Monthly Economic Monitor Ukraine

- The stay of the Russian Black Sea Fleet bases in Crimea was prolonged for another 25 years.
- In March, record growth of industrial production was observed.
- Ukraine got 30% discount on import price of natural gas for the next 10 years.
- March balance of payment was positive for the first time since the beginning of the crisis.
- In April, the State Budget for 2010 was approved with central fiscal deficit at 5.3% of GDP.
- April consumer inflation decelerated to 9.7% yoy.
- The Ministry of Finance placed UAH 4.4 bn domestic state bonds.
- HIGHLIGHT OF THE MONTH: Gas Agreement

No.5 (115)
May
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: Russian Black Sea Fleet remains in Ukraine until 2042

On April 21, the Russian and Ukrainian presidents at their meeting in Kharkiv signed an agreement prolonging the stay of the Russian Black Sea Fleet bases in Crimea for another 25 years after expiration of existing deal in 2017. The agreement also previews the possibility of extending the new timeline for another five years.

On April 27, the Verkhovna Rada of Ukraine ratified the agreement by 236 votes, despite protests of the opposition factions questioning the legitimacy of signed documents and blocking the work of the Parliament. Nevertheless, on April 29, Ukrainian President Viktor Yanukovych signed a law on the ratification of the agreement.

The EU officials restrained commenting the new Ukraine-Russia agreements and emphasised their bilateral character. However, the Head of the Force Planning Department of the NATO Defence Policy and Planning Division, Frank Boland pointed that the new Ukraine-Russia Black Sea Fleet agreement will not affect alliance's cooperation with Ukraine, provided Kyiv intends to continue it.

Real sector: Industrial production hiked in March

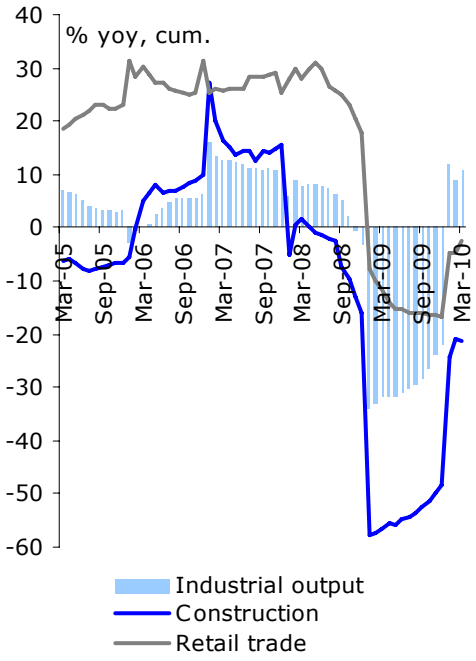
In March, industrial production increased by record 13.8% yoy, being the highest performance since August 2008. The growth was mainly attributed to the hike of export-oriented industries' production. The machine building was the leader increasing its output by 33.6% yoy thanks to expanding production of trucks and railcars. March jump in external demand for Ukrainian steel and chemicals allowed increasing output of the products by 26.2% yoy and 25.8% yoy, respectively. An extraction of non-fuel fossils grew by 22.9% yoy due to world price increase.

Between January and March, freight turnover continued to improve having grew by 16.1% yoy thanks to increasing export of steel and chemicals and raising natural gas transit. Aggregated construction volumes decline accelerated to 21.4% yoy suffering from the lack of financing, while contraction of retail trade turnover decelerated to 2.6% yoy. Agriculture output increased by 5.3% yoy, as pig and poultry stock continued to grow.

Sectoral trends: New gas price for Ukraine

Energy. In April, Ukraine and Russia signed an agreement according to which Russia gave Ukraine 30% discount on import natural gas price for the next 10 years. In return, Ukraine prolonged the stay of Russian naval base in Sevastopol city for another 25 years. The discount is applied to 30 bn cubic meters (bcm) of gas imported in 2010 and 40 bcm imported in next years. The discount could not exceed USD 100 per thousand cubic meters (tcm). At the same time, the current gas formula with USD 450 per of base price for tcm was not changed, while contracted volume of supply in 2010 was raised to 36.5 bcm. The discount is to be provided though cancelling the export duty of Gazprom.

Real sector trends



Source: Derzhkomstat

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Agriculture. Spring seeding campaign lacked external financing both from public and private sources. The adopted Law on State Budget for 2010 changed the scheme of a fiscal support to agriculture. Around UAH 3 bn (42% of total fiscal expenditures on agriculture) were assigned to the Stabilization Fund for interest rates compensation and financing of investment projects. Previously, these programs were financed as a part of general expenditures. Given difficulties with accumulating funds in the Stabilisation Fund, the fiscal support of agriculture may remain limited until the end of the year.

Transport. The Cabinet of Ministers prolonged the period of validity of preferential rail tariffs for metal and chemicals producers until July 1, 2010. Initially discounted tariffs had been to expire in three months, but they have already been effective for 21 months. This decision led to additional drop in revenues of railway sector aggravating losses caused by crisis decrease in freight turnover. The amount of provided preferences is evaluated by Ukrzaliznytsia at UAH 600 m for the whole period of tariffs' application.

Telecommunications. In April, the Cabinet of Ministers increased five times fees for usage of frequency spectrum. The decision was motivated by fiscal considerations. However, a net impact on fiscal revenues is ambiguous, as higher costs of telecommunications would result in lower profits and, thus, lesser enterprise profit tax collections unless these costs are completely passed to consumers.

Privatization. According to the State Budget Law, the privatization revenues are expected at UAH 10 bn in 2010. The sale of non-agricultural land plots will bring UAH 263 m, while privatization of the blue chips as Ukrtelecom, Odessa by-port plant and energy distribution companies is most likely to lead to plan execution.

The SPFU offers to sale 10-17% of Ukrtelecom on the stock exchange this summer, but the full placement plan is not defined. As for April, there are already three Ukrainian applications for the auction of Lugansklokomotive planned for June 15. Moreover, the SPFU initiated the procedure on removing the ban on sales of strategic enterprises in energy sector, especially thermal generation enterprises.

External sector: March balance of payment was positive at USD 1.3 bn

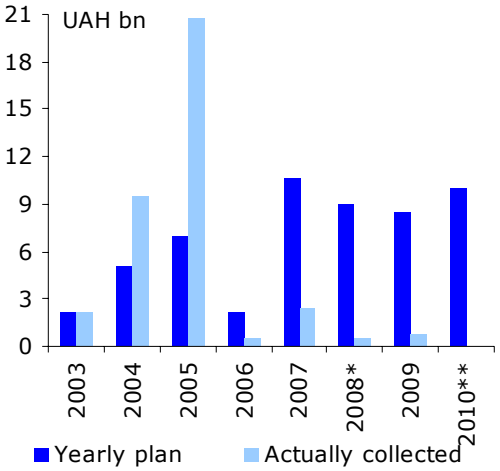
According to NBU preliminary estimates, in March current account deficit widened to USD 239 m, as merchandise import growth surpassed an expansion of exports (24.6% mom and 16.3% mom, respectively). All major categories of imports increased backed by improving domestic conditions. Growth in exports was assured by favorable price developments at external metal and agricultural markets as well as revived demand for Ukrainian machines and equipment. Exports and imports of services developed almost symmetrically triggered by external trade revival. Better conditions at external labor markets contributed to the balancing of net incomes from abroad.

March current account deficit was more than covered by financial account surplus at USD 1.3 bn. FDI net inflow reached USD 508 m assured by new investments into banking sector. It was accompanied by short-term lending to banks, while long-term credits were mostly provided to real sector (USD 747 m). The contraction of foreign currency outside banks in light of national currency strengthening and improved credibility of banking system also positively affected financial account. A part of financial account surplus was due to continued accumulation of arrears. In March, non-payments on trade credits were observed. Resumption of payment may press financial account balance back to negative later this year.

Fiscal policy: The central fiscal deficit increased to UAH 5.5 bn in the first quarter

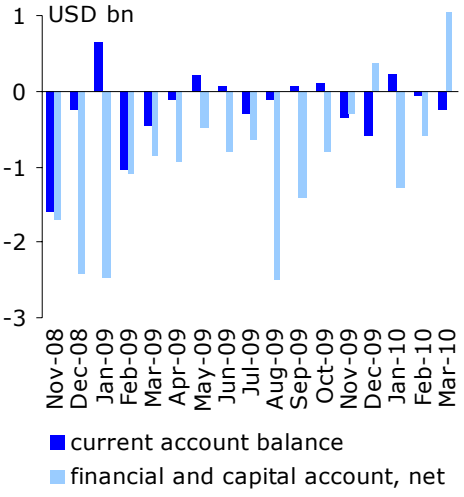
Between January and March, central fiscal revenues increased by 0.9% yoy to UAH 51.7 bn thanks to higher tax revenues and the NBU transfer conducted in March. In particular, receipts from EPT and

Privatisation receipts



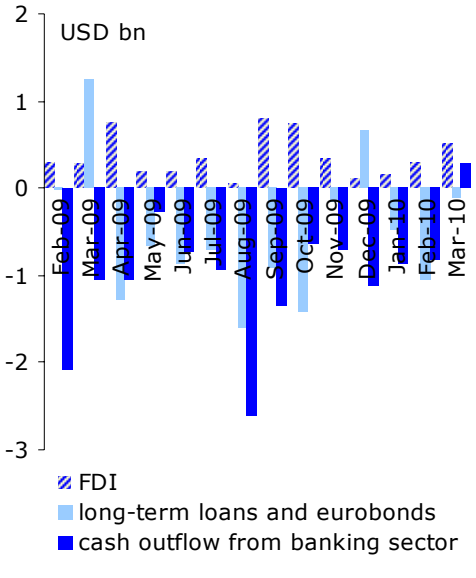
* initial plan as of December 28, 2007 (plan was revised downwards to UAH 607 bn)
** State Budget Law for 2010
Source: SPFU

Balance of payments



Source: NBU preliminary estimates

Financial account



Source: NBU preliminary estimates

excises increased by 27.6% yoy and 41.0% yoy, respectively. Net VAT revenues, on the contrary, dropped by 4.1% yoy primarily due to the 15.5% fall in the VAT on imports. Besides, there was significant decline in the revenues from international trade taxes and non-tax items. The later is mostly attributed to the lower own receipts of budget entities in the first quarter of 2010.

The central fiscal expenditures increased by 12.9% yoy to UAH 50.9 bn largely thanks to the substantial increase in social and debt service expenditures. At the same time, the share of capital expenditures in total central fiscal expenditures dropped from 4.1% in 2009 to 1.6% in 2010. As a result, in the first quarter 2010 the central fiscal deficit continued to widen and reached UAH 5.5 bn comparing to UAH 0.3 bn deficit the year before. It was mainly financed at the expense of internal borrowings.

On April 27, the Parliament has approved the State Budget Law for 2010. The central fiscal revenues and expenditures without credits are planned at UAH 267 bn and UAH 324 bn (24.7% and 29.9% of GDP, respectively). The Law is based on new social standards approved by the Parliament in October 2009. The envisaged deficit at UAH 57.7 bn (5.3% of GDP) is lower than the 6% level previously agreed with IMF, but it does not include banks' recapitalization. Main sources of deficit financing are borrowing from international financial institutions, sales of domestic state bonds as well as privatisation receipts.

In mid-April, the Cabinet of Ministers approved the Budget Declaration for 2011. The declaration caps fiscal deficit and state debt at 4.5% and 40% of GDP, respectively. The share of GDP redistribution through the consolidated budget will constitute 30.5%. State guarantees on investment and innovative projects shall not exceed 3% of GDP. Traditionally, the declaration stipulates further decentralization, development of the medium-term expenditure framework and state-private partnership, and revision of protected expenditure items. A planned tax reform includes approval of the Tax Code envisaging gradual rate reduction for main taxes and introduction of tax on luxury goods.

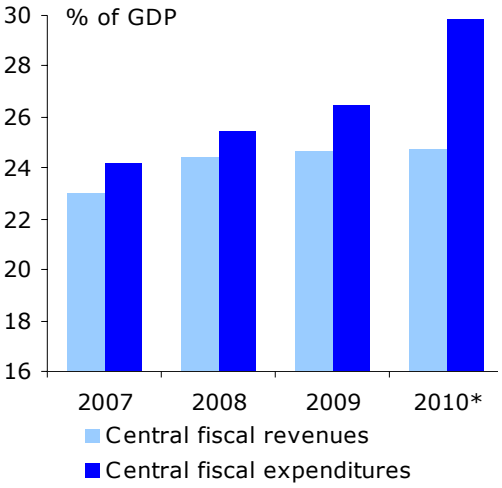
Social policy: Pension system remains unsustainable

The State Budget Law foresees the retroactive gradual increase in minimum pension benefit from UAH 695 in January to UAH 734 in December 2010. This increase will result in high deficit of the Pension Fund, previously planned at UAH 29.6 bn or 2.7% of GDP. Besides, the Government will traditionally provide the Pension Fund with the central fiscal transfer for financing pensions foreseen in special state pension programs. It comprises 20.9% of total central fiscal expenditures. So far, no measures like the maximum pension size setting or increase in retirement age were taken to improve the sustainability of pension system.

Labour market: Wage compression is expected in 2010

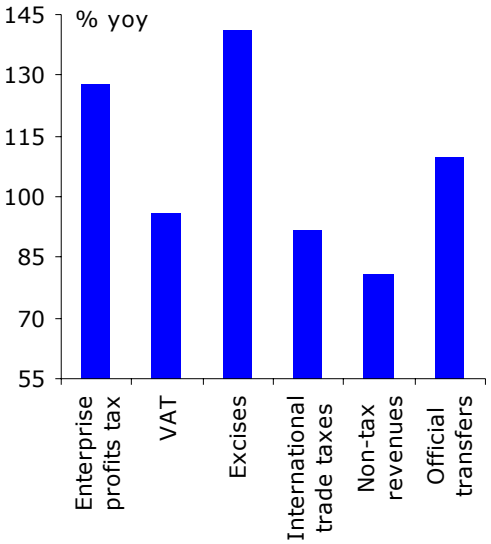
Minimum wages will rapidly increase in 2010 (by 38.5% on average). This increase will result in higher labour costs for both private and public sectors. However, the impact of higher minimum wage on fiscal wage spending will be restricted by further wage compression in public sectors. The reason is that the Government did not increase the first tariff grid in the Unified Tariff Grid. Private sector might respond to minimum wage hike by job destruction as well as wage compression. Overall, increase in minimum wage will push average wage up, taking into account that large enterprises use tariff grids for employees' wage setting.

Central fiscal revenues and expenditures



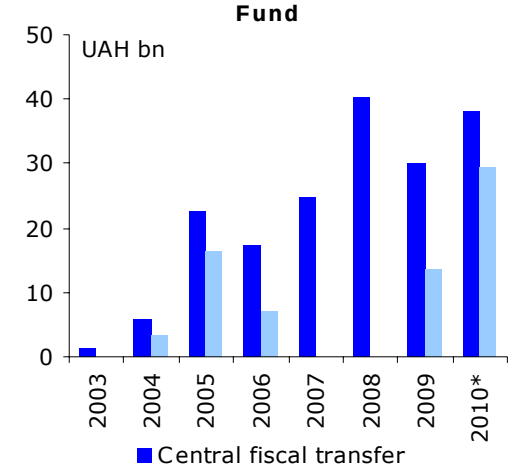
* planned
Source: the State Treasury reports, the State Budget Law for 2010.

Central fiscal revenues in January-March 2010



Source: State Treasury reports

Central fiscal transfer to the Pension Fund



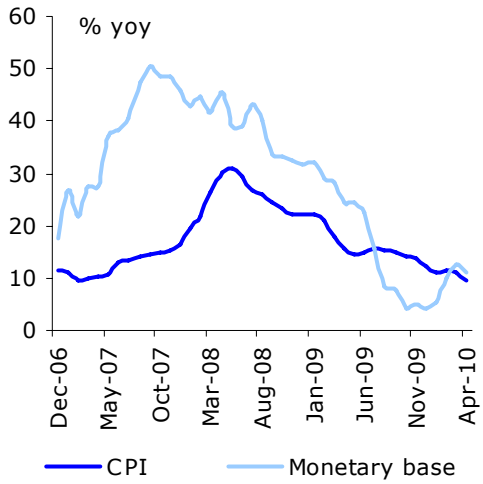
* planned
Note: without Treasury loans
Source: State Treasury Reports

Monetary policy: Inflation slowed to 9.7% yoy in April

In April, the CPI declined by 0.3% mom, so that consumer prices growth returned to single digits from 11.0% yoy month before. Prices for a number of food products retreated after fast growth in January and February. This happened due to both seasonal factor and the removal of supply and demand imbalances. Consumer demand also remained quite weak contributing to low inflation pressure. As a result, in April core inflation slowed down compared to March by 0.8 p.p. to 8.8% yoy.

Banks retained more or less stable levels of liquidity in April even as the NBU continued to supply economy with liquidity through foreign currency interventions. The NBU sterilised part of the liquidity injected through CD and government bond sales. Much of the rest was transformed into cash and government funds at the NBU. As result of increased trust in banks, money supply growth accelerated to 9.9% yoy in April comparing to 6.6% yoy in March.

Monetary base and inflation



Source: Derzhkomstat, NBU

Financial markets: The NBU expanded foreign currency purchases to USD 1.4 bn

Exchange rate. Exchange rate fluctuations declined sharply in April as the NBU increased interventions on foreign currency market. According to Reuters, inter-bank UAH/USD exchange rate remained in 7.91-7.93 range for the most of the month. Though supply of foreign currency was significantly larger than demand, the NBU prevented appreciation of hryvnia as it bought almost USD 1.4 bn to reserves. Appreciation pressure was likely caused by increased export receipts as well as continued capital inflows.

Banking sector. In April, total deposits growth slowed to 3.6% mom due to deceleration of corporate deposits growth to 0.8% mom. Households' national currency deposits increased by 5.1% mom or UAH 8.2 bn signaling about improved confidence in hryvnia. At the same time, the share of short-term deposits of both households and legal entities in total stock continued to expand, indicating no significant changes in attitudes toward banking system in whole.

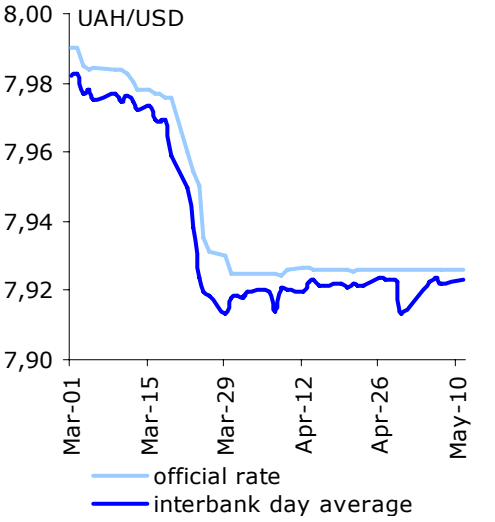
Total loans outstanding remained close to previous month level having rise by 0.2% mom. Loans of households continued to decreased (by 1.3% mom), while loans to legal entities grew very moderately (0.9% mom).

According to the NBU, banks finished the first quarter of 2010 with UAH 4.4 bn of loss due to increase in reserves for non-performing loans by UAH 11.7 bn. Thus, debt servicing remains one of the key problems of banking system.

State debt. In April, the Ministry of Finance sold one-, two- and three-year domestic state bonds with weighted-average yield at 13.4% p.a. UAH 4.4 bn placement was sufficient to redeem UAH 1.7 bn of domestic state bonds. The share of short-term bonds maturing in 2010-2011 continued to increase and reached 62.4% of the total placement, demonstrating diminishing demand for medium-term bonds. Four and five–year–bonds were not sold. Despite the sharp yield decrease observed in last two months, rates are expected to growth later this year due to impending VAT bonds issue.

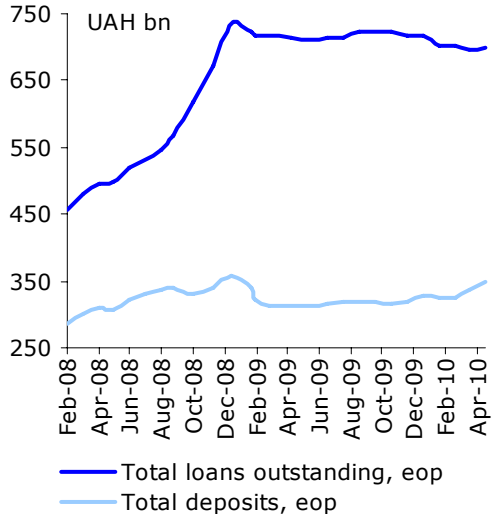
In April, Ukreximbank placed USD 500 m of five-year Eurobonds with the yield at 8.4% p.a. in addition to currently circulated USD 875 m placed in 2005-2006. Besides, international airport Boryspil issued UAH 150 m of one-year bonds maturing in April 2011 with the yield at 16% p.a. Boryspil plans include additional issuance to reach a combined total of UAH 500 m. Earlier, the company restructured UAH 300 m of its debt.

Exchange rate



Source: NBU

Banking sector developments



Source: NBU

Highlight of the month: Gas gambit in Kharkov

Is discount on gas price really advantageous?

by Dmytro Naumenko

On April 21, Ukraine and Russia signed an agreement about prolongation of the stay of Russian Black Sea Fleet in Sevastopol naval base until 2042 (Fleet Agreement). According to the document, the rent fee for naval base placement in Crimea after 2017 remain the same at USD 100 m per year. In return, Ukraine will be provided with the discount on import price for natural gas over the next 10 years starting from the second quarter of 2010. As part of the agreements, the parties also amended the gas contract signed on January 19, 2009.

The Fleet Agreement foresees that discount is applied to price determined in accordance with current gas price formula with base price of USD 450 per thousand cubic meters (tcm). The discount will amount 30% in case gas price would be less than USD 333 per tcm, otherwise it could not exceed USD 100 per tcm. The discount will be applied only to 30 bn cubic meters (cm) of natural gas import in 2010 and to 40 bn cm thereafter. Simultaneously, contracted for 2010 gas volumes were increased by 2.75 bn cm. The penalties for violation of 'take-or-pay' obligations for Ukraine were completely excluded from the gas agreement. Finally, reduction in price for Russian natural gas will be made entirely at the expense of canceling the respective export duty usually paid by Gazprom.

Preliminary estimates made by Naftogas suggest that agreed discount would allow Ukraine to reduce the natural gas price from expected USD 333 per tcm to USD 233 per tcm in the second quarter of 2010. In the short run, the Government will be able to keep the gas price for the industrial consumers at 2009 level, which otherwise should have been grown due to current oil price increase. This will also allow keeping the domestic retail gas price at below-market levels complying with populist pre-election promises.

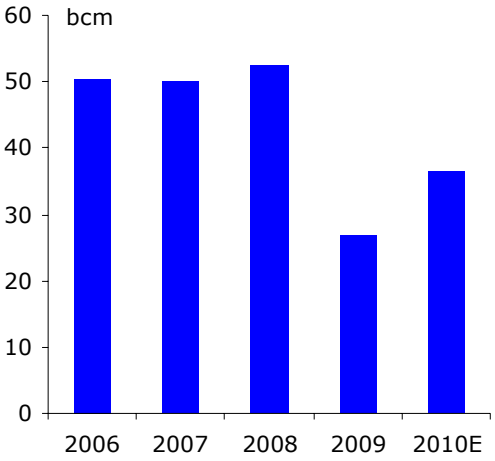
However, in the long-run, these agreements might work against Ukraine. The discounted price will weaken the Government motivation to conduct long-awaited reform of national gas market. It makes possible the conservation of existing cross-subsidization of different gas market segments and weak financial stance of Naftogas for years ahead. This market structure significantly complicates accumulation of investments for national gas transit system (GTS) modernization including those from international sources. Reduced gas price will also result in decrease in the transit tariff fee and, thus, in Naftogas transit incomes being the major source of investments.

The discount mechanism does not change basic provisions of the 2009 gas contract. After the discount expires, Ukraine will get a jump in gas prices, while hampered modernization of energy system in the country might make Ukraine's economy even more sensitive to gas price changes than it is now.

Besides, the price for natural gas in Europe continues falling due to oversupply of liquefied natural gas (LNG) on the spot market and optimistic prospective of shell gas extraction. It means that Ukraine might have tried to get the discount even without making political concessions if the country develops plausible strategy for gas supply diversification.

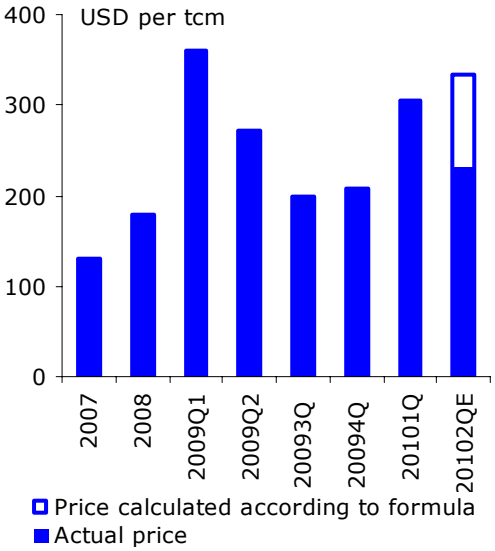
Summing up, the last agreement on gas pricing for Ukraine seems to be myopic. Low price for imported natural gas from Russia will create favorable conditions for biggest gas consuming industries and possibilities to cap prices for gas and heat for population. However, this pricing scheme will restrain the reforms of the national gas market structure, drain possible investments in GTS modernization and development of own gas extraction, thus imposing risks on national security.

Import of natural gas



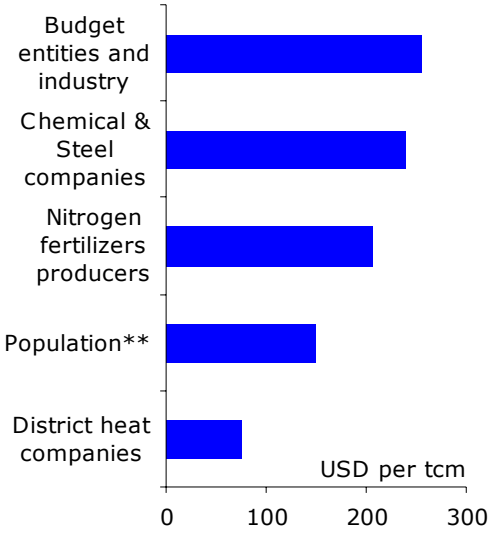
E-estimate
Source: Derzhkomstat; NJC 'Naftogas'

Price on imported natural gas



E-estimate
Source: NJS 'Naftogas'

Gas prices in Ukraine for different consumers (as of April 1, 2010)*



Source: NERC
* Prices excluding VAT, extra charge, and transportation & supply costs
** Average price

Economic Trends		Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Industrial production (real)	% yoy cum.	-31.9	-31.1	-28.4	-21.9	10.8	-29.6	-28.4	-26.4	-24.0	-21.9	11.8	8.8	10.8	…
Construction (real)	% yoy cum.	-56.7	-54.9	-52.4	-48.2	-21.4	-53.6	-52.4	-51.5	-49.7	-48.2	-24.1	-20.9	-21.4	…
Agricultural production (real)	% yoy cum.	1.7	2.6	3.3	0.1	5.3	0.4	3.3	0.1	0.0	0.1	5.4	5.2	5.3	…
Retail trade turnover (real)	% yoy cum.	-11.5	-15.2	-16.2	-16.6	-2.6	-15.9	-16.2	-16.2	-16.5	-16.6	-4.8	-4.7	-2.6	…
Average wage	UAH	1736	1892	1940	2046	2109	1849	1964	1950	1955	2233	1916	1955	2109	…
CPI	% yoy eop	18.1	15.0	15.0	12.3	11.0	15.3	15.0	14.1	13.6	12.3	11.1	11.5	11.0	9.7
PPI	% yoy eop	12.8	-0.9	1.6	14.3	18.6	-3.7	1.6	5.1	12.9	14.3	16.3	16.4	18.6	21.6
Exports (USD)***	% yoy cum.	-35.5	-42.1	-43.7	-36.6	22.0[e]	-49.4	-48.7	-47.5	-43.4	-40.7	23.6	24.7	24.2[e]	…
Imports (USD)***	% yoy cum.	-45.0	-49.8	-49.9	-43.7	18.5[e]	-53.8	-53.5	-52.4	-49.9	-46.9	63.0	20.7	26.1[e]	…
Merchandise trade balance	USD bn cum.	-0.8	-1.9	-3.7	-5.7	-1.4[e]	-3.8	-4.1	-4.3	-4.8	-5.7	-0.3	-0.7	-1.4[e]	…
Current account****	USD bn cum.	-0.7	-0.8	-1.1	-1.8	0.1[e]	-1.2	-1.1	-1.0	-1.3	-1.9	0.2	0.2	0.1[e]	…
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	28.9	28.2	27.7	27.3	26.5	25.3	24.1	25.1	26.4
Monetary Base	% yoy eop	28.1	22.4	7.5	4.4	12.5	8.5	7.5	4.1	5.0	4.4	5.3	10.0	12.5	11.0
Lending rate on UAH credits **	% pa, aop	26.5	19.1	17.9	19.8	17.4	17.5	17.8	19.3	20.6	19.6	17.4	17.9	16.8	15.6
Exchange rate (interbank)	USD aop	8.1	7.76	8.00	8.06	8.00	7.97	8.31	8.14	8.08	7.98	8.04	8.01	7.96	7.92
Exchange rate (official)	USD aop	7.70	7.66	7.82	7.99	7.99	7.81	8.00	8.00	7.99	7.98	8.00	8.00	7.97	7.93
Exchange rate (official)	EUR aop	10.06	10.41	11.18	11.81	11.07	11.13	11.64	11.84	11.92	11.68	11.43	10.95	10.82	10.63

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	191.5	236.0	276.5	244.1	188.0	213.7	251.3	261.7	…
GDP (real)	% yoy	6.9	9.5	8.9	8.6	6.2	7.4	8.5	6.2	4.3	-7.8	-20.2	-17.8	-16.0	-6.8	…
Household consumption (real)	% yoy	11.8	9.9	14.7	15.5	15.2	19.0	23.6	12.6	14.4	4.7	-15.1	-14.3	-13.7	-13.8	…
State consumption (real)	% yoy	5.8	1.0	0.8	6.2	4.4	2.4	-0.9	2.2	-5.3	7.4	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	24.4	9.1	-3.2	-23.1	-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	0.1	13.8	21.0	-13.2	-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	19.3	29.7	34.8	-11.8	-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	-3.257	-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	-9.8	-7.1	-3.7	-9.5	-2.7	-0.6	-0.2	-2.7	…
Trade balance in goods	USD m	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-957	-699	-1486	-1513	-1369[e]
Trade balance in services	USD m	1054	347	50	448	1614	308	77	308	1341	15	177	494	1328	634	841[e]
Current transfers	USD m	851	910	732	844	947	1016	740	833	831	723	632	667	640	722	696[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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	19.9	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	10.3	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

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