



Національний  
банк України

# Weekly review

*19 June 2020*



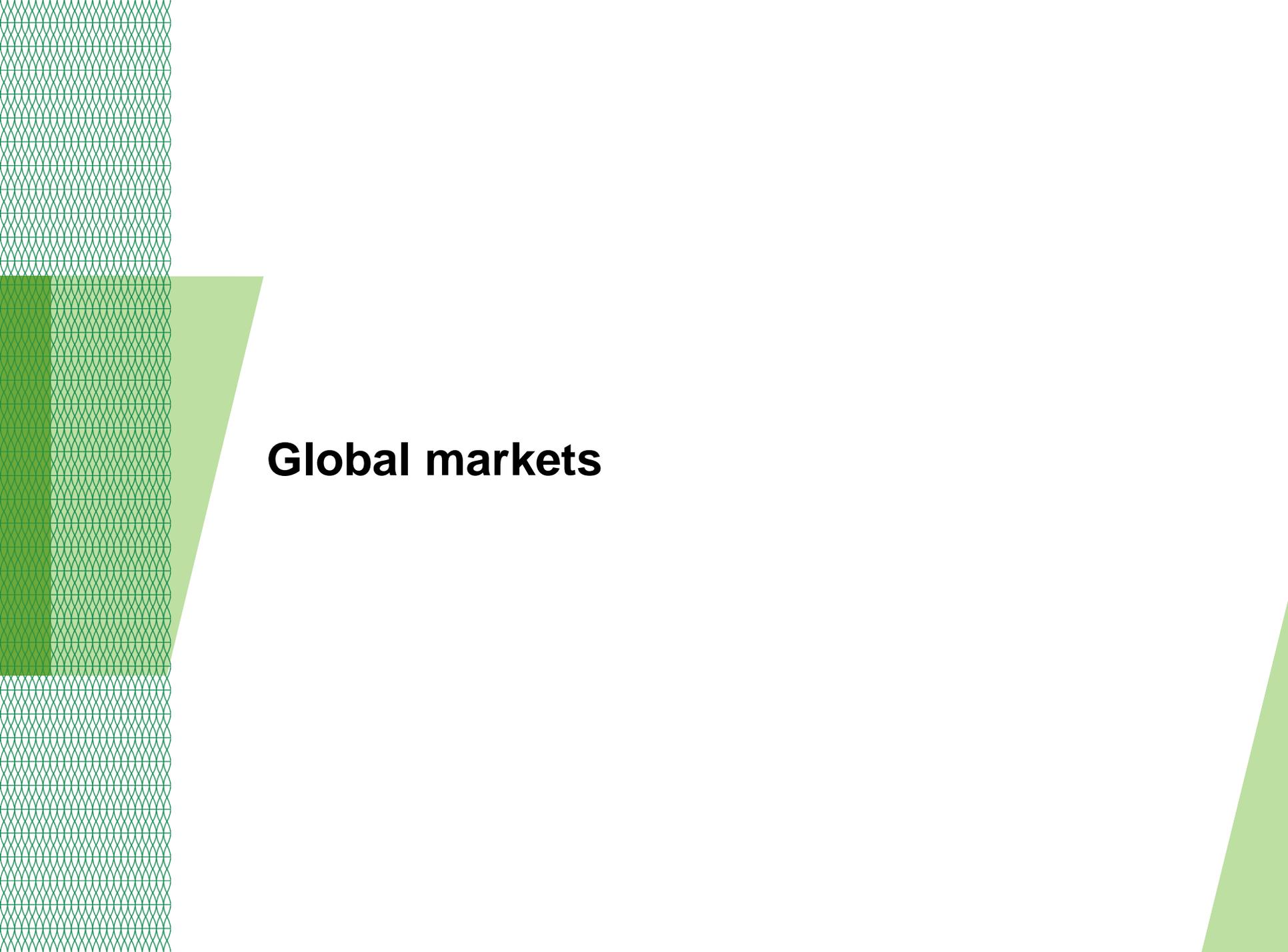
# Summary

---

- Uncertainty about global recovery heightened due to risks of a second wave of the COVID-19 pandemic, pushing market volatility higher. Commodity prices stalled, while oil prices dropped. Most currencies of Ukraine's main trading partners have been gradually depreciating against the US Dollar
- The yields on government hryvnia bond and banks' interest rates have been declining, reacting to monetary policy easing
- Over the last week food prices overall were lower than a week before. In particular, vegetables became cheaper due to the seasonal increase in supply
- Business activity has been recovering albeit slowly as restrictions were maintained in several regions
- Given a moderate recovery in labor demand and reopening borders, Ukrainians have become more active in searching jobs abroad
- Mobility of Ukrainians increased further, as did the number of COVID-19 cases

*The NBU will cease the publication of the Weekly Review with this issue. The Weekly Review report was a temporary weekly publication of the NBU, released since April 3, 2020. The Report was aimed at providing readily available information on external environment and economic situation in Ukraine during the acute phase of the crisis.*

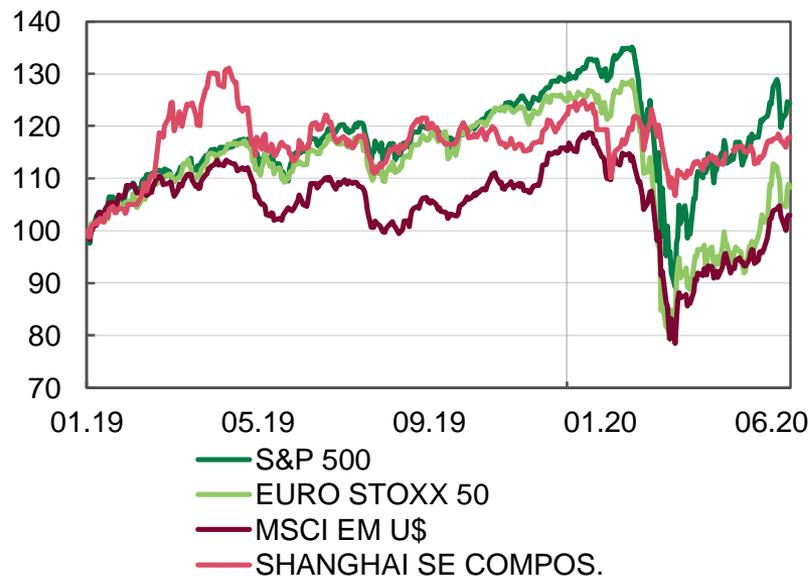
*Analysis of the economic situation and the NBU's opinion regarding further developments will continue to be published in "Macroeconomic and Monetary Review" on a monthly basis and "Inflation Report" on a quarterly basis.*



# **Global markets**

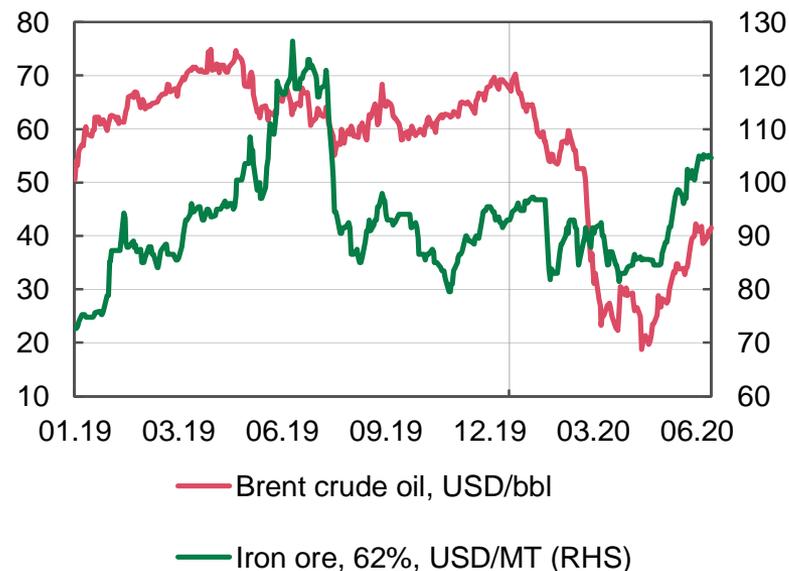
# The risk of the 2<sup>nd</sup> wave of the COVID-19 heightened uncertainty about global recovery, pushing market volatility higher

Global equity benchmarks, 01 Jan 2019 = 100



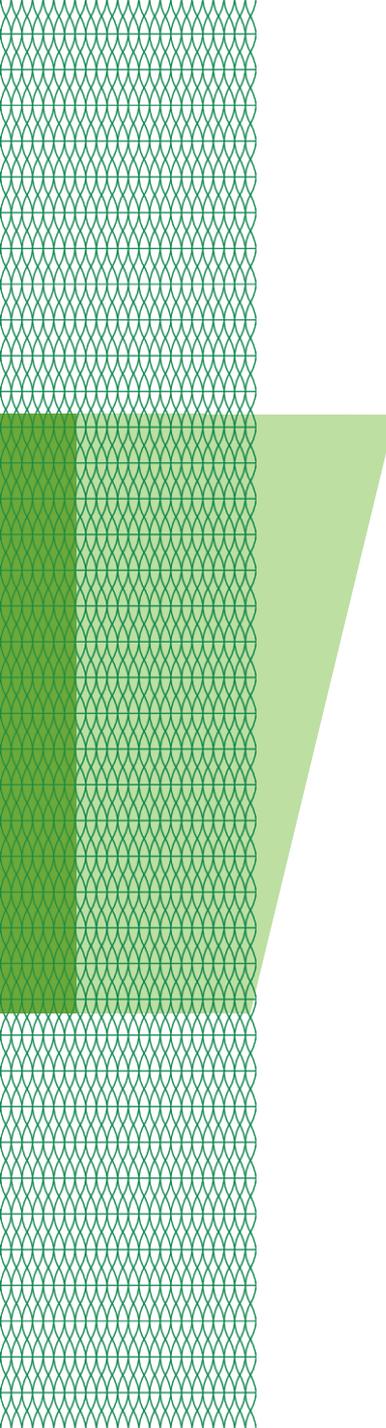
Source: Refinitiv, Investing, as of 18.06.2020.

World commodity prices



Source: Refinitiv, Investing, NBU staff estimates.

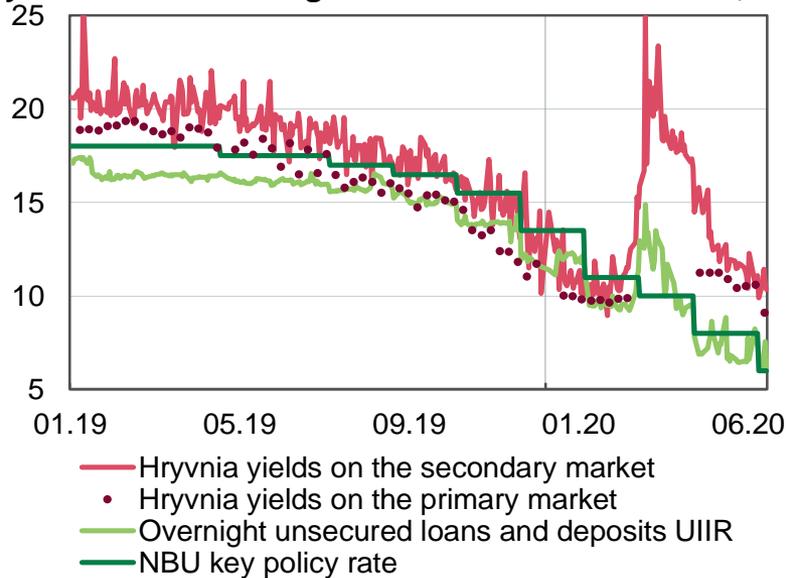
- An increase in the incidence rate in one of the largest US states (California) and some cities in China (in particular, Beijing) has strengthened negative expectations about the global economy and has dented investor appetite for risky assets
- This was partially offset by an increase in the volume of additional financial incentives by several EU countries, primarily Germany
- With global economic conditions potentially worsening, commodity prices stalled and fell slightly for some commodities, oil, in particular, while most currencies of Ukraine's trading partners slowly depreciated against the US dollar



# **Financial market of Ukraine**

# The yields on government hryvnia bond and banks' interest rates have been declining, reacting to monetary policy easing

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

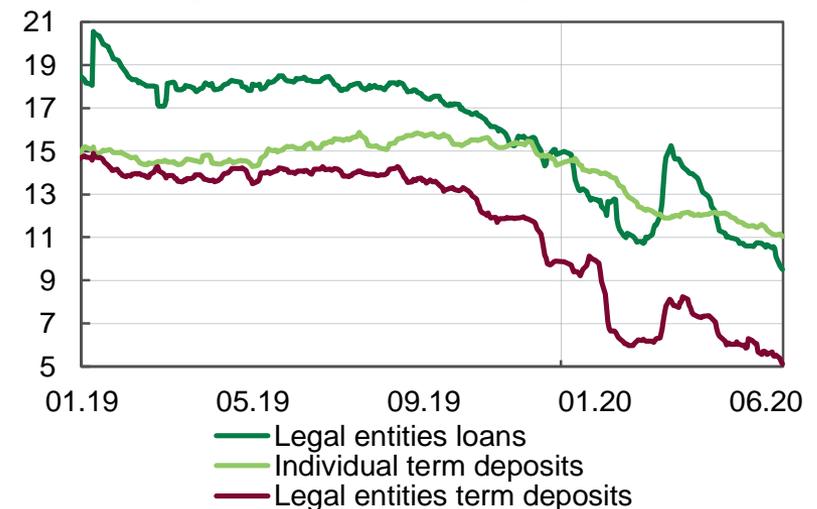


\* As of 18.06.2020.

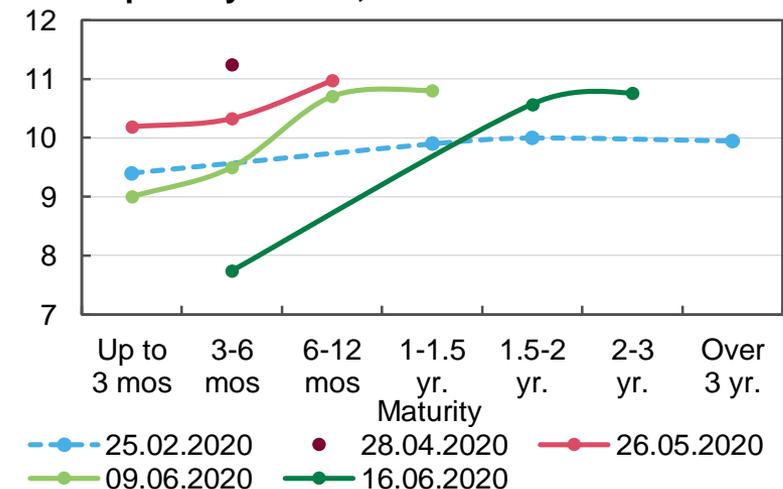
Source: NBU.

- Key policy rate cuts by the NBU alongside the expanded set of tools for banks that enable them to manage their liquidity helped bring down interbank interest rates
- Yields on hryvnia government domestic debt securities and hryvnia interest rates on bank loans and deposits followed the decline in interbank interest rates

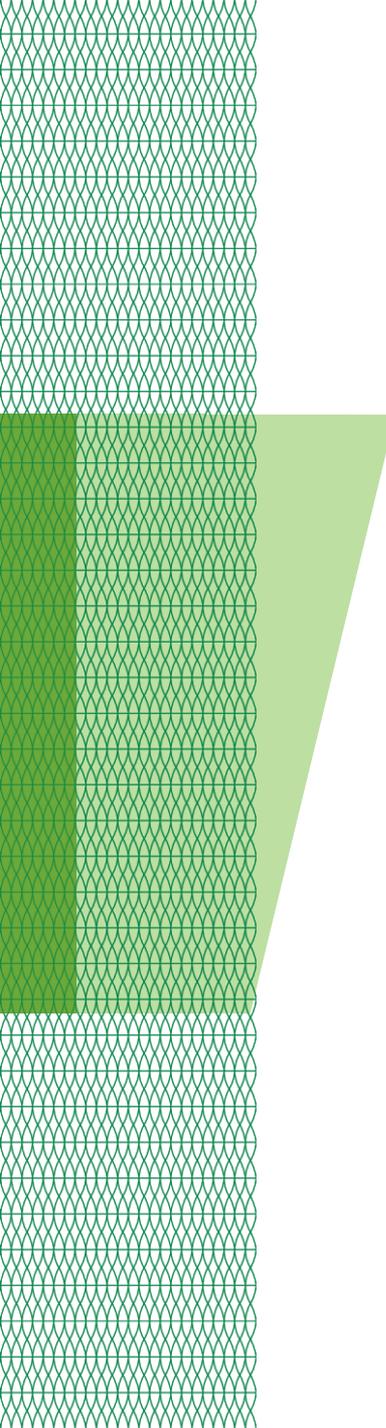
**Selected hryvnia rates on bank operations\*, %**



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



\*5-day moving average. As of 17.05.2020. Source: NBU.

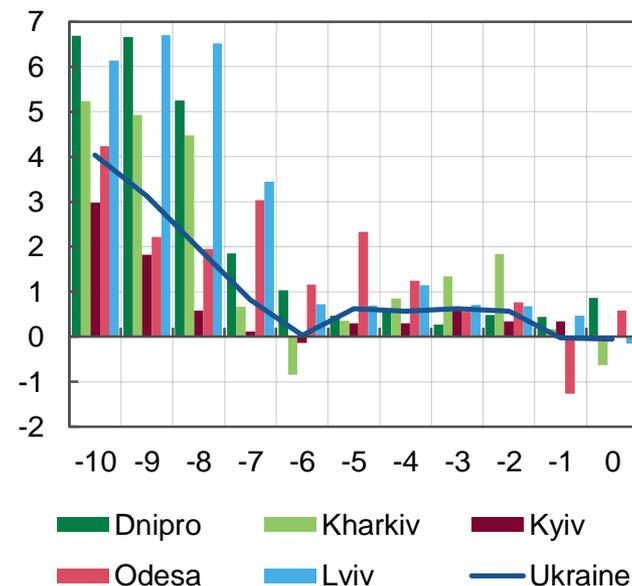


# **Consumer prices in Ukraine**

# Food prices fell over the last week, primarily due to cheaper vegetables on the back of seasonal increase in supply

Price indices, %	Weights *	w/w				m/m			
		t-3	t-2	t-1	t0	t-3	t-2	t-1	t0
<b>Food and non-alcoholic beverages</b>	<b>45.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.0</b>	<b>-0.1</b>
Bread	3.4	0.2	0.2	0.0	-0.1	0.4	0.3	0.2	0.3
Pasta	1.0	0.0	-0.1	0.1	0.4	0.5	0.6	0.1	0.3
Flour confectionery	1.8	0.3	0.4	0.5	0.3	1.1	0.8	0.4	1.4
Flour and cereals	2.0	0.0	-0.2	-0.1	-0.1	0.0	0.3	0.0	-0.2
Meat and meat products	10.2	0.0	0.5	-0.1	-0.2	0.5	0.5	0.2	0.2
Beef	0.6	0.1	0.1	-0.3	0.0	0.7	0.8	0.2	-0.1
Pork	3.5	-0.3	-0.2	-0.2	0.1	-0.6	-0.8	-0.9	-0.3
Poultry meat	2.6	0.2	1.8	-0.2	-1.4	-1.3	0.6	1.2	0.8
Meat products	3.6	0.1	0.4	0.1	0.2	2.4	1.6	0.5	0.5
Fish and fish products	2.9	-0.2	0.4	0.0	-0.3	-0.2	0.6	0.8	0.1
Dairy products	5.3	0.3	0.3	-0.1	0.4	0.7	0.8	0.4	0.6
Milk	1.8	-0.2	0.4	0.2	0.1	-0.4	0.5	0.5	0.3
Dairy products	1.4	1.4	0.6	0.1	0.8	0.4	0.9	1.0	2.2
Cheese and cottage cheese	2.2	-0.1	-0.1	-0.4	0.5	1.7	0.8	-0.2	-0.2
Eggs	0.8	0.1	-0.2	-0.4	0.2	4.5	1.1	-0.5	-0.2
Oil and fats	3.8	0.1	0.3	0.0	0.2	-0.3	0.0	0.1	0.7
Fruits	2.9	0.5	-1.1	2.2	0.5	9.2	4.1	4.0	5.4
Vegetables	4.1	-0.8	-3.2	-2.4	-6.4	-2.8	-3.6	-7.2	-11.5
Sugar	0.8	0.1	-0.1	0.1	-0.5	-0.2	-0.3	-0.1	-0.1
Honey	0.2	0.2	0.1	0.2	0.1	0.1	0.3	0.6	0.6
Chocolate products	1.3	-0.4	-0.2	0.5	-0.1	0.3	0.0	0.2	0.5
Sugar confectionery	0.4	0.0	0.7	0.1	0.0	1.3	2.2	1.5	0.8
Other food	1.0	0.3	-0.1	0.4	1.1	1.6	1.1	0.8	1.3
Soft drinks	2.4	-0.2	2.5	0.3	3.0	0.1	3.1	2.4	5.8
<b>Alcohol</b>	<b>4.9</b>	<b>-0.1</b>	<b>0.4</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.7</b>	<b>0.0</b>	<b>0.2</b>
<b>Tobacco</b>	<b>4.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.0</b>	<b>0.9</b>
<b>Household appliances</b>	<b>0.9</b>	<b>-1.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-2.1</b>	<b>-1.3</b>	<b>-1.9</b>
<b>Products for home cleaning</b>	<b>0.9</b>	<b>0.7</b>	<b>2.5</b>	<b>2.0</b>	<b>0.1</b>	<b>2.7</b>	<b>0.2</b>	<b>0.6</b>	<b>1.9</b>
<b>Personal care products</b>	<b>1.3</b>	<b>0.4</b>	<b>1.1</b>	<b>0.1</b>	<b>-2.0</b>	<b>0.0</b>	<b>1.5</b>	<b>0.0</b>	<b>-1.1</b>
<b>Other industrial goods</b>	<b>6.0</b>	<b>0.2</b>	<b>0.6</b>	<b>0.2</b>	<b>1.2</b>	<b>0.1</b>	<b>0.9</b>	<b>1.3</b>	<b>2.2</b>

Food price indices, % mom



\* Dynamic weights; Week 0 – from June 12 to June 18, figures 1–10 stand for previous weeks; the same weeks of February - April are used for monthly comparisons.

Source: online supermarkets.

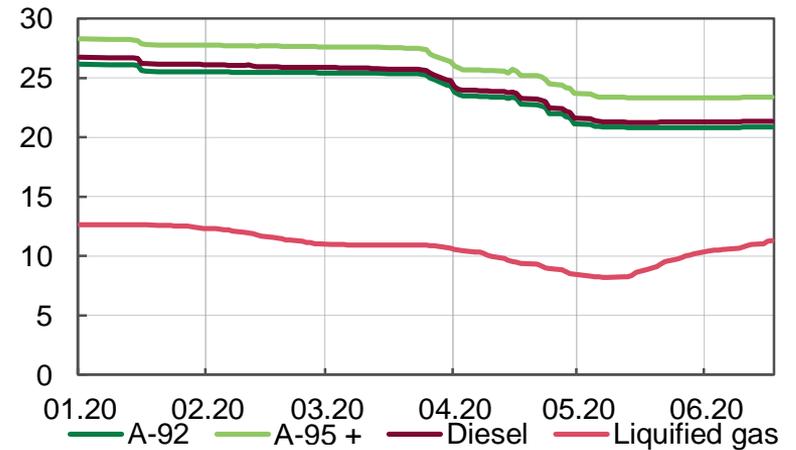
# Prices for drugs and automobile gas rose slightly, while prices for other fuels and medical masks stayed flat

Price indices in public catering delivery, 01.01.20 = 100



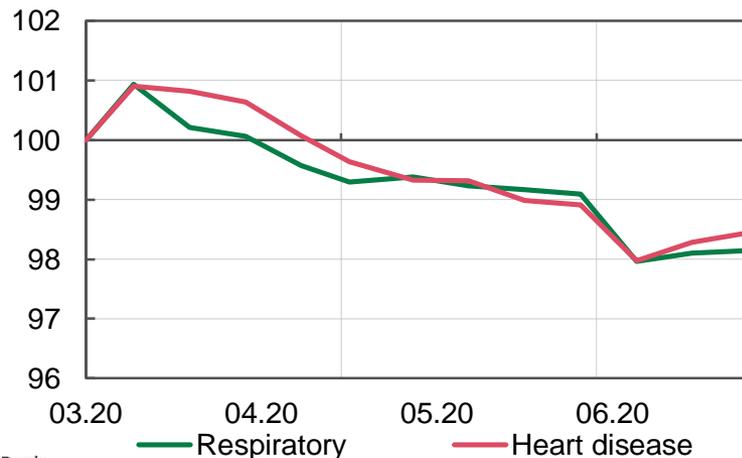
Source: Glovo.

Fuel prices, UAH / l



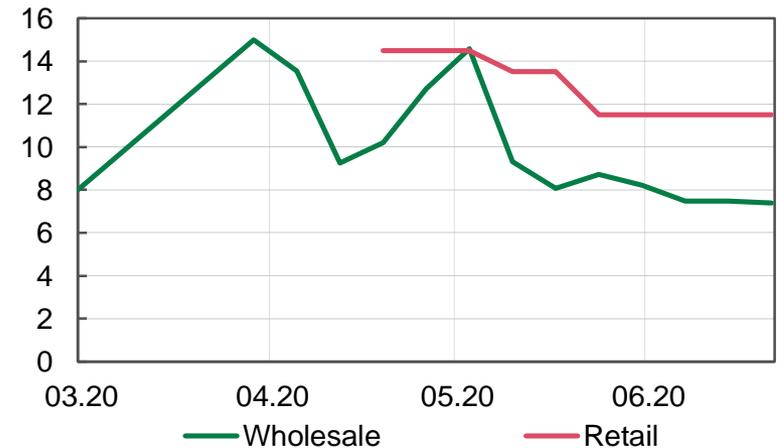
Source: minfin.com.ua.

Prices of medicines, 27.03.20 = 100

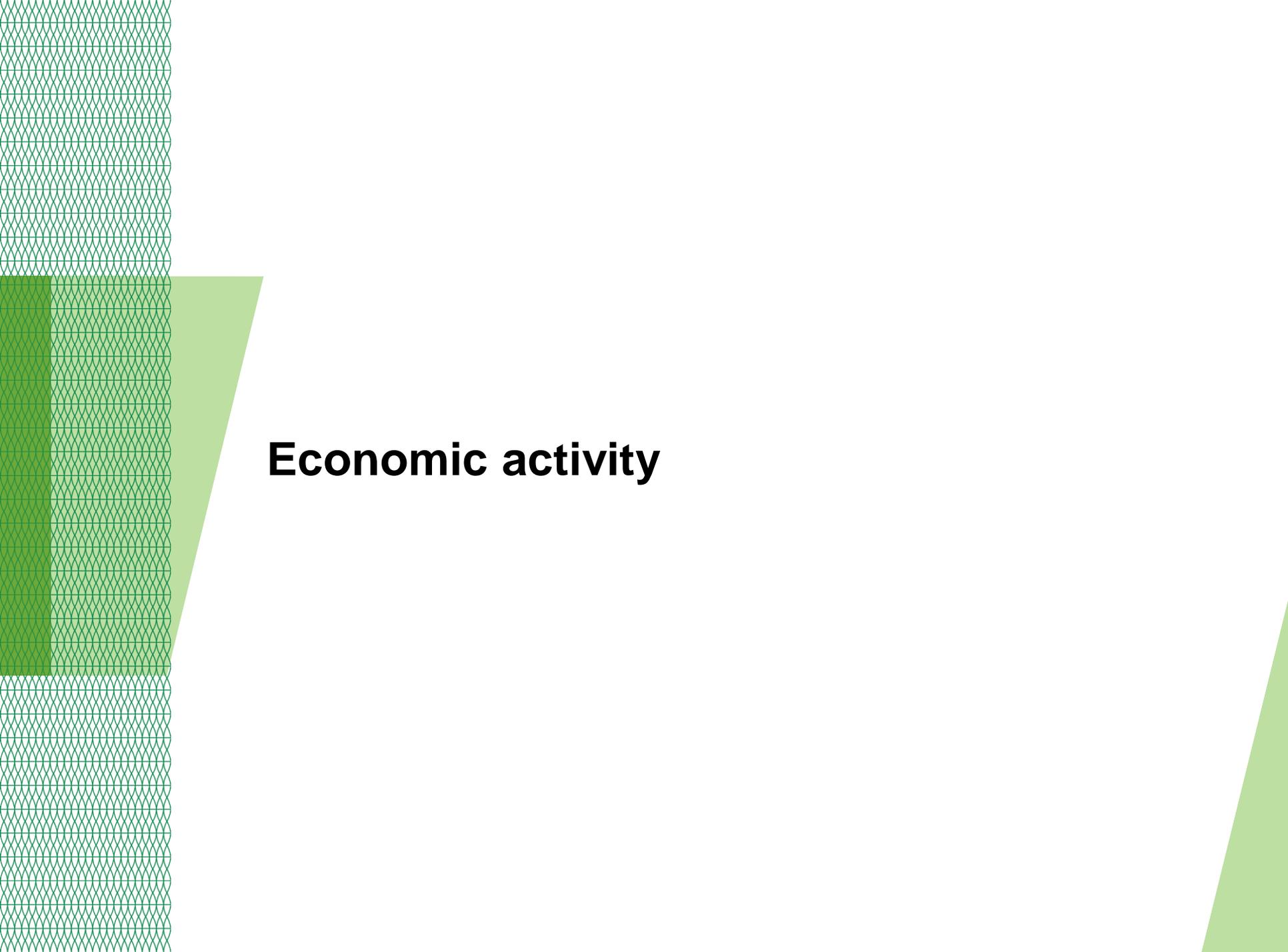


Source: e-apteka.com.ua.

Prices for medical masks, UAH / piece



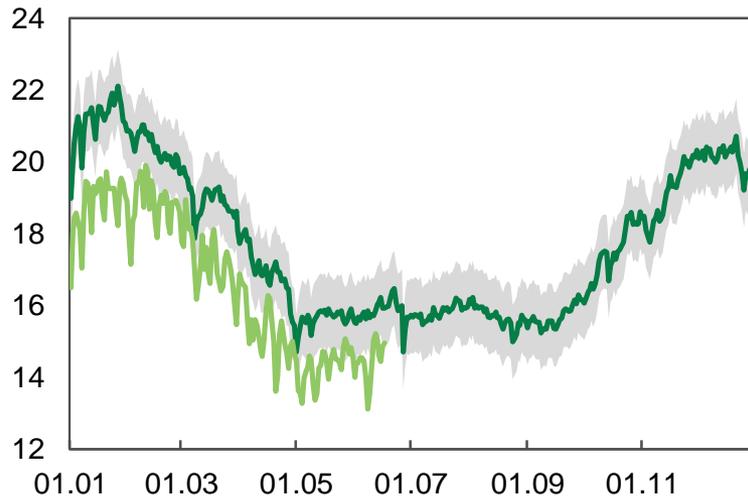
Source: prozorro.org, online supermarkets.



**Economic activity**

# Business activity has been recovering, albeit slowly

Electricity generation, hW

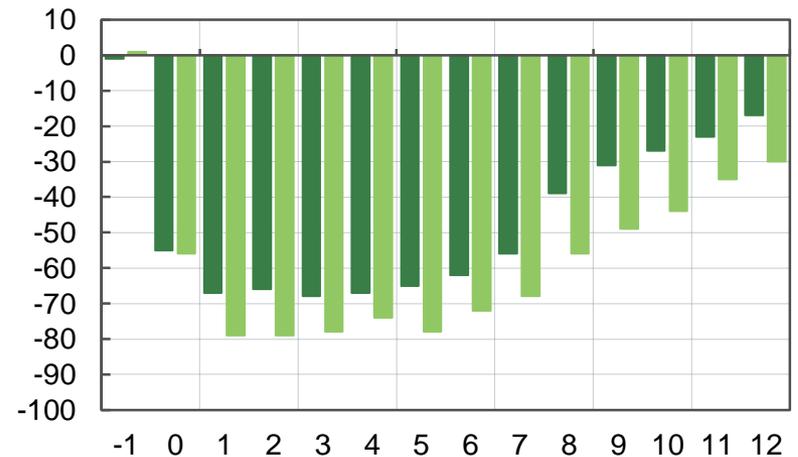


\* Grey field indicates +/- 0.5 standard deviation.

Source: SE NPC "Ukrenergo".

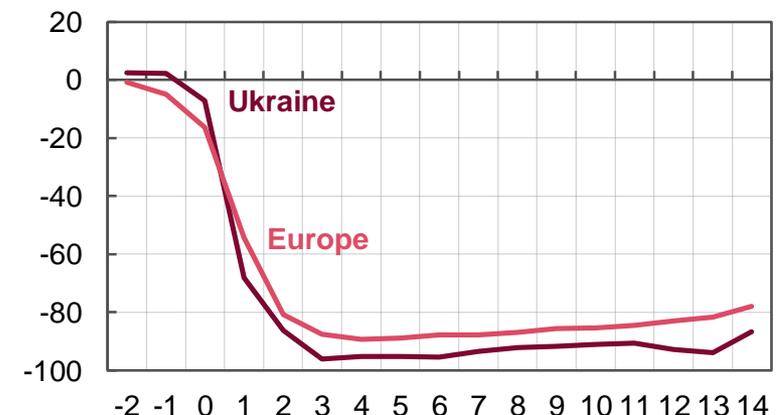
- The decline in electricity production continued into June (by nearly 10% yoy\*, almost flat compared to May)
- The number of catering companies that reopened for business increased, however, still remaining below the pre-crisis level, due to restrictions maintained in several regions
- The number of flights increased due to a partial resumption of international scheduled flights

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



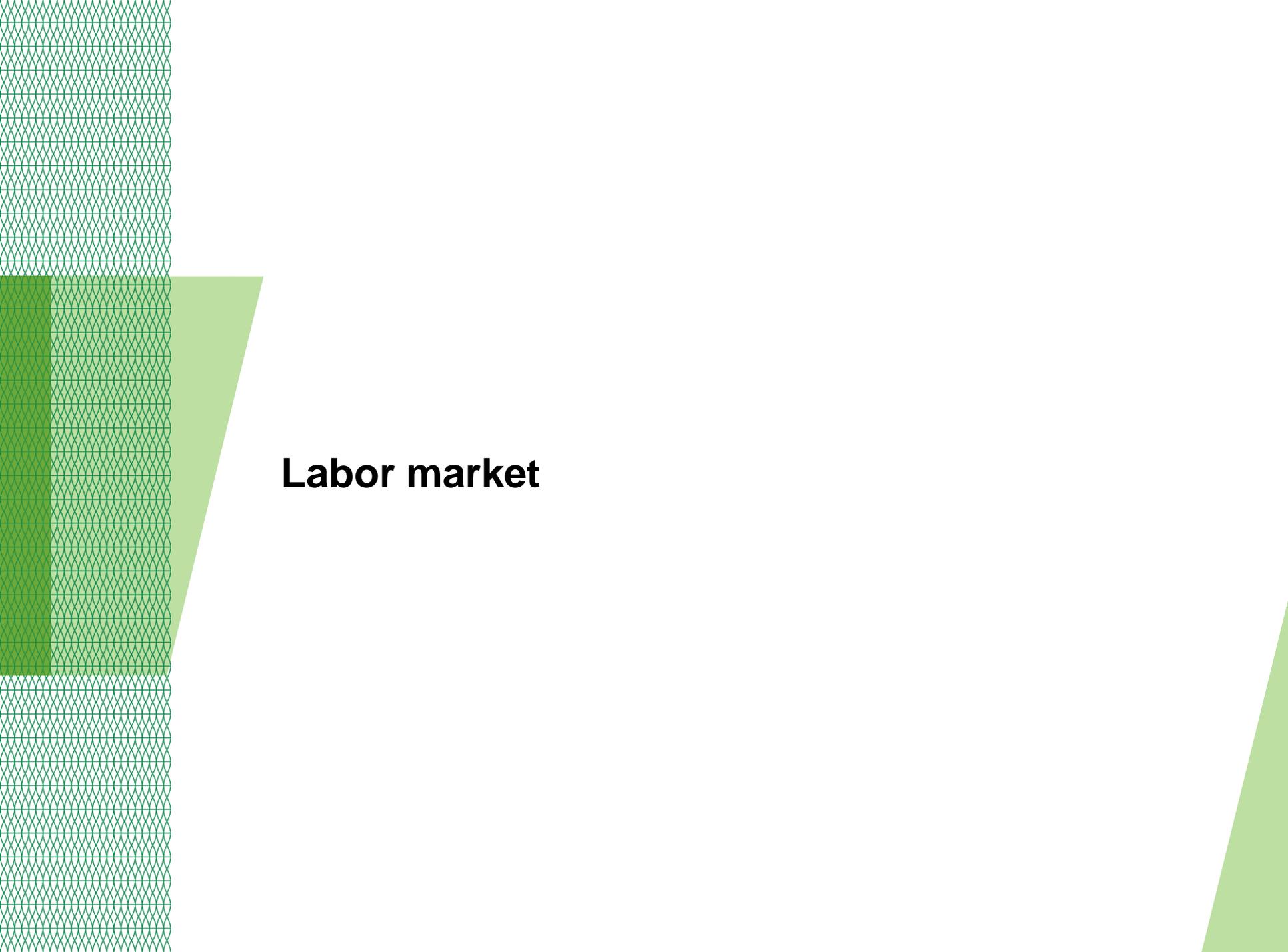
■ Café and restaurants at work    ■ Sales

Change in daily number of flights in Ukraine and Europe, % compared to similar weeks in 2019



\* 0 (week from 9 to 15 March 2020).

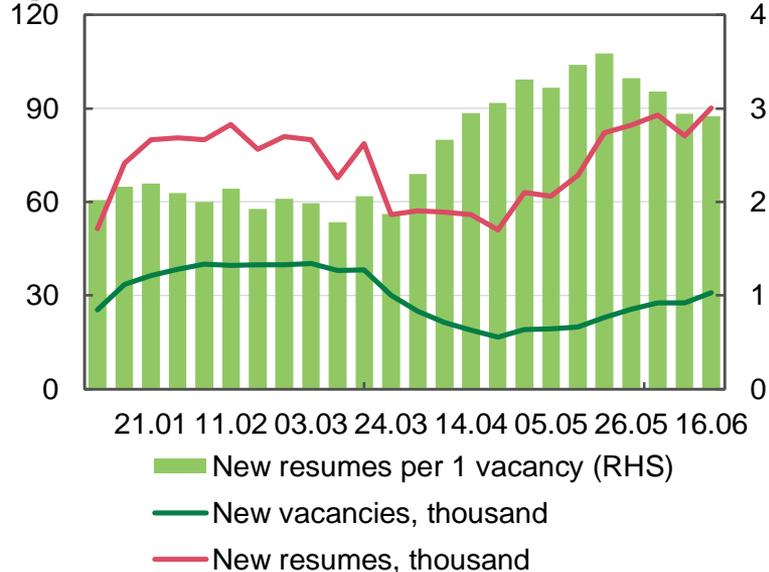
Source: Eurocontrol.



**Labor market**

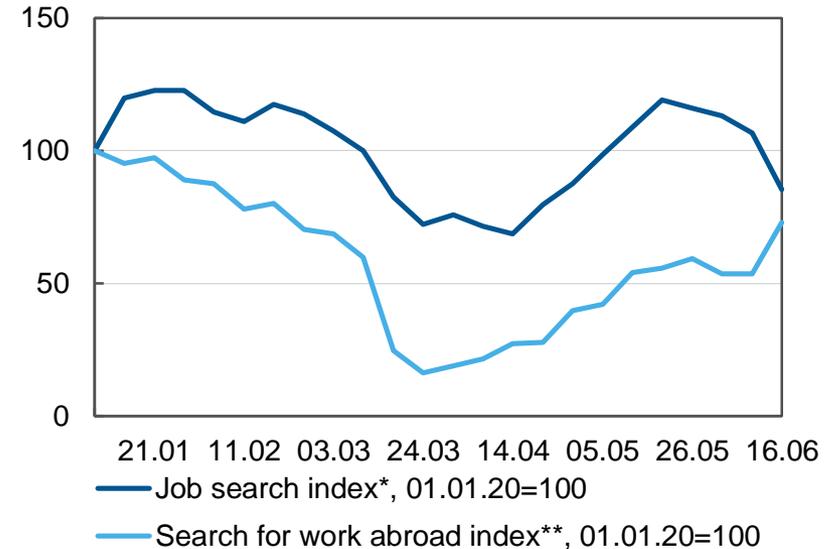
# Against a backdrop of a moderate recovery in labor demand and reopening of borders, the search for work abroad intensified

**New vacancies and resumes and labor market tightness**



Source: work.ua, NBU staff estimates.

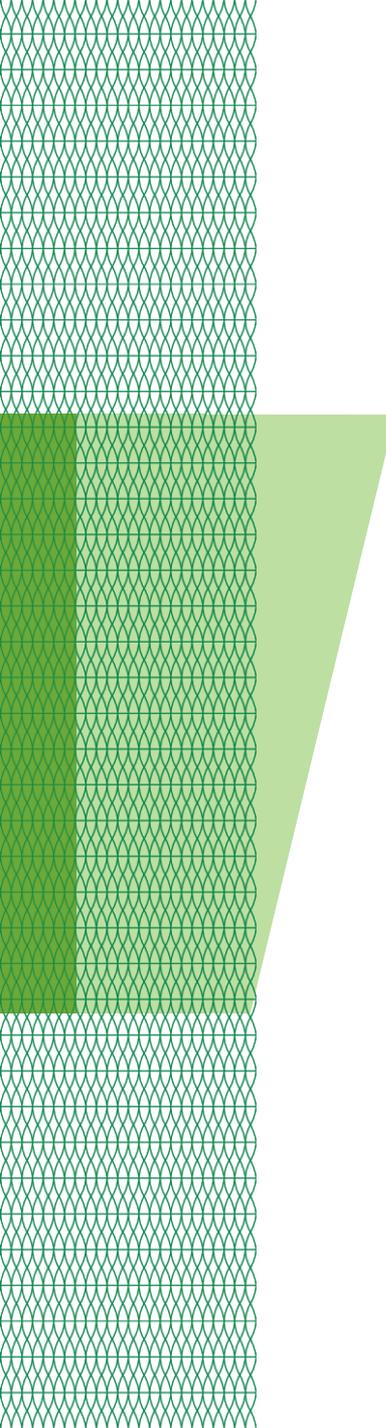
**Job search query indexes**



\* 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, NBU staff estimates.

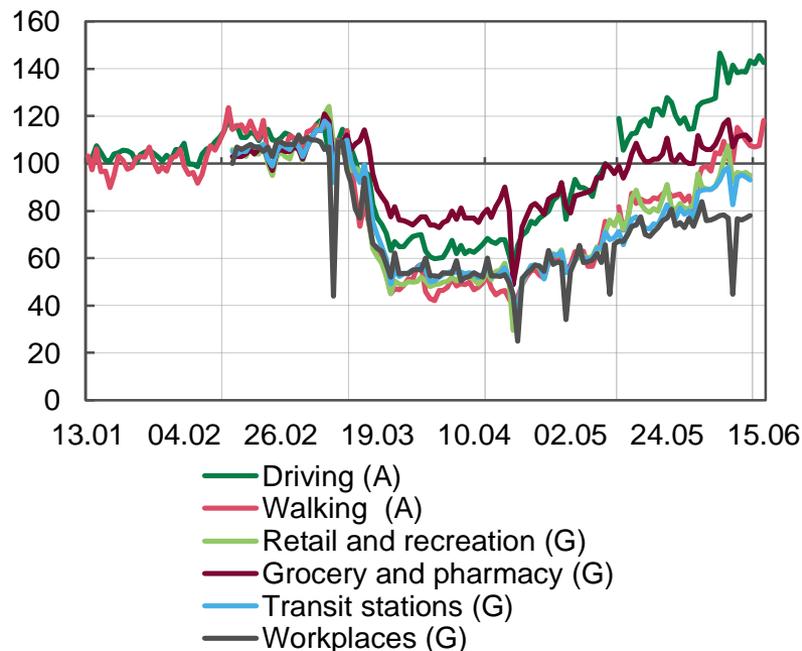
- The number of new vacancies and resumes continued to grow in most sectors and cities, but labor demand remained weak compared to the pre-quarantine level
- As a result, the labor market tightness remained high
- Alongside a gradual reopening of borders and the resumption of flights, the search for work abroad intensified



# **Population mobility and COVID-19 pandemic**

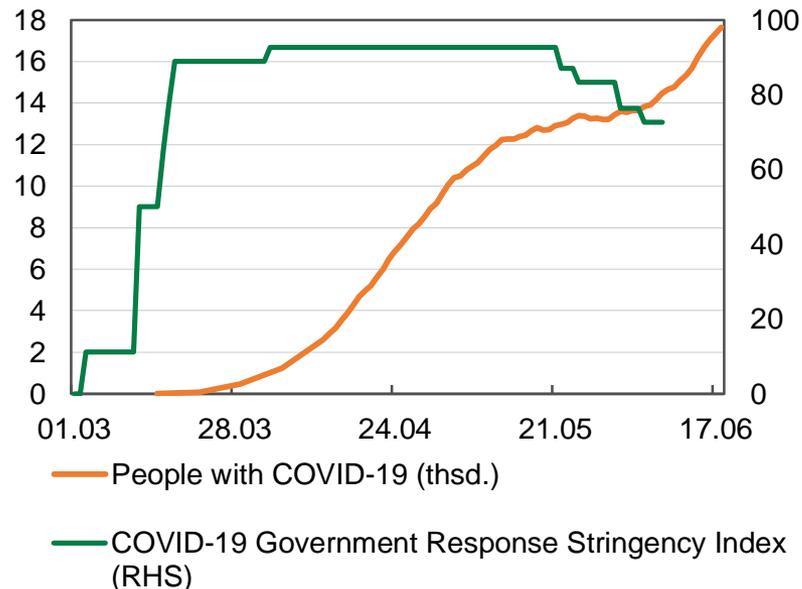
# Mobility of Ukrainians increased further, as did the number of COVID-19 patients, however

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



\* A – denotes change in routing requests on iOS devices since January 13, 2020. Data for May 11-12 are not available.  
 G - show movement trends according to Google data since February 15, 2020. The baseline day is the median value from the 5-week period January 3 – February 6, 2020.  
 Source: apple.com, google.com, NBU staff estimates.

People with COVID-19 and Government Response Stringency Index\*\*



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

\*\* COVID-19 Government Response Stringency Index is developed in the [Blavatnik School of Government](#) at the [University of Oxford](#) and 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 (the most severe measures).