National Bank of Ukraine

Balance of payments in January 2025

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

The current account deficit totaled USD 2.3 billion (USD 0.9 billion in January 2024). The deficit widened primarily due to an increase in trade in goods deficit due to a simultaneous decline in exports and increase in imports. In addition, the balance of primary income switched to deficit due to a simultaneous decline in compensation of employees and an increase in investment income payments. On current account transactions, excluding reinvested earnings and grants from international partners deficit was USD 2.2 billion (USD 0.6 billion in January 2024).

Exports of goods[3] decreased by 13.0% (by 1.1% in December 2024), while those of **imports increased by 7.7%** (by 10.1% in December 2024). Merchandise exports and imports shrank by 6.1% and by 24.1% respectively compared to previous month.

Merchandise exports totaled USD 2.9 billion. Exports of ***food products*** declined the most, by 18.1% (by 8.4% compared to December). Among food products, exports of _grains_ decreased the most (by 17.5%, up 0.3% compared to December), _oilseeds_ (by 47.7%, down 37.1% compared to December), _oils and fats_ (by 8.8%, up 0.3% compared to December), and _food processing products_ (by 13.4%, down 19.0% compared to December). Exports also declined in:

mineral exports	– by 18.0% *(-12.0% compared to December);*
metallurgical exports	– by 11.0% *(flat compared to December).*

On the other hand, exports rose in the following commodity groups:

chemicals	– by 43.7% *(+10.4% compared to December);*
timber and wood products	– by 7.7% *(+18.9% compared to December);*
machinery and equipment exports	– by 5.1% *(-17.2% compared to December);*
manufactured goods	– by 13.5% *(+17.1% compared to December).*

In January 2025, exports of goods to the EU countries (by USD 359 million, or by 17.7%, while its share shrank from 59.8% in January 2024 to 56.5%) and Asia (by USD 161 million, or by 19.8%, its share fell from 24.0% to 22.1%) decreased the most in nominal terms. At the same time, exports to Africa (by USD 78 million, or by 33.1%; its share increased from 7.0% to 10.7%) and CIS countries (by USD 17 million, or by 14.4%, the share from 3.5% to 4.6%) saw an increase.

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[1]According 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 2025 was made on the basis of available information and will be revised upon receipt of additional data.

[2]The 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.

Merchandise imports equaled USD 5.3 billion. Imports grew both due to energy imports (by 26.3%, by 4.8% by December 2024) and its non-energy component (by 5.2%, by December 2024 it decreased by 27.3%). Almost all of the growth was driven by imports of ***machinery and equipment*** (by 14.1%, compared to December – by 24.9%). In addition, the increase in the main groups was as follows:

chemicals	– by 0.9% *(-18.4% compared to December);*
metallurgical imports	– by 0.7% *(-3.1% compared to December).*

At the same time, imports declined in the following groups:

food imports	– by 8.0% *(-25.1% compared to December);*
timber and wood products	– by 23.0% *(-17.0% compared to December);*
manufactured products	– by 7.6% *(-4.6% compared to December).*

In January 2025, imports from Asia countries grew the most (by USD 338 million, or by 18.8%, and its share increased from 36.4% to 40.1%). Also imports from Americas (USD 44 million, or by 12.4%, its share rose from 7.2% to 7.5%), African countries (by USD 29 million, or 1.5 times, share grew from 1.1% to 1.6%) and CIS countries (by USD 11 million, or by 17.5%, contribution to total imports increased by 0.1 p.p. to 1.4%) evidenced an increase. Meanwhile, imports from EU decreased (by USD 20 million, or by 0.9%, its share fell from 45.7% in January 2024 to 42.0%).

The deficit of trade in services widened to USD 594 million (USD 438 million in January 2024) due to a decrease in exports of services (by 12.2%), while imports were flat (down by 0.7%). Exports declined primarily due to a decrease in transportation services – by 43.1% due to pipeline transportation. In addition, manufacturing services on physical inputs owned by others also declined (by 24.3%), as well as computer (by 3.7%) and government (by 17.3%) services. At the same time, inbound tourism expenditures increased by 43.1%. The increase in imports of other business services (by 2.2 times, due to advertising services) and computer services (by 29.5%) was partially offset by a 6.0% decrease in outbound tourism and short-term migrants' expenditures[4] (to USD 1.1 billion), charges for the use of intellectual property (by 18.8%) and transportation services (by 1.9%, due to rail and road transport).

Primary income deficit totaled USD 135 million (surplus was USD 287 million in January 2024): against the background of a 21.1% decrease in receipts from the item "compensation of employees", payments of income from investments[5] increased by 47.7%.

Secondary income balance surplus narrowed to USD 0.8 billion compared to USD 0.9 billion in January 2024 due to the absence of grants from international partners (compared to USD 0.1 billion in January 2024).

The amount of inward private remittances decreased by 19.9% and totaled

[4]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.

[5]The balance of payments for January 2025 includes reinvested earnings of the banking sector only.

USD 0.7 billion[6]. Salaries received by Ukrainians from abroad declined by 19.1%, whilst other private remittances received through official channels decreased by 25.5%. Overall, by 22.7% less were sent through official channels than in January last year, while the flow through informal channels decreased by 16.0% compared to January last year.

Net borrowing from the rest of the world (the total of current account and capital account balance) **totaled USD 2.3 billion** (USD 0.8 billion in January 2024).

The financial account net inflows totaled USD 1.3 billion (net outflows were USD 1.0 billion in January 2024) and was generated by **public sector** operations, which was partially offset by private sector outflows.

Public sector net inflows totaled USD 2.9 billion (USD 0.3 billion in January 2024) due to USD 3.0 billion loans net disbursements from international partners.

The net inflows of foreign direct investments stood at USD 265 million (USD 589 million in January 2024), including:

- USD 167 million debt instruments net disbursements, of which between fellow enterprises – USD 13 million (in January 2024, USD 197 million, of which between fellow enterprises–USD 17 million);
- USD 83 million banking sector reinvestment of earnings[7];
- USD 15 million net inflows in equity, excluding reinvestment of earnings (USD 26 million in January 2024).

The net increase of the banking system's external position on portfolio and other investments accounted for USD 0.9 billion driven by these factors:

- USD 0.9 billion increase of net external position on "currency and deposits" item;
- USD 43 million net sale on non-residents' securities by banks;
- USD 20 million repayments on Eurobonds.

The real sector external position net increase (excluding foreign direct investment) totaled **USD 0.9 billion** driven by these competing factors:

- USD 1.7 billion increase of the amount of foreign cash outside banks (USD 1.6 billion in January 2024);
- USD 0.6 billion decrease of net external position on trade credit;
- USD 166 million increase in portfolio investment liabilities, mainly due to overdue interest on Eurobonds;
- USD 90 million net increase on loans external liabilities.

The net private sector's outflows (including errors and omissions) in January **totaled USD 1.5 billion** (USD 1.4 billion in January 2024).

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

[7]The balance of payments for January 2025 includes reinvestment of earnings of the banking sector only.

The overall balance of payments deficit equaled USD 0.9 billion (USD 1.9 billion in January 2024).

The international reserves amounted to USD 43.0 billion as of the 1st of February, enough to cover 5.3 months of future imports.