Monthly Economic Monitor Ukraine

- Freedom house expressed concerns over Ukrainian democracy.
- Real GDP grew 5.3% yoy in first quarter as high consumption was offset by negative net exports.
- Grain export duties and changes to VAT refunds to grain exporters became effective in July.
- Current account deficit widened in May.
- Budget was revised in June with revenues and expenditures raised.
- Unemployment rate reached 8.7% in the first quarter.
- Consumer inflation jumped to 11.9% yoy in June due to low statistical base.
- Government issued USD 1.25 bn of Eurobonds.
- Exchange rate remained stable but required more NBU interventions.
- HIGHLIGHT OF THE MONTH: Grain export duties

No.7 (129)
July
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: Freedom House expressed concern over the state of democracy in Ukraine

On June 14, the Freedom House presented in Kyiv report on the state of democracy in Ukraine which was released in April. The organization pointed out its concerns with the recent developments inside the county. In particular, the authors drew attention a growing pressure on news media, prosecution of opposition figures for political motives, the Verkhovna Rada's increasing inability to hold the executive branch to account, and local elections in October 2010. Report also criticized education policy as sowing unnecessary and dangerous divisions within Ukraine. Besides, the report recommends to international community to increase its attention to Ukraine's internal processes and its engagement in the country's democratic development.

Ukraine's official reaction on the report was quite ambiguous. President Viktor Yanukovych said the Ukrainian government would take the justified criticisms into account, but also noted that it has to deal with a number of challenges which may require harsh solutions.

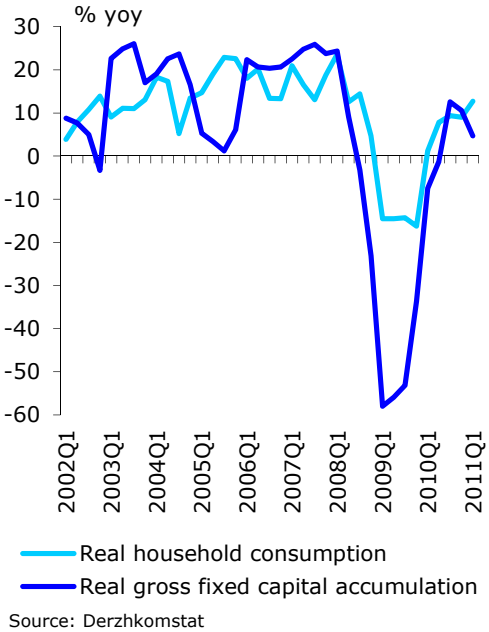
Real sector: Real GDP grew by 5.3% yoy in the first quarter of 2011

The Derzhkomstat revised its estimate of real GDP growth in the first quarter of 2011 upwards to 5.3% yoy. On demand side, household consumption increased by 12.7% yoy supported by growing household incomes and lower debt burden. However it was offset by the negative contribution of net exports as real imports grew by at 39.3% yoy while real exports grew by 19.0% yoy. Derzhkomstat reported that real gross fixed capital accumulation growth slowed to 4.5% yoy due to flaws in statistical methodology that overstated statistical base. On production side, real GDP growth was mainly attributed to good performance of industry, trade, and transport. Manufacturing industry gross value added (GVA) grew by 12.9% yoy supported by external demand while trade and transport GVA increased by 9.7% yoy and 4.4% yoy responding to international trade flows and domestic demand.

In May industrial production growth improved and reached 8.6% yoy. The major contributors to growth were chemical industry and machine building. They grew by 21.2% yoy and 18.9% yoy, respectively, mainly thanks to low statistical base. Output growth in steel industry was 6.4% yoy, reflecting flat demand for steel due to slow pace of global recovery. Food production declined by 2.0% yoy due to lower output of tobacco and alcohol.

Between January and May freight turnover grew by 8.9% yoy. Construction volumes continued growing from low statistical base and demonstrated 13.2% yoy increase over the period. Retail turnover increased by the 15.5% yoy backed by strong consumer

Quarterly consumption and investments trends



Source: Derzhkomstat

Institute for Economic Research
and Policy Consulting
Reytarska 8/5-A, 01034 Kyiv
Tel. (+38044) 278-6342
Fax (+38044) 278-6336
E-mail: institute@ier.kiev.ua
http://www.ier.com.ua

demand and comparatively low statistical base. Agriculture output continued to slow down and grew only by 3.5% yoy due to slow growth of meat prices and increase in costs.

Sectoral trends: Grain export duties were introduced in July

Agriculture. On July 1 both export taxes for major grains and cancellation of VAT refunds for exporters of grains and oilseeds became effective. The government argues that these measures are necessary to support the state budget, and the farmers anticipate sharp decline in farm-gate prices due to changes in taxation regime and expected increase in domestic supply. According to the Ministry of Agricultural Policy and Food, grain harvest this year is expected to increase by more than 10% to 45 m tonnes. The legilslative changes will have a distortive effect on trade and production by reducing the relative profitability of the crop cultivation.

Energy. In June Ukraine and Russia held the latest round of negotiations on gas prices. Ukrainian Prime-Minister tried to persuade his Russian colleague to change the oil-linked formula of gas prices to the European price minus transportation costs. But these talks failed as Russia insisted on preserving the current contract and pricing. Moreover, Gazprom chief's executive Alexey Miller stated that the only option for price reduction is merger of two national gas monopolists – Gazprom and Naftogas – into a one company. Meanwhile Ukrainian authorities are not likely to make this step taking into account numerous drawbacks of such merger.

Telecommunications. In June the Antimonopoly Committee of Ukraine excluded Ukrtelecom from the list of natural monopolies (on the markets of local telephony and use of telephone channels). Now Ukrtelecom which remains dominant on fixed telephony market is freer in its actions and may set prices for most of its services independently, although tariffs for universal telephone services and for use of telephone channels are still regulated by the state.

External sector: Current account deficit widened in May

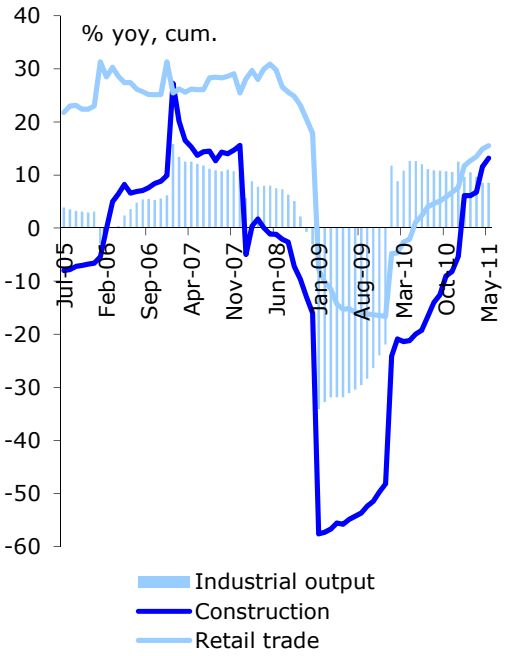
In May, current account deficit widened to USD 0.7 bn from USD 0.2 bn in April. Current account deficit widened as deficit in trade of goods and services worsened to USD 0.5 bn from USD 0.2 bn in Aptil. Demand for key export products was stable while oil and gas imports remained high. Increased payments of investment income also contributed to wider current account deficit.

Financial and capital account balance remained positive in May at USD 0.8bn. FDI inflows were at USD 0.8 bn thanks to second payment on Ukrtelecom privatisation. Banks continued to repay their external debt while purchases of cash foreign currency continued. Other capital inflows including trade loans, overdue debt, errors and omissions contributed USD1.1 bn to financial account surplus.

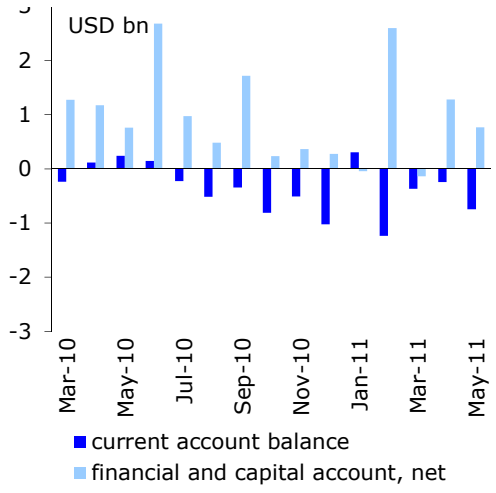
Fiscal policy: The Parliament approved amendments to the Budget

Budget amendments. On June 14, the Verkhovna Rada of Ukraine approved amendments to the State Budget Law for 2011 after a revision of macroeconomic indicators for the current year. The central fiscal expenditures were raised by UAH 12.0 bn to UAH 337.6 bn. More than half of the additional funds were directed to the sector support of state enterprises, administrative and regional needs. In particular, Kyiv state administration received transfer at UAH 1.6 bn, likely, to pay off its debts to 'Kyivenergo'. About 20% of the additional funds (near UAH 2.3 bn) were earmarked to increase wages for public sector employees (including teachers, health care personnel and social workers). The increase in expenditures will be covered by higher than previously planned VAT and EPT receipts (by 11.1% and 4.4%, respectively), which is quite realistic. As a result, the central fiscal revenues increased by 4.9% (or UAH 14.1 bn) to UAH 299.1 bn. At the same time, the central fiscal deficit was reduced by UAH 3.5 bn to UAH 35.3 bn to comply with the provisions of Memorandum on cooperation between Ukraine and the IMF.

Real sector trends

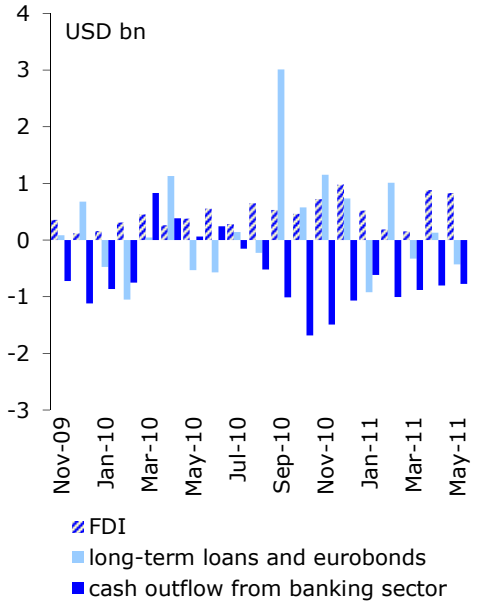


Source: Derzhkomstat



Source: NBU preliminary estimates

Selected financial account components

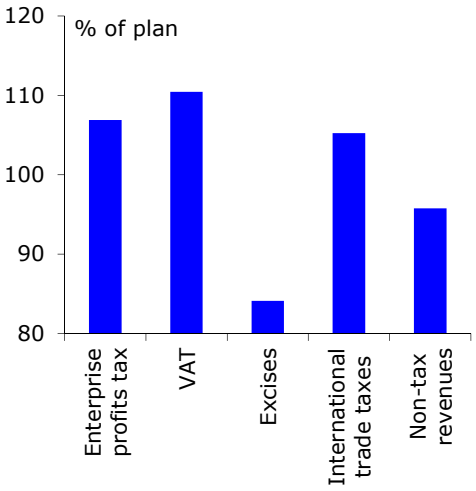


Source: NBU preliminary estimates

Budget Execution. According to the State Treasury, between January and May central fiscal revenues (general and special fund) increased by 26.9 % yoy to 119.1 UAH bn against the background of economic recovery and low statistical base of the previous year. In particular, despite the enterprise profit tax(EPT) rate reduction from 25% to 23% since April 1, the EPT tax receipts surged by 56.9% yoy. It is mainly explained by increasing corporate profits and advance tax collections. The VAT receipts increased by 30.5% yoy primarily due to the high revenues from VAT paid on domestically produced goods and services. The latter was achieved by increasing production and retail sales as well as improved tax administration. Besides, the rental revenues and excises augmented due to the rate hikes. At the same time, non-tax revenues dropped by 31.2% yoy due to changes in classification.

The central fiscal expenditures due to general fund were executed at 94.6% of the five months plan primarily to the decrease in expenditures on utilities sector and lower transfer to Pension Fund. Due to high revenues and under-execution of expenditures the deficit of State budget attributed to the general fund decreased to UAH 1.7 bn.

Central fiscal revenues (general fund) in January-May of 2011



Source: State Treasury reports

Social policy: Household income continued growing

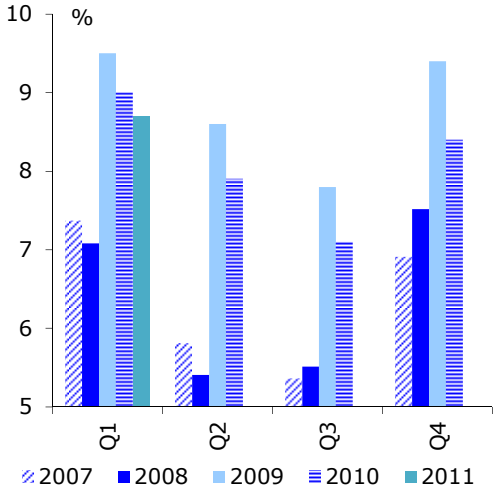
According to the Derzhkomstat real disposable household income grew by 8.7% yoy in the first quarter of 2011. Income growth was broad-based but wage income increased by 10.1% yoy in real terms and made the largest contribution to the income growth. Real income from entrepreneurship activity and subsidiary farming grew by 15.8% yoy. At the same time, social assistance and current transfers increased at a slower pace (5.4% yoy in real terms) against the background of fiscal pressure. Real disposable income growth is likely to decelerate in the rest of the year due to acceleration of inflation and higher statistical base. Higher income was primarily spent on consumption and increase in financial assets. In particular, savings were by 14.6% lower than in the first three months of 2010.

Labour Market: Unemployment rate (ILO) increased in the first quarter of 2011

The unemployment rate (ILO methodology) increased to 8.7% of economically active population between 15 and 70 years old in the first quarter of 2011. It is higher than in the last three quarters of 2010, but probably somewhat lower than in the first quarter of previous year. Number of employed people remained broadly stable while population aged between 15 and 70 years old decreased.

As previously economic activity varies by gender. Unemployment rate of men remained higher than of women (10.4% and 7.0%, respectively). At the same time, share of economically active men is 70.4% which is by 11.8 p.p. higher than share of economically active women. This gap is smaller than in US or EU.

Unemployment rate (ILO)



Source: Derzhkomstat

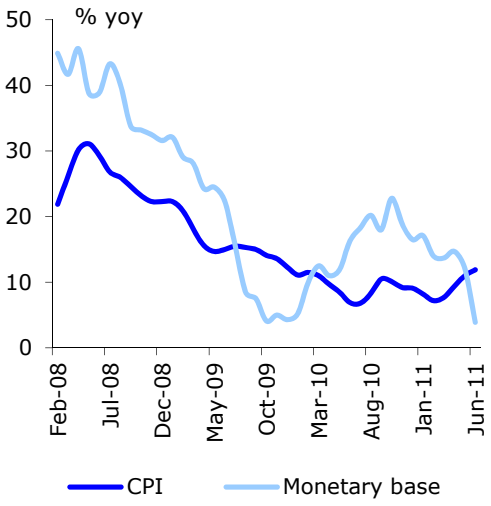
Monetary policy: Inflation accelerated to 11.9% yoy in June

In June, CPI growth continued to accelerate and reached highest level since December 2009 to 11.9% yoy in part due to low statistical base. Lower than usual seasonal declines in food prices and continued growth in gasoline prices also contributed to higher inflation. Core inflation also increased to 8.3% yoy.

NBU decided to tighten reserve requirements in June. Reserve requirements in national currency remained zero while reserve requirements on demand foreign currency deposits were increased from 7% to 8%. Reserve requirements on term foreign currency deposits were differentiated with lower rate for deposits with maturity 1 year and longer but average rate remained unchanged. Net impact on bank liquidity can be less than UAH 0.7 bn but one-year foreign currency deposits may become more attractive than short-term deposits in foreign currency.

However NBU also decided that banks owner of special EURO-2012 government bonds may now use them to offset only 50% of the notional value and not 100% as before. As a result banks may need

CPI and monetary base development



Source: Derzhkomstat, NBU

to transfer additional UAH 2.7 bn at special NBU account. NBU also increased interest rates on CDs offered to banks. While NBU measures may increase interbank rates somewhat and possibly slow the decrease in deposit interest rates they are unlikely to have significant impact on inflation.

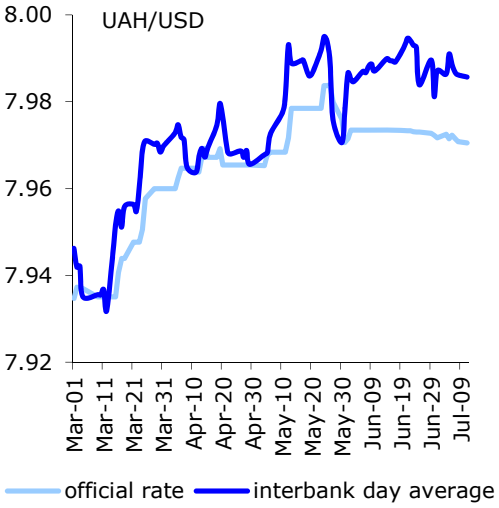
Financial markets: Ukrainian secured external funding for 2011

State debt. On external market government made second issue of Eurobonds this year. Ukraine placed USD 1.25 bn of 5-year sovereign Eurobonds with 6.25% p.a. yield. Ukraine timed the market well and was able to secure funding on favourable terms. Besides, Ukraine extended the Russian VTB loan of USD 2 bn for six more months (until December 2011). If VTB loan will be extended again in December Ukrainian government may not need additional external funding in this year. However not all Ukrainian public sector borrowers were successful in securing low interest rates. In late June, Kyiv placed USD 300 m of its new 5-year Eurobonds at 9.375% p.a. yield to refinance its obligation of USD 200 m in July.

In June, the domestic borrowings were the lowest in 2011. Government sold only UAH 0.6 bn of bonds with average yield of 9.4% p.a. The large debt principal and interest repayments during next months will likely lead to larger issuance at higher yields. In particular, debt principal and interest repayments will reach UAH 4.7 bn in July and August, and UAH 7.5 bn in September.

Exchange rate. In June, interbank exchange rate remained stable at UAH 8 per USD. However NBU had to spend USD 1.5 bn in net interventions to support exchange rate stability. Net sales of cash foreign currency also increased and reached USD 1.2 bn in June and USD 6.2 bn over the first half of 2011. NBU also tightened requirements to open currency positions of banks forcing them to sell part of foreign currency holdings until the end of July.

Exchange rate



Source: NBU

Highlight of the month: Grain export duties

Inconsistency between government policy and declared goals

By Oleh Nivyevskiy and Serhiy Kandul

Ukraine begins 2011/2012 marketing year (MY) with revamped export restrictions on grain market. In the end of MY 2010/11 grain export quotas were mostly lifted but export duties were introduced from July 2011. Export duties were set at 9% (at least EUR 17 per ton) for wheat; 12% (at least EUR 20 per ton) for corn, and 14% (at least EUR 23 per ton) for barley. Export duties and cancellation of VAT refunds for grain exporters until 2014 will limit benefits to farms from high global food prices. This in turn will deal a blow to investments in the sector which are needed to improve its productivity and competitiveness.

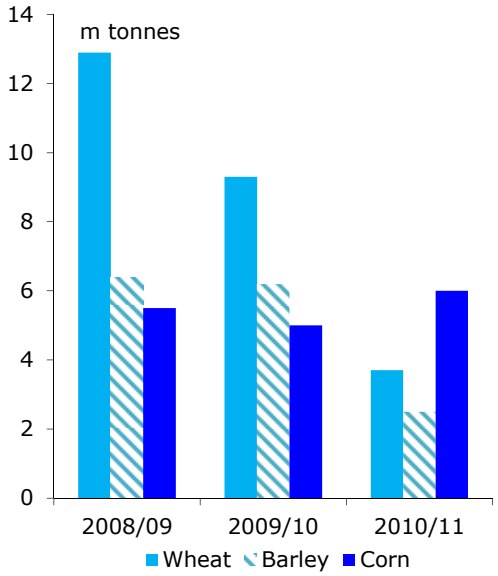
Poor access to finance remains one of the key barriers to further expansion and investments in agriculture, especially for small and medium agribusiness enterprises. This was reported by 75% of the farms in the recent investment climate survey conducted by IFC. Self-financing through retained earnings (60%) and personal savings (13%) was the primary source of funding among agribusiness enterprises. External financing through bank credit and trade finance appears to be a viable option in only 28% and 5% of the cases respectively. Lack of liquidity and weak financial position forces about half of the farmers to sell more than 80 % of their harvest immediately at harvest time when supply is high and prices usually go down.

A number of short-term factors have led to high prices for grains and oilseeds in MY 2010/11. These factors include reduced global wheat production (especially in Russia), a decline in U.S. corn yields etc. This trend allowed the government of Ukraine to avoid a devastating impact of its awkward policy on grain market in 2010/11 MY, after it suddenly introduced grain export quotas back in October 2010. Despite the downward pressure of grain quotas on farm-gate prices, high world market prices still allowed farmers to get higher prices than in previous year(by 46%).

In the 2011/12 MY the situation is likely to change. Prices for grains are projected to decline as production globally responds to current high prices. According to recent USDA projections of world prices, one may infer that the farm-gate price for wheat and corn in Ukraine on average will be about USD 180/t (UAH 1440) and USD 135 per tonne (UAH 1080) in 2011/12 MY, respectively. These projected prices are substantially lower than the last year highs. Thus export taxes and changes to VAT rules will exacerbate downward trend for farmers. Export taxes are expected to decrease farmers' incomes by about EUR 17 and EUR 20 per tonne for wheat and corn, respectively. Using projected wheat and corn harvest figures for 2011 (19 and 15 m tons, respectively), the costs of this government policy to farmers may be EUR 623 m or UAH 6.9 bn. If we add barley (8.5 m tons is expected), the resulting cost may increase further to EUR 818 m or UAH 9.3 bn. Government plans to collect UAH 2 bn in export duties in 2011.

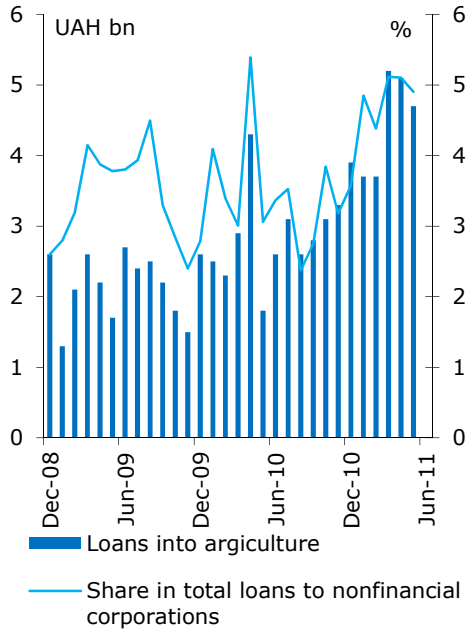
Thus export duties and changes to VAT rules will worsen liquidity problems of farmers in the post-harvest period, against the background of the expected lower 2011/12 MY grain prices. This in turn will constrain investment in the sector especially taking into account limited access to finance. Therefore, this government measure contradicts the declared policy goal to improve productivity and competitiveness of Ukraine's agriculture.

Grain export from Ukraine



Source: USDA estimates .

Loans granted to agricultural companies



Source: National Bank of Ukraine

Economic Trends		Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Industrial production (real)	% yoy cum.	12.0	10.8	11.0	9.7	…	10.7	9.9	11.0	9.7	10.5	9.7	8.5	8.5	…
Construction (real)	% yoy cum.	-19.3	-12.6	-5.4	6.8	…	-9.0	-8.2	-5.4	6.1	6.1	6.8	11.6	13.2	…
Agricultural production (real)	% yoy cum.	3.4	-1.3	-1.0	5.3	…	-1.2	-1.3	-1.0	5.3	5.0	5.3	4.0	3.5	…
Retail trade turnover (real)	% yoy cum.	2.3	5.1	7.6	13.5	…	5.9	6.8	7.6	11.7	12.7	13.5	14.9	15.5	…
Average wage	UAH	2227	2332	2407	2389	…	2322	2353	2239	2297	2338	2531	2533	2573	…
CPI	% yoy eop	6.9	10.5	9.1	7.7	11.9	10.1	9.2	9.1	8.2	7.2	7.7	9.4	11.0	11.9
PPI	% yoy eop	25.5	19.2	18.7	20.3	20.0	19.8	18.9	18.7	18.0	21.4	20.3	20.8	18.8	20.0
Exports (USD)*	% yoy cum.	30.6	28.6	27.7	40.5	…	29.9	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	…	33.5	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	…	-6.9	-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	…	-1.1	-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	34.3	33.5	34.6	35.1	36.7	36.4	38.4	37.9	37.6
Monetary Base	% yoy eop	16.3	18.0	15.8	13.7	3.9	22.8	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	13.1	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	7.95	7.97	7.95	7.95	7.97	7.97	7.98	7.99
Exchange rate (official)	USD aop	7.92	7.90	7.93	7.94	7.97	7.91	7.93	7.96	7.95	7.94	7.94	7.96	7.97	7.97
Exchange rate (official)	EUR aop	10.10	10.18	10.79	10.85	11.48	10.99	10.87	10.50	10.62	10.83	11.10	11.49	11.48	11.47

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	-3.26	-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

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