Monthly Economic Monitor Ukraine

- The Verkhovna Rada postponed the parliamentary elections to 2012.
- Industrial productions grew by 11.0% in 2010.
- Differentiated electricity tariffs were introduced since February.
- Financial account surplus was close to balance in December due high external debt repayments and outflow of foreign cash.
- Central fiscal revenues were under-executed in 2010.
- The Pension Fund continued receiving loans in 2010.
- Consumer inflation slowed to 8.2% yoy in January along with food prices.
- Banking sector remained loss-making in 2010, but losses decreased to UAH 13 bn.
- HIGHLIGHT OF THE MONTH: Petroleum products market

No.2 (124)
February
2011

Population: 45.9 m
Industry/GDP: 27%
Agriculture/GDP: 8%
Investment/GDP: 18%
Exports to: Russia 25%, EU 28%
Imports from: Russia 22%, EU 35%

Politics: The Verkhovna Rada approved amendments to the Constitution

On February 1, the Verkhovna Rada of Ukraine approved constitutional amendments changing the dates of the next presidential and parliamentary elections. 310 people deputies out of the 350 registered at the session voted for the amendments, whereas only 15 deputies voted against them. The Draft law was supported by 180 of the Party of Regions deputies, 7 BYuT deputies, 41 Our Ukraine-People's Self-Defense deputies, 25 Communist Party deputies, 20 People's Party deputies, and 37 individual deputies. Immediately after the voting, the BYuT faction excluded from membership seven deputies that voted for the amendments.

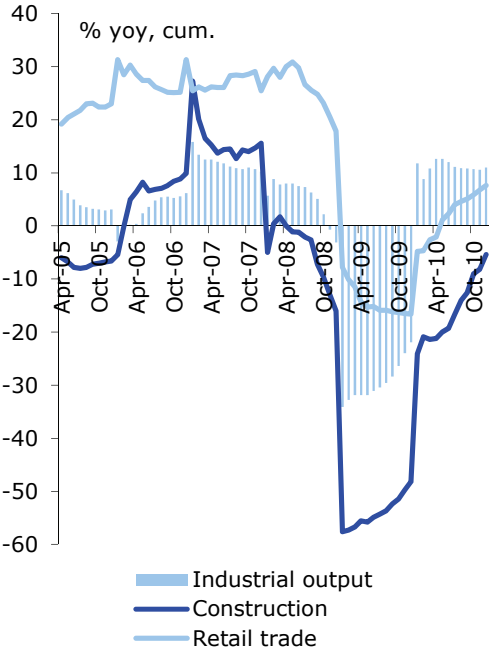
According to the transitional provisions of the newly approved law, the next parliamentary elections are to be held in October 2012 (instead of March 2011) and the presidential elections will be held in March 2015. The general provisions of the Law foresee that the President of Ukraine, the Verkhovna Rada, deputies of local councils at all levels and heads of local self-governing bodies are elected for five years. The regular presidential elections are to be held on last Sunday of March of the fifth year of the President's term. The parliamentary elections are to be conducted on last Sunday of October of the fifth year of the parliament's term. Local elections are expected on last Sunday of October of the fifth year in office.

Real sector: Industrial production grew by 11.0% in 2010

In December, industrial production growth accelerated to 12.5% yoy leading to 11.0% growth over twelve months of 2010. External demand was the major driver of growth against the background of weaker domestic demand. In December, output in export-oriented machine building and chemistry increased by 38.9% yoy and 32.9% yoy, respectively. Metallurgy production growth accelerated to 12.0% yoy as global steel demand increased in the end of the year. Food industry growth slowed down to 2.4% yoy due to shift of consumer demand to durables. Construction materials production decelerated to 9.9% yoy, while output in production and distribution of gas, electricity and water increased by 7.1% yoy.

In 2010 freight turnover increased by 6.4% restricted by grain export quotas and decline in oil transit. Retail trade turnover increased by 7.6% in 2010 due to strong sales in December. In 2010 construction stagnated and reached only 94.6% from 2009 level despite weak growth in the end of the year. Agriculture output declined by 1.0% as growth in livestock breeding was not sufficient to offset impact of the low crops harvest.

Real sector trends



Source: Derzhkomstat

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Sectoral trends: Electricity tariffs were increased by 30%

Energy. In January, the National Electricity Regulatory Commission (NERC) approved increase in electricity tariffs for some households by 30%. First 150 kWh per month are to be charged at existing prices with increased tariff applying afterwards. According to the NERC, over 70% of population consumes less than 150 kWh per month. Tariff increase will somewhat decrease the cross-subsidization of households by industrial users. Nevetherless, industrial users will still pay more than double for kWh of electricity than households.

Agriculture. In January, Ukrainian government announced that 2011 will be the year of agricultural modernization. On January 27, the Ministry of Agricultural and Food Policy of Ukraine (MinAFP), EBRD, Ukrainian Grain Association (UGA), Ukrainian Agrarian Confederation (UAC) and the Institute for Agricultural Markets Development (AMDI) signed the agreement on joint actions to support development of grain industry. According to the agreement, the MinAFP promised to conduct a transparent and predictable long-term policy and attract investments to the grain industry by encouraging bank loans, supporting development of agricultural insurance and futures markets. UGA, UAC and AMDI will provide investments to the industry by collaborating with agribusiness. EBRD will be an intermediate between the Government and agribusiness. These joint actions will last for 4 years and will involve advisory services and international technical aid. This agreement can push agricultural development by improving the collaboration between the Government and the business, and by attracting additional investments to the grain industry, as well as by liberalizing trade.

However, other actions of the Government are not conducive to the development of agricultural sector. On January 11, 2011 new portion of grain export quotas was distributed. The distribution mechanism was non-transparent and excluded many large international grain traders from the competition. The significant share of the quota was given to the state company. In February, the Government submitted a draft law to the parliament envisaging the state agent monopoly on the exports of agricultural products. International experience on state monopolies in this area is very negative.

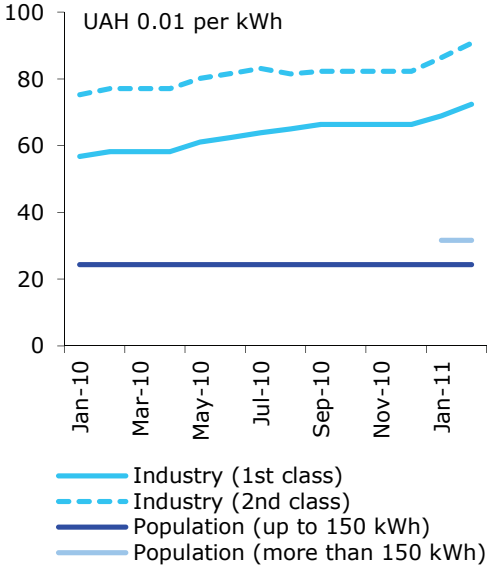
Transport. In January, the Ministry of Infrastructure prolonged 18-50% discounts for handling of transit cargo in 10 Ukrainian ports for 2011. They are intended to stimulate transit through ports, which dropped by 15.5% in 2010 despite active discounts. Thus, the Ministry tries to attract transport flows without significant infrastructural and institutional improvements.

External sector: Financial account was close to balance in December

Financial and capital account surplus in December shrank to the smallest value over the last nine months at USD 0.13 bn. At the same time, FDI inflow reached highest value in 2010 at USD 0.8 bn in December. Gross inflows of medium-term loans and Eurobonds exceeded USD 8 bn as the Government and private companies refinanced their obligations. However, high amount of repayments and persistent demand for foreign cash left the financial account almost in balance. Total financial and capital account surplus in 2010 reached USD 7.7 bn in 2010 as compared to USD 12 bn deficit in 2009.

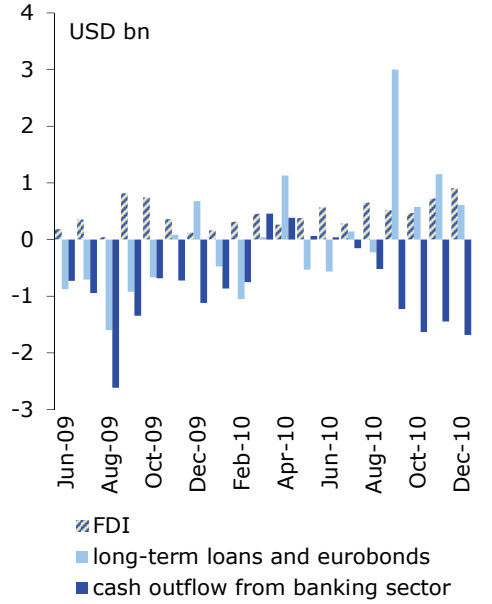
In December 2010, current account deficit widened to USD 0.8 bn from USD 0.6 bn in November. Current account deficit widened as merchandise trade deficit grew to USD 1.2 bn. Merchandise exports grew by 2.6% mom and merchandise imports grew by 5.4% mom due to increased consumer demand. Overall current account deficit in 2010 increased to USD 2.6 bn from USD 1.7 bn in 2009.

Electricity tariffs



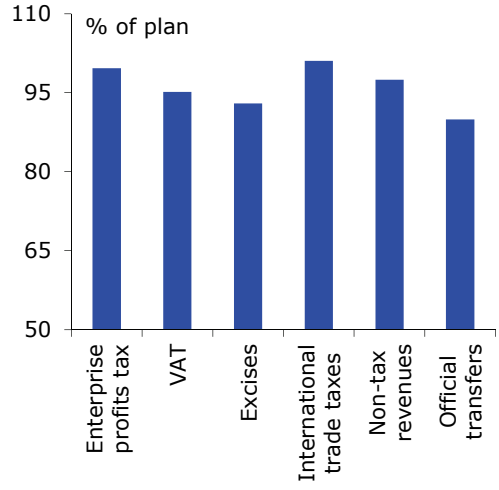
Source: NERC

Selected financial account components



Source: NBU preliminary estimates

Central fiscal revenues in 2010



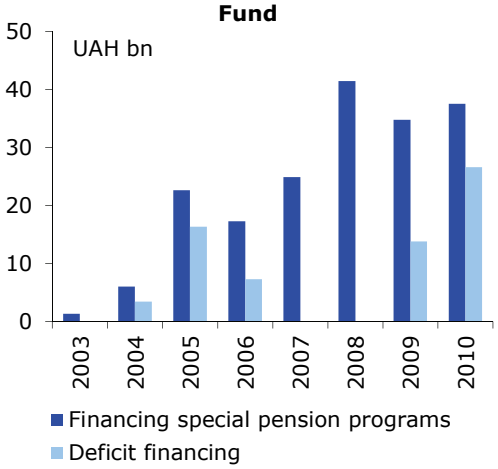
Source: State Treasury reports

Fiscal policy: Central fiscal revenues were under-executed in 2010

Central fiscal revenues were executed at 96% of amended plan in 2010. Tax revenues were by 4.3% lower than annual target primarily due to lower than planned collections of VAT and excise duties. At the same time, EPT revenues were almost at planned level, which might signal about improved financial situation of companies as well as strengthened tax administration. Non-tax revenues were supported in 2010 by the transfer of NBU profits, which was by 50% higher than planned due to increase in revenues of the central bank. Overall, central fiscal revenues grew only at 6.7% as compared to 2009, which is explained by inflow of one-time revenues in 2009 as well as accounting of VAT bonds in revenues in 2010.

Central fiscal expenditures were under-executed by 6.9% of plan despite high borrowing. Central fiscal deficit was at UAH 64.4 bn in 2010. As a result, Ukraine met annual fiscal target envisaged in the Stand-by arrangement with IMF. In particular, the general government deficit is estimated at UAH 55 bn (according to the IMF methodology), while the target was defined at UAH 60 bn.

Central fiscal transfer to the Pension Fund



Note: not inlcuding loans from State Treasury
Source: State Budget Laws for 2003-2010

Social policy: Pension Fund continued receiving loans in 2010

According to the Pension Fund, its total revenues increased by 23.7% to UAH 184 bn in 2010. Own revenues increased by 19.6% to UAH 119 bn. The total central fiscal transfer at UAH 64.1 bn accounted for 21.1% of total central fiscal expenditures. In particular, transfer to finance deficit of the Pension Fund totalled UAH 26.6 bn. However, it was not enough to finance pension liabilities and the Fund had to request loans from the State Treasury. Overall, the Pension Fund's deficit could be estimated at UAH 34.6 bn in 2010.

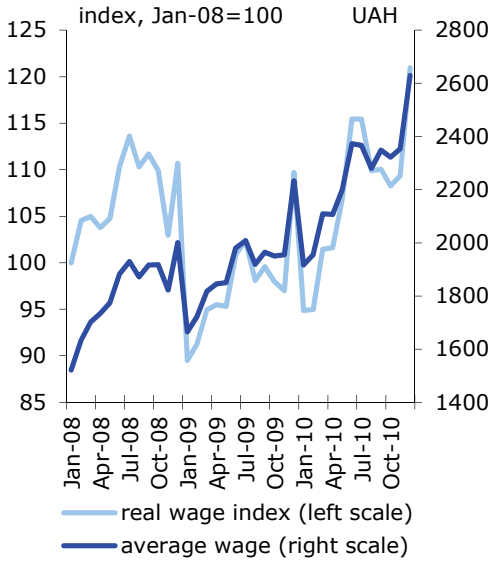
The rapid increase in minimum pension in 2010 (by 26.3% on average) as well as pension indexation resulted in upward revision of pensions for most pensioners. As a result, average pension reached UAH 1153 as of January 1, 2011, representing 11% increase from January 2010. Therefore, budget constraints of the Pension Fund resulted in pension compression last year.

Labour Market: Average wage increased by 10.2% in real terms in 2010

In December average monthly wage increased by 11.7% mom to UAH 2629 due to traditional payments of bonuses and premiums. Wages increased in all sectors, but agriculture. At the same time, growth of wages in industry was lower than average in economy (at 8.7% mom), which might signal belt tightening in industrial enterprises. At the same time, wages in state administration and public services increased more than on average.

Overall, average wage of UAH 2239 in 2010 increased by 20.0% in nominal terms and 10.2% in real terms. Even though wages grew in all sectors, wage differentiation remained high. While financial sector paid twice the average wage, wages in agriculture and health care accounted only for 63.8% of average and 72.9% of average, respectively.

Average wage



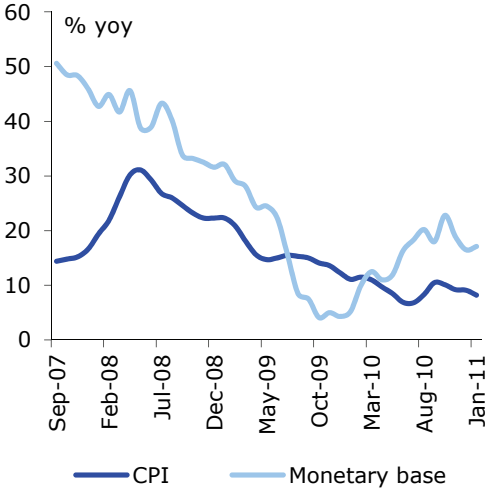
Source: Derzhkomstat

Monetary policy: Inflation slowed to 8.2% yoy in January

In January, consumer inflation slowed to 8.2% yoy. Food price growth slowed down to 8.6% yoy from 10.6% yoy in December due to high statistical base. Effect of food price slowdown was counterbalanced by increases in heating tariffs and gasoline prices.

Money supply accelerated its growth from 22.7% yoy in December 2010 to 25.3% yoy in January 2011, while monetary base growth accelerated to 17.1% yoy. Share of cash in money supply decreased to 29.3% in January 2011 as compared to 31.2% a year ago. Banks increased liquidity as the NBU purchased foreign currency and the Government decreased funds at the NBU.

CPI and monetary base development



Source: Derzhkomstat, NBU

Financial markets: Banks lost UAH 13 bn in 2010

Banking sector. In 2010 banks earned UAH 137 bn in revenues. They included UAH 113 bn in interest revenue that decreased by 4.8% from 2009 as bank assets grew only by 8% while interest rates fell significantly. Other revenues also declined slightly. Despite fall in revenues banks managed to decrease losses as they contained costs. Interest spending contracted by 6.0% to UAH 61 bn, while administrative and personnel costs grew only by 6.8%. Also, banks managed to achieve fall in spending on provisions by 30%. Nevertheless, loan loss provisions reached 18.6% of gross loans. Overall banking sector lost UAH 13 bn in 2010, although most banks reported small profits or losses. 133 banks reported pre-tax profits of UAH 5.3 bn, while four banks with largest losses lost UAH 12.8 bn before taxes.

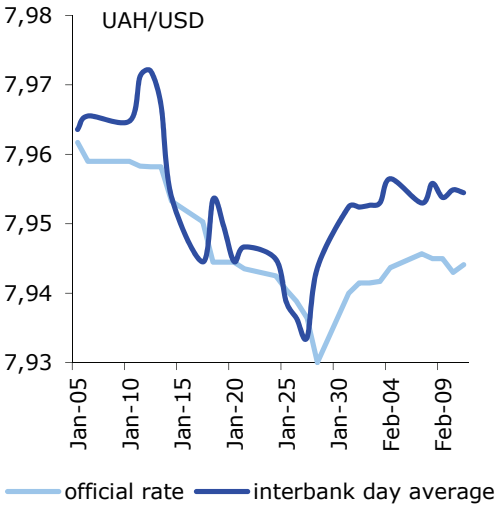
In January, bank deposits continued to grow with growth observed in all categories of deposits. Households continued to repay loans in foreign currency, but loans outstanding to households in national currency grew by 0.8% yoy.

Exchange rate. In January, foreign currency market was close to balance. Interbank market liquidity increased by 59% yoy. The NBU both sold and purchased foreign currency with net purchases equal to USD 0.26 bn. Interbank UAH/USD exchange rate fluctuated in range of UAH 7.94-7.96 per USD.

State debt. In 2010, the direct and guaranteed state debt grew by 36% to UAH 432 bn or USD 54 bn. Direct state debt increased its share in the total by 3.2 p.p. to 74.8%. At the same time, Government issued more domestic than external debt. Most domestic bonds were purchased by the commercial banks, which had excess liquidity and were reluctant to lend to private sector. At the same time, non-residents increased their portfolio of Ukrainian state bonds to 8.3% of total amount of state domestic bonds outstanding.

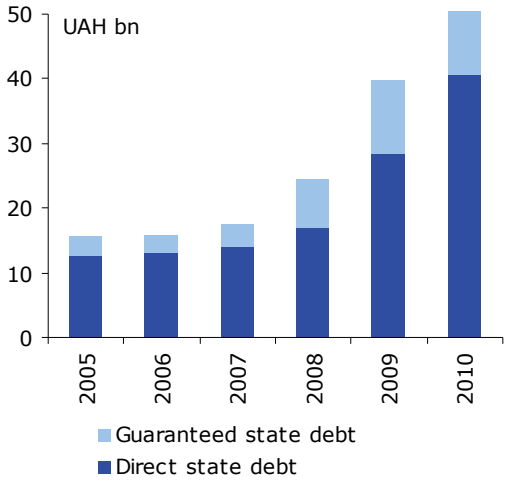
In January, the Government continued substantial issues of the state domestic bonds to refinance maturing bonds issued during economic crisis. In January, it issued UAH 2.8 bn of domestic bonds with weighted average yield at 7.1% p.a., while yields reached 20% during the crisis. Taking into account large amount of bonds due for redemption in 2011, the Government is expected to continue extensive borrowings on domestic market this year.

Exchange rate



Source: NBU

State debt, eop



Note: not inlcuding loans from State Treasury
Source: State Budget Laws for 2003-2010

Highlight of the month: Petroleum products market

Introduction of import duties: pro & contra

by Dmytro Naumenko

The conflict on petroleum products market strengthened in 2010 due to growing competition from imports. Two main factors shifted the balance between domestic production and import of light petroleum products in Ukraineю. First, export subsidies by Russia and Belarus continued to stimulate exports of petroleum products to Ukraine. Second, schemes to import petroleum products without payment of taxes, duties and excises became more active. Both factors make imported fuels cheaper than domestically produced ones.

In 2010 the production of petroleum products continued to decline primarily due to tax-free imports. In mid-2010 company "Livela" received judicial opinion confirming its right to import oil and fuels free of duties, excises and VAT. As a result, from August to November it increased its market share almost to 80% of total imports and 30% of total consumption. Later it suspended its activity due to start of judicial inquiry.

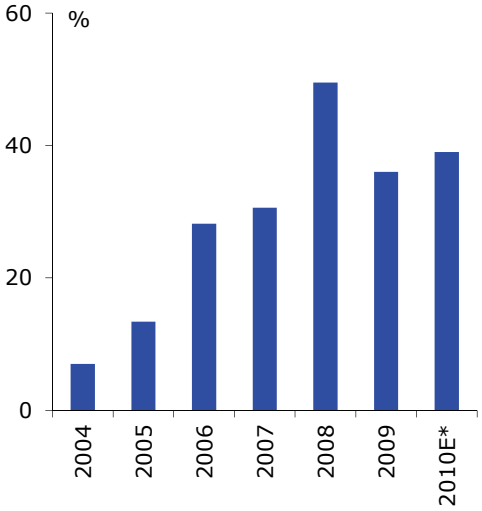
According to the Derzhkomstat, imports supplied over 40% of petroleum products consumed in Ukraine. 68.4% of import supplies in 2010 were made from three CIS members: Belarus – 43.3% of total, Russia – 21.9%, and Kazakhstan – 3.2%. These countries are the members of the Customs Union that became effective in July 2010. According to new Customs Code of Russian Federation Belarus and Kazakhstan are exempted from export duties of USD 346.6 per ton of crude oil and USD 232.2 per ton of light petroleum products. Thus, low export duty for refined products provides competitive advantage of refineries in these countries. Currently it is about USD 300 per ton of petroleum products minus difference in transport costs. Russia and Belarus increased this advantage in 2005 when import duties for gasoline and diesel fuel were cancelled in Ukraine.

Domestic refinery companies found themselves in tough operating conditions. Productivity and quality of production remain low due as they failed to secure funding for modernization and commitment to maintain number of workers imposed during privatization. Moreover they had to compete with cheaper import fuels that cut their margins to the minimum. Also in 2007, corporate conflict over Kremenchug refinery led to disruption of oil supplies from Russia and 20% decrease of total oil refining in the country. Overall, refineries produced 6.6 m tons of gasoline and diesel fuel in 2010 as compared to 11.3 m tons in 2004 and were loss-making over three quarters of 2010.

In addition in the beginning of 2011 retail gasoline prices accelerated their growth due to increased excises rates for 2011 and world oil prices growth. In response Government launched a special investigation concerning the fuels import. The Ministry proposed to impose import duties of EUR 130 per ton for gasoline and EUR 80 ton for diesel fuel to protect national refineries. The refineries consider that planned import duties will align domestic and import prices on petroleum products, and allow to increase the domestic production. Also they warned that they may be forced to close if import duties are not imposed.

The largest petroleum products traders in their turn opposed this initiative pointing to numerous risks of import duties. They believe gasoline retail prices will grow after imposing of new duties. Official import supplies of fuels will contract and market will be monopolised. Tax-free schemes (like 'Livela') and smuggling may increase resulting in official import displacement and gasoline quality deterioration. As a result, import duties will provide preferences to vertically integrated companies and 'grey' schemes of import participants but not to national refineries.

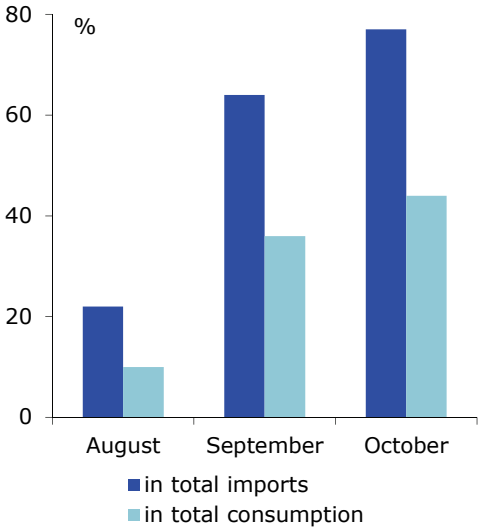
Share of import fuels in Ukrainian market



* Data on import as of 11 monts of 2010

Source: OilNews ; Energy customs

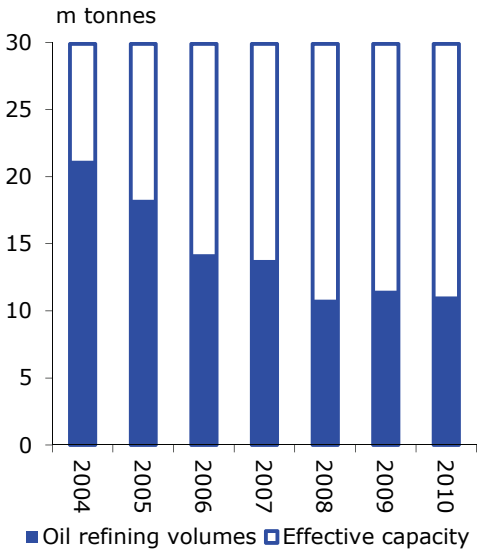
Share of "Livela" in total imports and consumption of fuels* in 2010



* Gasoline and diesel fuel

Source: Energy customs; Ministry of energy and coal

Oil refining volumes in Ukraine



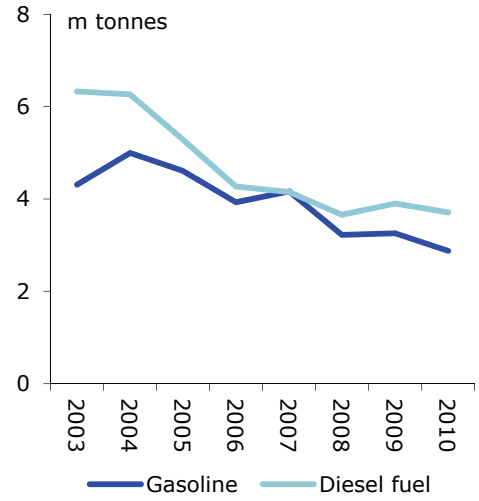
Source: The Ministry of Energy and Coal

So proposed decision is quite controversial and may have the unintended consequences for petroleum products market participants in 2011. Now, the Government is challenged by this problem as must reach the balance between support of the national refineries and prevention of rapid growth of retail gasoline prices, and deterioration of fuel quality. The situation is more complicated as all the refineries in Ukraine are in the different stages of the modernization of production facilities and cannot immediately meet all the demand for gasoline and diesel fuel that meets EURO-4 and EURO-5 standards.

Although proposed amount of duty per liter is only UAH 0.8 new duty will be used by as an excuse for further price increases. Setting of import duties will impose additional costs for traders and consumers and will provide some relief to refineries.

However, new duties will not change the main problems in petroleum market. Main threats come from existence of uncompetitive preferences to certain traders and significant share of fuels smuggling. The market participants expect that "Livela" and/or similar tax avoiding schemes will be renewed in 2011. Total price reduction for this tax-free import in 2011 may reach USD 620 per 1 ton of gasoline and USD 400 – for diesel fuel. It would hamper the prices stability, viability of official supply chains and quality of gasoline and diesel fuel. Therefore, introduction of defensive duties on fuels import will only be effective after fair competition is restored on petroleum products market.

Fuels production in Ukraine



Source: Derzhkomstat

Economic Trends		Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Industrial production (real)	% yoy cum.	-28.4	-21.9	10.8	12.0	10.8	11.0	12.0	11.1	10.9	10.8	10.7	10.6	11.0	…
Construction (real)	% yoy cum.	-52.4	-48.2	-21.4	-19.3	-12.6	-5.4	-19.3	-16.7	-14.0	-12.6	-9.0	-8.2	-5.4	…
Agricultural production (real)	% yoy cum.	3.3	0.1	5.3	3.4	-1.3	-1.0	3.4	-0.6	-4.1	-1.3	-1.2	-1.3	-1.0	…
Retail trade turnover (real)	% yoy cum.	-16.2	-16.6	-2.6	2.3	5.1	7.6	2.3	4.0	4.6	5.1	5.9	6.8	7.6	…
Average wage	UAH	1940	2046	1993	2227	2332	2407	2373	2367	2280	2349	2322	2353	2239	2629
CPI	% yoy eop	15.0	12.3	11.0	6.9	10.5	9.1	6.9	6.8	8.3	10.5	10.1	9.2	9.1	8.2
PPI	% yoy eop	1.6	14.3	18.6	25.5	19.2	18.7	25.5	24.4	23.3	19.2	19.8	18.9	18.7	18.0
Exports (USD)*	% yoy cum.	-43.7	-40.7	22.1	28.9	31.6	…	33.5	33.3	33.2	32.1	29.9	29.8	29.0[e]	…
Imports (USD)*	% yoy cum.	-49.3	-46.9	18.5	24.7	34.9	…	29.6	30.1	31.8	32.2	33.5	33.9	35.4[e]	…
Merchandise trade balance	USD bn cum.	-3.7	-5.7	-1.2	-2.0	-4.8	…	-2.5	-3.5	-4.6	-5.4	-6.9	-8.0	-8.4[e]	…
Current account**	USD bn cum.	-1.1	-1.8	0.0	0.5	-0.3	…	0.5	0.0	-0.6	-0.3	-0.9	-1.4	-2.2	…
Current account	% GDP, cum.	-1.3	-1.5	-0.7	0.8	-0.3	…	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	28.2	26.5	25.1	29.5	34.7	34.6	29.5	30.9	32.7	34.7	34.3	33.5	34.6	35.1
Monetary Base	% yoy eop	7.5	4.4	12.5	16.3	18.0	15.8	16.3	18.3	20.2	18.0	22.8	18.9	15.8	17.1
Lending rate on UAH credits	% pa, aop	17.9	19.8	17.4	14.8	13.0	13.6	14.1	13.5	12.6	13.0	13.1	12.8	15.0	13.4
Exchange rate (interbank)	USD aop	8.00	8.06	8.00	7.92	7.90	7.96	7.91	7.90	7.89	7.92	7.95	7.95	7.97	7.95
Exchange rate (official)	USD aop	7.82	7.99	7.99	7.92	7.90	7.93	7.92	7.90	7.89	7.91	7.91	7.93	7.96	7.95
Exchange rate (official)	EUR aop	11.18	11.81	11.07	10.10	10.18	10.79	9.67	10.06	10.18	10.29	10.99	10.87	10.50	10.62

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
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	948.1	914.7
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.4
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1	-15.1
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-21.9
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	0.1
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.3
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.7
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.6	-43.1
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.9	-1.9
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2	-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
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5	26.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.4
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
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
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70	7.98
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68

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	**Derzhcomstat**	State Statistics committee of Ukraine
yoy	year-on-year change	**gs**	goods and services		

Quarterly trends

National accounts		Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
GDP	UAH bn	165.1	197.4	212.8	187.7	233.7	275.8	252.7	188.0	213.7	251.3	261.7	218.1	262.4	303.7
GDP (real)	% yoy	8.6	6.2	7.4	6.3	6.2	6.4	-8.0	-20.2	-17.8	-16.0	-6.8	4.9	5.9	3.4
Household consumption (real)	% yoy	15.5	15.2	19.0	22.5	13.3	16.7	1.6	-15.1	-14.3	-13.7	-13.8	0.5	5.1	7.5
State consumption (real)	% yoy	6.2	4.4	2.4	-0.2	1.3	-0.2	0.2	0.5	-5.4	-7.9	-8.7	0.5	-0.7	4.2
Gross fixed capital formation (real)	% yoy	23.5	18.9	23.8	19.4	12.0	0.1	-17.4	-53.9	-51.3	-48.8	-29.9	-2.2	-5.7	3.6
Exports of goods and services (real)	% yoy	5.2	0.1	5.6	4.4	7.2	18.9	-10.4	-25.8	-37.9	-34.0	3.2	7.0	14.9	6.0
Imports of goods and services (real)	% yoy	19.6	13.7	27.2	23.8	24.4	31.8	-4.2	-38.1	-52.5	-46.3	-10.2	2.4	24.9	19.9
Agriculture, hunting, forestry (real)*	% yoy	6.8	-9.3	7.1	0.5	-0.5	21.9	20.7	-1.1	3.3	4.3	-9.7	6.1	3.4	-3.3
Manufacturing industry (real)*	% yoy	13.2	13.1	4.4	9.0	9.4	1.8	-22.6	-35.8	-32.9	-28.6	-5.0	12.4	14.7	12.8
Construction (real)*	% yoy	8.2	12.7	5.8	-1.5	-6.3	-17.0	-32.7	-54.3	-47.0	-46.5	-38.2	-19.2	-15.5	1.1
Trade, repair services (real)*	% yoy	17.5	25.3	15.0	15.7	10.9	2.2	-13.9	-13.2	-13.2	-19.1	-16.6	2.2	4.2	10.8
Transport(real)*	% yoy	5.6	8.0	10.2	10.2	14.1	10.8	-4.3	-14.4	-11.2	-9.6	-1.1	3.6	5.0	3.7
Balance of payments															
Current account balance	USD bn	-0.6	-0.3	-3.26	-3.7	-3.4	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	0.0	0.5	-0.8
Current account balance	% of GDP	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.6	-0.6	-0.2	-2.7	0.0	1.6	-2.2
Trade balance in goods	USD m	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-882	-622	-1396	-1407	-1229	-818	-2793
Trade balance in services	USD m	448	1614	308	77	308	1341	15	116	432	1256	550	937	1222	1569
Current transfers	USD m	844	947	1016	740	833	831	723	632	667	640	722	642	749	815
Direct investment (FDI)	USD m	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	923	1213	1453
Portfolio investments	USD m	1477	616	1844	217	160	-690	-967	-350	2286	1428	1396	-312	806	2532
Gross international reserves	USD bn	25.9	30.7	32.5	33.2	35.5	37.5	31.5	25.4	27.3	28.2	26.5	25.1	29.5	34.7
Exchange rate(market), UAH/USD	aop	5.02	5.01	5.04	5.03	4.79	4.70	6.49	8.09	7.76	7.99	8.06	8.00	7.91	7.90
Exchange rate(official), UAH/USD	aop	5.05	5.05	5.05	5.05	4.96	4.85	6.21	7.70	7.66	7.82	7.99	7.99	7.91	7.90
Fiscal indicators															
Consolidated fiscal revenues	% of GDP	32.8	30.8	31.1	32.9	32.0	29.5	31.6	35.0	30.6	25.4	35.8	30.8	29.8	23.1
Personal income tax	% of GDP	5.3	4.9	4.8	5.2	5.1	4.3	4.9	5.2	5.3	4.4	4.7	4.9	4.7	4.3
Enterprise profits tax	% of GDP	4.1	4.1	6.4	4.2	4.5	5.0	6.3	3.9	3.3	3.7	3.6	4.3	3.0	3.4
Value-added tax	% of GDP	9.8	8.7	7.6	10.6	10.9	9.8	7.8	11.8	8.3	6.4	10.9	9.8	9.6	10.1
Excise tax	% of GDP	1.7	1.6	1.3	1.5	1.3	1.2	1.4	2.0	2.4	2.5	2.6	2.4	2.9	2.5
Consolidated fiscal expenditures	% of GDP	31.0	29.6	36.7	29.8	31.6	27.2	41.2	34.6	36.7	29.5	34.3	32.9	37.9	30.1
Current expenditures	% of GDP	28.4	25.9	27.3	28.9	28.5	22.4	33.8	33.7	35.0	26.9	31.2	32.3	36.6	26.4
Capital expenditures	% of GDP	2.6	3.7	9.4	1.0	3.1	4.8	7.4	0.9	1.7	2.6	3.1	0.6	1.3	3.7
Consolidated fiscal balance	% of GDP	1.7	1.2	-6.2	3.0	0.4	1.9	-10.3	0.0	-6.2	-4.5	1.1	-2.0	-7.9	-7.4
Privatisation receipts	% of GDP	0.5	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.1
Labour market															
Average wage (real)	% yoy	11.7	12.7	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.7	3.3	8.7	12.3
Household income (real)	% yoy	17.4	14.9	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6	3.7	11.8	11.0
Unemployment rate (ILO methodology)	% cum	6.6	6.2	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	8.8	9.0	8.5	8.1
Banking system															
Monetary aggregate M0	% yoy cum	30.6	41.1	48.2	48.4	48.6	37.9	39.3	33.9	22.8	11.5	1.5	5.4	9.9	17.4
Monetary aggregate M2	% yoy cum	40.7	47.8	50.8	52.7	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4	6.9	13.2	21.6
Household deposits in national currency	% yoy cum	56.3	64.8	71.9	67.9	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5	7.1	20.1	38.6
Household deposits in foreign currency	% yoy cum	43.8	38.4	32.5	35.2	32.9	31.2	66.3	31.8	33.0	39.2	4.7	22.8	21.5	17.7
Com. bank credits in national currency	% yoy cum	57.2	60.7	72.7	81.2	70.6	54.9	40.4	27.6	27.8	25.2	16.9	13.6	8.3	6.0
Com. bank credits in foreign currency	% yoy cum	97.4	91.0	75.4	71.3	57.9	53.4	103.6	70.8	48.7	32.4	-15.2	-13.7	-10.5	-13.2
Long-term com. bank credits	% yoy cum	86.5	87.9	85.7	84.8	67.2	50.9	73.3	50.8	37.3	29.9	-3.8	-3.9	-2.8	0.6
Long-term com. bank credits	% of total	67.3	68.2	69.2	69.1	68.6	66.8	69.8	69.9	68.2	67.3	68.1	68.5	68.9	67.5
Average lending rate on national currency credits	% p.a.	13.9	13.7	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8	17.3	15.0	13.0
Average lending rate on foreign currency credits	% p.a.	11.4	11.3	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	10.1	10.9	11.1	10.3
Sources: National Bank of Ukraine, State Committee of Statistics, State Treasury, Ministry of Finance, Reuters, IER estimates															
* change in value added															

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