Monthly Economic Monitor Ukraine

- The IMF mission expects further steps of the Government towards fiscal consolidation.
- According to preliminary estimates, real GDP grew by 4.2% in 2010.
- Industrial productions grew by 9.7% yoy in January 2011.
- Gas tariffs for population will be gradually increased in 2011.
- In January, current account balance turned positive, while financial account surplus was close to balance.
- Central fiscal revenues surged in January as compared to previous year.
- Birth grants were substantially increased.
- In January, average wage declined to August levels.
- Consumer price growth in February was supported by increase in housing and utility tariffs.
- The Government made another placement of Eurobonds.
- HIGHLIGHT OF THE MONTH: Agriculture

No.3 (125)
March
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: IMF mission visit to Ukraine for the second review under Stand-By Arrangement

On February 1-14 the IMF mission visited Kyiv to hold discussions on the second review under the Stand-By Arrangement. During the visit, IMF experts advised that Ukraine should solve the problem with non-performing loans and among other measures adopt legislation on insolvency. Also, the IMF Mission Chief for Ukraine Thanos Arvanitis emphasized that Ukraine needs to strengthen the investment component of the economic policy, in particular improve the banking system. With this view, the IMF experts recommended Ukrainian government to liquidate two out of three banks recapitalized by the state – Kyiv Bank and Rodovid Bank, and retain the license for Ukrgasbank.

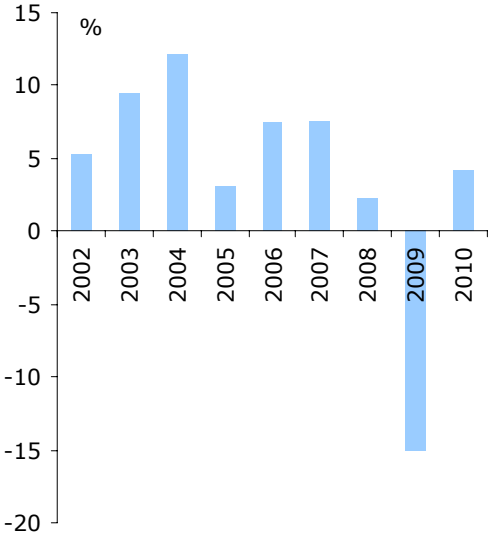
However, IMF mission left Kyiv without any formal decision as to the release of the third tranche under Stand-By Arrangement (SBA) in the amount of 1.3 bn USD. The dates of its payment (previously scheduled for the period between March 15 and April 1) may be postponed to April-May with regard to Ukraine's efforts on the implementation of the pension reform (expected to be enacted in March), which is seen as a precondition for further disbursements by the IMF. At the same time, IMF representatives agreed to a more gradual schedule of gas tariff increases. Offsetting fiscal measures have been identified to support the general government deficit of 3.5% of GDP for 2011.

Real sector: Real GDP is estimated to grow at 4.2% in 2010

According to preliminary estimate of the Derzhkomstat, real GDP grew by 4.2% in 2010. On demand side, the major contributor to the growth was real final private consumption that increased by 5.8% in 2010. Contribution of net real exports was negative as real exports grew at 4.6%, while real imports increased by 11.5%. Real gross fixed capital accumulation grew by 3.2% against the background of improved development in the fourth quarter of 2010. On production side, real GDP growth was driven by manufacturing industry, utilities and transportation, and communication services that increased their gross value added by 15.2%, 10.4% and 4.5%, respectively. Gross value added in construction further declined in 2010. Agriculture made negative contributions to economic growth suppressed by low crops harvest in 2010.

In January, industrial production increased by 9.7% yoy. The growth was mainly supported by export-oriented chemical industry and machine building that increased its output by 28.5% yoy and 27.8% yoy, respectively. Steel output grew by 13.3% yoy against the

Real GDP



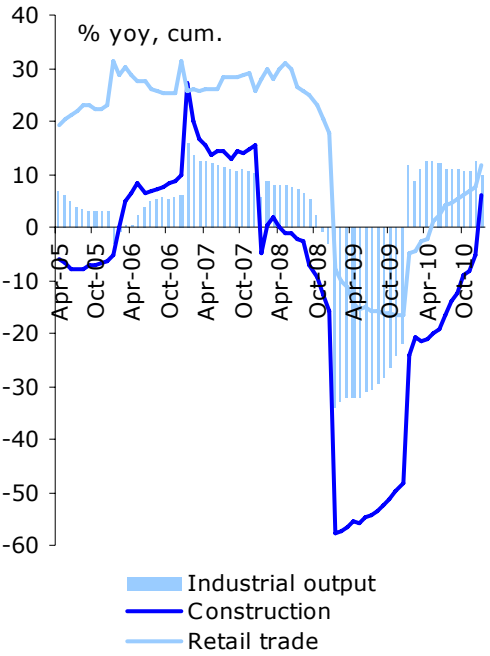
Source: Derzhkomstat

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background of supplies increase to the EU market, while extractive industry increased its output by 7.0% yoy due to growth of coal extraction at 14.2% yoy. Food production decreased by 0.3% yoy reflecting seasonal demand fluctuation. Production and distribution of electricity, gas and water fell by 2.9% yoy due to mild weather in January.

In January 2011, freight turnover growth accelerated to 9.4% yoy due to higher transportation of minerals and chemical products. Construction volumes continued trend started in the end of last year and grew by 6.1% yoy. In January, retail trade turnover growth accelerated to 11.7% yoy reflecting strong consumer demand. Agriculture output increased by 5.3% yoy due to acceleration of livestock production growth.

Real sector trends



Source: Derzhkomstat

Sectoral trends: Utility tariffs will be gradually increased

Energy. One of the hot topics of discussion during the working mission of the IMF in Ukraine was the issue of gas tariffs increase. The Government insisted on more gradual increase of gas tariffs for households and districts heating companies than it was agreed earlier. The major reasons for moderate tariff increases related to social impact on population and further moderate growth of inflation. According to the preliminary information, the gas tariffs will be increased by 20% starting April 1, instead of 50% envisaged previously. Besides, they will be further raised by 10% since July 1. The Cabinet of Ministers also announced gradual increase in utility tariffs at 62% over the year. Such steps are aimed to improve financial situation of the NJS 'Naftogas'.

Agriculture. The Cabinet of Ministers again allowed the Agriculture Fund to make forward purchases of grain to provide liquidity to the farmers. According to the discussed scheme, farmers will receive 50% of value of grain defined in respect to the government-set price in advance and 50% upon delivery. According to recent discussions, the scheme could be changed envisaging possibility for further 25% payment before the harvest time. The Agrarian fund is to receive UAH 5 bn for this purposes including UAH 1.5 bn that are already available. Impact of state interventions is hard to predict. The planned transfer of UAH 5.0 bn could be beneficial for the market, if efficiently used. However, it would be not sufficient to address all potentially interested producers. Therefore, the Government should ensure transparent and competitive scheme of the distribution of forward purchases among producers.

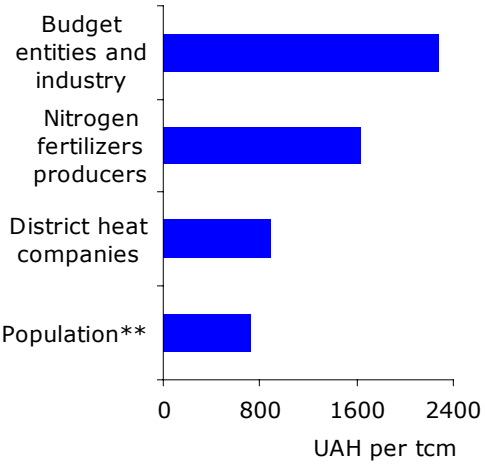
Transport. The Ministry of Infrastructure decided to increase rail transportation tariffs monthly by 2.2% starting from March. Thus, rail tariffs in December 2010 will grow by 24.3% yoy after two years without significant increases. Ukrzaliznytsia (UZ), national railway operator, justifies the planned increases by necessity to renew rolling stock. However, expected additional revenues of railway operator at UAH 4 bn are insufficient for replacing outmoded rolling stock.

Telecommunications. In February, new fees for traffic transmission became effective for operators with significant market power. The National Commission for Communications Regulation (NCCR) charged UAH 0.25 per min for access to fixed-line networks and UAH 0.36 per min for access to mobile networks. So, tariff corridor, which was allowed by the NCCR earlier and raised disputes between operators, is now eliminated. As a result, market participants will now compete on fairer terms.

Privatization. The State property fund of Ukraine (SPFU) recently announced the new monthly privatization schedule for 2011 that includes 162 enterprises. Blue chips and energy distribution companies are not in the list. The preliminary prices of the objects in the privatization plan were not announced.

According to the independent assessment market price of the telecom operator Ukrtelekom is UAH 10.575 bn, which exceeds the starting price by UAH 75 m. According to auction terms, SPFU immediately offered to the only bidder to buy the company and the

Gas prices in Ukraine for different consumers (as of March 1, 2011)*



Source: NERC

* Prices excluding VAT, extra charge, and transportation & supply costs

** For households that consume no more than 2.5 tcm of gas per year and have a gas meter

offer was accepted. Successful closing of the deal will allow SPFU to fulfill privatization plan for 2011l.

External sector: International trade surged in January

Current account balance in January turned positive at USD 0.28 bn for the first time in seven months primarily due to seasonal improvement in trade balance. As compared to January 2010, merchandise exports and imports grew more than by half reflecting increase in commodity prices as well as growing domestic demand. Strong inflow of current transfers at USD 0.48 bn supported the current account surplus.

Financial account was close to balance in January with negligible deficit USD 0.02 bn of due to high outflows as Ukrainian firms repaid USD 1.7 bn in medium- and long-term debt and population continued purchasing cash foreign currency. Temporary increase in payables by importers prevented higher financial account deficit.

Fiscal policy: The central fiscal deficit narrowed UAH 0.9 bn in January

In January the central fiscal revenues due to general fund were close to target and they grew by 25.8% yoy, primarily, due to higher VAT receipts and rate hikes for some types of rental payments (fees) and excises. VAT revenues increased by 16.0% yoy due to better performance of all sectors of economy. Better VAT collections allowed the State Tax Administration to increase tax refund by almost four times as compared to January 2010. The collections from international trade taxes surged by 64.4% yoy due to the imports growth. The revenues from excises increased as well (by 44.9% yoy) as a result of rate hikes for fuel, tobacco and alcohol products during 2010 and in January 1, 2011. At the same time, receipts of enterprise profit tax (EPT) declined by 2.0% yoy likely due to lower advance tax payments.

The central fiscal expenditures (general fund) increased by 16.1% yoy. In particular, transfer to the Pension Fund grew by 23.7% yoy. As a result, the total central fiscal deficit (general and special fund) narrowed to UAH 0.9 bn as compared to UAH 1.6 bn in the first month of 2010.

Social policy: Birth grants were increased

In February the Government increased the birth grants to stimulate birth rates. The grants were increased retroactively since January 1. They were defined in relation to subsistence minimum (SM) set for children under 6 years old effective at the date of birth. This approach will result in automatic indexation of support for children. In particular, the grant for birth is defined at 22 sizes of SM for the first child, at 45 sizes of SM for the second child and at 90 sizes of SM for the third and more child. However, only part of the grant is paid at birth and the rest is paid in equal parts 1, 2 and 3 years respectively. No adjustment is made for inflation over this period.

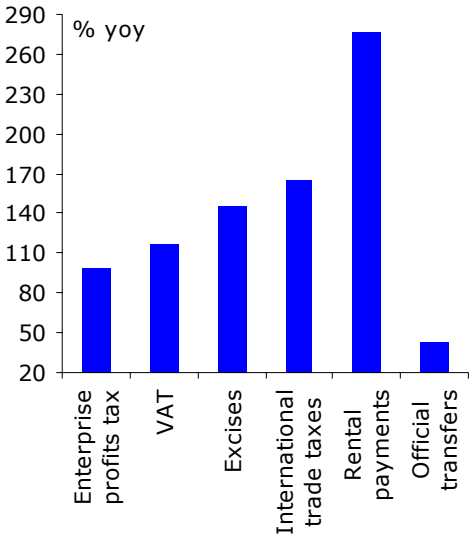
Increase in support for child birth along with automatic adjustment in the future is a welcome step. However, if not complemented by other measures it would not be effective in stimulating increase in birth rates. In particular, these are increase in access to child care facilities and education. Besides, future parents should be more sure in labour market, which would allow them ensure good child care after the payment of birth grants cease.

Labour Market: Average wage declined to August values

In January average wage seasonally declined by 12.6% mom to UAH 2297, which is lower than in September 2010. The highest drop was in state administration (by 26.9% mom), which might be attributed to administrative reform, when many people were shifted between positions and were not paid bonuses. Employees of education and health care received wages by more than 17% mom lower than in December, when they received bonuses and premiums.

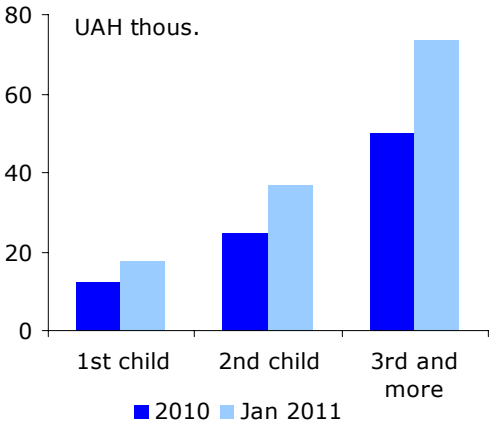
As compared to previous year average wage increased by 10.6% yoy in real terms and 19.9% yoy in nominal terms in January. Industry,

Central fiscal revenues (general fund) in January 2011



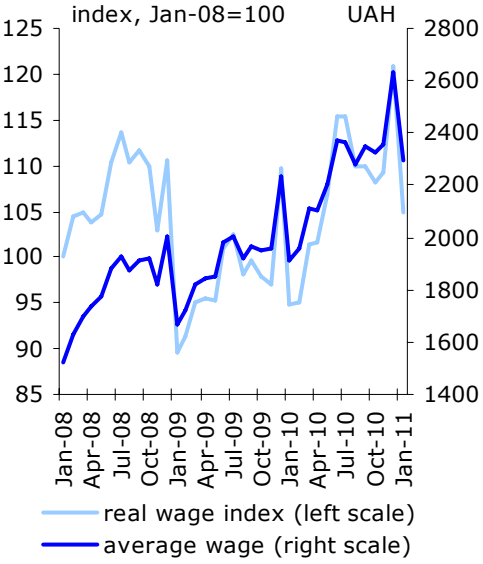
Source: State Treasury reports

Birth grants



Source: Law of Ukraine No.2811-XII from Nov.21 1992

Average wage



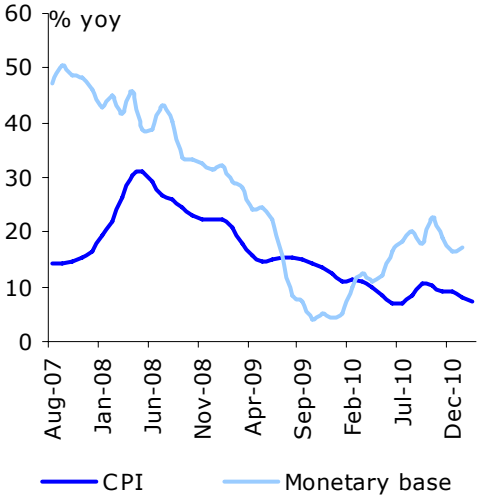
Source: Derzhkomstat

construction and trade increased wages more than on average due to improved financial situation. At the same time, wages of public employees grew at a slower pace against the background of fiscal constraints.

Monetary policy: Inflation slowed to 7.2 yoy in February

In February, consumer inflation slowed to 7.2% yoy, which is the lowest level since April 2004. In monthly terms CPI grew by 0.9% mom, being primarily supported by increase in housing and utility tariffs at 4.6% mom. Further increases in tariffs are likely to remain the largest driver of price increases throughout the year. Food prices increased by moderate 0.3% mom as seasonal increase in prices for fruits and vegetables was largely counterweighted by lower prices for milk products, eggs and meat.

CPI and monetary base development



Source: Derzhkomstat, NBU

Financial markets: The Government attracted money on international capital market

State debt. In February the Government again entered the international capital market, which is earlier than previously planned. Such prompt decision could be explained by favourable conditions, backed by rather high chances for the continuation of cooperation with the IMF. At the same time, the risks for the future seem to be higher against the background of strikes and protests in the Middle East countries. Thus, the Government placed USD 1.5 bn Eurobonds at 7.95% p.a. with a maturity of 10 years. The yields were close to bonds issued in September 2010.

Exchange rate. In February UAH/USD exchange rate remained almost fixed around UAH 7.94-7.95 per USD as the NBU bought and sold foreign currency to remove volatility. However, total monthly demand was close to supply. Net purchases of foreign cash grew to USD 1.3 bn.

Highlight of the month: Agriculture

State monopolies in trade: harm to Ukrainian agriculture

by Oleg Nivievskyi, Serhiy Kandul

Two draft laws, which came out to the public in February 2011, might have a dramatic negative impact on the agriculture and food sectors of Ukraine in case at least one of them comes into the force. A Draft Law No.8053 from February 2, 2011 *"On amendments to the Law of Ukraine "On State Support to Agriculture" (as to the peculiarities of exports of products subject to state price regulation)"* and a Draft Law No.8163 from February 25, 2011 *"On amendments to the Law of Ukraine "On Grain and Grain Markets"* (concerning the grain exports)" effectively aim at granting to the State a monopoly of the export of various agricultural products in the former document and of the grain in the latter case. The Draft Law No.8053 envisages that exports should be exercised only by producers themselves or by state agents (companies with state share in statutory capital), while the draft Law No.8163 further envisages this share at least at 25% in case of grain exports.

In economic terms, a state monopoly is a form of a non-tariff trade barrier that restricts/controls trade as it makes the decisions on how much of each agricultural product is to be exported each year and its timing of delivery. Besides, State Agents are not as experienced and quick in trade as private traders that increases transaction costs in the sector and might, for example, exacerbate a downward seasonal trend in producer prices.

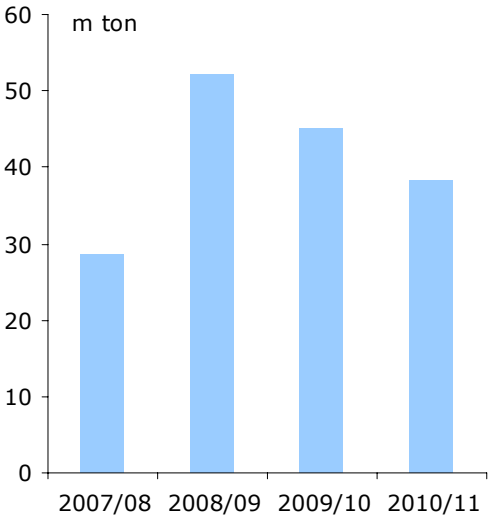
The net economic effect of this policy step is evident as it harms the food security in the country. There is an international consensus that export restrictions discourage production by downward pressure on the farm gate prices and, thus, providing disincentives for finance and investments into the sector. Decades of applied research on this issue demonstrate that the future production will rise or fall approximately in proportion to price changes. Applying this result to Ukraine, a conservative estimate of the domestic price drop after introduction of the export grain quota in the fall 2010 is about 16%. If further export restrictions are combined with the monopolization of trade, other things being equal, it will reduce the future grain crops in Ukraine approximately in the same proportion.

Ukrainian farmers receive from traders about USD 5-10 bn, which is several times more than the current state agricultural budget. In case of monopolization, the state (or state agents) would not be able to provide these funds to producers.

Many farmers remember the time when the State order was in place, and very often, the farm-gate price was as low as USD 30 per ton, or about 30% of the corresponding world market price. At the moment, farmers receive at least a half of the world market prices and they could get even more unless the lion share of the difference between farm-gate price and world market price is lost through inefficient infrastructure, stock losses and political risks (due to, e.g. abrupt grain quotas, etc).

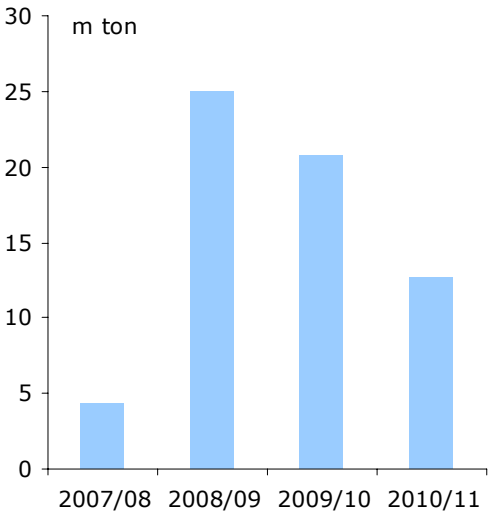
The burden of this measure will be especially felt at farms that will not be able to export themselves due to high barrier to enter the market (investments into logistics, transport, networks and market knowledge). This, in turn, will have markedly negative effects on the sector's finance, investment and growth prospects in the long run, thus, exacerbating shortages and price hikes in the future.

Grain production in Ukraine



Source: USDA estimates

Grain export from Ukraine



Source: USDA estimates

Economic Trends		Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Industrial production (real)	% yoy cum.	-28.4	-21.9	10.8	12.0	10.8	…	11.1	10.9	10.8	10.7	9.9	11.0	9.7	…
Construction (real)	% yoy cum.	-52.4	-48.2	-21.4	-19.3	-12.6	…	-16.7	-14.0	-12.6	-9.0	-8.2	-5.4	6.1	…
Agricultural production (real)	% yoy cum.	3.3	0.1	5.3	3.4	-1.3	…	-0.6	-4.1	-1.3	-1.2	-1.3	-1.0	5.3	…
Retail trade turnover (real)	% yoy cum.	-16.2	-16.6	-2.6	2.3	5.1	…	4.0	4.6	5.1	5.9	6.8	7.6	11.7	…
Average wage	UAH	1940	2046	1993	2227	2332	…	2367	2280	2349	2322	2353	2239	2297	…
CPI	% yoy eop	15.0	12.3	11.0	6.9	10.5	9.1	6.8	8.3	10.5	10.1	9.2	9.1	8.2	7.2
PPI	% yoy eop	1.6	14.3	18.6	25.5	19.2	18.7	24.4	23.3	19.2	19.8	18.9	18.7	18.0	19.7
Exports (USD)*	% yoy cum.	-43.7	-40.7	22.1	28.9	31.6	…	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	…	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	…	-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	…	0.0	-0.6	-0.3	-1.1	-1.4	29.0[e]	…	…
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	30.9	32.7	34.7	34.3	33.5	34.6	35.1	36.7
Monetary Base	% yoy eop	7.5	4.4	12.5	16.3	18.0	15.8	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	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	7.90	7.89	7.92	7.95	7.95	7.97	7.95	7.95
Exchange rate (official)	USD aop	7.82	7.99	7.99	7.92	7.90	7.93	7.90	7.89	7.91	7.91	7.93	7.96	7.95	7.94
Exchange rate (official)	EUR aop	11.18	11.81	11.07	10.10	10.18	10.79	10.06	10.18	10.29	10.99	10.87	10.50	10.6	10.8

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	1085.9[e]
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.4	139.4[e]
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[e]
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	-2.6
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2	-1.7	-2.2[e]
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	-6.0[e]
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	39.8[e]
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	25.5[e]
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	**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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