

ICPS newsletter[®]

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Consumer confidence: Last drop of pessimism among Ukrainians

ICPS presented new issue of the monthly publication

Consumer Confidence. May 2010 was the tenth consecutive month that the consumer mood continued to improve uninterruptedly in Ukraine

The Consumer Confidence Index (CCI) moved up another 2.3pp to 97.1, drawing ever closer to the threshold of optimism. Consumer confidence improved largely due to continuing growth in the Index of Economic Expectations (IEE), which rose 4.1pp to 108.9. Meanwhile, assessments of the current situation (ICS) contracted by 0.5pp to 79.3, largely due to a decline in the propensity to consume x5.

The sharp jump of 10.5pp in the Index of Inflationary Expectations (IIE) to 173.6 at the end of Spring 2010 could be in response to rumors that residential service rates will be raised, as well as a chill in the consumer mood after excessive optimism at the start of spring. Expectations of changes to employment trends (IECU) also deteriorated, but by only 2.4pp, to remain at what is a low level for Ukraine, 102.0.

“Optimistic economic expectations were, once again, the main driver of the improvement in the consumer mood

among Ukrainians in May 2010,” says ICPS Social Economy Program Manager Maksym Boroda. “Despite slight growth in assessments of personal material standing, most Ukrainian consumers remain reluctant to part with their savings, as was demonstrated by a contraction in their propensity to consume. This could indicate that the wave of optimism tied with the coming of a new Administration has begun to die down and that the CCI will begin to stabilize again.” ■

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By the way...

New issue of Inside Ukraine

On 6 July 2010, the International Centre for Policy Studies held a roundtable during which the latest issue of ICPS's analytical publication, *Inside Ukraine*, was presented. The theme of this issue, “Ukraine's Choices,” continues the discussion of Russia's “Ukraine Agenda,” which began in the previous issue.

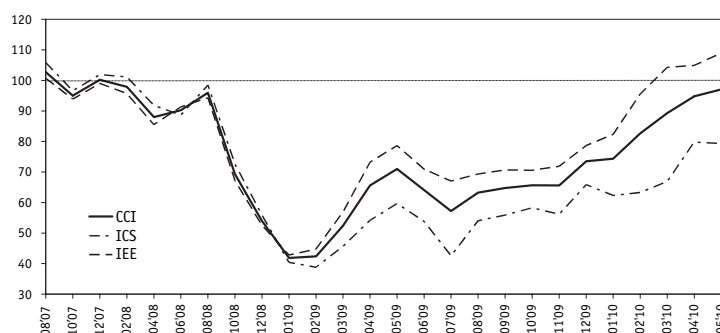
ICPS's Zhovkva meets US SecState Hillary Clinton

On July 2, ICPS's Director of Foreign Policy Programs Ihor Zhovkva attended a meeting between US Secretary of State Hillary Clinton and leaders of community organizations and Ukrainian students at KPI Kyiv National Technical University. Ms. Clinton talked about how she sees democracy developing in Ukraine, noting that the country has every chance of becoming a leader, not only in Europe but even beyond.

Vira Nativska involved in EC Evaluation Mission

From 14 June to 25 June, ICPS Director Vira Nativska was involved in the European Commission's evaluation mission. The goal of the mission was to determine how effective the contribution of the Commission has been in the EC's work in Ukraine. Ms. Nativska was asked to collect information about the effectiveness of EC projects in two key areas: democracy and human rights, and healthcare and social security. She held a series of interviews with representatives of the Government, donors, CSOs, and the press. While noting the high quality of EC projects, respondents said that these projects had not ultimately changed the overall situation in Ukraine.

Consumer Confidence Index in Ukraine



Sources: GfK Ukraine, International Centre for Policy Studies

Dynamics of the Consumer Confidence Index in Ukraine

Month, year	Consumer Confidence Index (CCI)	Index of the Current Situation (ICS)	Index of Economic Expectations (IEE)	Index of Inflationary Expectations (IIE)	Index of Expected Changes in Unemployment (IECU)
05'10	97.1	79.3	108.2	173.6	102.0
04'10	94.8	79.8	104.9	163.1	99.6
05'09	71.0	59.6	78.6	178.2	131.2

Sources: GfK Ukraine, International Centre for Policy Studies

Consumer Confidence is a survey of consumer households and their opinions about the current economic situation and their own financial standing.

Consumer Confidence is a joint project of the International Centre for Policy Studies and GfK Ukraine. As of January 2009, the consumer confidence survey

will be conducted on a monthly basis. The Consumer Confidence Index is the main indicator used around the world to determine trends on consumer markets. This indicator is also the basis for many companies who sell consumer goods and services to make business development plans.

Consumer Confidence was launched in July 2000 and is published in both Ukrainian and English. Subscribers include Ukrainian and foreign companies, diplomatic missions, Government offices, and postsecondary educational institutions.

ICPS participates in debate on "Ukraine's New Administration: The first months' results and possible further developments"

On 8 July 2010, ICPS Director Vira Nanivska and Foreign Policy Program Director Ihor Zhovkva participated in an expert analytical discussion of Ukraine's new Administration. Organized by the Heinrich Böll Foundation in Ukraine, the event was not the first of its kind intended to draw world attention to developments in Ukraine. The purpose of this discussion was to bring together a narrow circle of domestic and foreign experts to analyze the current socio-economic and political situations in Ukraine since the country voted in a new President.

During the event, Ms. Nanivska presented at a panel discussion called "Can Ukraine get closer to Europe through systemic reform?" Mr. Zhovkva opened the session on "Ukraine's foreign policy under President Yanukovich: A shift in strategic priorities." The main conclusion drawn by the expert group was that Ukraine needs the knowledge, standards and skills to institute reforms and an effective government machine to handle the process.

FRIDE of experience

ICPS analyst Kateryna Zarembo spent a month doing research at FRIDE, a European think-tank in Madrid. After winning a scholarship from the Open Society Institute/Local Governance Initiative Fund, Ms. Zarembo began researching administrative reform in Ukraine and Spain. At the Spanish think-tank, her mentors were FRIDE Director Richard Youngs and researcher Natalia Shapovalova, a former ICPS analyst.

Ms. Zarembo held a series of interviews in Spain, including with officials from the Ministries of Foreign Affairs and Territorial Policy, and political parties from both the national and regional legislatures. She also collected information from top libraries in Spain and analytical institutions, especially CIDOB in Barcelona.

On returning to Kyiv, the ICPS analyst not only brought with her the materials she had gathered but also experience administrating a think-tank as, in addition to her research project, she became familiar with the organizational and analytical work of FRIDE. A top think-tank, FRIDE's main objective is to generate better and more innovative ideas regarding the role of Europe on the international arena.

Time to sign up for *Economic Insight*!

The subscription season for ICPS's monthly, ***Economic Insight***, continues!

Economic Insight is there to help your organization with strategic decisions and includes three key components:

Economic statistics – a collection of key socioeconomic indicators that are the foundation for doing business in Ukraine. This report includes data from Derzhkomstat, the state statistics agency, the National Bank of Ukraine, and the State Treasury. It also contains the Consumer Confidence Index and the Index of Inflationary Expectations calculated by ICPS and GfK Ukraine. Indicators for the current year are provided for the current quarter on a monthly basis.

Calculations and projections – rolling macroeconomic forecasts for three years and a fiveyear database of economic. Analysis and forecasts – Provided in MS PowerPoint format, this presentation describes the current situation in Ukraine's economy and offers basic scenarios for a threeyear forecast, along with the risks it faces.

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The International Centre for Policy Studies (ICPS) is a leading independent think-tank in Ukraine. ICPS was established at the initiative of the Open Society Institute in 1994. ICPS's mission is to support the further democratization and modernization of Ukraine through proactive, consistent Europeanization.

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