

## Balance of payments in September 2024

(preliminary data<sup>1,2</sup> according to the Balance of Payments and International investment position manual, 6th edition)

**The current account deficit totaled USD 2.4 billion** (USD 0.9 billion in September 2023). The widening of the current account deficit was fueled by significantly lower volumes of grants from international partners coupled with widening of the primary income deficit (investment payments increased amid a decline in wages). On the other hand, the trade in goods and services deficit decreased compared to September last year due to higher growth rates in exports than in imports. On current account transactions, excluding reinvested earnings and grants from international partners, deficit was USD 2.4 billion (USD 1.8 billion in September 2023).

*For nine months 2024, current account deficit totaled USD 11.0 billion (USD 6.1 billion in January-September 2023). On current account transactions excluding reinvested earnings and grants from international partners deficit was USD 15.2 billion (USD 12.7 billion for nine months 2023).*

**Exports of goods<sup>3</sup> increased by 16.2%** (rose by 24.1% in August 2024), and those of **imports rose by 3.0%** (rose by 2.3% in August 2024). Exports and imports of goods increased m-o-m by 5.6% and 0.4% respectively.

**Merchandise exports totaled USD 3.0 billion.** Exports increased primarily due to **food exports (by 22.1%, down by 4.7% compared to August)** which was fueled by export of grains (1.6 times) and oilseeds (1.4 times; while oils and fats declined by 3.6%); coupled with **metallurgical exports (by 24.6%, up by 2.1% compared to August)**. In addition, exports increased in the following product groups:

chemicals	– by 15.5% (+1.4% compared to August);
timber and wood products	– by 1.4% (+2.5% compared to August).

At the same time, exports declined by:

manufactured goods	– by 0.4% (-3.3% compared to August);
mineral products	– by 9.3% (-29.1% compared to August);
(inc. due to ores)	– by 2.5% (-31.2% compared to August);
machinery and equipment	– by 15.0% (-23.5% compared to August).

*In September 2024, in nominal terms all exports of goods increased primarily due to exports*

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<sup>1</sup>According to the Law of Ukraine from March 3<sup>rd</sup> 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 September 2024 was made on the basis of available information and will be revised upon receipt of additional data.

<sup>2</sup>All balance of payments data are presented excluding the territory of Ukraine temporarily occupied by the Russian Federation.

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

to Asia (by USD 216 million, or 1.5 times, the share rose from 16.3% to 21.2%). In addition, exports rose to Africa (by USD 88 million, or twofold, share grew from 3.5% to 5.9%), CIS countries (by USD 34 million, or 24.8%, share grew from 5.3% to 5.7%) and EU (by USD 24 million, or by 1.4%, share fell from 70.4% to 61.2%).

**Merchandise imports equaled USD 5.7 billion.** Energy imports fell by 15.9% (by 21.9% in August), mainly due to lower imports of petroleum products and gas, while electricity imports remained high. On the other hand, non-energy imports grew by 9.2% (by 3.8% in August), particularly:

machinery and equipment imports	– by 14.0% (+1.0% compared to August);
food imports	– by 18.1% (+25.4% compared to August);
timber and wood products	– by 8.8% (+12.8% compared to August).

Meanwhile, imports grew in:

chemicals	– by 0.1% (+2.5% compared to August);
metallurgical imports	– by 1.3% (-6.5% compared to August);
manufactured products	– by 8.9% (-1.0% compared to August).

In September 2024, in nominal terms, imports of goods from the Asia (by USD 337 million, or by 19.1%; the share rose from 32.8% to 37.1%) grew the most. Also, imports from EU (by USD 49 million, or by 1.9%; the share fell from 48.3% to 46.7%) and Africa (by USD 16 million, or 25.8%, share rose from 1.2% to 1.4%) saw an increase. On the other hand, imports of goods from the CIS countries decreased (by USD 40 million, or 40.4%, the share fell from 1.8% to 1.0%).

**The deficit of trade in services narrowed to USD 0.5 billion** (USD 0.7 billion in September 2023) due to an increase in exports (5.9%) and a decrease in imports (2.9%). The increase in exports of other business services (by 30.5% due to technical and professional services), inbound tourism expenditures (by 20.0%), and construction services (by 3.3 times) was only partially offset by a decrease in exports of transport services (by 3.2% due to rail transport). Exports of computer services also continued to decline (by 0.4%). The main factors behind the decline in imports of services were a decrease in outbound tourism and short-term migrants' expenditures<sup>4</sup> (by 8.6% to USD 1.2 billion), a 42.5% decline in government services, and a 37.5% decline in financial services. On the other hand, imports of transport services (by 11.1% due to sea transport), computer services (by 38.9%), other business services (by 2.3 times, due to advertising services), and repair & maintenance services (by 2.4 times) increased.

**Primary income balance deficit amounted to USD 37 million** (surplus was USD 331 million in September 2023): the decrease in the 'compensation of employees' item (by 26.3%) was accompanied by an increase in payments on investment income<sup>5</sup> (by 23.5%, mainly due to dividend payments).

**Secondary income balance deficit narrowed to USD 0.8 billion** from USD 2.1 billion in

<sup>4</sup>The 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.

<sup>5</sup> The balance of payments for April-September 2024 includes reinvested earnings of the banking sector only.

September 2023 due to a decrease in grants<sup>6</sup> from international partners to USD 0.1 billion. (USD 1.3 billion in September 2023).

**The amount of inward personal remittances** decreased by 18.8% and totaled **USD 0.8 billion**<sup>7</sup>. Salaries received by Ukrainians from abroad declined by 22.7%, in turn other remittances received through official channels decreased by 6.4%. In general, by 14.4% less remittance were sent through official channels than in September 2023, while the flow through informal channels fell by 23.5% compared to September last year.

*In January-September this year remittances decreased by 14.8%: net compensation of employees decreased by 27.0%, while personal transfers increased by 10.6%.*

**Net borrowing from the rest of the world** (the total of current account and capital account balance) **totaled USD 2.4 billion** (USD 1.0 billion in September 2023).

*For nine months 2024, net borrowing from the rest of the world totaled USD 10.8 billion, USD 6.0 billion for the relevant period last year.*

**The financial account net outflows totaled USD 0.4 billion** (net inflows were USD 1.3 billion in September 2023) and was mainly driven by outflows from the private sector.

*In January-September 2024, the financial account net inflows were USD 7.5 billion, USD 15.5 billion for relevant period last year.*

**Public sectors' net outflows totaled USD 89 million** (inflows were USD 1.7 billion in September 2023) driven by repayments on government loans (USD 48 million) and government debt securities (USD 36 million).

**The net inflows of foreign direct investments stood at USD 82 million** (USD 532 million in September 2023), including:

USD 66 million banking sector reinvestment of earnings<sup>8</sup> (USD 78 million banking sector reinvestment of earnings and USD 382 million other sectors reinvestment of earnings in September 2023);

USD 54 million net inflows in equity, excluding reinvestment of earnings (USD 80 million in September 2023);

debt instruments net repayments USD 38 million of which disbursements between fellow enterprises – USD 37 million (USD 8 million, of which disbursements between fellow enterprises – USD 28 million in September 2023).

*In January-September 2024, the net inflows of foreign direct investment is estimated at USD 3.3 billion (including reinvestment of the earnings<sup>7</sup> of USD 2.4 billion). For January-September 2023, the net inflows amounted to USD 4.1 billion (including reinvestment of earnings of USD 3.4 billion). Net inflows in equity (excluding reinvestment of earnings)*

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<sup>7</sup>The total amount of remittances will be adjusted on the basis of mirror statistics by partner countries, released after the dissemination of balance of payments data.

<sup>8</sup>The balance of payments for April-September 2024 includes reinvestment of earnings of the banking sector only.

*amounted to USD 466 million (for eight months 2023 – USD 451 million). Net debt instruments disbursements amounted to USD 592 million (for January-September 2023 – USD 416 million).*

**The banking system's external position net decrease on portfolio and other investments totaled USD 0.3 billion:** external position net decrease in 'currency and deposits' item (USD 0.7 billion) was partially offset by net purchase of non-resident securities by banks (USD 0.4 billion).

**The real sector external position net increase** (excluding foreign direct investment) totaled **USD 0.8 billion:** net increase in amount of foreign cash outside banks by USD 1.4 billion (by USD 0.8 billion in September 2023) was partially offset by net decrease in trade credit external position by USD 0.6 billion.

*For January-September 2024 net increase of the amount of foreign cash outside banks equaled USD 11.7 billion (USD 8.1 billion for relevant period last year).*

**Private sector' net outflow** totaled **USD 0.3 billion** (USD 0.4 billion in September 2023).

**The overall balance of payments in September evidenced a deficit of USD 2.8 billion** (surplus was USD 0.3 billion in September 2023). The repayments to the IMF totaled USD 730 million (USD 882 million in September 2023).

**The international reserves amounted to USD 38.9 billion as of the 1<sup>st</sup> of October,** enough to cover 5.0 months of future imports.