Monthly Economic Monitor Ukraine

- Victor Yanukovych took over as President of Ukraine.
- Real GDP fell by 15.0% in 2009.
- Ukrainian government expanded in-kind VAT refund scheme.
- In January current account was in surplus at USD 0.2 bn.
- Central fiscal revenues increased in January as VAT refunds were almost suspended.
- Real average wage increased by 6.0% yoy in January.
- February inflation accelerated to 11.5% yoy.
- Bank deposits grew by 0.3% mom in February.
- HIGHLIGHT OF THE MONTH: Sugar prices

No.3 (113)
March
2010

Population: 46.1 m
Industry/GDP: 26%
Agriculture/GDP: 7%
Investment/GDP: 28%
Exports to: Russia 25%, EU 28%
Imports from: Russia 22%, EU 35%

Politics: Victor Yanukovych took over as President of Ukraine

On February 25, Victor Yanukovych officially took up the post of President of Ukraine. Eleven heads of states, European Union foreign Policy Chief Catherine Ashton, President of the European Parliament Jerzy Buzek, EU Commissioner for Enlargement and European Neighborhood Policy Stefan Fule, and Speaker of the State Duma of the Russian Federation Boris Gryzlov were present at inauguration. Mr. Yanukovych's major political rivals including former President Victor Yushchenko and Prime Minister Yulia Tymoshenko refused to attend the event.

In his inauguration speech, newly elected President vowed to implement political and economic reforms to lift the country out of the economic downturn. However, to influence economic policy the pro-presidential Party of Regions needs to form the parliamentary coalition and appoint new Prime Minister. Thus, it needs support from Lytvyn block, and from at least part of the deputies from Our Ukraine – People's Self Defense bloc. So far, they managed to oust incumbent Prime Minister Yulia Tymoshenko but new coalition was not formed. If efforts to form the parliamentary majority fail, early parliamentary elections may be scheduled escalating political and economic instability in the country.

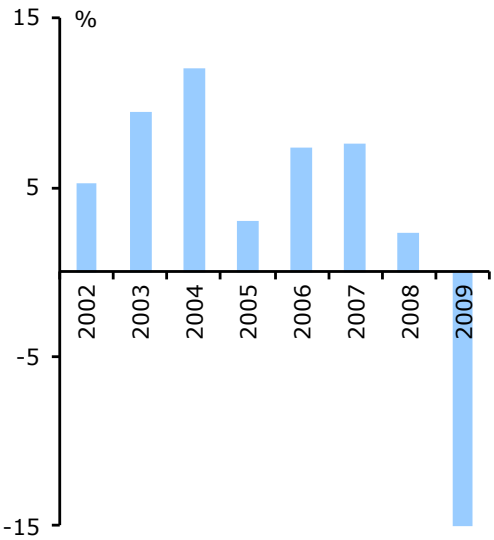
Real sector: Real GDP decreased by 15.0% in 2009

According to preliminary estimate of the Derzhkomstat, real GDP contraction in 2009 was 15.0%, signaling about limited improvement of economic activity in the last quarter of the year. On demand side, investments did not show seasonal increase in the last quarter bringing yearly decline of real gross fixed capital accumulation to 48.1%. Household consumption also remained subdued in the fourth quarter likely due to flu scare and limited end-year bonuses bringing real fall in final private consumption from 12.4% yoy over three quarters to 14.1% over the whole year. At the same time, both real exports and imports somewhat improved in the fourth quarter.

On production side, the worst performing sectors were construction, manufacturing and trade that lost 48.3%, 26.0% and 17.9% of their real gross value added (GVA) respectively. The best performers were agriculture and healthcare with GVA growth at 0.2% and 0.5% in 2009. Nominal GDP is estimated at UAH 912 bn.

In January 2010, industrial production increased by 11.8% yoy. Chemical and metal production, iron ore mining and machinery showed the best performance in year-on-year terms growing more than 20% yoy reflecting both improved external demand and low statistical base. Meanwhile, food industry and production of construction materials fell by 2.0% yoy and 11.1% yoy, respectively, primarily due to limited domestic demand. In particular, construction dropped further, and its January nominal volumes were lower than in 2005. Real retail trade turnover also declined by 4.8% yoy against the background of relatively high baseline and restricted domestic demand.

Real GDP growth



Source: Derzhkomstat

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Alongside with industrial output, freight turnover continued to improve and increased by 15.8% in January due to low statistical base and healthier international trade. Agriculture output increased by 5.4% yoy as relatively cheap feed grain supported animal husbandry.

Sectoral trends: Ukrainian government expanded in-kind VAT refund scheme

Agriculture. To provide additional financing for seeding campaign, the government renewed in-kind VAT refund scheme for 2010 and expanded the number of exporters eligible for such compensation scheme. Now, exporters of all agricultural goods instead of only grain, flour, alcohol, and sunflower oil have become eligible. Exporters can receive grain, flour, and ammonium nitrate from state-owned stock in lieu of cash refunds. The Agrarian Fund that manages state reserves announced its plans to allocate around 0.6 m tonnes of grain for this purpose. It also started forward purchases of grain from farmers. However, the amount of purchases is expected to be lower than in 2009. Thus, introduced measure will cover only small part of funding requirements for agricultural producers in this season.

Energy. The Cabinet of Ministers decided to increase the amount of fiscal compensation to NJS 'Naftogaz of Ukraine' to UAH 3 bn. This sum should cover the difference between imported natural gas price and price at which gas is sold to heat generating companies. However, earmarked funds will come from enterprise profit tax paid by "Naftogaz" itself. Meanwhile, the indebtedness of the heat generating companies to Naftogas continued growing and reached UAH 3.65 bn as of February 19, 2010.

In February, the District Administrative Court of Kyiv quashed the National Electricity Regulation Commission decision to increase gas prices for population. The NERC decision foresaw the increase in natural gas prices for population by 20% starting from September 2009 but did not become effective after court case was filed.

Telecommunications. In February, the NCRC adopted a decision setting equal interconnection fees between all mobile and fixed telecom operators that dominate their market segments. This decision may complete long-lasting conflicts among telecom market players over interconnection rates as such conflicts used to cause sudden interruptions in service. However, its final impact on telecom market will be seen in the next year when operators again negotiate on the level of interconnection rates.

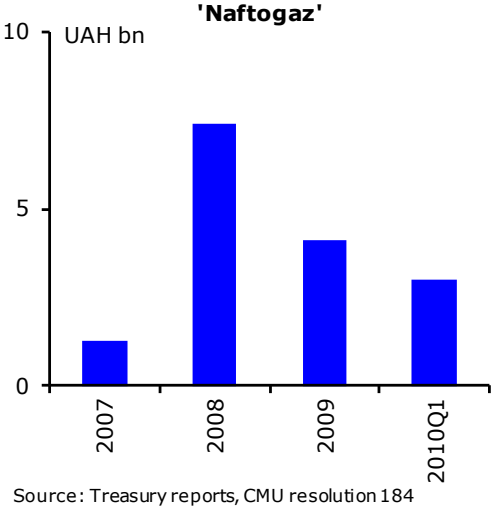
In February, Ukrtelecom successfully rescheduled a repayment date for USD 41.7 m of the USD 55.6 m due by February 25 to Credit Suisse First, Deutsche bank, and Standard bank. The company paid USD 13.9 m in February and will pay USD 41.7 m in May. The next USD 55.7 m installment will be due in July. The debt was issued in 2005, and Ukrtelekom began making twice-yearly payments as of 2008. The restructuring reflects lack of working capital though company still has sufficient cash flow to pay debts.

External sector: Current account balance was positive in January 2010

According to NBU preliminary estimates, in January current account balance was positive at USD 229 m as merchandise trade deficit was compensated by surplus in trade in services. Merchandise exports and imports dropped by 27.0% mom and 33.4% mom in dollar terms, respectively, but significantly increased from a year before. As merchandise import rebound was more pronounced, merchandise trade balance was negative at USD 326 m. However, it was completely offset by improvement in services trade balance due to increased payments for gas transit.

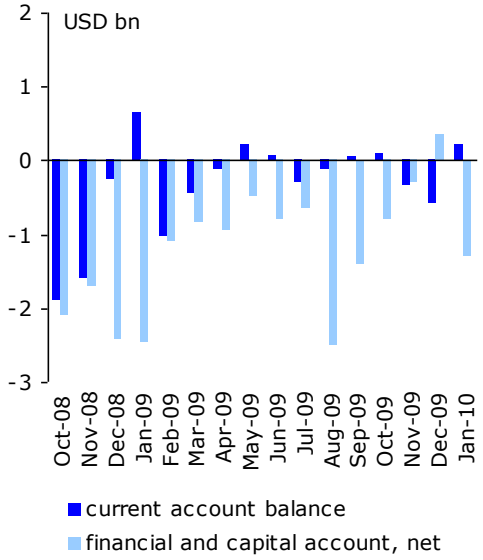
Financial account balance again crossed the red line being in deficit at USD 1.3 bn as capital inflow both in form of FDI and debt capital fell leading to net repayment of external debt. Moreover, outflow of foreign currency from banks remained high.

Fiscal compensation to NJS 'Naftogaz'



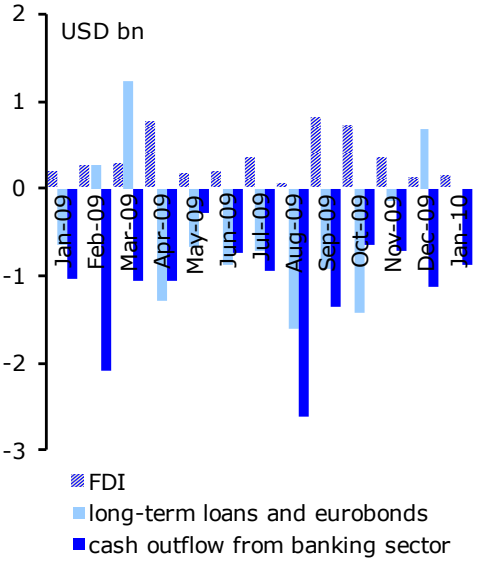
Source: Treasury reports, CMU resolution 184

Balance of payments



Source: NBU, preliminary estimates

Financial account



Source: NBU

Fiscal policy: The central fiscal revenues increased by 12.5% yoy

The central fiscal revenues grew by 12.5% yoy in January mainly thanks to almost stopped VAT refunds. In particular, net receipts from VAT were by 30.1% higher than a year ago, as the amount VAT refunds dropped by 70.2% yoy. In addition, the revenues from excises augmented by 63.0% yoy due to the numerous rate hikes during the previous year. At the same time, collections of enterprise profit tax and revenues from international trade taxes have declined by 29.0% and 17.0% yoy, respectively. The Government also did not receive NBU profit distribution, important source of revenues in the first quarter in the previous years.

As State Budget Law for 2010 has not been approved yet, the central fiscal expenditures are limited to 1/12 of annual expenditures planned for 2009 per month. The central fiscal expenditures (general and special fund) increased by 53.9% yoy due to increased wages and social standards. As a result, the central fiscal deficit amounted to UAH 1.6 bn. It was mainly financed at the expense of internal borrowings (state domestic bonds). At the same time, local budgets had surplus of UAH 2.0 bn probably due to the restrictions imposed by central government.

Social policy: Pension differentiation decreased in 2009

According to the Pension Fund, minimum pension increased by 15.9% yoy to UAH 630.4 in December 2009. At the same time, average pension December increased by 10.5% to UAH 1032.6. Difference in growth rates leads to lower pension differentiation. As pensions were increased against the background of very moderate wage growth, share of average pension in average wage increased by 20 p.p. to 60% and resulted in large gap in the Pension Fund's budget. In 2010, pensions may continue to grow faster than wages. Therefore, the Pension Fund deficit is likely to remain large.

Labour market: Real wage grew by 6.0% yoy in January

Nominal average wage in January 2010 declined by 14.2% mom to UAH 1916 in line with usual fall in wages in January. At the same time, real average wage increased by 6.0% yoy, although remained lower than pre-crisis level. Over two years – from January 2008 to January 2010 – real wage fell by 5.9%.

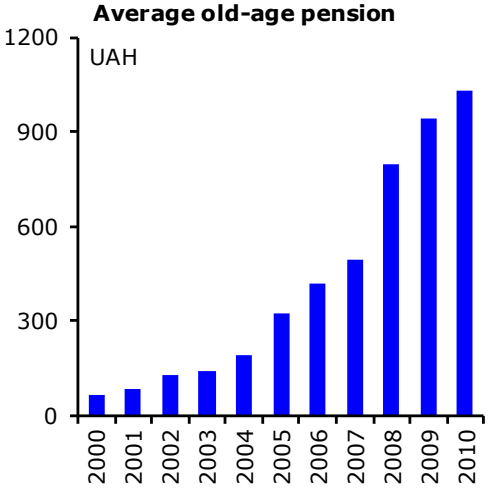
Demand for labour force had been weak through the year 2009. The most of sectors shed labour, with highest gap between hired and fired registered in construction (26% of average number of employed in the sector was hired and 50% was fired), financial intermediation (24% vs. 39%), and machine building (16% vs. 30%). The only sectors with positive labour balance were public administration, education and healthcare, thus sectors financed from the state coffers.

Monetary policy: Inflation accelerated to 11.5% yoy in February

Consumer prices growth accelerated to 11.5% yoy in February from 11.1% yoy in January as drive-up in prices for a wide number of food products including milk, cheese, vegetables and sugar that started in January continued. Gas prices also continued to grow. The run-up in prices is likely driven by supply-side factors as well as increased demand and higher inflation expectations. This in turn may lead to higher inflation on broader range of products if price boom continues in the following months. So far, core inflation continued to slow down for 12 months in a row and reached 10.5% yoy in February.

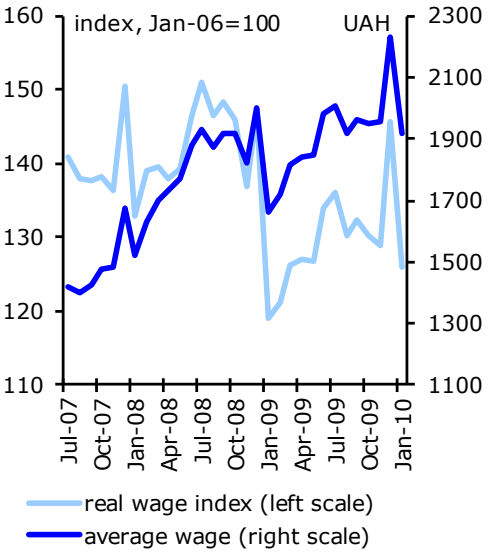
Banks had lower levels of liquidity in February than in January though they still had large excess reserves. This helped to maintain interbank rates in single digits. The NBU withdrew UAH 7 bn through the CD issuance. Foreign interventions had limited influence on liquidity as "Naftogaz" likely purchased foreign currency from NBU using funds supplied by the central bank through purchases of government bonds. Money supply increased by 2.1% yoy in February

Average old-age pension



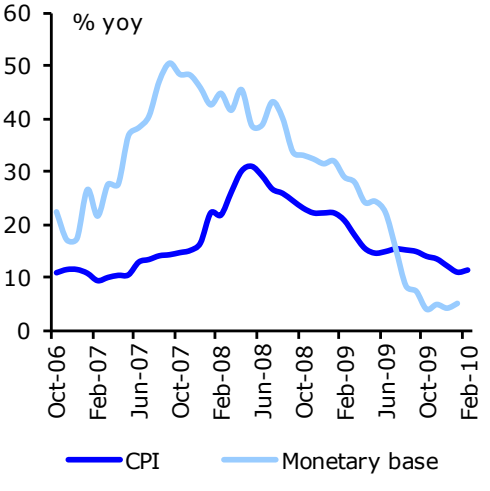
* beginning of the period
Source: Derzhkomstat, Pension Fund

Average wage



Source: Derzhkomstat

Monetary base and inflation



Source: Derzhkomstat, NBU

as compared to 2.5% yoy drop in January thanks to increase in cash outside banking system (4.4% yoy) and slight increase in deposits.

In February, the NBU announced new liquidity scheme providing refinancing for the term of up to five years and interest rate up to discount rate plus 1.5%. The NBU intends to provide cheap and long-term funds to support bank loans to large industrial and agricultural borrowers with margin between the NBU and commercial bank loan interest rates limited to 8%. Overall interest rate thus should be below 20%. The NBU may provide up to 62.5% of the qualified loan in refinancing. To receive refinancing under the scheme, a bank must have good asset quality, large capital and unencumbered assets for collateral. Net effect of this decision is ambiguous as it may expose the NBU to large credit risk and lending may be conducted in non-transparent manner, but the scheme also may provide necessary push to jump-start investment in the Ukrainian economy.

Financial markets: Bank deposits increased by 0.3% mom

Banking sector. Total deposits stock grew by 0.3% mom in February, as household deposits increased by 1.7% mom mostly in national currency. At the same time, legal entities deposits continued decreasing the second month in a row as foreign currency deposits were used to pay for imports or repay debts.

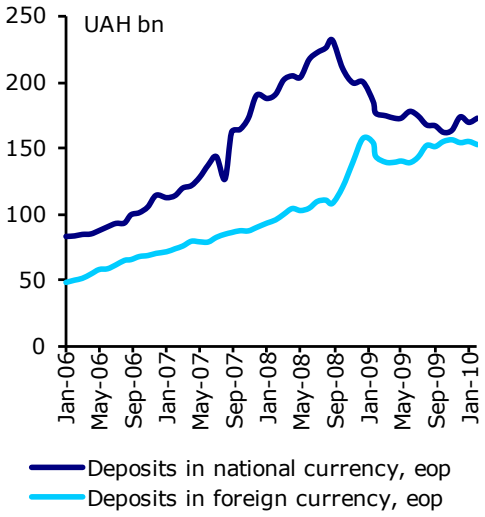
The total loans outstanding remained at the January level as slight growth in national currency loans (1.7% mom) was offset by decrease in other components. As before new loans was provided mainly to real sector and in national currency.

Exchange rate Foreign exchange market was close to balance in February, with slight excess of supply over demand in cashless segment. This led to modest appreciation of hryvnia to levels below UAH 8 per USD from up to USD/UAH 8.17, according to data by Reuters. Market liquidity remained relatively low on cash and cashless markets. Households remained net buyers of foreign cash, and sales of foreign currency by households remained below USD 1 bn. The NBU continued to limit its presence on the market intervening mainly to support 'Naftogaz' imports. However, late in the month it purchased dollars preventing excess volatility in the market.

State debt. In February, the Ministry of Finance significantly increased its domestic borrowing compared to previous month. Total placement amounted to UAH 3.9 bn with 22.9% p.a. weighted-average yield. The share of medium-term bonds (two- and three-year bonds) maturing in 2011-2013 augmented to 73.1% of the total placement against the background of the increased interest in longer-term bonds offered by the government, while the demand for short-term bonds remained steady. At the same time, five–year–bonds did not sell well. On February 23, primary placement was first made through officially recognized primary dealers. Earlier the Ministry of Finance chose eleven banks to become primary dealers, but at present, only ten of them signed contracts with the Ministry.

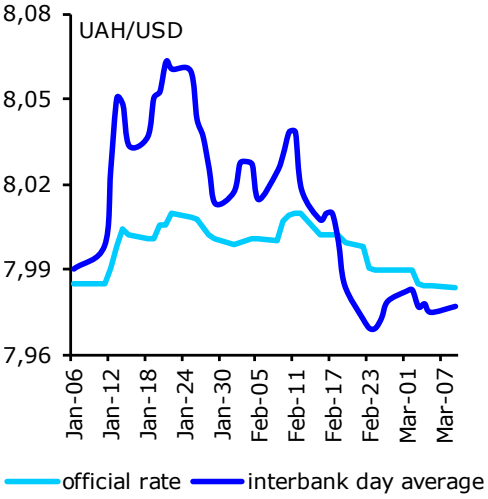
In February, the Government continued to recapitalize state banks using government bonds. In particular, UAH 4.6 bn issue of nine-year state bonds with 9.5% p.a. yield was allowed to increase the authorized capital of "Ukreximbank".

Bank deposits



Source: NBU

Exchange rate



Source: NBU

Highlight of the month: Sugar

Why are sugar prices in Ukraine so high?

by Anna Kuznetsova

In February 2010, sugar prices continued to grow in Ukraine. Some regions had retail prices up to 12 UAH per kg with official monitoring reporting average prices over UAH 10 per kg. For comparison, in February 2009 the retail price according to State price inspection was close to UAH 4 per kg.

Strong and gradual growth of sugar prices in Ukraine has started in the beginning of 2009. According to the Derzhkomstat, average sales price for sugar beets was about 410 UAH per tonne (excluding VAT and freight charges) in 2009 growing by 87%. Price growth is attributed to lower sugar beet harvest, low inventories, and insufficient imports of raw or refined sugar. In turn, low sugar beet harvest is explained by continued trend of decreasing areas planted. In 2009, area planted was 0.32 m ha as compared to 0.73 m ha in 2004or and 1.02 m ha in 1999. Insufficient import was caused by the delay of import quota distribution in 2009 and high world sugar prices.

Planted area of sugar beets in Ukraine has been on downward trend starting from independence. It is explained by less profitable sugar beet growing in comparison with some oilseeds and grains. Sugar beet production is getting lower and less predictable state support. Current wholesale price of beet sugar in Ukraine is very close to the production cost. At the same time, taking into account increased raw cane sugar prices in the world it is not much cheaper to produce refined sugar from this kind of feedstock. It implies low probability for lower sugar prices in Ukraine in the near future.

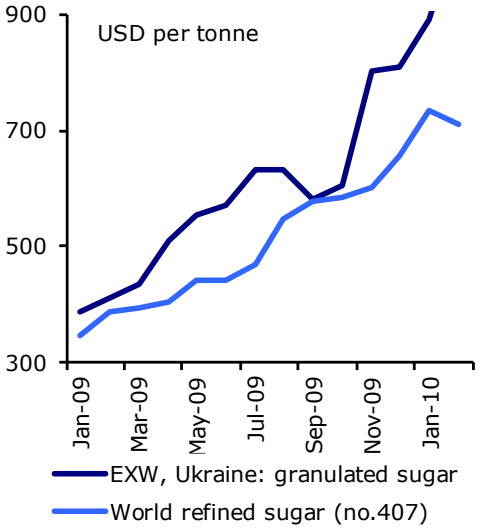
World raw sugar prices are not expected to decrease soon. It is explained by falling inventories due to much smaller supply from Brazil and India last season. Brazil, the largest world sugar producer and exporter, produced less raw sugar cane and increased ethanol production. India became net importer of sugar in this season. Other top producers have less sugar cane harvest too. Thus, world sugar supply declined while consumption remained strong driving sugar prices up. In season 2009/10, world production is forecast to increase but it is still expected lower than consumption. Therefore, considerable raw sugar price decline is not expected in the world market.

According to USDA, in 2009/10 estimated refinery sugar production in Ukraine is 275000 tonnes less than expected consumption. This difference should be imported. An obstacle here is the procedure of 267000 tonnes import quota distribution (with the import duty of 2%). There were proposals to postpone quota distribution until 2012. Even if the quota is fulfilled completely, sugar prices in Ukraine will not decrease much due to high world raw sugar prices. Some decrease is possible due to removal of supply and demand imbalances.

Ukrainian authorities claim that sugar prices increase in domestic market is not justified. The Antimonopoly Committee of Ukraine, Ministries and other public price regulation authorities try to decrease sugar prices by non-market methods. These methods are minimal prices setting, trade margins control, and fight against speculation and suspected producers collusions. Besides, the Agrarian Fund sometimes intervene the market by selling additional sugar to keep prices low. To ease the situation there were attempts (expressed in some draft legislation) to introduce export quotas for sugar and sugar beet. All such measures cause only short-term price decrease if any at all.

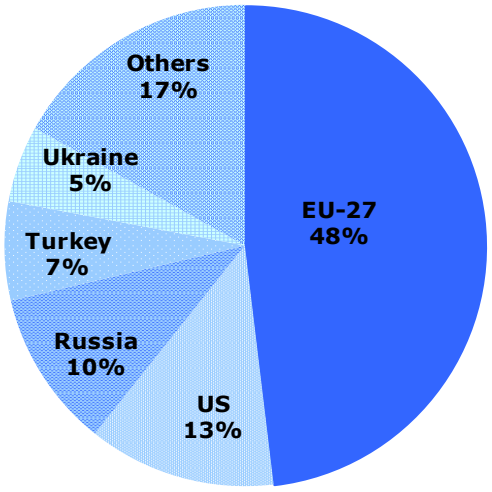
A better solution is to follow the market and make own production more effective and agricultural policy more transparent and predictable.

World and Ukrainian sugar prices



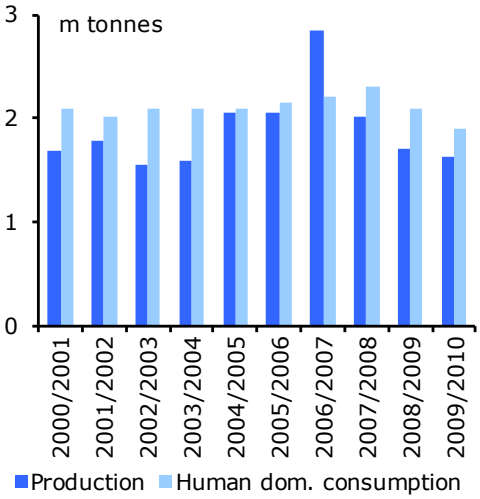
Source: UkrAgroConsult, LIFFE and USDA market data

Beet sugar production in 2009/10 marketing year



Source: IER calculations based on USDA market data

Production and consumption of sugar



Source: USDA

Economic Trends		Q4 08	Q1 09	Q2 09	Q3 09	Q4 09	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Industrial production (real)	% yoy cum.	-3.1	-31.9	-31.1	-28.4	-21.9	-31.1	-30.4	-29.6	-28.4	-26.4	-24.0	-21.9	11.8	...
Construction (real)	% yoy cum.	-16	-56.7	-54.9	-52.4	-48.2	-54.9	-54.3	-53.6	-52.4	-51.5	-49.7	-48.2	-24.1	...
Agricultural production (real)	% yoy cum.	17.5	1.7	2.6	3.3	0.1	2.6	3.8	0.4	3.3	0.1	0.0	0.1	5.4	...
Retail trade turnover (real)	% yoy cum.	18.6	-11.5	-15.2	-16.2	-16.6	-15.2	-15.9	-15.9	-16.2	-16.2	-16.5	-16.6	-4.8	...
Average wage	UAH	1914	1736	1892	1940	2046	1980	2008	1849	1964	1950	1955	2233	1916	...
CPI	% yoy eop	22.3	18.1	15.0	15.0	12.3	15.0	15.5	15.3	15.0	14.1	13.6	12.3	11.1	11.5
PPI	% yoy eop	23.0	12.8	-0.9	1.6	14.3	-0.9	-3.7	-3.7	1.6	5.1	12.9	14.3	16.3	16.4
Exports (USD)***	% yoy cum.	33.8	-35.6	-42.2	-43.7	-40.7	-46.8	-49.0	-49.4	-48.7	-47.5	-43.4	-40.7	23.5e	...
Imports (USD)***	% yoy cum.	39.1	-45.2	-49.5	-49.3	-46.9	-53.4	-53.8	-53.8	-53.5	-52.4	-49.9	-46.9	67.6e	...
Merchandise trade balance	USD bn cum.	-16.1	-0.8	-1.9	-3.7	-5.7	-2.4	-3.1	-3.8	-4.1	-4.3	-4.8	-5.7	-0.3e	...
Current account****	USD bn cum.	-12.9	-0.7	-0.8	-1.1	-1.9	-0.8	-1.1	-1.2	-1.1	-1.0	-1.3	-1.9	0.2	...
Current account	% GDP, cum.	-7.1	-3.4	-1.5	-1.3	...	x	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	31.5	25.4	27.3	28.2	26.5	27.3	29.6	28.9	28.2	27.7	27.3	26.5	25.3	24.1
Monetary Base	% yoy eop	31.5	28.1	22.4	7.5	4.4	22.4	15.6	8.5	7.5	4.1	5.0	4.4	5.3	10.0
Lending rate on UAH credits **	% pa, aop	21.0	26.5	19.1	17.9	19.8	18.5	18.5	17.5	17.8	19.3	20.6	19.6	17.4	17.9
Exchange rate (interbank)	USD aop	6.49	8.1	7.76	8.00	8.06	7.63	7.86	7.97	8.31	8.14	8.08	7.98	8.04	8.01
Exchange rate (official)	USD aop	6.21	7.70	7.66	7.82	7.99	7.62	7.70	7.81	8.00	8.00	7.99	7.98	8.00	8.00
Exchange rate (official)	EUR aop	8.22	10.06	10.41	11.18	11.81	10.67	10.82	11.13	11.64	11.84	11.92	11.68	11.43	10.95

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

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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	912.6
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.1
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1	-15.0
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-21.9
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	0.1
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.3
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.7
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.6	-43.1
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.9	-1.9
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2	-1.7
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.9	4.5
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5	26.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.4
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33.0
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15.0	21.5
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70	7.98
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68

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

''' "Minus" denotes a consolidated fiscal deficit

Notes:

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

Quarterly trends

National accounts		Q2 06	Q3 06	Q4 06	Q1 07	Q2 07	Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
GDP	UAH bn	124.1	150.4	157.7	137.6	165.1	197.4	212.8	187.7	233.7	275.8	252.7	183.2	207.1	250.6	271.7[e]
GDP (real)	% yoy	6.8	6.9	9.5	8.9	8.6	6.2	7.4	6.3	6.2	6.4	-8.0	-20.3	-17.8	-15.9	-7.0
Household consumption (real)	% yoy	18.2	11.8	9.9	14.7	15.5	15.2	19.0	22.5	13.3	16.7	1.6	-11.6	-11.6	-13.9	…
State consumption (real)	% yoy	5.8	5.8	1.0	0.8	6.2	4.4	2.4	-0.2	1.3	-0.2	0.2	1.8	-5.8	-12.3	…
Gross fixed capital formation (real)	% yoy	19.3	17.9	18.3	24.4	23.5	18.9	23.8	19.4	12.0	0.1	-17.4	-48.7	-57.8	-44.5	…
Exports of goods and services (real)	% yoy	-9.6	3.2	1.0	4.9	5.2	0.1	5.6	4.4	7.2	18.9	-10.4	-15.9	-32.3	-42.1	…
Imports of goods and services (real)	% yoy	0.9	8.3	6.4	12.9	19.6	13.7	27.2	23.8	24.4	31.8	-4.2	-35.6	-53.6	-53.0	…
Agriculture, hunting, forestry (real)*	% yoy	2.8	-5.6	8.1	4.8	6.8	-9.3	7.1	0.5	-0.5	21.9	20.7	1.3	2.6	8.8	…
Manufacturing industry (real)*	% yoy	6.1	7.3	7.2	15.0	13.2	13.1	4.4	9.0	9.4	1.8	-22.6	-36.5	-33.0	-18.4	…
Construction (real)*	% yoy	0.8	1.4	4.2	13.3	8.2	12.7	5.8	-1.5	-6.3	-17.0	-32.7	-54.1	-47.3	-37.9	…
Trade, repair services (real)*	% yoy	16.4	20.0	21.9	14.3	17.5	25.3	15.0	15.7	10.9	2.2	-13.9	-18.0	-17.6	-8.4	…
Transport (real)*	% yoy	7.7	9.4	5.3	7.0	5.6	8.0	10.2	10.2	14.1	10.8	-4.3	-14.4	-8.6	-1.9	…
Balance of payments																
Current account balance	USD bn	0.0	0.5	-1.4	-1.1	-0.6	-0.3	-3.26	-3.7	-3.4	-2.1	-3.7	-0.7	-0.1	-0.4	-0.8[e]
Current account balance	% of GDP	0.0	1.7	-4.3	-4.0	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.9	-0.2	-1.1	-2.4[e]
Trade balance in goods	USD m	-935	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-937	-946	-1774	-1672[e]
Trade balance in services	USD m	506	1054	347	50	448	1614	308	77	308	1341	15	186	528	1288	605[e]
Current transfers	USD m	790	851	910	732	844	947	1016	740	833	831	723	629	1054	639	767[e]
Direct investment (FDI)	USD m	1489	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	847	1251	1159	1255[e]
Portfolio investments	USD m	-141	370	3350	1816	1477	616	1844	217	160	-690	-967	-436	-380	-2342	…
Gross international reserves	USD bn	17.7	19.2	22.4	23.0	25.9	30.7	32.5	33.2	35.5	37.5	31.5	25.4	27.3	28.2	26.5
Exchange rate(market), UAH/USD	aop	5.02	5.02	5.03	5.04	5.02	5.01	5.04	5.03	4.79	4.70	6.49	8.09	7.76	7.99	8.06
Exchange rate(official), UAH/USD	aop	5.05	5.05	5.05	5.05	5.05	5.05	5.05	5.05	4.96	4.85	6.21	7.70	7.66	7.82	7.99
Fiscal indicators																
Consolidated fiscal revenues	% of GDP	31.7	31.9	32.8	33.3	32.8	30.8	31.1	32.9	32.0	29.5	31.6	35.9	31.6	25.5	37.3
Personal income tax	% of GDP	4.6	4.1	4.1	5.1	5.3	4.9	4.8	5.2	5.1	4.3	4.9	5.3	5.5	4.4	4.9
Enterprise profits tax	% of GDP	4.6	4.3	6.7	3.8	4.1	4.1	6.4	4.2	4.5	5.0	6.3	4.0	3.4	3.7	3.7
Value-added tax	% of GDP	9.2	9.7	9.3	10.4	9.8	8.7	7.6	10.6	10.9	9.8	7.8	12.1	8.6	6.4	11.4
Excise tax	% of GDP	1.7	1.5	1.5	1.8	1.7	1.6	1.3	1.5	1.3	1.2	1.4	2.0	2.4	2.5	2.7
Consolidated fiscal expenditures	% of GDP	32.8	29.4	36.6	28.4	31.0	29.6	36.7	29.8	31.6	27.2	41.2	35.5	37.8	29.6	35.8
Current expenditures	% of GDP	29.7	24.9	29.2	26.9	28.4	25.9	27.3	28.9	28.5	22.4	33.8	34.6	36.1	27.0	32.6
Capital expenditures	% of GDP	3.2	4.5	7.4	1.6	2.6	3.7	9.4	1.0	3.1	4.8	7.4	0.9	1.8	2.6	3.2
Consolidated fiscal balance	% of GDP	1.1	-2.4	4.0	4.7	1.7	1.2	-6.2	3.0	0.4	1.9	-10.3	0.0	-6.4	-4.5	1.2
Privatisation receipts	% of GDP	0.1	0.1	0.1	0.5	0.5	0.3	0.4	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.0
Labour market																
Average wage (real)	% yoy	22.2	18.3	10.8	12.3	11.7	12.7	13.4	13.4	6.1	6.3	0.5	-11.7	-8.6	-10.7	-5.9
Household income (real)	% yoy	18.6	20.3	16.3	17.5	17.4	14.9	16.4	19.0	10.1	6.6	2.7	-7.3	-8.3	-9.9	…
Unemployment rate (ILO methodology)	% cum	6.8	6.4	6.8	7.4	6.6	6.2	6.4	7.1	6.2	6.0	7.5	9.5	9.1	8.6	…
Banking system																
Monetary aggregate M0	% yoy cum	25.3	23.7	24.5	26.2	30.6	41.1	48.2	48.4	48.6	37.9	39.3	33.9	22.8	11.5	1.5
Monetary aggregate M2	% yoy cum	36.6	36.7	34.3	38.6	40.7	47.8	50.8	52.7	48.8	37.4	31.0	12.0	5.3	-1.4	-5.4
Household deposits in national currency	% yoy cum	41.1	39.7	37.3	50.7	56.3	64.8	71.9	67.9	67.0	53.3	7.5	-10.9	-16.1	-25.4	-8.5
Household deposits in foreign currency	% yoy cum	66.2	64.3	57.5	52.3	43.8	38.4	32.5	35.2	32.9	31.2	66.3	31.8	33.0	39.2	4.7
Com. bank credits in national currency	% yoy cum	53.7	49.0	52.3	52.4	57.2	60.7	72.7	81.2	70.6	54.9	40.4	27.6	27.8	25.2	16.9
Com. bank credits in foreign currency	% yoy cum	82.1	90.4	95.4	98.9	97.4	91.0	75.4	71.3	57.9	53.4	103.6	70.8	48.7	32.4	-15.2
Long-term com. bank credits	% yoy cum	86.7	76.6	79.5	84.1	86.5	87.9	85.7	84.8	67.2	50.9	73.3	50.8	37.3	29.9	-3.8
Long-term com. bank credits	% of total	63.4	63.5	64.9	65.8	67.3	68.2	69.2	69.1	68.6	66.8	69.8	69.9	68.2	67.3	68.1
Average lending rate on national currency credits	% p.a.	15.5	14.6	15.1	14.0	13.9	13.7	14.0	15.7	17.6	17.7	21.6	26.2	19.1	17.5	19.8
Average lending rate on foreign currency credits	% p.a.	11.3	11.3	11.5	11.5	11.4	11.3	11.1	10.9	11.9	12.4	11.9	9.6	9.6	10.0	10.1

Sources: National Bank of Ukraine, State Committee of Statistics, State Treasury, Ministry of Finance, Reuters, IER estimates

* change in value added

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

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