Monthly Economic Monitor Ukraine

- Ukraine returns to the 1996 Constitution.
- The real GDP growth in the second quarter was driven by exports and domestic final demand.
- Grain export quotas are expected in October.
- Ukrtelecom is planned for sale in the end of the year.
- August current account deficit widened due to acceleration of merchandize imports.
- New Draft Tax Code was passed in the first reading in early October.
- Household income growth accelerated against better labour market situation and lower credit repayment burden.
- Consumer inflation surged to 10.5% yoy due to higher raw food prices, increased excises and strong inflationary expectations.
- Hryvnia slightly depreciated against US dollar in September.
- HIGHLIGHT OF THE MONTH: STATE DEBT

No.10 (120)
October
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Politics: Political reform of 2004 was revoked

On September 30, 2010, the Constitutional Court of Ukraine declared unconstitutional and invalid amendments introduced into the Constitution in 2004. These amendments, more commonly known as political reform, envisaged establishment a parliamentary-presidential constitutional model providing for the formation of government by a parliamentary coalition and thus curtailed the President's power. The reform was part of a political compromise concluded in the aftermath of the Orange Revolution.

The opposition leaders claimed that the Constitutional Court exceeded the bounds of its competence by ordering an automatic return to the previous Constitution. They demand to follow a regular parliamentary procedure of constitutional amending.

Despite protests of opposition, on October 7 the Parliament approved the Law on the Cabinet of Ministers (CMU) and changes into other 32 law aligning them with the 1996 Constitution. The new Law on the CMU truncates the responsibilities of the Cabinet, reduces the influence of the Parliament on the Government, and increases the President's authority.

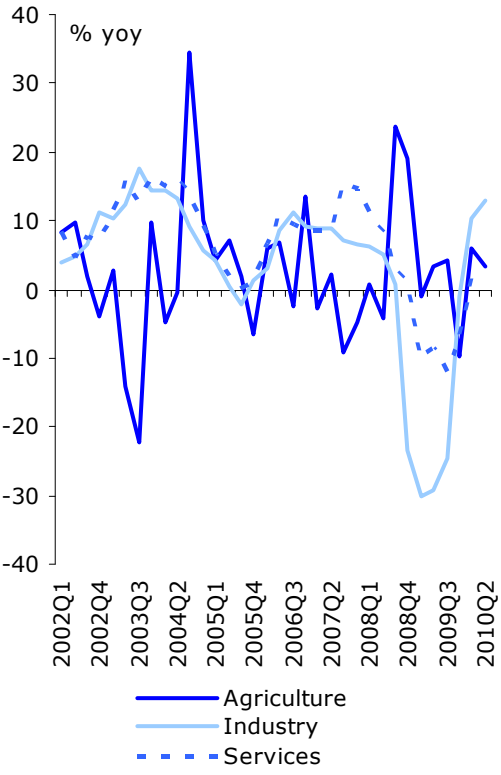
Real sector: Investments have continued to decline

In early October, the Derzhkomstat released updated GDP estimate for the second quarter of 2010. According to revised data, real GDP increased by 5.9% yoy in the second quarter driven by strong exports and recovery of domestic final consumption. Real exports grew by 14.9% yoy supported by favourable external demand and low statistical base. A 5.1% yoy increase in real households' final consumption was backed by gradual reduction in unemployment and growth of real income. Real gross fixed capital formation decreased by 5.7% yoy thus keeping the negative trend over the second quarter of the year. On production side, the major contributors to real GDP growth were industry, utilities, trade and transport. Contraction in construction at 15.5% yoy continued dragging the recovery down.

In August, industry improved its performance as industrial production growth increased by 9.2% yoy. The major contributors were machine building and chemical industry that increased their output by 42.1% yoy and 22.4% yoy, respectively, due to favourable external demand. Utilities output grew by 13.8% yoy reflecting demand hike associated with unusual heat. Metal production decreased by 1.1% yoy in August.

Between January and August, agriculture output contracted by 4.1% yoy due to low grain harvest. Lesser grain exports and oil transit in August resulted in slowdown of freight turnover growth to 9.4% yoy. At the same time, retail trade turnover improved to 4.6% yoy due to

GVA by major sectors



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

stronger solvent demand, and construction volumes slowed its decline to 14.0% yoy.

Sectoral trends: Introduction of grain export quotas is expected in October

Agriculture. In September, grain exports from Ukraine remained impeded. Due to intensified state quality checks, vessels with cargo had to stay in ports for weeks. These actions made traders suffer losses paying harbour dues and breaching international contracts. Uncertainty dampened grain prices on the domestic market, driving down potential farmers' profits. Unwilling to sell grain at low prices, farmers did not get enough financing to finish seeding campaign in time. In turn, this delay endangers next year harvest.

In early October, the Cabinet of Ministers once again declared its intension to introduce grain export quotas. Main motive is to ensure sufficient purchases of grain into the state reserves. Given difficult fiscal situation, the state offers below-market purchasing grain prices, barely attractive for farmers.

Non-transparent and unpredictable state intervention in the grain market hurts investment climate in Ukraine and the country's international image as reliable trade partner. Moreover, it hurts rural population that is among most vulnerable in the country.

Energy. According to the Cabinet of Ministers, Ukraine intends to start construction of the first liquefied natural gas (LNG) terminal in Odessa in January 2011. Terminal planned capacity is 10 bn cubic meters of LNG per year. Total project investments are expected to reach about USD 1 bn. Besides, Ukraine is conducting negotiations with LNG suppliers about terms and conditions of future LNG supply scheme. It is expected that LNG terminal construction would decrease dependence from imported pipeline natural gas that currently reach about 60% of natural gas consumed in Ukraine.

Privatization. The Government confirmed its plans to sell Ukrtelecom this year by transferring the managing rights over the enterprise from the Ministry of Transport and Communication to the State Property Fund of Ukraine. The respective decision was taken in September. The entire public-owned shareholding will be offered at start price of UAH 7 bn. The State Property Fund of Ukraine (SPFU) estimated the market capitalization of telecom operator at about UAH 10 bn. Preliminary the auction will take place in the end of December. However, this year privatization plan will not be saved, as even in the case of successful privatisation the payment will be conducted already in 2011. Currently privatization plan is executed at 7.9% of annual level.

External sector: Current account deficit widened

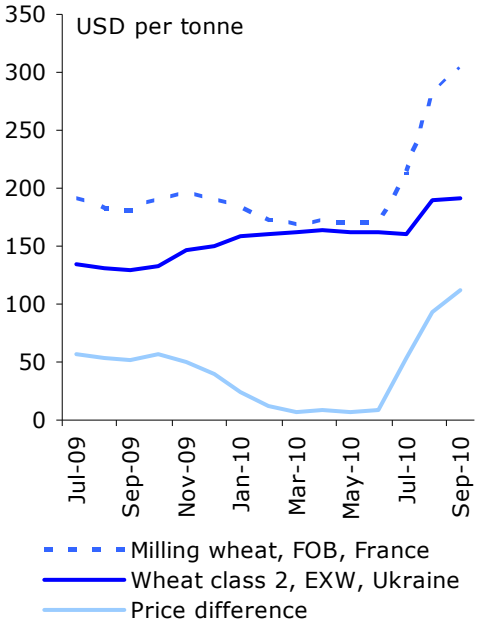
August current account deficit widened to USD 0.56 bn reaching the maximum monthly deficit in current year. The expansion was caused by import acceleration fuelled by energy materials imports. Exports value remained stable in August, while its composition slightly changed. Exports of metals and machinery products were lower than a month ago against less favourable external demand, and exports of chemicals and food products speeded up. Overall, August merchandize exports grew by 32.7% yoy in dollar terms and imports by 40.5% yoy.

Current account deficit was compensated by inflow of capital allowing positive August capital and financial accounts balance at USD 0.59 bn. The capital was obtained mostly though the net FDI inflow that reached USD 0.65 bn in August and directed mostly to real sector investments. Cumulative inward FDI inflow for eight months of the year constitutes USD 3.1 bn. At the same time, banks continue repaying debts resulting in net outflow under 'credits and bonds' category.

Fiscal policy: State Budget Law for 2011 will be based on new tax regulation

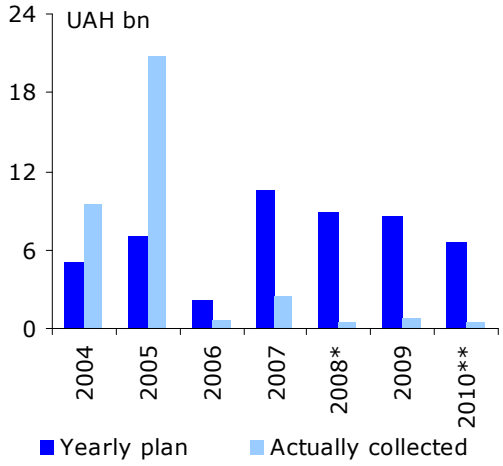
Tax Code. New Draft Tax Code, submitted by the Cabinet of Ministers to the Parliament in September, was passed in the first

Wheat price trend: Ukraine vs. world



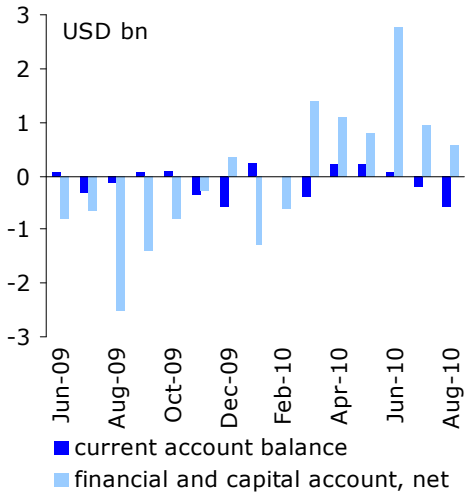
Source: UkrAgroConsult , own calculations

Privatisation receipts



* Initial plan as of December 28, 2007 (plan was revised downwards to UAH 607 bn)
** State Budget 2010 with amendments
Source: SPFU

Balance of payments



Source: NBU, preliminary estimates

reading in early October. The document envisages changes in tax administration and tax rules to reduce tax evasion. At the same time, tax rates reduction is envisaged. In particular, enterprise tax rate (EPT) rate will be reduced by 6 p.p. to 19% in 2011 and further gradually reduced to 16% in 2016. Newly founded and small enterprises will enjoy EPT exemptions for 5 years, while some sectors – like light industry and hotels – will have tax holidays for 10 year. The Government also proposes to cut VAT rate to 17% since 2014. The improvement of VAT administration is expected to result in timely VAT refunds, which will favour economic activity. The Draft Code foresees two flat rates for personal income tax (PIT), 15% and 17%. The larger PIT rate will be applied for incomes exceeding 10 sizes of minimum wage. The local budgets are likely to benefit from planned introduction of the property tax if the tax is efficiently administrated. It is planned that long-awaited document will be approved by the end of November. Likely, the State Budget Law for 2011 will be based on new tax regulation. The Cabinet of Ministers estimated potential 2011 fiscal losses caused by introduction of the Tax Code at UAH 3.8 bn.

Budget Execution. Between January and August, central fiscal revenues due to general fund were by 4.2% below the target against the background of low execution of tax revenues. The collections from all major tax sources were lower than targets. EPT revenues were under-executed by 15.6% as financial state of enterprises did not improve in line with official expectations. Lower than planned VAT refund payments could not compensate for smaller VAT collections on both domestically produced and imported goods. Therefore, the fiscal pressure increased, which necessitated the activation of public borrowings. In August, central fiscal deficit substantially increased so that cumulative eight-month deficit reached UAH 44.3 bn.

Social policy: Real disposable income rapidly increased in the second quarter

According to the Derzhkomstat, real disposable income surged by 11.8% yoy in the second quarter of 2010, to the large extent due to lower debt burden on households. In particular, interest on loans declined as net crediting of households remained negative. At the same time, all major income components accelerate their growth. Real income from social assistance payments and wage income grew by 12.8% yoy and 9.7% yoy, respectively. Households also received higher income from interest on bank deposits as volume of bank deposits augmented. However, income growth outlook is rather pessimistic to higher statistical base as well as accelerated inflation.

Labour Market: Unemployment gradually declines

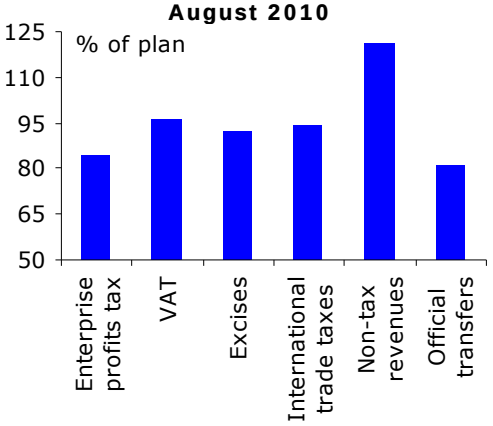
Labour market situation improved due to revived economic activity. The unemployment rate (ILO methodology) declined to 7.9% of economically active population between 15 and 70 years old in the second quarter of 2010 as compared to 8.6% in the same period of 2009. Unemployment rate remained higher for male and in rural areas. Likely unemployment will further decline in the third quarter before seasonal increase in the end of year.

Monetary policy: Inflation accelerated to 10.5% in September

In September, headline consumer inflation accelerated to 10.5% yoy returning to double digits after five months below 10%. Jump in the CPI could be attributed to several factors. Prices for a number of raw food products increased because of low harvest and decline in a number of milk producing cows. At the same time, expectations of further price growth contributed to limited supply and higher prices. Increase in excise tax on alcohol also contributed to higher CPI. Core inflation also accelerated to 7.8% yoy in September from 7.4% yoy in July reflecting high inflation expectations, pass-through from higher prices for raw products and growth in money aggregates.

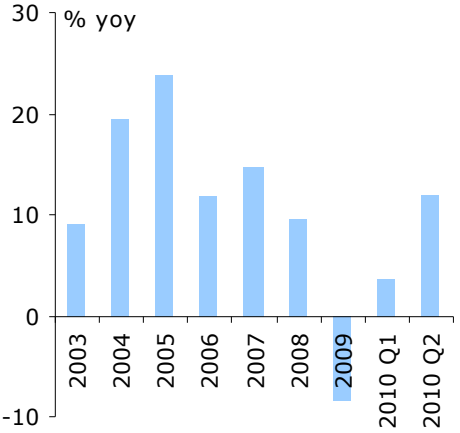
Liquidity in banking system decreased in September as the NBU withdrew it through sales of foreign currency and issue of the CDs. At

Central fiscal revenues in January-August 2010



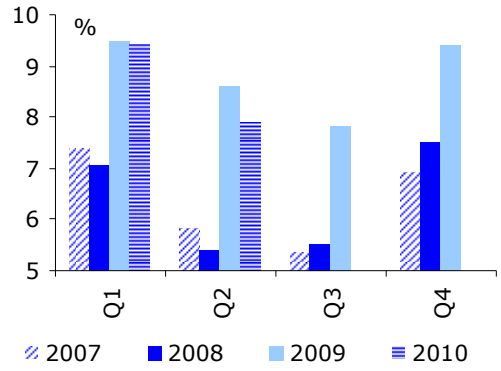
Source: State Treasury reports

Real disposable household incomes



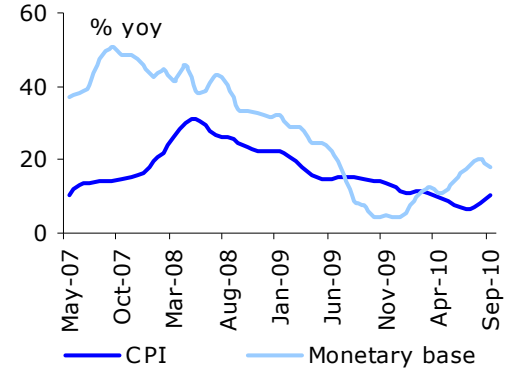
Source: Derzhkomstat

Unemployment rate (ILO)



Source: Derzhkomstat

CPI and monetary base development



Source: Derzhkomstat, NBU

the same time trust in banking system increased leading to growth in money aggregates. Money supply growth accelerated to 21.2% yoy in September.

Financial markets: The NBU sold foreign currency in September

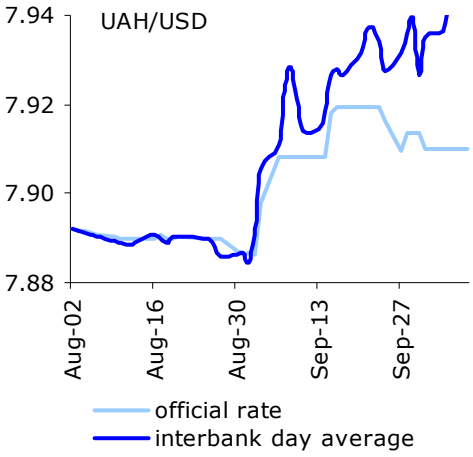
Exchange rate. In September, demand for cash foreign currency increased sharply while supply decreased. Excess supply on cashless segment of the market was not sufficient to cover deficit. The NBU stepped in with interventions of USD 0.7 bn to maintain exchange rate stability. Still, the NBU allowed hryvnia to depreciate slightly against US dollar on the interbank market from UAH/USD 7.89 to UAH/USD 7.93.

Banking sector. In September, bank deposits accelerated their growth to 23.5% yoy and reached UAH 393 bn. National currency deposits grew much faster than deposits in foreign currency (34.9% yoy vs 11.1% yoy). Households were larger contributors in deposit growth than legal entities with 27.3% yoy deposits growth.

Bank lending to households in national currency gradually increased over the last months. In August, banks issued UAH 6.0 bn of new loans to households to compare with new loans below UAH 4 bn from July 2009 to June 2010 (with the exception of December 2009). Moreover, loans issued started to overtake loans repaid. In September, loans outstanding to households in national currency increased by UAH 0.5 bn to about UAH 61.0 bn.

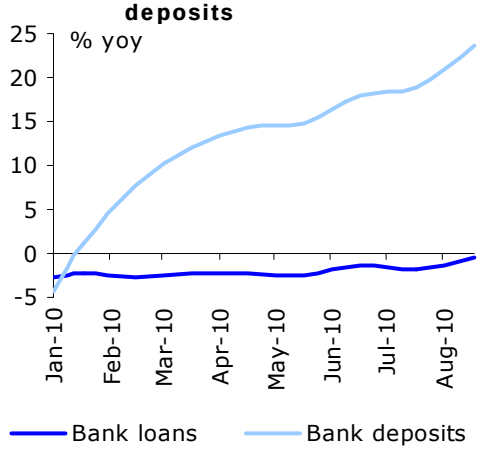
State debt. The state debt has surged against high fiscal pressure during the year. After attracting credits of the Russian VTB and the IMF, the Ukrainian placed USD 2 bn Eurobonds in September. Ukraine issued USD 0.5 bn in 5-year Eurobonds with yield 6.875% p.a. and USD 1.5 bn 10-year Eurobonds with yield 7.75% p.a. The coupon payments on the bonds are due on March 23 and September 23. If the Government successfully extends the Russian VTB loan, the state debt-to-GDP ratio is likely to reach 40% of GDP by the end of year.

Exchange rate



Source: NBU

Growth of bank loans and deposits



Source: NBU

Highlight of the month: State Debt

State debt sustainability becomes an issue

by Oleksandra Betliy

In September, Ukraine returned to international capital markets for the first time since 2007 and successfully placed USD 2 bn Eurobonds. The IMF approval of new Stand-By Arrangement for Ukraine, political stability and economic recovery contributed to increased investors' confidence in the Ukrainian bonds. However, the Eurobonds placement accelerated already high growth rate of external state debt this year, raising some concerns about debt sustainability.

The Government placed USD 500 m in 5-year Eurobonds with yield 6.875% p.a. and USD 1.5 bn 10-year Eurobonds with yield 7.75% p.a. The yields were favourable for Ukraine taking into account that yields on Greek bonds are 11.8% for 5-year and 11.5% for 10-year bonds. These yields were close to yields of 10-year bonds placed in 2007 (6.75%), though the spread with yields on T-bills was larger reflecting higher investors' anxiety about risk.

The Government Eurobonds placement is essential for covering central fiscal deficit in 2010, which is officially planned at 4.99% of GDP. Earlier this year the Government has already attracted loans from the Russian VTB (USD 2 bn) and the IMF (USD 1 bn) for financing liabilities. As a result, direct external state debt has already reached USD 21.4 bn increasing by 25% as compared to the end of 2009. Another IMF tranche at USD 1 bn is expected to be allocated to budget in the end of 2010.

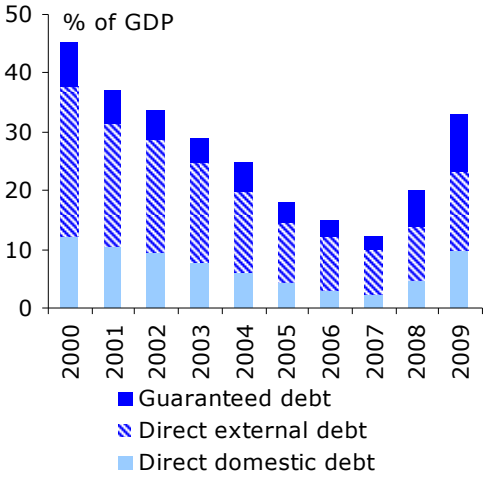
The Government also accelerated domestic borrowing. Between January and September, direct domestic state debt increased by 47% to UAH 134 bn (near USD 17 bn). In addition to sale of ordinary domestic state bonds, the Government issued VAT bonds (UAH 16 bn) and special bonds for recapitalisation of the state banks and the Naftogaz (UAH 14.2 bn). Near 60% of ordinary state domestic bonds were issued with a 1-year maturity, signalling about attempts of the Government to somewhat shift fiscal gap with hopes for higher revenues next year.

The issue of VAT bonds was envisaged in the State Budget Law for 2010. These bonds with 5-year maturity period and 5.5% p.a. coupon were granted to companies that have VAT refund arrears verified by tax authorities as of 1 May 2010. Some companies have already sold bonds on the secondary market to increase liquidity regardless the 20% discount. Large share of bonds was likely to be purchased by non-residents due to high yields. Overall, during nine months of the year the share of state domestic bonds held by the non-residents increased by 5.9 p.p. to 6.4%. The NBU now holds near 50% of all bonds, which is by about 9% less than in the beginning of the year. It is a positive trend as the NBU is monetising bonds at a lesser extent than before.

Overall, between January and September, total state debt increased by 27% and exceeded USD 50 bn. The share of domestic borrowing in total state debt increased by 4 p.p. to 37%. If the IMF provides another instalment under the Stand-by Arrangement, the state debt-to-GDP ratio is likely to reach almost 40% in the end of 2010 as compared to 20% in the end of 2008. Even though this is still moderate level by international standards, it raises concerns about debt sustainability. In particular, the central fiscal spending for interest on state debt is expected to exceed 1% of GDP already in 2010. Ukraine will face pick payments on domestic bonds in 2011 and on external debt in 2012 and 2013.

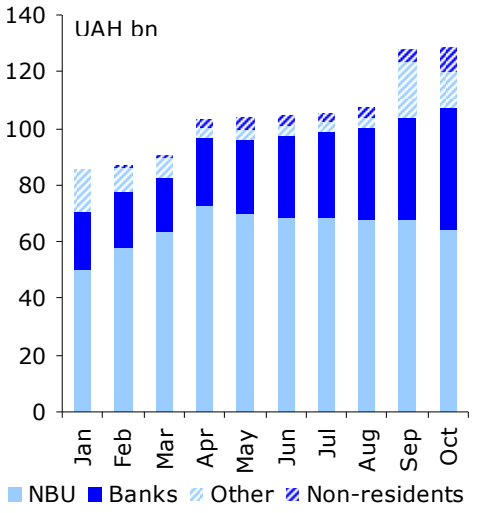
By now, the Government has used received borrowing for financing mostly consumption-oriented spending. However, in order to be able to serve and reimburse debt the Government should start extensive structural reforms. Only sustainable economic growth and tight fiscal policy would enable the Government to repay public debts in time and in full.

State Debt



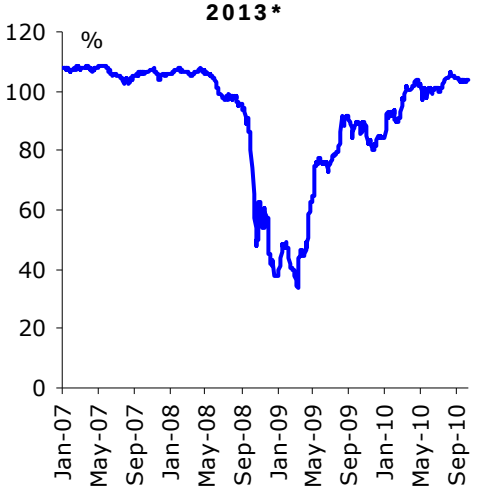
Source: Ministry of Finance

Structure of state domestic bonds by holders in 2010



Source: NBU

Quotes of Ukrainian Eurobonds in 2013*



Note: Dusseldorf Stock Exchange, closing price
Source: Dusseldorf Stock Exchange

Economic Trends		Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10	Mar	Apr	May	Jun	Jul	Aug	Sep
Industrial production (real)	% yoy cum.	-31.1	-28.4	-21.9	10.8	12.0	…	10.8	12.6	12.6	12.0	11.1	10.9	…
Construction (real)	% yoy cum.	-54.9	-52.4	-48.2	-21.4	-19.3	…	-21.4	-21.2	-20.0	-19.3	-16.7	-14.0	…
Agricultural production (real)	% yoy cum.	2.6	3.3	0.1	5.3	3.4	…	5.3	4.9	4.5	3.4	-0.6	-4.1	…
Retail trade turnover (real)	% yoy cum.	-15.2	-16.2	-16.6	-2.6	2.3	…	-2.6	-2.1	1.1	2.3	4.0	4.6	…
Average wage	UAH	1892	1940	2046	1993	2314	…	2109	2107	2201	2373	2367	2280	…
CPI	% yoy eop	15.0	15.0	12.3	11.0	6.9	10.5	11.0	9.7	8.5	6.9	6.8	8.3	10.5
PPI	% yoy eop	-0.9	1.6	14.3	18.6	25.5	19.2	18.6	21.7	27.9	25.5	24.4	23.3	19.2
Exports (USD)***	% yoy cum.	-42.2	-43.7	-40.7	22.1	28.9	…	24.6	28.1	31.4	33.5	33.3	32.7[e]	…
Imports (USD)***	% yoy cum.	-49.5	-49.3	-46.9	18.5	24.7	…	20.7	23.0	25.9	29.6	30.1	33.7[e]	…
Merchandise trade balance	USD bn cum.	-1.9	-3.7	-5.7	-1.2	-1.9	…	-1.5	-1.9	-2.1	-2.5	-3.5	-3.9[e]	…
Current account****	USD bn cum.	-0.8	-1.1	-1.8	-0.2	0.2	…	-0.2	0.1	0.2	0.2	0.0	-0.5[e]	…
Current account	% GDP, cum.	-1.5	-1.3	-1.5	-0.7	0.4	…	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	27.3	28.2	26.5	25.1	29.5	34.70	25.1	26.4	26.7	29.5	30.9	32.7	34.7
Monetary Base	% yoy eop	22.4	7.5	4.4	12.5	16.3	18.0	12.5	11.0	11.9	16.3	18.3	20.2	18.0
Lending rate on UAH credits **	% pa, aop	19.1	17.9	19.8	17.4	14.8	13.0	16.8	15.6	14.6	14.1	13.5	12.6	13.0
Exchange rate (interbank)	USD aop	7.76	8.00	8.06	8.00	7.92	7.90	7.96	7.92	7.92	7.91	7.90	7.89	7.92
Exchange rate (official)	USD aop	7.66	7.82	7.99	7.99	7.92	7.90	7.97	7.93	7.93	7.92	7.90	7.89	7.91
Exchange rate (official)	EUR aop	10.41	11.18	11.81	11.07	10.10	10.18	10.82	10.63	10.00	9.67	10.06	10.18	10.29

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)

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

[e] preliminary estimate provided by the NBU

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

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

''' "Minus" denotes a consolidated fiscal deficit

Notes:

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

Quarterly trends

National accounts		Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10
GDP	UAH bn	137.6	165.1	197.4	212.8	187.7	233.7	275.8	252.7	188.0	213.7	251.3	261.7	218.1	262.4
GDP (real)	% yoy	8.9	8.6	6.2	7.4	6.3	6.2	6.4	-8.0	-20.2	-17.8	-16.0	-6.8	4.9	5.9
Household consumption (real)	% yoy	14.7	15.5	15.2	19.0	22.5	13.3	16.7	1.6	-15.1	-14.3	-13.7	-13.8	0.5	5.1
State consumption (real)	% yoy	0.8	6.2	4.4	2.4	-0.2	1.3	-0.2	0.2	0.5	-5.4	-7.9	-8.7	0.5	-0.7
Gross fixed capital formation (real)	% yoy	24.4	23.5	18.9	23.8	19.4	12.0	0.1	-17.4	-53.9	-51.3	-48.8	-29.9	-2.2	-5.7
Exports of goods and services (real)	% yoy	4.9	5.2	0.1	5.6	4.4	7.2	18.9	-10.4	-25.8	-37.9	-34.0	3.2	7.0	14.9
Imports of goods and services (real)	% yoy	12.9	19.6	13.7	27.2	23.8	24.4	31.8	-4.2	-38.1	-52.5	-46.3	-10.2	2.4	24.9
Agriculture, hunting, forestry (real)*	% yoy	4.8	6.8	-9.3	7.1	0.5	-0.5	21.9	20.7	-1.1	3.3	4.3	-9.7	6.1	3.4
Manufacturing industry (real)*	% yoy	15.0	13.2	13.1	4.4	9.0	9.4	1.8	-22.6	-35.8	-32.9	-28.6	-5.0	12.4	14.7
Construction (real)*	% yoy	13.3	8.2	12.7	5.8	-1.5	-6.3	-17.0	-32.7	-54.3	-47.0	-46.5	-38.2	-19.2	-15.5
Trade, repair services (real)*	% yoy	14.3	17.5	25.3	15.0	15.7	10.9	2.2	-13.9	-13.2	-13.2	-19.1	-16.6	2.2	4.2
Transport(real)*	% yoy	7.0	5.6	8.0	10.2	10.2	14.1	10.8	-4.3	-14.4	-11.2	-9.6	-1.1	3.6	5.0
Balance of payments															
Current account balance	USD bn	-1.1	-0.6	-0.3	-3.257	-3.7	-3.4	-2.1	-3.7	-0.6	-0.2	-0.1	-0.9	-0.2	0.4
Current account balance	% of GDP	-4.0	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.6	-0.6	-0.2	-2.7	-0.7	1.2
Trade balance in goods	USD m	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-882	-622	-1396	-1407	-1235	-712
Trade balance in services	USD m	50	448	1614	308	77	308	1341	15	116	432	1256	550	739	1012
Current transfers	USD m	732	844	947	1016	740	833	831	723	632	667	640	722	629	749
Direct investment (FDI)	USD m	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	923	1213
Portfolio investments	USD m	1816	1477	616	1844	217	160	-690	-967	-350	2286	1428	1396	-317	799
Gross international reserves	USD bn	23.0	25.9	30.7	32.5	33.2	35.5	37.5	31.5	25.4	27.3	28.2	26.5	25.1	29.5
Exchange rate(market), UAH/USD	aop	5.04	5.02	5.01	5.04	5.03	4.79	4.70	6.49	8.09	7.76	7.99	8.06	8.00	7.91
Exchange rate(official), UAH/USD	aop	5.05	5.05	5.05	5.05	5.05	4.96	4.85	6.21	7.70	7.66	7.82	7.99	7.99	7.91
Fiscal indicators															
Consolidated fiscal revenues	% of GDP	33.3	32.8	30.8	31.1	32.9	32.0	29.5	31.6	35.0	30.6	25.4	35.8	30.8	29.8
Personal income tax	% of GDP	5.1	5.3	4.9	4.8	5.2	5.1	4.3	4.9	5.2	5.3	4.4	4.7	4.9	4.7
Enterprise profits tax	% of GDP	3.8	4.1	4.1	6.4	4.2	4.5	5.0	6.3	3.9	3.3	3.7	3.6	4.3	3.0
Value-added tax	% of GDP	10.4	9.8	8.7	7.6	10.6	10.9	9.8	7.8	11.8	8.3	6.4	10.9	9.8	9.6
Excise tax	% of GDP	1.8	1.7	1.6	1.3	1.5	1.3	1.2	1.4	2.0	2.4	2.5	2.6	2.4	2.9
Consolidated fiscal expenditures	% of GDP	28.4	31.0	29.6	36.7	29.8	31.6	27.2	41.2	34.6	36.7	29.5	34.3	32.9	37.9
Current expenditures	% of GDP	26.9	28.4	25.9	27.3	28.9	28.5	22.4	33.8	33.7	35.0	26.9	31.2	32.3	36.6
Capital expenditures	% of GDP	1.6	2.6	3.7	9.4	1.0	3.1	4.8	7.4	0.9	1.7	2.6	3.1	0.6	1.3
Consolidated fiscal balance	% of GDP	4.7	1.7	1.2	-6.2	3.0	0.4	1.9	-10.3	0.0	-6.2	-4.5	1.1	-2.0	-7.9
Privatisation receipts	% of GDP	0.5	0.5	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0	0.1	0.0
Labour market															
Average wage (real)	% yoy	12.3	11.7	12.7	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.7	3.3	8.7
Household income (real)	% yoy	17.5	17.4	14.9	16.4	19.0	10.1	6.6	2.7	-10.8	-6.9	-8.6	-7.6	1.4	8.7
Unemployment rate (ILO methodology)	% cum	7.4	6.6	6.2	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	8.8	9.0	8.5
Banking system															
Monetary aggregate M0	% yoy cum	26.2	30.6	41.1	48.2	48.4	48.6	37.9	39.3	33.9	22.8	11.5	1.5	5.4	9.9
Monetary aggregate M2	% yoy cum	38.6	40.7	47.8	50.8	52.7	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4	6.9	13.2
Household deposits in national currency	% yoy cum	50.7	56.3	64.8	71.9	67.9	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5	7.1	20.1
Household deposits in foreign currency	% yoy cum	52.3	43.8	38.4	32.5	35.2	32.9	31.2	66.3	31.8	33.0	39.2	4.7	22.8	21.5
Com. bank credits in national currency	% yoy cum	52.4	57.2	60.7	72.7	81.2	70.6	54.9	40.4	27.6	27.8	25.2	16.9	13.6	8.3
Com. bank credits in foreign currency	% yoy cum	98.9	97.4	91.0	75.4	71.3	57.9	53.4	103.6	70.8	48.7	32.4	-15.2	-13.7	-10.5
Long-term com. bank credits	% yoy cum	84.1	86.5	87.9	85.7	84.8	67.2	50.9	73.3	50.8	37.3	29.9	-3.8	-3.9	-2.8
Long-term com. bank credits	% of total	65.8	67.3	68.2	69.2	69.1	68.6	66.8	69.8	69.9	68.2	67.3	68.1	68.5	68.9
Average lending rate on national currency credits	% p.a.	14.0	13.9	13.7	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8	17.4	14.6
Average lending rate on foreign currency credits	% p.a.	11.5	11.4	11.3	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	10.1	10.4	10.8

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

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