



NATIONAL BANK OF UKRAINE

Balance of payments,

October, 2017

(preliminary data¹, according to the "Balance of Payments and International investment position" manual, 6th edition).

The current account deficit totaled USD 408 million in October 2017 (in October 2016 – USD 180 million). Exports of goods² rose by 16.7% yoy (in September 2017 – by 18.3% yoy). Imports of goods grew by 22.4% yoy (in September 2017 – by 20.6% yoy). Merchandise exports increased by 2.7% mom, and merchandise imports grew by 5.3% mom.

In January – October 2017, the current account deficit amounted to USD 3.3 billion (or 3.7% of GDP³), compared with USD 2.9 billion (or 3.9% of GDP) in January – October 2016.

Goods exports totaled USD 3.5 billion. Exports increased in such major product categories:

food exports	– by 11.6% (in September – by 22.5%);
metallurgical exports	– by 23.4% (in September – by 7.6%);
mineral exports	– by 50.7% (in September – by 85.2%);
chemical exports	– by 36.4% (in September – by 32.2%).

Simultaneously, machinery and equipment exports declined by 12.7% (in September – by 22.6%).

Exports of goods rose by 20.3% yoy in January – October 2017. In nominal values, exports to EU countries and Asian countries increased at most: by USD 2.8 billion (or 32.3% yoy), and by USD 1.1 billion (or 12.2% yoy) respectively. EU countries' share in total exports grew from 32.0% to 35.2%, while Asian countries' share in total exports declined from 34.8% to 32.5%. Exports to Russia increased by USD 320 million, or 13.0% yoy, and its share in total exports shortened from 9.2% to 8.6%.

Goods imports totaled USD 4.5 billion. Energy imports increased by 28.8% yoy (in September – by 36.2%), and non-energy imports rose by 20.5 yoy (in September – by 16.2% yoy), including:

machinery and equipment imports	– by 33.0% (in September – by 30.6%);
chemical imports	– by 29.4% (in September – by 16.2%);
metallurgical imports	– by 32.5% (in September – by 37.1%);
food imports	– by 17.7% (in September – by 23.7%).

Imports of goods grew by 22.0% yoy in January – October 2017. In nominal values, imports from the EU countries and Russia increased at most: EU countries – by USD 2.9 billion, or 24.8% yoy, and from Russia – by USD 1.5 billion, or 37.0% yoy. EU countries' share in

¹ Data for 2016 – 2017, exclude data for the temporarily occupied territory of Autonomous Republic of Crimea, the city of Sevastopol and zone of the counterterrorist operation in the east of Ukraine.

² All percentage changes compared to the same period in the previous year, unless otherwise stated.

³ GDP data preliminary, NBU's estimates.

total imports rose from 36.9% to 37.8%, and Russian share expanded from 12.5% to 14.0%. Imports from Asian countries grew by USD 1.3 billion, or 20.0% yoy, while its share in total imports shortened from 20.4% to 20.1%.

The net borrowing from the rest of the world (the total balance of current account and capital account) was **USD 408 million in October 2017** (in October 2016 – USD 166 million).

In January – October 2017, the net borrowing from the rest of the world totaled USD 3.3 billion, compared with USD 2.8 billion in January – October 2016.

The financial account recorded a **net inflow of USD 563 million in October 2017** (in October 2016 – USD 257 million) that resulted from the private sector's transactions.

The net inflow on the financial account totaled USD 5.3 billion in January – October 2017, compared with USD 3.9 billion in January – October 2016.

The net inflow of foreign direct investment was estimated as **USD 65 million**, and the main FDI's recipient was the real sector (97% of the total amount).

The net FDI inflow was estimated as USD 2.1 billion in January – October 2017 (22% of which were debt-to-equity conversion transactions), compared with USD 3.1 billion in January – October 2016 (64% of which were debt-to-equity conversion transactions).

The banking system's external position on portfolio and other investments transactions showed the **net decrease of USD 930 million**, due to USD 933 million decrease in banks' assets on "currency and deposits" item.

The net increase of the real sector's external position (excluding foreign direct investment) **amounted to USD 321 million**. The main factor was USD 481 million decrease of liabilities on long-term loans. The net external liabilities on trade credits decreased by USD 119 million. The amount of foreign cash outside banks was almost unchanged (decreased by USD 8 million).

The amount of foreign cash outside banks decreased by USD 2.1 billion in January – October 2017, compared with USD 4.5 billion in January – October 2016.

In January – October 2017, the liabilities on real sector's loans shortened by USD 325 million, due to higher long-term loans repayments (USD 893 million) than borrowings on short-term instruments (USD 568 million).

The net inflow on private sector transactions (including errors and omissions) totaled **USD 521 million in October 2017**, compared with USD 520 million in October 2016.

In October 2017, **the net inflow to the government sector amounted to USD 42 million** (in October 2016 the net outflow totaled USD 263 million).

The overall balance of payments surplus was **USD 155 million in October 2017** (in October 2016 – USD 91 million).

The surplus of the overall balance of payments caused the increase of the volume of international reserves up to USD 18.7 billion as of November, 01 2017, covering 3.7 months of future imports.