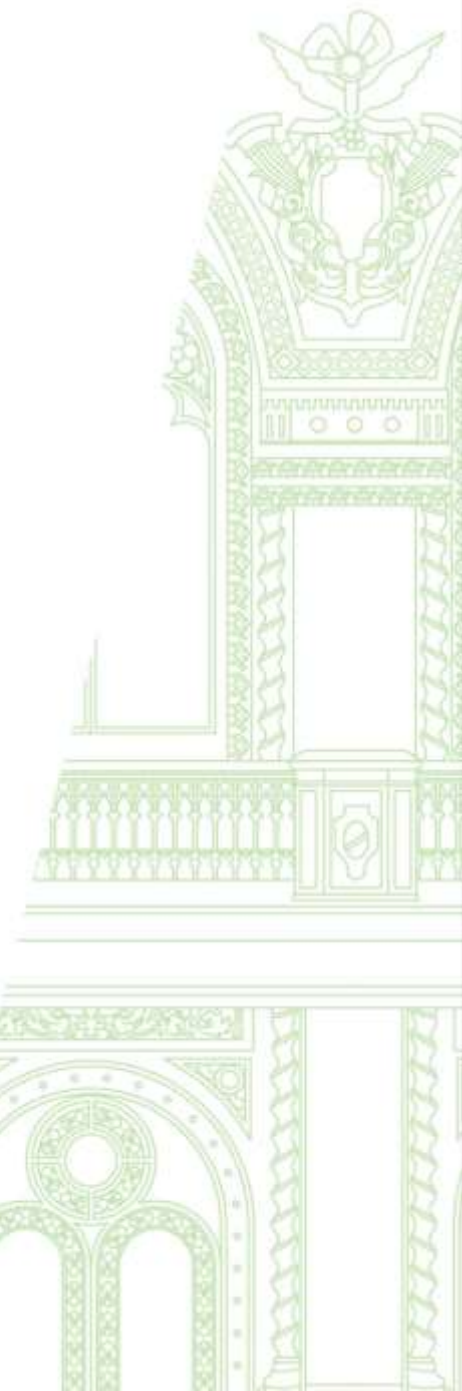




National Bank
of Ukraine

Weekly economic review

17 April 2020



Summary

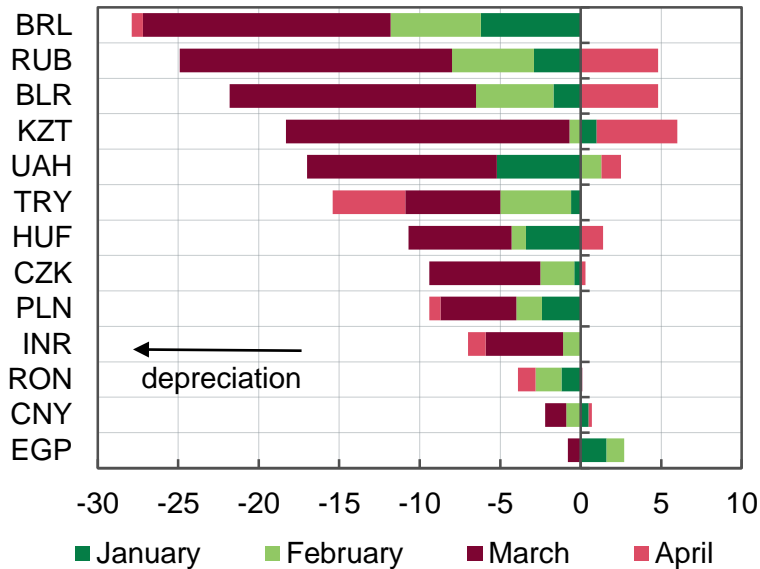
- Currencies of main trading partners (MTP) of Ukraine were broadly unchanged as trading activity slowed down
- FX market was calm with supply and demand balancing each other. As a result, the NEER of the hryvnia was almost unchanged
- Food prices declined on average during the last week due to the weakening of rush in demand, adapting logistics to new conditions and a favorable situation on FX market. Most vegetables, flour, lemons and even buckwheat fell in price
- Prices for drugs and fuel also gradually declined, and the cost of services didn't change
- Companies continue to adjust downward their expectations regarding turnover or production volumes factoring in the quarantine restrictions. Weakened demand amid adaptation of the logistics to current conditions led to some improvement in expectations for stockpiles of both imported and domestic goods
- Businesses' employment expectations worsened somewhat. However, most companies do not consider layoffs, likely delaying their hiring plans
- The number of registered unemployed has increased since early April largely due to the relaxation of registration procedure



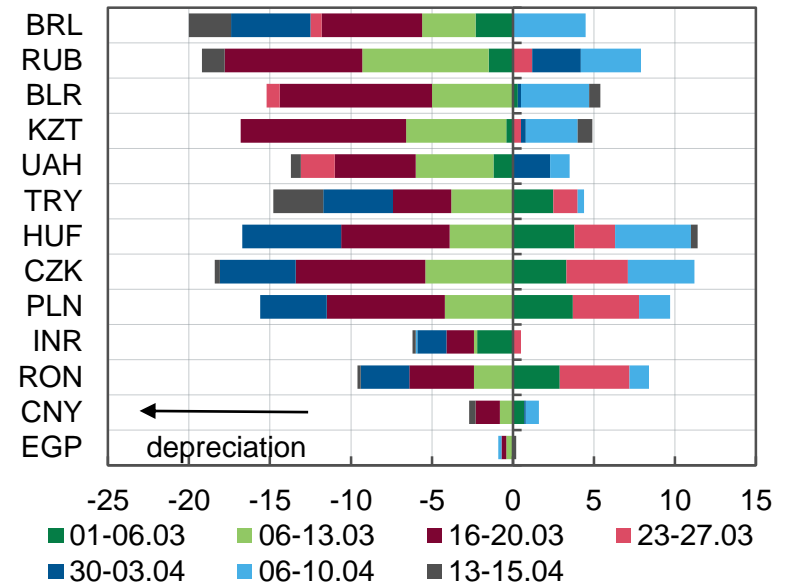
FX market

Muted trading activity in financial markets kept currencies of countries – Ukraine's main trading partners broadly unchanged

Selected EM currencies vs USD, % change, eop



Source: NBU estimates (preliminary data).

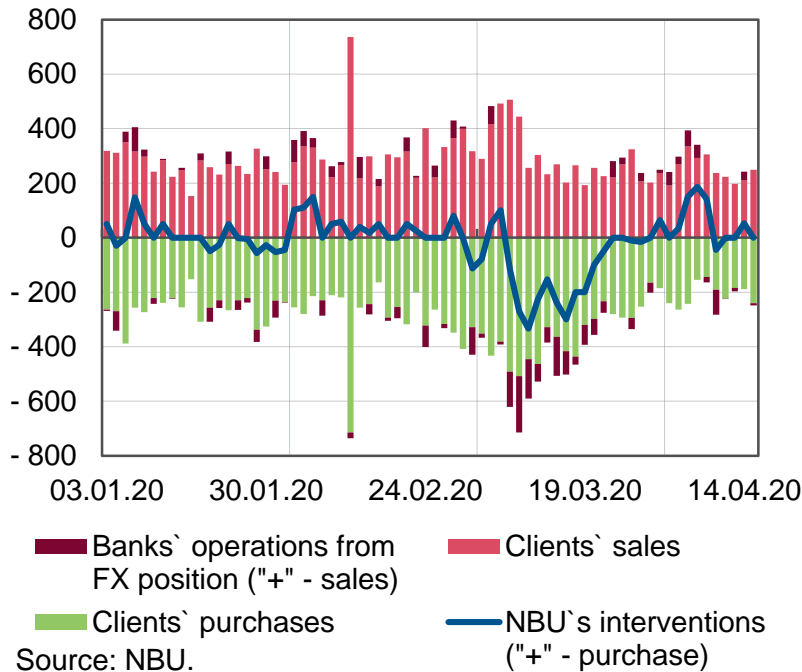


Source: NBU estimates (preliminary data).

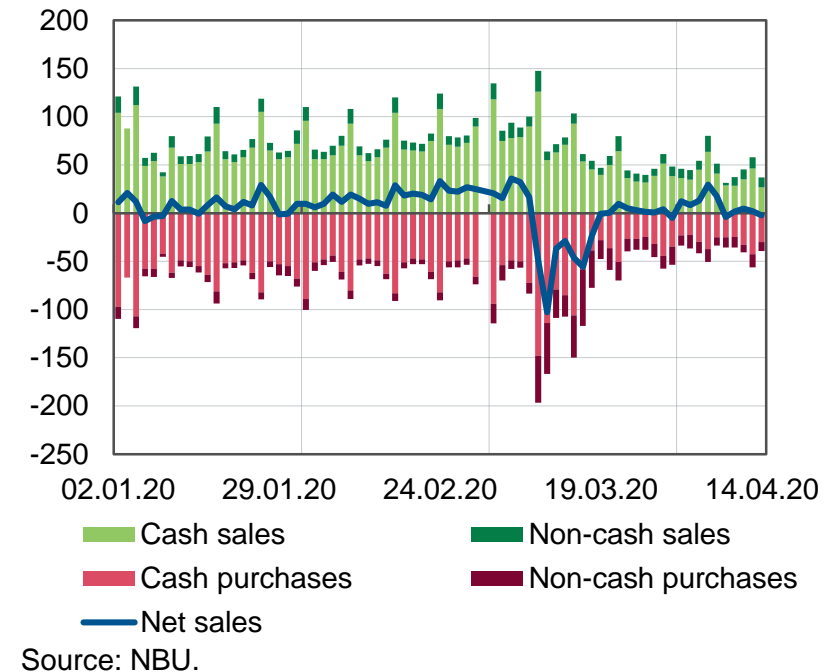
- Markets were dull due to Easter holidays
- Besides, investors were sitting on sidelines, expecting for the release of new economic data in the U.S. and 1-st quarter GDP in China

Supply and demand balanced each other in the FX market

FX operations on the interbank market, USD mn



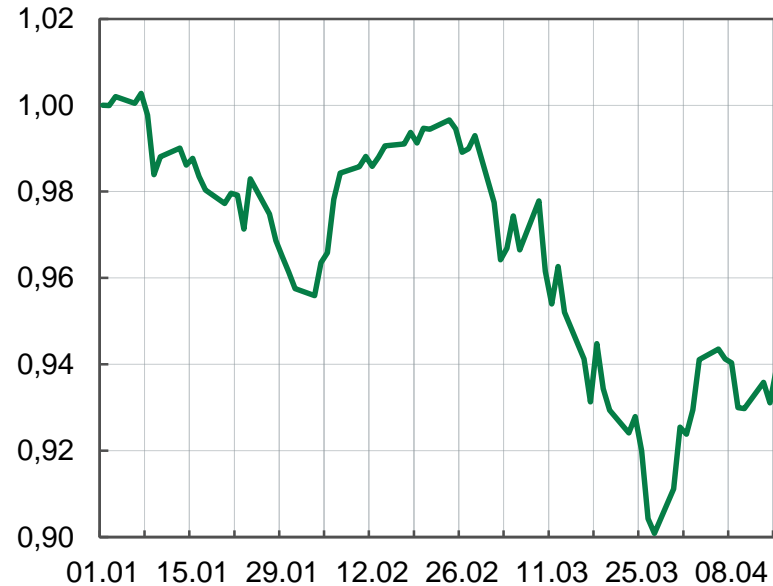
FX operations by individuals, USD mn



- The NBU reduced its presence in the FX market as the market was balanced
- Hryvnia exchange rate fluctuated in a narrow band between UAH 27.04 and UAH 27.26 per USD

As a consequence, the Hryvnia NEER was virtually flat

01.01.2020 = 100 (остання точка – 15.04.2020)



Джерело: розрахунки НБУ (попередні дані).

01.01.2019 = 100 (остання точка – 15.04.2020)



Джерело: розрахунки НБУ (попередні дані).

- Year to date hryvnia NEER has depreciated by 6.1%, according to preliminary data
- From the beginning of March – by 5.4%
- From March 9 – by 4.0%



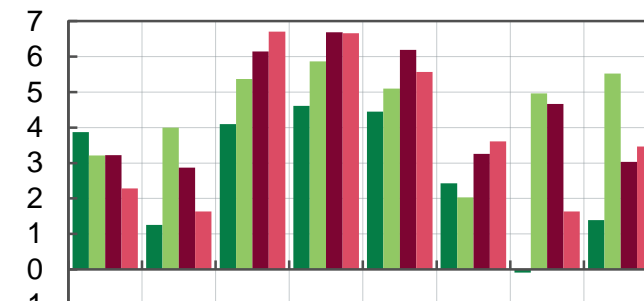
Consumer prices in Ukraine

Food prices declined during the last week due subsided rush in demand, adapting to new conditions and stronger hryvnia

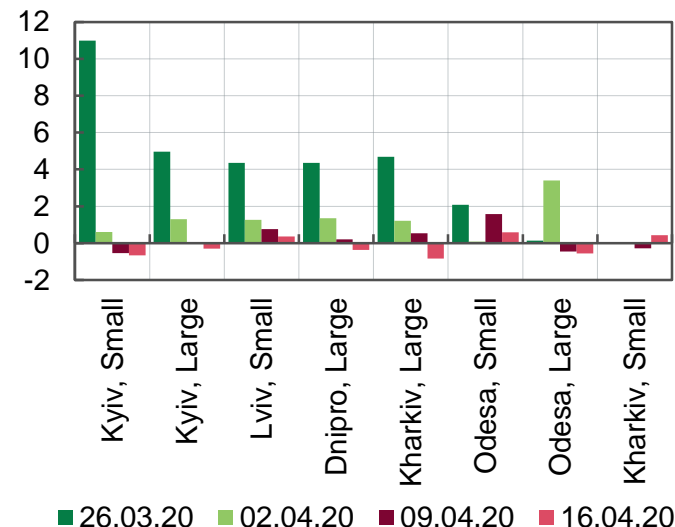
Price indices, %	Weights *	w/w				m/m			
		t-3	t-2	t-1	t0	t-3	t-2	t-1	t0
Food and non-alcoholic beverages	43.1	1.7	1.1	0.0	-0.4	3.0	4.2	4.0	3.1
Bread	3.4	2.3	0.7	-0.1	-0.5	2.4	2.7	2.9	2.2
Pasta	1.0	1.9	1.4	0.9	-0.7	2.0	3.9	3.6	4.4
Flour confectionery	1.9	0.4	0.6	0.2	0.0	1.5	1.9	1.4	1.1
Flour and cereals	1.9	3.9	2.8	0.3	-0.4	8.2	12.1	10.0	9.0
Meat and meat products	10.1	1.5	1.3	0.1	-1.3	2.9	4.4	4.4	2.1
Beef	0.6	1.7	0.9	0.0	0.2	3.3	4.2	4.7	3.2
Pork	3.4	5.1	2.1	0.0	-2.1	4.9	6.8	8.2	4.3
Poultry meat	2.5	1.6	0.5	0.4	-4.0	2.4	2.1	2.3	-0.5
Meat products	3.6	0.4	1.2	-0.1	0.6	2.3	3.2	2.6	2.1
Fish and fish products	2.4	0.8	1.2	0.7	1.1	0.7	3.2	3.5	3.2
Dairy products	5.4	0.4	1.1	0.4	-0.3	1.0	2.0	1.9	1.1
Milk	1.8	0.8	1.3	0.3	-0.8	1.7	2.7	2.9	1.7
Dairy products	1.4	0.6	0.7	-0.3	-0.2	0.8	1.9	1.2	0.7
Cheese and cottage cheese	2.2	0.2	1.2	1.0	0.1	0.6	1.5	1.8	1.5
Eggs	0.6	0.1	1.1	0.9	1.3	-1.6	-0.3	2.3	2.2
Oil and fats	3.9	0.4	1.5	0.5	-1.1	0.5	2.5	2.7	1.5
Fruits	2.0	5.2	1.4	0.3	0.2	11.9	12.0	11.9	11.1
Vegetables	3.9	4.5	0.1	-2.5	0.4	7.7	7.4	6.0	6.1
Sugar	0.8	0.4	0.7	0.1	-0.2	4.0	4.1	3.5	1.6
Honey	0.3	0.4	0.7	0.1	1.7	2.5	2.2	1.2	1.6
Chocolate products	1.3	1.0	1.0	0.3	-0.5	2.8	3.7	2.8	1.3
Sugar confectionery	0.4	2.5	0.6	0.0	-0.3	1.5	2.8	2.6	2.4
Other food	1.0	0.6	0.9	0.0	-0.4	1.4	2.5	1.8	1.1
Soft drinks	2.4	0.6	0.9	0.3	0.1	1.2	2.6	2.0	1.5
Alcohol	4.9	0.1	0.3	-0.4	-0.5	0.8	1.4	0.4	-0.6
Tobacco	4.2	0.8	1.1	0.3	0.5	2.8	3.0	3.5	1.9
Household appliances	0.7	2.1	1.0	0.0	-0.6	3.1	4.0	3.3	2.7
Products and services for daily home maintenance	0.9	1.0	2.0	1.6	1.7	8.9	9.1	7.5	4.0
Personal care products	1.3	0.9	1.5	1.6	0.5	4.5	5.2	5.7	3.5
Other industrial goods	0.8	0.4	0.9	-0.2	0.1	2.4	2.9	2.3	1.9

Price changes for online supermarkets, %

In monthly terms



In weekly terms



Source: online supermarkets.

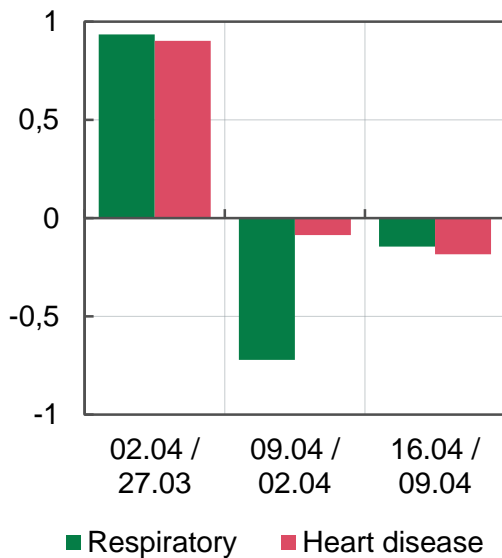
Prices for most vegetables, some fruits, including lemons and cereals, even for buckwheat, fell

	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	1.9	3.9	2.8	0.3	-0.4	8.2	12.1	10.0	9.0	
Wheat flour	0.5	2.8	0.5	0.4	-0.5	6.1	5.0	4.7	4.5	-0.1
Rice	0.4	2.0	1.3	0.7	-0.7	3.4	5.8	5.5	5.3	-0.5
Semolina	0.0	1.8	1.3	0.1	-0.1	6.2	8.2	7.4	6.7	0.0
Buckwheat	0.7	9.1	3.8	0.3	-0.3	16.7	21.0	19.6	17.7	-2.1
Oatmeal flakes	0.1	1.4	2.9	-0.9	0.3	2.0	4.5	1.7	3.5	0.3
Barley cereals	0.0	3.5	2.0	-1.1	-0.4	7.7	9.6	6.4	6.4	-0.7
Millet	0.0	10.0	2.5	-2.1	-1.3	-0.9	5.3	4.0	5.7	1.7
Fruits	2.0	5.2	1.4	0.3	0.2	11.9	12.0	11.9	11.1	
Lemons	0.3	31.8	7.4	8.0	-9.3	43.4	39.1	57.1	53.3	1.5
Oranges	0.3	10.7	1.8	1.1	0.7	17.6	14.6	9.1	13.5	-5.8
Bananas	0.5	1.4	-1.2	-0.9	1.0	-0.2	1.8	2.8	5.5	-1.4
Apples	0.5	6.8	1.0	-0.2	4.5	13.7	12.0	11.6	14.7	3.8
Grape	0.1	3.5	-2.4	-5.8	-0.9	11.2	4.3	-5.8	-9.3	-3.4
Dried fruits	0.1	1.2	0.5	1.2	1.1	3.1	3.4	2.4	2.7	-1.5
Vegetables	3.9	4.5	0.1	-2.5	0.4	7.7	7.4	6.0	6.1	
Green salads	0.1	-1.6	1.6	-1.8	4.9	-5.0	-1.2	-2.1	3.7	-8.5
Cucumbers	0.5	-3.1	-9.7	-11.9	3.4	-6.5	-12.7	-21.7	-17.6	-14.2
Tomatoes	0.5	-0.4	-0.2	-3.2	3.5	-7.1	-4.4	-11.1	-0.2	3.5
Zucchini	0.1	7.1	-3.7	3.3	-0.4	10.4	0.9	-4.7	-0.2	2.7
Eggplants	0.0	-1.5	6.2	-5.1	15.3	-21.1	0.7	-9.9	11.6	3.0
Sweet pepper	0.1	8.7	1.0	5.4	-0.3	0.1	6.3	12.9	13.2	-4.0
Borshch vegetables	2.2	8.6	2.0	-1.6	-1.7	14.4	15.6	16.5	14.8	
White cabbage	0.2	14.2	11.6	-9.5	-15.1	13.7	25.4	10.0	0.5	28.9
Onions	0.3	38.9	3.4	4.7	-3.9	53.0	37.8	62.6	51.7	12.4
Beet	0.1	12.3	3.5	-7.4	-4.5	24.5	19.7	22.6	15.4	10.3
Carrot	0.1	9.3	2.1	-4.6	-2.1	25.2	20.8	14.2	10.8	16.5
Potato	1.1	4.6	-0.1	-0.8	1.4	8.4	9.6	3.7	5.8	1.3
Garlic	0.0	7.3	7.7	-2.7	-0.6	26.9	23.2	50.1	13.9	3.5
Personal care goods	1.3	0.9	1.5	1.6	0.5	4.5	5.2	5.7	3.5	
Toilet soap	0.2	2.6	1.3	2.1	-0.6	5.4	5.9	7.0	3.7	
Shampoos	0.2	-0.7	1.5	1.9	0.1	2.7	3.3	4.2	1.2	
Toothpastes	0.1	3.2	1.8	1.1	-0.3	2.6	4.0	4.4	3.3	
Toilet paper	0.2	2.4	1.3	1.6	3.7	10.7	9.0	9.3	9.3	

- Cheaper buckwheat, rice and flour may reflect subsided rush in demand
- Lemon prices also declined, reflecting hryvnia strengthening and lower demand for them amid a sharp rise in prices in the previous weeks
- Prices for vegetables, used to cook traditional Ukrainian soup 'borshch', have been declining for the second week in a row
- Instead, prices for other fruit, including apples, were rising due to narrower domestic supply amid quarantine restrictions
- Demand for individual personal care products remains high, but prices for some products in this group responded to the hryvnia strengthening

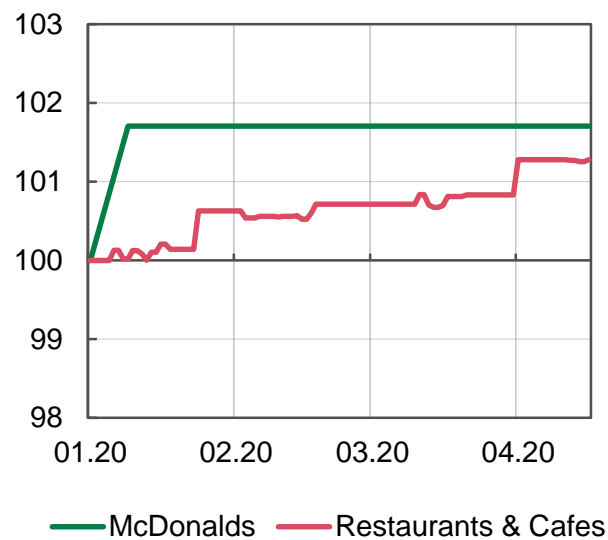
Prices for drugs and fuels also gradually declined, and prices for catering delivery stayed flat

Change in the prices of medicines, %



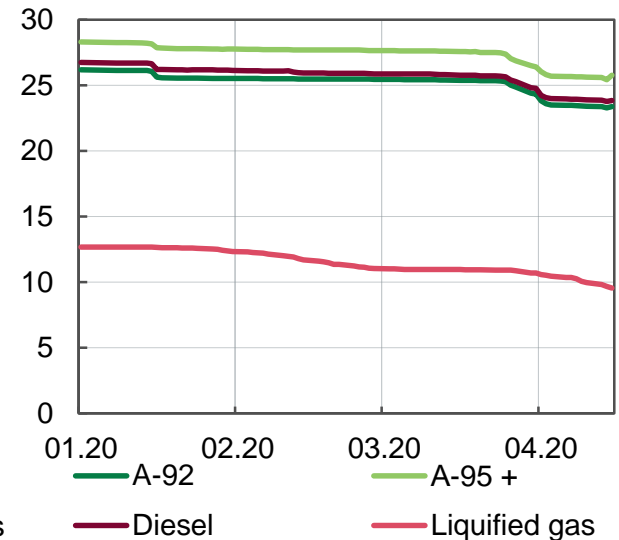
Source: e-apteka.com.ua.

Price indices in public catering establishments, 01.01.20 = 100



Source: Glovo.

Fuel prices, UAH / l

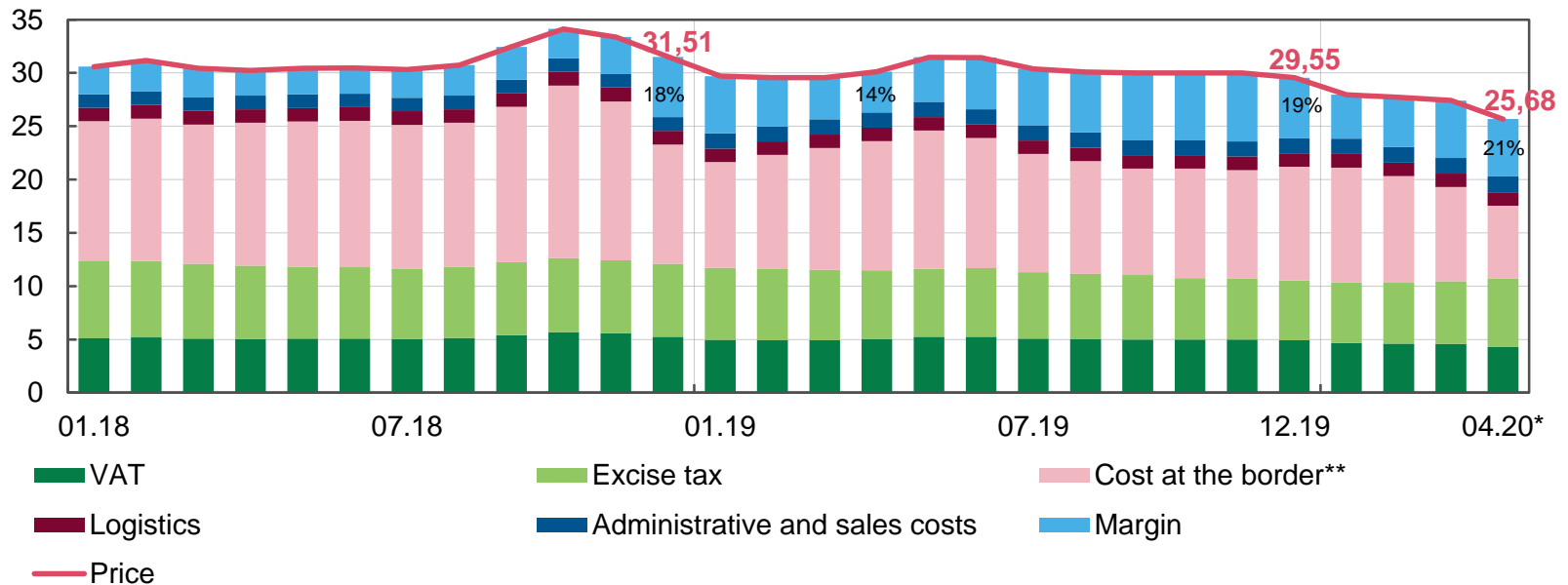


Source: minfin.com.ua.

- Over the last week, prices for selected drugs fell slightly, which may be explained by hryvnia strengthening
- The cost of catering delivery, as well as the cost of dry cleaning services available for ordering online, remained flat
- Fuel prices continued to fall, driven by lower world prices

Domestic fuel prices are decreasing, responding to low world crude oil prices

Breakdown of changes in the average monthly price for A-95+ fuel, UAH / l



* Period from April 01 to April 15.

** 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 previous four weeks "

99 answers:

22% - agriculture

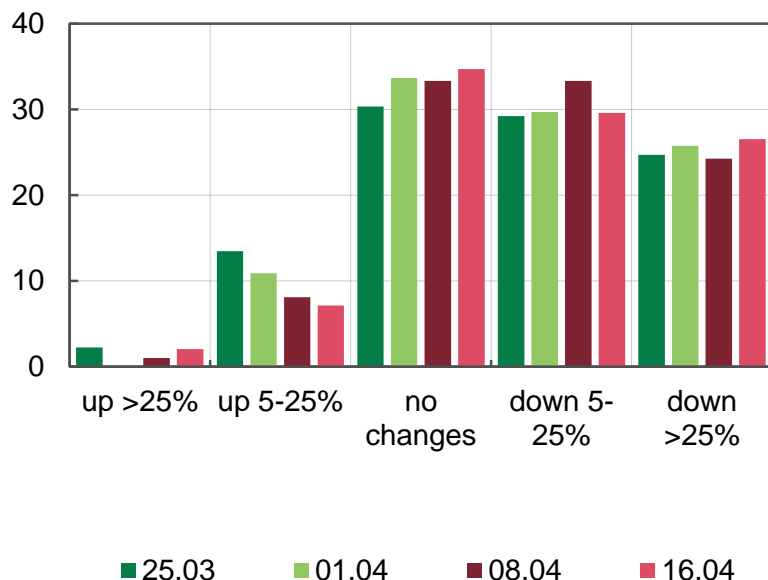
33% - manufacturing

38% - 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

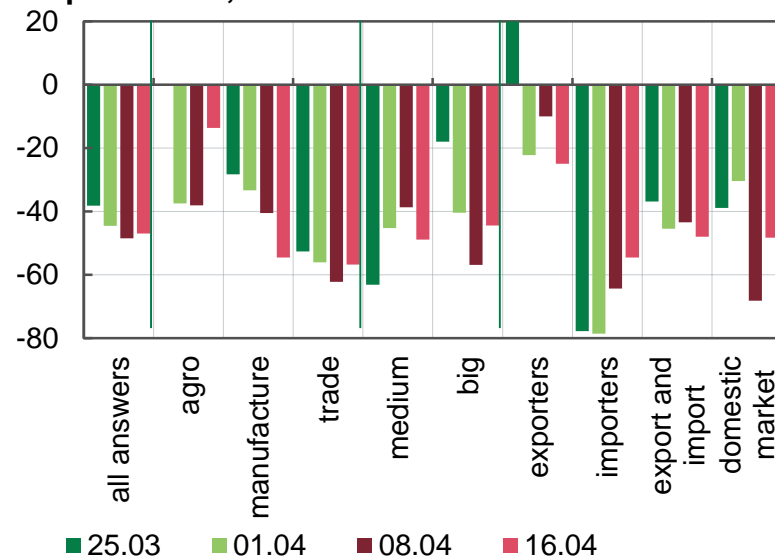
Companies continued to adjust downwards their expectations for turnover or production volumes

Expectations for turnover/production, % of answers



Source: NBU.

Balance of answers* for turnover/production expectations, %



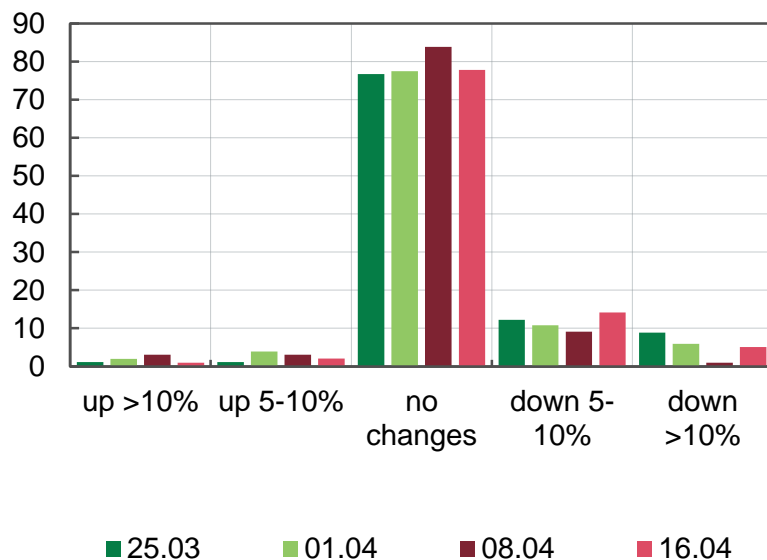
Source: NBU.

- Over last week, the share of companies, who expect a rather significant decrease in turnover or production volumes (more than 25%), increased
- First of all, expectations of exporters and manufacturing companies have deteriorated. Meanwhile, agricultural companies have improved expectations amid active sowing campaign; as did trade, domestic-market-focused firms and importers (likely amid China's recovery)

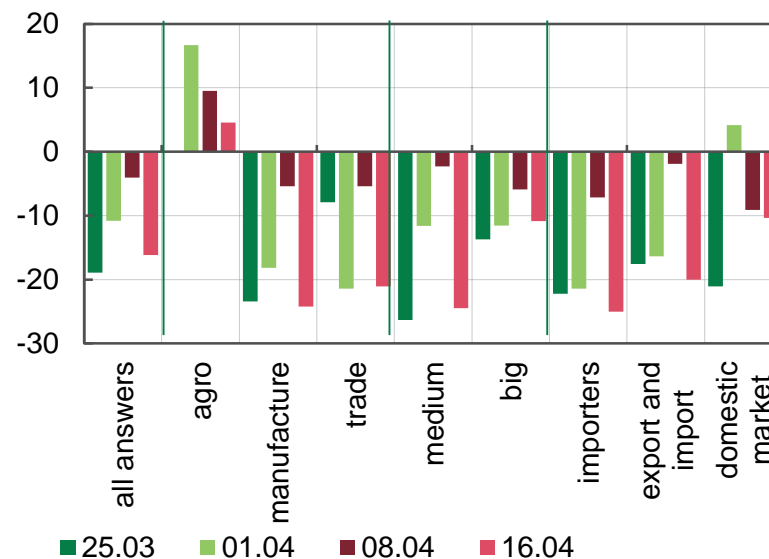
* The difference between positive and negative answers

As the quarantine lasts, employment expectations of businesses worsened

Expectations for amount of staff, % of answers



Balance of answers* for amount of staff, %



Source: NBU.

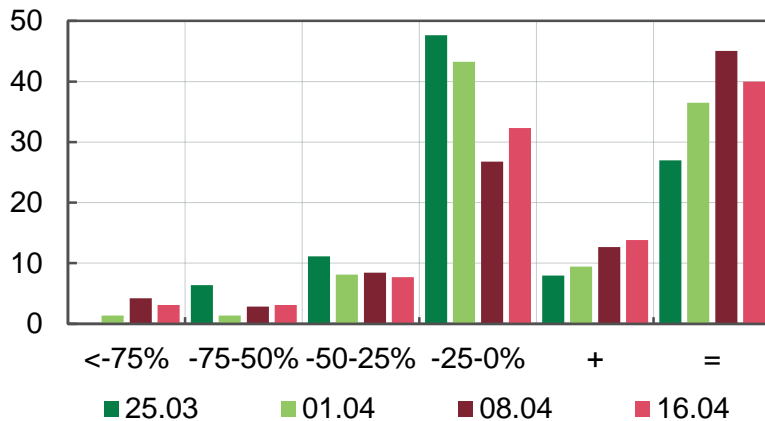
Source: NBU.

- The share of companies that reported the number of their employees would not change decreased
- Firms of all types of activities have worsened their expectations. Trade firms, manufacturing, medium firms and importers were the most pessimistic
- Despite positive expectations, agricultural enterprises reported problems with the transportation of workers because of transport restrictions

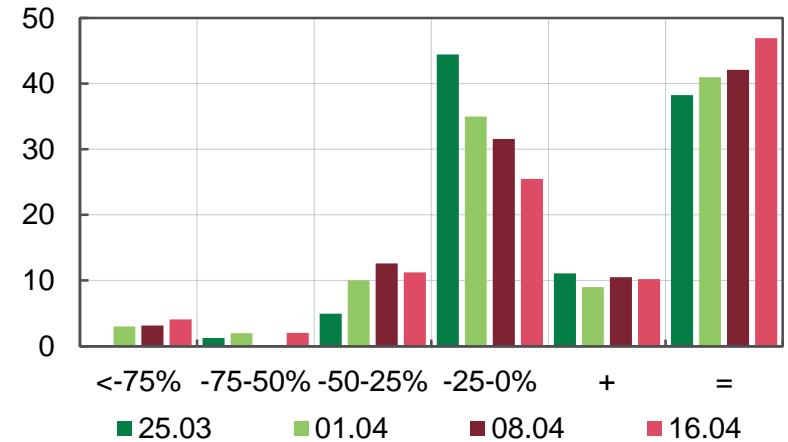
* Difference between positive and negative answers

Lower demand and adaptation to current conditions led to improving expectations of stockpiles

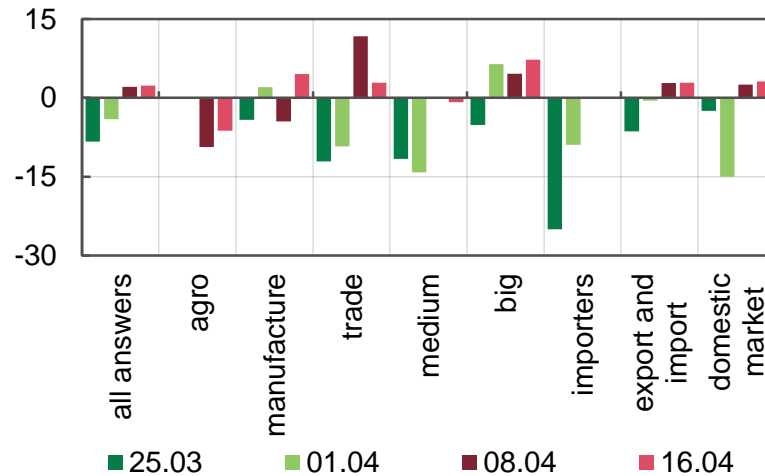
Expectations for a change in stocks of imported goods, % of answers



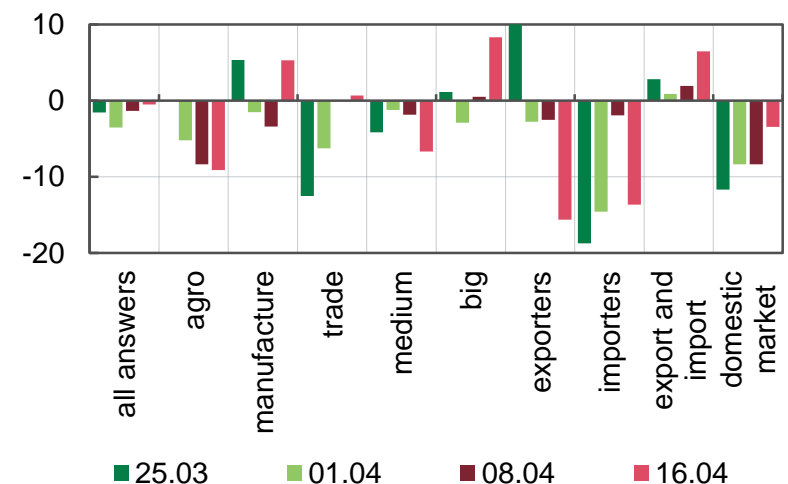
Expectations for a change in stocks of domestic goods, % of answers



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



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

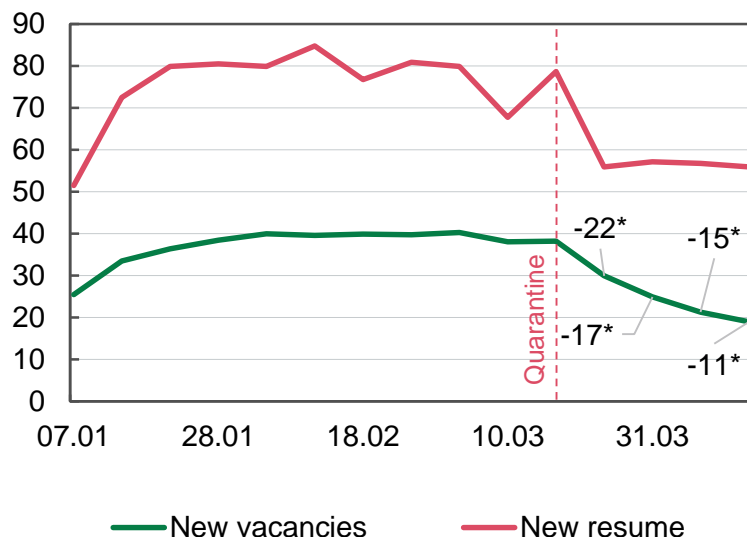




Labor market

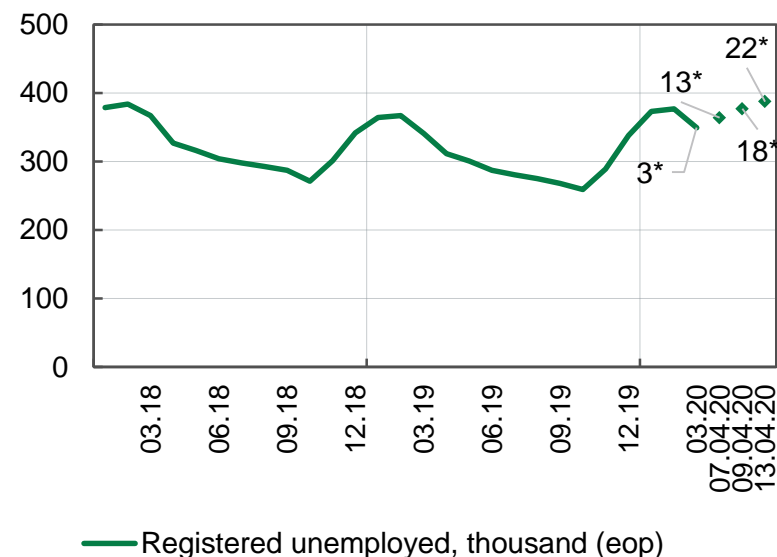
The number of new vacancies continued to decrease, although at a slower pace, and registered unemployment increased

New vacancies and resumes per week, thousand



* % wow.
Source: work.ua.

Registered unemployed, thousand

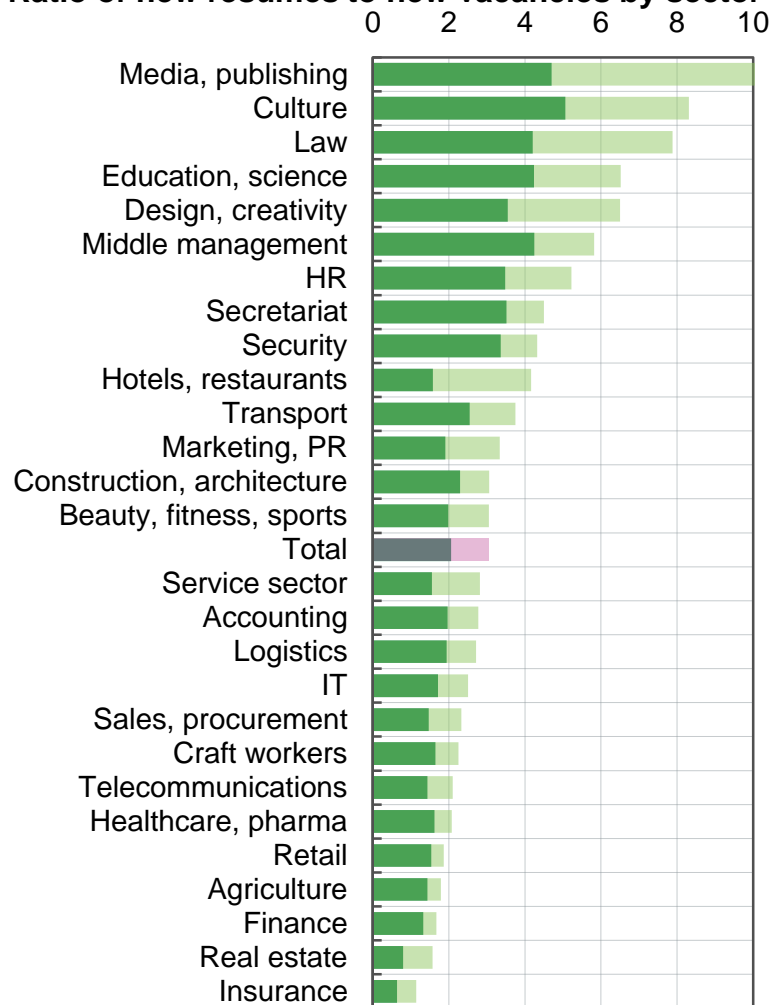


* yoy.
Source: State Employment Service of Ukraine.

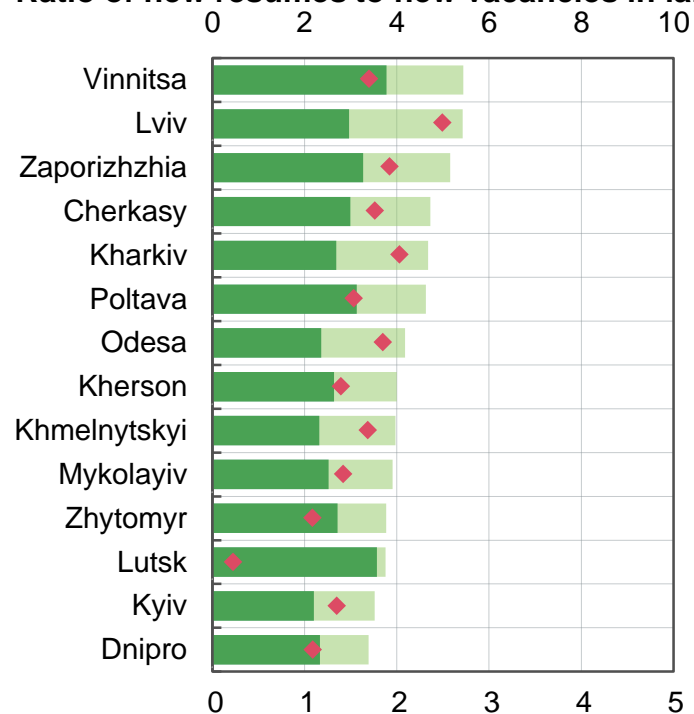
- Since mid-March (the beginning of quarantine) the number of new vacancies halved, the number of new resumes has been stable in recent weeks
- Since the end of March, the number of registered unemployed has been increasing, which may reflect both the loss of jobs due to current crisis and the simplification of application procedure

The ratio of new vacancies to resumes increased in all sectors and cities

Ratio of new resumes to new vacancies by sector



Ratio of new resumes to new vacancies in large cities



- Since the beginning of quarantine, the ratio of new resumes to new vacancies rose from 2.1 to 3.0, mainly due to decrease in the number of vacancies
- The ratio increased in all sectors and cities, but healthcare, retail, agriculture and finance were the most resilient