

Ukraine consumer prices drop 0.1% m/m in August

Ukraine

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Analyst: “Despite the August deflation, we remain skeptical about the 2017 central bank inflation forecast of 9.1% growth YTD.”

KYIV, Sep 11, 2017 - Ukraine's consumer prices dropped 0.1% m/m in August (while growing 16.2% yoy) owing to food prices, Concorde Capital informed clients, based on a State Statistics Service report on Sept. 8. A month ago, July CPI increased 0.2% m/m (15.9% yoy growth). For 8M17, consumers’ inflation reached 8.1% YTD. In August, food prices dropped 0.6% m/m (0.3% m/m growth in July) on the back of sliding prices for vegetables (-21.5% m/m) and fruits (-5.7% m/m). Utility prices eased to 0.3% m/m growth vs. 0.6% m/m in the prior month. Healthcare prices also slowed to 0.2% m/m growth vs. 0.5% m/m in July. Prices for clothing and footwear kept on falling (-2.4% m/m vs. -4.4% m/m in July). Transportation prices sped up to 0.8% m/m growth from no growth in the prior month. Education prices inched up by 0.1% m/m vs. flat prices in July. Concorde analyst Alexander Paraschiy added: “August CPI was a bit strange since, subjectively, we did not observe declining prices for fruits and vegetables in supermarkets (we expected 0.2% growth in August). In September, we anticipate traditional inflation speeding up amid seasonally strengthening food prices. So we're not changing our initial CPI forecast of 11.8% YTD, or 14.0% yoy for 2017. “Despite the August deflation, we remain skeptical about the 2017 central bank inflation forecast of 9.1% growth YTD. This target could be reached if CPI grows no more than 0.3% on average per month through September-December, which is very unlikely amid rising food prices at the global markets.”

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