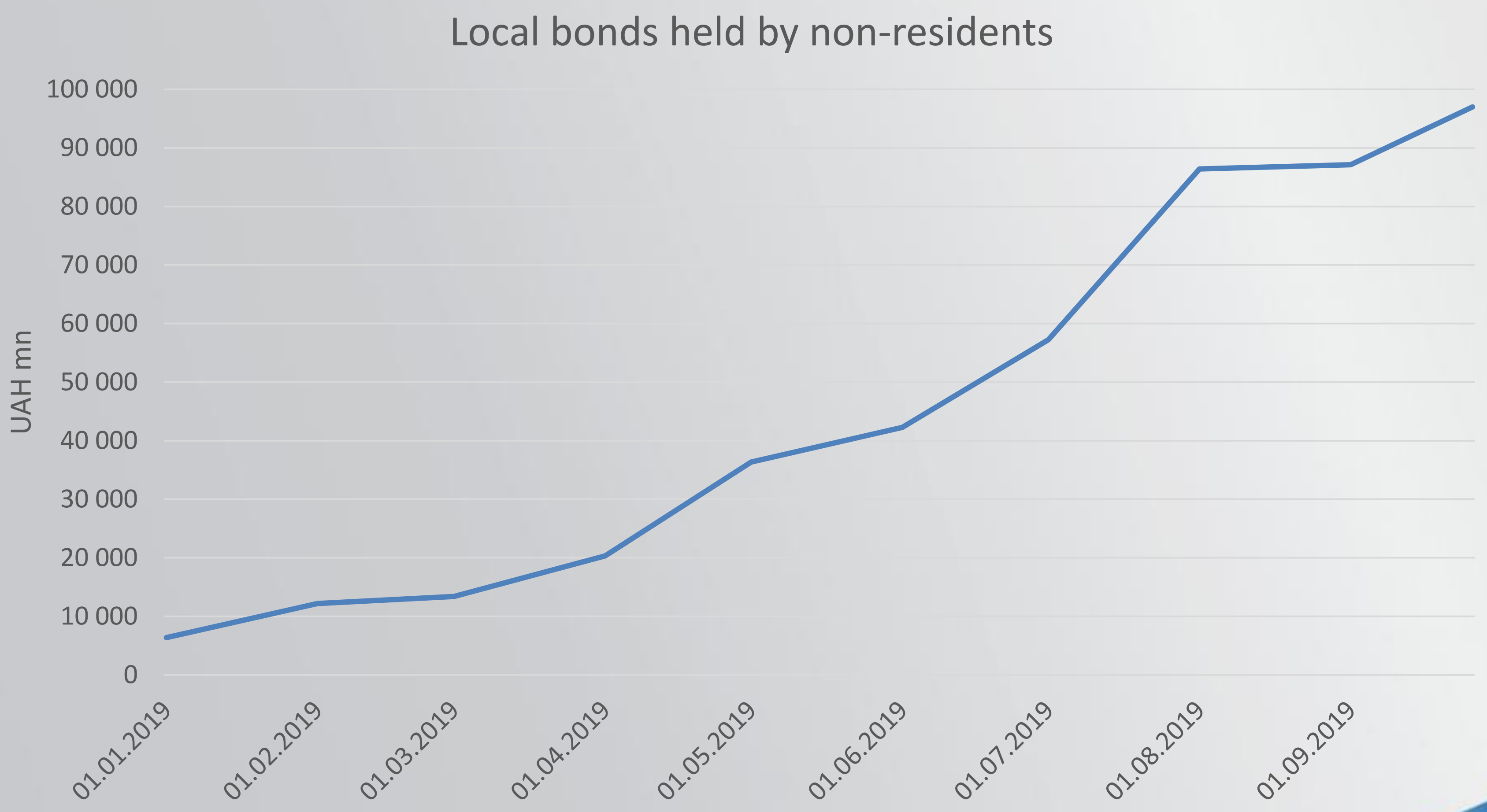
MINISTRY OF ECONOMIC DEVELOPMENT, TRADE AND AGRICULTURE OF UKRAINE

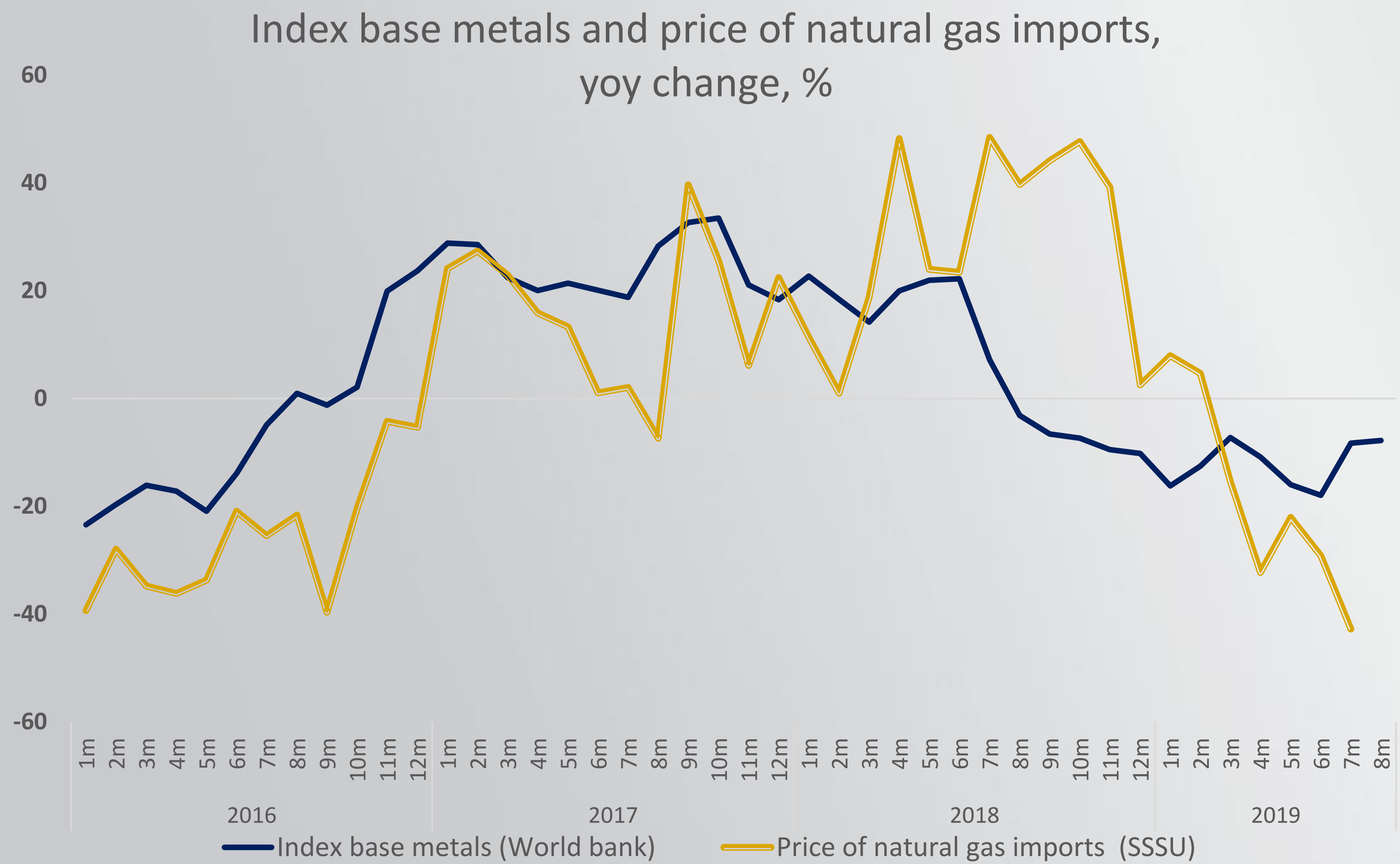
Ukraine: Macroeconomic Challenges

Confidence on the peak



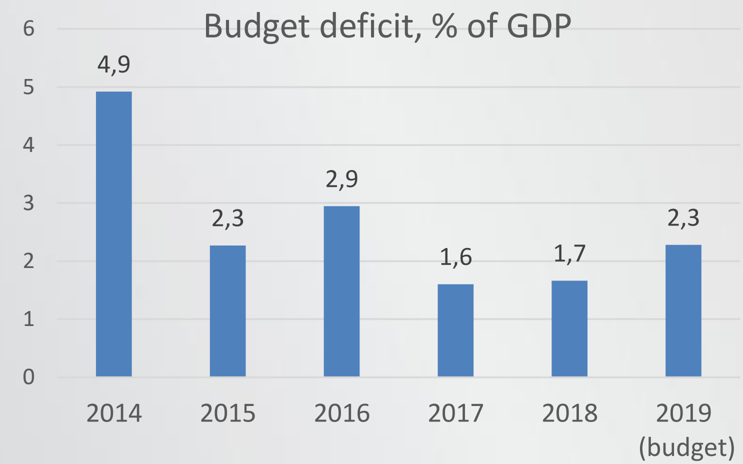
Source: NBU

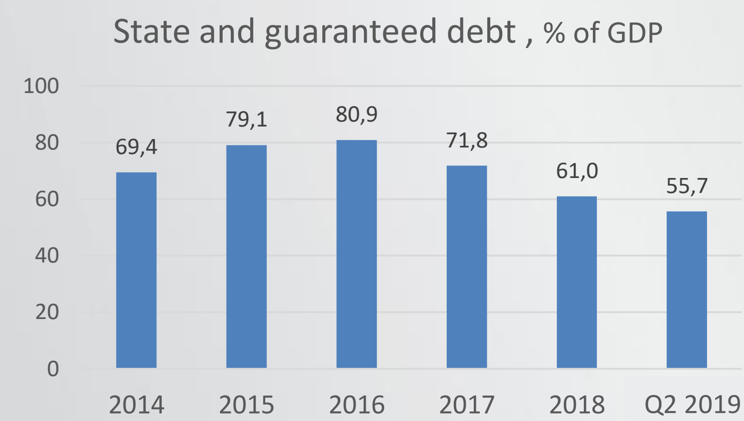
Favorable external environment



Source: World Bank, SSSU

Sound macroeconomic policy

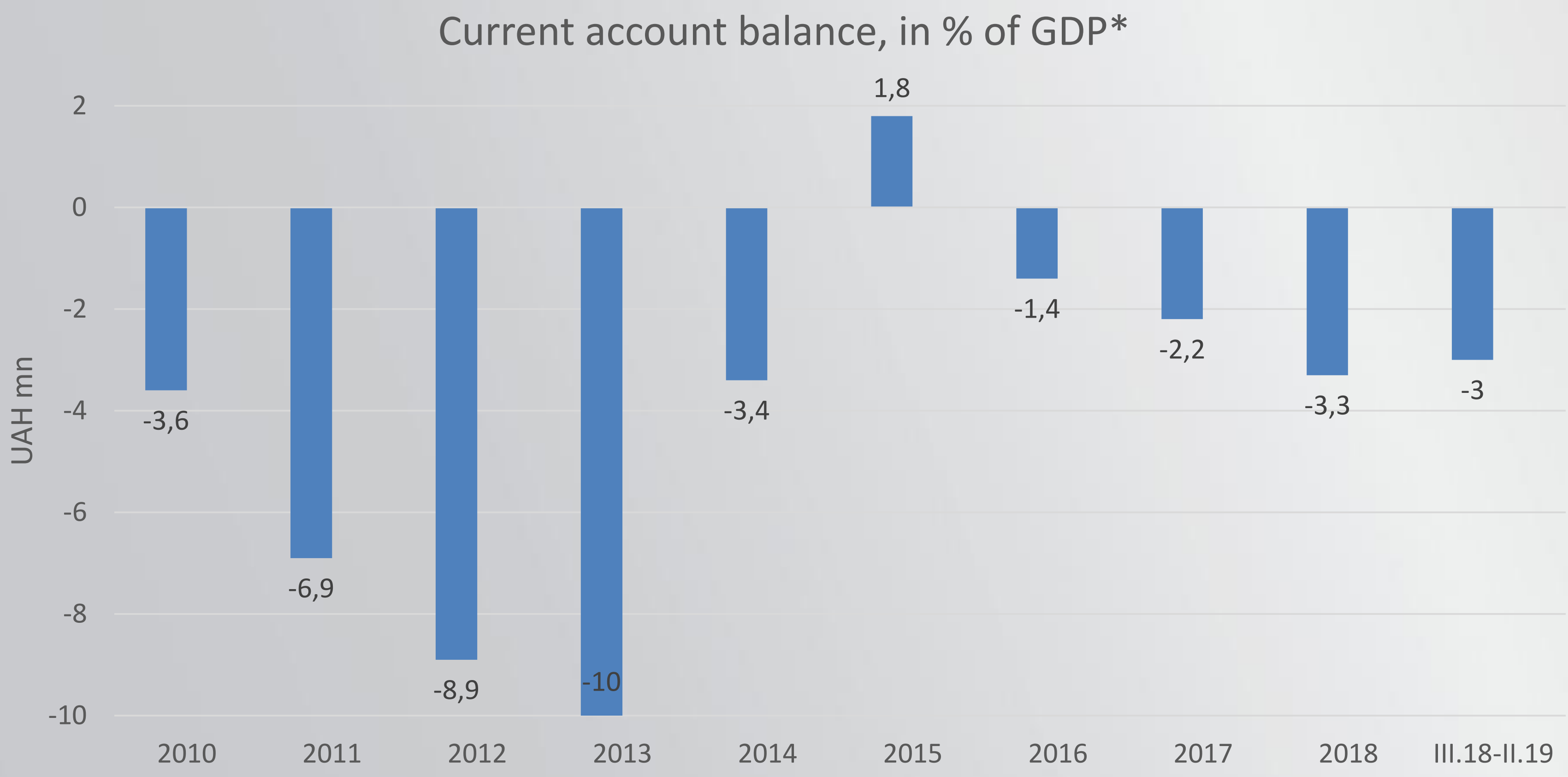




Source: SSSU

Source: Treasury, MoF, SSSU

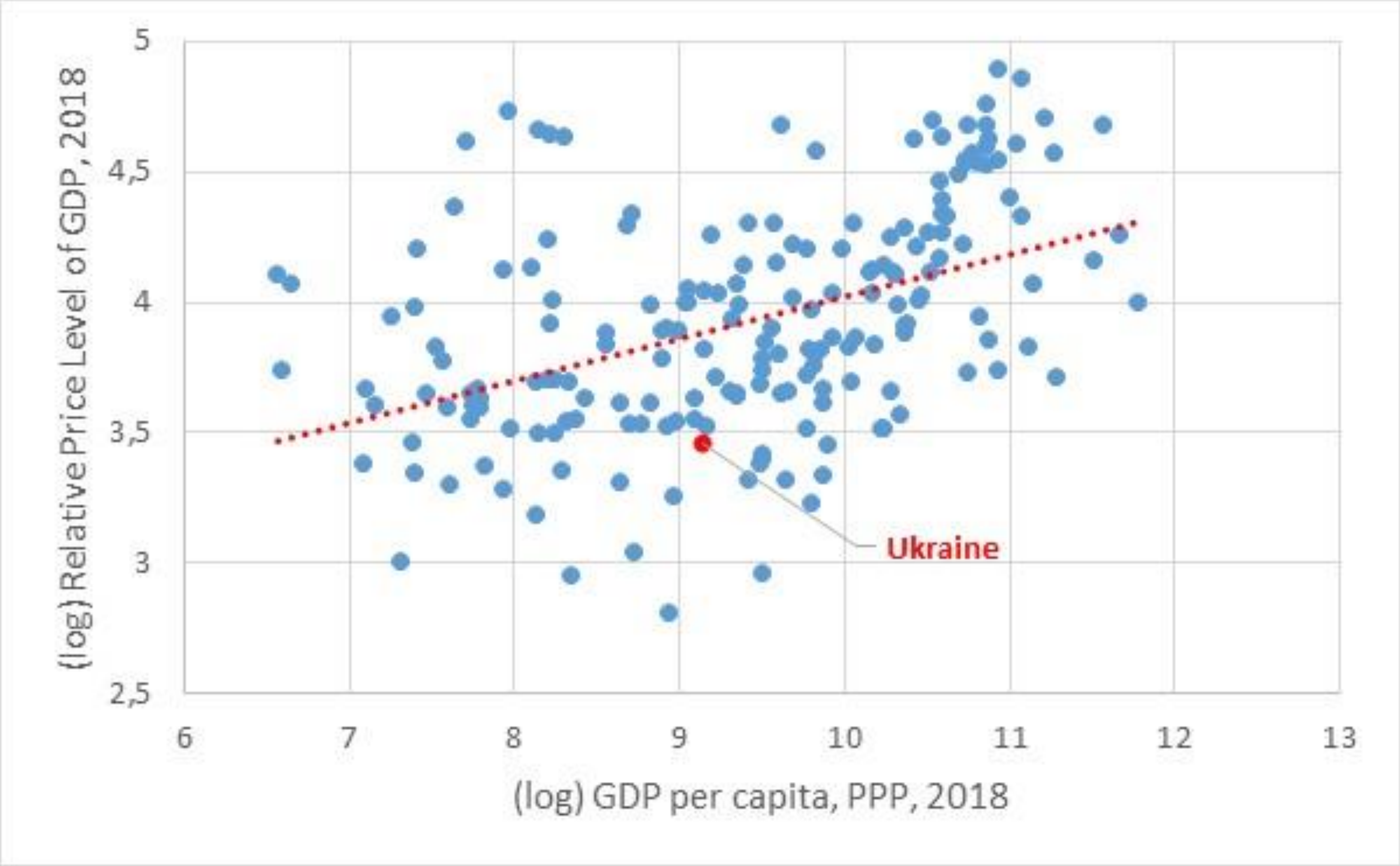
External sustainability is manageable



*Data in 2010-2013 exclude the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol, data starting 2014 exclude the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and a part of the temporarily occupied territories in the Donetsk and Luhansk regions

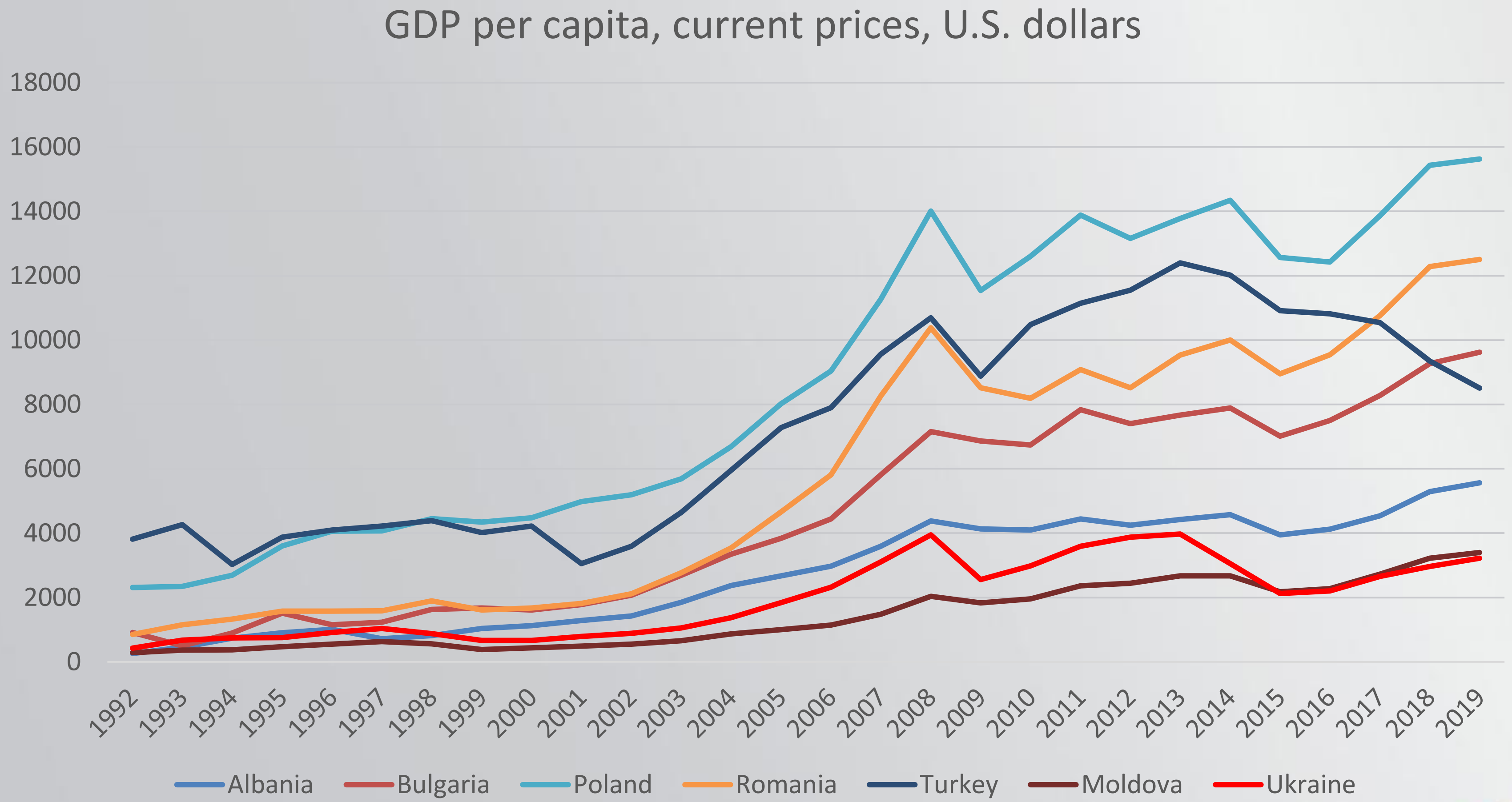
Source: NBU, SSSU, own estimates

ER appreciation is in line with productivity



Source: IMF Outlook Database, April 2019; own estimates

Turning Weaknesses into Strength

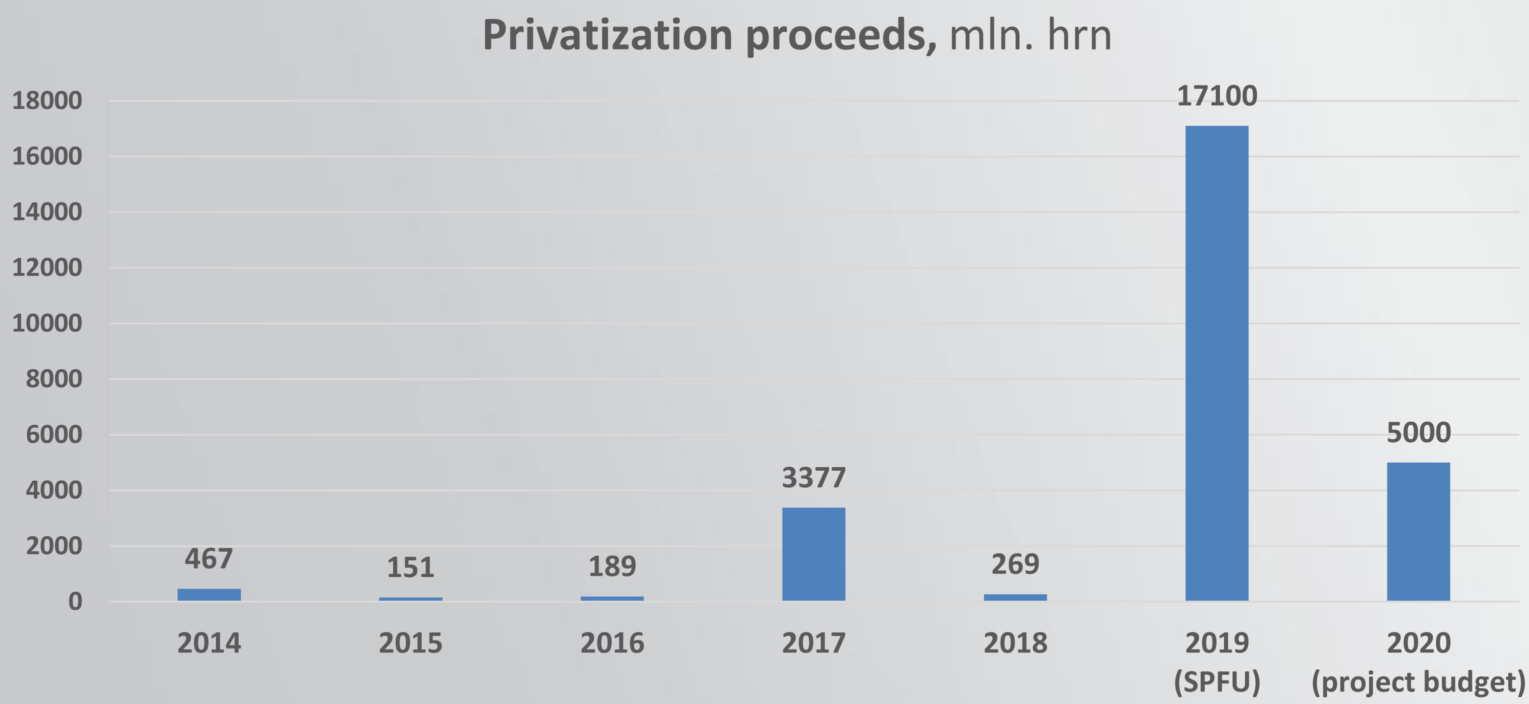


Source: IMF Outlook Database, April 2019

Obstacles to invest in Ukraine

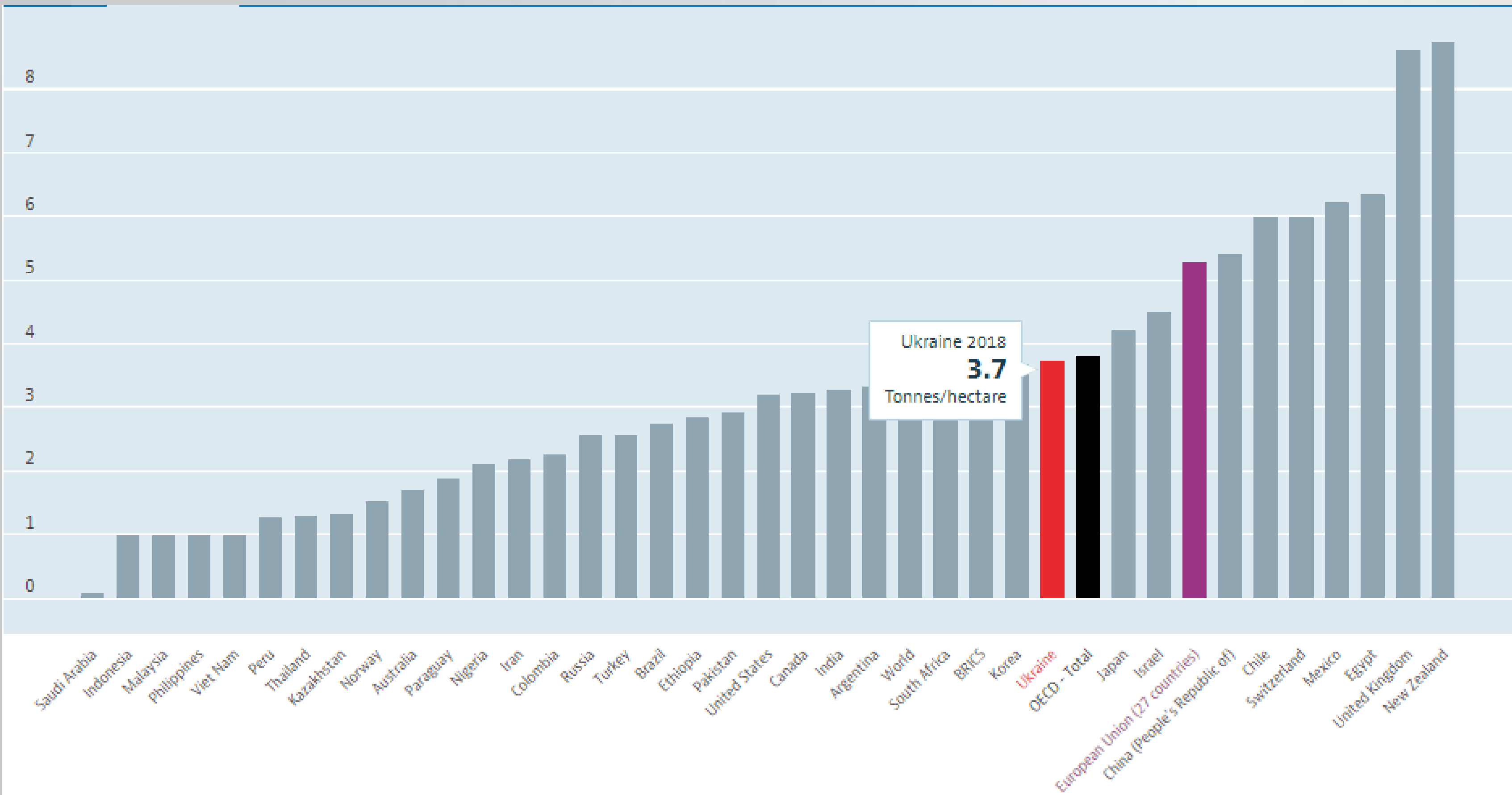
Source: EBA, Dragon Capital, CES (April 2019)

Privatization



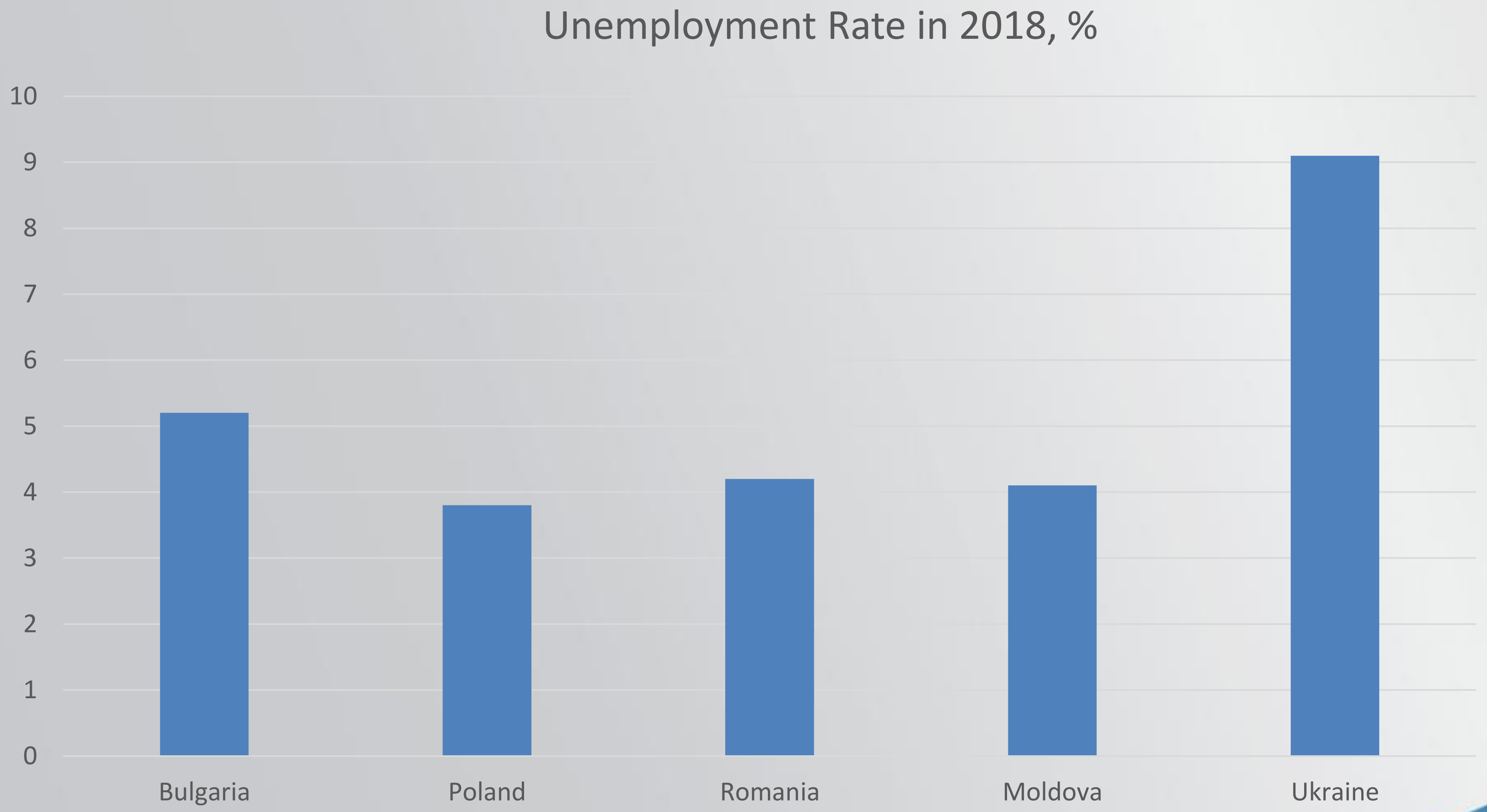
Land reform

Crop production: Wheat, tonnes/hectare, 2018



Source: OECD

Labor market reform



Source: IMF Outlook Database, April 2019

Main conclusions

- Ukrainian economy has been accelerating in 2019, thanks to improved macroeconomic management, favorable external environment and confidence boost

- Fiscal and external sustainability have improved remarkably over the last few years, but risks remain amid threats of full-scale global trade war and global recession

- The longer-term prospects of the economy remain strongly dependent on the realization of key structural reforms, which have to tackle major weaknesses such as the poor business climate, unfavorable demographics and deteriorating infrastructure