Monthly Economic Monitor Ukraine

- The Verkhovna Rada amended the local elections law.
- Real GDP growth accelerated to 6.0% yoy in the second quarter.
- Grain exports was administratively hampered in August.
- Current account deficit returned in July.
- The central fiscal deficit reached UAH 27.8 bn in July.
- The Pension Fund's gap is growing.
- Seasonal average wage decrease in July.
- Inflation accelerated to 8.3% in August.
- Lending activity declined in August.
- HIGHLIGHT OF THE MONTH: NEW AIR CODE

No.9 (119)
September
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: The Verkhovna Rada amended the local elections law

On August 30, the Parliament approved amendments to the local elections law initiated by the Party of Regions. The similar draft laws offered by opposition were rejected. The newly adopted law cancels the controversial provision prohibiting political parties registered locally less than 365 days before the elections to participate in elections.

Other amendments include changes in local electoral commissions. In particular, these commissions will have 18 members with 3 nominees from local branches of the registered political parties that are not represented in the Verkhovna Rada, whereas the rest 15 members of electoral commissions will be nominated from the members of local branches of political parties represented in the Parliament. The opposition criticized the law as it allegedly created openings for administrative pressure and manipulations in elections. Despite the criticism, President Victor Yanukovych signed the law on September 1.

Real sector: Real GDP grew by 6.0% yoy in the second quarter of 2010

According to the preliminary estimate of the Derzhkomstat, real GDP increased by 6.0% yoy in the second quarter of 2010. Real GDP growth accelerated from 4.9% yoy in the first quarter. Real exports were likely the major contributor to economic growth in the second quarter as it was before. However, real gross fixed capital accumulation and household consumption were likely to return to growth as evidenced by increase in retail sales and slower fall of capital investments.

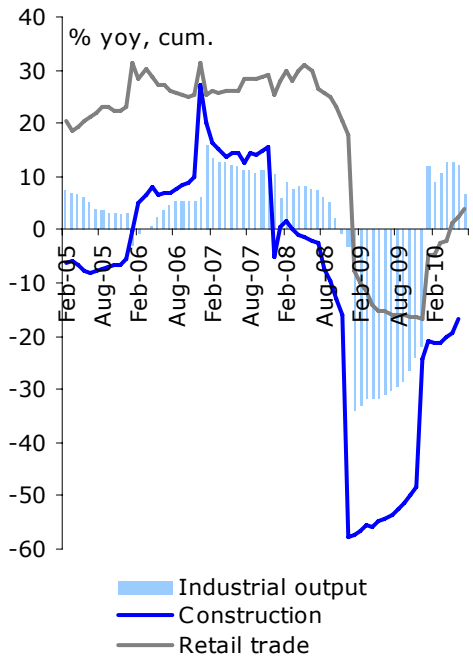
In July, industrial production growth continued to decelerate 6.4% yoy. The output in metallurgy decreased by 6.5% yoy reflecting weak demand on the world steel market. The fuel minerals mining also declined by 4.7% yoy being in the last year trend set by lack of investments in exploration and extraction of new fossils deposits. Machine building's output increased by 38.4% yoy thanks to growing numbers of vehicles and railcars produced. Food industry grew by 4.8% yoy supported mainly by seasonal factors and increased households consumption.

Between January and July, freight turnover growth decelerated to 10.9% yoy following the industrial output. Construction volumes somewhat improved and decelerated decline to 16.7% yoy. Retail trade turnover continued to accelerate and grew by 4.0% yoy. Between January and July, agriculture output declined by 0.6% yoy due to poor harvest.

Sectoral trends: Grain exports was administratively hampered

Agriculture. The Government increased administrative hurdles for grain exports in August without introducing formal export restrictions. Grain traders claim that additional inspections were not

Real sector trends



Source: Derzhkomstat

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carried out in accordance with law. That is why they intend to sue the Government for damages caused by delays in export flows.

Grain harvest is projected at the level of 40 million tonnes, which is higher than domestic needs. However, the Government considers the implementation of the temporary export quotas to curb prices and to buy grain for state reserves. The traders rather support introduction of export quotas than current informal restrictions. At the same time, any administrative restrictions on grain export may have negative impact on the economy through losses of producers and exporters and damage to Ukraine's reputation abroad.

Energy. Financial position of the NJSC "Naftogaz Ukrainy" improved in the first half of 2010 comparing with the corresponding period of previous year. Company's net sales increased by 8.3% yoy to UAH 44.7 bn and net losses contracted to UAH 0.3 bn reflecting decrease in tax burden. Lower price for imported gas since April and recent increase in retail natural gas prices for households and utilities will improve financial results of the gas monopolist in the second half of the year. The additional revenues of the company from gas sales to households and heat generating companies will constitute nearly UAH 3 bn by the end of 2010. This will slow cash outflow from the Naftogaz and decrease the need for government subsidies.

Transport. The Ministry of Transport and Communications introduced 50% discounts for handling containers in sea and river ports of Ukraine. This is another measure aimed to attracting transit flows into Ukraine, suffered during crisis. However, as Ukraine is far behind in the regional race for transit infrastructure improvements, this decision will hardly help.

Telecommunications. The National Commission for Communications Regulation required from telecom operators to publish communications quality parameters in 2011. This requirement will contribute to transparency in operators' activities and possibly higher quality of services.

Privatization. The Bryansk Machine Building Plant has not met deadline of August 30 for remittance of UAH 410 m for the bid of 76% Luganskteplovoz's stake. It claims that the State Property Fund of Ukraine (SPFU) owes to the company almost the same amount. Therefore, it insisted on amicable agreement and cross-cancellation of debts between the parties following the court's decision and the Governmental order. However, the Supreme Commercial Court canceled these resolutions, so the SPFU cannot cover its debt until this case is definitely closed. Moreover, it proposed the owner of the Luganskteplovoz to break the contract or to pay UAH 494 m, including fine and surcharge, in 20 days. Thus, current situation has not only revitalizes the re-privatization issue, but also questioned further stable development of the Luganskteplovoz.

External sector: Current account deficit returned in July

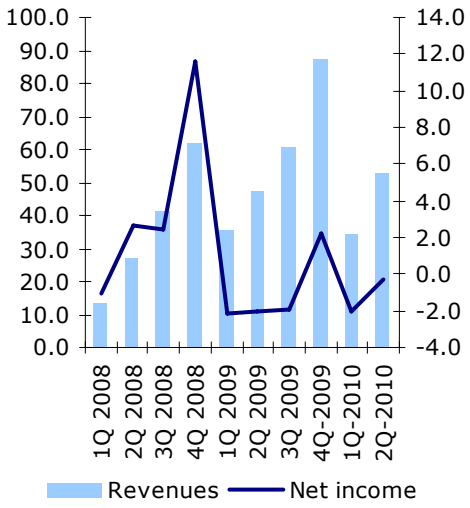
In July, current account returned to small deficit after three months of surpluses. According to preliminary estimate of the NBU, current account deficit was USD 0.3 bn in July. Merchandise trade deficit increased to USD 0.9 bn from USD 0.3 bn in June as exports of metals and chemical products fell in line with prices and external demand.

Financial and capital account had surplus of USD 1.0 bn in July as Ukraine received USD 0.2 bn payment from Japan in return for carbon emission credits. FDI remained subdued at USD 0.3 bn while capital inflows through loans and Eurobonds were small at USD 0.1 bn.

Fiscal policy: The central fiscal deficit reached UAH 27.8 bn in July

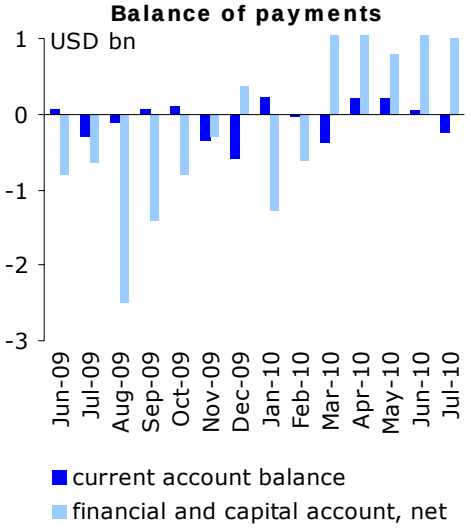
Between January and July the total central fiscal revenues increased by 17.5% yoy due to the low statistical base of the previous year and gradual economic recovery. According to the State Treasury, central fiscal revenues due to general fund were executed at 100.6% of the target. It is mostly attributed to the growth of non-tax revenues,

Financial statements of NJSC Naftogaz Ukrainy, UAH bn*



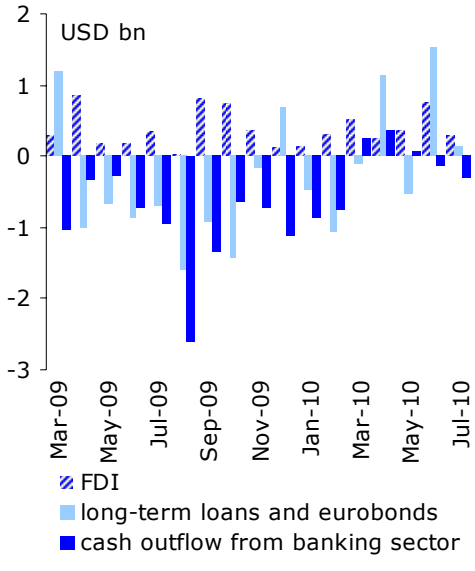
* National accounting standards; figures for 2009 are from company's financial plan
Source: NJSC 'Naftogaz Ukrainy'

Balance of payments



Source: NBU, preliminary estimates

Financial account

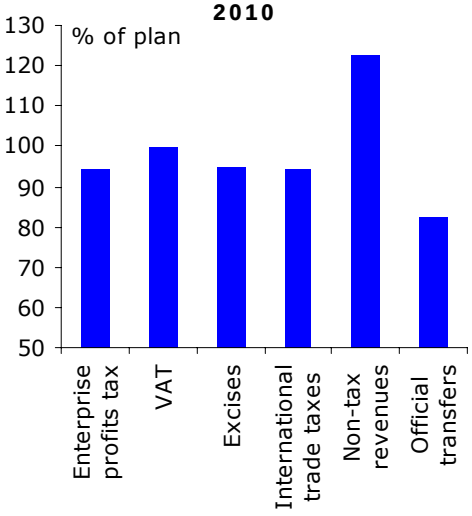


Source: NBU preliminary estimates

which were 22.8% higher than planned. In particular, receipts from state-owned entities' profits were over-executed by 81.6%. Besides, the NBU transferred UAH 9.9 bn to central coffers as an advance profits of 2010, reaching the current year target. It was twice higher than a year ago. At the same time, the execution of the tax revenues collections slightly improved, though the receipts from all major taxes were under-executed. In particular, revenues from enterprise profit tax and VAT reached 94.2% and 99.9% of the target, respectively. VAT receipts were supported by issuance of VAT bonds in lieu of cash VAT refunds.

During first seven months, central fiscal expenditures (general fund) were executed at 96.1% of the target. Central fiscal deficit (general and special fund) reached UAH 27.8 bn, which is by UAH 1.2 bn higher than a month before. The deficit was mainly financed at the expense of internal borrowings (government bonds) and loan from the Russian state bank VTB.

Central fiscal revenues (general fund) execution in January-July 2010



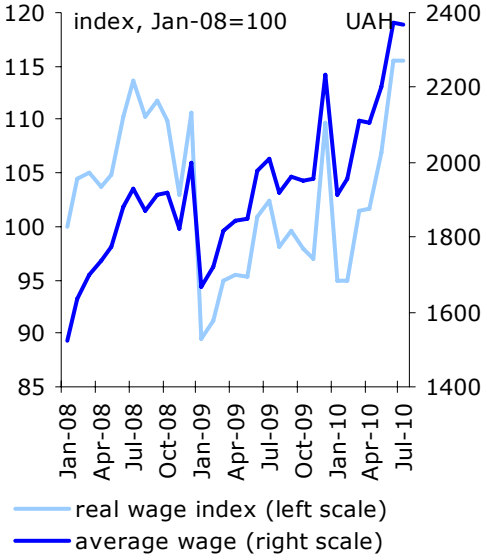
Source: State Treasury reports

Social policy: Pension fund gap is growing

According to the Pension Fund, between January and July the Fund's revenues reached UAH 110 bn. The central fiscal transfer reached UAH 44.7 bn or 27.1% of total central fiscal expenditures. As a result, the Government is unlikely to finance Pension fund deficit until the end of 2010 using on-budget funds without amendments to the current budget law. High transfer also signals urgent need to reform the pension system. In particular, the Memorandum signed between the IMF and Ukraine foresees several steps towards reform. They include gradual increase in retirement age for women to 60 years (from current 55), higher minimum insurance period and the qualification period required for receiving full pension. Such steps may reduce structural imbalances in Pension fund, in particular if the privileged pensions are also reformed.

Between January and July, the Fund's expenditures grew by 15.3% yoy, which is explained by increase in pensions. In particular, minimum pension increases and indexation for growth of wages in 2009 are the major factors of pension increase. In July, average pension grew by 14.7% yoy to UAH 1103.6.

Average wage



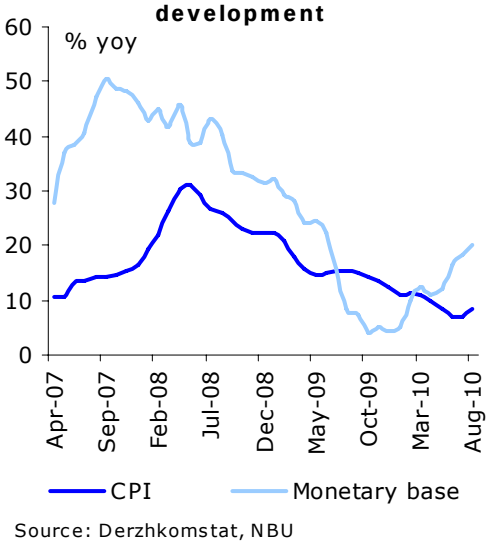
Source: Derzhkomstat

Labour Market: Seasonal average wage decrease

In July, average wage declined by 0.2% mom to UAH 2367, due to seasonally lower wages paid in education and health care. At the same time, wage growth in other sectors did not compensate for this decline. Wages in industrial sectors increased by 4.6% mom. The financial sector kept leading positions in labour remuneration with wages at UAH 5023 in July growing by 12.1% mom.

Between January and July, average wages grew by 18.9% yoy with higher wages paid in all sectors. At the same time, gross wages paid in economy increased at a slightly slower pace (16.3% yoy) as employment remained at lower levels. However, number of employees at unpaid administrative leaves and short-time works declined. Therefore, labour market situation only slightly improved.

CPI and monetary base development



Source: Derzhkomstat, NBU

Monetary policy: Inflation accelerated to 8.3% in August

In August, CPI growth accelerated to 8.3% yoy mostly thanks to administrative measures including increase in gas tariffs by 50% and higher excise rates for alcohol and tobacco. Core inflation also accelerated to 7.4% yoy in August from 7.2% yoy in July as inflation expectations soared following hike in gas tariff and expected increases in other utility tariffs.

In August, the NBU continued series of decreases in discount rate bringing it down to 7.75% from 8.25% p.a. Refinancing and CD rates also decreased. However, amount of interventions on the interbank market remained the main factor of the monetary policy. Money supply and monetary base growth accelerated to 18.1% yoy and 20.2% yoy, respectively, in August. Although interventions decreased in August and the NBU expanded issuance of CDs money aggregates accelerated their growth due to low statistical base.

Financial markets: Lending activity declined in August

Banking sector. In August, bank deposits continued to grow and increased by 1.5% mom. While foreign currency deposits were stable, deposits in hryvnya grew by 2.6% mom thanks to improved economic situation and gradual renewal of trust in hryvnya.

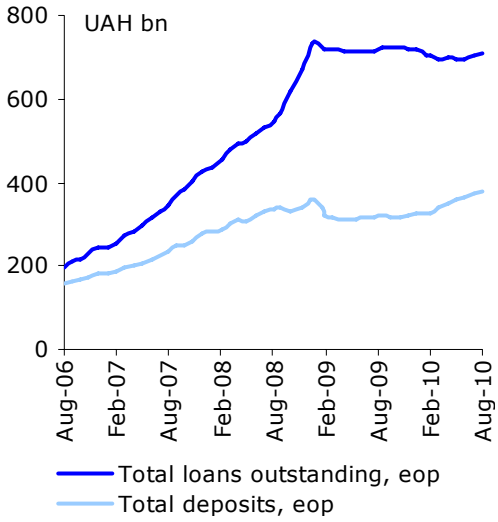
After surge in lending activity observed in July when banks issued record number of consumer loans since December 2008, lending to consumers slowed down in August. At the same time, loans outstanding to households in national currency remained stable for the second month in a row. Corporate loans in national currency have continued to grow (since February 2009) and increased by 1.9% mom. Loans in foreign currency to households and corporations continued to decrease due to restrictions on the new loans in foreign currency.

State debt. In August, the Ministry of Finance issued four tranches of VAT bonds. The total current outstanding amount of VAT bonds equaled UAH 16.4 bn. It is less than UAH 20 bn previously announced by the Government. The bonds were issued in order to reimburse the enterprises the VAT refund arrears according to the respective Government resolution. The largest tranche (the third one) amounted to UAH 8.3 bn issued to 117 taxpayers. Bonds carry semi-annual 5.5% p.a. coupons, and 10% of principal is repaid with each coupon payment.

In August, the Ministry of Finance placed UAH 5.4 bn of domestic state bonds with 10.2% p.a. weighted-average yield, which was much lower than expected. The demand for domestic state bonds was mainly concentrated on the short-term bonds, which accounted for 78.4% of the total placement. At the same time, the majority of middle-term bonds were issued to fund preparations for the EURO-2012 (UAH 1.0 bn or 18.5% of the total amount issued).

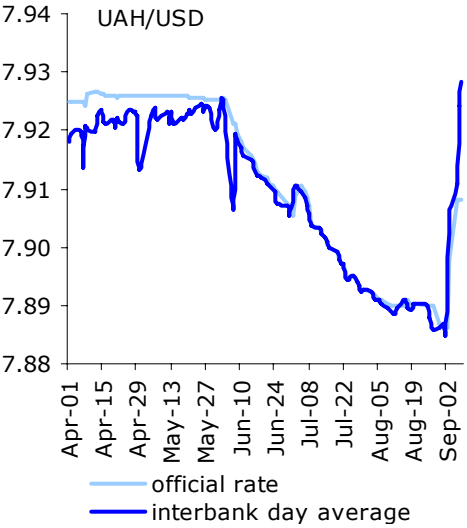
Exchange rate. In August, exchange rate remained stable as demand for foreign currency was close to supply. Slight increase in demand for cash foreign currency was covered by excess supply on interbank market. As a result, the NBU decreased net purchases of foreign currency to USD 0.1 bn.

Banking sector developments



Source: NBU

Exchange rate



Source: NBU

Highlight of the month: New Air Code

Why does Ukraine need it?

by Natalia Sysenko

On September 2, 2010, the CMU adopted an improved version of the draft Air Code, prepared by the MTCU. This document defines legal essentials for civil aviation in Ukraine. Current Air Code has been effective since 1993 and does not correspond to current state of the art in many aspects. Given Ukraine's prospects to take part in the European common aviation area and its desire to broaden market opportunities for Ukrainian air carriers to fly without limitations, it is extremely important to ensure new rules for civil aviation.

Moreover, Ukraine is a full member of such powerful international organizations as the International Civil Aviation Organisation (ICAO), the European Civil Aviation Conference (ECAC), the European Organisation for the Safety of Air Navigation (EUROCONTROL) and is a candidate member of Joint Aviation Authorities (JAA) that are partly replaced by the European Aviation Safety Agency (EASA). That is why Ukraine cannot neglect regulatory requirements of these organizations and should incorporate them into national legislation.

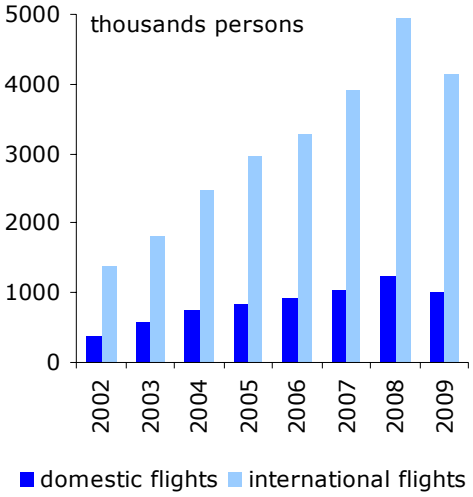
Now, existing legislation does not ensure effective operation and state governance of civil aviation, where independent regulator should be created, companies of any ownership and type of organization should freely operate, and safety and security are to be at high level in the sky as well as on the land - in airports. Such imperfections negatively influence sector efficiency and complicate Ukraine's integration into international aviation area.

Therefore, new Air Code is necessary. It has to regulate following issues: i) streamlining of regulatory and supervisory functions in aviation as well as organization of state governance; ii) solutions for public financing of civil aviation sector; iii) state policy in licensing activities and state regulation of civil aviation enterprises of any ownership in line with unified norms and rules; iv) adaptation of Ukrainian legislation to the EU acquis communautaire. The latter one means empowerment of the State Aviation Administration in its activities related to safety supervision and creation of independent body investigating air accidents. In addition, Ukraine should harmonize its legislation with basic acquis communautaire concerning common European civil aviation procedures and licensing; air traffic management; safety of flights and aircraft; security in airports and environmental requirements (impact of aircraft engine emissions and noise).

New draft Air Code of Ukraine envisages more sophisticated regulations on security and safety, environmental protection, airfields and airports operations, and insurance. However, it does not fully cover issues on independency of the State Aviation Administration from the Ministry, independency of the National Commission for Air Accidents Investigation, whose formation order is not clear. Also, there are almost no issues on regulation of other, apart from civil and state, types of aviation. Correspondence with other legislative acts is not ensured. Less attention is paid to ownership issues, etc.

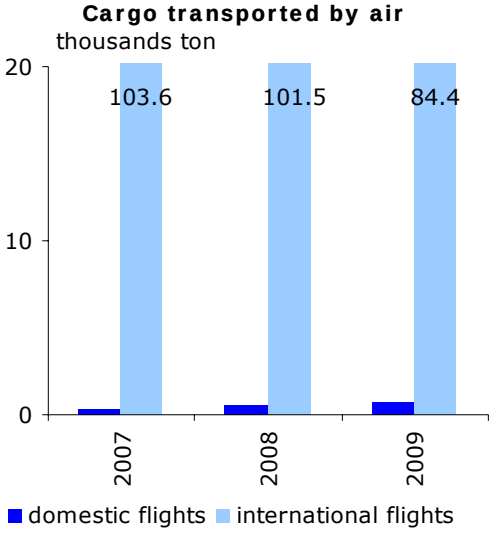
Thus, work on so long-expected and needed document as the Air Code has not been completed yet.[1] It requires more efforts. However, its update could make it much easier to "open" skies of the EU, the USA and other countries for passengers, air carriers and aircraft producers of Ukraine.

Passengers transported by air



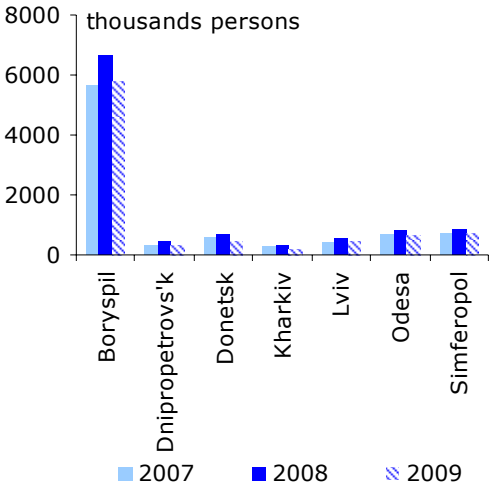
Source: State Aviation Administration

Cargo transported by air



Source: State Aviation Administration

Passenger flows in main airports



Source: State Aviation Administration

[1] Three different draft Air Codes have been submitted to the Verkhovna Rada; they have been rejected by the Parliament.

Economic Trends		Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q2 10	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial production (real)	% yoy cum.	-31.9	-31.1	-28.4	-21.9	10.8	12	11.8	8.8	10.8	12.6	12.6	12.0	6.4	…
Construction (real)	% yoy cum.	-56.7	-54.9	-52.4	-48.2	-21.4	-19.3	-24.1	-20.9	-21.4	-21.2	-20.0	-19.3	-16.7	…
Agricultural production (real)	% yoy cum.	1.7	2.6	3.3	0.1	5.3	3.4	5.4	5.2	5.3	4.9	4.5	3.4	-0.6	…
Retail trade turnover (real)	% yoy cum.	-11.5	-15.2	-16.2	-16.6	-2.6	2.3	-4.8	-4.7	-2.6	-2.1	1.1	2.3	4.0	…
Average wage	UAH	1736	1892	1940	2046	1993	2314	1916	1955	2109	2107	2201	2373	2367	…
CPI	% yoy eop	18.1	15.0	15.0	12.3	11.0	6.9	11.1	11.5	11.0	9.7	8.5	6.9	6.8	8.3
PPI	% yoy eop	12.8	-0.9	1.6	14.3	18.6	25.5	16.3	16.4	18.6	21.7	27.9	25.5	24.4	23.3
Exports (USD)***	% yoy cum.	-35.6	-42.2	-43.7	-40.7	22.1e	28.5e	23.6	24.7	24.6	28.1	31.4	33.5	…	…
Imports (USD)***	% yoy cum.	-45.2	-49.5	-49.3	-46.9	18.3e	25.1e	63.0	20.7	20.7	23.0	25.9	29.6	…	…
Merchandise trade balance	USD bn cum.	-0.8	-1.9	-3.7	-5.7	-1.3e	-3.0e	-0.3	-0.7	-1.5	-1.9	-2.1	-2.5	-3.0e	…
Current account****	USD bn cum.	-0.7	-0.8	-1.1	-1.8	-0.2e	0.0e	0.2	0.1	-0.2	0.2e	0.2e	0.1e	0.0e	…
Current account	% GDP, cum.	-3.4	-1.5	-1.3	-1.5	-0.7e	…	x	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	25.4	27.3	28.2	26.5	25.1	29.5	25.3	24.1	25.1	26.4	26.7	29.5	30.9	32.7
Monetary Base	% yoy eop	28.1	22.4	7.5	4.4	12.5	16.3	5.3	10.0	12.5	11.0	11.9	16.3	18.3	20.2
Lending rate on UAH credits **	% pa, aop	26.5	19.1	17.9	19.8	17.4	14.8	17.4	17.9	16.8	15.6	14.6	14.1	13.5	12.6
Exchange rate (interbank)	USD aop	8.1	7.76	8.00	8.06	8.00	7.92	8.04	8.01	7.96	7.92	7.92	7.91	7.90	7.89
Exchange rate (official)	USD aop	7.70	7.66	7.82	7.99	7.99	7.92	8.00	8.00	7.97	7.93	7.93	7.92	7.90	7.89
Exchange rate (official)	EUR aop	10.06	10.41	11.18	11.81	11.07	10.10	11.43	10.95	10.82	10.63	10.00	9.67	10.06	10.21

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

" Monthly figures are only for merchandise exports and imports (source: Derzhkomstat)
Quarterly figures are for trade in goods and services (source: NBU)

* Monthly figures do not include the regular quarterly revision of the GDP series

**Weighted average for different maturities (source: NBU)

*** Growth rate in dollar terms

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

e preliminary estimate provided by the NBU

Key Economic Indicators		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	948.1	914.7
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	179.9	117.4
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1	-15.1
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-26.6
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5	-0.3
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2	15.9
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5	6.5
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23	14.3
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8	-36.6
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.5	-43.7
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.93	-1.8
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.189	-1.7
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.903	4.7
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.54	26.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5	-2.362
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9	33
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15	21.5
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5	4.4
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27	7.79
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.7	7.98
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71	10.87
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86	11.68

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

''' "Minus" denotes a consolidated fiscal deficit

Notes:

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

Quarterly trends

National accounts		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	
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	
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	
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
Balance of payments															
Current account balance	USD bn	-1.1	-0.6	-0.3	-3.257	-3.7	-3.4	-2.1	-3.7	-0.7	-0.2	-0.1	-0.9	-0.2	0.6
Current account balance	% of GDP	-4.0	-1.9	-0.8	-7.7	-10.0	-7.1	-3.7	-9.2	-2.7	-0.6	-0.2	-2.7	-0.7	…
Trade balance in goods	USD m	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-957	-699	-1486	-1513	-1300	-717
Trade balance in services	USD m	50	448	1614	308	77	308	1341	15	177	494	1328	634	810	1131
Current transfers	USD m	732	844	947	1016	740	833	831	723	632	667	640	722	629	753
Direct investment (FDI)	USD m	1709	1934	3927	1648	2430	3091	3324	1058	883	1279	1210	1282	867	1397
Portfolio investments	USD m	1816	1477	616	1844	217	160	-690	-967	-434	-360	-2334	1396	-317	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	…
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	-5.9	5.7	…
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	…
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	…
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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