Monthly Economic Monitor Ukraine

- Eighteen candidates run for the President.
- The real GDP contracted by 15.9% in the third quarter according to the preliminary figures.
- "Gazprom" and "Naftogas" agreed to decrease contracted volumes of Ukraine's gas imports.
- Financial account deficit reached USD 11.9 bn over ten months of 2009.
- Central fiscal deficit (general fund) reached UAH 28 bn in October.
- Nominal wages declined in October.
- Inflation was at 13.6% yoy in November.
- HIGHLIGHT OF THE MONTH: Anniversary of crisis

No.12 (110)
December
2009

Population: 46.4 m
Industry/GDP: 32%
Agriculture/GDP: 8%
Investment/GDP: 29%
Exports to: Russia 26%, EU 28%
Imports from: Russia 28%, EU 37%

Politics: Eighteen candidates run for the Ukrainian presidency

On November 13, the Central Election Commission finished the registration of presidential candidates. A final list contains eighteen candidates including incumbent President Viktor Yushchenko, Prime Minister Yulia Tymoshenko, Speaker of the Parliament Volodymyr Lytvyn, and the leader of the opposition Party of Regions Viktor Yanukovych.

Public opinion polls designate Viktor Yuanukovych and Yulia Tymoshenko as main favorites of the presidential campaign. Some of other sixteen candidates are "technical" aimed at diverting votes from the favourites, while others use the campaign as PR opportunity to increase their popularity before parliamentary elections. In addition, participation in the election gives the candidates an opportunity for political bargaining with the favorites in the period between the first and second rounds of election, as a decision to support one or another front-runner may tip the balance in the second round.

Talks to release the fourth tranche of the IMF loan reached a standstill as Ukrainian authorities failed to fulfil the preconditions previously agreed with IMF. In particular, the President signed the law implementing increased social standards that augment fiscal instability. Continued negotiations with the IMF are probable after presidential elections.

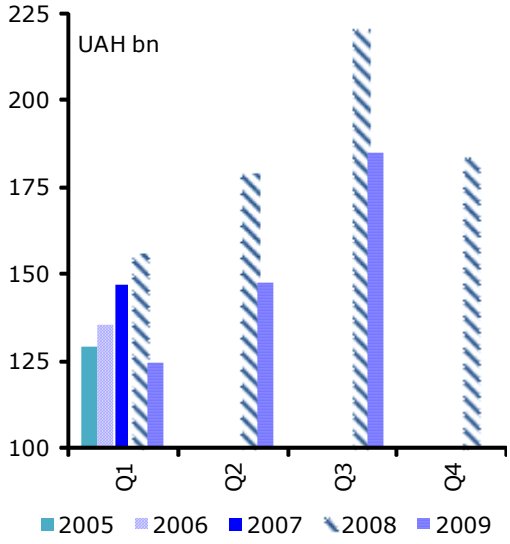
Real sector: The real GDP contracted by 15.9% in the third quarter

According to the preliminary estimate of the Derzhkomstat, the real GDP contraction in the third quarter of 2009 decelerated to 15.9% yoy. The improvement is mainly attributed to gradual revival of business activity that probably resulted in restocking in the third quarter of 2009.

In October, industrial production decline continued slowing and reached 6.2% yoy in October from 18.4% yoy in September in part thanks to low statistical base effect. Several industries that had the largest decline in October 2008 displayed growth a year later. For example, output in metallurgy grew by 16.2% yoy while non-energy extractive industry grew by 11.1% yoy. At the same time, after rally in September the machine building output increased only by moderate 1.9% mom and remained in deep decline on year-on-year basis at 34.5% yoy.

Output growth in chemistry and metallurgy demanded for more freight transportation services. In October, freight turnover was up by 5.9% mom and declined only by 9.8% on year-on-year basis. Between January and October, the agriculture output increased by 0.1% yoy despite lower grain harvest (by 11.9% yoy) partly thanks to good performance of livestock production (3.2% yoy increase). Construction remained stagnant as volume in October slightly declined in nominal terms. Retail trade decline in the first ten months of the year remained at 16.2% yoy.

GDP in constant prices of 2007



Source: Derzhkomstat

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

Sectoral trends: Contracted amounts of gas imports were decreased

Energy. After the intergovernmental negotiations between Russia and Ukraine in November, NJC 'Naftogas' (Ukraine) and JSC 'Gazprom' (Russia) signed the supplement to January 2009 gas supply contracts. Companies agreed to decrease contracted figures of gas imports for 2009 and 2010. Thus, Gazprom will not penalize Ukraine even though Ukraine will probably import only 27 bn cubic meters (cm) of the natural gas from Russia instead of previously contracted 33 bn cm. For 2010, contracted amount was decreased from 52 bn cm to 33.75 bn cm though take-or-pay clause will remain in the contract.

In 2010, average price for gas imported from Russia will increase to between USD 280 and USD 337 per thousand cm depending on oil price developments. The transit tariff is also expected to increase and reach USD 2.7-2.8 per 100 km/per thousand cm.

Transport. In November, state railway monopoly Ukrzaliznytsja failed to pay back the first USD 110 m out of USD 550 m debt on syndicated loan to Barclays Bank, though paid interest. This loan has no state guarantee. The restructuring negotiations are in progress.

Privatization. In the beginning of the November State Property Fund repossessed Lugansk locomotive plant from Bryansk mashzavod (Russia) after favourable court decision. In 2007, State Property Fund sold 76% of the plant to the Russian investor for UAH 292.5 m (USD 54 m). Ukrainian stakeholders launched a series of court actions aimed to cancel the results of the auction. The SPFU plans to announce the new auction for the sale of the plant immediately, which is unlikely to sell for more than the first sale price of USD 54 m.

External sector: Current account continues improving

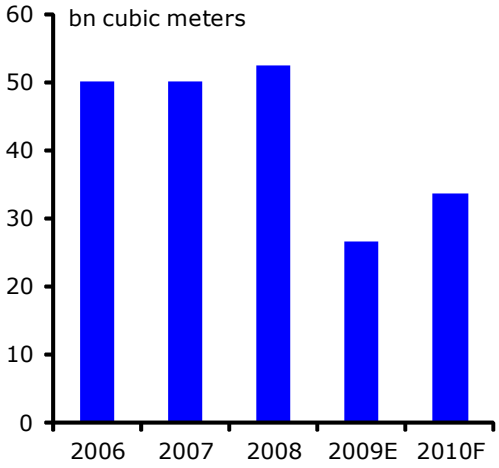
In October, current account balance was slightly positive at USD 87 m. Improvement of merchandise and services trade balances led to decrease of ten-month current account deficit to USD 1.0 bn. In particular, in October merchandise exports continued to grow by 11.9% mom in dollar terms due to price increases. However, growth slowed from September mainly due to deceleration in metals exports. Merchandise imports monthly growth was more moderate at 7.7% mom ensured by renewal of imports of energy materials, and rise in imports of agricultural and machine building products.

October current account improvement was complemented by narrowing of monthly financial account deficit to USD 0.8 bn. Thus cumulative figure reached USD 11.9 bn between January and October. Outflow of foreign currency from banks decreased to USD 0.6 bn in response to stabilization of hryvnia. Recapitalization of Ukrainian banks by foreign parents again boosted FDI net inflow (USD 0.7 bn in October). While banks faced high short-term debt outflow (USD 0.8 bn), rollover rates on long-term borrowings of corporate sector were increasing.

Fiscal policy: The central fiscal deficit reached UAH 27.6 bn in October

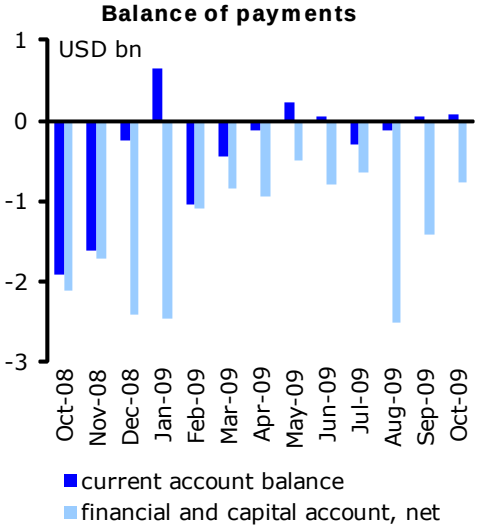
Budget 2009. Between January and October, the central fiscal revenues (general and special funds) were executed only at 65.0% of annual target, which is not enough to reach the projected level by the end of the year. The revenues (general fund) continued to deteriorate in annual terms and decreased by 19.4% yoy over the first ten months of the year. In particular, the collections of VAT and enterprise profit tax decreased by 25.1% and 25.7% yoy, respectively, while the revenues from international trade taxes dropped by 31.5% yoy due to rapid fall in trade. A 70.5% yoy growth of excise receipts due to increased excise rates was insufficient to cover shortfall in other tax revenues. The central fiscal expenditures (general fund) were only 2.3% lower than a year ago. Stable expenditures and declining revenues led to growth in fiscal deficit.

Imports of natural gas



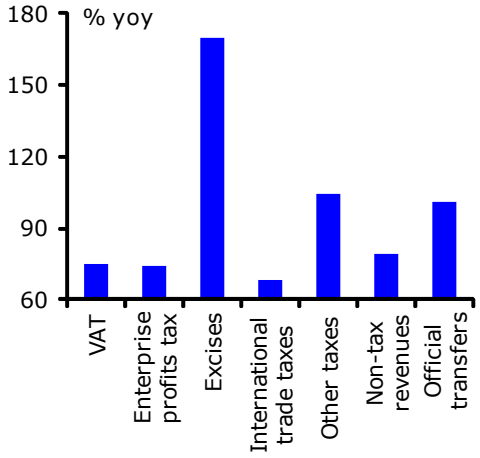
Sources: Derzhkomstat, NJC 'Naftogas'

Balance of payments



Source: NBU preliminary estimates

Central fiscal revenues execution

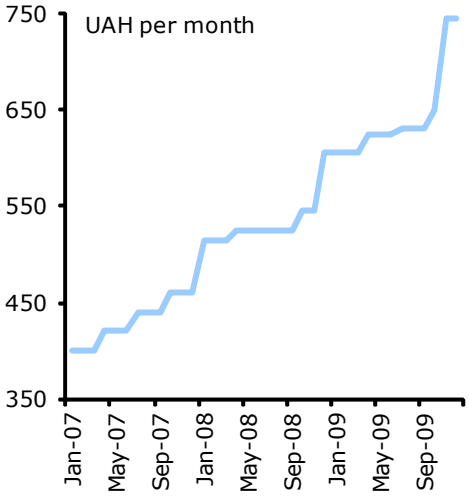


* Between January and October
Source: State Treasury reports

The central fiscal deficit (general fund) continued to widen and reached UAH 27.6 bn in October. The deficit was covered by internal (sales of domestic state bonds) and external (IMF loans) borrowings. In November, the IMF refused to disburse the fourth tranche of the stand–by loan (near USD 4.0 bn), which significantly increased the fiscal risks for the Government.

Budget 2010. As timely approval of State Budget Law for 2010 remains questionable, the Cabinet of Ministers adopted a Resolution that will govern central and local budgets in 2010 until the budget is approved. Social standards and wages will remain at the December 2009 level, while the capital expenditures are either not financed or financed selectively. The Cabinet obliged all budget entities to increase their own revenues under the budgetary constraints and minimize their expenditures, including reduction of travel allowances and prohibition to increase the staff. The Pension Fund, according to the Resolution, can rely on one-year interest-free loans from the State Treasury. In addition, the document stipulates the consolidated revenues and expenditures will be substantially cut in the second draft of 2010 Budget as compared to the first Draft Budget to UAH 328.3 bn and UAH 360.9 bn, respectively.

Monthly minimum wage



Source: State Budget Laws for 2007-2009

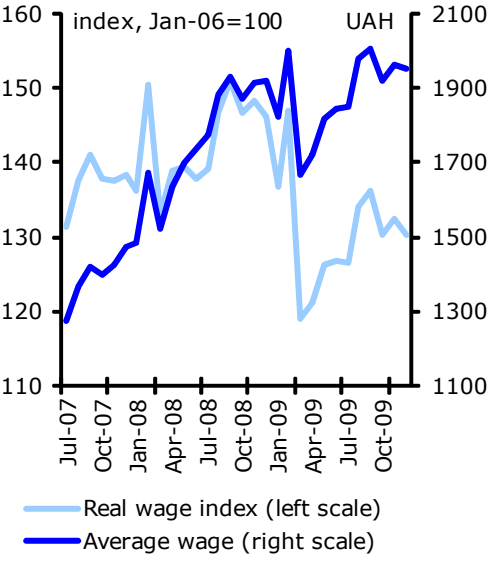
Social policy: Implementation of the law on social standards increase

In November, the Parliament approved the amendments to the 2009 State Budget Law introducing higher subsistence minimum and minimum wage for last two months of 2009. Minimum wage was increased by 14.5%. However, a guaranteed level of subsistence minimum used for defining the eligibility and size of allowances for low-income families was not changed. Moreover, the first scale in the Unified Tariff Scale for paying wages in public sector also remained unchanged.

The pensioners should receive higher minimum pensions assuming the ability of the Pension Fund to increase disbursements despite distressed financial stance. The higher pensions will be ensured by the Government decision to continue paying UAH 28.4 top-up to pensions and will probably have to increase loans to the Pension Fund. As a result, minimum pension payment (UAH 601.4) will be again above the subsistence minimum defined for persons that lost their ability to work.

In sum, the Government is likely to increase financing slightly only for pensions and wages to public employees with wages lower than minimum level. Other categories of socially deprived people are not likely to get any additional financial support from the state.

Average wage

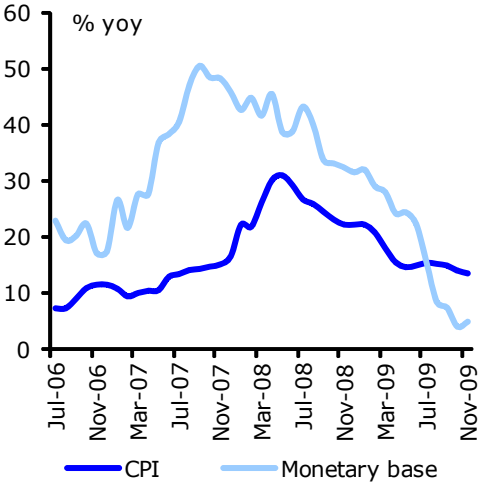


Source: Derzhkomstat

Labour market: Nominal wages decline again

In October, the average wage declined by 0.7% mom to UAH 1950. A seasonal decline in wages in agriculture and education was not counterweighted by increase in wages in other sectors. Employees in industry and construction received on average increases at less than 1%. October raise in minimum wage by 3.2% mom did not result in equivalent increase in wages even on industrial enterprises, the largest of which use the tariff scale while setting wages. Such trend reflects difficult financial conditions of many employers. Thus, rapid increase in minimum wage in the last two moths of the year is unlikely to translate in significant wage growth, and even may result in a labour shedding to keep labour costs stable.

Monetary base and inflation



Source: Derzhkomstat, NBU

Monetary policy: Inflation decelerated to 13.6% yoy in November

Consumer prices growth slowed to 13.6% yoy in November. Downward trend in inflation is explained by the continued weakness in consumer demand that decreased pricing power of producers and contained seasonal price growth. However large price increases for several food items limited deceleration in CPI growth.

Bank liquidity remained stable in November, as the NBU had withdrawn liquidity selling CDs, while keeping its foreign exchange

interventions on the inter-bank market limited. Inter-bank rates remained close to the October levels.

Financial markets: Bank deposits renewed growth

Banking. In November, bank deposits restored their growth increasing by 0.9% mom thanks to increase in foreign currency deposits of households (1.9% mom). The increase probably occurred due to the continued growth trend in short-term deposits replacing longer-term deposits. For example, in October short-term household deposits increased by UAH 5.6 bn, 66.1% of which were accumulated in foreign currency, while long-term deposits fell by UAH 3.0 bn.

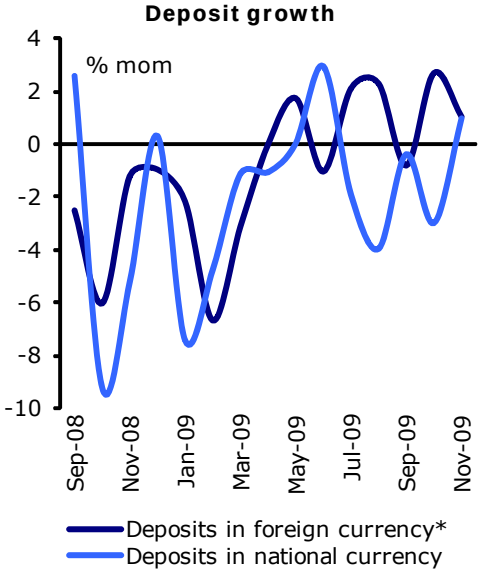
Total outstanding loans continued to decrease in November (by 0.6% mom) as foreign currency loans outstanding reduced significantly (1.4% mom). Lending continued to be primarily short-term. Share of long-term loans issued to nonfinancial corporations remained in 8-12% range between July and October as compared to over 30% before crisis, while short-term loans to households were close to half of loans issued (53% in October) as compared to less than 20% before crisis.

According to the NBU, between January and October bank losses widened to UAH 24.8 bn, as net interest income of UAH 45.6 bn was not sufficient to cover increase in asset loss reserves by UAH 57.0 bn.

Exchange rate. Hryvnia appreciated slightly in November, as demand on the cashless market was lower than supply against the decrease in external debt payments. The NBU interventions were mostly used to supply foreign currency to "Naftogas". Average daily rate on the inter-bank market as reported by the NBU gradually decreased over month and was below UAH 8 per USD after November 26. Thus, official and interbank exchange rate became more closely aligned.

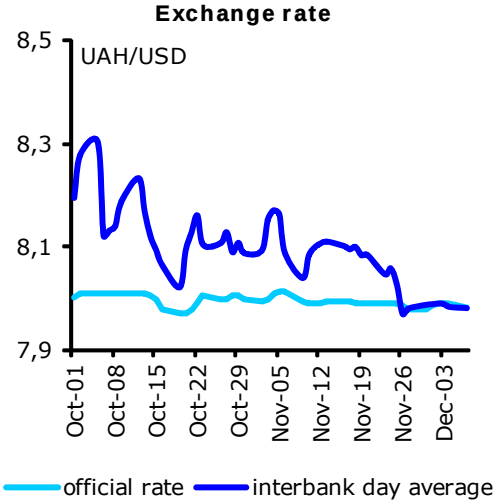
State debt. In November, the Ministry of Finance continued placement of domestic state bonds maturing in 2010-2012, though offered rates were not very attractive. As a result, the Government managed to get only UAH 0.3 bn with average yield of 20.0% p.a. The bonds assigned for financing of the EURO-2012 football championship (three-year bonds) accounted for 96.6% of the placement, and were likely bought by one of state-owned banks.

Deposit growth



Source: NBU
* corrected for exchange rate

Exchange rate



Source: NBU

Highlight of the month: Anniversary of crisis

Twelve months of banking crisis

By Alla Kobylyanskaya

More than a year has passed since the financial crisis has hit Ukraine. The banking system landscape has changed, but not as dramatically as expected.

Over the four quarters starting from the last quarter of 2008, banks lost UAH 20.3 bn, and these losses were concentrated in several banks. More than half (53.5%) of losses has been attributed to five system banks under temporary administration – Nadra, Ukrprombank, Ukrgasbank, Rodovid, and Kyiv, with Ukrprombank having the largest losses. Another 42.8% of total losses have been accumulated by group of banks with foreign capital[1]. Other banks had small aggregate losses, and many have even showed small profits. Two state banks – Oschadbank and Ukreximbank – gained UAH 1.3 bn.

The main reason for banks losses was sharp increase in loan loss provisions, despite softening of regulations. Banks increased loan loss reserves by UAH 68.8 bn. Net interest income has also grown as banks have increased interest rates on loans while the NBU has provided relatively cheap funding. Net interest income has reached UAH 53.0 bn from UAH 32.9 bn during previous four quarters though insufficient to cover augmented reserves.

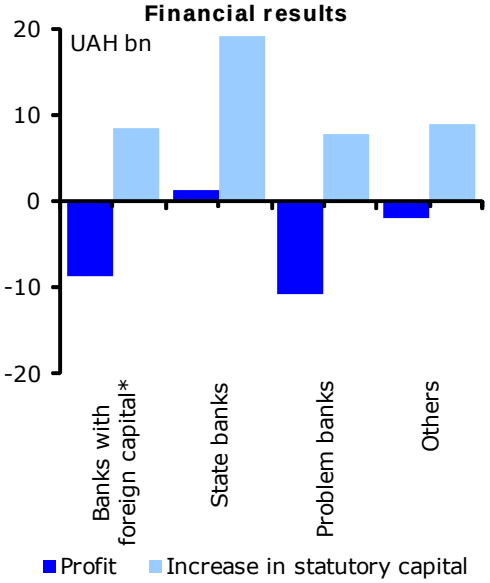
Banking institutions have responded to losses by increasing authorized capital. In particular, UAH 7.7 bn increase was recorded in five problem banks, and recapitalisation made three of them de-facto publicly owned. Banks with foreign capital raised UAH 8.5 bn, compensating their losses. Other banks increased capital even more than needed to cover losses as they have less access to liquidity than foreign banks. However, a large part of capital increase was not made to insure against current or expected losses. About a half of the capital growth – UAH 19.1 bn – was provided to two profitable state banks and used mostly for quasi-fiscal purposes.

Though capital adequacy of the Ukrainian banks has been sufficient for most banks, their funding has been more problematic. Bank deposits have decreased by 13.4% or UAH 54.0 bn. By the end of September 2009, they had UAH 350.3 bn of households and legal entities savings. After taking into account foreign currency effects, deposit withdrawals have been even higher. Most of the decrease has been in legal entities deposits (UAH 51.6 bn). Corporations have withdrawn funds primarily from banks with foreign capital and problem banks. At the same time, two state banks have increased legal entities deposits as accounts of state institutions have been transferred to these institutions.

Additional problem of bank funding has come from the change in time structure of deposits. The loss of confidence in banking sector has led to an increase in the share of short-term deposits in total household deposits from 20.5% in September 2008 to 43.1% a year later.

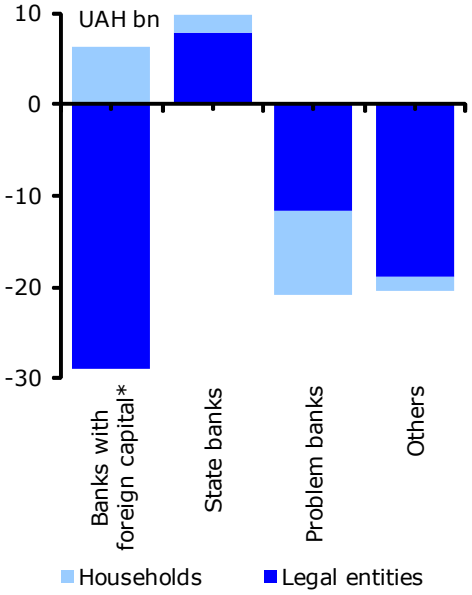
Lack of credit-worthy borrowers and problems with funding restricted credit by Ukrainian banks. Though loans outstanding increased by 30.5% to UAH 744.2 bn, it happened only thanks to foreign currency effects. If they are excluded, loans decreased slightly. Banking crisis also led to significant structural changes. For example, market share of Ukreximbank and Oschadbank almost doubled from 7.3% to 13.1% thanks to lending to state enterprise. Banks with foreign capital maintained their 43-44% share of total loans as they continued cautious lending. Five problem banks wrote down significant part of their loans and thus their share decreased from

Financial results



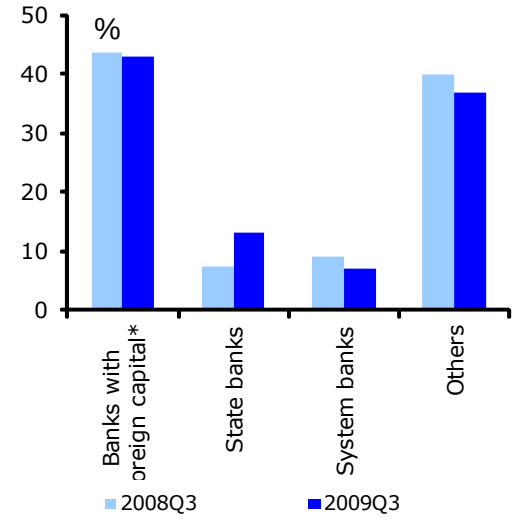
Source: NBU, own calculations
*with assets over UAH 1.5 bn on 01.01.09

Change in deposits



Source: NBU, own calculations
*with assets over UAH 1.5 bn on 01.01.09

Share of banks in net loans



Source: NBU, own calculations
*with assets over UAH 1.5 bn on 01.01.09

[1] With over UAH 1.5 bn assets as of January 1, 2009

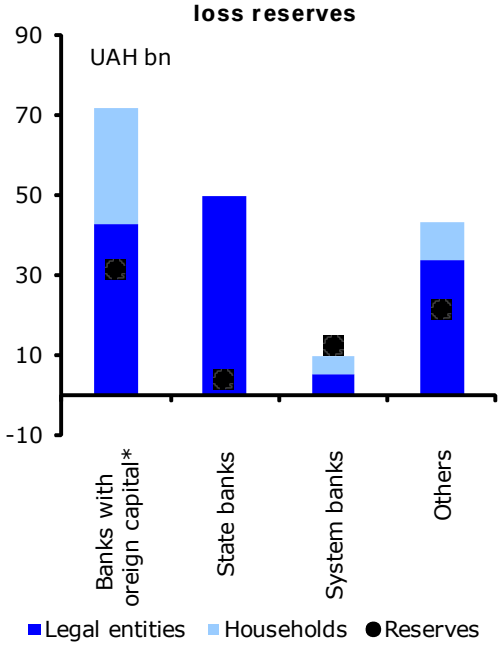
9% to 7%. Ukrainian-owned banks lost market share probably due to the more conservative lending.

National currency lending replaced foreign currency loans, while corporate loans replaced consumer loans. This happened due to changes in regulations and approach to risk. In real sector, an increase in loans was observed mainly in trade, real estate operations and professional services sectors that are most dependent on short-term lending and can afford high interest rates.

As a result of mismatches between currency and maturity of loans and deposits the ratio of loans to deposits increased from 1.35 to 1.86. Problem banks, funded primarily by deposits before crisis, had to replace lost liquidity by new capital from government and NBU loans. Thus in their case ratio had the largest increase from 1.06 to 1.8. Banks with foreign capital that relied heavily on foreign funding before crisis continued to receive support from their parents – their figure increased by half from 1.69 to 2.35. However the replacement of deposits with recapitalization, NBU refinancing and parent financing are now close to their limits. As Ukrainian banks will have limited access to external funding and will have to repay the NBU refinancing, banks will have to rely more heavily on deposits to fund lending.

In whole, the situation in banking sector seems to be not critical but fragile. The excessive bank profits and credit boom seem to be in the past. Recapitalization by government and owners helped to maintain capital adequacy of a large number of banks at reasonable levels. However, capital cushion of private-owned banks did not increase making them vulnerable in case of continued losses. Improvement in banking sector in the future will require cautious lending and stronger marketing of deposits.

Change in banks loans and loan loss reserves



Source: NBU, own calculations
*with assets over UAH 1.5 bn on 01.01.09

Economic Trends		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	May	Jun	Jul	Aug	Sep	Oct	Nov
Industrial production (real)	% yoy cum.	5.1	-3.1	-31.9	-31.1	-28.4	-31.9	-31.1	-30.4	-29.6	-28.4	-26.4	…
Construction (real)	% yoy cum.	-7.2	-16	-56.7	-54.9	-52.4	-55.8	-54.9	-54.3	-53.6	-52.4	-51.5	…
Agricultural production (real)	% yoy cum.	15.1	17.5	1.7	2.6	3.3	2.3	2.6	3.8	0.4	3.3	0.1	…
Retail trade turnover (real)	% yoy cum.	25.1	18.6	-11.5	-15.2	-16.2	-15.3	-15.2	-15.9	-15.9	-16.2	-16.2	…
Average wage	UAH	1906	1914	1736	1892	1940	1851	1980	2008	1849	1964	1950	…
CPI	% yoy eop	24.6	22.3	18.1	15.0	15.0	14.7	15.0	15.5	15.3	15.0	14.1	13.6
PPI	% yoy eop	42.7	23.0	12.8	-0.9	1.6	1.9	-0.9	-3.7	-3.7	1.6	5.1	12.9
Exports (USD)***	% yoy cum.	46.3	33.8	-35.6	-42.2	-44.0[e]	-44.1	-46.8	-49.0	-49.4	-48.7	…	…
Imports (USD)***	% yoy cum.	56.7	39.1	-45.2	-49.5	-49.5[e]	-52.0	-53.4	-53.8	-53.8	-53.5	…	…
Merchandise trade balance	USD bn cum.	-12.5	-16.1	-0.8	-1.9	-3.7[e]	-2.2	-2.4	-3.1	-3.8	-4.1	…	…
Current account****	USD bn cum.	-9.2	-12.9	-0.7	-0.8	-1.1[e]	-0.7	-0.8	-1.1	-1.2	-1.1	-1.0	…
Current account	% GDP, cum.	-5.8	-7.1	-3.4	-1.5	-1.3[e]	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	37.5	31.5	25.4	27.3	28.2	27.8	27.3	29.6	28.9	28.2	27.7	27.3
Monetary Base	% yoy eop	33.8	31.5	28.1	22.4	7.5	24.5	22.4	15.6	8.5	7.5	4.1	5.0
Lending rate on UAH credits **	% pa, aop	17.8	21.0	26.5	19.1	17.9	18.5	18.5	18.5	17.5	17.8	19.3	20.6
Exchange rate (interbank)	USD aop	4.70	6.49	8.1	7.76	8.00	7.70	7.63	7.86	7.97	8.31	8.14	8.08
Exchange rate (official)	USD aop	4.85	6.21	7.70	7.66	7.82	7.65	7.62	7.70	7.81	8.00	8.00	7.99
Exchange rate (official)	EUR aop	7.31	8.22	10.06	10.41	11.18	10.39	10.67	10.82	11.13	11.64	11.84	11.92

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
Nominal GDP	UAH bn	170.1	204.2	225.8	267.3	345.1	441.5	544.2	720.7	949.9
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	64.9	86.2	107.8	142.7	180.2
GDP growth (real)	% yoy	5.9	9.2	5.2	9.6	12.1	2.7	7.3	7.9	2.1
Industrial production	% yoy	13.2	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1
Agricultural production	% yoy	9.8	10.2	1.2	-11.0	19.7	-0.1	0.4	-5.2	17.5
CPI	% yoy aop	28.2	12.0	0.8	5.2	9.0	13.5	9.1	12.8	25.2
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3
PPI	% yoy aop	20.9	8.6	3.1	7.6	20.5	16.7	9.6	19.5	35.5
PPI	% yoy eop	20.8	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0
Exports (gs, USD)	% yoy	17.9	9.5	10.7	24.0	42.6	7.5	13.2	27.5	33.8
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	35.5	38.6
Current account	USD bn	1.5	1.4	3.1	2.9	6.9	2.5	-1.6	-5.3	-12.9
Current account	% GDP	4.7	3.7	7.6	5.9	10.6	2.9	-1.5	-3.7	-7.2
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.9
International reserves	USD bn	1.5	3.1	4.4	6.9	9.7	19.4	22.4	32.5	31.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.7	-1.1	-1.5
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	14.8	12.5	19.9
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	9.8	15.0
Monetary base	% yoy eop	39.9	37.4	33.6	30.1	34.1	53.9	17.5	46.0	31.5
Exchange rate	USD aop	5.44	5.37	5.33	5.33	5.32	5.12	5.05	5.05	5.27
Exchange rate	USD eop	5.44	5.30	5.33	5.33	5.31	5.05	5.05	5.05	7.70
Exchange rate	EUR aop	5.03	4.81	5.03	6.02	6.61	6.39	6.34	6.92	7.71
Exchange rate	EUR eop	5.10	4.67	5.53	6.66	7.22	5.97	6.65	7.42	10.86

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		Q1 06	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
GDP	UAH bn	105.4	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	250.5[e]
GDP (real)	% yoy	4.1	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	...
Household consumption (real)	% yoy	20.2	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	...
State consumption (real)	% yoy	9.6	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	...
Gross fixed capital formation (real)	% yoy	19.9	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	...
Exports of goods and services (real)	% yoy	-14.9	-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	...
Imports of goods and services (real)	% yoy	10.7	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	...
Agriculture, hunting, forestry (real)*	% yoy	3.8	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	...
Manufacturing industry (real)*	% yoy	-1.5	6.1	7.3	7.2	15.0	13.2	13.1	4.4	9.0	9.4	1.8	-22.6	-36.5	-19.6	...
Construction (real)*	% yoy	0.1	0.8	1.4	4.2	13.3	8.2	12.7	5.8	-1.5	-6.3	-17.0	-32.7	-54.1	-33.0	...
Trade, repair services (real)*	% yoy	6.2	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	...
Transport (real)*	% yoy	4.9	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	...
Balance of payments																
Current account balance	USD bn	-0.8	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
Current account balance	% of GDP	-3.7	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
Trade balance in goods	USD m	-1353	-935	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-937	-946	-1774[e]
Trade balance in services	USD m	219	506	1054	347	50	448	1614	308	77	308	1341	15	186	528	1196[e]
Current transfers	USD m	622	790	851	910	732	844	947	1016	740	833	831	723	629	1054	638[e]
Direct investment (FDI)	USD m	1153	1489	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	847	1251	1205[e]
Portfolio investments	USD m	4	-141	370	3350	1816	1477	616	1844	217	160	-690	-967	-436	-380	...
Gross international reserves	USD bn	17.3	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
Exchange rate(market), UAH/USD	aop	5.06	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
Exchange rate(official), UAH/USD	aop	5.05	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
Fiscal indicators																
Consolidated fiscal revenues	% of GDP	31.2	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
Personal income tax	% of GDP	4.4	4.6	4.1	4.1	5.1	5.3	4.9	4.8	5.2	5.1	4.3	4.9	9.4	8.9	8.1
Enterprise profits tax	% of GDP	3.4	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
Value-added tax	% of GDP	9.2	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
Excise tax	% of GDP	1.8	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
Consolidated fiscal expenditures	% of GDP	30.9	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
Current expenditures	% of GDP	28.9	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
Capital expenditures	% of GDP	1.9	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
Consolidated fiscal balance	% of GDP	-0.4	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
Privatisation receipts	% of GDP	0.1	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
Labour market																
Average wage (real)	% yoy	23.6	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
Household income (real)	% yoy	22.1	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	...
Unemployment rate (ILO methodology)	% cum	7.9	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	...
Banking system																
Monetary aggregate M0	% yoy cum	36.2	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
Monetary aggregate M2	% yoy cum	39.2	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
Household deposits in national currency	% yoy cum	54.6	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
Household deposits in foreign currency	% yoy cum	54.5	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
Com. bank credits in national currency	% yoy cum	59.8	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
Com. bank credits in foreign currency	% yoy cum	72.0	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
Long-term com. bank credits	% yoy cum	87.6	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
Long-term com. bank credits	% of total	63.1	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
Average lending rate on national currency credits	% p.a.	15.8	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
Average lending rate on foreign currency credits	% p.a.	11.5	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

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

Disclaimer

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