

## SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS

Overall, the main quantitative and qualitative exogenous parameters of the 2007 forecasts have improved. In this issue we present for the first time the forecast of the main macroeconomic indicators for 2008.

The March forecast seminar participants have revised their opinions as to growth rates of the world economy. In 2007 growth rates of the world economy and the USA have decreased as compared to the October forecast of experts. At the same time there is little increase in the anticipated growth rates of Russia and Euro Zone economies. In 2008 experts expect growth rates of Russia and Euro Zone economies to be at 2007 level, growth rates of the world economy and the USA will increase somewhat, compared to the consensus forecast of 2006.

Seminar participants have made their revisions to their estimates of revenues from privatization. Specifically, the consensus estimate of total privatization revenues for 2007 decreased, compared to the prior October consensus forecast. Some divergence of expert opinions observed in their views on privatization growth trends. The majority of experts expect increase in privatization growth rates and as a result inflow of foreign capital while the others expect slight revenues from privatization. The average value of revenues from privatization in 2008 is somewhat lower than its 2007 level. Analysts have lowered their estimates for 2007 and 2008 grain crop yields as compared to the previous consensus value.

Experts' forecasts of social sphere indicators reflect positive expectations. In particular, they expect minimum wage and pension to continue increasing. In experts' opinion that will lead to a further phase-by-phase approximation of minimum wage to the subsistence minimum. At the same time real minimum wage growth rates will slow down, compared to the previous year. Consensus value of the average weighted minimum wage in 2007 has increased, compared to the October forecast of participants.

In 2007 consensus value of the price for natural gas is 130,5 USD per 1 thousand cubic meters (the majority of experts expect the price to be 130 USD per 1 thousand cubic meters). Seminar participants don't expect significant increase in the price for oil. The average value of the March forecast is about 60 USD per barrel (lower than the previous consensus forecast). The price for oil in 2008 is anticipated to be higher, compared to 2007 estimates. The forecasters anticipate the price for metallurgical goods to be higher in 2007 and stable in 2008.

Based on the participants' forecasts, the average Euro to US Dollar exchange rate will remain stable throughout both 2007 and 2008.

**Table 1. Consensus assumptions of macroeconomic forecast**

	2007				2008
	March 2006	June 2006	October 2006	March 2007	March 2007
GDP, % <i>real change</i>					
<i>World</i>	4,2	4,3	4,3	3,9	4,1
<i>Russia</i>	5,7	5,6	5,8	6,1	6,0
<i>USA</i>	3,2	3,1	2,8	2,4	2,9
<i>Euro zone/EU</i>	1,9	2,0	1,8	2,1	2,0
Consumer Price Index, %, <i>Dec to Dec</i>					
<i>World</i>	103,5	103,3	103,6	102,8	102,9
<i>Russia</i>	109,2	108,9	108,4	108,5	107,8
<i>USA</i>	102,9	102,9	103,4	102,4	102,6
<i>Euro zone/EU</i>	102,1	102,2	102,2	102,2	102,1
NBU refinancing rate, % as of the end of the period	8,9	8,8	8,5	8,5	8,3
Exchange rate, <i>Rouble/USD</i>	27,6	27,4	26,53	26,1	26,3
Exchange rate, <i>Euro/USD</i>	1,2	1,2	1,2	1,2	1,1
Natural gas price, in <i>USD per 1 thousand cubic meters</i>	151,3	176,7	142,73	130,45	157,5
Oil price, <i>USD/barrel (annual average)</i>	60,7	64,5	67,93	59,9	61,9
Minimum wage, <i>UAH (weighted average)</i>	459,9	462,5	432,8	436,25	516,3
Gross grain yield, <i>mln ton</i>	37,8	37,6	37,1	35	34,86
Budget revenue from privatization, <i>millions UAH</i>	3981	5633	8647,4	6573,25	6116,5

## FORECAST OF MACROECONOMIC INDICATORS FOR 2007

This edition presents the fourth consensus forecast of the main macroeconomic indicators for 2007.

Notable divergence of expert opinions observed in their views on growth trends is reflected in significant deviations between the quantitative estimates of various participants.

Improvement in the economic growth dynamics at the beginning of the current period (Real GDP growth comprised 109, 3 percent in January 2007) drove the improved forecasts of the experts. Consensus value of Real GDP growth was 6, 5 percent, which is 0.9 percentage point higher than the October consensus forecast (with the forecast values ranging from 5 to 8.2 percent).

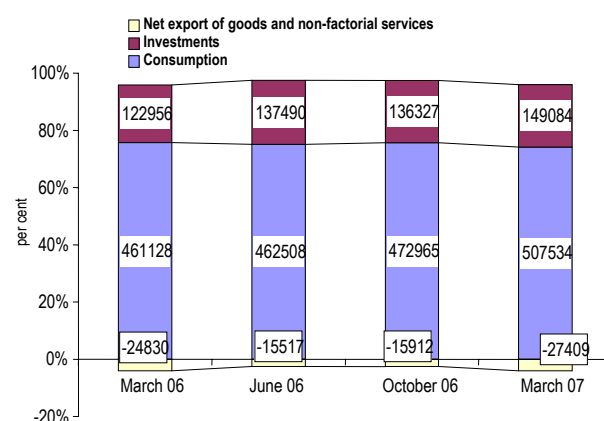
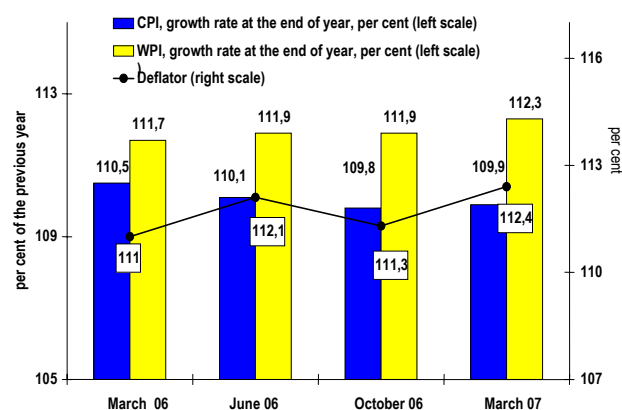
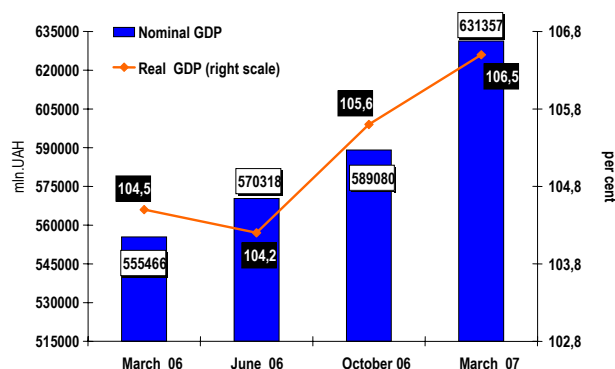
Accordingly, the same trend is reflected in the new Nominal GDP estimate, which, compared to the October forecast, increased by 7, 2 percent, reaching the level of 631, 4 billions UAH (with the forecast values ranging from 610,5 billions UAH to 670 billions UAH).

Seminar participants seem to disagree in their views on inflation indicators. Experts' average estimate of consumer price index ranged from 107, 5 to 112, 5 percent. Consensus estimate wasn't changed as compared to the October forecast and comprised 109, 9 percent. Consensus value of producer price index reached 112, 3 percent, which is 0,4 percentage point higher than the previous consensus value.

Nearly all forecasting organizations have raised their estimates of the economy's investment component. However, experts' opinions on the likely change in investment vary significantly: some forecast a decrease (minimum value of 106,6 percent), others—an increase (maximum value of 119.2 percent). Consensus value of investment growth comprised 112,2 percent against 108,9 percent in the October forecast.

Based on the consensus estimate of the seminar participants, the share of investment in GDP structure will grow to 23,6 percent.

The forecasters anticipate that acceleration in investment activity will be driven by both internal and external sources of financing. Favorable investment climate will attract foreign investors. Forecast of the foreign direct investment volume has also been raised from the previous iteration and comprised 5.1 billions USD ranging from 3.8 to 6 billions USD. The main source of financing investments is still internal funds of enterprises. Increase in investment levels will primarily depend on introduction of the energy-efficient technologies in manufacturing processes, renewal of capital assets by businesses, as well as attracting



foreign capital subject to increase in prices for energy resources.

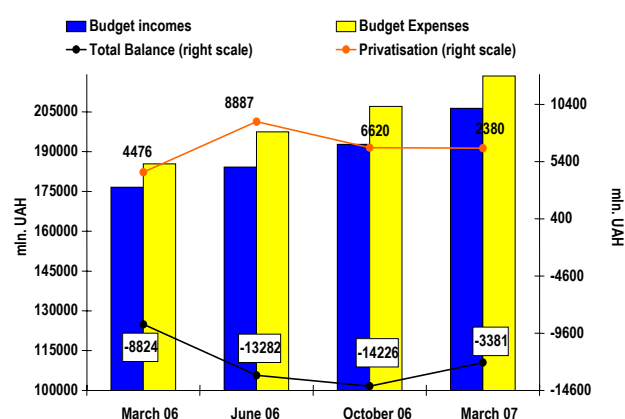
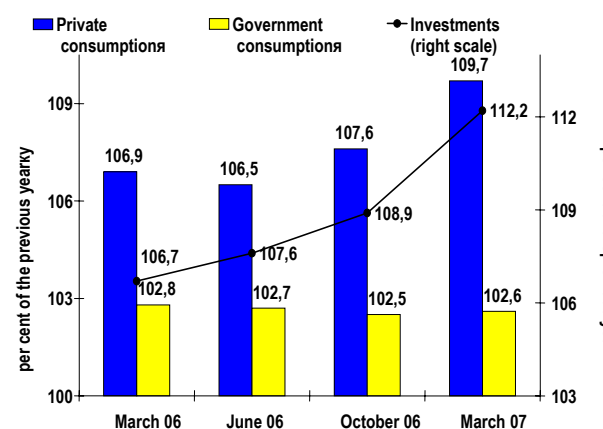
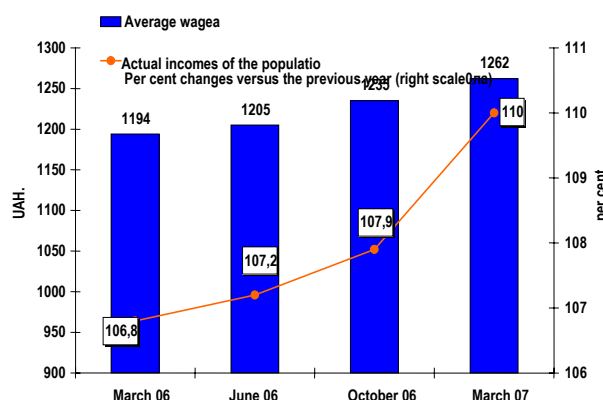
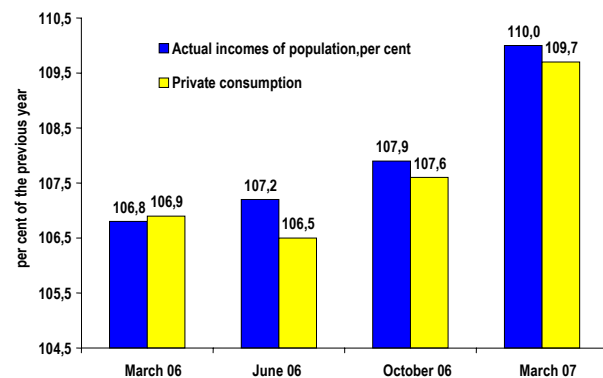
The participants increase their forecast as to real population income which will stimulate the expansion in household consumer demand.

Average value of real population income comprised 10 percent which is 2,1 percentage point higher than the October forecast (values ranging from 5, 3 to 17 percent). The rate of population real income growth is nearly equal to the rate of private consumption growth, which has a corresponding effect on gross national savings projection (consensus share of savings in GDP structure was reduced from 20 to 19,1percent as compared to the October forecast).

The Government will continue conducting a social policy aimed at raising the population's standards of living. Given one of the key assumptions concerning the minimum wage increase the average monthly wage estimate increased by 2, 2 percent and comprised 1262 UAH against 1235 in the October forecast (values ranging from 1068 to 1350 UAH).

The participants increased their forecast as to expansion in domestic demand taking into account increase in consensus estimates of real population income and minimum wage growth. Consensus estimate of the consumption growth constituted 7, 3 percent, which is 1, 3 percentage point higher than the October value (values ranging from 5, 5 to 11, 1 percent). In the current participants' forecasts, the estimates for real growth in both private and government consumption have been improved. The average forecast for real increase in private consumption increased by 2, 1 percentage point reaching 9, 7 percent, in government consumption – by 0, 1 percentage point reaching 2, 6 percent (against 7, 6 and 2, 5 percent respectively).

Experts estimates of budget indicators both nominal volumes of revenues and budget expenditures have increased. The average value of revenues increased by 7 percent reaching 206, 3 billions UAH (value ranging from 185, 8 billions UAH to 257, 8 billions UAH). Consensus forecast of budget expenditures increased by 5, 5 percent reaching 218, 5 billions UAH (ranging from 187, 2 to 272, 9 billions UAH). Forecasted level of GDP redistribution via Budget revenues comprised 32, 7 percent (the level of October forecast). The seminar participants anticipate that the budget will be consolidated with deficit. Although, the consensus value of budget deficit as compared to the October forecast has decreased by 2, 1 billions UAH and comprised 12, 2



billions UAH. The budget deficit value is estimated to remain high despite its reduction.

The average value of the deficit is 1, 9 percent of GDP. The analysts significantly increased their estimates of government borrowings to finance budget deficit on internal (the average value is 8, 8 billions UAH) and external markets (2, 6 billions UAH). Experts' consensus seem to be that the scale of privatization activities will be high. The consensus forecast of revenues from privatization is 6, 6 billions UAH ranging from 758 millions UAH to 11 154 millions UAH.

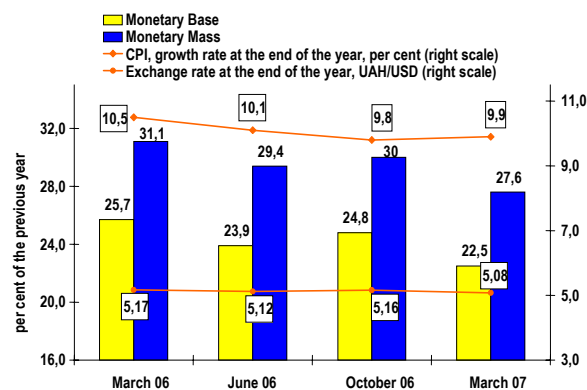
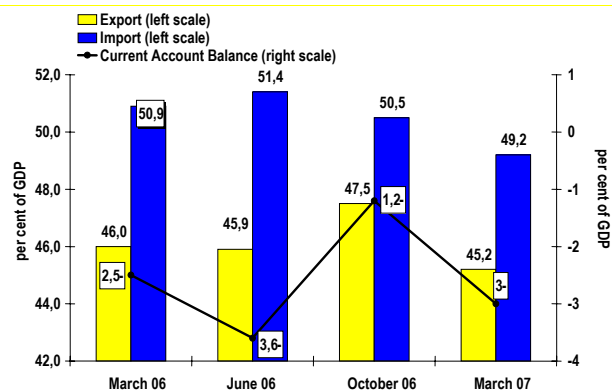
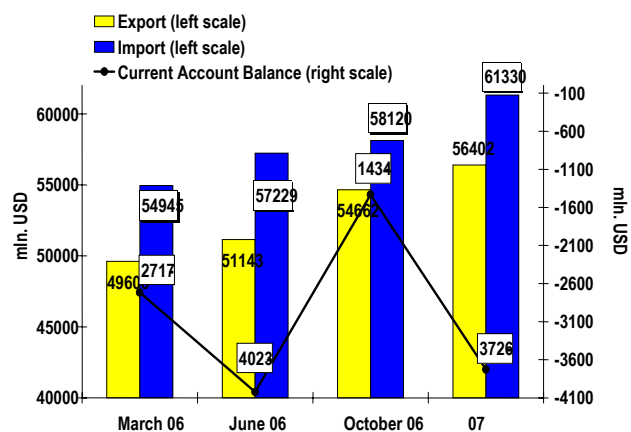
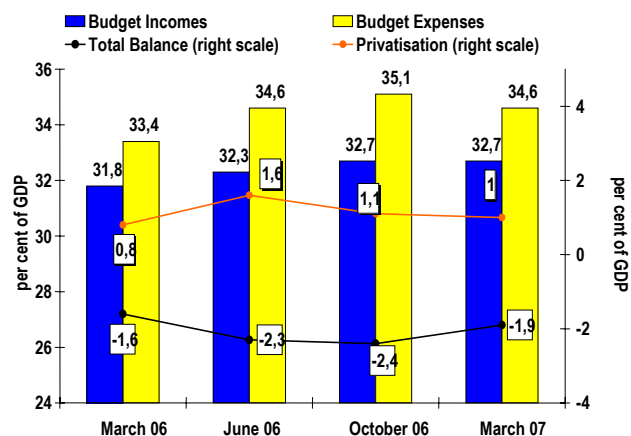
Experts' expectations as to external trade indicators have been changed. The participants increased their forecasts of *negative* net export balance—its consensus value reached negative 3726 mln USD against negative 1434 mln USD in the October forecast. Experts' consensus estimate of the goods and services exports volume went up by 3,1 percent and reached 56.4 billions USD, while the imports estimate went up by 5,5 percent, reaching 63,5 billions USD.

At the same time, the average values of exports and imports growth rates (year over year) were increased: exports—to 114, 6 percent, and imports—to 117,3 percent.

The negative trade balance of external trade has increased (to 2, 9 percent of GDP against 1,2 percent of GDP in October forecast).

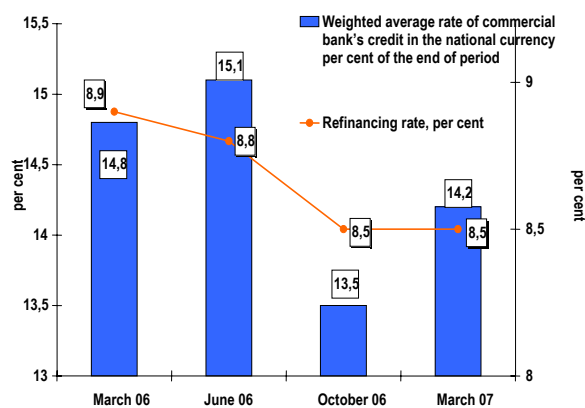
Almost all seminar participants expect Ukraine to join the WTO in 2007 (the 2<sup>nd</sup> half).

The majority of the experts expect the slowing of the growth rates in monetary aggregates. Consensus value of monetary base went down from 2, 3 percentage point to 22, 5 percent (values ranging from 13,4 to 38,8 percent). Money supply forecast also differs (values ranging from 20, 8 to 35 percent). The average value is 27, 6 percent.



The consensus estimate of the annual average exchange rate is 5, 06 UAH/USD against 5, 12 UAH/USD in October forecast.

Seminar participants project that the National Bank of Ukraine will pursue a policy, aimed at increasing international reserves thus sustaining the stability of national currency. Hence, the seminar participants increased their forecast of international reserves. Average value of international reserves has increased by 8, 5 percent and reached 22, 9 billions USD (values ranging from 16, 5 to 24, 8 billions USD).



Seminar participants seem to agree in their views on the forecasts of the prime interest rate of the National Bank of Ukraine (the average value was 8, 5). Experts project the average weighted credit interest rate in national currency in commercial banks to increase by 0,7 percentage point reaching 14,2 percent.

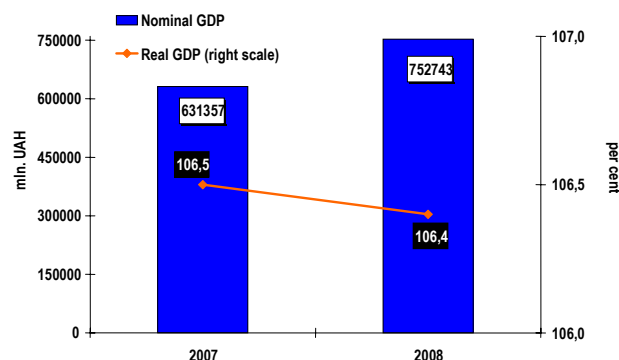
According to the experts, the main forecast risks in 2007 are:

- further increase in natural gas prices;
- deterioration in external business environment, decrease in demand for metallurgical and chemical goods;
- delay of the process of Ukraine's joining the WTO;
- corn failure;
- substantial increase in the cost of housing and communal services;
- increase in subsistence minimum and minimum wage;
- possible political instability and as a result decrease in foreign capital inflow;
- rejection of the Tax Code;

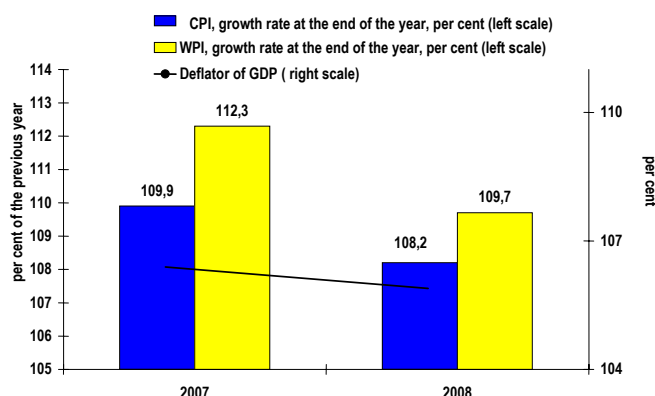
## FORECAST OF MACROECONOMIC INDICATORS FOR 2008

In this issue we present for the first time the forecast of the main macroeconomic indicators for 2008.

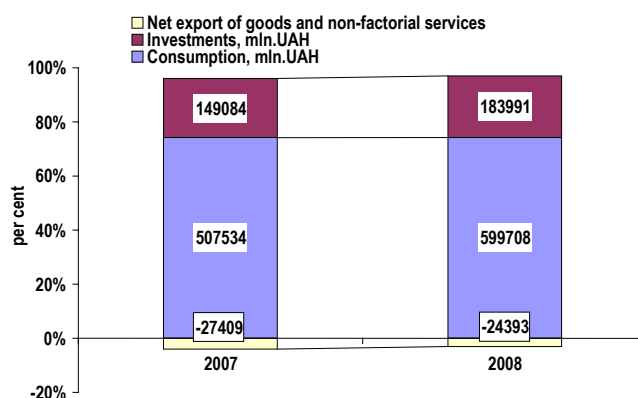
The seminar participants anticipate further real growth rates of Ukrainian economy. The average forecast for Real GDP growth in 2008 is 6, 4 percent, which is almost at 2007 forecast level, ranging from 5 to 8 percent. The Nominal GDP volume is 752, 7 billions UAH, ranging from 708, 1 to 801 billions UAH.



Seminar participants seem to agree in their views on decrease in consumer price growth. Forecasted consumer price index in 2008 comprised 108, 2 percent ranging from 106, 6 to 109, 6 percent. Consensus value of producer price index in 2008 comprised 109, 7 percent, ranging from 106, 6 to 113, 2 percent. Participants agree on further increase in natural gas prices and cost of housing and communal services.

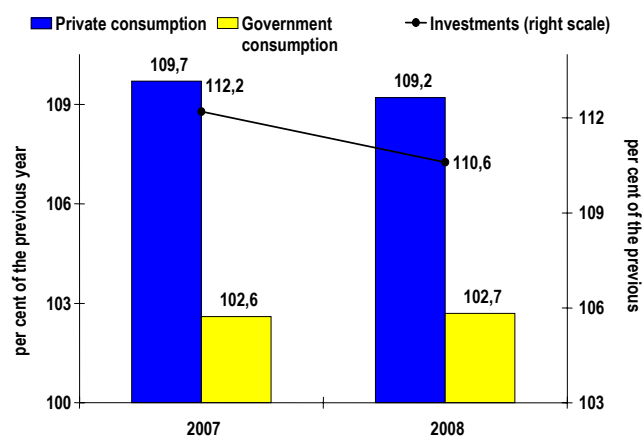


The majority of the experts anticipate improvement in investment climate. Another factor, which should have a positive effect on investment climate, will be Ukraine's joining of the WTO. The average value of growth in investment is 106, 6 percent (values ranging from 5, 6 to 16, 9 percent)

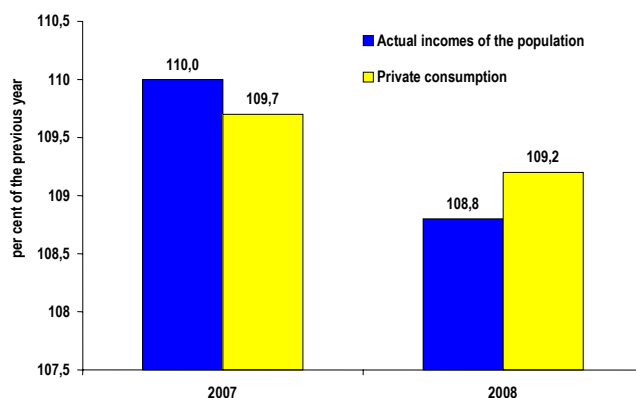


The forecasters anticipate increase in foreign investment inflow to the real sector (the average value is 5, 2 billions USD).

In experts' opinion consumer demand will continue to be the key driver of economic development. The consensus estimate of the consumption volume is 599, 7 billions UAH (values ranging from 575, 9 to 625, 3 billions UAH). Its real growth reached 6, 6 percent, ranging from 4, 1 to 10, 5 percent, which is rather lower than 2007 consensus estimate.



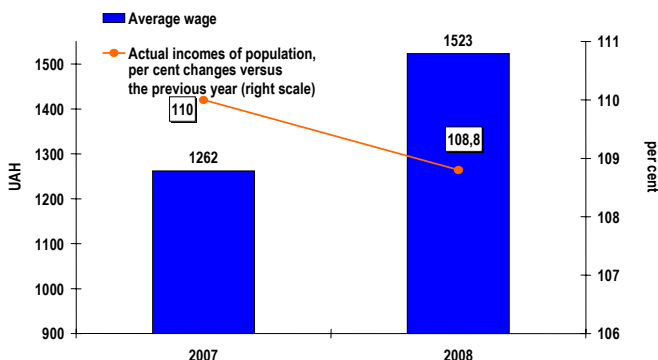
In the current participants' forecasts, the estimates for real growth in both private and government consumption will increase. The average forecast for real increase in private consumption is 9, 2 (values ranging from 6, 1 to 15, 3 percent), in government consumption – 2, 7 percent (values ranging from 0 to 5, 6 percent).



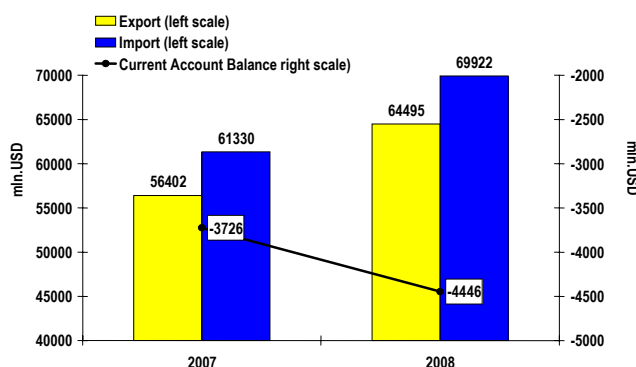
The Government will continue conducting a social policy aimed at raising the population's standards of living. Real population income will comprise 8, 8 (values ranging from 5, 3 to 12, 5 percent). The consensus estimate of the average monthly wage will comprise 1523 UAH (values ranging from 1325 to 1650 UAH).

Seminar participants project that the National Bank of Ukraine will pursue a policy, aimed at sustaining the stability of national currency. The consensus estimate of the annual average exchange rate is 5, 1 UAH/USD.

The majority of the experts expect the extension in monetary aggregates volume. Consensus value of monetary base will comprise 22 percent (values ranging from 21 to 33, 3 percent), money supply - 25, 2 percent (values ranging from 25, 2 to 30 percent). Experts project the average weighted credit interest rate in national currency in commercial banks to decrease somewhat as compared to 2007 forecast and will reach 13,4 percent.



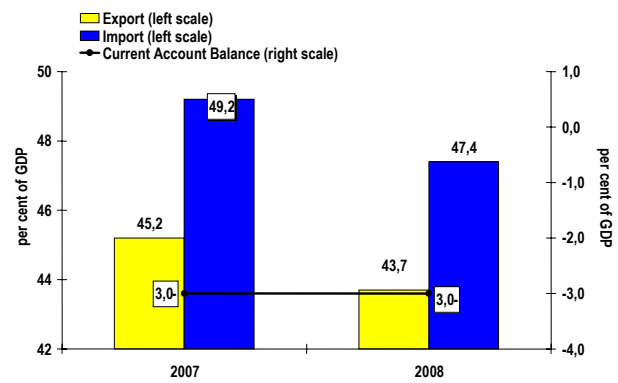
Experts' expectations as to external trade indicators have been changed. Experts' consensus estimate of the goods and services exports volume will go up and comprise 64, 5 billions USD, the imports – 69, 9 billions USD. However, current accounts balance will be negative. The average estimate for the balance of current account operations constituted negative 4, 4 billions USD.



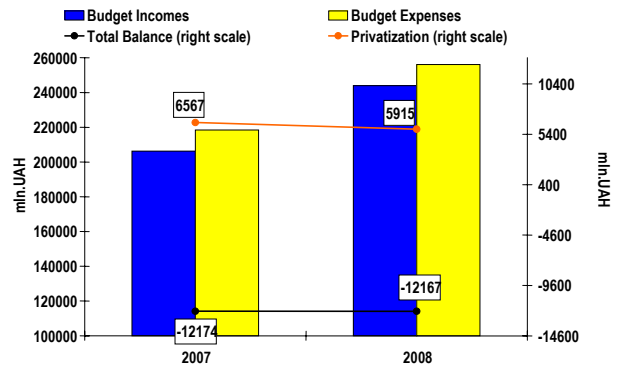


At the same time, the average values of exports growth rates will increase to 115, 4 percent while imports growth rates will decrease to 116 percent.

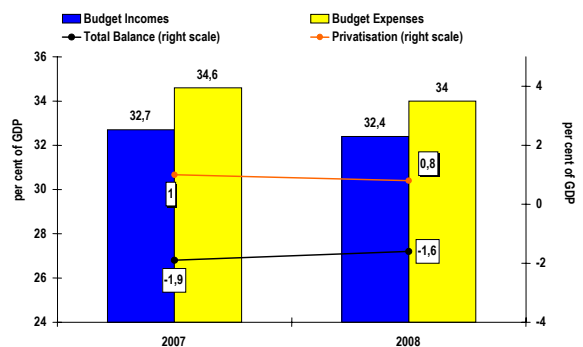
That will have influence over decrease in net exports component in the structure of GDP (from 4, 3 to 3, 2 percent of GDP).



In 2008 the forecasters expect that there will be a lower level of GDP redistribution through Budget mechanisms as compared to 2007. Consensus estimate of GDP redistribution will comprise 32, 4 percent, ranging from 29, 7 to 41, 9 percent. Some forecasting organizations anticipate changes in tax legislation (in particular the decrease in tax rates, VAT). Consensus indicator of the Budget expenditures share in GDP will comprise 34 percent (values ranging from 31 to 44, 4 percent).



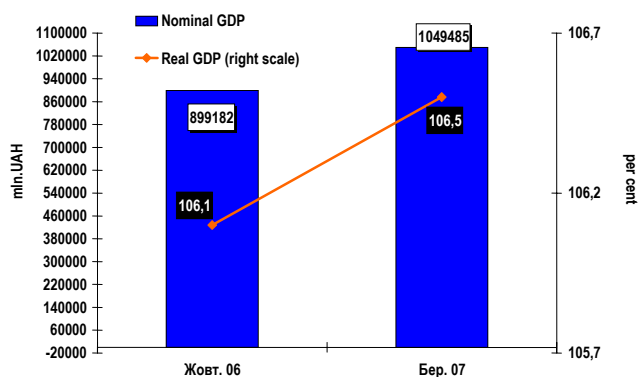
The seminar participants anticipate that the budget will be consolidated with deficit. The average value of the budget deficit is 1, 6 percent (values ranging from negative 2, 6 to negative 0, 9 percent). The analysts significantly increased their estimates of government borrowings to finance budget deficit on internal and external markets. The consensus forecast of revenues from privatization comprised 5915 millions UAH, ranging from 734 millions UAH to 10 667 millions UAH.



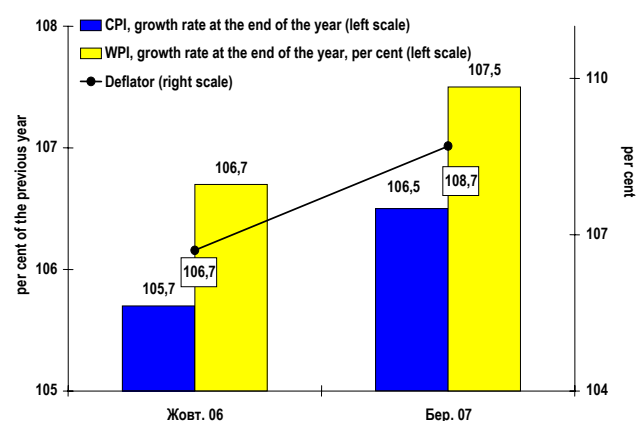
## FORECAST OF MACROECONOMIC INDICATORS (AVERAGE) FOR 2009-2011

In this "Consensus forecast" issue for the second time we present the forecast of main macroeconomic indicators for 2009-2011. However, only a few participants offered their medium time-frame forecasts. Consequently, the consensus estimates for this time-frame were calculated based on a narrow set of forecasts.

Experts continue to anticipate stable economic growth in the medium timeframe. The consensus estimate of the average real GDP growth comprised 6, 6 percent, which is 4, 4 percentage point higher than the October forecast value (values ranging from 5, 2 to 8, 3 percent). The Nominal GDP estimate increased by 16, 7 percent and reached the level of 1049 billions UAH against 899 billions UAH in the October forecast.

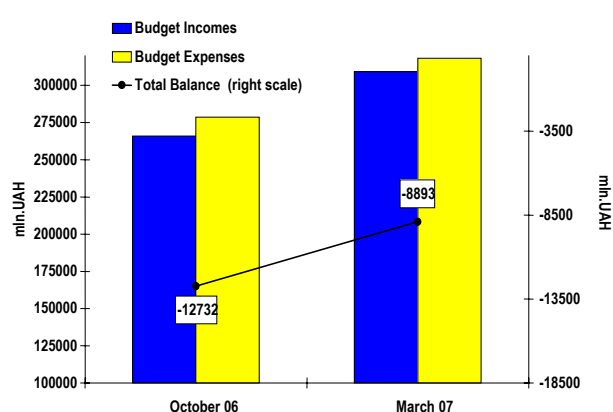


Seminar participants increased their forecast of inflation indicators in the medium timeframe. Experts' consensus estimate of consumer price index increased by 0, 8 percentage point against the October forecast and comprised 106, 5 percent. The average value of producer price index constituted 107, 5 percent against 106,7 percent in the October forecast.



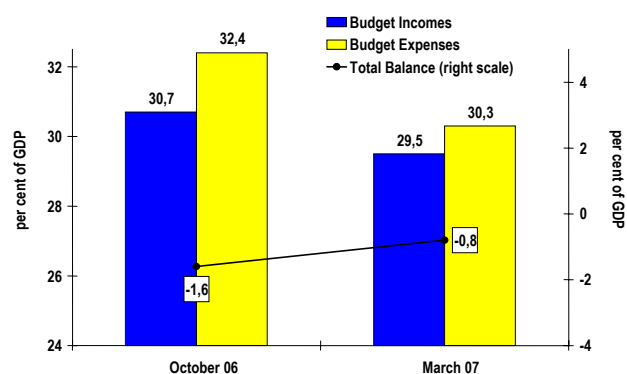
Seminar participants seem to disagree in their views on the annual average exchange rate. The average value ranged from 5 UAH/UAD to 5, 2 UAH/USD.

Experts estimates of budget indicators both nominal volumes of revenues and budget expenditures have increased. Consensus estimate of consolidated Budget revenues as percentage of GDP, averaged over 2009-2011 period comprise 29, 5 percent against 30, 7 percent in the October forecast (values ranging from 28, 5 to 29, 5 percent). Average value of budget expenditures comprised 30, 3 percent, which is 2, 1 percent lower than the October forecast.



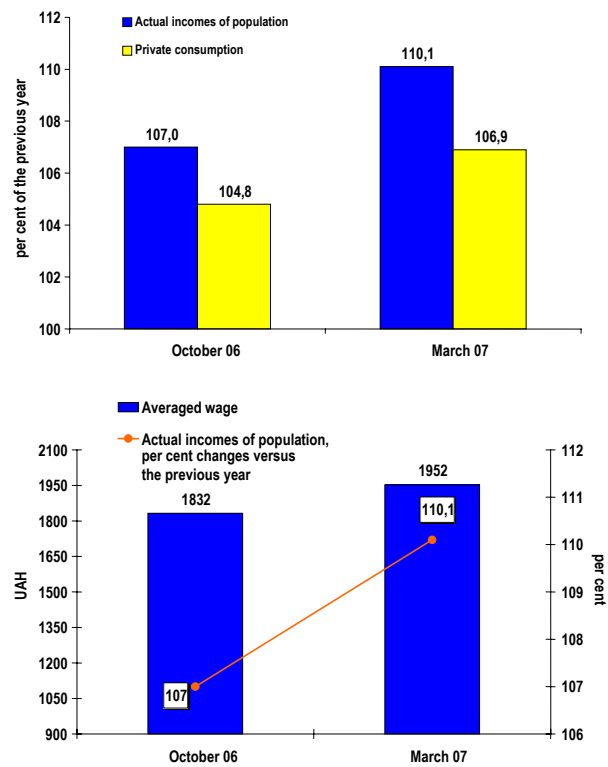
The seminar participants anticipate that the budget will be consolidated with deficit. Although, its average value has decreased and reached 0, 8 percent (against 1,6 percent).

Seminar participants seem to disagree in their views on the level of revenues from privatization. The average value of revenues from privatization reached the level of 3, 6 billions UAH (values ranging from 800 to 6050 billions UAH).



The Government will continue conducting a social policy aimed at raising the population's standards of living. The consensus estimate of the average monthly wage for 2009-2011 comprised 1952 UAH against 1832 UAH (values ranging from 1595 to 2309 UAH). Real population income will comprise 632, 84 billions UAH exceeding the October forecast indicator.

Real disposable population income will grow up to the level of 10, 1 percent , exceeding the October forecasted indicator by 3, 1 percentage point.



**Table 2. Consensus Forecast for 2007 and 2008 (as of March 2007)**

Indicator	2007	2008	2007		2008	
	average		MIN	MAX	MIN	MAX
<b>Real sector</b>	<i>UAH million</i>					
Nominal GDP	631 357	752 743	610 500	670 000	708 059	801 000
Consumption	507 534	599 708	494 740	555 000	575 930	625 342
Private	391 267	464 025	375 775	445 000	442 157	529 000
Government	117 943	137 822	98 036	137 000	105 316	166 000
Investments	149 084	183 991	143 902	159 000	168 797	202 266
Gross accumulation of the fixed capital	145992	176 063	129390	158 000	155 075	201 046
Private capital	122420	148 268	116527	126 430	142 264	159 302
Official capital	19 370	23 091	10 954	26 778	11 879	32 990
Net export	-28015	-24 393	-105 000	-9180	-58 200	-10100
Gross national savings	120 456	160 726	69 000	147 991	116 755	191 940
	<i>Index, year to year</i>					
Real GDP	106,5	106,4	105,0	108,2	105,0	108,0
Consumption	107,3	106,6	105,5	111,1	104,1	110,5
Private	109,7	109,2	106,3	113,7	106,1	115,3
Government	102,6	102,7	98,1	105,1	100,0	105,6
Investments	112,2	110,6	106,6	119,2	105,6	116,9
<b>Inflation</b>	<i>Index</i>					
Deflator of the GDP (annual average)	112,4	111,9	109,3	116,1	108,2	117,7
Consumer price index (annual average)	111,0	108,9	107,0	113,0	107,4	110,0
Dec. Versus Dec. of the previous year	109,9	108,2	107,5	112,5	106,6	109,6
Producer price index (annual average)	114,1	110,7	112,3	115,8	107,7	115,0
Dec. Versus Dec. of the prior year	112,3	109,7	108,8	114,7	106,6	113,2
<b>External Economic Sector</b>	<i>USD million</i>					
Account of current transactions	-3 726	-4 446	-6 754	-1 768	-10 334	-1 200
Volume of export of goods and services	56 402	64 495	49 922	62 200	53 948	75 373
Volume of import of goods and services	61 330	69 922	52 970	65 400	57 208	79 900
Revenues balance	-2 043	-2 497	-2 480	-1 200	-3 360	-1 300
Official transfers (net value)	3 245	3 478	3 000	3 500	3 000	4 000
Balance account of gapital transactions	4 694	5 000	1 300	8 567	2 000	9 844
Foreign direct investment	5 094	5 204	3 800	6 032	4 200	6 100
<b>External Economic Sector</b>	<i>% of the GDP</i>					
Account of current transactions	-3,0	-3,0	-5,5	-1,0	-7,4	-0,8
Volume of export of goods and services	45,2	43,7	39,0	50,7	34,7	57,4
Volume of import of goods and services	49,2	47,4	42,0	57,2	36,8	60,7
Revenues balance	-1,6	-1,7	-3,7	-0,1	-3,1	-0,9
Official transfers (net value)	2,6	2,4	2,4	2,8	2,1	2,7

Indicator	2007	2008	2007		2008	
	average		MIN	MAX	MIN	MAX
Balance account of capital transactions	3,8	3,4	1,0	7,0	1,4	7,0
Foreign direct investment	4,1	3,5	3,0	4,8	2,7	4,4
<b>External Economic Sector</b>			% , year to year			
Volume of export of goods and services	114,6	115,4	108,4	124,1	109,1	124,6
Volume of import of goods and services	117,3	116,0	110,5	127,0	108,0	129,0
Exchange rate, UAH/USD						
Average rate	5,06	5,1	5,05	5,10	5,05	5,15
End of period	5,08	5,16	5,05	5,15	5,05	5,3
<b>Consolidated Budget</b>			UAH million			
All revenues	206 295	243 945	185 800	257 834	216 057	296 330
All expenses	218 469	256 112	187 200	272 905	223 259	314 218
Total balance	-12 174	-12 167	-18 342	-1 400	-18 981	-7 000
Privatization	6 567	5 915	758	11 154	734	10 667
<b>Consolidated Budget</b>			% of the GDP			
All revenues	32,7	32,4	28,7	41,9	29,7	41,9
All expenses	34,6	34,0	30,4	44,3	31,0	44,4
Total balance	-1,9	-1,6	-2,8	-0,3	-2,6	-0,9
Privatization	1,0	0,8	0,1	1,8	0,1	1,5
<b>Money and credit</b>						
Monetary aggregate (as of the end of period), mln UAH	119 132	145 285	110 250	135 000	128 250	180 000
Dec. Versus Dec. of the prior year, %	22,5	22,0	13,4	38,8	14,6	33,3
Monetary aggregate (M3) (as of the end of period), mln UAH	333 200	417 035	315 371	352 435	375 515	458 165
Dec. Versus Dec. of the prior year, %	27,6	25,2	20,8	35,0	19,1	30,0
Weighted average rate of commercial banks' credits in the national currency, %, as of the end of period	14,2	13,4	13,3	16,0	12,5	15,0
NBU International Reserve, USD mln	22 869	23 331	16 500	24 800	18 200	26 700
<b>Social indicators</b>						
Population, millions persons	46,37	46,05	46,2	46,65	45,5	46,5
Changes in % versus previous year	99,4	99,4	99,1	99,7	99,1	99,7
Average wage of workers, UAH	1 262	1 523	1 068	1 350	1 325	1 650
Actual population income, bln UAH	431,56	524,82	402,00	460,91	479,49	560,58
Actual population income, % changes versus prior year	10,0	8,8	5,3	17,0	5,3	12,5

**Table 3. Dynamics of the consensus forecast for 2007 (March 2006 – March 2007)**

Indicator	March 2006	June 2006	Deviation (June06/Mar06)	October 2006	Deviation (Oct06/June06)	March 2006	Deviation (Mar07/Oct06)
<b>Real sector, millions UAH</b>							
Nominal GDP	555 466	570 318	2,7%	589 080	3,3%	631357	7,2%
Consumption	461 128	462 508	0,3%	472 965	2,3%	507534	7,3%
Investment	122 956	137 490	11,8%	136 327	-0,8%	149084	9,4%
Net export	-24 830	-15 517	-9,3 bln.UAH	-15 912	-395 mln.UAH	-28 015	-12,1 bln.UAH
Gross national savings	121 778	126 505	3,9%	117 555	-7,1%	120456	2,5%
<b>Index, year to year</b>							
Real GDP	104,5	104,2	-0,3 p.p.	105,6	+1,4 p.p.	106,5	+0,9 p.p.
Consumption	105,0	105,5	+0,5 p.p.	106,0	+0,5 p.p.	107,3	+1,3 p.p.
Investment	106,7	107,6	+0,9 p.p.	108,9	+1,3 p.p.	112,2	+3,3 p.p.
<b>Inflation, index</b>							
Consumer Price Index (annual average)	110,8	111,0	+0,2 p.p.	109,7	-1,3 p.p.	111,0	+1,3 p.p.
December to December of prior year	110,5	110,1	-0,4 p.p.	109,8	-0,3 p.p.	109,9	+0,1 p.p.
Producer Price Index (annual average)	112,5	112,0	-0,5 p.p.	112,7	+0,7 p.p.	114,1	+1,4 p.p.
December to December of prior year	111,7	111,9	+0,2 p.p.	111,9	0 p.p.	112,3	+0,4 p.p.
<b>External Economic Sector, USD mln</b>							
Current Account Balance	-2 717	-4 023	-1306 mln USD	-1 434	+ 2589 mln USD	-3726	- 2203 млн.\$
Volume of export of goods and services	49 606	51 143	3,1%	54 662	6,9%	56402	3,2%
Volume of import of goods and services	54 945	57 229	4,2%	58 120	1,6%	61330	5,5%
Foreign Direct Investment	2 786	3 254	+468 mln USD	3 620	+366 mln USD	5094	+1474 млн.\$
<b>External Economic Sector, % GDP</b>							
Current Account Balance	-2,5	-3,6	-1,1 p.p.	-1,2	+2,4 p.p.	-3,0	-1,7 p.p.
Volume of export of goods and services	46,0	45,9	-0,1 p.p.	47,5	+1,6 p.p.	45,2	-2,3 p.p.
Volume of import of goods and services	50,9	51,4	+0,5 p.p.	50,5	-0,9 p.p.	49,2	-1,3 p.p.
Foreign Direct Investment	2,6	2,9	+0,3 p.p.	3,1	+0,2 p.p.	4,1	+1,0 p.p.
<b>External Economic Sector, % year to year</b>							
Volume of export of goods and services	108,8	108,7	-0,1 p.p.	112,7	+4 p.p.	114,6	+1,9 p.p.
Volume of import of goods and services	111,0	109,4	-1,6 p.p.	113,8	+4,4 p.p.	117,3	+3,5 p.p.
<b>Exchange Rate, UAH/USD</b>							
Average	5,15	5,12	-0,6%	5,12	0,0%	5,06	-1,2%
End of period	5,17	5,12	-1,0%	5,16	0,8%	5,08	-1,6%
<b>Consolidated Budget, millions UAH</b>							
Total income	176 551	184 180	4,3%	192 759	4,7%	206295	7,0%
Total expenditures	185 374	197 462	6,5%	206 985	4,8%	218469	5,5%
BALANCE	-8 824	-13 282	-4458 mln.UAH	-14 226	-944 mln.UAH	-12174	+2052 mln.UAH
Privatization	4 476	8 887	4411 mln.UAH	6 620	-2267 mln.UAH	6567	-53 mln.UAH
<b>Consolidated Budget, % of GDP</b>							
Total income	31,8	32,3	+0,5 p.p.	32,7	+0,4 p.p.	32,7	0 p.p.
Total expenditures	33,4	34,6	+1,2 p.p.	35,1	+0,5 p.p.	34,6	-0,5 p.p.
BALANCE	-1,6	-2,3	-0,7 p.p.	-2,4	-0,1 p.p.	-1,9	+0,5 p.p.
Privatization	0,8	1,6	+0,8 p.p.	1,1	-0,5 p.p.	1,0	-0,1 p.p.
<b>Money and credit</b>							
Monetary aggregate (as of the end of period), millions UAH	135 425	130 617	-3,6%	128 441	-1,7%	119132	-7,2%
December to December of prior year, %	25,7	23,9	-1,8 p.p.	24,8	+0,9 p.p.	22,5	-2,3 p.p.
Monetary aggregate (M3) (as of the end of period), millions UAH	335 123	328 811	-1,9%	334 578	1,8%	333200	-0,4%
December to December of prior year, %	31,1	29,4	-1,7 p.p.	30,0	+0,6 p.p.	27,6	-2,4 p.p.
<b>Average monthly wage, UAH</b>	1 194,0	1 205,0	0,9%	1 235,0	2,5%	1262,0	2,2%

**Table 4. Consensus Forecast for 2008 (as of March 2007)**

Indicator	2008		
	Average	MIN	MAX
<b>Real sector</b>	<i>UAH million</i>		
Nominal GDP	752 743	708 059	801 000
Consumption	599 708	575 930	625 342
Private	464 025	442 157	529 000
Government	137 822	105 316	166 000
Investments	183 991	168 797	202 266
Gross accumulation of the fixed capital	176 063	155 075	201 046
Private capital	148 268	142 264	159 302
Official capital	23 091	11 879	32 990
Net export	-24 393	-58 200	-10 100
Gross national savings	160 726	116 755	191 940
	<i>index, year to year</i>		
Real GDP	106,4	105,0	108,0
Consumption	106,6	104,1	110,5
Private	109,2	106,1	115,3
Government	102,7	100,0	105,6
Investments	110,6	105,6	116,9
<b>Inflation</b>	<i>index</i>		
Deflator of the GDP (annual average)	111,9	108,2	117,7
Consumer price index (annual average)	108,9	107,4	110,0
Dec. Versus Dec. of the previous year	108,2	106,6	109,6
Producer price index (annual average)	110,7	107,7	115,0
Dec. Versus Dec. of the prior year	109,7	106,6	113,2
<b>External Economic Sector</b>	<i>USD million</i>		
Account of current transactions	-4 446	-10 334	-1 200
Volume of export of goods and services	64 495	53 948	75 373
Volume of import of goods and services	69 922	57 208	79 900
Revenues balance	-2 497	-3 360	-1 300
Official transfers (net value)	3 478	3 000	4 000
Balance account of capital transactions	5 000	2 000	9 844
Foreign direct investment	5 204	4 200	6 100
<b>External Economic Sector</b>	<i>% of GDP</i>		
Account of current transactions	-3,0	-7,4	-0,8
Volume of export of goods and services	43,7	34,7	57,4
Volume of import of goods and services	47,4	36,8	60,7
Revenues balance	-1,7	-3,1	-0,9
Official transfers (net value)	2,4	2,1	2,7

Indicator	2008		
	Average	MIN	MAX
Balance account of capital transactions	3,4	1,4	7,0
Foreign direct investment	3,5	2,7	4,4
<b>External Economic Sector</b>	%, year to year		
Volume of export of goods and services	115,4	109,1	124,6
Volume of import of goods and services	116,0	108,0	129,0
Exchange rate, UAH/USD			
Average rate	5,1	5,05	5,15
End of period	5,16	5,05	5,3
<b>Consolidated Budget</b>	UAH million		
All revenues	243 945	216 057	296 330
All expenses	256 112	223 259	314 218
Total balance	-12 167	-18 981	-7 000
Privatization	5 915	734	10 667
<b>Consolidated Budget</b>	% of GDP		
All revenues	32,4	29,7	41,9
All expenses	34,0	31,0	44,4
Total balance	-1,6	-2,6	-0,9
Privatization	0,8	0,1	1,5
<b>Money and credit</b>			
Monetary aggregate (as of the end of period), mln UAH	128 441	111 169	147 365
Dec. Versus Dec. of the prior year, %	24,8	17,7	31,4
Monetary aggregate (M3) (as of the end of period), mln UAH	334 578	301 220	365 435
Dec. Versus Dec. of the prior year, %	30,0	19,9	35,5
Weighted average rate of commercial banks' credits in the national currency, %, as of the end of period	13,5	12,0	14,5
NBU International Reserve, USD mln	21 081	18 700	23 000
<b>Social indicators</b>			
Population, millions persons	46,48	46,2	47,10
Changes in % versus previous year	99,3	99,1	99,6
Average wage of workers, UAH	1 235	1 195	1 350
Actual population income, bln UAH	446,98	398,81	562,8
Actual population income, % changes versus prior year	7,9	4,5	15,0



**Table 5. Consensus Forecast for 2009-2011 (as of March 2007)**

Indicator	2009-2011		
	Average	MIN	MAX
<b>Real sector</b>	<i>UAH million</i>		
Nominal GDP	1 049 485	968 690	1 187 769
	<i>Index, year to year</i>		
Actual GDP	106,6	105,2	108,3
Consumption	105,8	105,5	106,0
Private	106,9	106,9	106,9
Government	102,1	102,1	102,1
Investment	109,7	108,0	111,1
<b>Inflation</b>	<i>index</i>		
Deflator of the GDP (annual average)	108,7	107,3	112,2
Consumer price index (annual average)	107,5	105,5	111,0
Dec. versus Dec. of the previous year	106,5	105,2	108,2
Producer price index (annual average)	109,8	107,4	114,9
Dec. versus Dec. of the previous year	107,5	107,4	107,5
Exchange rate, UAH/USD			
Average rate	5,12	5	5,2
<b>Consolidated Budget</b>	<i>UAH million</i>		
All revenues	309 252	276 076	353 124
All expenses	318 145	283 826	365 124
Total balance	-8 893	-12 000	-6 930
Privatization	3 575	800	6 050
<b>Consolidated Budget</b>	<i>% of GDP</i>		
All revenues	29,5	28,5	29,5
All expenses	30,3	29,3	30,3
Total balance	-0,8	-2,9	-0,8
Privatization	0,3	0,1	0,3
<b>Social indicators</b>			
Population, millions persons	45,28	44,6	46,0
Changes in % versus previous year	99,2	99,0	99,5
Average wage of workers, UAH	1 952	1 595	2 309
Actual population income, bln UAH	632,84	627,69	638,00
Actual population income, % changes versus prior year	10,1	9,5	10,7

Table 6. Dynamics of the consensus forecast for 2009-2011 (October 2006 – March 2007)

Indicator	October 06	March 07	Deviation (Mar07/Oct06)
<b>Real sector, UAH mln</b>			
Nominal GDP	899182	1 049 485	16,7
<i>Index, year to year</i>			
Actual GDP	106,1	106,6	-0,5 p.p.
Consumption	104,9	109,7	-0,9 p.p.
Investment	108,8		
<b>Inflation, index</b>		107,5	+1,1 p.p.
Consumer price index (annual average)	106,4	106,5	+0,8 p.p.
Dec. Versus Dec. of the previous year	105,7	109,8	+3,3 p.p.
Producer price index (annual average)	106,5	107,5	+0,8 p.p.
Dec. Versus Dec. of the previous year	106,7		
<b>Consolidated Budget, UAH million</b>		5,12	x
All incomes	265 946		
All expenses	278 679	309 252	16,3
Total balance	-12 732	318 145	14,2
<b>Consolidated Budget, % of the GDP</b>		-8 893	+3,8 bln.UAH
All incomes	30,7	3 575	x
All expenses	32,4		
Total balance	-1,6	29,5	-1,2 p.p.
<b>Average wage of workers, UAH</b>	1832	30,3	-2,1 p.p.

## **Methodological Explanations to Tables 2,3,4 ,5 and 6:**

- The aggregated nominal values were calculated as a simple average of the sum of the corresponding indicators presented by all participants.
- In order to normalize the average consensus values of the aggregated nominal values with respect to the sum of their components, the average values of structural indicators (such as, for example, consumption and investments) were calculated indirectly, using the weight of the components in the aggregated values. For example, if an average weight of consumption in GDP is known, then the nominal value of consumption is equal to the product of this weight and the average consensus GDP value, calculated as a simple average.
- Indexes were calculated as a simple average of the sum of the corresponding indicators presented by all participants.
- The average values of the indicators forecasted as percentage of GDP (particularly, indicators of the external sector and budget) were calculated as ratios of the average nominal value of the indicator to the corresponding average GDP value. The indicators forecasted in US dollars were calculated as a percentage of GDP based on the average annual exchange rate.
- Growth rates of the monetary aggregates for 2007 forecast, as of March 2007 were calculated as the ratio of the simple average nominal value of the indicators' estimates presented by the participants to the actual value of the relevant indicator for 2006, and for 2008 -- as a ratio of the simple average nominal value of the individual participants' estimates to the corresponding forecasted indicator for 2007.
- Average balance of the current operations account was calculated as the sum of average values of the account components. Average values of budget deficit/surplus were calculated as the difference between the average values of revenues and expenditures.

During the preparation of the consensus forecast, participating organizations provided the following materials:

- Forecast assumptions regarding policy trends in 2007-2008 and some quantitative exogenous parameters of economic development;
- Forecast of the main macroeconomic indicators for 2007-2008 and 2009-2011;
- Additional explanations of forecast assumptions.