

# Rising Prices a Major Concern

**Overview: Rising Inequality and Stagnant Reform**

**Echoes of the Japanese Catastrophe**

**Industry: Output Still Climbing**

**Retail Trade: Strong Despite Biased Official Estimate**

**Prices: Climbing Despite Controls**

**Monetary Policy & Interest Rates: Tightening**

**Fiscal Accounts: An Impressive Start**

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**President's Reforms are Slow Going**

An upsurge in prices is the dominating issue in Ukraine. Despite relatively optimistic official statistics (CPI rose just 0.9% m/m in February), the reality is different. Fuel prices shot up by 20%, and the rise in gas prices is finally being reflected in household utility bills, which have also climbed 20%-30%. And food prices are rising, too.

As living costs increase, support for the ruling party wanes. Even in President Viktor Yanukovich's traditional strongholds, support has plunged to 17%, from 70% few months ago.

Reform progress seems to be slowing>>>