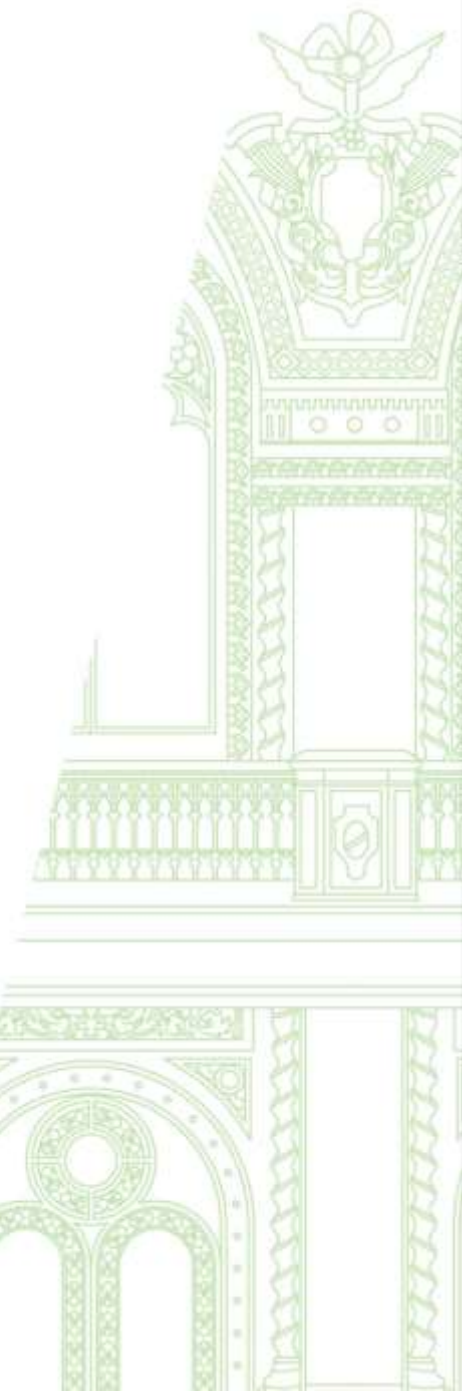




National Bank  
of Ukraine

## Weekly economic review

*3 April 2020*



# Summary

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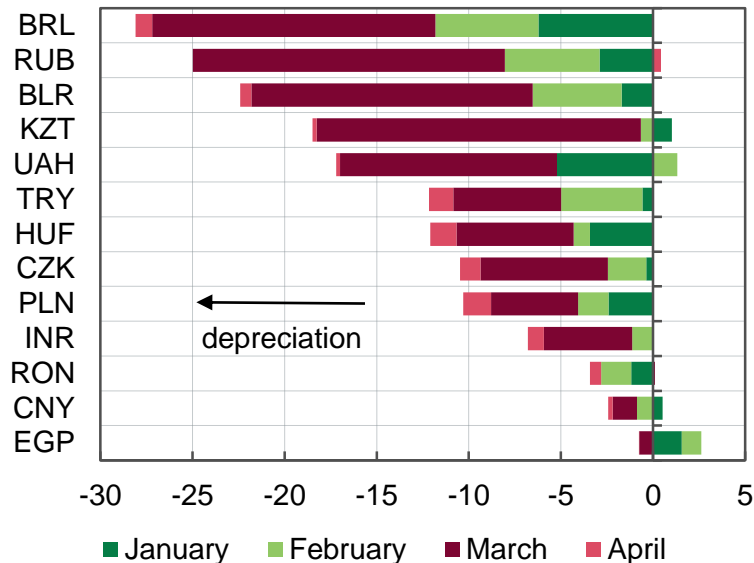
- Most EM currencies have remained under depreciation pressure
- In contrast, as the rush for FX on domestic market in Ukraine has waned by the end of March, the hryvnia gained some strength against the U.S. dollar over the last week. The NEER of the hryvnia corrected as well
- The NBU started purchases on FX market
- According to the latest data gathered from on-line supermarkets, food prices kept rising, but the pace of increase has subsided
- According to a snap survey of companies carried out by the NBU, most respondents expect their trade turnover or production volumes to decrease; however, they stay reluctant to layoffs
- During week-II of the quarantine, the number of new vacancies continued to decrease but at a slower pace than in week-I. A cumulative decrease for two weeks stood at 34%, reflecting worsening expectations of future earnings
- The number of new resumes decreased during week-I of the quarantine (possibly due to self-isolation), but stabilized thereafter
- The ratio of new resumes to new vacancies increased in most types of economic activity, except retail and finance



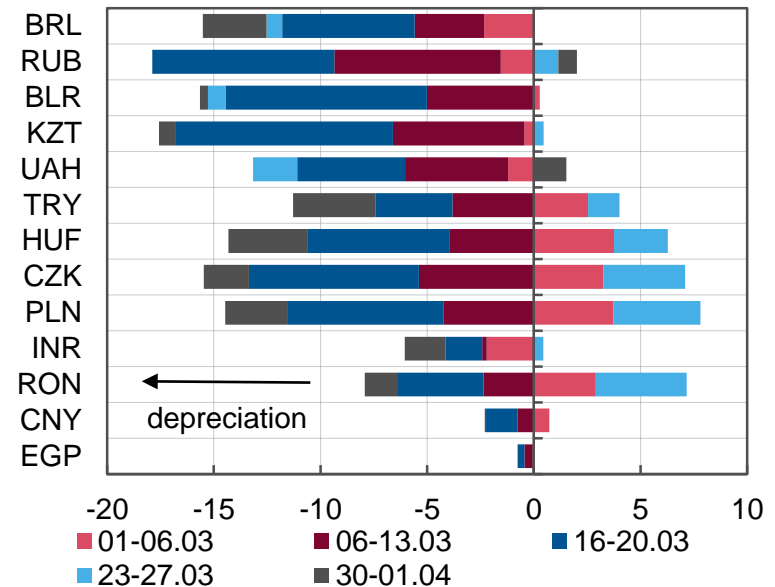
**FX market**

# Unlike hryvnia, most EM currencies have remained under depreciation pressure

Changes in exchange rate of selected EM currencies against USD, %, eop



Source: NBU estimates (preliminary data).

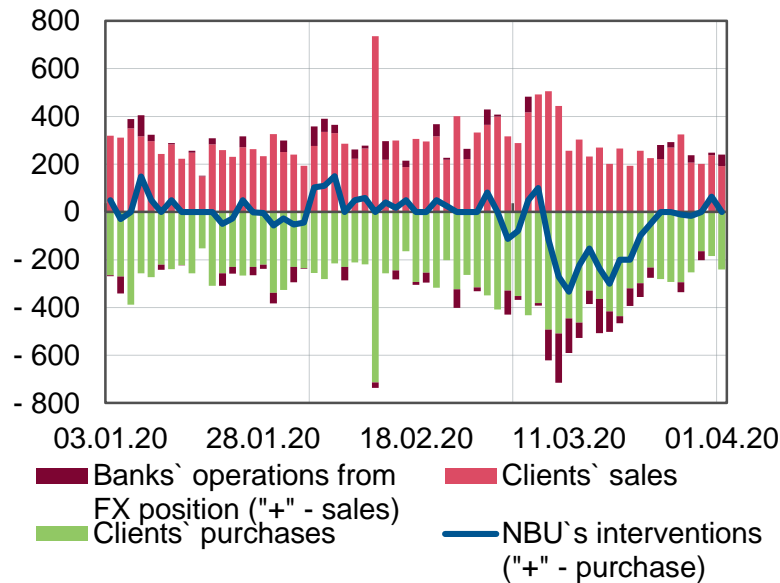


Source: NBU estimates (preliminary data).

- Fears of the negative impact on global economy of protective measures and further spread of coronavirus around the world, and EMs in particular, has dominated the mood in financial markets during the week
- Given larger depreciation against USD during the previous periods, hryvnia has gained some strength relative to currencies of its main trade partners

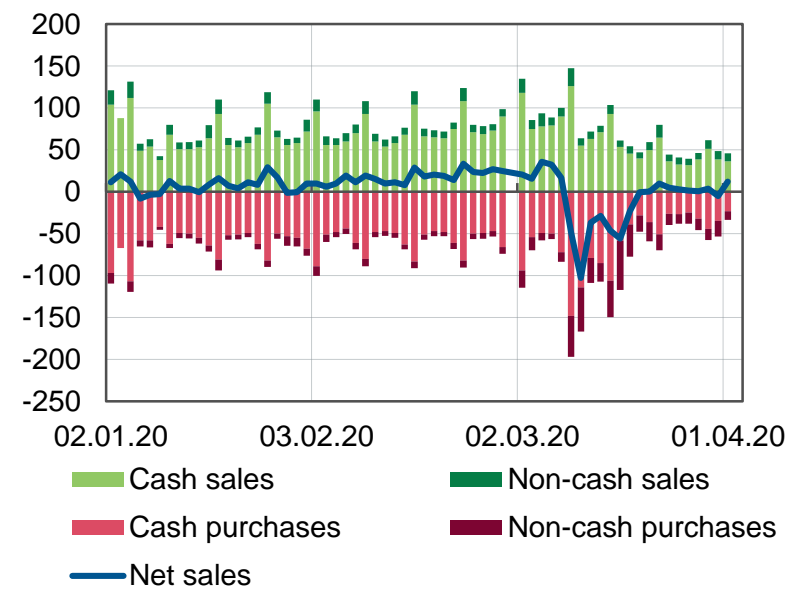
# As the rush for FX on domestic market in Ukraine has waned, the hryvnia gained some strength. The NBU resumed FX purchases

FX operations on the interbank market, USD mn



Source: NBU.

FX operations by individuals, USD mn

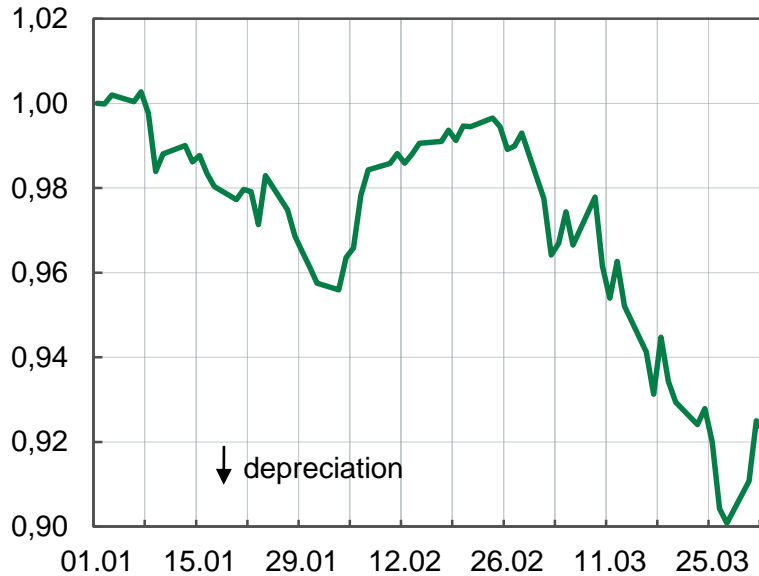


Source: NBU.

- FX demand temporarily increased in mid-March on both retail and interbank markets
- Higher banks' demand for FX was partially attributed to rising forward contracts of the clients
- As the rush for FX had waned by end of March – the beginning of April, hryvnia has been strengthening against the USD

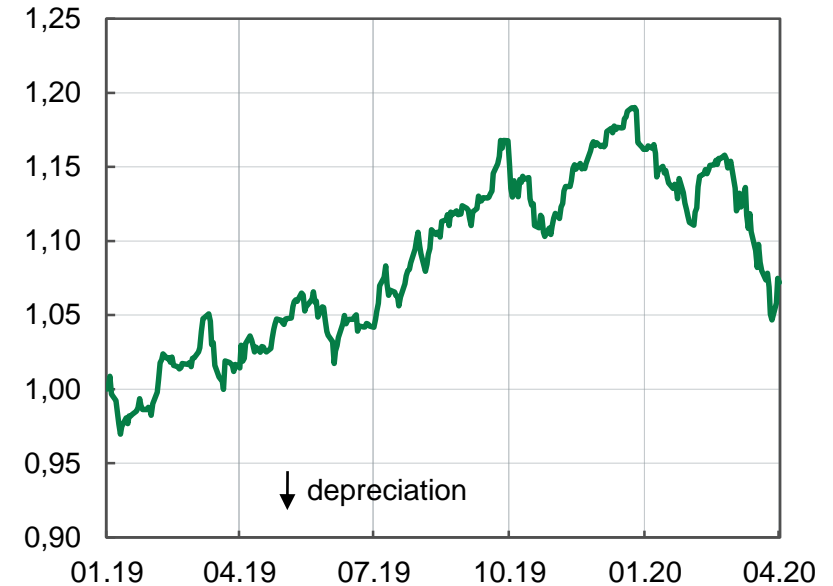
# As a consequence, the hryvnia NEER appreciated somewhat at the end of March – the beginning of April

01.01.2020 = 100 (the latest point – 01.04.2020)



Source: NBU estimates (preliminary data).

01.01.2019 = 100 (the latest point – 01.04.2020)



Source: NBU estimates (preliminary data).

- According to preliminary data, the NEER of the hryvnia depreciated by 7.7% ytd,
- by 7.1% – from the beginning of March
- by 5.7% - from 09 March 2020



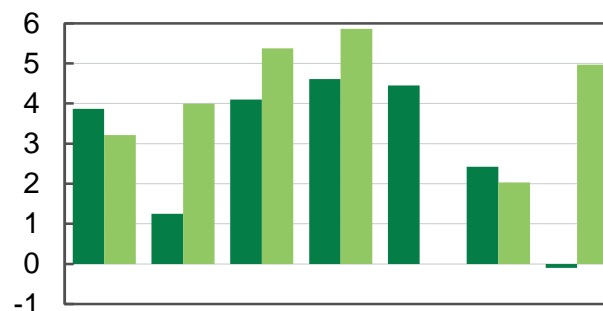
# **Consumer prices in Ukraine**

# Food prices kept rising, but the pace of increase has subsided

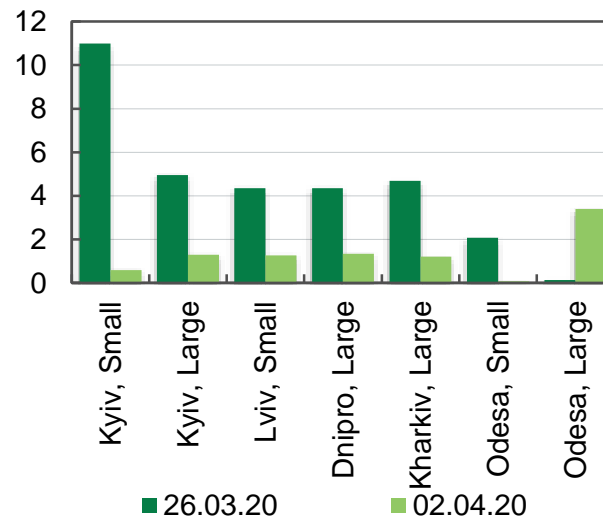
Price indices, %	Weights (dynamic)	w/w			m/m		
		t - 2	t - 1	t 0	t - 2	t - 1	t 0
<b>Food and non-alcoholic beverages</b>	<b>43.3</b>	<b>0.9</b>	<b>1.7</b>	<b>1.1</b>	<b>1.3</b>	<b>3.0</b>	<b>4.2</b>
Bread	3.5	0.8	2.3	0.7	0.4	2.4	2.7
Pasta	1.0	1.2	1.9	1.4	1.3	2.0	3.9
Flour confectionery	1.9	0.8	0.4	0.6	-0.8	1.5	1.9
Flour and cereals	1.8	3.8	3.9	2.8	2.1	8.2	12.1
Meat and meat products	10.2	0.8	1.5	1.3	0.2	2.9	4.4
Beef	0.6	0.0	1.7	0.9	0.0	3.3	4.2
Pork	3.4	0.0	5.1	2.1	0.0	4.9	6.8
Poultry meat	2.6	1.2	1.6	0.5	-1.9	2.4	2.1
Meat products	3.6	1.4	0.4	1.2	2.0	2.3	3.2
Fish and fish products	2.4	0.1	0.8	1.2	-0.9	0.7	3.2
Dairy products	5.4	0.6	0.4	1.1	-0.1	1.0	2.0
Milk	1.8	0.7	0.8	1.3	0.2	1.7	2.7
Dairy products	1.4	0.3	0.6	0.7	1.1	0.8	1.9
Cheese and soft cheese (cottage cheese)	2.2	0.8	0.2	1.2	-1.0	0.6	1.5
Eggs	0.7	-0.1	0.1	1.1	-7.8	-1.6	-0.3
Oil and fats	3.9	0.5	0.4	1.5	0.9	0.5	2.5
Fruits	1.9	2.8	5.2	1.4	13.1	11.9	12.0
Vegetables	3.9	0.8	4.5	0.1	4.4	7.7	7.4
Sugar	0.8	2.3	0.4	0.7	3.4	4.0	4.1
Honey	0.3	0.5	0.4	0.7	0.1	2.5	2.2
Chocolate products	1.3	0.6	1.0	1.0	4.2	2.8	3.7
Sugar confectionery	0.4	0.4	2.5	0.6	-2.8	1.5	2.8
Other food	1.0	0.5	0.6	0.9	-0.1	1.4	2.5
Soft drinks	2.4	0.5	0.6	0.9	1.9	1.2	2.6
<b>Alcohol</b>	<b>5.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>	<b>1.4</b>
<b>Tobacco</b>	<b>4.1</b>	<b>0.1</b>	<b>0.8</b>	<b>1.1</b>	<b>1.5</b>	<b>2.8</b>	<b>3.0</b>
<b>Household appliances</b>	<b>0.7</b>	<b>0.1</b>	<b>2.1</b>	<b>1.0</b>	<b>0.2</b>	<b>3.1</b>	<b>4.0</b>
<b>Products and services for daily home maintenance</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>2.0</b>	<b>4.8</b>	<b>8.9</b>	<b>9.1</b>
<b>Personal care products</b>	<b>1.3</b>	<b>0.5</b>	<b>0.9</b>	<b>1.5</b>	<b>0.9</b>	<b>4.5</b>	<b>5.2</b>
<b>Other industrial goods</b>	<b>0.8</b>	<b>1.0</b>	<b>0.4</b>	<b>0.9</b>	<b>1.9</b>	<b>2.4</b>	<b>2.9</b>

## Price changes for online supermarkets, %

### In monthly terms



### In weekly terms



Source: online supermarkets.



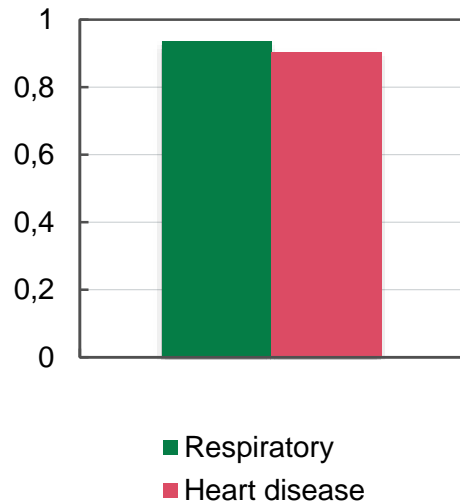
# Prices for borshch vegetables, citrus, cereals, especially buckwheat increased most

	Weights *	w/w			m/m			seasonal factor (March**)
		t-2	t-1	t0	t-2	t-1	t0	
Flour and cereals	1.8	3.8	3.9	2.8	2.1	8.2	12.1	
Wheat flour	0.5	1.3	2.8	0.5	3.2	6.1	5.0	0.6
Rice	0.4	2.0	2.0	1.3	2.1	3.4	5.8	-0.1
Semolina	0.0	6.0	1.8	1.3	3.5	6.2	8.2	0.0
Buckwheat	0.7	6.9	9.1	3.8	2.7	16.7	21.0	1.1
Oatmeal flakes	0.1	1.7	1.4	2.9	1.9	2.0	4.5	0.0
Barley cereals	0.0	3.6	3.5	2.0	2.7	7.7	9.6	0.5
Millet	0.0	3.4	10.0	2.5	-16.7	-0.9	5.3	-0.8
Fruits	1.9	2.8	5.2	1.4	13.1	11.9	12.0	
Lemons	0.3	5.4	31.8	7.4	33.2	43.4	39.1	-0.1
Oranges	0.3	-2.6	10.7	1.8	11.9	17.6	14.6	2.6
Bananas	0.5	5.8	1.4	-1.2	10.3	-0.2	1.8	4.7
Apples	0.5	1.9	6.8	1.0	11.6	13.7	12.0	2.1
Grape	0.1	6.5	3.5	-2.4	-3.5	11.2	4.3	1.4
Dried fruits	0.1	0.4	1.2	0.5	1.0	3.1	3.4	0.3
Vegetables	3.9	0.8	4.5	0.1	4.4	7.7	7.4	
Green salads	0.1	1.9	-1.6	1.6	-5.8	-5.0	-1.2	-1.9
Cucumbers	0.5	1.2	-3.1	-9.7	-4.8	-6.5	-12.7	-13.3
Tomatoes	0.5	2.0	-0.4	-0.2	-6.0	-7.1	-4.4	-17.0
Zucchini	0.1	-4.0	7.1	-3.7	2.1	10.4	0.9	-2.1
Eggplants	0.0	1.4	-1.5	6.2	-22.0	-21.1	0.7	-3.1
Sweet pepper	0.1	4.0	8.7	1.0	-1.6	0.1	6.3	-1.1
Borshch vegetables	2.1	0.5	8.6	2.0	11.2	14.4	15.6	
White cabbage	0.2	-1.4	14.2	11.6	35.4	13.7	25.4	14.2
Onions	0.3	10.1	38.9	3.4	22.1	53.0	37.8	-6.0
Beet	0.1	3.5	12.3	3.5	8.1	24.5	19.7	6.6
Carrot	0.1	7.1	9.3	2.1	40.0	25.2	20.8	5.9
Potato	1.1	-1.3	4.6	-0.1	3.0	8.4	9.6	2.1
Garlic	0.0	-6.0	7.3	7.7	77.6	26.9	23.2	8.2
Personal care products	1.3	0.5	0.9	1.5	0.9	4.5	5.2	
Toilet soap	0.2	-4.2	2.6	1.3	-3.5	5.4	5.9	
Shampoos	0.2	0.6	-0.7	1.5	1.1	2.7	3.3	
Toothpastes	0.1	1.3	3.2	1.8	0.4	2.6	4.0	
Toilet paper	0.2	3.1	2.4	1.3	5.4	10.7	9.0	

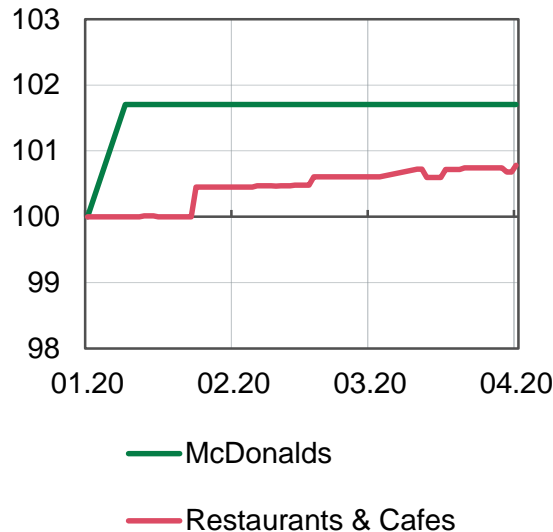
- The rise in prices for most goods reflected both increased demand and supply shortage
- Thus, the rise in prices for meat and borshch vegetables can be attributed to the closure of street markets and narrowed supply from small-scale farmers in rural areas due to the coronavirus lockdown
- Prices for buckwheat and toilet paper are among the first to react in response to "crisis"
- Also, prices for "antiseptic" products, such as garlic, onions, lemons, rose significantly. Similar rush in demand for these products was also observed in 2009 during the swine flu outbreak. However, the depreciation of the hryvnia may also contributed as lemons and garlic are mostly imported

# Prices for selected drugs are rising, prices for services are curbed by subdued demand, and fuel prices are falling

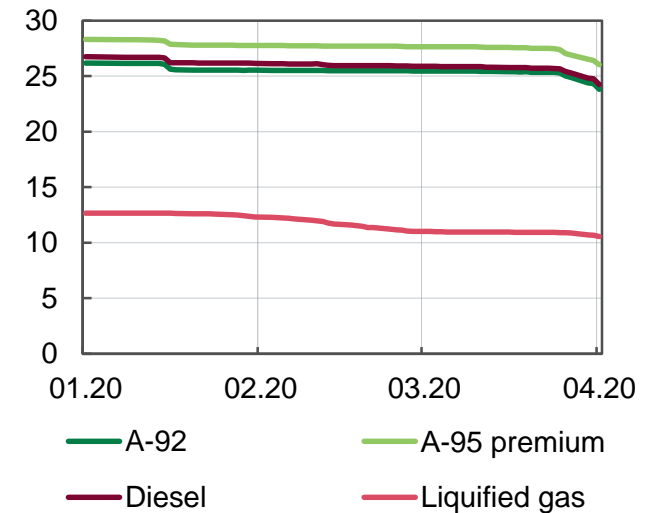
Change in the prices of medicines (02.04.20 vs 27.03.2020), %



Price indices in public catering establishments, 01.01.20 = 100



Fuel prices, UAH / l



Source: e-apteka.com.ua.

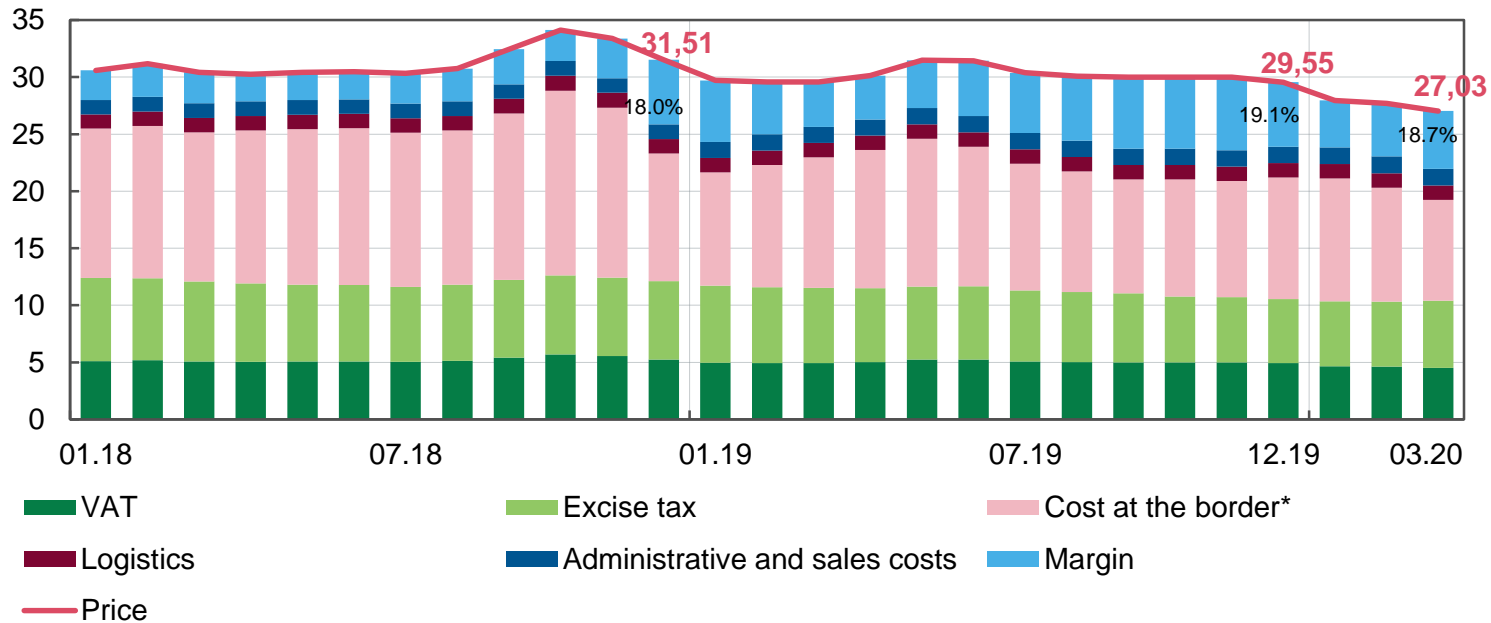
Source: Glovo.

Source: minfin.com.ua.

- Prices for selected drugs are rising as demand surged and hryvnia weakened since the beginning of the year
- Instead, a rise in service prices remained constrained due to weaker demand. In particular, in recent days, prices for catering delivery remained virtually flat. The prices for dry cleaning service, prices for which are available online) also stayed unchanged
- Fuel prices continued to decrease, reflecting falling world prices and ample supply on domestic market

# Domestic fuel prices are decreasing, responding to falling world crude oil prices

Evolution of the structure of the average monthly price for A-95+ fuel, UAH / l



\* 1 month lag.

Source: NBU staff estimates, Nefterynok, Refinitive, minfin.com.ua.

# Economic activity: business survey\*

Question:

"In your opinion, how your activity will change over the next four weeks compared to four weeks prior to the quarantine"

102 answers:

24% - agriculture

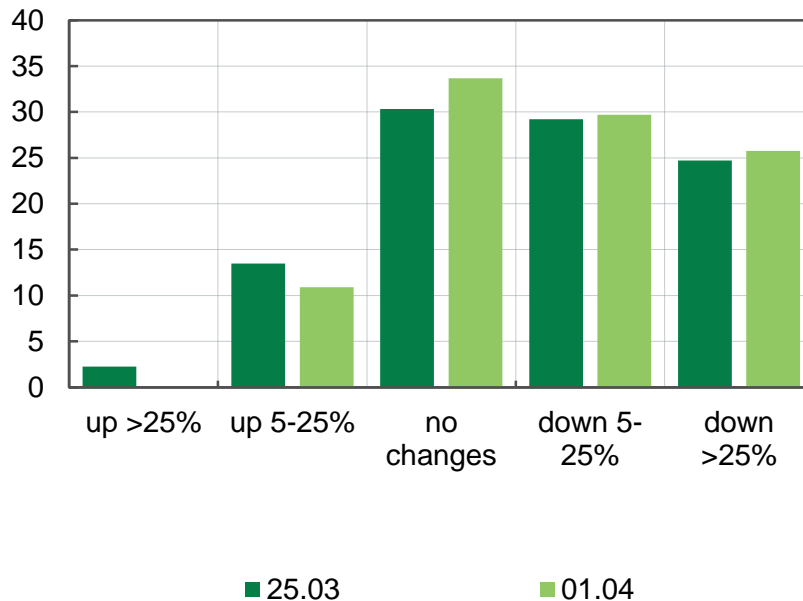
32% - manufacture

41% - wholesale and retail trade

\* A snap survey of managers of large and medium-size companies, carried out by the NBU during 30 March – 1 April 2020

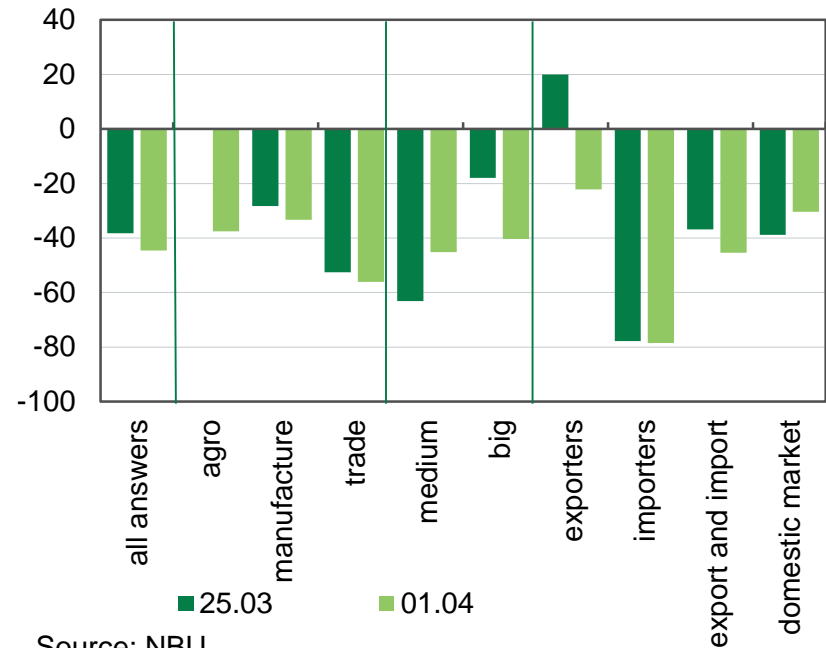
# Most respondents expect their trade turnover or production volumes to decrease

Expectations for turnover/production, % of answers



Source: NBU.

Balance of answers\* for turnover/production expectations, %



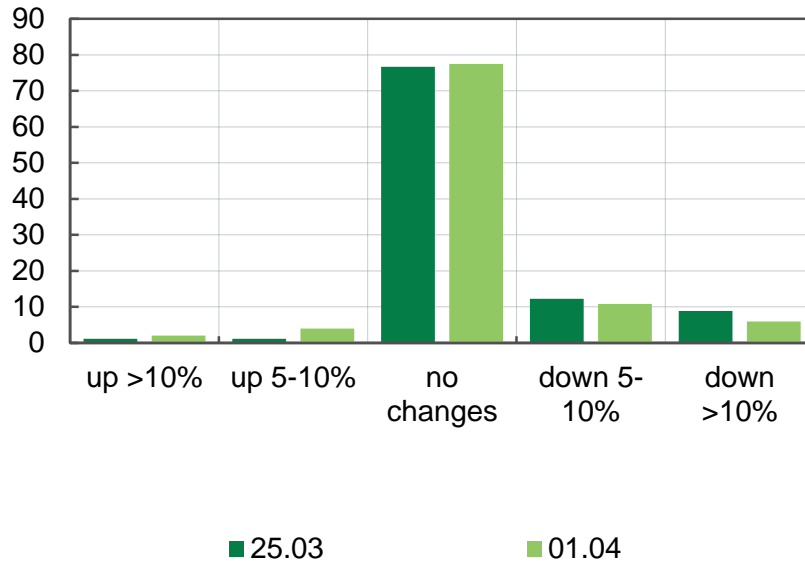
Source: NBU.

- Trade companies and importers had the most pessimistic expectations
- Over the last week, domestic-oriented companies improved their expectations compared to the first quarantine week

\* Difference between positive and negative answers

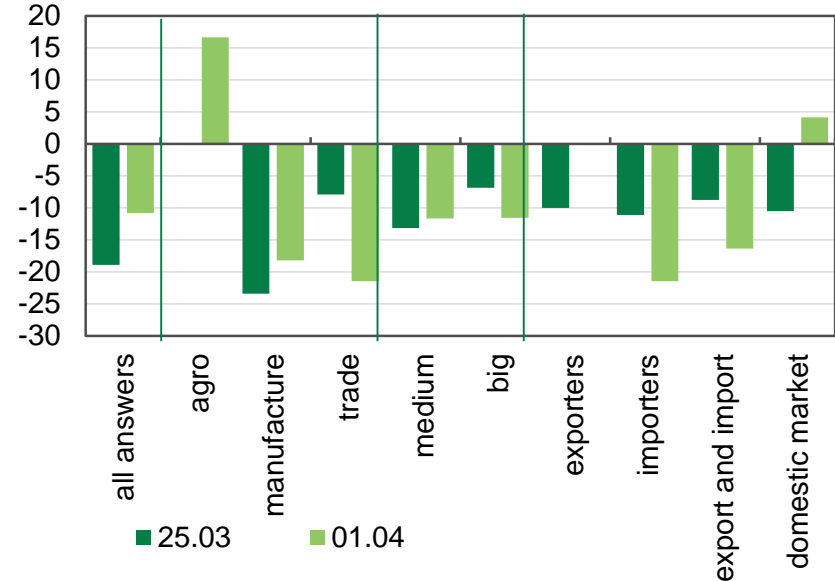
# Most companies stay reluctant to layoffs; agriculture and domestic-oriented firms expect an increase in staff

Expectations for amount of staff, % of answers



Source: NBU.

Balance of answers\* for amount of staff, %



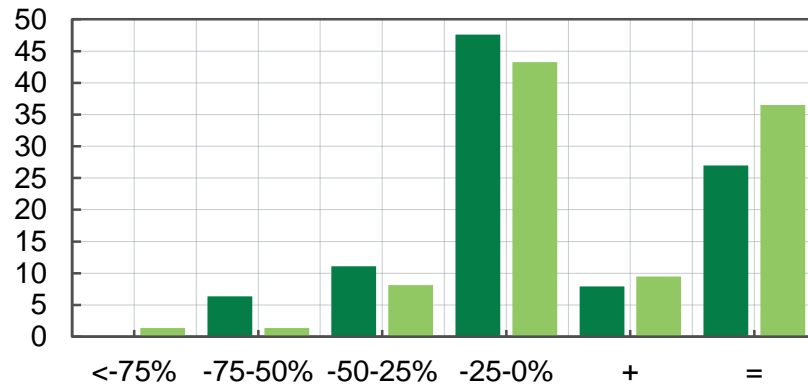
Source: NBU.

- About 77% of respondents do not expect any changes in their staff numbers
- Moreover, the share of those reporting their staff number will decrease also fell
- Importers and trade companies were among those who reported a likely decrease in the staff numbers

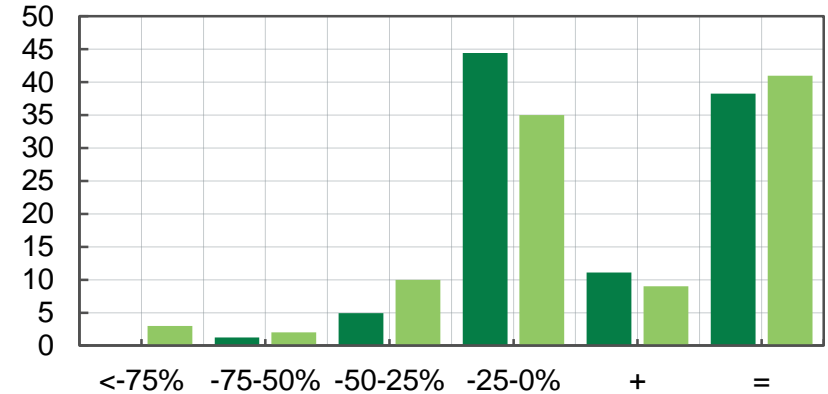
\* Difference between positive and negative answers

# Companies do not expect a substantial decrease in stocks. Over the last week, their expectations for stocks have even improved

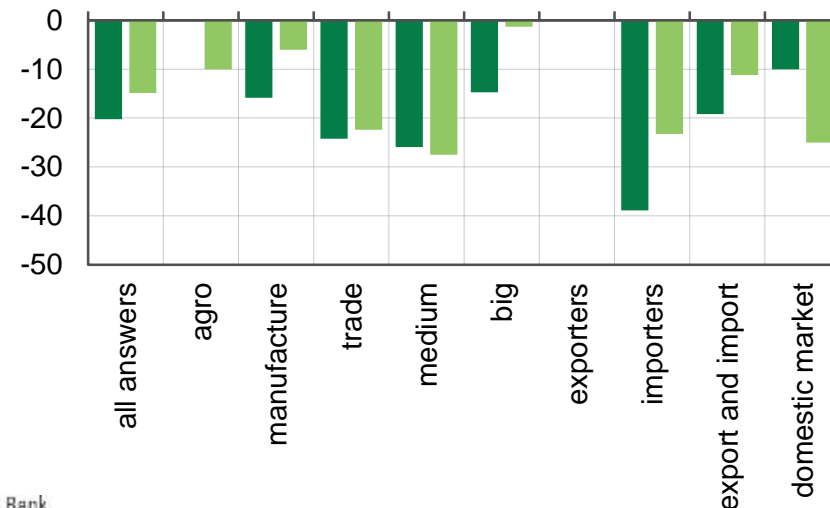
Expectations for a change in stocks of imported goods, % of answers



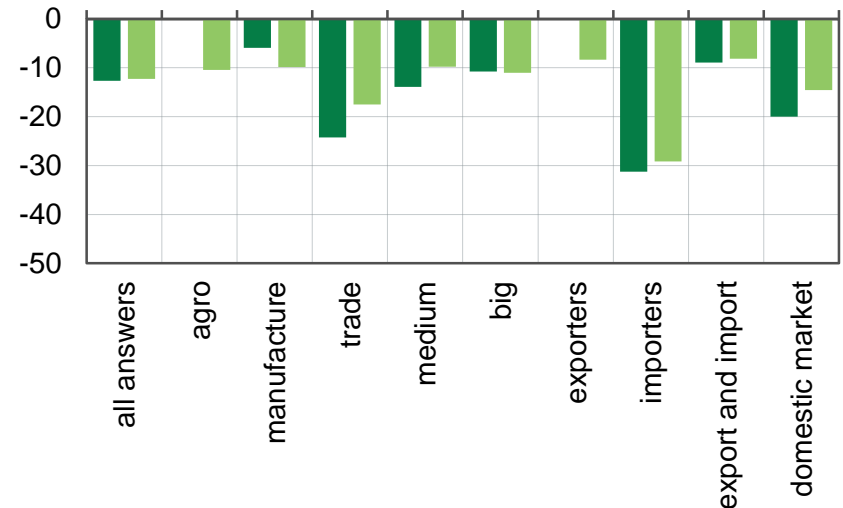
Expectations for a change in stocks of domestic goods, % of answers



Balance of answers for a change in stocks of imported goods, %



Balance of answers for a change in stocks of domestic goods, %



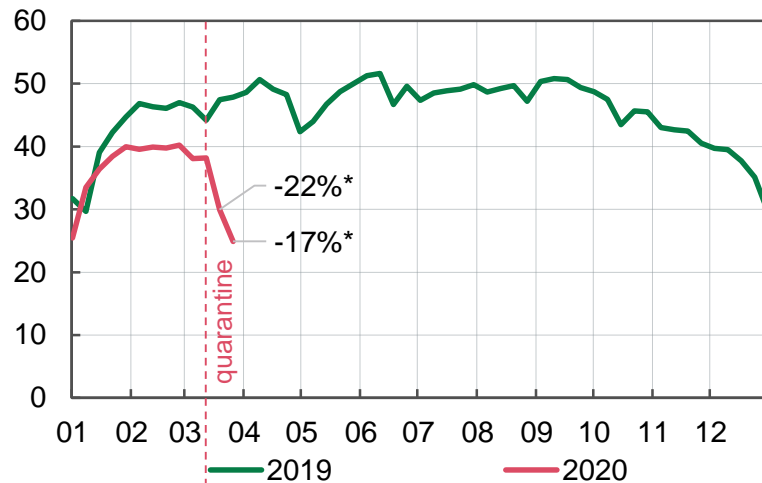


**Labor market**



# On the II week after the start of quarantine the number of vacancies continues to decrease but at a slower pace

**New vacancies per week, thousand**



\* % compared to previous week.

**New resumes per week, thousand**



**Ratio of new resumes to new vacancies**

