

## **Real disposable income of Ukrainians rose 6% yoy in 2017**

### **Ukraine**

Posted by:

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**Analyst: "In an election campaign season, the government is also likely to make a populist move by hiking the minimum wage to UAH 4,100 in the middle of 2018 (the state budget currently envisages only one hike to UAH 3,723 as of Jan. 1). We project real disposable income to increase 6-7% yoy in 2018."**

KYIV, Apr 5, 2018 - Real disposable income of Ukraine's citizens accelerated to 6.0% yoy growth in 2017 from 0.3% yoy in 2016, Concorde Capital informed clients based on a State Statistics Service report on April 4. Disposable monthly income per individual increased to UAH 3,632 from UAH 2,968 in 2016. Nominal gross income of individuals rose 24% yoy (vs. 15% yoy in 2016), driven mostly by accelerating wages (31% yoy growth in 2017 vs. 24% yoy in 2016) and social income (25% yoy growth in 2017 vs. 10% yoy in 2016). The income of private entrepreneurs and self-employed individuals increased 15% yoy (vs. 13% yoy in 2016) while property income dropped 2.3% yoy (vs. 2.5% yoy growth in 2016). Spending on goods and services increased 27% yoy (vs. 17% yoy in 2016) while tax spending advanced 29% yoy (from 17% yoy in 2016). Evgeniya Akhtyrko: Higher employer wages, driven by economic growth and a substantial minimum wage hike, was major factor of income growth in 2017. The pension adjustments enacted in October, which resulted in higher pensions for about 10.2 mln pensioners by UAH 559 on average, made a significant boost in social income growth. At the same time, the income trend among private entrepreneurs and self-employed individuals - which showed practically no increase in real terms amid high inflation - points to the wobbly condition of small and medium-sized business in the country. We expect higher wages and social payments will continue to be the major contributors to individual income growth in 2018. Starting Jan. 1, the government raised pensions for about 0.5 mln military veterans by UAH 1,500 on average. In an election campaign season, the government is also likely to make a populist move by hiking the minimum wage to UAH 4,100 in the middle of 2018 (the state budget currently envisages only one hike to UAH 3,723 as of Jan. 1). We project real disposable income to increase 6-7% yoy in 2018.

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