Monthly Economic Monitor Ukraine

- Ukraine and IMF preliminarily agreed on USD 15 bn loan program.
- Real GDP grew by 4.9% yoy in the first quarter of 2010 thanks to net exports and smaller decrease of inventories.
- Naftogaz is required to supply 12.1 bn cubic meters of natural gas to Rosukrenergo.
- Twin surpluses of financial and current account continued in May.
- The central fiscal deficit increased to UAH 15.2 bn over five months of 2010.
- Unemployment rate declined in the first quarter of 2010.
- Consumer inflation decelerated to 6.9% yoy in June.
- NBU interventions decreased to USD 0.9 bn in June.
- HIGHLIGHT OF THE MONTH: Draft Tax Code

No.7 (117)
July
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: Ukraine and IMF preliminarily agreed on USD 15 bn loan program

On July 3, the Government of Ukraine reached preliminary agreement with the IMF on an economic policy program that can be supported by two and a half year stand-by arrangement for SDR 10 bn (USD 14.9 bn). The agreement is subject to approval by IMF Management and the Executive Board approximately in late July. The Government will have to contain the consolidated budget deficit to 5.5% of GDP in 2010 and 3.5% in 2011.

On June 15, the Prime Minister of Ukraine took part in the 14th meeting of the EU-Ukraine Cooperation Council held in Luxembourg. Council reached some progress with visa-free travel arrangements with EU, but the timing remains unclear.

Real sector: Real GDP increased by 4.9% yoy in the first quarter

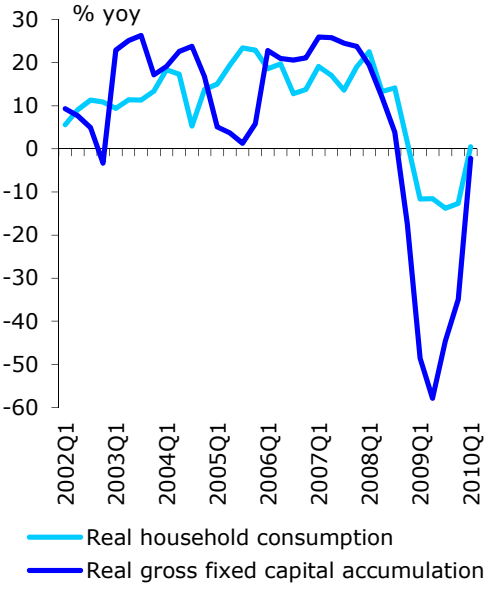
According to the new estimate of Derzhkomstat GDP increased by 4.9% yoy in the first quarter of 2010. On the demand side, economic growth was driven by real exports growth by 7.0% yoy and smaller decrease in inventories than in the first quarter of 2009. Real final consumption of households remained close to 2009 levels growing by only 0.5% yoy constrained by limited incomes and high saving. Gross fixed capital formation decreased by 2.2% yoy hit even from low base of 2009. Though, investment in machinery and equipment increased by 7.8% yoy. Investment was probably constrained by election season and uncertain prospects of economic recovery.

On production side, real GDP growth was mostly explained by higher real gross value added (GVA) in industry. Industry was supported by increased external demand. GVA in agriculture, transport and trade also grew. At the same time, real GVA in construction decreased by 19.2% yoy reflecting lack of solvent demand and funding constraints.

In May, industrial production grew by 12.7% yoy somewhat decelerating from the previous month. The major constraint for industrial growth was the metallurgy that suffers from uncertain external demand the second month in a row. Output in metallurgy decelerated its growth to 21.2% yoy, while coke and refinery products output fell down by 11.4% yoy. Chemistry and machinery output increase by 24.5% yoy and 32.2% yoy due to statistical base effect despite weak external demand.

Following the industry, the freight turnover growth also somewhat decelerated to 13.8% yoy in the five months of the year constrained by lower freights of steel and chemicals and decrease in oil transit. Retail trade volumes grew by 1.1% yoy between January and May, while they were declining during first four months of the year. During five months, real output in agriculture grew by 4.5% yoy somewhat slowing.

Quarterly consumption and investments trends



Source: Derzhkomstat

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Sectoral trends: Naftogaz owes 12.1 bn cubic meters of natural gas to Rosukrenergo

Energy. In June 8, the Arbitration Institute of the Stockholm Chamber of Commerce issued interim decision on case between 'RosUkrEnergo AG' and NJS 'Naftogaz'. According to the decision 'Naftogaz' must return 11 bn cubic meters(cm) of natural gas to the former intermediary o n Ukrainian gas market and deliver to it another 1.1 bn cm as a penalty. This gas was transferred to 'Naftogaz' in beginning of 2009 according to agreement with Russian Gazprom as owner of half of 'RosUkrEnergo'. Status of USD 1.7 bn claim of 'Naftogaz' to 'RosUkrEnergo' will be decided in final decision of the arbitration. In addition, it is unclear how the arbitration decision will be enforced.

The national energy company NJSC 'Energoatom' and Russian nuclear fuel producer OJSC 'TVEL' renewed the long-term agreement about nuclear fuel supply for Ukrainian nuclear power plants (PP) starting from 2010. It means that 'TVEL' corporation will remain the major supplier of nuclear fuel for the next 20 or 25 years. Previously Ukraine tried to diversify sources of supply and signed contract with U.S. company 'Westinghouse' to supply nuclear fuel to three Ukrainian energy units.

Agriculture. New harvesting campaign started in the second half of June with optimistic forecasts thanks to favourable weather conditions. The harvest of around 46 million tonnes of grains is expected with more than 50% to be exported. These figures show 10-15% increase from 2009/10 marketing year.

Telecommunications. In June, the Antimonopoly Committee has determined that eight major telecom operators are monopolists within their networks. This decision allows the National Commission for Communications Regulation to regulate fees for interconnection between telecom operators improving competition and preventing conflicts on the market. These positive consequences will happen if interconnection fees will be determined transparently and set high enough to cover costs.

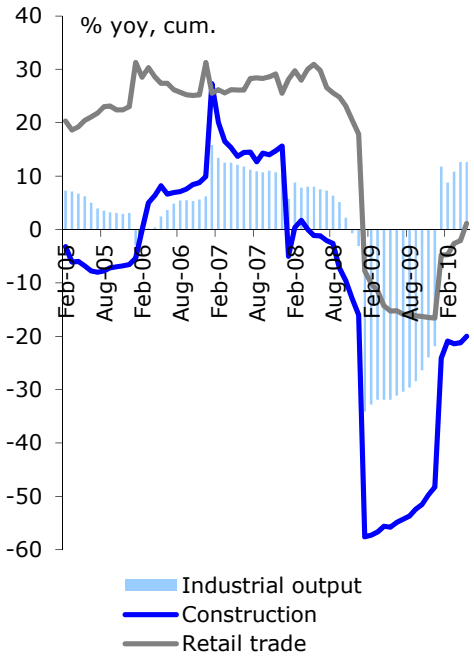
Privatization. On June 15, privatization auction for the sale of 76.01% stake of JSC "LuganskTeplovoz" took place. It was the first big privatization auction by new government. The plant returned to the state hands from Russian owner Bryansky machine building plant last year when 2007 sale was declared invalid by the court. Then the price for the plant was UAH 292.5 m (USD 58 m). Initially the State Property Fund had registered five bidders but three of them were disqualified a few days before the auction. Only two bidders remained including previous owner. Bryansky machine building plant offered UAH 10 m premium to the starting price of UAH 400 m and won the auction. Overall Ukraine lost UAH 48 m on the sale as court decided that price for previous sale was set in US dollars and compensation has to be paid in the same currency.

External sector: Current and financial accounts remain in surplus in May

In May, current account surplus remained close to April level at USD 0.26 bn as surplus in trade in goods and services expanded to USD 0.21 bn. Decrease in imports of agricultural products and chemistry led to decrease in merchandise imports by 4.6% mom in dollar terms. Exports of goods remained at the April level (-0.4% mom) as decrease in exports of agricultural products and machine building production was covered by increase in all other merchandise groups.

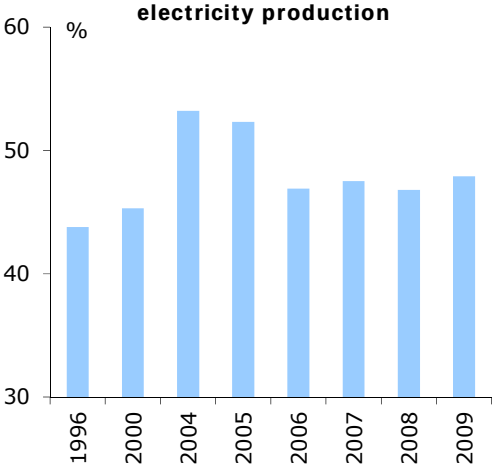
Financial and capital account surplus reduced in May to USD 0,73 bn. The structure of flows changed. Unlike in April a net outflow on credits and bonds (USD 0.53 bn) was observed due to both lower inflows caused by European debt crisis and high scheduled payments on existing debts. Financial account balance remained positive as FDI net inflow grew to USD 0.38 bn. Besides Ukrainian importers delayed payments on imported goods leading to increase in trade receivables and foreign currency outside banks continued to decrease.

Real sector trends



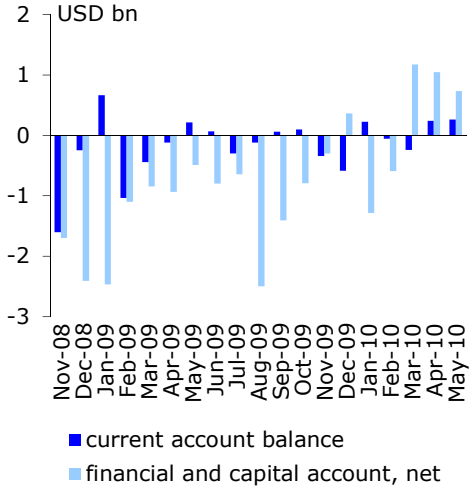
Source: Derzhkomstat

Share of nuclear energy in total electricity production



Source: NJSEC 'Energoatom'

Balance of payments



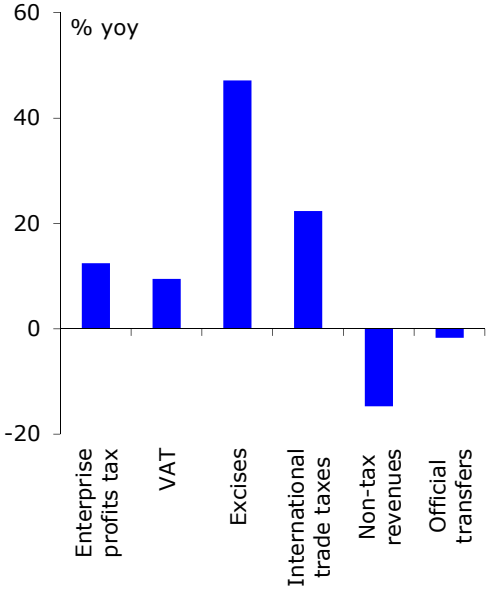
Source: NBU preliminary estimates

Fiscal policy: The central fiscal deficit reached UAH 15.2 bn by the end of May

Between January and May, central fiscal revenues increased by 5.9% yoy to UAH 93.8 bn thanks to higher tax revenues growth. Revenues from enterprise profit tax (EPT) and VAT grew by 12.5% yoy and 9.4% yoy, respectively. VAT revenues were supported by restricted VAT refunds. The excises collections and taxes on international trade grew by 47.1% yoy and 22.4% yoy, correspondingly. At the same time, non-tax revenues fell by 14.7% yoy mostly due to absence of inflow from one-off items received last year. The central fiscal expenditures increased by 21.1% yoy to UAH 109.9 bn due to the substantial increase in central fiscal transfer to the Pension Fund and higher debt service spending. The Government also wrote off part of the loan provided to the Pension Fund in 2009. As a result, the central fiscal deficit increased significantly to UAH 15.2 bn as compared to UAH 3.9 bn reported month before. The deficit was financed mostly through domestic borrowing.

On June 17, 2010 the Verkhovna Rada passed at first reading draft laws on Tax Code. The Draft Tax Code foresees the new structuring of tax legislation, a temporary reduction of EPT and VAT rates, tax privileges increase and the extension of State Tax Administration's rights. In its current version, it is unbalanced and requires a serious revision. Besides, the Parliament approved the new version of the Budget Code. The document enhances financial autonomy of local government entities and envisages the introduction of mid-term budget planning and forecasting.

Central fiscal revenues in January-May 2010

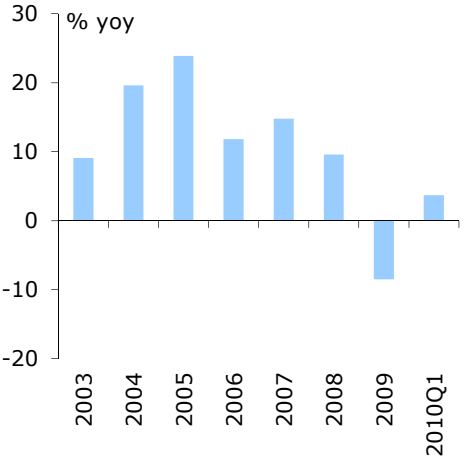


Source: State Treasury reports

Social policy: Real disposable income grew in the first quarter of 2010

According to the Derzhkomstat disposable income grew by 15.3% yoy in nominal terms or by 3.7% yoy in real terms in the first quarter of 2010. Wage income and income received from entrepreneurship activity and subsidiary farming increased symmetrically by 2.4% yoy in real terms. At the same time, real income from social transfers and assistance grew only by 1.2% yoy. Expenditures to pay interest on loans declined more than interest received on bank deposits, supporting growth in disposable income. Income growth is expected to accelerate in the following quarters due to rapid increase in social standards and renewed wage growth.

Real disposable household incomes

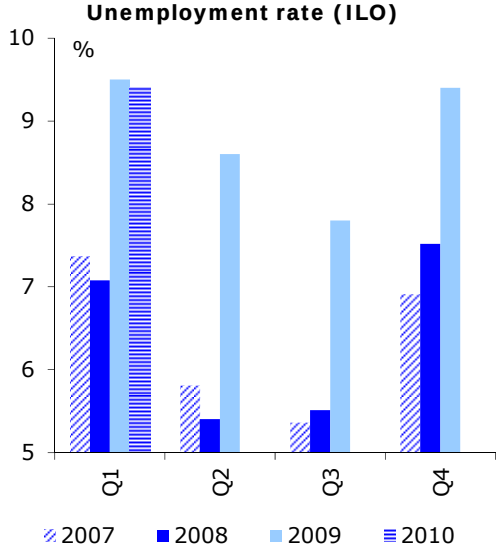


Source: Derzhkomstat

Labour Market: Unemployment gradually declines

According to the Derzhkomstat the unemployment rate (ILO methodology) declined to 9.0% of economically active population between 15 and 70 years old in the first quarter of 2010. Unemployment rate remains significantly higher for male than for female (10.6% and 7.2%, respectively) as sectors predominantly employing males did not yet recover in the first quarter. This primarily concerns construction. The unemployment rate is likely to decline further in the second and third quarters due several factors. In particular, agriculture will experience seasonal increase in employment. Besides, gradual recovery might result in higher employment in most of the other sectors.

Unemployment rate (ILO)



Source: Derzhkomstat

Monetary policy: Inflation slowed to 6.9% yoy in June

In June, the CPI declined by 0.4% mom due to larger than usual decreases in prices for seasonal goods, absence of increases in regulated prices and slow price growth for other goods. Core CPI increased only by 0.1% mom driven by prolonged weakness of demand and lower inflation expectations. As a result yearly measures of inflation also slowed as CPI increased by 6.9% yoy in June from 8.5% yoy in May. However, increased monetary pressure and increases in regulated prices may change this trend in the future months.

Money supply growth accelerated to 12.8% yoy in June comparing to 11.3% yoy in May while monetary base grew by 16.9% yoy in June. The NBU expanded monetary base by UAH 16.3 bn through continued interventions at foreign currency market and decrease in

stock of CDs outstanding. In effort to stimulate lending NBU ceased to offer CDs to banks at attractive rates. However banks remained cautious in their lending bringing bank reserves at NBU to record levels. Over June bank reserves increased by UAH 11.4 bn to UAH 28.6 bn and by July 8 they reached UAH 33.5 bn.

NBU also decreased discount rate twice over the last 40 days. The latest decision on July 7 brought discount rate to 8.5% from 10.25% effective before June 8. Refinancing rates were also decreased accordingly. So far the decision was largely symbolic as the NBU conduct only negligible refinancing operations over the last several months. Nevertheless it indicates intentions to pursue expansionary monetary policy further.

Financial markets: Dollarization continues to fall in the banking sector

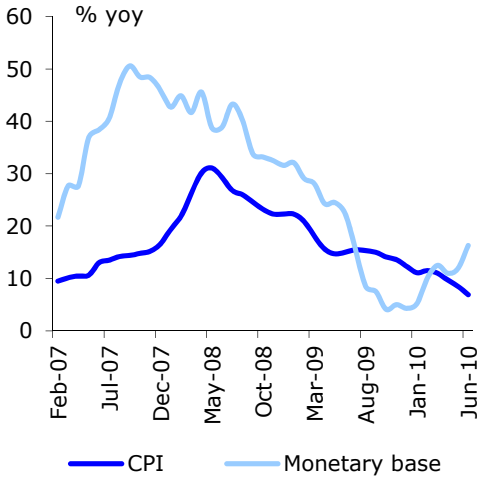
Banking sector. Prohibition of foreign currency lending to most borrowers and gradual return of confidence in national currency led to significant shift in structure of bank loans and deposits. Over the first half of 2010 share of bank deposits in national currency increased from 53.0% to 56.7% while bank loans in national currency had increased their share from 48.7% to 51.1%. Decrease in dollarization on the loans side was driven by increased loans in national currency to corporations and gradual repayment of foreign currency loans. On deposit side households preferred national currency deposits thanks to higher interest rates and decreased depreciation expectations.

Exchange rate. Foreign exchange market remained calm in June with UAH/USD exchange rate fluctuating in to 7.90-7.92 UAH per USD range. Demand and supply for cash foreign currency remained almost balanced for the third month in a row. Excess of supply over demand in noncash segment decreased somewhat leading NBU to reduce its purchases of foreign currency to USD 0.9 bn from USD 1.1 bn. Russian loan to government allowed NBU to increase international reserves by USD 2.8 bn to 29.5 bn.

State debt. In June, the Ministry of Finance slightly increased its domestic borrowings. Demand for government bonds was limited by the impending issuance of VAT bonds. As a result, the Government placed UAH 3.1 bn of domestic state bonds with lower than expected weighted-average yield (10.4% p.a.).The share of short-term bonds remained high and constituted 63.2% of the amount issued. At the same time, the issuance of three-year bonds intended to fund EURO-2012 reduced to 15.8% from 40.2% of the amount issued previous month.

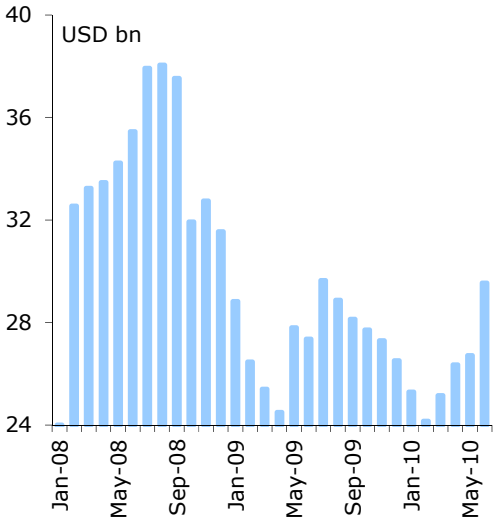
In June, Russian Bank VTB granted Ukraine two loans of USD 2 bn each. First six-month credit aimed to cover the budget deficit until issuance of Eurobonds. The second one was provided to Energoatom (National Nuclear Energy Generating Company) for the construction of two nuclear reactors at the Khmelnitsky nuclear power plant.

CPI and monetary base development



Source: Derzhkomstat, NBU

NBU international reserves



Source: NBU

Highlight of the month: Draft Tax Code

Who will benefit from the Tax Code approval?

by Kateryna Pilkevych

On June 17, the Verkhovna Rada passed the draft Tax Code prepared by the Government in the first reading. It is one of the most long-expected legislative acts and, at the same time, one of the most debatable. The Government expects that new Tax Code will become effective since 1 January 2011 and plans to prepare the State Budget Law for 2011 based on new rules.

Before submitting the Draft Tax Code to the Parliament the Cabinet of Ministers excluded several sound provisions from the document. In particular, it decided not to introduce the property tax and increased rate of taxation for very high personal incomes. Taxation of interest on deposits was postponed until 2013.

The Draft Tax Code consists of 19 chapters, including general chapter regulating all mandatory payments and special chapters on specific taxes and duties. Additional section deals with issues of tax administration.

The document envisages the elimination of some taxes and duties, which proved to be inefficient in the past. In particular, the number of national taxes and duties was reduced from 29 to 19 with the introduction of ecological tax, while number of local taxes and duties declined from 14 to 5. Such change will somewhat reduce tax compliance costs for the business.

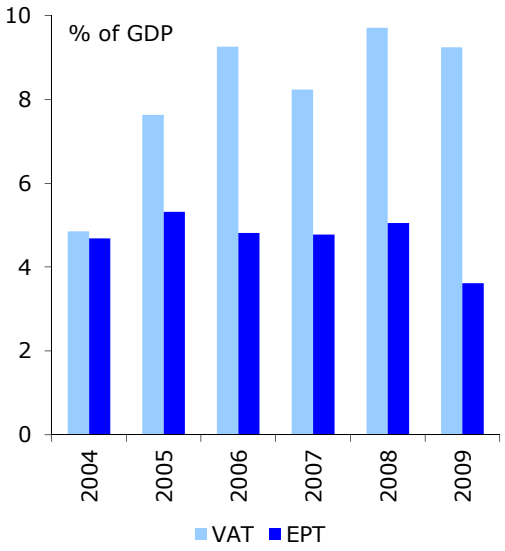
The Draft Tax Code introduces temporary reduction of rates of the enterprise profit tax (EPT) and VAT along with broadened tax base. In particular, the national EPT rate is to be reduced from 25% to 20% in 2011, and then it will be lowered by 1% annually until the tax rate reaches 17% in 2014. At the same time, the additional tax at 2% and 3% may be introduced at regional and local levels respectively. Local authorities will likely use this right in order to fill the budget, though the impact is likely to be counterweighted by lower central fiscal transfers. The VAT rates are also planned to decline (from 20% to 17% in 2014 with 1 p.p. annual decrease). However, according to the Draft Tax Code, lower tax rates will be effective only until 31 December 2014. It is not likely that such temporary reduction in tax rates will significantly stimulate investment activity in the country, which seems to be the aim of the Government.

The document substantially reforms the simplified taxation system (STS). The eligibility rules were tightened through exclusion of many fields of activity from participating in the STS. In principle, all B2B services will be excluded from the STS. This might hamper the development of small business in Ukraine, especially if no transition period is provided. At the same time, the document envisages the introduction of 5-years 'tax holidays' for certain small business entities, which was one of the election promises of current President. It will be applied to two categories of taxpayers, including individual entrepreneurs providing consumer services with turnover less than UAH 300 000, and legal entities with turnover less than UAH 100 000. Tax holiday will affect only a limited number of taxpayers and will not compensate for losses from substantial restriction of the STS. The proposed changes to the STS are hotly debated in the society.

Other debatable issues include strengthening administrative control over tax payments and introduction of additional tax reporting requirements. In particular, the State Tax Administration competences were significantly increased and were not balanced by higher accountability. The changes concern procedures for inspections, audits, and availability of information.

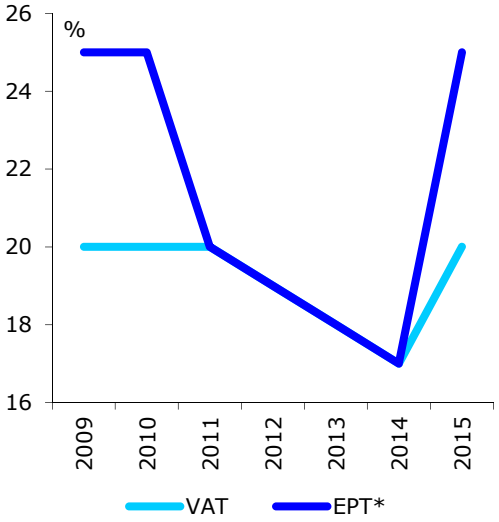
The personal income tax (PIT) rates will remain unchanged. Tax rate for wages and dividends remains flat at 15% and 5% tax rate will also remain for income received from certain types of investments

VAT and EPT revenues



Source: State Treasury Reports

Tax rate changes of VAT and EPT according to the Draft Tax Code



*Since 2011 country-level EPT
Source: Draft Tax Code (passed in the first reading

Requirements for "tax holidays" for SME (unified tax rate is zero)

UAH

Taxpayer category	Max annual turnover
Individual entrepreneurs providing consumer services	300 000
Legal entities	100 000

Source: Draft Tax Code (passed in the first reading on June 17, 2010)

including interest on bank and credit union deposits since 2013. Taxing interest on deposits will lead to higher tax collections and more equal treatment for different types of investments

On the one hand, the Draft Tax Code aims at facilitating the tax system. Its main benefits are integration of all tax laws and regulations into a single document, revision of the tax list, introduction of accelerated depreciation, and simplification of appeal procedure. On the other hand, it contains numerous provisions that would negatively impact the business development, especially small business entities. Instead of liberalizing the relationship between taxpayers and tax authorities, the Code provides the STA with more powers and imposes heavier administrative burden on taxpayers. Due to a highly negative perception of the Document by business community, the draft Tax Code is likely to be significantly modified by the second reading, expected in September.

Economic Trends		Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Industrial production (real)	% yoy cum.	-31.1	-28.4	-21.9	10.8	…	-26.4	-24.0	-21.9	11.8	8.8	10.8	12.6	12.6	…
Construction (real)	% yoy cum.	-54.9	-52.4	-48.2	-21.4	…	-51.5	-49.7	-48.2	-24.1	-20.9	-21.4	-21.2	-20.0	…
Agricultural production (real)	% yoy cum.	2.6	3.3	0.1	5.3	…	0.1	0.0	0.1	5.4	5.2	5.3	4.9	4.5	…
Retail trade turnover (real)	% yoy cum.	-15.2	-16.2	-16.6	-2.6	…	-16.2	-16.5	-16.6	-4.8	-4.7	-2.6	-2.1	1.1	…
Average wage	UAH	1892	1940	2046	1933	…	1950	1955	2233	1916	1955	2109	2107	2200	…
CPI	% yoy eop	15.0	15.0	12.3	11.0	6.9	14.1	13.6	12.3	11.1	11.5	11.0	9.7	8.5	6.9
PPI	% yoy eop	-0.9	1.6	14.3	18.6	25.5	5.1	12.9	14.3	16.3	16.4	18.6	21.7	27.9	25.5
Exports (USD)***	% yoy cum.	-42.2	-43.7	-40.7	22.1	…	-47.5	-43.4	-40.7	23.6	24.7	24.6	28.1	30.6[e]	…
Imports (USD)***	% yoy cum.	-49.5	-49.3	-46.9	18.3	…	-52.4	-49.9	-46.9	63.0	20.7	20.7	23.0	29.0[e]	…
Merchandise trade balance	USD bn cum.	-1.9	-3.7	-5.7	-1.3	…	-4.3	-4.8	-5.7	-0.3	-0.7	-1.5	-1.9	-1.8[e]	…
Current account****	USD bn cum.	-0.8	-1.1	-1.8	-0.2	…	-1.0	-1.3	-1.9	0.2	0.1	-0.2	0.0	0.3[e]	…
Current account	% GDP, cum.	-1.5	-1.3	-1.5	-0.7	…	x	x	x	x	x	x	x	x	…
Gross international reserves	USD bn eop	27.3	28.2	26.5	25.1	29.5	27.7	27.3	26.5	25.3	24.1	25.1	26.4	26.7	29.5
Monetary Base	% yoy eop	22.4	7.5	4.4	12.5	16.3	4.1	5.0	4.4	5.3	10.0	12.5	11.0	11.9	16.3
Lending rate on UAH credits **	% pa, aop	19.1	17.9	19.8	17.4	14.8	19.3	20.6	19.6	17.4	17.9	16.8	15.6	14.6	14.1
Exchange rate (interbank)	USD aop	7.76	8.00	8.06	8.00	7.92	8.14	8.08	7.98	8.04	8.01	7.96	7.92	7.92	7.91
Exchange rate (official)	USD aop	7.66	7.82	7.99	7.99	7.92	8.00	7.99	7.98	8.00	8.00	7.97	7.93	7.93	7.92
Exchange rate (official)	EUR aop	10.41	11.18	11.81	11.07	10.10	11.84	11.92	11.68	11.43	10.95	10.82	10.63	10.00	9.67

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	-26.6
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	-0.3
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	14.3
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.6
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.5	-43.7
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.93	-1.8
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.189	-1.7
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.903	4.7
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.54	26.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.362
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15	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	7.7	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	NJSC	National joint stock company
yoy	year-on-year change	**gs**	goods and services		

Quarterly trends

National accounts		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	Q1 10
GDP	UAH bn	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	218.1
GDP (real)	% yoy	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	4.9
Household consumption (real)	% yoy	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	0.5
State consumption (real)	% yoy	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	0.5
Gross fixed capital formation (real)	% yoy	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	-2.2
Exports of goods and services (real)	% yoy	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	7.0
Imports of goods and services (real)	% yoy	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	2.4
Agriculture, hunting, forestry (real)*	% yoy	-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	6.1
Manufacturing industry (real)*	% yoy	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	12.4
Construction (real)*	% yoy	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	-19.2
Trade, repair services (real)*	% yoy	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	2.2
Transport (real)*	% yoy	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	3.6
Balance of payments																
Current account balance	USD bn	0.5	-1.4	-1.1	-0.6	-0.3	-3.26	-3.7	-3.4	-2.1	-3.7	-0.7	-0.2	-0.1	-0.9	-0.2
Current account balance	% of GDP	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	-0.7
Trade balance in goods	USD m	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-957	-699	-1486	-1513	-1300
Trade balance in services	USD m	1054	347	50	448	1614	308	77	308	1341	15	177	494	1328	634	810
Current transfers	USD m	851	910	732	844	947	1016	740	833	831	723	632	667	640	722	800
Direct investment (FDI)	USD m	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	867
Portfolio investments	USD m	370	3350	1816	1477	616	1844	217	160	-690	-967	-434	-360	-2334	1396	-317
Gross international reserves	USD bn	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	25.1
Exchange rate(market), UAH/USD	aop	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	8.00
Exchange rate(official), UAH/USD	aop	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	7.99
Fiscal indicators																
Consolidated fiscal revenues	% of GDP	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	30.8
Personal income tax	% of GDP	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	4.9
Enterprise profits tax	% of GDP	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	4.3
Value-added tax	% of GDP	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	9.8
Excise tax	% of GDP	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	2.4
Consolidated fiscal expenditures	% of GDP	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	32.9
Current expenditures	% of GDP	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	32.3
Capital expenditures	% of GDP	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	0.6
Consolidated fiscal balance	% of GDP	-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	-2.0
Privatisation receipts	% of GDP	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	0.1
Labour market																
Average wage (real)	% yoy	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	5.7
Household income (real)	% yoy	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	1.4
Unemployment rate (ILO methodology)	% cum	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	9.0
Banking system																
Monetary aggregate M0	% yoy cum	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	5.4
Monetary aggregate M2	% yoy cum	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	6.9
Household deposits in national currency	% yoy cum	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	7.1
Household deposits in foreign currency	% yoy cum	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	22.8
Com. bank credits in national currency	% yoy cum	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	13.6
Com. bank credits in foreign currency	% yoy cum	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	-13.7
Long-term com. bank credits	% yoy cum	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	-3.9
Long-term com. bank credits	% of total	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	68.5
Average lending rate on national currency credits	% p.a.	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	17.4
Average lending rate on foreign currency credits	% p.a.	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	10.9

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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