Monthly Economic Monitor Ukraine

- Arrest of the Ex-Prime-Minister Yuliya Tymoshenko could hamper the FTA talks with the EU.
- Real GDP growth decelerated to 3.8% yoy in the second quarter.
- Industrial production increased by 8.9% yoy in June.
- The gas tariffs were increased for industrial consumers, but kept unchanged for population.
- Current account deficit widened to USD 2.5 bn in the first half of the year.
- Financial and capital account balance turned to negative in June.
- Central fiscal revenues significantly increased in the first half of the year.
- CPI seasonally declined in July as compared to June.
- Exchange rate remained stable.
- HIGHLIGHT OF THE MONTH: State Procurement

No.8 (130)
August
2011

Population: 45.6 m
Industry/GDP: 28%
Agriculture/GDP: 8%
Investment/GDP: 19%
Exports to: Russia 25%, EU 28%
Imports from: Russia 22%, EU 35%

Politics: Yuliya Tymoshenko arrested by the Court

The July court proceedings on Ukraine's former prime minister Yuliya Tymoshenko's case ended up by her arrest on the 5th of August. Pechersk District Court Judge Rodion Kireyev took decision to take Yuliya Tymoshenko into custody thus changing the previous preventive punishment towards her of written undertaking not to leave the country. The charges against the opposition leader suggest her power abuse by signing a natural gas import contract with Russia in 2009 that prosecutors claim was disadvantageous to Ukraine.

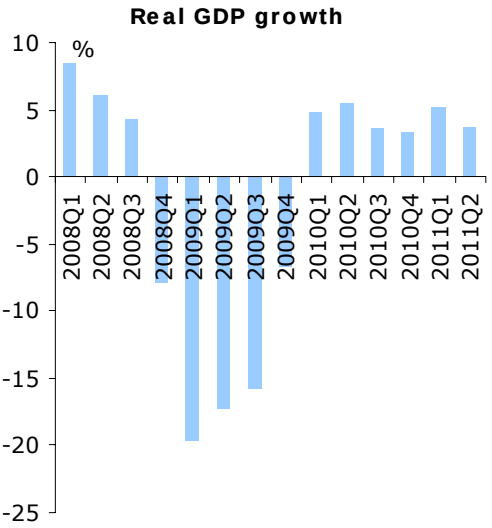
The European Union and the United States top-officials immediately voiced their concern at Tymoshenko's arrest. While the EU referred to Ukraine's compliance with the "high standards we expect from a country aspiring to political association with the EU", the U.S. government urged that Tymoshenko's incarceration be reviewed and consideration be given to her immediate release. Tymoshenko's futher detention, upheld by the court on August 8, raises serious questions on Ukraine's compliance with the democratic values, which is a precondition for the signature of EU-Ukraine Association Agreement including deep and comprehensive Free Trade Area.

Real sector: Real GDP increased by 3.8% yoy in the second quarter of 2011

According to preliminary estimations of the Derzhkomstat real GDP growth decelerated to 3.8% yoy in the second quarter of 2011 as compared to 5.3% yoy in the first three months of the year. Slower economic growth is primarily attributed to the low statistical base of the first quarter of 2010.

Industrial production growth slightly accelerated to 8.9% yoy in June recovering further from the economic crisis. Coke production and refinery made the highest contribution to the growth increasing their output by 21.7% yoy primarily due statistical base effect. Recovery of external demand ensured growth of output in chemical and steel industries by 19.5% yoy and 15.3% yoy, respectively. Machine building output growth reached 15.8% yoy due to higher domestic and external demand. Output in food industry declined by 6.3% yoy primarily due to lower production of beef and milk products.

Freight turnover growth accelerated to 10.4% yoy in the first half of the year mainly due to high transportation volumes of chemicals. Construction volumes growth accelerated to 14.5% yoy continuing the upward trend. Retail turnover grew by 15.2% yoy between January and June supported by solid consumer demand. Agriculture output growth decelerated to 3.2% yoy due to slightly worse performance of livestock production.



Source: Derzhkomstat

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Sectoral trends: Gas tariffs for industrial consumers were raised

Energy. In the beginning of July, the National Electricity Regulatory Commission (NERC) increased gas prices for industrial consumers for the second half of the year. The price was raised by 18.4% to UAH 3,023 per thousand cubic meters (cm) (approximately USD 377). The price was revised due to expected price growth for imported Russian gas for the third and the fourth quarters of the year. Taking into account target surcharge fee, VAT, transportation and distribution tariffs the final retail price for national enterprises will reach almost USD 500 per thousand cm creating significant pressure for costs. At the same time, the decision to increase gas tariffs for heating generating companies and population has not yet been approved.

Agriculture. Ukraine is expected to have 47 m t of grain harvest in 2011, which is about 8 m t higher than in 2010. In 2010/11 Ukraine was the 3rd largest world exporter of barley, 4th – of corn and the 8th – of wheat. Domestic consumption of grains in Ukraine was almost been constant for the last 5 years. Therefore, Ukraine is likely to substantially increase grain exports unless the Government establishes additional export restrictions.

At the same time, in 2011/2012 marketing year Ukraine may have the lowest rapeseed harvest (1.3 m t) for the last four seasons primarily due to unfavorable weather. As a result, exports of rapeseed, which traditionally accounted for near 90% of rapeseed harvest, will be lower in volumes. However, nominal exports could be supported by higher world prices.

Privatisation. The State Property Fund of Ukraine (SPFU) approved the schedule for the sale of eleven oblenergoes. The auctions should be completed by the end of October, 2011. 25% of Kyivoblenergo, 50% of Zakarpattyaoblenergo and 45% of Zakhidenergo are to be put for the sale already in August. Their shareholdings were immediately transferred from the State Energy Company of Ukraine to the SPFU. Competition commission should consist from representatives of the Ministry of Energy and Coal Industry, the Ministry of Finance, trade unions. The SPFU requested oblenergoes to submit their financial reports for further financial analysis required for the estimation of the starting price for the auction. Thus, the preparation procedures were fully performed, the organization and conduction of the auction itself will remain the matter.

On July 22 the President signed the Law of Ukraine on Shortening the List of Objects, Forbidden for Privatization. Thus, this Law eliminated restrictions on privatization of several objects of aviation industry, railway machinery production, port infrastructure, some enterprises of NC "Khlib of Ukraine", titan industry enterprises, spirits industry. Though, it remains unclear when these objects will be offered for sale.

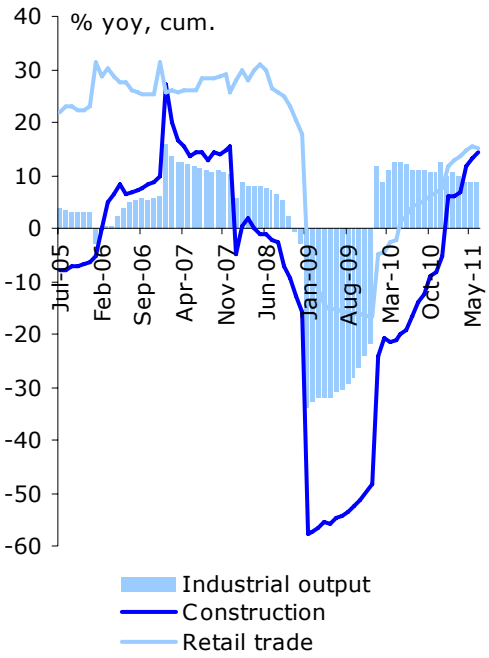
External sector: Financial and capital account turned negative in June

In June current account deficit shrank to USD 0.2 bn from USD 0.7 bn in May due to lower deficit in merchandise trade. In particular, exports increased due to the recovery of grain exports after the quotas had been substituted by export duty. At the same time, non-energy imports increase decelerated.

Overall, in the first half of 2011 current account deficit totalled USD 2.5 bn as compared to surplus of USD 0.6 bn in the same period of 2010. In particular, deficit of merchandise trade more than doubled as imports recovered faster than exports (by 51.3% yoy and 42.7% yoy, respectively). Merchandise exports growth was supported primarily by higher prices for major Ukrainian goods, particularly ferrous metals and mineral products. Purchases of energy and machine-building products contributed the most to merchandise imports growth.

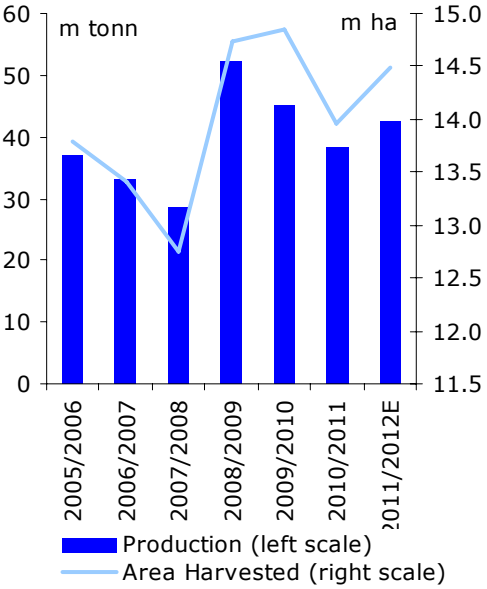
Financial and capital account balance turned to negative in June at USD 0.2 bn. It was attributed to large debt repayments by private

Real sector trends



Source: Derzhkomstat

Grain harvest in Ukraine



Note: E- estimate

Source: IER presentation based on USDA market data

sector as well as significant purchases of cash foreign currency, which were only partially counterweighted by state Eurobonds placement. Overall, financial and capital account was in surplus at USD 4.3 bn in the first half of the year.

Fiscal policy: The central fiscal deficit increased

Budget Execution. In the first half of 2011, central fiscal revenues due to general fund were executed at 100.4% of the target due to higher than expected enterprise profit tax and rental payments. The collections from other major revenue sources were lower than projected.

According to the State Treasury, between January and June central fiscal revenues (general and special fund) increased by 24.4% yoy to 139.4 UAH bn. It is mainly attributed to economic recovery and low statistical base of the previous year. In particular, the enterprise profit tax receipts augmented by 50.4% yoy primarily due to increasing profits of industrial companies. The VAT revenues increased by 27.9% yoy due to growth of VAT paid on domestically produced goods and services (at 85.1% yoy) and VAT on import (at 23.6% yoy). This increase was also partially explained by the changed VAT regulation aimed at restriction of tax fraud. Besides, the rental revenues and excises grew due to the rate hikes. At the same time, non-tax revenues fell by 31.5% yoy, which is primarily explained by classification changes as well as lower NBU profits transferred to the central coffers.

The central fiscal expenditures due to general fund were executed at 95.3% of the plan. The expenditures on environmental protection and utilities sector had the lowest level of execution. The central fiscal deficit (general fund) increased by four times as compared to five-months period to UAH 8.9 bn. However, it was still lower than projected (UAH 14.1 bn).

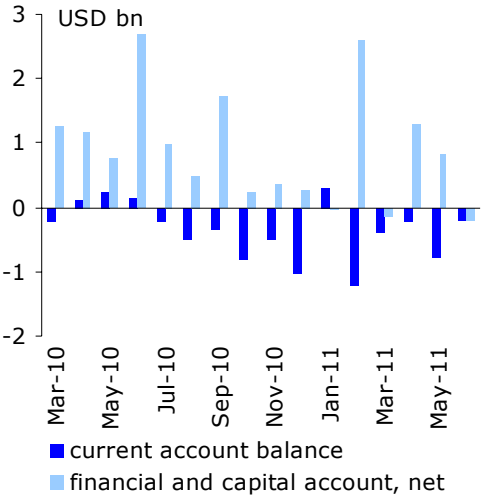
Amendments to fiscal laws. On July 7 the Verkhovna Rada amended the Tax Code of Ukraine. The Law was aimed at solving some problems that emerged after the Code came into force. In particular, many definitions of the Law were unified or changed in order to make closer the tax accounting and book records. Entrepreneurs, working on the simplified system of taxation, were exempted from inspections until new regulation on their taxation is installed. Besides, the grounds for tax inspections and penalties of other taxpayers were clarified. In addition, this Law simplifies the taxation of securities transactions and creates more possibilities for farmers to claim VAT from sales on the domestic market. The implementation of the property tax was postponed from January 1 to July 1, 2012, as local authorities are not ready yet for effective administration of this tax. Most of the novelties brought by Law could be considered as useful for the business, Nevertheless, the problem of selective tax inspections and unbalanced relations between tax inspectots and businesses remained unsolved. Besides, it did not eliminate existing problems with VAT-payer registration.

Social policy: The Pension Fund is likely to face liquidity gap

Between January and July the Pension Fund's own revenues increased by 19.8% yoy decelerating from 21.0% yoy in the first half of the year. This is mainly explained by the fact that individual entrepreneurs working under the simplified taxation were obliged to pay pension insurance contributions at least at minimum level since July 2010. Increase in wages remains the major factor contributing to the Fund's revenues growth.

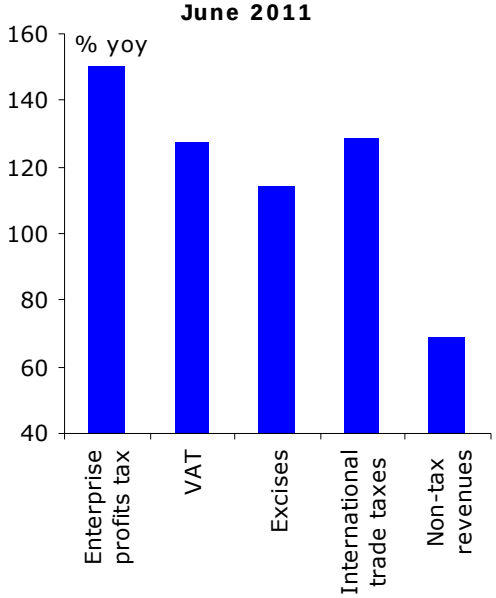
All financing received by the Pension Fund increased by 4.2% yoy in the first seven months of the year as the central fiscal transfer declined as compared to the same period of 2010. At the same time, pension payments grew by 11.9% yoy, which suggests about existence of the liquidity gap in the Fund's budget, which is likely to be traditionally financed at the expense of the State Treasury loans.

Balance of payments



Source: NBU preliminary estimates

Central fiscal revenues in January-June 2011



Source: State Treasury reports

Labour Market: Wage growth decelerated in June

In June average wage grew by 5.2% mom, which is somewhat lower than seasonal increase in wages over recent decade. Traditionally the highest wage growth was in public sectors, primarily in education, which is attributed to vocation payments to the staff. At the same time, other sectors increased wages moderately. In particular, wages in industrial sectors grew by 1.8% mom, which is likely to be partially attributed to more hours worked. Companies of financial sector reduced wages of their employees by 5.0% mom. Overall, between January and June average wage increased by 18.4% yoy in nominal terms and 8.1% yoy in real terms.

Monetary policy: CPI declined in monthly terms

In July, the CPI declined by 1.3% mom due to seasonally lower average prices on food products. In particular, sharp reduction of prices of vegetables by 32.6% mom was not counterweighted by price increases on some other items, like eggs, meat and bread. Housing and utility tariffs were not increased as the Government further postponed decision to raise gas tariffs for population. Cumulative CPI growth decelerated to 10.6% yoy in July as compared to 11.9% yoy in June. At the same time, core inflation growth accelerated to 8.6% yoy.

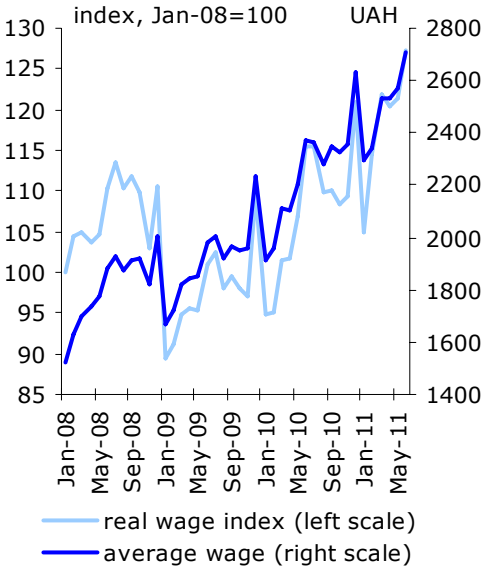
Financial markets: Ukraine restricted domestic borrowings in July

State debt. In July, the Ministry of Finance placed only UAH 0.6 bn of 3-years state domestic bonds, which is the lowest issue in 2011. Demand for bonds was low taking into account the unwillingness of the Government to raise yields. In particular, the average yield increased slightly to 10.1% p.a. from 9.4% p.a. in June. The rates are likely to increase in following two months due to large debt repayments (UAH 12.2 bn). Since the beginning of 2011, the Government has sold state domestic bonds at UAH 18.7 bn or 41.5% of annual plan (without taking into account non-market placement).

In late July, the Ukravtodor obtained a government-secured five-year loan of USD 376 m from Sberbank of Russia. The funds are to be spend on reconstruction and building of roads, including ones that are to be repaired ahead of the Euro-2012.

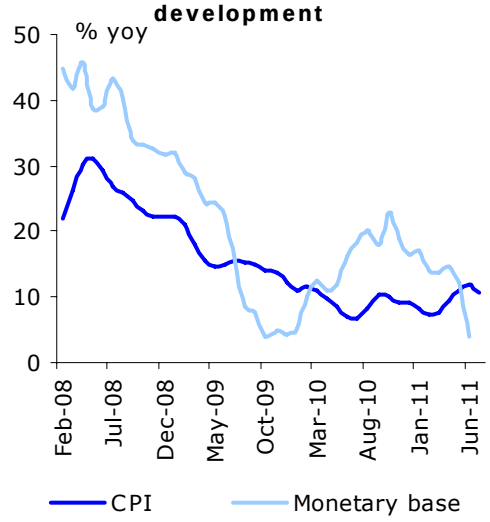
Exchange rate. In July, interbank exchange rate remained stable at near UAH 7.99 per USD. The interbank market was close to balance, which resulted in decline of the NBU interventions. The NBU foreign reserves increased by USD 0.2 bn in July to USD 37.8 bn.

Average wage



Source: Derzhkomstat

CPI and monetary base development



Source: Derzhkomstat, NBU

Highlight of the month: State Procurement

State procurement legislation needs further correction

By Oleksandra Betliy, Vitaliy Kravchuk

In July the President signed the amendments to the State Procurement Law (Draft Law No. 7253), which seems to end hot discussions on the issue for the moment. The previous version of the document was vetoed by the President as it was highly criticized by expert community as well as the European Commission and the World Bank.

Initially the Law was approved in June 2010 after state procurement was regulated by the Cabinet of Ministers for two years. The Law was welcomed by the European Commission, the World Bank and the IMF as it envisaged non-discriminatory principle, according to which national and foreign companies were supposed to be equally treated in the process of state procurement. Besides, the Law reduced the number of goods and services the purchase of which were fully or partially excluded from the Law regulation. The administration procedures of the state procurement were streamlined. The Law also restricted number of cases when uncompetitive procedures, in particular, one bid procedure, could be used.

However, already in January 2011 the Parliament enlarged the list of objects excluded from the regulation of this law by supply and transportation of electricity, natural gas, heating and water to the. As such changes hampered competition the World Bank and the European Commission have terminated the state support to Ukraine.

Moreover, since the end of 2010 the Parliament was considering the draft Law No.7253, which was aimed to improve some provisions of the State Procurement Law to make it closer to the EU legislation. However, the final law approved with the President's suggestions does not fully correspond to the best practices of procurement regulation.

On the one hand, supply and distribution of electricity, gas, heating and water are now to be subject to general procedures of state procurement. On the other hand, the list of exceptions was extended by other types of procurement, for instance made by the Agrarian Fund.

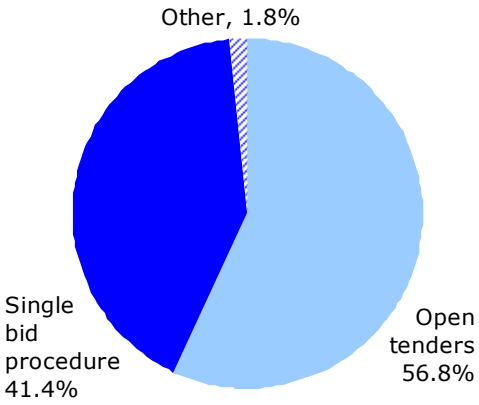
Many provisions raising concerns on the possible increase in corruption remained in the Law even after the veto was imposed. In particular, state and municipal companies, which do not receive state aid, can be excluded from the regulation of this Law. However, such norm could be inefficient as the law on state aid has not yet been approved in Ukraine.

Besides, the ruling on the procurement with one bid procedure creates room for higher corruption. In particular, according to the Law such procedures could be used in case of urgency and special conditions as well as with the aim of standardization and unification. Moreover, now the Ministry of Economic Development is not responsible to authorize such procurement procedure. The decision is taken by the entity conducting tender. Lack of control is likely to contribute to fraudulent behavior especially taking into account that traditionally near 25% of procurement were made under the procedure of single bid procedure.

Overall, the inclusion of procurement of housing and utility services under the Law and certain approaching of Ukrainian law to European standards are positive steps. However, lack of control over the procurement procedures with single participant could result in higher fraud and corruption, which, thus, would not stimulate fruitful cooperation with the European Commission.

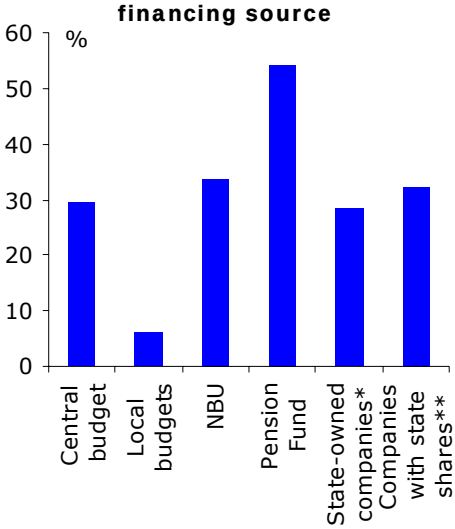
This supplement is based on the Comment 'State Procurement. One step ahead, two steps back', which was prepared in the framework of project 'Economic Aspects of Ukraine's European Integration in the Light of Association Agenda Priorities: expert analysis, recommendations and public discussion'.

Value structure of procurements, 1st quarter 2011



Source: Derzhkomstat

Share of single bid procedures in total value of procurements, by financing source



Note: * State and municipal owned companies; ** Companies with state and municipal ownership above 50%
Source: Derzhkomstat

Economic Trends		Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Industrial production (real)	% yoy cum.	12.0	10.8	11.0	9.7	8.9	9.9	11.0	9.7	10.5	9.7	8.5	8.5	8.9	…
Construction (real)	% yoy cum.	-19.3	-12.6	-5.4	6.8	14.5	-8.2	-5.4	6.1	6.1	6.8	11.6	13.2	14.5	…
Agricultural production (real)	% yoy cum.	3.4	-1.3	-1.0	5.3	3.2	-1.3	-1.0	5.3	5.0	5.3	4.0	3.5	3.2	…
Retail trade turnover (real)	% yoy cum.	2.3	5.1	7.6	13.5	15.2	6.8	7.6	11.7	12.7	13.5	14.9	15.5	15.2	…
Average wage	UAH	2227	2332	2407	2389	2708	2353	2239	2297	2338	2531	2533	2573	2708	…
CPI	% yoy	6.9	10.5	9.1	7.7	11.9	9.2	9.1	8.2	7.2	7.7	9.4	11.0	11.9	10.6
PPI	% yoy	25.5	19.2	18.7	20.3	20.0	18.9	18.7	18.0	21.4	20.3	20.8	18.8	20.0	20.3
Exports (USD)*	% yoy cum.	30.6	28.6	27.7	40.5	…	29.8	29.6	53.6	46.8	49.2	44.4	42.8[e]	…	…
Imports (USD)*	% yoy cum.	24.8	28.2	30.1	52.8	…	33.9	33.7	54.4	64.1	58.5	52.3	52.9[e]	…	…
Merchandise trade balance	USD bn cum.	-2.0	-4.8	-8.4	-3.0	…	-8.0	-9.3	-0.4	-2.1	-3.1	-3.8	-4.6[e]	…	…
Current account**	USD bn cum.	0.6	-0.5	-2.9	-1.3	…	-1.4	-2.2	0.3	-0.9	-1.3	-1.5	-2.3	…	…
Current account	% GDP, cum.	0.9	-0.5	-2.1	-3.9	x	x	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	29.5	34.7	34.6	36.4	37.6	33.5	34.6	35.1	36.7	36.4	38.4	37.9	37.6	37.8
Monetary Base	% yoy	16.3	18.0	15.8	13.7	3.9	18.9	15.8	17.1	14.0	13.7	14.7	12.1	3.9	…
Lending rate on UAH credits	% pa, aop	14.8	13.0	13.6	13.3	13.5	12.8	15.0	13.6	12.9	13.3	13.0	13.4	14.0	…
Exchange rate (interbank)	USD aop	7.92	7.90	7.96	7.95	7.98	7.95	7.97	7.95	7.95	7.97	7.97	7.98	7.99	7.99
Exchange rate (official)	USD aop	7.92	7.90	7.93	7.94	7.97	7.93	7.96	7.95	7.94	7.94	7.96	7.97	7.97	7.97
Exchange rate (official)	EUR aop	10.10	10.18	10.79	10.85	11.48	10.87	10.50	10.62	10.83	11.10	11.49	11.48	11.47	11.38

Sources: Derzhkomstat, NBU, own calculations

* Monthly figures are only for merchandise exports and imports (source: Derzhkomstat)
Quarterly figures are for trade in goods and services (source: NBU)

** Monthly data are according to the preliminary estimates provided by the NBU

[e] preliminary estimate provided by the NBU

Key Economic Indicators		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	948.1	914.7	1095.0
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.4	138.0
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1	-15.1	4.2
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-21.9	11.2
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	0.1	-1.0
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9	9.4
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3	9.1
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5	20.9
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.3	18.7
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.7	27.1
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.6	-43.1	29.3
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.9	-1.9	-2.9
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2	-1.7	-1.7
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.9	4.5	5.7
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5	26.5	36.7
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.4	-5.9
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33.0	39.5
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15.0	21.5	25.3
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4	15.8
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79	7.94
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70	7.98	7.96
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87	10.53
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68	10.57

Sources: Derzhkomstat, NBU, Ministry of Finance, own calculations

''' "Minus" denotes a consolidated fiscal deficit

Notes:

avg	average	**ytd**	year-to-date	**NBU**	National Bank of Ukraine
cum	cumulative	**p.a.**	per annum	**EPT**	Enterprise profit tax
mom	month on month change	**eop**	end of the period	**VAT**	Value added tax
qoq	quarter on quarter change	**aop**	average of the period	**Derzhkomstat**	State Statistics committee of Ukraine
yoy	year-on-year change	**gs**	goods and services		

Quarterly trends

National accounts		Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11
GDP	UAH bn	214.9	191.5	236.0	276.5	244.1	189.0	214.1	250.3	259.9	219.4	260.2	304.7	310.3	263.6
GDP (real)	% yoy	6.9	8.5	6.2	4.3	-7.8	-19.6	-17.3	-15.7	-6.7	4.8	5.5	3.6	3.3	5.3
Household consumption (real)	% yoy	18.8	23.6	12.6	14.4	4.7	-14.5	-14.5	-14.3	-16.2	1.2	7.8	9.4	9.0	12.7
State consumption (real)	% yoy	2.2	0.9	2.2	-5.3	7.4	0.2	-1.6	-4.3	-3.7	4.1	-1.9	3.7	5.0	0.1
Gross fixed capital formation (real)	% yoy	23.8	24.4	9.1	-3.2	-23.1	-58.0	-55.9	-53.2	-33.7	-7.5	-1.2	12.6	10.6	4.5
Exports of goods and services (real)	% yoy	1.1	0.1	13.8	21.0	-13.2	-22.2	-34.1	-30.9	6.9	-0.2	10.8	2.6	4.9	19.0
Imports of goods and services (real)	% yoy	29.7	19.3	29.7	34.8	-11.8	-37.4	-52.3	-47.6	-11.1	-7.8	16.7	20.2	14.3	39.3
Agriculture, hunting, forestry (real)*	% yoy	-4.9	0.8	-4.1	23.8	19.2	-1.1	3.4	2.2	-11.6	4.9	0.1	-3.3	0.3	5.8
Manufacturing industry (real)*	% yoy	9.4	7.2	5.6	-1.5	-27.0	-33.7	-26.1	-25.6	6.5	14.4	16.1	12.5	15.0	12.9
Construction (real)*	% yoy	17.9	-14.1	-18.7	-33.9	-39.5	-54.2	-42.7	-43.6	-32.8	-12.4	-8.7	7.4	1.3	7.8
Trade, repair services (real)*	% yoy	16.2	11.2	8.8	-0.7	-6.2	-15.6	-15.7	-22.0	-16.4	1.1	-1.6	1.7	0.3	9.7
Transport(real)*	% yoy	28.4	15.1	14.6	10.1	-0.3	-13.4	-9.2	-5.7	-0.4	5.5	6.8	5.2	3.0	4.4
Balance of payments															
Current account balance	USD bn	-3.257	-3.7	-3.3	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	0.1	0.5	-1.1	-2.3	-1.3
Current account balance	% of GDP	-7.7	-9.7	-7.0	-3.6	-9.4	-2.6	-0.6	-0.2	-2.7	0.2	1.5	-2.8	-6.0	-3.9
Trade balance in goods	USD m	-4452	-4490	-4171	-3868	-3562	-882	-622	-1396	-1407	-1229	-818	-3103	-3562	-3034
Trade balance in services	USD m	308	77	308	1341	15	116	432	1256	550	1018	1219	1659	966	982
Current transfers	USD m	1,016	740	833	831	723	632	667	640	722	608	728	797	842	1034
Direct investment (FDI)	USD m	1648	2430	3091	3324	1058	883	1279	1210	1282	923	1196	1470	2170	867
Portfolio investments	USD m	1844	217	160	-690	-967	-350	-351	-2286	1428	-307	804	2532	1288	1182
Gross international reserves	USD bn	32.5	33.2	35.5	37.5	31.5	25.4	27.3	28.2	26.5	25.1	29.5	34.7	34.6	
Exchange rate(market), UAH/USD	aop	5.04	5.03	4.79	4.70	6.49	8.09	7.76	7.99	8.06	8.00	7.91	7.90	7.96	7.95
Exchange rate(official), UAH/USD	aop	5.05	5.05	4.96	4.85	6.21	7.70	7.66	7.82	7.99	7.99	7.91	7.90	7.93	7.94
Fiscal indicators															
Consolidated fiscal revenues	% of GDP	31.1	32.9	32.0	29.5	31.6	34.8	30.6	25.5	36.0	30.6	30.0	23.0	32.0	32.0
Personal income tax	% of GDP	4.8	5.2	5.1	4.3	4.9	5.2	5.3	4.4	4.7	4.9	4.8	4.3	4.8	4.9
Enterprise profits tax	% of GDP	6.4	4.2	4.5	5.0	6.3	3.9	3.3	3.7	3.6	4.3	3.0	3.4	4.2	4.4
Value-added tax	% of GDP	7.6	10.6	10.9	9.8	7.8	11.7	8.3	6.4	11.0	9.7	9.7	8.4	9.8	7.4
Excise tax	% of GDP	1.3	1.5	1.3	1.2	1.4	2.0	2.3	2.5	2.6	2.4	2.9	2.5	2.5	2.1
Consolidated fiscal expenditures	% of GDP	36.7	29.8	31.6	27.2	41.2	34.4	36.6	29.6	34.5	32.7	38.2	30.0	37.2	32.1
Current expenditures	% of GDP	27.3	28.9	28.5	22.4	33.8	33.5	34.9	27.0	31.4	32.1	36.9	26.3	32.5	30.8
Capital expenditures	% of GDP	9.4	1.0	3.1	4.8	7.4	0.9	1.7	2.6	3.1	0.6	1.4	3.7	4.7	1.2
Consolidated fiscal balance	% of GDP	-6.2	3.0	0.4	1.9	-10.3	0.0	-6.2	-4.5	1.1	-2.0	-7.9	-7.4	-5.6	-0.3
Privatisation receipts	% of GDP	0.4	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.1	0.2	0.4
Labour market															
Average wage (real)	% yoy	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.7	3.3	8.7	12.3	11.4	11.1
Household income (real)	% yoy	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6	3.7	11.8	11.0	14.7	8.7
Unemployment rate (ILO methodology)	% cum	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	8.8	9.0	8.5	8.1	8.1	8.7
Banking system															
Monetary aggregate M0	% yoy cum	48.2	48.4	48.6	37.9	39.3	33.9	22.8	11.5	1.5	5.4	9.9	17.4	16.5	15.7
Monetary aggregate M2	% yoy cum	50.8	52.7	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4	6.9	13.2	21.6	23.1	25.5
Household deposits in national currency	% yoy cum	71.9	67.9	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5	7.1	20.1	38.6	41.4	43.3
Household deposits in foreign currency	% yoy cum	32.5	35.2	32.9	31.2	66.3	31.8	33.0	39.2	4.7	22.8	21.5	17.7	16.9	19.7
Com. bank credits in national currency	% yoy cum	72.7	81.2	70.6	54.9	40.4	27.6	27.8	25.2	16.9	13.6	8.3	6.0	11.2	16.0
Com. bank credits in foreign currency	% yoy cum	75.4	71.3	57.9	53.4	103.6	70.8	48.7	32.4	-15.2	-13.7	-10.5	-13.2	-8.3	-2.1
Long-term com. bank credits	% yoy cum	85.7	84.8	67.2	50.9	73.3	50.8	37.3	29.9	-3.8	-3.9	-2.8	0.6	-0.5	5.0
Long-term com. bank credits	% of total	69.2	69.1	68.6	66.8	69.8	69.9	68.2	67.3	68.1	68.5	68.9	67.5	66.3	67.2
Average lending rate on national currency credits	% p.a.	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8	17.3	15.0	13.0	15.0	13.1
Average lending rate on foreign currency credits	% p.a.	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	10.1	10.9	11.1	10.3	10.1	10.2

Sources: National Bank of Ukraine, State Committee of Statistics, State Treasury, Ministry of Finance, Reuters, IER estimates
* change in value added
[e] preliminary NBU estimates for balance of payments,

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