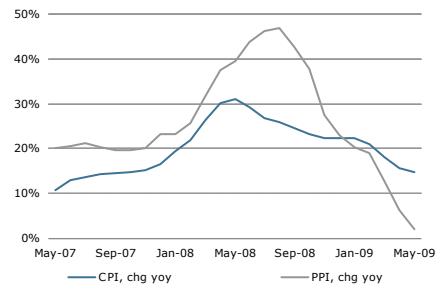
Manufacturing indicators



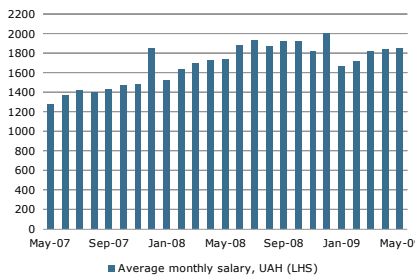
Industrial output growth by sector, chg yoy



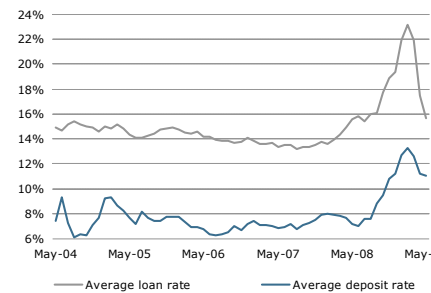
Inflation



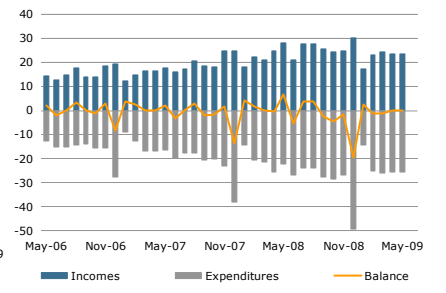
Average salary



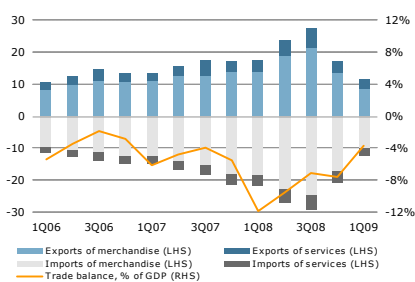
Interest rates



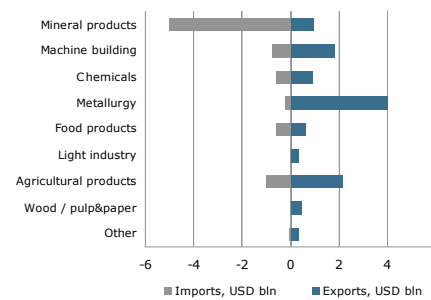
Consolidated budget execution, UAH bln



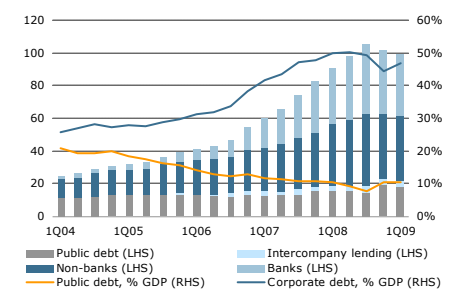
External trade, USD bln



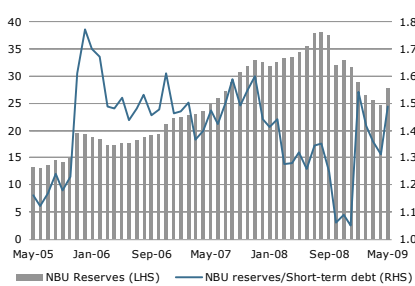
External trade in merchandise, 1Q09



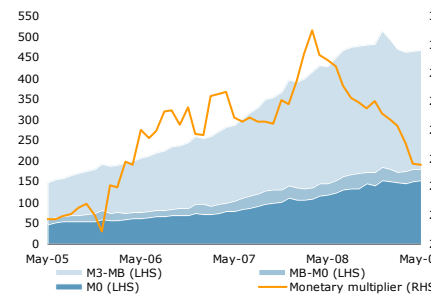
External debt, USD bln



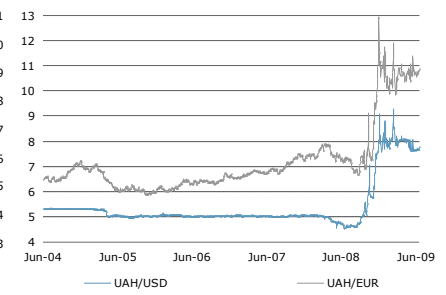
NBU reserves



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
<b>Business cycle indicators</b>										
Real GDP, % chg yoy	9.2	5.2	9.6	12.1	2.7	7.3	7.6	2.1	-12.0	4.0
Nominal GDP, UAH bln	204	226	267	345	441	538	713	950	936	1047
Nominal GDP, USD bln	38.0	42.4	50.1	65.0	86.1	106.5	141.2	180.3	117.0	134.2
GDP per capita, UAH	4195	4685	5591	7273	9372	11630	15372	20600	20410	22922
GDP per capita, USD	781	880	1048	1371	1829	2303	3044	3909	2551	2939
Consumption, % chg yoy	9.6	9.5	11.5	13.1	20.6	15.9	17.1	11.8	-13.0	4.0
Investment, % chg yoy	17.9	-1.5	24.3	5.5	14.0	18.5	22.1	5.1	-22.5	5.0
Industrial output, % chg yoy	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-19.1	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	11.0	10.0
<b>External indicators</b>										
Current account balance, USD bln	1.4	3.2	2.9	6.9	2.5	-1.6	-5.9	-12.0	-0.2	3.9
Current account balance, % GDP	3.7	7.5	5.8	10.6	2.9	-1.5	-4.2	-6.6	-0.2	2.9
Trade balance, USD bln	0.6	1.9	1.3	5.0	0.7	-3.1	-7.9	-13.7	-1.2	2.3
Trade balance, % GDP	1.6	4.4	2.6	7.7	0.8	-2.9	-5.6	-7.6	-1.0	1.7
Exports, USD bln	21.1	23.4	29.0	41.3	44.4	50.2	64.0	85.7	64.1	75.3
Exports, % chg yoy	8.0	10.7	24.0	42.6	7.5	13.2	27.4	34.0	-25.2	17.3
Imports, USD bln	20.5	21.5	27.7	36.3	43.7	53.3	71.9	99.4	65.4	73.0
Imports, % chg yoy	14.1	5.0	28.7	31.3	20.4	22.0	34.8	38.3	-34.2	11.6
Capital account balance, USD bln	0.4	-1.2	0.1	-4.6	7.7	3.7	15.3	13.8	-7.8	-6.2
Capital account balance, % GDP	1.1	-2.9	0.2	-7.1	9.0	3.5	10.9	7.7	-6.7	-4.6
FDI net, USD bln	0.8	0.7	1.4	1.7	7.5	5.7	9.2	9.7	5.0	9.0
NBU reserves (eop), USD bln	n/a	4.4	5.1	9.5	19.4	22.3	32.5	31.5	23.5	21.3
<b>Debt indicators</b>										
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	34.1	37.3
Corporate external debt, USD bln	n/a	n/a	13.0	17.8	25.5	40.7	67.5	82.2	69.7	65.2
Corporate external debt, % GDP	n/a	n/a	25.9	27.3	29.6	38.3	47.8	45.6	59.6	48.6
Gross external debt, USD bln	n/a	n/a	23.8	30.6	38.9	54.5	82.7	101.6	102.3	100.1
Gross external debt, % GDP	n/a	n/a	47.5	47.1	45.2	51.2	58.6	56.3	87.4	74.6
<b>Monetary indicators</b>										
Monetary base, UAH bln	23.0	30.7	40.1	53.8	82.8	97.2	141.9	186.7	210.0	245.0
Monetary base, % chg yoy	37.4	33.6	30.5	34.1	53.9	17.5	46.0	31.6	12.5	16.7
Money supply (M3), UAH bln	45.8	64.9	95.0	125.8	194.1	261.1	396.2	514.7	510.4	599.8
Money supply, % chg yoy	41.9	41.8	46.5	32.4	54.3	34.5	51.7	29.9	-0.8	17.5
Monetary multiplier (eop MB/M3)	2.0	2.1	2.4	2.3	2.3	2.7	2.8	2.8	2.4	2.4
Monetization (avg M3/GDP), %	19.2	24.9	30.3	32.0	36.7	42.3	46.4	47.5	54.7	53.0
<b>Exchange rate</b>										
Interbank UAH/USD (avg)	5.38	5.33	5.33	5.32	5.10	5.04	5.03	5.27	8.00	7.80
<b>State budget</b>										
Revenues, UAH bln	n/a	n/a	55.1	70.3	105.2	133.5	165.9	231.7	194.9	219.8
Expenses, UAH bln	n/a	n/a	55.8	79.5	112.8	137.1	174.2	241.5	238.9	251.2
Balance, % GDP	n/a	n/a	-0.4	-3.0	-1.8	-0.7	-1.4	-1.3	-4.7	-3.0
<b>Social indicators</b>										
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	-12.0	5.0

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

## Ukrainian macro indicators quarterly

	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09
<b>Business cycle indicators</b>													
Real GDP, % yoy	4.3	7.2	7.3	9.6	8.9	8.6	6.2	7.4	6.5	6.5	6.9	-8.0	-20.3
Nominal GDP, UAH bln	105.4	124.1	150.4	157.7	133.1	161.4	197.4	212.8	186.6	232.5	285.4	269.7	183.2
Nominal GDP, USD bln	20.9	24.6	29.8	31.2	26.4	32.0	39.1	42.1	37.0	46.8	58.9	43.4	23.8
GDP per capita, UAH	9742	10236	10842	11478	12087	12903	13929	15132	16306	17860	19785	21042	20995
GDP per capita, USD	1925	2027	2147	2273	2393	2555	2758	3032	3229	3554	3986	4019	3739
Consumption, chg yoy	18.6	19.7	12.8	13.8	19.1	17.0	13.6	19.0	22.0	13.3	14.1	1.6	-11.6
Investment, chg yoy	45.8	6.4	10.7	23.0	16.6	27.8	19.1	25.1	13.9	31.0	12.9	-24.8	-48.7
Industrial output, chg yoy	0.6	3.8	5.6	6.2	12.9	11.8	10.7	10.2	7.8	7.5	5.1	-3.1	-31.9
CPI (eop), chg yoy	8.6	6.8	9.1	11.6	10.1	13.0	14.4	16.6	26.2	29.3	24.6	22.3	18.1
PPI (eop), chg yoy	6.5	6.3	10.7	14.2	16.7	19.9	20.4	21.0	26.9	40.3	45.3	29.3	12.8
<b>External sector</b>													
Current account balance, USD bln	-0.8	0.0	0.5	-1.4	-1.2	-0.8	-0.5	-3.5	-3.6	-3.0	-1.6	-3.7	-0.9
Current account balance, % GDP	-3.7	-1.7	-0.3	-1.5	-4.6	-3.4	-2.5	-4.2	-9.7	-7.9	-5.8	-6.6	-3.4
Trade balance, USD bln	-1.1	-0.4	0.2	-1.7	-1.6	-1.2	-1.0	-4.1	-4.4	-3.6	-2.1	-3.6	-1.0
Trade balance, % GDP	-5.4	-3.4	-1.9	-2.9	-6.2	-4.8	-3.9	-5.6	-11.9	-9.6	-7.1	-7.6	-3.7
Exports, USD bln	10.4	12.2	14.3	13.3	13.4	15.8	17.5	17.3	17.5	23.6	27.4	17.3	11.4
Exports, chg yoy	-0.1	10.2	23.5	17.8	28.6	29.4	22.4	30.0	31.0	49.3	56.1	-0.1	-35.0
Imports, USD bln	11.5	12.6	14.2	15.0	15.0	17.0	18.5	21.4	21.9	27.2	29.4	20.9	12.4
Imports, chg yoy	25.4	15.7	21.1	25.9	30.1	34.4	30.9	42.6	46.0	60.1	58.9	-2.3	-43.4
Capital account balance, USD bln	-1.4	0.3	0.9	3.9	2.5	3.5	4.2	5.2	3.6	5.0	6.7	-1.5	-5.7
Capital account balance, % GDP	-6.7	-2.5	-0.3	3.5	9.5	10.3	10.4	10.9	9.6	10.3	10.7	7.7	-18.5
FDI net, USD bln	1.2	1.5	1.7	1.4	1.7	1.9	3.9	1.6	2.4	3.1	3.3	0.8	0.7
NBU reserves (eop), USD bln	17.3	17.6	19.1	22.3	23.0	25.9	30.6	32.5	33.2	35.4	37.5	31.5	25.4
NBU reserves, % of ST ext. debt	148.6	143.9	145.5	146.3	136.6	142.5	149.3	144.1	127.5	125.8	124.9	155.4	135.9
<b>Debt indicators</b>													
Public debt, USD bln	14.9	14.6	14.5	15.9	16.0	15.5	16.3	17.6	17.8	17.7	17.1	24.6	24.3
Public debt, % of GDP	16.5	15.4	14.4	15.0	14.2	13.0	12.7	12.4	11.8	10.7	9.2	13.2	14.0
Corporate external debt, USD bln	28.3	30.2	34.0	40.7	46.6	51.9	60.5	67.5	75.1	82.8	91.1	82.3	81.0
Corporate external debt, % of GDP	31.2	31.7	33.7	38.3	41.6	43.5	47.0	47.8	50.0	50.2	49.3	44.3	46.9
Gross external debt, USD bln	41.0	42.6	46.2	54.5	59.8	65.3	74.2	82.7	87.8	98.0	105.4	101.7	99.2
Gross external debt, % of GDP	45.2	44.7	45.9	51.2	53.4	54.7	57.7	58.6	58.5	59.4	57.0	54.6	57.3
<b>Monetary indicators</b>													
Monetary base, UAH bln	75.5	80.2	84.8	97.2	96.4	111.0	127.7	141.9	136.4	154.2	170.8	186.7	174.8
Money supply (M3), UAH bln	195.3	214.1	234.8	261.1	272.5	303.0	348.2	396.2	416.2	450.6	477.7	514.7	463.7
Money supply, chg yoy	39.4	37.0	37.3	34.5	39.5	41.5	48.3	51.7	52.8	48.7	37.2	29.9	11.4
Monetary multiplier (MB/M3)	2.6	2.7	2.8	2.7	2.8	2.7	2.7	2.8	3.1	2.9	2.8	2.8	2.7
Monetization (avg M3/GDP), %	40.0	41.9	44.1	42.3	41.9	44.4	44.8	46.4	44.1	45.9	45.5	46.0	46.8
<b>Exchange rate</b>													
Interbank UAH/USD (eop)	5.06	5.00	5.04	5.05	5.03	5.02	5.03	5.05	5.00	4.57	5.08	8.05	8.05
Interbank UAH/USD (avg)	5.06	5.03	5.02	5.04	5.04	5.03	5.01	5.05	5.04	4.85	4.71	6.52	8.12
<b>State budget</b>													
Revenues, UAH bln	25.0	54.8	92.2	133.5	33.5	71.3	113.7	165.9	46.7	104.8	169.1	231.7	51.3
Expenses, UAH bln	26.7	58.1	93.6	137.1	29.4	70.6	116.1	174.2	45.5	102.9	165.1	241.5	50.9
Balance, % GDP	-0.1	-0.1	0.0	0.0	0.1	0.0	0.1	0.2	0.0	0.0	0.2	0.3	0.5
<b>Social indicators</b>													
Population, mln (eop)	46.8	46.8	46.7	46.6	46.6	46.5	46.4	46.4	46.3	46.2	46.2	46.1	46.1
Unemployment (ILO methodology), %	7.9	5.8	5.5	8.2	7.4	5.8	5.4	6.9	7.1	5.4	5.5	7.5	9.5
Average monthly salary, UAH	919	1,017	1,080	1,157	1,161	1,290	1,415	1,603	1,619	1,787	1,906	1,914	1,735

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

## Ukrainian macro indicators monthly

	2008										2009				
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
<b>Business cycle indicators</b>															
Industrial output, chg yoy	8.3	8.3	5.2	5.1	-0.5	-4.5	-19.8	-28.6	-26.6	-34.1	-31.6	-30.4	-31.8	-31.8	
Metallurgy	4.2	5.9	4.3	3.5	-8.6	-17.0	-35.6	-48.8	-42.7	-46.0	-40.7	-43.1	-45.5	-43.4	
Machine building	32.2	25.1	21.3	24.6	13.4	14.6	-11.2	-38.8	-37.1	-58.3	-53.5	-53.0	-52.6	-53.0	
Food processing	4.8	3.0	-3.8	-1.6	-3.5	-5.5	-10.9	-8.7	-4.9	-14.3	-10.1	-9.4	-2.8	-2.1	
Chemicals	4.5	6.8	-0.2	-1.4	-9.1	-2.1	-19.2	-35.2	-38.0	-49.6	-37.7	-29.8	-28.6	-33.1	
Retail sales, chg yoy (cumulative)	29.0	30.2	28.8	26.6	25.8	25.1	23.6	20.9	18.6	-7.1	-9.4	-11.5	-14.3	-15.3	
Construction works, chg yoy	0.0	-1.1	-1.2	-2.1	-2.6	-7.2	-9.6	-13.0	-16.0	-57.6	-57.3	-56.7	-55.6	-55.8	
CPI, chg yoy	30.2	31.1	29.3	26.8	26.0	24.6	23.2	22.3	22.3	22.3	20.9	18.1	15.6	14.7	
CPI, chg mom	3.1	1.3	0.8	-0.5	-0.1	1.1	1.7	1.5	2.1	2.9	1.5	1.4	0.9	0.5	
PPI, chg yoy	37.5	39.4	43.7	46.3	46.9	42.7	37.7	27.4	23.0	20.4	19.0	12.8	6.3	1.9	
PPI, chg mom	6.6	3.7	4.2	3.6	1.8	-1.8	-1.4	-6.5	-0.4	0.2	1.8	1.1	0.4	-0.7	
<b>External sector indicators</b>															
Merchandise exports, USD bln	5.6	6.3	6.9	7.6	6.7	6.7	5.9	3.6	4.0	2.4	2.7	3.2	3.1	n/a	
Merchandise exports, chg yoy	37.0	53.9	62.8	78.9	61.2	62.5	34.9	-18.6	-17.6	-33.4	-42.5	-41.1	-44.5	n/a	
Merchandise imports, USD bln	7.9	7.7	7.9	8.8	8.2	8.5	7.6	5.3	4.8	2.0	3.8	3.9	3.6	n/a	
Merchandise imports, chg yoy	64.6	58.9	69.5	66.0	67.4	74.8	30.2	-9.6	-27.9	-55.9	-41.2	-48.9	-54.8	n/a	
Merchandise trade balance, USD bln	-2.4	-1.4	-1.0	-1.2	-1.4	-1.8	-1.8	-1.6	-0.8	0.4	-1.1	-0.7	-0.5	n/a	
NBU reserves, USD bln	33.3	34.4	35.4	37.9	38.1	37.5	31.9	32.7	31.5	28.8	26.5	25.4	24.5	n/a	
<b>Monetary indicators</b>															
Monetary base, UAH bln	145.0	145.9	154.2	163.7	169.0	170.8	173.4	172.8	186.7	180.0	173.4	174.8	180.2	181.7	
Monetary base, chg yoy	45.6	38.8	38.9	41.6	40.2	33.8	33.2	32.5	31.5	32.1	29.1	28.1	24.3	24.5	
Monetary base, chg mom	6.3	0.6	5.7	6.1	3.2	1.1	1.5	-0.3	8.0	-3.6	-3.7	0.8	3.1	0.8	
Money supply (M3), UAH bln	429.9	429.7	450.6	467.5	474.9	477.7	481.1	483.9	514.7	492.7	470.8	463.7	465.1	468.2	
Money supply (M3), chg yoy	52.8	52.3	49.1	48.7	47.5	44.4	37.2	35.8	32.3	29.9	25.9	18.2	11.4	8.2	
Money supply (M3), chg mom	3.3	-0.1	4.9	3.8	1.6	0.6	0.7	0.6	6.4	-4.3	-4.5	-1.5	0.3	0.7	
Monetary multiplier (MB/M3)	3.0	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.6	
Monetization (M3/GDP), %	44.8	44.8	45.9	45.0	45.4	45.5	44.3	44.4	46.0	48.2	47.1	46.8	46.9	47.0	
<b>Banking system</b>															
Risk-adjusted assets, UAH bln	658.8	669.2	699.3	717.9	740.5	756.6	792.0	853.1	927.2	905.8	885.6	878.1	873.4	863.0	
Risk-adjusted assets, chg yoy	67.5	64.7	58.8	56.3	55.1	48.6	52.5	54.1	54.7	50.0	44.0	35.9	32.6	29.0	
Loans (hryvnya), UAH bln	494.7	499.6	518.1	531.4	547.8	566.0	618.3	671.6	733.9	722.6	722.5	734.0	716.5	712.2	
Loans (foreign currency), USD bln	247.2	246.6	256.1	269.7	279.3	290.9	341.6	391.6	433.8	425.1	425.1	433.8	406.5	391.5	
Deposits (hryvnya), UAH bln	309.1	306.5	321.6	332.1	336.7	340.1	331.0	338.9	357.8	339.5	320.4	313.9	313.9	313.1	
Deposits (foreign currency), USD bln	104.2	102.7	104.4	109.5	110.5	108.1	120.4	139.2	157.5	154.1	143.8	139.3	139.3	140.3	
<b>Exchange rate</b>															
Interbank UAH/USD (eop)	4.93	4.76	4.70	4.62	4.63	5.08	5.92	7.52	8.05	7.69	8.59	8.05	7.95	8.05	
Interbank UAH/USD (avg)	4.93	4.76	4.70	4.62	4.63	4.88	5.59	6.16	7.87	8.10	8.23	8.03	8.06	7.86	
<b>State budget</b>															
Revenues, UAH bln	66.3	89.4	104.8	n/a	149.2	169.1	188.0	208.0	231.7	13.4	32.0	51.3	n/a	88.6	
Expenses, UAH bln	65.2	83.2	102.9	n/a	143.1	165.1	186.4	205.5	241.5	10.9	31.0	50.9	n/a	90.7	
<b>Social indicators</b>															
Population, mln (eop)	46.3	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.1	46.1	46.1	46.1	46.1	n/a	
Average monthly salary, UAH	1,735	1,744	1,883	1,930	1,872	1,916	1,917	1,823	2,001	1,665	1,723	1,818	1,845	1,851	

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



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