Monthly Economic Monitor Ukraine

- Presidential campaign was officially started.
- Industrial production increased by 1.9% mom in September.
- Price for imported gas was increased by 5% in the fourth quarter.
- Current account deficit decreased to USD 1.0 bn over the nine months of 2009.
- Central fiscal deficit (general fund) reached UAH 25 bn between January and September.
- Real wages fell by 10.3% yoy over three quarters of 2009.
- Inflation was at 14.1% yoy in October.
- In October, the stock of bank deposits has decreased for the second month in a row.
- HIGHLIGHT OF THE MONTH: Social standards

No.11 (109)
November
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: Presidential campaign was officially launched

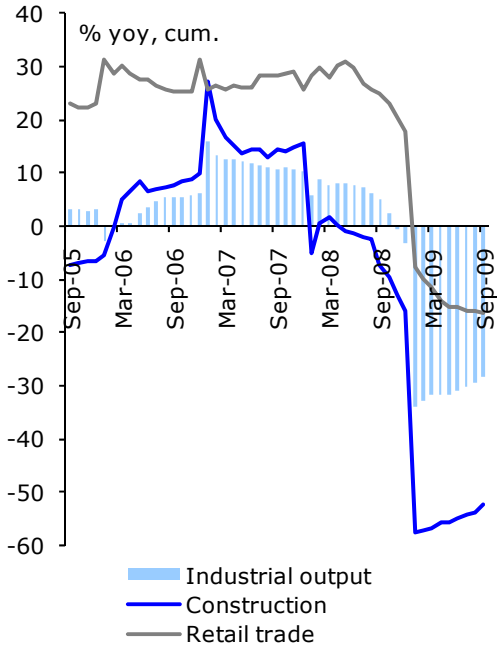
On October 19, Ukraine officially started the presidential elections campaign. There have been 16 officially registered candidates as of November 10. The most known include President Victor Yushchenko, Prime Minister Yulia Tymoshenko, Speaker of the Verkhovna Rada Volodymyr Lytvyn, MPs and leaders of political parties Victor Yanukovich, Arseniy Yatseniuk, Anatoliy Hrytsenko, Borys Tarasiuk, Petro Symonenko, former Head of the National Bank of Ukraine Serhiy Tigipko and others. The toughest competition is taking place among three top-rated candidates, namely Victor Yanukovich, Yulia Tymoshenko, and Arseniy Yatseniuk who in total are expected to collect around two third of votes in the first round. All political experts agree that the name of next Ukraine's President will be determined in the second round.

Real sector: Industrial production increased by 1.9% mom in September

In September, industrial production in Ukraine grew by 1.9% mom, and an annual rate of decrease decelerated by 4.9 percentage points to 18.4% yoy due to falling statistical base. The major drivers of industrial production revival were machine building (+16.1% mom), chemistry (+5.5% mom) and food industry (+2.1% mom). Meanwhile, monthly output in metallurgy continued to fall and dropped by 7.1% mom in September reflecting high inventories.

Freight transportation volumes also improved following the growth in the industrial output. In September, freight turnover contraction improved to 14.3% yoy comparing with 17.6% yoy in August. Between January and September, the agriculture output increased by 3.3% yoy mainly due to increase in area seeded and faster harvest schedule in 2009 due to warm weather. Stagnation in construction continued though slump improved from 54.9% yoy decrease in the first half of 2009 to 52.4% yoy fall over three quarters. Retail trade did not show improvement as its decline deepened to 16.2% yoy over first nine months of the year in part due to high statistical base.

Real sector trends



Source: Derzhkomstat

Sectoral trends: Weighted average price for imported gas in 2009 is estimated at USD 237 per tcm

Energy. NJS 'Naftogas' announced the price for gas imported from Russia in the fourth quarter of 2009. The contracted price will be USD 208.12 per thousand cubic meters (tcm) that is 5% higher than in the third quarter. Such price increase is reflecting slight growth in oil prices occurred between August and September. Assuming natural gas consumption in the fourth quarter of 2009 between 6 and 7 bn cm, the weighted average price of gas in 2009 will be USD 237 per tcm that is 32% more than in 2008.

The Cabinet of Ministers transferred ownership of five heat companies to NJS 'Naftogas'. As a result, the company will control almost 15% of heat supply market and favour from improving of payments discipline. However, it will mean 'Naftogas' market power

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increase, weakening of competition and aggravating cross-subsidization between gas and heat markets.

Agriculture. In October, the Verkhovna Rada approved law that postponed a ban on retail sales of raw milk, cheese, and meat produced by households from January 1, 2010 to January 1, 2015. According to the Derzhkomstat, households produce 81% of milk and 46% of meat in Ukraine. Taking into account *de-facto* absence of proper cattle-breeding infrastructure in the country, the introduction of the ban would more likely result in higher bureaucracy and corruption rather than in quality improvement, at least in short-run. In addition, a complete ban seems questionable given the EU practices. Thus, the postponement of the ban seems justified giving time for infrastructure development and legislative fine-tuning. To come into force, the law is to be signed by the President.

Transport. The Cabinet of Ministers prolonged preferential rail tariffs for metal and chemicals producers until January 1, 2010, extending the initial three-month period for reduced prices to fourteen months. Lost revenues for Ukrainian railways totalled to UAH 0.4 bn between September 2008 and August 2009, and are expected to reach UAH 0.5 bn by the end of 2009.

The Ministry of Transport and Communications (MTCU) introduced significant (18-50%) discounts on lump sum rates for transit freight services in nine ports until April 1, 2010. Transit freight handled by the Ukrainian ports decreased by 22% yoy between January and September 2009. Last year lump sum rates for port services were increased twice, totally by 40%. Higher price against the background of crisis led to contraction of transit revenues. The decision of the MTCU should help to improve competitiveness of Ukrainian ports.

External sector: Current account deficit significantly reduced between January and September 2009

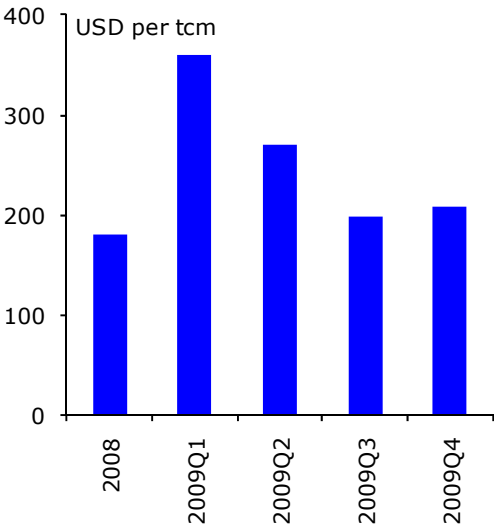
Between January and September 2009, current account deficit reached USD 1.0 bn thus decreasing from USD 9.1 bn a year ago. Merchandise trade deficit narrowed significantly as merchandise imports dropped 52.6% yoy in dollar terms over nine months, while exports decreased by 48.2% yoy. In September, exports of main commodity groups grew mainly driven by higher external demand. Commodity imports, while also reviving, lagged behind exports as imports of minerals decreased.

At the same time, financial account deficit widened to USD 11.2 bn over three quarters of 2009, with USD 4.7 bn or 42% of the total accumulated in the third quarter. High deficit is attributed to high debt repayments by banking institutions and public sector, and an increase in currency outside banks driven by instability at currency markets. The outflow was partly balanced by record September FDI inflow at USD 835 m supported by recapitalization of two large Ukrainian banks and increase in rollover rate of real sector borrowings. Nine-month balance of payment deficit at USD 12.2 bn was covered by NBU reserves and IMF loans.

Fiscal policy: The central fiscal deficit reached UAH 25.0 bn in September

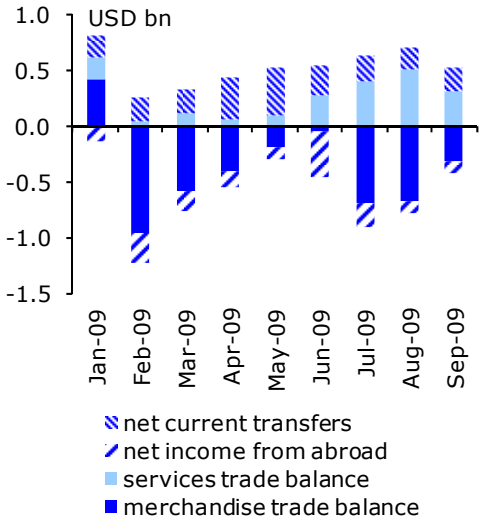
The central fiscal revenues dropped (general fund) by 20.1% yoy over three quarters of the year, while between January and August they declined by 17.6% yoy. In particular, the collections of two main revenue sources, namely value added tax (VAT) and enterprise profit tax (EPT) decreased by 27.3% and 25.5% yoy, respectively. The revenues from international trade taxes dropped by 33.3% yoy, due to rapid fall in trade. At the same time, higher excise rates caused the sharp increase in revenues from excise taxes, which grew by 70.1% yoy. The central fiscal expenditures (general fund) were executed at 98.2% of the plan, remaining almost at the level of the previous year. As a result, the central fiscal deficit (general fund) continued to grow and reached UAH 25.0 bn, moving closer to annual target. The deficit was financed by sales of domestic government bonds and external borrowings, mainly, IMF loans.

Prices for imported natural gas from Russia



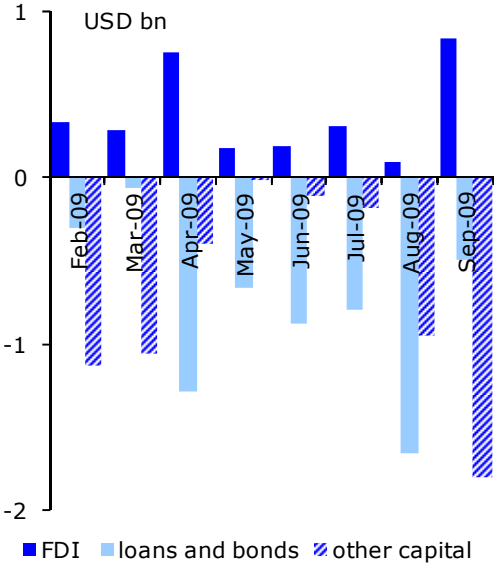
Source: NJS 'Naftogas'

Current account



Source: NBU preliminary estimates

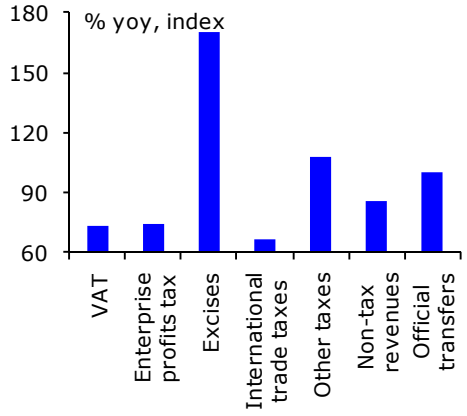
Financial account



Source: NBU

On October 15, disputable amendments to the central budget for financing EURO-2012 came into force. In particular, the National Bank of Ukraine (NBU) was obliged to allocate extra UAH 9.8 bn through advance transfer of current-year profit, which is estimated to be significantly lower. However, the NBU has not yet started transferring money.

Central fiscal revenues between January and September 2009



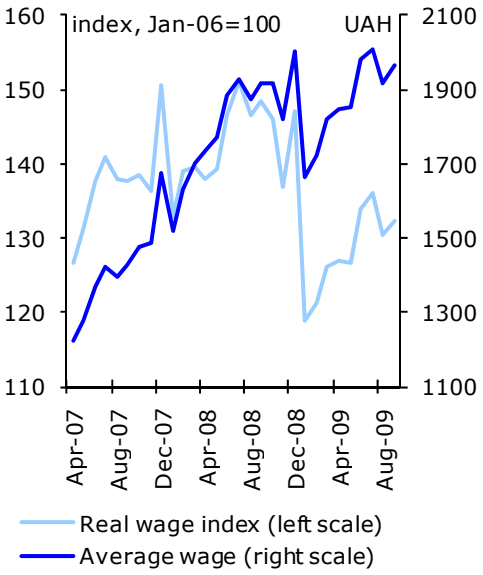
Source: State Treasury reports

Social policy: The old new pension reform is initiated

Pension Reform: The Cabinet of Ministers in October approved the Concept for Pension Reform for 2010-2017. It has replaced the Strategy of Pension System Development, approved in 2005 but only partly executed. The Concept envisages measures similar to those embedded in the Strategy, but under new timeframe spited into two stages (2010-2013, 2014-2017). The measures to be implemented on the first stage include higher pension differentiation, reduction in number of privileges, decrease in shadow wages, preparations for the accumulative tier of the pension system, and promotion of the non-state pension funds. The second accumulation tier of the pension system will be introduced only after 2014. Overall, the Concept takes correct approach, but its measures are very general. In addition, many disputable issues were skipped. In particular, in contrast to the Strategy, the new document does not foresee the necessity to increase retirement age in Ukraine. As usual, whether the reform is implemented remains to be seen.

Social Standards: In October, the Parliament approved law increasing the subsistence minimum and minimum wage from November 2009 and augmenting social standards for 2010. However, funds for increased social payments are not envisaged in State Budget 2009 and are still to be included in 2010 Draft Budget. Thus, it has no immediate effect. However, if implemented the law might have negative consequences for the Ukrainian economy.

Average wage



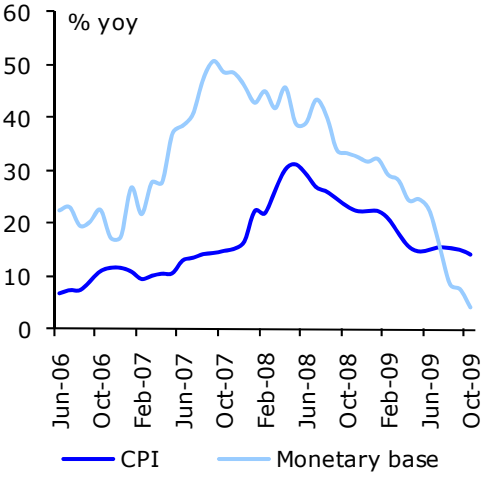
Source: Derzhkomstat

Labour market: Wages continue to fall in real terms

In September, the average wage increased by 2.3% mom to UAH 1964. The wages grew in all sectors of the economy except for health care and public administration. The highest wages were traditionally paid in air transportation and financial sector. Between January and September, nominal average wage grew by 5.0% yoy, while real wage declined by 10.3% yoy with the most drop in construction, forestry, and public administration.

Slow nominal wage growth is primarily explained by cost cutting measures taken by employers against the background of the economic crisis. Besides, the number of staff employed in all sectors of the economy in September declined by 7.5% yoy or by 853 thousand persons. The highest drop was in construction (by 26.0% yoy), financial sector (by 18.9% yoy) and trade (by 12.9% yoy). The change in employment in health care, education and public administration was the lowest. In addition, in September 9.4% of employees had shortened working days, and 2.8% of staff were on the unpaid leave as compared to 9.9% in January 2009.

Monetary base and inflation



Source: Derzhkomstat, NBU

Monetary policy: Inflation reached 14.1% yoy in October

Consumer prices growth slowed 14.1% yoy in October. Continued weakness in consumer demand contained seasonal price increases for some goods. However, the price growth is supported by high inflation expectations, and increase in administratively regulated prices.

Bank liquidity somewhat decreased in October as the NBU had withdrawn liquidity selling CDs, while keeping its foreign exchange interventions on the inter-bank fmarket limited. Inter-bank rates increased accordingly but remained well in the single digits.

Financial markets: Bank deposits sliding down again

Banking sector. Despite the crisis, five new banks were opened in the country over the fist ten months of the year. In October, a subsidiary company of the German Deutschebank was registered in the Deposit Insurance Fund passing the last registration procedure

needed for the new bank. The institution will target corporate sector in Ukraine.

In October, bank deposits continued to decrease (by 0.3% mom). The major contributor to deposits drop was record decrease in legal entities national currency deposits by record 6.4% mom, which was partly offset by rise in their savings in foreign currency (3.9% mom). Households also continued to prefer savings into foreign currency in light of exchange rate uncertainty. Thus, households' foreign currency deposits grew by 2.1% mom.

Total loans outstanding also slightly decreased in October (by 0.2% mom) after several months of upward trend. Foreign currency loans and loans to households decreased while national-currency lending to legal entities grew by 1.1% mom or by 39.1% yoy. In the previous month, banks were mainly providing short-term loans to enterprises in food processing, metal, and rubber and plastics production.

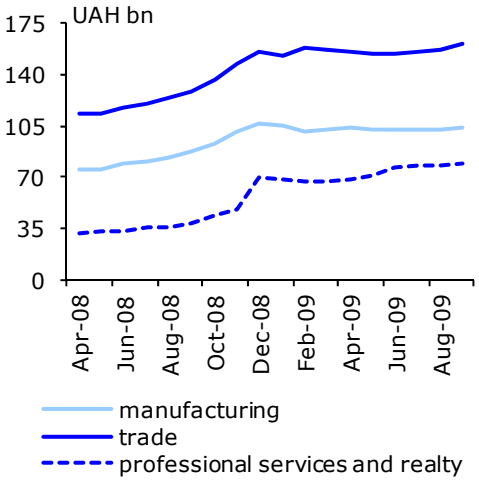
In September, loans to non-residents increased by UAH 13.6 bn and reached UAH 32.1 bn. 82.0% of net loans went to Austria, France and Germany. It seems likely that loans were directed to mother companies of the foreign-owned banks working in Ukraine.

Exchange rate. Hryvnia was stable in October as demand was balanced with supply with limited help from the NBU. The NBU interventions decreased to USD 303 m, though net demand on the cash market went up to USD 794 m. Average daily rate on the inter-bank market as reported by the NBU was in UAH/USD 8.1-8.3 range.

State debt. On October 19, 93% of Naftogas Eurobond holders approved restructuring terms while more agreed to the offer afterwards. In addition, several bilateral loans will be exchanged to the new Naftogas Eurobonds with a five-year maturity and 9.5% p.a. coupon rate. Thus, total amount of the issue was set at USD 1.65 bn with the settlement date of November 5. Sovereign guarantee improved Naftogas Eurobonds liquidity in the Ukrainian Eurobond segment. At the same time, the amount of state guaranteed debt increased substantially.

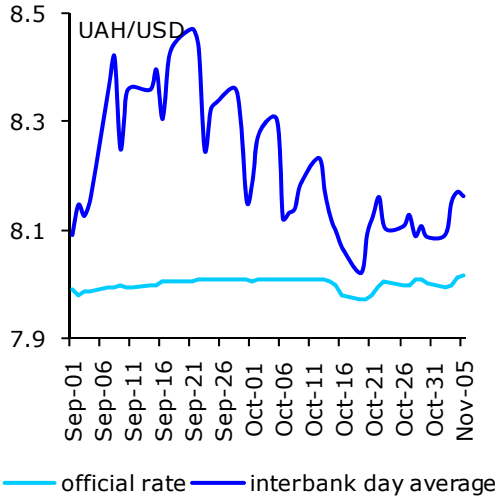
In October, the demand for state bonds was mainly concentrated near the short end of the yield curve that created quite tough redemptions schedule in the short run. Flexible rate policy of the Finance Ministry allowed increasing to UAH 4.6 bn the placement of domestic state bonds maturing in 2010-2013 with a 23.9% p.a. average yield. The share of short-term bonds remained high and constituted 72.6% of the amount issued despite the increased interest in longer-term issues. Proposed domestic state bonds linked to Euro-2012 football championship financing were not sold due to the lack of demand.

Loans outstanding



Source: NBU

Exchange rate



Source: NBU

Highlight of the month: Social standards

Social standards' increase: populism battle

By Oleksandra Betliy

In November, the long-lasting discussion on the increase in the social standards reached its peak, when the Parliament passed the bill moving social standards up for the end of 2009 and for 2010. The decision was approved by opposition parties, as well as by the Lytvin's Bloc and part of the Bloc "Our Ukraine" representing the majority coalition. Though the document raises many concerns, the President has already signed the Law.

The Law foresees the average increases in subsistence minimum for the rest of 2009 by about 12% as compared to the norms of the State Budget Law for 2009 (December 2008 version). The minimum wage is to be increased by 14%. Minimum pension payment will not change significantly, as it was set above the level of subsistence minimum in 2009 by the Government decision. The approved subsistence minimum and minimum wage for 2010 are to be by near 30% higher than envisaged in the first Draft State Budget Law for 2010, submitted to the Parliament on September 15, 2009.

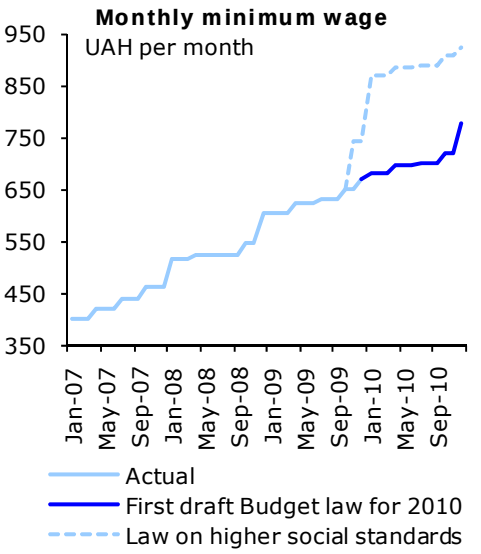
In violation of the Budget Code, the approved Law does not define the sources of financing higher standards in 2009. On November 2, the President submitted the Law on Amendment to the State Budget Law for 2009 with proposal to finance higher social standards in 2009 at the expense of redistributing funds from debt servicing. However, while allocating more funds for paying higher pensions and benefits, the suggested amendments do not foresee additional financing of public sector wages augmented in line with minimum wage growth. Besides, the law does not take into account current fiscal gap.

The aim of higher social standards is to improve wellbeing of the poor shielding them from the consequences of the economic crisis. However, the law is very likely to have negative macroeconomic consequences putting a question mark on its potential benefits for the economy as a whole and for the poor people in particular.

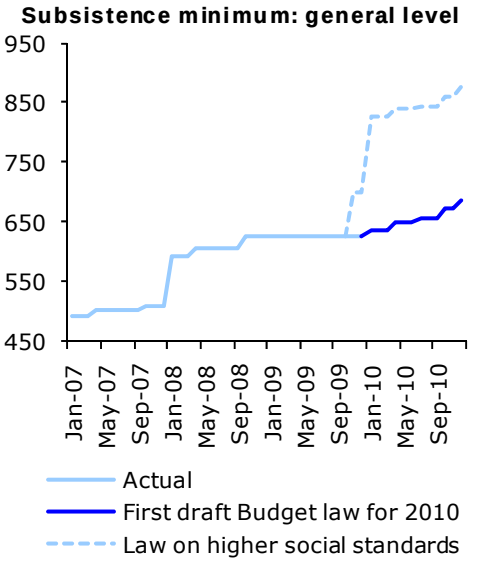
First, the Law creates additional pressure on already stressed Ukraine's fiscal position definitely enlarging the current fiscal gap. The official estimates of required additional fiscal expenditures vary substantially. According to the Ministry of Finance, the introduction of new standards will cost UAH 8.0 bn in 2009 and UAH 71.0 bn in 2010. The estimates of the Presidential Secretariat are much lower at UAH 1.4 bn and UAH 18.3 bn, respectively. The discrepancy is likely to be explained by difference in assumptions, for instance, in the assumed level of the first tariff grade of the Unified Tariff Scale (UTS), used for wage payments in the budget sector. According to the IER assessments, the UTS will not be fully implemented in 2009 and 2010. Thus, the estimate of the Ministry of Finance seems exaggerated. But the Presidential Secretariat under-estimated financing needs not taking into account for the necessity to increase the first grade in the UTS in 2010 above current levels.

According to the IER calculations, the new standards for 2009 will cost additionally around UAH 2.0 bn, if the first tariff grade in the UTS will not be increased. In 2010, the Government will have to allocate additional UAH 33.0 bn for financing higher social standards. Taking into account the existing fiscal gap in 2009 – consolidated fiscal deficit could exceed 6.0% of GDP in 2009 not counting for bank recapitalisation and loans to the Pension Fund – and restricted possibilities to raise additional financing in 2010, the Government will face a serious challenge to finance additional social expenditures.

Second, the acceleration of social standards growth above the level of inflation violates the Ukraine's obligations taken in the framework of stand-by arrangement with the IMF and puts under the risk the disbursement of the fourth tranche of the loan. This, in turn, endangers the financing of current fiscal liabilities, including social



Source: State Budget Laws for 2007-2009, the Draft State Budget Law for 2010 (from September 15, 2009), Law 1646-VI



Source: State Budget Laws for 2007-2009, the Draft State Budget Law for 2010 (from September 15, 2009), The Law on highest social standards

payments, as the tranche was earmarked for deficit financing. Moreover, failure to comply with the IMF requirements might harm the cooperation with the World Bank and the EBRD, which coordinate their activities with the IMF. The Ukrainian companies also might face larger problems with the debt restructuring due to higher perceived country risk.

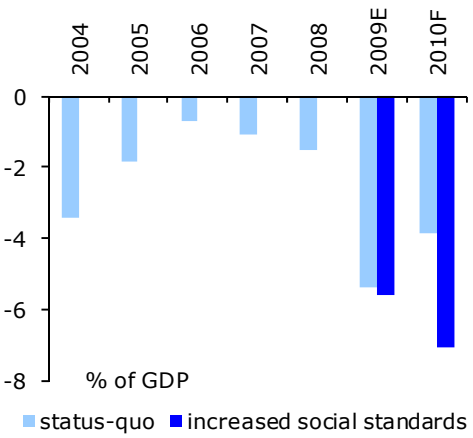
The sharp increase in minimum wage in the end of 2009 and in 2010 will be also harmful for private sector, as it would result in higher labour costs. According to the results of the IER Business Tendency Survey, 79% of industrial enterprises applied the tariff scale for wage setting purposes in 2008. Employers using tariff scale have to increase wages for all employees when minimum wage grows. Faced by necessity to rescale wages, the private sector is likely to respond by cutting employees, decreasing average wages or increasing shadow wage payments. These cost-cutting measures will hurt primarily the poor.

Yet another producer response to increased labour cost might be higher prices on their products. Additional pressure on prices is created by expansionary fiscal policy. Therefore, higher social standards are likely to support inflation that will *de-facto* eat out the gains from growth in nominal incomes.

Summing up, the new law on higher social standards seems to cause more harm than benefit. Its financing will enlarge the existing fiscal gap. The public and private investments can be further deteriorated. The law would create hard pressure on already weak labour market pushing employers to cut employment further, decrease average wages or pay them unofficially. Moreover, inflation may spur vanishing nominal incomes gains obtained due to the law.

Currently, the likelihood of the law implementation remains low. The Government has a loophole for not executing the Law as it contradicts the provisions of the State Budget Law for 2009. For 2010, it is still possible to define other levels of social standards in the Draft State Budget Law for 2010, which is currently under revision. However, populism still may win this battle.

Consolidated fiscal balance*



Note: * other revenues and expenditures are assumed to be fixed at previously expected and forecasted levels
E - estimate, F - forecast
Source: State Treasury Reports, IER calculations

Economic Trends		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	Apr	May	Jun	Jul	Aug	Sep	Oct
Industrial production (real)	% yoy cum.	5.1	-3.1	-31.9	-31.1	-28.4	-31.9	-31.9	-31.1	-30.4	-29.6	-28.4	…
Construction (real)	% yoy cum.	-7.2	-16	-56.7	-54.9	-52.4	-55.6	-55.8	-54.9	-54.3	-53.6	-52.4	…
Agricultural production (real)	% yoy cum.	15.1	17.5	1.7	2.6	3.3	2.1	2.3	2.6	3.8	0.4	3.3	…
Retail trade turnover (real)	% yoy cum.	25.1	18.6	-11.5	-15.2	-16.2	-14.3	-15.3	-15.2	-15.9	-15.9	-16.2	…
Average wage	UAH	1906	1914	1736	1892	1940	1845	1851	1980	2008	1849	1964	…
CPI	% yoy eop	24.6	22.3	18.1	15.0	15.0	15.6	14.7	15.0	15.5	15.3	15.0	14.1
PPI	% yoy eop	42.7	23.0	12.8	-0.9	1.6	6.3	1.9	-0.9	-3.7	-3.7	1.6	5.1
Exports (USD)***	% yoy cum.	46.3	33.8	-35.6	-42.2	-44.0[e]	-41.1	-44.1	-46.8	-49.0	-49.4	…	…
Imports (USD)***	% yoy cum.	56.7	39.1	-45.2	-49.5	-49.5[e]	-50.1	-52.0	-53.4	-53.8	-53.8	…	…
Merchandise trade balance	USD bn cum.	-12.5	-16.1	-0.8	-1.9	-3.6[e]	-1.9	-2.2	-2.4	-3.1	-3.8	…	…
Current account****	USD bn cum.	-9.2	-12.9	-0.7	-0.8	-1.0[e]	-0.9	-0.7	-0.8	-1.0	-1.1	-1.0	…
Current account	% GDP, cum.	-5.8	-7.1	-3.4	-1.5	…	x	x	x	x	x	x	x
Gross international reserves	USD bn eop	37.5	31.5	25.4	27.3	28.2	24.5	27.8	27.3	29.6	28.9	28.2	27.7
Monetary Base	% yoy eop	33.8	31.5	28.1	22.4	7.5	24.3	24.5	22.4	15.6	8.5	7.5	4.1
Lending rate on UAH credits **	% pa, aop	17.8	21.0	26.5	19.1	17.9	20.4	18.5	18.5	18.5	17.5	17.8	19.3
Exchange rate (interbank)	USD aop	4.70	6.49	8.1	7.76	8.00	7.93	7.70	7.63	7.86	7.97	8.31	8.31
Exchange rate (official)	USD aop	4.85	6.21	7.70	7.66	7.82	7.70	7.65	7.62	7.70	7.81	8.00	8.00
Exchange rate (official)	EUR aop	7.31	8.22	10.06	10.41	11.18	10.18	10.39	10.67	10.82	11.13	11.64	11.64

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
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
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	-0.8	-0.1
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	-3.4	-0.2
Trade balance in goods	USD m	-1353	-935	-884	-2022	-1735	-1701	-2684	-4452	-4490	-4171	-3868	-3562	-937	-946
Trade balance in services	USD m	219	506	1054	347	50	448	1614	308	77	308	1341	15	186	528
Current transfers	USD m	622	790	851	910	732	844	947	1016	740	833	831	723	629	1054
Direct investment (FDI)	USD m	1153	1489	1736	1359	1709	1934	3927	1648	2430	3091	3324	1058	847	1247
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
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
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
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
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
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
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
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
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
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
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
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
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
Labour market															
Average wage (real)	% yoy	23.8	22.6	18.8	11.3	14.7	13.9	14.9	15.7	13.8	7.1	7.1	1.1	-10.9	-8.5
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
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
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
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
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
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
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
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
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
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

Sources: National Bank of Ukraine, State Committee of Statistics, State Treasury, Ministry of Finance, Reuters, IER estimates
* change in value added

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