

## **Ukraine consumer inflation slows to 0.9% growth in February**

### **Ukraine**

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**Analyst: &ldquo;We do not expect consumer inflation to slow down significantly until 2H18, when the positive effects of tight monetary policy amid increased food supply start to show up. CPI will increase 8.9% YTD, or 11.8% yoy in 2018, according to our projections.&rdquo;**

KYIV, Mar 13, 2018: Ukraine's consumer prices grew 0.9 m/m (14.0% yoy) in February, slowing down from 1.5% m/m (14.1% yoy) growth in the prior month, Concorde Capital informed clients based on a State Statistics Service report on March 7. Food price growth decelerated to 1.0% m/m from 2.0% last month, while another major CPI driver &ndash; transportation prices &ndash; slowed to 1.5% m/m growth from 3.0% m/m. Utility prices increased 0.4% m/m, showing the same growth pace as in the prior month. Prices for clothing and footwear declined 2.8% m/m, continuing the downward trend (-3.9% m/m in January). Core inflation (the consumer basket excluding goods and services with the most volatile prices) slid to 0.6% m/m growth (9.7% yoy) from 0.7% m/m (9.8% yoy) in January. Concorde analyst Evgeniya Akhtyrko added: &ldquo;The slowdown in price growth on a year-over-year basis was negligible in February owing to high inflationary dynamics throughout the previous year. The absence of significant changes in core inflation implies that the current inflation is caused by both monetary and non-monetary factors. Having expected February's results, Ukraine's central bank further tightened the monetary conditions by hiking the key policy rate by 1.0pp to 17% starting March 2, hoping to alleviate the monetary factors of inflation. We do not expect consumer inflation to slow down significantly until 2H18, when the positive effects of tight monetary policy amid increased food supply start to show up. CPI will increase 8.9% YTD, or 11.8% yoy in 2018, according to our projections.

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