

ICPS newsletter[®]

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Ukrainians inching towards optimism

The Consumer Confidence Index rose 5.5pp in April 2010 to reach 94.8, drawing closer to the optimistic threshold in Ukraine. According to the poll run by ICPS in conjunction with GfK Ukraine, the improvement in the mood among Ukrainian consumers showed a fundamental shift from the previous few months. Whereas the main driver of growing improvement then was economic expectations, now it is estimations of current standing. In other words, before, Ukrainians were only hoping for positive changes, but now they are finally starting to feel them

Improved assessments of the current situation pushed the ICS up 12.9pp to 79.8. Meanwhile, economic expectations did not change significantly among Ukrainian consumers, maintaining a cautiously optimistic 104.9.

The second month of Spring 2010 saw improvements in expectations of inflation and trends in unemployment continue. The Index of Inflationary Expectations dropped a further 9.1pp to a new low of 163.1 for the entire period of consumer surveys in Ukraine. Historically, these surveys have demonstrated a strong link between consumer expectations of inflation and their estimations of the current material standing. Expectations of changes in unemployment fell 6.8pp to 99.6, bringing the IECU the closest to the threshold of optimism that it has been in the last five years.

"The improvement in the mood among Ukrainian consumers in April 2010 showed a fundamental shift from the previous few months," says Maksym Boroda, Head of Socio-Economic Program at ICPS. "The main driver of growing improvement then was economic expectations, whereas now it is estimations of current standing. In other words, before, Ukrainians were only hoping for positive changes, whereas now they are finally starting to feel them." ■

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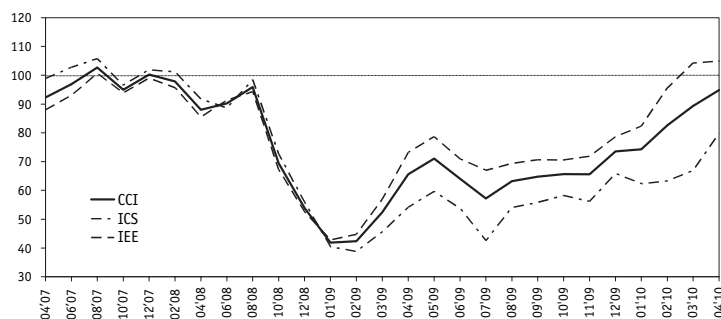
4 Seas and the Global Economy: Are the 4 EU freedoms working?

On 9-10 June, a seminar called "4 Sea Basins and the Global Economy: Are the 4 EU freedoms working" took place in Kyiv. During the two-day event, experts from Ukraine and the EU discussed the roles of the four sea-basin regions—the Baltic, Black Mediterranean and Caspian—in relation to the EU's four freedoms and the global economy. The four freedoms were the particular focus of the first day, while on the second one, the participants discussed the role of the EU in integration the four marine regions and the effectiveness of international organizations in the process of managing the global economy. After the seminar had ended, the project's Supervisory Board presented the results of the event and established key priorities for further steps within this context. The seminar is part of the 4SEAS project funded by the European Commission and undertaken by ICPS and six leading think-tanks in Europe.

By the way...

On May 20, the New York Times, an influential US paper, printed an op-ed piece by ICPS analysts called "Ukraine is not lost yet." Two members of the Foreign Policy Program, senior analyst Sacha Tessier-Stall and analyst Kateryna Zarembo, discussed the prospects for further developments in Ukraine. According to them, the agreements signed with Russia are not an indication of President Yanukovich's geopolitical ambitions so much as an indicator of the country's fundamental weakness. This means it is too soon to dismiss Ukraine's European prospects.

Consumer Confidence Index in Ukraine



Sources: GfK Ukraine, International Centre for Policy Studies

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