Monthly Economic Monitor Ukraine

- Parliament supported free trade area with EU after hearings.
- GDP grow 5.2% yoy in the first quarter according to preliminary figures.
- The Cabinet of Ministers canceled export quotas for grain.
- Current account deficit shrank in April.
- Budget policy was defined for 2012 with fiscal consolidation planned.
- Budget wage bill will increase.
- Consumer inflation jumped to 11.0% yoy in May due to statistical base.
- Cash exchange rate crossed UAH 8 per USD mark.
- HIGHLIGHT OF THE MONTH: Doing business

No.6 (128)
June
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: Parliament approves priority of FTA with the EU

On May 11 the Verkhovna Rada of Ukraine held Parliamentary hearings "On the Status and Prospects of Economic Relations with the EU (FTA) and the Customs Union". As a result, on May 19 the Verkhovna Rada of Ukraine approved a Resolution on recommendations of the parliamentary hearings. The Parliament concluded that Ukraine would receive the highest potential benefits from a combination of Association Agreement with the EU, including the Free Trade Area combined with and mutually beneficial economic relations with the CIS countries, including the Customs Union, under WTO principles and conditions.

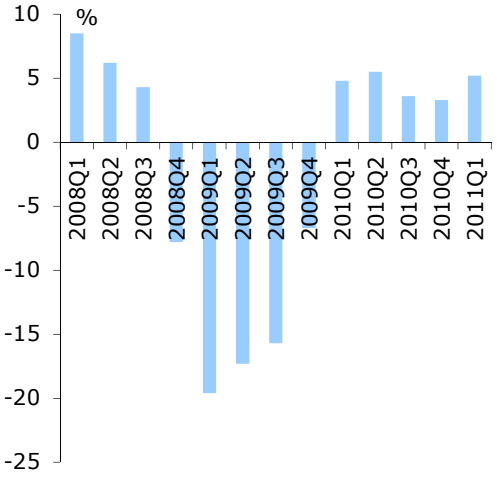
Real sector: Derzhkomstat estimated real GDP growth at 5.2% yoy in the first quarter of 2011

According to preliminary Derzhkomstat estimate real GDP grew by 5.2% yoy in the first quarter of 2011. On demand side increase of investments in fixed capital by 12.0% yoy and high consumer demand contributed to the growth. On production side growth was widely based but probably with largest contributions from industry and trade.

In April industrial production growth continued to decelerate and reached 4.9% yoy only due to high statistic base and unfavourable external conditions. Output in steel industry grew by modest 3.1% yoy, in machine building by 13.6% yoy and in chemical industry by 13.9% yoy. Production of distilled alcohol, tobacco and oil products production declined by 21.3% yoy and 14.4% respectively due to increased excise rates while output of oil products fell by 31.8% yoy as tax- and duty-free imports schemes continued to work.

Freight turnover decelerated to 8.7% yoy due to weak steel and agriculture products transportation volumes. Construction volumes continued to grow from low statistical base and reached 11.6% yoy over four months of the year. Retail turnover increased by 14.9% yoy supported by continuing rise of consumer demand. Agriculture output growth decelerated to 4.0% yoy.

Real GDP growth



Source: Derzhkomstat

Sectoral trends: Cashflow problems of gas monopoly

Energy. In letter to the Government NJS 'Naftogas' raised concerns about cashflow problems. The company asked for additional state funding in 2011 pointing to postponement of planned gas tariffs increase from April for households and district heating companies and increase in projected average price of imported gas to USD 328 per thousand cm in 2011. As a result, need for budget subsidies to heating companies may increase while government will have to inject additional funds to Naftogas through recapitalisation. Government already injected UAH 8.5 bn through recapitalization. Another source of funds is decreased payments to budget.

Parliament decided to write off the debts of district heating companies and local gas distribution companies accumulated till January 1, 2011 and unpaid till June 2011. Total sum was estimated

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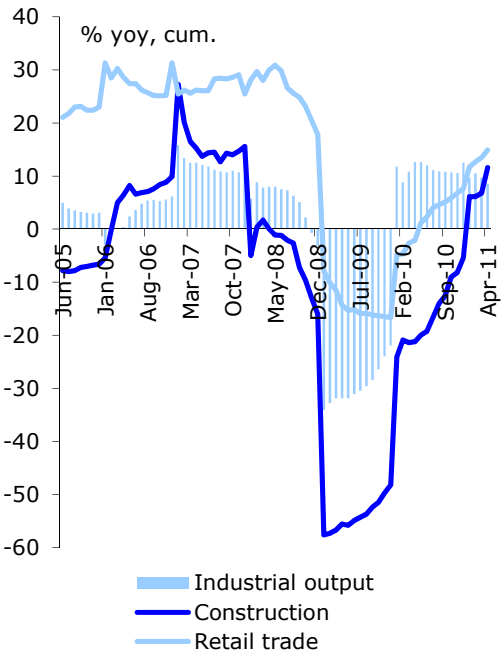
at UAH 12.3 bn. Another law foresees the write-off of tax debs to the budget accumulated by NJS 'Naftogas', district heating and gas distribution companies by January 1, 2011. As a result Naftogaz financial position may improve as the company will replace uncollectible receivables from heating companies for real decrease in its tax obligations. In the short run this step could restructuring of the Naftogas and the reform of local heating companies. However, if reforms are absent or unsuccessfull write-offs would encourage heating companies and local gas distribution companies to underpay the Naftogas and divert payments for gas and heating for other uses.

Agriculture On June 4 wheat and barley export quotas were officially cancelled. This provided brief window of time for exporters to export grain stocks of 2010 harvest without export duties. Export duty was set at 9% but no less than EUR 17 per tonne for wheat and for barley at 14% but no less than 23 EUR per tonne. Export duties will be effective in the second half of 2011. Economic research shows that export taxes generally lead less welfare losses than export quotas but will also suppress farm-gate prices..

Transport. New Air Code was approved by the parliament in May but it has not been signed by the President yet. This document defines legal basis for civil aviation in Ukraine. Previous Air Code had been effective since 1993 and lagged behind state of the art in many aspects. New Air Code made a number of improvements, including streamlined regulatory and supervisory functions in aviation, defined financing sources for the sector, improved licensing regulations and adaptation of Ukrainian legislation to the EU acquis, etc. Therefore, positive institutional and structural changes on air transport market can be expected.

In May the EIB agreed to provide a EUR 450 m sovereign loan facility to Ukravtodor, the State Road Service of Ukraine, to finance rehabilitation and upgrade of the road approaches to Kiev. This facility is complementary to loan provided by the EBRD in November 2010 within framework of the joint EIB, EBRD and Ukraine project amounting to EUR 1 bn. Those funds are necessary to support road network in Ukraine, but they are provided under traditional scheme that proved to be inefficient in Ukraine and will lead to increased debt burden.

Real sector trends



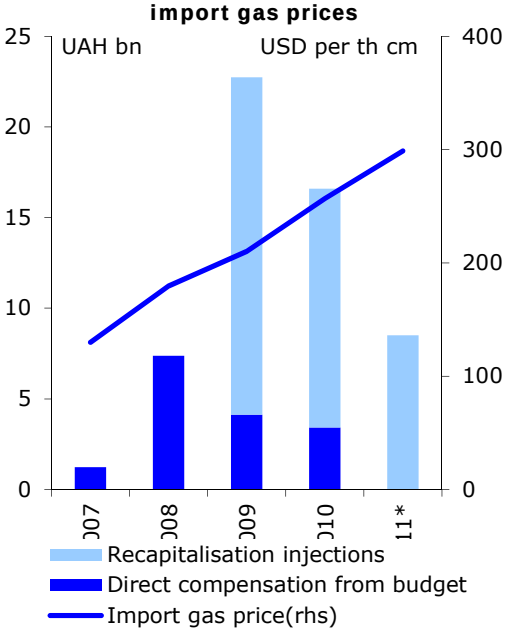
Source: Derzhkomstat

External sector: Current account deficit declined in April

In April, current account deficit declined to USD 0.3 bn from USD 0.4 bn in March. Current account deficit shrank as deficit in trade of goods and services improved to USD 0.3 bn from USD 0.8 bn in March. Import growth slowed to 36.6% yoy as mineral products imports growth slowed to 34.5% yoy. Improved trade gap was offset by increased outflows of income and slowdown of current transfers.

Financial and capital account balance was positive in April at USD 1.3 bn. FDI inflows increased to USD 0.9 bn thanks to Ukrtelecom privatisation. Also financial account surplus reflected issuance of USD 0.7 bn in bonds by state agency. Other capital inflows remained subdued while purchases of cash foreign currency remained high.

Budget support to NJS 'Naftogas' and import gas prices



* price projection and recapitalization inflows as of June
Source: Treasury reports, CMU, Naftogas

Fiscal policy: The Parliament approved the budget resolution for 2012

Budget resolution. On May 13, the Verkhovna Rada of Ukraine approved main guidelines of budgetary policy in 2012. The Resolution approved key macroeconomic indicators for next year. Real GDP growth is projected at 6.5%, while inflation rate is expected at 7.9%. The central fiscal deficit is to be reduced to 2.5% of GDP in 2012 from 3.1% of GDP this year. The Government also plans to decrease the level of the GDP redistribution through the consolidated budget to 28.7% and to spend at least 5% of GDP on investment. The overall state debt should not exceed 30% of GDP, while the state guarantees will be limited to 1% of GDP. The regional support is to be provided through the creation of the State Fund for Regional Development and further fiscal decentralisation while budgeting must be conducted on medium term-basis.

Budget Execution. Between January and April, the central fiscal revenues due to the general fund were executed at UAH 104.0% of the target and reached UAH 77.2 bn. Receipts from all major revenue sources were higher than projected, except for excises and several types of non-tax revenues.

The total revenues (general and special fund) increased by 20.9% yoy against the background of low statistical base of the previous year. In particular, the net proceeds from VAT were by 29.7% yoy higher than a year ago primarily due to the high revenues from VAT paid on domestically produced goods and services. VAT revenues from imports grew only by 11.2% yoy as natural gas import transactions are now exempt from VAT. As a result almost all revenues from VAT on natural gas sold to consumers paid to State tax Service as previously large part of the VAT on gas was paid during imports. Sales of natural gas between January and April were UAH 39.5 bn. The VAT on domestically produced goods also increased against the background of higher production. The VAT refunds more than doubled compared to last year payments, when they were administratively restricted. The receipts from the enterprise profit tax (EPT) augmented by 20.8% yoy thanks to increasing corporate profits. The rental revenues and excises increased due to the rate hikes.

The execution of central fiscal expenditures due to general fund constituted 95.0% of the target. Expenditures on social protection and interbudgetary transfers were traditionally the closest to the target. Due to higher than projected revenues and under-execution of expenditures the deficit of State budget remained small at UAH 4.7 bn in April (due to the general fund).

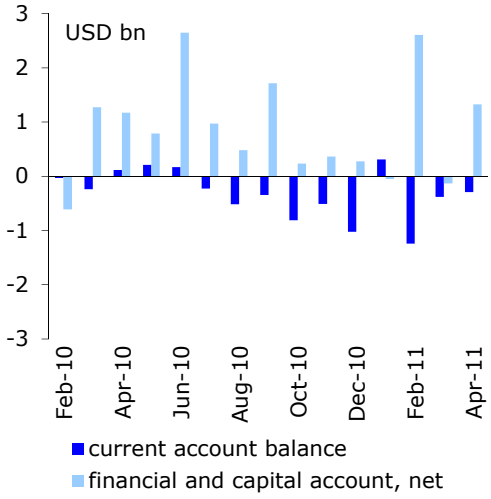
Social policy: Pension reform is still high in agenda

The Cabinet of Ministries has recalled the draft Law on Pension reform from the Parliament on June 1, and submitted updated version the same day. Updated Draft Law retained the major points of previous version. First, retirement age for women is to be gradually increased from 55 years old to 60 years old within 10 years. Second, minimum insurance period, which enables individuals to receive pension when they reach retirement age is to be increased from 5 years to 15 years. Minimum insurance record for receiving old-age pension at least at subsistence minimum level is to be increased to 25 years for women (from current 20) and 35 years for men (from current 30). Third, the special pensions would be somewhat streamlined. In particular workers eligible for early retirement will receive pension only if they stop working. Pensions for such groups as civil servants are limited at 80% of final salary. However existing pensioners will retain their benefits.

Current Draft Law caps pensions at 10 times subsistence minimum (UAH 7640 as of June, 1) as compared to 12 sizes envisaged in the previous draft. According to the Ministry of Social Policy, at the moment, near 1% of pensioners receive pensions higher than UAH 7500, while almost 60% of pensioners have pensioners below UAH 1000. New draft envisages softer approach for streamlining special pensions. In particular, required working record for military servants will now be increased gradually. It also foresees higher incentives for people to stay longer at work without collecting pensions. However, this incentives will work only if there will be jobs for this people under stronger labour market. The Draft also foresees introduction of payments to employees in such sectors as education and health care at the moment of their retirement at the level of 10 sizes of minimum wage. This would help new retirees at the beginning of retirement; but steps to reward these people through salary rather than only pensions should also be taken.

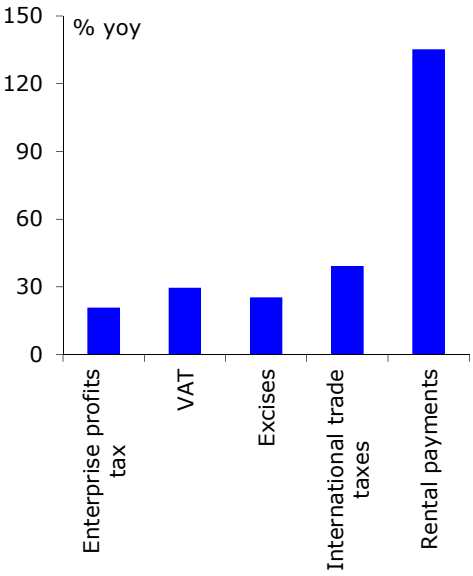
Overall, the Government will work hard to push through the Law in June due to imminent election campaign for October 2012 elections. Besides, the pension system non-sustainability will increase over time, requiring more radical steps for its stabilisation including curbs to existing pensions.

Balance of payments



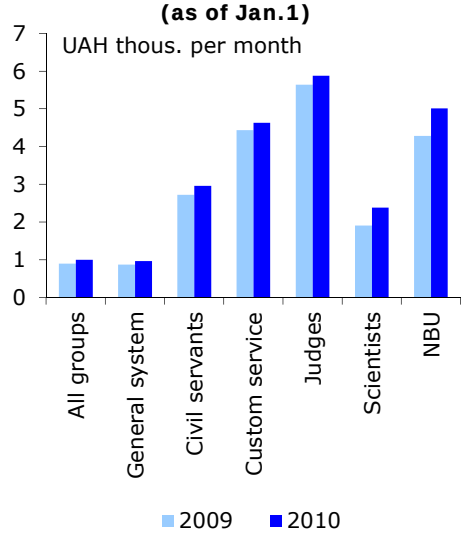
Source: NBU preliminary estimates

Central fiscal revenues in January-April 2011



Source: State Treasury reports

Average pension by pensioners' groups (as of Jan.1)



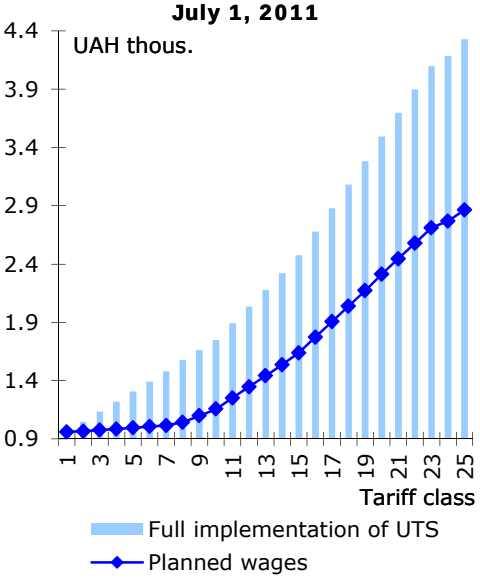
Source: Derzhkomstat

Labour Market: Wages in public-owned sectors will increase

The Cabinet of Ministers increased planned wages for employees working in budget sectors starting July 2011. In particular, it approved higher wages for seven lowest pay grades in the Unified Tariff Scale (UTS) for paying wages to employees in public sector. They previously received only minimum wage as the base rate was lower than minimum wage. The difference in wages between 1st and 7th tariff groups would be UAH 55 as of July 2011.

Base rate for calculating wages for 8th 25th will be slightly increased as compared to the previous levels. Therefore, the government will slightly decrease wage compression in public sector including education and healthcare. However, differentiation of wages remains much lower than foreseen in the UTS due to fiscal constraints. Also increased budget expenditures may hamper fiscal consolidation at local level, which is responsible for paying most wages in education and health care and traditionally lack money for financing all delegated responsibilities in full.

Wages by tariff classes in the UTS, as of July 1, 2011



Source: CMU resolutions

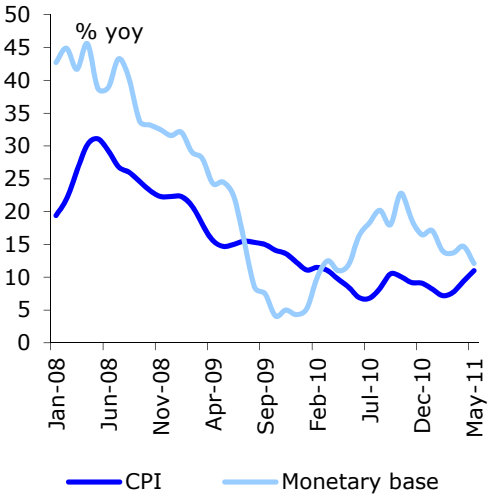
Monetary policy: Inflation accelerated to 11.0% yoy in May

In May, CPI growth accelerated to 11.0% yoy mostly due to low statistical base and uneven seasonal fluctuations in prices of fruit and vegetables. Core inflation also increased to 7.8% yoy reflecting relatively high inflation expectations and rising consumer demand.

Bank liquidity decreased somewhat in May. NBU interventions on foreign exchange market were mostly balanced while government removed liquidity through increased funds at the NBU. As a result interbank interest rates went up slightly.

Independence of NBU monetary policy increased as changes to the law removed requirement that NBU has to buy government bonds issued to recapitalise banks. At the same time absence of legal requirements does not mean the end of these quasi-fiscal operations. In the past NBU purchased government bonds issued to recapitalise 'Naftogas' without legal requirement to do so. In fact these bonds account for the large part of NBU government bonds portfolio.

CPI and monetary base development



Source: Derzhkomstat, NBU

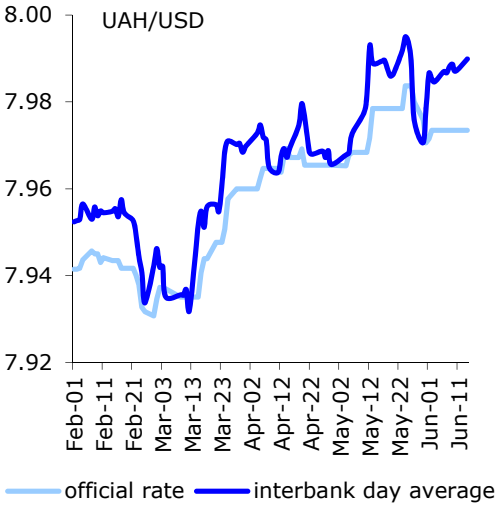
Financial markets: Exchange rate depreciated slightly in May

Exchange rate. In May, interbank exchange rate slightly depreciated closer to UAH 8 per USD. As a result, cash exchange rate merely exceeded psychological barrier of UAH 8 per USD. Although demand for cash foreign currency remained higher than supply it remained close to April levels. The NBU made net purchases of foreign currency at USD 0.1 bn but sold over USD 1 bn to support exchange rate stability.

State debt. In May, The Ministry of Finance reduced its domestic borrowings by half, compared to previous month. It placed UAH 2.2 bn of domestic state bonds with 9.5% p.a. weighted-average yield. The demand for the state bonds was distributed between two- and three-year bonds, which constituted 49.7% and 48.0% of the total bonds issued. Yields for government bonds continued to decrease. The investors were not much interested in short-term bonds this month due to low yields offered by the state.

Besides, in late May the European Investment Bank (EIB) granted a EUR 450 m credit to Ukravtodor for the reconstruction of the Kyiv approach roads. The funds were borrowed for 20 years with a grace period of five years with EURIBOR + 0.7% interest rate. *The company plans* to improve 350 km of motor roads approaching Kyiv. At the same time, the city of Kyiv obtained the permission from the Ministry of Finance to issue a Eurobond this summer in order to refinance the existing debt of USD 200 m bonds with maturity on July, 2011.

Exchange rate



Source: NBU

Highlight of the month: Doing business

Much room for improvement of business climate

by Oksana Kuziakiv and Vitaliy Kravchuk

Over the last several months a number of laws were adopted to simplify business start-ups and reduce money and time required. These laws were approved as part of President's economic reform programs 2010-2014. Minimum capital requirement for LLCs and several types of companies other than joint stock companies were repealed. Previously founders of company required to have a statutory capital of at least one minimum wage at the special banking account. The requirement of the notary certification for the the authenticity of signatures of founders was also abolished. In addition, the state registration for a number of actions may be done with ordinary photocopies of documents without notary certification. Also, number of members allowed in LLC was increased to 100 from 10. Thus, company may be created with wider member base without the need to form joint-stock company. Relatively expensive registration certificate was cancelled and registration is confirmed by the extract from the registry.

Changes to legislation that will become effective in August will allow founders to create business based on standard by-laws and through internet, thus removing need of drafting articles of incorporation for the business. Furthermore, the Verkhovna Rada approved complete list of documents that may be required to operate business with exceptions in fields of arms control, nuclear regulation, financial service and documents issued by competition authorities.

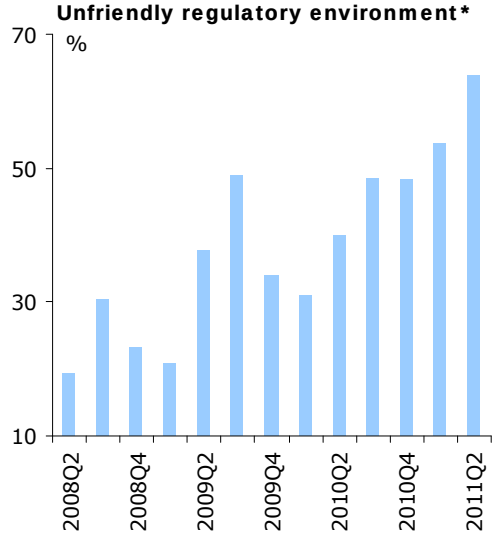
The impact of this legislation on the business environment in the country will depend on implementation of new provisions. For an electronic registration would be useless if electronic registration would require complicated software or payment for electronic signature, while option of standard articles of incorporation would not be used widely if they are not written well. Overall, its impact on ease of business start-up is expected to be positive. It may contribute to improvement of the rank of Ukraine in the World Bank Doing Business. According to the Doing Business 2011 Ukraine has already improved ranking in the category "starting business" from 136th place in 2010 to 118th in 2011.

According to the results of IER Quarterly Industrial Enterprise Survey, assessment of business climate remains negative: in April 2011 29.5% of respondents believe the business climate to be unfavorable, and only 6.1% of managers consider business climate as good (in February the respective shares amounted to 32.5% and 6.2%). While assessments of overall business conditions by managers of medium enterprises have improved slightly, the perceptions of large and small firms' managers have not changed. And it is notably that small business assessment is the worst among business community. Moreover results of survey show sharp deterioration of perceived regulatory climate in the country in 2011 as compared to previous years. In April 2011, the most of managers named unfavorable regulatory environment as major obstacle to their business (63.9%) as compared to 37.7% in April 2009 and 19.3% in April 2008.

Despite recent approval of Tax code, tax administration is still the important impediment to business development in the country. 56.3% of respondents support this statement in April 2011, while 54.6% was in April 2010, 50.2% in 2009, and 46.2% in 2008. Therefore, recently launched reforms are far from completion and have deficiencies on implementation stage. In the meantime, business was suffering from increased regulatory pressure and from uncertainty produced by legislative changes. Only improvement in these areas will lead to better business climate in near future.

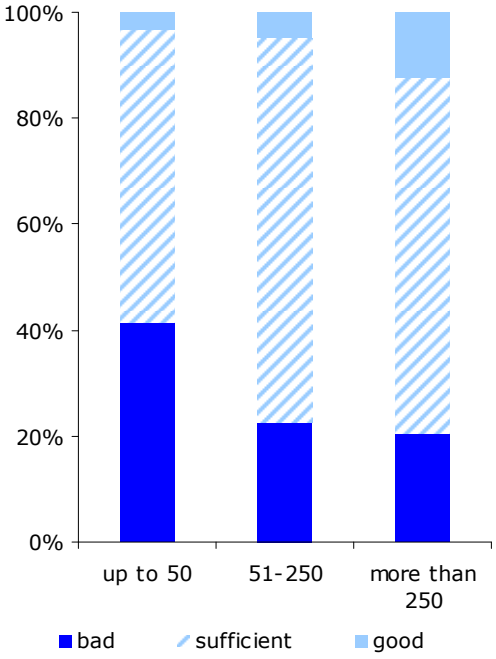
Note: Quarterly Industrial Enterprise Survey is run by the IER since 2001. Details are available at: http://www.ier.com.ua/en/proekt_dilova_dumka/

Unfriendly regulatory environment*



* Share of enterprises reporting this as an concern
Source: IER Surveys

Assessment of the overal business conditions by enterprises of different size



Source: IER survey

Economic Trends		Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Industrial production (real)	% yoy cum.	10.8	12.0	10.8	11.0	9.7	10.8	10.7	9.9	11.0	9.7	10.5	9.7	8.5	…
Construction (real)	% yoy cum.	-21.4	-19.3	-12.6	-5.4	6.8	-12.6	-9.0	-8.2	-5.4	6.1	6.1	6.8	11.6	…
Agricultural production (real)	% yoy cum.	5.3	3.4	-1.3	-1.0	5.3	-1.3	-1.2	-1.3	-1.0	5.3	5.0	5.3	4.0	3.5
Retail trade turnover (real)	% yoy cum.	-2.6	2.3	5.1	7.6	13.5	5.1	5.9	6.8	7.6	11.7	12.7	13.5	14.9	15.5
Average wage	UAH	1993	2227	2332	2407	2389	2349	2322	2353	2239	2297	2338	2531	2533	…
CPI	% yoy eop	11.0	6.9	10.5	9.1	7.7	10.5	10.1	9.2	9.1	8.2	7.2	7.7	9.4	11.0
PPI	% yoy eop	18.6	25.5	19.2	18.7	20.3	19.2	19.8	18.9	18.7	18.0	21.4	20.3	20.8	18.8
Exports (USD)*	% yoy cum.	24.2	30.6	28.6	27.7	40.4	32.1	29.9	29.8	29.6	53.6	46.8	49.2	44.4	…
Imports (USD)*	% yoy cum.	18.1	24.8	28.2	30.1	52.9	32.2	33.5	33.9	33.7	54.4	64.1	58.5	52.3	…
Merchandise trade balance	USD bn cum.	-1.2	-2.0	-4.8	-8.4	-3.0	-5.4	-6.9	-8.0	-9.3	-0.4	-2.1	-3.1	-3.8	…
Current account**	USD bn cum.	0.1	0.6	-0.5	-2.8	-1.3	-0.3	-1.1	-1.4	-2.2	0.3	-0.9	-1.3	-1.6	…
Current account	% GDP, cum.	0.2	0.9	-0.5	-2.0	x	x	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	25.1	29.5	34.7	34.6	34.6	34.7	34.3	33.5	34.6	35.1	36.7	36.4	38.4	37.9
Monetary Base	% yoy eop	12.5	16.3	18.0	15.8	15.8	18.0	22.8	18.9	15.8	17.1	14.0	13.7	14.7	12.1
Lending rate on UAH credits	% pa, aop	17.4	14.8	13.0	13.6	13.6	13.0	13.1	12.8	15.0	13.6	12.9	13.3	13.0	13.4
Exchange rate (interbank)	USD aop	8.00	7.92	7.90	7.96	7.95	7.92	7.95	7.95	7.97	7.95	7.95	7.97	7.97	7.98
Exchange rate (official)	USD aop	7.99	7.92	7.90	7.93	7.94	7.91	7.91	7.93	7.96	7.95	7.94	7.94	7.96	7.97
Exchange rate (official)	EUR aop	11.07	10.10	10.18	10.79	10.85	10.29	10.99	10.87	10.50	10.62	10.83	11.10	11.49	11.48

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

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		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	Q4 10
GDP	UAH bn	197.4	212.8	191.5	236.0	276.5	244.1	189.0	214.1	250.3	259.9	219.4	260.2	304.7	310.3
GDP (real)	% yoy	6.2	7.4	8.5	6.2	4.3	-7.8	-19.6	-17.3	-15.7	-6.7	4.8	5.5	3.6	3.3
Household consumption (real)	% yoy	15.2	19.0	23.6	12.6	14.4	4.7	-14.5	-14.5	-14.3	-16.2	1.2	7.8	9.4	9.0
State consumption (real)	% yoy	4.4	2.4	-0.9	2.2	-5.3	7.4	0.2	-1.6	-4.3	-3.7	4.1	-1.9	3.7	5.0
Gross fixed capital formation (real)	% yoy	18.9	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
Exports of goods and services (real)	% yoy	0.1	5.6	0.1	13.8	21.0	-13.2	-22.2	-34.1	-30.9	6.9	-0.2	10.8	2.6	4.9
Imports of goods and services (real)	% yoy	13.7	27.2	19.3	29.7	34.8	-11.8	-37.4	-52.3	-47.6	-11.1	-7.8	16.7	20.2	14.3
Agriculture, hunting, forestry (real)*	% yoy	-9.3	7.1	0.8	-4.1	23.8	19.2	-1.1	3.4	2.2	-11.6	4.9	0.1	-3.3	0.3
Manufacturing industry (real)*	% yoy	13.1	4.4	7.2	5.6	-1.5	-27.0	-33.7	-26.1	-25.6	6.5	14.4	16.1	12.5	15.0
Construction (real)*	% yoy	12.7	5.8	-14.1	-18.7	-33.9	-39.5	-54.2	-42.7	-43.6	-32.8	-12.4	-8.7	7.4	1.1
Trade, repair services (real)*	% yoy	25.3	15.0	11.2	8.8	-0.7	-6.2	-15.6	-15.7	-22.0	-16.4	1.1	2.9	10.8	1.2
Transport(real)*	% yoy	8.0	10.2	15.1	14.6	10.1	-0.3	-13.4	-9.2	-5.7	-0.4	5.5	6.8	5.2	3.0
Balance of payments															
Current account balance	USD bn	-0.3	-3.26	-3.7	-3.4	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	0.1	0.5	-1.1	-2.3
Current account balance	% of GDP	-0.8	-7.7	-9.8	-7.1	-3.7	-9.5	-2.6	-0.6	-0.2	-2.7	0.2	1.5	-2.8	-6.0
Trade balance in goods	USD m	-2684	-4452	-4490	-4171	-3868	-3562	-882	-622	-1396	-1407	-1229	-818	-3103	-3562
Trade balance in services	USD m	1614	308	77	308	1341	15	116	432	1256	550	1018	1219	1659	966
Current transfers	USD m	947	1016	740	833	831	723	632	667	640	722	608	728	797	842
Direct investment (FDI)	USD m	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	923	1196	1470	2170
Portfolio investments	USD m	616	1844	217	160	-690	-967	-350	-351	-2286	1428	-307	804	2532	1288
Gross international reserves	USD bn	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	34.6
Exchange rate(market), UAH/USD	aop	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	7.96
Exchange rate(official), UAH/USD	aop	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	7.93
Fiscal indicators															
Consolidated fiscal revenues	% of GDP	30.8	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
Personal income tax	% of GDP	4.9	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
Enterprise profits tax	% of GDP	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	4.2
Value-added tax	% of GDP	8.7	7.6	10.6	10.9	9.8	7.8	11.7	8.3	6.4	11.0	9.7	9.7	8.4	9.9
Excise tax	% of GDP	1.6	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
Consolidated fiscal expenditures	% of GDP	29.6	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
Current expenditures	% of GDP	25.9	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
Capital expenditures	% of GDP	3.7	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
Consolidated fiscal balance	% of GDP	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	-5.6
Privatisation receipts	% of GDP	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	0.2
Labour market															
Average wage (real)	% yoy	12.7	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.7	5.6	11.1	12.0	11.4
Household income (real)	% yoy	14.9	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6	6.8	14.0	14.1	14.7
Unemployment rate (ILO methodology)	% cum	6.2	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	8.8	9.0	8.5	8.0	8.1
Banking system															
Monetary aggregate M0	% yoy cum	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	16.5
Monetary aggregate M2	% yoy cum	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	23.1
Household deposits in national currency	% yoy cum	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	41.4
Household deposits in foreign currency	% yoy cum	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	16.9
Com. bank credits in national currency	% yoy cum	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	11.2
Com. bank credits in foreign currency	% yoy cum	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	-8.3
Long-term com. bank credits	% yoy cum	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	-0.5
Long-term com. bank credits	% of total	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	66.3
Average lending rate on national currency credits	% p.a.	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	15.0
Average lending rate on foreign currency credits	% p.a.	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	10.1

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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