Monthly Economic Monitor Ukraine

- Yulia Tymoshenko's arrest and trial attracts more international attention.
- Manufacturing growth slowed to 9.0% yoy in August due to sharp change in statistical base for oil products production.
- Ukrainian authorities continue efforts to renegotiate gas contracts with Russia.
- Financial account balance returned to surplus in July as peak of external debt repayments passed.
- Central fiscal deficit remained small as central fiscal revenues grew.
- CPI growth slowed to 8.9% yoy due to good harvest of fruit and vegetables as well as high statistical base.
- Exchange rate remained stable despite depreciation expectations.
- HIGHLIGHT OF THE MONTH: Land market

No.9 (131)
September
2011

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

Politics: Yuliya Tymoshenko's trial attracts more international attention

In August the trial of the former Prime Minister Yuliya Tymoshenko continued. Court heard a number of witnesses and rejected numerous requests by Tymoshenko lawyers to release her from jail. At the same time, Ukraine's major international partners the EU, the US and Russia continued to watch the trial closely.

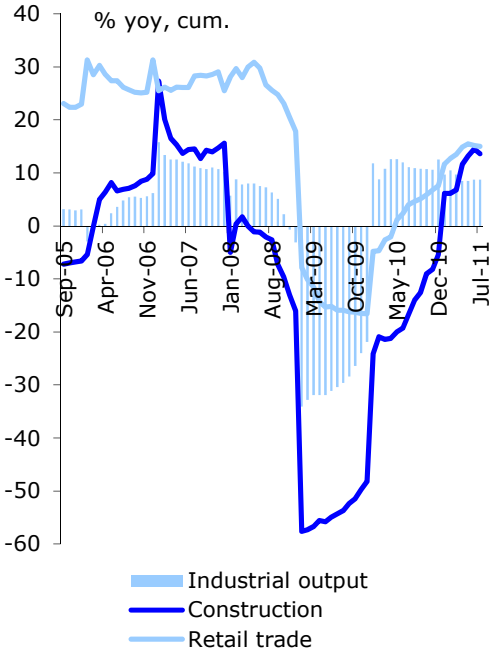
Russia is directly concerned by Tymoshenko's case, as it puts under question lawfulness of natural gas import contracts with Russia signed in 2009. Currently Ukraine is trying to renegotiate with Russia the gas price set by the contracts. This issue is on the top of the bilateral agenda. In response Moscow emphasized that the gas contracts were signed in full compliance with the law. Also, immediately after Tymoshenko's arrest the Russian Ministry for Foreign Affairs stated that the court proceedings should be in compliance with Ukrainian legislation and basic humanitarian standards. However, assuming accusations against Ms. Tymoshenko are true, they are unlikely to prove that gas contracts are invalid under international law.

Also, Tymoshenko's trial evoked disapproving statements by the US Department of State, most EU foreign ministers and by the EU High Representative Catherine Ashton and the Commissioner on EU Enlargement Stefan Füle. Later EU foreign ministers signaled that EU-Ukraine Association Agreement including deep and comprehensive Free Trade Area will be initialed by the end of the year despite Tymoshenko's trial. At the same time they warned that if Ukraine continues "show trial" of Tymoshenko and will not provide her with fair opportunity to defend against charges, chances of ratification by all EU member states would be slim. Thus the negative conclusion of the trial may slow the EU integration and make further cooperation with the IMF more difficult.

Real sector: Growth in agriculture accelerated

In July industrial production growth slightly decelerated to 8.7% yoy due to slowdown in growth rates of output in manufacturing by 0.6 p.p. to 9.0% yoy. In particular, production of oil products fell by 20.9% yoy due to jump in statistical base. Other industries mostly accelerated growth. The highest growth rate was in chemistry industry (23.6% yoy) primarily due to higher demand for fertilizers on external and domestic markets. Better external demand also stimulated further recovery of steel production, which increased output by 18.5% yoy. Machine building continued growing due to better economic situation in Ukraine and in CIS. However, number of factors point to slower growth of metallurgy and machine building in the future. They include recent reduction in steel prices, worsened trade relations with Russia and slower than previously expected development of world economy.

Real sector 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

Freight turnover increased by 10.4% yoy in the first seven months of the year due to higher industrial output as well as recovery in external trade. Growth of construction volumes decelerated to 13.6% yoy, but mostly due to higher statistical base. Growth in agriculture output sharply accelerated to 9.1% yoy due to grain harvest that increased by 24.8% yoy in July.

Sectoral trends: Attempts to renegotiate gas import contracts failed so far

Energy. In August Ukrainian officials continued efforts to renegotiate Russian gas import contracts to secure lower prices. In particular, Ukrainian side continued to claim that contracts are unfair and were signed improperly. Gas price is allegedly significantly higher than for other importers of Russian gas after adjustment for transit costs and discount secured by the Kharkiv agreement. Russian side rebutted these allegations and was unwilling to consider changes to existing contracts without acquisition of "Naftogaz" by Gazprom.

At the same time Ukrainian authorities stated that they intend to decrease imports of Russian gas sharply by 2015 through increased domestic production and higher energy efficiency. The President also ordered the Cabinet of Ministers to draw up plans to split "Naftogas" into several companies. However, these intentions will be difficult to implement as reorganization of the Naftogaz will need consent of its creditors, while increased domestic gas production demands large investment.

Agriculture. Export of grains declined in the beginning of marketing year 2011/2012. In July-August 2011 Ukraine exported around 1.8 m tons of grain, which is 22% less compared to the same period of 2010/2011. Ukrainian exporters were reluctant to match low prices offered by its main competitor in the Black Sea region, Russia, where export quotas were cancelled from July 2011. However, costs of Ukrainian exporters remains high as it includes export duties that will be in effect at least by the end of December. Besides, the Ministry of Economic Development and Trade recently suggested extending the validity of export duties until the end of the marketing year. This may impair competitiveness of Ukrainian grain exports and suppress farm-gate prices.

External sector: Financial account returned to surplus

In July current account deficit widened to USD 0.6 bn from USD 0.3 bn in June due to higher deficit of merchandise trade. In particular, grain exports slumped after brief window of exports without export quotas and duties ended. External demand for other export commodities decreased. As a result merchandise exports growth slowed down sharply to 26.4% yoy in July from 42.7% yoy in June. Imports of goods also slowed down to 26.3% yoy in July due to high statistical base as well as decreased natural gas imports. Overall, merchandise trade deficit jumped to USD 1.1 bn in July from USD 0.3 bn in June. Wider trade gap was offset by seasonal increase in services exports as well as higher transfers.

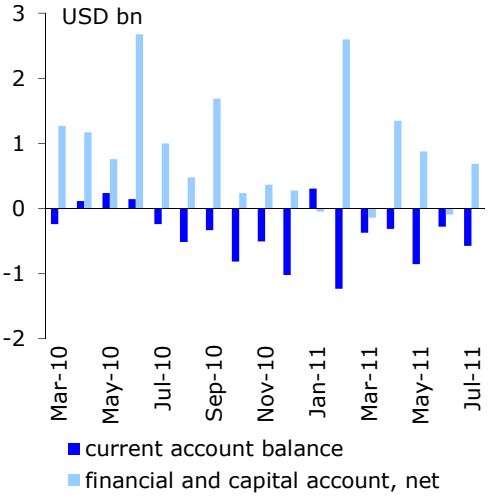
Financial and capital account balance returned to surplus in July at USD 0.7 bn. Surplus returned as peak of external debt repayments by Ukrainian banks passed. Substantial decrease in foreign assets of Ukrainian residents also contributed to better financial account position. At the same time external debt remained high while purchases of cash foreign currency continued.

Fiscal policy: The central fiscal deficit remained low

Central fiscal revenues due to general fund were by 2% higher than planned primarily due to higher than projected revenues from enterprise profit tax and rental payments. The collections from other major revenue sources except for VAT and international trade duties were also over-executed.

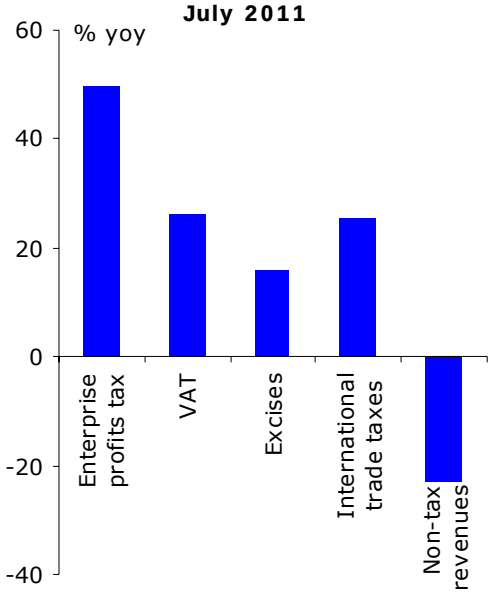
Ukraine has improved its fiscal position since last year. Between January and July central fiscal revenues (general and special fund) augmented by 23.9% yoy to UAH 168.8 bn due to economic recovery and low statistical base of the previous year. Besides, the State Tax Service collected UAH 5.4 bn during tax inspections. The receipts

Balance of payments



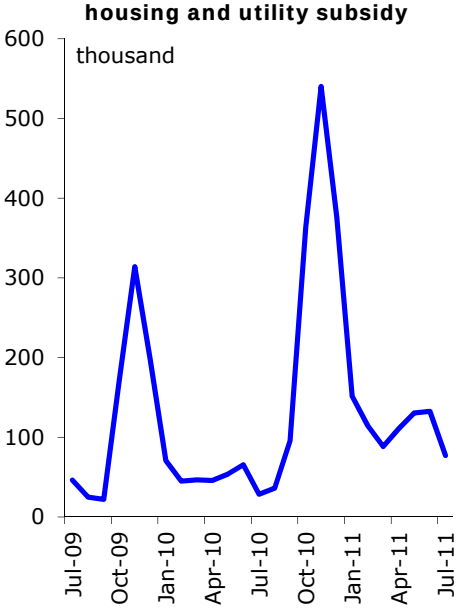
Source: NBU preliminary estimates

Central fiscal revenues in January-July 2011



Source: State Treasury reports

Number if families that were granted housing and utility subsidy



Source: Derzhkomstat

from the enterprise profit tax (EPT) grew by 49.8% yoy primarily due to increasing profits of private industrial companies. The VAT paid on domestically produced goods and services grew by 74.1% yoy due to the tightened VAT administration and cancellation of VAT on imported gas. The later resulted in increase of VAT payments from the Naftogaz at the stage of selling gas to domestic consumers. Overall, VAT revenues increased by 26.1% yoy as VAT on imports grew by 27.0% yoy and VAT refunds almost doubled. Besides, the rental revenues and excises grew due to the rate hikes. At the same time, non-tax revenues fell by 23.1% yoy. It is primarily explained by budget classification changes and lower NBU profits tranfsered to central coffers.

The central fiscal expenditures (general fund) were executed at 94.2% of the plan, while capital expenditures accounted for only 26.1% of this year plan. The central fiscal deficit (general fund) remained almost at the level of previous month (UAH 9.0 bn), which is lower than projected (UAH 19.1 bn).

Social policy: Coverage by housing and utility subsidies increased

Between January and July the number of applicants for housing and utility subsidies reached 0.8 m families being by 2.1 times higher than in the same period of last year. Such increase is explained by major two factors. First, utility prices increased by 21% yoy including gas tariff increase by 50% in August 2010. Second, the eligibility criteria were eased in the same period. Overall, 2.8% of all Ukrainian families received subsidy in July. Low coverage is likely to be explained by the fact that housing and utility spending of many households is lower than the eligibility threshold (10% of income for families with only working unable members, and 15% for others) as tariffs are lower than costs. At the same time, the subsidies still lack well targeting approach as there is no maximum income for eligibility to receive subsidies.

Labour Market: Wages continue moderately growing

In July wages moderately grew by 1.5% mom to UAH 2749. The changes in remuneration differed between sectors. Wages in education and healthcare traditionally declined after growing rapidly in June. The sharpest wage growth was in agriculture as good harvests improved financial state of companies. However, the wage in the sector remained by 26.4% lower than average in economy. Financial services also rapidly raised wages in July. Companies in construction increased wages by 4.2% mom against the background of further recovery of sector. Overall, this sector increased wages the most as compared to July 2010 after the largest decline observed during the crisis.

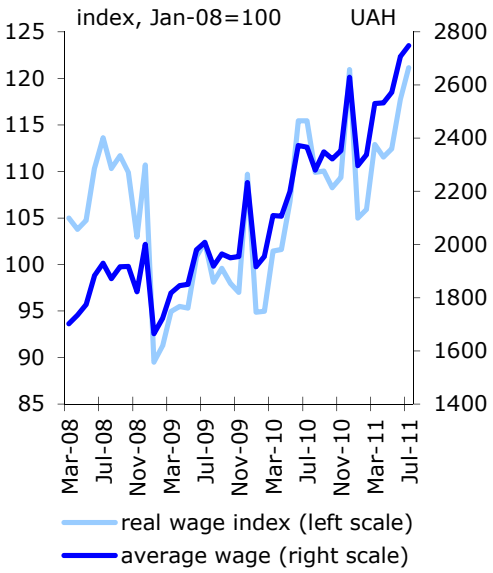
The regional discrepancies in wage level were also maintained. Wages were higher than average only in four regions, namely Donetsk, Kyiv and Luhansk oblasts and city of Kyiv. The lowest wages at near 70% of average were received by employees in Ternopil and Chernihiv oblasts.

Monetary policy: Inflation returned to single digits

In August, consumer inflation returned to single digits slowing to 8.9% yoy due to good harvest of fruit and vegetables. Fruit prices grew only by 3.5% yoy, while vegetable prices fell by 20.3% yoy. High statistical base led to slower growth of utilities price index.

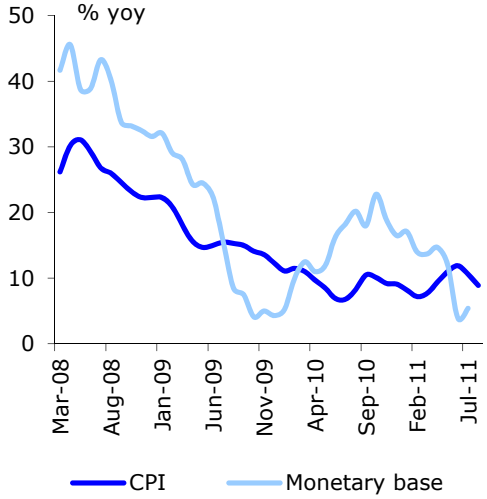
The NBU injected liquidity in bank sector through positive net interventions and decreased stock of CDs outstanding. Nevertheless, bank liquidity reached lowest levels in 2011 and interbank interest rates exceeded 10% p.a. for a number of days. It could have happened due to increased government funds at the NBU as well as increased share of cash in monetary base. However, the exact reasons for the liquidity squeeze and its possible length so far remain unclear.

Average wage



Source: Derzhkomstat

CPI and monetary base development



Source: Derzhkomstat, NBU

Financial markets: Exchange rate remained stable in August

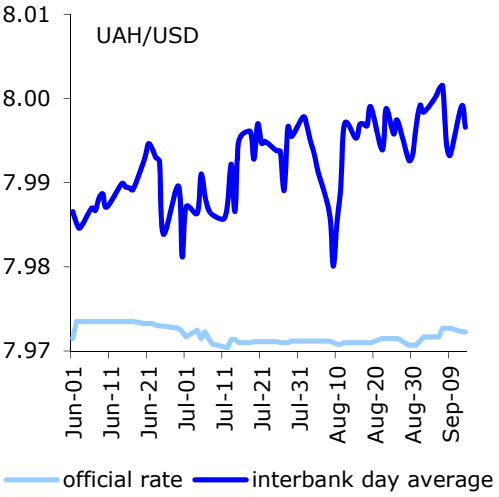
Exchange rate. In August, interbank exchange rate remained stable near UAH 7.99-8.00 per USD. some market participants had depreciation expectations due to slowdown in global economic growth. Nevertheless, tight liquidity limited demand for cashless foreign currency and the NBU bought more of the foreign currency than it sold. Gross demand for cash foreign currency remained almost unchanged from July.

State debt. In August, the Ministry of Finance practically failed to issue domestic debt. It placed the lowest amount of bonds since the beginning of 2011, totaling only UAH 97.1 m. Like in previous month, low demand for bonds was explained by unwillingness of the Government to increase rates on the primary market, while banks expressed little interest in government bonds due to low free liquidity. The Ministry of Finance paid UAH 4.3 bn in domestic debt principal and interest repayments using funds at the Treasury account (UAH 31 bn at the beginning of the month). In September, the Government will need UAH 7.5 bn to pay off the debt, which is also likely to be covered by funds accumulated earlier.

By the end of August the Cabinet of Ministers raised a loan of USD 150 m from the World Bank to fund the second project for export development and supplement the existing credit line. The loan will be provided to the Ukreximbank for 30 years, including a 6-year grace period at floating rate tied to LIBOR. USD 45 m will be used by the Ukreximbank for direct financing of exporters, while USD 105 m will be allocated for interbank loans for on-lending to Ukrainian exporters.

Besides, the state-owned Czech Export Bank (ČEB) granted the loan of USD 43.7 m (CZK 780 m) to state-owned Energoatom. The funds will be primarily used to acquire nuclear fuel storage facilities for the fifth reactor block of the six-reactor Zaporizhzhia nuclear power plant. The loan will be also spent on protection system for Khmelnitsky nuclear power plant. Funds are available for a five-year period.

Exchange rate



Source: NBU

Highlight of the month: Land market

What is the Value of Farmland in Ukraine?

By By Oleh Nivevskiy, Serhiy Kandul

In August the President signed the Law "On the Land Cadastre", which is one of the preconditions for cancellation of moratorium on the farmland sale. The absence of a fully-fledged farmland market has been considered as a stumbling block in developing of the agricultural sector in Ukraine. The law on the "Land market", which has been already submitted to the Parliament is highly expected by the market players. At the same time, the decision on moratorium cancellation would affect the value of farmland that, in turn, will impact the productivity and future growth prospective in the sector.

Some argue that farmland is undervalued in Ukraine. Given no land market, only normative state methodology is applied to appraise average farm land values. However, the approach and the indicators behind this methodology cast doubts on the accuracy of the normative estimates of farm land values. Proper estimation of the farmland value requires local knowledge of demand and supply factors behind the price formation. Residual income from land that is typically used in relevant calculations has to be coupled with specific local conditions, in particular actual interest rates and productivity growth expectations.

The IER's estimates for the price of land show that after the cancellation of moratorium on land sale the price of a hectare of arable land will be lower than normative price assuming no restrictions on price of land. In particular, estimated price of a hectare of arable land, made on the basis of the income capitalization approach, vary from 1500 UAH (Zakarpattia) to 5500 UAH (Kirovohrad). If the sub sample of top-25% performing farms was to be considered, the maximum land value will increase to around 6800 UAH or 860 USD. These results are consistent with global farmland prices that were received from a survey covering about 370 farms around the world conducted in December 2010. The estimates, however, fall in the lower end of the world farmland purchasing prices that vary from 100 USD/ha in Eastern Ghana to over about 105 000 USD/ha in Flevoland (Netherlands).

Such a relatively low level of expected farmland values in Ukraine, however, will remain as long as farming and input and output marketing in Ukraine remains less efficient compared to best global practices. Regardless of the agronomic quality of farmland the most important factors of farmland price growth are current and future expected farm productivity levels as well as capital market conditions (access to capital and interest rates). The expected limited initial competition on the farmland market after lifting of the moratorium and the asymmetry of information of sellers and buyers of land will most likely lead to low initial farmland prices.

Therefore, cancellation of moratorium on land sale will not result in land price increase in the short run. Low land prices and possible restrictions on its sale could reduce the capital inflow into the agrarian sector immidiately after the decision is implement. However, as time goes the land ownership would shift to the top-performing fimrts, which would stimulate graduale increase in land price. As a result, in medium and long run the lifting of the moratorium of land sales will contribute to increased structural change in the agriculture and food sectors in Ukraine, as it will strengthen finance, investment and growth perspectives

This supplement is based on the Policy Paper AgPP No.32 "The Value of Farmland - Expected Farmland Prices in Ukraine after lifting the Morato-rium on Farmland Sales"

Purchasing prices of the arable land, UAH/ha

Oblasts	Normative price, 2010	IER estimates
Crimea	14038	2980.6
Vinnytsia	12564	4688.8
Volyn	11375	1633.3
Dnipropetrovsk	12358	4901.0
Donetsk	13243	4663.3
Zhytomyr	7820	1526.8
Zakarpattia	9967	1656.6
Zaporizhia	12858	5146.3
Ivano-Frankivsk	10854	2490.4
Kyiv	12146	4464.1
Kirovograd	12197	5516.4
Lugansk	10075	3910.5
Lviv	10115	2109.8
Mykolayiv	10017	4096.8
Odesa	10681	3654.4
Poltava	13187	5215.5
Rivne	11931	1623.6
Sumy	11181	2986.4
Ternopil	12056	4254.1
Kharkiv	12352	5095.4
Kherson	13146	3609.1
Khmelnytskyi	13108	3698.8
Cherkasy	15127	5481.0
Chernivtsi	12919	2988.2
Chernihiv	9279	1979.5

Source: *AgPP No.32*

Economic Trends		Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial production (real)	% yoy cum.	12.0	10.8	11.0	9.7	8.7	11.0	9.7	10.5	9.7	8.5	8.5	8.7	8.7	…
Construction (real)	% yoy cum.	-19.3	-12.6	-5.4	6.8	14.5	-5.4	6.1	6.1	6.8	11.6	13.2	14.5	13.6	…
Agricultural production (real)	% yoy cum.	3.4	-1.3	-1.0	5.3	3.2	-1.0	5.3	5.0	5.3	4.0	3.5	3.2	9.1	…
Retail trade turnover (real)	% yoy cum.	2.3	5.1	7.6	13.5	15.2	7.6	11.7	12.7	13.5	14.9	15.5	15.2	15.0	…
Average wage	UAH	2227	2332	2407	2389	2708	2239	2297	2338	2531	2533	2573	2708	2749	…
CPI	% yoy	6.9	10.5	9.1	7.7	11.9	9.1	8.2	7.2	7.7	9.4	11.0	11.9	10.6	8.9
PPI	% yoy	25.5	19.2	18.7	20.3	20.0	18.7	18.0	21.4	20.3	20.8	18.8	20.0	20.3	19.9
Exports (USD)*	% yoy cum.	30.6	28.6	27.7	40.5	42.5	29.6	53.6	46.8	49.2	44.4	43.9	42.5	40.0	…
Imports (USD)*	% yoy cum.	24.8	28.2	30.1	52.8	50.8	33.7	54.4	64.1	58.5	52.3	52.5	50.8	46.7	…
Merchandise trade balance	USD bn cum.	-2.0	-4.8	-8.4	-3.0	-5.5	-9.3	-0.4	-2.1	-3.1	-3.8	-4.6	-5.5	-6.7	…
Current account**	USD bn cum.	0.6	-0.5	-2.9	-1.3	-2.8	-2.2	0.3	-0.9	-1.3	-1.6	-2.5	-2.8	-3.3	…
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	34.6	35.1	36.7	36.4	38.4	37.9	37.6	37.8	38.2
Monetary Base	% yoy	16.3	18.0	15.8	13.7	3.9	15.8	17.1	14.0	13.7	14.7	12.1	3.9	5.4	…
Lending rate on UAH credits	% pa, aop	14.8	13.0	13.6	13.3	13.5	15.0	13.6	12.9	13.3	13.0	13.4	14.0	13.9	…
Exchange rate (interbank)	USD aop	7.92	7.90	7.96	7.95	7.98	7.97	7.95	7.95	7.97	7.97	7.98	7.99	7.99	7.99
Exchange rate (official)	USD aop	7.92	7.90	7.93	7.94	7.97	7.96	7.95	7.94	7.94	7.96	7.97	7.97	7.97	7.97
Exchange rate (official)	EUR aop	10.10	10.18	10.79	10.85	11.48	10.50	10.62	10.83	11.10	11.49	11.48	11.47	11.38	11.42

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		Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11
GDP	UAH bn	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	6.2	4.3	-7.8	-19.6	-17.3	-15.7	-6.7	4.8	5.5	3.6	3.3	5.3	3.8
Household consumption (real)	% yoy	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	-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	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	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	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	-4.1	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	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	-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	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	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	-3.3	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	0.1	0.5	-1.1	-2.3	-1.3	-1.5[e]
Current account balance	% of GDP	-7.0	-3.6	-9.4	-2.6	-0.6	-0.2	-2.7	0.2	1.5	-2.8	-6.0	-3.9	-3.9[e]
Trade balance in goods	USD m	-4171	-3868	-3562	-882	-622	-1396	-1407	-1229	-818	-3103	-3562	-3034	-2320[e]
Trade balance in services	USD m	308	1341	15	116	432	1256	550	1018	1219	1659	966	982	1200[e]
Current transfers	USD m	833	831	723	632	667	640	722	608	728	797	842	1034	866[e]
Direct investment (FDI)	USD m	3091	3324	1058	883	1279	1210	1282	923	1196	1470	2170	867	2104[e]
Portfolio investments	USD m	160	-690	-967	-350	-351	-2286	1428	-307	804	2532	1288	1182	…
Gross international reserves	USD bn	35.5	37.5	31.5	25.4	27.3	28.2	26.5	25.1	29.5	34.7	34.6	36.4	37.6
Exchange rate(market), UAH/USD	aop	4.79	4.70	6.49	8.09	7.76	7.99	8.06	8.00	7.91	7.90	7.96	7.95	7.98
Exchange rate(official), UAH/USD	aop	4.96	4.85	6.21	7.70	7.66	7.82	7.99	7.99	7.91	7.90	7.93	7.94	7.97
Fiscal indicators														
Consolidated fiscal revenues	% of GDP	32.0	29.5	31.6	34.8	30.6	25.5	36.0	30.6	30.0	23.0	32.0	32.0	30.6
Personal income tax	% of GDP	5.1	4.3	4.9	5.2	5.3	4.4	4.7	4.9	4.8	4.3	4.8	4.9	4.9
Enterprise profits tax	% of GDP	4.5	5.0	6.3	3.9	3.3	3.7	3.6	4.3	3.0	3.4	4.2	4.4	4.6
Value-added tax	% of GDP	10.9	9.8	7.8	11.7	8.3	6.4	11.0	9.7	9.7	8.4	9.8	7.4	13.1
Excise tax	% of GDP	1.3	1.2	1.4	2.0	2.3	2.5	2.6	2.4	2.9	2.5	2.5	2.1	3.1
Consolidated fiscal expenditures	% of GDP	31.6	27.2	41.2	34.4	36.6	29.6	34.5	32.7	38.2	30.0	37.2	32.1	33.8
Current expenditures	% of GDP	28.5	22.4	33.8	33.5	34.9	27.0	31.4	32.1	36.9	26.3	32.5	30.8	31.4
Capital expenditures	% of GDP	3.1	4.8	7.4	0.9	1.7	2.6	3.1	0.6	1.4	3.7	4.7	1.2	2.4
Consolidated fiscal balance	% of GDP	0.4	1.9	-10.3	0.0	-6.2	-4.5	1.1	-2.0	-7.9	-7.4	-5.6	-0.3	-3.4
Privatisation receipts	% of GDP	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.1	0.0	0.1	0.2	0.4	3.2
Labour market														
Average wage (real)	% yoy	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.7	3.3	8.7	12.3	11.4	11.1	5.5
Household income (real)	% yoy	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	6.2	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	48.6	37.9	39.3	33.9	22.8	11.5	1.5	5.4	9.9	17.4	16.5	15.7	11.5
Monetary aggregate M2	% yoy cum	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4	6.9	13.2	21.6	23.1	25.5	22.0
Household deposits in national currency	% yoy cum	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5	7.1	20.1	38.6	41.4	43.3	26.0
Household deposits in foreign currency	% yoy cum	32.9	31.2	66.3	31.8	33.0	39.2	4.7	22.8	21.5	17.7	16.9	19.7	21.0
Com. bank credits in national currency	% yoy cum	70.6	54.9	40.4	27.6	27.8	25.2	16.9	13.6	8.3	6.0	11.2	16.0	18.5
Com. bank credits in foreign currency	% yoy cum	57.9	53.4	103.6	70.8	48.7	32.4	-15.2	-13.7	-10.5	-13.2	-8.3	-2.1	0.9
Long-term com. bank credits	% yoy cum	67.2	50.9	73.3	50.8	37.3	29.9	-3.8	-3.9	-2.8	0.6	-0.5	5.0	6.3
Long-term com. bank credits	% of total	68.6	66.8	69.8	69.9	68.2	67.3	68.1	68.5	68.9	67.5	66.3	67.2	66.6
Average lending rate on national currency credits	% p.a.	17.6	17.7	21.6	26.2	19.1	17.5	19.8	17.3	15.0	13.0	15.0	13.1	13.5
Average lending rate on foreign currency credits	% p.a.	11.9	12.4	11.9	9.6	9.6	10.0	10.1	10.9	11.1	10.3	10.1	10.2	9.8

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

Disclaimer

The Monthly Economic Monitor of Ukraine has been prepared by the Institute for Economic Research and Policy Consulting for informational purposes only. All judgments in this report reflect authors' point of view as of date publication, and can be changed without notice. Although we used our best efforts in preparing this publication, we make no guarantees as to its accurateness. The IER does not take any responsibility for any losses or other problems that directly or indirectly resulted from the use of any part of this publication. Reproduction without prior permission is prohibited; when quoting please cite Institute for Economic Research and Policy Consulting.