Monthly Economic Monitor Ukraine

- Mykola Azarov became the new Prime Minister of Ukraine.
- Real GDP fell by 6.8% in the fourth quarter of 2009.
- Agricultural producers continued to face problems with VAT refund.
- In February financial account deficit halved to USD 0.6 bn.
- The central fiscal deficit reached UAH 4.8 bn in February.
- Real incomes fell by 8.5% in 2009, with largest decrease in wage and business income.
- March consumer inflation was 11.0% yoy.
- The NBU bought USD 1.0 bn in March to prevent hryvnia from appreciating.
- HIGHLIGHT OF THE MONTH: Budget

No.4 (114)
April
2010

Population: 45.8 m
Industry/GDP: 27%
Agriculture/GDP: 8%
Investment/GDP: 18%
Exports to: Russia 25%, EU 28%
Imports from: Russia 22%, EU 35%

Politics: Ukraine's new government

On March 11, new Cabinet of Ministers headed by Mykola Azarov, one of the leaders of the Party of Regions, was appointed. The government includes mostly the members of the Party of Regions. The formation of this government was made possible after the Verkhovna Rada had introduced amendments into the Parliament's rules of order about coalition establishment. According to new rules, the parliamentary coalition can be formed both by factions and by individual deputies while before only factions could join the coalition. The Party of Regions used amended rules to form a new coalition. New coalition included the Party of Regions faction, Communists faction, the Lytvyn bloc and 16 individual deputies from the NUNS and the BYUT factions, totalling 235 deputies.

Yulia Tymoshenko, former Prime Minister and the new leader of opposition, claimed amendments making coalition possible are unconstitutional, and challenged them in the Constitutional Court. This case is still open. Simultaneously deputies from the Party of Regions asked the Constitutional Court to decide whether separate deputies could join coalition. In the beginning of April the Constitutional Court approved new new definition of the coalition. Thus, it overturned earlier decision made in November 2008 that defined coalition as including only factions.

For the first time since 2005, the country's three key institutions – President, Government and Parliament – are under control of one party. After years of political instability, one-party responsibility may have positive effects in terms of stabilization and coherence of public policies. At the same time, power concentration within a single party also bears some risks of authoritarian drift.

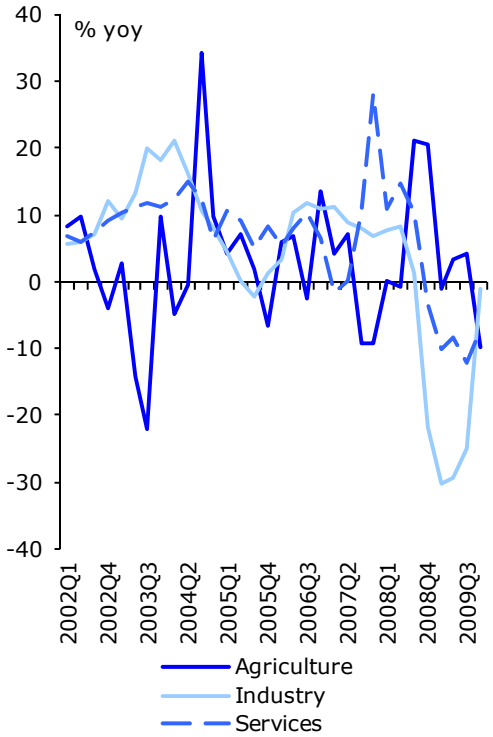
Real sector: According to revised estimate, real GDP contracted by 15.1% in 2009

According to revised estimate provided by the Derzhkomstat, real GDP contracted by 15.1% in 2009. The decline decelerated in the fourth quarter of the year, though remained deep at 6.8% yoy despite low statistical base in fourth quarter of 2008. On demand side, last-quarter deceleration of economic contraction is largely attributed to real exports growth at 3.2% yoy against the background of still falling imports at 10.2% yoy between October and December. Annually, real exports reduced by 25.6%, while imports by 38.6%.

Decline in real gross fixed capital accumulation in the fourth quarter slowed to 29.9% yoy bringing annual decline to 46.2% yoy. Hopes for recovery of household consumption in the last quarter of the year turned out to be wrong, as incomes remained depressed. Real household consumption fell by 13.8% yoy in 2009.

On production side, annual real gross value added (GVA) declines were revised significantly in several industries. Real GVA decline in construction and trade were narrowed to 45.9% and 15.7% in 2009, respectively, while manufacturing GVA contraction was widened to

GVA by major sectors



Source: Derzhkomstat

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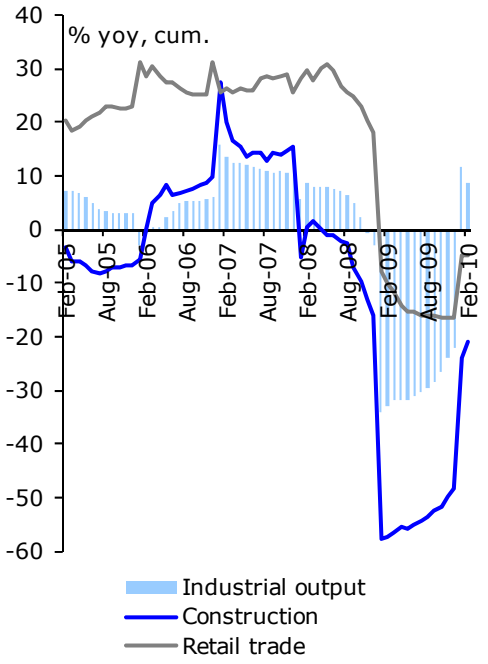
26.6%. Agriculture and healthcare GVA demonstrating small growth according to preliminary estimates were revised to annual decline at 0.3% and 1.5%, accordingly.

In February 2010, growth in industrial output slowed to 5.6% yoy. The machine building and chemical industry were best performers and grew by 19.2% yoy and 15.4% yoy, respectively. The increase occurred mainly at the expense of expansion of buses and railcars production, and hike in medicines output. In addition, production and distribution of electricity, gas and water grew by 19.2% yoy due to cold winter. Metal production growth slowed to 3.0% yoy depressed by weak international demand, hike of iron ore prices and disruptions in coke supply.

Freight turnover grew by 15.3% yoy for the first two months of the year mainly reflecting the revival of exports and increase in natural gas transit comparing to low volumes a year ago. Between January and February, agriculture output increased by 5.2% yoy as pig and poultry stock increased.

Domestic consumption and investment remained weak. In the first two months of the year, construction and retail trade fared poorly. Retail trade turnover fell by 4.7% yoy over this period while construction fell by over 20% yoy. As a result, food industry and production of construction materials continued dropping with their output contracted by 0.4% yoy and 20.1% yoy, respectively, in February.

Real sector trends



Source: Derzhkomstat

Sectoral trends: Agricultural exporters are owed billions in VAT refund

Agriculture. Agricultural exporters claim to be owed UAH 8 bn in VAT refunds including UAH 1 bn to Cargill, one of the leading US multinational companies in the Ukrainian grain market. Cargill complained about the issue to the IMF and US Treasury. Problems with VAT refund drain liquidity from agricultural exporters and may lead to reputation damage and lower FDI if the practice continues.

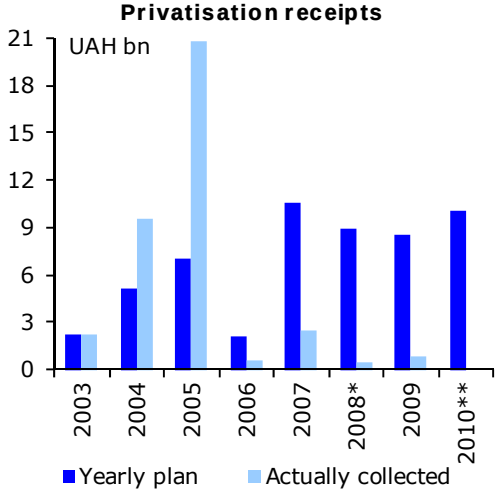
Energy. Ukraine did not export the electricity in March mainly due to steam coal deficit in energy generating company JSC Zakhidenergo. The company was forced to switch to expensive natural gas and exports became unprofitable. Coal deficit was caused by the Government interference to electricity market that forced generating companies to buy coal from state mines. The latter failed to supply required amount of coal.

Transport. The Ministry of Transport and Communications (MTCU) extended duration of fee discounts for transit freight services in ten ports until December 31, 2010. Initially tariffs were reduced by 18-50% until April 1. However, transit freight handled by the Ukrainian ports continued falling in 2010, and dropped by 25.2% yoy between January and February. In this situation, a cancellation of discounts would be economically unwise. The decision of the MTCU could help improve competitiveness of Ukrainian ports, though relatively high railway freight tariffs limit potential positive effect of the decision.

Telecommunications. In March, the Antimonopoly Committee of Ukraine (AMCU) approved the merger of two large telecom operators: URS (TM Beeline) and Kyivstar. United company will account for 43.5% of Ukrainian mobile market by number of subscribers and concentrate significant market power. However, the AMCU was not able to block the merger due to the deficiencies in the current regulatory framework.

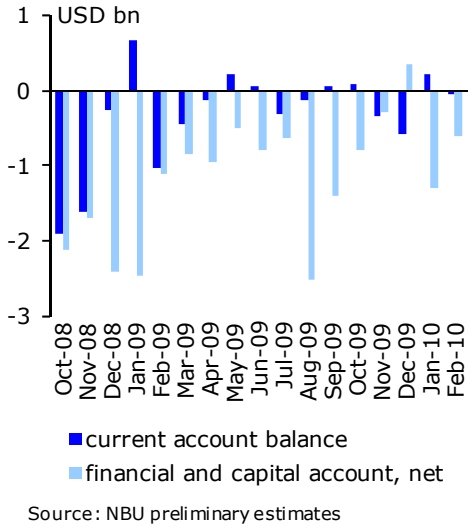
Privatization. On March 17, the Cabinet of Ministers appointed Olekandr Ryabchenko as acting Head of the State Property Fund (SPFU), and on April 1, he was approved in this position. He announced that the SPFU plans to raise UAH 10 bn privatisation receipts in 2010. The objects for sale include energy generating and distribution companies, 67% stake in Ukrtelecom (minimum target sale price is USD 0.88 bn), 76% stake in Lugansklocomotive (USD 50 m), and 99.6% in Odessa by-port plant (USD 0.62 bn).

Privatisation receipts



* initial plan as of December 28, 2007 (plan was revised downwards to UAH 607 m)
** SPFU plans
Source: SPFU

Balance of payments



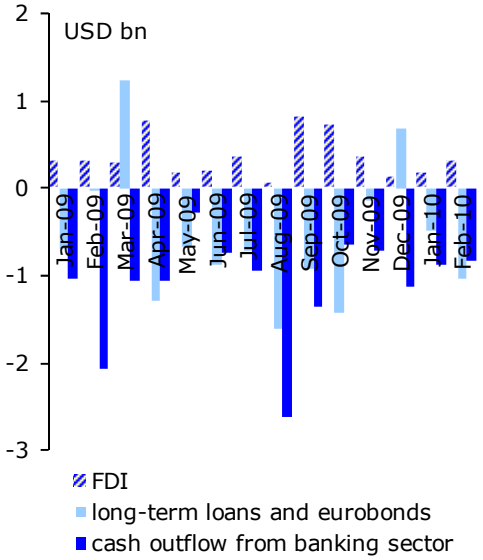
Source: NBU preliminary estimates

External sector: Financial account deficit halved in February against the background of real sector arrears

According to the NBU preliminary estimates, in February current account was close to balance at minus USD 36 m. Merchandise exports and imports increased almost symmetrically, by 12.1% mom and 10.8% mom respectively, but remained lower than in last months of 2009. All key components of merchandise exports grew except for metals, which continued falling for the fourth month in a row against the background of uncertain external demand and disruptions in coke supply. Merchandise import increase was driven by non-energy imports, while gas purchases contracted due to lower demand. Decreased surplus of trade in services and increased outflow of incomes worsened current account balance.

Financial account deficit narrowed to USD 0.6 bn due to several reasons. FDI inflows in banking sectors resumed at USD 0.24 bn, while real sector increased arrears on external debt payments. Inflow of short-term money to banks also played a role in deficit narrowing. Net outflow of foreign currency from banks was at USD 0.8 bn comparable to the previous months' figures.

Financial account



Source: NBU

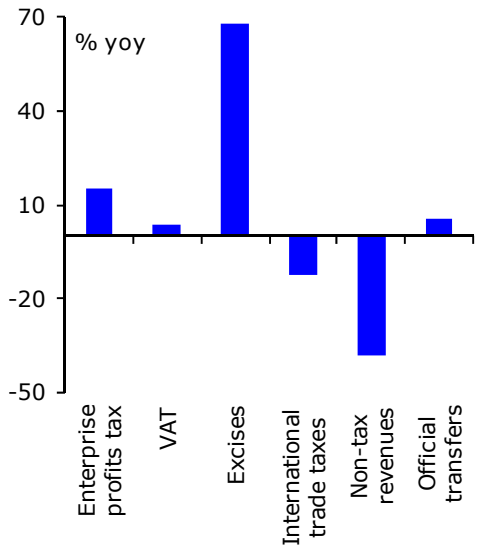
Fiscal policy: The central fiscal deficit increased to UAH 4.8 bn in February

Between January and February, central fiscal revenues totalled UAH 30.9 bn and were 3.2% lower than a year before. However, tax revenues due to general fund grew by 23.5% yoy. Receipts from the EPT and excises increased by 15.0% yoy and 67.7% yoy, respectively. The amount of VAT refunds dropped by 22.7% yoy, resulting in 4.0% yoy growth in net VAT revenues despite the slight fall in the VAT on imports. At the same time, revenues from international trade taxes and majority of non-tax items declined significantly.

The central fiscal expenditures increased by 15.6% yoy in part due to the twofold increase in debt service expenditures. Besides the expenditures on social security grew by 26.6% yoy. At the same time, expenditure on economic activity dropped significantly (by 53.2% yoy).

As a result, the central fiscal deficit reached UAH 4.8 bn as compared to UAH 0.3 bn surplus recorded in the same period of previous year. As privatization receipts and funds accumulated at the United Treasury Account were extremely low it was mainly financed at the expense of internal borrowings. Sales of state domestic bonds tripled from a year before.. At the same time, local budgets had UAH 2.1 bn surplus thanks to restrictions imposed by central government.

Central fiscal revenues in January-February 2010

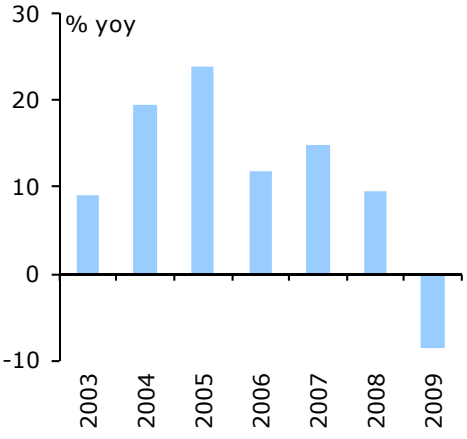


Source: State Treasury reports

Social policy: Share of wages in household income declined

In 2009, real household disposable income dropped by 8.5%, while nominal disposable income grew by 6.0%. All income components declined in real terms except for investment income that increased likely due to higher interest rates on deposits. Real wage incomes dropped by 11.5% due to the reduced employment and moderate nominal wage increase. Decline in economic activity resulted in drop of real business income. Real incomes received from social assistance and current transfers declined only by 4.1%. As a result, share of wages in total incomes declined by 1.5 percentage points to 41.9%, though they remained the major source of income.

Real disposable household income



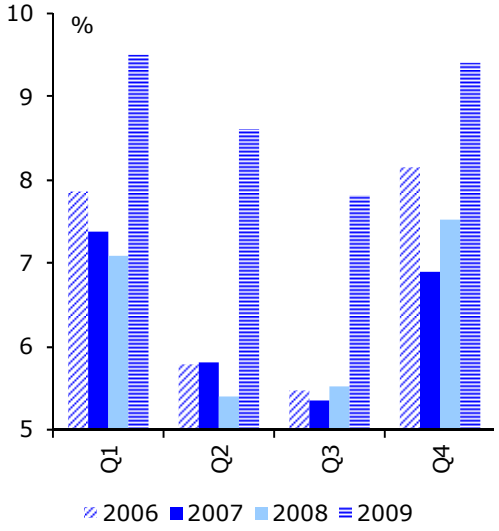
Source: Derzhkomstat

Labour market: Unemployment picked up in the fourth quarter of 2009

The unemployment rate (ILO methodology) increased to 9.4% of economically active population between 15 and 70 years old in the fourth quarter of 2009. It was only 0.1 percentage points lower, than in the first quarter at the peak of economic crisis. Thus, labour market remained weak after seasonal increase in employment rates in the second and the third quarters vanished.

Annual unemployment rate increased by 2.4 percentage points to 8.8% of economically active population between 15 and 70 years old in 2009 against the background of economic crisis. The unemployment rate in urban area reached 9.6%. It increased more for male population as construction and industrial sectors that have mostly male workforce suffered the most from the crisis.

Unemployment rate (ILO)



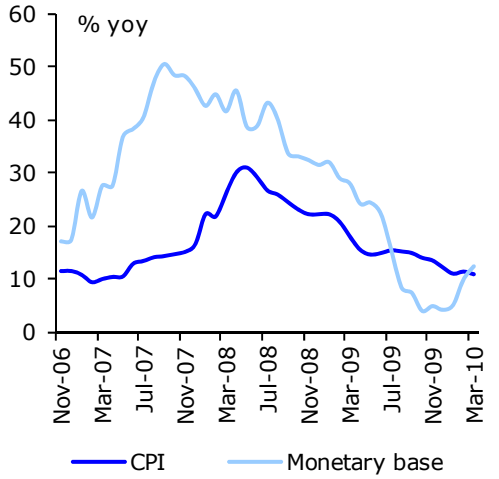
Source: Derzhkomstat

Monetary policy: Inflation slowed to 11.0% yoy in March

Consumer prices growth slowed to 11.0% yoy in in March from 11.5% yoy in February as run-up in food prices gradually subsided. Weak consumer demand also limited price growth but high inflation expectations supported inflation at elevated level. At the same time, core inflation returned to single digits in March and reached 9.6% yoy.

Banks had ample liquidity in March as the NBU pumped funds to economy through foreign currency and government bond purchases. Total injection could reach UAH 16 bn. Bank reserves at the NBU grew from UAH 16 bn in the end of February to almost UAH 25 bn on March 24 and remained over UAH 20 bn in the last weeks of March. The NBU also withdrew over UAH 1 bn through the CD issuance. The rest of liquidity wound up in households as cash in circulation and cash foreign currency and as government funds at the NBU. As a result, monetary base grew by 12.5% yoy and money supply increased by 6.6% yoy in March as compared to 10.0% yoy and 2.1% yoy respectively in February.

Monetary base and inflation



Source: Derzhkomstat, NBU

Financial markets: The NBU bought USD 1.0 bn to prevent significant hryvnia appreciation

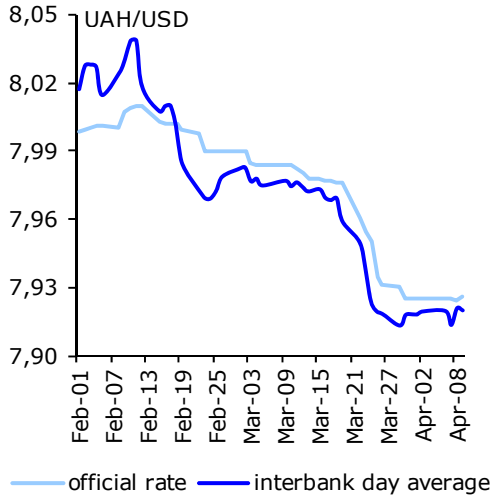
Exchange rate Foreign exchange market experienced excess of supply over demand in March. The NBU prevented significant appreciation of hryvnia as it bought almost USD 1 bn in reserves. At the same time, hryvnia slowly but steadily appreciated from daily average of UAH/USD 7.98 to UAH/USD 7.92c. Foreign exchange market liquidity improved somewhat but appreciation pressure was driven not only by increased foreign currency supply but also by limited demand for foreign currency. Partly, supply increased due to short-term inflows. Under these circumstances, market conditions may change quite easily if demand returns to the market or direction of short-term flows changes.

Banking sector. In March total deposits rose by 4.3% mom with largest growth in national currency corporate deposits (12.8% mom). Though it was partly seasonal, growth in deposits probably also reflects improved financial situation in real sector. Other categories of deposits also increased. In particular, household deposits grew significantly probably due to increased confidence in banking sector.

According to NBU, total loans outstanding fell slightly by 0.7% mom. However, it was caused by technical factors, namely exchange rate appreciation and liquidation of four banks (Ipobank, Dnister, Bigenergia, Transbank). They had UAH 3.5 bn of hryvnia denominated loans and UAH 0.6 bn of foreign currency loans. Thus, remaining banks expanded lending to corporations in national currency by approximately 1.6% mom, while foreign currency loans fell by 0.9% mom in dollar terms.

State debt. In March, the Ministry of Finance was able to sharply reduce yields of domestic government bonds and significantly increase amounts placed. The placement amounted to UAH 8.6 bn with 13.5% p.a. yield. The main reason for diminishing yields was the demand for government bonds from government-owned banks. The NBU later bought some of these bonds. Non-residents also renewed their interest in the Ukrainian domestic bonds. The share of medium-term bonds (two- and three-year bonds) maturing in 2011-2013 decreased to 54.0% of the total placement (as compared to 73.1% in February), demonstrating growing demand for short-term bonds. As in previous months, five–year–bonds did not sell well totalling 3.8% of the placement.

Exchange rate



Source: NBU

Highlight of the month: Budget

Fiscal sustainability urges reforms

by Oleksandra Betliy

In the end of March, the IMF mission returned to Kiev to continue negotiations about the next loan instalment within the framework of SDR 11 bn stand-by arrangement. The previous round of talks in November 2009 was without results primarily due to disagreements on the fiscal policy. In this round of negotiations, fiscal policy became also an obstacle. One of the major concerns of the IMF is size of fiscal deficit needed to finance the increase in social standards in 2010 and fiscal sustainability in future years.

According to the IMF methodology, the consolidated fiscal deficit in Ukraine reached 11.4% of GDP in 2009. This indicator is much higher than officially reported deficit at 2.4% of GDP. It includes recapitalisation of banks and the Naftogaz, off-budget transfers to the Pension Fund and inflow of SDRs. State debt almost doubled in relation to GDP.

The fiscal deficit is expected to remain high in 2010 and beyond. The size of deficit announced by different parties for this year varied from 6% of GDP to 10% of GDP. High deficit in 2010 is mostly attributed to low revenues and growing expenditures on social purposes, including transfer to the Pension Fund. Ukrainian pension system is characterised by narrow contribution base, on the one hand; and many privileged groups of retired individuals, on the other. Retirement age is the lowest in the Europe, while life expectancy at retirement age is one of the highest. Rapid growth in pensions envisaged in the October 2009 Law on social standards coupled with slower wage growth in public and private sectors will result in wider gap between the Fund's revenues and expenditures. Thus, the pension system is highly unsustainable.

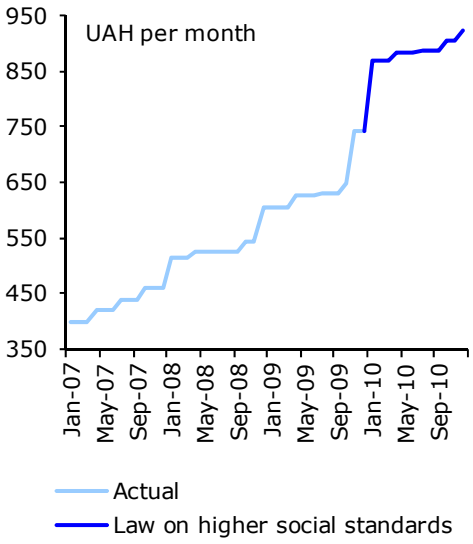
Envisaged rapid increase in minimum wage will result in higher spending on wages in public sector, while price growth including utility tariffs increases will also lead to higher budget expenditures. In addition, capital expenditures will have to increase from very low level of 2009 to finance preparations for EURO-2012. At the same time, the Government is unlikely to allocate enough capital outlays to support aging infrastructure. Another problem is ineffective but extensive subsidies to coal and agricultural sectors.

Fiscal problems faced by Ukraine are not unique. Fiscal crises in many countries were defined as one of the largest global risks for 2010 by WEF. Government debt has recently increased fast in many developed countries. Situation in Greece is especially similar to Ukraine. It has rather generous pension system, namely wide spread early retirement schemes. Civil servants and certain other groups have extensive benefits. As a result, Greek fiscal deficit peaked at 12.7% of GDP in 2009. Under the EU pressure, Greece announced a strict austerity measures to reduce fiscal deficit to 3% in 2013. In particular, it plans to increase taxes and cut spending through increased average retirement age and streamlined social benefit system.

Ukraine would benefit from similar measures. The Government should refrain from rapid increases in social and wage payments, streamline the subsidies to sectors of economy. Pension reform should be a priority to ensure the sustainability of the Pension Fund. Besides, the Government should expand tax revenues through elimination of tax privileges and introduction of the property tax.

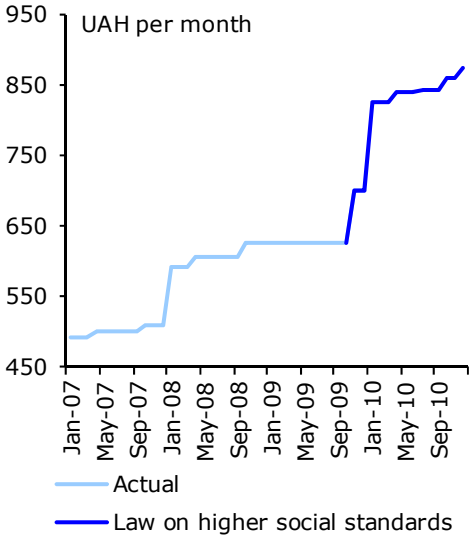
If the Government fails to deliver the required reforms, debt burden will grow and fiscal deficits will remain high. High deficits might crowd out private investments, which are necessary for faster recovery. Government investment will remain underfunded as entitlements and high debt service costs will grow. With aging infrastructure, the country is also likely to lose competitiveness in many sectors and markets. Therefore, the price of delay with reforms is very high.

Monthly minimum wage



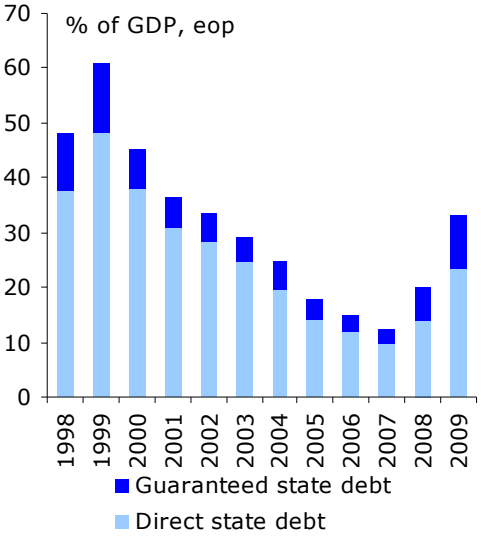
Source: State Budget Laws for 2007-2009, Law 1646-VI

Subsistence minimum: general level



Source: State Budget Laws for 2007-2009, Law 1646-VI

State debt



Source: Ministry of Finance

Economic Trends		Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Industrial production (real)	% yoy cum.	-31.9	-31.1	-28.4	-21.9	...	-30.4	-29.6	-28.4	-26.4	-24.0	-21.9	11.8	8.8	...
Construction (real)	% yoy cum.	-56.7	-54.9	-52.4	-48.2	...	-54.3	-53.6	-52.4	-51.5	-49.7	-48.2	-24.1	-20.9	...
Agricultural production (real)	% yoy cum.	1.7	2.6	3.3	0.1	...	3.8	0.4	3.3	0.1	0.0	0.1	5.4	5.2	...
Retail trade turnover (real)	% yoy cum.	-11.5	-15.2	-16.2	-16.6	...	-15.9	-15.9	-16.2	-16.2	-16.5	-16.6	-4.8	-4.7	...
Average wage	UAH	1736	1892	1940	2046	...	2008	1849	1964	1950	1955	2233	1916	1955	...
CPI	% yoy eop	18.1	15.0	15.0	12.3	11.0	15.5	15.3	15.0	14.1	13.6	12.3	11.1	11.5	11.0
PPI	% yoy eop	12.8	-0.9	1.6	14.3	18.6	-3.7	-3.7	1.6	5.1	12.9	14.3	16.3	16.4	18.6
Exports (USD)***	% yoy cum.	-35.6	-42.2	-43.7	-40.7	...	-49.0	-49.4	-48.7	-47.5	-43.4	-40.7	23.6	24.4[e]	...
Imports (USD)***	% yoy cum.	-45.2	-49.5	-49.3	-46.9	...	-53.8	-53.8	-53.5	-52.4	-49.9	-46.9	63.0	27.0[e]	...
Merchandise trade balance	USD bn cum.	-0.8	-1.9	-3.7	-5.7	...	-3.1	-3.8	-4.1	-4.3	-4.8	-5.7	-0.3	-0.7[e]	...
Current account****	USD bn cum.	-0.7	-0.8	-1.1	-1.8	...	-1.1	-1.2	-1.1	-1.0	-1.3	-1.9	0.2	0.2	...
Current account	% GDP, cum.	-3.4	-1.5	-1.3	-1.5	...	x	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	25.4	27.3	28.2	26.5	25.1	29.6	28.9	28.2	27.7	27.3	26.5	25.3	24.1	25.1
Monetary Base	% yoy eop	28.1	22.4	7.5	4.4	12.5	15.6	8.5	7.5	4.1	5.0	4.4	5.3	10.0	12.5
Lending rate on UAH credits **	% pa, aop	26.5	19.1	17.9	19.8	17.4	18.5	17.5	17.8	19.3	20.6	19.6	17.4	17.9	16.8
Exchange rate (interbank)	USD aop	8.1	7.76	8.00	8.06	8.00	7.86	7.97	8.31	8.14	8.08	7.98	8.04	8.01	7.96
Exchange rate (official)	USD aop	7.70	7.66	7.82	7.99	7.99	7.70	7.81	8.00	8.00	7.99	7.98	8.00	8.00	7.97
Exchange rate (official)	EUR aop	10.06	10.41	11.18	11.81	11.07	10.82	11.13	11.64	11.84	11.92	11.68	11.43	10.95	10.82

Sources: Derzhkomstat, Ministry of Finance, NBU, IFS, Reuters, 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 figures do not include the regular quarterly revision of the GDP series

**Weighted average for different maturities (source: NBU)

*** Growth rate in dollar terms

**** 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
cum	cumulative	**p.a.**	per annum
mom	month on month change	**eop**	end of the period
qoq	quarter on quarter change	**aop**	average of the period
yoy	year-on-year change	**gs**	goods and services

Quarterly trends

National accounts		Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
GDP	UAH bn	124.1	150.4	157.7	137.6	165.1	197.4	212.8	187.7	233.7	275.8	252.7	188.0	213.7	251.3	261.7
GDP (real)	% yoy	6.8	6.9	9.5	8.9	8.6	6.2	7.4	6.3	6.2	6.4	-8.0	-20.2	-17.8	-16.0	-6.8
Household consumption (real)	% yoy	18.2	11.8	9.9	14.7	15.5	15.2	19.0	22.5	13.3	16.7	1.6	-15.1	-14.3	-13.7	-13.8
State consumption (real)	% yoy	5.8	5.8	1.0	0.8	6.2	4.4	2.4	-0.2	1.3	-0.2	0.2	0.5	-5.4	-7.9	-8.7
Gross fixed capital formation (real)	% yoy	19.3	17.9	18.3	24.4	23.5	18.9	23.8	19.4	12.0	0.1	-17.4	-53.9	-51.3	-48.8	-29.9
Exports of goods and services (real)	% yoy	-9.6	3.2	1.0	4.9	5.2	0.1	5.6	4.4	7.2	18.9	-10.4	-25.8	-37.9	-34.0	3.2
Imports of goods and services (real)	% yoy	0.9	8.3	6.4	12.9	19.6	13.7	27.2	23.8	24.4	31.8	-4.2	-38.1	-52.5	-46.3	-10.2
Agriculture, hunting, forestry (real)*	% yoy	2.8	-5.6	8.1	4.8	6.8	-9.3	7.1	0.5	-0.5	21.9	20.7	-1.1	3.3	4.3	-9.7
Manufacturing industry (real)*	% yoy	6.1	7.3	7.2	15.0	13.2	13.1	4.4	9.0	9.4	1.8	-22.6	-35.8	-32.9	-28.6	-5.0
Construction (real)*	% yoy	0.8	1.4	4.2	13.3	8.2	12.7	5.8	-1.5	-6.3	-17.0	-32.7	-54.3	-47.0	-46.5	-38.2
Trade, repair services (real)*	% yoy	16.4	20.0	21.9	14.3	17.5	25.3	15.0	15.7	10.9	2.2	-13.9	-13.2	-13.2	-19.1	-16.6
Transport (real)*	% yoy	7.7	9.4	5.3	7.0	5.6	8.0	10.2	10.2	14.1	10.8	-4.3	-14.4	-11.2	-9.6	-1.1
Balance of payments																
Current account balance	USD bn	0.0	0.5	-1.4	-1.1	-0.6	-0.3	-3.257	-3.7	-3.4	-2.1	-3.7	-0.7	-0.2	-0.1	-0.9
Current account balance	% of GDP	0.0	1.7	-4.3	-4.0	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.7	-0.6	-0.2	-2.7
Trade balance in goods	USD m	-935	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-957	-699	-1486	-1513
Trade balance in services	USD m	506	1054	347	50	448	1614	308	77	308	1341	15	177	494	1328	634
Current transfers	USD m	790	851	910	732	844	947	1016	740	833	831	723	632	667	640	722
Direct investment (FDI)	USD m	1489	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282
Portfolio investments	USD m	-141	370	3350	1816	1477	616	1844	217	160	-690	-967	-434	-360	-2334	1396
Gross international reserves	USD bn	17.7	19.2	22.4	23.0	25.9	30.7	32.5	33.2	35.5	37.5	31.5	25.4	27.3	28.2	26.5
Exchange rate(market), UAH/USD	aop	5.02	5.02	5.03	5.04	5.02	5.01	5.04	5.03	4.79	4.70	6.49	8.09	7.76	7.99	8.06
Exchange rate(official), UAH/USD	aop	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	4.96	4.85	6.21	7.70	7.66	7.82	7.99
Fiscal indicators																
Consolidated fiscal revenues	% of GDP	31.7	31.9	32.8	33.3	32.8	30.8	31.1	32.9	32.0	29.5	31.6	35.0	30.6	25.4	35.8
Personal income tax	% of GDP	4.6	4.1	4.1	5.1	5.3	4.9	4.8	5.2	5.1	4.3	4.9	5.2	5.3	4.4	4.7
Enterprise profits tax	% of GDP	4.6	4.3	6.7	3.8	4.1	4.1	6.4	4.2	4.5	5.0	6.3	3.9	3.3	3.7	3.6
Value-added tax	% of GDP	9.2	9.7	9.3	10.4	9.8	8.7	7.6	10.6	10.9	9.8	7.8	11.8	8.3	6.4	10.9
Excise tax	% of GDP	1.7	1.5	1.5	1.8	1.7	1.6	1.3	1.5	1.3	1.2	1.4	2.0	2.4	2.5	2.6
Consolidated fiscal expenditures	% of GDP	32.8	29.4	36.6	28.4	31.0	29.6	36.7	29.8	31.6	27.2	41.2	34.6	36.7	29.5	34.3
Current expenditures	% of GDP	29.7	24.9	29.2	26.9	28.4	25.9	27.3	28.9	28.5	22.4	33.8	33.7	35.0	26.9	31.2
Capital expenditures	% of GDP	3.2	4.5	7.4	1.6	2.6	3.7	9.4	1.0	3.1	4.8	7.4	0.9	1.7	2.6	3.1
Consolidated fiscal balance	% of GDP	1.1	-2.4	4.0	4.7	1.7	1.2	-6.2	3.0	0.4	1.9	-10.3	0.0	-6.2	-4.5	1.1
Privatisation receipts	% of GDP	0.1	0.1	0.1	0.5	0.5	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0
Labour market																
Average wage (real)	% yoy	22.2	18.3	10.8	12.3	11.7	12.7	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.9
Household income (real)	% yoy	18.6	20.3	16.3	17.5	17.4	14.9	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6
Unemployment rate (ILO methodology)	% cum	6.8	6.4	6.8	7.4	6.6	6.2	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	8.8
Banking system																
Monetary aggregate M0	% yoy cum	25.3	23.7	24.5	26.2	30.6	41.1	48.2	48.4	48.6	37.9	39.3	33.9	22.8	11.5	1.5
Monetary aggregate M2	% yoy cum	36.6	36.7	34.3	38.6	40.7	47.8	50.8	52.7	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4
Household deposits in national currency	% yoy cum	41.1	39.7	37.3	50.7	56.3	64.8	71.9	67.9	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5
Household deposits in foreign currency	% yoy cum	66.2	64.3	57.5	52.3	43.8	38.4	32.5	35.2	32.9	31.2	66.3	31.8	33.0	39.2	4.7
Com. bank credits in national currency	% yoy cum	53.7	49.0	52.3	52.4	57.2	60.7	72.7	81.2	70.6	54.9	40.4	27.6	27.8	25.2	16.9
Com. bank credits in foreign currency	% yoy cum	82.1	90.4	95.4	98.9	97.4	91.0	75.4	71.3	57.9	53.4	103.6	70.8	48.7	32.4	-15.2
Long-term com. bank credits	% yoy cum	86.7	76.6	79.5	84.1	86.5	87.9	85.7	84.8	67.2	50.9	73.3	50.8	37.3	29.9	-3.8
Long-term com. bank credits	% of total	63.4	63.5	64.9	65.8	67.3	68.2	69.2	69.1	68.6	66.8	69.8	69.9	68.2	67.3	68.1
Average lending rate on national currency credits	% p.a.	15.5	14.6	15.1	14.0	13.9	13.7	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8
Average lending rate on foreign currency credits	% p.a.	11.3	11.3	11.5	11.5	11.4	11.3	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	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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