Monthly Economic Monitor Ukraine

- The Parliament did not support a 'no confidence' vote to Yulia Tymoshenko's Government.
- Economic activity plunged in January, with sharpest contraction demonstrated by construction and industry.
- The State Property Fund announced its intentions to sell Ukrtelecom in the near future.
- Current account balance turned to surplus in January but capital outflows reached record levels.
- The central fiscal revenues declined by 3.8% yoy in January.
- Nominal wages in January fell to the levels of March 2008.
- Inflation decelerated to 20.9% yoy in February.
- Interbank exchange rate remained in UAH/USD 7.7-8.2 range for the most of February.
- HIGHLIGHT OF THE MONTH: Import surcharge

No.3 (101)
March
2009

Population: 46.4 m
Industry/GDP: 32%
Agriculture/GDP: 7%
Investment/GDP: 29%
Exports to: Russia 26%, EU 28%
Imports from: Russia 28%, EU 37%

Politics: The Cabinet headed by Yulia Tymoshenko is likely to remain in office for the next six months

On February 5, the Verkhovna Rada dismissed the motion of no confidence to the Cabinet of Ministers headed by Yulia Tymoshenko. Factions of the Party of Regions and Communist Party and 11 deputies from other factions that voted for the motion had only 203 votes out of 226 needed. Thus, this Cabinet is likely to remain in office at least for the next six months, since the law prohibits the Parliament to consider this issue twice within one session. However, the Cabinet will be reshuffled. On February 17, the Parliament accepted the resignation of Finance Minister Viktor Pynzenyk. Mr Pynzenyk explained his decision by the disagreement with Government policy.

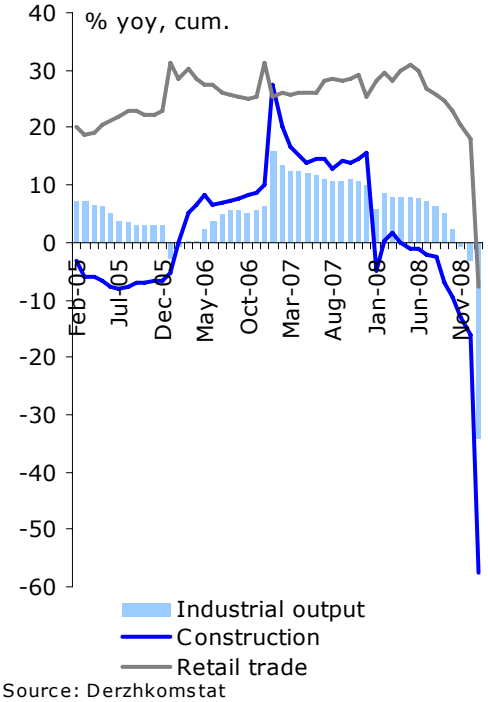
On February 15, Ukraine didn't receive the SDR 1.25 bn (USD 1.8 bn) instalment of the IMF loan as the IMF mission had not completed review of Ukrainian policies in time. The main sticking points were budget deficit and lack of consensus on economic policy in the country. By the end of the month the Ukrainian authorities developed the common view on policies, while IMF relaxed its demands on the budget deficit. However, a number of mostly technical points still have to be negotiated between the parties. If negotiations are successful, Ukraine will receive the IMF money in March.

Real sector: Real output plunged in January

Traditionally weak January economic activity was severely aggravated by gas supplies disruptions and contraction of domestic and external demand for Ukrainian products. Many enterprises sharply reduced or even stopped their production in order to minimise costs. As a result, real industrial production dropped by 34.1% yoy in January compared to 26.6% yoy reduction in December. The worst performance was in machine building, metallurgy, construction materials production, and chemical industry. These sectors contracted almost twice on a year basis. Coke and petroleum production was the only sector demonstrating growth (by 2.4% yoy in real terms) likely to be explained by import substitution. As some of the drivers of January decline were temporary, industrial output may recover to December levels in February.

Even worse situation was in construction sector: real output decreased by 57.6% yoy in the first month of the year against relatively high statistical base of the previous year. Freight transportation went down by 32.3% yoy due to the contraction of industrial output and foreign trade. At the same time, declines in passenger transportation and retail trade were more modest as both sectors are more resilient in face of economic shocks. Also, real

Real sector trends



Source: Derzhkomstat

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agricultural output increased by 0.5% yoy in January. Thus, the real GDP decline is estimated at over 20% yoy.[1]

According to the preliminary Derzhkomstat estimates, real GDP growth at 2.1% in 2008 was based overwhelmingly on the expansion of private final consumption that increased by 11.6% and counterweighted impacts of negative net exports and dropped state final consumption. Real gross fixed capital accumulation rose slightly (1.9%) in 2008, exhibiting gradual deceleration during the year while nose-diving in the final quarter when it dropped by 6.4% yoy. For comparison, households' real final consumption contracted by very modest 0.9% yoy in the fourth quarter amid lowering incomes and credit crunch. In 2008, real exports and real imports grew by 6.7% and 17.5%, respectively. Worsened economic environment at home and abroad resulted in real trade flows contraction by 3.2% yoy in the fourth quarter. Sharp reduction of inventories by UAH 9.0 bn in the last quarter after build-up in the previous quarters became an important driver for 8.6% yoy contraction of real GDP between October and December 2008.

Sectoral trends: Ukrtelecom may be put for sale

Privatisation. In the beginning of February the State Property Fund of Ukraine (SPFU) announced its decision to sell the minority stakes in the five oblenergoes and 67.79% of the JSC Ukrtelecom. The book value of the communication operator's shareholding is estimated at UAH 4.9 bn, and the SPFU expects to sell it for up to UAH 7.5 bn. However, the privatisation might be once again hampered by the President who repeatedly blocked sale of blue chips referring to the absence of the State Privatization Program. The Verkhovna Rada has again failed to adopt the Program in February.

Agriculture. As the Government has limited funds to support agriculture, it resorted to quasi-fiscal means. In February, the Government continued its attempts to force commercial banks to extend maturity of loans to agricultural producers. As the President twice vetoed the law that would require banks to modify the loans in question the Government applied pressure to persuade the banks to do it. These efforts had limited success: only part of the loans were modified. However, on March 3, the Verkhovna Rada overruled the President's veto. The law might help agricultural producers, but will force banks to extend loans both to viable businesses and bankrupts further endangering stability of the banking system.

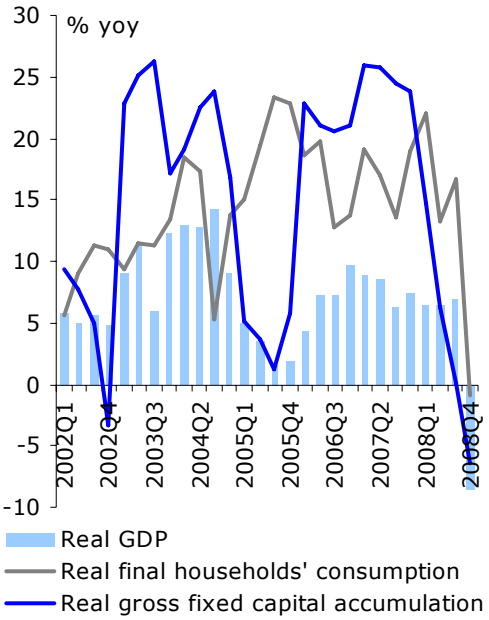
Transport. In February, revised version of the road concessions law became effective. Now, concessionaire may recoup its investment through not only road tolls, but also from state payments and profits received from byroad infrastructure. Besides, restrictions to use imported products and foreign labour were excluded from the law. Improved concession terms may attract private capital for road construction, though the short-term effect of the law will be limited amid the world crisis and extreme caution of potential investors.

External sector: Current account returns to surplus in January

According to the NBU preliminary estimates, in January 2009 current account had USD 467 m surplus as commodity imports were smaller than exports. While exports decreased by 32.7% yoy in dollar terms, imports fell by 50.7% yoy on the back of gas supply disruptions and high hryvnia depreciation. On the other hand, financial account deficit widened to USD 2.3 bn, reaching a new historical high. One of major elements of capital outflow – withdrawals of cash foreign currency from banking sector – were subdued still reaching USD 1.0 bn. Also long-term borrowings by banks and real sector was not enough to cover repayments for the first time in three years. Net outflow of short-term capital also continued.

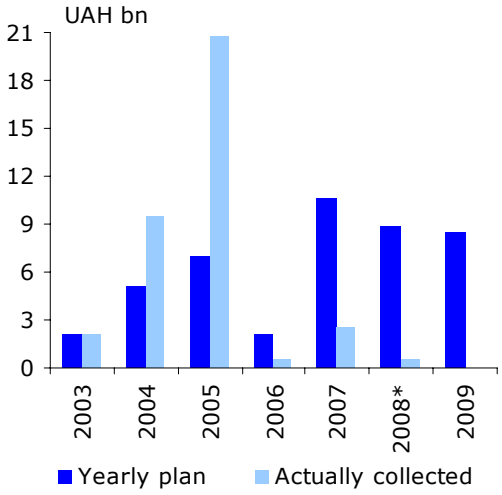
Protectionist sentiments have increased in Ukraine as the economic crisis worsened. On March 6, the law allegedly aimed at an

Gross domestic product



Source: Derzkomstat

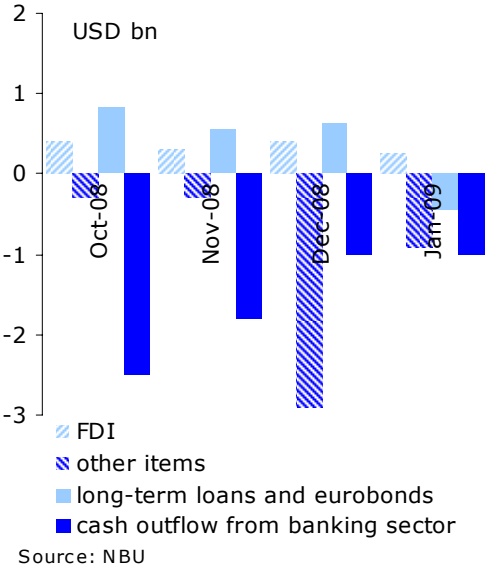
Privatisation receipts



* plan as of December 28, 2007 (plan was revised downwards to UAH 607 bn on December 12, 2008)

Sources: State Treasury reports, SPFU

Financial account



Source: NBU

[1] In line with international practice, the Derzhkomstat has ceased the publication of monthly estimates of real GDP growth since January 2009.

improvement of the balance of payments came into force. This law envisages the introduction of 13% import surcharge on selected product groups designated as nonessential imports, including among others meat, spirits, finished textile products, some metal products, and selected machinery and equipment products including passenger cars. This import restriction challenges good relations with the IMF and the WTO, opens a way for longer-term protectionism and retaliation practices, but provides only very sector-specific gains imposing additional costs on other sectors and consumers.

Fiscal policy: The central fiscal revenues declined by 3.8% yoy in January

The central fiscal revenues due to the general fund were 13.7% below the target as the plan was based on optimistic macroeconomic outlook. In particular, the VAT collections were executed at 78.8% of plan due to the fall in imports. The transfers from local budgets and taxes on international trade were also below the target. The execution of revenues was supported primarily by two major sources. In particular, the NBU transferred to the state coffers UAH 1.0 bn or 25% of annual plan, and enterprise profits tax (EPT) revenues were over-executed by 24.9%. At the same time, total central fiscal revenues were executed at 101% of target in January as the special fund received VAT from the disputed custom clearance of gas. Still January total central fiscal revenues were 3.8% lower than a year earlier against the background of slowdown in economic activity.

General central fiscal expenditures were executed at 82.6% of the target. The social protection items were financed at surprisingly low level (85.0%). As a result, the central fiscal deficit in the general fund classification totalled UAH 1.3 bn, while the total central fiscal balance was positive at UAH 1.6 bn.

On February 26, the Cabinet of Ministers approved the Budget Declaration for 2010 that defines objectives and tasks of fiscal policy for next year. In particular, the document discusses the necessity to approve Privatisation program for next year, conduct structural reforms, reduce payroll taxes, improve taxation, and increase decentralisation. The objectives and tasks are to be clarified in the Guidelines of Fiscal Policy for 2010 to be submitted by the Government to the Parliament by June.

Social policy: Wages continue falling due to economic crisis

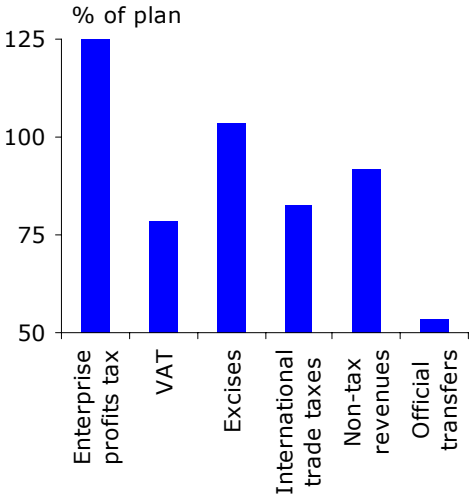
The deteriorated economic situation pushed employers to lay off employees in the end of 2008 and beginning of 2009. Number of individuals officially registered as unemployed increased by 34.5% yoy in January, and as of February 1, 2009 it was equal to 0.93 m.

Polices aimed at further reduction of labour costs against the background of depressed labour market resulted in sharp decline of wages. According to the Derzhkomstat, real wages contracted by 10.6% yoy in January. Average nominal wage sank to UAH 1655, which is lower than in March 2008. The sharpest reduction of nominal wages (by 34.2%) as compared to November was in state administration, reflecting the cost-cutting against the background of restricted fiscal revenues. The wages also dropped significantly in construction, real estate, agriculture and health care. The wages are likely to reduce further in the next few months.

Monetary policy: Inflation decelerated to 20.9% yoy in February

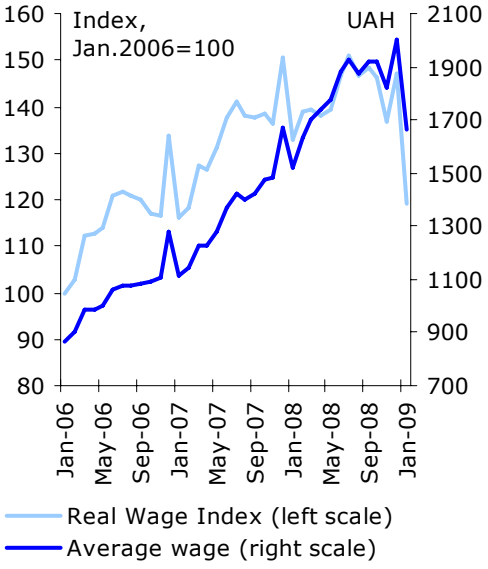
Consumer inflation decelerated to 20.9% yoy in February. Depressed incomes, and purchases of cash foreign currency limited inflation pressure. Falling prices for several food products after rapid growth in previous months and high statistical base also constrained CPI growth. However, high inflation expectations and low external value of hryvnia maintained inflation at high level and caused price increases across the board.

Central fiscal revenues execution in January 2009



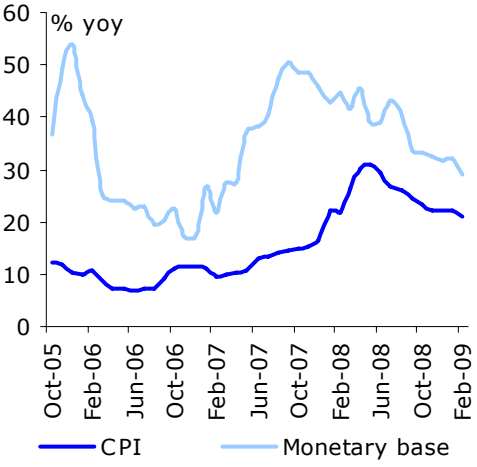
Source: State Treasury reports

Average wage



Source: Derzhkomstat

CPI and monetary base development



Source: Derzhkomstat, NBU

Money supply growth decelerated sharply in February to 18.3% yoy as liquidity was reduced due to the NBU interventions on the interbank market, deposit withdrawals and very limited NBU refinancing. The NBU significantly tightened monetary policy. It slashed funds available overnight without collateral fourfold and constrained even collateralised lending. Availability of other means of refinancing was also low. Reduced reserve requirements, the decrease in Government funds at the NBU and the NBU purchases of UAH 2.7 bn of Government securities made free liquidity somewhat less scarce but were far from compensating the shortfall. Thus, in the first and the last weeks of February overnight interbank interest rates reached historic highs at 67-68% p.a. reflecting extreme depth of the credit crunch the banks are facing. Though tight policy supports exchange rate stability and limits inflation, liquidity drain from banks became dangerous for payment system and functioning of banking sector.

Financial markets: Hryvnya was stable for the most of February

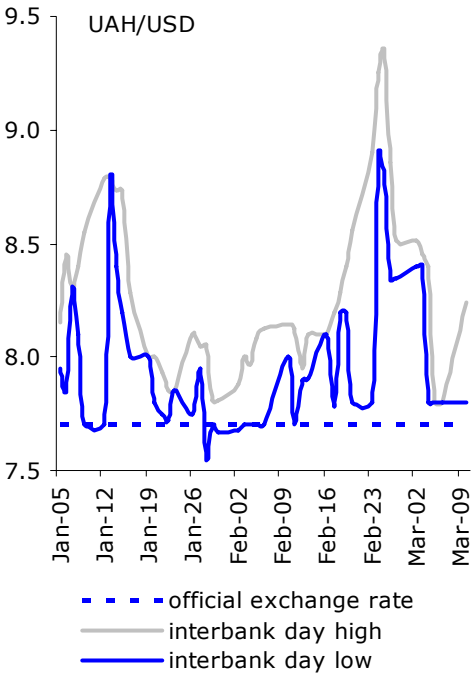
Exchange rate. Exchange rate was stable in UAH/USD 7.70-8.20 range in the first three weeks of February. The NBU interventions were enough to cover the difference between demand and supply. Nevertheless, in the end of February uncertainty over the IMF loan and an increase in capital outflows caused hryvnya to weaken as the most desperate bidders offered up to UAH 9.35 per USD for scarce foreign currency on February 25. However, average inter-bank exchange rate as reported by the NBU went only to UAH 8.45 per USD reflecting fragmentation of the inter-bank market and administrative restrictions. As the spike of demand went by, exchange rate returned to UAH/USD 8.40-8.50 as reported by Reuters and UAH/USD 8.10 according to the NBU on the last day of the month.

State debt. In February, after several failures the Ministry of Finance sold five- and four-year domestic state bonds at UAH 1.4 bn with weighted-average yield of 15.6% p.a. It is likely that these issues were bought by state banks, as rates available in the inter-bank market remain much higher, making investments into state bonds unattractive for commercial banks. The NBU later purchased UAH 2.7 bn of state bonds on the secondary market. Ambitious plans for domestic borrowing remain remote.

Banking sector. In January 2009, private deposit withdrawals continued for the fourth month in a row. Confidence in banking system remained low: households withdrew net UAH 6.1 bn of one-year deposits that came due in January and only UAH 0.7 bn returned to the banking system as short-term deposits. As corporate deposits suffered its usual January decline, overall deposits shrunk by 5.1% mom.

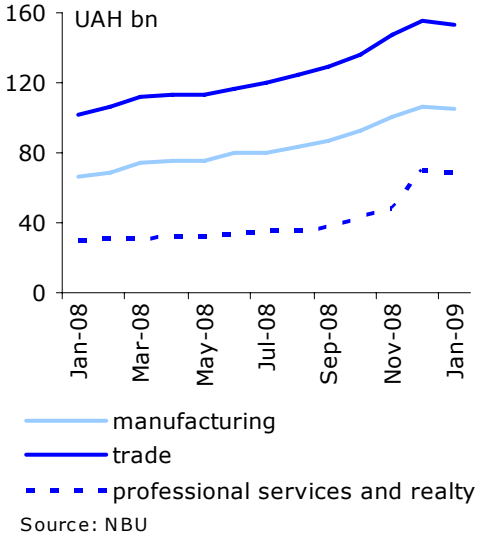
Outstanding loans in January decreased by 1.6% mom as new lending was smaller than loan repayments. Foreign currency loans decreased faster as borrowers tried to reduce exchange rate risk. Household lending was very limited as amounts outstanding dropped in all but one region (Lviv). Responding to changes in the regulatory environment banks reclassified around UAH 14 bn or 5.2% of consumer loans secured by mortgages as real estate loans. Lending to enterprises was also very tight with amounts outstanding falling for all types of economic activities (1.6% mom decline overall). Decline of lending to manufacturing was less severe at 0.8% mom with slight increases in some industries.

Exchange rate



Source: Reuters Investor, NBU

Loans outstanding



Source: NBU

Highlight of the month: Import surcharge

Does Ukraine's economy really need import surcharge?

by Veronika Movchan

Less than in a year after joining the WTO Ukraine returned to protectionism. On March 6, 2009 the law introducing temporary 13% import surcharge on all products excluding 'critical' imports has come into force. The law is alleged to address a critical disequilibrium of the balance of payments. Import surcharge is envisaged as a emergency measure that could be applied for a maximum period of one year and that 'cannot be used as a measure of protection of any specific product or industry'. However a necessity of this measure remains questionable.

The law defines a list of products that are classified as 'non-critical' imports and thus are subject to import surcharge. The list among others includes such goods as meat and meat processed products, sugar, spirits, coal, textile products, foot- and headwear, some metals and a range of machinery and equipment including some home appliances and motor vehicles. This list covers approximately 13% of tariff lines by 10-digit HS. The rest of product categories are considered 'critical' imports.

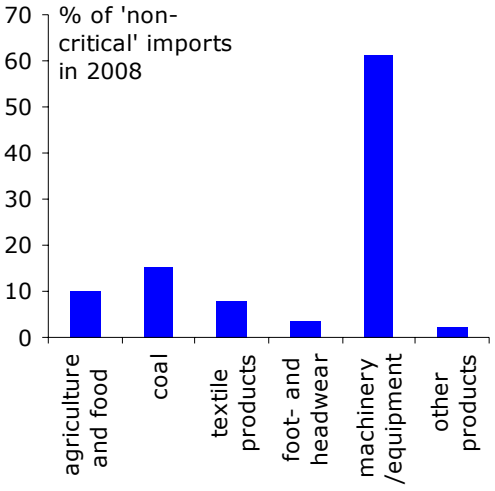
Imports of products listed as 'non-critical' comprised approximately 16% imports in 2008 value (USD 14.0 bn). The new tariff restriction concerns mostly motor vehicles (HS 87), they constituted almost 50% of 'non-critical' imports. Coal (15%), several types of machinery (9%) and meat (6%) are another products with large shares. The most of these products are imported from Asia (33%). Among the EU countries Germany could be affected the most by the surcharge as it accounts for approximately USD 1.0 bn or 7% of 'non-critical' imports, comprised mostly of passenger car. Imports from the CIS countries amount to 30%, though goods from these countries should be exempted from the import surcharge in accordance with the free trade agreements.

Not taking into account the surcharge the simple average MFN tariff rate on products subject to surcharge is 10.7% with over 90% of applied MFN tariff rates in the range between 0% and 12%.

Although the law is aimed at treatment of the balance of payments problems that is at the reduction of the current account deficits by hampering imports, its impact on imports is likely to be rather limited. According to the IER estimates, depending on the price elasticity of import demand the introduction of the surcharge is likely to reduce annual imports of goods by USD 0.6-1.7 bn, or 1-2% of 2008 import value *ceteris paribus*. For comparison, imports was by USD 1.9 bn lower in December 2008 than in November according to the Derzhkomstat. The drop has been driven by sharp devaluation of national currency and depressed domestic demand amid credit crunch, lowering wages, and growing unemployment. Thus, it seems that the impact of the new tariff restriction will be small compared to effects of macroeconomic forces that have already halted Ukraine's imports.

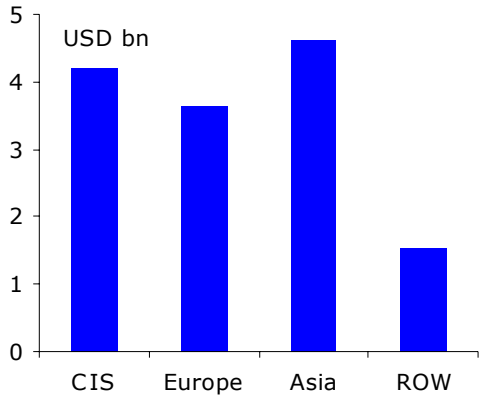
Definitely, the law benefits some producers in the short-run. Also, the surcharge will bring additional fiscal revenues estimated at around UAH 3-4 bn, which are to be directed in the Stabilisation Fund. However, its negative impact on the economy and on Ukraine's foreign affairs could overweight gains. Consumers will be definitely among losers as they will have to pay higher prices for meat, fish, textiles and other imported products, and the CPI will get additional impetus to grow. Also, producers using meat, syrups, coal, and other products subject to surcharge as inputs will suffer from both higher production costs and lower demand for output due its increased value. Moreover, the introduction of new barriers might result in increased smuggling.

Product categories belonging to 'non-critical' imports



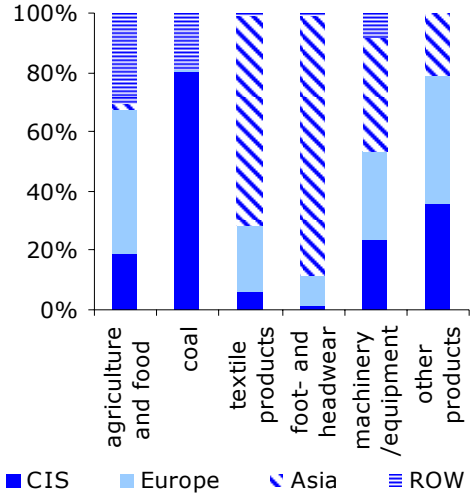
Sources: Derzhkomstat, Law № 923-VI from February 4, 2009

'Non-critical' imports in 2008 by regions



Sources: Derzhkomstat, Law № 923-VI from February 4, 2009, IER estimates

Geography of 'non-critical' imports



Sources: Derzhkomstat, Law № 923-VI from February 4, 2009, IER estimates

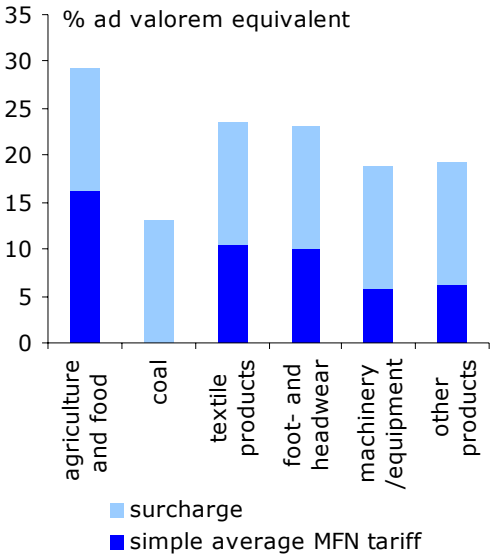
The surcharge may also harm Ukraine's relations with trade partners affected by the measure and with the IMF. In the Memorandum on Economic and Financial Policies signed on October 2008 with the IMF, Ukraine promised not to impose or increase import restrictions for balance-of-payments reasons. The violation of this promise seems to add to a list of topics that have to be cleared to ensure the resumption of the IMF financing.

Under WTO rules the member country is authorized to introduce 'price-based' trade restrictions like import surcharge for balance-of-payments purpose. However, these measures must not target specific products but must be applied to 'control the general level of imports' with only 'essential' products possibly excluded. Ukraine may have broken this rule as only 13% of tariff lines have been covered by the surcharge, and the choice of 'critical' products was not obvious.

In line with the WTO procedures the Cabinet of Ministers is to notify the WTO Committee about the introduction of the surcharge and then to carry on consultations. If the WTO considers the introduction of the surcharge as non-justified and the government does not repeal the surcharge, some retaliation by trade partners affected by the measure could follow. In turn, it would harm the perspectives of Ukraine's economic recovery as retaliation would cover the main exporting industries of the country.

To sum up, the decision to impose temporary import surcharge seems ill-advised. The surcharge somewhat decreases already smaller imports and helps some Ukrainian producers but results in important adverse effects for the economy and for Ukraine's relations with international organizations and trading partners. It provides stimulus for inflation, opens the way for lobbying for further protection within the country, and may impede the economic recovery after the crisis due to retaliation. The best thing Ukraine's Government can do is to abolish it immediately.

Tariff protection of products subject to surcharge



Sources: Derzhkomstat, Law № 923-VI from February 4, 2009,Customs Tariff, IER estimates

Economic Trends		Q3 07	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	Oct	Nov	Dec	Jan	Feb
GDP growth (real)	% yoy	6.2	7.4	6.5	6.5	6.9	…	-2.1	-14.4	…	x	x
GDP growth (real)	% yoy cum.	7.3	7.6	6.5	6.5	6.7	2.1	5.8	3.6	2.1	x	x
Industrial production (real)	% yoy cum.	10.7	10.2	7.8	7.5	5.1	-3.1	2.2	-0.7	-3.1	-34.1	…
Agricultural production (real)	% yoy cum.	-5.1	-5.6	0.2	-0.3	15.1	17.5	17.6	18.0	17.5	0.5	…
CPI	% yoy eop	14.4	16.6	26.2	29.3	24.6	22.3	23.2	22.3	22.3	22.3	20.9
PPI	% yoy eop	19.6	23.3	31.8	43.7	42.7	23.0	37.7	27.4	23.0	20.4	19.0
Exports (USD)***	% yoy cum.	27.3	27.4	30.1	41.1	46.6	33.9[e]	48.2"	41.7"	35.9	…	…
Imports (USD)***	% yoy cum.	31.5	34.8	45.1	52.9	54.9	38.3[e]	57.0"	49.4"	41.1	…	…
Merchandise trade balance	USD bn cum.	-6.12	-10.6	-4.6	-8.6	-12.3	-13.7[e]	-16.4"	-17.7"	-18.5	…	…
Current account	USD bn cum.	-2.47	-5.9	-3.6	-6.8	-8.2	-11.7[e]	x	x	x	x	x
Current account	% GDP, cum.	-2.5	-4.2	-9.6	-8.2	-5.8	-6.7[e]	x	x	x	x	x
Gross international reserves	USD bn eop	30.6	32.5	33.2	35.5	37.5	31.5	31.9	32.7	31.5	28.5	26.5
Monetary Base	% yoy eop	50.6	46.0	41.4	38.9	33.0	31.5	33.1	32.2	31.6	32.1	29.1
Lending rate on UAH credits **	% pa, aop	13.7	14.0	14.6	17.2	17.1	21.1	19.1	22.6	21.6	26.5	27.9
Exchange rate (interbank)	USD aop	5.01	5.04	5.03	4.79	4.70	6.49	5.56	6.11	7.76	8.08	8.23
Exchange rate (official)	USD aop	5.05	5.05	5.05	4.96	4.85	6.21	5.04	6.00	7.58	7.70	7.70
Exchange rate (official)	EUR aop	6.93	7.31	7.56	7.75	7.31	8.22	6.75	7.65	10.24	10.29	9.86

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

[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	718.9	950.5
Nominal GDP	USD bn	31.3	38.0	42.4	50.1	65.0	86.2	107.8	142.4	180.4
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	16.6	25.2
CPI	% yoy eop	25.8	6.1	-0.6	8.2	12.3	10.3	11.6	12.8	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	27.4	33.9[e]
Imports (gs, USD)	% yoy	18.9	14.1	4.9	28.7	31.3	20.4	22.0	34.8	38.3[e]
Current account	USD bn	1.2 °	1.4	3.1	2.9	6.9	2.5	-1.6	-5.9	-12.9[e]
Current account	% GDP	3.8 °	3.7	7.6	5.9	10.6	2.9	-1.5	-4.2	-6.7[e]
FDI (net)	USD bn	0.6	0.8	0.7	1.4	1.7	6.5	5.3	9.2	9.9[e]
International reserves	USD bn	1.5	3.1	4.4	6.9	9.5	19.4	22.3	32.5	31.5
Fiscal balance'''	% GDP	-0.7	-1.9	0.8	-0.2	-3.0	-1.9	-0.9	-1.1	-1.5
Total state debt	% GDP eop	45.3	36.5	33.5	29.0	24.7	17.7	15.0	12.6	19.9
External state debt (total)	% GDP eop	33.0	26.3	24.1	21.4	18.6	13.4	11.7	10.1	14.9
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	5.31	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	6.62	6.40	6.32	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

[e] IER estimate for GDP, NBU estimate for payment balance

''' "Minus" denotes a consolidated fiscal deficit

° The value of the aircraft complexes transferred to Russia as repayment of a gas debts according to the inter-governmental agreement reached in October 1999 totaling USD 274 m is not included.

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
GDP	UAH bn	105.4	124.1	150.4	157.7	137.6	165.1	197.4	212.8	186.6	232.5	278.3	253.1
GDP (real)	% yoy	4.1	6.8	6.9	9.5	8.9	8.6	6.2	7.4	6.5	6.5	6.9	-8.6[e]
Household consumption (real)	% yoy	20.2	18.2	11.8	9.9	14.7	15.5	15.2	19.0	22.0	13.3	16.7	…
State consumption (real)	% yoy	9.6	5.8	5.8	1.0	0.8	6.2	4.4	2.4	1.0	1.5	-0.2	…
Gross fixed capital formation (real)	% yoy	19.9	19.3	17.9	18.3	24.4	23.5	18.9	23.8	14.7	6.3	0.1	…
Exports of goods and services (real)	% yoy	-14.9	-9.6	3.2	1.0	4.9	5.2	0.1	5.6	0.9	8.9	18.9	…
Imports of goods and services (real)	% yoy	10.7	0.9	8.3	6.4	12.9	19.6	13.7	27.2	20.2	25.6	31.8	…
Agriculture, hunting, forestry (real)*	% yoy	3.8	2.8	-5.6	8.1	4.8	6.8	-9.3	7.1	0.4	-0.4	21.9	…
Manufacturing industry (real)*	% yoy	-1.5	6.1	7.3	7.2	15.0	13.2	13.1	4.4	8.7	9.0	1.4	…
Construction (real)*	% yoy	0.1	0.8	1.4	4.2	13.3	8.2	12.7	5.8	-1.5	-6.4	-17.1	…
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	…
Transport (real)*	% yoy	4.9	7.7	9.4	5.3	7.0	5.6	8.0	10.2	10.1	10.6	10.7	…
Balance of payments													
Current account balance	USD bn	-0.8	0.0	0.5	-1.4	1.2	-0.8	-0.5	-3.5	-3.6	-2.8	-1.6	-3.9[e]
Current account balance	% of GDP	-3.7	0.0	1.7	-4.3	4.4	-2.4	-1.2	-8.3	-9.7	-6.0	-2.8	-8.8[e]
Trade balance in goods	USD m	-1353	-935	-884	-2022	-1735	-1701	-2684	-4452	-4321	-3562	-3546	-4471[e]
Trade balance in services	USD m	219	506	1054	347	103	512	1689	392	261	526	1483	-170[e]
Current transfers	USD m	622	790	851	910	825	968	1099	1183	966	957	1029	948[e]
Direct investment (FDI)	USD m	1053	1389	1636	1258	1709	1934	3927	1648	2387	3083	3310	1120[e]
Portfolio investments	USD m	4	-141	370	3350	1816	1477	517	1844	225	129	-707	…
Gross international reserves	USD bn	17.3	17.6	19.1	22.3	23.5	25.6	30.6	32.5	33.2	35.5	37.5	31.5
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
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
Fiscal indicators													
Consolidated fiscal revenues	% of GDP	31.2	31.7	31.9	32.8	33.3	32.8	30.8	31.1	32.5	42.7	29.2	31.6
Personal income tax	% of GDP	4.4	4.6	4.1	4.1	5.1	5.3	4.9	4.8	5.1	6.9	4.3	4.9
Enterprise profits tax	% of GDP	3.4	4.6	4.3	6.7	3.8	4.1	4.1	6.4	4.1	5.2	4.9	6.3
Value-added tax	% of GDP	9.2	9.2	9.7	9.3	10.4	9.8	8.7	7.6	10.5	14.9	9.7	7.7
Excise tax	% of GDP	1.8	1.7	1.5	1.5	1.8	1.7	1.6	1.3	1.5	1.8	1.2	1.4
Consolidated fiscal expenditures	% of GDP	30.9	32.8	29.4	36.6	28.4	31.0	29.6	36.7	29.5	42.2	27.0	41.1
Current expenditures	% of GDP	28.9	29.7	24.9	29.2	26.9	28.4	25.9	27.3	28.6	37.3	22.2	33.7
Capital expenditures	% of GDP	1.9	3.2	4.5	7.4	1.6	2.6	3.7	9.4	0.9	5.0	4.8	7.4
Consolidated fiscal balance	% of GDP	-0.4	1.1	-2.4	4.0	4.7	1.7	1.2	-6.2	3.0	0.5	1.9	-10.3
Privatisation receipts	% of GDP	0.1	0.1	0.1	0.1	0.5	0.5	0.3	0.4	0.1	0.1	0.0	0.0
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
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
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	…
Banking system													
Monetary aggregate M0	% yoy cum	36.2	25.3	23.7	24.5	22.9	30.4	36.4	48.2	48.4	48.8	37.9	39.3
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
Household deposits in national currency	% yoy cum	54.6	41.1	39.7	37.3	50.7	56.3	64.8	71.9	68.8	68.2	53.3	8.3
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	66.1
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	70.7	53.4	37.0
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	61.0	94.2
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
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
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	14.6	17.3	17.1	21.1
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	10.8	11.4	12.1	12.3

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

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