

## Lucky Zelenskiy inherits a boom

Not only was new President Volodymyr Zelenskiy lucky to enjoy the support of 73% of voters, but he's also fortunate to have inherited from his predecessor a freshly recharged economy.

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Ukraine's GDP is on a sustainable growth path. Private consumption grew 10.7% y/y in Q1, and promises to rise strongly going forward, driven by soaring remittances from abroad. Investment in fixed assets has been posting double-digit growth for 12 quarters in a row, was up +17.4% y/y in Q1 2019 and is unlikely to slip after the political cycle ends. Global energy prices, though, have slid, resulting in modest trade deficit growth. Non-residents have suddenly turned enthusiastic about Ukraine and the hryvnia, snapping up UAH-denominated government bonds. External demand for local government bonds, coupled with remittances and the trade deficit rise, have translated into steady currency strengthening this year, by +7.1% as of this writing.

The overall macro picture is positive, and we do not see it changing dramatically over the next 18 months. But a few factors could spoil certain statistics >>>