Monthly Economic Monitor Ukraine

- According to international observers local elections were mostly democratic, but had a large number of procedural violations.
- Industrial output growth accelerated to 10.2% yoy thanks to external demand.
- Tight grain export quotas were introduced in October.
- Largest wind power plant in Ukraine may be built.
- Financial account surplus jumped in September thanks to Eurobonds issue by Ukraine.
- Between January and September, Ukraine met the fiscal target set by IMF with UAH 47.5 bn consolidated deficit.
- Consumer inflation slowed to 10.1% yoy in October despite high inflation expectations.
- NBU continued to sell foreign currency in October.
- HIGHLIGHT OF THE MONTH: Free trade with EU

No.11 (121)
November
2010

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: Local elections were mostly democratic but had a number of procedural violations

On October 31, local elections were held in most regions of Ukraine. The elections were conducted according to the mixed proportional-majority system. According to it 50% of the members of local councils are elected from the party lists, while another 50% are elected from one-member constituencies. Also candidates had to be nominated by the local party organisations. International observers recognised the election process as mostly democratic. However, EU and US expressed concerns about the decline in quality of this election and about a large number of procedural violations and irregularities.

Preliminary counts indicate that Party of Regions had the strongest results in these elections including 10 out of 23 mayors elected from this party in regional capitals. It also received over 30% of votes in elections for regional councils. However, mixed electoral system and a number of challenges to results from opposition candidates complicate the final tally of results by parties. In addition, according to the decision by the Central Election Commission from November 8, local election commissions may hold a second voting on November 14 if they observe all the electoral procedures envisaged by the law. Thus final results will be determined after some time.

Real sector: Industrial production continued to improve

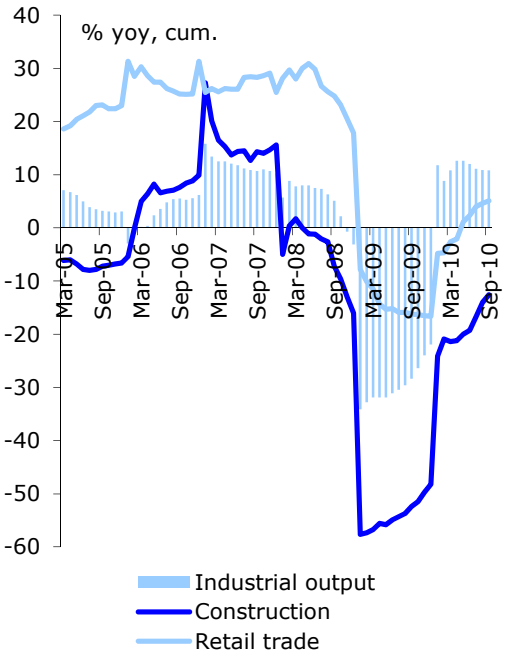
In September, industrial output growth accelerated to 10.2% yoy. The growth was mainly driven by increase in production of export-oriented industries. The machine building was the leader increasing its output by 34.5% yoy thanks to expanding production of vehicles and industrial equipment. Revived external demand for Ukrainian steel and chemicals allowed the producers to increase by 14.7% yoy and 25.6% yoy, respectively.

Between January and September, freight turnover growth decelerated again and grew only by 8.7% yoy suppressed by grain export restrictions and high statistical base. Construction remained in decline but situation gradually improved and it fell by 12.6% yoy over the nine months of the year. Increased consumer demand allowed the acceleration of retail trade turnover to 5.1% yoy, while agriculture output declined by 1.3% yoy due to lower crops harvest.

Sectoral trends: Grain export quotas are introduced in October

Agriculture. In October government introduced grain export quotas until the end of 2010 motivated by limited domestic supply. The quota volumes are as follows: wheat (and the mix of wheat and rye) – 0.5 m tonnes, barley – 0.2 m tonnes, corn – 2 m tonnes, and also rye and buckwheat – 1000 tonnes each for a total volume of 2.7 m tonnes. Current Decree of Cabinet of Ministers envisages that quotas

Real sector trends



Source: Derzhkomstat

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will be distributed in proportion to applications submitted. However, draft law that will allow them to be auctioned is currently considered in Verkhovna Rada and was approved in first reading.

Export quotas will significantly constrain exports. According to Ukrainian Grain Association, Ukraine is able to export around 12-15 m tons of grain in 2010/2011 marketing year and already exported around one-third of this amount. Export restrictions will lead to losses for the exporters and farmers, who will not be able to benefit from favourable world prices. The possibility of similar restrictions in future introduces uncertainty and impedes investments critical for productivity growth.

Energy. Energy company DTEK reported about the plans to begin construction of largest wind energy power plant in Ukraine in 2011. Total installed capacity of the power plant will reach 200 MW that is more than double capacity of existing wind power units (90 MW). It is the first large-scale renewable energy project in Ukraine that will supply electricity on wholesale market at the 'green tariff'. If it would be successful, it will become the positive signal for investors to increase its participation in renewable energy market in Ukraine.

Privatization. Cabinet of Ministers approved conditions for sale of Ukrtelecom at the auction on December 28. The starting price of 92.8% stake in the company is set at UAH 10.5 bn and the minimum price advance is UAH 105 m. Companies with state-owned share above 25% are not allowed to participate. Interested parties include Mobile Telesystems (Russia) and System Capital Management (Ukraine). The new owner will be responsible for debt of Ukrtelecom and establish the special state communication system.

Kyiv economic court declared the sale of the Lugansklokomotive to Bryansk machine building plant void due to non-payment and adjudicated UAH 84 m in penalties for breaking the contract. Bryansk machine building plant still has not paid the purchase price of UAH 410 m for the plant. The buyer is expected to appeal to this decision, thus the case will be further settled in courts.

External sector: Current account deficit decreased

In September, outflows under current account remained higher than inflows for the three months in line. However current account deficit shortened to USD 0.26 bn mostly thanks to growth of exports. Exports of metals and machinery products recovered after decrease in August thanks to improved external demand. Overall, September merchandise exports grew by 25.2% yoy and 9.8% mom in dollar terms. At the time, high imports of oil and oil products as well as cars supported large import volumes. In total, merchandise imports grew by 42.4% yoy in dollar terms.

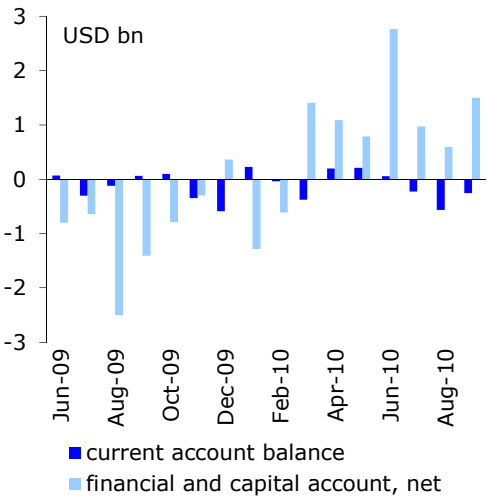
Financial and capital account surplus in September was high at USD 1.5 bn, but it was formed in the government sector. Ukraine issued USD 2 bn of Eurobonds while non-residents also bought USD 0.4 bn of domestic bonds. Ukrainian economy also received net FDI inflow of USD 0.56 bn in September. High debt burden of Ukrainian banks and real sector meant that significant debt capital inflows were mostly offset by debt repayments. Record USD 1.6 bn outflow of cash foreign currency from banks in September constrained financial account surplus.

Fiscal policy: Ukraine met the fiscal target between January and September

In the first nine months of the year, the Treasury reported that total central fiscal revenues increased by only 9.2% yoy, while between January and July revenues were by 17.5% yoy higher. Such deceleration in growth is explained by the deduction of the VAT refunds through issuance of special domestic state bonds from central fiscal revenues. Between January and September, cash VAT refunds dropped by 45% yoy primarily due to reduced fraudulent refunds as well as absence of VAT refunds to the Naftogaz.

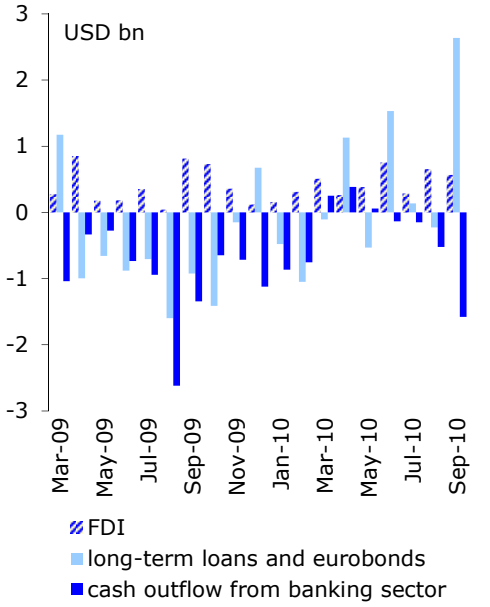
Between January and September, the State Treasury reported consolidated fiscal deficit at UAH 47.5 bn. According to our

Balance of payments



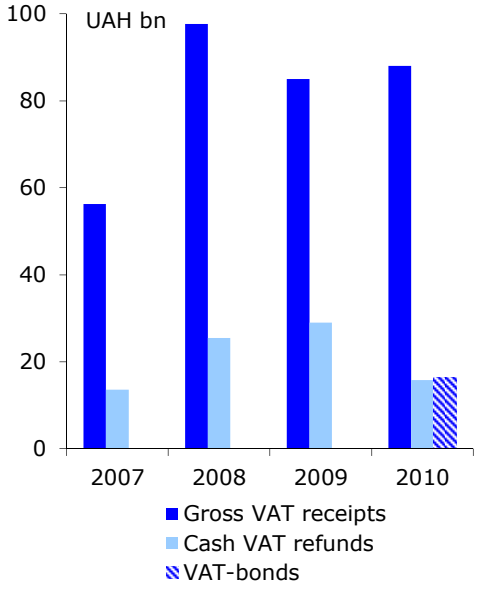
Source: NBU preliminary estimates

Selected financial account components



Source: NBU preliminary estimates

Central fiscal revenues from VAT



Source: State Treasury

estimates, adjusted general government deficit as defined by IMF was near UAH 38 bn. Therefore, Ukrainian Government met end-September fiscal target envisaged in the Stand-by Arrangement with IMF.

Social policy: Pension system imbalances increase

Between January and September, the total revenues of the Pension Fund grew by 27.1% yoy to UAH 138 bn. During this period, the total central fiscal transfer to the Fund reached UAH 53 bn or 81.9% of the annual target. Besides, the part of transfer intended to cover Fund's deficit was executed at 94% of annual plan. As rapid increase of the own revenues is unlikely, the amendments to the State Budget Law for 2010 or off-budget financing will probably be needed to pay pensions in December. Despite of critical situation in the pension system and promises to conduct pension reform, Ukrainian authorities are not taking any steps so far. Moreover, some officials declared intentions to delay the reform for several more years.

According to the Pension Fund average pension reached UAH 1124, which accounts for more than 50% of average wage. Higher average pensions are explained by gradual increase in minimum pensions in 2010. According to the ILO the optimal replacement ratio of wages by pensions should be 40%.

Labour Market: Average wage returned to growth

In September, average wage increased by 3.0% mom to UAH 2349 after declining for two consecutive months. Still, it remained lower than in June. Wages increased in all sectors, except for financial services and state administration. The wages in industrial sectors grew on average by 2.7% mom. Chemical industry, metallurgy and machine-building raised wages more than average against the background of improved performance. The intersectoral difference between wages remained high. The lowest wages were paid in hotels and restaurants, agriculture and healthcare (UAH 1549-1657), while the highest was traditionally received by employees in financial services (UAH 4474) and in transport (UAH 2969). Wages in education and health care sectors, important for human development, were by 14.5% and 29.5%, respectively, lower than Ukrainian average.

Between January and September, average wage grew by 19.5% yoy in nominal terms or by 9.8% yoy in real terms.

Monetary policy: Inflation decelerated to 10.1% in September

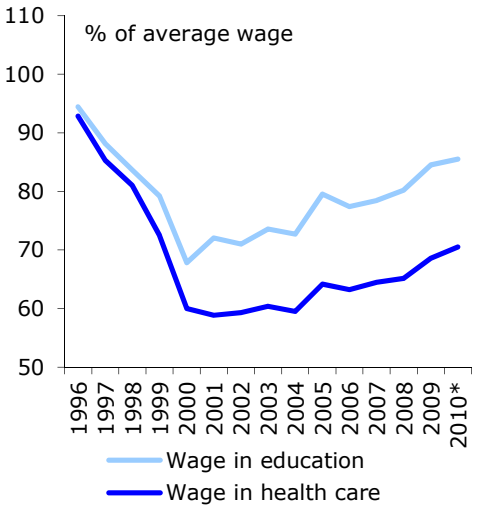
In October, CPI growth decelerated slightly to 10.1% yoy. CPI growth slowed due to peculiarities in accounting for price of seasonal goods, while price boom for a number of food products seems to have slowed or ended. At the same time increased inflation expectations, high consumer demand supported inflation pressure. Core inflation edged upwards to 7.9% yoy in October from 7.8% yoy in September.

Liquidity in banking system remained almost unchanged in October as the NBU withdrew it through sales of foreign currency but returned it through decreased issue of the CDs. Population continued to increase deposits bringing money supply growth to 23.1% yoy in October.

Financial markets: The NBU continued to sell foreign currency in October

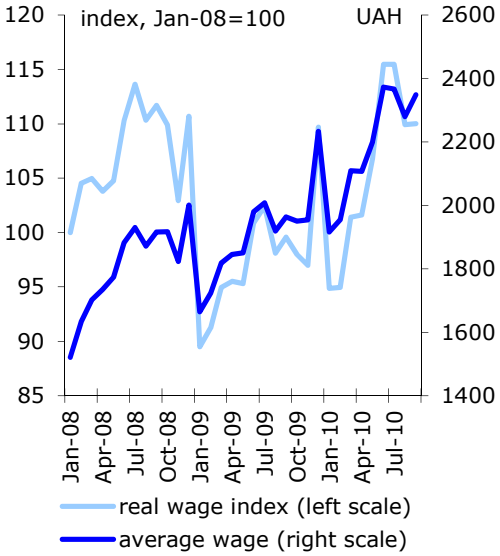
Exchange rate. In October, demand for cash foreign currency remained high, while supply was again limited. Although on cashless segment of the market supply improved it still was not sufficient to cover demand for foreign cash. As a result, the NBU had to make net sales of USD 0.5 bn in foreign currency. At the same time, reduced imbalances allowed the NBU to make occasional purchases totalling USD 0.2 bn. In October, the NBU maintained hryvnia in tight range against US dollar of UAH 7.94-7.95 per USD on the interbank market.

Wage in education and health care



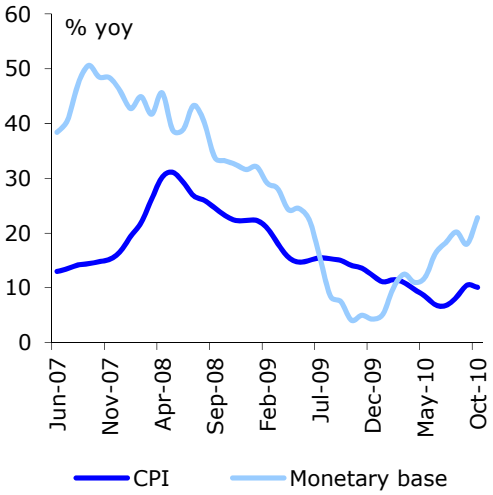
* September 2010
Source: Derzhkomstat

Average wage



Source: Derzhkomstat

CPI and monetary base development



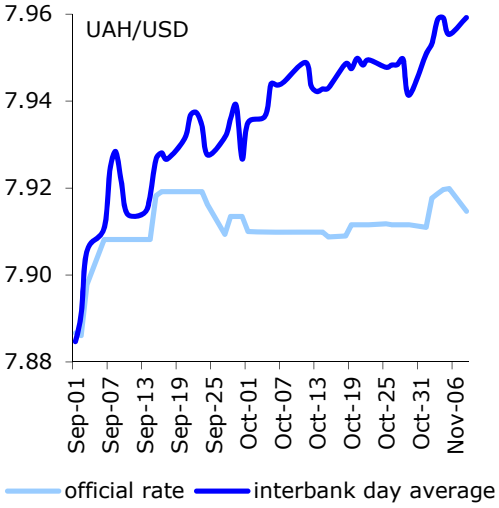
Source: Derzhkomstat, NBU

Banking sector. In October, bank deposits accelerated their growth to 26.2% yoy and reached UAH 400 bn. As a result, deposits increased their role as source of funding for banks. Ratio of bank loans to deposits decreased to 1.81 in October from 2.28 a year ago.

Bank lending to corporations remained elevated over the last months. In August and September, new loans issued were over UAH 101 bn and highest in the record. Loans over 1 year were also higher than pre-crisis levels. However, required debt repayments also remained high constraining growth in loans outstanding. In October loans to corporations in national currency increased by 15.4% yoy.

State debt. In October, the Government continued issuing domestic state bonds to finance fiscal deficit. In total, it issued UAH 2.7 bn of bonds with average yield of 7.9% p.a., which declined by 1.47 p.p. as compared to September issues. Most bonds (71%) were with the maturity less than one year, indicating short-term demand from main buyers and short-term solution to fiscal problems. On November 2, the Government recapitalised the NJSC Naftogaz by issuing for this purpose domestic state bonds at UAH 7.4 bn. According to the NBU data, the Naftogaz has already started monetising received bonds in order to finance the company's deficit. Overall, domestic government bonds outstanding are on track to almost double in 2010 as compared to the end of 2009.

Exchange rate



Source: NBU

Highlight of the month: Free trade

Free trade negotiations with EU

By Kateryna Kutsenko

In October Ukraine and the EU conducted 13th round of negotiations about deep and comprehensive free trade area (DCFTA) as part of wider talks on Association agreement. Both parties agreed that this round was fruitful. However, they also expect DCFTA to be subject for further careful negotiations.

DCFTA with the EU is to become an integral part of the Association agreement between the parties. DCFTA is supposed to become the first of a new type of "deep and comprehensive" trade agreements with partner countries. It will cover a wide array of trade-related issues to eliminate 'behind the border' obstacles to trade through processes of regulatory approximation. The Agreement must be compatible with WTO rules and take into account possible outcome of the Doha Round of WTO negotiations.

There are three main blocks of the agreement, which will cover 18 topics. The first block is trade in goods that includes tariff offer, trade in goods, technical barriers to trade, instruments of trade protection, sanitary and phytosanitary standards, customs and trade facilitation, administrative cooperation on customs issues, trade related energy issues, rules of origin. Second block cover trade in services, right of establishment, investments, capital movement. Third block is trade rules including intellectual property rights, geographical indications, competition, public procurement, trade issues related to sustainable development, dispute settlement, and transparency.

From February 2008 to October 2010 13 rounds of the DCFTA negotiations between Ukraine and the EU were held. The progress within each block and topic significantly varies. Thus, previous plans by Ukrainian government to sign the agreement in 2010 do not seem feasible. EU expects that agreement may be signed in 2011 if there are strong political will and streamlined policy.

Talks on transparency issues, dispute settlement and large part of rules of origin are provisionally complete. Discussions about trade facilitation matters, state procurement, and intellectual property rights (excluding geographical indications) are also nearing the end.

In October, eight topics were discussed. They may be preliminary agreed during the next round. The EU made its initial offer for services sector. Areas of energy and transport services are particularly sensitive for the EU. The automobile transport services are excluded from the offer due to differences in labour regulation in the EU and Ukraine.

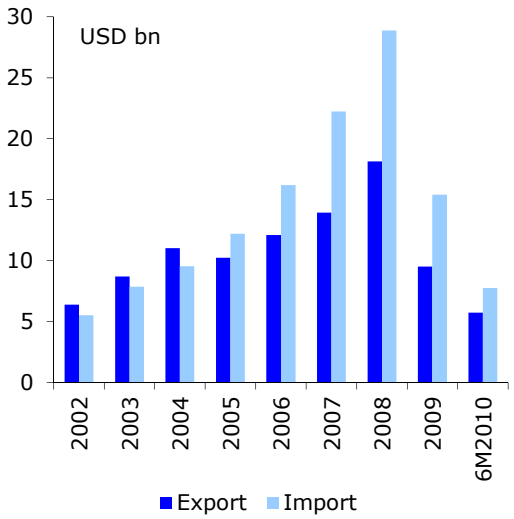
Sectors, where long-term regulatory and institutional adjustments in Ukraine are required, are negotiated most carefully. The parties actively discuss schedules of adaptation of Ukrainian legislation to the *acquis* and scope of the necessary institutional changes in Ukraine.

One of the important steps towards approximation of legislation to EU rules was the adoption of the law on public procurement this year. Negotiations on regulatory approximation on sanitary and phytosanitary standards, technical barriers to trade, energy-related issues, trade and sustainable development are still far from the end. Future harmonization in the area of conformity assessment and reforms of technical regulations are the top issues in Ukraine's "to do" list.

Another big issue for negotiations is tariff offer. Parties are to define the volumes of tariff quotas, length of transition periods, areas of full reciprocal liberalization. As it was expected from the beginning, one of the most complicated sectors is agriculture, where the EU tends to protect its market.

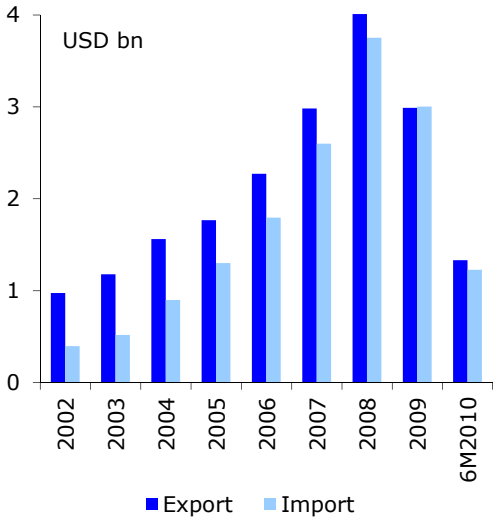
The EU is currently the largest trading partner of Ukraine. EU's single market is quite attractive for Ukraine in terms of logistics and market volumes. With this respect the currently negotiated free trade

Trade in goods with EU-27



Source: Derzhkomstat

Trade in services with EU-27



Source: Derzhkomstat

agreement with the EU is of high importance for Ukraine. It can integrate the country into the large market with stable and predictable market conditions. Thus, DCFTA with the EU and integration to EU internal market are strategic goals of Ukraine. While progress was achieved towards these goals, clear strategy should be pursued to conclude negotiations and provide for the fullest consideration of interests and peculiarities of Ukraine's economy.

Economic Trends		Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Apr	May	Jun	Jul	Aug	Sep	Oct
Industrial production (real)	% yoy cum.	-31.1	-28.4	-21.9	10.8	12.0	10.8	12.6	12.6	12.0	11.1	10.9	10.8	…
Construction (real)	% yoy cum.	-54.9	-52.4	-48.2	-21.4	-19.3	-12.6	-21.2	-20.0	-19.3	-16.7	-14.0	-12.6	…
Agricultural production (real)	% yoy cum.	2.6	3.3	0.1	5.3	3.4	-1.3	4.9	4.5	3.4	-0.6	-4.1	-1.3	…
Retail trade turnover (real)	% yoy cum.	-15.2	-16.2	-16.6	-2.6	2.3	5.1	-2.1	1.1	2.3	4.0	4.6	5.1	…
Average wage	UAH	1892	1940	2046	1993	2227	2332	2107	2201	2373	2367	2280	2349	…
CPI	% yoy eop	15.0	15.0	12.3	11.0	6.9	10.5	9.7	8.5	6.9	6.8	8.3	10.5	10.1
PPI	% yoy eop	-0.9	1.6	14.3	18.6	25.5	19.2	21.7	27.9	25.5	24.4	23.3	19.2	19.8
Exports (USD)*	% yoy cum.	-42.2	-43.7	-40.7	22.1	28.9	26.8	28.1	31.4	33.5	33.3	33.2	31.7[e]	…
Imports (USD)*	% yoy cum.	-49.5	-49.3	-46.9	18.5	24.7	27.3	23.0	25.9	29.6	30.1	31.8	34.9[e]	…
Merchandise trade balance	USD bn cum.	-1.9	-3.7	-5.7	-1.2	-1.9	…	-1.9	-2.1	-2.5	-3.5	-4.6	…	…
Current account**	USD bn cum.	-0.8	-1.1	-1.8	-0.2	0.2	…	0.1	0.2	0.2	0.0	-0.6	-0.8	…
Current account	% GDP, cum.	-1.5	-1.3	-1.5	-0.7	0.4	…	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	27.3	28.2	26.5	25.1	29.5	34.70	26.4	26.7	29.5	30.9	32.7	34.7	34.3
Monetary Base	% yoy eop	22.4	7.5	4.4	12.5	16.3	18.0	11.0	11.9	16.3	18.3	20.2	18.0	22.8
Lending rate on UAH credits	% pa, aop	19.1	17.9	19.8	17.4	14.8	13.0	15.6	14.6	14.1	13.5	12.6	13.0	13.1
Exchange rate (interbank)	USD aop	7.76	8.00	8.06	8.00	7.92	7.90	7.92	7.92	7.91	7.90	7.89	7.92	8.0
Exchange rate (official)	USD aop	7.66	7.82	7.99	7.99	7.92	7.90	7.93	7.93	7.92	7.90	7.89	7.91	7.91
Exchange rate (official)	EUR aop	10.41	11.18	11.81	11.07	10.10	10.18	10.63	10.00	9.67	10.06	10.18	10.29	10.99

Sources: Derzhkomstat, NBU, own calculations

* Monthly figures are only for merchandise exports and imports (source: Derzhkomstat)
Quarterly figures are for trade in goods and services (source: NBU)

** Monthly data are according to the preliminary estimates provided by the NBU

[e] preliminary estimate provided by the NBU

Key Economic Indicators		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	948.1	914.7
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.4
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1	-15.1
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-21.9
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	0.1
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.3
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.7
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.6	-43.1
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.9	-1.9
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2	-1.7
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.9	4.5
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5	26.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.4
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33.0
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15.0	21.5
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70	7.98
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68

Sources: Derzhkomstat, NBU, Ministry of Finance, own calculations

''' "Minus" denotes a consolidated fiscal deficit

Notes:

avg	average	**ytd**	year-to-date	**NBU**	National Bank of Ukraine
cum	cumulative	**p.a.**	per annum	**EPT**	Enterprise profit tax
mom	month on month change	**eop**	end of the period	**VAT**	Value added tax
qoq	quarter on quarter change	**aop**	average of the period	**Derzhcomstat**	State Statistics committee of Ukraine
yoy	year-on-year change	**gs**	goods and services		

Quarterly trends

National accounts		Q1 07	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
GDP	UAH bn	137.6	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
GDP (real)	% yoy	8.9	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
Household consumption (real)	% yoy	14.7	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
State consumption (real)	% yoy	0.8	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
Gross fixed capital formation (real)	% yoy	24.4	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
Exports of goods and services (real)	% yoy	4.9	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
Imports of goods and services (real)	% yoy	12.9	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
Agriculture, hunting, forestry (real)*	% yoy	4.8	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
Manufacturing industry (real)*	% yoy	15.0	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
Construction (real)*	% yoy	13.3	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
Trade, repair services (real)*	% yoy	14.3	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
Transport(real)*	% yoy	7.0	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
Balance of payments															
Current account balance	USD bn	-1.1	-0.6	-0.3	-3.257	-3.7	-3.4	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	-0.2	0.4
Current account balance	% of GDP	-4.0	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.6	-0.6	-0.2	-2.7	-0.7	1.2
Trade balance in goods	USD m	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-882	-622	-1396	-1407	-1235	-712
Trade balance in services	USD m	50	448	1614	308	77	308	1341	15	116	432	1256	550	739	1012
Current transfers	USD m	732	844	947	1016	740	833	831	723	632	667	640	722	629	749
Direct investment (FDI)	USD m	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	923	1213
Portfolio investments	USD m	1816	1477	616	1844	217	160	-690	-967	-350	2286	1428	1396	-317	799
Gross international reserves	USD bn	23.0	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
Exchange rate(market), UAH/USD	aop	5.04	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
Exchange rate(official), UAH/USD	aop	5.05	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
Fiscal indicators															
Consolidated fiscal revenues	% of GDP	33.3	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
Personal income tax	% of GDP	5.1	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
Enterprise profits tax	% of GDP	3.8	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
Value-added tax	% of GDP	10.4	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
Excise tax	% of GDP	1.8	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
Consolidated fiscal expenditures	% of GDP	28.4	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
Current expenditures	% of GDP	26.9	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
Capital expenditures	% of GDP	1.6	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
Consolidated fiscal balance	% of GDP	4.7	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
Privatisation receipts	% of GDP	0.5	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
Labour market															
Average wage (real)	% yoy	12.3	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
Household income (real)	% yoy	17.5	17.4	14.9	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6	1.4	8.7
Unemployment rate (ILO methodology)	% cum	7.4	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
Banking system															
Monetary aggregate M0	% yoy cum	26.2	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
Monetary aggregate M2	% yoy cum	38.6	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
Household deposits in national currency	% yoy cum	50.7	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
Household deposits in foreign currency	% yoy cum	52.3	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
Com. bank credits in national currency	% yoy cum	52.4	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
Com. bank credits in foreign currency	% yoy cum	98.9	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
Long-term com. bank credits	% yoy cum	84.1	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
Long-term com. bank credits	% of total	65.8	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
Average lending rate on national currency credits	% p.a.	14.0	13.9	13.7	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8	17.4	14.6
Average lending rate on foreign currency credits	% p.a.	11.5	11.4	11.3	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	10.1	10.4	10.8

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 esti

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