Monthly Economic Monitor Ukraine

- Russian President visited Kyiv.
- Real GDP grew by 4.8% yoy in the first quarter of 2010 according to the first estimate.
- State companies improved relations with external lenders.
- April current account balance remained in surplus.
- The central fiscal deficit decreased to UAH 3.9 bn between January and April.
- In May, consumer inflation decelerated to 8.5% yoy.
- Exchange rate remained stable in May.
- HIGHLIGHT OF THE MONTH: Euro

No.6 (116)
June
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: Another effort to reset bilateral relations between Ukraine and Russia

On May 17-18, the Russian President, Dmitry Medvedev, made official visit to Ukraine. It was the first official visit to Ukraine by a Russian president since the Orange revolution. Ukraine-Russia relations improved markedly after new government came to power and changed positions on a number of issues. For example, Dmitry Medvedev and Viktor Yanukovych met six times within last three months.

A number of bilateral agreements and political declarations were signed during the recent visit. These include the agreement on the demarcation of the state border between Ukraine and Russia as well as declarations on the Russian initiative concerning European security treaty as well as Transnistria settlement. In addition, Ukraine and Russia expressed their intention to create joint ventures in various industrial sectors such as aviation and shipbuilding, chemical industry and energy.

Opposition leaders criticized the visit's results. They think that the Ukrainian government did not get an adequate response from the Russian side to Ukraine's numerous concessions in political and economic aspects of bilateral relations with Russia.

Real sector: Real GDP grew by 4.8% yoy in the first quarter of 2010

According to the preliminary estimate of Derzhkomstat, real GDP increased by 4.8% yoy in the first quarter of 2010. The real GDP growth was likely attributed to real exports growth and changes in inventories. Real investments in fixed capital decreased by 12.5% yoy in the first quarter of the year. Retail sales were also weak pointing to stagnant household consumption.

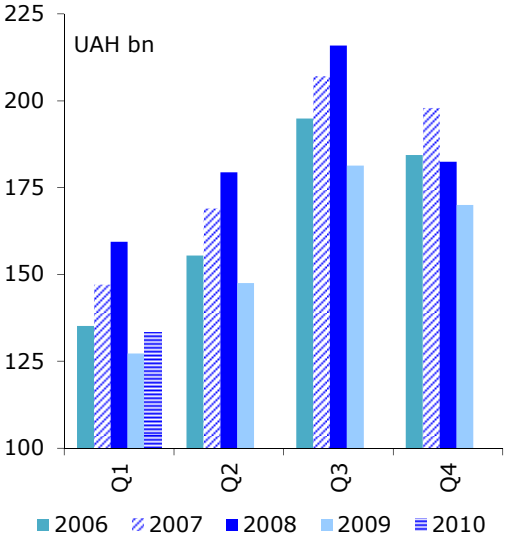
In April, industrial production continued growing and increased by 17.4% yoy mainly due to statistical base effect. Growth of the industrial output was constrained by weak internal and fluctuating external demand, funding constraints. Machinery and metallurgy remained the best performing industries growing by over 30% yoy in April, thanks to rebound in the first quarter of the year. Meanwhile, an extraction of non-fuel fossils and food industry also accelerated growth.

Freight turnover increased by 14.2% yoy between January and April following the growth of industrial production and higher transit volumes. Over the four months of the year construction remained depressed with decline by 21.2% yoy. Retail sales fell by 2.1% yoy in real terms, but showed tangible improvement in March and April. Between January and April, real output in agriculture increased by 4.9% yoy thanks to larger pig and poultry stock.

Sectoral trends: State companies come to terms with creditors

Transport. Railway monopolist UkrZaliznytsia (UZ) agreed on finalized restructuring of USD 550 m syndicated loan led by Barclays Bank. In August 2009, the UZ repaid USD 110 m of the principal, but

GDP in constant prices of 2007



Source: Derzhkomstat

Institute for Economic Research
and Policy Consulting
Reytarska 8/5-A, 01034 Kyiv
Tel. (+38044) 278-6342
Fax (+38044) 278-6336
E-mail: institute@ier.kiev.ua
http://www.ier.kiev.ua

failed to pay the next installment after its revenues substantially shrank due to economic crisis. After negotiations, maturity of the loan was extended by 5 years. This agreement allowed the railway company to improve its current financial situation. However, possible sources for future investment of the UZ remain unclear.

To attract transit freight the UZ introduced 15% discounts for transportation of certain types of goods from Belarus and the Russian Federation in direction of Ukrainian ports. This step will result in higher transit volumes. However, it is rather a short-term measure and does not significantly help to increase Ukraine's competitiveness on the regional market of freight transportation.

Energy. On May 18, the planned auction for access to electricity transmission capacities in June has failed. It was planned to auction access of the 'Burshtyn energy island' to the Slovakian, Hungarian and Romanian power systems with capacities up to 270 MW. The auction failed due to current high prices for electricity in Ukrainian wholesale market that made it uncompetitive in Europe.

The Cabinet of Ministers approved the fuel and energy balance of Ukraine for 2010 and first quarter of 2011. According to the document, the wholesale price for electricity will grow by 15% in 2010. The realisation of the plan is targeted at slight reduction of energy costs and decline in gas consumption.

Agriculture. In May, the Ukrainian exporters were accused supplying corn contaminated by dioxin to the European Union. This corn allegedly was used to make feed for chicken in the Netherlands and then used for feeding chicken in Germany. Eggs from respective chicken were discovered to be infected with dioxin. However, Ukrainian laboratories made analysis of corn that exported to the Netherlands and did not find any dioxin in it.

Claims about exporting infected corn to the EU could weaken Ukrainian leading positions in the international grain market. Nevertheless, it is a single occurrence and adequate evidence might be sufficient to refute the allegations.

Privatization. In the middle of the May State Property Fund adopted monthly privatization plan until the end of the year. According to this plan, full state stake (92.79%) of the Ukrainian telecommunication incumbent Ukrtelecom is planned to be offered at the open auction in August this year. However, preparation of the company for the auction has not started yet as it is still under the management of the Ministry of Transport and Communications. 25% stakes in four energy distribution companies – Odessa, Poltava, Prykarpattya and Sumy - will be put for sale as well. At the same time, the Odessa by-port plant and the Turboatom are not in the list. First evidence of efficiency of privatization management in the country might be shown on June 15, 2010, by the planned sale of the LuganskTeplovoz.

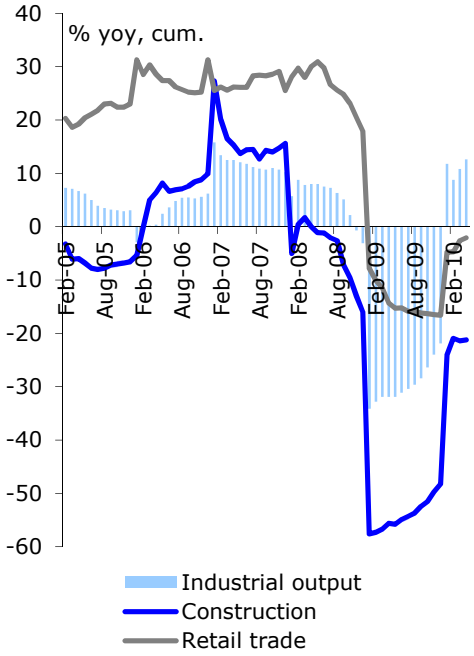
Telecommunications. In May, the Ukrtelecom repaid USD 41.7 m of the USD 500 m in debt owed to Credit Suisse, Deutsche bank and Standard bank in compliance with February agreements. Improved performance on external obligations may mark preparations for privatization.

External sector: April current account was in surplus

According to preliminary estimates of NBU current account was in surplus of USD 0.2 bn in April thank to almost balanced trade in goods and services and continued inflow of transfers from abroad. Merchandise exports grew by 37.1% yoy in dollar terms in April driven by rising prices for metals and steady demand for Ukrainian machinery. Increased production of diesel fuel also supported exports. Merchandise imports growth at 30.1% yoy in dollar terms in April was restricted by the reduction in price of imported gas from Russia. Weak domestic demand also constrained growth in imports.

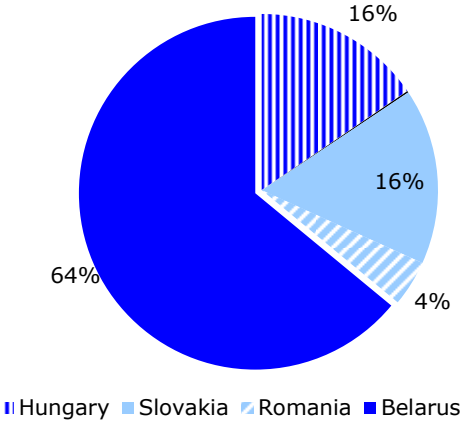
Financial account was in surplus in April at USD 1.1 bn thanks to a number of factors. Ukreximbank, energy company DTEK and poultry producers MHP were first Ukrainian issuers of Eurobonds since crisis has started. Net inflow from Eurobonds was USD 0.8 bn. Also in

Real sector trends



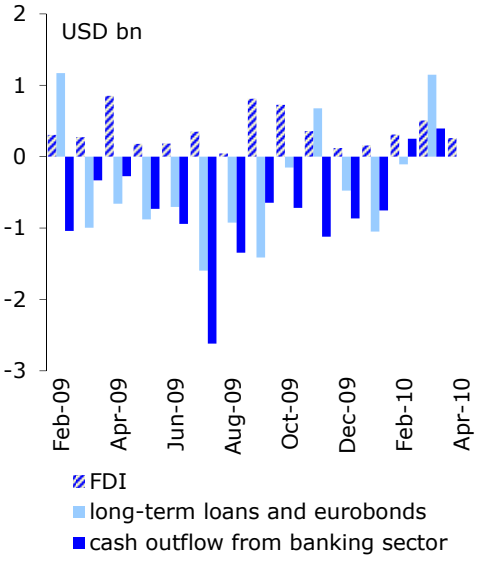
Source: Derzhkomstat

Electricity export by country between Janauary and April of 2010



Source: Ministry of Fuel & Energy

Financial account



Source: NBU preliminary estimates

April, non-residents bought domestic government bonds and there was inflow of cash foreign currency to banks. Financial account surplus was limited by increased deposits of Ukrainian banks abroad while FDI remained relatively low without support of bank recapitalization.

Fiscal policy: The central fiscal deficit decreased to UAH 3.9 bn between January and April

Between January and April, central fiscal revenues increased by 5.5% yoy to UAH 74.3 bn as tax revenues grew by 14.1% yoy. In particular, receipts from enterprise profit tax (EPT) increased by 27.1% yoy as the payments of state-owned enterprises tripled from a year ago. The slight growth in net VAT revenues (by 5.6% yoy) is mainly explained by the reduction of the VAT refund, which halved as compared to the same period of 2009. Besides, there was significant growth of excises collections. Non-tax revenues fell by 15.0% yoy despite the NBU transfers conducted in March and April.

The central fiscal expenditures increased by 8.8% yoy to UAH 78.8 bn mostly due to the substantial increase in social protection and debt service spending. At the same time, expenditures on economic activity dropped by 27.6% yoy. As a result, the central fiscal deficit shrank to UAH 3.9 bn as compared to UAH 5.5 bn deficit in the first quarter of this year. It was financed at the expense of internal borrowings.

On May 20, the Parliament amended tax laws to increase fiscal revenues. Excise rates on alcohol, fuel and tobacco were increased once again. Besides, tax authorities now might perform tax audits without giving prior notice to the taxpayer increasing administrative pressure. The enterprises with annual income higher than UAH 100 m were obliged to submit the annual finance reporting together with the income declaration. At the same time, the Parliament abolished payment of VAT on imported natural gas in 2010 to support "Naftogaz". The document will come into force when the President of Ukraine signs it.

Social policy: Pension expenditures continue growing

Pension Fund expenditures increased by 13.5% mom in May to UAH 16.8 bn due to increased pensions. Pensioners also received additional payments to account for retroactive revision of minimum pensions. In particular, minimum pension was increased to UAH 695 in January and UAH 706 in April. Between January and April average pension increased by 5.6% as to UAH 1097.

Overall, between January and May 2010 the Pension Fund received UAH 74.7 bn, which is by 28.7% more than in the same period of last year. At the same time, revenues from pension insurance contributions paid by employers and employees, grew by only 11.8%. Therefore, the Pension Fund budget became even more dependent on the central fiscal transfer.

Labour market: Wage development remains unstable

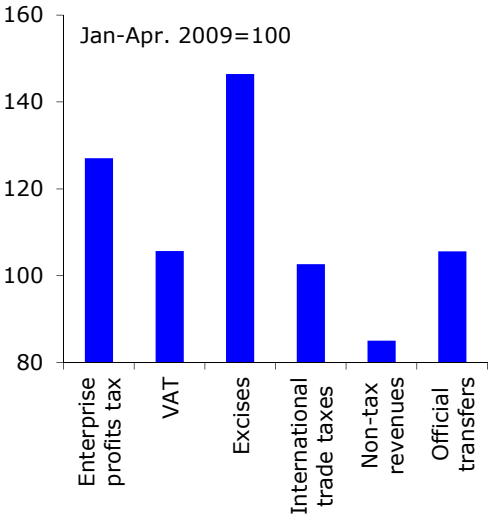
Average wage declined by 0.1% mom in April to UAH 2107 after growing by 7.9% mom in March. Seasonal wage growth in agriculture did not compensate for stagnating wages in other sectors. Decrease in time worked may be one of the reasons for lower wages.

Between January and April, average wages increased by 17.0% yoy in nominal terms and by 6.0% yoy in real terms. The highest wage growth was in manufacturing and extractive industry partially due to statistical base effect. Wage growth in financial services and public administration was among the lowest. The construction also increased nominal wages from 2009, but remained the only sector paying wages lower than during first four months of 2008.

Monetary policy: Inflation slowed to 8.5% yoy in May

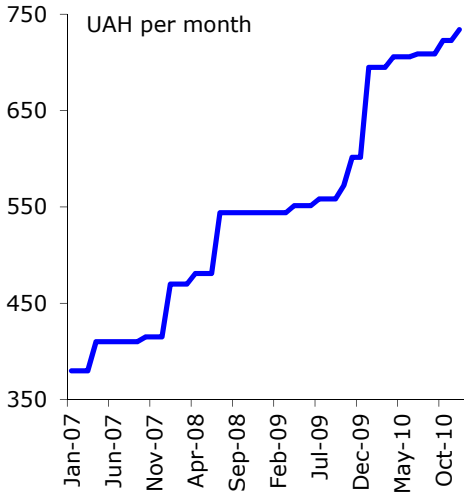
In May, the CPI declined by 0.6% mom, due to seasonal factors and sharp decline in egg prices bringing yea-on-year CPI growth down to 8.5%. Core inflation that excludes prices for raw food products and regulated prices slowed only by 0.4 p.p. with core CPI increasing

Central fiscal revenues in January-April 2010



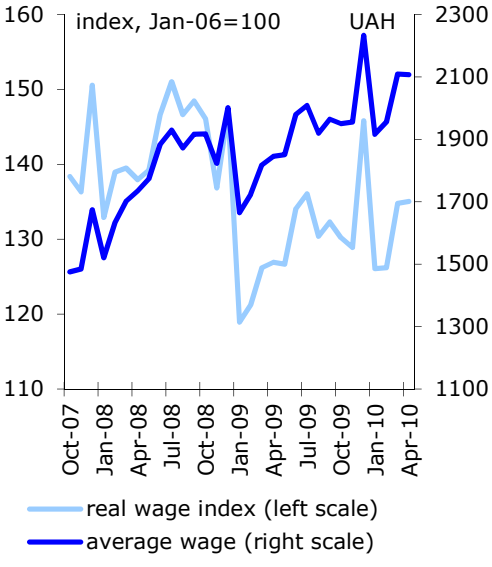
Source: State Treasury reports

Monthly minimum pension



Source: State Budget Laws for 2007-2010

Average wage



Source: Derzhkomstat

from April level. So far increased social standards did not reflect on inflation possibly because of increased deposits and lag in transmitting increased demand to prices.

Money supply growth accelerated to 11.4% yoy in May comparing to 9.8% yoy in April while monetary base grew by 11.9% in May. The NBU continued to inject liquidity in economy through interventions on the foreign currency market. However, it tried to withdraw liquidity through sales of CDs and government bonds from its portfolio.

The NBU also directed banks to keep all required reserves as opposed to 50% earlier frozen at special account. At the same time, banks were allowed to reduce the required amount through purchasing special government bonds to fund preparation for the EURO-2012. As a result, only UAH 3.4 bn was withdrawn through such measures.

Financial markets: Banks remain slow on lending

Banking sector. In May deposits grew by 2.4% mom showing increase in all main categories except for households deposits in foreign currency. Deposits in national currency from legal entities had the highest increase of 6.2% mom. They accelerated growth as compared to previous months. This probably means improved situation in the real economy. The tendency towards increase in share of national currency deposits and medium-term deposits in households' deposits continued indicating greater credibility to national currency and banking system.

After April revival in lending, in May previous trend reasserted itself-loans outstanding increased only to legal entities and only in national currency. The largest stock of loans in real sector (36% of total loans outstanding) was accumulated by wholesale trade, construction and entrepreneurship services enterprises. As no significant changes were observed in May, it seems that mostly these sectors continue to attract new loans. In May total loans outstanding slightly reduced by 0.2% mom.

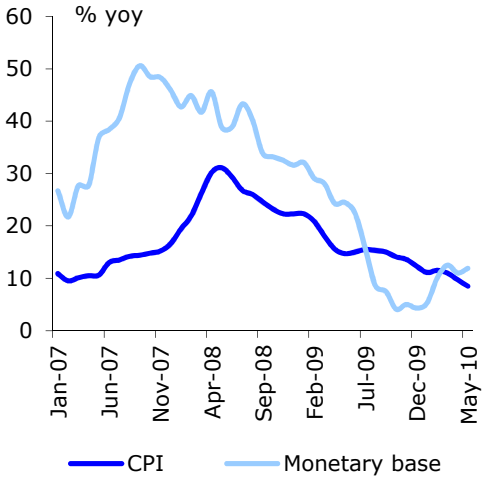
Exchange rate. There were few changes in foreign exchange market in May. Supply remained larger than demand on the cashless part of the market, while cash segment was almost balanced. The NBU interventions decreased to USD 1.0 bn in May due to lower number of working days. Interbank exchange rate and official exchange rate remained almost constant through the month.

State debt. In May, the Ministry of Finance significantly decreased its domestic borrowing compared to previous month partly due to reduced funding needs. Another reason might be the impending issuance of VAT bonds. As a result, the Government sold UAH 2.8 bn of bonds with 11.9% p.a. weighted-average yield. The short-term bonds maturing in 2010-2011 remained the larger component of the issue, though their share in the total placement slightly reduced to 54.1% as compared to 62.4% in previous month. The Government increased issuance of medium term bonds intended to fund EURO-2012 (40.2% of the total amount).

The Government determined the parameters of the VAT five-year-bond issue, which is planned in July. In particular, the total amount of issue will be based on unpaid VAT refund claims accrued before May 1 and verified by tax administration. The amount of issue is estimated at UAH 20.0 bn. Bond offer measly 5.5% coupon, but 10% of the principal is to be repaid each six months with full repayment after 5 years. Banks are likely to buy these bonds only with large discount leading to payday for banks, but losses for enterprises. For example to bring yield of these bonds to 20%, discount of 28.5% is required. However, banks may demand even higher yield.

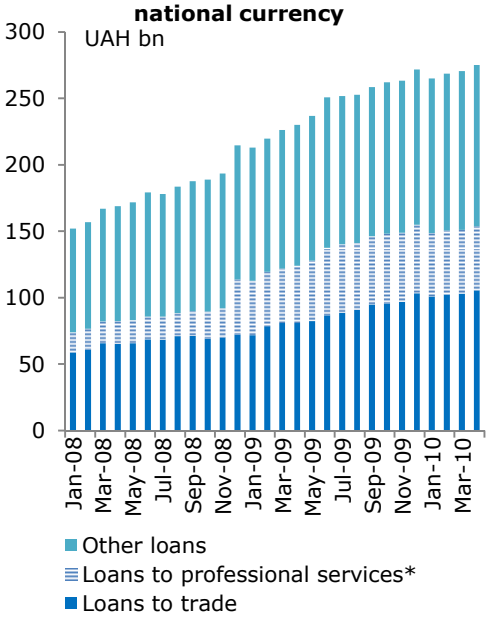
In May, VTB Capital, JP Morgan and Morgan Stanley won the tender for Ukrainian sovereign Eurobond issue. The Ukrainian government is planning to sell bonds worth USD 1.3 bn in 2010.

CPI and monetary base development



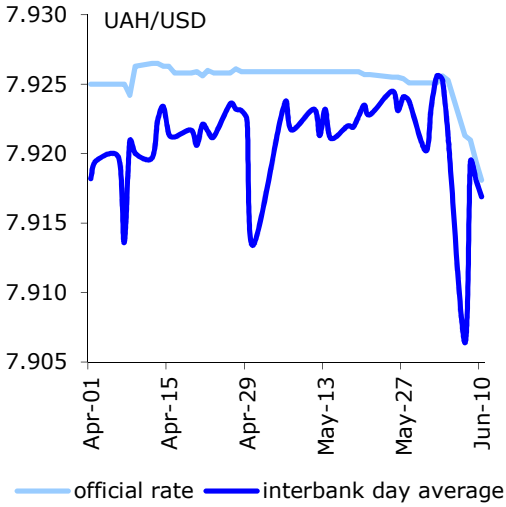
Source: Derzhkomstat, NBU

Loans to nonfinancial corporations in national currency



* Including real estate operations and R&D
Source: NBU

Exchange rate



Source: NBU

Highlight of the month: Euro

European debt crisis

by Vitaliy Kravchuk

Economic crisis led to high fiscal deficits and rising public debt levels in Eurozone countries in part due to generous social safety net. The extreme case was Greece with the deficit at 13.8% of GDP in 2009 and expected 8.0% in 2010 and with external debt of 116.8% of GDP in 2009 and estimated 132.2% by the end of 2010. Greece managed to amass the debt as investors treated all Eurozone sovereign debt as almost equal and the country used the funds to increase social standards. Reluctance of investors to buy Greek state bonds in 2010 led to increased interest rates and fears of default. Despite initial reluctance, Eurozone countries and the IMF agreed to provide EUR 110 bn loan package to Greece. The loans are sufficient to fund Greece until 2012. In return, Greece announced large-scale fiscal measures aimed at lowering fiscal deficit through reduction of fiscal spending and increase in taxes.

Greek debt crisis had wider implications. Interest rates increased for other Eurozone countries including Spain, Italy, Portugal and Ireland. In the beginning of June, Euro exchange rate fell by over 20% from maximums over EUR/USD 1.50 observed in December 2009 and major stock indices fell dramatically. Fears range from collapse of the Eurozone, fallout from sovereign default for banks and other investors, possible economic stagnation in the EU caused by efforts to reduce fiscal deficit.

Financial markets also suffered from crisis. Liquidity decreased and cost of funding increased for banks. 3-month USD LIBOR increased to over 0.5% p.a. by the end of May from 0.25% in February while smaller European banks needing USD funding may have to pay up to 2%.

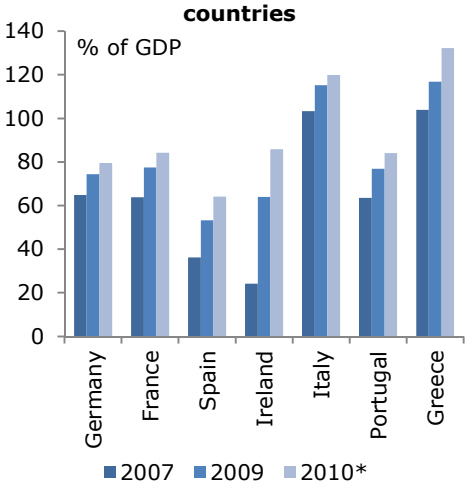
The EU response was made on several directions. The European Central Bank (ECB) extended six-month refinancing facility, arranged for supply of dollars to the European banks from the US central bank and started purchases of EU government bonds. Eurozone countries took steps to reduce fiscal deficits and agreed to new EUR 750 bn package jointly with the IMF to help weaker members of Eurozone in case of liquidity crisis. This sum should be enough to fund their debt for several years. These decisions led to stabilization of the situation, though it is still shaky.

Opinions on the prospects of the Eurozone range widely. We disagree with more dire predictions and expect that financial markets are likely to stabilize in several months. However, interest rates may remain relatively high for longer time. Eurozone countries will be able to withstand challenges while reduce fiscal deficits. Euro is expected to retain as the EU currency and not very likely to weaken permanently below the current level. At the same time, economic growth will be slower than expected and structural problems such as lack of political unity in Eurozone, high level of social commitments will remain. Debt levels and debt interest costs will remain high. In any case, the second wave of economic crisis is not expected in the nearest future.

Current crisis in the EU countries has already slightly affected economic development in Ukraine. In particular, some delays in foreign borrowing occurred, while the Ukrainian stock market fell rapidly after rally fuelled by hot money from non-residents. Further implications of the Eurozone sovereign debt growth for Ukraine are in two main directions: decrease in demand for Ukrainian exports and decrease in capital inflows.

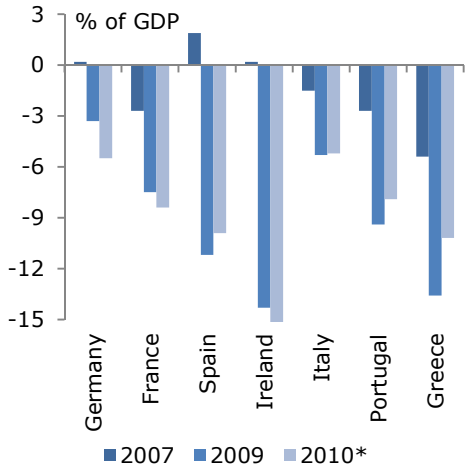
If the situation in the EU will develop as we expect, the implications for Ukraine are likely to remain limited. Weaker Euro leads to less competitive Ukrainian exports in Eurozone. Besides, prices for commodities may decrease in response to worse expectations of economic growth. However, economic recovery in other countries will compensate some of the negative impact. In addition, necessary for

Government debt of selected Eurozone countries



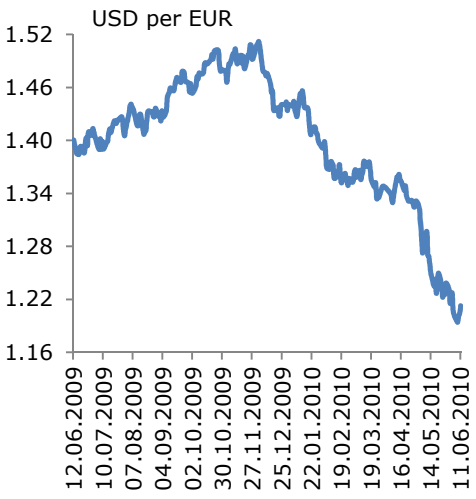
Source: EIU
* estimate

Budget deficit of selected Eurozone countries



Source: EIU
* estimate

Euro exchange rate



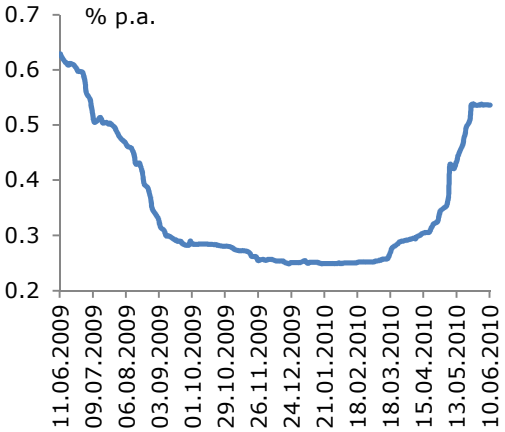
Source: ECB

the economic recovery imports of equipment and other inputs from Eurozone will become cheaper than before.

We assume that financial markets will reopen for Ukrainian borrowers in autumn. Thus, we expect temporary deterioration of financial account due to outflows of hot money. Be we do not anticipate large negative impact on the chances for Ukrainian borrowers to roll over old debts and raise funds from external sources later on. The latter is one of the key conditions for economic recovery in Ukraine.

Summing up, consequences of Eurozone debt crisis were minor for Ukraine so far and are likely to remain so. However, if this crisis destabilises financial markets for a longer time leading to serious economic troubles, Ukraine may face conditions similar to that in September 2008. Nevertheless, this time economy will have much less reserves than in 2008.

3-month USD LIBOR rate



Source: Bloomberg

Economic Trends		Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Industrial production (real)	% yoy cum.	-31.9	-31.1	-28.4	-21.9	10.8	-28.4	-26.4	-24.0	-21.9	11.8	8.8	10.8	12.6	…
Construction (real)	% yoy cum.	-56.7	-54.9	-52.4	-48.2	-21.4	-52.4	-51.5	-49.7	-48.2	-24.1	-20.9	-21.4	-21.2	…
Agricultural production (real)	% yoy cum.	1.7	2.6	3.3	0.1	5.3	3.3	0.1	0.0	0.1	5.4	5.2	5.3	4.9	4.5
Retail trade turnover (real)	% yoy cum.	-11.5	-15.2	-16.2	-16.6	-2.6	-16.2	-16.2	-16.5	-16.6	-4.8	-4.7	-2.6	-2.1	…
Average wage	UAH	1736	1892	1940	2046	1933	1964	1950	1955	2233	1916	1955	2109	2107	…
CPI	% yoy eop	18.1	15.0	15.0	12.3	11.0	15.0	14.1	13.6	12.3	11.1	11.5	11.0	9.7	8.5
PPI	% yoy eop	12.8	-0.9	1.6	14.3	18.6	1.6	5.1	12.9	14.3	16.3	16.4	18.6	21.7	27.9
Exports (USD)***	% yoy cum.	-35.6	-42.2	-43.7	-40.7	21.4[e]	-48.7	-47.5	-43.4	-40.7	23.6	24.7	24.6	27.2[e]	…
Imports (USD)***	% yoy cum.	-45.2	-49.5	-49.3	-46.9	18.5[e]	-53.5	-52.4	-49.9	-46.9	63.0	20.7	20.7	27.4[e]	…
Merchandise trade balance	USD bn cum.	-0.8	-1.9	-3.7	-5.7	-1.4[e]	-4.1	-4.3	-4.8	-5.7	-0.3	-0.7	-1.5	-1.8[e]	…
Current account****	USD bn cum.	-0.7	-0.8	-1.1	-1.8	-0.1[e]	-1.1	-1.0	-1.3	-1.9	0.2	0.1	-0.1	0.1	…
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	28.2	27.7	27.3	26.5	25.3	24.1	25.1	26.4	26.7
Monetary Base	% yoy eop	28.1	22.4	7.5	4.4	12.5	7.5	4.1	5.0	4.4	5.3	10.0	12.5	11.0	11.9
Lending rate on UAH credits **	% pa, aop	26.5	19.1	17.9	19.8	17.4	17.8	19.3	20.6	19.6	17.4	17.9	16.8	15.6	14.6
Exchange rate (interbank)	USD aop	8.1	7.76	8.00	8.06	8.00	8.31	8.14	8.08	7.98	8.04	8.01	7.96	7.92	7.92
Exchange rate (official)	USD aop	7.70	7.66	7.82	7.99	7.99	8.00	8.00	7.99	7.98	8.00	8.00	7.97	7.93	7.93
Exchange rate (official)	EUR aop	10.06	10.41	11.18	11.81	11.07	11.64	11.84	11.92	11.68	11.43	10.95	10.82	10.63	10.00

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
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		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	214.5[e]
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	4.8
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	-0.1[e]
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	-0.5[e]
Trade balance in goods	USD m	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-957	-699	-1486	-1513	-1419[e]
Trade balance in services	USD m	1054	347	50	448	1614	308	77	308	1341	15	177	494	1328	634	818[e]
Current transfers	USD m	851	910	732	844	947	1016	740	833	831	723	632	667	640	722	691[e]
Direct investment (FDI)	USD m	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	977[e]
Portfolio investments	USD m	370	3350	1816	1477	616	1844	217	160	-690	-967	-434	-360	-2334	1396	…
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	31.3[e]
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	5.0[e]
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	4.4[e]
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	9.9[e]
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	2.5[e]
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	33.4[e]
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	32.8[e]
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[e]
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[e]
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[e]
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	…
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	…
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

[e] preliminary NBU estimates for balance of payments, GDP estimate by IER

Disclaimer

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