

Balance of payments in January 2024

(preliminary data^{1,2} according to the Balance of Payments and
International investment position manual, 6th edition)

The current account deficit totaled USD 510 million (USD 1.1 billion in January 2023). The CA deficit narrowed primarily due to trade in goods and services deficit narrowing, including both an increase in exports of goods and a decrease in the expenditures of Ukrainian citizens abroad. At the same time, the secondary income surplus narrowed owing to a significantly lower level of grants from international partners. On current account transactions, excluding reinvested earnings and grants from international partners deficit was USD 508 million (USD 1.8 billion in January 2023).

Exports of goods³ increased by 12.3% (fell by 4.0% in December), while those of **imports decreased by 1.1%** (rose by 2.5% in December). Merchandise exports increased by 5.3% and imports fell by 20.1% compared to previous month.

Merchandise exports totaled USD 3.3 billion. Mineral exports grew the most by 2.1 times, primarily due to ores (rose by 1.9 times compared to December 2023) coupled with **food exports** by 6.2% (by 0.9% compared to December). Among food products, exports of oils and fats (by 13.5%, down by 7.1% compared to December) and food processing products (by 40.8%, up by 0.4% compared to December) increased the most. While exports of grains (by 4.0%, rose by 4.4% compared to December) and oilseeds (by 4.9%, rose by 4.0% compared to December) saw a decrease. In addition, exports grew in:

metallurgical exports	– by 42.5% (+19.0% compared to December);
manufactured goods	– by 2.2% (+5.3% compared to December).

On the other hand, exports of the following commodity groups declined:

machinery and equipment exports	– by 22.2% (-23.5% compared to December);
timber and wood products	– by 6.5% (+21.7% compared to December);
chemicals	– by 5.7% (-27.3% compared to December).

In January 2024, in nominal terms, exports to African countries grew the most (by USD 127 million, or 2.2 times, while its share rose from 3.7% in January 2023 to 7.1%). Exports to Americas (by USD 59 million, or 2.1 times along with the share from 1.7% to 3.3%), EU (by USD 48 million, or by 2.7%, while its share fell from 61.5% to 56.2%) also saw an increase. At the same time, exports to Asia decreased by USD 29 million, or by 3.4%; its share decreased from 28.2% to 24.3%.

Merchandise imports equaled USD 5.1 billion. The decline in energy imports (by 60.6%,

¹According to the Law of Ukraine from March 3rd 2022 № 2115-IX "On subjects of reporting protection interests and other documents during martial law or state of war", part of the data necessary for the balance of payments compilation is not collected. The assessment of the balance of payments for January 2024 was made on the basis of available information and will be revised upon receipt of additional data.

²The Autonomous Republic of Crimea and the city of Sevastopol, and temporarily occupied territories are excluded from the BoP data.

³ All percentage changes are given in comparison with the indicators of the corresponding period of the previous year, unless otherwise indicated.

by 25.5% compared to December 2023) completely offset the growth of non-energy imports (by 22.8%; decreased by 19.3% compared to December 2023). The growth by main groups was as follows:

machinery and equipment imports	– by 29.4 % (-15.7% compared to December);
chemicals	– by 22.6% (-9.0% compared to December);
food imports	– by 22.9% (-10.2% compared to December);
metallurgical imports	– by 53.1% (-2.6% compared to December);
timber and wood products	– by 55.4% (+23.2% compared to December);
manufactured products	– by 1.5% (+6.5% compared to December).

In January 2024, imports from Asia countries grew the most (by USD 122 million, or by 7.3%, and its share increased from 32.6% to 35.4%). Also imports from Americas (USD 74 million, or by 26.7%, its share rose from 5.4% to 6.9%) and African countries (by USD 21 million, or 1.6 times, share grew from 0.7% to 1.1%) evidenced an increase. Meanwhile, imports from CIS countries (by USD 39 million, or by 38.2%, contribution to total imports decreased from 2.0% in January 2023 to 1.2%) and EU (by USD 24 million, or by 1.1%, its share was almost flat: from 44.2% to 44.3%) saw a decrease.

The deficit of trade in services narrowed to USD 517 million (USD 1.4 billion in January 2023) due to both a significant reduction in imports of services (by 30.5%) and an increase in their exports (by 6.0%). Services imports fell primarily owing to outbound tourism and short-term migrants' expenditures⁴ (by 39.5% to USD 1.2 billion) and financial (by 62.1%) services drop. Meanwhile, imports of transportation services (by 13.2%, due to sea and road transport services) and charges for the use of intellectual property (1.8 times) saw growth. The main drivers of service exports growth were an increase in transportation services (by 6.1% due to sea, road, and rail transport), other business services (by 38.6%, primarily due to technical services by 44.7%), repair and maintenance services (by 2.6 times) and inbound tourism expenditures by 16.1%. On the other hand, exports of computer and telecommunication services (by 3.9%), manufacturing services on physical inputs owned by others (by 23.6%), and government services (by 17.6%) decreased.

Primary income balance surplus widened USD 698 million (USD 542 million in January 2023) owing to repayments of investment income⁵ fall by 48.7%. At the same time, receipts on compensation of employees decreased by 17.2%.

Secondary income balance surplus narrowed to USD 1.0 billion compared to USD 1.9 billion in January 2023 owing to a reduction in grants from international partners.

The amount of inward private remittances decreased by 5.2% and totaled **USD 0.9 billion**⁶. Salaries received by Ukrainians from abroad declined by 0.9%, whilst other private remittances received through official channels increased by 6.3%. Overall, by

⁴The estimation of Ukrainians' expenses abroad is based upon the data on payments by cards abroad, UN data and the State Border Guard Service of Ukraine on the number of citizens who went abroad due to the war.

⁵The balance of payments for January 2024 includes reinvested earnings of the banking sector only.

⁶The total amount of remittances will be adjusted based on mirror statistics by partner countries, released after the dissemination of balance of payments data.

3.0% more were sent through official channels than in January last year, while the flow through informal channels decreased by 13.1% compared to January last year.

Net borrowing from the rest of the world (the total of current account and capital account balance) **totaled USD 486 million** (USD 1.1 billion in January 2023).

The financial account net outflows totaled USD 1.4 billion (net inflows were USD 2.3 billion in January 2023) and was generated by **private sector** operations, which was only partially offset by public sector inflows.

Public sector net inflows totaled USD 287 million (USD 3.4 billion in January 2023) due to:

USD 261 million loans net disbursements from international partners;

USD 19 million net receipts on government debt securities.

The net inflows of foreign direct investments stood at USD 168 million (USD 370 million in January 2023), including:

USD 92 million banking sector reinvestment of earnings⁷;

USD 26 million net inflows in equity, excluding reinvestment of earnings (USD 10 million in January 2023);

USD 50 million debt instruments net disbursements, of which between fellow enterprises – USD 17 million (in January 2023, USD 44 million, of which between fellow enterprises– USD 25 million).

The net increase of the banking system's external position on portfolio and other investments accounted for USD 0.4 billion and was mainly driven by an increase of net external position on "currency and deposits" item by USD 0.7 billion. On the other hand, net sale on non-residents' securities by banks totaled USD 0.3 billion.

The real sector external position net increase (excluding foreign direct investment) totaled **USD 1.4 billion** driven by these competing factors:

USD 1.6 billion increase of the amount of foreign cash outside banks (by USD 1.0 billion in January 2023);

USD 105 million repayments on Eurobonds;

USD 59 million decrease of net external position on trade credit;

USD 269 million net increase on loans external liabilities.

The net private sector's outflows (including errors and omissions) in January **totaled USD 1.7 billion** (USD 1.1 billion in January 2023).

The overall balance of payments deficit equaled USD 1.9 billion (surplus totaled USD 1.2 billion in January 2023).

⁷The balance of payments for January 2024 includes reinvestment of earnings of the banking sector only.

The international reserves amounted to USD 38.5 billion as of the 1st of February, enough to cover 5.1 months of future imports.