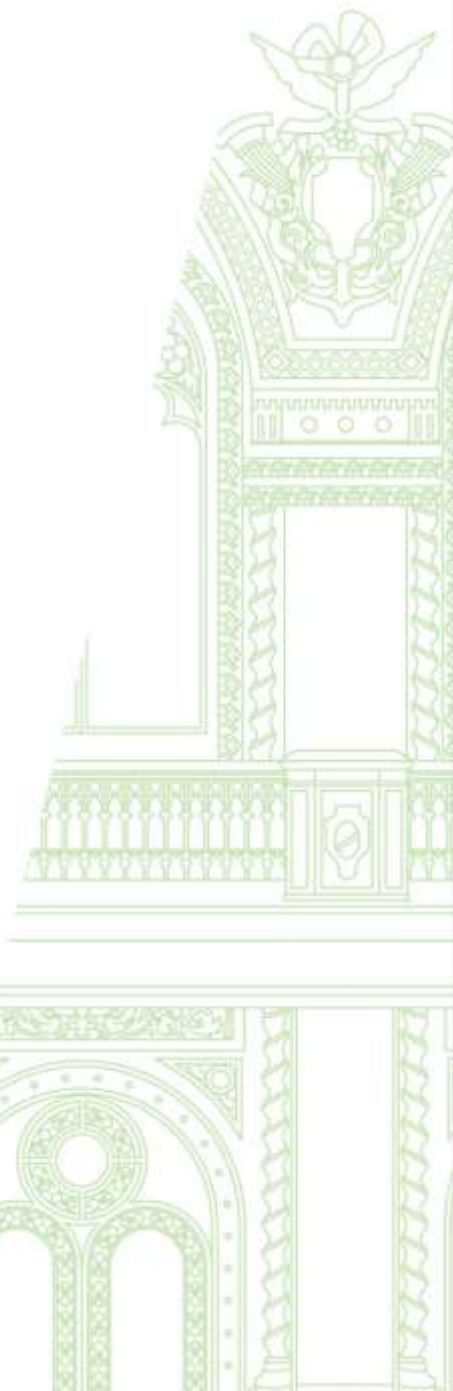




National Bank
of Ukraine

Weekly economic review

10 April 2020



Summary

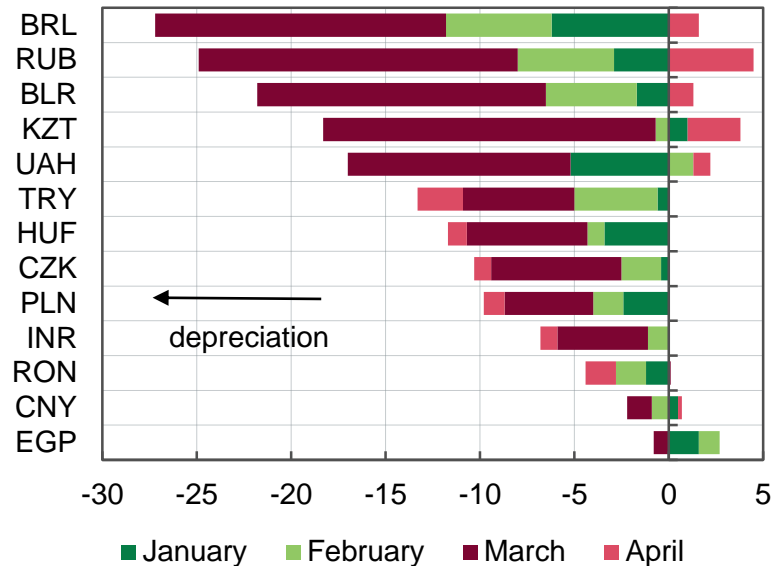
- Currencies of countries – main trading partners (MTP) of Ukraine moderately appreciated on improving sentiments in the financial markets
- Hryvnia strengthened to US dollar too as FX supply was exceeding demand on both interbank and cash FX markets. Meanwhile, the appreciation of the hryvnia NEER slowed down
- As FX supply exceeded demand, the NBU kept purchasing FX, replenishing its reserves
- Food prices remained virtually flat during the last week, while prices for selected goods, e.g. vegetables, have even decreased. As the rush in demand for foods subsided, the rise in prices for buckwheat and other cereals has slowed down
- Prices for selected drugs stopped rising, fuel prices continued to decrease, and prices for catering delivery went up, underpinned by strong demand
- Companies have somewhat worsened their expectations of a decrease in turnover or production volumes, but their expectations of future stocks of both imported and domestic goods have been gradually improving
- As before, companies stayed reluctant to layoffs. However, the number of vacancies continues to decline in the labor market, albeit at a slower pace compared to previous weeks
- The ratio of new resumes to new vacancies increased in most types of economic activity, except retail trade, healthcare and agriculture



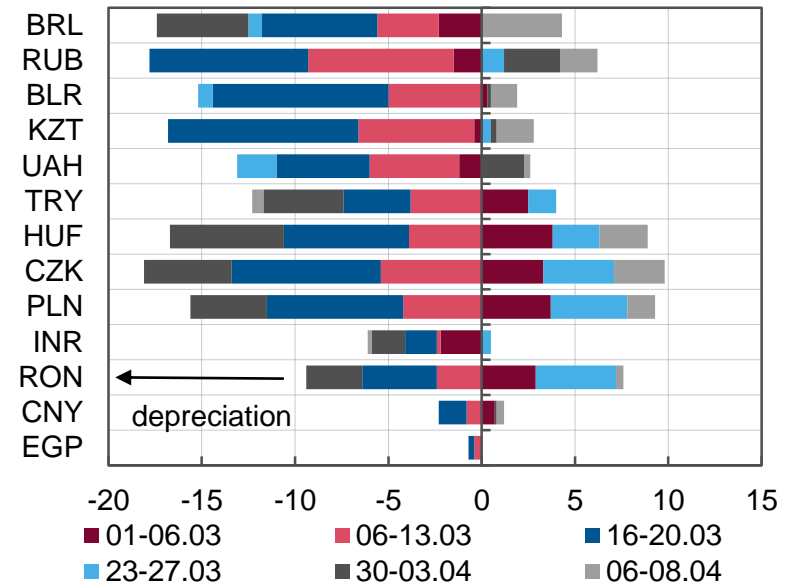
FX market

Currencies of countries – Ukraine's main trading partners appreciated on improving sentiments in the financial markets

Selected EM currencies vs USD, % change, eop



Source: NBU estimates (preliminary data).

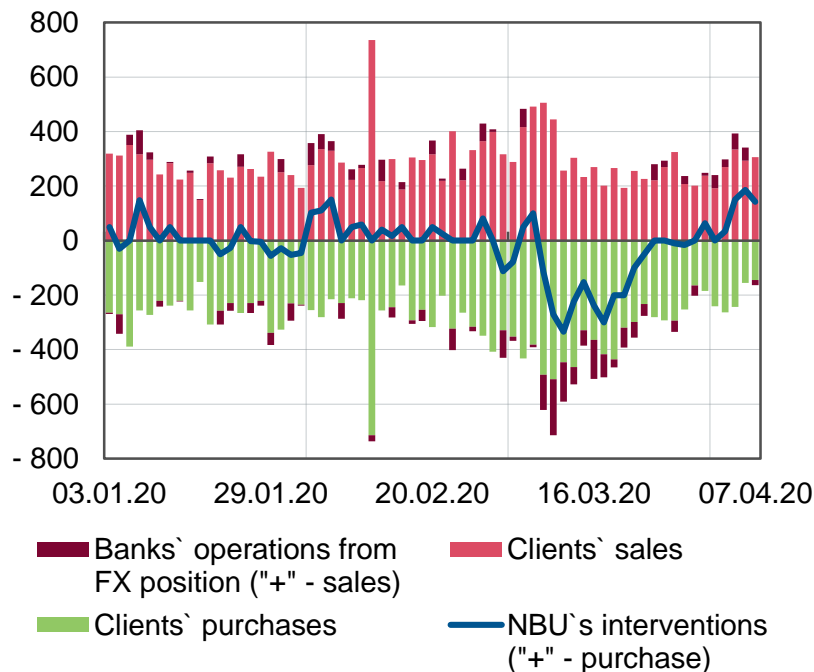


Source: NBU estimates (preliminary data).

- Markets positively reacted to the first signs of coronavirus pandemic nearing its peak in Europe and the U.S., as well as plans of several countries (Austria, Denmark) to open up gradually after the Easter holidays
- Currencies of commodity exporters gained amid expected positive results of the OPEC+ meeting, scheduled for April 9

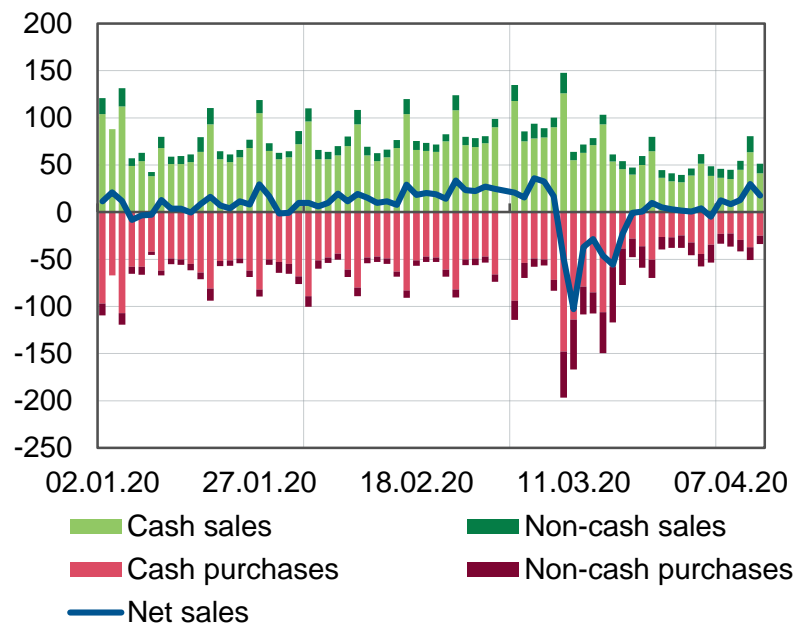
Hryvnia strengthened to US dollar too as FX supply was exceeding demand on both interbank and cash FX markets

FX operations on the interbank market, USD mn



Source: NBU.

FX operations by individuals, USD mn



Source: NBU.

- The NBU continued smoothing FX market volatility, not counteracting the interbank market trends
- Over the last week, the NBU has been moderately purchasing FX, replenishing its reserves

Meanwhile, the appreciation of the hryvnia NEER has slowed down

01.01.2020 = 100 (latest point – 08.04.2020)



Source: NBU estimates (preliminary data).

01.01.2019 = 100 (latest point – 08.04.2020)



Source: NBU estimates (preliminary data).

- Year to date hryvnia NEER has depreciated by 6.0%, according to preliminary data
- From the beginning of March – by 5.3%
- From March 9 – by 3.8%



Consumer prices in Ukraine

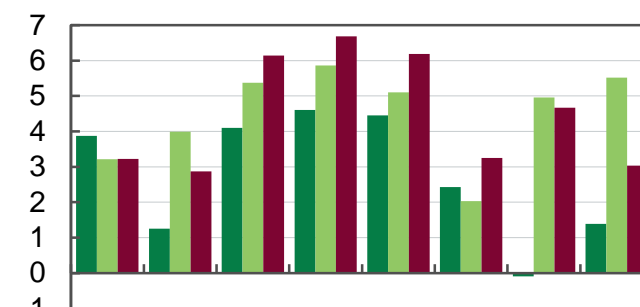
Food prices remained virtually flat during the last week, in monthly terms the pace of increase has subsided

Price indices, %

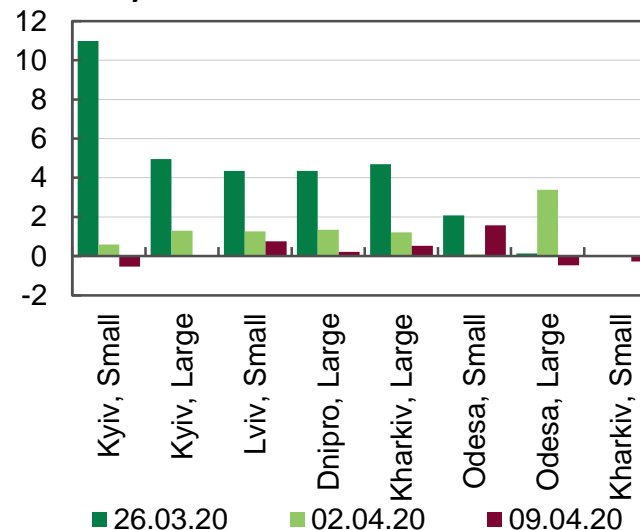
	Weights *	w/w				m/m			
		t-3	t-2	t-1	t0	t-3	t-2	t-1	t0
Food and non-alcoholic beverages	43.3	0.9	1.7	1.1	0.0	1.3	3.0	4.2	4.0
Bread	3.5	0.8	2.3	0.7	-0.1	0.4	2.4	2.7	2.9
Pasta	1.0	1.2	1.9	1.4	0.9	1.3	2.0	3.9	3.6
Flour confectionery	1.9	0.8	0.4	0.6	0.2	-0.8	1.5	1.9	1.4
Flour and cereals	1.8	3.8	3.9	2.8	0.3	2.1	8.2	12.1	10.0
Meat and meat products	10.2	0.8	1.5	1.3	0.1	0.2	2.9	4.4	4.4
Beef	0.6	0.0	1.7	0.9	0.0	0.0	3.3	4.2	4.7
Pork	3.4	0.0	5.1	2.1	0.0	0.0	4.9	6.8	8.2
Poultry meat	2.6	1.2	1.6	0.5	0.4	-1.9	2.4	2.1	2.3
Meat products	3.6	1.4	0.4	1.2	-0.1	2.0	2.3	3.2	2.6
Fish and fish products	2.4	0.1	0.8	1.2	0.7	-0.9	0.7	3.2	3.5
Dairy products	5.4	0.6	0.4	1.1	0.4	-0.1	1.0	2.0	1.9
Milk	1.8	0.7	0.8	1.3	0.3	0.2	1.7	2.7	2.9
Dairy products	1.4	0.3	0.6	0.7	-0.3	1.1	0.8	1.9	1.2
Cheese and cottage cheese	2.2	0.8	0.2	1.2	1.0	-1.0	0.6	1.5	1.8
Eggs	0.7	-0.1	0.1	1.1	0.9	-7.8	-1.6	-0.3	2.3
Oil and fats	3.9	0.5	0.4	1.5	0.5	0.9	0.5	2.5	2.7
Fruits	1.9	2.8	5.2	1.4	0.3	13.1	11.9	12.0	11.9
Vegetables	3.9	0.8	4.5	0.1	-2.5	4.4	7.7	7.4	6.0
Sugar	0.8	2.3	0.4	0.7	0.1	3.4	4.0	4.1	3.5
Honey	0.3	0.5	0.4	0.7	0.1	0.1	2.5	2.2	1.2
Chocolate products	1.3	0.6	1.0	1.0	0.3	4.2	2.8	3.7	2.8
Sugar confectionery	0.4	0.4	2.5	0.6	0.0	-2.8	1.5	2.8	2.6
Other food	1.0	0.5	0.6	0.9	0.0	-0.1	1.4	2.5	1.8
Soft drinks	2.4	0.5	0.6	0.9	0.3	1.9	1.2	2.6	2.0
Alcohol	5.0	0.1	0.1	0.3	-0.4	0.7	0.8	1.4	0.4
Tobacco	4.1	0.1	0.8	1.1	0.3	1.5	2.8	3.0	3.5
Household appliances	0.7	0.1	2.1	1.0	0.0	0.2	3.1	4.0	3.3
Products and services for daily home maintenance	0.9	0.9	1.0	2.0	1.6	4.8	8.9	9.1	7.5
Personal care products	1.3	0.5	0.9	1.5	1.6	0.9	4.5	5.2	5.7
Other industrial goods	0.8	1.0	0.4	0.9	-0.2	1.9	2.4	2.9	2.3

Price changes for online supermarkets, %

In monthly terms



In weekly terms



Source: online supermarkets.

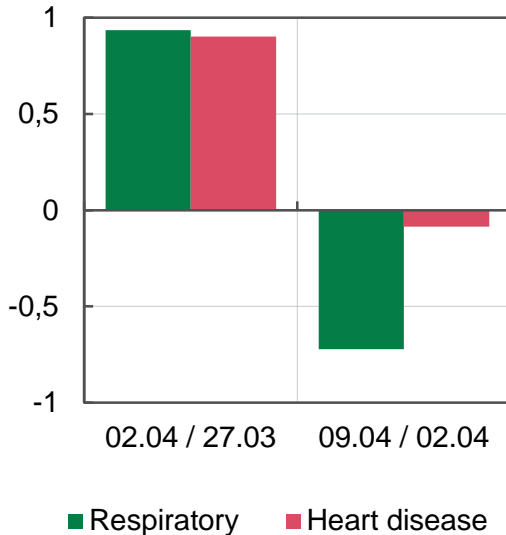
Prices for selected goods have even decreased compared to previous week

	Weights*	w/w				m/m				seasonal factor (April#)
		t-3	t-2	t-1	t0	t-3	t-2	t-1	t0	
Flour and cereals	1.8	3.8	3.9	2.8	0.3	2.1	8.2	12.1	10.0	
Wheat flour	0.5	1.3	2.8	0.5	0.4	3.2	6.1	5.0	4.7	-0.1
Rice	0.4	2.0	2.0	1.3	0.7	2.1	3.4	5.8	5.5	-0.5
Semolina	0.0	6.0	1.8	1.3	0.1	3.5	6.2	8.2	7.4	0.0
Buckwheat	0.7	6.9	9.1	3.8	0.3	2.7	16.7	21.0	19.6	-2.1
Oatmeal flakes	0.1	1.7	1.4	2.9	-0.9	1.9	2.0	4.5	1.7	0.3
Barley cereals	0.0	3.6	3.5	2.0	-1.1	2.7	7.7	9.6	6.4	-0.7
Millet	0.0	3.4	10.0	2.5	-2.1	-16.7	-0.9	5.3	4.0	1.7
Fruits	1.9	2.8	5.2	1.4	0.3	13.1	11.9	12.0	11.9	
Lemons	0.3	5.4	31.8	7.4	8.0	33.2	43.4	39.1	57.1	1.5
Oranges	0.3	-2.6	10.7	1.8	1.1	11.9	17.6	14.6	9.1	-5.8
Bananas	0.5	5.8	1.4	-1.2	-0.9	10.3	-0.2	1.8	2.8	-1.4
Apples	0.5	1.9	6.8	1.0	-0.2	11.6	13.7	12.0	11.6	3.8
Grape	0.1	6.5	3.5	-2.4	-5.8	-3.5	11.2	4.3	-5.8	-3.4
Dried fruits	0.1	0.4	1.2	0.5	1.2	1.0	3.1	3.4	2.4	-1.5
Vegetables	3.9	0.8	4.5	0.1	-2.5	4.4	7.7	7.4	6.0	
Green salads	0.1	1.9	-1.6	1.6	-1.8	-5.8	-5.0	-1.2	-2.1	-8.5
Cucumbers	0.5	1.2	-3.1	-9.7	-11.9	-4.8	-6.5	-12.7	-21.7	-14.2
Tomatoes	0.5	2.0	-0.4	-0.2	-3.2	-6.0	-7.1	-4.4	-11.1	3.5
Zucchini	0.1	-4.0	7.1	-3.7	3.3	2.1	10.4	0.9	-4.7	2.7
Eggplants	0.0	1.4	-1.5	6.2	-5.1	-22.0	-21.1	0.7	-9.9	3.0
Sweet pepper	0.1	4.0	8.7	1.0	5.4	-1.6	0.1	6.3	12.9	-4.0
Borshch vegetables	2.1	0.5	8.6	2.0	-1.6	11.2	14.4	15.6	16.5	
White cabbage	0.2	-1.4	14.2	11.6	-9.5	35.4	13.7	25.4	10.0	28.9
Onions	0.3	10.1	38.9	3.4	4.7	22.1	53.0	37.8	62.6	12.4
Beet	0.1	3.5	12.3	3.5	-7.4	8.1	24.5	19.7	22.6	10.3
Carrot	0.1	7.1	9.3	2.1	-4.6	40.0	25.2	20.8	14.2	16.5
Potato	1.1	-1.3	4.6	-0.1	-0.8	3.0	8.4	9.6	3.7	1.3
Garlic	0.0	-6.0	7.3	7.7	-2.7	77.6	26.9	23.2	50.1	3.5
Personal care goods	1.3	0.5	0.9	1.5	1.6	0.9	4.5	5.2	5.7	
Toilet soap	0.2	-4.2	2.6	1.3	2.1	-3.5	5.4	5.9	7.0	
Shampoos	0.2	0.6	-0.7	1.5	1.9	1.1	2.7	3.3	4.2	
Toothpastes	0.1	1.3	3.2	1.8	1.1	0.4	2.6	4.0	4.4	
Toilet paper	0.2	3.1	2.4	1.3	1.6	5.4	10.7	9.0	9.3	

- As the rush in demand for foods subsided, the rise in prices for buckwheat and other cereals has slowed down
- Over the last week, prices for vegetables, including those used to cook traditional Ukrainian soup 'borshch', have declined
- Prices for a number of fruits have also decreased, with the exception of lemons. Prices for the latter continued to increase, reflecting lower harvest of lemons in Turkey last year and high demand for them in this country
- Demand for personal care products remains high, prompting further price increases

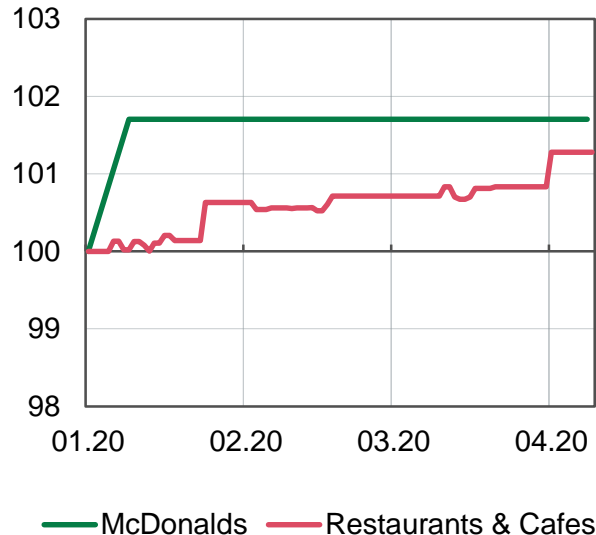
Prices for selected drugs stopped rising, fuel prices continued to decrease, and prices for catering delivery went up

Change in the prices of medicines, %



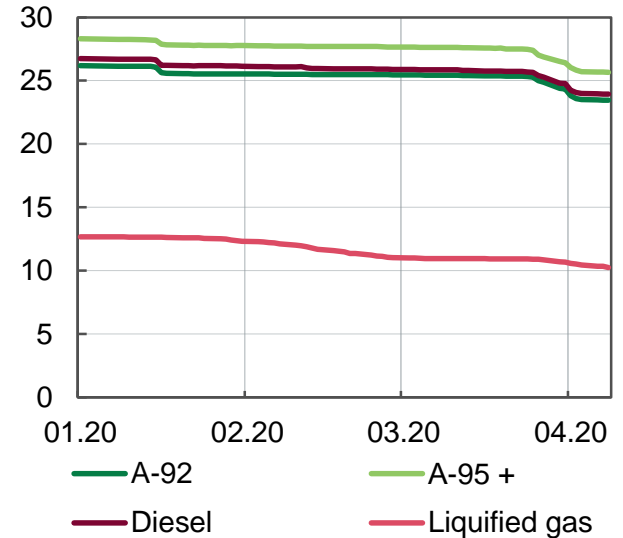
Source: e-apteka.com.ua.

Price indices in public catering establishments, 01.01.20 = 100



Source: Glovo.

Fuel prices, UAH / l

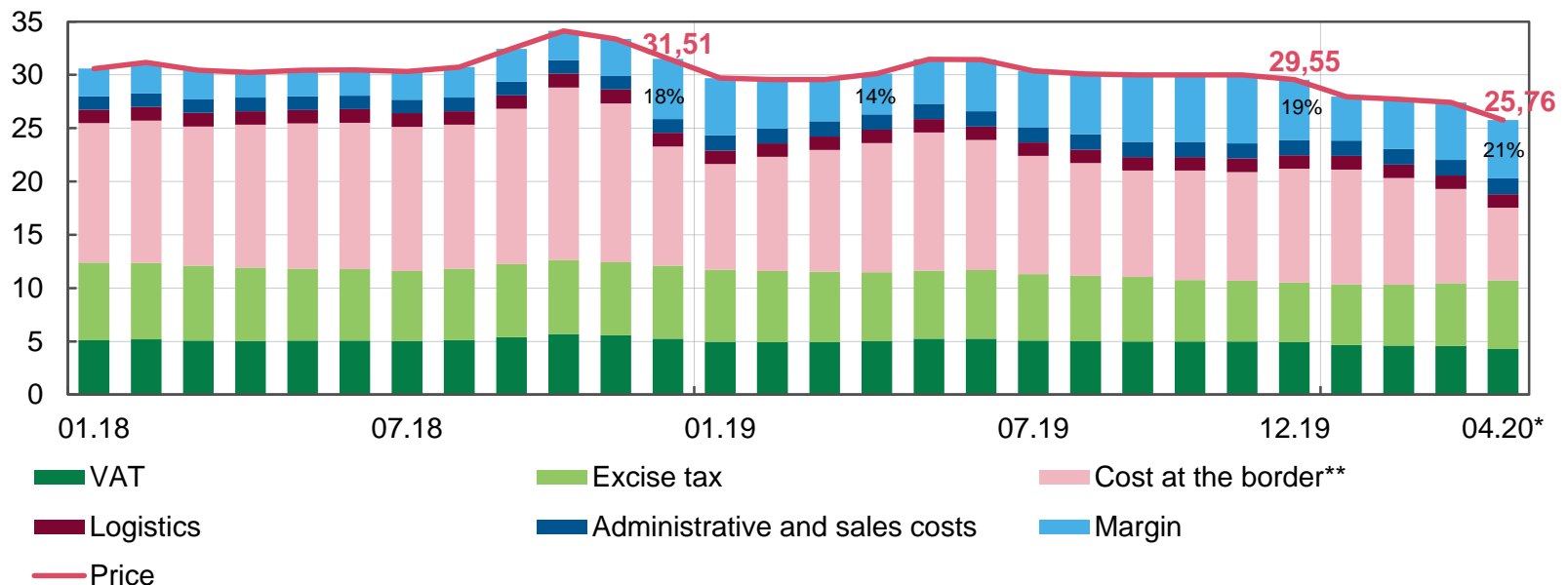


Source: minfin.com.ua.

- Prices for selected drugs have stopped rising likely due to hryvnia strengthening
- Instead, price growth for catering delivery sent up. Dry cleaning service prices available for ordering online remained flat
- Fuel prices continued to fall under the influence of falling world prices and oversupply

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



* Period from April 01 to April 08.

** 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"

99 answers:

21% - agriculture

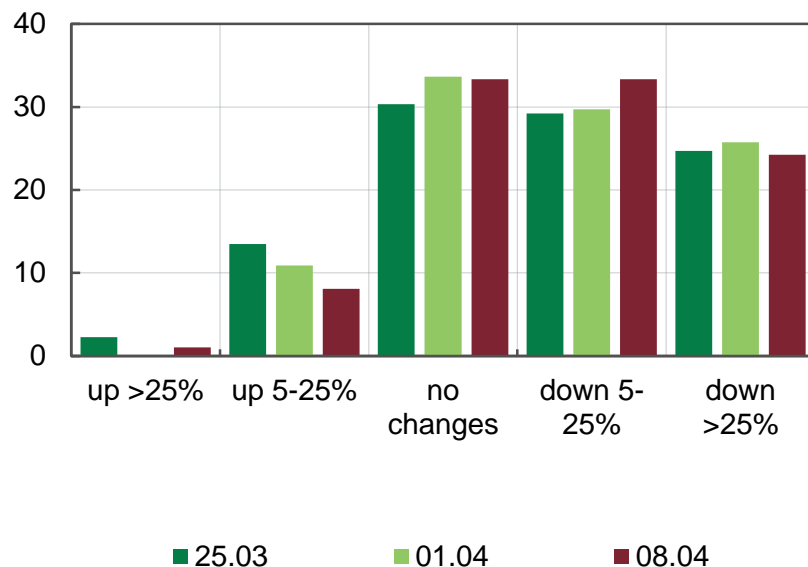
37% - manufacture

37% - wholesale and retail trade

* A snap survey of managers of large and medium-size companies, carried out by the NBU during 6-8 April 2020

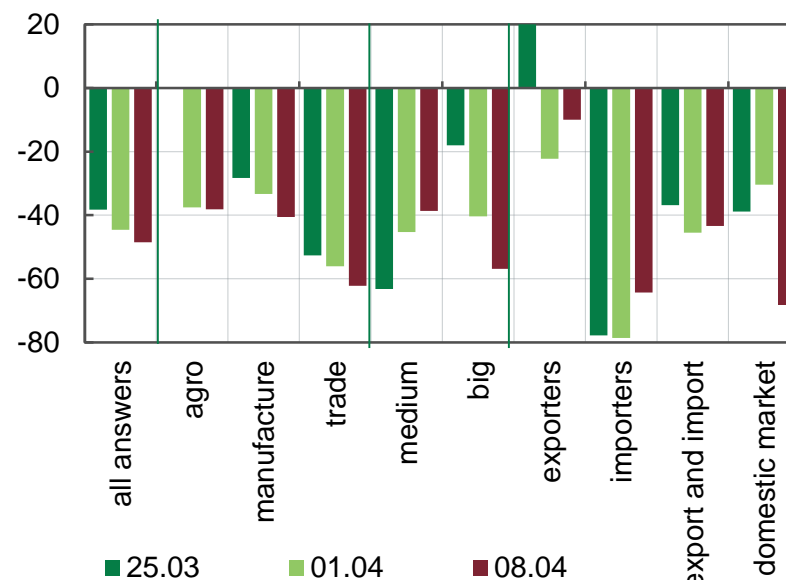
Most companies worsened their expectations of a decrease in turnover or production volumes

Expectations for turnover/production, % of answers



Source: NBU.

Balance of answers* for turnover/production expectations, %



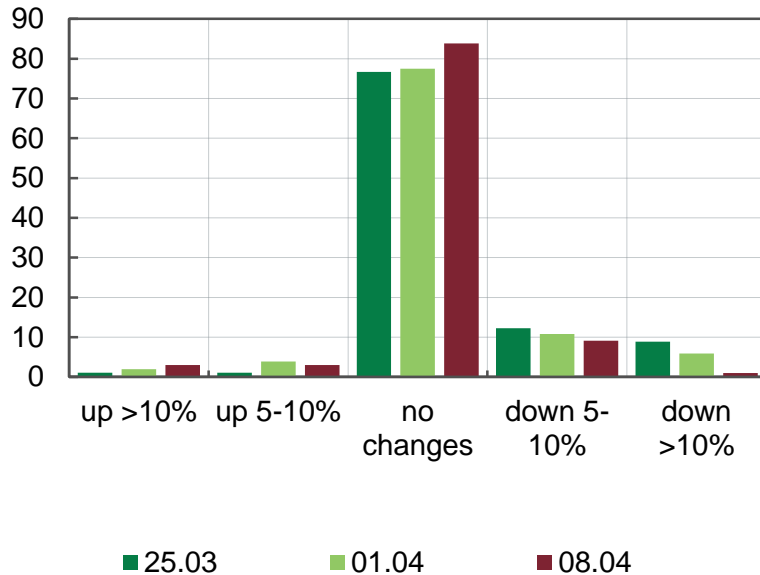
Source: NBU.

- Expectations have deteriorated over the past week, mainly on account of large enterprises, especially those who are focused on the domestic market
- Meanwhile, exporters and importers have somewhat improved their expectations

* The difference between positive and negative answers

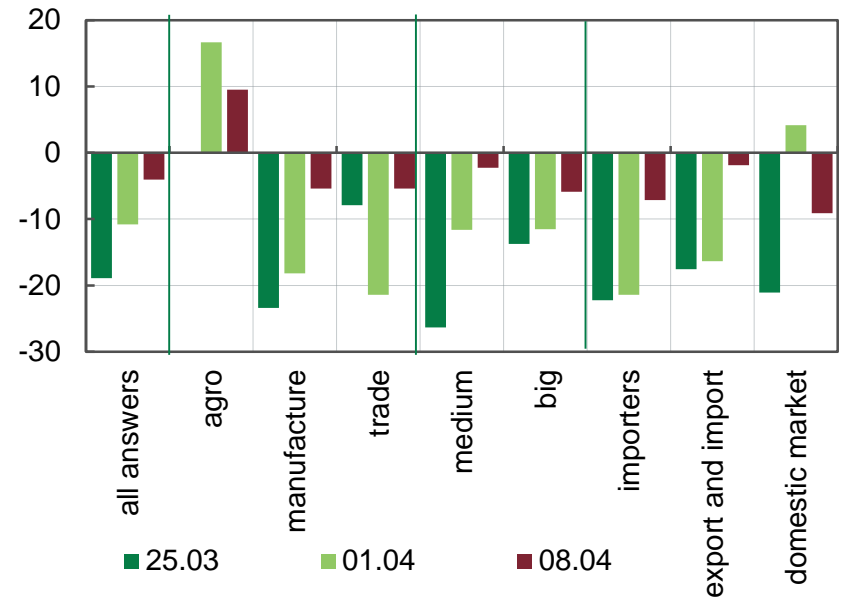
As before, businesses stay reluctant to layoffs

Expectations for amount of staff, % of answers



Source: NBU.

Balance of answers* for amount of staff, %



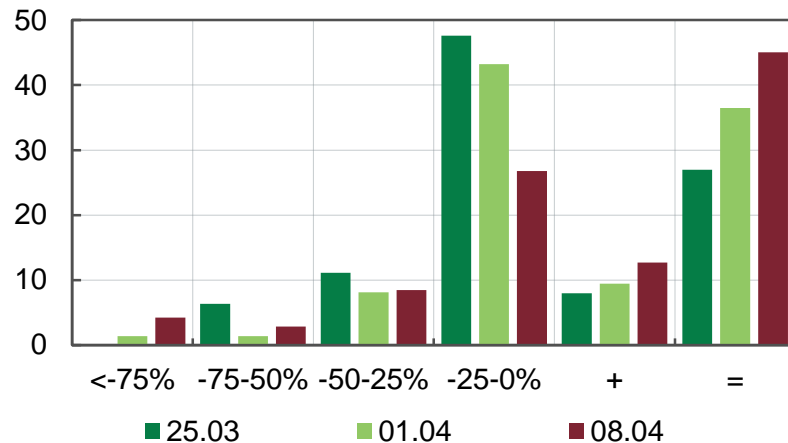
Source: NBU.

- The share of companies that reported the number of their employees would not change increased to 84%
- The enterprises focused on domestic market were the most pessimistic, while agricultural enterprises expect a seasonal increase of employees

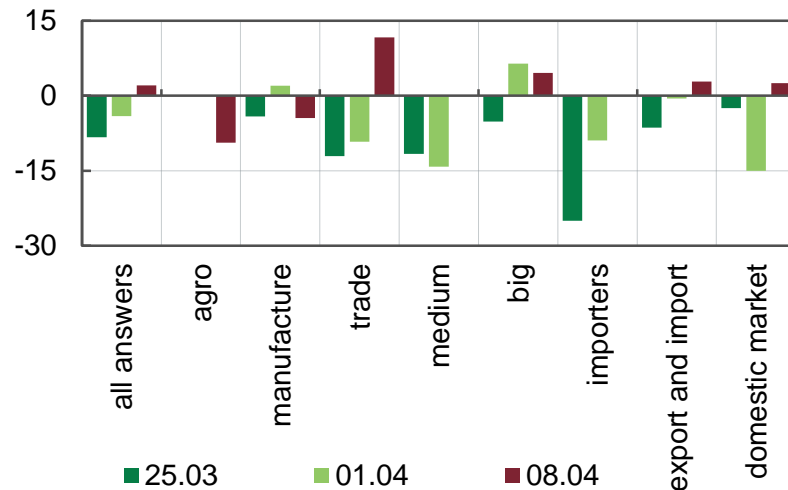
* Difference between positive and negative answers

Enterprises are gradually improving their expectations of future stocks of both imported and domestic goods

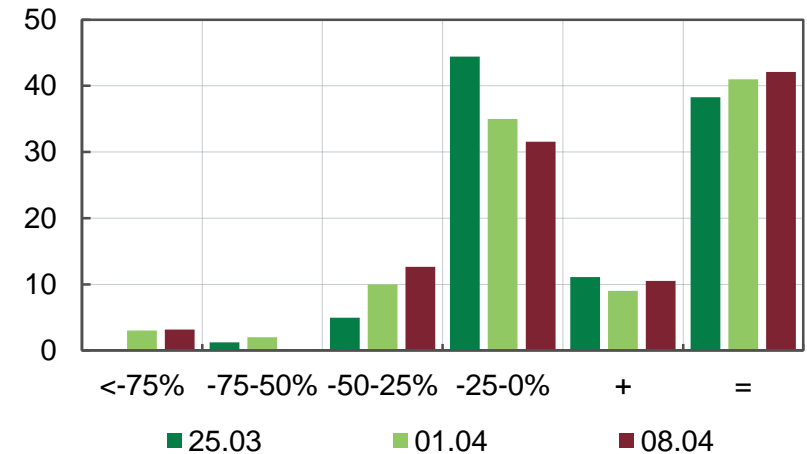
Expectations for a change in stocks of imported goods, % of answers



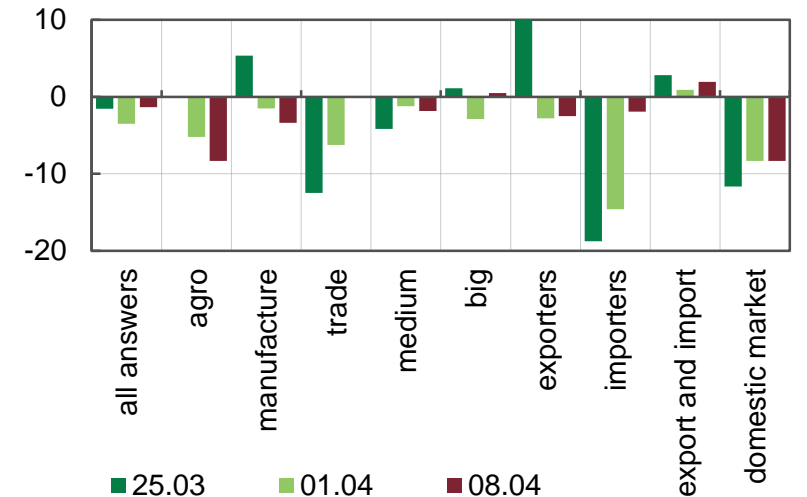
Balance of answers for a change in stocks of imported goods, %



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



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

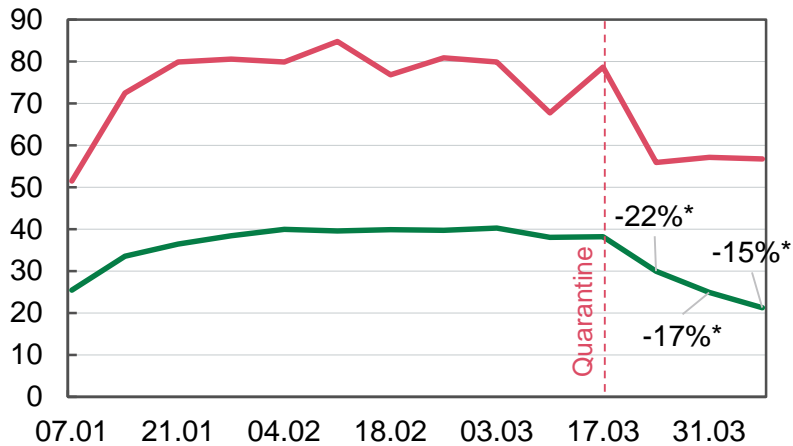




Labor market

The number of vacancies continued to decrease but at a slower pace

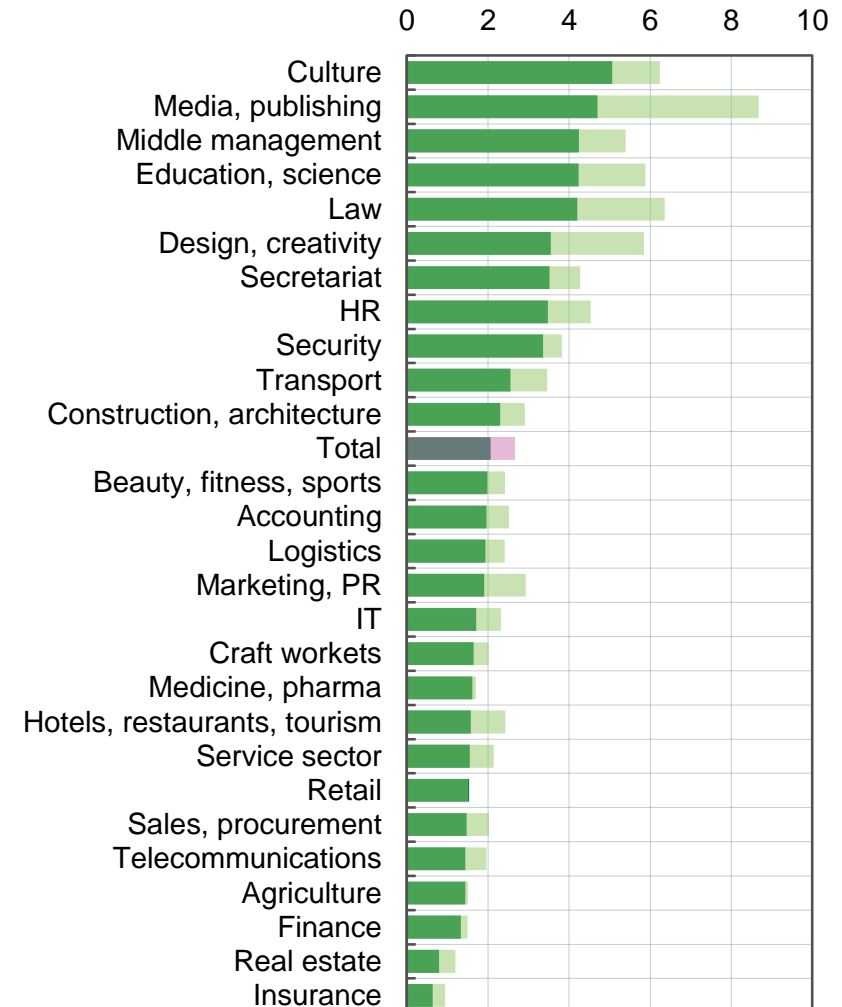
New vacancies and resumes per week, thousand



— нові вакансії — нові резюме
 * % w/w. Source: work.ua.

- Over the three weeks under review the number of vacancies decreased by 44%
- Due to higher uncertainty even IT-companies, which are the least susceptible to quarantine measures, paused new hires
- 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, healthcare and agriculture

Ratio of new resumes to new vacancies



■ 10-17.03 (before quarantine)
 ■ 01-07.04 (quarantine week-III)