NATIONAL BANK OF UKRAINE

Balance of payments,

September, 2017

(preliminary data[1], according to the "Balance of Payments and International investment position" manual, 6th edition).

The current account deficit totaled USD 998 million in September 2017 (in September 2016 – USD 943 million). Exports of goods[2] rose by 17.7% yoy (in August 2017 – by 13.6% yoy). Imports of goods grew by 21.0% yoy (in August 2017 – by 10.0% yoy). Merchandise exports increased by 1.9% mom, and merchandise imports grew by 2.8% mom.

In January – September 2017, the current account deficit amounted to USD 3.0 billion (or 3.9% of GDP[3]), compared with USD 2.7 billion (or 4.1% of GDP) in January – September 2016.

Goods exports totaled USD 3.4 billion. Exports increased in such major product categories:

food exports (including grain and oilseeds)	– by 22.5% (*in August – by 17.5%*);
mineral exports	– by 85.2% (*in August – by 25.3%*);
metallurgical exports	– by 7.6% (*in August – by 8.1%*);
chemical exports	– by 32.2% (*in August –by 24.6%*).

Simultaneously, machinery and equipment exports declined by 13.5% (*in August – rose by 1.6%*).

Exports of goods rose by 20.7% yoy in January – September 2017. In nominal values, exports to EU countries and Asian countries increased at most: by USD 2.4 billion (or 31.3% yoy), and by USD 950 million (or 11.5% yoy) respectively. EU countries' share in total exports grew from 32.4% to 35.2%, while Asian countries' share in total exports declined from 34.9% to 32.2%. Exports to Russia increased by USD 348 million, or 16.1% yoy, and its share in total exports shortened from 9.1% to 8.7%.

Goods imports totaled USD 4.3 billion. Energy imports increased by 38.7% yoy (in August – by 25.4%), and non-energy imports rose by 16.0 yoy (in August – by 6.2% yoy), including:

machinery and equipment imports	– by 30.4% (*in August – by 13.6%*);
chemical imports	– by 16.3% (*in August – by 10.3%*);
metallurgical imports	– by 37.4% (*in August – by 17.4%*);
food imports	– by 23.8% (*in August – by 11.1%).*

Imports of goods grew by 21.9% yoy in January – September 2017. In nominal values, imports from the EU countries and Russia increased at most: EU countries – by

[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] Preliminary data on GDP, based on the own NBU's estimates is used in the calculations.

USD 2.6 billion, or 24.5% yoy, and Russia – by USD 1.2 billion, or 34.6% yoy. EU countries' share in total imports rose from 36.8% to 37.6%, and Russian share expanded from 12.5% to 13.8%. Imports from Asian countries grew by USD 1.1 billion, or 19.4% yoy, while its share in total imports shortened from 20.5% to 20.1%.

In September 2017, the primary income account deficit totaled USD 611 million (in September 2016 – USD 551 million), that was mainly resulted from USD 505 million service repayments on government Eurobonds.

The net borrowing from the rest of the world (the total balance of current account and capital account) was **USD 997 million in September 2017** (in September 2016 – USD 937 million).

In January – September 2017, the net borrowing from the rest of the world totaled USD 3.0 billion, compared with USD 2.6 billion in January – September 2016.

The financial account recorded **a net inflow of USD 1.6 billion in September 2017** (in September 2016 – USD 1.4 billion) and was mainly due to the placement of government Eurobonds.

The net inflow on the financial account totaled USD 4.9 billion in January – September 2017, compared with USD 3.6 billion in January – September 2016.

In September 2017, **the net inflow to the government sector amounted to USD 1.4 billion** (in September 2016 – USD 1.0 billion) and resulted from USD 1.3 billion Eurobonds net placement.

The net inflow of foreign direct investment was estimated as **USD 180 million**, the main FDI's recipient was the real sector (83% of the total amount).

The net FDI inflow was estimated as USD 2.0 billion in January – September 2017 (23% of which were debt-to-equity conversion transactions), compared with USD 3.1 billion in January – September 2016 (65% of which were debt-to-equity conversion transactions).

The banking system's external position on portfolio and other investments transactions showed **the net increase of USD 190 million,** due to USD 199 million increase in banks' assets on "currency and deposits" item.

The net decrease of the real sector's external position (excluding foreign direct investment) **amounted to USD 377 million.** That resulted from USD 167 million decrease of the amount of foreign cash outside banks and USD 241 million net increase of the external liabilities on trade credits.

The amount of foreign cash outside banks decreased by USD 2.2 billion in January – September 2017, compared with USD 4.2 billion in January – September 2016.

Net repayments on real sector's loans totaled USD 64 million.

In January – September 2017, the net borrowings on real sector's loans amounted to USD 163 million. Long-term loans repayments were offset by the borrowing on short-term instruments.

The net inflow on private sector transactions (including errors and omissions) totaled **USD 246 million in September 2017**, compared with USD 374 million in September 2016.

The overall balance of payments surplus was USD 637 million in September 2017 (in September 2016 – USD 443 million).

The surplus of the overall balance of payments caused the increase of the volume of international reserves up to USD 18.6 billion as of October, 01 2017, covering 3.7 months of future imports.