



MINISTRY OF
FINANCE OF
UKRAINE

Emerging Markets Credit Conference

Ukraine: focus on fundamentals or on policies

Yuriy Butsa

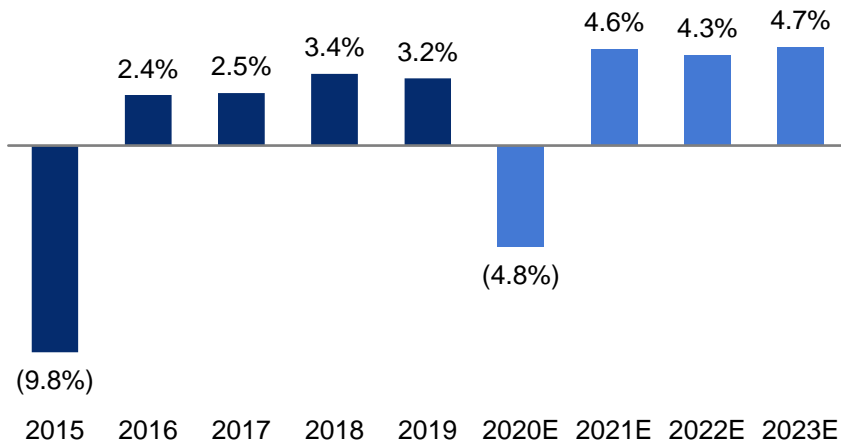
Government Commissioner for
Public Debt Management

September 23, 2020

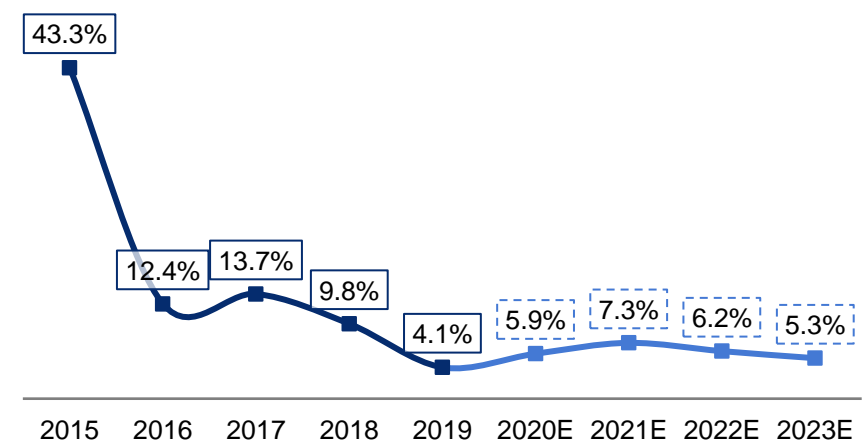


Swift recovery of macroeconomic fundamentals is contemplated

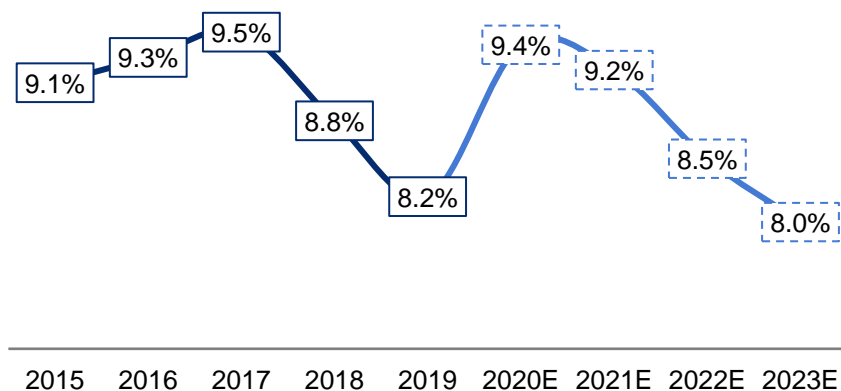
Real GDP growth, %



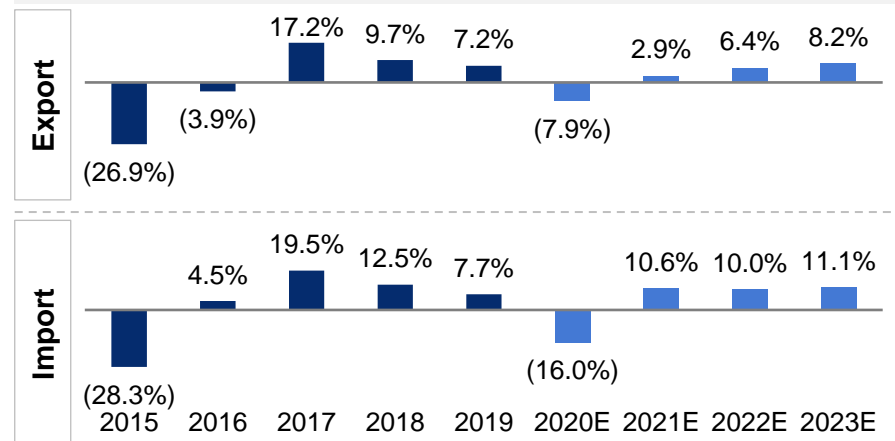
Consumer price index (eop), %



Unemployment rate, %



Export and import change, %



2021 state budget to commence post-crisis fiscal consolidation...

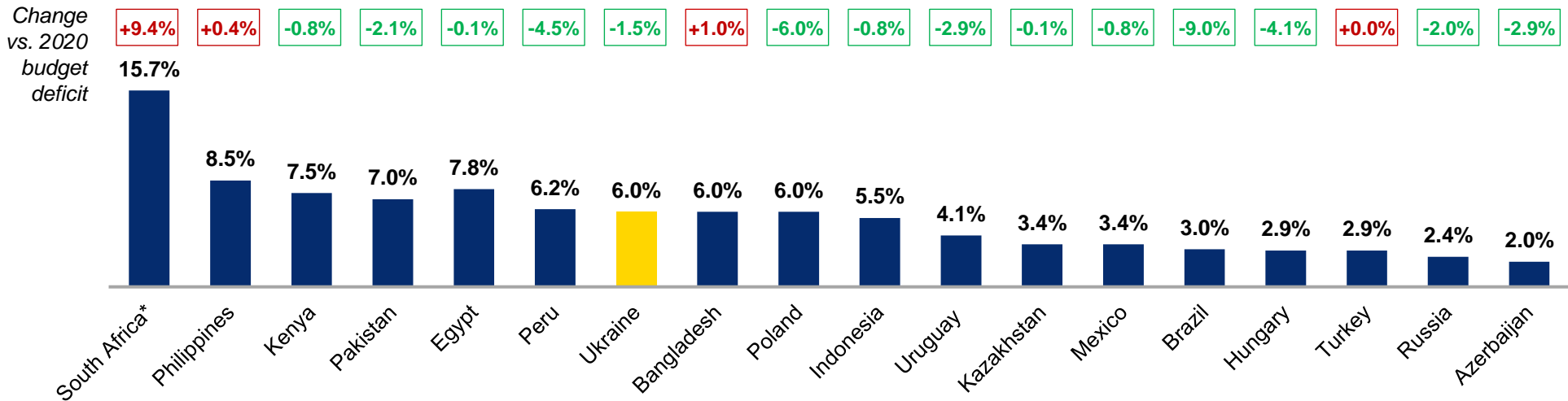
2021 Draft State Budget vs previous periods

<i>UAHbn</i>	2019 (actual)	2020 (plan as of Jul)	2021 (draft law)	2021/2020 change
Nominal GDP	3,974.6	3,975.2	4,505.9	
(i) Revenues	998.3	1,000.0	1,071.1	7.1%
<i>as % of GDP</i>	25.1%	25.2%	23.8%	
Tax revenues	799.8	783.1	928.6	18.6%
Non-tax revenues	198.6	216.9	142.5	(34.3%)
(ii) Expenditures	1,075.1	1,289.3	1,331.0	3.2%
<i>as % of GDP</i>	27.0%	32.4%	29.5%	
(iii) Net lending	4.2	10.7	10.5	(1.6%)
<i>as % of GDP</i>	0.1%	0.3%	0.2%	
Overall state budget deficit	81.0	300.0	270.4	(9.9%)
<i>as % of GDP</i>	2.0%	7.5%	6.0%	

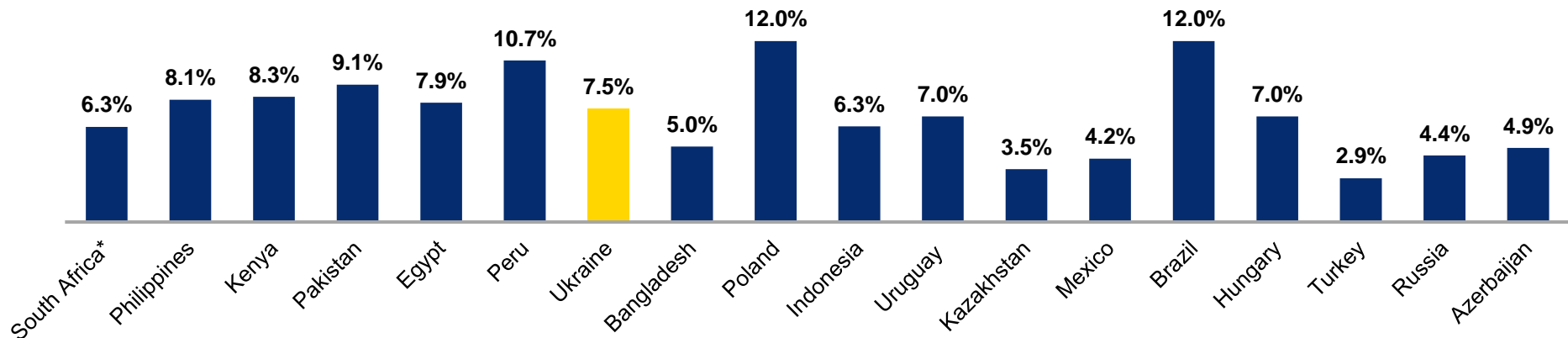
Source State Treasury Service of Ukraine and the Parliament

... in line with a number of other EM countries

2021 selected EM state budget deficits by country



2020 selected EM state budget deficits by country



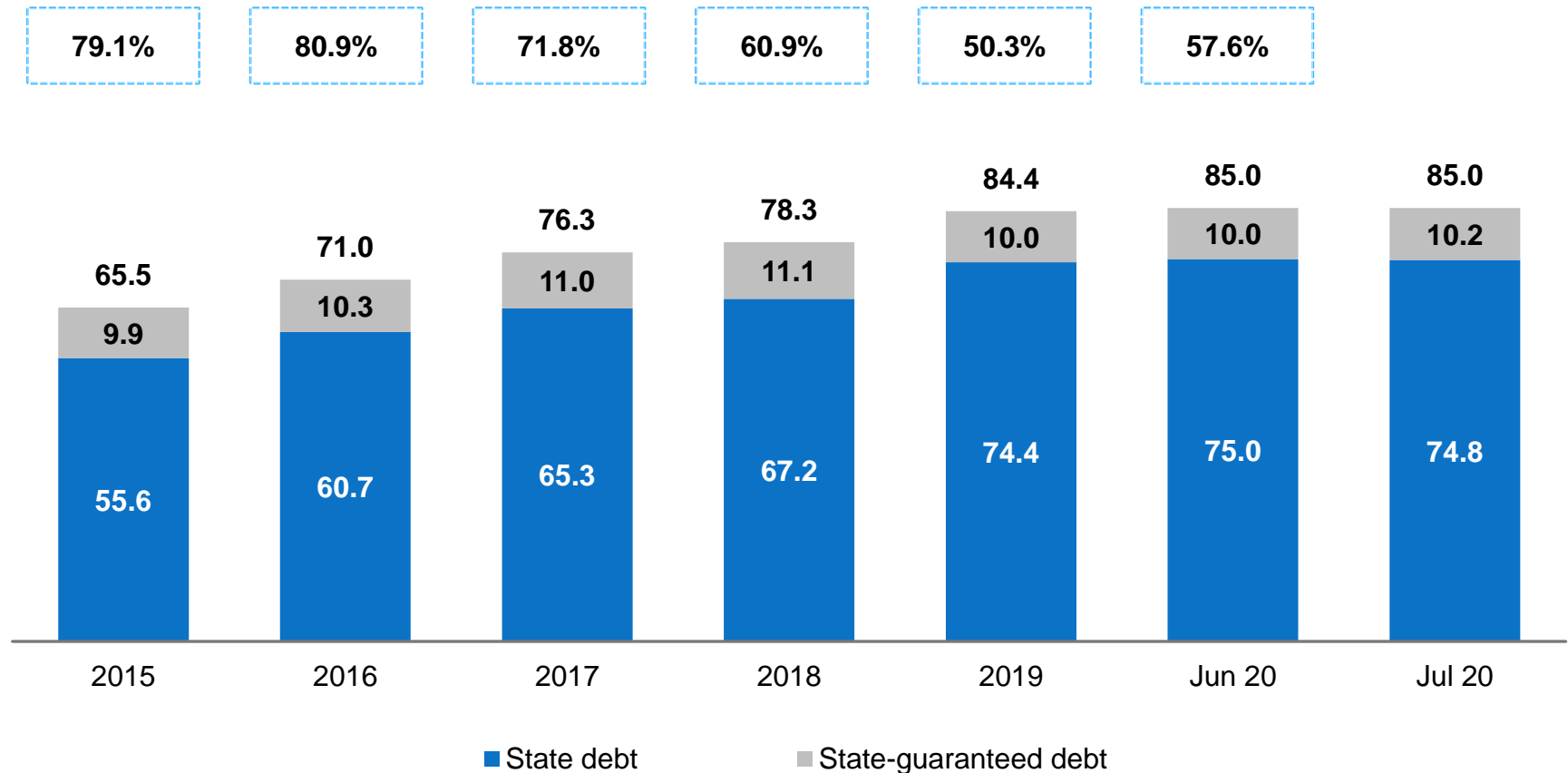
* Consolidated budget

Source Public domain

Despite crisis, state and state-guaranteed debt is relatively stable in absolute terms...

State and state-guaranteed debt dynamics, USDbn

State and state-guaranteed debt as % of GDP

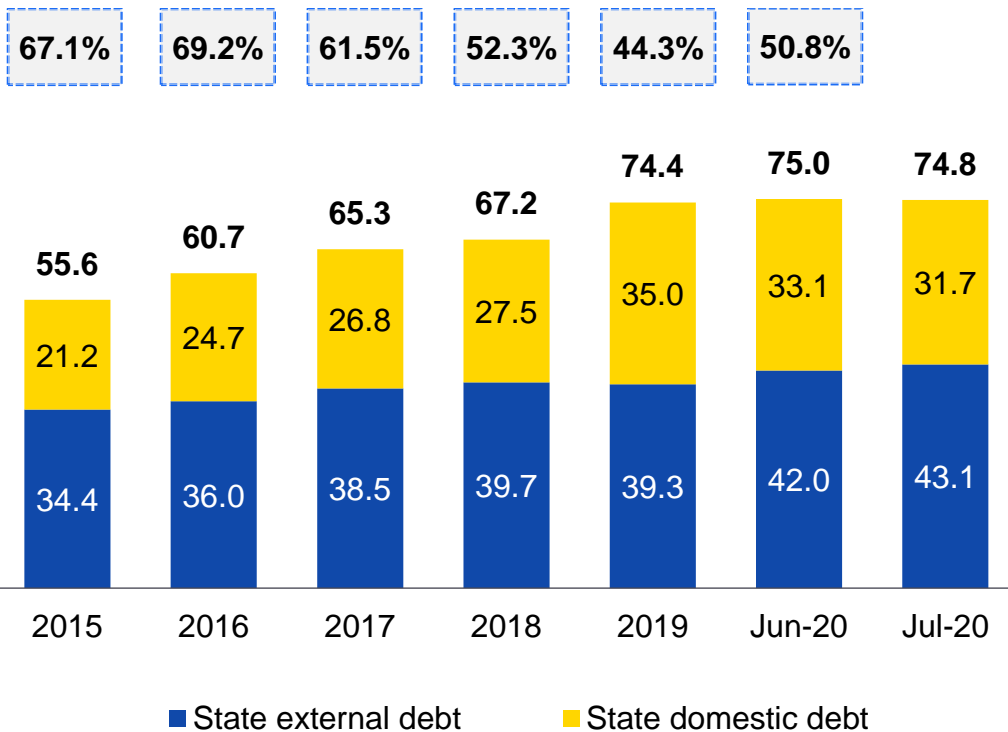


Source Ministry of Finance of Ukraine

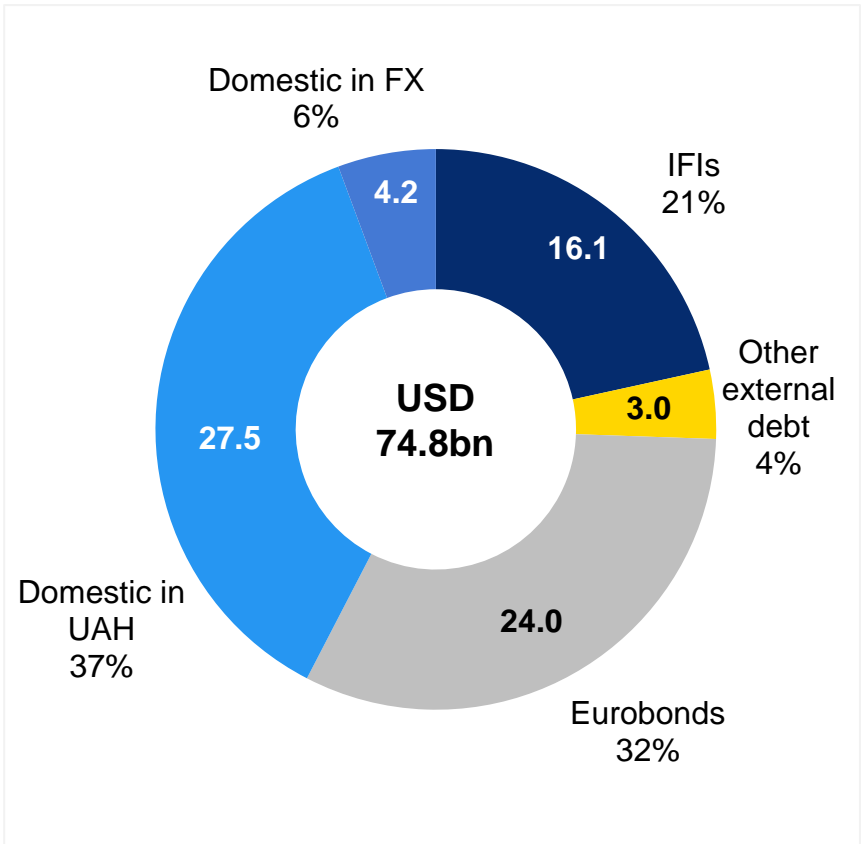
... with the remaining high reliance on domestic debt in UAH

State debt dynamics, USDbn

State debt as % of GDP



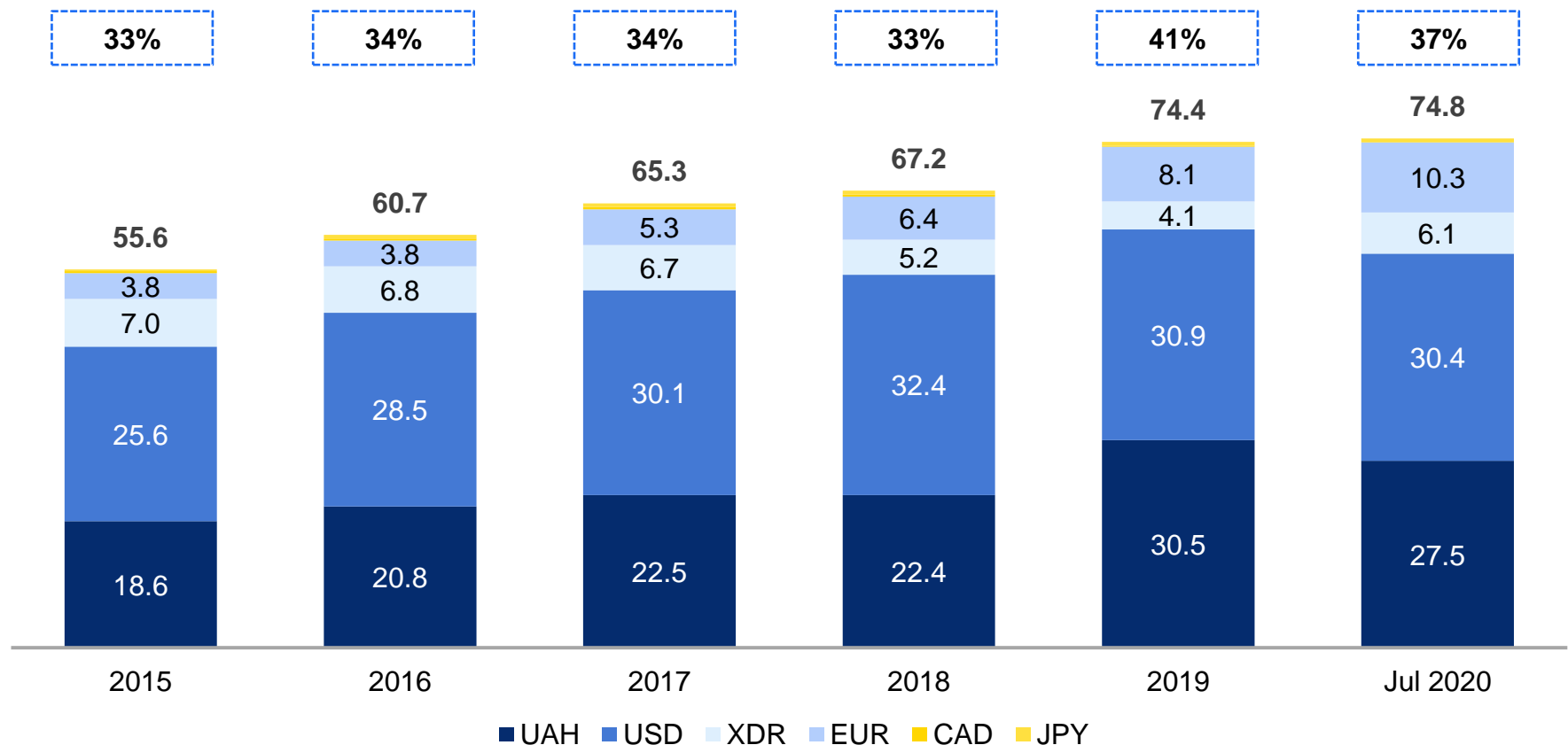
State debt breakdown by creditor, USDbn



...leading to comparably large share of debt in UAH, although slightly decreasing vs end-2019

State debt breakdown by currency, USDbn

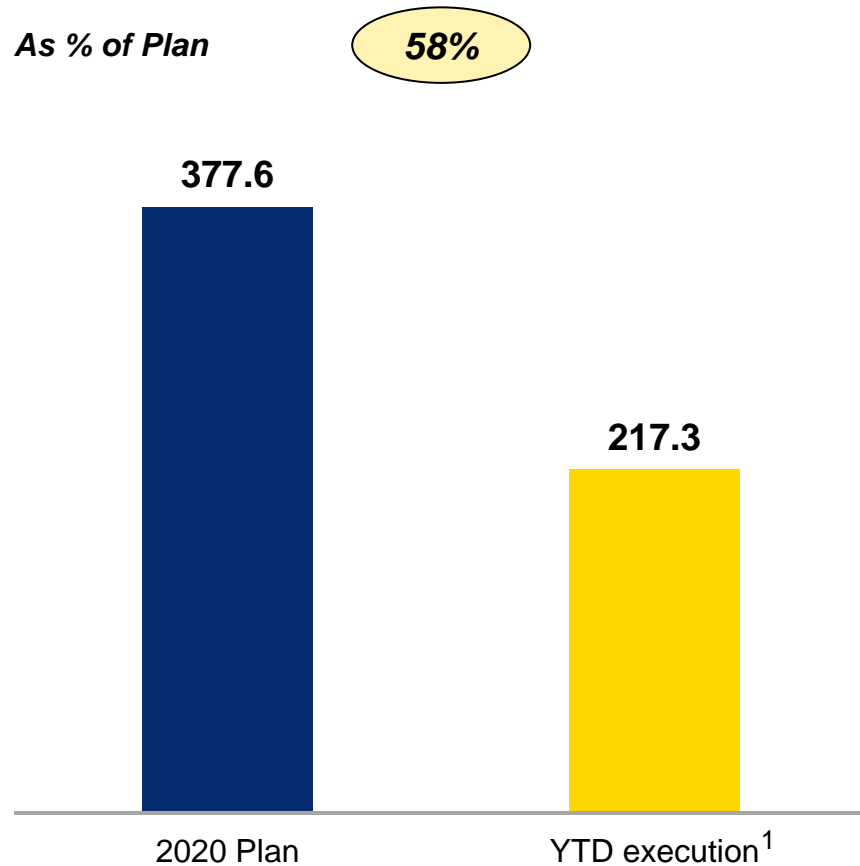
Share of UAH-denominated debt in Ukraine's state debt



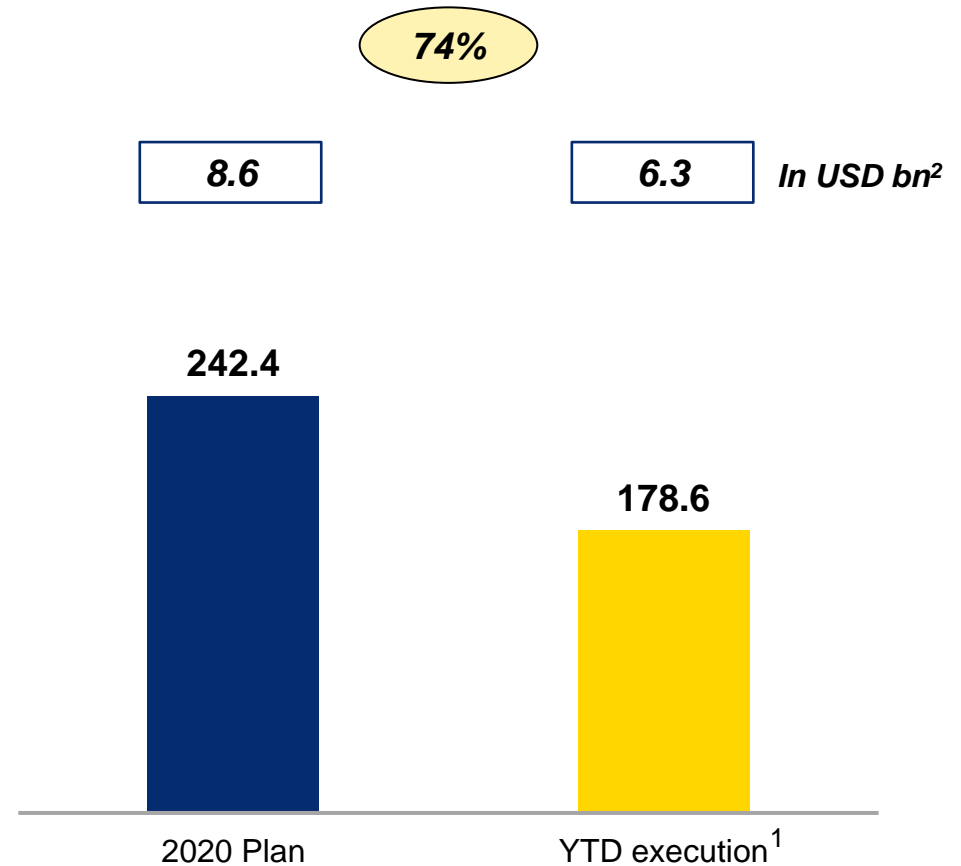
Source Ministry of Finance of Ukraine

Meanwhile, 2020 financing plan is being executed prudently

Domestic borrowings (UAH bn)



External borrowings (UAH bn)



Source Ministry of Finance of Ukraine

Note 1 As of 21.09.2020

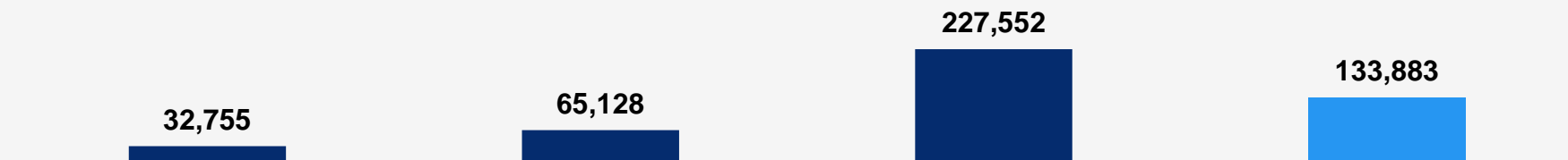
Note 2 Translated into USD based on expected UAH/USD FX rate of 28.3

... with domestic government bond market continuing its upward trend in 2020

Domestic government bond placements by currency

*Funds remitted to State Budget
UAHm*

UAH-denominated issuances



USDm

USD-denominated issuances



EURm

EUR-denominated issuances



Source Ministry of Finance of Ukraine

Note 1 As of 21.09.2020