



Національний
банк України

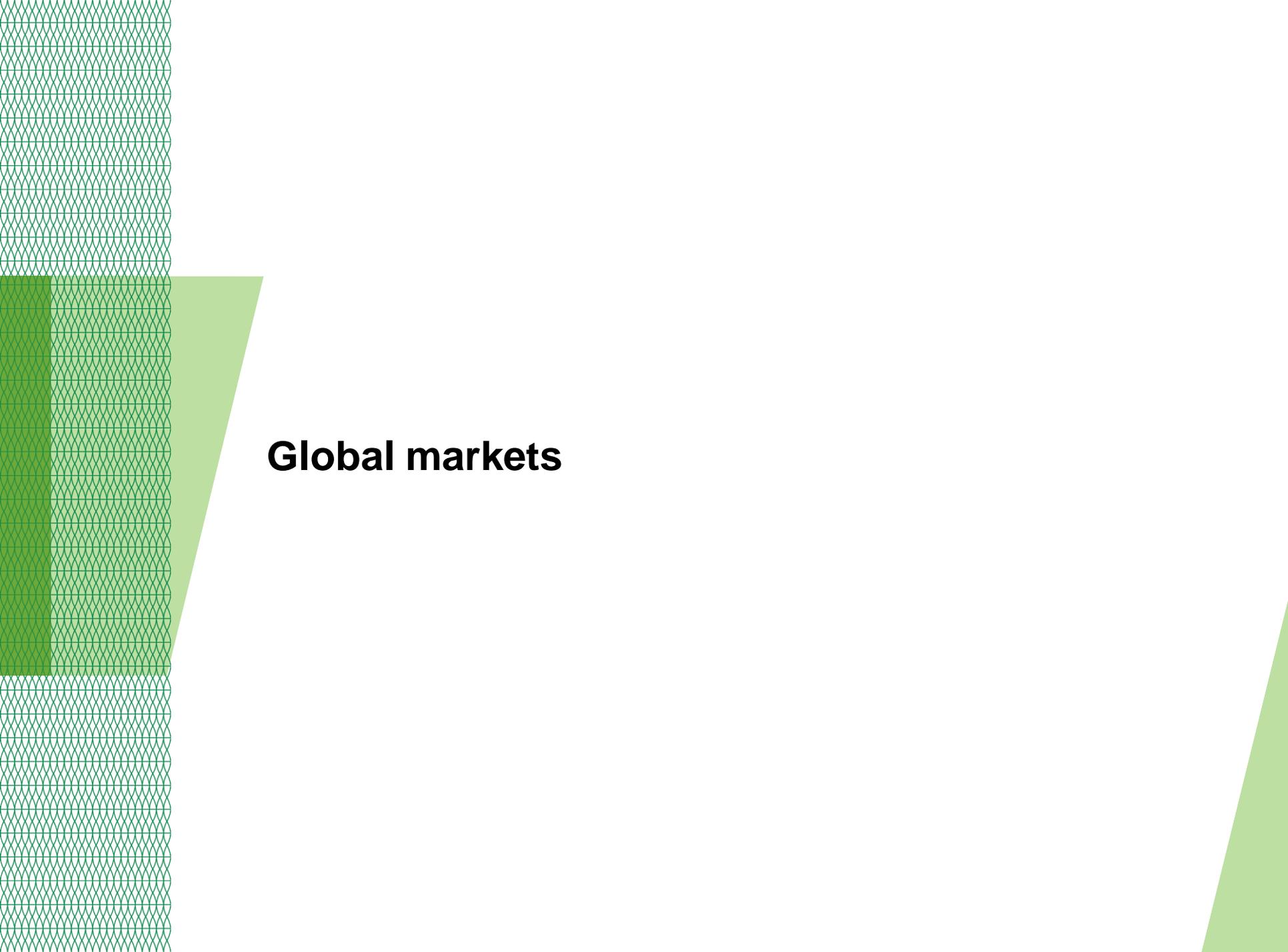
Weekly review

12 June 2020



Summary

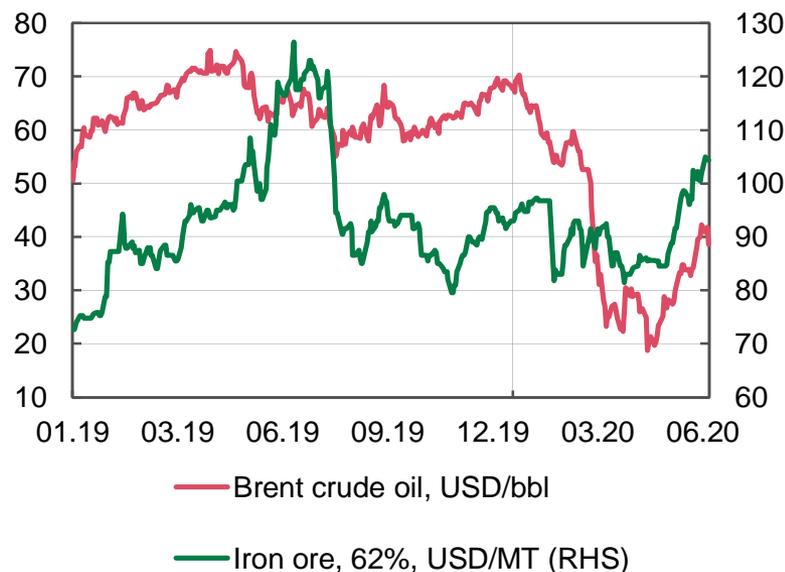
- Global commodity prices rose. Price increases were predominantly supply-driven, for the first time in recent months. Investors in financial markets have maintained appetite for risky assets
- Monetary policy easing coupled with a strong banks' demand for hryvnia domestic government securities helped bring yields down and lengthen maturity
- Food prices edged lower over the last week. Vegetables and meat products became cheaper. However, price trends varied across cities. In particular, fruit and vegetable prices decreased faster in the southern regions
- Mobility of Ukrainians increased further amid quarantine easing, as did the number of COVID-19 patients, however
- Economic activity has been recovering, albeit slowly, as the number of COVID-19 cases was still high in several regions
- Labor supply and demand indicators have pointed to a tentative stabilization of the labor market. Specifically, the number of new resumes and registered unemployed ceased growing



Global markets

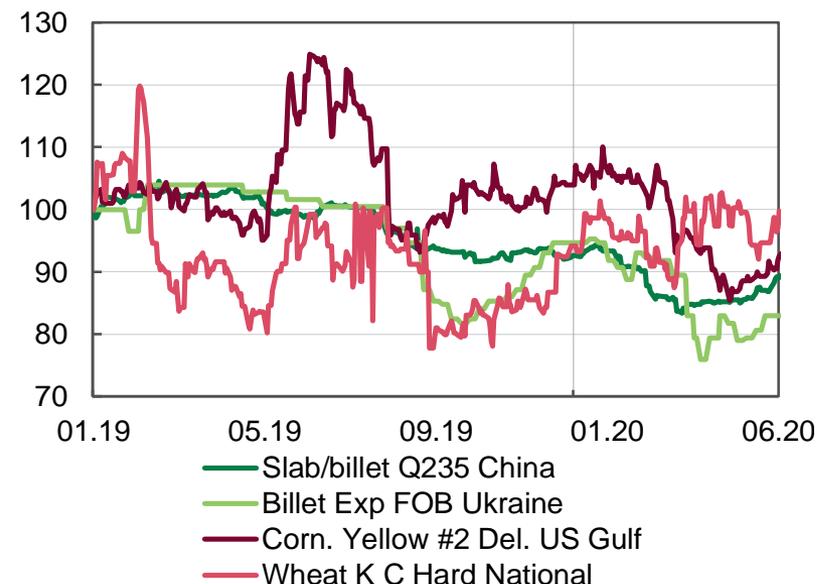
For the first time in recent months, supply factors had a decisive impact on a rise in prices on world commodity markets

World commodity prices



Source: Refinitiv, Investing, as of 11.06.2020.

Steel and grain world price index, 01 Jan 2019 = 100



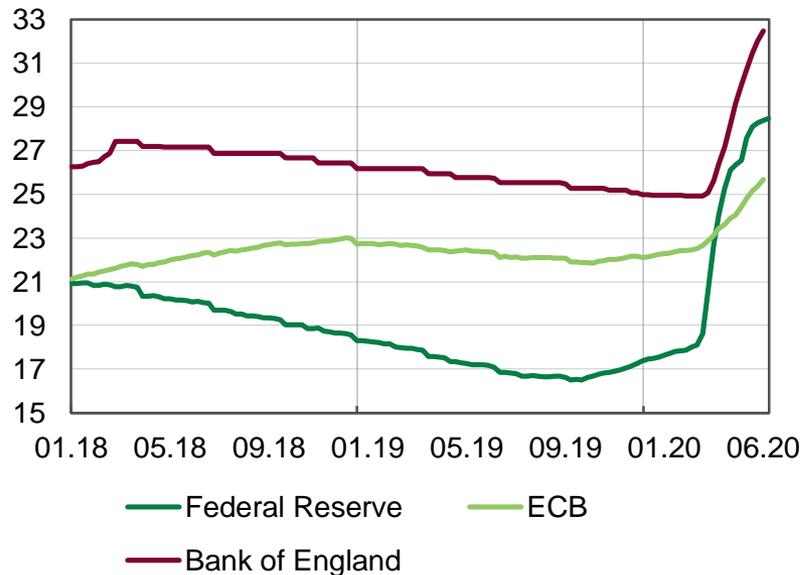
Source: Refinitiv, Investing, NBU staff estimates.

In global commodity markets, price increases were driven by:

- crude oil - by the enhanced OPEC + agreement and its extension until the end of July
- iron ore - by the rapid spread of coronavirus in Brazil, which limited production and, consequently, supplies
- steel – by a gradual drawdown of reserves in China
- cereals – by risks that the new crop could be affected by adverse weather conditions in Europe and parts of the Black Sea region

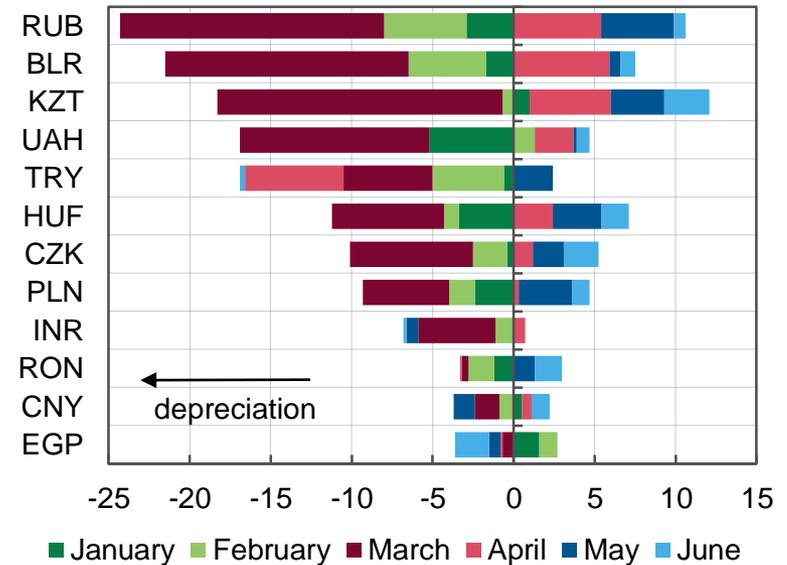
Continued growth in demand for risky assets in financial markets supported currencies of Ukraine's main trading partners

Asset Purchase Programs and Additional Lending Programs of Major Central Banks, % of GDP



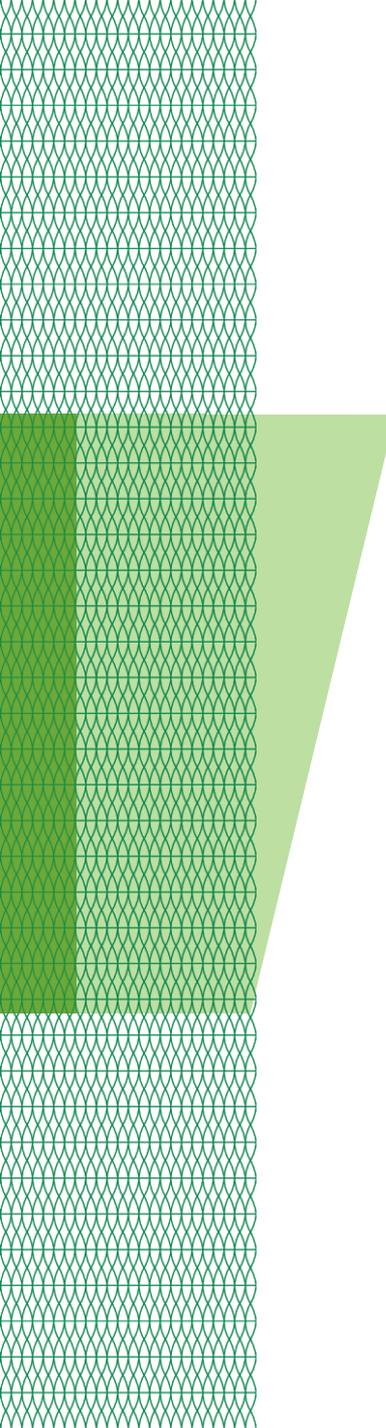
Source: official web-pages of central banks.

Selected EM currencies vs USD, % change, eop



Source: NBU estimates (preliminary data).

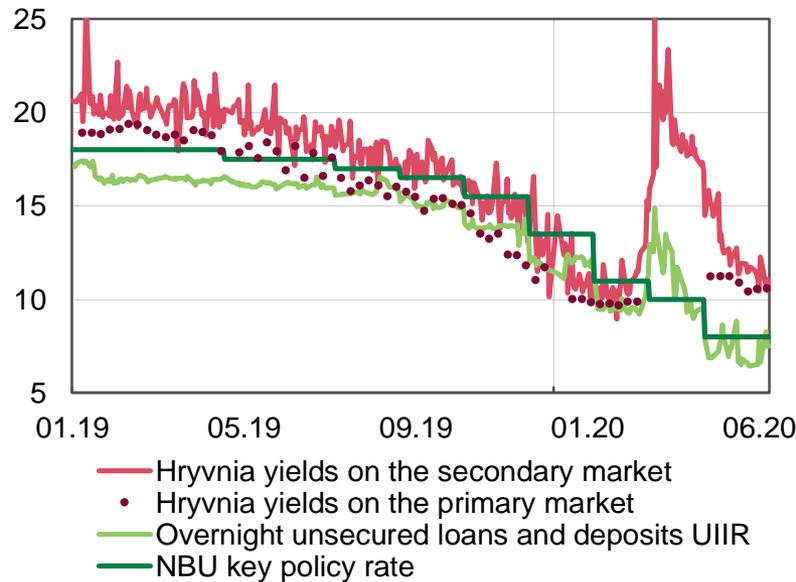
- A decline in unemployment and a rise in non-farm payrolls in the U.S. in May boosted market expectations of a quick economic rebound amid unprecedented stimulus measures
- The U.S. monetary policy is to stay loose for longer: the Federal Reserve will maintain QE purchases at least at the current pace over the coming months while rates might stay close to zero for the next two years
- Accordingly, the U.S. dollar continued to depreciate against the basket of major currencies



Financial market in Ukraine

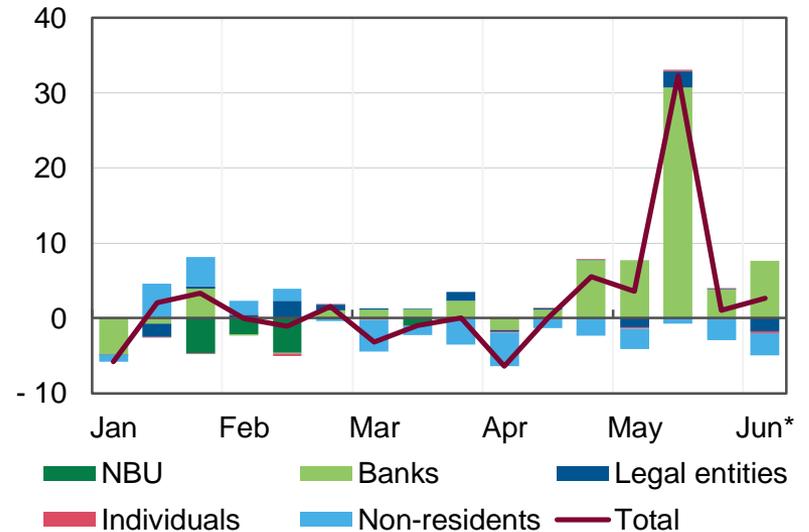
Monetary easing alongside a strong banks' demand for hryvnia domestic government securities helped bring yields down...

NBU key policy rate, interbank interest rate and yields on domestic government debt securities*, %



* As of 11.06.2020.
Source: NBU.

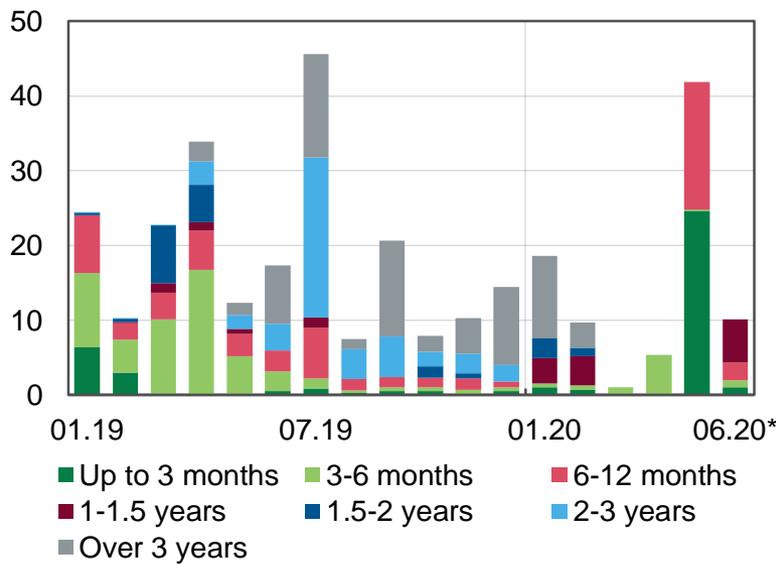
Outstanding hryvnia domestic government debt securities in circulation by ten-day intervals, UAH bn



* As of 10.06.2020.
Source: NBU.

... and lengthen maturity of recent issues

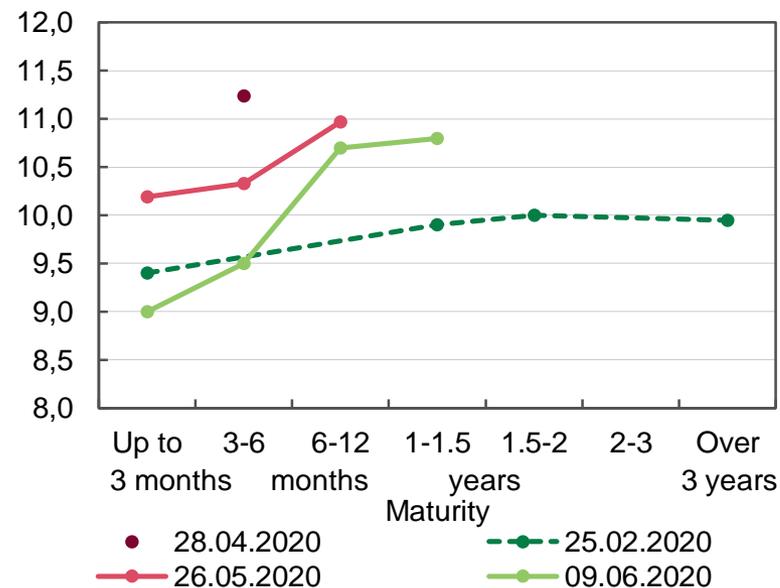
Volumes of hryvnia domestic government bond placement by maturities, UAH bn



* As of 09.06.2020.

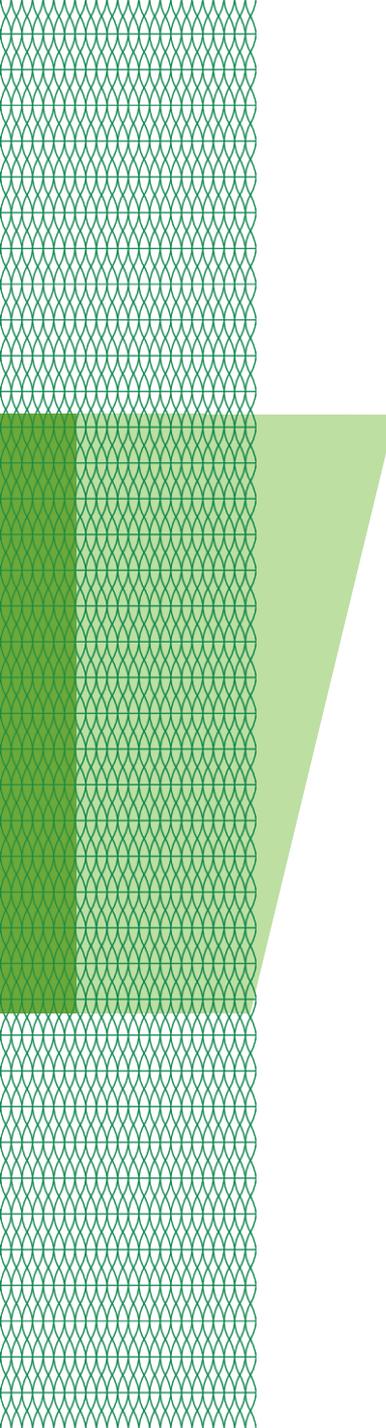
Source: NBU.

Yield curves for hryvnia government debt securities on the primary market, %



Source: NBU.

- The short end of the yield curve has declined below the pre-crisis level
- A longer maturity profile of the recent government debt securities placements after a break in MFU auctions indicates lower perceived risk

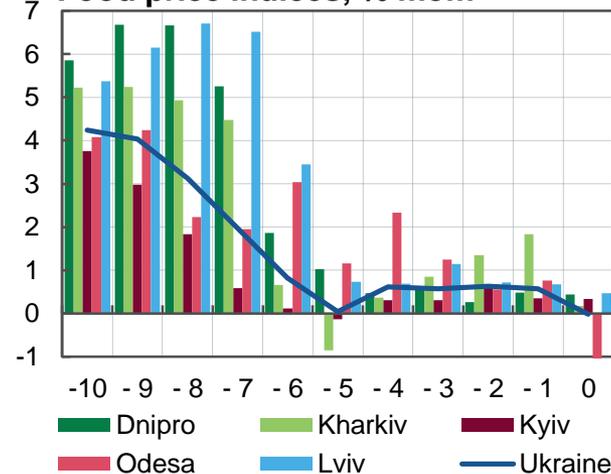


Consumer prices in Ukraine

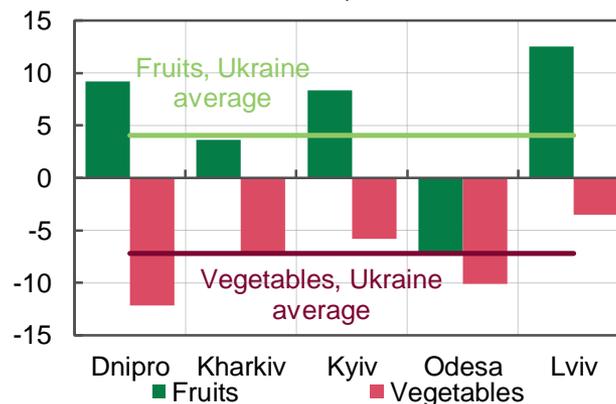
Food prices edged down, mainly due to vegetables and meat products. Vegetables fell in price faster in the south

Price indices, %	Weights *	w/w				m/m			
		t-3	t-2	t-1	t0	t-3	t-2	t-1	t0
Food and non-alcoholic beverages	45.2	0.3	0.0	0.0	-0.1	0.6	0.6	0.6	0.0
Bread	3.4	0.1	0.2	0.2	0.0	0.3	0.4	0.3	0.2
Pasta	1.0	0.4	0.0	-0.1	0.1	0.1	0.5	0.6	0.1
Flour confectionery	1.8	-0.1	0.3	0.4	0.5	0.5	1.1	0.8	0.4
Flour and cereals	2.0	0.5	0.0	-0.2	-0.1	0.1	0.0	0.3	0.0
Meat and meat products	10.2	-0.1	0.0	0.5	-0.1	0.0	0.5	0.5	0.2
Beef	0.6	0.4	0.1	0.1	-0.3	0.8	0.7	0.8	0.2
Pork	3.5	0.0	-0.3	-0.2	-0.2	-1.0	-0.6	-0.8	-0.9
Poultry meat	2.6	-1.0	0.2	1.8	-0.2	-0.5	-1.3	0.6	1.2
Meat products	3.6	0.2	0.1	0.4	0.1	1.4	2.4	1.6	0.5
Fish and fish products	2.9	1.3	-0.2	0.4	0.0	0.8	-0.2	0.6	0.8
Dairy products	5.3	0.1	0.3	0.3	-0.1	0.4	0.7	0.8	0.4
Milk	1.8	0.7	-0.2	0.4	0.2	0.7	-0.4	0.5	0.5
Dairy products	1.4	-1.2	1.4	0.6	0.1	-0.4	0.4	0.9	1.0
Cheese and cottage cheese	2.2	0.4	-0.1	-0.1	-0.4	0.8	1.7	0.8	-0.2
Eggs	0.8	0.2	0.1	-0.2	-0.4	11.1	4.5	1.1	-0.5
Oil and fats	3.8	-0.1	0.1	0.3	0.0	0.2	-0.3	0.0	0.1
Fruits	2.9	2.7	0.5	-1.1	2.2	7.9	9.2	4.1	4.0
Vegetables	4.1	-0.4	-0.8	-3.2	-2.4	-3.5	-2.8	-3.6	-7.2
Sugar	0.8	-0.2	0.1	-0.1	0.1	-0.5	-0.2	-0.3	-0.1
Honey	0.2	0.0	0.2	0.1	0.2	0.0	0.1	0.3	0.6
Chocolate products	1.3	0.6	-0.4	-0.2	0.5	1.1	0.3	0.0	0.2
Sugar confectionery	0.4	0.9	0.0	0.7	0.1	0.2	1.3	2.2	1.5
Other food	1.0	0.9	0.3	-0.1	0.4	2.2	1.6	1.1	0.8
Soft drinks	2.4	0.5	-0.2	2.5	0.3	0.7	0.1	3.1	2.4
Alcohol	4.9	0.0	-0.1	0.4	-0.1	1.1	0.7	0.7	0.0
Tobacco	4.3	0.3	0.2	0.2	0.2	1.3	1.2	1.2	1.0
Household appliances	0.9	-0.4	-1.4	0.1	0.0	-0.3	-0.1	-2.1	-1.3
Products for home cleaning	0.9	0.8	0.7	2.5	2.0	2.9	2.7	0.2	0.6
Personal care products	1.3	0.1	0.4	1.1	0.1	-0.3	0.0	1.5	0.0
Other industrial goods	6.0	-1.3	0.2	0.6	0.2	-1.3	0.1	0.9	1.3

Food price indices, % mom



Vegetable and fruit prices from June 5 to June 12, % mom

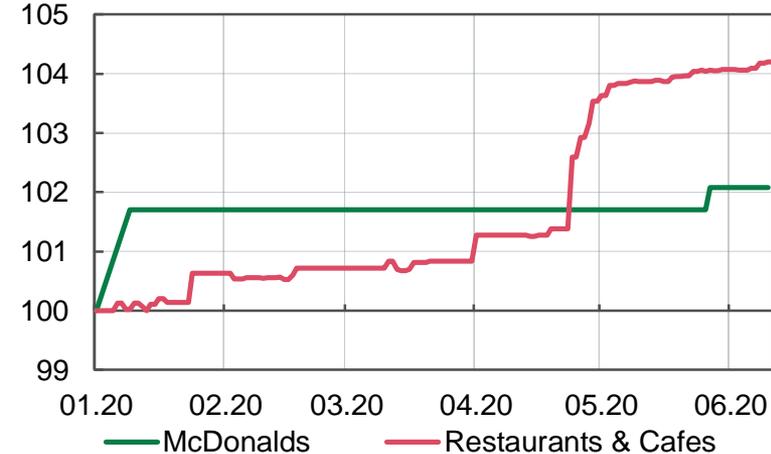


* Dynamic weights; Week 0 – from May 29 to June 4, figures 1–10 stand for previous weeks; the same weeks of February - April are used for monthly comparisons.

Source: online supermarkets.

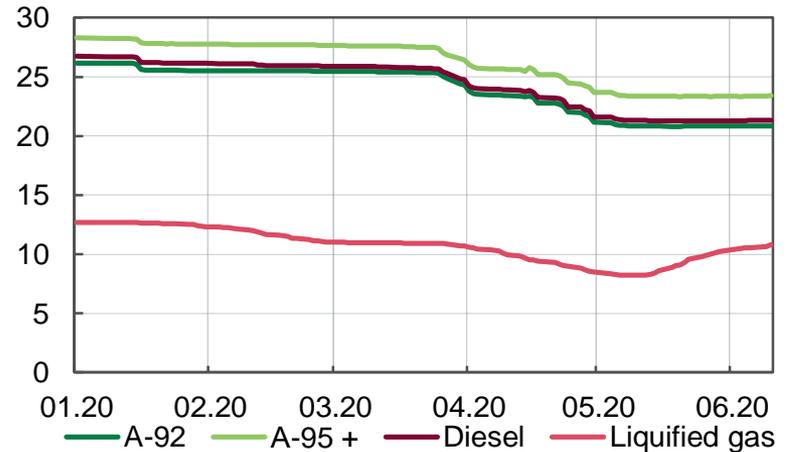
Prices for catering delivery slightly rose, possibly due to stronger demand

Price indices in public catering delivery, 01.01.20 = 100



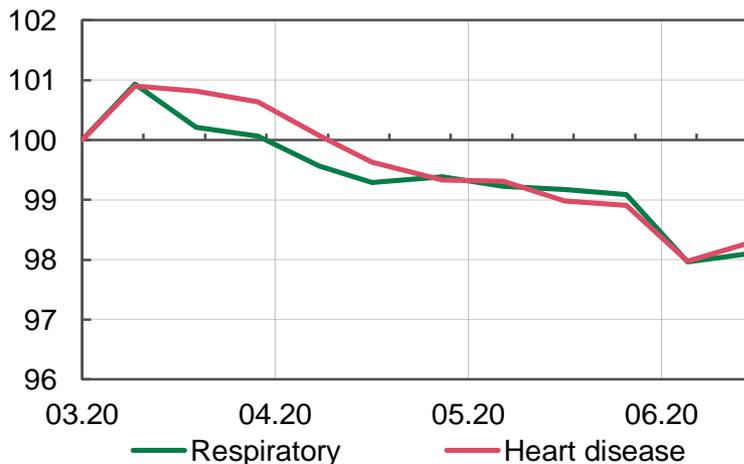
Source: Glovo.

Fuel prices, UAH / l



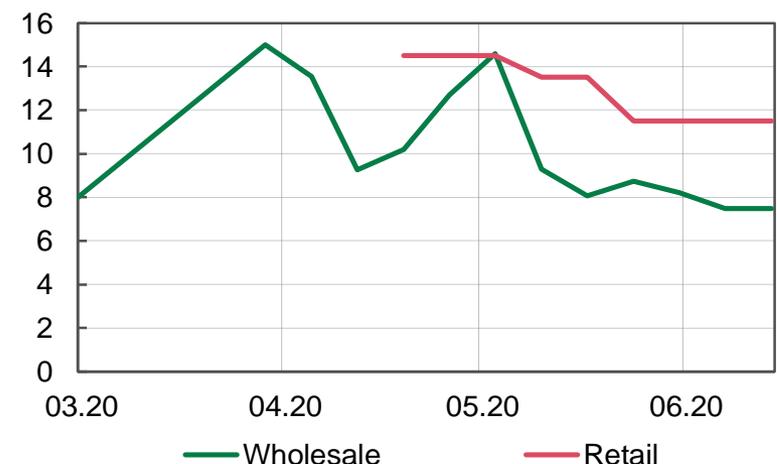
Source: minfin.com.ua.

Prices of medicines, 27.03.20 = 100

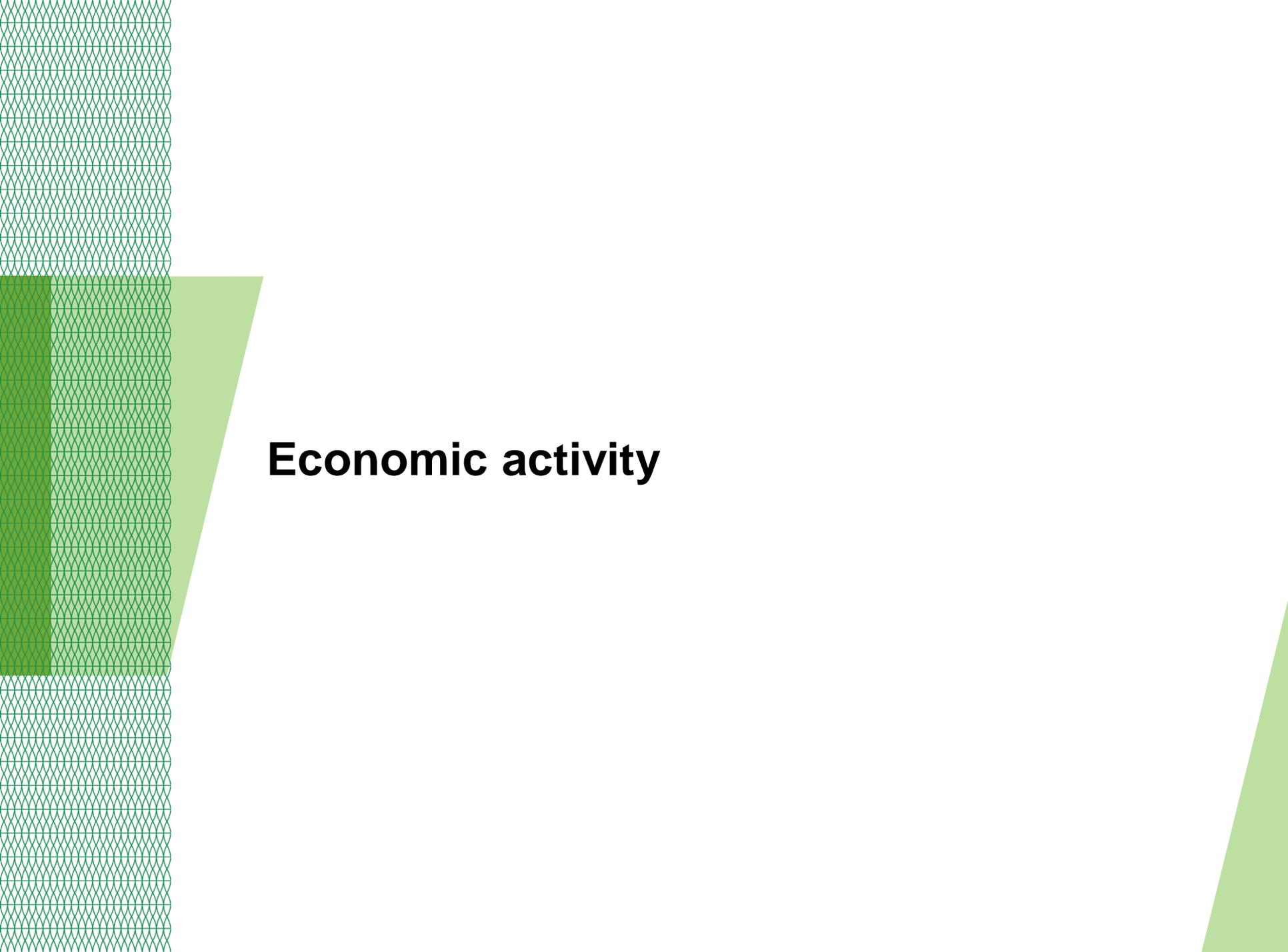


Source: e-apteka.com.ua.

Prices for medical masks, UAH / piece



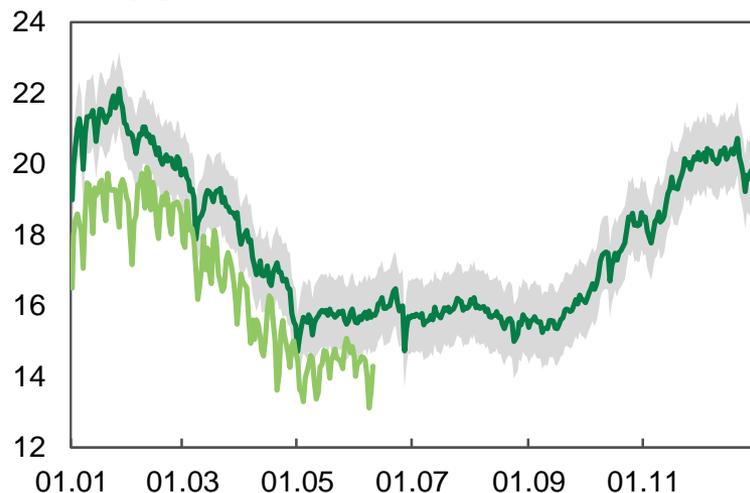
Source: prozorro.org, online supermarkets.



Economic activity

Economic activity has been recovering, albeit slowly, in part, due to a still high number of COVID-19 cases in some oblasts

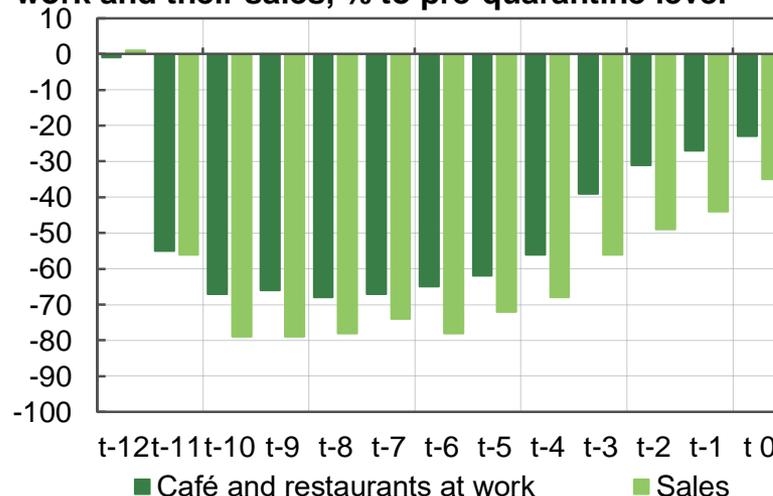
Electricity generation, hW



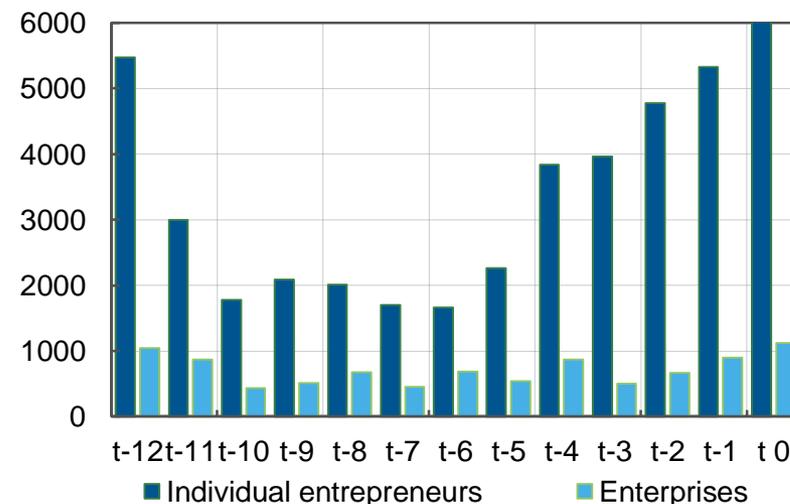
* Grey field indicates +/- 0.5 standard deviation.
Source: SE NPC "Ukrenergo".

- During the first ten days of June, the decline in electricity generation was similar to May, indicating a restrained recovery of the industrial sector
- The number of newly registered individual entrepreneurs has exceeded the pre-quarantine level
- However, high number of COVID-19 cases in Kyiv and some other Ukrainian oblasts held back the recovery in several economic sectors

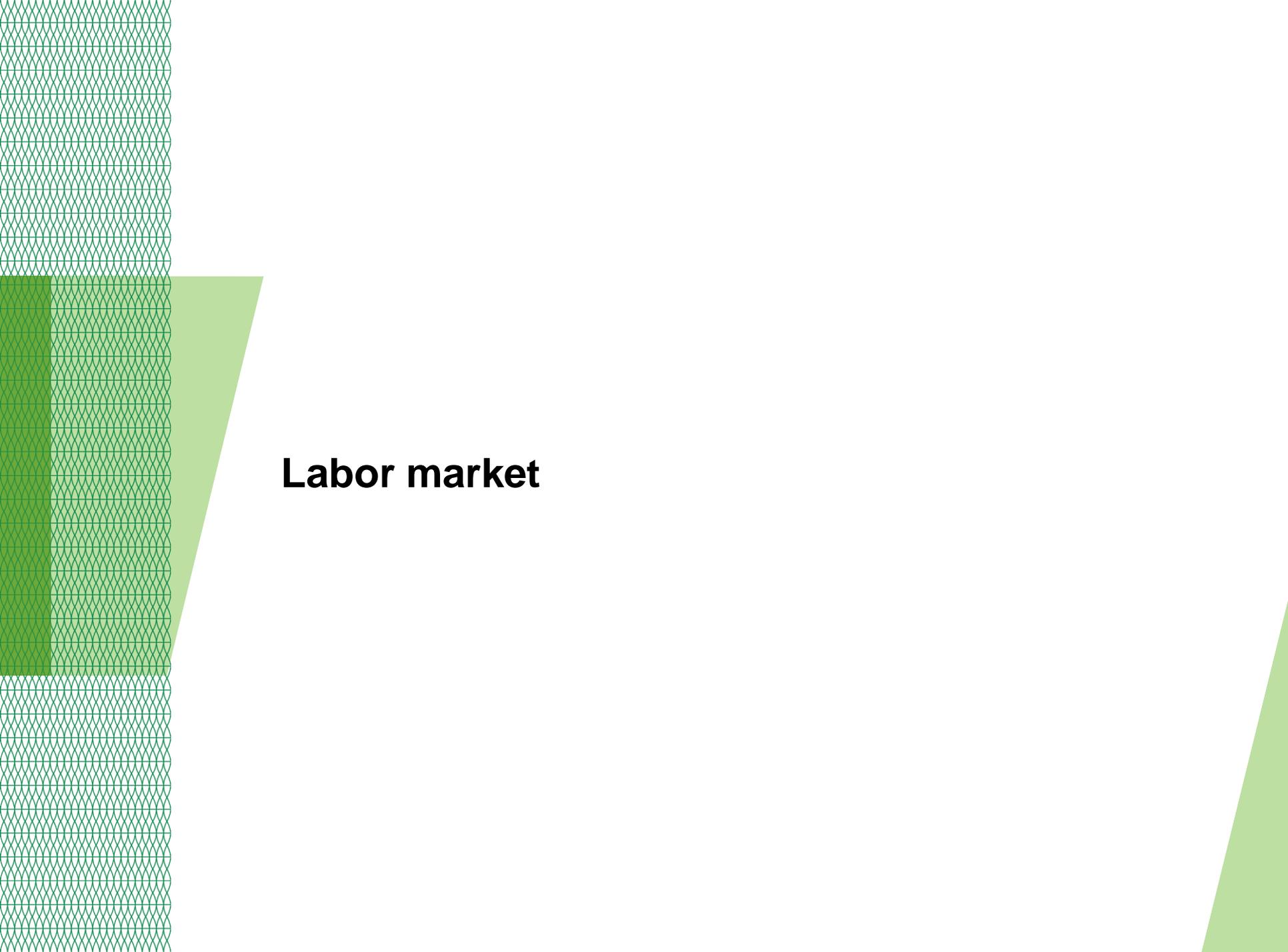
Changes in the number of café and restaurants at work and their sales, % to pre-quarantine level



New business registrations



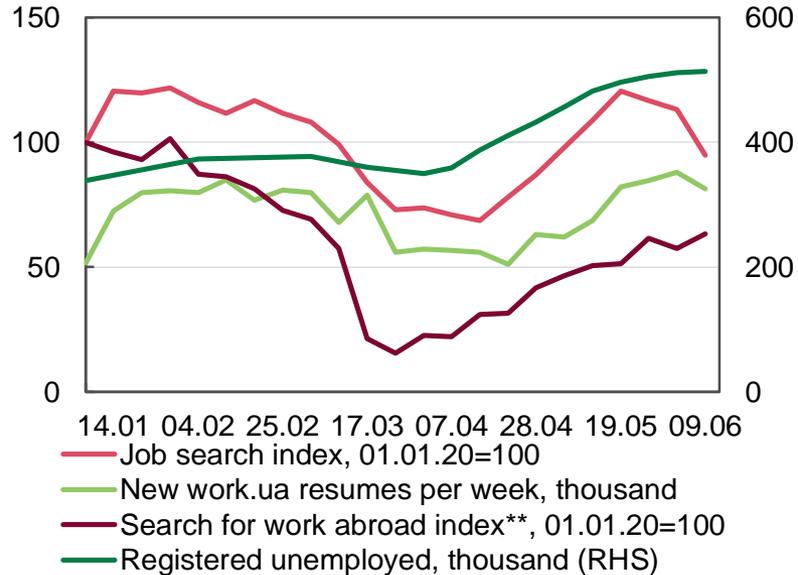
Source: opendatabot.ua, NBU staff estimates.



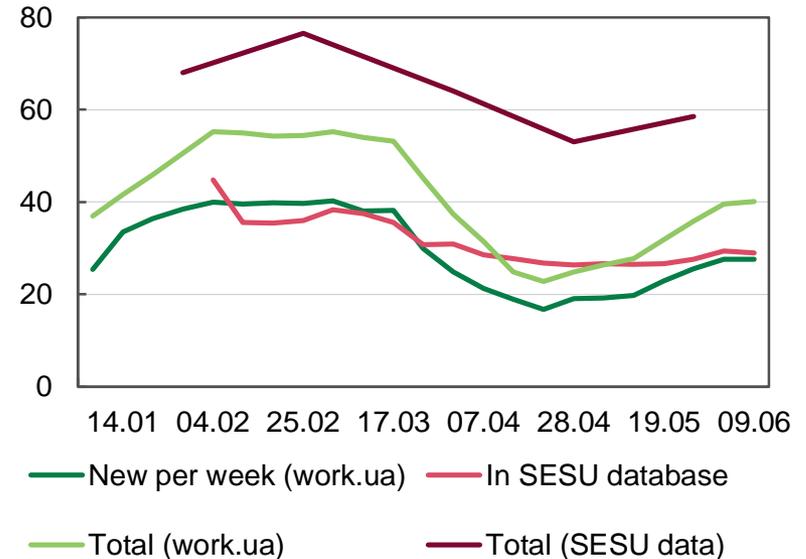
Labor market

Labor supply and demand indicators showed a tentative stabilization of the labor market

Labor supply



Labor demand: number of vacancies, thousand

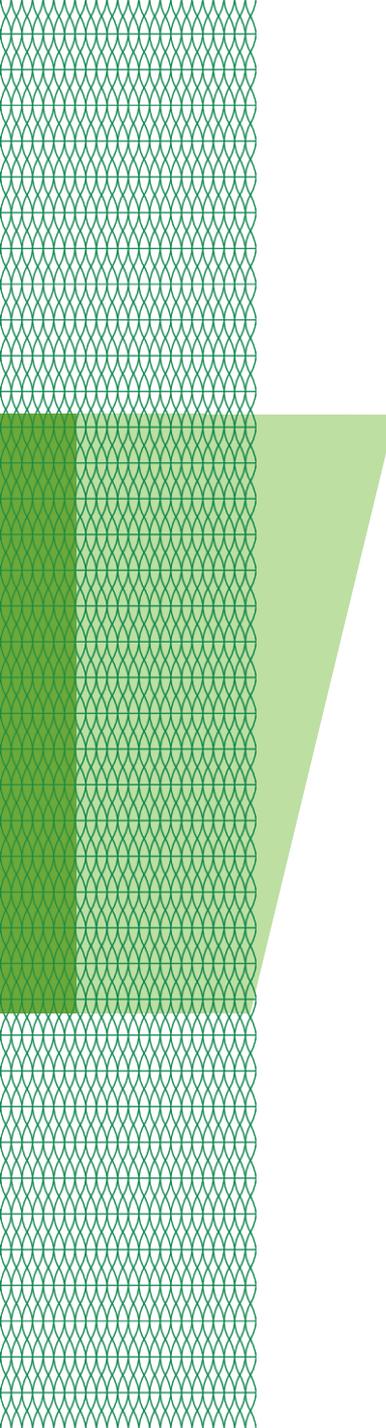


Source: SESU, work.ua.

* includes job search queries in Ukrainian and Russian
 ** includes queries in work in Poland, Czechia, Russia and Germany in Ukrainian and Russian from the territory of Ukraine.

Source: Google Trends, work.ua, NBU staff estimates.

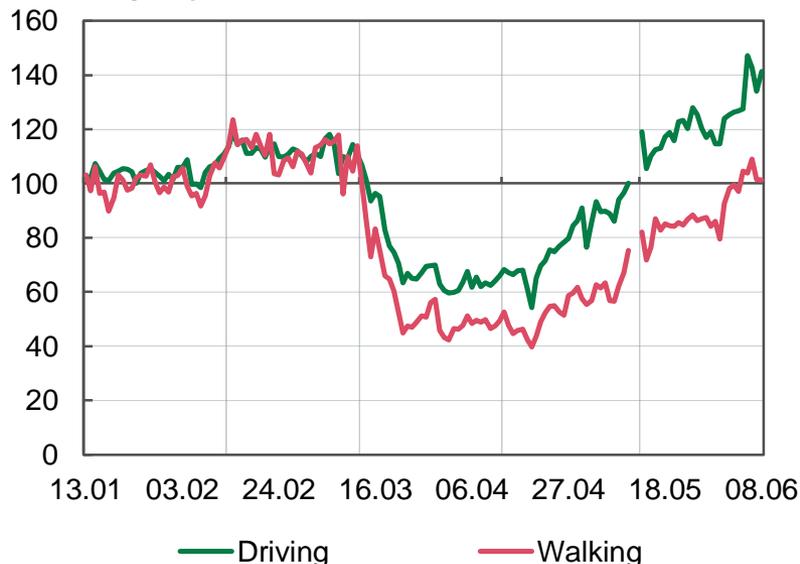
- The number of new vacancies has stabilized in most activities and in most cities, although remaining below the pre-crisis level in most cases
- The number of new resumes and the number of registered unemployed ceased growing, and the job search index decreased slightly



Population mobility and pandemic situation

Mobility of Ukrainians increased further amid quarantine easing, as did the number of COVID-19 patients, however

Mobility trends* in Ukraine, 13.01.20 = 100 (sa on weekdays**)

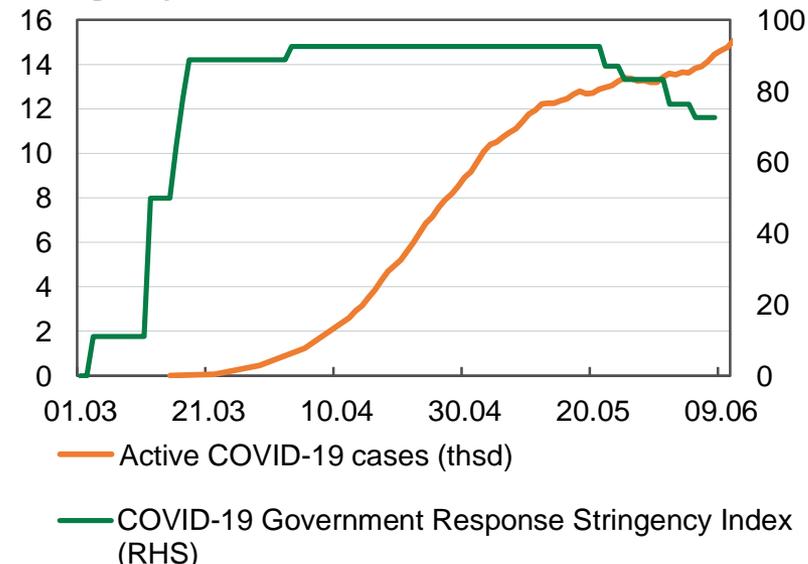


* Change in routing requests on iOS devices since January 13, 2020. Data for May 11-12 are not available. According to marketer.ua share of iOS smartphones in Ukraine amounted to 20.7% in 2019, however actual usage of Apple Maps could be lower.

** Note by Apple: "Day of week effects are important to normalize as you use this data."

Source: apple.com, NBU staff estimates.

Active COVID-19 cases and Government Response Stringency Index***



Source: Blavatnik School of Government, the Center for Public Health.

*** COVID-19 Government Response Stringency Index was developed in the Blavatnik School of Government at the University of Oxford and is calculated daily based on 11 indicators of government responses from 190 countries (school closing, workplace closing, cancellation of public events, public transport closing, public information campaigns, restrictions on internal movement, and international travel controls and 4 financial indicators). 0 (no measures), 100 (most stringent measures).