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Ukraine / Economics

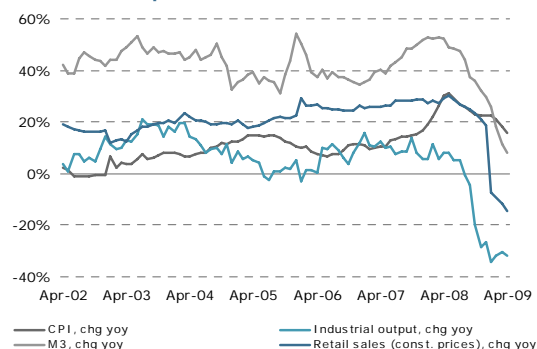
Macroeconomic Overview

Monthly update

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Economic snapshot



Key macroeconomic indicators

	2008	2009E	2010F
Business cycle			
Real GDP, chng yoy	2.1	-12.0	4.0
Nominal GDP, USD bln	180.3	120.2	137.8
Industrial output, chng yoy	-3.1	-19.1	7.5
CPI (eop), chng yoy	22.3	15.0	7.0
PPI (eop), chng yoy	23.0	18.0	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	-6.5	-4.5
External debt, % of GDP	57.3	86.5	73.8

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 June 1

	Current	%, YTD	%, yoy
Gas imports, USD/tcm	270.95	-25%	51%
Crude oil (URALS), USD/bbl	66.01	56%	-46%
Milling wheat 3rd gr, USD/mt, FOB*	158.00	28%	-30%
Steel square billet, USD/mt, FOB*	365.00	0%	-67%

* Black Sea ports

Source: Gas of Ukraine, Bloomberg

- The output from most industrial sectors was higher this April than a year ago. However, steep declines in metals & mining and utilities sent the headline figure down 4.8% mom and 31.8% yoy. We believe the real economy has reached bottom, though we have yet to see visible signs of recovery.
- The balance of payments shortfall narrowed to USD 1.06 bln in April, the lowest since Sept. 2008. Meanwhile, with global trade atrophying, the decrease in exports continued to quicken: exports fell 40.8% yoy, the highest-ever.
- The hryvnya gained back 5% against the US dollar since the beginning of the month. In our view, the advance is temporary and backed by receipt of the second IMF loan tranche and banks' moves to meet new NBU rules obliging them to swap foreign currency loan reserves into hryvnias. In the longer run, we see the UAH under BoP depreciation pressure, which will largely be negated by NBU intervention.
- We change our 2009 average UAH/USD forecast to 8.00, from 8.50. Given the NBU's recent actions to curb demand for the dollar, we argue that the UAH/USD rate will not go significantly higher than 8.00.
- Sentiment toward Ukraine has largely lightened up, with CDS quotations down to ~1,750 bps from their high of 5,304 bps, and sovereign bond yields to ~12% (5-year maturity). The turnaround is in line with global trends, not based on fundamental improvement. Nevertheless, with a clearer economic outlook for Ukraine, we do not believe CDS spreads and sovereign yields will return to their peaks.
- The banking sector remains unstable; most banks have still not recognized bad asset losses in full. Meanwhile, retail deposits grew – for the first time in seven months. At the same time, the NBU cancelled the moratorium on the early withdrawal of term deposits – a move that, in our view, could result in more deposit outflows.
- This week the NBU said that the first three banks it would nationalize are Rodovid Bank, Ukgazbank, and Bank Kyiv. The state is planning to inject UAH 9 bln into the banks' equity.

Industrial output by sector, chg mom

	Apr-09	Apr-08
Mining	↓ -7.8%	-1.6%
Food	↑ 6.4%	-2.7%
Light industry	↑ 1.4%	-8.2%
Wood industry	↑ 1.1%	-7.2%
Pulp & paper	↑ 1.0%	-4.7%
Coke & oil products	↓ 6.2%	15.5%
Chemicals and petrochemicals	↑ -1.4%	-3.9%
Other non-metal products	↑ 6.5%	6.1%
Metallurgy	↓ -7.1%	-1.3%
Machine building	↓ -2.5%	-3.3%
Utilities	↓ -20.4%	-10.9%
Industrial output	↓ -4.8%	-1.0%

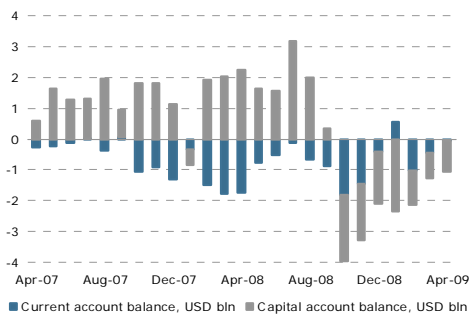
Source: State Statistics Committee

Key indicators: Metallurgy is main linchpin to watch

Out of the eleven major sectors that constitute Ukraine's industrial production, seven performed better in April 2009 than in April 2008. However, the steep fall in metals & mining and utilities pulled down overall industrial output by 4.8% mom.

While the 20.4% mom decline in utilities could be easily attributed to an earlier-than-usual end to the heating season, the drop in metallurgy indicates that any perceived improvement in Ukraine's economic outlook could be premature. Given that metallurgy accounts for ~25% of Ukraine's GDP, the sector's revival is a crucial precondition for a recovery in the entire economy.

Balance of payments deficit shrinks



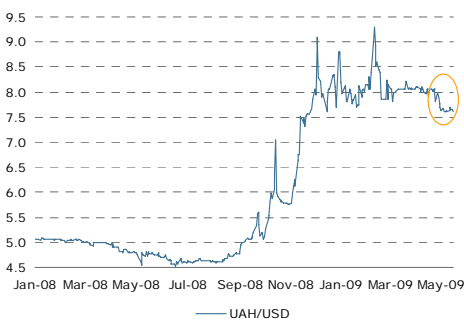
Source: National Bank of Ukraine

We are still waiting for 1Q09 GDP figures to comprehensively assess the current state of the economy. The State Statistics Committee failed to release its GDP report in mid-May as it had scheduled, and said the figures would be published at end-June.

The balance of payments shortfall continued to shrink in April, to USD 1.06 bln, the smallest figure since Sept. 2008, as imports fell more sharply than exports. In 4M09, exports declined 36.6% yoy. In 1Q09, Ukraine's key export, base metals, was down 49.8% yoy.

Despite a weaker hryvnya, Ukrainian exporters have seen a drastic cut in sales due to scarce demand for their goods. However, we think the shift in the exchange rate positions Ukraine for a quicker recovery when the global economy begins to rebound.

Hryvnya strengthens in May



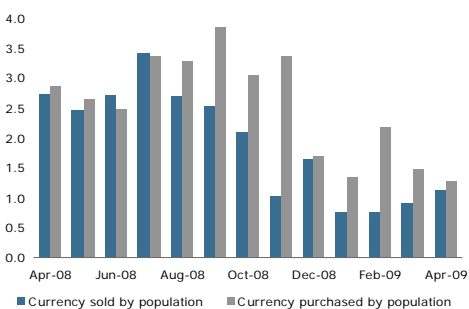
Source: Bloomberg

Temporary drivers lead UAH to advance against USD

After almost two months of relative stability, the hryvnya started to appreciate against the dollar on May 8 and has gained 5.8% since that date, reaching 7.61. Meanwhile, the hryvnya lost 0.5% against the Euro during the same period, suggesting that the UAH's strengthening vs. the USD is largely related to the global weakening of the dollar – since May 8, the USD index fell 6.3%.

Indeed, there have been obvious factors supporting the hryvnya's gains versus the dollar. *First*, Ukraine received USD 2.8 bln under its IMF standby loan program. *Second*, commercial banks have been selling foreign currency to meet new NBU rules obliging them to swap toxic asset reserves into hryvnyas by June 22. *Third*, sentiment on the street has changed: devaluation expectations have abated and the deficit of dollars on the cash forex market is gradually shrinking.

Cash forex market dynamics, USD bln



Source: National Bank of Ukraine

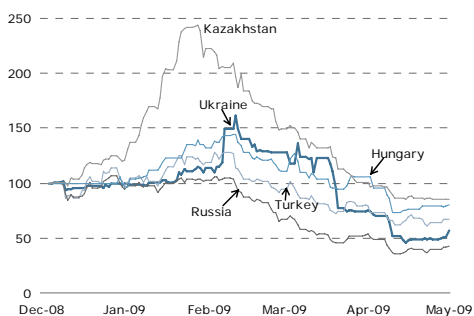
We think downward pressure on the dollar will stick around for at least a month: the third USD 2.8 bln IMF loan tranche could come as early as end-June, while Ukrainian banks still have to sell USD 1.5-2.0 bln (by NBU estimates) to comply with the new NBU regulation. Given the average interbank trading volume of USD 14 bln over the last six months, these factors could have a considerable impact on the market's supply-demand parity.

Having said that, we do not think we will see further UAH appreciation in short-term, as in our view, the National Bank will mop up any excessive supply of dollars. In May, the central bank bought USD 132 mln interbank.

The projected balance of payments shortfall of USD 8.0 bln in 2009 suggests demand for the dollar will prevail over supply, and we believe the hryvnya could start to weaken by end of the summer. On the other hand, UAH/USD dynamics in previous months suggest that a level of ~8.00 looks tenable for the NBU, hence we believe it may curb substantial movements above 8.00.

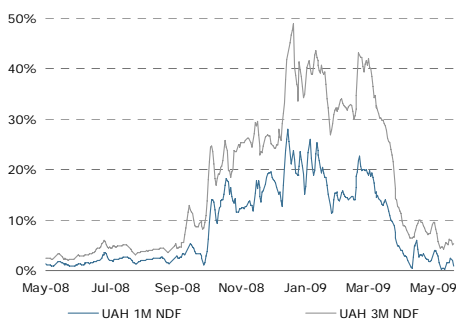
This assumption prompted us to downgrade our 2009 average UAH/USD forecast to 8.00, from 8.50. To reach our previous target, the exchange rate must average ~9.00 over 2H09, which is quite unrealistic, in our view. Accordingly, most of our macroeconomic forecasts denominated in US dollars were changed.

5Y sovereign CDS



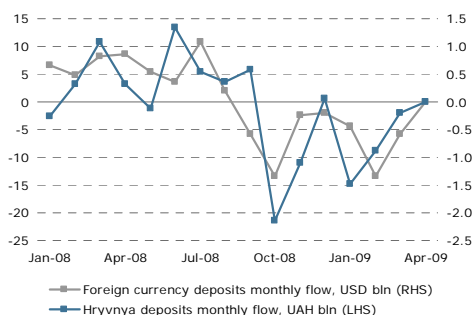
Source: Bloomberg
100 – 31 December, 2008

NDF premium over spot UAH/USD



Source: Bloomberg, Concorde Capital

Deposit outflow dries up



Source: National Bank of Ukraine, Concorde Capital

Sentiment toward Ukraine lightens up. For how long?

In April-May, market sentiment toward Ukraine appeared to lighten up: sovereign 5y CDS quotations fell to ~1,750 bps (down from a peak of 5,304 bps in early March), while NDFs on UAH now only carry a marginal premium over the spot exchange rate. Yields on Ukrainian sovereign Eurobonds (5-year maturity) tightened from 39.5% in March to 14.4%. Notably, no one is talking of a sovereign default anymore – a popular theme in late 2008 and early 2009, which we had dubbed unduly exaggerated.

The turnaround toward Ukraine was in line with the overall upturn in global sentiment, not based on any advance in fundamentals. Even if the global mood sours and begins to drag again on the local market, we don't see any of the aforementioned "sentiment indicators" (CDS quotations, hryvnya NDFs) returning to their peaks, for several reasons. *First*, the National Bank of Ukraine has shown that it is capable of taming a currency crisis. *Second*, there is now much less uncertainty about public finance, after Ukraine resumed its IMF loan program. *Third*, the abrupt economic nosedive has already slowed, even though growth is not on the immediate horizon.

Banks: Still in choppy waters

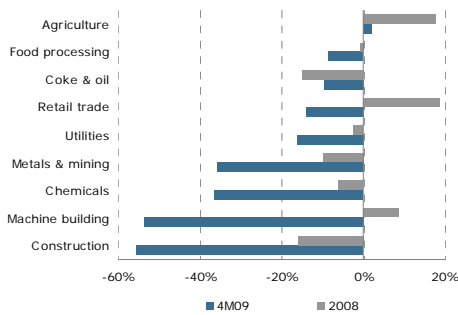
While the bulk of the setback in the real economy is possibly over, the situation in the banking sector is still far from stable. Most banks are still reluctant to recognize bad asset losses, as they are not sure of their ability to find financing to compensate for writedowns. The CEO of the Ukrainian Credit & Banking Union, Galina Olifer, said on May 21 in daily Kommersant that currently problematic loans account for about 15% of total loans in the domestic banking system.

On May 12, the National Bank of Ukraine annulled a previous regulation (effective since October 2008) that limited the early withdrawal of term deposits. The old ruling obliged banks "to take all measures to avert the premature withdrawal of term deposits" and *de-facto* acted as a moratorium on early withdrawals.

The decision came as retail deposits in April increased for the first time (+0.6% mom) since September 2008. We think abolishment of the moratorium could result in a substantial decrease in deposits within a month or two. As a result of the abolishment, a number of banks could be brought under the NBU's administration to avoid sizable deposit outflows.

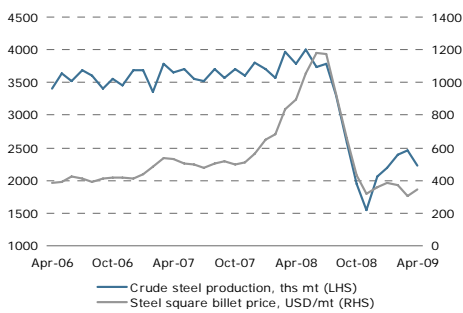
Earlier this week the central bank said the first three banks it would recapitalize with funds would be Rodovid Bank, Ukgazbank, and Bank Kyiv. The NBU Head of Banking Supervision, Valery Pasichnyk, said that the government planned to inject about UAH 9 bln into the banks. As this report was being published, the final decision of the NBU was still pending.

Key sector performance



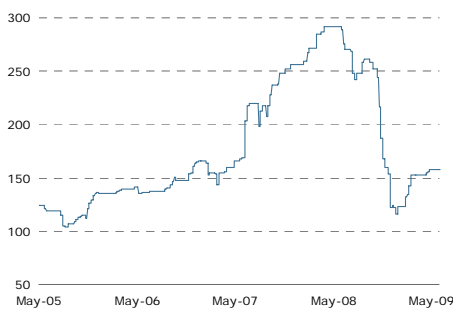
Source: State Statistics Committee

Metallurgy remains in the trough



Source: State Statistics Committee, Bloomberg

Milling wheat 3rd grade, USD/mt, FOB



Source: Bloomberg

Retail trade drops



Source: State Statistics Committee

Sector overview

In this section, we present a look at key sectors of Ukraine's economy and how they are likely to perform in the nearest future. The fundamentals have not changed much since our January sector overview, but with the economy seemingly at bottom now, the outlook for the rest of 2009 is much clearer than in January.

Metallurgy. In 4M09, crude steel output dropped 38.4% compared to a year ago. The sector's capacity utilization is now at 50-65% and orders are still irregular. Steel square billets float at USD 365/mt and are unlikely to rise this year. However, we expect Ukrainian steelmakers' low costs and exchange rate advantages to promote a rapid recovery when global demand picks up.

Machine building. Output in the sector more than halved in 4M09 in yoy terms. Power engineering, loaded with external orders, is in a relatively better shape, while most other subsectors are in a deep decline, as capital investment in Ukraine and around the world is being cut back.

Chemicals. The sector's output fell 28.6% yoy in April (and 36.4% yoy in 4M09), and exports dropped 54.2% yoy in 1Q09, slashing the sector's earnings. As with metallurgy, we do not see a strong revival in chemicals until the global economy is back on the recovery trail.

Agriculture. We expect this sector to continue being relatively resilient to the crisis. According to our estimates, the grain harvest will total 45 mln mt, 15% higher than the average over the last five years, though down from the all-time high of 53 mln mt in 2008. After a correction, grain prices have already risen 36% from the trough last December. Companies in the sector are supported by the state via targeted loan programs and, with a low level of indebtedness, are in a relatively strong financial position. In April, the EBRD announced it would invest USD 220 mln into Ukrainian agricultural companies this year.

Food processing. The defensive nature of the sector put it in line for a relatively mild 8.7% yoy fall in 4M09, and only 2.8% yoy in April. Local food producers have gained markedly from hryvnya depreciation, as foreign food suppliers have been priced out from Ukraine's market.

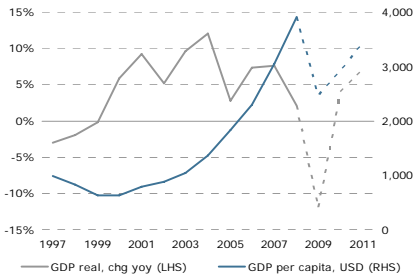
Utilities. On the back of the severe economic contraction, electricity production plunged 16.3% yoy in 4M09. Electricity producers' costs remained the same as a year before, as the price of coal set by the government was not lowered in an attempt to support the mining industry. Meanwhile, the sector's revenues declined, sending profits into the red: in 1Q09, the aggregate net loss of the four largest electricity generation companies was UAH 220 mln. An increase in electricity tariffs, announced after Ukraine agreed on the IMF standby loan in Nov-2008, has not materialized, so far.

Construction and real estate. Construction works fell 55.6% yoy in 4M09, and given scarce credit and low demand, are unlikely to revive this year. Residential real estate prices have fallen on average 40-50% since their peak in August 2008. We expect prices could decline 15% more from their the current level in the next 12 months. A slow improvement in the sector could be seen starting next year, partly boosted by Euro-2012 infrastructure projects. Most companies in the sector are heavily debt-laden and unable to finance the finishing of incomplete buildings.

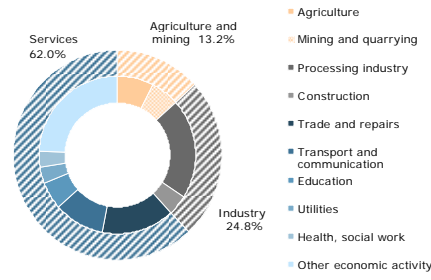
Retail trade. This sector shrank 14.3% yoy in 4M09, suffering severely from the contraction in consumer demand and high indebtedness. While most large companies successfully restructured their debt obligations, the smaller ones are being swept away amid sector consolidation. We think the sector will be one of the slowest to recover: consumers' propensity to save has increased markedly, and the easily-accessible consumer credit that fuelled retail growth in 2006-2008 will not return soon.

MACRO MONITOR

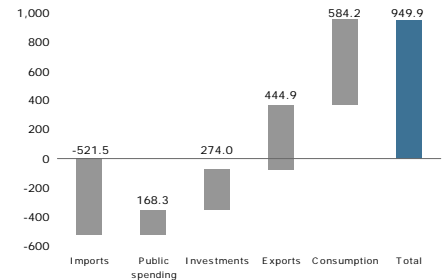
GDP growth and GDP per capita



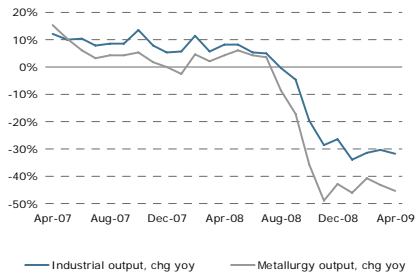
GDP by sector in 2008



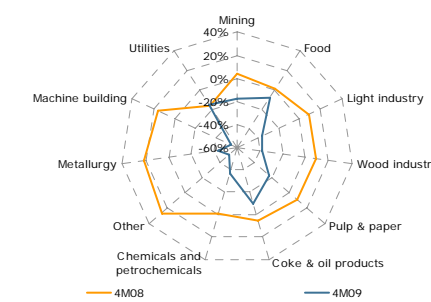
GDP by expenditures in 2008, UAH bln



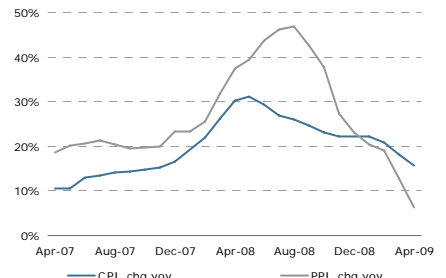
Manufacturing indicators



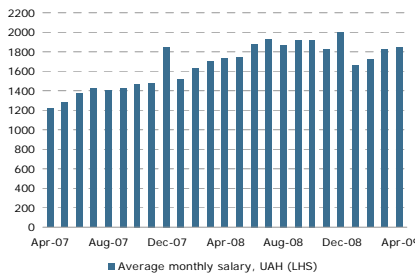
Industrial output growth by sector, chg yoy



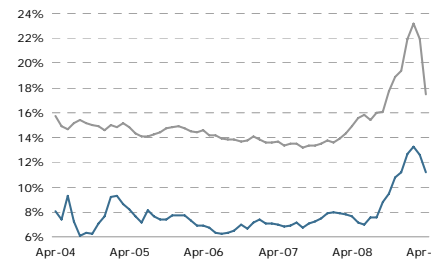
Inflation



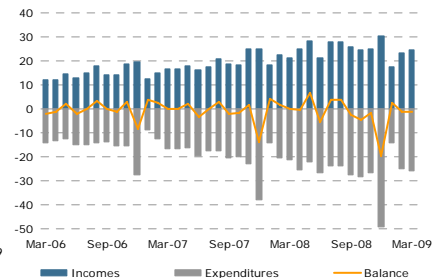
Average salary



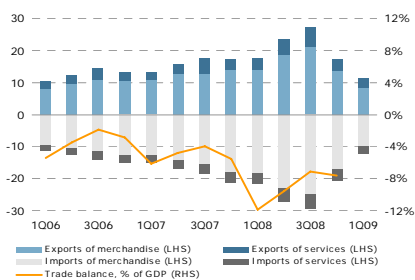
Interest rates



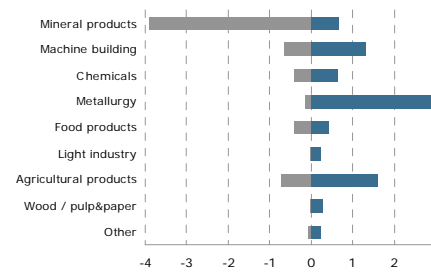
Consolidated budget execution, UAH bln



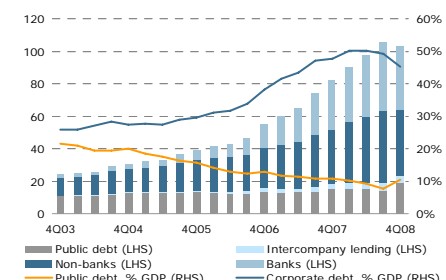
External trade, USD bln



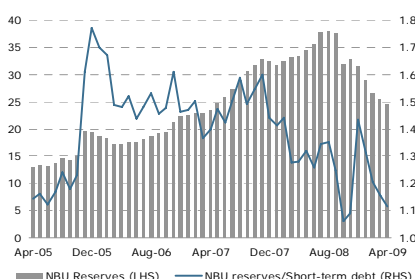
External trade in merchandise, 1Q09



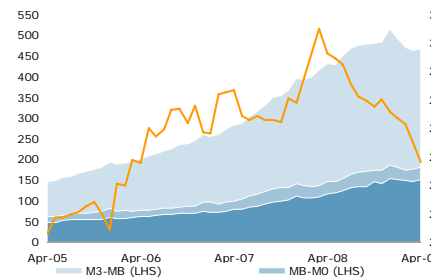
External debt, USD bln



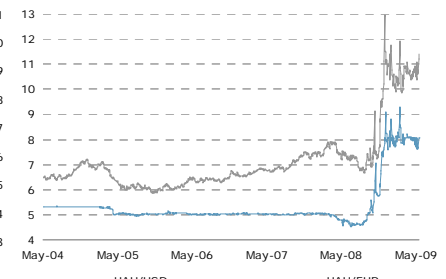
NBU reserves



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
Business cycle indicators										
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	961	1075
Nominal GDP, USD bln	38.0	42.4	50.1	65.0	86.1	106.5	141.2	180.3	120.2	137.8
GDP per capita, UAH	4195	4685	5591	7273	9372	11630	15372	20600	20956	23536
GDP per capita, USD	781	880	1048	1371	1829	2303	3044	3909	2620	3017
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	18.0	10.0
External indicators										
Current account balance, USD bln	1.4	3.2	2.9	6.9	2.5	-1.6	-5.9	-12.0	-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	-6.5	-4.5
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
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	33.2	36.3
Corporate external debt, USD bln	n/a	n/a	13.0	17.8	25.5	40.7	67.5	83.9	71.4	66.9
Corporate external debt, % GDP	n/a	n/a	25.9	27.3	29.6	38.3	47.8	46.6	59.4	48.6
Gross external debt, USD bln	n/a	n/a	23.8	30.6	38.9	54.5	82.7	103.2	103.9	101.7
Gross external debt, % GDP	n/a	n/a	47.5	47.1	45.2	51.2	58.6	57.3	86.5	73.8
Monetary indicators										
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	53.3	51.7
Exchange rate										
Interbank UAH/USD (avg)	5.38	5.33	5.33	5.32	5.10	5.04	5.03	5.27	8.00	7.80
State budget										
Revenues, UAH bln	n/a	n/a	55.1	70.3	105.2	133.5	165.9	231.7	194.9	225.7
Expenses, UAH bln	n/a	n/a	55.8	79.5	112.8	137.1	174.2	241.5	238.9	257.9
Balance, % GDP	n/a	n/a	-0.4	-3.0	-1.8	-0.7	-1.4	-1.3	-4.6	-3.0
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	10.0	-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
Business cycle indicators													
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	n/a
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	n/a
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	n/a
GDP per capita, UAH	9742	10236	10842	11478	12087	12903	13929	15132	16306	17860	19785	21037	n/a
GDP per capita, USD	1925	2027	2147	2273	2393	2555	2758	3032	3229	3554	3986	4018	n/a
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	n/a
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	n/a
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	0.0
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	0.0
External sector													
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	0.0	n/a
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	n/a
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	9.0	-6.7	-2.5	-0.3	3.5	9.5	10.3	10.4	10.9	9.6	10.3	10.7	n/a
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	143.5	n/a
Debt indicators													
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	n/a
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	n/a
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	83.9	n/a
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	45.1	n/a
Gross external debt, USD bln	41.0	42.6	46.2	54.5	59.8	65.3	74.2	82.7	90.6	98.0	105.4	103.2	n/a
Gross external debt, % of GDP	45.2	44.7	45.9	51.2	53.4	54.7	57.7	58.6	60.3	59.4	57.0	55.5	n/a
Monetary indicators													
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
Exchange rate													
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
State budget													
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	n/a
Social indicators													
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	n/a
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	n/a
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			
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
Business cycle indicators																
Industrial output, chg yoy	5.8	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		
Metallurgy	2.1	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		
Machine building	29.8	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		
Food processing	6.9	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		
Chemicals	5.3	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		
Retail sales, chg yoy (cumulative)	27.2	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		
Construction works, chg yoy	1.7	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		
CPI, chg yoy	26.2	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		
CPI, chg mom	3.8	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		
PPI, chg yoy	31.7	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		
PPI, chg mom	6.6	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		
External sector indicators																
Merchandise exports, USD bln	5.4	5.6	6.3	6.9	7.6	6.7	6.7	5.9	3.6	4.0	2.4	2.7	3.2	n/a		
Merchandise exports, chg yoy	32.5	37.0	53.9	62.8	78.9	61.2	62.5	34.9	-18.6	-17.6	-33.4	-42.5	-41.1	n/a		
Merchandise imports, USD bln	7.7	7.9	7.7	7.9	8.8	8.2	8.5	7.6	5.3	4.8	2.0	3.8	3.9	n/a		
Merchandise imports, chg yoy	55.7	64.6	58.9	69.5	66.0	67.4	74.8	30.2	-9.6	-27.9	-55.9	-41.2	-48.9	n/a		
Merchandise trade balance, USD bln	-2.3	-2.4	-1.4	-1.0	-1.2	-1.4	-1.8	-1.8	-1.6	-0.8	0.4	-1.1	-0.7	n/a		
NBU reserves, USD bln	33.2	33.3	34.4	35.4	37.9	38.1	37.5	31.9	32.7	31.5	28.8	26.5	25.4	n/a		
Monetary indicators																
Monetary base, UAH bln	136.4	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		
Monetary base, chg yoy	44.9	41.5	45.6	38.8	38.9	41.6	40.2	33.8	33.2	32.5	31.5	32.1	29.1	28.1		
Monetary base, chg mom	1.6	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		
Money supply (M3), UAH bln	416.2	429.9	429.7	450.6	467.5	474.9	477.7	481.1	483.9	514.7	492.7	470.8	463.7	464.8		
Money supply (M3), chg yoy	52.4	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		
Money supply (M3), chg mom	4.5	3.3	-0.1	4.9	3.8	1.6	0.6	0.7	0.6	6.4	-4.3	-4.5	-1.5	0.2		
Monetary multiplier (MB/M3)	3.1	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		
Monetization (M3/GDP), %	44.1	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		
Banking system																
Risk-adjusted assets, UAH bln	646.1	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		
Risk-adjusted assets, chg yoy	70.6	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		
Loans (hryvnya), UAH bln	481.1	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		
Loans (foreign currency), USD bln	238.0	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		
Deposits (hryvnya), UAH bln	301.6	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		
Deposits (foreign currency), USD bln	99.8	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		
Exchange rate																
Interbank UAH/USD (eop)	5.01	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		
Interbank UAH/USD (avg)	5.01	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		
State budget																
Revenues, UAH bln	46.7	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		
Expenses, UAH bln	45.5	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		
Balance, % GDP	0.6	0.4	1.8	0.4	n/a	0.9	0.4	0.0	0.1	n/a	n/a	n/a	n/a	n/a		
Social indicators																
Population, mln (eop)	46.3	46.3	46.2	46.2	46.2	46.2	46.2	46.2	46.2	46.1	46.1	46.1	46.1	n/a		
Average monthly salary, UAH	1,702	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		

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

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