



MINISTRY OF
FINANCE OF
UKRAINE

Macroeconomic outlook

No.2, February 2019



KEY FACTS

- **Real GDP continued to grow in 2018 by about 3%.** Growth was supported by the increasing domestic demand. The real private final consumption increased due to the higher real disposable income. The gross fix capital accumulation growth was attributed to higher financing of infrastructure projects and the pressure on companies to modernize their production. At the same time, the contribution of the real net exports remained negative.
- The inflation slowed down in 2018. **The Consumer Price Index decelerated to 9.8% yoy** in December compared to 13.7% yoy in December 2017.
- **The monetary policy was tight in 2018** due to high inflation expectations and contributed to the **price and exchange rate stability**.
- Stronger demand for investments and consumption led to a higher **trade deficit**, which was almost completely compensated by **higher private transfers from abroad** and the **positive financial account balance**.
- **The Government continued the policies aimed at the fiscal consolidation.** Primary budget balance in 2018 was in surplus. The **budget policy** had a restrictive effect on the total demand, but, at the same time, contributed to price stability.
- In January 2019, the revenues of the general fund of the state budget were below the plan due to the record-high VAT refund and lower revenues from imports (caused by imports contraction).
- The short-term risks include a less favourable global economic situation, increasing inflation expectations and worsening business expectations partly due to the upcoming presidential and parliamentary elections in 2019.



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Key macroeconomic indicators



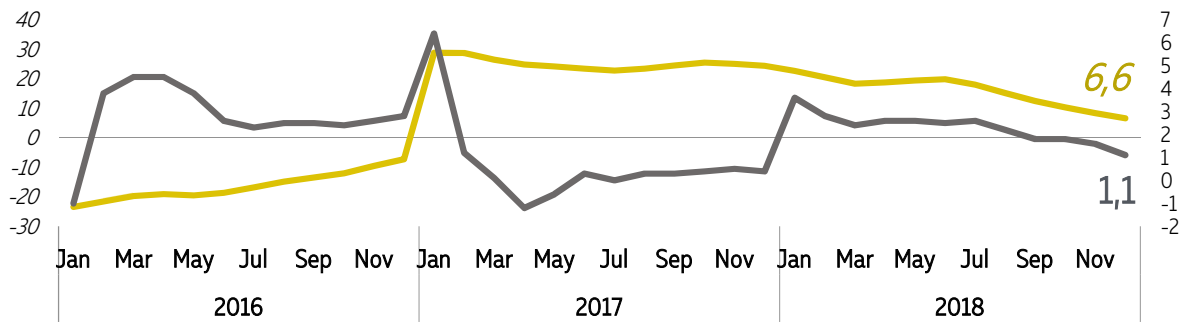
KEY MACROECONOMIC INDICATORS FOR UKRAINE IN 2015-2018

Indicator	2015	2016	2017	2018			
				I Q	II Q	III Q	Jan-Dec
Nominal GDP, UAH bn	1988,5	2385,4	2983,9	700,4	807,3	994,4	X
Real GDP, change, %	-9,8	2,4	2,5	3,1	3,8	2,8	X
CPI, % yoy in December	143,3	112,4	113,7	113,2	109,9	108,9	109,8
Industrial producer price indices, % yoy in December	125,4	135,7	116,5	115,9	118,4	118,9	114,2
Real wage, % yoy in December	-20,2	9,0	19,1	9,5	13,0	12,9	9,7
ILO unemployed, % of economic activity population	9,1	9,3	9,5	9,7	8,3	8,0	X
Export, % yoy	-26,9	-3,9	17,1	9,2	11,4	9,6	9,5
Import, % yoy	-28,3	4,5	19,2	12,4	13,0	14,3	12,8



ECONOMIC DEVELOPMENT WAS SUPPORTED BY GROWTH IN ALMOST ALL SECTORS

Industry growth and development of base metals price,
% yoy, cumulative

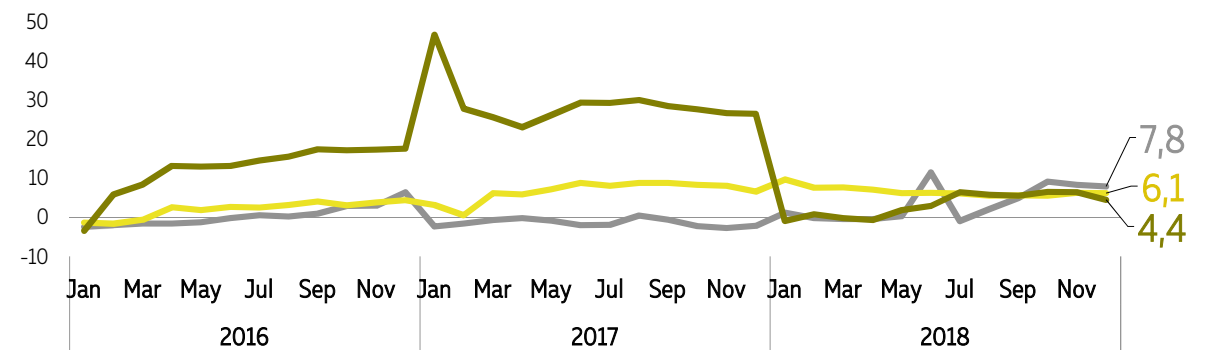


— Base metals price index (LHS) — Industry (RHS)

Note. Base metal prices are calculated by the World Bank on a monthly basis taking into account prices for key metals (lead, nickel and others) and serve as an indicator for price dynamics on the global metal market

Source: Ukrstat, World Bank

Development of agriculture, retail trade and construction
% yoy, cumulative



— Agriculture — Retail trade — Construction

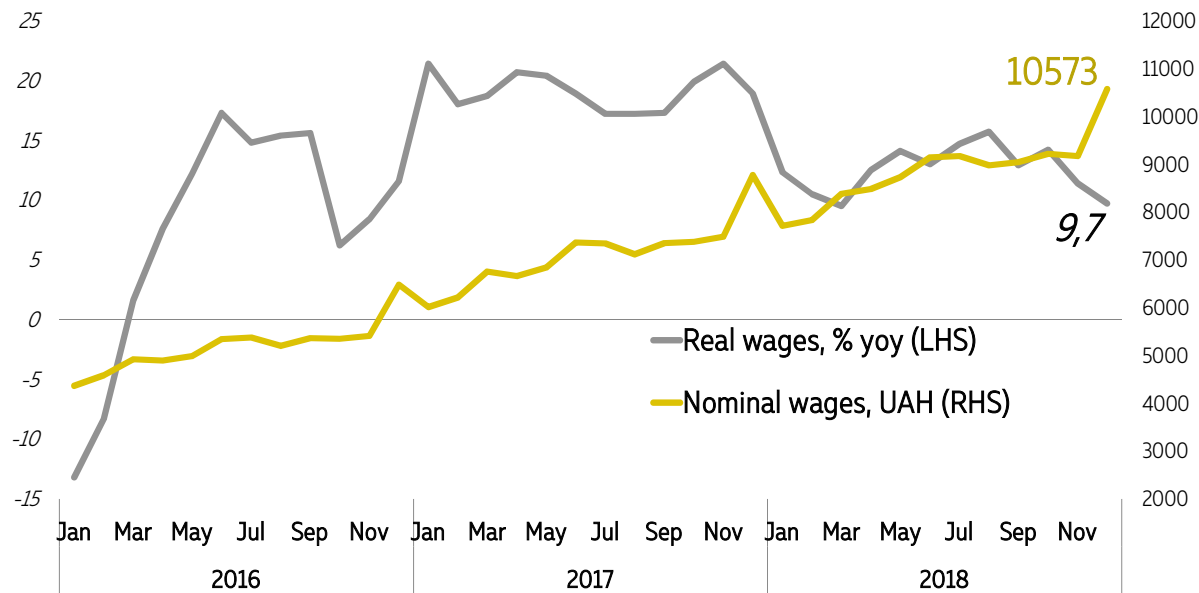
Source: Ukrstat

- Real GDP has been growing for the last 12 consecutive quarters.
- The deceleration of growth of industrial production (to 1.1%) in 2018 was caused by a lower demand for Ukrainian products and a less favourable situation on the global steel market.
- Agricultural production increased by 7.8%: a record harvest of grains in 2018 reached 69.8 million tons, including a growth of corn (by 44%), sunflower seed (by 12%), soya (by 13%) and rapeseed (by 21%).
- Growth of the construction in 2018 was equal to 4.4% due to higher infrastructural construction (by 9%).



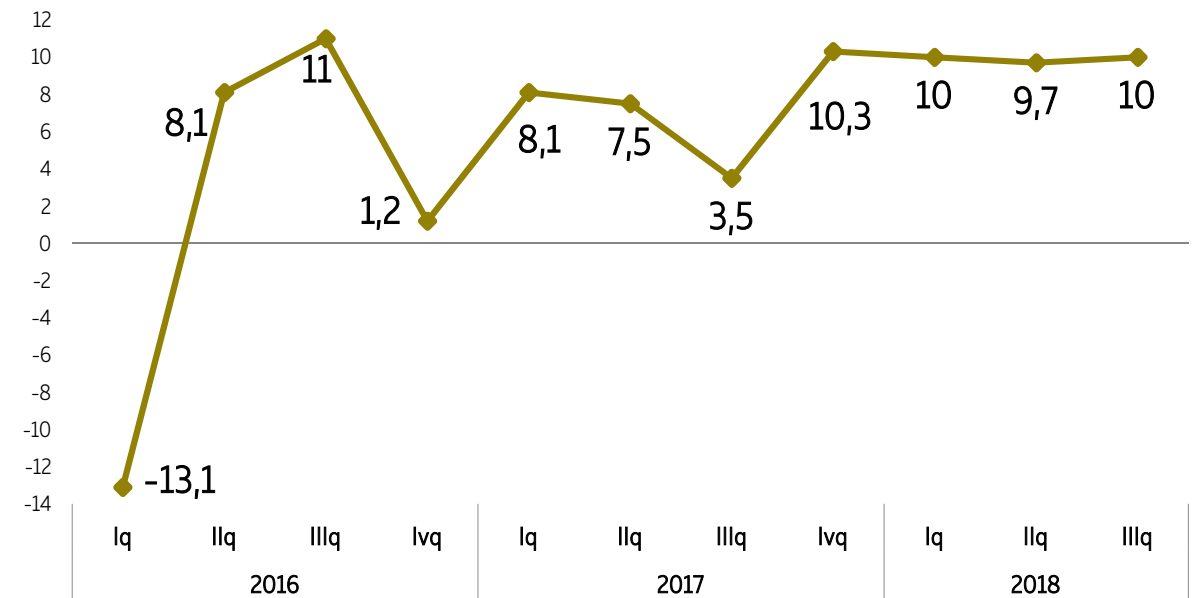
PRIVATE FINAL CONSUMPTION WAS DRIVEN BY HIGHER REAL WAGES

Real and nominal wages, in % yoy and UAH



Source: Ukrstat

Real disposable income of citizens, % yoy



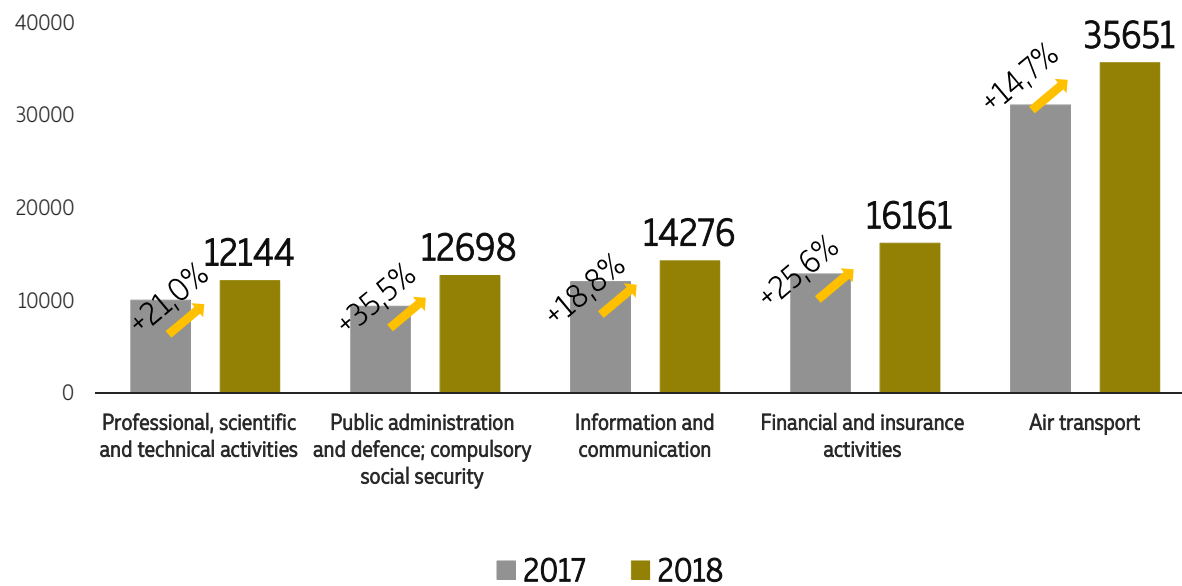
Source: Ukrstat

- The real wages increased by 9.7% in December 2018 due to the increased minimum wage as well as overall increase of salaries caused by labour migration to the EU countries;
- Increasing labour migration results in a lack of qualified personnel, which hinders business development significantly. The positive side of migration is higher remittances to Ukraine (at USD 11.3 bn), which supports private final consumption and contributes positively to the balance of payments.



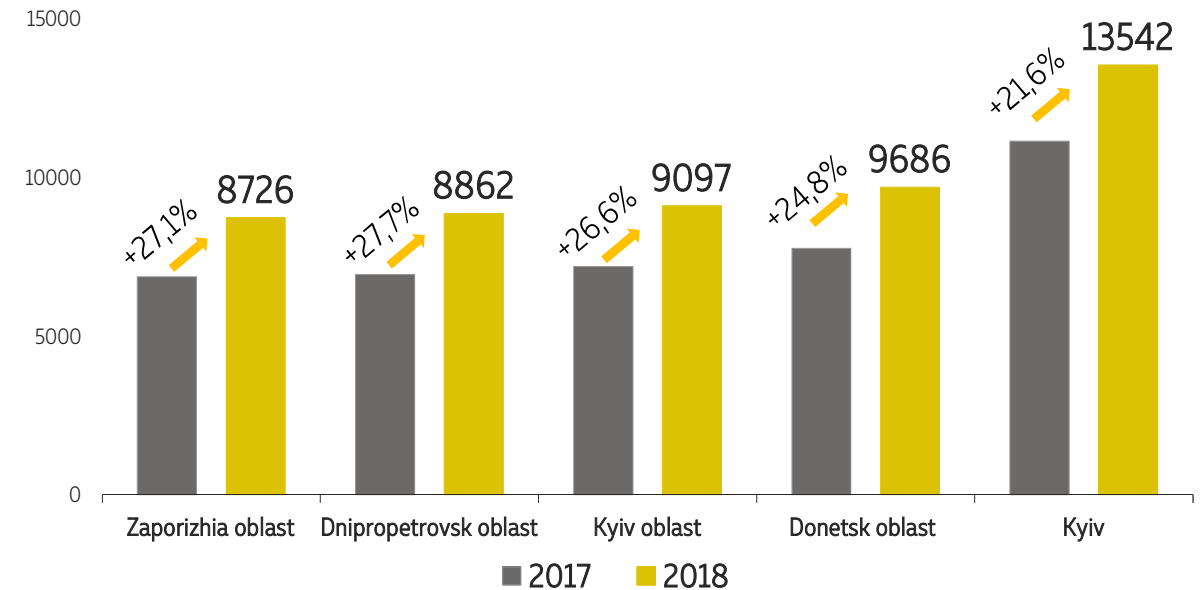
TOP 5 SECTORS AND REGIONS BY WAGE LEVEL NO CHANGES

TOP 5 sectors by wages



Source: Ukrstat

TOP 5 regions by wages

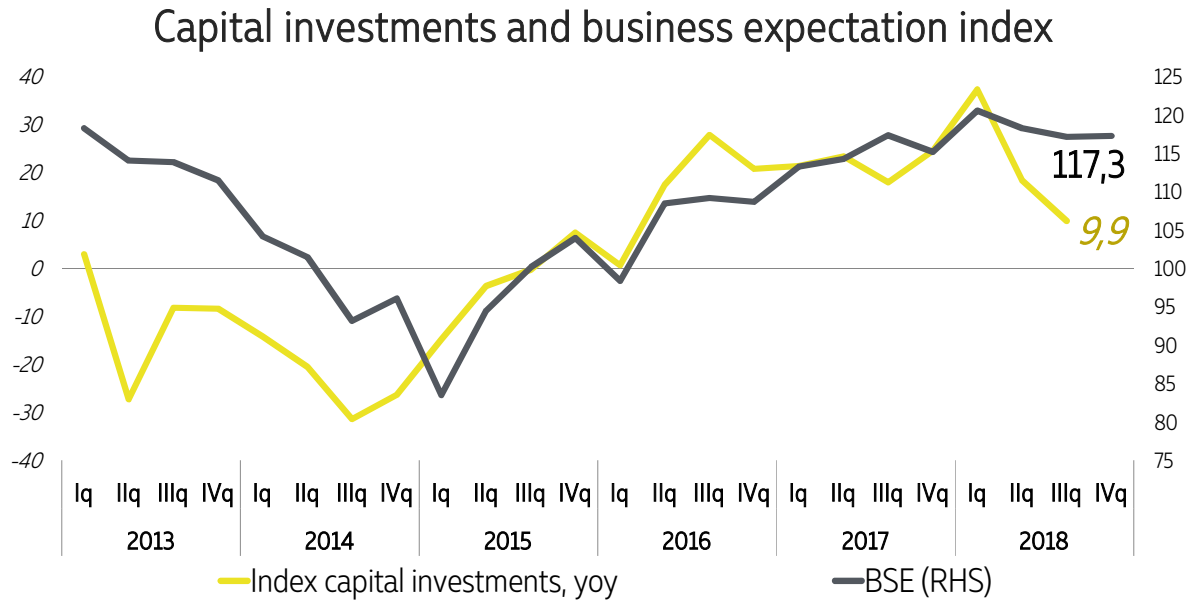


Source: Ukrstat

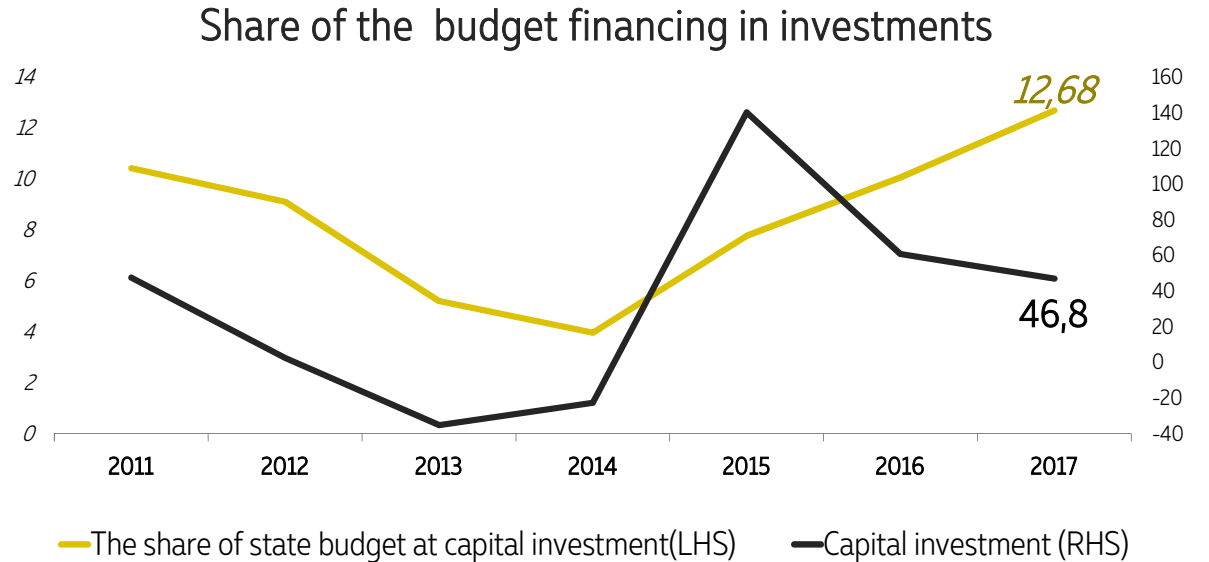
- Last year, the top 5 sectors with the highest wages remained almost unchanged (with public administration and defence rising from pos. 5 to pos. 4). Aviation remains the sector with the highest salaries (UAH 35700 per month). The wages in public administration and defence surged by 35.5%.
- The top 5 regions with the highest wages remained unchanged. Kyiv city remains the leader with the average wage of UAH 13500 per month. The highest increase in wages among the top regions was registered in Dnipropetrovsk region (by 27.7%).



INVESTMENTS ARE GROWING FROM LOW STATISTICAL BASE, BUSINESS EXPECTATIONS REMAIN POSITIVE



Source: Ukrstat, National Bank of Ukraine
Note: BSE- business expectations



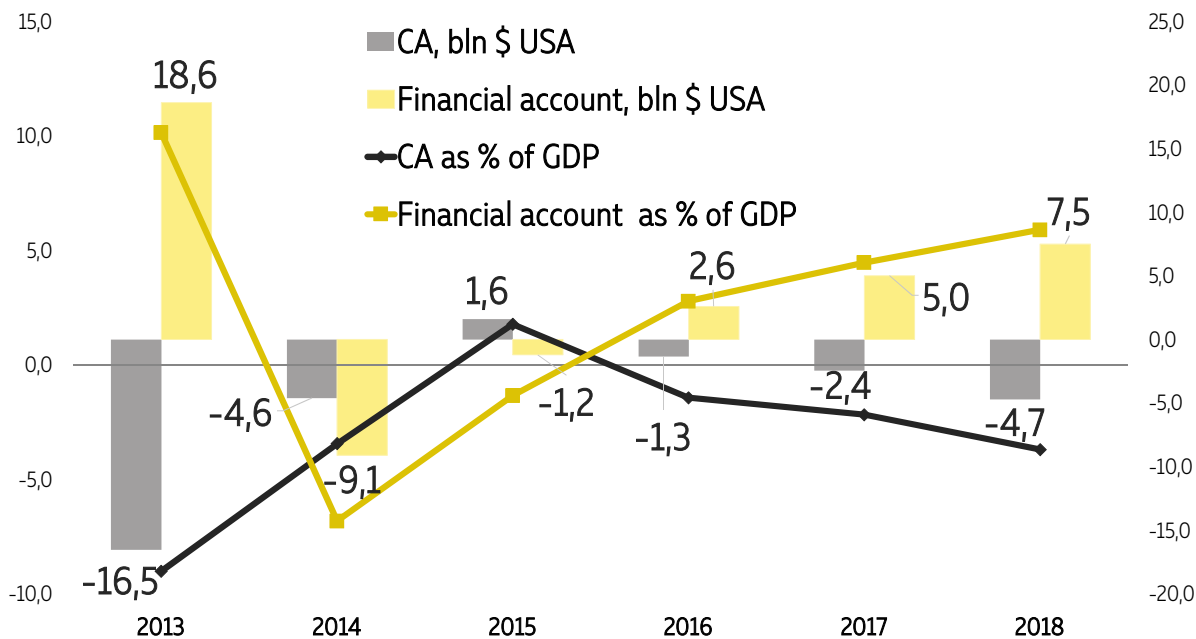
Source: Ukrstat

- The Business expectations Index (BSE) of the National Bank of Ukraine was equal to 117.3 in Q4 of 2018. Positive business expectations and a gradual improvement of business climate (reflected in the better ranking of Ukraine in the Doing Business) support investment growth.
- However, the share of investments in the GDP remains critically low at 16% (Belarus - 25%, Romania - 23%, Hungary and Moldova - 22%, Slovakia - 21%).
- In relevant surveys, companies list the lack of financing as one of the key factors hampering investment activity.
- Increasing capital fiscal spending contribute to growth of investment activity in the country.



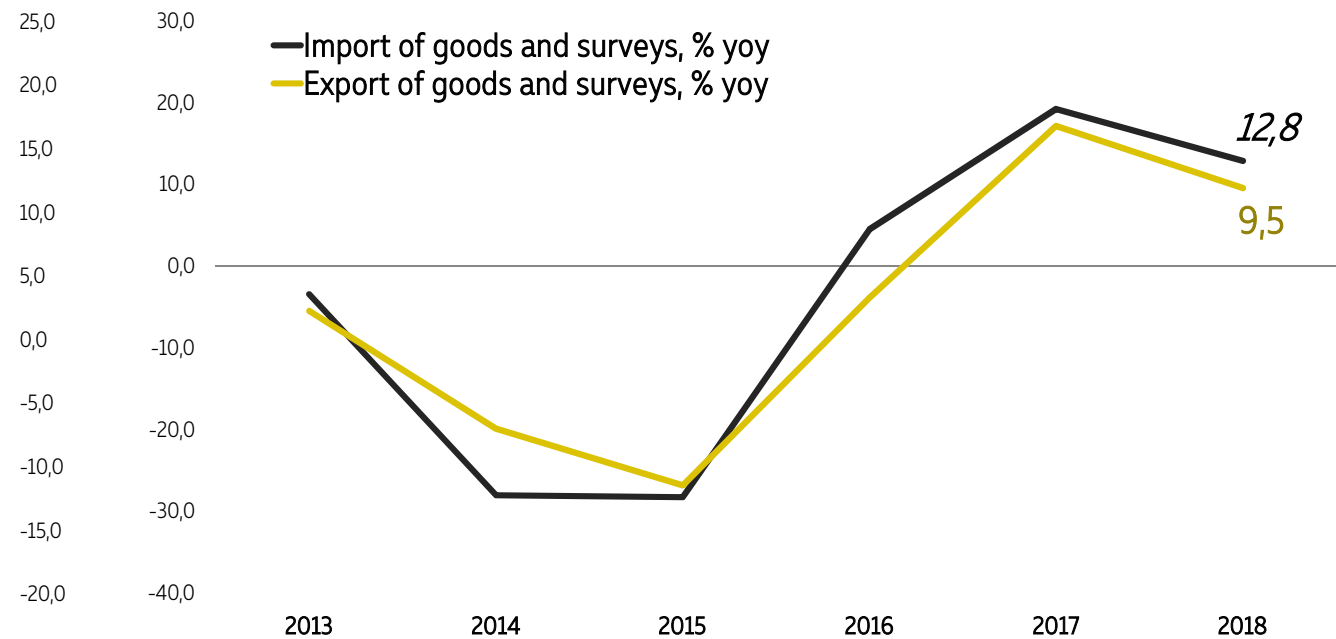
CURRENT ACCOUNT DEFICIT INCREASES GRADUALLY DUE TO HIGHER PRIVATE CONSUMPTION AND INVESTMENTS

Current account and financial account



Source: Ukrstat, NBU, MERT, calculations of the Ministry of Finance

Exports and imports of goods and services



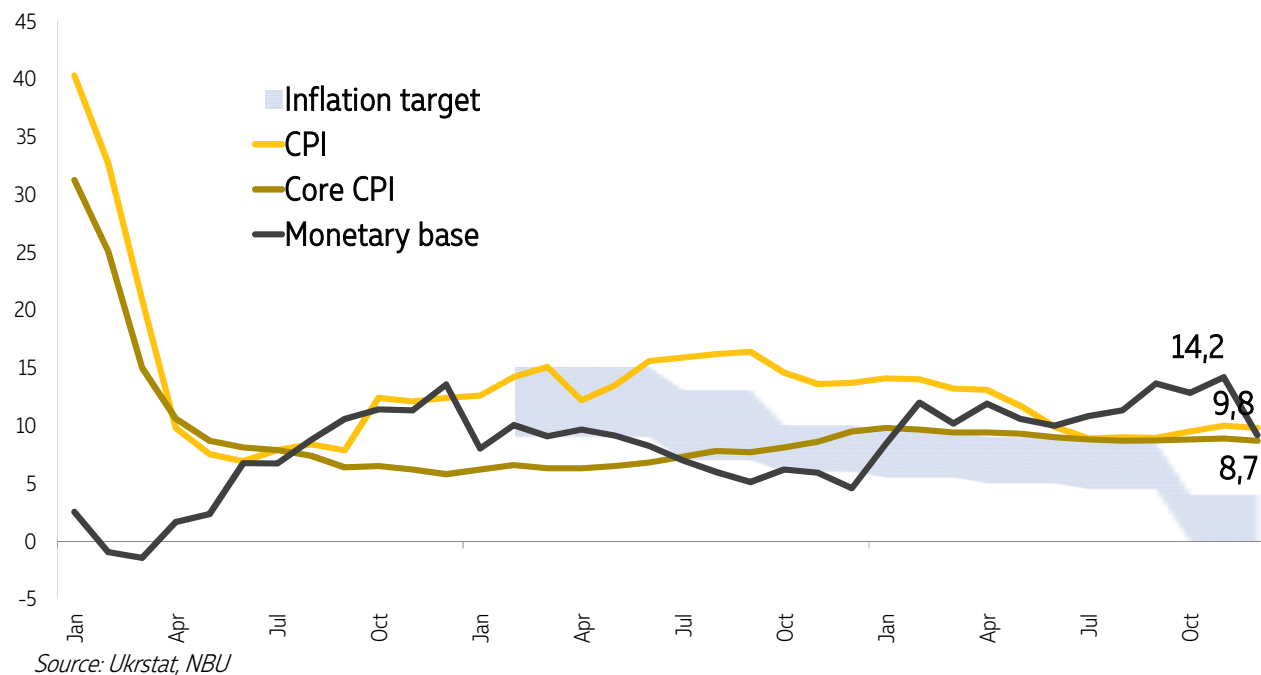
Source: National Bank of Ukraine (NBU)

- Exports growth is restricted by a weak demand for ferrous metals, increasing competition on the key commodity markets due to trade restrictions imposed by the USA and currency depreciation in developing countries.
- Imports growth is attributed to a stronger consumption and investment.
- Subsequently, the current account deficit increased to **USD 4.7 bn in 2018** despite significantly higher remittances.



CPI AND CORE INFLATION DECELERATED UNDER THE CURRENT MONETARY REGIME, BUT REMAIN ABOVE THE TARGET

Consumer Price Index and Basic Consumer Price Index, %



In December 2018, the CPI decelerated to 9.8% yoy compared to 13.7% yoy in December 2017.

The key contributors:

Supply – prices for fuel, alcoholic beverages and tobacco products, higher gas and water tariffs.

Supply and demand – increasing labour costs (double impact in terms of both product costs and private consumption).

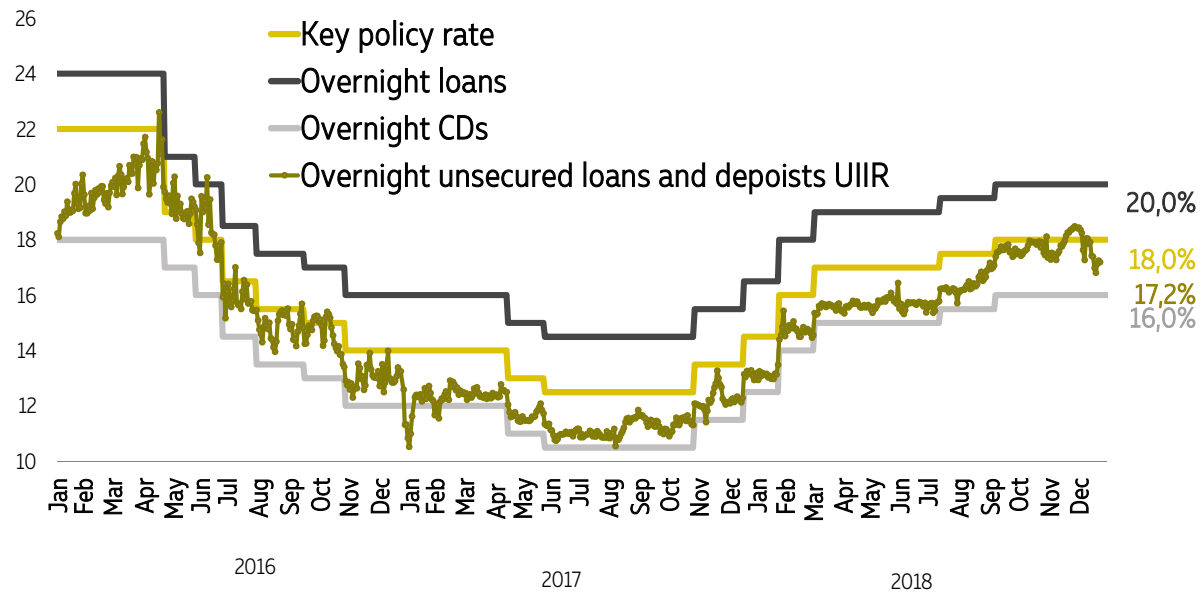
Slower growth of food prices – down to 7.8% yoy (vs. 18.3% yoy in December 2017) resulting in a somewhat lower pressure on the Consumer Price Index.

- The Producer Price Index increased to 14.2% yoy due to rising gas, electricity and steam tariffs for corporate consumers.



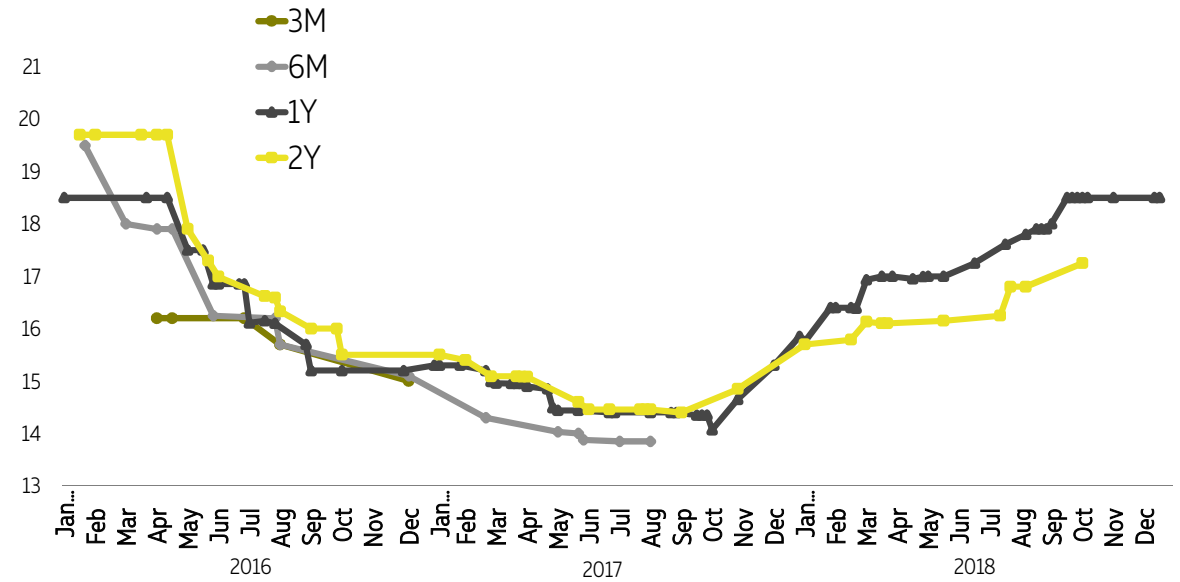
INTERBANK INTEREST RATES ARE IN THE "INTEREST RATE CORRIDOR"

Key interest rates, % yoy



Source: NBU

Yields on Government domestic bonds (in hryvnia), %



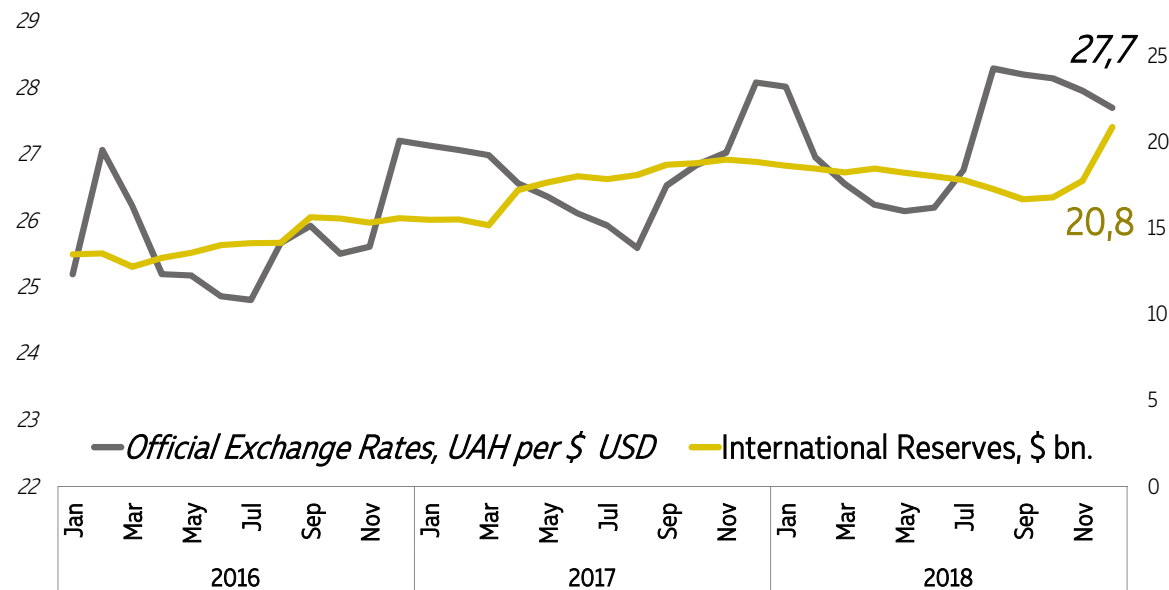
Source: NBU

- Key NBU interest rates and correspondingly Government domestic bonds yields increased in 2018.
- Market interest rates were in the defined by the NBU "interest rate corridor", which is defined by the discount rate.
- Discount rate in the end of the year totaled 18% and remained at this level in January 2019.



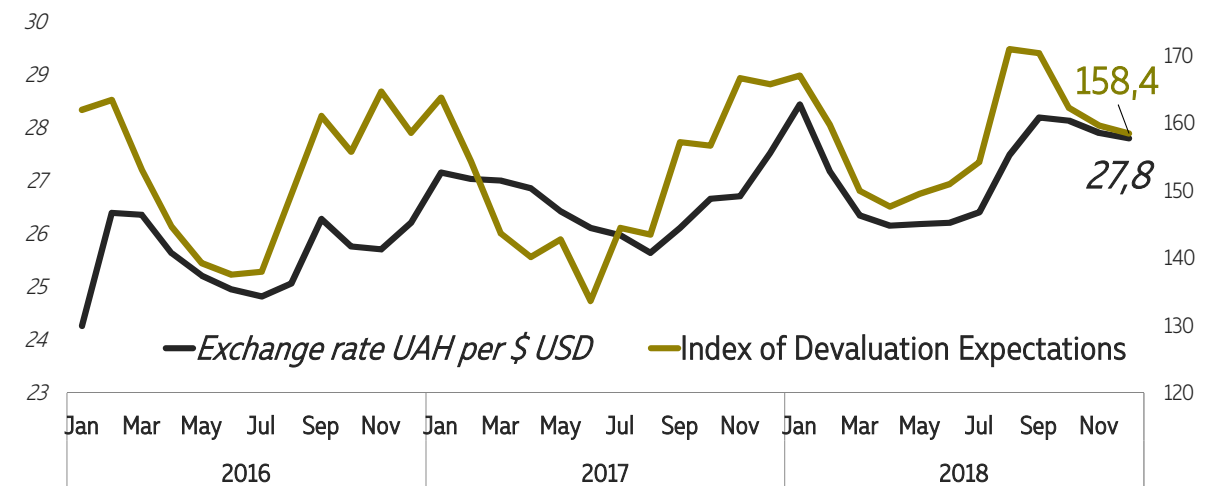
EXCHANGE RATE WAS STABLE DESPITE SHOCKS

Exchange rate and international reserves



Source: NBU

Exchange rate and index of depreciation expectations, UAH / USD and p.p.



Source: NBU, GFK

The fluctuations of the exchange rate were mainly caused by seasonal factors, which were suppressed by the NBU.

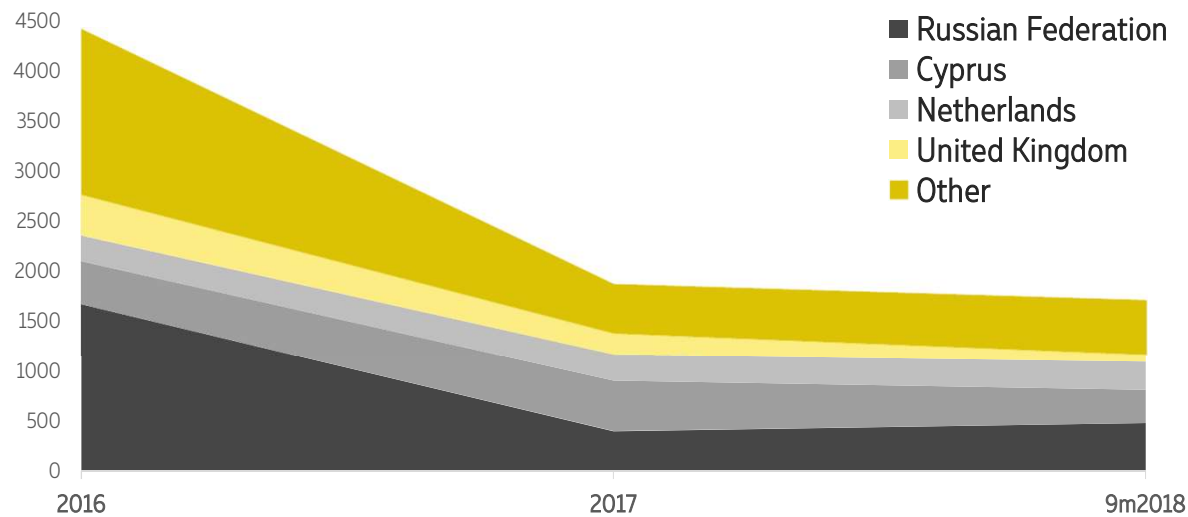
Key determinants of FX market in September-December:

- High grain harvest (↑ export revenues of agricultural companies), which reached record **69.8 m tons**;
- Favourable trade conditions at the world grain and food market;
- Eurobonds placement and loans received from the IMF and the EU (MFA IV) and borrowings under the guarantees of the World Bank.



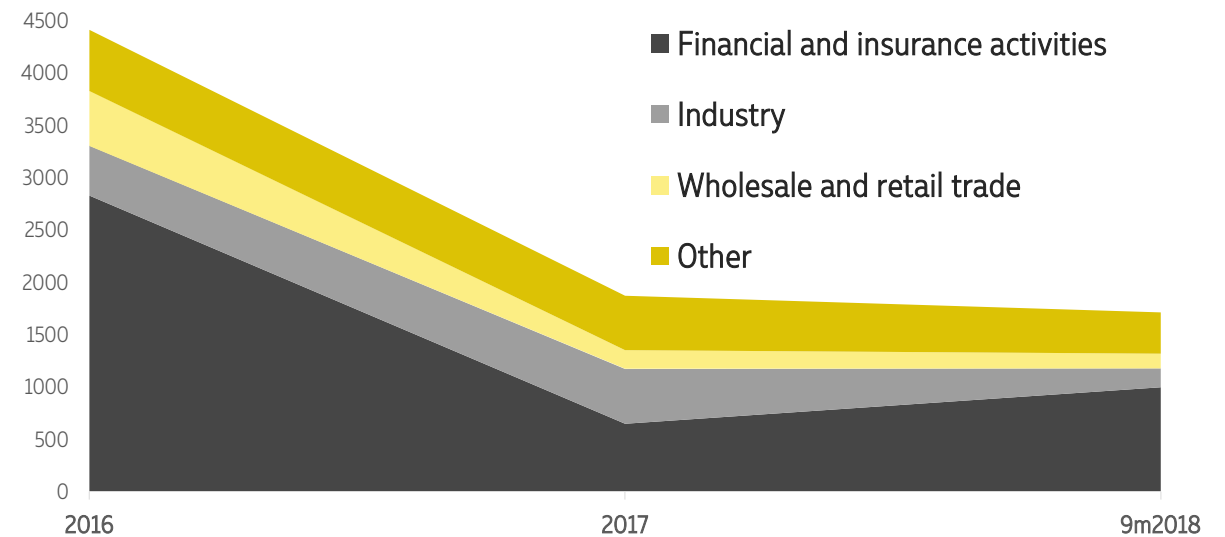
LARGE SHARE OF FDI = RETURN OF UKRAINIAN CAPITAL FROM OFFSHORES AND BANK RECAPITALISATION

FDI inflow by country, USD m



Source: Ukrstat

FDI inflow by sectors, USD m



Source: Ukrstat

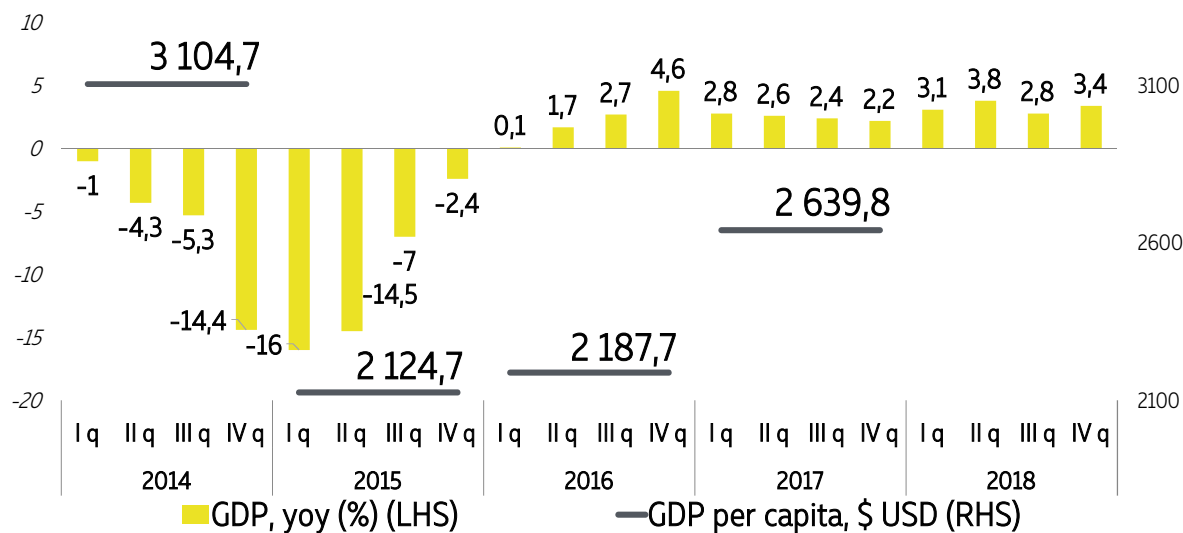
- In nine months of 2018 FDI inflow increased to USD 1.7 bn (as compared to USD 1.2 bn in the same period of 2017);
- More than 505 of investments were directed to financial and insurance sector (58.2% from total);
- The largest country-investors are Cyprus (19,5% of total) and Russia PΦ (27.8%; banks recapitalisation).

Note: In 2018 the largest investments in real sector: were allocated in the sector of renewable energy by Norwegian investor, in agriculture by Saudi Arabian company, in retail trade by Swedish companies H&M and IKEA.



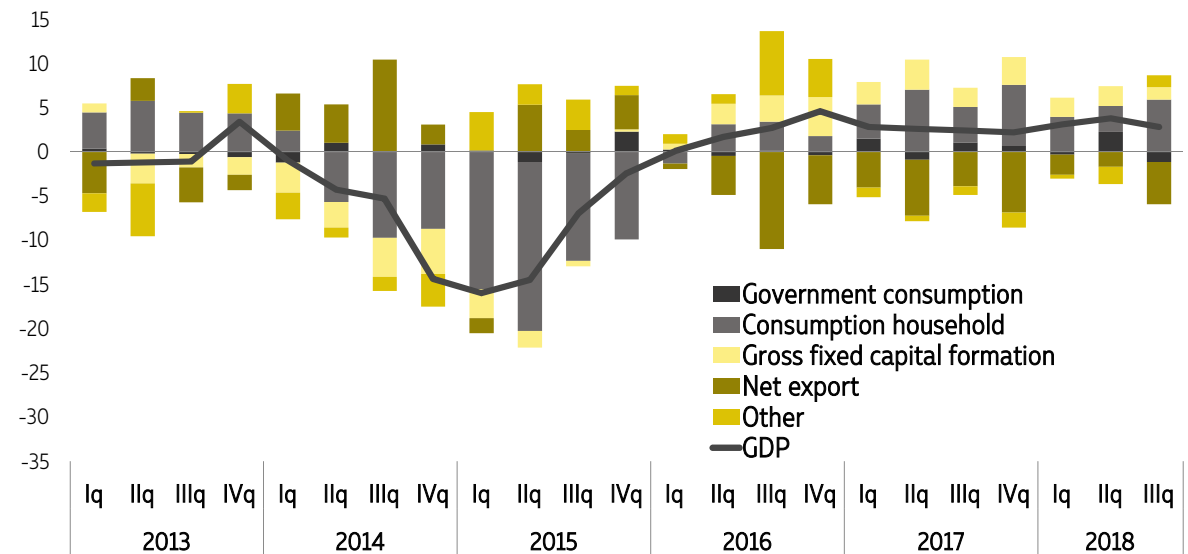
Economy slowly recovers regardless military conflict, trade bans and unfavourable external conditions

Real GDP and GDP per capita



Source: Ukrstat, World Bank

Contributions to real GDP growth, p.p.



Source: Ukrstat, calculations of the MoF

Real GDP in the third quarter of 2018 increased by 2.8% yoy. Domestic demand continued its growth:

- Increase in private final consumption (by 9.7% yoy) due to higher real wage (tight labour market conditions, partly due to labour migration);
- Investments increased (gross fixed capital accumulation by 9.7% yoy) from low statistical base due to high need for modernization of production and bigger financing of infrastructural projects. Investments are primarily financed by own capital of companies. Fiscal capital outlays also increase;
- Imports grew faster than exports: negative contribution of real net exports to GDP.

On production side, real gross value added was primarily supported by growth of retail trade, construction and agriculture.



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STATE BUDGET - 2018



KEY FACTS

- The economy continued to grow in 2018. Some of the macroeconomic indicators deviated from the forecast that served as the basis for the budget of 2018.
- The state budget revenues in 2018 increased by 17% to UAH 928.1 billion, which is equal to 101.1% of the annual plan.
- The expenditures of the state budget amounted UAH 985.8 billion, which is 17.5% higher compared to 2017.
- Social, defence, security and state debt service expenditures were financed in full according to the budget allocations.
- The Government kept its commitment to fiscal consolidation and ensured positive primary budget balance. As a result, the state debt (including the state-guaranteed debt) reduced to about 62% of the GDP* (according to the MinFin estimate).
- The state budget deficit amounted to UAH 59.2 billion. It was estimated at approx. 1.7% of GDP and was lower than the planned figure.
- According to the Ministry of Finance preliminary estimates, the general government deficit was equal to approx. 2.2% of GDP, which is in line with the IMF program indicator.

** Preliminary GDP estimates for 2018.*



KEY MACROECONOMIC INDICATORS

	2015	2016	2017	2018	
	year	year	year	Budget forecast	Actual figure
Nominal GDP, UAH billion	1988.5	2385.4	2983.9	3332.3	-
Real GDP, growth rate, %	-9.8	2.4	2.5	3.0	-
Consumer price index, December vs. December of the previous year	143.3	112.4	113.7	109.0	109.8
Consumer price index, annual average	148.7	113.9	114.4	110.9	110.9
Average salary, UAH	4195	5183	7104	8650	8865
Real wage change, %	-20.2	9.0	19.1	9.6	12.5
Unemployment rate, as per ILO methodology, % of the economically active population	9.1	9.3	9.5	9.1	-
Change of the export of goods and services, in % vs. the previous year	-26.9	-3.9	17.1	4.0	9.5
Change of the import of goods and services, in % vs. the previous year	-28.3	4.5	19.2	6.3	12.8
Exchange rate, UAH-USD (average)	21.8	25.6	26.6	29.3	27.2

Source: Derzhstat, National Bank, MEDT forecast (Decree of the Cabinet of Ministers No. 906 of December 01, 2017)



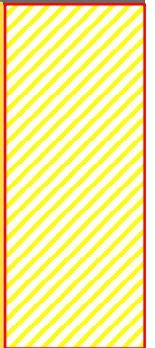
KEY BUDGET FIGURES – 2018

Expenditures and net credits

UAH 987.4 billion (94.9 % of the plan)

Revenues

UAH 928.1 billion (101.1% of the plan)

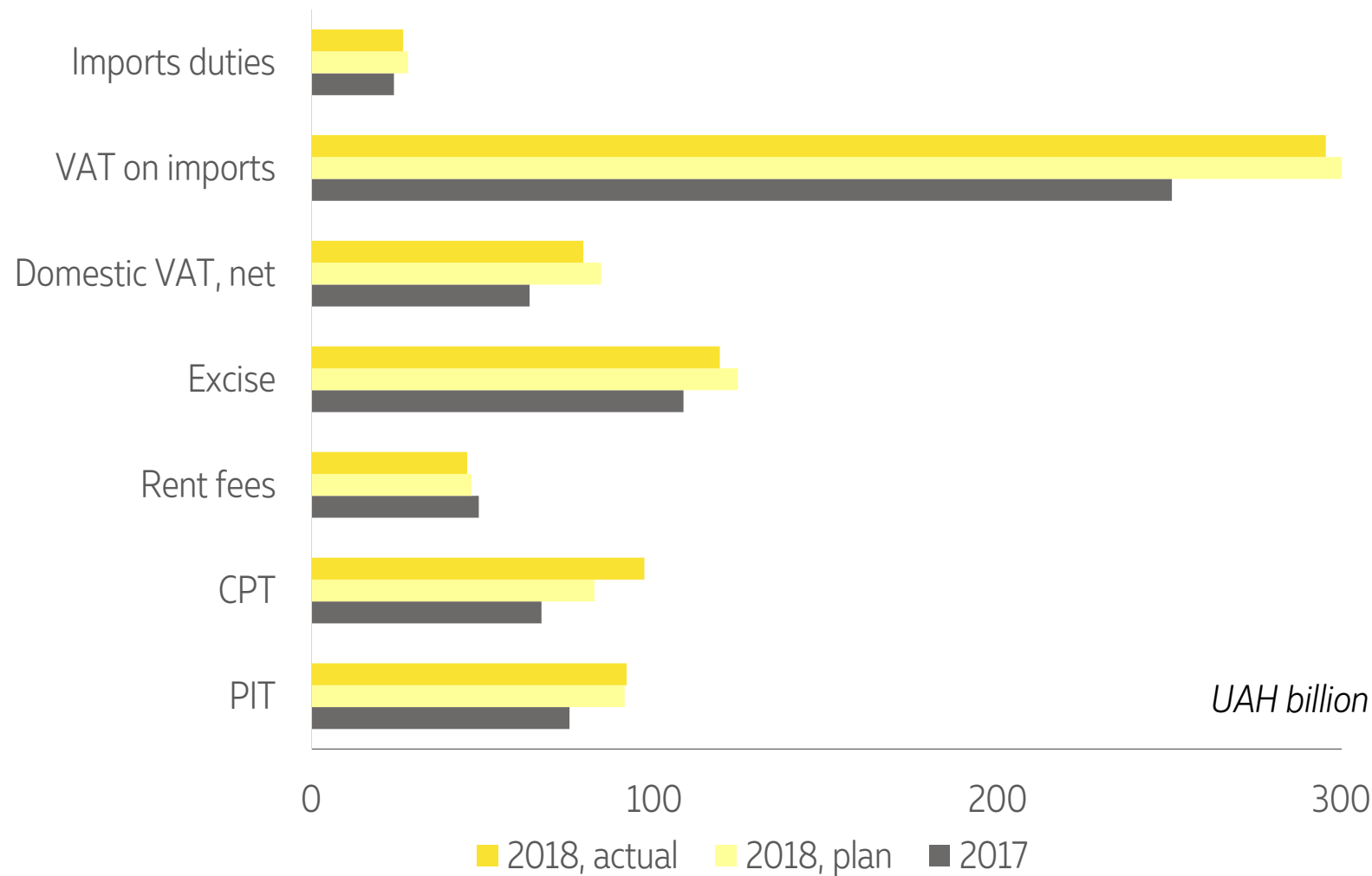


Deficit

UAH 59.2 billion



TAX REVENUES (1)



Factors that contributed to the growth of tax revenues in 2018 compared to 2017:

- Increased households consumption (VAT, excise)
- Better financial situation of companies (corporate profit tax)
- Wage growth (personal income tax)
- Increased imports (VAT, excise, import duties)
- Increased excise rates
- Tax collections paid by the Naftogaz following the court dispute with the Gazprom (VAT, corporate profit tax)



TAX REVENUES (2)

Revenue type	Result in 2018	% of the plan
<i>Tax revenues</i>	<i>753.8</i>	<i>99.2</i>
Personal income tax	91.7	100.7
Corporate profit tax	96.9	117.7
Rent fee	45.3	97.3
Excise	118.9	95.8
Net domestic VAT	79.1	93.9
VAT on imports	295.4	98.4
Import duties	26.6	94.6

- Tax revenues of the state budget were UAH 6.2 billion lower than planned for the following reasons:
 - Advance rent fee paid in 2017 (UAH 4.8 billion planned for 2018 were actually paid in December 2017)
 - Contraction of tobacco production (-8.5%)
 - Lower prices for oil products compared to the state budget assumptions and lower gas imports
 - Lower imports in hryvnia equivalent than assumed in the state budget indicators due to the lower than expected devaluation of the UAH
- VAT refund increased by UAH 11.6 billion (9.7% higher compared to 2017)



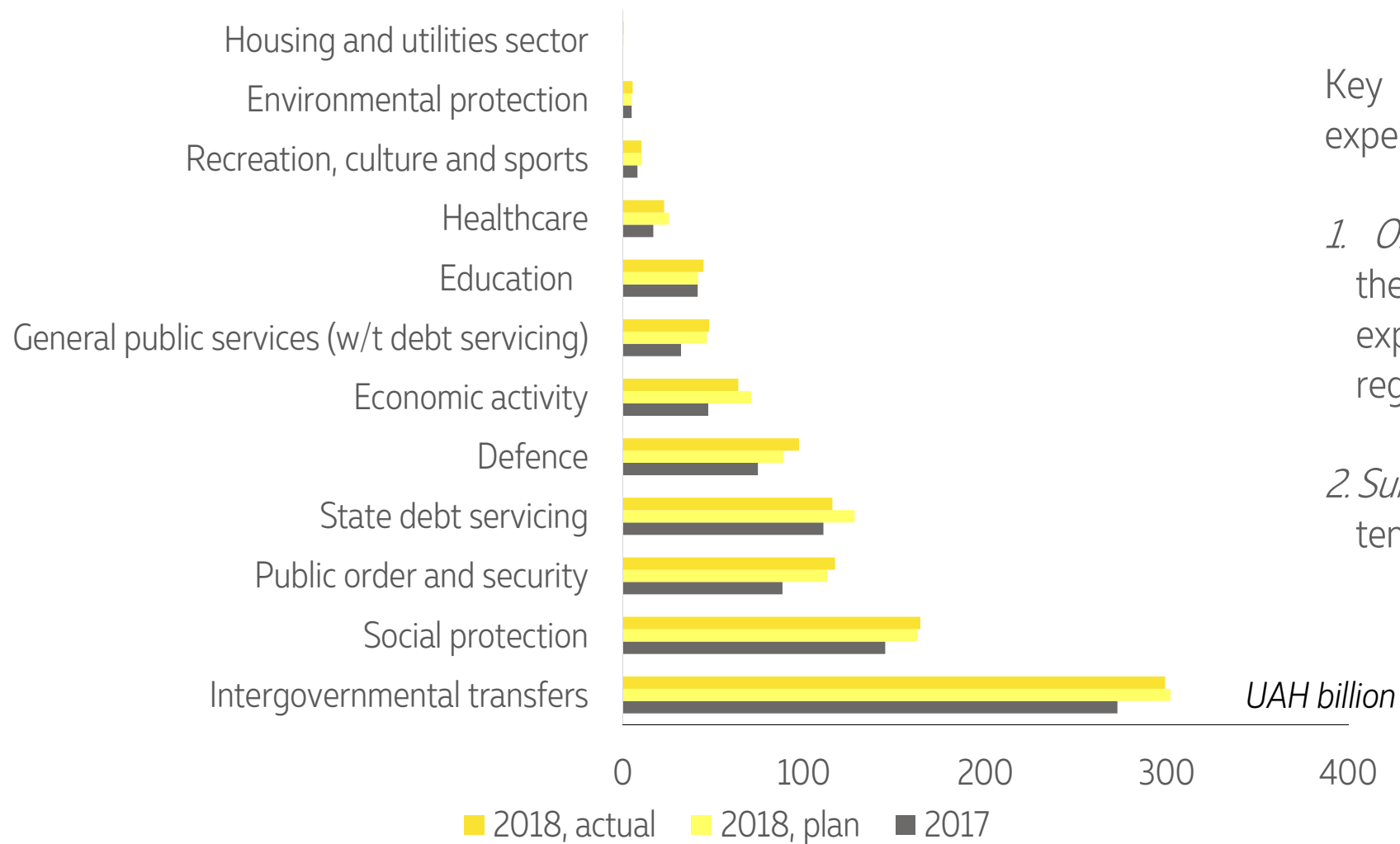
NON-TAX REVENUES

Revenue type	Result in 2018	2018, % of the plan
<i>Non-tax revenues</i>	<i>164.7</i>	<i>113.6</i>
Dividends	39.7	109.3
Transferred profit of the National Bank of Ukraine	44.6	88.3
Own revenues of public entities	46.7	178.0

- Non-tax revenues of the state budget totaled to UAH 164.7 billion, which is 13.6% higher compared to 2017:
 - Dividends increased due to the higher financial results of state-owned companies in 2017 (in particular, dividends paid by Naftogaz)
 - Own revenues of public entities grew rapidly
 - Revenues from the sale of 4G licenses were equal to UAH 7.9 billion
 - On the other hand, profit transfer from the National Bank of Ukraine was lower than planned due to the lower profit of the National Bank in 2017
- Other revenues: revenues from special confiscation measures were equal to UAH 140 million in 2018 compared to UAH 29.7 billion in 2017



STATE BUDGET EXPENDITURES



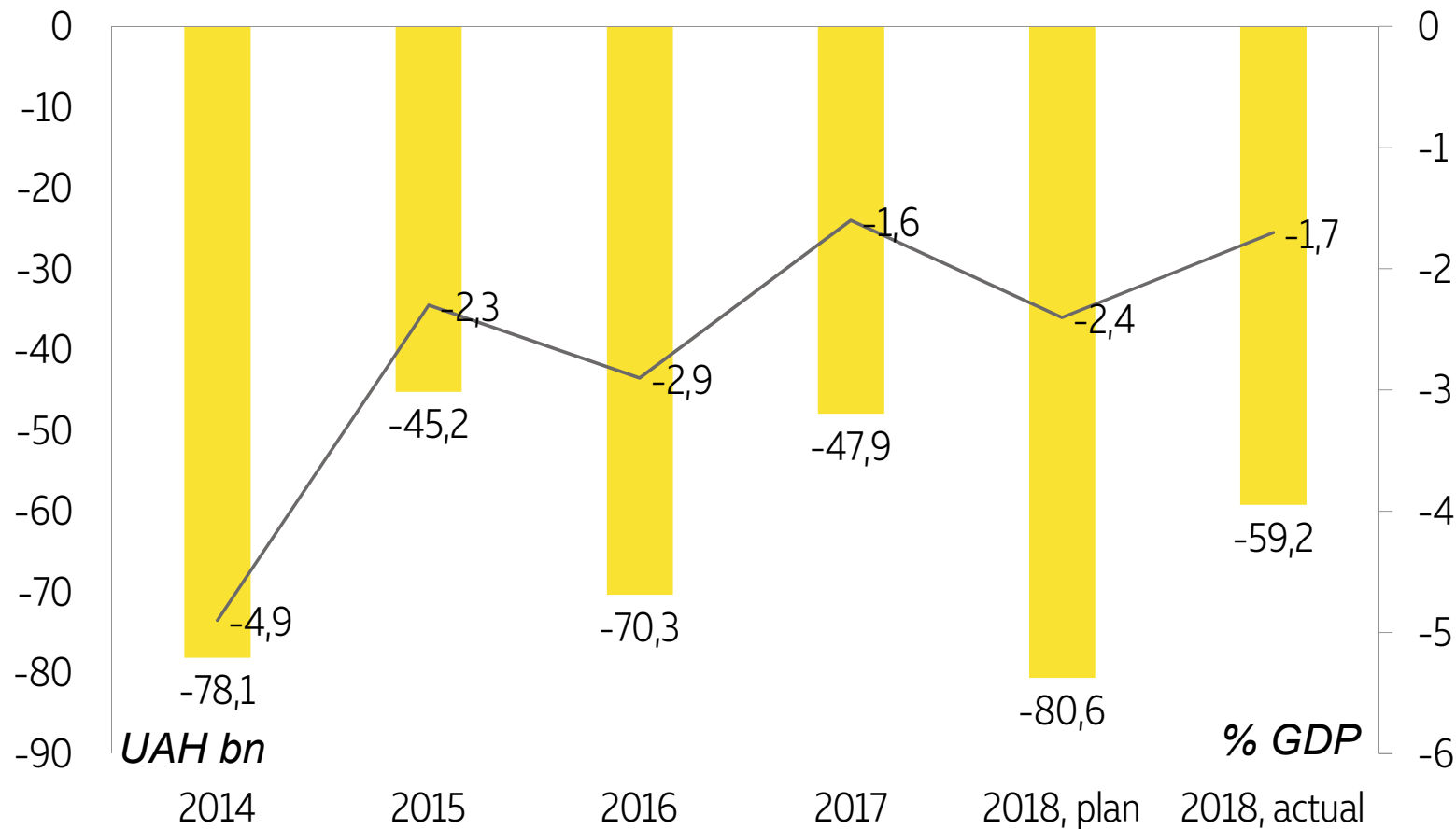
Key factors that affected the budget expenditures in 2018:

1. *Objective factors* – cost-saving in serving the public debt, financing social welfare expenditures according to the actually registered entitlements;
2. *Subjective factors* – delays in conducting tenders and other required procedures.



STATE BUDGET DEFICIT

State budget balance, UAH bn and % of the GDP



- State budget deficit was equal to UAH 59.2 billion compared to the planned UAH 80.6 billion;
- Privatization revenues were only equal to UAH 269 million (compared to the planned UAH 18.8 billion) because only small objects were sold successfully (thanks to the system ProZorro.Sales);
- General government deficit (calculated according to the IMF methodology) was estimated at UAH 77 billion or approx. 2.2% of the GDP, which is in line with the IMF indicator.



DEFICIT FINANCING

Funding type	Result in 2018	% of the plan
Borrowings	UAH 286.5 billion	122%
Privatization	UAH 0.3 billion	1.4%

- Low privatization receipts were compensated by additional domestic borrowings
- State borrowings were equal to approx. UAH 286.5 billion (in hryvnia equivalent) including external and domestic borrowings at UAH 112.3 billion and UAH 174.2 billion, respectively
- External borrowings:
 - USD 725 million – short-term Eurobonds
 - USD 2 billion – long-term Eurobonds
 - EUR 500 million – first tranche of the loan under the 4th macro-financial assistance program of the EU
 - EUR 349 million – first tranche of the loan taken with the guarantee of the World Bank

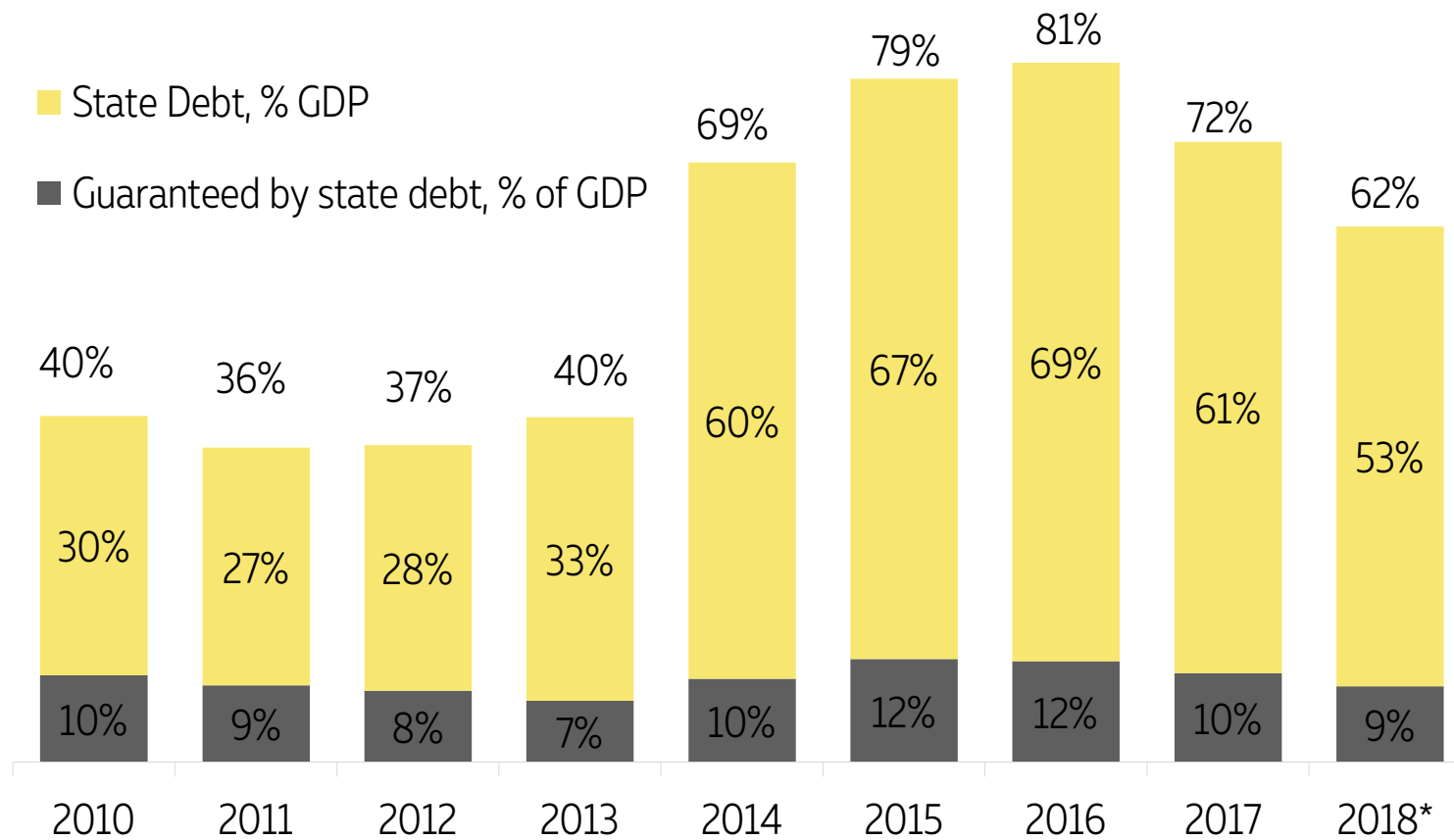
As per January 2, 2019:

- UAH 9.9 billion available on the Single State Treasury Account
- More than UAH 47 billion (in hryvnia equivalent) on the foreign currency accounts at the National Bank and state-owned banks



STATE DEBT

State and guaranteed by state debt, % of GDP



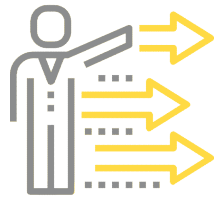
- Primary balance of the state budget remained positive in 2018, which made it possible to further reduce the public debt in relation to GDP;
- According to the estimate of the Ministry of Finance, the public debt reduced to approx. 62% of the GDP*.

Source: Ministry of Finance

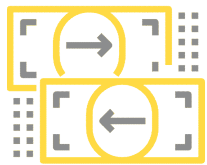
* GDP in 2018 - estimate by the Ministry of Finance



PENSION FUND BUDGET IN 2018



Total PFU revenues
352.2 bn UAH – 2018
292.4 bn UAH – 2017



Own revenues
202.1 bn UAH – 2018
158.9 bn UAH – 2017



Total PFU expenditures
358.6 bn UAH – 2018
291.5 bn UAH – 2017



Transfer from the State Budget
150.1 bn UAH – 2018
133.5 bn UAH – 2017

Source: Pension Fund of Ukraine (PFU)

Total revenues of the Pension Fund in 2018 totaled UAH 352.2 bn:

- from this own revenues were equal UAH 202.1 bn.

Loans from the Single treasury account in 2018 reached UAH 89.5 bn, from which the PFU repaid UAH 84.7 bn.

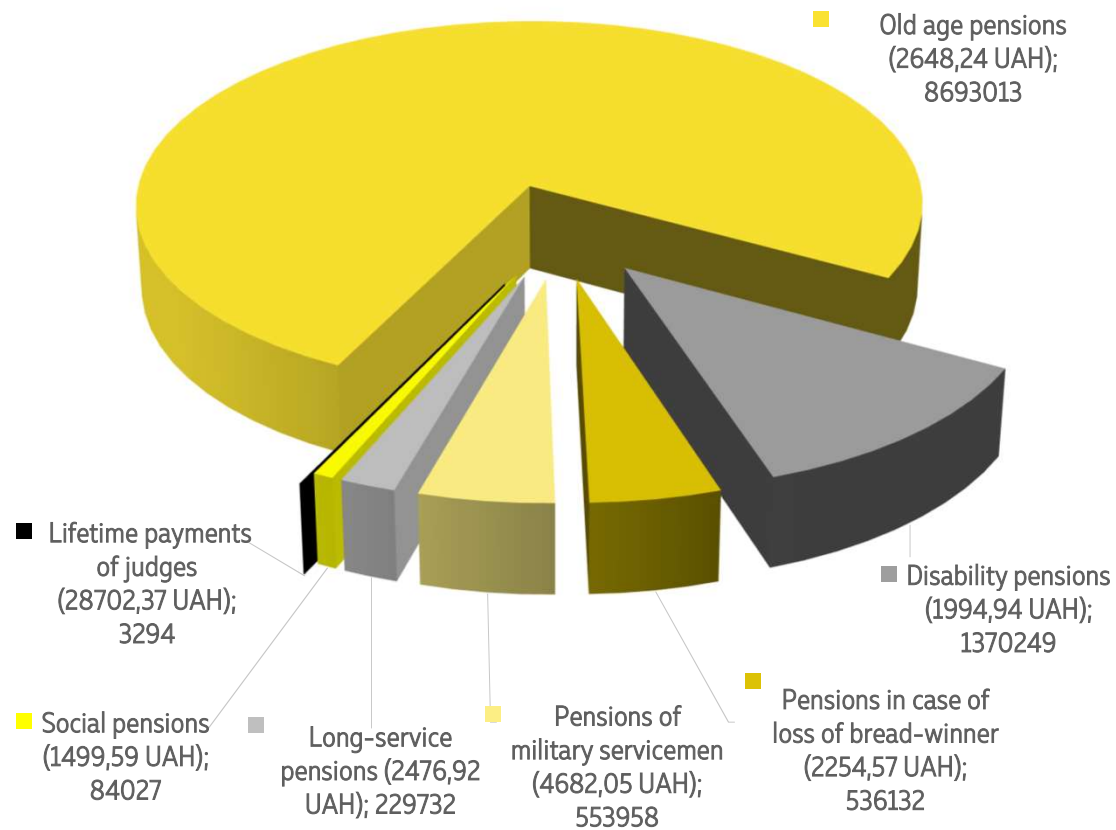
- total arrears for the Treasury loans to the PFU equaled UAH 52.1 bn (accumulated primarily before 2015).

Transfer from the State Budget to the Pension Fund totaled UAH 150.1 bn (100% of planned).



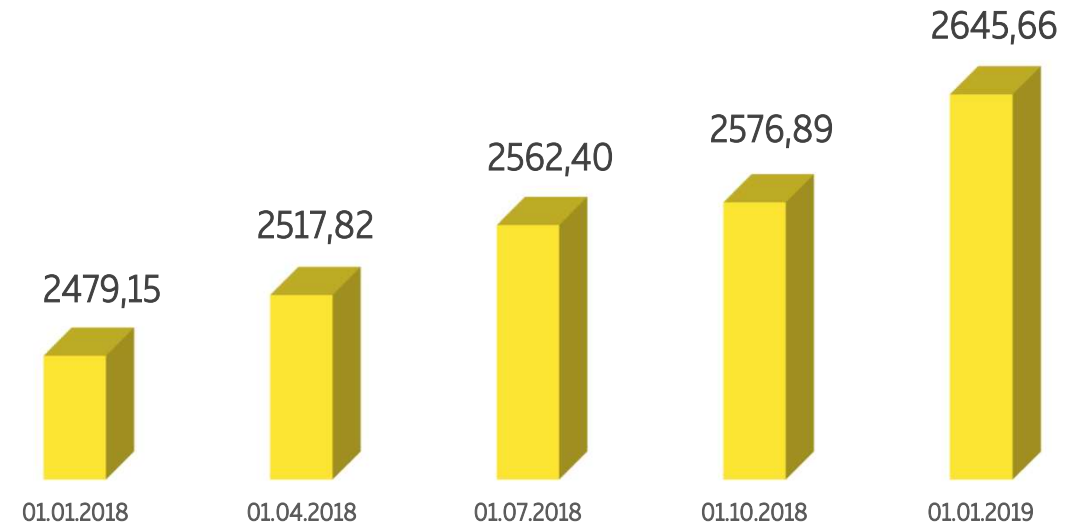
PENSION PAYMENTS IN 2018

Structure of pensioners by type and size of pensions, UAH and person



Source: PFU

Average pensions, UAH



In 2018 average pension increased due to higher minimum pension the implementation of the pension reform approved in 2017.



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State Budget – Jan. 2019



KEY FACTORS ON STATE BUDGET REVENUES IN JAN.2019

PRELIMINARY DATA

Type of tax	Actual in Jan. 2019, UAH bn	Change, yoy UAH bn
Personal income tax	7.1	+1.2
Corporate profit tax	2.3	+0.8
Excise	3.8	-2.4
Net domestic VAT	3.0	-5.9
VAT on imports	20.1	-1.9
Import duty	1.9	+0.2

- State budget revenues in January 2019 totaled UAH 54.5 bn;
- Execution rate of revenues due to general fund = 89.2% of the target due to the following factors:
 - VAT refunds was at record level of UAH 19.7 bn, from which according to the SFS data UAH 8.7 bn was refunded for the November declarations (according to results of inspections). The terms of automatic VAT refund were ensured.
 - In January, imports declined and tobacco production contracted, which contributed negatively to tax revenues.
- Still, in January revenues from custom clearance of used cars reached UAH 3.1 bn.
- Overall, state budget revenues (general and special fund) were executed at 98.7% of plan.



KEY FACTS ON EXPENDITURES AND DEFICIT IN JAN.2019

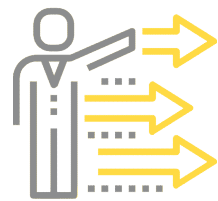
PRELIMINARY DATA

- State budget expenditures in January 2018 increased by 41% yoy to UAH 66.1 bn: general fund UAH 62 bn (grew by 37,3% yoy);
- Execution rate of state budget expenditures (general fund) – 88% of plan;
- The most important state expenditures items (social payments, defence and security, debt servicing) were fully financed according to the monthly plan on the basis of payment allowances;

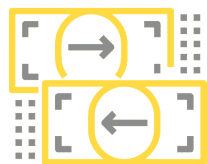
- State budget deficit equaled UAH 12.3 bn.
- The deficit was financed at the account of domestic borrowing. In January, the Ministry of Finance placed government domestic bonds at the amount equivalent to UAH 41.7 bn (from which bonds nominated in hryvnia at UAH 24.4 bn, in FX: USD 587.4 , and EUR 33.3 m).
- The second part of the loan under the guarantee of the World Bank at UAH 17.6 bn was rescheduled to February.



PENSION FUND BUDGET JANUARY 2019



Total PFU revenues
UAH 31.9 bn – Jan.2019



Own revenues
UAH 16.9 bn – Jan.2019
UAH 13.5 bn – Jan.2018



Total PFU expenditures
UAH 31.3 bn – Jan.2019
UAH 21.9 bn – Jan.2018



Transfer from the State Budget
UAH 15.0 bn – Jan.2018

Source: Pension Fund of Ukraine (PFU)

Pension Fund revenues in January 2019 equaled to UAH 31.9 bn, from which own revenues totaled UAH 16.5 bn, which is by UAH 3.4 bn more than in the same period of 2018.

The State Treasury loans totaled UAH 8.3 bn, but the PFU repaid UAH 8.9 bn.

The State Budget Transfer to the Pension Fund totaled UAH 15.0 bn.



MINISTRY OF
FINANCE OF
UKRAINE

Forecast and risks



MACROECONOMIC FORECAST FOR 2019-2021

Indicator	2018	2019	2020	2021
	MinEc estimate ¹	Government official forecast Baseline scenario ²		
Nominal GDP, UAH bn	3 457,9	3 946,9	4 450,9	4 972,6
Real GDP, change, %	103,2	103,0	103,8	104,1
CPI, % yoy in December	109,9	107,4	105,6	105,0
Profit of profitable companies, UAH bn	774,6	882,1	999,5	1 128,4
Average monthly wage, UAH	8713	10 129	11 451	12 835
Real wage, % yoy	111,0	106,9	106,0	106,2
Unemployment rate (ILO methodology), % of economically active population	9,3	8,9	8,5	8,3

¹ MinEc estimate as of Jul.11, 2018. It is a base for the Forecast of Economic and Social Development of Ukraine for 2019-2021 (which was approved by the CMU resolution No.546 from Jul11, 2018).

² is a base for the fiscal indicators for 2019.

Domestic demand will remain driving force of economic growth in 2019, even though investments growth will decelerate. Increase in private final consumption will be supported by growth of disposable income.

Real net exports will negatively contribute to real GDP growth.



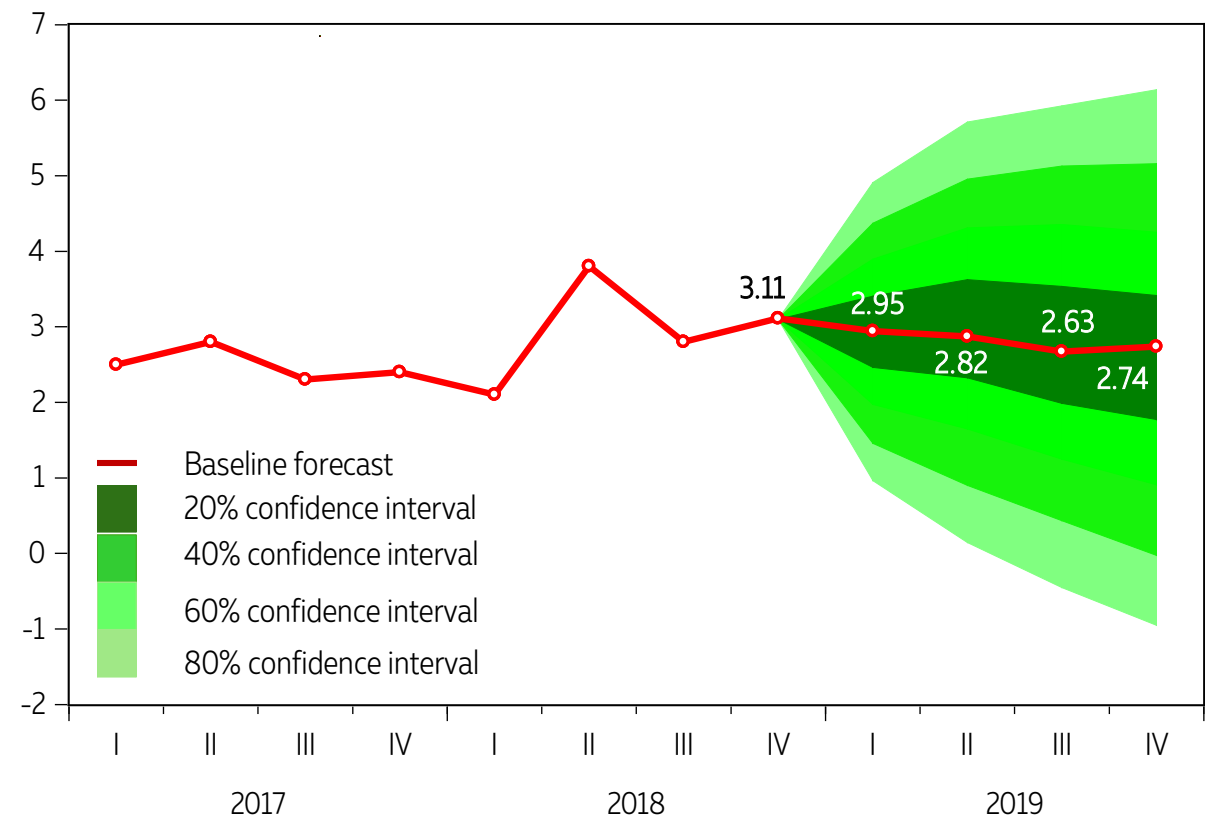
KEY RISKS FOR THE FORECAST

Key risks for the forecast:

- Restricted access of the EM countries to international capital markets;
- Worsened external trade conditions;
- Lower dividends of SOE;
- Higher FX volatility;
- Termination of cooperation with IMF and other IFIs.

In 2019, there is a bigger probability of downward risks.

Baseline scenario of real GDP growth in 2019



Source: estimate of the Ministry of Finance



МІНІСТЕРСТВО
ФІНАНСІВ
УКРАЇНИ

Annex



KEY MACROECONOMIC INDICATORS FOR 2010-2018

Real GDP, % yoy

Year/Quarter	Q1	Q2	Q3	Q4
2010	4,5	5,4	3,3	3,7
2011	5,5	4,4	6,7	5,1
2012	2,4	3,0	-1,3	-2,4
2013	-1,3	-1,2	-1,1	3,4
2014	-1,0	-4,3	-5,3	-14,4
2015	-16,0	-14,5	-7,0	-2,4
2016	0,1	1,7	2,7	4,6
2017	2,8	2,6	2,4	2,2
2018	3,1	3,8	2,8	3,4

CPI, % yoy

Year/Month	January	February	March	April	May	June	July	August	September	October	November	December
2010	111,1	111,5	111,0	109,7	108,5	106,9	106,8	108,3	110,5	110,1	109,2	109,1
2011	108,2	107,2	107,7	109,4	111,0	111,9	110,6	108,9	105,9	105,4	105,2	104,6
2012	103,7	103,0	101,9	100,6	99,5	98,8	99,9	100,0	100,0	100,0	99,8	99,8
2013	99,8	99,5	99,2	99,2	99,6	99,9	100,0	99,6	99,5	99,9	100,2	100,5
2014	100,5	101,2	103,4	106,9	110,9	112,0	112,6	114,2	117,5	119,8	121,8	124,9
2015	128,5	134,5	145,8	160,9	158,4	157,5	155,3	152,8	151,9	146,4	146,6	143,3
2016	140,3	132,7	120,9	109,8	107,5	106,9	107,9	108,4	107,9	112,4	112,1	112,4
2017	112,6	114,2	115,1	112,2	113,5	115,6	115,9	116,2	116,4	114,6	113,6	113,7
2018	114,1	114,0	113,2	113,1	111,7	109,9	108,9	109,0	108,9	109,5	110,0	109,8



KEY MACROECONOMIC INDICATORS FOR 2010-2018

PPI, change, yoy %

Year/Month	January	February	March	April	May	June	July	August	September	October	November	December
2010	116,3	116,4	118,6	121,7	127,9	125,5	124,4	123,3	119,2	119,8	118,9	118,7
2011	118,0	121,4	120,3	120,8	118,8	120,0	120,3	119,9	121,3	116,3	117,3	114,2
2012	111,8	107,5	106,5	106,9	104,3	104,5	101,4	101,4	100,3	100,6	100,0	100,3
2013	101,5	99,1	100,2	99,0	101,9	98,4	98,4	99,1	99,1	100,8	99,5	101,7
2014	102,0	103,3	103,9	107,5	108,8	115,9	122,5	124,2	126,9	125,9	132,8	131,8
2015	134,1	141,0	151,7	148,6	142,0	137,9	137,0	133,0	132,5	130,2	125,1	125,4
2016	121,2	117,4	110,5	110,1	116,4	115,7	118,3	118,9	119,6	129,2	132,0	135,7
2017	136,8	138,9	138,3	135,6	127,1	126,3	123,3	123,6	122,4	118,8	118,4	116,5
2018	122,0	119,6	115,9	114,1	116,5	118,4	118,1	119,3	118,9	116,6	116,5	114,2

Exchange rate UAH per \$ USD

Year/Month	January	February	March	April	May	June	July	August	September	October	November	December
2010	8,0	8,0	8,0	7,9	7,9	7,9	7,9	7,9	7,9	7,9	7,9	8,0
2011	7,9	7,9	7,9	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0
2012	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0
2013	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0	8,0
2014	8,0	8,7	9,9	11,6	11,6	11,8	11,8	13,0	13,0	12,9	14,7	15,6
2015	15,8	24,5	23,3	22,7	20,9	21,2	21,8	21,6	21,8	21,8	23,3	23,4
2016	24,3	26,4	26,4	25,6	25,2	25,0	24,8	25,1	26,3	25,8	25,7	26,2
2017	27,2	27,0	27,0	26,9	26,4	26,1	26,0	25,6	26,1	26,7	26,7	27,5
2018	28,4	27,2	26,3	26,2	26,2	26,2	26,4	27,5	28,2	28,1	27,9	27,8



KEY MACROECONOMIC INDICATORS FOR 2010-2018

Index of industrial production, yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	113,2	110,8	111,9	113,3	113,7	113,7	112,9	112,6	112,5	112,3	112,2	112,2
2011	109,5	110,0	109,6	108,5	108,6	108,5	108,6	108,8	108,8	108,7	108,4	108,0
2012	102,4	102,7	101,8	101,6	101,9	101,5	101,5	101,0	100,4	100,0	99,8	99,3
2013	96,6	95,5	95,4	96,1	95,1	95,0	95,1	95,2	95,2	95,2	95,3	95,7
2014	95,8	96,4	95,6	95,4	96,0	96,0	94,9	93,0	92,0	91,2	90,5	89,9
2015	80,0	79,3	79,5	79,4	79,5	80,0	81,0	82,6	83,9	85,1	86,0	87,0
2016	99,0	103,8	104,5	104,5	103,8	102,6	102,3	102,5	102,5	102,4	102,6	102,8
2017	106,4	101,2	100,1	98,8	99,4	100,3	100,0	100,3	100,3	100,4	100,5	100,4
2018	103,6	102,8	102,4	102,6	102,6	102,5	102,6	102,2	101,8	101,8	101,6	101,1

Index of agricultural production, yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	105,5	105,2	105,4	105,0	104,6	103,7	99,3	95,6	98,6	98,7	98,7	98,6
2011	105,3	105,1	105,4	104,1	103,5	103,2	108,8	110,3	113,7	116,6	116,5	120,2
2012	100,1	100,6	100,6	101,2	101,7	107,8	96,7	96,0	95,8	95,4	95,7	96,1
2013	107,4	107,1	106,9	106,1	106,0	116,8	115,8	114,2	103,2	110,3	112,1	113,6
2014	105,2	105,9	105,9	105,0	104,7	96,1	103,4	106,3	116,0	107,5	105,0	102,2
2015	97,6	96,4	95,3	95,2	94,6	90,7	96,5	94,2	94,7	95,6	95,3	95,2
2016	97,5	97,9	98,3	98,3	98,7	99,7	100,5	100,1	100,9	102,8	102,9	106,3
2017	97,6	98,3	99,2	99,7	99,1	97,9	98,0	100,4	99,3	97,7	97,2	97,8
2018	101,1	99,7	99,5	99,5	100,2	111,4	99,0	102,0	104,9	109,0	108,2	107,8



KEY MACROECONOMIC INDICATORS FOR 2010-2018

Index of construction, yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	74,3	78,7	78,5	78,7	79,9	80,7	83,2	86,1	87,4	90,8	91,8	94,6
2011	117,9	117,5	118,8	121,4	122,4	124,3	121,9	121,5	120,5	121,5	122,2	120,0
2012	118,6	111,5	108,5	109,5	111,2	108,1	103,6	100,8	99,3	97,3	94,6	92,7
2013	83,7	88,1	84,4	85,4	82,5	82,4	84,8	86,1	86,1	86,4	87,6	89,0
2014	103,4	101,4	103,2	98,4	95,9	92,2	88,9	85,4	83,6	82,1	81,6	79,6
2015	67,6	70,9	70,3	69,7	71,5	73,8	75,0	77,2	79,1	81,1	82,7	87,7
2016	96,5	105,8	108,3	113,0	112,9	113,0	114,4	115,4	117,3	117,0	117,2	117,4
2017	146,5	127,6	125,4	122,9	126,0	129,2	129,1	129,8	128,3	127,5	126,5	126,3
2018	99,0	100,7	99,7	99,2	101,8	102,8	106,3	105,7	105,4	106,4	106,3	104,4

Exports of goods and services, change yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	27,9	25,8	24,2	26,5	28,8	30,6	30,1	29,6	28,6	27,2	27,4	27,7
2011	39,4	35,9	39,0	36,2	34,7	34,4	32,4	32,3	30,9	29,4	28,6	27,5
2012	13,1	9,5	6,2	6,3	7,2	4,7	5,1	5,0	4,7	5,3	4,5	3,4
2013	-3,4	0,0	-3,7	-3,3	-6,3	-6,5	-6,1	-5,9	-6,0	-6,4	-6,4	-5,5
2014	-14,7	-12,5	-10,2	-11,6	-10,8	-11,7	-12,8	-15,1	-16,4	-17,3	-18,7	-19,9
2015	-29,7	-32,3	-31,1	-32,2	-33,3	-32,0	-31,8	-30,8	-29,7	-28,8	-28,0	-26,9
2016	-28,8	-18,6	-16,7	-12,9	-10,6	-10,0	-9,8	-8,2	-7,9	-7,0	-5,0	-3,9
2017	41,4	28,1	28,8	23,4	23,0	21,5	20,1	19,4	19,2	18,9	18,3	17,1
2018	18,8	14,8	9,2	11,4	11,7	11,4	11,8	11,7	10,4	10,3	9,9	9,5



KEY MACROECONOMIC INDICATORS FOR 2010-2018

Imports of goods and services, change yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	48,7	18,5	18,9	20,0	22,3	25,1	25,7	27,0	28,1	29,5	30,3	30,3
2011	44,6	55,2	52,9	48,6	48,5	47,3	43,8	42,1	40,5	38,3	36,9	34,8
2012	11,4	9,2	5,9	9,6	11,4	11,0	11,5	10,7	9,4	9,3	7,8	7,5
2013	3,0	1,3	0,6	-0,4	-6,1	-7,9	-6,7	-5,8	-3,8	-3,5	-3,5	-3,5
2014	-11,1	-16,3	-17,7	-20,6	-18,0	-18,0	-20,3	-23,0	-24,8	-26,4	-27,2	-28,1
2015	-31,6	-31,4	-32,3	-32,7	-33,8	-33,3	-32,6	-31,3	-30,8	-29,4	-28,5	-28,3
2016	-18,8	-10,5	-6,9	-5,0	-4,8	-3,7	-2,6	-0,1	0,9	0,8	2,2	4,5
2017	22,6	17,5	20,8	19,1	22,2	22,6	21,9	20,4	19,9	20,3	19,9	19,2
2018	28,0	18,3	12,8	13,5	13,9	13,4	14,6	14,2	14,0	14,5	14,0	12,8

Trade balance, mln \$ USD

Year	January	February	March	April	May	June	July	August	September	October	November	December
2010	189	136	-304	-270	-39	110	-248	-853	-1227	-2291	-3064	-3982
2011	59	-1421	-2337	-2716	-3364	-3666	-4394	-5260	-6241	-7833	-9067	-10145
2012	164	-1518	-2428	-3816	-5116	-6549	-7849	-8914	-9691	-11244	-12277	-14346
2013	-250	-1701	-3286	-4589	-4883	-5459	-7002	-8451	-10765	-12914	-14148	-15634
2014	-451	-936	-1258	-1297	-1660	-2000	-2127	-2234	-2956	-3393	-3781	-4606
2015	-205	-717	-660	-760	-957	-901	-1108	-1345	-1480	-2053	-2443	-2362
2016	-545	-1248	-1772	-1964	-2044	-2334	-3041	-3912	-4632	-5142	-5659	-6453
2017	-161	-823	-1352	-1741	-2364	-3083	-4154	-5000	-5794	-6730	-7442	-8644
2018	-556	-1252	-1976	-2334	-3158	-3998	-5591	-6553	-8040	-9550	-10510	-11492



KEY MACROECONOMIC INDICATORS

Average monthly real wage, change yoy %

Year	January	February	March	April	May	June	July	August	September	October	November	December
2015	-17,3	-18,2	-24,6	-29,6	-27,6	-26,3	-22,2	-19,2	-18,6	-12,7	-14,0	-9,9
2016	-13,2	-8,3	1,6	7,6	12,2	17,3	14,8	15,4	15,6	6,2	8,4	11,6
2017	21,4	18,0	18,7	20,7	20,4	18,9	17,2	17,2	17,3	19,9	21,4	18,9
2018	12,3	10,5	9,5	12,5	14,1	13,0	14,7	15,7	12,9	14,2	11,4	9,7

Index capital investment, yoy %

Year	January -March	January -June	January -September	January -December
2011	113,0	112,1	111,5	114,2
2012	119,6	121,3	116,8	108,3
2013	96,1	87,1	89,7	92,1
2014	85,8	82,5	77,0	75,9
2015	85,2	90,8	94,0	98,3
2016	100,7	109,6	116,4	118,0
2017	121,4	122,5	120,7	122,1
2018	137,4	126,5	119,9	



KEY MACROECONOMIC INDICATORS FOR 2010-2018

Index retail trade, change yoy %

Year	January	January - February	January - March	January - April	January - May	January - June	January - July	January - August	January - September	January - October	January - November	January - December
2010	95,2	95,3	97,4	97,9	101,1	102,3	104,0	104,6	105,1	105,9	106,8	107,6
2011	111,7	112,7	113,5	114,9	115,5	115,2	115,0	115,2	115,2	114,9	114,5	114,7
2012	113,8	114,6	114,2	114,8	115,5	116,0	117,4	116,0	116,0	115,7	115,7	115,9
2013*	114,1	114,7	111,8	111,9	111,6	110,2	110,4	110,1	109,5	109,3	109,0	108,6
2014**	109,0	109,0	106,8	104,7	102,9	100,2	99,0	96,0	93,6	93,2	92,5	91,1
2015	77,4	78,8	76,1	74,7	75,3	75,4	76,4	76,9	77,7	78,3	78,6	79,3
2016	98,6	98,3	99,3	102,5	101,8	102,6	102,4	103,1	104,0	103,0	103,7	104,3
2017	103,1	100,5	106,1	105,8	107,1	108,7	108,0	108,7	108,7	108,2	108,0	106,5
2018	109,6	107,5	106,2	107,0	106,1	105,1	106,0	105,4	105,5	105,4	106,2	106,1

Unemployment level, %

Year	January - March	January - June	January - September	January - December
2010	9,0	8,5	8,0	8,1
2011	8,7	8,2	7,8	7,9
2012	8,4	7,8	7,4	7,5
2013	8,0	7,5	7,0	7,2
2014	9,0	8,6	8,9	9,3
2015	9,6	9,2	9,0	9,1
2016	9,9	9,4	9,2	9,3
2017	10,1	9,6	9,4	9,5



KEY CONSOLIDATED BUDGET INDICATORS IN 2015-2018

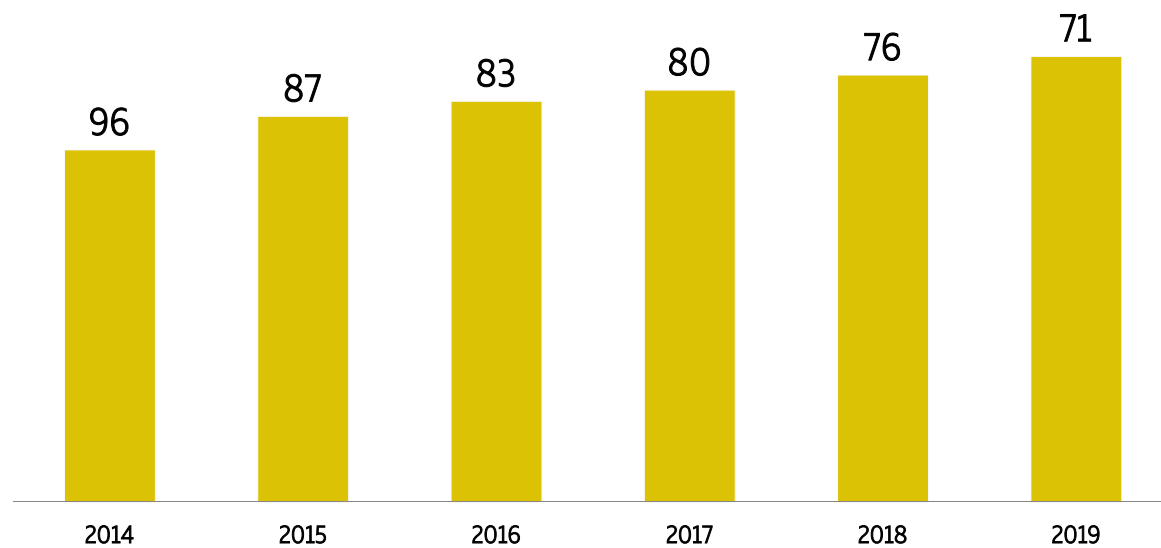
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		Revenues					Expenditures			Deficit "-" / Surplus "+"	Privatization
		Total	Personal income taxes	Corporate profit tax	VAT	Excise duty	Total	Current expenditures	Capital expenditures		
2015	Q1	140264,7	20496,9	16598,9	42987,0	13675,6	126028,3	119472,9	6555,4	13969,7	104,1
	Q2	158398,0	24222,1	7904,1	41685,8	17647,8	159206,3	153436,2	5770,1	-1699,1	12,7
	Q3	169274,5	25396,3	7009,4	45531,9	19265,6	147955,4	136290,6	11664,8	20238,3	10,1
	Q4	184093,7	29867,9	7540,7	48247,7	20206,2	246681,4	223919,2	22762,2	-63407,1	24,6
2016	Q1	163436,5	28740,4	16134,1	53086,2	21148,4	159996,6	155979,5	4017,0	3869,2	24,3
	Q2	176066,0	33872,4	11001,0	61189,4	25042,0	190430,2	181422,1	9008,2	-15148,6	17,7
	Q3	185755,5	35802,7	12902,7	54164,3	27462,2	206256,4	186631,0	19625,4	-20413,3	30,8
	Q4	257601,4	40366,3	20185,4	67066,1	28098,1	279148,8	238669,8	40479,0	-23121,1	116,1
2017	Q1	220492,2	38961,2	14498,0	80151,3	25893,7	216533,1	211208,6	5324,5	4005,3	17,0
	Q2	275479,7	45654,5	20333,6	67920,2	28888,3	227319,2	212890,3	14428,9	48136,4	93,8
	Q3	245199,0	47277,0	18254,0	75863,9	31164,4	255806,0	232636,5	23169,5	-10509,2	3192,0
	Q4	275798,6	53793,4	20311,2	90045,1	35503,0	357314,9	300347,8	56967,1	-83758,2	74,0
2018	Q1	248852,8	48890,9	31737,3	84484,6	26168,7	251947,2	244698,8	7248,4	-2989,9	34,6
	Q2	318546,4	56744,7	25377,0	89816,9	30046,8	305006,8	280077,9	24928,9	13455,9	15,3
	Q3	289767,1	58121,2	24469,2	94196,5	37669,6	284640,3	249882,2	34758,0	4073,4	27,4
	Q4	327111,9	66143,9	24598,8	106010,1	38764,7	408579,3	331343,7	77235,6	-14539,3	191,4



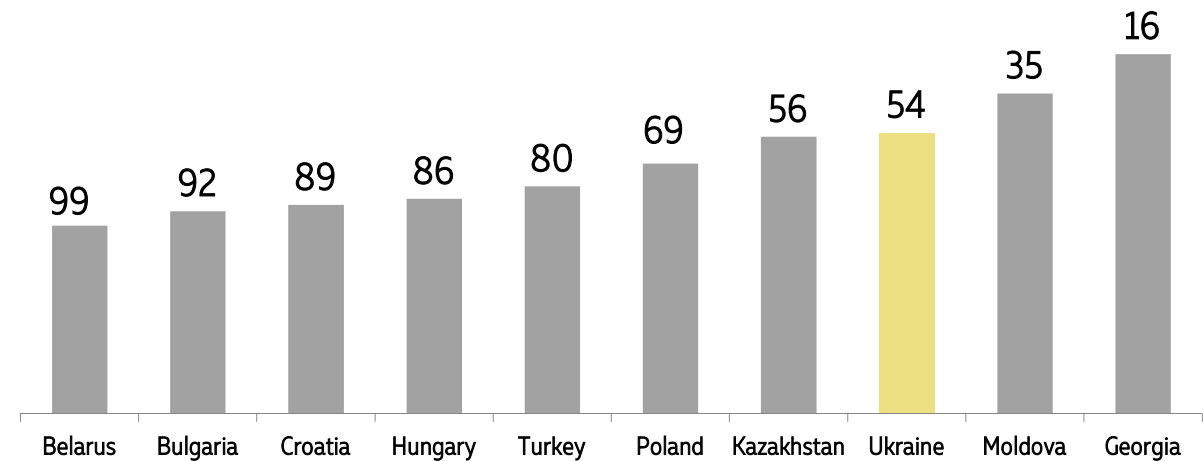
DOING BUSINESS UKRAINE

Doing Business Ukraine



Source: World Bank

Subindex «taxation» in DB2019



Source: World Bank

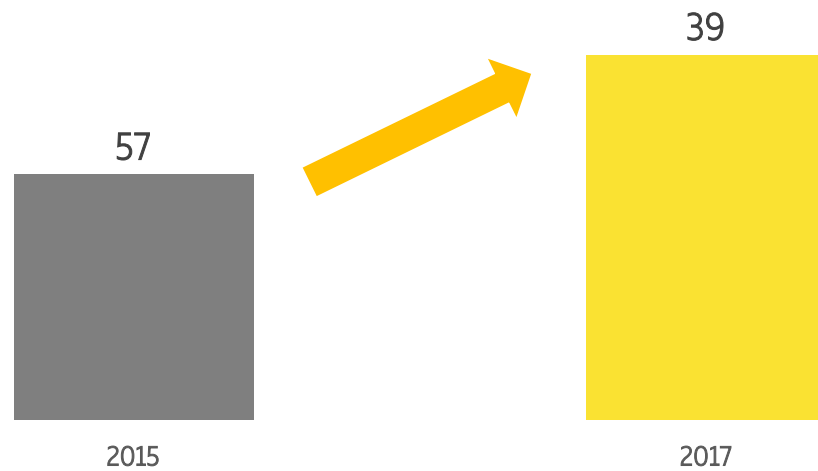
Key factors behind improvement of business-climate (Doing Business):

- Deregulation of construction permits;
- Improvement of protection of minority investors;
- Better regulation of external trade;
- Improved enforcing contracts.



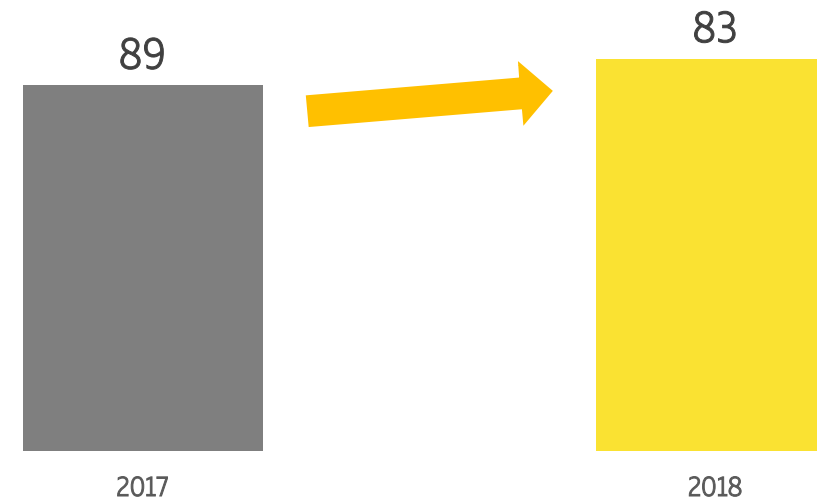
UKRAINE'S RATINGS IMPROVED

Open Budget Index



Source: International Budget Partnership

The Global Competitiveness Index



Source: World Economic Forum

- Increased efficiency and transparency of budget process:
 - Increased transparency due to MoF project «e-Data» attributed to the increased rating in **Open Budget Index** in 2017 by 18 positions to 39th place.



MINISTRY OF FINANCE OF UKRAINE

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