

SOVEREIGN

Sovereign Rating

New Update

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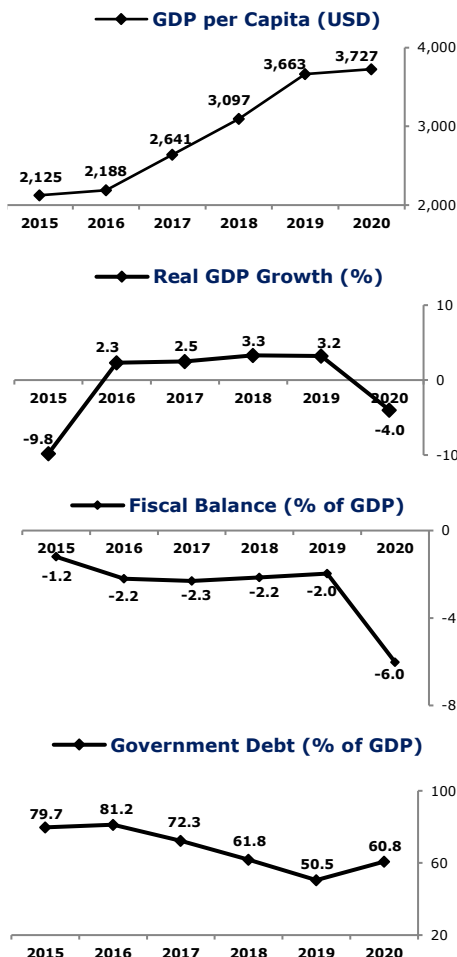
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RATINGS

		Long Term	Short Term	
Sovereign	Foreign Currency	B	C	
	Local Currency	B	C	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable



Ukraine

Macroeconomic Variables

Data	2020*	2019*	2018*	2017*	2016*	2015*
GDP Current Prices (UAH bn)	4,194	3,978	3,561	2,984	2,385	1,989
GDP Current Prices (USD bn)	155.6	153.9	130.9	112.2	93.4	91.0
Population (million)	41.7	42.0	42.2	42.4	42.6	42.8
Unemployment (% of labor force)	9.5	8.2	8.8	9.5	9.4	9.1
Annual Inflation (CPI) (%)	5.0	4.1	9.8	13.7	12.4	43.3
Real GDP Growth (%)	-4.0	3.2	3.3	2.5	2.3	-9.8
Current Account Balance/GDP (%)	3.4	-2.7	-3.3	-2.1	-2.0	-0.2
Foreign Debt (% of GDP)	80.8	79.1	87.6	102.9	120.5	129.3
Off. International Reserves (USD bn)	29.1	25.3	20.8	18.8	15.5	13.3
Exchange Rate (UAH per USD)	28.3	23.7	27.7	28.3	27.0	24.0

* End of year, bn: Billion

Ukraine has experienced acute political, security and economic challenges since 2014. Following the "Maidan" uprisings in February 2014, Ukraine has witnessed several challenging events such as the outbreak of conflict in eastern Ukraine and the annexation of Crimea by Russia. The Ukrainian authorities have been able to restore macroeconomic stability and growth following the severe economic crisis of 2014-15, with strong support from the international community by carrying out key reforms including; carrying out significant fiscal consolidation, moving to a flexible exchange rate regime, reforming energy tariffs and social assistance policies, enhancing the transparency of public procurements, simplifying business regulations, stabilizing and restructuring the banking sector, moving forward on health and pension reforms, and establishing anticorruption agencies.

However, with some notable exceptions, efforts to create a more dynamic, open, and competitive economy still falls short of expectations. In addition, the Covid-19 pandemic is forcing a sudden slowdown in the economic activity. The response to the Covid-19 pandemic in Ukraine is expected to require public health interventions, social assistance for vulnerable households, and economic reforms to mobilize adequate international financing to support the economic growth once the crisis subsides. A weakening appetite for additional reforms and imprudent fiscal management remain as key domestic policy risks. Current President Zelensky's Government remains committed to an ambitious and wide-ranging reform agenda. Consequently, mainly due to positive developments in economic fundamentals, structural reform efforts and maintaining engagement in relations with IMF, JCR Eurasia Rating affirmed the Long Term Foreign and Local Currency Sovereign Ratings of Ukraine as "B" and affirmed its Short-Term ratings as "C" with "Stable" outlooks.

Strengths

- Maintaining multilateral/bilateral support of international organizations
- Improvement in GDP per capita and consistent macroeconomic policy framework during 2021
- Moderate progress on the reform agenda
- Inherent economic potential supported by well-educated population
- Abundant natural mineral resources
- Continuation in the support of EU and western countries

Constraints

- Heightened tensions following the build-up of Russian troops on the border
- Irregularities within institutions
- Existence of oligarchs and vested interests
- Low levels of fixed investment and FDI
- Despite being in a low portion, having an upward trend of poverty
- Exchange rate risks arising from FX denominated debt
- Ongoing uncertainties on macro and external finances due to Covid-19 pandemic