

Balance of payments in July 2019¹ (according to the Balance of Payments and International investment position manual, 6th edition)

In July 2019, the current account deficit totaled USD 609 million, or 4.4% of GDP² (in July 2018 – USD 990 million, or 8.4% of GDP). Exports³ of goods rose more rapidly compared to imports – by 20.3% and by 9.6% respectively. In June 2019, imports of goods grew by 6.3%, while their exports decreased by 5.2%.

In January-July 2019 the current account deficit amounted to USD 864 million, or 1.1% of GDP (in January-July 2018 – USD 1.6 billion, or 2.4% of GDP).

Exports of goods totaled USD 4.0 billion. The exports increase was mainly driven by the rise in **food exports (by 36.5%** – due to exports of grain and oilseeds). Besides, exports decreased in such major product categories:

mineral exports (including ore)	– by 37.6% (in June – by 19.4%);
machinery and equipment exports	– by 45.1% (in June – by 5.6%).

Metallurgical and chemical exports remained nearly the same as previous year. At the same time, exports of timber and wood products decreased by 9.5% (in June – by 16.9%).

In nominal values, exports to EU countries increased at most – by USD 1.1 billion, or 11.8% yoy. EU countries' share rose to 38.1% (in January-July 2018 – 36.7%). Exports to countries of Asia and Africa increased by USD 644 million, or 8.4% yoy and by USD 436 million, or 17.8% yoy respectively. Asian countries' share in total exports was nearly unchanged and amounted to 31.6% (in January-July 2018 – 31.5%), and African countries' share increased to 10.9% (in January-July 2018 – 10.0%). Exports to Russia decreased by USD 266 million, or 14.8% yoy. Russia's share in total exports declined to 5.8% (in January-July 2018 – 7.3%).

Imports of goods totaled USD 5.5 billion. Energy imports decreased by 10.1% yoy (in June – by 11.2% yoy). Non-energy imports rose by 16.5% yoy (in June – by 13.1% yoy). The largest increase in non-energy imports was in **machinery and equipment imports (by 36.0%)**. Imports also increased in such major product categories:

chemical imports	– by 4.2% (in June – by 8.4%);
manufactured products	– by 24.9% (in June – by 18.8%);
food imports	– by 8.6% (in June – by 2.7%);
metallurgical imports	– by 9.7% (in June – by 6.0%).

At the same time imports of timber and wood products decreased by 9.8% (in June – by 6.2%).

In nominal values, imports from EU and Asian countries grew at most: by USD 1.6 billion (or by 13.7% yoy) and by USD 1.5 billion (or by 23.1% yoy) respectively. EU countries' share in total

¹ Data exclude data for the temporarily occupied territory of Autonomous Republic of Crimea and the city of Sevastopol and temporary occupied zone in Donetsk and Luhansk regions.

² GDP data preliminary, NBU's estimates.

³ All indicators' percentage changes are compared with the corresponding period of the previous year, unless otherwise stated.

imports increased from 37.2% to 38.9%, Asian countries' share rose from 21.0% to 23.7%. Imports from Russia decreased by USD 118 million, or 2.7% yoy, and Russia's share in total imports declined from 14.5% to 12.9%.

In July 2019, **primary income balance surplus** totaled USD 478 million (in July 2018 – USD 337 million). Surplus rose due to decline in repayments of investment income (by 10.6%).

In July 2019, the net borrowing from the rest of the world (the total of current account and capital account) **totaled USD 572 billion** (in July 2018 – USD 960 million).

In January-July 2019, the net borrowing from the rest of the world totaled USD 831 million, in January-July 2018 – USD 1.6 billion.

The net inflow on the financial account amounted to USD 1.9 billion, and resulted mainly from the inflow on portfolio investments (in July 2018, the net inflow on the financial account totaled USD 790 million).

In January-July 2019, the net inflow on the financial account totaled USD 2.9 billion, compared to USD 1.8 billion in January-July 2018.

The net inflow on government sector's transactions totaled USD 1.2 billion (in July 2018, the net outflow amounted to USD 38 million) and resulted from non-residents' active participation on the domestic government bonds market (the net purchase totaled USD 1.2 billion).

The net inflow of foreign direct investment was estimated as USD 170 million (compared with USD 136 million in July 2018).

In January-July 2019, the net inflow of foreign direct investment was estimated as USD 1.1 billion (11% of which were debt-to-equity conversion transactions), while in January-July 2018 – USD 1.2 billion (34% of which were debt-to-equity conversion transactions).

The net increase of the banking system's external position on portfolio and other investments amounted to USD 1.7 billion and resulted from the increase of assets on "currency and deposits" item by USD 1.4 billion.

The net decrease of the real sector's external position (excluding foreign direct investment) **amounted to USD 2.0 billion** and resulted from:

USD 1.5 billion received from Eurobonds issuance;

USD 789 million increase of net external liabilities on trade credits (in July 2018 net external liabilities on trade credits shortened by USD 107 million);

USD 78 million net borrowings on loans (in July 2018 – USD 572 million).

At the same time, the amount of cash outside banks increased by USD 357 million (in July 2018 – by USD 169 million).

In January-July 2019, the amount of cash outside banks increased by USD 1.8 billion, compared with USD 341 million in January-July 2018.

In July 2019, **the net inflow on private sector transactions** (including errors and omissions) totaled **USD 688 million** (in July 2018 – USD 828 million).

The surplus of the overall balance of payments amounted to USD 1.3 billion (in July 2018 the deficit totaled USD 170 million), that allowed to increase the international reserves. **As of August 01 2019, the volume of international reserves totaled USD 21.8 billion**, covering 3.4 months of future imports.