Goods Markets Input-Output Modeling in Open Economy of Ukraine

Topic: Input-Output accounts and statistics 4
Author: Yuliya Kiriyenko

The paper presents the research of goods markets in open economy of Ukraine. The current production structure and the world demand volatility on the key goods markets are the issues of high concern. The openness of Ukrainian economy reaching 90% (the share of exports and imports in GDP) and complicated recovery from the last economic crisis specified the object of current analysis. The time-series modeling is conducted for four markets: agriculture, mining goods, industrial goods and services. The markets were grouped on the basis of the value added and type of goods produced.

The basic statistical data used for analysis is taken from the Input-Output tables. The functional analysis showed that there is no price factor on the demand and supply sides of selected goods markets. Therefore the analysis using non-price factors was conducted for the main components of demand and supply on each goods market. The components of demand are consumption (households and government), investments, and exports. The two first represent the demand of internal market and the export represents external markets. The components of supply are the market’s value added and the amount of imports which shows the country’s demand of foreign goods. The functions of each of the components were build and corresponding econometric tools were used to estimate the statistical significance and the direction of the influence. The selected independent variables were included in the analysis of the reason of deficit or profit balance on each of four markets. The potential imperfections of market system are caused by the quality of the relationship between real and monetary economy. The current analysis showed that the mechanism of monetary policy is not reflecting properly the needs of goods markets, more precisely in terms of exchange rate regimes and stimulus for investments and technological renovation.