

CONTENTS

Prospects Dim for Real
Sector Revival

Inflationary Currency Printing

Currency Emissions Feed
Base Money Growth

Hryvnia Stable, But Set to
Weaken

A Budget Miracle

Trade Deficit Shrinking

Ukraine Forecast

Dead in the Water

June 5, 2009

Dmytro Boyarchuk, Viktor Skarshevsky & Vladimir Dubrovskiy

EXECUTIVE SUMMARY

The Ukrainian economy is in severe doldrums, and shows no promise of near-term revival. Although the authorities have stopped releasing GDP statistics, we estimate that growth has easily plunged more than 20% y/y, given a more than 31% slide in industrial output, and double-digit declines in other key sectors.

Nor do recent dynamics offer grounds for optimism. The country is grappling with a demand-driven crisis, and so far we can't see prospects for demand revival. External markets continue to signal tightening price competition for metals producers, while domestic demand can hardly strengthen under the stagnating banking sector and aggravated fiscal problems. Given all this, we've lowered our GDP forecast to 13.2% shrinkage for 2009.

The budget is also about to become a big problem>>>

GlobalSOURCE
708 Third Avenue
18th Floor
New York, NY 10017
Phone: 212-317-8015

info@globalsourcepartners.com
www.globalsourcepartners.com

